

Norwegian Finans Holding ASA

(Incorporated in Norway as a public limited liability company) Business registration number: 991 281 924)

Prospectus in connection with

Subsequent Offering of up to 800,000 Offer Shares, each with a nominal value of NOK 1, at a subscription price of NOK 50 per Offer Share, with Subscription Rights for Eligible Shareholders

and

Listing of up to 179,994,708 Shares on Oslo Børs

Subscription Period for the Subsequent Offering:

From and including 30 May 2016 to 16:30 CET at 13 June 2016

THE OFFER SHARES AND THE SUBSCRIPTION RIGHTS HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR UNDER THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAW OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. EACH U.S. SHAREHOLDER ON THE RECORD DATE WISHING TO SUBSCRIBE FOR OFFER SHARES MUST PROVIDE A LETTER ATTACHED HERETO PROVIDING CERTIFICATION THAT IT IS EITHER (A) A "QUALIFIED INSTITUTIONAL BUYER" (A "QIB") AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT, OR (B) AN "ACCREDITED INVESTOR" AS DEFINED IN RULE 501(A) UNDER THE U.S. SECURITIES ACT , IN EACH CASE ACQUIRING THE OFFER SHARES FOR INVESTMENT PURPOSES FOR ITS OWN ACCOUNT. ONLY U.S. SHAREHOLDERS ON THE RECORD DATE WHO HAVE COMPLETED AND RETURNED THE CERTIFICATION ARE AUTHORIZED TO PARTICIPATE IN THE SUBSEQUENT OFFERING. THE OFFER SHARES WILL NOT BE TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED UNDER SECTION 5.11 "SELLING AND TRANSFER RESTRICTIONS". BY ACCEPTING THIS PROSPECTUS YOU AGREE TO BE BOUND BY THE FOREGOING INSTRUCTIONS.

THE DISTRIBUTION OF THIS PROSPECTUS IN OTHER JURISDICTIONS MAY BE RESTRICTED BY LAW, AND PERSONS INTO WHOSE POSSESSION THIS PROSPECTUS COMES SHOULD INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTIONS. BY ACCEPTING THIS PROSPECTUS YOU AGREE TO BE BOUND BY THE FOREGOING INSTRUCTIONS.

SEE "RISK FACTORS" IN SECTION 2 FOR A DISCUSSION OF CERTAIN MATTERS THAT SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE OFFER SHARES.

Lead Manager

Arctic Securities AS

Manager SpareBank 1 Markets AS

27 May 2016





Important information

This prospectus (the "**Prospectus**") has been prepared in order to provide information about Norwegian Finans Holding ASA ("**Norwegian Finans Holding**" or the "**Company**") and its business in connection with (i) a subsequent repair offering (the "**Subsequent Offering**") of up to 800,000 new shares in the Company (the "**Offer Shares**"), with subscription rights (the "**Subscription Rights**") issuable to shareholders (for the purpose of this Prospectus, "**Shareholders**" shall mean the Company's existing shareholders (from time to time), and "**Shareholder**" shall mean any of them) as of end of trading 5 April 2016 as registered with VPS on 7 April 2016 (the "**Record Date**"), except for those Shareholders who (a) were allocated Placement Shares in the Private Placement, or (b) are restricted from participating due to laws and regulations in their home country jurisdiction (collectively the "**Eligible Shareholders**") as described herein, and (ii) the listing (the "**Listing**") on Oslo Børs of up to 179,994,708 shares ("**Shares**" shall mean the issued shares in the capital of the Company, from time to time; and "**Share**" means any one of them).

For the definitions of terms used throughout this Prospectus, see Section 17 "Definitions and glossary".

The Company has furnished the information in this Prospectus. Arctic Securities AS ("**Arctic**" or the "**Lead Manager**") and SpareBank 1 Markets AS ("**SpareBank 1 Markets**", and together with Arctic, the "**Managers**") make no representation or warranty, expressed or implied, as to the accuracy or completeness of such information, and nothing contained in this Prospectus is, nor shall be relied upon as, a promise or representation by the Managers. This Prospectus has been prepared to comply with the Securities Trading Act of 29 June 2007 no. 75 ("verdipapirhandelloven") (the "**Norwegian Securities Trading Act**") and the Norwegian Regulation on Contents of Prospectuses, which implements the Prospectus Directive (EC/2003/71), including the Commission Regulation EC/809/2004 as amended, in Norwegian law. The Financial Supervisory Authority of Norway ("Finanstilsynet") (the ("**Norwegian FSA**") has reviewed and approved (approval date: 27 May 2016) this Prospectus in accordance with the Norwegian Securities Trading Act sections 7-7 and 7-8. The Norwegian FSA has not made any form of control or approval relating to corporate matters described in or otherwise covered by this Prospectus. This Prospectus has been published in an English version only and is valid for 12 months from the date of approval.

All inquiries relating to this Prospectus should be directed to the Company or the Managers. No other person has been authorized to give any information about, or make any representation on behalf of, the Company in connection with the Subsequent Offering and Listing, and, if given or made, such other information or representation must not be relied upon as having been authorized by the Company or the Managers.

The information contained herein is as of the date hereof and subject to change, completion or amendment without notice. There may have been changes affecting the Company or Bank Norwegian AS ("**Bank Norwegian**" or the "**Bank**") subsequent to the date of this Prospectus. Any new material information and any material inaccuracy that might have an effect on the assessment of the Subsequent Offering or Offer Shares arising after the publication of this Prospectus and before the Listing will be published as a supplement to this Prospectus in accordance with section 7-15 of the Norwegian Securities Trading Act. Neither the delivery of this Prospectus nor the completion of the Subsequent Offering or the Listing at any time after the date hereof will, under any circumstances, create any implication that there has been no change in the Company's or Bank Norwegian's affairs since the date hereof or that the information set forth in this Prospectus is correct as of any time since its date.

The contents of this Prospectus shall not be construed as legal, business or tax advice. Each reader of this Prospectus should consult its own legal, business or tax advisor as to legal, business or tax advice. If in any doubt about the contents of this Prospectus, readers should consult their stockbroker, bank managers, lawyer, accountant or other professional adviser.

In the ordinary course of their respective businesses, the Managers and certain of its affiliates have engaged, and may continue to engage, in investment and commercial banking transactions with the Company and Bank Norwegian. Without limiting the manner in which the Company may choose to make any public announcements, and subject to the Company's obligations under applicable law, announcements relating to the matters described in this Prospectus will be considered to have been made once they have been received by Oslo Børs and distributed through its information system.

Unless otherwise indicated or the context otherwise requires, all references in this Prospectus to the "**Group**" are to Norwegian Finans Holding and its wholly-owned subsidiary Bank Norwegian.

Investing in the Shares of the Company involves risks. See Section 2 "Risk Factors" of this Prospectus.

The distribution of this Prospectus may be restricted by law in certain jurisdictions. This Prospectus may not be used for the purpose of, and does not constitute, an offer to sell or issue, or a solicitation of an offer to buy or subscribe for, any securities in any jurisdictions in any circumstances in which such offer or solicitation is not lawful or authorized. The Company and the Managers require that persons in possession of this Prospectus inform themselves about and to observe such restrictions.

The Subscription Rights and the Offer Shares are being offered only in those jurisdictions in which, and only to those person to whom, offers and sales of the Offer Shares (pursuant to the exercise of Subscription Rights or otherwise) may lawfully be made. The Subscription Rights and the Offer Shares have not been and will not be registered under the U.S. Securities Act, or under the securities laws of any state or other jurisdiction of the United States and may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities law of any state or other jurisdiction of the United States.

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1. SUMMARY

The following summary of the information and consolidated financial and other data appearing elsewhere in this Prospectus is qualified in its entirety by such more detailed information set forth elsewhere herein and in the documents incorporated hereto by reference, see Section 16.2 "Documents incorporated by reference". This summary does not contain all of the information that may be important to potential investors and it should be read as an introduction to the Prospectus. Potential investors should review carefully the entire Prospectus, including the risk factors and the more detailed financial and other data included herein or incorporated hereto by reference, before making an investment decision (financial data is available on www.banknorwegian.no). Following the implementation of the relevant provisions of the Prospectus Directive (EC/2003/71) in each member state of the European Economic Area ("**EEA**") in which an offer which is subject to the Prospectus Directive is conducted, no civil liability will attach to the responsible persons in any such member state solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Where a claim relating to the information contained in this Prospectus is brought before a court in a member state of the EEA, the plaintiff may, under the national legislation of the member state where the claim is brought, be required to bear the costs of translating this Prospectus before the legal proceedings are initiated.

A.1	Warning	This summary should be read as an introduction to the Prospectus. Any decision to invest in the Offer Shares should be based on consideration of the Prospectus as a whole by the investor.
		Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation in its Member State, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.
		Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2	Resale and financial placement by financial intermediates	No consent is granted by Norwegian Finans Holding for the use of this Prospectus for subsequent resale or final placement of the Shares.

Section A – Introduction and Warnings

Section B – Issuer

B.1	Legal and commercial name	Norwegian Finans Holding ASA.
В.2	Domicile and legal form, legislation and country of incorporation	organized under the laws of Norway and subject to the

		Register of Business Enterprises business register number is 991 28		et") under
B.3	Current operations, principal activities	Norwegian Finans Holding owns al Norwegian, and does not conduct ownership and management of the i	any business othe	r than the
		Bank Norwegian has been grante banking business in Norway by th registered with the Financial Super Denmark and Finland for cross borde	ne Norwegian FSA, visory Authorities i	and it is n Sweden,
		Bank Norwegian started its operatio internet bank for the retail market a deposit accounts, and consumer through the internet in the Nordic offers a combined credit card and re the airline Norwegian.	and offers high inter loans, which are market. Bank Norw	rest no-fee distributed vegian also
		The strategy of Bank Norwegian is a solutions, synergies with the airline for Bank Norwegian's customers, effective risk selection.	e Norwegian, attrac	tive terms
B.4	Significant recent trends	Bank Norwegian has experienced st 2016, reaching 700,000 customers i		15 and Q1
		Moreover, Bank Norwegian has a geographical markets; currently, No Sweden (from May 2013), Denmarl operations in Denmark and Finland initially offers unsecured consur savings deposit account. Intro Denmark and Finland is scheduled for	rway (from Novem k and Finland. It co in December 2015 ner instalment l duction of credit	ber 2007), ommenced 5, where it oans and
B.5	Description of the Group	The group (the " Group ") consists and its wholly-owned subsidiary I collectively referred to as the " Grou as a " Group Company ").	Bank Norwegian (hereinafter
		The banking business is carried o being licensed by the Norwegian services.		
B.6	Interests in Norwegian Finans Holding and voting rights	Shareholders owning 5% or more of Listing, have an interest in Norwe capital, which is notifiable pursuant Trading Act.	egian Finans Holdi	ng's share
		The 20 largest Shareholders in Nor May 2016 are shown in the table be		ing per 27
		# Shareholder	Shareholding	Share
		1 NORWEGIAN AIR SHUTTLE	35 838 941	20,00000%
		2 GOLDMAN SACHS & CO E *	15 319 645	8,54916%
		3 LAGUAN AS	11 371 904	6,34612%
		4 BORAK AS	8 997 233	5,02093%
		5 STENSHAGEN INVEST AS	7 527 420	4,20069%
		6 SPENCER TRADING INC	6 556 775	3,65902%
		7 MP PENSJON PK	5 389 762	3,00777%
		8 PROTECTOR FORSIKRING	5 324 909	2,97158%

	9 SWEDI	BANK ROBUR N	ORDE	4 55	51 000	2,53970%
	10 SNEIS	UNGEN AS		3 90	01 040	2,17698%
	11 TVENG	E TORSTEIN IN	IGV	3 63	34 000	2,02796%
	12 SWEDI	BANK ROBUR SI	МАВО	3 31	11 825	1,84817%
	13 VERDI	PAPIRFONDET H	HAN	3 12	29 795	1,74659%
	14 VEVLE	N GÅRD AS		2 09	94 176	1,16866%
	15 SONG	AAS		2 08	33 120	1,16249%
	16 SOCIE	TE GENERALE S	S	2 00	00 000	1,11610%
	17 DANSK	E BANK AS			00 000	1,11610%
		BANK ROBUR SI	ΜΑΒΟ		91 698	0,94406%
		TMARKETING IN			00 000	0,83708%
		ION AS)5 129	0,78414%
		ION AS				
	Total			127 62	8 372	71.2233%
	* Nominee for Fo	rtelus Special S	Situations Fun	d		
		2015, 2014 financial inf with, and is statements by referenc Section 9 (and 2013 formation i s qualified s and the e to this P Operating	in its entire interim fin prospectus a and financi	rein shoul ety by refe nancial in and shoul al review)	d be read erence to, formation d be read
		1 March		Year ended 3	1 Decembe	r
	2016	2015	2015	2014	2014	2013
In NOK million	IFRS	IFRS	IFRS	IFRS	NGAAP	NGAAF
In NOK million Condensed statement of	(unaudited)	(unaudited)	(audited)	(audited)	(audited)	(audited)
comprehensive income						
Interest income	559.2	379.1	1,710.4	1,277.5	1,279.8	864.3
Interest expenses	82.1	83.0	285.8	302.5	309.9	228.2
Net interest income	477.2	296.1	1,424.6	975.0	969.9	636.1
Commission and bank service income	55.6	39.1	192.6	127.9	127.9	88.4
Commission and bank service expenses	21.3	16.2	78.6	56.0	56.0	36.0
Net change in value on securities and						
currency Others in come	6.9	(2.4)	(18.7)	(3.4)	(3.4)	10.1
Other income Net other operating income			0.2	<u> </u>	0.4	0.2
	<u>41.2</u>	20.5	95.6	68.9	68.9	62.7
Total income	518.4	316.6	1,520.2	1,043.9	1,038.8	698.8
Personnel expenses	17.8	14.5	58.2	52.0	52.0	46.3
General administrative expenses	173.2	103.0	477.7	343.5	343.5	216.8
Ordinary depreciation	3.7	5.8	15.5	10.5	10.5	9.7
Other operating expenses	8.9	4.2	22.2	16.4	14.9	12.3
Total operating expenses	203.5	127.5	573.6	422.4	420.9	285.0
Provisions for loan losses	95.0	39.3	207.9	142.6	142.6	82.8

Profit before tax	219.9	149.7	738.8	478.9	475.4	331.0
Tax charge	55.0	40.4	198.9	131.0	129.6	93.1
Profit after tax	164.9	109.3	539.8	348.0	345.8	237.9
Comprehensive income						
Change in fair value for assets held for sale	-	_	60.4	-	-	-
Tax	-	-	(0.5)	-	-	-
Other comprehensive income that may subsequently be reclassified to profit and loss	-	-	60.0	-	-	-
Comprehensive income for the period	164.9	109.3	599.8	348.0	345.8	237.9

	Three months ended 31 March			Year ended 3	1 December	
	2016	2015	2015	2014	2014	2013
	IFRS	IFRS	IFRS	IFRS	NGAAP	NGAAP
In NOK million	(unaudited)	(unaudited)	(audited)	(audited)	(audited)	(audited)
Condensed statement of financial position						
Assets						
Cash and deposits with the central bank	59.0	59.0	59.0	59.0	59.0	54.0
Loans and deposits with credit institutions	437.3	321.5	477.8	299.7	299.7	106.1
Loans to customers	16,201.7	10,131.9	13,808.2	9,418.8	9,401.0	6,363.7
Certificates and bonds	3,331.6	2,987.8	2,968.5	3,463.0	3,454.3	1,694.1
Financial dervatives	6.7	-	-	-	-	-
Shares and other securities	0.4	0.4	0.4	0.4	0.4	-
Assets held for sale	60.4	-	60.4	-	-	-
Other intangible assets	44.7	36.8	42.3	33.9	33.9	30.6
Deferred tax assets	8.4	1.4	8.2	1.3	1.3	1.3
Fixed assets	0.5	1.0	0.5	1.1	1.1	1.5
Receivables and accrued income	196.2	138.9	178.2	138.7	174.2	97.1
Total assets	20,347.0	13,678.7	17,603.6	13,416.0	13,425.0	8,348.5
Equity and liabilities						
Deposits from customers	15,928.0	9,961.9	13,366.6	10,155.7	10,155.7	6,592.2
Debt securities issued	1,880.3	1,880.4	1,879.6	1,605.9	1,601.9	499.8
Financial derivatives	-	1.4	7.7	-	-	-
Tax payable	192.0	122.3	202.1	127.3	129.6	93.4
Other liabilities	58.9	23.7	36.4	21.8	21.8	29.8
Accrued expenses and unearned income received	89.0	146.2	76.3	70.6	75.4	44.1
Subordinated loan	175.0	175.0	175.0	175.0	298.8	298.7
Total liabilities	18,323.3	12,310.9	15,743.5	12,156.1	12,283.1	7,558.1
Share capital	173.2	173.0	173.2	173.0	173.0	172.6
Share premium reserve	150.4	145.1	150.4	145.1	145.1	139.9
Tier 1 capital	125.0	125.0	125.0	125.0	-	-
Retained earnings and other reserves	1,575.1	924.7	1,411.5	816.7	823.7	478.0
Total equity	2,023.7	1,367.9	1,860.1	1,259.8	1,141.9	790.5
Total equity and liabilities	20,347.0	13,678.7	17,603.6	13,416.0	13,425.0	8,348.5

			months 1 March		Year ended 3	1 December	
		2016	2015	2015	2014	2014	2013
		IFRS	IFRS	IFRS	IFRS	NGAAP	NGAAP
In NOK m		(unaudited)	(unaudited)	(audited)	(audited)	(audited)	(audited)
flows	ed statement of cash			<u> </u>			
Profit / los	ss after tax	164.9	109.3	599.8	348.0	345.8	237.9
Unrealized losses	d currency gains and	(20.2)	(7.7)	(14.6)	(9.1)	(9.1)	0.5
	depreciations	3.7	5.8	15.5	10.5	10.5	9.7
Loss on lo	ans and guarantees	95.0	39.3	207.9	142.6	142.6	82.8
Change in	loans	(2,488.5)		(4,597.3)	(3,189.7)	(3,179.9)	(1,989.0)
-	deposits from		(752.5) (193.8)	3,210.9	3,563.5	3,563.5	965.3
customers		2,561.4	. ,				
•	securities	(363.1)	475.2	494.5	(1,764.3)	(1,760.2)	173.9
	other accruals	(24.9)	(0.3)	(46.4)	(60.8)	(77.1)	(27.4)
	short-term liabilities	17.5	74.0	102.8	53.9	59.4	51.1
activities		(54.1)	(250.5)	(26.9)	(905.5)	(904.5)	(495.3)
-	ge in assets held for sale	-	-	(60.4)	-	-	-
intangible	nts in tangible and assets	(6.1)	(8.6)	(23.5)	(13.4)	(13.8)	(17.5)
	ngible assets			0.2			
Net cash activities	flow from investment	(6.1)	(8.6)	(83.7)	(13.4)	(13.8)	(17.5)
Paid-in eq	juity	-	-	5.5	5.6	5.6	5.3
-	debt securities issued	0.7	274.5	273.7	1,105.7	1,102.1	249.8
Payment t	subordinated debt to Tier 1 capital	0.0	(0.0)	(0.0)	2.0	0.1	268.7
investor, a	flow from financing	(1.2)	(1.3)	(5.1)	(4.9)		-
activities		(0.5)	273.2	274.1	1,108.3	1,107.7	523.8
Currency e equivalent	effect on cash and cash	20.2	7.7	14.6	9.1	9.1	(0.5)
	flow for the period	(40.5)	21.8	178.1	198.6	198.6	10.4
Cash and start of p	l cash equivalent at	536.8	358.7	358.7	160.1	160.1	149.7
	l cash equivalent at	496.3	380.5	536.8	358.7	358.7	160.1
8	Selected key pr forma financia information Profit forecast o	al	licable. There				
	estimate						
.10	Audit repor qualifications	t Norwegi (" PwC ")	an Finans Ho).	olding's auc	litor is Price	waterhouse	Coopers AS
		the fisca	s audited No al years ende inions have	ed 31 Decer	mber 2013,	2014 and 2	
5.11	Sufficient working capital	account Subsequ	opinion of the net p Jent Offerin It to meet t	proceeds fr g, the wo	om the Pi orking capit	rivate Place al for the	ement and Group is

the next twelve months.

Section C – Securities

r	-	
C.1	Type and class of securities admitted to trading and identification number	Norwegian Finans Holding has one class of Shares in issue. Norwegian Finans Holding's tradable Shares have been created under the Norwegian Public Limited Companies Act and are registered in book-entry form with the VPS under International Securities Identification Number (" ISIN ") NO 001 0387004.
C.2	Currency of issue	The Shares are issued in Norwegian Kroner ("NOK").
C.3	Number of shares in issue and par value	As at the date of this Prospectus, Norwegian Finans Holding has a fully paid share capital of NOK 179,194,708 divided into 179,194,708 Shares, each with a par value of NOK 1.
C.4	Rights attaching to the securities	Norwegian Finans Holding has one class of Shares. The Shares are equal in all respects, including the right to dividend; voting rights; rights to share in Norwegian Finans Holding's profit; rights to share in any surplus in the event of liquidation; redemption provisions; reserves or sinking fund provisions; liability to further capital calls by Norwegian Finans Holding; and any provision discriminating against or favoring any existing or prospective holder of such securities as a result of such Shareholder owning a substantial number of shares. Each Share carries one vote at Norwegian Finans Holding's general meeting (" General Meeting " mean the annual and extraordinary general meetings of shareholders in the Company; and " General Meeting " means any one of them).
C.5	Restrictions on transfer	The Shares are freely transferrable and, subject to applicable securities law (further information below), there are no restrictions in the Company's securities. Share transfers are not subject to approval by Norwegian Finans Holding's board of directors, as elected from time to time (the "Board of Directors"). Pursuant to the Norwegian Financial Institutions Act, acquisition of qualifying holdings in a financial institution (such as Norwegian Finans Holding) is subject to prior approval by the Norwegian Ministry of Finance or the Norwegian FSA. A "qualifying holding" is a holding (i) that represents 10% or more of the capital or voting rights in Norwegian Finans Holding or (ii) that allows for the exercise of significant influence on the management of Norwegian Finans Holding and its business. Approval may only be granted if the acquirer is considered appropriate according to specific non-discriminatory tests described in the Norwegian Financial Institutions Act ("finansforetaksloven") (the so-called "fit and proper" test).
C.6	Admission to trading	On 18 May 2016, Norwegian Finans Holding applied for admission to trading of its Shares (including the Placement Shares and the Offer Shares) on Oslo Børs. It is expected that the board of directors of Oslo Børs approves the listing application of Norwegian Finans Holding on or about 15 June 2016, subject to certain conditions being met. Norwegian Finans Holding currently expects commencement of trading in the Shares on Oslo Børs on or about 17 June 2016. Norwegian Finans Holding has not applied for admission to trading on any other regulated market than Oslo Børs, and the Shares are not currently admitted to trading on any regulated

		market.
C.7	Dividend policy	Norwegian Finans Holding aims to create shareholder value through a combination of share appreciation and dividend yield.
		The Board of Directors has adopted a dividend policy where Norwegian Finans Holding targets a long term dividend pay-out ratio of at least 40% of the net profits. The Company plans to distribute to shareholders the excess capital above a targeted capitalization level. Due to the stability of the underlying earnings, the Company intends to pay dividends on a quarterly basis.
		However, as Norwegian Finans Holding foresees significant growth opportunities in the near to medium term, it aims to initially distribute around 20% of net profits as dividend to shareholders. The intention is to commence this in the second quarter of 2017.
		The dividend to be paid will, among other factors, be dependent on expectations for loan growth and earnings as well as regulatory capital requirements.
		Changes in regulations and the Company's future prospects could affect its ability to pay dividends and dividend targets.

Section D – Key Risks

D.1	Key risks specific to	Credit risk
	Bank Norwegian or its industry	Bank Norwegian is exposed to credit risk, which is risk of losses due to failure of customers or other debtors to meet their obligations, primarily from its lending activities, but also from its portfolio of debt instruments and short-term deposits in the money market. Adverse changes in the credit quality or behaviour of Bank Norwegian's borrowers or other counterparties could reduce the value of Bank Norwegian's assets and increase Bank Norwegian's write-downs and allowances for impairment losses. The overall credit quality profile of Bank Norwegian's borrowers and other counterparties can be affected by a range of macroeconomic events and other factors, including increased unemployment, reduced asset values, lower consumer spending, increased customer indebtedness, increased interest rates and/or higher default rates.
		Market risk
		The Group is exposed to market risk, which is the risk of changes in market prices or rates. Market risk is primarily related to holdings of debt instruments, changes in and increased volatility of interest rates, inflation rates, credit spreads, foreign exchange rates, equity, commodity prices and prices for bonds and other instruments.
		The Group is exposed to the following types of market risks, any of which could have a material adverse effect on Bank Norwegian's financial condition, results of operations and/or prospects: (i) Price risk: The risk of price reduction on owned securities. (ii) Credit spread risk: The risk that changes in risk premiums lead to losses on Bank Norwegian's liquidity portfolio. (iii) Foreign exchange rate risk: The risk that changes in foreign exchange rates results in a loss.

Interest rate risk
Interest rate risk is the risk related to Bank Norwegian's exposure to adverse movements in interest rates. The values of the Bank's bonds and other debt instruments usually rise and fall in response to changes in interest rates. Declining interest rates generally increase the values of Bank Norwegian's existing debt instruments, and rising interest rates generally reduce the values of existing debt instruments. Interest rate risk is generally greater for debt instruments with longer durations or maturities and may also be greater for certain types of debt instruments.
Bank Norwegian is, in summary, affected by movements in interest rates in four principal areas: (i) cost and availability of funding, (ii) interest margins and income, (iii) asset impairment levels and (iv) demand for Bank Norwegian's lending products.
Liquidity risk
The Group is exposed to liquidity risk, in particular the risk of not being able to refinance obligations as they fall due, as well as the risk of being unable to fund asset growth, and price risk which could have a material adverse effect on Bank Norwegian's financial condition, results of operations and/or prospects. As Bank Norwegian's funding is obtained primarily through retail deposits and issued bonds (senior unsecured bonds), Bank Norwegian faces the risk that it will be unable to refinance bonds as they fall due, or at an excessive cost and further that it will not be able to issue new bonds to fund its asset growth. As all of Bank Norwegian's deposits may be withdrawn on demand, Bank Norwegian also faces the risk that large amounts of deposits are withdrawn over a short time period. Liquidity risks are in turn affected by factors such as the (perceived) solidity of Bank Norwegian, credit market conditions and the credibility of the deposit guarantee schemes in Norway.
Operational risk
The Group is exposed to operational risk, which is defined as the risk of unexpected losses due to inadequate internal controls, human errors, a failure of processes or systems or unexpected losses arising from external events. The risk also includes the risk that an agreement or other legal enforcements cannot be enacted as assumed, and the risk that Bank Norwegian will not be compliant with applicable laws and regulations (compliance risk). The Group is subject to regulation and regulatory supervision by the Norwegian FSA. Any significant regulatory developments will have an effect on how the Group conducts its business and on its results of operations. Bank Norwegian offers services to the private consumer market only and any issue of new loans are to a large degree based on automated loan and credit processes, which reduce the risk of human errors, and thus reduce the operational risk profile.
Business risk
The Group is subject to risk associated with unexpected changes in revenue or expenses arising from internal or external factors such as macroeconomic fluctuations, changes in the competitive market or changes in customer behavior, as well as strategic risk, which also includes the risk of loss due to an unsuccessful strategic initiative or inadequate implementation of strategic initiatives. Failure by the Group to adapt to such changes may

	have a material adverse effect on the Group's business, financial condition, results of operations and/or prospects. Bank Norwegian bases its operations to a great extent on co-operation with the airline Norwegian, including the license agreements for the use of the brand Norwegian, etc. as described in the Section 15 "Legal matters". The Bank may, therefore, be vulnerable in the event of significant changes to the license agreement with Norwegian Air Shuttle.
	Reputational risk
	The Group relies on the success of its brand and the brand of the airline Norwegian, as well as on its ability to acquire and retain customers at a reasonable cost by differentiating itself from the wider retail banking industry. Irrespective of where in Bank Norwegian or in the airline Norwegian or in the rest of the financial industry the original incident occurred, damage to Bank Norwegian's reputation with customers, counterparties, investors, rating agencies and/or government agencies may have a material adverse effect on the Group's business, financial condition, results of operations and/or prospects.
	IT risk
	Bank Norwegian relies heavily on IT systems and is exposed to the risk of failure or inadequacy in these systems and is vulnerable to cyber-attacks and security breaches that could harm Bank Norwegian's business and standing with its customers, which could in turn have a material adverse effect on Bank Norwegian's financial condition, results of operations and/or prospects.
D.2 Key risks specific to the securities	 Potential dilution of shareholders – Shareholders of Norwegian Finans Holding may suffer from dilution in connection with future issuances of Shares.
	 Restrictions on ownership and resale of the Shares – The Shares are not qualified for sale in certain jurisdictions, including the United States, and as such may not be offered, sold or resold in these jurisdictions, directly or indirectly, unless an exemption is available. In addition, there can be no assurances that Shareholders of Norwegian Finans Holding residing or domiciled in these jurisdictions will be able to participate in future capital increases.
	 Other restrictions on ownership – Pursuant to the Norwegian Financial Institutions Act, acquisition of qualifying holdings in a financial institution (such as Bank Norwegian) or a holding company of a financial group ("holdingselskap i finanskonsern") (such as Norwegian Finans Holding), is subject to prior approval by the Norwegian Ministry of Finance or the Norwegian FSA. A "qualifying holding" is a holding (i) that represents 10% or more of the capital or voting rights in the institution or (ii) that allows for the exercise of significant influence on the management of the institution and its business. Approval may only be granted if the acquirer is considered appropriate according to specific non- discriminatory tests described in the Norwegian Financial Institutions Act (the so-called "fit and proper" test).
	 Shares registered in nominee accounts – Beneficial owners of the Shares that are registered in a nominee

account (e.g. through brokers, dealers or other third parties) may not be able to vote on such Shares unless their ownership is re-registered in their names with the VPS Register prior to Norwegian Finans Holding's General Meetings, or their beneficial ownership is confirmed by the nominee in time for the General Meetings.

Section E – The Private Placement and the Subsequent Offer

E.1	Net proceeds and estimated expenses	The transaction costs of the Company related to the Private Placement and the Subsequent Offering are estimated at approximately NOK 7 million, and accordingly the net proceeds of the Private Placement and the Subsequent Offering will be approximately NOK 333 million, assuming the Subsequent Offering will be fully subscribed.
E.2	Reasons for the Private Placement and Subsequent Offering and use of proceeds	The background for the Private Placement and the Subsequent Offering is that Bank Norwegian is experiencing a stronger growth than what has been the basis for its current budget and capital plan. The increase covers all the geographical markets where Bank Norwegian is conducting business; Finland and Norway, in particular, shows a strong growth.
		The purpose of the Private Placement and the Subsequent Offering is to give Bank Norwegian 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.
		In addition, the Subsequent Offering will ensure that the Eligible Shareholders are given the opportunity to maintain their pro rata ownership in Norwegian Finans Holding following completion of the Private Placement and the Subsequent Offering.
E.3	Terms and conditions of the offer	 Eligible Shareholders: The Subsequent Offering is directed towards Shareholders 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 but only to the extent such person 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 "Eligible Shareholders").
		 Number of new Shares: Norwegian Finans Holding plans to issue 6,800,000 new Shares by way of the Private Placement (the 6,000,000 Placement Shares) and the Subsequent Offering (the 800,000 Offer Shares).
		 Subscription price: The subscription price is NOK 50 per new Share in the Private Placement and the Subsequent Offering both.
		 Subscription period: The Subscription Period of the Subsequent Offering commences on 30 May 2016 and expires at 16:30 (CET) on 13 June 2016, subject to approval of this Prospectus by the Norwegian FSA at the latest by 27 May 2016.
		 Subscription Rights: Each Eligible Shareholders will be allocated non-transferrable subscription rights (each, a

		 "Subscription Right") in proportion to their shareholding in the Company as at 7 April 2016 (the "Record Date"). Payment for the allocated Offer Shares: Payment for the allocated Offer Shares falls due on 16 June 2016, and each Subscriber must provide a one-time authorization to the Lead Manager to debit a specified bank account with a Norwegian bank for the amount (in NOK) payable for the Offer Shares allotted to such Subscriber. Delivery of the Offer Shares: Assuming that payments from all Subscribers are made when due, delivery of the Offer Shares is expected to take place on or about 16 June 2016.
E.4	Material and conflicting interests	 Arctic and SpareBank 1 Markets serve as Managers in connection with the Private Placement and the Subsequent Offering, and receive fees and commission in this regard. The Managers and their affiliates are currently providing, and may provide in the future, investment and commercial banking services to Norwegian Finans Holding and their affiliates in the ordinary course of business, for which they may receive and may continue to receive customary fees and commissions. The Managers, their employees and any affiliate may currently own Shares in the Company. Beyond the abovementioned, Norwegian Finans Holding is not aware of any interest of any natural or legal persons involved in the Private Placement or the Subsequent Offering that may have conflicting interest.
E.5	Selling shareholders and lock-up agreements	Not applicable. There are no selling Shareholder in the Subsequent Offering and no lock-up on any Shareholders or members of the management or Board who are holders of Shares.
E.6	Dilution resulting from the Private Placement and Subsequent Offering	The dilution resulting from the Private Placement is approx. 3.35% for the existing Shareholders in Norwegian Finans Holding who did not participate in the Private Placement. Further, the dilution resulting from the Private Placement and the Subsequent Offering in aggregate is approx. 3.78% for the existing Shareholders who did not participate in either the Private Placement or the Subsequent Offering.
E.7	Estimated expenses charged to investor	Not applicable. Norwegian Finans Holding will not charge any costs, expenses or taxes directly to any Shareholder or to the investor in connection with the Subsequent Offering or the Listing.

2. **RISK FACTORS**

An investment in the Offer Shares involves inherent risk. Potential investors should carefully consider each of the following risks and all of the information set forth in this Prospectus, including information incorporated hereto by reference, see Section 16.2 "Documents incorporated by reference", before deciding to invest in the Offer Shares. If any of the following risks and uncertainties develops into actual events, the Group's business, financial conditions, results of operations or cash flows could be materially adversely affected. In that case, the trading price of the Shares could decline and potential investors may lose all or part of their investment.

The order in which the risks are presented does not reflect the likelihood of their occurrence or the magnitude of their potential impact on the Group's business, financial condition, results of operations, cash flows and/or prospects. The risks mentioned herein could materialise individually or cumulatively. The information in this Section 2 is as of the date of this Prospectus.

2.1 RISKS RELATING TO THE GROUP'S BUSINESS AND OPERATIONS

The Group's business and financial performance have been and will continue to be affected by general economic conditions in Norway and elsewhere, and any adverse developments in Norway or global economic and financial markets could cause its earnings and profitability to decline

As the Group's revenue is derived entirely from customers based in the Nordic region and, particularly, Norway, the Group is directly and indirectly subject to the inherent risks arising from general economic conditions in the Nordic region, other economies which impact the Nordic economy and the state of the Nordic and global financial markets both generally and as they specifically affect financial institutions.

Norway experienced a quick recovery after the financial crisis and has experienced relatively stable growth rates post-2008. However, given Norway's dependency on oil and gas extraction (the petroleum sector was responsible for approximately 8.7% of total employment, 18.6% of Gross Domestic Product ("**GDP**"), 27.1% of the Norwegian Governments revenue, 29.2% of total investments and 46.0% of total exports in 2014¹), the decline in oil prices since the summer of 2014 has led to increased uncertainty regarding the Norwegian economy.

The low oil price impacts the Norwegian economy both directly through reduced income from oil and gas exports and taxes thereon, and indirectly through reduced investments and other cost reductions in the petroleum sector which reduces the demand for goods and services provided to the petroleum sector. Since a large share of the Norwegian private sector is directly or indirectly linked to the petroleum sector, lower demand for goods and services from the petroleum sector has spill-over effects on the mainland economy. The effect of the low oil price is already observable as labour demand has declined and the uncertainty of the housing market has increased in certain regions. This is particularly true for the Stavanger region where the economic activity is more dependent upon the activity in the petroleum industry than in the rest of Norway.

Further, the Norwegian consumer confidence index has been negative the last twelve months, which indicates that Norwegian consumers are uncertain about the future developments of the Norwegian economy². If the Norwegian economy weakens further or if financial markets exhibit uncertainty and/or volatility, this could result in a negative impact on consumers' disposable income, confidence, spending and/or demand for credit, as well as on the Norwegian national and/or regional housing markets, which could in turn have a material adverse impact on the Group's business, financial condition, results of operations and/or prospects.

In addition, deterioration in economic conditions in the Eurozone, including a return to macroeconomic or financial market instability may pose a risk to the Group's business. Should the economic conditions in the Eurozone deteriorate, the macroeconomic risks faced by the Group would be exacerbated given the influence the Eurozone has on performance of the Nordic economy, and may have an adverse impact on consumer confidence, spending and/or demand for credit in the Nordic countries, any of which could have material adverse effect on the Group's business, financial condition, results of operations and/or prospects.

¹ Source: SSB and the Norwegian Ministry of Finance (Norwegian: "Statistisk sentralbyrå and Finansdepartementet"

⁽http://www.norskpetroleum.no/okonomi/statens-inntekter/).

Source: Opinion Forbrukertillitsindeksen August 2015.

Market volatility has a material adverse impact on the ability of financial institutions to access the wholesale funding markets. If such access becomes difficult, this may have a material adverse impact on the Group. General economic conditions may also have an effect on interest rates, see "Interest rate risk" below.

Operational risk

Operational risk is the loss caused by wrong-doing or errors in internal processes, actions taken by employees and technology or caused by external events as well as legal risk.

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

In order to ensure efficient, high quality operations, Bank Norwegian 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.

Bank Norwegian's operating concept is based largely on purchasing services from external suppliers, such as services related to system operations, telecommunications, distribution, investment management, payment card issuance and debt collection. The agreements include quality standard provisions and are followed up on an on-going basis by Bank Norwegian in accordance with the outsourcing guidelines.

Contingency plans have been established and insurance agreements have been entered into that safeguard Bank Norwegian against major loss incidents.

Strategic and business risk

Strategic and business risk is the risk of insufficient profitability or fluctuations in results caused by lack in revenues and/or cost efficiency, and as a result of market or regulatory conditions and wrong choice of direction. Strategic and business risk further includes the risk of entering into new geographical markets and e.g. the implications of operating towards a new customer base and being subject to new regulatory frameworks. It cannot be excluded that the expansion into Denmark and Finland could lead to higher costs and in turn negatively affect Bank Norwegian's result and financial position.

Business risk is a significant risk for Bank Norwegian. Bank Norwegian bases its operations to a great extent on co-operation with and the trademark of the airline Norwegian. Norwegian's good reputation has contributed to strong customer growth, but, on the other hand, Bank Norwegian may also be vulnerable in the event of a decline in Norwegian Air Shuttle's good reputation and/or significant changes to the contractual relationship with Norwegian Air Shuttle (the contractual relationship is further described in the Section 15.4 "Related party transactions").

There will be factors of uncertainty associated with lower customer acquisition and volumes, reduced interest rate margins, inadequate cost-effectiveness and inappropriate technological choices. Business risk demands that Bank Norwegian's board of directors and management have good planning processes and are able to adapt in order to reduce losses.

Macro-economic factors

Bank Norwegian is further subject to macro-economic changes such as GDP development, interest rate levels, and currency rate development. A decline in the economy may result in weaker growth, higher losses and weaker earnings, and it may make it difficult to raise capital at the same time. By way of example, an increase in the interest rate levels may increase the risk of credit losses and/or result in reduced willingness to take up new loans.

Risks relating to automated procedures and external providers, as well as digitalization of loan documents

As a purely digital bank, Bank Norwegian offers its loan products only through its digital platform. The customer provides the information that is used in the automated assessment, and certain input factors are verified by external sources, either by documents forwarded to Bank Norwegian for manual review or information automatically retrieved from external information providers (such as

Experian for income and personal financial information and others for real property values). For the most part, the loan applications are determined automatically based on the input from the customer and such third party verifications, and in accordance with predetermined financial models. There are inherent risks associated with online processing of loan applications and reliance on criteria where the information is provided by the customers, without personal contact. Consequently, Bank Norwegian is exposed to risks relating to the accuracy and completeness of its financial models on which the automated credit decision is based, as well as risks relating to the reliability of the input provided by the customer.

A substantial, and increasing, share of the loan documentation (including the pledge agreements) of Bank Norwegian's loans are digitally signed by Bank Norwegian's customers. Under Norwegian law, digitally signed documents require a court order in order to complete enforced collection of collateral as opposed to paper based pledge agreements. In the event of a substantial deterioration in housing or car prising levels, and an industry-wide increase in defaults and enforced collections under current law, Bank Norwegian is exposed to risk of delay in collection proceedings, which could in turn imply further deterioration in the value of underlying assets, thus increasing Bank Norwegian's losses on loans, which could in turn have a material adverse effect on Bank Norwegian's financial condition, results of operations and/or prospects.

Operational risks related to systems and processes and inadequacy in internal control procedures

Bank Norwegian's business is exposed to operational risks related to systems and processes, whether people related or external events, including the risk of fraud and other criminal acts carried out against Bank Norwegian. Bank Norwegian's business is dependent upon accurate and efficient processing and reporting of a high volume of complex transactions across numerous and diverse products and services. Any weakness in these systems or processes could have an adverse effect on Bank Norwegian's results and on its ability to deliver appropriate customer service levels during the affected period. In addition, any breach in security of Bank Norwegian's systems, for example from increasingly sophisticated attacks by cybercrime groups could disrupt its business, result in the disclosure of confidential information and create significant financial and/or legal exposure and the possibility of damage to Bank Norwegian's reputation and/or brand.

There can be no assurance that the risk controls, loss mitigation and other internal controls or actions that are applied by Bank Norwegian could help prevent the occurrence of a serious disaster resulting in interruptions, delays, the loss or corruption of data or the cessation of the availability of systems. Further, some of the measures used by Bank Norwegian to mitigate risk are based on historical information, and there is a risk that such measures are inadequate in predicting future risk exposure. Furthermore, risk management methods may rely on estimates, assumptions and information that may be incorrect or outdated. If the risk management is insufficient or inadequate, this could have a material adverse effect on Bank Norwegian.

Should any of the operational risks mentioned above materialise, this could lead to both reputational and financial damage, and could have a material adverse effect on Bank Norwegian's business, financial position, results of operations and/or prospects.

Risk of failure or inadequacy in IT systems

Bank Norwegian relies heavily on the uninterrupted operation of its IT systems for the efficient running of its business and operations, and, in particular in order to offer customers an online bank with 24 hours availability. Further, Bank Norwegian relies on certain financial infrastructure services that are widely used in the Norwegian financial services market to process payments and transactions. Furthermore, Bank Norwegian depends on a few third party providers for the supply of important IT services. Changes in regulatory or operational requirements may imply material changes to Bank Norwegian's current IT systems and could further lead to a change in the systems and solutions provided to Bank Norwegian has in place, its ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports the business of Bank Norwegian, some of which are beyond Bank Norwegian's control. Any failure, inadequacy, interruption or security failure of those systems, or the failure to seamlessly maintain, upgrade or introduce new systems, could harm Bank Norwegian's ability to effectively operate its business and increase its expenses and harm its reputation. There is a risk that customers, as a result of interruptions in the digital bank, terminate their relationship with Bank Norwegian. These risks may

in turn have a material adverse effect on Bank Norwegian's financial condition, results of operations and/or prospects.

Vulnerability to cyber-attacks and security breaches that could harm Bank Norwegian's business and standing with its customers

The protection of its customer and company data, and its customers' trust in Bank Norwegian's ability to protect such information, is of key importance to Bank Norwegian. Bank Norwegian relies in part on commercially available systems, software, tools and monitoring to provide security for processing, transmission and storage of confidential customer information, such as personal identifiable information, personal financial information, payment card data, account transcripts and loan and security data. Despite the security measures in place, Bank Norwegian's facilities and systems, and those of its third party service providers, may be vulnerable to cyber-attacks, security breaches, acts of vandalism, computer viruses, misplaced or lost data, programming or human errors or other similar events.

If one or more of such events occur, any one of them could potentially jeopardise confidential and other information related to Bank Norwegian, its customers and its counterparties. Any security breach involving the misappropriation, loss or other unauthorized disclosure of confidential information, whether by Bank Norwegian or its vendors, could damage Bank Norwegian's reputation, expose it to risk of litigation, increased capital requirements or sanctions from the Norwegian FSA and disrupt its operations. Bank Norwegian may also be required to spend significant additional resources to modify its protective measures or to investigate and remediate vulnerabilities or other exposures. This could in turn have a material adverse effect on Bank Norwegian's business, financial position, results of operations and/or prospects.

Risk related to money laundering activities and identity fraud

In general, the risk that banks will be subjected to or used for money laundering and identity fraud has increased worldwide. The risk of future incidents in relation to money laundering and identity fraud always exists for financial institutions. In particular, as a pure digital bank, Bank Norwegian relies on third-party providers (Posten Norge AS and other BankID issuers) to perform identity checks of new customers. Any violation of anti-money laundering rules, or even the suggestion of violations, may have severe legal and reputational consequences for Bank Norwegian and may, as a result, adversely affect Bank Norwegian's business and/or prospects.

Dependence on key personnel

Bank Norwegian bases much of its business development on challenging traditional banking solutions and creating new solutions, and Bank Norwegian is accordingly dependent upon key individuals that hold this knowledge and have obtained the necessary and relevant experience. If such key individuals should choose to end their employment with Bank Norwegian, this could have adverse consequences for Bank Norwegian's further development.

Similarly, Bank Norwegian's future development is dependent on Bank Norwegian's ability to attract and retain skilled personnel and to develop the level of expertise throughout its organization.

Inability to maintain sufficient insurance to cover all risks related to its operations

The Group's business is subject to a number of risks, including, but not limited to fraud, disruption in the infrastructure, human errors, litigation and changes in the regulatory environment. Such occurrences could result in financial losses and possible legal liability. Although the Group seeks to maintain insurance or contractual coverage to protect against certain risks in such amounts as it considers reasonable, its insurance may not cover all the potential risks associated with the Group's operations, which could have a material and adverse effect on the Group's business, financial condition, results of operations and/or prospects.

Competition

Bank Norwegian meets strong competition and the competitors are primarily local and international financial institutions and banks. Even if Bank Norwegian considers that it has a strong position in its markets, no guarantee can be made that increased competition will not adversely affect Bank Norwegian's operations. Further, the banking market may be consolidated, which may adversely affect Bank Norwegian's financial position.

Risks associated with the implementation of its business strategy

Bank Norwegian is a challenger bank in the Norwegian and Nordic financial services markets and faces risks associated with the implementation of its strategy. The current business has a limited operating history and implementing its strategy requires management to make complex judgements, including anticipating customer needs across a range of financial products, anticipating competitor activity and the likely direction of a number of macro-economic assumptions regarding the Norwegian and Nordic economy and the retail banking sector in these areas. Bank Norwegian's ability to implement its strategy successfully is subject to execution risks, management of its cost base and limitations in its management and operational capacity. These risks may increase by a number of external factors, including a downturn in the Norwegian, Nordic or global economy, increased competition in the retail banking sector and/or significant or unexpected changes in the regulation of the financial services sector in Norway or the Nordic region, or the materialization of any of the risk factors mentioned herein, which may require managements' focus and resources which could imply failure to successfully adopt Bank Norwegian's business strategy. Failure to implement its business strategy could have a material adverse effect on Bank Norwegian's and Norwegian Finans Holding's business, financial condition, results of operations and/or prospects.

Legal risk

The Group is subject to financial services laws, regulations, administrative actions and policies in Norway and the other Nordic countries. Changes in supervision and regulation in Norway, the other Nordic countries and in the European Union ("EU")/the EEA could materially affect the Group's business, the products and services offered or the value of its assets. Future changes in regulation, fiscal or other policies can be unpredictable and are beyond the control of the Group.

Areas where changes or developments in regulation and/or oversight could have a material adverse impact include, but are not limited to (i) changes in monetary, interest rate and other policies, (ii) general changes in government and regulatory policies or regimes which may significantly influence investor decisions or increase the costs of doing business in Norway and the Nordic region, (iii) changes in competition and pricing environments, (iv) differentiation among financial institutions with respect to the extension of guarantees to bank deposits and borrowings from customers and the terms attaching to such guarantees, (v) increased financial reporting requirements and (vi) changes in regulations affecting the Group's current structure of operations. Financial regulators responding to future crisis or other concerns, may adopt new or additional regulations, imposing restrictions or limitations on banks' operations, including, but not limited to, increased capital requirements, disclosure and/or reporting standards or restrictions on certain types of transaction structures.

Although the Group works closely with its regulators and continues to monitor the legal framework, future changes in the Norwegian FSA's or other government agencies' interpretation or operation of existing legislation or regulation can be unpredictable and are beyond the control of the Group.

Certain potential changes to the tax regime for banks, etc. domiciled in Norway

Banking services in Norway are currently VAT exempt and Bank Norwegian does therefore not have to pay output VAT on consideration for financial services, and is not in a position to claim refunds for input VAT on costs related to its VAT exempt business. This is also the current situation in all countries within the EU.

In May 2016, the parties in office (Norwegian: "regjeringspartiene") in Norway reached a tax reform consensus (Norwegian: "skatteforlik") with certain opposition parties. The consensus consists of 17 principal points, and according to one of them, a tax on financial services (Norwegian: "finansskatt") shall be implemented from 2017. It is stated that this tax is a tax on the excess value from the provision of financial services and shall, according to the tax reform consensus, be seen in light of the sector's VAT exemption.

The details of tax on financial services are unclear, except that it is expected that it shall provide revenues to the Norwegian State in the aggregate amount of approximately NOK 3.5 billion. The Norwegian Government, by the Ministry of Finance, must therefore further consider the details of the tax on financial services, in accordance with the recommendation of the tax reform agreement andt the Finance and Economic Affairs committee (Norwegian: *"Finanskomiteen"*).

Legal actions

The Group operates in a legal and regulatory environment that exposes it to potentially significant litigation and regulatory risks. As a result of the litigation and regulatory risk, the Group may in the future become involved in various disputes and legal, administrative and governmental proceedings in Norway, the other Nordic countries and other jurisdictions that potentially could expose the Group to significant losses and liabilities. Such claims, disputes and proceedings are subject to several uncertainties, and their outcomes are often difficult to predict, particularly in the earlier stages of a case or an investigation.

Adverse regulatory action or adverse judgments in litigation could result in sanctions of various types for the Group, including, but not limited to, the payment of fines, damages or other amounts, the invalidation of contracts, or in restrictions or limitations on the Group's operations, any of which could have a material adverse effect on the Group's reputation or financial condition. In addition, any determination by the Norwegian FSA or the Norwegian Data Protection Agency that the Group has not acted in compliance with applicable laws, or any failure to develop effective working relationships with the Norwegian FSA, could have a significant and negative effect not only on the Group's businesses in the relevant markets but also on its reputation in general. Proceedings relating to the Group's regulated businesses may expose it to increased regulatory scrutiny and oblige it to accept constraints that involve additional costs or otherwise put it at a competitive disadvantage, which will also demand increased resources by Bank Norwegian's management.

Bank Norwegian is currently not part in any civil actions or legal proceedings relating to its ordinary business or otherwise which significantly affect or may come to adversely affect Bank Norwegian's financial strength. Bank Norwegian can however not guarantee that there will be no claims or legal actions in the future (including regulations) against Bank Norwegian which may affect or could significantly adversely affect Bank Norwegian's financial position, earnings or market position.

2.2 FINANCIAL RISKS

Credit risk

Bank Norwegian's object of business is primarily to receive deposits and to offer credits to the retail customer market. Bank Norwegian only offers unsecured loans and credit risk constitutes the main element of Bank Norwegian's total risk. Credit risk can be described as the risk of loss if customers' lacking ability or willingness to comply with their obligations towards Bank Norwegian. The risk is accordingly that Bank Norwegian will not receive repayment for its claims, such as interest amounts and deductions.

The board of directors of Bank Norwegian has defined guidelines that regulate credit risk. The guidelines are reviewed at least annually by the board of directors. All credit decisions in the business 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/her 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 behavioral 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.

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

Bank Norwegian is further exposed to credit risk in the investment portfolio. Credit risk can occur as a result of default or downgrading of a counterparty which in turn may lead to credit loss. Bank Norwegian's investment portfolio is managed by Storebrand Kapitalforvaltning and the management is regulated by a mandate agreement. The counterparty risk is regulated in an investment policy and a counterparty policy, which also is reflected in the mandate agreement with Storebrand Kapitalforvaltning.

Interest rate risk

Interest rates, which are impacted by factors outside of Bank Norwegian's control, including the fiscal and monetary policies of governments and central banks, as well as Norwegian and international political and economic conditions, affect Bank Norwegian's results of operations, profitability and return on capital in four principal areas: (i) cost and availability of funding, (ii) interest margins and income, (iii) asset impairment levels and (iv) demand for Bank Norwegian's lending products.

Firstly, interest rates affect the cost and availability of the principal sources of Bank Norwegian's funding, including customer deposits (in the form of deposit accounts and savings accounts) and senior unsecured bonds. A sustained low interest rate environment keeps Bank Norwegian's costs of funding low by reducing interest expense. Lower interest rates also reduce incentives for consumers to save and, therefore, constrain supply of deposits and consequently Bank Norwegian's ability to fund its lending operations.

Secondly, interest rates, such as the Norwegian Interbank Offered Rate ("**NIBOR**"), affect Bank Norwegian's net interest margin and income. The interest rate level is directly related to Bank Norwegian's external funding and interest bearing securities. Furthermore, while Bank Norwegian determines it's lending and deposit rates at its own discretion, the interest rates are inherently and indirectly linked to market rates. Sudden large or frequent increases in interest rates may have an adverse effect on Bank Norwegian's profit due to the value of Bank Norwegian's assets and liabilities having different interest rate sensitivity. If Bank Norwegian is unable to manage its exposure to interest rate volatility, whether through product pricing and maintenance of borrower credit or other means, its business, financial condition, results of operations and/or prospects may be adversely affected.

Thirdly, interest rates impact Bank Norwegian's loan impairment levels and customers' affordability position. For example, an increase in interest rates may lead to an increase in default rates, in turn leading to increased impairment charges, loan losses and lower profitability for Bank Norwegian.

Fourthly, a high interest rate environment may reduce demand for lending products, as individuals are less likely or less able to borrow when interest rates are high, thereby reducing Bank Norwegian's results of operations

The board of directors of Bank Norwegian has defined guidelines that set the limits for the maximum interest rate risk. The guidelines are reviewed at least annually by the board of directors. Bank Norwegian's investment portfolio is invested with a short duration. All products offered by Bank Norwegian have interest rates set by the management of Bank Norwegian and the interest rate commitment term for Bank Norwegian's financial instruments coincides with the term for the products. Products with fixed interest terms are not offered. Any exposure exceeding the interest rate limits shall be mitigated by using hedging instruments. A scheme has been established for the on-going monitoring and reporting of the interest rate risk to the board of directors.

Market risk

Market risk is the potential loss caused by changes in market prices such as widening credit spreads, interest rates, fluctuations in the exchange rate of the Norwegian krone to foreign currencies (SEK, DKK and Euro) and securities. Bank Norwegian's exposure to market risk is connected to the investment portfolio and currency risk exposure in relation to cross border activities. Bank Norwegian's exposure to market risk is regulated in Bank Norwegian's interest rate risk policy, currency policy, derivatives policy, and investment policy, which inter alia include a defined maximum market risk that is intended to limit the risk for negative effects to Bank Norwegian's equity. The market risk is equantified with the assistance of duration calculations. The benchmark duration for investment assets is set at 0.25. The finance department follows up market risk on an on-going basis and the department reports on a monthly basis to the asset and liability management committee and the board of directors.

Bank Norwegian's board of directors has adopted guidelines for Bank Norwegian's investments in certificates and bonds and for the management of foreign currency risk in connection with Bank Norwegian's operations abroad. The guidelines are reviewed by the board of directors at least annually. Limits for the interest rate risk in the investment portfolio are set based on stress tests for negative fluctuations in the interest rate level. The guidelines also set out 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-. Guidelines for continuous follow-ups and reporting have also been adopted. Counterparty risk is an element of credit risk and is the loss that follows from credit events with counterparties connected to Bank Norwegian's investment management activities.

Basis risk

Bank Norwegian is exposed to basis risk if market interest rates rise, and it is compelled to increase deposit rates, while at the same time, for instance, due to competitive pressures or price elasticity, are not able to increase loan rates correspondingly, leading to a lower interest margin.

Variations in costs and availability of funding

Bank Norwegian is subject to inherent risks concerning liquidity, particularly if the availability of traditional sources of funding, such as retail deposits and external funding markets becomes limited and/or more expensive.

The Nordic savings market is Bank Norwegian's principal source of funding and Bank Norwegian is therefore dependent upon the development in the Nordic savings markets. In the event of a temporary or permanent decline in the Nordic savings ratio (being the amount Nordic households save as a proportion of disposable income) or a material change in instruments that Norwegian households allocate their savings to, particularly driven by tax incentives, Bank Norwegian's deposits and borrowings from customers may decline. This may in turn have a material adverse effect on the ability of Bank Norwegian to fund its lending activity and affect Bank Norwegian's ability to deliver its strategic income targets, which may in turn have a material adverse effect on Bank Norwegian's business, financial condition, results of operations and/or prospects.

Further, variations in costs of various funding sources may result in changes to Bank Norwegian's liquidity portfolio and the allocation between the various sources of external funding used by Bank Norwegian, including the introduction of other funding instruments than those currently applied. Bank Norwegian's ability to optimise its liquidity portfolio is subject to execution risk. Failure to decide on and/or implement a successful liquidity policy and treasury strategy could have material adverse effects on Bank Norwegian's business, financial condition, results of operations and/or prospects.

Liquidity risk

Liquidity risk is defined as Bank Norwegian not being able to cover all financial obligations as they become due for payment without large consequences to Bank Norwegian's results.

The board of directors of Bank Norwegian has adopted guidelines for the management of Bank Norwegian's liquidity situation to ensure that Bank Norwegian maintains a solid liquidity position. 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. Bank Norwegian 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.

A majority of Bank Norwegian's liquid assets consist of marketable securities, including substantial holdings of certificates issued by the Norwegian government. Bank Norwegian further has a significant stock of deposits in the central bank of Norway, Norges Bank.

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

Regulatory capital adequacy requirements and an increased level of risk could lead to an increase in capital adequacy requirements

The capital level and capital adequacy ratios of Bank Norwegian are calculated as a percentage of the sum of (i) credit risk based on risk-weighted assets, (ii) market risk and (iii) operational risk, in accordance with applicable regulatory requirements. Bank Norwegian's risk-weighted assets consist of on- and off-balance sheet items. The largest of these components are loans and other credit assets held on the balance sheet. All components are weighted according to regulatory standards.

Bank Norwegian sets its internal capital adequacy ratios targets based on its own assessment of the risk profile of the business, market expectations and regulatory requirements. If market expectations regarding capital levels increase, driven by, for example, the capital levels or targets amongst peer banks, if new regulatory requirements or changes in Bank Norwegian's strategy are introduced, or in the event of an increase in on- or off-balance sheet items that is not according to Bank Norwegian's business plan, then Bank Norwegian may have to increase its capital ratios. Failing to do so, may have a material adverse effect on Bank Norwegian's business, financial condition, results of operations and/or prospects.

Negative developments in certain market conditions such as, but not limited to, increased volatility, widening spreads, value of Bank Norwegian's loans, increased interest rates and foreign exchange rates, could lead to a reduction in the Group's capital adequacy. A perceived or actual shortage of capital could have a material adverse effect on Bank Norwegian's business. Bank Norwegian may experience a depletion of its capital resources through increased costs or liabilities incurred as a result of any of the other risk factors described elsewhere in this Section 2 "Risk factors".

Bank Norwegian may also experience an increase in risk-weighted assets and/or an increased demand for capital as a result of regulatory requirements or regulatory conditions as more fully described under "The Group is exposed to changes in banking and financial services regulations and changes in the interpretation and operation of such regulations" below.

By way of example, if new requirements are introduced for the conversion factors to be used when calculating capital requirements for undrawn credit facilities offered by the Group (such as undrawn credit under a credit facility) and other off-balance sheet items, such new requirements may lead to a reduction in the capital ratio of the Group. The same applies if the Norwegian FSA should disagree with the Group's interpretation of the current rules on the conversion factors to be used when calculating the capital requirements for such off-balance sheet items. In such a situation, the Norwegian FSA could require the Group to use other conversion factors which again could lead to a reduction in the capital ratio of the Group. In such situations, the Group may have to increase its capital ratios, which may have a material adverse effect on the Group's business, financial condition, results of operations and/or prospects.

Risk relating to increased levels of unemployment

As a retail bank, Bank Norwegian's business performance is impacted by the economic status and condition of its customers. A key factor influencing the economic status and condition of Bank Norwegian's customers is overall employment level. In the period from 2009 to 2014, the unemployment rate in Norway has fluctuated around 3.5%, but due to, among other things, the recent decrease in activity in the oil service sector the unemployment rate rose to 4.4% during the fourth quarter of 2015¹. Going forward, SSB expects the nation-wide unemployment rate to increase modestly from the current level in 2016 before declining towards 2018². Certain regional markets with a highly oil-dependent private sector, such as the Stavanger region, may experience sharper increases than what SSB expects for Norway as a whole. Higher levels of unemployment have historically resulted, for example, in a decrease in new home loan borrowing, lower deposit levels and reduced or deferred levels of spending, with adverse impact on fees and commissions received on credit and debit card transactions and demand for home loans and unsecured lending. Higher unemployment rates and decreasing income among Bank Norwegian's customers both through job losses and lower pressure in the overall employment market can also have a negative impact on the Group's results, including through an increase in arrears, forbearance, impairment provisions and defaults. Consequently, sustained high levels of unemployment could have a material adverse impact on the Group's business, financial condition, results of operations and/or prospects.

Systemic risk

Given the high level of interdependence among both domestic and international financial institutions, the Group is and will continue to be subject to the risk of deterioration of the commercial and financial soundness, or perceived soundness, of other financial institutions. Within the financial services industry, the default of any one institution could lead to defaults by other institutions. Concerns about, or a default by, one institution could lead to significant liquidity

¹ Source: SSB (September 2015) – Labour force survey, Q4 2015.

² Source: SSB (September 2015): Main economic indicators 2003-18.

constraints, losses or defaults by other institutions, because the commercial and financial soundness of many financial institutions may be closely related as a result of their credit, trading, clearing or other relationships. Even the perceived lack of creditworthiness of, or questions regarding a counterparty may lead to market-wide liquidity constraints and losses or defaults by the Group or by other institutions. This risk is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with whom the Group interacts on a daily basis. Systemic risk could have a material adverse effect on the Group's ability to secure new funding and on its business, financial condition, results of operations and/or prospects.

Risk that capital in the future may not be available on attractive terms, or at all

It cannot be ruled out that the Group may need to obtain additional capital in the future, e.g. due to reduced margins, operational losses above expectations, declines in asset quality, negative credit risk migration, growth above Bank Norwegian's expectations, or other factors affecting its capital adequacy and/or stricter capital adequacy requirements. Such capital, whether in the form of subordinated debt, hybrid capital or additional equity, may not be available on attractive terms, or at all. Further, any such development may expose the Group to additional costs and liabilities and require it to change the manner in which it conducts its business or otherwise have a material adverse effect on the Group's financial position, results of operations and/or prospects.

2.3 RISKS RELATED TO THE LISTING AND THE SHARES

Norwegian Finans Holding will incur increased costs as a result of being a publicly traded company

As a publicly traded company with its Shares listed on the Oslo Stock Exchange, Norwegian Finans Holding will be required to comply with the reporting and disclosure requirements and with corporate governance requirements applicable for companies listed on Oslo Børs. Norwegian Finans Holding will incur additional legal, accounting and other expenses to comply with these and other applicable rules and regulations. Norwegian Finans Holding anticipates that its incremental general and administrative expenses as a publicly traded company will include, among other things, costs associated with annual and quarterly reports to Shareholders, general meetings, investor relations, incremental director and officer liability insurance costs and officer and director compensation. Any such increased costs, individually or in the aggregate, could have a negative effect on Norwegian Finans Holding's business, financial condition, results of operations and cash flows.

Volatility of share price

The Share price may experience substantial volatility. The trading price of the Shares could fluctuate significantly in response to, inter alia, the financial situation of the Group, variations in operating results, response to quarterly and annual reports issued by the Group, changes in earnings estimates by analysts, adverse business developments, changing conditions in the oil and gas industry at large, changes in general market or economic outlook, interest rate changes, foreign exchange rate movements, matters announced in respect of major competitors or changes to the regulatory environment in which the Group operates or rumours and speculation in the market. The equity markets in general have experienced extreme volatility that has at times been unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the trading price of the Shares.

Norwegian Finans Holding is subject to the Norwegian provisions on ownership control

Pursuant to the Norwegian Financial Institutions Act, acquisition of qualifying holdings in a financial institution is subject to prior approval by the Norwegian Ministry of Finance or the Norwegian FSA. A qualifying holding is a holding that represents 10% or more of the capital or voting rights in a financial institution or allows for the exercise of significant influence on the management of the institution and its business. Approval may only be granted if the acquirer is considered appropriate according to specific non-discriminatory tests described in the Norwegian Financial Institutions Act (the so-called fit and proper test). Any person intending to acquire 10% or more of the capital or voting rights of Norwegian Finans Holding, must be explicitly approved by the Norwegian FSA and/or the Norwegian Ministry of Finance, as applicable before the transaction can be carried through. Such persons run a risk that their application for approval is denied or that Norwegian authorities impose unfavourable conditions related to an approval. Norwegian Air Shuttle has since the establishment of the Group had permission to own up to 20% of the Shares.

In April 2014, the Norwegian FSA formally requested the Norwegian Ministry of Finance to evaluate whether certain shareholdings in the Company held directly and indirectly by Mr. Bjørn Kjos, Mr. Tore Kjos, Mr. Bjørn H. Kise and Norwegian Air Shuttle should be consolidated for the purpose of the above ownership control rules. The said persons are of the opinion that there is no basis for such consolidation. At the time of this Prospectus and more than two years after the initiative from the Norwegian FSA, no decision regarding consolidation has been made or given notice of by the Ministry of Finance or the Norwegian FSA.

Substantial future sales of Company Shares by its current or future holders or any future share issuances by the Company could cause its share price to decline

Norwegian Finans Holding is unable to predict whether significant amounts of the Shares will be sold by its current or future holders following the Private Placement and Subsequent Offering. Any sales of substantial amounts of the Shares in the public market, or the perception that these sales might occur, could lower the market price of the Shares.

Shareholders may risk being diluted

Norwegian Finans Holding may in the future see the need of additional equity investment in relation to financing capital intensive projects, or related to unanticipated expenses or liabilities. This may lead to a future need of additional issuance of shares in Norwegian Finans Holding. Norwegian Finans Holding cannot guarantee that the current ownership of the Shareholders will not be diluted. U.S. investors and/or other investors in Norwegian Finans Holding may not be able to participate in a new issuance of shares or other securities offered by Norwegian Finans Holding from time to time due to U.S. securities laws and/or the laws of certain other jurisdictions, or for other factors, and may therefore be diluted.

Limitations on dividends

Norwegian law provides that any declaration of dividends must be adopted by the Shareholders at Norwegian Finans Holding's General Meeting. Dividends may only be declared to the extent that Norwegian Finans Holding has distributable funds and in compliance with applicable capital adequacy requirements, and subject to the Board of Directors finding such a declaration to be prudent in consideration of the size, nature, scope and risks associated with Norwegian Finans Holding's operations, applicable capital adequacy requirements and the need to strengthen its liquidity and financial position. As a general rule, the General Meeting may not declare higher dividends than the Board of Directors has proposed or approved. If, for any reason, the General Meeting does not declare dividends in accordance with the above, a Shareholder will, as a general rule, have no claim in respect of such non-payment, and Norwegian Finans Holding will, as a general rule, have no obligation to pay any dividend in respect of the relevant period.

Holders of the Shares that are registered in a nominee account may not be able to exercise voting rights as readily as shareholders whose shares are registered in their own names with the VPS

Beneficial owners of the Shares that are registered in a nominee account (e.g., through brokers, dealers or other third parties) may not be able to vote for such Shares unless their ownership is reregistered in their names with the VPS prior to Norwegian Finans Holding's General Meetings, or their beneficial ownership is confirmed by the nominee in time for the General Meetings. Norwegian Finans Holding cannot guarantee that beneficial owners of the Shares will receive the notice for a General Meeting in time to instruct their nominees to either effect a re-registration of their Shares, issue the required confirmations as to beneficial ownership or otherwise vote their Shares in the manner desired by such beneficial owners.

Pre-emptive rights may not be available to U.S. holders

In accordance with Norwegian law, prior to the issuance of any shares for consideration in cash, Norwegian Finans Holding must offer holders of then-outstanding shares pre-emptive rights to subscribe and pay for a sufficient number of shares to maintain their existing ownership percentages, unless these rights are waived at a General Meeting. Such rights were set aside in connection with the Private Placement. The pre-emptive rights are generally transferable during the subscription period for the related offering and may be quoted on Oslo Børs.

U.S. holders of the Shares, and possibly holders of Shares in other jurisdictions as well, may not be able to receive, trade or exercise pre-emptive rights for shares in Norwegian Finans Holding unless

a registration statement under the U.S. Securities Act is effective with respect to such rights or an exemption from the registration requirements of the U.S. Securities Act is available or is otherwise in compliance with the securities laws of any state or other jurisdiction of the United States (or similar provisions in other jurisdictions). Norwegian Finans Holding is not currently subject to the reporting requirements of the U.S. Securities and Exchange Act of 1934, as amended, or any other foreign jurisdiction reporting requirements, and currently has no intention to subject itself to such reporting requirements. In addition, the Shares have not been, and will not be, registered under the U.S. Securities Act or under the securities laws of any state or other jurisdiction of the United States (or other foreign jurisdiction). If U.S. holders of the Shares, or possibly holders of Shares in other jurisdictions, are not able to receive, trade or exercise pre-emptive rights granted in respect of their Shares in any issue of new Shares by Norwegian Finans Holding, they may not receive the economic benefit of such rights. Any such rights may, at the sole discretion of Norwegian Finans Holding, be sold on behalf of such Shareholders and such Shareholders may receive any profits from such sale, but any profit will depend on the prevailing market prices for the pre-emptive rights and will be subject to exchange rate risk between NOK and US dollar or other foreign currency. In addition, such Shareholders' proportionate ownership interests in Norwegian Finans Holding will be diluted.

Investors in the United States may have difficulty enforcing any judgment obtained in the United States against the Company or its directors or executive officers in Norway

Norwegian Finans Holding is incorporated in Norway, and all of Norwegian Finans Holding's directors and executive officers reside outside the United States. All or a substantially all of the assets of these persons and of Norwegian Finans Holding are located outside the United States. In addition, our auditors are also organized outside the United States. As a result, it may be difficult or impossible to serve process against any of these persons or Norwegian Finans Holding in the United States, including for U.S. securities laws violations. Furthermore, as all or substantially all of the assets of these persons are located outside of the United States, it may not be possible to enforce judgments obtained in courts in the United States predicated upon civil liability provisions of the federal or state securities laws of the United States against these persons or Norwegian Finans Holding. Additionally, there is doubt as to the enforceability in Norway of civil liabilities based on the civil liability provisions of the securities laws of the United States.

Transfer of Shares is subject to restrictions under the securities laws of the United States and other jurisdictions

The Shares (including the Offer Shares and the Subscription Rights) have not been, and will not be, registered under the U.S. Securities Act or under the securities laws of any state or other jurisdiction of the United States or any other jurisdiction outside of Norway, and there are no plans to file for such registration. As such, the Shares (including the Offer Shares and Subscription Rights) may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and otherwise in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

Shareholders outside of Norway are subject to exchange rate risk

The Shares of Norwegian Finans Holding are priced in NOK, and any future payments of dividends or other distributions from Norwegian Finans Holding will be denominated in NOK. Accordingly, any investor outside Norway is subject to adverse movements in the NOK against their local currency, as the foreign currency equivalent of any dividends paid on the Shares or price received in connection with any sale of the Shares could be materially adversely affected.

3. RESPONSIBILITY FOR THE PROSPECTUS

3.1 THE BOARD OF DIRECTORS OF NORWEGIAN FINANS HOLDING ASA

This Prospectus has been prepared in connection with the Subsequent Offering described herein and the Listing of the Shares on Oslo Børs.

The Board of Directors of Norwegian Finans Holding (the "**Board of Directors**" or the "**Board**") accepts responsibility for the information contained in this Prospectus. The Board of Directors hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of our knowledge, in accordance with the facts and contains no omissions likely to affect its import.

27 May 2016

The Board of Directors of Norwegian Finans Holding ASA

Bjørn H. Kise

Chairman

Kristin Farstad

Board member

Anita M. H. Aarnæs

Board member

John E. Høsteland

Board member

Brede G. Huser

Board member

Maria Borch Helsengreen

Board member

4. **GENERAL INFORMATION**

4.1 OTHER IMPORTANT INVESTOR INFORMATION

Norwegian Finans Holding has furnished the information in this Prospectus.

The Managers disclaim, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which they might otherwise be found to have in respect of this Prospectus or any such statement.

Neither Norwegian Finans Holding nor the Managers, or any of their respective affiliates, representatives, advisers or selling agents, is making any representation to any offeree or purchaser of the Offer Shares regarding the legality of an investment in the Offer Shares. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Offer Shares.

Investing in the Offer Shares involves a high degree of risk. See Section 2 "Risk factors" beginning on page 18.

4.2 PRESENTATION OF FINANCIAL AND OTHER INFORMATION

4.2.1 Financial information

The Group's consolidated financial statements as of, and for the years ended, 31 December 2015, 2014 and 2013, together referred to as the "Audited Financial Statements", were originally prepared in accordance with Norwegian Generally Accepted Accounting Principles (NGAAP). Due to requirements under Commission Regulation (EC) No 809/2004 of 29 April 2004, the Audited Financial Statements have been restated in accordance with the International Financial Reporting Standards, as adopted by the EU ("IFRS"). Further, the Group's unaudited interim consolidated financial statement as of, and for the three months ended, 31 March 2016 (the "Interim Financial Statement"), has been prepared in accordance with IFRS. The Audited Financial Statements, as restated, and the Interim Financial Statement are together referred to as the "Financial Statements".

The Audited Financial Statements have been audited by PwC, as set forth in their auditor reports included therein, and PwC has issued a report on review on the Interim Financial Statement.

Norwegian Finans Holding presents the Financial Statements in NOK rounded to the nearest thousands.

Norwegian Finans Holding's auditor, PwC, have issued all audit opinions without qualifications.

4.2.2 Non-IFRS financial measures

In this Prospectus, the only non-IFRS financial measure presented by Norwegian Finans Holding is that capital expenditures represent the sum of purchases of fixed assets and intangible assets.

The said non-IFRS financial measure is not a recognized measurement of financial performance under IFRS, but is used by management to monitor and analyse the underlying performance of Norwegian Finans Holding's business and operations. Investors should not consider any such measure to be an alternative to profit and loss for the period, operating profit for the period or any other measures of performance under generally accepted accounting principles.

Norwegian Finans Holding believes that the non-IFRS measure presented herein is commonly used by investors in comparing performance between companies. Accordingly, Norwegian Finans Holding discloses the non-IFRS financial measure presented herein to permit a more complete and comprehensive analysis of its operating performance relative to other companies across periods. Because companies calculate the non-IFRS financial measure presented herein differently, the non-IFRS financial measure presented herein may not be comparable to similarly defined terms or measures used by other companies.

4.2.3 Industry and market data

This Prospectus contains statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to the Group's

business and the industries and markets in which it operates. Unless otherwise indicated, such information reflects the Group's estimates based on analysis of multiple sources, including data compiled by professional organizations, consultants and analysts and information otherwise obtained from other third party sources, such as annual and interim financial statements and other presentations published by listed companies operating within the same industry as the Group, as well as the Group's internal data and its own experience, or on a combination of the foregoing. Unless otherwise indicated in this Prospectus, the basis for any statements regarding the Group's competitive position is based on Norwegian Finans Holding's own assessment and knowledge of the market in which it operates.

Norwegian Finans Holding confirms that where information has been sourced from a third party, such information has been accurately reproduced and that as far as Norwegian Finans Holding is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified. Norwegian Finans Holding does not intend, and does not assume any obligations to, update industry or market data set forth in this Prospectus.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. Norwegian Finans Holding has not independently verified and cannot give any assurances as to the accuracy of market data contained in this Prospectus that was extracted from these industry publications or reports and reproduced herein. Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

As a result, prospective investors should be aware that statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data in this Prospectus and projections, assumptions and estimates based on such information may not be reliable indicators of the Group's future performance and the future performance of the industry in which it operates. Such indicators are necessarily subject to a high degree of uncertainty and risk due to the limitations described above and to a variety of other factors, including those described in Section 2 "*Risk factors*" and elsewhere in this Prospectus.

4.2.4 Currency and rounding

In this Prospectus, all references to "**NOK**" are to the lawful currency of Norway

Certain figures included in this Prospectus have been subject to rounding adjustments (by rounding to the nearest whole number or decimal or fraction, as the case may be). Accordingly, figures shown for the same category presented in different tables may vary slightly. As a result of rounding adjustments, the figures presented may not add up to the total amount presented.

4.3 CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This Prospectus includes "forward-looking" statements, including, without limitation, projections and expectations regarding the Group's future financial position, business strategy, plans and objectives. When used in this document, the words "anticipate" (Section 2.3, 10.3.3), "believe" (Section 5.1), "estimate" (Sections 5.6, 6.3, 7.8.1), "expect", "seek to" and similar expressions, as they relate to the Group or its management, are intended to identify Forward-looking Statements. Such Forward-looking Statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Group, or, as the case may be, the industry, to materially differ from any future results, performance or achievements such Forward-looking Statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate.

Prospective investors in the Shares are cautioned that Forward-looking Statements are not guarantees of future performance and that the Group's actual financial position, operating results and liquidity, and the development of the industry in which Bank Norwegian operates, may differ materially from those made in, or suggest, by the forward-looking statements contained in this Prospectus. Norwegian Finans Holding cannot guarantee that the intentions, beliefs or current expectations upon which its Forward-looking Statements are based will occur.

By their nature, Forward-looking Statements involve, and are subject to, known and unknown risks, uncertainties and assumptions as they relate to events and depend on circumstances that may or may not occur in the future. Factors that could cause the Group's actual results, performance or achievements to materially differ from those in the Forward-looking Statements include but are not limited to:

- General economic conditions in the Nordic region and elsewhere, and any adverse development in the Nordic region or global economic and financial markets;
- The competitive nature of the markets in which the Group operates;
- Variations in interests rates;
- Variations in costs and availability of funding;
- Availability of capital in the future;
- Credit ratings;
- Capital adequacy requirements;
- Increased levels of unemployment;
- Success of brand and ability to acquire and retain customers at a reasonable cost;
- Operational risks related to systems and processes and inadequacy in internal control procedures;
- Failure to attract or retain the management or other key employees;
- Failure or inadequacy in IT systems;
- Vulnerability to cyber-attacks and security breaches;
- Insufficient insurance coverage;
- Failure to implement Bank Norwegian's business strategy;
- Changes in banking, insurance, financial services and other legislation and regulations which may affect the Group's business;
- Dilution of the Shareholders in times of stress due to applicable regulations;
- Significant litigation, claims and compliance risks;
- Money laundering activities and identity fraud;
- Failure in automated procedures and services from external providers;
- Introduction of VAT on financial services and a special duty on net revenue on financial products;
- Risks related to the use of the Norwegian name;
- Changes in political events, and
- Force majeure events.

Some important factors that could cause actual results to differ materially from those in the Forward-looking Statements are, in certain instances, included with such Forward-looking Statements and in the section entitled "Risk factors" (Section 2) in this Prospectus.

The information contained in this Prospectus, including the information set out under Section 2 "Risk factors", identifies additional factors that could affect the Group's business, financial condition, results of operations, cash flows, liquidity and performance. Prospective investors in the Shares are urged to read all Sections of this Prospectus and, in particular, Section 2 "Risk Factors" for a more complete discussion of the factors that could affect the Group's future performance and the industry in which Bank Norwegian operates when considering an investment in Norwegian Finans Holding.

These Forward-looking Statements speak only as of the date of this Prospectus. Norwegian Finans Holding undertakes no obligation to publicly update or revise any Forward-looking Statements, whether as a result of new information, future events or otherwise, other than as required by law or regulation.

Given the aforementioned uncertainties, prospective investors are cautioned not to place undue reliance on any of these Forward-looking Statements.

5. THE PRIVATE PLACEMENT AND THE SUBSEQUENT OFFERING

5.1 THE PURPOSE OF THE PRIVATE PLACEMENT AND THE SUBSEQUENT OFFERING, USE OF PROCEEDS AND THE PURPOSE OF THE LISTING

The background for the Private Placement and the Subsequent Offering is that Bank Norwegian is experiencing a stronger growth than what has been the basis for its current budget and capital plan. The bank experienced a loan growth of NOK 2.4 billion in Q1, 2016, up NOK 0.9 billion compared with Q4, 2015. The increase covers all the geographical markets where Bank Norwegian is conducting business; Finland and Norway, in particular, shows a strong growth.

The purpose of the Private Placement and the Subsequent Offering is to give Bank Norwegian 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 Listing is an important element of Norwegian Finans Holding's strategy. Through the Listing, the Company will be able to provide a regulated marketplace for trading of its Shares, involving continuous market pricing of, and liquidity in, the Shares. In addition, the Company believes that a stock exchange listing will help to further strengthen the Company's profile in the markets in which it operates.

5.2 THE PRIVATE PLACEMENT

5.2.1 Overview of the Private Placement

Following a pre-sounding performed by the Managers, Norwegian Finans Holding on 5 April 2016 at 18:00 CET announced a contemplated private placement (the "**Private Placement**") through issuance of new Shares for a total consideration of NOK 300 million (the "**Placement Shares**"). The Private Placement comprized an offering towards (a) Shareholders with more than 300,000 shares as registered with the VPS on 4 April 2016, and (b) those members of Bank Norwegian's management and of the board of directors of Norwegian Finans Holding (the "**Board**") who had Shares registered with the VPS on 4 April 2016. In total, approximately 70 of the Shareholders were approached in the Private Placement, also meaning that the Private Placement did not trigger an obligation to publish an offering prospectus pursuant to the Norwegian Securities Trading Act.

The subscription price in the Private Placement was determined on basis of a book-building towards said Shareholders, and which started at 18:00 CET on 5 April 2016. Through the book-building, the Private Placement was fully subscribed at a price per share of NOK 50 through the issue of 6 million Placement Shares. The discount from the closing price on the NOTC A list before the initiation of the book-building was 1%.

After completion of the book-building on 5 April 2016 at 20:15 CET, the Board of Directors determined the allocation of the Placement Shares in consultation with the Lead Manager. In the allocation, the existing Shareholders in category (a) above and who participated in the Private Placement were given preferential allocation pro rata to their existing ownership in Norwegian Finans Holding. Next, Placement Shares were allocated to those who had subscribed in the Private Placement among the persons in Bank Norwegian's management and Board or their affiliates companies, pro rata to their existing shareholding.

Any Placement Shares which were not subscribed for on basis or such preferential right or allocated to members of Bank Norwegian's management and board and their affiliated companies were allocated to Shareholders who had oversubscribed, among these pro rata to their shareholding. No Placement Shares were allocated to outside investors.

The result of the Private Placement including the allocation of the Placement Shares was announced via the NOTC A list on 6 April 2016 at 01:40 CET.

The Board's proposal on the Private Placement and the allocation were subject to approval by the Annual General Meeting which was held on 27 April 2016 (the "**AGM**").

The Board decided to set aside the Shareholders' preferential right to subscribe for new Shares. It was the opinion of the Board that the resolution complied with the minority protection requirements of the PLCA in particular due to the fact that (i) it gave Norwegian Finans Holding 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; (ii) the cost of raising the new

capital was low due to the small discount and that fees for subscription guarantees were avoided; (iii) only 10.9% of the Shareholders were excluded from the Private Placement; and (iv) such Shareholders are given the opportunity to maintain their pro rata ownership in Norwegian Finans Holding following completion of the Private Placement and the Subsequent Offering, see Section 5.3 below.

Since the Shares at the time of the resolution of the Private Placement are not listed on a regulated market, the Norwegian Securities Trading Act section 5-14 and the Oslo Stock Exchange Circular 2/2014 has no direct application on the Private Placement, but the Board has had a view to these in developing the structure for the capital raising.

The issuance of the Placement Shares was approved by the AGM passing the following resolution to increase Norwegian Finans Holding's share capital:

"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.
- *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 (or the corresponding section 4 after the general meeting's approval of the new articles of association) 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 percentage of immediate dilution resulting from the Private Placement for the Shareholders (not taking into account the Subsequent Offering) is approximately 3.46%.

5.2.2 Issuance and Listing of the Placement Shares

The Placement Shares issued pursuant to the resolution by the AGM were issued and registered with the Norwegian Register of Business Enterprises and the VPS on Norwegian Finans Holding's ISIN NO 001 0387004 on 10 May 2016.

The Placement Shares are subject to application for admission to trading on Oslo Stock Exchange. The Company expects that the Placement Shares will be listed on Oslo Stock Exchange on or about 17 June 2016. The Placement Shares will not be sought admitted to trading on any other regulated market than Oslo Stock Exchange.
The Placement Shares carry full shareholder rights equal to the existing ordinary Shares of the Company. For a description of rights attaching to Shares in the Company, see Section 13 "*Share capital and shareholder matters*" of this Prospectus.

5.2.3 Share capital following the Private Placement

Norwegian Finans Holding's share capital following the Private Placement is NOK 179,194,708 distributed on 179,194,708 Shares, each at a nominal value of NOK 1.

5.3 THE SUBSEQUENT OFFERING

5.3.1 Overview of the Subsequent Offering

The Subsequent Offering comprises of up to 800,000 Offer Shares (the **"Subsequent Offering"**), each with a nominal value of NOK 1, at a Subscription Price of NOK 50 per Offer Share, which equals the subscription price for the Placement Shares.

The Subsequent Offering is directed towards Shareholders 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 but only to the extent such person 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 "**Eligible Shareholders**").

The Subsequent Offering will ensure that the Eligible Shareholders are given the opportunity to maintain their pro rata ownership in Norwegian Finans Holding following completion of the Private Placement and the Subsequent Offering. The Eligible Shareholders have been granted personal, non-transferable and non-listed preferential rights to subscribe for, and, upon subscription, be allocated new Shares. One subscription right entitles the holder to subscribe for one share in the Subsequent Offering. Oversubscription for the Eligible Shareholders will be allowed.

The Subsequent Offering was resolved by the AGM on 27 April 2016 and the corresponding share capital increase has been approved by the Norwegian FSA.

There are no selling Shareholder in the Subsequent Offering and no lock-up on any Shareholders or members of the management or Board who are holders of Shares.

5.3.2 Timetable for the Subsequent Offering

Event	Date(s)
Subsequent Offering proposed by the Board of Directors	5 April 2016
Subsequent Offering approved by the AGM	27 April 2016
Board meeting for approval of prospectus	26 May 2016
Prospectus approval by Norwegian FSA	27 May 2016
Prospectus publication	30 May 2016
Launch of Subsequent Offering press release	On or about 30 May 2016
Subscription period	On or about 30 May 2016 – on or about 13 June 2016
Allocation and announcement of the Subsequent Offering	On or about 14 June 2016
Payment by Arctic under the payment guarantee	On or about 15 June 2016
Settlement / debiting of specified bank	On or about 16 June 2016
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account

Delivery of Offer Shares under the Subsequent Offering	On or about 16 June 2016
First day of trading on Oslo Børs	On or about 17 June 2016

5.3.3 Increase of share capital in connection with the Subsequent Offering

The following resolution to increase the Company's share capital in connection to the Subsequent Offering was passed by the AGM:

"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, 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 account 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."

5.3.4 The Subscription Period

The Subscription Period for the Subsequent Offering commences on 30 May 2016 and expires at 16:30 (CET) on 13 June 2016. In the event that the Prospectus has not been approved by the Norwegian FSA by the end of 27 May 2016, the start and end of the subscription period shall commence at the latest on the second trading day on Oslo Børs after such approval has been obtained and end at 16:30 (CET) two weeks thereafter, however so that the subscription period shall not start later than 27 June 2016.

5.3.5 Subscription Price

The Subscription Price in the Subsequent Offering has been determined at NOK 50 per Offer Share, which is identical to the subscription price per Placement Share in the Private Placement. No expenses or taxes are charged to the subscribers (the "**Subscribers**") in the Subsequent Offering by the Company or the Managers. The Subscription price of NOK 50 per Offer Share represents a discount of 1% compared to the closing price on 5 April 2016.

5.3.6 Subscription Rights

In accordance with the resolution passed by the AGM, Eligible Shareholders will be allocated nontradable Subscription Rights in proportion to their shareholding in the Company as at the Record Date. The Company will issue 0.037176 Subscription Rights per Share held in the Company as at 5 April 2016 and registered with the VPS on 7 April 2016. The number of Subscription Rights issued to each Eligible Subscriber will be rounded down to the nearest whole number of Subscription Rights.

Each Subscription Right grants the owner the right to subscribe for and be allocated one Offer Share.

The Subscription Rights will be issued and registered in the VPS under ISIN NO 001 0765316. The Subscription Rights will be delivered free of charge. The Subscription Rights are personal, non-transferable and will, thus, not be listed on the NOTC list. Ineligible Shareholders will not receive the Prospectus or the Subscription Form.

Oversubscription is allowed. Subscribers subscribing on the basis of Subscription Rights who oversubscribe (i.e. subscribes for more Offer Shares than the number of Subscription Rights held by them) will have priority to the Offer Shares not subscribed for by holders of Subscription Rights (see Section 5.3.8 "*Allocation of Offer Shares*" for more details).

Subscription Rights not used to subscribe for Offer Shares before the expiry of the Subscription Period will lapse without compensation to the holder, and consequently be of no value.

The Subsequent Offering means that the Shareholders' pre-emptive right to subscribe the Offer Shares are set aside. The Board refers to the explanation provided in Section 5.2.1 above, which also concerns the Subsequent Offering.

5.3.7 The subscription procedure

Eligible Shareholders will receive a letter which includes information on shareholdings registered as at the Record Date and certain other matters relating to the relevant Shareholders. The Prospectus is available at www.banknorwegian.no, www.arctic.com, <u>www.sb1markets.no</u> and at the offices of Arctic Securities AS, SpareBank 1 Markets and Bank Norwegian. Subscriptions for Offer Shares must be made on a Subscription Form in the form attached as Appendix 2 hereto.

Online subscriptions must be submitted, and accurately completed Subscription Forms must be received by either of the Managers by 16.30 hours CET on no later than 13 June 2016. Neither the Company nor any of the Managers may be held responsible for delays in the mail system, busy facsimile lines or for non-receipt of Subscription Forms forwarded by facsimile to the Managers.

Properly completed and signed Subscription Forms may be faxed, mailed or delivered to the Managers at either of the addresses set out below:

Arctic Securities AS	Sparebank 1 Markets AS
Haakon VII's gt.5	Olav V's gate 5
P.O. Box 1833 Vika	P.O. Box 1398 Vika
NO-0123 Oslo, Norway	NO-0114 Oslo
Tel: +47 21 01 30 40	Tel: (+47) 24 14 74 00
Fax: +47 21 01 31 36	Fax: (+47) 24 14 74 01
Email: subscription@arctic.com	E-mail: subscription@sb1markets.no

The Board and the Managers may at their sole discretion refuse any improperly completed, delivered or executed Subscription Form or any subscription which may be unlawful. A subscription is irrevocable and may not be withdrawn, cancelled or modified once it has been received by either of the Managers. Multiple subscriptions are allowed. In the event the Subscriber submits two or more Subscription Forms, the Board and the Managers reserves the right to approve all or only some of the Subscription Forms.

Oversubscription is permitted.

Neither the Managers nor the Company assumes any responsibility for failure to subscribe or inability to subscribe for Offer Shares due to technical or internet problems.

Subscription Forms received after the end of the Subscription Period may be disregarded at the sole discretion of the Company and/or the Managers without prior notice to the subscribers. In the event that the Managers need to verify the identification of a subscriber under the Norwegian Money Laundering Act 2009, the subscriber is responsible for providing the respective Manager with the necessary documentation. Non-compliance with these requirements may lead to the subscriber not being allocated Offer Shares in the Subsequent Offering.

5.3.8 Allocation of Offer Shares

The allocation of Offer Shares will be made applying the following criteria:

- i) Offer Shares shall be allocated on the basis of exercised Subscription Rights;
- ii) In the event that not all Subscription Rights are exercised and the Subsequent Offering is over-subscribed, holders of Subscription Rights who have subscribed for more Offer Shares than the held Subscription Rights, shall have preferential rights to allocation of unsubscribed Offer Shares in accordance with the principles of Section 10-4 (3) of the Norwegian Public Limited Liability Companies Act.

The allocation of Offer Shares will take place after the expiry of the Subscription Period on or about 14 June 2016 and notifications of allocation will be dispatched by post from the Managers on or about 14 June 2016. The Board reserves the right to round off, regulate or in another way reject or reduce any subscription not covered by Subscription Rights (ref. item (i) above). Any excess payments made to the Company will be returned to the subscriber's bank account within two weeks following allocation, without any compensation for lost interest.

No fractional Offer Shares will be allocated and Subscription Rights for less than a whole Offer Share will hence not provide for guaranteed allocation.

Norwegian Finans Holding will disclose information with regard to the number of Shares subscribed for in the Subsequent Offering on or about 14 June 2016 through the information system of Oslo Børs at <u>www.newsweb.no</u> under the ticker NOFI.

5.3.9 Payment for the allocated Offer Shares

The payment for the Offer Shares falls due on 16 June 2016 (the "**Payment Date**").

Each Subscriber must provide a one-time authorization to the Lead Manager to debit a specified bank account with a Norwegian bank for the amount (in NOK) payable for the Offer Shares allotted to such Subscriber by signing the Subscription Form when subscribing for Offer Shares. The amount will be debited on or about 16 June 2016. Subscribers not having a Norwegian bank account or Subscribers subscribing for Offer Shares for more than NOK 5,000,000 must ensure that payment for their Offer Shares with cleared funds is made on or before 16.30 hours CET on 16 June 2016 and should contact the Lead Manager in this respect.

If there are insufficient funds on a Subscriber's bank account or if it is impossible to debit a bank account for the amount the subscriber is obligated to pay, or payment is not received by the Lead Manager according to other instructions, the allotted Offer Shares will be withheld. Interest will in such event accrue at a rate equal to the interest on late payment, currently 8.75 per cent per annum. The Lead Manager reserves the right to make up to three attempts to debit the Subscribers' accounts in the period up to and including 27 June 2016. If payment for the allotted Offer Shares is not received when due, the Offer Shares will not be delivered to the Subscriber, and the Board reserves the right, at the risk and cost of the Subscriber, to cancel the subscription in respect of the Offer Shares for which payment has not been made, or to sell or otherwise dispose of the Offer Shares, and hold the Subscriber liable for any loss, cost or expense suffered or incurred in connection therewith. The original Subscriber remains liable for payment of the entire amount due, including interest, costs, charges and expenses accrued, and the Lead Manager may enforce payment of any such amount outstanding.

5.3.10 Delivery and Listing of the Offer Shares

All Subscribers subscribing for Offer Shares must have a valid VPS account (established or maintained by an investment bank or Norwegian bank that is entitled to operate VPS accounts) to receive Offer Shares.

Assuming that payments from all Subscribers are made when due, delivery of the Offer Shares is expected to take place on or about 16 June 2016. Assuming that payments from all Subscribers are made when due, it is expected that the share capital increase will be registered in the Norwegian Register of Business Enterprises ("Foretaksregisteret") (the "**Company Register**") on or about 16 June 2016.

All of the Shares (including the Offer Shares) will be subject to an application for admission to trading on Oslo Børs. Assuming timely payment by all subscribers, Norwegian Finans Holding expects that the Shares will be listed on Oslo Børs on or about 17 June 2016. The Shares will not be sought or admitted to trading on any other regulated market than Oslo Børs, and the Shares are not currently admitted to trading on any regulated market.

Norwegian Finans Holding has not entered into any underwriting agreements, stabilization agreement, market making agreements or similar agreements for trading of its Shares on Oslo Børs in relation to the Subsequent Offering.

5.3.11 The rights conferred by the Offer Shares

The Offer Shares will in all respects carry full shareholder rights equal to the existing ordinary Shares of Norwegian Finans Holding from the date the share capital increase is registered in the Company Register. For a description of rights attaching to Shares in the Company, see Section 13.4.1 "*Voting rights and other shareholder rights"* of this Prospectus.

5.3.12 Publication of information in respect to the Subsequent Offering

In addition to press releases on the Company's website www.banknorwegian.com, the Company intends to use the Oslo Børs information system at <u>www.newsweb.no</u> under the Company's ticker code "NOFI" to publish information in respect to the Subsequent Offering. The Company will publish information with regard to the number of shares subscribed in the Subsequent Offering on or about 14 June 2016.

5.3.13 Eligible Shareholders

The Subsequent Offering is directed toward the Shareholders as of 5 April 2016 as documented by the shareholder register in the VPS on 7 April 2016, who were not allocated shares 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 "**Eligible Shareholders**").

5.3.14 Record Date

Eligible Shareholders registered with VPS as at 7 April 2016 will receive Subscription Rights.

5.3.15 Share capital following the Subsequent Offering

The maximum number of Offer Shares to be issued is 800,000, each with a nominal value of NOK 1 per Share. If fully subscribed, the Subsequent Offering would give a further increase in the Company's total number of issued Shares post Private Placement from 179,194,708 to 179,994,798, each share with a nominal value of NOK 1 per Share. The Offer Shares will be issued in accordance with the resolution passed at the AGM. See Section 13.1.2 "Share capital" for a further description of the Company's share capital.

5.3.16 Payment guarantee

In order to secure an effective registration of the Offer Shares in the Norwegian Register of Business Enterprises, the Company has entered into a payment guarantee with the Lead Manager on 27 April 2016. The guarantee is limited to NOK 40 million. The Lead Manager shall receive a fee of NOK 100,000 for providing the guarantee.

5.4 VPS REGISTRATION

Norwegian Finans Holding's Shares are registered with the VPS, the Norwegian Central Securities Depository. The Shares' ISIN is NO 0010387004, under which the Offer Shares will be registered, on or about 16 June 2016. The Company's VPS registrar is DNB Bank ASA ("**DNB**").

The Placement Shares issued in the Private Placement will be registered on NOTC A list administered by the Norwegian Securities Dealers Association with the ticker code BANK for the time period from issue until the actual listing at Oslo Børs takes place, when they will be delisted from the NOTC A list.

5.5 SHARE CAPITAL FOLLOWING THE PRIVATE PLACEMENT AND THE SUBSEQUENT OFFERING

As of the date of this Prospectus, the Company's share capital is NOK 179,194,708 divided into 179,194,708 shares, each with a nominal value of NOK 1. These numbers include the Placement Shares. The Company's share capital is fully paid up and issued in accordance with Norwegian Law.

The final number of Offer Shares to be issued in connection with the Subsequent Offering will depend on the number of Offer Shares subscribed. The minimum number of Offer Shares is 1 and the maximum number of Offer Shares to be issued is 800,000, all with a nominal value of NOK 1 per Share which will give a further increase in the Company's share capital of NOK 1 to a maximum of NOK 800,000. Correspondingly, the Company's share capital will be NOK 179,174,709 in the low end of the range and NOK 179,974,708 as a maximum. The Offer Shares will be issued in accordance with the resolution passed at the AGM. Please see Section 13 "Share capital and shareholder matters" for a further description of the Company's share capital.

5.6 PROCEEDS AND COSTS

The transaction costs of the Company related to the Private Placement and the Subsequent Offering are estimated at approximately NOK 7 million, and accordingly the net proceeds of the Private Placement and the Subsequent Offering will be approximately NOK 333 million, assuming the Subsequent Offering will be fully subscribed.

No expenses or taxes are charged to the subscribers in the Private Placement or the Subsequent Offering by the Company or the Manager.

5.7 DILUTION

The Company had 173,174,708 Shares outstanding prior to the Private Placement. Assuming full subscription in the Subsequent Offering, a total of 6,800,000 new Shares will be issued in the Private Placement and the Subsequent Offering, resulting in a combined dilution of approximately $3.78\%^1$ for Shareholders who did not participate in the Private Placement or the Subsequent Offering.

Taking into account the Placement Shares, the percentage of immediate dilution resulting from the Subsequent Offering for Shareholders who did not participate in the Subsequent Offering is expected to amount to approximately $0.44\%^2$ if all Offer Shares are subscribed to and issued.

The table below illustrates the sequence of dilution for Shareholders not participating in the Private Placement or the Subsequent Offering:

	Prior to the Private Placement and Subsequent Offering	Prior to the Subsequent Offering	Subsequent to both the Private Placement and Subsequent Offering
No of Shares each with a nominal value of NOK 1	173,174,708	179,174,708	179,174,708 + 800,000
% dilution	0%	3.35%	3.78%

5.8 MANAGERS AND ADVISORS

The Private Placement and the Subsequent Offering is being managed by Arctic Securities AS as lead manager, jointly with Sparebank 1 Markets AS as manager. Advokatfirmaet Simonsen Vogt Wiig AS is acting as the Company's legal counsel in connection to the Private Placement and the Subsequent Offering. Advokatfirmat BA-HR DA acts as legal advisor and EY as financial advisor to the Managers in connection with the Private Placement.

5.9 JURISDICTION AND GOVERNING LAW

This Prospectus, the Subscription Form and the terms and conditions of the Subsequent Offering shall be governed by and construed in accordance with, and the Offer Shares will be issued pursuant to, Norwegian law. Any dispute arising out of, or in connection with, this Prospectus or the Subsequent Offering shall be subject to the exclusive jurisdiction of Oslo District Court.

5.10 INTEREST OF NATURAL AND LEGAL PERSONS IN THE SUBSEQUENT OFFERING

Arctic and SpareBank 1 Markets serve as Managers in connection with the Private Placement and the Subsequent Offering, and receive a success based fee and commission in this regard. The fee is a fixed percentage fee, calculated on the basis of the gross proceeds raised in the Private Placement and the Subsequent Offering in aggregate.

The Managers and their affiliates are currently providing, and may provide in the future, investment and commercial banking services to Norwegian Finans Holding and its affiliates in the ordinary course of business, for which they may receive and may continue to receive customary fees and commissions. The Managers, their employees and any affiliate may currently own Shares in Norwegian Finans Holding.

Beyond the abovementioned, Norwegian Finans Holding is not aware of any interest of any natural or legal persons, nor conflicts of interest involved in the Private Placement or the Subsequent Offering.

¹ Defined as total of new Shares issued in the Private Placement and assuming full subscription in the Subsequent Offering divided by the total number of Shares following the Private Placement and the Subsequent Offering.

² Defined as number of new Shares issued in connection with the Subsequent assuming full subscription divided by the total number of Shares following issuance of the Offer Shares less the amount held by existing shareholders as of 5 April 2016 who participated in the Private Placement.

5.11 SELLING AND TRANSFER RESTRICTIONS

5.11.1 General

The grant of Subscription Rights and/or issue of Offer Shares, upon exercise of Subscription Rights, to persons resident in, or who are citizens of countries other than Norway, may be affected by the laws of the relevant jurisdiction. Shareholders should consult their professional advisers as to whether they require any governmental or other consent or need to observe any other formalities to enable them to exercise Subscription Rights or purchase or subscribe for Offer Shares.

Norwegian Finans Holding does not intend to take any action to permit a public offering of the Offer Shares in any jurisdiction other than Norway. Receipt of this Prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Prospectus is for information only and should not be copied or redistributed. Except as otherwise disclosed in this Prospectus, if a Shareholder receives a copy of this Prospectus in any territory other than Norway, the Shareholder may not treat this Prospectus as constituting an invitation or offer to it, nor should the Shareholder in any event deal in the Offer Shares, unless, in the relevant jurisdiction, such an invitation or offer could lawfully be made to that Eligible Shareholder, or the Subscription Rights and Offer Shares could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements, and such Shareholder consequently qualify as an "Eligible Shareholder" pursuant to the Subsequent Offering. Accordingly, if a Shareholder receives a copy of this Prospectus, the Shareholder should not distribute or send the same, or, if such Shareholder qualifies as an Eligible Shareholder; transfer the Offer Shares to any person or in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If the Shareholder forwards this Prospectus into any such territories (whether under a contractual or legal obligation or otherwise), the Shareholder should direct the recipient's attention to the contents of this Section 5.11 "Selling and transfer restrictions".

The Subscription Rights are granted to Eligible Shareholders on a personal basis, are non-transferable and will not be listed on the NOTC list or any other kind of securities market.

Except as otherwise noted in this Prospectus and subject to certain exceptions: (i) the Subscription Rights and Offer Shares being granted or offered, may not be offered, sold, resold, transferred or delivered (hereunder taking into account that the Subscription Rights are non-transferable), directly or indirectly, in or into, Member States of the EEA that have not implemented the Prospectus Directive, the United States, Hong Kong, Switzerland or any other jurisdiction in which it would not be permissible to offer the Subscription Rights and/or the Offer Shares (the "Ineligible Jurisdictions"); (ii) this Prospectus may not be sent to any person in any Ineligible Jurisdiction; and (iii) the crediting of Subscription Rights to a VPS account of an Ineligible Shareholder or other person in an Ineligible Jurisdiction (such other persons referred to as "Ineligible Persons") does not constitute an offer to such persons of the Subscription Rights or the Offer Shares. Ineligible Persons may not exercise Subscription Rights.

If a Shareholder purports to be an Eligible Shareholder and takes up, delivers or otherwise transfers Subscription Rights, exercises Subscription Rights to obtain Offer Shares or trades or otherwise deals in the Subscription Rights (hereunder taking into account that the Subscription Rights are non-transferable) and Offer Shares, that Eligible Shareholder will be deemed to have made or, in some cases, be required to make, some or all of the following representations and warranties to Norwegian Finans Holding and any person acting on Norwegian Finans Holding's or its behalf ("the Eligible Shareholders Representations and Warranties"):

- (i) the Eligible Shareholder is not located in an Ineligible Jurisdiction;
- (ii) the Eligible Shareholder is not an Ineligible Person;
- (iii) the Eligible Shareholder is not acting, and has not acted, for the account or benefit of an Ineligible Shareholder or an Ineligible Person;
- (iv) unless the Eligible Shareholder (a) is a "qualified institutional buyer" as defined in Rule 144A under the U.S. Securities Act or (b) is an "accredited investor" as defined in Rule 501(a) under the U.S. Securities Act, the Eligible Shareholder is located outside the United States and any person for whose account or benefit it is acting on a nondiscretionary basis is located outside the United States and, upon acquiring Offer Shares, the Eligible Shareholder and any such person will be located outside the United States;

- (v) the Eligible Shareholder understands that the Subscription Rights and Offer Shares have not been, and will not be, registered under the U.S. Securities Act or under the securities laws of any state or other jurisdiction of the United States and may not be offered, sold, pledged, resold, granted, delivered, allocated, taken up or otherwise transferred (hereunder taking into account that the Subscription Rights are non-transferable) except pursuant to an exemption from, or in a transaction not subject to, registration under the U.S. Securities Act and otherwise in compliance with any applicable securities law of any state or other jurisdiction of the United States; and
- (vi) the Eligible Shareholder may lawfully be offered, take up, subscribe for and receive Subscription Rights and Offer Shares in the jurisdiction in which it resides or is currently located.

Norwegian Finans Holding and any persons acting on behalf of Norwegian Finans Holding, including the Managers, will rely upon the Eligible Shareholder's representations and warranties. Any provision of false information or subsequent breach of these representations and warranties may subject the Eligible Shareholder to liability.

If a person is acting on behalf of a holder of Subscription Rights (including, without limitation, as a nominee, custodian or trustee), that person will be required to provide the foregoing representations and warranties to Norwegian Finans Holding with respect to the exercise of Subscription Rights on behalf of the holder. If such person cannot or is unable to provide the foregoing representations and warranties, Norwegian Finans Holding will not be bound to authorize the allocation of any of the Subscription Rights and Offer Shares to that person or the person on whose behalf the other is acting. Subject to the specific restrictions described below, if an Eligible Shareholder (including, without limitation, its nominees and trustees) is outside Norway and wishes to exercise or otherwise deal in or subscribe for Subscription Rights and/or Offer Shares, the Eligible Shareholder must satisfy itself as to full observance of the applicable laws of any relevant territory including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories.

The information set out in this Section 5.11 "Selling and transfer restrictions" is intended as a general overview only. If any Shareholder is in any doubt as to whether it is eligible to receive the Subscription Rights and/or subscribe for the Offer Shares, that Shareholder should consult its professional adviser without delay.

Subscription Rights will initially be credited to financial intermediaries for the accounts of all Shareholders who hold Shares registered through a financial intermediary and as registered with VPS on the Record Date. Subject to certain exceptions, financial intermediaries, which include brokers, custodians and nominees, may not exercise any Subscription Rights on behalf of any Ineligible Shareholder or any Ineligible Persons, and may be required in connection with any exercise of Subscription Rights to provide certifications to that effect.

Subject to certain exceptions, financial intermediaries are not permitted to send this Prospectus or any other information about the Subsequent Offering in or into any Ineligible Jurisdiction. Subject to certain exceptions, exercise instructions or certifications sent from or postmarked in any Ineligible Jurisdiction will be deemed to be invalid and the Offer Shares will not be delivered to an addressee in any Ineligible Jurisdiction. Norwegian Finans Holding reserves the right to reject any exercise (or revocation of such exercise) in the name of any person (a) who provides an address in an Ineligible Jurisdiction for acceptance, revocation of exercise or delivery of such Subscription Rights and Offer Shares, (b) who is unable to represent or warrant that such person is an Eligible Shareholder and (c) who is acting on a non-discretionary basis for such persons, or who appears to Norwegian Finans Holding or its agents to have executed its exercise instructions or certifications in, or dispatched them from, an Ineligible Jurisdiction. Furthermore, Norwegian Finans Holding reserves the right, with sole and absolute discretion, to treat as invalid any exercise or purported exercise of Subscription Rights which appears to have been executed, effected or dispatched in a manner that may involve a breach or violation of the laws or regulations of any jurisdiction.

Notwithstanding any other provision of this Prospectus, Norwegian Finans Holding reserves the right to permit a holder to exercise its Subscription Rights based on the Eligible Shareholders Representations and Warranties as set out above, or if Norwegian Finans Holding, at its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the laws or regulations giving rise to the restrictions in question. Applicable exemptions in certain jurisdictions are described further below. Not all jurisdictions in which Shareholders with Shares are registered

with the VPS on the Record Date were residents are covered by the descriptions above. In any such case, Norwegian Finans Holding does not accept any liability for any actions that a Shareholder takes or for any consequences that it may suffer as a result of Norwegian Finans Holding accepting or refusing the Shareholder's exercise of Subscription Rights.

No action has been or will be taken by the Managers to permit the possession of this Prospectus (or any other offering or publicity materials or application or subscription form(s) relating to the Subsequent Offering) in any jurisdiction where such distribution may lead to a breach of any law or regulatory requirement.

Neither Norwegian Finans Holding nor the Managers, nor any of their respective representatives, is making any representation to any recipient, offeree, subscriber or purchaser of Subscription Rights and/or Offer Shares regarding the legality of an investment in the Subscription Rights and/or the Offer Shares by such recipient, offeree, subscriber or purchaser under the laws applicable to such recipient, offeree, subscriber or purchaser. Each Eligible Shareholder should consult its own advisers before subscribing for Offer Shares or purchasing Offer Shares. Eligible Shareholders are required to make their independent assessment of the legal, tax, business, financial and other consequences of a subscription for Offer Shares or a purchase of and/or Offer Shares.

5.11.2 United States

The Subscription Rights, including the Offer Shares, have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, transferred or delivered (hereunder also taking into account that the Subscription Rights are non-transferable), directly or indirectly, within the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and otherwise in compliance with the securities laws of any state or other jurisdiction of the United States. There will be no public offer of the Subscription Rights and the Offer Shares in the United States. A notification of exercise of Subscription Rights and subscription of Offer Shares in contravention of the above may be deemed to be invalid.

The Subscription Rights and Offer Shares are being offered and sold outside the United States in reliance on Regulation S under the U.S. Securities Act. Any offering of the Subscription Rights and Offer Shares by the Company to be made in the United States or to U.S. persons will be made only to a limited number of (A) "qualified institutional buyers" ("QIBs") as defined in Rule 144A under the U.S. Securities Act, and (B) "accredited investors" as defined in Rule 501(a) under the U.S. Securities Act , in each case acquiring the Offer Shares and the Subscription Rights for investment purposes for its own account, pursuant to an exemption from, or in a transaction not subject to, the registration requirements under the U.S. Securities Act and otherwise in compliance with the securities laws of any state or other jurisdiction of the United States, who have executed and returned an Eligible Shareholder letter to the Company prior to exercising their Subscription Rights. Prospective purchasers are hereby notified that sellers of the Subscription Rights and the Offer Shares may be relying on an exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A.

Accordingly, subject to certain limited exceptions, this Prospectus will not be sent to any Shareholder with a registered address in the United States or to U.S. persons. In addition, the Company and the Manager reserve the right to reject any instruction sent by or on behalf of any account holder with a registered address in the United States or to U.S. persons in respect of the Subscription Rights and/or the Offer Shares.

Any recipient of this document in the United States or U.S. persons is hereby notified that this Prospectus has been furnished to it on a confidential basis and is not to be reproduced, retransmitted or otherwise redistributed, in whole or in part, under any circumstances. Furthermore, recipients are authorized to use it solely for the purpose of considering an investment in the Subsequent Offering and may not disclose any of the contents of this document or use any information herein for any other purpose. This document is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for Offer Shares or otherwise acquire Subscription Rights and/or Offer Shares. Any recipient of this document agrees to the foregoing by accepting delivery of this document.

Until 40 days after the commencement of the Subsequent Offering, any offer or sale of the Subscription Rights and Offer Shares within the United States by any dealer (whether or not

participating in the Subsequent Offering) may violate the registration requirements of the U.S. Securities Act.

The Subscription Rights and the Offer Shares have not been approved or disapproved by the United States Securities and Exchange Commission, any state securities commission in the United States or any other United States regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Subsequent Offering or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offense in the United States.

Each person to which Subscription Rights and/or Offer Shares are distributed, offered or sold in the United States, by accepting delivery of this Prospectus or by its subscription for Offer Shares, will be deemed to have represented and agreed, on its behalf and on behalf of any Eligible Shareholder accounts for which it is subscribing for Offer Shares, as the case may be, that:

- (i) it is (A) a "qualified institutional buyer" (a "QIB") as defined in Rule 144A under the U.S. Securities Act, or (B) an "accredited investor" as defined in Rule 501(a) under the U.S. Securities Act, in each case acquiring the Offer Shares for investment purposes for its own account, and that it has executed and returned an Eligible Shareholder letter to the Company prior to exercising their Subscription Rights; and
- (ii) the Subscription Rights and Offer Shares have not been offered to it by the Company by means of any form of "general solicitation" or "general advertising" (within the meaning of Regulation D under the U.S. Securities Act).

Each person to which Subscription Rights and/or Offer Shares are distributed, offered or sold outside the United States will be deemed, by its subscription or purchase of Offer Shares, to have represented and agreed, on its behalf and on behalf of any Eligible Shareholder accounts for which it is subscribing for or purchasing Offer Shares, as the case may be, that:

- (i) it is acquiring the Offer Shares from the Company or the Manager in an "offshore transaction" as defined in Regulation S under the U.S. Securities Act; and
- (ii) the Subscription Rights and/or the Offer Shares have not been offered to it by the Company or the Underwriters by means of any "directed selling efforts" as defined in Regulation S under the U.S. Securities Act.

5.11.3 EEA Selling Restrictions

In relation to each member state of the EEA other than Norway, which has implemented the Prospectus Directive (each a "**Relevant Member State**") delivery of Subscription Rights and/or an offer of Offer Shares which are the subject of the Subsequent Offering contemplated by this Prospectus may not be made to the public in that Relevant Member State except that delivery of Subscription Rights and/or an offer to the public in that Relevant Member State of any Offer Shares may be made at any time under the following exemptions under the Prospectus Directive, provided such exceptions have been implemented in that Relevant Member State:

- (i) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- (ii) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than Euro ("EUR") 43,000,000 and (3) an annual net turnover of more than EUR 50,000,000, as shown in its last annual or consolidated accounts;
- (iii) to fewer than 150 natural or legal persons (other than persons and investors as further defined in the Prospectus Directive) subject to obtaining the prior consent of the Manager for any such offer; or
- (iv) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of New Shares shall result in a requirement for the publication by the Company or any Underwriter of a Prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any shares in any Relevant Member State means the communication in any form and by any means of

sufficient information on the terms of the offer and any shares to be offered so as to enable investors to decide to purchase or subscribe for any shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

5.11.4 Notice to Swiss Eligible Shareholders

This Prospectus is not being publicly distributed in Switzerland. Each copy of this Prospectus is addressed to a specifically named recipient and may not be passed on to third parties, including any parties on whose behalf or for whose account a recipient of this Prospectus holds Shares. Neither this Prospectus nor any other offering materials in relation to the Subscription Rights or the Offer Shares constitute a prospectus within the meaning of article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange Ltd. The Subscription Rights or Offer Shares are not being offered to the public in or from Switzerland, and neither this Prospectus, nor any other offering material in relation to the Subscription Rights or Offer Shares may be distributed in connection with any such public offering.

5.12 MANDATORY ANTI MONEY LAUNDERING PROCEDURES

The Subsequent Offering is subject to the Norwegian Money Laundering Act of 6 March 2009 no. 11 and the Norwegian Money Laundering Regulations (collectively the "**Anti-Money Laundering Legislation**").

All subscribers not registered as existing customers with a Manager must verify their identity in accordance with the requirements of the Anti-Money Laundering Legislation, unless an exemption is available. Subscribers that have designated an existing Norwegian bank account and an existing VPS account on the Subscription Form are exempted, provided the aggregate subscription price is less than NOK 100,000, unless verification of identity is requested by a Manager. The verification of identity must be completed prior to the end of the Subscription Period. Subscribers that have not completed the required verification of identity may not be allocated Offer Shares.

Further, in participating in the Subsequent Offering, each subscriber must have a VPS account. The VPS account number must be stated on the Subscription Form. VPS accounts can be established with authorized VPS registrars, which can be Norwegian banks, authorized securities brokers in Norway and Norwegian branches of credit institutions established within the EEA. However, non-Norwegian subscribers may use nominee VPS accounts registered in the name of a nominee. The nominee must be authorized by the Norwegian Ministry of Finance. Establishment of a VPS account requires verification of identity before the VPS registrar in accordance with the Anti-Money Laundering Legislation.

5.13 SUBSCRIPTIONS IN THE PRIVATE PLACEMENT AND SUBSEQUENT OFFERING BY MAJOR SHAREHOLDERS, MANAGEMENT, SUPERVISORY, ADMINISTRATIVE BODIES AND PERSON/ENTITIES SUBSCRIBING FOR MORE THAN FIVE% OF THE OFFERINGS

5.13.1 The Private Placement

The table below provides an overview of members of management, supervisory and administrative bodies that participated in the Private Placement and other persons/entities that subscribed for more than five per cent of the Private Placement:

Investor	Shares subscribed	Share of offering
Erik Jensen, CEO	38,492	0.6%
Pål Svenkerud, CFO	38,293	0.6%
Tore Andresen, COO	34,564	0.6%
Michael Myran, CMO	24,085	0.4%
Tore Widding, CRO	16,931	0.3%
Merete Gillund, CIO	23,155	0.3%
Brede G. Huser, board member	7,124	0.1%
Norwegian Air Shuttle ASA	1,200,000	20.0%
Spencer Trading Inc	608,000	10.1%
Fortelus	519,646	8.7%
Laguan AS	445,891	7.4%
Borak AS	379,279	6.3%
Sneisungen AS	164,448	2.7%

5.13.2 The Subsequent Offering

To the extent known to the Company, no major Shareholder or member of management, supervisory or other administrative bodies intend to subscribe for Shares in the Subsequent Offering, and Norwegian Finans Holding does not know of any Shareholders who intend to subscribe for more than 5% of the Subsequent Offering.

6. MARKET OVERVIEW

6.1 NORDIC ECONOMIC OVERVIEW

About the Nordic countries

The relevant geographies for the Company are Norway, Sweden, Denmark and Finland, which represented 68.3%, 24.9%, 1.6% and 5.2%, respectively, of the Company's loan portfolio as at March 31, 2016.

Economically, the Nordic countries have much in common. They are all small, open economies in which foreign trade has great economic significance. The countries enjoy a combination of high living standards and low income disparity. The economic and social policies which have enabled this is often referred to as "The Nordic model." The countries are characterized by large public sectors, generous social welfare services and high taxation.

The most important sectors for the Norwegian economy are oil and gas and salmon farming. The metals, shipping and tourism industries are also important. Sweden is the largest country among the five measured by size and population. Sweden's most important exports are electronics, machining, cars, paper, iron and metal. Denmark is the smallest country among the five measured by size. The most important sectors for the Danish economy are oil and energy, pharmaceuticals, agricultural goods, shipping and IT-services. Finland is the second largest of the five, with forestry, technology and metal industry as the most important source of income. Sweden, Denmark and Finland are members of the EU, but Finland is the only country that has adapted the Euro as currency. Norway is member of the EEA, but not the EU. Norway and Denmark are members of NATO, while Sweden and Finland are not (Norden.org, 2016).

	Norway	Sweden	Denmark	Finland	Total
Population (mill, 2014)	5.1	9.7	5.6	5.5	25.9
GDP (PPP, USD, bn, 2014)	337.1	439.2	256.8	222.2	1255.3
GDP per capita (PPP, USD, thousand, 2014)	65.6	45.3	45.5	40.7	49.3
Unemployment rate (2014)	3.4%	8.0%	6.6%	8.6%	

Source: The World Bank

Sweden is the most populous country in the Nordics with 9.7 million, along with being the largest measured by GDP. Norway is the second largest measured by GDP, but have the highest GDP per capita. Finland have the lowest GDP per capita at about USD 40,700.

The total population in the Nordics is about 26 million, with a total GDP of about 1,270 bn measured in USD.

The level of wealth, often measured in GDP per capita, is relatively high in the relevant Nordic countries. According to the World Bank, the average GDP per capita was about 15 000 and 37 000 in the World and the EU respectively, measured in USD, in 2014.

The unemployment rate in the Nordic countries is relatively low compared to the EU (EU-28), where 8.8% of the labor force was unemployed in March 2016.¹ As of March 2016, Denmark,

Source: <u>http://ec.europa.eu/eurostat/statistics-explained/index.php/Unemployment_statistics</u>

Sweden and Finland reported unemployment rates of 5.8%, 7.1% and 9.3%, respectively.¹ Norway had the lowest unemployment rate of the Nordic countries at 4.9% in March 2016.²

	2009	2010	2011	2012	2013	2014
World	-2.1%	4.1%	2.8%	2.3%	2.4%	2.5%
EU	-4.4%	2.1%	1.8%	-0.4%	0.2%	1.4%
Norway	-1.6%	0.6%	1.0%	2.7%	0.7%	2.2%
Sweden	-5.2%	6.0%	2.8%	-0.3%	1.2%	2.3%
Denmark	-5.1%	1.6%	1.2%	-0.7%	-0.5%	1.1%
Finland	-8.3%	3.0%	2.6%	-1.4%	-1.1%	-0.4%

Annual percentage growth rate of GDP at market prices based on constant local currency

Source: The World Bank

In 2009, the global economy suffered from a massive hit after the financial crisis in 2008. The global economy based on GDP declined by 2.1%. In the Nordic countries, Finland fell the most with a negative growth of 8.3%. Norway has been experiencing stable economic growth since the fall in 2009.

Household debt, % of net disposable income 134 --6 ——— Denmark ——— Finland ——— Norway ——— Sweden ——— United Kingdom ——— United States

Household indebtedness

Source: data.oecd.org

According to data from OECD, Denmark, Norway and Sweden have relatively high household debts compared to i.e. United States and United Kingdom. Denmark's household debt in percentage of net disposable income was at 305% in 2014, continuing its decrease from almost 340% in 2009. Norway, on the other hand, has steadily increased household indebtedness from some over 200% in 2009 to 224% in 2014. Sweden has had a relatively stable level of debt over the period, increasing from 164% in 2009 to 173% in 2014. Finland has a relatively low level of indebtedness

 $^{^1 \} Source: \ http://ec.europa.eu/eurostat/statistics-explained/index.php/Unemployment_statistics\#Main_statistical_findings$

² Source: Statistics Norway's labour force survey, Q1 2016

compared to the other Nordic countries, but the level has increased from 118% to 127% over the 5-year period. Asides from Denmark, all the relevant Nordic countries have increasing levels of household debt to net disposable income. Most of the debt is related to mortgages. The household sector in Denmark, Finland, Norway and Sweden has total assets well above gross liabilities. However, non-financial assets consist largely of housing and a significant share of financial assets is pension accounts, which are not readily available for other uses.¹

THE NORDIC RETAIL BANKING MARKET 6.2

In the Nordics, banks and mortgage institutions are the major credit providers. The banking and mortgage institutions sector is characterized by a high degree of concentration and is among the largest in Europe, measured as a ratio of GDP.

Banks and mortgage institutions are of great significance to the economy, accounting for the major share of credit intermediation in society. Banks contribute to the economy by inter alia, converting short-term deposits to long-term loans (maturity transformation), spreading risks and ensuring that payments between counterparties are effected. Mortgage banks exclusively provide loans secured on real property. The loans are solely financed by issuing bonds - mortgage institutions do not accept deposits - and for that reason the mortgage institutions are the amongst the largest bond issuers in the Nordics.

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Key figures Nordic banking sector ----

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As of December 2015			(billion EUR)			
Country	Banks ¹	Employees ²	Total assets	Loans	Deposits	
Norway	137	28,548	627	441	342	
Sweden	159	54,644	1,247	697	404	
Denmark	119	37,201	1,082	639	304	
Finland	271	22,019	579	273	186	
Source: European Banking Federation, FBE	¹ Including foreign banks	² Full-time employees (FTEs)				

6.3 **KEY INDUSTRY AND MARKET CHARACTERISTICS**

The Nordic lending industry can be divided into four main categories based on loan type:

- 1. Public debt
- 2. Mortgages
- 3. Other loans (e.g., "rammelån" in Norway and HELOCs in Denmark)
- 4. Consumer finance

The total outstanding debt balance in the Nordic region amounted to approximately EUR 2,000 bn. as of December 2015.

The consumer finance segment

The Company operates in the consumer finance segment, primarily in Norway but experiences significant growth in Sweden, Finland and Denmark.

The consumer finance segment can be further divided into five parts: Consumer loans, Credit cards, Retail finance, Leasing and other.

Source: IMF Country Report No. 13/275, Nordic Regional Report, September 2013

Consumer loans: An unsecured loan for a fixed amount, most often in the range between NOK 10 000 and NOK 500 000. The loan is normally repaid within five years. Consumer loans are typically used to finance larger purchases, top up secured loans, finance general consumption or to consolidate existing smaller unsecured loans.

Credit cards: Charge and credit cards that are used as a pay-later instrument. The credit card market is most relevant when the customer pays the credit card bill in instalments over time. The total outstanding credit card debt includes both interest bearing and non-interest bearing debt.

Retail finance: An in-store (offline and online) financing solution for store purchases. When a customer choses the retail finance option to finance a purchase, the retail finance company pays the store directly and the customer pays to the retail finance company in instalments over a period of normally up to 36 months

Leasing: Leasing agreements that are capitalized as debt, e.g., financial leases.

Collateralized loans: Loans that are secured by collateral, e.g., car- and boat loans.

Overdrafts: Account overdrafts or accounts with a revolving credit line.

The Company operates in the following sub-segments of the Nordic consumer finance industry: credit cards and consumer loans. In this document, references to the "Consumer Finance Market" and to "Consumer Finance" are to the credit card, and consumer loan sub-segments.

Stable macroeconomic environment

The Nordic region is characterized as being macro economically stable. In 2009, Norway, Sweden, Denmark and Finland experienced a recession, but Norway have been experiencing increasing economic activity in the years after.

In 2012, Sweden, Denmark and Finland experienced another recession. According to World Bank, economic activity in Sweden has been growing in 2013 and 2014. Denmark's economic activity grew in 2014, while Finland still experienced recession. In 2014, Norway and Sweden had an annual GDP growth of 2.3% and 2.2%, compared to the World as a total at 2.5%¹. Denmark had a growth of 1.1%, while Finland had a negative growth of -0.4%. All numbers using constant local currency.

Stable public finances and extensive welfare systems

In 2015, Norway, Sweden, Denmark and Finland had public debt to GDP ratios of 28%, 44%, 47% and 62% respectively (IMF, 2016). This is considerably lower than the Euro Area at 107% (<u>www.gfmag.com</u>, 2016)². It is expected that the public debt to GDP ratio will remain at low levels in the Nordics going forward.

Standard & Poor's, Moody's and Fitch all estimate a "Stable" outlook for Norway, Sweden and Denmark, with prime (top) graded sovereign credit rating. Finland has a "Negative" outlook from all the rating agencies, and has the second best possible rating from S&P's and Fitch, while having prime rating at Moody's (Tradingeconomics.com, 2016)³.

All the countries are characterized as having a relatively high level of welfare with low unemployment. The strong welfare system facilitates for free or relatively inexpensive public schooling, hospitals, elderly care and care for incapacitated people. Families are guaranteed an income, and the welfare system also supports borrowers to repay their debts.

Strong embedded cultural inclination to repay debt

There is a strong cultural inclination to repay debt among the public in the Nordics. The preference for repayment of debt, in combination with stable economies, has resulted in low levels of non-performing loans in the retail segment. Norway, Sweden and Finland experience a lower level of nonperforming loans in percentage of gross loans, compared to the World and the EU. In 2014, the

¹ http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG.

² www.gfmag.com/global-data/economic-data/public-debt-percentage-gdp?page=2

www.tradingeconomics.com/country-list/rating

level in EU was at 5.6%, the World at 4.2%. In Norway and Sweden, the level was at 1.1% and 1.2%, respectively. The latest number available for Finland is from 2012 at 0.5%. In Denmark, the level of non-performing loans to gross loans is at 4.4%. The low levels of nonperforming loans in the region might be a result of the high level of welfare and wealth in general, as well as a strong tradition for debt repayments. The non-performance rate in the sub-segments of the market in which the Bank operates (consumer financing) is higher than total market figures above (which mainly comprise of secured loans).¹

Access to reliable personal information and data

In the Nordic countries the authorities have relatively reliable and rich data on each individual tied to social security numbers. Relevant data such as income and tax payments, credit history, outstanding debt obligations, debt collection history etc. are, to some extent, available to institutions such as banks and insurance companies. This information enables the institutions to screen the borrowers and reject individuals with bad history or high risk of default.

Effective legal framework for debt collection

The Nordic countries have an effective framework for debt collection, which can help to simplify the debt collection process and promote recovery rates when debts become delinquent. The main legal debt collection measure is wage garnishment, which is managed by governmental bodies and is available in Norway, Sweden and Finland.

Seizure of property is also an available remedy in Norway, Sweden, Denmark and Finland.

In Sweden, Norway and Denmark, the statute of limitations for debt collection is ten years and it can be renewed through acknowledgement of the debt by the customer (usually through making a payment), the creditor making a claim or otherwise notifying the debtor in writing or through the act of taking legal action. In Finland, the absolute statute of limitations for debt collection is 15 years from the first collection effort.

6.4 CONSUMER FINANCE IN NORWAY

The Nordic countries have a relatively low level of consumer finance penetration as compared to e.g. the US (\sim 8%), with exception being Finland. Loans have primarily been mortgages and other debt with collateral (such as car loans), but consumer finance is growing.

6.0% 5,0% 4,0% 3,0% 2,9% 1,7% 1,0% 0,5% 0,0%

Consumer finance as a percentage of total lending

¹ Source: The World Bank

Source: ECB, SSB, SCB and DST (2013 figures)

Data on the consumer finance market is not as readily available as other lending statistics, and there are no official sources for market size and shares. Statistics available are often conflicting due to different sources and definitions. This applies for both the market as a whole and the different sub-segments. The focus of this section is limited to the Norwegian market, where the Company has the most insight.

Consumer loans are characterized by being unsecured at an amount of about NOK 10 000 to NOK 500 000. Consumer loans are used for home improvements, financing for larger purchases, holidays, consolidation of smaller unsecured loans, bridge financing, etc.

Norway	2008	2009	2010	2011	2012	2013	2014
Consumer loans incl. credit cards (NOKm)	43,352	43,936	48,913	58,118	62,693	68,828	75,302
Annual growth	17.4%	1.4%	3.0%	5.1%	7.8%	9.8%	9.4%
Loss in percentage of outstanding loans	2.2%	3.1%	2.7%	1.5%	1.3%	1.3%	1.3%
Net interest rate in percentage of average assets under allocation	8.8%	11.8%	12.0%	11.3%	11.6%	11.6%	11.4%
Gross defaults, 90 days, in percentage of outstanding loans	6.5%	6.1%	5.9%	5.0%	4.5%	4.4%	4.1%
Gross defaults, 30 days, in percentage of outstanding loans			10.0%	8.4%	7.6%	7.4%	7.2%

Development in the Norwegian consumer loans

Note: The sample was expanded in 2012. Annual growth is calculated on the basis of a comparable sample. Source: Finanstilsynet

Since 2008, the market for consumer loans and financing (including credit cards) has increased substantially, but is still relatively small compared to secured financing. Finanstilsynet (2015) estimates the consumer loans to account for about 3 percent of the total household loans at the end of 2014. The effective interest rates on the loans are varying, but are characterized as high compared to secured loans.

The growth in consumer loans is remarkably higher than the general credit growth, implying that the market is profitable (Finanstilsynet 2015).

The growth in consumer loans in 2012, 2013 and 2014 was 7.8%, 9.8% and 9.4% respectively. The net interest as a percentage of average total assets was 11.4% in 2014, somewhat lower than in 2012 and 2013, but higher than in 2011. Losses in percentage of outstanding loans have been at a lower level the last three years compared to prior years. In 2009, losses were at 3.1% of outstanding loans, falling to approximately 1.3% from 2012 to 2014. This is lower than before the financial crisis in 2008. Although the sector experiences lower losses as compared to earlier, it is higher than for other segments within banking and financing.

According to Finanstilsynet (2015), individuals in the age 40-49 years hold most consumer loans, accounting for about 30% of the market. Individuals between 40-60 years hold 55% of the loans. Individuals between 18-29 years hold about 7-8% of the consumer loans. The distribution of loans across age groups has been relatively stable between 2011 and 2014.

The non-performing consumer loans in percentage of outstanding loans (for each age group) were highest for the age group 18-29 years at about 11-12% annually the last four years. For the age group 40-49 years the non-performance was at about 8% and for the age group over 60 years the non-performance was lowest at about 5%. Out of all the debt collection cases by the end of 2013 and 2014, consumer loans accounted for 12.5% and 11.1% respectively.

Development in the Norwegian credit card market

Norway	2008	2009	2010	2011	2012	2013	2014	2015
Credit cards (NOKm)	26,373	28,028	29,651	31,376	33,737	37,443	38,263	38,935
Annual growth		6.3%	5.8%	5.8%				1.8%

Source: Finansieringsselskapenes Forening (FINFO)

The members of FINFO include major players such as DNB Finans, Bank Norwegian, Santander, EnterCard, Ikano, Svea, Handelsbanken and many more (see full member list at <u>www.finfo.no</u>). According to FINFO, the members of the association have total outstanding credit card receivables at NOK 39 bn.

The growth in credit card debt was lower than the total consumer finance market in 2014, comparing with the figures from Finanstilsynet (2015). The figures from FINFO implies that credit card debt is about 50% of the total consumer loans outstanding in Norway, down from about 60% in 2010. This indicates that other consumer finance products have materialized in the later years.

6.5 **COMPETITIVE ENVIRONMENT IN THE NORDICS**

Full-service banks

Full-service banks are turnkey suppliers of banking and services related to banking such as mortgages, credit cards, consumer finance services, debit cards, currency trading, stock trading, business banking and merchant banking. Large full-service banks in Norway include DNB, SpareBank 1, Nordea, Danske Bank, Handelsbanken and SEB. In Sweden, some of the largest banks are SEB, Nordea, Swedbank and Handelsbanken. In Denmark, Danske Bank, Nordea, Jyske Bank, Nykredit Bank and Sydbank are the largest players, whilst the largest players in Finland are Nordea, OP Financial Group, Danske Bank and Aktia Pankki Oyj.

The full-service banks are still very significant in the consumer finance market with substantial market shares in the Nordics.

Developments in the sector

The competitive environment within banking has changed a lot during the last years. Up until recently, the market was dominated by the large financial institutions. Over the last few years, the underlying growth and attractive characteristics of the consumer loan market has led to an increasing interest among banks to specifically target the consumer loan market and a number of new providers are currently being established.

Some of the relatively new consumer finance companies (also called niche banks) in the Nordics are Bank Norwegian, Komplett Bank, MonoBank, Nordax and Collector Bank. These banks offer a more narrow banking service related to consumer loans, credit cards and such. The new companies within the sector tend to be lean organizations with customer self-service focus and they tend to be present mainly on the internet with few or no local branches.

A development similar to that in the consumer finance market is evident in stock trading, online payment processing and other credit services, and is often referred to as "digital disruption." All players within these services pose competition for traditional retail banks.

Due to the newcomers, the market for consumer finance is fragmented with many competitors and relatively strong competition. The market for consumer loans shows variable competition in the Nordic countries. Due to the new entrants in the Norwegian market for unsecured credit, the Bank has experienced increasing competition. Still, it has been possible to obtain a solid, risk adjusted

return. The Bank has a market share of approximately 13% in the Norwegian market for unsecured credit.

The Company considers the following banks to be the main competitors (including Bank Norwegian) in the Nordic consumer finance market:

<u>Main competitors in the consumer </u> finance market	Retail Financing	Consumer Loans	Credit cards
Norway	DNB/Cresco Santander Resurs Nordea Finans	DNB Bank Norwegian Resurs (incl. yA Bank) Santander Gjensidige Nordax	DNB Santander Entercard SEB Bank Norwegian Skandiabanken
Sweden	Resurs Handelsbanken Finans Nordea Finans Ikano	Nordea SEB Handelsbanken Swedbank Marginalen Ikano Santander Nordax	Swedbank SEB Handelsbanken Nordea
Denmark	Resurs Ekspres Bank Nordea Finans Ikano	Santander Expres Bank Nordea Danske Bank	Danske Bank Nordea Sydbank Jyske Bank
Finland	Nordea OP-Pohjola Handelsbanken Santander	OP-Pohjola Nordea Danske Bank Santander	Nordea Danske Bank OP Group S-Bank

Increasing regulatory requirements following the global financial crisis from 2007 to 2010 have also influenced the sector. The crisis has led to the development of directives and requirements, along with the Basel III regulatory framework. This has in turn led to a higher focus on compliance, corporate governance and risk management within the banking sector.

Further, the emergence of credit intermediaries has increased the competition among the companies, but also the availability of consumer financing services for the customer. These intermediaries are often websites that benchmark the different offerors' interest rates, loan sizes, durations and other attributes.

Barriers to entry

Economies of scale

Banking in general is characterized by having economies of scale advantages. This due to the significant regulatory requirements concerning legal work, compliance, reporting, finance functions and systems. The requirements entail high investments and costs. But these functions can most often handle large volumes of loans and customers, so the scale advantages are significant.

Regulatory requirements

To participate in the consumer finance markets in the Nordics, a company needs approval from the local financial regulators. Recently, regulators have increased their focus on financial stability, which have led to implementation of more strict policies, practices, requirements and regulations. The consumer loan market is subject to legislations and regulations concerning capital adequacy and liquidity requirements as well as the Basel III framework. The capital requirements are not identical in all the Nordic countries. All new entrants must follow these complex requirements,

leading to large organizational investments and operational expenses related to corporate governance, compliance and risk functions.

Access to datasets and scoring models

The development and implementation of strong and predictive scoring models requires large investments, experience and time. The scoring models are essential to evaluate the creditworthiness of new loan applicants. A precise evaluation of the loan applicant is key to minimize the risk of inaccurate credit decisions, which can lead to non-performing debt. This may pose as a barrier to entry for new market participants.

Funding of new market participants

Due to limited records of accomplishment, the access to long-term funding may be restrictive for new market participants. Access to funding is critical to establish a company in the consumer finance market, as the funding must be in place to enable granting of any loans. Along with this, the capital requirements also entail the need of substantial equity contributions.

7. PRESENTATION OF THE GROUP

7.1 INTRODUCTION

The Group consists of Norwegian Finans Holding and Bank Norwegian, and Norwegian Finans Holding owns 100 per cent of the shares in Bank Norwegian. Norwegian Finans Holding has no other business or activity than being the holding company for Bank Norwegian. The banking business is carried out through Bank Norwegian, being licensed by the Norwegian FSA to conduct banking services.

7.2 INCORPORATION, REGISTERED OFFICE AND REGISTRATION NUMBER

Norwegian Finans Holding's legal and commercial name is Norwegian Finans Holding ASA. It was incorporated on 3 May 2007 and registered with the Norwegian Register of Business Enterprises on 6 May 2007. Norwegian Finans Holding is a public limited liability company ("allmennaksjeselskap") organized under Norwegian law, including the Norwegian Public Limited Liability Companies Act. Norwegian Finans Holding's business register number is 991 281 924.

As of the date of this Prospectus, Norwegian Finans Holding's registered share capital is NOK 179,194,708 divided into 179,194,708 Shares, each with a nominal value of NOK 1. All the Shares are authorized and fully paid.

Norwegian Finans Holding has one class of shares, each Share carrying equal voting rights at General Meetings. Norwegian Finans Holding's Articles of Association do not provide for limitations on the transferability or ownership of Shares.

Norwegian Finans Holding's registered office is at Oksenøyveien 3, NO-1366 Lysaker, Norway. The Company may be reached via tel. +47 23 16 38 00.

7.3 LEGAL STRUCTURE

The legal structure of Norwegian Finans Holding and the Group is set out below:



Norwegian Finans Holding acts as a holding company with activities only in place to manage the Group and provide funding to Bank Norwegian. Besides providing funding to Bank Norwegian, the main activities of Norwegian Finans Holding include maintenance of corporate directorate, governance and shareholder interface, meeting listing requirements and compliance.

7.4 BRIEF HISTORY AND DEVELOPMENT

The below table briefly outlines the most important events and developments throughout the history of Norwegian Finans Holding and Bank Norwegian:

Date	Important events
May 2007	Bank Norwegian ($f/k/a$ Norwegian Prosjekt 01 AS) is incorporated, with a paid-in equity of NOK 30 million
June 2007	Norwegian Finans Holding is incorporated
September 2007	Bank Norwegian is granted a banking license by the Ministry of Finance ("Finansdepartementet")
October 2007	Norwegian Finans Holding successfully completes a NOK 240 million stock issue at NOK 2 per Share
November 2007	Bank Norwegian launches operations with 30,000 pre-registered credit card customers. The product offering consists of unsecured consumer instalment loans, "Norwegian Reward" credit cards issued on behalf of Terra Kort, demand deposit account and savings deposit account, all offered through the internet
August 2008	Residential mortgage loan product are ready for launch, but it is scrapped due to the financial crisis
April 2009	Bank Norwegian reaches profitability
June 2009	Bank Norwegian launches electronic customer ID solution and fully automated loan application process
September 2009	Bank Norwegian launches first application credit score card based on own customer data
December 2009	Bank Norwegian launches mobile banking solution
December 2009	Bank Norwegian issued a BBB shadow credit rating by DNB
April 2010	Norwegian Finans Holding successfully completes a NOK 40 million equity issue to fund commencement of own credit card issuing business
April 2010	Bank Norwegian launches own credit card business in co-operation with the airline Norwegian. Most customers on Terra Kort's balance sheet migrate to Bank Norwegian
March 2011	Bank Norwegian reaches 100,000 customers
May 2011	Bank Norwegian issues first senior unsecured bond with a maturity of three years
January 2012	Bank Norwegian launches first behavioral score card based on customer performance data
September 2012	Bank Norwegian reaches 200,000 customers
December 2012	Bank Norwegian issued a BBB+ shadow credit rating by DNB
May 2013	Bank Norwegian launches operations in Sweden offering credit card in co-operation with the airline Norwegian
August 2013	Bank Norwegian launches consumer loans in Sweden
October 2013	Bank Norwegian launches savings deposit account in Sweden
December 2013	Bank Norwegian reaches 300,000 customers
December 2013	Bank Norwegian issues subordinated debt and hybrid capital
April 2014	Bank Norwegian launches responsive design and device independent internet platform

Date	Important events		
June 2014	. The Norwegian Finans Holding stock registered on the NOTC A list at NOK 17.25 per share		
July 2014	Bank Norwegian reaches 400,000 customers		
October 2014	Swedish operations of Bank Norwegian reaches profitability		
December 2014	Sale of portfolio of non-performing loans for MNOK 168.3		
May 2015	Bank Norwegian reaches 500,000 customers		
December 2015	Bank Norwegian launches operations in Denmark and Finland simultaneously, offering unsecured consumer instalment loans and savings deposit account		
December 2015	Bank Norwegian reaches 600,000 customers		
April 2016	Norwegian Finans Holding issues NOK 300 million in equity in a private placement and announces a subsequent equity issue up to NOK 40 million to take place during June 2016		
April 2016	Norwegian Finans Holding announces intent to list the share on Oslo Børs, aiming for June 2016		
April 2016	Bank Norwegian reaches 700,000 customers		
April 2016	Norwegian Finans Holding reaches a market capitalization exceeding NOK 12 billion according to the registration on the NOTC A list		
June 2016	Bank Norwegian plans launch of credit card in co-operation with the airline Norwegian in Denmark and Finland		

7.5 STRATEGY

7.5.1 Introduction

Bank Norwegian bases its strategy on a focused approach with a limited and simple product offering distributed through the internet in the Nordic countries operating from a centralized location and with highly automated processes.

The strategy is based on the five pillars in Sections 7.5.2 through 7.5.6 below.

7.5.2 Leading e-commerce solutions

Sales and marketing

Bank Norwegian directs its sales efforts mostly towards effective and efficient use of online marketing. Through its strong online marketing capability, Bank Norwegian has gained a market share of 13% in the market for unsecured lending in Norway and has successfully penetrated the other Nordic markets. To supplement its own distribution, Bank Norwegian also employs agent distribution. In addition, Bank Norwegian has added to its strong loan growth by successfully executing direct mail campaigns.

Convenient loan application and on-boarding process

The application process is quick and convenient once a prospective customer has submitted the online application form to Bank Norwegian, and a short "time to yes" and "time to cash" is critical. The application process has few steps and provides the customer with an instant credit decision and loan terms. Depending on the product applied for and individual credit assessment, the applicant can either easily furnish requested documentation or receive the loan amount directly.

7.5.3 Synergies with Norwegian Air Shuttle

Strong brand name

The airline Norwegian is a fast growing airline with a strong brand name, providing passengers with affordable direct flights to popular destinations with a modern fleet of aircrafts in large parts of the world. Bank Norwegian has been able to leverage off of the airline's strong market position and brand recognition. Bank Norwegian has the same operations footprint as the airline Norwegian, based on e-commerce, automated processes and low-cost, and has a license to use the brand Norwegian etc. for a term of five (5) years from 1 January 2016 in Norway, Sweden, Denmark and Finland.

Large customer base

The airline Norwegian has an extensive customer base that is susceptible to the bank's market communication and products. Bank Norwegian is benefitting from coordinated marketing activities to promote both the credit card and loyalty program.

Strong incentive in loyalty credit card

Bank Norwegian is the exclusive distributor of "Norwegian Reward" credit card in Norway, Sweden, Denmark and Finland, where customers earn cash points by airline ticket purchases and all other credit card purchases. The redemption of cash points is fully flexible and convenient.

7.5.4 Attractive customer terms

Bank Norwegian offers instalment loans at competitive individually risk-based prices, whereas credit cards have set interest rates. The pricing vary between markets. Instalment loans are offered with terms up to 15 years, giving the customers flexibility to set affordable loan payments. Deposits are attractively priced in order to remain a reliable and stable source of funding for the bank.

7.5.5 Low-cost operations

Automated processes

Bank Norwegian's low-cost operations are predicated on a high degree of automated processes. Due to its economies of scale and operating leverage, it is able to enter new markets and grow rapidly with a limited need to hire more employees.

Self service

Bank Norwegian's service concept, with a limited and simple product offering, is to enable the customers to serve themselves, thus reducing the requirement for an extensive customer service operation.

Low-cost culture

In addition to being run based on a cost efficient business model with automation and self-service, Bank Norwegian is permeated by a low-cost culture and tight cost control, and its incentive model covering all employees makes sure that all stakeholders' incentives are aligned.

7.5.6 Effective and efficient risk selection

Automated risk selection

Bank Norwegian's credit process starts with the customers filling in an online loan application. Data is then automatically collected from multiple sources, and the system provides an automated credit decision and offer calculation. Customer identification and collection of customer documentation is done electronically. There is a manual documentation control and loan disbursement.

Advanced credit models

Bank Norwegian is basing its credit decisions on regression based score card models developed using proprietary customer data. It also utilizes advanced credit systems for developing, simulating and testing of credit policies, risk classification as well as risk metrics calculations. The system is

extensively used to automatically identify existing customers that qualify for topping up their loans or higher credit limits.

7.6 BUSINESS OVERVIEW AND PRODUCT OFFERING

7.6.1 Business overview

Norwegian Finans Holding is the owner of all the issued shares of Bank Norwegian, and Norwegian Finans Holding does not conduct any business other than the ownership and management of the interests in Bank Norwegian.

Bank Norwegian is a leading consumer finance business in the Nordic region, offering consumer loans, credit cards and deposit accounts to retail customers through the internet.

Bank Norwegian started its operations in November 2007 based on an initiative by Norwegian Air Shuttle ASA to offer a credit card based loyalty program in Norway. In cooperation with the airline Norwegian, Bank Norwegian offers a combined credit card and loyalty card which enables customers to earn cash points on credit card transactions and airfare purchases. The points are redeemable towards plane tickets with the airline Norwegian.

The Bank started its Nordic expansion by launching operations in Sweden in May 2013. In December 2015, it launched operations in Denmark and Finland, where Bank Norwegian initially offers consumer loans and deposit accounts. Credit cards will be offered in the Finnish and Danish markets in June 2016.

At the end of Q1 2016, Bank Norwegian had a customer base of 676,600 customers, which can be broken down into 490,800 credit card customers, 96,600 loan customers and 89,200 deposit customers.

The Bank operates out of a centralized office in the municipality of Bærum where all its employees are located. In connection with the expansion into Denmark and Finland, Bank Norwegian also established a customer service operation in Malaga, Spain, based on an outsourcing model.

7.6.2 Product offering

Introduction:

Bank Norwegian offers consumer loans, credit cards, and deposit accounts to retail customers in Norway, Sweden, Denmark and Finland.¹ The Bank also offers ancillary insurance products.

Bank Norwegian's loan pricing reflects the inherently higher default levels associated with unsecured consumer lending.

The product offering is limited with simple and standardized products offered on competitive terms. The customer application and onboarding process is quick and convenient based on a fully-automated process.

Consumer loans:

Bank Norwegian offers unsecured instalment loans at competitive individual risk-based prices. The maximum loan size and pricing vary between markets. Instalment loans are offered with terms up to 15 years, giving the customers flexibility to set affordable loan payments. There are no prepayment penalties. The loan details in the different markets are presented below.

	Amount (local currency)	Max term	Interest rate
Norway	5,000 - 500,000	15 years	8.99% - 21.24%
Sweden	5,000 - 500,000	15 years	4.99% - 20.24%
Finland	1,000 - 50,000	15 years	4.99% - 19.99%
Denmark	5,000 - 400,.000	15 years	4.99% - 20.99%

¹ Credit card operations will be launched in Denmark and Finland in June 2016.

The average loan size is NOK 150,000, SEK 98,000, DKK 69,000 and EUR 12,000 in respective markets.

The bank offers various payment protection insurance policies to eligible loan customers. Eligible loan customers are the customers that qualify for a loan following the automatic customer application process. Depending on the features, the insurance provides monthly payment protection in the event of involuntary unemployment, disability, hospitalization (for individuals who are self-employed), and to guarantee total repayment in the event of the insured's death.

As of 31 March 2016 the Bank had 96.616 loan customers with total outstanding balance of NOK 12,454 million.

Country	Number of loans	Loan portfolio (NOKm)	Growth last 12 months (NOKm)	Share total portfolio
Norway	53,922	8,127	2,543	65%
Sweden	32,080	3,200	1,635	26%
Finland	7,552	859	n/a	7%
Denmark	3,062	268	n/a	2%
Total	96,616	12,454	4,178	100%

The graph below illustrates the age distribution of the consumer loan portfolio as of 31 March 2016. The average customer in all markets is between 40-49 years old.



Age distribution of the loan balance per 31 March 2016 is illustrated below.

In Norway, 88% of the customers have gross salary above 400,000 NOK per year. Sweden has a lower salary level than Norway, and 92% of the customers have salaries above 300,000 SEK.

Gross salaries distribution of the loan balance per 31 March 2016 is illustrated below.



A large majority of the instalment loan customers own their own dwellings. In Norway, 75% of the instalment loan customers own their own dwelling, whereas the figure for Swedish customers is 44%. There is a higher percentage of homeownership in Norway.

The graphs below illustrate the geographical distribution of the customers per county in Norway and Sweden as of 31 March 2016. The portfolio is representatively distributed among the population in the different counties.



Credit cards:

Bank Norwegian is the exclusive distributor of "Norwegian Reward" credit card in the Nordic region, where customers earn cash points by airline ticket purchases and all other credit card purchases. The redemption of cash points towards airline tickets is fully flexible and convenient.

The credit card offers the customers additional benefits. The card charges no annual fee and ATM cash withdrawals can be made with no charges. In Norway, domestic cash withdrawals carry a charge. Travel and cancellation insurance is included in the credit card.

The Company offers various insurance policies to its credit card customers, for instance payment protection insurance, car rental collision damage waiver insurance, ID theft insurance and year around travel insurance. At the end of March 2016 the outstanding loan balance was NOK 4,150 million and there were 490,624 outstanding credit cards.

Total	490,624	4,150	1,369	149,180	100%
Sweden	167,176	991	506	61,641	24%
Norway	323,448	3,159	863	87,539	76%
Country	Number of cards	Loan portfolio (NOKm)	Growth last 12 months (NOKm)	Growth last 12 months (# cards)	Share total portfolio

The age distribution of the credit card portfolio per 31 March 2016 is illustrated in the graph below.



The graphs below illustrate the geographical distribution per county in Norway and Sweden as of 31 March 2016. The portfolio is representatively distributed among the population in the different counties.



Deposit account:

The following table sets forth certain information on Bank Norwegian's deposit accounts as at the end of March 2016.

	(NOKm)	months (NOKm)	Share total portfolio
64,210	11,577	3,549	73%
23,767	4,184	2,258	26%
851	127	n/a	1%
368	40	n/a	0%
89,196	15,928	5,807	100%
	23,767 851 368	23,767 4,184 851 127 368 40	23,767 4,184 2,258 851 127 n/a 368 40 n/a

The deposit accounts are high interest accounts and are priced amongst the top tier deposit accounts in the different countries. The accounts are fully flexible compared to many other high interest accounts, as there are no fees and no restrictions on withdrawals. Bank Norwegian's deposit products in all markets are covered by the Norwegian Banks' Guarantee Fund. Norwegian regulations state that bank deposits are guaranteed up to a total amount of 2 million NOK. Deposits above NOK 2 million are offered a lower interest rate or zero interest rate, depending on the market.

Deposits provide a significant portion of the Company's funding. As at 31 March 2016, the deposits amounted to NOK 15,928 million held in 89,196 accounts. The deposit in percent of total liabilities was 87% as of 31 March 2016.

The age distribution of the deposit account balance per 31 March 2016 is illustrated in the graph below.



7.7 SALES AND DISTRIBUTION

7.7.1 Introduction

Bank Norwegian has developed a sophisticated and adaptable marketing model tailored for each of the countries in which it offers products. For example, the Company uses online advertising, targeted marketing (including direct mail and cooperation partners), repeat sales and agents. Bank

Norwegian continuously optimizes its marketing activities and allocates the resources in the most efficient manner.

The Bank utilizes its digital platform and position in the Nordic consumer banking market to generate demand. The Bank uses electronic marketing tools, such as search engine marketing, banner ads, social media optimization and integration with partners, to drive interest and attention to its product offering. Once a potential customer accesses the digital platform, the Bank presents an intuitive user interface combined with targeted content and dynamic fields.

The cooperation with Norwegian Air Shuttle is also an advantage for the Company, both in established markets (as the Norwegian and Swedish markets) as well as when entering new markets where the airline Norwegian is already established (for example Denmark and Finland). This creates an advantage for further growth.

7.7.2 Marketing methods

Targeted marketing represents a core competence for Bank Norwegian. The Company targets attractive segments by excluding from its marketing individuals who are not likely to apply or be approved for a loan, and Bank Norwegian has developed clearly defined criteria to ensure that it targets the relevant customer segments. The level of data available for modelling and data protection legislation varies from country to country. Therefore, the Company adapts its marketing strategy to each country. Bank Norwegian's untargeted marketing channels consist of mass communication, including online advertising.

The marketing and risk department collaborates closely; statistical analyses for marketing purposes are derived from its experience with credit risk analysis. This avoids targeting materials to clusters of individuals who are not likely to apply or be approved for a loan while also promoting the efficiency of underwriting.

The products offered by Bank Norwegian are predominantly offered directly (BankNorwegian.no, BankNorwegian.se, BankNorwegian.fi and BankNorwegian.dk) but also in co-operation with agents such as Axofinans, SGS Corporation AS and Millbert Event AB. The complete list of agents is disclosed on the Company's website.

Bank Norwegian has implemented a repeat sales strategy with the aim of improving customer retention by offering products and services to meet the needs of its customers and to provide additional liquidity to customers should the need arise.

The products offered are also advertised through price comparison websites, as the products offered include several benefits for the customers and ranked well compared to competitors.

When applying for a product the customer is presented for different insurances. Credit card customers may select for instance payment insurance, collision damage waiver insurance, ID theft insurance and year around travel insurance. Instalment loan customers are offered payment insurance covering incapacity to work due to accident or illness, hospitalization (for individuals who are self-employed), and/or secure total repayment in the event of the insured's death.

7.7.3 Marketing strategy

The marketing department is cost efficient with extensive experience, allowing the Company to target the marketing towards the most potential customers.

Bank Norwegian divides the customer recruitment process into three steps:

Step 1 – prospecting:

The aim is to attract relevant customers to the lowest marketing cost. This includes different kind of advertising sources, for example Norwegian Reward, search engine marketing and different agreements.

Step 2 - recruiting:

Step 2 includes an optimal search page, smooth customer processes and customer feedback whether the customer is granted the applied product or not. Short reply time is of the Company's main advantages compared to traditional banks, and the Company work hard to achieve satisfied customers.

Step 3 – activation:

Issuance of a new instalment loan, credit card and/ or deposit account, and different "welcome packages" to the customers.

7.7.4 Customer service

Customer service for Norway and Sweden are operated from the Bærum office, while customer service for Denmark and Finland is outsourced. The outsourcing enables the customer service for new markets to be highly scalable depending on demand. The customer service employees are native speakers of the language of the countries they serve. All customer service employees, both in-house and outsourced, are given the necessary courses and training to comply with Bank Norwegian's standards.

Representatives from the Customer Services Department handle all communication with the customers by telephone, email and regular post. Bank Norwegian has no branches. Frequently asked questions are posted on the Company's webpage to help the customers.

The Bank's self-service concept limits the need for customers to contact the Company, thus enabling Bank Norwegian to operate a small customer service operation. With few and simple products the customers are to a large extent served by themselves, with limited need to ask questions.

7.8 SIGNIFICANT FACTORS AFFECTING THE BUSINESS PERFORMANCE

The Group's business and financial performance has been and will continue to be affected by general economic conditions in Norway and elsewhere, and any adverse developments in Norway or global economic and financial markets could cause its earnings and profitability to decline. For a complete overview of identified risk factors, see Section 2 "Risk Factors".

7.8.1 The Nordic Macroeconomic Environment

The Bank's focus is on the retail banking market in Norway, Sweden, Denmark and Finland, thus the macroeconomic conditions that affect the households may have an impact on the Bank's results. In particular, macroeconomic conditions may have an impact on the demand for the Bank's lending products, default rates, lending rates, funding rates and the availability of external funding. Although the Bank monitors various macroeconomic indicators, it has not identified one or a group of indicators that are directly correlated to the Bank's result of operations. However, there are several indicators that have an indirect effect including inter alia the development in GDP, unemployment, housing prices, consumer confidence, consumer price inflation and oil price. The Bank does not have any direct exposure to the downturn in the petroleum industry in Norway. The Bank follows the development in the loan portfolio related to these regions closely. To date, the Bank's loan loss ratio has not been materially affected by the negative development in oil prices.

7.8.2 Housing Prices

The housing prices have increased over the recent years in the Nordic countries. For instance, the housing prices in Norway have been moving in a positive direction for the past 30 years¹. Housing prices in Norway increased on average by 5.8% from 30 April 2015 to 30 April 2016². The Bank does not offer housing loans, however the Company may be indirectly affected by decreasing house prices as it may have influence consumer behaviour as the level of household debt to house value increases.

7.8.3 Unemployment Rate

Increasing unemployment rate may contribute to higher loan losses as an unemployed customer may experience reduced debt repayment ability. High unemployment rates itself, as for example in Finland (further details in Section 6.1 "Nordic Economic Overview"), is not a direct challenge. The potential negative impact arises if a country experiences a significant increase in the unemployment rate affecting the customers' ability to repay their debt.

¹ SSB – Table 07221. Housing price index

² Eiendomsverdi, Mai 2016

7.8.4 Competitive Environment

Bank Norwegian meets strong competition and the competitors are primarily local and international financial institutions and banks. Even if Bank Norwegian considers that it has a strong competitive position on its markets, no guarantee can be made that increased competition will not adversely affect Bank Norwegian's operations. Further, the banking market may be consolidated, which may adversely affect Bank Norwegian's competitive position.

7.8.5 Loan Originations and Product Offerings

The Bank's results of operation are significantly affected by the Bank's ability to grow its loan book either through customers increasing their loan balance or through originating new loans and credit cards. The Bank originates new loans by attracting new customers or through existing customers taking up new loans or moving loans from other banks. As set forth in Section 8 "Consolidated Financial Information", the Bank has experienced significant loan growth each year since the beginning.

7.8.6 Interest Rate Levels and Net Interest Margin

The most important interest rates affecting the Bank's net interest income are money market rates such as the Norwegian Interbank Offered Rate ("NIBOR"), STIBOR (Sweden), CIBOR (Denmark) and EURIBOR (Finland). Changes in money market rates are tied to monetary policy, expectations with regard to the economic outlook and other market rates such as the key policy rate which is set by the central banks.

Money market rates are directly impacting the Bank's external funding as well as interest bearing securities, which is part of the Bank's liquidity portfolio. The Bank sets its lending and deposit rates at its own discretion, however, the lending and deposit price setting is closely linked to the said money market rates as the Bank closely monitors market rates as well as the pricing set by competitors and adjusts the Banks' lending and deposit rates accordingly.

For further details, see Section 2.2 "Financial Risks".

7.8.7 Quality of Loan Portfolio – Defaults and Net Loan Losses

Defaults within the Bank's loan portfolio could have an adverse effect on the Bank's operating results. Maintaining a stable and high-quality loan portfolio is top priority for the Company.

The Bank recorded provisions for loan losses of NOK 82.8 million, NOK 142.6 million and NOK 207.9 million for the years ended 31 December 2013, 2014 and 2015, respectively. This corresponds to a loan loss ratio (defined as provisions for loan losses divided by outstanding loan balance) at 1.3%, 1.5% and 1.5% for the years ended 31 December 2013, 2014 and 2015, respectively.

Going forward, the Bank expects loan loss ratios per product to remain in line with historical averages. However, significant changes in the macroeconomic and/or market environment could affect the Bank's loan loss ratios. Also, expanding into new markets may in the short term increase loan losses.

For further details of the Company's products and customers, see Section 7.6.2 "Product Offering" and for details regarding write downs on loans see Section 9 "Operating and Financial Review".

7.8.8 Balance Sheet Structure

The Group is subject to financial services laws, regulations, administrative actions and policies in Norway and the other Nordic countries. Changes in supervision and regulation in Norway, the other Nordic countries and in the European Union ("EU")/the EEA could materially affect the Group's business, the products and services offered or the value of its assets. Future changes in regulation, fiscal or other policies can be unpredictable and are beyond the control of the Group.

The Bank has historically predominantly funded its lending through deposits and borrowings from customers representing a deposit to loan ratio of 1.04, 1.08 and 0.97 as at 31 December 2013, 2014 and 2015, respectively.

For further descriptions regarding liquidity and capital resources, see Section 10 "Liquidity and capital resources".

7.9 COMPETITIVE POSITION

7.9.1 Market share

The Bank has established itself as a sizeable player in the Norwegian consumer finance market. At the end of 2015, the Bank had a market share of approximately 13% of the Norwegian consumer finance market. The total market is defined at around 83bn NOK. The bank has gained at least 1/3 of the total market growth each year since 2009.¹

The consumer finance market in Sweden is more fragmented, and the Bank has established a significant market position in the Swedish market. Bank Norwegian estimates to have a share of around 15% of the total market growth on a quarterly basis.

It has been a successful start-up in Denmark and Finland with higher than expected growth. Denmark and Finland have proven high quality loan demand and a favorable competitive landscape. The company expects to gain market shares going forward, both from established players and gain shares of the market growth.

The Norwegian consumer finance market as defined by Bank Norwegian is illustrated below.





Source: For Norway: «Resultatrapport for finansinstitusjoner» dated 16 February 2016 made public quarterly by the Financial Supervisory Authority of Norway at http://www.finanstilsynet.no/no/Bank-og-finans/Banker/Tilsyn-og-overvakning/Analyser/Rapport_for_finansinstitusjoner/, last time 16 February 2016;

For Sweden: Non-public data obtained from Upplysningscentralen (UC), shows that the total relevant Swedish market (blanco loans) is somewhat in excess of SEK 200 billion. The last numbers received from UC show an annual growth in this market of approximately SEK 8 billion. Bank Norwegian's growth in the period covered by UC numbers has been approximately SEK 300 million per quarter, which is SEK 1.2 billion annually, equal to 15% of the total growth. In Q4, 2015 and Q1, 2016, Bank Norwegian's growth has been higher, somewhat in excess of SEK 400 per quarter. Since the Group does not have UC numbers for these quarters, the older (and lower) estimates have been used. Credit cards are not included in the numbers fgrom UC. According to numbers from the Swedish Bankers' Association, the growth is approx. zero in this market, being at somewhat below SEK 30 billion in total. The Group's growth in credit cards has on average been approx. SEK 100 billion per quarter.

7.9.2 Competitive strenghts

Bank Norwegian believes that its business is characterized by the following key strengths:



7.9.3 Focused business strategy

Bank Norwegian bases its strategy on a focused approach with a limited and simple product offering distributed through the internet in various geographical markets operating from a centralized location and with highly automated processes.

7.9.4 Distribution advantage due to synergies with Norwegian Air Shuttle

Bank Norwegian is able to leverage off of the airline Norwegian's strong market position and brand recognition. The Company is benefiting from coordinated marketing activities to promote both the credit card and loyalty program towards the airline's extensive customer base. The brand recognition has proven to be a competitive edge in both existing and in new markets.

The airline Norwegian is promoting the airline's loyalty program "Norwegian Reward", and customers using Bank Norwegian's credit card qualify for additional benefits, for instance accelerated Cash Point earnings and earnings on all credit card purchases. The bank recently agreed the terms for a renewal and extension to five years from 1 January 2016 of its license agreement with Norwegian Air Shuttle ASA, regarding the use of the brand name Norwegian, IP rights, and co-operation on credit cards, loyalty program, etc. in Norway, Sweden, Denmark and Finland.

7.9.5 Leading e-commerce solutions

The strong customer and market share growth is also based on an effective marketing capability. A capable online marketing execution is a crucial success factor for rapid customer growth in existing and new markets. The bank is recognized as a leader in online marketing.

A quick and convenient application and on-boarding process are key focus areas for the bank. A short "time to yes" is critical for whether the application process is completed or not. The bank is able to deliver a quick application process providing the customer with an instant credit decision complete with loan terms and convenient fulfilment process. A short "time to cash" is likewise crucial for a high take up rate. Customer identification and collection of customer documentation is done electronically. The bank is thus able to provide a quick end-to-end turnaround as customers have experienced receiving the loan in their account 40 minutes after completing the loan application.

7.9.6 Effective and efficient risk selection

Online applications enable the Bank to automate the risk selection process.

Bank Norwegian automatically collects data from multiple internal and external sources and provides an automated credit decision and offer calculation. The bank's advanced credit models and systems enable the Bank to effectively select the desired risk level that optimizes profits.

7.9.7 Low-cost operations

The Bank's e-commerce platform and automated business processes provides a highly scalable business model.
The Bank's service concept with few and simple products designed for customer self-service, enable the Bank to enter new markets and grow rapidly with limited need for new employees. An organization of 59.5 FTE's is an attest to economies of scale and efficiency.

7.9.8 Proven track record of growth and expansion since its start in 2007

A long period of strong loan growth, high interest margins, a cost efficient operation and stable loan losses, have resulted in superior returns. Bank Norwegian operates in attractive markets with a significant growth potential.

Retail deposits represent the primary source of funding and the Bank is able to generate deposits in the different markets to fund loan growth and maintain adequate liquidity. Bank Norwegian also benefits from a solid access to funding markets. The high profitability and capital generation supports further strong growth and maintenance of a solid capitalization.

7.9.9 Highly experienced management team, with a clear strategy

The bank has a highly experienced management team whereof four members have been with the Bank since inception. The management team is deeply involved in operating details and has demonstrated their operating capabilities by delivering strong growth and superior returns on a consistent basis.

7.10 INFRASTRUCTURE AND IT SYSTEMS

Bank Norwegian's IT infrastructure and IT systems are integrally designed to support the bank's strategy which is to enable an easy and convenient application process and on-boarding for customers, automated risk selection with advanced credit systems, automation of business processes and focus on customer self-service.

The system portfolio is based on a combination of standard software from external vendors, integrations with external expert systems and partners as well as custom-built solutions developed in-house. All in-house development is based on Microsoft technology. Vendors are continuously followed up and measured on their ability to deliver high level of quality for all services, with special focus on systems availability, systems performance and information security. The main system vendors are Banqsoft, Nets, Evry, Signicat, Experian and SDC.

Core systems are outsourced to established vendors mainly as "Software as a Service" with special attention to stability, scalability, flexibility and advanced API's to facilitate the needs for automation and robust data integration.

In both external and internal systems, there is focus on developing modularized system COMPONENTS which supports the bank's requirements for agile and fast implementation of new functionality. It also increases the ability to replace system components or vendors when new technology or solutions are available.

All handling of infrastructure and operations are outsourced to external vendors.

An internally developed centralized data warehouse and integration platform enables Bank Norwegian to perform advanced analytics on customer data, support the business processes and handle customer communication and campaigns.

Development methods and system architecture are implemented to support the bank's goals on efficiency and automation. A high focus on standardization in product development and modularization of functionality help to avoid unnecessary complexity, which lead to robust systems and simplifies the implementation of new products and the expansion into Sweden, Denmark and Finland.

7.11 RISK AND CAPITAL MANAGEMENT

7.11.1 Introduction

Risk and capital management in Bank Norwegian shall safeguard the achievement of its strategic objectives while at the same time ensuring a solid financial stability. This aim will be achieved through:

- A strong organizational culture characterized by high awareness of risk.
- A good understanding of the risks that drive earnings.
- Striving for optimal capital utilization within the adopted business strategy.
- Avoiding unexpected single events that can damage the financial position seriously.

The board of directors of Bank Norwegian has adopted policies and guidelines for the management and control of key risks. Policies and guidelines for management and control of risks establish that the Bank will mainly secure earnings through credit exposure in the retail market for unsecured credit. Other financial risks should be demarcated within internally set risk limits. Risk limits are defined in relation to Bank Norwegian's at any time available buffer capital and risk-bearing capacity.

The management and control of the risks that may affect Bank Norwegian's ongoing and future business (see Section 2 ("Risk factors")), is based on the following elements, which have been explained below:

- Roles and responsibilities.
- Policies and procedures for managing and controlling risk.
- Strategic planning and capital planning.
- Reporting and monitoring.
- Contingency plans.

7.11.2 Roles and responsibilities



The board of directors of Bank Norwegian

The board of directors of Bank Norwegian oversees and will ensure that the Bank has a sound system for managing and controlling risk. The board shall ensure that the Bank's capital adequacy is proportionate to regulatory requirements and risk exposure. The board sets overall goals, policies and powers of attorney for the bank's management and control of risk.

Risk and audit committee

The entire board of directors of Bank Norwegian constitutes the Bank's risk and audit committee. The risk and audit committee is a subcommittee of the board which purpose is to make more thorough assessments of designated matters and report the results thereof back to the board of directors with its recommendations.

The risk and audit committee shall ensure that the Bank has an independent and efficient external audit and satisfactory financial reporting in compliance with laws and regulations and ensure that Bank Norwegian's internal control and risk management functions effectively.

The CEO

The CEO shall ensure that the board-approved goals, policies and powers of attorney for the Bank's management and control of risks are adhered to and shall ensure the effective management and control of risk.

Department managers

The department managers who report to the CEO are responsible for control, reporting and monitoring that Bank Norwegian complies with self-imposed and statutory requirements. The finance department and the credit risk department have specific risk management responsibilities.

Risk control function

The risk control function shall ensure that all significant risks are identified, measured and reported by relevant units. The finance department maintains responsibility for the risk control function. The head of risk control function reports to the CEO.

Credit risk department

The credit risk department is responsible for the operational management and control of the risks arising from the bank lending operations. The credit risk department is responsible for adhering to the banks's credit policies and procedures and shall ensure regular reporting and monitoring.

Finance department

The finance department is responsible for the operational management and control of the financial and operations risks facing the bank, except for credit risk arising from the bank's lending operations. The finance department is responsible for adhering to financial and operational risk policies adopted by the board and shall ensure regular reporting and monitoring.

Assets & liability management committee

The asset & liability management committee (ALCO) is an advisory body to the CEO and shall safeguard the CEO's responsibility for management and control of financial risks. ALCO shall supervise the activities within funding, liquidity management, the management of balance sheet products, earnings management and capital management. Furthermore, balance sheet management committee ensures independent control of reporting.

Credit committee

The credit committee is an advisory body for the CEO and advises the CEO on credit decisions, the development of credit policy guidelines and the execution of Bank Norwegian's credit policies and procedures.

Compliance department

The compliance department reports to the CEO and is responsible for the independent control, monitoring and reporting that Bank Norwegian complies with self-imposed and statutory requirements.

Internal audit

The internal audit function is outsourced to the external consultants BDO AS. The internal audit shall assist the board and the CEO, so that the board and the CEO may carry out their supervision responsibilities. The internal audit function shall evaluate the appropriateness and effectiveness of Bank Norwegian's management and control processes. In addition, the internal audit gives feedback on compliance of established policies, procedures and control measures in critical areas. Further on, the internal audit shall give advice on improvements in order to increase value creation in the bank.

7.11.3 Policies and procedures for managing and controlling risk

The board of directors of Bank Norwegian has established guidelines for the management and control of financial, credit and operational risk. The guidelines set goals, policies for risk management, risk tolerance and limits, control systems, reporting and contingency plans. In addition to the guidelines, there are instructions, authorizations and procedure manuals in the respective guidelines.

7.11.4 Strategic planning and capital planning, as well as risk exposure

The board of directors of Bank Norwegian prepares and approves strategic plans and capital plans that are subject to ongoing revision. These plans show the need for debt capital and financing as well as regulatory capital, and they are reviewed by the assets and liability committee each month. Moreover, the capital situation is considered by the Board monthly, and if needed the board adopts a revised capital plan.

The capital plan is a key element in the strategic planning process. Capital planning shall ensure a solid capitalization of the Bank beyond the legal minimum requirements and show the expected capital needs and plan for the raising of capital over a three-year period. The plan shall also show the need for debt financing in that period. The capital plan sets out Bank Norwegian's capital adequacy objectives. The determination of capital adequacy targets takes several factors into consideration, such as regulatory requirements, Bank Norwegian's balance sheet management, earnings and earnings retention, credit standards and credit quality, risk diversification, ownership and access to capital.

The Bank projects the expected development in the capital and buffer capital on a monthly basis with a three-year planning horizon, giving Bank Norwegian's administration and board of directors a solid tool for managing and controlling risk.

Monthly and ad-hoc simulations provide the necessary forecasting information that enables management to stay ahead and develop measures in an early stage. The ICAAP (Internal Capital Adequacy Assessment Process) document is based on the Board-approved capital plan. It is developed further with sensitivity tests, scenario calculations and stress tests to assess risk and the need for subordinated capital.

Bank Norwegian's exposure to currency risk is related to Swedish krone, Danish krone and Euro. The Bank hedges the exposure to foreign currency risk through partially off-setting asset and liability positions as it offers both loans and deposits in foreign currencies, and through the use of derivatives to hedge a net asset sensitive or liability sensitive position in each foreign currency through the use of forward contracts.

7.11.5 Reporting and monitoring

Reporting and monitoring is a key element in Bank Norwegian's management and control of risk. The risk control function is assigned to the finance department who is responsible for ongoing and periodic reporting on developments in the Bank's risks, and whether all risk factors are within the approved risk limits. Risk factors are reported on a daily, weekly and monthly basis to the CEO and on a monthly basis to the board of Directors.

The bank's ICAAP document is considered by the Board as an integral part of the bank's strategy process and the risk measures are updated on an ongoing basis to capture any developments after the Board's consideration of the strategy and the budget. The ICAAP document is reviewed by the internal auditor and the audit report is presented to the Board prior to the board approval of the ICAAP document.

Targets for capital adequacy and capital planning are based on Bank Norwegian's overall strategy and risk management policies, as approved by the Board annually. Capital adequacy is reported quarterly to the Norwegian FSA and monthly to the Board.

7.11.6 Contingency plans

Bank Norwegian has established board-approved contingency plans to ensure adequate capital and liquidity position, in case internal and or external factors affect the solvency or liquidity in an adverse direction.

8. CONSOLIDATED FINANCIAL INFORMATION

The following discussion of the financial condition and results of operations should be read in conjunction with the financial statements and the notes thereto that have been included elsewhere in this Prospectus. The selected consolidated financial data presented below has been derived from the Group's audited consolidated financial statements as of and for the years ended 31 December 2014 and 2015, the Group's unaudited interim consolidated financial statement for the three months ended 31 March 2016 (with comparable figures for the three months ended 31 March 2015), prepared in accordance with International Financial reporting Standards ("IFRS") as adopted by the European Union (EU) and for the year ended 31 December 2013 and 2014 prepared under the Norwegian Generally Accepted Accounting Principles ("**NGAAP**").

Annual reports including consolidated audited historical financial information and audit reports with respect to 2013, 2014, and 2015, and consolidated unaudited interim financial reports for the three months ended 31 March 2016 and 31 March 2015, are incorporated by reference to this Prospectus (see Section 16.2 "Documents incorporated by reference"). The consolidated unaudited interim financial reports for the three months ended 31 March 2016 and 31 March 2016 and 31 March 2016 and 31 March 2016 and 31 March 2015 have been subject to a limited review by PricewaterhouseCoopers AS ("**PwC**"). The financial reports and information are also available at the Group's website www.banknorwegian.no/OmOss/InvestorRelations and, after the Listing, on www.newsweb.no under the ticker NOFI.

8.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

8.1.1 Overview

The consolidated financial statements for the years ended 31 December 2015 and 2014, and the consolidated interim financial statements for the three month periods ended 31 March 2016 have been prepared in accordance with IFRS. The consolidated financial statement for the three month period ended 31 March 2016 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The consolidated financial statements for years ended 31 December 2014 and 2013 have been prepared in accordance with NGAAP.

The Company has prepared a description of the differences between IFRS and NGAAP and the effect of the transition from NGAAP to IFRS on the financial statements. This information, a bridge from NGAAP to IFRS, is included in Note 2 to the consolidated interim financial statements and Note 2 to the Group's financial statements for the year ended 2015 (IFRS). The Group's consolidated financial statements for the year ended 31 December 2015 (IFRS), and the consolidated interim financial statement for the three month periods ended 31 March 2016 are incorporated by reference to this Prospectus, see Section 16.2 "Documents incorporated by reference".

8.1.2 Effects of the Transition from NGAAP to IFRS

In the following, a short description has been included of the effects on the statement of income and statement of financial position occurring from the transition from NGAAP to IFRS.

- The issued perpetual subordinated bond is classified as a liability under the line Subordinated loan according to NGAAP. Associated accrued interest payments are presented under the accounting item Accrued expenses and deferred income. The perpetual subordinated bond does not meet the requirements of financial liabilities in accordance with IAS 32 Financial Instruments Presentation, and is therefore presented as Tier 1 capital.
- Interest expenses related to the bond were according to NGAAP presented as interest expense under the accounting line Interest expense, with a corresponding tax effect included in Tax charge. According to IFRS, these items will involve changes to retained earnings, but will have no effect on earnings.
- In the statement of financial position according to NGAAP, the financial derivatives are presented under Receivables and accrued income not received. In the statement of financial position according to IFRS, the financial derivatives are presented as separate line items, depending on the fair value of the derivatives.

- In the statements of financial position, loans to customers are restated. Accrued interests related to the loans are reclassified from the item Receivables and accrued income to the item Loans to customers. Isolated, this results in a higher value on loans to customers. Further, consumer loans setup fee under NGAAP has been recognized as income at day 1, while the fee under IFRS is amortized over the expected lifetime of the loans according to an effective interest method. Isolated, this result in a lower recognized value on loans to customers. The total effect of these changes results in a higher value on loans to customers in the statements of financial position under IFRS compared to NGAAP.
- Accrued interest income has been classified as Receivables and accrued income in the financial statement prepared in accordance with NGAAP. In the financial statement prepared in accordance with IFRS, these accrued interests have been classified as Cash and deposits with central banks and credit institutions, Loans to customers and Certificates and bonds.
- Accrued interest expenses have been classified as Accrued expenses and unearned income received in the financial statement prepared in accordance with NGAAP. In the financial statement prepared in accordance with IFRS, these accrued interests are classified as Deposits from customers, Debt securities issued and Subordinate loan.

8.1.3 Significant Accounting Estimates

Note 1 of the Group's financial statements for the year ended 2015 and 2014 includes a description of the Group's accounting principles. In the following, a summary of the significant accounting estimates has been included.

- Write-downs on loans are considered a significant accounting estimate. This estimate is prepared in the same way in both the NGAAP accounts and the IFRS accounts. The Group has prepared its own guidelines for write-downs on loans.
- The criterion for calculating losses on individual loans is the existence of objective evidence that the value of a loan has declined. Objective evidence that the value of a loan has declined includes observable data made known to the Group 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 of payment or new credit for the payment of an instalment, agreed 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, other financial restructuring, or that bankruptcy proceedings will be opened at the debtor's estate.
- Write-downs on groups of loans are performed if there is objective evidence of 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 at the due date. A decline in value is calculated on the basis of the borrower's income, liquidity, financial strength and financial structure, as well as cast collateral for the loans.
- Write-downs for losses cover losses in the loan portfolio that have occurred. The evaluations of which loans are regarded as doubtful are based on conditions existing at the balance sheet date. A monthly monitoring is performed of the loan portfolio with associated assessment of individual and group write-downs. Further, a critical assessment is made in relation to any fall in the value of the loan portfolio. The basis for write-downs is risk classification in accordance with the established guidelines stipulated in the Bank's credit policies.

- Write-downs are the difference between the book value and the present value of estimated future cash flows. In calculating the present value the current effective interest rate is used.
- The Group's financial instruments classified and recognized at fair value according to IFRS are further considered to be significant estimates. This valuation may contain significant use of non-observable market data. See Notes 1 and 21 in the financial accounts for the three month period ended 31 March 2016 for further information.

8.2 CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The table below sets out selected data from the Group's condensed consolidated statement of income for the three months ended 31 March 2016 and 2015 and the years ended 31 December 2015 and 2014 prepared in accordance with IFRS, as well as consolidated statement of income for the years ended 31 December 2014 and 2013 prepared in accordance with NGAAP.

	Three months ended 31 March			Year ended 31 December			
	2016	2015	2015	2014	2014	2013	
	IFRS	IFRS	IFRS	IFRS	NGAAP	NGAAP	
In NOK million	(unaudited)	(unaudited)	(audited)	(audited)	(audited)	(audited)	
Interest income	559.2	379.1	1,710.4	1,277.5	1,279.8	864.3	
Interest expenses	82.1	83.0	285.8	302.5	309.9	228.2	
Net interest income	477.2	296.1	1,424.6	975.0	969.9	636.1	
Commission and bank service income	55.6	39.1	192.6	127.9	127.9	88.4	
Commission and bank service expenses	21.3	16.2	78.6	56.0	56.0	36.0	
Net change in value on securities and currency	6.9	(2.4)	(18.7)	(3.4)	(3.4)	10.1	
Other income			0.2	0.4	0.4	0.2	
Net other operating income	41.2	20.5	95.6	68.9	68.9	62.7	
Total income	518.4	316.6	1,520.2	1,043.9	1,038.8	698.8	
Personnel expenses	17.8	14.5	58.2	52.0	52.0	46.3	
General administrative expenses	173.2	103.0	477.7	343.5	343.5	216.8	
Ordinary depreciation	3.7	5.8	15.5	10.5	10.5	9.7	
Other operating expenses	8.9	4.2	22.2	16.4	14.9	12.3	
Total operating expenses	203.5	127.5	573.6	422.4	420.9	285.0	
Provisions for loan losses	95.0	39.3	207.9	142.6	142.6	82.8	
Profit before tax	219.9	149.7	738.8	478.9	475.4	331.0	
Tax charge	55.0	40.4	198.9	131.0	129.6	93.1	
Profit after tax	164.9	109.3	539.8	348.0	345.8	237.9	
Comprehensive income							
Change in fair value for assets held for			60 1				
sale Tax	-	-	60.4 (0.5)	-	-	-	
Other comprehensive income that may subsequently be reclassified to profit and	-		<u> </u>				
loss Comprehensive income for the period	164.9	109.3	599.8	348.0	345.8	237.9	

8.3 CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The table below sets out selected data from the Group's condensed consolidated statements of financial position for the three months ended 31 March 2016 and 2015 and the years ended 31 December 2015 and 2014 prepared in accordance with IFRS, as well as consolidated statements of financial position for the years ended 31 December 2014 and 2013 prepared in accordance with NGAAP.

	Three months ended 31 March			Year ended 3	1 December	
	2016	2015	2015	2014	2014	2013
	IFRS	IFRS	IFRS	IFRS	NGAAP	NGAAP
In NOK million	(unaudited)	(unaudited)	(audited)	(audited)	(audited)	(audited)
Assets						
Cash and deposits with the central bank	59.0	59.0	59.0	59.0	59.0	54.0
Loans and deposits with credit institutions	437.3	321.5	477.8	299.7	299.7	106.1
Loans to customers	16,201.7	10,131.9	13,808.2	9,418.8	9,401.0	6,363.7
Certificates and bonds	3,331.6	2,987.8	2,968.5	3,463.0	3,454.3	1,694.1
Financial derivatives	6.7	-	-	-	-	-
Shares and other securities	0.4	0.4	0.4	0.4	0.4	-
Assets held for sale	60.4	-	60.4	-	-	-
Other intangible assets	44.7	36.8	42.3	33.9	33.9	30.6
Deferred tax assets	8.4	1.4	8.2	1.3	1.3	1.3
Fixed assets	0.5	1.0	0.5	1.1	1.1	1.5
Receivables and accrued income	196.2	138.9	178.2	138.7	174.2	97.1
Total assets	20,347.0	13,678.7	17,603.6	13,416.0	13,425.0	8,348.5
Equity and liabilities						
Deposits from customers	15,928.0	9,961.9	13,366.6	10,155.7	10,155.7	6,592.2
Debt securities issued	1,880.3	1,880.4	1,879.6	1,605.9	1,601.9	499.8
Financial derivatives	-	1.4	7.7	-	-	-
Tax payable	192.0	122.3	202.1	127.3	129.6	93.4
Other liabilities	58.9	23.7	36.4	21.8	21.8	29.8
Accrued expenses and unearned income received	89.0	146.2	76.3	70.6	75.4	44.1
Subordinated loan	175.0	175.0	175.0	175.0	298.8	298.7
Total liabilities	18,323.3	12,310.9	15,743.5	12,156.1	12,283.1	7,558.1
Share capital	173.2	173.0	173.2	173.0	173.0	172.6
Share premium reserve	150.4	145.1	150.4	145.1	145.1	139.9
Tier 1 capital	125.0	125.0	125.0	125.0	-	-
Retained earnings and other reserves	1,575.1	924.7	1,411.5	816.7	823.7	478.0
Total equity	2,023.7	1,367.9	1,860.1	1,259.8	1,141.9	790.5
Total equity and liabilities	20,347.0	13,678.7	17,603.6	13,416.0	13,425.0	8,348.5

8.4 CONSOLIDATED STATEMENTS OF CASH FLOWS

The table below sets out selected data from the Group's condensed consolidated statements of cash flows for the three months ended 31 March 2016 and 2015 and the years ended 31 December 2015 and 2014 prepared in accordance with IFRS, as well as consolidated statements of cash flows for the years ended 31 December 2014 and 2013 prepared in accordance with NGAAP.

	Three months ended 31 March			Year ended 3	1 December	
	2016	2015	2015	2014	2014	2013
	IFRS	IFRS	IFRS	IFRS	NGAAP	NGAAP
In NOK million	(unaudited)	(unaudited)	(audited)	(audited)	(audited)	(audited)
Profit / loss after tax	164.9	109.3	599.8	348.0	345.8	237.9
Unrealized currency gains and losses	(20.2)	(7.7)	(14.6)	(9.1)	(9.1)	0.5
Ordinary depreciations	3.7	5.8	15.5	10.5	10.5	9.7
Loss on loans and guarantees	95.0	39.3	207.9	142.6	142.6	82.8
Change in loans	(2,488.5)	(752.5)	(4,597.3)	(3,189.7)	(3,179.9)	(1,989.0)
Change in deposits from customers	2,561.4	(193.8)	3,210.9	3,563.5	3,563.5	965.3
Change in securities	(363.1)	475.2	494.5	(1,764.3)	(1,760.2)	173.9
Change in other accruals	(24.9)	(0.3)	(46.4)	(60.8)	(77.1)	(27.4)
Change in short-term liabilities	17.5	74.0	102.8	53.9	59.4	51.1
Net cash flow from operating activities	(54.1)	(250.5)	(26.9)	(905.5)	(904.5)	(495.3)
Net change in assets held for sale	-	-	(60.4)	-	-	-
Investments in tangible and intangible assets	(6.1)	(8.6)	(23.5)	(13.4)	(13.8)	(17.5)
Sale of tangible assets			0.2	-	-	-
Net cash flow from investment activities	(6.1)	(8.6)	(83.7)	(13.4)	(13.8)	(17.5)
Paid-in equity	-	-	5.5	5.6	5.6	5.3
Change in debt securities issued	0.7	274.5	273.7	1,105.7	1,102.1	249.8
Change in subordinated debt	0.0	(0.0)	(0.0)	2.0	0.1	268.7
Payment to Tier 1 capital investor, after tax	(1.2)	(1.3)	(5.1)	(4.9)	-	-
Net cash flow from financing activities	(0.5)	273.2	274.1	1,108.3	1,107.7	523.8
Currency effect on cash and cash equivalent	20.2	7.7	14.6	9.1	9.1	(0.5)
Net cash flow for the period	(40.5)	21.8	178.1	198.6	198.6	10.4
Cash and cash equivalent at start of period	536.8	358.7	358.7	160.1	160.1	149.7
Cash and cash equivalent at end of period	496.3	380.5	536.8	358.7	358.7	160.1

8.5 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

The table below sets out selected data from the Group's condensed consolidated statements of changes in equity for the years ended 31 December 2014 and 2015 and the three months ended 31 March 2016 prepared in accordance with IFRS. The table also sets out the change in equity from 31 December 2013 prepared in accordance with NGAAP to 1 January 2014 prepared in accordance with IFRS.

In NOK million	Share capital	Share premium reserve	Tier 1 capital	Retained earnings and other reserves	Total
Balance 31 december 2013 (NGAAP)	172.6	139.9		478.0	790.5
Equity effect from IFRS implementation			125.0	(4.3)	120.7
Balance 1 January 2014 (IFRS)	172.6	139.9	125.0	473.7	911.2
Total profit for the period				348.0	348.0
Items potentially reclassified to profit					
Total profit for the period				348.0	348.0
Paid interest on Tier 1 capital				(7.4)	(7.4)
Tax				2.4	2.4
Capital increase	0.4	5.2			5.6
Balance 31 December 2014 (IFRS)	173.0	145.1	125.0	816.7	1,259.8
Balance 31 December 2014 (IFRS)	173.0	145.1	125.0	816.7	1,259.8
Total profit for the period				539.8	539.8
Items potentially reclassified to profit				60.0	60.0
Total profit for the period				599.8	599.8
Paid interest on Tier 1 capital				(6.9)	(6.9)
Tax				1.9	1.9
Capital increase	0.2	5.3			5.5
Balance 31 December 2015 (IFRS)	173.2	150.4	125.0	1,411.5	1,860.1
Balance 31 December 2015 (IFRS)	173.2	150.4	125.0	1,411.5	1,860.1
Total profit for the period				164.9	164.9
Items potentially reclassified to profit					
Total profit for the period				164.9	164.9
Paid interest on Tier 1 capital				(1.7)	(1.7)
Тах				0.4	0.4
Balance 31 March 2016 (IFRS)	173.2	150.4	125.0	1,575.1	2,023.7

8.6 TREND INFORMATION AND SIGNIFICANT CHANGES TO THE COMPANY'S FINANCIAL POSITIONS SINCE 31 MARCH 2016

Besides the completion of the Private Placement and the Subsequent Offering, Norwegian Finans Holding is not aware of any significant changes since 31 March 2016 in the financial or trading position of the Company. See Section 5.2 "The Private Placement" for further details about the Private Placement and Section 5.3 "The Subsequent Offering" for further details about the Subsequent Offering.

8.7 SEGMENT INFORMATION

The table below sets out the Group's total net interest income, profit on ordinary activities after tax and total assets by geographic area for the years ended 31 December 2015 and 2014 and the three months ended 31 March 2016 and 2015 prepared in accordance with IFRS.

	Three months ended 31 March		Year ended 31 December	
	2016	2015	2015	2014
	IFRS	IFRS	IFRS	IFRS
In NOK million	(unaudited)	(unaudited)	(audited)	(audited)
Net interest income (in NOK million)				
Norway	337.6	244.2	1,127.6	868.8
Sweden	116.7	51.9	297.1	106.0
Denmark and Finland	22.8	-	(0.1)	-
Other	0.0	0.0	0.0	0.1
Total	477.2	296.1	1,424.6	975.0
Net interest income (in% of total)				
Norway	70.8%	82.5%	79.2%	89.1%
Sweden	24.5%	17.5%	20.9%	10.9%
Denmark and Finland	4.8%	-	0.0%	-
Other	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%
Profit on ordinary activities after tax (in NOK				
million)				
Norway	159.7	107.7	491.8	373.7
Sweden	28.5	2.0	51.5	(24.6)
Denmark and Finland	(22.7)	-	(2.1)	-
Other	(0.6)	(0.3)	(1.5)	(1.1)
Total	164.9	109.3	539.8	348.0
Profit on ordinary activities after tax (in% of total)				
Norway	96.8%	98.5%	91.1%	107.4%
Sweden	17.3%	1.8%	9.5%	-7.1%
Denmark and Finland	-13.8%	-	-0.4%	-
Other	-0.4%	-0.3%	-0.3%	-0.3%
Total	100. 0%	100.0%	100.0%	100.0%
Total assets (in NOK million)				
Norway	14,486.8	11,337.3	13,450.4	11,094.0
Sweden	4,595.7	2,325.5	3,992.8	2,307.5
Denmark and Finland	1,245.7	-	141.8	-
Other	18.7	14.5	18.6	14.5
Total	20,347.0	13,677.3	17,603.6	13,416.0
Total assets (in% of total)				
Norway	71.2%	82.9%	76.4%	82.7%
Sweden	22.6%	17.0%	22.7%	17.2%
Denmark and Finland	6.1%	-	0.8%	-
Other	0.1%	0.1%	0.1%	0.1%

The table below sets out the Group's loans to and deposits from customers by product for the three months ended 31 March 2016 and 2015 and the years ended 31 December 2015 and 2014 prepared in accordance with IFRS, as well as loans to and deposits from customers by product for the years ended 31 December 2014 and 2013 prepared in accordance with NGAAP.

	Three months ended 31 March		,	Year ended 3	er	
	2016	2015	2015	2014	2014	2013
	IFRS	IFRS	IFRS	IFRS	NGAAP	NGAAP
In NOK million	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Overdraft facilities and lines of credit	13.2	18.5	15.9	18.9	20.6	26.9
Credit cards	4,154.5	2,787.1	3,847.1	2,597.7	2,652.8	1,772.6
Instalment loans	12,517.4	7,560.0	10,337.2	6,998.2	6,923.5	4,811.5
Gross loans	16,685.1	10,365.5	14,200.2	9,614.7	9,596.9	6,611.0
Individual write-downs on loans	(103.5)	(28.7)	(63.6)	(13.7)	(13.7)	(126.2)
Write-downs on groups of loans	(380.0)	(205.0)	(328.4)	(182.2)	(182.2)	(121.0)
Loans to customers	16,201.7	10,131.9	13,808.2	9,418.8	9,401.0	6,363.7
Deposits from customers	15,928.0	9,961.9	13,366.6	10,155.7	10,155.7	6,592.2

The table below sets out the Group's interest income by product for the three months ended 31 March 2016 and 2015 and the years ended 31 December 2015 and 2014 prepared in accordance with IFRS, as well as interest income by product for the years ended 31 December 2014 and 2013 prepared in accordance with NGAAP.

	Three months ended 31 March			ear ended 3	31 December	er
	2016	2015	2015	2014	2014	2013
	IFRS	IFRS	IFRS	IFRS	NGAAP	NGAAP
In NOK million	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Interest income from cash and deposits at						
central banks	0.1	0.2	0.6	0.8	0.8	0.8
Interest income from loans to and deposits						
with credit institutions	0.5	0.4	1.7	2.7	2.7	1.7
Interest income from consumer loans	414.3	265.8	1,225.9	890.6	892.8	591.3
Interest income from overdraft accounts	0.5	0.6	2.4	2.7	2.7	3.0
Interest income from credit cards	131.4	93.8	419.7	312.1	312.1	217.7
Interest income from sales financing	1.6	0.9	5.6	3.4	3.4	1.4
Interest and other income from certificates						
and bonds	10.1	16.7	51.6	62.8	62.8	46.3
Other interest and other interest related						
income	0.8	0.7	2.9	2.4	2.5	2.1
Interest income	559.2	379.1	1,710.4	1,277.5	1,279.8	864.3

8.8 SELECTED OTHER FINANCIAL INFORMATION

The table below presents selected other financial information for the three months ended 31 March 2016 and 2015 and the years ended 31 December 2015 and 2014 prepared in accordance with IFRS, as well as selected other financial information for the years ended 31 December 2014 and 2013 prepared in accordance with NGAAP.

	Three months ended 31 March			Year ended 3	31 December	
	2016	2015	2015	2014	2014	2013
	IFRS	IFRS	IFRS	IFRS	NGAAP	NGAAP
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)	(audited)
Total capital ratio	14.2%	15.5%	15.7%	16.0%	16.1%	17.9%
Core capital ratio	13.0%	13.7%	14.4%	14.0%	14.1%	14.9%
Common equity tier 1 ratio	12.2%	12.4%	13.4%	12.6%	12.7%	12.8%
Deposit-to-loan ratio	98.0%	98.0%	97.0%	108.0%	108.0%	104.0%
Liquidity-to-assets ratio	18.8%	24.6%	19.9%	28.5%	28.4%	22.2%
Net interest margin	10.1%	8.9%	9.5%	8.6%	8.5%	8.5%
Cost-to-income	39.3%	40.3%	37.7%	40.5%	40.4%	40.6%
Provisions-to-loans ratio	2.5%	1.6%	1.7%	1.5%	1.6%	1.5%
Return on equity	36.3%	36.8%	38.6%	36.8%	36.9%	36.3%
Leverage ratio	8.9%	8.9%	9.4%	8.4%	8.4%	9.5%
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The ratios presented in the table above are defined as follows:

- Total capital ratio is calculated as a percentage of risk-weighted assets.
- Core capital ratio is calculated as a percentage of risk-weighted assets.
- Common equity tier 1 ratio is calculated as percentage of risk-weighted assets.
- Deposit-to-loan ratio is calculated as deposits from customers divided on loans to customers.
- Liquidity-to-assets ratio is calculated as sum of cash and deposits with central banks, loans and deposits with credit institutions and certificates and bonds divided on total assets.
- Net interest margin is calculated as net interest income divided on average total assets.
- Cost-to-income ratio is calculated as total operating expense as a percentage of total income.
- Provisions-to-loans ratio is calculated as provision for loan losses divided by the average gross loans to customers.
- Return on equity is calculated as total equity less Tier 1 capital divided by average total assets.
- Leverage ratio is defined as the Bank's tier 1 capital divided by the total exposure amount (calculated as the sum of total assets plus off balance sheet exposure after the credit conversion factor).

The Group is managed based on target capital ratios of 16.0% total capital ratio, 14.0% core capital ratio and 12.5% common equity tier 1 ratio.

The statutory capital adequacy requirements stipulate a total capital ratio, a core capital ratio and a common equity Tier 1 ratio of at least 14.5%, 12.5% and 11.5%, respectively. Included in this requirement is a countercyclical capital buffer which will vary from 0% to 2.5%. The countercyclical capital buffer requirement increases from 1% to 1.5% as per 30 June 2016.

The Private Placement will increase the common equity Tier 1 ratio and the total capital ratio to about 14.1% and 16.1%, up from around 12.2% and 14.2% as per 31 March 2016.

The Group plans to issue MNOK 240 in Additional Tier 1 capital and MNOK 200 in Tier 2 capital in the third quarter 2016, lifting the projected total capital ratio and common equity Tier 1 ratio above 17% and 15%, respectively.

The level of capital raised in the Private Placement and the Subsequent Offering takes, among other factors, expected loan growth, profitability and regulatory requirements into consideration. The Group has recently expanded into new markets and is experiencing increased loan demand in established markets. The Norwegian FSA has announced that all banks will be made subject to individual Pillar II capital requirements in 2016. The capital raised in the Private Placement and Subsequent Offering is consistent with the indicated individual Pillar II capital requirements. The Group has a favourable outlook for loan growth and earnings development in the coming quarters. The common equity capital increase, earnings retention as well as the planned issue of Additional Tier 1 and Tier 2 capital are deemed sufficient to provide an adequate capitalization going forward. Through a high internal capital generation capacity, the Group has a significant leeway in managing its capitalization. Thus, the Group has no current plans to issue more common equity.

8.9 STATUTORY AUDITOR

The Group's auditor is PwC which business address is at Dronning Eufemias gate 8, 0191 Oslo, Norway. PwC is a member of the Norwegian institute of public accountants (*"Den norske Revisorforening og autorisert regnskapsførerselskap"*). PwC has been the Group's auditor since 2007.

PricewaterhouseCoopers AS has not audited, reviewed or produced any report on any other information provided in this Prospectus.

PwC's audit reports on the audited financial statements for 2013, 2014 and 2015 are incorporated by reference as set out in Section 16.2 "Documents incorporated by reference".

9. OPERATING AND FINANCIAL REVIEW

Since the activity in Norwegian Finans Holding is limited the discussion in the following section is focusing on the Group, i.e. including Norwegian Finans Holding's consolidated subsidiaries. The consolidated financial statements of Norwegian Finans Holding are incorporated by reference, see Section 16.2 "Documents Incorporated by Reference" in this Prospectus.

The selected historical consolidated financial data for the Group discussed in this section is based on the financial information for the years ended 31 December 2013, 2014 and 2015 and unaudited interim consolidated financial statements for the three months ended 31 March 2016 and 2015.

9.1 MANAGEMENT'S DISCUSSIONS AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

As per the date of the Prospectus, the Group has a sound financial position, as evidenced by a solid capitalization, stable assets quality, high profitability and strong liquidity.

After the Private Placement, the Group has a strong capitalization with a CET1 ratio of 14.1%. The Group's asset quality is showing a stable development with stable delinquency and loan loss provision levels, as well as solid loan loss allowance coverage ratios. The Group has over time demonstrated a strong internal capital generation capacity through a high return on assets and return on equity. The Group's liquidity position is strong through a high level of liquid assets as a percentage of total assets as well a stable and increasingly diversified funding.

No material events or changes to the Group's financial position have taken place after 31 March 2016, except for the Private Placement.

9.1.1 Three months ended 31 March 2016 (IFRS) vs 31 March 2015 (IFRS)

The Group's profit after tax amounted to NOK 164.9 million for the three months ended 31 March 2016 compared with NOK 109.3 million for the three months ended 31 March 2015. The increase is mainly due to growth in Norway and Sweden. Annual return on equity in the three months ended 31 March 2016 was 36.9%, while return on assets was 3.5%.

Net interest income

Net interest income amounted to NOK 477.2 million for the three months period ended 31 March 2016, an increase of NOK 181.0 million from the three months period ended 31 March 2015. The net interest margin increased to 10.1%. The Bank Guarantee Fund fee for 2015 and 2016 was recognized in full in the three months period ended 31 March 2015 and the three months period ended 31 March 2016.

Net other operating income

Net other operating income amounted to NOK 41.2 million in the three months period ended 31 March 2016 compared with NOK 20.5 million for the three months period ended 31 March 2015. Net commission income increased by NOK 11.5 million to NOK 34.3 million from the three months period ended 31 March 2015 to the three months period ended 31 March 2016. Net gain on securities and currency amounted to NOK 6.9 million for the three months period ended 31 March 2015. 2016 compared to negative NOK 2.4 million for the three months period ended 31 March 2015.

Total operating expenses

Total operating expenses amounted to NOK 203.5 million for the three months period ended 31 March 2016 compared with NOK 127.5 million for the three months period ended 31 March 2015. Personnel expenses increased NOK 3.2 million from the three months period ended 31 March 2015 and totalled NOK 17.8 million for the three months period ended 31 March 2016. Administrative expenses increased NOK 70.2 million from NOK 103.0 million for the three months period ended 31 March 2016, mainly due to increased marketing expenses. Depreciation decreased NOK 2.1 million and other operating expenses increased NOK 4.7 million from the three months period ended 31 March 2015 to the three months period ended 31 March 2016.

Write-downs on loans

The Group's write-downs on loans amounted to NOK 95.0 million, an increase of NOK 55.7 million from the three months period ended 31 March 2015. The increase is due to increased write-downs in all countries. Write-downs in Denmark and Finland comprise of write-downs on groups of loans and relate to high loan growth in the three months period ended 31 March 2016. Write-downs

equalled 2.5% of average gross loans, compared with 1.6% in the three months period ended 31 March 2016. Delinquent loans accounted for 5.9% of gross loans, compared with 4.3% at the end of the three months period ended 31 March 2015. Delinquent loans comprise of loans which are more than 90 days overdue according to payment schedule. Gross non-performing loans accounted for 4.4% of gross loans, compared with 2.8% as of the three months period ended 31 March 2015. The increase in delinquency must be seen in relation to the sale of non-performing loans in the fourth quarter 2014. 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.

9.1.2 Year ended 31 December 2015 (IFRS) vs 31 December 2014 (IFRS)

The Group's profit after tax for 2015 was NOK 539.8 million, an increase of NOK 191.9 million or 55% compared with 2014. The Swedish operations showed a profit after tax of NOK 53.3 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 Group recruited approximately 160,000 new customers in 2015 and had a loan growth of NOK 4,389 million.

Net interest income

Net interest income was NOK 1,424.6 million, an increase of NOK 449.6 million compared with 2014. 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 negative NOK 18.7 million, compared with negative NOK 3.4 million in 2014. The change in value mainly comprises 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.

Total operating expenses

Total operating expenses totalled NOK 573.6 million, an increase of NOK 151.2 million from 2014. Personnel expenses totalled NOK 58.2 million, an increase of NOK 6.2 million from 2014. General administrative expenses increased NOK 134.2 million and totalled NOK 477.7 million. The increase in administrative expenses is mainly attributed to higher sales and marketing expenses. Depreciation increased NOK 5.0 million from NOK 10.5 million in 2014 to NOK 15.5 million in 2015. Other operating expenses increased NOK 5.8 million from NOK 16.4 million in 2014 to NOK 22.2 million in 2015.

Write-downs on loans

The Group's write-downs on loans were NOK 207.9 million in 2015, compared with NOK 142.6 million in 2014. The increase in write-downs is mainly explained by high loan growth in 2015 and corresponding increase in write-downs on groups of loans. Write-downs equalled 1.8% of average gross loans in 2015, 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% at the end of 2014 to 5.4% at the end of 2015. Delinquent loans comprise of loans which are more than 90 days overdue according to payment schedule. 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 fourth quarter 2014.

At year-end 2015, individual write-downs on loans totalled NOK 63.7 million, and write-downs on groups of loans totalled NOK 328.4 million. 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.

9.1.3 Year ended 31 December 2014 (NGAAP) vs 31 December 2013 (NGAAP)

The Group's profit after tax for 2014 was NOK 345.8 million, an increase of NOK 107.9 million or 45% compared with 2013. The return on equity was 36.4% and the return on assets was 3.0%. The improvement in profit is mainly explained by customer and lending growth. The bank recruited approximately 140,000 customers in 2014 and had a lending growth of

NOK 3,037 million, evenly distributed between Norway and Sweden. 2014 was the first full year of operations in Sweden.

Net interest income

Net interest income was NOK 969.9 million, an increase from NOK 636.1 million for 2013. The net interest margin was 8.5%, which was unchanged from 2013.

Net other operating income

Net other operating income was NOK 68.9 million, an improvement of NOK 6.2 million from 2013. Net commission and bank services income increased by NOK 19.4 million, totalling NOK 71.9 million in 2014. The increase is explained by higher credit card activity. The net change in value on securities and currency totalled negative NOK 3.4 million, compared with NOK 10.1 million in 2013. Value-adjusted return on the securities portfolio was 2.0% in 2014, compared with 2.6% in the previous year.

Total operating expenses

Total operating expenses were NOK 420.9 million, an increase of NOK 135.9 million from 2013. Personnel expenses totalled NOK 52.0 million, an increase of NOK 5.7 million from 2013. General administrative expenses increased NOK 126.7 million and totalled NOK 343.5 million. The increase in administrative expenses is mainly attributed to higher sales and marketing expenses. The increase in sales and marketing expenses of NOK 100.0 million was divided by NOK 64.0 million in Sweden and NOK 36.0 million in Norway. Depreciation increased NOK 0.8 million from NOK 9.7 million in 2013 to NOK 10.5 million in 2014. Other operating expenses increased NOK 2.6 million from NOK 12.3 million in 2013 to NOK 14.9 million in 2014.

Write-downs on loans

Write-downs on loans were NOK 142.6 million, compared with NOK 82.8 million in 2013. The increase in write-downs is mainly explained by high loan growth in 2014 and corresponding increase in write-downs on groups of loans. Write-downs equalled 1.6% of average gross loans, adjusted for the sale of non-performing loans, compared with 1.5% in the previous year. The increase is explained by increased write-downs on groups of loan in Sweden.

Delinquent loans over 90 days were NOK 392.0 million at the end of the year, compared with NOK 406.6 million at the end of 2013. Delinquent loans comprise of loans which are more than 90 days overdue according to payment schedule. Relative to gross loans, delinquency fell from 6.3% in 2013 to 4.1% at the end of 2014. Non-performing loans totalled 4.6% of gross loans at the end of 2013 and fell to 2.8% at the end of 2014.

At year end, individual write-downs on loans totalled NOK 13.7 million, and write-downs on groups of loans totalled NOK 182.2 million. The credit quality of the loan portfolio shows a stable development and the level of write-downs is expected to remain stable going forward. The credit quality of the Swedish loan portfolio is developing in line with expectations.

9.2 MANAGEMENT'S DISCUSSIONS OF FINANCIAL POSITION

9.2.1 Three months ended 31 March 2016 (IFRS) vs 31 March 2015 (IFRS)

The Group's total assets were NOK 20,347 million at 31 March 2016, an increase of NOK 6,668 million compared to total assets at 31 March 2015. Net loans to customers increased by NOK 6,070 million and totalled NOK 16,202 million at 31 March 2016, of which net loans to customers in Sweden totalled NOK 4,037 million and loans to customers in Denmark and Finland totalled NOK 1,106 million. Customer deposits increased by NOK 5,966 million and totalled NOK 15,928 million at 31 March 2016, whereof customer deposits from Swedish customers totalled NOK 4,184 million and customer deposits from customers in Denmark and Finland totalled NOK 167 million.

The holdings of certificates and bonds increased by NOK 344 million from 31 March 2015 and totalled NOK 3,332 million at 31 March 2016. Other liquid assets totalled NOK 496 million at 31 March 2016 compared to NOK 380 million at 31 March 2015. Other liquid assets include cash and deposits with the central bank and loans and deposits with credit institutions. A high deposit to loans ratio and good access to the securities market are expected to maintain the bank's strong liquidity position.

The Group's outstanding senior debt securities were unchanged from 31 March 2015 and totalled NOK 1,880 million at 31 March 2016.

Total equity was NOK 2,024 million for the Group at 31 March 2016, compared to NOK 1,368 million at 31 March 2015. The increase in total equity is mainly due to retained earnings. The bank has a sound capital situation. The current capital base and capital increases will ensure a sufficient capital base for the bank's growth ambitions.

9.2.2 Year ended 31 December 2015 (IFRS) vs 31 December 2014 (IFRS)

The Group's total assets were NOK 17,604 million at the end of 2015, an increase of NOK 4,188 million from the end of 2014. Net loans to customers increased by NOK 4,389 million and totalled NOK 13,808 million at year end, of which net loans to customers in Sweden totalled NOK 3,633 million. Net loans to customers in Denmark and Finland totalled NOK 93 million. During 2015, instalment loans increased by NOK 3,262 million and 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 2015, whereof customer deposits from Swedish customers totalled NOK 3,128 million.

The holdings of certificates and bonds decreased by NOK 494 million during 2015 and totalled NOK 2,969 million at the end of 2015. Other liquid assets totalled NOK 537 million at the end of 2015 compared to NOK 359 million at the end of 2014.

The Group issued net NOK 274 million in senior debt securities in 2015 with up to three years maturity. Debt securities issued totalled NOK 1,880 million at year end.

The liquidity position was strong throughout the year with a liquidity portfolio comprising of a high percentage of government bonds. A high deposit to loans ratio and good access to the securities market are expected to maintain the bank's strong liquidity position. Total equity was NOK 1,860 million for the Group at year end 2015, compared to NOK 1,260 million at year end 2014. The increase in total equity is mainly due to retained earnings. 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.

9.2.3 Year ended 31 December 2014 (NGAAP) vs 31 December 2013 (NGAAP)

The Group's total assets were NOK 13,425 million at the end of the year, an increase of NOK 5,076 million for the full year. Net loans to customers increased by NOK 3,037 million and totalled NOK 9,401 million at year end. Instalment loans increased by NOK 2,151 million, while credit card loans increased by NOK 883 million. Customer deposits increased by NOK 3,564 million and totalled NOK 10,156 million at year end.

The holdings of certificates and bonds increased by NOK 1,760 million and totalled NOK 3,454 million at the end of 2014. Other liquid assets totalled NOK 359 million at the end of 2014, compared to NOK 160 million at the end of 2013. A high deposit to loans ratio and good access to the securities market are expected to maintain the bank's strong liquidity position.

During 2014 the Group issued NOK 1,102 million in senior debt securities with up to five years maturity. Debt securities issued totalled NOK 1,602 million at year end compared to NOK 500 million at the end of 2013.

Total equity was NOK 1,142 million for the Group at year end 2014 compared to NOK 790 million at the end of 2013. The increase in total equity is mainly due to retained earnings. 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.

9.3 MANAGEMENT'S DISCUSSIONS AND ANALYSIS OF CASH FLOWS

9.3.1 Three months ended 31 March 2016 (IFRS) vs 31 March 2015 (IFRS)

The net cash flows from operating activities for the three months ended 31 March 2016 amounted to negative NOK 54.1 million compared to negative NOK 250.5 million for the three months ended 31 March 2015. The improvement is mainly due to increased deposits from customers, partly offset by change in loans, change in securities and change in other accruals. Net cash flow from investments activities totalled negative NOK 6.1 million for the three months ended 31 March 2016, which was slightly lower than negative NOK 8.6 million of the same period in 2015. Net cash flow from financing activities totalled negative NOK 0.5 million compared to NOK 273.2 million for the three months ended 31 March 2015. The Group did not issue any debt securities during the

three months ended 31 March 2016 while a NOK 300 million bond loan was issued during the three months ended 31 March 2015.

9.3.2 Year ended 31 December 2015 (IFRS) vs 31 December 2014 (IFRS)

The cash flows from operating activities for 2015 amounted to negative NOK 26.9 million compared to negative NOK 905.5 million for 2014. The increase is mainly due to increased change in securities which amounted to NOK 494.5 million in 2015 compared to negative NOK 1,764.3 million for 2014. Change in loans amounted to negative NOK 4,597.3 million in 2015 compared with negative NOK 3,189.7 million in 2014. The decrease is due to higher loan growth in both Norway and Sweden. Net cash flow from investments activities totalled negative NOK 83.7 million in 2015, an increase in investments from negative NOK 13.4 million during 2014. The increase is mainly explained by the expected proceeds of MNOK 60.4 related to the Visa transaction was recognized in December 2015. Net cash flow from financing activities was reduced to NOK 274.1 million in 2015 from NOK 1,108.3 million in 2014 due to lower change in debt securities issued in 2015 compared to 2014.

9.3.3 Year ended 31 December 2014 (NGAAP) vs 31 December 2013 (NGAAP)

The cash flows from operating activities for 2014 amounted to negative NOK 895.4 million compared to negative NOK 495.8 million for 2013. The reduction is mainly due to higher change in loans, which amounted to negative NOK 3,037.3 million in 2014 compared to negative NOK 1,906.3 million in 2013 and a decrease in change in securities which amounted to negative NOK 1,760.2 million in 2014 compared to NOK 173.9 million in 2013. This was partly offset by increased growth in deposits from customers which amounted to NOK 3,563.5 million in 2014 compared to NOK 13.4 million in 2014, a small reduction in investments from negative NOK 17.5 million during 2013. Net cash flow from financing activities increased to NOK 1,107.3 million in 2014 from NOK 523.8 million in 2013 due to higher change in debt securities issued in 2014 compared to 2013.

9.4 INVESTMENTS

9.4.1 Principal investments in progress and planned principal investments

The Group's investments are primarily acquisitions related to systems development. No investments are in progress and the Group has made no binding commitments for any future investments.

9.4.2 Historical investments

The table below sets out the investments for the years ended 31 December 2013, 2014 and 2015 and the three months ended 31 March 2016 and 2015.

		Three months ended 31 March		Year ended 3	31 December	
	2016	2015	2015	2014	2014	2013
In NOK million	<i>IFRS (unaudited)</i>	IFRS (unaudited)	IFRS (audited)	IFRS (audited)	NGAAP (audited)	NGAAP (audited)
Intangible assets Tangible assets	6.1	8.6	23.5	13.8	13.8	17.5
Total investments	6.1	8.6	23.5	13.8	13.8	17.5

The principal investments made during the years ended 31 December 2013, 2014 and 2015 and the three months ended 31 March 2016 and 2015 are related to investments in systems development.

Investments from 31 March 2016 until the date of this Prospectus are estimated in the amount of NOK 2.2 million and have been related to systems development.

9.5 RECENT DEVELOPMENT AND TRENDS

The Group has not experienced any significant changes or trends within or outside ordinary course of business that are material to the Group between 31 March 2016 and the date of this Prospectus,

nor is the Group aware of such changes or trends that may or are expected to be significant to Norwegian Finans Holding for the current financial year.

Please also see Section 6 "Market Overview" and Section 13 "Share capital and shareholder matters" for more information about significant historic trends in the Groups' business and relevant markets.

10. LIQUIDITY AND CAPITAL RESOURCES

10.1 CAPITALIZATION AND INDEBTEDNESS

10.1.1 Capitalization

In NOK million	As at 31 March 2016 (unaudited)	Adjustments (unaudited)	Adjusted as at 31 March 2016 (unaudited)
	(undulica)	(unduited)	(unduited)
Indebtedness			
Total current debt:			
Guaranteed	-	-	-
Secured	-	-	-
Unguaranteed/Unsecured	16,268.0	-	16,268.0
Total non-current debt:			
Guaranteed	-	-	-
Secured	-	-	-
Unguaranteed / Unsecured	2,055.3		2,055.3
Total indebtedness	18,323.3	-	18,323.3
Shareholders' equity			
Share capital	173.2	5.8	179.0
Additional paid-in capital	275.4	328.8	604.2
Other reserves	-	-	-
Retained earnings	1,575.1	-	1,575.1
Non-controlling interests			
Total shareholders' equity	2,023.7	334.6	2,358.3
Total capitalization	20,347.0	334.6	20,681.6

The Group does not have any contingent liabilities.

10.1.2 Net financial indebtedness

In NC	OK million	As at 31 March 2016 (unaudited)	Adjustments (unaudited)	Adjusted as at 31 March 2016 (unaudited)
(A)	Cash	437.3	334.6	771.9
(B)	Cash equivalents	59.0	-	-
(C)	Trading securities	3,331.6		3,331.6
(D)	Liquidity (A)+(B)+(C)	3,827.9	334.6	4,162.5
(E)	Current financial receivables ¹	4,301.1	-	4,301.1
(F)	Current bank debt	-	-	-
(G)	Current portion of non-current debt	5.8	-	5.8
(H)	Other current financial debt ²	251.0		251.0
(I)	Current financial debt (F)+(G)+(H)	256.8	-	256.8

(J)	Net current financial indebtedness (I)-(E)-(D)	(7,7872.2)	(334.6)	(8,206.8)
(K)	Non-current bank loans	-	-	-
(L)	Debt securities issued and subordinated loan	2,049.5	-	2,049.5
(M)	Other non-current loans	-	-	-
(N)	Non-current financial indebtedness (K)+(L)+(M)	2,049.5	-	2,049.5
(0)	Net financial indebtedness (J)+(N)	(5,822.7)	(334.6)	(6,157.3)

¹ Current financial receivables consists of customer utilized overdraft facilities, credit card loans, sales financing and accrued interest on long term loans to customers.

² Other current financial debt consists of tax payable and other liabilities as recognized in the statements of financial position, refer to Section 8.3.

10.1.3 Material changes in capitalization and indebtedness since 31 March 2016

Since 31 March 2016 and up to the date of this Prospectus, the following significant changes in capitalization and indebtedness have occurred, and are reflected as adjustments in the tables in Sections 10.1.1 and 10.1.2.

On 6 April 2016 the Company announced a successful private placement of 6,000,000 shares. The placement was completed at a share price of NOK 50 per share, and the share capital increase represents approximately 3.3 per cent of existing outstanding shares. The gross proceeds from the private placement were NOK 300 million. The private placement was approved by the Annual General Meeting.

The Private Placement will increase the common equity Tier 1 ratio and the total capital ratio to about 14.1% and 16.1%, up from around 12.2% and 14.2% as per 31 March 2016.

The Company has also announced a Subsequent Offering of up to NOK 40 million.

Except for the developments described above, there has been no significant change in the financial or trading position of the Group since 31 March 2016.

The capitalization and indebtedness table above includes the following adjustments:

Private Placement of NOK 300 million and an assumption that the Subsequent Offering of NOK 40 million has been fully subscribed, offset by total transaction costs of approximately NOK 7 million. All figures are unaudited.

10.2 WORKING CAPITAL STATEMENT

The Company is of the opinion that the working capital available to the Group is sufficient for the Group's present requirements, for the period covering at least 12 months from the date of this Prospectus.

10.3 TREASURY AND FUNDING POLICY

10.3.1 Treasury and funding policy

The Group's liquidity policy describes how the Group should maintain a strong liquidity position. The Group shall maintain a minimum level of liquid assets and secure stable access to diverse and cost-effective funding, matching its asset side.

To maintain a strong liquidity position, the Board has established a set of principles.

The Group shall maintain a strong liquidity position based on the following objectives:

- Attracting a large proportion of reasonable and stable core deposits. The Group aims to maintain a minimum deposit ratio of 80%;
- Maintain a minimum level of liquid assets in the form of interbank deposits and marketable securities;
- Maintain a high percentage of liquid government certificates;
- Establish access to long-term funding in order to reduce the need for ongoing short-term funding;
- Establish a diversified funding structure in order to be independent of a few large sources; and
- Establish a diversified maturity structure to avoid concentration of large repayments.

The Board has also adopted a liquidity contingency plan outlining a set of measures to be taken during both a bank-specific crisis and a systemic crisis.

The Group's funding and liquidity position is managed to comply with statutory and board-approved limits for ratios, such as:

- Liquid assets as a minimum of debt;
- Minimum deposit to loans ratio;
- Liquidity Coverage Ratio (LCR); and
- Net Stable Funding Ratio (NSFR).

The board-approved requirement to maintain a level of liquid assets as a minimum of debt is 15%. As at 31 March 2016 the liquid assets to debt ratio was 21%.

The required board-approved deposit to loans ratio minimum is 80%. At 31 March 2016 the deposit to loan ratio was 98%.

The statutory limits for the LCR are 100%, however the Group may phase in the liquidity reserve requirement by 70% from 31 December 2015, 80% from 31 December 2016 and 100% from 31 December 2017. Only systemically important financial institutions need to comply with the liquidity reserve requirement of 100% from 31 December 2015. The LCR requirement applies only at the aggregate level, however in addition to reporting LCR at the aggregate level, the Group also needs to report LCR for significant currencies (if commitments in currencies represent more than 5% of the company's total debt). As at 31 March 2016, the overall Liquidity Coverage Ratio (LCR) for the Bank was 98%. The Bank has significant positions in Norwegian and Swedish kroner. At 31 March 2016 the LCR in Norwegian kroner was 119% and in Swedish kroner 36%. The Group aims to maintain an LCR above 100%.

The statutory requirement details of the NSFR are still pending in the EU, and no final decision at either EU level or Norwegian level has been taken on when the requirement will be imposed, however the recommendation is implementation from 2018. The Group aims to maintain a NSFR above 100% and as at 31 March 2016, the NSFR was 135%.

10.3.2 Roles and responsibilities

The finance department is responsible for The Group's treasury and funding activities.

10.3.3 Funding

10.3.3.1 Funding plan

The board of directors of Bank Norwegian adopts a funding plan for the coming year as a part of the annual financial planning process. The funding plan shows the anticipated funding gap, known debt maturities and a plan for obtaining the necessary funding to maintain Bank Norwegian's liquidity requirements.

The implementation of the funding plan takes into account market conditions and the existing maturity profile to secure a diversified maturity structure and with a low refinancing risk.

The table below provides an overview of the maturity and interest cost connected to the Group's debt for each year in the period from 2016 through 2023:

In NOK million	2016	2017	2018	2019	2020	2021	2022	2023
Senior debt securities maturities	202	601	703	401	-	-	-	-
Subordinated debt securities	-	-	-	-	-	-	-	175
Estimated interest cost	46	36	24	17	17	17	17	17
Total	247	637	727	417	17	17	17	192

In addition, the Group has issued perpetual Tier 1 capital of NOK 125 million. Interest cost related to the perpetual Tier 1 capital is included in the table above.

The liquidity risk is the risk that the Group is not capable of covering all its financial obligations as they fall due. The liquidity risk is evaluated as low as at 31 March 2016, since a large portion the Group's assets consists of easily transferable securities. The asset side is financed by core deposits from the retail market, debt securities and subordinate capital. The Group manages its liquidity position by short-term forecasts and liquidity due date summaries.

The table below shows in more detail than the table above the remaining term to maturity for main items as at 31 March 2016:

			From 1 month	From 3	From		
			up to	months	1 year		
	Without	Up to	3	up to	up to	Over	
In NOK million	any term	1 month	months	1 year	5 years	5 years	Total
Subordinated loan	-	-	-	-	-	175	175
Deposits from customers	15,928	-	-	-	-	-	15,928
Debt securities issued	-	-	174	202	1,505	-	1,880
Non interest-bearing liabilities	-	99	4	237	-	-	340
Total liabilities	15,928	99	178	439	1,505	175	18,323
Cash and deposits with the							
central bank	59	-	-	-	-	-	59
Loans and deposits with credit							
institutions	437	-	-	-	-	-	437
Loans to customers	4,186	9	4	61	1,612	10,329	16,202
Certificates and bonds	-	-	338	1,079	1,915	-	3,332
Financial derivatives	-	-	7	-	-	-	7
Assets without remaining term to							
maturity	311	-	-	-	-	-	311
Total assets	4,993	9	349	1,139	3,527	10,329	20,347

As at 31 March 2016, the overall Liquidity Coverage Ratio (LCR) for the Bank was 98%. The legal requirement for overall liquidity reserve (LCR) is 70% as at 31 March 2016. The Bank has significant positions in Norwegian and Swedish kroner. As at 31 March 2016, the LCR in Norwegian kroner was 119% and in Swedish kroner 36%.

The Group plans to issue additional Tier 1 and Tier 2 capital during the third quarter 2016. Please refer to Section 10.3.3.5 for additional information.

Bond and certificate maturities will be principally refinanced in the fixed income market. The Group aims to maintain sufficient surplus liquidity to allow senior debt securities to mature.

10.3.3.2 Overview of funding sources

Bank Norwegian funds its personal lending operations through a diversified funding base consisting of retail deposits, senior debt securities, subordinated debt, Tier 1 capital and common equity.

The funding structure is displayed in the table below:

	As per 31 December 2012	As per 31 December 2013	As per 31 December 2014	As per 31 December 2015	As per 31 March 2016
Retail deposits	86%	79%	76%	76%	78%
Senior debt securities	4%	6%	12%	11%	9%
Subordinated capital	0%	2%	1%	1%	1%
Tier 1 capital	0%	2%	1%	1%	1%
Common equity	8%	9%	8%	9%	9%

Bank Norwegian keeps its reserves of cash and cash equivalents in NOK, SEK, DKK and EUR.

10.3.3.3 Retail deposits

Retail deposits are a significant source of funding, and are expected to be the primary source of funding moving forward. Bank Norwegian's deposit products, savings deposits and demand deposit accounts are guaranteed by the Norges Bank's Guarantee Fund up to NOK 2 million.

In Norway and Sweden, the balance of retail deposits has grown significantly in recent years and has historically been stable and resilient to economic downturns.

The change in deposits from customers is summarized in Section 9.2 *Management's discussion of financial position*. Deposit-to-loan ratio is summarized in Section 8.8 *Selected other financial information*.

Interest expenses for the three months ended 31 March 2016 and 31 March 2015 is NOK 60.2 million and NOK 62.0 million, respectively. Interest expenses for the years ended 2015, 2014 and 2013 were NOK 231.4 million, NOK 261.0 million and NOK 207.3 million, respectively.

10.3.3.4 Senior and subordinated debt instruments and Tier 1 capital

Bank Norwegian's outstanding senior and subordinated debt instruments as per 31 March 2016 are listed in the table below:

ISIN	Description		Amount	Maturity	Cost	
Unsecured senior debt						
NO 001 0680077	Bank Norwegian AS	FRN	2013/2018	302,141,514	23.05.2018	Nib 3 + 1.15%
NO 001 0765449	Bank Norwegian AS	FRN	2016/2017	300,000,000	23.11.2017	Nib 3 + 0.60%
NO 001 0710445	Bank Norwegian AS	FRN	2014/2017	301,011,667	05.05.2017	Nib 3 + 0.67%
NO 001 0747116	Bank Norwegian AS	Fixed	2015/2016	201,944,700	07.10.2016	2.00 %
NO 001 0719628	Bank Norwegian AS	FRN	2014/2019	400,831,625	09.09.2019	Nib 3 + 0.82%
NO 001 0731029	Bank Norwegian AS	FRN	2015/2018	400,984,389	16.02.2018	Nib 3 + 0.60%
Total 1.906.913.895						
Tier 2 capital						
NO 001 0697428	Bank Norwegian AS	FRN	2013/2023	174,971,300.	11.12.2023	Nib 3 + 2.65%
Additional Tier 1 capital						
NO 001 0697436	Bank Norwegian AS	FRN	2013	125,000,000	n.a. Nib	3 + 4.10%

In addition, Bank Norwegian has established a SEK 3 billion Medium Term Note Program registered on Nasdaq OMX First North Bond Market.

Bank Norwegian has also issued a subordinated loan of NOK 175 million (Tier 2 capital) and Additional Tier 1 capital of NOK 125 million.

The senior debt securities cannot be called prior to the maturity date. The Additional Tier 1 capital and subordinated loan can be called at 100% of nominal value at 11 December 2018 and at each quarterly interest payment date thereafter.

The Group has a good access to the bond market on competitive terms, and it has been assigned a shadow credit rating from other banks, ranging between A and BBB+.

The Group offers competitive deposit terms, providing a stable deposit base. In the case of it being unable to attract sufficient deposit growth with current deposit pricing, the Group may raise deposit rates and increase marketing efforts in order to achieve the target deposit growth.

10.3.3.5 Target capital ratio – further funding

The Group is managed based on target capital ratios of 16.0% total capital ratio, 14.0% core capital ratio and 12.5% common equity tier 1 ratio.

The Private Placement will increase the common equity Tier 1 ratio and the total capital ratio to about 14.1% and 16.1%, up from around 12.2% and 14.2% as per 31 March 2016.

There are no plans or expectations for any capital increases in addition to the Private Placement and the Subsequent Offering, but the Group plans to issue MNOK 240 in Additional Tier 1 capital and MNOK 200 in Tier 2 capital in the second or third quarter 2016, lifting the projected total capital ratio and common equity Tier 1 ratio above 17.0% and 15.0%, respectively.

10.3.4 Investment portfolio

The Group's investment portfolio is highly liquid and maintains a high credit quality. Minimum credit rating is BBB-. At the end of March 2016 the investment portfolio had the following asset allocation according to issuing sector and rating classes:

Sector	Allocation
Banks	50.0%
Covered bonds	7.4%
Municipalities	4.4%
State guaranteed	3.0%
Government certificates	35.2%

Rating	Allocation
AAA	43%
AA	4%
A	3%
A-	29%
BBB+	18%
BBB	3%

10.4 PROPERTY AND EQUIPMENT

The Group operates out of leased premises in the municipality of Bærum, just outside the city limits of Oslo. The bank does not own any material property.

10.5 INSURANCE

The Group has obtained insurance policies covering property and casualty, professional liability, travel, pension and disability as well as health. The insurance coverage is designed according to market practice for financial institutions.

The property and casualty policies cover physical assets, business interruption, business and product liability, natural hazards and motor.

The professional liability insurance covers bankers blanket bond, electronic and computer crime, professional indemnity and directors and officers liability.

The Group retains an insurance broker that reviews the insurance policies annually.

The insurance policies include different deductibles and coverage limits according to the type of coverage.

The Group considers it to be adequately covered with regard to the nature of its business activities and the related risks in the context of available insurance offerings and premiums. The senior management regularly reviews the adequacy of the insurance coverage. However, no assurance can be given that the Group will not incur any damages that are not covered by its insurance policies or that exceed the coverage limits of such insurance policies.

10.6 FINANCING NEEDS

The Group has no further capital expenditure commitments. As such, there are no commitments creating financing needs for the Group.

11. REGULATORY OVERVIEW

11.1 INTRODUCTION

The Group, consisting of Norwegian Finans Holding and Bank Norwegian, carries out licensed activities and is subject to supervision by the Norwegian FSA. The Norwegian FSA prepares and/or issues regulations and supervises the operations of Norwegian financial institutions, cf. the Norwegian Financial Supervision Act ("finanstilsynsloven"). In the event that the Norwegian FSA considers the operations of an institution to be unsound or that the institution is otherwise in breach of the applicable laws or regulations within the Norwegian FSA's jurisdiction, it may impose administrative sanctions on that institution, and it may also revoke the institution's license to operate.

As a member of the European Economic Area ("EEA"), Norway has an obligation to implement all relevant directives and regulations relating to financial services that have been incorporated into the agreement on the EEA ("**EEA Agreement**"). Note, however, that EU Directives and EU Regulations that delegate powers to the European Banking Authority ("**EBA**") (including the Capital Requirements Directive and Regulation, CRD and CRR) have not yet been implemented into the EEA Agreement due to Norwegian constitutional concerns related to the powers granted to EBA under regulation 1093/2010 (the "**EBA-regulation**"). This also concerns powers delegated to the two other European financial supervisory authorities, ESMA and EIOPA (together "**ESAs**"). Pending incorporation in the EEA Agreement, the main EU legislation relating to banks and credit institutions have been directly implemented into Norwegian legislation on a unilateral basis.

On 15 April 2016, the Norwegian government ("Regjeringen") published a proposition, Prop. 100 S (2015-2016), to the Norwegian Parliament ("Stortinget"), which sets out the proposal for necessary changes to implement EU-legislation. It is proposed that the Parliament consents to participation in the EEA committee's resolutions as regards to the EU legislative acts that establishes the EU financial supervision and certain other legislative acts. The EEA-adaptations imply that the EFTA Surveillance Authority ("**ESA**") is given the authority to make decisions with direct effect in Norway, with access to the EFTA Court. This transfer of authority is of such nature that it requires parliamentary approval by a 3/4 majority, with at least 2/3 of the representatives present in accordance with the requirements of the Norwegian Constitution § 115. The proposition sets out 8 EFTA committee's resolutions that have been proposed implemented are:

Regulation (EU) no. 1093/2010 – EBA-regulation

- Regulation (EU) no. 1094/2010 EIOPA-regulation
- Regulation (EU) no. 1095/2010 ESMA-regulation
- Regulation (EU) no. 1092/2010 ESBR-regulation
- Regulation (EU) no. 513/2011 CRA II
- Regulation (EU) no. 462/2013 CRA III
- Regulation (EU) no. 236/2012 shortsale

Directive 2011/61/EU – Alternative Investment Fund Managers Directive – (AIFM)

Furthermore, the Norwegian government published a proposition, Prop. 101 S (2015-2016), regarding Norway's consent to certain amendments to the agreement between the member states of the EEA and the European Free Trade Association ("**EFTA**") on the establishment of the EFTA Surveillance Authority and the EFTA Court. The agreed amendments are essentially a new protocol for "the Surveillance and Court Agreement" that provides detailed guidelines to the EFTA Surveillance Authority's tasks and activities as financial supervisory authority in the EFTA pillar. The consent requires a simple majority under the Norwegian Constitution § 26 (2).

In the following, a high-level, non-exhaustive, overview of current and future regulatory framework applicable to the Group and its main individual entities will be provided.

11.2 CURRENT REGULATION OF THE GROUP

11.2.1 Organizational structure, transactions and prudential requirements

The organizational structure of the Group has been approved by the Norwegian FSA pursuant to Chapter 2a of the former Norwegian Financial Institutions Act. Any amendments in the organizational structure of the Group will be subject to approval from the Norwegian FSA in accordance with the Norwegian Financial Institutions Act (as defined below).

Transactions between companies in a financial group must be in accordance with normal commercial terms and principles, and the Norwegian FSA may examine such transactions in order to assess the compliance with said requirements.

Furthermore, the Group is subject to a number of prudential requirements that apply on a consolidated basis. These include, but are not limited to, ongoing capital requirements and limitations on large exposures.

11.2.2 Current bank regulatory aspects

11.2.2.1 Overview

The Bank is subject to the supervision of the Norwegian FSA and Norwegian regulatory legislation applicable to Norwegian commercial banks.

The most relevant Norwegian regulatory legislation applicable to Norwegian commercial banks (and thus the Group) is:

the Norwegian Financial Institutions Act of 10 April 2015 no. 17 ("finansforetaksloven") (the "**Norwegian Financial Institutions Act**") regulating, *inter alia*, organizational requirements, ownership requirements and capital adequacy requirements, as well as the deposit guarantee schemes for banks and the winding-up and public administration of banks;

the Norwegian Financial Contract Act of 25 June 1999 no. 46 ("finansavtaleloven") (the "**Norwegian Financial Contract Act**") regulating the contractual relationship between Bank Norwegian and its customers; and

the Norwegian Financial Supervision Act of 7 December 1956 no. 1 (the **"Norwegian Financial Supervision Act**"), regulating the supervision of, *inter alia*, banks, financial institutions and investment firms by the Norwegian FSA.

Detailed secondary regulations applicable to the Group have also been enacted by the Norwegian Ministry of Finance and the Norwegian FSA pursuant to each of the above legislative acts.

11.2.2.2 Authorizations

The combination of (i) accepting deposits and (ii) providing credit triggers a requirement for a banking license under Norwegian law. Bank Norwegian is licensed as a commercial bank under the Norwegian Financial Institutions Act. The authorization was originally granted in 2007 under the now repealed Norwegian Commercial Bank Act, which has been replaced by the Norwegian Financial Institutions Act.

11.2.2.3 Ownership control

Norwegian Finans Holding is subject to the provisions on ownership control in the Norwegian Financial Institutions Act, which apply to all financial institutions and holding companies of financial groups. These rules implement Directive 2007/44/EC. Pursuant to the Norwegian Financial Institutions Act, acquisition of "qualifying holdings" in a financial institution (such as Bank Norwegian) or a holding company of a financial group (such as Norwegian Finans Holding) is subject to pre-approval by the Norwegian Ministry of Finance or the Norwegian FSA. A "qualifying holding" is deemed to be a holding (i) that represents 10% or more of the capital or voting rights in a financial institution or a holding company of a financial group, or (ii) which otherwise makes it possible to exercise significant influence over the management of the financial institution and its activities. Approval may only be granted if the acquirer is considered appropriate according to

specific non-discriminatory criteria as further described in the Norwegian Financial Institutions Act (the so-called "fit and proper" test). Further, when a holding reaches or exceeds certain thresholds (20%, 30% and 50%), a new approval is required.

The Norwegian FSA's authority to approve qualifying holdings is limited to matters that are not deemed to raise issues of principle. Such matters may only be decided by the Norwegian Ministry of Finance. In the Financial Market Report 2013 presented to the Norwegian Parliament on 25 April 2014 (Meld. St. 21 (2013-2014)), the Ministry of Finance states their position as regards ownership levels:

It is established and entrenched practice that no single natural or legal person is permitted to hold more than 25 percent of the shares of a bank. This limit is introduced to, inter alia, ensure the independence of the institution and to prevent private banker activities. There are special exceptions premised on special circumstances, for example a group context, the owner being a body of a cooperative nature, or the licensed activities in question being very narrow in scope

[...]

There has been a broad consensus on this in the Storting [the Norwegian Parliament], and the Ministry [of Finance] will maintain the practice under which individual persons are not permitted to hold more than 25 percent of the shares of a bank.

In the Financial Market Report for 2014 presented to the Norwegian Parliament on 10 April 2015 (Meld. St. 22 (2014-2015)), the Ministry of Finance has not made any specific remarks in relation to ownership levels and ownership control.

11.2.2.4 Regulation of banking activities

The Norwegian Financial Institutions Act provides for rules on incorporation, articles of association and share capital, governing bodies, as well as business and dissolution/liquidation of financial institutions.

In addition, the Norwegian Financial Institutions Act sets out rules on deposits, initial capital requirements as well as provisions on how large the proportion of total assets represented by real estate can be (including shares in companies which are established to own or develop real estate) and how large a proportion of total assets can be represented by other shares and equity interests.

A commercial bank may conduct all the business and services customary for banks. A bank may not undertake, or participate as a primary participant or primary co-owner in, the operation of trading, industry, shipping, insurance or other commercial activities (described as "non-banking business"), unless this is business which is customary or natural for banks. This would, however, not prevent a bank from temporarily operating or participating in the operation of such a business to the extent necessary in order for the bank to recover a claim.

11.2.2.5 Consumer protection

Bank Norwegian is subject to the Norwegian Financial Contracts Act, which contains, *inter alia*, mandatory provisions on information required to be provided to consumers prior to entering into credit and deposit agreements, the content, amendments and termination of credit and deposit agreements, as well as provisions on the obligation to dissuade certain consumers from entering into credit agreements. The Norwegian Financial Contracts Act implements EEA-rules corresponding to Directive 2007/64/EC on payment services (the "Payment Services Directive") and Directive 2008/48 on credit agreements into Norwegian law. The Payment Services Directive has currently been amended and member states are required to transpose the directive into national law by 13 January 2018, see further details under Section 11.3 "Future regulatory developments".

11.2.2.6 Capital requirements

Although not yet formally a part of the EEA Agreement, Norway has implemented the main provisions of Directive 2013/36 and Regulation 575/2013 (together referred to as "**CRD IV**") into the Norwegian Financial Institutions Act and supporting regulations which came into effect on 1 July 2013. These amendments have led to a gradual increase in capital adequacy requirements applicable to banks up until 1 July 2016.

Subsequent to said implementation, with effect from 30 September 2014, the Norwegian government amended the requirements for each of the different types of capital, namely Common Equity Tier 1 capital (CET1) ("egenkapital"), Additional Tier 1 capital (AT1) ("hybridkapital") and Tier 2 capital ("tilleggskapital"), in line with the definitions set out in CRD IV.

The Norwegian Financial Institutions Act requires that the capital adequacy requirement of 8% shall consist of at least 4.5% CET1 and at least 6% tier 1 capital. In addition to the requirement of 4.5% CET1, the Norwegian Financial Institutions Act imposes various capital buffer requirements applicable to all Norwegian financial institutions, and all consisting of CET1. The capital buffer requirements consist of (i) a conservation buffer of 2.5%, (ii) a systemic risk buffer of 3% and (iii) a countercyclical buffer of 1%. The countercyclical buffer will increase to 1.5% from 30 June 2016 in accordance with the decision by the Norwegian Ministry of Finance of 18 June 2015¹.

The countercyclical buffer level is determined by the Norwegian Ministry of Finance each quarter after receiving advice from Norges Bank. A decision to increase the level will normally enter into force no earlier than 12 months after the decision was made.

On 17 March 2016, the Norwegian Ministry of Finance decided to keep the level of the countercyclical capital buffer for banks unchanged, i.e. that it will increase to 1.5% from 30 June 2016². The decision was in line with the advice from Norges Bank.

In addition, systemically important banks must hold a buffer for systemically important institutions of 1% of CET1 capital from 1 July 2015. However, Norwegian Finans Holding is not deemed to be a systemically important institution, and consequently this capital buffer does not apply to Norwegian Finans Holding.

Consequently, Norwegian Finans Holding, on a consolidated basis, and Bank Norwegian, individually, are required to hold at least a total of 11% of CET1 capital from 1 July 2015 (to be increased to 11.5% from 30 June 2016). This is referred to as the Pillar 1 requirement under CRD IV. In addition to the regulatory minimum Pillar 1 requirement, Norwegian Finans Holding, on a consolidated basis, and Bank Norwegian, individually, are required to hold such capital as deemed necessary under the internal assessment of their respective capital needs. This capital assessment must be made at least on an annual basis, and is made according to the Internal Capital Adequacy Assessment Process ("**ICAAP**") as laid down in CRD IV (called "Pillar 2"). See Section 7.11 "Risk and capital management" for information on the Group's capital structure and adequacy measures and, in particular, Section 10 "Liquidity and Capital Resources".

11.2.2.7 Liquidity requirements

CRD IV imposes quantitative liquidity requirements applicable to banks and other credit institutions. More specifically, CRD IV foresees the imposition of a Liquidity Coverage Ratio ("**LCR**") and a Net Stable Funding Ratio ("**NSFR**").

The LCR is the requirement that banks should have enough high quality liquid assets in their liquidity buffer to cover the difference between the expected cash outflows and the expected capped cash inflows over a 30-day stressed period. The LCR will be imposed gradually in the EU from 1 October 2015 and will apply in full in the EU from 1 January 2018. The Norwegian Ministry of Finance set out new provisions on 25 November 2015 that corresponds to the EU framework on LCR from CRR and the Commission Regulation on LCR (Delegated Act), by amending existing regulations. The institutions are subject to a 100% target minimum requirement in relation to a specified 30 days net liquidity outflow. The institutions may phase in this requirement over a period of time. From 31 December 2015 the requirement is 70% of the target, 80% from 31 December 2016 and 100% from 31 December 2017. The provisions in the amended regulation entered into force from 31 December 2015.

The details of the NSFR are still pending in the EU, and no final decision at either EU level or Norwegian level has been taken on when the requirement will be imposed.

¹ Source: The Norwegian Ministry of Finance's press release of 18 June 2015 (Countercyclical buffer increases next year).

² Source: The Norwegian Ministry of Finance's press release of 17 March 2016 (Countercyclical buffer unchanged).

11.2.2.8 Deposit guarantee schemes

The Norwegian Financial Institutions Act requires that all banks (commercial and savings banks both) with head office in Norway, and subsidiaries of foreign banks, shall be members of the Norwegian Banks' Guarantee Fund ("Bankenes sikringsfond"). The Norwegian Banks' Guarantee Fund provides a deposit guarantee of NOK 2 million per depositor per bank, should a member bank be unable to meet its commitments. It should be noted that the EU rules on deposit guarantee schemes have been amended, and impose a harmonized level of deposit guarantee of EUR 100,000 within all EU states by 31 December 2018. It is currently unclear whether Norway may uphold its current level of deposit guarantee after this date.

11.2.2.9 Public administration and winding-up

The Norwegian Financial Institutions Act also regulates payment and capital adequacy problems in financial institutions, including banks. Chapter 21 of the Norwegian Financial Institutions Act contains various notification and intervention rules that are "escalating" in character, depending on the seriousness of the payment and solidity problems of the bank in question.

For example, the board of directors and the chief executive officer of a financial institution each have according to § 21-1 a duty to notify the Norwegian FSA if there is reason to fear that:

- a) the institution will not be able to fulfil its obligations as they fall due;
- b) the institution will not be able to satisfy the minimum requirements for own funds or other solidity and security requirements specified by act or regulation; or
- c) circumstances have occurred that can result in serious loss of confidence or loss which will significantly weaken or threaten the solidity of the institution.

In such instances (regardless of whether notification has been given or not) the Norwegian FSA has relatively broad powers to promptly enforce measures deemed necessary.

In the first instance, the institution itself shall be involved in the process. One of the Norwegian FSA's policy instruments is to ensure that the institution prepares an "audited statement of financial position" which is a vital policy instrument for determining the institution's financial situation. If the audited statement of financial position shows that a "significant part" or 25% of the share capital is lost, the board of directors is immediately obligated to call for a general meeting. Determining what is "significant" will depend on a discretionary assessment. The general meeting shall decide whether the institution has sufficient capital for continued, satisfactory operations and, if so, whether operations should continue. Such a decision must be made with a two-thirds majority of the votes cast at the general meeting. If it is decided to discontinue operations, the general meeting may vote, by simple majority, to transfer the institution's business in its entirety to other financial institutions. If such a resolution is not passed, the general meeting shall pass a resolution to liquidate the institution. If the general meeting does not pass such a resolution or passes resolutions which the Norwegian FSA does not approve of, the Norwegian FSA shall appoint a liquidation board to liquidate the company. In this case, the rules on public administration described below will apply.

If the audited statement of financial position shows that 75% or more of the share capital is lost, the board of directors shall present a proposal to the general meeting for a reduction of the share capital corresponding to the losses incurred. If the general meeting does not pass a resolution to this effect within the deadline determined by the Norwegian FSA, the Norwegian Ministry of Finance may decide that the share capital shall be reduced by the amount of capital which pursuant to the audited statement of financial position is lost. Equivalent resolutions can be passed for write-downs of subordinated loan capital (regardless of provisions in the loan agreements). In addition, the Norwegian Ministry of Finance may (if necessary in order to ensure continued, satisfactory operations) decide that the share capital shall be increased. The Norwegian Ministry of Finance can specify subscription conditions and decide to depart from the pre-emptive right of existing shareholders. This type of measure presupposes that private or public capital is available in the share issue. If not, the alternative will be public administration as further described below.

A Norwegian bank cannot be subject to regular insolvency proceedings, i.e. debt settlement proceedings and/or bankruptcy proceedings initiated pursuant to the regular insolvency legislation. Instead, a special regime of proceedings – public administration proceedings – applies to banks as further regulated in Chapter 21, part II, of the Norwegian Financial Institutions Act.

If the Norwegian FSA has reason to anticipate that: (a) a bank is unable to meet its obligations as they fall due, (b) a bank is unable to satisfy the applicable capital requirements, or (c) a bank's assets and revenues, in total, is insufficient to fully cover its obligations, the Norwegian FSA shall immediately give notice to Norges Bank and the Norwegian Banks' Guarantee Fund. The Norwegian Ministry of Finance may decide that the Bank shall be placed under public administration, provided that the Bank is unable to meet its liabilities as they fall due and that a sufficient financial basis for continued, satisfactory operations cannot be secured. The same applies if the Bank is unable to meet the capital adequacy requirements. If the holding company of a financial group is placed under public administration, the Norwegian Ministry of Finance may also decide that other entities of that group shall be placed under public administration. The decision of the Norwegian Ministry of Finance is made on a discretionary basis. If the Norwegian Ministry of Finance decides not to place the Bank under public administration, the provisions in Chapter 21 of the Norwegian Financial Institutions Act described above will apply.

11.3 FUTURE REGULATORY DEVELOPMENTS

11.3.1 Introduction

In the following, a brief description of certain future developments at national and EU-level that may affect the operation of the Group and its individual companies has been included. The overview is not exhaustive.

11.3.2 New Leverage ratio and liquidity requirements

CRD IV allows for the introduction of a new minimum CET1 capital requirement based on non-risk weighted assets (a leverage ratio requirement), in addition to the risk-weighted capital requirements. Such a leverage ratio requirement is intended to limit the amount of debt an institution may have relative to its balance sheet value. A mandatory leverage ratio requirement may be introduced from 1 January 2018 if agreed by the Council and the European Parliament, based on a report to be submitted by the Commission by year-end 2016. Banks shall nonetheless report their leverage ratios from 1 January 2015.

Further, the Norwegian Ministry of Finance set out new rules on 25 November 2015 that corresponds to the EU framework on LCR, as described above.

11.3.3 New EU Directives related to payment services

A revised Directive on Payment Services (Directive 2015/2366 "PSD II") was published in EU Official Journal on 23 December 2015, and entered into force on 13 January 2016. The new directive amends Directive 2007/64/EC – the so called "PSD". The PSD II contain new provisions that will affect Norwegian banks when implemented into Norwegian law, including a provision that enables Third Party Service Providers ("TPP") direct access to execute payments on the customer's bank account. Member states are required to transpose the directive into national law by 13 January 2018.

The Norwegian Ministry of Finance requested, in September 2015, the Norwegian FSA to prepare a proposal to implement PSD II into Norwegian law; however, no such proposal has on the date of this Prospectus been prepared.

Further, the EU has adopted a new regulation relating to interchange fees (Regulation 2015/751 of 29 April 2015 on interchange fees for card-based payment transactions), i.e. the fee that a bank issuing credit or debit cards can charge the acquiring bank in a payment transaction. This has already been implemented for cross border payment transactions, and will be implemented for domestic payment transactions from Q2, 2016. The aim of the new regulation is to increase the competition in the payment card market, by introducing caps on the interchange fees that can be paid to banks issuing credit or debit cards.

The Norwegian FSA, with assistance from Norges Bank, has prepared a draft regulation on interchange fees for card-based payment transactions based on the above-mentioned EU regulation. The Ministry of Finance requested comments in this regard, and the period allowed for comments (Norwegian: "*høringsfristen*") expired on April 1, 2016. -

11.3.4 New EU Directive on Markets in Financial Instruments (MiFID II)

A new directive that will amend the existing Markets in Financial Instruments Directive (Directive 2014/65/EU - "**MiFID II**") and a new Regulation on Markets in Financial Instruments (Regulation (EU) No 600/2014 – "**MiFIR**") has been adopted by the EU and will be implemented into national law by 3 January 2018, as it has currently been postponed with one year. The new framework is comprehensive and will *inter alia* introduce enhanced provisions on best execution and restrictions on the payment of commissions to distributors of financial instruments (such as investment funds). Each member state may decide to go further than the minimum requirements, and introduce a general ban on such commissions, regardless whether the investment advisors are independent or not. Member states may also introduce a general ban on commissions relating to reception and transmission of orders ("execution only").

A legislative committee has been mandated to propose national rules to implement the new MiFID framework into Norwegian law, with a deadline to report by June 2016. It is currently uncertain when Norwegian rules implementing MiFID II will come into force. It is also uncertain whether the Norwegian rules concerning MiFID II will implement the minimum rules that restrict commissions to be paid to independent investment advisors only, whether they will introduce a general ban on paying commissions to independent advisors or whether the ban is extended to execution only.

11.3.5 New EU Directive on recovery and resolution of banks

Norwegian Finans Holding and Bank Norwegian are currently subject to the Norwegian Financial Institutions Act, as described above. However, these rules are likely to be materially amended by the implementation of Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (the "**BRRD**"). The BRRD is designed to provide authorities with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and the financial system.

The BRRD contains four resolution tools and powers which may be used alone or in combination where the relevant resolution authority considers that (a) an institution is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe, and (c) a resolution action is in the public interest: (i) sale of business - which enables resolution authorities to direct the sale of the firm or the whole or part of its business on commercial terms; (ii) bridge institution - which enables resolution authorities to transfer all or part of the business of the firm to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control); (iii) asset separation which enables resolution authorities to transfer impaired or problem assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) bail-in which gives resolution authorities the power to write down certain claims of unsecured creditors of a failing institution and to convert certain unsecured debt claims to equity (the "general bail-in tool"), which such equity could also be subject to any future application of the general bail-in tool. In addition to the general bail-in tool, the BRRD provides for resolution authorities to have the further power to permanently write-down or convert into equity subordinated capital instruments at the point of non-viability and before any other resolution action is taken (non-viability loss absorption).

The BRRD also provides for a member state as a last resort, after having assessed and exploited the above resolution tools to the maximum extent possible whilst maintaining financial stability, to be able to provide extraordinary public financial support through additional financial stabilization tools. These consist of the public equity support and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the EU state aid framework.

The BRRD was applied by member states from 1 January 2015, except for the general bail-in tool which entered into force on 1 January 2016. As a minimum harmonization initiative, member states may adopt more onerous provisions when implementing the BRRD, meaning that it is difficult to anticipate the potential implications for relevant institutions in the absence of finalized national implementing measures. In Norway, the Norwegian Banking Law Commission is currently considering how to implement BRRD into Norwegian law. It is expected that a proposal will be sent on a public hearing during first half of 2016. At present, however, it is not clear when and in what form the BRRD will be implemented into the EEA Agreement and Norwegian law.

12. BOARD OF DIRECTORS, MANAGEMENT AND EMPLOYEES

12.1 INTRODUCTION AND OVERVIEW

As described in Section 7 above, the Group consists of Norwegian Finans Holding as the holding company, while the banking business is performed by Bank Norwegian. Norwegian Finans Holding holds all the shares in Bank Norwegian.

Each of the entities has a board of directors, and the composition of the board of directors is not similar in the two companies, although there is significant overlap, see Sections 12.2.2.1 and 12.3.2.1 below. With respect to senior management, only Bank Norwegian has a complete team of senior managers. Norwegian Finans Holding has only one employee, being the CEO, who is also the CEO of Bank Norwegian.

The descriptions in this Section 12 has been structured to reflect the above corporate structure, meaning that the Board of Directors and management of Norwegian Finans Holding have been described in Section 12.2, while the board of directors, management and employees of Bank Norwegian have been described in Section 12.3.

12.2 NORWEGIAN FINANS HOLDING

12.2.1 Introduction

The following chart sets out Norwegian Finans Holding's organizational structure:



12.2.2 Board of Directors

12.2.2.1 Overview

In accordance with Norwegian law, the Board of Directors is responsible for, among other things, supervising the general and day-to-day management of its business, ensuring proper organization of its business, preparing plans and budgets for its activities, ensuring that its activities, accounts and asset management are subject to adequate controls, and undertaking investigations necessary to perform its duties.

The following table sets forth, as the date of this Prospectus, the directors of Norwegian Finans Holding and the number of shares beneficially owned by each director as of the date of this Prospectus. No share options have been issued.

Name	Position	Has served since	<u>Term expires</u>	Shares held
Bjørn H. Kise	Chairman	2007	2018	13,550,273 *
Kristin Farstad	Board member	2007	2017	None
Anita M. H. Aarnæs	Board member	2007	2018	None
John E. Høsteland	Board member	2011	2017	None
Brede G. Huser	Board member	2015	2017	147,124
Maria Borch Helsengreen	Board member	2015	2017	None

* Indirect ownership; 8,997,233 shares through Borak AS, 100% owned by Kise; 3,901,040 shares through Sneisungen AS, 51% owned by Kise, and 652,000 shares through Scan-Net AS, 34% owned by Kise.

12.2.2.2 Description of the members of the Board of Directors of Norwegian Finans Holding

Norwegian Finans Holding's Board of Directors consists of the following members:

(1) Bjørn H. Kise – Chairman of the Board

Born in 1950. Chairman of the Board of Directors since 2007

Principal education: Cand. jur., University of Oslo

Other on-going principal assignments: Partner at Advokatfirmaet Simonsen Vogt Wiig AS, chairman of the board of directors of Norwegian Air Shuttle, and chairman of Bank Norwegian's board of directors

Holding of Shares: Bjørn H. Kise has ownership interests of: (i) Borak AS, a company which holds 8,997,233 Shares, is 100% owned by Kise; (ii) Sneisungen AS, a company which holds 3,901,040 Shares, is 51% owned by Kise; and (iii) Scan-Net AS, a company which holds 652,000 Shares, is 34% owned by Kise.

Brief biography: Bjørn Kise has been a partner and lawyer at the Oslo office of Advokatfirmaet Simonsen Vogt Wiig, earlier Advokatfirmaet Vogt Wiig AS, since 1983. He is (since 1997) admitted to the Supreme Court. Mr. Kise is the chairman of Norwegian Air Shuttle's board of directors. Mr. Kise also holds a number of board appointments in large and medium-sized companies in Norway and abroad.

(2) Kristin Farstad, Board member

Born in 1959. Member of the Board of Directors since 2007

Principal education: Cand. jur., University of Bergen

Other on-going principal assignments: Partner at Advokatfirmaet Simonsen Vogt Wiig AS, member of the board of directors of Bank Norwegian and of Borea Asset Management AS

Holding of Shares: None

Brief biography: Kristin Farstad is a partner and lawyer at the Bergen office of Advokatfirmaet Simonsen Vogt Wiig and specializes in securities law, inter alia. Prior to joining the law firm, Mrs. Farstad worked as attorney at DNB ASA.

(3) Anita M. H. Aarnæs, Board member

Born in 1950. Member of the Board of Directors since 2007

Principal education: Master of Public Administration, Harvard University

Other on-going principal assignments: Up until recently director of human resources at DNO ASA and member of DNO ASA's corporate management

Holding of Shares: None

Brief biography: Prior to her position at DNO, Ms. Aarnæs held the position as managing partner at Heidrick & Struggles's business unit in Norway (a worldwide executive search firm) (2010-2012) and Triple A Consulting (a management consulting firm) (2003-2010). She has also held various positions at PA Consulting Group in the period 1983 to 2003.

(4) Brede G. Huser, Board member

Born in 1971. Member of the Board of Directors since 2015

Principal education: Master of Science in Financial Economics, the Norwegian Business School

Other on-going principal assignments: Vice-president of Norwegian Reward, a field of operation in Norwegian Air Shuttle

Holding of Shares: 147,124 Shares

Brief biography: Before his current assignment for Norwegian Air Shuttle, Mr. Huser worked as head of business controlling (2010-2014) and held the position as financial manager (2006-2010) at Norwegian Air Shuttle.

(5) Maria Borch Helsengreen, Board member

Born in 1966. Member of the Board of Directors since 2015

Principal education: Economics degree and state-authorized accountant, the Norwegian School of Economics in Bergen

Other on-going principal assignments: Chief financial officer of TV 2 AS, member of the board of directors of, inter alia, GIEK, Nordic Trustee ASA and Egmont Holding AS

Holding of Shares: None

Brief biography: Maria Borch Helsengreen is currently CFO at TV2 and has extensive experience from directorships, such as Oslo Børs from 2006 to 2008, GIEK since 2012 and Trustee Norway AS since 2009. Mrs. Borch Helsengreen has also worked as Chief Networking Officer of Argentum, CFO of DnBNOR Asset Management and partner at Arthur Andersen.

(6) John E. Høsteland, Board member

Born in 1947. Member of the Board of Directors since 2007

Principal education: Dr. Scient. in Economics, Norwegian University of Life Sciences at Ås

Other on-going principal assignments: self-employed owner of JH Consult, and member of the boards of directors of, inter alia, Aberdeen Eiendomsfond Norden/Baltikum ASA, Höegh Capital Partners AS, Guardian Corporate AS and First Asset Management AS

Holding of Shares: None

Brief biography: John E. Høsteland is the self-employed owner of JH Consult, through which he offers advisory services targeted at the corporate market. He has previously held the role of CEO in a number of companies including Höegh Capital Management AS, Skogbrand Forsikring, First Securities ASA and Elcon Securities ASA, among others. Mr. Høsteland is a member of the board of directors of Aberdeen Eiendomsfond Norden/Baltikum ASA, Höegh Capital Partners ASA, Guardian Corporate AS and First Asset Management AS.

12.2.3 Chief Executive Officer

12.2.3.1 Introduction

The Chief Executive Officer is responsible for the day-to-day management of a Norwegian public limited liability company ("**PLLC**"), and operates in accordance with the instructions set out by the board of directors. Among other things, the CEO of a PLLC is obligated to ensure that the company's accounts are kept in accordance with existing Norwegian legislation and regulations, and that the assets of the company are managed responsibly. In addition, at least once a month the CEO of a PLLC must brief the board of directors about the company's activities, position and operating results.

Norwegian Finans Holding only has one employee, being the CEO, Erik Jensen, who is also the CEO of Bank Norwegian.

12.2.3.2 Description of the CEO, Erik Jensen

Born in 1965. Chief Executive Officer and employed since 2007

Principal education: Bachelor in accounting and auditing, Sør-Trøndelag University College, Certified Public Accountant, Norwegian School of Economics

Other on-going principal assignments: Chief Executive Officer of Bank Norwegian
Holding of Shares: 1,149,608 Shares

Brief biography: Erik Jensen has been employed with Norwegian Finans Holding and has been the CEO of both Norwegian Finans Holding and Bank Norwegian since the bank's inception in 2007. Mr. Jensen has 22 years of financial services experience. Prior to joining the bank, Mr. Jensen was Managing Director at yA Bank (2006-2007). Earlier assignments include management positions in BNbank (1993-2004), hereunder as managing director for retail and CFO.

12.2.4 Management agreement with Bank Norwegian

Due to the remaining senior managers being employed by Bank Norwegian, a principal management agreement has been entered into between Norwegian Finans Holding and Bank Norwegian. Based on the agreement, Norwegian Finans Holding hires certain management functions from Bank Norwegian.

12.2.5 Other directorships and management positions

Over the five years preceding the date of this document, the members of the Board and the Chief Executive Officer hold or have held the following directorships or partnerships (Apart from in Norwegian Finans Holding):

Directors of the Board:	Current directorships and senior management positions	Previous directorships and senior management positions last five years
Bjørn H. Kise	Bank Norwegian AS (chairman)	BNS Holding AS (board member)
	Bertel O. Steen Holding AS (chairman)	Call Norwegian AS (board member)
	Borak AS (chairman)	
	Brumm 1 ANS (participator with unlimited liability)	
	Brumm 5 ANS (participator with unlimited liability)	
	Cpb Holding AS (chairman)	
	Fornebu Næringseiendom 1 AS (chairman)	
	Hbk Invest AS (chairman)	
	Høst Verdien i Avfall AS (board member)	
	Marine Global Holding AS (board member)	
	Norwegian Air Shuttle ASA (chairman)	
	Sokna Holding AS (deputy board member)	
	Sneisungen Holding AS (chairman)	
	Sneisungen AS (chairman)	
	Scan-Net AS (chairman)	
	Scan-Net Holding AS (chairman)	
	Scan-Net Eiendom AS (chairman)	
	Yara Marine Technologies AS (board member)	
	Portillo Holding AS (deputy board member)	
Kristin Farstad	Bank Norwegian AS (board member)	
	Borea Asset Management AS	

	(board member)	
Anita M. H. Aarnæs	Triple A Consulting AS	Prosjektskolen AS (board member)
	(CEO / chairman)	DNO ASA (HR director)
	Hjardar AS (deputy board member)	
Brede Gunnar Huser	Ask Vest AS (board member)	Norwegian Air Shuttle (head of business controlling)
	Call Norwegian AS (board member)	
	Norwegian Holidays AS (board member)	
	Smale Holding AS (CEO / chairman)	
Maria Borch Helsengreen	Egmont Holding AS (board member)	Bergen Næringsråd
	GIEK (board member)	Bergens Tidende AS (deputy chairman)
	Nordic Trustee ASA (board member)	Kongsberg Automotive ASA (board member)
	Nordic Trustee Holding ASA (board member)	Norwegian Hull Club (member of the control committee)
	Norges Televisjon AS (deputy board member)	NOS/Imarex (member of the control committee)
	Sjukehusapoteka Vest Hf (chairman)	
	Vimond Media Solutions AS (board member)	
John E. Høsteland	Aberdeen Eiendom Holding Norden/	Aberdeen Asia (board member)
	Baltikum AS (chairman)	Aberdeen Baltikum (board member)
	Aberdeen Eiendomsfond Norden/Baltikum ASA (chairman)	Acta Kapital Markets AS (chairman)
	Acta Asset Management AS (chairman)	Agasti Holding ASA (chairman)
	Acta Kapitalforvaltning AS (chairman)	Borregaard Skoger AS (board member)
	Bank Norwegian AS (board member)	Crossfit Oslo AS (chairman)
	Guardian Corporate AS (board member)	Ekjord AS (board member)
	Handelshøyskolen ved NMBU (board member)	Høst Verdien i Avfall AS (board member)
	Höegh Capital Partners AS (board	SB-Skog (board member)
	member)	Trendtec AS (board member)
	Hyperthermics Energy AS (board member)	
	Høst Verdien i Avfall AS (chairman)	
	Koppang-Landbruk og Næringsmegling AS (chairman)	
	Swedbank Asset Management AS (board member)	
	Tekas AS (board member)	
	Tekas Shipping AS (board member)	
	Weborg AS (board member)	
	Webtotal AS (board member)	

		Previous directorships/partnerships
Management:	Current directorships/partnerships	past five years

Erik Jensen Bank Norwegian AS (CEO) N/A

12.2.6 The Nomination Committee

Norwegian Finans Holding has a nomination committee consisting of three members elected by the Annual General Meeting for a two-year term.

The Nomination Committee currently consists of Alf Nielsen (chair), Gunnar Martinsen and Knut Gillesen, and all the members of the Nomination Committee are independent of the Board of Directors and the day-to-day management.

The Nomination Committee's duties are (i) to propose to the General Meeting candidates for election, by the Shareholders, to the Board of Directors, and (ii) to propose remuneration of the Board and the Risk and Audit Committee.

12.2.7 Risk and Audit Committee

The Articles of Association stipulates that Norwegian Finans Holding shall have a risk and audit committee, and that the members of the Board of Directors shall act as the Risk and Audit Committee to the extent permitted by law. The main task of the Risk and Audit Committee is to supervise Norwegian Finans Holding's adherence to laws, regulations and its Articles of Association.

The members of Norwegian Finans Holding's Risk and Audit Committee are independent of the dayto-day management, and the purpose of the Risk and Audit Committee is to assist the Board of Directors to serve as an independent, objective check and balance in the Company's financial reporting and internal control.

Its responsibilities include:

- The integrity of the financial statements of the Company, including the audited annual and the unaudited quarterly financial statements;
- The independence, qualifications, performance and compensation of the Company's independent auditors;
- The performance of the Company's internal audit function; and
- The Company's compliance with legal and regulatory policies.

12.2.8 Conflict of interests

Bjørn H. Kise is the chairman of the Board and an indirect shareholder of the Company as described in Section 12.2.2.2 above. Mr. Kise is also the chairman of and an indirect shareholder of Norwegian Air Shuttle being the largest shareholder in the Company with 20% of the votes and capital.

Lars Ola Kjos is a board member of and an indirect shareholder of the Company via his 33.3% ownership in Laguan AS. He is also a board member of HBK Invest AS being a direct owner of approximately 25% of the shares in Norwegian Air Shuttle.

As explained in Section 15.4 below, Norwegian Air Shuttle has entered into certain agreements with Bank Norwegian, defined as the Reward Agreement, the Agency Agreement and the Sublease Agreement, ref. Sections 15.4.3, 15.4.4 and 15.4.5. Further, Norwegian Air Shuttle is the parent company of Norwegian Brand Limited ("**NAB**") who is a party to the License Agreement with Bank Norwegian, ref. Section 15.4.2.

In the event of actual or potential conflicting interests between Bank Norwegian and Norwegian Air Shuttle for instance connected to the Reward Agreement, the Agency Agreement, the Sublease Agreement or the License Agreement (indirectly through NAB), Bjørn H. Kise and Lars Ola Kjos may have conflicts of interest due to their positions.

As appears from Sections 12.2.2 and 12.3.2, there is certain overlap between the Board members in the Company and the board members in Bank Norwegian. The chairman of the Board, Bjørn H.

Kise, is also the chairman of Bank Norwegian. Further, Kristin Farstad and John E. Høsteland are board members in both Group Companies. The remaining board members are only member of the board of one of the Group Companies.

Other than this, to the Company's knowledge, there are currently no actual or potential conflicts of interest between the Group and the private interests or other duties of any of the Board members and the members of the executive management.

12.2.9 Convictions for fraudulent offences, bankruptcy, etc.

None of the members of the Board of Directors or the management have during the last five years preceding the date of this Prospectus:

- Any convictions in relation to indictable offences or convictions in relation to fraudulent offences;
- received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company; or
- been declared bankrupt or been associated with any bankruptcy, receivership or liquidation in his capacity as a founder, director or senior manager of a company.

12.2.10 Remuneration and benefits

12.2.10.1 Remuneration of the Board of Directors and the management

The remuneration of the members of the Board of Directors is determined on a yearly basis by the Annual General Meeting.

It is understood, and resolved each year by each Group Company's annual general meeting, that any remuneration shall cover directorships in both Norwegian Finans Holding and Bank Norwegian, provided that the relevant person is a director in both companies.

The members of the Board of Directors may also be reimbursed for, *inter alia*, travelling, hotel and other expenses incurred by them in attending meetings of the directors or in connection with the business of the company.

A Board member who has been given a special assignment in relation to the business of Norwegian Finans Holding, other than in his or her capacity as such and which furthermore is not within the normal duties as a Board member, may be paid such extra remuneration for such work as Norwegian Finans Holding's Board of Directors may determine.

Board compensation for each of the years 2015 and 2014 was as follows:

Board of Directors of Norwegian Finans Holding	2015	2014
Bjørn H. Kise	165000	165000
Kristin Farstad	87500	87500
Anita M. H. Aarnæs	175000	175000
John E. Høsteland	87500	87500
Brede G. Huser	140000	0
Maria Borch Helsengreen	140000	0
Total	795 000	515 000

Management compensation for the financial year ended 31 December 2015 was as follows (the amount includes compensation for Erik Jensen's CEO position in both Group Companies):

In NOK million	Salary	Bonus	Benefits	Pension costs	Severance pay	Total	Number of Shares awarded in 2015
Erik Jensen, CEO	2,618	1,008	180	66	-	3,872	51166
Total	2,618	1,008	180	66	-	3,872	

12.2.10.2 Benefits upon termination of employment

The only employee with agreed benefits upon termination of employment is Erik Jensen, the CEO of Norwegian Finans Holding and Bank Norwegian.

In the event of termination by Norwegian Finans Holding or Bank Norwegian of Mr. Jensen's employment agreement, he has the right to payment of ordinary salary and benefits for the period of notice and an additional period of twelve months. The right to ordinary salary and benefits is conditional upon Erik Jensen applying actively to search for a new job in and outside Oslo on market conditions, provided Erik Jensen is not between 62 and 65 years at the time of termination. Any salary or benefits from such new employment is deductive. Other income in kind, such as pension and insurance schemes, are kept and paid in fully during the term of the severance payment.

12.2.10.3 Pension obligations and option schemes

Please refer to Section 12.3.9.

12.2.10.4 Loans and guarantees

No loans have been given by Norwegian Finans Holding to, or guarantees given on the behalf of, any members of the management, the boards or other elected corporate bodies.

12.3 BANK NORWEGIAN

12.3.1 Introduction

The following chart sets out Bank Norwegian's organizational structure:



12.3.2 Board of directors

12.3.2.1 Overview

The relationship between the board of directors of Norwegian Finans Holding and Bank Norwegian has been regulated in a board of directors instruction (the "**Board Instruction**") adopted by the

Board of Directors of Norwegian Finans Holding. From section 5 of such Board Instruction follows that the Board of Directors of Norwegian Finans Holding shall notify the board of directors of Bank Norwegian about circumstances relevant for the Group as a whole. The Board of Directors shall also notify the board of directors of Bank Norwegian of resolutions that may be of relevance for the subsidiary, prior to any final resolution being resolved upon.

The following table sets forth, as the date of this Prospectus, the directors of Bank Norwegian and the number of shares beneficially owned by each director as of the date of this Prospectus. No share options have been issued.

Name	Position	Has served since	Term expires	Shares held in Norwegian Finans Holding
			·	
Bjørn H. Kise	Chairman	2007	2017	13,550,273 *
Kristin Farstad	Board member	2007	2017	None
Frode E. Foss	Board member	2007	2018	0 **
John E. Høsteland	Board member	2007	2018	None
Lars Ola Kjos	Board member	2013	2017	0 ***
Willy Rudman	Board member (elected by the employees)	2016	2018	None
Ninette Ruud Olsen	Deputy board member (elected by the employees)	2016	2018	None

* Indirect ownership; 8,997,233 shares through Borak AS, 100% owned by Kise; 3,901,040 shares through Sneisungen AS, 51% owned by Kise, and 652,000 shares through Scan-Net AS, 34% owned by Kise.

** Indirect ownership. Details available under Section 12.3.2.2 (3).

*** 11,371,904 shares are held by Laguan AS, a company in which Lars Ola Kjos owns 33% of the shares.

12.3.2.2 Description of the members of the Board of Directors of Bank Norwegian

Bank Norwegian's board of directors consists of the following members:

(1) Bjørn H. Kise – Chairman of the Board (see above in Section 12.2.2.2)

(2) Kristin Farstad, Board member (see above in Section 12.2.2.2)

(3) Frode E. Foss, Board member

Born 1968. Member of the Board of Directors since 2007

Principal education: MBA, Masters in finance, University of Wyoming and European Certified Financial Analyst, Norwegian School of Economics

Other on-going principal assignments: Chief financial officer in Norwegian Air Shuttle; chairman of the board of directors of the following entities: Arctic Aviation Assets Ltd. (including its subsidiaries); Norwegian Air Resources Holding Ltd.; Norwegian Air Resources Shared Service Center AS, Norwegian Holidays AS, Call Norwegian AS; and member of the board of directors of the following entities: Norwegian Air Norway AS (including of its subsidiary, Pilot Services Norway AS), Norwegian Long Haul AS, Norwegian Air Shuttle Sweden AB, Bank Norwegian AS, WR Entertainment ASA, Arendal Lufthan Gullknapp AS

Holding of Shares: Mr. Foss has an ownership interest of 49 per cent in Active Deal International, a company which holds 1,078,220 shares in Norwegian Finans Holding.

Brief biography: Frode Foss has been the Chief Financial Officer of Norwegian Air Shuttle ASA since he joined the company in its start-up year in 2002. Mr. Foss has eight years of experience from auditing and management consulting services with Arthur Andersen and Ernst & Young.

(4) John E. Høsteland, Board member (see above in Section 12.2.2.2)

(5) Lars Ola Kjos, Board member

Born in 1978. Member of the Board of Directors since 2013.

Principal education: Bachelor of Science in business administration finance, University of Denver

Other on-going principal assignments: Chairman of the board of directors of Laguan AS and Executive Vice President Commercial at Arctic Aviation Assets Ltd where he works with aircraft purchasing, financing and leasing.

Holding of Shares: Mr. Kjos has an ownership interest of 33% in Laguan AS, a company which holds 11,371,904 shares in Norwegian Finans Holding.

Brief Biography: Lars Ola Kjos previously held position as VP of Norwegian Reward and Business Development for non-air project at Norwegian including the airline's *Bank Norwegian* project.

(6) Willy Rudman, Board member (elected by the employees)

Born in 1985. Member of the Board of Directors since 2016.

Principal education: Bachelor of Science in Economics, Jönköping International Business School

Other on-going principal assignments: None

Holding of Shares: None

Brief biography: Willy Rudman is since 2015 employed as project manager and system specialist in Bank Norwegian. Projects include establishment of credit cards, savings deposits and loan products in the Nordic countries. Prior to his position as project manager and system specialist, he worked as a credit consultant (2013-2015) in Bank Norwegian and as a Client Project Manager and Credit Controller in Intrum Justitia (2009-2013), a credit management services group.

(7) Ninette Ruud Olsen, deputy Board member (elected by the employees)

Born in 1987. Member of the Board of Directors since 2016.

Principal education: High school

Other on-going principal assignments: None

Holding of Shares: None

Brief Biography: Ninette Olsen has been employed at the customer service department since 2010. Ms. Olsen has previously worked with sales at Juritzen Forlag AS (2009), Talk2me (Bring Dialog AS) (2006-2009), and Buy Aid AS. She has also carried out secretary and other work at American Express Travel Agency in 2005-2006.

12.3.3 The senior management of Bank Norwegian

12.3.3.1 Overview

The following table sets forth, as per the date of this Prospectus, the senior management of Bank Norwegian and the number of shares beneficially owned by each member of the senior management (no options are held):

Name	Position	Shares held in Norwegian Finans Holding
Erik Jensen	CEO	1,149,608
Pål Svenkerud	CFO	1,143,674
Tore Andresen	COO	1,032,306
Michael Myran	СМО	719,335
Tore Widding	CRO	505,659
Merete Gillund	CIO	478,104

12.3.3.2 Description of the Senior Management team

Bank Norwegian's senior management consists of the following persons:

(1) Erik Jensen, chief executive officer (see above in Section 12.2.3)

(2) Pål Svenkerud, chief financial officer

Born in 1962. Chief Financial Officer and employed since 2007

Principal education: Bachelor of arts in business administration, University of Oregon, MBA in finance, University of Denver, and European Certified Financial Analyst, Norwegian School of Economics

Other on-going principal assignments: None

Holding of Shares: 1,143,674

Brief biography: Pål Svenkerud has been employed as CFO of Bank Norwegian since its inception in 2007, and has 27 years of financial services experience. Prior to joining Bank Norwegian, Mr. Svenkerud worked as CFO in Teller AS (2005-2007). Earlier assignments include management positions in Storebrand (1994-2005), hereunder as Chief Risk Officer (CRO) and CFO at Storebrand Bank, and analyst positions at Procorp ASA (1993-1994) and U.S. Bancorp (1988-1992).

(3) Tore Andresen, chief operating officer

Born in 1965. Chief Operating Officer and employed since June 2009

Principal education: Associate degree in business administration, Norwegian School of Economics

Other on-going principal assignments: None

Holding of Shares: 1,032,306

Brief biography: Tore Andresen has been employed as COO in Bank Norwegian since 2009, and has 29 years' of financial service experience. Prior to joining Bank Norwegian, Mr. Andresen worked as Managing Director at Aktiv Kapital Norge (2007-2008) and Managing Director at Lindorff Decision (2001-2006). Mr. Andresen has also experience of board assignments, hereunder as board member of Lindorff Match AS (2005-2006), board member of Aktiv Kapital Danmark AS (2007-2008) and chairman of the board of Aktiv Kapitaladministrasjon AS (2007-2008).

(4) Michael Myran, chief marketing officer

Born in 1977. Chief Marketing Officer and employed since 2007

Principal education: Bachelor in international marketing and management, Norwegian Business School

Other on-going principal assignments: None

Holding of Shares: 719,335

Brief biography: Michael Myran has been employed as CMO of Bank Norwegian since its inception in 2007, and has 13 years financial services experience. Prior to joining Bank Norwegian, Mr. Myran was employed as Head of marketing at yA Bank og Forsikring (2005-2007) and head of marketing at Nordenfjeldske Forsikring (2002-2005).

(5) Tore Widding, chief risk officer

Born in 1968. Chief Risk Officer and employed since 2007

Principal education: Norwegian University of Science and Technology, applied physics and mathematics, specialization in numerical mathematics

Other on-going principal assignments: None

Holding of Shares: 505,659

Brief biography: Tore Widding has been employed as CRO of Bank Norwegian since its inception in 2007, and has 16 years of financial services experience. Prior to joining Bank Norwegian, Mr. Widding was employed as Credit Risk Manager at Santander Consumer Bank (2006-2007). Earlier assignments include position as Chief Analyst at Experian AS (2000-2006), System Consultant at Super Office Norway AS (1998-2000) and Product Manager at MarketInform (1997-1998).

(6) Merete Eikeseth Gillund, chief information officer

Born in 1969. Chief Information Officer and employed since June 2008

Principal education: Master of science in information technology, University of Stavanger

Other on-going principal assignments: None

Holding of Shares: 478,104

Brief biography: Merete Eikeseth Gillund has been employed as Chief Information Officer (CIO) in Bank Norwegian since 2008, and has 20 years of experience working with IT within banking/finance, both technical and administrative, within credit cards (issuing and acquiring) and retail banking. Prior to joining Bank Norwegian, Mrs. Eikeseth Gillund was employed as Department Manager at SEB Kort AB (2004-2008). Earlier assignments include Senior Consultant positions in Exense ASA (2003-2004), Scope AS (2001-2003) and Database Consult (1996-2001).

12.3.4 Other directorships and management positions

Over the five years preceding the date of this document, the members of the board of directors and the senior management hold or have held the following directorships and/or partnerships (apart from in Bank Norwegian):

Board of Directors of Bank Norwegian:	Current directorships and senior management positions	Previous directorships and senior management positions last five years
Bjørn H. Kise	Please refer to Section 12.2.2.1	
Kristin Farstad	Please refer to Section 12.2.2.1	
Frode E. Foss	Norwegian Air Shuttle (chief financial officer)	None
	Arctic Aviation Assets Ltd. (including its subsidiaries) (chairman)	
	Norwegian Air Resources Holding Ltd. (chairman)	

	Norwegian Air Resources Shared Service Center AS (chairman)	
	Norwegian Holidays AS (chairman)	
	Call Norwegian AS (chairman)	
	Norwegian Air Norway AS (including its subsidiary, Pilot Services Norway AS) (board member)	
	Norwegian Long Haul AS (board member)	
	Norwegian Air Shuttle Sweden AB (board member)	
	WR Entertainment ASA (board member)	
	Arendal Lufthan Gullknapp AS (board member)	
John E. Høsteland	Please refer to Section 12.2.2.1	Please refer to Section 12.2.2.1
Lars Ola Kjos	Laguan AS (chairman)	
	Arctic Aviation Assets Ltd. (Executive Vice President Commercial)	
Willy Rudman	None	None
Ninette Olsen	None	None

Management of Bank Norwegian:	Current directorships/partnerships	Previous directorships/partnerships past five years			
Erik Jensen	CEO of Norwegian Finans Holding	None			
Pål Svenkerud	None	None			
Tore Andresen	None	None			
Michael Myran	None	None			
Tore Widding	None	None			
Merete Eikeseth Gillund	None	None			

12.3.5 The Nomination Committee

Bank Norwegian has a nomination committee consisting of three members elected by the Annual General Meeting for a two-year term.

The Nomination Committee currently consists of Alf Nielsen (chair), Gunnar Martinsen and Knut Gillesen, and all the members of the Nomination Committee are independent of the board of directors and the day-to-day management.

The Nomination Committee's duties are (i) to propose to the general meeting candidates for election to Bank Norwegian's board of directors, and (ii) to propose remuneration to the members of the board and the risk and audit committee of Bank Norwegian.

12.3.6 Risk and Audit Committee

The articles of association stipulate that Bank Norwegian shall have a risk and audit committee, and that the members of the board of directors shall act as the risk and audit committee to the extent permitted by law.

The members of Bank Norwegian's risk and audit committee are independent of the senior management.

The main task of the risk and audit committee is to supervise Bank Norwegian's adherence to laws, regulations and its articles of association, and its purpose is, among other things, to assist the board of directors to serve as an independent, objective check and balance in Bank Norwegian's financial reporting and internal control.

Its responsibilities include:

- The integrity of the financial statements of Bank Norwegian, including the audited annual and the unaudited quarterly financial statements.
- The independence, qualifications, performance and compensation of Bank Norwegian's independent auditors.
- The performance of Bank Norwegian's internal audit function.
- Bank Norwegian's compliance with legal and regulatory policies.

12.3.7 Conflict of interests

Please see Section 12.2.8 above, which applies correspondingly.

12.3.8 Convictions for fraudulent offences, bankruptcy, etc.

None of the members of Bank Norwegian's board of director or management have during the last five years preceding the date of this Prospectus:

- Any convictions in relation to indictable offences or convictions in relation to fraudulent offences;
- Received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company; or
- Been declared bankrupt or been associated with any bankruptcy, receivership or liquidation in his capacity as a founder, director or senior manager of a company.

12.3.9 Remuneration and benefits

12.3.9.1 Remuneration of the board of directors

The remuneration of the members of the board of directors of Bank Norwegian is determined on a yearly basis by Bank Norwegian's annual general meeting.

It is understood, and resolved each year by each Group Company's annual general meeting, that any remuneration shall cover directorships in both Norwegian Finans Holding and Bank Norwegian, provided that the relevant person is a director in both companies.

The members of Bank Norwegian's board of directors may also be reimbursed for, *inter alia*, travelling, hotel and other expenses incurred by them in attending meetings of the directors or in connection with the business of the company.

A member of Bank Norwegian's board of directors who has been given a special assignment in relation to the Bank's business, other than in his or her capacity as such and which furthermore is not within the normal duties as a board member, may be paid such extra remuneration for such work as Bank Norwegian's board of directors may determine.

Board of directors of Bank Norwegian	2015	2014
Bjørn H. Kise	165 000	165 000
Kristin Farstad	87 500	87 500
Frode E. Foss	175 000	175 000
John E. Høsteland	87 500	87 500
Lars Ola Kjos	175 000	140 000
Willy Rudman	N/A	Appointed in 2016
Ninett Ruud Olsen	N/A	Appointed in 2016
Total	690 000	655 000

Board compensation for each of the years 2015 and 2014 was as follows:

12.3.9.2 Remuneration of the management

Overview and description

The total compensation to the members of the senior management shall be annually approved by the board of directors and may consist of a base salary, variable compensation, pension and insurance schemes, fringe benefits and severance pay.

The variable compensation consists of individual grants of shares in Norwegian Finans Holding compliant with regulations regarding compensation schemes in financial institutions. The following additional parameters apply for the variable compensation:

Three-year program;

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 1 million shares for the entire three-year period.

At the grant of shares, there will be entered into agreements with the relevant employees, such agreements to be in accordance with general market conditions.

In April 2015, the senior management and compliance officer of Bank Norwegian were offered Shares under the above incentive program at a subscription price at NOK 28.14; the price was, as provided for under the incentive programme, based on 30 days average price registered at the NOTC A list. In total, 194,506 Shares were subscribed and paid for and issued to the said persons under the said offer.

Further, in 2016 the Company expects, also on basis of the described incentive program, to issue up to a maximum of 125,000 new Shares to the senior management. The subscription price is expected to be NOK 64.82, equal to the 30 days average price at the NOTC A list as provided for under the incentive programme. Any Shares so offered for subscription are expected to be subscribed for on or about 16 June 2016 and paid for and issued without delay thereafter. As mentioned in Section 5.3.5, the subscription price in the Subsequent Offering is NOK 50.

The members of the senior management 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. The CEO has the same pension plan as the other employees, except that the age limit for that office has been set at 65 years and, as a consequence, the Bank shall pay 70% of the last annual salary from the age of 65 to 67 (inclusive).

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.

The only employee with agreed benefits upon termination of employment is Erik Jensen, the CEO of Norwegian Finans Holding and Bank Norwegian. A description of Erik Jensen's benefits upon termination of employment by Norwegian Finans Holding or Bank Norwegian is provided under Section 12.2.10 above.

Compensation paid to the members of the senior management in 2015

Management compensation for the financial year ended 31 December 2015 was as follows (the compensation paid to Erik Jensen covers his position as CEO in both Group Companies):

NOK 000	Salary	Bonus	Benefits	Pension costs	Severance pay	Total	Number of Shares awarded in 2015
Erik Jensen, CEO	2618	1008	180	66	-	3872	51166
Pål Svenkerud, CFO	1867	602	186	66	-	2721	30584
Tore Andresen, COO	1649	644	145	66	-	2504	32704
Michael Myran, CMO	1463	552	125	66	-	2206	28000
Tore Widding, CRO	1634	370	124	66	-	2194	18806
Merete Eikeseth Gillund, CIO	1446	551	129	66		2192	27951
Total	10677	3727	889	395	0	15688	189211

Benefits upon termination of employment

The only employee with agreed benefits upon termination of employment is Erik Jensen, the CEO of Norwegian Finans Holding and Bank Norwegian, see Section 12.2.10.2 above. No other employees are entitled to any specific benefits upon termination of employment.

12.3.9.3 Pension obligations and option schemes

All the employees are covered by Bank Norwegian's defined contribution pension scheme offered by Storebrand. The pension costs are accounted for on a monthly basis and paid to Storebrand. No provisions for pension liabilities are made in the accounts. The Bank has no pension or retirement benefits for members of the boards.

The Group has no option scheme for employees or members of the boards.

12.3.9.4 Loans and guarantees

No loans have been given by Bank Norwegian to, or guarantees given on the behalf of, any members of the management, the boards or other elected corporate bodies.

12.3.10 Employees

All the employees of the Group are employed only by Bank Norwegian. The only exemption is Erik Jensen, who is CEO of both Norwegian Finans Holding and Bank Norwegian. As of the date of this Prospectus, Bank Norwegian has 56 employees, all based at Bank Norwegian's office at Oksenøyveien 3 at Lysaker in Norway.

Details on the key management personnel are covered in Section 12.3.3. In addition to the senior management team of six persons, a staff of six covers finance and accounting, the market department has sixteen employees, four persons constitute the risk department, five persons are responsible for it services and the remaining nineteen cover general operations.

The table below illustrates the development in number of employees over the last years for the Company, as per the end of each calendar year 2013, 2014 and 2015.

Year	As of date	Total	
2015	31 December	56	
2014	31 December	47	
2013	31 December	47	

13. SHARE CAPITAL AND SHAREHOLDER MATTERS

The following description includes certain information concerning Norwegian Finans Holding's share capital, a brief description of certain provisions contained in Norwegian Finans Holding's Articles of Association and Norwegian law in effect as of the date of this Prospectus. Any change in the Articles of Association is subject to approval by a General Meeting. This summary does not intend to be complete and is qualified in its entirety by Norwegian Finans Holding's Articles of Association and Norwegian law.

13.1 SHARE CAPITAL AND SHARES

13.1.1 General

Norwegian Finans Holding is a public limited liability company organized under the laws of Norway and subject to the Norwegian Public Limited Liability Companies Act, with its registered office at Oksenøyveien 3, NO-1366 Lysaker, Norway.

13.1.2 Share capital

As of the date of this Prospectus, Norwegian Finans Holding's registered share capital is NOK 179,194,708 divided into 179,194,708 Shares, each with a nominal value of NOK 1. All the Shares are issued and fully paid.

Norwegian Finans Holding has one class of shares, each Share carrying equal shareholder rights, including one voting right at the General Meeting. Norwegian Finans Holding's Articles of Association does not provide for limitations on the transferability or ownership of Shares.

The Shares have been created under the Norwegian Public Limited Liability Companies Act and registered in book-entry form with the VPS under the International Securities Identification Number (ISIN) NO 001 0387004. The registrar for the Shares is DNB.

13.1.3 Warrants, convertible loans and authorizations to issue new Shares

Norwegian Finans Holding has not issued any options, warrants, convertible loans or other instruments that would entitle a holder of any such instrument to subscribe for any shares in the Company.

Further, Norwegian Finans Holding has not issued subordinated debt or transferable securities other than the Shares.

Authorization to the Board to conduct capital increases by way of share issue under the Company's incentive program

At the AGM held on 27 April 2016, the Board of Directors was granted two separate authorizations to increase the share capital.

One allows for increases up to NOK 200,000, corresponding to 0.11% of Norwegian Finans Holding's current share capital, under the Company's incentive program. The authorization is valid until the AGM in 2017, but no longer than to 30 June 2017. The preferential rights of the Shareholders to subscribe to the new Shares pursuant to Section 10-4 of the Norwegian Public Limited Companies Act may be deviated from.

The mandate to increase the share capital under the Company's incentive schemes:

- "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."

Authorization to the Board to conduct capital increases by way of share issues for acquisitions and for strengthening the Company's equity

The other authorization which was granted to the Board of Directors at the AGM held on 27 April 2016, covers increases in the share capital by up to NOK 8,659,736, corresponding to 4.83% of Norwegian Finans Holding's current share capital to be used in connection with acquisitions and raising new equity. This authorization is valid until the AGM in 2017, but no longer than to 30 June 2017. The preferential rights of the Shareholders to subscribe to the new Shares pursuant to Section 10-4 of the Norwegian Public Limited Companies Act may be deviated from. The authorization does not comprize share capital increases in connection with mergers, but covers potential share capital increases against contribution in kind.

The mandate to increase the share capital in connection with acquisitions and for strengthening the Company's equity:

- "1. The share capital of Norwegian Finans Holding ASA may be increased, on one or more occasions, by up to, in total, NOK 8,659,736.
- 2. The mandate can be used to issue shares 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."

As of the date of this Prospectus, the Board of Directors has not used any of the above authorizations.

13.1.4 Own Shares and mandate to acquire own Shares

Norwegian Finans Holding does not hold any own Shares.

Authorization to acquire own Shares

At the AGM held on 27 April 2016, the Board of Directors has been granted authorization to repurchase the Company's own shares within a total par value of NOK 4,329,867.00, corresponding to 2.42% of Norwegian Finans Holding's current share capital. The authorization is valid until the AGM in 2017, but no longer than to 30 June 2017.

The mandate to acquire own Shares:

"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 meeting in 2017, and in any event no longer than to 30 June 2017."

13.1.5 Other financial instruments related to Shares

Other than set out above, Norwegian Finans Holding has not issued any options, warrants, convertible loans or other instruments that would entitle a holder of any such instrument to subscribe for any shares in the Company.

13.1.6 Transferability and foreign ownership

Norwegian Finans Holding is subject to the provisions on ownership control in the Norwegian Financial Institutions Act, which apply to all financial institutions. A detailed description of the provisions on ownership control in the Norwegian Financial Institutions Act is provided under Section 11.2.2.3 (Ownership control).

Further, Shares issued under the Company's share incentive program are subject to a 36-months lock-up period.

Otherwise, there are no restrictions on trading in the Company's Shares under Norwegian law, the Company's Articles of Association or any shareholders agreement known to the Company.

There are no restrictions on foreign ownership of the Company's Shares.

13.1.7 Legislation and rights attached to the Shares

Reference is made to the review of legislation and rights attached to the Company's Shares in Section 13.4 "The Articles of Association and general shareholder matters".

13.2 HISTORICAL DEVELOPMENT IN SHARE CAPITAL AND NUMBER OF SHARES

Below is a table showing the development in the number of Shares and the share capital of Norwegian Finans Holding since incorporation on 3 May 2007 until the date of the Prospectus (all figures in NOK):

Date of registration	Type of change	Change in share capital	Subscripti on price	Total issued share capital	No of shares
25 May 2007	Incorporation	30,000,000	1.00	30,000,000	30,000,000
8 November 2007	Capital increase	120,000,000	2.00	120,000,000	150,000,000
22 April 2010	Capital increase	19,500,000	2.00	19,500,000	169,500,000
22 April 2010	Capital increase (Private Placement)	500,000	2.00	500,000	500,000
13 August 2011	Capital increase (Private Placement)	682,261	2.00	682,261	170,682,261
2 October 2012	Capital increase (Private Placement)	1,093,713	3.75	1,093,713	171,775,974
15 August 2013	Capital increase (Private Placement)	818,114	6.50	818,114	172,594,088
21 August 2014	Capital increase (Private Placement)	406,114	13.75	406,114	173,000,202

15 July 2015	Capital increase (Private Placement)	194,506	28.14	194,506	173,194,708
10 May 2016	Capital increase (Private Placement)	6,000,000	50.00	6,000,000	179,194,708

Apart from the table above, and the planned Subsequent Offering, there have not been any changes in the Company's share capital since the Company's incorporation.

13.3 MAJOR SHAREHOLDERS (AS PER 26 MAY 2016)

#	Shareholder	Shareholding	Share
1	NORWEGIAN AIR SHUTTL	35 838 941	20,00000%
2	GOLDMAN SACHS & CO E *	15 319 645	8,54916%
3	LAGUAN AS	11 371 904	6,34612%
4	BORAK AS	8 997 233	5,02093%
5	STENSHAGEN INVEST AS	7 527 420	4,20069%
6	SPENCER TRADING INC	6 556 775	3,65902%
7	MP PENSJON PK	5 389 762	3,00777%
8	PROTECTOR FORSIKRING	5 324 909	2,97158%
9	SWEDBANK ROBUR NORDE	4 551 000	2,53970%
10	SNEISUNGEN AS	3 901 040	2,17698%
11	TVENGE TORSTEIN INGV	3 634 000	2,02796%
12	SWEDBANK ROBUR SMABO	3 311 825	1,84817%
13	VERDIPAPIRFONDET HAN	3 129 795	1,74659%
14	VEVLEN GÅRD AS	2 094 176	1,16866%
15	SONGA AS	2 083 120	1,16249%
16	SOCIETE GENERALE SS	2 000 000	1,11610%
17	DANSKE BANK AS	2 000 000	1,11610%
18	SWEDBANK ROBUR SMABO	1 691 698	0,94406%
19	DIRECTMARKETING INVE	1 500 000	0,83708%
20	LITHINON AS	1 405 129	0,78414%
	Total	127 628 372	71.2233%

* Nominee for Fortelus Special Situations Fund

In accordance with the disclosure obligations under the Norwegian Securities Trading Act, shareholders acquiring ownership to or control over 5% or more of the share capital of a company listed on Oslo Børs must notify the stock exchange immediately. The table above shows the percentage held by such notifiable shareholders. The Private Placement was allocated pro rata to the shareholdings registered with the VPS on 4 April 2016, meaning that the shareholdings were mainly preserved following the Private Placement. Thus, in a case the Company were already listed on a regulated market, no Shareholder would, due to its participation or non-participation in the Private Placement, have been subject to the disclosure requirement under the Norwegian Securities Trading Act section 4-3 (No.: *flaggeplikt*).

All Shares carry equal voting rights and the major Shareholders in Norwegian Finans Holding do not have different voting rights. Each Share of Norwegian Finans Holding entitles one vote.

To the extent known to the Company, Norwegian Finans Holding is not directly or indirectly owned or controlled by any party.

The Company is not aware of any arrangements that may result in, prevent or restrict a change of control of the Company.

13.4 THE ARTICLES OF ASSOCIATION AND GENERAL SHAREHOLDER MATTERS

The Articles of Association of the Company are included as Appendix 1 to this Prospectus. Below is a summary of provisions of the Articles of Associations:

Registered office

The Company's registered office is in the municipality of Bærum in Norway.

The Company's objects and purpose

The Company's business 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.

Share capital and par value

The Company's share capital is NOK 179,194,708 divided into 179,194,708 Shares, each Share with a par value of NOK 1.

The Shares

The Shares shall be freely transferable and registered with the Norwegian Central Securities Depository (VPS).

The Board of Directors

The Board of Directors shall consist of five to seven members, all to be elected by the General Meeting. The General Meeting shall appoint the chairman of the Board of Directors. The General Meeting may elect up to 3 deputy Board members for the Board members elected by the Shareholders.

The Company's signature

The power to sign for the company is exercised by the chairman of the board or the CEO solely or by two board members elected by the Shareholders acting jointly.

The general meeting of shareholders

The following matters will be considered and decided by the Annual General Meeting:

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 Annual General Meeting by law or pursuant to the Articles of Association.

The Annual General Meeting and any Extraordinary General Meeting is called with a two-week notice period.

The use of electronic communication when convening the General Meeting

Documents that regards matters that shall be handled by the Company's General Meeting, including documents that under the applicable law shall be attached to the notice convening the General Meeting, do not need to be sent to the Shareholders by way of ordinary post in case the documents are available on the company's webpage. Nevertheless, a Shareholder may demand to be provided with documents that concerns matters that shall be handled by the General Meeting by way of ordinary post, without any costs for the Shareholder.

Electronic attendance at the General Meeting and written voting for such attendance

The Board of Directors may decide that the Shareholders are to be able to attend the General Meeting by using electronic aids, including that they can exercise their rights as shareholders electronically. Such vote in advance may be submitted in the period from the date of the notice

convening the General Meeting and to the latest date for the General Meeting. It shall appear from the notice convening the General Meeting if it is possible to vote in advance of the General Meeting. The Board of Directors may determine more detailed instructions for written vote in advance, and the instruction shall be available for the Shareholders on the Company's webpage.

The Nomination Committee

The Company shall have a Nomination Committee that shall submit its view to the Annual General Meeting of the election of shareholder-elected members and deputy members of the Board of Directors, members and possible deputy members of the Nomination Committee, as well as remuneration to these.

The Nomination Committee consists of three members. In addition, one or more deputy members may be elected.

Members of the Nomination Committee are elected for a period of two years, but the Nomination Committee shall, through annual submission of at least one member of the Nomination Committee, seek to obtain a satisfactory continuity in the Nomination Committee.

Risk and Audit Committee

The Board of Directors acting jointly shall act as the Company's Risk and Audit Committee to the extent permitted by law.

13.4.1 Voting rights and other shareholder rights

Norwegian Finans Holding has one class of shares, and each Share carry equal voting rights at the General Meeting.

As a general rule, resolutions that Shareholders are entitled to make pursuant to Norwegian law or the Company's Articles of Association, requires approval by a simple majority of the votes cast. In the case of election of directors to the Board, the person who obtains the most votes is elected to fill the vacant position.

However, as required under Norwegian law, certain decisions, including resolutions to waive preemptive rights in connection with any issue of shares, convertible bonds, warrants etc., to approve a merger or demerger, to amend the Company's Articles of Association, to authorize an increase or reduction in the share capital, to authorize an issuance of convertible loans or warrants or to authorize the Board to purchase the Company's own Shares or to dissolve the Company, must receive the approval of at least two-thirds of the aggregate number of votes cast as well as at least two-thirds of the share capital represented at a General Meeting.

Further, Norwegian law requires that certain decisions, which have the effect of substantially altering the rights and preferences of any shares or class of shares, receive the approval of all the holders of such shares or class of shares as well as the majority required for amendments of the Company's Articles of Association. Decisions that (i) would reduce any existing Shareholder's right in respect of dividend payments or other rights to the assets of the Company or (ii) restrict the transferability of the shares require a majority vote of at least 90% of the share capital represented at the General Meeting in question as well as the majority required for amendments to the Company's Articles of Association. Certain types of changes in the rights of Shareholders require the consent of all Shareholders affected thereby as well as the majority required for amendments to the Company's Articles of Association. The Articles of Association of the Company do not contain conditions that are more significant than required by the Norwegian Public Limited Liability Companies Act, including with regard to (i) what action is necessary to change the rights of holders of the Shares, and (ii) changes in capital.

In general, in order to be entitled to vote, a Shareholder must be registered as the beneficial owner of Shares in the share register kept by the VPS or provide proof of its beneficial ownership. Beneficial owners of Shares that are registered in the name of a nominee may not be entitled to vote under Norwegian law unless such Shares are re-registered in the name of the beneficial owner, nor are any persons who are designated in the register as holding such Shares as nominees entitled to vote such Shares.

Readers should note that there are varying opinions as to the interpretation of Norwegian law in respect of the right to vote nominee-registered shares. For example, Oslo Børs has in a statement

on 21 November 2003 held that in its opinion "nominee-shareholders" may vote in general meetings if they prove their actual shareholding prior to the general meeting.

Under the Public Limited Companies Act, Shareholders will have preferential rights to subscribe for new securities issued by the Company, unless such rights are departed from (such departure requires a majority of two-thirds of the votes present and represented at that General Meeting).

A Shareholder will have right to a share in the profits of the Company that are distributed as dividend, as well as any surplus following liquidation of the Company. There is no time limit after which entitlement to dividends lapses under the Norwegian Public Limited Companies Act or the Company's Articles of Association. Furthermore, there are no dividend restrictions for non-resident Shareholders. See Section 14 "Norwegian taxation" for a description of the Norwegian tax rules that apply to dividend paid to Norwegian and foreign Shareholders of Norwegian Finans Holding.

The Shares are not subject to redemption rights with the exemption provided for below under 13.5.9 "Compulsory acquisition". There are no conversion provisions applicable to the Shares.

13.4.2 Additional issuances and preferential rights

If Norwegian Finans Holding issues any new Shares, including bonus share issues, its Articles of Association must be amended, which requires the same vote as other amendments to its Articles of Association. In addition, under Norwegian law, the Shareholders have a preferential right to subscribe to issues of new Shares. The preferential rights to subscribe to an issue may be waived by a resolution in a General Meeting passed by the same vote required to approve amendments to the Articles of Association. A waiver of the Shareholders' preferential rights in respect of bonus issues requires the approval of all outstanding shares, irrespective of class.

The General Meeting may, with a vote as required for amendments to the Articles of Association, authorize the Board of Directors to issue new Shares, and to waive the preferential rights of Shareholders in connection with such issuances. Such authorization may be effective for a maximum of two years, and the par value of the shares to be issued may not exceed 50% of the registered nominal share capital when the authorization is registered.

Under Norwegian law, bonus shares may be issued, subject to approval by a General Meeting, by transfer from Norwegian Finans Holding's distributable equity or from its share premium reserve. Any bonus issues may be effectuated either by issuing shares or by increasing the par value of the shares outstanding.

To issue shares to holders who are citizens or residents of the United States upon the exercise of preferential rights, Norwegian Finans Holding may be required to file a registration statement in the United States under United States securities laws. If Norwegian Finans Holding decides not to file a registration statement, such holders may not be able to exercise their preferential rights and in such event would be required to sell such rights to eligible Norwegian persons or other eligible non-U.S. holders to realize the value of such rights. See Section 2 "Risk Factors, Risks Related to the Listing and the Shares – Pre-emptive rights may not be available to U.S. holders".

13.4.3 Shareholder vote on certain reorganizations

A decision to merge with another company or to demerge requires a resolution of the shareholders passed by two-thirds of the aggregate votes cast at a general meeting. A merger plan or demerger plan signed by the board of directors along with certain other required documentation, would have to be sent to all shareholders at least one month prior to the shareholders' meeting.

13.4.4 Legal constraints on the distribution of dividends

Dividends may be paid in cash or in some instances in kind. The Norwegian Public Limited Companies Act provides the following constraints on the distribution of dividends applicable to the Norwegian Finans Holding:

 Section 8-1 of the Norwegian Public Limited Companies Act provides that Norwegian Finans Holding may distribute dividend to the extent that Norwegian Finans Holding's net assets following the distribution covers (i) the share capital, (ii) the reserve for valuation variances and (iii) the reserve for unrealized gains. The total nominal value of own shares which Norwegian Finans Holding has acquired for ownership or as security prior to the balance sheet date, as well as credit and security which, pursuant to Section 8–7 to Section 8-10 of the Norwegian Public Limited Companies Act fall within the limits of distributable equity, shall be deducted from the distributable amount.

The calculation of the distributable equity shall be made on the basis of the balance sheet included in the approved annual accounts for the last financial year, provided, however, that the registered share capital as of the date of the resolution to distribute dividend shall be applied. Following the approval of the annual accounts for the last financial year, the General Meeting may also authorize the Board of Directors to declare dividend on the basis of the Norwegian Finans Holding's annual accounts. Dividend may also be resolved by the General Meeting based on an interim balance sheet which has been prepared and audited in accordance with the provisions applying to the annual accounts and with a balance sheet date not further into the past than six months before the date of the General Meeting's resolution.

• Divided can only be distributed to the extent that Norwegian Finans Holding's equity and liquidity following the distribution is considered sound.

In addition, Norwegian Finans Holding, on a consolidated basis, is subject to the capital adequacy requirements described in Section 11.2.2.6 "Capital requirements", and Norwegian Finans Holding cannot distribute dividends which would lead to it being in breach of applicable capital adequacy requirements.

Bank Norwegian is, on an individual basis, subject to the same legal constraints on the distribution of dividends as Norwegian Finans Holding, except that, from a company law perspective, it is the provisions in the Norwegian Private Limited Liability Companies Act which apply (and not those set forth in the Norwegian Public Limited Liability Companies Act). The provisions in Chapter 8 of the Private Limited Liability Companies Act and the capital requirements which apply in respect of Bank Norwegian, limit the ability of Bank Norwegian to distribute dividends. In turn, this result in a *de facto* limitation on Norwegian Finans Holding's ability to distribute dividends as almost any such is contingent, and based on, a prior dividend distribution by Bank Norwegian.

The Norwegian Public Limited Companies Act does not provide for any time limit after which entitlement to dividends lapses. Subject to various exceptions, Norwegian law provides a limitation period of three years from the date on which an obligation is due. There are no dividend restrictions or specific procedures for non-Norwegian resident shareholders to claim dividends. For a description of withholding tax on dividends applicable to non-Norwegian residents, see Section 14.3 "Foreign shareholders – Norwegian taxation".

13.4.5 Procedure for dividend payments

Any potential future payments of dividends on the Shares will be denominated in NOK, and will be paid to the Shareholders through the VPS. Payment to investors registered in the VPS whose address is outside Norway will be conducted by the Company's registrar (DNB) based on information received from the VPS. Investors with an address outside Norway who have registered a valid bank account with the VPS will receive the dividend payment to the registered bank account while investors who have not registered a bank account with the VPS will receive the dividend payment as a check mailed to the address that the investor has registered in the VPS.

13.4.6 Related party transactions

Please refer to Section 15.4 "Related party transactions" for a description of the Group's agreement with related parties.

13.4.7 Minority rights

Norwegian law contains a number of protections for minority shareholders against oppression by the majority, including but not limited to those described in this and preceding paragraphs. Any shareholder may petition the courts to have a decision of its general meeting declared invalid inter alia on the grounds that it unreasonably favours certain shareholders or third parties to the detriment of other shareholders or the company itself. In certain circumstances shareholders may require the courts to dissolve the company as a result of such decisions.

Shareholders holding 5% or more of Norwegian Finans Holding's share capital (individually or as a group) have the right to demand in writing that the Company holds an Extraordinary General Meeting to discuss or resolve specific matters. In addition, any Shareholder may in writing demand

that the Company places an item on the agenda for any General Meeting if it is notified to the Board of Directors at least 7 days before the deadline to call for that General Meeting together with a proposal for resolution or an explanation as to why the item is to be placed on the agenda. If the notice has been issued when such a written demand is presented, a renewed notice must be issued if at least 21 days remain before the General Meeting is to be held.

13.4.8 Liability of directors

Members of the Board of Directors owe a fiduciary duty to the Company and the Shareholders. Such fiduciary duty requires that each Board member acts in the best interests of Norwegian Finans Holding when exercising his or her functions and exercise a general duty of loyalty and care towards Norwegian Finans Holding. The Board members' principal task is to safeguard the interests of Norwegian Finans Holding.

Members of the Board of Directors may each be held liable for any damage they negligently or wilfully cause Norwegian Finans Holding. Norwegian law permits the General Meeting to exempt any such person from liability, but the exemption is not binding if substantially correct and complete information was not provided at the General Meeting when the decision was taken. If a resolution to grant such exemption from liability or not to pursue claims against such a person has been passed by a General Meeting with a smaller majority than that required to amend Norwegian Finans Holding's Articles of Association, Shareholders representing more than 10% of the share capital or, if there are more than 100 shareholders, more than 10% of the Shareholders may pursue the claim on Norwegian Finans Holding's responsibility, but can be recovered from any proceeds it receives as a result of the action. If the decision to grant an exemption from liability or not to pursue claims is made by such a majority as is necessary to amend the Articles of Association, the minority Shareholders cannot pursue the claim in Norwegian Finans Holding's name.

13.4.9 Indemnification of directors and officers

Neither Norwegian law nor the Articles of Association contain any provision concerning indemnification by Norwegian Finans Holding or the Board of Directors. However, as of the date of this Prospectus, Norwegian Finans Holding and Bank Norwegian have a board of directors and officers liability insurance program.

13.4.10 Liquidation and dissolution, as well as public administration and winding up

According to the Norwegian Public Limited Liability Companies Act and the Norwegian Financial Institutions Act, the Company may be liquidated by a resolution in a General Meeting passed by a two-thirds majority of the aggregate votes cast as well as two thirds of the aggregate share capital represented at that General Meeting.

In addition to the provisions in the Norwegian Public Limited Liability Companies Act, the Norwegian Financial Institutions Act includes special provisions on the liquidation and dissolution of financial institutions (such as Norwegian Finans Holding and Bank Norwegian). These provisions also set forth special provisions in respect of the winding up procedure, including that information shall be provided to the customers in accordance with Sections 12-3 fifth subsection and 12-9.

The Shares rank *pari passu* in the event of a return on capital by the Company upon a liquidation or otherwise.

In the event a resolution to liquidate the Company has been made, the Company's assets shall be transformed to cash in order to cover the Company's contractual obligations and for distribution to the Shareholders as long as the Shareholders have not accepted to receive the dividends in kind.

Please refer to Section 11.2.2.9 "Public administration and winding-up" on information about public administration and winding up of financial institutions.

13.5 SECURITIES TRADING IN NORWAY

13.5.1 Introduction

As a company listed on Oslo Børs, Norwegian Finans Holding will be subject to certain duties to inform the market under the Stock Exchange Regulations, and the insider trading regulation of

Chapter 3 of the Norwegian Securities Trading Act. Furthermore, the Company is subject to Norwegian securities regulations and supervision by the relevant Norwegian authorities.

13.5.2 Trading and settlement

Trading of equities on Oslo Børs is carried out in the electronic trading system Millennium Exchange. This trading system is in use by all markets operated by the London Stock Exchange as well as by the Borsa Italiana and the Johannesburg Stock Exchange.

Official trading on Oslo Børs takes place between 09:00 CET and 16:20 CET each trading day, with a pre-trade period between 08:15 CET and 09:00 CET, a closing auction between 16:20 CET and 16:25 CET and a post-trade period from 16:25 CET to 16:30 CET. Reporting of after exchange trades can be done until 17:30 hours (CET).

The settlement period for trading on Oslo Børs/Oslo Axess is two trading days (T+2). This means that securities will be settled on the investor's account in VPS two days after the transaction, and that the seller will receive payment after two days.

Oslo Clearing ASA, a wholly-owned subsidiary of SIX x-clear AG, a company in the SIX group, has a license from the Norwegian FSA to act as a central clearing service, and has from 18 June 2010 offered clearing and counterparty services for equity trading on Oslo Børs.

Investment services in Norway may only be provided by Norwegian investment firms holding a license under the Norwegian Securities Trading Act, branches of investment firms from a member state of the European Economic Area (the "**EEA**"), or investment firms from outside the EEA that have been licensed to operate in Norway. Investment firms in an EEA member state may also provide cross-border investment services into Norway.

It is possible for investment firms to undertake market-making activities in shares listed in Norway if they have a license to this under the Norwegian Securities Trading Act, or, in the case of investment firms in an EEA member state, a license to carry out market-making activities in their home jurisdiction. Such market-making activities will be governed by the regulations of the Norwegian Securities Trading Act relating to brokers' trading for their own account. Such market-making activities do not as such require notification to the Norwegian FSA or Oslo Børs, except for the general obligation of investment firms that are members of Oslo Børs to report all trades in stock exchange listed securities.

13.5.3 Information, control and surveillance

Under Norwegian law, Oslo Børs is required to perform a number of surveillance and control functions. The Surveillance and Corporate Control unit of Oslo Børs monitors all market activity on a continuous basis. Market surveillance systems are largely automated, promptly warning department personnel of abnormal market developments.

The Norwegian FSA controls the issuance of securities in both the equity and bond markets in Norway and evaluates whether the issuance documentation contains the required information and whether it would otherwise be unlawful to carry out the issuance.

Under Norwegian law, implementing the EU Market Abuse Directive, a company that is listed on a Norwegian regulated market, or that is subject to the application for listing on such market, must promptly release any inside information (i.e., precise information about financial instruments, the issuer thereof, or other matters that are likely to have a significant effect on the price of the relevant financial instruments or related financial instruments, and that are not publicly available or commonly known in the market). A company may, however, delay the release of such information in order not to prejudice its legitimate interests, provided that it is able to ensure the confidentiality of the information and that the delayed release would not be likely to mislead the public. Oslo Børs may levy fines on companies violating these requirements.

13.5.4 The VPS and transfer of Shares

The Company's shareholder register (the "**Shareholder Register**") is operated through the VPS. The VPS is the Norwegian paperless centralized securities register. It is a computerized bookkeeping system in which the ownership of, and all transactions relating to, Norwegian listed shares must be recorded. The VPS and Oslo Børs are both wholly owned by Oslo Børs VPS Holding ASA.

All transactions relating to securities registered with the VPS are made through computerized book entries. No physical share certificates are, or may be, issued. The VPS confirms each entry by sending a transcript to the registered shareholder irrespective of any beneficial ownership. To give effect to such entries, the individual shareholder must establish a share account with a Norwegian account agent. Norwegian banks, Norges Bank (being, Norway's central bank), authorized securities brokers in Norway and Norwegian branches of credit institutions established within the EEA are allowed to act as account agents.

As a matter of Norwegian law, the entry of a transaction in the VPS is prima facie evidence in determining the legal rights of parties as against the issuing company or any third party claiming an interest in the given security. A transferee or assignee of shares may not exercise the rights of a shareholder with respect to such shares unless such transferee or assignee has registered such shareholding or has reported and shown evidence of such share acquisition, and the acquisition is not prevented by law, by the relevant company's general meeting, or otherwise.

The VPS is liable for any loss suffered as a result of faulty registration or an amendment to, or deletion of, rights in respect of registered securities unless the error is caused by matters outside the VPS's control, of which the VPS could not reasonably be expected to avoid or overcome the consequences. Damages payable by the VPS may, however, be reduced in the event of contributory negligence by the aggrieved party.

The VPS must provide information to the Norwegian FSA on an on-going basis, as well as any information that the Norwegian FSA requests. Further, Norwegian tax authorities may require certain information from the VPS regarding any individual's holdings of securities, including information about dividends and interest payments.

13.5.5 Shareholder register

Under Norwegian law, shares are registered in the name of the owner of the shares. As a general rule, there are no arrangements for nominee registration and Norwegian shareholders are not allowed to register their shares in VPS through a nominee. However, shares may be registered with VPS in the name of a depositary (bank or other nominee) approved by the Norwegian FSA, to act as nominee for non-Norwegian shareholders. An approved and registered nominee has a duty to provide information on demand about beneficial shareholders to the company and to the Norwegian authorities. In the case of registration by nominees, registration with VPS must show that the registered owner is a nominee. A registered nominee has the right to receive dividends and other distributions but cannot vote at general meetings on behalf of the beneficial owners. Beneficial owners must register with VPS or provide other sufficient proof of their ownership to the shares in order to vote at general meetings.

13.5.6 Foreign investment shares listed in Norway

Non-Norwegian investors may trade shares listed on Oslo Børs through any broker that is a member of Oslo Børs, whether Norwegian or non-Norwegian.

13.5.7 Insider trading

According to Norwegian law subscription for, purchase, sale or exchange of shares which are listed or in respect of which a listing application has been submitted or incitement to such dispositions, must not be undertaken by anyone who has inside information, as defined in section 3-2 of the Norwegian Securities Trading Act.

The same applies to entry into, purchase, sale or exchange of option or futures/forward contracts or equivalent rights connected with such shares or incitement to such disposition.

13.5.8 Mandatory offer requirement

Pursuant to the Securities Trading Act, any person or entity acting in concert that acquires shares representing more than 1/3 (with a repeated obligation at 40% and at 50%) of the voting rights of a Norwegian company whose shares are listed on Oslo Børs or Oslo Axess is obliged to make an unconditional general offer for the purchase of the remaining shares in the company within four weeks or, within the same period, dispose of a number of voting shares which brings the percentage of voting rights down to or below 1/3.

The shareholder must, immediately upon reaching any of the said thresholds, notify the company and Oslo Børs accordingly and of whether it will make a mandatory offer or perform a sell-down. A notice informing about a disposal can be altered to a notice of making an offer within the four week period, while a notice stating that the shareholder will make an offer cannot be amended and is thus binding. The mandatory offer obligation ceases to apply if the person or entity notifies the company and Oslo Børs of its decision to sell down and then sells the portion of the shares that exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

An offer is subject to approval by Oslo Børs before submission of the offer to the shareholders or made public. The offer price per share must be at least as high as the highest price paid or agreed to be paid by the offeror in the six-month period prior to the date the 1/3 threshold was exceeded, but at least equal to the market price, if it is clear that the market price was higher when the mandatory offer obligation was triggered. Note, however, that the EFTA court in a statement dated 10 December 2010 has concluded that the "market price" alternative is not in compliance with EU regulations. Consequently, there is currently doubt as to the legal validity of this alternative. If the acquirer acquires or agrees to acquire additional shares at a higher price prior to the expiration of the mandatory offer period, the acquirer is obliged to restate its offer at such higher price. A mandatory offer must be unconditional and in cash (NOK), but it may contain a consideration alternative at least equivalent to the cash consideration offered. Until an offer has been made or a disposal completed, the shareholder will have no voting rights or other rights relating to the shares exceeding the offer threshold, apart from the right to receive dividends and pre-emption rights in the event of a share capital increase. In case of the failure to make a mandatory offer or to sell the portion of the shares that exceeds the relevant threshold within four weeks, the Oslo Børs may force the acquirer to sell the shares exceeding the threshold by public auction.

Any person or entity that has passed any of the above mentioned thresholds in such a way as not to trigger the mandatory bid obligation, and that has therefore not previously made an offer for the remaining shares in the company in accordance with the mandatory offer rules is, as a main rule, obliged to make a mandatory offer in the event of a subsequent acquisition of shares in the company.

The Company has not received any takeover bids or bids to acquire controlling interest during the last 12 months.

13.5.9 Compulsory acquisition

Pursuant to the Norwegian Public Limited Liability Companies Act and the Securities Trading Act, a shareholder who, directly or through subsidiaries, acquires shares representing 90% or more of the total number of issued shares in a Norwegian public limited liability company, as well as 90% or more of the total voting rights, has a right, and each remaining minority shareholder of the company has a right to require such majority shareholder, to effect a compulsory acquisition for cash of the shares not already owned by such majority shareholder. Through such compulsory acquisition, the majority shareholder becomes the owner of the remaining shares with immediate effect.

A majority shareholder who effects a compulsory acquisition is required to offer the minority shareholders a specific price per share, the determination of which is at the discretion of the majority shareholder. Should any minority shareholder not accept the offered price, such a minority shareholder may, within a specified deadline not to be of less than two months' duration, request that the price be set by the Norwegian courts. Absent such request or other objection to the price being offered, the minority shareholders would be deemed to have accepted the offered price after the expiry of the two-month deadline.

In event a shareholder, directly or through subsidiaries, exceeds the 90% threshold by way of a mandatory offer in accordance with the Securities Trading Act, and a compulsory acquisition is resolved within three months, then the share price in the compulsory acquisition shall be equal to the price in the mandatory offer if no special circumstances call for a different price. Further, if the 90% threshold is exceeded by way of a voluntary offer, the compulsory acquisition may, subject to the following conditions, be carried out without such shareholder being obliged to make a mandatory offer: (i) the compulsory acquisition is commenced no later than four weeks after the acquisition of shares through the voluntary offer, (ii) the price offered per share is equal to or higher than what the offer price would have been in a mandatory offer, and (iii) the settlement is guaranteed by a financial institution according to the rules for mandatory offers.

13.5.10 Disclosure obligations

A person, entity or Bank acting in concert that acquires shares, options for shares or other rights to shares (i.a. convertible loans or subscription rights) resulting in its beneficial ownership, directly or indirectly, in the aggregate meeting or exceeding the respective thresholds of 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3 or 90% of the share capital or the voting rights in the Company has an obligation under Norwegian law to notify Oslo Børs immediately. The same applies to disposal of shares, option for shares etc., resulting in a beneficial ownership, directly or indirectly, in the aggregate meeting or falling below said thresholds.

The reporting obligations will also apply if the thresholds are reached or passed as a result of events changing the relative ownership or voting stake by "passive" means e.g. if a company is increasing its share capital and thereby causes an existing shareholder not participating in the capital increase to be diluted.

13.5.11 Foreign exchange controls

There are currently no foreign exchange control restrictions in Norway that would potentially restrict the payment of dividends to a shareholder outside Norway, and there are currently no restrictions that would affect the right of shareholders of a company that has its shares registered with the VPS who are not residents in Norway to dispose of their shares and receive the proceeds from a disposal outside Norway. There is no maximum transferable amount either to or from Norway, although transferring banks are required to submit reports on foreign currency exchange transactions into and out of Norway into a central data register maintained by the Norwegian customs and excise authorities. The Norwegian police, tax authorities, customs and excise authorities, the National Insurance Administration and the Norwegian FSA have electronic access to the data in this register.

13.6 SHAREHOLDER AND DIVIDEND POLICY

13.6.1 Shareholder policy

Any acquisition of own Shares will be at market price, and Norwegian Finans Holding will not deviate from the principle of unreasonable unequal treatment of all Shareholders.

13.6.2 Dividend policy

Norwegian Finans Holding aims to create shareholder value through a combination of share appreciation and dividend yield.

The Board has adopted a dividend policy where Norwegian Finans Holding targets a long term dividend pay-out ratio of at least 40% of net profits. Norwegian Finans Holding plans to distribute to Shareholders the excess capital above a targeted capitalization level. Due to the stability of the underlying earnings, Norwegian Finans Holding intends to pay dividends on a quarterly basis.

However, as Norwegian Finans Holding foresees significant growth opportunities in the near to medium term, it aims to initially distribute around 20% of net profits as dividend to Shareholders. The intention is to commence paying dividends in the second quarter of 2017.

The dividend to be paid will, among other factors, be dependent on expectations for loan growth and earnings as well as regulatory capital requirements.

Changes in regulations and the Group's future prospects could affect Norwegian Finans Holding's ability to pay dividends and dividend targets.

13.7 SHAREHOLDER AGREEMENTS

The Company is not aware of any shareholder agreements among its Shareholders.

13.8 CORPORATE GOVERNANCE

The principle behind good corporate governance is to establish and maintain a strong, sustainable and competitive company in the best interest of the shareholders, employees, business associates, third parties and society at large.

The Board acknowledges the Norwegian recommendation of the Corporate Governance Code ("Norsk anbefaling for eierstyring og selskapsledelse") (the "**Code**"), and the principle of comply or explain, which means that a company may deviate from the provisions set forth in the Code, provided that each such deviation and the chosen alternative solution is properly explained, along with the reason for the deviation.

The Board has implemented the Code and will use its guidelines as the basis for the Board's governance duties.

As of the date of this Prospectus, the Company is in compliance with the Code with the following one qualification:

Currently, the Risk and Audit Committee consists of the entire Board. The reason for this
is that several of the members of the Board have expertise relevant to such committee
work and that they are highly qualified to deal with the duties normally carried out by
similar committees. This practice will be further assessed on a running basis going
forward.

14. NORWEGIAN TAXATION

14.1 INTRODUCTION

Set out below is a summary of certain Norwegian tax matters related to an investment in the Company. The summary regarding Norwegian taxation is based on Norwegian laws, rules, and regulations in force in Norway as at the date of this Prospectus, which may be subject to any changes in law occurring after such date. Such changes could possibly be made on a retrospective basis. The summary does not address foreign tax laws.

The following summary is of a general nature and does not purport to be a comprehensive description of all Norwegian tax considerations that may be relevant for a decision to acquire, own or dispose of Shares. Shareholders who wish to clarify their own tax situation should consult with and rely upon their own tax advisers. Shareholders resident in jurisdictions other than Norway and shareholders who cease to be resident in Norway for tax purposes (due to domestic tax law or tax treaty) should specifically consult with and rely upon their own tax advisers with respect to the tax position in their country of residence and the tax consequences related to ceasing to be resident in Norway for tax purposes.

Please note that for the purpose of the summary below, a reference to a Norwegian or Non-Norwegian shareholder refers to the tax residency rather than the nationality of the shareholder.

14.2 NORWEGIAN SHAREHOLDERS

14.2.1 Taxation of dividends

14.2.1.1 Norwegian Individual Shareholders

Dividends received by shareholders who are individuals resident in Norway for tax purposes ("**Norwegian Individual Shareholders**") are taxable as ordinary income for such shareholders at a flat rate of currently 28,75% (the nominal rate is 25% but the taxable income is multiplied with a factor of 1,15) to the extent the dividend exceeds a tax-free allowance.

The allowance is calculated on a share-by-share basis. The allowance for each share is equal to the cost price of the share multiplied by a determined risk-free interest rate based on the effective rate after tax of interest on treasury bills ("statskasseveksler") with three months' maturity. The allowance is calculated for each calendar year, and it is allocated solely to Norwegian Individual Shareholders holding shares at the expiration of the relevant income year.

Norwegian Individual Shareholders who transfer shares will thus not be entitled to deduct any calculated allowance related to the year of transfer. Any part of the calculated allowance one year exceeding the dividend distributed on the share ("**Excess Allowance**") may be carried forward and set off against future dividends received on, or gains upon realization of, the same share. Any excess allowance will also be included in the basis for calculating the allowance on the same share in the following years.

14.2.1.2 Norwegian Corporate Shareholders

Dividends received by shareholders that are limited liability companies (and certain similar entities) resident in Norway for tax purposes ("**Norwegian Corporate Shareholders**") are effectively taxed at a rate of 0.75% (3% of dividend income from such shares is included in the calculation of ordinary income for Norwegian Corporate Shareholders and subject to tax at a flat rate of currently 25%).

14.2.2 Taxation of capital gains on realization of shares

14.2.2.1 Norwegian Individual Shareholders

Sale, non-proportionate redemption, or other disposals of shares is considered as realization for Norwegian tax purposes. A capital gain or loss derived by a Norwegian Individual Shareholder through realization of shares is taxable or tax deductible in Norway. Such capital gain or loss is included in or deducted from the shareholder's ordinary income in the year of disposal and taxable at an effective rate of 28,75% (the nominal rate is 25% but the taxable income or deductible loss is multiplied with a factor of 1,15).

The gain is subject to tax and the loss is tax deductible irrespective of the duration of the ownership and the number of shares disposed of.

The taxable gain/deductible loss is calculated per share, as the difference between the consideration for the share and the Norwegian Individual Shareholder's cost price of the share, including any costs incurred in relation to the acquisition or realization of the share. From this capital gain, Norwegian Individual Shareholders are entitled to deduct any Excess Allowance, cf Section 14.2.1.1 above. Any Excess Allowance may only be deducted in order to reduce a taxable gain, and cannot increase or produce a deductible loss, i.e., any Excess Allowance exceeding the capital gain upon the realization of a share will be annulled.

If the Norwegian Individual Shareholder owns shares acquired at different points in time, the shares that were acquired first will be regarded as the first to be disposed of, on a first-in first-out basis.

14.2.2.2 Norwegian Corporate Shareholders

Norwegian Corporate Shareholders are exempt from tax on capital gains derived from the realization of shares qualifying for participation exemption, including shares in the Company. Losses upon the realization and costs incurred in connection with the purchase and realization of such shares are not deductible for tax purpose.

14.2.3 Taxation of Subscription Rights

14.2.3.1 Norwegian Individual Shareholders

A Norwegian Individual Shareholder's subscription for shares pursuant to a subscription right is not subject to taxation in Norway. Costs related to the subscription for the shares will be added to the cost price of the shares.

Sale and other transfer of subscription rights are considered a realization for Norwegian tax purposes. A capital gain or loss generated by a Norwegian Individual Shareholders through a realization of subscription rights is taxable or tax deductible in Norway. Such capital gain or loss is included in or deducted from the basis for the computation of ordinary income in the year of disposal. The ordinary income is taxable at a flat rate currently of 25%.

Capital gains related to subscription rights granted to employees as a consequence of their employment will be regarded as employment income and thus taxable at a marginal (maximum) rate of 46,9%. The employer will be required to calculate and pay employer's social security contributions at a (maximum) rate of 14.1%.

14.2.3.2 Norwegian Corporate Shareholders

A Norwegian Corporate Shareholder's subscription for shares pursuant to a subscription right is not subject to taxation in Norway. Costs related to the subscription for the shares will be added to the cost price of the shares.

Sale and other transfer of subscription rights are considered a realization for Norwegian tax purposes. Norwegian Corporate Shareholders are exempt from tax on capital gains derived from the realization of subscription rights qualifying for the Norwegian participation exemption. Losses upon the realization and costs incurred in connection with the purchase and realization of such subscription rights are not deductible for tax purposes

14.2.4 Net wealth tax

The value of shares and subscription rights held by Norwegian Individual Shareholders as at 1 January in the year of assessment (i.e. the year following the relevant fiscal year) is included in the basis for the computation of net wealth tax imposed on such shareholders. Currently, the marginal wealth tax rate is 0.85% of the value assessed. The value for assessment purposes for listed shares is equal to the listed value as of 1 January in the year of assessment (i.e. the year following the relevant fiscal year).

Norwegian Corporate Shareholders are not subject to net wealth tax.

14.3 FOREIGN SHAREHOLDERS – NORWEGIAN TAXATION

14.3.1 Taxation of dividends

14.3.1.1 Non-Norwegian Individual Shareholders

Dividends distributed to shareholders who are individuals not resident in Norway for tax purposes ("**Non-Norwegian Individual Shareholders**") are, as a general rule, subject to withholding tax at a rate of 25%. The withholding tax rate of 25% is normally reduced through tax treaties between Norway and the country in which the shareholder is resident. The withholding obligation lies with the company distributing the dividends and the Company assumes this obligation.

Non-Norwegian Individual Shareholders resident within the EEA for tax purposes may apply individually to Norwegian tax authorities for a refund of an amount corresponding to the calculated tax-free allowance in respect of each individual share (please see "Norwegian Individual Shareholders" under Section 14.2.2 above). However, the deduction for the tax-free allowance does not apply in the event that the withholding tax rate, pursuant to an applicable tax treaty, leads to a lower taxation on the dividends than the withholding tax rate of 25% calculated on the gross dividend less the tax-free allowance.

If a Non-Norwegian Individual Shareholder is carrying on business activities in Norway and the shares are effectively connected with such activities, the shareholder will be subject to the same taxation of dividends as a Norwegian Individual Shareholder, as described above.

Non-Norwegian Individual Shareholders who have suffered a higher withholding tax than set out in an applicable tax treaty may apply individually to the Norwegian tax authorities for a refund of the excess withholding tax deducted.

14.3.1.2 Non-Norwegian Corporate Shareholders

Dividends distributed to shareholders that are limited liability companies not resident in Norway for tax purposes ("**Non-Norwegian Corporate Shareholders**") are, as a general rule, subject to withholding tax at a rate of 25%. The withholding tax rate of 25% is normally reduced through tax treaties between Norway and the country in which the shareholder is resident.

Dividends distributed to Non-Norwegian Corporate Shareholders resident within the EEA for tax purposes are exempt from Norwegian tax provided that the shareholder is the beneficial owner of the shares and that the shareholder is genuinely established and performs genuine economic business activities within the relevant EEA jurisdiction.

If the Non-Norwegian Corporate Shareholder holds the shares in connection with business activities in Norway, the shareholder will be subject to the same taxation as a Norwegian Corporate Shareholders, as described above.

Non-Norwegian Corporate Shareholders who have suffered to a higher withholding tax than set out in an applicable tax treaty may apply to the Norwegian tax authorities for a refund of the excess withholding tax withheld. The same applies to Non-Norwegian Corporate Shareholders within the EEA that are exempt from Norwegian tax on dividends, pursuant to participation exemption.

Nominee registered shares will be subject to withholding tax at a rate of 25% unless the nominee has obtained approval from the Norwegian Directorate of Taxes for the dividend to be subject to a lower withholding tax rate. To obtain such approval the nominee is required to file a summary to the tax authorities including all beneficial owners that are subject to withholding tax at a reduced rate.

The withholding obligation in respect of dividends distributed to Non-Norwegian Corporate Shareholders and on nominee registered shares lies with the company distributing the dividends and the Company assumes this obligation.

14.3.2 Taxation of capital gains on realization of shares

14.3.2.1 Non-Norwegian Individual Shareholders

Gains from the sale or other disposals of shares in the Company by a Non-Norwegian Individual Shareholder will not be subject to taxation in Norway unless the Non-Norwegian Individual

Shareholder holds the shares in connection with business activities carried out in or managed from Norway. In such cases the shareholder will be subject to the same taxation as Norwegian Individual shareholders.

14.3.2.2 Non-Norwegian Corporate Shareholders

Capital gains derived from the sale or other type of realization of shares in the Company by Non-Norwegian Corporate Shareholders are not subject to taxation in Norway

14.3.3 Taxation of Subscription Rights

A Non-Norwegian Shareholder's subscription for shares pursuant to a subscription right is not subject to taxation in Norway.

Capital gains derived by the sale or other transfer of subscription rights by Non-Norwegian Shareholders are not subject to taxation in Norway unless the Non-Norwegian Shareholder holds the subscription rights in connection with business activities carried out or managed from Norway. In such cases the shareholder will be subject to the same taxation as Norwegian shareholders. Such taxation may be limited according to an applicable tax treaty or other specific regulations.

14.3.4 Net wealth tax

Shareholders not resident in Norway for tax purposes are not subject to Norwegian net wealth tax.

Non-Norwegian Individual Shareholders may, however, be taxable if the shareholding is effectively connected to the conduct of trade or business in Norway.

14.3.5 Inheritance tax

Effective 1 January 2014, there is no inheritance tax in Norway.

14.4 VAT AND TRANSFER TAXES

No VAT, stamp or similar duties are currently imposed in Norway on the transfer or issuance of shares.

14.5 INHERITANCE TAX

A transfer of shares through inheritance or as a gift does not give rise to inheritance or gift tax in Norway.

15. LEGAL MATTERS

15.1 LEGAL AND ARBITRATION PROCEEDINGS

The Group will from time to time be involved in disputes in the ordinary course of its business activities. A vast majority of any potential claims will be covered by insurance. Thus, in the event the final outcome of any dispute should be that the Group must pay all claims, Norwegian Finans Holding's financial position or profitability would be scarcely affected.

The Group is currently not involved in any legal disputes, and is not aware of any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened), which may have, or have had during the last twelve months, significant effects on the Group's financial position or profitability.

15.2 BANK NORWEGIAN'S DEPENDENCE ON CERTAIN MATERIAL CONTRACTS

The dependence on certain contracts, which are material to the business and profitability of Norwegian Finans Holding and Bank Norwegian, is described below in this Section 15.2 (Bank Norwegian's dependence on).

None of these contracts are irreplaceable for Bank Norwegian's business going forward; however, the agreements with Norwegian Air Shuttle (not including the Lease Agreement (as defined in Section 15.4.5 (Sublease Agreement) below) and NAB, as further described under Section 15.4 (Related party transactions), are critical to Bank Norwegian in the short and medium term.

Bank Norwegian cannot use the company or brand name or the logo without the License Agreement (as defined in Section 15.4.2 (License Agreement) below) with NAB. The brand name currently used by the Bank has become a household name in the Nordic region through Norwegian Air Shuttle, and the Bank has benefitted, and will continue to benefit, from Norwegian Air Shuttle's market position and recognition. Bank Norwegian will no longer be able to exploit those benefits without the License Agreement.

Bank Norwegian has been able to access and benefit from Norwegian Air Shuttle's customer base through the loyalty program ("Norwegian Reward") under the Reward Agreement (as defined in Section 15.4.3 (Reward Agreement) below) and the coordinated marketing activities, whether under the Reward Agreement or the Agency Agreements (as defined in Section 15.4.4 (Agency Agreement) below). The loyalty program is an incentive for Norwegian Air Shuttle's customers to become customers of Bank Norwegian as well, and the coordinated marketing activities increase the visibility and sales of Bank Norwegian. In addition, Bank Norwegian does not have any sellers of its own, and any sales outside the web, is therefore a result of the Agency Agreement. None of these benefits will be available short term without the Reward Agreement and the Agency Agreements.

15.3 MATERIAL CONTRACTS ENTERED INTO IN, AND OUTSIDE OF, THE ORDINARY COURSE OF BUSINESS, RESPECTIVELY

15.3.1 Introduction

The contracts deemed to be material entered into by Norwegian Finans Holding or Bank Norwegian have been described below in this Section 15.3 and Section 15.4.

Of these contracts, the License Agreement with NAB and the Reward Agreement with Norwegian Air Shuttle should be considered to be entered into outside the Group's ordinary course of business. The material details of these contracts are further described below in Sections 15.4.2 and 15.4.3, respectively.

The other contracts mentioned in this Section 15.3 and Section 15.4 below should be considered to be entered into in the ordinary course of business of the Bank.

15.3.2 Customer Service Outsourcing Agreement

Effective from 25 March 2015, Bank Norwegian and Runway SIA ("**Runway**") have entered into an agreement under which Bank Norwegian has outsourced certain customer services functions to Runway, including but not limited to service calls and e-mails. The services are delivered from Runway's customer contact center in Malaga, Spain.

The agreement expires on 28 February 2018. Both parties have the right to terminate the agreement with three months prior notice, however so that if Runway is the terminating party, Bank Norwegian shall be given reasonable time to transfer the work to another supplier (up to six months). The agreement was without delay notified to the Norwegian FSA and no action has been taken by such authority to stop or interfere with the agreement.

Otherwise, the Customer Service Outsourcing Agreement includes terms and conditions typical to arrangements of the same or similar nature.

15.4 RELATED PARTY TRANSACTIONS

15.4.1 Introduction

Under Norwegian law, an agreement between the Company and a Shareholder, a Shareholder's parent, a director of the Company or the CEO of the Company, or any connected person to a Shareholder or a Shareholder's parent, which involves consideration from the Company in excess of 1/20th of Norwegian Finans Holding's share capital at the time of such agreement is not binding on the Company unless the agreement has been approved by a General Meeting. Certain exemptions may apply, e.g. business agreements in the normal course of the Company's business containing pricing and other terms and conditions which are normal for such agreements, as well as the purchase of securities at a price which is in accordance with the official quotation. Any performance of an agreement which is not binding on the Company must be reversed.

The agreements described in this Section 15.4 (Related party transactions) constitute all the contractual relations with the related parties of either Norwegian Finans Holding and/or Bank Norwegian since the incorporation of the Company and the Bank (respectively) (including the period 2013 to the date of this Prospectus). Some of the agreements have been renewed or extended, but the material terms have remained the same from time to time.

The agreements described in this Section 15.4 (Related party transactions) are material and may be regarded as being outside the ordinary course of business.

15.4.2 License Agreement

Effective from 1 January 2014, Bank Norwegian and NAB, a wholly-owned subsidiary of Norwegian Air Shuttle, have entered into a trademark license agreement (the "License Agreement") pursuant to which Bank Norwegian is granted a right to use the following intellectual property rights (the "IPR")

(i) "the mark/combined brand "Norwegian", also in combination with "bank" or any compounded words"; and

(ii) "designs and graphical design of websites according to the pattern that Norwegian Air Shuttle uses at any time".

Bank Norwegian may, however, only use the license in relation to its activities in the bank sector.

Neither of the parties to the License Agreement may terminate, except in certain situations, *e.g.*, in case of material failure by the other party to meet its obligations pursuant to the License Agreement. Unless a termination event occurs, then the License Agreement will continue to last for an indefinite period. One of the termination events is the situation where Norwegian Air Shuttle's ownership interest in Bank Norwegian falls to less than 10%, further provided however that the occurrence of such situation is not due to Norwegian Air Shuttle's voluntary sale of shares or dilution due to a private placement of shares where Norwegian Air Shuttle had the opportunity to participate.

Otherwise, the License Agreement includes terms and conditions typical to arrangements of the same or similar nature.

The License Agreement has been renewed and extended for a term of five (5) years from 1 January 2016 and covers Norway, Sweden, Denmark and Finland. Following that 5-years' period, the parties shall renegotiate the size of the consideration payable to NAB (such renegotiation to take place every fifth anniversary).

15.4.3 Reward Agreement

Bank Norwegian and Norwegian Air Shuttle have, with effect from 1 January 2014, entered into a reward agreement (the "**Reward Agreement**"). According to the Reward Agreement, Bank Norwegian became a joint venture partner of "Norwegian Reward" – a loyalty program where members earn "CashPoints".

As a joint venture partner of "Norwegian Reward", "CashPoints" may be earned through the use of Bank Norwegian's credit card, and which may then be used to purchase airline tickets with Norwegian Air Shuttle.

Neither of the parties to the Reward Agreement may terminate, except in certain situations, *e.g.*, in case of material failure by the other party to meet its obligations pursuant to the Reward Agreement. Unless a termination event occurs, then the Reward Agreement will continue to last for an indefinite period. One of the termination events is the situation where Norwegian Air Shuttle's ownership interest in Bank Norwegian falls to less than 10%, further provided however that the occurrence of such situation is not due to Norwegian Air Shuttle's voluntary sale of shares or dilution due to a private placement of shares where Norwegian Air Shuttle had the opportunity to participate.

Otherwise, the Reward Agreement includes terms and conditions typical to arrangements of the same or similar nature.

The Reward Agreement has been renewed and extended for a term of five (5) years from 1 January 2016 and covers Norway, Sweden, Denmark and Finland. Following that 5-years' period, the parties shall renegotiate the size of the consideration payable to Norwegian Air Shuttle (such renegotiation to take place every fifth anniversary).

15.4.4 Agency Agreement

Effective from 1 January 2013, Bank Norwegian and Norwegian Air Shuttle entered into two agency agreements (the "**Agency Agreements**") pursuant to which Norwegian Air Shuttle shall act as an exclusive agent for Bank Norwegian for the marketing, distribution and sale of (the "**Products**"):

(i) credit cards to existing and new customers of Norwegian Air Shuttle in Norway and Sweden (the agreement now also covers Denmark and Finland, see below); and

(ii) financing of flights purchased by Norwegian Air Shuttle's customers (in respect of this type of financing, the Agency Agreements only cover Norway and Sweden – and not Denmark or Finland).

Norwegian Air Shuttle's duties under the Agency Agreements are limited to the marketing, distribution and sale of the Products, and any contractual relation resulting from such marketing, distribution and sale is solely and exclusively between Bank Norwegian and the customer in question.

Generally, the Agency Agreements includes terms and conditions typical to arrangements of the same or similar nature.

The Agency Agreement has been renewed and extended for a term of five (5) years from 1 January 2016. Following that 5-year period, the parties shall renegotiate the entirety of the Agency Agreements. Prior to that fifth anniversary, neither of the parties may terminate the agreement, except in the event that: (i) a party materially fails to perform its obligations, or (ii) the Reward Agreement is terminated.

15.4.5 Sublease Agreement

Bank Norwegian has entered into an agreement with Norwegian Air Shuttle (the "**Sublease Agreement**") under which Bank Norwegian subleases office premises from Norwegian Air Shuttle at Oksenøyveien 3 in the municipality of Bærum.

The Sublease Agreement was renewed for an additional two year term and remains in force and effect until 31 March 2018, following which it terminates without notice. However, Bank Norwegian has a unilateral option to extend the sublease for an additional two year period, in which case the Sublease Agreement will remain in force and effect until 31 March 2020.

During the term of the Sublease Agreement, it cannot be terminated by either party thereto, except in extraordinary circumstances.

Generally, the Sublease Agreements includes terms and conditions typical to arrangements of the same or similar nature. The annual rent totals NOK 1.9 million.

16. ADDITIONAL INFORMATION

16.1 DOCUMENTS ON DISPLAY

For the life of this Prospectus the following documents (or copies thereof), where applicable, may be inspected at the offices of the Company (Oksenøyveien 3, 1366 Lysaker):

- Norwegian Finans Holding's certificate of incorporation and Articles of Association;
- All reports, letters, and other documents, historical financial information, valuations and statements prepared by an expert at the Company's request, any part of which is included or referred to in this Prospect;
- The historical financial information of the Company and for the Bank for each of the two financial years preceding the publication of this Prospectus; and
- This Prospectus.

16.2 DOCUMENTS INCORPORATED BY REFERENCE

The Group incorporates by reference its audited consolidated financial statements as at, and for the years ended, 31 December 2013, 2014 and 2015, and the Group's unaudited interim financial information as at, and for the three months ended, 31 March 2016 and for the three months ended 31 March 2015, as well as certain other documents specified below.

Section in Prospectus	Disclosure requirements of the Prospectus	Reference document and link	Page (P) in reference document
Section 8, 8.1, and 9	Audited historical financial information	Norwegian Finans Holding ASA, Årsrapport 2013 (NGAAP) https://www.banknorwegian.no/OmOss/InvestorRelations	P6-P8
	(Annex I, Section 20.1)	Norwegian Finans Holding ASA, Årsrapport 2014 (NGAAP) https://www.banknorwegian.no/OmOss/InvestorRelations	P6-P8
		Norwegian Finans Holding ASA, Årsrapport 2015 (NGAAP) https://www.banknorwegian.no/OmOss/InvestorRelations	P6-P8
		Norwegian Finans Holding ASA, Årsrapport 2015 omarbeidet til IFRS <u>https://www.banknorwegian.no/OmOss/InvestorRelations</u>	P3-P6
Section 8.9	Audit report (Annex I, Section 20.4.1)	Norwegian Finans Holding ASA, Årsrapport 2013 (NGAAP): https://www.banknorwegian.no/OmOss/InvestorRelations	P26-P27
		Norwegian Finans Holding ASA, Årsrapport 2014 (NGAAP): <u>https://www.banknorwegian.no/OmOss/InvestorRelations</u>	P26-P27
		Norwegian Finans Holding ASA, Årsrapport 2015 (NGAAP): <u>https://www.banknorwegian.no/OmOss/InvestorRelations</u>	P26-P27
		Norwegian Finans Holding ASA, Årsrapport 2015 omarbeidet til IFRS https://www.banknorwegian.no/OmOss/InvestorRelations	P33-P34
Section 8, 8.1 and 9	Interim financial information (Annex 1,	Norwegian Finans Holding ASA, Delårsrapport 1 kv. 2016: https://www.banknorwegian.no/OmOss/InvestorRelations	P4-P7
	Section 20.6.1)	Norwegian Finans Holding ASA, Delårsrapport 1 kv. 2016 https://www.banknorwegian.no/OmOss/InvestorRelations	P34

17. DEFINITIONS AND GLOSSARY

Agency Agreements	The two agency agreements entered into between Bank Norwegian and Norwegian Air Shuttle, pursuant to which Norwegian Air Shuttle shall act as an agent for Bank Norwegian for the marketing, distribution and sale of the Products
AGM	The Annual General Meeting in Norwegian Finans Holding held on 27 April 2016
Annual General Meeting(s)	"Annual General Meetings" mean the annual general meetings of shareholders in the Company; and "Annual General Meeting means any one of them
Anti-Money Laundering Legislation	Norwegian Money Laundering Act of 6 March 2009 no. 11 and the Norwegian Money Laundering Regulation
Arctic	Arctic Securities AS
Articles of Association	Norwegian Finans Holding's articles of association
Bank Norwegian or Bank	Bank Norwegian AS, business reg. no. 991 455 671
Board of Directors or Board	The board of directors of Norwegian Finans Holding ASA
BRRD CEO	Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms Chief executive officer
CFO	Chief financial officer
CET	Central European Time
Company or Norwegian Finans Holding	Norwegian Finans Holding AS, business reg. no. 991 281 924
CRD IV	Directive 2013/36 and Regulation 575/2013 jointly
EBA	European Banking Authority
EBA Regulation	Regulation 1093/2010
EBITDA	Represents operating income before depreciation and write-downs
EEA	European Economic Area
EEA Agreement	The agreement with the European Union regarding the EEA
EFTA	European Free Trade Association
Eligible Shareholders	Shareholders as of 5 April 2016 as documented by the shareholders register in the VPS on 7 April 2016, who were not allocated shares 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
ESA	EFTA Surveillance Authority
ESAs	the European financial supervisory authorities, EBA, ESMA and EIOPA $% \left({{\left {{{\rm{E}}} \right } \right _{\rm{T}}}} \right)$
Extraordinary General Meeting(s)	"Extraordinary General Meetings" mean the extraordinary general meetings of shareholders in the Company; and "Extraordinary General Meeting" means any one of them
EUR	Euro, the currency introduced at the start of the third stage of the Economic and Monetary Union to the Treaty establishing the European Economic Community, as amended by the Treaty on the European Union.
Excess Allowance	Any part of the calculated allowance one year exceeding the

	dividend distributed on the share	
Foreign EEA Corporate Shareholders	Foreign Shareholders that are corporations tax resident within the EEA for tax purposes	
Foreign EEA Personal Shareholders	Foreign Shareholders who are individuals tax-resident within the EEA	
Forward-looking Statements	Projections and expectations regarding the Group's future financial position, business strategy, plans and objectives	
General Meeting(s)	"General Meetings" mean the Annual General Meetings and Extraordinary General Meetings in the Company; and "General Meeting" means any one of them	
Group	Norwegian Finans Holding ASA, business registration number 991 281 924, and its wholly owned subsidiary Bank Norwegian AS, business registration number 991 455 671	
Group Company/-ies	Norwegian Finans Holding and its wholly-owned subsidiary Bank Norwegian	
ICAAP	Internal Capital Adequacy Assessment Process as laid down in CRD IV	
Ineligible Jurisdictions	Member States of the EEA that have not implemented the Prospectus Directive, the United States, Hong Kong, Switzerland or any other jurisdiction in which it would not be permissible to offer the Subscription Rights and/or the Offer Shares	
Ineligible Shareholders	Shareholders registered with the VPS as at the Record date who are residents in countries with legislation that forbids or restricts subscription for Offer Shares in the Subsequent Offering	
IFRS	International Financing Reporting Standards, issued by the International Financial Reporting Interpretations Committee (IFRIC) (formerly, the "Standing Interpretations Committee" (SIC)).	
IPR	The intellectual property rights obtained by Bank Norwegian from NAB based on the License Agreement	
ISIN	International Securities Identification Number.	
LCR	Liquidity Coverage Ratio	
Lead Manager or Arctic	Arctic Securities AS	
License Agreement	Trademark license agreement between Bank Norwegian and NAB, a wholly-owned subsidiary of Norwegian Air Shuttle	
Listing	The listing on Oslo Børs of up to 179,994,708 Shares	
Managers	Arctic Securities AS and SpareBank 1 Markets AS	
MiFID II	Directive 2014/65/EU amending the existing Markets in Financial Instruments Directive	
MiFIR	Regulation on Markets in Financial Instruments (Regulation (EU) No 600/2014	
NAB	Norwegian Brand Limited	
NGAAP	Norwegian Generally Accepted Accounting Principles	
NOK	Norwegian Kroner, the lawful currency of the Kingdom of Norway	
Non-Norwegian Corporate Shareholders	Shareholders that are limited liability companies not resident in Norway for tax purposes	
Non-Norwegian Individual Shareholders	Shareholders who are individuals not resident in Norway for tax purposes	
Norwegian Air Shuttle or airline Norwegian	the airline Norwegian Air Shuttle ASA	
Norwegian Corporate Shareholders	Shareholders who are limited liability companies (and certain	

	similar entities) resident in Norway for tax purposes
Norwegian Financial Contracts Act	the Norwegian Financial Contract Act of 25 June 1999 no. 46 (<i>No</i> "finansavtaleloven")
Norwegian Financial Institutions Act	the (new) Norwegian Financial Institutions Act of 10 April 2015 no. 17 (<i>No "finansforetaksloven"</i>)
Norwegian Financial Supervision Act	the Norwegian Financial Supervision Act of 7 December 1956 no. 1 (<i>No "finanstilsynsloven"</i>)
Norwegian Finans Holding	Norwegian Finans Holding ASA, business registration number 991 281 924
Norwegian FSA	Financial Supervisory Authority of Norway (No "Finanstilsynet")
Norwegian Corporate Shareholders	shareholders that are limited liability companies (and certain similar entities) resident in Norway for tax purposes
Norwegian Individual Shareholders	Shareholders who are individuals resident in Norway for tax purposes
Norwegian Public Limited Liability Companies Act	The Norwegian Public Limited Liability Companies Act of 13 June 1997 no. 45 (<i>No</i> "allmennaksjeloven").
Norwegian Securities Trading Act	The Securities Trading Act of 29 June 2007 no. 75 (<i>No</i> " <i>verdipapirhandelloven"</i>)
NSFR	Net Stable Funding Ratio
Offer Shares	The Shares offered for subscription in the Subsequent Offering
OSE	Abbreviation for Oslo Børs or Oslo Stock Exchange
Oslo Børs or Oslo Stock Exchange	Oslo Børs ASA (translated "the Oslo Stock Exchange")
Placement Shares	The Shares issued in the Private Placement
PLLC	A Norwegian Public Limited Liability Company (<i>No. "allmennaksjeselskap"</i>), as regulated by the Norwegian Public Limited Liability Companies Act
Private Placement	The issue of 6,000,000 new Shares subscribed for following the book-building process announced by the Company on 5 April 2016
Products	The products covered by the Agency Agreements between Bank Norwegian and Norwegian Air Shuttle
Prospectus	This Prospectus dated 27 May 2016
PwC	PricewaterhouseCoopers AS, business registration number 987 009 713
Record Date	7 April 2016
Relevant Member State	Each member state of the EEA other than Norway
Reward Agreement	The reward agreement between Bank Norwegian and Norwegian Air Shuttle have
Runway	Runway SIA
Share(s)	"Shares" mean the shares in the capital of the Company; and "Share" means any one of them
Shareholder(s)	"Shareholders" mean the Company's existing shareholders, from time to time; and "Shareholder" means any one of them
SpareBank 1 Markets	SpareBank 1 Markets AS
Sublease Agreement	The sublease agreement entered into between Bank Norwegian and Norwegian Air Shuttle, under which Bank Norwegian subleases office premises from Norwegian Air Shuttle at Oksenøyveien 3 in the municipality of Bærum
Subscriber(s)	"Subscribers" means the Shareholders subscribing in the
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Subsequent Offering; and "Subscriber" means any one of them
From and including 30 May 2016 to 16:30 (CET) on 13 June 2016
The subscription rights to the Offer Shares
The offering of up to 800,000 shares as further described in Section 5
The U.S. Securities Act of 1933, as amended
An account with VPS for the registration of holdings of securities
Verdipapirsentralen (Norwegian Central Securities Depository), which organizes a paperless securities registration system

18. APPENDICES

APPENDIX 1 – Articles of association of Norwegian Finans Holding ASA

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 179,194,708 divided into 179,194,708 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 the general meeting.

§ 7 Authorization 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 authorized 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 election 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. 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.

APPENDIX 2 – SUBSCRIPTION FORM

NORWEGIAN FINANS HOLDING ASA - SUBSEQUENT OFFERING DFFERING	Information: For information regar ("Subscription Rights") directed tow as registered in the VPS on 7 April 20 extent such person are not resident ii would require any prospectus, filing, r subscription, allotment and other infor connection with the Subsequent Offer requested from the Company. Subscription: Subscription of new sh (the "Subscription Form") and there Oslo, Norway, telefax: + 47 21 01 31 Box 1398 Vika, NO-0114 Oslo, Norway telefax, ordinary post, e-mail or hand at 16:30 CET (the "Subscription Pere Subscription Period. Subscribers resid Internet pages: www.arcticsec.no or with a Norwegian personal identification by following the link on www.arctics subscription system). Subscribers for problems relating to the above mention within the Subscription Period. The C completed, delivered or executed Sub to one of the Managers for registratii Shares is irrevocable and may not be and warrants that it has read the Pros	vards the shareholders in Norwegian Fin- 116, who were not given an opportunity n a jurisdiction where such offering wou registration or similar action (the " Eligib rimation, reference is made to the prospe- ring and Listing of the Company's share hares (the " Offer Shares ") may take pla- eafter returning it to (i) Arctic Securities 36, e-mail: <u>subscription@arcticsec.no</u> o y, telefax: +47 24 14 74 01, e-mail: <u>sub-</u> delivery, so that it is received in the pe- riod "). It is not sufficient for the Subscri- dent in Norway can obtain information a <u>www.sb1markets.no</u> within the Subscrip- on number may also subscribe for the Of- tier.no or <u>www.sb1markets.no</u> (each of offer Shares bear the risk of any post oned internet addresses which result in a company and the Managers reserve the scription Form or any subscription the VPS sepectus and is eligible to subscribe for Offer Offer Shares bear the order of the officed. By sepectus and is eligible to subscribe for Offer the subscription form officed. By sepectus and is eligible to subscription of the officed	THE PROSPECTUS he "Subsequent Offering") with subscription rights ans Holding ASA (the "Company") as of 5 April 2016, to participate in the Private Placement but only to the ld be unlawful or, for jurisdictions other than Norway, le Shareholders") as well as corresponding terms for ectus dated 27 May 2016 (including annexes) issued in es (the "Prospectus"). Such information may also be ace through correctly completing this subscription form a AS, Haakon VII's gt 5, P.O. Box 1833 Vika, NO-0123 r to (ii) SpareBank 1 Markets AS, Olav V's gate 5, P.O. scription@sb1markets.no (jointly the "Managers"); by riod from and including 30 May 2016 to 13 June 2016 iption Form to be postmarked within the expiry of the and subscribe for Offer Shares by using the following there shares through the VPS online subscription system which will redirect the subscriber to the VPS online al delays, unavailable fax lines or technical computer subscription or a Subscription Form not being received right at their sole discretion to refuse any improperly may be unlawful. By delivering the Subscription Form online subscription system, the subscription Form induscribing for Offer Shares, the subscription for Offer shares in accordance therewith, and that it accepts tus as applicable to its subscription of Offer Shares. In
OF THE SUBSCRIPTION	Subscription Rights: Eligible Shareh date. The number of Subscription Rig Subscription Rights. Each Subscriptio Subscription Rights will be issued and free of charge. The Subscription Right is allowed. In case of oversubscripti "Allocation of Offer Shares" of the Pros	hts issued to each Eligible Shareholders on Right grants the owner the right to I registered in the VPS under ISIN NO 0 is are personal, non-transferable and will on, the allocation will be made in acc spectus. The Subscription Price is NOK 50	in Right for each share in the Company held as of this will be rounded down to the nearest whole number of subscribe for and be allocated one Offer Share. The 01 0765316. The Subscription Rights will be delivered , thus, not be listed on the NOTC list. Oversubscription ordance with the principles set out in Section 5.3.8 D per Offer Share.
	resolving the Subsequent Offering (th	ne "AGM"), minutes from the AGM inclu	tice with appendices of the annual general meeting ding the wording of the resolution of the AGM on the the last year, are available at the Company's office.
		7.1	n the Managers on or about 14 June 2016.
	subscription amount in NOK from the 2016. The Lead Manager reserves the the account on the first debiting date bank account for the amount the subs instructions, the allotted Offer Shares payment, currently 8.75 per cent per Shares for more than NOK 5,000,000	bank account designated by the subscr right to make up to three debit attempt . If there are insufficient funds on a sub scriber is obligated to pay, or payment is s will be withheld. Interest will in such annum. Subscribers not having a Norwe	evocable one-time authorisation to debit the allotted iber. The amount will be debited on or about 16 June s within 27 June 2016 if there are insufficient funds on oscriber's bank account or if it is impossible to debit a s not received by the Lead Manager according to other event accrue at a rate equal to the interest on late egian bank account or subscribers subscribing for Offer r Shares with cleared funds is made on or before 16.30 ct.
			aining to the Subsequent Offer will be registered in the at delivery of allocated and paid Offer Shares will take
Subscriber's VPS-account no.	No. of Subscription Rights	Subscribes for (number of shares) at NOK 50 per Share	Total amount to be paid NOK
T			
	prisation to debit account (must be preby grants an irrevocable authorisa		
Lead Manager to de	bit the Norwegian bank account set ou	ıt	
	tted amount (the value in NOK of:		in hank account no (44 dista)
allotted shares x NO	/K 5U)	Norweg	jian bank account no. (11 digits)

Place and date of subscription. Telephone (at day time)/Telefax/e-mail. (Must be dated within the Subscription Period)

Binding signature. The subscriber must have legal capacity. When signed by proxy, documentation in the form of company certificate or power of attorney must be enclosed.

INFORMATION ON THE SUBSCRIBER (ALL FIELDS MUST BE COMPLETED): Subscriber's VPS account no. Subscriber's vps account no. PLEASE NOTIFY THE REGISTRAR OF ANY CHANGES

Subscriber's name/company name etc.
Street address etc. (private subscribers; home address)
Postal code, area and country
Date of birth/national ID number/company
Organisation/registration number
Dividends to be credited to bank account (11 digits)
Nationality
Telephone (at day time)/Telefax/e-mail

Regulatory Issues: In accordance with the Markets in Financial Instruments Directive ("MiFID") of the European Union, Norwegian law imposes requirements in relation to business investments. In this respect the Managers must categorize all new clients in one of three categories: eligible counterparties, professional and non-professional clients. All subscribers in the Subsequent Offering who are not existing clients of the Managers will be categorized as non-professional clients. Subscribers can by written request to the Managers ask to be categorized as a professional client if the subscriber fulfils the provisions of the Norwegian Securities Trading Act. For further information about the categorization, the subscriber may contact Arctic Securities AS (P.O. Box 1833 Vika, NO-0123 Oslo, Norway, www.arctic.com) or SpareBank 1 Markets AS (P.O. Box 1398 Vika, NO-0114 Oslo, Norway, www.sb1markets.no). The subscriber represents that he/she/it is capable of evaluating the merits and risks of an investment in the Offer Shares.

Selling and Transfer Restrictions: The attention of persons who wish to subscribe for Offer Shares is drawn to section 5 of the Prospectus ("The Private Placement and the Subsequent Offering"). The Company does not accept liability in the event of non-compliance with these restrictions. No one has taken any action that would permit a public offering of Shares to occur outside of Norway, and there will be no public offer of the Offer Shares outside of Norway. The Offer Shares will, and may, not be offered, sold, resold, transferred, delivered or distributed, directly or indirectly, within, into or from any jurisdiction where the offer or sale of the Offer Shares is not permitted, or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any jurisdiction where the offer or sale of the Shares have not been registered and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or with any regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, transferred or delivered (hereunder also taking into account that the Subscription Rights are non-transferable), directly or indirectly, within the United States except pursuant to an applicable requirements of the U.S. Securities Act and otherwise in compliance with the securities laws of any transaction not subject to, the registration requirements of the U.S. Securities Act and otherwise in compliance with the securities laws of any state or other jurisdiction of the United States. All offers and sales of the Offer Shares in the Subsequent Offering will be made outside the United States in reliance on Regulation 5 under the US Securities Act.

The Company has not authorised any offer to the public of its securities in any Member State of the European Economic Area other than Norway. With respect to each Member State of the European Economic Area other than Norway and which has implemented the EU Prospectus Directive (each, a "Relevant Member State"), no action has been undertaken or will be undertaken to make an offer to the public of the Offer Shares requiring a publication of a prospectus in any Relevant Member State. Any acceptance of any subscription from outside Norway will only be made in circumstances where there is no obligation to produce a prospectus.

Execution Only: The Managers will treat this Subscription Form as an execution-only instruction. The Managers are not required to determine whether an investment in the Offer Shares is appropriate or not for the subscriber. Hence, the subscriber will not benefit from the protection of the relevant conduct of business rules in accordance with the Norwegian Securities Trading Act.

Information Exchange: The subscriber acknowledges that, under the Norwegian Securities Trading Act and the Norwegian Commercial Banks Act and foreign legislation applicable to the Managers there is a duty of secrecy between the different units of the Managers as well as between the Managers and the other entities in the Managers' respective groups. This may entail that other employees of the Managers or the Managers' respective groups may have information that may be relevant to the subscriber, but which the Managers will not have access to in their capacity as Managers for the Subsequent Offering.

Information Barriers: The Managers are securities firms that offer a broad range of investment services. In order to ensure that assignments undertaken in the Managers' corporate finance departments are kept confidential, the Managers' other activities, including analysis and stock broking, are separated from the respective Managers' corporate finance departments by information walls. The subscriber acknowledges that the Managers' analysis and stock broking activity may act in conflict with the subscriber's interests with regard to transactions of the Offer Shares as a consequence of such information walls.

Mandatory Anti-Money Laundering Procedures: The Subsequent Offering is subject to Norwegian anti-money laundering regulations, including the Norwegian Money Laundering Act No. 11 of March 6, 2009 and the Norwegian Money Laundering Regulations No. 302 of March 13, 2009 (collectively the "Anti-Money Laundering Legislation"). Subscribers who are not registered as existing customers with the Managers must verify their identity in accordance with the requirements of the Anti-Money Laundering Legislation, unless an exemption is available. Subscribers who have designated an existing Norwegian bank account and an existing VPS account on the Subscription Form are exempted, unless verification of identity is requested by any of the Managers. The verification of identity must be completed prior to the end of the Subscription Period. Subscribers that have not completed the required verification of identity may not be allocated Offer Shares. Further, in participating in the Subsequent Offering, each subscriber must have a VPS account. The VPS account number must be stated on the Subscription Form. VPS accounts can be established with authorised VPS registrars, which can be Norwegian banks, authorised securities brokers in Norway and Norwegian branches of credit institutions established within the EEA. Non-Norwegian investors may, however, use nominee VPS accounts registered in the name of a nominee. The nominee must be authorized by the Financial Supervisory Authority of Norway. Establishment of a VPS account requires verification of identity before the VPS registrar in accordance with the Anti-Money Laundering Legislation.

Investment decisions based on full Prospectus: Investors must neither accept any offer for, nor acquire any Offer Shares, on any other basis than on the complete Prospectus.

Terms and conditions for payment by direct debiting - securities trading: Payment by direct debiting is a service the banks in Norway provide in cooperation. In the relationship between the payer and the payer's bank the following standard terms and conditions will apply:

- a) The service "Payment by direct debiting securities trading" is supplemented by the account agreement between the payer and the payer's bank.
- b) Costs related to the use of "Payment by direct debiting securities trading" appear from the bank's prevailing price list, account information and/or information given by other appropriate manner. The bank will charge the indicated account for costs incurred.
- c) The authorization for direct debiting is signed by the payer and delivered to the beneficiary. The beneficiary will deliver the instructions to its bank who in turn will charge the payer's bank account.
- d) In case of withdrawal of the authorization for direct debiting the payer shall address this issue with the beneficiary. Pursuant to the Norwegian Financial Contracts Act, the payer's bank shall assist if the payer withdraws a payment instruction that has not been completed. Such withdrawal may be regarded as a breach of the agreement between the payer and the beneficiary.
- e) The payer cannot authorize payment of a higher amount than the funds available on the payer's account at the time of payment. The payer's bank will normally perform a verification of available funds prior to the account being charged. If the account has been charged with an amount higher than the funds available, the difference shall immediately be covered by the payer.
- f) The payer's account will be charged on the indicated date of payment. If the date of payment has not been indicated in the authorization for direct debiting, the account will be charged as soon as possible after the beneficiary has delivered the instructions to its bank. The charge will not, however, take place after the authorization has expired as indicated above. Payment will normally be credited the beneficiary's account between one and three working days after the indicated date of payment/delivery.
- g) If the payer's account is wrongfully charged after direct debiting, the payer's right to repayment of the charged amount will be governed by the account agreement and the Norwegian Financial Contracts Act.

Norwegian Finans Holding ASA Oksenøyveien 3, 1366 Lysaker, Norway Tel: +47 23 16 38 00 www.banknorwegian.no

Managers:



SpareBank 1 Markets AS

