

**Report for the
fourth quarter 2020**
Bank Norwegian AS

Q4

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Financial highlights

Profit and loss account

Amounts in NOK 1000	Bank Norwegian AS			
	Q4 2020	Q4 2019	2020	2019
Interest income	1 471 110	1 536 158	6 119 015	5 911 803
Interest expenses	158 934	173 586	702 269	650 090
Net interest income	1 312 175	1 362 571	5 416 746	5 261 712
Net other operating income	-10 998	87 110	230 315	322 304
Total income	1 301 178	1 449 681	5 647 061	5 584 016
Total operating expenses	318 422	341 332	1 277 933	1 312 140
Provision for loan losses	397 662	432 803	1 830 948	1 627 359
Profit before tax	585 094	675 546	2 538 180	2 644 518
Profit after tax	766 902	507 846	2 239 579	1 992 639

Balance sheet

Amounts in NOK 1000	Bank Norwegian AS	
	31.12.20	31.12.19
Total assets	63 037 064	57 883 722
Loans to customers	37 943 688	40 560 502
Liquid assets	24 362 418	16 812 537
Deposits from customers	42 677 703	40 118 369
Debt securities issued	6 034 387	6 537 863
Subordinated loans	877 820	822 688
Tier 1 capital	635 000	635 000
Total equity	10 038 608	9 288 609

Key figures and alternative performance measures

	Bank Norwegian AS			
	Q4 2020	Q4 2019	2020	2019
Return on equity (ROE) ^{1 3 5}	30.3 %	23.5 %	23.1 %	25.4 %
Return on assets (ROA) ^{1 5}	4.8 %	3.7 %	3.7 %	3.8 %
Earnings per share (EPS) ^{4 5}	4.14	2.70	12.01	10.62
Common equity tier 1 (CET 1)	22.4 %	21.6 %	22.4 %	21.6 %
Leverage ratio	14.6 %	14.7 %	14.6 %	14.7 %
Liquidity coverage ratio (LCR)	569 %	449 %	569 %	449 %
Net interest margin (NIM) ¹	8.2 %	9.7 %	8.9 %	10.0 %
Cost/income ratio ¹	0.24	0.24	0.23	0.23
Loan loss provisions to average loans ¹	3.6 %	3.9 %	4.1 %	3.9 %
Stage 3 loans to loans ^{1 2}	23.7 %	17.3 %	23.7 %	17.3 %
Loan loss allowance coverage ratio stage 3 ^{1 2}	40.9 %	35.9 %	40.9 %	35.9 %
Loan loss allowance coverage ratio to loans ¹	11.5 %	8.1 %	11.5 %	8.1 %

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

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

³⁾ Definition for ROE was updated in Q3 2020 based on established market practice. Previous periods are recalculated.

⁴⁾ Definition for EPS was updated in Q3 2020 based on established market practice. EPS is calculated based on profit after tax excluding interest on additional Tier 1 capital. Previous periods are recalculated.

⁵⁾ Adjusting for the group contribution accounted for according to Norwegian accounting regulations in the fourth quarter, the ROE was 17.1% ROA 2.8% and EPS was 2.40 for Q4 2020.

Letter from the CEO

The fourth quarter marked an end to a special and challenging year where both society and the financial markets have shown resilience when facing the effects of the Covid-19 pandemic. I am impressed with the effort that our employees have displayed to ensure that the bank could operate as usual and serve our customers in uncertain times. Going into the crisis, Bank Norwegian was well positioned for any potential economic downturn due to our solid capital position and our cost-efficient operating model and we have throughout the crisis continued to deliver profitable results and increased our financial strength.

Q4 was a solid quarter and total amount of customers ended at 1.75 million. The net interest income was stable q-o-q and our net profit ended at a solid MNOK 767, representing a ROE of 30.3%, including effect of group distribution to parent company Norwegian Finans Holding ASA. The result is still affected by the ongoing pandemic. Our financially strong position has increased further during 2020 and our loan loss absorption capacity has never been better, as our loan loss coverage ratios continued to increase during the quarter. Our capital position is solid, providing surplus capital that covers both our growth ambitions and any eventual further waves of the pandemic. In addition, it allows to deliver cash dividend according to our dividend policy.

Our asset quality continues to improve with a corresponding reduction of risk in the loan portfolio. Customers on book at the end of 2020 have in general a lower risk profile than the average customer one year earlier. Consequently, the inflow rate in Stage 3 assets has declined. The trend of improved customer payment behavior that has been visible since the beginning of the pandemic continued during the fourth quarter.

We continue to build on our position as a Nordic champion within consumer finance and have strengthened our distribution during Q4 with strategic partners to be present in all channels relevant to the customers. In addition, we have included a new free of charge insurance product in our credit card that covers one month of grocery purchases - providing security for our customers in times of uncertainty. In February 2021 we have launched a temporary cashback option for our customers to strengthen the value of our credit card as a result of the ongoing pandemic.

Outside the Nordics, our entry into key European markets is progressing according to plan and we look forward to reaching our goal to launch in one or two European markets before end of 2021. Despite the uncertain times ahead related to the pandemic, I am confident that our unique model, deep analytical capabilities and strong capital position will allow us to compete successfully in attractive European markets.

Bærum, February 16, 2021

Tine Wollebekk
CEO

Report for the fourth quarter 2020

Following the third quarter's increase in spending over the summer holidays and the ease in restrictions imposed by the authorities to limit the spread of the COVID-19 continuing throughout the quarter resulting in an uptake in private consumption through higher credit card purchase volumes and increased instalment loan sales, the fourth quarter has been affected by the second wave of COVID-19. With decline in economic activity resulting in lower credit card purchase volumes compared to the summer holiday months included in the third quarter. Instalment loan volumes are slightly reduced largely due to continuing positive customer payment behavior in the quarter along with somewhat reduced volumes of new instalment loans.

At the end of the fourth quarter 2020 the bank had a customer base of 1 751 500 customers, which can be broken down into 1 264 300 credit card customers, 206 800 instalment loan customers and 280 400 deposit customers.

The bank's financial statements are accounted for according to the annual accounts regulation for banks, credit companies and finance companies. This means that IFRS rules apply with exceptions and simplifications regulated through the annual accounts regulations which in turn means that the Board of Directors' proposal for group contribution is recognized as debt on the balance sheet date.

Profit and loss for 2020

The bank's comprehensive income amounted to NOK 2 240 million, compared with NOK 1 993 million for the same period in 2019. The decrease in profit is mainly due to higher provision for loan losses related to the uncertain outlook of COVID-19, lower net commission income due to lower credit card activity which were partly offset by increased interest income derived from exchange rate effects. Return on equity was 23.1% and the return on assets was 3.7%. Adjusting for the group contribution in the fourth quarter, the ROE was 19.6% and ROA was 3.1% for 2020.

Net interest income totaled NOK 5 417 million, net other operating income amounted to NOK 230.3 million, while total operating expenses were NOK 1 278 million. Provisions for loan losses were NOK 1 831 million.

Profit and loss for the fourth quarter 2020

The bank's comprehensive income amounted to NOK 766.9 million compared with NOK 511.2 million in the third quarter. The increase is mainly caused by lower tax charge in the quarter from giving group contribution. In addition to dividend received and lower interest expenses from deposit accounts partly offset by loss on securities and currencies, higher provision for loan losses and lower interest income.

Return on equity was 30.3%, compared with 20.4% in the third quarter and the return on assets was 4.8%,

compared with 3.3% in the third quarter. Adjusting for the group contribution in the fourth quarter, the ROE was 17.1% and ROA was 2.8% for Q4 2020.

Net interest income amounted to NOK 1 312 million, a decrease of NOK 9.8 million from the third quarter. The decrease is mainly explained by negative loan growth mostly in Norway, partly offset by lower interest on customer deposits from reduced deposit rates in Norway and Denmark and reduced deposits. The net interest margin was 8.2%, compared with 8.4% in the third quarter.

Net other operating income amounted to NOK -11.0 million compared with NOK 45.9 million in the third quarter. Net commission income decreased NOK 15.2 million to NOK 21.4 million mainly due to lower credit card activity in the fourth quarter and higher issuing services cost, partly offset by insurance incentives received in the quarter. Income from shares and other securities amounted to NOK 24 million in the fourth quarter and consist of a dividend received from VN Norge AS. Net loss on securities and currency amounted to NOK 56.4 million, compared with a net gain of NOK 9.2 million in the third quarter. The decrease is mainly due to net negative change in value of securities of NOK 37.0 million in the Norwegian and Finnish portfolios and net loss on currency of NOK 18.6 million in the fourth quarter. The total yield levels on the liquidity portfolios reflects stable and slightly improved credit markets in the fourth quarter. The negative valuation effects of NOK 37.0 million mainly derive from the structure of the portfolios, with paid interest especially on the fixed rate instruments, being higher than the running yield levels, putting a continuous pressure on the net valuation of the portfolios.

Total operating expenses amounted to NOK 318.4 million, a decrease of NOK 5.2 million in the fourth quarter. Personnel expenses increased NOK 3.9 million. Administrative expenses were down NOK 7.0 million, mainly due to lower digital marketing spending. Depreciation was reduced by NOK 1.1 million. Other operating expenses decreased NOK 0.9 million.

Provisions for loan losses were NOK 397.7 million, an increase of NOK 32.0 million in the fourth quarter. During the fourth quarter the bank has implemented updated PD lifetime models as well as updated the macro assumptions utilized in the ECL-models in addition to changing the probability weighting. These macro assumptions include updated effects of COVID-19 at year end and hence the optimistic scenario is now included at the original weight after being removed in the second quarter. Provision equalled 3.6% of average gross loans, compared with 3.3% in the third quarter.

Stage 3 loans were NOK 10 146 million, compared with NOK 9 995 million at the end of the third quarter. Stage 3 loans accounted for 23.7% of gross loans, compared with 22.3% as of September 30, 2020. Stage 3 loans are developing as expected. While the relative share

of stage 3 is increasing due to negative loan growth in the quarter, the growth into stage 3 has declined further this quarter and remains at low levels. The implementation of updated PD lifetime models has impacted stage triggering resulting in more correct stage-placement. While stage 3 is minimally impacted, the triggering into stage 2 is particularly affected and stage 2 is reduced by NOK 2 947 million in the quarter resulting in a higher stage 1 share of gross loans.

Balance sheet as of December 31, 2020

Total assets were down NOK 1 150 million in the quarter and amounted to NOK 63 037 million.

Gross loans to customers decreased NOK 1 968 million compared with an increase of NOK 124 million in the previous quarter and totaled NOK 42 878 million. Currency adjusted gross loan growth was NOK -847.3 million compared with NOK -286.0 million in the previous quarter. Broken down by product the currency adjusted loan growth for instalment loans was NOK -333.7 million compared with NOK 54.1 million in the previous quarter, and for credit cards NOK -513.7 million compared with NOK -340.1 million in the previous quarter. The negative growth in instalment loans is mainly due to both lower new sales and higher repayment, while the negative growth in credit cards is mainly due to lower customer spending related to COVID-19. Instalment loans amounted to NOK 31 037 million and credit card loans amounted to NOK 11 841 million.

Customer deposits were reduced by NOK 1 202 million compared with an increase of NOK 2 789 million in the third quarter and were NOK 42 678 million at the end of the fourth quarter. Currency adjusted growth was NOK -172.6 million compared with NOK 2 439 million in the previous quarter. The decrease was mainly in Norway following a previously announced deposit rate reduction, in addition to an announced deposit rate reduction at the beginning of the fourth quarter.

Liquid assets increased NOK 778.8 million and amounted to NOK 24 362 million, equivalent to 38.6% of total assets.

Total equity amounted to NOK 10 039 million, compared with NOK 10 730 million as of September 30, 2020. The total capital ratio was 26.0%, the core capital ratio was 23.9% and the common equity tier 1 ratio was 22.4%.

The financial statements as of December 31, 2020 have been subject to an auditor review of interim financial statements.

Regulatory update

A new lending regulation entered into force in Norway on January 1, 2021. The previous consumer lending regulation has been effective since 2019. The new lending regulation sets rules related to the banks' lending practices for mortgages and consumer loans. In the new regulation, most of the requirements from the previous mortgage regulation and consumer loans regulation are continued with no significant changes. This will only effect limited corrections in ongoing procedures. The new lending regulation will apply for four years until 31

December 2024, but evaluation will be carried out midway, i.e. in the autumn of 2022.

Environmental, Social and Governance (ESG) refers to the three central factors in measuring the sustainability and societal impact of an investment in a company. New EU regulations provide a legal framework for sustainable economic development, which serves as a tool for investors, companies and issuers to channel their efforts into sustainable projects and investments. Bank Norwegian are currently analyzing the consequences of the regulations. The bank has also published a sustainability report in relation to the bank's focus on sustainability and an updated version will be published in the first quarter of 2021.

The Market Abuse Regulation (MAR) entered into effect in the EU in 2016. The regulation contains prohibitions of insider dealing, unlawful disclosure of inside information and market manipulation, and measures to prevent and detect breaches of such clauses. The regulation aims to increase market integrity and investor protection. For Norway, the rules will come into effect March 1, 2021 and Bank Norwegian has analyzed the rules and will implement the changes before the rules come into effect.

The temporary legislation regarding interest rate cap in Finland is prolonged until end of September 2021. The legislation has resulted in slightly lower sales and average interest rate, with lower expected credit losses derived through sales to customers with lower risk profiles.

January 6, 2021 was the due date for the Norwegian Ministry of Finance's public hearing of suggested amendment to Norwegian regulations, regarding the implementation of the EU "bank-package". The "bank-package" consists of three parts – the Capital Requirements Regulations (CRR2), Capital Requirements Directive (CRD5) and Bank Recovery and Resolution Directive (BRRD2), all from May 20, 2019. The ambition with the "bank-package" is to implement the updated EU bank-package into local legislation. Feedback is expected within the first half of 2021 regarding implementation date and potential national adjustments issued by N-FSA.

Outlook

Going into the first quarter, the vaccination programs have started to combat the COVID-19 pandemic affecting most of 2020. Despite the positive news on vaccination ramp up, it is still uncertainty regarding the development of the virus and mutated versions, and it is expected to be a subdued first half of 2021. Uncertainty remains of how rapid the recovery will be. However, the Nordic countries have decided to prolong the governments' supportive actions through the first half of 2021 to reduce the negative impact for businesses and individuals. Unemployment rates are still at elevated levels, but lower than anticipated and the outlook is somewhat better also due to government support schemes.

The financial markets continue to develop positively during the fourth quarter and at the start of 2021. The turmoil around the presidential election and inauguration in the USA seems to have a smaller effect on important

metrics at the start of the year 2021 compared to late 2020. Real estate prices in the Nordics have continued to increase. Credit spreads continued to contract to lower levels and are mostly back to pre-COVID-19 levels, and some even lower, now into the first quarter. The Norwegian Krone appreciated at the end of 2020 compared to all relevant currencies, affecting both our interest income and loan- and deposit volumes negatively in the fourth quarter. The market seems to expect a further strengthening of the Norwegian Krone into 2021, supported by higher oil prices and positive risk sentiments.

The bank continues to show a healthy financial position with high profitability, very strong capitalization and continues to have high levels of liquid assets. Repeated reductions of deposit rates during second half of 2020 and beginning of 2021 is expected to give reduced liquidity and reduced interest expense on deposits going forward into 2021. The bank is considered resilient and well equipped to withstand any further adverse effects as a result of COVID-19 going into first quarter of 2021. During the last quarter of 2020, the underwriting of credit as well as ordinary operations have been maintained and this is expected to continue also into 2021. Fewer customers are late with their payments in all four countries and the low levels of loans sent to debt collection, continued during the last quarter and into the first quarter.

The bank will issue senior bonds as MREL eligible capital during Q1 2021, according to our identified regulatory needs. Issuance of senior non-preferred bonds will commence later in the year, following updated rating information. As a result of the positive response from Norwegian FSA on our application to change the group structure through a parent-subsidiary merger, the

issuances of MREL eligible debt will be made from Bank Norwegian. The completion of the merger will, subject to relevant approvals, be commenced during first half of 2021.

The European expansion plan is on track and progressing according to our ambitions to launch in the later part of 2021. Our current market position, strong financials and our growth strategy continue to make the bank well positioned to leverage our leading position also in the future. As a result of the NFH Group's solid capital position, a dividend is proposed for the NFH Group's annual general meeting of NOK 6.00 per share where NOK 5.00 per share is distributed after the annual general meeting and NOK 1.00 per share is planned to be distributed after September 30, 2021, depending on pandemic development. NOK 6.00 is equivalent to 60.9% of the net result of 2020 for the NFH Group excluding profit attributable to hybrid capital owners. Including the net result of 2019 in the calculation, this represents 29.6% of the total net profit combined for the two years in total. This is considered compliant with the Norwegian FSA and Ministry of Finance guidelines regarding cautious dividend pay-out policy of max 30% of the combined net profit for 2019 and 2020. To prepare for decision on payment of dividends, it is proposed that the bank give a group contribution of NOK 1 451 million to its parent company Norwegian Finans Holding ASA.

Proposed allocation of the net profit for the year 2020

The net profit for 2020 for Bank Norwegian AS amounted to NOK 2 240 million. The board of directors proposes that NOK 1 451 million is distributed as group contribution to Norwegian Finans Holding ASA, and the remaining profit NOK 789 million is added to retained earnings.

Bærum, February 16, 2021
The Board of directors of Bank Norwegian AS

Klaus-Anders Nysteen
Chairman of the board

John E. Høstelend
Board member

Lars Ola Kjos
Board member

Christine Rødsæther
Board member

Izabella Kibsgaard-Petersen
Board member

Charlotte Ager
Board member

Hans Larsson
Board member

Tine Wollebekk
CEO

Profit and loss account

Bank Norwegian AS

<i>Amounts in NOK 1000</i>	Note	Q4 2020	Q4 2019	2020	2019
Interest income, effective interest method		1 417 166	1 489 634	5 885 136	5 749 524
Other interest income		53 944	46 524	233 880	162 279
Interest expenses		158 934	173 586	702 269	650 090
Net interest income	8	1 312 175	1 362 571	5 416 746	5 261 712
Commission and bank services income	9	73 716	135 391	412 016	540 443
Commission and bank services expenses	9	52 315	57 746	194 364	250 192
Income from shares and other securities		24 029	-	24 029	-
Net change in value on securities and currency	10	-56 428	9 465	-11 367	32 053
Net other operating income		-10 998	87 110	230 315	322 304
Total income	2	1 301 178	1 449 681	5 647 061	5 584 016
Personnel expenses		35 171	28 124	119 658	100 775
General administrative expenses	11	255 091	280 470	1 037 194	1 088 530
Depreciation and impairment of fixed and intangible assets		14 740	18 079	63 614	67 693
Other operating expenses		13 419	14 659	57 467	55 141
Total operating expenses		318 422	341 332	1 277 933	1 312 140
Provision for loan losses	6	397 662	432 803	1 830 948	1 627 359
Profit before tax		585 094	675 546	2 538 180	2 644 518
Tax charge	15	-181 808	167 701	298 601	651 879
Profit after tax	2	766 902	507 846	2 239 579	1 992 639
Proportion attributable to shareholders		759 794	494 376	2 200 998	1 946 941
Proportion attributable to additional Tier 1 capital holders		7 109	13 470	38 580	45 697
Profit after tax		766 902	507 846	2 239 579	1 992 639
Earnings per share		4.14	2.70	12.01	10.62

Comprehensive income

<i>Amounts in NOK 1000</i>	Q4 2020	Q4 2019	2020	2019
Profit on ordinary activities after tax	766 902	507 846	2 239 579	1 992 639
Comprehensive income for the period	766 902	507 846	2 239 579	1 992 639

Balance sheet

<i>Amounts in NOK 1000</i>	Note	Bank Norwegian AS	
		31.12.20	31.12.19
Assets			
Cash and deposits with the central bank		69 451	68 500
Loans and deposits with credit institutions		2 772 540	2 093 048
Loans to customers	2, 5, 7	37 943 688	40 560 502
Certificates and bonds	13	21 520 427	14 650 988
Financial derivatives	13	341 309	76 371
Shares and other securities	13	50 692	44 863
Intangible assets		101 695	136 100
Fixed assets		1 749	819
Receivables		235 512	252 531
Total assets	2	63 037 064	57 883 722
Liabilities and equity			
Loans from credit institutions	13	1 313 710	52 750
Deposits from customers	2	42 677 703	40 118 369
Debt securities issued	12, 13	6 034 387	6 537 863
Financial derivatives	13	64 862	29 621
Tax payable		244 058	625 745
Deferred tax		58 234	3 821
Other liabilities		1 493 831	225 239
Accrued expenses		233 853	179 017
Subordinated loans	12, 13	877 820	822 688
Total liabilities		52 998 456	48 595 113
Share capital		183 315	183 315
Share premium		966 646	966 646
Tier 1 capital		635 000	635 000
Retained earnings		8 253 647	7 503 649
Total equity	3	10 038 608	9 288 609
Total liabilities and equity	2	63 037 064	57 883 722

Bærum, February 16, 2021
The Board of directors of Bank Norwegian AS

Klaus-Anders Nysteen
Chairman of the board

John E. Høsteland
Board member

Lars Ola Kjos
Board member

Christine Rødsæther
Board member

Izabella Kibsgaard-Petersen
Board member

Charlotte Ager
Board member

Hans Larsson
Board member

Tine Wollebakk
CEO

Cash flow statement

<i>Amounts in NOK 1000</i>	Bank Norwegian AS	
	2020	2019
Profit / loss before tax	2 538 180	2 644 518
Unrealized gain or losses on currency	-196 639	-105 965
Depreciation and impairment of fixed and intangible assets	63 614	67 693
Provision for loan losses	1 830 948	1 627 359
Change in loans to customers	785 865	-4 390 047
Change in deposits from customers	2 559 334	1 026 578
Change in certificates and bonds	-6 869 439	-4 048 391
Change in receivables and financial derivatives	-247 919	-252 744
Change in shares and other securities	-5 830	-8 172
Change in derivatives, accrued expenses and other liabilities	-92 331	93 748
Change in loans from credit institutions	260 960	52 750
Change in debt securities issued and subordinated loans	415 204	-
Income taxes paid	-625 879	-608 408
Net cash flow from operating activities	416 068	-3 901 081
Payment for acquisition of intangible assets	-28 423	-59 092
Payment for acquisition of tangible assets	-1 714	-643
Net cash flow from investment activities	-30 136	-59 735
Issued debt securities	-	5 834 015
Repayment of debt securities	-789 580	-1 281 602
Paid interest tier 1 capital	-38 580	-45 697
Loans from central banks	1 000 000	-
Net cash flow from financing activities	171 839	4 506 716
Net cash flow for the period	557 771	545 900
Cash and cash equivalents at the start of the period	2 161 549	1 567 158
Currency effect on cash and cash equivalents	122 671	48 490
Cash and cash equivalents at the end of the period	2 841 991	2 161 549
Off which:		
Cash and deposits with the central bank	69 451	68 500
Loans and deposits with credit institutions	2 772 540	2 093 048

Changes in equity

<i>Amounts in NOK 1000</i>	Share capital	Share premium	Tier 1 capital	Retained earnings	Total equity
Balance 31.12.2019	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 31.12.2020	183 315	966 646	635 000	8 253 647	10 038 608

<i>Amounts in NOK 1000</i>	Share capital	Share premium	Tier 1 capital	Retained earnings	Total equity
Balance 31.12.2018	183 315	966 646	635 000	5 556 708	7 341 668
This period's profit	-	-	-	1 992 639	1 992 639
Comprehensive income for the period	-	-	-	1 992 639	1 992 639
Paid interest tier 1 capital	-	-	-	-45 697	-45 697
Balance 31.12.2019	183 315	966 646	635 000	7 503 649	9 288 609

Notes

Note 1. General accounting principles

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

Note 2. Segments

The profit and loss and balance sheet presentation for segments are based on internal financial reporting as it is reported to management.

Profit and loss account YTD 2020

Amounts in NOK 1000	Norway	Sweden	Denmark	Finland	Total
Net interest income	2 179 333	902 084	738 166	1 597 163	5 416 746
Net other operating income	97 657	52 330	11 355	68 972	230 315
Total income	2 276 989	954 415	749 521	1 666 135	5 647 061
Total operating expenses	555 879	260 923	185 288	275 843	1 277 933
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	2 538 180
Tax charge	136 694	33 883	28 336	99 688	298 601
Profit after tax	1 030 703	253 179	211 992	743 704	2 239 579

Other comprehensive income

Other comprehensive income	-	-	-	-	-
Comprehensive income for the period	1 030 703	253 179	211 992	743 704	2 239 579

Balance sheet 31.12.20

Amounts in NOK 1000	Norway	Sweden	Denmark	Finland	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	25 093 375
Total assets	28 266 816	10 382 150	10 728 219	13 659 879	63 037 064
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	20 359 361
Total liabilities and equity	28 266 816	10 382 150	10 728 219	13 659 879	63 037 064

Profit and loss account YTD 2019

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

Other comprehensive income

Other comprehensive income	-	-	-	-	-
Comprehensive income for the period	954 488	309 853	229 220	499 077	1 992 639

Balance sheet 31.12.19

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

Note 3. Capital adequacy and Liquidity Coverage Ratio

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

Total capital

Amounts in NOK 1000	31.12.20	31.12.19
Share capital	183 315	183 315
Share premium	966 646	966 646
Other reserves	8 253 647	7 503 649
Deferred tax assets, intangible assets and additional valuation adjustment	-123 673	-150 902
Common equity tier 1	9 279 935	8 502 708
Additional tier 1 capital	635 000	635 000
Tier 1 capital	9 914 935	9 137 708
Tier 2 capital	877 820	822 688
Total capital	10 792 755	9 960 395

Risk-weighted assets

Covered bonds	939 778	336 787
Regional governments or local authorities	1 269 097	87 123
Institutions	764 928	1 350 762
Corporate	601	-
Loans to customers	23 960 025	26 750 970
Defaulted loans	5 996 989	4 892 542
Equity positions	50 642	44 818
Other assets	376 124	139 901
Total credit risk	33 358 183	33 602 903
Operational risk	8 090 317	5 728 738
Market risk	2 788	1 575
Total risk-weighted assets	41 451 287	39 333 216
Common equity tier 1 %	22.4 %	21.6 %
Tier 1 capital %	23.9 %	23.2 %
Total capital %	26.0 %	25.3 %

Liquidity Coverage Ratio

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

	31.12.20	31.12.19
Bank Norwegian AS	569 %	449 %
NOK	388 %	321 %
SEK	530 %	396 %
DKK	467 %	649 %
EUR	169 %	167 %

Note 4. Expected credit loss

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

Significant increase in credit risk (SICR)

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 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 behaviour models including the macro impact.

During the fourth quarter of 2020, the bank has redeveloped the lifetime PD models for all products and countries to align better with the new macro deliveries and the new trigger models, with immaterial effect. To counter previous deficiencies in a step-model, the bank is introducing a continuous trigger model to capture any significant increase across the entire range of annualized PDs.

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.

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	0.12	0.14
Sweden	0.12	0.08
Denmark	0.26	0.34
Finland	0.17	0.13

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	0.25	0.12	$0.25 > 0.12 + (1 - 0.12) * 0.10$ = 0.208	Stage 2
Denmark Credit Card	0.30	0.40	0.34	$0.40 < 0.34 + (1 - 0.34) * 0.30$ = 0.538	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, a scenario that presents adverse economic conditions, and another scenario that presents favorable economic conditions.

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.

For the period, the Optimistic 10th percentile and Pessimistic 75th percentile is chosen in addition to the baseline. This means that the bank sees only a 10% probability of the economy performing better than the Optimistic scenario. In this scenarios businesses open much faster than expected, consumer confidence rises sharply, air travel and spending recover faster than expected. In the Pessimistic scenario, there is a 25% probability that the economy will perform even worse than that. In this scenario new infections and deaths increase above the early projections of 2021, hotels and air travel remain down longer than expected, commodity prices remain low with lingering concerns about the pandemic. This scenarios also implicate that infections abate in late 2021.

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) An aggressive fiscal and monetary policy response.
- 3) Oil prices remain low but gradually recover as oil demand strengthens.

Key risks used for the base case scenario are:

- 1) Further waves of COVID-19 causes a number of countries to shut down nonessential business again on a large scale.
- 2) Governments have limited space to enact further fiscal stimulus.

	Base scenario		Optimistic scenario		Pessimistic scenario	
	12 months	5 years	12 months	5 years	12 months	5 years
Norway						
<i>Future 1 month oil price (USD per bbl)</i>	54.2	67.9	59.6	74.4	46.9	65.2
<i>Nominal Private consumption (bil. USD)</i>	204.4	269.5	212.6	275.8	183.9	260.1
<i>Real GDP (bil. 2012 USD)</i>	578.7	629.7	585.8	638.0	566.7	621.6
Sweden						
<i>Disposable income (ths. 2019 SEK)</i>	238.2	257.1	239.9	263.2	237.4	252.6
<i>GDP PPP (bil. USD)</i>	630.8	735.9	658.6	779.1	585.9	697.5
<i>Money supply M3 (bil. SEK)</i>	4 267.5	5 267.1	4 334.1	5 635.7	4 216.0	5 027.8
Denmark						
<i>GDP PPP (bil. USD)</i>	425.4	556.1	452.4	572.8	390.4	544.4
<i>Industrial production index (2015 = 100)</i>	111.5	123.2	115.7	126.7	107.4	119.7
<i>Unemployment rate (%)</i>	5.9	5.4	5.4	5.4	6.5	5.4
Finland						
<i>GDP PPP (bil. USD)</i>	320.9	371.5	339.2	388.0	296.6	358.4
<i>Producer price index (2015 = 100)</i>	100.7	108.3	102.4	109.6	99.8	107.1
<i>Unemployment rate (%)</i>	10.0	8.0	9.4	8.0	10.6	8.2

Macro scenario sensitivity on ECL

		Final	Base	Optimistic	Pessimistic
		ECL	scenario	scenario	scenario
Norway					
<i>Credit card</i>		432 484	430 555	420 889	443 430
<i>Instalment loans</i>		1 176 727	1 170 277	1 140 612	1 211 210
Sweden					
<i>Credit card</i>		303 531	303 431	292 822	312 186
<i>Instalment loans</i>		951 480	951 387	918 622	977 846
Denmark					
<i>Credit card</i>		102 158	100 486	97 209	107 567
<i>Instalment loans</i>		731 884	724 500	709 417	756 256
Finland					
<i>Credit card</i>		187 061	186 272	181 528	192 173
<i>Instalment loans</i>		1 049 328	1 046 277	1 026 771	1 070 019

The following weights have been used across all portfolios per 31.12.2020: 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

31.12.20

Amounts in NOK 1000		Stage 1	Stage 2	Stage 3	Gross loans	Loan loss allowance			Loans to customers
						Stage 1	Stage 2	Stage 3	
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

31.12.19

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

Change in loan loss allowance and gross loans

Migration out of a stage is calculated at previous closing date 30.9.20, while migration into a stage is calculated at the closing date 31.12.20.

Total Loans

Loan loss allowance

Amounts in NOK 1000	Stage 1	Stage 2	Stage 3	Total
Loan loss allowance as at 30.9.20	367 219	478 738	4 038 561	4 884 517
Transfers :				
Transfers from stage 1 to stage 2	-28 581	125 379	-	96 798
Transfers from stage 1 to stage 3	-2 998	-	26 247	23 249
Transfers from stage 2 to stage 1	97 552	-182 545	-	-84 993
Transfers from stage 2 to stage 3	-	-92 716	203 139	110 424
Transfers from stage 3 to stage 2	-	13 744	-55 976	-42 232
Transfers from stage 3 to stage 1	687	-	-9 708	-9 021
New financial assets issued	15 866	5 942	-	21 808
Financial assets derecognized in the period	-12 816	-9 485	-37 432	-59 733
Modification of contractual cash flows from non-discounted financial assets	-24 291	33 656	204 040	213 405
Charge-off	-	-	-219 569	-219 569
Loan loss allowance as at 31.12.20	412 638	372 713	4 149 303	4 934 654

Gross loans to customers

Amounts in NOK 1000	Stage 1	Stage 2	Stage 3	Total
Gross loans to customers as at 30.9.20	28 623 040	6 228 640	9 995 148	44 846 828
Transfers :				
Transfers from stage 1 to stage 2	-1 047 197	1 054 821	-	7 624
Transfers from stage 1 to stage 3	-69 708	-	71 058	1 349
Transfers from stage 2 to stage 1	2 959 782	-3 206 165	-	-246 383
Transfers from stage 2 to stage 3	-	-663 824	673 147	9 324
Transfers from stage 3 to stage 2	-	132 702	-194 752	-62 050
Transfers from stage 3 to stage 1	13 753	-	-30 014	-16 261
New financial assets issued	1 332 753	46 379	-	1 379 132
Financial assets derecognized in the period	-1 017 734	-204 927	-109 258	-1 331 919
Modification of contractual cash flows from non-discounted financial assets	-1 344 676	-105 588	23 120	-1 427 143
Charge-off	-	-	-282 157	-282 157
Gross loans to customers as at 31.12.20	29 450 012	3 282 038	10 146 292	42 878 342

Instalment loans total

Loan loss allowance

<i>Amounts in NOK 1000</i>	Stage 1	Stage 2	Stage 3	Total
Loan loss allowance as at 30.9.20	296 548	352 213	3 221 223	3 869 983
Transfers :				
Transfers from stage 1 to stage 2	-21 992	90 215	-	68 223
Transfers from stage 1 to stage 3	-2 548	-	22 745	20 197
Transfers from stage 2 to stage 1	76 949	-136 059	-	-59 110
Transfers from stage 2 to stage 3	-	-76 670	156 077	79 407
Transfers from stage 3 to stage 2	-	11 010	-41 771	-30 761
Transfers from stage 3 to stage 1	642	-	-6 949	-6 308
New financial assets issued	13 841	4 371	-	18 213
Financial assets derecognized in the period	-12 144	-8 070	-31 096	-51 310
Modification of contractual cash flows from non-discounted financial assets	-22 203	26 392	152 794	156 983
Charge-off	-	-	-156 098	-156 098
Loan loss allowance as at 31.12.20	329 092	263 402	3 316 925	3 909 419

Gross loans to customers

<i>Amounts in NOK 1000</i>	Stage 1	Stage 2	Stage 3	Total
Gross loans to customers as at 30.9.20	19 656 692	4 546 844	8 070 454	32 273 991
Transfers :				
Transfers from stage 1 to stage 2	-705 744	685 404	-	-20 341
Transfers from stage 1 to stage 3	-60 108	-	60 915	806
Transfers from stage 2 to stage 1	2 231 496	-2 353 578	-	-122 082
Transfers from stage 2 to stage 3	-	-518 543	523 941	5 398
Transfers from stage 3 to stage 2	-	110 666	-146 485	-35 819
Transfers from stage 3 to stage 1	12 435	-	-21 240	-8 804
New financial assets issued	1 272 192	36 935	-	1 309 127
Financial assets derecognized in the period	-931 915	-178 388	-90 259	-1 200 562
Modification of contractual cash flows from non-discounted financial assets	-901 114	-67 935	2 222	-966 826
Charge-off	-	-	-197 643	-197 643
Gross loans to customers as at 31.12.20	20 573 934	2 261 406	8 201 905	31 037 245

Credit card total

Loan loss allowance

<i>Amounts in NOK 1000</i>	Stage 1	Stage 2	Stage 3	Total
Loan loss allowance as at 30.9.20	70 671	126 525	817 338	1 014 534
Transfers :				
Transfers from stage 1 to stage 2	-6 588	35 164	-	28 575
Transfers from stage 1 to stage 3	-450	-	3 502	3 052
Transfers from stage 2 to stage 1	20 603	-46 486	-	-25 883
Transfers from stage 2 to stage 3	-	-16 046	47 063	31 017
Transfers from stage 3 to stage 2	-	2 734	-14 206	-11 471
Transfers from stage 3 to stage 1	45	-	-2 758	-2 713
New financial assets issued	2 024	1 571	-	3 595
Financial assets derecognized in the period	-672	-1 415	-6 337	-8 423
Modification of contractual cash flows from non-discounted financial assets	-2 089	7 264	51 247	56 423
Charge-off	-	-	-63 471	-63 471
Loan loss allowance as at 31.12.20	83 546	109 311	832 378	1 025 234

Gross loans to customers

<i>Amounts in NOK 1000</i>	Stage 1	Stage 2	Stage 3	Total
Gross loans to customers as at 30.9.20	8 966 348	1 681 796	1 924 694	12 572 837
Transfers :				
Transfers from stage 1 to stage 2	-341 452	369 417	-	27 964
Transfers from stage 1 to stage 3	-9 600	-	10 143	543
Transfers from stage 2 to stage 1	728 286	-852 588	-	-124 301
Transfers from stage 2 to stage 3	-	-145 280	149 206	3 926
Transfers from stage 3 to stage 2	-	22 036	-48 266	-26 231
Transfers from stage 3 to stage 1	1 318	-	-8 775	-7 457
New financial assets issued	60 561	9 444	-	70 005
Financial assets derecognized in the period	-85 819	-26 539	-18 999	-131 357
Modification of contractual cash flows from non-discounted financial assets	-443 562	-37 653	20 898	-460 316
Charge-off	-	-	-84 515	-84 515
Gross loans to customers as at 31.12.20	8 876 079	1 020 632	1 944 387	11 841 098

Note 6. Provision for loan losses

<i>Amounts in NOK 1000</i>	2020	2019
Realized losses in the period due to final write-offs	74 903	46 813
Realized losses in the period due to charge-offs*	209 683	436 891
Loan loss provisions - lifetime expected credit loss (stage 3)	1 658 194	922 091
Loan loss provisions - lifetime expected credit loss (stage 2)	-143 024	99 639
Loan loss provisions - 12 months expected credit loss (stage 1)	31 192	121 926
Provision for loan losses	1 830 948	1 627 359

*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 TNOK 1 827 175 as of 31.12.2020.

Note 7. Risk classes

<i>Amounts in NOK 1000</i>	Probability of default	Stage 1	Stage 2	Stage 3	Gross loans*		Undrawn credit limits	
					31.12.20	31.12.19	31.12.20	31.12.19
A	0 – 1 %	6 148 995	30 267	-	6 179 263	6 851 773	48 008 525	42 938 545
B	1 – 3 %	9 014 022	132 084	-	9 146 106	10 371 775	728 160	1 955 651
C	3 – 5 %	4 762 865	75 467	-	4 838 332	4 405 790	173 971	253 409
D	5 – 9 %	4 005 487	135 807	-	4 141 294	4 066 599	122 376	261 556
E	9 – 15 %	2 773 560	290 077	-	3 063 638	3 615 128	43 466	163 107
F	15 – 20 %	1 032 869	268 943	-	1 301 812	1 373 658	9 857	16 446
G	20 – 30 %	1 182 641	526 520	-	1 709 161	1 495 696	8 742	14 185
H	30 – 40 %	366 678	446 864	-	813 542	614 004	1 609	2 039
I	40 – 55 %	141 151	506 270	-	647 421	422 106	704	1 205
J	55 – 100 %	21 745	869 737	-	891 482	355 278	196	223
Previous categorized delayed, not impaired	-	-	-	-	-	2 947 373	-	-
Defaulted loans	-	-	10 146 292	10 146 292	10 146 292	7 636 728	-	-
Total		29 450 013	3 282 038	10 146 292	42 878 342	44 155 910	49 097 604	45 606 367

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

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

Note 8. Net interest income

<i>Amounts in NOK 1000</i>	2020	2019
Interest income from cash and deposits with the central bank	206	781
Interest income from loans to and deposits with credit institutions	2 497	8 430
Interest income from instalment loans	4 154 887	4 114 730
Interest income from other loans	432	-
Interest income from credit card loans	1 726 892	1 624 932
Interest income from sales financing	221	650
Interest income, effective interest method	5 885 136	5 749 523
Interest and other income from certificates and bonds	226 167	155 937
Other interest and other interest related income	7 713	6 343
Other interest income	233 880	162 279
Interest expense from deposits from the central bank	19 001	-
Interest expense from deposits from customers	425 177	478 037
Interest expense on debt securities issued	157 681	70 531
Interest expense on subordinated loan	36 008	34 665
Other interest and other interest related expenses	64 402	66 857
Interest expenses	702 269	650 090
Net interest income	5 416 746	5 261 712

Note 9. Net commission and bank services income

<i>Amounts in NOK 1000</i>	2020	2019
Payment services	294 430	416 056
Insurance services	71 073	70 440
Other fees and commission and bank services income	46 513	53 947
Total commission and bank services income	412 016	540 443
Payment services	98 040	160 458
Insurance services	71 522	67 516
Other fees and commission and bank services expense	24 802	22 218
Total commission and bank services expenses	194 364	250 192

Note 10. Net change in value on securities and currency

<i>Amounts in NOK 1000</i>	2020	2019
Net change on certificates and bonds	-111 296	-74 558
Net change on FX-forwards*	100 018	143 008
Net currency effects	-5 919	-49 509
Net change on shares and other securities	5 830	13 112
Net change in value on securities and currency	-11 367	32 053

*The contract amount was NOK 10 394 million in 2020 and NOK 14 636 million in 2019.

Note 11. General administrative expenses

<i>Amounts in NOK 1000</i>	2020	2019
Sales and marketing	778 294	879 117
IT operations	92 867	88 871
External services costs	111 410	70 677
Other administrative expenses	54 623	49 864
Total general administrative expenses	1 037 194	1 088 530

Note 12. Debt securities issued and subordinated loan

<i>Amounts in NOK 1000</i>	31.12.20	31.12.19
Debt securities issued, carrying value (amortized cost)	6 034 387	6 537 863
Subordinated loans, carrying value (amortized cost)	877 820	822 688
Total debt securities issued and subordinated loans	6 912 207	7 360 551

ISIN	Nominal value outstanding	Currency	Interest	Reference rate + margin	Maturity*	Carrying value
Debt securities issued (senior unsecured bonds)						
NO0010837206	335 000	SEK	Floating	STIBOR + 120bp	22.02.2021	349 954
NO0010848583	192 000	SEK	Floating	STIBOR + 140bp	29.09.2021	198 745
NO0010848591	1 000 000	NOK	Floating	NIBOR + 150bp	29.03.2022	999 879
NO0010863582	400 000	SEK	Floating	STIBOR + 140bp	16.09.2022	417 394
NO0010863574	400 000	NOK	Floating	NIBOR + 140bp	16.09.2022	400 124
NO0010871148	800 000	NOK	Floating	NIBOR + 195bp	12.12.2022	799 839
NO0010871130	1 000 000	SEK	Floating	STIBOR + 190bp	12.12.2022	1 043 033
NO0010871155	1 200 000	NOK	Floating	NIBOR + 215bp	12.12.2023	1 199 682
NO0010871296	600 000	SEK	Floating	STIBOR + 200bp	12.12.2023	625 738
Total debt securities issued	5 927 000					6 034 387
Subordinated loans						
NO0010774326	100 000	NOK	Floating	NIBOR + 300bp	21.09.2021	99 965
NO0010797988	200 000	NOK	Floating	NIBOR + 375bp	16.06.2022	199 863
NO0010833130	550 000	SEK	Floating	STIBOR + 375bp	02.10.2023	577 993
Total subordinated loans	850 000					877 820
Total	6 777 000					6 912 207

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

Note 13. Financial instruments

Financial instruments at fair value

Amounts in NOK 1000	31.12.20			
	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
Loans from credit institutions**	1 313 710	-	-	1 313 710
Total financial liabilities at fair value	1 313 710	64 862	-	1 378 571

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

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

Amounts in NOK 1000	31.12.19			
	Level 1	Level 2	Level 3	Total
Certificates and bonds	-	14 650 988	-	14 650 988
Financial derivatives	-	76 371	-	76 371
Shares and other securities	-	-	44 863	44 863
Total financial assets at fair value	-	14 727 360	44 863	14 772 222
Financial derivatives	-	29 621	-	29 621
Total financial liabilities at fair value	-	29 621	-	29 621

Change in instruments classified at level 3

Amounts in NOK 1000	2020		2019	
	Shares and other securities	Total	Shares and other securities	Total
Value 01.01	44 863	44 863	36 691	36 691
Net gain / loss on financial instruments	5 830	5 830	13 427	13 427
One time payout	-	-	-5 255	-5 255
Value 31.12	50 692	50 692	44 863	44 863

Fair value of financial instruments at amortized cost

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

Debt securities issued and subordinated loan

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

Amounts in NOK 1000	31.12.20		31.12.19	
	Book value	Fair value	Book value	Fair value
Debt securities issued	6 034 387	5 957 929	6 537 863	6 605 850
Subordinated loan	877 820	830 961	822 688	824 476
Total financial liabilities	6 912 207	6 788 889	7 360 551	7 430 326

Amounts in NOK 1000	31.12.20			
	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

Amounts in NOK 1000	31.12.19			
	Level 1	Level 2	Level 3	Total
Debt securities issued	-	6 537 863	-	6 537 863
Subordinated loan	-	822 688	-	822 688
Total financial liabilities	-	7 360 551	-	7 360 551

Level 1: Valuation based on quoted prices in an active market.

Level 2: Valuation based on observable market data, other than quoted prices.

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

Note 14. Related parties and other investments

Norwegian Finans Holding ASA owns 100% of Bank Norwegian AS. Bank Norwegian AS has since 2007 had an agreement with Norwegian Air Shuttle ASA regarding the use of the brand name Norwegian, IP-rights and cooperation regarding the loyalty program Norwegian Reward. The agreement was renegotiated in the second quarter 2018 and is valid for ten years. In the fourth quarter 2020 the total expensed amount related to Norwegian Air Shuttle ASA was NOK 75 million, comprising of portfolio related costs of NOK 61.7 million and sales and agent commissions of NOK 13.3 million. The portfolio related costs include license fee for use of brand name, IP-rights and other customer portfolio costs, such as cashpoints.

Bank Norwegian AS owns 2.38 % of VN Norge AS and in December 2020 the bank received a dividend payment of NOK 24 million.

Note 15. Taxes

<i>Amounts in NOK 1000</i>	2020	2019
Profit on ordinary activities before tax	2 538 180	2 644 518
Permanent differences	-28 314	-12 605
Paid interest on Tier 1 capital	-38 580	-45 697
Group contributions	-1 276 880	-
Basis for tax charge for the year	1 194 406	2 586 216
Estimated tax expense (25%)	298 601	646 554
Previous year tax adjustment	-	5 325
Tax charge	298 601	651 879

Quarterly figures

Profit and loss account

Amounts in NOK 1000	Bank Norwegian AS				
	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Interest income, effective interest method	1 417 166	1 448 408	1 504 778	1 514 784	1 489 634
Other interest income	53 944	51 103	61 764	67 068	46 524
Interest expenses	158 934	177 518	179 318	186 499	173 586
Net interest income	1 312 175	1 321 994	1 387 224	1 395 353	1 362 571
Commission and bank services income	73 716	79 379	66 364	192 558	135 391
Commission and bank services expenses	52 315	42 731	47 851	51 466	57 746
Income from shares and other securities	24 029	-	-	-	-
Net change in value on securities and currency	-56 428	9 213	104 963	-69 114	9 465
Net other operating income	-10 998	45 860	123 475	71 978	87 110
Total income	1 301 178	1 367 854	1 510 699	1 467 330	1 449 681
Personnel expenses	35 171	31 306	22 569	30 612	28 124
General administrative expenses	255 091	262 117	225 879	294 106	280 470
Depreciation and impairment of fixed and intangible assets	14 740	15 806	16 368	16 700	18 079
Other operating expenses	13 419	14 367	14 661	15 020	14 659
Total operating expenses	318 422	323 596	279 477	356 438	341 332
Provision for loan losses	397 662	365 623	447 027	620 636	432 803
Profit before tax	585 094	678 635	784 195	490 256	675 546
Tax charge	-181 808	167 398	193 306	119 705	167 701
Profit after tax	766 902	511 237	590 889	370 550	507 846

Comprehensive income

Amounts in NOK 1000	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Profit on ordinary activities after tax	766 902	511 237	590 889	370 550	507 846
Comprehensive income for the period	766 902	511 237	590 889	370 550	507 846

Balance sheet

Amounts in NOK 1000	Bank Norwegian AS				
	31.12.20	30.9.20	30.6.20	31.3.20	31.12.19
Assets					
Cash and deposits with the central bank	69 451	69 511	69 623	69 905	68 500
Loans and deposits with credit institutions	2 772 540	2 459 961	3 357 436	3 013 538	2 093 048
Loans to customers	37 943 688	39 962 311	40 101 034	42 378 471	40 560 502
Certificates and bonds	21 520 427	21 054 167	16 790 787	13 764 305	14 650 988
Financial derivatives	341 309	205 245	161 158	59 020	76 371
Shares and other securities	50 692	51 491	51 124	46 017	44 863
Intangible assets	101 695	110 870	121 843	131 686	136 100
Fixed assets	1 749	1 184	1 082	1 153	819
Receivables	235 512	272 477	295 782	306 760	252 531
Total assets	63 037 064	64 187 217	60 949 870	59 770 854	57 883 722
Liabilities and equity					
Loans from credit institutions	1 313 710	1 033 695	1 000 781	1 400 000	52 750
Deposits from customers	42 677 703	43 880 046	41 090 855	39 561 112	40 118 369
Debt securities issued	6 034 387	6 649 351	6 679 216	6 813 624	6 537 863
Financial derivatives	64 862	112 604	200 428	657 621	29 621
Tax payable	244 058	498 291	634 825	441 519	625 745
Deferred tax	58 234	3 821	3 821	3 821	3 821
Other liabilities	1 493 831	187 753	61 509	195 410	225 239
Accrued expenses	233 853	215 793	174 660	173 950	179 017
Subordinated loan	877 820	876 049	876 143	876 073	822 688
Total liabilities	52 998 456	53 457 403	50 722 238	50 123 129	48 595 113
Share capital	183 315	183 315	183 315	183 315	183 315
Share premium	966 646	966 646	966 646	966 646	966 646
Tier 1 capital	635 000	635 000	635 000	635 000	635 000
Retained earnings	8 253 647	8 944 854	8 442 672	7 862 764	7 503 649
Total equity	10 038 608	10 729 814	10 227 632	9 647 725	9 288 609
Total liabilities and equity	63 037 064	64 187 217	60 949 870	59 770 854	57 883 722