

# Norwegian Finans Holding ASA

Fourth quarter 2014 results

# Fourth quarter 2014 earnings were 104.4 MNOK, an increase of 10.2 MNOK compared with the third quarter

## Norwegian Finans Holding Group

<i>MNOK</i>	Q4 2014	Q3 2014	Change	
Interest income	368.4	336.2	32.2	10 %
Interest expenses	81.9	82.0	-0.1	0 %
<b>Net interest income</b>	<b>286.5</b>	<b>254.1</b>	<b>32.4</b>	<b>13 %</b>
Commission and bank services income	35.1	33.3	1.8	5 %
Commission and bank services expenses	15.0	16.1	-1.1	-7 %
Net change in value on securities and currency	-3.4	-2.3	-1.1	48 %
Other income	0.0	0.4	-0.4	0 %
<b>Net other operating income</b>	<b>16.7</b>	<b>15.3</b>	<b>1.4</b>	<b>9 %</b>
<b>Total income</b>	<b>303.2</b>	<b>269.5</b>	<b>33.7</b>	<b>13 %</b>
Personnel expenses	14.2	13.9	0.4	3 %
General administrative expenses	94.4	85.9	8.5	10 %
Ordinary depreciation	2.7	2.7	0.0	1 %
Other operating expenses	3.9	2.6	1.2	46 %
<b>Total operating expenses</b>	<b>115.2</b>	<b>105.2</b>	<b>10.1</b>	<b>10 %</b>
Provision for loan losses	43.3	35.4	8.0	23 %
<b>Profit before tax</b>	<b>144.6</b>	<b>128.9</b>	<b>15.7</b>	<b>12 %</b>
Tax charge	40.3	34.8	5.5	16 %
<b>Profit after tax</b>	<b>104.4</b>	<b>94.1</b>	<b>10.2</b>	<b>11 %</b>
Earnings per share NOK (annualized)	2.41	2.18		

- Net interest income driven by strong loan growth.
- Net loss on securities and gain on currency.
- Improved operating efficiency.
- Stable provisioning.
- 5.7 MNOK net charge-offs from sale of non-performing loans with a book value of MNOK 174.
- ROE 38.9 %, up from 38.6 %\*.

\* Bank Norwegian AS

# Earnings for the full year 2014 were 345.8 MNOK, an increase of 107.9 MNOK compared with 2013

## Norwegian Finans Holding Group

<i>MNOK</i>	2014	2013	Change	
Interest income	1,279.8	864.3	415.5	48 %
Interest expenses	309.9	228.2	81.7	36 %
<b>Net interest income</b>	<b>969.9</b>	<b>636.1</b>	<b>333.8</b>	<b>52 %</b>
Commission and bank services income	127.9	88.4	39.5	45 %
Commission and bank services expenses	56.0	36.0	20.1	56 %
Net change in value on securities and currency	-3.4	10.1	-13.5	-134 %
Other income	0.4	0.2	0.3	145 %
<b>Net other operating income</b>	<b>68.9</b>	<b>62.7</b>	<b>6.2</b>	<b>10 %</b>
<b>Total income</b>	<b>1,038.8</b>	<b>698.8</b>	<b>340.0</b>	<b>49 %</b>
Personnel expenses	52.0	46.3	5.7	12 %
General administrative expenses	343.5	216.8	126.8	58 %
Ordinary depreciation	10.5	9.7	0.8	9 %
Other operating expenses	14.9	12.3	2.6	21 %
<b>Total operating expenses</b>	<b>420.9</b>	<b>285.0</b>	<b>135.9</b>	<b>48 %</b>
Provision for loan losses	142.6	82.8	59.8	72 %
<b>Profit before tax</b>	<b>475.4</b>	<b>331.0</b>	<b>144.4</b>	<b>44 %</b>
Tax charge	129.6	93.1	36.5	39 %
<b>Profit after tax</b>	<b>345.8</b>	<b>237.9</b>	<b>107.9</b>	<b>45 %</b>
Earnings per share NOK	2.00	1.38		

- Rise in net interest income driven by strong loan growth.
- Higher fee income due to strong credit card growth.
- Net change in value on securities swings to a loss.
- Expense growth mainly linked to sales and marketing.
- Higher provision level due to increased Swedish group provisions.
- ROE stable at 36.3 %.\*

\* Bank Norwegian AS

# Earnings in Sweden were 3.7 MNOK, compared with -6.1 MNOK in the third quarter

## Norwegian Finans Holding Group

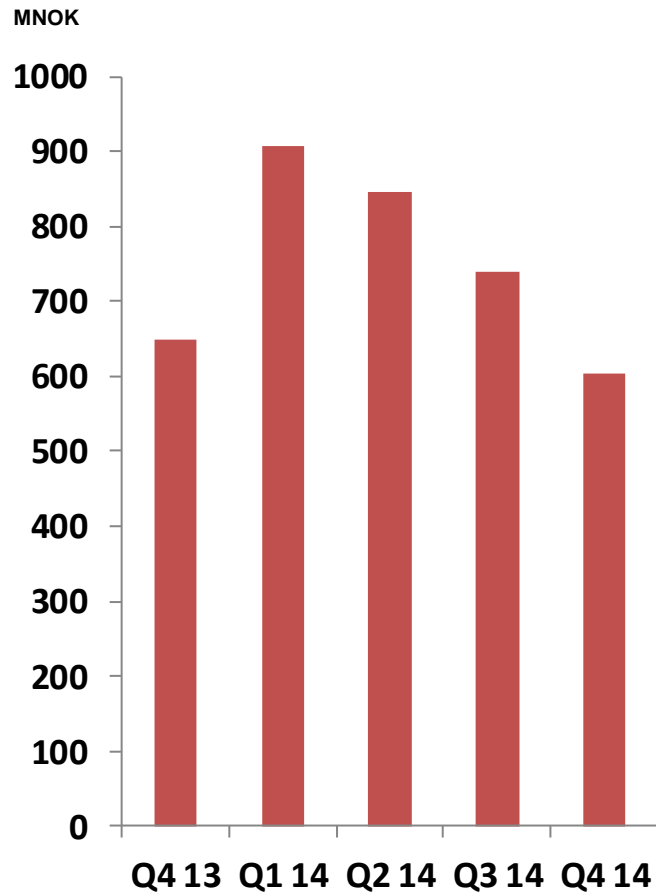
Key figures	Norway			Sweden*		
	Q4 14	Q3 14	Δ	Q4 14	Q3 14	Δ
<i>MNOK</i>						
Net interest income	241.8	224.4	17.3	44.7	29.7	15.0
Net fee income	16.2	15.4	0.7	3.9	1.8	2.2
Gain/-loss on securities and currency	-4.2	0.7	-5.0	0.9	-3.0	3.9
Sales and marketing expenses	47.6	43.5	4.1	26.3	23.3	3.0
Other operating expenses	34.2	32.8	1.4	7.1	5.6	1.5
Provision for loan losses	32.3	27.5	4.8	11.0	7.9	3.1
Profit after tax	100.7	100.2	0.5	3.7	-6.1	9.8
Liquid assets	3,325	3,042	282	488	779	-291
Net loans to customers	7,664	7,491	174	1,737	1,311	425
Intangible assets	19	18	1	16	15	1
Deposits from customers	7,926	7,446	480	2,230	2,054	175

- Earnings in Norway abated by securities losses and net charge-offs on asset sale.
- Earnings growth in Sweden driven by higher margins, fee income growth and gains.
- Mainly group provisions in Sweden.

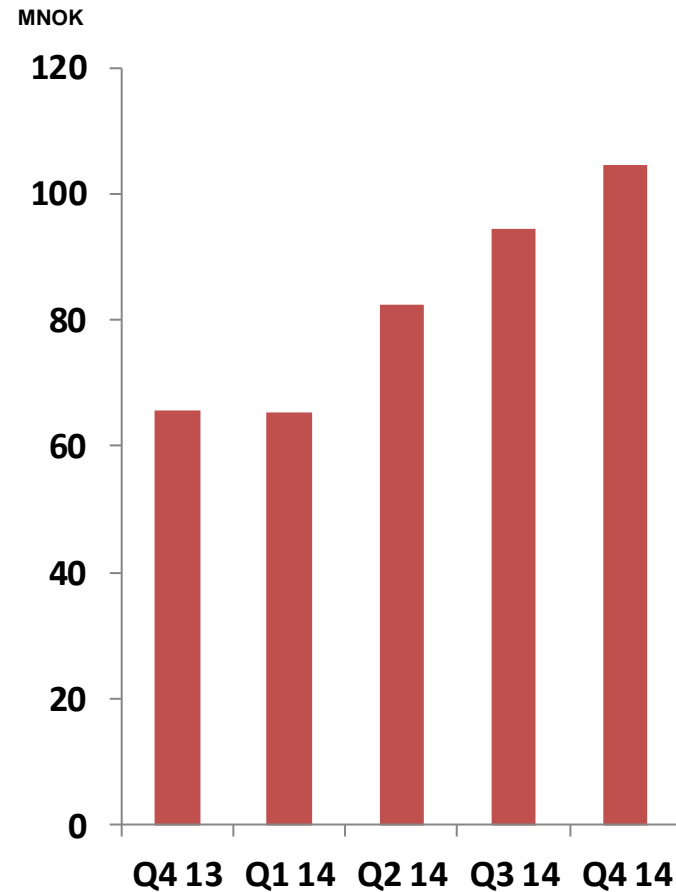
\* No allocation of overhead expenses.

# Strong loan and earnings growth

Quarterly loan growth

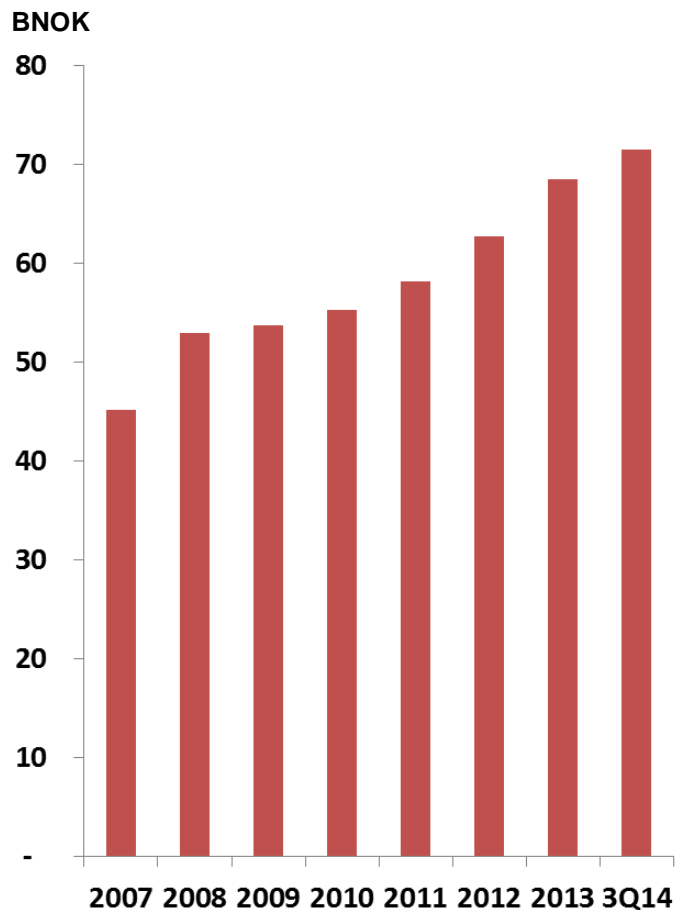


Quarterly earnings

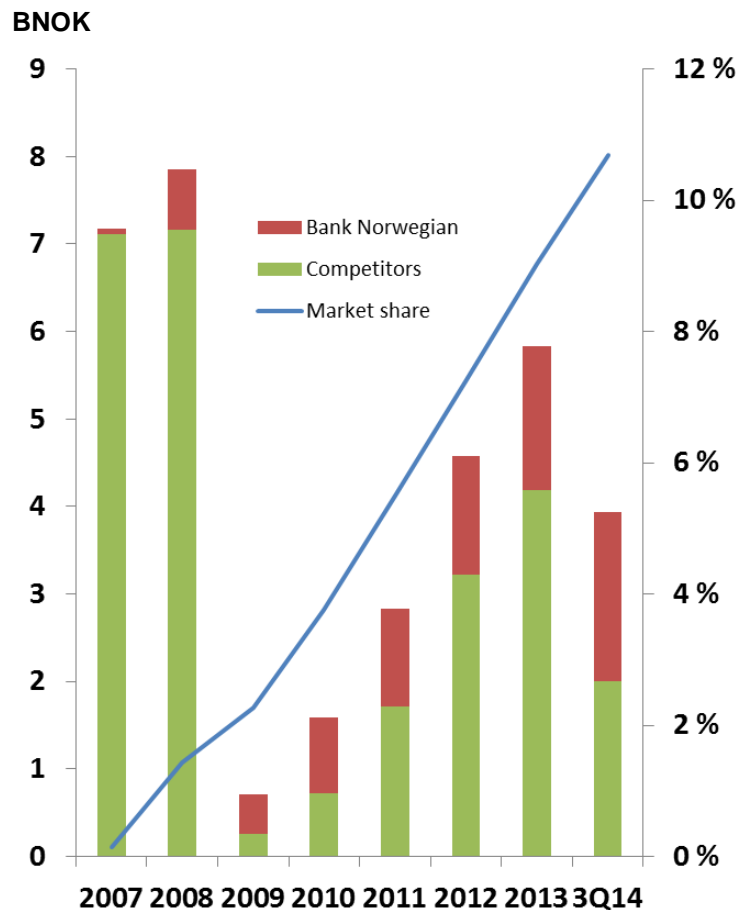


# Rising market share in Norway

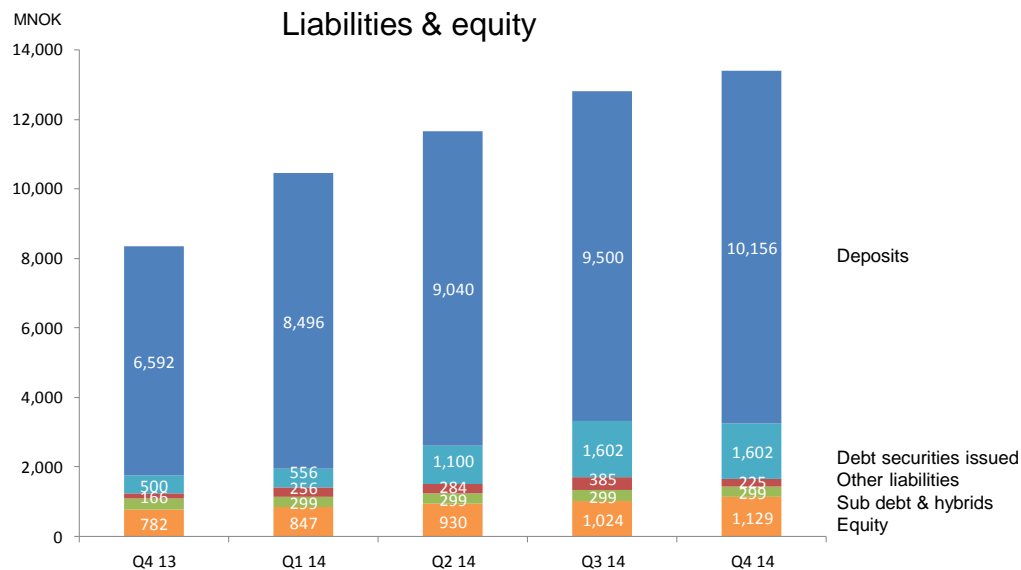
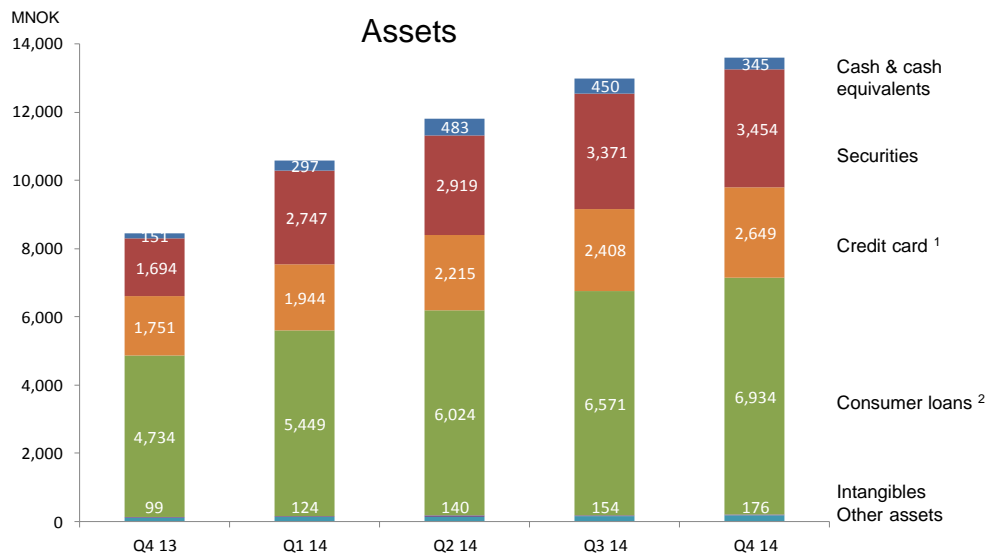
Total unsecured loans



Market growth and market share

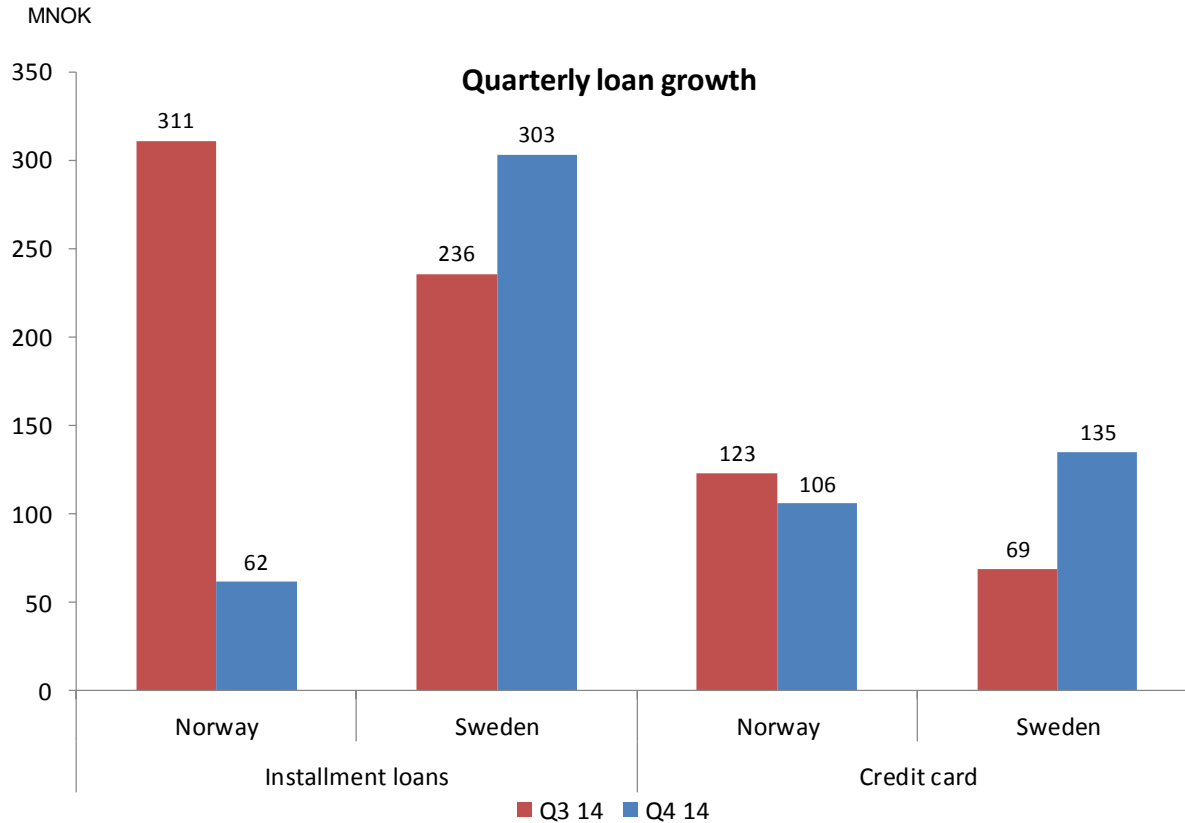


# High loan and deposit growth



- Total gross loans increased 605 MNOK, compared with 740 MNOK in the third quarter.
- Norwegian non-performing loans with book value of MNOK 174 sold in the fourth quarter.
- Installment loans rose 364 MNOK and credit card loans grew 241 MNOK.
- Installment loan run-off 491 MNOK, compared with 390 MNOK in the third quarter.
- Liquid assets comprise 28 % of total assets.
- Deposits up 655 MNOK.
- Deposits to loans ratio 1.08.
- LCR 309%
- NSFR 144%

# Strong loan growth

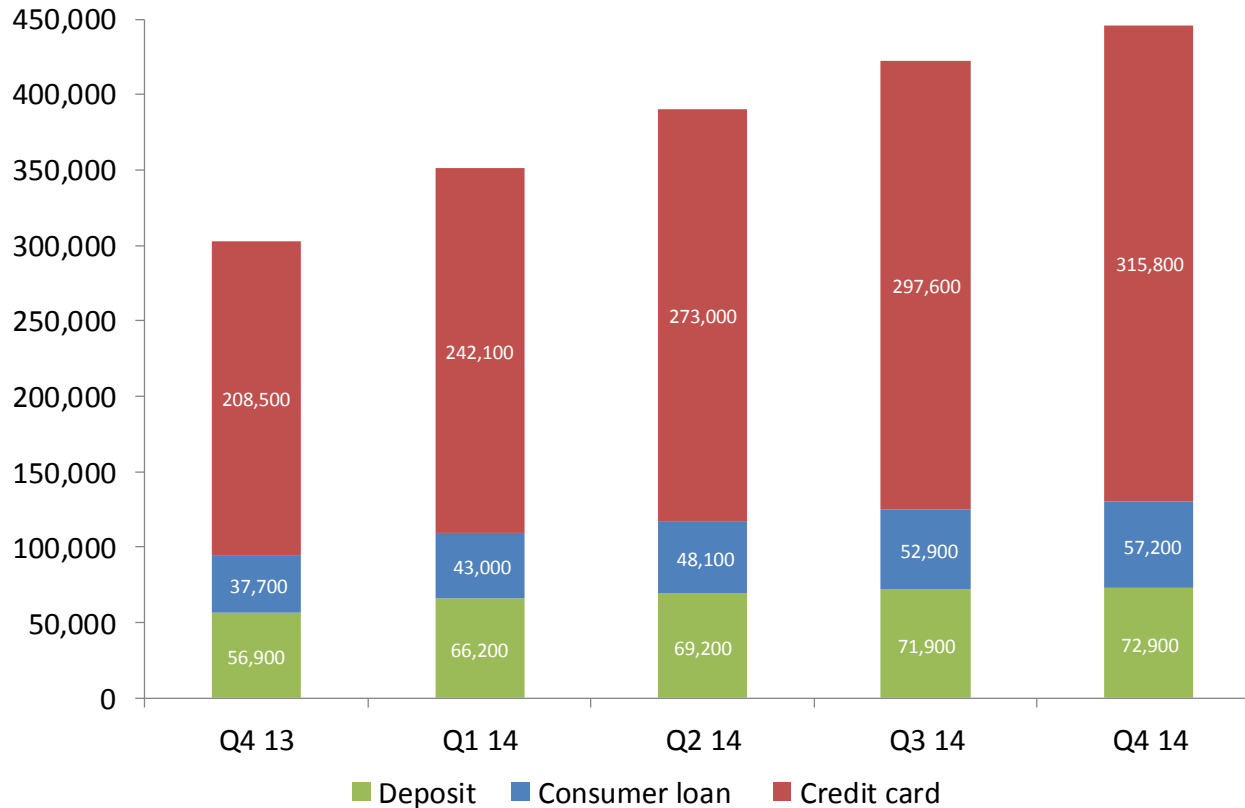


- Non-performing loans sold consisted predominantly of installment loans.
- Loan growth in Sweden boosted by currency gain.



# Rapid customer growth

Number of customers



- 23,500 net new customers despite asset sale.
- Swedish credit card customers total 92,600.
- Number of customers total 445,900

# Quarterly balance sheet

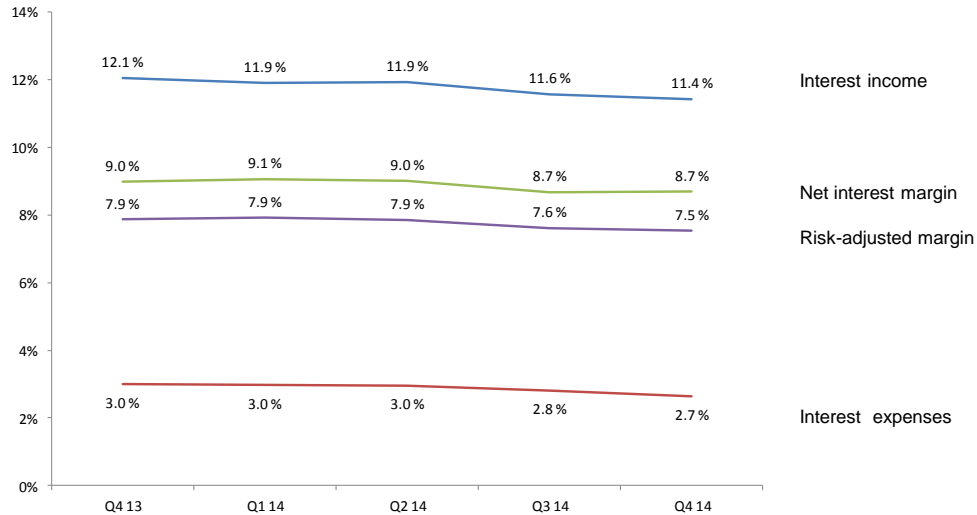
## Norwegian Finans Holding Group

<i>MNOK</i>	31.12.14		30.9.14		Change	
<b>Assets</b>						
Deposits with Norges Bank	59	0 %	57	0 %	2	4 %
Loans and deposits with credit institutions	300	2 %	407	3 %	-107	-26 %
Loans to customers	9,401	70 %	8,802	69 %	599	7 %
Certificates and bonds	3,454	26 %	3,371	26 %	83	2 %
Shares and other securities	0	0 %	0	0 %	-	0 %
Other intangible assets	34	0 %	33	0 %	1	4 %
Deferred tax asset	1	0 %	2	0 %	-0	-18 %
Fixed assets	1	0 %	1	0 %	-0	-10 %
Other assets	174	1 %	153	1 %	22	14 %
<b>Total assets</b>	<b>13,425</b>	<b>100 %</b>	<b>12,825</b>	<b>100 %</b>	<b>600</b>	<b>5 %</b>
<b>Liabilities and equity</b>						
Deposits from customers	10,156	76 %	9,500	74 %	655	7 %
Debt securities issued	1,602	12 %	1,602	12 %	-0	0 %
Taxes payable	130	1 %	90	1 %	40	45 %
Other liabilities	22	0 %	16	0 %	6	39 %
Accrued expenses and unearned income received	75	1 %	281	2 %	-206	-73 %
Subordinated debt	299	2 %	299	2 %	0	0 %
<b>Total liabilities</b>	<b>12,283</b>	<b>91 %</b>	<b>11,788</b>	<b>92 %</b>	<b>496</b>	<b>4 %</b>
Share capital	173	1 %	173	1 %	-	0 %
Share premium	145	1 %	145	1 %	-	0 %
Retained earnings	824	6 %	719	6 %	104	15 %
<b>Total equity</b>	<b>1,142</b>	<b>9 %</b>	<b>1,037</b>	<b>8 %</b>	<b>104</b>	<b>10 %</b>
<b>Total liabilities and equity</b>	<b>13,425</b>	<b>100 %</b>	<b>12,825</b>	<b>100 %</b>	<b>600</b>	<b>5 %</b>

# Stable yields and margins

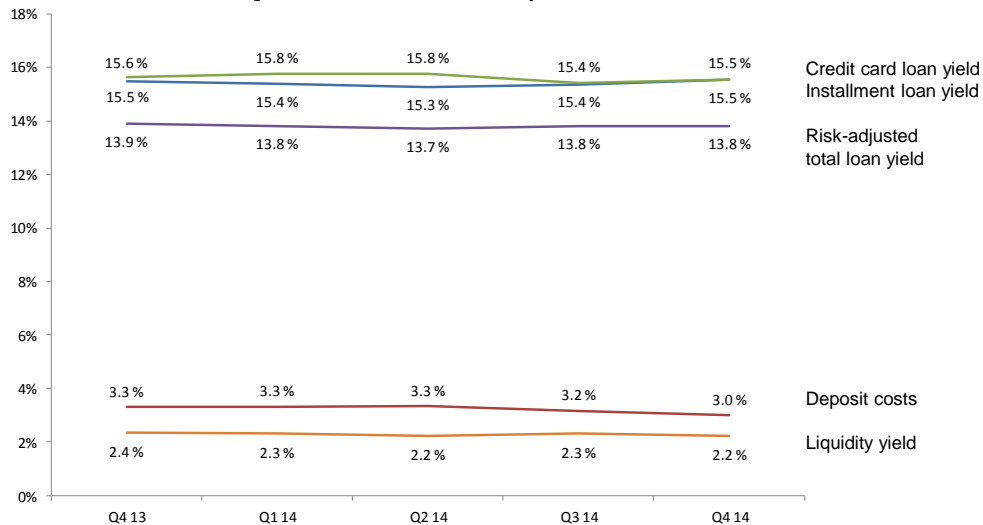
## Norway

Margins as a % of average assets



- Deposit rates lowered in the fourth quarter.
- Further rate reduction announced effective mid-March

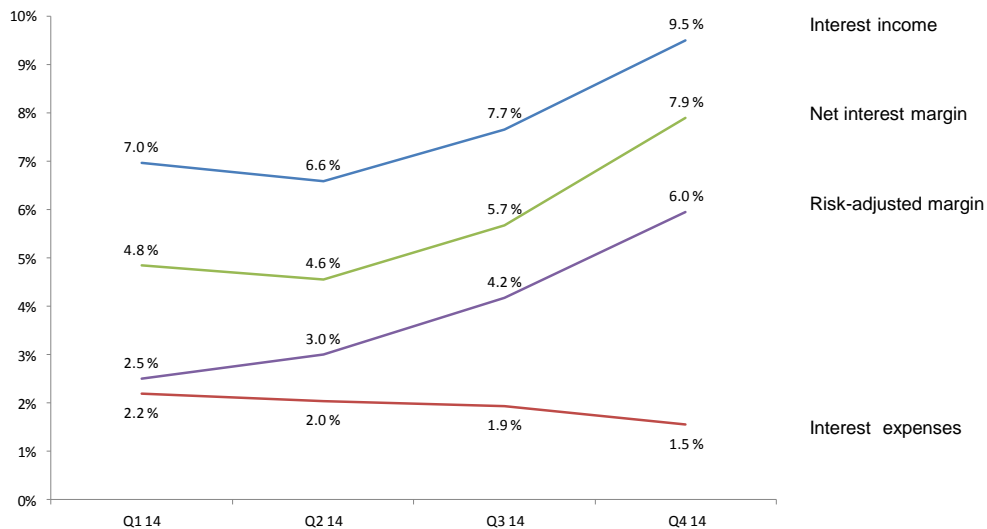
Asset yield and cost of deposits



# Higher yields and margins

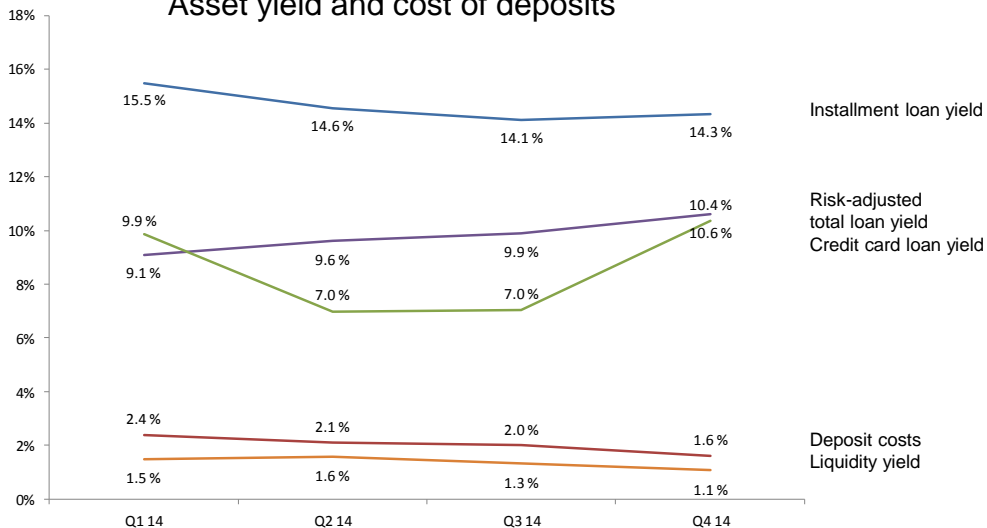
## Sweden

Margins as a % of average assets

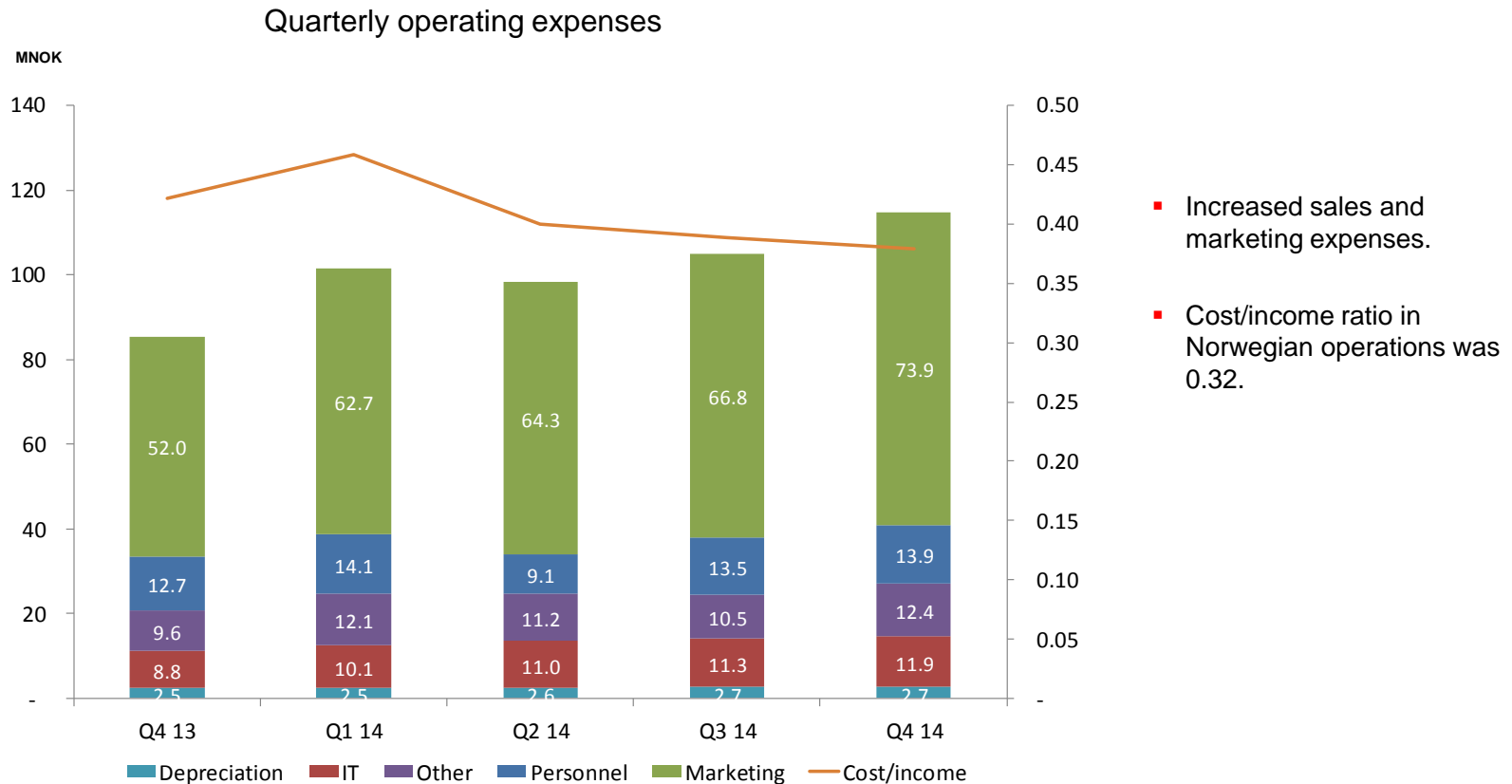


- Increased margins due to improved asset utilization, higher yields and lower interest expense.
- Credit card yield up due to expiration of interest-free offer.
- Deposit rates further reduced in the first quarter 2015.

Asset yield and cost of deposits



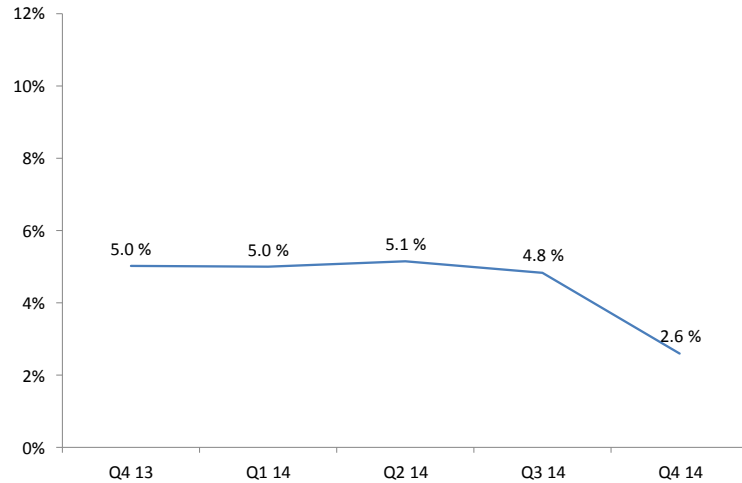
# Improved operating efficiency



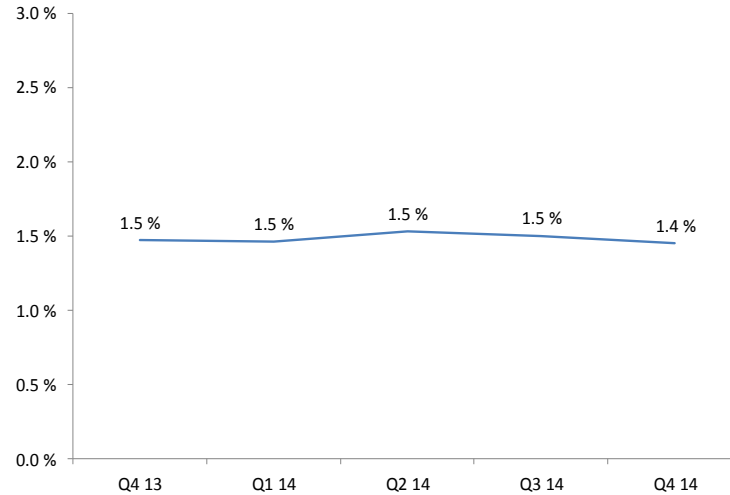
# Strong credit metrics

## Consumer loans

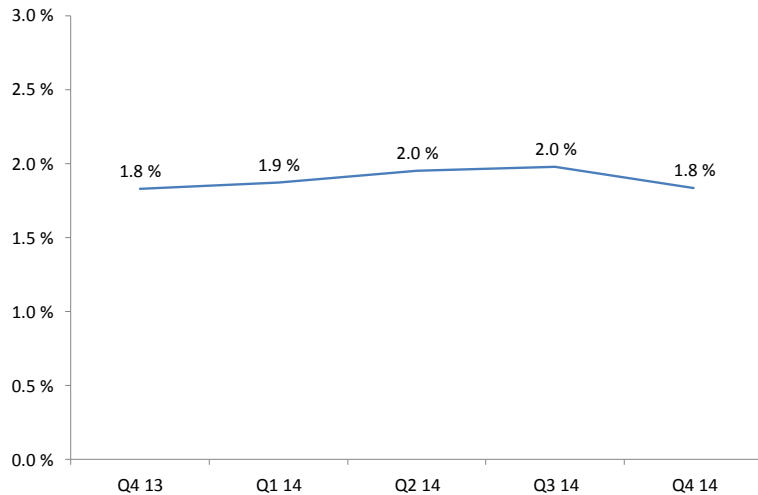
Non-performing loans to loans



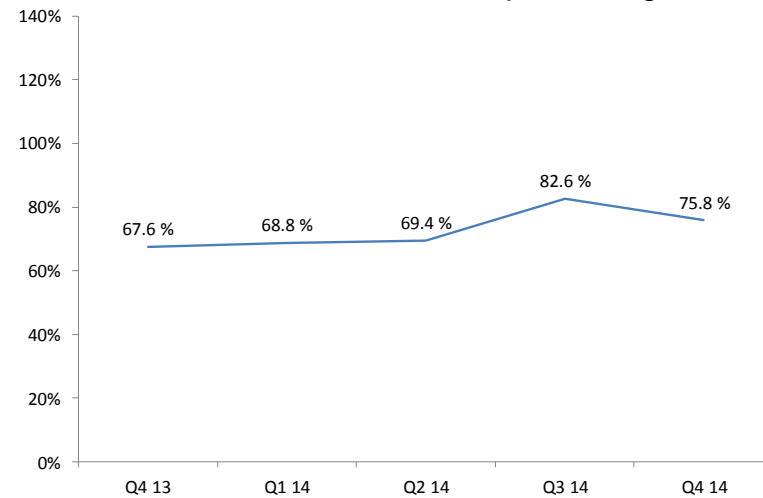
Loan loss provisions to average loans\*



Loan loss allowance to loans



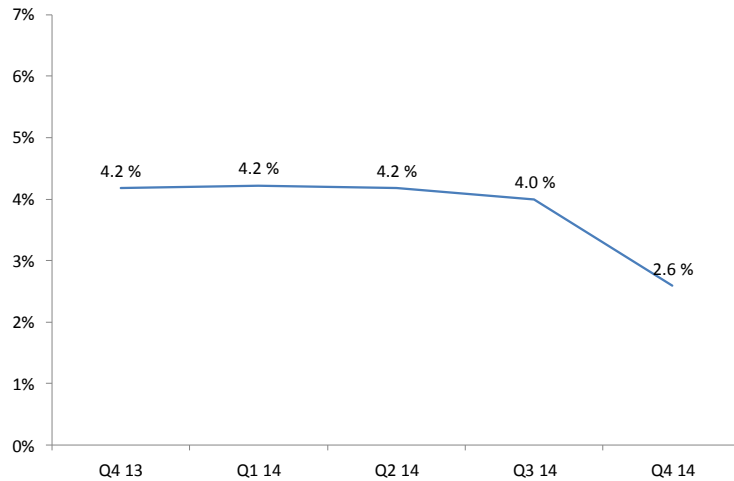
Loan loss allowance to non-performing loans



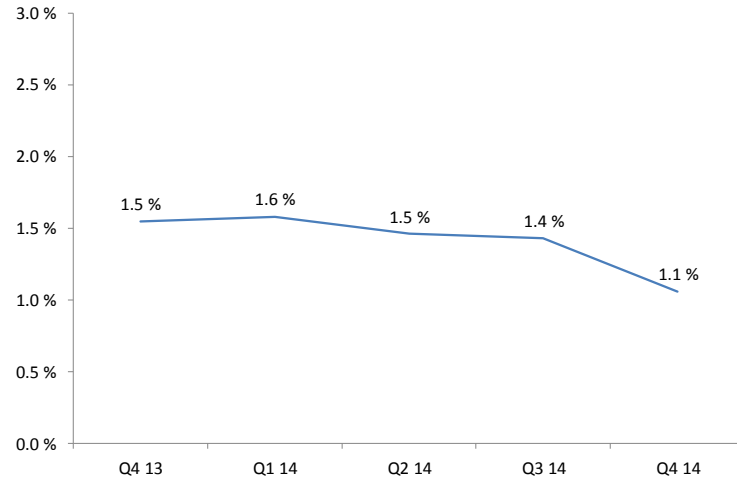
# Strong credit metrics

## Credit card loans

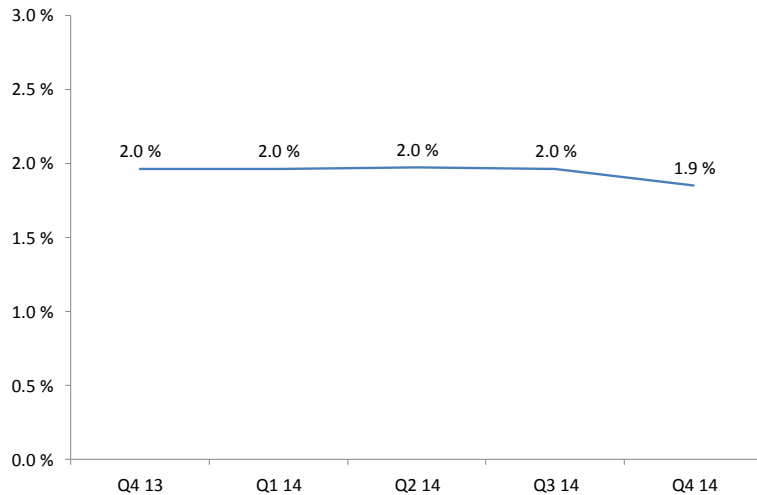
Non-performing loans to loans



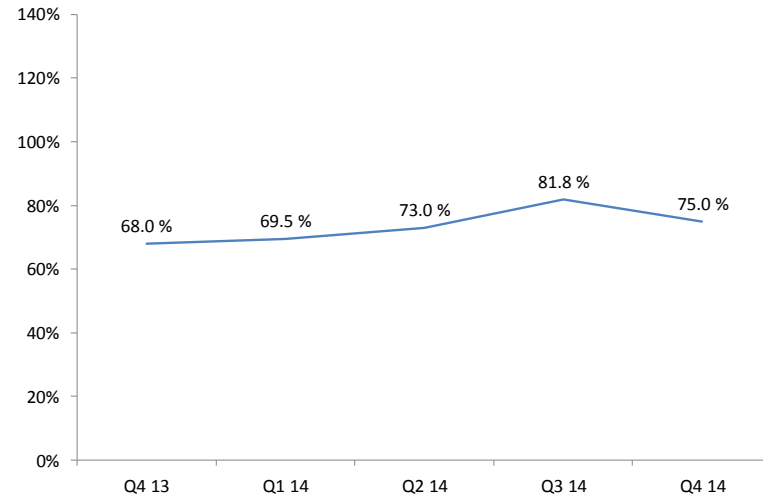
Loan loss provisions to average loans\*



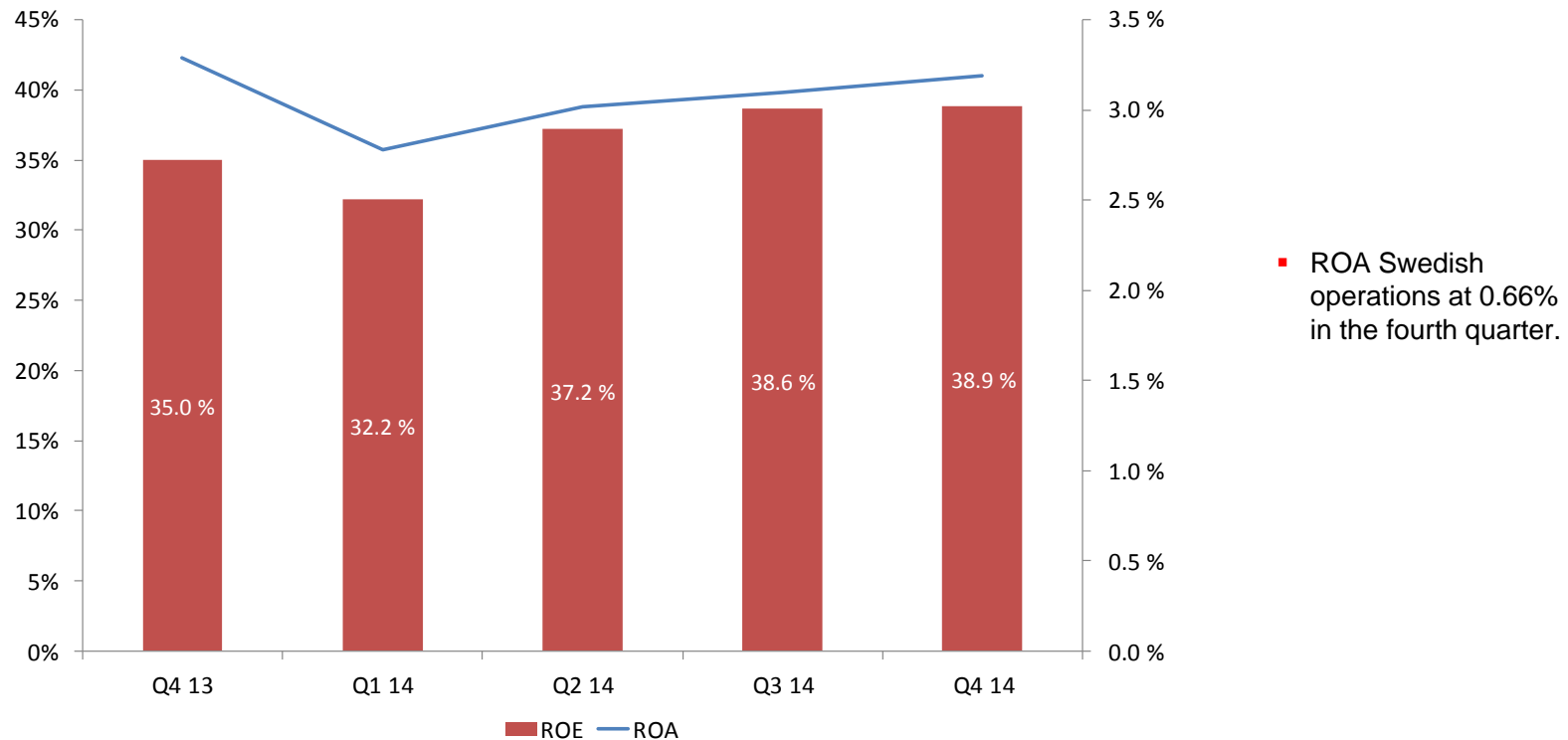
Loan loss allowance to loans



Loan loss allowance to non-performing loans



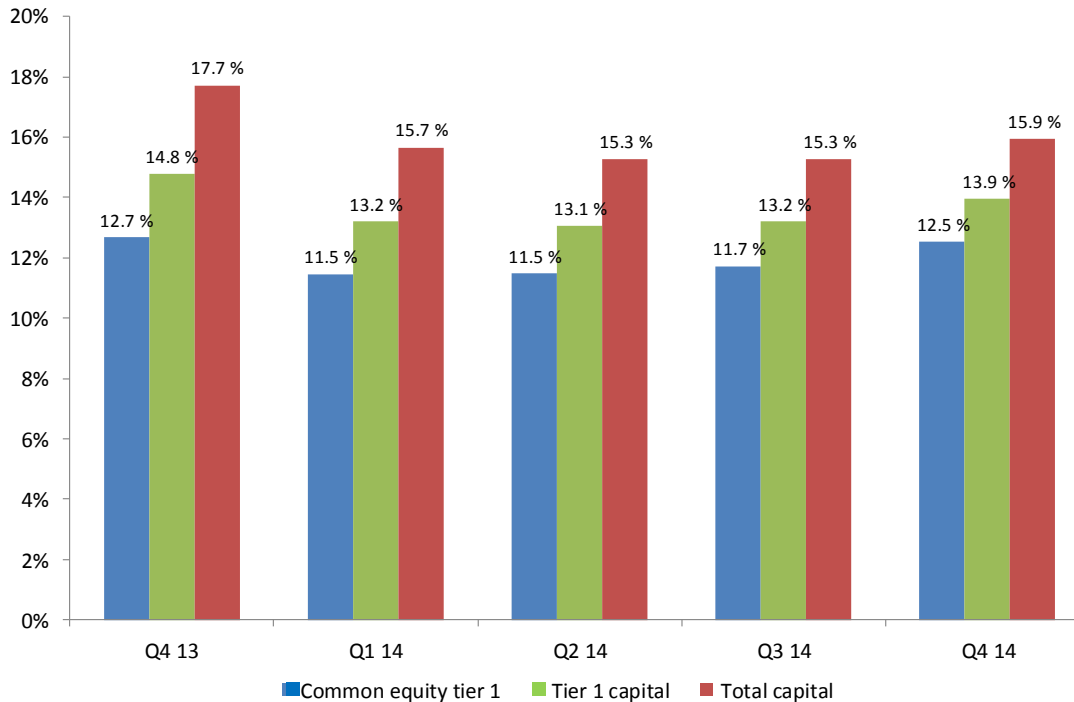
# High profitability





# High risk absorption capacity

Capital ratios



- Capital ratios impacted by asset sale.
- Ample capital for growth.
- Leverage ratio equals 8.2 %

# Well positioned for continued earnings growth

## Earnings growth and strong returns

- Continued strong loan growth
- Stable margins
- Cost-efficient operations
- Stable provisions
- Preparing for further geographical expansion

## Stable credit quality

- Resilient economies in Norway and Sweden
- Enhanced credit models
- Reduced portfolio risk from sale of non-performing loans

## Strong and resilient balance sheet

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

# Top 20 shareholders

SHAREHOLDER	# OF SHARES	
1 NORWEGIAN AIR SHUTTLE	34,600,040	20.00 %
2 GOLDMAN SACHS & CO - NOM	14,999,999	8.67 %
3 LAGUAN AS	12,871,013	7.44 %
4 SOCIETE GENERALE - NOM	11,000,000	6.36 %
5 BORAK AS	8,580,454	4.96 %
6 STENSHAGEN INVEST AS	7,420,379	4.29 %
7 MP PENSJON PK	7,296,800	4.22 %
8 SPENCER TRADING INC	7,138,450	4.13 %
9 PROTECTOR FORSIKRING	3,820,000	2.21 %
10 SNEISUNGEN AS	3,720,333	2.15 %
11 HANDELSBANKEN NORGE	3,500,000	2.02 %
12 TORSTEIN TVENGE	3,150,000	1.82 %
13 ARNE BLYSTAD	2,000,000	1.16 %
14 KLP AKSJE NORGE	1,630,000	0.94 %
15 ERIK JENSEN	1,617,888	0.94 %
16 SKAGEN VEKST	1,600,000	0.92 %
17 DIRECTMARKETING INVEST	1,500,000	0.87 %
18 VEVLEN GÅRD AS	1,436,621	0.83 %
19 LITHINON AS	1,332,000	0.77 %
20 PÅL SVENKERUD	1,199,797	0.69 %
<b>Top 20</b>	<b>130,413,774</b>	<b>75.38 %</b>
<b>Total</b>	<b>173,000,202</b>	

Norwegian Finans Holding  
ASA registered on the NOTC-  
list with ticker code BANK.

**banknorwegian.no**