

**Report for the  
third quarter 2020**  
Norwegian Finans Holding Group

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**Q3**

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## Financial highlights

### Profit and loss account

<i>Amounts in NOK 1000</i>	Norwegian Finans Holding Group		
	Q3 2020	Q3 2019	2019
Interest income	1 498 588	1 495 449	5 910 775
Interest expenses	177 518	165 155	650 090
<b>Net interest income</b>	<b>1 321 070</b>	<b>1 330 294</b>	<b>5 260 685</b>
<b>Net other operating income</b>	<b>45 751</b>	<b>89 429</b>	<b>321 792</b>
<b>Total income</b>	<b>1 366 822</b>	<b>1 419 723</b>	<b>5 582 477</b>
<b>Total operating expenses</b>	<b>335 031</b>	<b>324 251</b>	<b>1 324 659</b>
Provision for loan losses	365 623	413 511	1 627 359
<b>Profit before tax</b>	<b>666 168</b>	<b>681 961</b>	<b>2 630 459</b>
<b>Comprehensive income for the period</b>	<b>500 622</b>	<b>513 937</b>	<b>1 981 051</b>

### Balance sheet

<i>Amounts in NOK 1000</i>	Norwegian Finans Holding Group		
	30.9.20	30.9.19	31.12.19
Total assets	64 363 956	53 749 736	58 073 384
Loans to customers	39 962 311	40 067 806	40 560 502
Liquid assets	23 586 465	13 034 720	16 813 654
Deposits from customers	43 880 046	39 185 189	40 118 369
Debt securities issued	6 649 351	3 472 923	6 537 863
Subordinated loans	876 049	812 230	822 688
Tier 1 capital	635 000	635 000	635 000
Total equity	10 899 035	8 983 314	9 473 707

### Key figures and alternative performance measures

	Norwegian Finans Holding Group		
	Q3 2020	Q3 2019	2019
Return on equity (ROE) <sup>1 3</sup>	19.6 %	24.8 %	24.6 %
Return on assets (ROA) <sup>1</sup>	3.2 %	3.9 %	3.8 %
Earnings per share (EPS) <sup>4</sup>	2.63	2.69	10.37
Common equity tier 1 (CET 1)	21.4 %	20.2 %	21.2 %
Leverage ratio	13.9 %	14.8 %	14.5 %
Liquidity coverage ratio (LCR)	494 %	203 %	450 %
Net interest margin (NIM) <sup>1</sup>	8.3 %	10.0 %	10.0 %
Cost/income ratio <sup>1</sup>	0.25	0.23	0.24
Loan loss provisions to average loans <sup>1</sup>	3.3 %	3.9 %	3.9 %
Stage 3 loans to loans <sup>1 2</sup>	22.3 %	15.4 %	17.3 %
Loan loss allowance coverage ratio stage 3 <sup>1 2</sup>	40.4 %	38.6 %	35.9 %
Loan loss allowance coverage ratio to loans <sup>1</sup>	10.9 %	7.2 %	8.1 %

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

<sup>2</sup> The APMs "Non-performing loans to loans" and "Loan loss allowance to non-performing loans", which has been in use since reporting under IAS 39, was in Q2 2020 replaced by the new APMs "Stage 3 loans to loans" and "Loan loss allowance coverage ratio stage 3" due to established market practice and reduced relevance after the implementation of IFRS9

<sup>3</sup> Updated definition for ROE based on established market practice. Previous periods are recalculated.

<sup>4</sup> Updated definition for EPS based on established market practice. EPS is calculated based on profit after tax excluding interest on additional Tier 1 capital. Previous periods are recalculated.

## Letter from the CEO

As the global pandemic enters its fourth quarter, customer and business sentiment is improving and the European economies exhibit signs of growth, albeit from a lower level than previously. Domestic consumption in Bank Norwegian's footprint has remained strong, buoyed by low interest rates and travel restrictions while government support schemes has limited the impact on unemployment and bankruptcies. However, uncertainty remains high as there are signs the COVID-19 pandemic is increasing. Renewed efforts from governments to limit the spread of the virus and an eventual second wave could reduce economic activity again.

Despite the uncertain backdrop, and as a result of the bank's focus on cost control and profitable growth, third quarter results are solid. The combined effect of increased funding cost from a surplus capital situation, the reduction in fee income related to a reduced cross border credit card usage, offset by normalized loan loss provisions and continued strong cost control resulted in a strong profit for the quarter.

Further, the decline in the loan book abated with a return to growth during the end of the quarter. All geographies except Norway grew the instalment loan portfolio over the period both absolute and in local currencies. Customers continue to exhibit the positive development in payment behavior visible over the last quarters. Credits sent to debt collection remain well below historical levels and an increasing share of the customers pay their invoices on time. We see this trend continue into the fourth quarter.

I am excited to reconfirm the growth strategy for Bank Norwegian. We have decided to grow in two dimensions. Firstly, our core; Bank Norwegian has a solid foundation as the Nordic Champion within consumer finance and will continue to enhance our fully digital, customer-centric core business to maintain a sustainable growth in the Nordics. We will stay in the lead through continuous improvement of own and third-party services and products. Secondly, our European expansion will commence during 2021 aiming to establish business in one or two countries by the end of 2021, with timing and location dependent on the pandemic's development. Bank Norwegian's industry leading cost efficiency, proven scalable low-cost model in combination with our strong financial position makes this an attractive opportunity. We will reuse the well-proven methods and high-quality processes from our historic expansion to minimize risk and ensure success and continued value creation as we enter new geographies.

I believe this is the perfect timing to continue to grow in a sustainable way; during the last years we have evolved our governance, framework and risk models. In addition, we have the required financial strength to support further targeted growth. I am confident we will succeed in our growth ambitions with our well-proven lean and low-risk expansion model. The most important focus area will not change - delivering high quality consumer financing to our customers in a transparent, easy and digital way.

Bærum, October 27, 2020

**Tine Wollebekk**  
CEO

## Report for the third quarter 2020

Following the partial shutdown of the Nordic societies in the spring with a sharp decline in economic activity due to COVID-19, the summer months saw an opening of societies and increase in spending in connection with summer holidays. This positive development from the later part of the second quarter continued throughout the third quarter showing an uptake in private consumption through higher credit card purchase volumes and increased instalment loan sales.

At the end of the third quarter 2020 the NFH Group had a customer base of 1 752 200 customers, which can be broken down into 1 270 000 credit card customers, 208 500 instalment loan customers and 273 700 deposit customers.

### Profit and loss as of September 30, 2020

The NFH Group's comprehensive income for the first nine months in 2020 amounted to NOK 1 451 million, compared with NOK 1 477 million for the same period in 2019. The decrease in profit growth is mainly due to higher provision for loan losses related to the uncertain outlook of COVID-19, partly offset by loan growth.

Net interest income totaled NOK 4 102 million, net other operating income amounted to NOK 240.8 million, while total operating expenses were NOK 982.3 million. Provisions for loan losses were NOK 1 433 million.

### Profit and loss for the third quarter 2020

The NFH Group's comprehensive income amounted to NOK 500.6 million compared with NOK 582.1 million in the second quarter. The decrease is mainly caused by lower gains on securities and currencies, lower interest income due to lower credit card balances and currency fluctuations, and higher digital marketing costs, partly offset by lower provision for loan losses.

Return on equity was 19.6%, compared with 24.0% in the second quarter and the return on assets was 3.2%, compared with 3.9% in the second quarter.

Net interest income amounted to NOK 1 321 million, a decrease of NOK 65.2 million from the second quarter. The decrease is mainly explained by lower interest income from lower credit card balances in the third quarter and to currency fluctuation between the quarters. The net interest margin was 8.3%, compared with 9.3% in the second quarter. The decrease is mainly explained by a higher share of liquid assets in the quarter.

Net other operating income amounted to NOK 45.8 million compared with NOK 123.2 million in the second quarter. Net commission income increased NOK 18.3 million to NOK 36.5 million mainly due to higher credit card activity in the third quarter. Net gain on securities and currency amounted to NOK 9.2 million, compared with a net gain of NOK 105.0 million in the second quarter. The decrease is mainly due to high gains on securities of NOK 45.0 million

and gains on currency of NOK 54.9 million in the second quarter.

Total operating expenses amounted to NOK 335.0 million, an increase of NOK 46.3 million in the third quarter. Personnel expenses increased NOK 8.3 million due to accrual effects in the second quarter. Administrative expenses increased NOK 35.8 million, mainly due to higher digital marketing spending. Depreciation increased NOK 2.5 million. Other operating expenses decreased NOK 0.3 million.

Provisions for loan losses were NOK 365.6 million. Due to the uncertain outlook regarding the future economic effects of COVID-19, the exclusion of the positive scenario from the macro-model is maintained in the third quarter. Including the positive scenario would have resulted in a NOK 62.1 million lower provision for loan losses. Provision equalled 3.3% of average gross loans, compared with 3.9% in the second quarter.

Stage 3 loans were NOK 9 995 million, compared with NOK 9 506 million at the end of the second quarter. Stage 3 loans accounted for 22.3% of gross loans, compared with 21.3% as of June 30, 2020. Stage 3 loans are developing as expected while the relative share of stage 3 is increasing due to the overall lower loan growth.

### Balance sheet as of September 30, 2020

Total assets increased NOK 3 239 million in the quarter and amounted to NOK 64 364 million.

Gross loans to customers increased NOK 124 million compared with a decrease of NOK 2 292 million in the previous quarter and totaled NOK 44 847 million. Currency adjusted gross loan growth was NOK -286.0 million compared with NOK -1 276 million in the previous quarter. Broken down by product the currency adjusted loan growth for instalment loans was NOK 54.1 million compared with NOK -653.0 million in the previous quarter, and for credit cards NOK -340.1 million compared with NOK -623.0 million in the previous quarter. The positive growth in instalment loans is mainly due to higher new sales and the negative growth in credit cards is mainly due to lower customer spending related to COVID-19. Instalment loans amounted to NOK 32 274 million and credit card loans amounted to NOK 12 573 million.

Customer deposits increased NOK 2 789 million compared with an increase of NOK 1 530 million in the second quarter and amounted to NOK 43 880 million at the end of the third quarter. Currency adjusted growth was NOK 2 439 million compared with NOK 2 362 million in the previous quarter. The increase was mainly in Norway and Denmark. Deposit rate reductions have been implemented at the end of the quarter in Norway and Denmark, with an additional reduction in Norway at the beginning of the fourth quarter.

Liquid assets increased NOK 3 364 million and amounted to NOK 23 586 million, equivalent to 36.6% of total assets.

Total equity amounted to NOK 10 899 million, compared with NOK 10 407 million as of June 30, 2020. The total capital ratio was 25.0%, the core capital ratio was 22.9% and the common equity tier 1 ratio was 21.4%.

The financial statements as of September 30, 2020 have been subject to an auditor review of interim financial statements.

#### Regulatory update

New legislations were implemented as of July 1, 2020, in Finland and Denmark. In Finland the temporary legislation regarding interest rate cap and advertising limitations gave impact as expected in the quarter, with a slight reduction in the instalment loan growth. In Denmark the implemented new legislations regulating effective interest rate, total cost on loans and advertising resulted in very limited impact on interest income and loan growth.

EU endorsed new regulations in connection with CRR to strengthening capital requirements related to non-performing loans, referred to as “backstop-regulation” at April 17, 2019. The regulation gives deduction rules in CET1 calculations for defaulted loans not sufficiently covered with loan loss allowance. The aim is to secure sufficient capital to meet future losses, as well as to create appropriate incentives to avoid the accumulation of non-performing loans to increase lending capacity for healthy customers. The hearing process ended in February 2020 and Norwegian FSA has September 30, 2020 concluded to suggest inclusion of the regulations into Norwegian law. Timing is not set, but it is expected to come into effect summer 2021. The consequences for the NFH Group will be analyzed during the fourth quarter.

The current BRRD has been effective in Norway since January 1, 2019. On December 20, 2019, the minimum requirement for own funds and eligible liabilities (MREL) was determined for Bank Norwegian. The MREL requirement was applied from June 30, 2020. The bank was compliant with the MREL requirement as of September 30, 2020. In October 2020 the Board of Directors decided to apply to the Financial Supervisory Authority of Norway to merge Norwegian Finans Holding ASA and Bank Norwegian AS, and preparations for this are ongoing. To reduce the risk of the planned merger application process, the NFH Group is parallelly continuing the necessary preparations to be able to issue MREL-eligible debt from Norwegian Finans Holding ASA while awaiting the outcome of the application process.

At October 15, 2020, Norwegian Ministry of Finance announced a public hearing regarding implementation of the EU “bank-package”. The “bank-package” consists of three parts – the Capital Requirements Regulations (CRR2), Capital Requirements Directive (CRD5) and Bank Recovery and Resolution Directive (BRRD2), all from May 20, 2019. The due date for the hearing of suggested amendment to Norwegian regulations, is January 6, 2021. The ambition with the “bank-package” is to implement the updated EU bank-package into local

legislation. In addition to updating the regulations, an ambition was added in the EU directive 2020/873, including reduction of some of the capital demands and speed up the relief of some of the capital requirements, to reduce the negative effect due to COVID-19 pandemic. The potential, future effects on capital and MREL for the NFH Group are not yet fully analyzed, but preliminary assessment is neutral to a slightly positive effect.

#### Outlook

Society is entering the fourth quarter with continuous uncertainty related to the length and consequences of the pandemic COVID-19. The Nordic economies prove to be resilient and the governments supportive actions reduce the negative impact for business activities. Unemployment rates have been reduced in all the Nordic countries, yet still at elevated levels compared to the start of the year. The future still holds high level of uncertainty related to the development of the pandemic and a second European wave is building up. The NFH Group's resilient financial position with high profitability, strong capitalization and high levels of liquid assets make the NFH Group well equipped to withstand the anticipated adverse effects of COVID-19.

The NFH Group continues to maintain normal operations and underwriting of credit throughout the crisis and will continue to support its customers. Loans sent to debt collection are well below historical levels and fewer customers are late with their payments. This trend is expected to continue into the fourth quarter.

The financial markets continue to develop positively during the third quarter and well into the fourth. Real-estate prices in the Nordics have increased, interest rates continue to flatten out and credit spreads continue to contract compared to the elevated levels in the first quarter. Foreign exchange volatility has increased somewhat in the quarter, with a weaker Norwegian Krone compared to previous quarter. The debt funding market for financial institutions is positive and it is expected to continue into the fourth quarter.

Deposit volumes have continued to grow throughout the third quarter due to attractive terms despite several rate cuts. The NFH Group announced three deposit interest rate reductions in the third quarter in Norway and Denmark, of which two have taken effect in the quarter and the last one will have effect from October 15. An additional interest rate reduction in Norway was announced 27 October effective from 1 January 2021. All interest changes are to better reflect market conditions and to reduce the high deposit growth.

In September, the growth strategy for Bank Norwegian was confirmed. Organic growth of our core business in the Nordic, as well as commencing our European expansion aiming to establish business in one or two countries by the end of 2021. In the Nordics the focus will be to further enhance our fully digital, customer centric core business consumer lending, with innovative solutions and high-quality customer service. Our European expansion will be possible with our industry-leading cost efficiency, strong financial position and our well-proven method for entering

new countries in the past. Combining this strong historical track record with NFH Group's solid financial position, the timing for expansion and growth is considered very good. The European expansion will be made from current domicile and timing and location naturally dependent on the pandemic's development.

Our current market position, solid financial foundation and our growth strategy makes the NFH Group well positioned to strengthen our leading position even further in the future.

Bærum, October 27, 2020  
The Board of directors of Norwegian Finans Holding ASA

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

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

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

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Christine Rødsæther  
Board member

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

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

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Kjetil Garstad  
Board member

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Tine Wollebekk  
CEO

## Profit and loss account

Amounts in NOK 1000	Note	Norwegian Finans Holding Group				
		Q3 2020	Q3 2019	YTD 2020	YTD 2019	2019
Interest income, effective interest method		1 447 485	1 457 649	4 465 203	4 259 762	5 748 496
Other interest income		51 103	37 800	179 935	115 755	162 279
Interest expenses		177 518	165 155	543 337	476 504	650 090
<b>Net interest income</b>	8	<b>1 321 070</b>	<b>1 330 294</b>	<b>4 101 801</b>	<b>3 899 013</b>	<b>5 260 685</b>
Commission and bank services income	9	79 379	134 232	338 300	405 052	540 443
Commission and bank services expenses	9	42 839	70 004	142 604	192 841	250 703
Net change in value on securities and currency	10	9 212	25 201	45 061	22 587	32 053
<b>Net other operating income</b>		<b>45 751</b>	<b>89 429</b>	<b>240 758</b>	<b>234 799</b>	<b>321 792</b>
<b>Total income</b>	2	<b>1 366 822</b>	<b>1 419 723</b>	<b>4 342 559</b>	<b>4 133 812</b>	<b>5 582 477</b>
Personnel expenses		32 040	28 061	86 927	73 797	102 293
General administrative expenses	11	263 320	263 087	785 734	812 115	1 095 085
Depreciation and impairment of fixed and intangible assets		25 031	16 833	64 249	49 614	67 693
Other operating expenses		14 641	16 269	45 413	44 014	59 588
<b>Total operating expenses</b>		<b>335 031</b>	<b>324 251</b>	<b>982 323</b>	<b>979 541</b>	<b>1 324 659</b>
Provision for loan losses	6	365 623	413 511	1 433 286	1 194 556	1 627 359
<b>Profit before tax</b>		<b>666 168</b>	<b>681 961</b>	<b>1 926 950</b>	<b>1 959 715</b>	<b>2 630 459</b>
Tax charge		165 545	168 024	476 209	482 526	649 408
<b>Profit after tax</b>	2	<b>500 622</b>	<b>513 937</b>	<b>1 450 741</b>	<b>1 477 188</b>	<b>1 981 051</b>
Proportion attributable to shareholders		491 568	502 805	1 419 270	1 444 961	1 935 354
Proportion attributable to additional Tier 1 capital holders		9 055	11 132	31 472	32 228	45 697
<b>Profit after tax</b>		<b>500 622</b>	<b>513 937</b>	<b>1 450 741</b>	<b>1 477 188</b>	<b>1 981 051</b>
Earnings per share*		2.63	2.69	7.60	7.74	10.37

\*Updated definition for EPS based on established market practice. EPS is calculated based on profit after tax excluding interest on additional Tier 1 Capital. Previous periods are recalculated.

## Comprehensive income

Amounts in NOK 1000	Norwegian Finans Holding Group				
	Q3 2020	Q3 2019	YTD 2020	YTD 2019	2019
<b>Profit on ordinary activities after tax</b>	<b>500 622</b>	<b>513 937</b>	<b>1 450 741</b>	<b>1 477 188</b>	<b>1 981 051</b>
<b>Comprehensive income for the period</b>	<b>500 622</b>	<b>513 937</b>	<b>1 450 741</b>	<b>1 477 188</b>	<b>1 981 051</b>

## Balance sheet

Amounts in NOK 1000	Note	Norwegian Finans Holding Group		
		30.9.20	30.9.19	31.12.19
<b>Assets</b>				
Cash and deposits with the central bank		69 511	68 285	68 500
Loans and deposits with credit institutions		2 462 788	1 626 704	2 094 165
Loans to customers	2, 5, 7	39 962 311	40 067 806	40 560 502
Certificates and bonds	13	21 054 167	11 339 732	14 650 988
Financial derivatives	13	205 245	19 284	76 371
Shares and other securities	13	51 491	42 529	44 863
Intangible assets		470 235	508 638	510 840
Deferred tax asset		7 702	19 673	3 502
Fixed assets		1 184	953	819
Receivables		79 322	56 133	62 835
<b>Total assets</b>	2	<b>64 363 956</b>	<b>53 749 736</b>	<b>58 073 384</b>
<b>Liabilities and equity</b>				
Loans from credit institutions	13	1 033 695	-	52 750
Deposits from customers	2	43 880 046	39 185 189	40 118 369
Debt securities issued	12, 13	6 649 351	3 472 923	6 537 863
Financial derivatives	13	112 604	37 563	29 621
Tax payable		498 291	618 010	625 745
Deferred tax		3 821	-	3 821
Other liabilities		193 813	400 310	225 912
Accrued expenses		217 251	240 195	182 907
Subordinated loans	12, 13	876 049	812 230	822 688
<b>Total liabilities</b>		<b>53 464 921</b>	<b>44 766 421</b>	<b>48 599 677</b>
Share capital		186 847	186 695	186 695
Share premium		978 201	972 295	972 295
Tier 1 capital		635 000	635 000	635 000
Retained earnings and other reserves		9 098 987	7 189 324	7 679 717
<b>Total equity</b>	2, 3	<b>10 899 035</b>	<b>8 983 314</b>	<b>9 473 707</b>
<b>Total liabilities and equity</b>	2	<b>64 363 956</b>	<b>53 749 736</b>	<b>58 073 384</b>

Bærum, October 27, 2020

The Board of directors of Norwegian Finans Holding ASA

Klaus-Anders Nysteen  
Chairman of the board

Hans Larsson  
Board member

Anita Aarnæs  
Board member

Christine Rødsæther  
Board member

Izabella Kibsgaard-Petersen  
Board member

Knut Arne Alsaker  
Board member

Kjetil Garstad  
Board member

Tine Wollebakk  
CEO

## Cash flow statement

### Norwegian Finans Holding Group

<i>Amounts in NOK 1000</i>	YTD 2020	YTD 2019	2019
Profit / loss before tax	1 926 950	1 959 715	2 630 459
Unrealized gain or losses on currency	316 565	11 510	-105 965
Depreciation and impairment of fixed and intangible assets	64 249	49 614	67 693
Provision for loan losses	1 433 286	1 194 556	1 627 359
Change in loans to customers	-835 095	-3 462 395	-4 390 047
Change in deposits from customers	3 761 677	93 398	1 026 578
Change in certificates and bonds	-6 403 178	-737 134	-4 048 391
Change in shares and other securities	-6 628	-5 838	-8 172
Change in receivables and financial derivatives	-145 361	744	-63 045
Change in loans from credit institutions	-19 055	-	52 750
Change in derivatives, accrued expenses and other liabilities	85 227	336 382	96 754
Income taxes paid	-607 863	-469 253	-608 408
<b>Net cash flow from operating activities</b>	<b>-429 227</b>	<b>-1 028 701</b>	<b>-3 722 434</b>
Payment for acquisition of intangible assets	-23 078	-376 458	-393 592
Payment for acquisition of tangible assets	-946	-627	-643
<b>Net cash flow from investment activities</b>	<b>-24 024</b>	<b>-377 085</b>	<b>-394 235</b>
Buy back of shares	-	-161 200	-161 200
Allocation of shares	-	150 000	150 000
Allocation of bonus shares	6 058	5 301	5 301
Issued debt securities	-	2 282 175	5 834 015
Repayment of debt securities	-188 448	-785 663	-1 281 602
Investments in group companies	-	-40 240	-40 240
Paid interest tier 1 capital	-31 472	-32 228	-45 697
CSA margin	-	-51 900	-
Change in loans from central banks	1 000 000	-	-
<b>Net cash flow from financing activities</b>	<b>786 138</b>	<b>1 366 245</b>	<b>4 460 576</b>
Net cash flow for the period	332 887	-39 542	343 908
Cash and cash equivalents at the start of the period	2 162 665	1 770 267	1 770 267
Currency effect on cash and cash equivalents	36 746	-35 737	48 490
<b>Cash and cash equivalents at the end of the period</b>	<b>2 532 298</b>	<b>1 694 989</b>	<b>2 162 665</b>

#### Off which:

Cash and deposits with the central bank	69 511	68 285	68 500
Loans and deposits with credit institutions	2 462 788	1 626 704	2 094 165

## Changes in equity

<i>Amounts in NOK 1000</i>	Share capital	Share premium	Tier 1 capital	Retained earnings and other reserves	Total equity
<b>Balance 31.12.19</b>	<b>186 695</b>	<b>972 295</b>	<b>635 000</b>	<b>7 679 717</b>	<b>9 473 707</b>
This period's profit	-	-	31 472	1 419 270	1 450 741
<b>Comprehensive income for the period</b>	-	-	<b>31 472</b>	<b>1 419 270</b>	<b>1 450 741</b>
Paid interest tier 1 capital	-	-	-31 472	-	-31 472
Allocation of bonus shares	153	5 906	-	-	6 058
<b>Balance 30.9.20</b>	<b>186 847</b>	<b>978 201</b>	<b>635 000</b>	<b>9 098 987</b>	<b>10 899 035</b>

<i>Amounts in NOK 1000</i>	Share capital	Share premium	Tier 1 capital	Retained earnings and other reserves	Total equity
<b>Balance 31.12.18</b>	<b>186 752</b>	<b>976 938</b>	<b>635 000</b>	<b>5 745 564</b>	<b>7 544 254</b>
This period's profit	-	-	32 228	1 444 961	1 477 188
<b>Comprehensive income for the period</b>	-	-	<b>32 228</b>	<b>1 444 961</b>	<b>1 477 188</b>
Paid interest tier 1 capital	-	-	-32 228	-	-32 228
Buyback of shares	-2 133	-157 867	-	-	-160 000
Allocation of shares	2 000	148 000	-	-	150 000
Allocation of bonus shares	76	5 224	-	-	5 301
Fees	-	-	-	-1 201	-1 201
<b>Balance 30.9.19</b>	<b>186 695</b>	<b>972 295</b>	<b>635 000</b>	<b>7 189 324</b>	<b>8 983 314</b>

## Notes

### Note 1. General accounting principles

The quarterly financial statements for the Norwegian Finans Holding Group (NFH Group) have been prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board and as adopted by the European Union. When preparing the consolidated financial statements, management makes estimates, judgments and assumptions that affect the application of the accounting principles and the carrying amount of assets, liabilities, income and expenses. Estimates and assumptions are subject to continual evaluation and are based on historical experience and other factors, including expectations of future events that are believed to be probable on the balance sheet date. A description of the accounting policies, significant estimates and areas where judgment is applied by the NFH Group, can be found in Note 1 Accounting principles in the annual report of 2019. Figures for 2019 have been revised due to changes in accounting principles, for further information see note 1 and 36 in the annual report of 2019.

## 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. Other contains eliminations for group contributions.

### Profit and loss account YTD 2020

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

### Other comprehensive income

Other comprehensive income	-	-	-	-	-	-
<b>Comprehensive income for the period</b>	<b>656 179</b>	<b>190 992</b>	<b>146 250</b>	<b>479 255</b>	<b>-21 935</b>	<b>1 450 741</b>

### Balance sheet 30.9.20

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

### Profit and loss account YTD 2019

Amounts in NOK 1000	Norway	Sweden	Denmark	Finland	Other	Total
Net interest income	1 783 610	643 497	481 186	990 848	-128	3 899 013
Net other operating income	130 765	50 703	23 143	30 583	-395	234 799
<b>Total income</b>	<b>1 914 374</b>	<b>694 201</b>	<b>504 329</b>	<b>1 021 431</b>	<b>-523</b>	<b>4 133 812</b>
Total operating expenses	412 881	221 737	131 421	204 769	8 733	979 541
Provision for loan losses	578 593	145 390	187 686	282 887	-	1 194 556
<b>Profit before tax</b>	<b>922 900</b>	<b>327 074</b>	<b>185 222</b>	<b>533 775</b>	<b>-9 257</b>	<b>1 959 715</b>
Tax charge	222 669	81 761	46 305	133 444	-1 652	482 527
<b>Profit after tax</b>	<b>700 231</b>	<b>245 313</b>	<b>138 917</b>	<b>400 331</b>	<b>-7 605</b>	<b>1 477 188</b>

### Other comprehensive income

Other comprehensive income	-	-	-	-	-	-
<b>Comprehensive income for the period</b>	<b>700 231</b>	<b>245 313</b>	<b>138 917</b>	<b>400 331</b>	<b>-7 605</b>	<b>1 477 188</b>

### Balance sheet 30.9.19

Amounts in NOK 1000	Norway	Sweden	Denmark	Finland	Other	Total
Loans to customers	19 034 221	6 516 180	4 666 564	9 850 842	-	40 067 806
Other assets	7 139 070	2 358 246	1 762 255	2 229 204	193 154	13 681 929
<b>Total assets</b>	<b>26 173 291</b>	<b>8 874 426</b>	<b>6 428 820</b>	<b>12 080 046</b>	<b>193 154</b>	<b>53 749 736</b>
Deposits from customers	19 907 261	5 693 415	5 962 193	7 622 320	-	39 185 189
Other liabilities and equity	6 266 030	3 181 010	466 627	4 457 725	193 154	14 564 546
<b>Total liabilities and equity</b>	<b>26 173 291</b>	<b>8 874 426</b>	<b>6 428 820</b>	<b>12 080 046</b>	<b>193 154</b>	<b>53 749 736</b>

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

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

	30.9.20	30.9.19	2019
<b>Total capital</b>			
<i>Amounts in NOK 1000</i>			
Share capital	186 847	186 695	186 695
Share premium	978 201	972 295	972 295
Other reserves	9 098 987	7 189 324	7 679 717
Retained earnings not included in common equity tier 1, accrued dividend	-870 000	-	-
Deferred tax assets, intangible assets and additional valuation adjustment	-499 361	-539 750	-529 143
<b>Common equity tier 1</b>	<b>8 894 675</b>	<b>7 808 565</b>	<b>8 309 564</b>
Additional tier 1 capital	635 000	635 000	635 000
<b>Tier 1 capital</b>	<b>9 529 675</b>	<b>8 443 565</b>	<b>8 944 564</b>
Tier 2 capital	876 049	812 230	822 688
<b>Total capital</b>	<b>10 405 723</b>	<b>9 255 795</b>	<b>9 767 252</b>
<b>Calculation basis</b>			
Covered bonds	966 352	335 464	336 787
Regional governments or local authorities	1 156 773	13 983	87 123
Institutions	515 531	1 002 534	1 161 242
Loans to customers	25 504 293	25 533 874	26 750 970
Defaulted loans	5 956 587	6 022 641	4 892 542
Equity positions	51 439	42 486	44 818
Other assets	285 546	76 350	139 948
<b>Total credit risk</b>	<b>34 436 521</b>	<b>33 027 333</b>	<b>33 413 430</b>
<b>Operational risk</b>	<b>7 191 855</b>	<b>5 579 784</b>	<b>5 728 063</b>
<b>Market risk</b>	<b>8 542</b>	<b>4 369</b>	<b>1 575</b>
<b>Total calculation basis</b>	<b>41 636 918</b>	<b>38 611 486</b>	<b>39 143 067</b>
<b>Common equity tier 1 %</b>	<b>21.4 %</b>	<b>20.2 %</b>	<b>21.2 %</b>
<b>Tier 1 capital %</b>	<b>22.9 %</b>	<b>21.9 %</b>	<b>22.9 %</b>
<b>Total capital %</b>	<b>25.0 %</b>	<b>24.0 %</b>	<b>25.0 %</b>

#### Liquidity Coverage Ratio

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

	30.9.20	30.9.19	2019
Norwegian Finans Holding Group	494 %	203 %	450 %
NOK	391 %	250 %	321 %
SEK	415 %	163 %	396 %
DKK	465 %	227 %	649 %
EUR	179 %	171 %	167 %

## Note 4. Expected credit loss

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

### Significant increase in credit risk (SICR)

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.

	Instalment loans		Credit card loans	
	Lifetime PD at origination	SICR	Lifetime PD at origination	SICR
<b>Norway</b>	<=5%	700 %	<=2%	900 %
	>5%, 10%]	30 %	>2%	40 %
	>10%	20 %		
<b>Sweden</b>	<=10%	40 %	<=2%	900 %
	>10%, 20%]	30 %	>2%, 5%]	40 %
	>20%	20 %	>5%	0 %
<b>Denmark</b>	<=6%	1300 %	<=1.4%	1400 %
	>6%, 14%]	500 %	>1.4%, 5.5%]	1200 %
	>14%	100 %	>5.5%	150 %
<b>Finland</b>	<=9%	900 %	<=3%	1000 %
	>9%, 21%]	350 %	>3%, 9%]	600 %
	>21%	50 %	>9%	100 %

### Economic variables used to measure ECL

The NFH Group has chosen to disclose the three most important modelling variables in each individual country. The data is modelled across three scenarios: a base, an optimistic and a pessimistic case for expected credit loss. The model is based on the NiGEM-model developed by UK's Institute of Economic and Social Research.

	Base scenario		Optimistic scenario		Pessimistic scenario	
	12 months	5 years	12 months	5 years	12 months	5 years
<b>Norway</b>						
3-month interbank rate	0.40 %	1.37 %	0.40 %	1.66 %	0.40 %	1.19 %
Hourly pay in NOK	446	508	449	527	443	492
Real interest rate	-3.58 %	-1.34 %	-3.58 %	-1.06 %	-3.58 %	-1.53 %
<b>Sweden</b>						
3-month interbank rate	-0.13 %	0.68 %	-0.13 %	0.91 %	-0.13 %	0.56 %
GDP in million SEK	396 957	432 017	404 879	455 276	393 068	418 653
Real interest rate	-1.64 %	-1.88 %	-1.64 %	-1.65 %	-1.64 %	-2.00 %
<b>Denmark</b>						
3-month interbank rate	-0.12 %	0.75 %	-0.12 %	1.03 %	-0.12 %	0.59 %
Consumption in millions	80 409	87 112	82 003	92 491	78 698	82 723
Unemployment percentage	5.35 %	5.23 %	5.22 %	5.05 %	5.97 %	5.47 %
<b>Finland</b>						
3-month interbank rate	-0.30 %	0.44 %	-0.11 %	0.61 %	-0.35 %	0.01 %
Consumption in millions	8 979	9 536	9 172	9 799	8 744	9 293
Unemployment percentage	8.10 %	6.41 %	7.60 %	6.20 %	9.77 %	6.97 %

### Macro scenario sensitivity on ECL

	Final ECL	Base scenario	Optimistic scenario	Pessimistic scenario
	<b>Norway</b>			
Credit card	441 526	432 135	396 307	463 440
Instalment loans	1 108 433	1 080 845	979 415	1 172 804
<b>Sweden</b>				
Credit card	277 788	277 781	277 424	277 803
Instalment loans	925 746	925 365	922 110	926 635
<b>Denmark</b>				
Credit card	110 593	110 402	109 748	111 036
Instalment loans	777 494	776 806	774 252	779 098
<b>Finland</b>				
Credit card	184 627	179 201	169 413	197 288
Instalment loans	1 058 311	1 027 865	974 818	1 129 351

The following weights have been used across all portfolios per 30.9.2020: 70% - 0% - 30% for base, optimistic and pessimistic scenario for expected credit loss. The choice to deviate from the normal 40% - 30% - 30% probability weighting is based on a low expectation for the optimistic scenario.

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

### Loans to customers by product groups

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

### Change in loan loss allowance and gross loans

Migration out of a stage is calculated at previous closing date 30.6.20, while migration into a stage is calculated at the closing date 30.9.20.

### Total Loans

#### Loan loss allowance

Amounts in NOK 1000	Stage 1	Stage 2	Stage 3	Total
<b>Loan loss allowance as at 30.6.20</b>	<b>343 618</b>	<b>480 030</b>	<b>3 798 484</b>	<b>4 622 132</b>
Transfers :				
Transfers from stage 1 to stage 2	-36 543	151 836	-	115 293
Transfers from stage 1 to stage 3	-3 267	-	32 157	28 890
Transfers from stage 2 to stage 1	28 042	-81 650	-	-53 607
Transfers from stage 2 to stage 3	-	-88 658	199 252	110 594
Transfers from stage 3 to stage 2	-	14 465	-62 924	-48 458
Transfers from stage 3 to stage 1	260	-	-6 309	-6 048
New financial assets issued	22 556	5 074	85	27 715
Financial assets derecognized in the period	-11 492	-9 203	-4 722	-25 417
Modification of contractual cash flows from non-discounted financial assets	24 045	6 843	260 138	291 025
Charge-off	-	-	-177 603	-177 603
<b>Loan loss allowance as at 30.9.20</b>	<b>367 219</b>	<b>478 738</b>	<b>4 038 561</b>	<b>4 884 517</b>

#### Gross loans to customers

Amounts in NOK 1000	Stage 1	Stage 2	Stage 3	Total
<b>Gross loans to customers as at 30.6.20</b>	<b>28 976 202</b>	<b>6 217 070</b>	<b>9 505 895</b>	<b>44 699 166</b>
Transfers :				
Transfers from stage 1 to stage 2	-1 831 949	1 929 796	-	97 848
Transfers from stage 1 to stage 3	-77 305	-	82 455	5 149
Transfers from stage 2 to stage 1	1 181 600	-1 301 982	-	-120 382
Transfers from stage 2 to stage 3	-	-614 770	648 901	34 131
Transfers from stage 3 to stage 2	-	159 240	-222 916	-63 675
Transfers from stage 3 to stage 1	8 594	-	-19 837	-11 243
New financial assets issued	1 558 339	50 430	187	1 608 955
Financial assets derecognized in the period	-934 293	-170 346	-84 859	-1 189 498
Modification of contractual cash flows from non-discounted financial assets	-258 147	-40 798	316 867	17 922
Charge-off	-	-	-231 546	-231 546
<b>Gross loans to customers as at 30.9.20</b>	<b>28 623 040</b>	<b>6 228 640</b>	<b>9 995 148</b>	<b>44 846 828</b>

## Instalment loans total

### Loan loss allowance

<i>Amounts in NOK 1000</i>	Stage 1	Stage 2	Stage 3	Total
<b>Loan loss allowance as at 30.6.20</b>	275 358	350 546	3 008 293	3 634 196
Transfers :				
Transfers from stage 1 to stage 2	-30 231	110 401	-	80 170
Transfers from stage 1 to stage 3	-2 938	-	28 961	26 023
Transfers from stage 2 to stage 1	20 276	-50 291	-	-30 016
Transfers from stage 2 to stage 3	-	-74 215	156 528	82 313
Transfers from stage 3 to stage 2	-	11 418	-44 977	-33 559
Transfers from stage 3 to stage 1	223	-	-4 663	-4 440
New financial assets issued	20 435	2 822	24	23 282
Financial assets derecognized in the period	-10 924	-7 659	-21 296	-39 880
Modification of contractual cash flows from non-discounted financial assets	24 350	9 192	223 342	256 884
Charge-off	-	-	-124 989	-124 989
<b>Loan loss allowance as at 30.9.20</b>	<b>296 548</b>	<b>352 213</b>	<b>3 221 223</b>	<b>3 869 983</b>

### Gross loans to customers

<i>Amounts in NOK 1000</i>	Stage 1	Stage 2	Stage 3	Total
<b>Gross loans to customers as at 30.6.20</b>	19 721 115	4 520 402	7 636 793	31 878 309
Transfers :				
Transfers from stage 1 to stage 2	-1 289 085	1 304 787	-	15 702
Transfers from stage 1 to stage 3	-68 750	-	73 227	4 478
Transfers from stage 2 to stage 1	745 514	-783 947	-	-38 432
Transfers from stage 2 to stage 3	-	-484 515	510 786	26 271
Transfers from stage 3 to stage 2	-	130 065	-163 061	-32 996
Transfers from stage 3 to stage 1	7 608	-	-14 468	-6 860
New financial assets issued	1 482 258	32 301	77	1 514 636
Financial assets derecognized in the period	-849 348	-144 715	-66 650	-1 060 713
Modification of contractual cash flows from non-discounted financial assets	-92 620	-27 534	254 657	134 504
Charge-off	-	-	-160 908	-160 908
<b>Gross loans to customers as at 30.9.20</b>	<b>19 656 692</b>	<b>4 546 844</b>	<b>8 070 454</b>	<b>32 273 991</b>

## Credit card total

### Loan loss allowance

<i>Amounts in NOK 1000</i>	Stage 1	Stage 2	Stage 3	Total
<b>Loan loss allowance as at 30.6.20</b>	68 260	129 484	790 192	987 936
Transfers :				
Transfers from stage 1 to stage 2	-6 312	41 435	-	35 124
Transfers from stage 1 to stage 3	-329	-	3 196	2 867
Transfers from stage 2 to stage 1	7 767	-31 358	-	-23 592
Transfers from stage 2 to stage 3	-	-14 443	42 724	28 281
Transfers from stage 3 to stage 2	-	3 047	-17 946	-14 899
Transfers from stage 3 to stage 1	37	-	-1 645	-1 608
New financial assets issued	2 120	2 253	61	4 434
Financial assets derecognized in the period	-568	-1 544	-5 981	-8 093
Modification of contractual cash flows from non-discounted financial assets	-305	-2 349	59 351	56 697
Charge-off	-	-	-52 613	-52 613
<b>Loan loss allowance as at 30.9.20</b>	<b>70 671</b>	<b>126 525</b>	<b>817 338</b>	<b>1 014 534</b>

### Gross loans to customers

<i>Amounts in NOK 1000</i>	Stage 1	Stage 2	Stage 3	Total
<b>Gross loans to customers as at 30.6.20</b>	9 255 087	1 696 668	1 869 103	12 820 857
Transfers :				
Transfers from stage 1 to stage 2	-542 864	625 009	-	82 145
Transfers from stage 1 to stage 3	-8 556	-	9 227	672
Transfers from stage 2 to stage 1	436 085	-518 035	-	-81 950
Transfers from stage 2 to stage 3	-	-130 255	138 115	7 861
Transfers from stage 3 to stage 2	-	29 175	-59 855	-30 680
Transfers from stage 3 to stage 1	986	-	-5 369	-4 383
New financial assets issued	76 081	18 129	110	94 320
Financial assets derecognized in the period	-84 945	-25 631	-18 209	-128 785
Modification of contractual cash flows from non-discounted financial assets	-165 527	-13 264	62 210	-116 581
Charge-off	-	-	-70 638	-70 638
<b>Gross loans to customers as at 30.9.20</b>	<b>8 966 348</b>	<b>1 681 796</b>	<b>1 924 694</b>	<b>12 572 837</b>

## Note 6. Provision for loan losses

<i>Amounts in NOK 1000</i>	YTD 2020	YTD 2019	2019
Realized losses in the period due to final write-offs	51 444	31 456	46 813
Realized losses in the period due to charge-offs	147 095	371 278	436 891
Loan loss provisions - lifetime expected credit loss (stage 3)	1 318 435	781 393	922 091
Loan loss provisions - lifetime expected credit loss (stage 2)	-53 639	1 325	99 639
Loan loss provisions - 12 months expected credit loss (stage 1)	-30 048	9 104	121 926
<b>Provision for loan losses</b>	<b>1 433 286</b>	<b>1 194 557</b>	<b>1 627 359</b>

## Note 7. Risk classes

<i>Amounts in NOK 1000</i>	Probability of default	Gross loans*		Undrawn credit limits	
		30.9.20	30.9.19	30.9.20	30.9.19
A	0 – 1 %	6 240 068	6 616 969	48 839 715	41 658 440
B	1 – 3 %	9 605 195	10 521 698	982 927	1 869 190
C	3 – 5 %	5 177 878	4 635 397	198 864	269 627
D	5 – 9 %	4 632 346	4 450 795	122 439	262 421
E	9 – 15 %	3 444 603	4 088 036	42 272	205 465
F	15 – 20 %	1 440 786	1 608 221	8 905	18 648
G	20 – 30 %	1 764 385	1 701 813	7 679	14 311
H	30 – 40 %	858 933	802 268	2 066	2 221
I	40 – 55 %	703 820	659 687	649	1 074
J	55 – 100%	983 668	1 167 197	237	246
Defaulted loans		9 995 148	6 931 312	-	-
<b>Total</b>		<b>44 846 828</b>	<b>43 183 392</b>	-	-

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

\*Disclosure of risk class information has been simplified to reflect a more transparent grouping of loans. All non-impaired loans are classified A to J.

Comparable periods are restated.

## Note 8. Net interest income

<i>Amounts in NOK 1000</i>	YTD 2020	YTD 2019	2019
Interest income from cash and deposits with the central bank	206	531	781
Interest income from loans to and deposits with credit institutions	-116	4 665	7 403
Interest income from instalment loans	3 152 443	3 064 902	4 114 730
Interest income from other loans	432	-	-
Interest income from credit card loans	1 312 056	1 189 145	1 624 932
Interest income from sales financing	180	519	650
<b>Interest income, effective interest method</b>	<b>4 465 202</b>	<b>4 259 762</b>	<b>5 748 496</b>
Interest and other income from certificates and bonds	174 235	111 268	155 937
Other interest and other interest related income	5 701	4 487	6 343
<b>Other interest income</b>	<b>179 936</b>	<b>115 755</b>	<b>162 279</b>
Interest expense from deposits from the central bank	1 797	-	-
Interest expense from deposits from customers	336 355	355 927	478 037
Interest expense on debt securities issued	125 844	44 159	70 531
Interest expense on subordinated loan	27 744	25 784	34 665
Other interest and other interest related expenses	51 598	50 634	66 857
<b>Interest expenses</b>	<b>543 337</b>	<b>476 504</b>	<b>650 090</b>
<b>Net interest income</b>	<b>4 101 801</b>	<b>3 899 013</b>	<b>5 260 685</b>

## Note 9. Net commission and bank services income

<i>Amounts in NOK 1000</i>	YTD 2020	YTD 2019	2019
Payment services	247 454	306 359	416 056
Insurance services	53 546	58 103	70 440
Other fees and commission and bank services income	37 301	40 590	53 947
<b>Total commission and bank services income</b>	<b>338 300</b>	<b>405 052</b>	<b>540 443</b>
Payment services	71 163	125 821	160 458
Insurance services	53 487	50 133	67 516
Other fees and commission and bank services expense	17 953	16 888	22 729
<b>Total commission and bank services expenses</b>	<b>142 604</b>	<b>192 841</b>	<b>250 703</b>

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

Amounts in NOK 1000	YTD 2020	YTD 2019	2019
Net change on certificates and bonds	-74 248	-54 896	-74 558
Net change on FX-forwards	-145 723	147 357	143 008
Net currency effects	258 404	-80 652	-49 509
Net change on shares and other securities	6 628	10 778	13 112
<b>Net change in value on securities and currency</b>	<b>45 061</b>	<b>22 587</b>	<b>32 053</b>

## Note 11. General administrative expenses

Amounts in NOK 1000	YTD 2020	YTD 2019	2019
Sales and marketing	609 203	656 473	879 117
IT operations	68 607	68 548	88 871
External services costs	68 915	47 546	70 677
Other administrative expenses	39 010	39 548	56 419
<b>Total general administrative expenses</b>	<b>785 734</b>	<b>812 115</b>	<b>1 095 085</b>

## Note 12. Debt securities issued and subordinated loan

Amounts in NOK 1000	30.9.20	30.9.19	2019
Debt securities issued, carrying value (amortized cost)	6 649 351	3 472 923	6 537 863
Subordinated loans, carrying value (amortized cost)	876 049	812 230	822 688
<b>Total debt securities issued and subordinated loans</b>	<b>7 525 399</b>	<b>4 285 154</b>	<b>7 360 551</b>

ISIN	Nominal value outstanding	Currency	Interest	Reference rate + margin	Maturity*	Carrying value
<b>Debt securities issued (senior unsecured bonds)</b>						
NO0010810534	299 000	SEK	Floating	STIBOR + 108bp	20.11.2020	314 050
NO0010811110	285 000	NOK	Floating	NIBOR + 108bp	24.11.2020	285 380
NO0010837206	335 000	SEK	Floating	STIBOR + 120bp	22.02.2021	352 449
NO0010848583	192 000	SEK	Floating	STIBOR + 140bp	29.09.2021	199 681
NO0010848591	1 000 000	NOK	Floating	NIBOR + 150bp	29.03.2022	999 769
NO0010863582	400 000	SEK	Floating	STIBOR + 140bp	16.09.2022	420 008
NO0010863574	400 000	NOK	Floating	NIBOR + 140bp	16.09.2022	400 066
NO0010871148	800 000	NOK	Floating	NIBOR + 195bp	12.12.2022	799 622
NO0010871130	1 000 000	SEK	Floating	STIBOR + 190bp	12.12.2022	1 049 262
NO0010871155	1 200 000	NOK	Floating	NIBOR + 215bp	12.12.2023	1 199 402
NO0010871296	600 000	SEK	Floating	STIBOR + 200bp	12.12.2023	629 663
<b>Total debt securities issued</b>	<b>6 511 000</b>					<b>6 649 351</b>
<b>Subordinated loan</b>						
NO0010774326	100 000	NOK	Floating	NIBOR + 300bp	21.09.2021	99 947
NO0010797988	200 000	NOK	Floating	NIBOR + 375bp	16.06.2022	199 814
NO0010833130	550 000	SEK	Floating	STIBOR + 375bp	02.10.2023	576 288
<b>Total subordinated loans</b>	<b>850 000</b>					<b>876 049</b>
<b>Total</b>	<b>7 361 000</b>					<b>7 525 399</b>

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

## Note 13. Financial instruments

### Financial instruments at fair value

<i>Amounts in NOK 1000</i>	30.9.20			
	Level 1	Level 2	Level 3	Total
Certificates and bonds*	-	21 054 167	-	21 054 167
Financial derivatives	-	205 245	-	205 245
Shares and other securities	-	-	51 491	51 491
<b>Total financial assets at fair value</b>	<b>-</b>	<b>21 259 412</b>	<b>51 491</b>	<b>21 310 903</b>
Financial derivatives	-	112 604	-	112 604
Loans from credit institutions**	1 033 695	-	-	1 033 695
<b>Total financial liabilities at fair value</b>	<b>1 033 695</b>	<b>112 604</b>	<b>-</b>	<b>1 146 300</b>

\*Of which NOK 1 000 million is collateral for loans in Norges Bank

\*\*NOK 1 000 million is loans from Norges Bank

<i>Amounts in NOK 1000</i>	30.9.19			
	Level 1	Level 2	Level 3	Total
Certificates and bonds	-	11 339 732	-	11 339 732
Financial derivatives	-	19 284	-	19 284
Shares and other securities	-	-	42 529	42 529
<b>Total financial assets at fair value</b>	<b>-</b>	<b>11 359 015</b>	<b>42 529</b>	<b>11 401 544</b>
Financial derivatives	-	37 563	-	37 563
<b>Total financial liabilities at fair value</b>	<b>-</b>	<b>37 563</b>	<b>-</b>	<b>37 563</b>

### Change in instruments classified at level 3

<i>Amounts in NOK 1000</i>	30.9.20		30.9.19	
	Shares and other securities	Total	Shares and other securities	Total
Value 31.12	44 863	44 863	36 691	36 691
Net gain / loss on financial instruments	6 628	6 628	5 838	5 838
<b>Value 30.9</b>	<b>51 491</b>	<b>51 491</b>	<b>42 529</b>	<b>42 529</b>

### Fair value of financial instruments at amortized cost

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

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

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

<i>Amounts in NOK 1000</i>	30.9.20		30.9.19	
	Book value	Fair value	Book value	Fair value
Debt securities issued	6 649 351	6 494 424	3 472 923	3 339 470
Subordinated loan	876 049	812 383	812 230	806 395
<b>Total financial liabilities</b>	<b>7 525 399</b>	<b>7 306 807</b>	<b>4 285 154</b>	<b>4 145 865</b>

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

<i>Amounts in NOK 1000</i>	30.9.19			
	Level 1	Level 2	Level 3	Total
Debt securities issued	-	3 472 923	-	3 472 923
Subordinated loan	-	812 230	-	812 230
<b>Total financial liabilities</b>	<b>-</b>	<b>4 285 154</b>	<b>-</b>	<b>4 285 154</b>

Level 1: Valuation based on quoted prices in an active market. Level 2: Valuation based on observable market data, other than quoted prices.

Level 3: Valuation based on observable market data when valuation can not be determined in level 1 or 2.

## Note 14. Related parties

Norwegian Finans Holding ASA owns 100% of Bank Norwegian AS. Bank Norwegian AS has since 2007 had an agreement with Norwegian Air Shuttle ASA regarding the use of the brand name Norwegian, IP-rights and cooperation regarding the loyalty program Norwegian Reward. The agreement was renegotiated in the second quarter 2018 and is valid for ten years. In the third quarter 2020 the total expensed amount related to Norwegian Air Shuttle ASA was NOK 99.3 million, comprising of portfolio related costs of NOK 88.3 million and sales and agent commissions of NOK 11 million. The portfolio related costs include license fee for use of brand name, IP-rights and other customer portfolio costs, such as cashpoints.

## Quarterly figures

### Profit and loss account

Amounts in NOK 1000	Norwegian Finans Holding Group				
	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Interest income, effective interest method	1 447 485	1 503 855	1 513 862	1 488 734	1 457 649
Other interest income	51 103	61 764	67 068	46 524	37 800
Interest expenses	177 518	179 319	186 500	173 586	165 155
<b>Net interest income</b>	<b>1 321 070</b>	<b>1 386 301</b>	<b>1 394 430</b>	<b>1 361 672</b>	<b>1 330 294</b>
Commission and bank services income	79 379	66 364	192 558	135 391	134 232
Commission and bank services expenses	42 839	48 138	51 627	57 862	70 004
Net change in value on securities and currency	9 212	104 964	-69 114	9 465	25 201
<b>Net other operating income</b>	<b>45 751</b>	<b>123 190</b>	<b>71 817</b>	<b>86 994</b>	<b>89 429</b>
<b>Total income</b>	<b>1 366 822</b>	<b>1 509 491</b>	<b>1 466 247</b>	<b>1 448 665</b>	<b>1 419 723</b>
Personnel expenses	32 040	23 719	31 168	28 496	28 061
General administrative expenses	263 320	227 532	294 882	282 970	263 087
Depreciation and impairment of fixed and intangible assets	25 031	22 518	16 700	18 079	16 833
Other operating expenses	14 641	14 972	15 801	15 573	16 269
<b>Total operating expenses</b>	<b>335 031</b>	<b>288 741</b>	<b>358 550</b>	<b>345 118</b>	<b>324 251</b>
Provision for loan losses	365 623	447 027	620 636	432 803	413 511
<b>Profit before tax</b>	<b>666 168</b>	<b>773 723</b>	<b>487 060</b>	<b>670 745</b>	<b>681 961</b>
Tax charge	165 545	191 635	119 028	166 882	168 024
<b>Profit after tax</b>	<b>500 622</b>	<b>582 087</b>	<b>368 032</b>	<b>503 863</b>	<b>513 937</b>

### Comprehensive income

Amounts in NOK 1000	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
<b>Profit on ordinary activities after tax</b>	<b>500 622</b>	<b>582 087</b>	<b>368 032</b>	<b>503 863</b>	<b>513 937</b>
<b>Comprehensive income for the period</b>	<b>500 622</b>	<b>582 087</b>	<b>368 032</b>	<b>503 863</b>	<b>513 937</b>

### Balance sheet

Amounts in NOK 1000	Norwegian Finans Holding Group				
	30.9.20	30.6.20	31.3.20	31.12.19	30.9.19
<b>Assets</b>					
Cash and deposits with the central bank	69 511	69 623	69 905	68 500	68 285
Loans and deposits with credit institutions	2 462 788	3 361 585	3 014 698	2 094 165	1 626 704
Loans to customers	39 962 311	40 101 034	42 378 471	40 560 502	40 067 806
Certificates and bonds	21 054 167	16 790 787	13 764 305	14 650 988	11 339 732
Financial derivatives	205 245	161 158	59 020	76 371	19 284
Shares and other securities	51 491	51 124	46 017	44 863	42 529
Intangible assets	470 235	490 433	506 426	510 840	508 638
Deferred tax asset	7 702	5 849	4 179	3 502	19 673
Fixed assets	1 184	1 082	1 153	819	953
Receivables	79 322	92 057	110 908	62 835	56 133
<b>Total assets</b>	<b>64 363 956</b>	<b>61 124 733</b>	<b>59 955 081</b>	<b>58 073 384</b>	<b>53 749 736</b>
<b>Liabilities and equity</b>					
Loans from credit institutions	1 033 695	1 000 781	1 400 000	52 750	-
Deposits from customers	43 880 046	41 090 855	39 561 112	40 118 369	39 185 189
Debt securities issued	6 649 351	6 679 216	6 813 624	6 537 863	3 472 923
Financial derivatives	112 604	200 428	657 621	29 621	37 563
Tax payable	498 291	634 825	441 519	625 745	618 010
Deferred tax	3 821	3 821	3 821	3 821	-
Other liabilities	193 813	55 452	193 945	225 912	400 310
Accrued expenses	217 251	175 744	177 062	182 907	240 195
Subordinated loan	876 049	876 143	876 073	822 688	812 230
<b>Total liabilities</b>	<b>53 464 921</b>	<b>50 717 265</b>	<b>50 124 777</b>	<b>48 599 677</b>	<b>44 766 421</b>
Share capital	186 847	186 695	186 695	186 695	186 695
Share premium	978 201	972 295	972 295	972 295	972 295
Tier 1 capital	635 000	635 000	635 000	635 000	635 000
Paid, not registered capital	-	6 058	-	-	-
Retained earnings and other reserves	9 098 987	8 607 419	8 036 314	7 679 717	7 189 324
<b>Total equity</b>	<b>10 899 035</b>	<b>10 407 468</b>	<b>9 830 304</b>	<b>9 473 707</b>	<b>8 983 314</b>
<b>Total liabilities and equity</b>	<b>64 363 956</b>	<b>61 124 733</b>	<b>59 955 081</b>	<b>58 073 384</b>	<b>53 749 736</b>

## Norwegian Finans Holding ASA

### Profit and loss account

Amounts in NOK 1000	Norwegian Finans Holding ASA				
	Q3 2020	Q3 2019	YTD 2020	YTD 2019	2019
Interest income, effective interest method	-	-	-	1 080	1 086
Interest expenses	923	906	2 769	1 208	2 114
<b>Net interest income</b>	<b>-923</b>	<b>-906</b>	<b>-2 769</b>	<b>-128</b>	<b>-1 028</b>
Commission and bank services expenses	108	74	555	395	512
<b>Net other operating income</b>	<b>-108</b>	<b>-74</b>	<b>-555</b>	<b>-395</b>	<b>-512</b>
<b>Total income</b>	<b>-1 031</b>	<b>-980</b>	<b>-3 325</b>	<b>-523</b>	<b>-1 539</b>
Personnel expenses	734	372	2 440	1 145	1 518
General administrative expenses	1 068	-	2 705	-	-
Other operating expenses	274	1 371	1 365	3 532	4 447
<b>Total operating expenses</b>	<b>2 076</b>	<b>1 744</b>	<b>6 511</b>	<b>4 677</b>	<b>5 964</b>
<b>Profit before tax</b>	<b>-3 107</b>	<b>-2 724</b>	<b>-9 835</b>	<b>-5 201</b>	<b>-7 503</b>
Tax charge	-683	-599	-2 163	-1 145	-1 651
<b>Profit after tax</b>	<b>-2 424</b>	<b>-2 124</b>	<b>-7 672</b>	<b>-4 056</b>	<b>-5 852</b>

### Comprehensive income

Amounts in NOK 1000	Q2 2020	Q2 2019	YTD 2020	YTD 2019	2019
<b>Profit on ordinary activities after tax</b>	<b>-2 424</b>	<b>-2 124</b>	<b>-7 672</b>	<b>-4 056</b>	<b>-5 852</b>
<b>Comprehensive income for the period</b>	<b>-2 424</b>	<b>-2 124</b>	<b>-7 672</b>	<b>-4 056</b>	<b>-5 852</b>

### Balance sheet

Amounts in NOK 1000	Norwegian Finans Holding ASA		
	30.9.20	30.9.19	31.12.19
<b>Assets</b>			
Loans and deposits with credit institutions	3 464	4 187	1 117
Ownership interests in group companies	1 190 240	1 190 240	1 190 240
Deferred tax asset	4 845	2 176	2 682
Receivables	348 228	335 753	338 311
<b>Total assets</b>	<b>1 546 777</b>	<b>1 532 356</b>	<b>1 532 350</b>
<b>Liabilities and equity</b>			
Other liabilities	206 147	188 965	190 374
Accrued expenses	1 410	761	1 142
<b>Total liabilities</b>	<b>207 557</b>	<b>189 726</b>	<b>191 516</b>
Share capital	186 847	186 695	186 695
Share premium	978 201	972 295	972 295
Retained earnings and other reserves	174 172	183 640	181 844
<b>Total equity</b>	<b>1 339 220</b>	<b>1 342 630</b>	<b>1 340 834</b>
<b>Total liabilities and equity</b>	<b>1 546 777</b>	<b>1 532 356</b>	<b>1 532 350</b>

Bærum, October 27, 2020

The Board of directors of Norwegian Finans Holding ASA

Klaus-Anders Nysteen  
Chairman of the board

Hans Larsson  
Board member

Anita Aarnæs  
Board member

Christine Rødsæther  
Board member

Izabella Kibsgaard-  
Board member

Knut Arne Alsaker  
Board member

Kjetil Garstad  
Board member

Tine Wollebakk  
CEO

## Cash flow statement

Amounts in NOK 1000	Norwegian Finans Holding ASA		
	YTD 2020	YTD 2019	2019
Profit / loss before tax	-9 835	-5 201	-7 503
Change in other accruals	-9 917	-335 751	-338 309
Change in short-term liabilities	16 041	188 169	189 959
<b>Net cash flow from operating activities</b>	<b>-3 711</b>	<b>-152 783</b>	<b>-155 853</b>
Net investment in group companies	-	-40 240	-40 240
<b>Net cash flows from investment activities</b>	<b>-</b>	<b>-40 240</b>	<b>-40 240</b>
Allocation of bonus shares	6 058	5 302	5 301
Buy back of shares	-	-161 200	-161 200
Issuing of shares	-	150 000	150 000
<b>Net cash flow from financing activities</b>	<b>6 058</b>	<b>-5 898</b>	<b>-5 899</b>
Net cash flow for the period	2 347	-198 922	-201 992
Cash and cash equivalents at the start of the period	1 117	203 108	203 109
<b>Cash and cash equivalents at the end of the period</b>	<b>3 464</b>	<b>4 187</b>	<b>1 117</b>

## Changes in equity

Amounts in NOK 1000	Share capital	Share premium	Retained	Total equity
			earnings and other reserves	
<b>Balance 31.12.19</b>	<b>186 695</b>	<b>972 295</b>	<b>181 844</b>	<b>1 340 834</b>
This period's profit	-	-	-7 672	-7 672
<b>Comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-7 672</b>	<b>-7 672</b>
Allocation of bonus shares	153	5 906	-	6 058
<b>Balance 30.9.20</b>	<b>186 847</b>	<b>978 201</b>	<b>174 172</b>	<b>1 339 220</b>
<b>Balance 31.12.18</b>	<b>186 752</b>	<b>976 938</b>	<b>188 896</b>	<b>1 352 586</b>
This period's profit	-	-	-4 056	-4 056
<b>Comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-4 056</b>	<b>-4 056</b>
Buy back of shares	-2 133	-157 867	-	-160 000
Allocation of shares	2 000	148 000	-	150 000
Allocation of bonus shares	76	5 224	-	5 301
Fees	-	-	-1 201	-1 201
<b>Balance 30.9.19</b>	<b>186 695</b>	<b>972 295</b>	<b>183 640</b>	<b>1 342 630</b>

## Notes for Norwegian Finans Holding ASA

### Note 1. General accounting principles

The quarterly financial statements for Norwegian Finans Holding ASA have been prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board and as adopted by the European Union. When preparing the consolidated financial statements, management makes estimates, judgments and assumptions that affect the application of the accounting principles and the carrying amount of assets, liabilities, income and expenses. Estimates and assumptions are subject to continual evaluation and are based on historical experience and other factors, including expectations of future events that are believed to be probable on the balance sheet date. A description of the accounting policies, significant estimates and areas where judgment is applied, can be found in Note 1 Accounting principles in the annual report for 2019.

Norwegian Finans Holding ASA owns 100 % of the shares in Bank Norwegian AS and Lilienthal Finance Ltd. The shares are recognized at cost, and eliminated in the group accounts.

### Note 2. Capital adequacy

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

<b>Total capital</b>	<b>30.9.20</b>	<b>30.9.19</b>	<b>2019</b>
<i>Amounts in NOK 1000</i>			
Share capital	186 847	186 695	186 695
Share premium	978 201	972 295	972 295
Other reserves	174 172	183 640	181 844
Deferred tax assets, intangible assets and additional valuation adjustment	-4 845	-2 176	-2 682
<b>Common equity tier 1</b>	<b>1 334 375</b>	<b>1 340 454</b>	<b>1 338 151</b>
Additional tier 1 capital	-	-	-
<b>Tier 1 capital</b>	<b>1 334 375</b>	<b>1 340 454</b>	<b>1 338 151</b>
Tier 2 capital	-	-	-
<b>Total capital</b>	<b>1 334 375</b>	<b>1 340 454</b>	<b>1 338 151</b>
<b>Calculation basis</b>			
Institutions	3 675	837	223
Corporate	341 201	335 414	338 311
Equity positions	1 190 240	1 190 240	1 190 240
Other assets	1 062	339	-
<b>Total credit risk</b>	<b>1 536 179</b>	<b>1 526 830</b>	<b>1 528 774</b>
<b>Operational risk</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Market risk</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total calculation basis</b>	<b>1 536 179</b>	<b>1 526 830</b>	<b>1 528 774</b>
<b>Common equity tier 1 %</b>	<b>86.9 %</b>	<b>87.8 %</b>	<b>87.5 %</b>
<b>Tier 1 capital %</b>	<b>86.9 %</b>	<b>87.8 %</b>	<b>87.5 %</b>
<b>Total capital %</b>	<b>86.9 %</b>	<b>87.8 %</b>	<b>87.5 %</b>

### Note 3. Related parties

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