
PARETO BANK

Company Presentation

Equity issue of NOK 150m
4 February 2016

Arranged by:



Pareto bank

IMPORTANT INFORMATION (I)

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IMPORTANT INFORMATION (II)

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This Presentation contains certain forward-looking statements relating to inter alia the business, financial performance and results of the Bank and the industry in which it operates. Forward-looking statements concern future circumstances and results and other statements that are not historical facts, sometimes identified by the words “believes”, “expects”, “predicts”, “intends”, “projects”, “plans”, “estimates”, “aims”, “foresees”, “anticipates”, “targets”, and similar expressions.

Any forward-looking statements contained in this Presentation, including assumptions, opinions and views of the Bank or cited from third party sources, are solely opinions and forecasts and are subject to risks (including those described in the chapter “Risk Factors” in the Presentation), uncertainties and other factors that may cause actual results and events to be materially different from those expected or implied by the forward-looking statements. None of the Bank or the Managers or any of their Representatives provides any assurance that the assumptions underlying such forward-looking statements are free from errors nor do any of them accept any responsibility for the future accuracy of opinions expressed in this Presentation or the actual occurrence of forecasted developments.

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This Presentation is subject to Norwegian law, and any dispute arising in respect of this Presentation is subject to the exclusive jurisdiction of Norwegian courts.

RISK FACTORS (I)

An investment in the shares of Pareto Bank (the "Shares") involves risk. Prospective investors should carefully consider the risks outlined in this Section, as well as the information contained elsewhere in the Presentation, before deciding whether or not to invest in the Shares. If any of the following risks were to materialise, this could have a material adverse effect on the Bank, its financial condition, results of operations, liquidity and/or prospects, the trading value of the Shares could decline, and investors may lose all or part of their investment. The order in which the risks are presented does not necessarily reflect the likelihood of their occurrence or the magnitude of their potential impact on the Bank. The Bank has implemented risk management and internal control procedures to manage and control the different risks to which it is exposed.

RISK FACTORS RELATING TO THE SHARES

The EU Market Abuse Regulations (MAR), which is expected to be implemented in Norway in 2016, increases the risk for holders of listed shares and bonds issued by banks, providing for an exemption from ordinary disclosure requirements for listed firms. The new rules allow banks to withhold info on a distress scenario, even where this delay of disclosure is likely to mislead the public. The relevant MAR rule provides that, in order to preserve the stability of the financial system, an issuer that is a credit / financial institution, may, on its own responsibility, delay public disclosure of inside information, incl. info which is related to a temporary liquidity problem and, in particular, the need to receive temporary liquidity assistance from a central bank or lender of last resort, provided certain conditions are met, including that disclosure entails a risk of undermining the financial stability of the issuer and of the financial system. The Bank is not regarded as a systemic important bank in Norway but there can be no assurance that regulators will limit this exemption to such banks in light of the interlinks among banks.

Shares

The market price of the Shares may fluctuate significantly / rapidly as a result of, inter alia, the factors mentioned below:

- Differences between the actual financial and operating results and those expected by investors and analysts;
- Perceived prospects for the business and operations and the banking industry;
- Announcements by the Bank or competitors of significant contracts, acquisitions, strategic alliances, joint ventures or capital commitments;
- Changes in operating results;
- Changes in securities analysts' estimates of financial performance and recommendations;
- Changes in market valuation of similar companies;
- Involvement in litigation;
- Additions or departures of key personnel;
- Changes in regulations involving the financial sector/banks; and
- Changes in general economic conditions.

Negative publicity or announcements, including those relating to any of the Bank's substantial Shareholders or key personnel may adversely affect the price of the Shares and the stock performance of the Bank, whether or not this is justifiable. Such negative publicity or announcement may include involvement in insolvency proceedings, failed attempts in takeovers or joint ventures etc.

Shareholders outside of Norway

The Shares are priced in Norwegian krone ("NOK"), and any future payments of dividends on the Shares will be denominated in NOK. Accordingly, investors outside of Norway are subject to adverse movements in NOK against their local currency as the foreign currency equivalent of any dividends paid on the Shares or received in connection with any sale of the Shares could be adversely affected.

Dividends

The General Meeting of the Bank determines, following proposal by the Board of Directors, the percentage portion of the profits of the Bank that shall be distributed as dividends. The General Meeting may not declare higher dividends than the Board of Directors has proposed. If, for any reason, the General Meeting does not declare dividends, the Shareholders will have no claim in respect of such non-payment, and the Bank will have no obligation to pay any dividend in respect of the relevant period. The level of dividend payments or the absence of dividend payments may have a negative effect on the market value of the Shares.

RISK FACTORS RELATING TO THE BANK AND ITS OPERATIONS

Development in global economic conditions

The global capital and credit markets have been volatile the last months. This volatility may cause a material adverse effect on the international banking sector's performance and lead to reduced liquidity and increased credit risk premiums for many market participants.

The Bank has had good access to domestic capital markets funding, but any recurrence or relapse of the type of volatility, disruption or deterioration in the local / global macroeconomic environment, or a slow and drawn-out recovery from the Norwegian and/or global growth, may have a material adverse effect on the Bank's ability to access capital and/or its business, results of operations and/or financial condition.

Development in national and local economic conditions

A deterioration of macroeconomic conditions in Norway may have a material adverse effect on the Bank's business, results of operations and financial condition. If GDP does not grow at expected levels or oil prices or if unemployment or inflation increases or asset values decrease, businesses and consumers could be adversely affected. In addition to reducing demand for the Bank's products and services, the quality of the Bank's credit portfolio could be adversely affected and the Bank could experience credit losses.

RISK FACTORS (II)

The majority of the Bank's lending is based on project financing in real estate, shipping and offshore and securities and a negative macroeconomic development which impact key businesses areas will have a material adverse effect on the banks business both in the different segments.

Especially with the current development in oil prices there is a substantial risk of loan losses in the shipping and offshore segments for Norwegian financial institutions with loan portfolios exposed within these segments. Furthermore, low activity in the oil and offshore sector could indirectly impact the households and other relevant sectors negatively.

Quality of the credit portfolio

The Bank is exposed to losses resulting from borrowers failing to repay their loans on schedule and, to the extent borrowers do not repay their loans, the insufficiency of collateral securing payment of such loans. A significant increase in loan losses in the real estate market or in any other sector to which the Bank is exposed could have a material adverse effect on the Bank's financial condition, liquidity and/or results of operations.

Interest rate margins

The Bank's business is exposed to risk related to interest rate margins as changes in interest rate spreads may materially affect the interest rate margin realised between lending and borrowing costs. Changes in interest rate spreads may directly impact the Bank to the extent they cause yields on interest-earning assets, and rates paid on interest-bearing liabilities, to change disproportionately or unexpectedly, or otherwise affect the Bank's funding costs. The Bank's main funding cost is interest paid on customer deposits and money market funding, whereas the main interest income comes from customer lending and interest bearing securities. When the timing of spread adjustments does not match, e.g., an increased spread in the funding market is not possible to transfer to customer lending, this can affect income adversely until the next spread adjustment.

Foreign exchange rate risk

A portion of the Bank's assets and liabilities are denominated in currencies other than NOK. A devaluation or depreciation of any such other currency in which the Bank has credit exposures, may result in losses for the Bank. Conversely, a depreciation of NOK against other currencies in which loans are made to customers would result in an increase in the Bank's credit portfolio, which again would result in an increase in risk-weighted assets and have a negative impact on capital ratios.

The Bank's holding of financial instruments

The Bank holds financial instruments for its own account. The financial instruments held include bonds-/derivatives relating to, currencies / credit. The fair value of these instruments is dependent on the volatility and general development of several variables, such as interest rates, FX rates credit spreads.

During periods of significant stress conditions, where steep declines in perceived or actual asset values have been accompanied by a severe reduction in market liquidity such events could adversely affect the Bank's performance, results of operations, prospects and/or overall financial condition.

Funding

The Bank is dependent on access to sufficient liquidity on acceptable terms in order to be able to meet its obligations as they fall due. This liquidity risk is inherent in banking operations and can be heightened by a number of enterprise-specific factors, including over-reliance on a particular source of funding (including, for example, short-term and overnight funding), changes in credit ratings or market-wide phenomena such as market dislocation and major disasters. Furthermore, the Bank is dependent on sufficient funding in order to carry out its lending business.

The Bank's funding requirements are, primarily covered through customer deposits. Deposits are subject to fluctuation due to certain factors outside the Bank's control, such as loss of customer confidence and competitive pressures, and as a result, the Bank could experience a significant outflow of deposits within a short period of time. In addition, any uncertainty regarding the Bank's financial position may lead to withdrawal of deposits, resulting in a funding deficit for the Bank.

The expected reduction in the current Norwegian deposit guarantee scheme whereby depositors are reimbursed from up to NOK 2 million per bank to 100.000 EURO per bank in the event of a bank failure, may also lead to withdrawal of deposits.

There is a further risk that corporate and institutional counterparties may take measures to reduce their credit exposures to banks, given current and recent risk aversion trends.

The Bank's second funding source is senior unsecured debt, mainly from domestic lenders. The market for unsecured senior loans to banks is subject to fluctuation due to certain factors outside the Bank's control, such as loss of investor confidence in the banking sector, competitive pressures, regulatory matters and other macro factors, and as a result, the Bank could experience increased costs and/or limit availability in financing and refinancing opportunities for its senior debt.

It is expected that the implementation of the EU Banking Recovery and Resolutions Directive ("BRRD") will impact the senior debt funding for banks and lead to added regulatory requirements on a number of banks. BRRD requires banks to draw up recovery and resolution plans to be scrutinised by regulators, and introduces *inter alia* the bail-in tool here after the regulators can effect a write-off of unsecured senior debt or conversion into equity in a financial distress scenario. BRRD is expected to be implemented in Norway in 2016. It is expected that BRRD will increase cost of unsecured senior bank debt, in particular as compared to secured debt exempted from bail-in. Under BRRD, any perceived uncertainty regarding a bank's financial position may significantly limit its access to senior debt funding.

RISK FACTORS (III)

In addition, the Bank is exposed to the risk of unavailability of short-term and overnight funding. If the Bank's access to short-term or overnight funding is restricted or becomes available only at a high cost, it may experience difficulty in meeting its obligations.

If the Bank has difficulty in securing adequate sources of short- and long-term funding, this could have a material adverse effect on its business, financial condition and/or results of operations.

Changes in Capital requirements

The global financial market turbulence in 2008-2009 gave rise to international focus on certain issues identified as contributors to the crisis. This resulted in the Basel III accord and subsequent changes in the European regulatory framework including the new capital adequacy rules known as CRD IV/CRR, that are also implemented in Norway. These rules entail a step-up in the Tier 1/Tier 2 risk-weighted capital requirement, most of which are in force but where the counter-cyclical buffer is to increase from 1% to 1.5 % as of July 2016. The counter-cyclical buffer (maximum 2.5 %) is to be re-assessed each quarter, an increase will normally be with 12 month notice. The new rules also include capital requirement on a non-risk weighted basis to be implemented by 2018, where the details are yet to be completed. The effect of these new rules is likely to be more significant to other banks, with IRB assessments and portfolios carrying a low average risk weight. The CRD IV/CRR framework also includes liquidity requirements. Liquidity Coverage Ratio was introduced 2016 onwards, with gradual implementation. An additional Net Stable Funding Ratio shall be implemented within 2018. In addition to these general "Pillar 1" requirements referred to above, CRD IV permits regulators to require additional capital calibrated individually to address the specific risk profile of each bank at any time. This "Pillar II" requirement is part of the background for the proposed share issue in the Bank. The Bank may in the future be subject to further increases in capital and liquidity requirement as well as other regulatory requirements and constraints. Any such requirements could have material adverse effect on the Bank's financial position and profitability.

Systemic risk

Given the high level of interdependence between financial institutions, the Bank is and will continue to be subject to the risk of deterioration of the commercial and financial soundness, or perceived soundness, of other financial institutions. Within the financial services industry, the default of any one institution could lead to defaults by other institutions. Concerns about, or a default by, one institution could lead to significant liquidity problems, losses or defaults by other institutions, because the commercial and financial soundness of many financial institutions may be closely related as a result of their credit, trading, clearing or other relationships. This risk is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with whom certain of the Bank's subsidiaries interact on a daily basis. Systemic risk could have a material adverse effect on the Bank's ability to raise new funding and on its business, financial condition, results of operations, liquidity and/or prospects.

Risk management and internal control procedures

The Bank depends on a number of operations every day in every entity in a number of different markets. The success of the Bank depends on its ability to handle and report these operations efficiently and accurately. The Bank is exposed to operational risks such as failure or inadequacies in internal processes and systems (including, but not limited to, financial reporting and risk monitoring processes), equipment, IT infrastructure, documentation of transactions or agreements with third parties, failure to protect material and immaterial assets and employee errors. Further, the Bank may fail to obtain or maintain proper authorisations, or comply with regulatory requirements (including, not limited to, data protection and anti-money laundering regulations) and local legislation for the markets in which it operates.

The Bank is also exposed to operational risks due to customer complaints and failure in external systems. In addition, many financial institutions, including the Bank, may be negatively impacted by fraudulent acts or violations of internal instructions committed by their own employees.

The Bank cannot predict whether such instances of internal fraud will occur or, if they were to occur, the extent to which these acts would negatively impact it. There can be no assurance that the risk controls, loss mitigation and other internal controls or actions in place across the Bank will be effective in managing each of the operational risks faced by it.

Some of the risk mitigating measures used by the Bank are based on historical information. Future development may significantly differ from observed historical development, there is a risk that such measures are inadequate in predicting future risk exposure. Furthermore, risk management methods may rely on estimates, assumptions and available information that may be incorrect or outdated. If the risk management is insufficient or inadequate, this could have a material adverse effect on the Bank. Should any of the operational risks mentioned above materialise, this could lead to both reputational and financial damage, and could have a material adverse effect on the Bank's business, financial situation, liquidity and/or results of operations.

IT/ Infrastructure systems

The Bank's operations are highly dependent on its ability to process and monitor, on a daily basis, a large number of transactions. The Bank's financial, accounting, data processing or other operating systems and facilities may fail to operate properly or may become disabled due to, for example, an increase in transaction volume, which may have an adverse effect on the Bank's ability to process transactions or provide services. In addition, other factors which could cause the Bank's operating systems to fail or not operate properly include a deterioration in the quality of IT development, support and operations processes and, in particular, high turnover of employees, resulting in an inadequate number of personnel to handle the growth and increasing complexity of operations.

RISK FACTORS (IV)

Despite the Bank's significant expenditures on existing and new IT systems, there can be no assurance that these expenditures will be sufficient or that IT systems will function and/or be implemented as planned. Any disruption to IT or other systems used by the Bank, including systems owned by contract parties, may have a material adverse effect on the Bank's business, financial condition, results of operations and/or prospects.

Employees

The Bank's strategy depends on the collective efforts of its highly trained employees on all levels. Competition for the best employees from within the financial sector, and from businesses outside the financial services industry, is intense. If the Bank is not able to retain and attract sufficient personnel with the appropriate qualifications, this could have a material adverse effect on the business of the Bank. Furthermore, loss of key personnel and management could have a material adverse effect on the continued success of the Bank's business, strategy, financial situation and/or results of operations.

Legislation and regulations

The Financial Supervisory Authority of Norway is the main regulator of the Bank's operations. Further, the laws, regulations, administrative actions and policies in the jurisdiction in which the Bank operates are subject to change, and the Bank may from time to time incur significant costs in order to comply with them.

Litigation, claims and compliance risks

The Bank currently may in the future become involved in various disputes and legal, administrative and governmental proceedings in Norway and other jurisdictions that potentially could expose the Bank to significant losses and liabilities.

Money laundering

In general, the risk that banks will be subjected to or used for money laundering has increased worldwide. The turnover of employees can create challenges in consistently implementing related policies and technology systems. The risk of future incidents in relation to money laundering always exists for financial institutions. Any violation of anti-money laundering rules, or even the suggestion of violations, may have severe legal and reputational consequences for the Bank and may, as a result, adversely affect the Bank's business and/or prospects.

OTHER RISK

Difficulties for foreign investors to enforce non-Norwegian judgments

The Bank is organized under the laws of Norway. Currently, all of its directors are residents of Norway, and the vast majority of its assets are in Norway. As a result, it may not be possible for non-Norwegian investors to affect service of process on the Bank or the Bank's directors in the investor's own jurisdiction, or to enforce against them judgments obtained in non-Norwegian courts. However, Norway is party to the Lugano Convention and a judgment obtained in another Lugano Convention state will in general be enforceable in Norway. However, there is no regulation providing for general recognition or enforceability in Norway of judgments of non-Lugano Convention state courts, such as the courts of the United States.

Norwegian law may limit the shareholders' ability to bring an action against the Bank

The Bank is a public limited company incorporated under the laws of Norway. The rights of holders of Shares are governed by Norwegian law and by the Articles of Association. These rights differ from the rights of shareholders in typical US corporations. In particular, Norwegian law limits the circumstances under which shareholders of Norwegian companies may bring derivative actions. Under Norwegian law, any action brought by a company in respect of wrongful acts committed against the company takes priority over actions brought by shareholders in respect of such acts. In addition, it may be difficult to prevail in a claim against the Bank under, or to enforce liabilities predicated upon, U.S. securities laws.

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PARETO BANK AT A GLANCE

Pareto bank



Established in January 2008

A leading niche player within project financing: fast, flexible and professional

Focus on financing of real estate, securities & corporates as well as shipping & offshore

Total assets of NOK 11,140m at the end of 2015




To be listed on Oslo Børs / Oslo Axess by the end of Q2-16

Pareto AS largest shareholder with 15% ownership

Employees & mgmt. in PARB and top mgmt. in the Pareto Group own ~2.5% (~NOK 27.1m) *

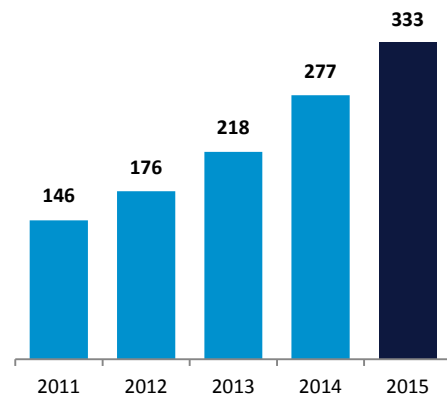
Current market capitalization of approximately NOK 1,100m *

NORWAY'S LEADING PROJECT BANK

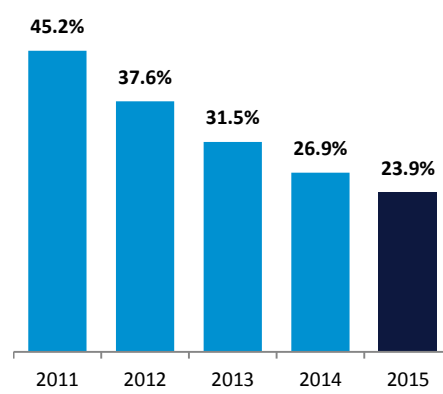
BUSINESS AREAS	PROJECTS / CREDITS	AREA EXPOSURE	AVG. PRINCIPAL
Real estate 	<ol style="list-style-type: none">1. Construction financing2. Project financing3. Commercial property financing	58 %	NOKm 25-50
Securities & Corporates 	<ol style="list-style-type: none">1. Securities financing2. Bridge financing3. M&A financing	27 %	NOKm 5-30
Shipping & offshore 	<ol style="list-style-type: none">1. Shipping projects2. Offshore projects3. Medium sized shipowners	15 %	USDm 5-10

SOLID FOUNDATION AND STRONG PERFORMANCE

Net interest income (NOKm)

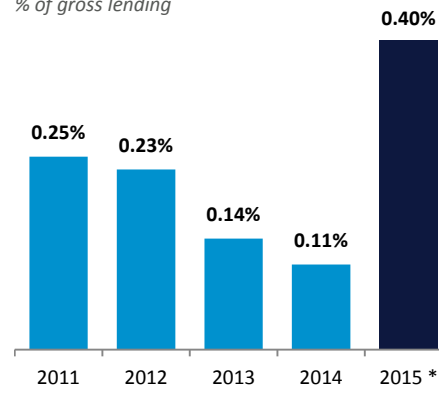


Cost/income ratio

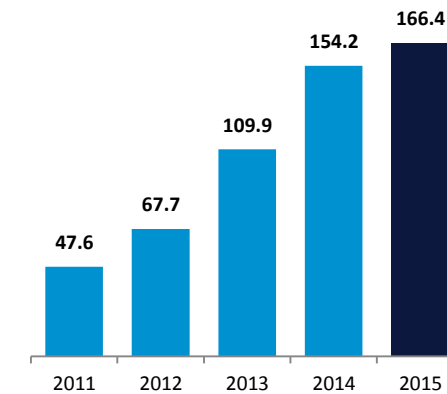


Loss ratio

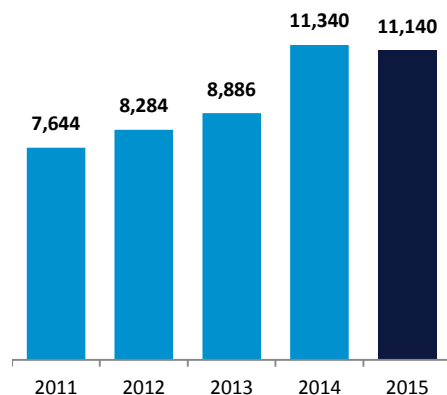
% of gross lending



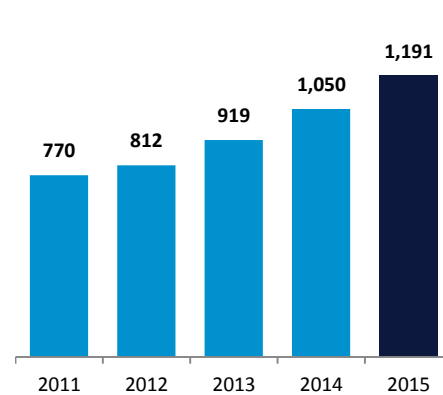
Result after tax (NOKm)



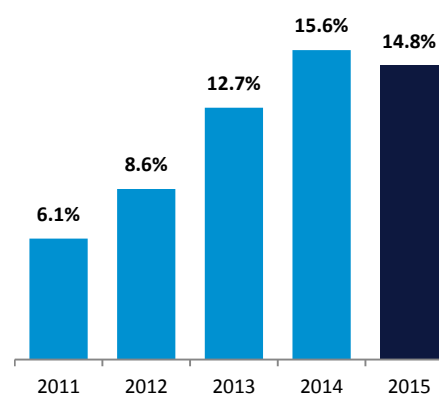
Total assets (NOKm)



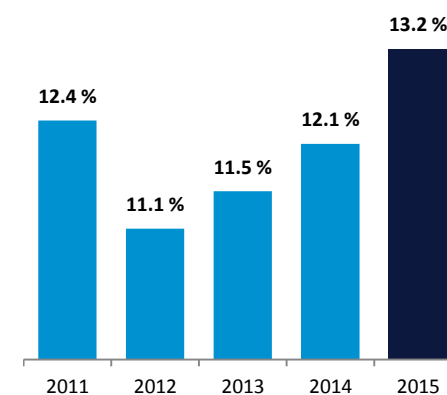
Total Equity (NOKm)



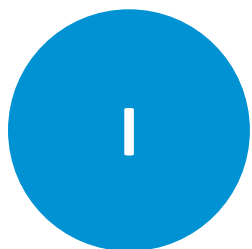
Return on Equity (after tax)



CET1 ratio **

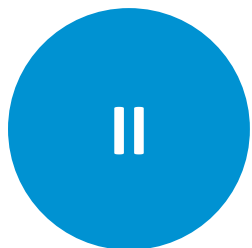


A DIFFERENT BANK



FAST MOVER

- Compact organization with 33 employees
- Short decision lines, no bureaucracy and an efficient credit decision process
- Frequent credit committee meetings facilitates fast time to market



FLEXIBLE

- Solution oriented
- 80% of the employees work with customers on a day to day basis
- High level of service - open 24/7



PROFESSIONAL

- Commercially oriented culture
- Customer profitability is a strategic cornerstone:
all loans shall be profitable from day one
- We do not compete on price, we add value through professionalism, efficient decision-making and a solution oriented mind-set

HIGHLY EXPERIENCED MANAGEMENT



TIRIL HAUG VILLUM
CEO

Villum has 20 years of experience from banking and finance. She has worked at Pareto Bank since the bank's inception in 2008. During the first years Villum was CFO until she took the responsibility as CEO in 2010.

She was the CFO of SEB Privatbanken between 2000-2007. Villum also has several years of experience from ABB Financial Services and has held different positions within ABB. Villum holds a MSc in Business Administration from the Norwegian School of Economics (NHH).



SVEN ERIK KLEPP
Director Real Estate

Klepp has 28 years of experience from banking and finance and was one of the founders of Pareto Bank. Klepp has worked at SEB Privatbanken ASA (2000-2007) and Finansbanken ASA (1989-99).

At SEB Privatbanken he was head of lending with a particular focus on real estate financing. He also has 10 years of experience from Finansbanken within commercial banking. Klepp holds a MSc in Economics and Business Administration from USA.



OLE TANDBERG
Deputy CEO

Tandberg has 33 years of experience from banking and finance and was one of the founders of Pareto Bank. Tandberg has experience from SEB Privatbanken from 2001 until 2007 where he was head of accounting and operations and later also of retail banking.

He also has 18 years of experience from Finansbanken and Sparebanken NOR within accounting and operations.



ERIK SKARBØVIG
Director Shipping & Offshore / Securities

Skarbøvig has 15 years of experience from finance / insurance. He joined Pareto Bank at inception in 2008. From 2003 until 2007 he held leading positions within the Gjensidige Group where he worked with business development and strategic projects in group corporate staff and different subsidiaries.

From 2000-2003 he worked as a management consultant at PA Consulting towards the banking and finance sector. Skarbøvig holds a MSc in Business Administration from BI Norwegian Business School.



PER ØYVIND SCHIONG
Director Credit

Schiong has a law degree from the University of Oslo. He has worked as a business lawyer for many years among others with Wiersholm.

Later, he was head of legal at Finansbanken ASA and Storebrand Bank ASA. Schiong has broad experience from banking and has been employed at Pareto Bank since 2008.



ERLING MORK
Director Funding

Mork has 18 years of experience from banking and finance and started at Pareto Bank in 2008 as head of Treasury.

From 1997 until 2002 Mork worked at the ABB Financial Services Treasury Center.

He held different positions at Nord Pool, Europe's leading power market from 2002 until 2008 and worked among others within business development. Mork holds a MSc in Business Administration from BI Norwegian Business School.

SEASONED BOARD OF DIRECTORS

FINN ØYSTEIN BERGH

Chairman

Bergh holds an MSc in Economics and Business Administration from BI Norwegian Business School and an MBA from University of Wisconsin-Madison in addition to an MSc (cand. polit.) in Political Science from University of Oslo and an MSc (cand. polit.) in Economics from University of Oslo.

Bergh has experience from The Norwegian Defence Research Establishment and was Managing Editor of Kapital for 9 years. Bergh is currently investment director of Pareto Asset Management AS.

BRITA EILERTSEN

Deputy chairwoman

Eilertsen holds an MSc in Economics and Business Administration from The Norwegian School of Economics (NHH) and is a Certified Financial Analyst.

Eilertsen has long experience within investment banking, including Enskilda Securities (1994-2004) as project leader for ECM and M&A transactions.

Eilertsen is currently self employed and holds several board positions.

CARL ERIK STEEN

Board member

Steen holds an MSc in Industrial and Management Engineering from ETH, Zurich.

He has had several leading positions within the shipping sector, including AS Tonto, I.M. Skaugen AS, Christiania Bank and Nordea Bank.

Steen is currently senior advisor, chairman of Capreca AS and board member of Belships ASA.

CAMILLA WAHL

Styremedlem

Wahl holds an MSc in Law (cand. jur.) from University of Oslo.

Wahl has worked for the UN, Ministry of Foreign Affairs, law firms Selmer and Wikborg Rein. In addition, Wahl has been partner at law firm Legalteam (2007-2011)

Wahl is currently running her own legal practice and is chairwoman of Wahl Eiendom, where she was previously CEO (2002-2006).

LENA KROGH

Employee representative

Krogh has over 20 years of experience from banking and has worked at Pareto Bank since 2009 with financing of real estate development projects.

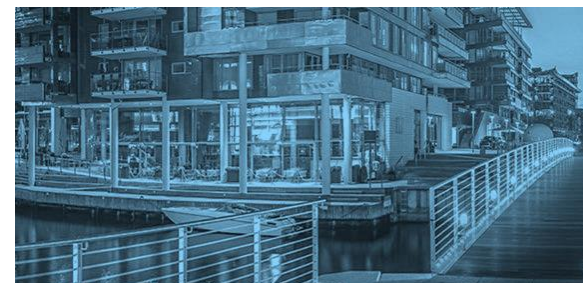
Between 1993-2007, Krogh worked in DNB and DnB Nor Hypotek with real estate financing.

Krogh also has experience from Union Eiendomskapital.



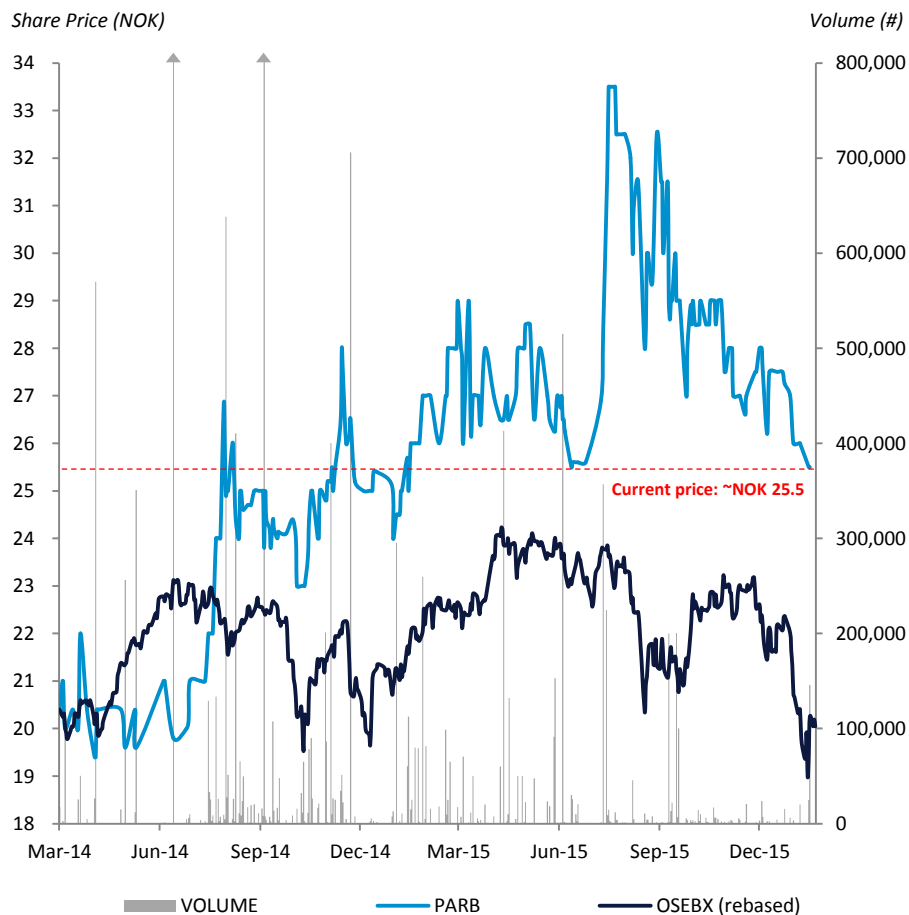
FINANCIAL TARGETS **AND** DIVIDEND POLICY

	31.12.2015 STATUS	31.12.2016 TARGET
ROE	14.8%	> 15.0%
CET1 RATIO	13.2%	15.0% *
PAYOUT POLICY	0.0%	30-50% **
LENDING GROWTH	NOK 724m	NOK 800m

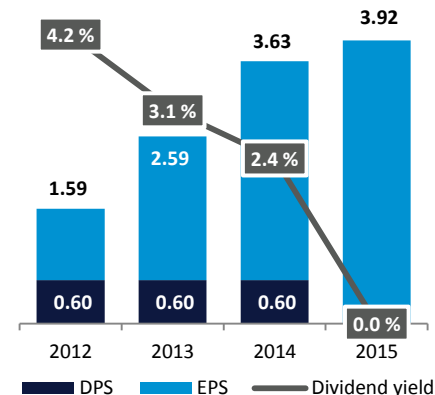


THE SHARE *

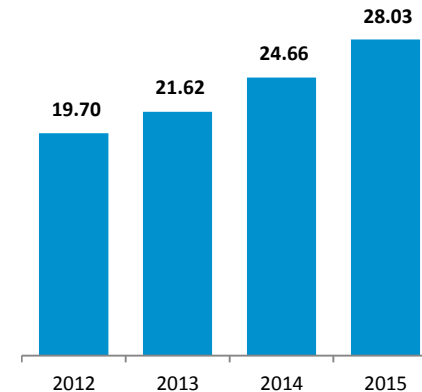
Share price development since registration on NOTC in March 2014



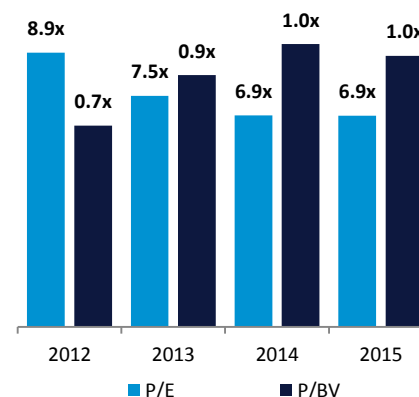
EPS, DPS (NOK) & Dividend Yield



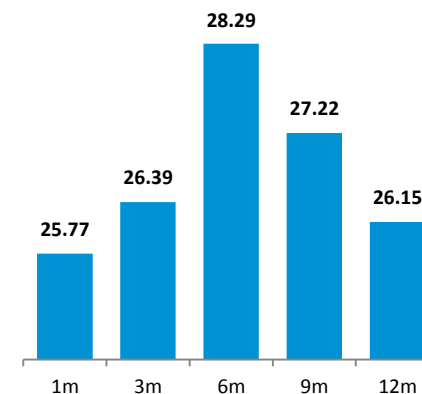
Book equity per share (NOK)



Valuation multiples



Historical VWAP (NOK)



LARGEST SHAREHOLDERS AS OF 25.01.2016

#	Investor	Type	25.01.2016	
			# of shares	% total
1	PARETO AS	Company	6,375,000	15.00%
2	SOCIETE GENERALE SS PARIS	Nominee	3,700,000	8.71%
3	PERESTROIKA AS	Company	3,581,400	8.43%
4	INDIGO INVEST	Company	3,328,000	7.83%
5	GEVERAN TRADING CO LTD	Company	2,110,000	4.96%
6	PECUNIA FORVALTNING AS	Company	1,434,600	3.38%
7	TONSENHAGEN FORRETNINGSSENTRUM 2 A	Company	1,147,100	2.70%
8	LARRE EIENDOM 2 AS	Company	925,300	2.18%
9	TOVE REISTADS STIFTELSE	Company	850,000	2.00%
10	EIENDOMSUTVIKLING KRISTIANSAND AS	Company	801,000	1.88%
11	VERDIPAPIRFONDET PARETO INVESTMENT	Company	740,200	1.74%
12	ARTEL HOLDING A/S	Company	684,000	1.61%
13	PROFOND AS	Company	599,500	1.41%
14	LANDKREDITT UTBYTTE	Company	590,600	1.39%
15	GH HOLDING AS	Company	570,000	1.34%
16	CASTEL AS	Company	524,100	1.23%
17	KOLBERG MOTORS AS	Company	507,500	1.19%
18	HOLTA INVEST AS	Company	500,650	1.18%
19	OLA RUSTAD A.S	Company	425,000	1.00%
20	BELVEDERE AS	Company	401,500	0.94%
21	FLISA EIENDOMSINVEST AS	Company	374,350	0.88%
22	HUSHOVD THOR	Private investor	329,550	0.78%
23	SEMPRA AS	Company	324,500	0.76%
24	CLIPPER A/S	Company	310,000	0.73%
25	OSCAR FINANS AS	Company	300,000	0.71%
26	MELUM MØLLE AS	Company	275,500	0.65%
27	ALCIDES HOLDING AS	Company	255,000	0.60%
28	JAKOBSEN & SØNNER AS	Company	255,000	0.60%
29	STENBERG FINANS AS	Company	255,000	0.60%
30	CONCITO AS	Company	250,000	0.59%
Sum TOP 30			32,724,350	77.00 %
Other shareholders			9,775,650	23.00 %
Total			42,500,000	100.00 %

- As of 18th January 2016, the Company had 42,500,000 shares outstanding
- One class of shares where one share carry one voting right
- Diversified investor base with approximately 344 shareholders
- Pareto AS owns 15% of the bank
- ~57% and ~77% of the shares are held by top-10 and top-30 investors, respectively
- Employees & management in PARB and top management in the Pareto Group own ~2.5% (~NOK 27.1m) *
- All employees are covered by an annual bonus compensation scheme settled in Pareto Bank shares
- For 2015 the net bonus scheme cost is estimated to ~NOK 4.1m (gross ~NOK 10.8m)
- The bonus shares will be issued in Q1-16 and independently of the proposed equity issue

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TRANSACTION OVERVIEW

1

PRIVATE PLACEMENT

NOK 150m

2

REPAIR OFFERING

up to ~EUR 5m

3

EMPLOYEE OFFERING *

up to NOK 2m

4

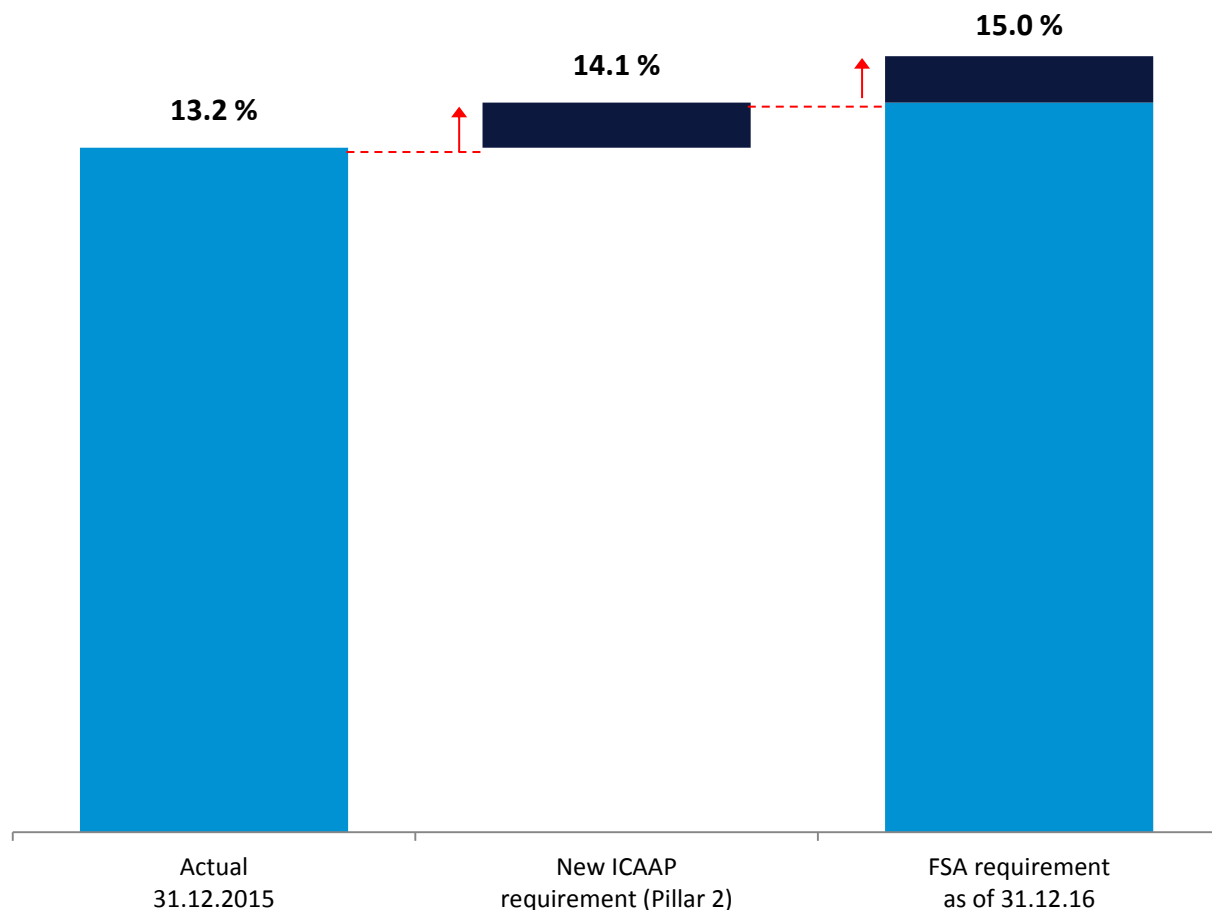
EXCHANGE LISTING

Oslo Axess / Oslo Børs

- The bank has continuously improved profitability through increased margins and improved cost efficiency
- The objective of the planned capital increase is to strengthen the bank's CET1 capital in line with NFSAs requirements and thus establish a financial platform for continued profitable growth
- Due to tightening of credit supply in the market Pareto Bank experience significant business opportunities with attractive margins
- Return on Equity on new business significantly above ROE target of >15%
- Assuming total proceeds of NOK 150m Pareto Bank's proforma CET1 ratio as of 31.12.15 will amount to 14.9 %
- The Board of Director has resolved to apply for listing of the company's shares on Oslo Børs / Oslo Axess within the end of Q2-16

PILAR II LEADS TO INCREASED CET1 TARGET

Pareto Bank CET1 ratios *



Key comments

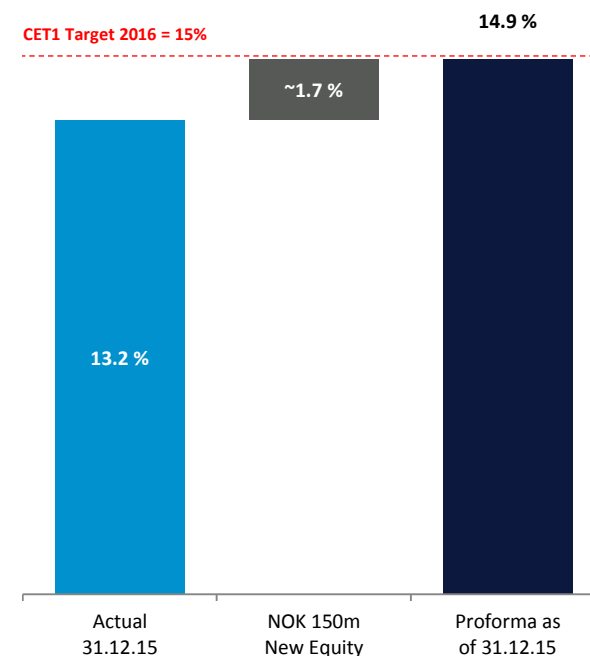
- Pareto Bank has carried out and reviewed its ICAAP analysis for 2016
- The analysis has been carried out in cooperation with the FSA
- The analysis concluded a capital requirement of 14.1%
- Including buffers, the FSA requires the bank to have a CET1 ratio of 15.0% at the end of 2016
- Pareto Bank will meet the requirement through a combination of new equity and retained profits
- The NOK 150m equity offering will increase the proforma 31.12.15 CET1 to 14.9%

PRIVATE PLACEMENT **ALLOWS FOR PROFITABLE GROWTH**

Key initiatives to strengthen the bank's future

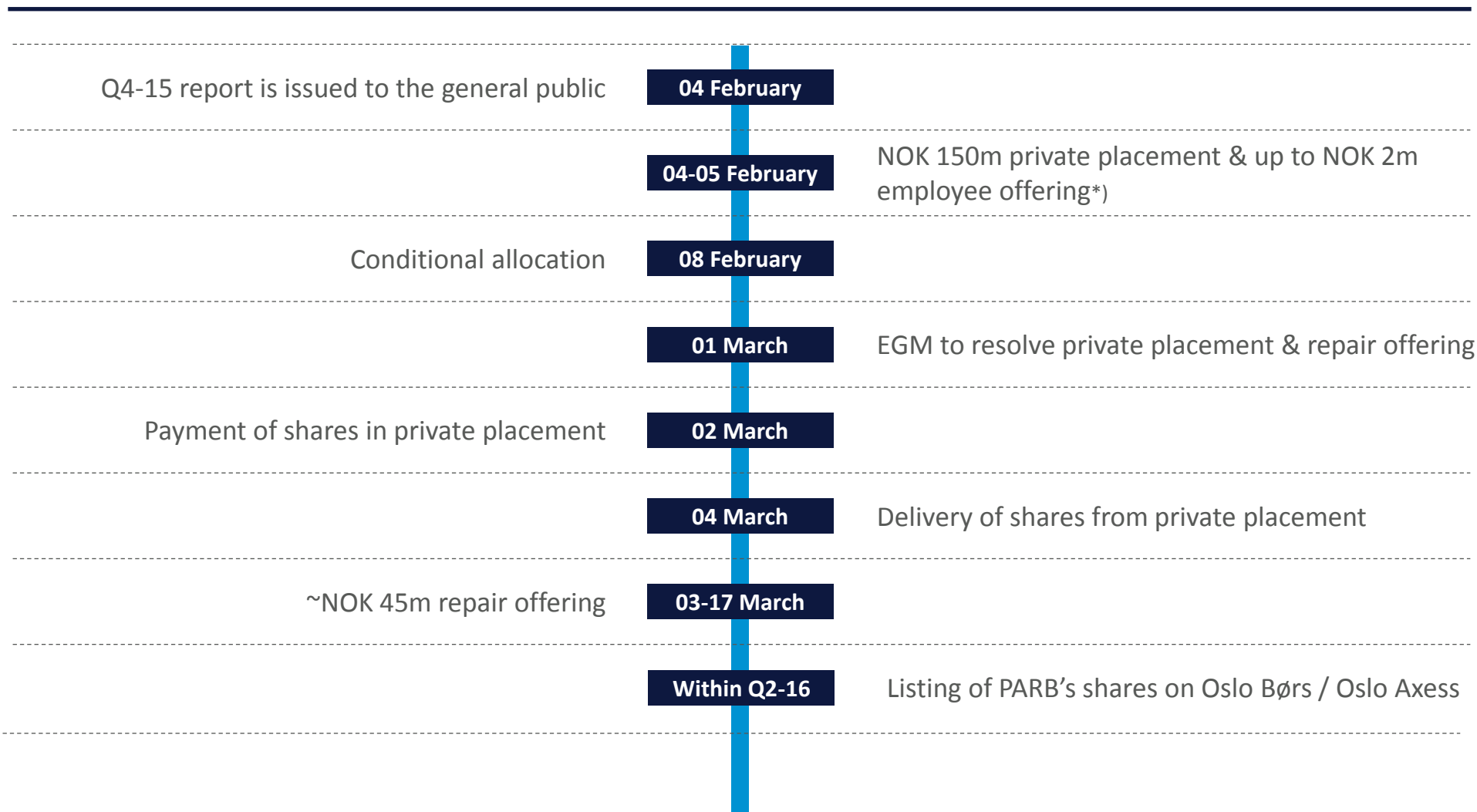
I	CONTINUOUSLY IMPROVED PROFITABILITY	<ul style="list-style-type: none"> Improved net interest margin from 2.82% in Q4-12 to 5.12% in Q4-15 Cost/Income ratio from 45% in 2011 to 24% in 2015
II	EXPLOIT ATTRACTIVE MARKET DEVELOPMENT	<ul style="list-style-type: none"> Reduced credit supply Improved margins Attractive business opportunities
III	DYNAMIC BALANCE SHEET OPTIMIZATION	<ul style="list-style-type: none"> High redemption rate gives flexibility with respect to portfolio size and composition Continuous optimization of size and composition of total liquidity
IV	NEW EQUITY ISSUE	<ul style="list-style-type: none"> Strengthen equity through private placement of NOK 150m + rep. Strengthen CET1 from 13.2% to 14.9% Ability to increase commitment size

CET1 ratio development



Strengthened **CET1** through the described transactions allows for continued **profitable growth** and **targeted dividend policy** going forward

INDICATIVE TIMELINE



INVESTMENT HIGHLIGHTS

I

ATTRACTIVE NICHE MARKETS

- Reduced credit supply from key competitors
- Improved margins within key markets
- Attractive business opportunities
- Solid profitability

II

STRONG FINANCIAL PERFORMANCE

- Solid market position built over the last 8 years with good results
- Outstanding ROE performance last 2 years
- World class cost/income of 24%

III

LEAN & COST EFFECTIVE ORGANISATION

- 80% of the employees work with clients on a day to day basis
- A commercial performance driven culture with focus on high margins and fees
- A lean organisation and short decision lines gives great customer experience

IV

STRONG LONG TERM CREDIT PERFORMANCE

- Hands-on, pro-active management
- A strong track-record with regards to losses and write-downs
- A centralized credit decision process is fundamental to minimize loan losses
- A strong culture for continuously follow-up of all loans and customers

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PORTFOLIO COMPOSITION | OVERVIEW*

MAIN BUSINESS AREAS

Real estate

Real estate financing focused on residential property construction in the greater Oslo region

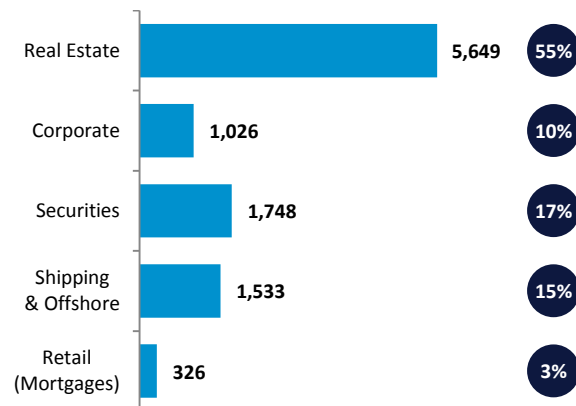
Securities & Corporate

A full scale provider of corporate & securities financing including investment services

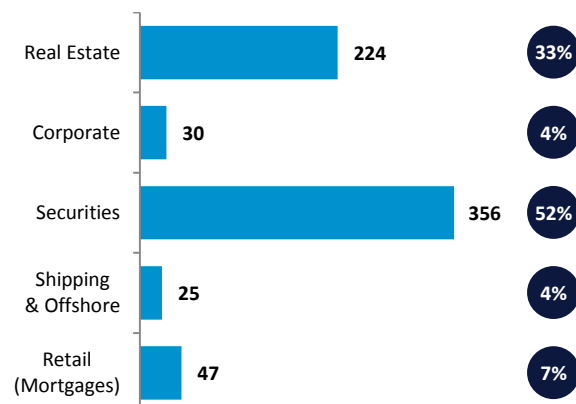
Shipping & offshore

Gradually building a diversified shipping and offshore portfolio

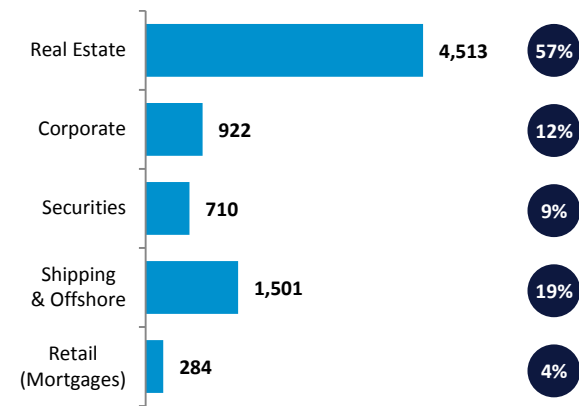
Total credit exposure (NOKm) $\Sigma = \text{NOK } 10,282\text{m}$



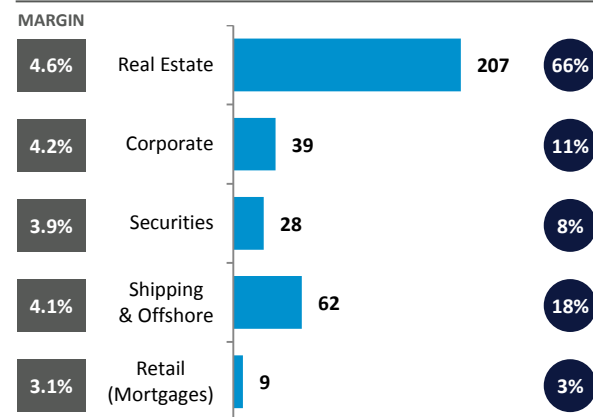
Number of active clients $\Sigma = \# 682$



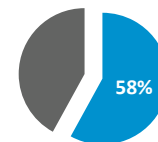
Total lending (NOKm) $\Sigma = \text{NOK } 7,931\text{m}$



Interest contribution (NOKm) ** $\Sigma = \text{NOK } 344\text{m}$

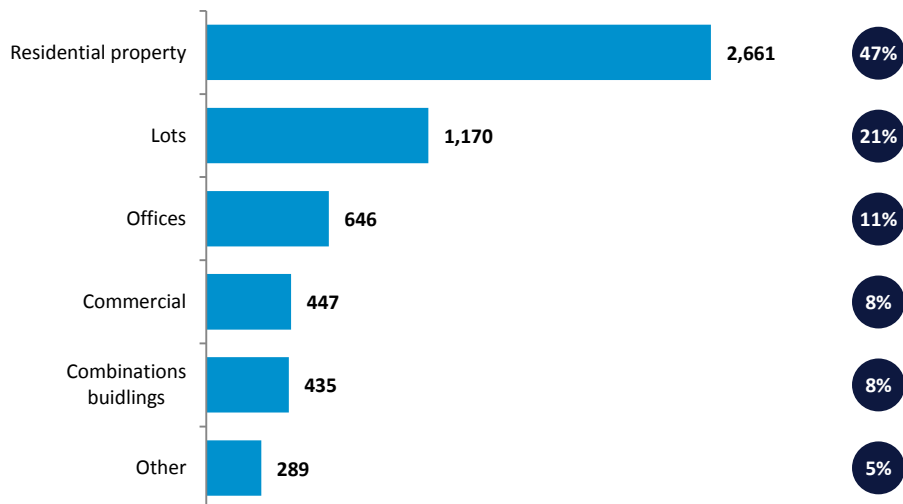


REAL ESTATE (I) | STRONG MARKET POSITION *



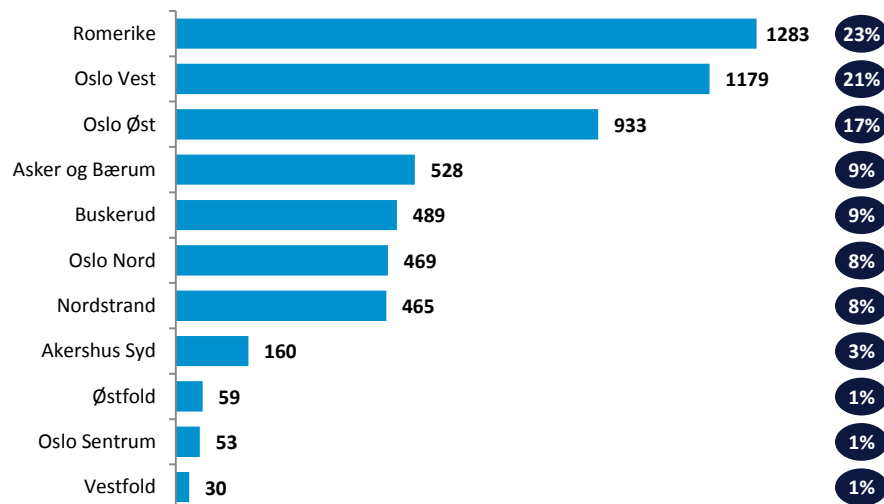
Total Real Estate credit exposure (NOKm)

Σ = NOK 5,649m

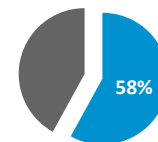


Geographical Real Estate exposure (NOKm)

Σ = NOK 5,649m



- Strong market position within residential property construction in the Oslo region
- Primarily financing of regulated lots with a potential for property development; 115 development projects of which 82 are small town houses
- A typical project is composed of lot financing and a building construction facility in the range of NOK 10 - 50m for the construction of 4 - 8 homes in the greater Oslo area
- Financing of projects for renovation and conversion of commercial property to residential units

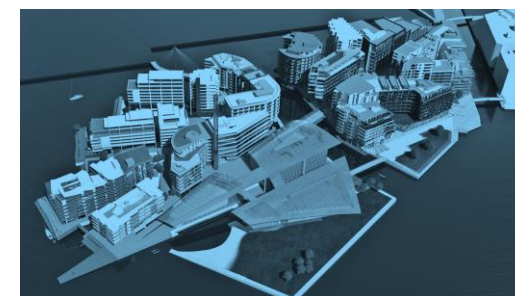


Real Estate portfolio policy

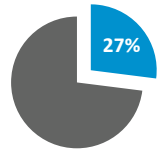
- The bank requires on average 20% to 40% equity to finance a property lot purchase
- Primarily financing of regulated lots purchased for development with a clear exit strategy
- The developer must demonstrate the ability to successfully complete projects and have experience with residential development
- Projects stress tested: if the price of unsold units falls by 50% compared to pre-sold units, the sales amount must still be sufficient to cover the bank credit
- Primarily financing of projects in the Oslo region and other well-functioning and liquid markets

Real Estate portfolio management

- In house regulatory skills of the housing market is essential for a good credit decision process
- Tight project management from the bank through the whole project
- External third party professional building inspectors are working on behalf of the bank to follow up every project on a monthly basis
- Primarily turnkey projects to minimise cost overruns

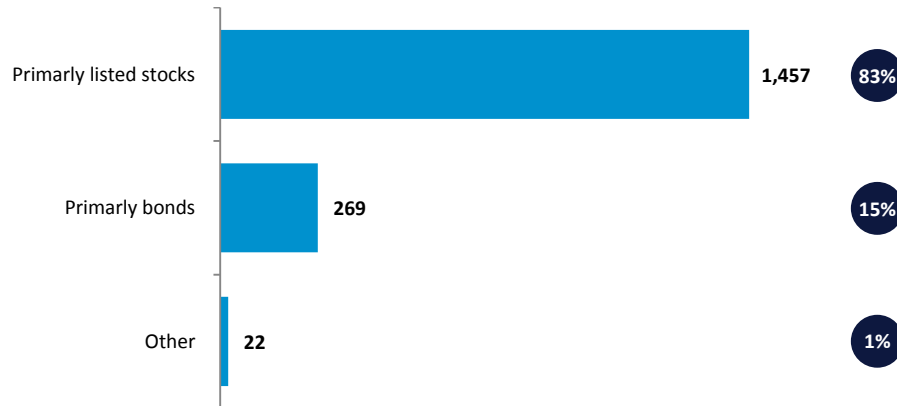


SECURITIES & CORPORATES (I) | SOLID CLIENTS *



Total securities exposure (NOKm)

Σ = NOK 1,748m

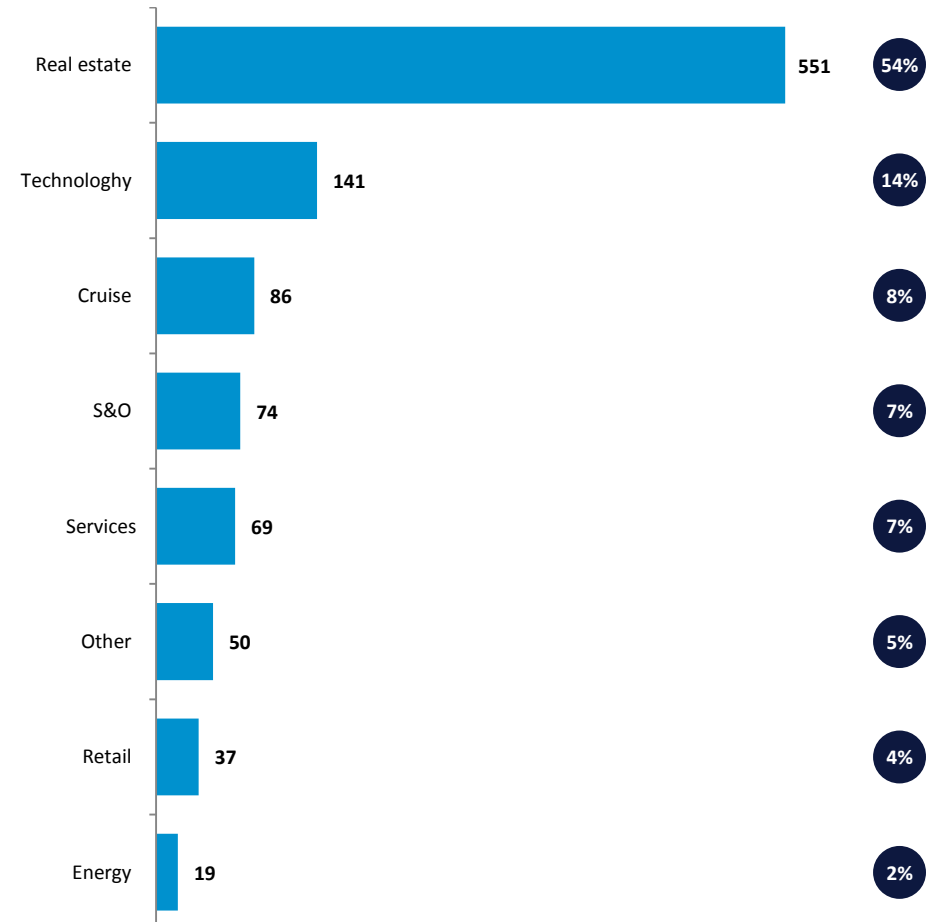


Key comments

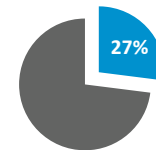
- A dedicated and highly skilled team of 3 FTE in addition to the head of securities & corporates
- The main rationale is to take advantage of the opportunities afforded by the bank's link to the Pareto group
- Wide range of securities financing products and investment services
- Customized and flexible financing solutions for corporates

Total corporate finance exposure by industry (NOKm) **

Σ = NOK 1,026m



SECURITIES & CORPORATE (II) | MGMT. & TERMS *



Securities financing

Overview

- Total exposure of NOK 1,747.9m
- 356 customers of which only 26 have a credit facility of above NOK 10m
- Real time follow-up and any breach of margin call / LTV limit must be repaired by the end of next day

Standard products

- Financing of stocks primarily on Oslo Stock Exchange with a LTV / Leverage of 0% to 80%
- Financing of short trades on Oslo Stock Exchange
- Financing of high yield bonds mainly arranged by Pareto Securities with a LTV/leverage of around 50%
- Financing of funds (stocks, bonds etc.)

Other more specialized products

- Forwards, total return swaps
- Guarantees in favour of Oslo Stock Exchange for companies in a mandatory offer position

Corporate financing

Overview

- Total exposure of NOK 1,025.8m
- 30 customers with credit facilities/guarantees in the range of NOK 1m to NOK 200m
- Exposure to a variety of industries

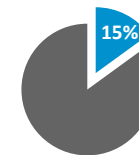
Standard products

- Various forms of bridge financing in connection with investments and issues
- M&A financing
- Financing of investments with guarantees from wealthy owners

Time is everything

- Our value proposition lies in the transaction phase of an investment
- Our clients need a professional and dedicated credit team that efficiently can structure a tailor made financing for a specific project

SHIPPING & OFFSHORE (I) | DIVERSIFIED LOANS *

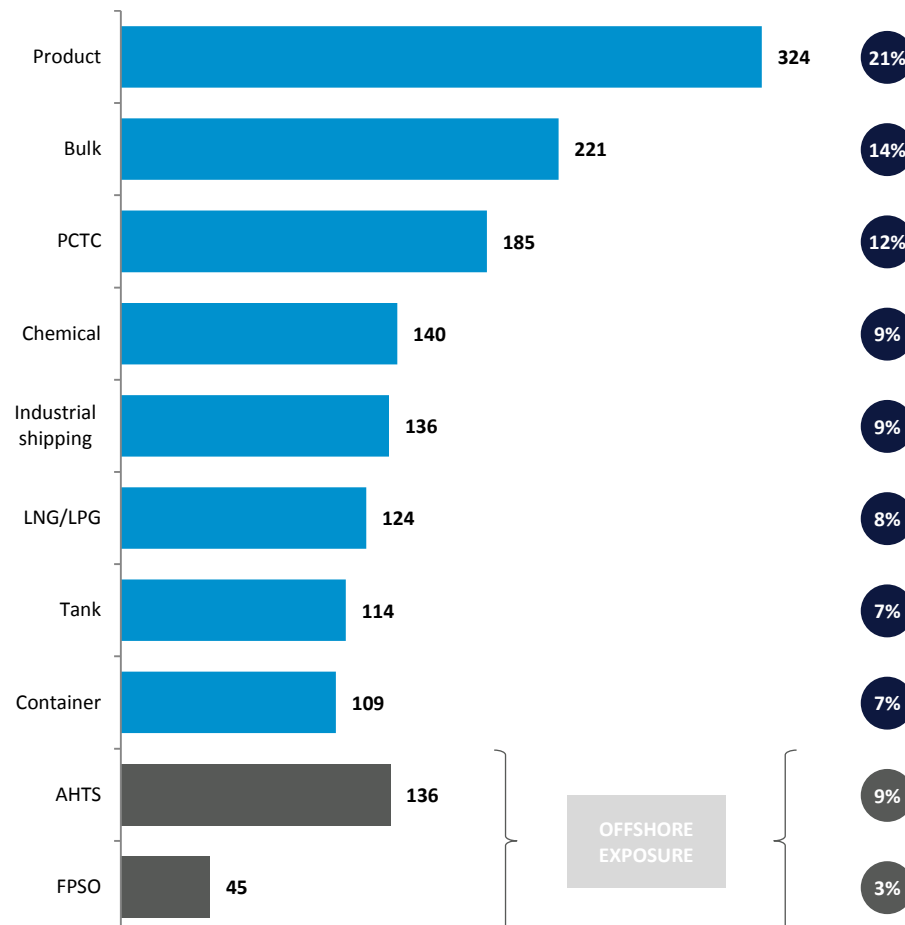


Key comments

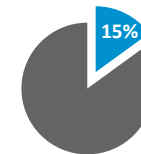
- 24 loans financing a total of 36 vessels
- Only 3 loans towards the offshore sector: approximately ~1.8% of total credit exposure
- Sole lender in all but 3 loans which are syndicate or club deals
- Average loan size USD 7.1m
- Largest exposure is USD 12.1m
- 7 new projects in 2015 within a variety of segments
- A dedicated and highly skilled team of 3 FTE in addition to the head of S&O are responsible for the segment
- Opportunistic approach to future growth in the S&O segment on a case-by-case basis

Total S&O credit exposure (NOKm)

Σ = NOK 1,533m



SHIPPING & OFFSHORE (II) | MGMT. & TERMS



S&O portfolio policy

- Minimum equity of 30%, but normally in the range of 40% to 50%
- Clients should be based in Norway and have extensive experience and expertise in operations and maintenance
- The portfolio should be diversified and a single segment will normally not exceed 25% of the total S&O exposure over time
- Projects should have a high quality charterer with transparent books
- Ships built in renowned shipyards, with liquid second-hand markets and well-proven designs

S&O portfolio management

- Thorough decision making process: All loans approved by the BoD
- External specialists used as consultants for credit analysis
- Equity analysts and specialists in the Pareto Group are good sources of info
- Use of expertise from partners regarding valuations, marine insurance and technical assessments
- Individual valuations obtained from independent and reputable shipbrokers every third month
- Continuously monitoring real time vessel values via VesselsValue.com
- Tight covenants are essential: Each loan is assessed on a quarterly basis by "loan-to-value" (LTV) and "minimum cash"
- Immediate measures upon breach

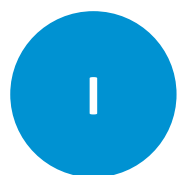


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2015 ANOTHER SOLID YEAR

Key figures 31.12.2015



NET
INCOME

NOK 345.4m
(NOK 297.1m)



RETURN ON
EQUITY

14.8 %
(15.6 %)



COST / INCOME
RATIO

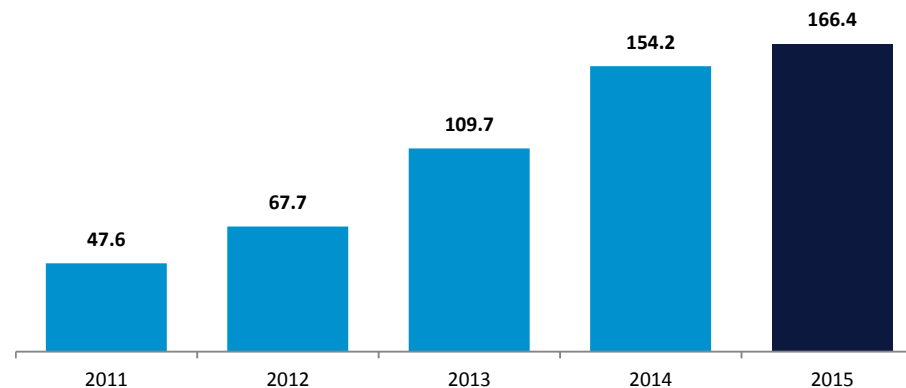
23.9 %
(26.9 %)



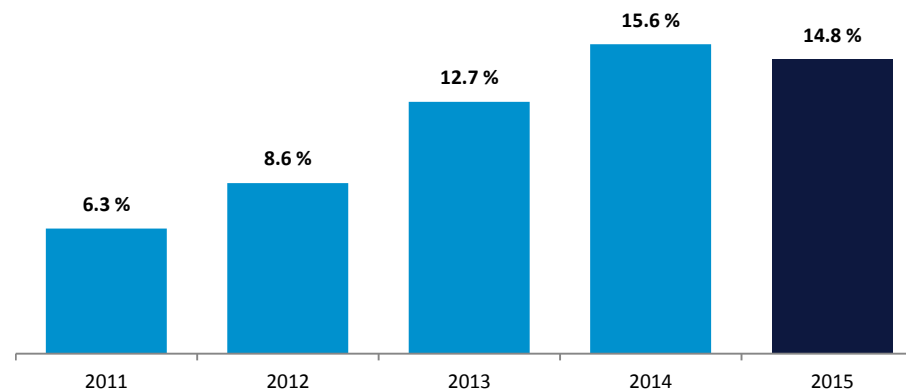
CET1
RATIO

13.2 %
(12.1 %)

Result after tax (NOKm)



Return on Equity



GROWING INCOME STATEMENT

P&L (NOKm)

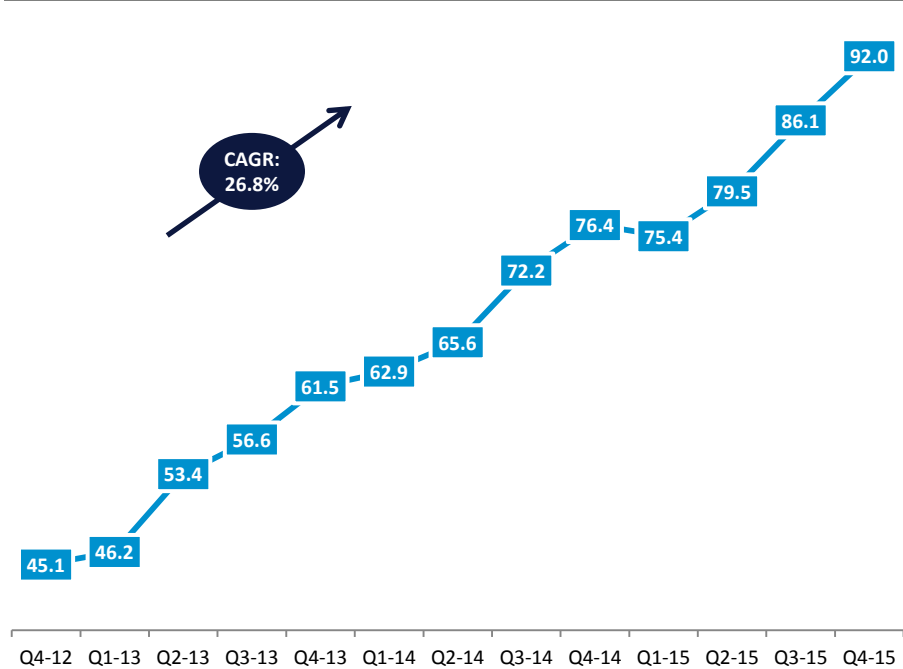
	Q4-15	Q4-14	2015	2014
Interest receivable and similar income	140.7	148.2	553.0	552.8
Interest payable and similar costs	48.7	71.8	220.1	275.6
Net interest income	92.0	76.4	333.0	277.1
Commissions and income from banking services	5.2	2.8	15.1	11.0
Commissions payable and costs for banking services	0.2	0.1	0.5	0.8
Net gain / loss on financial instruments at fair value	-10.4	-11.7	-2.3	9.8
Other operating income	0.0	0.0	0.1	0.1
Total other operating income	-5.4	-9.1	12.4	20.0
Total net income	86.6	67.3	345.4	297.2
Salaries, pensions and personnel expenses	14.7	26.5	53.0	54.4
General administration expenses	4.1	4.0	15.0	14.5
Ordinary depreciation	1.2	1.0	4.6	3.7
Other operating expenses	2.7	1.7	10.1	7.2
Total other operating expenses	22.7	33.3	82.7	79.8
Operating result before losses / write-downs / reversals on loans and guarantees	63.9	34.0	262.7	217.3
Losses / write-downs / reversals on loans and guarantees	27.6	2.5	31.6	7.9
Operating result before tax	36.3	31.6	231.1	209.4
Tax payable	11.9	6.8	64.6	55.2
Result after tax	24.4	24.7	166.4	154.2
<i>Earnings per share (NOK)</i>	0.57	0.58	3.92	3.63

Key comments

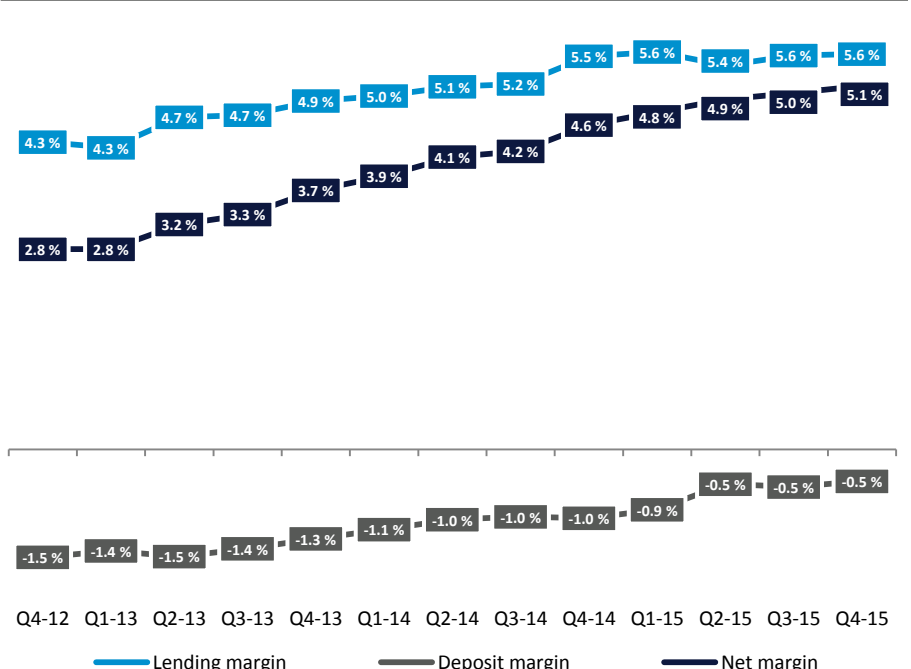
- The principle of assessing financial instruments at fair value may cause profits to fluctuate between quarters
- For Q4-15, total net losses were NOK 10.4m (NOK 11.7m)
- The bank made write-downs totaling NOK 27.6m (NOK 2.5m) in Q4-15
 - NOK 10.0m in group provisions
 - NOK 17.6m in individual provisions relating to one specific loan within the shipping segment
- NOK 2.8m was allocated for profit sharing with employees for the Q4-15 and NOK 10.8m for 2015, whereas a profit share of NOK 17.4m for 2014 was charged in its entirety to Q4-14

CONTINUOUSLY IMPROVING OPERATIONAL FIGURES (I)

Volume increase: Growing net interest income (NOKm)



Active repricing: Improving net interest margins (vs. 3M NIBOR)



Increased
lending volumes

Gradual shift in
underlying loan
portfolio composition

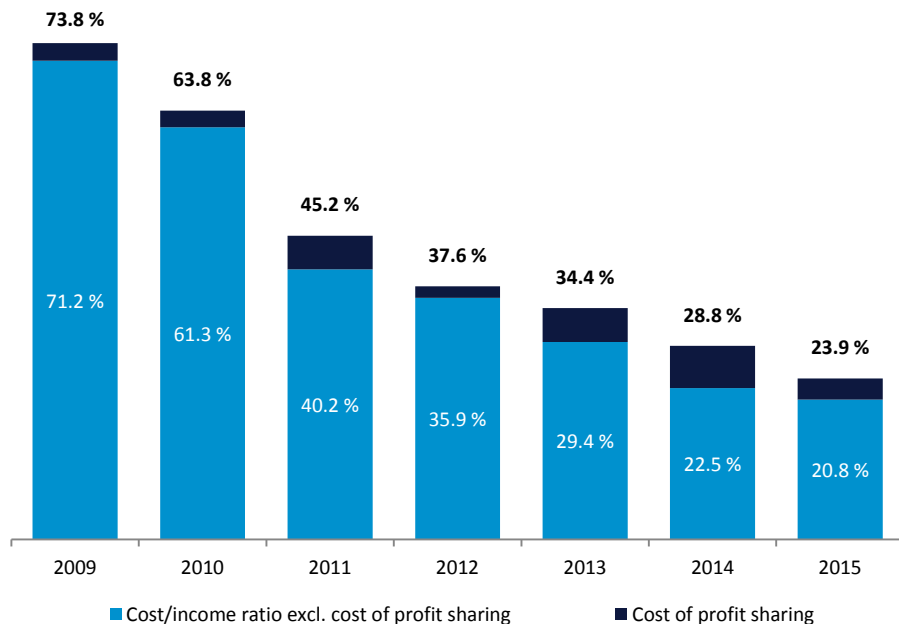
Improved
net margin

Reduced interest
rates on deposits

Higher lending
margins on new loans

CONTINUOUSLY IMPROVING OPERATIONAL FIGURES (II)

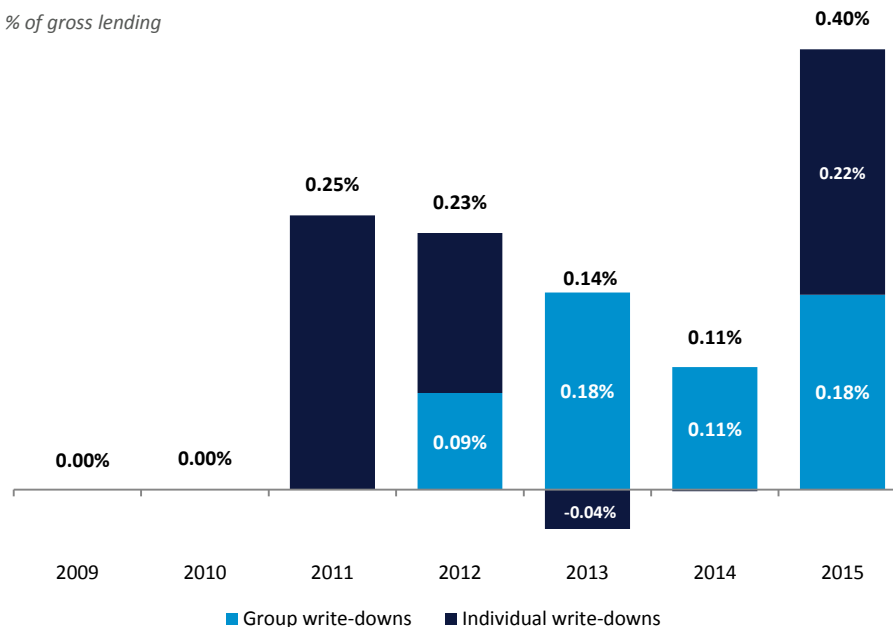
Stabilizing cost/income ratio



- Steadily declining cost / income ratio due to economies of scale as well as increasing operational efficiency
- Improved cost / income ratio in 2015 despite slight nominal cost increase compared to 2014 due to four new FTEs

Comfortable loss ratio

% of gross lending



- Strict credit policies facilitate comfortable loss ratio
- NOK 38.3m and NOK 40.7m in individual and group write-downs since inception – only NOK 20.5m in realized individual losses
- Increased loss ratio in 2015 mainly due to an individual write-down of one specific loan within shipping (+ 0.22% of gross lending)

STRONG BALANCE SHEET

BS (NOKm)

	2015	2014	2013	2012	2011
Cash and deposits with central banks	459.2	215.5	100.1	100.1	0.2
Lending to and deposits with credit institutions	362.5	233.0	451.4	164.0	364.6
Net lending to customers	7,930.6	7,206.8	7,161.9	6,734.2	5,472.8
Commercial paper and bonds	2,318.8	3,380.0	1,100.1	1,062.3	1,709.9
Shares and other securities	8.0	219.2	0.0	51.7	0.0
Financial derivatives	7.7	27.9	31.3	54.9	68.0
Intangible assets	25.9	24.9	23.8	26.3	26.2
Fixed assets	0.8	0.3	0.5	0.8	1.1
Other assets	26.2	32.3	20.6	89.1	0.6
Prepaid costs and retained earnings	0.3	0.2	0.1	0.1	0.2
Total assets	11,140.0	11,340.0	8,889.8	8,283.4	7,643.7
Deposits from credit institutions	0.4	1.6	13.1	200.7	402.4
Deposits from customers	6,454.9	7,347.5	6,110.1	5,371.1	4,942.0
Senior securities issued	3,017.5	2,351.0	2,513.4	1,584.5	1,303.4
Financial derivatives	83.3	149.1	26.8	11.7	39.1
Other liabilities	64.6	107.4	57.2	60.6	48.2
Accrued costs and prepaid income	18.7	24.2	116.7	9.9	14.6
Subordinated loan capital	309.3	308.9	233.8	233.1	124.3
Total liabilities	9,948.8	10,289.7	7,971.2	7,471.6	6,874.1
Equity	735.5	735.5	732.5	735.5	735.5
Other equity	455.7	314.8	186.1	76.3	34.2
Total equity	1,193.2	1,050.3	918.6	811.8	769.6
Total liabilities and equity	11,140.0	11,340.0	8,889.8	8,283.4	7643.7

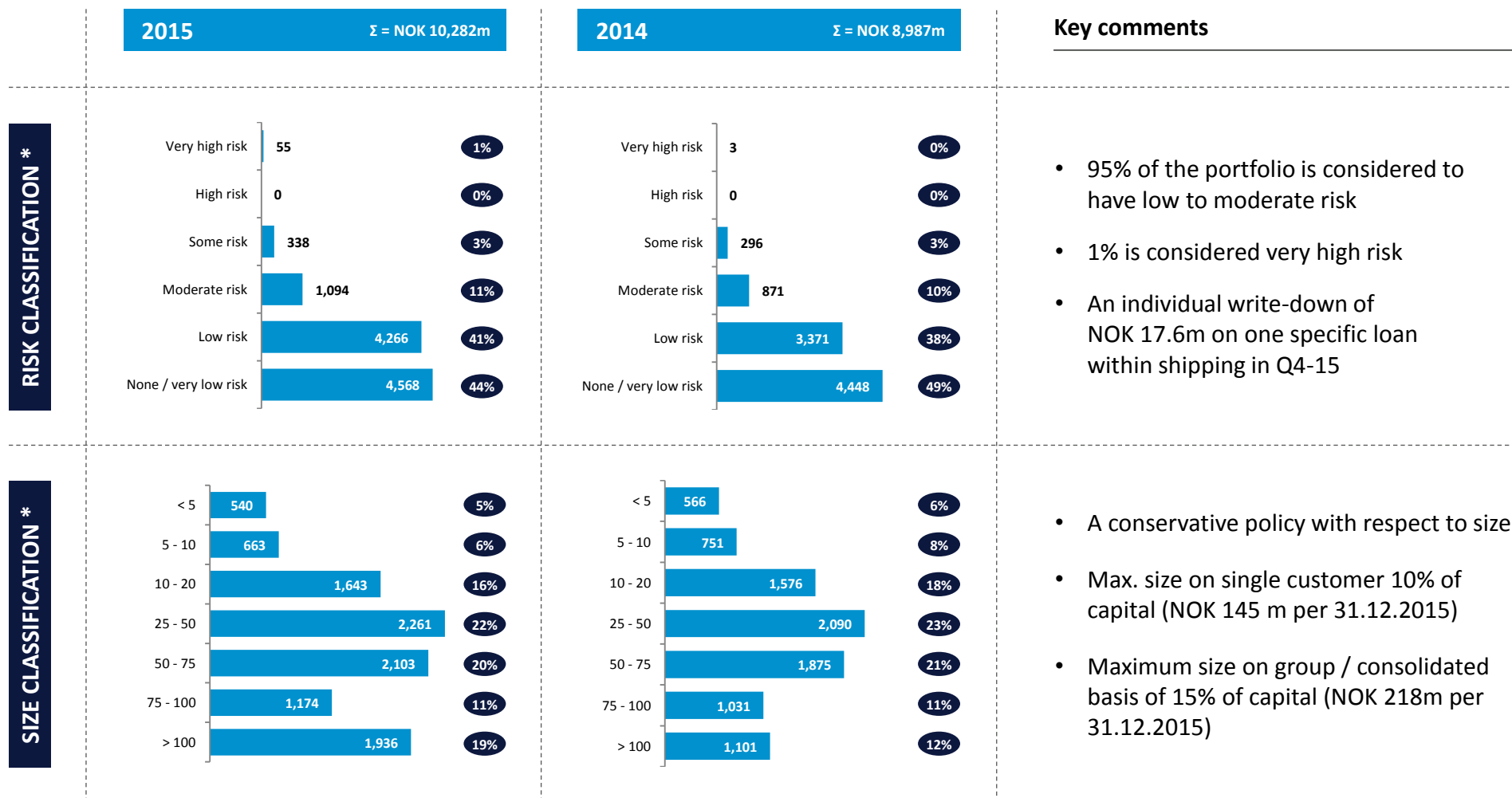
Key comments

- High turnover rate: approximately 30% of the loan portfolio matures within a year
- Continuous optimization of the size and composition of surplus liquidity
- A deposit portfolio diversified by time, size and customer
- A comfortable deposit-to-loan ratio of 81%

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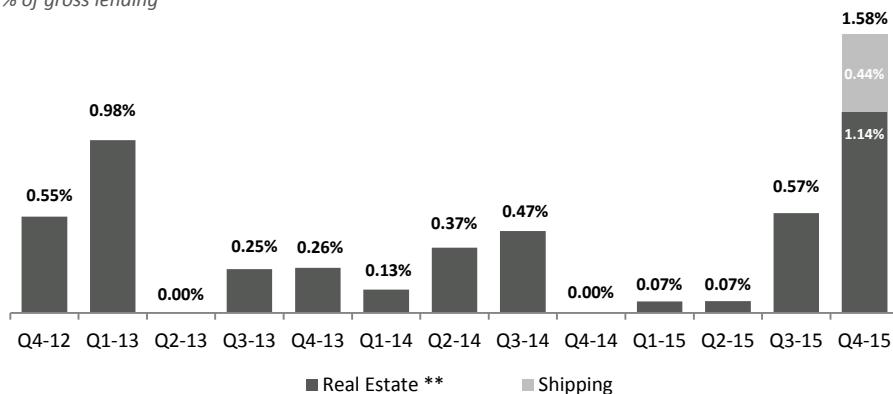
COMMITMENTS BY SIZE & RISK CLASSIFICATION



LOAN PORTFOLIO QUALITY

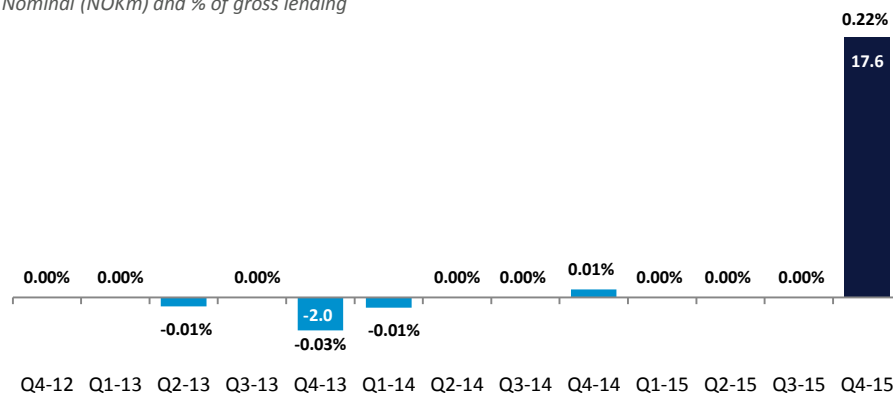
Net non-performing and impaired loans *

% of gross lending



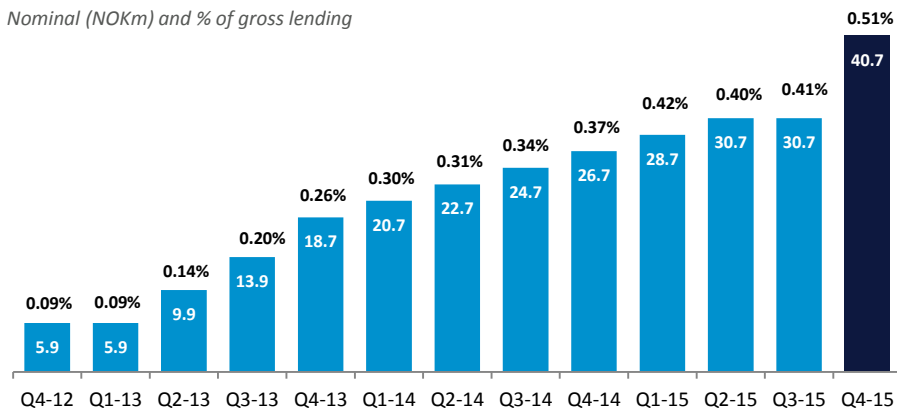
Individual losses/write-downs/reversals on loans & guarantees

Nominal (NOKm) and % of gross lending



Group provisions

Nominal (NOKm) and % of gross lending



Group losses/write-downs/reversals on loans

Nominal (NOKm) and % of gross lending

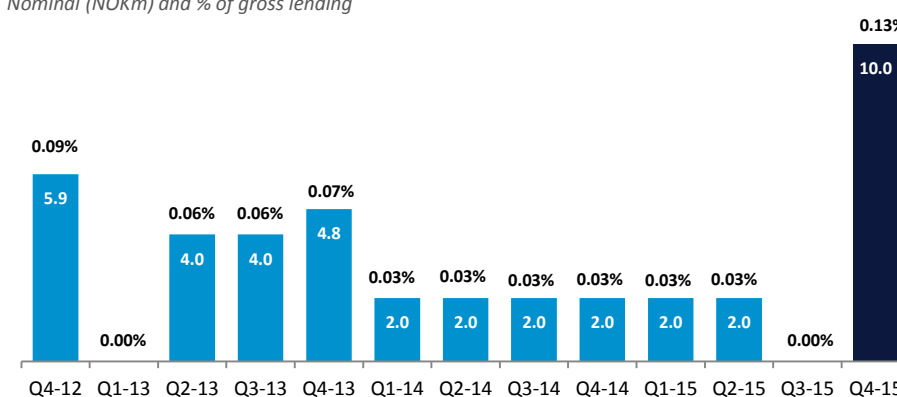


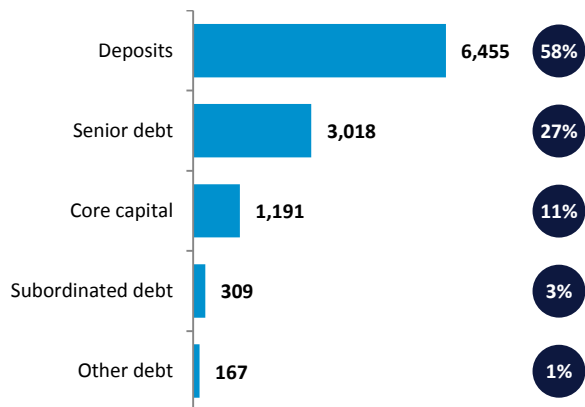
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FUNDING (I) | OVERVIEW *

Sources (NOKm)

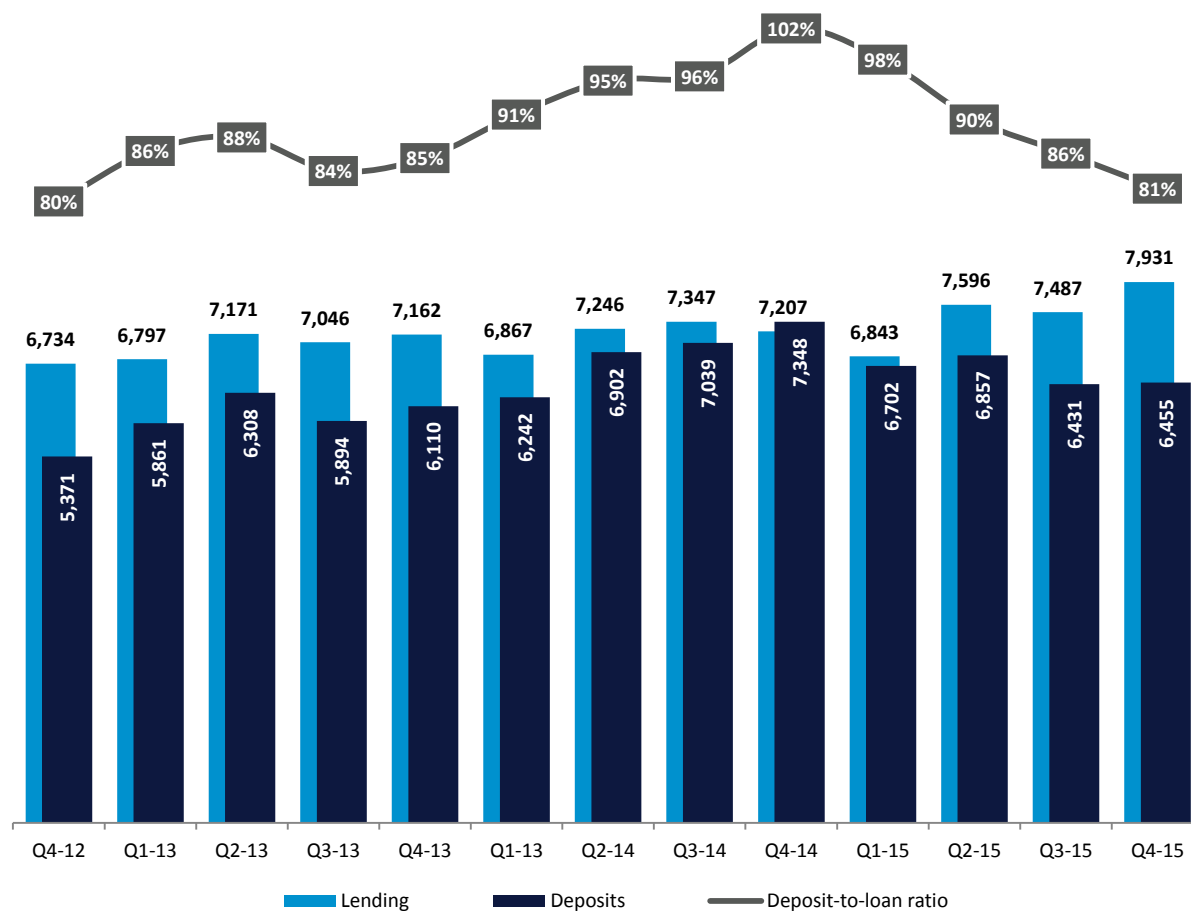
Σ = NOK 11,140m



Key ratios

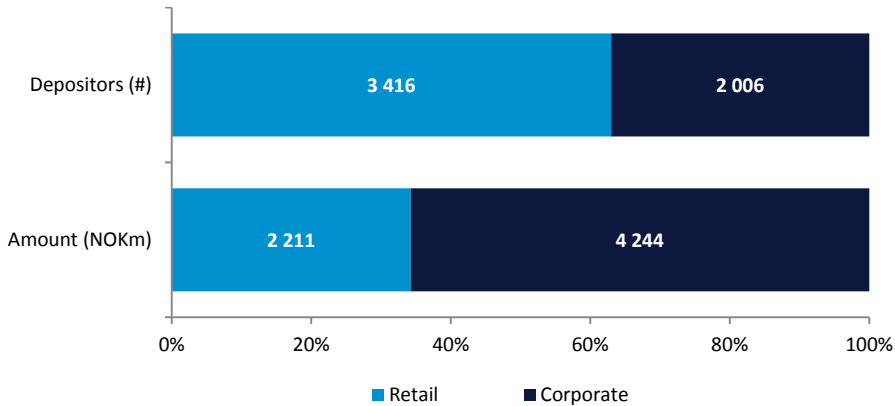
Deposits with liquidity restrictions	39 %
Corporate deposits	66 %
Deposit-to-loan ratio	81 %
Long-term NFSA liquidity ratio	123 %
LCR	188 %

Historical development in deposits vs. lending (NOKm)

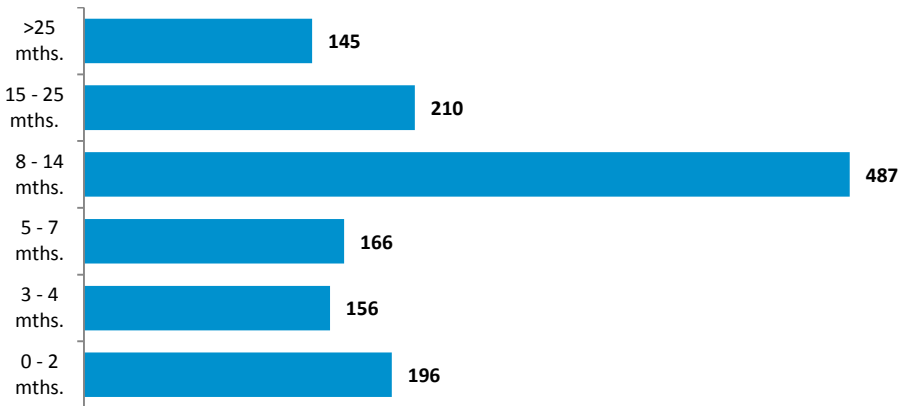


FUNDING (II) | CUSTOMER DEPOSITS *

Deposit allocation

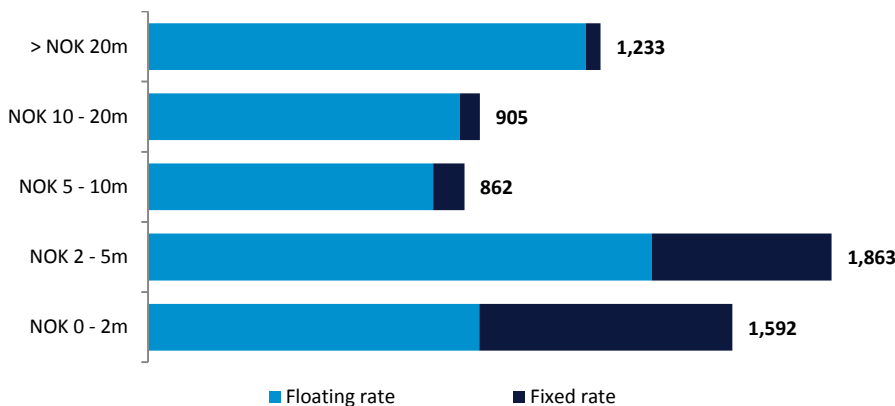


Fixed rate deposits (NOKm) - time to maturity (months) $\Sigma = \text{NOK } 1,360\text{m}$

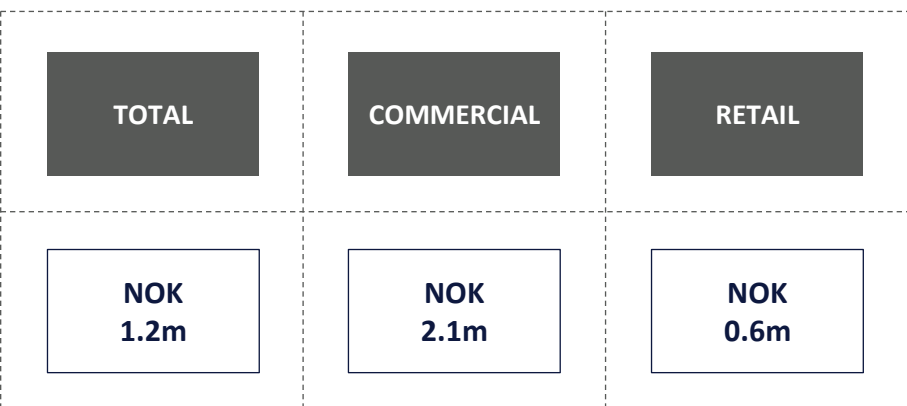


Deposits by size (NOKm)

$\Sigma = \text{NOK } 6,455\text{m}$

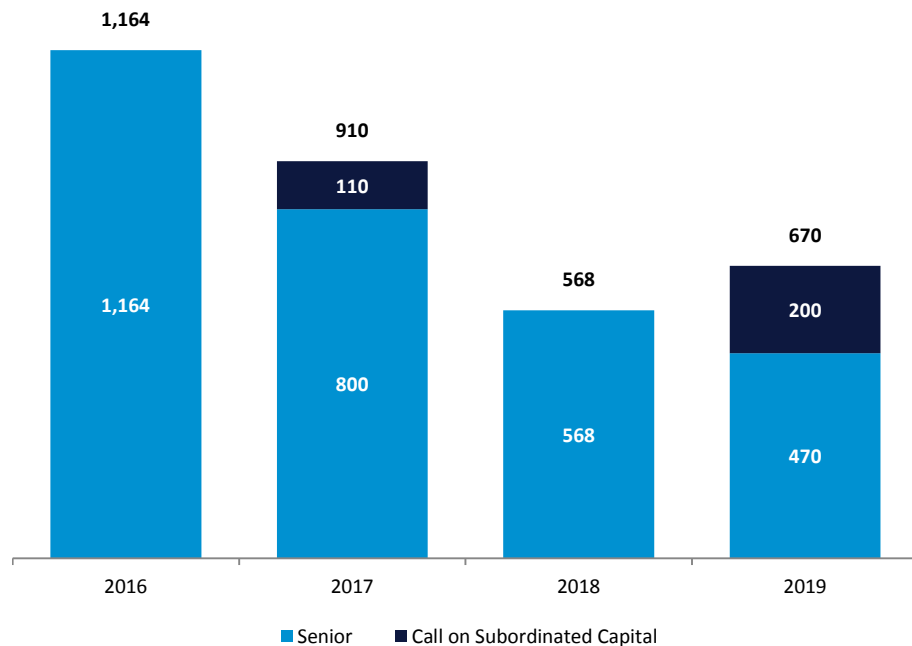


Average deposit per customer (NOK)



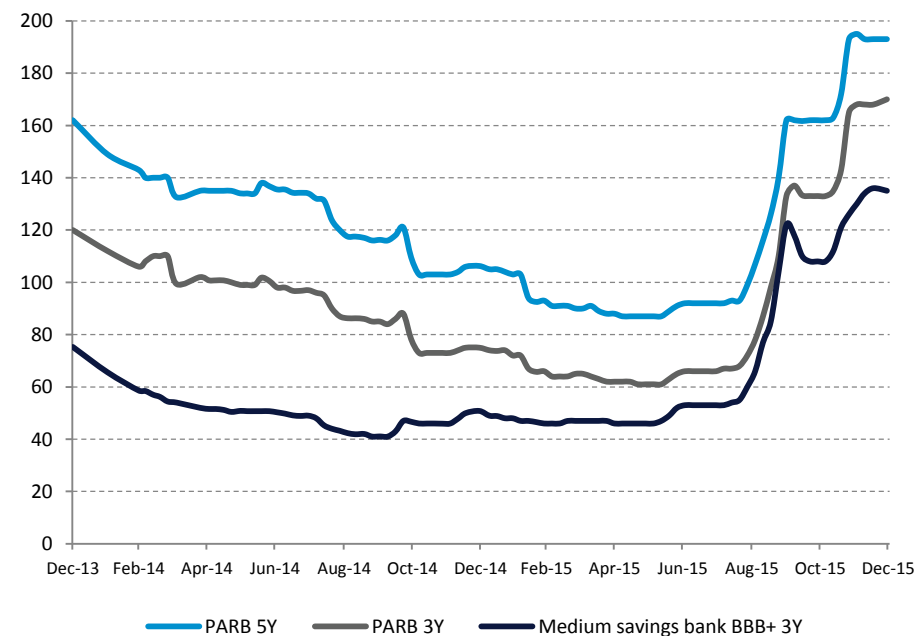
FUNDING (III) | MARKET FUNDING

Market funding maturities - net of own holdings (NOKm)



- PARB has issued two certificates and six senior unsecured bonds
- Subordinated capital includes one T2 bond and two perpetual AT1 bonds with five year calls
- The bonds are listed on Nordic ABM and the Oslo Stock Exchange

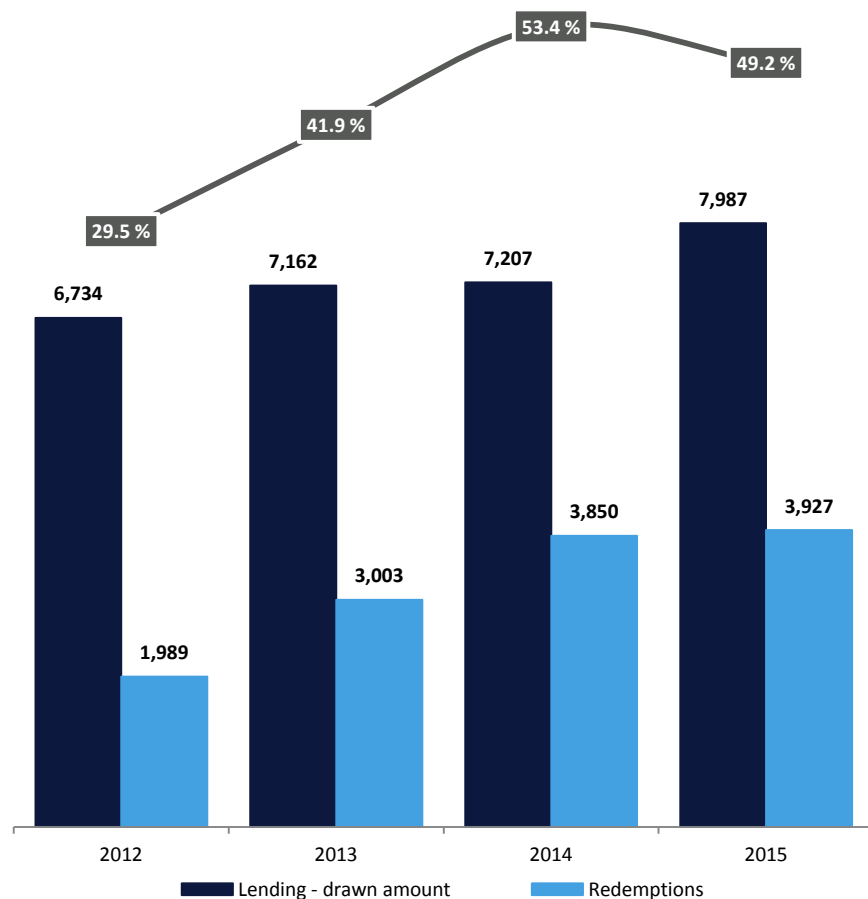
Credit spreads (bps)



- Credit spreads on senior financials rose considerably during the third and fourth quarter of 2015
- Pareto Bank's focus is on continuously improving investor relations through transparent pricing and providing liquidity by market making

A HIGH REDEMPTION RATE GIVES FLEXIBILITY

Loans (drawn amount) and redemptions per year (NOKm)



Key comments

A high share of project loans with relatively short maturity results in a high natural redemption rate which again grants PARB the following abilities:



Comply quickly with new capital requirements



Shift risk quickly from one segment to another



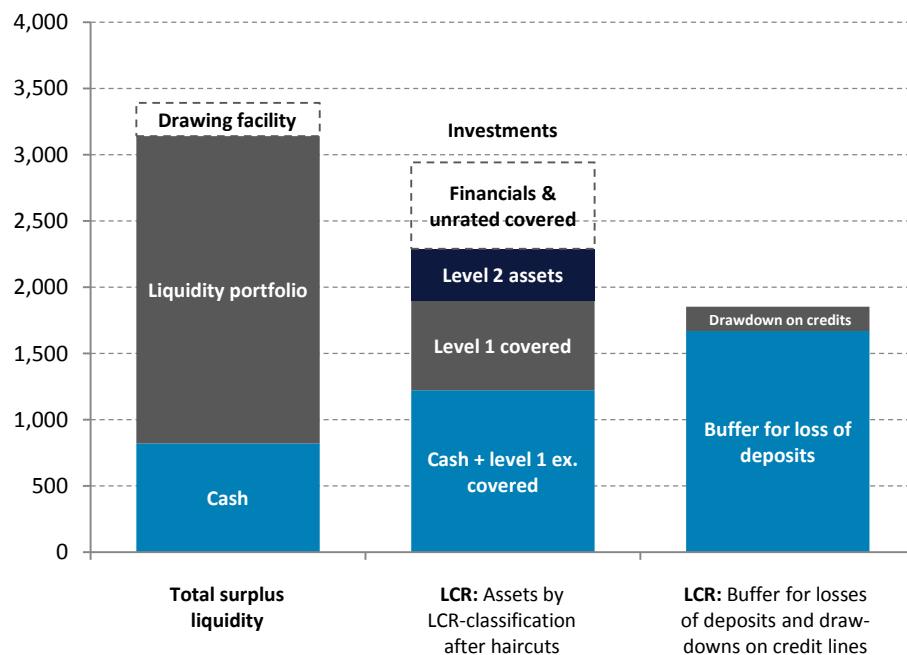
Always be open for new business



Somewhat more challenging to maintain growth

SURPLUS LIQUIDITY*

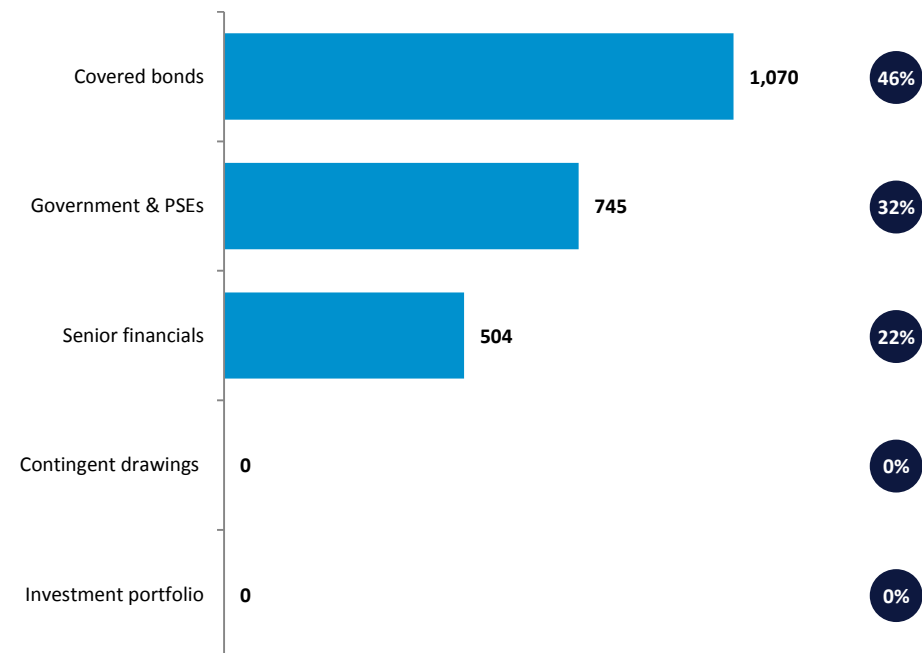
Comfortable liquidity buffer (NOKm)



- The bank's liquidity is comprised of cash and highly liquid bonds
- Cash holding is kept high to cover short-term liquidity needs
- The bonds portfolio is fully LCR-compliant with a high share of state, municipalities and highly liquid covered bonds

Bond portfolio (NOKm)

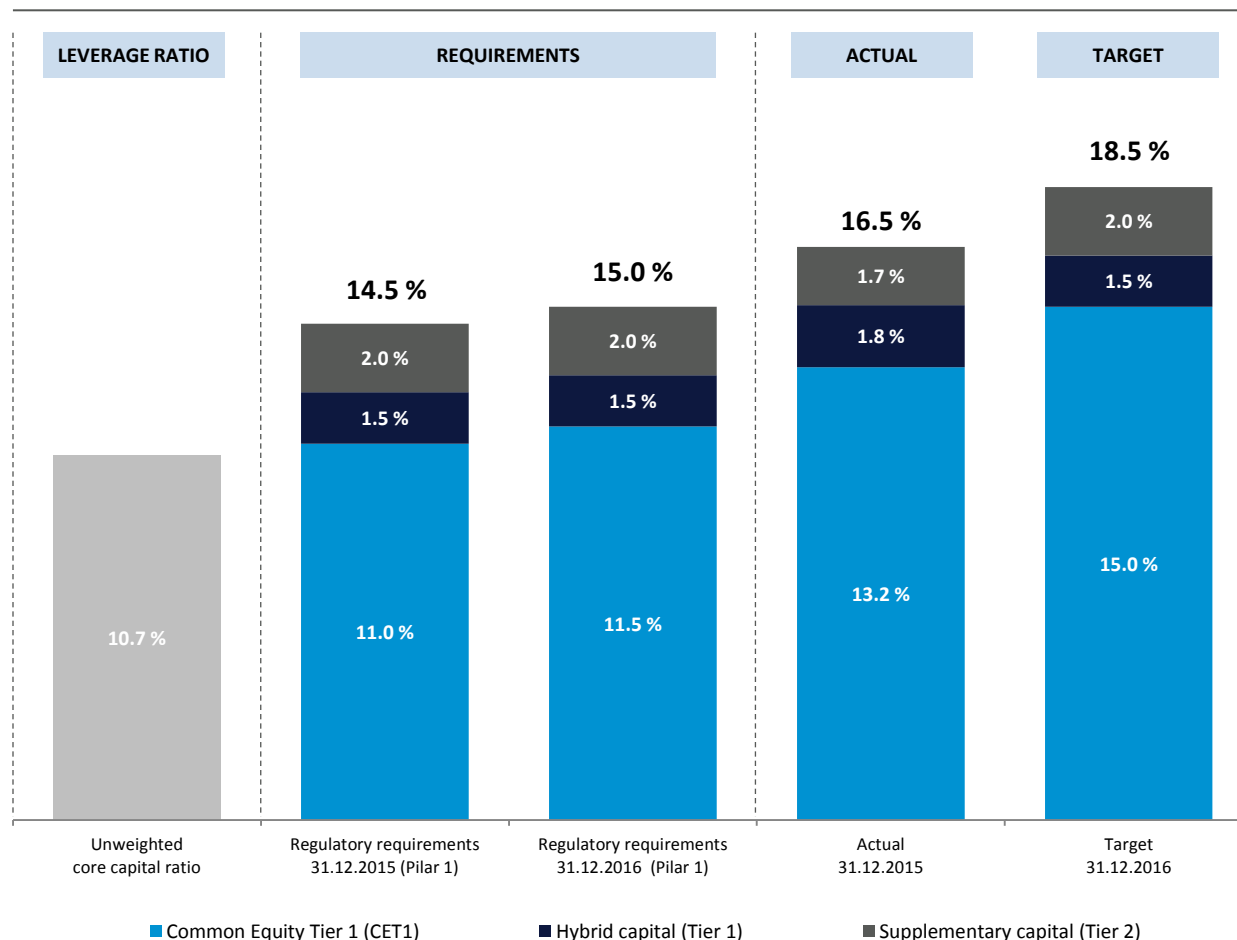
Σ = NOK 2,319m



- Mainly comprised of AAA securities
- Investment portfolio (max limit NOK 500m - not utilized)
- Portfolio of contingent drawings (max limit NOK 100m - not utilized)

FINANCIAL STRENGTH AND CAPITAL TARGETS

Pareto Bank capital ratios, requirements and targets *



Key comments

- The bank's capital target for CET1 is 15 % by end-of-year 2016
- This includes fulfilment of Pillar 2 and an increased countercyclical buffer requirement, as well as a buffer against changes in the bank's risk weighted assets or capital base
- The bank's Pillar 2 assessment and capital targets have been reviewed by the NFSA. The bank has not however been through a formal SREP process.
- The long term ambition is to pay a dividend of 30 - 50% of the bank's result after tax
- Prospects for profitable growth will normally mean a payout ratio in the low end

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AMBITIONS FOR 2015 **HAVE BEEN REACHED**

I

Return on equity (ROE) after tax of 15 %

II

Net lending growth of NOK 800m

III

Improved net interest margin

IV

Strengthened team in real estate and shipping



PORTFOLIO GOALS FOR 2016

BUSINESS AREAS	MARKET	STATUS	GROWTH TARGETS
Real estate 	<p>Signs of margin pressure and increased risk-taking, but still good deal flow</p>	<p>High natural repayment rate on loans gives moderate growth</p>	<p>Net growth of approximately NOK 200-300m</p>
Securities & Corporates 	<p>Potential customized corporate financing</p>	<p>Stronger focus on corporate financing</p>	<p>Net growth of approximately NOK 200-300m</p>
Shipping & offshore 	<p>Lack of project lending - high level of uncertainty in the market</p>	<p>Gradually developing a diversified portfolio</p>	<p>Net growth of approximately NOK 300-400m</p>

FINANCIAL TARGETS FOR 2016

PROFITABLE GROWTH	10.0%	Attractive niche market development with reduced credit supply and improved margins
RETURN ON EQUITY	> 15.0%	Cost effective and commercially oriented bank
CAPITAL ADEQUACY	15.0%	CET1 capital in line with NFSA requirements
DIVIDEND POLICY	30-50%	The actual payout ratio will depend on the growth potential within the bank's market

- Reduced credit supply from key competitors
- Continued attractive margins and business opportunities in target segments
- A scalable business model that makes further profitable growth possible
- ROE on new business significantly above ROE target
- 80 % of the bank's employees work with customers
- Customer profitability is a cornerstone: all loans shall be profitable from day one
- A fast mover with short decision lines, no bureaucracy and an efficient credit decision process
- Strong long-term credit performance due to a centralized credit decision process, tight covenant setting and a culture for day-to-day follow-up of customers

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SUMMARY

Pareto bank

1

Solid performance in 2015 with attractive ROE

2

Attractive opportunities for loan growth in 2016

3

Norwegian FSA requires strengthened CET1

4

Equity issue of NOK 150 to strengthen CET1, establish platform for continued growth and a normalized dividend policy

5

High ambitions for 2016 and onwards