



3rd quarter result presentation

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Easybank - Highlights Q3 2019

Key highlights and developments

- 1 **Profit before tax NOK 21,8 million**, up NOK 2,3 from Q3 last year
- 2 **Net interest income NOK 69,6 million**, up NOK 8,3 million from Q3 last year
- 3 **Annualized ROE 12,1%**, EPS NOK 1,38, book value of equity per share (BVPS) NOK 11,58
- 4  Gross lending of **NOK 2.853 million** with a growth in consumer loans of NOK 25 million. Unsecured lending market negatively impacted by new regulations and debt registry
- 5 **CET1 Capital ratio of 20,0% (20,7% including YTD profit)**
- 6 **Developed new IT value chain B2B**, products to be launched in Q4
- 7 **Exploring international opportunities** to secure attractive long-term ROE

Key figures

(in MNOK)	Q3-19	Q3-18	2018	YTD Q3-19
Interest income	85,7	73,9	279,2	256,0
PBT*	21,8	19,4	73,4	66,0
ROE*	12,1%	12,5%	13,5%	12,7%
EPS*	1,38	1,25	1,33	1,39
Cost/Income	25,7%	31,3%	32,4%	27,6%
Gross loans	2 853	2 388	2 614	2 853
Consumer loans	2 613	2 078	2 308	2 613

(PBT: Profit before tax, ROE: Return On Equity, EPS: Annualized Earnings per share)

Strong and stabile shareholder base

Top 30 shareholders as of October 28th 2019

# Investor	Shares	Shares %
1 Skagerrak Sparebank	4 409 380	9,3%
2 Verdipapirfondet Alfred Berg Norge	3 344 349	7,1%
3 Fondsavanse AS	3 072 986	6,5%
4 Umico - Gruppen AS	2 618 779	5,5%
5 Ladegaard AS	2 336 032	4,9%
6 Hjellegjerde Invest AS	2 199 794	4,6%
7 Lindbank AS	1 655 985	3,5%
8 Nordic Private Equity AS	1 569 205	3,3%
9 MP Pensjon PK	1 458 738	3,1%
10 Shelter AS	1 392 727	2,9%
11 Jenssen & Co A/S	1 287 879	2,7%
12 Krogsrud Invest AS	1 250 000	2,6%
13 Jolly Roger AS	1 145 630	2,4%
14 Independent Oil & Resources Plc	900 000	1,9%
15 Byholt AS	767 159	1,6%
16 Whitetail Webservice Ltd	705 009	1,5%
17 Trippel-L AS	606 118	1,3%
18 Jaras Invest AS	440 909	0,9%
19 Ulltveit-Moe, Hildegunn Hodne	400 222	0,8%
20 B Finans AS	400 000	0,8%
21 Juul-Vadem Holding AS	381 678	0,8%
22 Altitude Capital AS	370 736	0,8%
23 Motor-Trade Eiendom og Finans AS	365 878	0,8%
24 Lindbak Gruppen AS	364 045	0,8%
25 Conta Group AS	347 368	0,7%
26 Wist Holding AS	338 000	0,7%
27 ABG Sundal Collier ASA	326 700	0,7%
28 Truls AS	310 000	0,7%
29 Arild Hestås Invest AS	301 250	0,6%
30 HHG Invest As	300 000	0,6%
Total top 30	35 366 556	74,6%
Other	12 030 634	25,4%
Grand total	47 397 190	100,0%

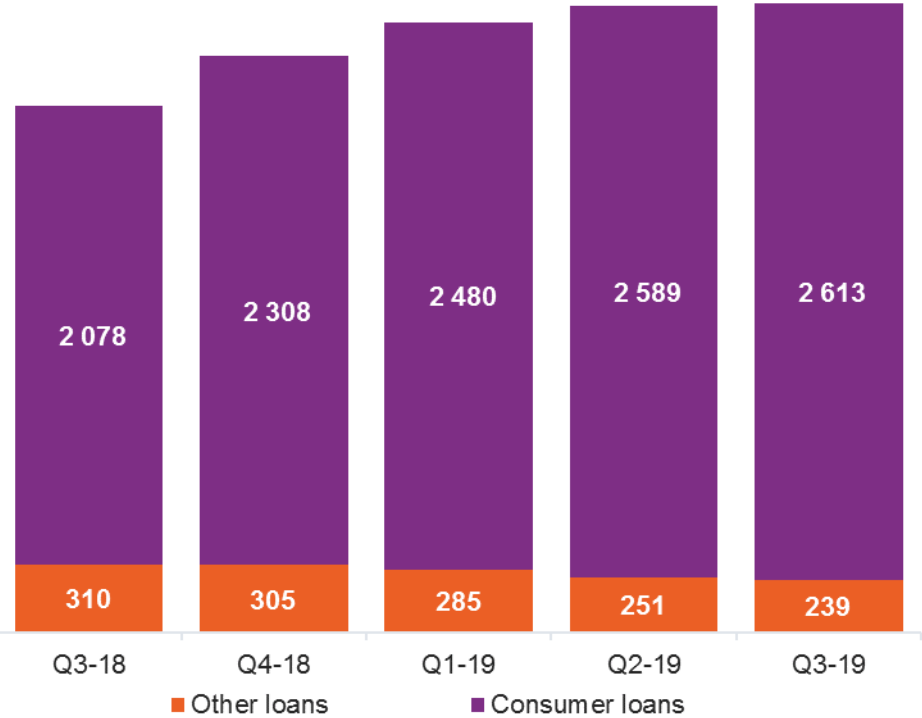
- 431 shareholders as of October 28th 2019
- The EASY share was registered on NOTC on 15 November 2016.
- Management holds a total of 2,615,800 shares, corresponding to 5.5% of shares outstanding
- Members of the board represents a total of 2,658,305 shares, corresponding to 5.6% of shares outstanding
- Current market capitalization of approx. MNOK 400

Gross lending & number of customers

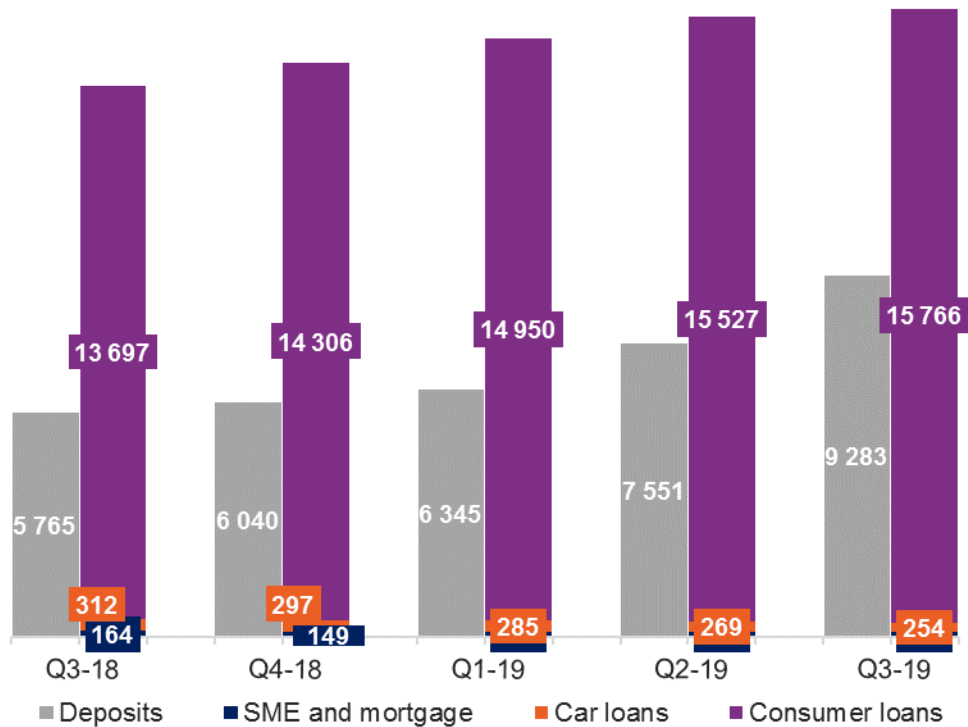
Growth impacted by new regulation for consumer loans

Gross lending per product

NOK million



Customers per product

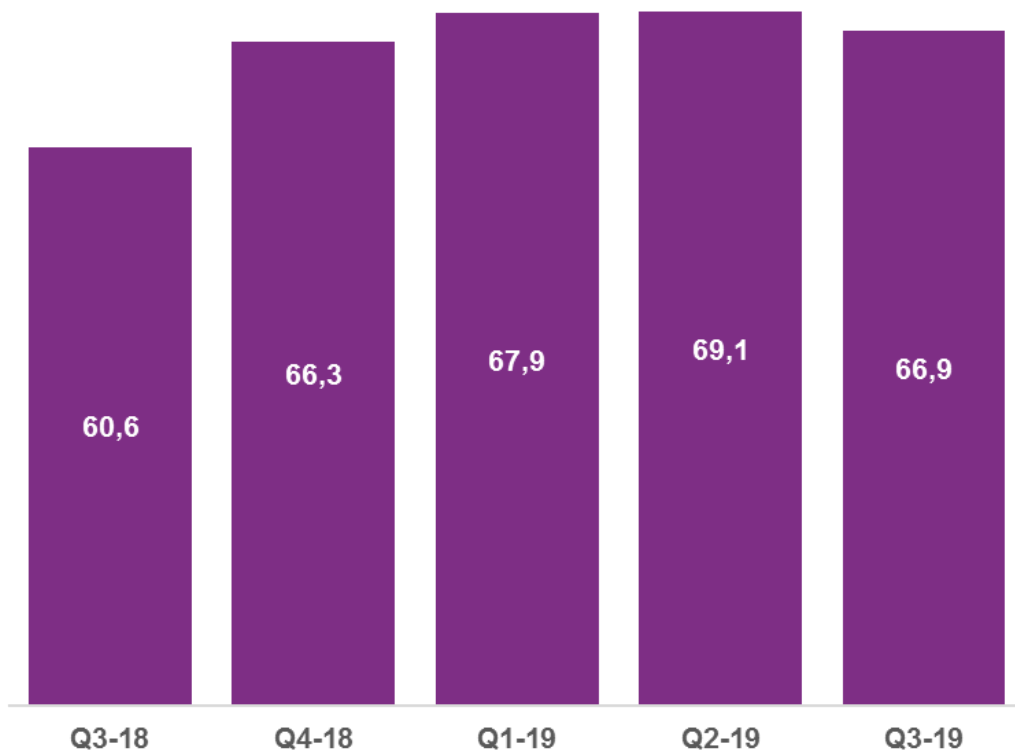


Total income & profit before tax

Stable and solid profitability

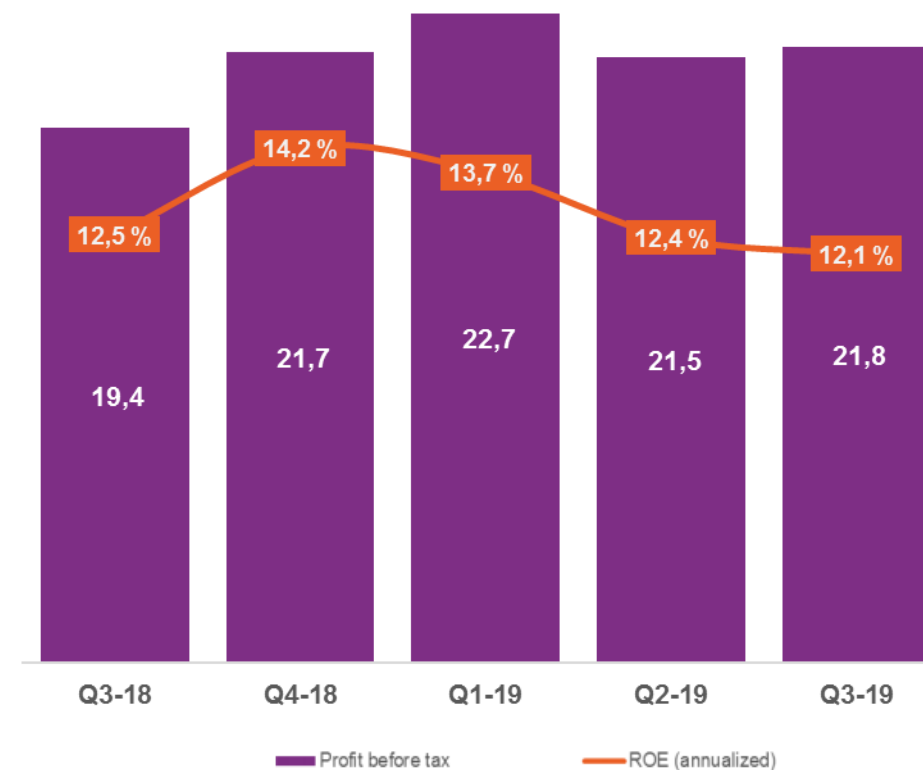
Total income

NOK million



Profit before tax and ROE

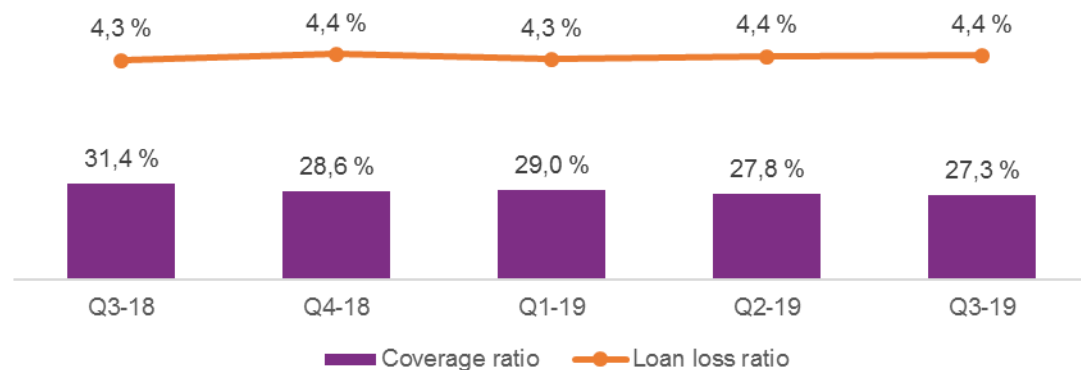
NOK million



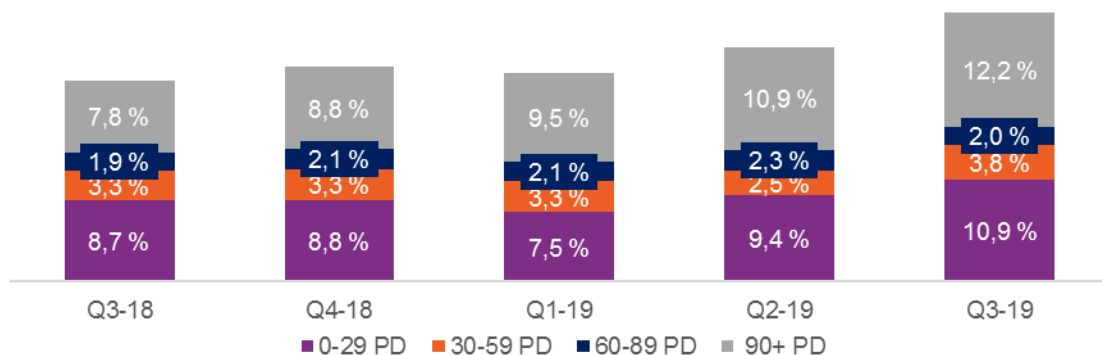
Credit quality - Consumer loans

Challenging debt collection, forward flow agreement reduces downside risk

Coverage¹ and loan loss ratio²



Loans past due



Comments

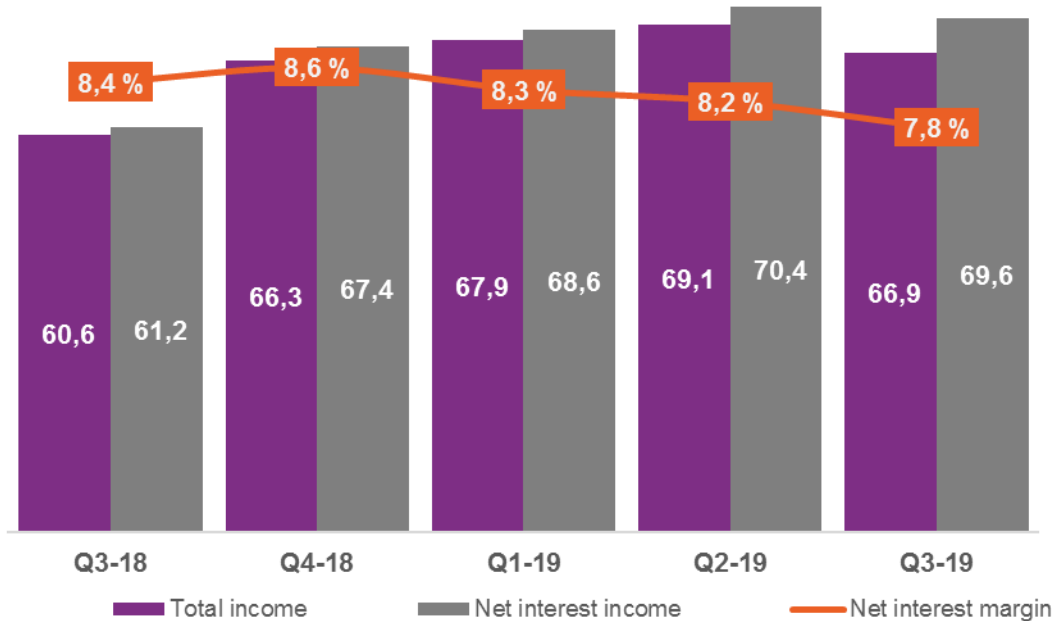
- Implementing of Debt registry is increasing NPL previous quarter and is expected to increase loan losses in the short term. However, we expect the register to have a positive impact on the long-term loan losses
- Easybank's forward-flow agreement reduces downside risk as non-performing loans are on an ongoing basis sold to Kreditor to a pre-defined price. Option to extend the forward flow agreement with Kreditor throughout 2023 with same conditions as the initial agreement from July 2017
- IFRS9 project in progress and IFRS9 model will be implemented Q1 2020 as planned

Net interest income & yields

Still attractive margins – trending downward

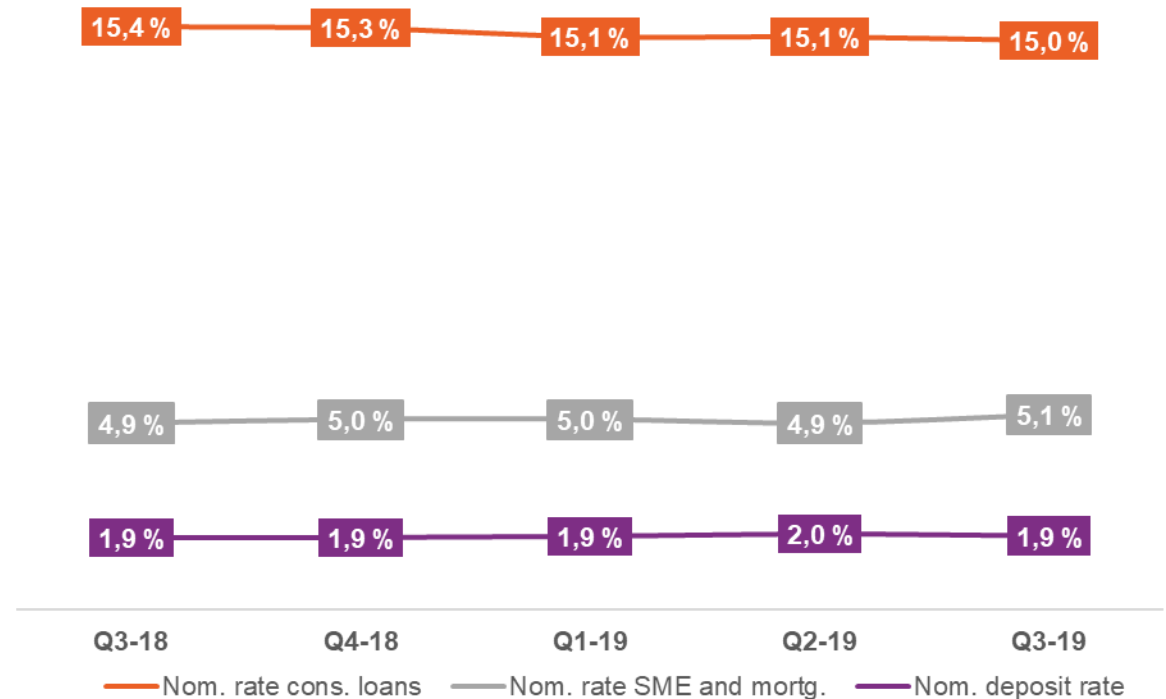
Net interest income and net interest margin of total assets

NOK million / % of total assets



Yields (end of quarter)

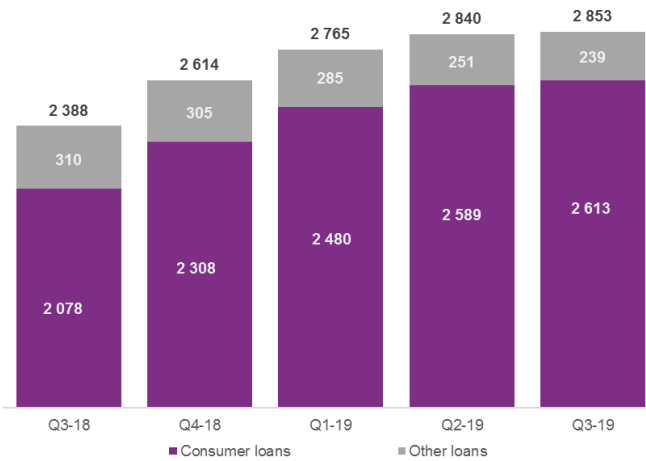
% of relevant balance



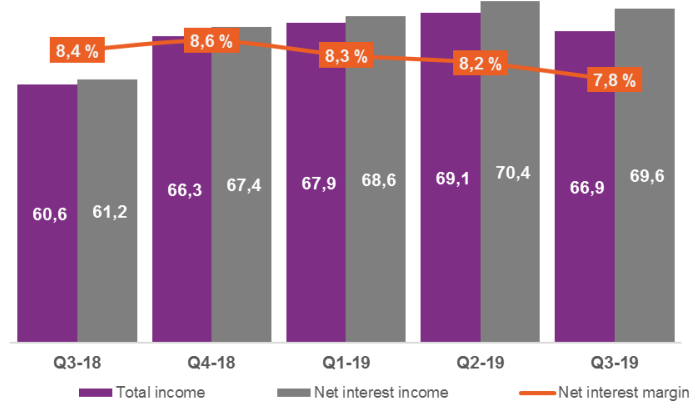
Overview

Satisfying profitability and competitive cost/income ratio

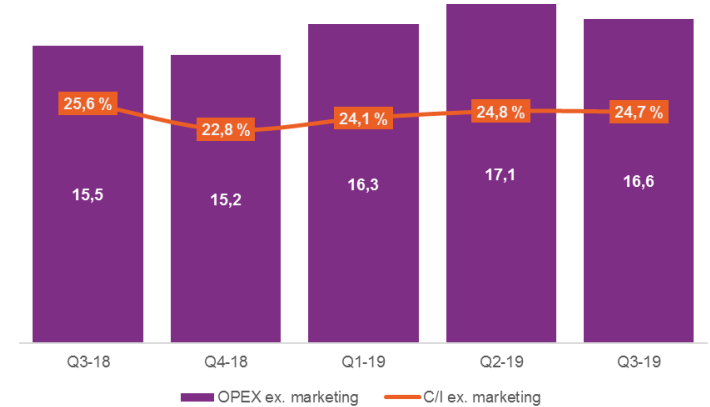
Gross lending



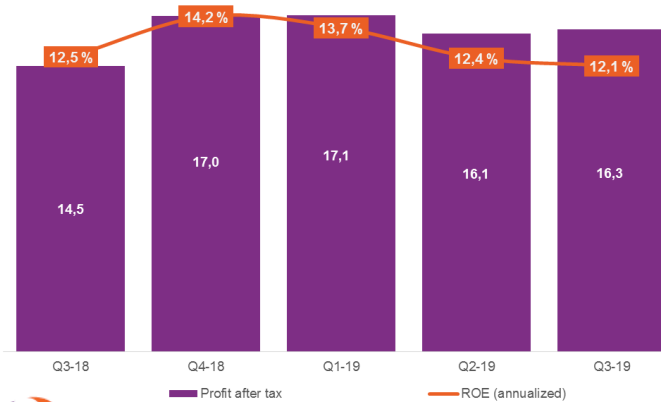
Income and interest margin



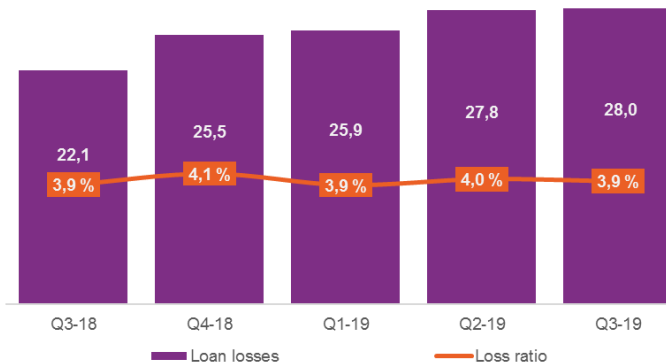
OPEX and C/I ratio



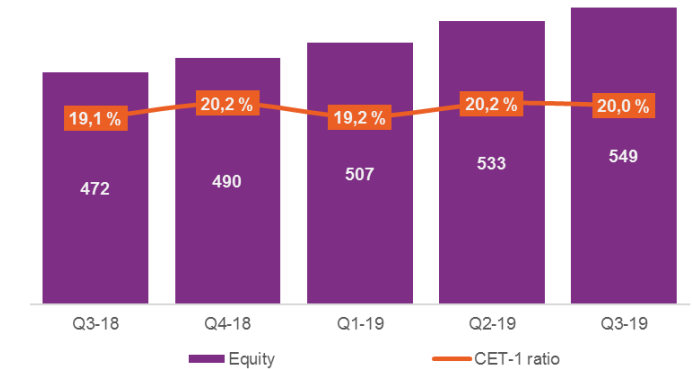
Profit after tax and ROE



Losses and loss ratio



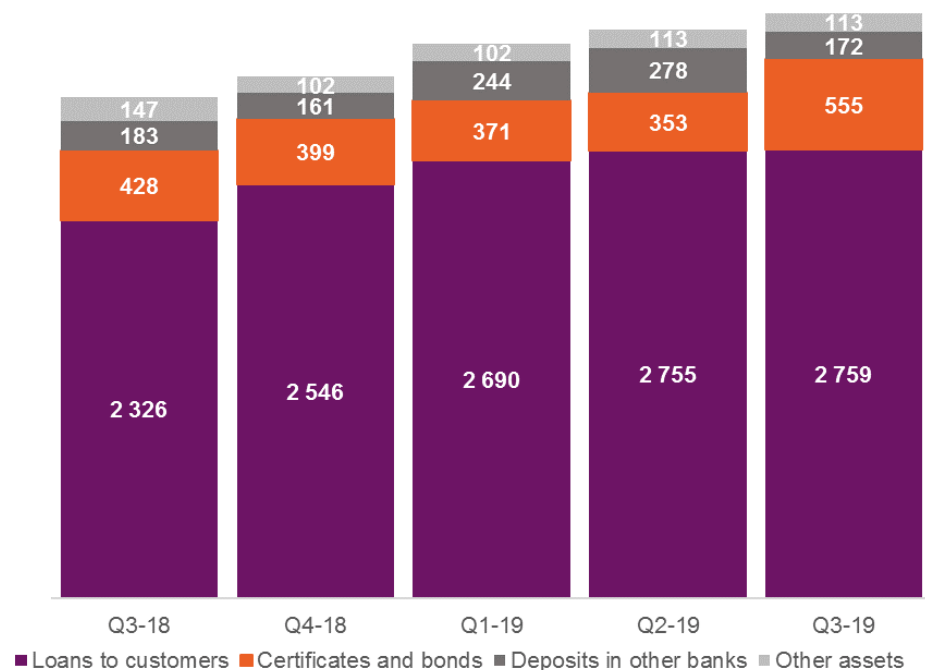
Equity and CET-1 ratio *



Balance sheet structure

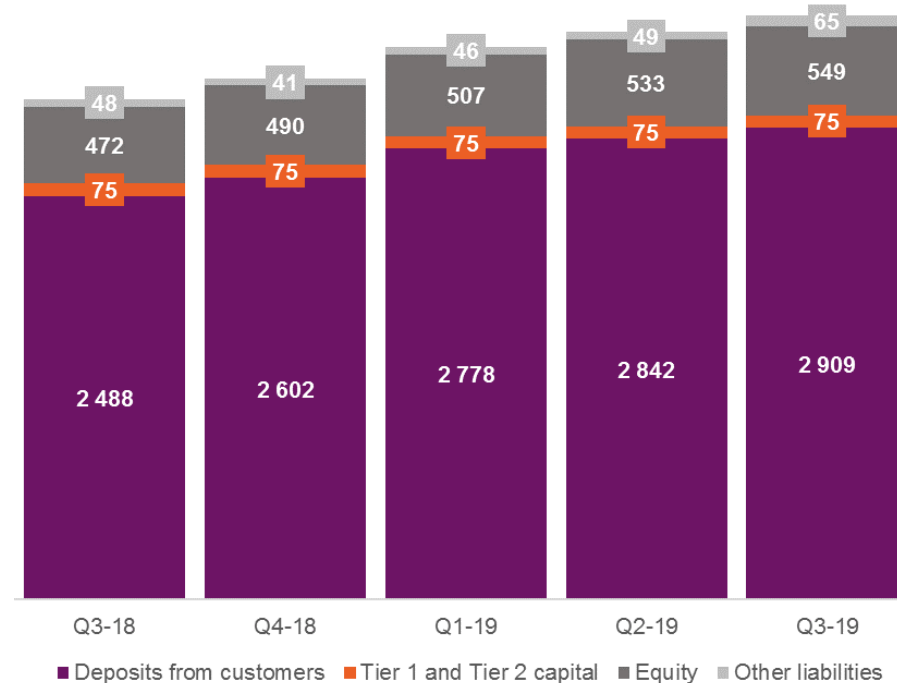
Strong funding and liquidity position

Total assets



- Deposit ratio: 106 %
- Liquidity Coverage Ratio: 588 %
- Net Stable Funding Ratio: 164 %

Equity and liabilities



- Diversified customers deposits. 55 % of deposits with 35 days+ notice period
- MNOK 726 in surplus liquidity placed in Norges Bank, other banks and positions with short duration and low risk

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Income statement

<i>(Amounts in thousands)</i>	Q3 2019	Q3 2018	YTD 2019	YTD 2018	Full year 2018
Interest income	85 662	73 862	256 021	198 019	279 244
Interest expense	-16 069	-12 656	-47 359	-35 173	-49 013
Net interest income	69 593	61 206	208 663	162 846	230 231
Comission and fee income	8 701	11 469	32 701	35 759	47 879
Comission and fee expenses	-13 387	-12 297	-42 550	-31 321	-44 797
Net change in value on securities and currency	2 030	182	5 023	697	1 002
Other income	4	0	111	35	39
Net other income	-2 652	-646	-4 715	5 170	4 123
Total income	66 942	60 560	203 948	168 016	234 354
Salary and other personell expenses	-8 579	-7 875	-24 208	-22 205	-29 731
Other administrative expenses	-4 858	-7 763	-21 002	-24 487	-33 055
- of which marketing expences	-658	-3 458	-6 188	-11 179	-15 243
Depreciation	-1 506	-1 236	-4 363	-3 605	-4 906
Other expenses	-2 267	-2 112	-6 647	-6 485	-8 312
Total operating expenses	-17 210	-18 985	-56 220	-56 782	-76 004
Profit before loan losses	49 732	41 575	147 728	111 233	158 350
Loan losses	-27 957	-22 135	-81 713	-59 516	-84 982
Profit before tax	21 775	19 440	66 015	51 718	73 369
Tax	-5 444	-4 958	-16 504	-13 224	-17 831
Profit after tax	16 331	14 482	49 511	38 494	55 538

Balance sheet

<i>(Amounts in thousands)</i>	30.09.2019	30.09.2018	31.12.2018
Assets			
Cash and deposits with the central bank	54 181	53 794	53 868
Loans and deposits with credit institutions	117 623	128 951	106 972
Loans to customers	2 852 534	2 388 346	2 613 783
- Loan impairment	-93 595	-62 530	-67 403
Certificates and bonds	0	374 069	169 249
Shares and other securities	554 681	54 413	229 703
Shareholding in group companies	11 148	192	192
Deferred tax asset	0	6 772	2 165
Other intangible assets	20 371	19 910	20 549
Fixed assets	917	1 201	1 085
Other assets	4 820	125	523
Other receivables	75 351	118 640	77 001
- of which agent commissions	68 616	67 582	69 812
Total assets	3 598 032	3 083 883	3 207 686
Equity and liabilities			
Deposits from customers	2 909 320	2 488 322	2 601 841
Other liabilities	45 514	28 739	26 881
Accrued expenses and deferred revenue	19 119	19 453	14 393
Tier 1 and tier 2 capital bond	75 000	75 000	75 000
Total liabilities	3 048 953	2 611 514	2 718 114
Share capital	331 707	324 326	324 326
Share premium reserve	127 092	124 510	124 510
Other paid-in equity	7 159	6 418	6 577
Other equity	83 121	17 116	34 160
Total equity	549 078	472 369	489 572
Total equity and liabilities	3 598 032	3 083 883	3 207 686

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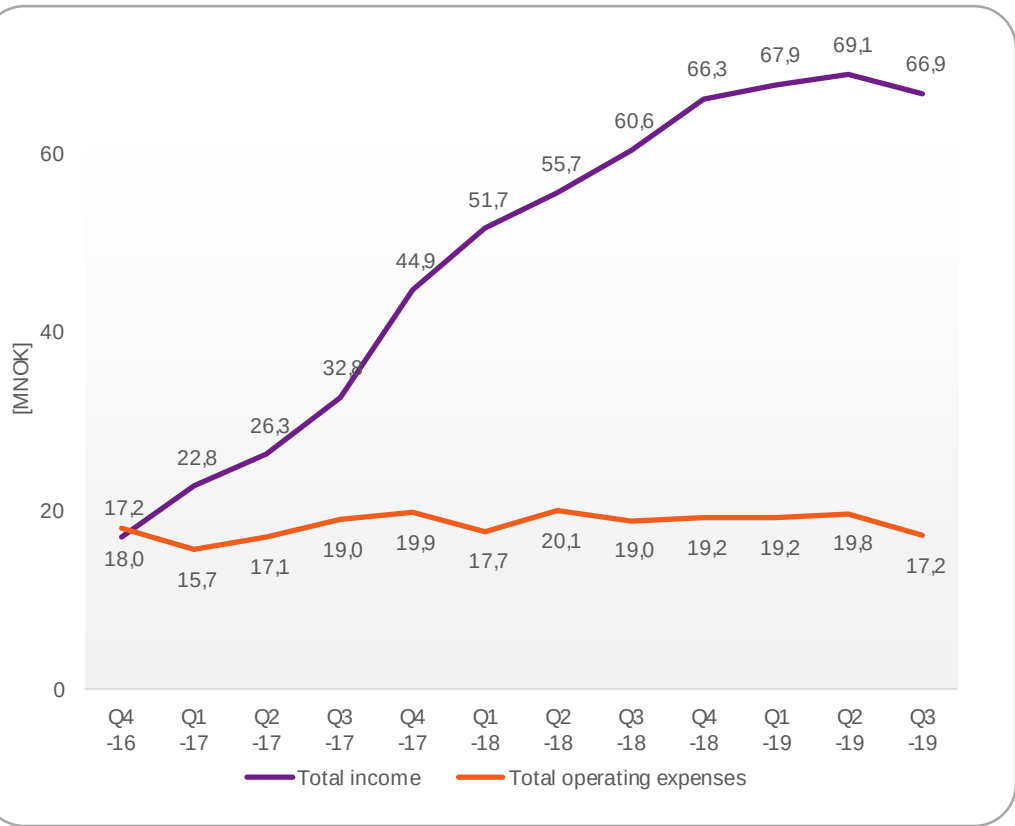
Outlook



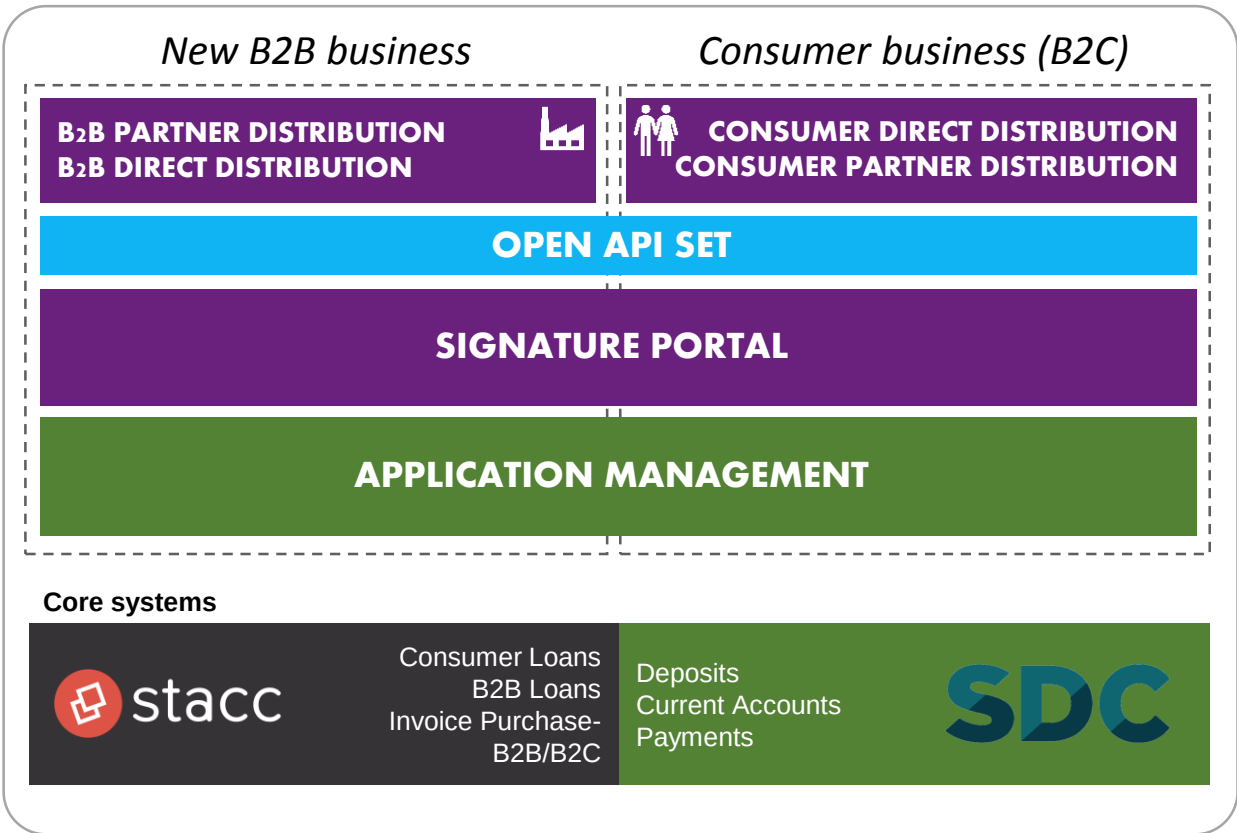
Leveraging our IT Infrastructure to enable scale

Reuse of B2C business logic to secure scalability in B2B

Taking a proven B2C operation model with stable OPEX while expanding product range and boosting income ...



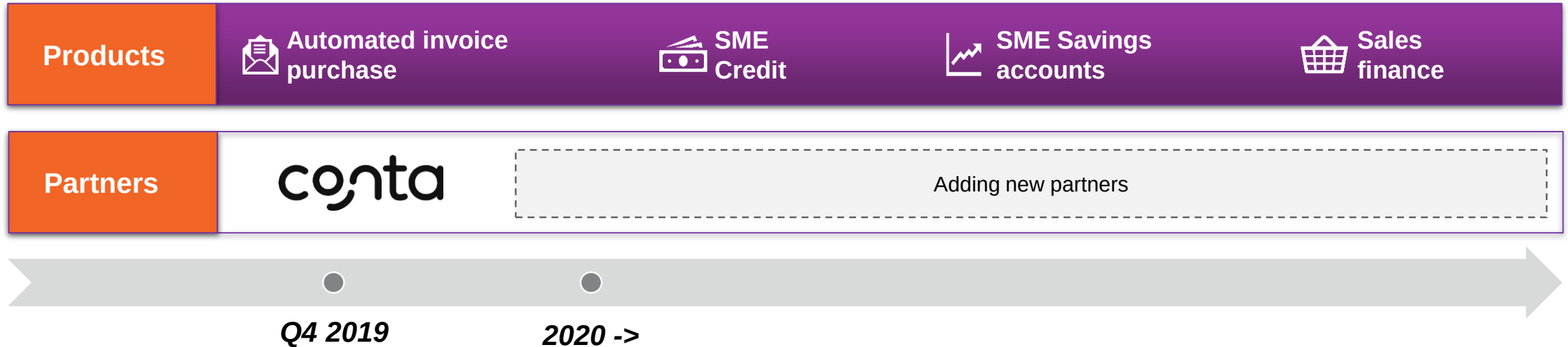
... into the B2B segment, where a new IT structure has been developed and will be launched in Q4 2019



Strengthening digital niche bank capabilities

Building the B2B portfolio with new products and partners during 2020

Roadmap for launching new products and partners



- Launching the distribution partnership with Conta Q4 2019, scaling up during 2020
- First phase focusing on pricing optimisation, risk optimisation and streamlining the value chain
- Infrastructure is in place to bring new attractive products and partners on-board during 2020

Priorities

Key focus going forward



