



SEK 3,000,000,000 Medium Term Note Program Nasdaq OMX First North Bond Market

Investor presentation
November 27, 2014

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Outline

Bank Norwegian overview

Historical financials

Third quarter 2014 results presentation

Funding objectives

Key investment considerations

From aviation to banking

- Airline milage programs impeded competition
- Ban on domestic milage schemes, premise for launching the airline
- Bonus points on international flights remained a hindrance
- Norwegian decided to offer credit card based milage program
- Search for partners led to decision to establish own bank in May 2007



Bank Norwegian launched November 2007 with 30,000 pre-registered customers

Mutually beneficial relationship between the airline and the bank

- Bank Norwegian is exclusive distributor of "Norwegian Reward" credit card
- "Cash points" earned by airline ticket purchases and all other credit card purchases
- Coordinated marketing activities promoting credit cards and loyalty program
- Leveraging off of the airline's strong market position and brand recognition
- Same operations footprint; e-commerce, automated processes and low-cost
- Financial arrangement includes royalty fee, fee per card issued and portfolio fee
- Norwegian has 20 % ownership in Norwegian Finans Holding ASA

norwegian.no .ogg ut Hiem

Reisebestilling

Bekreft betaling 1. Reisende 2. Setervalg 3. Tilleggsprodukter 4. Betaling

Betalingsinformasjon

Det er trygt å betale med betalingskort hos Norwegian. [Les mer >>](#)

Totalpris inkl. skatter og avgifter: 783 NOK

Betal hele beløpet med betalingskort

Betal hele beløpet med CashPoints (betalingskort belastes ikke)

Velg betalingskort fra din profil

- Dine betalingskort -

Korttype
Bank Norwegian Visa (ingen tillegg)

Kortnummer
*****4089

Navn på kortets eier

Utløpsdato
04 / 2013

Autorisasjonskode (CVC)
[Hva er CVC? >>](#)

Betingelser

VIKTIG!

Norwegian tar betalt for frakt av innsjekkert bagasje.
OBS! En eller flere av strekningene er uten bagasjefrakt.
Er det riktig at du ikke ønsker å sende bagasje?
[Legg til bagasjefrakt](#)

Jeg har lest og godtar betingelsene for denne reisen.
Lavpris med restriksjoner kan ikke refunderes etter at du har trykket på bekreft knappen under.
Reisen kan endres mot et tillegg.
Dette er en norsk handelsplass. Her gjelder norske regler for handel på internett.
Jeg har kontrollert at reiseplanen, strekning, dato, navn, bagasje og setvalg er riktig.
[Les betingelser >>](#)

MINE REISEVALG

Ditt Reward-nummer: 22906152
Bruk CashPoints til betaling.

Utreise

Oslo-Gardermoen - London-Gatwick
Tirsdag 31. mai 2011 kl. 07:20
Rute DY1302 - Lavpris

1 Voksen	299 NOK
Skattereservasjon(er)	60 NOK
Trådestilgang(er)	40 NOK

Retur

London-Gatwick - Oslo-Gardermoen
Tirsdag 31. mai 2011 kl. 20:00 - Terminal 8
Rute DY1311 - Lavpris

1 Voksen	324 NOK
Skattereservasjon(er)	60 NOK

Reisende

Reisedokument sendes til

Totalpris inkl. skatter og avgifter 783 NOK

Skatter og avgifter utgjør 339 NOK
Drivstofftillegg utgjør 100 NOK

BRUK CASHPOINTS SOM BETALING

Du har 1904 CashPoints. Du kan bruke disse som delbetaling av reisen.

Restbeløp ved bruk av CashPoints 0 NOK

Du velger om du vil bruke CashPoints når du kommer til "Bekreft betaling".

BETINGELSER

Fulltlex betingelser

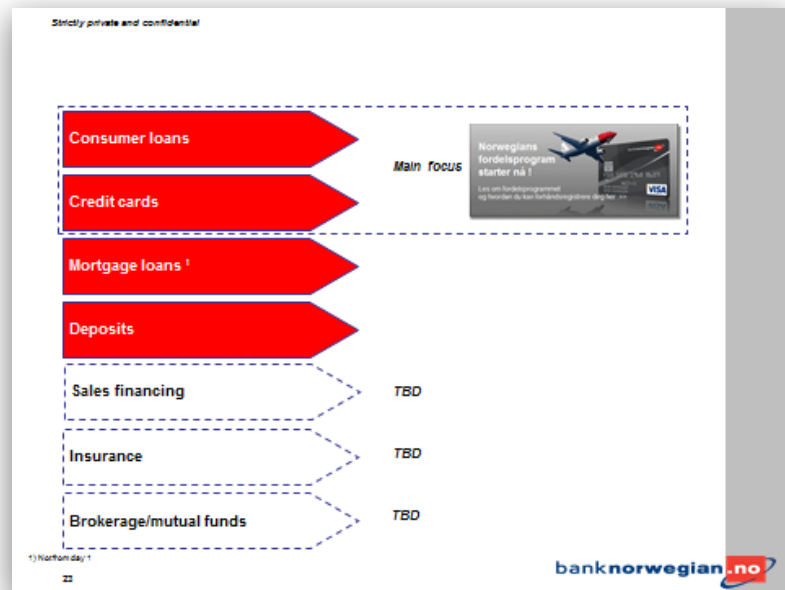
Reisen kan endres og avbestilles. Belastes når du reiser. Setereservasjon og et kalli er inkludert i prisen.

[Les betingelser >>](#)

[Tilbake](#) [Avbryt](#) **Bekreft og betal reisen**



Initial strategy of gradual product extension derailed by financial crisis



- Residential mortgage product ready for roll out as financial crisis set in
- Prohibitive funding costs rendered mortgage lending unprofitable and the product was mothballed
- Strategy narrowed down:
 - Existing products
 - Process automation
 - Cost cutting
 - Capital preservation

Focused strategy

Leading e-commerce solutions

- Strong online marketing capability
- Convenient loan application and on-boarding process
- Instant time-to-yes
- 1 hour time-to-cash

Synergies with Norwegian Air Shuttle

- Strong brand name
- Large customer base
- Strong incentive in loyalty credit card
- Basis for geographical expansion

Attractive customer terms

- Competitive risk-based loan pricing
- Attractive deposit pricing

Low-cost operations

- Automated processes
- Strategy-focused and integrated systems development
- Self service
- Low-cost culture

Effective and efficient risk selection

- Automated risk selection
- Advanced credit models

Attractive investment story

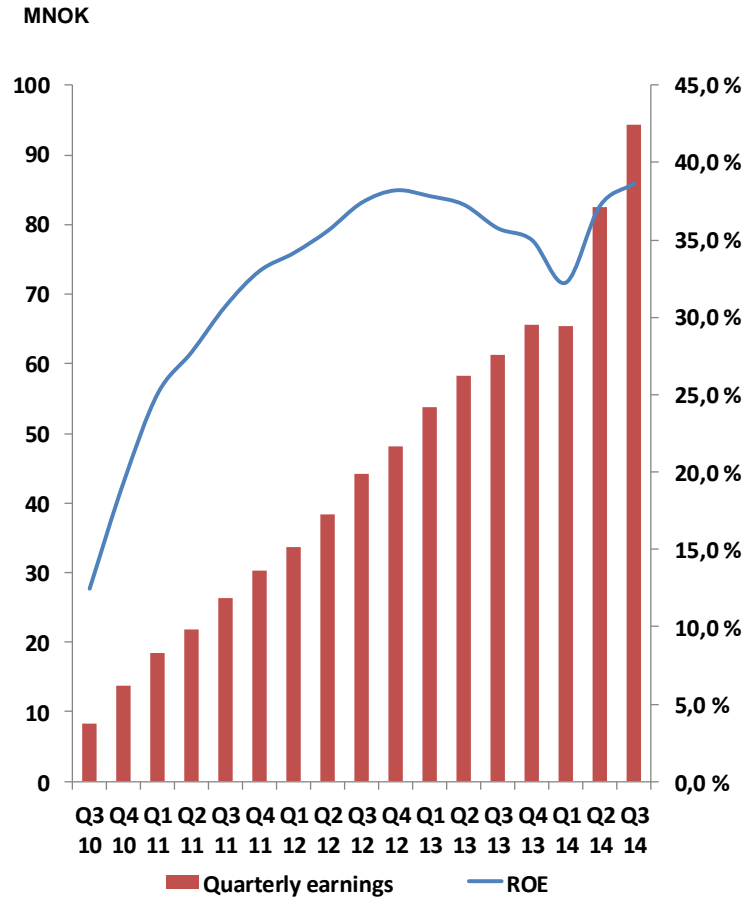
- Focused consumer lending operation
- Market share gains in Norway
- Successful expansion in Sweden
- Steady loan yields and high margins
- Cost-efficient operations
- Stable credit quality
- Experienced management team



Steady earnings growth
and superior returns

Strong and resilient
balance sheet

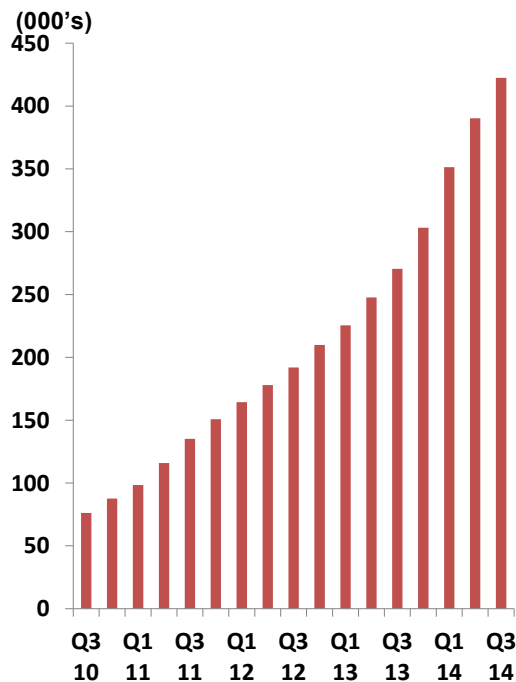
Highly profitable operation



- Offering unsecured installment loans, credit card in co-operation with the airline Norwegian and savings deposits in the consumer market in Norway and Sweden
- Expansion in Sweden in May 2013 based on cross-border licence
- Swedish operations turning profitable in the fourth quarter of 2014

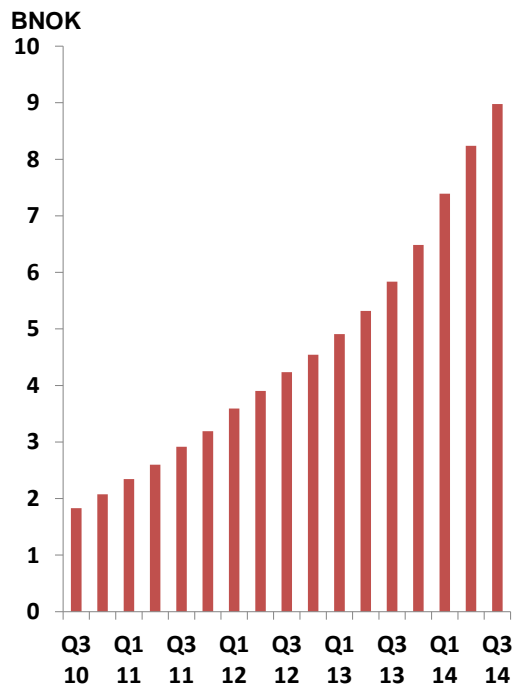
Strong growth

Customers



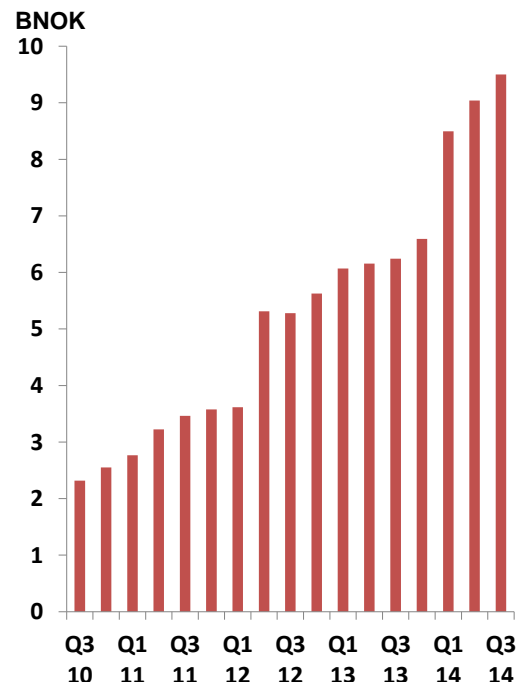
- 422,000 customers
- 298,000 credit card customers
- 106,000 customers in Sweden

Loans



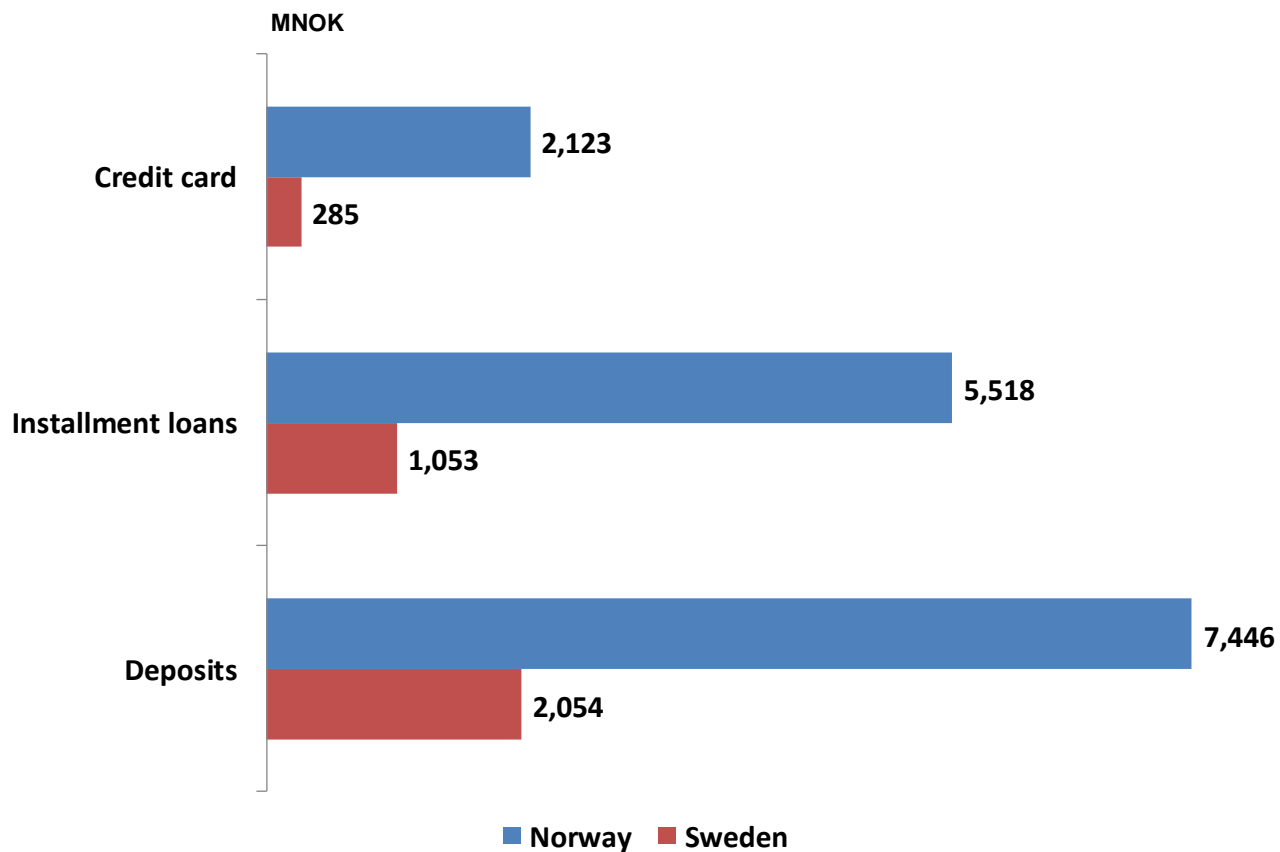
- Average installment loan size NOK 137,000 and SEK 90,000
- Installment loans have effective maturity of four years
- Average credit card outstandings NOK 18,000 and SEK 10,000
- Strong demographics
- Geographically diversified

Deposits



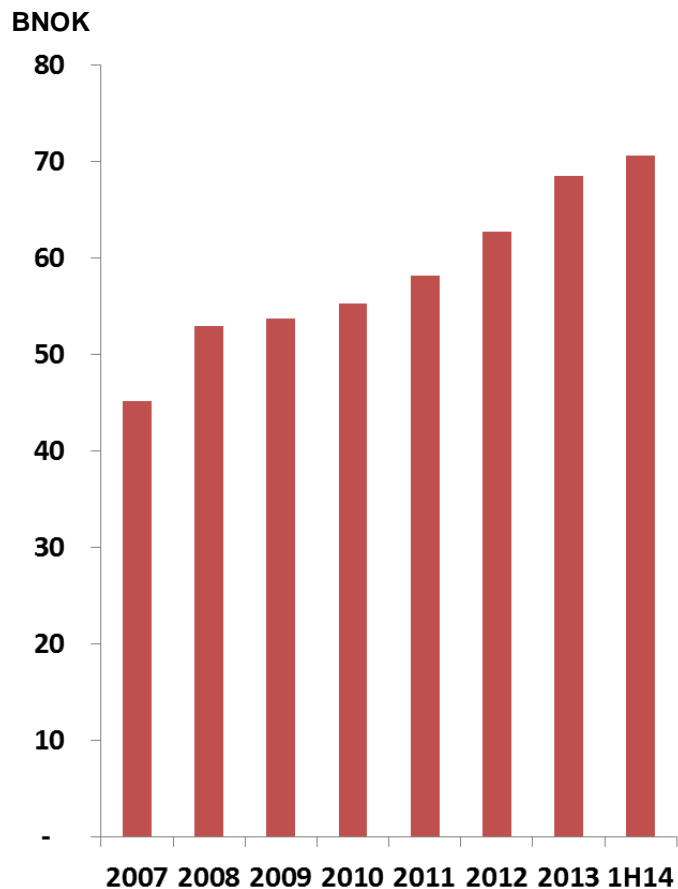
- Diversified and stable savings deposit base
- Average deposit size NOK 113,000 and SEK 297,000
- Covered by MNOK 2 deposit guarantee
- Less than 0.5 % of deposits exceed limit for deposit guarantee

Loan and deposit volume per geographical market

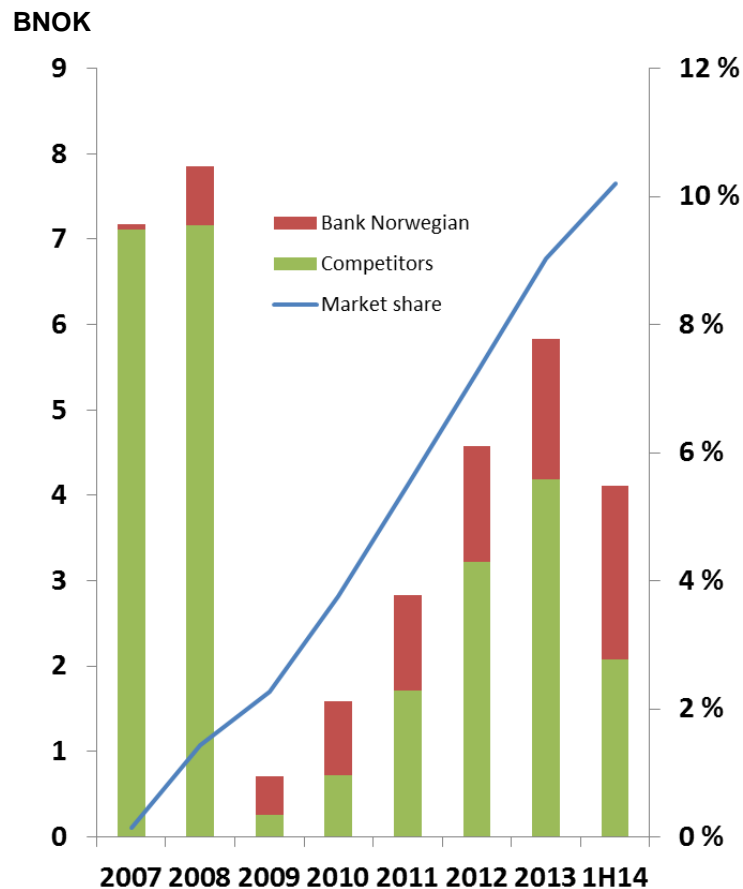


Rising market share in Norway

Total unsecured loans

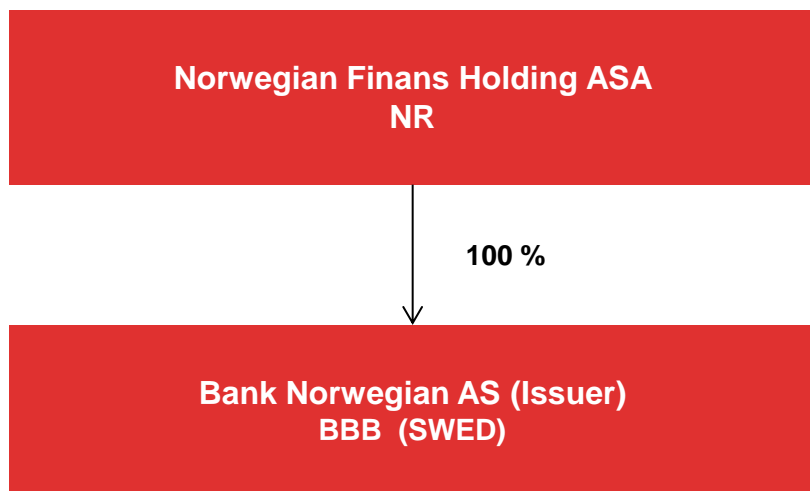


Market growth and market share



Source: The financial supervisory authority of Norway, adjusted for Bank Norwegian's Swedish loan portfolio. First half 2014 annualized growth figures.

Legal structure and ownership



SHAREHOLDER	# OF SHARES	
1 NORWEGIAN AIR SHUTTLE	34,600,040	20.00 %
2 GOLDMAN SACHS & CO	14,999,999	8.67 %
3 SOCIETE GENERALE	14,700,000	8.50 %
4 LAGUAN AS	12,871,013	7.44 %
5 BORAK AS	8,580,454	4.96 %
6 MP PENJON PK	7,500,000	4.34 %
7 SPENCER TRADING INC	7,138,450	4.13 %
8 STENSHAGEN INVEST AS	6,170,379	3.57 %
9 SNEISUNGEN AS	3,720,333	2.15 %
10 TVENGE TORSTEIN	3,000,000	1.73 %
11 SKAGEN VEKST	2,500,000	1.45 %
12 PROTECTOR FORSIKRING	2,487,000	1.44 %
13 BLYSTAD ARNE	2,000,000	1.16 %
14 KLP AKSJE NORGE VPF	1,910,000	1.10 %
15 JENSEN ERIK	1,617,888	0.94 %
16 DIRECTMARKETING INVEST	1,500,000	0.87 %
17 LITHINON AS	1,332,000	0.77 %
18 AWILCO INVEST AS	1,258,100	0.73 %
19 VEVLÉN GÅRD AS	1,227,470	0.71 %
20 SVENKERUD PÅL	1,199,797	0.69 %
Top 20	130,312,923	75.33 %
Total	173,000,202	

Management own 3.3 % of the shares.

Seasoned management team

Erik Jensen, CEO (49)

- Bachelor in accounting and auditing, Sør-Trøndelag University College, Certified Public Accountant, Norwegian School of Economics
- Managing Director at yA Bank, management positions in BNbank, including managing director for retail and CFO
- 21 years of financial services experience
- Employed in the bank since inception

Pål Svenkerud, CFO (52)

- Bachelor of arts in business administration, University of Oregon, MBA, University of Denver, European Certified Financial Analyst, Norwegian School of Economics
- CFO at Teller AS, management positions at Storebrand, including CFO and CRO at Storebrand Bank, analyst positions at Procorp ASA and U.S. Bancorp
- 26 years of financial services experience
- Employed in the bank since inception

Merete Gillund, CIO (45)

- Master of science in information technology, University of Stavanger
- Management positions at SEB Kort IT Oslo/Stockholm, IT consultant – developing credit card system applications
- 18 years of financial services experience
- Employed in the bank since June 2008

Tore Andresen, COO (49)

- Associate degree in business administration, Norwegian School of Economics
- Managing Director at Aktiv Kapital Norge, Managing Director Lindorff Decision
- 28 years of financial services experience
- Employed in the bank since June 2009

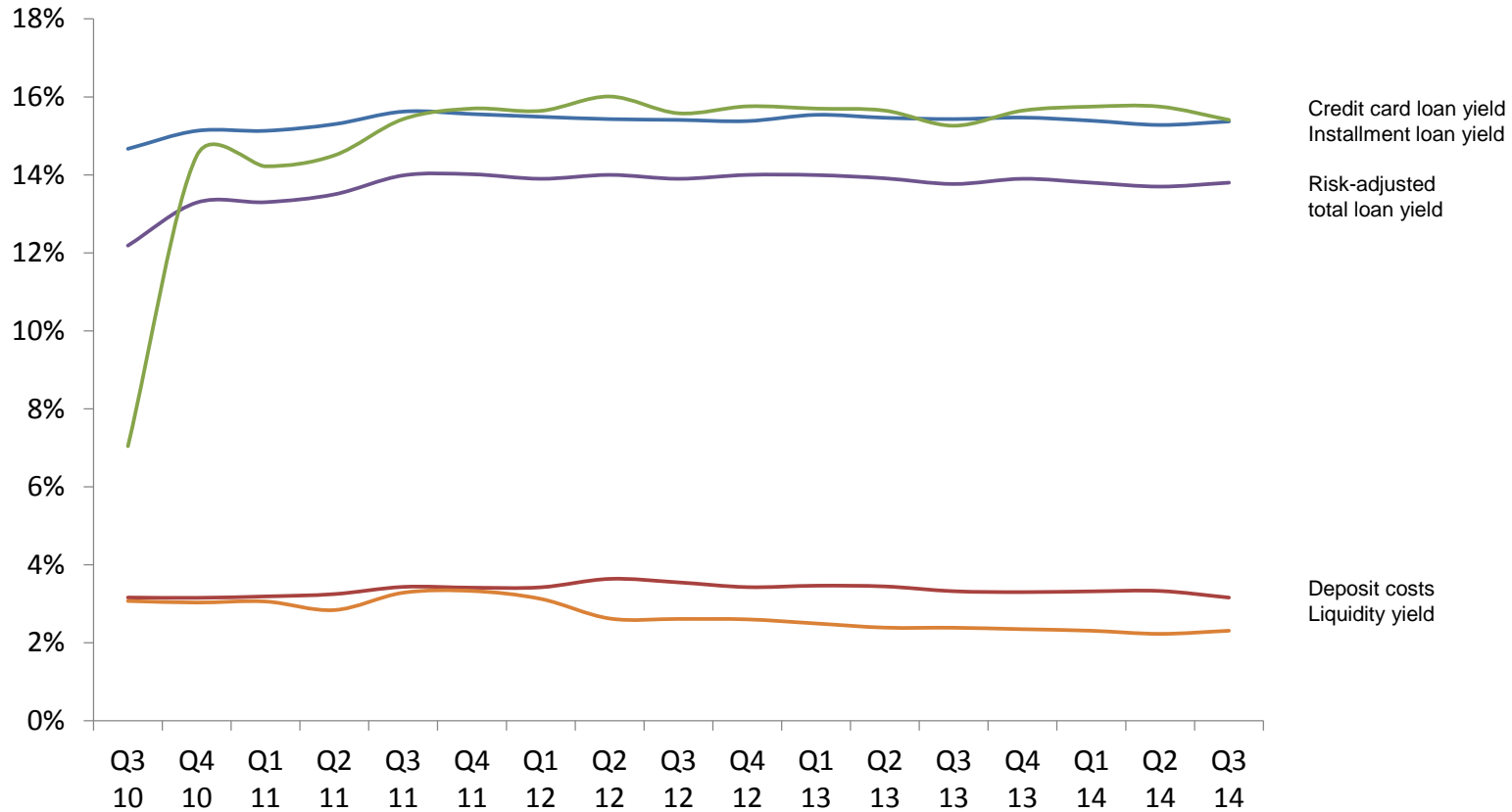
Tore Widding, CRO (46)

- Norwegian University of Science and Technology, applied physics and mathematics
- Credit Risk Manager at Santander Consumer Bank, Chief Analyst at CreditInform and System Consultant at Super Office Norway AS
- 15 years of financial services experience
- Employed in the bank since inception

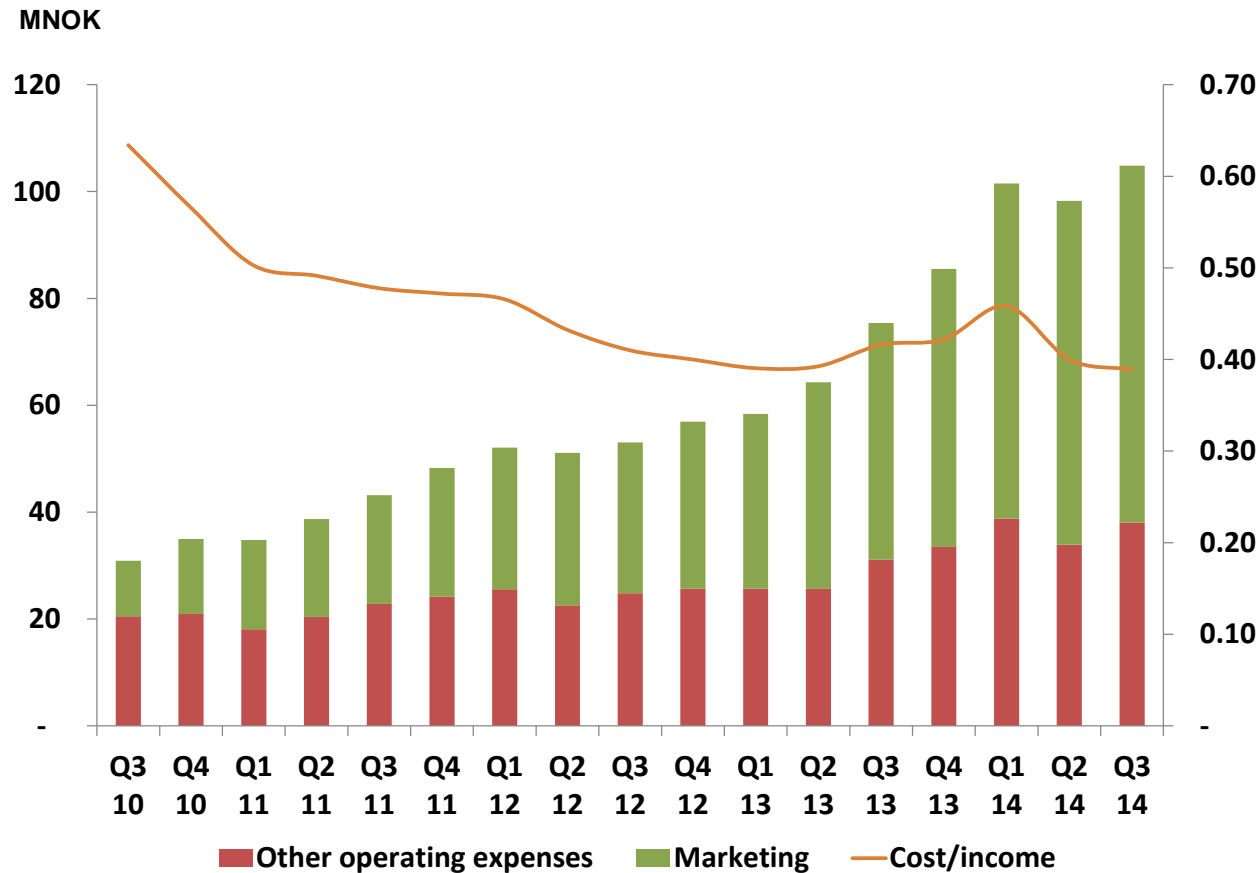
Michael Myran, CMO (38)

- Bachelor in international marketing and management, Norwegian Business School
- Head of marketing at yA Bank og Forsikring, head of marketing at Nordenfjeldske Forsikring
- 13 years of financial services experience
- Employed in the bank since inception

High margins

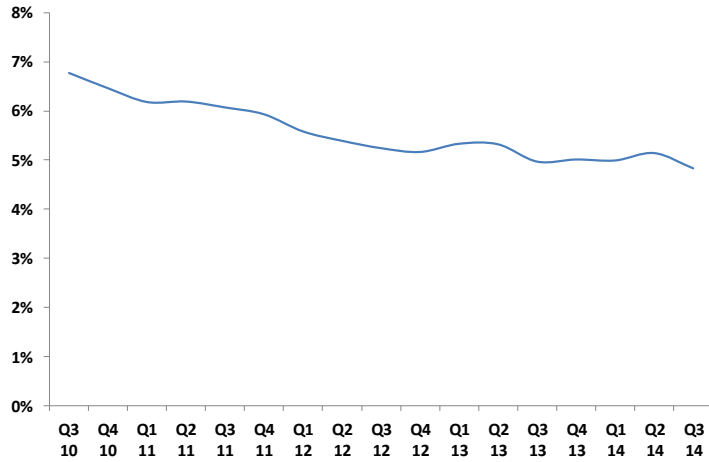


Cost-efficient operations

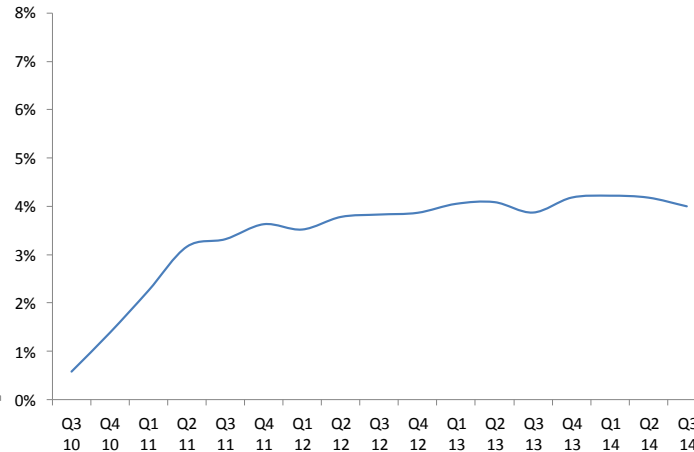


Stable credit quality and stable provisions

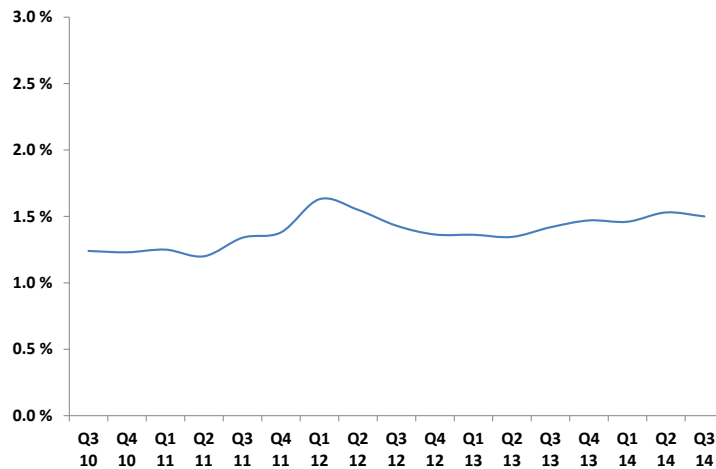
Non-performing loans to loans
Installment loans



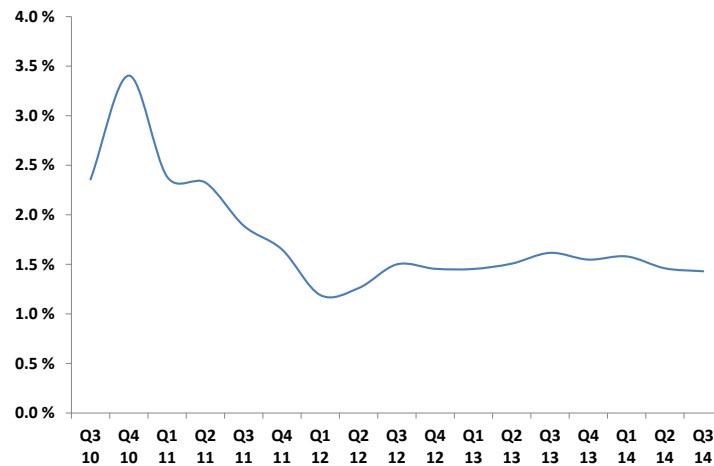
Non-performing loans to loans
Credit cards



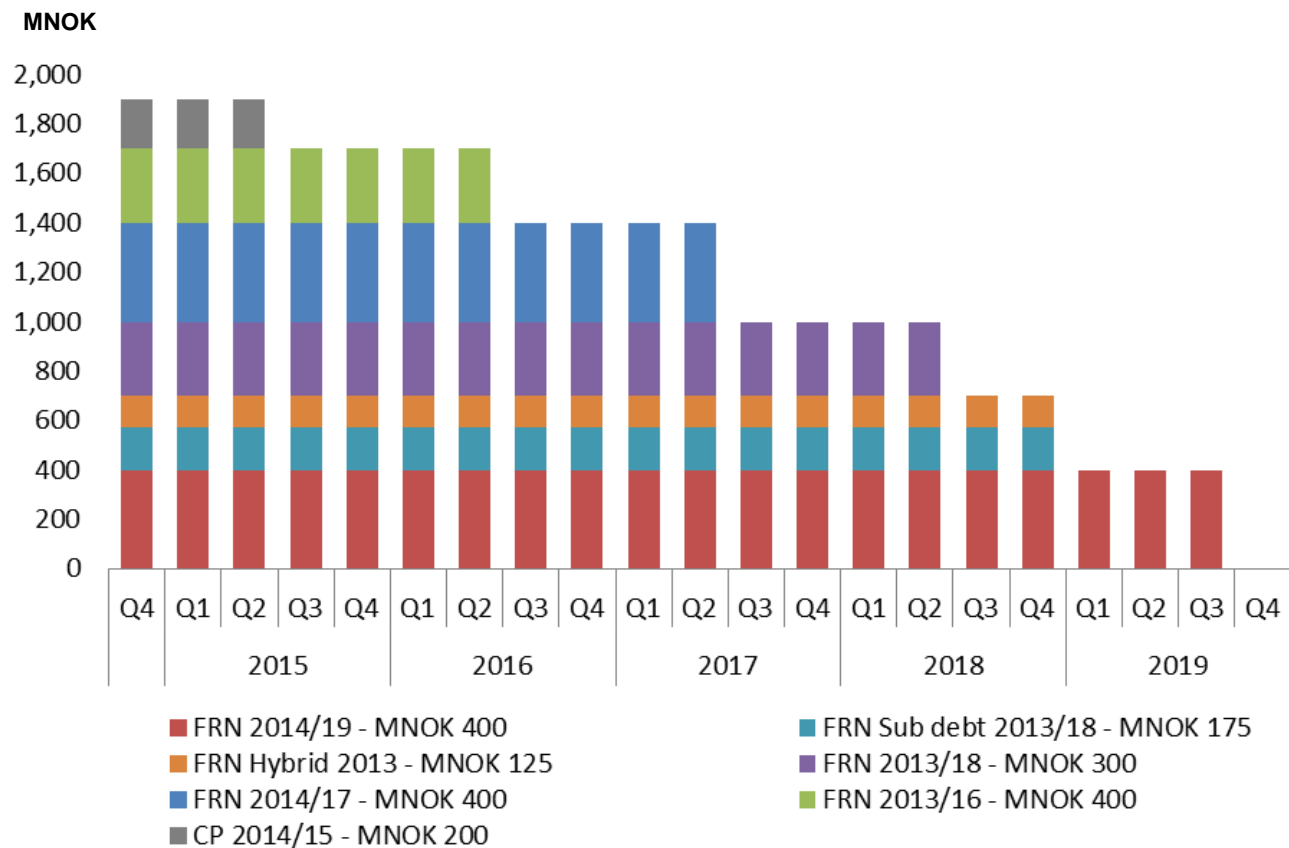
Loan loss provisions to average loans
Installment loans



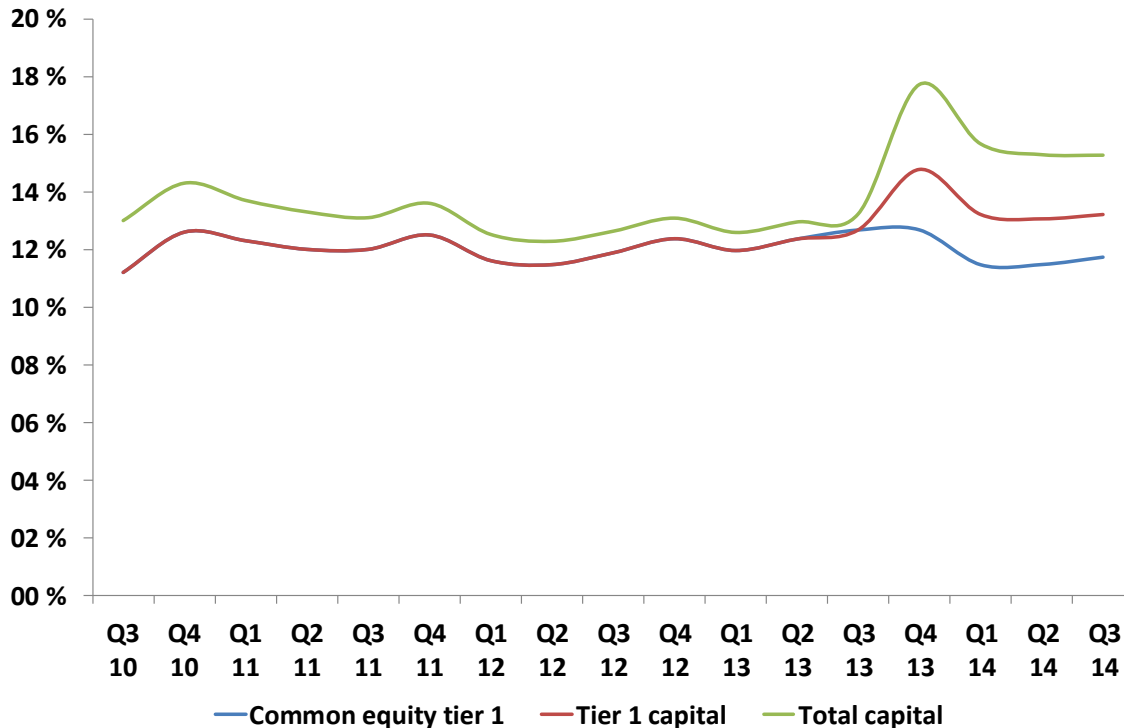
Loan loss provisions to average loans
Credit cards



Debt maturity profile



Capital ratio targets take into account full counter-cyclical capital buffer



- Strong capital ratios amid strong loan growth
- Standardized risk weights
- Target capital ratios
 - 12,5% Core Tier 1 capital
 - 14,0% Core capital
 - 16,0% Total capital
- Leverage ratio 8.0

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Historical financials – income statement

Bank Norwegian AS

<i>MNOK</i>	2010	2011	2012	2013	YTD Q3 2014
Interest income	244	426	637	864	911
Interest expenses	66	111	177	228	228
Net interest income	178	316	459	636	683
Commission and bank services income	17	41	60	88	93
Commission and bank services expenses	7	16	24	36	41
Gain/loss on securities and currency	1	-1	2	10	-0
Other income	-	-	0	0	0
Net other operating income	11	25	39	63	52
Total income	188	341	498	699	736
Personnel expenses	28	34	41	45	37
Admin expenses	66	109	151	217	249
Ordinary depreciation	13	14	15	10	8
Other operating expenses	5	8	7	12	11
Total operating expenses	112	165	213	284	305
Provision for loan losses	26	39	57	83	99
Profit on ordinary activities before tax	50	137	228	332	332
Tax charge	14	38	64	93	90
Net profit after tax	36	99	164	239	242

Historical financials – balance sheet

Bank Norwegian AS

<i>MNOK</i>	31.12.2010	31.12.2011	31.12.2012	31.12.2013	30.09.2014
Assets					
Deposits with Norges Bank	11	38	50	54	57
Loans and deposits with credit institutions	58	26	99	97	393
Loans to customers	2,039	3,136	4,457	6,364	8,802
Certificates and bonds	721	936	1,868	1,694	3,371
Other intangible assets	38	30	23	31	33
Deferred tax asset	7	1	0	1	1
Fixed assets	1	1	1	2	1
Other assets	43	53	70	97	153
Total assets	2,917	4,220	6,570	8,338	12,811
Liabilities and equity					
Deposits from customers	2,552	3,577	5,627	6,592	9,500
Debt securities issued	-	150	250	500	1,602
Other liabilities	6	59	88	123	105
Accruals	36	26	32	43	280
Subordinated loan	30	30	30	299	299
Total liabilities	2,625	3,842	6,027	7,557	11,787
Paid-in capital	310	310	310	310	310
Retained earnings and other reserves	-18	68	233	472	714
Total equity	292	378	543	782	1,024
Total liabilities and equity	2,917	4,220	6,570	8,338	12,811

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Norwegian Finans Holding ASA

Third quarter 2014 results

Third quarter 2014 earnings were 94.1 MNOK, compared with 82.1 MNOK in the second quarter

Norwegian Finans Holding Group

<i>MNOK</i>	Q3 2014	Q2 2014	Change	
Interest income	336.2	304.7	31.4	10 %
Interest expenses	82.0	77.4	4.6	6 %
Net interest income	254.1	227.3	26.8	12 %
Commission and bank services income	33.3	30.3	3.0	10 %
Commission and bank services expenses	16.1	13.9	2.2	15 %
Net change in value on securities and currency	-2.3	1.0	-3.3	n/m
Net other operating income	15.3	17.3	-2.0	-11 %
Total income	269.5	244.6	24.9	10 %
Personnel expenses	13.9	9.4	4.4	47 %
General administrative expenses	85.9	83.1	2.9	3 %
Ordinary depreciation	2.7	2.6	0.2	6 %
Other operating expenses	2.6	3.5	-0.9	-25 %
Total operating expenses	105.2	98.6	6.6	7 %
Provision for loan losses	35.4	33.6	1.7	5 %
Profit before tax	128.9	112.4	16.5	15 %
Tax charge	34.8	30.3	4.5	15 %
Profit after tax	94.1	82.1	12.1	15 %
Earnings per share NOK (annualized)	2.18	1.90		

- Net interest income driven by strong loan growth.
- Net loss on securities in the Swedish portfolio.
- Improved operating efficiency.
- Stable provisioning.
- ROE 38.6 %, up from 37.2 %*.

* Bank Norwegian AS

Earnings in Norway were 100.2 MNOK, a gain of 9.8 MNOK from the second quarter

Norwegian Finans Holding Group

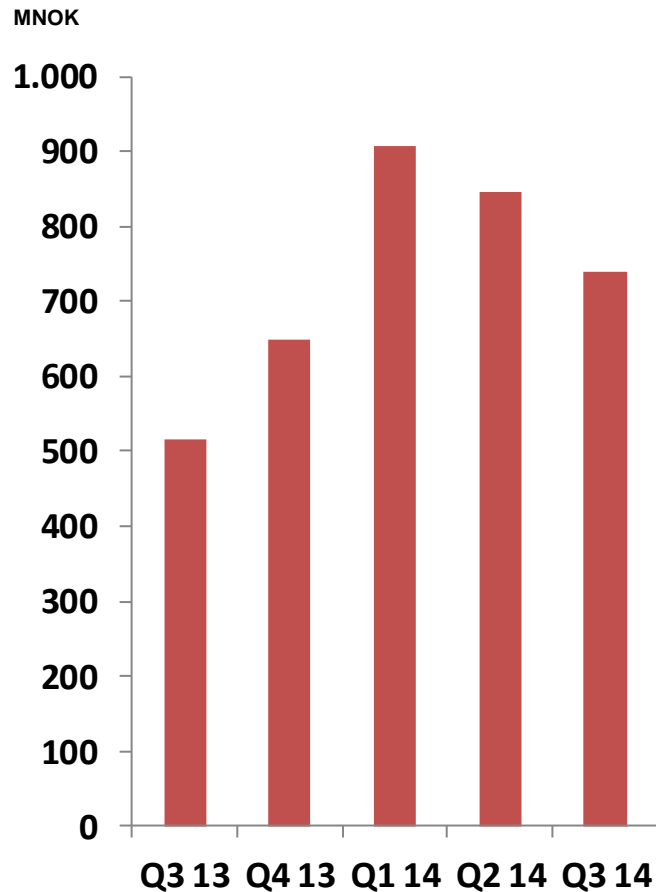
Key figures	Norway			Sweden*		
	Q3 14	Q2 14	Δ	Q3 14	Q2 14	Δ
<i>MNOK</i>						
Total income	241.0	221.1	19.9	28.5	23.5	4.9
Total operating expenses	76.3	70.9	5.4	28.9	27.7	1.1
Provision for loan losses	27.5	26.4	1.1	7.9	7.3	0.6
Profit after tax	100.2	90.4	9.8	-6.1	-8.4	2.3
Liquid assets	3,042	2,520	522	779	881	-102
Net loans to customers	7,491	7,066	424	1,311	1,014	298
Intangible assets	18	18	1	15	13	1
Deposits from customers	7,446	7,157	289	2,054	1,883	171

- Swedish operations impacted by non-recurring items in the third quarter and is expected to turn profitable in the fourth quarter.
- Mainly group provisions in Sweden.

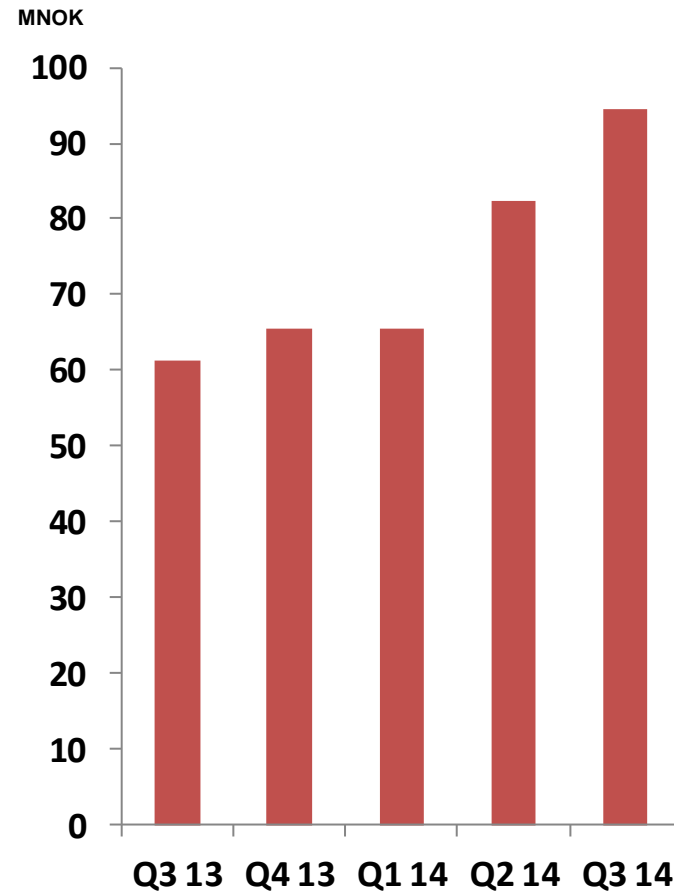
* No allocation of overhead expenses.

Solid loan and earnings growth

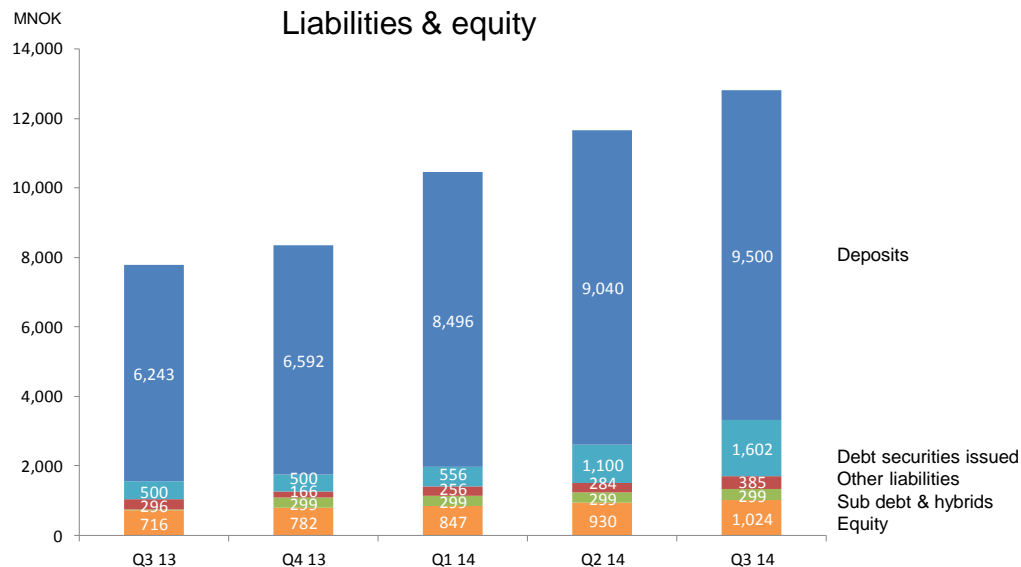
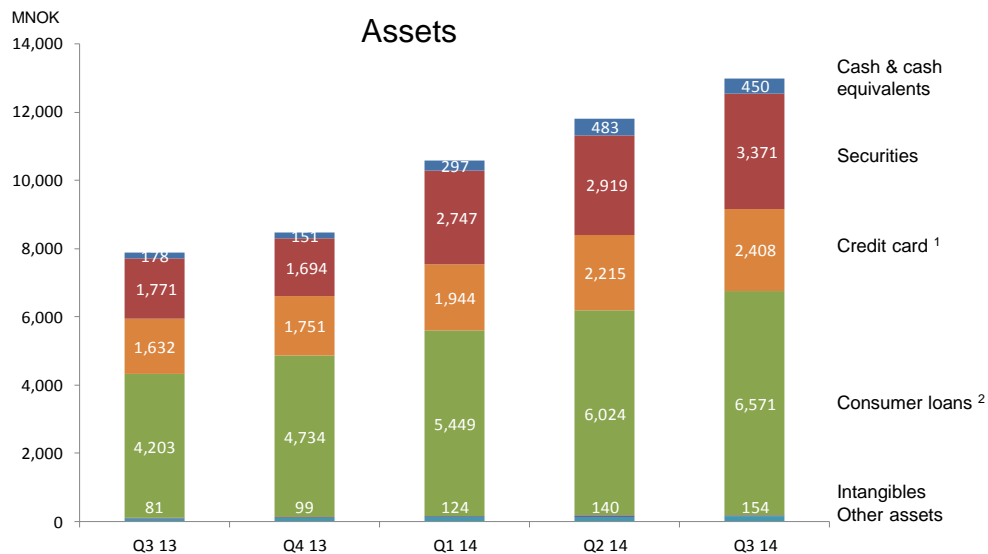
Quarterly loan growth



Quarterly earnings

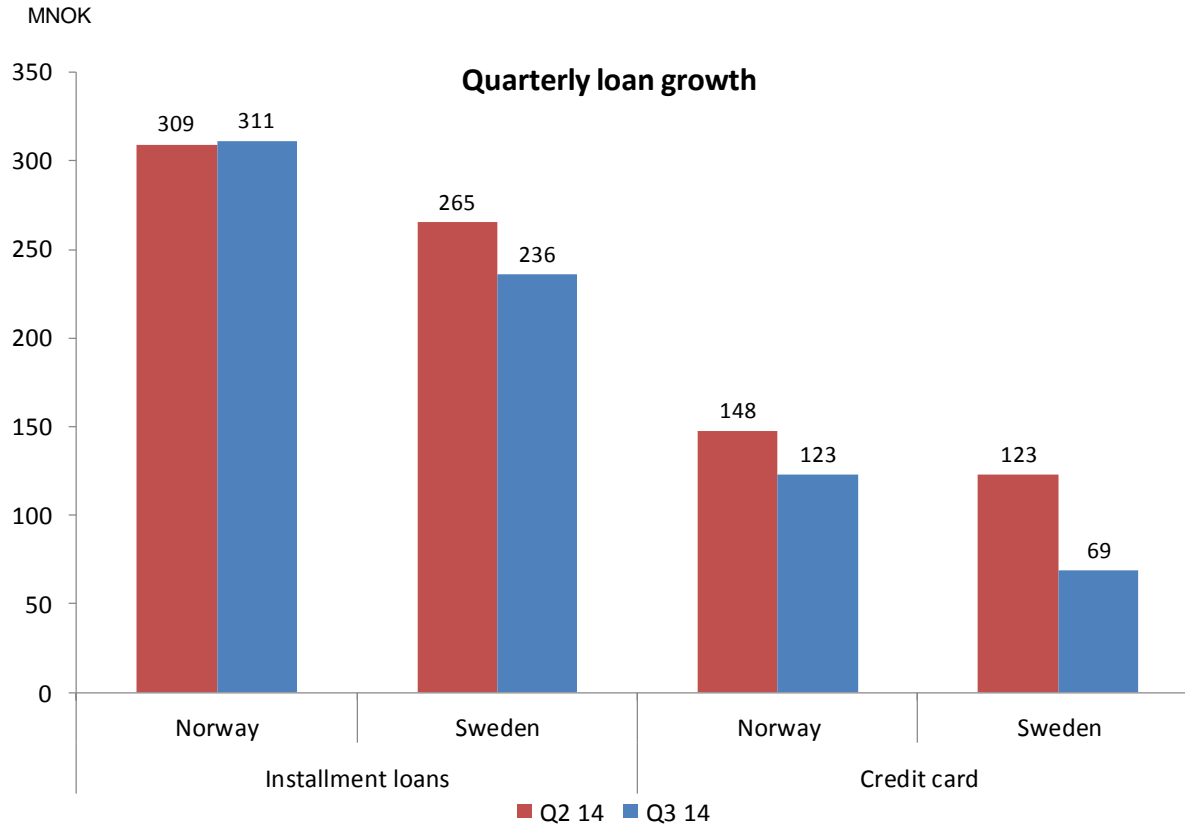


High loan and deposit growth



- Total gross loans increased 740 MNOK, compared with 846 MNOK in the second quarter.
- Installment loans rose 547 MNOK and credit card loans grew 193 MNOK.
- Installment loan run-off 395 MNOK, compared with 323 MNOK in the second quarter.
- Liquid assets comprise 30 % of total assets.
- Deposits up 460 MNOK.
- Issuance of 500 MNOK in senior debt securities.
- Deposits to loans ratio 1.06.
- LCR 326%
- NSFR 115%

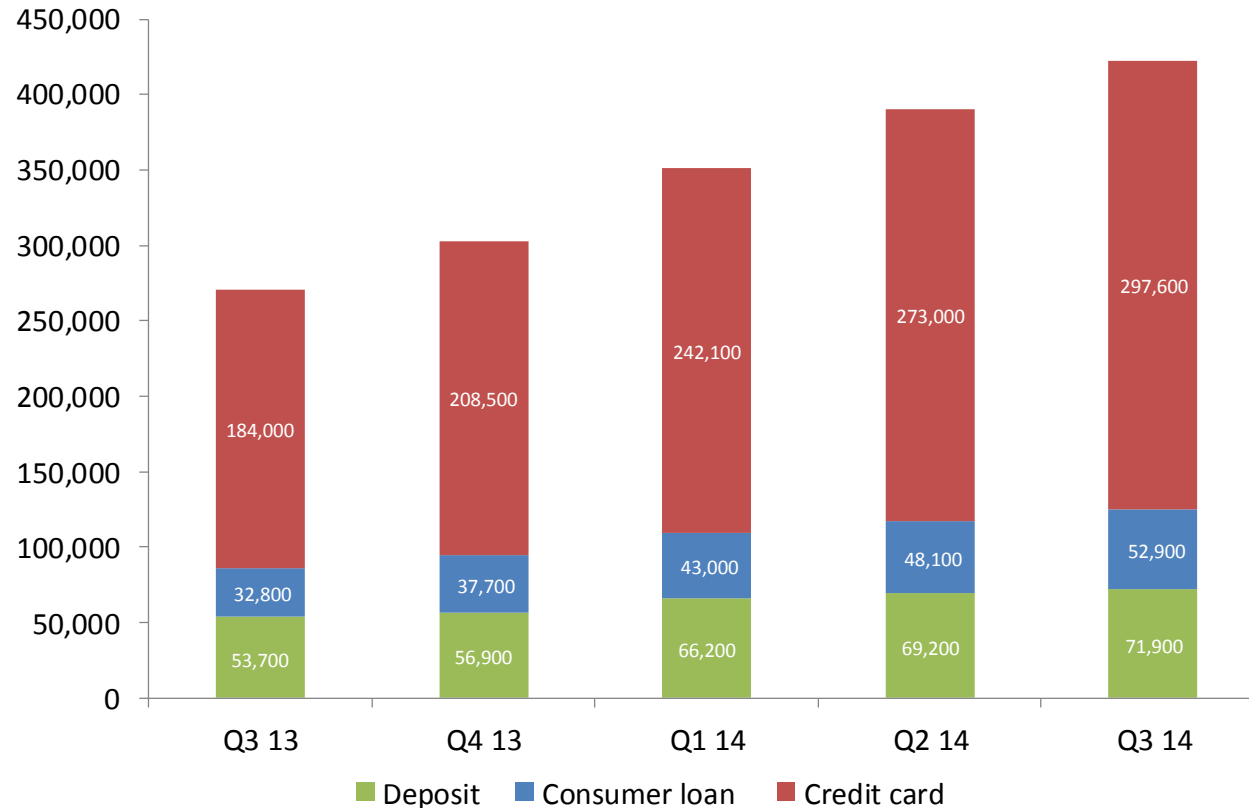
Strong loan growth



- Loan growth in line with expectations.
- Credit card growth in Sweden impacted by down payments after expiry of interest free period.

Rapid customer growth

Number of customers



Number of customers total 422,400

32,100 net new customers in the third quarter.

Swedish card customers total 79,300.

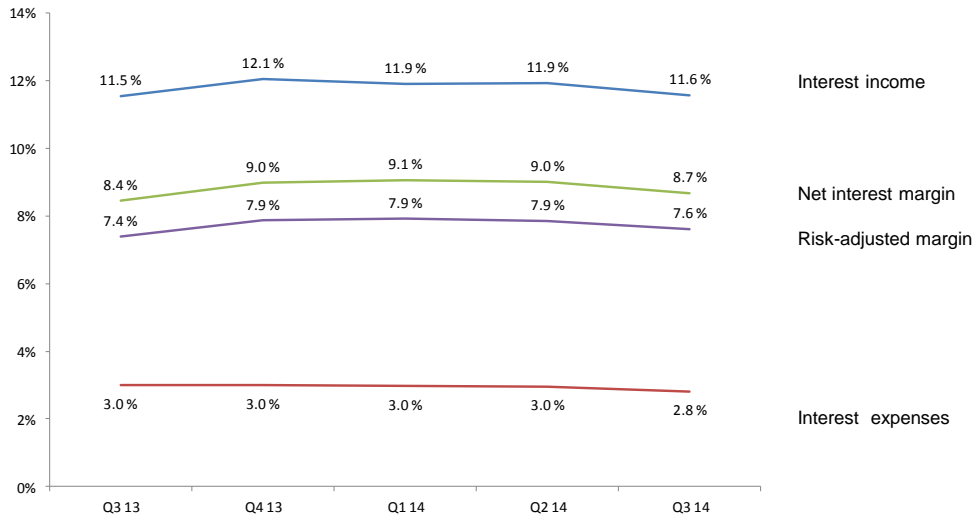
Quarterly balance sheet

Norwegian Finans Holding Group

<i>MNOK</i>	30.9.14		30.6.14		Change	
Assets						
Deposits with Norges Bank	57	0 %	107	1 %	-50	-47 %
Loans and deposits with credit institutions	407	3 %	389	3 %	17	4 %
Loans to customers	8,802	69 %	8,080	69 %	722	9 %
Certificates and bonds	3,371	26 %	2,919	25 %	452	15 %
Shares and other securities	0	0 %	0	0 %	0	0 %
Other intangible assets	33	0 %	31	0 %	2	6 %
Deferred tax asset	2	0 %	2	0 %	0	6 %
Fixed assets	1	0 %	1	0 %	-0	-9 %
Other assets	153	1 %	139	1 %	14	10 %
Total assets	12,825	100 %	11,667	100 %	1,158	10 %
Liabilities and equity						
Deposits from customers	9,500	74 %	9,040	77 %	460	5 %
Debt securities issued	1,602	12 %	1,100	9 %	502	46 %
Taxes payable	90	1 %	55	0 %	35	64 %
Other liabilities	16	0 %	31	0 %	-15	-49 %
Accrued expenses and unearned income received	281	2 %	200	2 %	81	41 %
Subordinated debt	299	2 %	299	3 %	0	0 %
Total liabilities	11,788	92 %	10,724	92 %	1,064	10 %
Share capital	173	1 %	173	1 %	-	0 %
Share premium	145	1 %	145	1 %	-	0 %
Retained earnings	719	6 %	625	5 %	94	15 %
Total equity	1,037	8 %	943	8 %	94	10 %
Total liabilities and equity	12,825	100 %	11,667	100 %	1,158	10 %

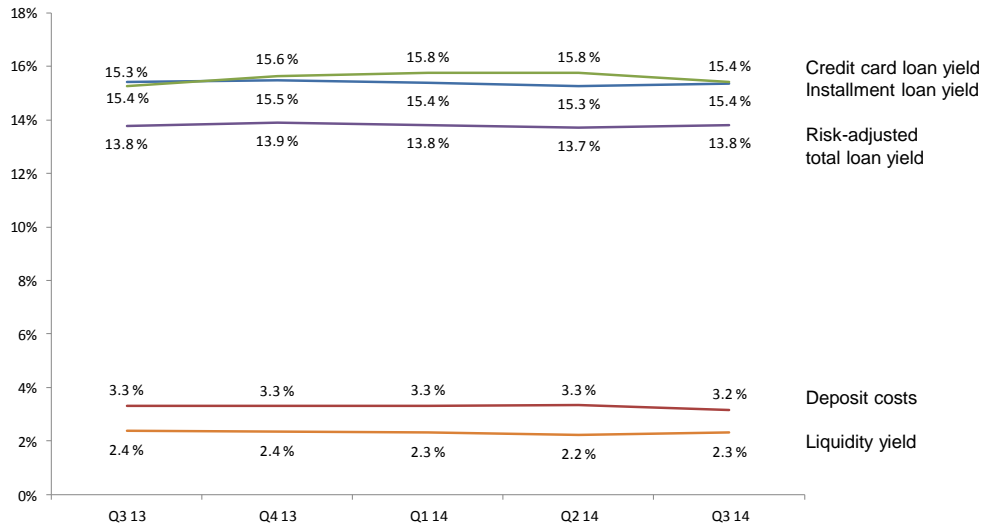
Stable yields and margins

Margins as a % of average assets

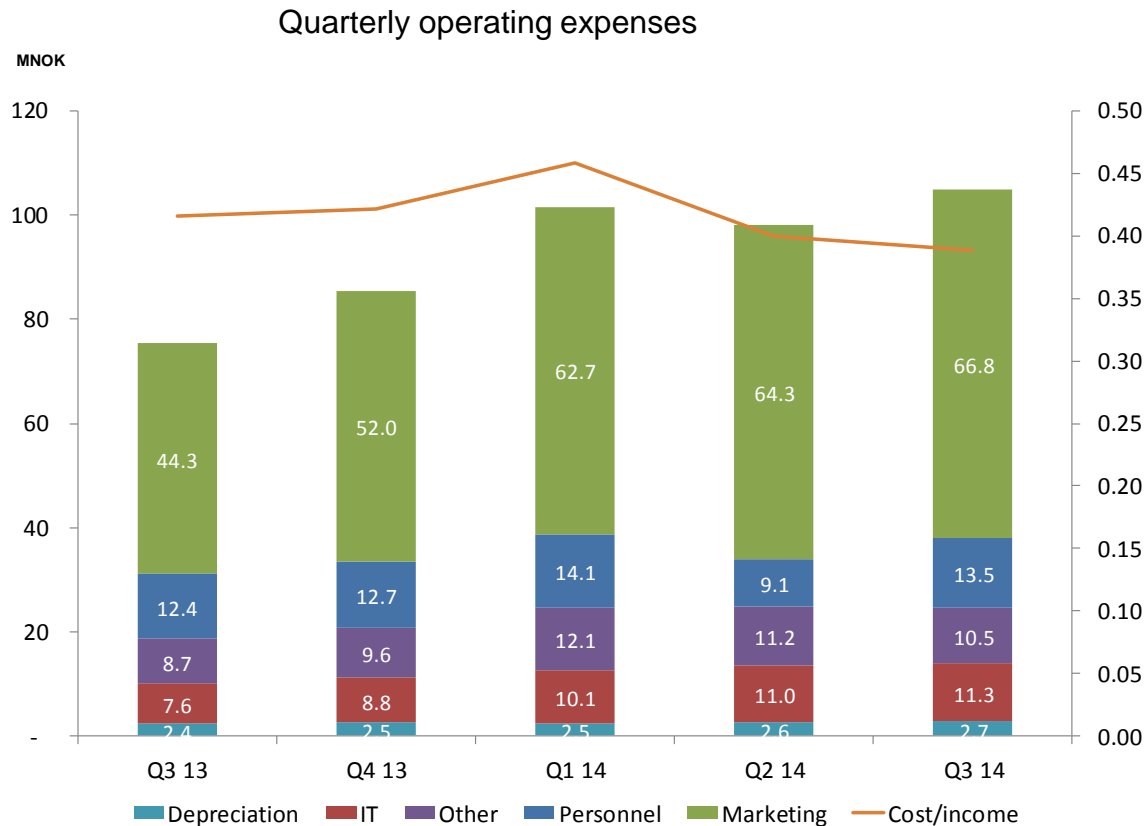


- Deposit rates lowered in the third quarter.

Asset yield and cost of deposits



Improved operating efficiency

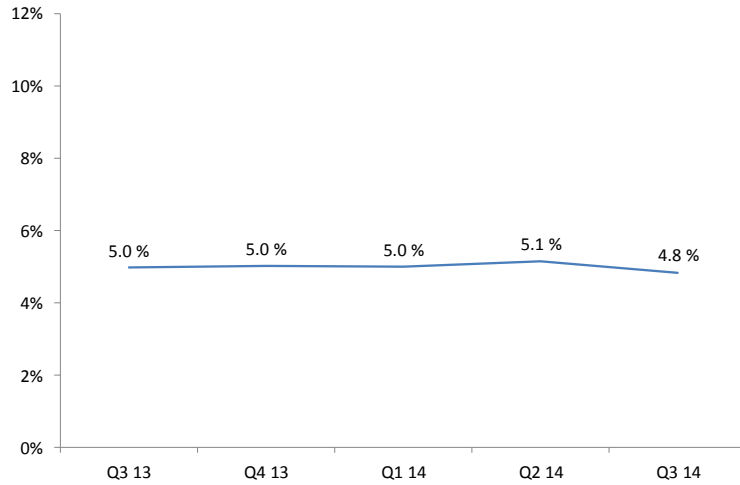


- Increased marketing expenses in Sweden.
- Higher personnel expenses related to seasonal accrual effect in the previous quarter.
- Nine out of 55.5 FTE's allocated to Swedish operations.
- Cost/income ratio in Norwegian operations was 0,32.

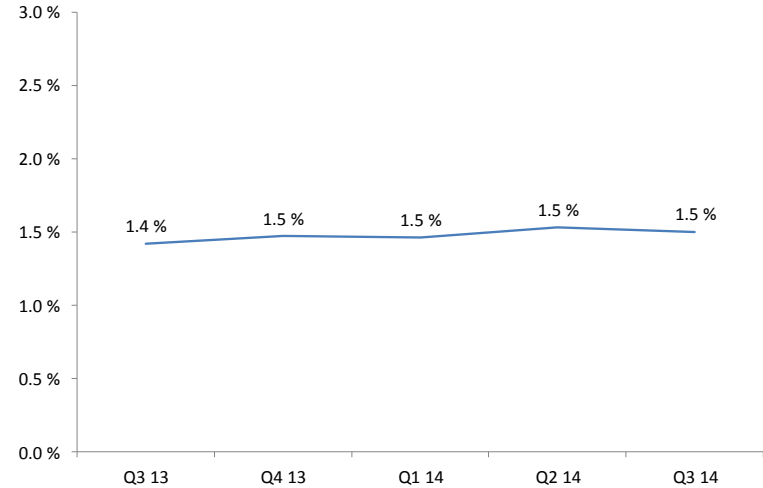
Stable credit metrics

Consumer loans

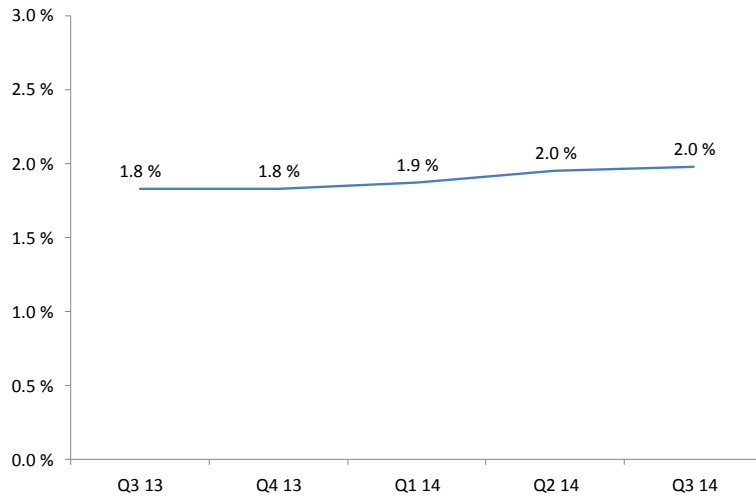
Non-performing loans to loans



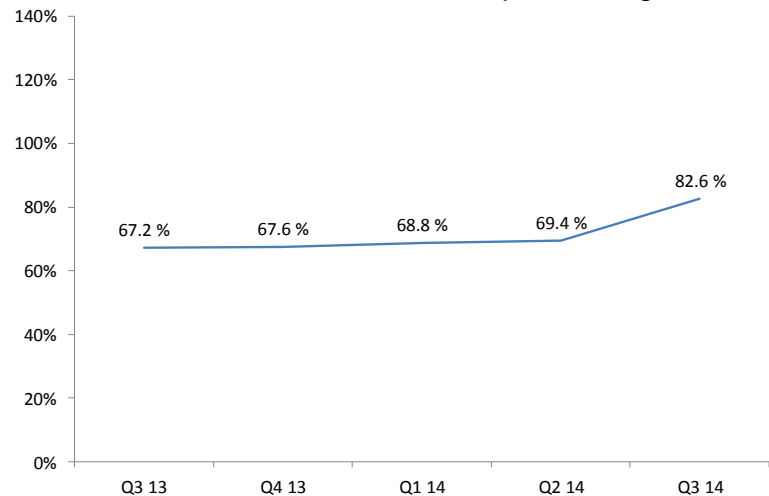
Loan loss provisions to average loans



Loan loss allowance to loans



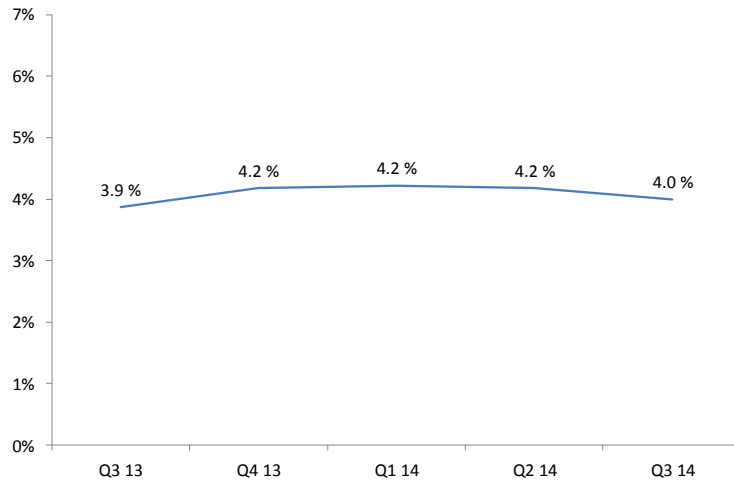
Loan loss allowance to non-performing loans



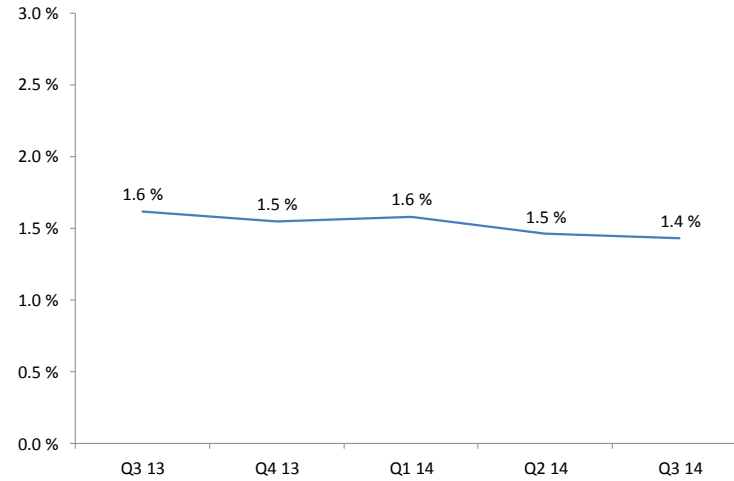
Stable credit metrics

Credit card loans

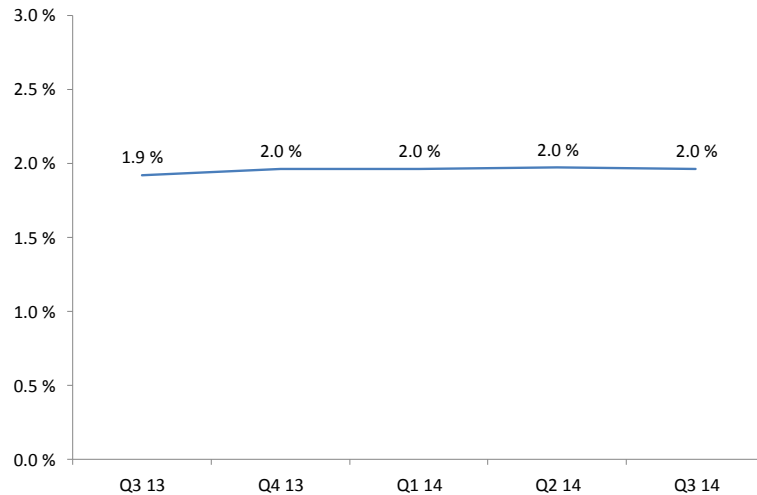
Non-performing loans to loans



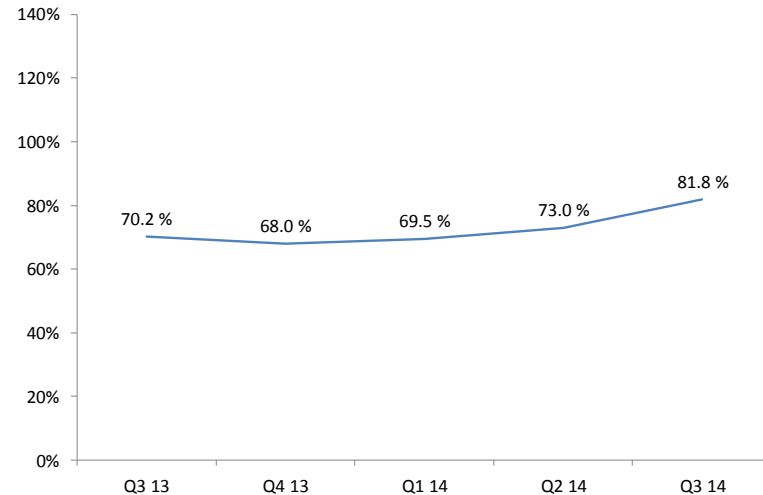
Loan loss provisions to average loans



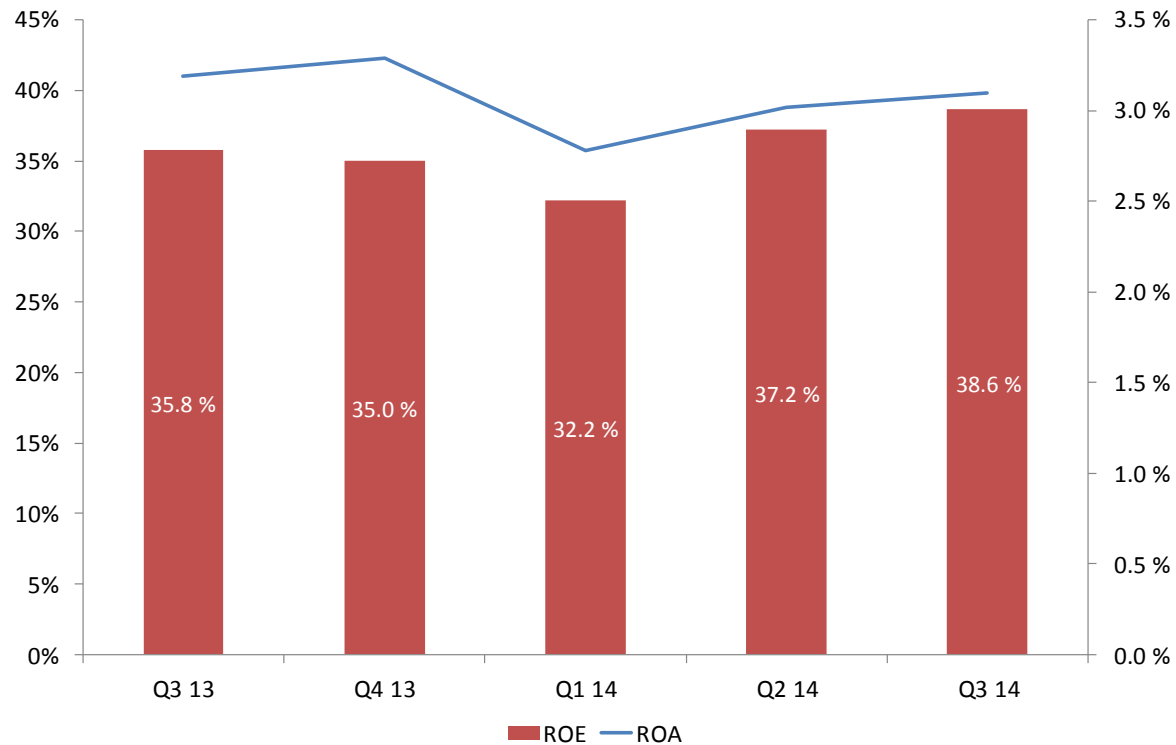
Loan loss allowance to loans



Loan loss allowance to non-performing loans

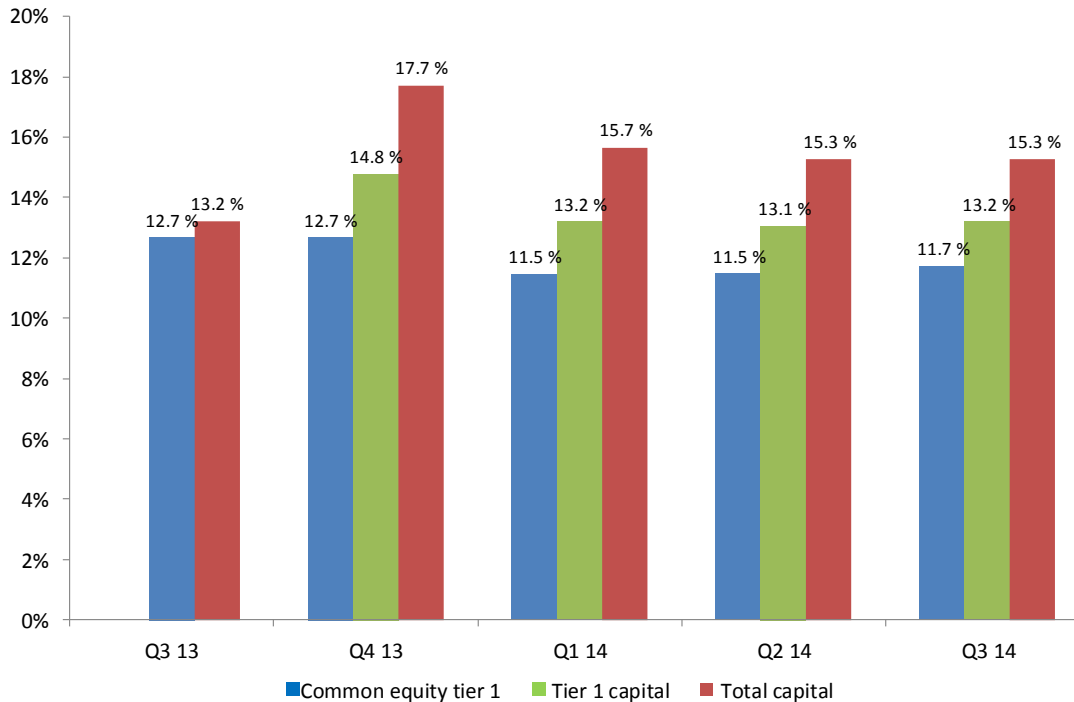


High profitability



High risk absorption capacity

Capital ratios



- Strong capital ratios despite strong loan growth.
- Adequate capital for growth.
- Common equity tier 1 ratio of 11.7 %.
- Leverage ratio equals 8.0 %

Well positioned for continued earnings growth

Earnings growth and strong returns

- Continued strong loan growth
- Stable margins
- Cost-efficient operations
- Stable provisions
- Swedish operations expected to turn profitable in the fourth quarter
- Preparing further geographical expansion

Stable credit quality

- Resilient economies in Norway and Sweden
- Enhanced credit models
- Stable portfolio risk

Strong and resilient balance sheet

- Strong liquidity position
- Continued diversification of funding base
- Strong capital generation and capital ratios
- Adequate capital for growth

Outline

Bank Norwegian overview

Historical financials

Third quarter 2014 results presentation

Funding objectives

Key investment considerations

Funding objectives

- Secure stable financing
 - Long-term funding
 - Staggered maturity structure
 - Low refinancing risk
- Continue diversifying funding base in Norway and Sweden
 - Senior debt issues in Norway
 - MTN program in Sweden
 - Subordinated debt and hybrid capital issues to maintain target capital ratios
- Maintain solid deposit to loans ratio by offering competitive deposit rates

Outline

Bank Norwegian overview

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Funding objectives

Key investment considerations

Key investment considerations

- High risk-absorption capacity through strong capital generation.
- Robust profitability through high net interest margin, low market risk, cost-efficient operations and stable credit quality.
- Resilient balance sheet with solid deposit cover, equity level and allowance coverage.
- Solid credit practices with effective credit risk models and bad debt collection procedures.
- Diversified loan portfolio with small exposures per customer.
- Loan portfolio with sound credit characteristics and attractive demographics.
- Short loan portfolio maturity.
- Low-cost and performance oriented culture.
- Favorable legal environment protects creditors and supports high loan recovery rates.
- Resilient macro economic environment in Norway and Sweden with stable employment, strong public finances and highly developed social security net.

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