



4th quarter result presentation

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Outlook



Easybank - Highlights Q4 2019

Key highlights and developments

- 1 **Profit before tax NOK 20,2 million**, down 1,5 million from Q4 last year
- 2 **Net interest income NOK 69,6 million**, up 2,2 million from Q4 last year
- 3 **Annualized 2019 ROE 12,3%**, EPS NOK 1,36, book value of equity per share (BVPS) NOK 11,90
- 4 **Transition to IFRS9** from January with an equity impact of NOK 103,7 million
- 5 **CET1 Capital ratio of 20,5%**. Transition to IFRS9 from January will impact the CET1 Capital ratio negatively by 3,91%. Due to transition rules, the phase in effect in 2020 will be a negative CET1 impact of 1,17%
- 6 **IFRS impact growth opportunities**, hence growth plan to come from SME segment in 2020
- 7 **Piloting Automated invoice purchase** product with Conta Group scaling volume going forward

Key figures

(in MNOK)	Q4-19	Q4-18	2019	2018
Interest income	84,7	81,2	340,7	279,2
PBT*	20,2	21,7	86,2	73,4
ROE*	10,9%	14,2%	12,3%	13,5%
EPS*	1,27	1,47	1,36	1,33
Cost/Income	27,6%	29,0%	27,6%	32,4%
Gross loans	2 804	2 614	2 804	2 614
Consumer loans	2 609	2 308	2 609	2 308

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

Strong and stable shareholder base

Top 30 shareholders as of February 3rd 2020

# Investor	Shares	Shares %
1 Skagerrak Sparebank	4 409 380	9,3%
2 Verdipapirfondet Alfred Berg	3 844 349	8,1%
3 Fondsavanse AS	3 072 986	6,5%
4 Umico - Gruppen AS	2 618 779	5,5%
5 Hjellegjerde Invest AS	2 600 000	5,5%
6 Ladegaard AS	2 406 032	5,1%
7 Lindbank AS	1 838 007	3,9%
8 Shelter AS	1 574 750	3,3%
9 MP Pensjon PK	1 458 738	3,1%
10 Jenssen & Co AS	1 287 879	2,7%
11 Krogsrud Invest AS	1 250 000	2,6%
12 Nordic Private Equity AS	1 187 768	2,5%
13 Jolly Roger AS	1 149 074	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 Altitude Capital AS	370 736	0,8%
22 Motor Trade Eiendom og Finans AS	365 878	0,8%
23 Conta Group AS	347 368	0,7%
24 Wist Holding AS	338 000	0,7%
25 Truls AS	310 000	0,7%
26 Arild Hestås Invest AS	301 250	0,6%
27 Juul-Vadem Holding AS	300 000	0,6%
28 HHG Invest AS	300 000	0,6%
29 Autobahn AS	270 364	0,6%
30 Langsether, Skule	263 890	0,6%
Total top 30	36 084 645	76,1%
Other	11 312 545	23,9%
Grand total	47 397 190	100,0%

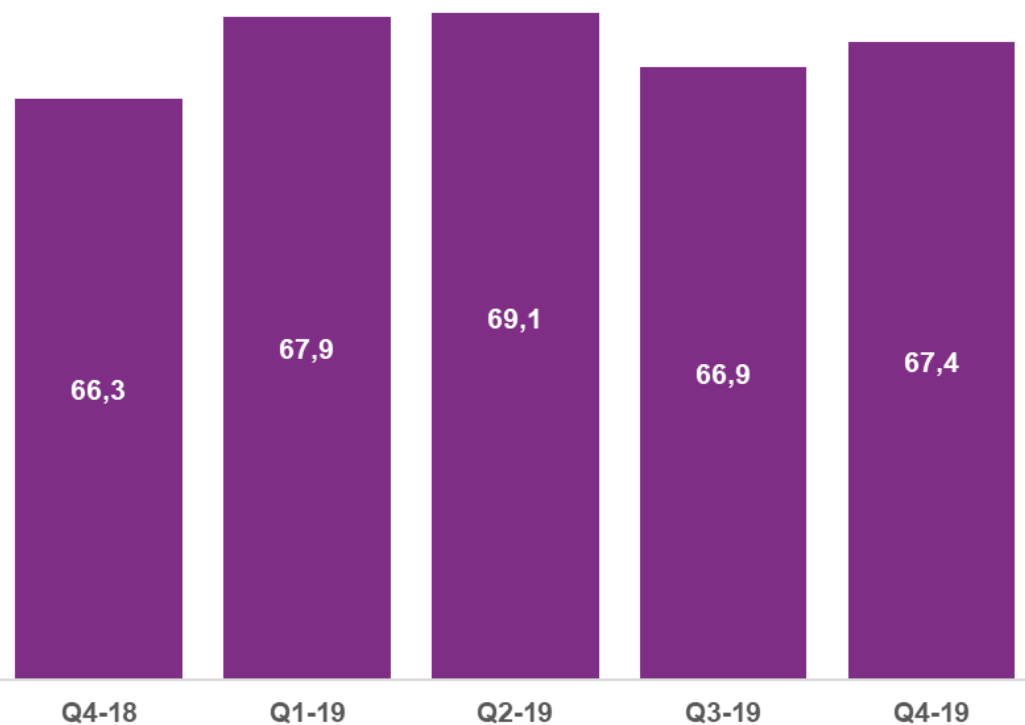
- 422 shareholders as of February 3rd 2020
- The EASY share was registered on NOTC on 15 November 2016.
- Management holds a total of 2,611,912 shares, corresponding to 5.5% of shares outstanding
- Members of the board represents a total of 2,728,305 shares, corresponding to 5.8% of shares outstanding
- Current market capitalization of approx. MNOK 400

Total income & profit before tax

Stable and solid profitability

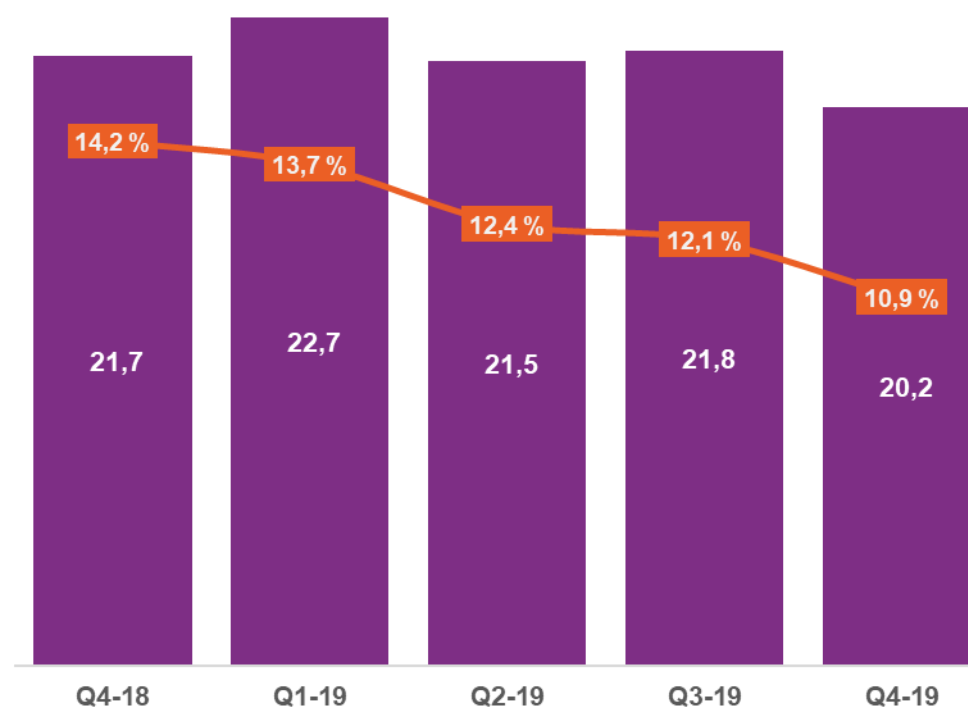
Total income

NOK million



Profit before tax and ROE

NOK million



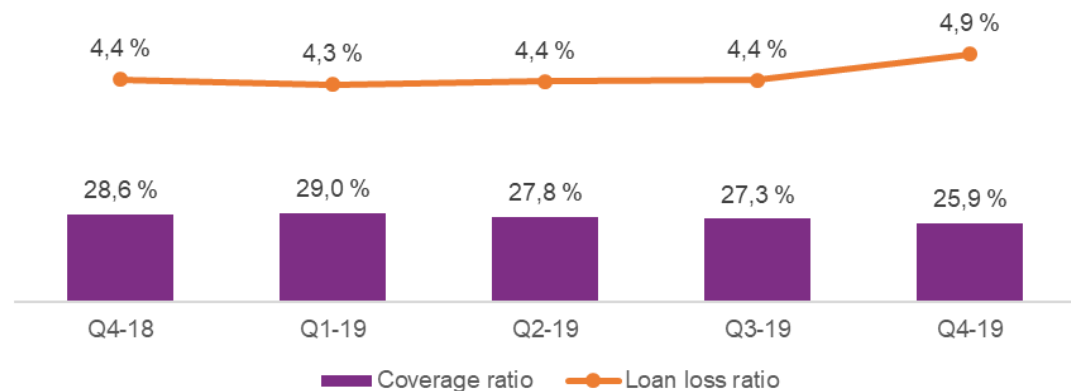
Profit before tax

ROE (annualized)

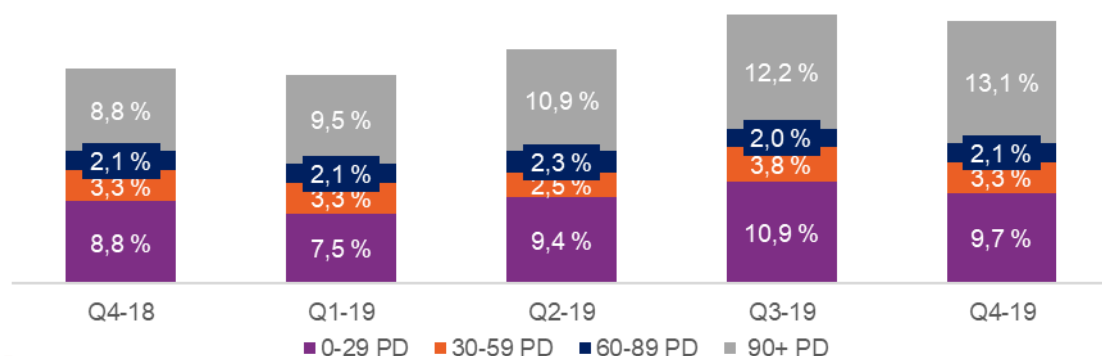
Credit quality - Consumer loans

Challenging debt collection, forward flow agreement reduces downside risk

Coverage¹ and loan loss ratio²



Loans past due



Comments

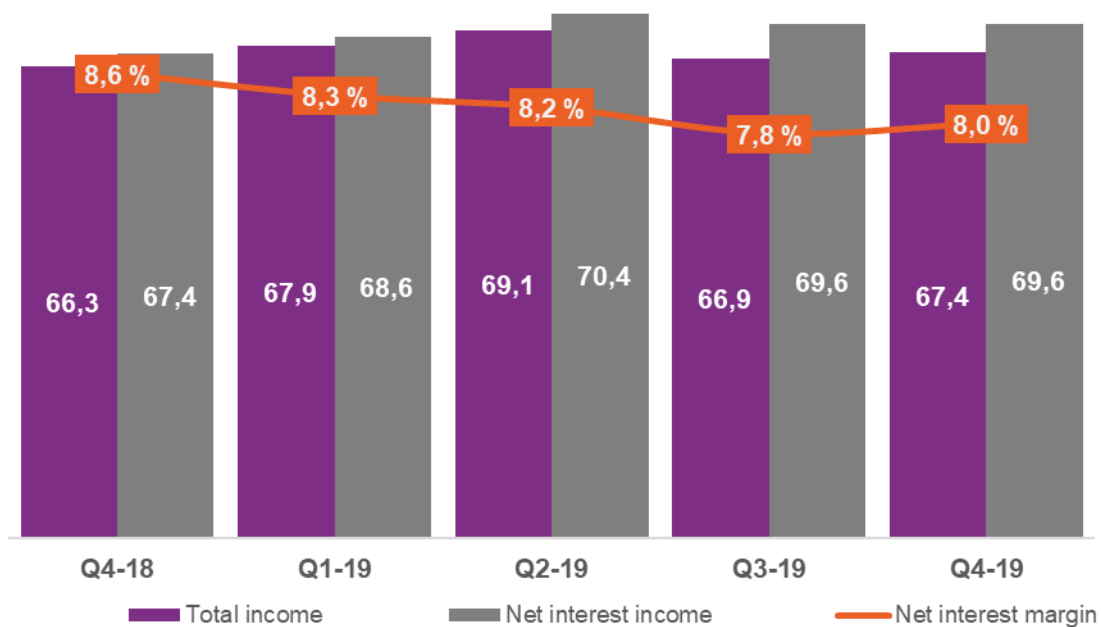
- The implementation of Debt register has increased NPL throughout 2019 resulting in higher loss in Q4
- We expect the Debt Register to continue producing an increase in NPL for the short term, but in turn, we expect it to have a positive impact on losses in the long-term
- Easybank's forward-flow agreement 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 was implemented January 1st 2020

Net interest income & yields

Still attractive margins – trending downward

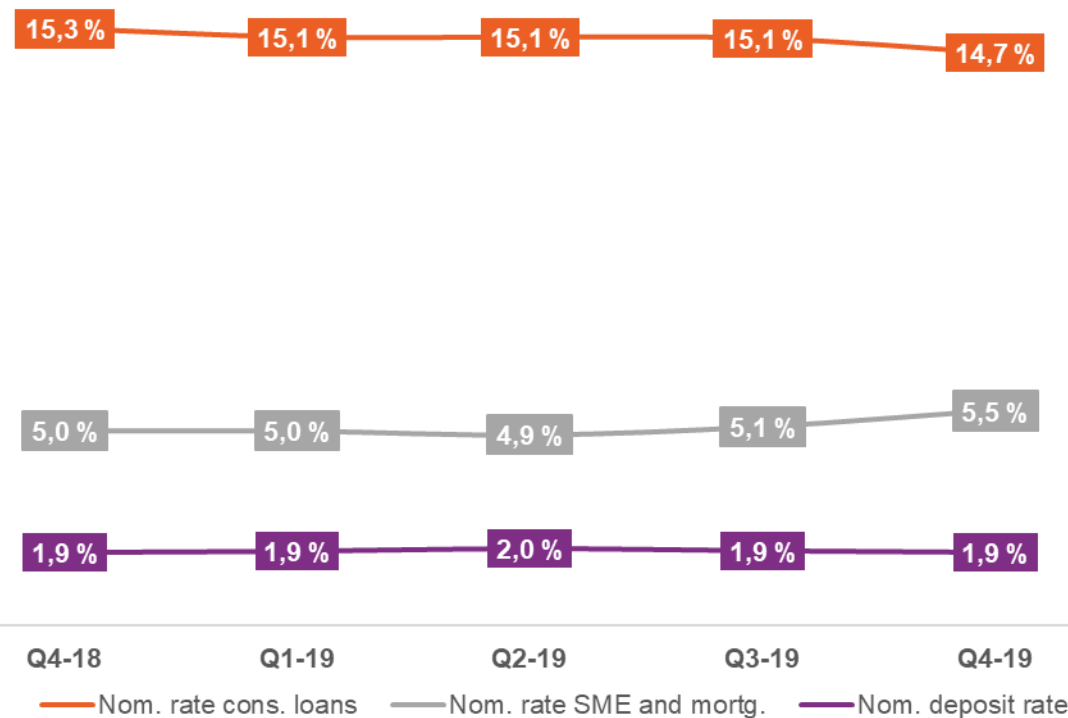
Net interest income and net interest margin of total assets

NOK million / % of total assets



Yields (end of quarter)

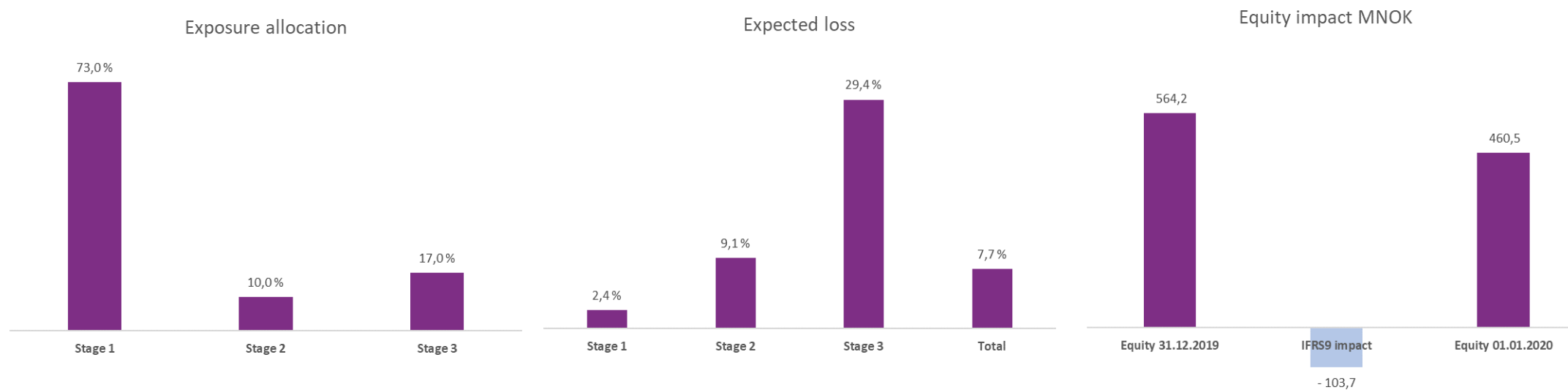
% of relevant balance



Balance sheet structure

IFRS9 implementation

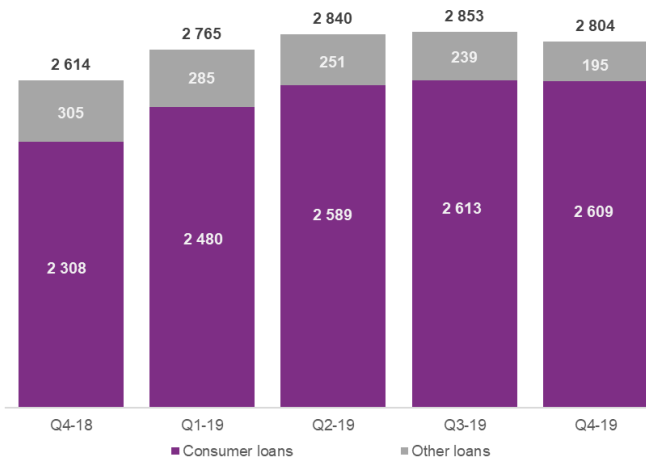
- The bank has during 2019 worked on the implementation of the accounting standard IFRS 9, which will be implemented as of January 1st 2020.
- The transition will result in increased loan loss provisions of MNOK 128. The equity impact will be MNOK 103,7, corresponding to a CET1 impact of 3,9% when fully implemented.
- The bank will gradually phase in the effect on regulatory core equity using the transition rules, which allows for a 30% impact in 2020, 50% impact in 2021, 75% impact in 2022, and 100% impact effective January 1st 2023
- Breakdown of loan book exposure allocation, and expected credit loss as of January 1st 2020 will be:



Overview

Stable consumer loans volume and competitive cost/income ratio

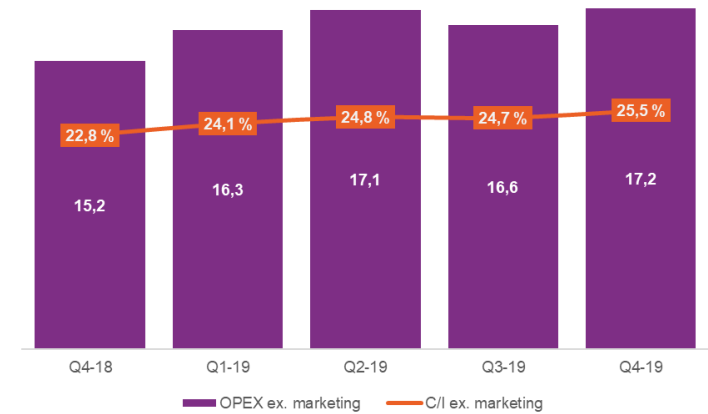
Gross lending



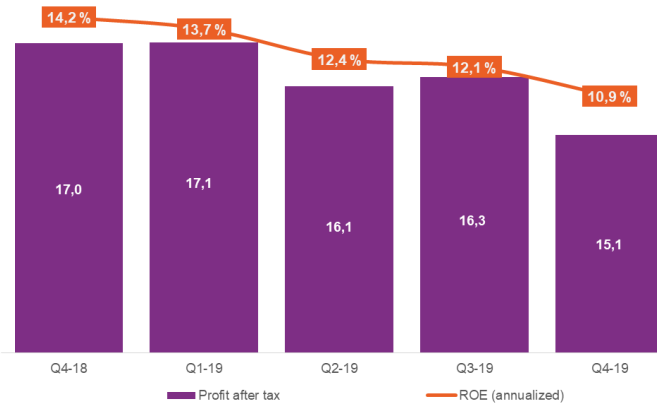
Income and interest margin



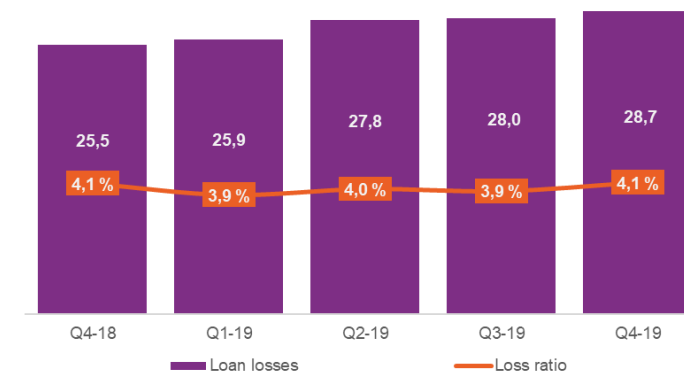
OPEX and C/I ratio



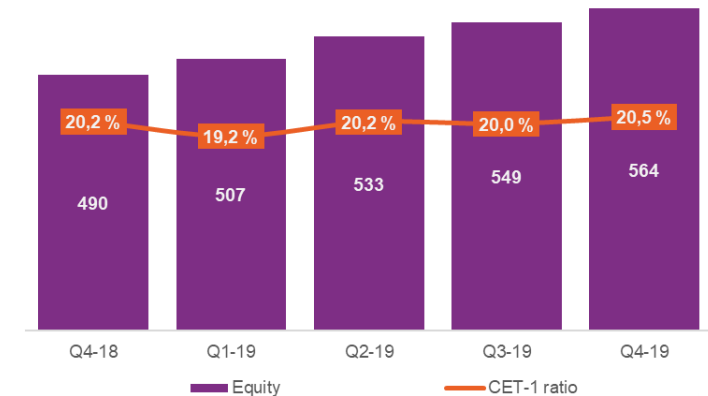
Profit after tax and ROE



Losses and loss ratio



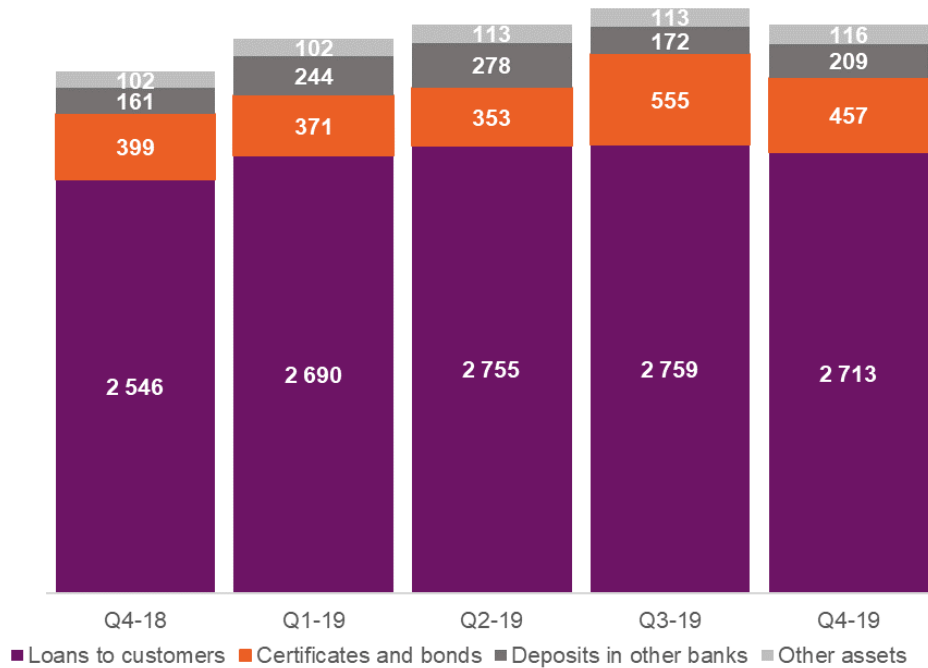
Equity and CET-1 ratio *



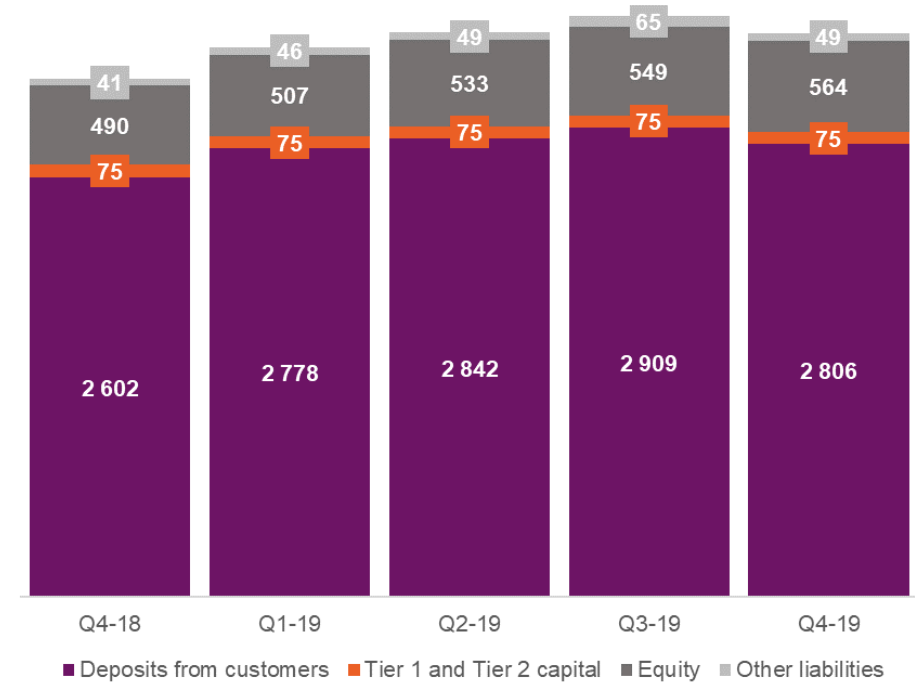
Balance sheet structure

Strong funding and liquidity position

Total assets



Equity and liabilities



- Deposit ratio: 102 %
- Liquidity Coverage Ratio: 525 %
- Net Stable Funding Ratio: 168 %

- Diversified customers deposits. 52 % of deposits with 35 days+ notice period
- MNOK 666 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>	4.kv.2019	4.kv.2018	Året 2019	Året 2018
Interest income	84 669	81 225	340 690	279 244
Interest expense	-15 038	-13 840	-62 396	-49 013
Net interest income	69 631	67 385	278 294	230 231
Comission and fee income	9 851	12 121	42 552	47 879
Comission and fee expenses	-14 485	-13 476	-57 035	-44 797
Net change in value on securities and currency	2 436	305	7 459	1 002
Other income	0	4	111	39
Net other income	-2 198	-1 047	-6 913	4 123
Total income	67 433	66 338	271 381	234 354
Salary and other personell expenses	-8 075	-7 525	-32 284	-29 731
Other administrative expenses	-6 146	-8 567	-27 148	-33 055
- of which marketing expences	-1 390	-4 064	-7 578	-15 243
Depreciation	-1 577	-1 301	-5 940	-4 906
Other expenses	-2 793	-1 827	-9 440	-8 312
Total operating expenses	-18 592	-19 221	-74 812	-76 004
Profit before loan losses	48 841	47 117	196 569	158 350
Loan losses	-28 677	-25 466	-110 390	-84 982
Profit before tax	20 164	21 651	86 179	73 369
Tax	-5 067	-4 607	-21 571	-17 831
Profit after tax	15 099	17 044	64 609	55 538

Balance sheet

<i>(Amounts in thousands)</i>	31.12.2019	31.12.2018
Assets		
Cash and deposits with the central bank	54 351	53 868
Loans and deposits with credit institutions	154 717	106 972
Loans to customers	2 804 258	2 613 783
- Loan impairment	-91 746	-67 403
Certificates and bonds	0	169 249
Shares and other securities	457 112	229 703
Shareholding in group companies	11 192	192
Deferred tax asset	135	2 165
Other intangible assets	20 471	20 549
Fixed assets	872	1 085
Other assets	9 451	523
Other receivables	73 814	77 001
- of which agent commissions	67 253	69 812
Total assets	3 494 628	3 207 686
Equity and liabilities		
Deposits from customers	2 806 011	2 601 841
Other liabilities	39 090	26 881
Accrued expenses and deferred revenue	10 352	14 393
Tier 1 and tier 2 capital bond	75 000	75 000
Total liabilities	2 930 452	2 718 114
Share capital	331 707	324 326
Share premium reserve	127 092	124 510
Other paid-in equity	7 159	6 577
Other equity	98 218	34 160
Total equity	564 176	489 572
Total equity and liabilities	3 494 628	3 207 686

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Focus going forward

1 Deliver competitive ROE

2 Expand the product portfolio
within the SME market and enter into agreements that strengthen the bank's distribution power

3 Consumer finance
with favourable risk/reward

4 Evaluate strategic opportunities
and geographic expansion to utilize the bank's scalable operating model

5 Operational efficiency
with low operating costs and competitive C/I



