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

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| 16 August 2018 |

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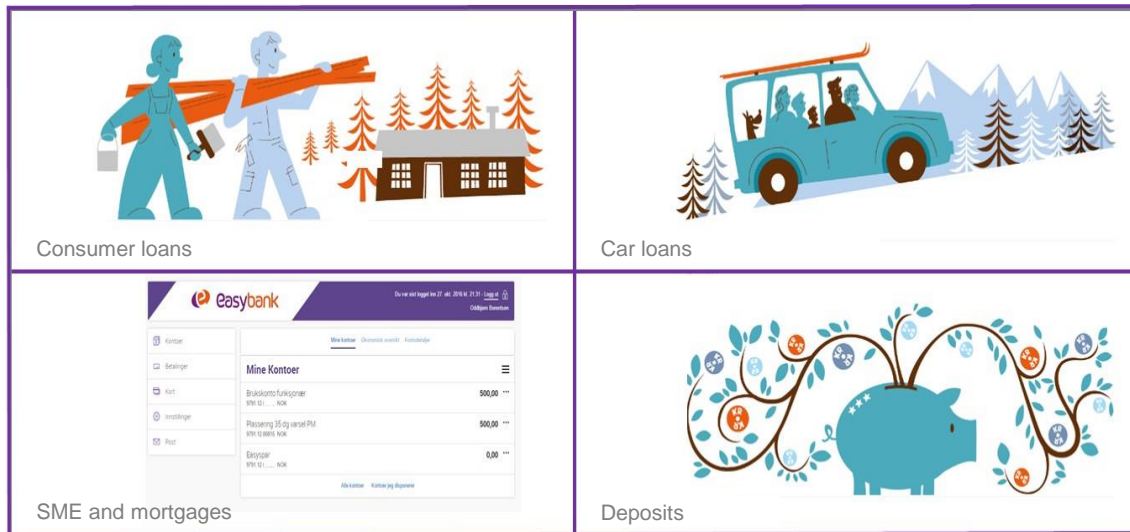


# More than a consumer finance bank


## Company history

- Based on a bank founded in 2003 – rebranded to Easybank and raised new equity in March 2016 and March 2018
- New strategy from 2016 involving new management and Board of Directors in addition to significant changes in the shareholder base
- Successful turnaround completed
- Listed on NOTC 15 November 2016

## Product portfolio

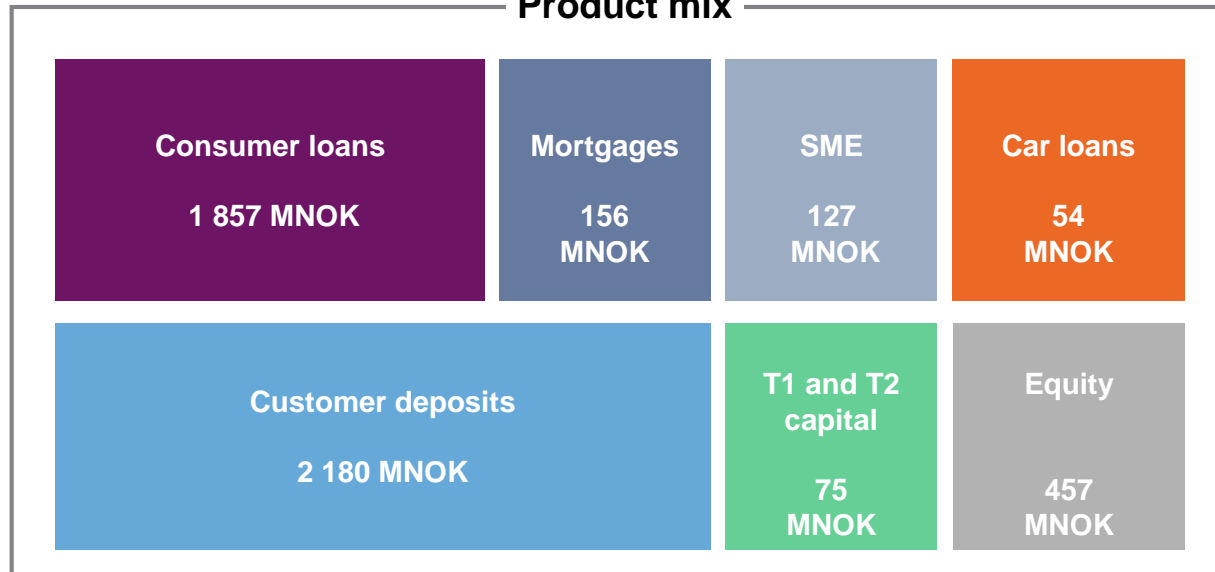


## Key highlights and developments Q2 2018

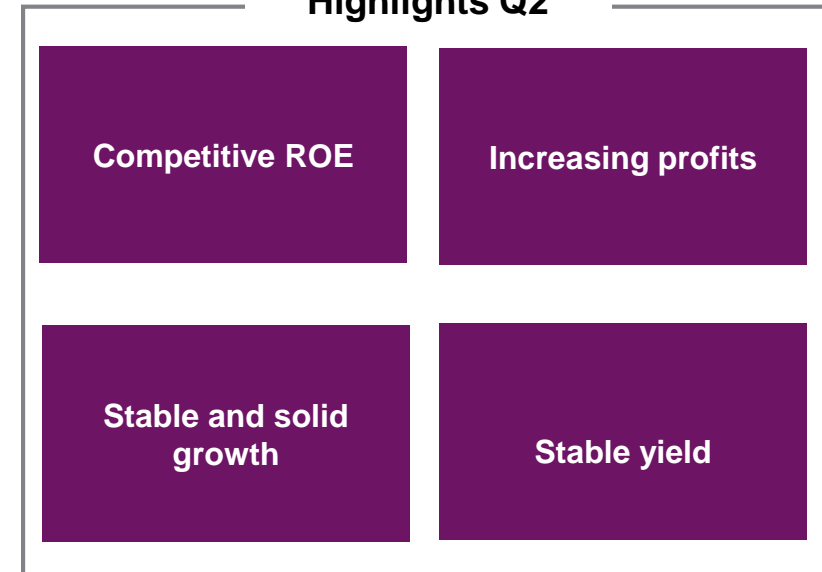
- 1 Profit before tax NOK 17,3 million, up NOK 14,7 million from Q2 last year (1H 2018 NOK 32,3 million)
- 2 Continuous growth in net interest income to NOK 54,3 million, up NOK 26,5 million from Q2 last year
- 3 Annualized ROE 11,4%
- 4  Solid growth in consumer loan volumes NOK 227 million (sale of NOK 33 million non-performing loans with zero P&L effect )
- 5 Stable and competitive OPEX level despite strong growth
- 6 Evaluating opportunities for potential new partners and products
- 7 CET1 Capital ratio of 20,2% (21,4% including YTD profit) (SREP conducted in Q2, awaiting final report from the FSA)

# Diversified product portfolio – gross lending of NOK 2.2 billion

### Product mix



### Highlights Q2

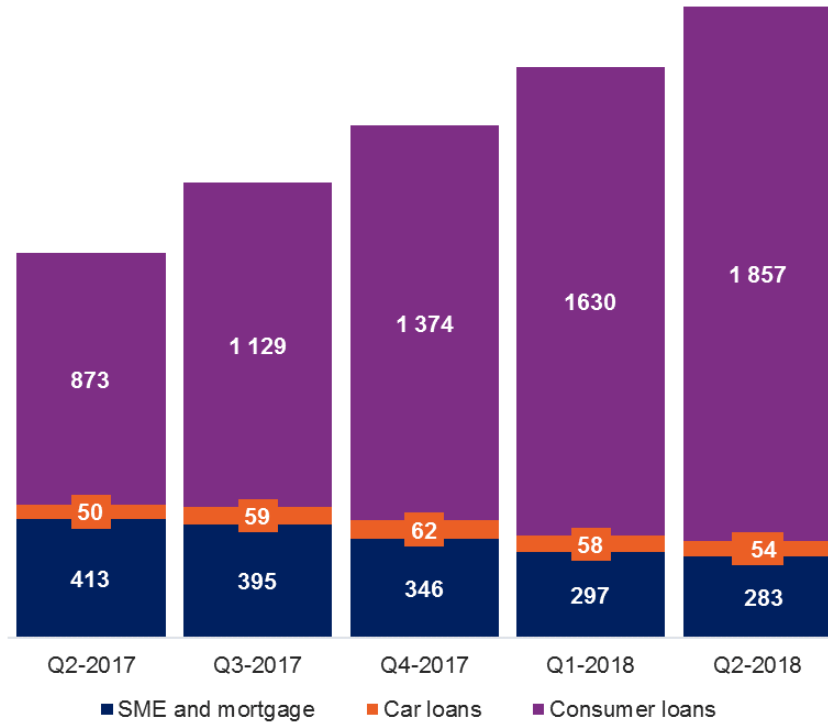


## Gross lending & number of customers

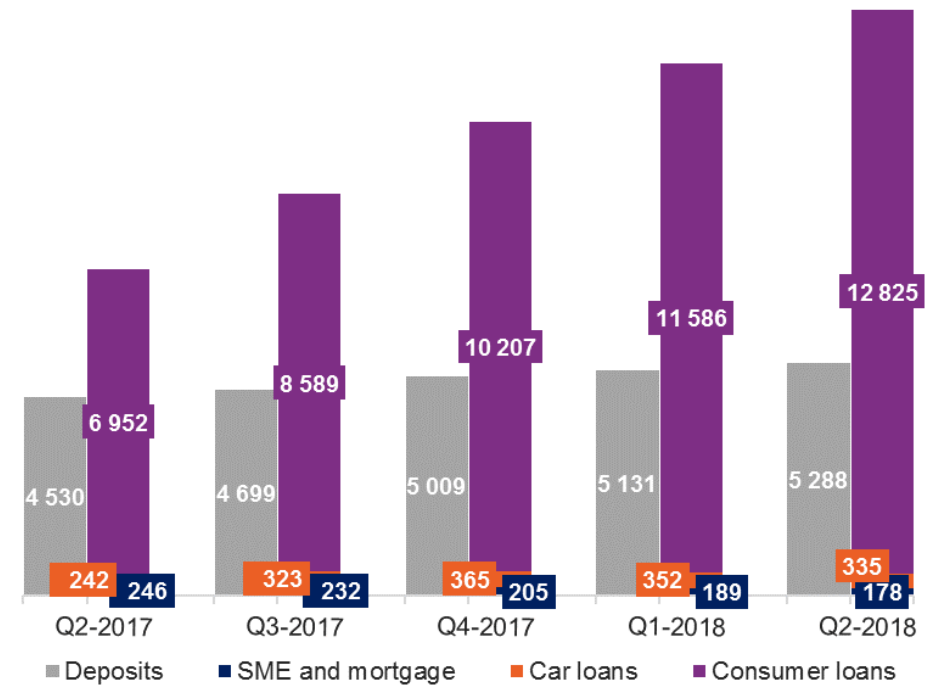
# Growth in volume and customers continues

### Gross lending per product

NOK million



### Customer per product

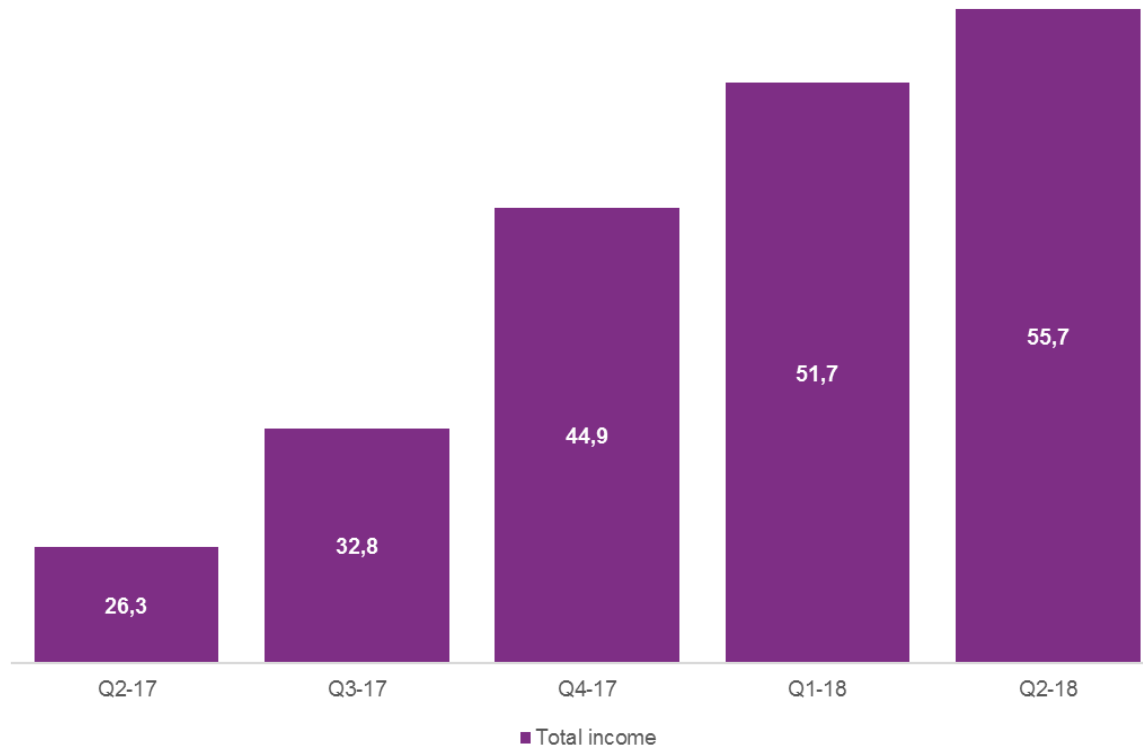


## Total income & profit before tax

# Increasing total income and solid profit in Q2

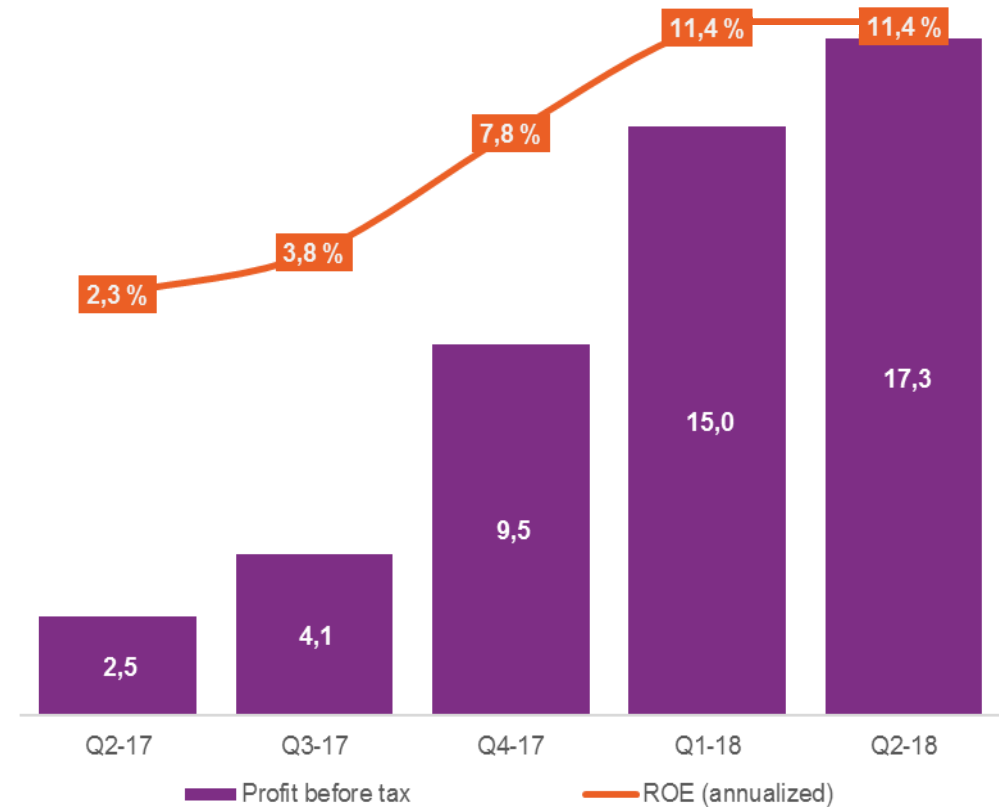
### Total income

NOK million



### Profit before tax

NOK million

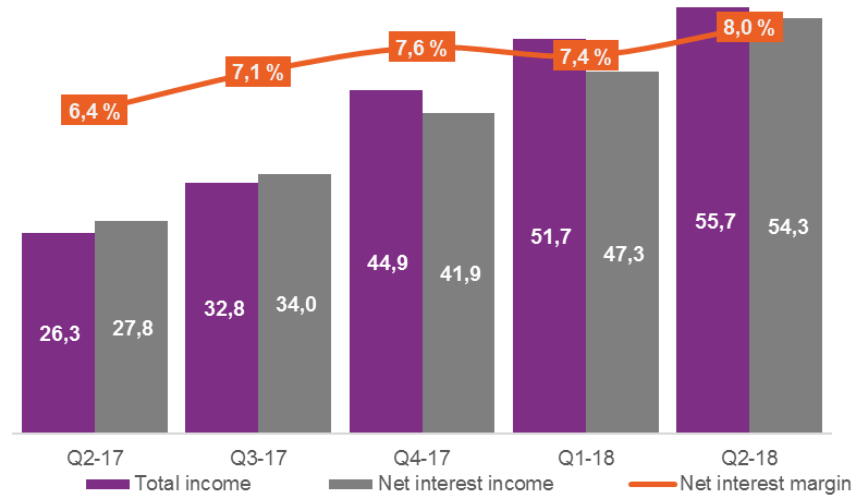


## Net interest income & yields

# Increasing interest income and stable margins

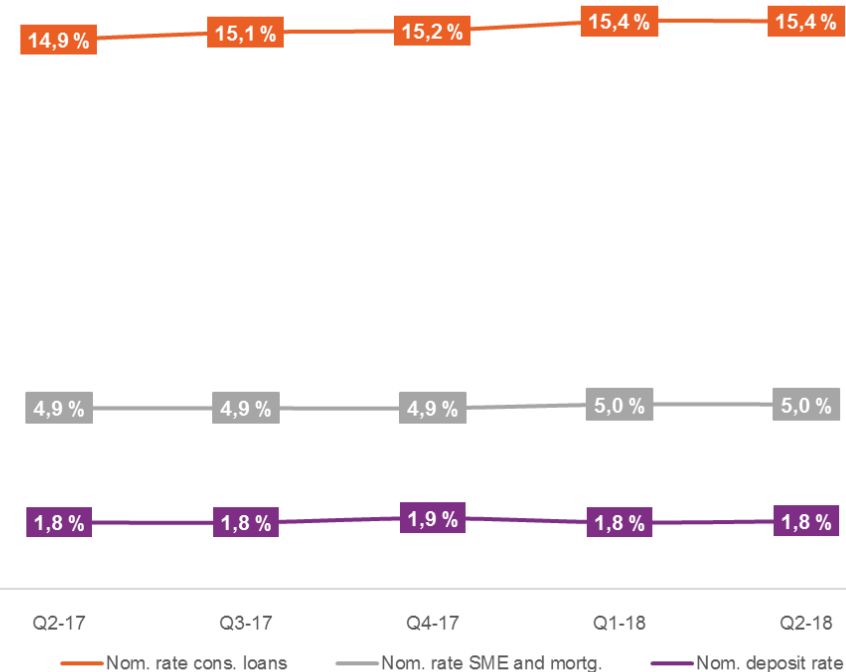
### Net interest income and net interest margin of total assets

NOK million / % of total assets



### Yields (end of quarter)

% of relevant balance



- Net interest margin slightly up due to less liquidity
- Good margins and ROE from SME & mortgage loans

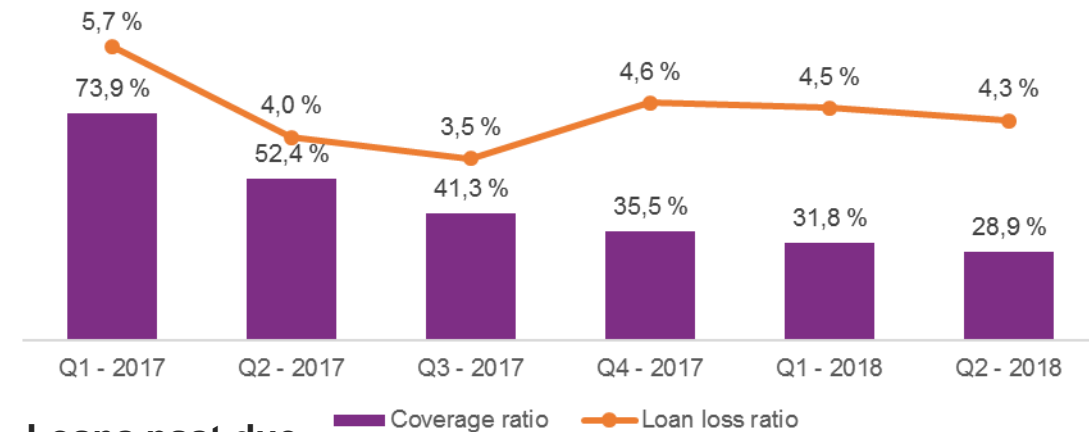
- Increased consumer loan volume without compromising on margin
- Attractive funding rate due to multiple deposit products



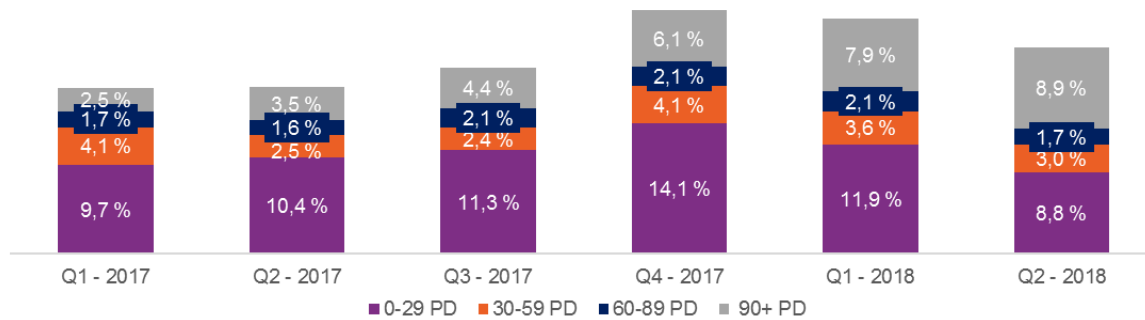
## Credit quality - Consumer loans

# Satisfactory risk reward and forward flow agreement reduces downside risk

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



### Loans past due



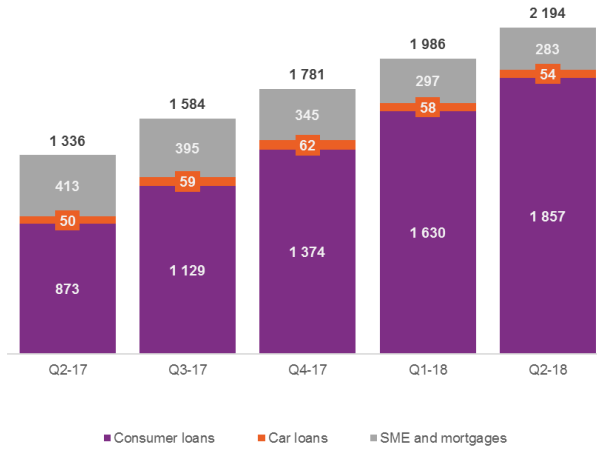
### Comments

- Satisfactory risk reward taken into account margin level on consumer loans.
- Easybank sold 32.8 MNOK through the Forward-flow agreement with Kreditor in Q2 2018. No P&L effect as the loss model captures expected future sales.
- Improvement in arrears combined with sale of portfolio contributes to reduce 'Expected loss' in the portfolio in Q2 2018. Hence, reduced Coverage in Q2 2018.
- The forward-flow agreement, entered into with Kreditor Q3 2017, reduces downside risk for Easybank as it transfers risk to Kreditor. The agreement is not one-time transaction, but ongoing sales of loans and receivables.
- The forward flow agreement is fully operational and coverage rate decreases as a result of improvement of LGD values in Loss-model.

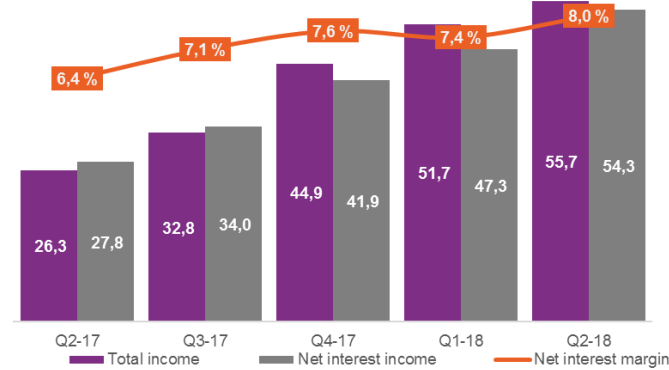
## Overview

# Good profitability and stable OPEX development

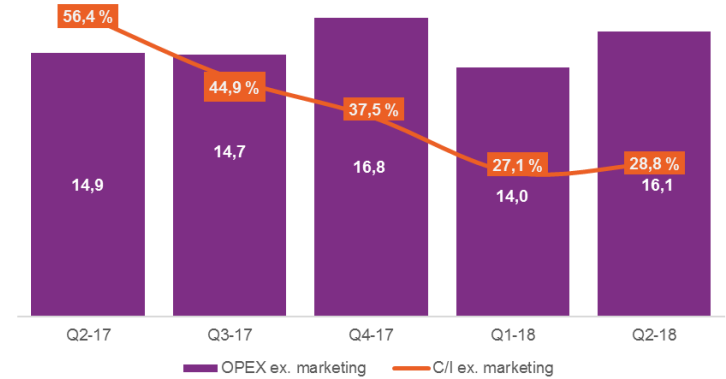
### Gross lending



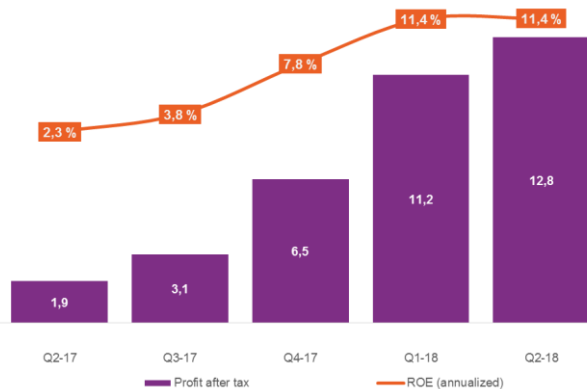
### Income and interest margin



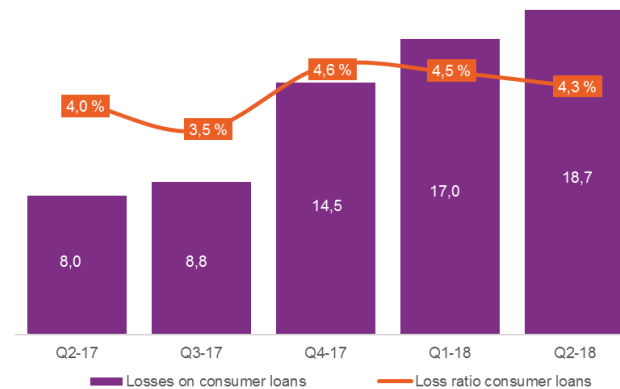
### OPEX and C/I ratio



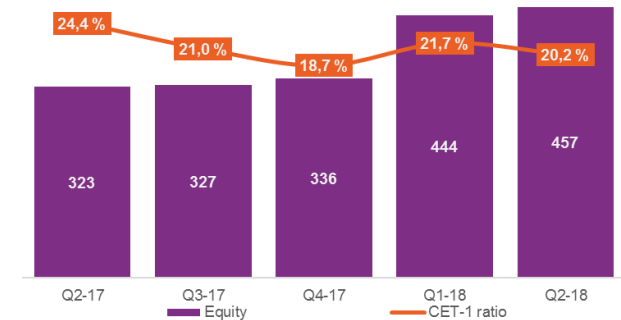
### Profit after tax and ROE



### Losses and loss ratio consumer loans



### Equity and CET-1 ratio \*



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**Highlights and development Q2**



**Financial results Q2**



**Outlook**



# Income statement

<i>Amounts in thousands</i>	<b>Q2-2018</b>	<b>Q1-2018</b>	<b>Q4-2017</b>	<b>Q3-2017</b>	<b>Q2-2017</b>	<b>Q1-2017</b>
Interest income	65 615	58 542	51 414	41 592	34 023	28 398
Interest expense	-11 302	-11 215	-9 485	-7 583	-6 243	-5 773
<b>Net interest income</b>	<b>54 313</b>	<b>47 327</b>	<b>41 929</b>	<b>34 009</b>	<b>27 780</b>	<b>22 625</b>
Comission and fee income	11 196	13 094	10 321	4 733	3 254	3 384
Comission and fee expenses	-9 988	-9 037	-7 660	-6 158	-5 036	-3 544
Net change in value on securities and currency	191	324	253	218	320	340
Other income	35	0	34	30	24	-
<b>Net other income</b>	<b>1 433</b>	<b>4 382</b>	<b>2 949</b>	<b>-1 178</b>	<b>-1 439</b>	<b>180</b>
<b>Total income</b>	<b>55 747</b>	<b>51 709</b>	<b>44 878</b>	<b>32 831</b>	<b>26 341</b>	<b>22 805</b>
Salary and other personell expenses	-7 627	-6 704	-8 720	-7 720	-7 173	-7 029
Other administrative expenses	-8 894	-7 831	-7 654	-7 893	-6 066	-5 670
- of which marketing expences	-3 992	-3 729	-3 023	-4 267	-2 281	-1 894
Depreciation	-1 205	-1 164	-1 164	-1 032	-978	-878
Other expenses	-2 330	-2 043	-2 332	-2 367	-2 914	-2 115
<b>Total operating expenses</b>	<b>-20 055</b>	<b>-17 742</b>	<b>-19 869</b>	<b>-19 012</b>	<b>-17 131</b>	<b>-15 692</b>
<b>Profit before loan losses</b>	<b>35 692</b>	<b>33 967</b>	<b>25 009</b>	<b>13 819</b>	<b>9 210</b>	<b>7 113</b>
Loan losses	-18 431	-18 950	-15 543	-9 710	-6 689	-7 571
<b>Profit before tax</b>	<b>17 261</b>	<b>15 017</b>	<b>9 466</b>	<b>4 109</b>	<b>2 522</b>	<b>-458</b>
Tax	-4 415	-3 851	-2 990	-1 027	-630	115
<b>Profit after tax</b>	<b>12 846</b>	<b>11 166</b>	<b>6 476</b>	<b>3 082</b>	<b>1 891</b>	<b>-344</b>

- Increasing interest income due to good growth in consumer loans
- Moderate OPEX increase
- ROE annualized 11,4%

# Balance sheet

Amounts in thousands

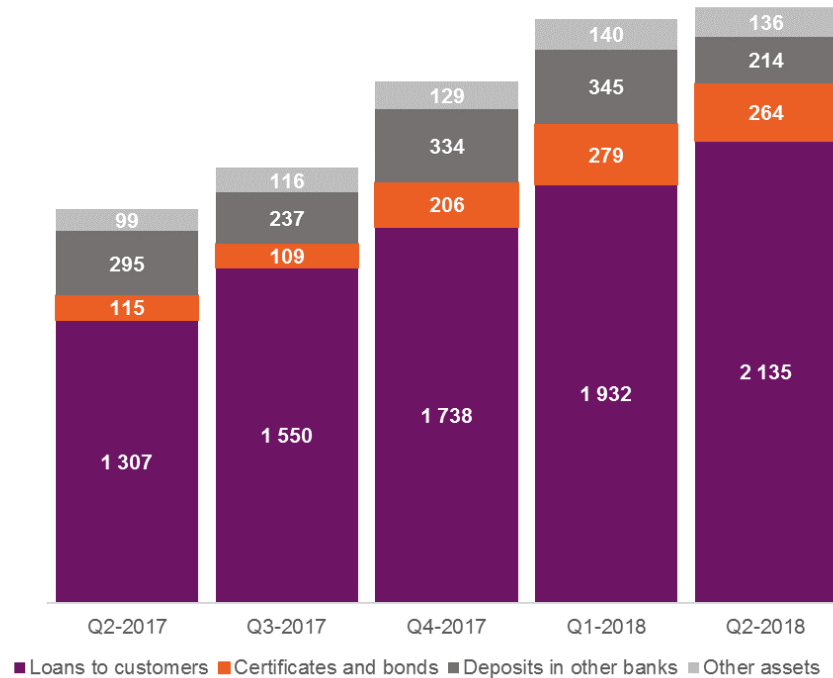
	30.06.2018	31.03.2018	31.12.2017	30.09.2017	30.06.2017	31.03.2017
<b>Assets</b>						
Cash and deposits with the central bank	53 733	53 695	53 680	53 643	53 607	53 570
Loans and deposits with credit institutions	160 748	291 578	280 309	183 039	241 178	238 873
Loans to customers	2 194 148	1 985 555	1 780 862	1 583 576	1 335 848	1 222 093
- Loan impairment	-58 961	-53 344	-42 851	-33 737	-28 589	-27 041
Certificates and bonds	209 900	224 885	152 017	55 021	60 017	48 630
Shares and other securities	54 395	54 193	53 869	53 637	54 655	54 427
Shareholding in group companies	192	192	192	192	192	192
Deferred tax asset	11 927	16 242	19 996	22 986	24 014	24 644
Other intangible assets	20 522	20 966	20 398	20 176	20 610	20 170
Fixed assets	1 244	1 265	1 191	1 344	1 412	815
Other assets	276	1 484	1 576	1 049	950	1 286
Other receivables	101 646	99 397	86 022	70 234	52 268	45 365
- of which agent commissions	62 562	56 676	50 475	43 954	35 744	30 682
<b>Total assets</b>	<b>2 749 768</b>	<b>2 696 108</b>	<b>2 407 262</b>	<b>2 011 162</b>	<b>1 816 160</b>	<b>1 683 023</b>
<b>Equity and liabilities</b>						
Deposits from customers	2 179 508	2 137 697	1 967 508	1 629 868	1 455 236	1 330 641
Other liabilities	21 202	24 140	18 508	19 391	11 615	10 107
Accrued expenses and deferred revenue	16 564	15 022	10 015	25 386	15 874	10 732
Tier 1 and tier 2 capital bond	75 000	75 000	75 000	10 000	10 000	10 000
<b>Total liabilities</b>	<b>2 292 274</b>	<b>2 251 859</b>	<b>2 071 031</b>	<b>1 684 645</b>	<b>1 492 726</b>	<b>1 361 480</b>
Share capital	324 326	324 326	260 690	259 990	259 990	259 990
Share premium reserve	124 510	124 510	91 681	91 481	91 481	91 481
Other paid-in equity	6 025	5 625	5 238	2 900	2 900	2 900
Other equity	2 633	-10 212	-21 378	-27 854	-30 936	-32 827
<b>Total equity</b>	<b>457 494</b>	<b>444 249</b>	<b>336 231</b>	<b>326 516</b>	<b>323 435</b>	<b>321 543</b>
<b>Total equity and liabilities</b>	<b>2 749 768</b>	<b>2 696 108</b>	<b>2 407 262</b>	<b>2 011 162</b>	<b>1 816 160</b>	<b>1 683 023</b>

- Increased equity of MNOK 13
- Tier 1 capital bonds of MNOK 35 and Tier 2 capital bonds of MNOK 40
- Customer deposits increase of MNOK 42
- Liquidity decrease of MNOK 146, however maintaining a strong liquidity position
- Loan impairment of MNOK 59
- CET 1 ratio 20,2%. Tier 1 capital ratio 21,6%. Total capital ratio 23,6% (including YTD profit respectively 21,4%, 22,9% and 24,9%)

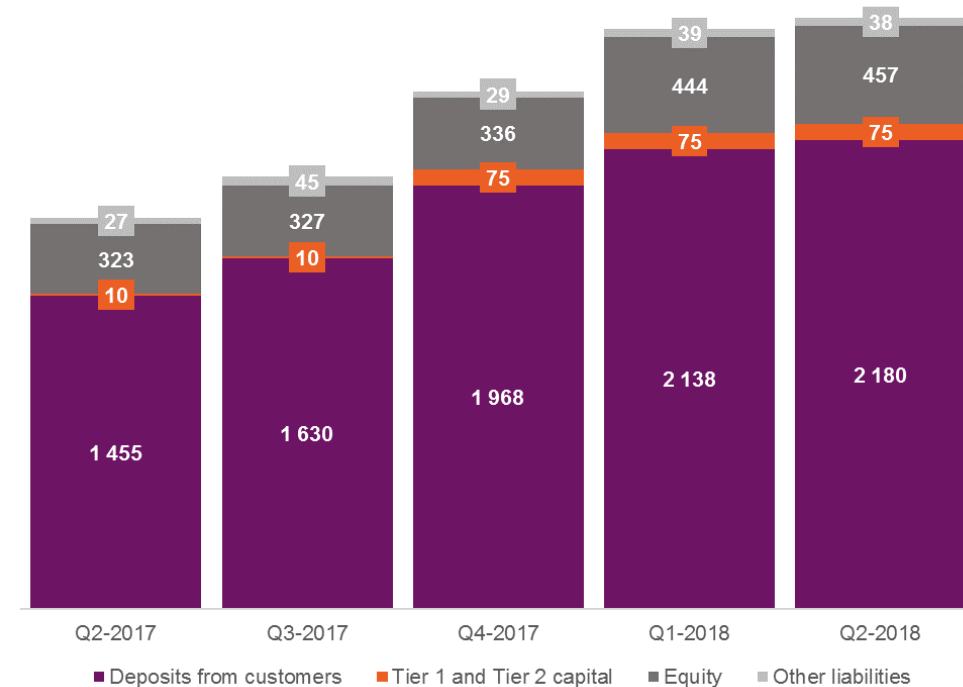
## Balance sheet structure

# Strong funding and liquidity position

### Total assets



### Equity and liabilities



- Deposit ratio: 99 %
- Liquidity Coverage Ratio: 675 %
- Net Stable Funding Ratio: 160 %

- Diversified customers deposits. 64 % of deposits with 35 days+ notice period
- MNOK 479 in surplus liquidity placed in Norges Bank, other banks and positions with short duration and low risk

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**Highlights and development Q2**



**Financial results Q2**



**Outlook**



# Focus going forward

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*Continue building on underlying run rate to deliver ROE growth*



*Optimize capital allocation to secure competitive ROE*



*Dialogue with potential new partners to broaden distribution and product mix*



# Strong shareholder base

### Top 30 shareholders as of 2 August 2018

# Investor	Shares	Shares %
1 SKAGERRAK SPAREBANK	4 311 980	9,3%
2 VERDIPAPIRFONDET ALF	3 344 349	7,2%
3 FONDSAVANSE AS	2 807 330	6,1%
4 LADEGAARD AS	2 275 032	4,9%
5 UMICO - GRUPPEN AS	1 945 357	4,2%
6 LINDBANK AS	1 655 985	3,6%
7 NORDIC PRIVATE EQUITY	1 639 230	3,5%
8 MP PENSJON PK	1 514 738	3,3%
9 SHELTER AS	1 392 727	3,0%
10 JENSSEN & CO A/S	1 287 879	2,8%
11 KROGSrud INVEST AS	1 250 000	2,7%
12 JOLLY ROGER AS	1 145 630	2,5%
13 GH HOLDING AS	909 090	2,0%
14 INDEPENDENT OIL & RE	900 000	1,9%
15 BYHOLT AS	787 159	1,7%
16 WHITETAIL WEBSERVICE	705 009	1,5%
17 MENTOR MEDIER AS	656 422	1,4%
18 HJELLEGJERDE INVEST	600 000	1,3%
19 JARAS INVEST AS	440 909	1,0%
20 VITAMAR AS	408 412	0,9%
21 ULLTVEIT-MOE HILDEGU	400 222	0,9%
22 HHG INVEST AS	400 000	0,9%
23 B FINANS AS	400 000	0,9%
24 TRIPPEL-L AS	387 225	0,8%
25 MOTOR-TRADE EIENDOM	365 878	0,8%
26 LINDBAK GRUPPEN AS	364 045	0,8%
27 JUUL-VADEM HOLDING A	360 000	0,8%
28 WIST HOLDING AS	338 000	0,7%
29 TRULS AS	310 000	0,7%
30 ARILD HESTÅS INVEST AS	301 250	0,6%
<b>Total top 20</b>	<b>33 603 858</b>	<b>72,4%</b>
<b>Other</b>	<b>12 786 981</b>	<b>27,6%</b>
<b>Grand total</b>	<b>46 390 839</b>	<b>100,0%</b>

- 448 shareholders as of 2 August 2018
- The EASY share was registered on NOTC on 15 November 2016.
- Management holds a total of 2,489,414 shares, corresponding to 5.4% of shares outstanding
- Members of the board represents a total of 2,503,107 shares, corresponding to 5.4% of shares outstanding
- Current market capitalization of approx. NOK 500

