

**Report for the second quarter 2016**

**Norwegian Finans Holding ASA**

## Norwegian Finans Holding ASA Report for the second quarter 2016

Norwegian Finans Holding ASA (NFH) owns 100% of the shares in Bank Norwegian AS. The company does not engage in any other operations. The ownership of NFH is divided between institutional and private investors in Norway and abroad, of which Norwegian Air Shuttle ASA is the largest owner with a stake of 20%. Norwegian Finans Holding ASA is listed on the Oslo Stock Exchange with the ticker code NOFI.

Bank Norwegian started its operations in November 2007 and offers consumer loans, credit cards and deposit accounts to retail customers distributed through the Internet in the Nordic market. Bank Norwegian offers, in cooperation with the airline Norwegian, a combined credit card and reward card. The Bank started operations in Sweden in May 2013. In December 2015 the bank launched operations in Denmark and Finland, where it initially offered consumer loans and deposit accounts. Credit cards were launched in June 2016.

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

At the end of the second quarter 2016 the bank had a customer base of 757,900 customers, which can be broken down into 543,000 credit card customers, 113,300 loan customers and 101,600 deposit customers.

As a result of strong growth, the bank completed a private placement totalling MNOK 340 in the second quarter. Norwegian Finans Holding ASA was listed on the Oslo Stock Exchange on June 17, 2016. In connection with the listing, the Bank adopted IFRS from January 1, 2016.

### Profit and loss as of June 30, 2016

The NFH Group's comprehensive income amounted to MNOK 386.4 as of June 30, 2016. Net interest income totalled MNOK 1,065.0, net other operating income amounted to MNOK 140.0, while total operating expenses were MNOK 436.1. Provisions for loan losses were MNOK 204.5.

### Profit and loss for the second quarter of 2016

The NFH Group's comprehensive income amounted to MNOK 221.5 compared with MNOK 164.9 in the first quarter 2016. The increase is explained by strong loan growth. Comprehensive income is also impacted by a gain from the sale of Visa Europe with a net effect of MNOK 6.5 in the quarter. Annual return on equity and return on assets adjusted for the gains from Visa amounted to 38.6% and 3.8%, respectively in the second quarter.

Net interest income amounted to MNOK 587.8, an increase of MNOK 110.7 from the first quarter. The

net interest margin increased from 10.1% in the first quarter to 10.5%. The deposit insurance levy for 2016 is recognized in full in the first quarter.

Net other operating income amounted to MNOK 98.8 compared with MNOK 41.2 in the first quarter. Net commission income decreased MNOK 1.5 to MNOK 32.8 due to accrual effects. Net gains on securities and currency amounted to MNOK 66.0, whereof received gains from the sale of Visa Europe amounted to MNOK 57.7.

Total operating expenses amounted to MNOK 232.6 compared with MNOK 203.5 in the first quarter. Personnel expenses decreased MNOK 2.2 due to accrual effects. Administrative expenses increased MNOK 25.1 due to increased marketing expenses, hereunder in connection with establishing operations in Denmark and Finland. Depreciation increased MNOK 0.1. Other operating expenses increased MNOK 6.1 mainly due to share issue expenses.

The bank's write-downs on loans were MNOK 109.5, an increase of MNOK 14.5 from the first quarter. Write-downs equalled 2.4% of average gross loans, compared with 2.5% in the first quarter. Gross delinquent loans were MNOK 1,145, compared with MNOK 982 at the end of the first quarter. Delinquent loans accounted for 6.0% of gross loans, compared with 5.9% at the end of the previous quarter. Non-performing loans accounted for 3.8% of gross loans, unchanged from the end of the previous quarter.

### Balance sheet as of June 30, 2016

Total assets increased MNOK 4,255 in the quarter and amounted to MNOK 24,602. Net loans to customers increased MNOK 2,281 and amounted to MNOK 18,482. Consumer loans amounted to MNOK 14,435 and credit card loans amounted to MNOK 4,626.

Customer deposits increased MNOK 3,713 and amounted to MNOK 19,641 at the end of the quarter.

Liquid assets increased MNOK 1,928 and amounted to MNOK 5,756, equivalent to 23.4% of total assets.

Total equity amounted to MNOK 2,583, compared with MNOK 2,024 as of 31.3.2016. The total capital ratio was 15.8%, the tier 1 capital ratio was 14.7% and the common equity tier 1 ratio was 14.0%.

The full result is added to retained earnings.

### Outlook for the remaining of the year

The economic trends differ in the Nordic markets where the bank operates. The Norwegian economy shows weak growth and stable unemployment. The Swedish economy shows strong growth and falling unemployment. The Danish and Finnish economies show weak growth and stable unemployment.

Increased unemployment may entail higher levels of loan losses.

The level of interest rates in the countries where the bank is represented is expected to remain low going forward. The bank is expected to benefit from the low levels of interest rates through low funding costs going forward.

The earnings growth is expected to continue through strong loan growth, stable margins, cost control and good credit quality. The operations in Denmark and Finland are expected to turn profitable during the third quarter.

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

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

The investment portfolio has provided a satisfactory return. The portfolio's low risk mandate will remain.

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

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

Bærum, August 11, 2016  
Board of directors in Norwegian Finans Holding ASA

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Bjørn H. Kise  
Chairman of the Board

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Anita Aarnæs  
Board Member

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Maria Borch Helsingreen  
Board Member

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Brede G. Huser  
Board Member

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John Høsteland  
Board Member

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Erik Jensen  
CEO

## Profit and loss account

		Norwegian Finans Holding Group				
<i>Amounts in NOK 1000</i>	Note	Q2 2016	Q2 2015	YTD 2016	YTD 2015	2015
Interest income		663,334	407,916	1,222,565	787,019	1,710,433
Interest expenses		75,507	69,736	157,587	152,722	285,817
<b>Net interest income</b>	8	<b>587,826</b>	<b>338,180</b>	<b>1,064,978</b>	<b>634,297</b>	<b>1,424,615</b>
Commission and bank services income	9	60,255	42,662	115,856	81,728	192,647
Commission and bank services expenses	9	27,453	19,544	48,735	35,750	78,564
Net change in value on securities and currency	10	65,958	-1,381	72,874	-3,737	-18,674
Other income		-	-	-	-	214
<b>Net other operating income</b>		<b>98,759</b>	<b>21,737</b>	<b>139,996</b>	<b>42,241</b>	<b>95,624</b>
<b>Total income</b>		<b>686,586</b>	<b>359,917</b>	<b>1,204,974</b>	<b>676,538</b>	<b>1,520,239</b>
Personnel expenses		15,564	11,517	33,315	26,050	58,172
General administrative expenses	11	198,269	115,150	371,439	218,164	477,694
Ordinary depreciation		3,874	3,224	7,601	9,013	15,477
Other operating expenses	12	14,927	4,487	23,790	8,690	22,236
<b>Total operating expenses</b>		<b>232,634</b>	<b>134,378</b>	<b>436,145</b>	<b>261,916</b>	<b>573,580</b>
Provision for loan losses	3	109,494	46,029	204,521	85,378	207,886
<b>Profit before tax</b>		<b>344,458</b>	<b>179,510</b>	<b>564,308</b>	<b>329,244</b>	<b>738,774</b>
Tax charge		86,115	48,468	141,077	88,896	198,934
<b>Profit after tax</b>		<b>258,343</b>	<b>131,042</b>	<b>423,231</b>	<b>240,348</b>	<b>539,840</b>
Earnings per share (NOK)		1.48	0.76	2.42	1.39	3.12
Diluted earnings per share (NOK)		1.48	0.76	2.42	1.39	3.12

## Comprehensive income

		Norwegian Finans Holding Group				
<i>Amounts in NOK 1000</i>		Q2 2016	Q2 2015	YTD 2016	YTD 2015	2015
<b>Profit after tax</b>		<b>258,343</b>	<b>131,042</b>	<b>423,231</b>	<b>240,348</b>	<b>539,840</b>
Change in fair value for assets held for sale		-37,097	-	-37,097	-	60,446
Tax		278	-	278	-	-453
<b>Items that may be reclassified to profit and loss, after tax</b>		<b>-36,819</b>	<b>-</b>	<b>-36,819</b>	<b>-</b>	<b>59,992</b>
<b>Comprehensive income for the period</b>		<b>221,524</b>	<b>131,042</b>	<b>386,412</b>	<b>240,348</b>	<b>599,832</b>

## Balance sheet

Amounts in NOK 1000	Note	Norwegian Finans Holding Group		
		30.6.16	30.6.15	31.12.15
<b>Assets</b>				
Cash and deposits with central banks	7, 14	56,958	55,990	58,987
Loans and deposits with credit institutions	7, 14	882,907	402,495	477,841
Loans to customers	4, 5, 6, 14	18,482,456	11,031,778	13,808,175
Certificates and bonds	14	4,816,506	2,859,876	2,968,530
Financial derivatives	13	6,775	-	-
Shares and other securities	13	443	443	443
Assets held for sale	13, 16	23,348	-	60,446
Intangible assets		46,998	39,678	42,253
Deferred tax asset		9,665	1,579	8,210
Fixed assets		400	918	526
Receivables and accrued income	17	275,645	142,347	178,198
<b>Total assets</b>		<b>24,602,103</b>	<b>14,535,104</b>	<b>17,603,609</b>
<b>Liabilities and equity</b>				
Deposits from customers	14	19,640,676	10,990,733	13,366,590
Debt securities issued	14, 15	1,906,711	1,679,417	1,879,571
Financial derivatives	13	-	2,754	7,679
Tax payable		140,181	85,474	202,086
Other liabilities	18	90,599	27,164	36,374
Accrued expenses and unearned income received	19	65,668	71,523	76,258
Subordinated loan	14, 15	174,929	174,946	174,962
<b>Total liabilities</b>		<b>22,018,764</b>	<b>13,032,011</b>	<b>15,743,521</b>
Share capital		179,995	173,195	173,195
Share premium reserve		475,874	150,402	150,402
Paid, not registered capital		7,087	-	-
Tier 1 capital		125,000	125,000	125,000
Retained earnings and other reserves		1,795,382	1,054,496	1,411,491
<b>Total equity</b>	20	<b>2,583,338</b>	<b>1,503,092</b>	<b>1,860,088</b>
<b>Total liabilities and equity</b>		<b>24,602,103</b>	<b>14,535,104</b>	<b>17,603,609</b>

Bærum, August 11, 2016  
Board of Directors of Norwegian Finans Holding ASA

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Bjørn H. Kise  
Chairman of the Board

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Anita Aarnæs  
Board Member

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Maria Borch Helsingreen  
Board Member

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Brede G. Huser  
Board Member

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John Høsteland  
Board Member

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Erik Jensen  
CEO

## Cash flow statement

<i>Amounts in NOK 1000</i>	Norwegian Finans Holding Group		
	Q2 2016	Q2 2015	2015
Profit / loss before tax	386,412	240,348	599,832
Unrealized gain or losses on currency	44,557	-18,790	-14,581
Depreciations and amortizations	7,601	9,013	15,477
Provision for loan losses	204,521	85,378	207,886
Change in loans	-4,878,802	-1,698,349	-4,597,254
Change in deposits from customers	6,274,086	835,035	3,210,893
Change in securities	-1,847,977	603,117	494,464
Change in assets held for sale, before tax	-20,562	-	-60,446
Change in other accruals	-105,677	-3,878	-46,361
Change in short-term liabilities	-25,968	-32,686	102,796
<b>Net cash flow from operating activities</b>	<b>38,192</b>	<b>19,188</b>	<b>-87,294</b>
Proceeds from settlement of assets held for sale	57,659	-	-
Payment for acquisition of intangible assets	-12,220	-14,611	-23,459
Disposals of fixed assets	-	-	201
<b>Net cash flow from investment activities</b>	<b>45,439</b>	<b>-14,611</b>	<b>-23,258</b>
Paid-in equity	339,359	5,473	5,473
Change in debt securities issued	27,140	73,536	273,689
Change in subordinated loan	-33	-20	-4
Payment to Tier 1 capital investors, after tax	-2,503	-2,573	-5,062
<b>Net cash flow from financing activities</b>	<b>363,964</b>	<b>76,415</b>	<b>274,096</b>
Currency effect on cash and cash equivalents	-44,557	18,790	14,581
Net cash flow for the period	403,038	99,782	178,125
Cash and cash equivalents at the start of the period	536,828	358,703	358,703
<b>Cash and cash equivalents at the end of the period</b>	<b>939,866</b>	<b>458,485</b>	<b>536,828</b>

## Changes in equity

<i>Amounts in NOK 1000</i>	Norwegian Finans Holding Group					
	Share capital	Share capital reserve	Paid, not registered capital	Tier 1 capital	Retained earnings and other reserves	Total equity
<b>Balance 31.12.15</b>	<b>173,195</b>	<b>150,402</b>	-	<b>125,000</b>	<b>1,411,491</b>	<b>1,860,088</b>
Profit after tax	-	-	-	-	423,231	423,231
Items that may be reclassified to profit and loss, after tax	-	-	-	-	-36,819	-36,819
<b>Comprehensive income for the period</b>	-	-	-	-	<b>386,412</b>	<b>386,412</b>
Paid interest Tier 1 capital	-	-	-	-	-3,337	-3,337
Tax	-	-	-	-	834	834
Capital increase	6,800	333,200	7,087	-	-	347,087
Share issue expenses	-	-7,728	-	-	-	-7,728
Other equity changes	-	-	-	-	-18	-18
<b>Balance 30.6.16</b>	<b>179,995</b>	<b>475,874</b>	<b>7,087</b>	<b>125,000</b>	<b>1,795,382</b>	<b>2,583,338</b>
<b>Balance 31.12.14</b>	<b>173,000</b>	<b>145,123</b>	-	<b>125,000</b>	<b>816,721</b>	<b>1,259,844</b>
Profit after tax	-	-	-	-	240,348	240,348
<b>Comprehensive income for the period</b>	-	-	-	-	<b>240,348</b>	<b>240,348</b>
Paid interest Tier 1 capital	-	-	-	-	-3,525	-3,525
Tax	-	-	-	-	952	952
Capital increase	195	5,279	-	-	-	5,474
<b>Balance 30.6.15</b>	<b>173,195</b>	<b>150,402</b>	-	<b>125,000</b>	<b>1,054,496</b>	<b>1,503,092</b>

## Notes for Norwegian Finans Holding Group

### **Note 1. General accounting principles**

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The interim report for the second quarter 2016 is prepared according to International Financial Reporting Standards as endorsed by the European Union, hereunder IAS 34 Interim Financial Reporting. The interim report for the second quarter 2016 is prepared using the same accounting principles and calculation methods as described in the interim report for the first quarter 2016, and should be read in conjunction with this.

The accounts up to 31.12.2015 have been prepared in accordance with the Financial Reporting Act, Regulations relating to Financial Reporting for Banks, Finance Companies and their Parent Companies, Regulations relating to the Treatment of Loans and Guarantees in the Accounts of Financial Institutions and the Generally Accepted Accounting Principles in Norway. Comparable figures have been prepared as if the group had adopted IFRS from 1.1.2015.



## Note 2. Segments

Profit and loss and balance sheet presentation for segments are based on internal financial reporting as it is reported to group management. The figures are based on Bank Norwegians governance model and accounting principles. Norwegian Finans Holding ASA is defined as the other segment.

### Profit and loss account as of Q2 2016

<i>Amounts in NOK 1000</i>	Norway	Sweden	Denmark / Finland	Other	Total
Net interest income	729,093	256,233	79,642	10	1,064,978
Net other operating income	122,901	13,872	3,464	-242	139,996
<b>Total income</b>	<b>851,994</b>	<b>270,105</b>	<b>83,107</b>	<b>-232</b>	<b>1,204,974</b>
Total operating expenses	234,022	116,845	79,687	5,590	436,145
Provision for loan losses	98,828	59,893	45,800	-	204,521
<b>Profit before tax</b>	<b>519,144</b>	<b>93,368</b>	<b>-42,381</b>	<b>-5,822</b>	<b>564,308</b>
Tax charge	129,786	23,342	-10,595	-1,455	141,077
<b>Profit after tax</b>	<b>389,358</b>	<b>70,026</b>	<b>-31,786</b>	<b>-4,366</b>	<b>423,231</b>
<b>Items that may be reclassified to profit and loss, after tax</b>	<b>-36,819</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-36,819</b>
<b>Comprehensive income for the period</b>	<b>352,539</b>	<b>70,026</b>	<b>-31,786</b>	<b>-4,366</b>	<b>386,412</b>

### Balance sheet 30.6.16

<i>Amounts in NOK 1000</i>	Norway	Sweden	Denmark / Finland	Other	Total
Loans to customers	12,140,895	4,357,452	1,984,109	-	18,482,456
Other assets	4,234,206	1,641,861	228,862	14,718	6,119,646
<b>Total assets</b>	<b>16,375,100</b>	<b>5,999,313</b>	<b>2,212,971</b>	<b>14,718</b>	<b>24,602,103</b>
Deposits from customers	12,552,027	5,859,970	1,228,680	-	19,640,676
Other liabilities and equity	3,823,074	139,343	984,292	14,718	4,961,426
<b>Total liabilities and equity</b>	<b>16,375,100</b>	<b>5,999,313</b>	<b>2,212,971</b>	<b>14,718</b>	<b>24,602,103</b>

### Profit and loss account as of Q2 2015

<i>Amounts in NOK 1000</i>	Norway	Sweden	Denmark / Finland	Other	Total
Net interest income	515,199	119,083	-	15	634,297
Net other operating income	31,241	11,156	-	-156	42,241
<b>Total income</b>	<b>546,440</b>	<b>130,239</b>	<b>-</b>	<b>-141</b>	<b>676,538</b>
Total operating expenses	180,892	80,228	-	796	261,916
Provision for loan losses	53,864	31,514	-	-	85,378
<b>Profit before tax</b>	<b>311,685</b>	<b>18,496</b>	<b>-</b>	<b>-937</b>	<b>329,244</b>
Tax charge	83,679	5,470	-	-253	88,896
<b>Profit after tax</b>	<b>228,006</b>	<b>13,026</b>	<b>-</b>	<b>-684</b>	<b>240,348</b>
<b>Comprehensive income for the period</b>	<b>228,006</b>	<b>13,026</b>	<b>-</b>	<b>-684</b>	<b>240,348</b>

### Balance sheet 30.6.15

<i>Amounts in NOK 1000</i>	Norway	Sweden	Denmark / Finland	Other	Total
Loans to customers	8,652,785	2,378,994	-	-	11,031,778
Other assets	3,146,148	338,512	-	18,666	3,503,325
<b>Total assets</b>	<b>11,798,932</b>	<b>2,717,505</b>	<b>-</b>	<b>18,666</b>	<b>14,535,104</b>
Deposits from customers	8,694,684	2,296,049	-	-	10,990,733
Other liabilities and equity	3,104,249	421,456	-	18,666	3,544,371
<b>Total liabilities and equity</b>	<b>11,798,932</b>	<b>2,717,505</b>	<b>-</b>	<b>18,666</b>	<b>14,535,104</b>

### Profit and loss account 2015

<i>Amounts in NOK 1000</i>	Norway	Sweden	Denmark / Finland	Other	Total
Net interest income	1,127,594	297,089	-92	24	1,424,615
Net other operating income	61,507	32,543	1,889	-315	95,624
<b>Total income</b>	<b>1,189,101</b>	<b>329,632</b>	<b>1,797</b>	<b>-291</b>	<b>1,520,239</b>
Total operating expenses	391,947	177,858	2,245	1,530	573,580
Provision for loan losses	125,148	80,553	2,185	-	207,886
<b>Profit before tax</b>	<b>672,006</b>	<b>71,221</b>	<b>-2,633</b>	<b>-1,821</b>	<b>738,774</b>
Tax charge	180,184	19,694	-575	-368	198,934
<b>Profit after tax</b>	<b>491,822</b>	<b>51,527</b>	<b>-2,058</b>	<b>-1,453</b>	<b>539,840</b>
<b>Items that may be reclassified to profit and loss, after tax</b>	<b>59,992</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>59,992</b>
<b>Comprehensive income for the period</b>	<b>551,815</b>	<b>51,527</b>	<b>-2,058</b>	<b>-1,453</b>	<b>599,832</b>

### Balance sheet 31.12.15

<i>Amounts in NOK 1000</i>	Norway	Sweden	Denmark / Finland	Other	Total
Loans to customers	10,082,216	3,633,441	92,517	-	13,808,175
Other assets	3,368,212	359,364	49,303	18,555	3,795,433
<b>Total assets</b>	<b>13,450,428</b>	<b>3,992,805</b>	<b>141,821</b>	<b>18,555</b>	<b>17,603,609</b>
Deposits from customers	10,188,370	3,128,000	50,220	-	13,366,590
Other liabilities and equity	3,262,057	864,805	91,601	18,555	4,237,018
<b>Total liabilities and equity</b>	<b>13,450,428</b>	<b>3,992,805</b>	<b>141,821</b>	<b>18,555</b>	<b>17,603,609</b>

### Note 3. Loss on loans and guarantees

The Group has no guarantees as at 30.6.2016.

<i>Amounts in NOK 1000</i>	YTD 2016	YTD 2015	2015
Realized losses in the period	3,446	-	-
Collected on previous realized losses	-	-	-4,698
Individual write-downs	76,969	38,142	66,443
<b>Net individual write-downs on loans</b>	<b>80,414</b>	<b>38,142</b>	<b>61,745</b>
The period's change in write-downs on groups of loans	124,106	47,236	146,141
<b>Provision for loan losses</b>	<b>204,521</b>	<b>85,378</b>	<b>207,886</b>

### Note 4. Loans to customers

<i>Amounts in NOK 1000</i>	Q2 2016	Q2 2015	2015
Overdraft facilities and lines of credit	4,856	17,254	15,918
Credit cards	4,565,443	3,052,881	3,847,048
Instalment loans	14,495,111	8,227,743	10,337,183
<b>Gross loans to customers</b>	<b>19,065,410</b>	<b>11,297,877</b>	<b>14,200,148</b>
Individual write-downs on loans	-139,371	-34,835	-63,607
Write-downs on groups of loans	-443,583	-231,264	-328,367
<b>Net loans to customers</b>	<b>18,482,456</b>	<b>11,031,778</b>	<b>13,808,175</b>

#### Loans by geographical regions

<i>Amounts in NOK 1000</i>	Q2 2016	Q2 2015	2015
Oslo	1,656,171	1,185,583	1,395,296
Akershus	1,643,853	1,178,215	1,376,144
Hordaland	1,341,038	962,048	1,123,411
Rogaland	1,065,236	714,154	857,289
Østfold	784,509	574,126	661,678
Buskerud	695,047	503,301	578,853
Nordland	631,428	451,088	523,644
Sør-Trøndelag	652,443	463,004	538,383
Vestfold	627,291	435,722	500,779
Møre og Romsdal	536,917	379,819	444,368
Troms	461,055	332,474	374,534
Hedmark	438,941	299,360	350,996
Oppland	393,207	271,749	326,862
Telemark	378,325	262,423	309,220
Vest-Agder	299,189	208,530	242,550
Nord-Trøndelag	260,904	187,386	218,646
Finnmark	245,356	170,349	207,876
Aust-Agder	219,582	144,520	172,386
Sogn og Fjordane	166,082	120,960	139,041
Svalbard	1,792	921	1,345
<b>Total Norway</b>	<b>12,498,367</b>	<b>8,845,733</b>	<b>10,343,301</b>
Sweden	4,535,472	2,452,145	3,762,297
Denmark	473,754	-	11,395
Finland	1,557,816	-	83,156
<b>Gross loans to customers</b>	<b>19,065,410</b>	<b>11,297,877</b>	<b>14,200,148</b>

## Note 5. Risk classes

Amounts in NOK 1000	Gross loans			Undrawn credit limits		
	Q2 2016	Q2 2015	2015	Q2 2016	Q2 2015	2015
A	3,078,726	1,848,710	2,295,002	16,718,029	11,213,444	13,187,165
B	6,922,766	4,423,744	5,257,335	753,677	455,684	519,571
C	2,516,561	1,375,510	1,727,698	158,937	120,980	156,689
D	2,186,012	1,116,851	1,433,251	114,357	161,657	176,935
E	1,211,543	654,424	929,614	94,861	49,661	45,699
F	432,492	258,580	343,250	22,369	13,897	12,688
G	463,628	285,904	392,763	13,673	13,775	13,277
H	194,326	125,672	166,216	16,195	7,070	9,031
I	189,602	131,282	175,299	3,441	2,507	2,215
J	174,474	105,741	152,971	1,382	1,679	1,225
S	307,724	222,755	241,598	-	-	-
T	40,987	34,409	35,212	3,127	3,472	2,929
U	118,929	69,547	93,693	-	-	-
V	883,083	514,005	695,120	1,031	482	617
W	269,796	54,331	122,829	-	-	-
Total classified	18,990,647	11,221,465	14,061,851	17,901,079	12,044,308	14,128,041
Not classified	74,763	76,412	138,297	74,412	48,459	69,662
<b>Total</b>	<b>19,065,410</b>	<b>11,297,877</b>	<b>14,200,148</b>	<b>17,975,491</b>	<b>12,092,766</b>	<b>14,197,703</b>

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

Individual write-downs on loans are in their entirety related to risk class W.

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

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

## Note 6. Default and loss on loans

Amounts in NOK 1000	Q2 2016	Q2 2015	2015
Gross defaulted loans	1,144,737	569,035	819,174
Individual write-downs on loans	-139,371	-34,835	-63,607
Write-downs on groups of loans	-443,583	-231,264	-328,367
<b>Net defaulted loans</b>	<b>561,784</b>	<b>302,936</b>	<b>427,200</b>

Defaulted loans which are performing	275,568	131,046	187,061
Defaulted loans comprise of loans which are more than 90 days overdue according to agreed payment schedule.			

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

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

Amounts in NOK 1000	Q2 2016					Total
	5 - 15 days	16 - 30 days	31 - 60 days	61 - 90 days	Over 90 days	
Retail market	851,627	150,065	328,609	153,408	874,069	2,357,778
<b>Total</b>	<b>851,627</b>	<b>150,065</b>	<b>328,609</b>	<b>153,408</b>	<b>874,069</b>	<b>2,357,778</b>

Amounts in NOK 1000	Q2 2015					Total
	5 - 15 days	16 - 30 days	31 - 60 days	61 - 90 days	Over 90 days	
Retail market	689,040	107,658	198,940	90,254	514,224	1,600,116
<b>Total</b>	<b>689,040</b>	<b>107,658</b>	<b>198,940</b>	<b>90,254</b>	<b>514,224</b>	<b>1,600,116</b>

Amounts in NOK 1000	2015					Total
	5 - 15 days	16 - 30 days	31 - 60 days	61 - 90 days	Over 90 days	
Retail market	442,035	549,707	332,136	117,903	688,709	2,130,490
<b>Total</b>	<b>442,035</b>	<b>549,707</b>	<b>332,136</b>	<b>117,903</b>	<b>688,709</b>	<b>2,130,490</b>

## Note 7. Loans and deposits with credit institutions and central banks

<i>Amounts in NOK 1000</i>	Q2 2016	Q2 2015	2015
Loans and deposits with credit institutions and central banks without agreed maturity or notice period	939,866	458,485	536,828
<b>Total loans and deposits with credit institutions and central banks</b>	<b>939,866</b>	<b>458,485</b>	<b>536,828</b>

<i>Amounts in NOK 1000</i>	Q2 2016	Q2 2015	2015
NOK	456,383	240,742	270,198
SEK	286,949	217,743	224,088
EUR	129,582	-	23,771
DKK	66,952	-	18,771
<b>Total</b>	<b>939,866</b>	<b>458,485</b>	<b>536,828</b>

Average interest rate Norwegian Finans Holding Group	0.32 %	0.67 %	0.52 %
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Average interest rate calculated as interest amount in percentage of average volume for the current period.

## Note 8. Net interest income

<i>Amounts in NOK 1000</i>	YTD 2016	YTD 2015	2015
Interest income from cash and deposits with central banks	175	345	596
Interest income from loans to and deposits with credit institutions	1,024	1,018	1,732
Interest income from consumer loans	915,721	554,998	1,225,876
Interest income from overdraft accounts	889	1,228	2,445
Interest income from credit cards	277,206	196,445	419,657
Interest income from sales financing	2,897	1,825	5,640
Interest and other income from certificates and bonds	23,118	29,735	51,604
Other interest and other interest related income	1,536	1,424	2,883
<b>Total interest income</b>	<b>1,222,565</b>	<b>787,019</b>	<b>1,710,433</b>
Interest expense from deposits from customers	125,484	120,098	231,368
Interest expense on debt securities issued	17,591	20,228	38,544
Interest expense on subordinated loan	3,281	3,583	7,097
Other interest and other interest related expenses	11,232	8,812	8,812
<b>Total interest expenses</b>	<b>157,587</b>	<b>152,722</b>	<b>285,822</b>
<b>Net interest income</b>	<b>1,064,978</b>	<b>634,297</b>	<b>1,424,611</b>

## Note 9. Net other operating income

<i>Amounts in NOK 1000</i>	YTD 2016	YTD 2015	2015
Payment services	78,212	53,891	125,191
Insurance services	23,484	17,160	34,446
Other fees and commission and bank services income	14,160	10,677	33,010
<b>Commission and bank services income</b>	<b>115,856</b>	<b>81,728</b>	<b>192,647</b>
Network costs	8,820	4,415	11,766
Payment services	14,655	12,584	26,730
Insurance services	19,322	14,442	31,436
Other fees and commission and bank services expenses	5,938	4,308	8,632
<b>Commission and bank services expenses</b>	<b>48,735</b>	<b>35,750</b>	<b>78,564</b>

## Note 10. Net gains on financial instruments at fair value

<i>Amounts in NOK 1000</i>	YTD 2016	YTD 2015	2015
Net gains on certificates and bonds	9,319	-5,566	-25,109
Net gains on FX-forwards	82,551	-10,731	-70,269
Net currency effects	-76,655	12,561	76,704
Net gains on shares and other securities with variable yield	57,659	-	-
<b>Total</b>	<b>72,874</b>	<b>-3,737</b>	<b>-18,674</b>

## Note 11. General administrative expenses

<i>Amounts in NOK 1000</i>	YTD 2016	YTD 2015	2015
Sales and marketing	309,453	174,561	381,874
IT operations	35,024	27,679	59,020
External service fees and hired temporary staff for ordinary operations	11,530	6,767	15,742
Other administrative expenses	15,431	9,157	21,058
<b>Total</b>	<b>371,439</b>	<b>218,164</b>	<b>477,694</b>

## Note 12. Other operating expenses

<i>Amounts in NOK 1000</i>	YTD 2016	YTD 2015	2015
Credit information	12,706	4,288	10,790
Auditor	1,965	490	883
Rental of premises	1,090	969	3,095
Insurance	259	267	509
Machinery, fixtures and transport vehicles	228	332	738
Other operating expenses	7,542	2,344	6,221
<b>Total</b>	<b>23,790</b>	<b>8,690</b>	<b>22,236</b>

## Note 13. Financial instruments at fair value

Financial instruments at fair value are measured at different levels.

### Level 1 Valuation based on quoted prices in an active market

Financial instruments in level 1 are determined based on quoted prices in active markets for identical financial instruments available at the balance sheet date.

### Level 2 Valuation based on observable market data

Financial instruments in level 2 are determined based on inputs other than quoted prices, but where prices are observable either directly or indirectly. These include quoted prices in markets that are not active.

### Level 3 Valuation based on other than observable market data

When valuation can not be determined in level 1 or 2, valuation methods based on non-observable market data are used.

### Financial instruments at fair value

Amounts in NOK 1000	Q2 2016			
	Level 1	Level 2	Level 3	Total
Certificates and bonds	-	4,816,506	-	4,816,506
Financial derivatives	-	6,775	-	6,775
Shares and other securities	-	-	443	443
Financial assets held for sale	-	-	23,348	23,348
<b>Total financial assets at fair value</b>	<b>-</b>	<b>4,823,281</b>	<b>23,791</b>	<b>4,847,073</b>

Amounts in NOK 1000	Q2 2015			
	Level 1	Level 2	Level 3	Total
Certificates and bonds	-	2,859,876	-	2,859,876
Shares and other securities	-	-	443	443
<b>Total financial assets at fair value</b>	<b>-</b>	<b>2,859,876</b>	<b>443</b>	<b>2,860,319</b>
Financial derivatives	-	2,754	-	2,754
<b>Total financial liabilities at fair value</b>	<b>-</b>	<b>2,754</b>	<b>-</b>	<b>2,754</b>

Amounts in NOK 1000	2015			
	Level 1	Level 2	Level 3	Total
Certificates and bonds	-	2,968,530	-	2,968,530
Shares and other securities	-	-	443	443
Financial assets held for sale	-	-	60,446	60,446
<b>Total financial assets at fair value</b>	<b>-</b>	<b>2,968,530</b>	<b>60,889</b>	<b>3,029,419</b>
Financial derivatives	-	7,680	-	7,680
<b>Total financial liabilities at fair value</b>	<b>-</b>	<b>7,680</b>	<b>-</b>	<b>7,680</b>

### Change in instruments classified at level 3

Amounts in NOK 1000	YTD 2016		
	Shares	Financial assets held for sale	Total
Value 31.12.15	443	60,446	60,889
Additions	-	-	-
Disposal	-	-	-
Settlement	-	-57,659	-57,659
Net gain / loss on financial instruments	-	20,562	20,562
<b>Value 30.6.16</b>	<b>443</b>	<b>23,348</b>	<b>23,791</b>

### Valuation method

#### Ownership in Visa Norge FLI

Ownership in Visa Norway FLI is considered to be a financial asset and is classified as financial assets held for sale. The fair value of the asset is estimated at MNOK 23.3 as of 30.6.2016, based on information from Visa Norway. See note 16 for further description of the asset and the value calculation.

#### Shares in BankID Norge AS

Bank Norwegian AS was at 12.8.2014 issued 280 shares in BankID Norge AS based on the Bank's share of participation in the BankID association. The value of the shares was estimated at the going rate at the time granted.

## Note 14. Fair value of financial instruments at amortized cost

Financial instruments at amortized cost are valued at originally determined cash flows, adjusted for any impairment losses. Amortized cost will not always give values that match the market's assessment of the same instruments. This may be due to different perceptions of market conditions, risk and return requirements.

*Loans and deposits with central banks and credit institutions and deposits from customers*

Fair value is estimated to conform with amortized cost.

*Loans to customers*

Loans to customers are exposed to market competition. This means that the potential added value of the loan portfolio will not be maintained over time. Further, individual and group provisions for loan losses are provided for on an ongoing basis. The fair value of loans to customers is therefore considered to conform to the amortized cost.

*Debt securities issued and subordinated loan*

The fair value of debt securities issued and subordinated loan are based on observable market data where available.

### Fair value of financial instruments at amortized cost

<i>Amounts in NOK 1000</i>	Q2 2016		Q2 2015		2015	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Cash and deposits with central banks	56,958	56,958	55,990	55,990	58,987	58,987
Loans and deposits with credit institutions	882,907	882,907	402,495	402,495	477,841	477,841
Loans to customers	18,482,456	18,482,456	11,031,778	11,031,778	13,808,175	13,808,175
<b>Total financial assets</b>	<b>19,422,322</b>	<b>19,422,322</b>	<b>11,490,263</b>	<b>11,490,263</b>	<b>14,345,003</b>	<b>14,345,003</b>
Deposits from customers	19,640,676	19,640,676	10,990,733	10,886,266	13,366,590	13,366,590
Debt securities issued	1,906,711	1,895,487	1,679,417	1,687,162	1,879,571	1,862,522
Subordinated loan	174,929	174,519	174,946	177,520	174,962	179,165
<b>Total financial liabilities</b>	<b>21,722,317</b>	<b>21,710,682</b>	<b>12,845,096</b>	<b>12,750,948</b>	<b>15,421,123</b>	<b>15,408,277</b>

## Note 15. Debt securities issued and subordinated loan

### Debt securities issued

<i>Amounts in NOK 1000</i>	Q2 2016	Q2 2015	2015
Certificates, nominal value	200,000	-	200,000
Bonds, nominal value	1,700,000	1,674,000	1,674,000
Value adjustments	530	1,267	977
Accrued interest	6,181	4,150	4,594
<b>Total debt securities issued</b>	<b>1,906,711</b>	<b>1,679,417</b>	<b>1,879,571</b>

### Change in debt securities issued

<i>Amounts in NOK 1000</i>	Balance 30.6.16	Issued	Overdue / redeemed	Other changes	Balance 31.12.15
Certificates, nominal value	200,000	-	-	-	200,000
Bonds, nominal value	1,700,000	300,000	-274,000	-	1,674,000
Value adjustments	530	-	-	-447	977
Accrued interest	6,181	-	-	1,587	4,594
<b>Total debt securities issued</b>	<b>1,906,711</b>	<b>300,000</b>	<b>-274,000</b>	<b>1,140</b>	<b>1,879,571</b>

<i>Amounts in NOK 1000</i>	Balance 30.6.15	Issued	Overdue / redeemed	Other changes	Balance 31.12.14
Certificates, nominal value	-	-	-200,000	-	200,000
Bonds, nominal value	1,674,000	400,000	-126,000	-	1,400,000
Value adjustments	1,267	-	-	-751	2,018
Accrued interest	4,150	-	-	286	3,864
<b>Total debt securities issued</b>	<b>1,679,417</b>	<b>400,000</b>	<b>-326,000</b>	<b>-465</b>	<b>1,605,882</b>

### Change in subordinated loan

<i>Amounts in NOK 1000</i>	Balance 30.6.16	Issued	Overdue / redeemed	Other changes	Balance 31.12.15
Subordinated loan, nominal value	175,000	-	-	-	175,000
Value adjustments	-389	-	-	26	-416
Accrued interest	319	-	-	-59	378
<b>Total subordinated loan</b>	<b>174,929</b>	<b>-</b>	<b>-</b>	<b>-33</b>	<b>174,962</b>

<i>Amounts in NOK 1000</i>	Balance 30.6.15	Issued	Overdue / redeemed	Other changes	Balance 31.12.14
Subordinated loan, nominal value	175,000	-	-	-	175,000
Value adjustments	-442	-	-	26	-468
Accrued interest	388	-	-	-47	435
<b>Total subordinated loan</b>	<b>174,946</b>	<b>-</b>	<b>-</b>	<b>-21</b>	<b>174,967</b>

## Note 16. Financial assets held for sale

The Bank is a member of Visa Norway FLI ("Visa Norway"), being a shareholder of Visa Europe Ltd. On 2. November 2015, an agreement between Visa Europe Ltd. and Visa Inc. was announced where Visa Inc. acquires all shares in Visa Europe Ltd. This transaction consists of a cash consideration, convertible preference shares and a deferred cash consideration paid three years after completion of the transaction. The process was finalized in June 2016 and the Bank has in this connection received its share of the cash consideration based on the Bank's stake in Visa Norway. Cash received, MNOK 57.7, has been reclassified to the income statement. Further changes in the value to the preference shares and the deferred cash consideration will be recognized in other comprehensive income.

## Note 17. Receivables and accrued income

<i>Amounts in NOK 1000</i>	Q2 2016	Q2 2015	2015
Distribution commissions	221,051	129,223	164,270
Other receivables	37,321	7,975	8,445
Prepaid expenses	17,272	5,148	5,484
<b>Total</b>	<b>275,645</b>	<b>142,347</b>	<b>178,199</b>

## Note 18. Other liabilities

<i>Amounts in NOK 1000</i>	Q2 2016	Q2 2015	2015
Payables to suppliers	62,663	5,742	26,735
Tax withholdings	6,333	5,218	1,765
Value added tax	4,164	719	4,101
Social security tax	3,057	2,568	1,484
Other liabilities	14,382	12,916	2,289
<b>Total</b>	<b>90,599</b>	<b>27,164</b>	<b>36,374</b>

## Note 19. Accrued expenses and unearned income received

<i>Amounts in NOK 1000</i>	Q2 2016	Q2 2015	2015
Social security tax	55,124	62,745	58,266
Holiday pay	1,974	1,664	3,779
Accrued fees	802	855	1,694
Board remuneration	570	414	827
Bonus	7,198	5,845	11,691
<b>Total</b>	<b>65,668</b>	<b>71,523</b>	<b>76,258</b>

## Note 20. Capital adequacy

<i>Amounts in NOK 1000</i>	Q2 2016	Q2 2015	2015
Share capital	179,995	173,195	173,195
+ Share premium reserve	475,874	150,402	150,402
+ Paid, not registered capital	7,087	-	-
+ Retained earnings	1,795,382	1,054,496	1,411,491
- Deferred tax assets and intangible assets	56,663	41,257	50,462
<b>Common equity tier 1</b>	<b>2,401,675</b>	<b>1,336,836</b>	<b>1,684,625</b>
+ Additional tier 1 capital	125,000	125,000	125,000
<b>Tier 1 capital</b>	<b>2,526,675</b>	<b>1,461,836</b>	<b>1,809,625</b>
+ Tier 2 capital	174,929	174,946	174,962
<b>Total capital</b>	<b>2,701,604</b>	<b>1,636,782</b>	<b>1,984,588</b>

### Calculation basis

#### Credit risk

From assets 10%	101,958	-	-
+ From assets 20%	580,563	445,312	419,428
+ From assets 75%	13,107,817	7,867,851	9,791,899
+ From assets 100%	1,311,977	685,017	991,924
+ Other off-balance sheet items	80	3,504	3,463
<b>+ Operational risk</b>	<b>2,034,225</b>	<b>1,397,077</b>	<b>1,397,077</b>
<b>Total calculation basis</b>	<b>17,136,620</b>	<b>10,398,762</b>	<b>12,603,790</b>

<b>Common equity tier 1 %</b>	<b>14.01 %</b>	<b>12.86 %</b>	<b>13.37 %</b>
<b>Tier 1 capital %</b>	<b>14.74 %</b>	<b>14.06 %</b>	<b>14.36 %</b>
<b>Total capital %</b>	<b>15.77 %</b>	<b>15.74 %</b>	<b>15.75 %</b>

## **Note 21. Lease agreements**

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The Bank is sharing premises with Norwegian Air Shuttle. The lease agreement is for Oksenøyveien 3 at Lysaker. The agreement expires 31.3.2018 (with an extension option up to 31.3.2020), whereupon the tenancy terminates without notice. The annual rent totals MNOK 1.9.

## **Note 22. Related parties**

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Bank Norwegian and Norwegian Air Shuttle ASA have since October 2007 had an agreement regarding the Bank's use of the brand name Norwegian, IP-rights, and co-operation regarding the loyalty program and credit cards. The agreement is later expanded to sales financing. In connection with the Bank's establishment in Sweden, the original agreement was replaced by new agreements as of 1.1.2013, with a duration of three years. The agreements are renegotiated and extended until 31.12.2020, and apply to Norway, Sweden, Denmark and Finland. All accrued rights remain. In addition to the co-operation agreement regarding use of brand name and IP-rights, agent agreements have been entered into relating to distribution of financial services regarding credit cards and sales financing of airline tickets.

Norwegian Finans Holding ASA (org. number 991 281 924) owns 100% of Bank Norwegian AS (org. number 991 455 671).

## **Note 23. Subsequent events**

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Management is not aware of any other events after the balance sheet date that may have a significant influence on the accounts.



## Quarterly figures

### Profit and loss account

Amounts in NOK 1000	Norwegian Finans Holding Group				
	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015
Interest income	663,334	559,231	482,037	441,377	407,916
Interest expenses	75,507	82,079	67,054	66,045	69,736
<b>Net interest income</b>	<b>587,826</b>	<b>477,152</b>	<b>414,983</b>	<b>375,332</b>	<b>338,180</b>
Commission and bank services income	60,255	55,602	61,919	49,000	42,662
Commission and bank services expenses	27,453	21,282	23,833	18,981	19,544
Net change in value on securities and currency	65,958	6,916	6,233	-21,171	-1,381
Other income	-	-	214	-	-
<b>Net other operating income</b>	<b>98,759</b>	<b>41,237</b>	<b>44,534</b>	<b>8,849</b>	<b>21,737</b>
<b>Total income</b>	<b>686,586</b>	<b>518,388</b>	<b>459,517</b>	<b>384,180</b>	<b>359,917</b>
Personnel expenses	15,564	17,751	16,600	15,523	11,517
General administrative expenses	198,269	173,170	132,215	127,315	115,150
Ordinary depreciation	3,874	3,727	3,271	3,194	3,224
Other operating expenses	14,927	8,863	7,145	6,401	4,487
<b>Total operating expenses</b>	<b>232,634</b>	<b>203,511</b>	<b>159,230</b>	<b>152,433</b>	<b>134,378</b>
Provision for loan losses	109,494	95,027	68,564	53,944	46,029
<b>Profit before tax</b>	<b>344,458</b>	<b>219,851</b>	<b>231,723</b>	<b>177,803</b>	<b>179,510</b>
Tax charge	86,115	54,963	62,034	48,007	48,468
<b>Profit after tax</b>	<b>258,343</b>	<b>164,888</b>	<b>169,689</b>	<b>129,796</b>	<b>131,042</b>

### Comprehensive income

Amounts in NOK 1000	Norwegian Finans Holding Group				
	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015
<b>Profit after tax</b>	<b>258,343</b>	<b>164,888</b>	<b>169,689</b>	<b>129,796</b>	<b>131,042</b>
Change in fair value for assets held for sale	-37,097	-	60,446	-	-
Tax	278	-	-453	-	-
<b>Items that may be reclassified to profit and loss, after tax</b>	<b>-36,819</b>	<b>-</b>	<b>59,992</b>	<b>-</b>	<b>-</b>
<b>Comprehensive income for the period</b>	<b>221,524</b>	<b>164,888</b>	<b>229,681</b>	<b>129,796</b>	<b>131,042</b>

### Balance sheet

Amounts in NOK 1000	Norwegian Finans Holding Group				
	30.6.16	31.3.16	31.12.15	30.9.15	30.6.15
<b>Assets</b>					
Cash and deposits with central banks	56,958	58,971	58,987	56,003	55,990
Loans and deposits with credit institutions	882,907	437,324	477,841	313,450	402,495
Loans to customers	18,482,456	16,201,657	13,808,175	12,346,568	11,031,778
Certificates and bonds	4,816,506	3,331,623	2,968,530	2,676,002	2,859,876
Financial derivatives	6,775	6,683	-	-	-
Shares and other securities	443	443	443	443	443
Assets held for sale	23,348	60,446	60,446	-	-
Intangible assets	46,998	44,730	42,253	40,560	39,678
Deferred tax asset	9,665	8,404	8,210	1,690	1,579
Fixed assets	400	461	526	816	918
Receivables and accrued income	275,645	196,242	178,198	161,668	142,347
<b>Total assets</b>	<b>24,602,103</b>	<b>20,346,982</b>	<b>17,603,609</b>	<b>15,597,200</b>	<b>14,535,104</b>
<b>Liabilities and equity</b>					
Deposits from customers	19,640,676	15,928,036	13,366,590	11,858,417	10,990,733
Debt securities issued	1,906,711	1,880,311	1,879,571	1,678,878	1,679,417
Financial derivatives	-	-	7,679	1,095	2,754
Tax payable	140,181	192,031	202,086	133,122	85,474
Other liabilities	90,599	58,931	36,374	34,664	27,164
Accrued expenses and unearned income received	65,668	88,975	76,258	84,462	71,523
Subordinated loan	174,929	174,971	174,962	174,943	174,946
<b>Total liabilities</b>	<b>22,018,764</b>	<b>18,323,256</b>	<b>15,743,521</b>	<b>13,965,582</b>	<b>13,032,011</b>
Share capital	179,995	173,195	173,195	173,195	173,195
Share premium reserve	475,874	150,402	150,402	150,402	150,402
Paid, not registered capital	7,087	-	-	-	-
Tier 1 capital	125,000	125,000	125,000	125,000	125,000
Retained earnings and other reserves	1,795,382	1,575,130	1,411,491	1,183,021	1,054,496
<b>Total equity</b>	<b>2,583,338</b>	<b>2,023,726</b>	<b>1,860,088</b>	<b>1,631,618</b>	<b>1,503,092</b>
<b>Total liabilities and equity</b>	<b>24,602,103</b>	<b>20,346,982</b>	<b>17,603,609</b>	<b>15,597,200</b>	<b>14,535,104</b>

## Profit and loss account

Amounts in NOK 1000	Norwegian Finans Holding ASA				
	Q2 2016	Q2 2015	YTD 2016	YTD 2015	2015
Interest income	6	5	10	15	24
Interest expenses	-	-	-	-	-
<b>Net interest income</b>	<b>6</b>	<b>5</b>	<b>10</b>	<b>15</b>	<b>24</b>
Commission and bank services income	-	-	-	-	-
Commission and bank services expenses	224	79	242	156	315
Net change in value on securities and currency	-	-	-	-	-
Other income	-	-	-	-	-
<b>Net other operating income</b>	<b>-224</b>	<b>-79</b>	<b>-242</b>	<b>-156</b>	<b>-315</b>
<b>Total income</b>	<b>-218</b>	<b>-74</b>	<b>-232</b>	<b>-141</b>	<b>-291</b>
Personnel expenses	443	362	1,206	698	1,431
General administrative expenses	-	-	-	-	-
Ordinary depreciation	-	-	-	-	-
Other operating expenses	4,384	63	4,384	98	99
<b>Total operating expenses</b>	<b>4,827</b>	<b>425</b>	<b>5,590</b>	<b>796</b>	<b>1,530</b>
Provision for loan losses	-	-	-	-	-
<b>Profit before tax</b>	<b>-5,045</b>	<b>-499</b>	<b>-5,822</b>	<b>-937</b>	<b>-1,821</b>
Tax charge	-1,261	-135	-1,455	-253	-368
<b>Profit after tax</b>	<b>-3,784</b>	<b>-364</b>	<b>-4,366</b>	<b>-684</b>	<b>-1,453</b>

## Comprehensive income

Amounts in NOK 1000	Norwegian Finans Holding ASA				
	Q2 2016	Q2 2015	YTD 2016	YTD 2015	2015
<b>Profit after tax</b>	<b>-3,784</b>	<b>-364</b>	<b>-4,366</b>	<b>-684</b>	<b>-1,453</b>
<b>Comprehensive income for the period</b>	<b>-3,784</b>	<b>-364</b>	<b>-4,366</b>	<b>-684</b>	<b>-1,453</b>

## Balance sheet

Amounts in NOK 1000	Norwegian Finans Holding ASA		
	30.6.16	30.6.15	31.12.15
<b>Assets</b>			
Loans and deposits with credit institutions	11,711	17,225	17,014
Ownership interests in group companies	650,000	310,000	310,000
Deferred tax asset	2,996	1,426	1,541
Receivables and accrued income	10	15	-
<b>Total assets</b>	<b>664,718</b>	<b>328,666</b>	<b>328,555</b>
<b>Liabilities and equity</b>			
Other liabilities	1,771	-	-
Accrued expenses and unearned income received	734	677	1,335
<b>Total liabilities</b>	<b>2,505</b>	<b>677</b>	<b>1,335</b>
Share capital	179,995	173,195	173,195
Share premium reserve	475,874	150,402	150,402
Paid, not registered capital	7,087	-	-
Retained earnings and other reserves	-743	4,392	3,623
<b>Total equity</b>	<b>662,213</b>	<b>327,989</b>	<b>327,220</b>
<b>Total liabilities and equity</b>	<b>664,718</b>	<b>328,666</b>	<b>328,555</b>

Bærum, August 11, 2016  
Board of Directors of Norwegian Finans Holding ASA

Bjørn H. Kise  
Chairman of the Board

Anita Aarnæs  
Board Member

Maria Borch Helsingreen  
Board Member

Brede G. Huser  
Board Member

John Høsteland  
Board Member

Erik Jensen  
CEO

## Cash flow statement

<i>Amounts in NOK 1000</i>	Norwegian Finans Holding ASA		
	Q2 2016	Q2 2015	2015
Profit / loss before tax	-4,366	-684	-1,453
Change in other accruals	-1,466	-268	-368
Change in short-term liabilities	1,170	-638	20
<b>Net cash flow from operating activities</b>	<b>-4,662</b>	<b>-1,590</b>	<b>-1,801</b>
Net investment in group companies	-340,000	-	-
<b>Net cash flow from investment activities</b>	<b>-340,000</b>	<b>-</b>	<b>-</b>
Paid-in equity	339,359	5,473	5,473
<b>Net cash flow from financing activities</b>	<b>339,359</b>	<b>5,473</b>	<b>5,473</b>
Net cash flow for the period	-5,303	3,883	3,672
Cash and cash equivalents at the start of the period	17,014	13,342	13,342
<b>Cash and cash equivalents at the end of the period</b>	<b>11,711</b>	<b>17,225</b>	<b>17,014</b>

## Changes in equity

<i>Amounts in NOK 1000</i>	Norwegian Finans Holding ASA					
	Share capital	Share capital reserve	Paid, not registered capital	Tier 1 capital	Retained earnings and other reserves	Total equity
<b>Balance 31.12.15</b>	<b>173,195</b>	<b>150,402</b>	-	-	<b>3,623</b>	<b>327,220</b>
Profit after tax	-	-	-	-	-4,366	-4,366
<b>Comprehensive income for the period</b>	-	-	-	-	<b>-4,366</b>	<b>-4,366</b>
Capital increase	6,800	333,200	7,087	-	-	347,087
Share issue expenses	-	-7,728	-	-	-	-7,728
<b>Balance 30.6.16</b>	<b>179,995</b>	<b>475,874</b>	<b>7,087</b>	-	<b>-743</b>	<b>662,213</b>
<b>Balance 31.12.14</b>	<b>173,000</b>	<b>145,123</b>	-	-	<b>5,076</b>	<b>323,200</b>
Profit after tax	-	-	-	-	-684	-684
<b>Comprehensive income for the period</b>	-	-	-	-	<b>-684</b>	<b>-684</b>
Capital increase	195	5,279	-	-	-	5,474
<b>Balance 30.6.15</b>	<b>173,195</b>	<b>150,402</b>	-	-	<b>4,392</b>	<b>327,989</b>

## Notes for Norwegian Finans Holding ASA

### General accounting principles

The interim report for the second quarter 2016 is prepared according to International Financial Reporting Standards as endorsed by the European Union, hereunder IAS 34 Interim Financial Reporting. The interim report for the second quarter 2016 is prepared using the same accounting principles and calculation methods as described in the interim report for the first quarter 2016, and should be read in conjunction with this.

The accounts up to 31.12.2015 have been prepared in accordance with the Financial Reporting Act, Regulations relating to Financial Reporting for Banks, Finance Companies and their Parent Companies, Regulations relating to the Treatment of Loans and Guarantees in the Accounts of Financial Institutions and the Generally Accepted Accounting Principles in Norway. Comparable figures have been prepared as if the group had adopted IFRS from 1.1.2015.

Shares held by Norwegian Finans Holding ASA is 100% of the shares of Bank Norwegian AS. These are recorded in the financial statements at cost and are eliminated on consolidation.