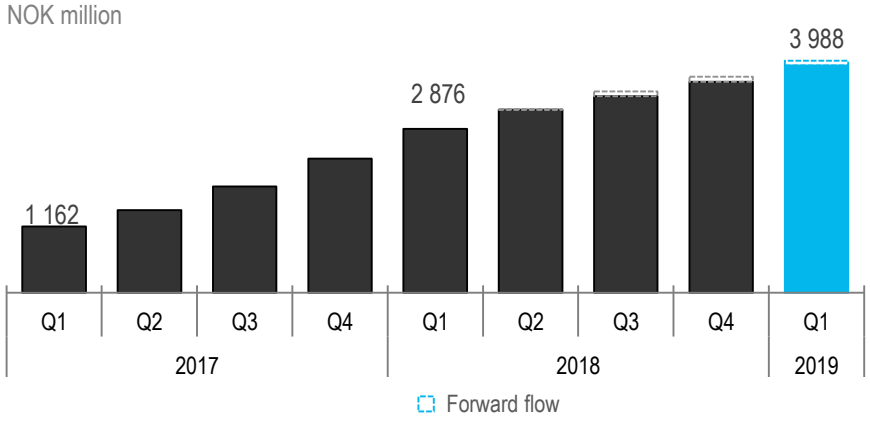
Interim Presentation | 1st quarter 2019 | 11 April 2019

Monobank

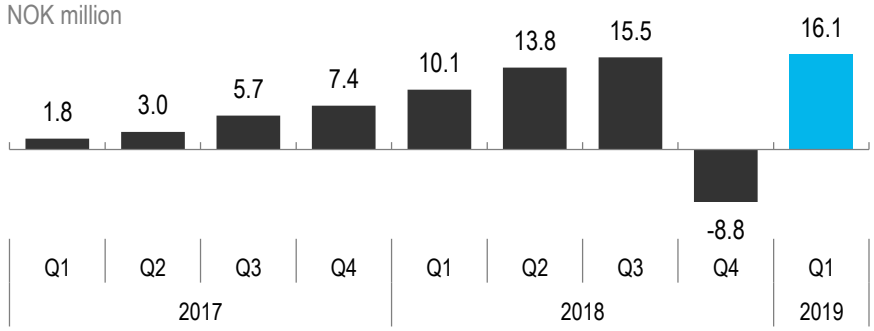
Q1 2019 highlights

- **Profitable growth restored in Q1'19**
  - Net loan balance increased 7.6 per cent vs Q4'18
  - Net interest income of NOK 100.2 million, up 5.4 per cent vs Q4'18
  - Net profit after tax of NOK 16.1 million vs a deficit of NOK 8.8 million in Q4'18
- **The proposed merger with BRAbank approved by general assembly**
  - Transaction expected to be completed in Q2'19
- **Successful launch of digital consumer finance in Sweden**
- **Improved risk selection in Finland to further improve profitability**
- **Fully funded to reach critical mass**
  - Private placement of NOK 58 million successfully completed

Net loans



Profit after tax



Note(*): ROE = 4x profit after t in quarter / average total equity in the quarter

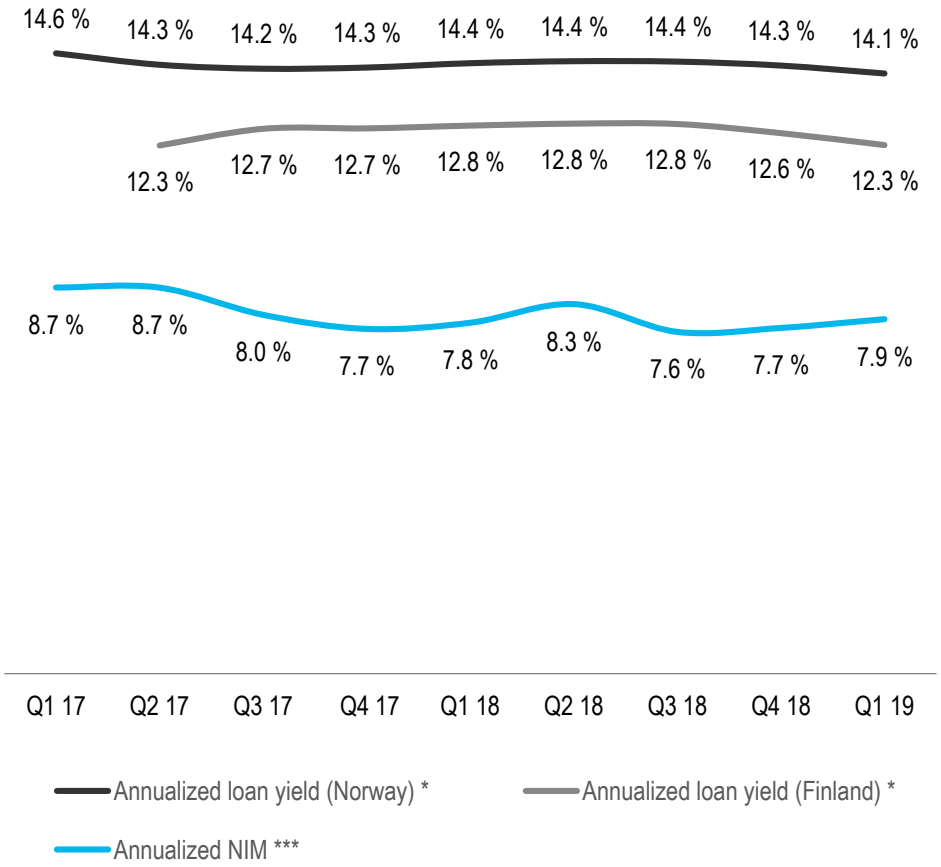
Financials

Continued high and stable margins

Total income impacted by forward flow agreement and conservative approach in Norway

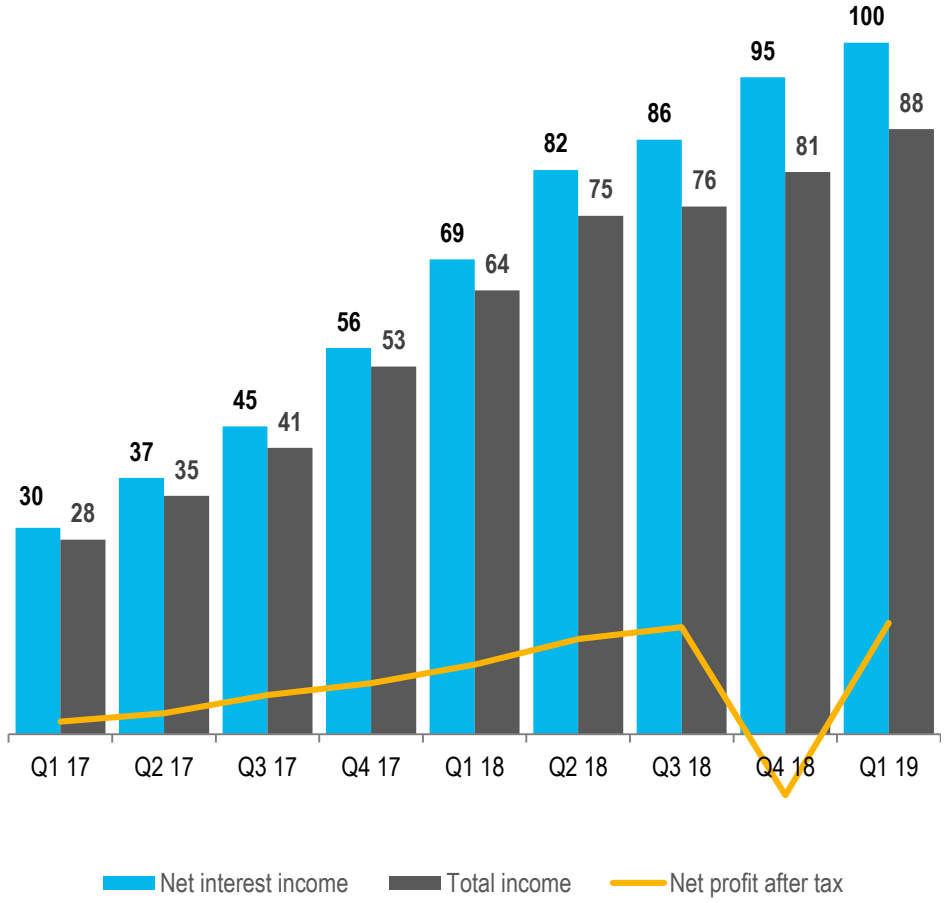
Key yields and margins

Per cent (%)



Income and profit after tax

NOK (million)

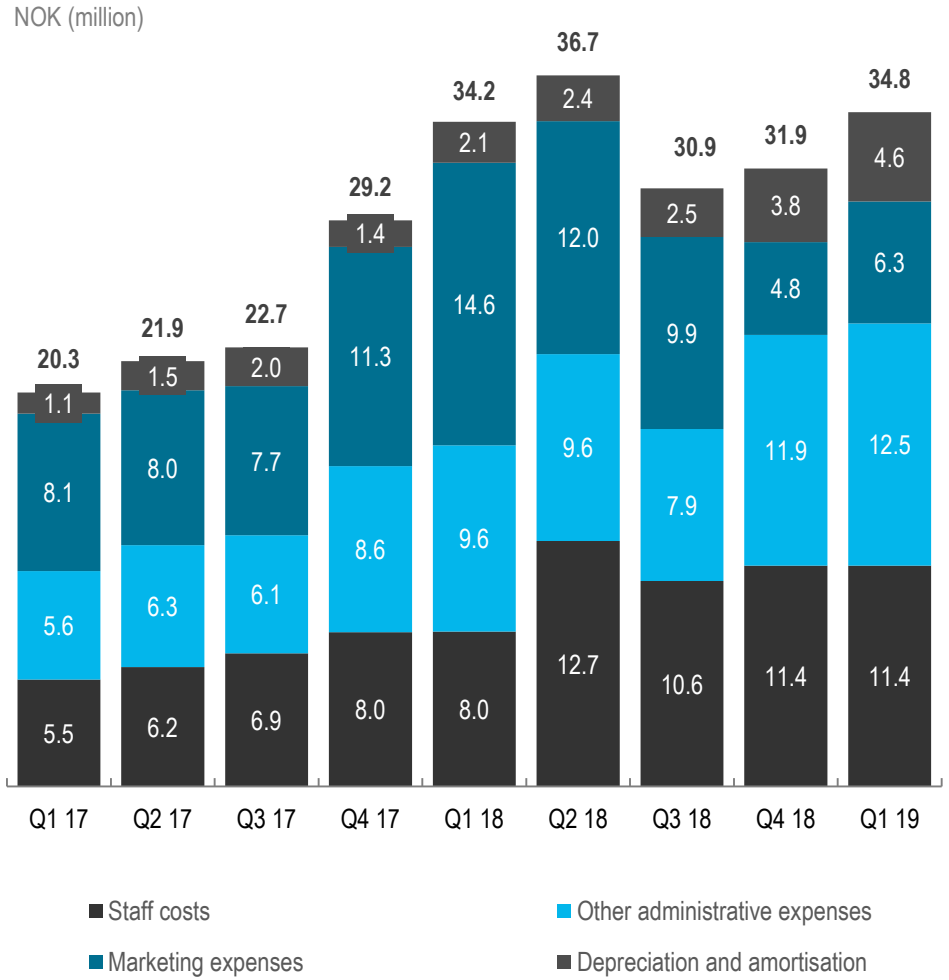


Note(*): yield = weighted average effective annual yield || Note(**): actual end of quarter annual rate || Note(***): NIM = 4x NII in quarter / average total assets in quarter

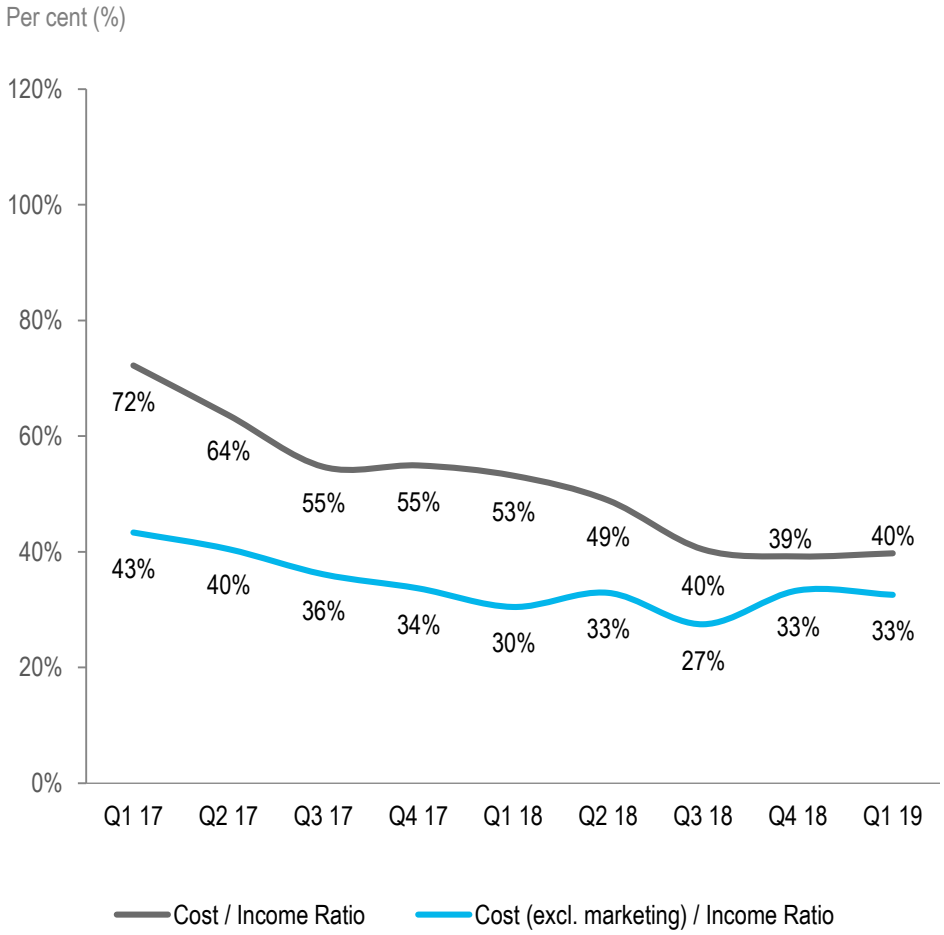
Efficient operations with economies of scale

Stable opex development Q4 18 to Q1 19

Operational expenses



Cost / Income ratio *

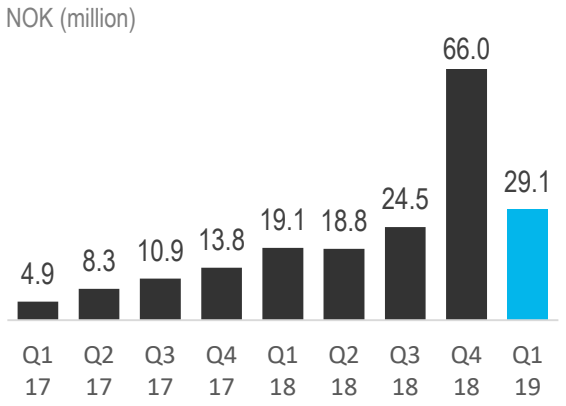


Note(*): cost / income ratio = operating expenses (incl. or excl. marketing) / total income

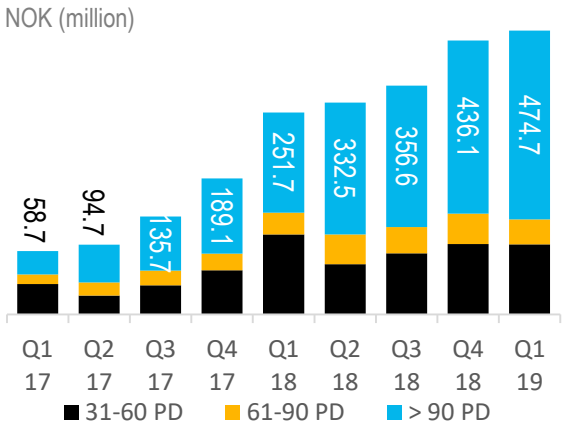
Satisfactory loan losses and credit quality

Stabilizing effect from forward flow agreement on NPL and gross loans PD

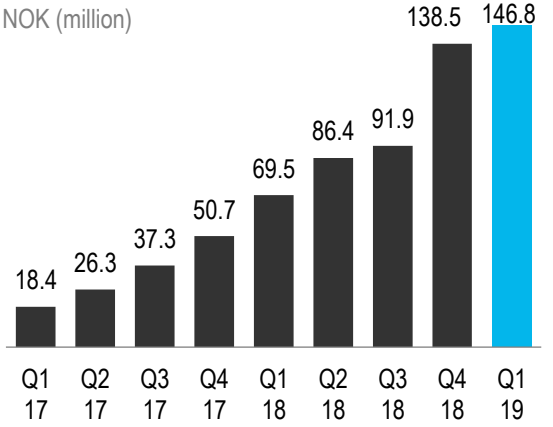
Loan losses



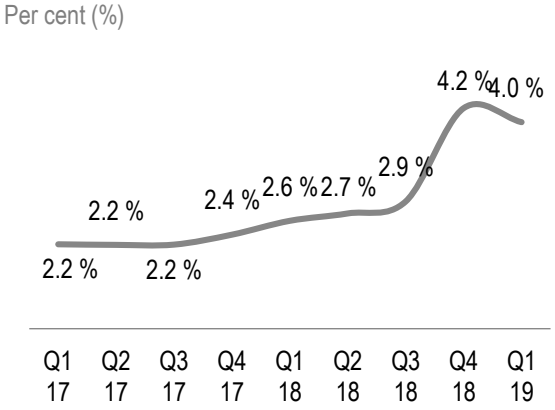
Gross loans past due (# of days)



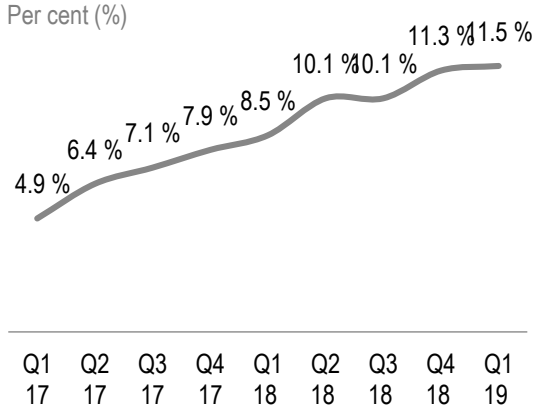
Provisions



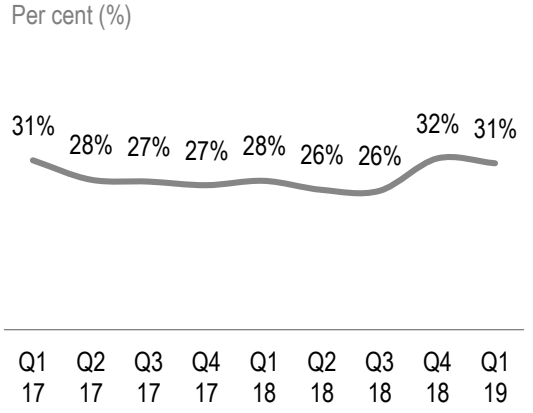
Loan loss ratio *



Non-performing loan ratio **



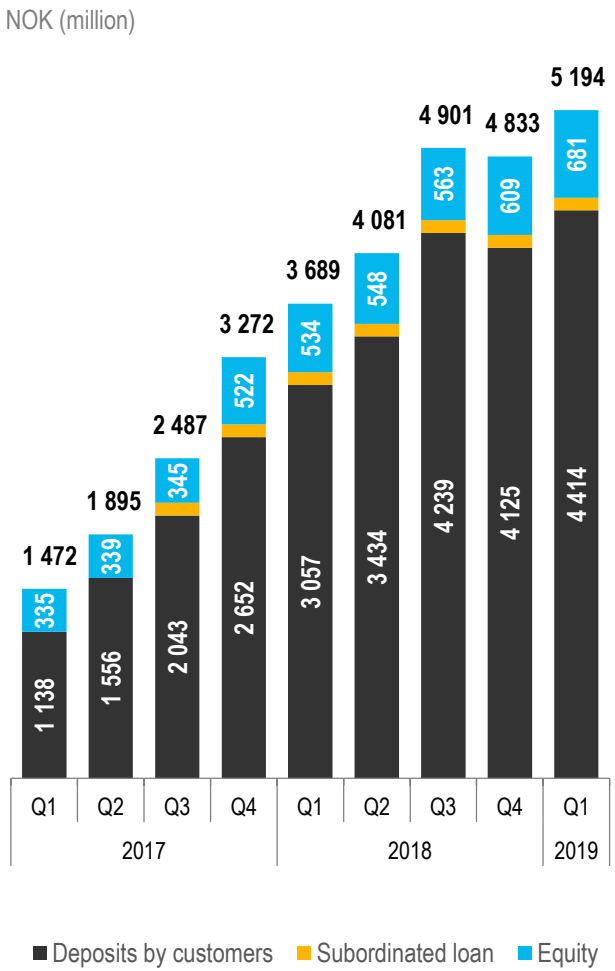
Total provision ratio ***



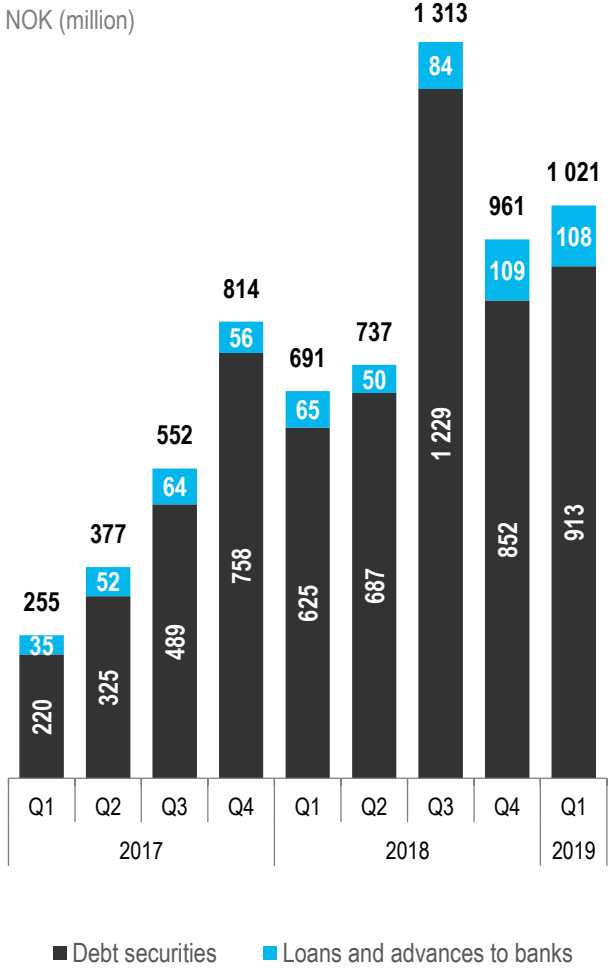
Note(*): loan loss ratio = LTM loan losses / average LTM net loans) || Note(**): non-performing loan ratio = >PD90 / gross loans || Note(***): provision ratio = total provisions / >PD90

Easy access to low-cost deposit funding

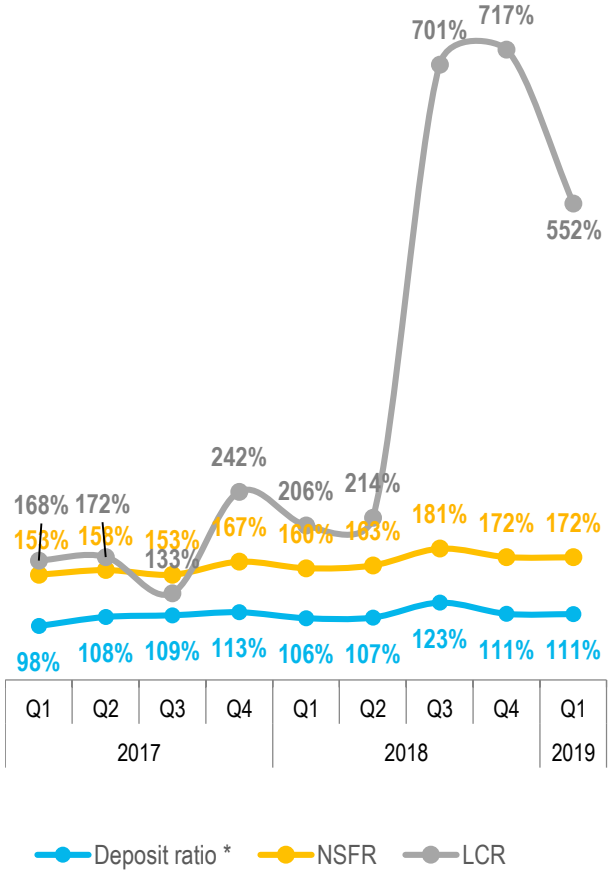
Funding



Liquidity



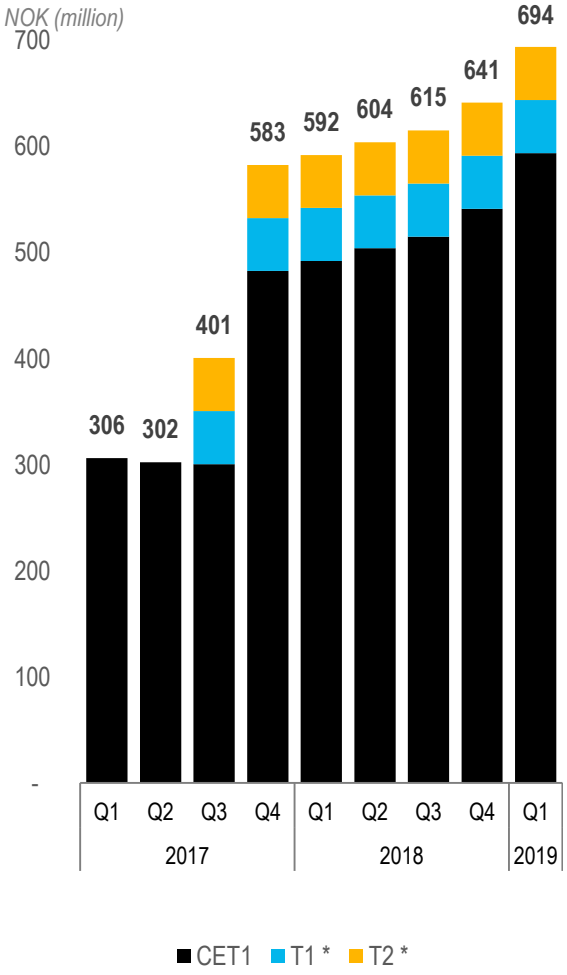
Key ratios



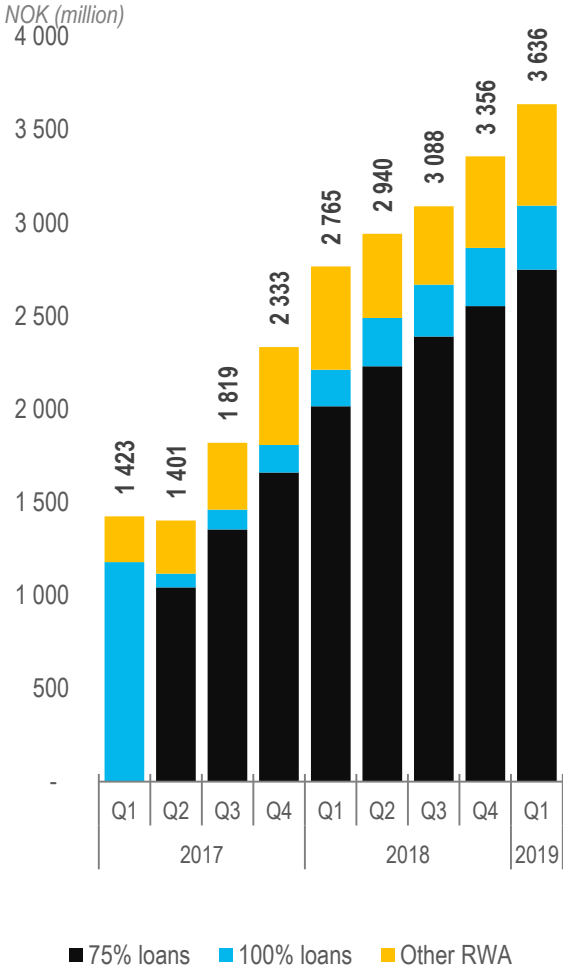
Note(*): deposit ratio = deposits / net loans

Regulatory capital structure

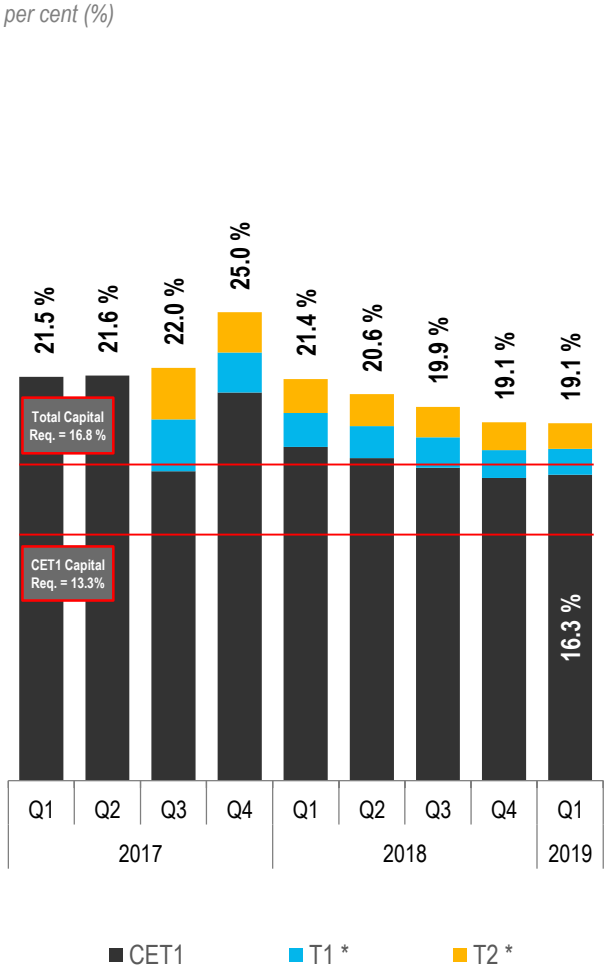
Regulatory capital



Risk-weighted assets



Reported capital adequacy **



Note(*): As of Q1 2019 NOK 50m Tier 1 (1.5% of RWA) and NOK 50m Tier 2 (2.0% of RWA) capital counts towards MONO's capital adequacy ratios || Note(**): capital requirements (Pillar I) are weighted between Norway and Finland

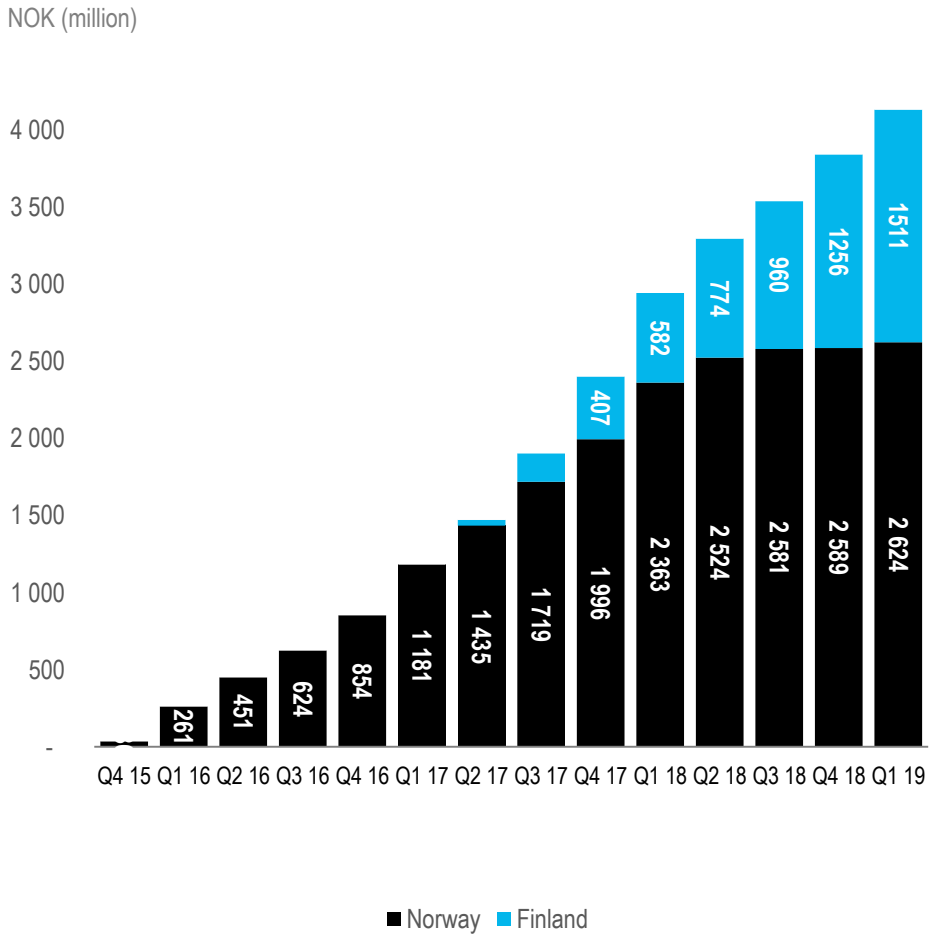
Strategy and operations

New credit policies introduced in Finland to improve profitability

Two years of consumer banking experience in Finland

- **Improved risk selection in Finland**
  - Risk reduction for new vintages is expected
- **Developing Monobank's own and improved credit score-card**
  - Developing new optimised credit score card based on increased credit database
  - Will be implemented in Q2'19
- **Finnish market increasingly important**

Gross loans



Debt register in Norway expected to launch in Q2 19

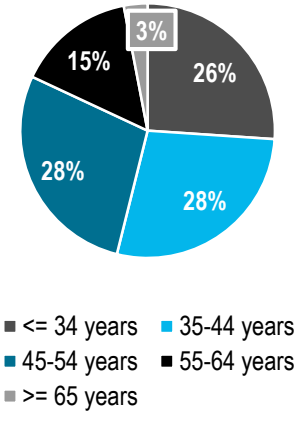
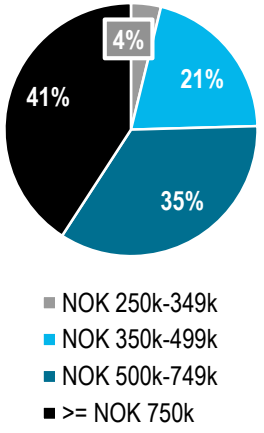
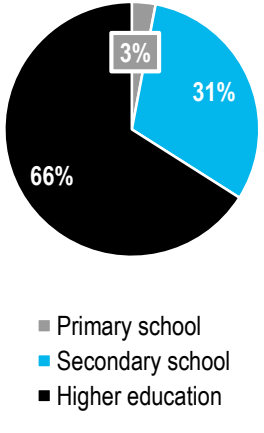
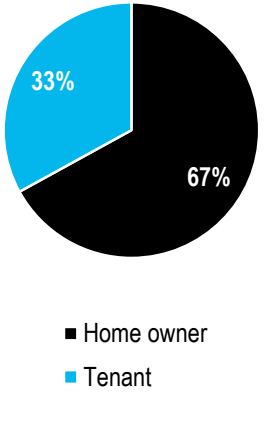
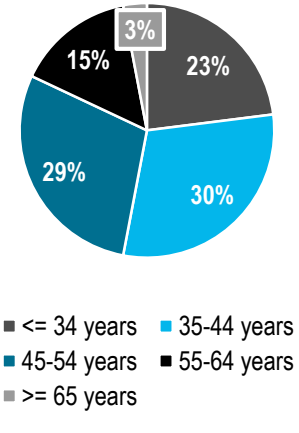
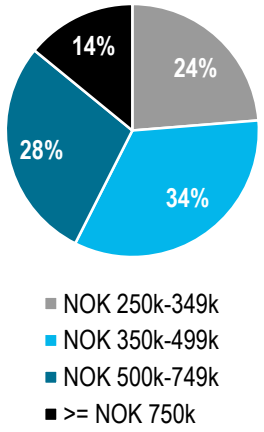
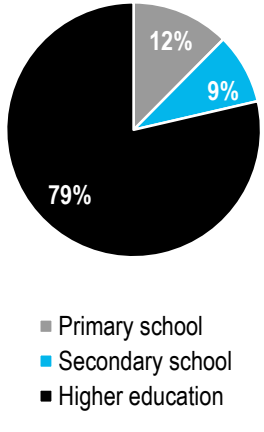
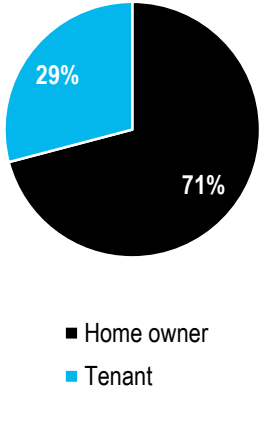
Positive experiences from the Finnish consumer finance market

- Debt register data are typically strong predictors of credit risk
- Monobank with solid experience using debt register data in Finland.
- Expect long term positive effects on profitability
  - Improved risk selection for new underwritings
- Somewhat reduced approval rates as high risk customers are rejected

- Uncertain short term effect - depends on many factors
- Default rates may temporarily increase as high risk borrowers will find it increasingly difficult to refinance
- Otherwise limited effects on the existing loan book
- Can collect data on existing customer for scorecard development, however only a snapshot of current debt (as opposed to historical records) will be available

Customer segmentation

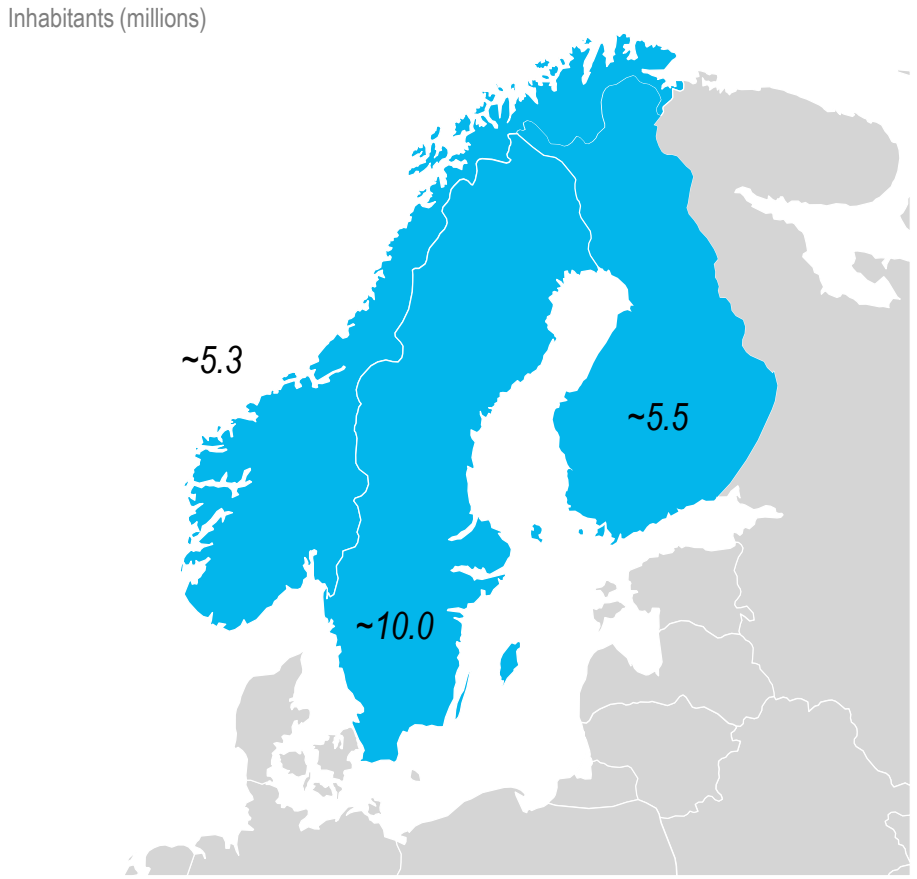
Continuous development and tuning of scorecards to navigate the portfolio

	Age	Income	Education	Housing	Average customer
Norway					43 years NOK 647k Higher education Home owner
Finland					43 years NOK 464k Higher education Home owner

Monobank enters Sweden with digital consumer finance offering

Swedish entry marks the third country for Monobank

- Consumer loan offering launched in Sweden
  - Multi-country platform enables continued geographical expansion and diversification
- Swedish population twice the size of Finland and Norway
  - Soft launch to reduce risk
- Expansion fits well with BRAbank's current presence in the Swedish consumer credits market

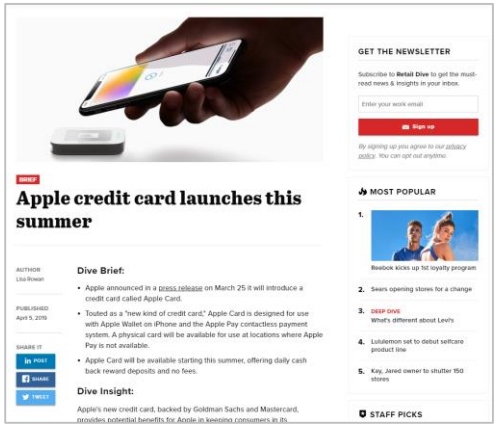


Ramping up partnership commitment

Multichannel distribution partners

- Gradual increase in marketing commitment going forward
- New sales channels and campaigns together with Widerøe

- Monobank's credit card platform is now available in more and more channels
- The platform is linked to Google Pay and Apple Pay
- It possible to use Monobank's credit card through Fitbit and Garmin Watches



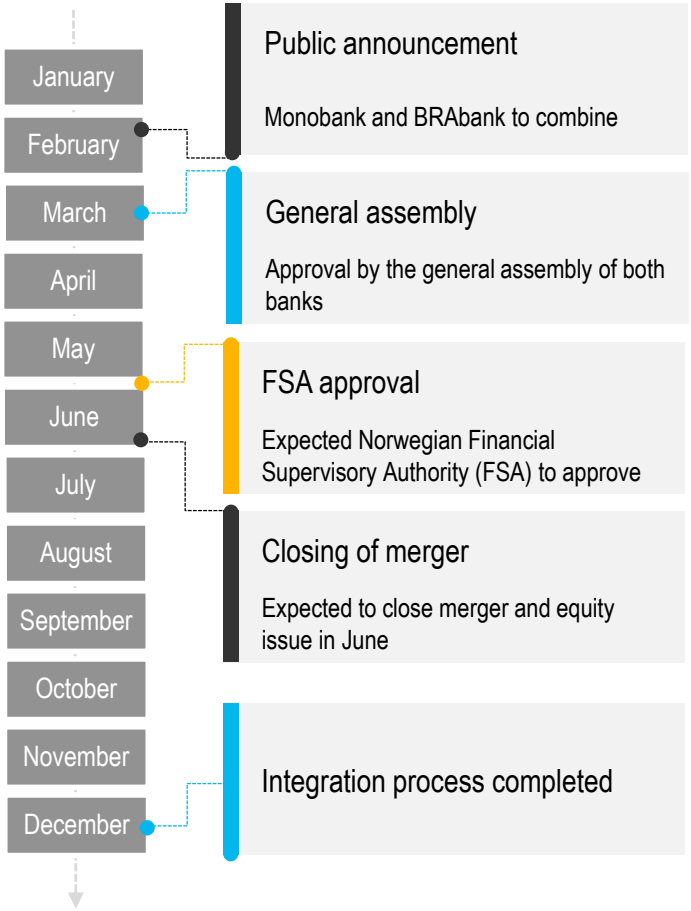
Note(*): current loan portfolio | Note(**): no live relationships with co-branding partners since inception

Capitalization and transaction details

Transaction costs and other effects

- Restructuring costs estimated to be approximately NOK 60 million
- Deferred tax asset from accumulated BRAbank loss of approx. NOK 60m and
- Expected write down of intangibles of approx. 38m

High level timeline of merger



Monobank - A well positioned and well capitalized consumer loan bank

Well capitalized	• Fully financed to reach critical mass after BRAbank transaction
	• Fully financing the combined bank to reach NOK +10bn by 2024 in net loans
	• Full focus on successful integration and cost control
Well positioned	• Monobank and BRAbank with complementary distribution strengths
	• Growing database improves credit model and pricing
	• Highly scalable business model set for growth

Appendix

Detailed financial figures

Quarterly income statement and balance sheet

Income Statement

NOK thousand	2019	2018			
	Q1	Q4	Q3	Q2	Q1
Interest income	118 714	115 206	105 680	98 055	84 702
Interest expenses	18 537	20 149	19 549	16 358	15 940
Net interest income	**100 176**	**95 057**	**86 131**	**81 697**	**68 761**
Income comissions and fees	7 676	6 255	6 975	6 255	6 485
Expenses comissions and fees	20 217	19 875	16 706	12 888	10 988
Net comissions and fees	-12 541	-13 619	-9 731	-6 633	-4 503
Total income	**87 635**	**81 438**	**76 400**	**75 064**	**64 259**
Income / (loss) from trading activities	-3 103	3 530	-348	-1 182	2 136
Staff costs	11 413	11 354	10 602	12 675	7 793
Other administrative expenses	18 847	16 711	17 753	21 663	24 234
- of which marketing expenses	*6 319*	*4 819*	*9 958*	*12 018*	*14 598*
Depreciation and amortisation	4 617	3 847	2 513	2 364	2 131
Total operating costs	**34 876**	**31 912**	**30 868**	**36 702**	**34 158**
Profit / (Loss) before impairment losses	**49 655**	**53 056**	**45 184**	**37 181**	**32 237**
Impairment (losses) / releases	-29 088	-66 029	-24 524	-18 825	-19 057
Operating profit / (loss) before tax	**20 567**	**-12 973**	**20 660**	**18 356**	**13 180**
Tax charge	-4 443	4 198	-5 168	-4 563	-3 122
Profit / (Loss) for the year	**16 124**	**-8 776**	**15 492**	**13 793**	**10 058**

Balance Sheet

NOK thousand	2019	2018			
	Q1	Q4	Q3	Q2	Q1
ASSETS					
Loans and advances to banks	108 366	108 790	83 630	49 906	65 439
Debt securities	912 844	851 879	1 228 593	686 825	625 089
Loans and advances to customers	4 134 826	3 844 229	3 540 868	3 298 138	2 945 025
Provision for impairment losses	146 806	138 493	91 882	86 419	69 470
Net loans and advances to customers	**3 988 020**	**3 705 736**	**3 448 985**	**3 211 719**	**2 875 555**
Debt securities	912 844	851 879	1 228 593	686 825	625 089
Deferred tax asset	2 791	2 791	0	907	5 470
Other intangible assets	70 026	67 064	62 119	55 669	47 157
Property, plant and equipment	2 902	2 681	2 104	2 072	2 094
Financial derivatives	1 832	6 644	2 150	0	0
Prepayments, accrued income & other assets	155 189	130 341	120 552	113 827	103 108
- of which accrued commission to agents	*130 791*	*121 249*	*113 837*	*107 773*	97 586
Total assets	**5 241 971**	**4 875 927**	**4 948 135**	**4 120 925**	**3 723 911**
LIABILITIES & EQUITY					
Deposits by customers	4 413 713	4 125 245	4 238 973	3 433 627	3 057 120
Provisions, accruals and other liabilities	48 640	42 772	47 415	41 128	34 503
Subordinated loan	98 823	98 739	98 654	98 568	98 483
Total liabilities	**4 561 176**	**4 266 756**	**4 385 042**	**3 573 323**	**3 190 106**
Share capital	304 467	274 023	249 196	249 196	249 196
Surplus capital	311 676	286 621	256 595	256 595	256 591
Retained Earnings	64 651	48 527	57 301	41 810	28 018
Total equity	**680 795**	**609 171**	**563 093**	**547 602**	**533 805**
Total liabilities and equity	**5 241 971**	**4 875 927**	**4 948 135**	**4 120 925**	**3 723 911**

Building a digital bank focused on consumer loans independently from scratch

Diverse product portfolio in three phases

1 Unsecured consumer loans || Deposit & saving accounts

2 Credit cards

3 Banking-as-a-service*

UNSECURED CONSUMER LOANS
NORWAY AND FINLAND

SAVING ACCOUNTS NORWAY AND
EUROPE

CREDIT CARDS

APP DEVELOPMENT

BUSINESS SOLUTIONS

- Fee based business solution with banks
- Cooperation with partners

P2P AND POS SOLUTIONS

*optional

A scalable business model enabling both geographical and product expansion

Core
banking platform

24/7 customer
experience platform

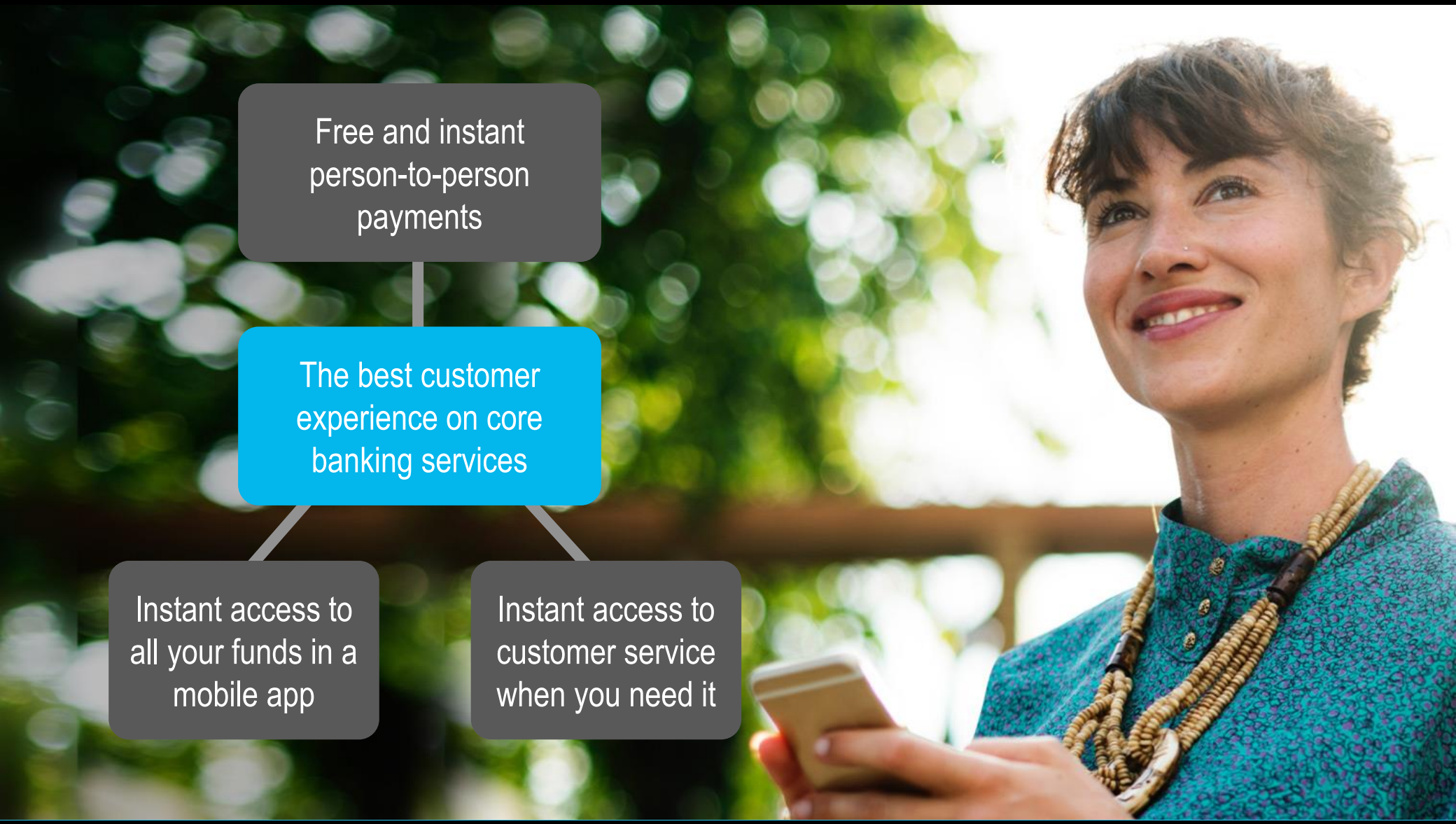
Consumer credit and
deposit accounts

150 000

Credit cards

Point of sales

Consumers increasingly expect simplicity and flexibility

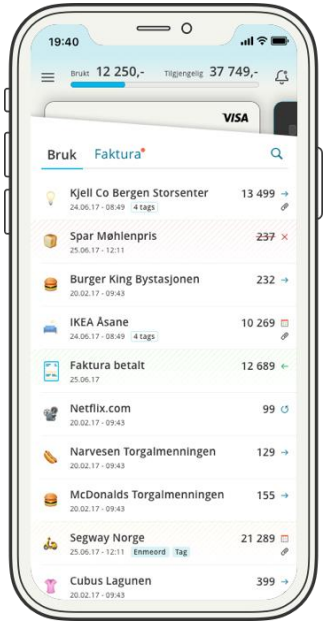


Source: Brett King with adjustments

Monobank's strategy is to develop tomorrow's solutions

Plastic cards — Hybrid solutions — Only digital solutions

Yesterday — Today — Tomorrow



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