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Third quarter results 2024

Morrow Bank ASA

Morrow Bank is positioned for significant value creation

- Established in 2014 and listed on the Oslo Stock Exchange in 2017
- Providing financial flexibility to creditworthy Nordic consumers
- Well diversified loan book: 35% in Sweden, 45% in Finland and 20% in Norway
- Developed a highly scalable banking platform, positioning the bank for significant value creation

Loan balance

BNOK 15.5

+38% y-o-y

Cost/income ratio (Q3'24)

25.7%

vs 29.0% in Q3'23

Pre-tax profit (Q3'24)

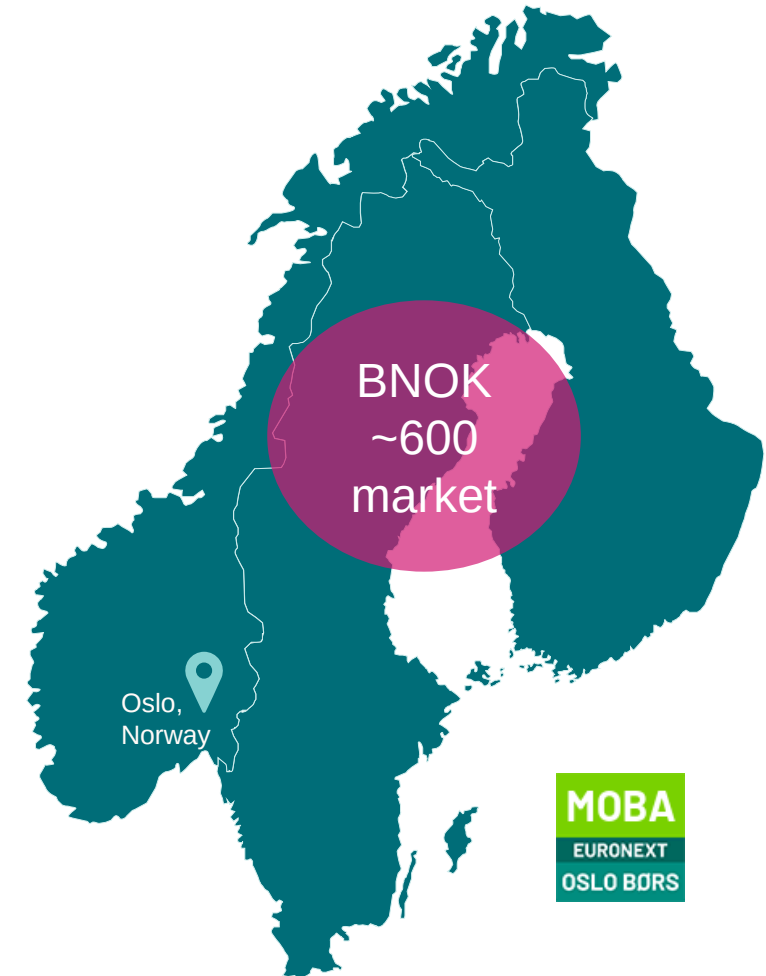
MNOK 72

+50% y-o-y

Market cap

BNOK 1.5

Price/book (P/B) of 0.67x



Operational highlights and outlook



Q3 2024 highlights: Strong growth, increased profitability

Strong growth



- Gross loan growth of 24.6% from Q2 2024, driven by organic demand and loan acquisitions
- All-time-high total income of MNOK 321, up 5.2% vs. Q2 2024

Improved cost efficiency



- Cost/income ratio at industry-leading 25.7% (26.3% in Q2 2024)
- Underlying cost level reduced as increased automation enabled ~13% FTEs reduction in Q3

Improved loan loss ratio



- Loan loss ratio declined for the third quarter in a row to 4.8% (5.1%)
- Driven by a stricter credit policies implemented in 2023 and a maturing loan book

Increased profitability

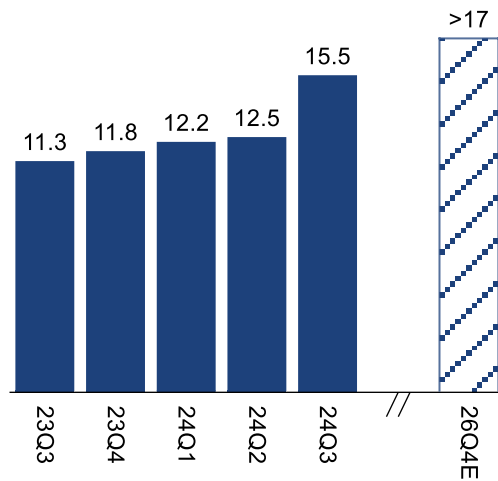


- Profit after tax of MNOK 54.1 (MNOK 50.6), ROE of 9.0% (8.5%)
- Updated medium-term ambitions and initiated Sweden redomiciliation

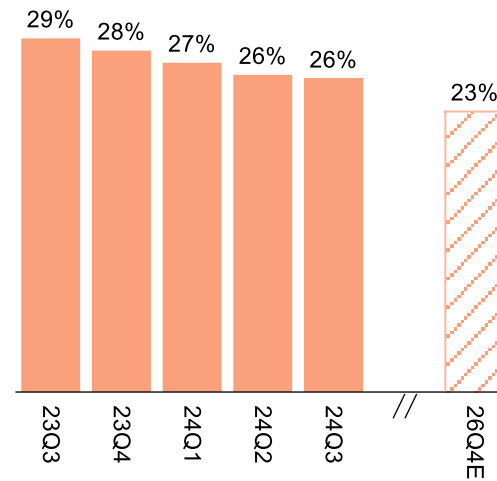
Profit before tax of NOK 72 million in Q3 2024, up 7% from previous quarter

Improvements across KPIs in Q3 – updated targets

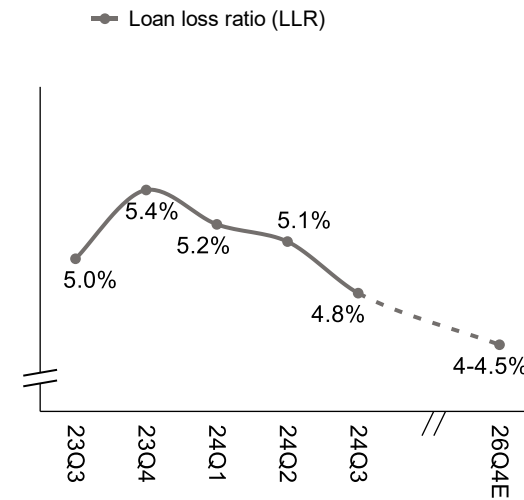
Strong gross loan balance growth
BNOK



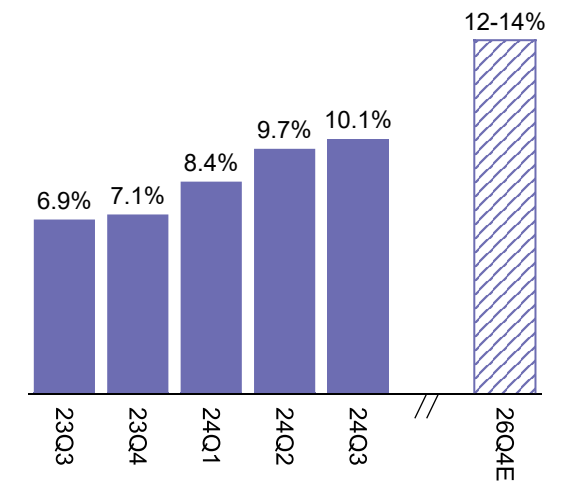
Cost/income ratio improving
%



Loan loss ratio declining
%



Return on target equity improving
%



Increased ambitions following strong performance

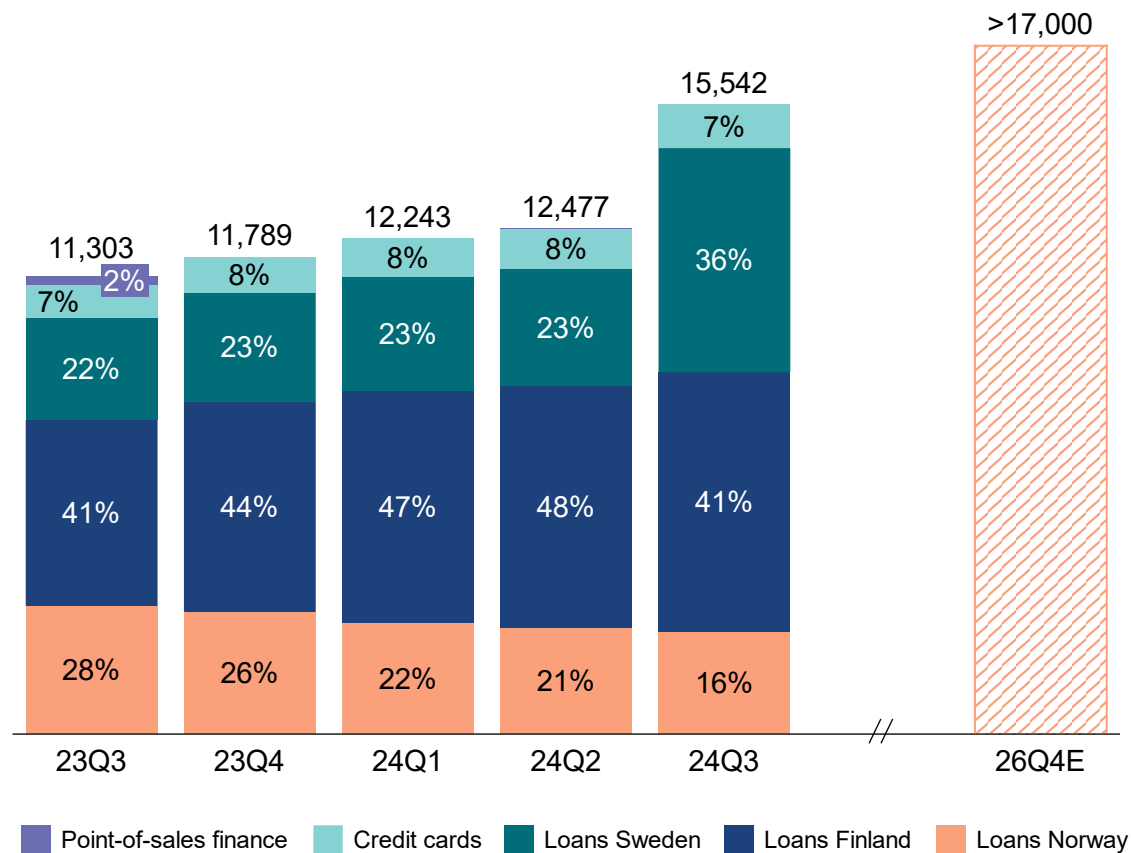
Financial review



Growing in the most profitable markets

Total gross loans

MNOK

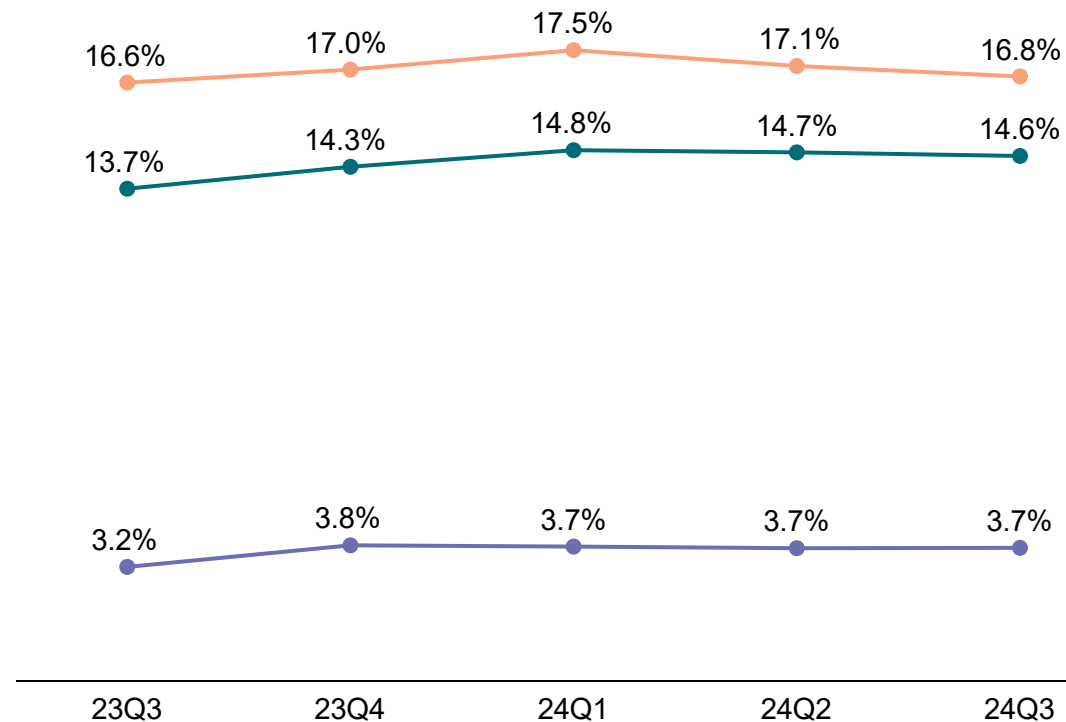


- Gross loan balance growth of 37.5% year-on-year and 24.6 % in Q3 2024 reflecting portfolio acquisitions
- Growth of 7.6% in Finland, 90.2% in Sweden and -4.2% in Norway
- Underlying Q3 loan growth of 3% net of portfolio acquisitions and FX
- Active capital allocation: higher margins and lower capital requirements for Finnish and Swedish exposures

Stable yields on performing loans

Yields, performing loans and deposits

Deposits Loans Credit cards

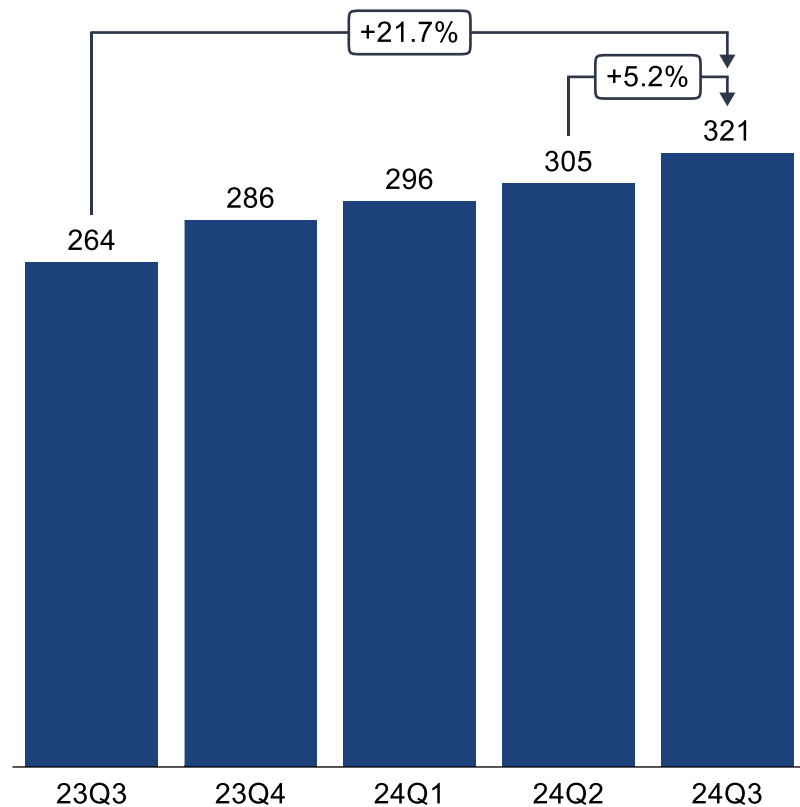


- Stable underlying yields on loans in Q3¹
- Credit card yield (7% of loan balance) impacted by Finland weighing more in at lower yield
- Deposit yields stable in quarter to provide funding for portfolio acquisitions
- Deposit yields expected to decline going forward

Note: Methodology for yield calculation for credit cards updated as of Q4-2023. Prior quarters not adjusted. 1. Underlying loan yield is presented net of effect from portfolio acquisitions.

Total income continues to grow – all-time-high

Total income (MNOK)

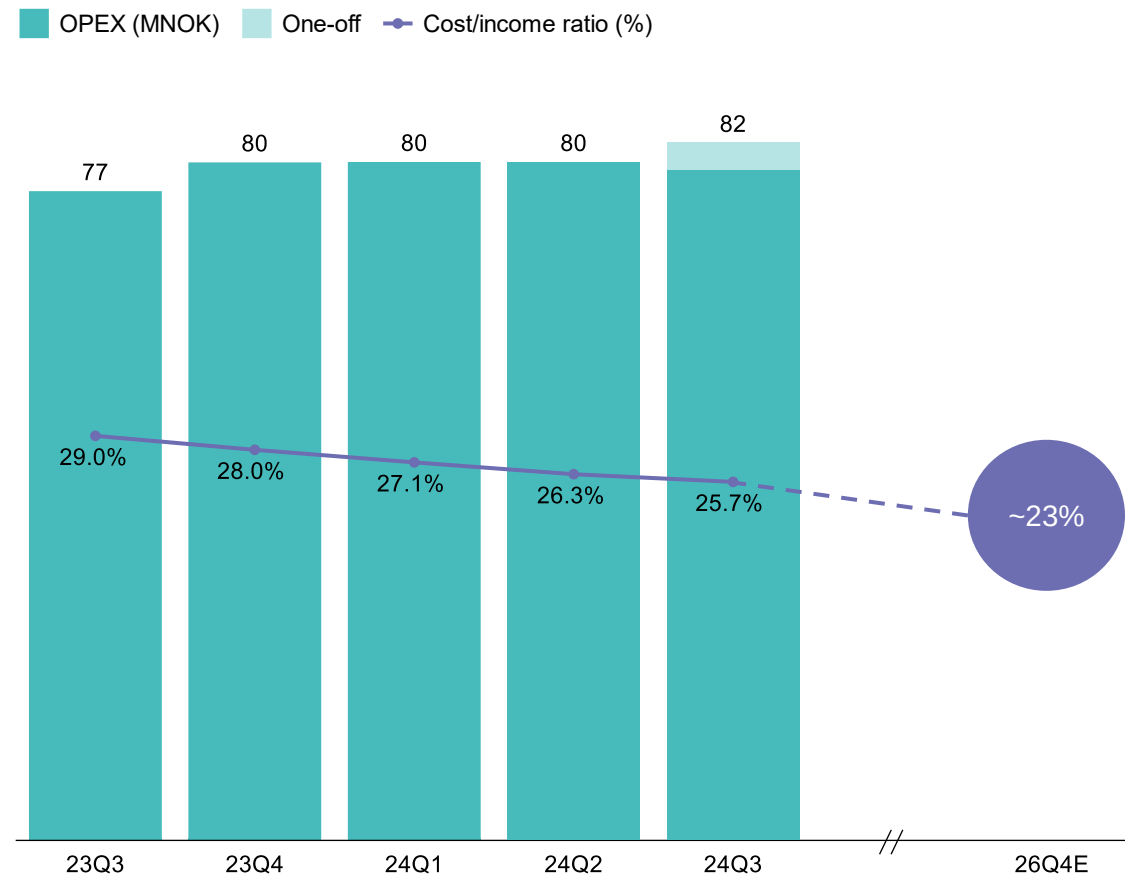


- Total income growth of 21.7% year-on-year and 5.2% in Q2 2024
- Mainly driven by organic growth and net gains on market-based instruments/bank placements
- Limited effect from acquired Qliro portfolio (one month) – no effect from Lunar portfolio
- Loan growth to continue to drive total income; next quarter full effect from both portfolios

Note: Excluding portfolio acquisitions, y-o-y income growth of 18.9% vs 16.3 % loan balance growth.

Portfolio acquisitions demonstrating scalability

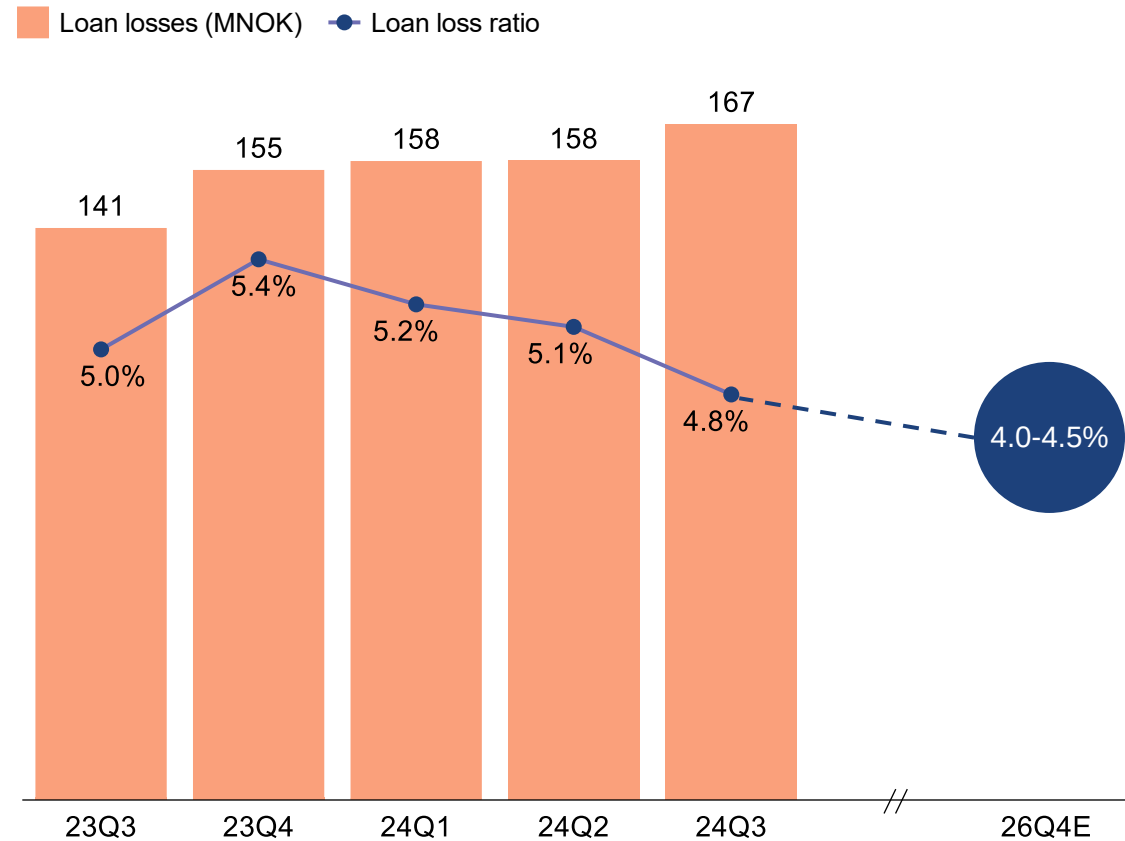
Cost/income



- Cost/income ratio further improved from 26.3% in Q2 to 25.7% in Q3
- Stable OPEX despite continued loan growth including portfolio acquisitions
- Automation enabled 13% FTE reduction in Q3 – NOK 3.2 million in restructuring one-off
- Cost efficiency to continue to improve; some costs related to Swedish banking license application expected in Q4 2024

Loan loss ratio continuing to improve

Loan losses

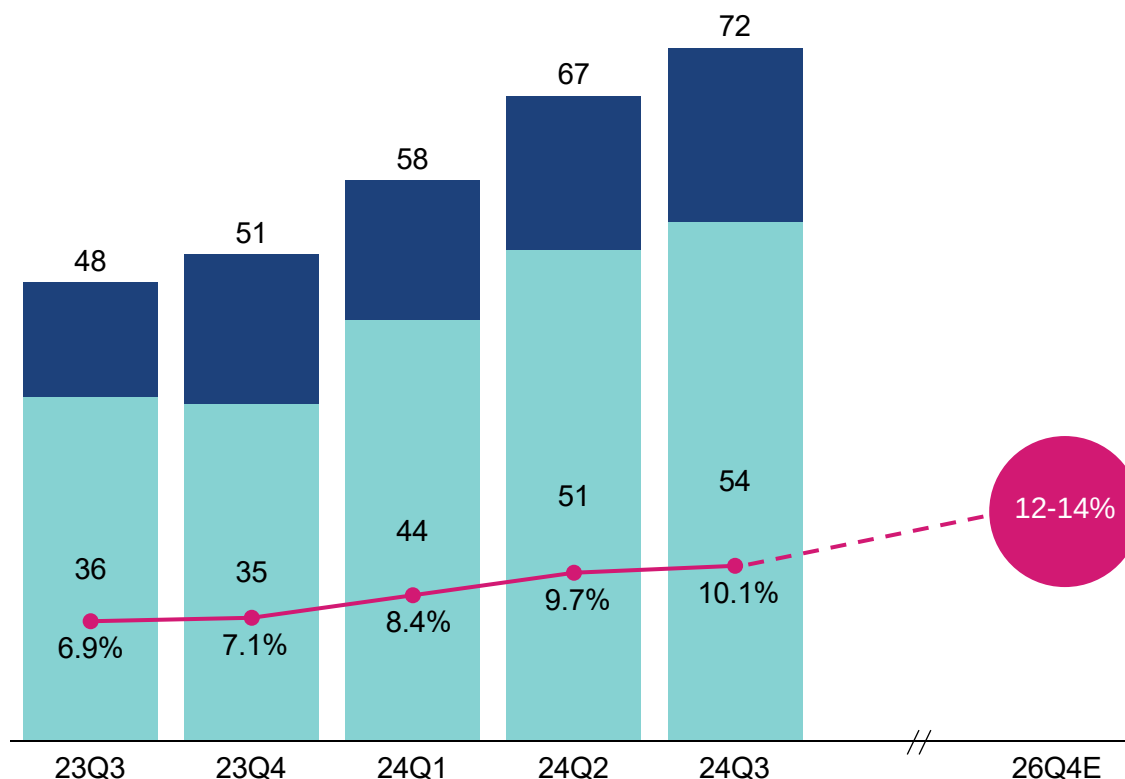


- Increase in nominal losses driven by a larger loan balance, including portfolio acquisitions
- Overall loan loss ratio continued to decline in the quarter to 4.8% (5.1%)
- Underlying loan losses (excluding effect from portfolio purchases) of 4.9%
- Trend expected to continue driven by stricter policies and a maturing loan book

Profitability increasing steadily

Profit (MNOK)

■ Profit after tax ■ Profit before tax ● Return on Target Equity (ROTE)*

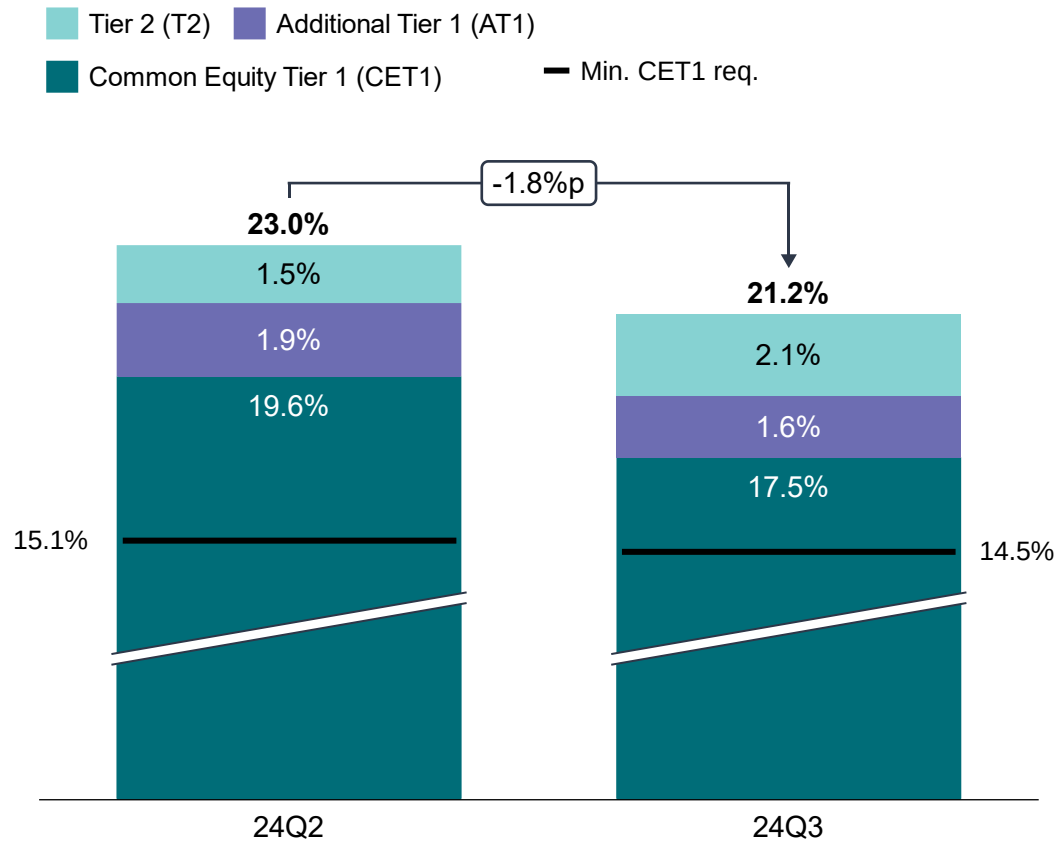


- Profit before tax of NOK 72 million in Q3 2024, up 7% from previous quarter
- Increase in total income, with stable costs outweighing nominal loan loss increase
- Return on target equity improved for four consecutive quarters, ending at 10.1%
- Outlook:
 - Continued growth and full interest income effect in Q4 from portfolio acquisitions lifting top line
 - Stable cost base
 - Declining loan loss ratios

* The Bank defines target equity as the equity required to meet the regulatory requirements as well as buffer

Ample capital buffers set to increase

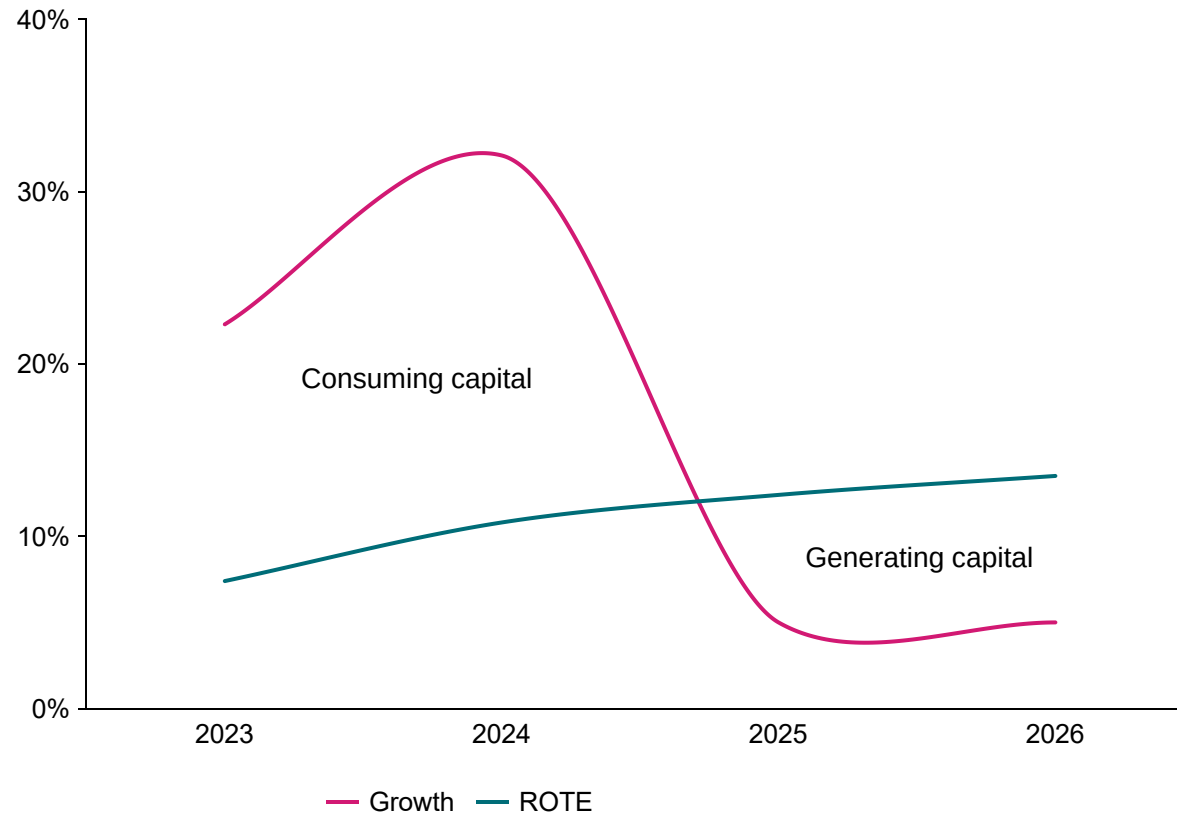
Capital adequacy



- Capital ratios decreased as portfolio acquisitions increased risk weighted exposures more than profit growth
- Requirements decreased due to composition of balance: Total capital requirement lowered from 18.6% to 18.0%
- Issuance of MNOK 100 Tier 2 loan in September to optimise capital composition
- Profit generation, NPL sales and expected new requirements (CRR III/Basel IV) to further increase capital buffers

Business plan set to generate excess capital

Excess capital (MNOK), Balance growth and ROTE (%)



- Outlook for excess capital generation from 2025 and onwards as returns exceed growth
- Three main capital allocation options
 - Increased organic growth
 - Additional loan portfolio acquisitions
 - Dividends
- Capital allocated to where it generates the highest long-term shareholder return

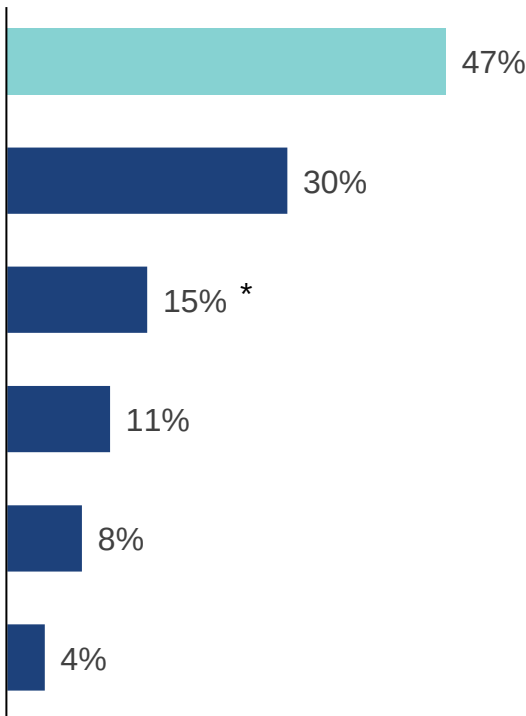
The investment case



Morrow Bank outperforming peers on growth and efficiency

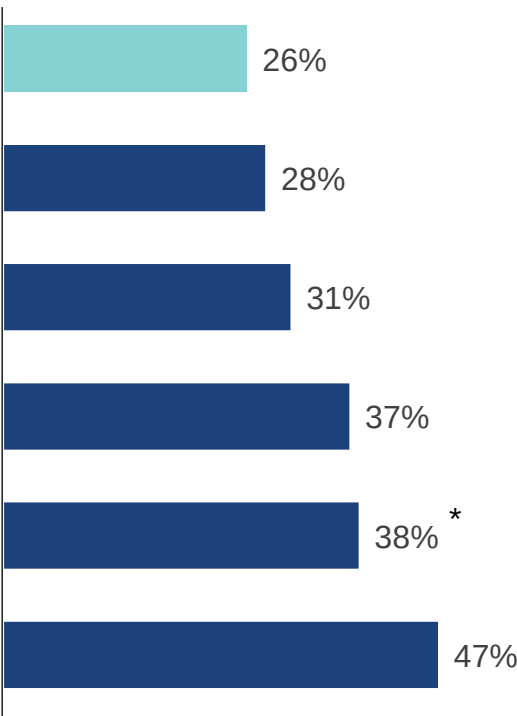
Growth last two years¹

Annualised per 24Q3



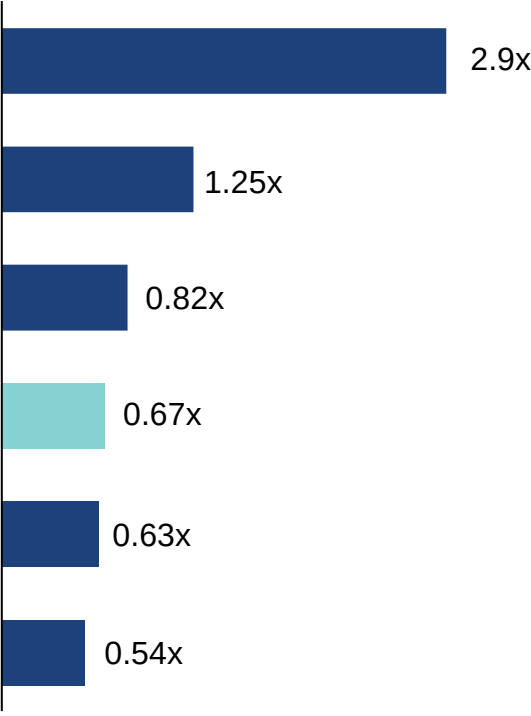
Cost/income ratio²

24Q3



Price/book

Available per 30 October 2024



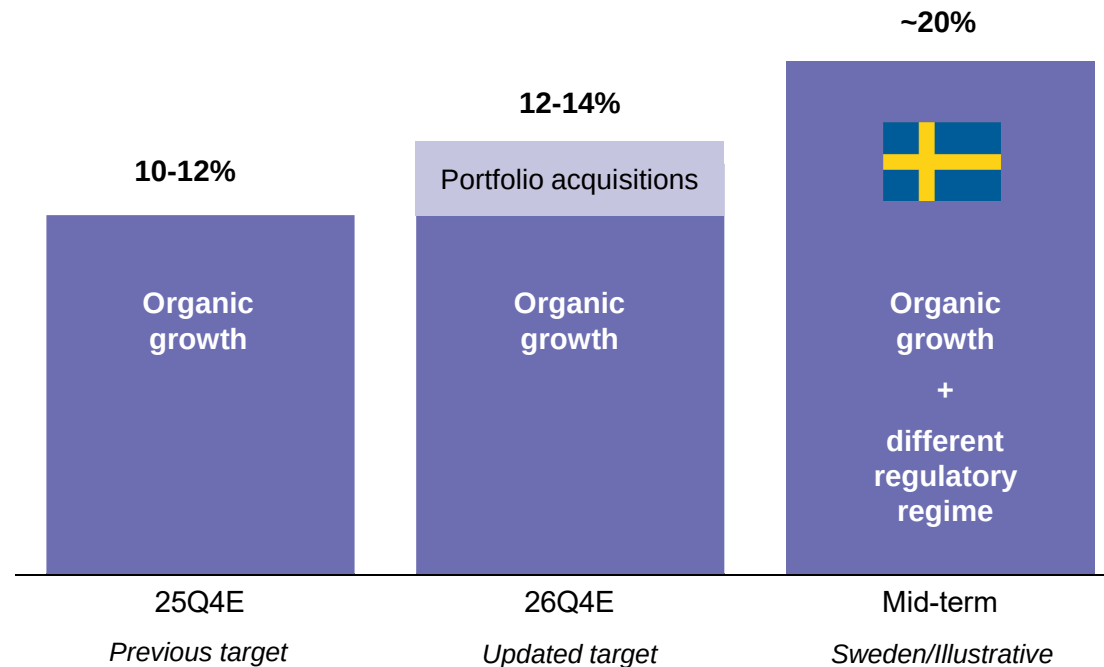
 Morrow Bank

* 24Q2 (24Q3 not yet disclosed)
1. Gross loans. 2. Total operating expense / total income
Source: Company data, Bloomberg, Pitchbook. Peer group includes TF Bank, Resurs Bank, Norion Bank, Lea Bank and Instabank

Delivering on structural opportunities

Return on Target Equity (ROTE)

%



Scalability enables inorganic loan balance growth through portfolio purchases or mergers

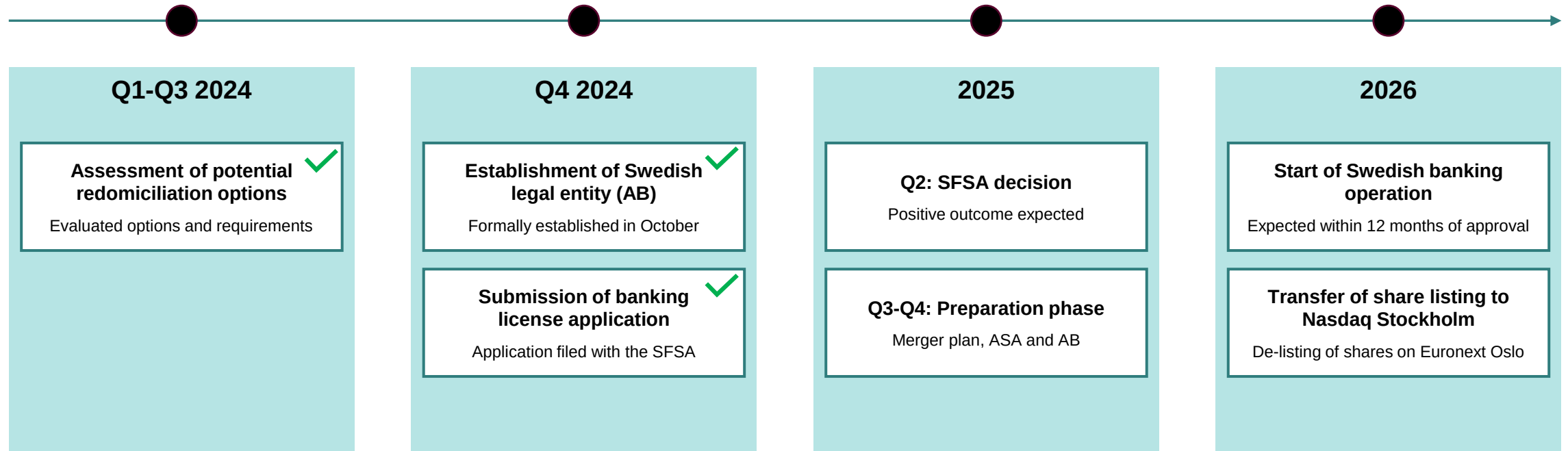
- Market activity increased in recent quarters
- Closed acquisition of two Swedish consumer loan portfolios in Q3 at a combined value of BNOK 2.3

Submitted application for Swedish banking license post quarter

- Swedish legal entity established
- Swedish FSA decision expected in Q2 2025

Key milestones of Swedish redomiciliation process

- Application submitted 31 October 2024



Scalable banking platform in place, positioned for continued growth and value creation

Highly scalable banking platform

- Track record of increasing throughput, reducing costs and surpassing targets
- Improving product performance, process automation and IT cost of ownership
- Now delivering industry leading cost-efficiency

Strong value drivers in place

- Exposed to a historically resilient Nordic market with positive macro-outlook
- Declining loan-loss ratio and improving risk-adjusted margins
- On track for generating excess capital from 2025 and onwards

Attractive value creation potential

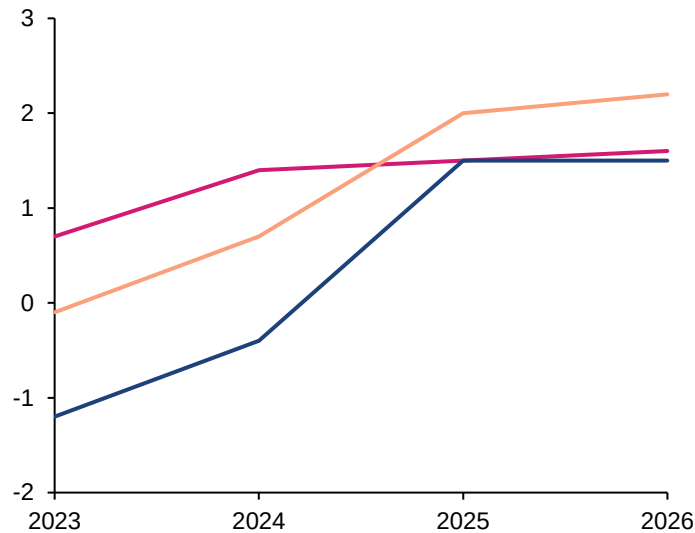
- Targeting 5% annualised organic growth and 12-14% ROTE by year-end 2026
- Further acquisitions and redomiciliation to Sweden could bring ROTE to ~20%
- Currently trading at a P/B of ~0.7x

Q&A

APPENDIX

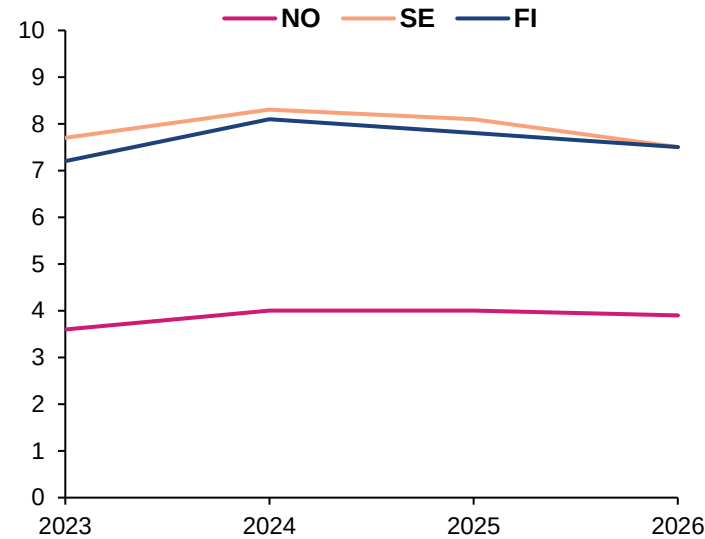
Improving macro driving growth and reducing credit risk

GDP growth (%)



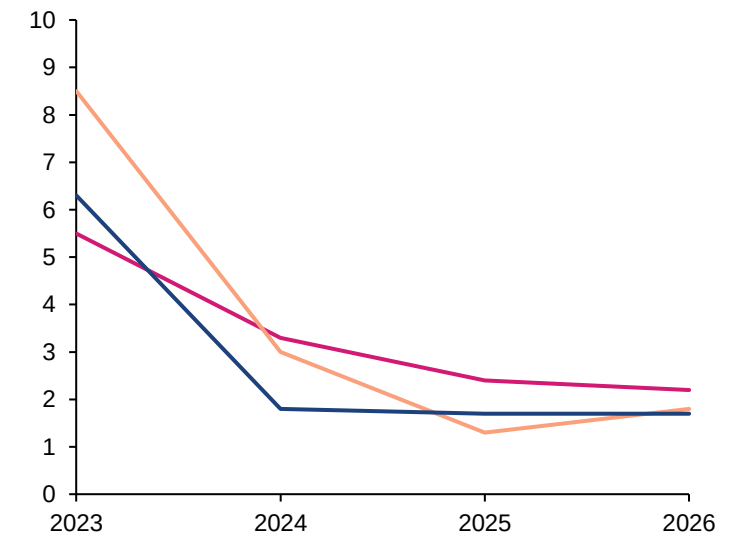
- Continued growth set to drive consumption and demand for consumer loans

Unemployment (%)



- Unemployment outlook remains stable, limiting credit risk

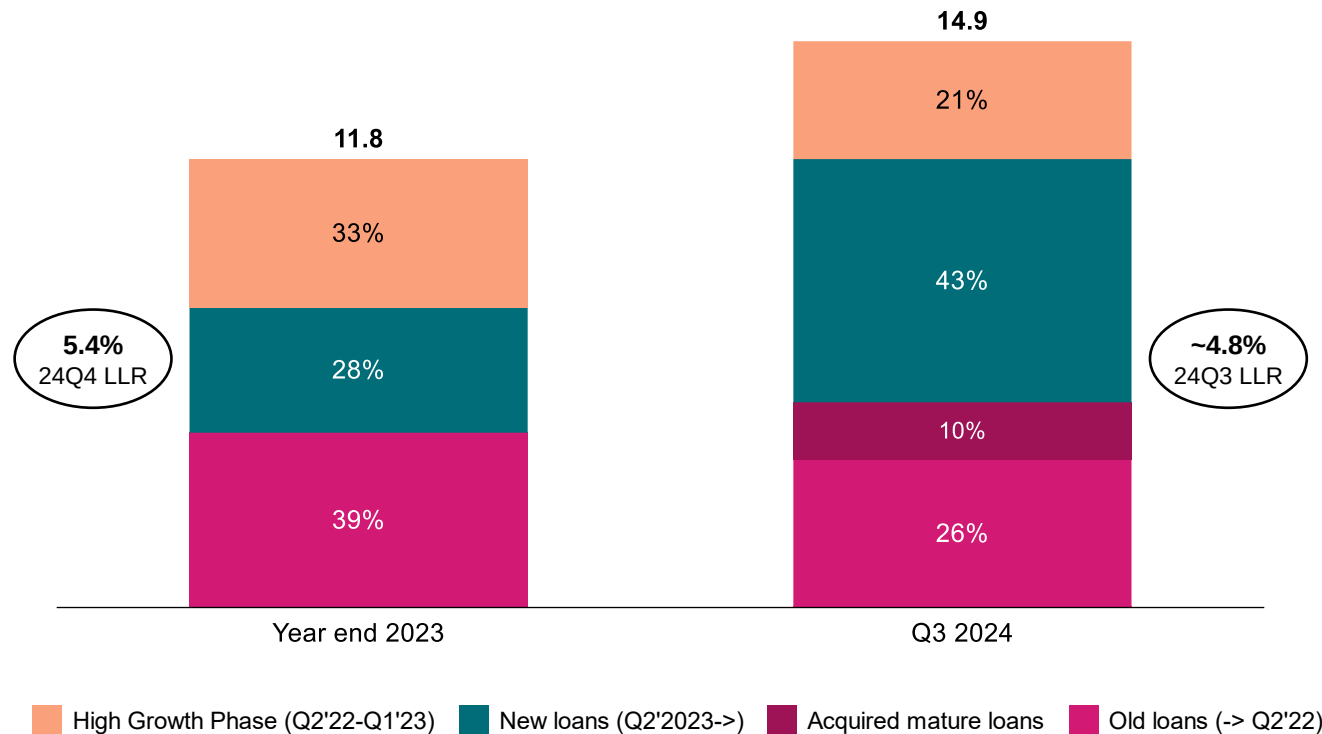
Inflation (%)



- Inflation levels normalising, driving interest rates down, reducing funding cost and improving customer disposable income

Lower risk loan balance driving down credit losses

Gross loan balance (BNOK)



Key drivers reducing loan losses

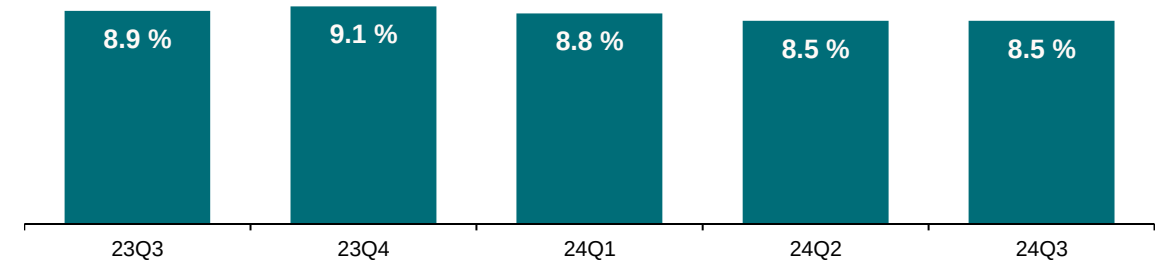
- Higher risk appetite in “high growth phase”, which created the necessary scale for efficient operations
- “New loans” have ~15% lower risk due to stricter credit policy and will over time constitute a larger share of the loan book
- “Acquired mature loans” and old loans have the lowest risk as most of potential losses have already occurred

Stricter credit policies + maturing loan balance = declining loan loss ratio

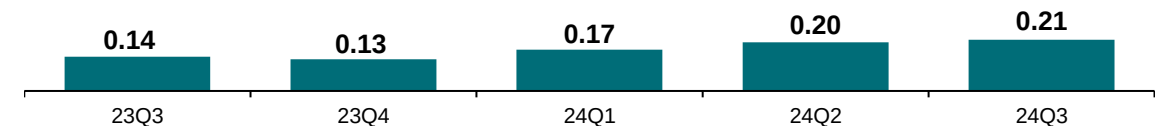
Profit and loss

<i>Amounts in MNOK</i>	Q3 2024	Q2 2024	2023	2022
Interest income	489.6	462.4	1,380.0	907.0
Interest expenses	-147.5	-123.4	-359.8	-113.7
Net interest income	301.9	287.4	1,020.2	793.3
Commission income and fees	15.1	22.0	62.7	53.0
Commission expenses and fees	-15.1	-14.8	-57.6	-43.3
Net commissions and fees	0.0	7.2	5.1	9.8
Net gains / losses (-) on certificates and bonds, and currency	19.2	10.6	28.6	-2.1
Total income	321.2	305.2	1,053.9	800.9
Personnel expenses	-32.2	-27.6	-102.3	-133.4
General and administrative expenses	-28.9	-33.9	-135.3	-159.0
Other expenses	-9.9	-8.0	-47.6	-43.1
Depreciation	-11.3	-10.7	-35.7	-171.8
Total operating expenses	-82.4	-80.1	-320.9	-507.3
Losses on loans	-166.6	-157.6	-526.7	-292.1
Profit/(loss) before tax	72.1	67.4	206.4	1.6
Tax expenses	-18.0	-16.9	-54.5	-0.6
Profit/(loss) after tax	54.1	50.6	151.9	0.9
Earnings per share (NOK)	0.21	0.20	0.62	-0.07

Net interest margin* (%)



Earnings per share (NOK)

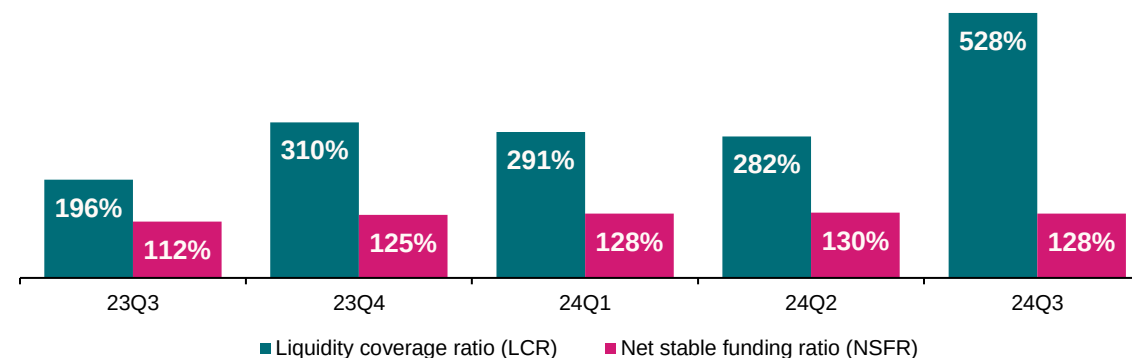


* Net interest margin (NIM) = 4 * (Net interest income / Average interest-bearing assets excl. certificates and bonds).

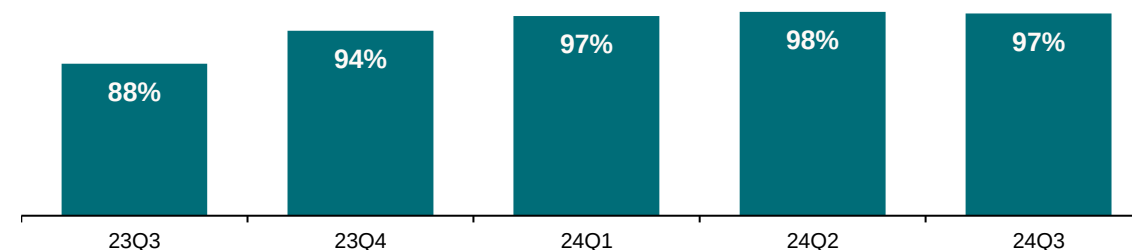
Balance sheet

<i>Amounts in MNOK</i>	30 Sept. 2024	30 June 2024	31 Dec. 2023	31 Dec. 2022
Assets				
Loans and deposits with credit institutions	671.2	2,200.3	1,530.0	807.8
Net loans to customers	14,066.4	11,475.5	11,076.0	9,110.7
Certificates and bonds	3,071.8	1,048.5	926.1	1,453.5
Other intangible assets	67.1	69.5	66.9	45.3
Deferred tax assets	-	1.3	29.5	77.9
Fixed assets	18.6	19.6	22.0	3.5
Other receivables	52.7	24.8	14.7	29.2
Total assets	17,947.8	14,839.6	13,665.2	11,528.0
Equity and liabilities				
Deposits from and debt to customers	15,120.0	12,179.4	11,096.0	9,347.6
Other debt	134.3	131.2	125.3	162.1
Subordinated loans (Tier 2)	265.0	165.0	165.0	65.0
Deferred tax	15.1	-	-	-
Total liabilities	15,534.4	12,475.6	11,386.3	9,574.8
Share capital	230.0	229.8	229.4	187.6
Share premium reserve	936.9	936.9	936.9	786.7
Other paid-in equity	56.4	56.5	56.5	56.4
Retained earnings	990.5	941.3	856.7	723.0
Additional Tier 1 capital	199.6	199.6	199.6	199.6
Total equity	2,413.3	2,364.0	2,278.9	1,953.3
Total equity and liabilities	17,947.8	14,839.6	13,655.2	11,528.0

Liquidity and funding



Deposit coverage* (%)



* Deposit coverage = Deposits from and debt to customers / gross loans to customers

Shareholder overview

Largest 20 shareholders

#	Shareholder	Shares (thousand)	%
1	Kistefos AS	47,790	20.8 %
2	Ubs AG	19,720	8.6 %
3	Alfab Holding AS	10,950	4.8 %
4	The Bank Of New York Mellon SA/NV	9,070	3.9 %
5	Skandinaviska Enskilda Banken AB	7,800	3.4 %
6	Dnb Bank ASA	7,500	3.3 %
7	The Bank Of New York Mellon SA/NV	5,840	2.5 %
8	Melesio Invest AS	4,760	2.1 %
9	AS Audley	4,350	1.9 %
10	Om Holding AS	4,210	1.8 %
11	Hans Eiendom AS	4,000	1.7 %
12	Stiftelsen Kistefos-Museets Driftsfond	4,000	1.7 %
13	Directmarketing Invest AS	3,720	1.6 %
14	The Bank Of New York Mellon SA/NV	3,140	1.4 %
15	Christiania Skibs AS	3,100	1.3 %
16	Belair As	2,640	1.1 %
17	Obligasjon 2 As	2,540	1.1 %
18	Hjellegjerde Invest As	2,160	0.9 %
19	Khaya AS	2,130	0.9 %
20	Skandinaviska Enskilda Banken AB	2,000	0.9 %
Total top 20		151,420	65.7 %

Management and members of the Board of Directors

Role	Name	Shares (thousand)	Share options (thousand)	Warrants (thousand)
CFO	Eirik Holtedahl	2,642	15	800
COO	Wilhelm B. Thomassen	2,108	227	800
CEO	Øyvind Oanes	453	-	1,250
CCRO	Annika Ramstedt	171	284	800
CCO	Tony Rogne	-	-	800
CTO (interim)	Martin Valland	186	-	800
Members of the Board of Directors		2,056	15	-
Total		7,617	542	5,250

Offering convenient consumer financing to creditworthy individuals in the Nordics



Flexible consumer loans

- NOK 10,000-500,000 without collateral
- Same day response to loan application
- Annuity loans, Credit Lines and Refinancing



No-fees credit cards

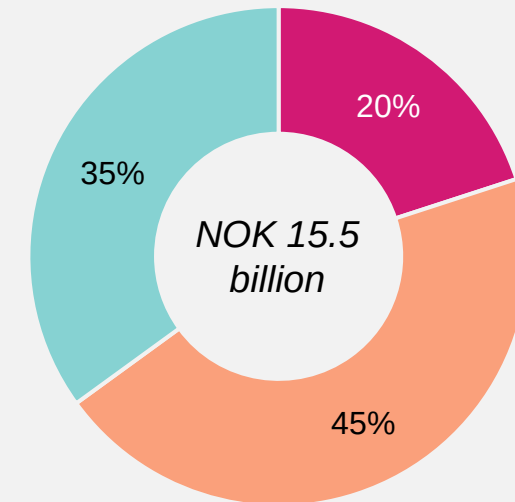
- 1-4% bonus on all transactions
- Apple, Google, Samsung and Garmin Pay
- No fees, and insurances included



Guaranteed deposit accounts

- Competitive interest rate
- Deposit guarantee up to NOK 2,000,000 / EUR 100,000 (EU)
- Unlimited withdrawals, free of charges

Diversified Nordic loan portfolio¹



■ Norway ■ Finland ■ Sweden

Our typical customer is 40-50 years old, owns a home and earns above average

Male

63% of our loan customers are men

Above average annual income

NOK ~600k

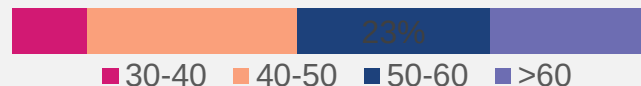
Homeowner

58% homeownership

Solid payer

- ✓ Zero payment remarks
- ✓ Permanent employment

Middle aged



Average loan amount

NOK 167k



Responsible lending throughout the credit lifecycle

Marketing

Attracting creditworthy customers

- Guidelines for responsible sales practices and product labeling
- Messaging, channels and marketing suitable for attracting creditworthy customers
- Making sure affiliated loan intermediaries adhere to Morrow Bank's practices

Onboarding

Screening of applicants

- Evaluation of creditworthiness and repayment capacity
- ~80% of applications rejected based on credit policies and scorecards; 20% who received a conditional offer rejected after manual review¹
- Refinancing must reduce overall loan costs

Customer service

Available and supporting lender

- Ensuring that the bank's customers and applicants are handled properly
- Customer service available via email, telephone and «My Page»
- Service teams are monitored on best practices; response, wait times and quality measures

1. Figures for 2023



The logo for MORROW features the word "MORROW" in a bold, blue, sans-serif font. The letters are slightly shadowed, giving them a three-dimensional appearance. Below the word, there is a white, stylized wave-like graphic that spans the width of the text.

MORROW

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