



**Report for the
first quarter 2019**
Norwegian Finans Holding Group

Q1

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Financial highlights

Profit and loss account

| <i>Amounts in NOK 1000</i> | Norwegian Finans Holding Group | | |
|---|--------------------------------|------------------|------------------|
| | Q1 2019 | Q1 2018 | 2018 |
| Interest income, effective interest method | 1 271 602 | 1 142 620 | 4 908 715 |
| Other interest income | 39 763 | 24 206 | 104 303 |
| Interest expenses | 151 017 | 142 666 | 606 692 |
| Net interest income | 1 160 348 | 1 024 161 | 4 406 326 |
| Net other operating income | 91 096 | 40 371 | 245 947 |
| Total income | 1 251 444 | 1 064 532 | 4 652 273 |
| Total operating expenses excluding loan losses | 337 940 | 308 191 | 1 236 163 |
| Provision for loan losses | 269 101 | 208 903 | 1 027 631 |
| Profit on ordinary activities before tax | 644 404 | 547 439 | 2 388 478 |
| Comprehensive income for the period | 483 297 | 410 611 | 1 796 611 |

Balance sheet

| <i>Amounts in NOK 1000</i> | Norwegian Finans Holding Group | | |
|----------------------------|--------------------------------|------------|------------|
| | 31.3.19 | 31.3.18 | 31.12.18 |
| Total assets | 50 944 273 | 45 371 669 | 50 435 746 |
| Loans to customers | 37 902 312 | 33 842 506 | 37 797 618 |
| Liquid assets | 12 671 003 | 11 196 894 | 12 372 865 |
| Deposits from customers | 37 654 242 | 35 789 003 | 39 091 791 |
| Debt securities issued | 3 342 401 | 1 934 592 | 2 018 724 |
| Subordinated loans | 813 771 | 474 677 | 836 205 |
| Tier 1 capital | 635 000 | 635 000 | 635 000 |
| Total equity | 8 019 763 | 6 174 044 | 7 544 254 |

Key figures and alternative performance measures

| | Norwegian Finans Holding Group | | |
|--|--------------------------------|---------|--------|
| | Q1 2019 | Q1 2018 | 2018 |
| Return on equity (ROE) ¹ | 27.1 % | 31.0 % | 29.9 % |
| Return on assets (ROA) ¹ | 3.9 % | 3.7 % | 3.8 % |
| Earnings per share (EPS) | 2.59 | 2.20 | 9.62 |
| Common equity tier 1 (CET 1) | 19.5 % | 16.9 % | 19.4 % |
| Leverage ratio | 14.4 % | 12.5 % | 13.7 % |
| Liquidity coverage ratio (LCR) | 221 % | 203 % | 213 % |
| Net interest margin (NIM) ¹ | 9.4 % | 9.4 % | 9.3 % |
| Cost/income ratio ¹ | 0.27 | 0.29 | 0.27 |
| Non-performing loans to loans ¹ | 8.9 % | 7.1 % | 7.6 % |
| Loan loss provisions to average loans ¹ | 2.7 % | 2.4 % | 2.9 % |
| Loan loss allowance to loans ¹ | 4.8 % | 3.5 % | 4.2 % |
| Loan loss allowance to non-performing loans ¹ | 53.7 % | 50.0 % | 55.5 % |

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

Letter from the CEO

Economic outlook for the Nordic region continues to remain benign. GDP growth and employment levels are favorable while signals for future interest rate hikes differs between the markets. The current low interest rate environment is expected to continue.

The regulatory environment is overall stable for the region. In Norway the legislation for Norwegian lending practice and debt register will be implemented during second quarter. It is deemed uncertain whether the intended effect for a level playing field between domestic banks and foreign entities will be reached. It is also difficult to forecast the effect on consumer lending activity. The debt register will be a useful tool for banks while some of the lending guidelines can create unintended consequences for those households that are most in need of financial restructuring.

Competition is intense in the Nordic market as the number of incumbent and specialist banks operating in the market for unsecured lending has risen combined with increased distribution through agents. Considering these market trends, Bank Norwegian's robust growth and solid balance sheet highlights our competitive advantage from our direct distribution and our proprietary credit models based on financial information from a substantial customer base.

Bank Norwegian's growth continued in the first quarter both in terms of loans and customers. Strong loan growth in local currencies was offset by significant negative currency effects as the Norwegian krone appreciated during the quarter. The high growth for credit card customers continued based on our successful cooperation with Norwegian and their leading Reward program.

We see an attractive development of the app as a sales channel for our products. Current focus is to prepare for the implementation of PSD 2 while continuing to utilize our unique insight and sizeable customer base to drive growth in core products as well as additional fee-based services.

Our lean and efficient operating model stand out compared to any benchmark. During the quarter we entered into a new agreement for credit card processing, which is expected to yield a cost saving of NOK 500 million over the next six years.

Going forward we will continue to deliver profitable growth based on our competitive advantages in distribution, analytics, partnership, low cost operation and high customer fulfillment.

Bærum, May 2, 2019

Tine Wollebekk
CEO

Report for the first quarter 2019

Norwegian Finans Holding ASA (NFH) owns 100% of the shares in Bank Norwegian AS. The company does not engage in any other operations. The ownership of Norwegian Finans Holding ASA is divided between institutional and private investors in Norway and abroad, of which Norwegian Air Shuttle ASA is the largest owner with a stake of 16.4% at the end of the first quarter 2019. Norwegian Finans Holding ASA is listed on the Oslo Stock Exchange with the ticker code NOFI.

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

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

At the end of the first quarter 2019 the NFH Group had a customer base of 1 577 700 customers, which can be broken down into 1 158 600 credit card customers, 196 700 instalment loan customers and 222 400 deposit customers.

Profit and loss for the first quarter 2019

The NFH Group's comprehensive income amounted to NOK 483.3 million compared with NOK 469.1 million in the fourth quarter 2018. Return on equity was 27.1%, compared with 28.0% in the fourth quarter. The return on assets was 3.9%, compared with 3.7% in the fourth quarter.

Net interest income amounted to NOK 1 160,3 million, a decrease of NOK 13.2 million from the fourth quarter. The decrease is mainly explained by fewer interest days and higher provisions for the new deposit guarantee scheme in the first quarter. The net interest margin was 9.4%, compared with 9.3% in the fourth quarter.

Net other operating income amounted to NOK 91.1 million compared with NOK 42.4 million in the fourth quarter. Net commission income increased NOK 43.5 million to NOK 91.9 million mainly due to network and insurance incentive in the first quarter. Net loss on securities and currency amounted to NOK 0.8 million, compared with a net loss of NOK 5.9 million in the fourth quarter.

Total operating expenses increased NOK 25.2 million in the first quarter, amounting to NOK 337.9 million. Personnel expenses increased NOK 0.4 million. Administrative expenses increased NOK 24.5 million, reflecting higher digital marketing expenses. Depreciation increased

NOK 0.4 million. Other operating expenses decreased NOK 0.2 million.

Provisions for loan losses were NOK 269.1 million, a decrease of NOK 15.7 million from the fourth quarter. Provisions equalled 2.7% of average gross loans, compared with 2.9% in the fourth quarter.

The decrease in provisions is related to model calibrations yielding partially offsetting results in Norway and Sweden, calendar cut-off effects in Sweden and charges attributed to the sale of NPL's in Finland in the fourth quarter, while provisions in Denmark were stable.

Gross delinquent loans were NOK 4 606 million, compared with NOK 3 935 million at the end of the fourth quarter. The increase should be viewed in connection with the NPL sale in Finland in the fourth quarter. Delinquent loans accounted for 11.6% of gross loans, compared with 10.0% at the end of the fourth quarter. Gross non-performing loans accounted for 8.9% of gross loans, compared with 7.6% as of December 31, 2018. Non-performing loan levels are developing as expected.

Balance sheet as of March 31, 2019

Total assets increased NOK 509 million in the quarter and amounted to NOK 50 944 million.

Net loans to customers increased NOK 105 million compared with NOK 1 046 million in the previous quarter and totaled NOK 37 902 million. Currency adjusted loan growth was NOK 1 031 million compared with NOK 1 454 million in the previous quarter. Credit card growth is negatively impacted by calendar cut-off effects. Instalment loans amounted to NOK 28 112 million and credit card loans amounted to NOK 11 680 million.

Customer deposits decreased NOK 1 438 million compared with an increase of NOK 267 million in the fourth quarter and amounted to NOK 37 654 million at the end of the first quarter. The decrease in the first quarter is mainly explained by outflow following the deposit insurance amount reduction from NOK 2 million to EUR 100 thousand outside of Norway as of January 1, 2019.

In the first quarter the bank issued net MNOK 850 and MSEK 550 in senior debt securities.

Liquid assets increased NOK 298 million and amounted to NOK 12 749 million, equivalent to 24.9% of total assets.

Total equity amounted to NOK 8 020 million, compared with NOK 7 544 million as of December 31, 2018. The total capital ratio was 23.4%, the core capital ratio was 21.2% and the common equity tier 1 ratio was 19.5%.

The financial statements as of March 31, 2019 have been subject to an auditor review of interim financial statements.

Outlook

The outlook for the Nordic economies where the NFH Group operates continues to be favorable with solid growth and low unemployment.

Interest rate levels in the countries where the NFH Group is represented are expected to rise gradually, albeit from a low level. The NFH Group is still expected to benefit from low interest rate levels through low funding costs.

The earnings growth is expected to continue through strong loan growth, stable margins, cost control and good credit quality, even though the Nordic market for unsecured credit is very competitive. The competitive environment could lead to higher customer acquisition cost, margin pressure or lower growth.

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

A high deposit to loans ratio and good access to the securities market are expected to maintain the NFH Group's strong liquidity position. The gradual transition effect observed from the new deposit insurance level of EUR 100 thousand outside of Norway as of January 1, 2019 has dissipated.

The NFH Group has started its positioning to meet MREL requirements and funding diversification by the successful issuance of senior unsecured debt in the first quarter. The NFH Group plans further issuances during the year.

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

The credit quality of the loan portfolios in all markets are expected to exhibit a stable development going forward. Proprietary credit scorecards based on own data are in place in all markets. Credit models and systems are undergoing continuous improvements.

Common equity tier 1 was 19.5% at the reporting date exceeding the minimum common equity tier 1 ratio requirement of 15.9% which include announced increases in counter-cyclical buffers during 2019. The Financial Supervisory Authority of Norway has also required a 3% additional capital management buffer as a precondition to pay cash dividends or buy back shares.

The NFH Group plans to distribute capital in excess of applicable capital requirements in the form of share buy backs and cash dividends.

The current capital base and internal generation of capital are considered more than sufficient to ensure the NFH Group's growth ambitions.

Norwegian Finans Holding ASA has entered into agreements on May 2, 2019, to acquire all the shares in the Irish company Lilienthal Finance Ltd. and through this company all rights to the Norwegian brand for banking services and access to customers in Europe.

Bærum, May 2, 2019

The Board of directors of Norwegian Finans Holding ASA

Bjørn Østbø
Chairman of the Board

John Høsteland
Board Member

Anita Aarnæs
Board Member

Christine Rødsæther
Board Member

Gunn Ingemundsen
Board Member

Rolv-Erik Spilling
Board Member

Tine Wollebekk
CEO

Profit and loss account

| <i>Amounts in NOK 1000</i> | Note | Norwegian Finans Holding Group | | |
|--|------|--------------------------------|------------------|------------------|
| | | Q1 2019 | Q1 2018 | 2018 |
| Interest income, effective interest method | | 1 271 602 | 1 142 620 | 4 908 715 |
| Other interest income | | 39 763 | 24 206 | 104 303 |
| Interest expenses | | 151 017 | 142 666 | 606 692 |
| Net interest income | 8 | 1 160 348 | 1 024 161 | 4 406 326 |
| Commission and bank services income | 9 | 150 940 | 105 830 | 463 551 |
| Commission and bank services expenses | 9 | 59 060 | 51 983 | 230 454 |
| Net change in value on securities and currency | 10 | -784 | -13 476 | 12 818 |
| Other income | | - | - | 32 |
| Net other operating income | | 91 096 | 40 371 | 245 947 |
| Total income | | 1 251 444 | 1 064 532 | 4 652 273 |
| Personnel expenses | | 25 834 | 21 485 | 87 726 |
| General administrative expenses | 11 | 282 845 | 259 833 | 1 035 911 |
| Depreciation and impairment of fixed and intangible assets | | 16 079 | 14 605 | 59 998 |
| Other operating expenses | | 13 182 | 12 268 | 52 528 |
| Total operating expenses before losses | | 337 940 | 308 191 | 1 236 163 |
| Provision for loan losses | 6 | 269 101 | 208 903 | 1 027 631 |
| Profit before tax | | 644 404 | 547 439 | 2 388 478 |
| Tax charge | | 161 106 | 136 827 | 591 867 |
| Profit after tax | 2 | 483 297 | 410 611 | 1 796 611 |
| Earnings per share (NOK) | | 2.59 | 2.20 | 9.62 |
| Diluted earning per share (NOK) | | 2.59 | 2.20 | 9.62 |

Comprehensive income

| <i>Amounts in NOK 1000</i> | Norwegian Finans Holding Group | | |
|--|--------------------------------|----------------|------------------|
| | Q1 2019 | Q1 2018 | 2018 |
| Profit on ordinary activities after tax | 483 297 | 410 611 | 1 796 611 |
| Other comprehensive income | - | - | - |
| Comprehensive income for the period | 483 297 | 410 611 | 1 796 611 |

Balance sheet

| | | Norwegian Finans Holding Group | | |
|---|---------|--------------------------------|-------------------|-------------------|
| <i>Amounts in NOK 1000</i> | Note | 31.3.19 | 31.3.18 | 31.12.18 |
| Assets | | | | |
| Cash and deposits with the central bank | | 67 953 | 65 982 | 67 959 |
| Loans and deposits with credit institutions | | 2 334 791 | 1 838 548 | 1 702 308 |
| Loans to customers | 2, 5, 7 | 37 902 312 | 33 842 506 | 37 797 618 |
| Certificates and bonds | 13 | 10 268 259 | 9 292 364 | 10 602 597 |
| Financial derivatives | 13 | 85 161 | 49 364 | 12 773 |
| Shares and other securities | | 41 806 | 33 104 | 36 691 |
| Intangible assets | | 139 227 | 133 514 | 133 670 |
| Deferred tax asset | | 18 121 | 18 333 | 18 021 |
| Fixed assets | | 795 | 904 | 719 |
| Receivables | | 85 849 | 97 049 | 63 388 |
| Total assets | 2 | 50 944 273 | 45 371 669 | 50 435 746 |
| Liabilities and equity | | | | |
| Loans from credit institutions | | 56 000 | 99 200 | - |
| Deposits from customers | | 37 654 242 | 35 789 003 | 39 091 791 |
| Debt securities issued | 12, 13 | 3 342 401 | 1 934 592 | 2 018 724 |
| Financial derivatives | 13 | 9 569 | 11 264 | 120 497 |
| Tax payable | | 527 062 | 391 742 | 603 085 |
| Other liabilities | | 314 320 | 342 312 | 32 434 |
| Accrued expenses | | 207 146 | 154 835 | 188 755 |
| Subordinated loans | 12, 13 | 813 771 | 474 677 | 836 205 |
| Total liabilities | | 42 924 510 | 39 197 625 | 42 891 492 |
| Share capital | | 186 752 | 186 689 | 186 752 |
| Share premium | | 976 938 | 971 182 | 976 938 |
| Tier 1 capital | | 635 000 | 635 000 | 635 000 |
| Retained earnings and other reserves | | 6 221 073 | 4 381 173 | 5 745 564 |
| Total equity | 2, 3 | 8 019 763 | 6 174 044 | 7 544 254 |
| Total liabilities and equity | 2 | 50 944 273 | 45 371 669 | 50 435 746 |

Bærum, May 2, 2019

The Board of directors of Norwegian Finans Holding ASA

Bjørn Østbø
Chairman of the Board

John Høsteland
Board Member

Anita Aarnæs
Board Member

Christine Rødsæther
Board Member

Gunn Ingemundsen
Board Member

Rolv-Erik Spilling
Board Member

Tine Wollebakk
CEO

Cash flow statement

| <i>Amounts in NOK 1000</i> | Norwegian Finans Holding Group | | |
|---|--------------------------------|------------------|------------------|
| | Q1 2019 | Q1 2018 | 2018 |
| Profit / loss after tax | 483 297 | 410 611 | 1 796 611 |
| Unrealized gain or losses on currency | 4 816 | 40 925 | 92 674 |
| Depreciations and amortizations | 16 079 | 11 922 | 59 998 |
| Provision for loan losses | 269 101 | 208 903 | 1 027 631 |
| Change in loans to customers | -374 386 | -1 571 050 | -6 291 113 |
| Change in deposits from customers | -1 437 550 | 2 106 728 | 5 409 516 |
| Change in certificates and bonds | 334 339 | -432 530 | -1 742 763 |
| Change in shares and other securities | -5 115 | 260 | 3 326 |
| Change in receivables, deferred tax asset and financial derivatives | -94 949 | 3 635 | -9 478 |
| Change in loans from credit institutions | 56 000 | 99 200 | - |
| Change in tax payable, accrued expenses and other liabilities | 113 326 | 13 094 | 57 713 |
| Net cash flow from operating activities | -635 041 | 891 698 | 404 116 |
| Proceeds from sale of tangible assets | - | - | 32 |
| Payment for acquisition of intangible assets | -14 209 | -12 984 | -67 853 |
| Payment for acquisition of tangible assets | -178 | - | -112 |
| Net cash flow from investment activities | -14 387 | -12 984 | -67 933 |
| Paid-in share capital and share premium | - | - | 5 819 |
| Change in write-downs under IFRS 9 | - | 54 567 | - |
| Issued debt securities | 1 510 048 | - | 388 040 |
| Repayment of debt securities | -150 383 | -307 832 | -611 739 |
| Paid interest dept securities | -8 567 | 63 | - |
| Issued subordinated loans | - | - | 533 555 |
| Repayment subordinated loans | - | - | -171 964 |
| Paid interest subordinated loans | -8 105 | - | - |
| Issued tier 1 capital | - | - | 125 000 |
| Repayment tier 1 capital | - | - | -125 000 |
| Paid interest tier 1 capital | -10 384 | -6 980 | -28 575 |
| Net cash flow from financing activities | 1 332 609 | -260 181 | 115 136 |
| Net cash flow for the period | 683 181 | 618 533 | 451 318 |
| Cash and cash equivalents at the start of the period | 1 770 267 | 1 326 922 | 1 411 622 |
| Currency effect on cash and cash equivalents | -50 705 | -40 925 | -92 674 |
| Cash and cash equivalents at the end of the period | 2 402 744 | 1 904 530 | 1 770 267 |

Changes in equity

| <i>Amounts in NOK 1000</i> | Share capital | Share premium | Tier 1 capital | Retained earnings and other reserves | Total equity |
|--|----------------|----------------|----------------|--------------------------------------|------------------|
| Balance 31.12.18 | 186 752 | 976 938 | 635 000 | 5 745 564 | 7 544 254 |
| This period's profit | - | - | - | 483 297 | 483 297 |
| Comprehensive income for the period | 186 752 | 976 938 | 635 000 | 6 228 861 | 8 027 551 |
| Repayment of tier 1 capital | - | - | - | -7 788 | -7 788 |
| Balance 31.3.19 | 186 752 | 976 938 | 635 000 | 6 221 073 | 8 019 763 |

Amounts in NOK 1000

| | | | | | |
|--|----------------|----------------|----------------|------------------|------------------|
| Balance 31.12.17 | 186 689 | 971 182 | 635 000 | 3 920 750 | 5 713 621 |
| This period's profit | - | - | - | 410 611 | 410 611 |
| Comprehensive income for the period | - | - | - | 410 611 | 410 611 |
| Paid interest tier 1 capital | - | - | - | -6 980 | -6 980 |
| Other changes | - | - | - | 2 224 | 2 224 |
| Change in write-downs under IFRS 9 | - | - | - | 54 567 | 54 567 |
| Balance 31.3.18 | 186 689 | 971 182 | 635 000 | 4 381 173 | 6 174 044 |

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 NFH Group, can be found in note 1 Accounting principles in the annual report for 2018.

Accounting standards that entered into force during the first quarter of 2019

IFRS 16 - Leases

IFRS 16 Leases was effective from January 1, 2019, and replaced IAS 17 Leases. The NFH Group applied the standard as of January 1, 2019. IFRS 16 established significant new accounting requirements for lessees, while the requirements for lessors are more or less unchanged. For lessees, IFRS 16 eliminated the distinction between operating and finance leases as was required by IAS 17, and instead introduced a single lessee accounting model. When applying the new model, the NFH Group have recognised a liability to make lease payments (lease liability) and an asset representing the right to use the underlying asset during the lease term (right-of-use asset). In the income statement, depreciation of the right-of-use assets are recognised separately from interest on lease liabilities.

NFH Group has decided on the following policy choices and practical expedients:

- to apply the low value exception (primarily for office equipment)
- to not recognise non-lease components in the lease liability
- to apply the modified retrospective approach for transition to IFRS 16, meaning that the NFH Group will not restate the comparatives for 2018. Right-of-use assets and lease liabilities will be measured at the same amount, taking into consideration prepayments, accruals and provisions recognised as of December 31, 2018.

The right-of-use asset will be classified as part of the fixed assets in the balance sheet, while the lease liability will be classified as other liabilities. The most significant part of the lease liabilities of NFH Group arises from leases related to head office at Fornebu as well as some IT equipment. The total lease liabilities and right-of-use assets on January 1, 2019 will be NOK 7.3 million for the NFH Group.

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 Q1 2019

| <i>Amounts in NOK 1000</i> | Norway | Sweden | Denmark | Finland | Other | Total |
|--|----------------|----------------|----------------|----------------|-------------|------------------|
| Net interest income | 530 830 | 191 217 | 138 939 | 298 450 | 912 | 1 160 348 |
| Net other operating income | 52 648 | 21 499 | 7 601 | 9 499 | -151 | 91 096 |
| Total income | 583 478 | 212 716 | 146 540 | 307 949 | 761 | 1 251 444 |
| Total operating expenses before losses | 146 802 | 76 125 | 43 621 | 70 177 | 1 215 | 337 940 |
| Provision for loan losses | 149 558 | 18 233 | 41 980 | 59 329 | - | 269 101 |
| Profit before tax | 287 117 | 118 358 | 60 938 | 178 443 | -454 | 644 404 |
| Tax charge | 71 779 | 29 582 | 15 235 | 44 611 | -100 | 161 107 |
| Profit after tax | 215 338 | 88 776 | 45 704 | 133 833 | -354 | 483 297 |
| Other comprehensive income | - | - | - | - | - | - |
| Comprehensive income for the period | 215 338 | 88 776 | 45 704 | 133 833 | -354 | 483 297 |

Balance sheet 31.3.19

| <i>Amounts in NOK 1000</i> | Norway | Sweden | Denmark | Finland | Other | Total |
|-------------------------------------|-------------------|------------------|------------------|-------------------|----------------|-------------------|
| Loans to customers | 18 697 428 | 6 320 637 | 4 107 593 | 8 776 653 | - | 37 902 312 |
| Other assets | 6 064 144 | 2 858 357 | 1 668 435 | 2 246 782 | 204 243 | 13 041 961 |
| Total assets | 24 761 572 | 9 178 994 | 5 776 028 | 11 023 435 | 204 243 | 50 944 273 |
| Deposits from customers | 20 061 523 | 5 712 333 | 4 233 720 | 7 646 666 | - | 37 654 242 |
| Other liabilities and equity | 4 700 050 | 3 466 662 | 1 542 308 | 3 376 769 | 204 243 | 13 290 031 |
| Total liabilities and equity | 24 761 572 | 9 178 994 | 5 776 028 | 11 023 435 | 204 243 | 50 944 273 |

Profit and loss account Q1 2018

| <i>Amounts in NOK 1000</i> | Norway | Sweden | Denmark | Finland | Other | Total |
|--|----------------|----------------|----------------|----------------|-------------|------------------|
| Net interest income | 499 718 | 174 842 | 109 347 | 240 253 | 2 | 1 024 161 |
| Net other operating income | 38 661 | 10 672 | 617 | -9 496 | -83 | 40 371 |
| Total income | 538 379 | 185 514 | 109 964 | 230 756 | -81 | 1 064 532 |
| Total operating expenses before losses | 136 528 | 73 650 | 38 596 | 58 809 | 608 | 308 191 |
| Provision for loan losses | 55 423 | 59 346 | 47 191 | 46 942 | - | 208 903 |
| Profit before tax | 346 428 | 52 518 | 24 177 | 125 005 | -689 | 547 439 |
| Tax charge | 86 607 | 13 130 | 6 044 | 31 251 | -204 | 136 827 |
| Profit after tax | 259 821 | 39 389 | 18 133 | 93 754 | -484 | 410 611 |
| Other comprehensive income | - | - | - | - | - | - |
| Comprehensive income for the period | 259 821 | 39 389 | 18 133 | 93 754 | -484 | 410 611 |

Balance sheet 31.3.18

| <i>Amounts in NOK 1000</i> | Norway | Sweden | Denmark | Finland | Other | Total |
|-------------------------------------|-------------------|------------------|------------------|------------------|---------------|-------------------|
| Loans to customers | 17 195 567 | 5 554 064 | 3 311 670 | 7 752 364 | - | 33 813 665 |
| Other assets | 6 855 525 | 1 993 666 | 1 057 104 | 1 638 229 | 13 479 | 11 558 003 |
| Total assets | 24 051 092 | 7 547 730 | 4 368 774 | 9 390 593 | 13 479 | 45 371 668 |
| Deposits from customers | 18 573 609 | 5 800 286 | 3 337 984 | 8 077 088 | - | 35 788 967 |
| Other liabilities and equity | 5 477 483 | 1 747 444 | 1 030 789 | 1 313 505 | 13 479 | 9 582 701 |
| Total liabilities and equity | 24 051 092 | 7 547 730 | 4 368 774 | 9 390 593 | 13 479 | 45 371 668 |

Note 3. Capital adequacy

Total capital

| Amounts in NOK 1000 | Q1 2019 | Q1 2018 | 2018 |
|--|------------------|------------------|------------------|
| Share capital | 186 752 | 186 689 | 186 752 |
| + Share premium | 976 938 | 971 182 | 976 938 |
| + Other reserves | 6 221 073 | 4 381 173 | 5 745 564 |
| - Deferred tax assets, intangible assets and additional valuation adjustment | 167 753 | 161 233 | 162 464 |
| Common equity tier 1 | 7 217 010 | 5 377 811 | 6 746 789 |
| + Additional tier 1 capital | 635 000 | 635 000 | 635 000 |
| Tier 1 capital | 7 852 010 | 6 012 811 | 7 381 789 |
| + Tier 2 capital | 813 771 | 474 677 | 836 205 |
| Total capital | 8 665 781 | 6 487 488 | 8 217 995 |

Calculation basis

| Credit risk | | | |
|---|-------------------|-------------------|-------------------|
| Covered bonds | 420 951 | 244 438 | 273 532 |
| + Institutions | 1 016 131 | 1 107 902 | 988 065 |
| + Loans to customers | 24 972 125 | 23 011 692 | 25 396 605 |
| + Defaulted loans and other commitments | 4 819 628 | 3 340 589 | 4 049 000 |
| Operational risk | 5 579 784 | 4 022 891 | 4 012 591 |
| + Market risk | 295 206 | - | - |
| Total calculation basis | 37 103 826 | 31 727 513 | 34 719 794 |
| Common equity tier 1 % | 19.5 % | 16.9 % | 19.4 % |
| Tier 1 capital % | 21.2 % | 19.0 % | 21.3 % |
| Total capital % | 23.4 % | 20.4 % | 23.7 % |

Note 4. Expected Credit Loss

The NFH Group 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

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. The table below shows the different trigger levels that need to be in place for a commitment to be classified as stage 2 due to a significant increase in credit risk. A significant increase in credit risk is assessed on the basis of several criteria, including late payment beyond 30 days after invoice due date. The most important factor for the assessment is a comparison between the original probability of default and the probability of default at the reporting date. Each product has its own threshold values when one considers an increase to be significant. Products with absolute low application PDs therefore lead to high trigger requirements, as they are relative and come from a low level. An increase of 0 % indicates any increase beyond PD at origination. The triggers for Swedish instalment loans have been updated and calibrated according to an annual review.

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

Economic variables used to measure ECL

The NFH Group has chosen to disclose the three most important modelling variables in each individual country. The data is modelled across three scenarios: a base, an upper and a lower case for expected credit loss. The model is based on the NiGEM-model developed by UK's Institute of Economic and Social Research. The following weights have been used across all portfolios per March 31, 2019: 30% - 40% - 30% for base, optimistic and pessimistic scenario for expected credit loss.

| | Base scenario | | Optimistic scenario | | Pessimistic scenario | |
|---------------------------------|---------------|---------|---------------------|---------|----------------------|---------|
| | 12 months | 5 years | 12 months | 5 years | 12 months | 5 years |
| Norway | | | | | | |
| 3-month interbank rate | 1.76 % | 3.32 % | 1.51 % | 3.07 % | 2.40 % | 3.80 % |
| Hourly pay in NOK | 418 | 475 | 423 | 496 | 415 | 463 |
| Real interest rate | -0.68 % | 0.22 % | -1.08 % | -0.18 % | 0.59 % | 1.00 % |
| Sweden | | | | | | |
| 3-month interbank rate | 0.48 % | 2.98 % | 0.12 % | 1.83 % | 0.95 % | 4.56 % |
| Consumption in millions | 178 638 | 194 020 | 180 522 | 198 208 | 175 821 | 186 321 |
| Unemployment level in thousands | 356 | 378 | 316 | 337 | 392 | 420 |
| Denmark | | | | | | |
| 3-month interbank rate | 0.58 % | 2.63 % | 1.31 % | 2.98 % | 0.13 % | 2.30 % |
| Consumption in millions | 79 980 | 86 735 | 82 498 | 94 127 | 77 348 | 80 213 |
| Unemployment percentage | 5.24 % | 5.16 % | 4.30 % | 4.84 % | 6.36 % | 5.46 % |
| Finland | | | | | | |
| 3-month interbank rate | 0.49 % | 2.38 % | 0.88 % | 2.51 % | -0.01 % | 1.91 % |
| Consumption in millions | 9 532 | 10 042 | 9 763 | 10 606 | 9 309 | 9 521 |
| Unemployment percentage | 7.11 % | 6.88 % | 4.70 % | 6.31 % | 9.60 % | 7.41 % |

Macro scenario sensitivity on ECL

| | Final ECL | Base scenario | Optimistic scenario | Pessimistic scenario |
|------------------|-----------|---------------|---------------------|----------------------|
| Norway | | | | |
| Credit card | 154 875 | 155 543 | 151 784 | 157 075 |
| Instalment loans | 502 501 | 503 307 | 498 624 | 505 301 |
| Sweden | | | | |
| Credit card | 104 314 | 104 236 | 103 208 | 105 526 |
| Instalment loans | 316 555 | 316 596 | 315 854 | 317 201 |
| Denmark | | | | |
| Credit card | 99 243 | 99 236 | 99 043 | 99 452 |
| Instalment loans | 384 386 | 384 351 | 383 285 | 385 535 |
| Finland | | | | |
| Credit card | 38 447 | 38 429 | 37 986 | 38 933 |
| Instalment loans | 244 875 | 244 847 | 243 562 | 246 227 |

The final ECL is a macro-weighted ECL based on 30% - 40% - 30% weighting given to the base, optimistic and pessimistic scenarios. The outcome can be close to the base scenario if the two scenarios differ by the same magnitude. If one scenario is of higher variability, the final ECL will tend towards that one.

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

Loans to customers by product groups

| Amounts in NOK 1000 | Stage 1 | Stage 2 | Stage 3 | Gross loans | Loan loss allowance | | | Total |
|---|-------------------|------------------|------------------|-------------------|---------------------|----------------|------------------|-------------------|
| | | | | | Stage 1 | Stage 2 | Stage 3 | |
| Instalment loans Norway | 9 412 085 | 1 635 245 | 1 737 456 | 12 784 785 | 39 496 | 40 208 | 452 798 | 12 252 284 |
| Credit card loans Norway | 5 254 920 | 798 049 | 557 549 | 6 610 519 | 5 813 | 28 769 | 130 794 | 6 445 144 |
| Instalment loans Sweden | 2 464 843 | 980 608 | 861 906 | 4 307 356 | 47 399 | 45 431 | 225 725 | 3 988 801 |
| Credit card loans Sweden | 1 792 634 | 429 033 | 218 483 | 2 440 150 | 9 036 | 22 063 | 77 215 | 2 331 835 |
| Instalment loans Denmark | 3 009 912 | 225 371 | 543 413 | 3 778 696 | 50 927 | 39 470 | 293 990 | 3 394 310 |
| Credit card loans Denmark | 583 067 | 55 502 | 175 457 | 814 027 | 13 603 | 15 636 | 71 504 | 713 284 |
| Instalment loans Finland | 5 744 557 | 1 037 829 | 464 161 | 7 246 547 | 53 919 | 78 508 | 112 448 | 7 001 671 |
| Credit card loans Finland | 1 389 342 | 378 367 | 47 720 | 1 815 429 | 8 759 | 20 225 | 11 463 | 1 774 982 |
| Total | 29 651 361 | 5 540 003 | 4 606 145 | 39 797 508 | 228 952 | 290 308 | 1 375 937 | 37 902 312 |
| Provision coverage ratio per stage | | | | | 0.77 % | 5.24 % | 29.87 % | |

Change in loan loss allowance

The loan loss allowance is calculated based on the expected credit loss using the 3-stage method as described in note 2.1 of the annual report 2018.

Migration out of one stage is calculated at opening date 31.12.18, while migration into one stage is calculated at the closing date 31.03.19.

Total Loans

Loan loss allowance

| Amounts in NOK 1000 | Stage 1 | Stage 2 | Stage 3 | Total |
|---|----------------|----------------|------------------|------------------|
| Loan loss allowance as at 31.12.18 | 234 954 | 334 764 | 1 105 718 | 1 675 435 |
| Transfers : | | | | |
| Transfers between Stage 1 and Stage 2 | -20 362 | 134 714 | - | 114 352 |
| Transfers between Stage 1 and Stage 3 | -1 253 | - | 14 278 | 13 025 |
| Transfers between Stage 2 and Stage 1 | 25 046 | -96 027 | - | -70 981 |
| Transfers between Stage 2 and Stage 3 | - | -76 852 | 211 641 | 134 789 |
| Transfers between Stage 3 and Stage 2 | - | 5 698 | -28 851 | -23 153 |
| Transfers between Stage 3 and Stage 1 | 62 | - | -1 563 | -1 501 |
| New financial assets issued | 28 704 | 5 173 | - | 33 877 |
| Financial assets derecognized in the period | -8 796 | -7 870 | -12 889 | -29 555 |
| Modification of contractual cash flows from non-discounted financial assets | -29 404 | -9 292 | 87 603 | 48 907 |
| Loan loss allowance as at 31.3.19 | 228 952 | 290 308 | 1 375 937 | 1 895 196 |

Gross loans to customers

| Amounts in NOK 1000 | Stage 1 | Stage 2 | Stage 3 | Total |
|---|-------------------|------------------|------------------|-------------------|
| Gross loans to customers as at 31.12.18 | 29 395 341 | 6 142 234 | 3 935 478 | 39 473 053 |
| Transfers : | | | | |
| Transfers between Stage 1 and Stage 2 | -2 517 004 | 2 560 600 | - | 43 595 |
| Transfers between Stage 1 and Stage 3 | -72 498 | - | 73 337 | 839 |
| Transfers between Stage 2 and Stage 1 | 1 988 981 | -2 166 983 | - | -178 002 |
| Transfers between Stage 2 and Stage 3 | - | -883 212 | 873 273 | -9 939 |
| Transfers between Stage 3 and Stage 2 | - | 101 565 | -141 056 | -39 491 |
| Transfers between Stage 3 and Stage 1 | 4 933 | - | -11 464 | -6 531 |
| New financial assets issued | 2 235 634 | 105 191 | - | 2 340 825 |
| Financial assets derecognized in the period | -919 458 | -182 327 | -55 682 | -1 157 466 |
| Modification of contractual cash flows from non-discounted financial assets | -464 569 | -137 065 | -67 741 | -669 376 |
| Gross loans to customers as at 31.3.19 | 29 651 361 | 5 540 003 | 4 606 145 | 39 797 508 |

Instalment loans total

Loan loss allowance

| <i>Amounts in NOK 1000</i> | Stage 1 | Stage 2 | Stage 3 | Total |
|---|----------------|----------------|------------------|------------------|
| Loan loss allowance as at 31.12.18 | 191 393 | 245 324 | 865 592 | 1 302 310 |
| Transfers : | | | | |
| Transfers between Stage 1 and Stage 2 | -17 508 | 95 617 | - | 78 110 |
| Transfers between Stage 1 and Stage 3 | -1 202 | - | 11 879 | 10 678 |
| Transfers between Stage 2 and Stage 1 | 22 014 | -65 410 | - | -43 397 |
| Transfers between Stage 2 and Stage 3 | - | -67 341 | 176 935 | 109 594 |
| Transfers between Stage 3 and Stage 2 | - | 3 834 | -21 436 | -17 602 |
| Transfers between Stage 3 and Stage 1 | 55 | - | -953 | -898 |
| New financial assets issued | 19 282 | 3 886 | - | 23 168 |
| Financial assets derecognized in the period | -8 519 | -7 227 | -11 785 | -27 530 |
| Modification of contractual cash flows from non-discounted financial assets | -13 776 | -5 068 | 64 728 | 45 884 |
| Loan loss allowance as at 31.3.19 | 191 741 | 203 616 | 1 084 960 | 1 480 317 |

Gross loans to customers

| <i>Amounts in NOK 1000</i> | Stage 1 | Stage 2 | Stage 3 | Total |
|---|-------------------|------------------|------------------|-------------------|
| Gross loans to customers as at 31.12.18 | 19 956 388 | 4 591 622 | 3 057 644 | 27 605 653 |
| Transfers : | | | | |
| Transfers between Stage 1 and Stage 2 | -1 637 228 | 1 631 698 | - | -5 530 |
| Transfers between Stage 1 and Stage 3 | -55 449 | - | 55 972 | 523 |
| Transfers between Stage 2 and Stage 1 | 1 440 430 | -1 527 708 | - | -87 278 |
| Transfers between Stage 2 and Stage 3 | - | -713 402 | 705 296 | -8 106 |
| Transfers between Stage 3 and Stage 2 | - | 83 228 | -101 854 | -18 626 |
| Transfers between Stage 3 and Stage 1 | 4 160 | - | -6 030 | -1 870 |
| New financial assets issued | 2 004 049 | 84 256 | - | 2 088 305 |
| Financial assets derecognized in the period | -875 246 | -170 778 | -50 848 | -1 096 872 |
| Modification of contractual cash flows from non-discounted financial assets | -205 707 | -99 863 | -53 246 | -358 816 |
| Gross loans to customers as at 31.3.19 | 20 631 397 | 3 879 052 | 3 606 935 | 28 117 384 |

Credit card total

Loan loss allowance

| <i>Amounts in NOK 1000</i> | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---------------|---------------|----------------|----------------|
| Loan loss allowance as at 31.12.18 | 43 561 | 89 439 | 240 126 | 373 126 |
| Transfers : | | | | |
| Transfers between Stage 1 and Stage 2 | -2 855 | 39 097 | - | 36 242 |
| Transfers between Stage 1 and Stage 3 | -51 | - | 2 398 | 2 347 |
| Transfers between Stage 2 and Stage 1 | 3 033 | -30 617 | - | -27 584 |
| Transfers between Stage 2 and Stage 3 | - | -9 511 | 34 706 | 25 195 |
| Transfers between Stage 3 and Stage 2 | - | 1 864 | -7 416 | -5 551 |
| Transfers between Stage 3 and Stage 1 | 6 | - | -609 | -603 |
| New financial assets issued | 9 422 | 1 287 | - | 10 709 |
| Financial assets derecognized in the period | -277 | -644 | -1 104 | -2 025 |
| Modification of contractual cash flows from non-discounted financial assets | -15 628 | -4 224 | 22 875 | 3 023 |
| Loan loss allowance as at 31.3.19 | 37 211 | 86 692 | 290 976 | 414 879 |

Gross loans to customers

| <i>Amounts in NOK 1000</i> | Stage 1 | Stage 2 | Stage 3 | Total |
|---|------------------|------------------|----------------|-------------------|
| Gross loans to customers as at 31.12.18 | 9 438 953 | 1 550 612 | 877 835 | 11 867 400 |
| Transfers : | | | | |
| Transfers between Stage 1 and Stage 2 | -879 776 | 928 902 | - | 49 126 |
| Transfers between Stage 1 and Stage 3 | -17 048 | - | 17 365 | 316 |
| Transfers between Stage 2 and Stage 1 | 548 551 | -639 275 | - | -90 724 |
| Transfers between Stage 2 and Stage 3 | - | -169 810 | 167 977 | -1 833 |
| Transfers between Stage 3 and Stage 2 | - | 18 337 | -39 202 | -20 865 |
| Transfers between Stage 3 and Stage 1 | 773 | - | -5 434 | -4 661 |
| New financial assets issued | 231 585 | 20 935 | - | 252 520 |
| Financial assets derecognized in the period | -44 212 | -11 549 | -4 834 | -60 595 |
| Modification of contractual cash flows from non-discounted financial assets | -258 862 | -37 202 | -14 495 | -310 559 |
| Gross loans to customers as at 31.3.19 | 9 019 964 | 1 660 950 | 999 210 | 11 680 124 |

Note 6. Loan loss provisions

| <i>Amounts in NOK 1000</i> | Q1 2019 | Q1 2018 | 2018 |
|---|----------------|----------------|------------------|
| Realized losses in the period | 9 405 | 8 003 | 33 426 |
| Loan loss provisions - lifetime expected credit loss (stage 3) | 293 391 | 148 512 | 816 569 |
| Loan loss provisions - lifetime expected credit loss (stage 2) | -33 453 | 47 006 | 98 632 |
| Loan loss provisions - 12 months expected credit loss (stage 1) | -242 | 5 382 | 27 630 |
| Adjustments for sold NPL portfolios | - | - | -42 918 |
| Collection expenses related to sold NPL portfolios | - | - | -8 456 |
| Provision for loan losses | 269 101 | 208 903 | 1 027 631 |

Note 7. Risk classes

| <i>Amounts in NOK 1000</i> | Probability of default | Gross loans | | Undrawn credit limits | |
|----------------------------|------------------------|-------------------|-------------------|-----------------------|-------------------|
| | | Q1 2019 | Q1 2018 | Q1 2019 | Q1 2018 |
| A | 0 - 0,9 % | 6 365 453 | 5 026 942 | 36 009 211 | 29 270 585 |
| B | 1 - 2,9 % | 14 472 047 | 13 106 308 | 1 797 910 | 1 632 383 |
| C | 3 - 4,9 % | 4 357 604 | 4 279 930 | 317 583 | 278 715 |
| D | 5 - 8,9 % | 3 070 629 | 3 027 450 | 198 598 | 198 440 |
| E | 9 - 14,9 % | 2 036 710 | 1 953 155 | 101 740 | 88 741 |
| F | 15 - 19,9 % | 693 795 | 626 463 | 20 430 | 17 148 |
| G | 20 - 29,9 % | 1 107 342 | 994 633 | 20 009 | 12 973 |
| H | 30 - 39,9 % | 400 822 | 463 626 | 24 805 | 19 506 |
| I | 40 - 54,9 % | 458 203 | 430 300 | 5 955 | 5 029 |
| J | 55 - 100,0 % | 363 265 | 353 401 | 3 253 | 2 542 |
| S | | 838 336 | 670 199 | - | - |
| T | | 491 071 | 336 984 | - | - |
| U | | 533 281 | 478 944 | - | - |
| V | | 4 378 875 | 2 897 693 | - | - |
| W | | 229 380 | 256 066 | - | - |
| Total classified | | 39 796 815 | 34 902 091 | 38 499 496 | 31 526 061 |
| Not classified | | 693 | 568 | 149 | 848 |
| Total | | 39 797 508 | 33 591 705 | 38 499 645 | 31 526 909 |

Risk is grouped into PD bands from A to J, with A being the lowest risk. Further classifications are as follows: Risk class S consist of engagements under collections by an agency, where the customer is less than 90 days past due on the original payment plan. If the customer is on track with the engagement, but has at least one other product where the payment is more than 90 days past due on the original payment plan, then it is classified as T. Risk class U consist of engagements that are in warning, but less than 90 days past due on the original payment plan. Risk class V consist of engagements that are more than 90 days past due on the original payment plan. Risk class W consist of engagements that are written down.

Note 8. Net interest income

| <i>Amounts in NOK 1000</i> | Q1 2019 | Q1 2018 | 2018 |
|---|------------------|------------------|------------------|
| Interest income from cash and deposits with the central bank | 128 | 87 | 389 |
| Interest income from loans to and deposits with credit institutions | 2 010 | 761 | 3 920 |
| Interest income from instalment loans | 918 155 | 854 490 | 3 631 860 |
| Interest income from credit card loans | 351 124 | 286 557 | 1 270 474 |
| Interest income from sales financing | 185 | 726 | 2 072 |
| Interest income, effective interest method | 1 271 602 | 1 142 620 | 4 908 715 |
| Interest and other income from certificates and bonds | 38 784 | 23 474 | 100 717 |
| Other interest and other interest related income | 979 | 732 | 3 586 |
| Other interest income | 39 763 | 24 206 | 104 303 |
| Interest expense from deposits from credit institutions | - | 227 | 1 434 |
| Interest expense from deposits from customers | 117 375 | 124 780 | 523 598 |
| Interest expense on debt securities issued | 8 495 | 7 577 | 30 404 |
| Interest expense on subordinated loan | 8 272 | 4 793 | 24 134 |
| Other interest and other interest related expenses | 16 875 | 5 290 | 27 122 |
| Interest expenses | 151 017 | 142 666 | 606 692 |
| Net interest income | 1 160 348 | 1 024 161 | 4 406 326 |

Note 9. Net commission and bank services income

| <i>Amounts in NOK 1000</i> | Q1 2019 | Q1 2018 | 2018 |
|---|----------------|----------------|----------------|
| Payment services | 103 334 | 73 376 | 345 095 |
| Insurance services | 33 833 | 19 234 | 64 858 |
| Other fees and commission and bank services income | 13 773 | 13 220 | 53 598 |
| Total commission and bank services income | 150 940 | 105 830 | 463 551 |
| Payment services | 37 750 | 33 901 | 147 595 |
| Insurance services | 16 047 | 11 215 | 55 689 |
| Other fees and commission and bank services expense | 5 263 | 6 867 | 27 171 |
| Total commission and bank services expenses | 59 060 | 51 983 | 230 455 |

Note 10. Net change in value on securities and currency

| <i>Amounts in NOK 1000</i> | Q1 2019 | Q1 2018 | 2018 |
|---|-------------|----------------|---------------|
| Net change on certificates and bonds | -20 492 | -9 705 | -51 315 |
| Net change on FX-forwards | 192 930 | 121 679 | 41 273 |
| Net currency effects | -178 337 | -125 189 | 19 534 |
| Net change on shares and other securities | 5 115 | -260 | 3 326 |
| Net change in value on securities and currency | -784 | -13 476 | 12 818 |

Note 11. General administrative expenses

| <i>Amounts in NOK 1000</i> | Q1 2019 | Q1 2018 | 2018 |
|--|----------------|----------------|------------------|
| Sales and marketing | 232 513 | 207 746 | 837 929 |
| IT operations | 21 271 | 18 968 | 75 579 |
| External services fees | 16 192 | 23 630 | 76 640 |
| Other administrative expenses | 12 870 | 9 488 | 45 762 |
| Total general administrative expenses | 282 845 | 259 833 | 1 035 911 |

Note 12. Debt securities issued and subordinated loan

| <i>Amounts in NOK 1000</i> | Q1 2019 | Q1 2018 | 2018 |
|--|------------------|------------------|------------------|
| Debt securities issued, carrying value (amortized cost) | 3 342 401 | 1 934 592 | 2 018 724 |
| Subordinated loans, carrying value (amortized cost) | 813 771 | 474 677 | 836 205 |
| Total debt securities issued and subordinated loans | 4 156 172 | 2 409 269 | 2 854 930 |

| ISIN | Nominal value outstanding | Currency | Interest | Reference rate + margin | Maturity* | Carrying value |
|--|---------------------------|----------|----------|-------------------------|------------|------------------|
| Debt securities issued (Senior unsecured bonds) | | | | | | |
| NO0010770274 | 10 000 | NOK | Floating | NIBOR + 74bp | 13.05.2019 | 9 988 |
| NO0010719628 | 183 000 | NOK | Floating | NIBOR + 82bp | 09.09.2019 | 182 965 |
| NO0010790850 | 500 000 | NOK | Floating | NIBOR + 75bp | 07.04.2020 | 502 216 |
| NO0010810534 | 500 000 | SEK | Floating | STIBOR + 108bp | 20.11.2020 | 464 613 |
| NO0010811110 | 300 000 | NOK | Floating | NIBOR + 108bp | 24.11.2020 | 300 571 |
| NO0010837206 | 400 000 | SEK | Floating | STIBOR + 120bp | 22.02.2021 | 371 786 |
| NO0010848583 | 550 000 | SEK | Floating | STIBOR + 140bp | 29.09.2021 | 510 688 |
| NO0010848591 | 1 000 000 | NOK | Floating | NIBOR + 150bp | 29.03.2022 | 999 575 |
| Total debt securities issued | 3 443 000 | | | | | 3 342 401 |
| Subordinated loan | | | | | | |
| NO0010774326 | 100 000 | NOK | Floating | NIBOR + 300bp | 21.09.2021 | 99 954 |
| NO0010797988 | 200 000 | NOK | Floating | NIBOR + 375bp | 16.06.2022 | 199 757 |
| NO0010833130 | 550 000 | SEK | Floating | STIBOR + 375bp | 02.10.2023 | 514 060 |
| Total subordinated loans | 850 000 | | | | | 813 771 |
| Total | 4 293 000 | | | | | 4 156 172 |

* For subordinated loans maturity reflects the first possible call date

Note 13. Financial instruments

Financial instruments at fair value

| <i>Amounts in NOK 1000</i> | Q1 2019 | | | |
|--|---------|-------------------|---------------|-------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Certificates and bonds | - | 10 268 259 | - | 10 268 259 |
| Financial derivatives | - | 85 161 | - | 85 161 |
| Shares and other securities | - | - | 41 806 | 41 806 |
| Total financial assets at fair value | - | 10 353 420 | 41 806 | 10 395 226 |
| Financial derivatives | - | 9 569 | - | 9 569 |
| Total financial liabilities at fair value | - | 9 569 | - | 9 569 |

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

Change in instruments classified at level 3

| <i>Amounts in NOK 1000</i> | Q1 2019 | | | Q1 2018 | | |
|--|-----------------------------|-------------------------------------|---------------|-----------------------------|-------------------------------------|---------------|
| | Shares and other securities | Financial assets available for sale | Total | Shares and other securities | Financial assets available for sale | Total |
| Value 31.12.17 | 36 691 | - | 36 691 | 443 | 32 922 | 33 365 |
| Reclassification IFRS 9 | - | - | - | 32 922 | -32 922 | - |
| Net gain / loss on financial instruments | 5 115 | - | 5 115 | -261 | - | -261 |
| Value 31.12.18 | 41 806 | - | 41 806 | 33 104 | - | 33 104 |

Fair value of financial instruments at amortized cost

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

Debt securities issued and subordinated loan

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

| <i>Amounts in NOK 1000</i> | Q1 2019 | | Q1 2018 | |
|------------------------------------|------------------|------------------|------------------|------------------|
| | Book value | Fair value | Book value | Fair value |
| Debt securities issued | 3 342 401 | 3 339 470 | 1 934 592 | 1 934 744 |
| Subordinated loan | 813 771 | 806 395 | 474 677 | 477 020 |
| Total financial liabilities | 4 156 172 | 4 145 865 | 2 409 269 | 2 411 764 |

| <i>Amounts in NOK 1000</i> | Q1 2019 | | | |
|------------------------------------|------------------|---------|---------|------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Debt securities issued | 3 342 401 | - | - | 3 342 401 |
| Subordinated loan | 813 771 | - | - | 813 771 |
| Total financial liabilities | 4 156 172 | - | - | 4 156 172 |

| <i>Amounts in NOK 1000</i> | Q1 2018 | | | |
|------------------------------------|-------------------|---------|---------|------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Debt securities issued | 1 934 592 | - | - | 1 934 592 |
| Subordinated loan | 474 677 | - | - | 474 677 |
| Total financial liabilities | 38 297 472 | - | - | 2 409 269 |

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

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 co-operation regarding the loyalty program Norwegian reward. The agreement were renegotiated in the second quarter 2018 and is valid for ten years. In the first quarter 2019 the total expensed amount related to Norwegian Air Shuttle ASA was NOK 103.2 million, comprising of portfolio related costs of NOK 78.4 million and sales and agent commissions of NOK 24.8 million. The portfolio related costs include license fee for use of brand name, IP-rights and other customer portfolio costs, such as cashpoints. Comparable figures for the first quarter 2018 was NOK 81.1 million, comprising of NOK 64.9 million and NOK 16.2 million. Norwegian Finans Holding ASA owns 100% of Bank Norwegian AS.

Note 15. Subsequent events

Norwegian Finans Holding ASA entered into an agreement with Norwegian Air Shuttle ASA and HBK Holding AS granting the right to acquire minimum 40 % of the shares in the Irish company Lilienthal Ltd. in December 2018. Lilienthal is a wholly owned subsidiary of HBK Holding AS and is established to develop banking services in Europe. Lilienthal Ltd. has concurrently entered into an amendment agreement with NAS/NAB regarding IP-rights in Europe outside of the Nordic region.

Quarterly figures

Profit and loss account

| Amounts in NOK 1000 | Norwegian Finans Holding Group | | | | |
|--|--------------------------------|------------------|------------------|------------------|------------------|
| | Q1 2019 | Q4 2018 | Q3 2018 | Q2 2018 | Q1 2018 |
| Interest income, amortized cost | 1 271 602 | 1 286 569 | 1 261 585 | 1 217 941 | 1 142 620 |
| Other interest income | 39 763 | 32 504 | 23 730 | 23 863 | 24 206 |
| Interest expenses | 151 017 | 145 500 | 163 924 | 154 602 | 142 666 |
| Net interest income | 1 160 348 | 1 173 573 | 1 121 392 | 1 087 201 | 1 024 161 |
| Commission and bank services income | 150 940 | 111 047 | 117 974 | 128 700 | 105 830 |
| Commission and bank services expenses | 59 060 | 62 683 | 60 061 | 55 728 | 51 983 |
| Net change in value on securities and currency | -784 | -5 938 | 11 144 | 21 089 | -13 476 |
| Other income | - | - | 32 | - | - |
| Net other operating income | 91 096 | 42 426 | 69 088 | 94 061 | 40 371 |
| Total income | 1 251 444 | 1 215 999 | 1 190 480 | 1 181 262 | 1 064 532 |
| Personnel expenses | 25 834 | 25 414 | 23 454 | 17 373 | 21 485 |
| General administrative expenses | 282 845 | 258 299 | 260 439 | 257 341 | 259 833 |
| Depreciation and impairment of fixed and intangible assets | 16 079 | 15 633 | 14 789 | 14 972 | 14 605 |
| Other operating expenses | 13 182 | 13 388 | 13 791 | 13 082 | 12 268 |
| Total operating expenses before losses | 337 940 | 312 733 | 312 472 | 302 767 | 308 191 |
| Provision for loan losses | 269 101 | 284 813 | 299 209 | 234 707 | 208 903 |
| Profit before tax | 644 404 | 618 453 | 578 799 | 643 788 | 547 439 |
| Tax charge | 161 106 | 149 346 | 144 727 | 160 967 | 136 827 |
| Profit after tax | 483 297 | 469 106 | 434 072 | 482 822 | 410 611 |

Comprehensive income

| Amounts in NOK 1000 | Norwegian Finans Holding Group | | | | |
|--|--------------------------------|----------------|----------------|----------------|----------------|
| | Q1 2019 | Q4 2018 | Q3 2018 | Q2 2018 | Q1 2018 |
| Profit on ordinary activities after tax | 483 297 | 469 106 | 434 072 | 482 822 | 410 611 |
| Comprehensive income for the period | 483 297 | 469 106 | 434 072 | 482 822 | 410 611 |

Balance sheet

| Amounts in NOK 1000 | Norwegian Finans Holding Group | | | | |
|---|--------------------------------|-------------------|-------------------|-------------------|-------------------|
| | 31.3.19 | 31.12.18 | 30.9.18 | 30.6.18 | 31.3.18 |
| Assets | | | | | |
| Cash and deposits with the central bank | 67 953 | 67 959 | 65 957 | 65 975 | 65 982 |
| Loans and deposits with credit institutions | 2 334 791 | 1 702 308 | 1 837 699 | 2 323 345 | 1 838 548 |
| Loans to customers | 37 902 312 | 37 797 618 | 36 751 296 | 35 464 011 | 33 842 506 |
| Certificates and bonds | 10 268 259 | 10 602 597 | 10 812 673 | 9 389 792 | 9 292 364 |
| Financial derivatives | 85 161 | 12 773 | 48 072 | 43 768 | 49 364 |
| Shares and other securities | 41 806 | 36 691 | 38 637 | 37 476 | 33 104 |
| Assets available for sale | - | - | - | - | - |
| Intangible assets | 139 227 | 133 670 | 135 335 | 132 879 | 133 514 |
| Deferred tax asset | 18 121 | 18 021 | 11 157 | 11 157 | 18 333 |
| Fixed assets | 795 | 719 | 821 | 810 | 904 |
| Receivables | 85 849 | 63 388 | 88 568 | 81 410 | 97 049 |
| Total assets | 50 944 273 | 50 435 746 | 49 790 216 | 47 550 624 | 45 371 669 |
| Liabilities and equity | | | | | |
| Loans from credit institutions | 56 000 | - | 32 300 | 85 450 | 99 200 |
| Deposits from customers | 37 654 242 | 39 091 791 | 39 359 001 | 37 705 983 | 35 789 003 |
| Debt securities issued | 3 342 401 | 2 018 724 | 1 812 167 | 1 808 003 | 1 934 592 |
| Financial derivatives | 9 569 | 120 497 | 1 056 | 2 494 | 11 264 |
| Tax payable | 527 062 | 603 085 | 685 353 | 543 078 | 391 742 |
| Other liabilities | 314 320 | 32 434 | 141 377 | 91 355 | 342 312 |
| Accrued expenses | 207 146 | 188 755 | 202 293 | 184 321 | 154 835 |
| Subordinated loan | 813 771 | 836 205 | 474 637 | 474 622 | 474 677 |
| Total liabilities | 42 924 510 | 42 891 492 | 42 708 185 | 40 895 306 | 39 197 625 |
| Share capital | 186 752 | 186 752 | 186 752 | 186 689 | 186 689 |
| Share premium | 976 938 | 976 938 | 976 938 | 971 182 | 971 182 |
| Paid, not registered capital | - | - | - | 5 819 | - |
| Tier 1 capital | 635 000 | 635 000 | 635 000 | 635 000 | 635 000 |
| Retained earnings and other reserves | 6 221 073 | 5 745 564 | 5 283 342 | 4 856 628 | 4 381 173 |
| Total equity | 8 019 763 | 7 544 254 | 7 082 032 | 6 655 318 | 6 174 044 |
| Total liabilities and equity | 50 944 273 | 50 435 746 | 49 790 216 | 47 550 624 | 45 371 669 |

Norwegian Finans Holding ASA

Profit and loss account

| Amounts in NOK 1000 | Norwegian Finans Holding ASA | | |
|---|------------------------------|-------------|----------------|
| | Q1 2019 | Q1 2018 | 2018 |
| Interest income, effective interest method | 912 | 2 | 215 |
| Interest expenses | - | - | 137 |
| Net interest income | 912 | 2 | 78 |
| Commission and bank services expenses | 151 | 83 | 803 |
| Net other operating income | -151 | -83 | 246 697 |
| Total income | 761 | -81 | 246 775 |
| Personnel expenses | 414 | 202 | 1 445 |
| Other operating expenses | 801 | 406 | 2 784 |
| Total operating expenses before losses | 1 215 | 608 | 4 228 |
| Profit before tax | -454 | -689 | 242 547 |
| Tax charge | -100 | -172 | 58 369 |
| Profit after tax | -354 | -516 | 184 177 |

Comprehensive income

| Amounts in NOK 1000 | Norwegian Finans Holding ASA | | |
|--|------------------------------|-------------|----------------|
| | Q1 2019 | Q1 2018 | 2018 |
| Profit on ordinary activities after tax | -354 | -516 | 184 177 |
| Comprehensive income for the period | -354 | -516 | -2 500 |

Balance sheet

| Amounts in NOK 1000 | Norwegian Finans Holding ASA | | |
|---|------------------------------|------------------|------------------|
| | 31.3.19 | 31.3.18 | 31.12.18 |
| Assets | | | |
| Loans and deposits with credit institutions | 202 283 | 5 267 | 203 109 |
| Ownership interests in group companies | 1 150 000 | 1 150 000 | 1 150 000 |
| Deferred tax asset | 1 131 | 7 175 | 1 032 |
| Receivables | 829 | 1 037 | 3 |
| Total assets | 1 354 243 | 1 163 479 | 1 354 143 |
| Liabilities and equity | | | |
| Other liabilities | 81 | 18 | 100 |
| Accrued expenses | 1 930 | 1 373 | 1 457 |
| Total liabilities | 2 011 | 1 391 | 1 557 |
| Share capital | 186 752 | 186 689 | 186 752 |
| Share premium | 976 938 | 971 182 | 976 938 |
| Paid, not registered capital | - | - | 976 938 |
| Retained earnings and other reserves | 188 542 | 4 217 | 188 896 |
| Total equity | 1 352 232 | 1 162 088 | 1 352 586 |
| Total liabilities and equity | 1 354 243 | 1 163 479 | 1 354 143 |

Bærum, May 2, 2019
Board of Directors of Norwegian Finans Holding ASA

Bjørn Østbø
Chairman of the Board

John Høsteland
Board Member

Anita Aarnæs
Board Member

Christine Rødsæther
Board Member

Gunn Ingemundsen
Board Member

Rolv-Erik Spilling
Board Member

Tine Wollebakk
CEO

Cash flow statement

| Amounts in NOK 1000 | Norwegian Finans Holding ASA | | |
|---|------------------------------|---------------|----------------|
| | Q1 2019 | Q1 2018 | 2018 |
| Profit / loss before tax | -354 | -516 | 184 177 |
| Change in other accruals | -927 | -1 209 | 5 969 |
| Change in short-term liabilities | 454 | 198 | 365 |
| Net cash flow from operating activities | -827 | -1 527 | 190 511 |
| Paid-in share capital and share premium | - | - | 5 804 |
| Net cash flow from financing activities | - | - | 5 804 |
| Net cash flow for the period | -827 | -1 527 | 196 315 |
| Cash and cash equivalents at the start of the period | 203 109 | 6 794 | 6 794 |
| Cash and cash equivalents at the end of the period | 202 283 | 5 267 | 203 109 |

Changes in equity

| Amounts in NOK 1000 | Share capital | Share premium | Retained earnings and other reserves | Total equity |
|--|----------------|----------------|--------------------------------------|------------------|
| | | | | |
| Balance 31.12.18 | 186 752 | 976 938 | 188 896 | 1 352 586 |
| This period's profit | - | - | -354 | -354 |
| Comprehensive income for the period | - | - | -354 | -354 |
| Balance 31.3.19 | 186 752 | 976 938 | 188 542 | 1 352 232 |
| Balance 31.12.17 | 186 689 | 971 182 | 4 734 | 1 162 605 |
| This period's profit | - | - | -516 | -516 |
| Comprehensive income for the period | - | - | -516 | -516 |
| Balance 31.3.18 | 186 688 | 971 182 | 4 217 | 1 162 088 |

Notes for Norwegian Finans Holding ASA

Note 1. General accounting principles

The interim report for the first quarter 2019 is prepared according to International Financial Reporting Standards (Forskriften om forenklet IFRS) as adopted by the European Union, hereunder *IAS 34 Interim Financial Reporting*. The interim report for the first quarter 2019 is prepared using the same accounting principles and calculation methods as described in the annual report 2018, and should be read in conjunction with this.

The shares held by Norwegian Finans Holding ASA constitutes 100 % of the ownership in Bank Norwegian AS. The shares is recognized at cost, and eliminated in the group accounts.

Note 2. Capital adequacy

Total capital

| Amounts in NOK 1000 | Q1 2019 | Q1 2018 | 2 018 |
|--|------------------|------------------|------------------|
| Share capital | 186 752 | 186 689 | 186 752 |
| + Share premium | 976 938 | 971 182 | 976 938 |
| + Other reserves | 188 542 | 4 217 | 188 896 |
| - Deferred tax assets, intangible assets and additional valuation adjustment | 1 131 | 7 175 | 1 032 |
| Common equity Tier 1 | 1 351 101 | 1 154 913 | 1 351 554 |
| + Additional Tier 1 capital | - | - | - |
| Tier 1 capital | 1 351 101 | 1 154 913 | 1 351 554 |
| + Tier 2 capital | - | - | - |
| Total capital | 1 351 101 | 1 154 913 | 1 351 554 |

Calculation basis

| Credit risk | | | |
|---|------------------|------------------|------------------|
| Covered bonds | - | - | - |
| + Institutions | 40 457 | 1 053 | 40 622 |
| + Loans to customers | - | - | - |
| + Defaulted loans and other commitments | 1 150 829 | 1 151 037 | 1 150 003 |
| Operational risk | - | - | - |
| Total calculation basis | 1 191 285 | 1 152 091 | 1 190 625 |
| Common equity Tier 1 % | 113.4 % | 100.2 % | 113.5 % |
| Tier 1 capital % | 113.4 % | 100.2 % | 113.5 % |
| Total capital % | 113.4 % | 100.2 % | 113.5 % |