



## 3<sup>rd</sup> quarter result presentation

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# Easybank - Highlights Q3 2019

## Key highlights and developments

- 1 **Profit before tax NOK 21,8 million**, up NOK 2,3 from Q3 last year
- 2 **Net interest income NOK 69,6 million**, up NOK 8,3 million from Q3 last year
- 3 **Annualized ROE 12,1%**, EPS NOK 1,38, book value of equity per share (BVPS) NOK 11,58
- 4  Gross lending of **NOK 2.853 million** with a growth in consumer loans of NOK 25 million. Unsecured lending market negatively impacted by new regulations and debt registry
- 5 **CET1 Capital ratio of 20,0% (20,7% including YTD profit)**
- 6 **Developed new IT value chain B2B**, products to be launched in Q4
- 7 **Exploring international opportunities** to secure attractive long-term ROE

## Key figures

(in MNOK)	Q3-19	Q3-18	2018	YTD Q3-19
Interest income	85,7	73,9	279,2	256,0
PBT*	21,8	19,4	73,4	66,0
ROE*	12,1%	12,5%	13,5%	12,7%
EPS*	1,38	1,25	1,33	1,39
Cost/Income	25,7%	31,3%	32,4%	27,6%
Gross loans	2 853	2 388	2 614	2 853
Consumer loans	2 613	2 078	2 308	2 613

(PBT: Profit before tax, ROE: Return On Equity, EPS: Annualized Earnings per share)

## Strong and stabile shareholder base

### Top 30 shareholders as of October 28<sup>th</sup> 2019

# Investor	Shares	Shares %
1 Skagerrak Sparebank	4 409 380	9,3%
2 Verdipapirfondet Alfred Berg Norge	3 344 349	7,1%
3 Fondsavanse 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	2 199 794	4,6%
7 Lindbank AS	1 655 985	3,5%
8 Nordic Private Equity AS	1 569 205	3,3%
9 MP Pensjon PK	1 458 738	3,1%
10 Shelter AS	1 392 727	2,9%
11 Jenssen & Co A/S	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 Jaras Invest AS	440 909	0,9%
19 Ulltveit-Moe, Hildegunn Hodne	400 222	0,8%
20 B Finans AS	400 000	0,8%
21 Juul-Vadem Holding AS	381 678	0,8%
22 Altitude Capital AS	370 736	0,8%
23 Motor-Trade Eiendom og Finans AS	365 878	0,8%
24 Lindbak Gruppen AS	364 045	0,8%
25 Conta Group AS	347 368	0,7%
26 Wist Holding AS	338 000	0,7%
27 ABG Sundal Collier ASA	326 700	0,7%
28 Truls AS	310 000	0,7%
29 Arild Hestås Invest AS	301 250	0,6%
30 HHG Invest As	300 000	0,6%
<b>Total top 30</b>	<b>35 366 556</b>	<b>74,6%</b>
<b>Other</b>	<b>12 030 634</b>	<b>25,4%</b>
<b>Grand total</b>	<b>47 397 190</b>	<b>100,0%</b>

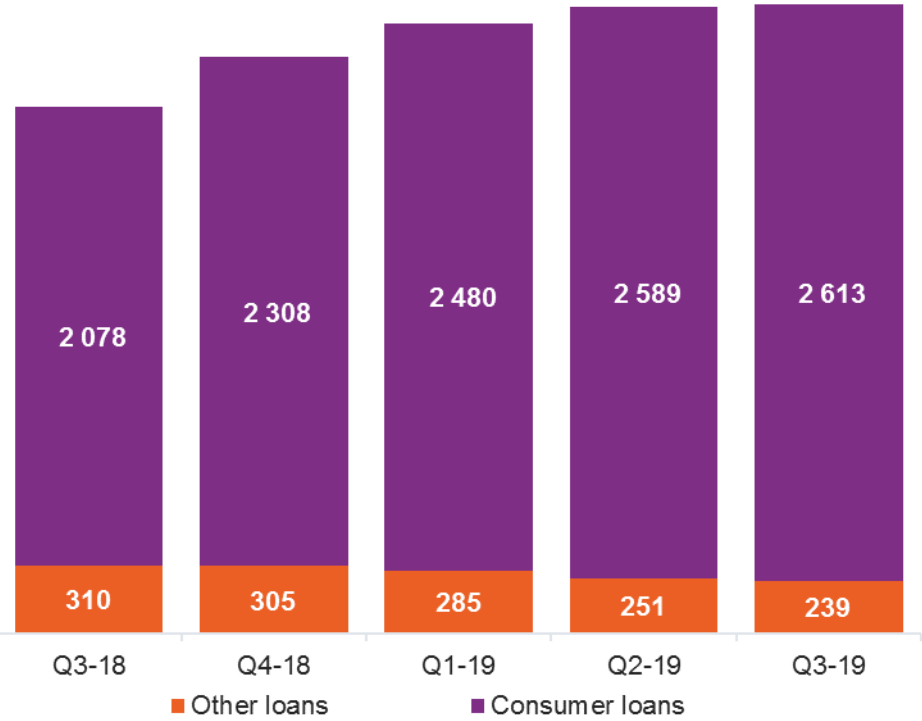
- 431 shareholders as of October 28<sup>th</sup> 2019
- The EASY share was registered on NOTC on 15 November 2016.
- Management holds a total of 2,615,800 shares, corresponding to 5.5% of shares outstanding
- Members of the board represents a total of 2,658,305 shares, corresponding to 5.6% of shares outstanding
- Current market capitalization of approx. MNOK 400

# Gross lending & number of customers

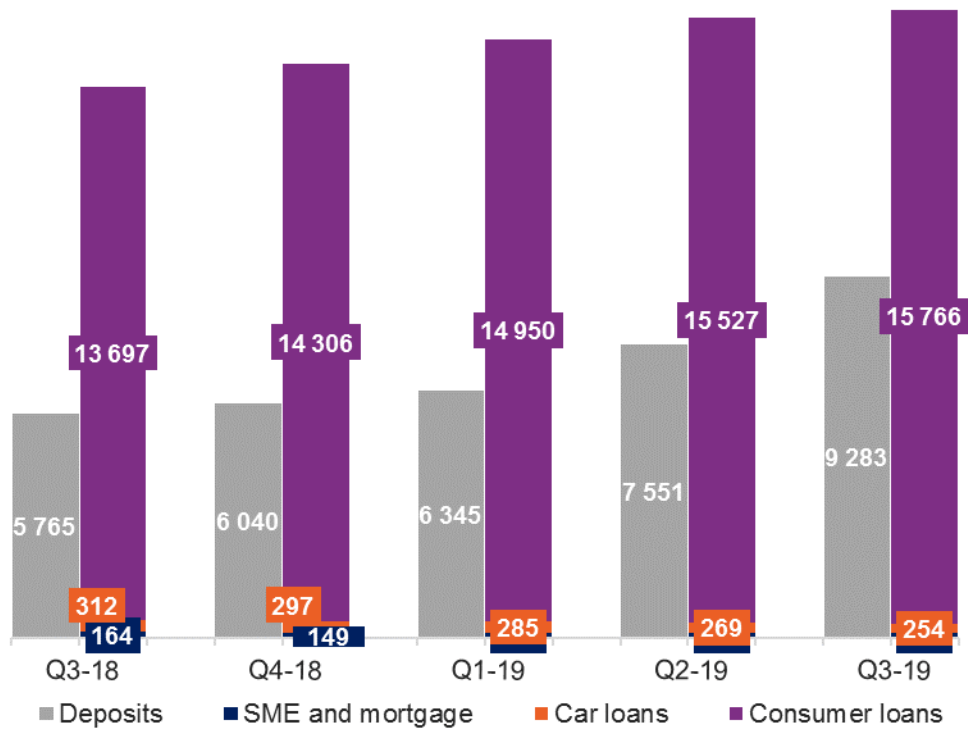
## Growth impacted by new regulation for consumer loans

Gross lending per product

NOK million



Customers per product

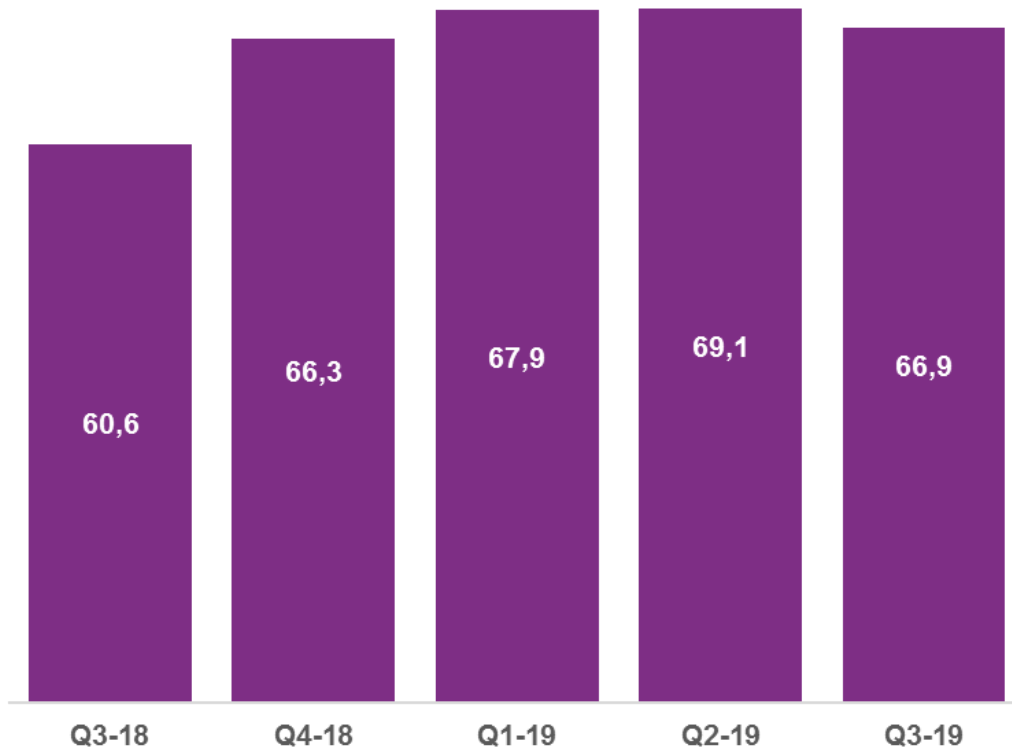


## Total income & profit before tax

# Stable and solid profitability

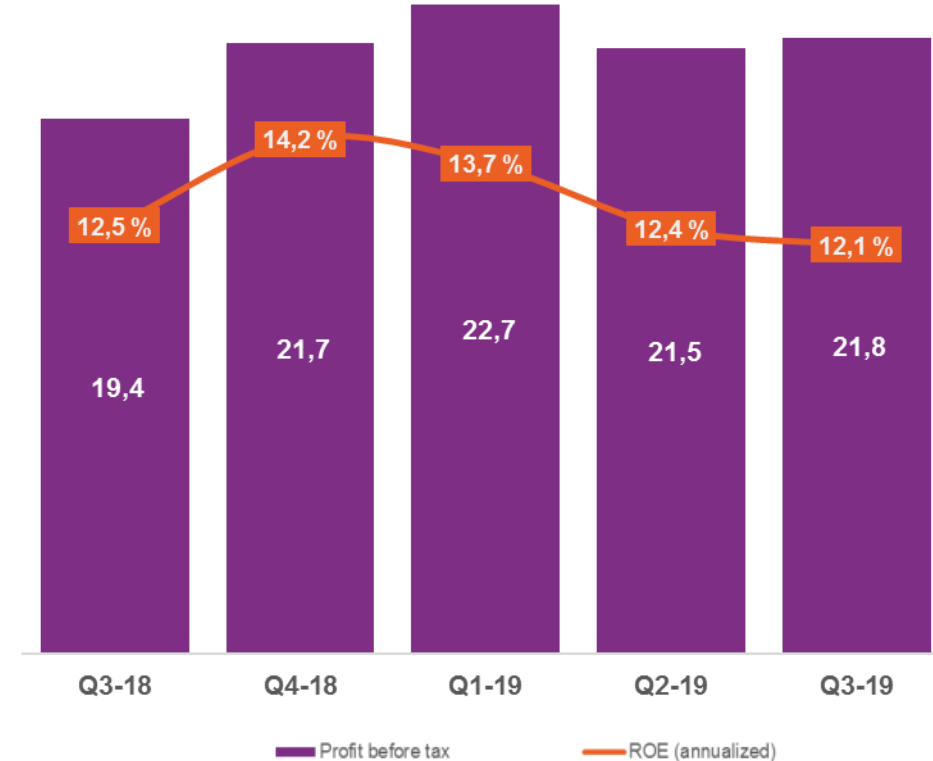
### Total income

NOK million



### Profit before tax and ROE

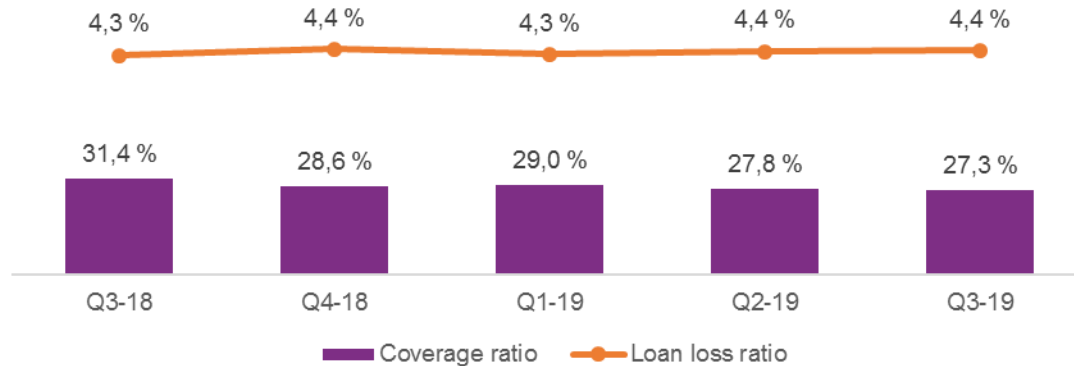
NOK million



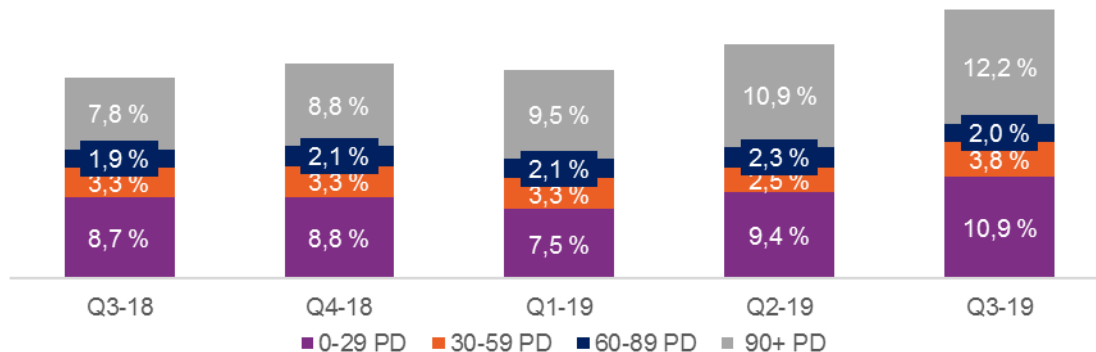
## Credit quality - Consumer loans

# Challenging debt collection, forward flow agreement reduces downside risk

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



### Loans past due



### Comments

- Implementing of Debt registry is increasing NPL previous quarter and is expected to increase loan losses in the short term. 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 conditions as the initial agreement from July 2017
- IFRS9 project in progress and IFRS9 model will be implemented Q1 2020 as planned



# Net interest income & yields

## Still attractive margins – trending downward

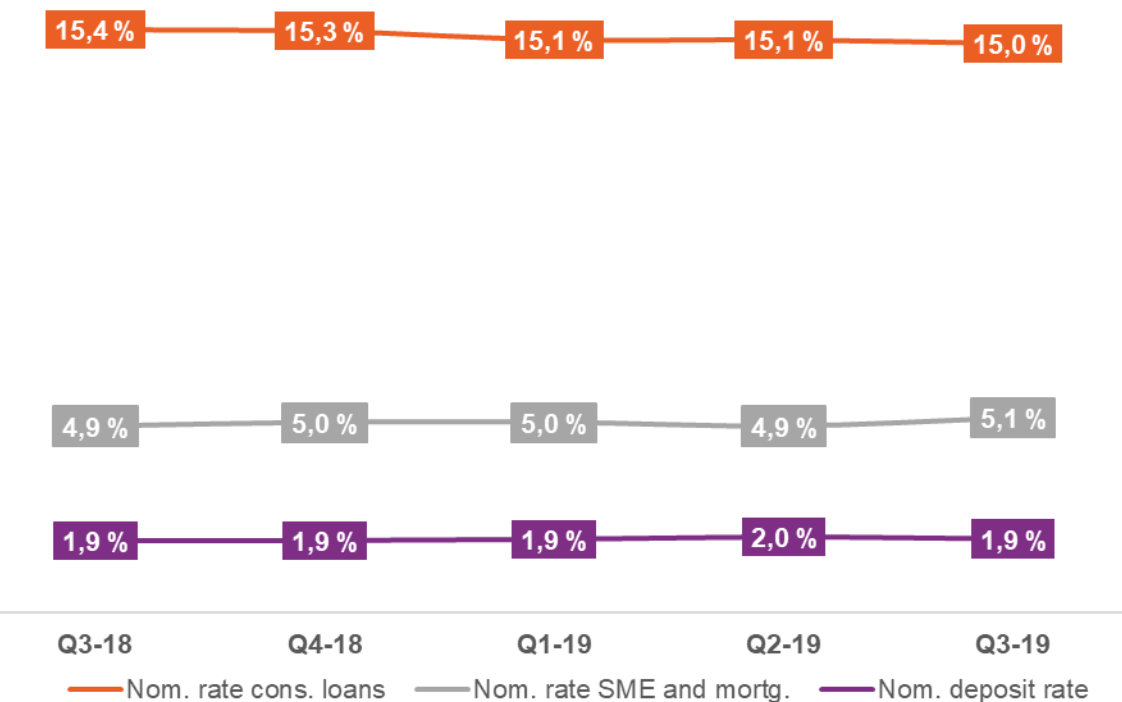
### Net interest income and net interest margin of total assets

NOK million / % of total assets



### Yields (end of quarter)

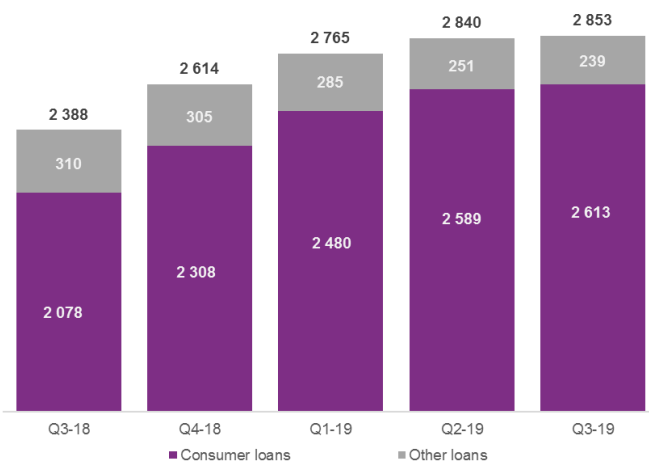
% of relevant balance



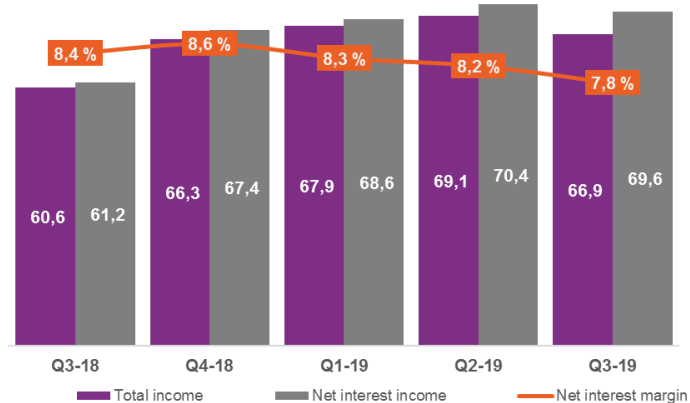
## Overview

# Satisfying profitability and competitive cost/income ratio

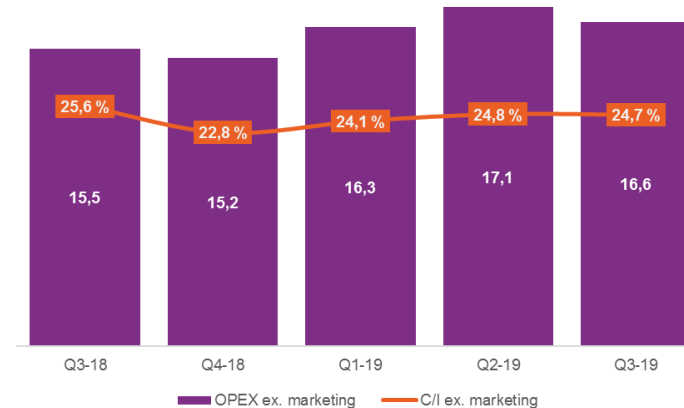
### Gross lending



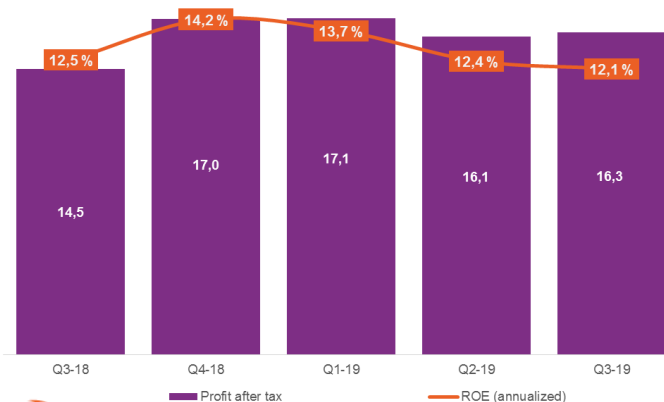
### Income and interest margin



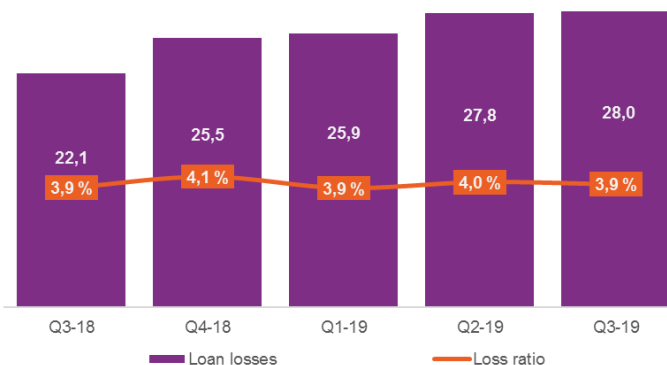
### OPEX and C/I ratio



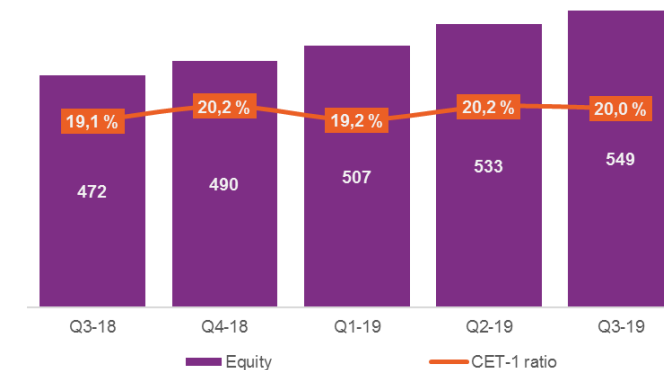
### Profit after tax and ROE



### Losses and loss ratio



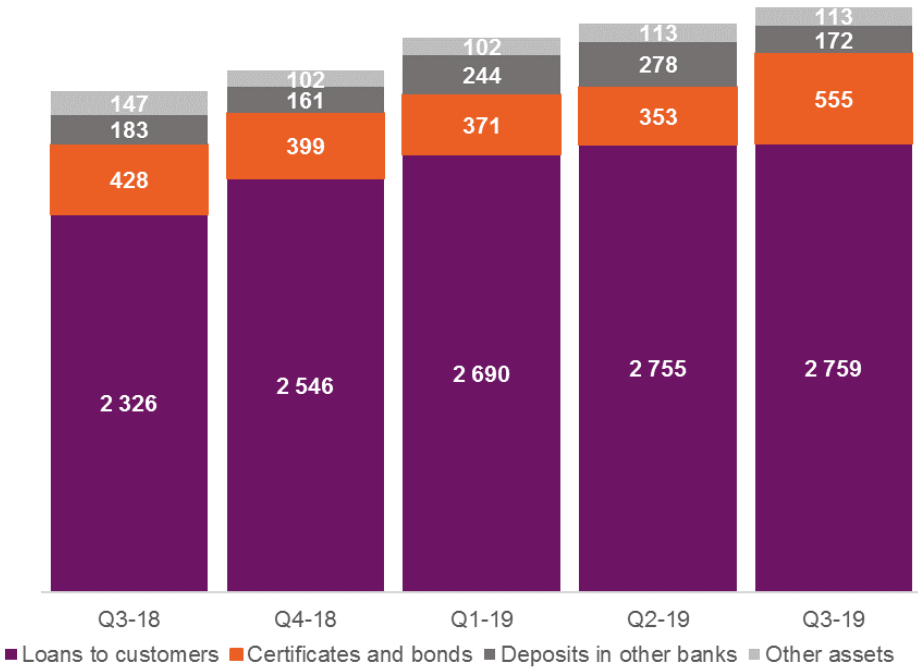
### Equity and CET-1 ratio \*



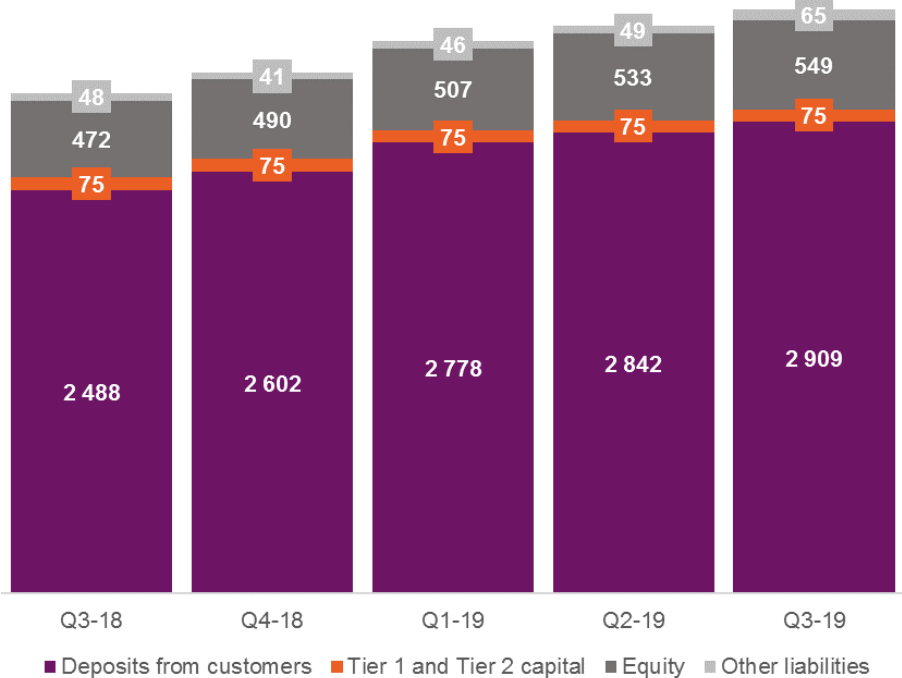
# Balance sheet structure

## Strong funding and liquidity position

Total assets



Equity and liabilities



- Deposit ratio: 106 %
  - Liquidity Coverage Ratio: 588 %
  - Net Stable Funding Ratio: 164 %
- Diversified customers deposits. 55 % of deposits with 35 days+ notice period
  - MNOK 726 in surplus liquidity placed in Norges Bank, other banks and positions with short duration and low risk

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# Income statement

<i>(Amounts in thousands)</i>	Q3 2019	Q3 2018	YTD 2019	YTD 2018	Full year 2018
Interest income	85 662	73 862	256 021	198 019	279 244
Interest expense	-16 069	-12 656	-47 359	-35 173	-49 013
<b>Net interest income</b>	<b>69 593</b>	<b>61 206</b>	<b>208 663</b>	<b>162 846</b>	<b>230 231</b>
Comission and fee income	8 701	11 469	32 701	35 759	47 879
Comission and fee expenses	-13 387	-12 297	-42 550	-31 321	-44 797
Net change in value on securities and currency	2 030	182	5 023	697	1 002
Other income	4	0	111	35	39
<b>Net other income</b>	<b>-2 652</b>	<b>-646</b>	<b>-4 715</b>	<b>5 170</b>	<b>4 123</b>
<b>Total income</b>	<b>66 942</b>	<b>60 560</b>	<b>203 948</b>	<b>168 016</b>	<b>234 354</b>
Salary and other personell expenses	-8 579	-7 875	-24 208	-22 205	-29 731
Other administrative expenses	-4 858	-7 763	-21 002	-24 487	-33 055
- of which marketing expences	-658	-3 458	-6 188	-11 179	-15 243
Depreciation	-1 506	-1 236	-4 363	-3 605	-4 906
Other expenses	-2 267	-2 112	-6 647	-6 485	-8 312
<b>Total operating expenses</b>	<b>-17 210</b>	<b>-18 985</b>	<b>-56 220</b>	<b>-56 782</b>	<b>-76 004</b>
<b>Profit before loan losses</b>	<b>49 732</b>	<b>41 575</b>	<b>147 728</b>	<b>111 233</b>	<b>158 350</b>
Loan losses	-27 957	-22 135	-81 713	-59 516	-84 982
<b>Profit before tax</b>	<b>21 775</b>	<b>19 440</b>	<b>66 015</b>	<b>51 718</b>	<b>73 369</b>
Tax	-5 444	-4 958	-16 504	-13 224	-17 831
<b>Profit after tax</b>	<b>16 331</b>	<b>14 482</b>	<b>49 511</b>	<b>38 494</b>	<b>55 538</b>

# Balance sheet

<i>(Amounts in thousands)</i>	<b>30.09.2019</b>	<b>30.09.2018</b>	<b>31.12.2018</b>
<b>Assets</b>			
Cash and deposits with the central bank	54 181	53 794	53 868
Loans and deposits with credit institutions	117 623	128 951	106 972
Loans to customers	2 852 534	2 388 346	2 613 783
- Loan impairment	-93 595	-62 530	-67 403
Certificates and bonds	0	374 069	169 249
Shares and other securities	554 681	54 413	229 703
Shareholding in group companies	11 148	192	192
Deferred tax asset	0	6 772	2 165
Other intangible assets	20 371	19 910	20 549
Fixed assets	917	1 201	1 085
Other assets	4 820	125	523
Other receivables	75 351	118 640	77 001
- of which agent commissions	68 616	67 582	69 812
<b>Total assets</b>	<b>3 598 032</b>	<b>3 083 883</b>	<b>3 207 686</b>
<b>Equity and liabilities</b>			
Deposits from customers	2 909 320	2 488 322	2 601 841
Other liabilities	45 514	28 739	26 881
Accrued expenses and deferred revenue	19 119	19 453	14 393
Tier 1 and tier 2 capital bond	75 000	75 000	75 000
<b>Total liabilities</b>	<b>3 048 953</b>	<b>2 611 514</b>	<b>2 718 114</b>
Share capital	331 707	324 326	324 326
Share premium reserve	127 092	124 510	124 510
Other paid-in equity	7 159	6 418	6 577
Other equity	83 121	17 116	34 160
<b>Total equity</b>	<b>549 078</b>	<b>472 369</b>	<b>489 572</b>
<b>Total equity and liabilities</b>	<b>3 598 032</b>	<b>3 083 883</b>	<b>3 207 686</b>

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**Highlights and development Q3**



**Financial results Q3**



**Outlook**

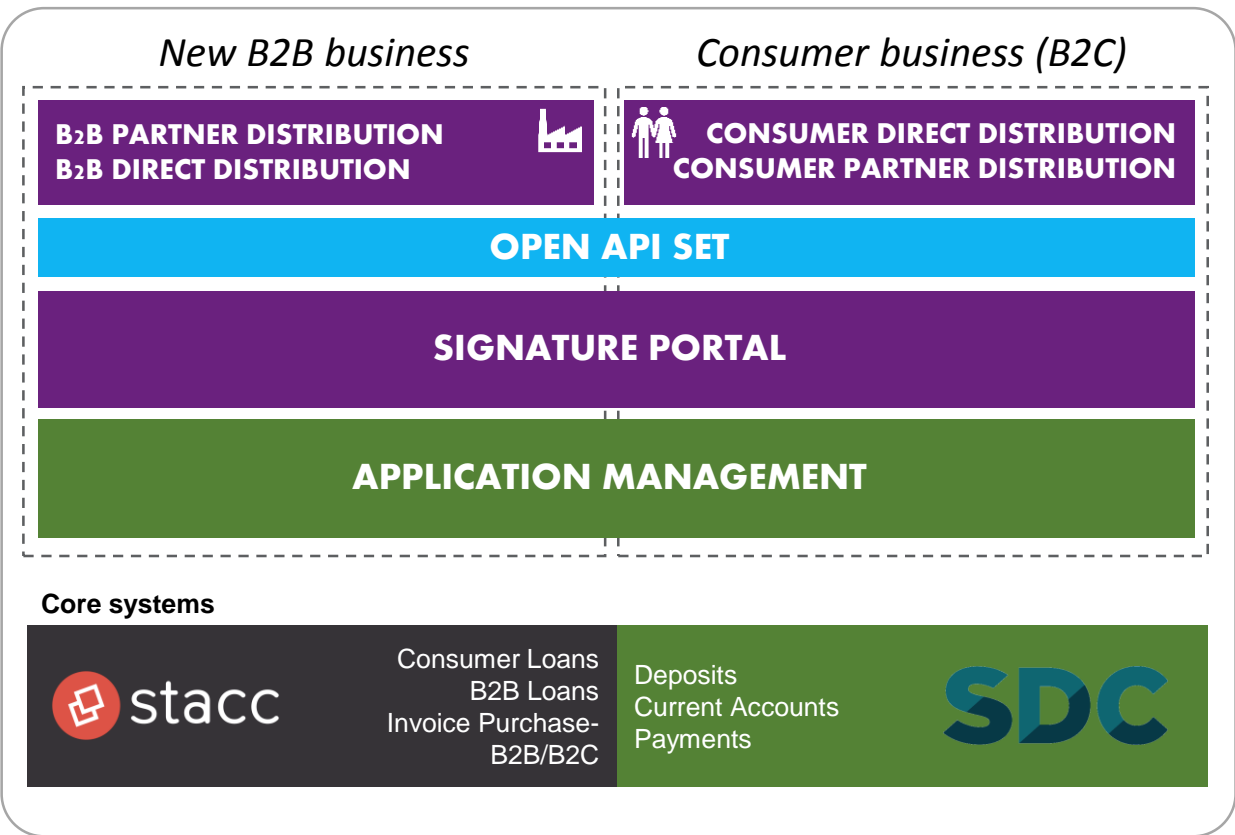
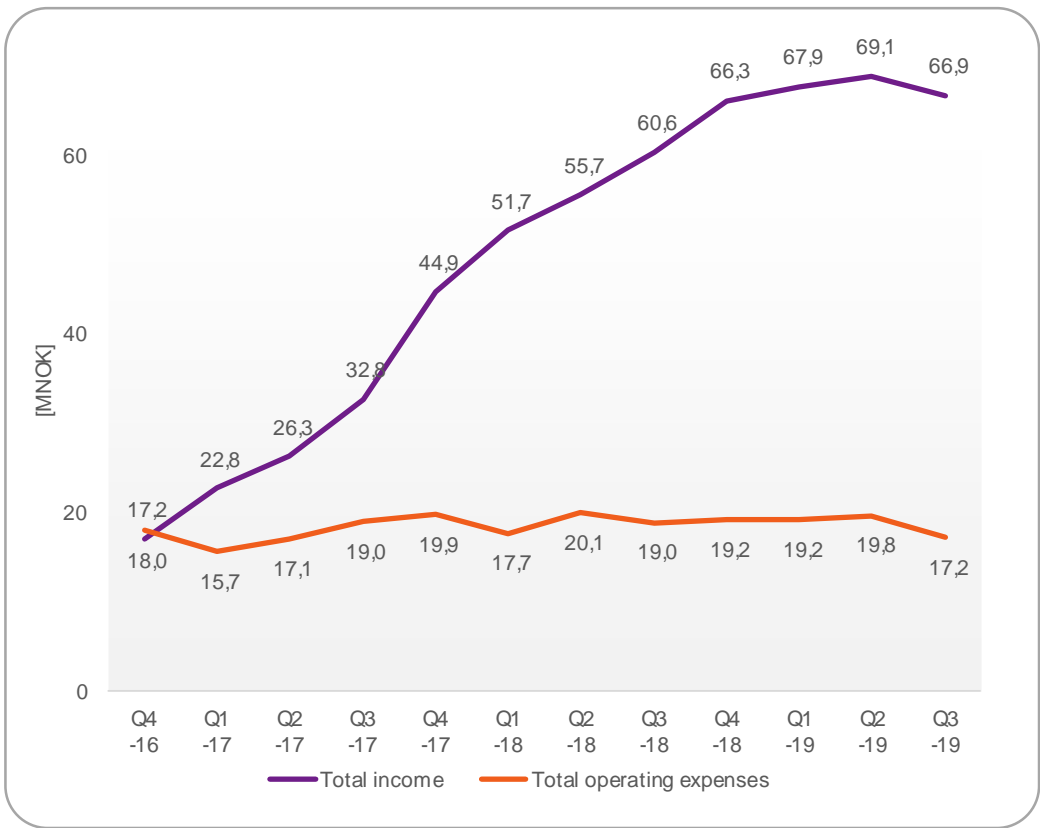


# Leveraging our IT Infrastructure to enable scale

## Reuse of B2C business logic to secure scalability in B2B

*Taking a proven B2C operation model with stable OPEX while expanding product range and boosting income ...*

*... into the B2B segment, where a new IT structure has been developed and will be launched in Q4 2019*

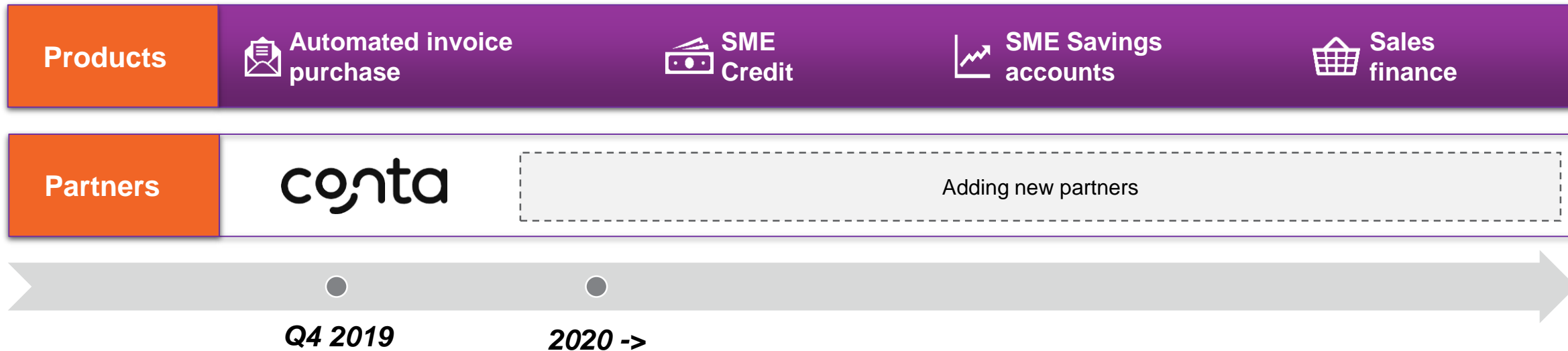




## Strengthening digital niche bank capabilities

# Building the B2B portfolio with new products and partners during 2020

### Roadmap for launching new products and partners



- Launching the distribution partnership with Conta Q4 2019, scaling up during 2020
- First phase focusing on pricing optimisation, risk optimisation and streamlining the value chain
- Infrastructure is in place to bring new attractive products and partners on-board during 2020

## Priorities

### Key focus going forward



