

Report for the 1st quarter 2018

Bank Norwegian AS

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Bank Norwegian AS is a wholly owned subsidiary of Norwegian Finans Holding ASA. The ownership of Norwegian Finans Holding ASA is divided between institutional and private investors in Norway and abroad, of which Norwegian Air Shuttle ASA is the largest owner with a stake of 16.4% at the end of the 1st quarter 2018. Norwegian Finans Holding ASA is listed on the Oslo Stock Exchange with the ticker code NOFI.

Bank Norwegian started its operations in November 2007 and offers consumer loans, credit cards and deposit accounts to retail customers distributed through the Internet in the Nordic market. Bank Norwegian offers, in cooperation with the airline Norwegian, a combined credit card and reward card. The bank started operations in Sweden in May 2013. In December 2015 the bank launched operations in Denmark and Finland, where it initially offered consumer loans and deposit accounts. Credit cards were launched in June 2016.

Bank Norwegian is a digital bank that offers simple and competitive products to the retail market. The strategy is based on leading digital solutions, synergies with the airline Norwegian, attractive terms for our customers, cost-effective operations and effective risk selection.

At the end of the 1st quarter 2018 the bank had a customer base of 1,316,100 customers, which can be broken down into 959,400 credit card customers, 179,200 loan customers and 177,500 deposit customers.

Profit and loss for the 1st quarter 2018

The bank has implemented IFRS 9 as of the 1st quarter 2018. Comparative figures and ratios have not been restated.

The bank's comprehensive income amounted to MNOK 411.1 compared with MNOK 443.5 in the 4th quarter 2017. Annual return on equity in the 1st quarter was 31.1%, while return on assets was 3.7%. Underlying profit growth compared with the previous quarter is satisfactory considering non-recurring items in the 4th quarter and the 1st quarter, and fewer interest days in 1st quarter.

Net interest income amounted to MNOK 1,028.5, an increase of MNOK 13.7 from the 4th quarter. The increase is explained by loan growth. The net interest margin was 9.5%, compared with 9.7% in the 4th quarter.

Net other operating income amounted to MNOK 40.5 compared with MNOK 54.1 in the 4th quarter. Net commission income decreased with MNOK 3.5 to MNOK 53.9 due to accrual effects. Net gain on securities and currency amounted to MNOK -13.5, compared with a net gain of MNOK -3.4 in the 4th quarter. Net loss on value of securities was MNOK 9.7, net loss on currency was MNOK 3.5 and net change in value of shares was MNOK -0.3.

Total operating expenses amounted to MNOK 312.0 compared with MNOK 288.9 in the 4th quarter. Personnel expenses increased with MNOK 1.1. Administrative expenses increased with MNOK 21.7, and is explained by

increased sale and marketing expenses and external fees relating to business development. Depreciation increased with MNOK 0.1. Other operating expenses increased with MNOK 0.2.

The bank's write-downs on loans were MNOK 208.9, an increase of MNOK 9.8 from the 4th quarter. Write-downs in the 1st quarter equalled 2.4% of average gross loans, unchanged compared with the 4th quarter. Gross delinquent loans were MNOK 3,160, compared with MNOK 2,615 at the end of the 4th quarter. Delinquent loans accounted for 9.0% of gross loans, compared with 7.8% at the end of the 4th quarter. Gross non-performing loans accounted for 7.1% of gross loans, compared with 5.7% as of 31.12.2017. The increase in delinquent loans should be seen in relation to the development of operations in Denmark and Finland, and the increase in Norway and Sweden from a lower level following the sale of non-performing loan portfolios in 2017.

Balance sheet as of March 31, 2018

Total assets increased with MNOK 2,370 in the quarter and amounted to MNOK 45,358.

Net loans to customers increased with MNOK 1,362 and amounted to MNOK 33,814. The loan growth is similar to the previous quarter, adjusted for currency changes. Consumer loans amounted to MNOK 25,454 and credit card loans amounted to MNOK 9,602.

Customer deposits increased with MNOK 2,107 and amounted to MNOK 35,789 at the end of the quarter.

Liquid assets increased with MNOK 1,012 and amounted to MNOK 11,192, equivalent to 24.7% of total assets.

The implementation of the bank's IFRS 9 framework shows a reversal of write-downs of MNOK 72.8 at year-end, which resulted in a MNOK 54.6 increase in equity as of 1.1.2018. There was no impact on profit after tax.

Total equity amounted to MNOK 6,162, compared with MNOK 5,703 as of 31.12.2017.

The general meeting has decided to pay an additional group contribution of MNOK 174.5 in connection with the introduction of dividend payments in Norwegian Finans Holding ASA. Adjusted for group contributions, the total capital ratio was 20.0% the core capital ratio was 18.5% and the common equity tier 1 ratio was 16.5% as of 31.3.2018.

There has been a limited review of the accounts as of 31.3.2018, and the full result is added to retained earnings.

Outlook for the remaining of the year

The economic trends in the Nordic markets where the bank operates are positive. The Norwegian economy shows increasing growth and falling unemployment rate. The Swedish economy is showing a high economic growth. The Danish and Finnish economies show moderate growth and an improved labour market.

The interest rate levels in the countries where the bank is represented are expected to remain low, although higher interest rates are expected going forward. The bank is still expected to benefit from the interest rate level through low funding costs.

The earnings growth is expected to continue through strong loan growth, stable margins, cost control and good credit quality, even though the Nordic market for unsecured credit is impacted by increased competition. Increased competition may lead to higher customer acquisition cost, margin pressure or lower growth. Increased run-off in line with a growing portfolio may affect future loan growth.

The bank has a broad Nordic platform and loan volumes are growing faster outside of Norway. The NFH Group has therefore a diversified risk in relation to regulations in the individual markets.

A high deposit to loans ratio and good access to the securities market are expected to maintain the bank's strong liquidity position.

On April 20, 2018, the bank entered into a Euro Medium Term Note Program to further improve access to funding.

The investment portfolio has provided a satisfactory return. The portfolio's low risk mandate will remain.

The credit quality of the loan portfolio in Norway shows a stable development and the levels of write-downs are expected to remain stable going forward. After the sale of non-performing loan portfolios in Norway and Sweden, the delinquency is expected to gradually increase to a normalized level. The Danish and Finnish loan portfolios show a stable development. Relatively high write-downs in Denmark and Finland are still expected for a period going forward.

Common equity tier 1 ratio was 16.5% at the reporting date and exceeds the current minimum common equity tier 1 ratio requirement of 15.5% with a wide margin. The bank aims to maintain a good margin to the minimum capital adequacy requirements.

The current capital base and internal generation of capital are considered sufficient to ensure the bank's growth ambitions, while the board of directors will propose the introduction of dividend payments.

Bærum, May 3, 2018
Board of directors of Bank Norwegian AS

John Høsteland
Chairman of the Board

Bjørn Østbø
Board Member

Lars Ola Kjos
Board Member

Christine Rødsæther
Board Member

Ninett Ruud Olsen
Board Member

Tine Wollebekk
CEO

Profit and loss account

<i>Amounts in NOK 1000</i>	Note	Q1 2018	Q1 2017	2017
Interest income, amortised cost		1,146,998	912,667	4,077,517
Other interest income		24,206	21,341	95,122
Interest expenses		142,666	108,347	502,211
Net interest income	11	1,028,538	825,661	3,670,428
Commission and bank services income	12	119,839	80,892	399,998
Commission and bank services expenses	12	65,909	42,045	210,730
Net change in value on securities and currency	13	-13,476	5,516	7,458
Net other operating income		40,454	44,363	196,726
Total income		1,068,992	870,024	3,867,154
Personnel expenses		21,283	19,077	73,953
General administrative expenses	14	266,894	215,979	906,286
Ordinary depreciation		11,922	11,375	44,477
Other operating expenses	15	11,863	11,106	43,472
Total operating expenses		311,963	257,536	1,068,188
Provision for loan losses	3, 5, 6	208,903	177,224	672,388
Profit on ordinary activities before tax		548,127	435,264	2,126,577
Tax charge		137,032	108,816	526,995
Profit on ordinary activities after tax		411,096	326,448	1,599,582
Earnings per share (kroner)		2.24	1.85	8.80
Diluted earning per share (kroner)		2.24	1.85	8.80

Comprehensive income

<i>Amounts in NOK 1000</i>	Q1 2018	Q1 2017	2017
Profit on ordinary activities after tax	411,096	326,448	1,599,582
Change in fair value for assets held for sale	-	2,691	8,176
Tax	-	-20	-61
Other comprehensive income that may subsequently be reclassified to profit and loss	-	2,671	8,115
Comprehensive income for the period	411,096	329,119	1,607,697

Balance sheet

<i>Amounts in NOK 1000</i>	Note	31.3.18	31.3.17	31.12.17
Assets				
Cash and deposits with the central bank	10, 17	65,982	59,986	65,976
Loans and deposits with credit institutions	10, 17	1,833,281	1,067,327	1,254,152
Loans to customers	4, 7, 17	33,813,701	27,152,968	32,451,553
Certificates and bonds	16	9,292,364	6,567,532	8,859,834
Financial derivatives	16	49,364	2,578	1,935
Shares and other securities	16, 19	33,104	443	443
Assets held for sale	16, 19	-	27,437	32,922
Intangible assets		115,836	113,698	114,678
Deferred tax asset		11,157	3,771	11,157
Fixed assets		904	54	1,000
Receivables	20	142,496	125,287	194,800
Total assets		45,358,189	35,121,081	42,988,451
Liabilities and equity				
Loans from credit institutions		99,200	-	-
Deposits from customers	17	35,789,003	28,249,846	33,682,275
Debt securities issued	17, 18	1,934,592	1,798,667	2,242,423
Financial derivatives	16	11,264	-	52,246
Tax payable		391,742	310,971	525,886
Other liabilities	21	342,294	253,079	158,689
Accrued expenses	22	153,462	90,147	149,045
Subordinated loan	17, 18	474,677	274,892	474,614
Total liabilities		39,196,234	30,977,603	37,285,179
Share capital		183,315	183,315	183,315
Share premium		966,646	966,646	966,646
Tier 1 capital		635,000	335,000	635,000
Retained earnings and other reserves		4,376,995	2,658,518	3,918,312
Total equity	23	6,161,955	4,143,479	5,703,272
Total liabilities and equity		45,358,189	35,121,081	42,988,451

Bærum, 3 May, 2018
Board of directors of Bank Norwegian AS

John Høsteland
Chairman of the Board

Bjørn Østbø
Board Member

Lars Ola Kjos
Board Member

Christine Rødsæther
Board Member

Ninett Ruud Olsen
Board Member

Tine Wollebakk
CEO

Cash flow statement

<i>Amounts in NOK 1000</i>	Q1 2018	Q1 2017	2017
Profit / loss before tax	411,096	329,119	1,607,697
Unrealized gain or losses on currency	40,925	7,018	47,565
Depreciations and amortizations	11,922	11,375	44,477
Provision for loan losses	208,903	177,224	672,388
Change in loans to customers	-1,571,050	-2,796,208	-8,602,144
Change in deposits from customers	2,106,728	3,826,073	9,258,502
Change in certificates and bonds	-432,530	-2,103,329	-4,395,632
Change in assets held for sale, before tax	-	-2,691	8,176
Change in receivables, deferred tax asset and financial derivatives	4,876	-33,339	-104,202
Change in loans from credit institutions	99,200	-	-
Change in tax payable, accrued expenses and other liabilities	12,896	105,378	337,047
Net cash flow from operating activities	892,965	-479,380	-1,126,125
Payment for acquisition of intangible assets	-12,984	-11,843	-55,381
Payment for acquisition of tangible assets	-	-	-1,050
Net cash flow from investment activities	-12,984	-11,843	-56,431
Paid-in share capital and share premium	-	500,000	500,000
Change in write-downs under IFRS 9	54,569	-	-
Issued debt securities	-	-	1,299,320
Repayment of debt securities	-307,832	-25,306	-880,870
Issued subordinated loan	-	-	199,699
Other changes in subordinated loan	63	-23	-
Issued Tier 1 capital	-	-	299,250
Paid interest Tier 1 capital	-6,982	-3,824	-21,858
Change in shares and other securities	260	-	-
Net cash flow from financing activities	-259,921	470,847	1,395,541
Currency effect on cash and cash equivalents	-40,925	-7,018	-47,565
Net cash flow for the period	579,135	-27,395	165,420
Cash and cash equivalents at the start of the period	1,320,128	1,154,708	1,154,708
Cash and cash equivalents at the end of the period	1,899,263	1,127,313	1,320,128

Changes in equity

<i>Amounts in NOK 1000</i>	Share capital	Share premium	Tier 1 capital	Retained earnings and other reserves	Total equity
Balance 31.12.17	183,315	966,646	635,000	3,918,312	5,703,272
This period's profit	-	-	-	411,096	411,096
Items that may be reclassified to profit and loss, after tax	-	-	-	-	-
Comprehensive income for the period	-	-	-	411,096	411,096
Paid interest Tier 1 capital	-	-	-	-6,982	-6,982
Change in write-downs under IFRS 9	-	-	-	54,569	54,569
Balance 31.3.18	183,315	966,646	635,000	4,376,995	6,161,955

<i>Amounts in NOK 1000</i>	Share capital	Share premium	Tier 1 capital	Retained earnings and other reserves	Total equity
Balance 31.12.16	176,800	473,160	335,000	2,333,223	3,318,183
This period's profit	-	-	-	326,448	326,448
Items that may be reclassified to profit and loss, after tax	-	-	-	2,671	2,671
Comprehensive income for the period	-	-	-	329,119	329,119
Paid interest Tier 1 capital	-	-	-	-3,824	-3,824
Capital increase	6,515	493,485	-	-	500,000
Balance 31.3.17	183,315	966,646	335,000	2,658,518	4,143,479

Notes

Note 1. General accounting principles

The interim report for the first quarter 2018 is prepared according to International Financial Reporting Standards as adopted by the European Union, hereunder *IAS 34 Interim Financial Reporting*. The interim report for the first quarter 2018 is prepared using the same accounting principles and calculation methods as described in the Annual Report 2017, and should be read in conjunction with this.

Accounting standards which have been implemented in 2018

IFRS 9 - Financial Instruments

IASB has published the final version of IFRS 9 *Financial Instruments*, which will replace IAS 39 *Financial Instruments – Recognition and Measurement*. IFRS 9 introduces changes to the rules for the classification and measurement of financial instruments, impairment of financial assets and hedge accounting. The standard is effective for annual reporting periods beginning on 1 January 2018 or later. Earlier application is permitted. The standard must be applied retrospectively, except for hedge accounting. Restatement of comparative figures is not required. The standard was approved by the EU in the 4th quarter of 2016.

The rules for classification and measurement of financial assets under IFRS 9 are more principle-based than the rules under IAS 39. Under IFRS 9, financial assets are assessed based on the entity's business model and the asset's cash flows. The bank has made an assessment of the balance sheet with regards to classification and measurement of financial assets. The bank has reclassified *Assets held for sale* to *Shares and other securities*. The classification and measurement of the bank's financial liabilities have not been affected by the transition to IFRS 9.

Assets held for sale, which consist of the bank's ownership interest in Visa Norge FLI, was under IAS 39 classified at fair value through other comprehensive income (with reclassification). The asset was held for sale, and will after the implementation of IFRS 9 be classified at fair value through profit or loss. For further details, see note 3.

IFRS 9 requires write-downs on loans to be calculated using different assumptions about future development of credit losses. The bank has made calculations of losses under IFRS 9 based on a base, upper and lower scenario. The calculations at 31.12.17 show an after-tax reduction of write-downs of NOK 55 million after tax compared to write-downs under IAS 39. The decreased in write-downs has been booked as a change in equity as per 1.1.2018, and increases *Loans to customers*.

In connection with the introduction of IFRS 9, an amendment to *IAS 1, par. 82 (a)* was made that applies to accounting periods beginning on or after 1 January 2018. According to this change, interest income calculated using the effective interest rate method (financial assets measured at amortized cost or at fair value through comprehensive income) shall be presented separately in the income statement. The bank has classified *Cash and deposits with the central bank*, *Loans and deposits with credit institutions* and *Loans to customers* at amortized cost. Interest income calculated using the effective interest method is presented separately in the income statement. Comparative figures are presented accordingly.

Note 2. Segments

The profit and loss and balance sheet presentation for segments are based on internal financial reporting as it is reported to group management. The figures are based on Bank Norwegian's governance model and accounting principles.

Profit and loss account Q1 2018

Amounts in NOK 1000	Norway	Sweden	Denmark	Finland	Total
Net interest income	501,904	176,261	109,669	240,705	1,028,538
Net other operating income	38,661	10,672	617	-9,496	40,454
Total income	540,565	186,933	110,286	231,208	1,068,992
Total operating expenses	138,714	75,069	38,918	59,261	311,963
Provision for loan losses	55,423	59,346	47,191	46,942	208,903
Profit on ordinary activities before tax	346,428	52,518	24,177	125,005	548,127
Tax charge	86,607	13,130	6,044	31,251	137,032
Profit on ordinary activities after tax	259,821	39,389	18,133	93,754	411,096

Other comprehensive income

Comprehensive income for the period	259,821	39,389	18,133	93,754	411,096
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Balance sheet 31.3.18

Amounts in NOK 1000	Norway	Sweden	Denmark	Finland	Total
Loans to customers	17,195,567	5,554,064	3,311,670	7,752,364	33,813,665
Other assets	6,855,525	1,993,666	1,057,104	1,638,229	11,544,524
Total assets	24,051,092	7,547,730	4,368,774	9,390,593	45,358,189
Deposits from customers	18,573,609	5,800,286	3,337,984	8,077,088	35,788,967
Other liabilities and equity	5,477,483	1,747,444	1,030,789	1,313,505	9,569,222
Total liabilities and equity	24,051,092	7,547,730	4,368,774	9,390,593	45,358,189

Profit and loss account Q1 2017

Amounts in NOK 1000	Norway	Sweden	Denmark	Finland	Total
Net interest income	468,428	161,450	60,395	135,387	825,661
Net other operating income	32,487	12,801	879	-1,804	44,363
Total income	500,916	174,251	61,275	133,583	870,024
Total operating expenses	123,380	56,573	41,019	36,564	257,536
Provision for loan losses	70,385	49,113	31,377	26,349	177,224
Profit on ordinary activities before tax	307,150	68,565	-11,121	70,671	435,264
Tax charge	76,788	17,141	-2,780	17,668	108,816
Profit on ordinary activities after tax	230,363	51,424	-8,341	53,003	326,448

Other comprehensive income

Comprehensive income for the period	233,034	51,424	-8,341	53,003	329,119
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Balance sheet 31.3.17

Amounts in NOK 1000	Norway	Sweden	Denmark	Finland	Total
Loans to customers	15,141,165	5,507,688	2,046,659	4,457,456	27,152,968
Other assets	6,058,819	686,407	1,003,888	219,000	7,968,113
Total assets	21,199,984	6,194,095	3,050,547	4,676,456	35,121,081
Deposits from customers	16,565,752	5,458,927	2,880,879	3,344,289	28,249,846
Other liabilities and equity	4,634,232	735,168	169,668	1,332,167	6,871,235
Total liabilities and equity	21,199,984	6,194,095	3,050,547	4,676,456	35,121,081

Profit and loss account 2017

Amounts in NOK 1000	Norway	Sweden	Denmark	Finland	Total
Net interest income	1,947,738	662,788	320,989	738,913	3,670,428
Net other operating income	128,393	60,055	3,864	4,414	196,726
Total income	2,076,131	722,843	324,853	743,327	3,867,154
Total operating expenses	508,491	248,391	136,989	174,317	1,068,188
Provision for loan losses	192,354	147,436	151,982	180,617	672,388
Profit on ordinary activities before tax	1,375,286	327,017	35,882	388,393	2,126,577
Tax charge	336,358	84,575	7,532	98,531	526,995
Profit on ordinary activities after tax	1,038,928	242,442	28,350	289,862	1,599,582

Other comprehensive income

Comprehensive income for the period	1,047,043	242,442	28,350	289,862	1,607,697
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Balance 31.12.17

Amounts in NOK 1000	Norway	Sweden	Denmark	Finland	Total
Loans to customers	16,561,731	5,718,448	3,121,962	7,049,412	32,451,553
Other assets	6,462,719	1,937,559	926,098	1,210,522	10,536,898
Total assets	23,024,450	7,656,007	4,048,060	8,259,934	42,988,451
Deposits from customers	17,909,435	5,875,474	3,313,982	6,583,384	33,682,275
Other liabilities and equity	5,115,048	1,780,534	734,078	1,676,550	9,306,210
Total liabilities and equity	23,024,484	7,656,008	4,048,060	8,259,934	42,988,451

Note 3. IFRS 9

Note 3.1. Change in balance sheet items

Change in balance sheet items	IAS 39		IFRS 9	
	Category	Book value 31.12.17	Category	Book value 1.1.18
Financial assets				
Cash and deposits with sentral banks	Amortised cost	65,976	Amortised cost	65,976
Loans and deposits with credit institutions	Amortised cost	1,254,152	Amortised cost	1,254,152
Loans to customers	Amortised cost	32,451,553	Amortised cost	32,524,311
Certificates and bonds	Fair value	8,859,834	Fair value	8,859,834
Financial derivatives	Fair value	1,935	Fair value	1,935
Shares and other securities	Fair value	443	Fair value	33,365
Assets held for sale*	Fair value**	32,922	Fair value	-

* Will be reclassified to *Shares and other securites* under IFRS 9.

** Fair value through other comprehensive income.

The table below shows reclassification of balance sheet items and new expected credit loss.

	IAS 39	Reclass- ification	New model for expected credit loss	IFRS 9
<i>Loans to customers</i>				
Balance 31.12.17	32,451,553	-	-	-
Change in expected credit loss	-	-	72,758	-
Balance 1.1.18	-	-	-	32,524,311

	IAS 39	Reclass- ification	New model for expected credit loss	IFRS 9
<i>Shares and other securities</i>				
Balance 31.12.17	443	-	-	-
Reclassification	-	32,922	-	-
Balance 1.1.18	-	-	-	33,365

	IAS 39	Reclass- ification	New model for expected credit loss	IFRS 9
<i>Assets held for sale</i>				
Balance 31.12.17	32,922	-	-	-
Reclassification	-	-32,922	-	-
Balance 1.1.18	-	-	-	-

Note 3.2. Economical variables used to measure expected credit loss

The bank has chosen to disclose the three most important modeling variables in each individual country. The variables differ between countries. The following macro-economic variables are used in the models: real interest rate in absolute terms, 3-month interbank rate, unemployment level in thousands, hourly pay in NOK, aggregated monthly consumption for the entire population measured in millions in local currency, and unemployment rate in percentage of the total labor force. The data is modeled across three scenarios: a base, an upper and a lower case for expected credit loss. The model is based on the NiGEM-model developed by UK's Institute of Economic and Social Research.

The following weights has been used across all portfolios per 31.3.18:

- Base scenario for expected credit loss: 40%
- Upper scenario for expected credit loss: 30%
- Lower scenario for expected credit loss: 30%

Norway		2019	2020	2021	2022	2023
<i>3-month interbank rate</i>	Base	1.54 %	2.07 %	2.72 %	3.26 %	3.26 %
	Upper	1.29 %	1.82 %	2.47 %	3.01 %	3.01 %
	Lower	2.20 %	2.59 %	3.18 %	3.58 %	3.74 %
<i>Hourly pay in NOK</i>	Base	415	427	441	456	471
	Upper	430	447	465	484	503
	Lower	406	417	428	440	452
<i>Real interest rate</i>	Base	-0.84 %	-0.31 %	0.07 %	0.31 %	0.14 %
	Upper	-1.24 %	-0.71 %	-0.33 %	-0.09 %	-0.26 %
	Lower	0.54 %	0.59 %	0.89 %	1.41 %	0.97 %
Sweden		2019	2020	2021	2022	2023
<i>3-month interbank rate</i>	Base	0.23 %	0.94 %	1.62 %	2.23 %	2.82 %
	Upper	-0.03 %	0.44 %	0.93 %	1.33 %	1.73 %
	Lower	0.63 %	1.62 %	2.58 %	3.46 %	4.34 %
<i>Unemployment level in thousands</i>	Base	359	363	372	383	389
	Upper	317	320	326	331	345
	Lower	393	399	409	423	431
<i>Consumption in millions</i>	Base	177,366	181,963	186,156	190,161	194,175
	Upper	181,261	186,836	191,867	196,431	200,816
	Lower	172,372	175,024	177,541	180,192	183,626
Denmark		2019	2020	2021	2022	2023
<i>3-month interbank rate</i>	Base	0.45 %	0.97 %	1.48 %	2.00 %	2.50 %
	Upper	0.98 %	1.38 %	1.86 %	2.32 %	2.79 %
	Lower	0.11 %	0.60 %	1.18 %	1.75 %	2.29 %
<i>Consumption in millions</i>	Base	79,163	80,691	82,242	83,808	85,407
	Upper	83,220	85,820	88,284	90,701	93,115
	Lower	74,788	75,349	76,221	77,138	78,091
<i>Unemployment percentage</i>	Base	5.62 %	5.74 %	5.71 %	5.66 %	5.65 %
	Upper	4.73 %	4.95 %	5.09 %	5.34 %	5.44 %
	Lower	6.64 %	6.44 %	6.19 %	5.97 %	5.89 %
Finland		2019	2020	2021	2022	2023
<i>3-month interbank rate</i>	Base	0.34 %	0.88 %	1.34 %	1.81 %	2.27 %
	Upper	0.83 %	1.27 %	1.67 %	2.08 %	2.52 %
	Lower	-0.08 %	0.33 %	0.88 %	1.39 %	1.90 %
<i>Consumption in millions</i>	Base	9,402	9,517	9,635	9,762	9,896
	Upper	9,891	10,131	10,343	10,551	10,759
	Lower	8,930	8,934	8,974	9,033	9,106
<i>Unemployment percentage</i>	Base	7.86 %	7.65 %	7.58 %	7.48 %	7.36 %
	Upper	5.34 %	5.96 %	6.40 %	6.45 %	6.72 %
	Lower	10.40 %	9.64 %	8.67 %	8.39 %	7.89 %

Note 3.3. Significant increase in credit risk

Probability of default (PD) is an experience-based probability that a commitment is in breach for more than 90 days in the next twelve months. The tables below show the different trigger levels that need to be in place for a commitment to be classified in Stage 2 due to a significant increase in credit risk. A significant increase in credit risk is assessed on the basis of several criteria, including late payment beyond 30 days after maturity. The most important factor for the assessment is a comparison between the original probability of default and the probability of default at the reporting date. Each product has its own threshold values when one considers an increase to be significant. Products with absolute low application PDs therefore lead to high trigger requirements, as they are relative and come from a low level.

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

Note 4. Loans to customers by customer groups

<i>Amounts in NOK 1000</i>	Gross loans	Loan loss allowance			Total
		Stage 1	Stage 2	Stage 3	
Instalment loans Norway	11,968,818	44,135	33,445	234,987	11,656,252
Credit card loans Norway	5,613,301	6,560	6,479	58,556	5,541,706
Instalment loans Sweden	3,898,236	37,500	90,069	91,553	3,679,113
Credit card loans Sweden	1,935,512	8,691	27,015	27,675	1,872,132
Instalment loans Denmark	2,965,585	54,306	34,388	136,800	2,740,092
Credit card loans Denmark	650,880	14,197	11,427	53,727	571,529
Instalment loans Finland	6,638,906	34,427	56,757	138,951	6,408,771
Credit card loans Finland	1,384,763	7,571	22,879	10,206	1,344,106
Total	35,056,002	207,388	282,458	752,454	33,813,701

Note 5. Change in loan loss allowance

Instalment loans Norway

<i>Amounts in NOK 1000</i>	Loan loss allowance			Total
	Stage 1 12 months expected credit loss	Stage 2 Lifetime expected credit loss	Stage 3 Lifetime expected credit loss	
Loan loss allowance as at 1.1.18	43,909	31,966	199,148	275,022
Transfers :				
Transfers between Stage 1 and Stage 2	-3,375	15,208	-	11,834
Transfers between Stage 1 and Stage 3	-134	-	128	-5
Transfers between Stage 2 and Stage 1	1,881	-5,477	-	-3,596
Transfers between Stage 2 and Stage 3	-	-10,549	28,741	18,192
Transfers between Stage 3 and Stage 2	-	870	-8,662	-7,793
Transfers between Stage 3 and Stage 1	12	-	-841	-829
Financial assets issued or purchased	4,042	1,375	-	5,417
Financial assets derecognized in the period, including down payments	-2,200	52	16,473	14,325
Loan loss allowance as at 31.3.18	44,135	33,445	234,987	312,567
Loan loss provisions and guarantees	-	-	-	-

The loan loss allowance is calculated based on the expected credit loss (ECL) using the 3-stage method as described in note 2.1 of the Annual Report 2017.

Migration out of one stage is calculated at opening date 1.1.2018, while migration into one stage is calculated at the closing date 31.3.2018.

Gross loans to customers

<i>Amounts in NOK 1000</i>	Stage 1	Stage 2	Stage 3	Total
Gross loans to customers as at 1.1.18	9,456,580	1,262,159	963,985	11,682,724
Transfers :				
Transfers between Stage 1 and Stage 2	-630,874	631,130	-	255
Transfers between Stage 1 and Stage 3	-22,411	-	22,690	279
Transfers between Stage 2 and Stage 1	348,469	-369,060	-	-20,591
Transfers between Stage 2 and Stage 3	-	-211,151	211,533	382
Transfers between Stage 3 and Stage 2	-	39,888	-48,831	-8,943
Transfers between Stage 3 and Stage 1	2,188	-	-4,391	-2,203
New financial assets issued or purchased	819,608	38,849	-	858,457
Financial assets derecognized in the period	-443,671	-66,527	-31,343	-541,541
Gross loans to customer as at 31.3.18	9,529,888	1,325,287	1,113,643	11,968,818

Credit card loans Norway

Loan loss allowance

<i>Amounts in NOK 1000</i>	Stage 1 12 months expected credit loss	Stage 2 Lifetime expected credit loss	Stage 3 Lifetime expected credit loss	Total
Loan loss allowance as at 1.1.18	6,290	5,844	46,371	58,506
Transfers :				
Transfers between Stage 1 and Stage 2	-326	3,464	-	3,139
Transfers between Stage 1 and Stage 3	-18	-	130	112
Transfers between Stage 2 and Stage 1	265	-2,137	-	-1,872
Transfers between Stage 2 and Stage 3	-	-859	6,223	5,364
Transfers between Stage 3 and Stage 2	-	88	-2,129	-2,041
Transfers between Stage 3 and Stage 1	4	-	-498	-494
Financial assets issued or purchased	485	303	-	787
Financial assets derecognized in the period, including down payments	-139	-224	8,458	8,095
Loan loss allowance as at 31.3.18	6,560	6,479	58,556	71,595
Loan loss provisions and guarantees	-	-	-	-

The loan loss allowance is calculated based on the expected credit loss (ECL) using the 3-stage method as described in note 2.1 of the Annual Report 2017.

Migration out of one stage is calculated at opening date 1.1.2018, while migration into one stage is calculated at the closing date 31.3.2018.

Gross loans to customers

<i>Amounts in NOK 1000</i>	Stage 1	Stage 2	Stage 3	Total
Gross loans to customers as at 1.1.18	4,578,369	486,537	263,105	5,328,011
Transfers :				
Transfers between Stage 1 and Stage 2	-258,073	294,913	-	36,840
Transfers between Stage 1 and Stage 3	-11,986	-	12,214	228
Transfers between Stage 2 and Stage 1	167,257	-193,014	-	-25,757
Transfers between Stage 2 and Stage 3	-	-71,625	71,809	183
Transfers between Stage 3 and Stage 2	-	7,945	-17,840	-9,895
Transfers between Stage 3 and Stage 1	643	-	-4,448	-3,805
New financial assets issued or purchased	188,427	18,330	-	206,758
Financial assets derecognized in the period	94,189	-11,222	-2,229	80,738
Gross loans to customers as at 31.3.18	4,758,826	531,865	322,610	5,613,301

Instalment loans Sweden

Loan loss allowance	Stage 1 12 months expected credit loss	Stage 2 Lifetime expected credit loss	Stage 3 Lifetime expected credit loss	Total
<i>Amounts in NOK 1000</i>				
Loan loss allowance as at 1.1.18	46,937	64,847	63,421	175,205
Transfers :				
Transfers between Stage 1 and Stage 2	-9,773	19,555	-	9,782
Transfers between Stage 1 and Stage 3	-277	-	-	-277
Transfers between Stage 2 and Stage 1	5,101	-9,868	-	-4,767
Transfers between Stage 2 and Stage 3	-	-8,756	19,505	10,749
Transfers between Stage 3 and Stage 2	-	894	-2,275	-1,381
Transfers between Stage 3 and Stage 1	12	-	-165	-152
Financial assets issued or purchased	7,134	2,359	-	9,493
Financial assets derecognized in the period, including down payments	-11,633	21,037	11,067	20,470
Loan loss allowance as at 31.3.18	37,500	90,069	91,553	219,123
Loan loss provisions and guarantees	-	-	-	-

The loan loss allowance is calculated based on the expected credit loss (ECL) using the 3-stage method as described in note 2.1 of the Annual Report 2017.

Migration out of one stage is calculated at opening date 1.1.2018, while migration into one stage is calculated at the closing date 31.3.2018.

Gross loans to customers

<i>Amounts in NOK 1000</i>	Stage 1	Stage 2	Stage 3	Total
Gross loans to customers as at 1.1.18	2,209,495	1,177,009	312,262	3,698,766
Transfers :				
Transfers between Stage 1 and Stage 2	-391,720	388,106	-	-3,615
Transfers between Stage 1 and Stage 3	-10,459	-	10,962	503
Transfers between Stage 2 and Stage 1	214,139	-222,648	-	-8,509
Transfers between Stage 2 and Stage 3	-	-118,642	121,647	3,005
Transfers between Stage 3 and Stage 2	-	14,647	-17,119	-2,473
Transfers between Stage 3 and Stage 1	566	-	-892	-326
New financial assets issued or purchased	324,128	44,367	-	368,496
Financial assets derecognized in the period	-698,646	544,004	-2,969	-157,611
Gross loans to customers as at 31.3.18	1,647,503	1,826,843	423,891	3,898,236

Credit card loans Sweden

Loan loss allowance

<i>Amounts in NOK 1000</i>	Stage 1 12 months expected credit loss	Stage 2 Lifetime expected credit loss	Stage 3 Lifetime expected credit loss	Total
Loan loss allowance as at 1.1.18	8,279	25,105	17,029	50,414
Transfers :				
Transfers between Stage 1 and Stage 2	-452	11,225	-	10,774
Transfers between Stage 1 and Stage 3	-10	-	-	-10
Transfers between Stage 2 and Stage 1	281	-6,356	-	-6,075
Transfers between Stage 2 and Stage 3	-	-2,639	7,199	4,560
Transfers between Stage 3 and Stage 2	-	197	-614	-417
Transfers between Stage 3 and Stage 1	0	-	-19	-19
Financial assets issued or purchased	765	62	-	827
Financial assets derecognized in the period, including down payments	-173	-580	4,079	3,327
Loan loss allowance as at 31.3.18	8,691	27,015	27,675	63,381
Loan loss provisions and guarantees	-	-	-	-

The loan loss allowance is calculated based on the expected credit loss (ECL) using the 3-stage method as described in note 2.1 of the Annual Report 2017.

Migration out of one stage is calculated at opening date 1.1.2018, while migration into one stage is calculated at the closing date 31.3.2018.

Gross loans to customers

<i>Amounts in NOK 1000</i>	Stage 1	Stage 2	Stage 3	Total
Gross loans to customers as at 1.1.18	1,500,791	275,085	64,310	1,840,185
Transfers :				
Transfers between Stage 1 and Stage 2	-115,238	127,928	-	12,689
Transfers between Stage 1 and Stage 3	-3,513	-	3,715	202
Transfers between Stage 2 and Stage 1	62,057	-71,481	-	-9,424
Transfers between Stage 2 and Stage 3	-	-30,776	31,424	649
Transfers between Stage 3 and Stage 2	-	1,808	-2,951	-1,143
Transfers between Stage 3 and Stage 1	18	-	-92	-74
New financial assets issued or purchased	90,602	3,151	-	93,754
Financial assets derecognized in the period	3,444	-4,639	-131	-1,325
Gross loans to customers as at 31.3.18	1,538,160	301,077	96,275	1,935,512

Instalment loans Denmark

Loan loss allowance	Stage 1 12 months expected credit loss	Stage 2 Lifetime expected credit loss	Stage 3 Lifetime expected credit loss	Total
<i>Amounts in NOK 1000</i>				
Loan loss allowance as at 1.1.18	47,774	21,554	116,654	185,982
Transfers :				
Transfers between Stage 1 and Stage 2	-4,202	25,385	-	21,184
Transfers between Stage 1 and Stage 3	-84	-	497	413
Transfers between Stage 2 and Stage 1	1,210	-4,376	-	-3,166
Transfers between Stage 2 and Stage 3	-	-10,198	25,466	15,268
Transfers between Stage 3 and Stage 2	-	540	-3,124	-2,585
Transfers between Stage 3 and Stage 1	6	-	-185	-179
Financial assets issued or purchased	6,795	1,566	-	8,360
Financial assets derecognized in the period, including down payments	2,807	-82	-2,509	216
Loan loss allowance as at 31.3.18	54,306	34,388	136,800	225,493
Loan loss provisions and guarantees	-	-	-	-

The loan loss allowance is calculated based on the expected credit loss (ECL) using the 3-stage method as described in note 2.1 of the Annual Report 2017.

Migration out of one stage is calculated at opening date 1.1.2018, while migration into one stage is calculated at the closing date 31.3.2018.

Gross loans to customers

<i>Amounts in NOK 1000</i>	Stage 1	Stage 2	Stage 3	Total
Gross loans to customers as at 1.1.18	2,314,486	127,969	219,524	2,661,978
Transfers :				
Transfers between Stage 1 and Stage 2	-125,037	130,425	-	5,389
Transfers between Stage 1 and Stage 3	-905	-	921	15
Transfers between Stage 2 and Stage 1	31,225	-31,756	-	-531
Transfers between Stage 2 and Stage 3	-	-46,811	47,203	392
Transfers between Stage 3 and Stage 2	-	4,518	-5,957	-1,439
Transfers between Stage 3 and Stage 1	79	-	-349	-271
New financial assets issued or purchased	253,451	9,031	-	262,482
Financial assets derecognized in the period	47,194	-5,070	-4,555	37,569
Gross loans to customers as at 31.3.18	2,520,494	188,305	256,786	2,965,585

Credit card loans Denmark

Loan loss allowance

<i>Amounts in NOK 1000</i>	Stage 1 12 months expected credit loss	Stage 2 Lifetime expected credit loss	Stage 3 Lifetime expected credit loss	Total
Loan loss allowance as at 1.1.18	8,971	14,405	49,099	72,475
Transfers :				
Transfers between Stage 1 and Stage 2	-289	3,855	-	3,566
Transfers between Stage 1 and Stage 3	-	-	-	-
Transfers between Stage 2 and Stage 1	883	-6,081	-	-5,199
Transfers between Stage 2 and Stage 3	-	-2,335	6,399	4,064
Transfers between Stage 3 and Stage 2	-	896	-1,469	-573
Transfers between Stage 3 and Stage 1	-	-	-	-
Financial assets issued or purchased	8,157	342	-	8,499
Financial assets derecognized in the period, including down payments	-3,524	345	-302	-3,481
Loan loss allowance as at 31.3.18	14,197	11,427	53,727	79,351
Loan loss provisions and guarantees	-	-	-	-

The loan loss allowance is calculated based on the expected credit loss (ECL) using the 3-stage method as described in note 2.1 of the Annual Report 2017.

Migration out of one stage is calculated at opening date 1.1.2018, while migration into one stage is calculated at the closing date 31.3.2018.

Gross loans to customers

<i>Amounts in NOK 1000</i>	Stage 1	Stage 2	Stage 3	Total
Gross loans to customers as at 1.1.18	440,558	51,674	121,080	613,312
Transfers :				
Transfers between Stage 1 and Stage 2	-30,013	32,140	-	2,126
Transfers between Stage 1 and Stage 3	-	-	-	-
Transfers between Stage 2 and Stage 1	17,070	-13,864	-	3,206
Transfers between Stage 2 and Stage 3	-	-15,122	15,331	209
Transfers between Stage 3 and Stage 2	-	1,745	-3,679	-1,933
Transfers between Stage 3 and Stage 1	-	-	-	-
New financial assets issued or purchased	16,164	770	-	16,933
Financial assets derecognized in the period	19,687	-2,245	-415	17,027
Gross loans to customers as at 31.3.18	463,465	55,098	132,317	650,880

Instalment loans Finland

Loan loss allowance	Stage 1 12 months expected credit loss	Stage 2 Lifetime expected credit loss	Stage 3 Lifetime expected credit loss	Total
<i>Amounts in NOK 1000</i>				
Loan loss allowance as at 1.1.18	32,389	49,959	106,143	188,491
Transfers :				
Transfers between Stage 1 and Stage 2	-3,868	26,441	-	22,572
Transfers between Stage 1 and Stage 3	-79	-	379	300
Transfers between Stage 2 and Stage 1	1,620	-8,903	-	-7,283
Transfers between Stage 2 and Stage 3	-	-14,050	37,534	23,484
Transfers between Stage 3 and Stage 2	-	1,579	-3,932	-2,353
Transfers between Stage 3 and Stage 1	1	-	-16	-15
Financial assets issued or purchased	4,089	1,263	-	5,353
Financial assets derecognized in the period, including down payments	276	468	-1,157	-413
Loan loss allowance as at 31.3.18	34,427	56,757	138,951	230,135
Loan loss provisions and guarantees	-	-	-	-

The loan loss allowance is calculated based on the expected credit loss (ECL) using the 3-stage method as described in note 2.1 of the Annual Report 2017.

Migration out of one stage is calculated at opening date 1.1.2018, while migration into one stage is calculated at the closing date 31.3.2018.

Gross loans to customers

<i>Amounts in NOK 1000</i>	Stage 1	Stage 2	Stage 3	Total
Gross loans to customers as at 1.1.18	4,557,790	861,928	532,203	5,951,921
Transfers :				
Transfers between Stage 1 and Stage 2	-437,440	452,847	-	15,408
Transfers between Stage 1 and Stage 3	-1,574	-	1,629	55
Transfers between Stage 2 and Stage 1	196,050	-197,986	-	-1,936
Transfers between Stage 2 and Stage 3	-	-177,914	180,989	3,075
Transfers between Stage 3 and Stage 2	-	16,184	-21,232	-5,048
Transfers between Stage 3 and Stage 1	130	-	-98	33
New financial assets issued or purchased	609,006	26,384	-	635,390
Financial assets derecognized in the period	66,382	-23,815	-2,558	40,009
Gross loans to customers as at 31.3.18	4,990,345	957,628	690,933	6,638,906

Credit card loans Finland

Loan loss allowance

<i>Amounts in NOK 1000</i>	Stage 1 12 months expected credit loss	Stage 2 Lifetime expected credit loss	Stage 3 Lifetime expected credit loss	Total
Loan loss allowance as at 1.1.18	6,919	21,706	7,688	36,314
Transfers :				
Transfers between Stage 1 and Stage 2	-1,072	5,589	-	4,517
Transfers between Stage 1 and Stage 3	-8	-	4	-5
Transfers between Stage 2 and Stage 1	404	-3,113	-	-2,709
Transfers between Stage 2 and Stage 3	-	-1,638	3,095	1,457
Transfers between Stage 3 and Stage 2	-	45	-284	-239
Transfers between Stage 3 and Stage 1	2	-	-25	-23
Financial assets issued or purchased	1,488	525	-	2,013
Financial assets derecognized in the period, including down payments	-161	-235	-272	-669
Loan loss allowance as at 31.3.18	7,571	22,879	10,206	40,657
Loan loss provisions and guarantees	-	-	-	-

The loan loss allowance is calculated based on the expected credit loss (ECL) using the 3-stage method as described in note 2.1 of the Annual Report 2017.

Migration out of one stage is calculated at opening date 1.1.2018, while migration into one stage is calculated at the closing date 31.3.2018.

Gross loans to customers

<i>Amounts in NOK 1000</i>	Stage 1	Stage 2	Stage 3	Total
Gross loans to customers as at 1.1.18	649,139	466,658	93,518	1,209,315
Transfers :				
Transfers between Stage 1 and Stage 2	-107,693	128,906	-	21,213
Transfers between Stage 1 and Stage 3	-145	-	149	3
Transfers between Stage 2 and Stage 1	45,199	-47,180	-	-1,981
Transfers between Stage 2 and Stage 3	-	-34,575	34,808	234
Transfers between Stage 3 and Stage 2	-	2,494	-3,794	-1,300
Transfers between Stage 3 and Stage 1	162	-	-410	-247
New financial assets issued or purchased	74,775	10,739	-	85,514
Financial assets derecognized in the period	83,048	-10,561	-476	72,012
Gross loans to customers as at 31.3.18	744,485	516,481	123,796	1,384,763

Note 6. Loan loss provisions and guarantees

The bank has no guarantees as of 31.3.18.

<i>Amounts in NOK 1000</i>	Q1 2018	Q1 2017	2017
Realized losses in the period	8,003	5,316	16,325
Individual write-downs on loans including gains/losses from sale of NPL portfolios	-	40,947	172,838
Write-downs - lifetime expected credit loss (stage 3)	148,512	-	-
Net individual write-downs on loans	156,514	46,263	189,163
The period's change in write-downs on groups of loans including gains/losses from sale of NPL portfolios	-	130,961	483,226
Write-downs - 12 months expected credit loss (stage 1)	5,382	-	-
Write-downs - lifetime expected credit loss (stage 2)	47,006	-	-
Write-downs on loans	208,903	177,224	672,388

Note 7. Loans to customers by geographical region

Gross loans by geographical regions			
<i>Amounts in NOK 1000</i>	Q1 2018	Q1 2017	2017
Oslo	2,382,086	2,055,947	2,217,645
Akershus	2,271,574	2,029,563	2,275,307
Hordaland	1,916,372	1,678,044	1,844,523
Rogaland	1,506,699	1,341,596	1,471,591
Østfold	1,084,727	979,109	1,049,798
Buskerud	951,822	858,350	926,473
Sør-Trøndelag	918,237	811,728	882,450
Nordland	873,541	793,398	849,312
Vestfold	830,246	760,524	802,016
Møre og Romsdal	755,603	682,063	736,414
Troms	650,686	578,240	631,545
Hedmark	590,291	545,345	576,889
Oppland	545,633	499,381	529,419
Telemark	525,642	475,514	514,713
Vest-Agder	454,373	396,417	435,170
Nord-Trøndelag	364,122	327,411	357,415
Finnmark	344,910	312,709	339,327
Aust-Agder	318,878	285,806	314,901
Sogn og Fjordane	225,095	207,913	220,432
Svalbard	3,962	3,081	3,725
Customer does not have a Norwegian address	65,264	37,526	59,824
Total Norway	17,579,764	15,659,666	17,038,890
Sweden	5,836,567	5,809,084	5,898,925
Denmark	3,616,514	2,140,343	3,345,537
Finland	8,023,156	4,552,753	7,308,352
Gross loans to customers	35,056,002	28,161,846	33,591,704

Note 8. Default and loss on loans

<i>Amounts in NOK 1000</i>	Q1 2018	Q1 2017	2017
Gross defaulted loans	-	2,068,721	2,615,145
Gross loans stage 3	3,160,250	-	-
Individual write-downs on loans	-	-242,656	-126,838
Write-downs - lifetime expected credit loss (stage 3)	-752,454	-	-
Write-downs - lifetime expected credit loss (stage 2)	-282,458	-	-
Write-downs - 12 months expected credit loss (stage 1)	-207,388	-	-
Write-downs on groups of loans	-	-766,222	-1,013,313
Net defaulted loans	1,917,949	1,059,842	1,474,994

Defaulted loans which are performing 673,571 496,025 569,246
Defaulted loans comprise of loans which are more than 90 days overdue according to payment schedule.

Note 9. Liquidity risk

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

The Liquidity 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. At 31.03.2018 the liquidity reserve (LCR) on total level for the bank was 212%. The bank has significant positions in Norwegian, Swedish and Danish kroner in addition to Euro. At 31.3.18 the LCR was 345% in Norwegian kroner, 127% in Swedish kroner, 216% Danish kroner and 143% in Euro. The legal requirement for liquidity reserve at total level and for significant currencies is 100% at 31.3.18, except for Norwegian kroner where the legal requirement is 50%.

Note 10. Loans and deposits with credit institutions and central banks

<i>Amounts in NOK 1000</i>	Q1 2018	Q1 2017	2017
Loans and deposits with credit institutions and central banks without agreed maturity or notice period	1,899,263	1,127,313	1,320,128
Loans and deposits with credit institutions and central banks	1,899,263	1,127,313	1,320,128

<i>Specification of currencies</i>			
<i>Amounts in NOK 1000</i>	Q1 2018	Q1 2017	2017
NOK	875,895	537,007	535,807
SEK	507,640	413,924	444,840
DKK	235,489	132,595	197,700
EUR	280,239	43,787	141,782
Loans and deposits with credit institutions and central banks	1,899,263	1,127,313	1,320,128

Average interest rate	0.22 %	0.20 %	0.22 %
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Average interest rate is calculated as interest amount in percentage of average volume for the current period.

Note 11. Net interest income

<i>Amounts in NOK 1000</i>	Q1 2018	Q1 2017	2017
Interest income from cash and deposits at central banks	87	74	304
Interest income from loans to and deposits with credit institutions	759	482	2,660
Interest income from consumer loans	854,490	703,696	3,102,438
Interest income from overdraft accounts	-	79	79
Interest income from credit cards	290,936	206,859	967,465
Interest income from sales financing	726	1,476	4,571
Interest income, amortised cost	1,146,998	912,667	4,077,517
Interest and other income from certificates and bonds	23,474	20,328	91,939
Other interest and other interest related income	732	1,013	3,183
Other interest income	24,206	21,341	95,122
Interest expense from deposits from credit institutions	227	9	135
Interest expense from deposits from customers	124,780	93,138	433,959
Interest expense on debt securities issued	7,577	8,317	34,346
Interest expense on subordinated loan	4,793	2,698	15,530
Other interest and other interest related expenses	5,290	4,185	18,241
Interest expense	142,666	108,347	502,211
Net interest income	1,028,538	825,661	3,670,428

Note 12. Net other operating income

<i>Amounts in NOK 1000</i>	Q1 2018	Q1 2017	2017
Payment services	73,376	50,282	264,887
Insurance services	33,243	20,886	87,522
Other fees and commission and bank services income	13,220	9,724	47,589
Total commission and bank services income	119,839	80,892	399,998
Payment services	33,901	20,191	110,223
Insurance services	25,224	16,287	78,620
Other fees and commission and bank services expense	6,784	5,567	21,887
Total commission and bank services expenses	65,909	42,045	210,730

Note 13. Net gains on financial instruments

<i>Amounts in NOK 1000</i>	Q1 2018	Q1 2017	2017
Net gains on certificates and bonds	-9,705	1,790	-17,251
Net gains on FX-forwards	121,679	-4,419	-140,821
Net currency effects	-125,189	8,145	165,530
Net gains on shares and other securities	-260	-	-
Total	-13,476	5,516	7,458

Note 14. General administrative expenses

<i>Amounts in NOK 1000</i>	Q1 2018	Q1 2017	2017
Sales and marketing	214,808	173,965	730,783
IT operations	18,968	22,477	81,940
External services fees	23,630	9,704	51,995
Other administrative expenses	9,488	9,833	41,568
Total	266,894	215,979	906,286

Note 15. Other operating expenses

<i>Amounts in NOK 1000</i>	Q1 2018	Q1 2017	2017
Credit information	8,909	7,512	28,190
Auditor	357	722	2,234
Rental of premises	572	570	2,309
Insurance	127	127	517
Machinery, fixtures and transport vehicles	135	94	528
Other operating expenses	1,763	2,081	9,694
Total	11,863	11,106	43,472

Note 16. 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

<i>Amounts in NOK 1000</i>	Q1 2018			Total
	Level 1	Level 2	Level 3	
Certificates and bonds	-	9,292,364	-	9,292,364
Financial derivatives	-	49,364	-	49,364
Shares and other securities	-	-	33,104	33,104
Total financial assets at fair value	-	9,341,728	33,104	9,374,833
Financial derivatives	-	11,264	-	11,264
Total financial liabilities at fair value	-	11,264	-	11,264

<i>Amounts in NOK 1000</i>	Q1 2017			Total
	Level 1	Level 2	Level 3	
Certificates and bonds	-	6,567,532	-	6,567,532
Financial derivatives	-	2,578	-	2,578
Shares and other securities	-	-	443	443
Financial assets held for sale	-	-	27,437	27,437
Total financial assets at fair value	-	6,570,110	27,880	6,597,990
Financial derivatives	-	-	-	-
Total financial liabilities at fair value	-	-	-	-

<i>Amounts in NOK 1000</i>	2017			Total
	Level 1	Level 2	Level 3	
Certificates and bonds	-	8,859,834	-	8,859,834
Financial derivatives	-	1,935	-	1,935
Shares and other securities	-	-	443	443
Financial assets held for sale	-	-	32,922	32,922
Total financial assets at fair value	-	8,861,770	33,365	8,895,135
Financial derivatives	-	52,246	-	52,246
Total financial liabilities at fair value	-	52,246	-	52,246

Change in instruments classified at level 3

<i>Amounts in NOK 1000</i>	Q1 2018			Total
	Shares and other securities	Financial assets held for sale		
Value 31.12.17	443	32,922		33,365
Additions	-	-		-
Disposals	-	-		-
Settlement	-	-		-
Reclassification IFRS 9		32,922	-32,922	-
Net gain / loss on financial instruments		-260		-260
Value 31.3.18	33,104	-		33,104

Valuation method

Ownership in Visa Norge FLI

Ownership in Visa Norge FLI is considered to be a financial asset and is classified as *Share and other securities*. The fair value of the asset is estimated at NOK 32.7 million as of 31.3.18. The calculation is based on input from Visa Norge.

Shares in BankID Norge AS

Bank Norwegian AS was at 12.8.14 issued 280 shares in BankID Norge AS based on the bank's share of participation in the BankID association. Value of shares are estimated at the going rate at the time granted.

Note 17. Fair value of financial instruments at amortized cost

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

Loans and deposits with central banks and credit institutions and deposits from customers

Fair value is estimated to conform with amortized cost.

Loans to customers

Loans to customers are exposed to market competition. This means that the potential added value of the loan portfolio will not be maintained over time. Further, individual and group 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

<i>Amounts in NOK 1000</i>	Q1 2018		Q1 2017		2017	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Cash and deposits with the central bank	65,982	65,982	59,986	59,986	65,976	65,976
Loans and deposits with credit institutions	1,833,281	1,833,281	1,067,327	1,067,327	1,254,152	1,254,152
Loans to customers	33,813,701	33,813,701	27,152,968	27,152,968	32,451,553	32,451,553
Total financial assets	35,712,964	35,712,964	28,280,281	28,280,281	33,771,681	33,771,681
Deposits from customers	35,789,003	35,789,003	28,249,846	28,249,846	33,682,275	33,682,275
Debt securities issued	1,934,592	1,934,744	1,798,667	1,801,568	2,242,423	2,301,855
Subordinated loan	474,677	477,020	274,892	277,240	474,614	478,360
Total financial liabilities	38,198,272	38,200,767	30,323,405	30,328,653	36,399,313	36,462,490

Note 18. Debt securities issued and subordinated loan

Debt securities issued

<i>Amounts in NOK 1000</i>	Q1 2018	Q1 2017	2017
Bonds, nominal value	1,932,041	1,795,000	2,239,800
Value adjustments and currency effects	-1,171	292	-1,580
Accrued interest	3,722	3,376	4,203
Total debt securities issued	1,934,592	1,798,667	2,242,423

Change in debt securities issued

<i>Amounts in NOK 1000</i>	Balance	Issued	Overdue / redeemed	Other changes and currency effects	Balance
<i>Amounts in NOK 1000</i>	31.3.18				31.12.17
Bonds, nominal value	1,932,041	-	277,000	30,759	2,239,800
Value adjustments and currency effects	-1,171	-	-	409	-1,580
Accrued interest	3,722	-	-	-481	4,203
Total debt securities issued	1,934,592	-	277,000	30,687	2,242,423

<i>Amounts in NOK 1000</i>	Balance	Issued	Overdue / redeemed	Other changes and currency effects	Balance
<i>Amounts in NOK 1000</i>	31.3.17				31.12.16
Bonds, nominal value	1,795,000	-	-25,000	-	1,820,000
Value adjustments and currency effects	292	-	-	33	259
Accrued interest	3,376	-	-	-339	3,714
Total debt securities issued	1,798,667	-	-25,000	-306	1,823,973

Change in subordinated loan

<i>Amounts in NOK 1000</i>	Balance	Issued	Overdue / redeemed	Other changes and currency effects	Balance
<i>Amounts in NOK 1000</i>	31.3.18				31.12.17
Subordinated loan, nominal value	475,000	-	-	-	475,000
Value adjustments	-1,174	-	-	38	-1,212
Accrued interest	852	-	-	26	826
Total subordinated loan	474,677	-	-	63	474,614

<i>Amounts in NOK 1000</i>	Balance	Issued	Overdue / redeemed	Other changes and currency effects	Balance
<i>Amounts in NOK 1000</i>	31.3.17				31.12.16
Subordinated loan, nominal value	275,000	-	-	-	275,000
Value adjustments	-562	-	-	19	-581
Accrued interest	454	-	-	-43	496
Total subordinated loan	274,892	-	-	-23	274,915

Note 19. Financial assets held for sale

The bank is a member of Visa Norge FLI ("Visa Norge"), being a shareholder of Visa Europe Ltd. On 2 November 2015, an agreement between Visa Europe Ltd. and Visa Inc. was announced where Visa Inc. acquires all shares in Visa Europe Ltd. This transaction consists of a cash consideration, convertible preference shares and a deferred cash consideration paid three years after completion of the transaction. The process was finalized in June 2016 and the bank has in this connection received its share of the cash consideration based on the bank's stake in Visa Norge. In 2018, the bank has reclassified *Assets held for sale* in accordance with IFRS 9 and changes in fair value are recognized through profit or loss.

Note 20. Receivables

<i>Amounts in NOK 1000</i>	Q1 2018	Q1 2017	2017
Distribution commissions	93,839	88,152	92,866
Prepaid expenses	28,783	24,397	4,800
Net collateral issued*	-	-	84,700
Other receivables	19,873	12,738	12,434
Total	142,496	125,287	194,800

* The bank has not issued any collateral as at 31.3.18. The bank has received NOK 99.2 million in collateral from DNB which is classified as *Loans from credit institutions*.

Note 21. Other liabilities

<i>Amounts in NOK 1000</i>	Q1 2018	Q1 2017	2017
Payables to suppliers	180,960	62,659	6,545
Value added tax	8,149	2,770	8,412
Social security tax	1,862	1,507	2,467
Tax withholdings	1,565	1,248	2,335
Unsettled items related to certificates and bonds	144,721	167,332	138,135
Other liabilities	5,037	17,563	794
Total	342,294	253,079	158,689

Note 22. Accrued expenses

<i>Amounts in NOK 1000</i>	Q1 2018	Q1 2017	2017
Accrued not due expenses	130,350	69,927	131,160
Bonus	15,981	13,777	12,131
Holiday pay	5,693	4,720	4,566
Board remuneration	558	1,488	1,146
Accrued fees	879	234	41
Total	153,462	90,147	149,045

Note 23. Capital adequacy

Total capital			
<i>Amounts in NOK 1000</i>	Q1 2018	Q1 2017	2017
Share capital	183,315	183,315	183,315
+ Share premium	966,646	966,646	966,646
+ Other reserves*	4,225,120	2,658,518	3,918,312
- Deferred tax assets, intangible assets and additional valuation adjustment	136,379	117,469	134,783
Common equity Tier 1	5,238,701	3,691,009	4,933,489
+ Additional Tier 1 capital	635,000	335,000	635,000
Tier 1 capital	5,873,701	4,026,009	5,568,489
+ Tier 2 capital	474,677	274,892	474,614
Total capital	6,348,378	4,300,901	6,043,104

Calculation basis

Credit risk			
Covered bonds	244,438	138,014	232,981
+ Institutions	1,106,849	817,468	906,215
+ Loans to customers	22,990,088	18,995,307	22,472,413
+ Defaulted loans and other commitments	3,386,035	1,981,691	2,719,400
Operational risk	4,020,267	2,633,455	2,608,215
Total calculation basis	31,747,678	24,565,934	28,939,225

Common equity Tier 1 %	16.50 %	15.02 %	17.05 %
Tier 1 capital %	18.50 %	16.39 %	19.24 %
Total capital %	20.00 %	17.51 %	20.88 %

* Other reserves have been adjusted for suggested group contribution of NOK 202.5 million.

Note 24. Lease agreements

The bank is sharing premises with Norwegian Air Shuttle ASA. A temporary lease agreement has been signed for Snarøyveien 36, Fornebu. The temporary lease agreement expires 28 October 2019. A lease agreement for the same address has been established with Akastor and Norwegian Property respectively, which expires in October 2021 with an option to extend the lease agreement for two more years. The annual rent totals NOK 2.5 million.

Note 25. Related parties

Bank Norwegian AS and Norwegian Air Shuttle ASA have since October 2007 had an agreement regarding the bank's use of the brand name Norwegian, IP-rights, and co-operation regarding the loyalty program and credit cards. Based on the bank's expansion into Sweden, Denmark and Finland, new agreements has been renegotiated. All accrued rights remain. The agreements will be renegotiated by 31.12.2020.

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

Note 26. Subsequent events

There is no awareness of other events after the date of the balance sheet that may be of material significance to the accounts.

Quarterly figures

Profit and loss account

<i>Amounts in NOK 1000</i>	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Interest income, amortised cost	1,146,998	1,128,108	1,044,460	992,282	912,667
Other interest income	24,206	24,272	25,331	24,177	21,341
Interest expenses	142,666	137,510	132,140	124,215	108,347
Net interest income	1,028,538	1,014,870	937,651	892,245	825,661
Commission and bank services income	119,839	120,963	104,415	93,728	80,892
Commission and bank services expenses	65,909	63,511	55,140	50,034	42,045
Net change in value on securities and currency	-13,476	-3,355	685	4,612	5,516
Other income	-	-	-	-	-
Net other operating income	40,454	54,098	49,960	48,305	44,363
Total income	1,068,992	1,068,968	987,612	940,550	870,024
Personnel expenses	21,283	20,203	18,413	16,260	19,077
General administrative expenses	266,894	245,239	229,649	215,419	215,979
Ordinary depreciation	11,922	11,837	10,403	10,861	11,375
Other operating expenses	11,863	11,650	10,587	10,130	11,106
Total operating expenses	311,963	288,930	269,052	252,670	257,536
Provision for loan losses	208,903	199,109	140,862	155,193	177,224
Profit on ordinary activities before tax	548,127	580,929	577,698	532,686	435,264
Tax charge	137,032	140,476	144,531	133,172	108,816
Profit on ordinary activities after tax	411,096	440,453	433,167	399,514	326,448

Comprehensive income

<i>Amounts in NOK 1000</i>	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Profit on ordinary activities after tax	411,096	440,453	433,167	399,514	326,448
Change in fair value for assets held for sale	-	3,081	1,466	937	2,691
Tax	-	-23	-11	-7	-20
Other comprehensive income	-	3,058	1,455	930	2,671
Comprehensive income for the period	411,096	443,511	434,622	400,444	329,119

Balance sheet

<i>Amounts in NOK 1000</i>	31.3.18	31.12.17	30.9.17	30.6.17	31.3.17
Assets					
Cash and deposits with the central bank	65,982	65,976	61,979	61,981	59,986
Loans and deposits with credit institutions	1,833,281	1,254,152	1,762,645	1,392,570	1,067,327
Loans to customers	33,813,701	32,451,553	30,135,429	28,868,053	27,152,968
Certificates and bonds	9,292,364	8,859,834	8,365,022	8,185,779	6,567,532
Financial derivatives	49,364	1,935	3,304	946	2,578
Shares and other securities	33,104	443	443	443	443
Assets held for sale	-	32,922	29,841	28,374	27,437
Intangible assets	115,836	114,678	115,579	117,965	113,698
Deferred tax asset	11,157	11,157	3,771	3,771	3,771
Fixed assets	904	1,000	1,071	1,094	54
Receivables	142,496	194,800	123,161	130,322	125,287
Total assets	45,358,189	42,988,451	40,602,245	38,791,298	35,121,081
Liabilities and equity					
Loans from credit institutions	99,200	-	-	-	-
Deposits from customers	35,789,003	33,682,275	31,988,426	30,922,923	28,249,846
Debt securities issued	1,934,592	2,242,423	2,040,270	2,040,622	1,798,667
Financial derivatives	11,264	52,246	11,265	3,999	-
Tax payable	391,742	525,886	382,070	239,822	310,971
Other liabilities	342,294	158,689	285,135	168,377	253,079
Accrued expenses	153,462	149,045	153,763	101,413	90,147
Subordinated loan	474,677	474,614	474,536	474,721	274,892
Total liabilities	39,196,234	37,285,179	35,335,466	33,951,877	30,977,603
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	335,000
Retained earnings and other reserves	4,376,995	3,918,312	3,481,818	3,054,461	2,658,518
Total equity	6,161,955	5,703,272	5,266,778	4,839,421	4,143,479
Total liabilities and equity	45,358,189	42,988,451	40,602,245	38,791,298	35,121,081