

Helt. Enkelt. Bank.

Q4 2017 Presentation

6 February 2018

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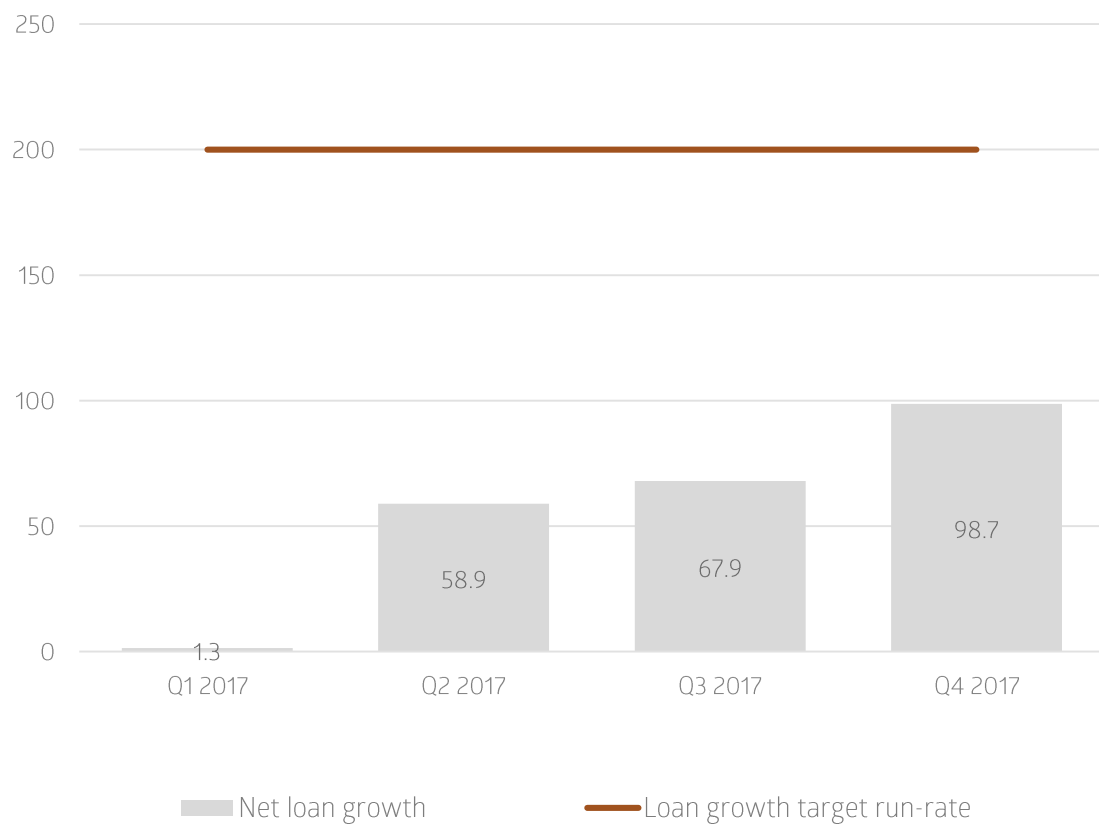
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Highlights of the quarter

- Growth in net loans was NOK 98.7m, up 45% from NOK 67.9m in Q3. Net loans amounted to NOK 226.3m
- Loan growth in the second half of the quarter was approximately 75% of run-rate loan growth
- The improved loan growth was driven by the resolution of IT-system issues and the addition of new agents
- Pre-tax loss amounted to NOK 9.8m (5.1m) including credit loss provisions of NOK 4.4m (0.67m), representing 2.3 % of gross loans YTD

Approaching loan growth target

Loan growth



- Application processing systems further improved throughout the quarter, showing results from mid-November
- 7 agents active in Q4. 3 more have signed
- Expect to reach target run rate towards end of Q1
- After the balance sheet date, outstanding loans have increased by approximately NOK 50m (per 02.02.2018)

Business model delivered on most aspects



Agent distribution

- Seven agents under contract in Q4
- Automation enables scalability with low fixed costs



Financing

- MyBank's capital base enables significant loan growth
- Strong inflow of deposits allows for significant loan growth



Costs

- MyBank's distribution model ensures a low fixed cost base
- First year of operational expenses close to original estimate.



Market

- Few indications that growth in market for unsecured loans is slowing down
- Regulation remains uncertain



Processing system

- Some issues led to a degree of adverse selection in the portfolio
- Operational improvements have been implemented to secure loan growth

Processing system – operational improvements and effects

Operational improvements & status

Improvements to application processes

- ✓ New and improved system rules gave significant increase in volume
- ✓ New procedures implemented to improve data flow between bank and agents
- 🕒 Additional IT-development release (7.2.2018) to improve process flow

Improvements to flexibility and responsiveness of systems

- 🕒 Changes to pricing matrix to improve risk profile and competitiveness
- 🕒 Migration to new rule- and scoring engine to make future adjustments instantaneous

Results

Increased loan growth

- Adverse selection removal allows for faster loan growth in untapped age-segments
- Pricing adjustments improves competitiveness in 100K+ segment

Lower loan losses

- Increased loan growth to high-quality segments will lead to improved overall portfolio credit quality

Profit & Loss

Amounts in NOK NOKm

	Q4 2017	Q3 2017	YTD 2017
Interest income	6.02	4.17	11.56
Interest expense	1.23	1.37	3.08
Net interest income	4.78	2.80	8.48
Commissions and fee income	0.03	0.01	0.04
Commissions and fee expense	-0.27	-0.01	-0.30
Total operating income	4.55	2.80	8.22
Income/loss from trading activities	-0.29	-0.48	-2.35
Staff costs	3.68	3.75	12.73
Other administrative expenses	5.17	2.24	9.76
Other operating costs	1.43	1.74	4.26
Total operating costs	9.99	7.25	24.40
Profit / loss (-) before loan impairments	-5.44	-4.45	-16.18
Provisions for loan impairments	4.40	0.67	5.32
Profit / loss (-) before tax	-9.84	-5.11	-21.50
Tax	-5.38		-5.38
Profit / loss (-) for the period	-4.47	-5.11	-16.13

- Other administrative expenses in the quarter were significantly up from last quarter due to consultancy fees related to operational fine tuning
- Q4 saw provisions for loan impairments of NOK 4.4m. The increase was due to aging of overdue loans. Loan loss provisions are in line with peers
- With increasing loan growth and a low cost base, MyBank is on track for profitability in 2018

Balance Sheet

Amounts in NOK NOKm

	31.12.2017	30.09.2017	31.12.2016
Assets			
Loans to, and deposits at, credit institutions	76.0	70.7	0.0
Net loans to customers	226.3	127.6	0.0
Total loans	302.4	198.3	0.0
Short term financial investments	180.4	280.1	0.0
Other intangible assets incl. deferred tax	25.4	17.9	0.6
Prepaid agent commissions	6.6	3.6	0.0
Property, plant and equipment	0.0	0.0	0.0
Receivables, prepayments and other assets	0.9	0.7	2.9
Sum other assets	213.3	302.3	3.5
Total assets	515.7	500.6	3.5
Liabilities			
Deposits from customers	270.5	252.3	0.0
Accounts payable	4.6	3.3	0.1
Total liabilities	275.1	255.6	0.1
Equity			
Share capital	256.7	256.7	5.6
Retained earnings	-16.1	-11.7	-2.2
Total equity	240.6	245.1	3.4
Total liabilities and equity	515.7	500.6	3.5

- Loans to customers amounted to NOK 226.3m in the quarter, net of NOK 5.5m in provisions for impairment losses
- Deposits from customers reached NOK 270.5m. Equity was NOK 240.6m
- Liquidity position remains strong at NOK 256.5m.

Outlook

