

**Report for the
third quarter 2020**

Bank Norwegian AS

Q3

Table of contents

Letter from the CEO	3
Report for the third quarter 2020	4
Profit and loss account	7
Balance sheet	8
Cash flow statement	9
Changes in equity.....	10
Notes	
Note 1 General accounting principles	11
Note 2 Segments	12
Note 3 Capital adequacy and Liquidity Coverage Ratio	13
Note 4 Expected credit loss	14
Note 5 Loans to customers by product groups	15
Note 6 Provision for loan losses	17
Note 7 Risk classes.....	17
Note 8 Net interest income.....	17
Note 9 Net commission and bank services income	17
Note 10 Net change in value on securities and currency	18
Note 11 General administrative expenses	18
Note 12 Debt securities issued and subordinated loan	18
Note 13 Financial instruments	19
Note 14 Related parties	19
Quarterly figures.....	20

Financial highlights

Profit and loss account

<i>Amounts in NOK 1000</i>	Bank Norwegian AS		
	Q3 2020	Q3 2019	2019
Interest income	1 499 511	1 496 355	5 911 803
Interest expenses	177 518	165 155	650 090
Net interest income	1 321 994	1 331 200	5 261 712
Net other operating income	45 860	89 503	322 304
Total income	1 367 854	1 420 703	5 584 016
Total operating expenses	323 596	320 626	1 312 140
Provision for loan losses	365 623	413 511	1 627 359
Profit before tax	678 635	686 567	2 644 518
Comprehensive income for the period	511 237	517 708	1 992 639

Balance sheet

<i>Amounts in NOK 1000</i>	Bank Norwegian AS		
	30.9.20	30.9.19	31.12.19
Total assets	64 187 217	53 556 582	57 883 722
Loans to customers	39 962 311	40 067 806	40 560 502
Liquid assets	23 583 639	13 030 533	16 812 537
Deposits from customers	43 880 046	39 185 189	40 118 369
Debt securities issued	6 649 351	3 472 923	6 537 863
Subordinated loans	876 049	812 230	822 688
Tier 1 capital	635 000	635 000	635 000
Total equity	10 729 814	8 794 233	9 288 609

Key figures and alternative performance measures

	Bank Norwegian AS		
	Q3 2020	Q3 2019	2019
Return on equity (ROE) ^{1 3}	20.4 %	25.6 %	25.4 %
Return on assets (ROA) ¹	3.3 %	3.9 %	3.8 %
Earnings per share (EPS) ⁴	2.74	2.76	10.62
Common equity tier 1 (CET 1)	21.5 %	20.6 %	21.6 %
Leverage ratio	14.0 %	15.0 %	14.7 %
Liquidity coverage ratio (LCR)	494 %	203 %	449 %
Net interest margin (NIM) ¹	8.4 %	10.0 %	10.0 %
Cost/income ratio ¹	0.24	0.23	0.23
Loan loss provisions to average loans ¹	3.3 %	3.9 %	3.9 %
Stage 3 loans to loans ^{1 2}	22.3 %	15.4 %	17.3 %
Loan loss allowance coverage ratio stage 3 ^{1 2}	40.4 %	38.6 %	35.9 %
Loan loss allowance coverage ratio to loans ¹	10.9 %	7.2 %	8.1 %

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

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

³⁾ Updated definition for ROE based on established market practice. Previous periods are recalculated.

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

Letter from the CEO

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

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

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

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

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

Bærum, October 27, 2020

Tine Wollebekk
CEO

Report for the third quarter 2020

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

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

Profit and loss as of September 30, 2020

The bank's comprehensive income for the first nine months in 2020 amounted to NOK 1 473 million, compared with NOK 1 485 million for the same period in 2019. The decrease in profit growth is mainly due to higher provision for loan losses related to the uncertain outlook of COVID-19, partly offset by loan growth.

Net interest income totaled NOK 4 105 million, net other operating income amounted to NOK 241.3 million, while total operating expenses were NOK 959.5 million. Provisions for loan losses were NOK 1 433 million.

Profit and loss for the third quarter 2020

The bank's comprehensive income amounted to NOK 511.2 million compared with NOK 590.9 million in the second quarter. The decrease is mainly caused by lower gains on securities and currencies, lower interest income due to lower credit card balances and currency fluctuations, and higher digital marketing costs, partly offset by lower provision for loan losses.

Return on equity was 20.4%, compared with 24.9% in the second quarter and the return on assets was 3.3%, compared with 4.0% in the second quarter.

Net interest income amounted to NOK 1 322 million, a decrease of NOK 65.2 million from the second quarter. The decrease is mainly explained by lower interest income from lower credit card balances in the third quarter and to currency fluctuation between the quarters. The net interest margin was 8.4%, compared with 9.3% in the second quarter. The decrease is mainly explained by a higher share of liquid assets in the quarter.

Net other operating income amounted to NOK 45.9 million compared with NOK 123.5 million in the second quarter. Net commission income increased NOK 18.1 million to NOK 36.6 million mainly due to higher credit card activity in the third quarter. Net gain on securities and currency amounted to NOK 9.2 million, compared with a net gain of NOK 105.0 million in the second quarter. The decrease is mainly due to high gains on securities of NOK 45.0 million

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

Total operating expenses amounted to NOK 323.6 million, an increase of NOK 44.1 million in the third quarter. Personnel expenses increased NOK 8.7 million due to accrual effects in the second quarter. Administrative expenses increased NOK 36.2 million, mainly due to higher digital marketing spending. Depreciation decreased NOK 0.6 million. Other operating expenses decreased NOK 0.3 million.

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

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

Balance sheet as of September 30, 2020

Total assets increased NOK 3 237 million in the quarter and amounted to NOK 64 187 million.

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

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

Liquid assets increased NOK 3 366 million and amounted to NOK 23 584 million, equivalent to 36.7% of total assets.

Total equity amounted to NOK 10 730 million, compared with NOK 10 228 million as of June 30, 2020. The total capital ratio was 25.1%, the core capital ratio was 23.0% and the common equity tier 1 ratio was 21.5%.

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

Regulatory update

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

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

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

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

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

Outlook

Society is entering the fourth quarter with continuous uncertainty related to the length and consequences of the pandemic COVID-19. The Nordic economies prove to be resilient and the governments supportive actions reduce the negative impact for business activities. Unemployment rates have been reduced in all the Nordic countries, yet still at elevated levels compared to the start of the year. The future still holds high level of uncertainty related to the development of the pandemic and a second European wave is building up. The 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 continues to maintain normal operations and underwriting of credit throughout the crisis and will continue to support its customers. Loans sent to debt collection are well below historical levels and fewer customers are late with their payments. This trend is expected to continue into the fourth quarter.

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

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

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

track record with the bank's solid financial position, the timing for expansion and growth is considered very good. The European expansion will be made from current domicile and timing and location naturally dependent on the pandemic's development.

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

Bærum, October 27, 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

<i>Amounts in NOK 1000</i>	Note	Bank Norwegian AS				
		Q3 2020	Q3 2019	YTD 2020	YTD 2019	2019
Interest income, effective interest method		1 448 408	1 458 555	4 467 970	4 259 890	5 749 524
Other interest income		51 103	37 800	179 936	115 755	162 279
Interest expenses		177 518	165 155	543 335	476 504	650 090
Net interest income	8	1 321 994	1 331 200	4 104 571	3 899 141	5 261 712
Commission and bank services income	9	79 379	134 232	338 300	405 052	540 443
Commission and bank services expenses	9	42 731	69 930	142 048	192 445	250 192
Net change in value on securities and currency	10	9 213	25 201	45 061	22 587	32 053
Net other operating income		45 860	89 503	241 313	235 194	322 304
Total income	2	1 367 854	1 420 703	4 345 883	4 134 335	5 584 016
Personnel expenses		31 306	27 689	84 487	72 652	100 775
General administrative expenses	11	262 117	261 206	782 103	808 059	1 088 530
Depreciation and impairment of fixed and intangible assets		15 806	16 833	48 874	49 614	67 693
Other operating expenses		14 367	14 898	44 048	40 483	55 141
Total operating expenses		323 596	320 626	959 511	970 808	1 312 140
Provision for loan losses	6	365 623	413 511	1 433 286	1 194 556	1 627 359
Profit before tax		678 635	686 567	1 953 086	1 968 971	2 644 518
Tax charge		167 398	168 859	480 409	484 178	651 879
Profit after tax	2	511 237	517 708	1 472 676	1 484 793	1 992 639
Proportion attributable to shareholders		502 182	506 576	1 441 205	1 452 565	1 946 941
Proportion attributable to additional Tier 1 capital holders		9 055	11 132	31 472	32 228	45 697
Profit after tax		511 237	517 708	1 472 676	1 484 793	1 992 639
Earnings per share*		2.74	2.76	7.86	7.92	10.62

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

Comprehensive income

<i>Amounts in NOK 1000</i>	Bank Norwegian AS				
	Q3 2020	Q3 2019	YTD 2020	YTD 2019	2019
Profit on ordinary activities after tax	511 237	517 708	1 472 676	1 484 793	1 992 639
Comprehensive income for the period	511 237	517 708	1 472 676	1 484 793	1 992 639

Balance sheet

Amounts in NOK 1000	Note	Bank Norwegian AS		
		30.9.20	30.9.19	31.12.19
Assets				
Cash and deposits with the central bank		69 511	68 285	68 500
Loans and deposits with credit institutions		2 459 961	1 622 517	2 093 048
Loans to customers	2, 5, 7	39 962 311	40 067 806	40 560 502
Certificates and bonds	13	21 054 167	11 339 732	14 650 988
Financial derivatives	13	205 245	19 284	76 371
Shares and other securities	13	51 491	42 529	44 863
Intangible assets		110 870	133 898	136 100
Deferred tax asset		-	16 990	-
Fixed assets		1 184	953	819
Receivables		272 477	244 589	252 531
Total assets	2	64 187 217	53 556 582	57 883 722
Liabilities and equity				
Loans from credit institutions	13	1 033 695	-	52 750
Deposits from customers	2	43 880 046	39 185 189	40 118 369
Debt securities issued	12, 13	6 649 351	3 472 923	6 537 863
Financial derivatives	13	112 604	37 563	29 621
Tax payable		498 291	618 010	625 745
Deferred tax		3 821	-	3 821
Other liabilities		187 753	400 141	225 239
Accrued expenses		215 793	236 292	179 017
Subordinated loans	12, 13	876 049	812 230	822 688
Total liabilities		53 457 403	44 762 349	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		8 944 854	7 009 273	7 503 649
Total equity	2, 3	10 729 814	8 794 233	9 288 609
Total liabilities and equity	2	64 187 217	53 556 582	57 883 722

Bærum, October 27, 2020
The Board of directors of Bank Norwegian AS

Klaus-Anders Nysteen
Chairman of the board

John E. Høstelend
Board member

Lars Ola Kjos
Board member

Christine Rødsæther
Board member

Izabella Kibsgaard-Petersen
Board member

Charlotte Ager
Board member

Hans Larsson
Board member

Tine Wollebakk
CEO

Cash flow statement

Bank Norwegian AS

<i>Amounts in NOK 1000</i>	YTD 2020	YTD 2019	2019
Profit / loss before tax	1 953 086	1 968 971	2 644 518
Unrealized gain or losses on currency	316 564	11 510	-105 965
Depreciation and impairment of fixed and intangible assets	48 874	49 614	67 693
Provision for loan losses	1 433 286	1 194 556	1 627 359
Change in loans to customers	-835 095	-3 462 395	-4 390 047
Change in deposits from customers	3 761 677	93 398	1 026 578
Change in certificates and bonds	-6 403 178	-737 134	-4 048 391
Change in shares and other securities	-6 628	-5 838	-8 172
Change in receivables and financial derivatives	-148 820	-187 715	-252 744
Change in loans from credit institutions	-19 055	-	52 750
Change in derivatives, accrued expenses and other liabilities	82 274	333 867	93 748
Income taxes paid	-607 863	-469 253	-608 408
Net cash flow from operating activities	-424 879	-1 210 419	-3 901 081
Payment for acquisition of intangible assets	-23 078	-41 958	-59 092
Payment for acquisition of tangible assets	-946	-627	-643
Net cash flow from investment activities	-24 024	-42 585	-59 735
Issued debt securities	-	2 282 175	5 834 015
Repayment of debt securities	-188 448	-785 663	-1 281 602
Paid interest tier 1 capital	-31 472	-32 228	-45 697
CSA margin	-	-51 900	-
Change in loans from central banks	1 000 000	-	-
Net cash flow from financing activities	780 080	1 412 385	4 506 716
Net cash flow for the period	331 177	159 380	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	36 746	-35 737	48 490
Cash and cash equivalents at the end of the period	2 529 472	1 690 801	2 161 549

Off which:

Cash and deposits with the central bank	69 511	68 285	68 500
Loans and deposits with credit institutions	2 459 961	1 622 517	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	9 288 609
This period's profit	-	-	31 472	1 441 205	1 472 676
Comprehensive income for the period	-	-	31 472	1 441 205	1 472 676
Paid interest tier 1 capital	-	-	-31 472	-	-31 472
Balance 30.9.20	183 315	966 646	635 000	8 944 854	10 729 814

<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	-	-	32 228	1 452 565	1 484 793
Comprehensive income for the period	-	-	32 228	1 452 565	1 484 793
Paid interest tier 1 capital	-	-	-32 228	-	-32 228
Balance 30.9.19	183 315	966 646	635 000	7 009 273	8 794 233

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

<i>Amounts in NOK 1000</i>	Norway	Sweden	Denmark	Finland	Total
Net interest income	1 659 232	679 069	561 669	1 204 600	4 104 571
Net other operating income	82 415	50 452	11 404	97 042	241 313
Total income	1 741 647	729 522	573 072	1 301 643	4 345 883
Total operating expenses	415 044	198 797	136 502	209 168	959 511
Provision for loan losses	462 188	276 129	241 546	453 423	1 433 286
Profit before tax	864 415	254 595	195 025	639 052	1 953 086
Tax charge	208 236	63 603	48 775	159 797	480 409
Profit after tax	656 179	190 992	146 250	479 255	1 472 676
Other comprehensive income	-	-	-	-	-
Comprehensive income for the period	656 179	190 992	146 250	479 255	1 472 676

Balance sheet 30.9.20

<i>Amounts in NOK 1000</i>	Norway	Sweden	Denmark	Finland	Total
Loans to customers	16 070 738	6 931 738	5 353 878	11 605 957	39 962 311
Other assets	12 826 663	3 909 147	4 957 611	2 531 485	24 224 906
Total assets	28 897 401	10 840 885	10 311 489	14 137 442	64 187 217
Deposits from customers	21 203 168	6 049 121	9 817 430	6 810 326	43 880 046
Other liabilities and equity	7 694 232	4 791 764	494 059	7 327 116	20 307 171
Total liabilities and equity	28 897 401	10 840 885	10 311 489	14 137 442	64 187 217

Profit and loss account YTD 2019

<i>Amounts in NOK 1000</i>	Norway	Sweden	Denmark	Finland	Total
Net interest income	1 783 610	643 497	481 186	990 848	3 899 141
Net other operating income	130 765	50 703	23 143	30 583	235 194
Total income	1 914 374	694 201	504 329	1 021 431	4 134 335
Total operating expenses	412 881	221 737	131 421	204 769	970 808
Provision for loan losses	578 593	145 390	187 686	282 887	1 194 556
Profit before tax	922 900	327 074	185 222	533 775	1 968 971
Tax charge	222 669	81 761	46 305	133 444	484 178
Profit after tax	700 231	245 313	138 917	400 331	1 484 793
Other comprehensive income	-	-	-	-	-
Comprehensive income for the period	700 231	245 313	138 917	400 331	1 484 793

Balance sheet 30.9.19

<i>Amounts in NOK 1000</i>	Norway	Sweden	Denmark	Finland	Total
Loans to customers	19 034 221	6 516 180	4 666 564	9 850 842	40 067 806
Other assets	7 139 070	2 358 246	1 762 255	2 229 204	13 488 776
Total assets	26 173 291	8 874 426	6 428 820	12 080 046	53 556 582
Deposits from customers	19 907 261	5 693 415	5 962 193	7 622 320	39 185 189
Other liabilities and equity	6 266 030	3 181 010	466 627	4 457 725	14 371 393
Total liabilities and equity	26 173 291	8 874 426	6 428 820	12 080 046	53 556 582

Note 3. Capital adequacy and Liquidity Coverage Ratio

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

Total capital	30.9.20	30.9.19	2019
<i>Amounts in NOK 1000</i>			
Share capital	183 315	183 315	183 315
Share premium	966 646	966 646	966 646
Other reserves	8 944 854	7 009 273	7 503 649
Retained earnings not included in common equity tier 1, accrued group contribution	-957 000	-	-
Deferred tax assets, intangible assets and additional valuation adjustment	-132 293	-162 327	-150 902
Common equity tier 1	9 005 521	7 996 906	8 502 708
Additional tier 1 capital	635 000	635 000	635 000
Tier 1 capital	9 640 521	8 631 906	9 137 708
Tier 2 capital	876 049	812 230	822 688
Total capital	10 516 570	9 444 137	9 960 395
Calculation basis			
Covered bonds	966 352	335 464	336 787
Regional governments or local authorities	1 156 773	13 983	87 123
Institutions	721 112	1 190 492	1 350 762
Loans to customers	25 504 293	25 533 874	26 750 970
Defaulted loans	5 956 587	6 022 641	4 892 542
Equity positions	51 439	42 486	44 818
Other assets	272 555	76 011	139 901
Total credit risk	34 629 111	33 214 951	33 602 903
Operational risk	7 193 145	5 580 459	5 728 738
Market risk	8 542	4 369	1 575
Total calculation basis	41 830 798	38 799 779	39 333 216
Common equity tier 1 %	21.5 %	20.6 %	21.6 %
Tier 1 capital %	23.0 %	22.2 %	23.2 %
Total capital %	25.1 %	24.3 %	25.3 %

Liquidity Coverage Ratio

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

	30.9.20	30.9.19	2019
Bank Norwegian AS	494 %	203 %	449 %
NOK	391 %	250 %	321 %
SEK	415 %	163 %	396 %
DKK	465 %	227 %	649 %
EUR	179 %	171 %	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 behavior default probabilities that for example for credit cards will be very low for high quality clients until it is activated. As such, a high trigger level is needed for an indication of a significant increase in credit risk when the lifetime PD is very low. Each product has its own threshold values when one considers an increase to be significant. An increase of more than 0% indicates that any increase above the lifetime PD at origination is a significant increase in credit risk.

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

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

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

Loans to customers by product groups

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

Change in loan loss allowance and gross loans

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

Total Loans

Loan loss allowance

Amounts in NOK 1000	Stage 1	Stage 2	Stage 3	Total
Loan loss allowance as at 30.6.20	343 618	480 030	3 798 484	4 622 132
Transfers :				
Transfers from stage 1 to stage 2	-36 543	151 836	-	115 293
Transfers from stage 1 to stage 3	-3 267	-	32 157	28 890
Transfers from stage 2 to stage 1	28 042	-81 650	-	-53 607
Transfers from stage 2 to stage 3	-	-88 658	199 252	110 594
Transfers from stage 3 to stage 2	-	14 465	-62 924	-48 458
Transfers from stage 3 to stage 1	260	-	-6 309	-6 048
New financial assets issued	22 556	5 074	85	27 715
Financial assets derecognized in the period	-11 492	-9 203	-27 278	-47 973
Modification of contractual cash flows from non-discounted financial assets	24 045	6 843	282 694	313 581
Charge-off	-	-	-177 603	-177 603
Loan loss allowance as at 30.9.20	367 219	478 738	4 038 561	4 884 517

Gross loans to customers

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

Instalment loans total

Loan loss allowance

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

Gross loans to customers

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

Credit card total

Loan loss allowance

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

Gross loans to customers

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

Note 6. Provision for loan losses

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

Note 7. Risk classes

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

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

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

Note 8. Net interest income

<i>Amounts in NOK 1000</i>	YTD 2020	YTD 2019	2019
Interest income from cash and deposits with the central bank	206	531	781
Interest income from loans to and deposits with credit institutions	2 653	4 793	8 430
Interest income from instalment loans	3 152 443	3 064 902	4 114 730
Interest income from other loans	432	-	-
Interest income from credit card loans	1 312 054	1 189 145	1 624 932
Interest income from sales financing	180	519	650
Interest income, effective interest method	4 467 970	4 259 890	5 749 524
Interest and other income from certificates and bonds	174 235	111 268	155 937
Other interest and other interest related income	5 701	4 487	6 343
Other interest income	179 936	115 755	162 279
Interest expense from deposits from the central bank	1 797	-	-
Interest expense from deposits from customers	336 353	355 927	478 037
Interest expense on debt securities issued	125 844	44 159	70 531
Interest expense on subordinated loan	27 744	25 784	34 665
Other interest and other interest related expenses	51 598	50 634	66 857
Interest expenses	543 335	476 504	650 090
Net interest income	4 104 571	3 899 141	5 261 712

Note 9. Net commission and bank services income

<i>Amounts in NOK 1000</i>	YTD 2020	YTD 2019	2019
Payment services	247 454	306 359	416 056
Insurance services	53 546	58 103	70 440
Other fees and commission and bank services income	37 301	40 590	53 947
Total commission and bank services income	338 300	405 052	540 443
Payment services	71 163	125 821	160 458
Insurance services	53 487	50 133	67 516
Other fees and commission and bank services expense	17 398	16 492	22 218
Total commission and bank services expenses	142 048	192 445	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	-74 248	-54 896	-74 558
Net change on FX-forwards	-145 723	147 357	143 008
Net currency effects	258 404	-80 652	-49 509
Net change on shares and other securities	6 628	10 778	13 112
Net change in value on securities and currency	45 061	22 587	32 053

Note 11. General administrative expenses

Amounts in NOK 1000	YTD 2020	YTD 2019	2019
Sales and marketing	609 203	656 473	879 117
IT operations	68 607	68 548	88 871
External services costs	65 284	47 546	70 677
Other administrative expenses	39 010	35 492	49 864
Total general administrative expenses	782 103	808 059	1 088 530

Note 12. Debt securities issued and subordinated loan

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

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

* For subordinated loans maturity reflects the first possible call date

Note 13. Financial instruments

Financial instruments at fair value

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

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

**NOK 1 000 million is loans from Norges Bank

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

Change in instruments classified at level 3

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

Fair value of financial instruments at amortized cost

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

Debt securities issued and subordinated loan

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

Amounts in NOK 1000	30.9.20		30.9.19	
	Book value	Fair value	Book value	Fair value
Debt securities issued	6 649 351	6 494 424	3 472 923	3 484 088
Subordinated loan	876 049	812 383	812 230	814 249
Total financial liabilities	7 525 399	7 306 807	4 285 154	4 298 337

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

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

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

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

Note 14. Related parties

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

Quarterly figures

Profit and loss account

Amounts in NOK 1000	Bank Norwegian AS				
	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Interest income, effective interest method	1 448 408	1 504 778	1 514 784	1 489 634	1 458 555
Other interest income	51 103	61 764	67 068	46 524	37 800
Interest expenses	177 518	179 318	186 499	173 586	165 155
Net interest income	1 321 994	1 387 224	1 395 353	1 362 571	1 331 200
Commission and bank services income	79 379	66 364	192 558	135 391	134 232
Commission and bank services expenses	42 731	47 851	51 466	57 746	69 930
Net change in value on securities and currency	9 213	104 963	-69 114	9 465	25 201
Net other operating income	45 860	123 475	71 978	87 110	89 503
Total income	1 367 854	1 510 699	1 467 330	1 449 681	1 420 703
Personnel expenses	31 306	22 569	30 612	28 124	27 689
General administrative expenses	262 117	225 879	294 106	280 470	261 206
Depreciation and impairment of fixed and intangible assets	15 806	16 368	16 700	18 079	16 833
Other operating expenses	14 367	14 661	15 020	14 659	14 898
Total operating expenses	323 596	279 477	356 438	341 332	320 626
Provision for loan losses	365 623	447 027	620 636	432 803	413 511
Profit before tax	678 635	784 195	490 256	675 546	686 567
Tax charge	167 398	193 306	119 705	167 701	168 859
Profit after tax	511 237	590 889	370 550	507 846	517 708

Comprehensive income

Amounts in NOK 1000	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Profit on ordinary activities after tax	511 237	590 889	370 550	507 846	517 708
Comprehensive income for the period	511 237	590 889	370 550	507 846	517 708

Balance sheet

Amounts in NOK 1000	Bank Norwegian AS				
	30.9.20	30.6.20	31.3.20	31.12.19	30.9.19
Assets					
Cash and deposits with the central bank	69 511	69 623	69 905	68 500	68 285
Loans and deposits with credit institutions	2 459 961	3 357 436	3 013 538	2 093 048	1 622 517
Loans to customers	39 962 311	40 101 034	42 378 471	40 560 502	40 067 806
Certificates and bonds	21 054 167	16 790 787	13 764 305	14 650 988	11 339 732
Financial derivatives	205 245	161 158	59 020	76 371	19 284
Shares and other securities	51 491	51 124	46 017	44 863	42 529
Intangible assets	110 870	121 843	131 686	136 100	133 898
Deferred tax asset	-	-	-	-	16 990
Fixed assets	1 184	1 082	1 153	819	953
Receivables	272 477	295 782	306 760	252 531	244 589
Total assets	64 187 217	60 949 870	59 770 854	57 883 722	53 556 582
Liabilities and equity					
Loans from credit institutions	1 033 695	1 000 781	1 400 000	52 750	-
Deposits from customers	43 880 046	41 090 855	39 561 112	40 118 369	39 185 189
Debt securities issued	6 649 351	6 679 216	6 813 624	6 537 863	3 472 923
Financial derivatives	112 604	200 428	657 621	29 621	37 563
Tax payable	498 291	634 825	441 519	625 745	618 010
Deferred tax	3 821	3 821	3 821	3 821	-
Other liabilities	187 753	61 509	195 410	225 239	400 141
Accrued expenses	215 793	174 660	173 950	179 017	236 292
Subordinated loan	876 049	876 143	876 073	822 688	812 230
Total liabilities	53 457 403	50 722 238	50 123 129	48 595 113	44 762 349
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	8 944 854	8 442 672	7 862 764	7 503 649	7 009 273
Total equity	10 729 814	10 227 632	9 647 725	9 288 609	8 794 233
Total liabilities and equity	64 187 217	60 949 870	59 770 854	57 883 722	53 556 582