

**Report for the third quarter 2016**

**Norwegian Finans Holding ASA**

## Norwegian Finans Holding ASA Report for the third 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 third quarter 2016 the bank had a customer base of 852,600 customers, which can be broken down into 609,900 credit card customers, 131,400 loan customers and 111,300 deposit customers.

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

The NFH Group's comprehensive income amounted to MNOK 633.1 as of September 30, 2016, compared with MNOK 370.1 for the same period in 2015. Net interest income totalled MNOK 1,732.2, net other operating income amounted to MNOK 184.1, while total operating expenses were MNOK 700.9. Provisions for loan losses were MNOK 323.6.

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

The NFH Group's comprehensive income amounted to MNOK 246.7 compared with MNOK 221.5 in the second quarter 2016. The increase is explained by strong loan growth. Annual return on equity and return on assets in the third quarter amounted to 38.7% and 3.7%, respectively.

Net interest income amounted to MNOK 667.3, an increase of MNOK 79.4 from the second quarter. The net interest margin amounted to 10.1%, compared with 10.5% in the second quarter.

Net other operating income amounted to MNOK 44.1 compared with MNOK 98.8 in the second quarter. Net commission income increased MNOK 5.4 to MNOK 38.2 due an increase in credit card use. Net gains on securities and currency amounted to

MNOK 5.8, compared with MNOK 66.0 in the second quarter which included received gains from the sale of Visa Europe of MNOK 57.7.

Total operating expenses amounted to MNOK 264.8 compared with MNOK 232.6 in the second quarter. Personnel expenses increased MNOK 2.4 due to accrual effects. Administrative expenses increased MNOK 32.9 mainly due to increased marketing expenses, hereunder in connection with establishing credit card operations in Denmark and Finland. Depreciation was unchanged. Other operating expenses decreased MNOK 3.2 mainly due to listing expenses charged in the second quarter.

The bank's write-downs on loans were MNOK 119.1, an increase of MNOK 9.6 from the second quarter. Write-downs equalled 2.3% of average gross loans, compared with 2.4% in the second quarter. Gross delinquent loans were MNOK 1,336, compared with MNOK 1,145 at the end of the second quarter. Delinquent loans accounted for 6.1% of gross loans, compared with 6.0% at the end of the previous quarter. Non-performing loans accounted for 3.9% of gross loans, compared with 3.8% the end of the second quarter.

### Balance sheet as of September 30, 2016

Total assets increased MNOK 3,225 in the quarter and amounted to MNOK 27,827. Net loans to customers increased MNOK 2,600 and amounted to MNOK 21,082. Consumer loans amounted to MNOK 16,370 and credit card loans amounted to MNOK 5,394.

Customer deposits increased MNOK 2,513 and amounted to MNOK 22,154 at the end of the quarter.

Liquid assets increased MNOK 637 and amounted to MNOK 6,393, equivalent to 23.0% of total assets.

In the third quarter the Bank issued MNOK 210 in Tier 1 capital and MNOK 100 in subordinated loans. Total equity amounted to MNOK 3,038, compared with MNOK 2,583 as of 30.6.2016. The total capital ratio was 17.3%, the tier 1 capital ratio was 15.9% and the common equity tier 1 ratio was 14.1%.

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 slow growth and stable unemployment. The Swedish economy shows strong growth and falling unemployment. The Danish and Finnish economies show slow 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. The bank is expected to benefit from the low levels of interest rates through low funding costs.

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 fourth quarter.

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, October 27, 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	Q3 2016	Q3 2015	YTD 2016	YTD 2015	2015
Interest income		753,622	441,377	1,976,187	1,228,396	1,710,433
Interest expenses		86,367	66,045	243,954	218,767	285,817
<b>Net interest income</b>	9	<b>667,254</b>	<b>375,332</b>	<b>1,732,233</b>	<b>1,009,628</b>	<b>1,424,615</b>
Commission and bank services income	10	67,989	49,000	183,845	130,728	192,647
Commission and bank services expenses	10	29,834	18,981	78,568	54,731	78,564
Net change in value on securities and currency	11	5,752	-21,171	78,626	-24,907	-18,674
Other income		170	-	170	-	214
<b>Net other operating income</b>		<b>44,077</b>	<b>8,849</b>	<b>184,073</b>	<b>51,090</b>	<b>95,624</b>
<b>Total income</b>		<b>711,331</b>	<b>384,180</b>	<b>1,916,305</b>	<b>1,060,718</b>	<b>1,520,239</b>
Personnel expenses		17,977	15,523	51,292	41,573	58,172
General administrative expenses	12	231,153	127,315	602,592	345,479	477,694
Ordinary depreciation		3,892	3,194	11,494	12,207	15,477
Other operating expenses	13	11,772	6,401	35,562	15,091	22,236
<b>Total operating expenses</b>		<b>264,794</b>	<b>152,433</b>	<b>700,939</b>	<b>414,349</b>	<b>573,580</b>
Provision for loan losses	3	119,073	53,944	323,594	139,322	207,886
<b>Profit before tax</b>		<b>327,464</b>	<b>177,803</b>	<b>891,772</b>	<b>507,047</b>	<b>738,774</b>
Tax charge		81,866	48,007	222,943	136,903	198,934
<b>Profit after tax</b>		<b>245,598</b>	<b>129,796</b>	<b>668,830</b>	<b>370,144</b>	<b>539,840</b>
Earnings per share (NOK)		1.36	0.75	3.79	2.14	3.12
Diluted earnings per share (NOK)		1.36	0.75	3.79	2.14	3.12

## Comprehensive income

		Norwegian Finans Holding Group				
<i>Amounts in NOK 1000</i>		Q3 2016	Q3 2015	YTD 2016	YTD 2015	2015
<b>Profit after tax</b>		<b>245,598</b>	<b>129,796</b>	<b>668,830</b>	<b>370,144</b>	<b>539,840</b>
Change in fair value for assets held for sale		1,147	-	-35,951	-	60,446
Tax		-9	-	270	-	-453
<b>Items that may be reclassified to profit and loss, after tax</b>		<b>1,138</b>	<b>-</b>	<b>-35,681</b>	<b>-</b>	<b>59,992</b>
<b>Comprehensive income for the period</b>		<b>246,737</b>	<b>129,796</b>	<b>633,149</b>	<b>370,144</b>	<b>599,832</b>

## Balance sheet

Amounts in NOK 1000	Note	Norwegian Finans Holding Group		
		30.9.16	30.9.15	31.12.15
<b>Assets</b>				
Cash and deposits with central banks	8, 15	56,948	56,003	58,987
Loans and deposits with credit institutions	8, 15	791,698	313,450	477,841
Loans to customers	4, 5, 6, 15	21,082,444	12,346,568	13,808,175
Certificates and bonds	14	5,544,250	2,676,002	2,968,530
Financial derivatives	14	14,364	-	-
Shares and other securities	14	443	443	443
Assets held for sale	14, 17	24,495	-	60,446
Intangible assets		46,872	40,560	42,253
Deferred tax asset		9,872	1,690	8,210
Fixed assets		84	816	526
Receivables and accrued income	18	255,373	161,668	178,198
<b>Total assets</b>		<b>27,826,843</b>	<b>15,597,200</b>	<b>17,603,609</b>
<b>Liabilities and equity</b>				
Deposits from customers	15	22,154,135	11,858,417	13,366,590
Debt securities issued	15, 16	1,991,948	1,678,878	1,879,571
Financial derivatives	14	-	1,095	7,679
Tax payable		221,859	133,122	202,086
Other liabilities	19	51,995	34,664	36,374
Accrued expenses and unearned income received	20	94,048	84,462	76,258
Subordinated loan	15, 16	274,859	174,943	174,962
<b>Total liabilities</b>		<b>24,788,843</b>	<b>13,965,582</b>	<b>15,743,521</b>
Share capital		180,104	173,195	173,195
Share premium reserve		482,827	150,402	150,402
Tier 1 capital		335,000	125,000	125,000
Retained earnings and other reserves		2,040,069	1,183,021	1,411,491
<b>Total equity</b>	21	<b>3,038,000</b>	<b>1,631,618</b>	<b>1,860,088</b>
<b>Total liabilities and equity</b>		<b>27,826,843</b>	<b>15,597,200</b>	<b>17,603,609</b>

Bærum, October 27, 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		
	Q3 2016	Q3 2015	2015
Profit / loss after tax	633,149	370,144	599,832
Unrealized gains or losses on currency	46,400	-18,790	-14,581
Depreciation and amortization	11,494	12,207	15,477
Net gain from sale of fixed assets	-170	-	-
Provision for loan losses	323,594	139,322	207,886
Change in loans	-7,597,863	-3,067,083	-4,597,254
Change in deposits from customers	8,787,545	1,702,719	3,210,893
Change in securities	-2,575,721	786,992	494,464
Change in assets held for sale, before tax	-21,709	-	-60,446
Change in other accruals	-93,201	-23,311	-46,361
Change in short-term liabilities	45,485	33,744	102,796
<b>Net cash flow from operating activities</b>	<b>-440,997</b>	<b>-64,057</b>	<b>-87,294</b>
Proceeds from settlement of assets held for sale	57,659	-	-
Payment for acquisition of intangible assets	-15,950	-18,585	-23,459
Disposals of fixed assets	450	-	201
<b>Net cash flow from investment activities</b>	<b>42,159</b>	<b>-18,585</b>	<b>-23,258</b>
Paid-in equity	339,334	5,473	5,473
Change in debt securities issued	112,377	72,997	273,689
Change in subordinated loan	99,896	-23	-4
Issued Tier 1 capital	209,160	-	-
Payment to Tier 1 capital investors, after tax	-3,711	-3,844	-5,062
<b>Net cash flow from financing activities</b>	<b>757,056</b>	<b>74,602</b>	<b>274,096</b>
Currency effect on cash and cash equivalents	-46,400	18,790	14,581
Net cash flow for the period	311,818	10,750	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>848,646</b>	<b>369,453</b>	<b>536,828</b>

## Changes in equity

### Norwegian Finans Holding Group

<i>Amounts in NOK 1000</i>	Share capital	Share capital reserve	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	-	-	-	668,830	668,830
Items that may be reclassified to profit and loss, after tax	-	-	-	-35,681	-35,681
<b>Comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>633,149</b>	<b>633,149</b>
Paid interest Tier 1 capital	-	-	-	-4,948	-4,948
Tax	-	-	-	1,237	1,237
Capital increase	6,909	340,178	-	-	347,087
Share issue expenses	-	-7,753	-	-	-7,753
Issued Tier 1 capital	-	-	210,000	-840	209,160
Other equity changes	-	-	-	-18	-18
<b>Balance 30.9.16</b>	<b>180,104</b>	<b>482,827</b>	<b>335,000</b>	<b>2,040,069</b>	<b>3,038,000</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	-	-	-	370,144	370,144
<b>Comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>370,144</b>	<b>370,144</b>
Paid interest Tier 1 capital	-	-	-	-5,266	-5,266
Tax	-	-	-	1,422	1,422
Capital increase	195	5,279	-	-	5,474
<b>Balance 30.9.15</b>	<b>173,195</b>	<b>150,402</b>	<b>125,000</b>	<b>1,183,021</b>	<b>1,631,618</b>

## Notes for Norwegian Finans Holding Group

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

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The interim report for the third 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 third 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 Q3 2016

<i>Amounts in NOK 1000</i>	Norway	Sweden	Denmark / Finland	Other	Total
Net interest income	1,155,209	405,277	171,734	12	1,732,233
Net other operating income	159,201	15,232	9,921	-282	184,073
<b>Total income</b>	<b>1,314,410</b>	<b>420,510</b>	<b>181,655</b>	<b>-269</b>	<b>1,916,305</b>
Total operating expenses	356,828	183,946	153,785	6,380	700,939
Provision for loan losses	140,398	97,627	85,569	-	323,594
<b>Profit before tax</b>	<b>817,184</b>	<b>138,937</b>	<b>-57,700</b>	<b>-6,649</b>	<b>891,772</b>
Tax charge	204,296	34,734	-14,425	-1,662	222,943
<b>Profit after tax</b>	<b>612,888</b>	<b>104,203</b>	<b>-43,274</b>	<b>-4,987</b>	<b>668,830</b>
<b>Items that may be reclassified to profit and loss, after tax</b>	<b>-35,681</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-35,681</b>
<b>Comprehensive income for the period</b>	<b>577,207</b>	<b>104,203</b>	<b>-43,274</b>	<b>-4,987</b>	<b>633,149</b>

### Balance sheet 30.9.16

<i>Amounts in NOK 1000</i>	Norway	Sweden	Denmark / Finland	Other	Total
Loans to customers	13,157,133	4,580,770	3,344,541	-	21,082,444
Other assets	4,951,901	1,308,037	471,705	12,756	6,744,398
<b>Total assets</b>	<b>18,109,034</b>	<b>5,888,807</b>	<b>3,816,246</b>	<b>12,756</b>	<b>27,826,843</b>
Deposits from customers	13,698,817	5,698,888	2,756,429	-	22,154,135
Other liabilities and equity	4,410,217	189,918	1,059,817	12,756	5,672,708
<b>Total liabilities and equity</b>	<b>18,109,034</b>	<b>5,888,807</b>	<b>3,816,246</b>	<b>12,756</b>	<b>27,826,843</b>

### Profit and loss account as of Q3 2015

<i>Amounts in NOK 1000</i>	Norway	Sweden	Denmark / Finland	Other	Total
Net interest income	806,894	202,714	-	20	1,009,628
Net other operating income	34,343	16,984	-	-237	51,090
<b>Total income</b>	<b>841,237</b>	<b>219,698</b>	<b>-</b>	<b>-217</b>	<b>1,060,718</b>
Total operating expenses	284,978	128,239	-	1,133	414,349
Provision for loan losses	87,184	52,138	-	-	139,322
<b>Profit before tax</b>	<b>469,075</b>	<b>39,322</b>	<b>-</b>	<b>-1,350</b>	<b>507,047</b>
Tax charge	126,650	10,617	-	-365	136,903
<b>Profit after tax</b>	<b>342,425</b>	<b>28,705</b>	<b>-</b>	<b>-986</b>	<b>370,144</b>
<b>Comprehensive income for the period</b>	<b>342,425</b>	<b>28,705</b>	<b>-</b>	<b>-986</b>	<b>370,144</b>

### Balance sheet 30.9.15

<i>Amounts in NOK 1000</i>	Norway	Sweden	Denmark / Finland	Other	Total
Loans to customers	9,398,578	2,947,990	-	-	12,346,568
Other assets	2,840,457	391,475	-	18,700	3,250,632
<b>Total assets</b>	<b>12,239,035</b>	<b>3,339,465</b>	<b>-</b>	<b>18,700</b>	<b>15,597,200</b>
Deposits from customers	9,109,273	2,749,143	-	-	11,858,417
Other liabilities and equity	3,129,762	590,321	-	18,700	3,738,783
<b>Total liabilities and equity</b>	<b>12,239,035</b>	<b>3,339,465</b>	<b>-</b>	<b>18,700</b>	<b>15,597,200</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 30.9.2016.

<i>Amounts in NOK 1000</i>	YTD 2016	YTD 2015	2015
Realized losses in the period	5,471	-	-
Collected on previous realized losses	-	-	-4,698
Individual write-downs	110,715	71,074	66,443
<b>Net individual write-downs on loans</b>	<b>116,186</b>	<b>71,074</b>	<b>61,745</b>
The period's change in write-downs on groups of loans	207,408	68,248	146,141
<b>Provision for loan losses</b>	<b>323,594</b>	<b>139,322</b>	<b>207,886</b>

### Note 4. Loans to customers

<i>Amounts in NOK 1000</i>	Q3 2016	Q3 2015	2015
Overdraft facilities and lines of credit	2,701	16,185	15,918
Credit cards	5,393,648	3,434,684	3,899,361
Instalment loans	16,369,517	9,236,001	10,284,870
<b>Gross loans to customers</b>	<b>21,765,866</b>	<b>12,686,870</b>	<b>14,200,148</b>
Individual write-downs on loans	-168,613	-65,536	-63,607
Write-downs on groups of loans	-514,809	-274,766	-328,367
<b>Net loans to customers</b>	<b>21,082,444</b>	<b>12,346,568</b>	<b>13,808,175</b>

#### Loans by geographical regions

<i>Amounts in NOK 1000</i>	Q3 2016	Q3 2015	2015
Oslo	1,807,557	1,294,916	1,395,296
Akershus	1,778,153	1,287,138	1,376,144
Hordaland	1,453,541	1,047,443	1,123,411
Rogaland	1,158,867	788,815	857,289
Østfold	854,894	617,613	661,678
Buskerud	748,076	539,207	578,853
Sør-Trøndelag	698,156	507,313	523,644
Nordland	685,377	487,296	538,383
Vestfold	668,252	476,236	500,779
Møre og Romsdal	581,024	414,009	444,368
Troms	495,251	358,650	374,534
Hedmark	481,014	323,807	350,996
Oppland	422,462	302,042	326,862
Telemark	411,037	288,219	309,220
Vest-Agder	329,824	228,214	242,550
Nord-Trøndelag	285,134	204,440	218,646
Finnmark	270,796	189,584	207,876
Aust-Agder	240,405	157,616	172,386
Sogn og Fjordane	181,112	129,431	139,041
Svalbard	1,773	918	1,345
<b>Total Norway</b>	<b>13,552,704</b>	<b>9,642,908</b>	<b>10,343,301</b>
Sweden	4,784,527	3,043,961	3,762,297
Finland	2,462,430	-	11,395
Denmark	966,206	-	83,156
<b>Gross loans to customers</b>	<b>21,765,866</b>	<b>12,686,870</b>	<b>14,200,148</b>

## Note 5. Risk classes

Amounts in NOK 1000	Gross loans			Undrawn credit limits		
	Q3 2016	Q3 2015	2015	Q3 2016	Q3 2015	2015
A	3,401,484	2,042,206	2,295,002	17,663,962	12,443,249	13,187,165
B	8,456,689	4,876,329	5,257,335	821,832	547,922	519,571
C	2,857,399	1,512,452	1,727,698	158,448	163,486	156,689
D	2,220,992	1,312,733	1,433,251	214,509	190,007	176,935
E	1,216,167	789,613	929,614	141,413	51,445	45,699
F	435,883	302,892	343,250	32,245	15,004	12,688
G	551,341	337,465	392,763	20,436	14,407	13,277
H	239,158	143,182	166,216	17,609	7,555	9,031
I	227,948	144,001	175,299	3,403	2,470	2,215
J	203,850	124,033	152,971	1,373	1,305	1,225
S	327,347	242,001	241,598	-	-	-
T	46,947	33,317	35,212	3,665	2,840	2,929
U	158,560	77,167	93,693	-	-	-
V	1,019,073	574,255	695,120	1,050	647	617
W	326,352	91,957	122,829	-	-	-
Total classified	21,689,189	12,603,602	14,061,851	19,079,946	13,440,338	14,128,041
Not classified	76,677	83,268	138,297	47,201	44,802	69,662
<b>Total</b>	<b>21,765,866</b>	<b>12,686,870</b>	<b>14,200,148</b>	<b>19,127,147</b>	<b>13,485,140</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	Q3 2016	Q3 2015	2015
Gross defaulted loans	1,336,021	665,465	819,174
Individual write-downs on loans	-168,613	-65,536	-63,607
Write-downs on groups of loans	-514,809	-274,766	-328,367
<b>Net defaulted loans</b>	<b>652,599</b>	<b>325,163</b>	<b>427,200</b>

Defaulted loans which are performing	334,971	142,484	187,061
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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	Q3 2016					Total
	5 - 15 days	16 - 30 days	31 - 60 days	61 - 90 days	Over 90 days	
Retail market	1,139,322	184,824	388,720	178,758	1,008,310	2,899,935
<b>Total</b>	<b>1,139,322</b>	<b>184,824</b>	<b>388,720</b>	<b>178,758</b>	<b>1,008,310</b>	<b>2,899,935</b>

Amounts in NOK 1000	Q3 2015					Total
	5 - 15 days	16 - 30 days	31 - 60 days	61 - 90 days	Over 90 days	
Retail market	884,038	143,516	251,644	101,409	572,774	1,953,380
<b>Total</b>	<b>884,038</b>	<b>143,516</b>	<b>251,644</b>	<b>101,409</b>	<b>572,774</b>	<b>1,953,380</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. Liquidity risk

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

At 30.9.2016 the Liquidity Coverage Ratio (LCR) at total level for the Bank was 151%. The legal requirement for liquidity reserve (LCR) at total level is 70% at 30.9.2016. The Bank has significant positions in Norwegian and Swedish kroner in addition to Euro. At 30.9.2016 the LCR was 182% in Norwegian kroner, 96% in Swedish kroner and 0% in Euro.

## Note 8. Loans and deposits with credit institutions and central banks

<i>Amounts in NOK 1000</i>	Q3 2016	Q3 2015	2015
Loans and deposits with credit institutions and central banks without agreed maturity or notice period	848,646	369,453	536,828
<b>Total loans and deposits with credit institutions and central banks</b>	<b>848,646</b>	<b>369,453</b>	<b>536,828</b>

<i>Amounts in NOK 1000</i>	Q3 2016	Q3 2015	2015
SEK	330,926	265,836	224,088
NOK	301,551	103,617	270,198
DKK	114,564	-	18,771
EUR	101,605	-	23,771
<b>Total</b>	<b>848,646</b>	<b>369,453</b>	<b>536,828</b>

Average interest rate Norwegian Finans Holding Group	0.25 %	0.66 %	0.52 %
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Average interest rate is calculated as interest amount in percentage of average volume for the current period.

## Note 9. Net interest income

<i>Amounts in NOK 1000</i>	YTD 2016	YTD 2015	2015
Interest income from cash and deposits with central banks	248	485	596
Interest income from loans to and deposits with credit institutions	1,052	1,326	1,732
Interest income from consumer loans	1,481,775	874,504	1,225,876
Interest income from overdraft accounts	1,016	1,853	2,445
Interest income from credit cards	439,615	303,910	419,657
Interest income from sales financing	4,146	2,695	5,640
Interest and other income from certificates and bonds	44,433	41,486	51,604
Other interest and other interest related income	3,902	2,137	2,883
<b>Total interest income</b>	<b>1,976,187</b>	<b>1,228,396</b>	<b>1,710,433</b>
Interest expense from deposits from customers	200,939	175,271	231,368
Interest expense on debt securities issued	26,734	29,315	38,544
Interest expense on subordinated loan	5,049	5,370	7,092
Other interest and other interest related expenses	11,232	8,812	8,812
<b>Total interest expenses</b>	<b>243,954</b>	<b>218,767</b>	<b>285,817</b>
<b>Net interest income</b>	<b>1,732,233</b>	<b>1,009,628</b>	<b>1,424,615</b>

## Note 10. Net other operating income

<i>Amounts in NOK 1000</i>	YTD 2016	YTD 2015	2015
Payment services	124,828	88,946	125,191
Insurance services	34,895	25,477	34,446
Other fees and commission and bank services income	24,122	16,305	33,010
<b>Commission and bank services income</b>	<b>183,845</b>	<b>130,728</b>	<b>192,647</b>
Network costs	13,697	7,672	11,766
Payment services	25,914	18,290	26,730
Insurance services	29,207	22,540	31,436
Other fees and commission and bank services expenses	9,750	6,229	8,632
<b>Commission and bank services expenses</b>	<b>78,568</b>	<b>54,731</b>	<b>78,564</b>

## Note 11. 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	8,148	-26,995	-25,109
Net gains on FX-forwards	117,561	-40,508	-70,269
Net currency effects	-104,744	42,595	76,704
Net gains on shares and other securities with variable yield	57,659	-	-
<b>Total</b>	<b>78,626</b>	<b>-24,907</b>	<b>-18,674</b>

## Note 12. General administrative expenses

<i>Amounts in NOK 1000</i>	YTD 2016	YTD 2015	2015
Sales and marketing	505,844	277,101	381,874
IT operations	52,021	43,038	59,020
External service fees and hired temporary staff for ordinary operations	17,719	10,535	15,742
Other administrative expenses	27,007	14,805	21,058
<b>Total</b>	<b>602,592</b>	<b>345,479</b>	<b>477,694</b>

## Note 13. Other operating expenses

<i>Amounts in NOK 1000</i>	YTD 2016	YTD 2015	2015
Credit information	21,077	7,268	10,790
Auditor	2,343	686	883
Rental of premises	1,606	2,555	3,095
Insurance	381	388	509
Machinery, fixtures and transport vehicles	333	551	738
Other operating expenses	9,822	3,643	6,221
<b>Total</b>	<b>35,562</b>	<b>15,091</b>	<b>22,236</b>

## Note 14. 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	Q3 2016			
	Level 1	Level 2	Level 3	Total
Certificates and bonds	-	5,544,250	-	5,544,250
Financial derivatives	-	14,364	-	14,364
Shares and other securities	-	-	443	443
Financial assets held for sale	-	-	24,495	24,495
<b>Total financial assets at fair value</b>	<b>-</b>	<b>5,558,614</b>	<b>24,938</b>	<b>5,583,552</b>

Amounts in NOK 1000	Q3 2015			
	Level 1	Level 2	Level 3	Total
Certificates and bonds	-	2,676,002	-	2,676,002
Shares and other securities	-	-	443	443
<b>Total financial assets at fair value</b>	<b>-</b>	<b>2,676,002</b>	<b>443</b>	<b>2,676,445</b>
Financial derivatives	-	1,095	-	1,095
<b>Total financial liabilities at fair value</b>	<b>-</b>	<b>1,095</b>	<b>-</b>	<b>1,095</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	-	7,679	-	7,679
<b>Total financial liabilities at fair value</b>	<b>-</b>	<b>7,679</b>	<b>-</b>	<b>7,679</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	-	21,709	21,709
<b>Value 30.9.16</b>	<b>443</b>	<b>24,495</b>	<b>24,938</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 24.5 as of 30.9.2016, based on information from Visa Norway. See note 17 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 15. 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

Amounts in NOK 1000	Q3 2016		Q3 2015		2015	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Cash and deposits with central banks	56,948	56,948	56,003	56,003	58,987	58,987
Loans and deposits with credit institutions	791,698	791,698	313,450	313,450	477,841	477,841
Loans to customers	21,082,444	21,082,444	12,346,568	12,346,568	13,808,175	13,808,175
<b>Total financial assets</b>	<b>21,931,090</b>	<b>21,931,090</b>	<b>12,716,021</b>	<b>12,716,021</b>	<b>14,345,003</b>	<b>14,345,003</b>
Deposits from customers	22,154,135	22,154,135	11,858,417	11,858,417	13,366,590	13,366,590
Debt securities issued	1,991,948	1,990,180	1,678,878	1,686,382	1,879,571	1,862,522
Subordinated loan	274,859	274,519	174,943	177,520	174,962	179,165
<b>Total financial liabilities</b>	<b>24,420,942</b>	<b>24,418,834</b>	<b>13,712,239</b>	<b>13,722,319</b>	<b>15,421,123</b>	<b>15,408,277</b>

## Note 16. Debt securities issued and subordinated loan

### Debt securities issued

Amounts in NOK 1000	Q3 2016	Q3 2015	2015
Certificates, nominal value	86,000	-	200,000
Bonds, nominal value	1,900,000	1,674,000	1,674,000
Value adjustments	375	1,137	977
Accrued interest	5,574	3,741	4,594
<b>Total debt securities issued</b>	<b>1,991,948</b>	<b>1,678,878</b>	<b>1,879,571</b>

### Change in debt securities issued

Amounts in NOK 1000	Balance 30.9.16	Issued	Overdue / redeemed	Other changes	Balance 31.12.15
Certificates, nominal value	86,000	-	-114,000	-	200,000
Bonds, nominal value	1,900,000	500,000	-274,000	-	1,674,000
Value adjustments	375	-	-	-603	977
Accrued interest	5,574	-	-	980	4,594
<b>Total debt securities issued</b>	<b>1,991,948</b>	<b>500,000</b>	<b>-388,000</b>	<b>377</b>	<b>1,879,571</b>

Amounts in NOK 1000	Balance 30.9.15	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	1,137	-	-	-881	2,018
Accrued interest	3,741	-	-	-123	3,864
<b>Total debt securities issued</b>	<b>1,678,878</b>	<b>400,000</b>	<b>-326,000</b>	<b>-1,004</b>	<b>1,605,882</b>

### Change in subordinated loan

Amounts in NOK 1000	Balance 30.9.16	Issued	Overdue / redeemed	Other changes	Balance 31.12.15
Subordinated loan, nominal value	275,000	100,000	-	-	175,000
Value adjustments	-599	-	-	-184	-416
Accrued interest	458	-	-	80	378
<b>Total subordinated loan</b>	<b>274,859</b>	<b>100,000</b>	<b>-</b>	<b>-104</b>	<b>174,962</b>

Amounts in NOK 1000	Balance 30.9.15	Issued	Overdue / redeemed	Other changes	Balance 31.12.14
Subordinated loan, nominal value	175,000	-	-	-	175,000
Value adjustments	-429	-	-	39	-468
Accrued interest	372	-	-	-63	435
<b>Total subordinated loan</b>	<b>174,943</b>	<b>-</b>	<b>-</b>	<b>-24</b>	<b>174,967</b>

## Note 17. 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 18. Receivables and accrued income

<i>Amounts in NOK 1000</i>	Q3 2016	Q3 2015	2015
Distribution commissions	236,690	148,842	164,270
Prepaid expenses	16,938	6,982	5,484
Other receivables	1,745	5,844	8,445
<b>Total</b>	<b>255,373</b>	<b>161,668</b>	<b>178,198</b>

## Note 19. Other liabilities

<i>Amounts in NOK 1000</i>	Q3 2016	Q3 2015	2015
Payables to suppliers	34,177	17,133	26,735
Value added tax	3,472	2,761	4,101
Tax withholdings	1,336	1,073	1,765
Social security tax	934	816	1,484
Other liabilities	12,076	12,880	2,289
<b>Total</b>	<b>51,995</b>	<b>34,664</b>	<b>36,374</b>

## Note 20. Accrued expenses and unearned income received

<i>Amounts in NOK 1000</i>	Q3 2016	Q3 2015	2015
Accrued not due expenses	78,243	70,494	58,266
Bonus	10,498	8,768	11,691
Holiday pay	3,100	2,681	3,779
Accrued fees	1,314	1,899	1,694
Board remuneration	894	621	827
<b>Total</b>	<b>94,048</b>	<b>84,462</b>	<b>76,258</b>

## Note 21. Capital adequacy

<i>Amounts in NOK 1000</i>	Q3 2016	Q3 2015	2015
Share capital	180,104	173,195	173,195
+ Share premium reserve	482,827	150,402	150,402
+ Retained earnings	2,040,069	1,183,021	1,411,491
- Deferred tax assets and intangible assets	56,743	42,251	50,462
<b>Common equity tier 1</b>	<b>2,646,256</b>	<b>1,464,367</b>	<b>1,684,625</b>
+ Additional tier 1 capital	335,000	125,000	125,000
<b>Tier 1 capital</b>	<b>2,981,256</b>	<b>1,589,367</b>	<b>1,809,625</b>
+ Tier 2 capital	274,859	174,943	174,962
<b>Total capital</b>	<b>3,256,115</b>	<b>1,764,310</b>	<b>1,984,588</b>

### Calculation basis

#### Credit risk

From assets 10%	129,111	-	-
+ From assets 20%	651,775	402,663	419,428
+ From assets 75%	14,936,297	8,796,292	9,791,899
+ From assets 100%	1,462,140	781,105	991,924
+ Other off-balance sheet items	65	3,451	3,463
<b>+ Operational risk</b>	<b>1,627,380</b>	<b>1,397,077</b>	<b>1,397,077</b>
<b>Total calculation basis</b>	<b>18,806,767</b>	<b>11,380,589</b>	<b>12,603,790</b>

<b>Common equity tier 1 %</b>	<b>14.07 %</b>	<b>12.87 %</b>	<b>13.37 %</b>
<b>Tier 1 capital %</b>	<b>15.85 %</b>	<b>13.97 %</b>	<b>14.36 %</b>
<b>Total capital %</b>	<b>17.31 %</b>	<b>15.50 %</b>	<b>15.75 %</b>

The Bank has from 30.9.2016 changed the operational risk calculation method from the Basic indicator approach to the Standardized approach.

## **Note 22. Lease agreements**

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The Bank is sharing premises with Norwegian Air Shuttle ASA. 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 23. 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 24. 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				
	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015
Interest income	753,622	663,334	559,231	482,037	441,377
Interest expenses	86,367	75,507	82,079	67,054	66,045
<b>Net interest income</b>	<b>667,254</b>	<b>587,826</b>	<b>477,152</b>	<b>414,983</b>	<b>375,332</b>
Commission and bank services income	67,989	60,255	55,602	61,919	49,000
Commission and bank services expenses	29,834	27,453	21,282	23,833	18,981
Net change in value on securities and currency	5,752	65,958	6,916	6,233	-21,171
Other income	170	-	-	214	-
<b>Net other operating income</b>	<b>44,077</b>	<b>98,759</b>	<b>41,237</b>	<b>44,534</b>	<b>8,849</b>
<b>Total income</b>	<b>711,331</b>	<b>686,586</b>	<b>518,388</b>	<b>459,517</b>	<b>384,180</b>
Personnel expenses	17,977	15,564	17,751	16,600	15,523
General administrative expenses	231,153	198,269	173,170	132,215	127,315
Ordinary depreciation	3,892	3,874	3,727	3,271	3,194
Other operating expenses	11,772	14,927	8,863	7,145	6,401
<b>Total operating expenses</b>	<b>264,794</b>	<b>232,634</b>	<b>203,511</b>	<b>159,230</b>	<b>152,433</b>
Provision for loan losses	119,073	109,494	95,027	68,564	53,944
<b>Profit before tax</b>	<b>327,464</b>	<b>344,458</b>	<b>219,851</b>	<b>231,723</b>	<b>177,803</b>
Tax charge	81,866	86,115	54,963	62,034	48,007
<b>Profit after tax</b>	<b>245,598</b>	<b>258,343</b>	<b>164,888</b>	<b>169,689</b>	<b>129,796</b>

### Comprehensive income

Amounts in NOK 1000	Norwegian Finans Holding Group				
	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015
<b>Profit after tax</b>	<b>245,598</b>	<b>258,343</b>	<b>164,888</b>	<b>169,689</b>	<b>129,796</b>
Change in fair value for assets held for sale	1,147	-37,097	-	60,446	-
Tax	-9	278	-	-453	-
<b>Items that may be reclassified to profit and loss, after tax</b>	<b>1,138</b>	<b>-36,819</b>	<b>-</b>	<b>59,992</b>	<b>-</b>
<b>Comprehensive income for the period</b>	<b>246,737</b>	<b>221,524</b>	<b>164,888</b>	<b>229,681</b>	<b>129,796</b>

### Balance sheet

Amounts in NOK 1000	Norwegian Finans Holding Group				
	30.9.16	30.6.16	31.3.16	31.12.15	30.9.15
<b>Assets</b>					
Cash and deposits with central banks	56,948	56,958	58,971	58,987	56,003
Loans and deposits with credit institutions	791,698	882,907	437,324	477,841	313,450
Loans to customers	21,082,444	18,482,456	16,201,657	13,808,175	12,346,568
Certificates and bonds	5,544,250	4,816,506	3,331,623	2,968,530	2,676,002
Financial derivatives	14,364	6,775	6,683	-	-
Shares and other securities	443	443	443	443	443
Assets held for sale	24,495	23,348	60,446	60,446	-
Intangible assets	46,872	46,998	44,730	42,253	40,560
Deferred tax asset	9,872	9,665	8,404	8,210	1,690
Fixed assets	84	400	461	526	816
Receivables and accrued income	255,373	275,645	196,242	178,198	161,668
<b>Total assets</b>	<b>27,826,843</b>	<b>24,602,103</b>	<b>20,346,982</b>	<b>17,603,609</b>	<b>15,597,200</b>
<b>Liabilities and equity</b>					
Deposits from customers	22,154,135	19,640,676	15,928,036	13,366,590	11,858,417
Debt securities issued	1,991,948	1,906,711	1,880,311	1,879,571	1,678,878
Financial derivatives	-	-	-	7,679	1,095
Tax payable	221,859	140,181	192,031	202,086	133,122
Other liabilities	51,995	90,599	58,931	36,374	34,664
Accrued expenses and unearned income received	94,048	65,668	88,975	76,258	84,462
Subordinated loan	274,859	174,929	174,971	174,962	174,943
<b>Total liabilities</b>	<b>24,788,843</b>	<b>22,018,764</b>	<b>18,323,256</b>	<b>15,743,521</b>	<b>13,965,582</b>
Share capital	180,104	179,995	173,195	173,195	173,195
Share premium reserve	482,827	475,874	150,402	150,402	150,402
Paid, not registered capital	-	7,087	-	-	-
Tier 1 capital	335,000	125,000	125,000	125,000	125,000
Retained earnings and other reserves	2,040,069	1,795,382	1,575,130	1,411,491	1,183,021
<b>Total equity</b>	<b>3,038,000</b>	<b>2,583,338</b>	<b>2,023,726</b>	<b>1,860,088</b>	<b>1,631,618</b>
<b>Total liabilities and equity</b>	<b>27,826,843</b>	<b>24,602,103</b>	<b>20,346,982</b>	<b>17,603,609</b>	<b>15,597,200</b>

## Profit and loss account

Amounts in NOK 1000	Norwegian Finans Holding ASA				
	Q3 2016	Q3 2015	YTD 2016	YTD 2015	2015
Interest income	2	5	12	20	24
Interest expenses	-	-	-	-	-
<b>Net interest income</b>	<b>2</b>	<b>5</b>	<b>12</b>	<b>20</b>	<b>24</b>
Commission and bank services income	-	-	-	-	-
Commission and bank services expenses	40	81	282	237	315
Net change in value on securities and currency	-	-	-	-	-
Other income	-	-	-	-	-
<b>Net other operating income</b>	<b>-40</b>	<b>-81</b>	<b>-282</b>	<b>-237</b>	<b>-315</b>
<b>Total income</b>	<b>-37</b>	<b>-76</b>	<b>-269</b>	<b>-217</b>	<b>-291</b>
Personnel expenses	438	336	1,644	1,034	1,431
General administrative expenses	-	-	-	-	-
Ordinary depreciation	-	-	-	-	-
Other operating expenses	352	1	4,736	99	99
<b>Total operating expenses</b>	<b>790</b>	<b>337</b>	<b>6,380</b>	<b>1,133</b>	<b>1,530</b>
Provision for loan losses	-	-	-	-	-
<b>Profit before tax</b>	<b>-827</b>	<b>-413</b>	<b>-6,649</b>	<b>-1,350</b>	<b>-1,821</b>
Tax charge	-207	-112	-1,662	-365	-368
<b>Profit after tax</b>	<b>-620</b>	<b>-302</b>	<b>-4,987</b>	<b>-986</b>	<b>-1,453</b>

## Comprehensive income

Amounts in NOK 1000	Norwegian Finans Holding ASA				
	Q3 2016	Q3 2015	YTD 2016	YTD 2015	2015
<b>Profit after tax</b>	<b>-620</b>	<b>-302</b>	<b>-4,987</b>	<b>-986</b>	<b>-1,453</b>
<b>Comprehensive income for the period</b>	<b>-620</b>	<b>-302</b>	<b>-4,987</b>	<b>-986</b>	<b>-1,453</b>

## Balance sheet

Amounts in NOK 1000	Norwegian Finans Holding ASA		
	30.9.16	30.9.15	31.12.15
<b>Assets</b>			
Loans and deposits with credit institutions	9,540	17,081	17,014
Ownership interests in group companies	650,000	310,000	310,000
Deferred tax asset	3,203	1,537	1,541
Receivables and accrued income	12	82	-
<b>Total assets</b>	<b>662,756</b>	<b>328,700</b>	<b>328,555</b>
<b>Liabilities and equity</b>			
Other liabilities	16	-	-
Accrued expenses and unearned income received	1,172	1,013	1,335
<b>Total liabilities</b>	<b>1,188</b>	<b>1,013</b>	<b>1,335</b>
Share capital	180,104	173,195	173,195
Share premium reserve	482,827	150,402	150,402
Retained earnings and other reserves	-1,363	4,090	3,623
<b>Total equity</b>	<b>661,567</b>	<b>327,687</b>	<b>327,220</b>
<b>Total liabilities and equity</b>	<b>662,756</b>	<b>328,700</b>	<b>328,555</b>

Bærum, October 27, 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		
	Q3 2016	Q3 2015	2015
Profit / loss after tax	-4,987	-986	-1,453
Change in other accruals	-1,675	-447	-368
Change in short-term liabilities	-147	-302	20
<b>Net cash flow from operating activities</b>	<b>-6,808</b>	<b>-1,735</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	339,334	5,473	5,473
<b>Net cash flow from financing activities</b>	<b>339,334</b>	<b>5,473</b>	<b>5,473</b>
Net cash flow for the period	-7,474	3,738	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>9,540</b>	<b>17,081</b>	<b>17,014</b>

## Changes in equity

<i>Amounts in NOK 1000</i>	Norwegian Finans Holding ASA				
	Share capital	Share capital reserve	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>-</b>	<b>3,623</b>	<b>327,220</b>
Profit after tax	-	-	-	-4,987	-4,987
<b>Comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-4,987</b>	<b>-4,987</b>
Capital increase	6,909	340,178	-	-	347,087
Share issue expenses	-	-7,753	-	-	-7,753
<b>Balance 30.9.16</b>	<b>180,104</b>	<b>482,827</b>	<b>-</b>	<b>-1,363</b>	<b>661,567</b>
<b>Balance 31.12.14</b>	<b>173,000</b>	<b>145,123</b>	<b>-</b>	<b>5,076</b>	<b>323,200</b>
Profit after tax	-	-	-	-986	-986
<b>Comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-986</b>	<b>-986</b>
Capital increase	195	5,279	-	-	5,474
<b>Balance 30.9.15</b>	<b>173,195</b>	<b>150,402</b>	<b>-</b>	<b>4,090</b>	<b>327,687</b>

## Notes for Norwegian Finans Holding ASA

### General accounting principles

The interim report for the third 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 third 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.