Annual Report

2021

Bank Norwegian Group

Contents

Financial highlights

Profit and loss account

Bank Norwegian ASA			Bank Norwegian Group	
2021	**2020**	*Amounts in NOK 1000*	**2021**	**2020**
4 665 173	**5 416 746**	**Net interest income**	**4 665 173**	**5 413 054**
63 266	**230 315**	**Net other operating income**	**63 294**	**229 644**
4 728 439	**5 647 061**	**Total income**	**4 728 467**	**5 642 698**
1 586 984	**1 277 933**	**Total operating expenses**	**1 624 767**	**1 313 162**
1 498 728	1 830 948	Provision for loan losses	1 498 728	1 830 948
1 642 727	**2 538 180**	**Profit before tax**	**1 604 972**	**2 498 588**
409 213	298 601	Tax charge	404 494	611 613
1 233 514	**2 239 579**	**Profit after tax**	**1 200 478**	**1 886 975**

Balance sheet

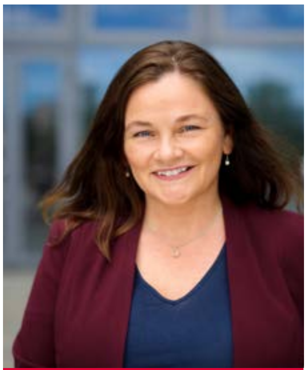
Bank Norwegian ASA			Bank Norwegian Group	
31.12.21	**31.12.20**	*Amounts in NOK 1000*	**31.12.21**	**31.12.20**
56 497 561	63 037 064	Total assets	56 464 926	63 192 011
33 649 320	37 943 688	Loans to customers	33 649 320	37 943 688
22 125 894	24 362 418	Liquid assets	22 125 894	24 364 666
36 393 611	42 677 703	Deposits from customers	36 393 611	42 677 703
6 945 201	6 034 387	Debt securities issued	6 945 201	6 034 387
739 801	877 820	Subordinated loans	739 801	877 820
425 000	635 000	Tier 1 capital	425 000	635 000
10 482 763	10 038 608	Total equity	11 169 309	11 328 161

Key figures and alternative performance measures

Bank Norwegian ASA			Bank Norwegian Group	
2021	**2020**		**2021**	**2020**
11.7 %	23.1 %	Return on equity (ROE) [1]	10.8 %	18.9 %
2.1 %	3.7 %	Return on assets (ROA) [1]	2.0 %	3.1 %
6.43	12.01	Earning per share (EPS)	6.25	9.90
-	-	Dividend per share (DPS)	3.85	6.00
26.2 %	22.4 %	Common equity tier 1 (CET 1)	25.5 %	22.0 %
16.9 %	14.6 %	Leverage ratio	16.4 %	14.5 %
338 %	569 %	Liquidity coverage ratio (LCR)	338 %	569 %
7.9 %	8.9 %	Net interest margin (NIM) [1]	7.9 %	8.8 %
0.34	0.23	Cost/income ratio [1]	0.34	0.23
3.8 %	4.1 %	Loan loss provisions to average loans [1]	3.8 %	4.1 %
19.7 %	23.7 %	Stage 3 loans to loans [1]	19.7 %	23.7 %
38.3 %	40.9 %	Stage 3 loan loss allowance to Stage 3 loans [1]	38.3 %	40.9 %
8.9 %	11.5 %	Loan loss allowance to loans [1]	8.9 %	11.5 %

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

Letter from the CEO



Klara-Lise Aasen
CEO

The year 2021 was an eventful year in Bank Norwegian, and the second year the pandemic affected our business operations. During the year, the Bank was de-listed from Oslo Stock exchange following the acquisition by Nordax Bank AB ("Nordax") completed in November, where Bank Norwegian now is a fully owned subsidiary of Nordax. It will be exciting forming the best specialist bank together with Nordax. The combined unit will be market leading in size, product mix and profitability.

Bank Norwegian had two large strategic goals for the year 2021, as communicated in the Capital Markets Day in March 2021. The first was to enter one or two new countries during late 2021. The ambition was to do this with the same operating model as in the Nordics, cross border from Fornebu in Norway. I am very proud that we were able to launch as planned in two new countries, where both Spain and Germany were launched in the fourth quarter. We introduced as planned our complete product mix; instalment loans, saving accounts and credit cards, simultaneously. Digital, easy to use solutions, convenient for the customer, transparent and simple products. We have during the year assessed our systems and platforms thoroughly and our ambition to re-use most of the IT solutions and operative processes, was confirmed. We have staffed up with Spanish and German speaking employees during second half of 2021 to prepare for the launch. The marketing strategy and development of risk models have also been conducted as planned. This made it possible to go live with low entry costs. The Bank is now in the process of getting to know the new markets before boosting the growth. It will be exciting to see how the Bank will perform in the two new countries. So far, the start has been according to our expectations.

The second large strategic goal for the year was to strengthen our position as Nordic Champion. We have kept market shares during the year, with growth in Finland, and stable in all the other Nordic markets, adjusting for the five non-performing portfolio sales we have made during the year. The customers are overall very satisfied with Bank Norwegian, with high customer satisfaction in all countries and a Net Promoter Score of 56.4, we are perceived as delivering value by our customers. I am very grateful for the high scores, but our value must be proven every day in our interaction with our customers, through our digital easy to use solutions and transparent products. We have also strengthened our work on anti-money laundering and counter terrorist financing during 2021. We will continue to increase our ability to safeguard the consumer, ensuring swift implementation of new legislation and guidelines as they become available. A well-regulated sector is desirable for all stakeholders, creating a level playing field that enables sustainable growth. This will have continuous high focus in 2022, also in close cooperation with our new owners. Together we will form a value creation plan with strategic priorities that will strengthen our growth in the primary markets in the Nordics, alongside our European expansion.

As mentioned in the start, the effect of the

Our main business focus in 2022 will be attractive growth in our six markets through continuous product and distribution improvements.

pandemic has been visible during 2021 on the Bank's financial performance. This is mainly due to lower new sales in a declining market in Norway and reduced need for consumer financing reducing the interest-bearing volumes. Even though we experienced improved credit card usage through the second half of 2021, in all countries, the level is still lower than pre COVID-19. The numerous restrictions have continued through most of 2021, where airline and travel activity has continued to be low.

Despite the lower net interest income affecting the net result for the Bank, the financial solidity has never been stronger. To reduce the overall level of Stage 3, the Bank has sold five non-performing loan portfolios during the year to better balance the overall risk in the portfolio. With neutral or positive net results, the sales confirm the provisioning level and our loan loss models. The risk taken in the newer vintages demonstrate overall a lower default level than earlier vintages did. It will however take time before the shift on risk taking in newer portfolios is visible in the net loan losses. Our capital position is strong, and our continuous cost-efficient operating model has continued through 2021, although the results were affected by non-recurring expenses related to the Nordax transaction. With our strong financial position, it is proposed to deliver a dividend to the parent company Nordax in accordance with the dividend policy of approx. 60% of the year net result. The CET 1 ends at 25.5% at year end, including set aside the mentioned dividend. This is 7.5 percentage points above the desired level of approx. 18%, demonstrating the very high level of loss absorption capacity and a strong first line of defence.

2022 will be an exciting year for all of us in Bank Norwegian. We will learn more about our new owner and work together to integrate the two large banks. To make this happen in the best way, the people and the culture of the Bank is paramount. Keeping employees updated of what is happening, informed about changes, as well as being involved in the integration and priorities, are key elements. To ensure we have empowered and highly competent employees, closeness to management and a culture with openness and a drive to deliver, will be crucial in the time to come. I am very humble to be given the honour to lead and navigate the team through the coming year. Our Bank Norwegian team consist of people from 16 nationalities, with common goals of creating the best combined specialist bank together with Nordax.

At the time of writing this CEO letter, Russia has invaded Ukraine. My thoughts go to all the Ukrainian people and those suffering losses. At the moment, the war has had a very limited direct effect on the Bank's business in the six markets we operate, but we are following the situation closely in volatile financial market conditions and with extra attention on cyber-crime attempts.

Our main business focus in 2022 will be attractive growth in our six markets through continuous product and distribution improvements. We will continue to deliver best in class products, through excellent digital customer journeys. We expect the cooperation with Nordax will further enhance our growth opportunities, and we are highly dedicated for the next phase together with our new colleagues and owner.

Fornebu, March 29, 2022

Klara-Lise Aasen

Bank Norwegian – our history

2007
The Bank established.

2010
The Bank ends its collaboration with Eika and begins to issue its own Bank Norwegian credit card.

2013
Launched instalment loans, credit cards and savings accounts in Sweden.

2015
Launched instalment loans and savings accounts in Finland and Denmark.

2016
Listed on the Oslo Stock Exchange. Launched credit cards in Finland and Denmark.

2017
Won Freddie Awards for best credit card for loyalty program for the first time. Passed one million customers.

2018
Made the first investments for a European expansion.

2021
The Bank launched instalment loans, credit cards and savings accounts in Germany and Spain. Nordax Bank AB acquired Bank Norwegian. Bank Norwegian /BANO delisted from Oslo Stock Exchange.

Important events 2021

February 3

- The Bank successfully launched cashback as an alternative to CashPoints for all Nordic credit card customers. For a limited time, the Bank gave customers the possibility to choose between earning CashPoints and cashback.

March 18

- We shared our plans for the years to come as well as business insights at the Bank Norwegian Capital Markets Day.

April

- Bank Norwegian entered a new partnership with Tryg. The new cooperation will lower the cost but elevate the quality of travel insurance, collision damage waiver and ID theft insurance for all countries.

May – July

- Improved payment protection insurance to our customers as AmTrust became the new provider on both credit cards and unsecured loans in all Nordic countries.

June 3

- The Bank launched Apple Pay on the Bank Norwegian card. This makes Apple Pay available to 1.2 million customers in Norway, Sweden, Denmark and Finland.

July 20

- Bank Norwegian ASA and Norwegian Finans Holding ASA (NFH) merged, with Bank Norwegian ASA as the surviving entity. All assets, rights and obligations from NFH were transferred to Bank Norwegian ASA.

October 25

- The Bank proved that it delivers on expansion plan, by entering the Spanish market. Opened our digital channels for instalment loans, savings accounts and credit cards to the Spanish market.

November 2

- Nordax announces compulsory acquisition of all remaining shares in Bank Norwegian, hereby completing the offer on Bank Norwegian.

November 8

- A new Board is elected, and Hans Larsson is elected as new Chairman of the Board of Directors.

November 9

- Klara-Lise Aasen is appointed as CEO of Bank Norwegian.

November 10

- The Bank continue it's growth plans, and launched credit cards, instalment loans and savings accounts to the German market.

November 15

- Bank Norwegian is delisted from Oslo Stock Exchange. The last day of listing was November 12.

- As part of the plans to expand the business, the Bank moved into new and larger premises at Fornebu to facilitate for future growth.

Strategy – our future

Our vision is to become a leading European bank within consumer finance.

Bank Norwegian was founded in 2007 and rapidly gained significant market share in the Norwegian consumer finance market with its attractive and innovative consumer finance products. This was achieved through offering competitive products using risk-based pricing via a fully digital solution, with no physical branches, resulting in high competitiveness, convenience and availability compared to existing analogue solutions provided by traditional banks. Following a period of rapid growth, the Bank successfully expanded its operations through passporting to Sweden in 2013 and later to Denmark and Finland in 2015. In the last quarter of 2021, the expansion continued to Spain and Germany, with the same business model and operations from Norway.

Bank Norwegian has benefited from the partnership with Norwegian Air Shuttle and the ability to leverage on the airline's market position, brand recognition and Reward incentives in existing and new markets, driving the usage of the card. Bank Norwegian has over the last years successfully been able to generate a stand-alone brand within the unsecured lending market and there are today limited interdependencies besides the credit card related Reward program.

Today, we are an established digital bank that successfully has taken the position as the Nordic champion within consumer finance. Our vision is to become a leading European bank within consumer finance, offering our focused product portfolio with highly competitive terms through smooth and digital customer journeys to European customers. Together with our new owner, Nordax Bank, the vision is to create the market leading specialist bank in the Nordic region with a growth strategy including the expansion to Europe. Our strategy consists of 5 pillars in addition to our close cooperation with important partners.

1. We use leading digital solutions to improve customer experience

Our digital solutions are highly valued by our customers. The primary channel for existing customers is the Bank Norwegian mobile app, which ensures efficient, convenient and easy interaction. Our customers highly value our digital solutions and the primary channel for communication with existing customers is the Bank Norwegian mobile app. This ensures efficient, easy and convenient interaction. Within the app, our customers can find useful features such as visualization of spending patterns and a suite of effective self-service solutions for routine matters that increases customer flexibility and saves time. In addition, we offer personal service to enhance the customer experience and for situations that require a personalized service in the customer's native language. The result of our efforts is clearly visible in the customers' satisfaction levels, as reflected in our high Net Promoter Score (NPS).

Our strategy is not to encourage or create a demand for credit products. Bank Norwegian primarily utilizes targeted digital marketing to address potential new customers that proactively express an interest in the products we offer. Our products are offered through a fully online platform that ensures both rapid onboarding and an attractive customer experience. For instance, customer journeys for onboarding and KYC (Know-Your-Customer) are automated to a large extent through using electronic identification and automatic collection of all publicly available data. The solutions on digital customer identification have been further developed with the recent expansion to Spain and Germany.

Everything we do, from advertising to customer journeys and risk-based pricing, is based on analysis.

2. We deliver transparent products, combined with attractive customer terms that drive customer value

Bank Norwegian's strategy is to provide simple and straightforward products in a convenient and transparent manner to meet the customer's needs for credit and savings products through instalment loans, credit cards and deposit accounts.

Deposits are a fundamental part of our business model since it offers a stable and reliable source of funding. Our deposit pricing is generally higher than the rates offered by traditional banks while still offering the same basic flexibility. We utilize risk-based pricing for our instalment loans. This allows us to be more precise in our pricing of the product and hence offer competitive rates tailored to each customer's individual risk profile. Our award-winning credit card is based on simplicity and value and has no annual fees. It combines attractive features such as transparent and comprehensible terms with an included selection of insurance products, while its services are competitively priced. Each credit card customer's credit limit is set individually, based on the customer's risk profile.

3. We ensure scalability and profitable growth through lean and agile operations

Bank Norwegian is defined by our low-cost culture and tight cost control. In addition, decision-making processes are optimized through a combination of a centralized operating model and a flat organizational structure where most of our employees are located at our headquarters. This is further enhanced by a collaborative work environment where employees with deep expertise interact across departments. Internally, we seek to constantly optimize and automate our processes to increase efficiency and minimize errors. This principle is also reflected in all our customer interaction where we rely on cost-efficient self-service solutions that provides flexibility and is time saving. The result is significant scalability and operating leverage since higher application volumes, increased number of customers or added markets does not translate into a corresponding cost inflation. This has been proven through our expansion into new countries over the years and it is expected to bring value into the integration effort with our new owner, Nordax.

Data is the foundation for our business. Everything we do, from advertising to customer journeys and risk-based pricing, is based on analysis. We devote significant resources to this field and roughly one third of all employees work within IT development and analytics. Integrated in-house development of systems and models are key to our agile business model where priorities are continuously adjusted to reflect the current needs of the organization and the competitive environment.

4. We secure effective and efficient risk management through strong analytical capabilities and underwriting expertise

Bank Norwegian uses an advanced and fully automated process for risk selection combined with manual risk approval for all credit applications. We use advanced decision models with individual scorecards in each market

Our unique scalable business model will be key to success-fully deliver on the European growth ambition.

that leverage internal data regarding customer behavior to predict credit worthiness and provide automated credit decisions. This is complemented by our employees' significant internal underwriting expertise as all loans are manually reviewed prior to being paid out.

The analytics underpinning our advanced credit models is based on customer behavior acquired through originations, transactions, loan servicing, and collections since inception of the Bank. Deep data insight from our ~1.67 million customers combined with the agility provided by in-house analytics expertise and internal development is considered a key competitive advantage.

5. We will continue our profitable growth in existing and new markets

Bank Norwegian's growth strategy is centered around two distinct growth dimensions.

Firstly, we will continue to build on our solid foundation as the Nordic Champion within consumer finance with our focused product portfolio and continue to sustainably expand our successful customer centric business model in our core Nordic markets. This will be achieved through continuous improvements to our own and third-party services and products, addressing untapped potential through selected expansion of our distribution network. Together with our new owner, we will bring together two highly competent organizations and adapt the best from both banks into future growth initiatives in the Nordics.

In parallel, Bank Norwegian will seek to expand to attractive countries in Europe that fit our business model and in the longer perspective, together with Nordax, offer the best product selection in our prioritized segments. Key criterias include a market for unsecured credit of sufficient size and attractive margins, digital adoption regarding KYC and credit risk scoring processes, combined with a benign recovery environment. Our unique scalable business model will be key to successfully deliver on the European growth ambition. The expansion will draw on Bank Norwegian's industry leading cost-efficiency and truly digital model, re-using processes and our extensive experience from our successful expansion in the Nordic countries. During 2021 we have delivered on our strategy on expansion into two new markets and will use 2022 to further develop and scale up the activity level in these countries as a part of our growth ambitions.

Photo:

Our customers

In a historical perspective many have considered the Bank Norwegian credit card as a travel card due to our strong link to Norwegian Air Shuttle and their loyalty program. Customers have traveled significantly less and spending on hotels and transportation has been significantly reduced due to the COVID-19 pandemic, yet the card has still been used for everyday spending. This trend continued in 2021 as the pandemic and restrictions still affected our customers' ability to travel. During 2021, we welcomed 28.500 new credit card customers.

28.500
New credit card customers

Our credit card customers made 94 million transactions for a total value of NOK 49 billion in 2021. In the past, travel and entertainment have been the largest single categories for credit card use, but this position has now been taken over by groceries, which account for 16% of all sales.

On average, 99.5% of card spending is repaid the following month. Customers rational and good payment discipline has continued through 2021.

We welcomed a total of 60.000 unsecured loan customers in 2021. It

89.3%

Average customer satisfaction 2021

has been a challenging market situation in all countries during the last two years and the need for credit is not as high as before the pandemic, because of more savings and increased liquidity covering financing needs. As the society opened more up during the year, we experienced an increase in demand on our unsecured loan product.

Half of the unsecured loans are repaid after two years, and on average all the unsecured loans are repaid within 3.5 years. The customer experience is important, and customers who return to us after the loan has been repaid, form an important part of our new sales.

The pandemic still affects our customers high payment discipline during 2021. Compared with pre COVID-19, inflow to default are on lower levels in general and we have fewer cases sent for debt collection. The Payment Protection Insurance our customers can add to their unsecured loan or credit card has also helped more people than in any previous years. We try to support customers who are in a difficult situation, and we will continue to improve our services to help them.

We are especially happy to have welcomed our first customers in both Spain and Germany during late 2021. The start has been cautious, as planned, in order to learn more about the customer behavior and full launch of activities is expected during first half of 2022.

On average our customers are satisfied with the service we provide. For customers who has been in contact with our customer service, we have a customer satisfaction of 89.3%. Our NPS (Net Promoter Score) is also high. On average in 2021, we have an NPS of 56.4 on a scale of -100 to +100, while our ambition is an NPS above 50.

Our products

The Bank Norwegian Credit Card

The Bank Norwegian credit card is an award-winning credit card that customers can link to the Norwegian Air Shuttle reward program and earn CashPoints. In addition to earning CashPoints on purchases, the card has several other benefits such as no annual fee, no cash withdrawal fee abroad and included travel insurance, as well as grocery insurance included late 2020.

Due to limited travel during the pandemic, we launched a temporary cashback solution as an alternative to CashPoints at the beginning of 2021. The card features all relevant "wallets" like Apple Pay, Garmin Pay, Fitbit Pay and Google Pay and the opportunity to order a free contactless micro card as a supplement.

Unsecured Loans

Bank Norwegian offers easy and standardized unsecured personal instalment loans and refinancing products with competitive and transparent pricing. The customer journey is built for scalability and is fully digital which also includes simple and automated self-services that can be utilized during the customer relationship.

Savings account

Bank Norwegian offers a simple deposit product with competitive pricing and predictable terms and conditions. The account has no establishment fee and no restrictions regarding withdrawals. The savings account is created and operated digitally.

Insurance

Together with selected partners, Bank Norwegian offers simple and competitive insurance products related to our credit cards and unsecured loans. The Bank offers both mandatory and voluntary group insurances.

In April Bank Norwegian entered a new partnership with Tryg as supplier for travel insurance, collision damage waiver and ID theft insurance related to our credit cards. Inception was 1st of April for all Nordic countries. In October and November, we launched travel insurance along with our credit cards to customers in Spain and Germany. With the change of supplier came better coverage for our customers at a lower cost to Bank Norwegian. A new, fully digital claims handling process was established in line with the digital strategy and in accordance with our customer's expectations.

During May to July, AmTrust became provider for our payment protection insurance on both credit cards and unsecured loans. In comparison to other suppliers offering payment protection insurance, AmTrust stood out as the best suited partner for Bank Norwegian both in terms of product improvements and price, improving customer value.

Innovative customer solutions

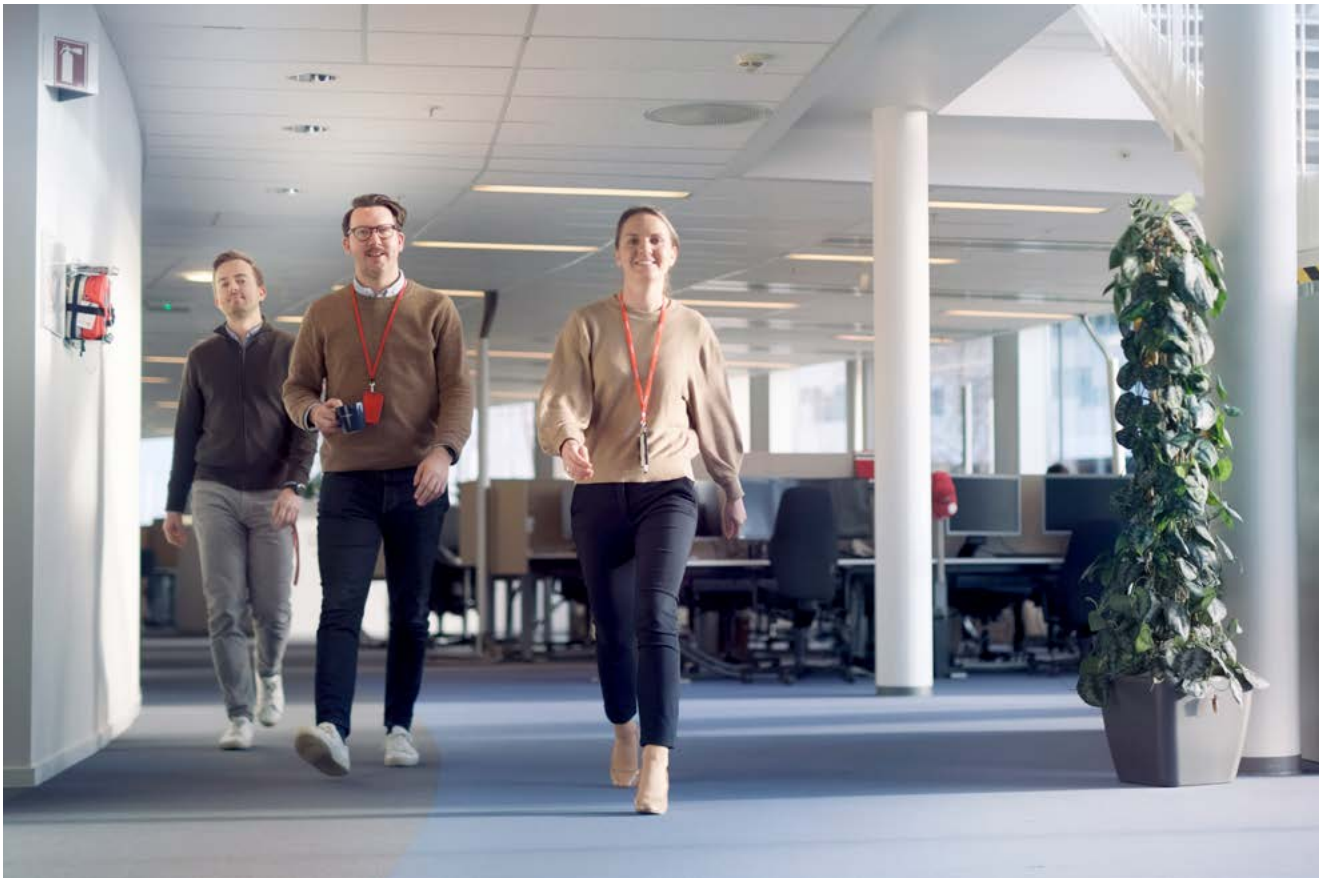
Bank Norwegian is a fully digital and flexible bank for retail customers. We have challenged the established banks since our beginning in 2007 by offering simple and standard deposit and unsecured lending products online. The Bank's investments in new technology, automated solutions and mobile apps provides efficient operations, low costs, great scalability, and high flexibility.

Making better, more intuitive and customer friendly solutions is top of mind in everything we do. During 2021, we have made significant investments to ensure that we offer the best possible digital solution to our new customers in Germany and Spain. These markets are very different to the Nordic region regarding digital identification, which has motivated us to make new solutions for onboarding of customers.

In addition to having a strong focus on the launch in Germany and Spain, we have launched cashback for a limited time as an alternative to CashPoints to our Nordic customers. It is important for us to stay relevant for our customers in a period where travel and earning CashPoints has been less relevant. Before summer we also successfully launched Apple Pay to ensure that our card is available on more platforms.

Throughout the year we have increased our focus on personalization, both regarding our website and other communication channels. This will continue to be a focus area in the coming years with increased expectations from our customers.

Bank Norwegian is a fully digital and flexible bank for retail customers. We have challenged the established banks since our beginning in 2007 by offering simple and standard deposit and unsecured lending products online.



Our employees

109
Full-time equivalents

Bank Norwegian is an attractive workplace with high competence in all parts of the organization. We have employees from all countries where our products are offered, and our employees have a diverse background from more than 16 different countries.

At the end of 2021, the Bank had 118 permanent employees and 2 temporary staff, a total of 109 full-time equivalents. The number of full-time equivalents increased by 23 in 2021. All employees work at the head office at Fornebu. The Bank also has 15 consultants hired from consulting companies who mainly work for the Bank.

Bank Norwegian is an including workplace with a good working environment. The Bank has established guidelines and routines for safeguarding employees' health, safety and the environment, as well as preventing discrimination. We have a satisfactory gender distribution and there was a low sickness absence rate in 2021. The Bank has a working environment committee and a safety representative.

2021 was still affected by COVID-19. Our employees have shown good adaptability and have for most of the year worked partly from home.

50%

Of employees are female

The Bank has committed and strong professional employees throughout the organization and experience very good communication between all departments in the Bank. We have managed to maintain this through the pandemic with weekly updates from CEO, weekly department meetings, appraisals, leadership HUB, employee surveys and townhall meetings. With this we have secured our capacity to operate the business in a good and safe manner.

We have a high level of awareness of the Bank's social responsibility, where sustainability goal number 5 "Gender equality" in the UN's Sustainable Development Goals is especially important for the Bank. We have a high proportion of women in management positions and focus on balanced and diverse recruitment.

All the Bank's employees have an annual review of the Bank's Code of Conduct and a seminar for compliance and ethics has been held during the year.

Some of the customer services are performed from Málaga, Benalmádena in Spain through Webhelp. In southern Spain, there is a good supply of qualified employees from all countries where our products are offered, so that our customers can be met by customer service representatives that speak their language. There is close collaboration between the Bank and Webhelp, where supporting in recruitments, competence sharing, and regular courses help to ensure good follow-up and quality.

Key figures: Our employees

- 120 employees
- 109 FTE, exclusive 9 employees on parental leave
- 60 women and 60 men
- 29 managers, out of which 12 are women
- 8 employees have been with the Bank since the inception in 2007
- 2% sickness absence

The activity duty and the duty to issue a statement

Equality and diversity in the Bank

All employers are obliged to work actively and targeted to promote equality and prevent discrimination, and to document and account for the work. The general activity duty states that all employers must identify and address challenges regarding equality and diversity in the workplace before any incidents of discrimination take place. As Bank Norwegian is a company, with more than 50 employees, the Bank has implemented the four-step working method. Step one is to investigate whether there are any risks of discrimination. Step two is analyzing the cause of identified risks. Step three is to implement measures to prevent discrimination and promote increased equality, and the last step is to evaluate the results.

Based on the work performed the results are presented in the tables below. For the calculation of salary differences, we have excluded bonus payouts, as all employees have the same bonus percentage and only fixed salary is used to calculate the differences in the tables on equality below. Equal type of work has been assessed to divide employees into different levels and this resulted in 5 different groups. We do not have any involuntary part-time work in the Bank. 2021 has been the first year of the salary mapping between genders and positions, and we have seen small differences that the Bank will take active steps to reduce. More details on the work performed on equality is explained in the section below. The groups in the table below are categorized based on organization level. The CEO is excluded from the table that states the proportion of women' salary compared to men.

Actual status on gender equality in numbers

Gender distribution at different job levels / groups					Proportion of womans' salary compared to men	
Description of position level / group	**Women**	**Men**	**Proportion of women**	**Total**	**Differences in fixed salary (%)**	**Differences in fixed salary (NOK)**
Total	60	60	50%	120	107%	69 241
Level/group 1	2	5	29%	7	115%	335 000
Level/group 2	8	11	42%	19	97%	-32 045
Level/group 3	11	20	35%	31	102%	13 082
Level/group 4	25	17	60%	42	105%	26 027
Level/group 5	14	7	67%	21	101%	4 142

Gender balance		Temporary employees		Parental leave		Part time employees			
						Voluntary part time		Involuntary part time	
Number of women	Number of men	Temporary staff women	Temporary staff men	Parental leave women (average number of weeks)	Parental leave men (average number of weeks)	Voluntary part time women	Voluntary part time men	Involuntary part time women	Involuntary part time men
60	60	1	1	37.7	10	2	1	0	0
50%	50%	50%	50%	79%	8%	67%	33%	0	0

Our work for equality and anti-discrimination

Bank Norwegian promote equality and diversity. No discrimination is allowed or accepted, regardless of gender, age, sexual orientation, religion or functional ability. Diversity in our team is important, and we welcome people with diverse backgrounds, competence and experience, as this make us better equipped to meet challenges. Diversity promotes innovation and contributes to better decisions.

The Bank work with gender equality and diversity in recruitment processes to avoid the risk of candidates being discriminated against for any of the reasons mentioned above. We quantify gender in the recruitment processes to secure equality of gender balance. There is a risk of unconscious biases in recruitment processes. To avoid potential discrimination in future recruitments, we will have more focus on several potential areas where discrimination may occur. We focus on a balanced proportion of each gender at all levels and give equal career opportunities in line with the Bank's needs and the individual's wishes and ambitions.

The Bank have investigated whether there are discrimination risks and obstacles to gender equality. We have an even gender balance at almost all levels, with over 40% women at 3 of 5 levels. In 2021 we signed an agreement with Equality Check, which has a tool for systematic work on issues as equality and diversity. The tool was launched in the autumn 2021 for the Bank's employees with a presentation by Isabelle Ringnes, the founder of Equality Check. Current and former employees can also anonymously give feedback on various areas such as equal opportunity, no unconscious bias or future potential. We currently have a score of 4.2 out of 5 with high achievement in all areas. One area with lower score was related to work life balance. We acknowledge that the workload can be high and have hired more employees to ensure a better balance.

There shall be equal opportunities for competence development and promotions for employees regardless of gender. Competence gaps are important to map, and the risk if it occurs can be significant. Through an employee survey, it was identified that employees want more development. In 2021 we asked managers together with employees to identify the employees' and the Bank's needs. Based on this we will work towards increased competence at all levels in the Bank. Every year all the Bank's employees must complete courses in the Bank's ethical regulations (Code of Conduct) and Anti-Money Laundering and counter terrorist financing (AML/CTF). Courses and e-learning are used for training, also by employees at Webhelp in Spain.

Throughout the year, we have reviewed promotions and job changes at the Bank to identify whether there is a risk of discrimination. 10% of the Banks' employees changed jobs internally, and 58% of these were women. We are satisfied with these numbers but will continue to secure equality in all areas where discrimination may occur.

The Bank's salary level at the various levels in the Bank has been reviewed to see whether there are differences in salary for equal work and work of equal value, and if there is a risk of discrimination. There were some differences detected when adjusting salaries in 2021, and the Bank had extra focus on leveling out differences to ensure equal salary for equal work and work of equal value. Based on the analysis, we assess the differences in pay between the genders are satisfactory, but we work continuously to ensure equal pay for equal work.

Employees shall be treated equally, and the same opportunities related to both professional and personal development shall be facilitated. This also applies to parental leave. We have investigated if there are potential discrimination for employees in parental leave. Of the employees in parental leave, they all chose to take full parental leave and several have chosen to take unpaid leave beyond statutory weeks. The Bank covers the difference between salary and what is covered by Folketrygden (National Insurance Scheme), and they get bonus earnings during statutory leave. The Bank are at a satisfactory level but will continue the work to ensure equality at all areas regarding parental leave.

The Bank has in 2021 mapped the degree of involuntary part time work. Only 3% of the Bank's employees work part-time, and there are no involuntary part-time employees in the organization.

Bullying and harassment can be devastating to the employee and pose a risk of poor working conditions. The Bank has a zero tolerance for bullying, harassment and sexual harassment, and has a routine for reporting matters worthy of criticism. This routine has been revised and made more visible to ensure that all employees are familiar with the routine, including a whistleblower routine with support from an external independent vendor. It is a continuous process to maintain a good working environment.

We have a duty to accommodate personal needs, and many employees will need adaptation, in the short or long term. The risk of long-term sick leave is a risk for both the employee and the Bank. We have low sickness absence in 2021 of 2%, a decrease of 0.2% from 2020 and have individual follow-up of employees on sick leave. Due to high number of shorter sick-leaves as a result of COVID-19 infections in the start of 2022, we expect an increase in sickness absence in 2022 and will continue the individual follow-up.

During 2022, the Bank will evaluate the measures that was implemented last year and consider any adjustments and need for other measures.

Sustainability

Sustainability

Bank Norwegian has a role in society through our products and services in the European consumer banking market and as an employer and contributor to a healthy digital economy. Our products and services are an important part of people's everyday lives and an integrated part of their consumption and lending. We want to take a part in the transformation of the European economy to a circular economy by offering customers sustainable products.

For us, sustainability is about combining a profitable business with good governance, ensuring that we take good care of our people and offer our customers honest products that are simple to use and easy to understand.

Sustainability is an integral part of our business which is anchored in our values as part of our Code of Conduct. Our operations comply with all applicable laws and regulations in the markets we operate and maintain a high ethical standard. Sustainability is also reflected in the way we safeguard and administer our data assets and customer's data privacy. Digital technology can be used to enable a sustainable future. As a digital bank we want to use technology to decrease our carbon footprint, but we also use the power of technology to help customers with decision support and control over their consumption and private economy. To succeed with this, cyber security and data security is crucial and among our priorities within sustainability.

The Bank's business activities require a long-term perspective as well as a high degree of trust from customers and society in general. This trust is dependent on Bank Norwegian being transparent regarding our business activities and being open in our communication with customers, employees, employee representatives, our owner, government authorities and other stakeholders.

We are open for change. Therefore, we conduct customer surveys and regularly ask our stakeholders for feedback. We base our sustainability work on a materiality analysis. In 2020, we mapped out what different stakeholders deemed to be most important. In 2021, we updated the materiality analysis by sending out an extensive customer survey on sustainability to get customers feedback on which areas they find material. An impressive 65.796 customers responded and gave us valuable insights that we will use to improve our products and services to become more sustainable. Our stakeholders and customers responded these areas as important:

- **Responsible lending**
- **Data security and data privacy**
- **Customer communication and decision support**
- **Anti-money laundering and fraud prevention**
- **Employee engagement, equality and diversity**

The survey as well as our priorities for sustainability is presented at our websites and will be included in our Sustainability report later in April 2022.

We operate cross-border activities, offering our products throughout the Nordic countries and in Spain and Germany from our head office in Norway. In 2021, we paid a total of NOK 558 million in direct taxes and fees in Norway.

Paid

558

million NOK in direct taxes and fees in Norway

Bank Norwegian has calculated and compensated for our annual carbon footprint from energy consumption, employees' travel to and from work (mobility), business travel, board meetings, materials and waste. The Bank's contribution to protecting the climate also includes a smaller donation to climate education. Since we traveled a lot less during 2021, this compensation is correspondingly small.

We believe that we should give back to society both through a sustainable business and as a contributor to a healthy economy, but also by financially supporting good causes. Last year the bank donated and actively participated in Plan's campaign Child not Bride and gave a donation and to Médecins Sans Frontières (Doctors Without Borders). As a result of the Russian invasion in Ukraine first quarter 2022, we have also donated to UNICEF and Norwegian Refugee Council (NRC).

Responsible lending is important when it comes to protecting individuals, but it is also crucial for the Bank's profitability. Bank Norwegian has a clear framework for how unsecured products are to be marketed. One of our key principles is that products should primarily be targeted at customers who have themselves identified a need for credit. Consequently, search engine marketing is an important channel since it targets customers who are actively searching for the Bank's products. We believe that search engines promote consumer choice and free competition by facilitating comparisons of different options.

Responsible lending

Less than

15%

of loan applications are paid out

Bank Norwegian plays an important role in society by offering both deposits, payment cards and loans. Access to credit is a societal benefit that can become a financial challenge for some individuals. The Bank acknowledges its responsibility in marketing, approval off applications and collection process. Responsible credit practices are a prerequisite for the Bank's profitable growth.

Bank Norwegian has a framework for marketing of credit. A main principle in marketing is that it should be aimed at customers who themselves have identified a need for our products. The customer has the best insight into his or her own financial situation. It is the Bank's task to maintain a responsible credit practice where we provide all relevant information to customers so that they can make informed decisions and choose the right product for their needs.

All our customers must be able to service loans that are paid out. The Bank's application process for loan applications is largely automatic and is assessed according to the Bank's self-developed models. For all loan applications, an automated risk assessment and liquidity calculation is performed. Following the automated process, all loan applications are subject to a manual assessment and control before any approval.

A large majority of loan applications received by the Bank are rejected and in average less than 15 per cent of all loan applications are paid out. Applicants who do not have servicing capacity, due to large debts or too low income, will be rejected. We do not offer loans to customers who have a payment remark. At the end of 2021, Bank Norwegian had 1 193 800 credit card customers and 188 600 loan customers in the Nordic region, Spain and Germany. Our customer database allows us to make high quality individual credit assessments and develop our own risk models that are a good tool for exercising responsible credit practice. The Bank follows the regulations for granting loans in the countries in which we offer our products. We have adapted our credit practices in accordance with the local regulations on requirements for banks' lending practices in all our markets.

Privacy of customers, applicants and employees

Bank Norwegian works continuously with privacy to ensure that all our routines and processes take place in accordance with the privacy regulations. This is to protect and safeguard privacy for our customers, applicants, and employees. Bank Norwegian considers it to be a competitive advantage to provide and managing a good governance of privacy.

There has been established general guidelines and routines for processing personal data, mechanisms for incident handling, audits, and training. Bank Norwegian has routines for incident control, incident reporting and a three lines of defense approach to data protections. The Bank has a dedicated Privacy Coordinator to ensure that the necessary process is followed, both for customers, employees and third parties in the first line of defense. The Data Protection Officer is an important second line of defense function. The bank has engaged external audit firm BDO to conduct the Internal Audit function, representing the third line of defense.

Bank Norwegian have a strong focus on transparency in how we process personal data. For customers and applicants, the Bank have published a privacy policy that is easily accessible to everyone at Bank Norwegian's website. It describes how we process personal data, which personal data is processed, the processing basis etc. All employees, temporary employees, consultants and others who work for the Bank must complete e-learning courses related to privacy to ensure that everyone has a general good understanding of data privacy.

The Bank performs internal control on a regular basis concerning compliance with the personal data regulations. The board has adopted guidelines and policies for information security and processing of personal data, which are revised annually.

Financial crime

The Bank constantly seeks to detect and prevent fraud, money laundering, tax evasion, terrorist financing and corruption.

Bank Norwegian continuously and actively works to prevent card and loan frauds, money laundering, tax evasion, terrorist financing and corruption. These tasks are performed with internally developed prevention systems and our competency in the area. In addition, we use external expertise and technical applications developed specifically for these tasks by our business partners.

The Bank also focus on detecting and avoiding other types of frauds, including “first party fraud”, which is defined as a type of fraud committed by a borrower with no intention to repay the debt.

The society is becoming more and more digitalized. Today, it is widely understood and accepted the importance of protecting one’s personal digital passwords and codes from unwanted access. Still, we experience individuals breaching these security measures by sharing or making them available to others, without being fully aware of the consequences of it. Individual’s digital ID is greatly at risk of being misused, thus causing financial damage.

In addition to continuous electronic surveillance of our customer portfolio, the Bank’s employees frequently participate in compulsory training sessions, focusing on disclosing money laundering and terrorist financing. The Bank has its own department of financial crimes which consists of expertise within exposing financial frauds, money laundering, terrorist financing and corruption.

The Bank works closely with other financial institutions and specialist environments with the aim of detecting and preventing such criminal offenses. The Bank has actively participated and contributed to the action plans related to BankID usage in Norway.

The Bank has a continuous focus on developing routines and framework, sharpening the competency within the organization, keeping a watchful eye on ongoing “financial frauds” in the society to detect and prevent the scope of such criminal activity, as well as acquiring proper expertise to further enhance the competency of our employees.

The Bank obtains customer information from various registers, lists and sources to assess against the information the Bank already possesses. There are strict requirements for identification to onboard a customer. In addition, the Bank has on-going monitoring throughout the relationship cycle.

New regulatory framework for the Bank

Bank Norwegian is a responsible social actor and our business is conducted in accordance with applicable laws and regulations in the countries we offer our products.

A new lending regulation that applies to Bank Norwegian's consumer loans entered into force in Norway on January 1, 2021. The Financial Supervisory Authority of Norway (NFSA) have also updated their circular regarding the lending regulation. The regulation replaces the previous consumer loan regulation and mortgage loan regulation and sets requirements for the Banks' lending practices. There are minor changes in some of the sections in the lending regulation, including the exception quota. The Bank has assessed that there is no need for changes in the Bank's processes.

The Norwegian Ministry of Finance launched a public consultation at the end of 2020 concerning ESG (Environmental, Social and Governance). The bill entails an implementation of the EU regulation on sustainability-related disclosures in the financial sector and the regulation on the establishment of a framework to facilitate sustainable investment (taxonomy). The Bank is analyzing the consequences of the regulations and specifically how the rules will be implemented in Norwegian law, entering into effect on July 1, 2022.

The new Market Abuse Regulation (MAR) entered into effect in Norway on March 1, 2021. The rules contain prohibitions of insider dealing, unlawful disclosure of inside information and market manipulation, and measures for the authorities to prevent and detect breaches of such clauses. The Bank has implemented the relevant requirements.

On June 2, 2021, the new regulation in connection with Capital Requirements Regulation for Banks (CRR) to strengthening capital requirements related to non-performing loans, referred to as the "backstop-regulation" was implemented into the EEA agreement and Norwegian law. The regulation implements a requirement of CET1 deductions for defaulted loans not sufficiently covered with loan loss allowance. For EEA countries, the new rules apply for loans issued after February 7, 2020, while for EU countries the rules are applicable for loans issued after April 26, 2019. The aim of the regulation 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. As the Bank offers unsecured lending to consumers, the first potential CET1 deduction will be applicable when defaulted loans issued after February 7, 2020, reach 2- and 3-year's duration, with the first potential deduction in the first quarter 2022. Early assessments indicate that this new regulation will give a minor effect on the Bank's capital ratios.

In July, a regulation to the Norwegian Anti-Money Laundering Act came into effect. For Bank Norwegian, this means more detailed rules on settlement, blocking and the procedure for ending customer relationships, minimum requirements for the Bank's electronic monitoring system, rules regarding high-risk countries and stricter rules regarding storing information. The regulation entered into effect in Norway July 1, and Bank Norwegian has implemented the relevant sections.

Last year, as an effort to prevent debt problems during the COVID-19 period, the Finnish Parliament passed a temporary amendment to the Consumer

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

The Norwegian Financial Supervisory Authority has confirmed that the joint guidelines from EBA and ESMA on the assessment of the suitability of members of the management body and key function holders in financial institutions and investment firms will apply in Norway from December 31, 2021. The NFSA expects all institutions to comply with the guidelines as of that date. The Bank has in connection with establishment of new Board of Directors in November 2021 implemented these guidelines.

In Norway, the Beneficial Owners Register Act was partially effective on November 1, 2021. This means that rules concerning identification and collection of information about beneficial owners in the hands of the legal persons entered into force. The Bank has implemented measures to comply with the relevant sections of the Act.

The guidelines from the Swedish Financial Supervisory Authority concerning consumer credit, including lending practice and credit rating entered into effect November 1, 2021. The guidelines provide clarifications concerning what kind of information that should be included in the basis for the credit assessment, how it is to be collected, controlled and taken into account in the assessment of the consumers ability to pay. The guidelines specify the requirements for lenders that the loans must be based on the needs and conditions of the individual consumer. The Bank has implemented all relevant changes to comply with the guidelines.

The Insurance Distribution Directive (IDD) entered into effect in Norway on January 1, 2022. The rules contain mediation and sale of insurance, and it also regulates the right to carry out insurance mediation activities. The Bank was previously an accessory insurance intermediary. According to the new Insurance Mediation Act, the Bank needs to apply to be registered as an insurance agent and will notify NFSA to conduct such services cross-border to Germany, Spain and Denmark. With the new Act, the Bank needs to comply with stricter rules.

Sustainable operations and human rights

WE SUPPORT

Bank Norwegian support the UN Sustainable Development Goals (SDGs).

Bank Norwegian support the UN Sustainable Development Goals (SDGs). As part of our annual risk assessment, the Bank conducts a number of workshops on sustainability to define the SDGs on which our operations have a positive and negative impact. We will comply with and strive to influence the SDGs in our market area in order to achieve a more sustainable future. We prioritize: nr. 4 Quality Education, nr. 5 Gender Equality, nr. 8 Decent work and economic growth, nr. 12 Responsible consumption and production and goal nr. 17 Partnership for the goals. We report into to the UN global compact network annually.

Bank Norwegian's operations is conducted in countries where work life is strictly regulated, and human rights are protected by law. To support human right globally we take active part in the UN Global compact's network and support the two organizations Leger uten Grenser and Plan International's work with human rights. We request that our suppliers and partners comply with human rights through our standard contracts which require that all our suppliers comply to this standard.

Responsible investments

The Bank's investment mandate contains requirements for Environmental, Social and Governance (ESG) criterias. The Bank makes investments that safeguard economic, environmental, and social sustainability. Compliance with the requirements for responsible investment is implemented in the Bank's Market Risk Policy and through this integrated into our business.

There are specific activities, companies, and industries that Bank Norwegian does not invest in. Bank Norwegian does not invest in activities, companies and industries that are excluded by Norges Bank Investment Management (NBIM). The Bank's "Exclusion List" requires companies that are invested in to meet the Bank's criteria for human rights and employee rights, corruption, serious environmental damage as well as tobacco and controversial weapons production.

Read more in our Sustainability Report which will be available online on April 27, 2022.

Management and results

Presentation of management

Klara-Lise Aasen
Chief Executive Officer and Chief Financial Officer

Ms. Aasen (1974) has been employed as CFO in Bank Norwegian since October 2020 and CEO since November 2021. She has more than 15 years of executive leadership and financial services experience. Prior to joining Bank Norwegian Aasen held position as Executive Vice President and Head of Group Financial Management in DNB from (2017-2020) and executive management positions in Nordea from 2006-2017, the latest four years as Global Head of Group Credit Risk and Financial Reporting Control and the previous four years as CFO for Nordea Bank Norway. Prior to joining financial services she worked in external audit, latest as Manager in EY (Ernst&Young). Previous board member in Nordea Life Holding, Nordea Pensionfund, DNB Northern Europe and DNB Lifeinsurance.

Education
State authorized Public Accountant (Master of Audit), Norwegian School of Economics (NHH), Bergen, Norway.

Other ongoing principal assignments
Board Member of Veidekke ASA

Tore Andresen
Chief Operating Officer

Mr. Andresen (1965) has been employed as COO in Bank Norwegian since 2009 and has more than 30 years of financial service experience. Prior to joining Bank Norwegian, Mr. Andresen worked as Managing Director at Aktiv Kapital Norge (2007-2008) and Managing Director at Lindorff Decision (2001-2006). Mr. Andresen has also experience of board assignments, hereunder as board member of Lindorff Match AS (2005-2006), board member of Aktiv Kapital Danmark AS (2007-2008) and chairman of the board of Aktiv Kapitaladministrasjon AS (2007-2008).

Education
Associate degree in business administration, Norwegian School of Economics (NHH), Bergen, Norway.

Other ongoing principal assignments
Chairman of the board of Valorem Invest AS and board member of Agera Venture 1 AS.

Karstein Holen
Chief Information Officer

Mr. Holen (1971) has been employed as Chief Information Officer (CIO) in Bank Norwegian since March 2020 and has more than 20 years of experience working with IT within financial services and telecom. Prior to joining Bank Norwegian, Mr. Holen worked 12 years in various IT positions at Norge Bank Investment Management (NBIM), most recently as Head of IT for the Real Estate investment branch in NBIM. Earlier assignments include DBA at NetCom (1999-2007) and database developer at EDB-Konsulent AS (1997-1999) and ATM AS (1995-1997).

Education
Bachelor's degree in computer science from Bergen College of Engineering, and MBA from Edinburgh Business School, Heriot-Watt University.

Other ongoing principal assignments
None.

Fredrik Mundal
Chief Markering Officer

Mr. Mundal (1976) has been employed as CMO of Bank Norwegian since end of 2016. He has been with the Bank since 2007 in previous positions as Head of Customer Service and Product Manager of Credit Cards and as Head of Credit. He has 15 years of financial services experience. Prior to joining Bank Norwegian, Mr. Mundal was employed at SEB Kort Credit Department (2003-2007).

Education
Bachelor in Business Administration and IT, University of Agder.

Other ongoing principal assignments
None.

Peer Timo Andersen-Ulven
Chief Credit Risk Officer

Mr. Andersen-Ulven (1970) has been employed as CRO of Bank Norwegian since January y 2018 and was engaged as the Bank's Program Manager for IFRS 9 implementation since October 2017. He has 24 years of financial services experience. Prior to joining Bank Norwegian, Mr. Andersen-Ulven was a Partner at Financial Risk Management at KPMG (2016-2017). Earlier assignments include Program Manager for IRB-A at Santander Consumer Finance (2007-2015), Consultant at Capgemini (2004-2007) and Capital Adequacy modeling for Fairprice (2000-2004).

Education
Pre PhD in Quantitative Finance, Norwegian School of Economics (NHH), Bergen, Norway.

Other ongoing principal assignments
None.

Frode Bergland Bjørnstad
Chief Legal Officer

Mr. Bjørnstad (1976) has been the Chief legal officer in Bank Norwegian since May 2018. He has 16 years of legal commercial experience within privacy, compliance, financial services, IPR, marketing, commercial contracts, IT and tech. Prior to Bank Norwegian, Mr. Bjørnstad was a lawyer and legal counsel in EVRY (2011-2018), where he also was a member of the financial control committee for EVRY Card Service's payment service. Earlier assignments include external lawyer in Føyen Torkildsen (2006-2011), Legal adviser in the Norwegian Data Protection Authority – Datatilsynet (2004-2006).

Education
Cand Jur (master of Law) University of Bergen.

Other ongoing principal assignments
Board member of Lilienthal Finance Ltd. and Norsk Forening for Jus and EDB.

Kai-Harry Hansen
Head of Risk Management

Mr. Hansen (1981) has been employed as Head of Risk Management of Bank Norwegian since August 2019. He has more than 10 years of risk experience from the Banking sector. Prior to joining Bank Norwegian, Mr. Hansen was Risk Manager at SpareBank 1 Østlandet (2017-2019) and SpareBank 1 Oslo Akershus (2010-2017). Earlier assignments include working as a Risk Analyst at SpareBank 1 Oslo Akershus (2008-2010) and as a Corporate Trainee at SpareBank 1 Gruppen (2006-2008). Mr. Hansen has also been teaching Martial Arts (Aikido and Kenjutsu) regularly since 2001, and economics at high school as part of his Practical Pedagogical Education (2003-2004).

Education
Master's degree in Economics and Business Administration, University of Tromsø (UiT). Practical Pedagogical Education (Lecturer), UiT.

Other ongoing principal assignments
None.

Merete Eikeseth Gillund
Head of New Markets

Mrs Eikeseth Gillund has been employed as Head of New Markets since 2020. Previously, she was the Chief Information Officer of the bank from 2008 to 2020. Mrs Eikeseth Gillund has 20 years of experience working with IT within banking/ finance, both technical and administrative, within credit cards (issuing and acquiring) and retail banking. Prior to joining Bank Norwegian, Mrs. Eikeseth Gillund was employed as Department Manager at SEB Kort AB (2004-2008). Earlier assignments include Senior Consultant positions in Exense ASA (2003-2004), Scope AS (2001-2003) and Database Consult (1996-2001). Born in 1969.

Education
Master of science in information technology, University of Stavanger.

Other ongoing principal assignments
None.

Presentation of the Board of Directors

Hans Larsson
Chairman of the Board

Hans Larsson (1961) has been member of the Board of Directors since April 2020.

Hans Larsson has been CEO of Linderyd Advisory AB, a financial advisory consultancy, since 2014. He previously held the position as Deputy CEO and Head of Staff at Lindorff A/S, Norway, 2014-15. Prior to this he was a member of the Group Executive Committee of Skandinaviska Enskilda Banken AB (SEB) in Sweden between 2006 and 2013 as Head of Group Staff, Business Development and M&A and prior to that Head of Capital Markets and Client Relationship Management within SEB. He has extensive Nordic and international board directorship experience.

Education
Bachelor of Science in Administration and Economics from the University of Uppsala, Sweden. Advanced Management Program Education from Stockholm School of Economics.

Other ongoing principal assignments
Board Member of Intrum AB, Nordnet AB/Bank AB and Swedish Export Credit Corporation (SEK AB).

Number of board meetings in 2021:
11/11.

Charlotte Ager
Employee elected board member

Charlotte Ager (1987) has been member of the Board of Directors since August 2020.

Charlotte Ager is Head of AML as of January 2022. She has been employed at Bank Norwegian since March 2019. Previously she has been a senior advisor at the Department for Disputes and Financial Crime. Previously she has been employed at the National Board of Appeals in Denmark.

Education
Master of Law from University of Copenhagen.

Other ongoing principal assignments
None.

Number of board meetings in 2021:
11/11.

Izabella Kibsgaard-Petersen
Board member

Izabella Kibsgaard-Petersen (1978) has been member of the Board of Directors since April 2020.

Izabella Kibsgaard-Petersen has more than 15 years of experience in compliance, risk management and internal audit. She currently works as SVP Director of compliance and internal audit at Veidekke ASA. In recent years, Izabella Kibsgaard-Petersen has worked with a comprehensive approach to business management and how functions such as compliance, risk management and internal auditing can contribute to good governance and control for value creation. She previously held positions at the Garantiinstituttet for eksportkreditt, Abbott/AbbVie and KPMG.

Education
Law degree from the University of Oslo and certified international auditor from BI Norwegian Business School.

Other ongoing principal assignments
None.

Number of board meetings in 2021:
11/11.

Knut Arne Alsaker
Board member

Knut Arne Alsaker (1973) has been member of the Board of Directors since 2019.

Knut Arne Alsaker has been Group Chief Financial Officer of Sampo Group since 2019 and a member of the Group Executive Committee since 2014. He previously held various positions in Storebrand ASA (1998-2000) and If P&C Insurance Ltd (2000-2018).

Education
Master of Science in Economics and Business Administration from the Norwegian School of Economics.

Other ongoing principal assignments
Board member of If P&C Insurance Holding Ltd and the vice chairman of the board of Mandatum Life Insurance Company Limited.

Number of board meetings in 2021:
11/11.

Christopher Ekdahl
Board member

Christopher Ekdahl (1980) has been member of the Board of Directors since November 2021.

Christopher Ekdahl is currently a Principal at Nordic Capital Investment Advisory AB and at NC Advisory AB. During the last decade, Ekdahl has built knowledge and expertise in the financial services field, while identifying investment opportunities and managing investments for the Nordic Capital Funds. Prior to this, Ekdahl worked within the Investment Banking Divisions at both Carnegie in Stockholm and Crédit Agricole in Paris, where he advised on matters relating to capital raisings, valuations, stock market transactions, mergers and acquisitions.

Education
MSc in Engineering Physics, Lund Institute of Technology and École Centrale Paris.

Other ongoing principal assignments
Board member of Nordax Bank AB, Sambla Group AB and Stabelo Group AB.

Number of board meetings* in 2021: 2/2.

Jacob Lundblad
Board member

Jacob Lundblad (1978) has been member of the Board of Directors since November 2021.

Jacob Lundblad currently holds a position as CEO in Nordax Bank AB. Lundblad has previously had several different roles within Nordax Bank AB, including deputy CEO, COO, CMO, head of collections/servicing, deputy treasurer, assistant treasurer and customer service agent.

Education
Bachelor's degree in Business Law from Lund University, and a master's degree in Business Administration.

Other ongoing principal assignments
None.

Number of board meetings* in 2021: 2/2.

* Number of board meetings since appointed.
In addition to the 11 ordinary board meetings, 12 extraordinary meetings were held, mainly related to the Nordax bid.

Ragnhild Wiborg
Board member

Ragnhild Wiborg (1961) has been member of the Board of Directors since November 2021.

Ragnhild Wiborg has experience as Chief Investment Director and Portfolio manager of Odin Fund Management. Wiborg has been partner and manager of the Pecunia/Consepio fund, and she has extensive experience from investment banking in Norway and the UK First Chicago and Scandinavia Banking Group (SEB). Wiborg has previously been a board member at RECSilicon ASA, Gränges AB, Sbanken ASA, Insr and Borregaard ASA.

Education
MSc in Economics from Stockholm School of Economics and Business Administration, and a Master's in Macroeconomics from Fundação Getulio Vargas.

Other ongoing principal assignments
Chair in EAM Solar ASA, Board member of Intrum AB, Cary Group AB, Rana Gruber and Kistefos.

Number of board meetings* in 2021: 2/2.

Lisa Karlsson Bruzelius
Board member

Lisa Bruzelius (1986) has been member of the Board of Directors since November 2021.

Lisa Bruzelius is currently deputy CEO and COO in Royal Design Group. Bruzelius has the overall responsibility for the operations of the group and ensuring that all business units deliver on set growth targets. Previously, Bruzelius has been CCO of Resia Travel Group, and Head of Consumer at Modern Försäkringar. Bruzelius has extensive experience in strategy and development within sales and operations from Telenor Sweden.

Bruzelius also has experience as a board member at Rundvirke Industrier, Sweden's largest specialist timber group.

Education
Master's degree in Finance from Stockholm School of Economics, and master's degree in international management from Community of European Management Schools.

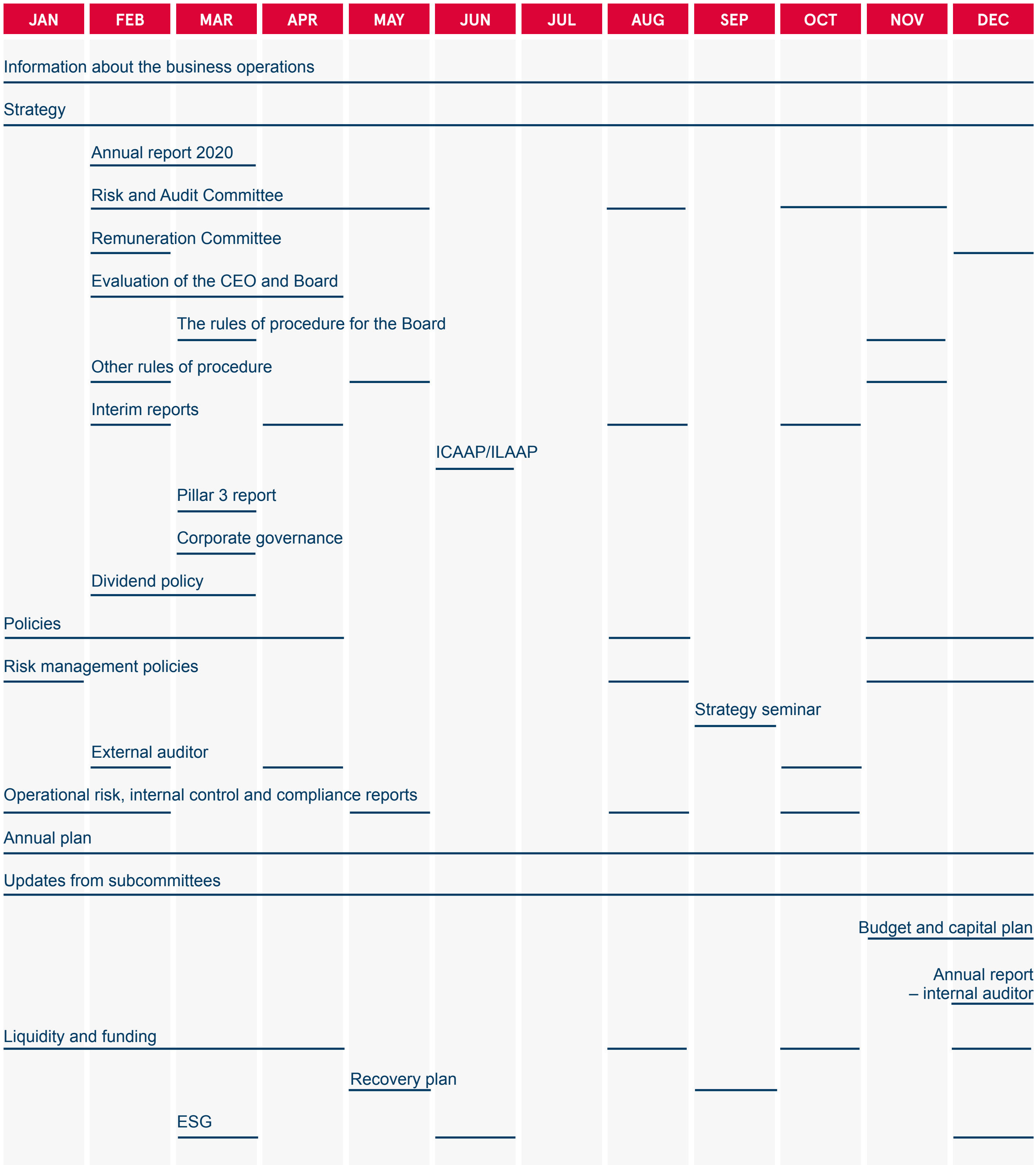
Other ongoing principal assignments
None.

Number of board meetings* in 2021: 2/2.

* Number of board meetings since appointed.
In addition to the 11 ordinary board meetings, 12 extraordinary meetings were held, mainly related to the Nordax bid.

The work of the Board of Directors in 2021

The table lists the most important matters that the Board of Bank Norwegian worked on in 2021. See the more detailed overview in Section 9 of the chapter concerning Corporate Governance.



Corporate governance

Corporate governance at Bank Norwegian complies with Norwegian law and the Norwegian Code of Practice for Corporate Governance (NUES). Each year, the Board of Directors evaluates compliance with the companies' corporate governance principles in relation to Section 3-3b of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance. Any deviations from the Code are explained.

REPORT ON CORPORATE GOVERNANCE IN ACCORDANCE WITH SECTION 3-3B OF THE ACCOUNTING ACT

1. The corporate governance structure in Bank Norwegian is based on Norwegian law and the Group follows the Norwegian Code of Practice for Corporate Governance (NUES).

2. The Norwegian Code of Practice for Corporate Governance is available at www.nues.no.

3. Deviations from the Code are commented on in this report.

4. A description of the main elements of the Bank's internal control and risk management systems related to the financial reporting process is presented in Section 10 under the Norwegian Code of Practice for Corporate Governance below.

5. There are no provisions in the Articles of Association of Bank Norwegian ASA which deviate from Chapter 5 of the Norwegian Public Limited Liability Companies Act, which deals with the general meeting.

6. The composition of governing bodies and a description of the main elements of the applicable instructions and guidelines are described under Sections 6, 7, 8 and 9 of the Norwegian Code of Practice for Corporate Governance below.

7. Provisions in the Articles of Association governing the appointment and replacement of board members are presented under Section 8 of the Norwegian Code of Practice for Corporate Governance below.

8. Provisions in the Articles of Association and authorizations which permit the Board of Directors to decide to buy back or issue new shares are described in Section 3 under the Norwegian Code of Practice for Corporate Governance below.

THE NORWEGIAN CODE OF PRACTICE FOR CORPORATE GOVERNANCE

The following is a description of how the 15 sections of the Code are implemented in the Bank.

1. Implementation and reporting on corporate governance

The Bank's activities shall be governed on the basis of high ethical standards and shall take into consideration our stakeholders in the Bank's ordinary course of business. The Bank shall maintain responsible credit practices and ensure that we provide all relevant information to our customers in order for them to be able to make informed decisions. We only approve loan applications from customers that we believe have the willingness and ability to repay the loan in accordance with the loan terms.

No deviations from the Code.

2. Business

The Bank's activities are described in the Articles of Association, which are available on the company's website. The Board has defined objectives, strategies and risk profiles for the Bank.

The Bank may, subject to the applicable legislation, carry out all transactions and services which are customary or natural for a Bank to perform. Bank Norwegian offers Banking services through the Internet to retail customers in the Nordic market.

The Board's annual and interim reports describe the Company's goals, main strategies, and risk profile. Bank Norwegian shall be a digital bank that delivers simple and competitive products in the retail customer market. The business activities are based on digital solutions, synergies with the Norwegian Air Shuttle, attractive terms for our customers, cost-effective operations, and effective risk selection. The Board evaluates the Bank's goals, strategies, and risk profile at least annually.

Bank Norwegian has established corporate social responsibility, sustainability, and ethical guidelines, which govern the business activities of the Bank. The Bank complies with the United Nations Global Compact's 10 Principles for human rights, labour rights, the environment, and anti-corruption. Guidelines for sustainability are available in the Bank's Annual Report and Sustainability Report.

No deviations from the Code.

3. Equity and dividends

The Board continuously monitors the Company's capital situation in relation to objectives, strategy, and risk profile. The Bank displays a strong capital adequacy with a Common equity tier 1 ratio of 26.2%, a Tier 1 capital ratio of 27.3% and a Total capital ratio 29.3% as of December, 31 2021. The BN Group has a Common equity tier 1 ratio of 25.5%, a Tier 1 capital ratio of 26.6% and a Total capital ratio of 28.6%. The Bank's significant growth and profitability give it a great deal of flexibility in terms of controlling the capital situation.

Bank Norwegian aims to create shareholder value through a growth in business operations and dividend yield. The Board has adopted a dividend policy which targets a long-term dividend payout ratio of between 30% and 60% of the profit after tax. The Bank is planning to distribute excess capital above a target capitalization level to the shareholders. Among other things, the dividend ratio will depend on expected loan growth and earnings growth as well as regulatory capital requirements. Changes in the Bank's operating conditions and future prospects may impact its ability to pay dividends and the dividend ratio.

No deviations from the Code.

4. Equal treatment of shareholders and transactions with close associates

Bank Norwegian was delisted from the Oslo Stock Exchange on November 15, 2021, following the acquisition by Nordax Bank, a part of the Nordax Group. The company still has one share class, and all shares have equal voting rights. As a result of the delisting, all shares were transferred to the new owner. As more than 90% of the shareholders accepted Nordax Group's offer the remaining shareholders also had to accept, hence all shares previously owned by the management were also transferred to the new owners.

Since October 2007, Bank Norwegian and Norwegian Air Shuttle have had an agreement governing the Bank's use of the Norwegian brand, intellectual property rights, and collaboration on loyalty programs and credit cards. Following the establishment of Banking operations in Sweden, Denmark and Finland, new agreements have been negotiated. There is no reward program yet issued on the credit card in Germany and Spain. This will be assessed in the coming months.

No deviations from the Code.

5. Shares and negotiability

The company is a wholly owned subsidiary of Nordax Bank AB (publ) and do not have listed shares at end of year 2021.

No deviations from the Code.

6. General meetings

All shares are owned by Nordax Group at year end 2021. The shareholder shall be able to attend the general meeting. Notice of a general meeting and of the recommendation of the Nominating Committee must be available on the company's website no later than 21 days before a general meeting is held, unless the shareholder decide or accept a shorter deadline.

The Chairman of the Board, Chief Executive Officer and Chief Financial Officer participate at general meetings. The company's auditor attends general meetings when the matters to be dealt with are of such a nature that it is considered necessary. Board members may also participate. The general meeting is permitted to elect an independent person to chair the meeting.

The minutes of general meetings are available on the company's website.

No deviations from the Code.

7. Nomination Committee

Bank Norwegian had a Nomination Committee as required up until it was delisted from Oslo Stock Exchange following the Nordax acquisition in November 2021. As of year end the Bank is no longer required to have a Nomination Committee.

No deviations from the Code.

8. Board of Directors: composition and independence

The Board shall be composed in such a manner that it safeguards the interests of the shareholder and the company's requirements for expertise, capacity, and diversity. The company's Board of Directors shall consist of five to seven members, all of whom shall be elected by the general meeting. Both genders shall have a minimum of 40 percent representation on the Board, cf. Section 6-11 as of the Norwegian Public Limited Liability Companies Act. The general meeting shall appoint the Chairman of the Board from among the board members. Board members are elected for two-year terms. When electing the board members, a suitability assessment is carried out that, among other things, takes into consideration the need for both continuity and independence, as well as a balanced composition of the Board.

The Board of Directors of Bank Norwegian consists of eight members, four of whom are women and one of whom is a representative elected by the employees. No senior executives are members of the Board. At least two of the members of the Board elected by the shareholder are at all times independent of the company's shareholder.

The independence of board members is assessed in connection with their election. The Board is considered independent. The Board of Directors held 11 ordinary meetings in 2021 and 12 extraordinary meetings, mainly related to the Nordax bid, where the current chairman Hans Larsson and board member Knut-Arne Alsaker was excused to participate due to their relations with Nordic Capital and Sampo, the owners behind Nordax Group.

The background of each board member is described in the presentation of the Board in a separate chapter in the annual report and on the Bank's website.

No deviations from the Code.

9. The work of the Board of Directors
The Board has adopted a set of instructions which govern its responsibilities and the duties and responsibilities of the CEO, with an emphasis on internal division of responsibilities and duties. The instructions regulate matters to be discussed by the Board and rules of procedure, etc. The work and expertise of the Board are evaluated annually. The Board adopts an annual plan for its work.

The company has adopted guidelines on conflicts of interest. The Board assesses potential conflicts of interest in all matters considered by the Board. The rules of procedure for the Board of Directors are reviewed annually. Board members and senior executives are required to notify the Board of any significant interests in an agreement which the Bank intends to enter.

The Board has established three permanent board Committees that consist of board members. The Committees monitor the management on behalf of the Board and prepare matters to be treated by the Board.

Risk Committee
The Risk Committee is a subcommittee of the Board with the objective of carrying out more thorough assessments of specified matters related to the Risk Management Framework and systems as well as compliance, and reports on the results of its work to the Board.

The Bank's Risk Committee consists of three members. The Chairman is appointed annually from among the Committee's independent members. The majority of the members are independent. The Risk Committee shall collectively have the competence that, based on the company's organization and activities, is necessary to carry out its tasks.

Audit Committee
The Audit Committee is a subcommittee of the Board and shall function as a preparatory and advisory board for the Board, with a focus on internal control related to financial reporting. The purpose is to achieve thorough preparation and efficient utilization of the Board's expertise and time.

The Audit Committee is tasked with ensuring that the Bank is audited effectively by an independent external auditor, satisfactorily fulfils its financial reporting obligations under applicable laws and regulations, and that internal control related to financial reporting function effectively.

The Audit Committee consists of three members and appoints the chairman of the Committee from the Committee members. The leader is appointed annually. At least one of the Committee members must be independent of the business and have relevant accounting or auditing expertise. The Audit Committee shall collectively have the competence that, based on the company's organization and activities, is necessary to carry out its tasks.

Remuneration Committee
The Remuneration Committee is a subcommittee of the Board and is tasked with preparing matters for the Board concerning the Bank's Remuneration Policy and determining the remuneration of the CEO.

The Bank's Remuneration Committee consists of three members and appoints its chairman among its members. The Committee Chairman is appointed annually. The members of the Committee are independent of the company's executive personnel.

No deviations from the Code.

10. Risk Management and Internal Control
Sound risk and capital management are central to Bank Norwegian in terms of long-term value creation. Internal control aims to ensure efficient operation and proper management of risks of significance for the attainment of business goals.

This goal shall be achieved through:
- A strong organizational culture characterized by a high level of risk awareness;
- A good and effective risk management;
- A good organization that ensures targeted and independent management and control;
- A good understanding of the risks that drive earnings;
- Striving for optimal capital utilization within the framework of the adopted business strategy; and
- Avoidance of unexpected individual events that can damage the Bank's financial position.

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's) and tolerance levels. The overall purpose and objective of the Risk Management Framework is to provide guidance, principles and expectations for Bank Norwegian's risk management processes and to ensure that material risks will be managed in accordance with Bank Norwegian's business objectives and risk appetite. The framework has been updated to secure adherence to Nordax' Group framework to secure proper reporting to the group.

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 management and internal control are based on the following elements:
- Roles and responsibilities;
- Policies, guidelines and procedures for managing and controlling risk;
- Strategic planning and capital planning;
- Reporting and monitoring; and
- Recovery- and contingency plans.

Roles and responsibilities
The Board exercises supervision and shall ensure that the Bank has

a sound system for managing and controlling risk. It defines overall goals, policies, guidelines and authorization for the Bank's risk management and control activities. The Audit Committee shall ensure that the Bank is audited effectively by an independent auditor and satisfactorily fulfils its financial reporting obligations under applicable laws and regulations, and the Risk Committee shall ensure that internal risk management and internal control systems function effectively.

The CEO shall ensure that the Board-approved objectives, guidelines and authorizations for the Bank's risk management and internal control are complied with and shall ensure the effective management and control of risk. Heads of departments that report to the CEO are responsible for the control, reporting and monitoring of self-imposed and statutory requirements.

The Credit Risk Department is the first line of defense in the organization responsible for monitoring the Bank's adopted Credit Risk Policy and Model Risk Management Framework and shall ensure regular reporting and monitoring.

The Finance Department is responsible for complying with the requirements and guidelines set out in the Bank's policies for capital management, liquidity and funding risk, and market risk. The Finance Department shall ensure regular reporting and monitoring.

The Risk Management Function reports to the CEO and is a second line of defense function, responsible for independent control, monitoring and reporting to executive management and the Board. The Head of Risk Management shall follow up the Bank's Risk Management Framework and related key risk indicators (KRI) for credit risk, liquidity- and funding risk, market risk, operational risk, as well as capital management and business risk.

The Risk Management Function shall also ensure that all significant risks are identified, measured, and reported by the relevant units.

The Compliance Function is a separate second line of defense control function reporting to the CEO and is responsible for independent control, monitoring and reporting of compliance with self-imposed and statutory requirements. The Head of Compliance is responsible for following up key risk indicators (KRI) defined in the Bank's Compliance Risk Policy, as well as Conduct Risk Policy.

The Internal Audit Function forms the Bank's third line of defense. The function shall provide independent review and objective assurance to the Board on the quality and effectiveness of the implemented internal control system, the first and second lines of defense and the Risk Management Framework. The Bank has outsourced the Internal Audit Function.

Policies, guidelines, and procedures for managing and controlling risk

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.

The Bank has established policies for capital management, credit risk, liquidity and funding risk, operational risk and internal control, sustainability, outsourcing, remuneration, conduct risk, information security, new product approval (NPAP), financial crime (AML/CTF), GDPR, conflicts of interest, and dividend. These policies and associated procedures and routines provide guidelines for the Bank's efforts to identify and monitor various risks.

Strategic planning and capital planning

The Board approves strategic plans that are subject to ongoing review.

The capital plan is a key element of the strategic planning process. Capital planning shall ensure adequate capitalization of the Bank beyond the legal minimum and demonstrate the expected capital requirements and plan for raising capital. The plan shall also demonstrate the need for debt financing during the period.

Reporting and monitoring
Bank Norwegian has established a set of thresholds that are used to monitor and review the risk exposure compared to its risk appetite. The key risk indicators are followed up and reported according to a “traffic light approach” for each risk indicator.

The Risk Management Function are responsible for ongoing and periodic risk reporting, and for ensuring that all risk factors are within the approved risk limits.

The risk appetite related to profitability and capital will be reported to the Board of Directors on a monthly basis. Other indicators impacting profits and capital will be available through daily and weekly reports to the CFO and the executive management. The Head of the Risk Management Function is responsible for independent reporting to the Board at least every quarter.

Recovery- and contingency plans
The Bank has established a board-approved Recovery Plan, Crisis- and Disaster Recovery Plan (CDRP), in addition to various contingency plans for ensuring sufficient capital and liquidity if internal and/or external factors have a negative impact on the Bank’s solvency or liquidity.

No deviations from the Code.

11. Remuneration of the Board of Directors
The remuneration of board members is not performance-based or dependent on the Company’s share performance. Board members are not issued options. Two current board members will not receive remuneration on their membership, as this is considered part of their positions in the owner; Jacob Lundblad, CEO in Nordax and Christopher Ekdahl as principal on behalf of Nordic Capital. None of the board members have responsibilities for the company beyond their directorships. The remuneration of the Board of Directors is disclosed in the annual report.

No deviations from the Code.

12. Remuneration of executive personnel
The guidelines for remuneration of senior executives are aimed at promoting long-term value creation for the shareholder while ensuring sound and effective risk management. The guidelines are presented as a separate case document for the general meeting in April 2022, updated as a consequence of being part of Nordax Group and delisted from Oslo Stock exchange November 2021. The guidelines have been designed to attract, develop, and retain highly qualified and productive executive staff. The remuneration shall also be related to the performance of the Bank and of the individual executive. The level of remuneration shall be competitive and reasonably distributed internally. The payment structure shall also be cost effective.

Senior executives’ total remuneration may consist of a basic salary, variable remuneration, pension and insurance benefits, benefits in kind, and severance pay. Basic salaries are set with regard to market conditions and in accordance with the area of responsibility, experience and skills. Adjustments of basic salaries are based on an individual evaluation of the executive’s performance. A variable remuneration scheme has been introduced under which executives can receive maximum of 50% of the fixed remuneration.

The scheme complies with the provisions of the Norwegian Regulations relating to Remuneration Schemes in Financial Institutions, etc.

No deviations from the Code.

13. Information and communication
The Bank aims to provide reliable and timely information to the market based on equal treatment of participants. Bank Norwegian continues to have listed bonds, after the delisting of the shares on Oslo Stock Exchange. Investor information such as annual and interim reports, presentations, stock exchange releases and the company's financial calendar are made available on the Group's website at the same time as they are disclosed to the market.

The Bank has separate pages for investor information on the company's website. Information about the Bank is in general available in both Norwegian and English.

No deviations from the Code.

14. Take-overs
In November 2021 Bank Norwegian was acquired by the Nordax Group and the Board of Directors emphasized equal treatment of the shareholders prior to the transaction.

No deviations from the Code.

15. Auditor
The auditor presents the annual audit plan to the Board. The auditor participates in audit committee meetings at which the financial reports are discussed. Each year, the auditor reviews the Bank's internal control system. The Board meets the auditor without the presence of management at least annually. Each year, the auditor confirms his or her independence in writing and gives an account of which other services other than the statutory audit have been provided to the Bank during the financial year.

No deviations from the Code.

Director's Report 2021

OPERATIONS, GOALS AND STRATEGY

Bank Norwegian is a digital bank that offers simple and competitive products to the 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.

Bank Norwegian started its operations in November 2007 and offers instalment loans, credit cards and deposit accounts to personal customers distributed through the internet in both the Nordic and the European market after the launch in Spain and Germany during the fourth quarter 2021. Bank Norwegian offers, in cooperation with the airline Norwegian, a combined credit card and reward card in the Nordic market. The Bank started operations in Sweden in May 2013, and in Denmark and Finland in December 2015. At the end of 2021 the Bank launched operations in Spain in October and Germany in November.

Bank Norwegian Group (the BN Group) holds the rights to the Bank Norwegian brand for banking services and access to customers across Europe. The BN Group comprises of Bank Norwegian ASA and the subsidiary Lilienthal Finance Ltd. In July 2021 the BN Group completed a group-internal merger between Norwegian Finans Holding ASA and Bank Norwegian ASA, with a corresponding change in the Bank's ticker from NOFI to BANO on July 21, 2021. The acquisition of Bank Norwegian ASA by Nordax Bank AB (publ) was executed on November 2, 2021. The BN Group is a wholly owned subsidiary of Nordax Bank AB (publ) after the completion of the acquisition made by Nordax in the fourth quarter 2021. Following the completion of the transaction, the BN Group applied for a delisting of Bank Norwegian from the Oslo Stock Exchange and the shares were delisted on November 15, 2021.

During the last 1.5 years, the BN Group has experienced the adverse effects of the COVID-19 through negative loan growth in both 2020 and 2021. This have given visible impacts on the last years financial statements, through lowering the lending volumes and interest income levels, where Norway has been affected the most. The BN Group has not experienced any deterioration in customer payment patterns as a result of the pandemic. The payment behavior for our customers in all countries has been good and improvements continued through 2021, despite the COVID-19 situation. This has been visible in the lower number of late payers, no-payers, customers granted a payment relief and a continuous reduction of inflow to debt collection. The second half of 2021 have additionally been affected by a non-recurring item in financial advisors' fees related to the offer from Nordax Bank AB (publ) (Nordax), further reducing our net profit. However, operationally, the last months of 2021 have shown a positive trend in the lending growth development with slowly growing credit card purchase volumes and increasing instalment loan sales.

At the end of 2021 the BN Group had a customer base of 1 670 900 customers, compared to 1 751 500 customers at the end of 2020. The customer base can be broken down into 1 193 800 credit card customers, 188 600 instalment loan customers and 288 500 deposit customers. The customer base was reduced by 80 600 from 2020 and stems mainly from the sale of five non-performing loan portfolios in Norway, Sweden, and Denmark during the year of a total 67 383 customers. Adjusted for the portfolio sales, instalment loan customers increased 5 802 where customers increased in all countries but Norway, while the number of credit card customers where down by 27 019, mainly in Norway. At year end the BN Group had a total of 1 300 customers in Germany and 900 in Spain.

ECONOMIC DEVELOPMENT

Profit and loss account for 2021

The BN Group's net profit amounted to NOK 1 200 million in 2021, compared with NOK 1 887 million in 2020. The rather large reduction from last year is due to reduced interest income through lower loan volumes and portfolio sales, currency fluctuations from a strengthened NOK, partly offset by lower interest expense from reduced deposit rates and volumes in Norway. The net result is also affected by higher personnel expenses, high non-recurring administrative expenses from financial advisors' fees in connection with the offer from Nordax and increased digital marketing costs. The decrease is partly offset by lower provisions for loan losses mainly due to net gains from five portfolio sales during the year. Return on equity (ROE) was 10.8% and the return on assets was 2.0%. Excluding the non-recurring fees to advisors, the ROE and ROA for 2021 was 12.3% and 2.3%, respectively.

Net interest income

Net interest income was NOK 4 665 million, a reduction of NOK 747.9 million from 2020. The reduction is mainly explained by decreased interest income from lower balances of instalment loans and credit cards, primarily in Norway, but also includes lower interest income contribution of approximately NOK 168.2 million following the portfolio sales during 2021. Net interest income was in addition negatively affected by currency in the year by approximately NOK 142.8 million, compared to a positive currency impact of approximately NOK 234.6 million in 2020, and lower income from certificates and bonds of NOK 44.1 million. Interest expense was improved mainly due to lower interest on customer deposits from reduced deposit rates and deposit volumes in Norway. The net interest margin was 7.9%, compared with 8.8% in 2020.

Net other operating income

Net other operating income amounted NOK 63.3 million, a decrease of NOK 166.4 million from 2020. Net commission and bank services income was reduced by NOK 4.1 million, totaling NOK 212.9 million. Net negative change in value on securities and currency amounted to NOK 149.6 million, compared with a net negative change in value of NOK 11.4 million in 2020. The reduction is mainly due to currency loss of NOK 8.9 million in 2021, compared to currency gain of NOK 94.1 million in 2020. Value-adjusted return on the securities portfolio was 0.3%, compared with 0.7% in 2020, reflecting low risk investments in the liquidity portfolio.

Operating expenses

Total operating expenses totaled NOK 1 625 million, an increase of NOK 311.6 million from 2020. Personnel expenses went up NOK 48.9 million due to increased number of employees and an stay-on bonus for employees paid out in January 2021. General administrative expenses increased NOK 259.1 million, due to the non-recurring advisors' fee in connection with the Nordax offer of NOK 219.4 million (including VAT), and increased digital marketing costs of NOK 61.8 million. Expenses related to the expansion to Spain and Germany have developed as expected. Depreciation increased NOK 3.1 million and other operating expenses increased by NOK 0.5 million.

Provision for loan losses

The BN Group's provision for loan losses amounted to NOK 1 499 million, compared with NOK 1 831 million in 2020. The BN Group have sold five non-performing loan portfolios during the year resulting in combined net gains of NOK 153.8 million. This resulted in a younger portfolio in Stage 3, and along with improved credit quality in the portfolio, fewer loans from new vintages flow into Stage 3. This explains the reduced loan loss provisions from 2020 to 2021. Provisions equalled 3.8% of average gross loans, compared with 4.1% in 2020, and adjusted for net gains from portfolio sales the provision equalled 4.0% in 2021. The loan loss provisions stem mainly from Norway, Sweden, and Finland, reflecting the aging portfolio in Stage 3 with increased LGD and more loans fully written down as a result of our charge off policy.

Stage 3 loans were NOK 7 261 million, compared with NOK 10 146 million in 2020. The decrease is primarily due to this year's portfolio sales, partly offset by the implementation of new definition of default wheremore customers are being classified in Stage 3 compared to the previous default definition. With the implemented new definition of default, future deviating payment discipline will impact the migration to Stage 3 at an earlier Stage in the credit cycle, as well as a higher degree of "stickiness" before considering the exposure as performing again. Stage 3 loans accounted for 19.7% of gross loans, compared with 23.7% in 2020. The underlying development is as expected and the reduction is due to the five non-performing portfolio sales during the year, with a total effect of Stage 3 loan gross reduction of approximately NOK 4 435 million. Stage 3 volume will, because of the new definition, also consist of volumes where the claim towards the customer not necessarily has entered debt collection yet, due to local regulation. The Stage 3 volumes will have more exposures with lower LGD due to improved credit quality in the portfolio flowing into Stage 3, and the coverage ratio has thus decreased from 40.9% in 2020 to 38.3% at end of 2021. The Bank has a prudent model for allowance on defaulted loans with higher LGDs, where a full derecognition from the balance sheet is done on loan exposures that surpass a LGD of 70%. Including these charged-off accounts, the coverage ratio decreased from 49.9% to 43.6% on defaulted Stage 3 loans. The reduction is a result of the five portfolio sales in 2021 where a substantial part of the sale was on loan volumes that were fully covered and written off.

Balance sheet, liquidity and capital

The BN Group's total assets were NOK 56 465 million at the end of the year, a decrease of NOK 6 727 million for the full year.

Gross loans to customers went down by NOK 5 932 million compared with a decrease of NOK 1 278 million in 2020 and totaled NOK 36 946 million at year end. Adjusted for the portfolio sales in Norway, Sweden, and Denmark this year, the currency adjusted loan growth was NOK -65.7 million compared to NOK -3 110 million in 2020.

Broken down by product, instalment loans decreased NOK 4 282 million, and adjusted for the portfolio sales and currency, the adjusted loan growth was NOK -80.2 million, compared to NOK -576.9 million in 2020. New sales have improved in 2021 compared to 2020, partly offset by increased charge-off and by good payment behaviour slightly increased run-off. Adjusted for the portfolio sales and currency, instalment loans went up in all countries except for Norway, with Finland accounting for the main increase.

Credit card loans were reduced NOK 1 650 million. Adjusted for the portfolio sales and currency, the loan growth was NOK 14.4 million, compared to NOK -2 533 in 2020 with increased volumes in all countries except in Norway.

Customer deposits decreased NOK 6 284 million and totaled NOK 36 394 million at year end. Currency adjusted reduction was NOK 5 047 million. The reduction was primarily in Norway following several deposit rate reductions, partly offset by increase in Finland and Denmark. The deposit-to-loan ratio was 99% at the end of the year compared to 100% at the end of 2020.

The holdings of certificates and bonds decreased NOK 1 287 million and totaled NOK 20 233 million at the end of 2021. Other liquid assets totaled NOK 1 893 million at the end of 2021. The liquidity reserves was reduced by NOK 2 239 million and ended at NOK 22 126 million, equivalent of 39.2% of total assets and up from 38.6% at the end of 2020. The liquidity position has been strong throughout the year. The securities portfolio is liquid with solid counterparties and a high share of government certificates, municipality bonds and covered bonds.

Loans from credit institutions decreased NOK 1 314 million mainly due to repayment of F-loan of NOK 1 000 million acquired in March 2020 with a 12 month maturity.

Debt securities issued increased by NOK 910.8 million and totaled NOK 6 945 million at year end. During the year the BN Group has issued NOK 1 550 million, NOK 700 million and SEK 300 million in senior unsecured loans. The BN Group has also conducted buybacks of a total NOK 877 million and SEK 116 million in different outstanding senior unsecured loans and SEK 487 million was paid at maturity.

Both subordinated and Tier 1 capital loans were reduced during the year as NOK 100 million and NOK 210 million loans was paid on call in August without reissuances.

Total equity was NOK 11 169 million for the BN Group at year end compared to NOK 11 328 at the end of 2020. The reduction is due to paid dividends of total NOK 6 per share related to the 2020 net profits and call of NOK 210 million Tier 1 capital loan in the third quarter. The Total capital ratio at the end of 2021 was 28.6% for the BN Group and 29.3% for the Bank. The Tier 1 capital ratio at the same point in time was 26.6% for the BN Group and 27.3% for the Bank. The Common equity tier 1 ratio was 25.5% for the BN Group and 26.2% for the Bank at year end.

RISK MANAGEMENT

Risk Management at BN Group 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 BN Group's strategic development and achievement of targets.

The BN Group 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 BN Group 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 BN Group's buffer capital and risk-bearing capacity.

Risk exposures and development are

regularly monitored and reported to the Bank Norwegian ASA's Board of Directors and Senior Management.

Credit risk

The largest financial risk exposure in the BN Group is credit risk in the lending portfolio. Credit risk is defined as the risk of loss due to customers or counterparties being unable or unwilling to meet their financial obligations.

The Board of Directors sets long-term targets for the risk profile through the Risk Management Framework and associated risk appetite. The Risk Management Framework shall form a holistic and balanced view of the risk in the business, while the BN Group's Credit Risk Policy and Capital Management Policy defines maximum limits for credit exposure. Limits have been set for annual loan growth (in % of gross loans), probability of default (PD), defaulted loans (Stage 3) as a proportion of total loans, and Coverage Ratio.

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.

Bank Norwegian's internal models for risk classification of customers are subject to continuous improvement and testing. The risk classification systems are used for decision support, monitoring and reporting. The risk parameters used in the classification systems are an integrated part of the credit process and ongoing risk monitoring, including the follow-up of credit strategies.

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

The BN Group shall not operate in a way that is harmful to people, the society or environment, and thereby support long-term social and ecological balance. To ensure that the Board's guidelines on consumer protection are followed, the BN Group has a Risk Management Framework with underlying policies, including a Credit Risk Policy, Code of Conduct, Sustainability Policy, New Product Approval Policy, Conduct Risk Policy and Bank Norwegian Supplier Conduct Principles. The framework is an important prerequisite for responsible lending in the consumer credit markets and to assure that the BN Group's consumer credit products are designed in a responsible way. The purpose is to assure that consumer borrowers' interests and needs are considered throughout the relationship in order to prevent consumer detriment. The BN Group seeks transparent conditions and provides proper information to perform affordability checks.

The Board considers that Bank Norwegian's total credit risk is within the BN Group'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 BN 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 Risk Policy which stipulate requirements concerning the time horizons for which the BN 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 Senior Management. The Asset and Liability Committee (ALCO) is a management committee responsible for overseeing all activities relating to asset and liability management, treasury activities and market risk.

For information on LCR levels please refer to the quarterly pillar 3 disclosure requirement.

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

Going forward, the share of market financing will increase as a result of current MREL requirements and Bank's strategy to increase the BN Group's diversification and reduce the need for deposits as a source of funding.

The Board of Directors assesses that Bank Norwegian Groups' overall liquidity and funding risk is within the BN Group's adopted risk tolerance. The BN 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 deterioration of 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 Senior Management.

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 BN Group's investment portfolio is mainly invested with short interest rates. The BN Group only offers products with administratively set interest rates and no fixed interest rates are offered. The BN Group's investment portfolio is mainly invested in securities with floating interest rates. The BN Group only offers lending and deposit products with administratively set interest rates and no fixed interest rates are offered. Any estimated exposures beyond the interest rate risk limits shall be hedged with hedging instruments. In December 2021 the Bank implemented amended calculation of the Bank's interest rate risk in accordance with EBA guidelines (EBA/GL/2018/02) and guidelines from the Swedish FSA. Interest rate risk is closely followed by both first and second line and the exposure are regularly reported to the Board and Senior Management.

Currency risk arises because the BN Group 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 BN Group's framework defines quantitative targets for maximum net exposure in currency, measured in NOK.

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

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

The Board of Directors assesses that the Bank's overall market risk is within the BN Group's accepted risk tolerance. The BN Group's market risk is 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, to the extent possible, ensure that no individual incidents caused by operational risk seriously damage the BN Group's financial position.

The management of operational risk is based on the Policy for Operational Risk and Internal Control. The Operational Risk and Information Security Committee (ORISC) was established in 2021 and will advise and support the CEO to evaluate operational and Information and Communication Technology (ICT) risks and execute security governance activities.

Risk assessments are carried out both at the overall level, but also within different processes that the BN Group is exposed to at all times. Specialist 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 BN 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 BN Group's operating model 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 BN Group in accordance with the outsourcing guidelines.

Given the risk inherent in using Information and Communications Technology (ICT), this area is subject to continuous monitoring. ICT-related Key Risk Indicators (KRIs) are closely monitored and included in the BN Group's risk reporting to the Board and Senior Management. The Internal Audit also carries out independent reviews and tests of the BN Group's security in the area.

The Board of Directors assess that the BN Group's exerts satisfactory governance and control of the Operational risk, and that the BN Group's exposure to Operational risk is within established risk appetite.

Compliance risk
Compliance risk is the risk that the BN Group 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 BN Group's Compliance risk is based on the Board of Directors' adopted Compliance Risk Policy. The BN 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 BN Group exerts satisfactory governance and control of the compliance risk, and that the BN Group'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 BN Group's business methods or the employees' conduct materially jeopardising customers' interests or the integrity of the market.

Management and control of the BN Group'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 BN Group's customers can make clear and well-informed choices.

Key instruments to ensure good business conduct include, among other things, Code of Conduct/ethical guidelines, 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 BN Group exerts satisfactory governance and control of the Conduct risk.

PERSONNEL AND THE ENVIRONMENT
The BN Group's employees deliver high value services to our customers. At December 31, 2021 the BN Group had 118 employees and 2 temporary employees, corresponding to 109.0 full time equivalent employees, compared with 95 employees, 5 temporary employees and 95.0 full time equivalent employees at December 31, 2020. The increase of 14 full time equivalent empoyees through the year has been to support the expansion to new markets Spain and Germany as well as strengthening of governance positions and finance.

The BN Group's Board of Directors and management aim to promote equal status between men and women. The BN Group 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 BN Group's 120 employees, there are 60 men and 60 women. Of the 29 managers with personnel responsibility, 12 are women.

All employers are obliged to work actively and targeted to promote equality and prevent discrimination, and to document and account for the work. The activity duty is described in the Annual report under Equality and Diversity.

The BN Group has a bonus scheme for

all permanent employees in accordance with current guidelines. The bonuses earned are based on the risk adjusted return on equity achieved. Late 2021 the Board decided to remunerate employees with full bonus to reward high achievement through the year, despite reduced return. The BN Group has established good pension and personnel insurance schemes, and offers a programme for employees to counteract ergonomic injuries.

Absence due to illness was 2.0%. The working environment is regarded as good. The BN Group has established a working environment committee and a safety representative. There have not been any work related accidents or injuries during the year. In the opinion of the Board of Directors, the BN Group's operations do not pollute the external environment.

The BN Group is located at Snarøyveien 36, Fornebu. The BN Group has established a customer call centre in Malaga, based on outsourcing, to serve customers in all countries where our products are offered. During the last 1.5 years with the COVID-19 pandemic, employees have made frequent use of home offices.

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 overall responsible for integration into the operations. The Head of Communications and Sustainability is responsible for planning, coordinating and supporting each department in their responsibilities within ESG. The Bank's guidelines on environmental, social and governance (ESG) are described in section 9 Sustainability in this report. The annual sustainability report will be approved by the Board of Directors on April 26, 2022.

CORPORATE GOVERNANCE

The Board of Directors supports the Norwegian Code of Practice for Corporate Governance. The principles of corporate governance are described earlier in the annual report.

Bank Norwegian ASA has a Directors and Officers (D&O) insurance in AIG Europe S.A. D&O coverage includes financial protection for Board of Directors, CEO and Executive Management for claims which may arise from the decisions and actions taken within the scope of their regular duties. The coverage per insurance case is NOK 100 million.

EVENTS AFTER THE DATE OF THE BALANCE SHEET

The Board of Directors is not aware of any events after the date of the balance sheet that may be of material significance.

OUTLOOK

During the second half of 2021 the effects of the pandemic dampened as borders and societies had reopened during the summer and autumn, leading to increase in consumption and spending. However, the last months of 2021 experienced an increase in COVID-19 infections through the Omicron variant, causing a lower financing demand particularly in Norway. Our expectation is that this will reduce some of the financing demand in the shorter run but we do experience in the beginning of 2022 and expect going forward, both new loan and credit card spending growth to increase in the coming year. This is particularly related to credit card spending in the spring months as both airline and holiday spending is expected to increase as travel restrictions due to COVID-19 will abate. As airline and holiday spending is starting to increase, we expect continuous higher credit card usage, but the expectation remain that it may take some time before this is visible through interest bearing balances. And as such, we still believe that a subdued interest income level should be expected in the next couple of quarters, compared to quarters prior to the pandemic.

During the last 1.5-years of the pandemic, the BN Group have experienced customers in general have behaved rationally, resulting in fewer customers being late with their payments, as well as low and declining levels of loans sent to debt collection. In 2021 the Bank has sold five non-performing loan portfolios in Norway, Sweden, and Denmark. The portfolio sales have lead to reduced interest income due to lower interest bearing volumes.

The start of our expansion to Spain and Germany has progressed according to plan. Towards the summer our activity level will increase, utilizing the BN Group's increased knowledge of the customer's behavior, with even more finetuned digital and customer friendly solutions.

The BN Group continues to maintain its strong financial position with high profitability, strong capitalization, and high levels of liquid assets. The BN Group is prepared for returning growth, both through increased activity level in the Nordics, our European expansion in Spain and Germany and through coming integration and cooperation with our new owner Nordax.

This report contains statements regarding the future prospects of the BN Group and there are always uncertainty around future outlook. The risks and uncertainties inherent in all forward-looking statements can lead to actual developments and profits differing materially from what has been expressed or implied.

At the end of February 2022, Russia invaded Ukraine and there is uncertainty to it's ongoing effect and the outcome. For BN Group, the effect is considered limited, however financial and commodity markets are volatile in particular the price of oil, and presently the NOK has shown resilience against other currencies affecting the net profits from other currencies negatively.

PROPOSED ALLOCATION OF THE NET PROFIT FOR THE YEAR

Based on the strong capital and financial position, the Board of Directors of Bank Norwegian ASA propose a dividend of NOK 3.85 per share, total NOK 719.6 million, while remaining NOK 513.9 million of net profit for the year 2021 is added to retained earnings. Dividend represents 59.9% and 58.3% of net profit of 2021 in BN Group and BN ASA, respectively.

Bærum, March 29, 2022
The Board of directors of Bank Norwegian ASA

Hans Larsson Chairman of the Board	Jacob Lundblad Board member	Christopher Ekdahl Board member
Ragnhild Wiborg Board member	Izabella Kibsgaard-Petersen Board member	Lisa Karlsson Bruzelius Board member
Knut Arne Alsaker Board member	Charlotte Ager Board member	Klara-Lise Aasen CEO

Contents – Accounts

Bank Norwegian Group

Profit and loss account

Bank Norwegian ASA				Bank Norwegian Group	
2021	**2020**	*Amounts in NOK 1000*	**Note**	**2021**	**2020**
4 897 187	5 885 136	Interest income, effective interest method		4 897 187	5 881 446
183 839	233 880	Other interest income		183 839	233 880
415 853	702 269	Interest expenses		415 853	702 272
4 665 173	**5 416 746**	**Net interest income**	**15**	**4 665 173**	**5 413 054**
395 589	412 016	Commission and bank services income	16	395 589	412 016
182 707	194 364	Commission and bank services expenses	16	182 707	195 043
-	24 029	Income from shares and other securities	35	-	24 029
-149 616	-11 367	Net change in value on securities and currency	17	-149 588	-11 359
63 266	**230 315**	**Net other operating income**		**63 294**	**229 644**
4 728 439	**5 647 061**	**Total income**		**4 728 467**	**5 642 698**
171 694	119 658	Personnel expenses	18	171 694	122 832
1 301 781	1 037 194	General administrative expenses	19	1 302 664	1 043 582
54 429	63 614	Depreciation and impairment	28, 29, 30	91 329	88 214
59 079	57 467	Other operating expenses	20	59 079	58 533
1 586 984	**1 277 933**	**Total operating expenses**		**1 624 767**	**1 313 162**
1 498 728	1 830 948	Provision for loan losses	5, 6	1 498 728	1 830 948
1 642 727	**2 538 180**	**Profit before tax**		**1 604 972**	**2 498 588**
409 213	298 601	Tax charge	27	404 494	611 613
1 233 514	**2 239 579**	**Profit after tax**	**2**	**1 200 478**	**1 886 975**
1 200 149	2 200 998	Proportion attributable to shareholders		1 167 114	1 848 395
33 364	38 580	Proportion attributable to additional Tier 1 capital holders		33 364	38 580
1 233 514	**2 239 579**	**Profit after tax**		**1 200 478**	**1 886 975**
6.43	12.01	Earnings per share	21	6.25	9.90

Comprehensive income

Bank Norwegian ASA			Bank Norwegian Group	
2021	**2020**	*Amounts in NOK 1000*	**2021**	**2020**
1 233 514	**2 239 579**	**Profit on ordinary activities after tax**	**1 200 478**	**1 886 975**
-111	-	Financial assets at fair value through OCI	-111	-
28	-	Tax	28	-
-83	-	Items that may be reclassified to profit or loss	-83	-
1 233 430	**2 239 579**	**Comprehensive income for the period**	**1 200 395**	**1 886 975**

Balance sheet

Bank Norwegian ASA				Bank Norwegian Group	
31.12.21	**31.21.20**	*Amounts in NOK 1000*	**Note**	**31.12.21**	**31.12.20**
		Assets			
813 303	69 451	Cash and deposits with the central bank	11, 12, 22, 23	813 303	69 451
1 079 310	2 772 540	Loans and deposits with credit institutions	11, 12, 22, 23	1 079 310	2 774 788
33 649 320	37 943 688	Loans to customers	2, 3, 5, 7, 8, 11, 12, 23	33 649 320	37 943 688
20 233 281	21 520 427	Certificates and bonds	11, 12, 23, 24	20 233 281	21 520 427
161 491	-	Ownership interests in group companies	35, 36	-	-
133 468	341 309	Financial derivatives	11, 12, 23, 24	133 468	341 309
26 802	50 692	Shares and other securities	23, 24	26 802	50 692
83 567	98 561	Intangible assets and goodwill	28	396 807	448 701
14 077	-	Deferred tax asset	27	22 900	4 107
35 615	4 883	Fixed assets	29, 30	35 615	4 883
267 325	235 512	Receivables	31	74 119	33 965
56 497 561	**63 037 064**	**Total assets**		**56 464 926**	**63 192 011**
		Liabilities and equity			
-	1 313 710	Loans from credit institutions	11, 23	-	1 313 710
36 393 611	42 677 703	Deposits from customers	2, 12, 23	36 393 611	42 677 703
6 945 201	6 034 387	Debt securities issued	11, 12, 23, 25, 26	6 945 201	6 034 387
138 883	64 862	Financial derivatives	11, 12, 23, 24	138 883	64 862
481 366	244 058	Tax payable	27	481 366	557 675
-	58 234	Deferred tax	27	-	58 234
1 106 863	1 493 831	Other liabilities	30, 32	387 376	42 999
209 073	233 853	Accrued expenses	33	209 379	236 463
739 801	877 820	Subordinated loans	11, 12, 23, 25, 26	739 801	877 820
46 014 797	**52 998 456**	**Total liabilities**		**45 295 617**	**51 863 850**
186 904	183 315	Share capital		186 904	186 847
983 401	966 646	Share premium		983 401	978 201
425 000	635 000	Tier 1 capital	34	425 000	635 000
8 887 458	8 253 647	Retained earnings		9 574 004	9 528 112
10 482 763	**10 038 608**	**Total equity**		**11 169 309**	**11 328 161**
56 497 561	**63 037 064**	**Total liabilities and equity**		**56 464 926**	**63 192 011**

Bærum, March 29, 2022
The Board of directors of Bank Norwegian ASA

Hans Larsson
Chairman of the Board

Jacob Lundblad
Board member

Christopher Ekdahl
Board member

Ragnhild Wiborg
Board member

Izabella Kibsgaard-Petersen
Board member

Lisa Karlsson Bruzelius
Board member

Knut Arne Alsaker
Board member

Charlotte Ager
Board member

Klara-Lise Aasen
CEO

Cash flow statement

Bank Norwegian ASA				Bank Norwegian Group	
2021	**2020**	*Amounts in NOK 1000*	**Note**	**2021**	**2020**
1 642 727	2 538 180	Profit / loss before tax		1 604 972	2 498 588
218 187	-199 445	Unrealized gain or losses on currency		218 187	-199 445
54 429	63 614	Depreciation and impairment	28, 29, 30	91 329	88 214
1 498 728	1 830 948	Provision for loan losses	5, 6	1 498 728	1 830 948
1 739 929	2 774 201	Change in loans to customers	2, 3, 5, 7, 8, 11, 12, 23	1 739 929	2 774 201
-5 227 747	576 153	Change in deposits from customers	2, 12, 23	-5 227 747	576 153
1 008 160	-6 456 584	Change in certificates and bonds	11, 12, 23, 24	1 008 160	-6 456 584
171 865	-247 919	Change in receivables and financial derivatives	11, 12, 23, 24	171 865	-236 061
23 890	-5 830	Change in shares and other securities	23, 24	23 890	-5 830
-313 710	260 960	Change in loans from credit institutions	23	-313 710	260 960
359 523	-92 331	Change in derivatives, accrued expenses and other liabilities	23, 24, 32, 33	360 378	-94 124
-110 556	-	Change in debt securities issued and subordinated loans		-110 556	-
-557 834	-625 880	Income taxes paid	27	-557 834	-625 879
507 592	**416 068**	**Net cash flow from operating activities**		**507 592**	**411 142**
-33 539	-28 423	Payment for acquisition of intangible assets	28	-33 539	-28 423
-3 397	-1 714	Payment for acquisition of tangible assets	29	-3 397	-1 714
-36 936	**-30 136**	**Net cash flow from investment activities**		**-36 936**	**-30 136**
5 256	-	Allocation of bonus shares		5 256	6 058
2 547 542	-	Issued debt securities	11, 23, 25, 26	2 547 542	-
-1 469 901	-789 580	Repayment of debt securities	11, 23, 25, 26	-1 469 901	-789 580
-100 000	-	Repayment subordinated loans	11, 23, 25, 26	-100 000	-
-210 000	-	Repayment of tier 1 capital	34	-210 000	-
-33 364	-38 580	Paid interest tier 1 capital	34	-33 364	-38 580
-1 000 000	1 000 000	Change in loans from central banks	23	-1 000 000	1 000 000
-1 121 140	-	Dividends paid to equity holders		-1 121 140	-
-1 381 607	**171 839**	**Net cash flow from financing activities**		**-1 381 607**	**177 897**
-910 951	557 771	Net cash flow for the period		-910 951	558 903
2 841 991	2 161 549	Cash and cash equivalents at the start of the period		2 844 239	2 162 665
2 248	-	Cash and cash equivalenets in relation to the merger with Norwegian Finans Holding ASA		-	-
-40 675	122 671	Currency effect on cash and cash equivalents		-40 675	122 671
1 892 613	**2 841 991**	**Cash and cash equivalents at the end of the period**		**1 892 613**	**2 844 239**
		Off which:			
813 303	**69 451**	Cash and deposits with the central bank		**813 303**	**69 451**
1 079 310	**2 772 540**	Loans and deposits with credit institutions		**1 079 310**	**2 774 788**

Changes in equity

Bank Norwegian Group

	Share capital	Share premium	Tier 1 capital	Changes in fair value of financial instruments through OCI capital	Retained earnings	Total equity
Balance 31.12.20	**186 847**	**978 201**	**635 000**	**-**	**9 528 112**	**11 328 161**
This period's profit	-	-	-	-	1 200 478	1 200 478
Items that may be reclassified to profit and loss, after tax	-	-	-	-83	-	-83
Comprehensive income for the period	**-**	**-**	**-**	**-83**	**1 200 478**	**1 200 395**
Paid interest tier 1 capital	-	-	-	-	-33 364	-33 364
Repayment of tier 1 capital	-	-	-210 000	-	-	-210 000
Allocation of bonus shares	57	5 199	-	-	-	5 256
Dividends to equity holders	-	-	-	-	-1 121 140	-1 121 140
Balance 31.12.21	**186 904**	**983 401**	**425 000**	**-83**	**9 574 087**	**11 169 309**

Bank Norwegian Group

	Share capital	Share premium	Tier 1 capital	Changes in fair value of financial instruments through OCI capital	Retained earnings	Total equity
Balance 31.12.19	**186 695**	**972 295**	**635 000**	**-**	**7 679 717**	**9 473 707**
This period's profit	-	-	-	-	1 886 975	1 886 975
Comprehensive income for the period	**-**	**-**	**-**	**-**	**1 886 975**	**1 886 975**
Paid interest tier 1 capital	-	-	-	-	-38 580	-38 580
Allocation of bonus shares	153	5 906	-	-	-	6 058
Balance 31.12.20	**186 847**	**978 201**	**635 000**	**-**	**9 528 112**	**11 328 161**

Changes in equity

Bank Norwegian ASA

	Share capital	Share premium	Tier 1 capital	Changes in fair value of financial instruments through OCI capital	Retained earnings	Total equity
Balance 31.12.20	**183 315**	**966 646**	**635 000**	**-**	**8 253 647**	**10 038 608**
Changes due to merger	-57	11 556	-	-	153 382	164 881
Capital Increase	3 590	-	-	-	-	3 590
Balance after merger and capital increase	**186 847**	**978 201**	**635 000**	**-**	**8 407 029**	**10 207 078**
This period's profit	-	-	-	-	1 233 514	1 233 514
Items that may be reclassified to profit and loss, after tax	-	-	-	-83	-	-83
Comprehensive income for the period	**-**	**-**	**-**	**-83**	**1 233 514**	**1 233 430**
Paid interest tier 1 capital	-	-	-	-	-33 364	-33 364
Repayment of tier 1 capital	-	-	-210 000	-	-	-210 000
Dividend provision	-	-	-	-	-719 581	-719 581
Allocation of bonus shares	57	5 199	-	-	-	5 256
Other changes	-	-	-	-	-56	-56
Balance 31.12.21	**186 904**	**983 401**	**425 000**	**-83**	**8 887 542**	**10 482 763**

Bank Norwegian ASA

	Share capital	Share premium	Tier 1 capital	Changes in fair value of financial instruments through OCI capital	Retained earnings	Total equity
Balance 31.12.19	**183 315**	**966 646**	**635 000**	**-**	**7 503 649**	**9 288 609**
This period's profit	-	-	-	-	2 239 579	2 239 579
Comprehensive income for the period	**-**	**-**	**-**	**-**	**2 239 579**	**2 239 579**
Paid interest tier 1 capital	-	-	-	-	-38 580	-38 580
Group contribution	-	-	-	-	-1 451 000	-1 451 000
Balance 31.12.20	**183 315**	**966 646**	**635 000**	**-**	**8 253 647**	**10 038 608**

Notes

Note 1. Accounting principles

1. Company information

Bank Norwegian ASA is a Norwegian public limited company. The company is the parent company of the Bank Norwegian Group (hereafter BN Group / Bank). The BN Group consist of Bank Norwegian ASA and its subsidiary Lilienthal Finance Ltd (100% ownership). The BN group 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 in Norway. The operations in Sweden, Denmark, Finland, Spain and Germany are established through cross-border operations in Bank Norwegian ASA.

In 2021 Bank Norwegian ASA merged with its parent company Norwegian Finans Holding ASA. The merger was carried with accounting continuity. In November, Nordax Bank AB (publ.) acquired all the shares in Bank Norwegian ASA and the Bank was delisted from the Oslo Stock Exchange November 15, 2021. The Bank is now a wholly owned subsidiary of Nordax Bank AB.

2. Basis for preparation of the accounts

The consolidated financial statements for 2021 have been prepared in accordance with International Financial Reporting Standards (IFRS) approved by the EU. The financial statements for Bank Norwegian ASA 2021 have been prepared in accordance with the regulations on annual accounts for banks, credit companies and finance companies, and follows the International Financial Reporting Standards (IFRS), with certain exceptions and simplifications regulated through the annual account regulations. Amounts in the note information are stated in NOK thousand unless otherwise stated. The notes presented in the annual report is related to both the consolidated financial statements and the financial statements for Bank Norwegian ASA if not otherwise specified.

3. New standards and implementations that have been adopted

As a result of changes in reference rates related to the IBOR-reform, IASB has proposed amendments to IFRS 9. Phase II of the IBOR-reform is implementet from 01.01.2021 but is considered not to have any material effect on the BN Group upon implementation. The Bank has not adopted any other new standards in 2021.

4. New standards and interpretations that have not yet been adopted

The consolidated financial statements will be affected by future amendments to IFRS. No published standards or interpretations that are not yet entered into force are expected to have a material effect on the BN Group 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 or loss
- 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* and *Shares and other securities.*

Financial assets measured at fair value
Certificates and bonds constitute the Bank's liquidity portfolio. The portfolio is held to secure the Bank's 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, any changes in the value are recognized against *net change in value on securities and currency*. The carrying amount includes accrued interest. Interest income received on certificates and bonds is presented in the income statement under *other income*. The interest income is measured according to actual received or paid interest on the portfolio.

Financial derivatives are used for covering liquidity needs within each currency. It is measured at fair value with changes through profit and loss. Unrealized and realized gain or loss are recognized against *net change in value on securities and currency.*

Shares and other securities comprise the Bank's ownership interest in VN Norge AS and Vipps AS and are measured at fair value. Changes in fair value is recognized against *net change in value on securities and currency,* while dividends received is recognized under *Income from shares and other securities*.

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 in accordance with IFRS 13 that sets out how fair value is measured. 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 and financial derivatives 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.

Hedge accounting
Bank Norwegian ASA has applied accounting standards from IFRS 9 and IFRS 7 effective from December 2021 related to hedge accounting. The Bank uses cash-flow hedging to reduce the interest rate risk relating to the debt

securities issued (the hedging object). Interest rates swaps are used as hedging instruments by swapping floating to fixed interest rates. Such instruments are initially recognized at fair value on the date of which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The effective portion of the gain or loss on the hedging instrument is recognized in *Other comprehensive income*, while any ineffective portion is recognized in the statement of profit or loss against *interest expense*. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

There are two sources of hedge ineffectiveness:

- Deterioration of the creditworthiness of the derivative counterparty
- Missing market fixing on NIBOR, expected replacement of NOWA rate + spread on both loan and swap

If ineffectiveness occurs through a deterioration of creditworthiness of the derivative counterparty, it might lead to a loss provision on the swap. If ineffectiveness occurs through a mismatch in floating rates, there might be a need for some interest expenses being booked in P/L. A missing NIBOR fixing is not expected to generate any ineffectiveness, but any mismatch in floating rate fixing between loan and swap will be booked as ineffectiveness.

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. Transaction expenses consist of brokerage commissions, establishment fees and other costs relating to the financial instrument. 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.

As an alternative to applying the effective interest method on cost relating to brokerage commissions on credit cards, the Bank has chosen to defer the cost over the expected lifetime of the cards (36 months). Due to the fact that the overall amount is low, it is assessed that this approach does not give any material errors on the carrying amount on loans to and receivables from customers.

The effective interest rate is the interest rate that discounts the loan's contractual cash flows (interest, instalments, 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 (gross carrying amount). 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 more than 90 days on the balance sheet date, has died or is suspected of fraud. Such loans are recognized as loans in Stage 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. Charge-off is being calculated at each month-end reviewing the engagements with an LGD above 70%, which is then fully written off to zero.

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 Stage 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 Stage 2 or Stage 3, the Bank makes provisions for expected losses over the remainder of the assets expected lifetime. The Bank has defined lifetime expectancy as the expected time horizon of when a customer is expected to have made full payment of interests and repayments. The Bank is measuring a change in the lifetime 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, and moved into Stage 3, when the loan is more than 90 days past due, in the event of death or cases where fraud is suspected, and when forbearance measures are granted.

Model Characteristics

The Bank uses a loan loss model to compute provisions and the model includes default probability (PD), discount rate, exposure at default (EAD) and loss given default (LGD). The models are validated and redeveloped according to annual plan to improve the quality of the models. 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. In addition to assessment of various sensitivity in change of macro, estimate of effect of sales prices for the portfolio is included in the model calculations. Sensitivity analysis are performed and outcome of the most relevant are included in note 4.

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 three stages:

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

The triggers measure change in credit quality by comparing PD at origination with PD at the time of reporting, 30 days past due, default on other products. 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 use an adjustment factor based on macroeconomic simulations for each product and country, based on Moody's methodology. Through thousands of simulations, the Bank calculates an expected, an optimistic and a pessimistic scenario for expected losses, where the model weights reflect the management's assessment of probable macro picture.

Definition of default is a commitment that is over 90 days past due according to the agreed payment plan and the minimum amount due is of a size equivalent to € 100 in the respective local currency or the obligor is bankrupt or deceased.

The Bank segments the portfolio into groups of loans with common risk characteristics and calculates expected credit losses (ECL) for each segment. This means differentiating between risk classes within each product, credit card and instalment loans, for each country separated. 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: $ECL = PD * EAD * LGD$.

For active accounts, the ECL is multiplied by a coefficient of which reflects the probability that the account would remain active. For inactive accounts that are older than one year and have had a maximum balance the previous 12 months above NOK, SEK, DKK 100 or EUR 10, a probability of reactivation is applied on the ECL calculation. The probability of reactivation is a constant and is applied to the ECL formula for every inactive account in stage 1.

Movement between stages
Loans are classified in Stage 1, 2 or 3 at the reporting date. Impairment levels vary between the three stages. See note 4 for more information about triggers and curing of a loan.

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 any indicators of impairment, the recoverable amount of the asset is measured according to value generated by the relevant Cash Generating Unit (CGU). The recoverable amount is the higher of its fair value less costs of disposal and its 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.

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
IP-rights:	5 years
Connection fee :	Non-amortizable

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.
IP-rights consist of three intangible assets, goodwill, IP-rights, and prepaid expenses in connection with the IP-rights. Goodwill and IP-rights are non-amortizable.

5.3. Fixed assets

Tangible fixed assets are valued at historical cost less accumulated ordinary depreciation and any impairment losses. The cost price includes all direct cost related to the acquisition of the asset. The carrying amount of an asset is derecognized in the event of sale or disposal.

The assessment of impairment follows the same principles as described in the section on intangible assets. 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
Leases:	3-5 years

5.4. Leases

Equipment and fixtures:	5 years
Leases:	3-5 years

5.4. Leases

The standard applies to all leases. At initial recognition the Bank measured the lease obligation and the right-to-use asset at present value of future lease agreements. Rent payments is accounted for as interest expenses and amortization. The Bank mainly leases the premises of the headquarter as well as fixtures and other smaller equipment that were recognized in the balance sheet by the adoption of IFRS 16.

The Bank's lease agreements for buildings contains a right to extension that can be exercised during the last period of the agreement. When entering into such agreements, the Bank assesses whether the right to an extension will be exercised reflecting this in the calculation of the value of the asset.

The Bank uses its incremental borrowing rate as discount rate in the calculation of the value of the leased assets.

The Bank has decided to use the exemptions stated in the standard for short-term leases (12 months or less) and low value leases. Meaning that these lease agreements are not included in the calculation.

5.5. Other receivables

Other receivables mainly consist of prepaid cost and prepaid marketing cost related to existing customers. Prepaid marketing costs are capitalized and accrued over the expected lifetime of the credit card. Expected maturity is normally 36 months.

5.6. Tax

5.6a. 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. The current tax rate used to calculate deferred tax/deferred tax assets in the Bank is 25%. Deferred tax assets are capitalized to the extent that it is probable that the benefit will be realized at a future date.

5.6b. 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.

5.6c. 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.

5.7. 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.

5.8. Currency

The BN Group's presentation currency is Norwegian kroner. The subsidiary, Lilienthal Finance Ltd, has Euro as its functional currency and is converted to Norwegian kroner in the consolidated financial statements. The parent Bank has Norwegian kroner as its functional currency, but has income and expenses in SEK, DKK and EUR. 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 exchange rates at the time of the transaction.

5.9. Insurance services

The Bank offers different types of insurances connected with our main products.

5.9a. Travel insurance and Shopping Basket insurance
These insurances are included in the credit card and free of charge for the customer. The expense related to these insurances are recognized monthly.

5.9b. Other insurances
Dental care insurance, full-year travel insurance, ID-theft insurance, loan- and payment insurance and rental car insurance are other insurances we offer where the customer pays a monthly or a yearly fee, mainly charged from their credit card. The Bank recognize commission income when the service is transferred to the customer.

5.10. Provision

Provisions are obligations that are non-financial obligations with an uncertain amount or settlement date. The Bank recognize a provision when the obligation has arisen from past events, and the payment is probable, and the amount can be estimated reliably.

5.11. Consolidation

The consolidated financial statements include Bank Norwegian ASA and subsidiaries where the Bank has control over the company's operations. Control over a unit occurs when the Bank has the power over the company in which it has ownership interest, has the right to receive variable returns and has the power to influence the amount of this return. The Bank has ownership interests in Lilienthal Finance Ltd (100% ownership interest). All intercompany transaction and balances have been eliminated in the consolidated financial statements.

5.12. Dividends

Dividends are recognized in the financial statement of Bank Norwegian ASA in accordance with the regulations on annual accounts for banks, credit companies and finance companies § 3-1. Proposed dividend and company contribution are recognized at the balance sheet date. According to IFRS it is not possible to include dividends on the balance sheet date until it is approved at the general meeting. Therefore, no proposed dividend is recognized in the consolidated financial statements at the time of the balance sheet.

5.13. 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 BN Group'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.

6. Important accounting estimates, judgements, and assumptions

6.1. Estimates

When preparing the financial statements, management makes estimates, judgment and assumptions that affect the application of the accounting principles and the carrying amount of assets, liabilities, income, and expenses. The estimation of valuation items and discretionary valuations is based on the BN Group's historical experience and other factors, including expectations of future events that are believed to be probable on the balance sheet date.

6.1a. Estimated expected credit loss (ECL)
ECL is calculated using credit risk models for PD and LGD, updated with most recent macro-information. In addition, a selection of scenarios covering a base, one optimistic and one pessimistic scenario is chosen, giving probability weighting of the outcome. More information is given in Note 4 on the key components, chosen combination of scenarios and the main macro elements affecting the ECL calculation. In addition, it is assessed if the estimated model calculations represent the best estimate, covering information not potentially included in the model assumptions, macro, or other factors.

6.1b. Impairment of goodwill and intangible assets
Impairment test of intangible assets are conducted according to IAS 36. Intangible assets with indefinite useful lives are subject for a yearly impairment test, while intangible assets with definite useful life are impairment tested when any indicators of impairment are present.

In the BN Group there are intangible assets related to license rights for the European expansion and these are considered as one cash generating unit (CGU), and are tested for impairment on a yearly basis. Budgets are used to the basis and estimation of future cash flows and the terminal value. In the calculation of net present value an estimate for a pre-tax discount rate is used based on key assumptions by management at the time valuation.

For all other intangible assets, management will assess if there are any indicators of impairment at year end. If any indicators of impairment, a valuation of the CGU's recoverable amount is conducted. Recoverable amounts of cash-generating units are determined by calculating the value in use. Recoverable amount is compared to the carrying amount of the asset and the asset is impaired if the carrying amount exceeds its recoverable amount.

Note 2. Segments

The profit and loss and balance sheet presentation for segments are based on internal financial reporting as it is reported to management. Other contains eliminations for group contributions. The Bank went live on October 25, in Spain and November 10, in Germany. The level of activity is still low, and the figures for these countries are presented with the figures for Norway. Profit after tax was NOK -8.7 million for Spain and NOK -12.6 million for Germany.

Profit and loss account 2021

Amounts in NOK 1000	Norway	Sweden	Denmark	Finland	Other	Total
Net interest income	1 860 888	783 245	600 432	1 420 609	-	4 665 173
Net other operating income	24 388	32 267	-30 614	37 225	28	63 294
Total income	**1 885 276**	**815 512**	**569 817**	**1 457 834**	**28**	**4 728 467**
Total operating expenses	871 633	232 906	182 512	299 933	37 783	1 624 767
Provision for loan losses	431 938	376 900	169 038	520 853	-	1 498 728
Profit before tax	**581 705**	**205 706**	**218 267**	**637 048**	**-37 755**	**1 604 972**
Tax charge	139 641	52 261	55 476	161 835	-4 719	404 494
Profit after tax	**442 064**	**153 445**	**162 792**	**475 212**	**-33 036**	**1 200 478**
Other comprehensive income	**-39**	**-44**	**-**	**-**	**-**	**-83**
Comprehensive income for the period	**442 025**	**153 401**	**162 792**	**475 212**	**-33 036**	**1 200 395**

Balance sheet 31.12.21

Amounts in NOK 1000	Norway	Sweden	Denmark	Finland	Other	Total
Loans to customers	12 769 167	6 077 752	3 983 818	10 818 583	-	33 649 320
Other assets	9 636 809	3 362 974	7 186 839	2 661 619	-32 635	22 815 606
Total assets	**22 405 975**	**9 440 726**	**11 170 657**	**13 480 202**	**-32 635**	**56 464 926**
Deposits from customers	13 088 696	5 321 224	10 453 144	7 530 547	-	36 393 611
Other liabilities and equity	9 317 280	4 119 503	717 513	5 949 655	-32 635	20 071 315
Total liabilities and equity	**22 405 975**	**9 440 726**	**11 170 657**	**13 480 202**	**-32 635**	**56 464 926**

Profit and loss account 2020

Amounts in NOK 1000	Norway	Sweden	Denmark	Finland	Other	Total
Net interest income	2 179 333	902 084	738 166	1 597 163	-3 692	5 413 054
Net other operating income	97 657	52 330	11 355	68 972	-671	229 644
Total income	**2 276 989**	**954 415**	**749 521**	**1 666 135**	**-4 363**	**5 642 698**
Total operating expenses	555 879	260 923	185 288	275 843	35 228	1 313 162
Provision for loan losses	553 713	406 430	323 905	546 900	-	1 830 948
Profit before tax	**1 167 398**	**287 062**	**240 328**	**843 392**	**-39 592**	**2 498 588**
Tax charge	136 694	33 883	28 336	99 688	313 011	611 613
Profit after tax	**1 030 703**	**253 179**	**211 992**	**743 704**	**-352 603**	**1 886 975**
Comprehensive income for the period	**1 030 703**	**253 179**	**211 992**	**743 704**	**-352 603**	**1 886 975**

Balance sheet 31.12.20

Amounts in NOK 1000	Norway	Sweden	Denmark	Finland	Other	Total
Loans to customers	15 264 965	6 920 949	4 776 260	10 981 515	-	37 943 688
Other assets	13 001 851	3 461 202	5 951 959	2 678 364	154 947	25 248 323
Total assets	**28 266 816**	**10 382 150**	**10 728 219**	**13 659 879**	**154 947**	**63 192 011**
Deposits from customers	20 179 276	5 893 512	10 121 224	6 483 691	-	42 677 703
Other liabilities and equity	8 087 540	4 488 639	606 995	7 176 187	154 947	20 514 309
Total liabilities and equity	**28 266 816**	**10 382 150**	**10 728 219**	**13 659 879**	**154 947**	**63 192 011**

Note 3. Capital adequacy

Bank Norwegian Group and Bank Norwegian ASA report according to the standardized approach for credit risk and the standardized approach for operational risk. In December 2020 the Group changed the timing of the annual update of the operational risk calculation from January in the following year to December in the current year. The BN Group adopted the EBA guidelines related to new definition of default as of January 1, 2021.

Total capital	**Bank Norwegian ASA**		**Bank Norwegian Group**	
Amounts in NOK 1000	**2021**	**2020**	**2021**	**2020**
Share capital	186 904	183 315	186 904	186 847
Share premium	983 401	966 646	983 401	978 201
Other reserves	8 887 458	8 253 647	9 574 004	9 528 112
Adjustment to retained earnings for foreseeable dividends	-	-	-719 581	-1 121 083
Deferred tax assets, intangible assets and additional valuation adjustment (AVA)	-118 177	-123 673	-440 240	-477 919
Common equity tier 1	**9 939 586**	**9 279 935**	**9 584 488**	**9 094 158**
Additional tier 1 capital	425 000	635 000	425 000	635 000
Tier 1 capital	**10 364 586**	**9 914 935**	**10 009 488**	**9 729 158**
Tier 2 capital	739 801	877 820	739 801	877 820
Total capital	**11 104 387**	**10 792 755**	**10 749 289**	**10 606 978**
Risk-weighted assets				
Covered bonds	1 028 448	939 778	1 028 448	939 778
Regional governments or local authorities	1 127 230	1 269 097	1 127 230	1 269 097
Institutions	476 608	764 928	476 608	563 273
Corporate	193 206	601	-	-
Loans to customers	21 673 195	23 960 025	21 673 195	23 960 025
Defaulted loans	5 173 830	5 996 989	5 173 830	5 996 989
Equity positions	188 267	50 642	26 775	50 642
Other assets	109 734	376 124	109 734	376 681
Total credit risk	**29 970 517**	**33 358 183**	**29 615 820**	**33 156 485**
Operational risk	**7 979 758**	**8 090 317**	**7 976 821**	**8 087 003**
Market risk	**7 364**	**2 788**	**7 364**	**2 788**
Total risk-weighted assets	**37 957 640**	**41 451 287**	**37 600 005**	**41 246 275**
Common equity tier 1 %	**26.2 %**	**22.4 %**	**25.5 %**	**22.0 %**
Tier 1 capital %	**27.3 %**	**23.9 %**	**26.6 %**	**23.6 %**
Total capital %	**29.3 %**	**26.0 %**	**28.6 %**	**25.7 %**

Note 4. Expected credit loss

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

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

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

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

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

All loan engagements are placed in one of the three stages according to IFRS; Stage 1 is used for engagements considered not impaired and uses a 12-month ECL calculation. Stage 2 has a significant increase in credit risk since its origination, according to the triggers disclosed below, and uses the lifetime approach to ECL calculation. Stage 3 is defaulted with more than 90 days past due definition and calculates the ECL based on the lifetime approach.

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

The payment behavior for our customers in all countries has been good and improvements continued through 2021, despite the COVID-19 situation. This is visible in the lower number of late payers, no-payers and a continuous reduction of inflow to debt collection. This is also evident for our customers being granted a payment relief during the pandemic according to our standard customer services routines. Payment relief is only given to healthy customers for 1, 2 or 3 months in total over a twelve-month period, based on application and previous healthy payment history.
An exposure in default that has surpassed an LGD of 70% is charged off and taken off the balance sheet. The legal claim towards the customer remains, with accumulation of interest.

Significant increase in credit risk

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

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

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

Note 4. Expected credit loss (continued)

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

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

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

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

Economic variables used to measure ECL

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

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

The process for the Bank is to remain both objective and quantitative in the approach to constantly evaluate the drivers behind each scenario against the potential reality of the economy, as perceived by the management, then to choose the optimistic and pessimistic scenarios that border on the extreme in both directions. For the period, the Optimistic 10th percentile and Pessimistic 75th percentile is chosen in addition to the baseline. This means that the Bank sees only a 10% probability of the economy performing better than the optimistic scenario. New cases, hospitalizations and deaths from COVID-19 recede faster than in the baseline. Consumer and business confidence rises more sharply than projected, buoyed by anticipation of faster-than-expected success in the development of reliable treatments and vaccines for COVID-19. Consumers return to spending on air travel, retail and hotels faster than expected. Supply-chain issues resolve more quickly than anticipated, boosting overall growth. The above-baseline growth results in steadily declining unemployment, and consequently fewer business bankruptcies. Political and economic tensions between the U.S. and China decline amid the positive outcomes. Although inflation and long-term interest rates rise more than in the baseline, financial markets do not become alarmed and foreign exchange rates remain stable.

In the pessimistic scenario, there is a 25% probability that the economy will perform even worse than the baseline. New cases, hospitalizations and deaths from COVID-19 diminish more slowly than in the baseline. Fewer people than expected agree to receive the vaccines, and concerns rise about effective widespread distribution and vaccine efficacy as Omicron variant cases increase. Consumers are more cautious about returning to spending on air travel, retail and hotel stays than in the baseline. Supply-chain issues resolve more slowly than anticipated, weakening the recovery in manufacturing. Commodity prices remain slightly below baseline amid lingering concerns about the pandemic. Emerging market countries face somewhat tighter international financing conditions. Political and economic tensions begin to rise again amid the disappointing outcomes regarding the incidence of illness. This scenario also implicates that infections abate mid April 2022.

All three scenarios are affected by COVID-19, where the recovery speed and timespan are the uncertain factors. The composition of the three scenarios is based on the best assessment of relevance for the period: choosing the most extreme pessimistic scenario is seen as highly unlikely as this is considered a stress scenario not based on our best estimate of the situation. If the most extreme pessimistic scenario had been chosen in connection with base and optimistic, the outcome would have led to NOK 128 million higher loan loss provision for Q4 2021 .

The scenario variables impact the 12-month PD, the Lifetime PD and the LGD, both pre-default and post-default. At the extremely unlikely scenario of the 96th percentile the calculated unweighted ECL isolated to that scenario would be more than NOK 660 million higher than the base-scenario. This scenario is characterized by many more people than anticipated refuse to receive the vaccines and worries rise about vaccine efficacy as Omicron variant cases increase. This is a scenario with a long-lasting crisis with only a probability of 4% that the economy is even worse off.

Note 4. Expected credit loss (continued)

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

Key assumptions used for the Base case scenario are:
1) No further wave of COVID-19 that causes countries to implement widespread shutdowns again
2) Aggressive fiscal and monetary policy response
3) Brent crude oil prices fall to just below $65 per barrel by the beginning of 2023 as supply increases, but they gradually rise as oil demand strengthens
4) 300 million confirmed cases

Key risks used for the Base case scenario are:
1) Further waves of COVID-19 cause several countries to shut down nonessential business again
2) Governments in most major economies have limited space to enact further fiscal stimulus
3) Policy mistakes once the crisis subsides stifle the recovery

		Base scenario		Optimistic scenario		Pessimistic scenario	
Norway		**12 months**	**5 years**	**12 months**	**5 years**	**12 months**	**5 years**
	Future 1 month oil price (USD per bbl)	65.2	69.8	68.5	76.0	55.8	66.8
	Nominal Private consumption (bil. USD)	206.1	261.5	207.4	271.5	176.2	255.1
	Real GDP (bil. 2012 USD)	611.5	651.7	619.2	660.6	599.0	643.3
Sweden							
	Disposable income (ths. 2020 SEK)	243.3	252.9	246.4	261.9	242.4	248.4
	GDP PPP (bil. USD)	656.2	749.6	684.3	785.0	592.6	720.6
	Money supply M3 (bil. SEK)	5 000.3	6 134.6	5 098.1	6 326.5	4 895.5	5 913.1
Denmark							
	GDP PPP (bil. USD)	456.0	585.7	490.4	594.9	412.4	574.2
	Industrial production index (2015 = 100)	121.7	133.1	127.7	136.1	117.4	130.1
	Unemployment rate (%)	5.7	5.1	5.2	4.9	6.3	5.2
Finland							
	GDP PPP (bil. USD)	343.0	418.6	368.5	447.4	307.5	395.2
	Nominal Private Consumption (bil. USD)	162.4	207.2	162.1	213.6	143.7	201.2
	Unemployment rate (%)	6.9	6.7	6.2	6.7	7.5	6.9
Spain							
	GDP Nominal (bil. USD)	1 564.2	1 959.1	1 578.1	2 042.2	1 354.6	1 885.7
	Personal Income (bil. 2015 EUR)	574.9	631.1	589.1	643.2	568.4	610.2
	Total Unemployment (mil. #)	3.3	3.1	3.0	3.0	3.5	3.2
Germany							
	GDP Nominal (bil USD)	4 596.6	5 543.3	4 748.4	5 824.9	3 991.5	5 349.3
	Nominal Private Consumption (bil. EUR)	1 963.1	2 225.1	2 035.7	2 286.6	1 930.0	2 175.9
	Unemployment rate (%)	5.3	5.2	4.5	5.0	5.6	5.5

Macro scenario sensitivity on ECL

		Final ECL	Base scenario	Optimistic scenario	Pessimistic scenario
Norway					
	Credit card	131 630	131 319	126 744	135 806
	Instalment loans	846 702	842 202	819 772	872 145
Sweden					
	Credit card	59 606	59 222	56 355	62 540
	Instalment loans	602 310	600 277	583 246	619 323
Denmark					
	Credit card	20 181	19 544	17 635	22 770
	Instalment loans	136 367	132 810	121 497	151 346
Finland					
	Credit card	203 086	202 250	193 457	211 514
	Instalment loans	1 293 266	1 287 886	1 246 893	1 335 028
Spain					
	Credit card	448	433	417	486
	Instalment loans	1 243	1 196	1 147	1 362
Germany					
	Credit card	610	612	589	625
	Instalment loans	1 412	1 416	1 363	1 448

The following weights have been used across all portfolios per 31.12.2021: 32.5% - 30% - 37.5% for Base, Optimistic and Pessimistic scenario for expected credit loss.

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

Loans to customers by product groups

31.12.21

Amounts in NOK 1000		Stage 1	Stage 2	Stage 3	Gross loans	Loan loss allowance Stage 1	Loan loss allowance Stage 2	Loan loss allowance Stage 3	Total
Norway	Instalment loans	6 070 074	439 979	2 384 286	8 894 338	21 892	25 310	799 500	8 047 636
	Credit card loans	4 235 797	220 309	300 569	4 756 675	19 099	17 336	95 194	4 625 046
Sweden	Instalment loans	2 976 367	322 226	1 123 245	4 421 838	45 092	46 929	510 289	3 819 528
	Credit card loans	2 115 775	121 984	80 070	2 317 830	18 897	13 787	26 922	2 258 224
Denmark	Instalment loans	3 188 505	86 581	133 789	3 408 875	47 098	15 386	73 882	3 272 508
	Credit card loans	683 459	24 297	23 734	731 491	7 238	2 454	10 489	711 310
Finland	Instalment loans	6 479 057	661 802	2 799 280	9 940 138	110 018	81 554	1 101 694	8 646 872
	Credit card loans	1 701 185	257 584	416 028	2 374 797	13 769	25 948	163 369	2 171 711
Spain	Instalment loans	37 989	35	-	38 025	1 241	3	-	36 781
	Credit card loans	2 633	84	-	2 717	416	33	-	2 269
Germany	Instalment loans	52 089	-	-	52 089	1 412	-	-	50 676
	Credit card loans	7 345	23	-	7 368	602	8	-	6 758
Total		**27 550 276**	**2 134 905**	**7 261 001**	**36 946 182**	**286 774**	**228 749**	**2 781 339**	**33 649 320**
Loan loss allowance coverage ratio per stage						**1.04 %**	**10.71 %**	**38.31 %**	
Net loans									**33 649 320**

The coverage ratios have remained stable with a slight decrease for all three stages with healthier accounts in Stage 1. Stage 3 is primarily influenced by a younger vintage remaining on book after the five portfolio sales of defaulted loans through the year, as well as a continual decreased inflow to Stage 3. The effect is a coverage ratio decrease in Stage 3 from 40.9% to 38.3%. The bank has a prudent model for allowance on defaulted loans with higher LGDs, where a full derecognition from the balance sheet is done on loan exposures that surpass an LGD of 70%. Including these charged-off accounts, the coverage ratio decreased from 49.9% to 43.6% on defaulted stage 3 loans. The reduction is a result of the five portfolio sales in 2021 where a substantial part of the sale was on loan volumes that were fully covered and written off.

31.12.20

Amounts in NOK 1000		Stage 1	Stage 2	Stage 3	Gross loans	Loan loss allowance Stage 1	Loan loss allowance Stage 2	Loan loss allowance Stage 3	Total
Norway	Instalment loans	7 329 966	882 867	3 062 106	11 274 938	47 469	51 317	1 077 942	10 098 211
	Credit card loans	4 381 127	304 772	913 338	5 599 237	27 199	23 940	381 345	5 166 754
Sweden	Instalment loans	2 962 324	446 295	1 851 721	5 260 340	48 005	56 956	846 519	4 308 860
	Credit card loans	2 093 625	302 973	519 021	2 915 620	22 235	30 218	251 079	2 612 089
Denmark	Instalment loans	3 416 011	138 711	1 164 081	4 718 803	62 827	23 649	645 408	3 986 919
	Credit card loans	674 074	23 054	194 371	891 499	14 179	3 211	84 768	789 341
Finland	Instalment loans	6 865 633	793 532	2 123 998	9 783 164	170 791	131 481	747 056	8 733 835
	Credit card loans	1 727 252	389 833	317 656	2 434 741	19 934	51 942	115 186	2 247 680
Total		**29 450 012**	**3 282 038**	**10 146 292**	**42 878 342**	**412 638**	**372 713**	**4 149 303**	**37 943 688**
Loan loss allowance coverage ratio per stage						**1.40 %**	**11.36 %**	**40.89 %**	
Net loans									**37 943 688**

Change in loan loss allowance and gross loans

Migration out of one stage is calculated at previous closing date 1.1.21, while migration into one stage is calculated at the closing date 31.12.21.

Total Loans

Loan loss allowance

Amounts in NOK 1000	Stage 1	Stage 2	Stage 3	Total
Loan loss allowance as at 1.1.21	412 638	372 713	4 149 303	4 934 654
Transfers:				
Transfers from stage 1 to stage 2	-39 227	130 785	-	91 558
Transfers from stage 1 to stage 3	-47 333	-	417 112	369 779
Transfers from stage 2 to stage 1	21 020	-84 304	-	-63 285
Transfers from stage 2 to stage 3	-	-154 365	316 238	161 873
Transfers from stage 3 to stage 2	-	5 098	-22 836	-17 738
Transfers from stage 3 to stage 1	1 674	-	-31 713	-30 039
New financial assets issued	55 574	40 788	55 632	151 993
Financial assets derecognized in the period	-61 208	-72 002	-2 277 091	-2 410 300
Changes due to modifications that did not result in derecognition	-56 364	-9 964	966 840	900 512
Charge-off	-	-	-792 145	-792 145
Loan loss allowance as at 31.12.21	**286 774**	**228 749**	**2 781 339**	**3 296 861**

Note 5. Loans to customers by product groups and change in loan loss allowance (continued)

Gross loans to customers

Amounts in NOK 1000	Stage 1	Stage 2	Stage 3	Total
Gross loans to customers as at 1.1.21	29 450 012	3 282 038	10 146 292	42 878 342
Transfers :				
Transfers from stage 1 to stage 2	-1 226 808	1 250 393	-	23 585
Transfers from stage 1 to stage 3	-1 269 479	-	1 297 304	27 825
Transfers from stage 2 to stage 1	833 002	-1 026 070	-	-193 068
Transfers from stage 2 to stage 3	-	-1 051 286	1 056 068	4 783
Transfers from stage 3 to stage 2	-	43 135	-74 681	-31 546
Transfers from stage 3 to stage 1	58 074	-	-120 795	-62 721
New financial assets issued	5 293 705	359 723	168 481	5 821 908
Financial assets derecognized in the period	-4 695 091	-665 956	-4 803 097	-10 164 144
Changes due to modifications that did not result in derecognition	-893 139	-57 073	643 193	-307 018
Charge-off	-	-	-1 051 764	-1 051 764
Gross loans to customers as at 31.12.21	**27 550 276**	**2 134 905**	**7 261 001**	**36 946 182**

Instalment loans total

Loan loss allowance

Amounts in NOK 1000	Stage 1	Stage 2	Stage 3	Total
Loan loss allowance as at 1.1.21	329 092	263 402	3 316 925	3 909 419
Transfers :				
Transfers from stage 1 to stage 2	-30 811	98 606	-	67 795
Transfers from stage 1 to stage 3	-42 891	-	354 955	312 064
Transfers from stage 2 to stage 1	13 025	-47 353	-	-34 328
Transfers from stage 2 to stage 3	-	-128 836	257 292	128 456
Transfers from stage 3 to stage 2	-	4 457	-16 978	-12 521
Transfers from stage 3 to stage 1	1 603	-	-25 125	-23 522
New financial assets issued	50 325	33 806	48 594	132 726
Financial assets derecognized in the period	-55 080	-51 346	-1 621 392	-1 727 818
Changes due to modifications that did not result in derecognition	-38 511	-3 554	835 955	793 890
Charge-off	-	-	-664 862	-664 862
Loan loss allowance as at 31.12.21	**226 752**	**169 183**	**2 485 365**	**2 881 300**

Gross loans to customers

Amounts in NOK 1000	Stage 1	Stage 2	Stage 3	Total
Gross loans to customers as at 1.1.21	20 573 933	2 261 406	8 201 905	31 037 244
Transfers :				
Transfers from stage 1 to stage 2	-923 463	881 150	-	-42 313
Transfers from stage 1 to stage 3	-1 112 880	-	1 109 113	-3 767
Transfers from stage 2 to stage 1	493 639	-573 178	-	-79 539
Transfers from stage 2 to stage 3	-	-865 128	870 512	5 384
Transfers from stage 3 to stage 2	-	38 749	-56 481	-17 732
Transfers from stage 3 to stage 1	55 728	-	-99 587	-43 858
New financial assets issued	4 954 126	301 195	148 128	5 403 450
Financial assets derecognized in the period	-4 245 511	-496 330	-3 364 337	-8 106 178
Changes due to modifications that did not result in derecognition	-991 493	-37 241	507 182	-521 551
Charge-off	-	-	-875 837	-875 837
Gross loans to customers as at 31.12.21	**18 804 081**	**1 510 623**	**6 440 599**	**26 755 303**

Credit card total

Loan loss allowance

Amounts in NOK 1000	Stage 1	Stage 2	Stage 3	Total
Loan loss allowance as at 1.1.21	83 546	109 311	832 378	1 025 235
Transfers :				
Transfers from stage 1 to stage 2	-8 416	32 179	-	23 763
Transfers from stage 1 to stage 3	-4 442	-	62 157	57 715
Transfers from stage 2 to stage 1	7 995	-36 951	-	-28 956
Transfers from stage 2 to stage 3	-	-25 529	58 946	33 417
Transfers from stage 3 to stage 2	-	641	-5 858	-5 218
Transfers from stage 3 to stage 1	72	-	-6 588	-6 516
New financial assets issued	5 248	6 981	7 038	19 267
Financial assets derecognized in the period	-6 127	-20 656	-655 699	-682 483
Changes due to modifications that did not result in derecognition	-17 853	-6 410	130 885	106 622
Charge-off	-	-	-127 284	-127 284
Loan loss allowance as at 31.12.21	**60 021**	**59 566**	**295 974**	**415 561**

Note 5. Loans to customers by product groups and change in loan loss allowance (continued)

Gross loans to customers

Amounts in NOK 1000	Stage 1	Stage 2	Stage 3	Total
Gross loans to customers as at 1.1.21	8 876 079	1 020 632	1 944 387	11 841 098
Transfers :				
Transfers from stage 1 to stage 2	-303 345	369 243	-	65 898
Transfers from stage 1 to stage 3	-156 599	-	188 191	31 592
Transfers from stage 2 to stage 1	339 363	-452 891	-	-113 528
Transfers from stage 2 to stage 3	-	-186 157	185 556	-601
Transfers from stage 3 to stage 2	-	4 386	-18 200	-13 814
Transfers from stage 3 to stage 1	2 345	-	-21 208	-18 863
New financial assets issued	339 579	58 527	20 352	418 458
Financial assets derecognized in the period	-449 580	-169 626	-1 438 760	-2 057 966
Changes due to modifications that did not result in derecognition	98 354	-19 832	136 010	214 533
Charge-off	-	-	-175 927	-175 927
Gross loans to customers as at 31.12.21	**8 746 196**	**624 282**	**820 401**	**10 190 879**

Note 6. Provision for loan losses

Amounts in NOK 1000	2021	2020
Realized losses in the period due to final write-offs	58 987	74 903
Realized losses in the period due to charge-offs*	266 999	209 683
Loan loss provisions - lifetime expected credit loss (stage 3)	1 550 428	1 658 194
Loan loss provisions - lifetime expected credit loss (stage 2)	-119 024	-143 024
Loan loss provisions - 12 months expected credit loss (stage 1)	-104 529	31 192
Adjustments for sold NPL portfolios	-154 133	-
Provision for loan losses	**1 498 728**	**1 830 948**

*Charge-off means that the entire loan is written down and removed from gross loans while maintaining the claim against the customer. The total legal claim of the charged-off accounts is NOK 687.2 million as of 31.12.2021 and NOK 1 827.2 million as of 31.12.2020. The reduction is due to five portfolio sales in 2021.

Note 7. Gross loans to customers by geographical region

Amounts in NOK 1000	2021	2020
Østlandet	7 075 457	8 767 025
Vestlandet	3 463 478	4 251 030
Nord-Norge	1 359 240	1 685 994
Trøndelag	998 782	1 231 332
Sørlandet	587 784	752 850
Not classified	133 613	171 811
Total Norway	**13 618 355**	**16 860 042**
Svealand	3 172 457	3 812 182
Götaland	2 819 874	3 432 123
Norrland	574 968	729 813
Not classified	190 499	210 825
Total Sweden	**6 757 798**	**8 184 944**
Hovedstaden	1 470 485	1 952 696
Sjælland	884 885	1 168 599
Syddanmark	715 467	976 998
Midtjylland	724 947	995 213
Nordjylland	351 321	470 984
Not classified	8 974	49 910
Total Denmark	**4 156 079**	**5 614 400**
Södra Finland	8 299 215	8 315 788
Mellersta Finland	1 470 390	1 439 916
Västra Finland	1 434 281	1 383 024
Norra Finland	554 127	536 387
Östra Finland	445 701	439 392
Not classified	109 935	104 450
Total Finland	**12 313 649**	**12 218 956**
Total Germany	**59 559**	**-**
Total Spain	**40 742**	**-**
Gross loans to customers	**36 946 182**	**42 878 342**

Note 8. Risk classes

Amounts in NOK 1000	12 month Probability of default	Stage 1	Stage 2	Stage 3	Gross loans 31.12.21	Gross loans 31.12.20	Undrawn credit limits 31.12.21	Undrawn credit limits 31.12.20
A	0 – 1%	7 580 171	1	-	7 580 172	6 179 263	45 393 671	48 008 525
B	1 – 3%	8 652 451	5 598	-	8 658 049	9 146 106	794 891	728 160
C	3 – 5%	3 716 680	23 635	-	3 740 315	4 838 332	145 171	173 971
D	5 – 9%	3 454 747	86 791	-	3 541 538	4 141 294	78 873	122 376
E	9 – 15%	2 146 784	209 674	-	2 356 458	3 063 638	26 612	43 466
F	15 – 20%	804 858	199 262	-	1 004 120	1 301 812	5 520	9 857
G	20 – 30%	851 538	408 805	-	1 260 343	1 709 161	3 045	8 742
H	30 – 40%	249 922	327 142	-	577 065	813 542	632	1 609
I	40 – 55%	81 940	400 626	-	482 566	647 421	220	704
J	55 – 100%	11 185	473 372	-	484 556	891 482	104	196
Defaulted loans		-	-	7 261 001	7 261 001	10 146 292	-	-
Total		**27 550 276**	**2 134 905**	**7 261 001**	**36 946 182**	**42 878 342**	**46 448 739**	**49 097 604**

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 exposures and development are regularly monitored and reported to the Bank's Board of Directors and executive management team.

Note 10. Credit risk

The largest financial risk exposure in the Bank is credit risk in the lending portfolio. Credit risk is defined as the risk of loss due to customers or counterparties being unable or unwilling to meet their financial obligations.

The Board of Directors sets long-term targets for the risk profile through the Risk Management Framework and associated risk appetite. The Risk Management Framework shall form a holistic and balanced view of the risk in the business, while the Bank's Credit Risk Policy and Capital Management Policy defines maximum limits for credit exposure. Limits have been set for annual loan growth (in % of gross loans), probability of default (PD), defaulted loans (Stage 3) as a proportion of total loans, and Coverage Ratio.

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.

Bank Norwegian’s internal models for risk classification of customers are subject to continuous improvement and testing. The risk classification systems are used for decision support, monitoring and reporting. The risk parameters used in the classification systems are an integrated part of the credit process and ongoing risk monitoring, including the follow-up of credit strategies.

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.

The Bank shall not operate in a way that is harmful to people, the society or environment, and thereby support long-term social and ecological balance. To ensure that the Board’s guidelines on consumer protection are followed, the Bank has a Risk Management Framework with underlying policies, including a Credit Risk Policy, Code of Conduct, Sustainability Policy, New Product Approval Policy, Conduct Risk Policy and Bank Norwegian Supplier Conduct Principles. The framework is an important prerequisite for responsible lending in the consumer credit markets and to assure that the Bank’s consumer credit products are designed in a responsible way. The purpose is to assure that consumer borrowers’ interests and needs are considered throughout the relationship in order to prevent consumer detriment. The Bank seeks transparent conditions and provides proper information to perform affordability checks.

Climate risk related to credit assessment is not currently and explicitly considered when the Bank grants credit to its customers as the Bank only provides unsecured loans to the private market.

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.

Remaining time to maturity for main items

31.12.21

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	-	-	-	-	-	-	-
Subordinated loan	-	-	-	203 561	569 755		773 316
Deposits from customers	36 393 611	-	-	-	-	-	36 393 611
Debt securities issued	-	240 406	724 345	1 684 195	4 603 399	-	7 252 345
Financial derivatives	-	17 550	60 765	59 979	588	-	138 882
Non interest-bearing liabilities*	-	27 041	69 954	981 127	-	-	1 078 121
Total liabilities	**36 393 611**	**284 996**	**855 064**	**2 928 863**	**5 173 742**	**-**	**45 636 276**
Cash and deposits with the central bank	813 303	-	-	-	-	-	813 303
Loans and deposits with credit institutions	1 079 310	-	-	-	-	-	1 079 310
Loans to customers	10 061 082	93 050	19 608	3 353 543	1 717 734	18 404 305	33 649 320
Certificates and bonds	-	1 008 162	1 524 309	8 186 158	9 514 652	-	20 233 281
Financial derivatives	-	23 089	20 349	89 793	237	-	133 468
Assets without remaining time to maturity*	556 243	-	-	-	-	-	556 243
Total assets	**12 509 938**	**1 124 300**	**1 564 266**	**11 629 494**	**11 232 623**	**18 404 305**	**56 464 926**

31.12.20

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	-	-	1 260 960	-	-	1 313 710
Subordinated loan	-	-	-	102 103	841 567	-	943 670
Deposits from customers	42 677 703	-	-	-	-	-	42 677 703
Debt securities issued	-	-	350 109	200 709	5 698 883	-	6 249 701
Financial derivatives	-	20 679	36 789	7 394	-	-	64 862
Non interest-bearing liabilities**	-	16 997	213 125	665 249	-	-	895 370
Total liabilities	**42 730 453**	**37 676**	**600 022**	**2 236 415**	**6 540 449**	**-**	**52 145 015**
Cash and deposits with the central bank	69 451	-	-	-	-	-	69 451
Loans and deposits with credit institutions	2 774 788	-	-	-	-	-	2 774 788
Loans to customers	10 932 127	129 816	26 149	3 475 777	1 856 683	21 523 136	37 943 688
Certificates and bonds	-	382 800	3 897 055	6 275 693	10 964 879	-	21 520 427
Financial derivatives	-	97 973	71 953	171 383	-	-	341 309
Assets without remaining time to maturity**	547 945	-	-	-	-	-	547 945
Total assets	**14 324 310**	**610 589**	**3 995 157**	**9 922 854**	**12 821 562**	**21 523 136**	**63 197 608**

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

*Non-interest bearing liabilities for Bank Norwegian ASA in 2021 was NOK 1 797.3 million, while assets without remaining time to maturity was NOK 588.9 million.

**Non-interest bearing liabilities for Bank Norwegian ASA in 2020 was NOK 2 030 million, while assets without remaining time to maturity was NOK 389.6 million.

Note 12. Market risk related to interest rate risk

Interest rate risk arises because interest bearing assets and liabilities have different interest rate terms and fixings.

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 financial 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 in securities with floating interest rates. The Bank only offers lending and deposit products with administratively set interest rates and no fixed interest rates are offered.

In 2020 the durations for Non-Maturing Deposits (NMD) and Non-Maturing Loans (NML) where set to respectively 2 months and 6 weeks in accordance with Norwegian Market Practice regardless of the direction of the interest rate change. During 2021 Bank Norwegian has fully implemented the EBA Guidelines for Interest Rate Risk in the Banking Book (IRRBB), where the main changes are related to Non-Performing Exposures (NPE), NMD, NML and the implementation of an interest rate floor when calculating the different stress scenarios.

According to EBA/GL/2018/02 the modelling assumptions should be relevant given the business model, strategies and operating environment, commensurate with existing and prospective IRRBB exposures, and capture behavioral aspects such as interest rate elasticities correctly. NPEs are therefore defined as general interest rate sensitive instruments where the interest rate duration reflects expected cash flows and their timing. For NMD and NML (other than NPEs) the duration is 1 day (O/N) in all markets except Norway, where there are legal constraints requiring banks to notify retail depositors two months prior to a decrease in deposit rates, and retail borrowers 6 weeks prior to an increase in lending rates. In the interest increase scenario the duration for NML is therefore set to 6 weeks, while the durations for NMD is set to 1 day (O/N).

Any estimated exposures 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.

The table below shows the effect on profit after tax based on a one percentage point parallel shift in the yield curve.

Interest rate risk, 1% change

Amounts in NOK 1000	2021	2020
Cash and deposits with the central bank	-17	-1
Loans and deposits with credit institutions	-23	-57
Loans to customers	-53 206	-32 814
Certificates and bonds	-33 693	-36 072
Total assets	**-86 939**	**-68 944**
Deposits from customers	764	53 311
Debt securities issued	9 358	9 154
Financial derivatives	-	27
Subordinated loan	1 351	1 613
Total liabilities	**11 473**	**64 106**
Tier 1 capital	691	1 052
Total equity	**691**	**1 052**
Interest rate derivatives	54 987	-
Total interest rate derivatives	**54 987**	**-**
Total interest rate risk, effect on profit after tax*	**-19 787**	**-3 787**

*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

Amounts in NOK 1000	2021	2020
0 - 1 month	-253	-986
1 - 3 months	-24 637	11 217
3 - 6 months	-7 216	-6 930
6 - 12 months	-2 160	-7 088
1-3 years	15 338	-
3-5 years	-859	-
> 5 years	-	-
Total interest rate risk, effect on profit after tax	**-19 787**	**-3 787**

Interest rate risk by currency

Amounts in NOK 1000	2021	2020
NOK	-4 714	-4 845
SEK	9 679	1 838
DKK	-2 679	5 960
EUR	-22 073	-6 741
Total interest rate risk, effect on profit after tax*	**-19 787**	**-3 787**

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

Note 13. Market risk related to currency exposure

Currency risk arises because the Bank has different exposures, given by assets and liabilities on the balance sheet and off-balance exposures, in each currency.

Board approved quantitative limits have been established for the net exposure in each currency, as well as the limits for aggregated net currency exposure.

Through its core business, the Bank has currency exposures in SEK, DKK and EUR and currency exposures are 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 of 31 December, as well as the effect on after-tax profit/loss of a 3% change in FX-rates.

Amounts in NOK 1000	**2021**	**2020**
Currency		
SEK	-106 103	35 856
DKK	27 232	18 926
EUR	-58 834	16 727
Total	**-137 705**	**71 509**
Effect on after-tax profit/loss of a 3 percent change in FX-rates	-3 098	1 609

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, to the extent possible, ensure that no individual incidents caused by operational risk seriously damage the Bank'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. Specialist 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 Bank’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 (ICT), 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

	Bank Norwegian ASA		**Bank Norwegian Group**	
Amounts in NOK 1000	**2021**	**2020**	**2021**	**2020**
Interest income from cash and deposits with the central bank	54	206	54	206
Interest income from loans to and deposits with credit institutions	-1 594	2 497	-1 594	-1 192
Interest income from instalment loans	3 483 696	4 154 887	3 483 696	4 154 887
Interest income from other loans	-	432	-	432
Interest income from credit card loans	1 414 945	1 726 892	1 414 945	1 726 892
Interest income from sales financing	86	221	86	221
Interest income, effective interest method	**4 897 187**	**5 885 136**	**4 897 187**	**5 881 447**
Interest and other income from certificates and bonds	182 078	226 167	182 078	226 167
Other interest and other interest related income	1 761	7 713	1 761	7 713
Other interest income	**183 839**	**233 880**	**183 839**	**233 880**
Total interest income	**5 081 026**	**6 119 015**	**5 081 026**	**6 115 326**
Interest expense from deposits from credit institutions	5 875	19 001	5 875	19 001
Interest expense from deposits from customers	179 113	425 177	179 113	425 177
Interest expense on debt securities issued	129 478	157 681	129 478	157 684
Interest expense on subordinated loan	31 621	36 008	31 621	36 008
Other interest and other interest related expenses	69 766	64 402	69 766	64 402
Interest expenses	**415 853**	**702 269**	**415 853**	**702 272**
Net interest income	**4 665 173**	**5 416 746**	**4 665 173**	**5 413 054**

Note 16. Net commission and bank services income

	Bank Norwegian ASA		Bank Norwegian Group	
Amounts in NOK 1000	**2021**	**2020**	**2021**	**2020**
Payment services	269 646	294 430	269 646	294 430
Insurance services	89 413	71 073	89 413	71 073
Other fees and commission and bank services income	36 531	46 513	36 531	46 513
Total commission and bank services income	**395 589**	**412 016**	**395 589**	**412 016**
Payment services	93 390	98 040	93 390	98 040
Insurance services	66 276	71 522	66 276	71 522
Other fees and commission and bank services expense	23 042	24 802	23 042	25 481
Total commission and bank services expenses	**182 707**	**194 364**	**182 707**	**195 043**

Note 17. Net change in value on securities and currency

	Bank Norwegian ASA		Bank Norwegian Group	
Amounts in NOK 1000	**2021**	**2020**	**2021**	**2020**
Net change on certificates and bonds	-169 756	-111 296	-169 756	-111 296
Net change on FX-forwards	-5 111	100 018	-5 111	100 018
Net currency effects	49 232	-5 919	49 260	-5 911
Net change on shares and other securities	-23 982	5 830	-23 982	5 830
Net change in value on securities and currency	**-149 616**	**-11 367**	**-149 588**	**-11 359**

*The contract amount was NOK 11 765 million in 2021 and NOK 10 394 million in 2020.

Note 18. Salaries and other personnel expenses

Specification of personnel expenses

Amounts in NOK 1000	**2021**	**2020**	**2021**	**2020**
Salaries	136 164	94 631	136 164	97 805
Social security tax	24 511	16 848	24 511	16 848
Pension premiums	8 098	5 836	8 098	5 836
Social benefits	2 921	2 343	2 921	2 343
Total	**171 694**	**119 658**	**171 694**	**122 832**

The CEO has a term of notice of six months. In the event of a termination of the employment initiated by the employer, the CEO is entitled to a termination payment equivalent to twelve months' fixed salary. If the CEO enters another employment relationship, the termination payment shall be reduced according to the government's guidelines on executive pay.

Number of employees as at December 31, 2021, wages and remuneration

At 31.12.21 the Group had 120 employees, corresponding to 109 man-labour years.

Wages, pension liabilities and remuneration to key employees

31.12.21

Amounts in NOK 1000	No. of shares	Wages	Bonus	Pension premiums	Other remuneration	Total remuneration
Klara-Lise Aasen, CFO (1.1-31.12) and CEO (29.6-31.12)	-	4 211	1 036	164	9	5 420
Tine Wollebekk, CEO (1.1-28.6)	-	4 122	1 185	164	-	5 472
Tore Andresen, COO	-	2 997	818	164	7	3 986
Peer Timo Andersen-Ulven, CRO	-	2 549	650	164	4	3 367
Fredrik Mundal, CMO	-	2 331	620	166	1	3 119
Frode Bergland Bjørnstad, Chief Legal Officer	-	1 952	453	164	3	2 573
Karstein Holen, CIO	-	2 299	426	164	3	2 892
Merete Gillund,Head of New Markets	-	2 819	125	164	8	3 116
Kai-Harry Hansen, Head of Risk Management	-	1 861	163	167	3	2 193
Total	**-**	**25 142**	**5 477**	**1 482**	**37**	**32 139**

31.12.20

Amounts in NOK 1000	No. of shares	Wages	Bonus	Pension premiums	Other remuneration	Total remuneration
Tine Wollebekk, CEO	88 281	3 753	1 529	124	114	5 520
Pål Svenkerud, CFO (1.1-30.9)	996 103	1 886	857	124	92	2 959
Fredrik Mundal, CMO	52 412	1 838	680	124	65	2 708
Tore Andresen, COO	1 103 185	2 530	867	124	82	3 604
Merete Gillund, CIO (1.1-29.2), New markets (1.11-31.12)	479 282	1 254	-	52	31	1 336
Peer Timo Andersen-Ulven, CRO	25 607	2 027	739	124	74	2 964
Frode Bergland Bjørnstad, CCO	10 941	1 523	197	124	10	1 854
Karstein Holen, CIO (1.3-31.12)	1 600	1 409	-	104	44	1 557
Klara-Lise Aasen, CFO (1.10-31.12)	2 000	775	-	31	2	808
Total	**2 759 411**	**16 995**	**4 869**	**932**	**514**	**23 310**

Key personnel are defined as members of the management group.

Note 18. Salaries and other personnel expenses (continued)

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 to key personnel are earned according to circular 02/2020 from The Financial Supervisory Authority of Norway, "Godtgjørelsesordninger i finansinstitusjoner m.v." (Compensation arrangements at banks). Key personnel received the bonus in shares in Norwegian Finans Holding ASA, which was later merged with Bank Norwegian ASA. Other employees receive the bonus in cash. The terms of the current bonus scheme were applied from 2021.

Remuneration to senior executives consists of a fixed salary, variable remuneration pension and insurance schemes. For 2021 the variable remuneration is limited to 50% of the fixed salary. Remuneration is determined based on an overall assessment, based on quantitative and qualitative factors related to the individual's role and responsibilities, as well as the Bank's results and risk profile over time.

Provision for bonus for 2021, including employer's contribution and financial tax, which forms the basis for payment of bonus in 2022, amounts to NOK 39.9 million.

Fees paid out to the Board of Directors*

Amounts in NOK 1000	2021	2020
Klaus-Anders Nysteen	1 627	-
Hans Torsten Georg Larsson	614	-
Izabella Kibsgaard-Petersen	614	-
Anita Marie Hjerkinn Aarnæs	614	250
Christine Rødsæther	614	250
Kjetil Garstad	614	250
Knut Arne Alsaker	614	175
John Høsteland	494	500
Lars Ola Kjos	494	250
Charlotte Ager	67	-
Anders Gullestad	10	50
Gunn Isabel Westerlund Ingemundsen	-	250
Rolv-Erik Spilling	-	125
Bjørn H. Kise	-	100
Bjørn Østbø	-	500
Total	**6 375**	**2 700**

Fees paid out to the Election Committee

Amounts in NOK 1000	2021	2020
Knut Gillesen	130	65
Alf Nielsen	20	20
Beret Sundet	40	20
Bjørn H. Kise	-	20
Total	**190**	**125**

Fees paid out to the Risk and Audit Committee

Amounts in NOK 1000	2021	2020
Izabella Kibsgaard-Petersen	160	-
Knut Arne Alsaker	140	60
Hans Torsten Georg Larsson	80	-
Klaus-Anders Nysteen	60	-
John Høsteland	50	40
Gunn Isabel Westerlund Ingemundsen	-	50
Bjørn Østbø	-	30
Rolv-Erik Spilling	-	10
Total	**490**	**190**

*All the previous board members, members of the election committee and the previous chairman, received their compensation for the year 2021 and until their term of expire, after an extraordinary general meeting in November 2021.

Auditor fees

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

	Bank Norwegian ASA		Bank Norwegian Group	
Amounts in NOK 1000	2021	2020	2021	2020
Statutory auditing	2 242	1 138	2 242	1 193
Other certification services	1 463	1 066	1 463	1 121
Other non-audit services		1 045		1 123
Total	**3 705**	**3 249**	**3 705**	**3 437**

Deloitte was appointed as the Group's auditor in 2020 and the table above for 2020 presents auditor fees from both new and previous auditor.

Note 18. Salaries and other personnel expenses (continued)

Pension

The BN Group is subject to compulsory occupational pension law and has a scheme that satisfies the requirement. The BN Group has a defined contribution plan, which means that the BN Group does not promise a future pension of a given size, but pays an annual contribution to the employees' collective pension savings. The BN Group has no further obligation related to delivered work after the annual contribution has been paid. As of December 31, 2021, 121 employees were included in the pension scheme.

Note 19. General administrative expenses

	Bank Norwegian ASA		Bank Norwegian Group	
Amounts in NOK 1000	**2021**	**2020**	**2021**	**2020**
Sales and marketing	795 975	778 294	795 975	778 294
IT operations	96 164	92 867	96 164	92 867
External services fees	325 875	111 410	326 758	117 798
Other administrative expenses	83 768	54 623	83 768	54 623
Total	**1 301 781**	**1 037 194**	**1 302 664**	**1 043 582**

Note 20. Other operating expenses

	Bank Norwegian ASA		Bank Norwegian Group	
Amounts in NOK 1000	**2021**	**2020**	**2021**	**2020**
Credit information	33 144	36 985	33 144	36 985
Auditor	3 705	2 396	3 705	2 396
Cleaning and maintenance of premises	588	336	588	336
Insurance	360	595	360	595
Machinery and fixtures	220	542	220	542
Other operating expenses	21 062	16 614	21 062	17 679
Total	**59 079**	**57 467**	**59 079**	**58 533**

Note 21. Earnings per Share

	Bank Norwegian ASA		Bank Norwegian Group	
Amounts in NOK 1000	**2021**	**2020**	**2021**	**2020**
Number of shares beginning of period	183 315	183 315	186 847	186 695
Changes due to merger	3 533	-	-	-
Allocation of bonus shares	57	-	57	153
Number of shares end of period	186 904	183 315	186 904	186 847
Average number of shares in the period	185 109	183 315	186 876	186 771
Profit on ordinary activities after tax	1 200 149	2 200 998	1 167 114	1 848 395
Earnings per share based on number of shares end of period	6.43	12.01	6.25	9.90
Earnings per share based on average number of shares in the period	6.43	12.01	6.25	9.90

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

	Bank Norwegian ASA		Bank Norwegian Group	
Amounts in NOK 1000	**2021**	**2020**	**2021**	**2020**
Loans and deposits with credit institutions and central banks*	1 892 613	2 841 991	1 892 613	2 844 239
Total loans and deposits with credit institutions and central banks	**1 892 613**	**2 841 991**	**1 892 613**	**2 844 239**

*Without agreed maturity or notice period

Specification of currencies

	Bank Norwegian ASA		Bank Norwegian Group	
Amounts in NOK 1000	**2021**	**2020**	**2021**	**2020**
NOK	1 101 739	579 394	1 101 739	581 642
SEK	268 476	649 292	268 476	649 292
DKK	305 896	1 461 685	305 896	1 461 685
EUR	216 502	151 620	216 502	151 620
Total loans and deposits with credit institutions and central banks	**1 892 613**	**2 841 991**	**1 892 613**	**2 844 239**
Average interest rate	-0.07 %	0.10 %	-0.07 %	0.10 %

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

Note 23. Classification of financial instruments

31.12.21

Amounts in NOK 1000	Fair value through other comprehensive income	Fair value through profit or loss	Amortized cost	Total
Cash and deposits with the central bank	-	-	813 303	813 303
Loans and deposits with credit institutions	-	-	1 079 310	1 079 310
Loans to customers	-	-	33 649 320	33 649 320
Certificates and bonds	-	20 233 281	-	20 233 281
Shares and other securities	-	26 802	-	26 802
Financial derivatives	285	133 183	-	133 468
Total financial assets	**285**	**20 393 266**	**35 541 933**	**55 935 485**
Loans from credit institutions	-	-	-	-
Deposits from customers	-	-	36 393 611	36 393 611
Debt securities issued	-	-	6 945 201	6 945 201
Financial derivatives	588	138 294	-	138 883
Subordinated loan	-	-	739 801	739 801
Total financial liabilities	**588**	**138 294**	**44 078 613**	**44 217 495**

31.12.20

Amounts in NOK 1000	Fair value through other comprehensive income	Fair value through profit or loss	Amortized cost	Total
Cash and deposits with the central bank	-	-	69 451	69 451
Loans and deposits with credit institutions*	-	-	2 774 788	2 774 788
Loans to customers	-	-	37 943 688	37 943 688
Certificates and bonds	-	21 520 427	-	21 520 427
Shares and other securities	-	50 692	-	50 692
Financial derivatives	-	341 309	-	341 309
Total financial assets	**-**	**21 912 429**	**40 787 927**	**62 700 356**
Loans from credit institutions**	-	-	1 313 710	1 313 710
Deposits from customers	-	-	42 677 703	42 677 703
Debt securities issued	-	-	6 034 387	6 034 387
Financial derivatives	-	64 862	-	64 862
Subordinated loan	-	-	877 820	877 820
Total financial liabilities	**-**	**64 862**	**50 903 619**	**50 968 481**

*Loans and depoisits with the credit institutions in Bank Norwegian ASA for 2020 was NOK 2 772.5 million.
**NOK 1 000 million is loan from Norges Bank.

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

31.12.21

Amounts in NOK 1000	Level 1	Level 2	Level 3	Total
Certificates and bonds*	-	20 233 281	-	20 233 281
Financial derivatives	-	133 468	-	133 468
Shares and other securities	-	-	26 802	26 802
Total financial assets at fair value	**-**	**20 366 749**	**26 802**	**20 393 551**
Financial derivatives	-	138 883	-	138 883
Total financial liabilities at fair value	**-**	**138 883**	**-**	**138 883**

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

31.12.20

Amounts in NOK 1000	Level 1	Level 2	Level 3	Total
Certificates and bonds	-	21 520 427	-	21 520 427
Financial derivatives	-	341 309	-	341 309
Shares and other securities	-	-	50 692	50 692
Total financial assets at fair value	**-**	**21 861 736**	**50 692**	**21 912 429**
Financial derivatives	-	64 862	-	64 862
Total financial liabilities at fair value	**-**	**64 862**	**-**	**64 862**

Change in instruments classified at level 3

31.12.21 *Amounts in NOK 1000*	Shares and other securities	Financial assets available for sale	Total
Value 31.12.20	50 692	-	50 692
Net change on financial instruments	-23 890	-	-23 890
Value 31.12.21	**26 802**	**-**	**26 802**

31.12.20 *Amounts in NOK 1000*	Shares and other securities	Financial assets available for sale	Total
Value 31.12.19	44 863	-	44 863
Net change on financial instruments	5 830	-	5 830
Value 31.12.20	**50 692**	**-**	**50 692**

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 25.3 million as of December 31, 2021. The fair value of the shares is estimated based on the stock price of Visa Inc., the currency rate (USD/NOK), a liquidity discount and a conversion rate.

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 when BankID Norge AS and Vipps AS merged in 2019, giving the Bank 357 additional shares. In 2021, the Bank bought 22 shares and as of 31.12.2021 the total number of shares in Vipps AS is 659. The shares are initially valued at cost and are valued at fair value in subsequent periods.

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, deposits from customers and loans from credit institutions
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

	2021		**2020**	
Amounts in NOK 1000	Book value	Fair value	Book value	Fair value
Debt securities issued	6 945 201	7 004 912	6 034 387	5 957 929
Subordinated loan	739 801	746 558	877 820	830 961
Total financial liabilities	**7 685 002**	**7 751 469**	**6 912 207**	**6 788 889**

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

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.

31.12.21

Amounts in NOK 1000	Level 1	Level 2	Level 3	Total
Debt securities issued	-	6 945 201	-	6 945 201
Subordinated loan	-	739 801	-	739 801
Total financial liabilities	**-**	**7 685 002**	**-**	**7 685 002**

31.12.20

Amounts in NOK 1000	Level 1	Level 2	Level 3	Total
Debt securities issued	-	6 034 387	-	6 034 387
Subordinated loan	-	877 820	-	877 820
Total financial liabilities	**-**	**6 912 207**	**-**	**6 912 207**

Note 26. Debt securities issued and subordinated loan

Amounts in NOK 1000	2021	2020
Debt securities issued, carrying value (amortized cost)	6 945 201	6 034 387
Subordinated loans, carrying value (amortized cost)	739 801	877 820
Total debt securities issued and subordinated loans	**7 685 002**	**6 912 207**

ISIN	Nominal value outstanding	Currency	Interest	Reference rate + margin	Maturity*	Carrying value
Debt securities issued (senior unsecured bonds)						
NO0010848591	239 000	NOK	Floating	NIBOR + 150bp	29.03.2022	239 021
NO0010863582	324 000	SEK	Floating	STIBOR + 140bp	16.09.2022	315 835
NO0010863574	400 000	NOK	Floating	NIBOR + 140bp	16.09.2022	400 284
NO0010871148	684 000	NOK	Floating	NIBOR + 195bp	12.12.2022	684 502
NO0010871130	1 000 000	SEK	Floating	STIBOR + 190bp	12.12.2022	974 746
NO0010871155	1 200 000	NOK	Floating	NIBOR + 215bp	12.12.2023	1 200 590
NO0010871296	600 000	SEK	Floating	STIBOR + 200bp	12.12.2023	584 681
NO0010952823	700 000	NOK	Floating	NIBOR + 145bp	18.03.2025	699 926
NO0010952831	300 000	SEK	Floating	STIBOR + 140bp	18.03.2025	292 230
NO0011142572	1 550 000	NOK	Floating	NIBOR + 112bp	03.05.2024	1 553 386
Total debt securities issued	**6 997 000**					**6 945 201**
Subordinated loan						
NO0010797988	200 000	NOK	Floating	NIBOR + 375bp	16.06.2022	199 964
NO0010833130	550 000	SEK	Floating	STIBOR + 375bp	02.10.2023	539 837
Total subordinated loans	**750 000**					**739 801**
Total	**7 747 000**					**7 685 002**

* Maturity reflects the first possible call date.

Cash flows from funding

Amounts in NOK 1000	Balance 31.12.20	Issued new debt	Repayment of debt	Interest expense 2021	Paid interest 2021	Amortization and other changes	Balance 31.12.21
Debt securities issued	6 034 387	2 547 542	-1 133 173	126 563	-121 398	-508 719	6 945 201
Subordinated loan	877 820	-	-99 886	31 392	-31 914	-37 610	739 801

Cash flow hedging on debt securities issued

The Banks calculates interest rate based on EBA/GL/2018/02, Interest Rate Risk in the Banking Book (IRRBB). The Bank has identified interest rate risk on the asset side, which has been hedged through entering Interest Rate Swaps by swapping floating rate to fixed rate on a specific share of the debt portfolio. The hedging object in the cash flow hedging is floating rate bond issues (FRN's). The interest rate swaps are tailored 1:1 vs. the floating rate payments in the bonds, so that the banks receives floating rate in the interest rate swaps, and pays fixed rate. The net interest payments on the hedged instruments are hence swapped from floating to fixed.

The effective portion of the gain or loss on the hedging instrument is recognized in Other comprehensive income (after tax), while any ineffective portion is recognized in the statement of profit or loss against interest expense. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

As of 31.12.2021 net loss on financial instruments at fair value through comprehensive income was NOK 83 thousand. The hedge effectiveness of the cash flow hedges are measure at approximately 100%.

		31.12.2021		31.12.2020	
Amounts in NOK 1000		Nominal amount	Value recognized in balance sheet (NOK)	Nominal amount	Value recognized in balance sheet (NOK)
Hedging instruments: Interest Rate Swaps	NOK	2 750 000	-212	-	-
Hedged items: Debt securities issued *	NOK	2 750 000	2 753 976	-	-
Hedging instruments: Interest Rate Swaps	SEK	1 600 000	-91	-	-
Hedged items: Debt securities issued *	SEK	1 600 000	1 559 428	-	-

*Recognized in the balance sheet at amortized cost

Net gains and losses on financial instruments at fair value recognized through comprehensive income

	2021	2020
Net gains and losses on interest rate swaps	-83 311	-

Note 26. Debt securities issued and subordinated loan (continued)

Information on maturity and interest rates on the hedging instrument

2021

Amounts in 1000	**Under 3 months**	**3-12 months**	**1-5 years**	**Total**
Debt sercurities in NOK, nominal amount	-	-	2 750 000	**2 750 000**
Debt sercurities in NOK, floating rate (pay)			3m nibor + 1.57%	**3m nibor + 1.57%**
Interest rate swap in NOK, floating rate (receive)			3m nibor + 1.57%	**3m nibor + 1.57%**
Interest rate swap in NOK, average fixed rate (pay)			3.12 %	**3.12 %**
Debt sercurities in SEK, nominal amount		1 000 000	600 000	**1 600 000**
Debt sercurities in SEK, floating rate (pay)		3m stibor + 1.90%	3m stibor + 2.00%	**3m nibor + 1.94%**
Interest rate swap in SEK, floating rate (receive)		3m stibor + 1.90%	3m stibor + 2.00%	**3m nibor + 1.94%**
Interest rate swap in SEK, average fixed rate (pay)		1.98 %	2.27 %	**2.09 %**

Note 27. Taxes

Amounts in NOK 1000	Bank Norwegian ASA 2021	Bank Norwegian ASA 2020	Bank Norwegian Group 2021	Bank Norwegian Group 2020
Deferred tax asset/deferred tax				
Basis for deferred tax asset/deferred tax in the balance sheet	-56 309	232 935	-126 894	200 092
Of which is deferred tax		58 234		58 234
Of which is deferred tax asset	14 077	-	22 900	4 107
Deferred tax asset/deferred tax in the accounts	**14 077**	**58 234**	**22 900**	**54 127**
Basis for tax charge, changes in deferred tax and tax payable				
Profit before tax	1 642 727	2 538 180	1 604 972	2 498 588
Permanent differences	-6 396	-66 894	-6 396	-66 892
Basis for the tax charge for the year	1 636 331	2 471 286	1 598 575	2 431 696
Change in differences included in the basis for deferred tax/tax asset	289 244	-217 650	327 000	-217 650
Corrections for differences throught OCI	-111	-	-111	-
Change in deferred tax / tax asset	-	-	-	-12 178
Basis for tax payable in the profit and loss	1 925 464	2 253 635	1 925 464	2 201 867
Adjustment for group contribution		-1 276 880	-	-
Taxable income (basis for tax payable in the balance sheet)	**1 925 464**	**976 755**	**1 925 464**	**2 201 867**
Distribution of tax charge				
Tax payable (25% / 25% of taxable income)	481 366	244 058	481 366	557 675
Excess tax provision previous year	-	-	-	-
Total tax payable	481 366	244 058	481 366	557 675
Change in deferred tax/tax asset	-72 311	54 413	-77 031	53 807
Corrections for deferred tax/tax assets differences throught OCI	28	-	28	-
Other corrections	131	-	131	-
Tax charge	**409 213**	**298 601**	**404 494**	**611 613**
Reconciliation of tax charge				
Profit before tax	1 642 727	2 538 180	1 604 972	2 498 588
Estimated tax expense (25%)	410 682	634 545	401 243	624 647
Tax charge in profit and loss account	409 213	298 601	404 494	611 613
Difference	**-1 468**	**-335 944**	**3 251**	**-13 034**
25% of permanent differences	-9 940	-7 078	-5 221	-7 078
Interest charged directly to equity	8 341	-9 645	8 341	-9 645
Differences due to group contribution	-	-319 220	-	3 689
Other differences	131	-	131	-
Explained difference	**-1 468**	**-335 944**	**3 251**	**-13 034**
Tax payable in the balance sheet				
Tax payable in the tax charge	481 366	244 058	481 366	557 675
Tax payable	**481 366**	**244 058**	**481 366**	**557 675**

Note 28. Intangible assets

Amounts in NOK 1000	IT/ Software	Connection fee	Brokerage commissions	***Total Bank Norwegian ASA***	IP-rights*	***Total Group***
Accumulated acquisition cost 31.12.20	101 563	17 337	167 152	*286 052*	374 740	*660 792*
Additions	31 487	-	2 051	*33 539*	-	33 539
Disposals	-3 623	-	-91 400	*-95 023*	-	-95 023
Acquisition cost 31.12.21	**129 427**	**17 337**	**77 804**	***224 568***	**374 740**	***599 308***
Accumulated depreciations 31.12.21	75 345	-	160 678	*236 024*	61 500	*297 524*
Accumulated depreciations on disposals 31.12.21	-3 623	-	-91 400	*-95 023*	-	*-95 023*
Net accumulated and reversed amortizations 31.12.21	-	-	-	-	-	-
Acc. Deprecia., amortizations and rev. amortizations 31.12.21	71 722	-	69 279	*141 001*	61 500	*202 501*
Book value 31.12.21	**57 705**	**17 337**	**8 525**	***83 567***	**313 240**	***396 807***
Annual depreciations	20 739	-	17 998	*38 737*	36 900	*75 637*
Annual amortizations	-	-	9 796	9 796	-	9 796
Expected useful life	5 years	Not	3 years		5 years	
Depreciation method	Linear	amortizable	Linear		Linear	

*The carrying amount of intangible assets with indefinite useful lives amounts to NOK 190.2 million and are not amortizable.

Amounts in NOK 1000	IT/ Software	Connection fee	Brokerage commissions	***Total Bank Norwegian ASA***	IP-rights*	***Total Group***
Accumulated acquisition cost 31.12.19	140 548	17 337	155 664	313 550	374 740	688 290
Additions	16 935	-	11 488	28 423	-	28 423
Disposals	-55 920	-	-	-55 920	-	-55 920
Acquisition cost 31.12.20	**101 563**	**17 337**	**167 152**	**286 052**	**374 740**	**660 792**
Accumulated depreciations 31.12.20	54 606	-	132 884	187 491	24 600	212 091
Net accumulated and reversed amortizations 31.12.20	-	-	-	-	-	-
Acc. Deprecia., amortizations and rev. amortizations 31.12.20	54 606	-	132 884	187 491	24 600	212 091
Book value 31.12.20	**46 957**	**17 337**	**34 268**	**98 561**	**350 140**	**448 701**
Annual depreciations	19 832	-	39 607	59 440	24 600	84 040
Expected useful life	5 years	Not	3 years		5 years	
Depreciation method	Linear	amortizable	Linear		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 can offer payment services which allow customers to settle transactions among themselves, independently of connections to banks.

Intellectual property rights consist of three intangible assets. Goodwill from the acquisition of Lilienthal Finance Ltd of NOK 40.2 million, IP-rights of NOK 150 million related to a perpetual irrevocable right to use the brand name "Norwegian" in Europe (ex. Nordics), and a five year license fee of NOK 184.5 million for the right to use the brand name. Goodwill and the perpetual IP-right have indefinite useful lives and are not amortizable according to IAS 38. The prepaid license fee are amortized over the license period of 5 years starting May 2020. The accumulated amortization as of 31.12.2021 is NOK 61.5 million.

The cash generating unit (CGU) consists IP-rights and allocated goodwill. The CGU has been impairment tested by calculating the value in use by discounting expected future cash flows. A 5-year budget for the European expansion into two new countries has been used as projection of cash flows. As basis for the yearly cash flows a growth in gross carrying amount in loans to customers has been estimated. The calculation includes, additional costs in the form of increased MREL capital requirements and the need for funding related to the expansion. A pre-tax discount rate has been used reflecting the Group's cost of capital. At year end no impairment has been deemed necessary.

Note 29. Fixed assets

Amounts in NOK 1000	Fixtures and fittings	Hardware	Right-of-use assets	Total
Accumulated acquisition cost 31.12.20	453	2 687	10 101	13 241
Adjustments			437	
Additions		3 397	32 795	36 192
Disposals			-182	-182
Acquisition cost 31.12.21	**453**	**6 084**	**43 150**	**49 688**
Accumulated depreciations 31.12.21	453	2 267	11 535	14 255
Accumulated depreciations on disposals 31.12.21			-182	-182
Net accumulated and reversed amortizations 31.12.21	-	-	-	-
Acc. depreciations, amortizations and rev. Amorti. 31.12.21	453	2 267	11 353	14 073
Book value 31.12.21	**-**	**3 818**	**31 798**	**35 615**
Annual depreciations	-	1 329	4 568	5 896
Expected useful life	5 years	3 years	3-5 years	
Depreciation method	Linear	Linear	Linear	

Amounts in NOK 1000	Fixtures and fittings	Hardware	Right-of-use assets	Total
Accumulated acquisition cost 31.12.19	1 858	2 517	9 787	14 161
Additions	-	1 714	314	2 028
Disposals	-1 404	-1 544	-	-2 948
Acquisition cost 31.12.20	**453**	**2 687**	**10 101**	**13 241**
Accumulated depreciations 31.12.20	453	938	6 967	8 358
Net accumulated and reversed amortizations 31.12.20	-	-	-	-
Acc. depreciations, amortizations and rev. Amorti. 31.12.20	453	938	6 967	8 358
Book value 31.12.20	**-**	**1 749**	**3 134**	**4 883**
Annual depreciations	-	784	3 391	4 174
Expected useful life	5 years	3 years	3-5 years	
Depreciation method	Linear	Linear	Linear	

Note 30. Lease agreements

The BN Group's leased assets include the office at Snarøyveien 36, Fornebu, other equipment and fixtures. The office agreement expired October 31, 2021, and the Bank the entered a new agreement of three years. The new contract include an option of extension for three years and the Bank consideres it highly probable to excute the option. Annual rent of office space amounts to NOK 5.3 million. The Group's right-of-use assets are categorized and presented in the table below:

Right-of-use assets

Amounts in NOK 1000	Buildings	Datalines	Equipment and fixtures	Total
Accumulated acquisition cost 31.12.20	7 704	1 619	779	10 101
Adjustments	379	-	58	437
Additions	29 514	-	3 280	32 795
Disposals	-	-90	-92	-182
Acquisition cost 31.12.21	**37 597**	**1 529**	**4 025**	**43 150**
Accumulated depreciations 31.12.20	5 417	1 079	471	6 967
Depreciation	3 485	450	451	4 386
Accumulated depreciations 31.12.21	8 902	1 529	922	11 353
Book value 31.12.21	**28 694**	**-**	**3 103**	**31 798**
Expected useful life	6 years	3 years	3-4 years	
Depreciation method	Linear	Linear	Linear	

Amounts in NOK 1000	Buildings	Datalines	Equipment and fixtures	Total
Accumulated acquisition cost 31.12.19	7 389	1 619	779	9 787
Adjustments	185	-	-	185
Additions	130	-	-	130
Acquisition cost 31.12.20	**7 704**	**1 619**	**779**	**10 101**
Accumulated depreciations 31.12.19	2 487	540	235	3 262
Depreciation	2 930	540	235	3 705
Accumulated depreciations 31.12.20	5 417	1 079	471	6 967
Book value 31.12.20	**2 287**	**540**	**308**	**3 134**
Expected useful life	3 years	3 years	3-4 years	
Depreciation method	Linear	Linear	Linear	

Note 30. Lease agreements (continued)

Lease liabilites

The BN Group's leases are non-cancellable operating leases expiring within three to six years. The incremental borrowing rate is estimated to 2.59%. 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:

Amounts in NOK 1000	2021	2020
Within one year	6 449	3 026
Later than one year but not later than five years	27 760	405
Later than five years	-	-
Non-cancellable operating leases	**34 209**	**3 431**

A short term lease agreement regarding an apartment in Malaga was NOK 26.8 thousand in 2021 and is considered immaterial. The lease agreement is from October 2021 to June 2022.

Changes in lease liabilities

Amounts in NOK 1000	Total
Lease liabilities as at 31.12.20	2 798
New/changed lease liabilities recognised during the period	32 968
Payment of principal	-3 833
Payment of interest	210
Lease liabilities as at 31.12.21	**32 143**

Amounts in NOK 1000	Total
Lease liabilities as at 31.12.19	6 602
New/changed lease liabilities recognised during the period	130
Payment of principal	-4 120
Payment of interest	186
Lease liabilities as at 31.12.20	**2 798**

Note 31. Other receivables

	Bank Norwegian ASA		Bank Norwegian Group	
Amounts in NOK 1000	2021	2020	2021	2020
Distribution commissions	6 650	17 979	6 650	17 979
Prepaid expenses	4 255	3 097	4 255	3 097
Other receivables	256 420	214 436	63 214	12 889
Total receivables	**267 325**	**235 512**	**74 119**	**33 965**

Note 32. Other liabilities

	Bank Norwegian ASA		Bank Norwegian Group	
Amounts in NOK 1000	2021	2020	2021	2020
Payables to suppliers	19 377	8 456	19 377	8 614
Value added tax	30 020	7 147	30 020	7 150
Social security tax	6 120	3 159	6 120	3 159
Tax withholdings	6 023	4 024	6 023	4 024
Unsettled items related to certificates and bonds	1 641	1 200	1 641	1 200
Other liabilities	1 043 682	1 469 845	324 195	18 852
Total other liabilities	**1 106 863**	**1 493 831**	**387 376**	**42 999**

Note 33. Accrued expenses

	Bank Norwegian ASA		Bank Norwegian Group	
Amounts in NOK 1000	2021	2020	2021	2020
Accrued not due expenses*	158 349	203 310	158 655	205 920
Bonus	39 907	21 288	39 907	21 288
Holiday pay	10 452	7 728	10 452	7 728
Board remuneration	338	1 472	338	1 472
Accrued fees	27	55	27	55
Total accrued expenses	**209 073**	**233 853**	**209 379**	**236 463**

*Accrued expenses are provisions for incurred costs at year end, with outstanding payments and applies to deliveries from various third parties, provisions for insurance costs and other accruals.

Note 34. Additional Tier 1 Capital

Amounts in NOK 1000 ISIN	Nominal value outstanding	Currency	Interest	Reference rate + margin	Maturity *	Carrying value
Additional Tier 1 Capital						
NO0010797319	300 000	NOK	Floating	NIBOR + 525bp	14.06.2022	300 000
NO0010833320	125 000	NOK	Floating	NIBOR + 540bp	02.10.2023	125 000
Total Additional Tier 1 Capital	**425 000**					**425 000**

*Reflects the first possible call date. 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.

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 and other investments

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

All intercompany balances between Norwegian Finans Holding ASA and Lilienthal Finance Ltd are now between Bank Norwegian ASA and Lilienthal Finance Ltd. Intercompany balance as of 31.12.2021 is NOK 193.2 million and consists mainly of a loan of NOK 184.5 million in relation to the acquisition of IP rights in Lilienthal Finance Ltd. and general expenses.

In November, Nordax Bank AB (publ.) acquired all the shares in Bank Norwegian ASA and the Bank was delisted from the Oslo Stock Exchange November 15, 2021. The Bank is now a wholly owned subsidiary of Nordax Bank AB. In December 2021, Bank Norwegian ASA (as lender) and Nordax Bank AB (publ) (as borrower), rated BBB from Nordic Credit Rating, entered into a group internal loan agreement of NOK 500 million at market terms. The loan approval process by the Lender has been made in accordance with the procedures set out in Section 8-10 of the Norwegian Public Limited Liability Companies Act and ranks pari passu with other unsecured lenders of Nordax Bank AB (publ). Payment of the loan was agreed upon and conducted in January 2022.

Note 36. Completed merger

In 2021 Bank Norwegian ASA merged with its parent company Norwegian Finans Holding ASA which owned 100% of the shares in Bank Norwegian ASA.

The merger was effective from July 20, 2021, with Bank Norwegian ASA as transferee entity. The merged entity's total carrying amount is based on group book value and the group continuity accounting method is applied. The merger has no effect on the group accounts.

For accounting and tax purposes the merged entity was included in Bank Norwegian ASA retrospectively as of January 1, 2021. Details on the merged balance is outlined below. The table presented below shows the effect on the balance as of 01.01.2021 of Bank Norwegian ASA from the merger, and consists of Norwegian Finans Holding ASA's balance adjusted for group eliminations.

Amounts in NOK 1000	Note	**01.01.2021**
Loans and deposits with credit institutions		2 248
Ownership interests in group companies	35	161 491
Deferred tax asset		3
Other assets		-9 153
Total Assets		**154 589**
Tax payable		313 616
Other liabilities		-329 822
Provisions		2 325
Total liabilities		**-13 881**
Net assets / equity contributed in the merger		168 469

Bank Norwegian ASA completed a capital increase registered February 4, 2021, which is included in the amount of Net assets / equity above.

Note 37. Subsequent events

The Board of Directors are not aware of any events after the date of the balance sheet that may be of material significance.

Quarterly figures

Profit and loss account

Amounts in NOK 1000	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
					Bank Norwegian Group
Interest income, effective interest method	1 143 033	1 206 994	1 245 786	1 301 374	1 416 244
Other interest income	46 974	38 270	44 497	54 099	53 944
Interest expenses	99 051	94 306	107 170	115 327	158 935
Net interest income	**1 090 956**	**1 150 959**	**1 183 113**	**1 240 146**	**1 311 252**
Commission and bank services income	148 474	86 132	75 925	85 058	73 716
Commission and bank services expenses	53 478	41 384	44 459	43 386	52 439
Income from shares and other securities	-	-	-	-	24 029
Net change in value on securities and currency	-48 122	-60 729	-12 363	-28 375	-56 420
Net other operating income	**46 875**	**-15 981**	**19 103**	**13 297**	**-11 114**
Total income	**1 137 831**	**1 134 978**	**1 202 215**	**1 253 443**	**1 300 139**
Personnel expenses	54 760	47 032	35 844	34 058	35 905
General administrative expenses	450 883	324 697	264 943	262 141	257 849
Depreciation and impairment	19 780	21 513	23 148	26 888	23 965
Other operating expenses	14 425	15 118	16 883	12 653	13 120
Total operating expenses	**539 849**	**408 361**	**340 819**	**335 740**	**330 839**
Provision for loan losses	378 416	359 715	370 664	389 933	397 662
Profit before tax	**219 566**	**366 902**	**490 733**	**527 771**	**571 638**
Tax charge	59 820	90 807	122 941	130 926	135 404
Profit after tax	**159 746**	**276 095**	**367 792**	**396 845**	**436 234**

Comprehensive income

Amounts in NOK 1000	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
					Bank Norwegian Group
Profit on ordinary activities after tax	**159 746**	**276 095**	**367 792**	**396 845**	**436 234**
Financial assets at fair value through OCI	-111	-	-	-	-
Tax	28	-	-	-	-
Items that may be reclassified to profit or loss	-83	-	-	-	-
Comprehensive income for the period	**159 663**	**276 095**	**367 792**	**396 845**	**436 234**

Balance sheet

Amounts in NOK 1000	31.12.21	30.9.21	30.6.21	31.3.21	31.12.20
					Bank Norwegian Group
Assets					
Cash and deposits with the central bank	813 303	69 884	69 885	69 945	69 451
Loans and deposits with credit institutions	1 079 310	2 199 801	2 175 449	1 694 562	2 774 788
Loans to customers	33 649 320	34 216 695	35 654 342	35 749 207	37 943 688
Certificates and bonds	20 233 281	20 556 073	19 738 636	21 005 806	21 520 427
Financial derivatives	133 468	73 361	156 076	387 965	341 309
Shares and other securities	26 802	26 322	54 326	49 040	50 692
Intangible assets and goodwill	396 807	403 517	415 442	427 805	448 701
Deferred tax asset	22 900	7 668	6 481	5 784	4 107
Fixed assets	35 615	3 433	3 874	4 855	4 883
Receivables	74 119	50 554	76 651	58 538	33 965
Total assets	**56 464 926**	**57 607 307**	**58 351 162**	**59 453 506**	**63 192 011**
Liabilities and equity					
Loans from credit institutions	-	491 395	156 400	300 667	1 313 710
Deposits from customers	36 393 611	38 224 252	39 143 018	39 509 888	42 677 703
Debt securities issued	6 945 201	6 018 621	6 181 276	6 107 413	6 034 387
Financial derivatives	138 883	61 872	48 135	162 758	64 862
Tax payable	481 366	348 107	256 113	446 089	557 675
Deferred tax	-	58 234	58 234	58 234	58 234
Other liabilities	387 376	199 954	248 189	29 870	42 999
Accrued expenses	209 379	248 312	257 373	282 226	236 463
Subordinated loan	739 801	753 807	856 909	840 454	877 820
Total liabilities	**45 295 617**	**46 404 553**	**47 205 647**	**47 737 600**	**51 863 850**
Share capital	186 904	186 904	186 904	186 847	186 847
Share premium	983 401	983 401	983 401	978 201	978 201
Tier 1 capital	425 000	425 000	635 000	635 000	635 000
Retained earnings	9 574 004	9 607 449	9 340 210	9 915 857	9 528 112
Total equity	**11 169 309**	**11 202 754**	**11 145 514**	**11 715 906**	**11 328 161**
Total liabilities and equity	**56 464 926**	**57 607 307**	**58 351 162**	**59 453 506**	**63 192 011**

Profit and loss account

Amounts in NOK 1000	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
					Bank Norwegian ASA
Interest income, effective interest method	1 143 033	1 206 994	1 245 786	1 301 374	1 417 166
Other interest income	46 974	38 270	44 497	54 099	53 944
Interest expenses	99 051	94 306	107 170	115 327	158 934
Net interest income	**1 090 956**	**1 150 959**	**1 183 113**	**1 240 146**	**1 312 175**
Commission and bank services income	148 474	86 132	75 925	85 058	73 716
Commission and bank services expenses	53 478	41 384	44 459	43 321	52 315
Income from shares and other securities	-	-	-	-	24 029
Net change in value on securities and currency	-48 127	-60 729	-12 352	-28 408	-56 428
Net other operating income	**46 870**	**-15 981**	**19 114**	**13 329**	**-10 998**
Total income	**1 137 826**	**1 134 978**	**1 202 227**	**1 253 475**	**1 301 178**
Personnel expenses	54 760	47 032	35 844	33 321	35 171
General administrative expenses	450 859	324 426	264 658	260 630	255 091
Depreciation and impairment	10 555	12 288	13 923	17 663	14 740
Other operating expenses	14 425	15 118	16 883	12 413	13 419
Total operating expenses	**530 599**	**398 865**	**331 309**	**324 027**	**318 422**
Provision for loan losses	378 416	359 715	370 664	389 933	397 662
Profit before tax	**228 810**	**376 398**	**500 254**	**539 515**	**585 094**
Tax charge	60 975	91 994	124 136	132 603	-181 808
Profit after tax	**167 835**	**284 403**	**376 118**	**406 912**	**766 902**

Comprehensive income

Amounts in NOK 1000	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
					Bank Norwegian ASA
Profit on ordinary activities after tax	**167 835**	**284 403**	**376 118**	**406 912**	**766 902**
Financial assets at fair value through OCI	-111	-	-	-	-
Tax	28	-	-	-	-
Items that may be reclassified to profit or loss	-83	-	-	-	-
Comprehensive income for the period	**167 751**	**284 403**	**376 118**	**406 912**	**766 902**

Balance sheet

Amounts in NOK 1000	31.12.21	30.9.21	30.6.21	31.3.21	31.12.20
				Bank Norwegian ASA	
Assets					
Cash and deposits with the central bank	813 303	69 884	69 885	69 945	69 451
Loans and deposits with credit institutions	1 079 310	2 199 801	2 175 449	1 694 182	2 772 540
Loans to customers	33 649 320	34 216 695	35 654 342	35 749 207	37 943 688
Certificates and bonds	20 233 281	20 556 073	19 738 636	21 005 806	21 520 427
Ownership interests in group companies	161 491	161 491	161 491	-	-
Financial derivatives	133 468	73 361	156 076	387 965	341 309
Shares and other securities	26 802	26 322	54 326	49 040	50 692
Intangible assets and goodwill	83 567	81 052	83 752	86 890	98 561
Deferred tax asset	14 077	-	-	-	-
Fixed assets	35 615	3 433	3 874	4 855	4 883
Receivables	267 325	243 534	269 595	263 938	235 512
Total assets	**56 497 561**	**57 631 646**	**58 367 427**	**59 311 827**	**63 037 064**
Liabilities and equity					
Loans from credit institutions	-	491 395	156 400	300 667	1 313 710
Deposits from customers	36 393 611	38 224 252	39 143 018	39 509 888	42 677 703
Debt securities issued	6 945 201	6 018 621	6 181 276	6 107 413	6 034 387
Financial derivatives	138 883	61 872	48 135	162 758	64 862
Tax payable	481 366	348 107	256 113	132 472	244 058
Deferred tax	-	58 234	58 234	58 234	58 234
Other liabilities	1 106 863	199 954	435 036	1 481 201	1 493 831
Accrued expenses	209 073	247 703	256 999	278 730	233 853
Subordinated loan	739 801	753 807	856 909	840 454	877 820
Total liabilities	**46 014 797**	**46 403 945**	**47 392 121**	**48 871 817**	**52 998 456**
Share capital	186 904	186 904	186 904	186 904	183 315
Share premium	983 401	983 401	983 401	966 646	966 646
Tier 1 capital	425 000	425 000	635 000	635 000	635 000
Retained earnings	8 887 458	9 632 396	9 170 001	8 651 460	8 253 647
Total equity	**10 482 763**	**11 227 701**	**10 975 306**	**10 440 010**	**10 038 608**
Total liabilities and equity	**56 497 561**	**57 631 646**	**58 367 427**	**59 311 827**	**63 037 064**

Bærum, March 29, 2022
The Board of directors of Bank Norwegian ASA

Hans Larsson
Chairman of the Board

Jacob Lundblad
Board member

Christopher Ekdahl
Board member

Ragnhild Wiborg
Board member

Izabella Kibsgaard-Petersen
Board member

Lisa Karlsson Bruzelius
Board member

Knut Arne Alsaker
Board member

Charlotte Ager
Board member

Klara-Lise Aasen
CEO

Statement

Statement pursuant to section 5-5 of the Securities Trading Act

We hereby confirm that the annual accounts for the Group and the company for 2021 to the best of our knowledge have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the company taken as a whole.

The Directors' report gives a true and fair view of the development and performance of the business and the position of the Group and the company, as well as a description of the principal risks and uncertainties facing the Group.

Bærum, March 29, 2022
The Board of Directors in Bank Norwegian ASA

Hans Larsson Chairman of the Board	Jacob Lundblad Board Member	Christopher Ekdahl Board Member
Ragnhild Wiborg Board Member	Izabella Kibsgaard-Petersen Board Member	Lisa Karlsson Bruzelius Board Member
Knut Arne Alsaker Board Member	Charlotte Ager Board Member	Klara-Lise Aasen CEO

Admincontrol

List of Signatures

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Name	Method	Signed at
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CARL JACOB LUNDBLAD	BANKID	2022-03-29 17:12 GMT+02
Lisa Kristin Karlsson Bruzelius	BANKID	2022-03-29 17:11 GMT+02
Christopher Ekdahl	BANKID	2022-03-29 17:00 GMT+02
Wiborg, Ragnhild	BANKID	2022-03-29 18:46 GMT+02
Ager, Charlotte Munk	BANKID_MOBILE	2022-03-29 18:38 GMT+02
KNUT ALSAKER	BANKID	2022-03-29 17:48 GMT+02
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To the General Meeting of Bank Norwegian ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bank Norwegian ASA, which comprise:

- The financial statements of the parent company Bank Norwegian ASA (the Company), which comprise the balance sheet as at 31 December 2021, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Bank Norwegian ASA and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2021, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with 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 and the Group as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), 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.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 2 years from the election by the general meeting of the shareholders on 29 April 2020 for the accounting year 2020.

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.

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IT Systems and Internal Controls relevant for Financial Reporting

Key audit matter	How the matter was addressed in the audit
The IT systems within the bank are key in the accounting and reporting of completed transactions, in obtaining the basis for key estimates and calculations, and in obtaining relevant information to be disclosed. The IT systems are standardized, and the management and operation of the systems are to a great extent outsourced to external service providers. For more information regarding, development, operation and management of the bank's IT systems see note 14 in the Financial Statements. Proper management and control of these IT systems both at the bank and their service providers are of high importance in order to ensure precise, complete and reliable financial reporting, and this area is therefore a key audit matter.	The bank has established a general governance model and control activities on its IT systems. We have obtained an understanding of the bank's IT governance model relevant for financial reporting. We assessed and tested the design of selected control activities relevant for financial reporting, including selected controls related to IT operations, change management and information security. For a sample of these control activities, we tested their operating effectiveness in the reporting period. We reviewed and tested the design of selected automated controls in the bank's IT systems regarding selected calculations and access controls and for a selection of the controls we tested if they had operated effectively in the period. We engaged our internal IT experts in the work related to understanding the governance model on IT systems and in assessing and testing the internal control activities related to IT systems.

Loss allowance on loans to customers

Key audit matter	How the matter was addressed in the audit
The bank has unsecured loans to customers in Norway, Sweden and Denmark, and reference is made to note 1,2,4,5,6 and 10 for disclosures on credit risk and loss allowance on loans to customers. The bank has considered the expected credit loss (ECL) on loans to customers. The estimate involves considerable judgement. The judgement relates to use of forward-looking information regarding the probability of default and loss given default, including judgements as to how expected credit loss is impacted affected by uncertainties regarding the economic development after the Covid-19 outbreak.	The bank has established control activities related to the estimation of loss allowance on loans to customers. We have obtained an understanding of the process and the relevant key controls. We have assessed and tested the design of selected control activities concerning the estimation of expected credit loss for the following: • completeness and accuracy of input used in the estimates • that model changes are validated and approved prior to deployment • that relevant methods and assumptions are validated • that the final expected credit loss estimate is reviewed and assessed For a sample of these control activities, we tested if they operated effectively during the period.

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Loss allowance on loans to customers, cont.

Key audit matter	How the matter was addressed in the audit
The bank has developed internal models to estimate ECL. The ECL framework consists of four components: • PD (probability of default) • EAD (exposure at default) • LGD (loss given default) • Discounting rate The assumptions and assessments used in these estimates are decisive for the size of the loss allowance and is therefore a key audit matter in the audit.	We have assessed and tested the design of the bank's model risk governance framework for the ECL models, and assessed the appropriateness of inputs, methods and assumptions towards the requirements in IFRS 9, including the bank's methodology for identification of significant increase in credit risk. We have performed audit procedures to address the loss allowance as of year-end and the changes throughout the year. We have obtained and assessed the bank's justification for the ECL and challenged the Management on the assumptions and assessments on which the overall estimates are based. We have assessed whether the disclosures on loss allowance on loans to customers include relevant and significant information in accordance with the requirements under IFRS 7.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view of the consolidated financial statements of the Group 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 and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise

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will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group 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 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 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 or the Group'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 and the Group'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 and the Group 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 a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 Audit Committee 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
Report on compliance with Regulation on European Single Electronic Format (ESEF)
Opinion

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We have performed an assurance engagement to obtain reasonable assurance that the financial statements with file name Bank_Norwegian_ASA-2021-12-31-en have been prepared in accordance with Section 5-5 of the Norwegian Securities Trading Act (Verdipapirhandelloven) and the accompanying Regulation on European Single Electronic Format (ESEF).

In our opinion, the financial statements have been prepared, in all material respects, in accordance with the requirements of ESEF.

Management's Responsibilities
Management is responsible for preparing, tagging and publishing the financial statements in the single electronic reporting format required in ESEF. This responsibility comprises an adequate process and the internal control procedures which management determines is necessary for the preparation, tagging and publication of the financial statements.

Auditor's Responsibilities
Our responsibility is to express an opinion on whether the financial statements have been prepared in accordance with ESEF. We conducted our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance that the financial statements have been prepared in accordance with the European Single Electronic Format.

As part of our work, we performed procedures to obtain an understanding of the company's processes for preparing its financial statements in the European Single Electronic Format. We evaluated the completeness and accuracy of the iXBRL tagging and assessed management's use of judgement. Our work comprised reconciliation of the financial statements tagged under the European Single Electronic Format with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 29 March 2022
Deloitte AS

Eivind Skaug
State Authorised Public Accountant

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Eivind Skaug
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