



# MONOBANK

Interim Presentation

| 4<sup>th</sup> quarter 2017

| 15 February 2018

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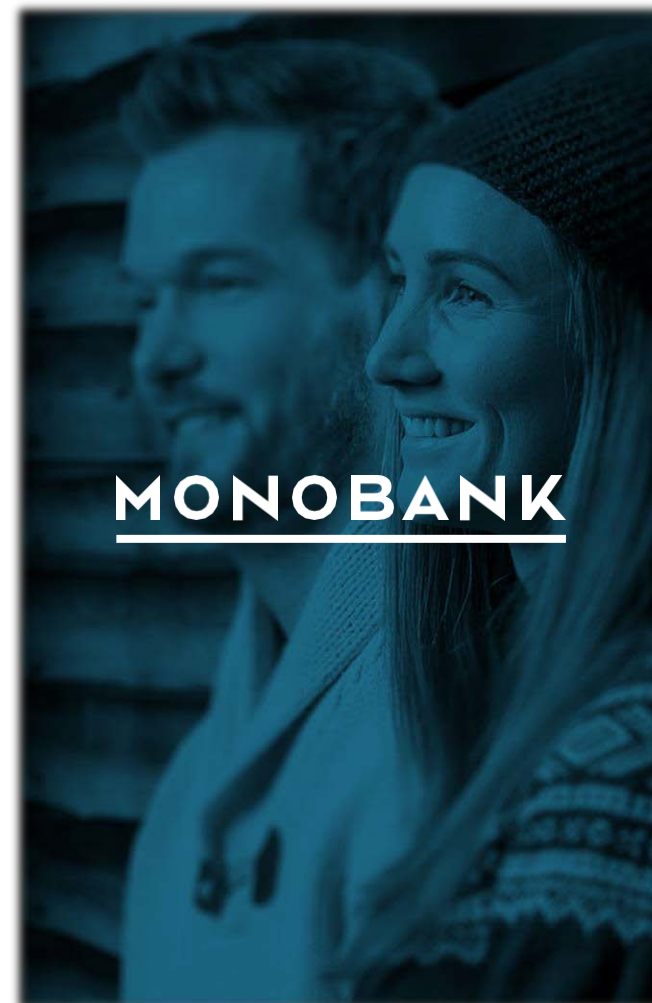
2017 Highlights

2

4th quarter

3

Outlook and priorities





- ✓ Monobank listed on Oslo Børs' Merkur Market on 16<sup>th</sup> February 2017 – initiated process towards Oslo Børs' Main Market in 2018
- ✓ Awarded "A great place to work 2017"
- ✓ Monobank has delighted loan customers, customer satisfaction index on 81
- ✓ Successful launch in Finland, NOK 407 million loans year end – proof of scalable and agile distribution platform
- ✓ Cooperation with European deposit distribution partner Raisin– executing on cross-border expansion strategy
- ✓ Strong loan growth of NOK 1.5 bn in 2017. Above target of NOK 2.3bn in consumer loans FY 2017

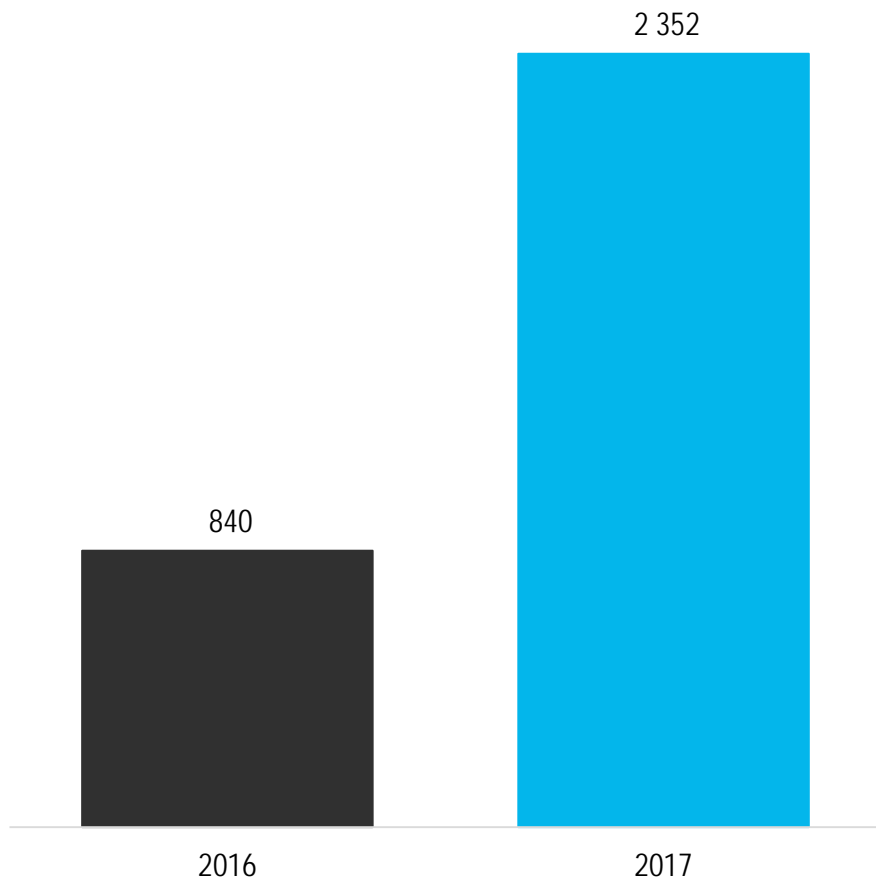
# High and profitable growth

Still strong demand in Norway... in addition to inflow from Finland



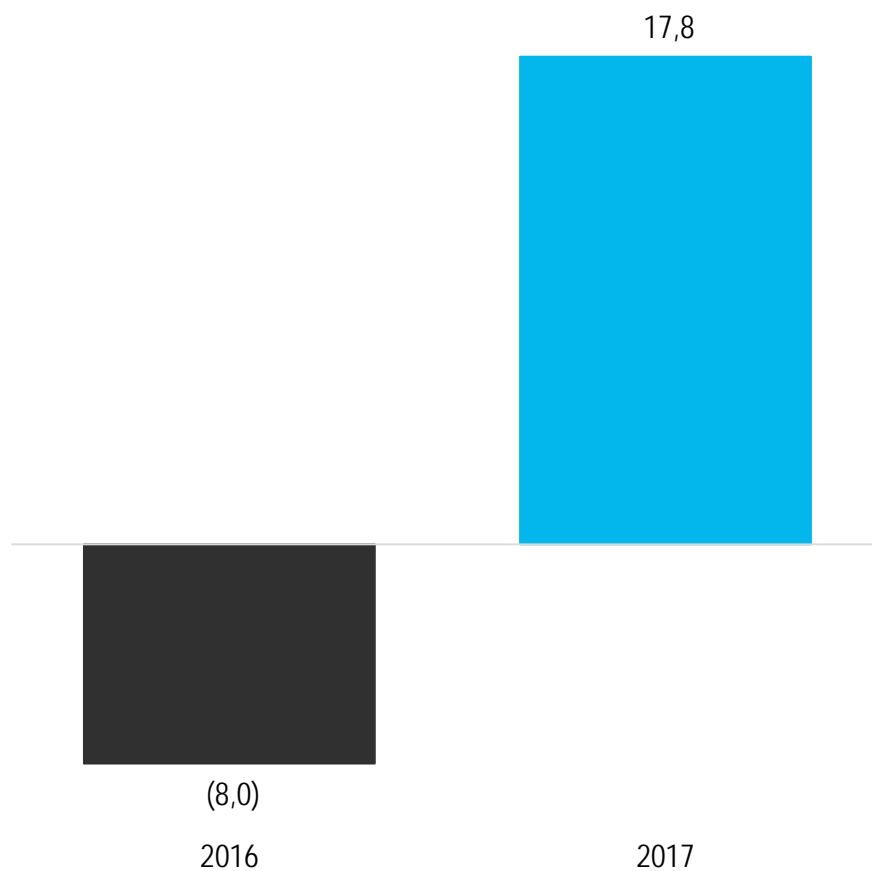
Net loans and advances to customers

NOK (million)



Net profit after tax

NOK (million)



# Multi-country operational platform

## Solid foundation already in place



### Cross-border expansion

- Solid multi-country operational platform already established - Fast and agile roll-out process with very efficient time to market
- Continuous and ongoing exploration of potential foreign markets to enter
- The cross-border launches are expected to achieve considerable operational synergies, further strengthen the growth platform and contribute to diversify the business model

### Successful launch in Finland

- Unsecured consumer finance loans rolled out in Finland on 29 May 2017
- Positive first reaction – Gross loan balance of NOK 407m has been built since initiation
- Operational team based in Bergen – no feet on the ground in Finland

### Strategic cooperation agreement with Raisin

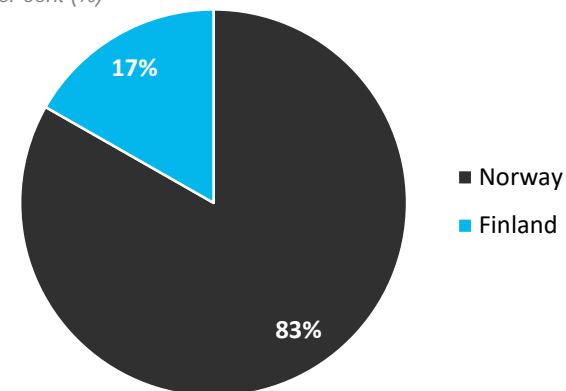
- Leading deposit product provider to privat individuals in the European Economic Area
- More than 100,000 customers - mainly in Germany (but also France, Austria & Spain)
- Allows Monobank to raise funding in the EEA as well as in other currencies at attractive levels

### Current market exposure



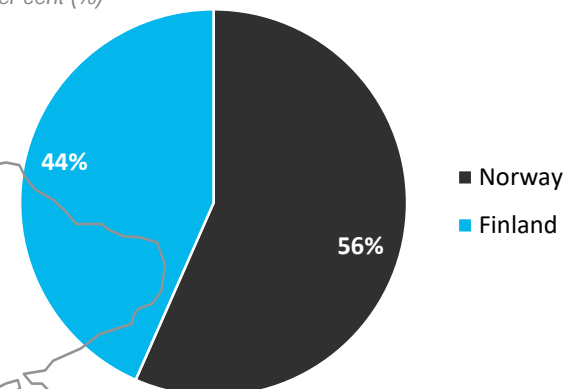
### Q4 2017 distribution of gross loans

per cent (%)



### Q4 2017 distribution of growth in gross loans

per cent (%)



# Cooperation with European deposit distribution partner

A strong partner with large potential – first step into the European Fin Tech space



- Leading deposit provider to private individuals in the European Economic Area
- Operating in more than 30 countries
- More than 100,000 customers, mainly in Germany, France, Austria and Spain
- Allow to introduce Monobank to the European market and raise funding in other currencies
- Provide first experience with European market and fin tech projects



● Main markets



1

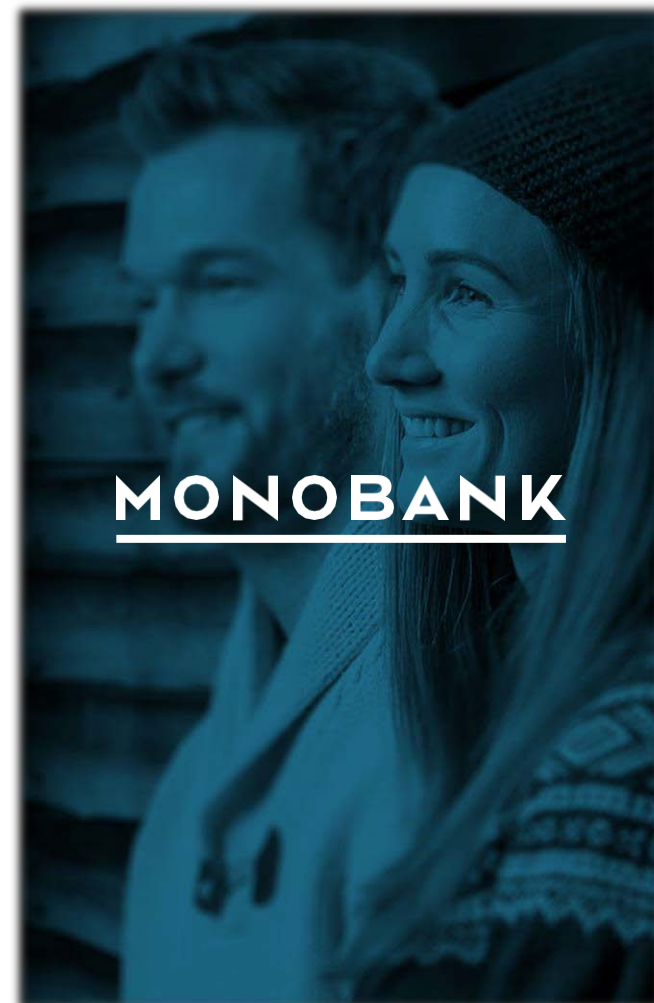
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Outlook and priorities



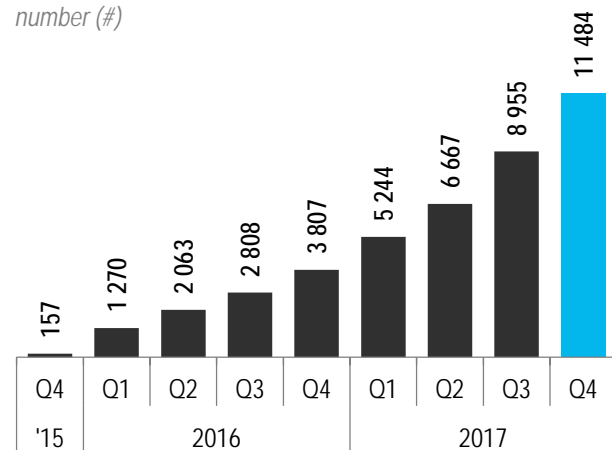
# High and profitable organic growth

Confirms business model



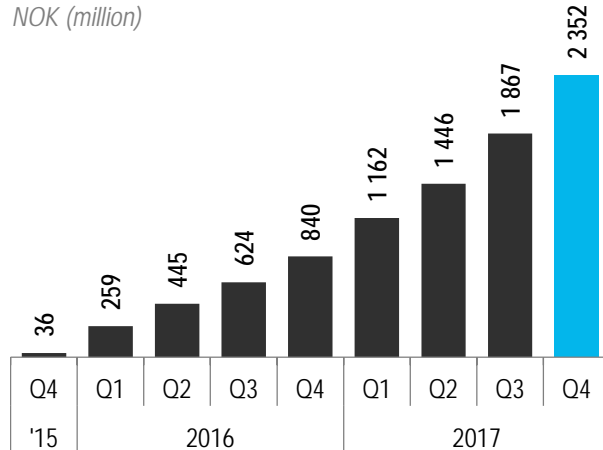
## Number of loan customers

number (#)



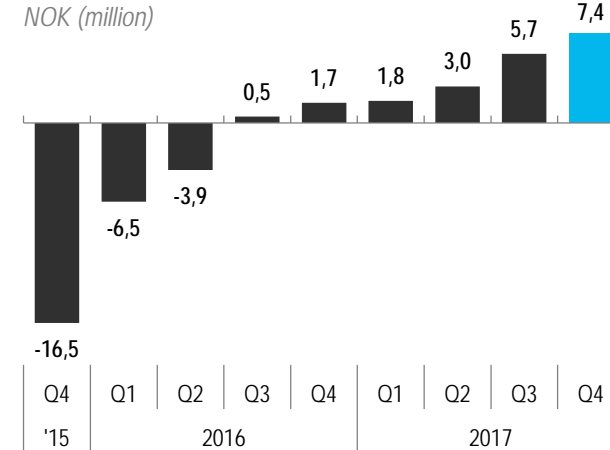
## Net loans

NOK (million)



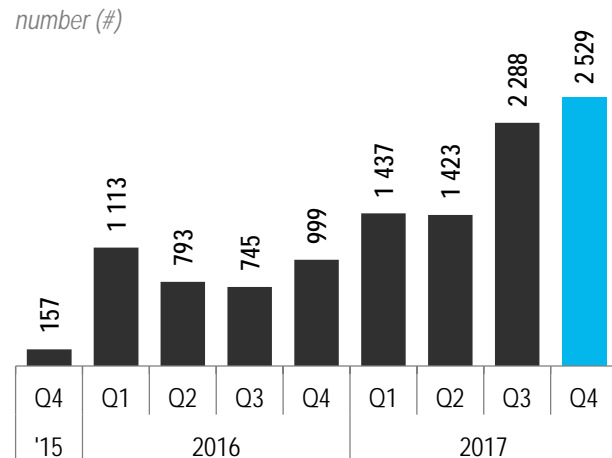
## Profit after tax

NOK (million)



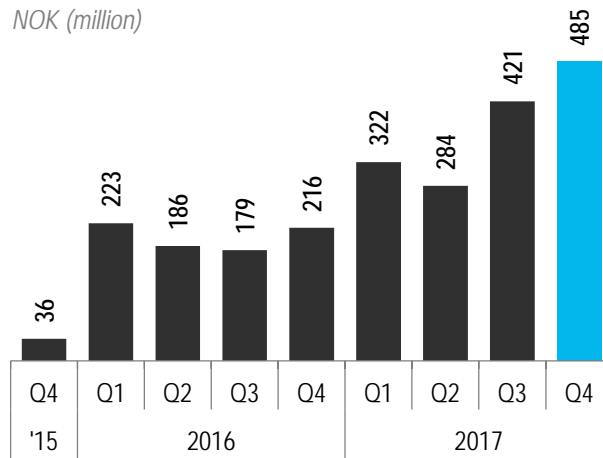
## Growth in number of loan customers

number (#)



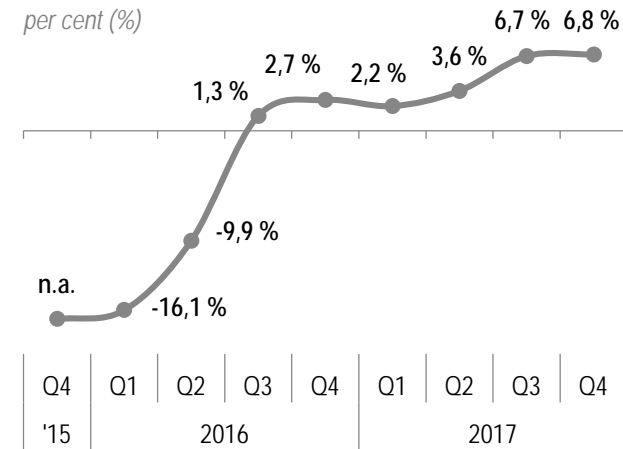
## Growth in net loans

NOK (million)



## Annualized return on equity \*

per cent (%)



Note(\*): ROE = 4x profit after tax in quarter / average total equity in quarter



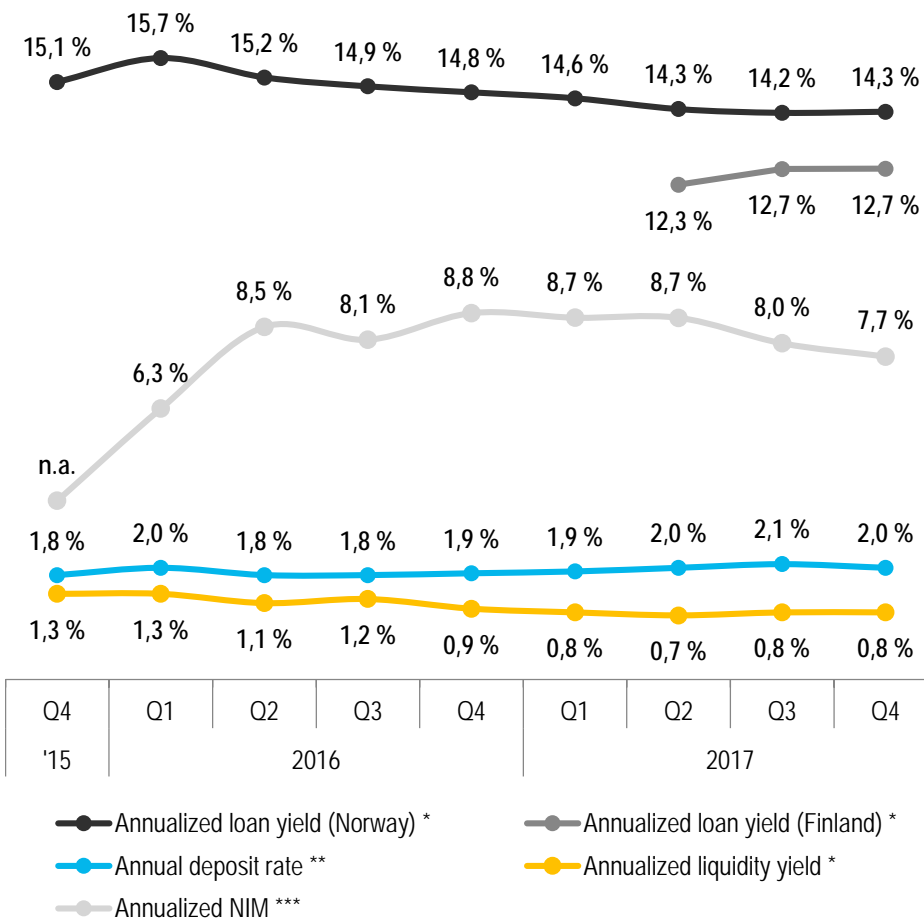
# Increasing top-line

Satisfying yields and margins – stabilizing yields in Norway



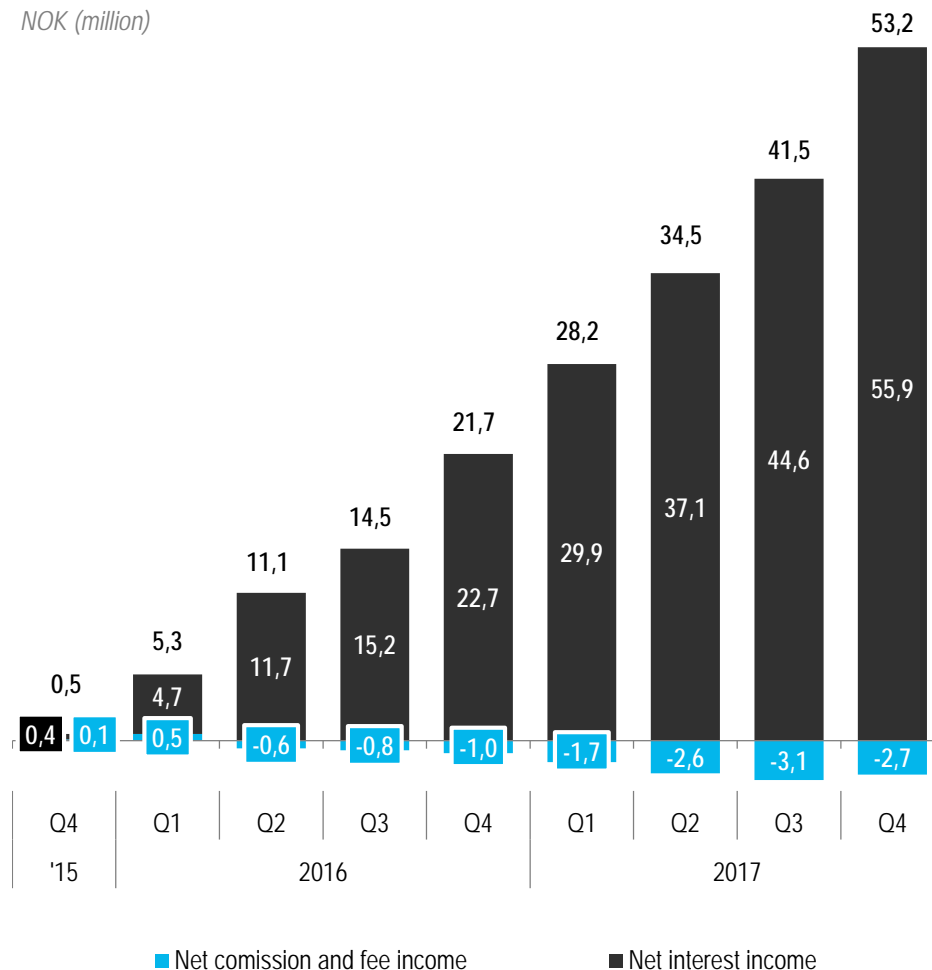
## Key yields and margins

per cent (%)



## Total income

NOK (million)



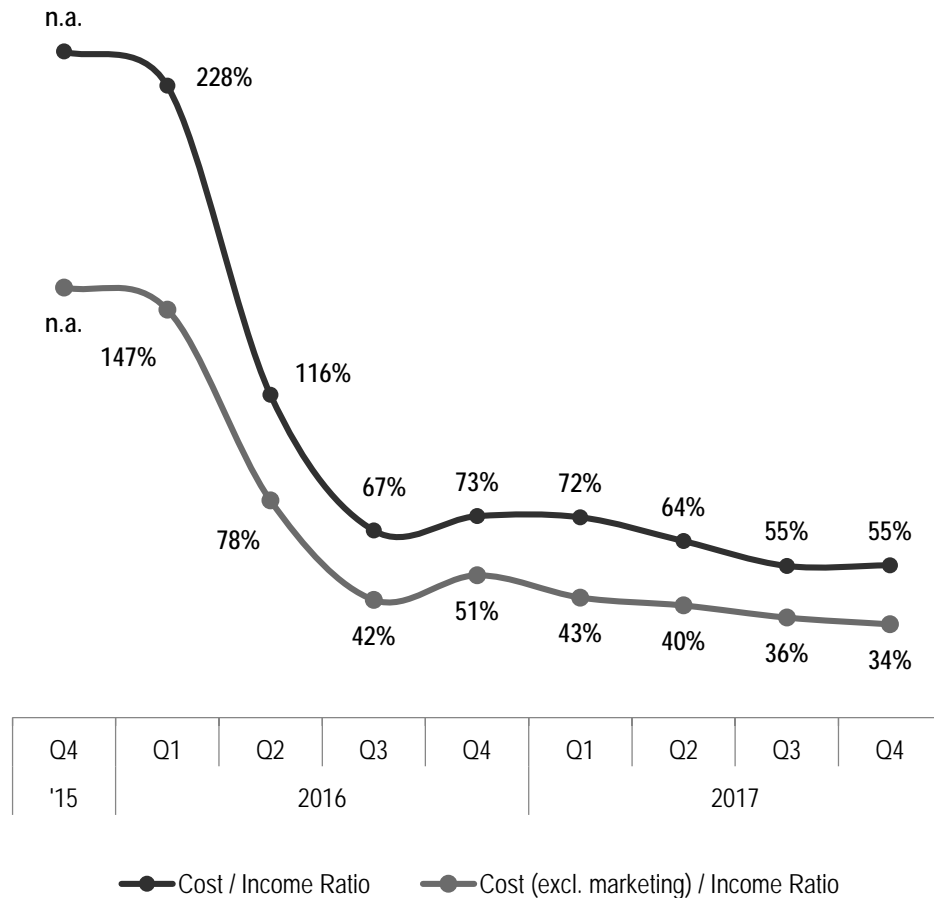
# Efficient and scalable operations – short time to market



Multi-country platform after only 2.5 years of operations

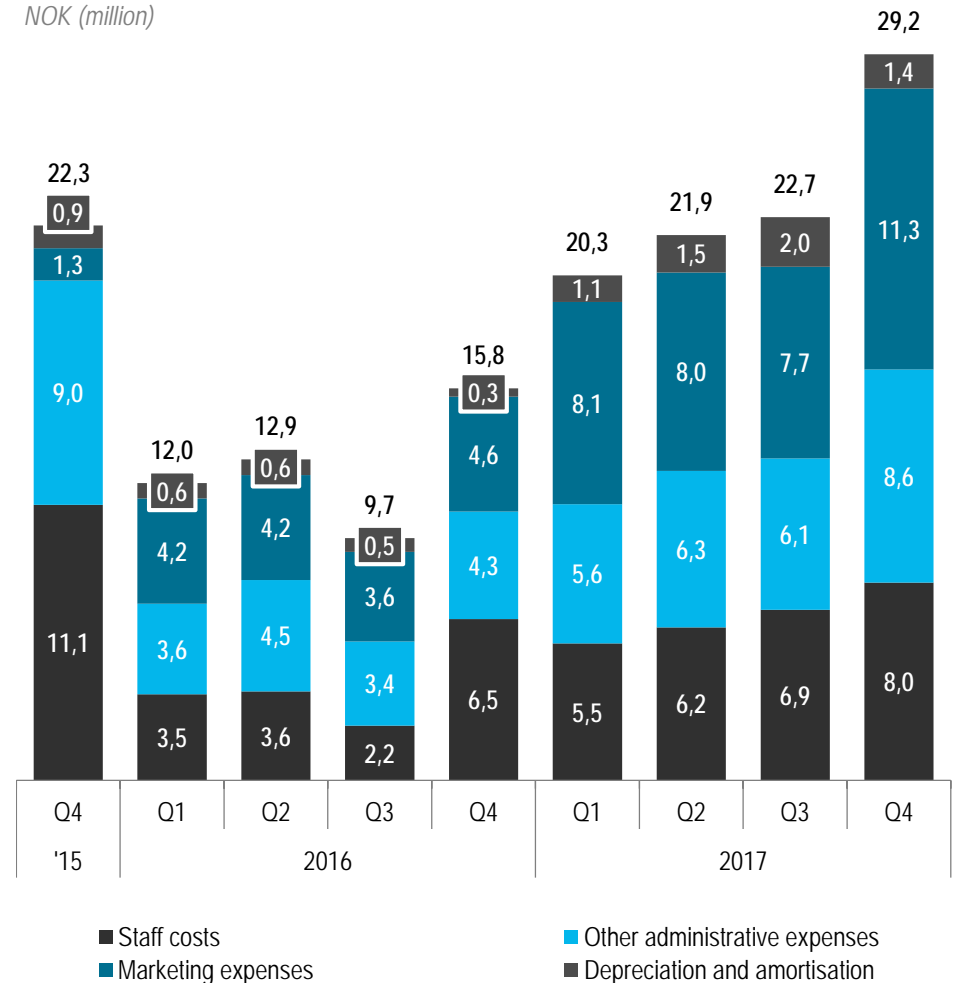
## Cost / Income ratio \*

per cent (%)



## Operational expenses

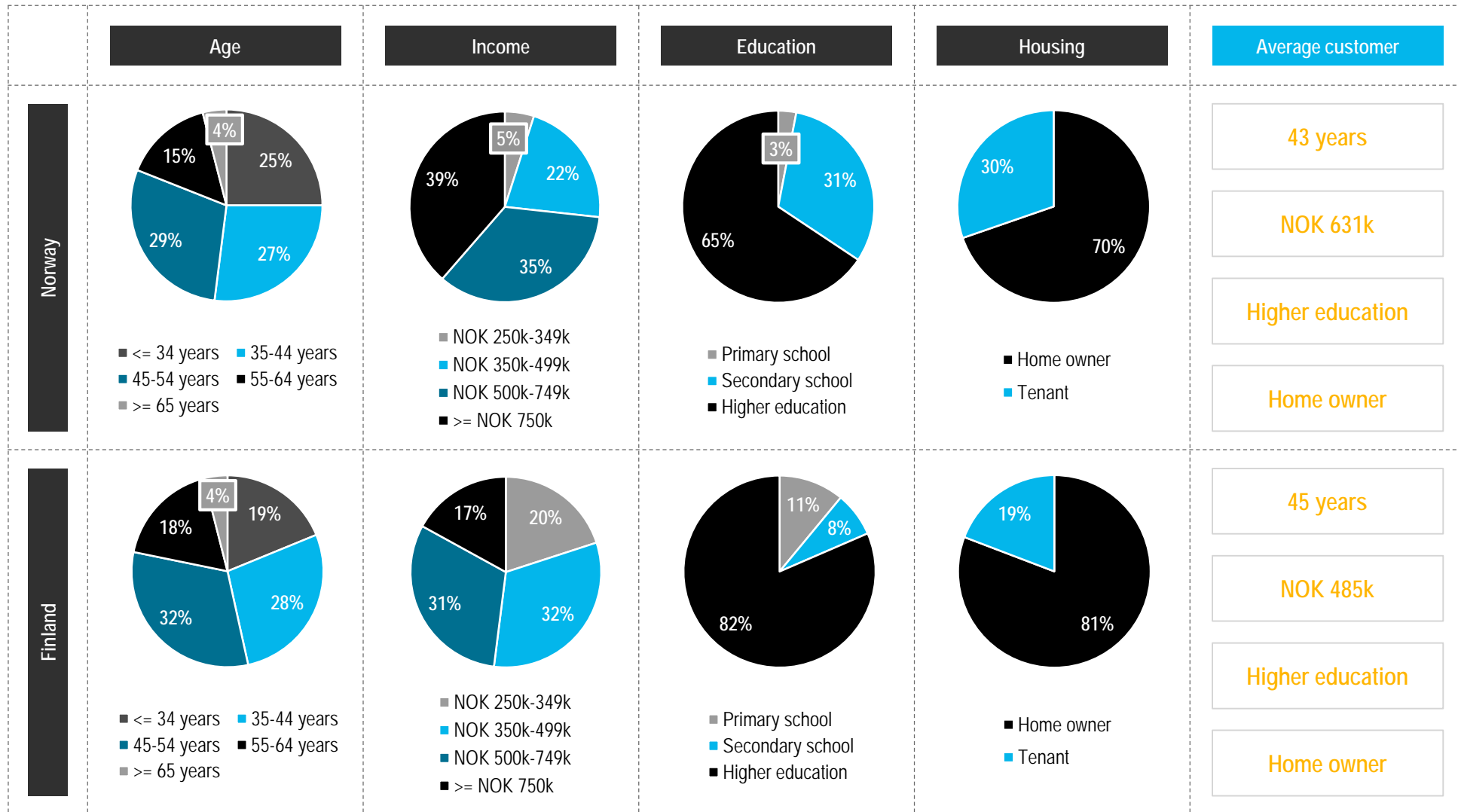
NOK (million)



Note(\*): cost / income ratio = operating expenses (incl. or excl. marketing) / total income

# Customer segmentation

Continuous development and tuning of scorecards to navigate the portfolio

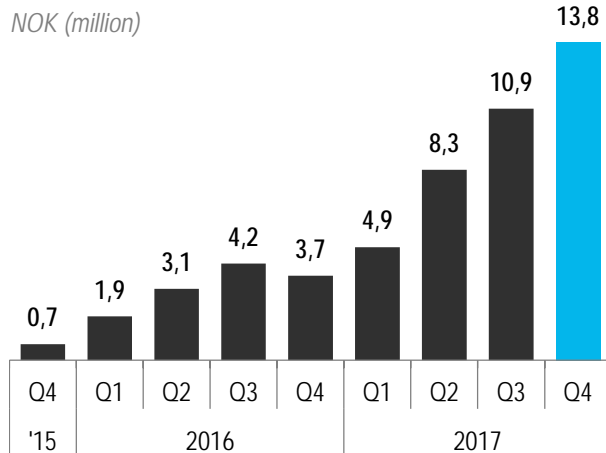


# Satisfactory loan losses and credit quality

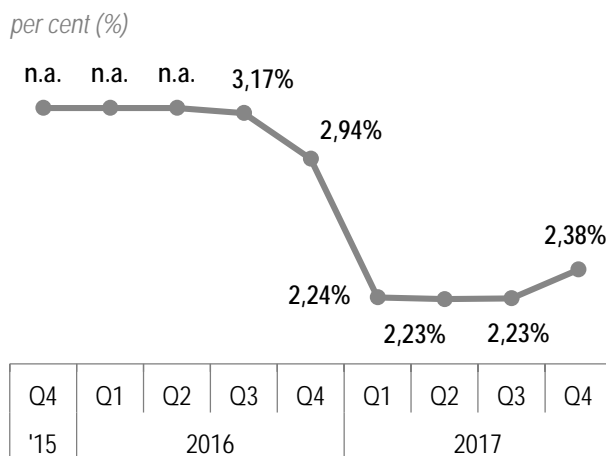
Portfolio risk under control through diligent credit risk management and fine-tuning of scorecards



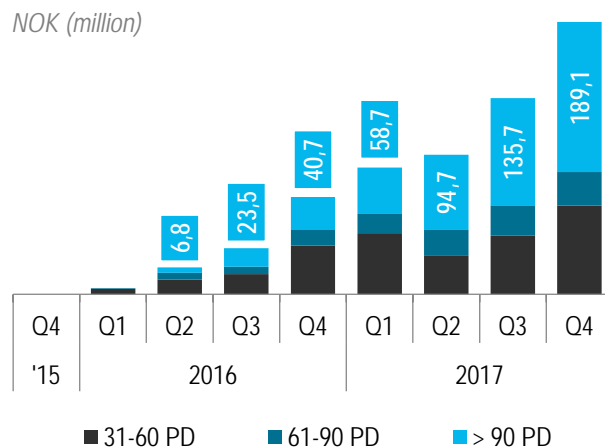
## Loan losses



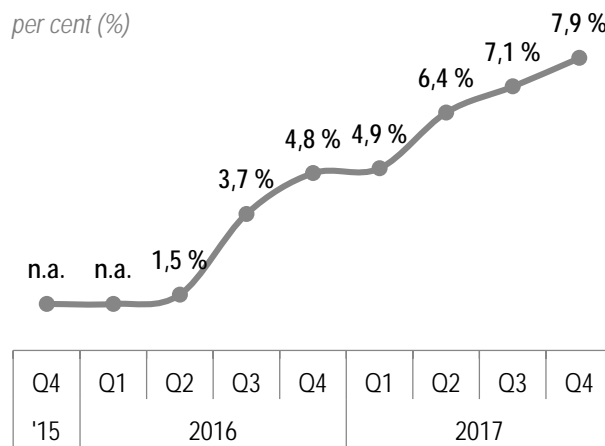
## Loan loss ratio \*



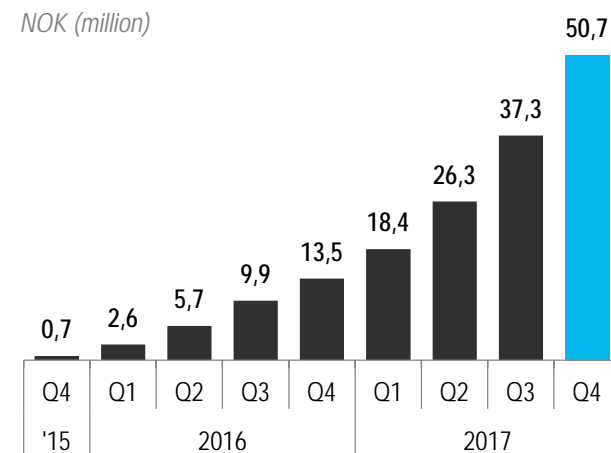
## Gross loans past due (# of days)



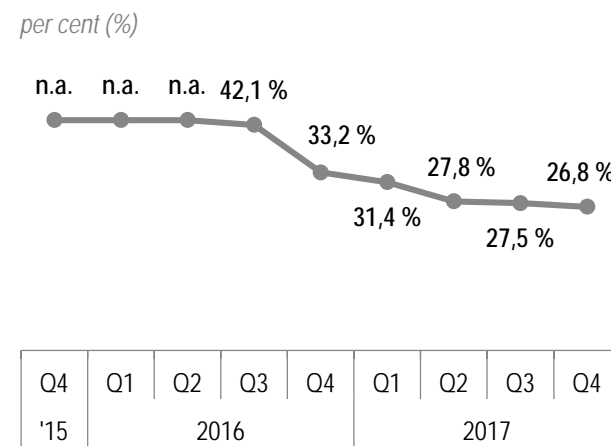
## Non-performing loan ratio \*\*



## Provisions



## Total provision ratio \*\*\*



Note(\*): loan loss ratio = LTM loan losses / average LTM net loans / 2 || Note(\*\*): non-performing loan ratio = >PD90 / gross loans || Note(\*\*\*): provision ratio = total provisions / >PD90

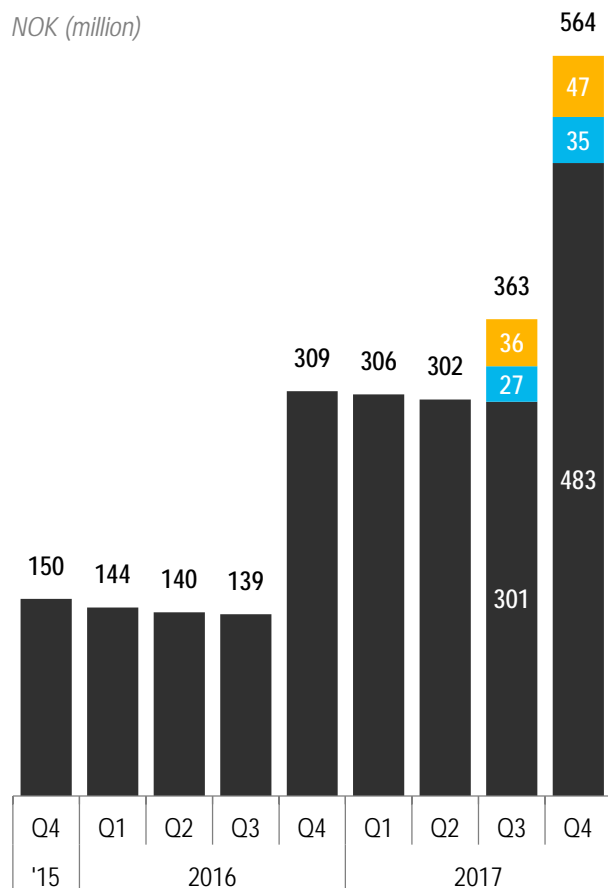
# Robust regulatory capital structure

Important to plan ahead to position the company for continued profitable organic growth



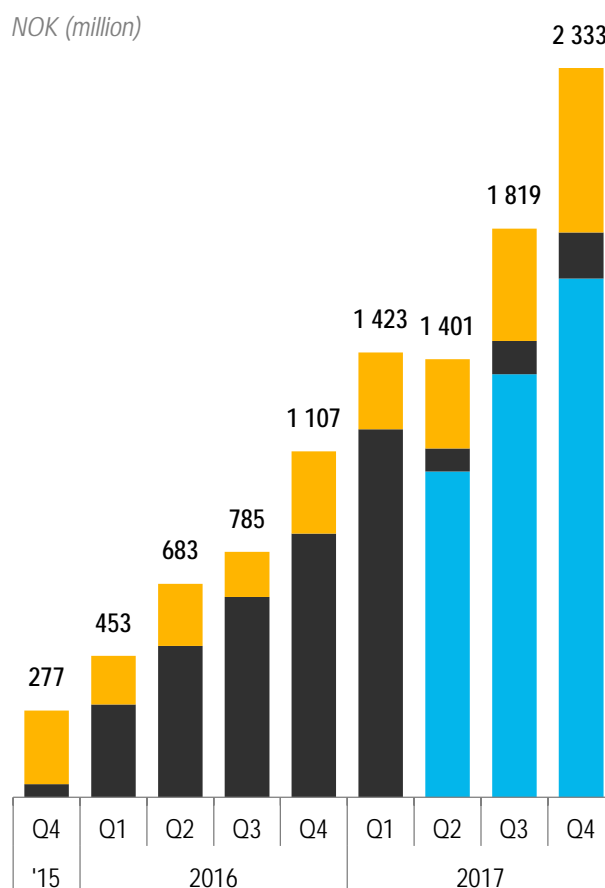
## Regulatory capital

NOK (million)



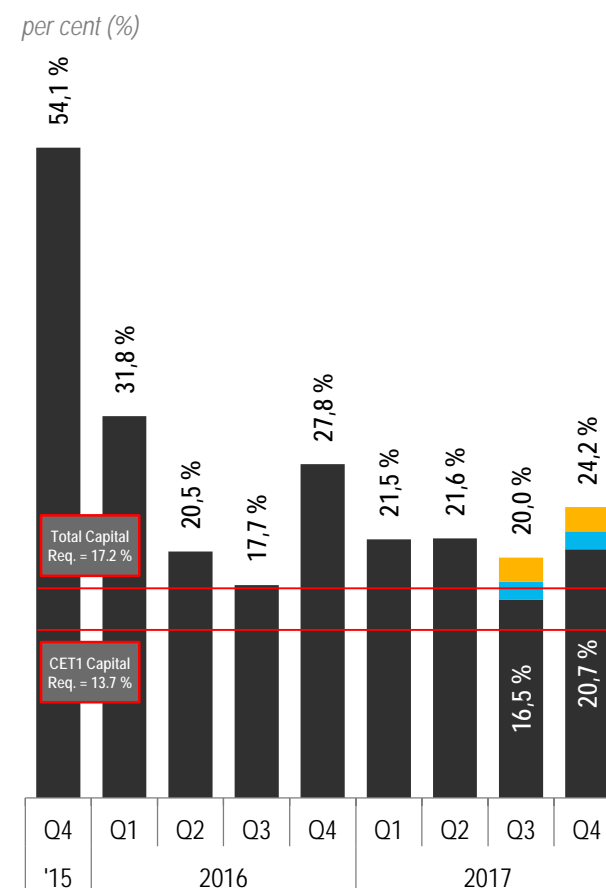
## Risk-weighted assets

NOK (million)



## Reported capital adequacy \*\*

per cent (%)



■ CET1 ■ T1\* ■ T2\*

■ 75% loans ■ 100% loans ■ Other RWA

■ CET1 ■ T1\* ■ T2\*

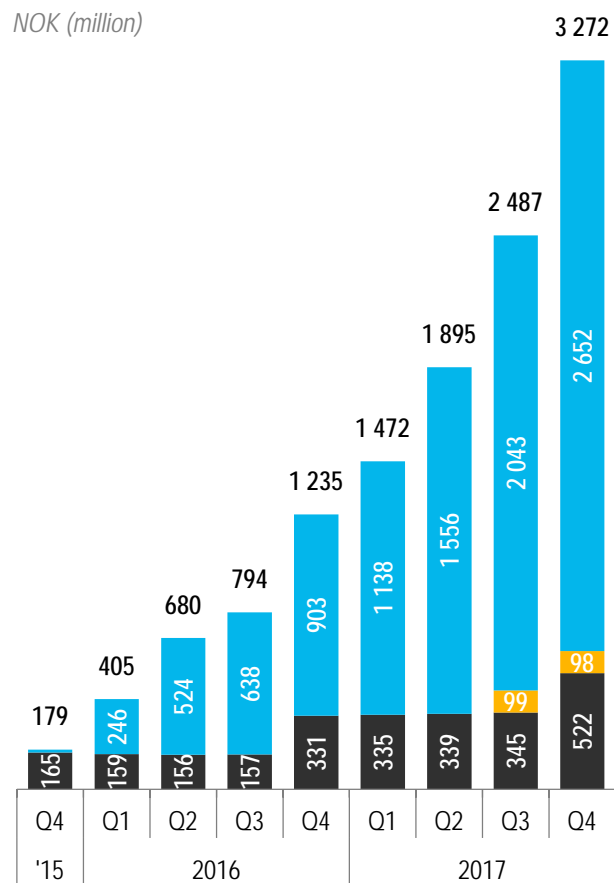
Note(\*): As of Q4 2017 NOK 35m Tier 1 (1.5% of RWA) and NOK 47m Tier 2 (2.0% of RWA) capital counts towards MONO's capital adequacy ratios || Note(\*\*): capital requirements (Pillar 1) are weighted between Norway and Finland

# Stable funding and adequate liquidity

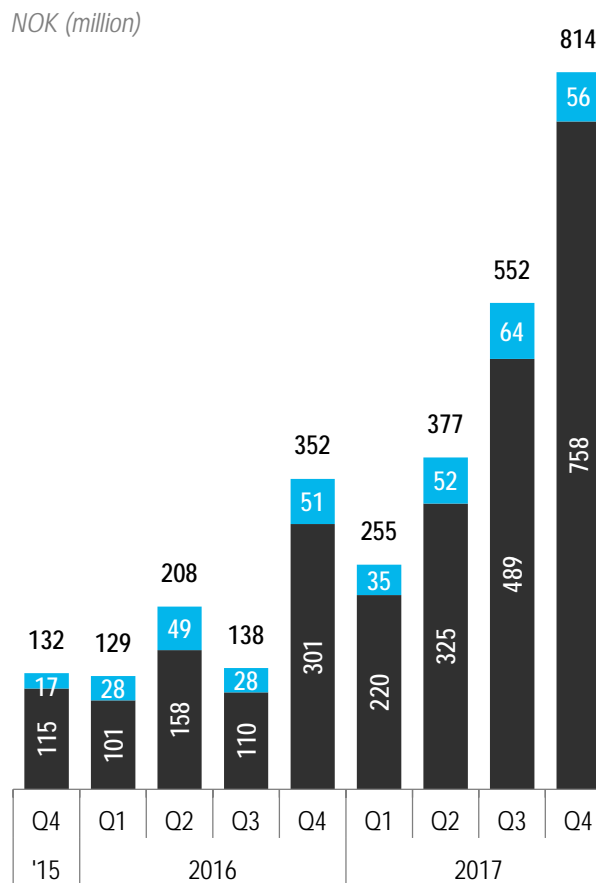
Easy access to low-cost NOK deposit funding – Surplus liquidity invested in low-risk assets



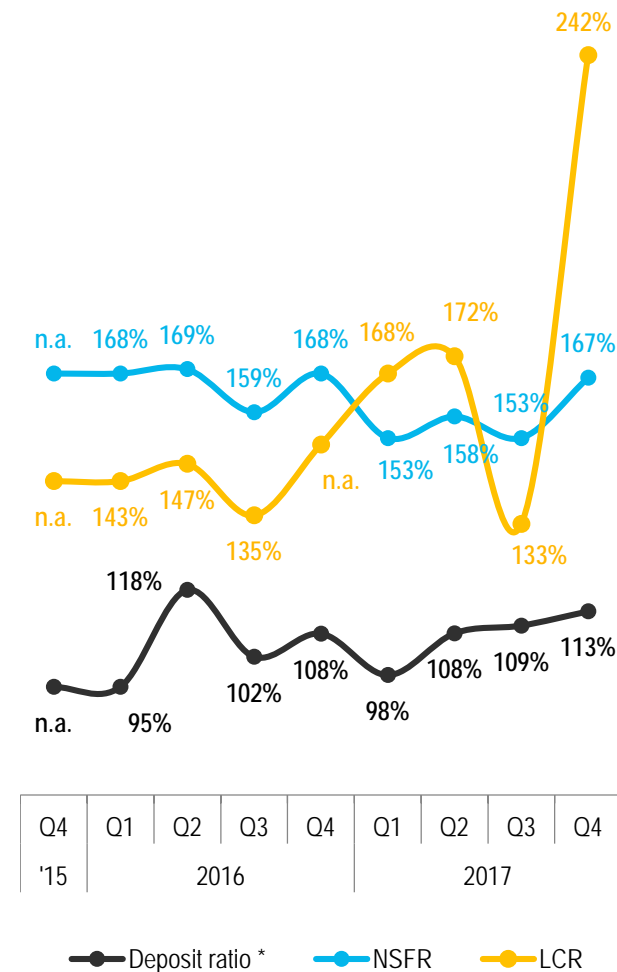
## Funding



## Liquidity



## Key ratios



■ Equity ■ Subordinated loan ■ Deposits by customers

■ Debt securities ■ Loans and advances to banks

● Deposit ratio \* ● NSFR ● LCR

Note(\*): deposit ratio = deposits / net loans



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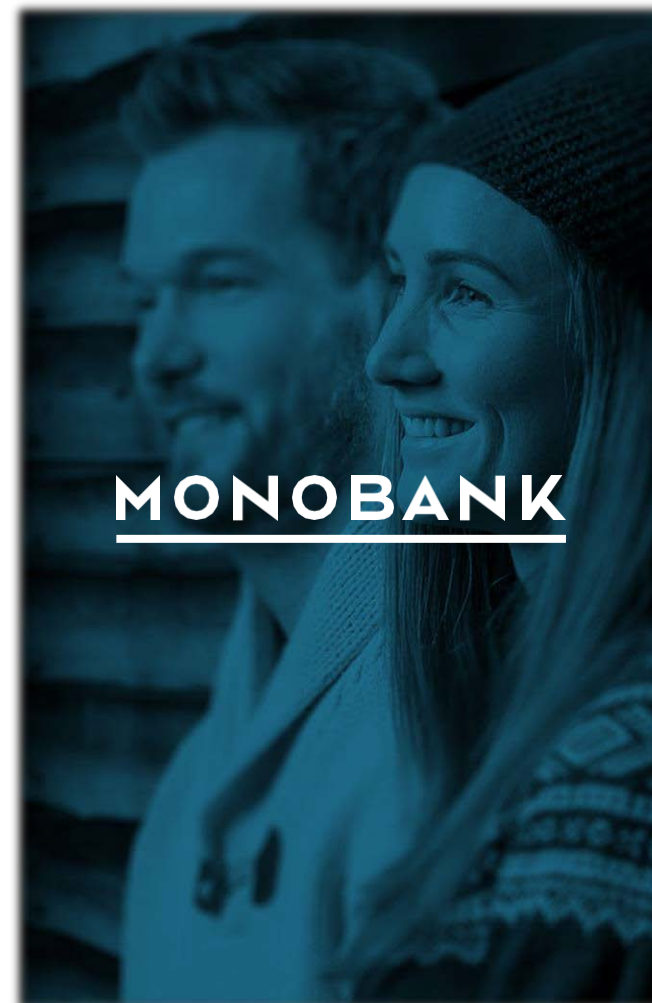
2017 Highlights

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Outlook and priorities



# Fin tech simplified

What is it all about?

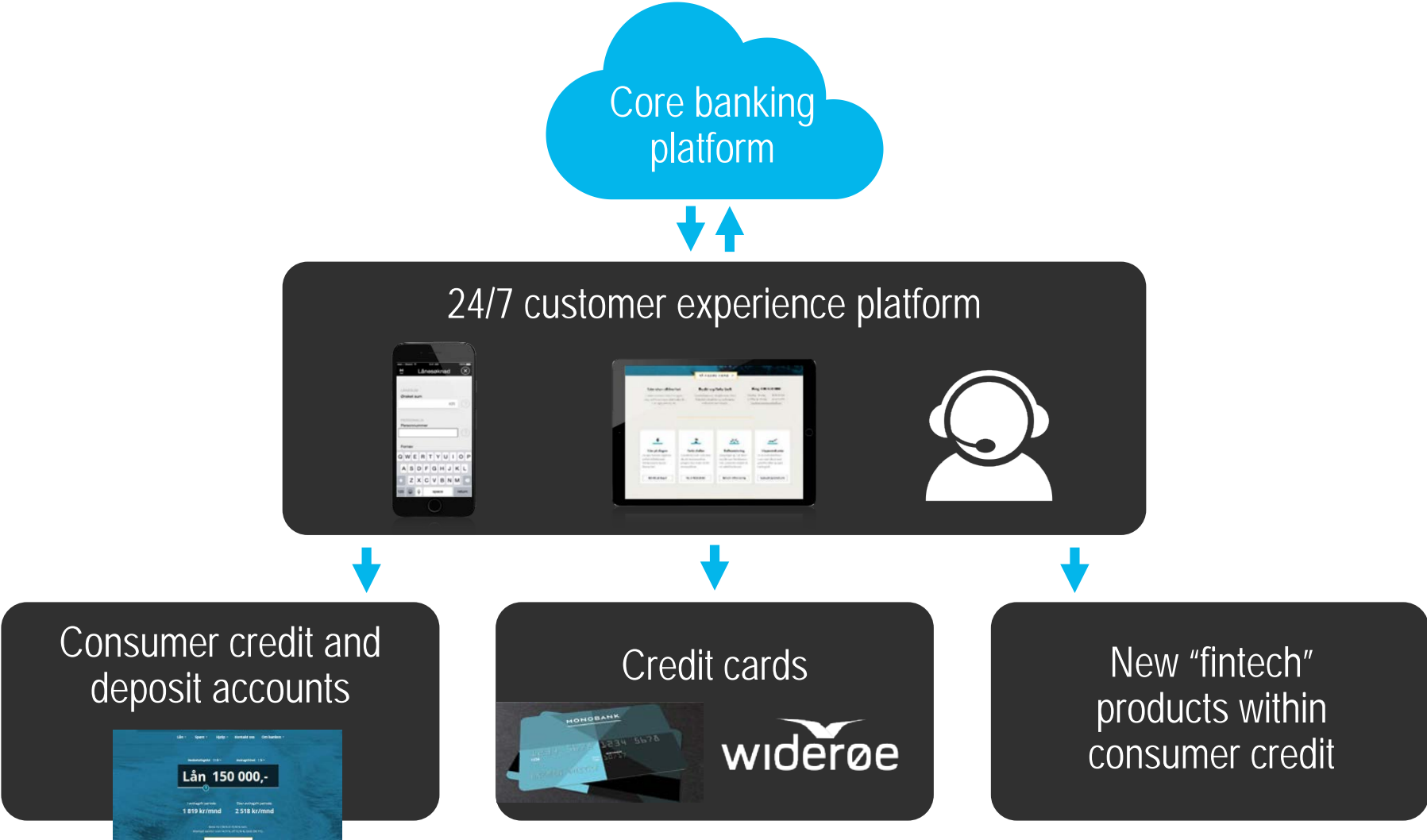


Free and instant  
person-to-person  
payments

The best customer  
experience on core  
banking services

Instant access to  
all your funds in a  
mobile app

Instant access to  
customer service  
when you need it



# Preparing for tomorrow's technology

Agile and adaptable – key for survival



Plastic cards

Hybrid solutions

Only digital solutions



# DEMO

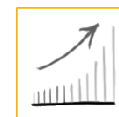
# Strategy going forward

Continue to execute underlying business plan and pursue strategic add-ons



## Profitable organic growth

- High demand and attractive margins in Norway and Finland enables high organic growth
- Forward flow agreement signed with Axactor



## Multi-country operation

- Operationalize and fine-tune the Finnish consumer loan portfolio
- Further investigate other potential markets, 3rd country project to be coordinated with credit card projects



## Credit cards and «fin tech» products

- Launch of mobile app and Monobank credit card in May 2018
- Launch of joint credit card with Widerøe and Eurobonus in September
- Further investigation of other strategic partners



## Maintain efficient operations

- Efficient and scalable operation
- Diligent credit risk management







# Detailed financial figures

## Quarterly income statement and balance sheet



### Income Statement

P&L (NOK thousand)	2017				2016				2015
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Interest income	70,275	53,535	43,218	34,174	26,679	17,815	13,875	5,175	509
Interest expenses	14,365	8,953	6,110	4,305	3,944	2,597	2,151	446	83
Net interest income	55,910	44,581	37,108	29,869	22,735	15,218	11,723	4,730	427
Income commissions and fees	5,209	4,076	2,931	2,641	2,040	1,286	1,124	1,137	127
Expenses commissions and fees	7,898	7,201	5,533	4,350	3,037	2,048	1,737	612	82
Net commissions and fees	-2,690	-3,125	-2,603	-1,709	-997	-762	-613	525	45
<b>Total income</b>	<b>53,220</b>	<b>41,457</b>	<b>34,505</b>	<b>28,160</b>	<b>21,738</b>	<b>14,456</b>	<b>11,110</b>	<b>5,254</b>	<b>472</b>
Income / (loss) from trading activities	-459	-279	-246	-472	-124	191	-257	-69	39
Staff costs	7,965	6,862	6,162	5,514	6,491	2,203	3,581	3,460	11,088
Other administrative expenses	19,882	13,806	14,284	13,736	8,957	6,999	8,709	7,883	10,333
- of which marketing expenses	11,311	7,705	7,992	8,133	4,629	3,610	4,227	4,237	1,308
Depreciation and amortisation	1,379	1,999	1,500	1,079	335	546	630	620	910
<b>Total operating costs</b>	<b>29,227</b>	<b>22,666</b>	<b>21,946</b>	<b>20,329</b>	<b>15,783</b>	<b>9,749</b>	<b>12,920</b>	<b>11,963</b>	<b>22,331</b>
<b>Profit / (Loss) before impairment losses</b>	<b>23,536</b>	<b>18,511</b>	<b>12,313</b>	<b>7,359</b>	<b>5,831</b>	<b>4,898</b>	<b>-2,067</b>	<b>-6,777</b>	<b>-21,820</b>
Impairment (losses) / releases	-13,834	-10,946	-8,277	-4,919	-3,672	-4,207	-3,100	-1,900	-700
<b>Operating profit / (loss) before tax</b>	<b>9,702</b>	<b>7,565</b>	<b>4,036</b>	<b>2,440</b>	<b>2,160</b>	<b>692</b>	<b>-5,167</b>	<b>-8,677</b>	<b>-22,520</b>
Tax charge	-2,306	-1,857	-1,009	-611	-484	-172	1,276	2,167	5,996
<b>Profit / (Loss) for the year</b>	<b>7,396</b>	<b>5,708</b>	<b>3,027</b>	<b>1,829</b>	<b>1,676</b>	<b>520</b>	<b>-3,891</b>	<b>-6,510</b>	<b>-16,524</b>

### Balance Sheet

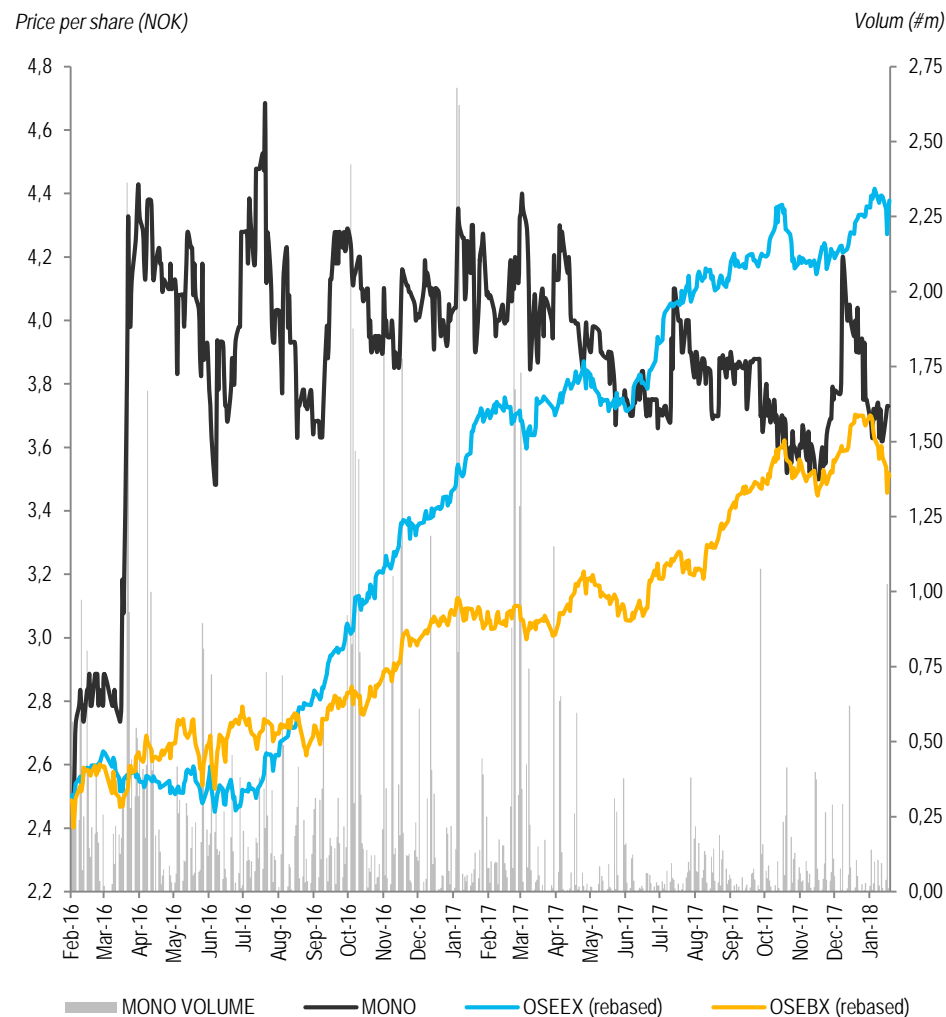
BS (NOK thousand)	2017				2016				2015
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
<b>ASSETS</b>									
Loans and advances to banks	56,000	63,559	52,081	34,536	51,219	27,735	49,293	27,631	17,204
Debt securities	757,910	488,535	324,510	220,474	301,265	110,002	158,215	101,177	114,583
Loans and advances to customers	2,402,869	1,904,116	1,472,644	1,180,590	853,569	634,159	450,671	261,281	36,325
Provision for impairment losses	50,681	37,278	26,340	18,439	13,531	9,900	5,700	2,600	700
<b>Net loans and advances to customers</b>	<b>2,352,188</b>	<b>1,866,839</b>	<b>1,446,304</b>	<b>1,162,150</b>	<b>840,038</b>	<b>624,259</b>	<b>444,971</b>	<b>258,681</b>	<b>35,625</b>
Deferred tax asset	8,592	8,902	10,760	11,769	12,380	10,989	11,161	9,885	7,717
Other intangible assets	39,349	31,606	27,042	19,133	12,898	9,835	7,635	7,384	7,123
Property, plant and equipment	1,755	1,675	1,513	433	346	166	260	137	157
Prepayments, accrued income & other assets	85,095	65,980	52,525	43,360	31,296	24,795	18,960	11,855	3,878
- of which accrued commission to agents	80,817	62,677	49,677	40,504	29,815	22,225	15,971	8,969	1,525
Other assets	134,791	108,163	91,841	74,695	56,920	45,784	38,015	29,261	18,875
<b>Total assets</b>	<b>3,300,888</b>	<b>2,527,096</b>	<b>1,914,735</b>	<b>1,491,856</b>	<b>1,249,441</b>	<b>807,780</b>	<b>690,494</b>	<b>416,750</b>	<b>186,287</b>
<b>LIABILITIES &amp; EQUITY</b>									
Deposits by customers	2,651,861	2,042,687	1,556,326	1,137,690	903,406	637,734	523,737	246,217	13,579
Provisions, accruals and other liabilities	28,797	40,370	19,512	19,458	15,040	13,289	10,519	11,905	7,570
Subordinated loan	98,399	98,811	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>2,779,057</b>	<b>2,181,868</b>	<b>1,575,838</b>	<b>1,157,148</b>	<b>918,446</b>	<b>651,024</b>	<b>534,257</b>	<b>258,122</b>	<b>21,149</b>
Share capital	248,318	200,746	200,746	200,461	199,461	156,000	155,000	155,000	155,000
Surplus capital	273,129	143,475	137,767	133,862	131,534	756	-	3,628	10,138
Not registered capital	-	622	-	-	-	-	1,500	-	-
Other equity	384	384	384	384	-	-	-263	-	-
<b>Total equity</b>	<b>521,832</b>	<b>345,228</b>	<b>338,897</b>	<b>334,708</b>	<b>330,995</b>	<b>156,756</b>	<b>156,237</b>	<b>158,628</b>	<b>165,138</b>
<b>Total liabilities and equity</b>	<b>3,300,888</b>	<b>2,527,096</b>	<b>1,914,735</b>	<b>1,491,856</b>	<b>1,249,441</b>	<b>807,780</b>	<b>690,494</b>	<b>416,750</b>	<b>186,287</b>

# MONO-ME on Merkur Market as of 16th February 2017



## Overview

### Share price development \*



### Shareholders as of 05.02.2018 \*\*

#	Investor	Role	Type	Shares	
				#	%
1	JO CAPITAL AS	Board Member	Company	27,544,935	11.1%
2	PRIORITET GROUP AB		Company	23,960,344	9.6%
3	SONGA TRADING INC		Company	19,865,063	8.0%
4	BARA EIENDOM AS		Company	11,663,104	4.7%
5	HJELLEGJERDE INVEST AS		Company	10,000,000	4.0%
6	HAVA FINANCIALS AS		Company	5,480,572	2.2%
7	NORDEA BANK AB		Nominee	5,420,405	2.2%
8	CITIBANK, N.A.		Nominee	5,300,000	2.1%
9	SANDSOLO HOLDING AS		Company	5,300,000	2.1%
10	MIKE AS		Company	5,230,001	2.1%
11	7FJELL VENTURES AS		Company	5,064,729	2.0%
12	SWEDBANK AB		Nominee	5,000,000	2.0%
13	SPORTSMAGASINET AS		Company	5,000,000	2.0%
14	EKREM AS		Company	4,646,854	1.9%
15	GREVE-ISDAHL FINN		Private Investor	3,753,782	1.5%
16	MJ CAPITAL AS		Company	3,560,697	1.4%
17	DAHLE BJØRN		Private Investor	3,103,672	1.2%
18	LAS INVEST AS	Board Member	Company	3,100,000	1.2%
19	HØYSÆTER T-BANECOMPAGNIE AS		Company	2,841,464	1.1%
20	STIAN MIKKELSEN AS		Company	2,705,001	1.1%
21	GREVE-ISDAHL JAN	Chairman of the Board	Private Investor	2,400,500	1.0%
22	MEMO CAPITAL AS		Company	2,350,000	0.9%
23	ANGARDE AS		Company	2,327,754	0.9%
24	HILDING INVEST AS	CEO / Bent H. Gjendem	Company	2,200,244	0.9%
25	EIANE CARL PEDER		Private Investor	1,777,093	0.7%
26	RIMESTAD TOM HENNING	COO	Private Investor	1,733,012	0.7%
27	CAMACA AS		Company	1,675,845	0.7%
28	ARTEL INVEST AS		Company	1,600,000	0.6%
29	VALLAND MARTIN	CTO	Private Investor	1,544,964	0.6%
30	BRASSETS A/S	IT / Erik Brandstadmoen	Comp.	1,500,000	0.6%
<b>Sum TOP 30</b>				<b>177,650,035</b>	<b>71.5%</b>
<b>Other shareholders</b>				<b>70,668,168</b>	<b>28.5%</b>
<b>Total</b>				<b>248,318,203</b>	<b>100.0%</b>
<b>Board of Directors, Management and Employees ***</b>				<b>46,127,044</b>	<b>18.6%</b>



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