

Report for the
second quarter 2020
Bank Norwegian AS

Q2

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Financial highlights

Profit and loss account

<i>Amounts in NOK 1000</i>	Bank Norwegian AS		
	Q2 2020	Q2 2019	2019
Interest income	1 566 542	1 458 609	5 911 803
Interest expenses	179 318	160 332	650 090
Net interest income	1 387 224	1 298 277	5 261 712
Net other operating income	123 475	54 444	322 304
Total income	1 510 699	1 352 721	5 584 016
Total operating expenses	279 477	313 457	1 312 140
Provision for loan losses	447 027	401 717	1 627 359
Profit before tax	784 195	637 547	2 644 518
Comprehensive income for the period	590 889	480 832	1 992 639

Balance sheet

<i>Amounts in NOK 1000</i>	Bank Norwegian AS		
	30.6.20	30.6.19	31.12.19
Total assets	60 949 870	51 426 805	57 883 722
Loans to customers	40 101 034	38 712 907	40 560 502
Liquid assets	20 217 846	12 238 761	16 812 537
Deposits from customers	41 090 855	38 177 954	40 118 369
Debt securities issued	6 679 216	3 316 800	6 537 863
Subordinated loans	876 143	807 889	822 688
Tier 1 capital	635 000	635 000	635 000
Total equity	10 227 632	8 287 657	9 288 609

Key figures and alternative performance measures

	Bank Norwegian AS		
	Q2 2020	Q2 2019	2019
Return on equity (ROE) ¹	25.3 %	25.9 %	26.0 %
Return on assets (ROA) ¹	4.0 %	3.8 %	3.8 %
Earnings per share (EPS)	3.22	2.62	10.87
Common equity tier 1 (CET 1)	20.9 %	19.9 %	21.6 %
Leverage ratio	14.4 %	14.8 %	14.7 %
Liquidity coverage ratio (LCR)	385 %	214 %	449 %
Net interest margin (NIM) ¹	9.3 %	10.2 %	10.0 %
Cost/income ratio ¹	0.18	0.23	0.23
Loan loss provisions to average loans ¹	3.9 %	3.9 %	3.9 %
Stage 3 loans to loans ^{1 2}	21.3 %	14.1 %	17.3 %
Loan loss allowance coverage ratio stage 3 ^{1 2}	40.0 %	37.4 %	35.9 %
Loan loss allowance coverage ratio to loans ¹	10.3 %	6.5 %	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and "Loan loss allowance to non-performing loans", which has been in use since reporting under IAS 39, has in Q2 2020 been replaced by the new APMs "Stage 3 loans to loans" and "Loan loss allowance coverage ratio stage 3" due to established market practice and reduced relevance after the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

Letter from the CEO

Although the ongoing COVID-19 and related economic impact remain focus areas, sentiment has improved during the quarter. We at Bank Norwegian experience that the positive development from the end of the second quarter has continued in the beginning of the third quarter. While the high level of uncertainty related to the pandemic remains, the current sentiment is more positive than feared in April.

Second quarter results turned out strong with a net interest income increase of 7% compared to the same quarter last year and profit after tax of NOK 590.9 million, a 23% increase from the same quarter last year. Combined effects of appreciation of securities, strict cost control and normalized provisions contribute to the strong result. All markets see a positive development in payment behavior. Development in delinquent loans and credits transferred to debt collections was record low in June. Despite the improved economic backdrop the bank has adopted a cautious view to the Nordic market going forward and removed the positive scenario from our macro model resulting in extraordinary provisioning for this quarter. Strong fundamentals for the bank and cost control provide stability and ensure we can make the right decisions also in demanding times.

The focus during the second quarter has been on customer follow-up and major core business improvements to ensure our leading position as a digital bank. New automated features to help our customers to even more seamless self-service were introduced, as well as new contactless payment alternatives that provide improved convenience.

Our focus and marketing efforts have shifted from the beginning to the end of the quarter. Initially, all efforts were concentrated on ensuring support for our customers and stability in earnings for the bank. As visibility improved toward the end of the quarter, focus expanded to include growth and activity levels were again scaled up.

Pending more visibility on the consequences of the COVID-19, our European expansion was put on hold in March. The process will be re-initiated once a sufficient level of comfort is obtained regarding the economic development for individual countries to prioritize our efforts. The bank has nonetheless chosen to continue our development in areas like SEPA payments and universal electronic ID solutions in anticipation of a future expansion and to improve core products in the Nordic region.

The exploratory phase with CBI was concluded during the quarter. At this point in time, CBI pointed out several areas of attention that mirrors the bank's own agenda on the near-term focus and development. As such, this does not pose any definite conclusion on the way forward and the bank will review its options based on the further development in the Nordics and Europe. We believe that our competitive advantage first and foremost lie with our financial strength, cost efficient organization and digital platform throughout the value chain.

The second quarter and beginning of the third quarter provides good confirmation regarding the bank's resilience and ability to continue its attractive journey of profitable growth.

Bærum, August 12, 2020

Tine Wollebekk
CEO

Report for the second quarter 2020

COVID-19 and the resulting partial shutdown of Nordic societies in the spring led to a sharp drop in economic activity, which was countered by decisive government measures to soften the impact on the economies. The reduction in mortgage interest rates and payment holidays provided debt service relief for households. The bank initially experienced a fall in credit card purchase volumes and lower demand for instalment loans due to lower private consumption. The bank experienced a positive development in the later part of the second quarter which has continued into the beginning of the third quarter.

At the end of the second quarter 2020 the bank had a customer base of 1 746 500 customers, which can be broken down into 1 272 200 credit card customers, 207 100 instalment loan customers and 267 200 deposit customers.

Profit and loss as of June 30, 2020

The bank's comprehensive income amounted to NOK 961.4 million, compared with NOK 967.1 million for the same period in 2019.

Net interest income totaled NOK 2 783 million, net other operating income amounted to NOK 195.5 million, while total operating expenses were NOK 635.9 million. Provisions for loan losses were NOK 1 068 million.

Profit and loss for the second quarter 2020

The bank's comprehensive income amounted to NOK 590.9 million compared with NOK 370.6 million in the first quarter. The increase is mainly caused by lower provision for loan loss as the first quarter included the discretionary additional provision for loan losses of NOK 230.0 related to COVID-19. In addition, the increase is caused by gains on securities compared to loss in the first quarter, and lower digital marketing costs, partly offset by decrease in commission income.

Return on equity was 25.3%, compared with 16.7% in the first quarter and the return on assets was 4.0%, compared with 2.5% in the first quarter. Adjusting for the additional provision in the first quarter, the return on equity was 24.5% and the return on assets was 3.7%.

Net interest income amounted to NOK 1 387 million, a decrease of NOK 8.1 million from the first quarter. The decrease is mainly explained by lower interest income as interest income in the first quarter increased from currency appreciation, and through lower credit card balance. The net interest margin was 9.3%, compared with 9.6% in the first quarter.

Net other operating income amounted to NOK 123.5 million compared with NOK 72.0 million in the first quarter. Net commission income decreased NOK 122.6 million to NOK 18.5 million mainly due to credit card network and insurance incentives in the first quarter and lower credit card activity in the second quarter. Net gain on securities and currency amounted to NOK 105.0 million, compared with a net loss of NOK 69.1 million in the first quarter. The

increase is mainly due to gain on securities of NOK 45.0 million, compared to loss of NOK 109.5 million in the first quarter, and higher currency gains in the second quarter of NOK 54.9 million.

Total operating expenses amounted to NOK 279.5 million, a decrease of NOK 77.0 million in the second quarter. Personnel expenses decreased NOK 8.0 million due to accrual effects. Administrative expenses decreased NOK 68.2 million, due to lower digital marketing spending. Depreciation decreased NOK 0.3 million. Other operating expenses decreased NOK 0.4 million.

Provisions for loan losses were NOK 447.0 million. During the second quarter the bank has amended the ECL-models to be able to better calculate the expected effects of COVID-19. The calculated effects in the second quarter have absorbed the additional discretionary provision of NOK 230.0 million in the first quarter. Due to the uncertain outlook the bank has further decided to extraordinarily alter the macro-model. The positive scenario has been removed in the macro-model in the second quarter resulting in a one-off increase in the loan loss provision of NOK 55.5 million. Including this, the provision equalled 3.9% of average gross loans, compared with 5.5% in the first quarter, and 3.5% adjusted for the additional provision.

Stage 3 loans were NOK 9 506 million, compared with NOK 9 312 million at the end of the first quarter. Stage 3 loans accounted for 21.3% of gross loans, compared with 19.8% as of March 31, 2020. Stage 3 loans to loans are developing as expected and while the relative share of stage 3 is increasing due to the overall lower loan growth, the stage 3 growth has declined.

Balance sheet as of June 30, 2020

Total assets increased NOK 1 179 million in the quarter and amounted to NOK 60 950 million.

Gross loans to customers decreased NOK 2 292 million compared with an increase of NOK 2 860 million in the previous quarter and totaled NOK 44 723 million. Currency adjusted gross loan growth was NOK -1 276 million compared with NOK -733.3 million in the previous quarter. Broken down by product the currency adjusted loan growth for instalment loans was NOK -653.0 million compared with NOK 375.4 million in the previous quarter, and for credit cards NOK -623.0 million compared with NOK -1 109 million in the previous quarter. The negative growth in instalment loans and credit card is mainly due to lower new sales and lower spending related to COVID-19. Instalment loans amounted to NOK 31 878 million and credit card loans amounted to NOK 12 821 million.

Customer deposits increased NOK 1 530 million compared with a decrease of NOK 557.3 million in the first quarter and amounted to NOK 41 091 million at the end of the second quarter. Currency adjusted growth was NOK 2 362 million compared with NOK -3 301 million in the previous quarter. The increase is mainly in Norway and Denmark.

Liquid assets increased NOK 3 370 million and amounted to NOK 20 218 million, equivalent to 33.2% of total assets.

Loans to credit institutions decreased NOK 399 million in the quarter after repaying a 3-month F-loan from Norges Bank at maturity.

Financial derivatives debt decreased NOK 457.2 in the quarter and amounted to NOK 200.4 million. Financial derivatives comprise of currency swaps and forwards and the decrease relates mainly to currency depreciation in the second quarter.

Total equity amounted to NOK 10 228 million, compared with NOK 9 648 million as of March 31, 2020. The total capital ratio was 24.5%, the core capital ratio was 22.4% and the common equity tier 1 ratio was 20.9%.

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

Outlook

The Nordic economies have proven resilient and the governments proactive in their handling of the pandemic and the subsequent consequences. There is still high level of uncertainty related to the future development of the pandemic. The bank's resilient financial position with high profitability, strong capitalization and high levels of liquid assets make the bank well equipped to withstand the anticipated adverse effects of COVID-19.

The bank has maintained normal operations and underwriting of credit throughout the crisis and will continue to support its customers.

New legislations have been implemented as of July 1, 2020 in both Finland and Denmark. In Finland the temporary legislation regarding interest rate cap and advertising limitations was implemented and the legislation is expected to reduce instalment loan growth in Finland. In Denmark new legislations regulating effective interest rate, total cost on loans and advertising were implemented and are expected to have a limited impact on interest income and may reduce loan growth.

The financial markets have stabilized and developed strongly during the second quarter and into the third quarter. The volatility in the foreign exchange rates that we experienced in the previous quarter has been lower in the second quarter and into the third quarter. The widening credit spreads in the first quarter have continued to tighten. The debt funding market for financial institutions proved strong into the summer months and appears to continue the positive trend.

The EU's Bank Recovery and Resolution Directive (BRRD) has been effective in Norway since January 1, 2019. On December 20, 2019, the minimum requirement for own funds and eligible liabilities (MREL) was determined for Bank Norwegian. The MREL requirement applied from June 30, 2020. Initially, preferred senior debt issued before January 1, 2020, with more than one year's remaining maturity, qualified as MREL-eligible debt until the phase-in period December 31, 2022. Due to the demanding market conditions caused by the COVID-19, Finanstilsynet announced on May 26, 2020 that the phase-in period was to be extended to January 1, 2024. As of June 30, 2020 the bank was compliant with the MREL requirement and is currently in the process of finalizing all necessary preparations to issuances of MREL-eligible debt.

Deposit volumes have developed positively due to attractive terms. The bank has announced three deposit interest rate reductions in the third quarter in Norway and Denmark, all with upcoming implementations aiming to reduce the deposit growth.

In March, the European expansion was put on hold pending the development of the COVID-19 and will be re-initiated when the economic development for individual countries following the development in COVID-19 are more visible. The bank has nonetheless chosen to continue development in key areas for the future European roll-out.

The bank's exploratory phase to apply for an EU banking license in Ireland was concluded in the quarter. Based on the feedback from CBI, the Board will evaluate the next steps in the process considering the feedback from CBI and not at least the consequences of the COVID-19.

While the uncertainty is still high there are signs of recovery in the Nordic markets and the bank is well positioned to strengthen its leading position further.

Bærum, August 12, 2020
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 Wollebekk
CEO

Profit and loss account

		Bank Norwegian AS				
<i>Amounts in NOK 1000</i>	Note	Q2 2020	Q2 2019	YTD 2020	YTD 2019	2019
Interest income, effective interest method		1 504 778	1 420 417	3 019 562	2 801 335	5 749 524
Other interest income		61 764	38 192	128 832	77 955	162 279
Interest expenses		179 318	160 332	365 817	311 349	650 090
Net interest income	8	1 387 224	1 298 277	2 782 577	2 567 941	5 261 712
Commission and bank services income	9	66 364	119 880	258 922	270 821	540 443
Commission and bank services expenses	9	47 851	63 606	99 317	122 515	250 192
Net change in value on securities and currency	10	104 963	-1 830	35 848	-2 614	32 053
Net other operating income		123 475	54 444	195 453	145 691	322 304
Total income	2	1 510 699	1 352 721	2 978 030	2 713 632	5 584 016
Personnel expenses		22 569	19 543	53 181	44 963	100 775
General administrative expenses	11	225 879	264 009	519 986	546 854	1 088 530
Depreciation and impairment of fixed and intangible assets		16 368	16 701	33 068	32 781	67 693
Other operating expenses		14 661	13 203	29 681	25 584	55 141
Total operating expenses		279 477	313 457	635 916	650 182	1 312 140
Provision for loan losses	6	447 027	401 717	1 067 664	781 045	1 627 359
Profit before tax		784 195	637 547	1 274 451	1 282 405	2 644 518
Tax charge		193 306	156 716	313 011	315 320	651 879
Profit after tax	2	590 889	480 832	961 439	967 085	1 992 639
Earnings per share		3.22	2.62	5.24	5.25	10.87
Diluted earning per share		3.22	2.62	5.24	5.25	10.87

Comprehensive income

		Bank Norwegian AS				
<i>Amounts in NOK 1000</i>		Q2 2020	Q2 2019	YTD 2020	YTD 2019	2019
Profit on ordinary activities after tax		590 889	480 832	961 439	967 085	1 992 639
Comprehensive income for the period		590 889	480 832	961 439	967 085	1 992 639

Balance sheet

Bank Norwegian AS

Amounts in NOK 1000	Note	30.6.20	30.6.19	31.12.19
Assets				
Cash and deposits with the central bank		69 623	68 091	68 500
Loans and deposits with credit institutions		3 357 436	2 207 679	2 093 048
Loans to customers	2, 5, 7	40 101 034	38 712 907	40 560 502
Certificates and bonds	13	16 790 787	9 962 991	14 650 988
Financial derivatives	13	161 158	31 274	76 371
Shares and other securities	13	51 124	40 246	44 863
Intangible assets		121 843	137 290	136 100
Deferred tax asset		-	16 990	-
Fixed assets		1 082	1 102	819
Receivables		295 782	248 235	252 531
Total assets	2	60 949 870	51 426 805	57 883 722
Liabilities and equity				
Loans from credit institutions	13	1 000 781	73 100	52 750
Deposits from customers		41 090 855	38 177 954	40 118 369
Debt securities issued	12, 13	6 679 216	3 316 800	6 537 863
Financial derivatives	13	200 428	4 913	29 621
Tax payable		634 825	449 151	625 745
Deferred tax		3 821	-	3 821
Other liabilities		61 509	107 179	225 239
Accrued expenses		174 660	202 161	179 017
Subordinated loans	12, 13	876 143	807 889	822 688
Total liabilities		50 722 238	43 139 148	48 595 113
Share capital		183 315	183 315	183 315
Share premium		966 646	966 646	966 646
Tier 1 capital		635 000	635 000	635 000
Retained earnings and other reserves		8 442 672	6 502 697	7 503 649
Total equity	2, 3	10 227 632	8 287 657	9 288 609
Total liabilities and equity	2	60 949 870	51 426 805	57 883 722

Bærum, August 12, 2020
The Board of directors of Bank Norwegian AS

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Board member

Charlotte Ager
Board member

Hans Larsson
Board member

Tine Wollebekk
CEO

Cash flow statement

Bank Norwegian AS

<i>Amounts in NOK 1000</i>	YTD 2020	YTD 2019	2019
Profit / loss before tax	1 274 451	1 282 405	2 644 518
Unrealized gain or losses on currency	118 683	37 307	-105 965
Depreciation and impairment of fixed and intangible assets	33 068	32 781	67 693
Provision for loan losses	1 067 664	551 334	1 627 359
Change in loans to customers	-606 730	-1 500 582	-4 390 047
Change in deposits from customers	972 486	-913 837	1 026 578
Change in certificates and bonds	-2 139 798	639 606	-4 048 391
Change in shares and other securities	-6 261	-3 555	-8 172
Change in receivables and financial derivatives	-128 038	-203 351	-252 744
Change in loans from credit institutions	-51 969	73 100	52 750
Change in debt securities issued and subordinated loans	151 537	-37 299	-
Change in derivatives, accrued expenses and other liabilities	2 721	-25 876	93 748
Income taxes paid	-303 932	-469 253	-608 408
Net cash flow from operating activities	383 880	-537 221	-3 901 081
Payment for acquisition of intangible assets	-18 449	-34 861	-59 092
Payment for acquisition of tangible assets	-641	-627	-643
Net cash flow from investment activities	-19 089	-35 488	-59 735
Issued debt securities	-	1 510 048	5 834 015
Repayment of debt securities	-130 000	-160 383	-1 281 602
Paid interest tier 1 capital	-22 417	-21 096	-45 697
Change in loans from central banks	1 000 000	-	-
Net cash flow from financing activities	847 583	1 328 570	4 506 716
Net cash flow for the period	1 212 374	755 861	545 900
Cash and cash equivalents at the start of the period	2 161 549	1 567 158	1 567 158
Currency effect on cash and cash equivalents	53 137	-47 249	48 490
Cash and cash equivalents at the end of the period	3 427 059	2 275 770	2 161 549

Off which:

Cash and deposits with the central bank	69 623	68 091	68 500
Loans and deposits with credit institutions	3 357 436	2 207 679	2 093 048

Changes in equity

<i>Amounts in NOK 1000</i>	Share capital	Share premium	Tier 1 capital	Retained earnings and other reserves	Total equity
Balance 31.12.19	183 315	966 646	635 000	7 503 649	9 288 610
This period's profit	-	-	-	961 439	961 439
Comprehensive income for the period	-	-	-	961 439	961 439
Paid interest tier 1 capital	-	-	-	-22 417	-22 417
Balance 30.6.20	183 315	966 646	635 000	8 442 672	10 227 632

<i>Amounts in NOK 1000</i>	Share capital	Share premium	Tier 1 capital	Retained earnings and other reserves	Total equity
Balance 31.12.18	183 315	966 646	635 000	5 556 708	7 341 668
This period's profit	-	-	-	967 085	967 085
Comprehensive income for the period	-	-	-	967 085	967 085
Paid interest tier 1 capital	-	-	-	-21 096	-21 096
Balance 30.6.19	183 315	966 646	635 000	6 502 697	8 287 657

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. Figures for 2019 have been revised due to changes in accounting principles, for further information see note 1 and 36 in the annual report of 2019.

Note 2. Segments

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

Profit and loss account YTD 2020

Amounts in NOK 1000	Norway	Sweden	Denmark	Finland	Total
Net interest income	1 145 806	455 079	377 147	804 545	2 782 577
Net other operating income	60 453	41 569	12 383	81 048	195 453
Total income	1 206 260	496 648	389 529	885 592	2 978 030
Total operating expenses	275 656	132 245	88 146	139 869	635 916
Provision for loan losses	368 775	168 397	170 608	359 883	1 067 664
Profit before tax	561 829	196 006	130 776	385 840	1 274 451
Tax charge	134 853	48 956	32 709	96 493	313 011
Profit after tax	426 976	147 051	98 067	289 346	961 439
Other comprehensive income	-	-	-	-	-
Comprehensive income for the period	426 976	147 051	98 067	289 346	961 439

Balance sheet 30.6.20

Amounts in NOK 1000	Norway	Sweden	Denmark	Finland	Total
Loans to customers	16 610 989	6 825 882	5 253 526	11 410 637	40 101 034
Other assets	10 153 751	4 002 798	4 257 393	2 434 893	20 848 836
Total assets	26 764 740	10 828 680	9 510 919	13 845 531	60 949 870
Deposits from customers	19 620 784	6 027 030	9 039 555	6 403 487	41 090 855
Other liabilities and equity	7 143 957	4 801 650	471 364	7 442 043	19 859 014
Total liabilities and equity	26 764 740	10 828 680	9 510 919	13 845 531	60 949 870

Profit and loss account YTD 2019

Amounts in NOK 1000	Norway	Sweden	Denmark	Finland	Total
Net interest income	1 185 384	427 948	314 025	640 585	2 567 941
Net other operating income	90 009	34 066	15 798	5 819	145 691
Total income	1 275 392	462 013	329 823	646 404	2 713 632
Total operating expenses	279 024	148 421	84 613	138 125	650 182
Provision for loan losses	409 428	82 077	116 410	173 129	781 045
Profit before tax	586 940	231 515	128 799	335 150	1 282 405
Tax charge	141 462	57 871	32 199	83 787	315 320
Profit after tax	445 478	173 644	96 600	251 363	967 085
Other comprehensive income	-	-	-	-	-
Comprehensive income for the period	445 478	173 644	96 600	251 363	967 085

Balance sheet 30.6.19

Amounts in NOK 1000	Norway	Sweden	Denmark	Finland	Total
Loans to customers	18 796 876	6 340 642	4 297 473	9 277 916	38 712 907
Other assets	7 106 627	2 064 205	1 403 077	2 139 989	12 713 898
Total assets	25 903 504	8 404 847	5 700 550	11 417 904	51 426 805
Deposits from customers	20 001 934	5 629 607	4 950 900	7 595 513	38 177 954
Other liabilities and equity	5 901 570	2 775 240	749 650	3 822 392	13 248 851
Total liabilities and equity	25 903 504	8 404 847	5 700 550	11 417 904	51 426 805

Note 3. Capital adequacy and Liquidity Coverage Ratio

Bank Norwegian 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	30.6.20	30.6.19	2019
Share capital	183 315	183 315	183 315
Share premium	966 646	966 646	966 646
Other reserves	8 442 672	6 502 697	7 503 649
Retained earnings not included in common equity tier 1, accrued group contribution	-625 000	-	-
Deferred tax assets, intangible assets and additional valuation adjustment	-139 047	-164 319	-150 902
Common equity tier 1	8 828 585	7 488 338	8 502 708
Additional tier 1 capital	635 000	635 000	635 000
Tier 1 capital	9 463 585	8 123 338	9 137 708
Tier 2 capital	876 143	807 889	822 688
Total capital	10 339 728	8 931 227	9 960 395

Calculation basis

Covered bonds	600 133	341 724	336 787
Regional governments or local authorities	291 955	85 137	87 123
Institutions	1 965 060	1 135 979	1 350 762
Corporate	24 000	-	-
Loans to customers	25 777 217	25 034 017	26 750 970
Defaulted loans	5 707 411	5 334 217	4 892 542
Equity positions	51 073	40 206	44 818
Other assets	246 580	92 756	139 901
Total credit risk	34 663 430	32 064 036	33 602 903
Operational risk	7 193 145	5 580 459	5 728 738
Market risk	374 322	669	1 575
Total calculation basis	42 230 897	37 645 164	39 333 216

Common equity tier 1 %	20.9 %	19.9 %	21.6 %
Tier 1 capital %	22.4 %	21.6 %	23.2 %
Total capital %	24.5 %	23.7 %	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% at 30.6.20, except for Norwegian kroner where the legal requirement is 50%.

	30.6.20	30.6.19	2019
Bank Norwegian AS	385 %	214 %	449 %
NOK	278 %	327 %	321 %
SEK	525 %	106 %	396 %
DKK	459 %	170 %	649 %
EUR	180 %	186 %	167 %

Note 4. Expected credit loss

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

Significant increase in credit risk (SICR)

Probability of default (PD) is an experience-based probability that a commitment is in breach for more than 90 days in the next 12 months. A significant increase in credit risk is assessed on the basis of several criteria, including late payment beyond 30 days after invoice due date. The most important factor for the assessment is a comparison between the lifetime original probability of default and the lifetime probability of default at the reporting date. The trigger-model below utilizes an assessment of the forward looking lifetime of the exposure, taking into account the probability of early repayment and the lifetime probability of defaulting on the loan. Hence it is neither the contractual length of the loan, nor the normal 12-month PD that is reflected in the figures. It is an accumulation of monthly behaviour default probabilities that for example for credit cards will be very low for high quality clients until it is activated. As such, a high trigger level is needed for an indication of a significant increase in credit risk when the lifetime PD is very low. Each product has its own threshold values when one considers an increase to be significant. An increase of more than 0% indicates that any increase above the lifetime PD at origination is a significant increase in credit risk.

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

Economic variables used to measure ECL

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

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

Macro scenario sensitivity on ECL

		Final	Base	Optimistic	Pessimistic
		ECL	scenario	scenario	scenario
Norway					
Credit card		449 612	440 364	404 908	471 189
Instalment loans		1 066 559	1 040 599	942 966	1 127 133
Sweden					
Credit card		257 827	257 822	257 572	257 839
Instalment loans		849 007	848 691	846 092	849 743
Denmark					
Credit card		108 191	108 061	107 771	108 492
Instalment loans		741 451	741 152	740 374	742 150
Finland					
Credit card		172 306	166 936	159 401	184 837
Instalment loans		977 179	947 251	906 927	1 047 011

The following weights have been used across all portfolios per 30.6.2020: 70% - 0% - 30% for base, optimistic and pessimistic scenario for expected credit loss. The choice to deviate from the normal 40% - 30% - 30% probability weighting is based on a low expectation for the optimistic scenario.

The estimated effects of COVID-19 as of end of the first quarter of MNOK 230 are now incorporated into the model estimates. The more adverse macro data now being used increases the levels of lifetime PD on stages one and two, increasing ECL by about MNOK 32. New development of more dynamic LGD models, also incorporating macro-factors, increases the LGD levels for all stages by about MNOK 205. The weighting associated with the more pessimistic outlook increases the ECL by about MNOK 55.

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

Loans to customers by product groups

Amounts in NOK 1000					Loan loss allowance			Loans to customers
	Stage 1	Stage 2	Stage 3	Gross loans	Stage 1	Stage 2	Stage 3	
Instalment loans Norway	7 168 393	1 788 553	2 888 121	11 845 066	50 312	66 899	949 348	10 778 507
Credit card loans Norway	4 738 786	598 522	920 785	6 258 094	32 369	34 026	383 217	5 808 482
Instalment loans Sweden	2 177 089	1 153 781	1 705 450	5 036 321	51 101	60 576	737 330	4 187 314
Credit card loans Sweden	1 996 303	431 067	469 024	2 896 395	11 225	28 683	217 919	2 638 568
Instalment loans Denmark	3 597 480	248 069	1 189 464	5 035 013	47 003	36 439	658 010	4 293 562
Credit card loans Denmark	768 155	88 854	211 145	1 068 154	8 517	8 260	91 413	959 964
Instalment loans Finland	6 778 153	1 329 999	1 853 757	9 961 909	126 942	186 633	663 604	8 984 729
Credit card loans Finland	1 751 842	578 224	268 148	2 598 214	16 150	58 514	97 643	2 425 908
Total	28 976 202	6 217 070	9 505 895	44 699 166	343 618	480 030	3 798 484	40 077 034
Loan loss allowance coverage ratio per stage					1.19 %	7.72 %	39.96 %	
Other loans								24 000
Net loans								40 101 034

Change in loan loss allowance and gross loans

Migration out of a stage is calculated at previous closing date 31.3.20, while migration into a stage is calculated at the closing date 30.6.20.

Total Loans

Loan loss allowance

Amounts in NOK 1000	Stage 1	Stage 2	Stage 3	Total
Loan loss allowance as at 31.3.20	378 377	521 560	3 507 036	4 406 973
Transfers :				
Transfers from stage 1 to stage 2	-36 101	161 853	-	125 751
Transfers from stage 1 to stage 3	-2 734	-	25 011	22 277
Transfers from stage 2 to stage 1	31 283	-103 978	-	-72 695
Transfers from stage 2 to stage 3	-	-120 406	270 452	150 046
Transfers from stage 3 to stage 2	-	14 986	-76 971	-61 986
Transfers from stage 3 to stage 1	306	-	-7 302	-6 996
New financial assets issued	14 589	5 091	-	19 681
Financial assets derecognized in the period	-12 954	-11 019	-27 303	-51 275
Modification of contractual cash flows from non-discounted financial assets	-29 149	11 943	454 364	437 158
Charge-off	-	-	-346 803	-346 803
Loan loss allowance as at 30.6.20	343 618	480 030	3 798 484	4 622 132

Gross loans to customers

Amounts in NOK 1000	Stage 1	Stage 2	Stage 3	Total
Gross loans to customers as at 31.3.20	30 330 911	7 372 056	9 312 476	47 015 444
Transfers :				
Transfers from stage 1 to stage 2	-1 919 454	1 923 738	-	4 285
Transfers from stage 1 to stage 3	-66 360	-	67 457	1 097
Transfers from stage 2 to stage 1	1 902 174	-2 091 070	-	-188 896
Transfers from stage 2 to stage 3	-	-844 784	860 082	15 298
Transfers from stage 3 to stage 2	-	179 765	-244 765	-65 000
Transfers from stage 3 to stage 1	9 780	-	-22 048	-12 269
New financial assets issued	907 003	41 009	-	948 012
Financial assets derecognized in the period	-928 409	-203 919	-83 904	-1 216 232
Modification of contractual cash flows from non-discounted financial assets	-1 259 444	-159 727	56 553	-1 362 618
Charge-off	-	-	-439 954	-439 954
Gross loans to customers as at 30.6.20	28 976 202	6 217 070	9 505 895	44 699 166

Instalment loans total

Loan loss allowance

<i>Amounts in NOK 1000</i>	Stage 1	Stage 2	Stage 3	Total
Loan loss allowance as at 31.3.20	303 607	400 141	2 797 518	3 501 266
Transfers :				
Transfers from stage 1 to stage 2	-29 716	111 081	-	81 365
Transfers from stage 1 to stage 3	-2 489	-	22 247	19 758
Transfers from stage 2 to stage 1	23 931	-66 646	-	-42 714
Transfers from stage 2 to stage 3	-	-101 742	212 302	110 560
Transfers from stage 3 to stage 2	-	12 398	-58 675	-46 276
Transfers from stage 3 to stage 1	283	-	-5 081	-4 797
New financial assets issued	12 650	2 924	-	15 574
Financial assets derecognized in the period	-12 186	-8 814	-23 299	-44 299
Modification of contractual cash flows from non-discounted financial assets	-20 723	1 203	313 404	293 884
Charge-off	-	-	-250 124	-250 124
Loan loss allowance as at 30.6.20	275 358	350 546	3 008 293	3 634 196

Gross loans to customers

<i>Amounts in NOK 1000</i>	Stage 1	Stage 2	Stage 3	Total
Gross loans to customers as at 31.3.20	20 474 404	5 438 745	7 457 479	33 370 628
Transfers :				
Transfers from stage 1 to stage 2	-1 234 755	1 208 009	-	-26 747
Transfers from stage 1 to stage 3	-58 935	-	59 798	863
Transfers from stage 2 to stage 1	1 297 058	-1 359 670	-	-62 612
Transfers from stage 2 to stage 3	-	-666 031	676 187	10 156
Transfers from stage 3 to stage 2	-	150 751	-186 157	-35 405
Transfers from stage 3 to stage 1	8 279	-	-14 147	-5 868
New financial assets issued	851 086	26 442	-	877 529
Financial assets derecognized in the period	-834 886	-169 697	-70 690	-1 075 273
Modification of contractual cash flows from non-discounted financial assets	-781 136	-108 149	32 003	-857 282
Charge-off	-	-	-317 680	-317 680
Gross loans to customers as at 30.6.20	19 721 115	4 520 402	7 636 793	31 878 309

Credit card total

Loan loss allowance

<i>Amounts in NOK 1000</i>	Stage 1	Stage 2	Stage 3	Total
Loan loss allowance as at 31.3.20	74 770	121 420	709 518	905 707
Transfers :				
Transfers from stage 1 to stage 2	-6 386	50 772	-	44 386
Transfers from stage 1 to stage 3	-245	-	2 764	2 519
Transfers from stage 2 to stage 1	7 352	-37 332	-	-29 980
Transfers from stage 2 to stage 3	-	-18 664	58 150	39 486
Transfers from stage 3 to stage 2	-	2 587	-18 297	-15 709
Transfers from stage 3 to stage 1	23	-	-2 221	-2 198
New financial assets issued	1 940	2 167	-	4 107
Financial assets derecognized in the period	-768	-2 090	-4 004	-6 861
Modification of contractual cash flows from non-discounted financial assets	-8 426	10 624	140 961	143 159
Charge-off	-	-	-96 679	-96 679
Loan loss allowance as at 30.6.20	68 260	129 484	790 192	987 936

Gross loans to customers

<i>Amounts in NOK 1000</i>	Stage 1	Stage 2	Stage 3	Total
Gross loans to customers as at 31.3.20	9 856 508	1 933 311	1 854 997	13 644 816
Transfers :				
Transfers from stage 1 to stage 2	-684 698	715 730	-	31 031
Transfers from stage 1 to stage 3	-7 425	-	7 659	234
Transfers from stage 2 to stage 1	605 116	-731 400	-	-126 285
Transfers from stage 2 to stage 3	-	-178 753	183 896	5 142
Transfers from stage 3 to stage 2	-	29 014	-58 609	-29 595
Transfers from stage 3 to stage 1	1 501	-	-7 902	-6 401
New financial assets issued	55 917	14 567	-	70 484
Financial assets derecognized in the period	-93 523	-34 222	-13 215	-140 960
Modification of contractual cash flows from non-discounted financial assets	-478 308	-51 578	24 550	-505 336
Charge-off	-	-	-122 274	-122 274
Gross loans to customers as at 30.6.20	9 255 087	1 696 668	1 869 103	12 820 857

Note 6. Provision for loan losses

<i>Amounts in NOK 1000</i>	YTD 2020	YTD 2019	2019
Realized losses in the period due to final write-offs	36 565	20 527	46 813
Realized losses in the period due to charge-offs	93 151	-	436 891
Loan loss provisions - lifetime expected credit loss (stage 3)	1 034 520	781 373	922 091
Loan loss provisions - lifetime expected credit loss (stage 2)	-47 234	-19 102	99 639
Loan loss provisions - 12 months expected credit loss (stage 1)	-49 340	-1 752	121 926
Provision for loan losses	1 067 664	781 045	1 627 359

Note 7. Risk classes

<i>Amounts in NOK 1000</i>	Probability of default	Gross loans		Undrawn credit limits	
		30.6.20	30.6.19	30.6.20	30.6.19
A	0 – 1 %	6 523 231	6 186 531	48 449 104	40 920 625
B	1 – 3 %	9 206 941	9 120 362	996 698	1 868 361
C	3 – 5 %	4 852 241	4 207 205	214 002	282 025
D	5 – 9 %	4 297 902	4 306 011	141 724	261 346
E	9 – 15 %	3 204 300	3 931 390	48 120	185 061
F	15 – 20 %	1 278 979	1 473 774	10 348	18 953
G	20 – 30 %	1 430 127	1 025 769	9 640	14 614
H	30 – 40 %	619 701	447 061	2 060	1 752
I	40 – 55 %	410 122	385 961	1 003	830
J	55 – 100%	411 244	356 223	201	221
Engagements under collections by an agency, where the customer is less than 90 days past due		876 780	886 984	-	-
On track with engagement, at least one other product where payment is more than 90 days past due		1 703 348	2 102 316	-	-
Engagements that are in warning, but less than 90 days past due		375 145	527 584	-	-
Engagements that are more than 90 days past due		9 426 228	6 101 545	-	-
Engagements that are written down		82 806	344 163	-	-
Total classified		44 699 097	41 402 878	49 872 901	43 553 789
Not classified		70	665	-	-
Total		44 699 166	41 403 543	49 872 901	43 553 789

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

Note 8. Net interest income

<i>Amounts in NOK 1000</i>	YTD 2020	YTD 2019	2019
Interest income from cash and deposits with the central bank	266	300	781
Interest income from loans to and deposits with credit institutions	3 366	2 488	8 430
Interest income from instalment loans	2 123 365	2 021 425	4 114 730
Interest income from other loans	214	-	-
Interest income from credit card loans	892 211	776 752	1 624 932
Interest income from sales financing	141	370	650
Interest income, effective interest method	3 019 562	2 801 335	5 749 524
Interest and other income from certificates and bonds	124 888	75 298	155 937
Other interest and other interest related income	3 944	2 657	6 343
Other interest income	128 832	77 955	162 279
Interest expense from deposits from the central bank	1 033	-	-
Interest expense from deposits from customers	220 079	235 086	478 037
Interest expense on debt securities issued	91 756	25 582	70 531
Interest expense on subordinated loan	19 107	16 922	34 665
Other interest and other interest related expenses	33 843	33 759	66 857
Interest expenses	365 817	311 349	650 090
Net interest income	2 782 577	2 567 941	5 261 713

Note 9. Net commission and bank services income

Amounts in NOK 1000	YTD 2020	YTD 2019	2019
Payment services	192 200	197 681	416 056
Insurance services	41 145	45 802	70 440
Other fees and commission and bank services income	25 577	27 337	53 947
Total commission and bank services income	258 922	270 821	540 443
Payment services	50 800	79 163	160 458
Insurance services	36 107	32 432	67 516
Other fees and commission and bank services expense	12 410	10 920	22 218
Total commission and bank services expenses	99 317	122 515	250 192

Note 10. Net change in value on securities and currency

Amounts in NOK 1000	YTD 2020	YTD 2019	2019
Net change on certificates and bonds	-64 575	-39 141	-74 558
Net change on FX-forwards	-114 982	207 510	143 008
Net currency effects	209 145	-179 479	-49 509
Net change on shares and other securities	6 261	8 495	13 112
Net change in value on securities and currency	35 848	-2 614	32 053

Note 11. General administrative expenses

Amounts in NOK 1000	YTD 2020	YTD 2019	2019
Sales and marketing	402 534	448 399	879 117
IT operations	45 795	43 210	88 871
External services costs	41 971	33 075	70 677
Other administrative expenses	29 686	22 169	49 864
Total general administrative expenses	519 986	546 854	1 088 530

Note 12. Debt securities issued and subordinated loan

Amounts in NOK 1000	30.6.20	30.6.19	2019
Debt securities issued, carrying value (amortized cost)	6 679 216	3 316 800	6 537 863
Subordinated loans, carrying value (amortized cost)	876 143	807 889	822 688
Total debt securities issued and subordinated loans	7 555 359	4 124 689	7 360 551

ISIN	Nominal value outstanding	Currency	Interest	Reference rate + margin	Maturity*	Carrying value
Debt securities issued (senior unsecured bonds)						
NO0010810534	356 000	SEK	Floating	STIBOR + 108bp	20.11.2020	370 486
NO0010811110	285 000	NOK	Floating	NIBOR + 108bp	24.11.2020	285 350
NO0010837206	335 000	SEK	Floating	STIBOR + 120bp	22.02.2021	348 976
NO0010848583	192 000	SEK	Floating	STIBOR + 140bp	29.09.2021	197 410
NO0010848591	1 000 000	NOK	Floating	NIBOR + 150bp	29.03.2022	999 719
NO0010863582	400 000	SEK	Floating	STIBOR + 140bp	16.09.2022	415 845
NO0010863574	400 000	NOK	Floating	NIBOR + 140bp	16.09.2022	400 054
NO0010871148	800 000	NOK	Floating	NIBOR + 195bp	12.12.2022	799 606
NO0010871130	1 000 000	SEK	Floating	STIBOR + 190bp	12.12.2022	1 038 871
NO0010871155	1 200 000	NOK	Floating	NIBOR + 215bp	12.12.2023	1 199 444
NO0010871296	600 000	SEK	Floating	STIBOR + 200bp	12.12.2023	623 454
Total debt securities issued	6 568 000					6 679 216
Subordinated loan						
NO0010774326	100 000	NOK	Floating	NIBOR + 300bp	21.09.2021	99 935
NO0010797988	200 000	NOK	Floating	NIBOR + 375bp	16.06.2022	199 801
NO0010833130	550 000	SEK	Floating	STIBOR + 375bp	02.10.2023	576 408
Total subordinated loans	850 000					876 143
Total	7 418 000					7 555 359

* For subordinated loans maturity reflects the first possible call date

Note 13. Financial instruments

Financial instruments at fair value

<i>Amounts in NOK 1000</i>	30.6.20			
	Level 1	Level 2	Level 3	Total
Certificates and bonds*	-	16 790 787	-	16 790 787
Financial derivatives	-	161 158	-	161 158
Shares and other securities	-	-	51 124	51 124
Total financial assets at fair value	-	16 951 945	51 124	17 003 069
Financial derivatives	-	200 428	-	200 428
Loans from credit institutions**	1 000 781	-	-	1 000 781
Total financial liabilities at fair value	1 000 781	200 428	-	1 201 209

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

**NOK 1 000 million is loans from Norges Bank

<i>Amounts in NOK 1000</i>	30.6.19			
	Level 1	Level 2	Level 3	Total
Certificates and bonds	-	9 962 991	-	9 962 991
Financial derivatives	-	31 274	-	31 274
Shares and other securities	-	-	40 246	40 246
Total financial assets at fair value	-	9 994 265	40 246	10 034 511
Financial derivatives	-	4 913	-	4 913
Total financial liabilities at fair value	-	4 913	-	4 913

Change in instruments classified at level 3

<i>Amounts in NOK 1000</i>	30.6.20		30.6.19	
	Shares and other securities	Total	Shares and other securities	Total
Value 31.12	44 863	44 863	36 691	36 691
Net gain / loss on financial instruments	6 261	6 261	3 555	3 555
Value 30.6	51 124	51 124	40 246	40 246

Fair value of financial instruments at amortized cost

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

Debt securities issued and subordinated loan

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

<i>Amounts in NOK 1000</i>	30.6.20		30.6.19	
	Book value	Fair value	Book value	Fair value
Debt securities issued	6 679 216	6 444 176	3 316 800	3 339 470
Subordinated loan	876 143	818 468	807 889	806 395
Total financial liabilities	7 555 359	7 262 644	4 124 689	4 145 865

<i>Amounts in NOK 1000</i>	30.6.20			
	Level 1	Level 2	Level 3	Total
Debt securities issued	-	6 679 216	-	6 679 216
Subordinated loan	-	876 143	-	876 143
Total financial liabilities	-	7 555 359	-	7 555 359

<i>Amounts in NOK 1000</i>	30.6.19			
	Level 1	Level 2	Level 3	Total
Debt securities issued	-	3 316 800	-	3 316 800
Subordinated loan	-	807 889	-	807 889
Total financial liabilities	-	4 124 689	-	4 124 689

Level 1: Valuation based on quoted prices in an active market. Level 2: Valuation based on observable market data, other than quoted prices. Level 3: Valuation based on observable market data when valuation can not be determined in level 1 or 2.

Note 14. Related parties

Norwegian Finans Holding ASA owns 100% of Bank Norwegian AS. Bank Norwegian AS has since 2007 had an agreement with Norwegian Air Shuttle ASA regarding the use of the brand name Norwegian, IP-rights and cooperation regarding the loyalty program Norwegian Reward. The agreement was renegotiated in the second quarter 2018 and is valid for ten years. In the second quarter 2020 the total expensed amount related to Norwegian Air Shuttle ASA was NOK 104.8 million, comprising of portfolio related costs of NOK 92.9 million and sales and agent commissions of NOK 11.8 million. The portfolio related costs include license fee for use of brand name, IP-rights and other customer portfolio costs, such as cashpoints.

Quarterly figures

Profit and loss account

Amounts in NOK 1000	Bank Norwegian AS				
	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Interest income, effective interest method	1 504 778	1 514 784	1 489 634	1 458 555	1 420 417
Other interest income	61 764	67 068	46 524	37 800	38 192
Interest expenses	179 318	186 499	173 586	165 155	160 332
Net interest income	1 387 224	1 395 353	1 362 571	1 331 200	1 298 277
Commission and bank services income	66 364	192 558	135 391	134 232	119 880
Commission and bank services expenses	47 851	51 466	57 746	69 930	63 606
Net change in value on securities and currency	104 963	-69 114	9 465	25 201	-1 830
Net other operating income	123 475	71 978	87 110	89 503	54 444
Total income	1 510 699	1 467 330	1 449 681	1 420 703	1 352 721
Personnel expenses	22 569	30 612	28 124	27 689	19 543
General administrative expenses	225 879	294 106	280 470	261 206	264 009
Depreciation and impairment of fixed and intangible assets	16 368	16 700	18 079	16 833	16 701
Other operating expenses	14 661	15 020	14 659	14 898	13 203
Total operating expenses	279 477	356 438	341 332	320 626	313 457
Provision for loan losses	447 027	620 636	432 803	413 511	401 717
Profit before tax	784 195	490 256	675 546	686 567	637 547
Tax charge	193 306	119 705	167 701	168 859	156 716
Profit after tax	590 889	370 550	507 846	517 708	480 832

Comprehensive income

Amounts in NOK 1000	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Profit on ordinary activities after tax	590 889	370 550	507 846	517 708	480 832
Comprehensive income for the period	590 889	370 550	507 846	517 708	480 832

Balance sheet

Amounts in NOK 1000	Bank Norwegian AS				
	30.6.20	31.3.20	31.12.19	30.9.19	30.6.19
Assets					
Cash and deposits with the central bank	69 623	69 905	68 500	68 285	68 091
Loans and deposits with credit institutions	3 357 436	3 013 538	2 093 048	1 622 517	2 207 679
Loans to customers	40 101 034	42 378 471	40 560 502	40 067 806	38 712 907
Certificates and bonds	16 790 787	13 764 305	14 650 988	11 339 732	9 962 991
Financial derivatives	161 158	59 020	76 371	19 284	31 274
Shares and other securities	51 124	46 017	44 863	42 529	40 246
Intangible assets	121 843	131 686	136 100	133 898	137 290
Deferred tax asset	-	-	-	16 990	16 990
Fixed assets	1 082	1 153	819	953	1 102
Receivables	295 782	306 760	252 531	244 589	248 235
Total assets	60 949 870	59 770 854	57 883 722	53 556 582	51 426 805
Liabilities and equity					
Loans from credit institutions	1 000 781	1 400 000	52 750	-	73 100
Deposits from customers	41 090 855	39 561 112	40 118 369	39 185 189	38 177 954
Debt securities issued	6 679 216	6 813 624	6 537 863	3 472 923	3 316 800
Financial derivatives	200 428	657 621	29 621	37 563	4 913
Tax payable	634 825	441 519	625 745	618 010	449 151
Deferred tax	3 821	3 821	3 821	-	-
Other liabilities	61 509	195 410	225 239	400 141	107 179
Accrued expenses	174 660	173 950	179 017	236 292	202 161
Subordinated loan	876 143	876 073	822 688	812 230	807 889
Total liabilities	50 722 238	50 123 129	48 595 113	44 762 349	43 139 148
Share capital	183 315	183 315	183 315	183 315	183 315
Share premium	966 646	966 646	966 646	966 646	966 646
Tier 1 capital	635 000	635 000	635 000	635 000	635 000
Retained earnings and other reserves	8 442 672	7 862 764	7 503 649	7 009 273	6 502 697
Total equity	10 227 632	9 647 725	9 288 609	8 794 233	8 287 657
Total liabilities and equity	60 949 870	59 770 854	57 883 722	53 556 582	51 426 805

Erklæring


i henhold til verdipapirhandellovens paragraf 5-6

Vi bekrefter at selskapets halvårsregnskap for perioden 01. januar til 30. juni 2020 etter vår beste overbevisning er utarbeidet i samsvar med IAS 34 Delårs rapportering, som er godkjent av EU, og at opplysningene i regnskapet gir et rettvissende bilde av konsernets og selskapets eiendeler, gjeld, finansielle stilling og resultat som helhet.

Halvårsberetningen gir etter vår beste overbevisning en rettvissende:

- oversikt over viktige begivenheter i regnskapsperioden og deres innflytelse på årsregnskapet
- beskrivelse av de mest sentrale risiko- og usikkerhetsfaktorer virksomheten står over i neste regnskapsperiode
- beskrivelse av nærstående vesentlige transaksjoner.

Bærum, 12. august 2020
Styret i Bank Norwegian AS


Klaus-Anders Nysteen
Chairman of the board



Hans Læsson
Board member


John E. Høsteland
Board member


Christina Rødsalther
Board member


Izabella Kibsgaard-Petersen
Board member


Charlotte Ager
Board member


Lars Ola Kløf
Board member


Tine Willebekk
CEO