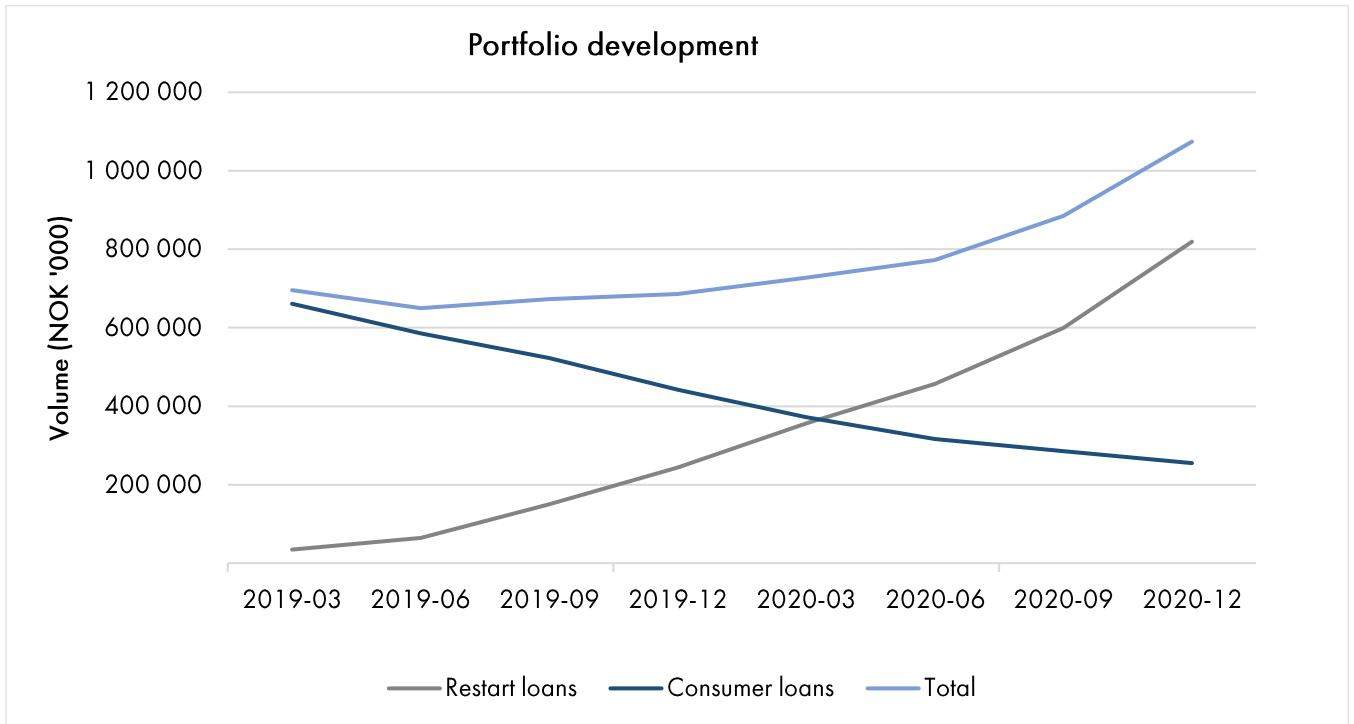


Interim Report Q4 2020



Short summary of the quarter

The fourth quarter was the first profitable quarter in **mybank's** history, with a pre-tax profit of NOK 9.8 million. This has been achieved through continued strong growth and rightsizing of costs. The underlying result excluding non-recurring items for the quarter was NOK 6.5 million, which corresponds to a return on equity of 14.1%.

The net increase in the bank's portfolio of restart loans was NOK 220 million (NOK 327 million in new loans, NOK 107 million repaid and amortized) in the fourth quarter.

The portfolio of unsecured loans has been reduced during the quarter according to the bank's strategy of withdrawal from the unsecured loans segment. At the end of the quarter the bank agreed to dispose of the performing part of the portfolio in a transaction which is expected to complete in the first quarter 2021. Proforma this releases equity equivalent to NOK 600 mill. and gives a capital ratio of 40.4%, effectively marking the final step in the transformation into a pure mortgage bank.

Net interest income for the quarter was NOK 24.3 million, an increase of 16.5% from NOK 20.3 million in the previous quarter. The bank's net interest income continues to grow as the portfolio increases and funding costs are reduced. Operating costs for the quarter was NOK 9.6 million, a decrease of 51% from NOK 19.7 million last quarter. The bank did not have any restructuring costs this quarter and has now achieved a sound and sustainable cost base.

Total loan losses were NOK 3.4 million this quarter, an increase from NOK 1.1 mill last quarter. This corresponds to 1.4% annualized (compared to 0.53% previous quarter).

The capital ratio is 30.1%, marginally down from 30.6% in the third quarter as the strong growth in mortgages is largely offset by the amortization in the consumer finance book in the fourth quarter.

About mybank

mybank is an online retail bank offering restart loans, which offer refinancing of consumer loans with security in real estate, and a deposit account with a high interest rate.

The bank fully withdrew from the unsecured consumer finance market in 2019, and the consumer loans portfolio therefore consists only of loans paid out in 2019 or earlier.

The bank was granted a banking license in July 2016 and commenced operations during the first quarter of 2017. The bank has previously raised a total share capital of NOK 273.3 million in 2016 and 2017. Following the capital raise in Q1 2019, the share capital increased to NOK 299.7 million. During 2020, the bank has raised an additional NOK 70 million in private placements. The shares are unlisted and are registered at NOTC.

mybank uses loan agents as the most important sales channel, and normally combine this with direct digital marketing.

At the end of the quarter the bank had 19 employees.

Financial information for the quarter

Growth in net loans to customers was NOK 220 million during the quarter. Gross new mortgage loans paid out to customers during the quarter was NOK 327 million, compared to NOK 165 million the previous quarter.

mybank recorded net interest income of NOK 24.3 million during the quarter. The bank had operating costs of NOK 9.6 million, of which NOK 5.0 million in staff costs and NOK 4.6 million in other operating expenses (including depreciation).

At the end of the quarter, the bank's gross loans to customers totaled NOK 1.08 billion, of which NOK 819 million in restart loans and NOK 255 million in consumer loans.

Gross deposits were NOK 1.1 billion, hence deposit coverage is at 104.9%

The bank's liquidity position was NOK 268.7 million at the end of the quarter, compared to NOK 292.9 million in the previous quarter.

Loan losses

Loan losses for the quarter totalled NOK 3.4 million, of which NOK 3.0 million changes in provisions and NOK 0.4 million write-downs of disposed loans. This represents 1.4% annualized of net loans, compared to 0.5% last quarter.

Of the total loan loss provisions, NOK 5.4 million related to restart loans and NOK 35.0 million related to consumer finance loans (the split and flow between stages are presented in note 2 and 3). Provisions represent 40.9% of non-performing loans.

mybank changed from NGAAP to IFRS regulation 01.01.2020. This resulted in increased provisions from NOK 19.4 million to NOK 36.5 million, and a reduction in equity of NOK 17.1 million. The bank has implemented the regulatory transitional arrangement on capital adequacy in the period 2020 – 2022.

Regulatory developments

In Q1 2020, **mybank** received an inquiry from the NFSA to send in the bank's ICAAP with additional information as a part of a SREP-process to use as base to determine the new Pillar 2 buffer requirements. The bank received a decision of 6.6% additional total buffer that take effect from September 30th, 2020. After this year's increase in share capital, **mybank** are well equipped going forward with a total capital requirement of 21.1%.

Prospects

mybank is a focused provider of mortgage loans. Lending volumes for the mortgage product are expected to match or exceed those outlined during the capital raises in 2020. At the end of 2020, the bank entered into an agreement to divest its current consumer finance portfolio, and the conversion is taking place in the first quarter of 2021. This will significantly improve **mybank's** capital position leaving ample room to grow and effectively marks the end of **mybank's** transformation into a pure mortgage bank.



The bank expects its current portfolio of mortgage loans, cost base and growth prospects to lead to continued profitable growth going forward.

mybank have throughout 2020 worked to handle the impact of Covid-19 on our customers and the market will continue this work into 2021.

Risk and uncertainties factors

The most important risk factors for **mybank's** prospects includes:

- uncertainty around the banks' ability to attract new customers for future growth, as a result of increased competition or strategic and operational conditions in **mybank**,

- reduced growth capacity from high loan losses or market conditions preventing further capital raises,
- pressure on interest income as a result of price war in the market for restart loans, or higher funding costs for the bank or market in general,
- higher costs from a lack of cost-effectiveness or an inappropriate choice of technology, and
- lower growth and higher loan losses as a result of a strong economic macro recession

In addition to having a flexible and scalable business model, the board and management have implemented sound practices for planning, control and adaptability in order to reduce any potential losses related to operational and strategic risks.

Financial statements

Income statement

Amounts in NOK '000	Q4 2020	Q4 2019	YTD 2020	YTD 2019
Interest income	23 008	20 154	80 499	74 264
Credit commission income	9 360	321	15 019	1 390
Credit commission expense	-3 657	551	-19 031	-349
Interest expense	-4 416	-3 631	-18 633	-14 424
Net interest income	24 294	17 394	57 853	60 881
Commissions and fee income from bank services	18	39	181	385
Commissions and fee expense from bank services	-680	-2 756	-2 199	-17 819
Income (loss) from trading activities	-740	-46	1 305	700
Net other income	-1 403	-2 764	-713	-16 734
Total operating income	22 891	14 631	57 140	44 147
Staff cost	-4 976	-5 080	-24 742	-21 606
Other operating costs	-3 579	-7 560	-22 774	-26 789
Depreciation	-1 090	-923	-8 586	-3 600
Total operating costs	-9 645	-13 563	-56 102	-51 994
Operating profit (loss) before loan impairments	13 246	1 067	1 038	-7 847
Loan losses	-3 419	-12 027	-16 117	-42 671
Profit (loss) before tax	9 827	-10 960	-15 079	-50 519
Tax		28 871		18 981
Profit (loss) for the period	9 827	-39 831	-15 079	-69 500

Balance sheet

Amounts in NOK '000	31.12.2020	31.12.2019
<u>Assets</u>		
Cash and central bank deposits	50 277	30 295
Loans to, and deposits at, credit institutions	82 951	69 333
Net loans to customers	1 013 302	655 581
Prepaid agent commissions	17 801	23 310
Short term financial investments	135 498	63 896
Other intangible assets	19 349	21 667
Fixed assets	0	54
Other assets	0	6 531
Receivables, prepayments and accrued income	5 036	2 050
Total assets	1 324 215	872 717
<u>Liabilities</u>		
Deposits from customers	1 126 605	708 528
Accounts payable	6 946	6 646
Total liabilities	1 133 551	715 174
<u>Equity</u>		
Share capital	82 569	41 409
Share premium fund	240 182	242 548
Other equity	-117 008	-56 913
Earned equity for the year	-15 079	-69 501
Total equity	190 664	157 543
Total liabilities and equity	1 324 215	872 717

Cash flow

	2020	2019
Cash flow from operational activities		
Profit (loss) for the period	-15 079	-69 550
Tax	-	19 031
Loan losses	20 906	9 377
Income (loss) from trading activities	605	0
Prepaid agent commissions	5 509	2 881
Net cash flow from operational activities	11 941	-38 291
Cash flow from investment activities		
Net investments in trading activities	-71 688	41 331
Intangible assets	2 318	2 134
Net cash flow from investment activities	-69 370	43 465
Cash flow from financial activities		
Loans to customers	-378 628	-28 372
Deposits from customers	418 078	13 308
Accounts payable	7 605	-3 240
Share capital	38 789	24 809
Receivables	5 184	-291
Net cash flow from financial activities	91 028	6 214
Net cash flow for the period	33 599	11 388
Holdings of cash and cash equivalents at the start of the period	99 628	88 240
Holdings of cash and cash equivalents at the end of the period	133 228	99 628

Changes in equity

Amounts in NOK '000

	Share capital	Share premium	Other equity	Total
Equity 31.12.2016	2 380	3 200	-2 200	3 380
Equity 31.12.2017	23 790	235 150	-18 100	240 840
Equity 31.12.2018	23 810	235 340	-56 920	202 230
Equity 31.12.2019	41 409	242 548	-126 424	157 533
Transition to IFRS	0	0	-19 569	-19 569
Adjusted equity 01.01.2020	41 409	242 548	-145 993	137 964
Capital reduction (share consolidation)	-28 986	0	28 986	0
Capital raise	60 000	-3 000	0	57 000
Capital raise	1 601	-80	0	1 521
Capital raise	8 047	671	0	8 718
Capital raise	498	42	0	540
Result of the year	0	0	-15 079	-15 079
Equity 31.12.2020	82 569	240 181	-132 086	190 664

Note 1 Accounting principles

The quarterly report has been prepared in accordance with simplified IFRS as allowed by Norwegian regulations and has not been audited.

Segment information

Operating segments are reported so that they are in accordance with reportable segments and internal reporting in the bank.

Revenue recognition

Interest is recognized as income using the effective interest method. This involves current income recognition of interest rates with the addition of amortized establishment fees. The effective interest rate is determined by discounting contractual cash flows within the expected lifecycle of the loan. Cash flows include start-up fees, as well as any residual value at the end of the expected loan cycle.

Income recognition of interest rate according to the effective interest method is used for balance sheet items that are valued at amortized cost. For interest-bearing balance sheet items that are valued at fair value through profit or loss, the nominal interest rate is recognized on an ongoing basis, while changes in value are recognized at the end of the period. Interest income on written-down exposures is calculated as the effective interest rate of written-down value. Fees and commissions are recognized in the income statement as the service is provided. Agent commissions are included in the cash flows when calculating amortized cost and are recognized as income under net interest income according to the effective interest method. Other income includes fees and commissions from bank services, such as payment services, credit services and investment services. The recognition of the result takes place when the services have been delivered.

Financial instruments – recognition and derecognition

Financial assets and liabilities are recognized when the bank becomes a party to the instrument's contractual terms.

Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire, or when the bank transfers the financial assets in a transaction where all or substantially all risk and profit opportunities linked to the ownership of the assets transfers to the bank. Financial liabilities are derecognized when the contractual terms are fulfilled, cancelled, or expired.

Financial instruments - classification

At initial recognition, financial instruments are classified into different categories depending on the contractual term of instrument and the purpose of the investment.

Financial assets are classified in the following groups:

- Amortized cost
- Fair value with change in value through other comprehensive income
- Fair value with change in value through the profit and loss

Financial liabilities are classified in the following groups:

- Financial liabilities at fair value with changes in value through profit and loss
- Other financial liabilities measured at amortized cost

Regarding classification and measurement, IFRS 9 requires that all financial assets that are debt instruments are classified based on an assessment of the bank's business model and the cash flows associated with the various instruments. Loans with floating interest rates are classified at amortized cost.

The bank's liquidity portfolio is classified at fair value through profit or loss according to the business model that governs the liquidity portfolio.

Equity instruments that are strategic investments are classified at amortized cost. These equity instruments are not derivatives or held for trading purposes.

Financial liabilities are measured at amortized cost using the effective interest method. The financial liabilities at amortized cost includes the loan portfolio and deposits from credit institutions, and deposits from and debt to customers.

Measurements

Measurements to fair value

The fair value of financial instruments that are traded in active markets is determined at the end of the reporting period with reference to quoted market prices or prices from traders of financial instruments, without deduction of transaction costs. The market is active if it is possible to obtain externally observable prices, exchange rates or interest rates, and these prices represent actual and frequent market transactions.

For financial instrument that are not traded in an active market, the fair value is determined using an appropriate valuation method. Such valuation methods include the use of recent market transactions at an arm's length distance between well-informed and voluntary parties, if available, in reference to the current fair value of another instrument that is practically the same, discounted cash flow calculations or other valuation methods. To the extent that observable market prices are available for variables that are included in valuation models, these are used.

An analysis of fair value of financial instruments and further details on the measurements of these are stated in a separate note in the annual statement report for 2019.

Measurements of amortized cost

Financial instruments that are not measured at fair value are measured at amortized cost, and income is calculated according to the instrument's effective interest rate. The effective interest rate is determined by discounting contractual cash flows within the expected life of the instrument.

Cash flows include set-up fees and direct, marginal transaction costs that are not directly paid by the customer, as well as any residual value at the end of the expected cycle. Amortized cost is the present value of such cash flows, discounted with the effective interest rate.

Measurements of financial guarantees

Issued financial guarantees are valued at fair value, which on initial recognition is the consideration received for the guarantee. Upon subsequent measurement, issued financial guarantees are assessed at the highest amount of consideration received for the guarantee with the deduction of any recognized amortization in the income statement and the best estimate or consideration in the event of redemption of the guarantee.

Impairment of financial assets

Provisions for losses are recognized under IFRS 9 based on expected credit losses. The general model for write-downs of financial assets comprises financial assets that are measured at amortized cost or at fair value with changes in value through other comprehensive income.

In the case of initial recognition, a loss corresponding to the 12-month expected loss shall be recognized. 12-month expected loss is the loss that is expected to occur over the life of the instrument, but which can be linked to default events that occur in the first 12 months.

If the credit risk for an asset or group of assets is considered to have increased significantly since the initial recognition, a loss provision corresponding to losses during the entire expected life of the asset shall be made. If a credit loss occurs, interest income shall be recognized based on the balanced amount after adjustment for loss provisions.

The model of impairments in the bank

The bank's data center, SDC, has developed its own models for calculating the probability of default (PD) and loss given default (LGD). SDC has further developed a solution for exposure in the event of default (EAD), calculation of losses, and a model for assessing whether a commitment has had significant increase since the first recognition. The bank has decided to use this model in its calculations of impairments.

Description of the PD model

The PD model provided by SDC estimates the probability of default by estimating statistical correlations between default and the customer's financial position, demographic data and payment behavior. Default is defined as an overdraft of at least NOK 1,000 for 90 consecutive days, in addition to other qualitative indicators that indicate that the commitment has defaulted, cf. the Capital Requirements Regulations §10-1.

Relative increase in credit risk

Significant increase in credit risk is measured based on developments in PD. The bank has defined a significant increase in credit risk as an increase from the original PD on initial recognition (PD ini) for various levels for the model to capture relative developments in credit risk.

For exposures that originally had PD 12 months (PD 12 months ini) less than 1 %, a significant increase in credit risk is defined as:

$$\text{PD 12 months} > \text{PD 12 months ini} + 0,5 \%$$

and

$$\text{PD life} > \text{PD rest life ini} * 2$$

For exposures that originally had PD 12 months (PD 12 months ini) above or equal to 1 %, a significant increase in credit risk is defined as:

$$\text{PD 12 months} > \text{PD 12 months ini} + 2 \%$$

and

$$\text{PD life} > \text{PD rest life ini} * 2$$

Measurement of LGD

Estimates for LGD are based on historical losses in all SDC banks. The model differentiates between retail and corporate customers. The value of the collateral is based on the estimated realizable value.

EAD

EAD for agreements in step 1 consists of outstanding receivables or liabilities adjusted for cash flows over the next 12 months, and step 2 consist of the discounted cash flows for the expected life of the arrangement.

For guarantees, EAD is equal to the outstanding liability on the reporting date multiplied by a conversion factor of 1 or 0.5 depending on the type of guarantee.

Unused credits have EAD equal to outstanding unused credit at the time of reporting.

The expected life of an agreement is calculated based on the historical average life of similar agreements. Agreements that are modified are measured from the original grant date even if the agreement is given new conditions.

Expected credit loss based on expectations for the future

Mybank has prepared its own expectations for the future as of 31 December 2020. The bank has a neutral view on future developments but monitors macro effects closely in case of factors impacting losses on our agreements.

Takeover of assets

Assets that are taken over in connection with follow-up of non-performing and written-down exposures are valued at fair value upon acquisition. Such assets are classified in the balance sheet by type. Subsequent valuation and classification of profit effects follow the principles for the asset in question.

Presentation of profit and loss items related to financial assets and liabilities at fair value

Realized gains and losses, as well as changes in estimated values of financial instruments at fair value through profit or loss, are included in the accounts under "Income (loss) from trading activities" in the period in which they arise. Gains, losses and changes in the value of financial instruments classified as fair value in the comprehensive income statement are recognized in the comprehensive income statement. Dividends on shares and other equity instruments are recognized in profit and loss when the bank's right to dividends has been determined.

Netting

Financial assets and financial liabilities are set off and presented only when the bank has a legally enforceable right to set off and when the bank intends to settle on a net basis. Revenues and expenses are not offset unless required or permitted in accordance with IFRS.

Currency

Transactions in foreign currency are converted to Norwegian kroner from the exchange rate at the time of the transaction. Monetary items in foreign currency are converted into Norwegian kroner using the exchange rate on the reporting date. Non-monetary items measured at the historical exchange rate expressed in foreign currency are converted into Norwegian kroner using the exchange rate at the time of the transaction. Non-monetary items that are measured at fair value expressed in foreign currency are converted at the current exchange rate at reporting date. Exchange rate fluctuations are recognized in the income statement on an ongoing basis during the accounting period.

The accounts are presented in Norwegian kroner, which is the bank's functional currency.

Fixed assets

Fixed assets include moveables and are valued at acquisition cost considering the accumulated depreciation and write-downs. Acquisition cost for fixed assets are the purchase price, including fees, taxes and costs directly related to enabling the fixed asset to be used. Expenses incurred after the fixed asset is taken into use, such as ongoing maintenance, are recognized in the income statement, while other expenses that are expected to provide future financial benefits are recognized in the balance sheet.

Linear depreciation has been used to allocate cost over the operating assets' life cycle.

Intangible assets

Software development is capitalized and classified as intangible assets if it is probable that the expected future value of the asset can contribute to and increase the value of the bank and that the acquisition cost can be measured reliably. When developing software, the use of own resources, pre-engineering, implementation and training are expensed.

Capitalized, proprietary software is depreciated linearly over its estimated life cycle.

Impairment of fixed and intangible assets

At each reporting date, and if there are indications of a decrease in value of the asset, the recoverable amount of the asset will be estimated to calculate any write-down. The recoverable amount is the higher of the asset's fair value minus the eventual expense of selling it, and the value in use. The balanced amount is written down if the balanced amount is higher than the estimated recoverable amount.

Leases

A lease is classified as a financial lease if it substantially transfers the risks and rewards of ownership. Other leases are classified as operating leases.

The bank will implement IFRS 16 for leases in their balance from Q1 2021.

Tax

The tax expense consists of tax payable and change in deferred tax. Deferred tax/tax benefit is calculated on all differences between the accounting and tax value of assets and liabilities. Deferred tax assets are recognized when it is probable that the bank will have sufficient taxable profits in later periods to utilize the tax asset. The bank realized their deferred tax in 2019 and do not have a deferred tax in the balance sheet in 2020.

Deferred tax and deferred tax assets are measured based on expected future tax rates and tax rules that apply on the reporting date, or which are in all probability expected to be adopted, and which are assumed to be used when the deferred tax asset is realized or when the deferred tax is settled.

Tax payable and deferred tax are recognized directly in equity to the extent that the tax items relate to equity transactions.

Pension obligations

Pension costs and liabilities comply with IAS 19. The bank has a defined contribution pension for all employees. The bank pays deposits to a privately administered life and pension insurance company who handles the pension plan for each employee.

The bank has no further payment obligations after the deposits have been paid to the insurance company. The deposits are expensed on an ongoing basis and are accounted for as a part of staff costs.

Events after the balance sheet date

New information after the reporting date about the bank's financial position on the reporting date will be considered in the interim financial statements. Events after the balance sheet date that do not affect the bank's financial position in the future will be disclosed if this is significant.

Note 2 Loans to customers

Amounts in NOK '000

Unsecured loans

	Stage 1	Stage 2	Stage 3	SUM
Gross loans per 31.01.2020	292 203	99 477	50 780	442 460
Transfers				
Transfer from stage 1 to stage 2	-25 394	21 487		-3 906
Transfer from stage 1 to stage 3	-23 691		25 604	1 912
Transfer from stage 2 to stage 1	14 306	-16 811		-2 506
Transfer from stage 2 to stage 3		-14 904	15 793	889
Transfer from stage 3 to stage 1	1 450		-2 010	-560
Transfer from stage 3 to stage 2		2 639	-3 318	-679
New loans	229	0	0	229
Repaid loans	-85 233	-33 890	-33 472	-152 596
Changes in not migrated loans	-25 403	-5 644	786	-30 260
Gross loans per 31.12.2020	148 466	52 354	54 162	254 982

Restart loans

	Stage 1	Stage 2	Stage 3	SUM
Gross loans per 31.01.2020	223 863	10 532	9 168	243 563
Transfers				
Transfer from stage 1 to stage 2	-68 083	67 872		-211
Transfer from stage 1 to stage 3	-14 384		15 040	656
Transfer from stage 2 to stage 1	1 111	-1 129		-18
Transfer from stage 2 to stage 3		-790	765	-25
Transfer from stage 3 to stage 1	600		-637	-37
Transfer from stage 3 to stage 2		0	0	0
New loans	571 760	44 733	29 958	646 451
Repaid loans	-61 130	-3 060	-7 160	-71 350
Changes in not migrated loans	535	-23	80	592
Gross loans per 31.12.2020	654 272	118 136	47 213	819 621

Total

	Stage 1	Stage 2	Stage 3	SUM
Gross loans per 31.01.2020	516 066	110 010	59 948	686 024
Transfers				
Transfer from stage 1 to stage 2	-93 477	89 359		-4 117
Transfer from stage 1 to stage 3	-38 076		40 644	2 568
Transfer from stage 2 to stage 1	15 417	-17 940		-2 524
Transfer from stage 2 to stage 3		-15 694	16 557	864
Transfer from stage 3 to stage 1	2 050		-2 647	-597
Transfer from stage 3 to stage 2		2 639	-3 318	-679
New loans	571 989	44 733	29 958	646 680
Repaid loans	-146 363	-36 951	-40 632	-223 946
Changes in not migrated loans	-24 868	-5 667	866	-29 669
Gross loans per 31.12.2020	802 738	170 490	101 376	1 074 604

Note 3 Loan losses and loss provisions

Amounts in NOK '000

Unsecured loans

	Stage 1	Stage 2	Stage 3	SUM
Loss provisions per 01.01.2020	9 558	12 922	14 726	37 206
Transfers	0	0	0	0
Transfer from stage 1 to stage 2	-1 514	2 864	0	1 350
Transfer from stage 1 to stage 3	-1 379	0	10 112	8 733
Transfer from stage 2 to stage 1	1 706	-1 345	0	361
Transfer from stage 2 to stage 3	0	-2 067	6 300	4 233
Transfer from stage 3 to stage 1	99	0	-380	-281
Transfer from stage 3 to stage 2	0	456	-742	-286
Provisions new loans	-13	0	0	-13
Provision repaid loans	-2 811	-4 370	-9 308	-16 489
Changes in not migrated loans	-20	-823	986	143
Loss provisions per 31.12.2020	5 625	7 636	21 694	34 955
This period's change in provisions	-3 933	-5 286	6 968	-2 251
Provisions in % of total loans	3,79 %	14,59 %	40,05 %	13,71 %

Restart loans

	Stage 1	Stage 2	Stage 3	SUM
Loss provisions per 01.01.2020	1 531	5	0	1 537
Transfers	0	0	0	0
Transfer from stage 1 to stage 2	-62	1 056	0	994
Transfer from stage 1 to stage 3	-2	0	1 065	1 063
Transfer from stage 2 to stage 1	1	0	0	1
Transfer from stage 2 to stage 3	0	0	88	88
Transfer from stage 3 to stage 1	0	0	0	0
Provisions new loans	-858	-676	-1 160	-2 694
Provision repaid loans	-1 225	-4	0	-1 229
Changes in not migrated loans	1 617	1 520	2 540	5 677
Loss provisions per 31.12.2020	1 012	1 903	2 444	5 359
This period's change in provisions	-530	1 897	2 444	3 812
Provisions in % of total loans	0,15 %	1,61 %	5,18 %	0,65 %

Note 4 Operating costs excluding depreciation

Amounts in NOK '000

	2020				2019
	Q4	Q3	Q2	Q1	Q4
Personnel expenses	4976	8057	5 683	6 025	5080
Property, plant and equipment	144	170	157	350	500
External fees/services	729	2731	1 022	3 242	3860
Travel expenses	22	162	226	317	700
Sales and advertising	131	-196	758	405	400
IT and other expenses	2553	3245	3 444	3 162	2100
Non-personnel operating expenses	3579	6112	5 607	7476	7560

Note 5 Net change in value of financial instruments at fair value

Amounts in NOK '000

	4th quarter 2020	3rd quarter 2020	2nd quarter 2020	1st quarter 2020	2019
Net change in value of shares / units in funds	-740	385	195	1466	700
Net change in value of financial instruments at fair value	-740	385	195	1466	700

The bank's liquidity portfolio is invested in fixed income funds adapted to the regulations for liquidity management for banks.

Note 6 Classification of financial instruments in the balance sheet

Amounts in NOK '000

31.12.2020

Assets	Valued at fair value through profit or loss	Assessed at amortized cost	Non-financial
Cash and cash equivalents		50 277	
Loans and advances to credit institutions		82 951	
Lending to and receivables from customers		1 013 302	
Shares and units in funds	135 498		
Other assets		22 837	19 349
Total Assets	135 498	1 169 367	19 349
Commitments			
Deposits from customers		1 126 605	
Other debt		6 946	
Accrued expenses and received, unearned income			
Rental obligation			
Total liabilities		1 133 551	

30.09.2020

Assets	Valued at fair value through profit and loss	Assessed at amortized cost	Non-financial
Cash and cash equivalents		50 326	
Loans and advances to credit institutions		67 443	
Loans and receivables from customers		826 679	
Shares and units in funds	175 195		
Other assets		17 483	20 059
Total Assets	175 195	961 931	20 059
Liabilities			
Deposits from customers		958 009	
Other debt		18 876	
Accrued expenses and received, unearned income			
Rental obligation			
Total liabilities		976 885	

Note 7 Fair value of financial instruments

Amounts in NOK '000

Fair value of financial instruments ranked at fair value

31.12.2020				30.09.2020		
Assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Shares or units in funds		135 498			175 195	
Total Assets	135 498			175 195		

The valuation hierarchy used in the table above is as follows:

Level 1: Assets that have observable trading prices in active markets.

Level 2: Assets that have observable trading prices in less active markets, or that are calculated by direct or indirect use of such observable trading prices.

Level 3: Assets that do not have observable trading prices.

Note 8 Capital adequacy

Amounts in NOK '000	Q4 2020					
	Q4 2020	proforma	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Share capital	82 569	82 569	82 070	41 410	41 410	41 410
Share premium reserve	240 182	240 182	240 145	242 550	242 550	242 550
Retained earnings	-132 087	-129 087	- 141 914	-159 009	-153 167	-126 420
Deduction of intangible assets	-19 349	-19 349	- 20 059	-21 079	-19 043	-21 667
Core equity tier 1 capital	184 878	187 878	173 765	117 406	125 323	135 809
Tier 1 capital	184 878	187 878	173 765	117 406	125 323	135 809
Tier 2 capital	184 878	187 878	173 765	117 406	125 323	135 809
Capital requirements	21,10 %		21,10 %	18,50 %	18,50 %	20,00 %
	Q4 2020		Q3 2020	Q2 2020	Q1 2020	Q4 2019
Institutions	16 590		13 489	15 626	16 855	13 867
Unsecured loans to retail customers	262 604		249 924	319 057	362 007	422 696
Secured by mortgages	266 511		236 495	149 096	117 134	104 013
Collective investments undertakings	-		-	0	0	2 056
Equity	2 845		2 798	2 746	3 059	2 621
Other	9 138		8 824	13 812	23 689	31 945
Operational risk	56 238		56 238	56 238	56 238	56 238
Total risk-weighted assets	613 925		567 766	556 575	578 981	633 435
Core equity tier 1 capital ratio	30,11 %	40,38 %	30,60 %	21,09 %	21,65 %	21,44 %
Tier 1 capital ratio	30,11 %	40,38 %	30,60 %	21,09 %	21,65 %	21,44 %
Capital ratio	30,11 %	40,38 %	30,60 %	21,09 %	21,65 %	21,44 %
Leverage Ratio(LR)	13,26 %		14,21 %	10,10 %	11,98 %	20,30 %

Calculation without IFRS transitional rule:

Core equity tier 1 capital ratio	27,27 %	28,00 %	18,19 %	19,28 %
Tier 1 capital ratio	27,27 %	28,00 %	18,19 %	19,28 %
Capital ratio	27,27 %	28,00 %	18,19 %	19,28 %

Note 9 Overview of largest shareholders

Mybank has a share capital of NOK 82.57 million, divided into 7.645.259 shares. The bank had a total of 185 shareholders.

There are 506.250 subscription rights outstanding, half of which with a strike price of NOK 12.60 and expire on 30.06.2022, the remaining half with a strike price of NOK 14.40 expiring on 30.06.2023.

Largest shareholders as of 31.12.2020

	Name	Holding	Stake %	Nom.	Board/management
1	Skandinaviska Enskilda Banken AB	1 376 029	18,00	Yes	Yes *
2	DAIMYO AS	952 466	12,46		Yes **
3	COMPANY ONE AS	745 089	9,75		Yes ***
4	DANSKE BANK A/S	584 435	7,64	Yes	
5	NORDIC DELTA AS	556 592	7,28		
6	EUROPA LINK AS	535 589	7,01		
7	NORDIC PROPERTY HOLDING AS	466 411	6,10		
8	BIMO KAPITAL AS	323 236	4,23		
9	Nordnet Bank AB	296 543	3,88	Yes	
10	DOBER AS	233 798	3,06		
11	Swedbank AB	149 509	1,96	Yes	
12	Skandinaviska Enskilda Banken AB	148 277	1,94	Yes	
13	Mavenhead II Limited	110 323	1,44		
14	ART GROUP AS	92 593	1,21		
14	TITAN VENTURE AS	92 593	1,21		
14	MORCO HOLDING AS	92 593	1,21		
17	GRUNNFJELLET AS	77 650	1,02		
18	CRESCENT BELL & HARE LTD	47 500	0,62		Yes
19	J AANERØD & SØNN AS	47 099	0,62		
20	NIELSEN EQT	46 389	0,61		

* Holdings by Skandinaviska Enskilda Banken AB include shares owned by Erik Selin Fastigheter AB (ESF) and held in nominee. ESF is represented on the board of directors by Jesper Mårtensson.

** Daimyo AS is controlled by Espen Aubert, member of the board of directors.

*** Company One AS is controlled by Håkon Reistad Fure, chairman of the board. Company One AS has also been allocated 375.000 subscription rights.

mybank