



Norwegian Finans Holding ASA

Subordinated Bonds Issue
September, 2016

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Outline

Bank Norwegian overview


Historical financials

Second quarter 2016 results presentation

Key investment considerations

Attractive investment story

- Focused consumer finance operation
- Robust profitability through high net interest margin, cost-efficient operations and stable credit quality
- Market share gains in Norway and Sweden
- Extended growth through Nordic expansion
- Strong balance sheet
- Experienced management team
- Resilient macro economic environment

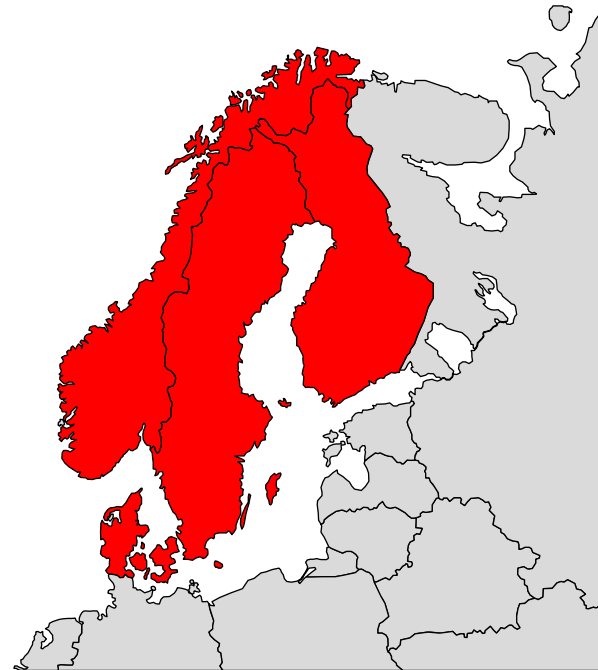


Steady earnings growth
and superior returns

Strong and resilient
balance sheet

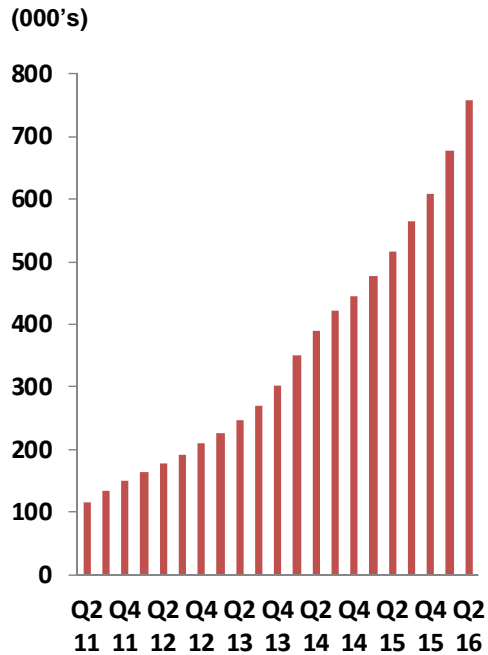
Bank Norwegian - a fast growing Nordic consumer finance business

- Established November 2007
- Offering unsecured instalment loans, credit card in co-operation with the airline Norwegian and savings deposits in the Nordic consumer market
- Expansion in Sweden in May 2013 based on cross-border license
- Expansion in Denmark and Finland December 2015 on cross-border basis
- Listed on the Oslo Stock Exchange June 2016



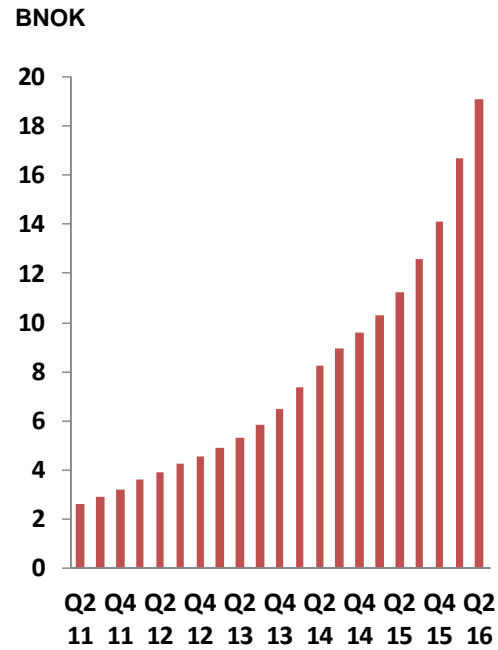
Strong growth

Customers



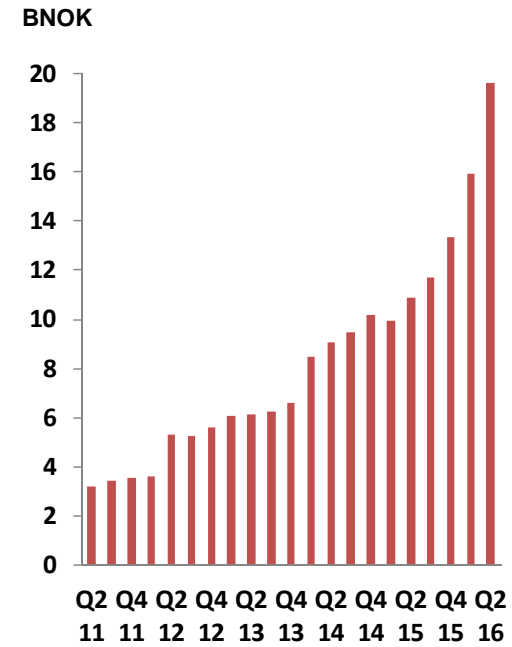
- 757,900 customers
- 543,000 credit card customers

Loans



- Strong demographics
- Geographically diversified

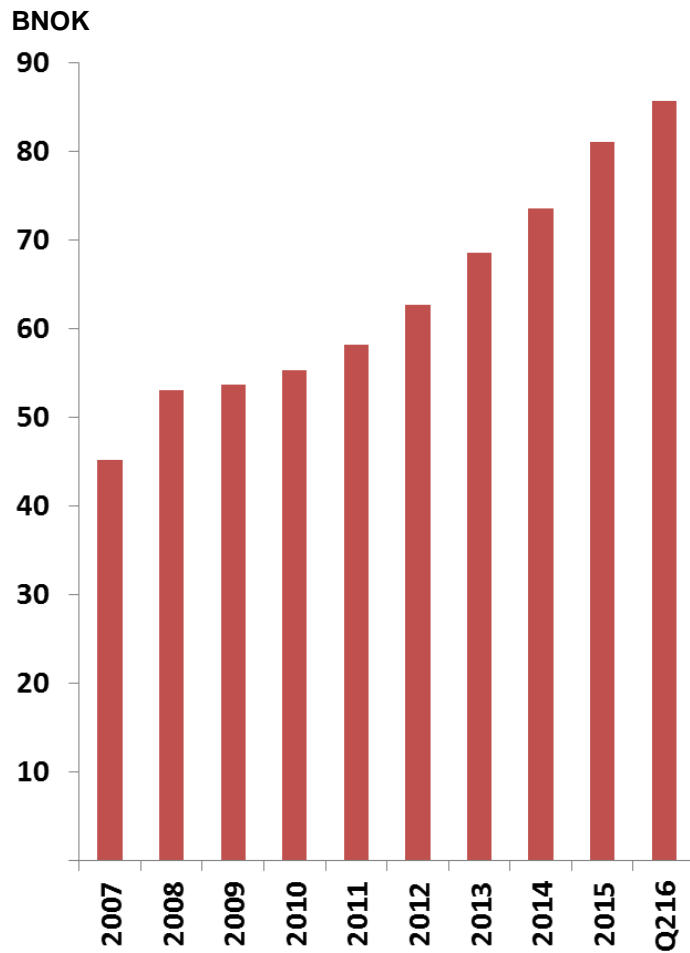
Deposits



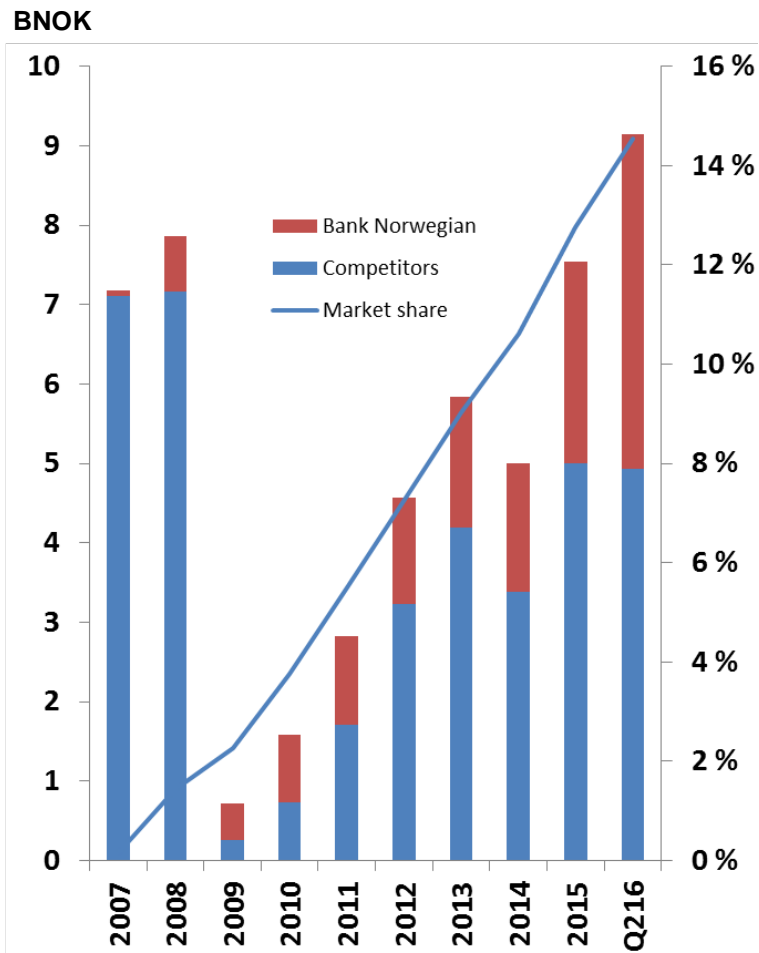
- Diversified and stable savings deposit base

Rising market share in Norway

Total unsecured loans

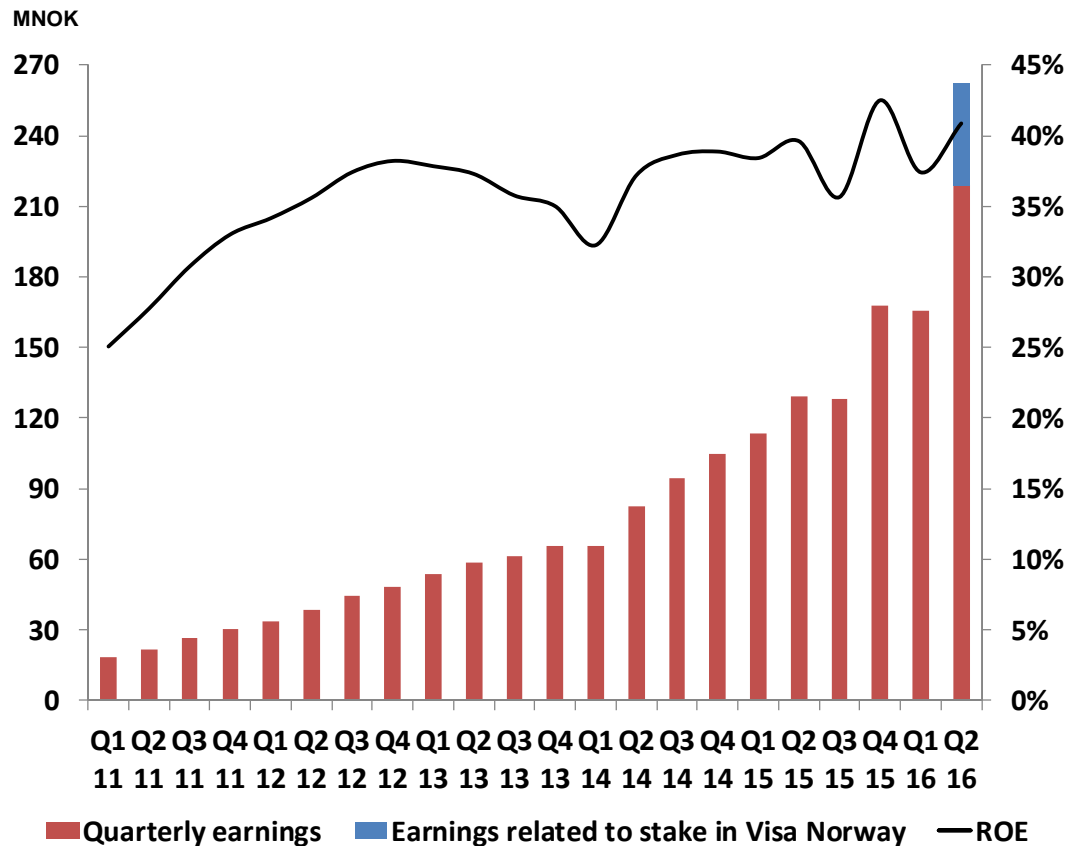


Market growth and market share



Source: The financial supervisory authority of Norway, adjusted for Bank Norwegian's loan portfolios in Sweden, Denmark and Finland. First half 2016 annualized growth figures.

Highly profitable operation



- Sweden reached profitability 18 months after commencement of operations
- Denmark and Finland expected to reach profitability less than one year after startup

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

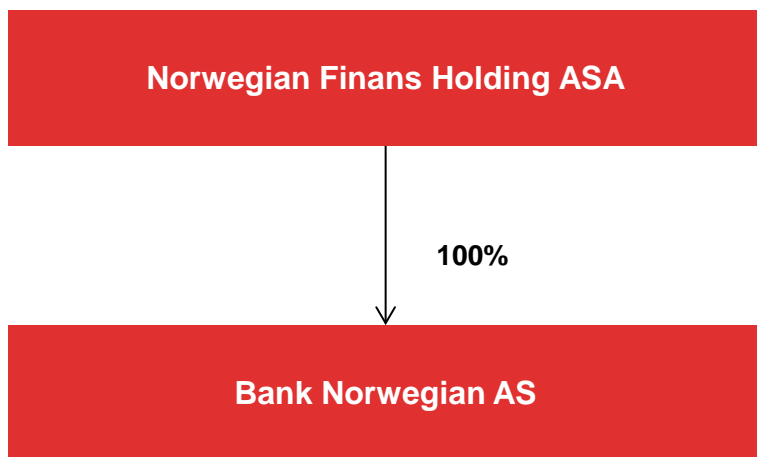
- Automated risk selection
- Advanced credit models

Mutually beneficial relationship between the airline and the bank

- Bank Norwegian is exclusive distributor of "Norwegian Reward" credit card in the Nordic market
- "Cash points" earned by airline ticket purchases and all other credit card purchases
- Leveraging off of the airline's strong market position and brand recognition
- Norwegian has 20% ownership in Norwegian Finans Holding ASA
- Financial agreement extended until end of 2020 in the Nordic market



Legal structure and ownership



SHAREHOLDER	# OF SHARES	
1 NORWEGIAN AIR SHUTTLE	36,020,808	20.00 %
2 FORTELUS SPECIAL SITUATIONS FUND	15,320,345	8.51 %
3 LAGUAN AS	11,371,904	6.31 %
4 BORAK AS	7,681,443	4.27 %
5 STENSHAGEN INVEST AS	6,927,420	3.85 %
6 SPENCER TRADING INC	6,556,775	3.64 %
7 PROTECTOR FORSIKRING	5,142,086	2.86 %
8 MP PENSJON PK	5,002,800	2.78 %
9 SWEDBANK ROBUR NORDENFOND	4,031,023	2.24 %
10 SNEISUNGEN AS	3,901,040	2.17 %
11 TORSTEIN TVENGE	3,600,000	2.00 %
12 SWEDBANK ROBUR SMÅBOLAGSFOND NORDEN	3,311,825	1.84 %
13 DANSKE BANK AS	3,275,790	1.82 %
14 HANDELSEBANKEN NORGE	3,000,000	1.67 %
15 VEVLEN GÅRD AS	2,267,836	1.26 %
16 SONGA AS	2,083,120	1.16 %
17 SOCIETE GENERALE - NOM	2,000,000	1.11 %
18 SWEDBANK ROBUR SMÅBOLAGSFOND EUROPA	1,691,698	0.94 %
19 DIRECTMARKETING INVEST	1,500,000	0.83 %
20 LITHINON AS	1,417,426	0.79 %
Top 20	126,103,339	70.02 %
Total	180,104,046	

Management own 2.8% of the shares.

Seasoned management team

Erik Jensen, CEO (51)

- 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
- 23 years of financial services experience
- Employed in the bank since inception

Pål Svenkerud, CFO (53)

- 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
- 28 years of financial services experience
- Employed in the bank since inception

Merete Gillund, CIO (47)

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

Tore Andresen, COO (51)

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

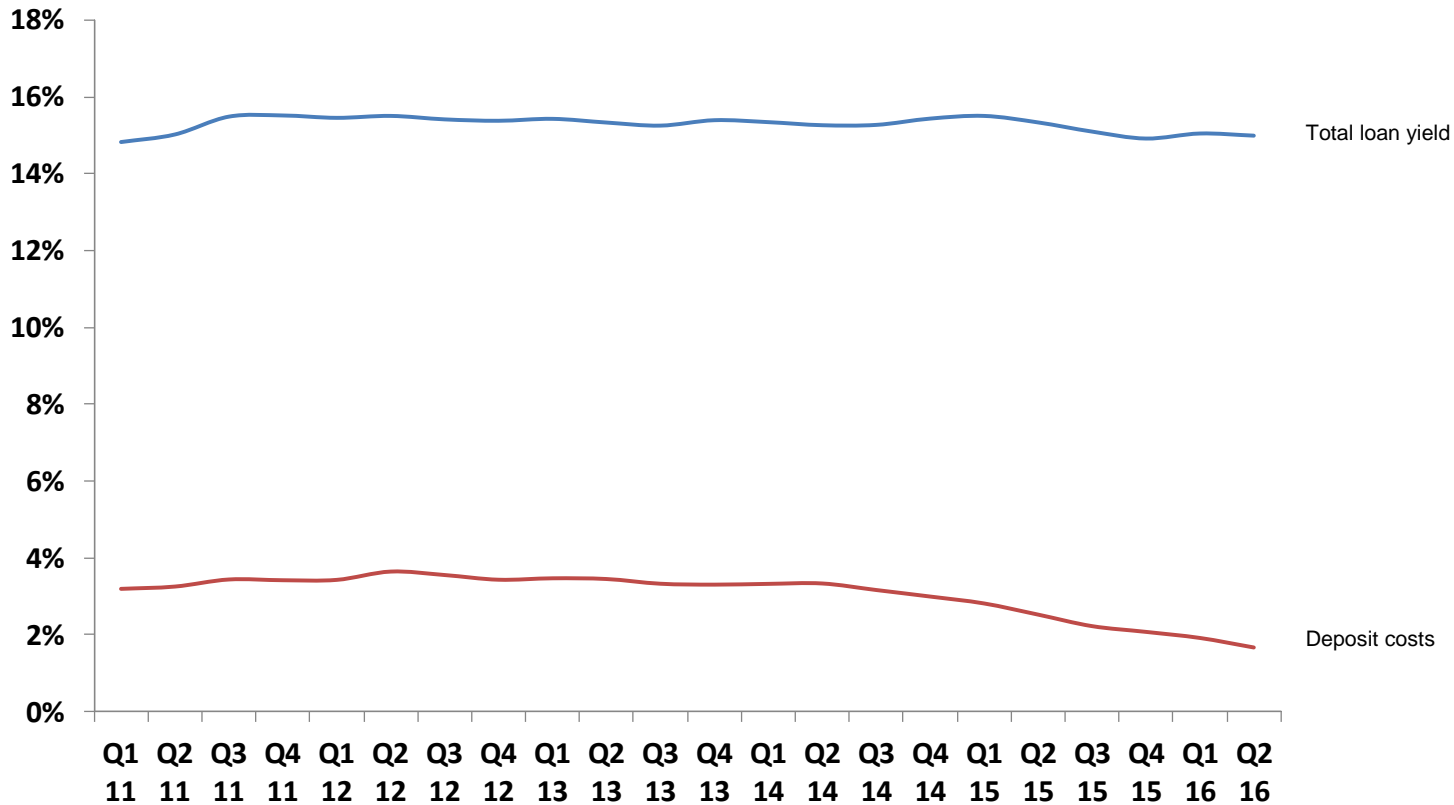
Tore Widding, CRO (48)

- 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
- 16 years of financial services experience
- Employed in the bank since inception

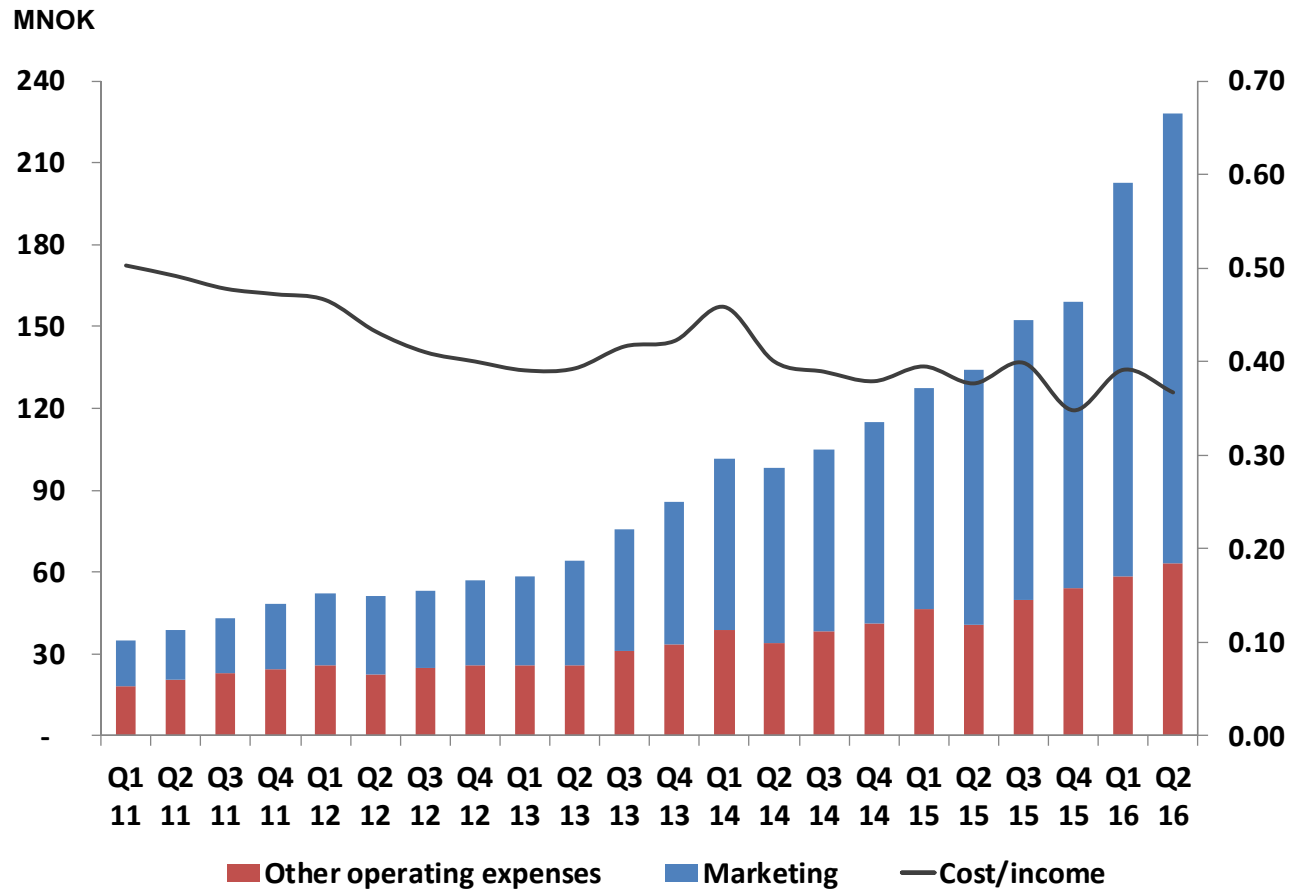
Michael Myran, CMO (38)

- International marketing and management, Norwegian Business School
- Online Marketing Manager at yA Bank og Forsikring, responsible for external distribution at Nordenfjeldske Forsikring
- 16 years of financial services experience
- Employed in the bank since inception

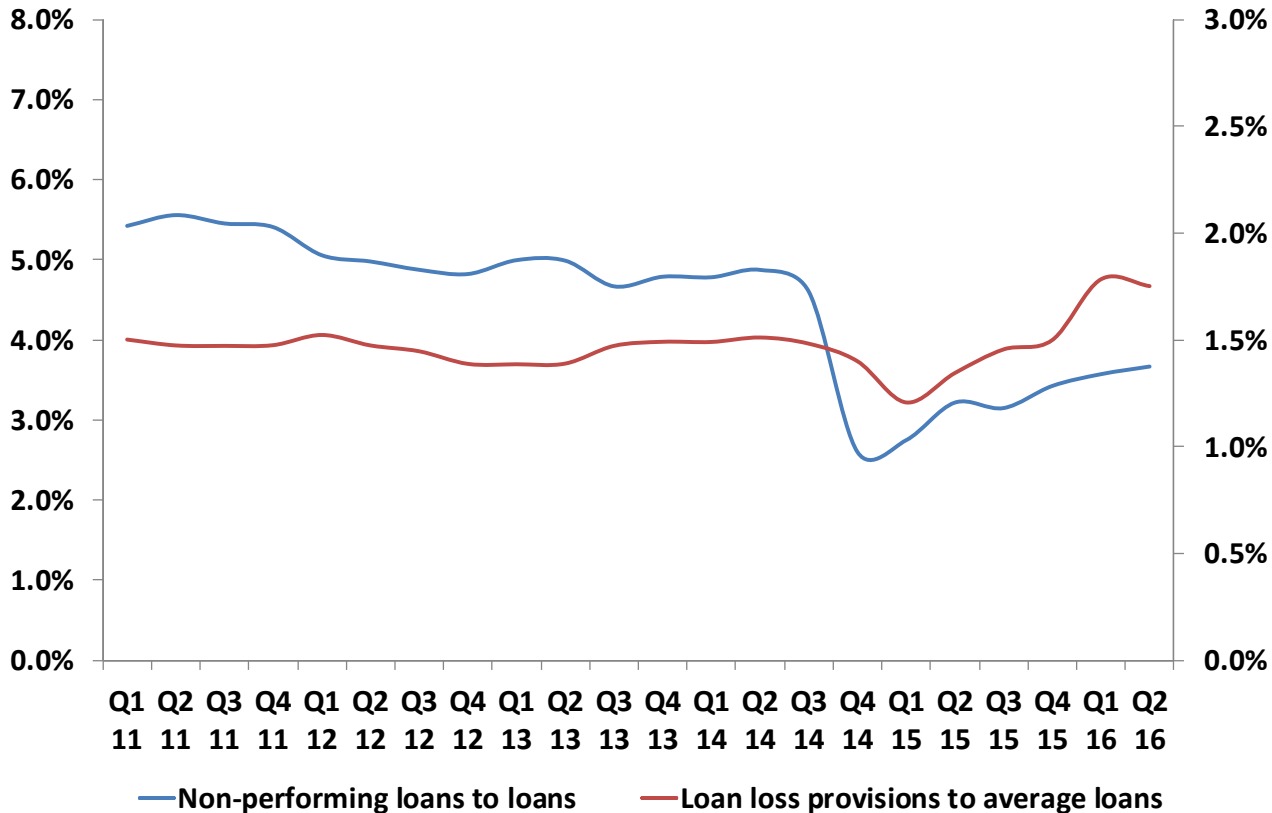
High margins



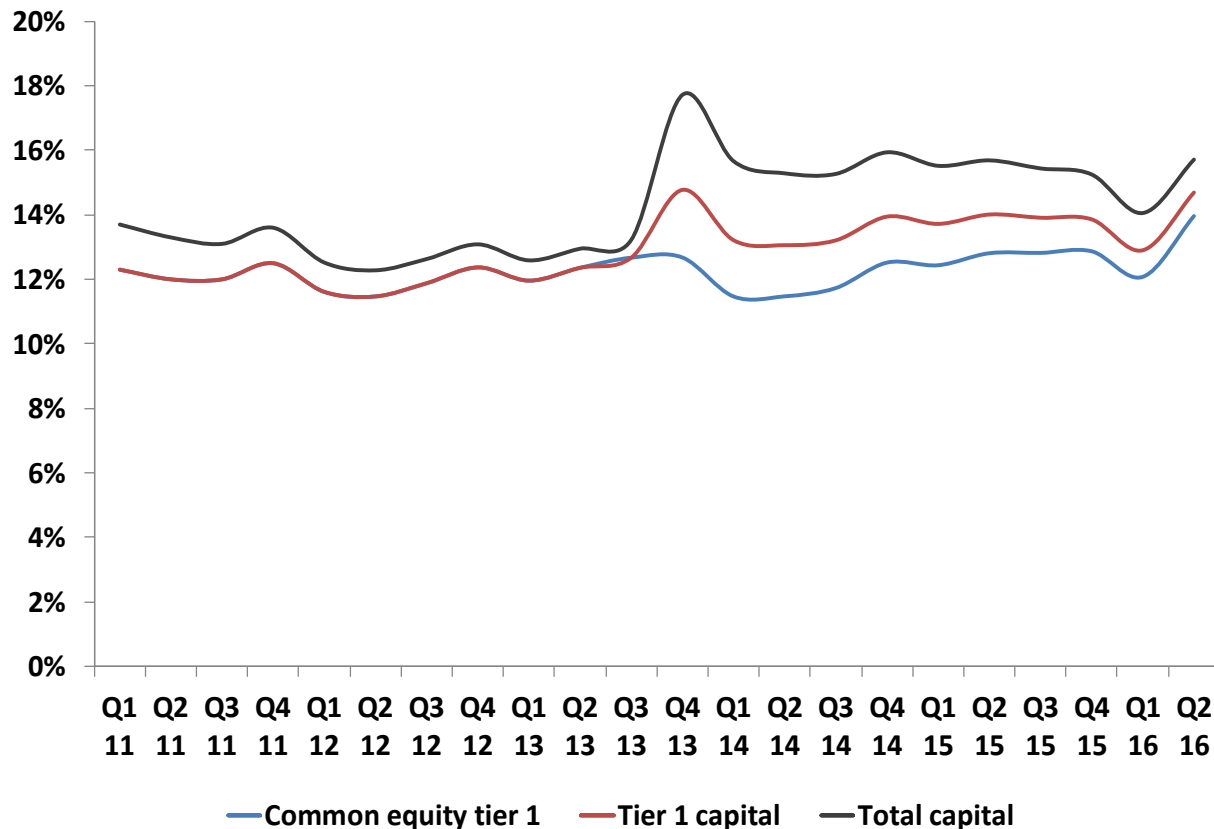
Cost-efficient operations



Stable credit quality and stable provisions

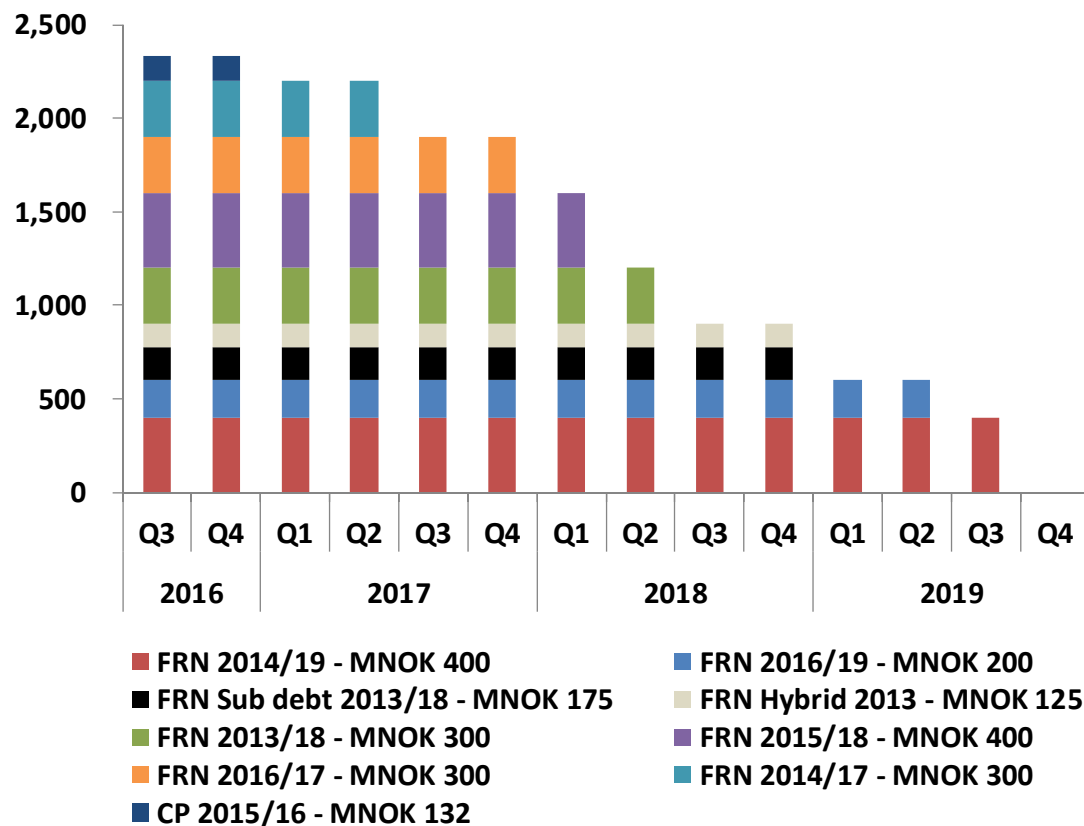


Robust capital structure



- Strong capital ratios amid strong loan growth
- Leverage ratio equals 9.5%
- 340 MNOK private placement completed in Q2

Debt maturity profile



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Historical financials – income statement

Bank Norwegian AS

<i>MNOK</i>	NGAAP 2011	NGAAP 2012	NGAAP 2013	NGAAP 2014	IFRS 2015	IFRS Q2 16
Interest income	426	637	864	1,280	1,710	1,223
Interest expenses	111	177	228	310	286	158
Net interest income	316	459	636	970	1,425	1,065
Commission and bank services income	41	60	88	128	193	116
Commission and bank services expenses	16	24	36	56	78	48
Gain/loss on securities and currency	-1	2	10	-3	-19	73
Other income	-	0	0	0	0	-
Net other operating income	25	39	63	69	96	140
Total income	341	498	699	1,039	1,521	1,205
Personnel expenses	34	41	45	51	57	32
Admin expenses	109	151	217	343	478	371
Ordinary depreciation	14	15	10	11	15	8
Other operating expenses	8	7	12	15	22	19
Total operating expenses	165	213	284	419	572	431
Provision for loan losses	39	57	83	143	208	205
Profit on ordinary activities before tax	137	228	332	477	741	570
Tax charge	38	64	93	130	199	143
Net profit after tax	99	164	239	347	541	428

Historical financials – balance sheet

Bank Norwegian AS

<i>MNOK</i>	NGAAP 31.12.11	NGAAP 31.12.12	NGAAP 31.12.13	NGAAP 31.12.14	IFRS 31.12.15	IFRS 30.06.16
Assets						
Deposits with Norges Bank	38	50	54	59	59	57
Loans and deposits with credit institutions	26	99	97	286	461	871
Loans to customers	3,136	4,457	6,364	9,401	13,808	18,482
Certificates and bonds	936	1,868	1,694	3,454	2,969	4,817
Financial derivatives	-	-	-	-	-	7
Shares and other securities	-	-	-	0	0	0
Assets held for sale	-	-	-	-	60	23
Other intangible assets	30	23	31	34	42	47
Deferred tax asset	1	0	1	0	7	7
Fixed assets	1	1	2	1	1	0
Other assets	53	70	97	174	178	276
Total assets	4,220	6,570	8,338	13,410	17,585	24,587
Liabilities and equity						
Deposits from customers	3,577	5,627	6,592	10,156	13,367	19,641
Debt securities issued	150	250	500	1,602	1,880	1,907
Financial derivatives	-	-	-	-	8	-
Taxes payable	-	-	-	-	202	140
Other liabilities	59	88	123	151	36	89
Accruals	26	32	43	74	75	65
Subordinated loan	30	30	299	299	175	175
Total liabilities	3,842	6,027	7,557	12,282	15,742	22,016
Share capital	170	170	170	170	170	177
Share premium	140	140	140	140	140	473
Tier 1 capital	-	-	-	-	125	125
Retained earnings and other reserves	68	233	472	819	1,408	1,796
Total equity	378	543	782	1,129	1,843	2,571
Total liabilities and equity	4,220	6,570	8,338	13,410	17,585	24,587

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Second quarter 2016 core earnings were 215.0 MNOK, up 50.1 MNOK compared with the first quarter

Norwegian Finans Holding Group

<i>MNOK</i>	Q2 2016	Q1 2016	Change	
Interest income	663.3	559.2	104.1	19 %
Interest expenses	75.5	82.1	-6.6	-8 %
Net interest income	587.8	477.2	110.7	23 %
Commission and bank services income	60.3	55.6	4.7	8 %
Commission and bank services expenses	27.5	21.3	6.2	29 %
Net change in value on securities and currency	66.0	6.9	59.0	n/m
Net other operating income	98.8	41.2	57.5	139 %
Total income	686.6	518.4	168.2	32 %
Personnel expenses	15.6	17.8	-2.2	-12 %
General administrative expenses	198.3	173.2	25.1	14 %
Ordinary depreciation	3.9	3.7	0.1	4 %
Other operating expenses	14.9	8.9	6.1	68 %
Total operating expenses	232.6	203.5	29.1	14 %
Provision for loan losses	109.5	95.0	14.5	15 %
Profit before tax	344.5	219.9	124.6	57 %
Tax charge	86.1	55.0	31.2	57 %
Profit after tax	258.3	164.9	93.5	57 %
Change in fair value for assets held for sale, after tax	-36.8	-	-36.8	n/m
Comprehensive income for the period	221.5	164.9	56.6	34 %
Earnings per share (NOK)	1.48	0.95		

- 57.7 MNOK in proceeds related to stake in Visa Norway recognized in the second quarter. Additional 14 MNOK earnings impact in the fourth quarter due to tax regulations.
- Interest income driven by strong loan growth.
- Full annual deposit insurance levy charged to interest expense in the first quarter.
- Increase in operating expenses driven by strong loan growth and listing expenses.
- Stable provision levels.
- ROE* adjusted for the proceeds from stake in Visa Norway was 40.9%.

* Bank Norwegian AS

Strong earnings growth in established markets - new markets developing stronger than expected

Bank Norwegian AS

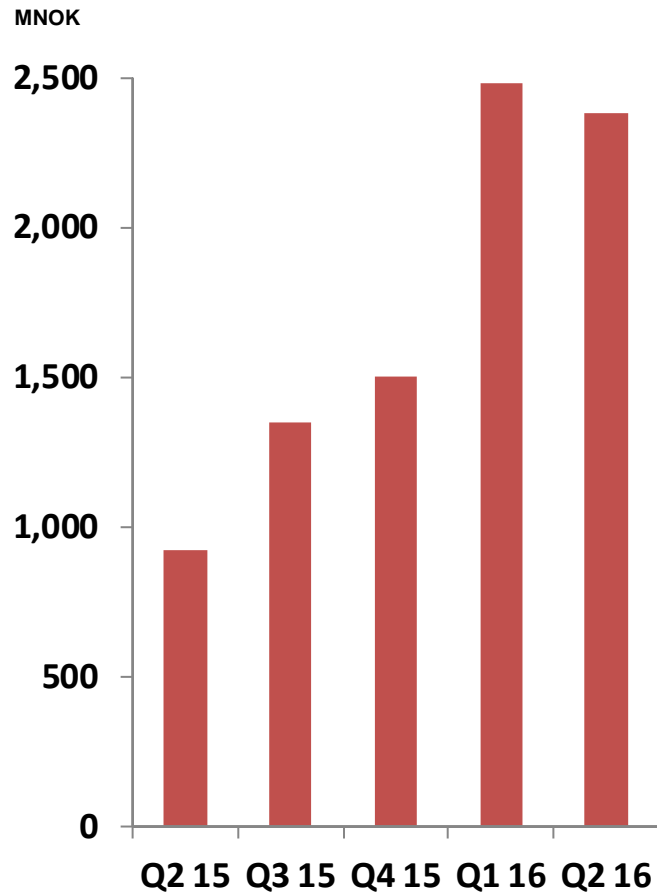
Key figures	Norway			Sweden			Denmark / Finland		
	Q2 16	Q1 16	Δ	Q2 16	Q1 16	Δ	Q2 16	Q1 16	Δ
<i>MNOK</i>									
Net interest income	391.5	337.6	53.8	139.5	116.7	22.8	56.9	22.8	34.1
Net fee income	87.0	35.9	51.0	6.5	7.4	-0.8	5.5	-2.0	7.6
Total income	478.4	373.6	104.8	146.0	124.1	21.9	62.4	20.7	41.6
Total operating expenses	119.3	114.7	4.6	60.6	56.3	4.3	47.9	31.8	16.1
Provision for loan losses	52.8	46.0	6.8	30.1	29.8	0.4	26.5	19.3	7.3
Profit after tax	229.7	159.7	70.0	41.5	28.5	12.9	-9.1	-22.7	13.7
Comprehensive income	192.9	159.7	33.2	41.5	28.5	12.9	-9.1	-22.7	13.7
Net loans	12,141	11,059	1,082	4,357	4,037	320	1,984	1,106	878
Deposits	12,552	11,577	975	5,860	4,184	1,676	1,229	167	1,062

- Proceeds from stake in Visa Norway impact fee income and comprehensive income in Norwegian operations.
- Second full quarter of operations in Denmark and Finland.

Net interest income reflect transfer pricing for internal funding.
No allocation of overhead expenses.

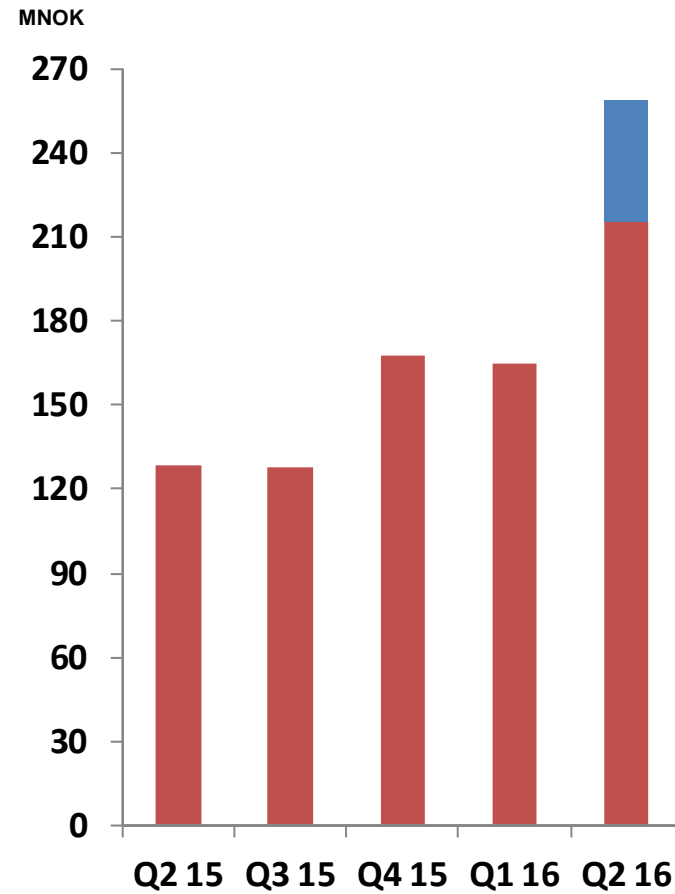
Strong loan and earnings growth

Quarterly loan growth



2015 figures not restated.

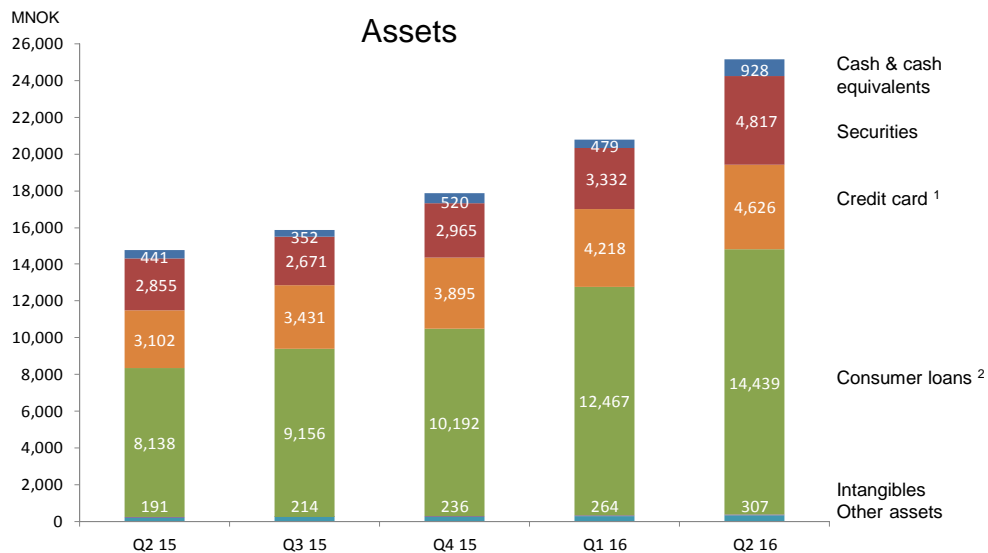
Quarterly earnings



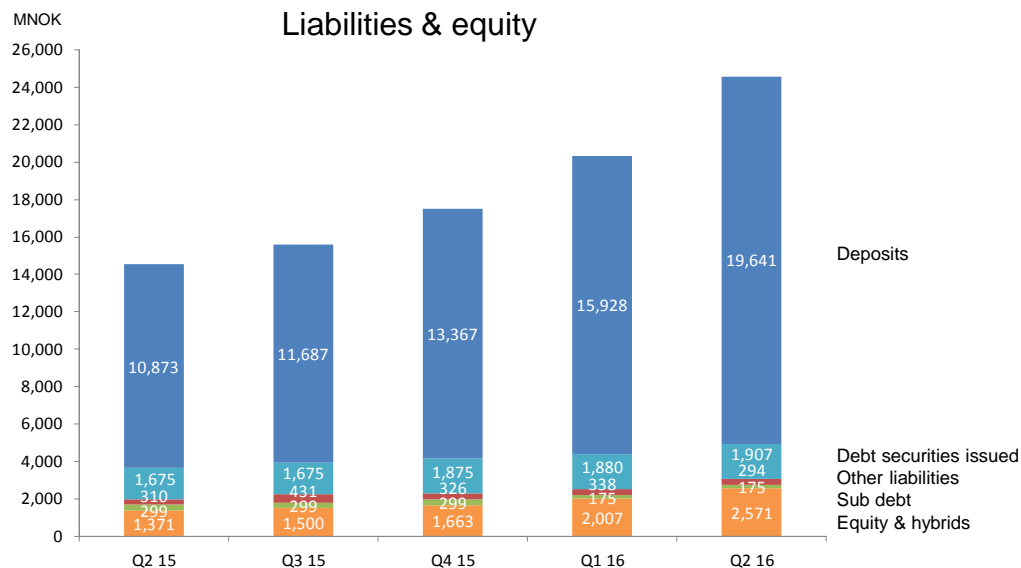
2015 figures restated.

■ Earnings related to stake in Visa Norway.

Strong balance sheet

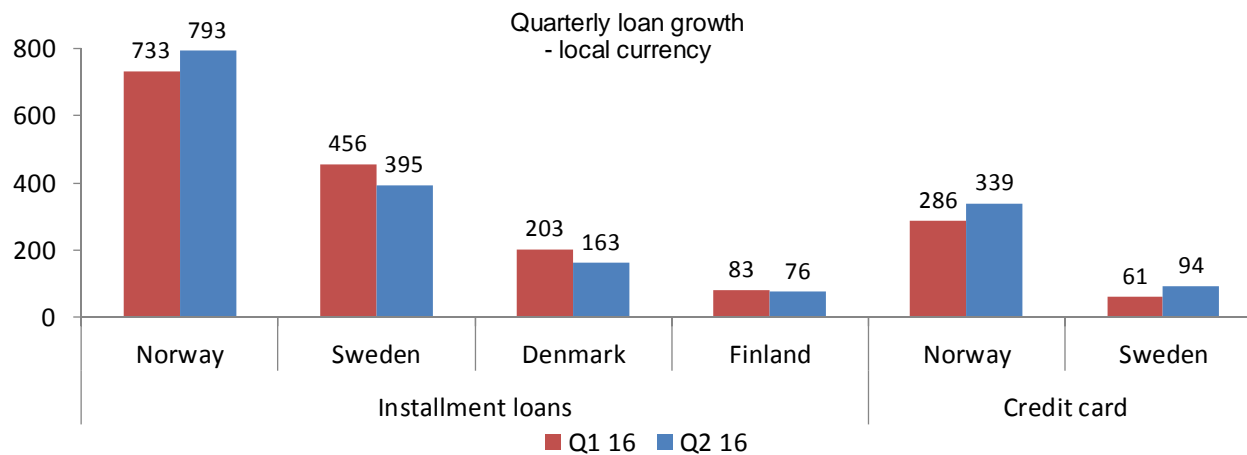
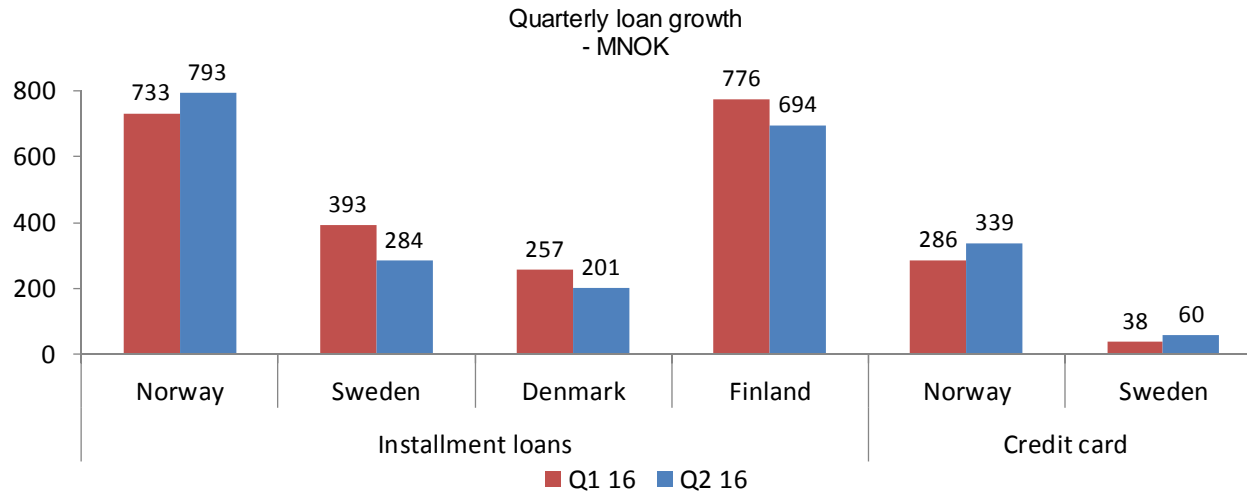


- Total gross loans increased 2,380 MNOK, compared with 2,482 MNOK in the first quarter.
- Installment loans rose 1,972 MNOK and credit card loans grew 408 MNOK.
- Installment loan run-off 875 MNOK, compared with 779 MNOK in the first quarter.



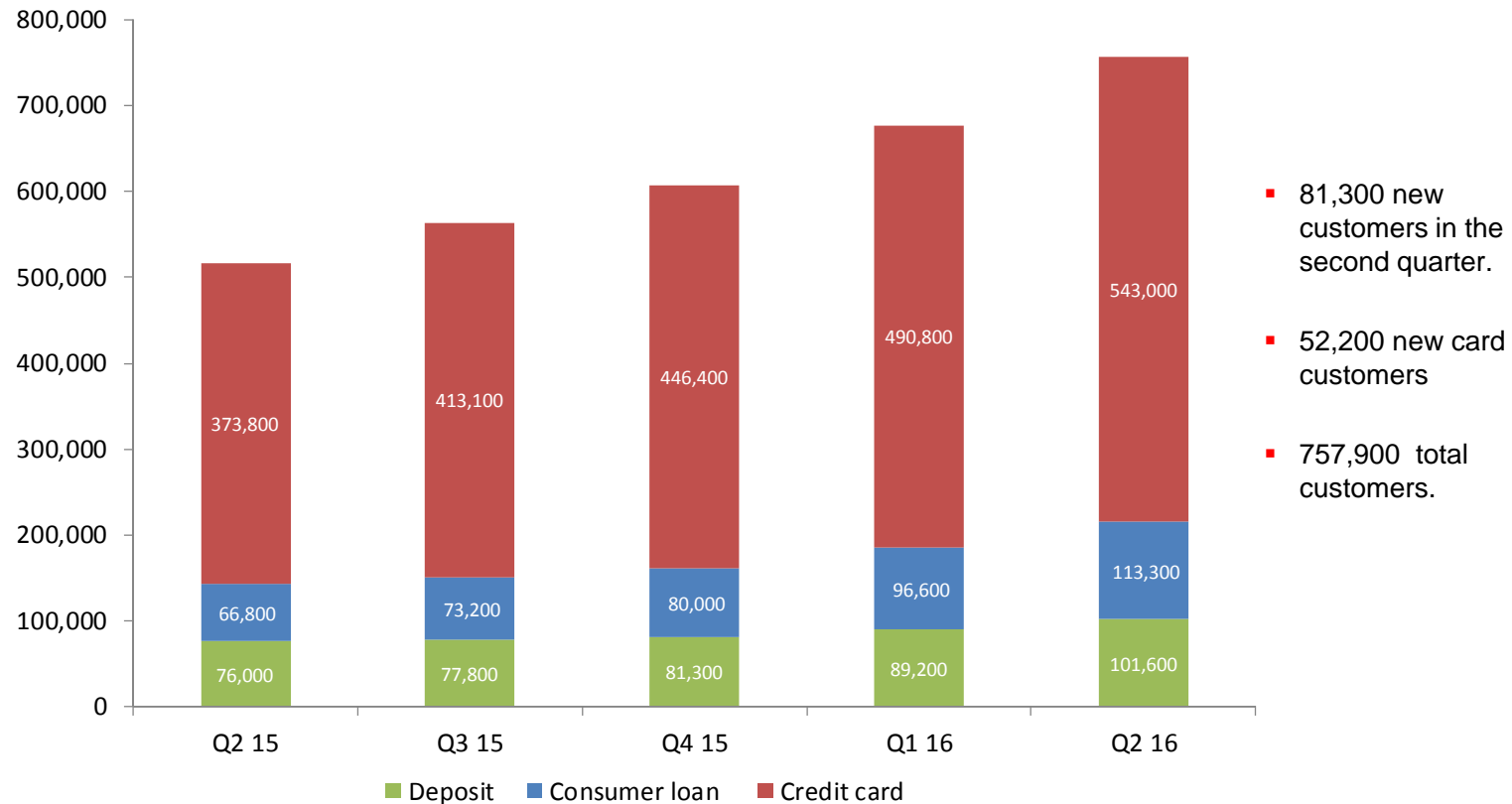
- Liquid assets comprise 23 % of total assets.
- Deposits up 3,713 MNOK.
- Strong deposits to loans ratio 1.06.
- LCR 150%.
- NSFR 138%.

Strong loan growth



Rapid customer growth

Number of customers



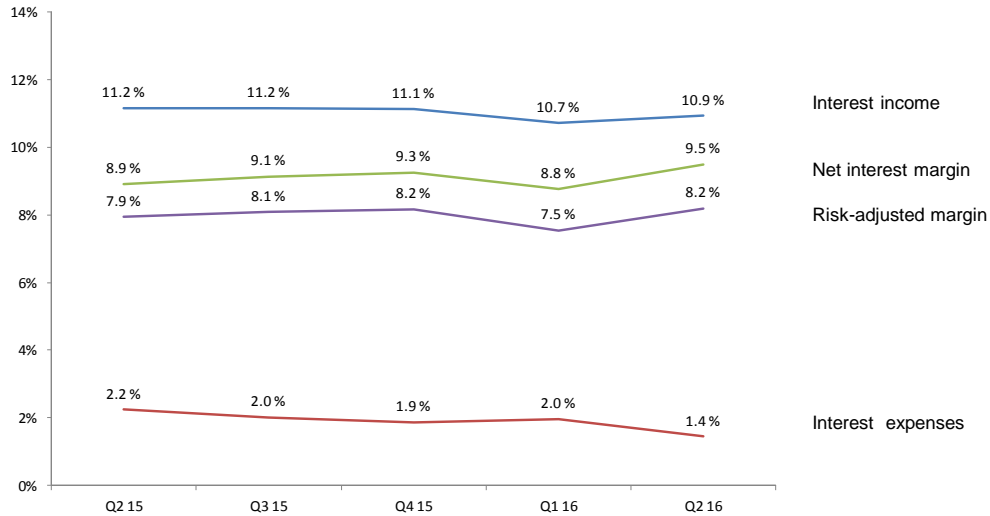
Quarterly balance sheet

<i>MNOK</i>	30.6.16		31.3.16		Change	
Assets						
Deposits with Norges Bank	57	0 %	59	0 %	-2	0 %
Loans and deposits with credit institutions	883	4 %	437	2 %	446	10 %
Loans to customers	18,482	75 %	16,202	80 %	2,281	54 %
Certificates and bonds	4,817	20 %	3,332	16 %	1,485	35 %
Financial derivatives	7	0 %	-	0 %	7	0 %
Shares and other securities	0	0 %	0	0 %	-	0 %
Assets held for sale	23	0 %	-	0 %	23	1 %
Other intangible assets	47	0 %	45	0 %	2	0 %
Deferred tax asset	10	0 %	8	0 %	1	0 %
Fixed assets	0	0 %	0	0 %	-0	0 %
Other assets	276	1 %	263	1 %	12	0 %
Total assets	24,602	100 %	20,347	100 %	4,255	100 %
Liabilities and equity						
Deposits from customers	19,641	80 %	15,928	78 %	3,713	87 %
Debt securities issued	1,907	8 %	1,880	9 %	26	1 %
Financial derivatives	-	0 %	-	0 %	-	0 %
Taxes payable	140	1 %	192	1 %	-52	-1 %
Other liabilities	91	0 %	59	0 %	32	1 %
Accrued expenses and unearned income received	66	0 %	89	0 %	-23	-1 %
Subordinated debt	175	1 %	175	1 %	-0	0 %
Total liabilities	22,019	89 %	18,323	90 %	3,696	87 %
Share capital	180	1 %	173	1 %	7	0 %
Share premium	483	2 %	150	1 %	332	8 %
Hybrid capital	125	1 %	125	1 %	-	0 %
Retained earnings	1,795	7 %	1,575	8 %	220	5 %
Total equity	2,583	11 %	2,024	10 %	560	13 %
Total liabilities and equity	24,602	100 %	20,347	100 %	4,255	100 %

Stable yields and margins

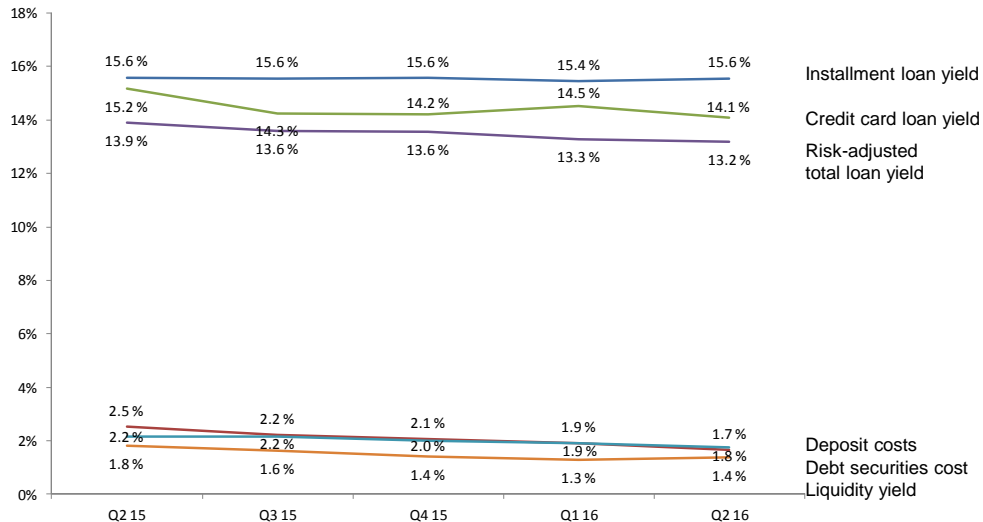
Norway

Margins as a % of average assets



- Margins impacted by full deposit insurance levy in the first quarter.

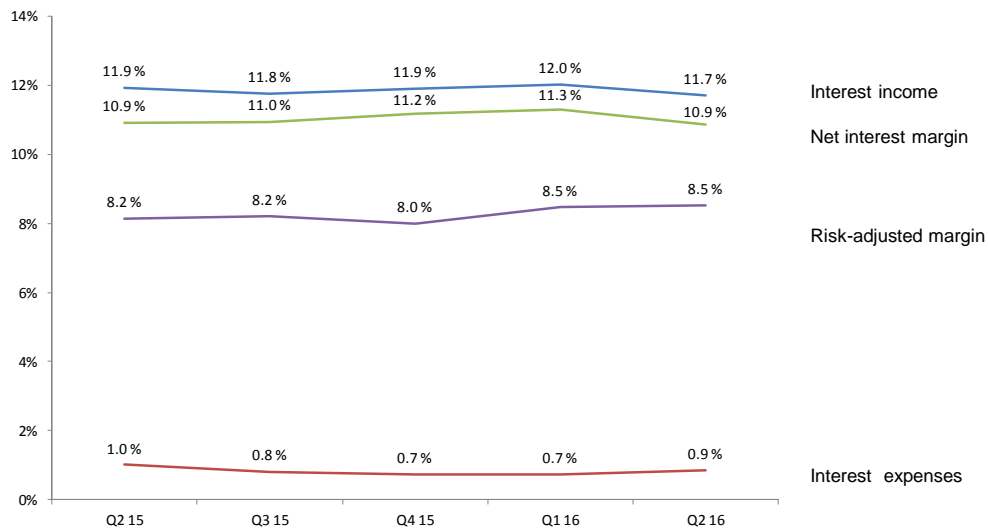
Asset yield and cost of deposits



Stable yields and margins

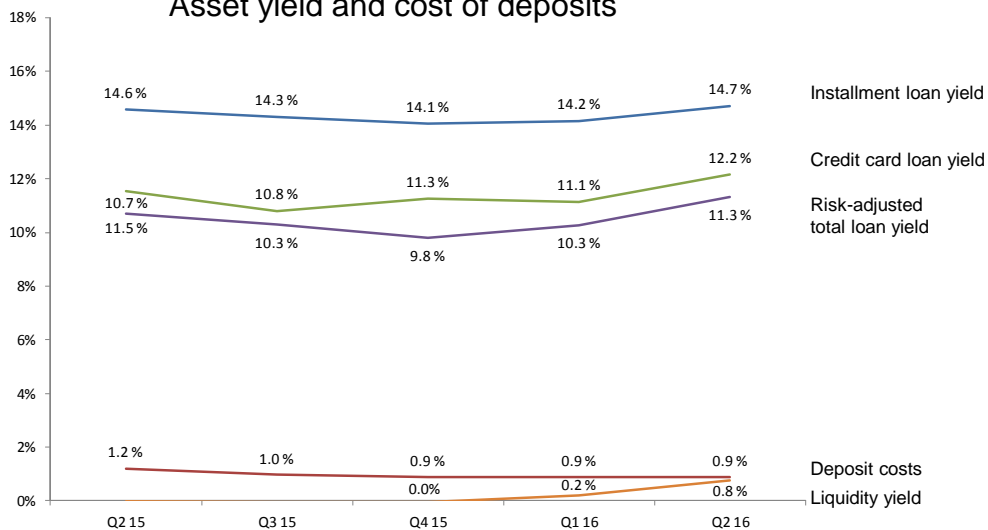
Sweden

Margins as a % of average assets

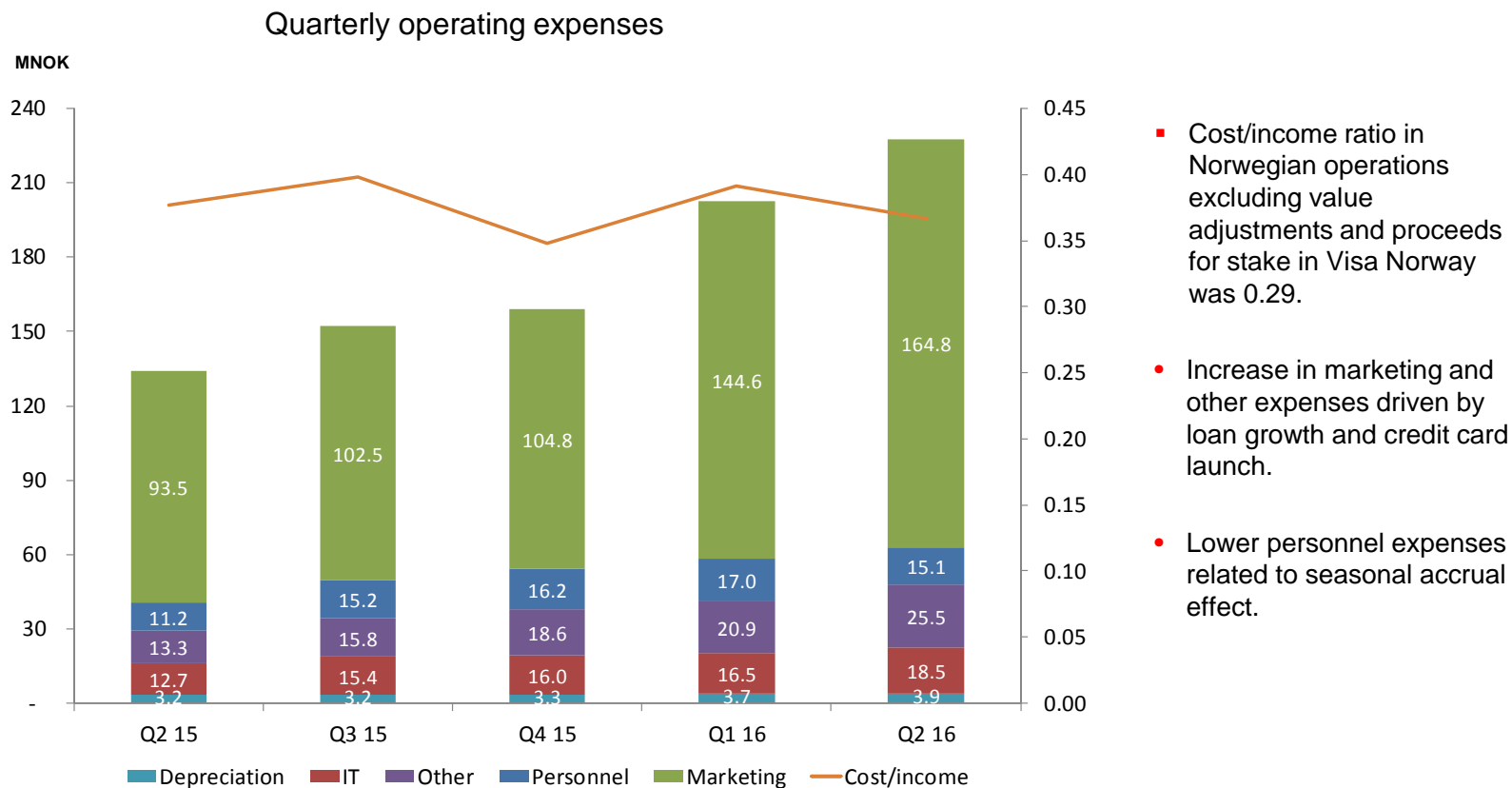


- Deposit rates lowered by 20 basis points at beginning of August 2016.

Asset yield and cost of deposits



High operating efficiency

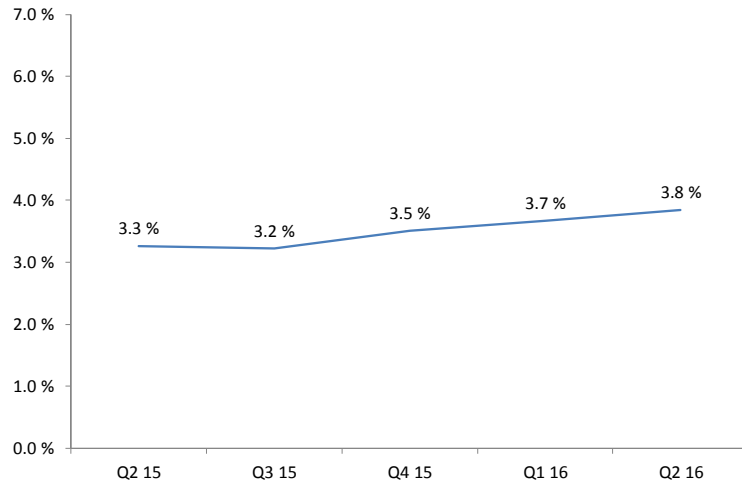


The cost/income ratio excludes net proceeds from Visa Norway.

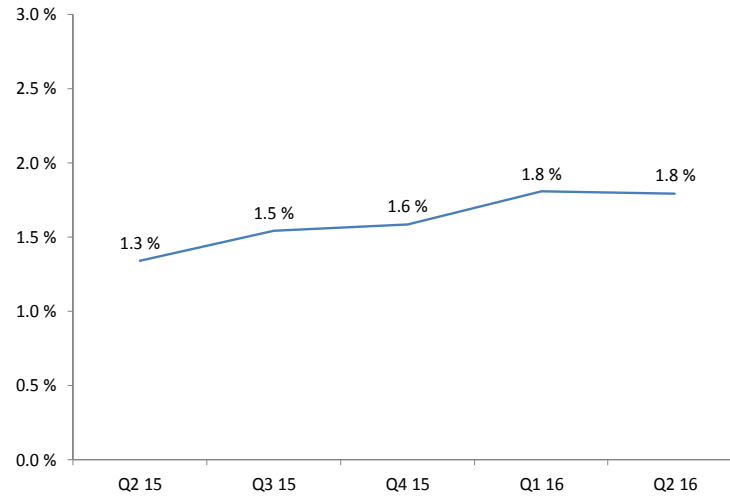
Strong credit metrics

Consumer loans - Norway

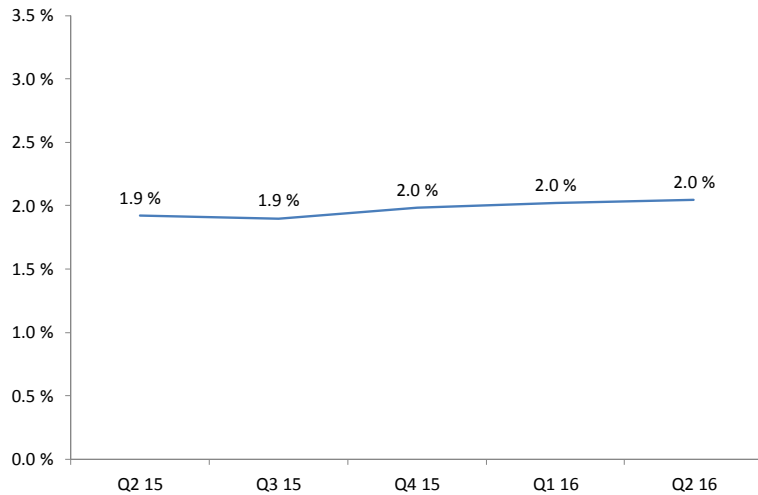
Non-performing loans to loans



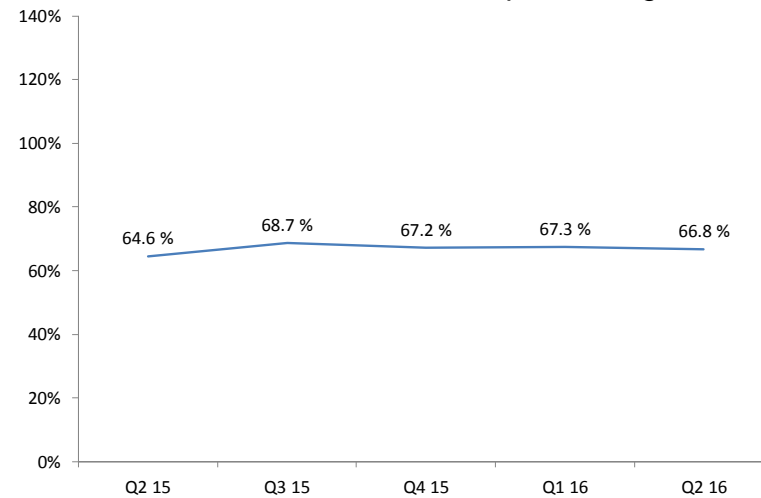
Loan loss provisions to average loans



Loan loss allowance to loans



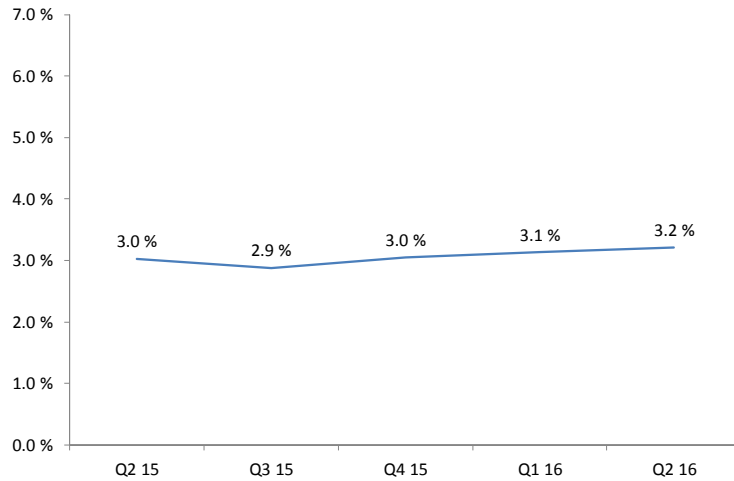
Loan loss allowance to non-performing loans



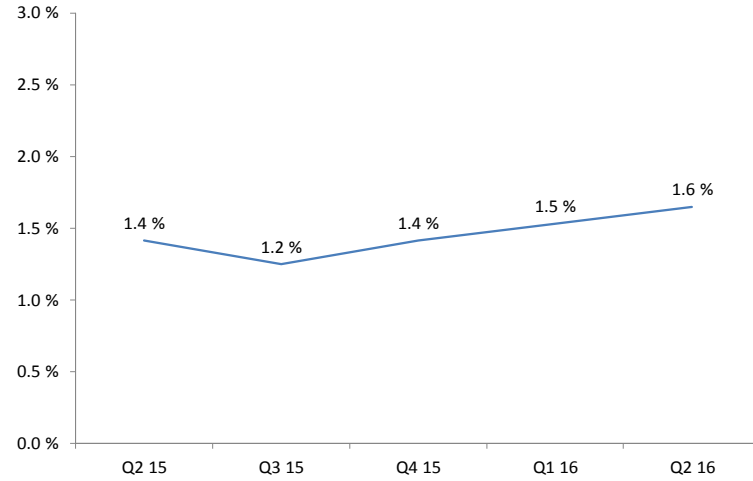
Strong credit metrics

Credit card loans - Norway

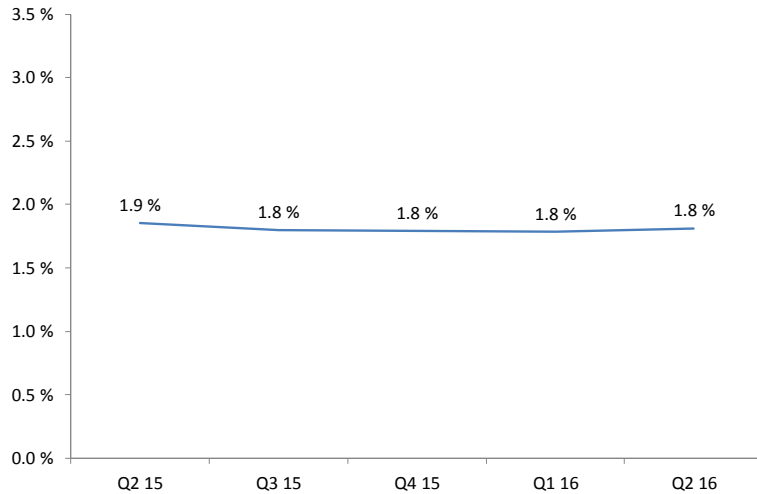
Non-performing loans to loans



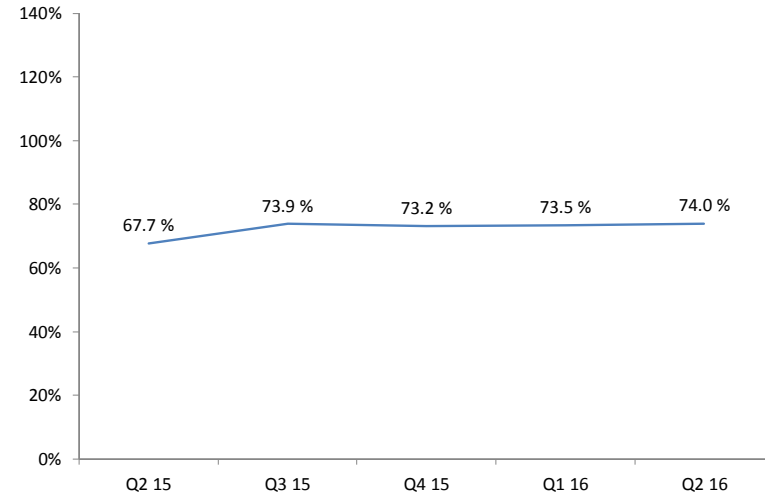
Loan loss provisions to average loans



Loan loss allowance to loans



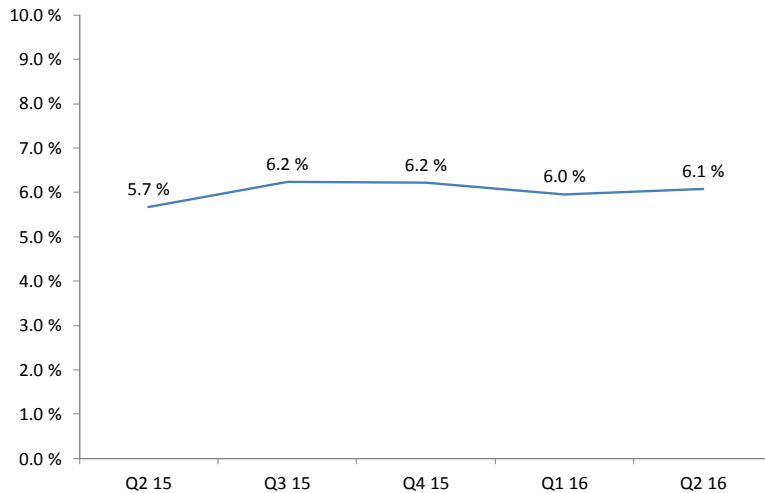
Loan loss allowance to non-performing loans



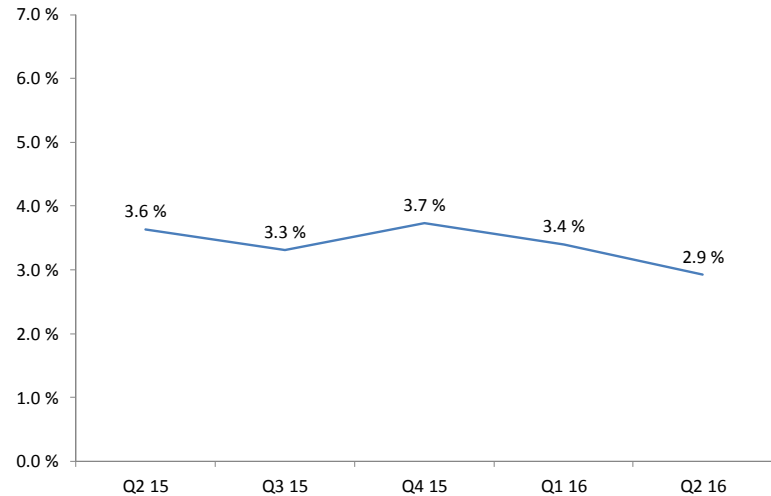
Stable credit metrics

Consumer loans - Sweden

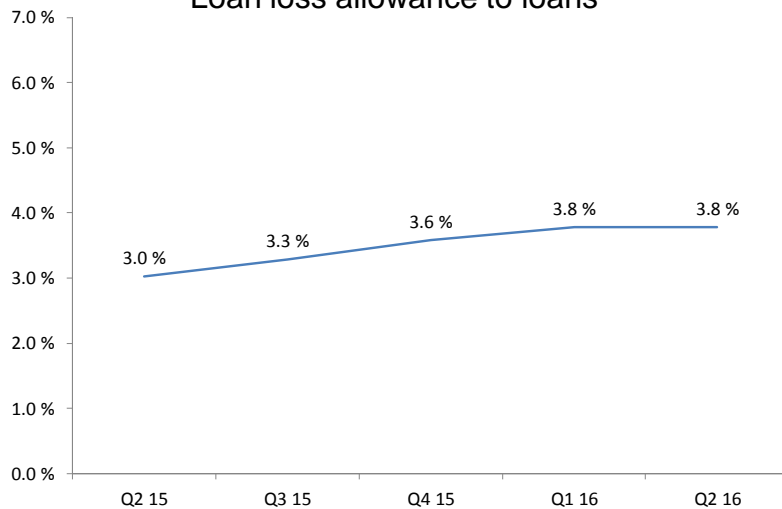
Non-performing loans to loans



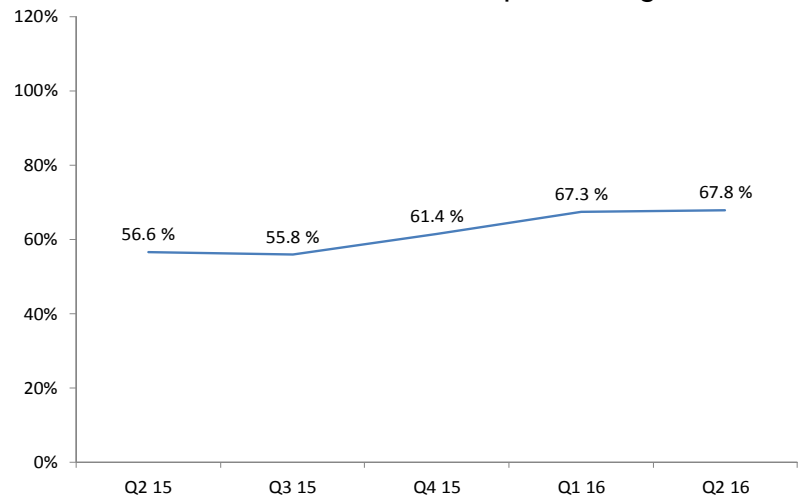
Loan loss provisions to average loans



Loan loss allowance to loans



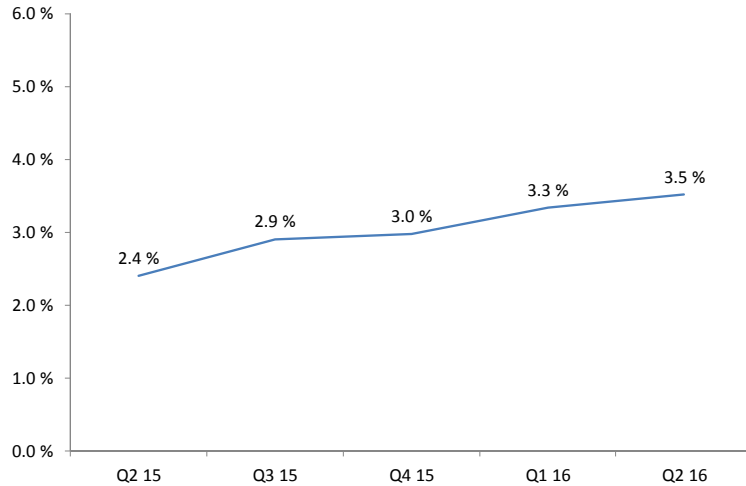
Loan loss allowance to non-performing loans



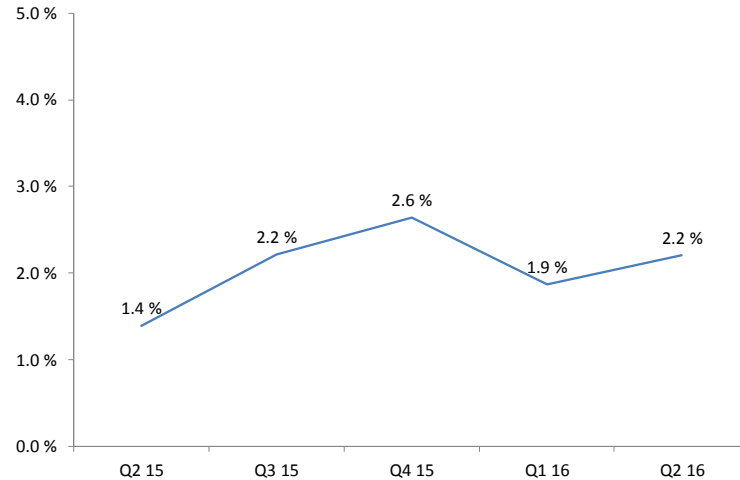
Optimizing risk-adjusted earnings

Credit card loans - Sweden

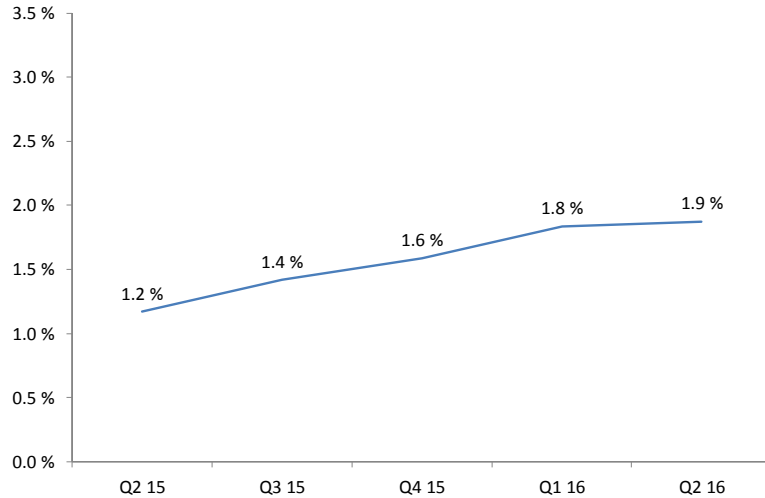
Non-performing loans to loans



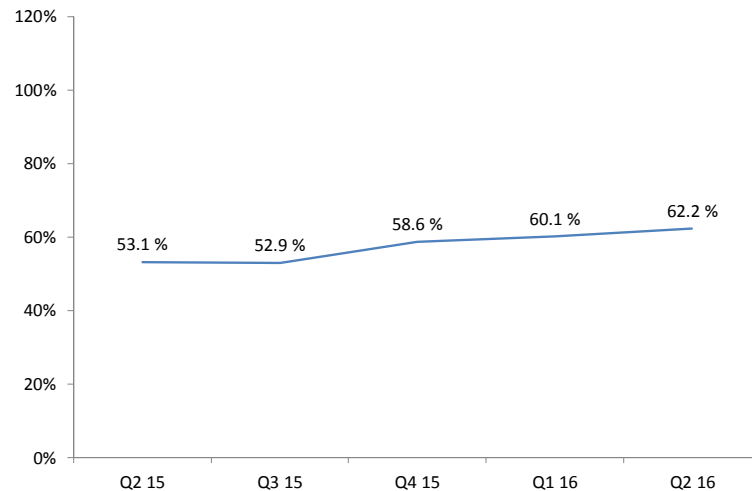
Loan loss provisions to average loans



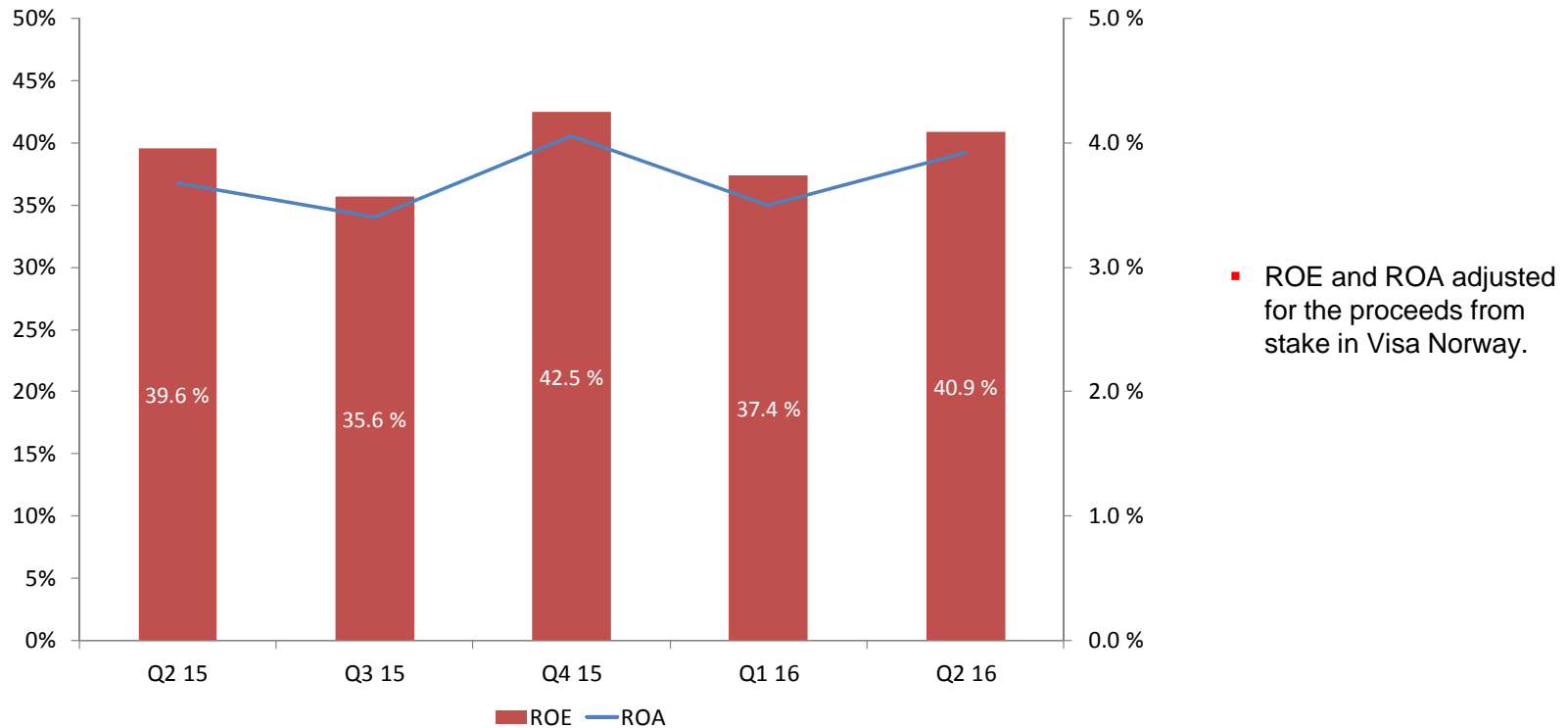
Loan loss allowance to loans



Loan loss allowance to non-performing loans

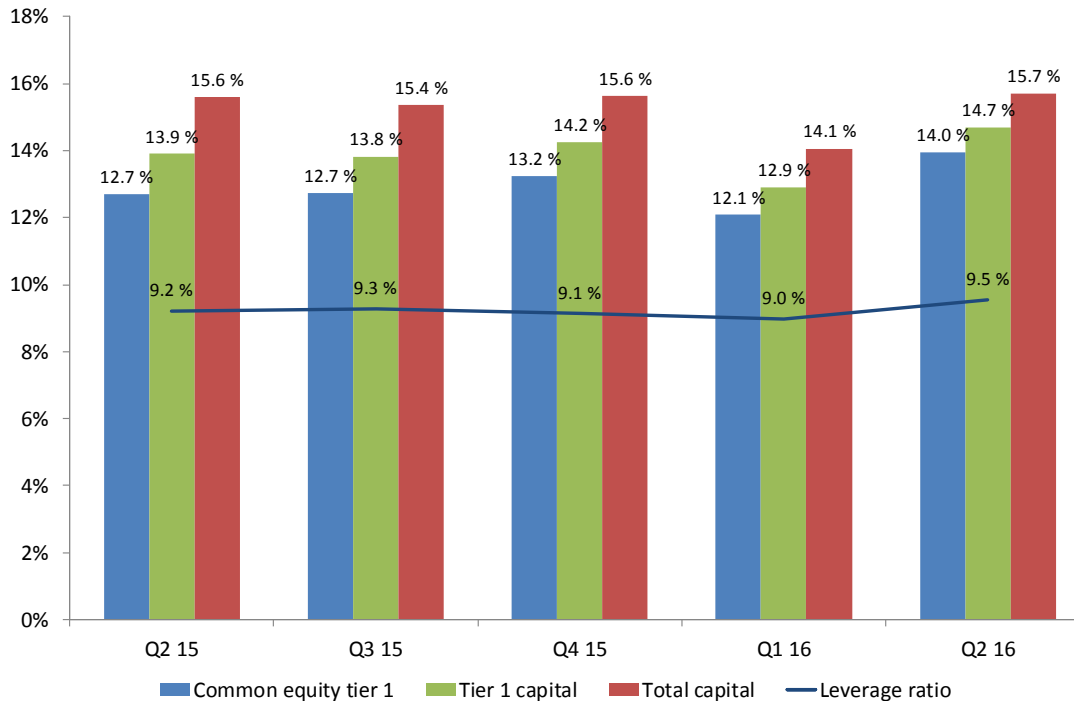


High profitability



High risk absorption capacity

Capital ratios



- CET 1 ratio of 14,0%.
- Leverage ratio equals 9.5%.
- 300 MNOK private placement in April and 40 MNOK subsequent repair offering in June.

Well positioned for continued earnings growth

Earnings growth and strong returns

- Strong loan growth
- Stable margins
- Cost-efficient operations
- Stable provisions
- Denmark and Finland expected to turn profitable in the third quarter

Stable credit quality

- Resilient Nordic economies with stable unemployment outlook
- Enhanced credit models
- Stable portfolio risk in established markets
- Higher initial credit losses expected in newly entered markets

Strong and resilient balance sheet

- Strong liquidity position
- Strong capital generation and capital ratios
- Adequate capital for growth
- Prospects for dividend payments upheld

Outline

Bank Norwegian overview

Historical financials

Second quarter 2016 results presentation

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 with stable employment, strong public finances and highly developed social security net

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