



Erik Sanderson

EVP – Financial Institutions

COMMITTED NOK 5,5 BILLION TO FINANCIAL INSTITUTIONS

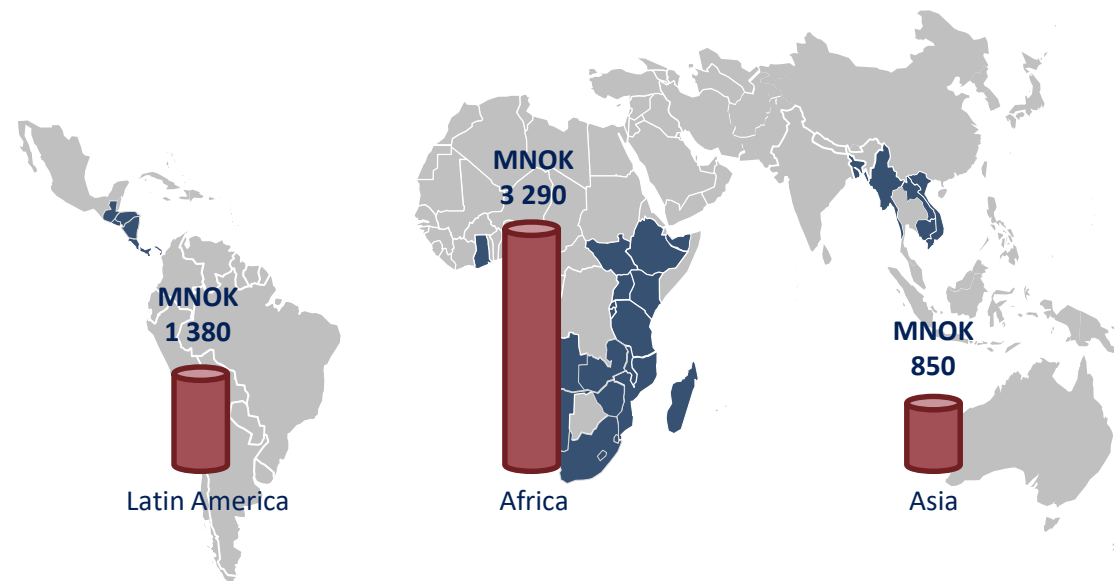
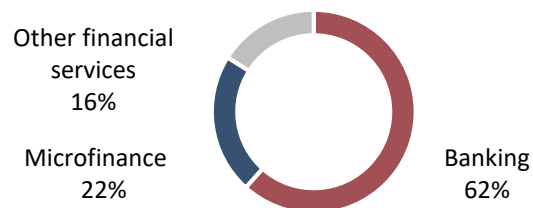


Portfolio of

- Tier I and II banks
- Microfinance institutions (MFIs)
- Non-bank financial institutions

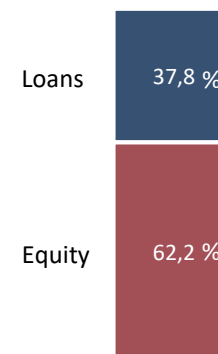
Focus on institutions targeting SMEs and the mass market

Institution mix:



31.12.2017

Instruments:



CURRENTLY NOK 2,1 BILLION IN LOANS TO FINANCIAL INSTITUTIONS



Larger loans to regulated institutions: Banks and large MFIs

- New loans of USD 180 million over the last 12 months
- Total portfolio : 20 loans
- Direct, co-lending and participation in syndicates

Type of instruments:

	Senior loans	Subdebt
Ticket size	• USD 10-20 mill	• USD 10-20 mill
Tenor	• 3-7 years	• 5-10 years
Margin (over LIBOR)	• 3 - 5%	• 6 - 8%
	• Unsecured	• Unsecured

Our experience:

- No write-offs, hardly ever non-performing
- Typically B-BB countries, but in practice lower risk
- Room for growth; higher number and larger ticket sizes

Smaller loans to smaller MFIs and NBFIs

- 4 new loans of total USD 10 million over the last 12 months
- Total portfolio : 15 loans
- Mostly direct or with co-lenders

Type of instruments:

	Senior loans
Ticket size	• USD 1-10 mill
Tenor	• 3-5 years
Margin (over LIBOR)	• 5 - 10%
	• Partially secured

Our experience:

- More NPLs, overall write-offs in the 10-20% range, but mostly still positive IRRs due to interest rate and fees
- Hard to enforce collateral
- Use in connection with equity investments



The financial sector is underdeveloped and set for growth

Direct investments:



- Microfinance in Cambodia
- Exited in 2016 to MUFG at 5x invested amount, 45% IRR
- More than 200.000 customers
- Norfund: ~15% stake



- Infrastructure lender in Latin America
- Co-investors: Regional commercial and development banks
- Assets under mgt: USD 400 mill
- Norfund: 32% stake

Investment platforms:



- Microfinance in Africa and Asia
- Co-investors: IFU, Ferd, KLP, DNB, Storebrand
- Net IRR range: 5-15%
- Norfund: ~30% stake



- Banks in Africa
- Co-investors Rabobank, FMO, KLP
- Assets under Mgt: USD 700 mill
- Norfund: ~40% stake