

Norwegian Finans Holding ASA

Third quarter 2014 results

Third quarter 2014 earnings were 94.1 MNOK, compared with 82.1 MNOK in the second quarter

Norwegian Finans Holding Group

<i>MNOK</i>	Q3 2014	Q2 2014	Change	
Interest income	336.2	304.7	31.4	10 %
Interest expenses	82.0	77.4	4.6	6 %
Net interest income	254.1	227.3	26.8	12 %
Commission and bank services income	33.3	30.3	3.0	10 %
Commission and bank services expenses	16.1	13.9	2.2	15 %
Net change in value on securities and currency	-2.3	1.0	-3.3	n/m
Net other operating income	15.3	17.3	-2.0	-11 %
Total income	269.5	244.6	24.9	10 %
Personnel expenses	13.9	9.4	4.4	47 %
General administrative expenses	85.9	83.1	2.9	3 %
Ordinary depreciation	2.7	2.6	0.2	6 %
Other operating expenses	2.6	3.5	-0.9	-25 %
Total operating expenses	105.2	98.6	6.6	7 %
Provision for loan losses	35.4	33.6	1.7	5 %
Profit before tax	128.9	112.4	16.5	15 %
Tax charge	34.8	30.3	4.5	15 %
Profit after tax	94.1	82.1	12.1	15 %
Earnings per share NOK (annualized)	2.18	1.90		

- Net interest income driven by strong loan growth.
- Net loss on securities in the Swedish portfolio.
- Improved operating efficiency.
- Stable provisioning.
- ROE 38.6 %, up from 37.2 %*.

* Bank Norwegian AS

Earnings in Norway were 100.2 MNOK, a gain of 9.8 MNOK from the second quarter

Norwegian Finans Holding Group

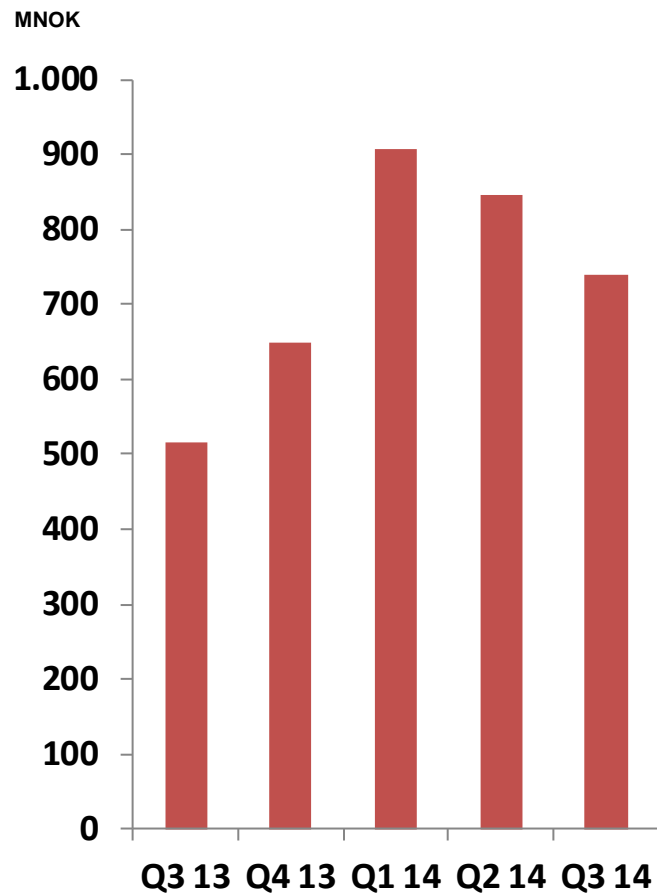
Key figures	Norway			Sweden*		
	Q3 14	Q2 14	Δ	Q3 14	Q2 14	Δ
<i>MNOK</i>						
Total income	241.0	221.1	19.9	28.5	23.5	4.9
Total operating expenses	76.3	70.9	5.4	28.9	27.7	1.1
Provision for loan losses	27.5	26.4	1.1	7.9	7.3	0.6
Profit after tax	100.2	90.4	9.8	-6.1	-8.4	2.3
Liquid assets	3,042	2,520	522	779	881	-102
Net loans to customers	7,491	7,066	424	1,311	1,014	298
Intangible assets	18	18	1	15	13	1
Deposits from customers	7,446	7,157	289	2,054	1,883	171

- Swedish operations impacted by non-recurring items in the third quarter and is expected to turn profitable in the fourth quarter.
- Mainly group provisions in Sweden.

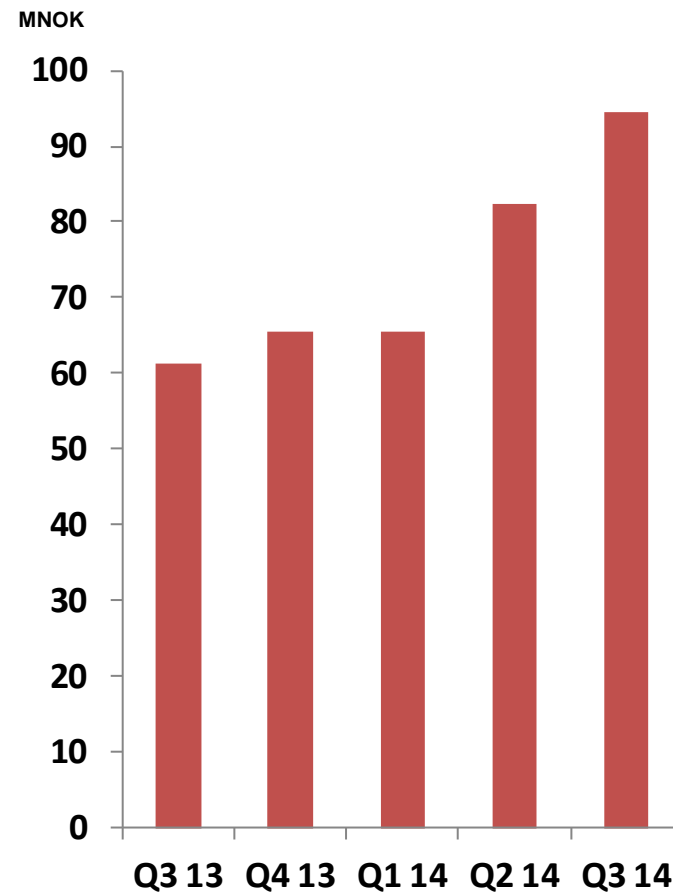
* No allocation of overhead expenses.

Solid loan and earnings growth

Quarterly loan growth

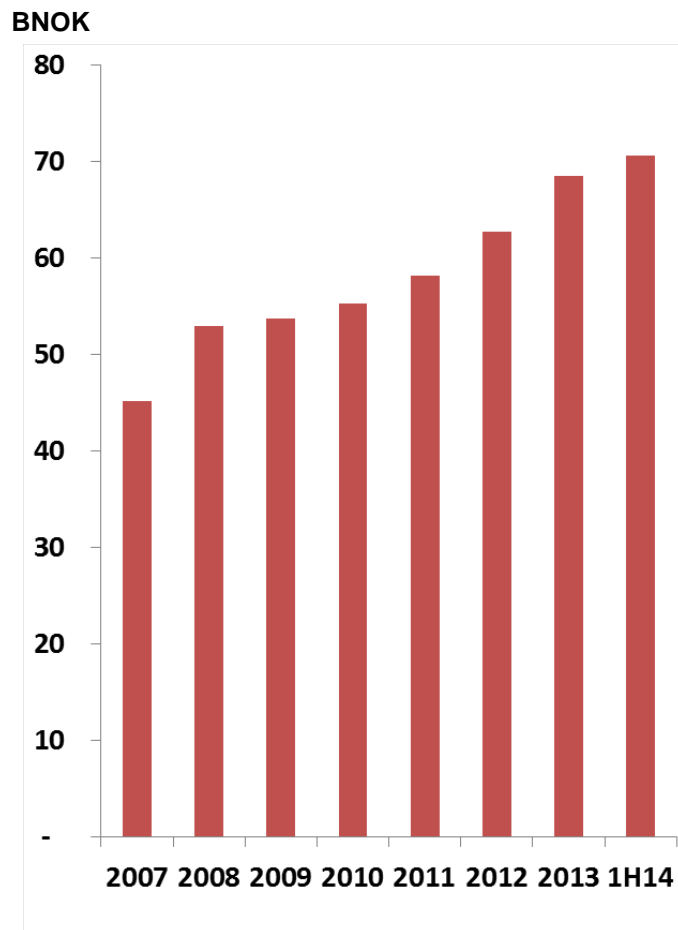


Quarterly earnings

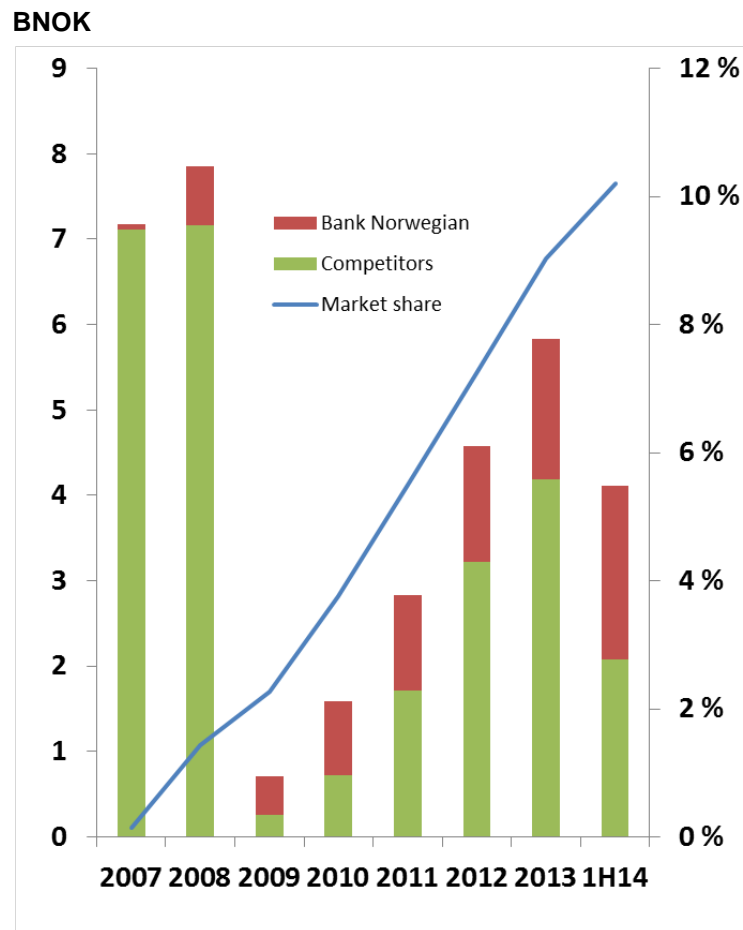


Rising market share in Norway

Total unsecured loans

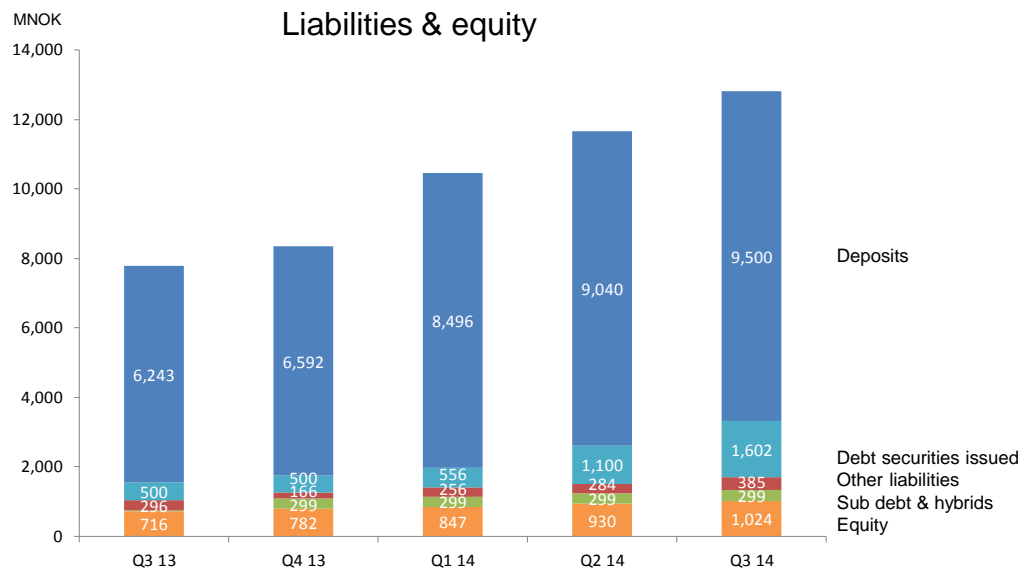
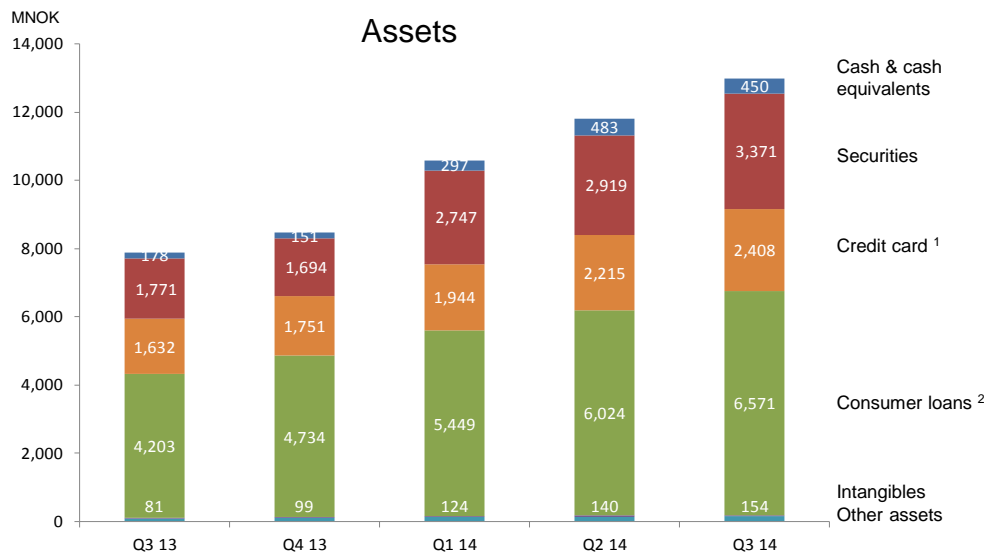


Market growth and market share



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

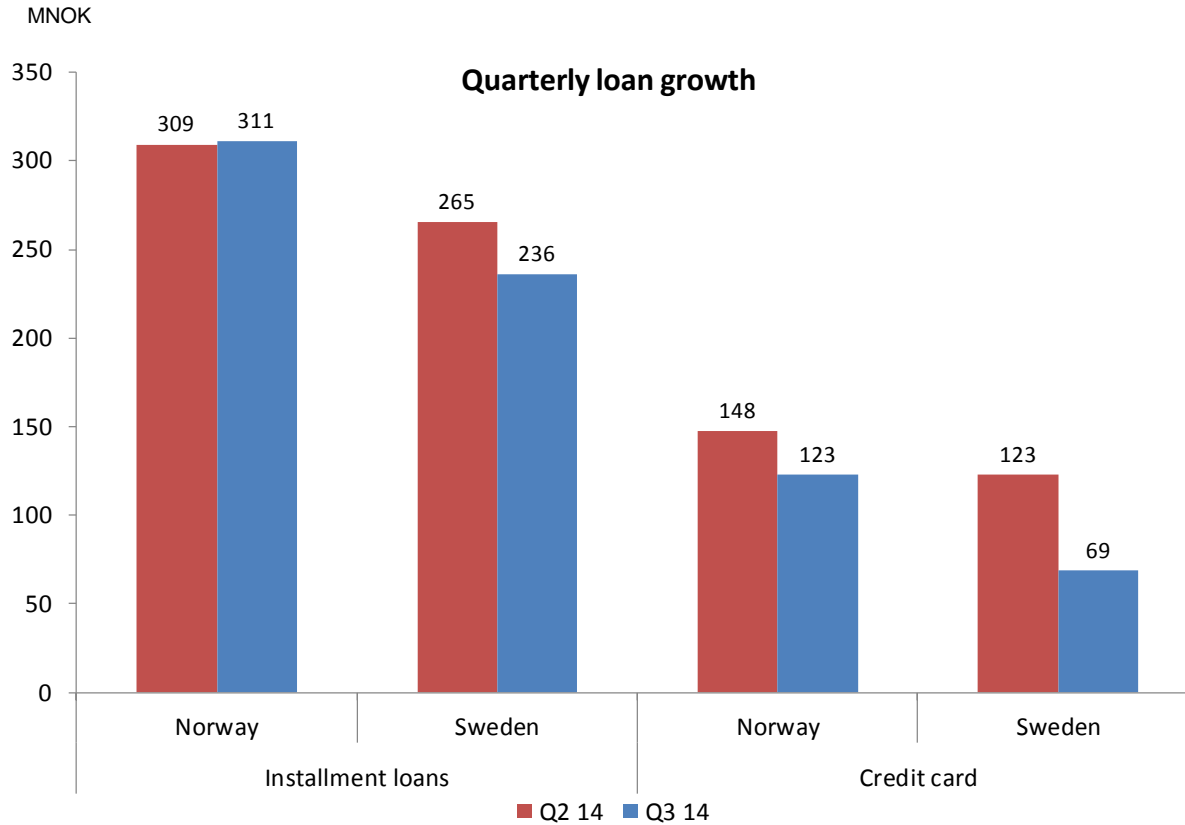
High loan and deposit growth



- Total gross loans increased 740 MNOK, compared with 846 MNOK in the second quarter.
- Installment loans rose 547 MNOK and credit card loans grew 193 MNOK.
- Installment loan run-off 395 MNOK, compared with 323 MNOK in the second quarter.
- Liquid assets comprise 30 % of total assets.
- Deposits up 460 MNOK.
- Issuance of 500 MNOK in senior debt securities.
- Deposits to loans ratio 1.06.
- LCR 326%
- NSFR 115%

¹ Includes sales financing
² Includes personal lines of credit

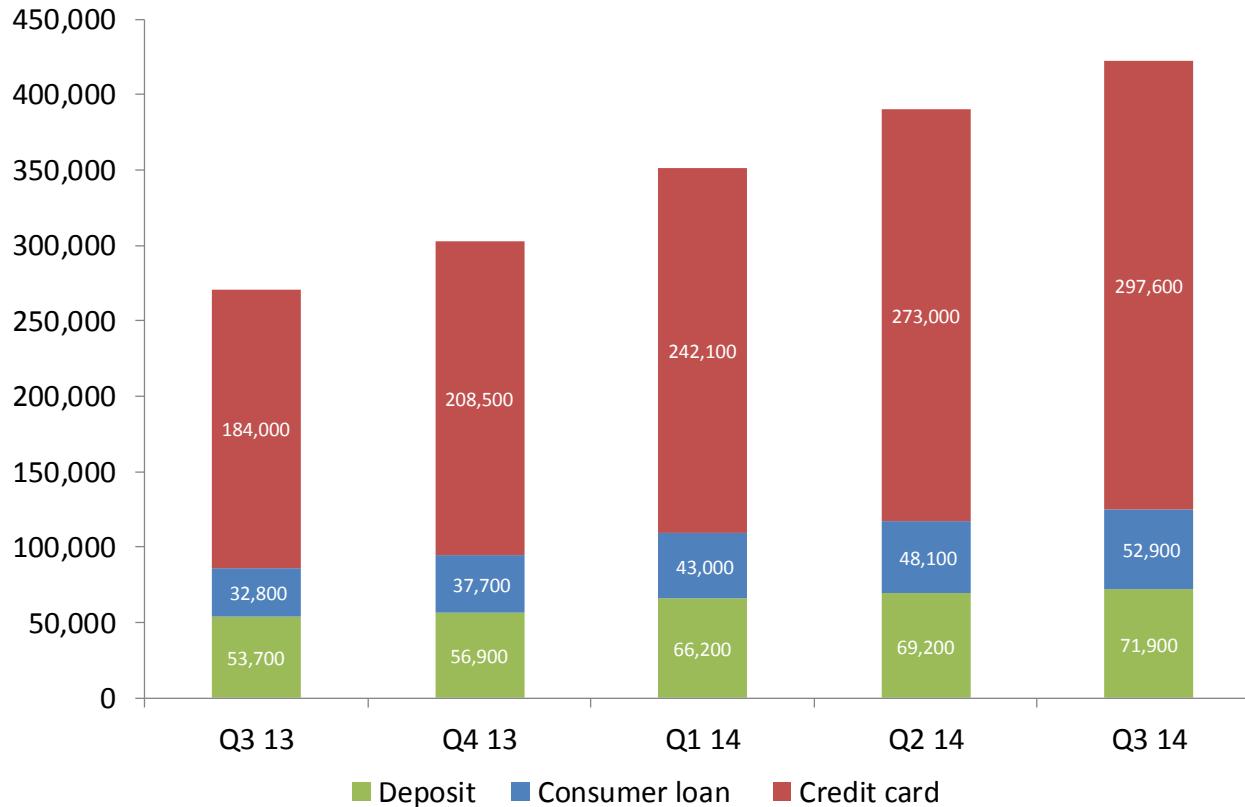
Strong loan growth



- Loan growth in line with expectations.
- Credit card growth in Sweden impacted by down payments after expiry of interest free period.

Rapid customer growth

Number of customers



Number of customers total 422,400

32,100 net new customers in the third quarter.

Swedish card customers total 79,300.

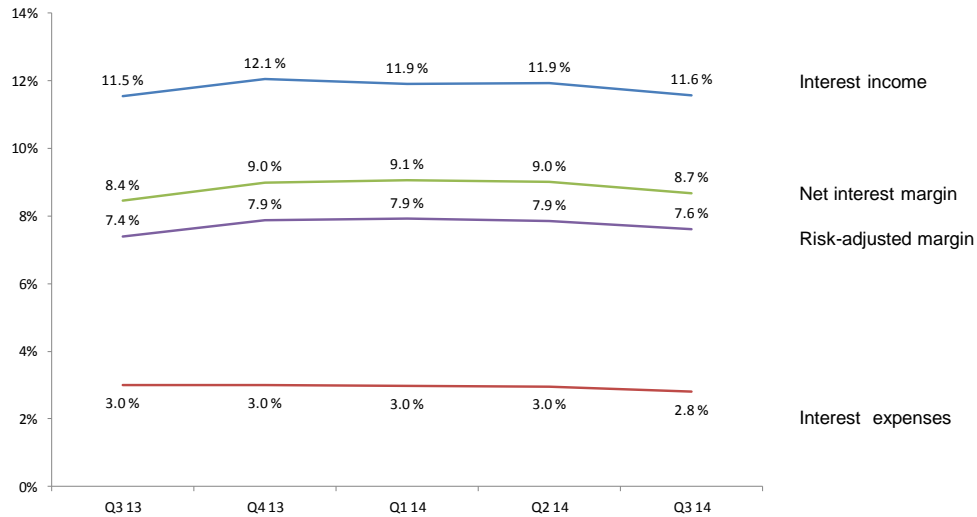
Quarterly balance sheet

Norwegian Finans Holding Group

<i>MNOK</i>	30.9.14		30.6.14		Change	
Assets						
Deposits with Norges Bank	57	0 %	107	1 %	-50	-47 %
Loans and deposits with credit institutions	407	3 %	389	3 %	17	4 %
Loans to customers	8,802	69 %	8,080	69 %	722	9 %
Certificates and bonds	3,371	26 %	2,919	25 %	452	15 %
Shares and other securities	0	0 %	0	0 %	0	0 %
Other intangible assets	33	0 %	31	0 %	2	6 %
Deferred tax asset	2	0 %	2	0 %	0	6 %
Fixed assets	1	0 %	1	0 %	-0	-9 %
Other assets	153	1 %	139	1 %	14	10 %
Total assets	12,825	100 %	11,667	100 %	1,158	10 %
Liabilities and equity						
Deposits from customers	9,500	74 %	9,040	77 %	460	5 %
Debt securities issued	1,602	12 %	1,100	9 %	502	46 %
Taxes payable	90	1 %	55	0 %	35	64 %
Other liabilities	16	0 %	31	0 %	-15	-49 %
Accrued expenses and unearned income received	281	2 %	200	2 %	81	41 %
Subordinated debt	299	2 %	299	3 %	0	0 %
Total liabilities	11,788	92 %	10,724	92 %	1,064	10 %
Share capital	173	1 %	173	1 %	-	0 %
Share premium	145	1 %	145	1 %	-	0 %
Retained earnings	719	6 %	625	5 %	94	15 %
Total equity	1,037	8 %	943	8 %	94	10 %
Total liabilities and equity	12,825	100 %	11,667	100 %	1,158	10 %

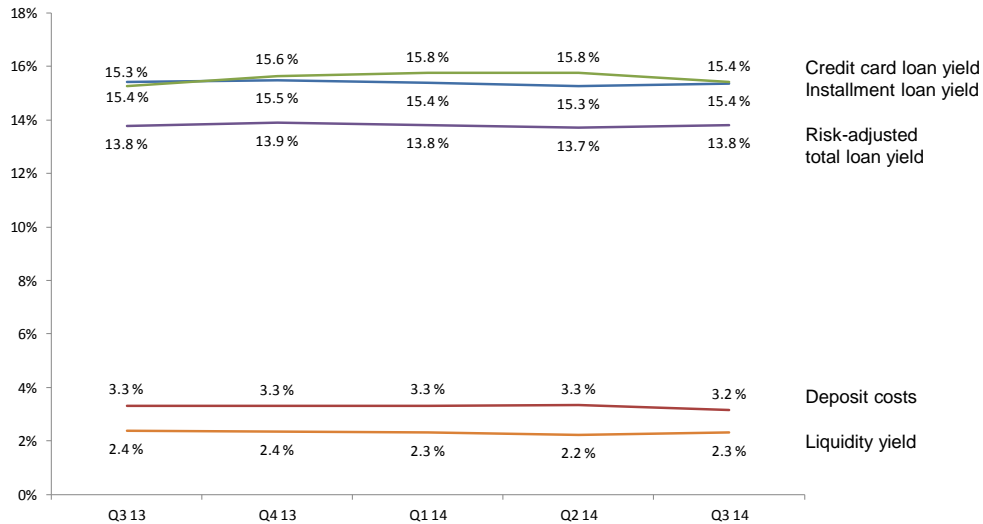
Stable yields and margins

Margins as a % of average assets

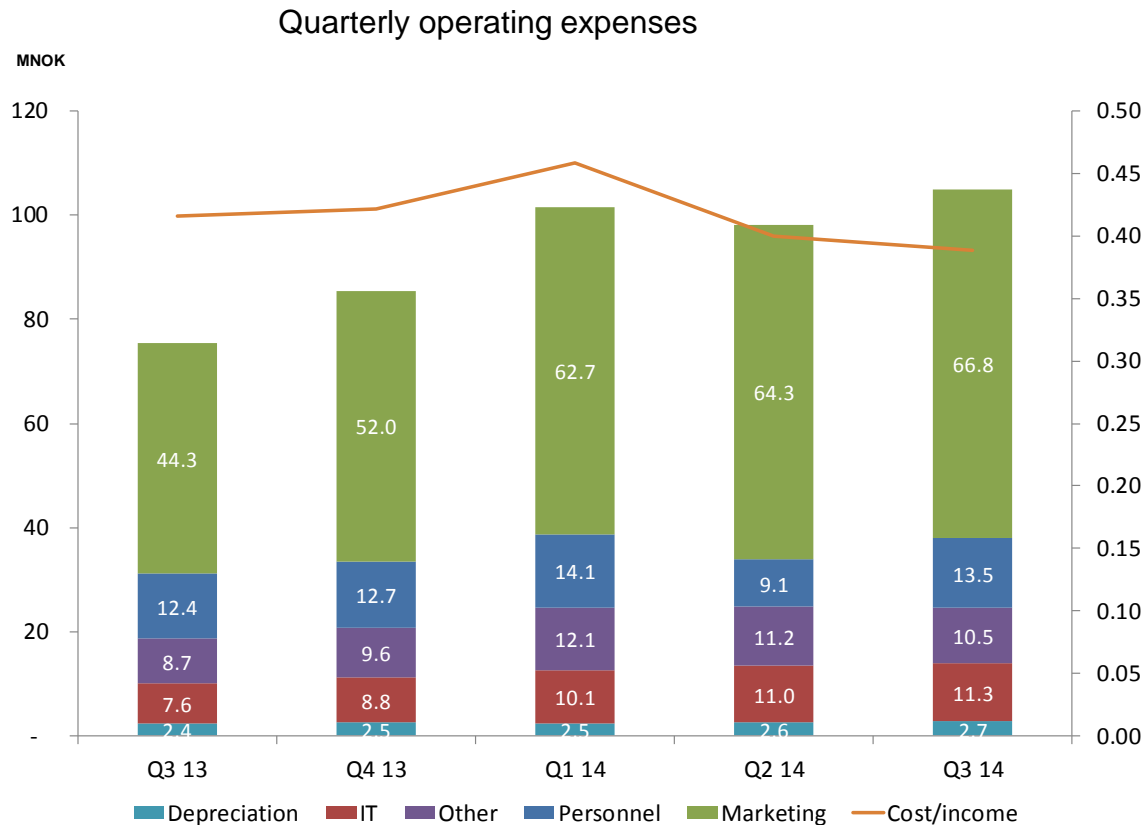


- Deposit rates lowered in the third quarter.

Asset yield and cost of deposits



Improved operating efficiency

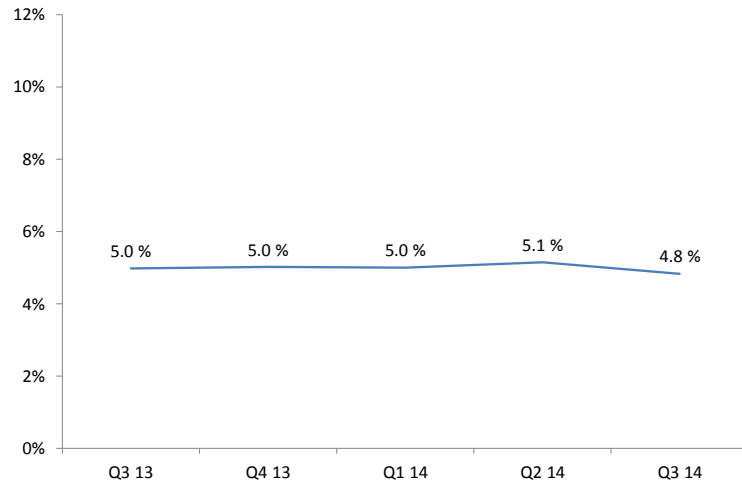


- Increased marketing expenses in Sweden.
- Higher personnel expenses related to seasonal accrual effect in the previous quarter.
- Nine out of 55.5 FTE's allocated to Swedish operations.
- Cost/income ratio in Norwegian operations was 0,32.

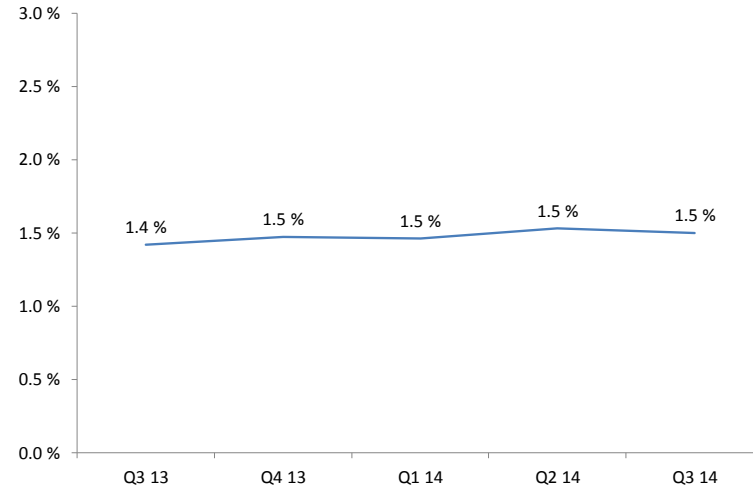
Stable credit metrics

Consumer loans

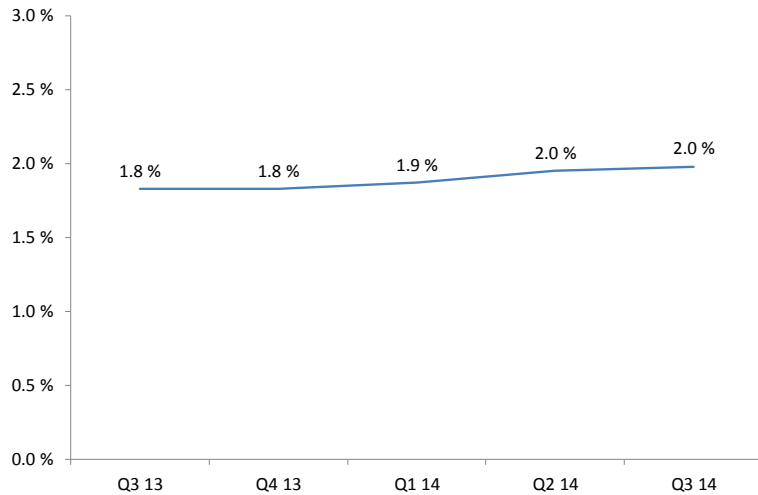
Non-performing loans to loans



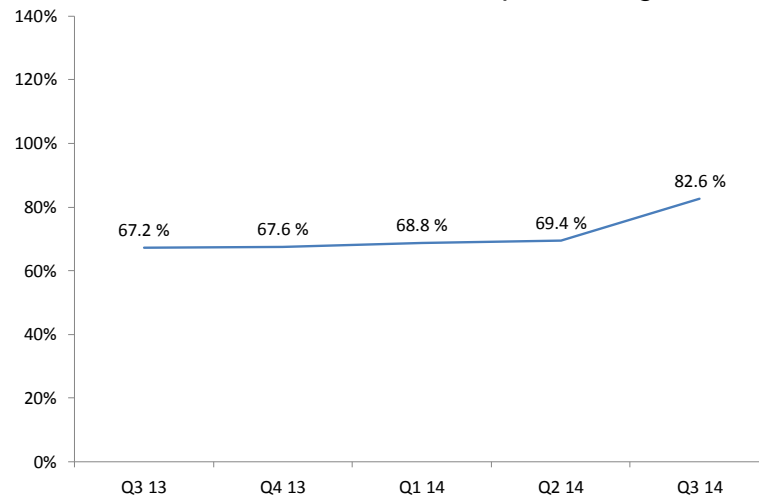
Loan loss provisions to average loans



Loan loss allowance to loans



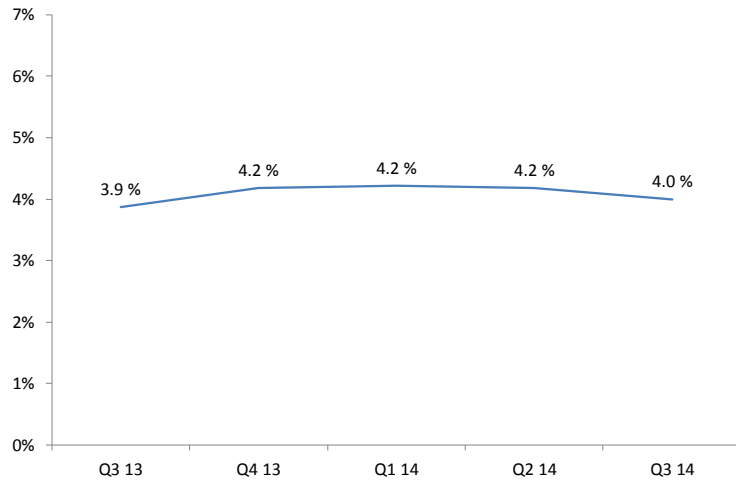
Loan loss allowance to non-performing loans



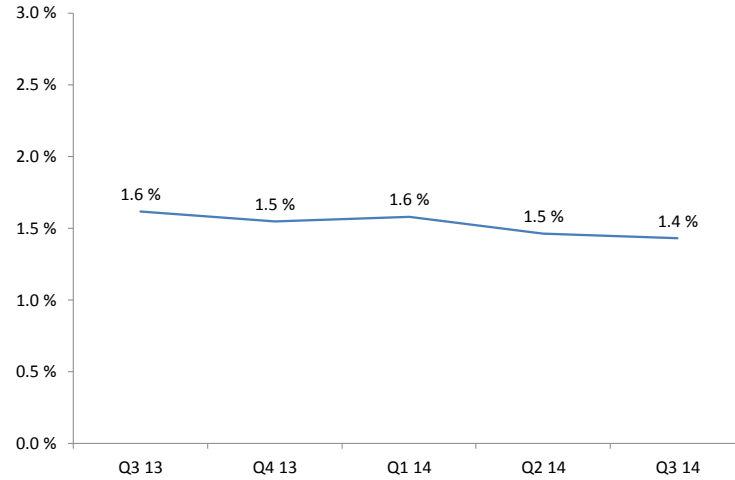
Stable credit metrics

Credit card loans

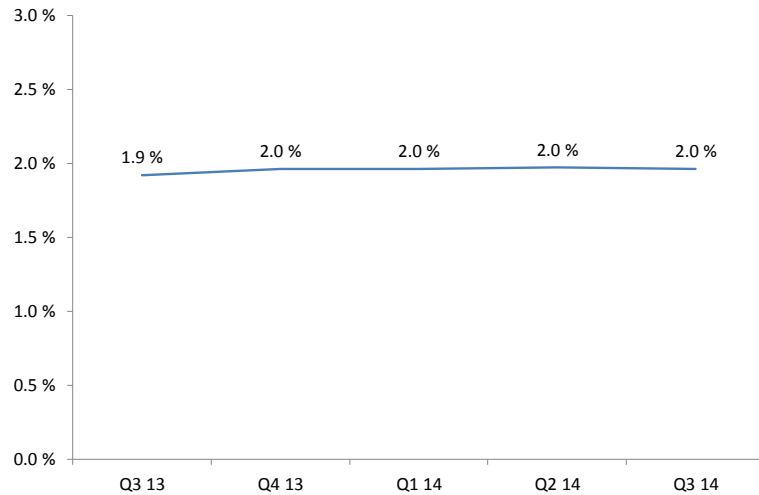
Non-performing loans to loans



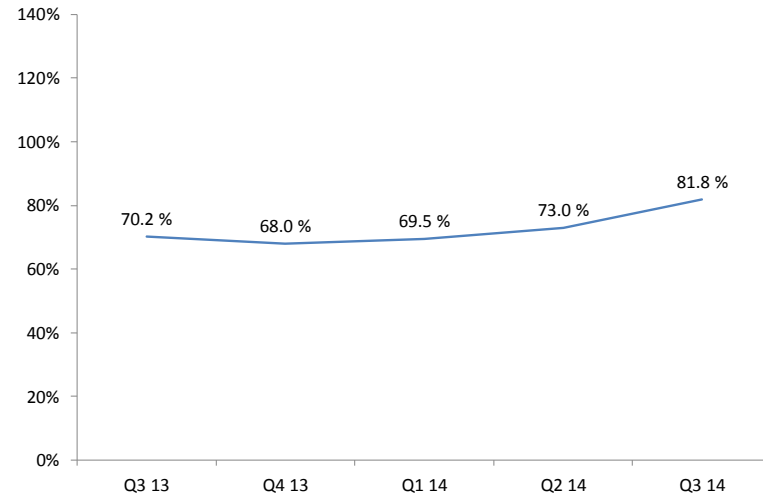
Loan loss provisions to average loans



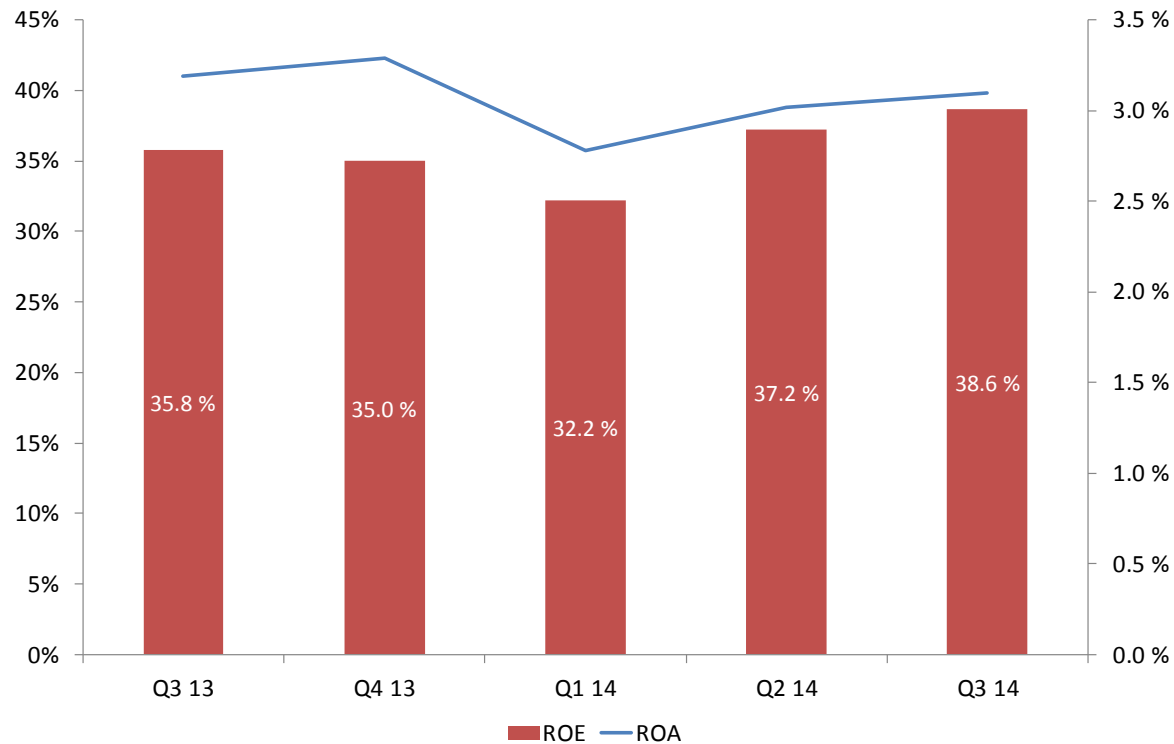
Loan loss allowance to loans



Loan loss allowance to non-performing loans

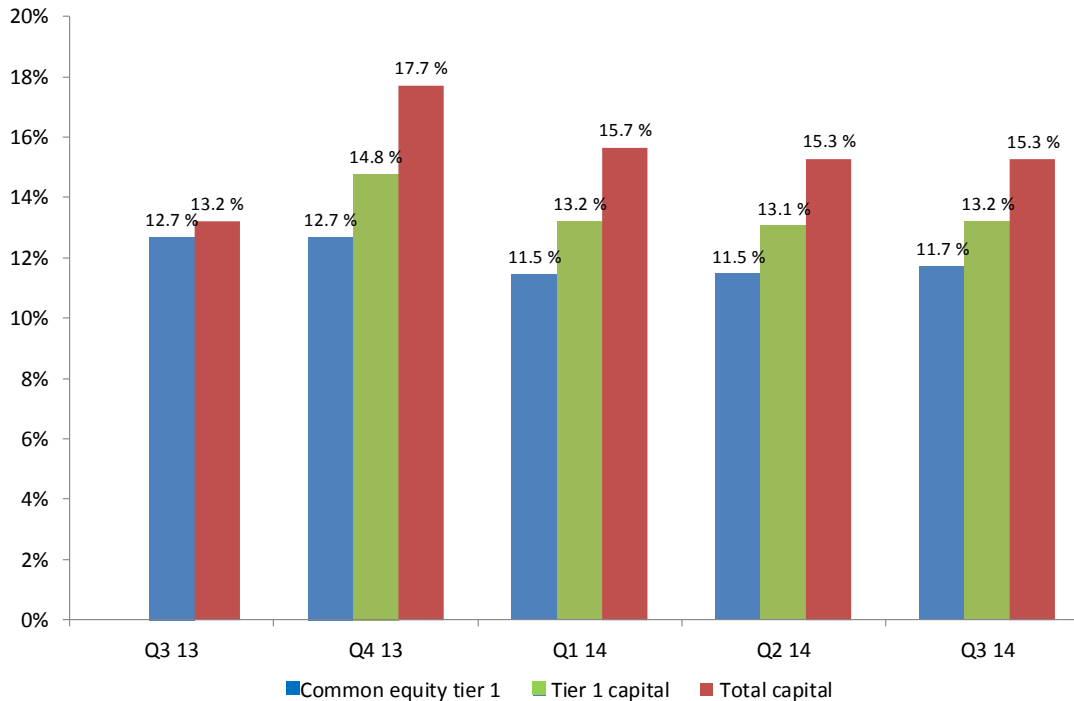


High profitability



High risk absorption capacity

Capital ratios



- Strong capital ratios despite strong loan growth.
- Adequate capital for growth.
- Common equity tier 1 ratio of 11.7 %.
- Leverage ratio equals 8.0 %

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
- Preparing further geographical expansion

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	7,138,450	4.13 %
8 STENSHAGEN INVEST AS	6,170,379	3.57 %
9 TVENGE TORSTEIN	4,000,000	2.31 %
10 SNEISUNGEN AS	3,720,333	2.15 %
11 SKAGEN VEKST	3,555,184	2.06 %
12 BLYSTAD ARNE	2,000,000	1.16 %
13 KLP AKSJE NORGE VPF	1,960,000	1.13 %
14 JENSEN ERIK	1,617,888	0.94 %
15 DIRECTMARKETING INVEST	1,500,000	0.87 %
16 GJERSVIK KARSTEIN	1,408,000	0.81 %
17 LITHINON AS	1,282,000	0.74 %
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	131,303,637	75.90 %
Total	173,000,202	

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