

# easybank

14 August 2020

## 2<sup>nd</sup> quarter results presentation



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## Highlights Q2 2020

- 1 Profit before tax of NOK 19,1 million, Total income of 71,9 million
- 2 Annualized ROE 12,5%, EPS NOK 1,24, book value of equity per share (BVPS) NOK 10,08
- 3 CET1 Capital ratio of 19,6% (20,3% including YTD profit)
- 4 Improved credit quality, uncertainty to possible long-term impact from Covid-19
- 5 Merger with BRABank proceeding according to plan

### Key Figures

	IFRS9	NGAAP	NGAAP
(in MNOK)	Q2-20	Q2-19	YTD-20
Interest income	74,0	86,3	150,7
PBT*	19,1	21,5	24,1
ROE*	12,5%	12,4%	7,8%
EPS*	1,24	1,36	0,78
Cost/Income	27,1%	28,6%	28,7%
Gross loans	2 636	2 840	2 636
Consumer loans	2 509	2 628	2 509

(PBT: Profit before tax, ROE: Return On Equity (excluding tier-1 capital), EPS: Annualized Earnings per share. IFRS9 implemented from January 2020, historical numbers have not been restated)

## Shareholders

# Strong and stable shareholder base

### Top 30 shareholder as of 12 August 2020

# Investor	Shares	Shares %
1 Skagerrak Sparebank	4 409 380	9,30 %
2 Verdipapirfondet Alfred Berg	3 844 349	8,11 %
3 Fondsaveanse AS	3 072 986	6,48 %
4 Umico - Gruppen AS	2 618 779	5,53 %
5 Hjellegjerde Invest AS	2 600 000	5,49 %
6 Ladegaard AS	2 406 032	5,08 %
7 Shelter AS	1 945 486	4,10 %
8 Lindbank AS	1 838 007	3,88 %
9 MP Pensjon PK	1 458 738	3,08 %
10 Jensen & Co AS	1 287 879	2,72 %
11 Krogsrud Invest AS	1 250 000	2,64 %
12 Nordic Private Equity AS	1 166 668	2,46 %
13 Jolly Roger AS	1 149 074	2,42 %
14 Independent Oil & Resources Plc	890 000	1,88 %
15 Byholt AS	767 159	1,62 %
16 Whitetail Webservice Ltd	705 009	1,49 %
17 Trippel-L AS	606 118	1,28 %
18 Jaras Invest AS	440 909	0,93 %
19 Ulltveit-Moe, Hildegunn Hodne	400 222	0,84 %
20 B Finans AS	400 000	0,84 %
21 Motor Trade Eiendom Og Finans A	365 878	0,77 %
22 Conta Group AS	347 368	0,73 %
23 Wist Holding AS	338 000	0,71 %
24 Truls AS	310 000	0,65 %
25 Arild Hestås Invest AS	301 250	0,64 %
26 HHG Invest AS	300 000	0,63 %
27 Juul-Vadem Holding AS	295 000	0,62 %
28 Autobahn AS	270 364	0,57 %
29 Langsether, Skule	265 490	0,56 %
30 Haukvik, Svein Ola	260 000	0,55 %
<b>Total top 30</b>	<b>36 310 145</b>	<b>76,61 %</b>
Other	11 087 045	23,39 %
<b>Total</b>	<b>47 397 190</b>	

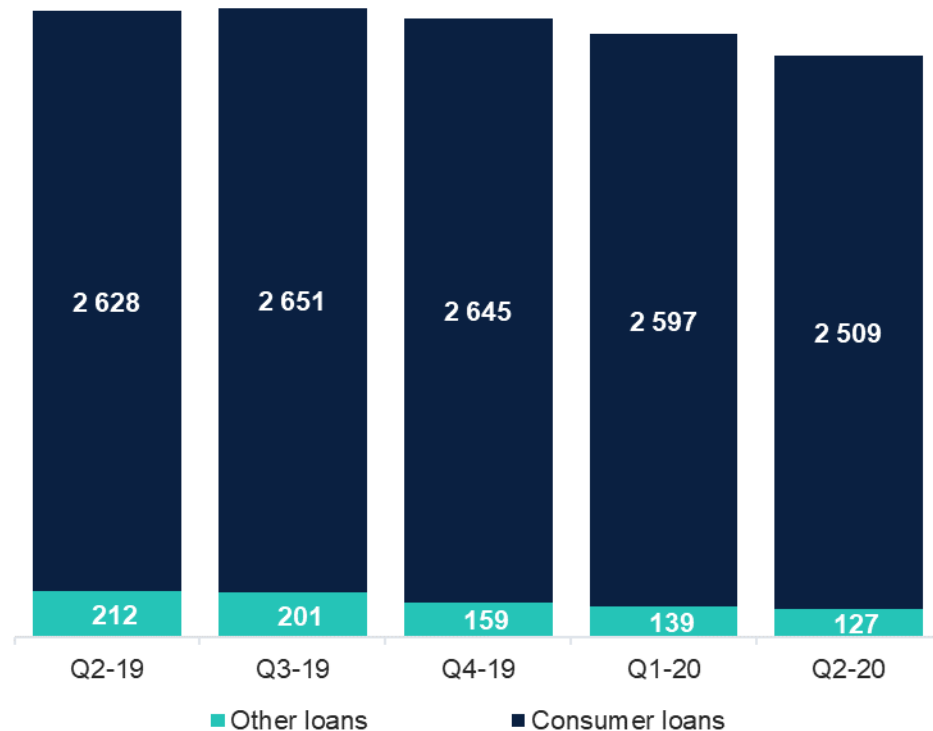
- 418 shareholders as of 12 August 2020.
- The EASY share was registered on NOTC on 15 November 2016.
- Management holds a total of 2,374,016 shares, corresponding to 5.0% of shares outstanding.
- Members of the board represents a total of 2,728,305 shares, corresponding to 5.8% of shares outstanding.
- Current market capitalization of approx. MNOK 284.

Gross lending & number of customers

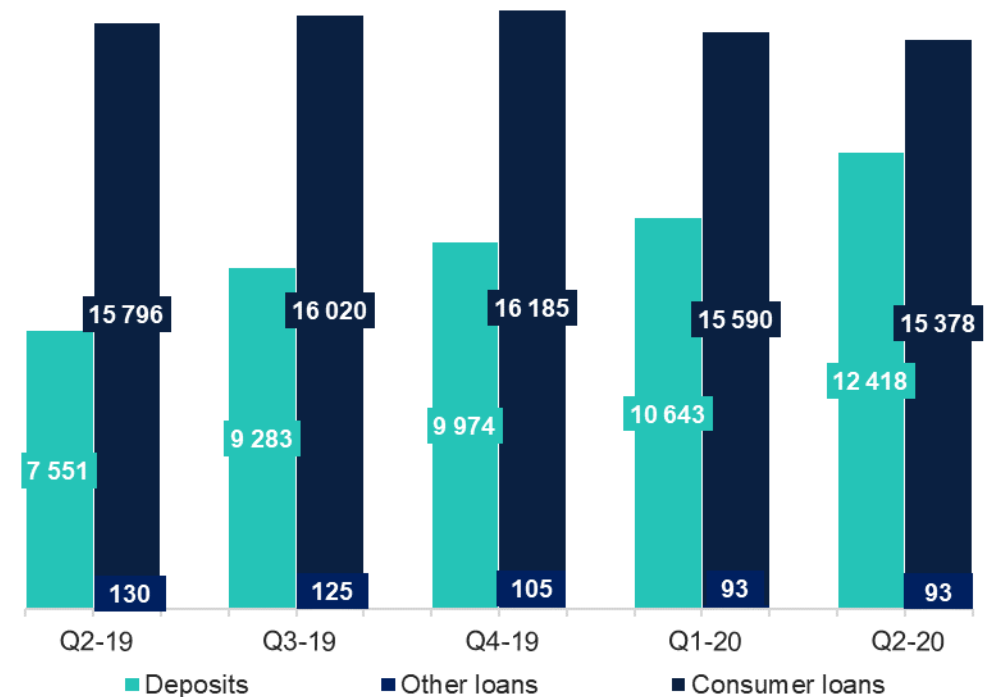
# Volumes affected by conservative sales practice, and build up of capital buffer

Gross lending per product

NOK million



Customers per product



(IFRS9 implemented from January 2020, historical numbers have not been restated.)



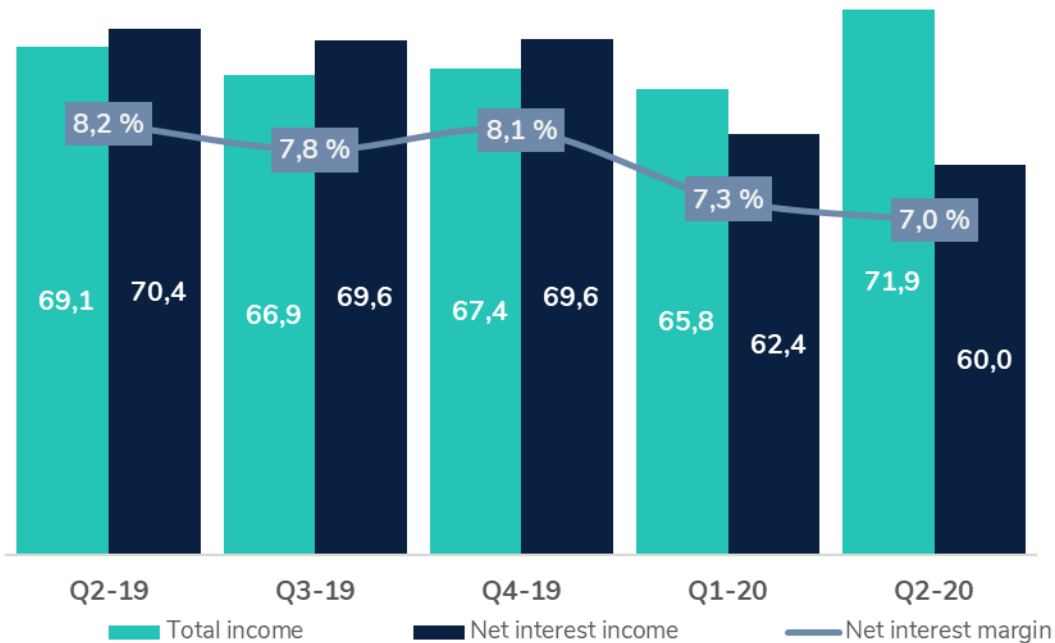
## Net interest income & yields

# Still attractive margins –

Net Interest margin affected by increased liquidity portfolio in Q2. Funding cost will decrease going forward

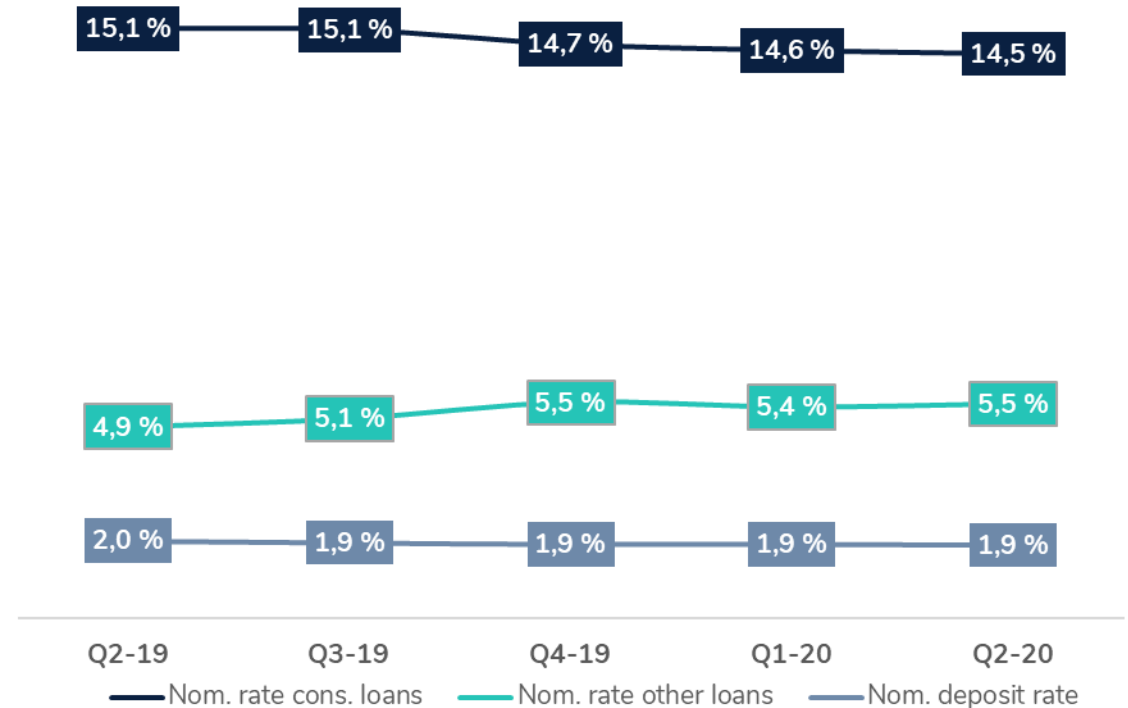
### Net interest income and net interest margin of total assets

NOK million / % of total assets



### Yields (end of quarter)

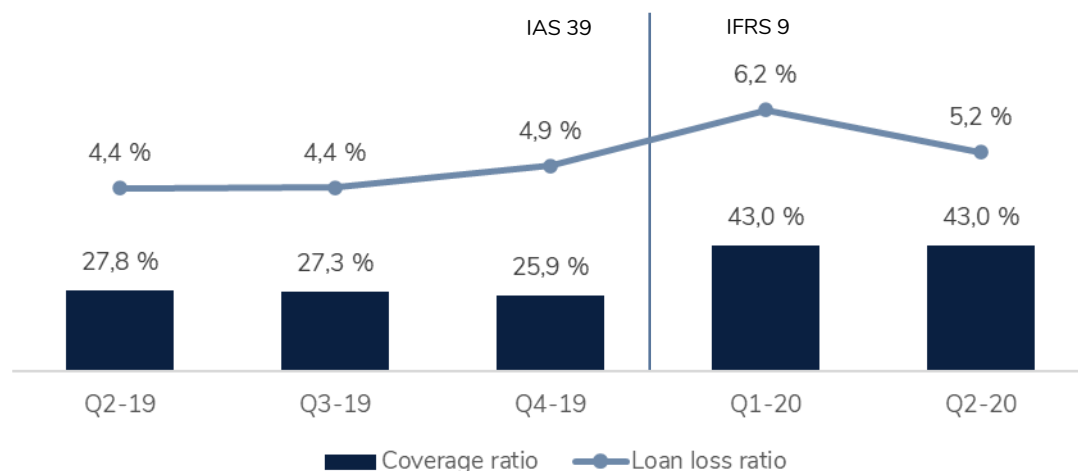
% of relevant balance



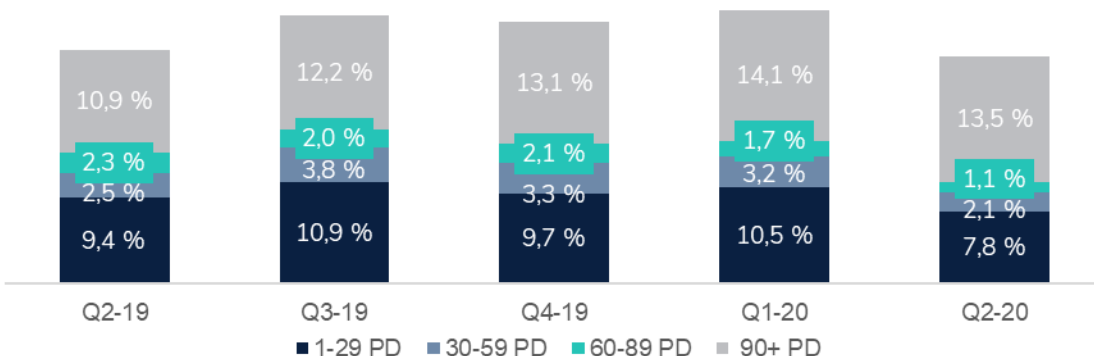
# Positive trend in loan losses in Q2 2020

Forward flow agreement reduces downside risk

## Coverage and loan loss ratio



## Loans past due



## Comments

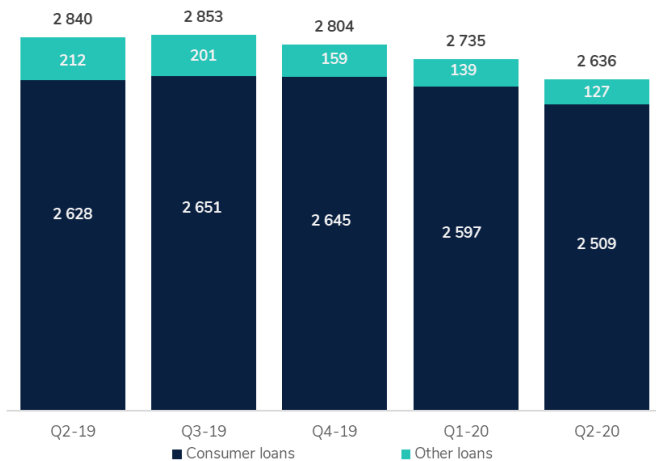
- IFRS9 was implemented January 1<sup>st</sup>, 2020. Under IFRS9 interest on non-performing loans are recorded as interest income, and a corresponding amount is increased under loan losses. Hence no impact on net profit, but higher loan loss ratio under IFRS9.
- The implementation of Debt register has increased NPL throughout 2019 and into beginning of 2020. However, in Q2 2020 risk performance has improved due to better quality of customers recruited after the implementation.
- Increased sale of non-performing loans the last quarters under forward flow agreement to strengthen portfolio quality. Notably, the sale of non-performing loans in Q2 2020 is lower than previous quarters.
- Too early to assess long-term loan loss impact from Covid-19. The bank has not experienced any negative impact on default rates following the outbreak. Despite this, the bank has made additional stage 1 loan loss provisions, to allow for uncertainties around macroeconomics.
- 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.



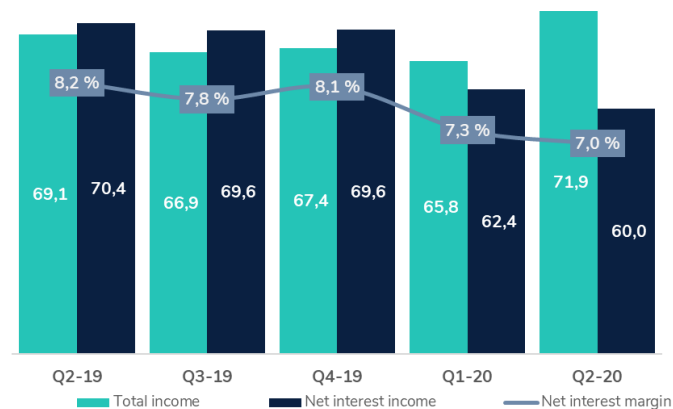
# Overview

## Satisfactory capital buffer and competitive cost/income

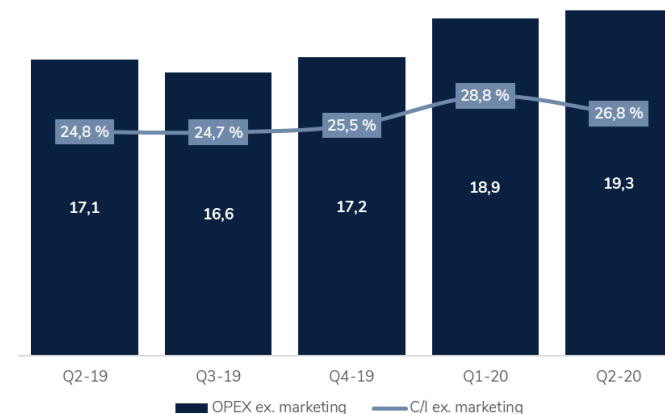
### Gross lending



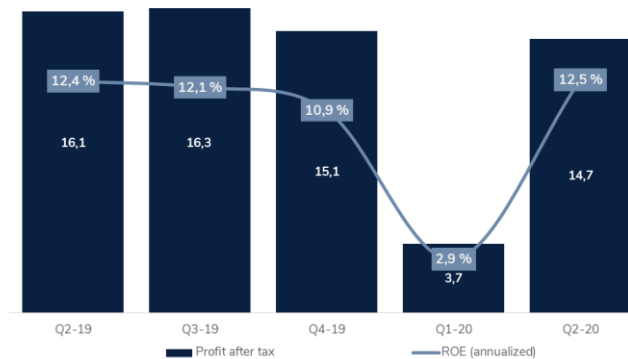
### Income and interest margin



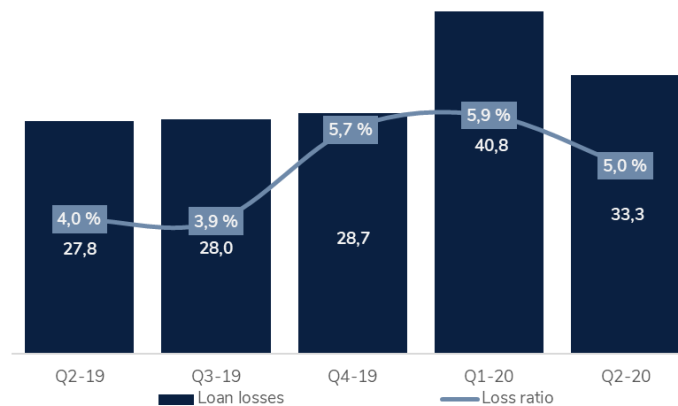
### Opex and Cost/ income ratio



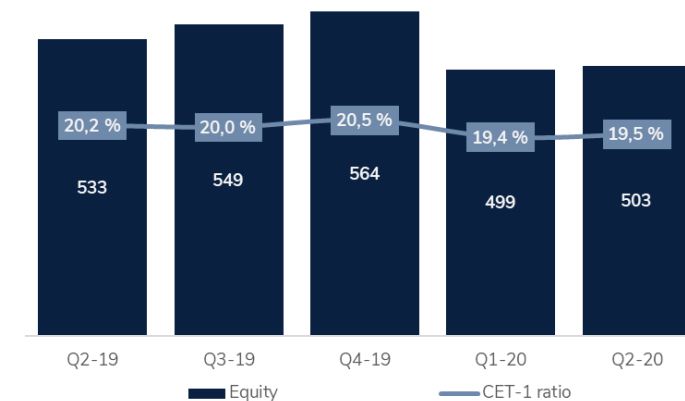
### Profit after tax and ROE



### Losses and loss ratio



### Equity and CET1 ratio



All numbers in NOK million

(IFRS9 implemented from January 2020, historical numbers have not been restated.)

\* CET-1 ratio for Q1-20 and Q2-20 excludes YTD profit. Q2-19 includes YTD profit, Q3-19 includes profit as of 1H 2019, Q4-19 includes full year profit

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# Income statement

(Amounts in thousands)	IFRS	NGAAP	IFRS	NGAAP	NGAAP
	Q2 2020	Q2 2019	YTD Q2 2020	YTD Q1 2019	Full year 2019
Interest income	73 954	86 296	150 700	170 359	340 690
Interest expense	-14 000	-15 870	-28 348	-31 289	-62 396
<b>Net interest income</b>	<b>59 954</b>	<b>70 427</b>	<b>122 352</b>	<b>139 069</b>	<b>278 294</b>
Comission and fee income	5 987	11 649	12 487	24 000	42 552
Comission and fee expenses	-969	-14 402	-1 855	-29 163	-57 035
Net change in value on securities and currency	6 944	1 313	4 718	2 992	7 459
Other income	0	107	0	107	111
<b>Net other income</b>	<b>11 961</b>	<b>-1 332</b>	<b>15 350</b>	<b>-2 063</b>	<b>-6 913</b>
<b>Total income</b>	<b>71 915</b>	<b>69 094</b>	<b>137 703</b>	<b>137 006</b>	<b>271 381</b>
Salary and other personell expenses	-8 490	-7 713	-17 233	-15 630	-32 284
Other administrative expenses	-5 398	-8 643	-12 261	-16 144	-27 148
- of which marketing expences	-208	-2 637	-1 319	-5 531	-7 578
Depreciation	-1 726	-1 459	-3 370	-2 857	-5 940
Other expenses	-3 877	-1 952	-6 659	-4 380	-9 440
<b>Total operating expenses</b>	<b>-19 490</b>	<b>-19 767</b>	<b>-39 523</b>	<b>-39 010</b>	<b>-74 812</b>
<b>Profit before loan losses</b>	<b>52 424</b>	<b>49 327</b>	<b>98 180</b>	<b>97 996</b>	<b>196 569</b>
Loan losses	-33 295	-27 826	-74 115	-53 756	-110 390
<b>Profit before tax</b>	<b>19 129</b>	<b>21 501</b>	<b>24 065</b>	<b>44 240</b>	<b>86 179</b>
Tax	-4 448	-5 375	-5 682	-11 060	-21 571
<b>Profit after tax</b>	<b>14 681</b>	<b>16 126</b>	<b>18 383</b>	<b>33 180</b>	<b>64 609</b>

(IFRS9 implemented from January 2020, historical numbers have not been restated.)



# Balance sheet

(Amounts in thousands)	IFRS	NGAAP	NGAAP
	30.06.2020	30.06.2019	31.12.2019
<b>Assets</b>			
Cash and deposits with the central bank	50 342	54 039	54 351
Loans and deposits with credit institutions	328 664	223 925	154 717
Loans to customers	2 635 836	2 840 056	2 804 258
- Loan impairment	-223 369	-85 233	-91 746
Certificates and bonds	0	0	0
Shares and other securities	597 025	352 647	457 112
Shareholding in group companies	11 192	11 148	11 192
Deferred tax asset	29 006	0	135
Other intangible assets	20 433	20 834	20 471
Fixed assets	750	1 028	872
Other assets	5 544	2 000	9 451
Other receivables	4 171	77 884	73 814
<b>Total assets</b>	<b>3 459 594</b>	<b>3 498 330</b>	<b>3 494 628</b>
<b>Equity and liabilities</b>			
Loan from central bank	135 000	0	0
Deposits from customers	2 737 411	2 842 277	2 806 011
Other liabilities	34 224	30 998	39 090
Accrued expenses and deferred revenue	10 266	17 532	10 352
Tier 2 capital	40 000	75 000	75 000
<b>Total liabilities</b>	<b>2 956 901</b>	<b>2 965 807</b>	<b>2 930 452</b>
Share capital	331 799	331 663	331 707
Share premium reserve	127 111	127 080	127 092
Tier 1 capital	25 000	0	0
Other paid-in equity	7 194	6 990	7 159
Other equity	11 588	66 790	98 218
<b>Total equity</b>	<b>502 693</b>	<b>532 522</b>	<b>564 176</b>
<b>Total equity and liabilities</b>	<b>3 459 594</b>	<b>3 498 330</b>	<b>3 494 628</b>

(IFRS9 implemented from January 2020, historical numbers have not been restated.)

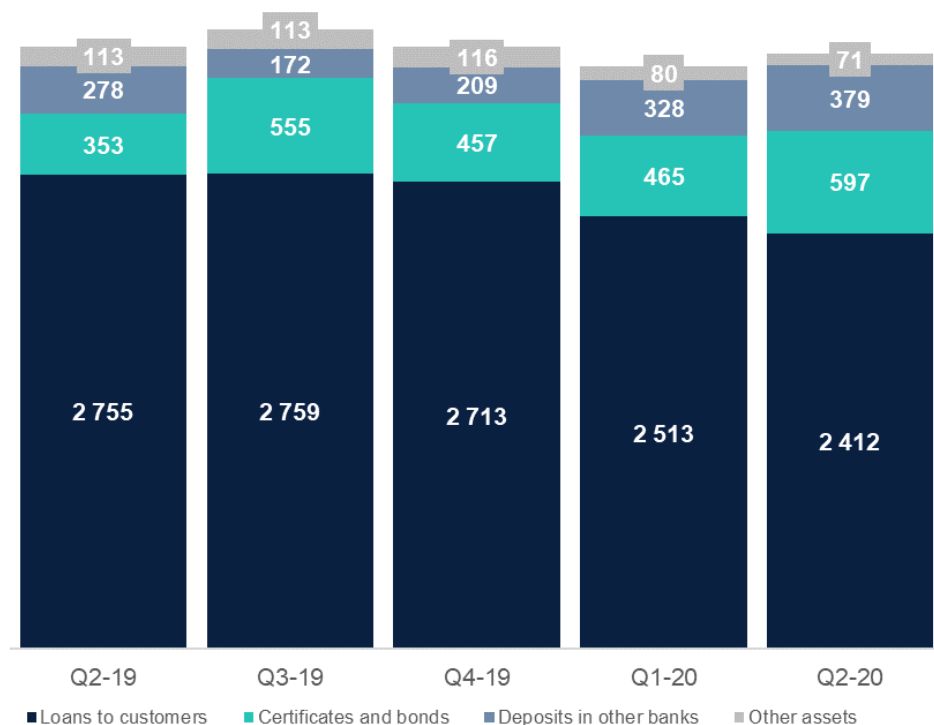


## Balance sheet structure

# Strong funding and liquidity position

### Total assets

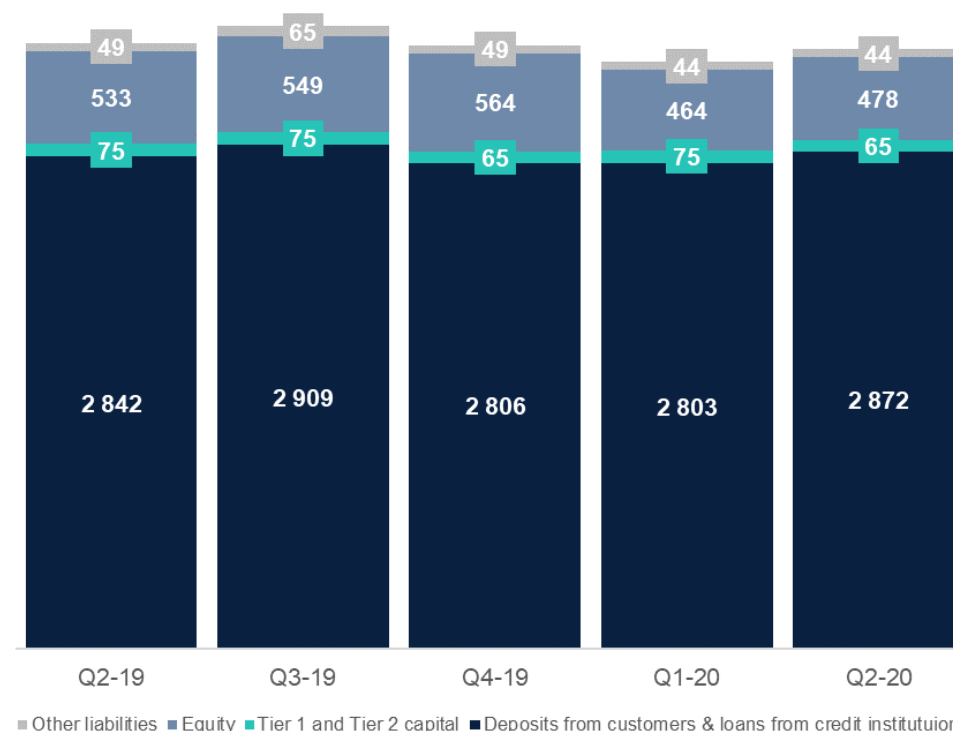
NOK million



- Deposit Ratio: 119 %
- Liquidity Coverage Ratio 532 %
- Net Stable Funding Ratio 181 %

### Equity and liabilities

NOK million



- Diversified customer deposits. 48% of deposits with 35 days+ notice period
- MNOK 976 in surplus liquidity placed in Norges Bank, other banks and positions with short duration and low risk



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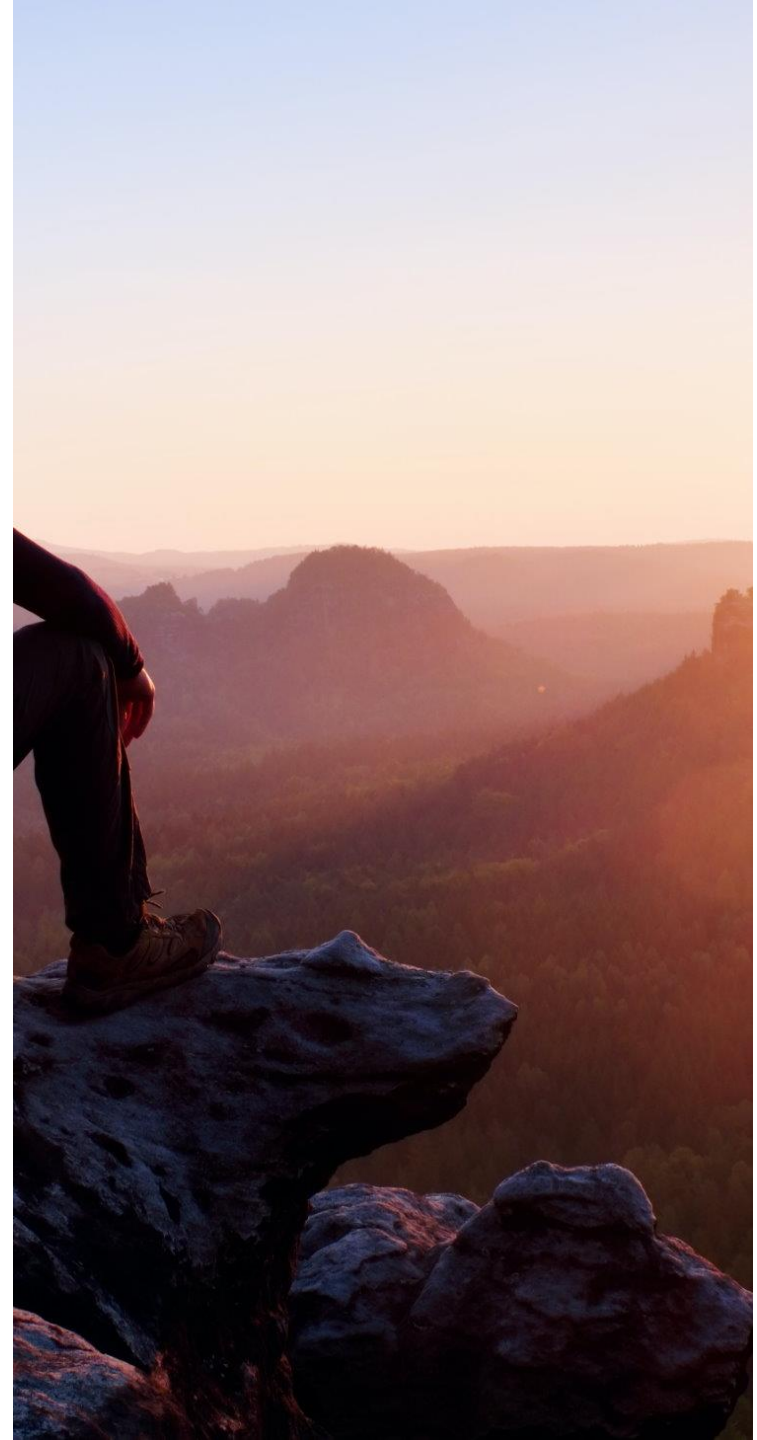
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## 2 Financial results Q3

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## 3 Outlook and merger update

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## Outlook

# Focus going forward

1

### **Merger with BRAbank**

according to plan

2

### **Execution of merger**

with low cost and risk

3

### **Handle impact from Covid-19**

- uncertainty to possible long-term impact

4

### **Scale portfolio**

within the SME market and enter into agreements that strengthen the bank's distribution network

5

### **Listing on Merkur Markets**

of merged bank from October





Outlook

## Merger with BRABank

easybank

***BRABANK***

Creating a leading digital niche bank in  
B2C and SME with a Nordic footprint

## Outlook

# Merger with BRAbank – according to plan

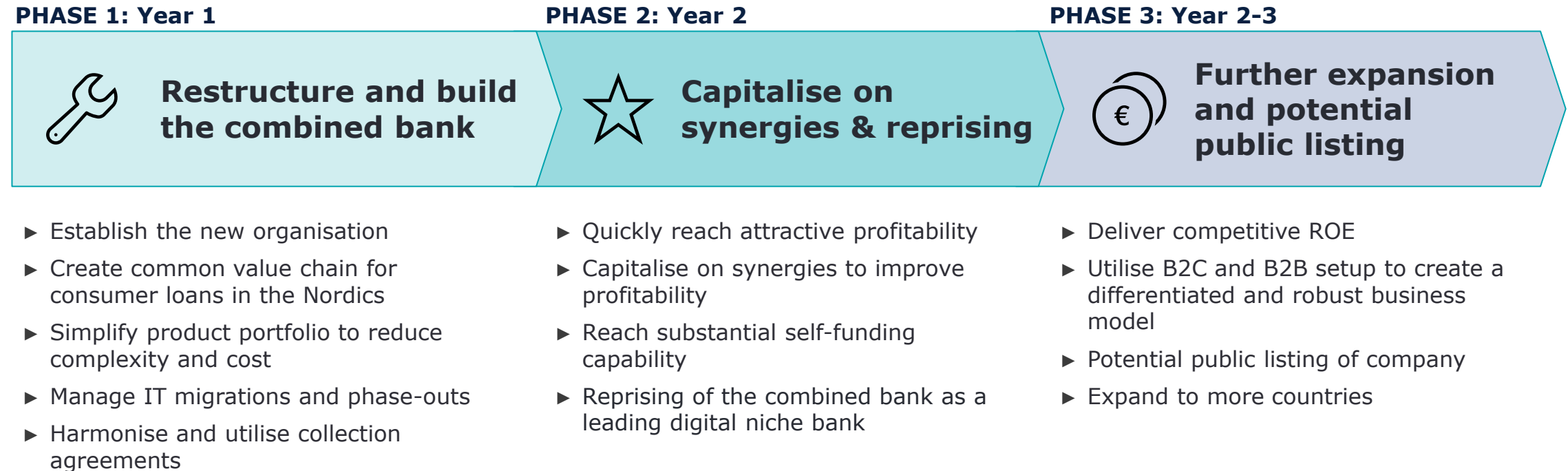
3 June 2020	<ul style="list-style-type: none"><li>▪ Due diligence completed</li><li>▪ Notice to board meetings</li></ul>	✓
5 June 2020	<ul style="list-style-type: none"><li>▪ Board meetings</li><li>▪ Preliminary handling of merger plan</li></ul>	✓
6-10 June 2020	<ul style="list-style-type: none"><li>▪ Collection of voting undertakings shareholders</li></ul>	✓
11 June 2020	<ul style="list-style-type: none"><li>▪ Board meetings adoption of merger plan</li></ul>	✓
16 July 2020	<ul style="list-style-type: none"><li>▪ Extraordinary general meetings approval of merger plan</li></ul>	✓
Sept. 2020	<ul style="list-style-type: none"><li>▪ Approval expected by Norwegian FSA (Finanstilsynet)</li></ul>	
1 Oct. 2020	<ul style="list-style-type: none"><li>▪ Merger enter into force</li><li>▪ Listing on Merkur Markets</li></ul>	

### Outstanding closing conditions

- ▶ Approval by the Norwegian Financial Supervisory Authority (FSA);
- ▶ Approval by the Oslo Stock Exchange of listing of the Combined Company on Merkur Market;
- ▶ Fulfilment of all statutory requirements for completion of the merger pursuant to the Norwegian Public Limited Liability Companies Act.

## Outlook

# Merger with BRABank - the roadmap for the combined bank





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