



4th quarter result presentation

Oddbjørn Berentsen (CEO) – Gard Haugen (CFO) - Christian Svendsen (COO)

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Table of contents



Highlights and development Q4



Financial results Q4



Outlook



Easybank - Highlights Q4 2018

Key highlights and developments

- 1 **Profit before tax NOK 21,7 million**, up NOK 12,2 from Q4 last year
- 2 Continuous growth in **net interest income to NOK 67,4 million**, up NOK 25,5 million from Q4 last year
- 3 **Annualized Q4 ROE 14,2%** and EPS NOK 1,47, Book value of equity per share (BVPS) NOK 10,55
- 4 **Solid growth in consumer loans of NOK 184 million**
Gross lending of **NOK 2.614 million**
- 5 **Solid growth in consumer loans of NOK 935 million** in 2018 with **same OPEX** level in Q4 2018 as in Q3 2017. Competitive C/I ratio of 29% (Q4)
- 6 **Self-funding capabilities established** placing Easybank well positioned for future growth and development
- 7 **CET1 Capital ratio of 20,2%**
(Pillar 2 requirement received December 2018 from the FSA)

Key figures

<i>(in MNOK)</i>	Q4	2018	Guiding (2018)
NII*	67,4	230,2	N/A
PBT*	21,7	73,4	70
PAT*	17,0	55,5	50
ROE*	14,2 %	13,5 %	~ 15% (Q4)
Unsecured loans (net)	2 250	2 250	2 100 – 2 300

Focus

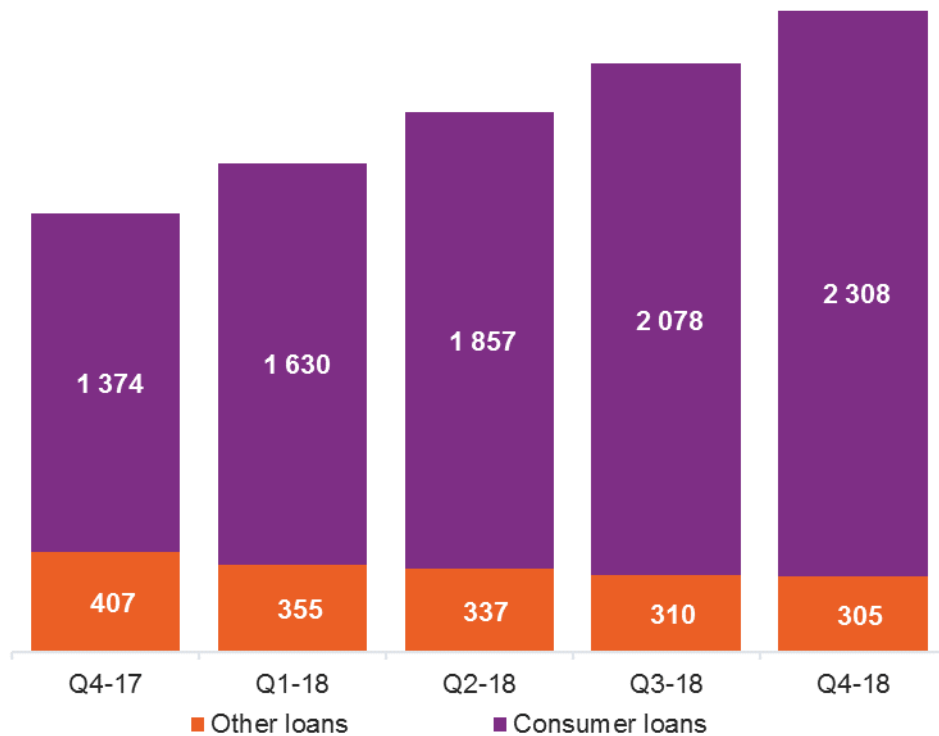
Competitive ROE	Stable OPEX development
Solid and stable growth	Favorable yield

Gross lending & number of customers

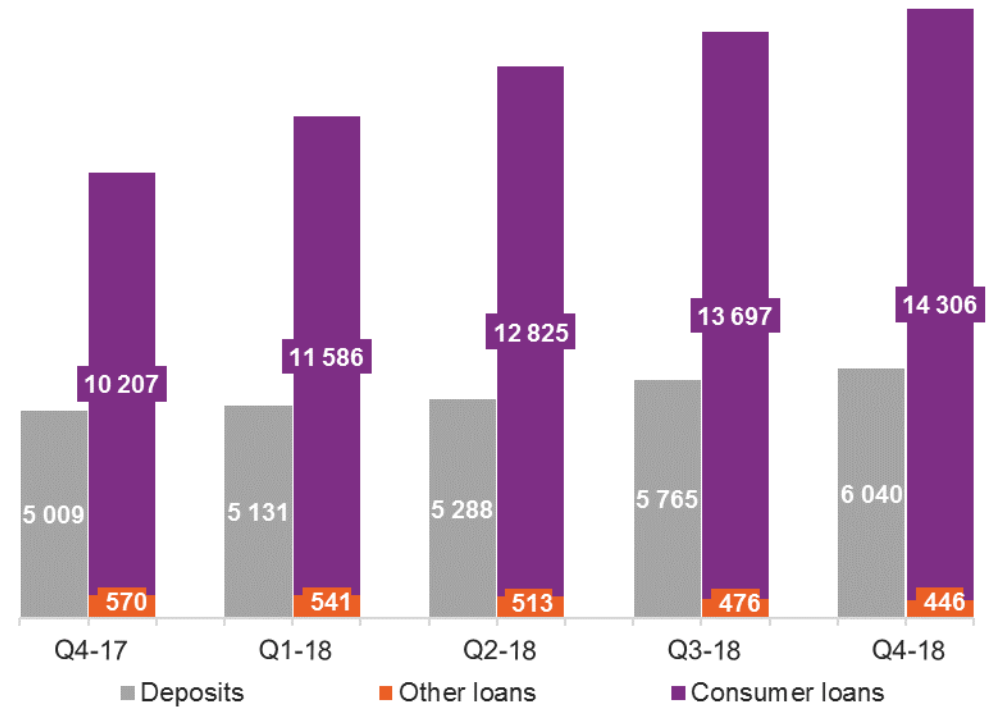
Growth in volume and customers continues

Gross lending per product

NOK million



Customers per product

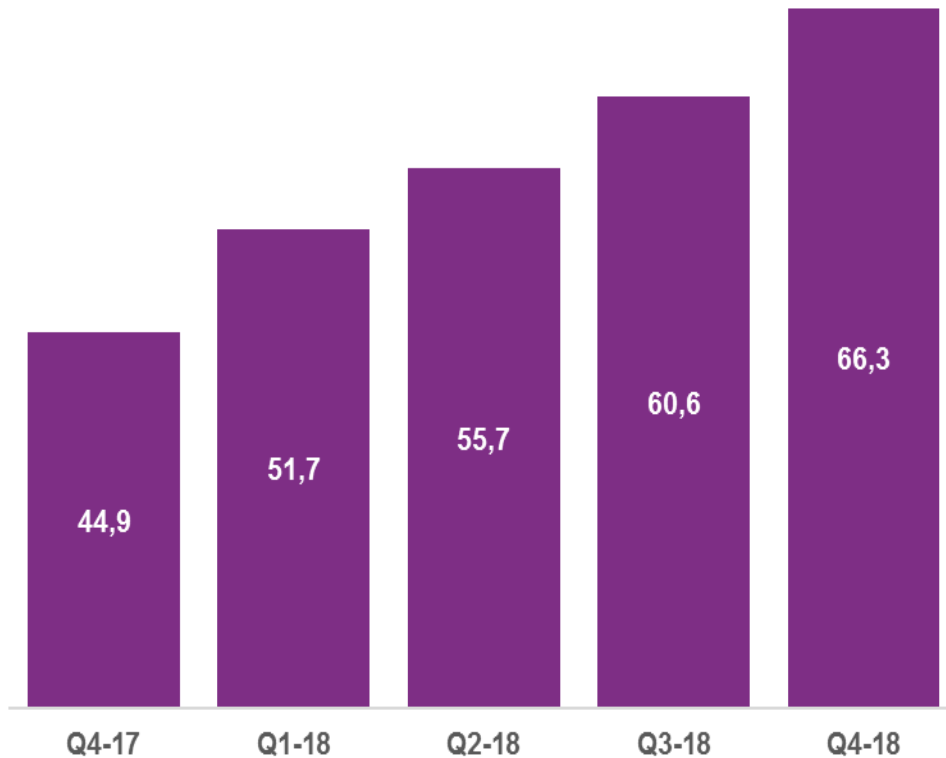


Total income & profit before tax

Increasing total income and solid profit in Q4

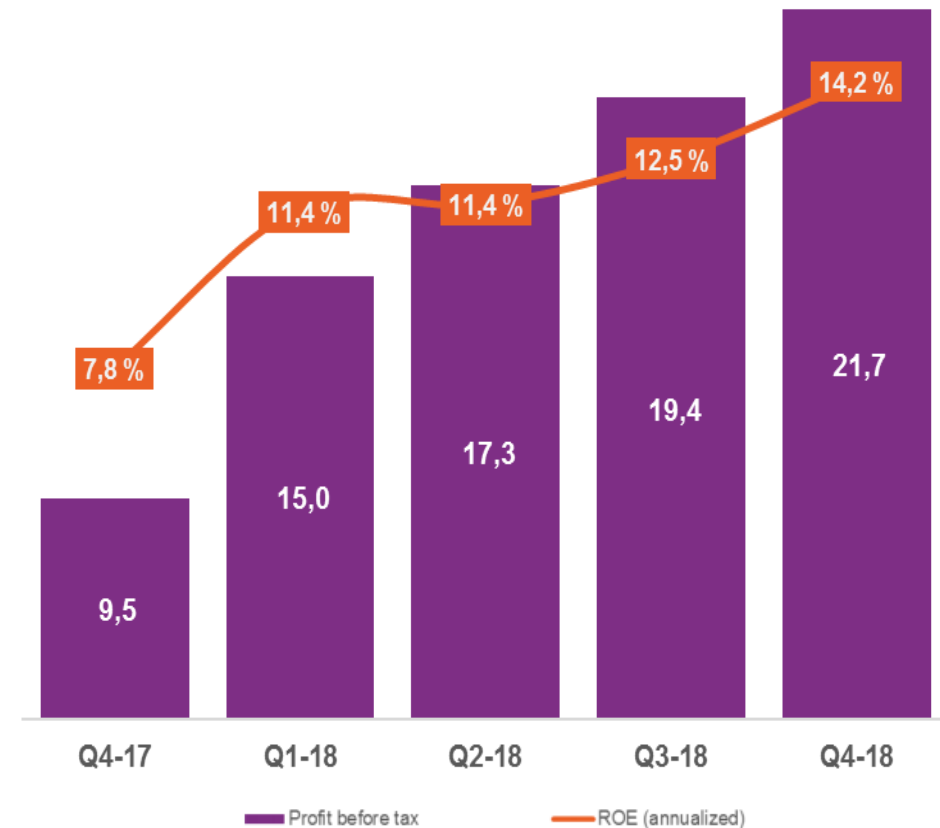
Total income

NOK million



Profit before tax and ROE

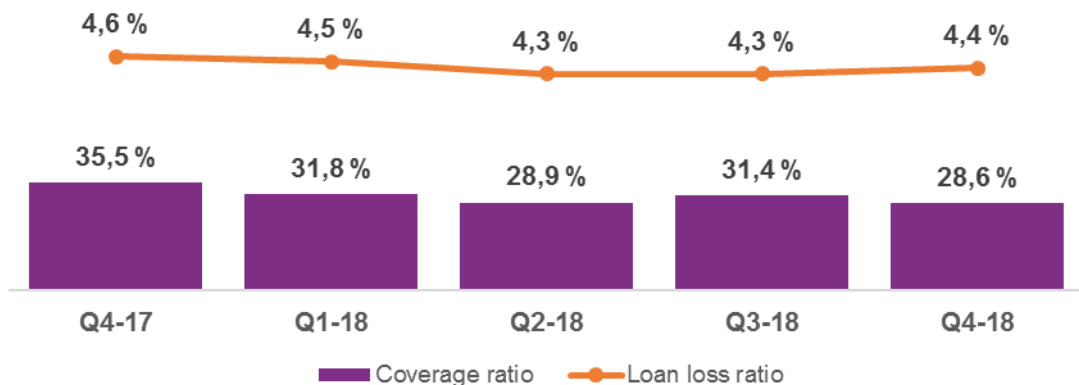
NOK million



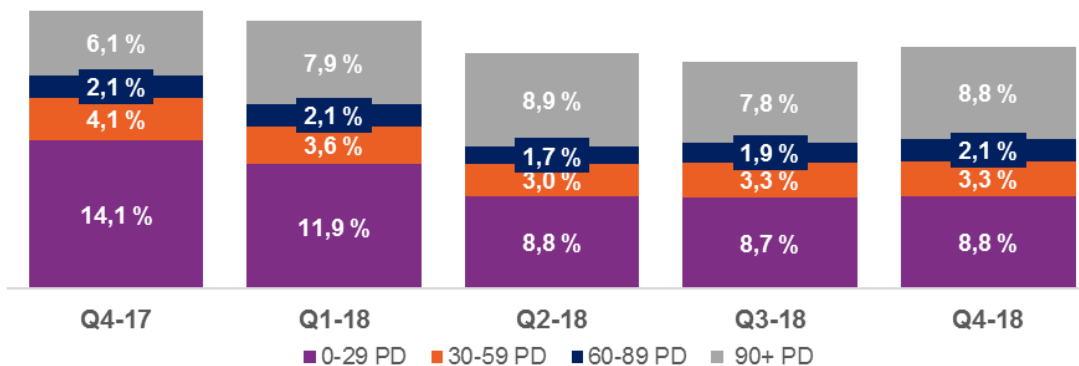
Credit quality - Consumer loans

Satisfactory risk reward and forward flow agreement reduces downside risk

Coverage¹ and loan loss ratio²



Loans past due



Comments

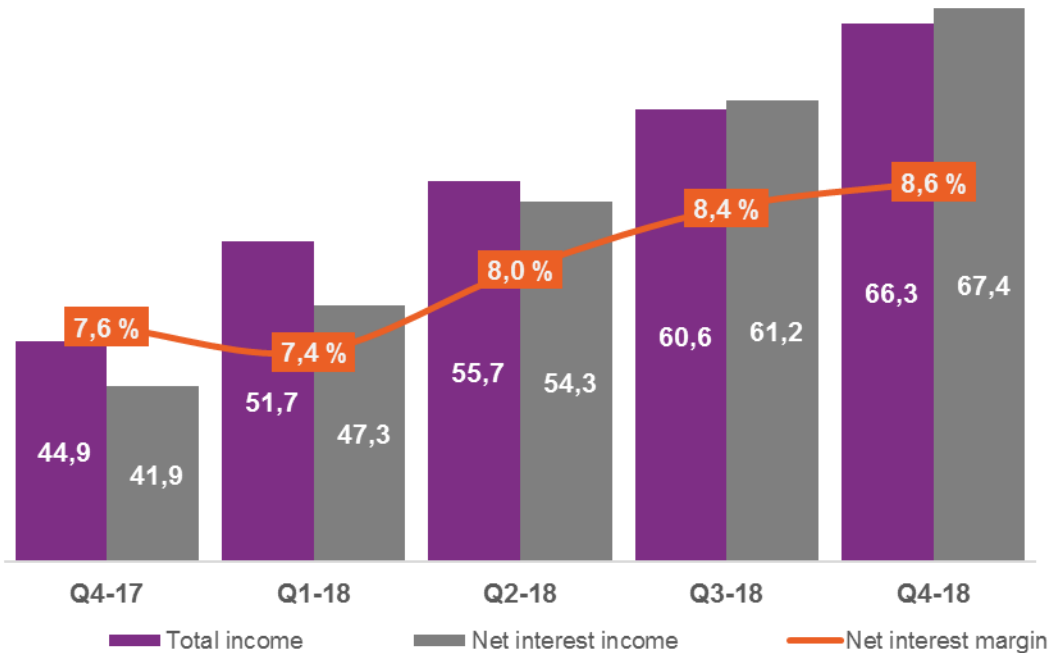
- Satisfactory risk-reward taken into account margin level on consumer loans.
- Sale of part of NPL portfolio as a result of the Forward-flow agreement with Kreditor in Q4 2018, and updated PD values contributes to decreased coverage ratio.
- The forward-flow agreement, entered into with Kreditor in July 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 long term coverage rate decreases as a result of improvement of LGD values in Loss-model.
- Option to extend the forward flow agreement with Kreditor throughout 2023 with same (favorable) conditions as the initial agreement from July 2017.

Net interest income & yields

Increasing interest income and favorable margins

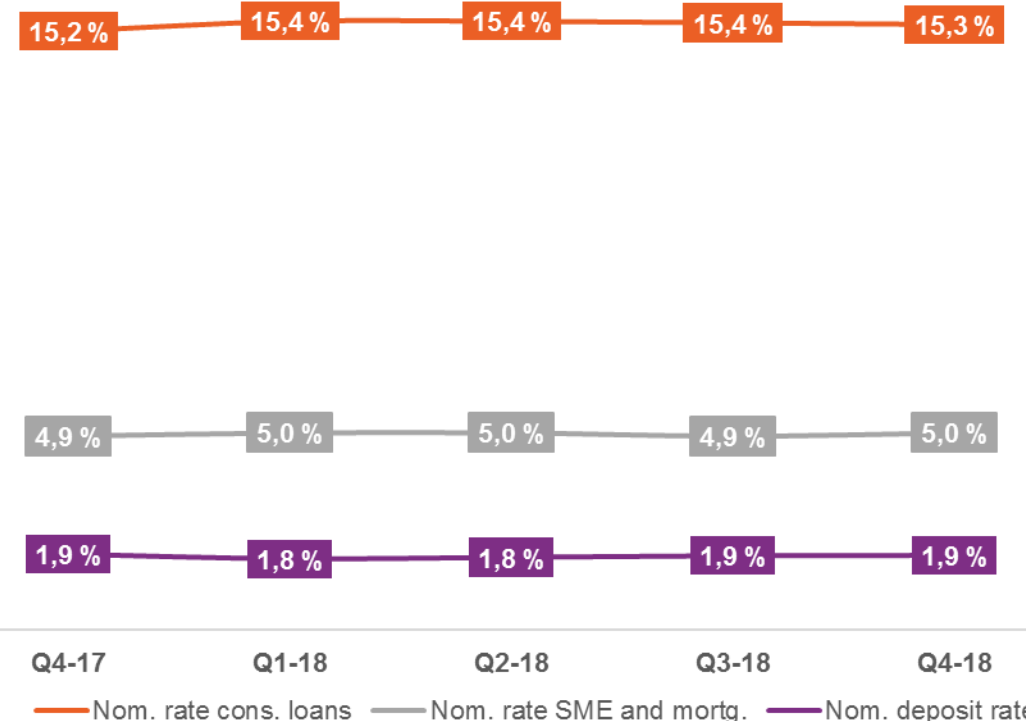
Net interest income and net interest margin of total assets

NOK million / % of total assets



Yields (end of quarter)

% of relevant balance



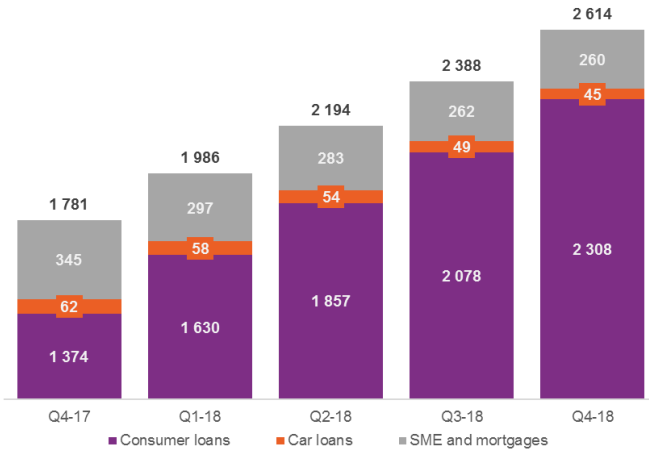
- Net interest margin up due to yield on liquidity balance
- Good margins and ROE from SME & mortgage loans

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

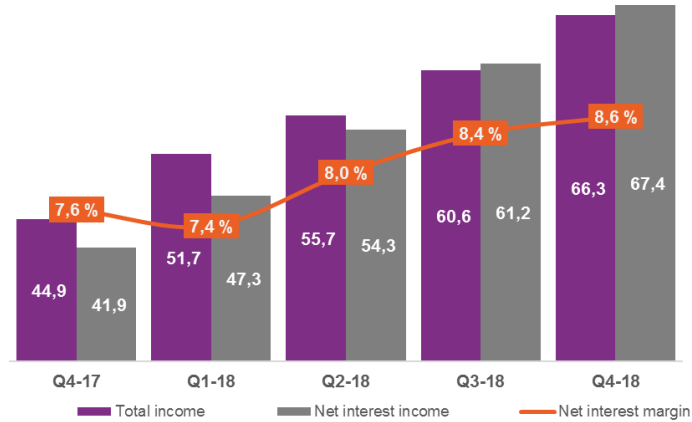
Overview

Good profitability and improved cost/ income ratio

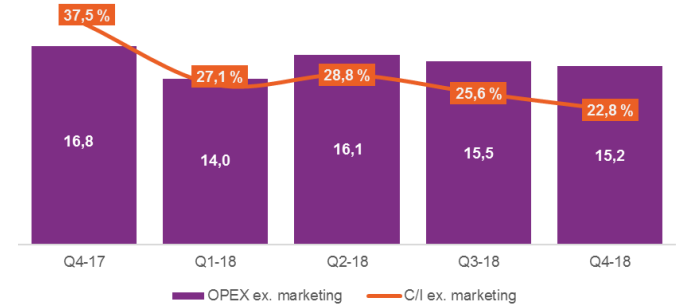
Gross lending



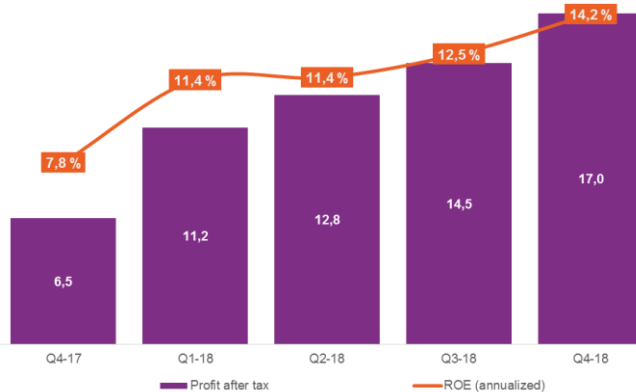
Income and interest margin



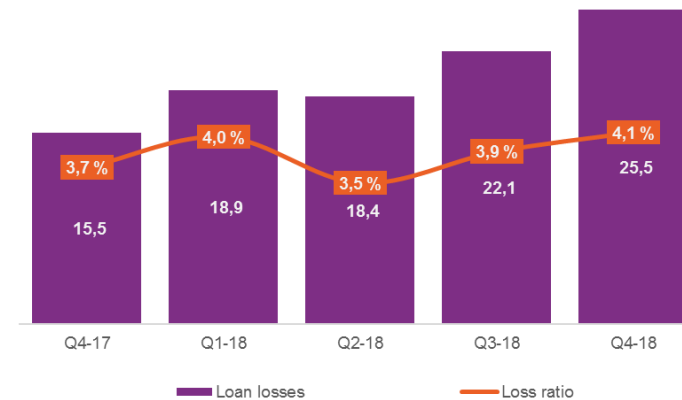
OPEX and C/I ratio



Profit after tax and ROE



Losses and loss ratio



Equity and CET-1 ratio *

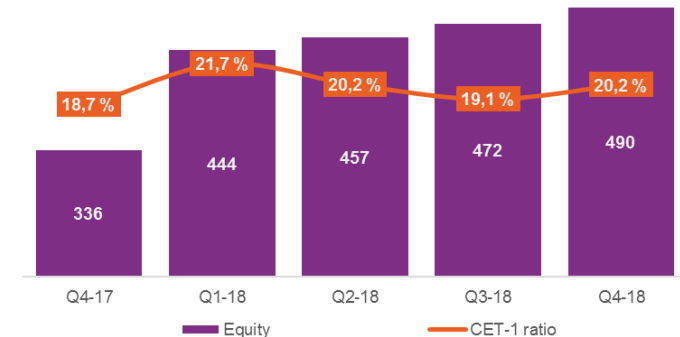


Table of contents



Highlights and development Q4



Financial results Q4



Outlook



Income statement

<i>(Amounts in thousands)</i>	Q4 2018	Q3 2018	Q4 2017	Full year 2018	Full year 2017
Interest income	81 225	73 862	51 414	279 244	155 427
Interest expense	-13 840	-12 656	-9 485	-49 013	-29 085
Net interest income	67 385	61 206	41 929	230 231	126 342
Comission and fee income	12 121	11 469	10 321	47 879	21 692
Comission and fee expenses	-13 476	-12 297	-7 660	-44 797	-22 398
Net change in value on securities and currency	305	182	253	1 002	1 131
Other income	4	0	34	39	88
Net other income	-1 047	-646	2 949	4 123	513
Total income	66 338	60 560	44 878	234 354	126 855
Salary and other personell expenses	-7 525	-7 875	-8 720	-29 731	-30 641
Other administrative expenses	-8 567	-7 763	-7 654	-33 055	-27 283
- of which marketing expences	-4 064	-3 458	-3 023	-15 243	-11 465
Depreciation	-1 301	-1 236	-1 164	-4 906	-4 051
Other expenses	-1 827	-2 112	-2 332	-8 312	-9 728
Total operating expenses	-19 221	-18 985	-19 869	-76 004	-71 704
Profit before loan losses	47 117	41 575	25 009	158 350	55 151
Loan losses	-25 466	-22 135	-15 543	-84 982	-39 512
Profit before tax	21 651	19 440	9 466	73 369	15 639
Tax	-4 607	-4 958	-2 990	-17 831	-4 533
Profit after tax	17 044	14 482	6 476	55 538	11 106

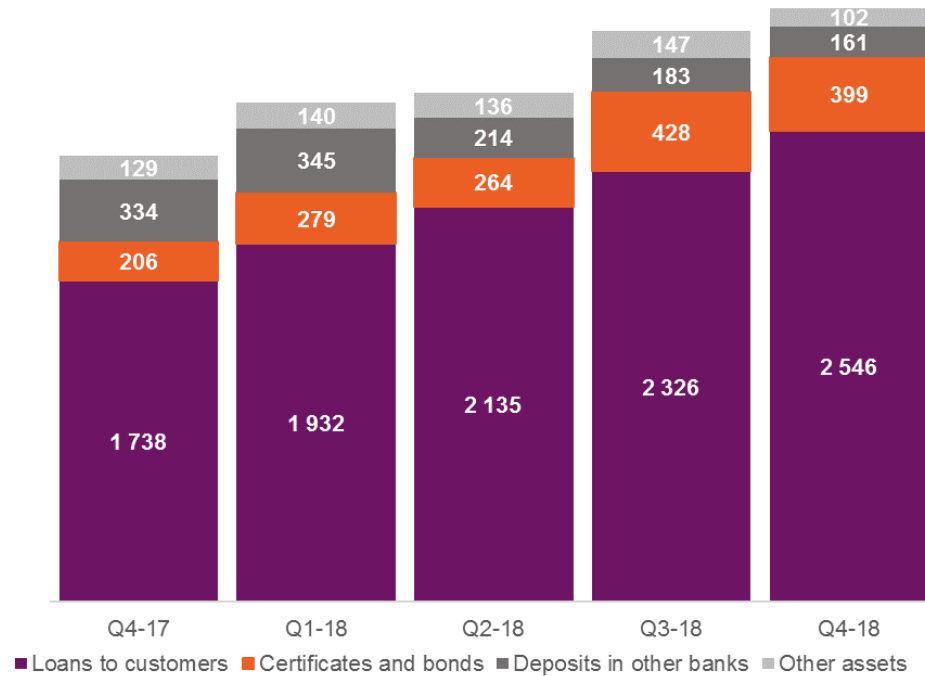
Balance sheet

<i>(Amounts in thousands)</i>	31.12.2018	30.09.2018	31.12.2017
Assets			
Cash and deposits with the central bank	53 868	53 794	53 680
Loans and deposits with credit institutions	106 972	128 951	280 309
Loans to customers	2 613 783	2 388 346	1 780 862
- Loan impairment	-67 403	-62 530	-42 851
Certificates and bonds	169 249	374 069	152 017
Shares and other securities	229 703	54 413	53 869
Shareholding in group companies	192	192	192
Deferred tax asset	2 165	6 772	19 996
Other intangible assets	20 549	19 910	20 398
Fixed assets	1 085	1 201	1 191
Other assets	523	125	1 576
Other receivables	77 001	118 640	86 022
- of which agent commissions	69 812	67 582	50 475
Total assets	3 207 686	3 083 883	2 407 262
Equity and liabilities			
Deposits from customers	2 601 841	2 488 322	1 967 508
Other liabilities	26 881	28 739	18 508
Accrued expenses and deferred revenue	14 393	19 453	10 015
Tier 1 and tier 2 capital bond	75 000	75 000	75 000
Total liabilities	2 718 114	2 611 514	2 071 031
Share capital	324 326	324 326	260 690
Share premium reserve	124 510	124 510	91 681
Other paid-in equity	6 577	6 418	5 238
Other equity	34 160	17 116	-21 378
Total equity	489 572	472 369	336 231
Total equity and liabilities	3 207 686	3 083 883	2 407 262

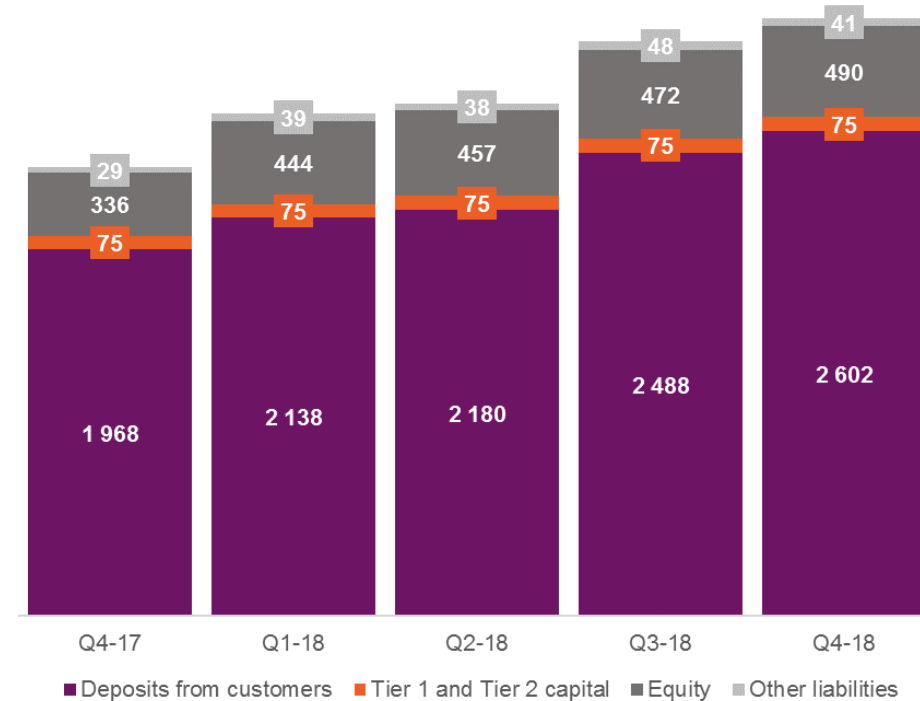
Balance sheet structure

Strong funding and liquidity position

Total assets



Equity and liabilities



- Deposit ratio: 101 %
- Liquidity Coverage Ratio: 838 %
- Net Stable Funding Ratio: 162 %

- Diversified customers deposits. 65 % of deposits with 35 days+ notice period
- MNOK 560 in surplus liquidity placed in Norges Bank, other banks and positions with short duration and low risk

Table of contents

I

Highlights and development Q4

II

Financial results Q4

III

Outlook



Outlook

Secure profitability before expansion to match capital and ROE targets

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
- Continue build on underlying run rate to deliver ROE growth

Phase 3


**Product &
distribution
expansion**

- Initiatives taken towards potential partners 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
- Geographical expansion preferably together with partners that can create competitive advantage

Continue building on underlying run rate and secure competitive ROE

Shareholders & share price

Strong shareholder base

Top 30 shareholders as of 13 February 2019

# Investor	Shares	Shares %
1 Skagerrak Sparebank	4 329 380	9,3%
2 Verdipapirfondet Alfred Berg Norge	3 344 349	7,2%
3 Fondsavanse AS	2 773 330	6,0%
4 Umico - Gruppen AS	2 618 779	5,6%
5 Ladegaard AS	2 325 032	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 Shelter AS	1 392 727	3,0%
10 Jenssen & Co AS	1 287 879	2,8%
11 Krogsrud Invest AS	1 250 000	2,7%
12 Jolly Roger AS	1 145 630	2,5%
13 Hjellegjerde Invest AS	1 100 000	2,4%
14 Independent Oil & Resources Plc	900 000	1,9%
15 Byholt AS	787 159	1,7%
16 GH Holding AS	758 590	1,6%
17 Whitetail Webservice Ltd	705 009	1,5%
18 Juul-Vadem Holding AS	605 300	1,3%
19 Jaras Invest AS	440 909	1,0%
20 Ulltveit-Moe, Hildegunn	400 222	0,9%
21 B Finans AS	400 000	0,9%
22 HHG Invest AS	400 000	0,9%
23 Trippel-L AS	387 225	0,8%
24 Motor-Trade Eiendom Og Finans AS	365 878	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%
Total top 30	34 362 205	74,1%
Other	12 028 634	25,9%
Grand total	46 390 839	100,0%

- 439 shareholders as of 13 February 2019
- The EASY share was registered on NOTC on 15 November 2016.
- Management holds a total of 2,472,823 shares, corresponding to 5.3% of shares outstanding
- Members of the board represents a total of 2,565,741 shares, corresponding to 5.5% of shares outstanding
- Current market capitalization of approx. NOK 420

