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## **NOTICE OF ORDINARY GENERAL MEETING IN NORWEGIAN FINANS HOLDING ASA**

The ordinary general meeting of shareholders of Norwegian Finans Holding ASA will be held on **Wednesday April 27, 2016 at 4.00 PM** at the company's premises at Oksenøyveien 3, Lysaker.

Agenda:

1. Opening of meeting and recording of attendance
2. Election of a chairperson and a person to sign the minutes together with the chairperson
3. Approval of the notice and the agenda
4. Approval of financial statements and annual report
5. Election of members to the nomination committee
6. Remuneration to the board of representatives
7. Remuneration to the control committee
8. Declaration regarding executive compensation
9. Approval of new articles of association
10. Proposal to increase the share capital through a private placement and a subsequent repurchase issue of new shares
11. Proposal to mandate the board to increase the share capital through issuance of new shares
12. Proposal to mandate the board to acquire own shares

Bærum, April 13, 2016

Alf Nielsen  
Chairman  
Board of representatives

Attachments

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## ATTACHMENTS TO THE NOTICE OF ORDINARY GENERAL MEETING 2016

### ITEM 4 – APPROVAL OF FINANCIAL STATEMENTS AND ANNUAL REPORT

The financial statements and the annual report for 2015, as proposed by the board of directors, are attached.

### ITEM 5 – ELECTION OF MEMBERS TO THE NOMINATION COMMITTEE

The board of directors proposes that the general meeting elects the following members to the nomination committee:

#### Nomination committee in Norwegian Finans Holding ASA

<b>Position</b>	<b>Name</b>	<b>Elected</b>	<b>For election</b>	<b>Proposal</b>
Chairman	Alf Nielsen	2015	No	
Member	Gunnar Martinsen	2015	No	
Member				Knut Gillesen (elected in)
Member (employee)	Andreas Pedersen	2015		Withdraws

### ITEM 6 - REMUNERATION TO THE BOARD OF REPRESENTATIVES

The nomination committee proposes the following remuneration to the board of representatives for 2015 to the general meeting:

Chairman of the board of representatives	NOK 50,000
Members of the board of representatives	NOK 10,000

The remuneration to the board of representatives shall cover the offices in both Norwegian Finans Holding and Bank Norwegian.

### ITEM 7 - REMUNERATION TO THE CONTROL COMMITTEE

The nomination committee proposes the following remuneration to the control committee for 2015 to the general meeting:

Chairman of the control committee	NOK 130,000
Members of the control committee	NOK 100,000
Substitute member of the control committee	NOK 50,000

Remuneration to the control committee shall cover the offices in both Norwegian Finans Holding and Bank Norwegian.

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## **ITEM 8 - DECLARATION REGARDING EXECUTIVE COMPENSATION**

This declaration regarding the remuneration of the leading personnel has been prepared by Norwegian Finans Holding ASA's board of directors in accordance with section 6-16a of the Public Limited Liability Companies Act.

### **1. Guidelines for executive compensation in Bank Norwegian AS**

Guidelines for executive compensation are intended to contribute to creating long-term value for shareholders and secure a sound and effective risk management. The guidelines shall contribute to:

- Attract, develop and retain highly qualified and productive leaders
- Relate compensation to the company's and the leader's performance
- Ensure that compensation levels are competitive and reasonably distributed
- Ensure a cost-effective compensation structure

Managers' total compensation shall be annually approved by the board of directors and may consist of the following elements:

- Base salary
- Variable compensation
- Pension and insurance schemes
- Fringe benefits
- Severance pay

#### **Base salary**

Base salary shall be determined in accordance with market conditions in accordance with responsibilities, experience and expertise. Adjustment of base salary can be based on an individual evaluation of the manager's performance. There is no automatic annual indexation.

#### **Variable compensation**

It is established a program for variable compensation where executives are granted shares in Norwegian Finans Holding ASA. The program shall be compliant with regulations regarding compensation schemes in financial institutions.

The framework for the variable compensation scheme is as follows:

- Three-year program
- Variable compensation rewarded in shares
- Variable compensation is based upon a combination of risk-adjusted return on equity for the bank and non-financial metrics for the executive and the unit
- Annual share allocation amounts to a maximum of 1.47 % of annual risk-adjusted net income after tax
- Executives are granted right of disposal of the shares three years after each grant
- Includes up to 4 million shares for the entire three-year period

At the grant of shares, there will be entered into agreements with the employees that are included in the program. The agreements will be in accordance with general market conditions.

#### **Pension and insurance schemes**

Managers are included in the regular pension and insurance scheme for all employees. Pension and insurance schemes consist of a defined contribution pension and personal insurance.

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Managing Director may enter into a special pension plan.

### **Fringe benefits**

The management team may, as part of their total compensation be awarded other benefits than base salary in accordance with market conditions. These benefits are defined as company car, home office, free telephone, mobile phone and newspapers/magazines.

### **Severance pay**

There may be established arrangements for severance pay for the Managing Director.

### **2. Executive compensation policy for the previous financial year**

The guidelines for management salary policy in the previous financial year have essentially been the same as the guidelines described above. This policy has been carried through in accordance with the agreed principles.

Salaries and other remuneration for executives are stated in the notes of the financial statements.

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## **ITEM 9 – APPROVAL OF NEW ARTICLES OF ASSOCIATION**

The board of director wishes to simplify the articles of association. This became relevant as from 1 January 2016 as the new Financial Institutions Act came into force. The new Financial Institutions Act permits, among other things, changes in the company's corporate bodies such that the Supervisory Board and the Control Committee are removed. The board of directors has thus prepared a set of simplified articles of association, which to a great extent are prepared according to standard statutes for public limited companies. Matters which are not governed directly in the new set of articles of association are regulated by the Public Limited Liability Companies Act.

It is proposed that the articles of association shall stipulate that the following options for the company under the Norwegian Public Limited Liability Companies Act shall not apply: the option to demand (i) that an acquirer of shares fulfils certain requirements, (ii) that a share transfer shall require board approval and (iii) that the existing shareholders shall have a right of first refusal to any shares being transferred. The background is that such provision will be a requirement connected to a listing of the company on Oslo Børs.

Furthermore, it is proposed authorization to use electronic communications for convening a general meeting and voting before general meetings.

Otherwise, no material changes have been proposed which are not related to the changes of the new Financial Institutions Act.

## **ARTICLES OF ASSOCIATION**

FOR

### **NORWEGIAN FINANS HOLDING ASA**

(last amended on 27 April 2016)

#### **§ 1 Company name**

The company's name is Norwegian Finans Holding ASA.

#### **§ 2 The company's office municipality**

The company shall have its principal place of business in the municipality of Bærum.

#### **§ 3 The object of the company**

The company's object is to, directly, hold 100% ownership in subsidiary(ies) which operate in the banking, financing, investment services and/or insurance sector, and, within the legislative framework, as applicable from time to time, to manage the ownership in such subsidiaries as well as carry out any business which a holding company in a financial group carries out.

#### **§ 4 Share capital**

The company's share capital is NOK 173,194,708 divided into 173,194,708 shares, each with a nominal value of NOK 1.

**§ 5 The shares; transferability and registration in the Norwegian Central Depository of Securities**

The shares are freely transferable. The provisions of the Norwegian Public Limited Liability Companies Act about board consent in case of change of ownership, subject to which the acquirer or owner of a share must specific qualities and regarding pre-emption right (Chapter 4, VI, VII and VII) shall not apply.

The shares of the company shall be registered in the Norwegian Central Depository of Securities (VPS).

**§ 6 The board of directors**

The company's board of directors shall consist of five to seven members elected by the general meeting. The general meeting appoints the chairman of the board of directors among the board members.

In addition, up to three alternate (deputy) board members for the shareholder-elected may be elected by the general meeting.

**§ 7 Authorisation to sign on the company's behalf**

Each of the chairman of the board of directors and the chief executive officer severally, or two shareholder-elected board members jointly, are authorised to sign on the company's behalf. In addition, the board of directors may grant powers of procuration.

**§ 8 The company's annual general meeting**

General meetings are held in Bærum or Oslo.

The annual general meeting shall deal with and decide the following matters:

1. Approval of the annual accounts and the annual report, including use of annual surplus or coverage of annual loss.
2. Election of the chairman, other shareholder-elected members and alternate (deputy) members, if any, of the board and the nomination committee, election of the company's auditor as well as stipulation of remuneration to the same.
3. Any other matters which are referred to the general meeting by law or pursuant to the articles of association.

**§ 9 Use of electronic communication in connection with the notice convening a general meeting**

Documents relating to matters to be dealt with by the company's general meeting, including documents which by law shall be included in or attached to the notice of the general meeting, do not need to be sent to the shareholders by regular mail if the documents are accessible at the company's home pages. A shareholder may nonetheless request that documents, which relate to matters to be dealt with by the company's general meeting, be sent to him/her, without cost for that shareholder.

**§ 10 Electronic participation on the general meeting and written vote prior to it**

The board of directors may determine that shareholders may participate in the general meeting and exercise their rights as shareholders by electronic means.

The board of directors may determine that shareholders may deliver written vote in matters to be dealt with by the general meeting, including by use of electronic means. Such advance vote may be delivered in the period from the date of the notice to and including the final date prior to the general meeting. The notice convening the general meeting shall stipulate whether written vote prior to the general meeting is permitted. The board of directors may stipulate further instructions regarding written advance vote, and the guidelines shall be accessible at the company's home pages for the shareholders.

**§ 11 Nomination committee**

The company shall have a nomination committee which duty is to submit a recommendation to the annual general meeting for election of shareholder-elected members and alternate (deputy) members of the board of directors, members and alternate (deputy) members of the nomination committee, as well as remuneration to the same.

The nomination committee consists of three members who shall be shareholders or representatives of shareholders. In addition, personal alternate (deputy) members for one or more of the nomination committee's members may be elected.

The members of the nomination committee are normally elected to a term of two years; however, the nomination committee shall – by annual recommendation of at least one member of the nomination committee – try to achieve a satisfactory continuity of the nomination committee.

**§ 12 Risk and audit committee; composition**

The collective board shall act as the company's risk and audit committee to the extent permitted by law.

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## **ITEM 10 – PROPOSAL TO INCREASE THE SHARE CAPITAL THROUGH A PRIVATE PLACEMENT AND A SUBSEQUENT REPAIR ISSUE OF NEW SHARES**

The board of directors wanted, on background of the company's strong growth in 2015 and Q1 2016, and the positive prognosis for growth in the Company's geographical markets, to investigate the possibility for a share capital increase in the Company. The purpose of a capital increase is to give the Company the desired room to exploit the current business opportunities while at the same time keeping an adequate buffer to the increased capital adequacy requirements as from 1 July 2016.

The board has engaged Arctic Securities AS and SpareBank 1 Markets AS (the **Managers**) to assist the Company with the capital increase.

### *The structuring of the capital raising*

The board has proposed that the contemplated capital increase will consist of a private placement (the **Private Placement**) through issuance of new shares (the **New Shares**) for a total consideration of approximately NOK 300 million and a subsequent repair offering in the maximum amount of NOK 40 million (the **Subsequent Offering**).

The board's proposal is that the Private Placement is resolved by the AGM and that the Subsequent Offering is decided simultaneously.

### *The Private Placement*

The Private Placement was completed on Tuesday 5 April 2016 through an accelerated book-building arranged by the Managers. The placement was directed against approximately 70 shareholders and who represent approximately 89.1 % of the share capital. The offer was directed against those of the Company's shareholders who based on a pro rata allocation pursuant to registration with the VPS on 4 April 2016 will be entitled to subscribe for New Shares for a minimum amount in NOK equal to EUR 100,000, and the Company's management and the members of the Board. In the last group, shares were also offered below the said minimum amount, but in a minimum amount of NOK 100,000.

The Private Placement was fully subscribed through the book-building at a subscription price of NOK 50 per share. The subscription price was, thus, determined at NOK 50 per share, meaning a 1 % discount compared to the closing market price before the book-building was initiated.

The shareholders who have applied for shares in the Private Placement have undertaken to vote in favour of the Private Placement and the Subsequent Offering at the AGM.

Allocation in the Private Placement was decided by the board immediately after end of the book-building. All who had applied for New Shares, received allocation pro rata to their existing ownership in the company. Shares which were not allocated on this basis, were allocated pro rata between the oversubscribing participants. All shares were allocated at the subscription price of NOK 50. No shares were offered or allocated to other persons than existing shareholders.

After issuance of the New Shares, the company's share capital will be NOK 179,194,708 divided on 179,194,708 shares, each at a nominal value of NOK 1.

### *The Subsequent Offering*

Subject to completion of the Private Placement and that the prevailing market price of the Company's shares following the Private Placement does not fall below the subscription price in the Private Placement, the Company will carry out the Subsequent Offering directed towards shareholders in the Company as of 5 April 2016, as registered with the VPS on 7 April 2016, and who were not given an opportunity to participate in the Private Placement. The Subsequent Offering will ensure that such



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shareholders are given the opportunity to maintain their pro rata ownership in the Company following completion of the Private Placement and the Subsequent Offering. The Subsequent Offering will only be directed toward such persons who are not resident in a jurisdiction where such offering would be unlawful or, for jurisdictions other than Norway, would require any prospectus, filing, registration or similar action. The preferential rights will be personal, non-transferable and, hence, not listed on the NOTC list.

Both the Private Placement and the Subsequent Offering will require support by two thirds of the votes and share capital in the AGM and, in addition, approval of the share capital increase by the Financial Supervisory Authority of Norway.

### *Deviation from the existing shareholders' pre-emptive rights to the New Shares*

The board proposes that the existing shareholders' pre-emptive rights to subscribe the New Shares are set aside. The Board is of the opinion that the proposal, nevertheless, complies with the rules on minority protection in the Norwegian Public Limited Liability Companies Act section 5-21 and 6-28, in particular due to that:

- it gives the Company access to the new capital at low risk and in time to pursue the expected growth while ensuring fulfilment of the increased capital requirements from 1 July 2016;
- the costs of raising the new capital is low due to the small discount and that fees for subscription guarantees have been avoided;
- only 10.9 % of the Company's shareholders were excluded from the Private Placement; and
- the excluded shareholders are offered to participate in the Subsequent Offering and thereby given the opportunity to maintain their pro rata ownership in the Company following completion of the Private Placement and the Subsequent Offering.

### *Particular circumstances to be given weight connected to subscription of the new shares*

To the best of the board's knowledge, there are no other matters to which attention must be paid in connection with subscription of the New Shares. Nor is the board aware of any event having occurred since the last balance sheet date which is of significance to the Company, except as described above and as stated in the annual report and annual accounts of the Company for 2015, the positive result in Q1 2016, the board's decision to apply for a listing on Oslo Børs and that the license agreement with Norwegian is renewed on similar conditions for five (5) years from 1 January 2016.

### *Further distribution to Bank Norwegian AS of the gross proceeds from the capital increase*

The gross proceeds from the Private Placement and the Subsequent Offering will be distributed to Bank Norwegian AS through two capital increases, which will be decided upon and settled as soon as Norwegian Finans Holding ASA has received the funds in the respective capital increases.

### *Proposed resolution*

On this basis, the Board proposes that the general meeting adopts the following:

The Private Placement:

*“The share capital of the Company is increased pursuant to section 10-1 of the Public Limited Liability Companies Act on the following terms:*

1. *The share capital is increased with NOK 6,000,000 by issuing of 6,000,000 new shares.*
2. *The nominal value of each share is NOK 1.*

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3. *The subscription price is NOK 50 per share. Of the total proceeds of NOK 300 million, NOK 294,000,000 shall be allocated as share premium in the balance sheet.*
4. *The share capital increase shall be directed at named investors which the company has entered into a subscription agreement with in accordance with the book-building. The existing shareholders' preferential right to subscribe for shares according to the Public Limited Liability Companies Act section 10-4, ref section 10-5, is set aside.*
5. *The shares shall be subscribed for by Arctic Securities AS on a separate subscription form by the end of 27 April 2016.*
6. *The subscription amount shall be paid in cash by means of payment to a dedicated settlement account in the name of Arctic Securities AS account with account number 5083.06.08262 in DNB Bank ASA no later than 29 April 2016.*
7. *The new shares will entitle to dividends which are resolved subsequent to the increase in the share capital being registered in the Register of Business Enterprises. The new shares will in all other respects, hereunder with regard to voting rights, be equal to the issued shares of the Company from the registration of the capital increase in the Register of Business Enterprises.*
8. *The share issue is conditional upon the general meeting also resolving the Subsequent Offering, and that the Norwegian Financial Supervisory Authority approves the Private Placement. After the conditions are fulfilled, the share capital increase will be registered in the Register for Business Enterprises.*
9. *Section 2.1 of the articles of association (which corresponds to section 4 in the new articles to be presented for resolution at the AGM) is amended to read as follows:*

*“The Company's share capital is NOK 179 194 708 distributed on 179 194 708 shares, each at a nominal value of NOK 1.”*

**The Subsequent Offering:**

*“The share capital of the Company is increased pursuant to section 10-1 of the Public Limited Liability Companies Act on the following terms:*

1. *The share capital is increased with minimum NOK 1 and maximum NOK 800 000 by issuing up to 800 000 new shares.*
2. *The nominal value of each share is NOK 1.*
3. *The subscription price is NOK 50 per share. Of the total proceeds of up to NOK 40 million, up to NOK 39 200 000 shall be allocated as share premium in the balance sheet.*
4. *The shares may be subscribed for by shareholders of the Company as of 5 April 2016, as registered in the VPS on 7 April 2016, who were not given an opportunity to participate in the Private Placement and who are not resident in a jurisdiction where such offering would be unlawful or, for jurisdictions other than Norway, would require any prospectus, filing, registration or similar action. The subscription rights are personal, non-transferable and will,*

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*thus, not be listed on the NOTC list. Oversubscription is allowed. Allocation in case oversubscription is carried out in accordance with the principle in the Public Limited Liability Companies Act section 10-4 third paragraph.*

*The existing shareholders' preferential right to subscribe for shares according to the Public Limited Liability Companies Act section 10-4, ref section 10-5, is set aside.*

5. *The Company shall prepare a prospectus that shall be approved by the Financial Supervisory Authority of Norway (the FSA). The shares shall be subscribed for on a separate subscription form. The subscription period shall commence on 30 May 2016 and end on 13 June 2016. If the prospectus has not been approved on this date, the subscription period shall commence on such later date being one day subsequent to the FSA's approval of the prospectus and shall expire 14 calendar days later. The specific terms and conditions of the subscription shall be determined by the board of directors and shall be described in the prospectus.*
6. *The subscription amount shall be paid in cash by means of payment to a dedicated settlement account in the name of Arctic Securities AS with account number 5083.06.08262 in DNB Bank ASA no later than 16 June 2016; the board may however postpone the deadline accordingly to the extent the subscription period is moved due to a delay in the approval of the prospectus. The board of directors determines the specific terms and conditions for settlement that will be described in the prospectus.*
7. *The new shares will entitle to dividends which are resolved subsequent to the increase in the share capital being registered in the Register of Business Enterprises. The new shares will in all other respects, hereunder with regard to voting rights, be equal to the issued shares of the Company from the registration of the capital increase in the Register of Business Enterprises.*
8. *The share issue is conditional upon the general meeting resolving the Private Placement, and that the Norwegian Financial Supervisory Authority approves the Subsequent Offering. After the conditions are fulfilled, the share capital increase will be registered in the Register for Business Enterprises.*
9. *Section 2.1 of the current version of the articles of association (corresponding to section 4 in the new set of articles of association as presented to the general meeting on 27 April 2016) is amended to read as follows:*

*“The Company's share capital is NOK [\*] distributed on [\*] shares, each at a nominal value of NOK 1.”*

*The final wording of the said provision in the articles shall be based upon the actual size of the increase of the share capital.”*

The new shares will be registered with the Norwegian Register of Business Enterprises and the VPS as soon as reasonably possible after the approval by the Financial Supervisory Authority of Norway.

#### **ITEM 11 – PROPOSAL TO MANDATE THE BOARD TO INCREASE THE SHARE CAPITAL THROUGH ISSUANCE OF NEW SHARES**

To give the board the necessary flexibility and opportunity to increase the share capital quickly, the board proposes that the general meeting mandates the board to increase the share capital. This mandate could be

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used to issue shares as payment related to incentive schemes, as consideration for the acquisition of businesses falling within the company's business purposes, or for strengthening of the company's equity. It will thus provide Norwegian Finans Holding ASA with financial flexibility, which, in the opinion of the board of directors, is appropriate taking into consideration the company's development and business going forward.

These purposes mean it should be possible to set aside the pre-emptive right of the shareholders when exercising the mandate.

It follows from the Norwegian Code of Practice for Corporate Governance (NUES) that if a board mandate covers different purposes, then each purpose should be considered as a separate matter by the general meeting. Hence, it is proposed that the board of directors is given two separate mandates where one covers incentive schemes, whilst the other applies to consideration shares connected to the acquisition of businesses falling within the company's business purposes and necessary strengthening of the company's equity.

When considering whether to mandate the board to increase the share capital, Norwegian Finans Holding ASA's financial position should be taken into account. Reference is made to the financial statements and annual report for 2015 as well as the report for 1st quarter of 2016 for further information on this subject and for general information about the company, in addition to announcements published under the company's ticker BANK at NOTC's news service.

The board proposes that the general meeting approves the following resolution to mandate the board to increase share capital through issuance of new shares under incentive schemes and where any existing mandates simultaneously expire:

*The board of Norwegian Finans Holding ASA is mandated to increase the share capital, subject to the following conditions:*

- 1. The share capital of Norwegian Finans Holding ASA may be increased, on one or more occasions, by up to, in total, NOK 200,000.*
- 2. The mandate can be used to issue shares as payment related to incentive schemes.*
- 3. The mandate will remain in force until the annual general meeting in 2017, and in any event no longer than to 30 June 2017.*
- 4. The pre-emptive right of the shareholders to subscribe to shares can be set aside.*
- 5. The mandate covers capital increases in exchange for non-cash payment or a right to charge the company with special obligations.*
- 6. The mandate does not cover merger decisions.*
- 7. Subject to the general meeting's approval, this mandate applies in parallel with the board mandate that may be used to issue shares as consideration for the acquisition of businesses falling within the company's business purposes, or for strengthening the company's equity.*

[OFFICE TRANSLATION]

The board of directors further proposes that the general meeting approves the following resolution to mandate the board to increase the share capital through issuance of new shares as consideration for the acquisition of businesses falling within the company's business purposes, or for necessary strengthening of the company's equity:

1. *The share capital of Norwegian Finans Holding ASA may be increases, on one or more occasions, by up to, in total, NOK 8,659,736.*
2. *The mandate can be used to issue shares as as consideration for the acquisition of businesses falling within the company's business purposes, or for necessary strengthening of the company's equity.*
3. *The mandate will remain in force until the annual general meeting in 2017, and in any event no longer than to 30 June 2017.*
4. *The pre-emptive right of the shareholders to subscribe to shares can be set aside.*
5. *The mandate covers capital increases in exchange for non-cash payment or a right to charge the company with special obligations.*
6. *The mandate does not cover merger decisions.*
7. *Subject to the general meeting's approval, this mandate applies in parallel with the board mandate that may be used to issue shares as payment related to incentive schemes.*

## **ITEM 12 – PROPOSAL TO MANDATE THE BOARD TO ACQUIRE OWN SHARES**

The board proposes that the general meeting mandates the board to acquire the company's own shares.

The mandate will give the board the opportunity to use the financial instruments and mechanisms permitted by the Public Limited Liability Companies Act. Repurchasing the company's shares, followed by their deletion, can be an important instrument for optimizing the structure of Norwegian Finans Holding ASA's share capital structure. Furthermore, such a mandate will mean that the company can use its own shares for incentive programmes and for full or partial settlement in connection with the acquisition of businesses.

The board proposes that the general meeting mandates the board to acquire the company's own shares up to a total nominal value corresponding to 2.5 % of the company's share capital before the Private Placement and the Subsequent Offering.

Shares acquired by the company can be used for a possible later write-down of the share capital with the consent of the general meeting, for remuneration of the directors, for incentive programmes or as settlement for the possible acquisition of businesses.

The board proposes that the general meeting adopts the following resolution:

1. *The company may, on one or more occasions, acquire shares with a total nominal value of up to NOK 4,329,867.70.*
2. *The amount paid for the shares purchased must be a minimum of NOK 1 and a maximum of NOK 200.*
3. *The board may use the mandate in connection with a possible write-down of the share capital with the consent of the general meeting, remuneration of the directors, incentive programmes, settlement for the possible acquisition of businesses, or for the purchase of shares where this is financially beneficial.*
4. *The board has a free choice of the methods to be used in acquiring or disposing of shares.*
5. *The mandate will remain in force until the annual general in 2017, and in any event no longer than to 30 June 2017.*

# **Annual Report 2015**

**Norwegian Finans Holding ASA**

# Annual Report 2015 Norwegian Finans Holding ASA

## OPERATIONS, GOALS AND STRATEGY

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 NFH 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 20 %. The company has been capitalised with NOK 310 million and had at the end of 2015 total assets of NOK 17,547 million. Norwegian Finans Holding ASA is registered at NOTC with the ticker code BANK.

Bank Norwegian started its operations in November 2007 and offers consumer loans, credit cards and deposit accounts to retail customers distributed through the Internet in the Nordic market. The bank 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 offers consumer loans and deposit accounts.

The strategy is based on leading e-commerce solutions, synergies with the airline Norwegian, attractive terms for our customers, cost-effective operations and effective risk selection.

At the end of 2015 the bank had a customer base of 607,700 customers, which can be broken down into 446,400 credit card customers, 80,000 loan customers and 81,300 deposit customers.

## ECONOMIC DEVELOPMENT

### Profit and loss account for 4th quarter 2015

The NFH Group's profit after tax was NOK 167.7 million, an improvement of NOK 39.9 million compared with the 3rd quarter. The Swedish operations showed a profit after tax of NOK 24.5 million in the quarter. The annual return on equity for the 4th quarter was 41.9 %, while the annual return on assets was 4.0 %. The increase in loans in the 4th quarter was NOK 1,447 million. The increase was positively impacted by exchange rate changes.

Net interest income totalled NOK 412.1 million, an increase of NOK 39.4 million in the 4th quarter. The net interest margin was 9.9 %, compared with 9.8 % in the 3rd quarter.

Net other operating income totalled NOK 44.5 million, compared with NOK 8.8 million in the 3rd quarter. Net commission and bank services income increased NOK 8.1 million to NOK 38.1 million in the quarter. Net change in value on securities and currency was NOK 6.2 million, compared with NOK -21.2 million in the 3rd quarter. Net gain on value of securities was NOK 2.0 million and net gain on currency was NOK 4.2 million.

Total operating expenses were NOK 159.2 million in the 4th quarter, an increase of NOK 6.8 million. Personnel expenses increased by NOK 1.1 million and general administrative expenses increased NOK 4.9 million. The increase in general administrative expenses is mainly explained by increased sales and marketing expenses. Depreciation increased NOK 0.1 million and other operating expenses increased NOK 0.7 million.

The bank's write-downs on loans totalled NOK 68.6 million, an increase of NOK 14.6 million from the 3rd quarter. The change is explained by increased write-downs on groups of loans in Sweden, Denmark and Finland. Write-downs as a percentage of average gross loans equalled 2.1 % in the 4th quarter, compared with 1.8 % in the 3rd quarter.

### Profit and loss account for 2015

The NFH Group's profit after tax for 2015 was NOK 537.7 million, an increase of NOK 191.9 million or 56 % compared with 2014. The Swedish operations showed a profit after tax of NOK 54.3 million. The return on equity was 38.6 % and the return on assets was 3.6 %. The improvement in profit is mainly explained by customer and loan growth. The bank recruited approximately 160,000 new customers in 2015 and a loan growth of NOK 4,358 million.

### Net interest income

Net interest income was NOK 1,421.5 million, an increase of NOK 451.6 million in 2015. The net interest margin was 9.6 %, compared with 8.5 % in 2014. The increase in net interest margin is due to improved asset utilization and lower interest expense.

### Net other operating income

Net other operating income was NOK 95.6 million, an increase of NOK 26.7 million from 2014. Net commission and bank services income increased by NOK 42.2 million, totalling NOK 114.1 million in 2015. The increase is explained by higher credit card activity. The net change in value on securities and currency totalled NOK -18.7 million, compared with NOK -3.4 million in the previous year. The change in value mainly comprise of



unrealized securities losses due to higher credit spreads in bonds. Value-adjusted return on the securities portfolio was 0.8 %, compared with 2.0 % in the previous year.

### **Operating expenses**

Total operating expenses totalled NOK 573.6 million, an increase of NOK 152.7 million from 2014. Personnel expenses increased with NOK 6.2 million or 12 %. General administrative expenses increased NOK 134.2 million. The increase in administrative expenses is mainly attributed to higher sales and marketing expenses. Depreciation increased NOK 5.0 million and other operating expenses increased NOK 7.3 million.

### **Write-downs on loans**

The bank's write-downs on loans were NOK 207.9 million, compared with NOK 142.6 million in 2014. Write-downs equalled 1.8 % of average gross loans, compared with 1.7 % in the previous year.

Delinquent loans were NOK 754.3 million, compared with NOK 392.0 million at the end of 2014. Relative to gross loans, delinquency increased from 4.1 % in 2014 to 5.4 % at the end of 2015. Non-performing loans totalled 4.0 % of gross loans, compared with 2.8 % at the end of 2014. The increase in delinquency must be seen in relation to the sale of non-performing loans in the 4th quarter 2014.

At year end, individual write-downs on loans totalled NOK 63.7 million, and write-downs on groups of loans totalled NOK 328.4 million.

The bank's credit quality shows a stable development. The bank's credit practice and credit models are undergoing continuous improvements.

### **Balance sheet, liquidity and capital**

The NFH Group's total assets were NOK 17,547 million at the end of the year, an increase of NOK 4,122 million for the full year. Net loans to customers increased by NOK 4,358 million and totalled NOK 13,759 million at year end, of which net loans to customers in Sweden totalled NOK 3,616 million. Net loans to customers in Denmark and Finland totalled NOK 11 million and NOK 81 million respectively. Installment loans increased by NOK 3,262 million, while credit card loans increased by NOK 1,246 million. Customer deposits increased by NOK 3,211 million and totalled NOK 13,367 million at year end, whereof customer deposits from Swedish customers totalled NOK 3,128 million. The deposit-to-loan ratio was 97 %.

The holdings of certificates and bonds decreased by NOK 489 million and totalled NOK 2,965 million at the end of 2015. Other liquid assets totalled NOK 537 million at the end of 2015.

The bank has during the year issued net NOK 273 million in senior debt securities with up to three years maturity. Debt securities issued totalled NOK 1,875 million at year end.

The liquidity position has been strong throughout the year. The securities portfolio is liquid with solid counterparties and a high percentage of government certificates.

Total equity was NOK 1,685 million for the NFH Group at year end. The total capital ratio at the end of 2015 was 15.4 % for the group and 15.3 % for the bank. The core capital ratio at the same point in time was 14.0 % for the group and 13.9 % for the bank. The common equity tier 1 ratio was 13.0 % for the group and 12.9 % for the bank.

## **FINANCIAL RISK FACTORS**

### **Credit risk**

The board of directors of Bank Norwegian has adopted credit policy guidelines to ensure good credit evaluation processes and contribute to ensuring that the return on equity target is met. The bank's guidelines are reviewed at least annually by the board of directors.

The bank only offers credit to the retail customer market, and all credit decisions are made by means of automated decision support systems. Credit is granted based on a qualitative and quantitative analysis of the customer's willingness and ability to pay. The analysis of the willingness to pay identifies the characteristics of the customer that predict future payment conduct, while the analysis of the customer's capacity to service loans is a quantitative evaluation of the customer's ability to repay his obligations, given the customer's current and anticipated future economic situation.

Customer's application score is used in the bank's risk-based product pricing.

Customers are regularly risk assessed based on behavioural score, if sufficient track records exists. For new customers and customers in new markets, application score is used in addition to any clear negative observations, such as default on loan agreement.

The bank follows up credit quality through, for example, ongoing reporting and credit committee meetings. The board has set limits for the maximum exposure per customer based on the type of commitment.

### **Liquidity risk**

The board of directors of Bank Norwegian has adopted guidelines for management of the bank's liquidity position to ensure that the bank maintains solid liquidity. The guidelines are reviewed at least annually by the board of directors. The guidelines set risk limits for liquidity management and define a reporting scheme. The bank manages its liquidity position by means of summaries illustrating cash flows in the short term and by means of liquidity due date summaries. Regular liquidity stress tests are performed.

The liquidity risk is evaluated as low at the time of this report. A large portion of the bank's assets consists of marketable securities, including substantial holdings of certificates issued by the Norwegian government.

The asset side is financed by core deposits from the retail market, senior debt securities and subordinated capital. To reduce the liquidity risk, a maximum deposit limit per customer of NOK 2 million has been set to achieve the best deposit terms.

### **Interest rate risk**

The board of directors of Bank Norwegian has defined guidelines that set limits for the maximum interest rate risk. The guidelines are reviewed at least annually by the board of directors. The bank's investment portfolio is invested with a short term to maturity. The bank offers exclusively products with administratively set interest rate terms. Fixed interest terms are not offered. The interest rate commitment term for the bank's financial instruments coincides thus with the term for the products. Any exposure exceeding the interest rate limits shall be mitigated by using hedging instruments. A scheme has been established for ongoing monitoring and reporting of the interest rate risk to the board of directors.

### **Market risk**

The board of directors of Bank Norwegian has defined guidelines for the bank's investments in certificates and bonds in addition to guidelines for handling foreign currency risk in connection with the bank's operations abroad. The guidelines are reviewed at least annually by the board of directors. Guidelines have been established for regular monitoring and reporting to the board of directors.

The interest rate risk limits for the investment portfolio are determined based on stress tests for negative fluctuations in the interest rate level and changes in credit spreads. The guidelines also set limits based on credit risk weights and maximum exposure for each counterpart in accordance with their credit rating and maturity. The lowest acceptable credit rating is BBB-. The bank's investment portfolio is managed by Storebrand Kapitalforvaltning. The asset management is regulated by a mandate agreement.

Exposure to foreign currency risk is hedged.

### **Operational risk**

The board of directors of Bank Norwegian has established operational risk guidelines, which are reviewed at least annually by the board of directors. The bank offers simple and standardized products to the retail market, which contribute to limiting the operational risk.

To ensure efficient, high quality operations, the bank is continuously seeking to automate critical processes.

In addition to an annual review of significant operational risks and control measures, there is a continuous evaluation of the operational risk situation, and risk-reducing measures are implemented as necessary.

The bank's operating concept is based largely on purchasing services from external suppliers. The agreements contain quality standard provisions and they are followed up on an ongoing basis by the bank in accordance with the outsourcing guidelines.

Contingency plans have been established and insurance agreements have been entered into, that safeguard the bank against major loss incidents.

### **Business and strategic risk**

Business risk is a significant risk for Bank Norwegian. The bank bases its operations to a great extent on cooperation with and the trademark of the airline Norwegian. Norwegian's good reputation has contributed to strong customer growth, but, on the other hand, the bank may be vulnerable in the event of a decline in Norwegian's reputation.

There will be factors of uncertainty associated with lower customer acquisition and volumes, reduced interest rate margins, inadequate cost-effectiveness and inappropriate technological choices. A decline in the economy may

result in weaker growth, higher losses and weaker earnings, and at the same time can make raising capital difficult. On the other hand a downturn in the economy will result in a lower level of interest rates which, in turn is positive for the bank's earnings. Business risk demands that the board of directors and management have good planning processes and are able to adapt to reduce losses.

## **PERSONNEL AND THE ENVIRONMENT**

The bank's employees have yet again delivered good results. At 31.12.15 the bank had 64 employees, corresponding to 59.5 man-labour years, compared with 59 employees and 55 man-labour years in 2014.

The bank's board of directors and management aim to promote equal status between men and women. The bank has guidelines to ensure that there is no discrimination due to gender, ethnic background or religion in cases concerning salaries, promotions, recruitment, and others. Of the bank's 64 employees, there are 36 men and 28 women. Of the 11 managers with personnel responsibility, two are women.

The bank has a bonus scheme for all permanent employees in accordance with current guidelines. The bonuses earned are based on the return on equity achieved. The bank has established good pension and personnel insurance schemes, and offers a programme for employees to counteract ergonomic injuries.

Absence due to illness was 2 %. The working environment is regarded as good. The bank has established a Workers Environment and Liaison Committee. There have not been any work related accidents or injuries during the year. In the opinion of the board of directors, the bank's operations do not pollute the external environment.

The bank is located at Oksenøyveien 3, Lysaker. The bank has established a customer call centre in Malaga, based on outsourcing, to service Nordic customers.

## **CORPORATE SOCIAL RESPONSIBILITY**

Specific guidelines regarding corporate social responsibility have not been established.

## **EVENTS AFTER THE DATE OF THE BALANCE SHEET**

Visa Inc. and Visa Europe have entered into an agreement that Visa Inc. will purchase all shares in Visa Europe. Through membership in Visa Norge, as a shareholder of Visa Europe, the bank will receive proceeds from the transaction. The proceeds comprise of a cash payment, convertible preference shares and a contingent cash consideration payable no earlier than four years after completion of the transaction. The shares are assigned Visa Norge and may be assigned to members no earlier than after four years. It is expected that the transaction is completed in the 2nd quarter 2016.

The bank's total share of the proceeds is not finalized, but is estimated at NOK 110 million. Based on the bank's current accounting policies, only the cash consideration will be recorded as income at the time of the transaction in 2016. The cash consideration is estimated to NOK 60 million.

The board of directors is not aware of other events after the date of the balance sheet that may be of material significance to the annual accounts.

## **OUTLOOK**

The economic trends differ in the Nordic markets where the bank operates. The Norwegian economy shows weaker growth and rising unemployment. The Swedish economy shows strong growth and falling unemployment. The Danish and Finnish economies show weak growth and stable unemployment. Increased unemployment may entail higher levels of loan losses. The level of interest rates in the countries where the bank is represented is expected to remain low going forward. The bank is expected to benefit from the low levels of interest rates through low funding costs in the coming years.

The earnings growth is expected to continue through strong loan growth, stable margins, cost control and good credit quality, but the results will be impacted by the launch of operations in Denmark and Finland. The operations in Denmark and Finland are expected to be profitable within two years.

The bank experiences increased competition in the Norwegian market for unsecured credit due to the arrival of new competitors. Increased competition may lead to higher customer acquisition cost, margin pressure and lower growth.

A high deposit to loans ratio and good access to the securities market are expected to maintain the bank's strong liquidity position.

The return on the investment portfolio fell due to higher credit spreads in the bonds market. The level of return is expected to remain steady going forward. The portfolio's low risk mandate will remain.

The credit quality of the loan portfolio in Norway and Sweden show a stable development and the level of write-downs is expected to remain stable going forward. Higher write-downs are expected initially in Denmark and Finland.

The bank has a sound capital situation. The current capital base and internal generation of capital are considered sufficient to ensure the bank's growth ambitions.

The board of directors has accordingly a positive view of the bank's ongoing operations and confirms that NFH ASA's annual accounts have been presented under the assumption of continued operations.

## **PROPOSED ALLOCATION OF THE NET PROFIT FOR THE YEAR**

Norwegian Finans Holding ASA received NOK 6.2 million in group contributions from Bank Norwegian AS. The board of directors proposes that NFH ASA's net gain for 2015 of NOK 3.2 million is added to other reserves.

Bærum, 18 February 2016  
Board of Directors of Norwegian Finans Holding ASA

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Bjørn H. Kise  
Chairman of the Board

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Anita Aarnæs  
Board Member

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Maria Borch Helsengreen  
Board Member

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Kristin Farstad  
Board Member

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Brede G. Huser  
Board Member

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John Høsteland  
Board Member

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Erik Jensen  
CEO

## Profit and loss account

Norwegian Finans Holding ASA			Norwegian Finans Holding Group		
2014	2015	Amounts in NOK 1000	Note	2015	2014
124	24	Interest income	2	1,714,277	1,279,849
-	-	Interest expenses		292,742	309,930
<b>124</b>	<b>24</b>	<b>Net interest income</b>		<b>1,421,534</b>	<b>969,918</b>
-	-	Commission and bank services income	3	192,647	127,903
261	315	Commission and bank services expenses		78,564	56,045
-	-	Net change in value on securities and currency		-18,674	-3,401
-	6,164	Other income		214	443
<b>-261</b>	<b>5,849</b>	<b>Net other operating income</b>		<b>95,624</b>	<b>68,900</b>
<b>-137</b>	<b>5,873</b>	<b>Total income</b>		<b>1,517,159</b>	<b>1,038,819</b>
1,282	1,431	Personnel expenses	4	58,172	51,966
21	-	General administrative expenses	5	477,694	343,475
-	-	Ordinary depreciation	6	15,477	10,514
94	99	Other operating expenses	7	22,236	14,930
<b>1,397</b>	<b>1,530</b>	<b>Total operating expenses</b>		<b>573,580</b>	<b>420,884</b>
-	-	Provision for loan losses	2	207,886	142,570
<b>-1,534</b>	<b>4,343</b>	<b>Profit on ordinary activities before tax</b>		<b>735,693</b>	<b>475,364</b>
-414	1,172	Tax charge	8	197,979	129,585
<b>-1,120</b>	<b>3,170</b>	<b>Profit on ordinary activities after tax</b>		<b>537,714</b>	<b>345,779</b>

## Balance sheet

### Norwegian Finans Holding ASA

31.12.14	31.12.15	Amounts in NOK 1000	Note	Norwegian Finans Holding Group	
				31.12.15	31.12.14
<b>Assets</b>					
-	-	Cash and deposits with the central bank	9	58,987	58,998
13,342	17,014	Loans and deposits with credit institutions	9	477,840	299,705
-	-	Loans to customers	2,9	13,759,350	9,401,001
-	-	Certificates and bonds	9,10	2,965,036	3,454,319
310,000	310,000	Ownership interests in group companies		-	-
-	-	Shares and other securities	11	443	443
-	-	Other intangible assets	6	42,253	33,874
1,172	-	Deferred tax asset	8	6,669	1,326
-	-	Fixed assets	6	526	1,124
-	6,164	Receivables and accrued income	12	235,672	174,191
<b>324,515</b>	<b>333,178</b>	<b>Total assets</b>		<b>17,546,776</b>	<b>13,424,980</b>
<b>Liabilities and equity</b>					
-	-	Deposits from customers	9	13,366,601	10,155,698
-	-	Debt securities issued	13	1,874,977	1,601,856
-	-	Tax payable	8	203,324	129,591
-	-	Other liabilities	14	36,374	21,755
1,315	1,335	Accrued expenses and unearned income received	15	81,624	75,446
-	-	Subordinated loan	16	298,834	298,782
<b>1,315</b>	<b>1,335</b>	<b>Total liabilities</b>		<b>15,861,735</b>	<b>12,283,127</b>
173,000	173,195	Share capital	16	173,195	173,000
145,123	150,402	Share premium reserve	16	150,402	145,123
5,076	8,246	Retained earnings and other reserves	16	1,361,444	823,730
<b>323,200</b>	<b>331,843</b>	<b>Total equity</b>		<b>1,685,041</b>	<b>1,141,853</b>
<b>324,515</b>	<b>333,178</b>	<b>Total liabilities and equity</b>		<b>17,546,776</b>	<b>13,424,980</b>

Bærum, 18 February 2016  
Board of Directors of Norwegian Finans Holding ASA

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Bjørn H. Kise  
Chairman of the Board

\_\_\_\_\_  
Anita Aarnæs  
Board Member

\_\_\_\_\_  
Maria Borch Helsengreen  
Board Member

\_\_\_\_\_  
Kristin Farstad  
Board Member

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Brede G. Huser  
Board Member

\_\_\_\_\_  
John Høsteland  
Board Member

\_\_\_\_\_  
Erik Jensen  
CEO

**Cash flow statement**  
Norwegian Finans Holding ASA

Norwegian Finans Holding Group

2014	2015	Amounts in NOK 1000	2015	2014
		<b>Cash flows from operating activities</b>		
-1,534	4,343	Profit / loss before tax	735,693	475,364
-	-	Taxes paid	-129,589	-93,436
-	-	Ordinary depreciations	15,477	10,514
-	-	Change in loans	-4,358,349	-3,037,294
-	-	Change in deposits from customers	3,210,903	3,563,517
-	-	Change in securities	489,283	-1,760,205
-	-6,164	Change in other accruals	-61,481	-77,067
-14	20	Change in short-term liabilities	20,798	23,231
<b>-1,548</b>	<b>-1,801</b>	<b>Net cash flow from operating activities</b>	<b>-77,265</b>	<b>-895,375</b>
		<b>Cash flows from investment activities</b>		
-	-	Payment for acquisition of tangible fixed assets	-	-92
-	-	Disposals tangible fixed assets	201	-
-	-	Payment for acquisition of intangible assets	-23,459	-13,264
-	-	<b>Net cash flow from investment activities</b>	<b>-23,259</b>	<b>-13,356</b>
		<b>Cash flow from financing activities</b>		
-	-	Debt securities issued	273,121	1,102,094
-	-	Cash flow from financing activities	-	-443
-	-	Subordinated debt	53	53
5,584	5,473	Gross payments of subordinated debt	5,473	5,584
<b>5,584</b>	<b>5,473</b>	<b>Net cash flow from financing activities</b>	<b>278,647</b>	<b>1,107,287</b>
4,036	3,672	Net cash flow for the period	178,124	198,556
9,306	13,342	Cash and cash equivalents at the start of the period	358,703	160,147
<b>13,342</b>	<b>17,014</b>	<b>Cash and cash equivalents at the end of the period</b>	<b>536,827</b>	<b>358,703</b>

# Notes for Norwegian Finans Holding ASA

## Note 1. General accounting principles

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The annual accounts have been prepared in accordance with the Financial Reporting Act, Regulations relating to Financial Reporting for Banks, Finance Companies and their Parent Companies, Regulations relating to the Treatment of Loans and Guarantees in the Accounts of Financial Institutions and the Generally Accepted Accounting Principles in Norway.

### 1. Financial instruments

Financial instruments include primarily loans and securities with fixed and variable rates of return, such as certificates, bonds and other short-term interest rate instruments.

#### 1.1. Loans and guarantees

The bank's loans are calculated initially at fair value on the balance sheet. Subsequent calculation of the loans is based on their amortised expense by means of the effective interest rate method and direct expenses are included in the amortised expenses. If there is objective evidence that the value of a loan or group of loans has fallen then they shall be written down. The bank has prepared its own guidelines for write-downs on loans.

The criterion for calculating the losses on individual loans is the existence of objective evidence that the value of the loan has fallen. Objective evidence that the value of a loan has fallen includes observable data made known to the bank regarding the following loss incidents:

1. Debtor suffering significant financial difficulties.
2. Non-payment or other type of significant breach of contract.
3. Granted postponement or new credit for the payment of an instalment, agreed to changes in the interest rate or other contractual terms as a result of the debtor's financial problems.
4. It is considered probable that the debtor will enter into debt settlement proceedings or other financial restructuring, or that bankruptcy proceedings will be opened for the debtor's estate.

Write-downs on groups of loans are performed if there is objective evidence that there is a fall in the value of groups of loans with the same risk characteristics. When evaluating the write-down of groups of loans, the loans shall be divided into groups with approximately the same risk characteristics with regard to the debtor's ability to pay on the due date. A fall in value is calculated on the basis of the borrower's income, liquidity, financial strength and financial structure, as well as securities furnished for the commitments.

Write-downs for losses cover losses in the commitment portfolio that have occurred. The evaluations of what commitments are regarded as doubtful are based on the conditions that exist on the date of the balance sheet. The loan portfolio is followed up monthly and an evaluation of individual and group write-downs is made in this connection. A critical evaluation is made in connection with the recognition of any fall in the value of the loan portfolio. Write-downs due to a fall in value shall be based on risk classification in accordance with the established guidelines stipulated in the bank's credit guidelines.

Write-downs represent the difference between the book value and the present value of the estimated future cash flows. The current effective interest rate is used when calculating the present value. Securities are valued at their expected sales price less the selling expenses.

#### 1.2. Securities

Current assets are valued at the lesser value of historical cost and market value. Portfolio valuation is used for groups of current assets, the purpose of the composition of the portfolio is to reduce risk through diversification. All the bank's interest-bearing securities are defined as current assets.

#### 1.3. Financial derivatives

Currency forwards are recorded and measured at fair value.

### 2. Intangible assets

Intangible assets are recognised on the balance sheet at historical cost less accumulated depreciation and value impairment losses. Purchased software is recognised on the balance sheet at historical cost plus any expenses to make the software ready to use. When it is probable that economic benefits will cover the development expenses as at the date of the balance sheet, the identifiable expenses for propriety software that is controlled by the bank will be recognised on the balance sheet as intangible assets. Direct expenses include expenses to employees who are directly involved in development of the software, materials and a share of the relevant overhead expenses. Expenses associated with the maintenance of software and IT systems are recognised in the profit and loss account on an ongoing basis. Software expenses recognised in the balance sheet are depreciated over the expected economic life of the asset. The evaluation of write-down requirements follows the same principles as described under tangible fixed assets.

Ordinary depreciation based on cost price is calculated linearly over the expected economic life of the assets. The following depreciation rates are used:

IT/software:	20 %
Trademark:	20 %
Connection fee:	10 %

### 3. Tangible fixed assets

Tangible fixed assets are valued at historical cost less accumulated ordinary depreciation and any write-downs. Enhancements or improvements are added to the cost price of the fixed asset and depreciated in step with the fixed asset.

Each time the accounts are published, a decision is made as to whether there are indications of a fall in the value of fixed assets. If a fall in value is deemed not to be temporary, the fixed asset's recoverable amount will be measured. The recoverable amount is the higher of the net sales value and utility value. In the event that it is proven that the recoverable amount for the relevant fixed asset is lower than the book value, a write-down will be done so that the fixed asset is valued at the recoverable amount. Such write-downs are reversed when there is no longer any basis for the write-down.

Ordinary depreciation based on cost price is calculated linearly over the operating asset's estimated economic life. The following depreciation rates are used:

Office machines:	25 %
Computer equipment:	33 %
Fixtures and fittings:	20 %
Motor vehicles:	20 %



#### **4. Customer receivables and other receivables**

Customer receivables and other receivables are recognised in the accounts at historical cost less value impairment losses.

#### **5. Debt and other liabilities**

Debt securities issued are recognised in the accounts at amortised cost in accordance with the principles of IFRS. Other debt and liabilities are recognised in the accounts at cost.

#### **6. Accruals**

Revenues are recognised in the profit and loss account when they are earned. Expenses are matched with revenues, so that the expenses are recognised in the same accounting period as the associated revenues. Expenses related to revenues earned in subsequent periods are recognised on the balance sheet and accrued in accordance with the revenues. Expenses that are incurred during future periods related to revenues that have been earned are recognised during the same period as revenues. Expenses that are not related to future revenues are recognised as expenses when they are identified.

##### **6.1. Accrual of interest and fees**

Interest and commissions are recognised in the profit and loss account as they are earned as revenue or accrued as expenses. Interest income and expenses are recognised in the profit and loss account at the amortised cost in accordance with the effective interest method.

##### **6.2. Agent commission**

Cost related to commissions to agents, are recognised and amortized over the expected average maturity of three years.

##### **6.3. Pensions**

The bank are obliged to have an occupational pension scheme for their employees, and have a scheme that meets the requirements. The bank has a defined contribution scheme. This scheme entails that the bank does not guarantee a future pension of a specific amount, the bank pays instead an annual contribution to the employees' collective pension savings plan. Therefore the bank does not have any further obligation related to work performed after the annual contribution has been paid. There are thus no provisions for accrued pension liabilities in such schemes. At 31.12.2015 61 employees were included in the pension scheme.

##### **6.4. Tax charge**

Taxes are charged as an expense when they are incurred, i.e. the tax charge related to the financial result before taxes. Adjustments are made for temporary and permanent differences before the basis for the tax payable is calculated. Deferred tax and deferred tax assets are calculated based on temporary differences between the financial and tax-related values at the end of the financial year. The nominal tax rate is used for this calculation. Tax-increasing and tax-reducing differences within the same time interval are set off against each other. The tax charge consists of tax payable (tax on taxable income for the year), change in the net deferred tax and too little/much tax payable allocated in previous years.

##### **6.5. Deferred tax**

Deferred tax asset is recognised in the balance sheet to the extent it is expected to offset future taxable profit.

#### **7. Cash flow statement**

The cash flow statement is based on the operations and reflects the key elements of the bank's liquidity management with special emphasis on the cash flows for lending and deposit activities. Cash and cash equivalents consists of bank deposits. The bank has a unused overdraft facility of NOK 50 million.

#### **8. Concentration risk**

Concentration risk on the investment portfolio and customer portfolio is managed by limiting the size of individual commitment.

#### **9. Conversion of transactions in foreign currency**

The bank's functional currency is Norwegian kroner (NOK). Balance sheet items in foreign currency are translated according to exchange rates prevailing on the balance sheet date. Profit and loss items in SEK, DKK and EUR are translated to Norwegian kroner according to average exchange rates.

#### **10. Consolidation**

The consolidated accounts include the parent company Norwegian Finans Holding ASA and the daughter company Bank Norwegian AS (100 % ownership). The companies share offices at Oksenøyveien 3, Lysaker. The consolidated accounts have been prepared on the basis of uniform principles, since the subsidiaries follow the same accounting policies as the parent company. Internal transactions, receivables and liabilities are eliminated.

## Note 2. Loans and guarantees

Bank Norwegian AS and Norwegian Finans Holding ASA have no guarantees as at 31.12.2015.

### Loans to and receivables from customers

<i>Amounts in NOK 1000</i>	31.12.15	31.12.14
Overdraft facilities and lines of credit	17,475	20,067
Credit cards	3,914,733	2,650,470
Installment loans	10,219,116	6,914,552
<b>Gross lending</b>	<b>14,151,324</b>	<b>9,585,089</b>
- individual write-downs on loans	63,607	1,862
- write-downs on groups of loans	328,367	182,226
<b>Net loans to and receivables from customers</b>	<b>13,759,350</b>	<b>9,401,001</b>

### Loans and guarantees by customers group

<i>Amounts in NOK 1000</i>	Gross lending		Potential exposure of gross credit facilities		Maximum exposure	
	31.12.15	31.12.14	31.12.15	31.12.14	31.12.15	31.12.14
Retail customers	14,151,324	9,585,089	30,135,534	22,091,161	30,135,534	22,091,161
<b>Total</b>	<b>14,151,324</b>	<b>9,585,089</b>	<b>30,135,534</b>	<b>22,091,161</b>	<b>30,135,534</b>	<b>22,091,161</b>

Potential exposure of gross credit facilities equals gross lending plus undrawn credit limits as at 31.12.2015.

### Loans and guarantees by geographical region

<i>Amounts in NOK 1000</i>	Gross lending	
	31.12.15	31.12.14
Akershus	1,386,304	1,039,009
Oslo	1,379,901	1,061,679
Hordaland	1,125,194	866,422
Rogaland	861,363	633,664
Østfold	665,042	497,256
Buskerud	582,217	450,836
Sør-Trøndelag	523,711	398,448
Nordland	520,025	403,313
Vestfold	503,496	382,999
Møre og Romsdal	445,413	328,078
Troms	375,528	293,431
Hedmark	352,082	264,198
Oppland	327,122	233,953
Telemark	304,575	229,392
Vest-Agder	244,232	182,976
Nord-Trøndelag	220,637	164,892
Finnmark	208,753	143,654
Aust-Agder	173,585	125,791
Sogn og Fjordane	140,263	108,918
<b>Total Norway</b>	<b>10,339,443</b>	<b>7,808,909</b>
Sverige	3,717,906	1,776,180
Danmark	11,327	-
Finland	82,649	-
<b>Total</b>	<b>14,151,324</b>	<b>9,585,089</b>

## Losses on loans and guarantees

Risk classes <i>Amounts in NOK 1000</i>	Gross lending		Individual write-downs on loans/guarantees		Undrawn credit limits	
	31.12.15	31.12.14	31.12.15	31.12.14	31.12.15	31.12.14
A	2,295,002	1,412,567			14,926,358	11,632,876
B	5,257,335	3,509,950			567,154	434,958
C	1,727,698	1,135,789			174,446	93,643
D	1,433,251	909,224			189,708	72,883
E	929,614	638,781			52,760	34,597
F	343,250	356,823			14,754	11,054
G	392,763	379,658			15,129	9,840
H	166,216	168,493			10,967	7,518
I	175,299	296,939			2,820	2,164
J	152,971	84,380			1,559	798
S	241,598	163,290			-	-
T	35,212	27,454			-	-
U	93,693	42,699			-	-
V	695,120	390,130			-	-
W	122,829	3,710	63,607	1,862	-	-
<b>Total classified</b>	<b>14,061,851</b>	<b>9,519,887</b>	<b>63,607</b>	<b>1,862</b>	<b>15,955,655</b>	<b>12,300,331</b>
Not classified	89,473	65,202	-	-	28,554	205,741
<b>Total</b>	<b>14,151,324</b>	<b>9,585,089</b>	<b>63,607</b>	<b>1,862</b>	<b>15,984,209</b>	<b>12,506,072</b>

Risk is classified as follows: A = lowest risk, W = highest risk

"Not classified" consists of Norwegian engagements relating to sales financing and bank accounts with and without credit facilities. In the chance of a classification of these engagements there are no indications implying that the distribution of risk classes will significantly deviate from what is observed in the classified engagements. The risks associated with customers are classified based on their application and behavioural score. This risk classification is an integrated part of the bank's credit approval process and is used in the bank's risk-based product pricing.

The bank only offers credit to the retail customer market, and all credit decisions are made by means of automated decision support systems. Credit is granted based on a qualitative and quantitative analysis of the customer's willingness and ability to pay. The analysis of the willingness to pay identifies the characteristics of the customer that predict future payment conduct, while the analysis of the customer's capacity to service loans is a quantitative evaluation of the customer's ability to repay his obligations, given the customer's current and anticipated future economic situation.

## Default and loss on loans

### Defaulted loans

<i>Amounts in NOK 1000</i>	31.12.15	31.12.14
Gross defaulted loans	817,949	393,840
- Individual write-downs on loans	63,607	1,862
- Write-downs on groups of loans	328,367	182,226
<b>Net defaulted loans</b>	<b>425,975</b>	<b>209,752</b>

Defaulted loans which are performing	187,061	123,240
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### Write-downs on loans for the period

<i>Amounts in NOK 1000</i>	2015	2014
Change in group write-downs for the period	146,141	83,277
Write-offs for which provisions were made earlier	66,443	59,294
Write-offs for which provisions were not made earlier	-	-
Included in earlier write-offs	-4,698	-
<b>Write-downs on loans for the period</b>	<b>207,886</b>	<b>142,570</b>

Defaulted loans comprise of loans which are more than 90 days overdue according to payment schedule.

### Aging of defaulted, but not written-down loans

The table shows the overdrawn amount on loans by the number of past due days not caused by payment service delays. The entire loan is included when part of the debt is past due.

Amounts in NOK 1000	31.12.15					Total
	5 - 15 days	16 - 30 days	31 - 60 days	61 - 90 days	Over 90 days	
- Retail market	399,865	401,040	315,846	112,133	695,120	1,924,004
<b>Total</b>	<b>399,865</b>	<b>401,040</b>	<b>315,846</b>	<b>112,133</b>	<b>695,120</b>	<b>1,924,004</b>

Amounts in NOK 1000	31.12.14					Total
	5 - 15 days	16 - 30 days	31 - 60 days	61 - 90 days	Over 90 days	
- Retail market	286,065	463,377	257,588	77,752	390,130	1,474,912
<b>Total</b>	<b>286,065</b>	<b>463,377</b>	<b>257,588</b>	<b>77,752</b>	<b>390,130</b>	<b>1,474,912</b>

### Specification of interest income

Amounts in NOK 1000	2015					Total
	Norway	Sweden	Denmark	Finland		
Loans to and receivables from credit institutions	2,325	2	-	-		2,328
Bonds and certificates	51,558	45	-	-		51,603
Loans to and receivables from customers						
– Installment loans	969,703	259,585	47	385		1,229,720
– Overdraft facilities and lines of credit	361,982	65,760	-	-		427,742
Other interest income	2,754	129	-	-		2,883
<b>Total</b>	<b>1,388,323</b>	<b>325,522</b>	<b>47</b>	<b>385</b>		<b>1,714,277</b>

Amounts in NOK 1000	2014					Total
	Norway	Sweden	Denmark	Finland		
Loans to and receivables from credit institutions	3,114	539	-	-		3,653
Bonds and certificates	52,664	10,105	-	-		62,769
Loans to and receivables from customers						
– Installment loans	778,331	114,448	-	-		892,779
– Overdraft facilities and lines of credit	300,333	17,874	-	-		318,208
Other interest income	2,417	22	-	-		2,439
<b>Total</b>	<b>1,136,860</b>	<b>142,988</b>	<b>-</b>	<b>-</b>		<b>1,279,849</b>

Average interest rate calculated as interest amount in percentage of average volume on bonds and certificates was 1.73 % in 2015 and 2.21 % in 2014.

### Note 3. Commission and bank services income specification

Norwegian Finans Holding ASA		Norwegian Finans Holding Group	
2014	2015	2015	2014
-	-	85,032	57,182
-	-	34,446	28,279
-	-	73,168	42,441
-	-	<b>192,647</b>	<b>127,903</b>

## Note 4. Information on employees and employee representatives

### Specification of personnel expenses

Norwegian Finans Holding ASA			Norwegian Finans Holding Group	
2014	2015	Amounts in NOK 1000	2015	2014
1,121	1,263	Wages	47,940	42,951
161	168	Social security tax	6,973	6,200
-	-	Pension premiums	1,773	1,454
-	-	Social benefits	1,486	1,362
<b>1,282</b>	<b>1,431</b>	<b>Total wages etc.</b>	<b>58,172</b>	<b>51,966</b>

There are no obligations in connection with the termination or change of employment / appointments for the CEO or the Board. There are no loans to employees.

### Number of employees as at 31.12.2015, wages and remuneration

At 31.12.2015 the bank had 64 employees, corresponding to 59.5 man-labour years.

### Wages and remuneration to key employees

Amounts in NOK 1000	2015			
	Wages	Pension premiums	Other remuneration	Total remuneration
<b>Combined wages, pension liabilities and other remuneration:</b>				
CEO	2,618	66	1,188	3,872
Financial Manager	1,867	66	788	2,721
Marketing Manager	1,463	66	676	2,205
Operations Manager	1,649	66	789	2,504
IT Manager	1,446	66	680	2,191
Risk Manager	1,633	66	494	2,194
<b>Total</b>	<b>10,677</b>	<b>395</b>	<b>4,616</b>	<b>15,687</b>

Amounts in NOK 1000	2014			
	Wages	Pension premiums	Other remuneration	Total remuneration
<b>Combined wages, pension liabilities and other remuneration:</b>				
CEO	2,499	65	1,153	3,716
Financial Manager	1,657	65	831	2,552
Marketing Manager	1,375	65	642	2,082
Operations Manager	1,608	65	753	2,425
IT Manager	1,292	65	635	1,992
Risk Manager	1,292	65	643	1,999
<b>Total</b>	<b>9,723</b>	<b>387</b>	<b>4,657</b>	<b>14,766</b>

Key personnel are defined as members of the management group.

### Bonus

Bank Norwegian has a bonus scheme that includes all permanent employees in accordance with detailed guidelines. The bonuses earned are based on profit after tax and the return on equity achieved. Bonus payments distributed to employees are limited to a maximum of 4.0 % of the profit after tax. The amount includes social security tax.

Bonus to key executives are earned according to circular 11/2011 from The Financial Supervisory Authority of Norway, "Godtgjørelsesordninger i finansinstitusjoner" (Compensation arrangements at banks) as such key executives receive the entire bonus in shares with a lock-in period of three years. Other employees receive the bonus in cash. The terms of the current bonus scheme applies for the period 2013 to 2015.

The bonus accrual for 2015, including social security tax, is the base for the bonus that will be paid to employees in 2016 amount to NOK 11.7 million.

### Fees to governing bodies

Norwegian Finans Holding ASA			Norwegian Finans Holding Group	
2014	2015	Amounts in NOK 1000	2015	2014
865	865	Board of Directors	1,601	1,559
178	203	Control Committee	405	355
90	110	Supervisory Board	220	180
<b>1,133</b>	<b>1,178</b>	<b>Total</b>	<b>2,226</b>	<b>2,094</b>

### Auditor fees

The following expenses for external auditor fees have been recognised in the accounts.

Norwegian Finans Holding ASA			Norwegian Finans Holding Group	
2014	2015	Amounts in NOK 1000	2015	2014
75	87	Statutory auditing	842	760
19	13	Tax consultancy	61	56
-	-	Other certification services	-	51
<b>94</b>	<b>99</b>	<b>Total</b>	<b>902</b>	<b>867</b>

## Note 5. General administrative expenses specification

Norwegian Finans Holding ASA			Norwegian Finans Holding Group	
2014	2015	Amounts in NOK 1000	2015	2014
21	-	External services fees and hired temporary staff for ordinary operations	15,742	14,125
-	-	IT operations	59,020	44,366
-	-	Sales and marketing	381,874	267,741
-	-	Other administrative expenses	21,058	17,243
<b>21</b>	-	<b>Total</b>	<b>477,694</b>	<b>343,475</b>

## Note 6. Intangible assets and tangible fixed assets

### Intangible assets

Amounts in NOK 1000	IT/Software	Trademark	Connection fee	Total
Accumulated historical cost at 31.12.14	82,240	12,500	17,337	112,077
Additions	23,427	-	-	23,427
Disposals	-	-	-	-
Historical cost at 31.12.15	105,667	12,500	17,337	135,504
Accumulated depreciations at 31.12.15	63,189	12,500	14,589	90,278
Net accumulated and reversed amortizations at 31.12.15	2,974	-	-	2,974
Acc. depreciations, amortizations and rev. amortizations at 31.12.15	66,163	12,500	14,589	93,252
<b>Book value at 31.12.15</b>	<b>39,504</b>	<b>-</b>	<b>2,748</b>	<b>42,253</b>
Annual depreciations	10,489	-	1,617	12,106
Annual amortizations	2,974	-	-	2,974
Amounts in NOK 1000	IT/Software	Trademark	Connection fee	Total
Accumulated historical cost at 31.12.13	68,976	12,500	17,337	98,813
Additions	13,232	-	-	13,232
Disposals	-	-	-	-
Historical cost at 31.12.14	82,208	12,500	17,337	112,045
Accumulated depreciations at 31.12.14	52,700	12,500	12,972	78,172
Net accumulated and reversed amortizations at 31.12.14	-	-	-	-
Acc. depreciations, amortizations and rev. amortizations at 31.12.14	52,700	12,500	12,972	78,172
<b>Book value at 31.12.14</b>	<b>29,509</b>	<b>-</b>	<b>4,365</b>	<b>33,874</b>
Annual depreciations	8,189	-	1,817	10,006
Annual amortizations	-	-	-	-
Economic life	5 years	5 years	10 years	
Depreciation rates	Linear	Linear	Linear	

Intangible assets are related to the connection fee (Finans Norge) that gives access to the common areas for payment services with a book value of NOK 2.7 million as at 31.12.2015, and rights of use of software and propriety software with a book value of NOK 39.5 million as at 31.12.2015.

## Tangible fixed assets

<i>Amounts in NOK 1000</i>	Office machines and motor vehicles	Fixtures and fittings	Upgrading of rented premises	Hardware	Total
Accumulated historical cost at 31.12.14	2,648	2,255	528	1,927	7,358
Additions	-	-	-	-	-
Disposals	-1,746	-	-528	-	-2,274
Historical cost at 31.12.15	902	2,255	-	1,927	5,084
Accumulated depreciations at 31.12.15	532	2,148	-	1,877	4,558
Net accumulated and reversed amortizations at 31.12.15	-	-	-	-	-
Acc. depreciations, amortizations and rev. amortizations at 31.12.15	532	2,148	-	1,877	4,558
<b>Book value at 31.12.15</b>	<b>370</b>	<b>106</b>	<b>-</b>	<b>50</b>	<b>526</b>
Annual depreciations	262	41	-	94	397
Annual amortizations	-	-	-	-	-

<i>Amounts in NOK 1000</i>	Office machines and motor vehicles	Fixtures and fittings	Upgrading of rented premises	Hardware	Total
Accumulated historical cost at 31.12.13	2,648	2,163	528	1,927	7,265
Additions	-	92	-	-	92
Disposals	-	-	-	-	-
Historical cost at 31.12.14	2,648	2,255	528	1,927	7,357
Accumulated depreciations at 31.12.14	1,815	2,107	528	1,784	6,233
Net accumulated and reversed amortizations at 31.12.14	-	-	-	-	-
Acc. depreciations, amortizations and rev. amortizations at 31.12.14	1,815	2,107	528	1,784	6,233
<b>Book value at 31.12.14</b>	<b>833</b>	<b>148</b>	<b>-</b>	<b>143</b>	<b>1,124</b>
Annual depreciations	273	40	-	195	507
Annual amortizations	-	-	-	-	-
Economic life	5 years	5 years	5 years	3 years	
Depreciation rates	Linear	Linear	Linear	Linear	

## Note 7. Other operating expenses specification

Norwegian Finans Holding ASA		Norwegian Finans Holding Group	
2014	2015	2015	2014
-	-	3,095	1,866
-	-	738	503
-	-	509	518
94	99	883	779
-	-	10,790	7,925
-	-	6,221	3,339
<b>94</b>	<b>99</b>	<b>22,236</b>	<b>14,930</b>

## Note 8. Information on taxes

Norwegian Finans Holding ASA		Norwegian Finans Holding Group	
<i>Amounts in NOK 1000</i>			
31.12.14	31.12.15	31.12.15	31.12.14
		<b>Deferred taxes / tax assets in the accounts</b>	
-	-	-26,674	-567
-4,343	-	-	-4,343
-4,343	-	-26,674	-4,910
-1,172	-	-6,669	-1,326
-	-	-	-
<b>-1,172</b>	<b>-</b>	<b>-6,669</b>	<b>-1,326</b>
<b>Basis for tax charge, change in deferred tax and tax payable</b>			
-1,534	4,343	735,693	475,364
-	-	14,099	4,493
-	-	-18,503	-
-1,534	4,343	731,289	479,857
-	-	26,107	-1,424
1,534	-4,343	-4,343	1,534
<b>-</b>	<b>-</b>	<b>753,053</b>	<b>479,967</b>
<b>Distribution of tax charge</b>			
-	-	203,324	129,591
-	-	-2	24
-	-	203,322	129,615
-414	1,172	-5,876	-30
-	-	533	-
<b>-414</b>	<b>1,172</b>	<b>197,979</b>	<b>129,585</b>
<b>Tax payable in the balance sheet</b>			
-	-	203,324	129,591
-	-	<b>203,324</b>	<b>129,591</b>



## Note 9. Liquidity situation and funding

Information on terms of balance sheet items.

### Remaining term to maturity for main items

<i>Amounts in NOK 1000</i>	31.12.15						Total
	Up to 1 month	From 1 month up to 3 months	From 3 month up to 1 years	From 1 year up to 5 years	Over 5 years	Without any term	
Cash and deposits with the central bank	-	-	-	-	-	58,987	58,987
Loans and deposits with credit institutions	-	-	-	-	-	477,840	477,840
Net loans to and receivables from customers	8,008	4,337	50,528	1,287,649	8,558,801	3,850,028	13,759,350
Bonds and certificates	36,669	294,651	1,043,427	1,590,289	-	-	2,965,036
Assets without any remaining term to maturity	-	-	-	-	-	285,563	285,563
<b>Total assets</b>	<b>44,677</b>	<b>298,988</b>	<b>1,093,955</b>	<b>2,877,938</b>	<b>8,558,801</b>	<b>4,672,418</b>	<b>17,546,776</b>
Subordinated debt	-	-	-	-	298,834	-	298,834
Deposits from and debt to customers	-	-	-	-	-	13,366,601	13,366,601
Debt securities issued	-	-	374,003	1,500,974	-	-	1,874,977
Non interest-bearing liabilities	36,374	81,624	203,324	-	-	-	321,323
Equity	-	-	-	-	-	1,685,041	1,685,041
<b>Total liabilities and equity</b>	<b>36,374</b>	<b>81,624</b>	<b>577,327</b>	<b>1,500,974</b>	<b>298,834</b>	<b>15,051,642</b>	<b>17,546,776</b>

<i>Amounts in NOK 1000</i>	31.12.14						Total
	Up to 1 month	From 1 month up to 3 months	From 3 month up to 1 years	From 1 year up to 5 years	Over 5 years	Without any term	
Cash and deposits with the central bank	-	-	-	-	-	58,998	58,998
Loans and deposits with credit institutions	-	-	-	-	-	299,705	299,705
Net loans to and receivables from customers	8,117	3,099	91,009	953,561	5,815,259	2,529,956	9,401,001
Bonds and certificates	-	268,710	2,381,161	804,448	-	-	3,454,319
Assets without any remaining term to maturity	-	-	-	-	-	210,957	210,957
<b>Total assets</b>	<b>8,117</b>	<b>271,810</b>	<b>2,472,170</b>	<b>1,758,008</b>	<b>5,815,259</b>	<b>3,099,616</b>	<b>13,424,980</b>
Subordinated debt	-	-	-	-	298,782	-	298,782
Deposits from and debt to customers	-	-	-	-	-	10,155,698	10,155,698
Debt securities issued	-	-	199,992	1,401,864	-	-	1,601,856
Non interest-bearing liabilities	21,755	75,446	129,591	-	-	-	226,792
Equity	-	-	-	-	-	1,141,853	1,141,853
<b>Total liabilities and equity</b>	<b>21,755</b>	<b>75,446</b>	<b>329,583</b>	<b>1,401,864</b>	<b>298,782</b>	<b>11,297,551</b>	<b>13,424,980</b>

### Liquidity risk

The liquidity risk is the risk that the bank is not capable of covering all its financial obligations as they fall due. The liquidity risk is evaluated as low at the time of this report, since a large portion of the bank's assets consist of readily transferable securities. The asset side is financed by core deposits from the retail market, debt securities and subordinated capital. The bank manages its liquidity position by means of summaries illustrating cash flows in the short term and by means of liquidity due date summaries. See the Directors' Report for further comments.

At 31.12.2015 the Liquidity Coverage Ratio (LCR) at total level for the bank was 114%. The legal requirement for liquidity reserve (LCR) at total level is 70% at 31.12.2015. The bank has significant currencies in Norwegian and Swedish kroner. At 31.12.2015 the LCR in Norwegian kroner was 143% and in Swedish kroner 12%.

Restricted funds related to employee tax is NOK 1.8 million.

## Time until an agreed/probable change in interest terms

Amounts in NOK 1000	31.12.15						Total
	Up to 1 month	From 1 month up to 3 months	From 3 month up to 1 years	From 1 year up to 5 years	Over 5 years	Without any term	
Cash and deposits with the central bank	58,987	-	-	-	-	-	58,987
Loans and deposits with credit institutions	477,840	-	-	-	-	-	477,840
Net loans to and receivables from customers	-	13,759,350	-	-	-	-	13,759,350
Bonds and certificates	377,249	1,671,477	916,310	-	-	-	2,965,036
Assets without any remaining term to maturity	-	-	-	-	-	285,563	285,563
<b>Total assets</b>	<b>914,076</b>	<b>15,430,827</b>	<b>916,310</b>	-	-	<b>285,563</b>	<b>17,546,776</b>
Subordinated debt	-	298,834	-	-	-	-	298,834
Deposits from and debt to customers	-	13,366,601	-	-	-	-	13,366,601
Debt securities issued	-	1,874,977	-	-	-	-	1,874,977
Non interest-bearing liabilities	-	-	-	-	-	321,323	321,323
Equity	-	-	-	-	-	1,685,041	1,685,041
<b>Total liabilities and equity</b>	-	<b>15,540,412</b>	-	-	-	<b>2,006,364</b>	<b>17,546,776</b>

Amounts in NOK 1000	31.12.14						Total
	Up to 1 month	From 1 month up to 3 months	From 3 month up to 1 years	From 1 year up to 5 years	Over 5 years	Without any term	
Cash and deposits with the central bank	58,998	-	-	-	-	-	58,998
Loans and deposits with credit institutions	299,705	-	-	-	-	-	299,705
Net loans to and receivables from customers	-	9,401,001	-	-	-	-	9,401,001
Bonds and certificates	-	2,183,156	977,786	293,377	-	-	3,454,319
Assets without any remaining term to maturity	-	-	-	-	-	210,957	210,957
<b>Total assets</b>	<b>358,703</b>	<b>11,584,157</b>	<b>977,786</b>	<b>293,377</b>	-	<b>210,957</b>	<b>13,424,980</b>
Subordinated debt	-	298,782	-	-	-	-	298,782
Deposits from and debt to customers	-	10,155,698	-	-	-	-	10,155,698
Debt securities issued	-	1,601,856	-	-	-	-	1,601,856
Non interest-bearing liabilities	-	-	-	-	-	226,792	226,792
Equity	-	-	-	-	-	1,141,853	1,141,853
<b>Total liabilities and equity</b>	-	<b>12,056,335</b>	-	-	-	<b>1,368,645</b>	<b>13,424,980</b>

### Interest rate risk

The board of directors of Norwegian Finans Holding ASA has defined guidelines that set limits for the maximum interest rate risk. The bank's investment portfolio is invested with a short term to maturity. The bank offers exclusively products with administratively set interest rate terms. Fixed interest terms are not offered. The interest rate commitment term for the bank's financial instruments coincides thus with the term for the products. Any exposure exceeding the interest rate limits shall be protected by hedging instruments. A scheme has been established for the ongoing monitoring and reporting of the interest rate risk to the board of directors.

### Foreign currency risk

The bank's currency risk consists of net exposure in SEK, DKK and EUR, i.e. the difference between assets and liabilities in the individual local currency. Currency risk is hedged by the use of currency forwards. In addition there is a limited currency exposure to certain foreign suppliers.

### Average interest rate

Average interest rate on deposits in was 2.09% in 2015 and 2.97% in 2014.

### Market risk related to interest rate instruments

Interest rate risk arises as a result of interest-bearing assets and liabilities having different interest resetting dates. The board of directors of Bank Norwegian has defined guidelines that set limits for the maximum level of interest rate risk. The table below shows the impact on the instruments' fair value based on a 1%-point parallel shift in the yield curve.

Amounts in NOK 1000	Interest rate risk, 1 %	
	31.12.15	31.12.14
Cash and deposits with the central bank	-146	-146
Loans and deposits with credit institutions	-1,143	-707
Loans to customers	-34,115	-23,203
Certificates and bonds	-8,727	-9,052
<b>Total assets</b>	<b>-44,131</b>	<b>-33,108</b>
Deposits from customers	33,141	25,066
Debt securities issued	4,649	3,954
Subordinated debt	741	737
<b>Total liabilities</b>	<b>38,531</b>	<b>29,757</b>
<b>Total interest rate risk, before tax*</b>	<b>-5,600</b>	<b>-3,351</b>

\* A negative sign indicates a negative impact of an interest rate increase.

## Financial derivatives

The bank enters into hedging transactions to manage the market risk on balance sheet items in foreign currency. The hedging transactions utilized are currency forwards. A currency forward is an agreement to purchase or sell currency for another at a specified date in the future at a fixed price set at the purchase date.

<i>Amounts in NOK 1000</i>	31.12.15			31.12.14		
	Nominal values	Positive market value	Negative market value	Nominal values	Positive market value	Negative market value
Currency forwards	819,066	-	-7,680	-	-	-
<b>Total</b>	<b>819,066</b>	<b>-</b>	<b>-7,680</b>	<b>-</b>	<b>-</b>	<b>-</b>

The table presents the financial derivatives' nominal values in addition to positive and negative market values. Positive market values are recognized as an asset in the balance sheet, while negative market values are recognized as debt. Nominal values are the basis for calculating potential cash flows and gains/losses on the agreements. The values are affected by exchange rates and the interest rate differences between currencies. Hedge accounting is not used.

## Currency

The table presents positions in Swedish kroner shown in Norwegian kroner. Net positions in a single currency may amount up to 15 % of total capital. The aggregated currency position must be within 30 % of total capital.

<i>Amounts in NOK 1000</i>	31.12.15		
	EUR	DKK	SEK
Cash and deposits with the central bank	23,771	18,771	224,088
Loans to customers	81,487	11,025	3,616,778
Other assets	3	44	57,061
<b>Total assets</b>	<b>105,260</b>	<b>29,840</b>	<b>3,897,927</b>
Deposits from customers	30,273	19,947	3,127,995
Other liabilities	277	90	362
<b>Total liabilities</b>	<b>30,549</b>	<b>20,037</b>	<b>3,128,357</b>
Net currency position	74,711	9,803	769,570

<i>Amounts in NOK 1000</i>	31.12.14		
	EUR	DKK	SEK
Cash and deposits with the central bank	-	-	134,157
Loans to customers	-	-	1,809,206
Other assets	-	-	385,121
<b>Total assets</b>	<b>-</b>	<b>-</b>	<b>2,328,484</b>
Deposits from customers	-	-	2,323,391
Other liabilities	-	-	1,197
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>2,324,588</b>
Net currency position			3,896

## Note 10. Certificates and bonds

### Certificates and bonds break down as follows

Amounts in NOK 1000	31.12.15		Total
	Norway	Sweden	
Bonds	1,717,406	-	1,717,406
Certificates	1,210,961	36,669	1,247,631
<b>Total</b>	<b>2,928,367</b>	<b>36,669</b>	<b>2,965,036</b>

Amounts in NOK 1000	31.12.14		Total
	Norway	Sweden	
Bonds	2,144,026	268,356	2,412,382
Certificates	950,774	91,163	1,041,937
<b>Total</b>	<b>3,094,801</b>	<b>359,518</b>	<b>3,454,319</b>

### Aforementioned securities portfolio breaks down as follows

Amounts in NOK 1000	31.12.15			
	Nominal value	Historical cost price	Book value	Fair value
Risk weight 0%	1,345,741	1,345,523	1,345,738	1,345,738
Risk weight 10%	-	-	-	-
Risk weight 20%	1,622,789	1,638,017	1,619,299	1,619,299
Risk weight 100%	-	-	-	-
<b>Total</b>	<b>2,968,530</b>	<b>2,983,540</b>	<b>2,965,036</b>	<b>2,965,036</b>
Non-listed certificates and bonds	153,297	153,967	153,087	153,087
Listed certificates and bonds	2,815,233	2,829,573	2,811,949	2,811,949
<b>Total</b>	<b>2,968,530</b>	<b>2,983,540</b>	<b>2,965,036</b>	<b>2,965,036</b>
Banks	1,523,114	1,538,063	1,519,782	1,519,782
Other financial institutions	99,675	99,954	99,517	99,517
Government	1,345,741	1,345,523	1,345,738	1,345,738
<b>Total bonds</b>	<b>2,968,530</b>	<b>2,983,540</b>	<b>2,965,036</b>	<b>2,965,036</b>

Amounts in NOK 1000	31.12.14			
	Nominal value	Historical cost price	Book value	Fair value
Risk weight 0%	1,225,060	1,222,989	1,221,631	1,221,631
Risk weight 10%	169,552	170,883	170,156	170,156
Risk weight 20%	2,041,316	2,064,988	2,062,533	2,062,533
Risk weight 100%	-	-	-	-
<b>Total</b>	<b>3,435,928</b>	<b>3,458,860</b>	<b>3,454,319</b>	<b>3,454,319</b>
Non-listed certificates and bonds	129,000	128,977	129,096	129,096
Listed certificates and bonds	3,306,928	3,329,883	3,325,223	3,325,223
<b>Total</b>	<b>3,435,928</b>	<b>3,458,860</b>	<b>3,454,319</b>	<b>3,454,319</b>
Banks	1,896,388	1,921,996	1,918,126	1,918,126
Credit institutions	169,552	170,883	170,156	170,156
Corporations	-	-	-	-
Other financial institutions	130,993	131,285	131,412	131,412
Government	1,238,995	1,234,696	1,234,626	1,234,626
<b>Total bonds</b>	<b>3,435,928</b>	<b>3,458,860</b>	<b>3,454,319</b>	<b>3,454,319</b>

Change in stocks shows the annual additions or disposal adjusted for revaluations/write-downs.

Fair value of government certificates are stated based on quoted prices. Fair value of other certificates and bonds are based on other observable assumptions.

## Note 11. Shares

The bank was 12.08.2014 issued 280 shares in BankID Norge AS based on the bank's share of participation in the BankID association.

## Note 12. Receivables and accrued income specification

Norwegian Finans Holding ASA			Norwegian Finans Holding Group	
31.12.14	31.12.15	Amounts in NOK 1000	31.12.15	31.12.14
-	-	Distribution commissions	164,270	108,202
-	6,164	Other receivables	765	777
-	-	Earned, not yet received income	65,153	57,522
-	-	Prepaid expenses	5,484	7,689
-	<b>6,164</b>	<b>Total</b>	<b>235,672</b>	<b>174,191</b>

## Note 13. Debt securities issued

Amounts in NOK 1000	31.12.15	31.12.14
Floating rate note bond 2013/2016	174,033	300,228
Floating rate note bond 2013/2018	301,619	302,314
Floating rate note bond 2014/2017	399,867	399,767
Floating rate note certificate 2014/2015	-	199,992
Floating rate note bond 2014/2019	399,651	399,556
Floating rate note bond 2015/2018	399,837	-
Floating rate note certificate 2015/2016	199,970	-
<b>Total</b>	<b>1,874,977</b>	<b>1,601,856</b>

Average interest rate calculated as interest amount in percentage of average volume is 2.59 % in 2014 and 2.22 % in 2015.

## Note 14. Other liabilities specification

Norwegian Finans Holding ASA			Norwegian Finans Holding Group	
31.12.14	31.12.15	Amounts in NOK 1000	31.12.15	31.12.14
-	-	Payables to suppliers	26,735	17,326
-	-	Tax withholdings	1,765	1,538
-	-	Social security tax	1,484	-
-	-	Value added tax	4,101	652
-	-	Other liabilities	2,289	2,238
-	-	<b>Total</b>	<b>36,374</b>	<b>21,755</b>

## Note 15. Accrued expenses and unearned income received specification

Norwegian Finans Holding ASA			Norwegian Finans Holding Group	
31.12.14	31.12.15	Amounts in NOK 1000	31.12.15	31.12.14
-	-	Holiday pay	3,779	3,265
-	-	Social security tax	-	1,267
-	-	Accrued, but not due expenses	63,633	57,582
1,315	1,335	Accrued fees	2,521	2,470
-	-	Bonuses	11,691	10,862
<b>1,315</b>	<b>1,335</b>	<b>Total</b>	<b>81,624</b>	<b>75,446</b>

## Note 16. Subordinated capital

### Equity specification

Norwegian Finans Holding ASA			Norwegian Finans Holding Group	
31.12.14	31.12.15	Amounts in NOK 1000	31.12.15	31.12.14
<b>Paid-in equity</b>				
173,000	173,195	Share capital	173,195	173,000
145,123	150,402	Share premium	150,402	145,123
<b>Retained earnings</b>				
5,076	8,246	Retained earnings and other reserves	1,361,444	823,730
<b>323,200</b>	<b>331,843</b>	<b>Total equity</b>	<b>1,685,041</b>	<b>1,141,853</b>

The share capital comprise of NOK 173.2 million shares of NOK 1.00. Bank Norwegian AS' annual accounts are included in the group accounts of Norwegian Finans Holding ASA. The bank's reports are available at [www.banknorwegian.no](http://www.banknorwegian.no).

## Equity and shareholders

The tables below illustrate the changes in equity:

<i>Amounts in NOK 1000</i>	Norwegian Finans Holding ASA			
	Share capital	Share premium	Other reserves	Total
<b>Balance sheet as at 1.1.14</b>	<b>172,594</b>	<b>139,945</b>	<b>6,196</b>	<b>318,735</b>
Capital increase	406	5,178	-	5,584
Profit/loss for the year	-	-	-1,120	-1,120
<b>Balance sheet as at 31.12.14</b>	<b>173,000</b>	<b>145,123</b>	<b>5,076</b>	<b>323,200</b>
Capital increase	195	5,279	-	5,473
Profit/loss for the year	-	-	3,170	3,170
<b>Balance sheet as at 31.12.15</b>	<b>173,195</b>	<b>150,402</b>	<b>8,246</b>	<b>331,843</b>

<i>Amounts in NOK 1000</i>	Norwegian Finans Holding Group			
	Share capital	Share premium	Other reserves	Total
<b>Balance sheet as at 1.1.14</b>	<b>172,594</b>	<b>139,945</b>	<b>477,951</b>	<b>790,490</b>
Capital increase	406	5,178	-	5,584
Profit/loss for the year	-	-	345,779	345,779
<b>Balance sheet as at 31.12.14</b>	<b>173,000</b>	<b>145,123</b>	<b>823,730</b>	<b>1,141,853</b>
Capital increase	195	5,279	-	5,473
Profit/loss for the year	-	-	537,714	537,714
<b>Balance sheet as at 31.12.15</b>	<b>173,195</b>	<b>150,402</b>	<b>1,361,444</b>	<b>1,685,041</b>

### The 20 largest shareholders as at 31.12.2015 are:

Shareholder	Holdings	Percentage
NORWEGIAN AIR SHUTTLE ASA	34,638,941	20.00 %
GOLDMAN SACHS & CO	14,999,999	8.66 % Nominee
LAGUAN AS	12,871,013	7.43 %
BORAK AS	8,580,454	4.95 %
STENSHAGEN INVEST AS	6,775,379	3.91 %
SPENCER TRADING INC	6,238,450	3.60 %
MP PENSJON PK	5,853,800	3.38 %
SOCIETE GENERALE SS PARIS	5,000,000	2.89 % Nominee
SWEDBANK ROBUR NORDENFOND	5,000,000	2.89 %
SWEDBANK ROBUR SMABOLAGSFOND	5,000,000	2.89 %
PROTECTOR FORSIKRING	4,510,000	2.60 %
SNEISUNGEN AS	3,720,333	2.15 %
TORSTEIN TVENGE	3,500,000	2.02 %
VERDIPAPIRFONDET HANDELSBANKEN NORGE	3,300,000	1.91 %
SONGA AS	2,000,000	1.15 %
VEVLEN GÅRD AS	1,761,621	1.02 %
DIRECTMARKETING INVEST	1,500,000	0.87 %
LITHINON AS	1,250,000	0.72 %
ERIK JENSEN	1,129,277	0.65 %
PÅL SVENKERUD	1,105,381	0.64 %

## Capital adequacy

The statutory capital adequacy requirement stipulates that the total capital shall be at least 8% of a specified calculation basis. The total capital consists of common equity tier 1, Tier 1 capital and Tier 2 capital.

Norwegian Finans Holding ASA			Norwegian Finans Holding Group	
31.12.14	31.12.15	Amounts in NOK 1000	31.12.15	31.12.14
173,000	173,195	Share capital	173,195	173,000
145,123	150,402	+ Share premium reserve	150,402	145,123
5,076	8,246	+ Other reserves	1,361,444	823,730
1,172	-	- Deferred tax assets and intangible assets	48,921	35,199
<b>322,028</b>	<b>331,843</b>	<b>Common equity tier 1</b>	<b>1,636,119</b>	<b>1,106,654</b>
-	-	+ Additional Tier 1 capital	124,250	124,250
<b>322,028</b>	<b>331,843</b>	<b>Tier 1 capital</b>	<b>1,760,369</b>	<b>1,230,904</b>
-	-	+ Tier 2 capital	174,584	174,532
<b>322,028</b>	<b>331,843</b>	<b>Total capital</b>	<b>1,934,954</b>	<b>1,405,436</b>
<b>Calculation basis</b>				
<b>Credit risk</b>				
-	-	From assets 10%	-	17,016
2,668	3,403	+ From assets 20%	419,428	472,448
-	-	+ From assets 75%	10,064,904	6,903,704
310,000	316,164	+ From assets 100%	988,952	567,736
-	-	+ From assets 150%	-	-
-	-	+ Other off-balance sheet items	3,463	3,423
-	-	- Provisions for losses that cannot be included	328,367	182,226
-	-	<b>+ Operational risk</b>	<b>1,397,163</b>	<b>960,303</b>
<b>312,668</b>	<b>319,567</b>	<b>Total calculation basis</b>	<b>12,545,542</b>	<b>8,742,403</b>
<b>102.99 %</b>	<b>103.84 %</b>	<b>Common equity tier 1 %</b>	<b>13.04 %</b>	<b>12.66 %</b>
<b>102.99 %</b>	<b>103.84 %</b>	<b>Tier 1 capital %</b>	<b>14.03 %</b>	<b>14.08 %</b>
<b>102.99 %</b>	<b>103.84 %</b>	<b>Total capital %</b>	<b>15.42 %</b>	<b>16.08 %</b>

## Subordinated debt

Amounts in NOK 1000	Rentesats	31.12.15	31.12.14
Floating rate note subordinated bond loan 2013/2023	3 mnd NIBOR + 2,65 %	174,584	174,532
Floating rate note perpetual subordinated bond 2013	3 mnd NIBOR + 4,10 %	124,250	124,250
<b>Total</b>		<b>298,834</b>	<b>298,782</b>

## Note 17. Lease agreements

The bank is sharing premises with Norwegian Air Shuttle. There is a lease agreement for Oksenøyveien 3 at Lysaker. The agreement expires 31.03.2018 (with extension option up to 31.03.2020), and the tenancy terminates without notice. The annual rent totals NOK 1.9 million.

## Note 18. Related parties

Bank Norwegian and Norwegian Air Shuttle ASA have since October 2007 had an agreement regarding the bank's use of the brand name Norwegian, IP-rights, and co-operation regarding credit cards, the loyalty program and sales financing. In connection with the bank's establishment in Sweden, the original agreement was replaced by new agreements as of 01.01.2013. The agreements have a duration of three years. The agreement is under negotiations and new agreement will be signed by 30.06.2016. All accrued rights remain. In addition to the co-operation agreement regarding use of brand name and IP-rights, agent agreements have been entered into relating to distribution of financial services regarding credit cards and sales financing of airline tickets. Expensed amount is NOK 123.8 million in 2015 and NOK 93.0 million in 2014.

Norwegian Finans Holding ASA (org. number 991 281 924) owns 100% of Bank Norwegian AS (org. number 991 455 671). At 31.12.2015 the bank has NOK 6.2 million in liabilities to Norwegian Finans Holding ASA.

## Note 19. Other income

Norwegian Finans Holding ASA has in 2015 recorded as income NOK 6.2 million in group contributions from Bank Norwegian AS.



To the Annual Shareholders' Meeting of Norwegian Finans Holding ASA

## **Independent auditor's report**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Norwegian Finans Holding ASA, which comprise the financial statements of the parent company, showing a profit of NOK 3 170 thousand, and the financial statements of the group, showing a profit of NOK 537 714 thousand. The financial statements of the parent company and the financial statements of the group comprise the balance sheet as at 31 December 2015, and the income statement and cash flow statement, for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *The Board of Directors and the Managing Director's Responsibility for the Financial Statements*

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these financial statements in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.





*Opinion*

In our opinion, the financial statements are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position of the parent company and the group Norwegian Finans Holding ASA as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

**Report on Other Legal and Regulatory Requirements**

*Opinion on the Board of Directors' report*

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

*Opinion on Registration and Documentation*

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements ISAE 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 18 February 2016

**PricewaterhouseCoopers AS**

Geir Julsvoll  
State Authorised Public Accountant (Norway)

Note: This translation from Norwegian has been prepared for information purposes only.

## **CONTROL COMMITTEE'S STATEMENT**

To the board of representatives in Norwegian Finans Holding ASA

The control committee has supervised Norwegian Finans Holding ASA in accordance with the rules and regulations set by the board of representatives.

The control committee has in connection with the reporting for the fiscal year 2014 reviewed the annual report, the financial statements and auditor's report for Norwegian Finans Holding ASA.

The control committee finds that the board's assessment of Norwegian Finans Holding ASA's financial standing is adequate and recommends that the profit and loss account and balance sheet is adopted as the company's accounts for the fiscal year 2015.

Bærum, March 10, 2016

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Knut Gillesen

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Jarl Borgvin Dørre

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Sigmund Håland

## **BOARD OF REPRESENTATIVES' STATEMENT**

To the general meeting of shareholders of Bank Norwegian AS and Norwegian Finans Holding ASA.

The board of representatives has reviewed the financial statements, the annual report, the control committee's statement and the auditor's report for Bank Norwegian AS and Norwegian Finans Holding ASA for 2015.

The board of representatives has no remarks to the financial statements, the annual report, the proposed allocation of the result for the year, and recommends that the annual report is presented to the general meeting for approval.

Bærum, March 31, 2016

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Tord Meling

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Alf Nielsen

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Dag Håvard Haug Hansen