

Norwegian Finans Holding ASA

Second quarter 2016 results

Second quarter 2016 core earnings were 215.0 MNOK, up 50.1 MNOK compared with the first quarter

Norwegian Finans Holding Group

<i>MNOK</i>	Q2 2016	Q1 2016	Change	
Interest income	663.3	559.2	104.1	19 %
Interest expenses	75.5	82.1	-6.6	-8 %
Net interest income	587.8	477.2	110.7	23 %
Commission and bank services income	60.3	55.6	4.7	8 %
Commission and bank services expenses	27.5	21.3	6.2	29 %
Net change in value on securities and currency	66.0	6.9	59.0	n/m
Net other operating income	98.8	41.2	57.5	139 %
Total income	686.6	518.4	168.2	32 %
Personnel expenses	15.6	17.8	-2.2	-12 %
General administrative expenses	198.3	173.2	25.1	14 %
Ordinary depreciation	3.9	3.7	0.1	4 %
Other operating expenses	14.9	8.9	6.1	68 %
Total operating expenses	232.6	203.5	29.1	14 %
Provision for loan losses	109.5	95.0	14.5	15 %
Profit before tax	344.5	219.9	124.6	57 %
Tax charge	86.1	55.0	31.2	57 %
Profit after tax	258.3	164.9	93.5	57 %
Change in fair value for assets held for sale, after tax	-36.8	-	-36.8	n/m
Comprehensive income for the period	221.5	164.9	56.6	34 %
Earnings per share (NOK)	1.48	0.95		

- 57.7 MNOK in proceeds related to stake in Visa Norway recognized in the second quarter. Additional 14 MNOK earnings impact in the fourth quarter due to tax regulations.
- Interest income driven by strong loan growth.
- Full annual deposit insurance levy charged to interest expense in the first quarter.
- Increase in operating expenses driven by strong loan growth and listing expenses.
- Stable provision levels.
- ROE* adjusted for the proceeds from stake in Visa Norway was 40,9%.

* Bank Norwegian AS

Strong earnings growth in established markets - new markets developing stronger than expected

Bank Norwegian AS

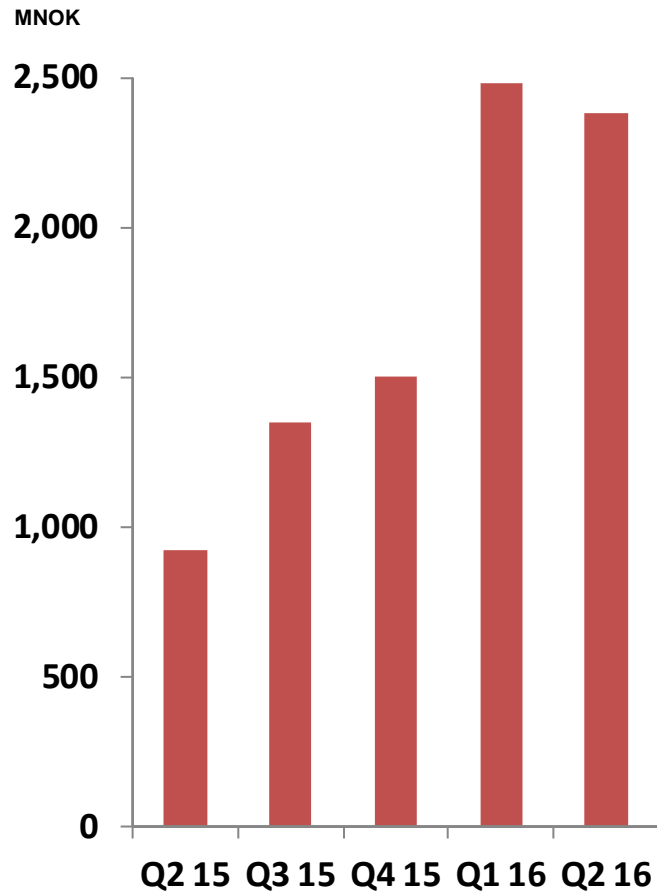
Key figures	Norway			Sweden			Denmark / Finland		
	Q2 16	Q1 16	Δ	Q2 16	Q1 16	Δ	Q2 16	Q1 16	Δ
<i>MNOK</i>									
Net interest income	391.5	337.6	53.8	139.5	116.7	22.8	56.9	22.8	34.1
Net fee income	87.0	35.9	51.0	6.5	7.4	-0.8	5.5	-2.0	7.6
Total income	478.4	373.6	104.8	146.0	124.1	21.9	62.4	20.7	41.6
Total operating expenses	119.3	114.7	4.6	60.6	56.3	4.3	47.9	31.8	16.1
Provision for loan losses	52.8	46.0	6.8	30.1	29.8	0.4	26.5	19.3	7.3
Profit after tax	229.7	159.7	70.0	41.5	28.5	12.9	-9.1	-22.7	13.7
Comprehensive income	192.9	159.7	33.2	41.5	28.5	12.9	-9.1	-22.7	13.7
Net loans	12,141	11,059	1,082	4,357	4,037	320	1,984	1,106	878
Deposits	12,552	11,577	975	5,860	4,184	1,676	1,229	167	1,062

- Proceeds from stake in Visa Norway impact fee income and comprehensive income in Norwegian operations.
- Second full quarter of operations in Denmark and Finland.

Net interest income reflect transfer pricing for internal funding.
No allocation of overhead expenses.

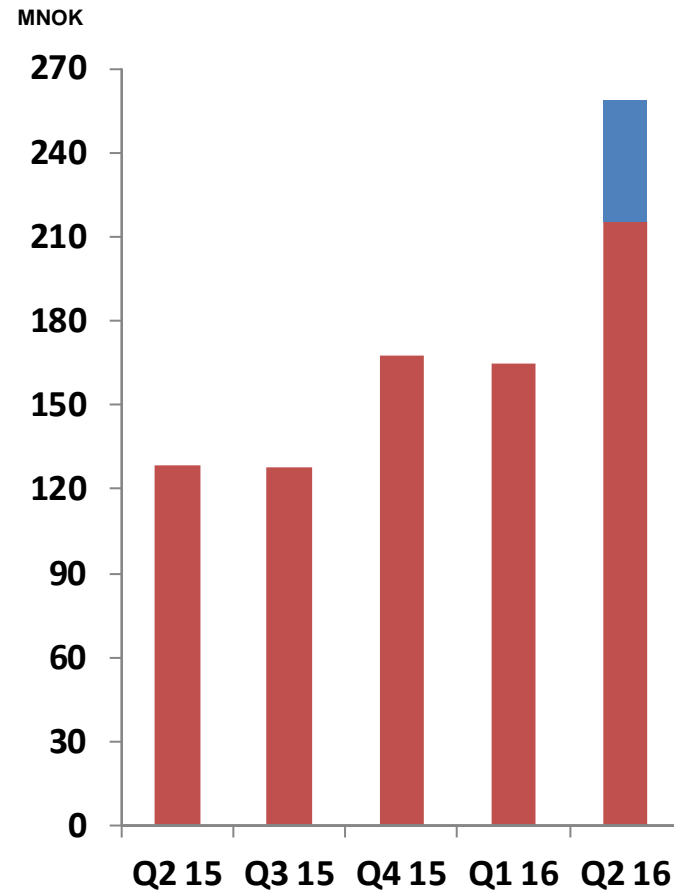
Strong loan and earnings growth

Quarterly loan growth



2015 figures not restated.

Quarterly earnings

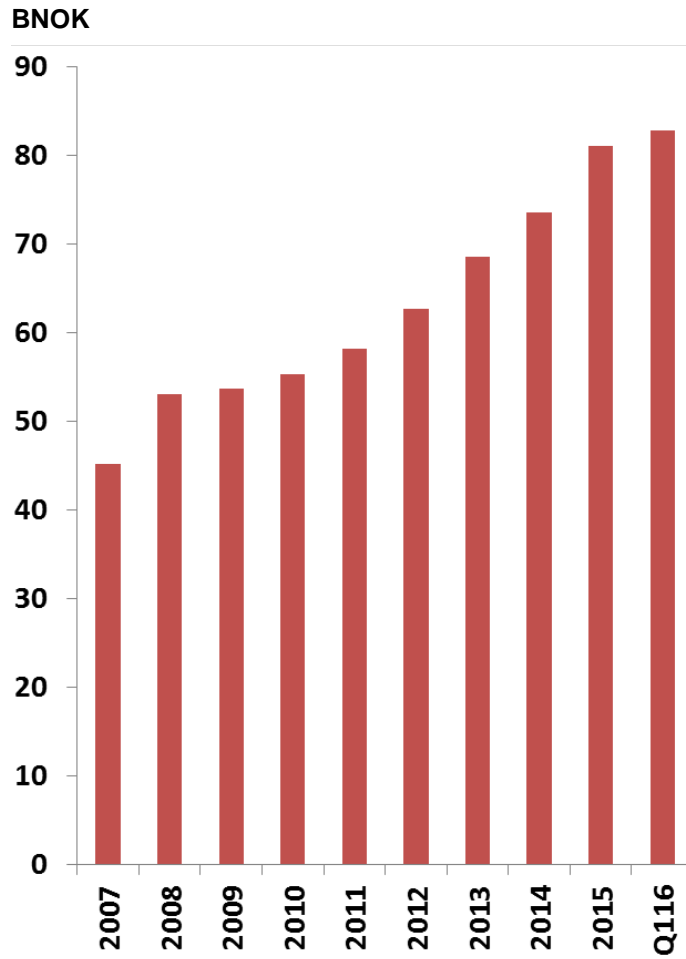


2015 figures restated.

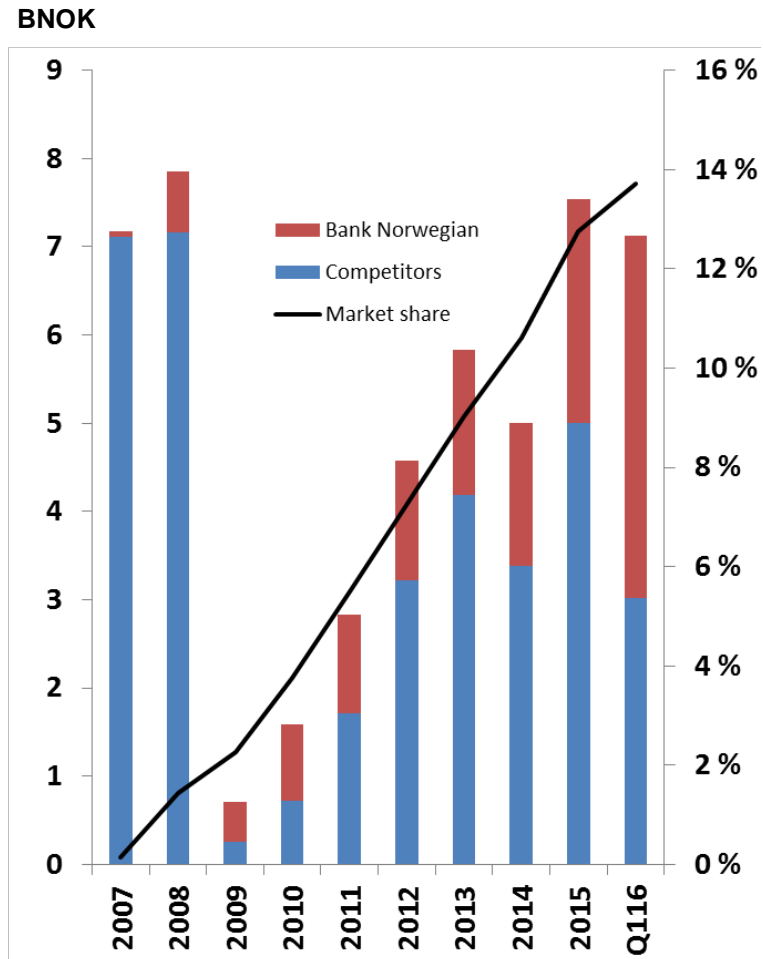
■ Earnings related to stake in Visa Norway.

Rising market share in Norway

Total unsecured loans

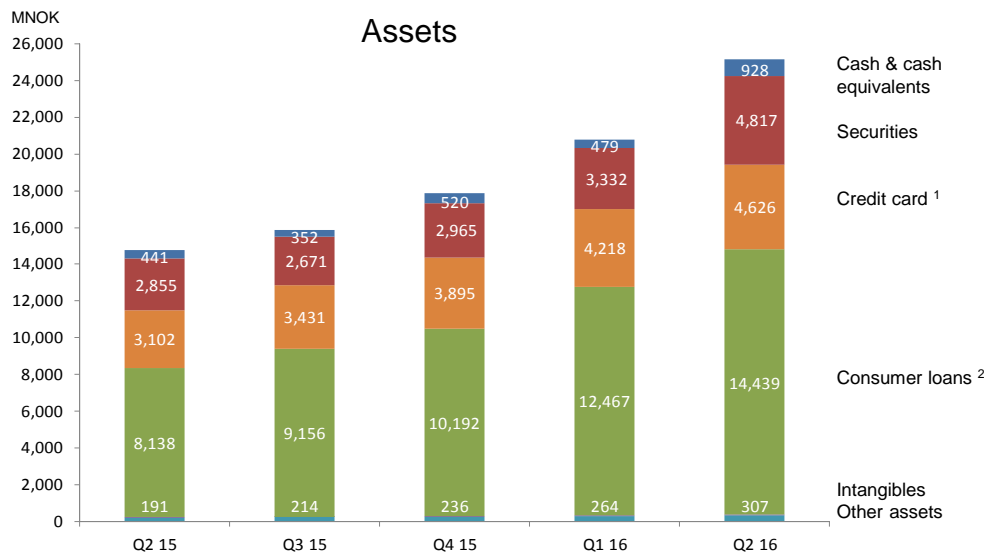


Market growth and market share

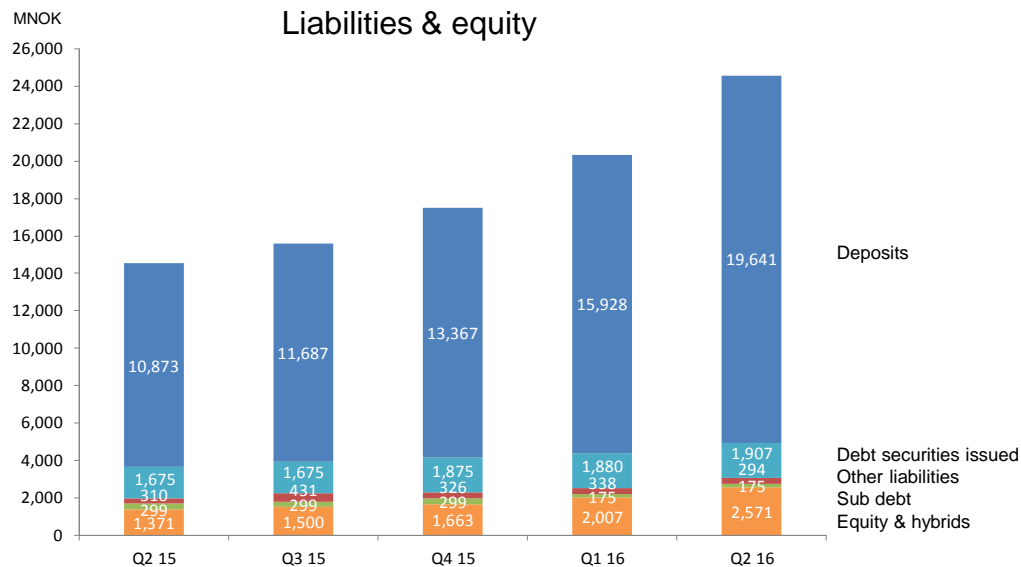


Source: The financial supervisory authority of Norway, adjusted for Bank Norwegian's loan portfolios in Sweden, Denmark and Finland. First quarter annualized growth figures.

Strong balance sheet

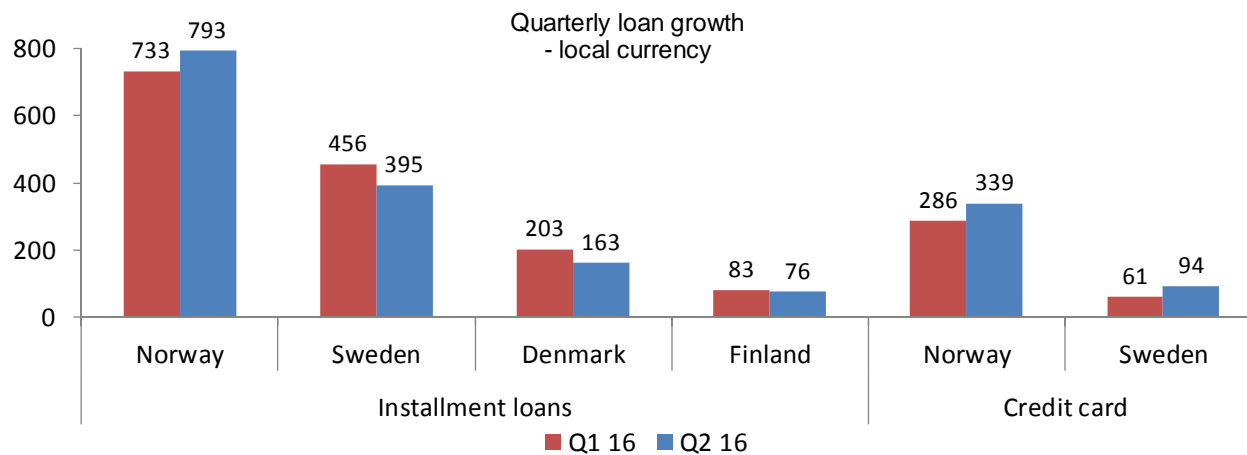
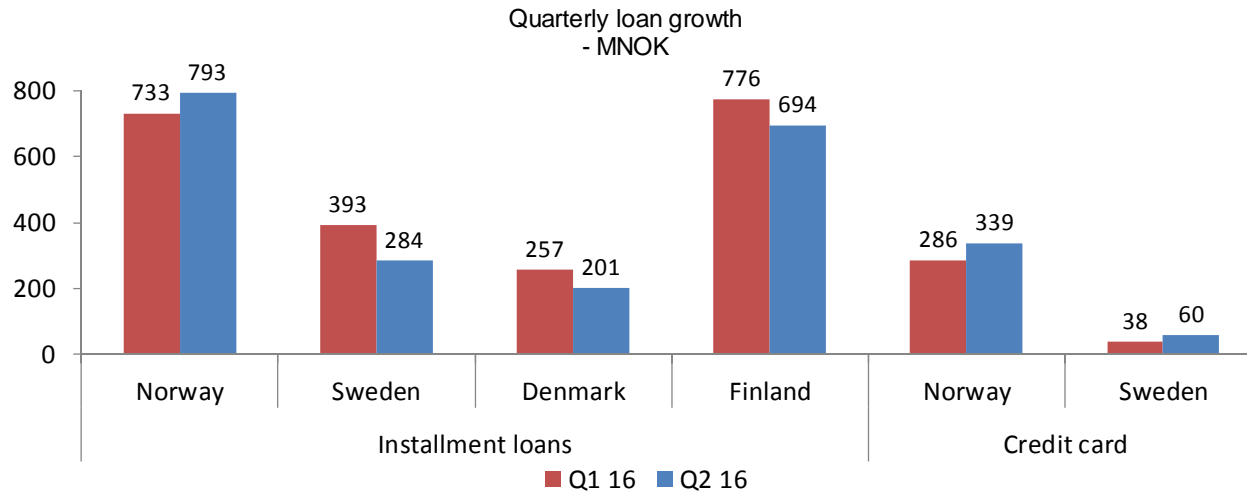


- Total gross loans increased 2,380 MNOK, compared with 2,482 MNOK in the first quarter.
- Installment loans rose 1,972 MNOK and credit card loans grew 408 MNOK.
- Installment loan run-off 875 MNOK, compared with 779 MNOK in the first quarter.



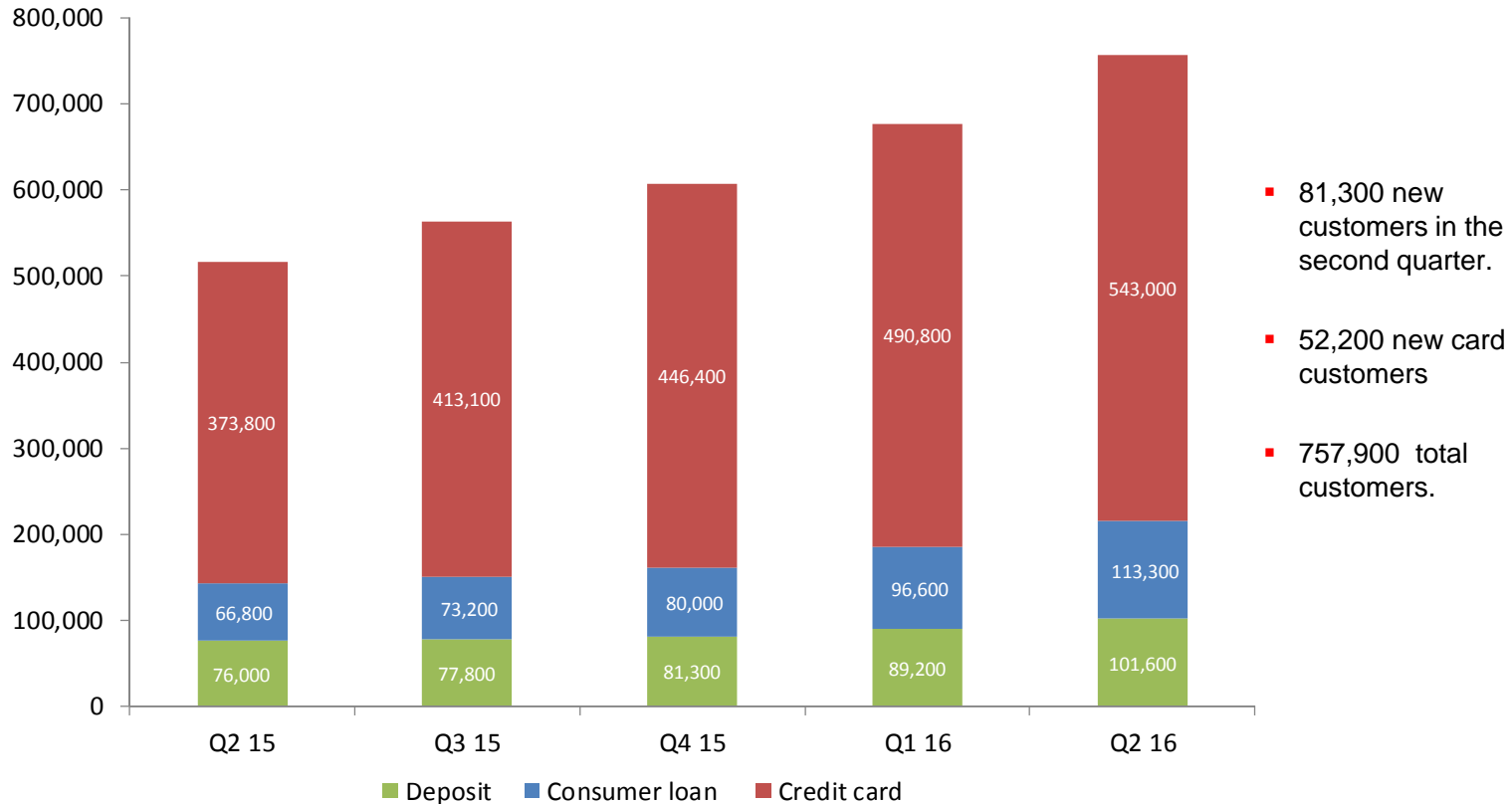
- Liquid assets comprise 23 % of total assets.
- Deposits up 3,713 MNOK.
- Strong deposits to loans ratio 1.06.
- LCR 150%.
- NSFR 138%.

Strong loan growth



Rapid customer growth

Number of customers



Quarterly balance sheet

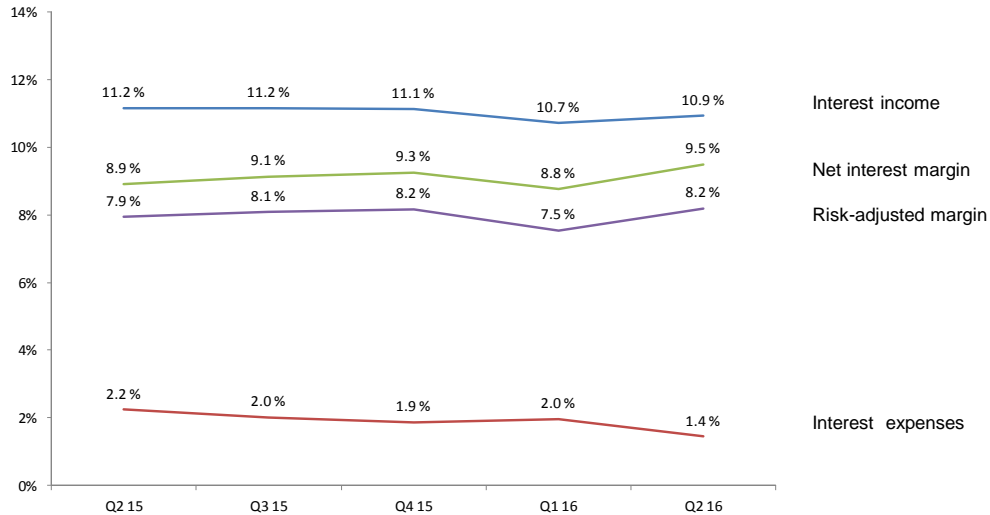
Norwegian Finans Holding Group

<i>MNOK</i>	30.6.16		31.3.16		Change	
Assets						
Deposits with Norges Bank	57	0 %	59	0 %	-2	0 %
Loans and deposits with credit institutions	883	4 %	437	2 %	446	10 %
Loans to customers	18,482	75 %	16,202	80 %	2,281	54 %
Certificates and bonds	4,817	20 %	3,332	16 %	1,485	35 %
Financial derivatives	7	0 %	-	0 %	7	0 %
Shares and other securities	0	0 %	0	0 %	-	0 %
Assets held for sale	23	0 %	-	0 %	23	1 %
Other intangible assets	47	0 %	45	0 %	2	0 %
Deferred tax asset	10	0 %	8	0 %	1	0 %
Fixed assets	0	0 %	0	0 %	-0	0 %
Other assets	276	1 %	263	1 %	12	0 %
Total assets	24,602	100 %	20,347	100 %	4,255	100 %
Liabilities and equity						
Deposits from customers	19,641	80 %	15,928	78 %	3,713	87 %
Debt securities issued	1,907	8 %	1,880	9 %	26	1 %
Financial derivatives	-	0 %	-	0 %	-	0 %
Taxes payable	140	1 %	192	1 %	-52	-1 %
Other liabilities	91	0 %	59	0 %	32	1 %
Accrued expenses and unearned income received	66	0 %	89	0 %	-23	-1 %
Subordinated debt	175	1 %	175	1 %	-0	0 %
Total liabilities	22,019	89 %	18,323	90 %	3,696	87 %
Share capital	180	1 %	173	1 %	7	0 %
Share premium	483	2 %	150	1 %	332	8 %
Hybrid capital	125	1 %	125	1 %	-	0 %
Retained earnings	1,795	7 %	1,575	8 %	220	5 %
Total equity	2,583	11 %	2,024	10 %	560	13 %
Total liabilities and equity	24,602	100 %	20,347	100 %	4,255	100 %

Stable yields and margins

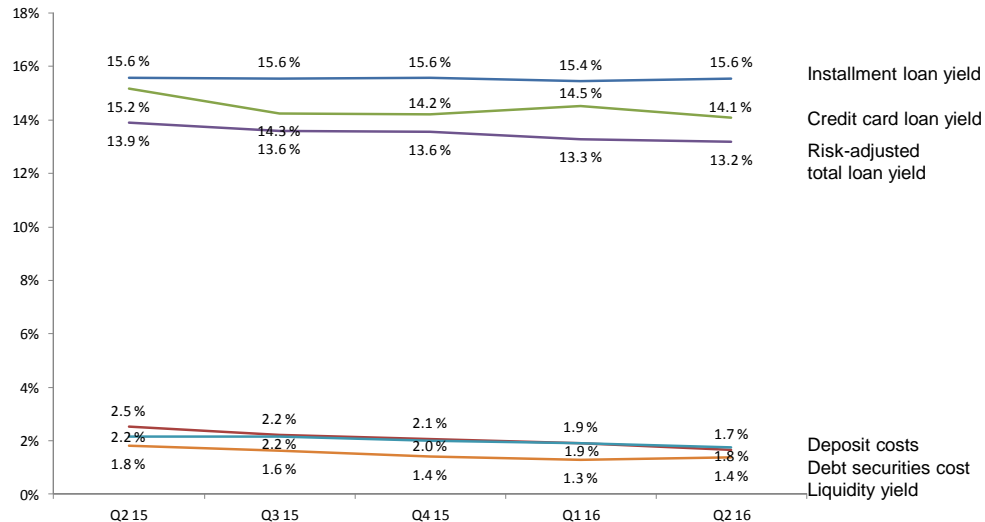
Norway

Margins as a % of average assets



- Margins impacted by full deposit insurance levy in the first quarter.

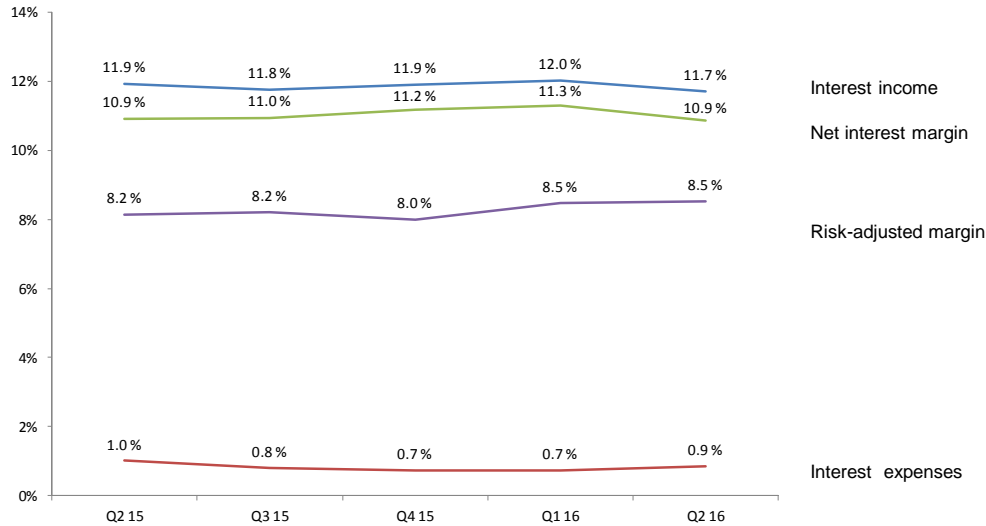
Asset yield and cost of deposits



Stable yields and margins

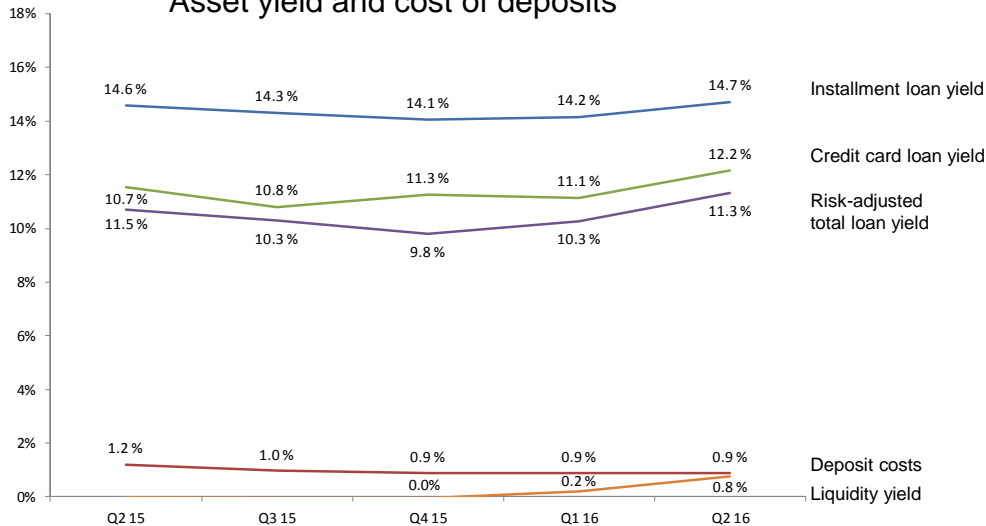
Sweden

Margins as a % of average assets

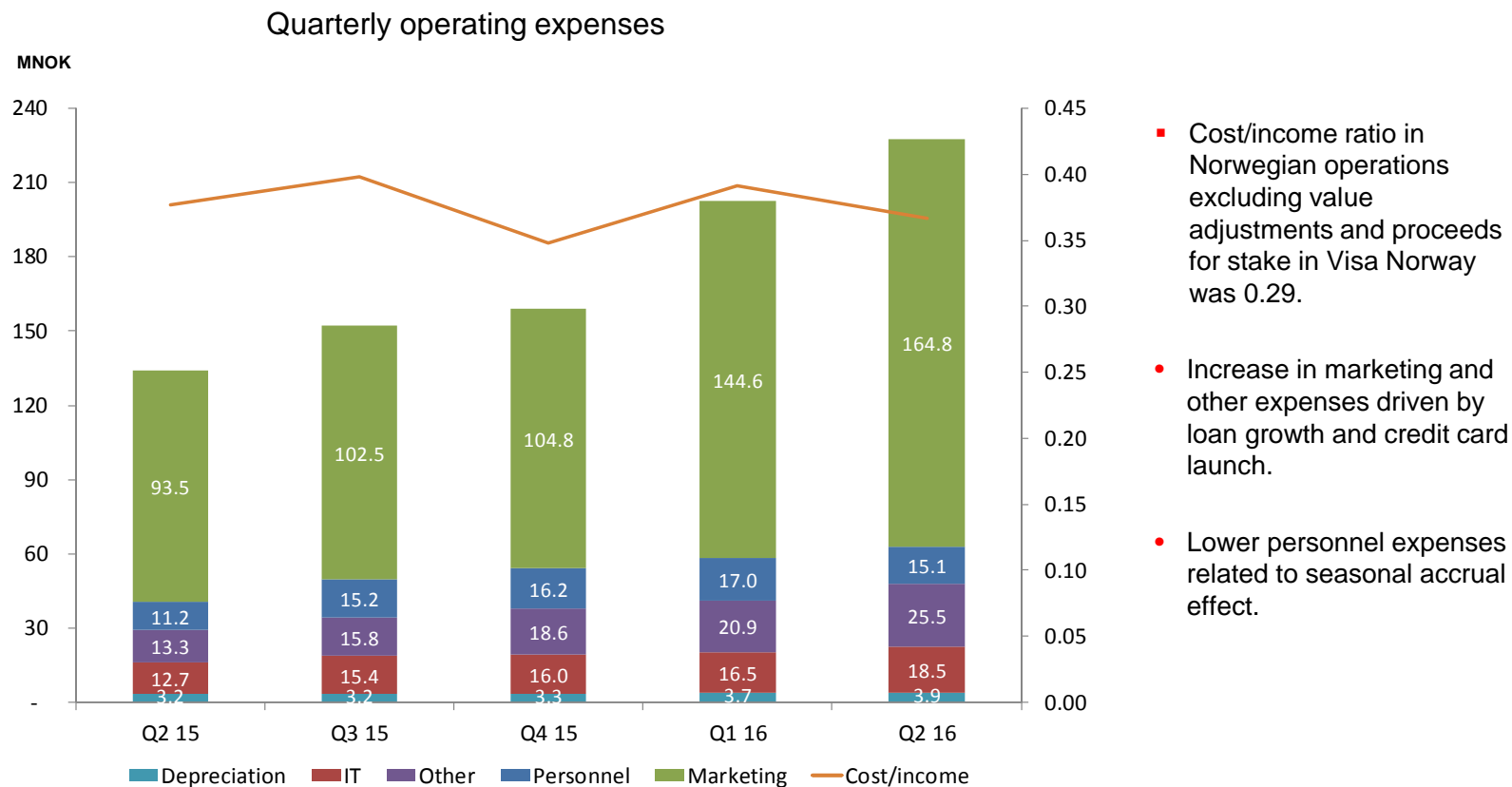


- Deposit rates lowered by 20 basis points at beginning of August 2016.

Asset yield and cost of deposits



High operating efficiency

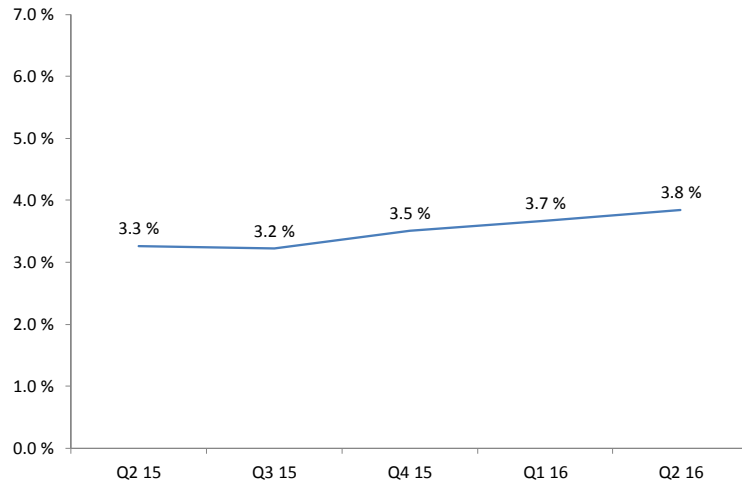


The cost/income ratio excludes net proceeds from Visa Norway.

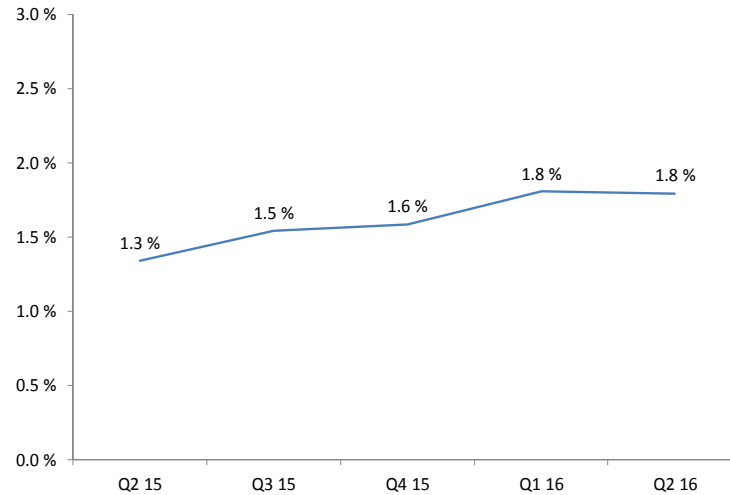
Strong credit metrics

Consumer loans - Norway

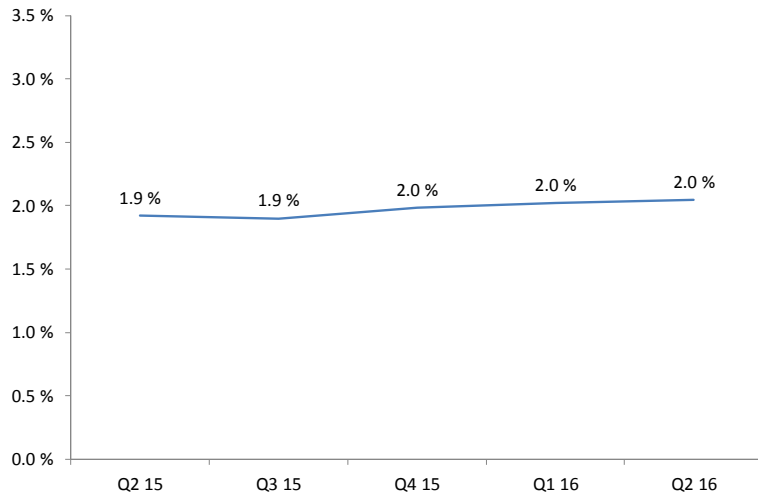
Non-performing loans to loans



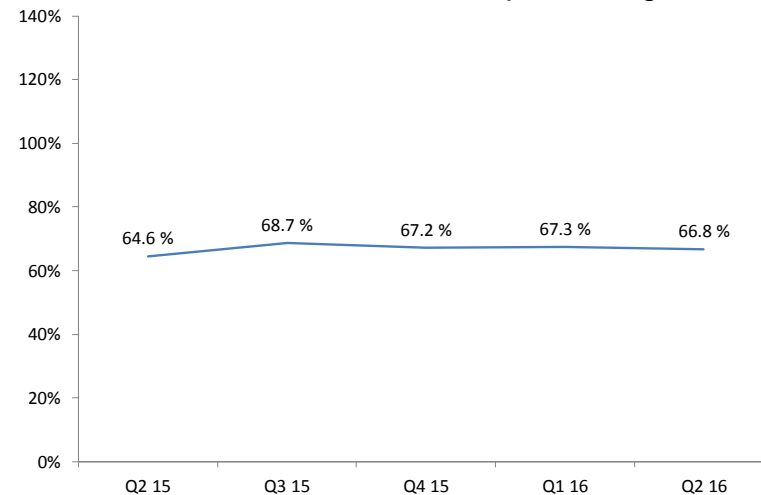
Loan loss provisions to average loans



Loan loss allowance to loans



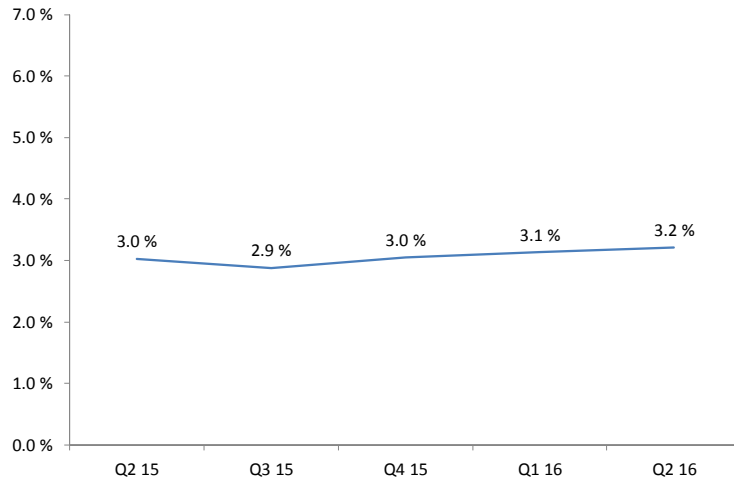
Loan loss allowance to non-performing loans



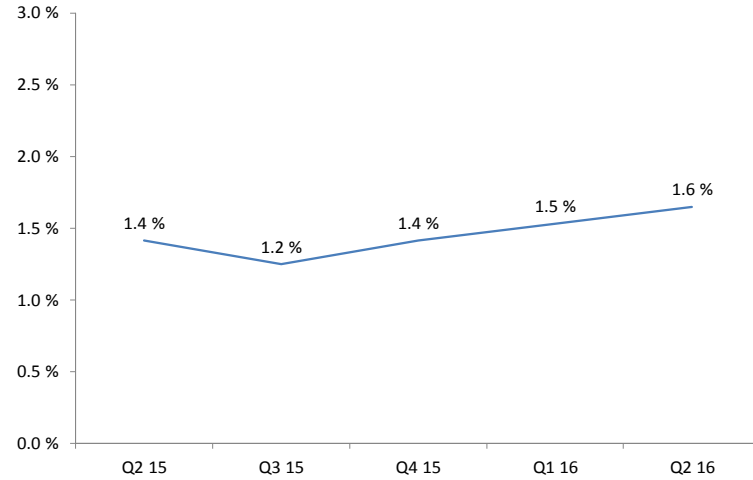
Strong credit metrics

Credit card loans - Norway

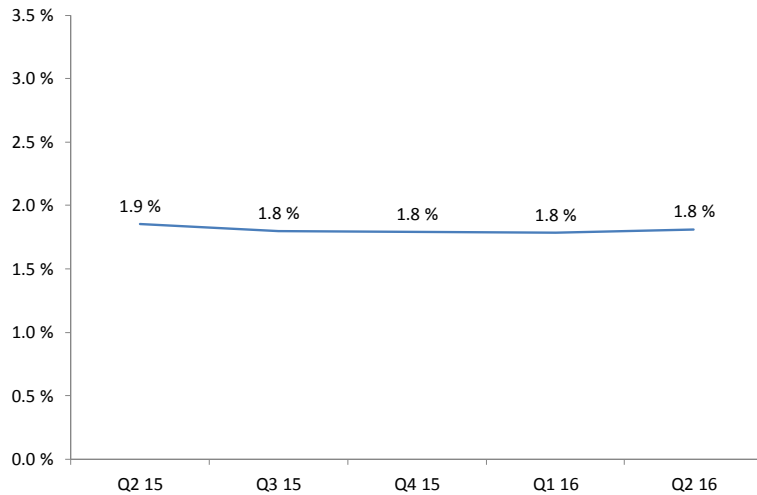
Non-performing loans to loans



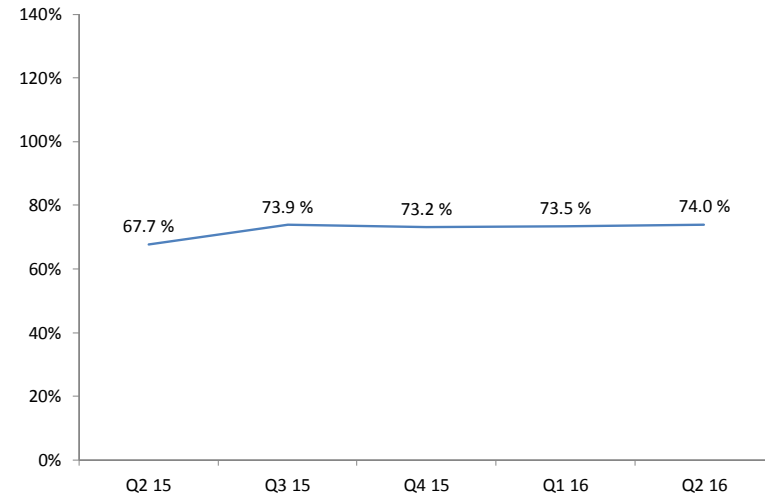
Loan loss provisions to average loans



Loan loss allowance to loans



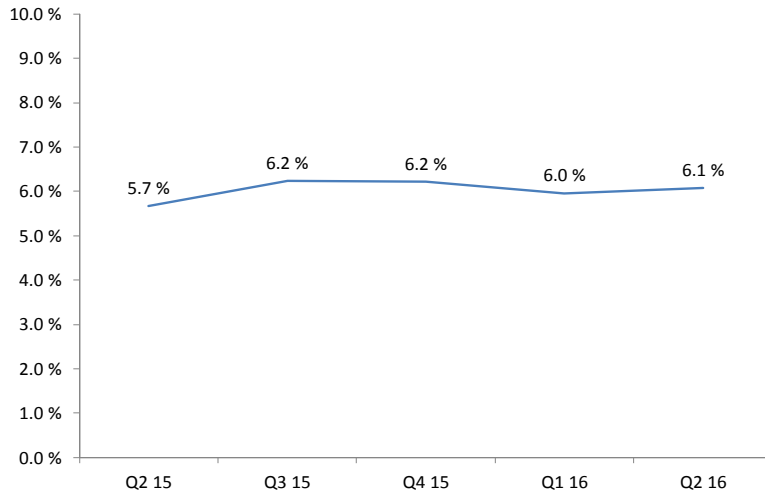
Loan loss allowance to non-performing loans



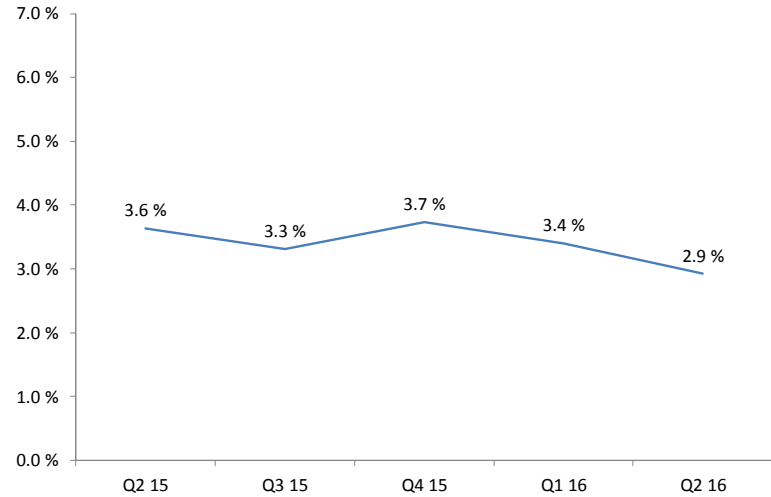
Stable credit metrics

Consumer loans - Sweden

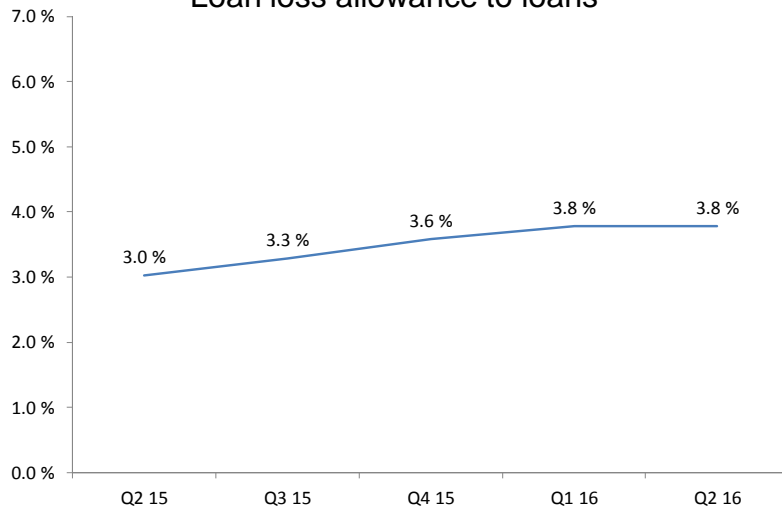
Non-performing loans to loans



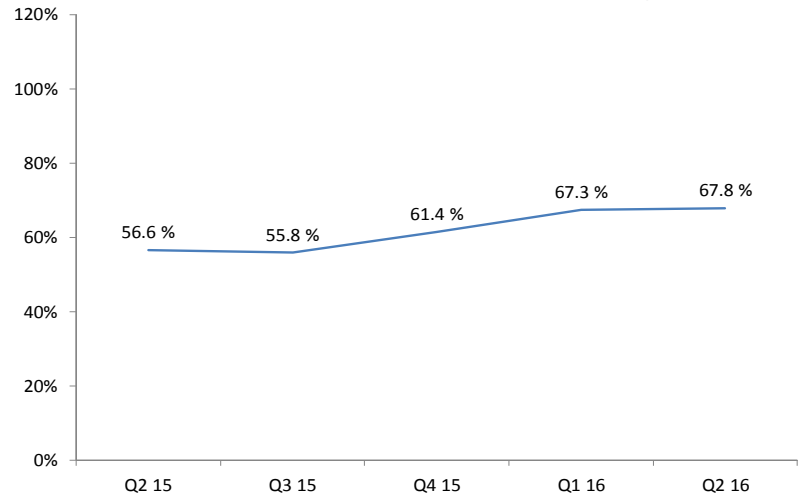
Loan loss provisions to average loans



Loan loss allowance to loans



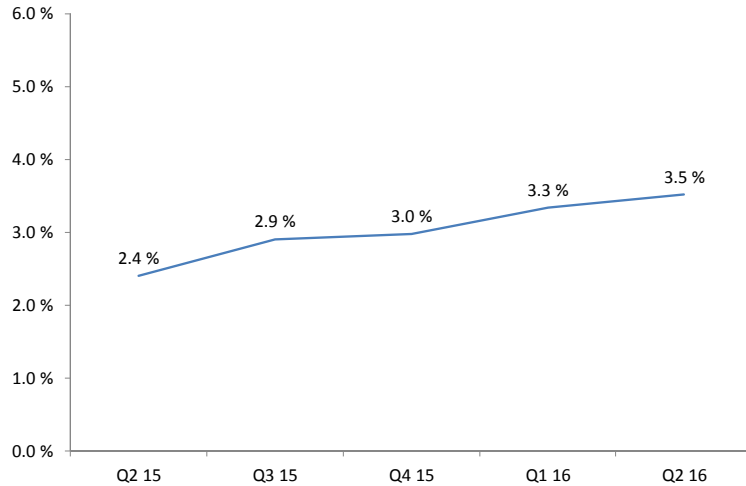
Loan loss allowance to non-performing loans



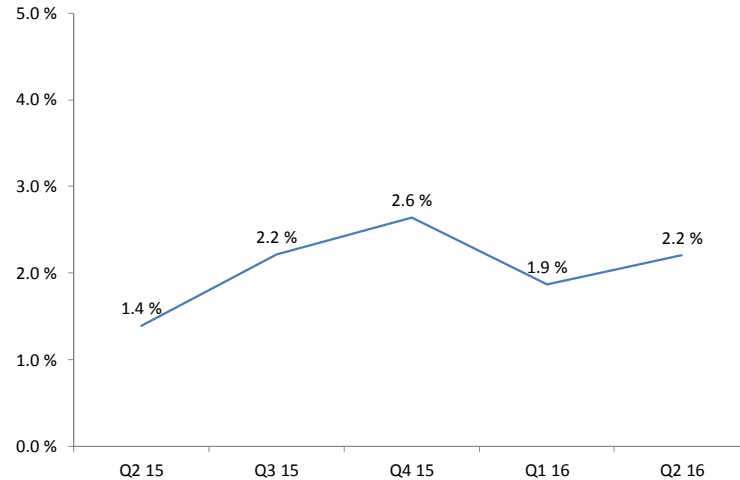
Optimizing risk-adjusted earnings

Credit card loans - Sweden

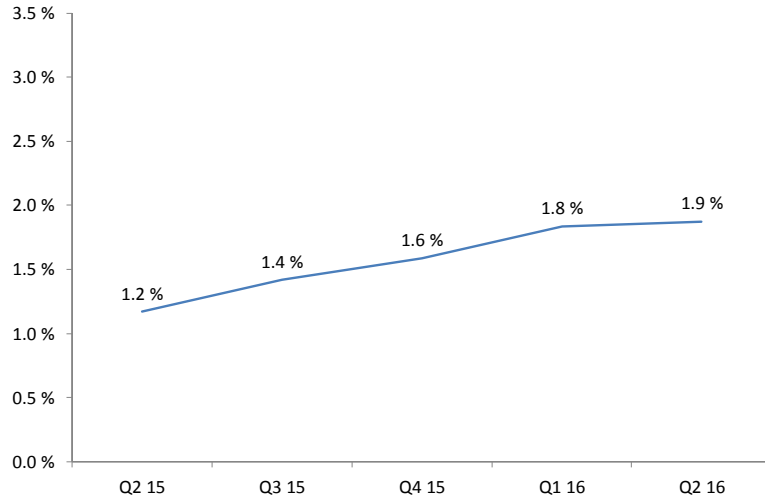
Non-performing loans to loans



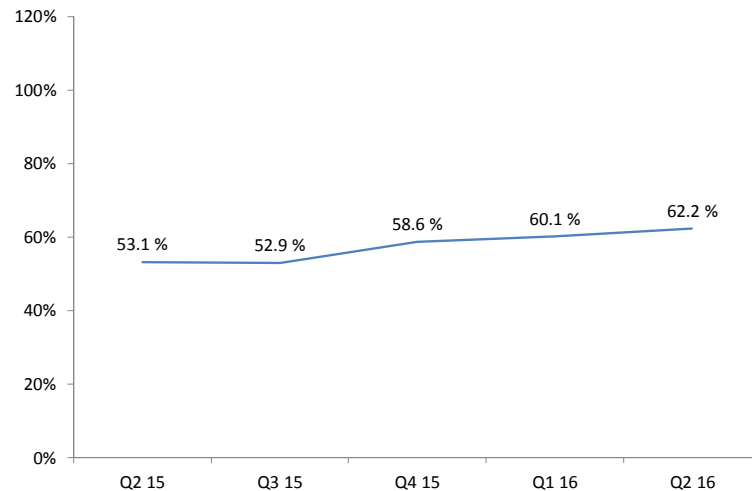
Loan loss provisions to average loans



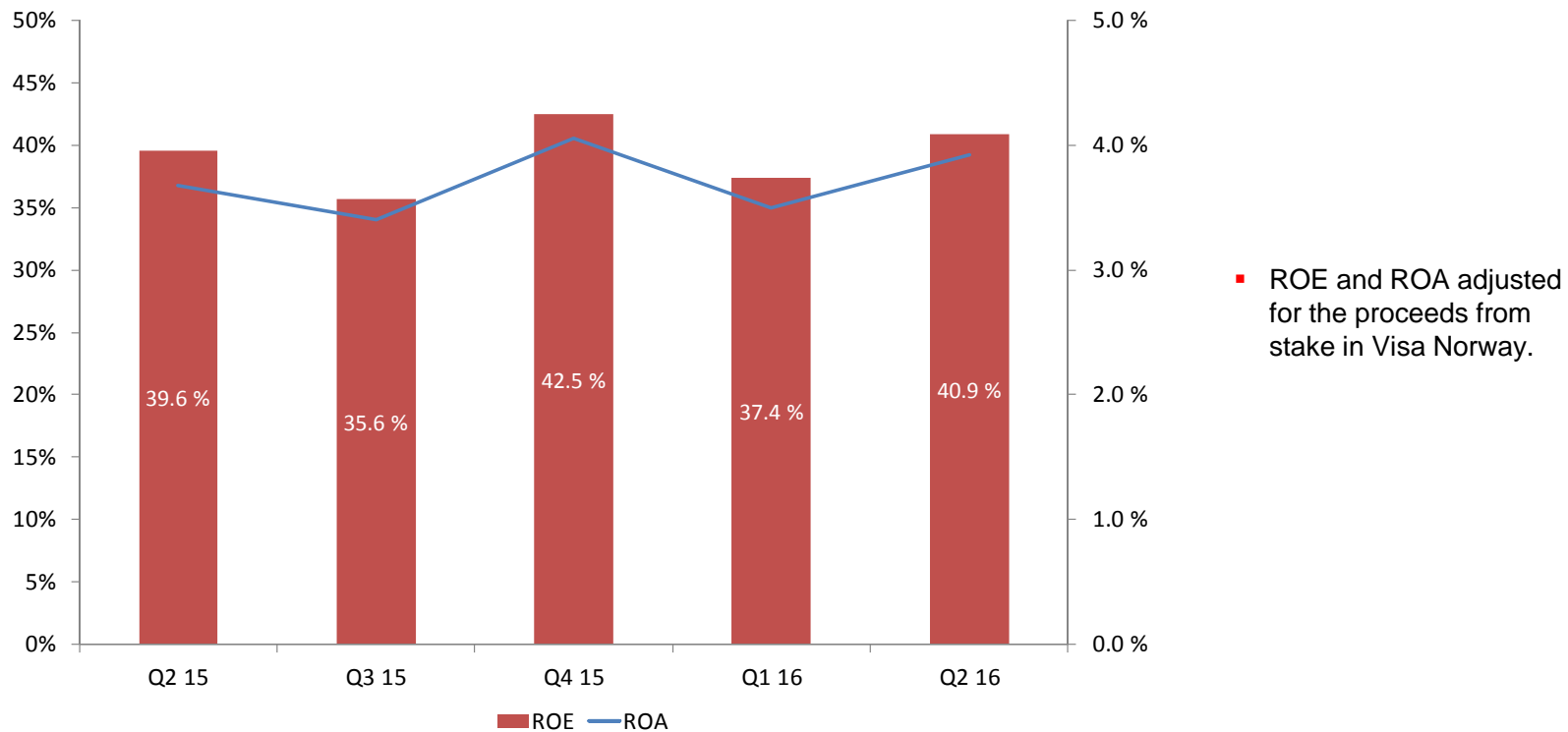
Loan loss allowance to loans



Loan loss allowance to non-performing loans

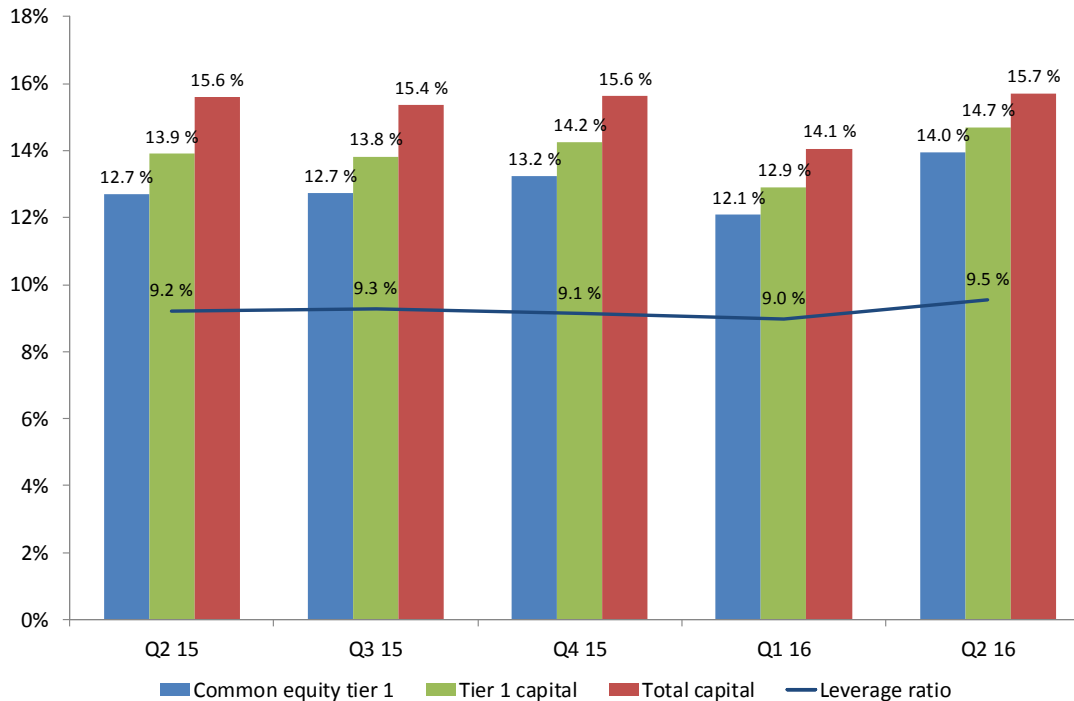


High profitability



High risk absorption capacity

Capital ratios



- CET 1 ratio of 14,0%.
- Leverage ratio equals 9.5%.
- 300 MNOK private placement in April and 40 MNOK subsequent repair offering in June.

Well positioned for continued earnings growth

Earnings growth and strong returns

- Strong loan growth
- Stable margins
- Cost-efficient operations
- Stable provisions
- Denmark and Finland expected to turn profitable in the third quarter

Stable credit quality

- Resilient Nordic economies with stable unemployment outlook
- Enhanced credit models
- Stable portfolio risk in established markets
- Higher initial credit losses expected in newly entered markets

Strong and resilient balance sheet

- Strong liquidity position
- Strong capital generation and capital ratios
- Adequate capital for growth
- Prospects for dividend payments upheld

Top 20 shareholders

SHAREHOLDER	# OF SHARES	
1 NORWEGIAN AIR SHUTTLE	36,020,808	20.00 %
2 FORTELUS SPECIAL SITUATIONS FUND	15,320,745	8.51 %
3 LAGUAN AS	11,371,904	6.31 %
4 BORAK AS	7,681,443	4.27 %
5 STENSHAGEN INVEST AS	7,127,420	3.96 %
6 SPENCER TRADING INC	6,556,775	3.64 %
7 PROTECTOR FORSIKRING	5,232,626	2.91 %
8 MP PENSJON PK	5,103,800	2.83 %
9 SWEDBANK ROBUR NORDENFOND	4,551,000	2.53 %
10 SNEISUNGEN AS	3,901,040	2.17 %
11 TORSTEIN TVENGE	3,600,000	2.00 %
12 SWEDBANK ROBUR SMÅBOLAGSFOND NORDEN	3,311,825	1.84 %
13 DANSKE BANK AS	3,275,790	1.82 %
14 HANDELSEBANKEN NORGE	3,000,000	1.67 %
15 VEVLEN GÅRD AS	2,217,836	1.23 %
16 SONGA AS	2,083,120	1.16 %
17 SOCIETE GENERALE - NOM	2,000,000	1.11 %
18 SWEDBANK ROBUR SMÅBOLAGSFOND EUROPA	1,691,698	0.94 %
19 DIRECTMARKETING INVEST	1,500,000	0.83 %
20 LITHINON AS	1,417,426	0.79 %
Top 20	126,965,256	70.50 %
Total	180,104,046	

- Listed on Oslo Stock Exchange June 17. Ticker code NOFI.
- Management holds 2.8 % of shares outstanding.

As at July 31, 2016.

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