

**Report for the
fourth quarter 2020**
Norwegian Finans Holding Group

Q4

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Financial highlights

Profit and loss account

Norwegian Finans Holding Group				
<i>Amounts in NOK 1000</i>	Q4 2020	Q4 2019	2020	2019
Interest income	1 470 188	1 535 258	6 115 326	5 910 775
Interest expenses	158 935	173 586	702 272	650 090
Net interest income	1 311 252	1 361 672	5 413 054	5 260 685
Net other operating income	-11 114	86 994	229 644	321 792
Total income	1 300 139	1 448 665	5 642 698	5 582 477
Total operating expenses	330 839	345 118	1 313 162	1 324 659
Provision for loan losses	397 662	432 803	1 830 948	1 627 359
Profit before tax	571 638	670 745	2 498 588	2 630 459
Profit after tax	436 234	503 863	1 886 975	1 981 051

Balance sheet

Norwegian Finans Holding Group		
<i>Amounts in NOK 1000</i>	31.12.20	31.12.19
Total assets	63 192 011	58 073 384
Loans to customers	37 943 688	40 560 502
Liquid assets	24 364 666	16 813 654
Deposits from customers	42 677 703	40 118 369
Debt securities issued	6 034 387	6 537 863
Subordinated loans	877 820	822 688
Tier 1 capital	635 000	635 000
Total equity	11 328 161	9 473 707

Key figures and alternative performance measures

Norwegian Finans Holding Group				
	Q4 2020	Q4 2019	2020	2019
Return on equity (ROE) ^{1 3}	16.4 %	22.8 %	18.9 %	24.6 %
Return on assets (ROA) ¹	2.7 %	3.6 %	3.1 %	3.8 %
Earnings per share (EPS) ⁴	2.30	2.63	9.90	10.37
Dividend per share (DPS)	-	-	6.00	-
Common equity tier 1 (CET 1)	22.0 %	21.2 %	22.0 %	21.2 %
Leverage ratio	14.5 %	14.5 %	14.5 %	14.5 %
Liquidity coverage ratio (LCR)	569 %	450 %	569 %	450 %
Net interest margin (NIM) ¹	8.2 %	9.7 %	8.8 %	10.0 %
Cost/income ratio ¹	0.25	0.24	0.23	0.24
Loan loss provisions to average loans ¹	3.6 %	3.9 %	4.1 %	3.9 %
Stage 3 loans to loans ^{1 2}	23.7 %	17.3 %	23.7 %	17.3 %
Loan loss allowance coverage ratio stage 3 ^{1 2}	40.9 %	35.9 %	40.9 %	35.9 %
Loan loss allowance coverage ratio to loans ¹	11.5 %	8.1 %	11.5 %	8.1 %

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

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

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

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

Letter from the CEO

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

Q4 was a solid quarter and total amount of customers ended at 1.75 million. The net interest income was stable q-o-q and our net profit ended at a solid MNOK 436, representing a ROE of 16.4%. The result is still affected by the ongoing pandemic. Our financially strong position has increased further during 2020 and our loan loss absorption capacity has never been better, as our loan loss coverage ratios continued to increase during the quarter. Our capital position is solid, providing surplus capital that covers both our growth ambitions and any eventual further waves of the pandemic. In addition, it allows to deliver cash dividend according to our dividend policy.

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

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

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

Bærum, February 16, 2021

Tine Wollebekk
CEO

Report for the fourth quarter 2020

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

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

The NFH ASA's and the daughter company Bank Norwegian AS's financial statements are accounted for according to the annual accounts regulation for banks, credit companies and finance companies. This means that IFRS rules apply with exceptions and simplifications regulated through the annual accounts regulations which in turn means that the Board of Directors' proposal for group contribution and dividends is recognized as debt on the balance sheet date. While as the NFH Group's is accounted for according to full IFRS, such distribution of net result will not be accounted before the actual decision is made by the annual general meeting in April 2021, hence these capital dispositions are eliminated in the Group accounts at year end 2020.

Profit and loss for 2020

The NFH Group's comprehensive income amounted to NOK 1 887 million, compared with NOK 1 981 million for the same period in 2019. The decrease in profit is mainly due to higher provision for loan losses related to the uncertain outlook of COVID-19, lower net commission income due to lower credit card activity which were partly offset by increased interest income derived from exchange rate effects. Return on equity was 18.9% and the return on assets was 3.1%.

Net interest income totaled NOK 5 413 million, net other operating income amounted to NOK 229.6 million, while total operating expenses were NOK 1 313 million. Provisions for loan losses were NOK 1 831 million.

Profit and loss for the fourth quarter 2020

The NFH Group's comprehensive income amounted to NOK 436.2 million compared with NOK 500.6 million in the third quarter. The decrease is mainly caused by loss on securities and currencies, higher provision for loan losses and lower interest income, partly offset by dividend received and lower interest expenses from deposit accounts.

Return on equity was 16.4%, compared with 19.6% in the third quarter and the return on assets was 2.7%, compared with 3.2% in the third quarter.

Net interest income amounted to NOK 1 311 million, a reduction of NOK 9.8 million from the third quarter. The decrease is mainly explained by negative loan growth mostly in Norway, partly offset by lower interest on customer deposits from reduced deposit rates in Norway and Denmark and reduced deposits. The net interest margin was 8.2%, compared with 8.3% in the third quarter.

Net other operating income amounted to NOK -11.1 million compared with NOK 45.8 million in the third quarter. Net commission income decreased NOK 15.3 million to NOK 21.3 million mainly due to lower credit card activity in the fourth quarter and higher issuing services cost, partly offset by insurance incentives received in the quarter. Income from shares and other securities amounted to NOK 24 million in the fourth quarter and consist of a dividend received from VN Norge AS. Net loss on securities and currency amounted to NOK 56.4 million, compared with a net gain of NOK 9.2 million in the third quarter. The decrease is mainly due to net negative change in value of securities of NOK 37.0 million in the Norwegian and Finnish portfolios and net loss on currency of NOK 18.6 million in the fourth quarter. The total yield levels on the liquidity portfolios reflects stable and slightly improved credit markets in the fourth quarter. The negative valuation effects of NOK 37.0 million mainly derive from the structure of the portfolios, with paid interest especially on the fixed rate instruments, being higher than the running yield levels, putting a continuous pressure on the net valuation of the portfolios.

Total operating expenses amounted to NOK 330.8 million, a decrease of NOK 4.2 million in the fourth quarter. Personnel expenses increased NOK 3.9 million. Administrative expenses were down NOK 5.5 million, mainly due to lower digital marketing spending. Depreciation was reduced by NOK 1.1 million. Other operating expenses decreased NOK 1.5 million.

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

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

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

Balance sheet as of December 31, 2020

Total assets were down NOK 1 172 million in the quarter and amounted to NOK 63 192 million.

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

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

Liquid assets increased NOK 778.2 million and amounted to NOK 24 365 million, equivalent to 38.6% of total assets.

Total equity amounted to NOK 11 328 million, compared with NOK 10 899 million as of September 30, 2020. The total capital ratio was 25.7%, the core capital ratio was 23.6% and the common equity tier 1 ratio was 22.0%, including set aside 60.9% of net result to dividend.

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

Regulatory update

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

lending regulation will apply for four years until 31 December 2024, but evaluation will be carried out midway, i.e. in the autumn of 2022.

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

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

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

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

Outlook

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

The financial markets continue to develop positively during the fourth quarter and at the start of 2021. The turmoil around the presidential election and inauguration

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

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

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

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

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

Proposed allocation of the net profit for the year 2020

It is proposed that Norwegian Finans Holding ASA will receive NOK 1 451 million in group contributions from Bank Norwegian AS. The Board of Directors propose a dividend of NOK 6 per share, total NOK 1 121,1 million, and NOK 0.3 million is added to retained earnings. This represents 29.6% of the net profit for the combined results of 2019 and 2020. The Board has according to the guidelines from the Ministry of Finance for all banks initiated a dialogue with the Norwegian FSA to document the assessment for this proposed distribution.

Bærum, February 16, 2021

The Board of directors of Norwegian Finans Holding ASA

Klaus-Anders Nysteen
Chairman of the board

Hans Larsson
Board member

Anita Aarnæs
Board member

Christine Rødsæther
Board member

Izabella Kibsgaard-Petersen
Board member

Knut Arne Alsaker
Board member

Kjetil Garstad
Board member

Tine Wollebekk
CEO

Profit and loss account

Amounts in NOK 1000	Note	Norwegian Finans Holding Group			
		Q4 2020	Q4 2019	2020	2019
Interest income, effective interest method		1 416 244	1 488 734	5 881 446	5 748 496
Other interest income		53 944	46 524	233 880	162 279
Interest expenses		158 935	173 586	702 272	650 090
Net interest income	8	1 311 252	1 361 672	5 413 054	5 260 685
Commission and bank services income	9	73 716	135 391	412 016	540 443
Commission and bank services expenses	9	52 439	57 862	195 043	250 703
Income from shares and other securities		24 029	-	24 029	-
Net change in value on securities and currency	10	-56 420	9 465	-11 359	32 053
Net other operating income		-11 114	86 994	229 644	321 792
Total income	2	1 300 139	1 448 665	5 642 698	5 582 477
Personnel expenses		35 905	28 496	122 832	102 293
General administrative expenses	11	257 849	282 970	1 043 582	1 095 085
Depreciation and impairment of fixed and intangible assets		23 965	18 079	88 214	67 693
Other operating expenses		13 120	15 573	58 533	59 588
Total operating expenses		330 839	345 118	1 313 162	1 324 659
Provision for loan losses	6	397 662	432 803	1 830 948	1 627 359
Profit before tax		571 638	670 745	2 498 588	2 630 459
Tax charge		135 404	166 882	611 613	649 408
Profit after tax	2	436 234	503 863	1 886 975	1 981 051
Proportion attributable to shareholders		429 125	490 393	1 848 395	1 935 354
Proportion attributable to additional Tier 1 capital holders		7 109	13 470	38 580	45 697
Profit after tax		436 234	503 863	1 886 975	1 981 051
Earnings per share		2.30	2.63	9.90	10.37

Comprehensive income

Amounts in NOK 1000	Q4 2020	Q4 2019	2020	2019
Profit on ordinary activities after tax	436 234	503 863	1 886 975	1 981 051
Comprehensive income for the period	436 234	503 863	1 886 975	1 981 051

Balance sheet

Amounts in NOK 1000	Norwegian Finans Holding Group		
	Note	31.12.20	31.12.19
Assets			
Cash and deposits with the central bank		69 451	68 500
Loans and deposits with credit institutions		2 774 788	2 094 165
Loans to customers	2, 5, 7	37 943 688	40 560 502
Certificates and bonds	13	21 520 427	14 650 988
Financial derivatives	13	341 309	76 371
Shares and other securities	13	50 692	44 863
Intangible assets		451 835	510 840
Deferred tax asset		4 107	3 502
Fixed assets		1 749	819
Receivables		33 965	62 835
Total assets	2	63 192 011	58 073 384
Liabilities and equity			
Loans from credit institutions	13	1 313 710	52 750
Deposits from customers	2	42 677 703	40 118 369
Debt securities issued	12, 13	6 034 387	6 537 863
Financial derivatives	13	64 862	29 621
Tax payable		557 675	625 745
Deferred tax		58 234	3 821
Other liabilities		42 999	225 912
Accrued expenses		236 463	182 907
Subordinated loans	12, 13	877 820	822 688
Total liabilities		51 863 850	48 599 677
Share capital		186 847	186 695
Share premium		978 201	972 295
Tier 1 capital		635 000	635 000
Retained earnings		9 528 112	7 679 717
Total equity	3	11 328 161	9 473 707
Total liabilities and equity	2	63 192 011	58 073 384

Bærum, February 16, 2021
The Board of directors of Norwegian Finans Holding ASA

Klaus-Anders Nysteen
Chairman of the board

Hans Larsson
Board member

Anita Aarnæs
Board member

Christine Rødsæther
Board member

Izabella Kibsgaard-Petersen
Board member

Knut Arne Alsaker
Board member

Kjetil Garstad
Board member

Tine Wollebakk
CEO

Cash flow statement

Norwegian Finans Holding Group

<i>Amounts in NOK 1000</i>	2020	2019
Profit / loss before tax	2 498 588	2 630 459
Unrealized gain or losses on currency	-196 772	-105 965
Depreciation and impairment of fixed and intangible assets	88 214	67 693
Provision for loan losses	1 830 948	1 627 359
Change in loans to customers	785 865	-4 390 047
Change in deposits from customers	2 559 334	1 026 578
Change in certificates and bonds	-6 869 439	-4 048 391
Change in shares and other securities	-5 830	-8 172
Change in receivables and financial derivatives	-236 061	-63 045
Change in loans from credit institutions	260 960	52 750
Change in debt securities issued and subordinated loans	415 337	-
Change in derivatives, accrued expenses and other liabilities	-94 124	96 754
Income taxes paid	-625 878	-608 408
Net cash flow from operating activities	411 142	-3 722 434
Payment for acquisition of intangible assets	-28 423	-393 592
Payment for acquisition of tangible assets	-1 714	-643
Net cash flow from investment activities	-30 136	-394 235
Buy back of shares	-	-161 200
Allocation of shares	-	150 000
Allocation of bonus shares	6 058	5 301
Issued debt securities	-	5 834 015
Repayment of debt securities	-789 580	-1 281 602
Investments in group companies	-	-40 240
Paid interest tier 1 capital	-38 580	-45 697
Change in loans from central banks	1 000 000	-
Net cash flow from financing activities	177 897	4 460 576
Net cash flow for the period	558 903	343 908
Cash and cash equivalents at the start of the period	2 162 665	1 770 267
Currency effect on cash and cash equivalents	122 671	48 490
Cash and cash equivalents at the end of the period	2 844 239	2 162 665
Off which:		
Cash and deposits with the central bank	69 451	68 500
Loans and deposits with credit institutions	2 774 788	2 094 165

Changes in equity

<i>Amounts in NOK 1000</i>	Share capital	Share premium	Tier 1 capital	Retained earnings	Total equity
Balance 31.12.2019	186 695	972 295	635 000	7 679 717	9 473 707
This period's profit	-	-	-	1 886 975	1 886 975
Comprehensive income for the period	-	-	-	1 886 975	1 886 975
Paid interest tier 1 capital	-	-	-	-38 580	-38 580
Allocation of bonus shares	153	5 906	-	-	6 058
Balance 31.12.2020	186 847	978 201	635 000	9 528 112	11 328 161

<i>Amounts in NOK 1000</i>	Share capital	Share premium	Tier 1 capital	Retained earnings	Total equity
Balance 31.12.2018	186 752	976 938	635 000	5 745 564	7 544 254
This period's profit	-	-	-	1 981 051	1 981 051
Comprehensive income for the period	-	-	-	1 981 051	1 981 051
Paid interest tier 1 capital	-	-	-	-45 697	-45 697
Buyback of shares	-2 133	-157 867	-	-	-160 000
Allocation of shares	2 000	148 000	-	-	150 000
Allocation of bonus shares	76	5 224	-	-	5 301
Fees	-	-	-	-1 201	-1 201
Balance 31.12.2019	186 695	972 295	635 000	7 679 717	9 473 707

Notes

Note 1. General accounting principles

The quarterly financial statements for the Norwegian Finans Holding Group (NFH Group) 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 NFH Group, can be found in Note 1 Accounting principles in the annual report of 2019.

Note 2. Segments

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

Profit and loss account YTD 2020

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

Balance sheet 31.12.20

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

Profit and loss account YTD 2019

Amounts in NOK 1000	Norway	Sweden	Denmark	Finland	Other	Total
Net interest income	2 389 911	863 804	651 865	1 356 133	-1 028	5 260 685
Net other operating income	177 839	69 151	23 530	51 784	-512	321 792
Total income	2 567 750	932 955	675 394	1 407 917	-1 539	5 582 477
Total operating expenses	560 336	291 275	181 638	278 890	12 519	1 324 659
Provision for loan losses	696 095	221 951	200 618	508 696	-	1 627 359
Profit before tax	1 311 319	419 729	293 138	620 331	-14 058	2 630 459
Tax charge	356 831	109 876	63 918	121 254	-2 471	649 408
Profit after tax	954 488	309 853	229 220	499 077	-11 588	1 981 051
Other comprehensive income	-	-	-	-	-	-
Comprehensive income for the period	954 488	309 853	229 220	499 077	-11 588	1 981 051

Balance sheet 31.12.19

Amounts in NOK 1000	Norway	Sweden	Denmark	Finland	Other	Total
Loans to customers	18 844 355	6 802 103	4 724 885	10 189 159	-	40 560 502
Other assets	8 546 780	3 467 465	3 151 700	2 157 276	189 662	17 512 882
Total assets	27 391 134	10 269 568	7 876 585	12 346 435	189 662	58 073 384
Deposits from customers	19 417 635	5 946 156	7 316 699	7 437 880	-	40 118 369
Other liabilities and equity	7 973 500	4 323 412	559 886	4 908 555	189 662	17 955 015
Total liabilities and equity	27 391 134	10 269 568	7 876 585	12 346 435	189 662	58 073 384

Note 3. Capital adequacy and Liquidity Coverage Ratio

Norwegian Finans Holding Group 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

<i>Amounts in NOK 1000</i>	31.12.20	31.12.19
Share capital	186 847	186 695
Share premium	978 201	972 295
Other reserves	9 528 112	7 679 717
Retained earnings not included in common equity tier 1, accrued dividend	-1 121 083	-
Deferred tax assets, intangible assets and additional valuation adjustment	-477 919	-529 143
Common equity tier 1	9 094 158	8 309 564
Additional tier 1 capital	635 000	635 000
Tier 1 capital	9 729 158	8 944 564
Tier 2 capital	877 820	822 688
Total capital	10 606 978	9 767 252

Risk-weighted assets

Covered bonds	939 778	336 787
Regional governments or local authorities	1 269 097	87 123
Institutions	563 273	1 161 242
Loans to customers	23 960 025	26 750 970
Defaulted loans	5 996 989	4 892 542
Equity positions	50 642	44 818
Other assets	376 681	139 948
Total credit risk	33 156 485	33 413 430
Operational risk	8 087 003	5 728 063
Market risk	2 788	1 575
Total risk-weighted assets	41 246 275	39 143 067

Common equity tier 1 %	22.0 %	21.2 %
Tier 1 capital %	23.6 %	22.9 %
Total capital %	25.7 %	25.0 %

Liquidity Coverage Ratio

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

	31.12.20	31.12.19
Norwegian Finans Holding Group	569 %	450 %
NOK	389 %	321 %
SEK	530 %	396 %
DKK	467 %	649 %
EUR	169 %	167 %

Note 4. Expected credit loss

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

Significant increase in credit risk (SICR)

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

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

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

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

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

	Trigger Coefficient	
	Instalment loans	Credit card loans
Norway	0.12	0.14
Sweden	0.12	0.08
Denmark	0.26	0.34
Finland	0.17	0.13

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

Product	Annualised lifetime PD at origination	Annualised lifetime PD at the reporting date	Trigger Coefficient	Calculation	Stage
Norway Unsecured Loan	0.10	0.25	0.12	$0.25 > 0.12 + (1 - 0.12) * 0.10$ = 0.208	Stage 2
Denmark Credit Card	0.30	0.40	0.34	$0.40 < 0.34 + (1 - 0.34) * 0.30$ = 0.538	Stage 1

Economic variables used to measure ECL

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

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

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

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

Key assumptions used for the base case scenario are:

- 1) No further wave of COVID-19 that causes countries to implement widespread shutdowns again.
- 2) An aggressive fiscal and monetary policy response.
- 3) Oil prices remain low but gradually recover as oil demand strengthens.

Key risks used for the base case scenario are:

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

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

Macro scenario sensitivity on ECL

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

The following weights have been used across all portfolios per 31.12.2020: 32.5% - 30% - 37.5% for base, optimistic and pessimistic scenario for expected credit loss.

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

Loans to customers by product groups

31.12.20

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

31.12.19

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

Change in loan loss allowance and gross loans

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

Total Loans

Loan loss allowance

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

Gross loans to customers

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

Instalment loans total

Loan loss allowance

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

Gross loans to customers

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

Credit card total

Loan loss allowance

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

Gross loans to customers

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

Note 6. Provision for loan losses

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

*Charge-off means that the entire loan is written down and removed from gross loans while maintaining the claim against the customer. The total legal claim of the charged-off accounts is TNOK 1 827 175 as of 31.12.2020.

Note 7. Risk classes

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

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

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

Note 8. Net interest income

Amounts in NOK 1000	2020	2019
Interest income from cash and deposits with the central bank	206	781
Interest income from loans to and deposits with credit institutions	-1 192	7 403
Interest income from instalment loans	4 154 887	4 114 730
Interest income from other loans	432	-
Interest income from credit card loans	1 726 892	1 624 932
Interest income from sales financing	221	650
Interest income, effective interest method	5 881 446	5 748 496
Interest and other income from certificates and bonds	226 167	155 937
Other interest and other interest related income	7 713	6 343
Other interest income	233 880	162 279
Interest expense from deposits from the central bank	19 001	-
Interest expense from deposits from customers	425 177	478 037
Interest expense on debt securities issued	157 684	70 531
Interest expense on subordinated loan	36 008	34 665
Other interest and other interest related expenses	64 402	66 857
Interest expenses	702 272	650 090
Net interest income	5 413 054	5 260 685

Note 9. Net commission and bank services income

Amounts in NOK 1000	2020	2019
Payment services	294 430	416 056
Insurance services	71 073	70 440
Other fees and commission and bank services income	46 513	53 947
Total commission and bank services income	412 016	540 443
Payment services	98 040	160 458
Insurance services	71 522	67 516
Other fees and commission and bank services expense	25 481	22 729
Total commission and bank services expenses	195 043	250 703

Note 10. Net change in value on securities and currency

<i>Amounts in NOK 1000</i>	2020	2019
Net change on certificates and bonds	-111 296	-74 558
Net change on FX-forwards	100 018	143 008
Net currency effects	-5 911	-49 509
Net change on shares and other securities	5 830	13 112
Net change in value on securities and currency	-11 359	32 053

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

Note 11. General administrative expenses

<i>Amounts in NOK 1000</i>	2020	2019
Sales and marketing	778 294	879 117
IT operations	92 867	88 871
External services costs	117 798	70 677
Other administrative expenses	54 623	56 419
Total general administrative expenses	1 043 582	1 095 085

Note 12. Debt securities issued and subordinated loan

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

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

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

Note 13. Financial instruments

Financial instruments at fair value

Amounts in NOK 1000	31.12.20			
	Level 1	Level 2	Level 3	Total
Certificates and bonds*	-	21 520 427	-	21 520 427
Financial derivatives	-	341 309	-	341 309
Shares and other securities	-	-	50 692	50 692
Total financial assets at fair value	-	21 861 736	50 692	21 912 429
Financial derivatives	-	64 862	-	64 862
Loans from credit institutions**	1 313 710	-	-	1 313 710
Total financial liabilities at fair value	1 313 710	64 862	-	1 378 571

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

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

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

Change in instruments classified at level 3

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

Fair value of financial instruments at amortized cost

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

Debt securities issued and subordinated loan

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

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

Amounts in NOK 1000	31.12.20			
	Level 1	Level 2	Level 3	Total
Debt securities issued	-	6 034 387	-	6 034 387
Subordinated loan	-	877 820	-	877 820
Total financial liabilities	-	6 912 207	-	6 912 207

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

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

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

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

Note 14. Related parties and other investments

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

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

Quarterly figures

Profit and loss account

Amounts in NOK 1000	Norwegian Finans Holding Group				
	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Interest income, effective interest method	1 416 244	1 447 485	1 503 855	1 513 862	1 488 734
Other interest income	53 944	51 103	61 764	67 068	46 524
Interest expenses	158 935	177 518	179 319	186 500	173 586
Net interest income	1 311 252	1 321 070	1 386 301	1 394 430	1 361 672
Commission and bank services income	73 716	79 379	66 364	192 558	135 391
Commission and bank services expenses	52 439	42 839	48 138	51 627	57 862
Income from shares and other securities	24 029	-	-	-	-
Net change in value on securities and currency	-56 420	9 212	104 964	-69 114	9 465
Net other operating income	-11 114	45 751	123 190	71 817	86 994
Total income	1 300 139	1 366 822	1 509 491	1 466 247	1 448 665
Personnel expenses	35 905	32 040	23 719	31 168	28 496
General administrative expenses	257 849	263 320	227 532	294 882	282 970
Depreciation and impairment of fixed and intangible assets	23 965	25 031	22 518	16 700	18 079
Other operating expenses	13 120	14 641	14 972	15 801	15 573
Total operating expenses	330 839	335 031	288 741	358 550	345 118
Provision for loan losses	397 662	365 623	447 027	620 636	432 803
Profit before tax	571 638	666 168	773 723	487 060	670 745
Tax charge	135 404	165 545	191 635	119 028	166 882
Profit after tax	436 234	500 622	582 087	368 032	503 863

Comprehensive income

Amounts in NOK 1000	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Profit on ordinary activities after tax	436 234	500 622	582 087	368 032	503 863
Comprehensive income for the period	436 234	500 622	582 087	368 032	503 863

Balance sheet

Amounts in NOK 1000	Norwegian Finans Holding Group				
	31.12.20	30.9.20	30.6.20	31.3.20	31.12.19
Assets					
Cash and deposits with the central bank	69 451	69 511	69 623	69 905	68 500
Loans and deposits with credit institutions	2 774 788	2 462 788	3 361 585	3 014 698	2 094 165
Loans to customers	37 943 688	39 962 311	40 101 034	42 378 471	40 560 502
Certificates and bonds	21 520 427	21 054 167	16 790 787	13 764 305	14 650 988
Financial derivatives	341 309	205 245	161 158	59 020	76 371
Shares and other securities	50 692	51 491	51 124	46 017	44 863
Intangible assets	451 835	470 235	490 433	506 426	510 840
Deferred tax asset	4 107	7 702	5 849	4 179	3 502
Fixed assets	1 749	1 184	1 082	1 153	819
Receivables	33 965	79 322	92 057	110 908	62 835
Total assets	63 192 011	64 363 956	61 124 733	59 955 081	58 073 384
Liabilities and equity					
Loans from credit institutions	1 313 710	1 033 695	1 000 781	1 400 000	52 750
Deposits from customers	42 677 703	43 880 046	41 090 855	39 561 112	40 118 369
Debt securities issued	6 034 387	6 649 351	6 679 216	6 813 624	6 537 863
Financial derivatives	64 862	112 604	200 428	657 621	29 621
Tax payable	557 675	498 291	634 825	441 519	625 745
Deferred tax	58 234	3 821	3 821	3 821	3 821
Other liabilities	42 999	193 813	55 452	193 945	225 912
Accrued expenses	236 463	217 251	175 744	177 062	182 907
Subordinated loan	877 820	876 049	876 143	876 073	822 688
Total liabilities	51 863 850	53 464 921	50 717 265	50 124 777	48 599 677
Share capital	186 847	186 847	186 695	186 695	186 695
Share premium	978 201	978 201	972 295	972 295	972 295
Tier 1 capital	635 000	635 000	635 000	635 000	635 000
Retained earnings and other reserves	9 528 112	9 098 987	8 607 419	8 036 314	7 679 717
Total equity	11 328 161	10 899 035	10 407 468	9 830 304	9 473 707
Total liabilities and equity	63 192 011	64 363 956	61 124 733	59 955 081	58 073 384

Norwegian Finans Holding ASA

Profit and loss account

<i>Amounts in NOK 1000</i>	Norwegian Finans Holding ASA			
	Q4 2020	Q4 2019	2020	2019
Interest income, effective interest method	-	6	-	1 086
Interest expenses	923	906	3 692	2 114
Net interest income	-923	-900	-3 692	-1 028
Commission and bank services expenses	124	116	679	512
Other income	1 451 000	-	1 451 000	-
Net other operating income	1 450 876	-116	1 450 321	-512
Total income	1 449 953	-1 016	1 446 629	-1 539
Personnel expenses	734	372	3 175	1 518
General administrative expenses	1 978	-	4 683	-
Other operating expenses	-299	915	1 066	4 447
Total operating expenses	2 413	1 287	8 923	5 964
Profit before tax	1 447 540	-2 303	1 437 705	-7 503
Tax charge	318 459	-507	316 296	-1 651
Profit after tax	1 129 082	-1 796	1 121 410	-5 852

Comprehensive income

<i>Amounts in NOK 1000</i>	Q4 2020	Q4 2019	2020	2019
Profit on ordinary activities after tax	1 129 082	-1 796	1 121 410	-5 852
Comprehensive income for the period	1 129 082	-1 796	1 121 410	-5 852

Balance sheet

<i>Amounts in NOK 1000</i>	Norwegian Finans Holding ASA	
	31.12.20	31.12.19
Assets		
Loans and deposits with credit institutions	2 248	1 117
Ownership interests in group companies	1 190 240	1 190 240
Deferred tax asset	3	2 682
Receivables	1 793 350	338 311
Total assets	2 985 840	1 532 350
Liabilities and equity		
Tax payable	313 616	-
Other liabilities	1 322 681	190 374
Accrued expenses	2 325	1 142
Total liabilities	1 638 622	191 516
Share capital	186 847	186 695
Share premium	978 201	972 295
Retained earnings	182 170	181 844
Total equity	1 347 219	1 340 834
Total liabilities and equity	2 985 840	1 532 350

Bærum, February 16, 2021
The Board of directors of Norwegian Finans Holding ASA

Klaus-Anders Nysteen
Chairman of the board

Hans Larsson
Board member

Anita Aarnæs
Board member

Christine Rødsæther
Board member

Izabella Kibsgaard-Petersen
Board member

Knut Arne Alsaker
Board member

Kjetil Garstad
Board member

Tine Wollbekk
CEO

Cash flow statement

<i>Amounts in NOK 1000</i>	Norwegian Finans Holding ASA	
	2020	2019
Profit / loss before tax	1 437 705	-7 503
Change in other accruals	-1 455 039	-338 309
Change in short-term liabilities	1 447 106	189 959
Adjustment group contribution income	-1 451 000	-
Change in receivables from received group contribution	1 451 000	-
Adjustment for dividends	-1 121 083	-
Change in taxes from received group contribution	-313 616	-
Net cash flow from operating activities	-4 927	-155 853
Net investment in group companies	-	-40 240
Net cash flows from investment activities	-	-40 240
Allocation of bonus shares	6 058	5 301
Buy back of shares	-	-161 200
Issuing of shares	-	150 000
Net cash flow from financing activities	6 058	-5 899
Net cash flow for the period	1 131	-201 992
Cash and cash equivalents at the start of the period	1 117	203 109
Cash and cash equivalents at the end of the period	2 248	1 117

Changes in equity

<i>Amounts in NOK 1000</i>	Share capital	Share premium	Retained earnings	Total equity
Balance 31.12.19	186 695	972 295	181 844	1 340 834
This period's profit	-	-	1 121 410	1 121 410
Comprehensive income for the period	-	-	1 121 410	1 121 410
Allocation of bonus shares	153	5 906	-	6 058
Adjustment for dividends	-	-	-1 121 083	-1 121 083
Balance 31.12.20	186 848	978 201	182 170	1 347 219
Balance 31.12.18	186 752	976 938	188 896	1 352 586
This period's profit	-	-	-5 852	-5 852
Comprehensive income for the period	-	-	-5 852	-5 852
Buy back of shares	-2 133	-157 867	-	-160 000
Allocation of shares	2 000	148 000	-	150 000
Allocation of bonus shares	76	5 224	-	5 301
Fees	-	-	-1 201	-1 201
Balance 31.12.19	186 695	972 295	181 844	1 340 834

Notes for Norwegian Finans Holding ASA

Note 1. General accounting principles

The quarterly financial statements for Norwegian Finans Holding ASA 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, can be found in Note 1 Accounting principles in the annual report for 2019.

Norwegian Finans Holding ASA owns 100 % of the shares in Bank Norwegian AS and Lilienthal Finance Ltd. The shares are recognized at cost, and eliminated in the group accounts.

Note 2. Capital adequacy

Norwegian Finans Holding ASA 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	31.12.20	31.12.19
<i>Amounts in NOK 1000</i>		
Share capital	186 847	186 695
Share premium	978 201	972 295
Other reserves	182 170	181 844
Deferred tax assets, intangible assets and additional valuation adjustment	-3	-2 682
Common equity tier 1	1 347 215	1 338 151
Additional tier 1 capital	-	-
Tier 1 capital	1 330 915	1 338 151
Tier 2 capital	-	-
Total capital	1 330 915	1 338 151
Risk weighted-assets		
Institutions	725 950	223
Corporate	341 792	338 311
Equity positions	1 190 240	1 190 240
Other assets	558	-
Total credit risk	2 258 539	1 528 774
Operational risk	-	-
Market risk	-	-
Total risk weighted-assets	2 258 539	1 528 774
Common equity tier 1 %	59.6 %	87.5 %
Tier 1 capital %	59.6 %	87.5 %
Total capital %	59.6 %	87.5 %

Note 3. Related parties

In the second quarter 2019 Bank Norwegian AS provided Norwegian Finans Holding ASA with a loan of NOK 187.5 million in relation to the acquisition of IP rights in Lilienthal Finance Ltd. and for general expenses. Norwegian Finans Holding ASA provided Lilienthal Finance Ltd. with a loan of NOK 334.5 million in relation to the acquisition of IP rights in the same quarter.