

Norwegian Finans Holding ASA

Second quarter 2014 results

Second quarter 2014 earnings were 82.1 MNOK, up 16.8 MNOK compared with the first quarter

Norwegian Finans Holding Group

<i>MNOK</i>	Q2 2014	Q1 2014	Change	
Interest income	304.7	270.6	34.2	13 %
Interest expenses	77.4	68.6	8.8	13 %
Net interest income	227.3	202.0	25.4	13 %
Commission and bank services income	30.3	29.2	1.0	4 %
Commission and bank services expenses	13.9	11.0	2.9	26 %
Net change in value on securities and currency	1.0	1.3	-0.3	-24 %
Net other operating income	17.3	19.5	-2.2	-11 %
Total income	244.6	221.5	23.2	10 %
Personnel expenses	9.4	14.4	-5.0	-34 %
General administrative expenses	83.1	80.1	3.0	4 %
Ordinary depreciation	2.6	2.5	0.1	4 %
Other operating expenses	3.5	4.8	-1.3	-28 %
Total operating expenses	98.6	101.9	-3.3	-3 %
Provision for loan losses	33.6	30.2	3.4	11 %
Profit before tax	112.4	89.4	23.0	26 %
Tax charge	30.3	24.1	6.2	26 %
Profit after tax	82.1	65.2	16.8	26 %
Earnings per share NOK (annualized)	1.90	1.51		

- Net interest income driven by rapid loan growth.
- Lower fee income growth due to one-offs in the first quarter.
- Fall in personnel expenses due to seasonal accrual effect.
- Rise in administrative expenses due to increased marketing and IT-expenses.
- Stable provisioning.
- ROE 37.2 %, up from 32.2 %*.

* Bank Norwegian AS

Earnings in Norway were 90.4 MNOK, a gain of 13.2 MNOK from the first quarter

Norwegian Finans Holding Group

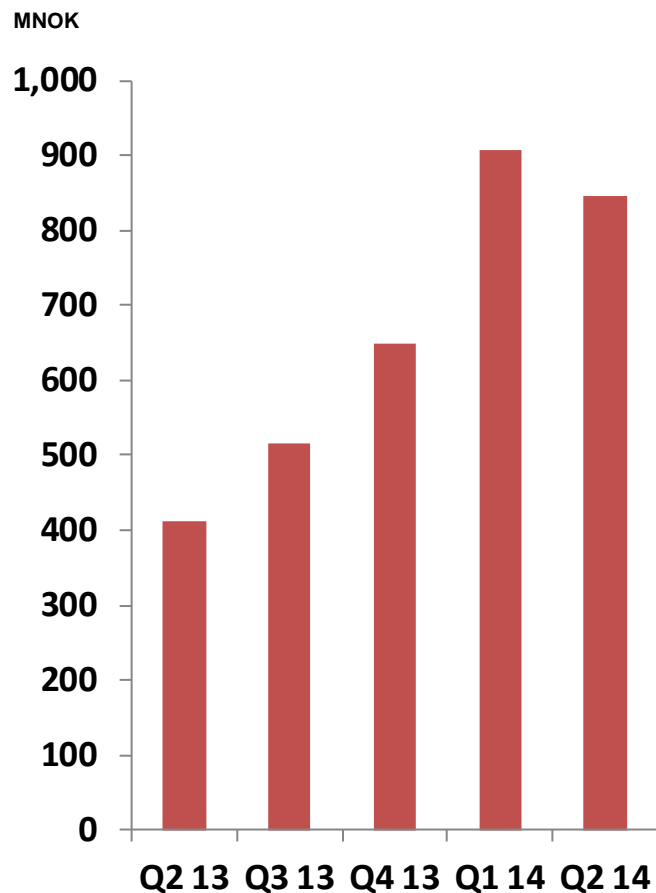
Key figures	Norway			Sweden*		
	Q2 14	Q1 14	Δ	Q2 14	Q1 14	Δ
<i>MNOK</i>						
Total income	221.1	206.9	14.2	23.5	14.6	9.0
Total operating expenses	70.9	77.2	-6.3	27.7	24.7	3.0
Provision for loan losses	26.4	24.0	2.4	7.3	6.3	1.0
Profit after tax	90.4	77.2	13.2	-8.4	-11.9	3.6
Liquid assets	2,520	1,860	660	881	1,192	-311
Net loans to customers	7,066	6,622	444	1,014	632	382
Intangible assets	18	19	-1	13	13	0
Deposits from customers	7,157	6,664	493	1,883	1,832	51

- 60 % income growth in Sweden
- Higher marketing expenses in Sweden.
- Mainly group provisions in Sweden. Credit quality developing as expected.

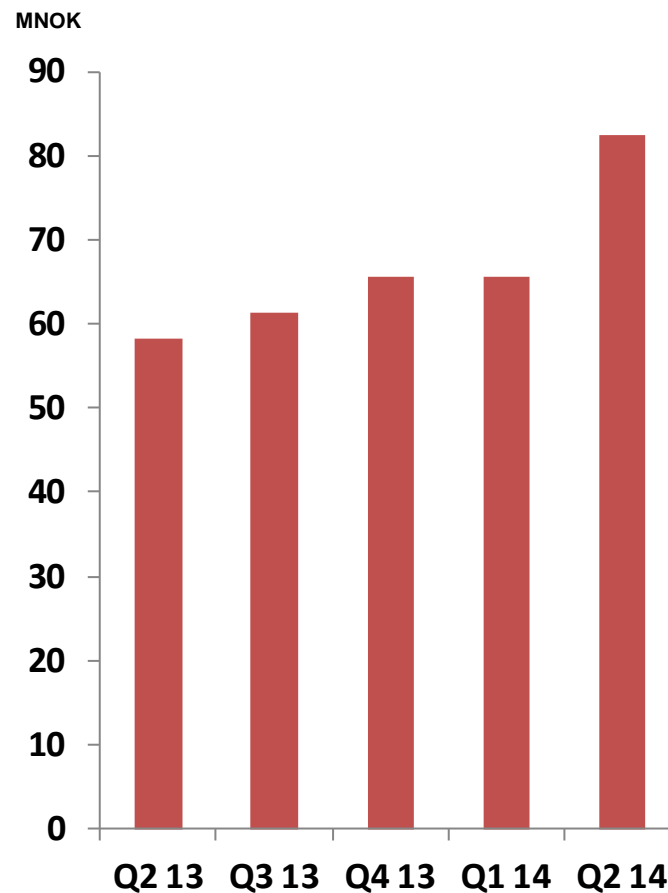
* No allocation of overhead expenses.

Solid loan and earnings growth

Quarterly loan growth

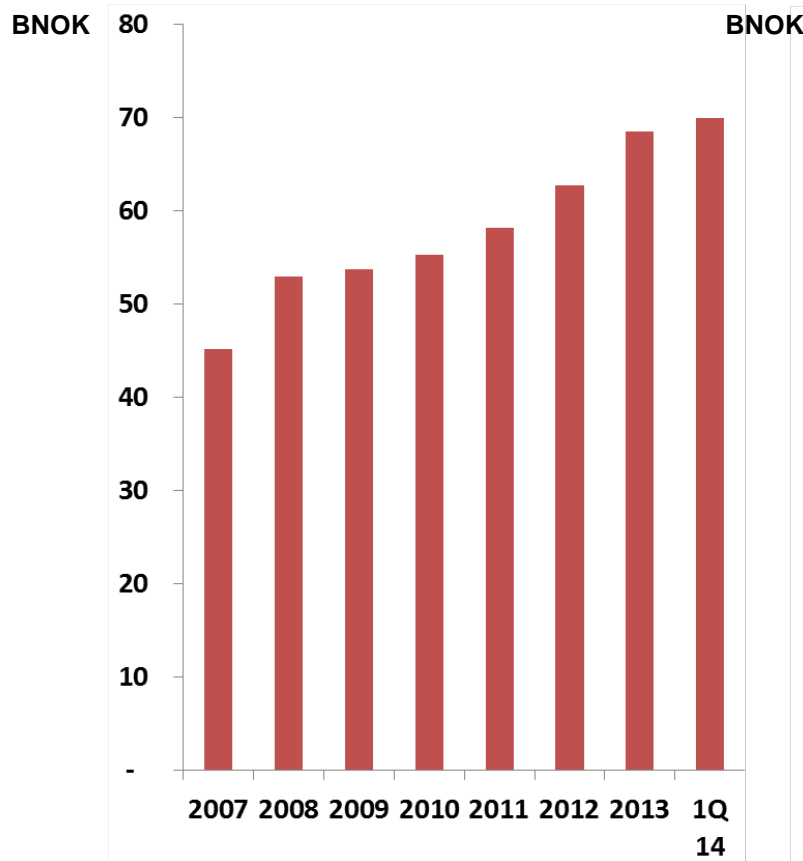


Quarterly earnings

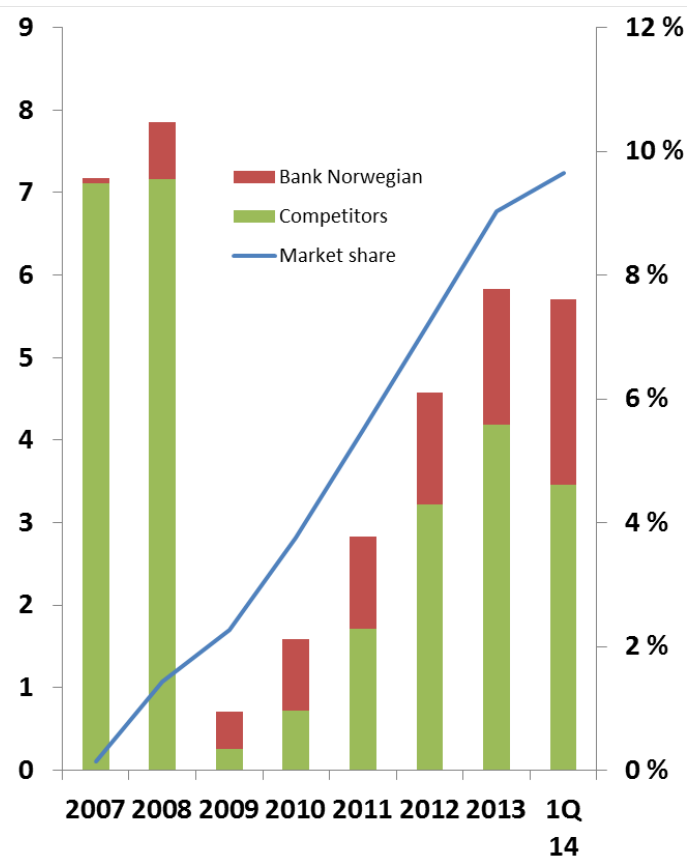


Rising market share in Norway

Total unsecured loans

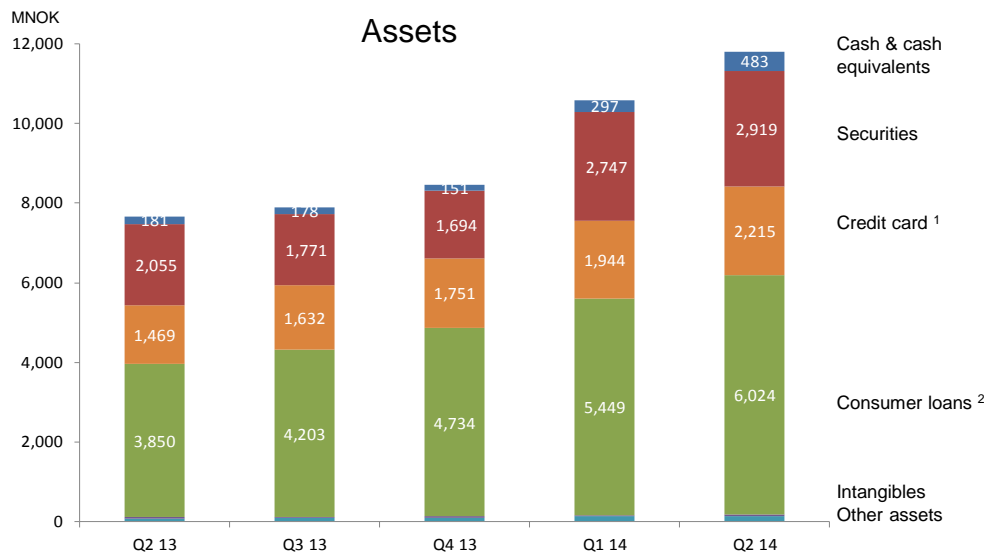


Market growth and market share

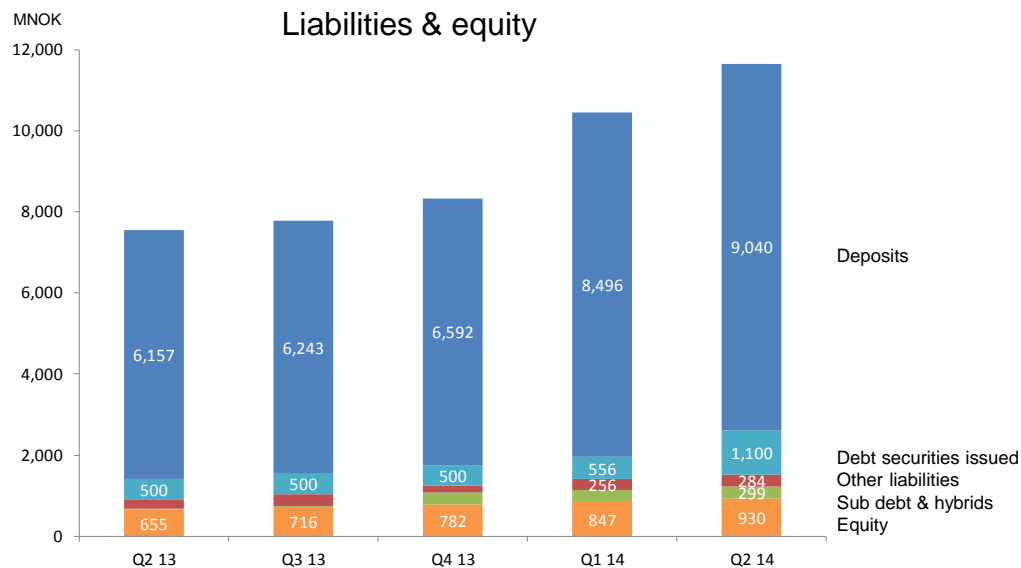


Source: The financial supervisory authority of Norway, adjusted for Bank Norwegian's Swedish loan portfolio. Q1 2014 annualized figures.

High loan and deposit growth

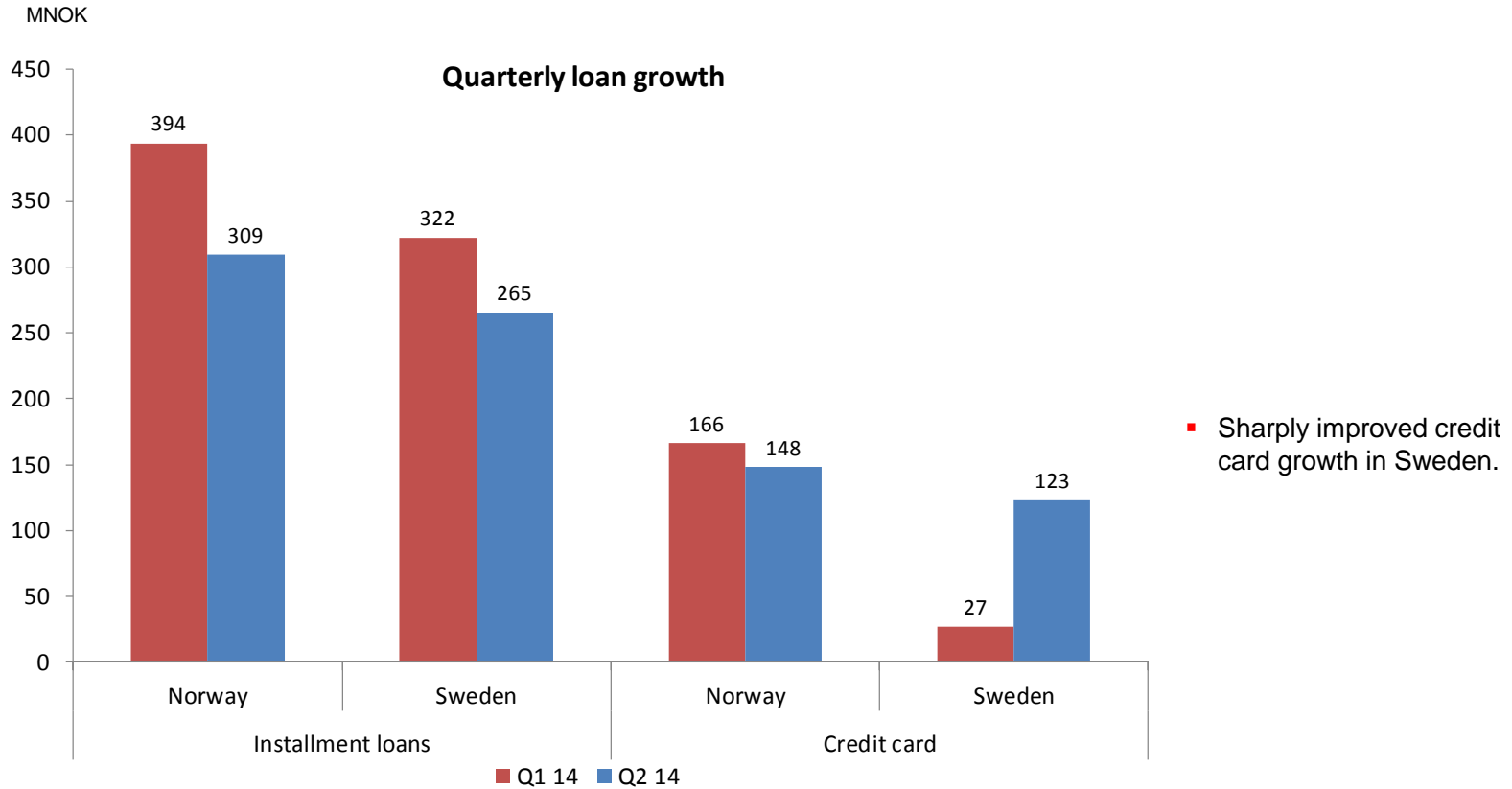


- Total gross loans increased 846 MNOK, compared with 909 MNOK in the first quarter.
- Installment loans rose 575 MNOK and credit card loans grew 271 MNOK.
- Installment loan run-off 323 MNOK, compared with 291 MNOK in the first quarter.



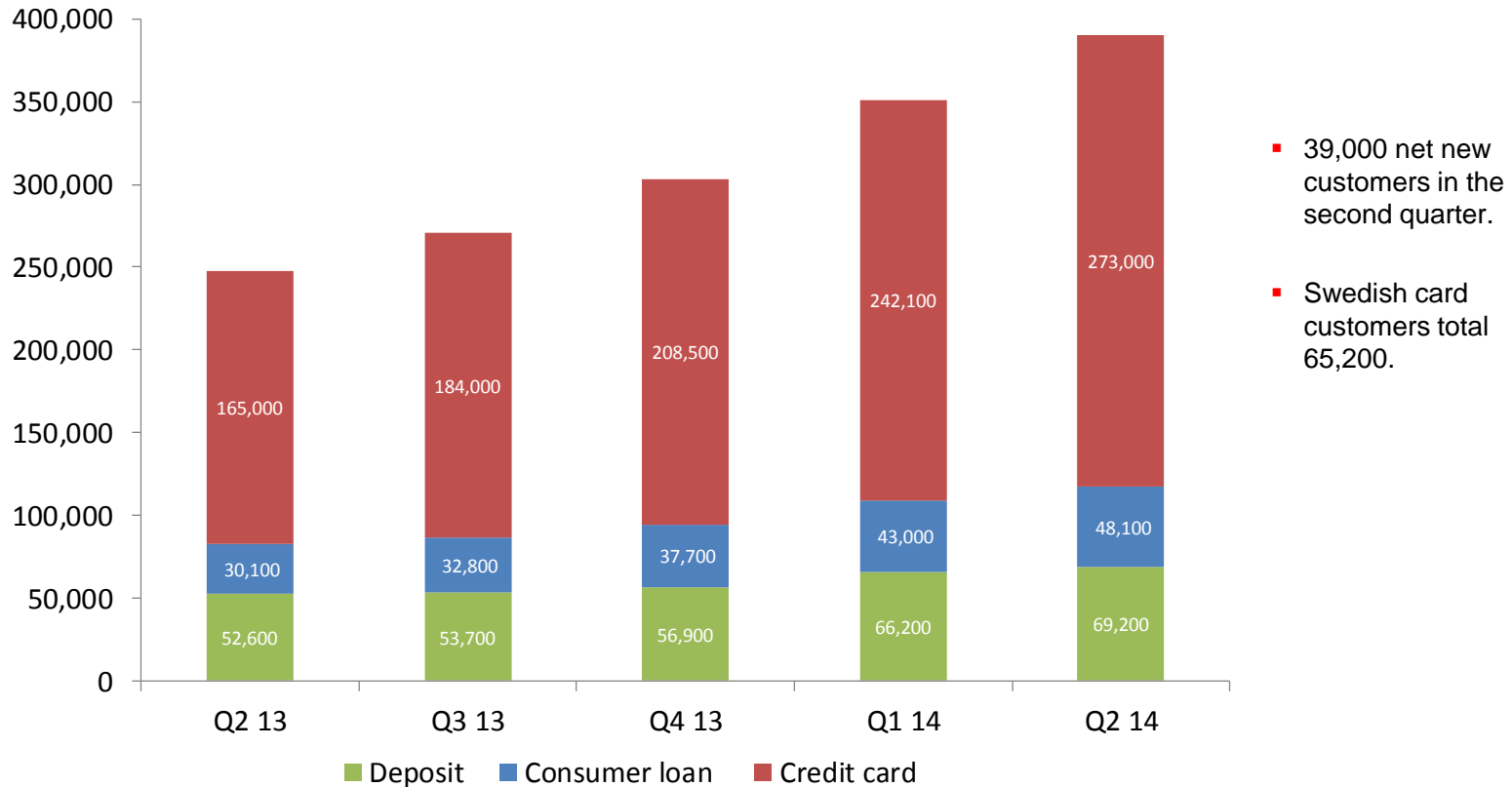
- Liquid assets comprise 29 % of total assets.
- Deposits up 544 MNOK. Rates further reduced in the third quarter.
- Net issuance of 544 MNOK in senior debt securities.
- Deposits to loans ratio decreased from 1.17 to 1.12.

Strong loan growth all across



Rapid customer growth

Number of customers



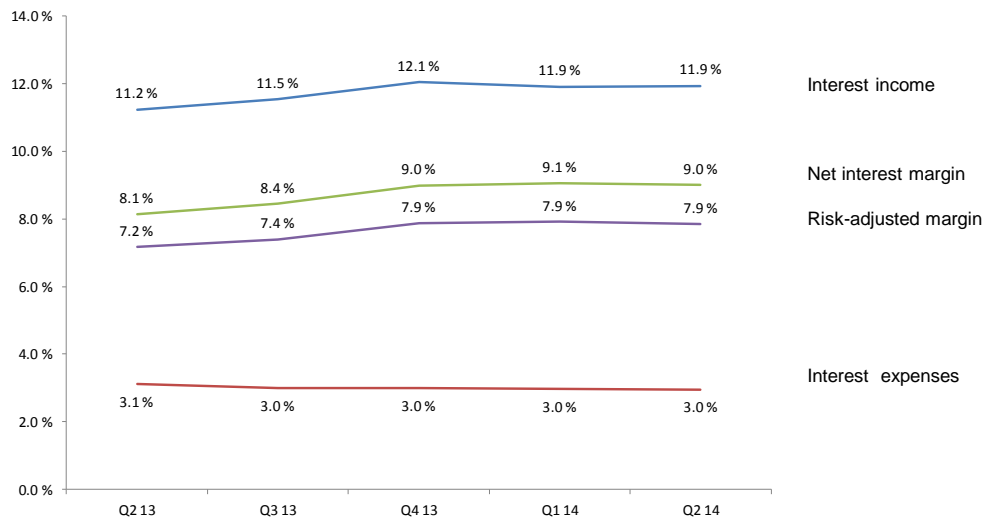
Quarterly balance sheet

Norwegian Finans Holding Group

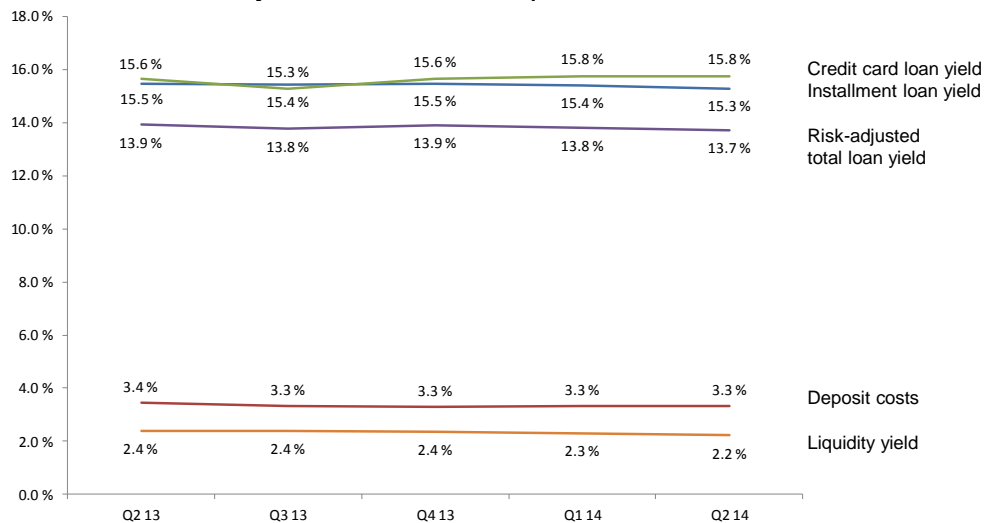
<i>MNOK</i>	30.6.14		31.3.14		Change	
Assets						
Deposits with Norges Bank	107	1 %	57	1 %	50	89 %
Loans and deposits with credit institutions	389	3 %	249	2 %	140	56 %
Loans to customers	8,080	69 %	7,255	69 %	826	11 %
Certificates and bonds	2,919	25 %	2,747	26 %	172	6 %
Other intangible assets	31	0 %	31	0 %	0	0 %
Deferred tax asset	2	0 %	1	0 %	0	10 %
Fixed assets	1	0 %	2	0 %	-0	-8 %
Other assets	139	1 %	123	1 %	16	13 %
Total assets	11,667	100 %	10,464	100 %	1,203	11 %
Liabilities and equity						
Deposits from customers	9,040	77 %	8,496	81 %	544	6 %
Debt securities issued	1,100	9 %	556	5 %	544	98 %
Taxes payable	55	0 %	86	1 %	-31	-36 %
Other liabilities	31	0 %	32	0 %	-1	-3 %
Accrued expenses and unearned income received	200	2 %	140	1 %	60	43 %
Subordinated debt	299	3 %	299	3 %	0	0 %
Total liabilities	10,724	92 %	9,608	92 %	1,116	12 %
Share capital	173	1 %	173	2 %	0	0 %
Share premium	145	1 %	140	1 %	5	4 %
Retained earnings	625	5 %	543	5 %	82	15 %
Total equity	943	8 %	856	8 %	88	10 %
Total liabilities and equity	11,667	100 %	10,464	100 %	1,203	11 %

Stable yields and margins

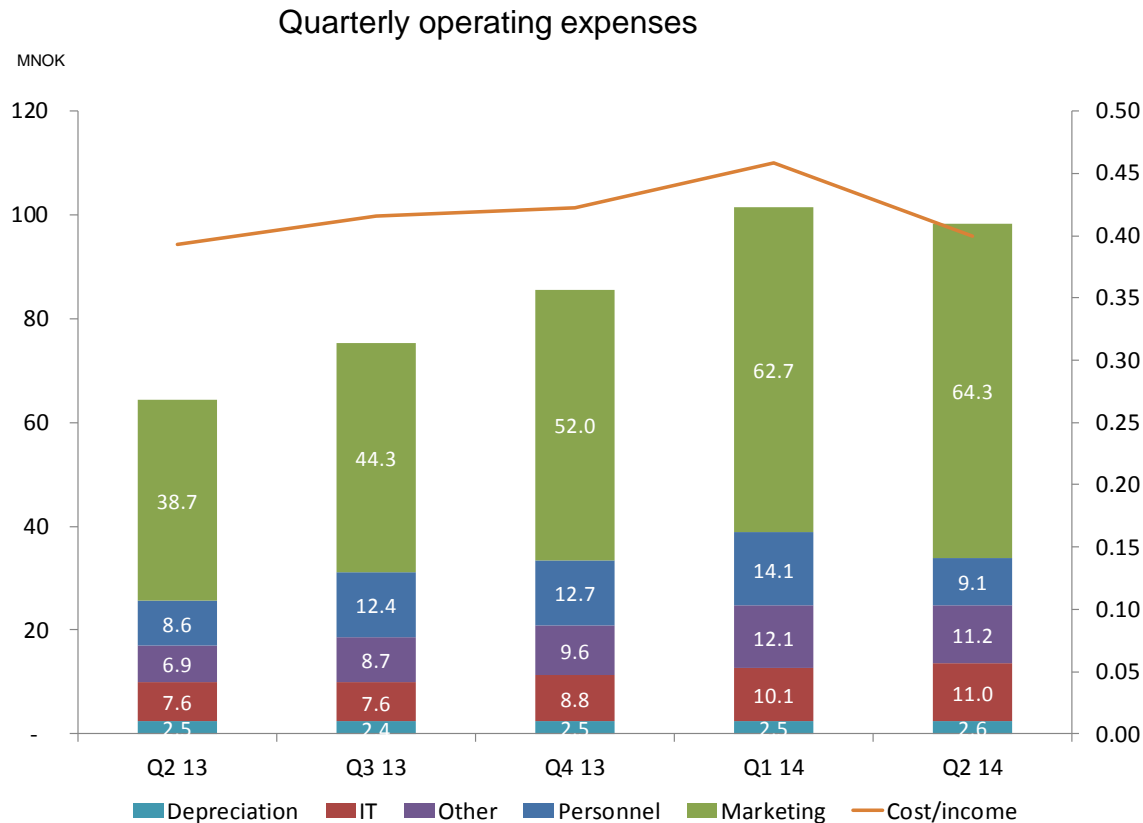
Margins as a % of average assets



Asset yield and cost of deposits



Improved operating efficiency

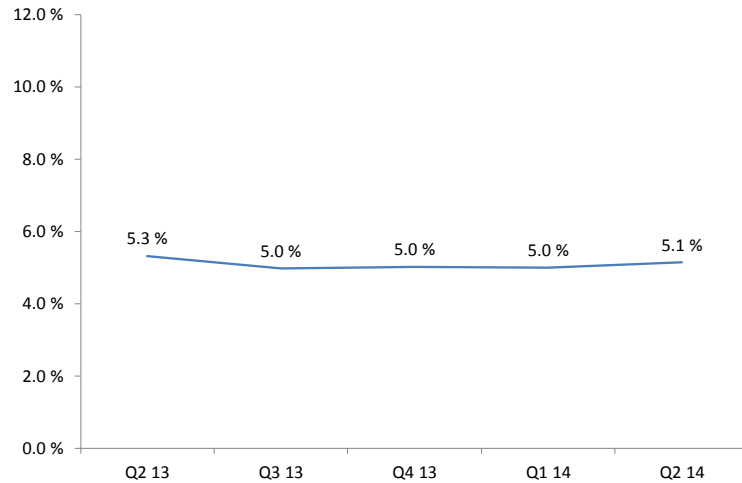


- Increased marketing expenses in Sweden.
- Lower personnel expenses related to seasonal accrual effect.
- Cost/income ratio in Norwegian operations was 0.32 compared with 0.36 in the second quarter of 2013.

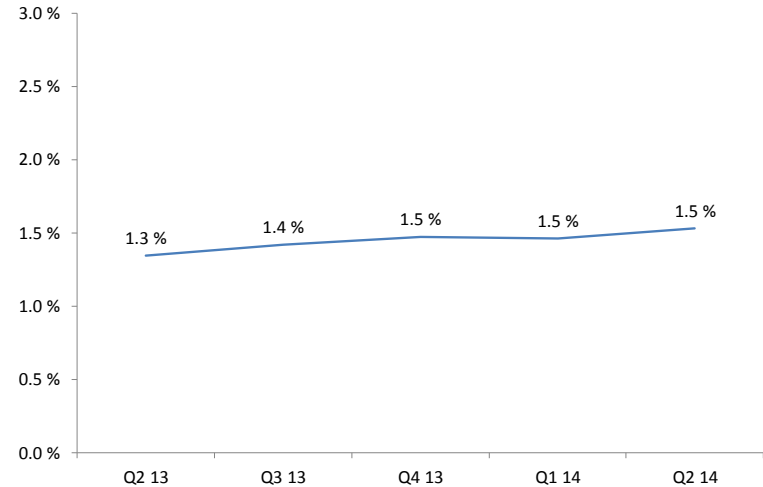
Stable credit metrics

Consumer loans

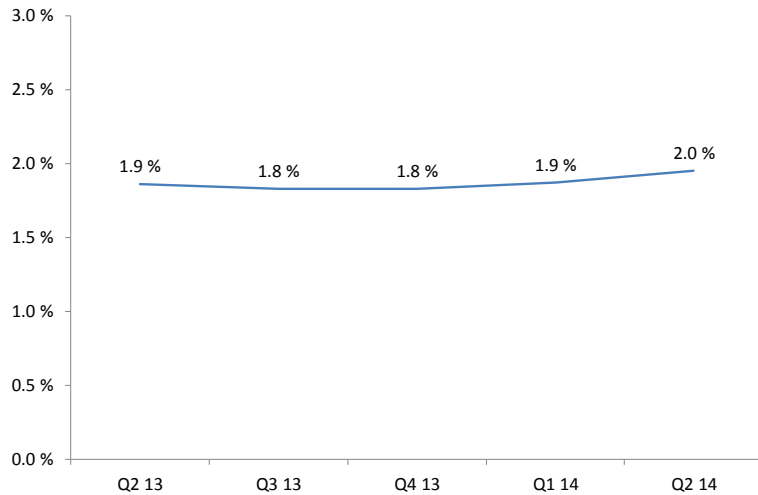
Non-performing loans to loans



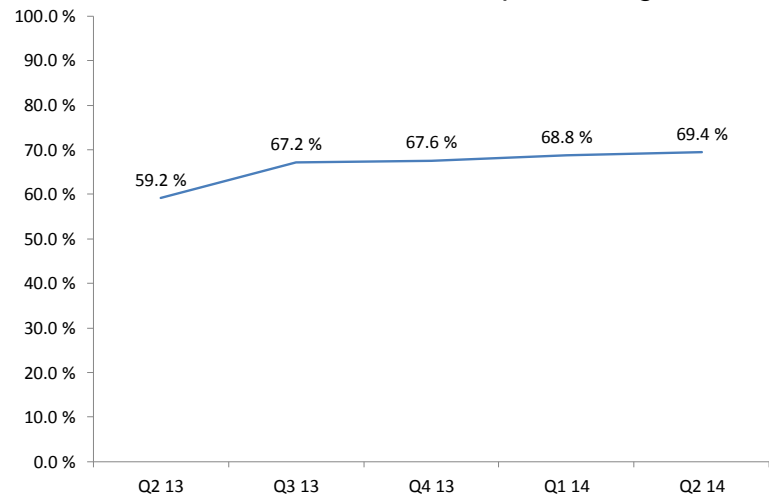
Loan loss provisions to average loans



Loan loss allowance to loans



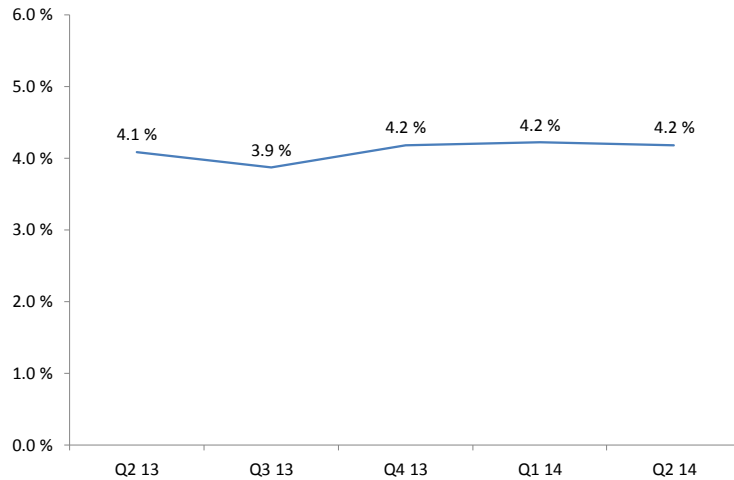
Loan loss allowance to non-performing loans



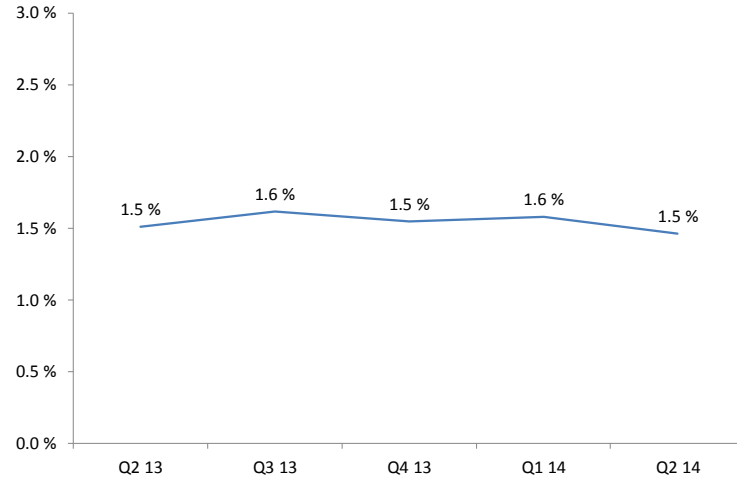
Stable credit metrics

Credit card loans

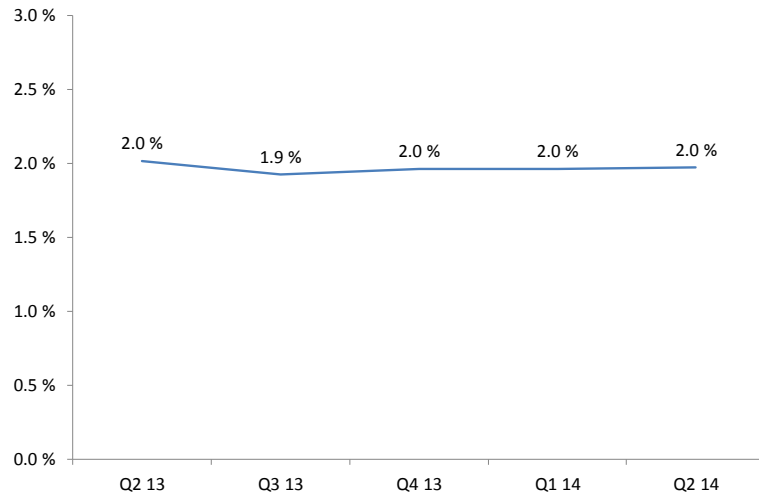
Non-performing loans to loans



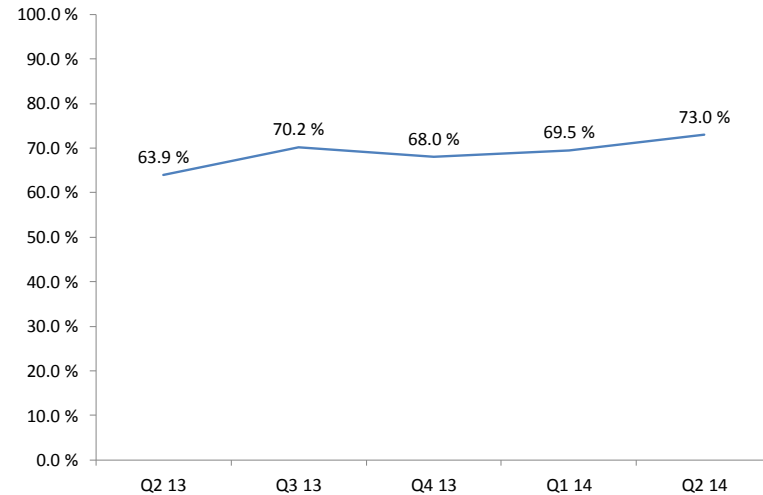
Loan loss provisions to average loans



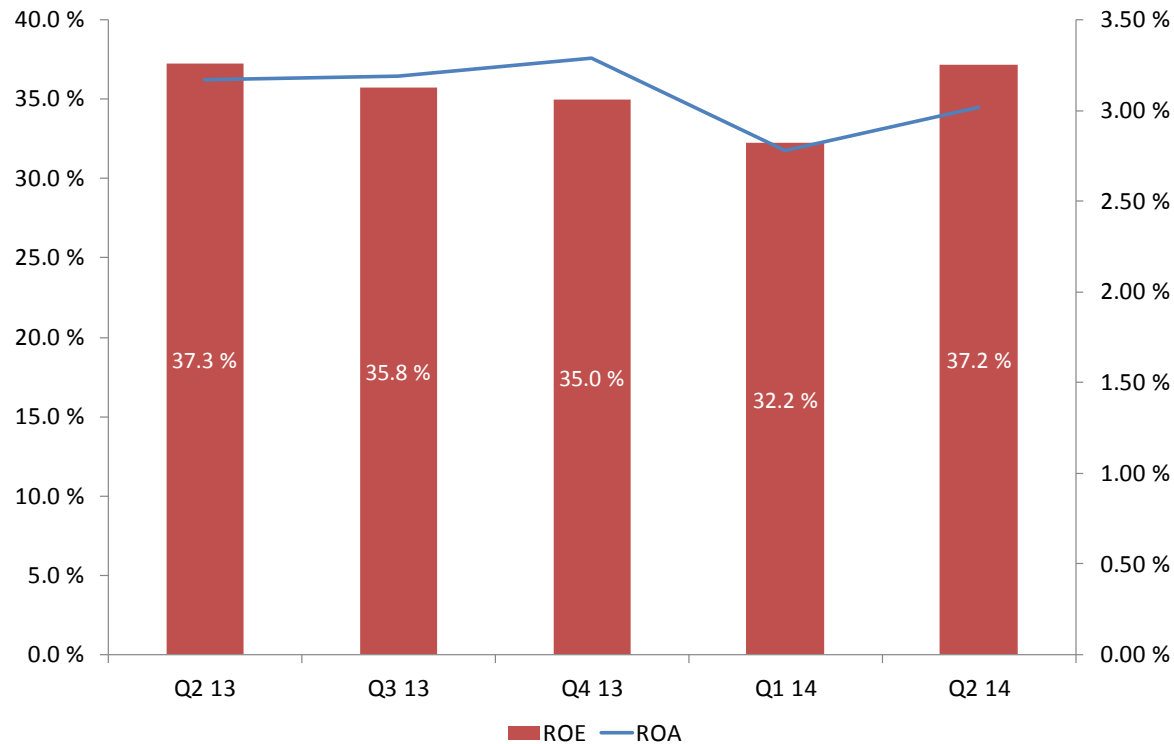
Loan loss allowance to loans



Loan loss allowance to non-performing loans

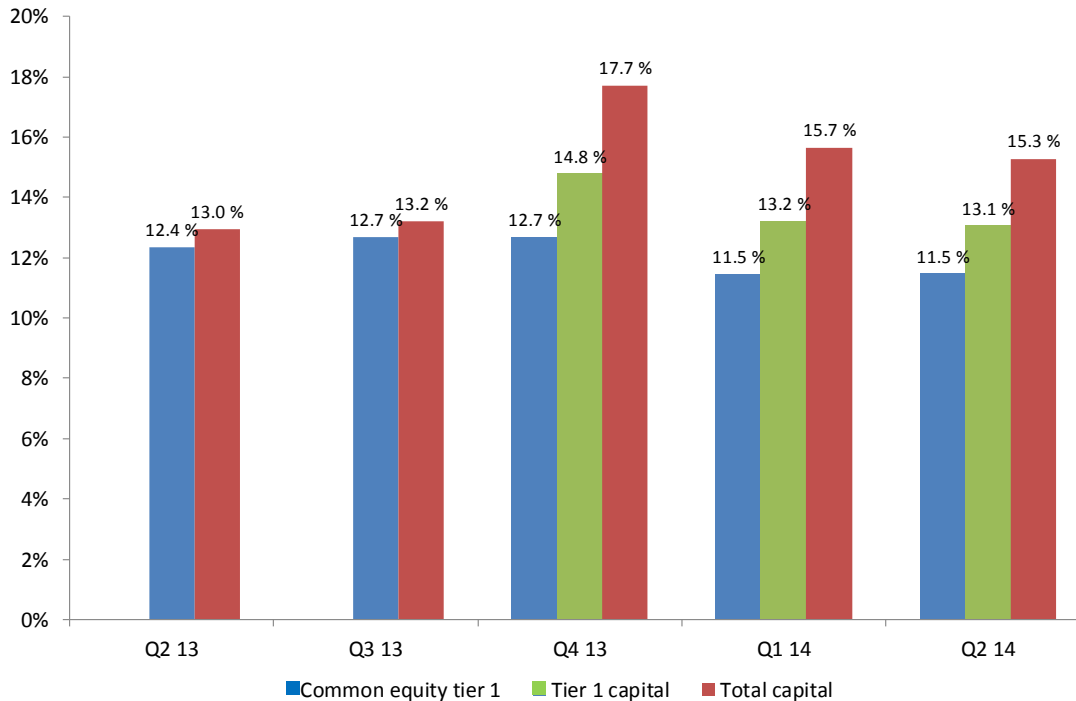


High profitability



High risk absorption capacity

Capital ratios



- Strong capital ratios despite strong loan growth.
- Common equity tier 1 ratio of 11.5 %.
- RWA decreased from 68 % to 67 %.
- Common equity to total assets equals 8.1 %.

Well positioned for continued earnings growth

Earnings growth and strong returns

- Continued strong loan growth
- Stable margins
- Cost-efficient operations
- Stable provisions
- Swedish operations expected to turn profitable in the fourth quarter

Stable credit quality

- Resilient economies in Norway and Sweden
- Enhanced credit models
- Stable portfolio risk

Strong and resilient balance sheet

- Strong liquidity position
- Continued diversification of funding base
- Strong capital generation and capital ratios
- Adequate capital for growth

Top 20 shareholders

SHAREHOLDER	# OF SHARES	
1 NORWEGIAN AIR SHUTTLE	34,600,040	20.00 %
2 GOLDMAN SACHS & CO	14,999,999	8.67 %
3 SOCIETE GENERALE	14,700,000	8.50 %
4 LAGUAN AS	12,871,013	7.44 %
5 BORAK AS	8,580,454	4.96 %
6 MP PENSJON PK	7,500,000	4.34 %
7 SPENCER TRADING INC	6,934,869	4.01 %
8 TVENGE TORSTEIN	5,014,635	2.90 %
9 STENSHAGEN INVEST AS	4,733,379	2.74 %
10 SKAGEN VEKST	3,940,184	2.28 %
11 SNEISUNGEN AS	3,720,333	2.15 %
12 BLYSTAD ARNE	2,203,581	1.27 %
13 KLP AKSJE NORGE VPF	1,960,000	1.13 %
14 JENSEN ERIK	1,617,888	0.94 %
15 PORTILLO HOLDING AS	1,500,000	0.87 %
16 DIRECTMARKETING INVEST	1,500,000	0.87 %
17 GJERSVIK KARSTEIN	1,408,000	0.81 %
18 AWILCO INVEST AS	1,258,100	0.73 %
19 VERDIPAPIRFONDET OMEGA	1,242,000	0.72 %
20 SVENKERUD PÅL	1,199,797	0.69 %
Top 20	131,484,272	76.00 %
Total	173,000,202	

- Norwegian Finans Holding ASA registered on the NOTC-list June 23, 2014 with the ticker code BANK.
- 406,114 shares issued related to incentive compensation scheme.
- Management holds 3.35 % of shares outstanding.

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