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# 1<sup>st</sup> quarter result presentation

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**Financial results Q1**



**Outlook**



# Easybank - Highlights Q1 2019

## Key highlights and developments

- 1 **Profit before tax NOK 22,7 million**, up NOK 7,7 from Q1 last year
- 2 Continuous growth in **net interest income to NOK 68,6 million**, up NOK 21,3 million from Q1 last year
- 3 **Annualized Q1 ROE 13,7%** and EPS NOK 1,47  
Book value of equity per share (BVPS) NOK 10,93
- 4 **Solid growth in consumer loans of NOK 172 million**  
Gross lending of **NOK 2.765 million**
- 5 **Self-funding capabilities established** placing Easybank well positioned for future growth and development
- 6 **CET1 Capital ratio of 19,2%** (19,8% including YTD profit)
- 7 **Strengthening digital niche bank capabilities**

## Key figures

(in MNOK)	Q1-19	Q1-18	2018
NII*	68,6	47,3	230,2
PBT*	22,7	15,0	73,4
PAT*	17,1	11,2	55,5
ROE*	13,7 %	11,4 %	13,5 %
Total loans (net)	2 690	1 932	2 546

## Focus

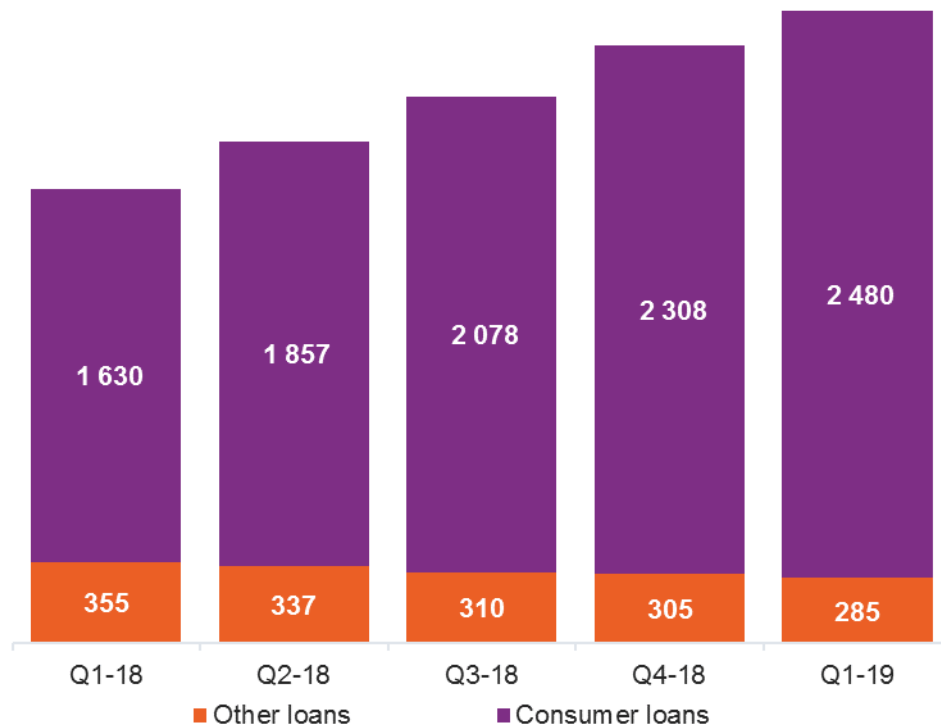
Competitive ROE	Stable OPEX development
Solid and stable growth	Favorable yield

## Gross lending & number of customers

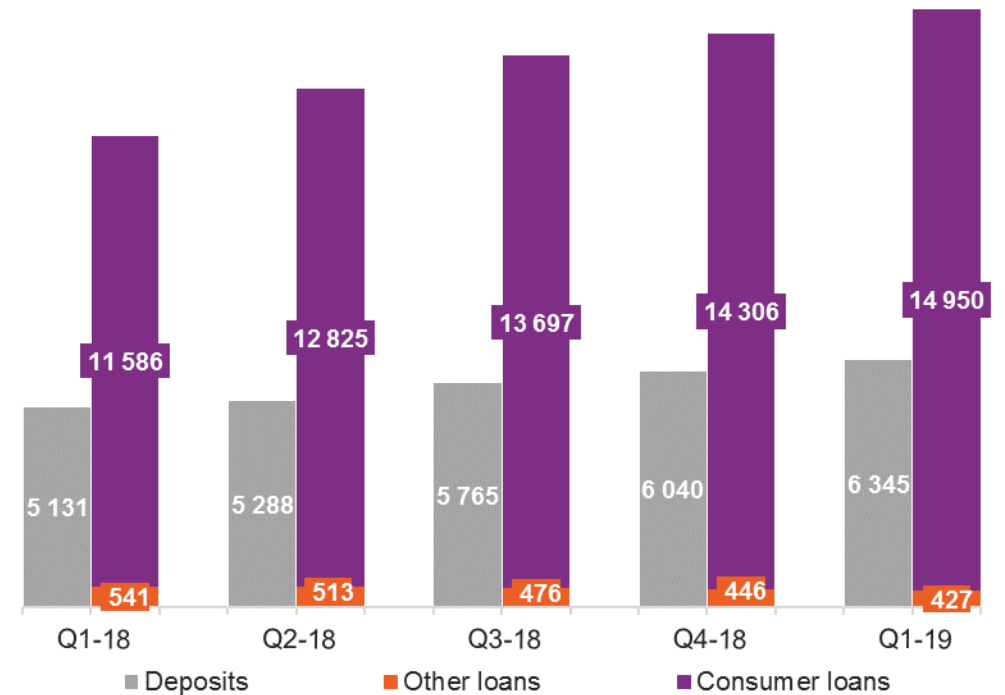
# Growth in volume and customers continues

### Gross lending per product

NOK million



### Customers per product

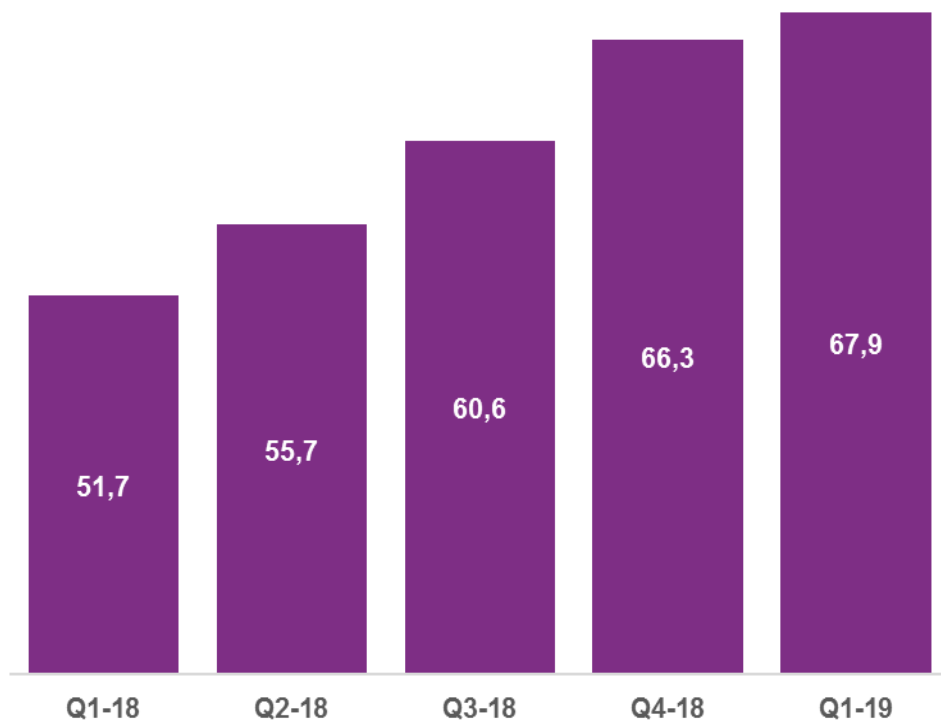


## Total income & profit before tax

# Increasing total income and solid profit in Q1

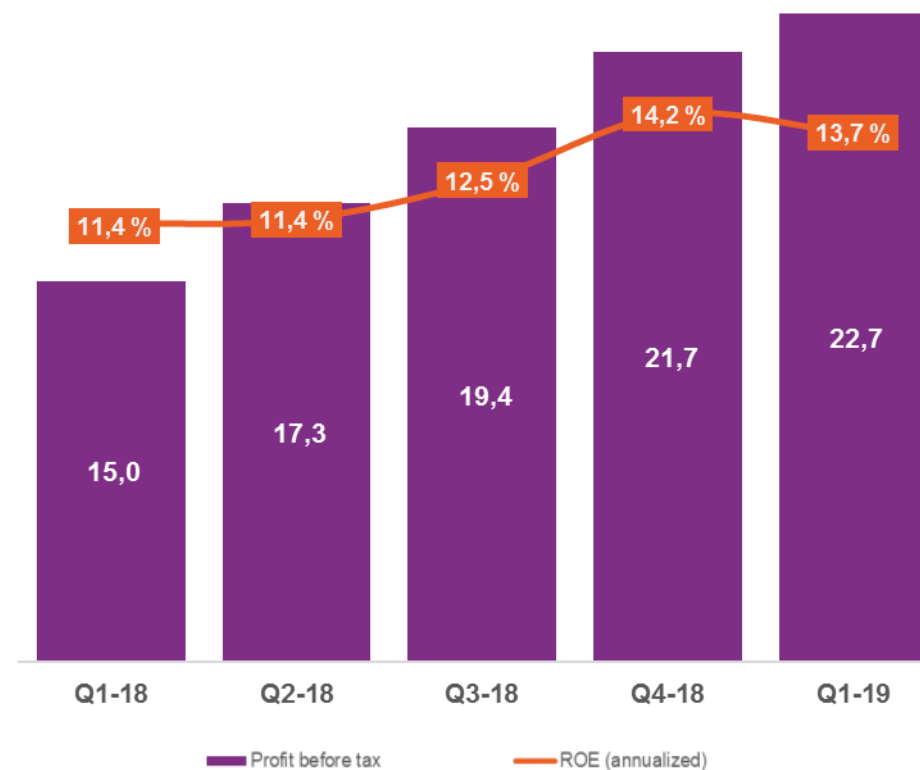
### Total income

NOK million



### Profit before tax and ROE

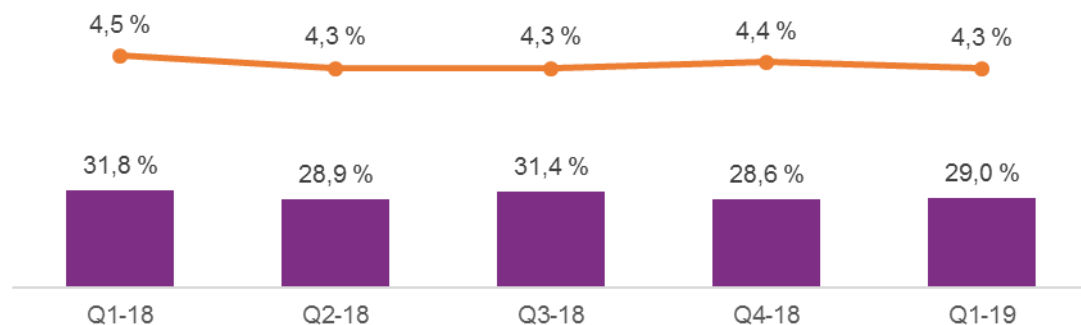
NOK million



# Credit quality - Consumer loans

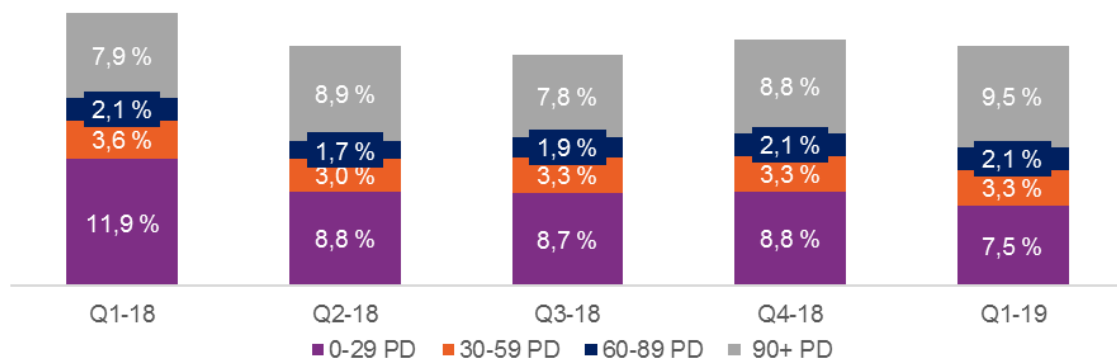
## Satisfactory risk reward and forward flow agreement reduces downside risk

### Coverage<sup>1</sup> and loan loss ratio<sup>2</sup>



### Loans past due

■ Coverage ratio    ● Loan loss ratio



### Comments

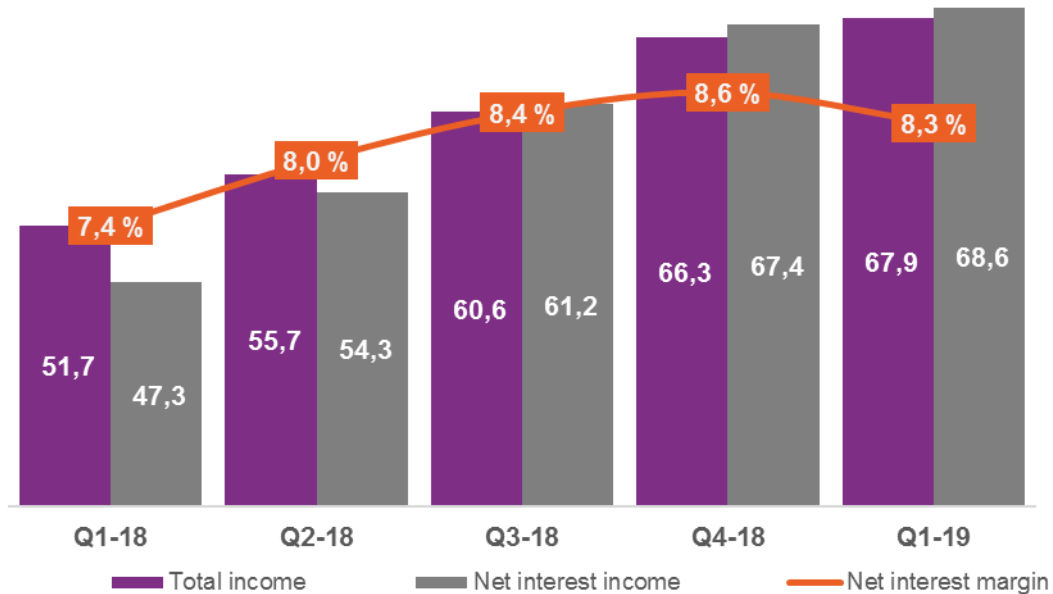
- Satisfactory risk-reward taken into account margin level on consumer loans.
- Sale of part of NPL portfolio as a result of the Forward-flow agreement with Kreditor.
- The forward-flow agreement, entered into with Kreditor in July 2017, reduces downside risk for Easybank as it transfers risk to Kreditor.

# Net interest income & yields

## Increasing interest income and favorable margins

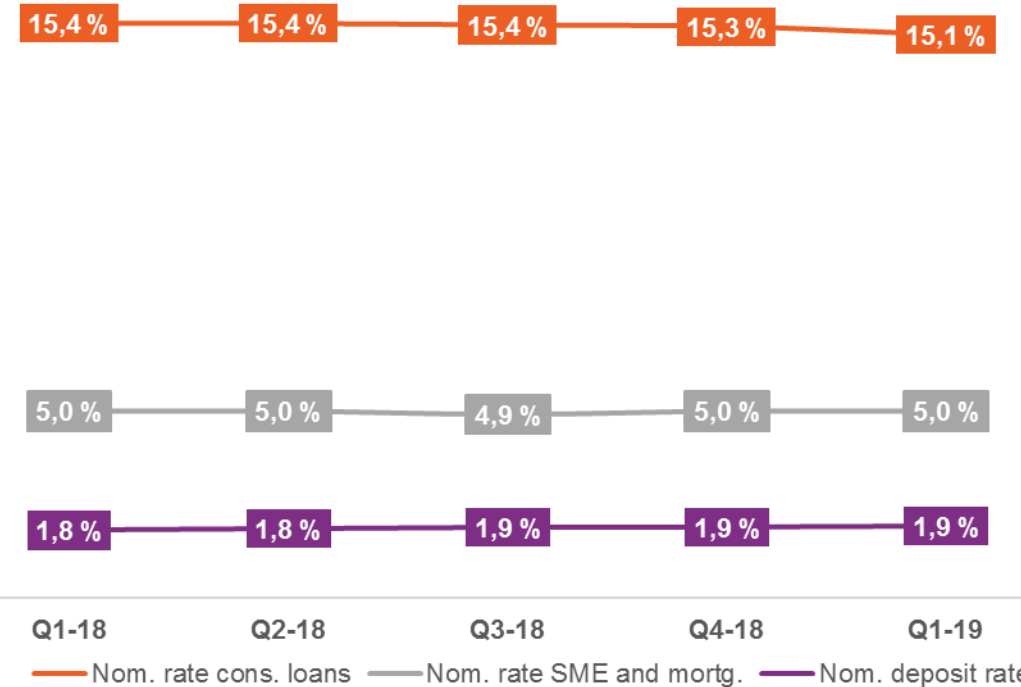
### Net interest income and net interest margin of total assets

NOK million / % of total assets



### Yields (end of quarter)

% of relevant balance



- Net interest margin down due to yield on consumer loans
- Good margins and ROE from SME & mortgage loans

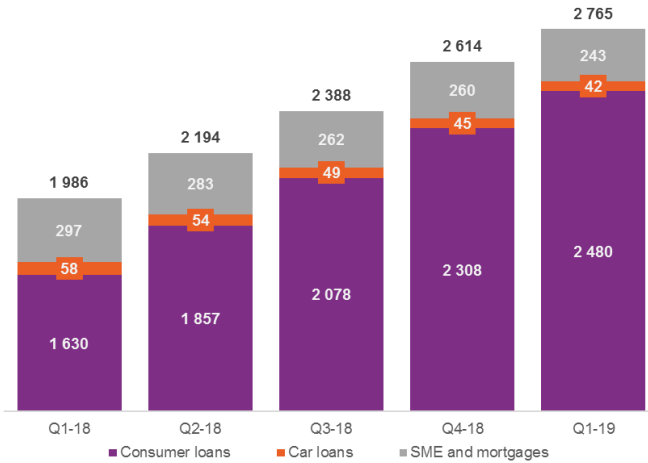
- Increased consumer loan volume without compromising on risk adjusted margin
- Attractive funding rate due to multiple deposit products



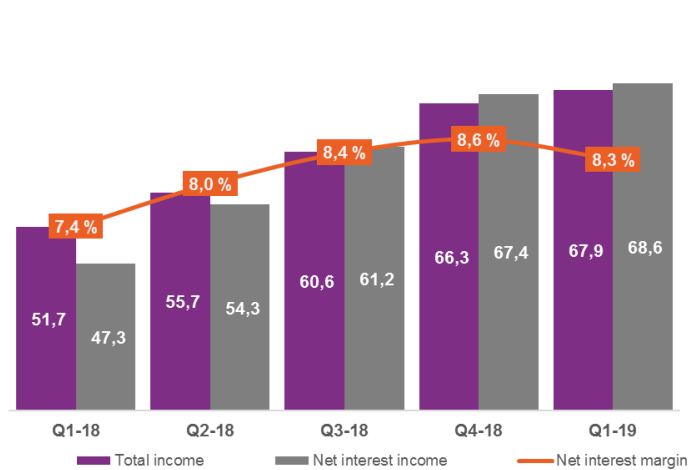
# Overview

## Good profitability and stable cost/ income ratio

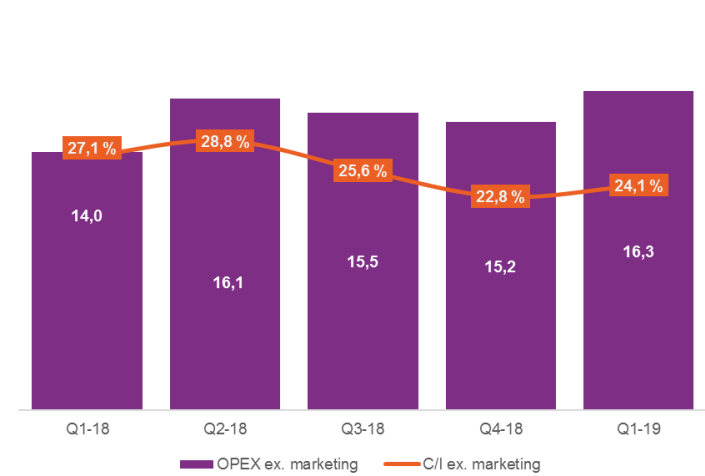
### Gross lending



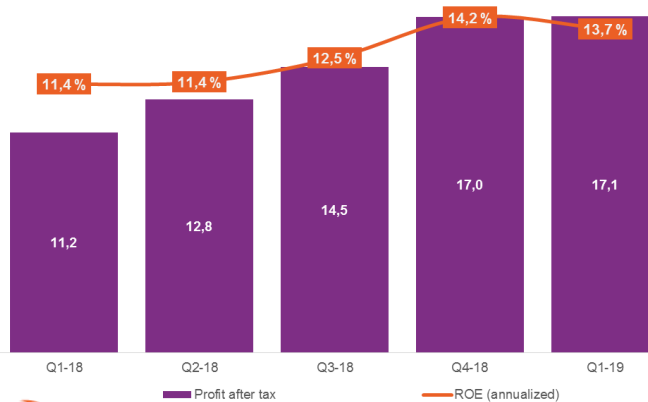
### Income and interest margin



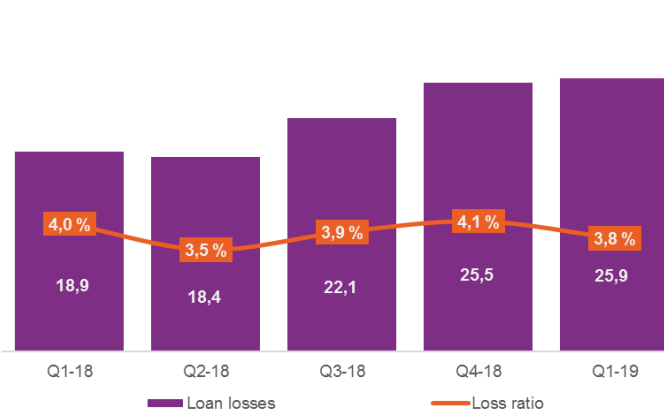
### OPEX and C/I ratio



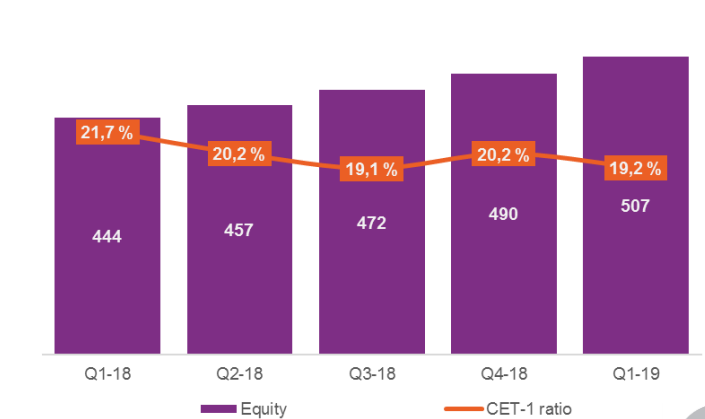
### Profit after tax and ROE



### Losses and loss ratio



### Equity and CET-1 ratio \*



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# Income statement

<i>(Amounts in thousands)</i>	<b>Q1 2019</b>	<b>Q1 2018</b>	<b>Full year 2018</b>
Interest income	84 062	58 542	279 244
Interest expense	-15 420	-11 215	-49 013
<b>Net interest income</b>	<b>68 643</b>	<b>47 327</b>	<b>230 231</b>
Comission and fee income	12 351	13 094	47 879
Comission and fee expenses	-14 761	-9 037	-44 797
Net change in value on securities and currency	1 679	324	1 002
Other income	0	0	39
<b>Net other income</b>	<b>-731</b>	<b>4 382</b>	<b>4 123</b>
<b>Total income</b>	<b>67 912</b>	<b>51 709</b>	<b>234 354</b>
Salary and other personell expenses	-7 917	-6 704	-29 731
Other administrative expenses	-7 501	-7 831	-33 055
- of which marketing expences	-2 893	-3 729	-15 243
Depreciation	-1 397	-1 164	-4 906
Other expenses	-2 427	-2 043	-8 312
<b>Total operating expenses</b>	<b>-19 242</b>	<b>-17 742</b>	<b>-76 004</b>
<b>Profit before loan losses</b>	<b>48 669</b>	<b>33 967</b>	<b>158 350</b>
Loan losses	-25 930	-18 950	-84 982
<b>Profit before tax</b>	<b>22 739</b>	<b>15 017</b>	<b>73 369</b>
Tax	-5 685	-3 851	-17 831
<b>Profit after tax</b>	<b>17 055</b>	<b>11 166</b>	<b>55 538</b>

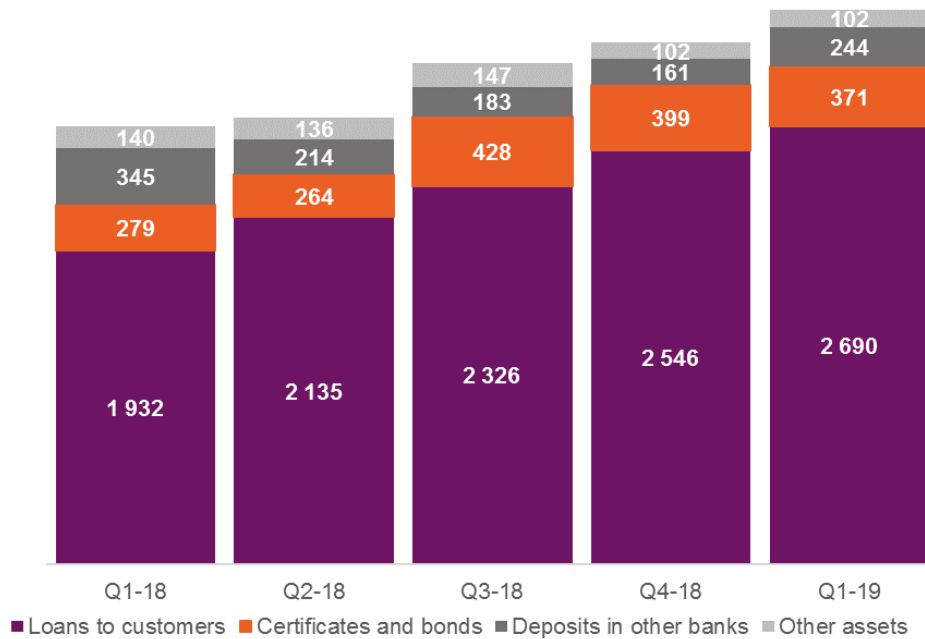
# Balance sheet

<i>(Amounts in thousands)</i>	<b>31.03.2019</b>	<b>31.03.2018</b>	<b>31.12.2018</b>
<b>Assets</b>			
Cash and deposits with the central bank	53 935	53 695	53 868
Loans and deposits with credit institutions	190 080	291 578	106 972
Loans to customers	2 765 372	1 985 555	2 613 783
- Loan impairment	-75 385	-53 344	-67 403
Certificates and bonds	79 560	224 885	169 249
Shares and other securities	291 382	54 193	229 703
Shareholding in group companies	192	192	192
Deferred tax asset	0	16 242	2 165
Other intangible assets	20 942	20 966	20 549
Fixed assets	1 093	1 265	1 085
Other assets	885	1 484	523
Other receivables	78 537	99 397	77 001
- of which agent commissions	70 493	56 676	69 812
<b>Total assets</b>	<b>3 406 592</b>	<b>2 696 108</b>	<b>3 207 686</b>
<b>Equity and liabilities</b>			
Deposits from customers	2 778 439	2 137 697	2 601 841
Other liabilities	29 679	24 140	26 881
Accrued expenses and deferred revenue	16 263	15 022	14 393
Tier 1 and tier 2 capital bond	75 000	75 000	75 000
<b>Total liabilities</b>	<b>2 899 381</b>	<b>2 251 859</b>	<b>2 718 114</b>
Share capital	324 688	324 326	324 326
Share premium reserve	124 591	124 510	124 510
Other paid-in equity	6 719	5 625	6 577
Other equity	51 214	-10 212	34 160
<b>Total equity</b>	<b>507 212</b>	<b>444 249</b>	<b>489 572</b>
<b>Total equity and liabilities</b>	<b>3 406 592</b>	<b>2 696 108</b>	<b>3 207 686</b>

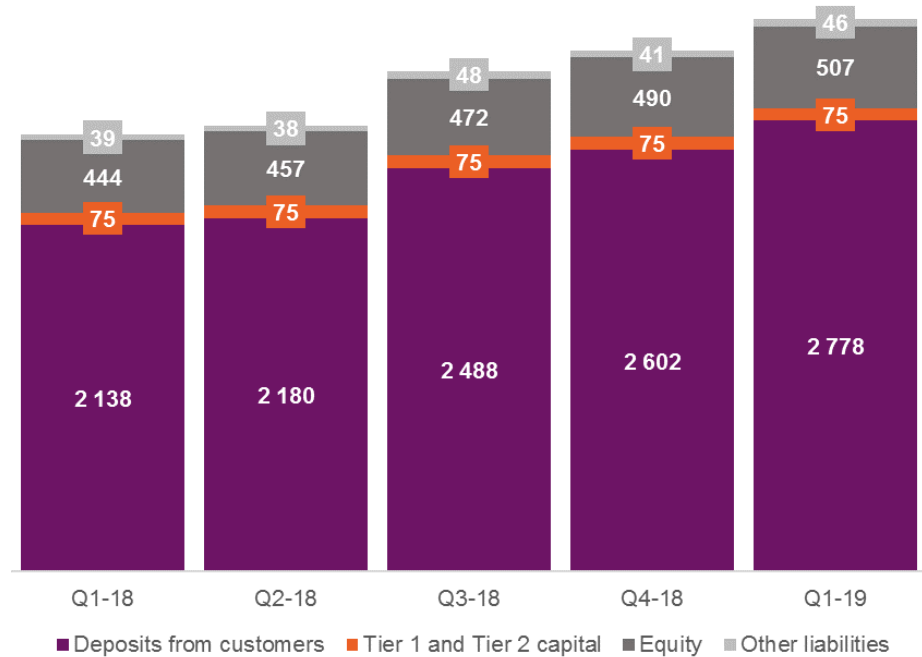
## Balance sheet structure

# Strong funding and liquidity position

### Total assets



### Equity and liabilities



- Deposit ratio: 103 %
- Liquidity Coverage Ratio: 933 %
- Net Stable Funding Ratio: 163 %

- Diversified customers deposits. 64 % of deposits with 35 days+ notice period
- MNOK 615 in surplus liquidity placed in Norges Bank, other banks and positions with short duration and low risk

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# Outlook

## Ready for product and distribution expansion

*Focused step-by-step expansion*

**Phase 1**



**Setup  
business**

- ✓ Turnaround existing portfolio
- ✓ Develop technical platform and internal & external capabilities
- ✓ Launch consumer loans and car loans

**Phase 2**



**Build  
profitability**

- ✓ Growth with scalable cost base
- ✓ Build on underlying run rate to deliver ROE growth

**Phase 3**



**Product &  
distribution  
expansion**

- ✓ Signed partnerships to broaden product mix and distribution
- Improved customer acquisition cost ratio

**Phase 4**



**Geographical  
expansion**

- Evaluate geographical expansion depending on growth possibilities in home market and partnership development
- Geographical expansion preferably together with partners that can create competitive advantage

***Continue product and distribution expansion with partners***

## Expanding product mix

# Strengthening digital niche bank capabilities

### FROM: CONSUMER FOCUS

#### Finance products



Consumer loans



Car loans

#### Deposit products



Current accounts



Savings accounts

#### Customer segments



Personal customers

#### Geographical coverage



Norway

### NOW: DEVELOPING NICHE BANK CAPABILITIES (B2B & B2C)

#### Finance products



Consumer loans



Sales finance



Automated Invoice purchase



SME credit

#### Deposit products



Current accounts



Savings accounts



Rental deposit accounts

#### Customer segments



Personal customers



SME customers

#### Geographical coverage



Norway

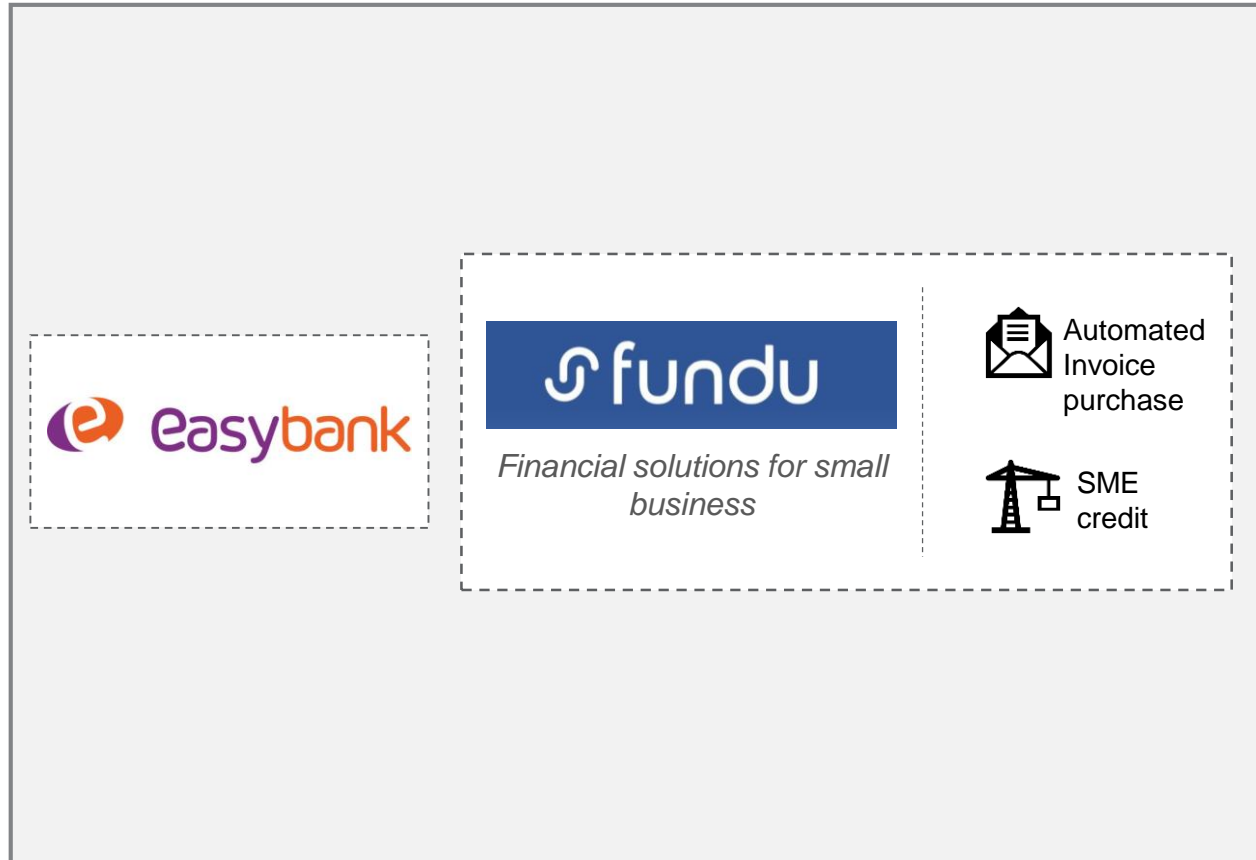
***Increased diversification by targeting two strong balancing segments (B2B & B2C)***



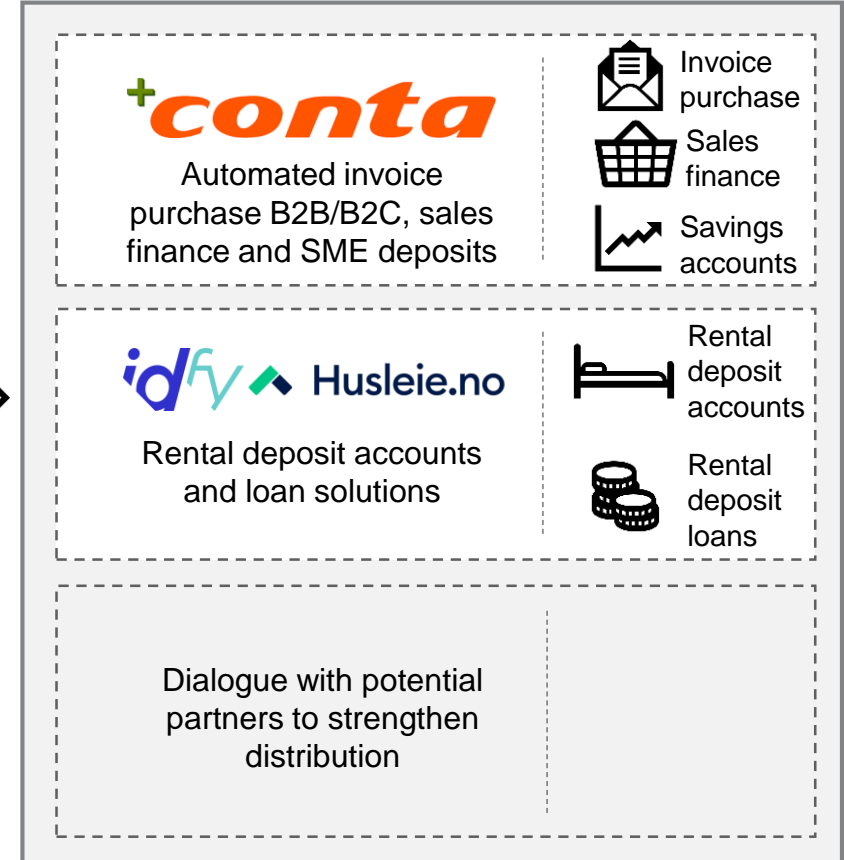
# Broad partnership development

## Strategic partner deals in place to support expansion

### AQUISITION



### PARTNERSHIPS



***New products and partners bring strong synergies to Easybank***

## Strong shareholder base

### Top 30 shareholders as of 26 April 2019

# Investor	Shares	Shares %
1 Skagerrak Sparebank	4 329 380	9,3%
2 Verdipapirfondet Alfred Berg Norge	3 344 349	7,2%
3 Fondsaveanse AS	2 773 330	6,0%
4 Umico - Gruppen AS	2 618 779	5,6%
5 Ladegaard AS	2 336 032	5,0%
6 Nordic Private Equity AS	1 669 205	3,6%
7 Lindbank AS	1 655 985	3,6%
8 Mp Pensjon PK	1 458 738	3,1%
9 Hjellegjerde Invest AS	1 400 000	3,0%
10 Shelter AS	1 392 727	3,0%
11 Jenssen & Co A/S	1 287 879	2,8%
12 Krogsrud Invest AS	1 250 000	2,7%
13 Jolly Roger AS	1 145 630	2,5%
14 Independent Oil & Resources Plc	900 000	1,9%
15 Byholt AS	787 159	1,7%
16 Whitetail Webservice Ltd	705 009	1,5%
17 Juul-Vadem Holding AS	611 678	1,3%
18 Jaras Invest AS	440 909	1,0%
19 Ulltveit-Moe	400 222	0,9%
20 B Finans AS	400 000	0,9%
21 HHG Invest AS	400 000	0,9%
22 Trippel-L AS	387 225	0,8%
23 Motor-Trade Eiendom Og Finans AS	365 878	0,8%
24 Gh Holding AS	364 090	0,8%
25 Lindbak Gruppen AS	364 045	0,8%
26 Wist Holding AS	338 000	0,7%
27 Truls AS	310 000	0,7%
28 Arild Hestås Invest AS	301 250	0,6%
29 Autobahn AS	287 584	0,6%
30 Haukvik, Svein Ola	260 000	0,6%
<b>Total top 30</b>	<b>34 285 083</b>	<b>73,9%</b>
<b>Other</b>	<b>12 105 756</b>	<b>26,1%</b>
<b>Grand total</b>	<b>46 390 839</b>	<b>100,0%</b>

- 436 shareholders as of 26 April 2019
- The EASY share was registered on NOTC on 15 November 2016.
- Management holds a total of 2,624,154 shares, corresponding to 5.7% of shares outstanding
- Members of the board represents a total of 2,507,518 shares, corresponding to 5.4% of shares outstanding
- Current market capitalization of approx. MNOK 440

