



2nd quarter result presentation

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Table of contents



Highlights and development Q2



Financial results Q2



Outlook



Easybank - Highlights Q2 2019

Key highlights and developments

- 1 **Profit before tax NOK 21,5 million**, up NOK 4,2 from Q2 last year
- 2 Continuous growth in **net interest income to NOK 70,4 million**, up NOK 16,1 million from Q2 last year
- 3 **Annualized Q2 ROE 12,4%** and EPS NOK 1,36
Book value of equity per share (BVPS) NOK 11,24
- 4 **Gross lending of NOK 2.840 million with a growth in consumer loans of NOK 108 million.** Significant negative impact in sales from May 15th when new regulation became effective
- 5 **CET1 Capital ratio of 20,2% (including YTD profit)**
- 6 **Long-term cooperation agreement with Melin Medical** to develop new and innovative payment solutions for the healthcare industry. Melin granted an option to purchase up to 9.99% of outstanding shares in Easybank
- 7 **Focus on strengthening digital niche bank capabilities** in B2C and B2B with strong partnerships

Key figures

(in MNOK)	Q2-19	Q2-18	YTD 2019
NII*	70,4	54,3	139,1
PBT*	21,5	17,3	44,2
PAT*	16,1	12,8	33,2
ROE*	12,4 %	11,4 %	13,0 %
Total loans (net)	2 755	2 135	2 755

Focus

Competitive ROE

Execute B2B strategy

Develop B2C channel

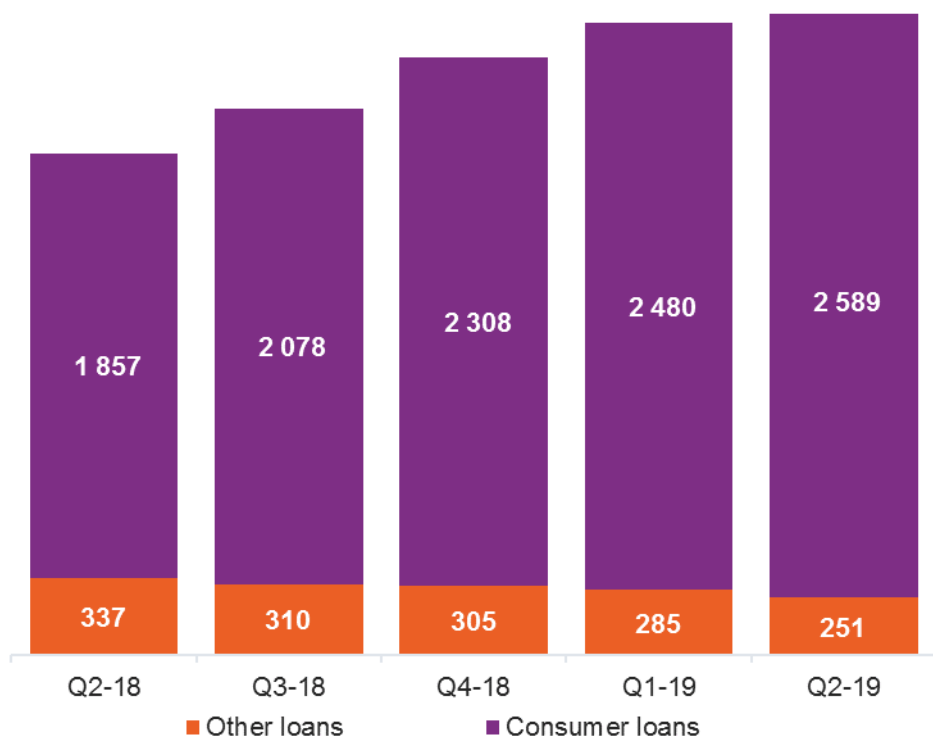
Navigate in new regulatory landscape

Gross lending & number of customers

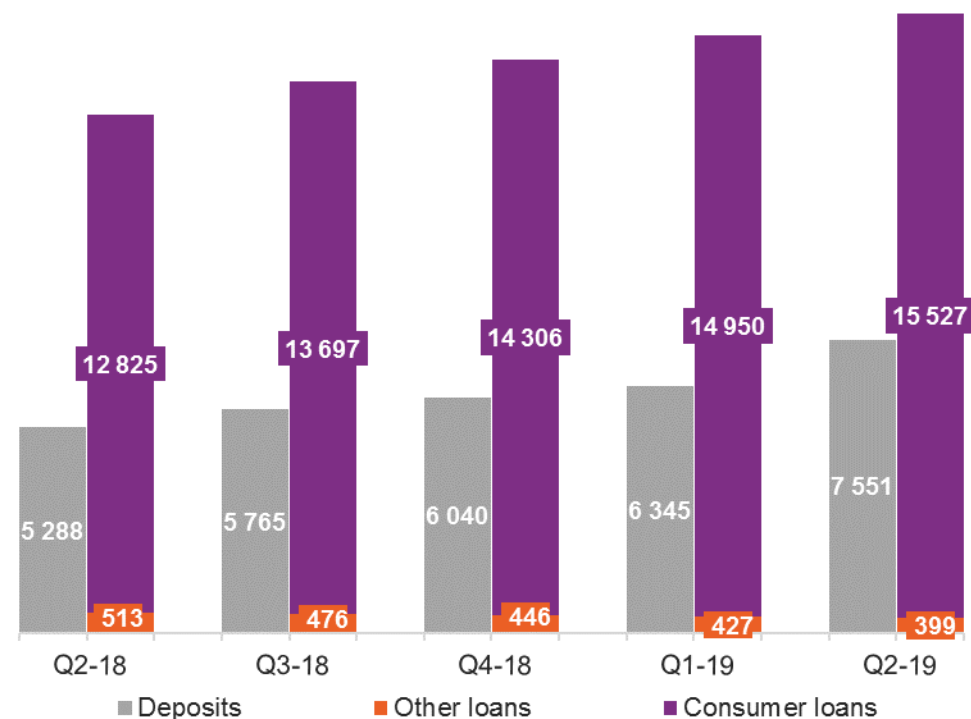
Growth impacted by new regulation for consumer loans

Gross lending per product

NOK million



Customers per product

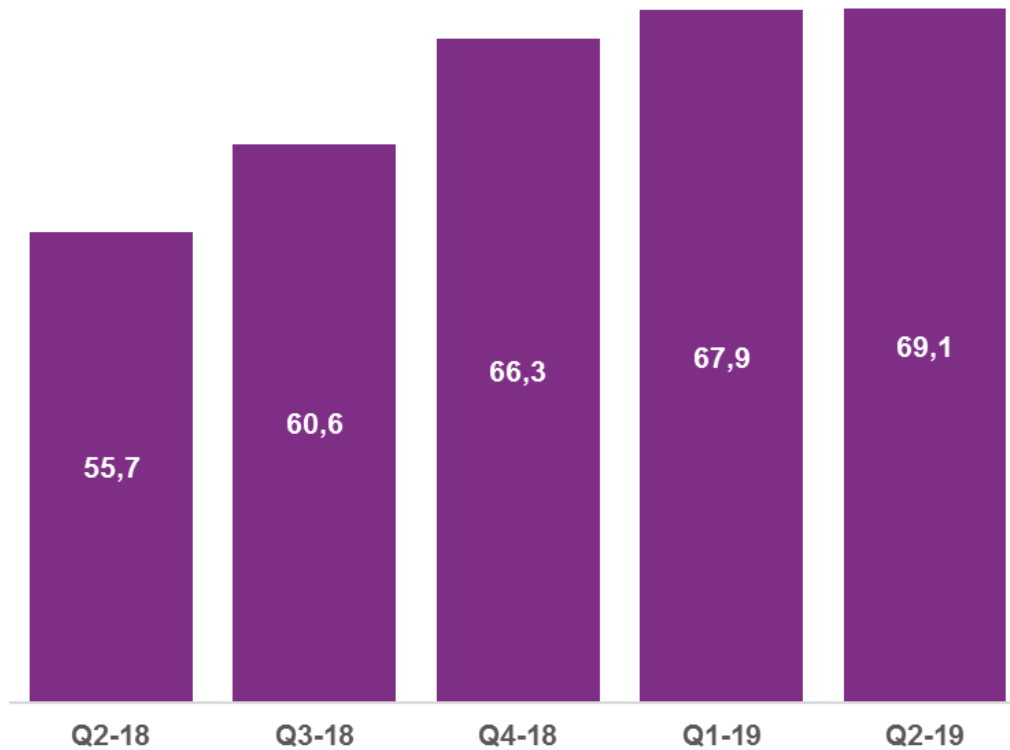


Total income & profit before tax

Profit influenced by lower growth

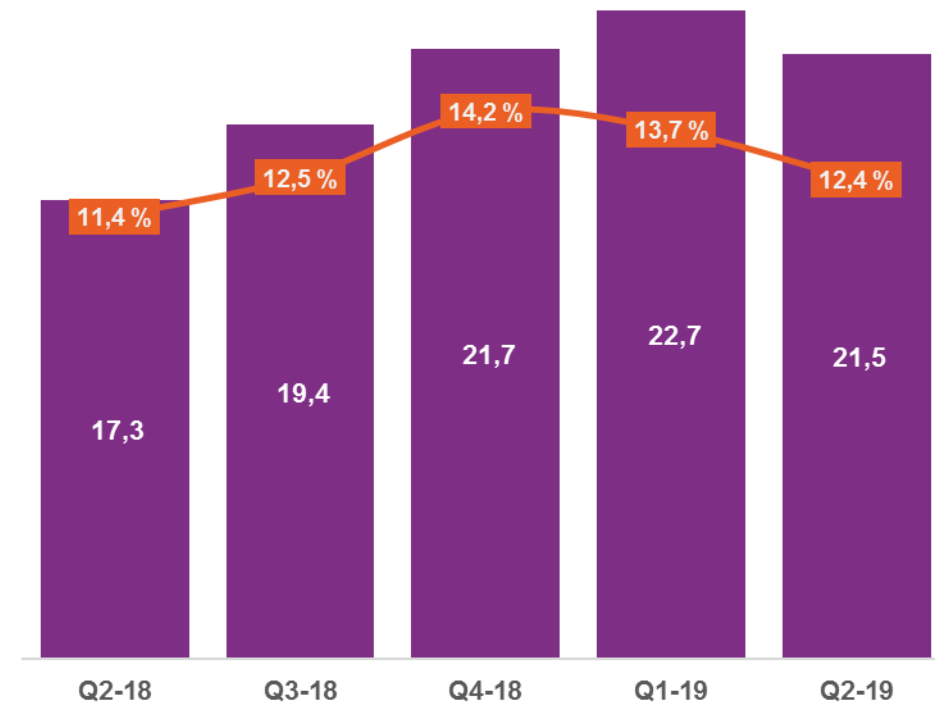
Total income

NOK million



Profit before tax and ROE

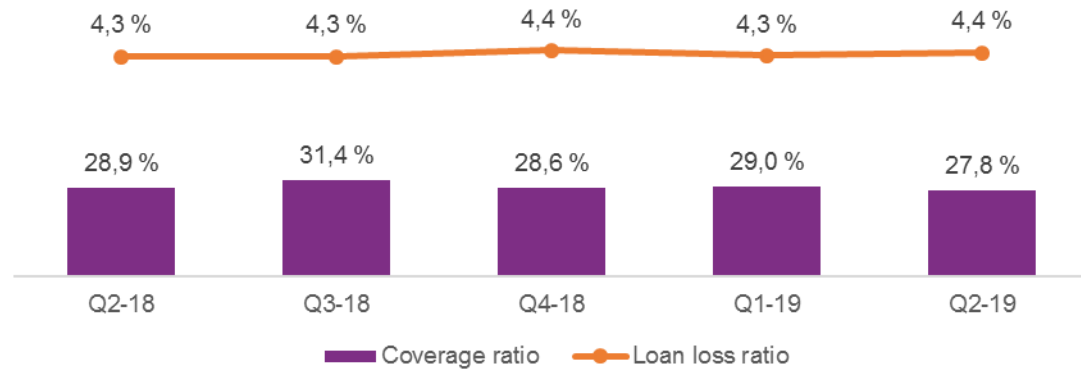
NOK million



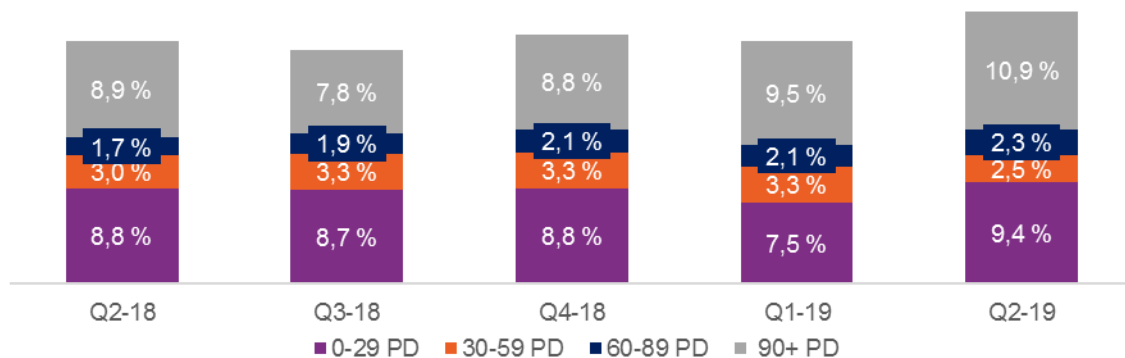
Credit quality - Consumer loans

Still satisfactory risk/reward - Forward flow agreement reduces downside risk

Coverage¹ and loan loss ratio²



Loans past due



Comments

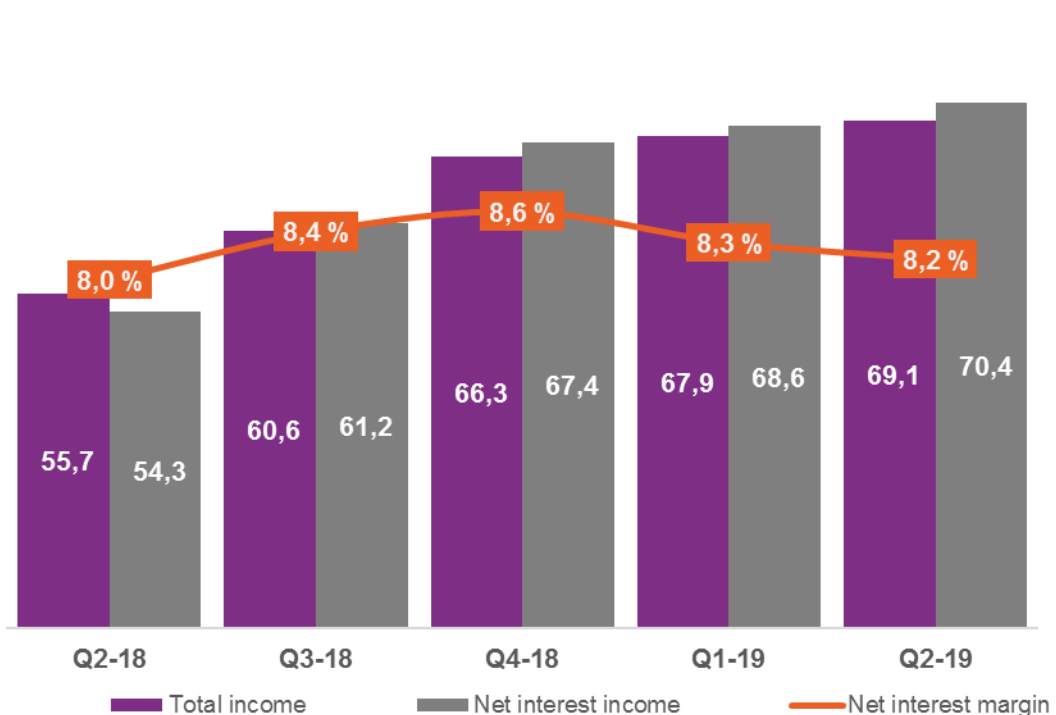
- Debt register expected to increase short term loan losses. However, we expect the register to have a positive impact on the long term loan losses.
- Easybank's forward-flow agreement reduces downside risk as non-performing loans are on an ongoing basis sold to Kreditor to a pre-defined price. Option to extend the forward flow agreement with Kreditor throughout 2023 with same (favorable) conditions as the initial agreement from July 2017.
- Long-term coverage rate decreases because of improvement of LGD values in Loss-model.
- NPL-ratio increases in Q2 because of lower than expected collection in June than normal.
- IFRS9 project in progress and IFRS9 model will be implemented January 2020 as planned.

Net interest income & yields

Increasing interest income and stable margins

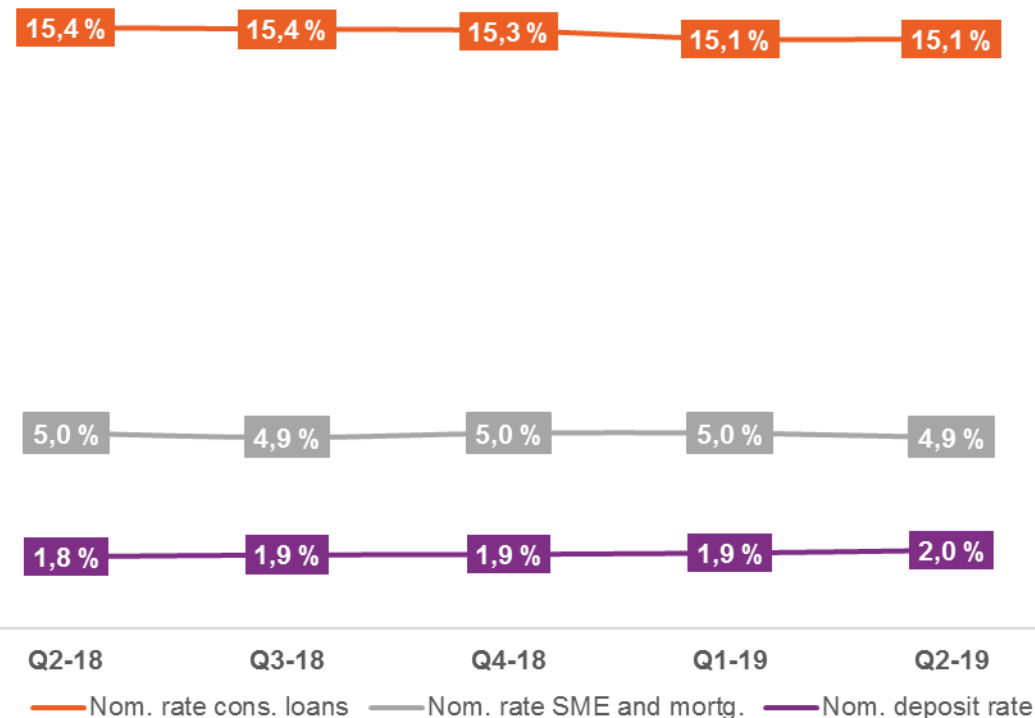
Net interest income and net interest margin of total assets

NOK million / % of total assets



Yields (end of quarter)

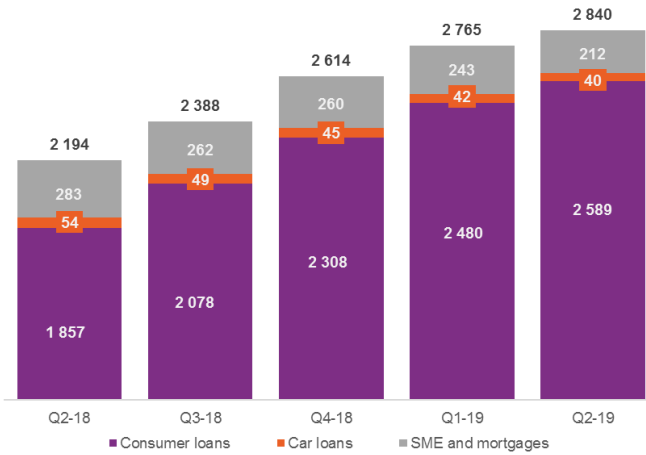
% of relevant balance



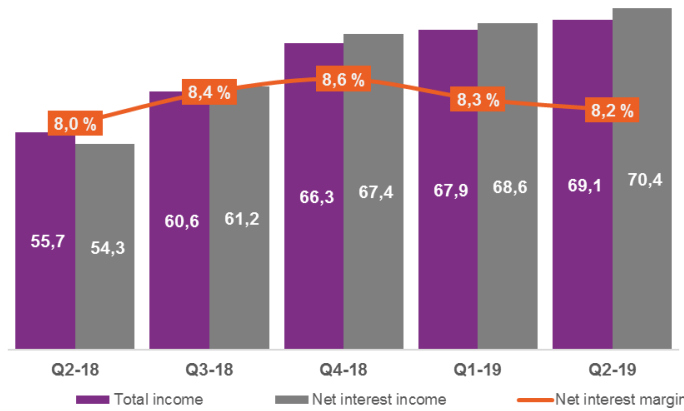
Overview

Satisfying profitability and C/I despite challenging market

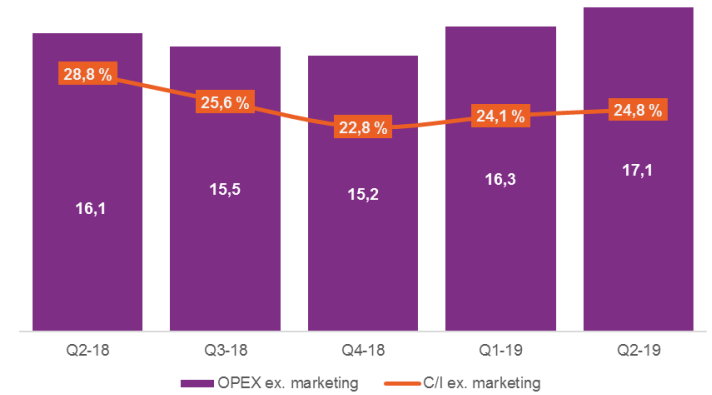
Gross lending



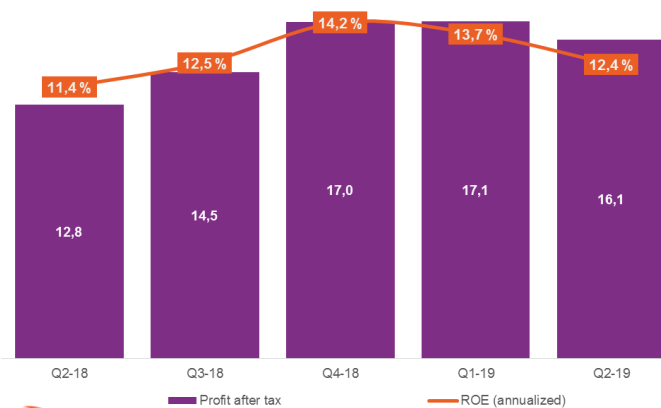
Income and interest margin



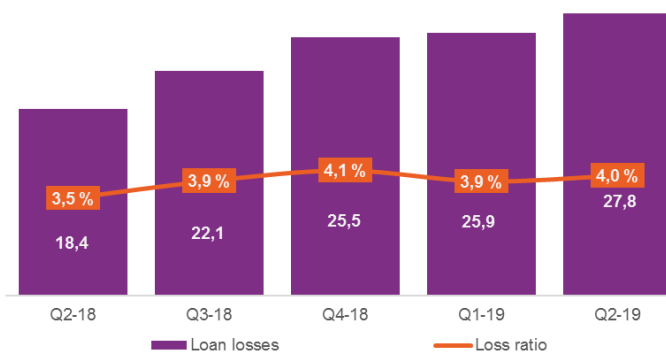
OPEX and C/I ratio



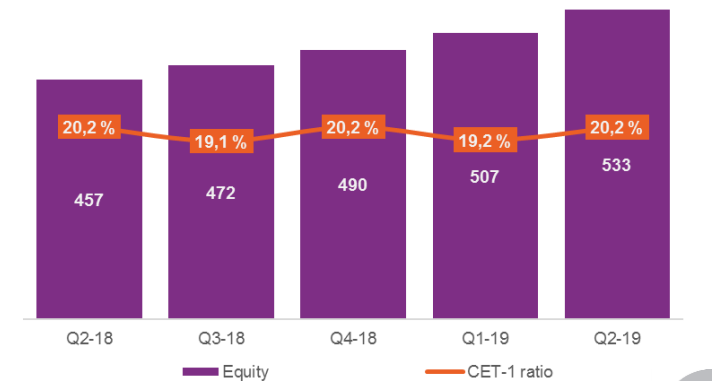
Profit after tax and ROE



Losses and loss ratio



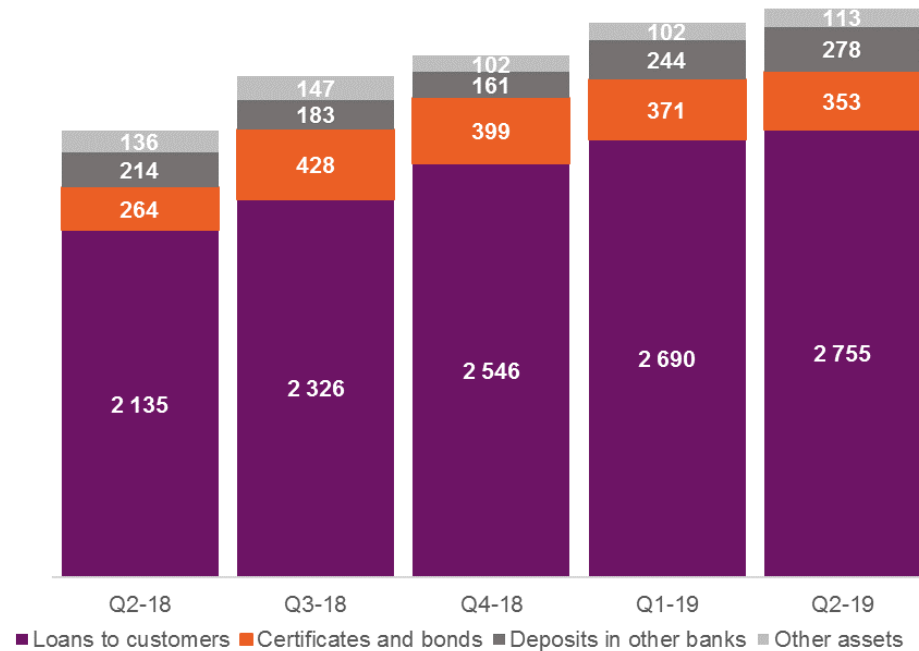
Equity and CET-1 ratio *



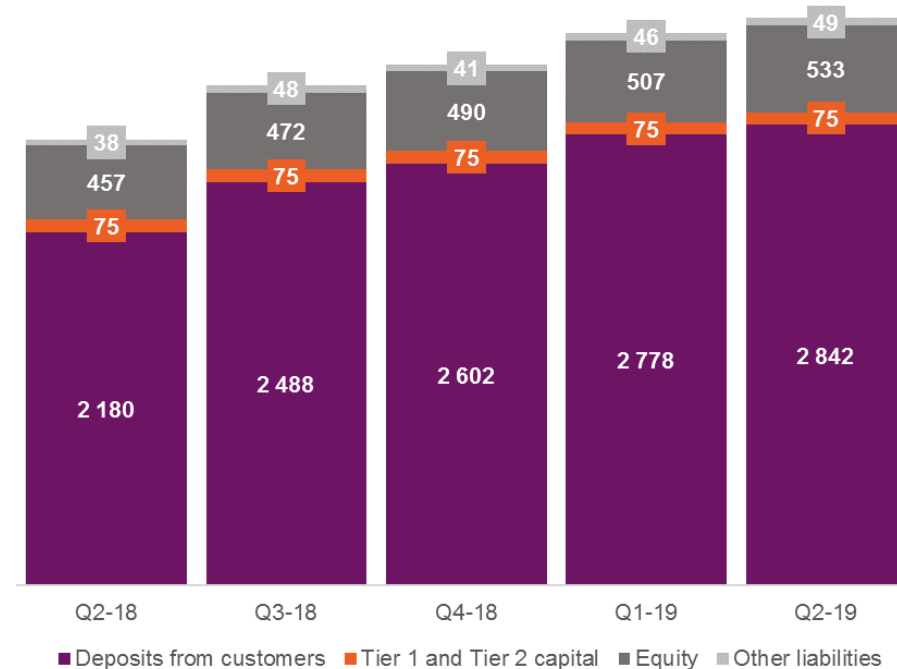
Balance sheet structure

Strong funding and liquidity position

Total assets



Equity and liabilities



- Deposit ratio: 103 %
- Liquidity Coverage Ratio: 656 %
- Net Stable Funding Ratio: 161 %

- Diversified customers deposits. 56 % of deposits with 35 days+ notice period
- MNOK 631 in surplus liquidity placed in Norges Bank, other banks and positions with short duration and low risk

Table of contents

I Highlights and development Q2

II Financial results Q2

III Outlook



Income statement

<i>(Amounts in thousands)</i>	Q2 2019	Q2 2018	1H 2019	1H 2018	Full year 2018
Interest income	86 296	65 615	170 359	124 158	279 244
Interest expense	-15 870	-11 302	-31 289	-22 517	-49 013
Net interest income	70 427	54 313	139 069	101 641	230 231
Comission and fee income	11 649	11 196	24 000	24 290	47 879
Comission and fee expenses	-14 402	-9 988	-29 163	-19 025	-44 797
Net change in value on securities and currency	1 313	191	2 992	515	1 002
Other income	107	35	107	35	39
Net other income	-1 332	1 433	-2 063	5 815	4 123
Total income	69 094	55 747	137 006	107 456	234 354
Salary and other personell expenses	-7 713	-7 627	-15 630	-14 331	-29 731
Other administrative expenses	-8 643	-8 894	-16 144	-16 725	-33 055
- of which marketing expences	-2 637	-3 992	-5 531	-7 721	-15 243
Depreciation	-1 459	-1 205	-2 857	-2 369	-4 906
Other expenses	-1 952	-2 330	-4 380	-4 373	-8 312
Total operating expenses	-19 767	-20 055	-39 010	-37 797	-76 004
Profit before loan losses	49 327	35 692	97 996	69 659	158 350
Loan losses	-27 826	-18 431	-53 756	-37 381	-84 982
Profit before tax	21 501	17 261	44 240	32 278	73 369
Tax	-5 375	-4 415	-11 060	-8 267	-17 831
Profit after tax	16 126	12 846	33 180	24 012	55 538

Balance sheet

<i>(Amounts in thousands)</i>	30.06.2019	31.12.2018	30.06.2018
Assets			
Cash and deposits with the central bank	54 039	53 868	53 733
Loans and deposits with credit institutions	223 925	106 972	160 748
Loans to customers	2 840 056	2 613 783	2 194 148
- Loan impairment	-85 233	-67 403	-58 961
Certificates and bonds	0	169 249	209 900
Shares and other securities	352 647	229 703	54 395
Shareholding in group companies	11 148	192	192
Deferred tax asset	0	2 165	11 927
Other intangible assets	20 834	20 549	20 522
Fixed assets	1 028	1 085	1 244
Other assets	2 000	523	276
Other receivables	77 884	77 001	101 646
- of which agent commissions	71 096	69 812	62 562
Total assets	3 498 330	3 207 686	2 749 768
Equity and liabilities			
Deposits from customers	2 842 277	2 601 841	2 179 508
Other liabilities	30 998	26 881	21 202
Accrued expenses and deferred revenue	17 532	14 393	16 564
Tier 1 and tier 2 capital bond	75 000	75 000	75 000
Total liabilities	2 965 807	2 718 114	2 292 274
Share capital	331 663	324 326	324 326
Share premium reserve	127 080	124 510	124 510
Other paid-in equity	6 990	6 577	6 025
Other equity	66 790	34 160	2 633
Total equity	532 522	489 572	457 494
Total equity and liabilities	3 498 330	3 207 686	2 749 768

Table of contents

I

Highlights and development Q2

II

Financial results Q2

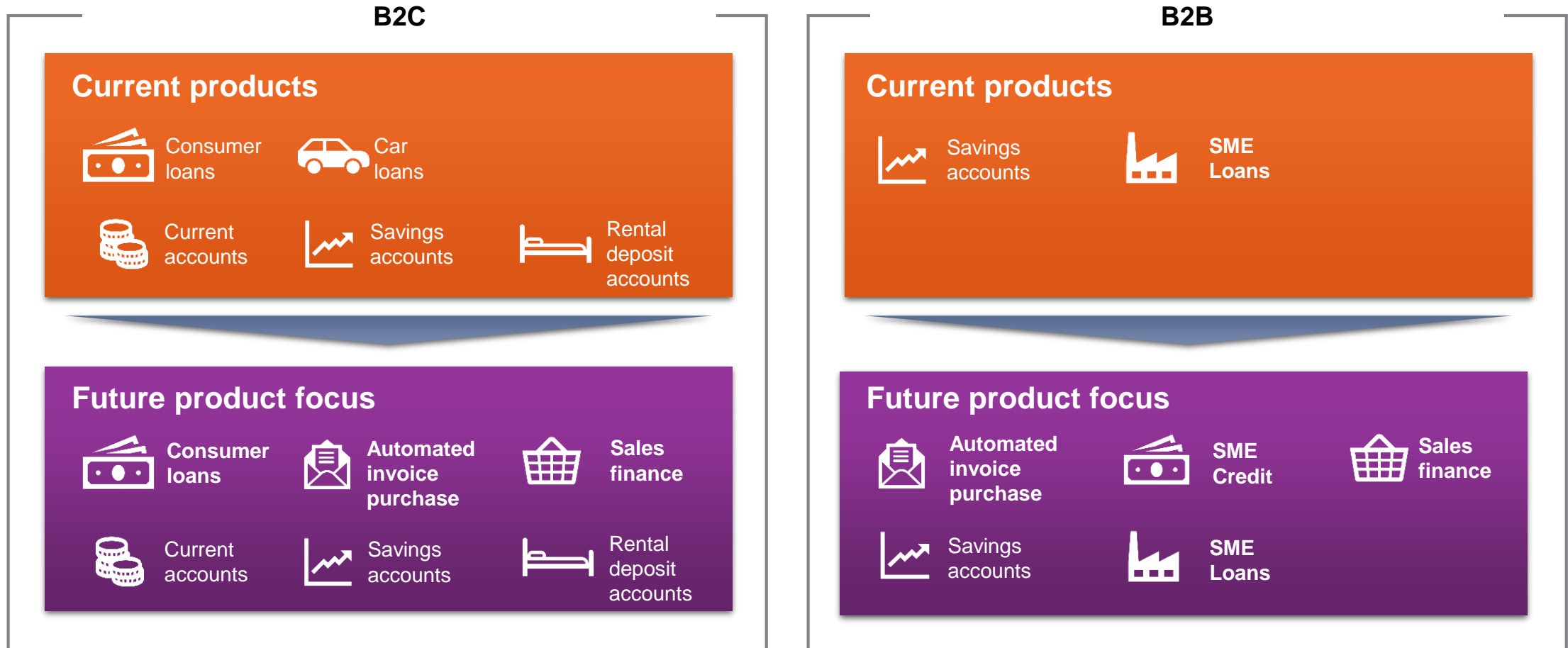
III

Outlook



Expanding product mix

Strengthening digital niche bank capabilities in two segments



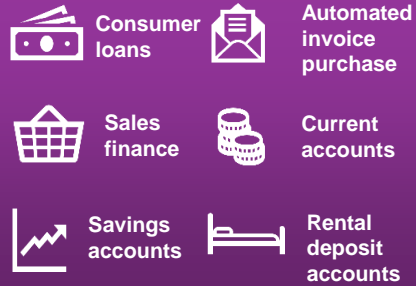
Increased diversification by targeting two strong balancing segments (B2C & B2B)

Broad partnership development

Strategic partner agreements in place to support expansion

PRODUCT PORTFOLIO

B2C



B2B



Expanding product portfolio together with partners

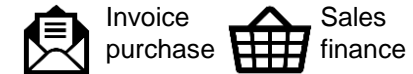
PARTNERSHIPS



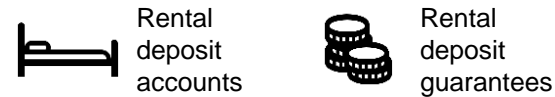
Invoice purchase B2B/B2C, sales finance and SME deposit solutions



Invoice purchase B2C and sales finance in health sector



Rental deposit accounts and loan solutions



Dialogue with additional potential partners to strengthen distribution

New products and partners bring strong synergies to Easybank

Shareholders

Strong and stabile shareholder base

Top 30 shareholders as of 8 August 2019

# Investor	Shares	Shares %
1 Skagerrak Sparebank	4 409 380	9,3%
2 Verdipapirfondet Alfred Berg Norge	3 344 349	7,1%
3 Fondsaveanse 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	1 937 544	4,1%
7 Nordic Private Equity AS	1 669 205	3,5%
8 Lindbank AS	1 655 985	3,5%
9 MP Pensjon PK	1 458 738	3,1%
10 Shelter AS	1 392 727	2,9%
11 Jenssen & Co AS	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 Juul-Vadem Holding AS	531 678	1,1%
19 Jaras Invest AS	440 909	0,9%
20 Hildegunn Hodne Ulltveit-Moe	400 222	0,8%
21 B Finans AS	400 000	0,8%
22 HHG Invest AS	400 000	0,8%
23 Altitude Capital AS	370 736	0,8%
24 Motor-Trade Eiendom og Finans AS	365 878	0,8%
25 Lindbak Gruppen AS	364 045	0,8%
26 Conta Group As	347 368	0,7%
27 Wist Holding AS	338 000	0,7%
28 Truls AS	310 000	0,7%
29 Arild Hestås Invest AS	301 250	0,6%
30 Autobahn AS	287 584	0,6%
Total top 30	35 415 190	74,7%
Other	11 982 000	25,3%
Grand total	47 397 190	100,0%

- 436 shareholders as of 8 August 2019
- The EASY share was registered on NOTC on 15 November 2016.
- Management holds a total of 2,589,357 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 420

