

Norwegian Finans Holding ASA

First quarter 2014 results

First quarter 2014 earnings were 65.2 MNOK, compared with 65.3 in the fourth quarter

Norwegian Finans Holding Group

<i>MNOK</i>	Q1 2014	Q4 2013	Change	
Interest income	270.6	246.2	24.3	10 %
Interest expenses	68.6	59.6	9.0	15 %
Net interest income	202.0	186.6	15.4	8 %
Commission and bank services income	29.2	23.4	5.9	25 %
Commission and bank services expenses	11.0	10.1	0.9	9 %
Net change in value on securities and currency	1.3	3.6	-2.3	-64 %
Net other operating income	19.5	16.8	2.7	16 %
Total income	221.5	203.4	18.0	9 %
Personnel expenses	14.4	13.0	1.4	11 %
General administrative expenses	80.1	66.8	13.3	20 %
Ordinary depreciation	2.5	2.5	-0.0	-1 %
Other operating expenses	4.8	3.5	1.3	37 %
Total operating expenses	101.9	85.8	16.0	19 %
Provision for loan losses	30.2	26.8	3.5	13 %
Profit before tax	89.4	90.8	-1.5	-2 %
Tax charge	24.1	25.5	-1.4	-5 %
Profit after tax	65.2	65.3	-0.1	0 %
Earnings per share NOK (annualized)	1.51	1.51		

- Net interest income influenced by rapid loan growth and fewer interest days.
- Fee income boosted by profit sharing on ancillary services and increased card spending.
- Lower realized gains on securities and currency.
- Higher operating expenses due to accelerated growth.
- Stable provisioning.
- ROE 32.2 %, down from 35.0 %*.

* Bank Norwegian AS

Net loss in Sweden was 11.9 MNOK, compared with 9.8 MNOK in the fourth quarter

Norwegian Finans Holding Group

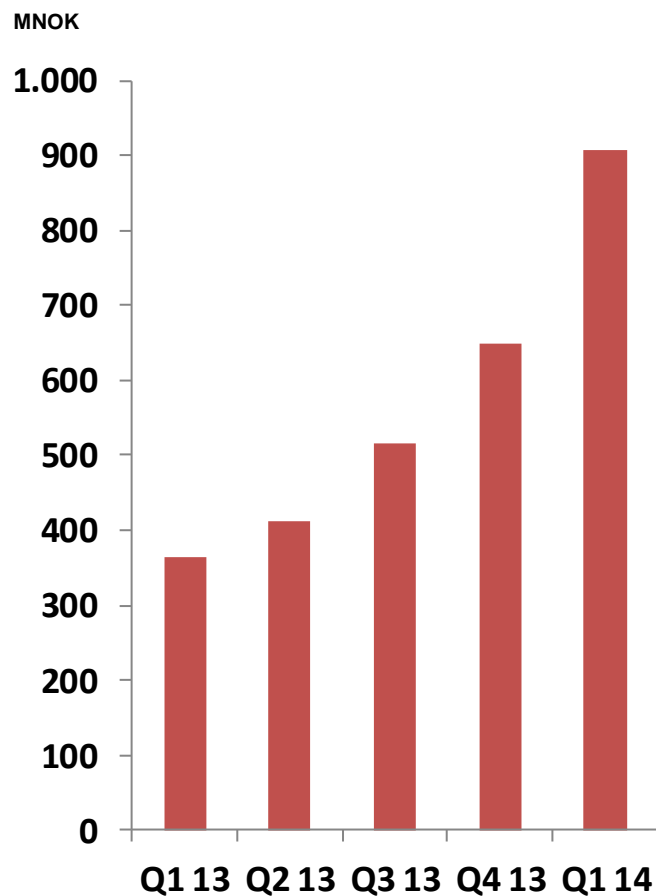
Key figures <i>MNOK</i>	Norway			Sweden*		
	Q1 14	Q4 13	Δ	Q1 14	Q4 13	Δ
Total income	206.9	194.9	12.0	14.6	8.5	6.1
Total operating expenses	77.2	68.1	9.1	24.7	17.8	6.9
Provision for loan losses	24.0	22.5	1.5	6.3	4.3	2.0
Profit after tax	77.2	75.1	2.1	-11.9	-9.8	-2.2
Liquid assets	1,860	1,802	58	1,192	52	1,140
Net loans to customers	6,622	6,075	548	632	289	343
Intangible assets	19	19	0	13	13	-0
Deposits from customers	6,664	6,449	214	1,832	143	1,689

- Continued strong earnings in Norway.
- Increased net loss in Sweden due to accelerated growth and liquidity cost.
- Group provisions in Sweden. Credit quality developing as expected.

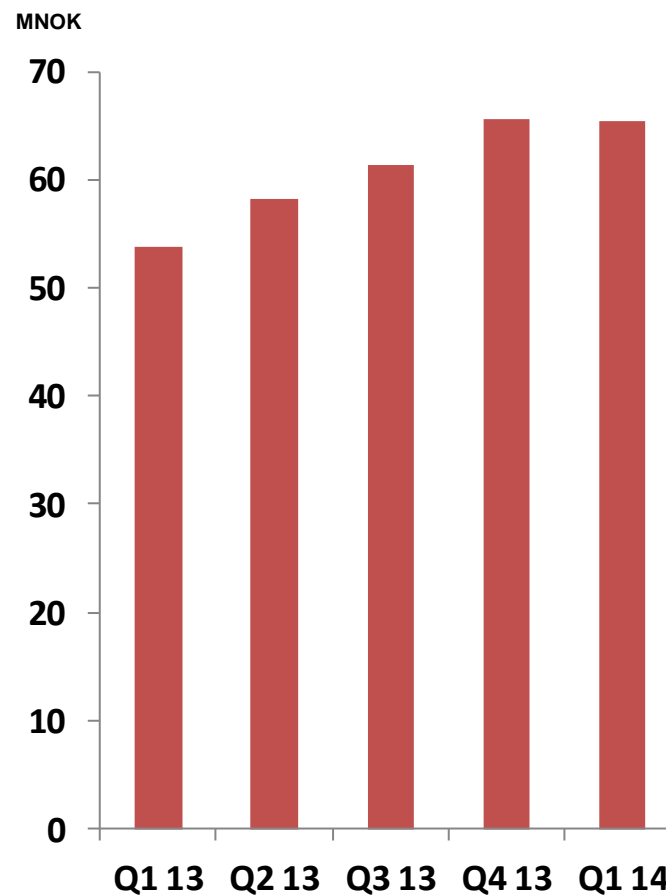
* No allocation of overhead expenses.

Rapid loan growth and strong earnings

Quarterly loan growth

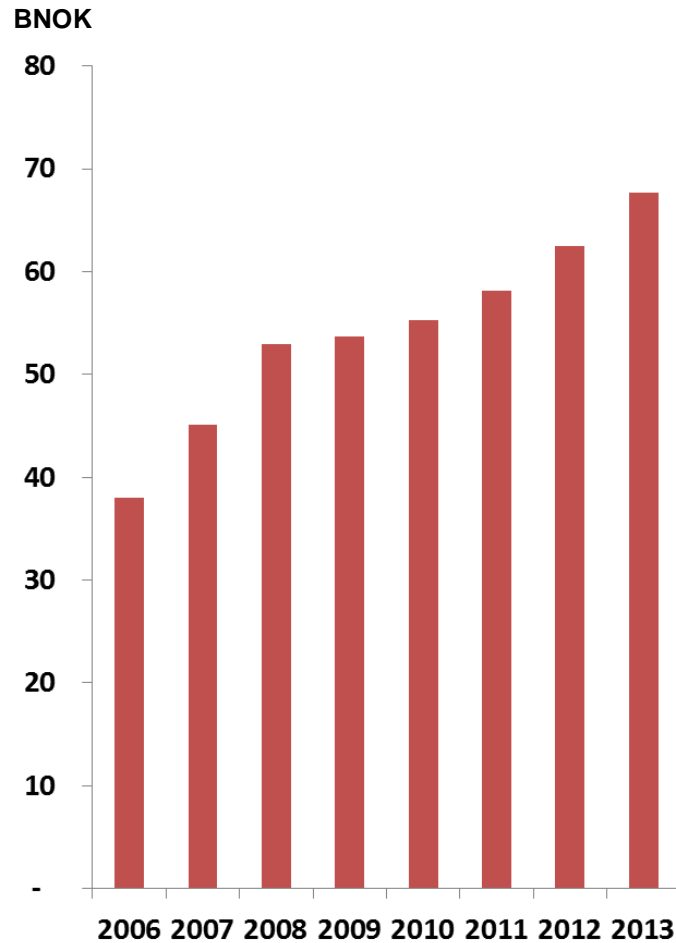


Quarterly earnings

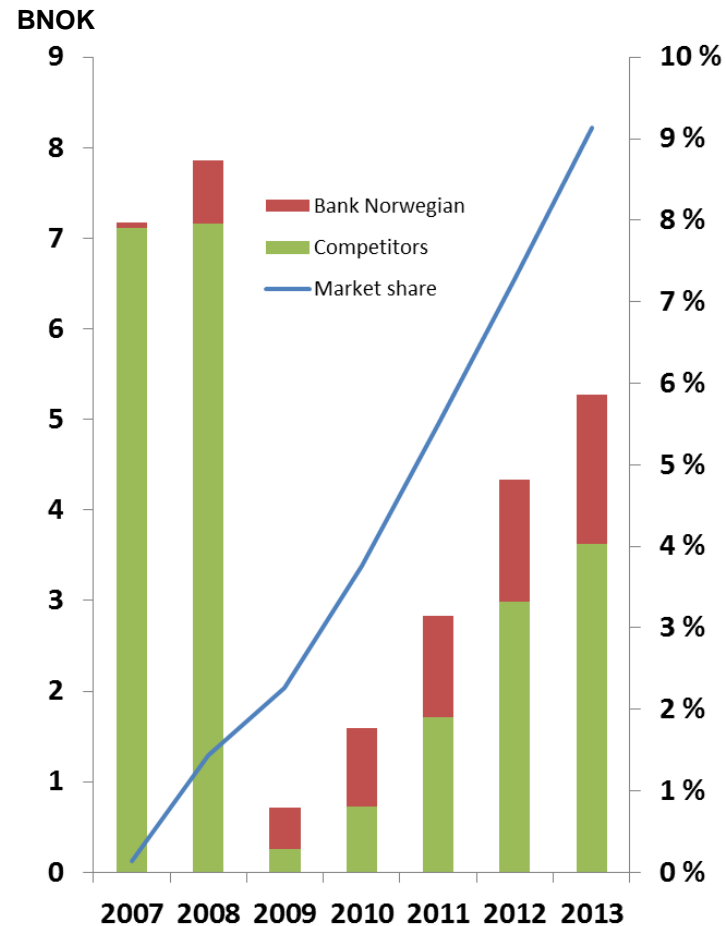


Market share gains in Norway

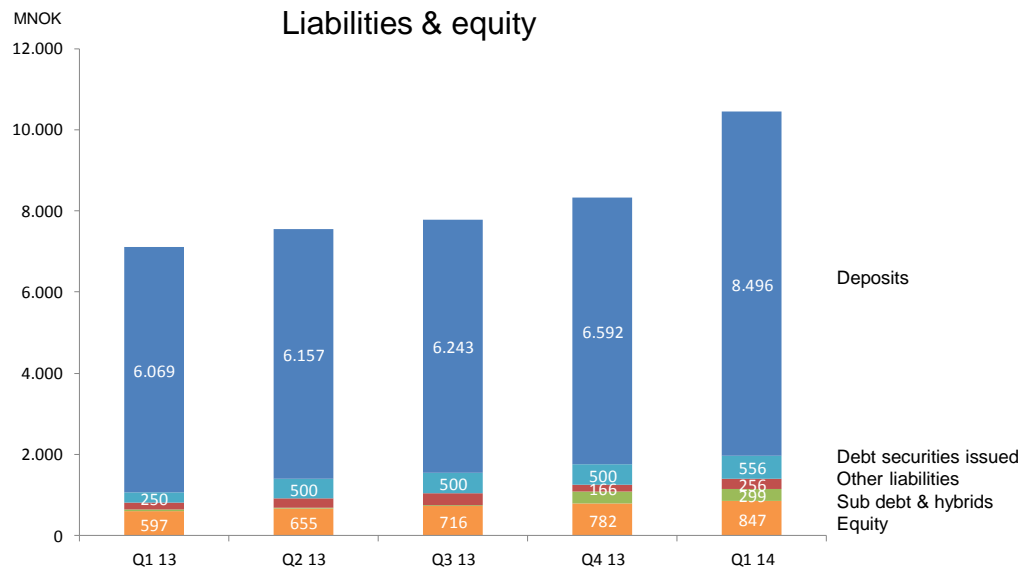
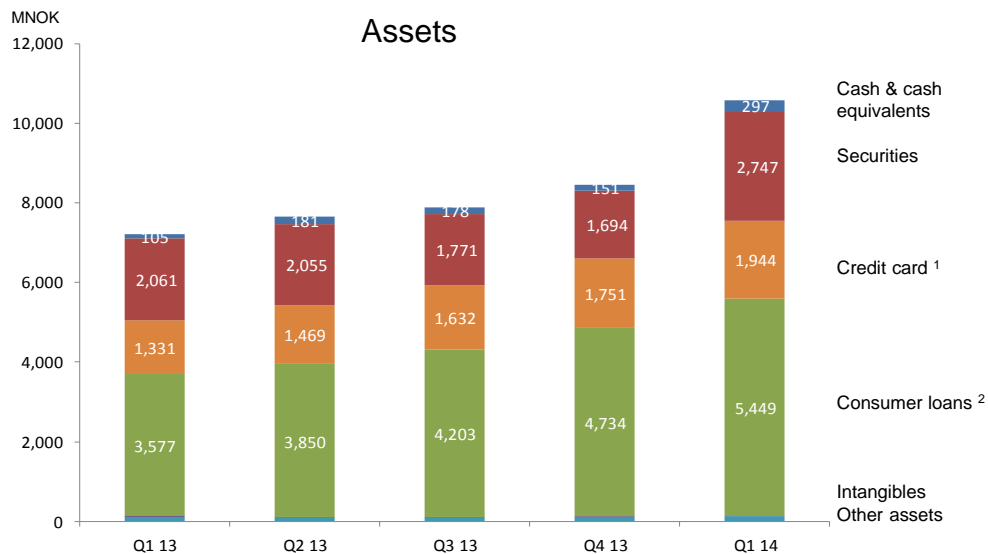
Total unsecured loans



Market growth and market share

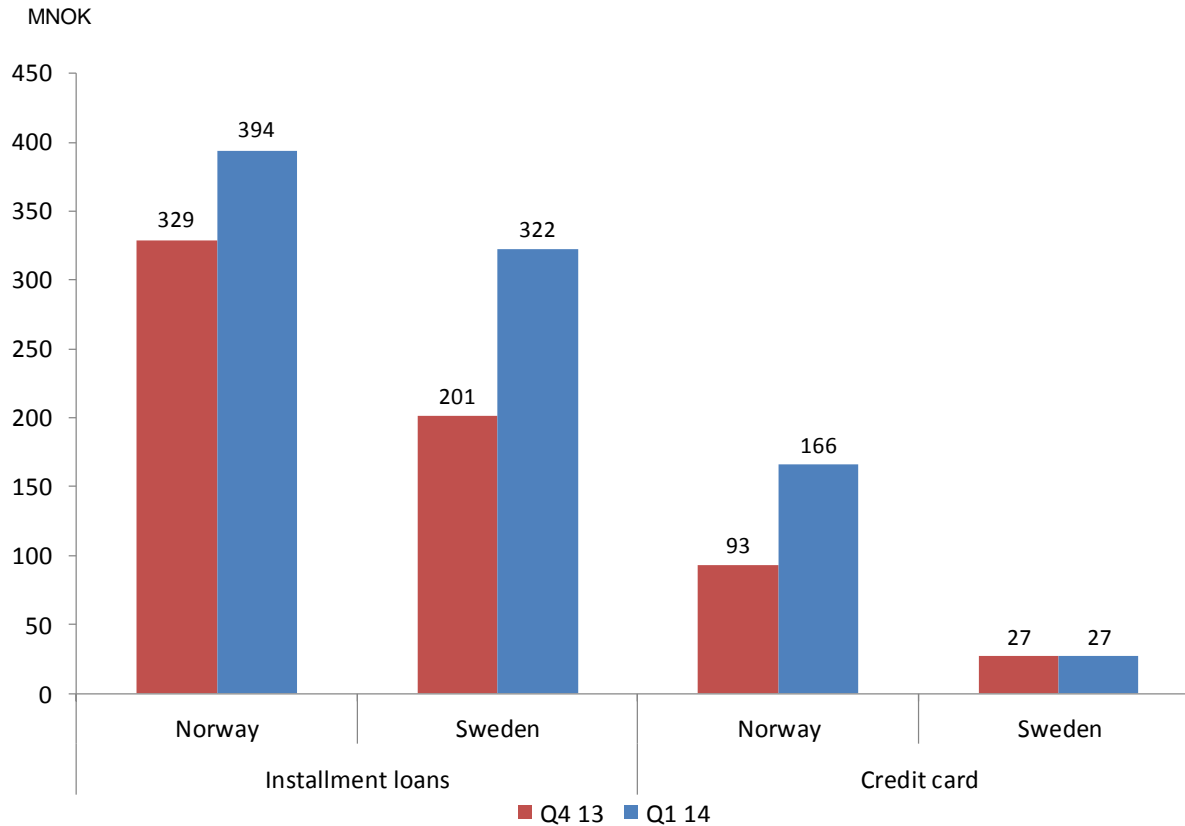


Higher loan and deposit growth



- Total gross loans increased 909 MNOK, compared with 650 MNOK in the fourth quarter.
- Installment loans rose 716 MNOK and credit card loans grew 193 MNOK.
- Installment loan run-off 291 MNOK, compared with 283 MNOK in the fourth quarter.
- Liquid assets comprise 29 % of total assets.
- Influx of deposits in Sweden due to competitive rates. Deposit rates lowered in the second quarter to stem growth.
- Deposits to loans ratio increased from 1.04 to 1.17.

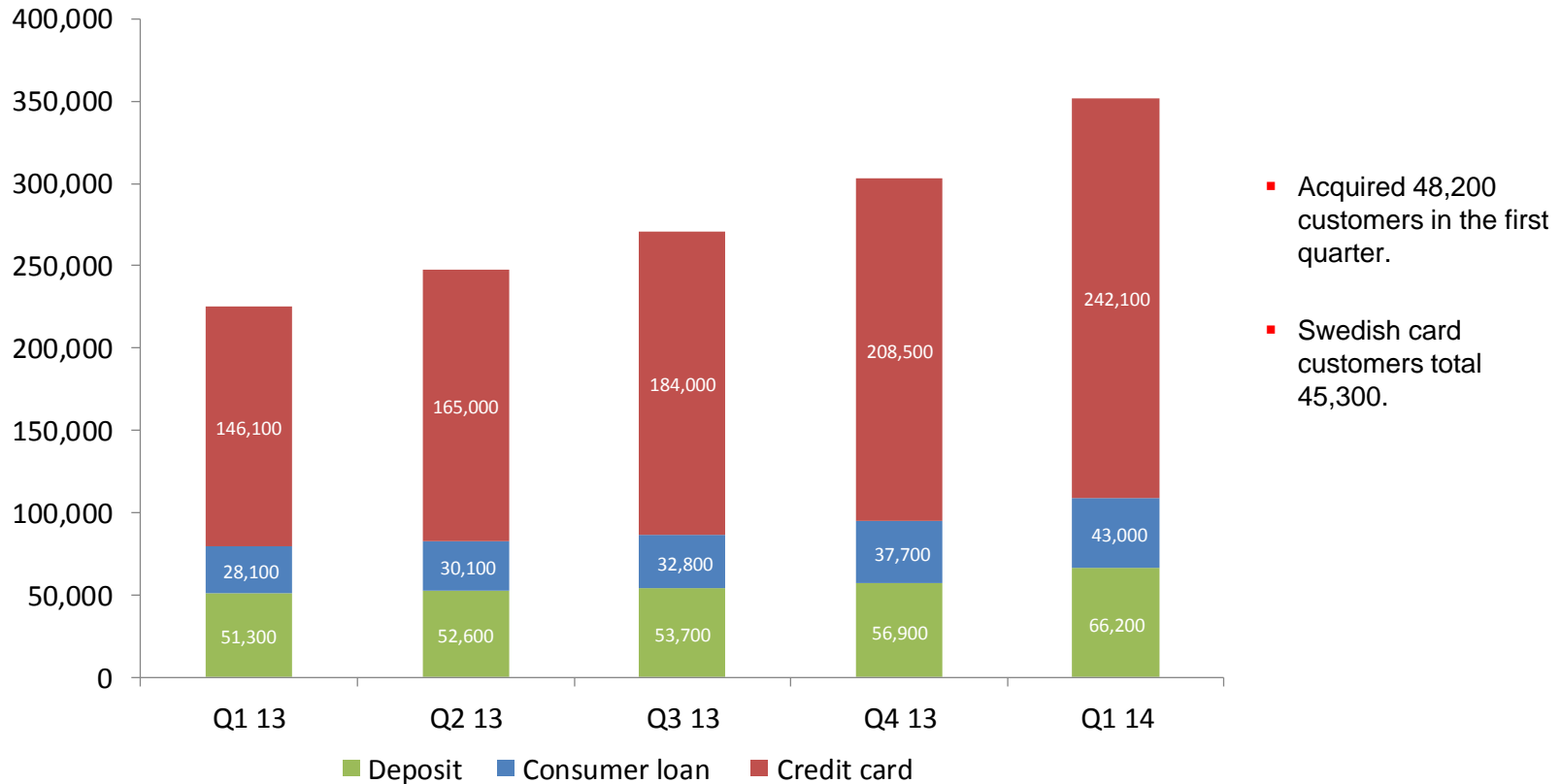
Quarterly loan growth



- Strong installment loan growth.
- Credit card growth in Norway seasonally higher in the first quarter.
- Moderate growth in outstanding credit card balances in Sweden.

Rapid customer growth

Number of customers



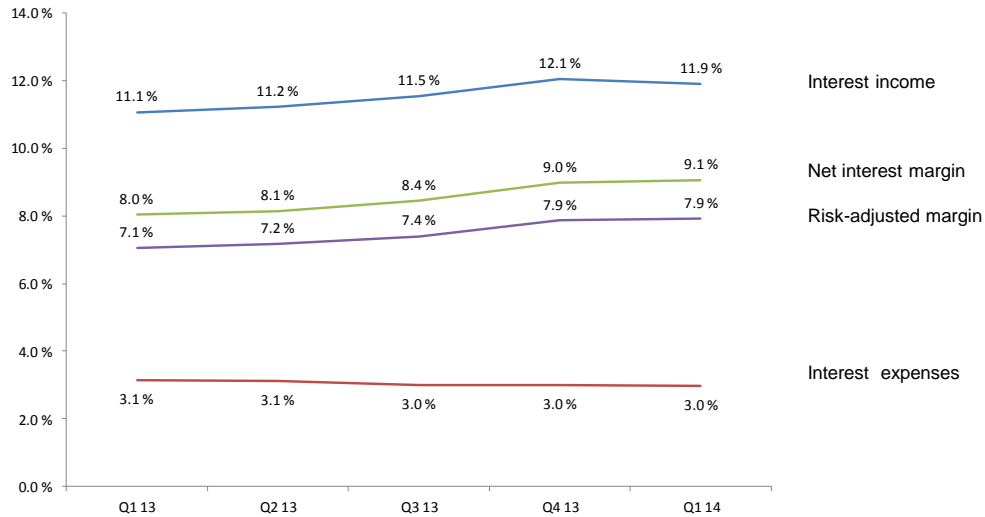
Quarterly balance sheet

Norwegian Finans Holding Group

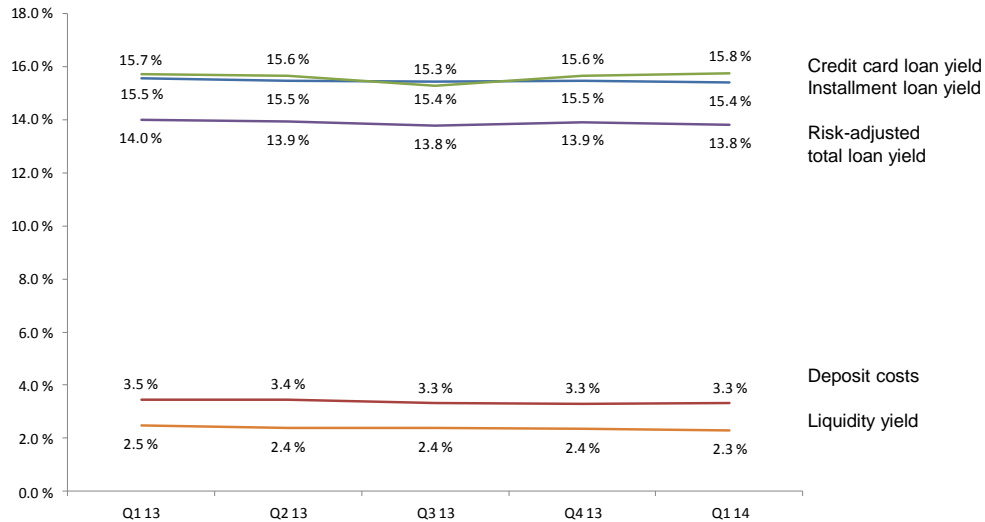
<i>MNOK</i>	31.3.14		31.12.13		Change	
Assets						
Deposits with Norges Bank	57	1 %	54	1 %	3	5 %
Loans and deposits with credit institutions	249	2 %	106	1 %	143	135 %
Loans to customers	7,255	69 %	6,364	76 %	891	14 %
Certificates and bonds	2,747	26 %	1,694	20 %	1,053	62 %
Other intangible assets	31	0 %	31	0 %	-0	0 %
Deferred tax asset	1	0 %	1	0 %	0	7 %
Fixed assets	2	0 %	2	0 %	-0	-2 %
Other assets	123	1 %	97	1 %	26	27 %
Total assets	10,464	100 %	8,349	100 %	2,115	25 %
Liabilities and equity						
Deposits from customers	8,496	81 %	6,592	79 %	1,904	29 %
Debt securities issued	556	5 %	500	6 %	56	11 %
Taxes payable	86	1 %	93	1 %	-8	-8 %
Other liabilities	32	0 %	30	0 %	2	6 %
Accrued expenses and unearned income received	140	1 %	44	1 %	96	217 %
Subordinated debt	299	3 %	299	4 %	0	0 %
Total liabilities	9,608	92 %	7,558	91 %	2,050	27 %
Share capital	173	2 %	173	2 %	-	0 %
Share premium	140	1 %	140	2 %	-	0 %
Retained earnings	543	5 %	478	6 %	65	14 %
Total equity	856	8 %	790	9 %	65	8 %
Total liabilities and equity	10,464	100 %	8,349	100 %	2,115	25 %

Stable yields and margins

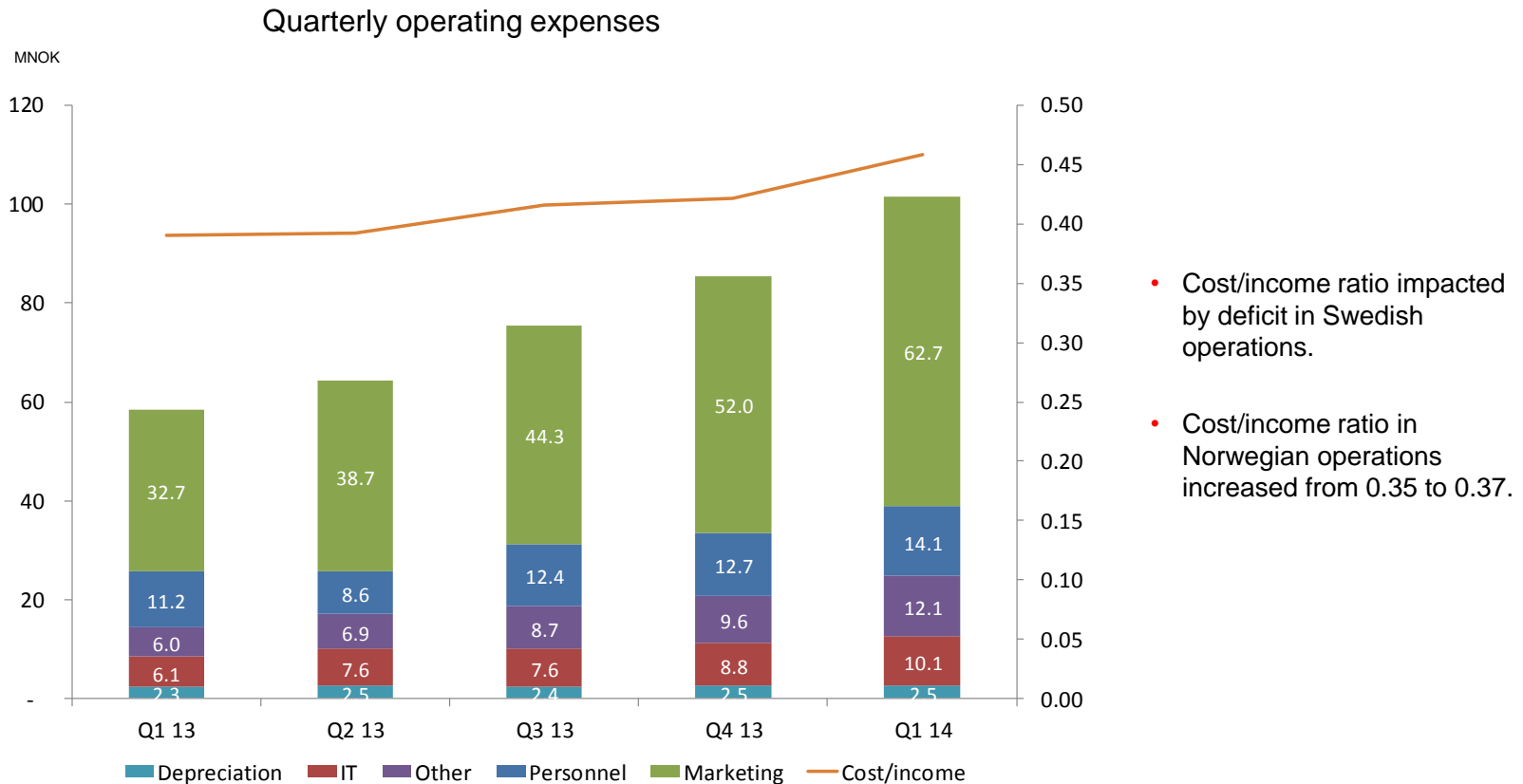
Margins as a % of average assets



Asset yield and cost of deposits



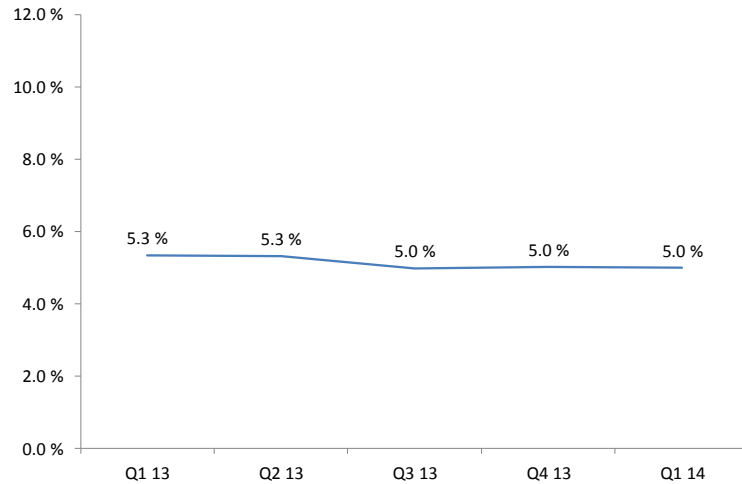
Increased marketing spending and growth related expenses



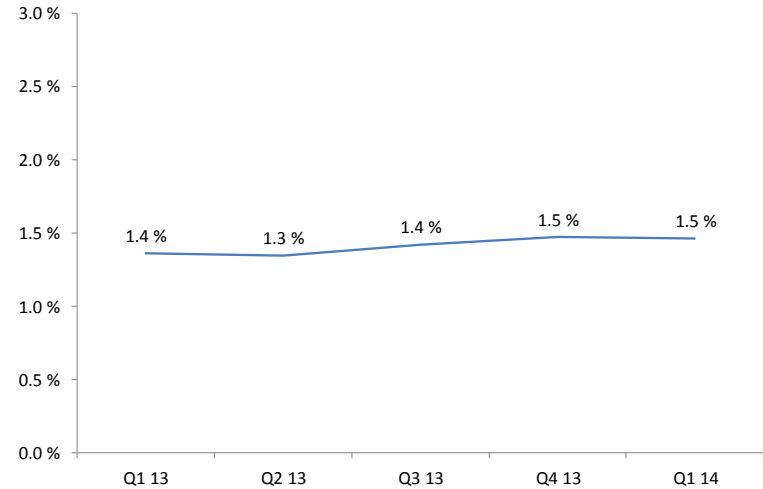
Stable credit metrics

Consumer loans

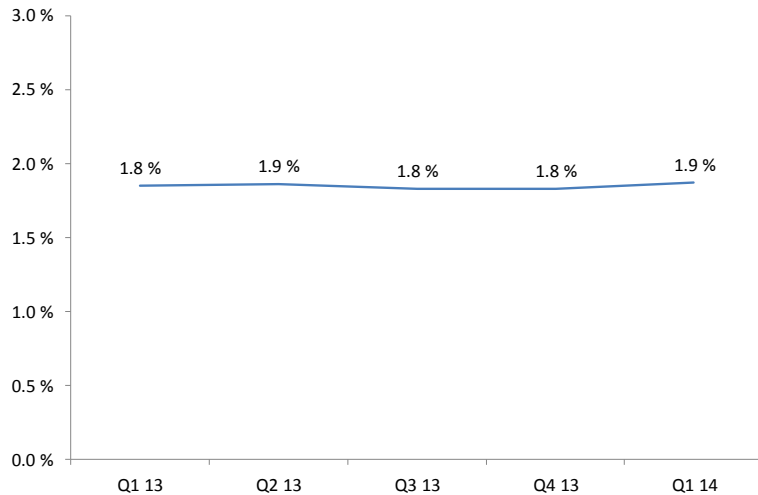
Non-performing loans to loans



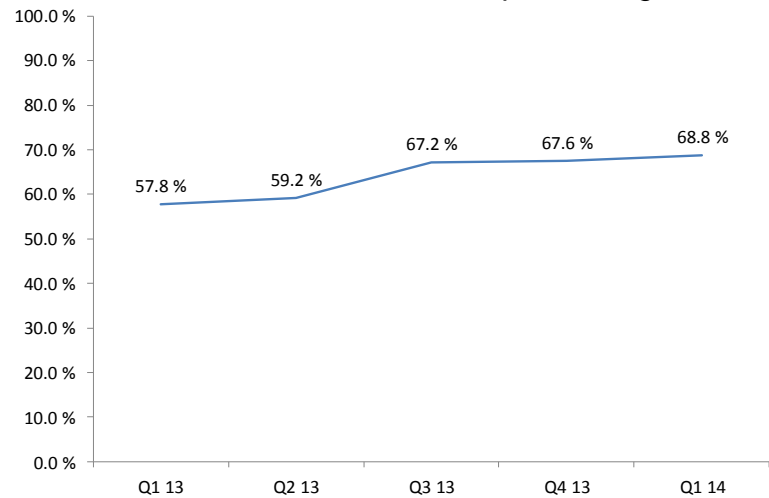
Loan loss provisions to average loans



Loan loss allowance to loans



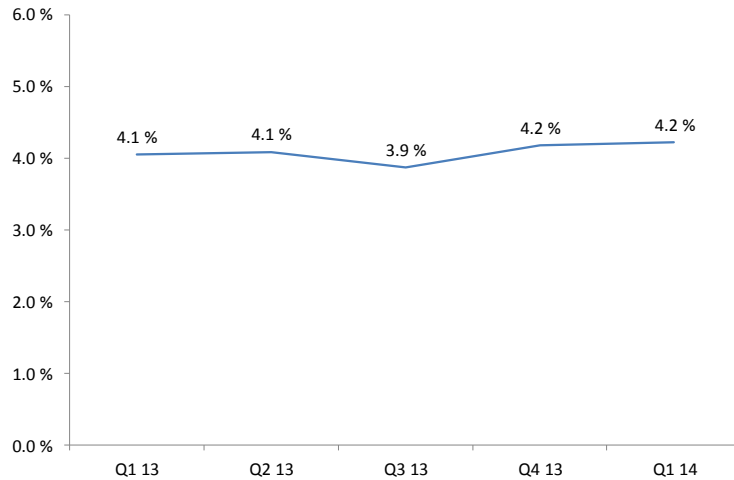
Loan loss allowance to non-performing loans



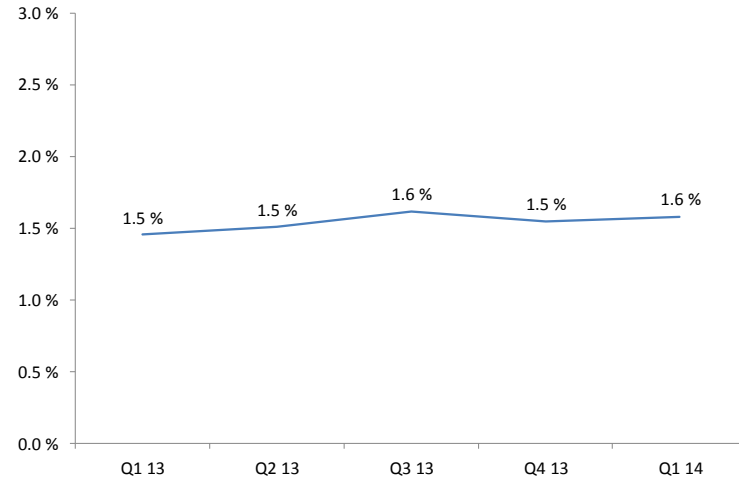
Stable credit metrics

Credit card loans

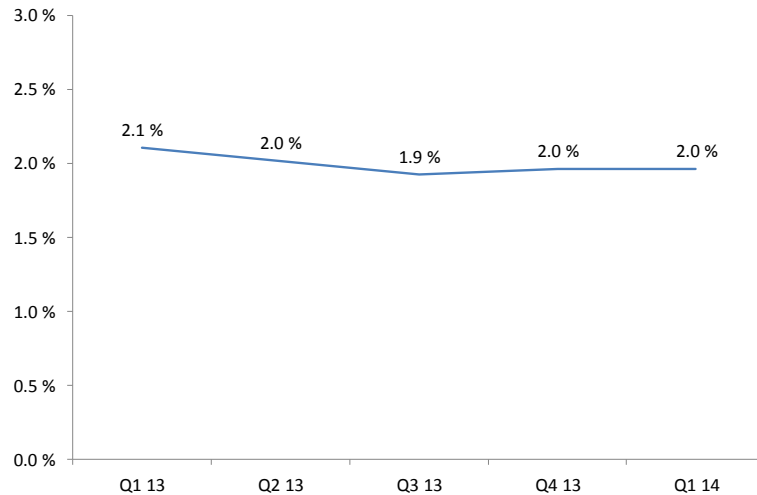
Non-performing loans to loans



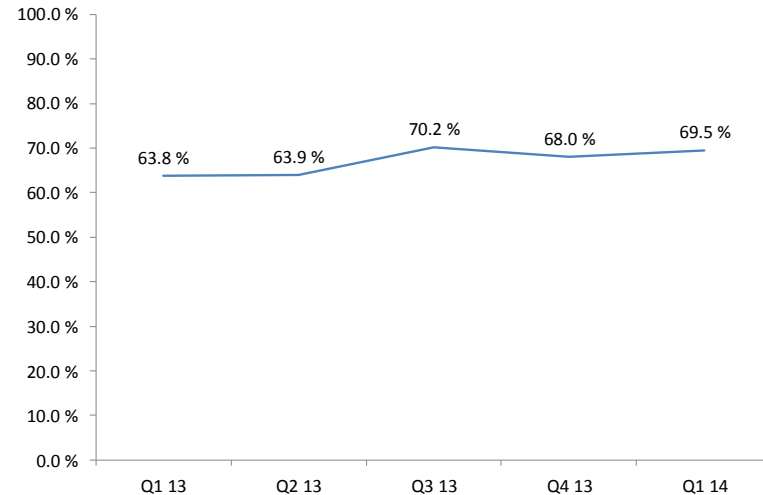
Loan loss provisions to average loans



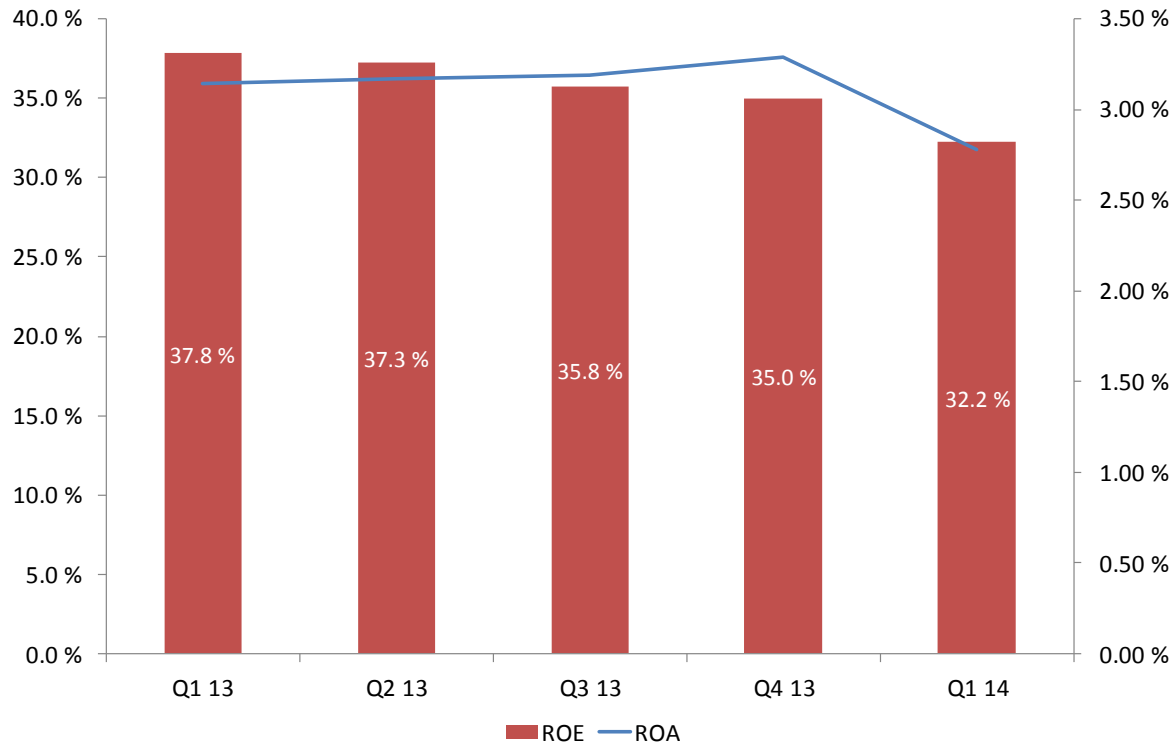
Loan loss allowance to loans



Loan loss allowance to non-performing loans

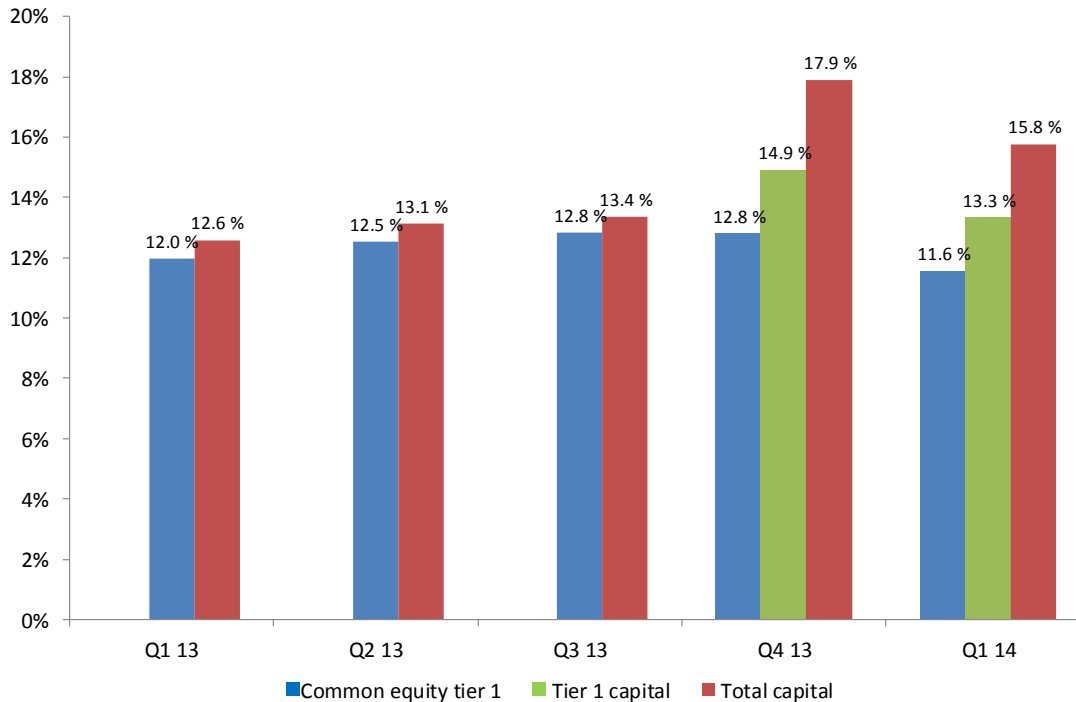


Profitability remains high



High risk absorption capacity

Capital ratios



- Strong capital ratios despite strong loan growth, deficit in Sweden and annual operational risk adjustment.
- Common equity tier 1 ratio of 11.6 %.
- RWA decreased from 71 % to 68 %.
- Common equity to total assets 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

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	34,518,817	20.00 %
2 FORTELUS SPECIAL SITUATIONS FUND	14,999,999	8.69 %
3 APOLLO ASSET LIMITED	14,700,000	8.52 %
4 LAGUAN AS	12,871,013	7.46 %
5 BORAK AS	8,580,454	4.97 %
6 MP PENSJON PK	8,000,000	4.64 %
7 SPENCER TRADING INC	6,934,869	4.02 %
8 SKAGEN VEKST	6,000,000	3.48 %
9 TVENGE TORSTEIN	5,014,635	2.91 %
10 SNEISUNGEN AS	3,720,333	2.16 %
11 PORTILLO HOLDING AS	2,350,000	1.36 %
12 KLP AKSJE NORGE VPF	2,210,000	1.28 %
13 BLYSTAD ARNE	2,203,581	1.28 %
14 STENSHAGEN INVEST AS	1,789,214	1.04 %
15 JENSEN ERIK	1,516,942	0.88 %
16 DIRECTMARKETING INVEST	1,500,000	0.87 %
17 VERDIPAPIRFONDET OMEGA	1,323,000	0.77 %
18 GJERSVIK KARSTEIN	1,300,000	0.75 %
19 AWILCO INVEST AS	1,258,100	0.73 %
20 SVINDAL AKSEL LUND	1,180,000	0.68 %
Top 20	131,970,957	76.46 %
Total	172,594,088	

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