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First quarter results 2024

Morrow Bank ASA

Q1 2024 highlights: income growth, cost efficiency and improving loan loss ratio yield higher returns

Solid income growth



- Continued strong demand across the Nordics, loan book surpassed NOK 12 billion
- Total income of NOK 296 million, up 3.4% vs. Q4 2023

Improved cost efficiency



- Operating expenses remain stable at NOK 80 million. Proving scalable platform
- Cost/income ratio at industry-leading 27% (28% in Q4 2023) driven by continued cost focus

Credit risk control



- Loan loss ratio at 5.2% (5.4%), tightened credit policies and stabilising growth
- Initiatives to strengthen collection processes have yielded early positive results

Higher returns



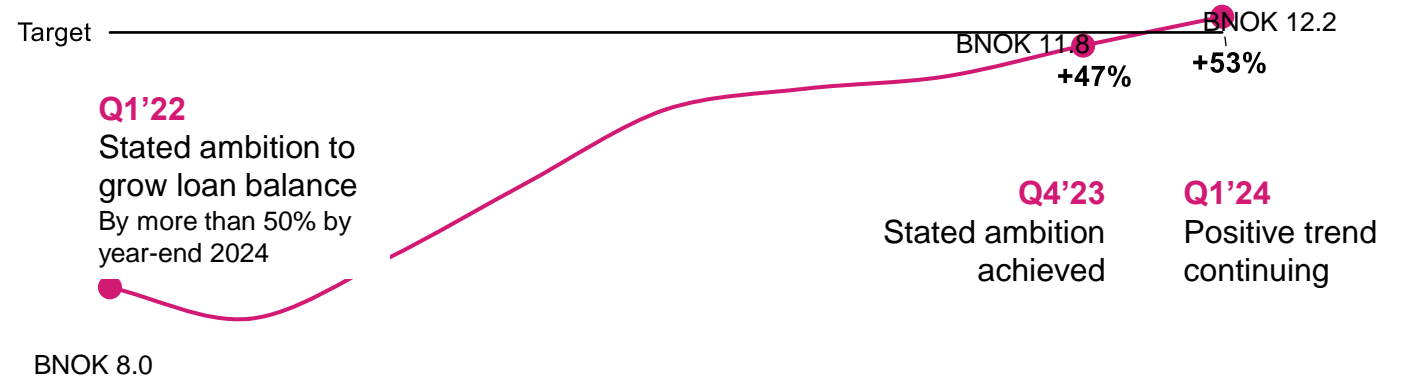
- Profit after tax of NOK 44 million (NOK 35 million)
- Improved ROE of 7.4% (6.1%)

Profit before tax of NOK 58 million in Q1 2024, up 15% from previous quarter

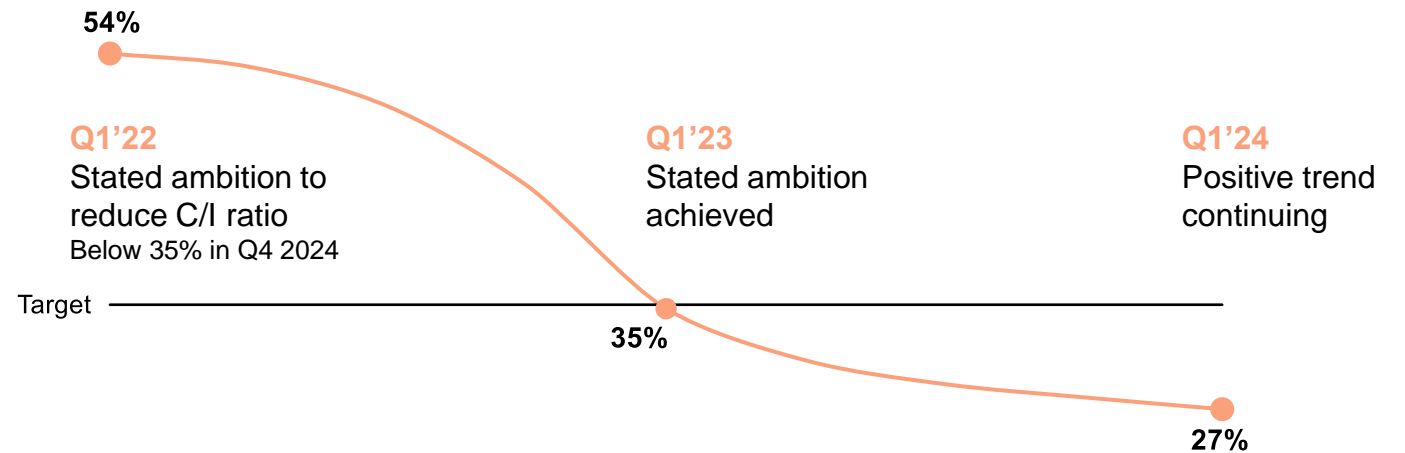
Operational highlights and outlook

Exceeded growth and cost efficiency targets, positive development continuing in Q1 2024...

Target of >50% loan balance growth achieved

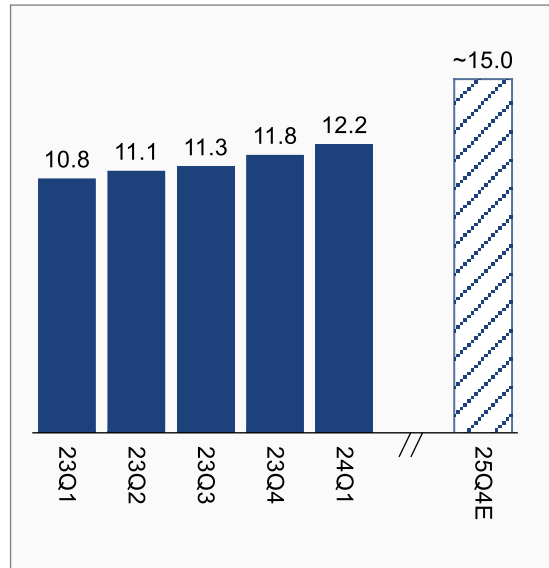


Achieved cost/income ratio below 35% in Q1 last year



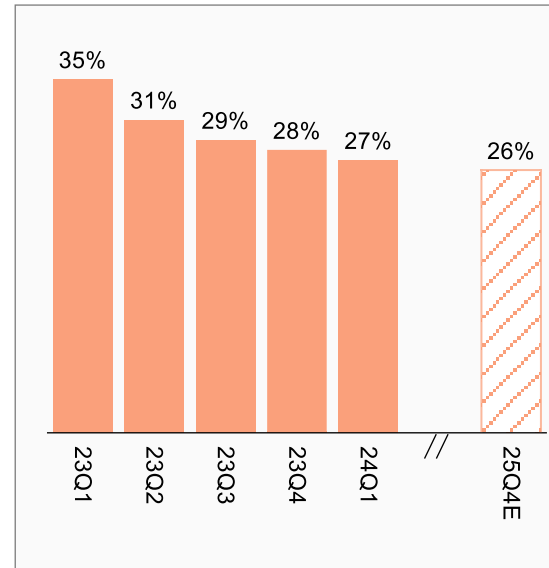
...and confirming our outlook for Q4 2025

Stable gross loan balance growth
BNOK



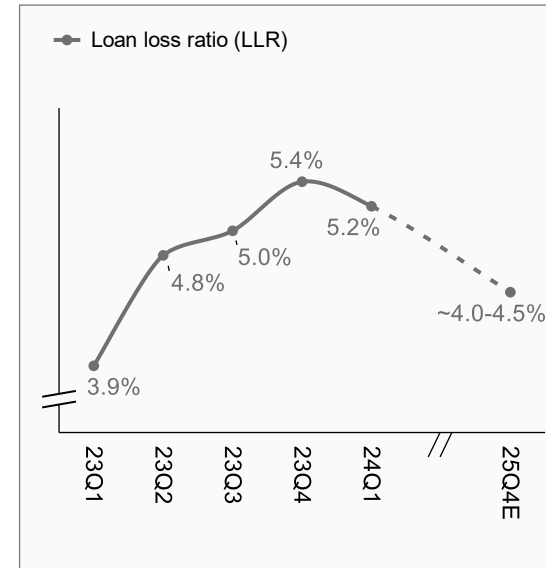
- On track to deliver on growth target of ~10% per year
- Continued robust demand for consumer financing products

Cost/income ratio improving
%



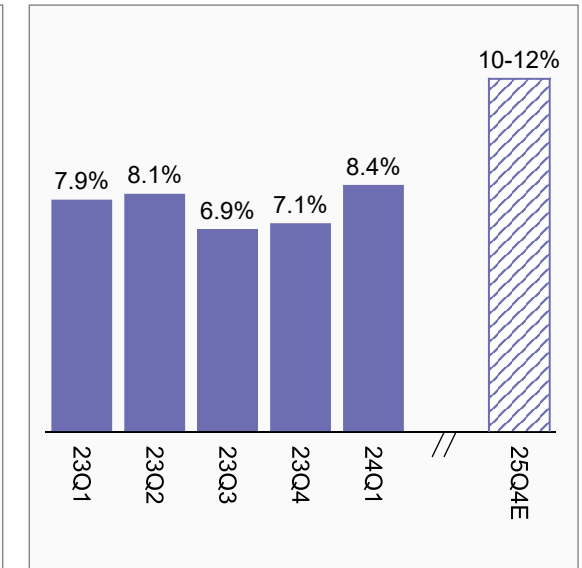
- Continued focus on cost efficiency and optimization
- C/I ratio trending downwards driven by scalability of platform

Loan loss ratio starting to decline
%



- Tightened credit policy starting to weigh in on loan losses in Q1
- Lower loan losses to improve risk-adjusted margin going forward

Return on Target Equity improving
%

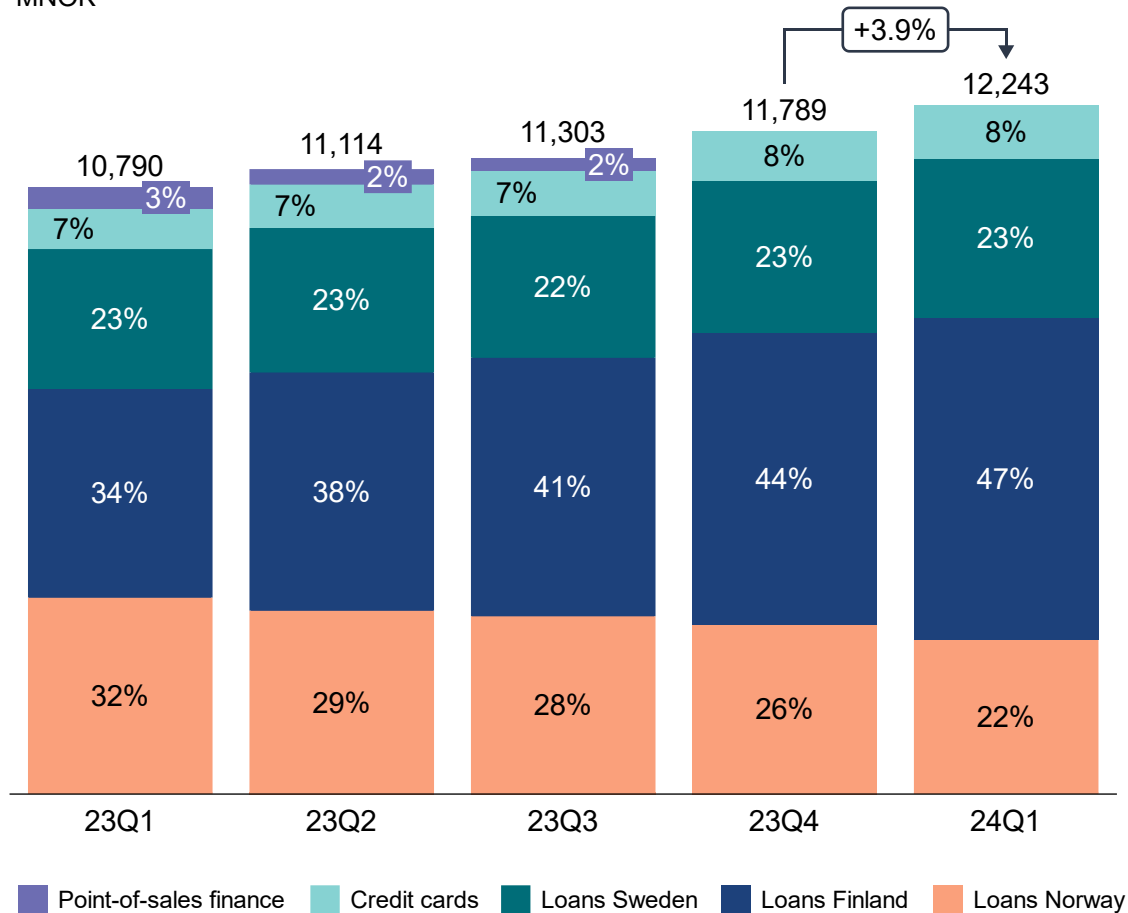


- Loan growth, improved scalability and higher risk-adjusted margin set to improve returns over time

First quarter financial review

Allocating growth capacity to most profitable markets

Total gross loans
MNOK



Gross loan balance growth of 13% year-on-year and 3.9% in Q1 2024:

Finland

- Underlying Q1 development: MNOK 214 (+4.1%)
- Focus on profitable growth and market share
- Attractive margins and lowest capital requirements

Sweden

- Underlying Q1 development: MNOK 96 (+3.6%)
- Focus on continued controlled growth

Norway

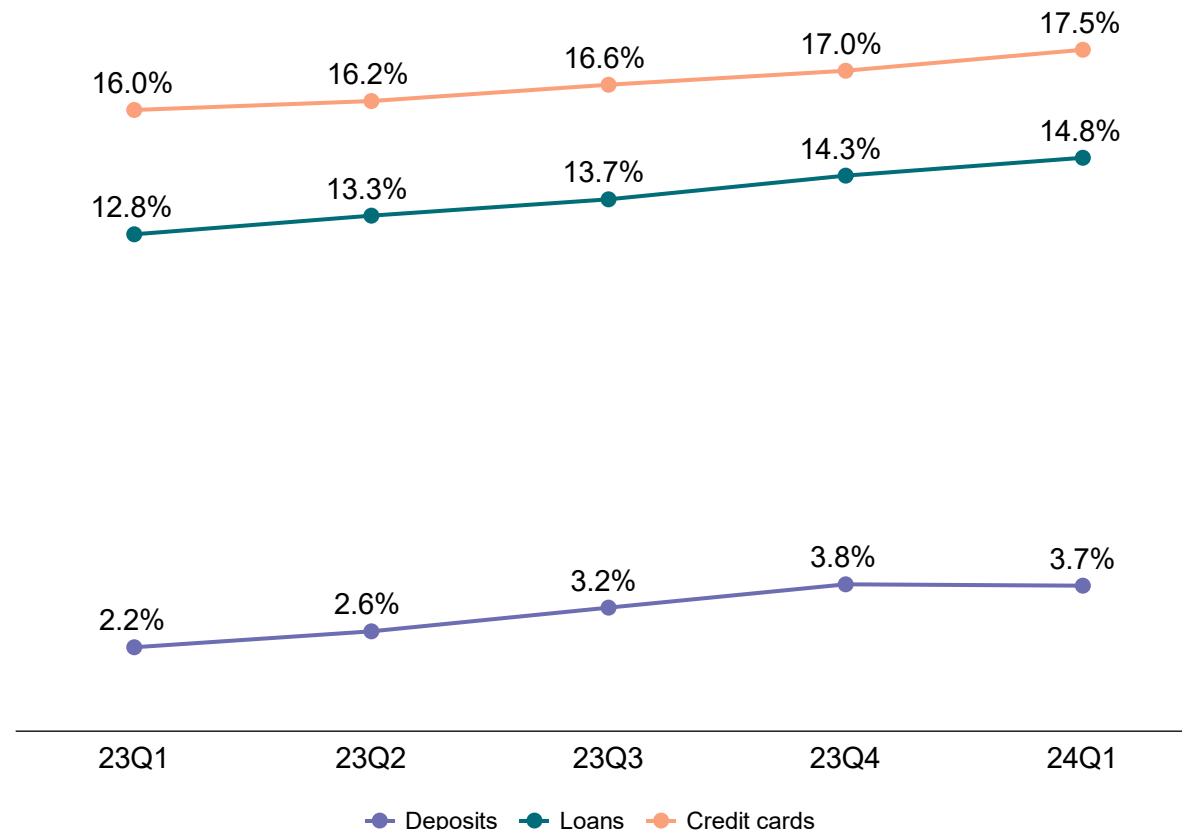
- Underlying Q1 development: MNOK -240 (-8.0%)
- Focus on maintaining margins
- High regulatory capital requirements

Credit Cards

- Loan balance growth of 5.5% in Q1 to MNOK 945

Successful loan repricing supporting solid margins

Yields, performing loans and deposits
%



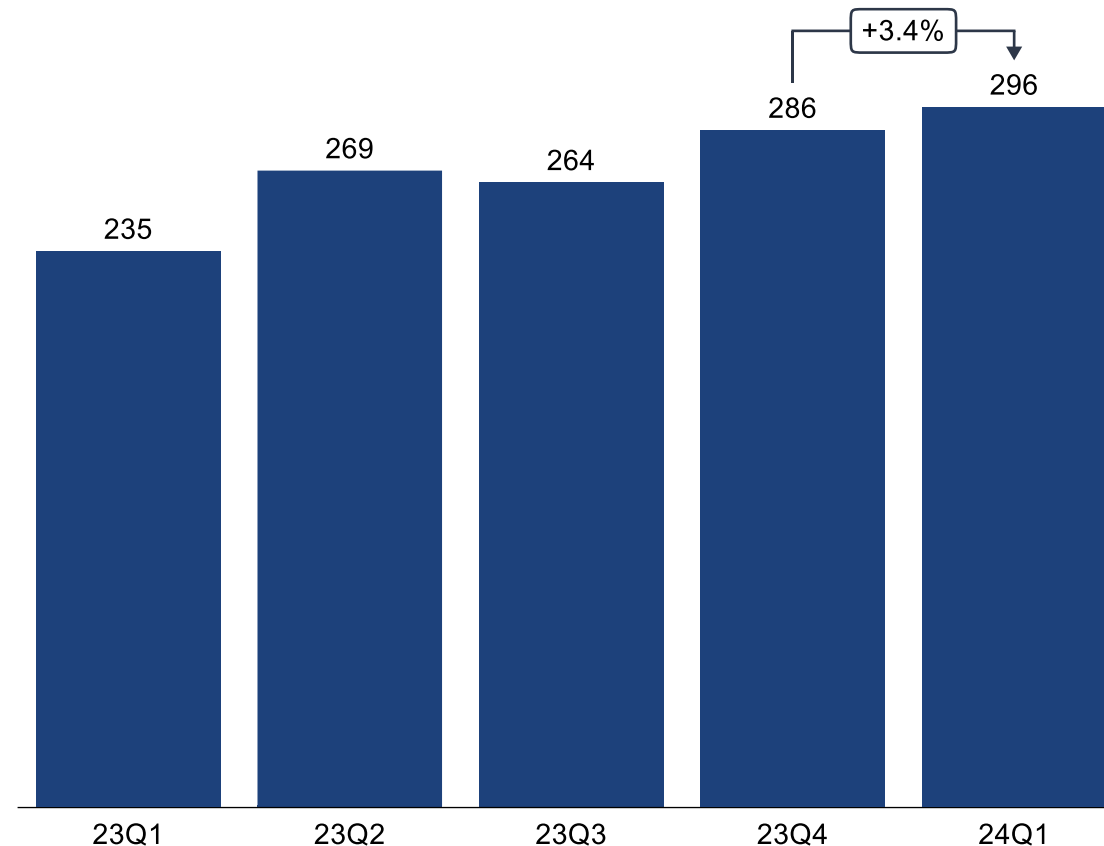
Increased interest rates across loan book

- Strengthened pricing capabilities for loans and deposits
- Repriced loan rates on new and existing customers
- Credit card rates inching upwards as more clients revolve
- Deposit yields now peaking

Note: Methodology for yield calculation for credit cards updated as of Q4-2023. Prior quarters not adjusted.

Total income continues to grow

Total income
MNOK



Total income up 3.4% vs Q4 2023

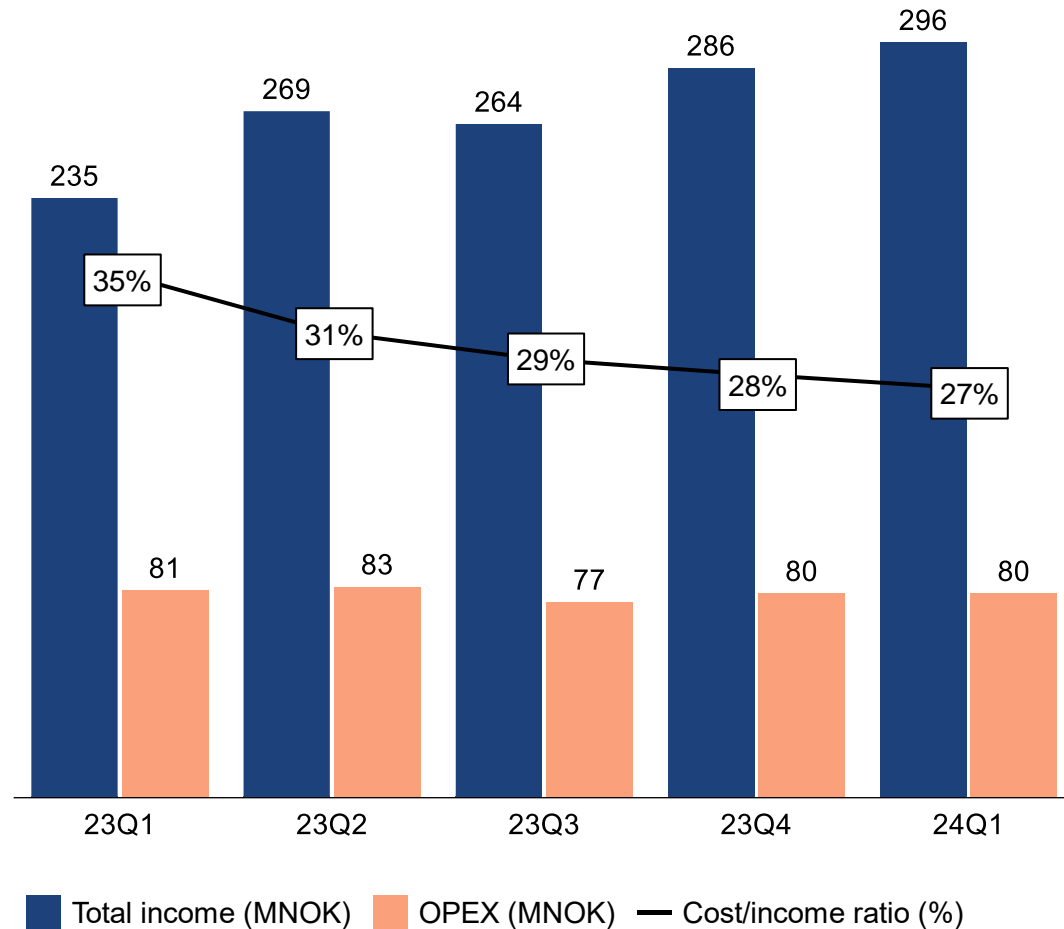
- Driven by loan growth and repricing
- Net commissions and fees and capital gains up NOK 1.5 million vs. the previous quarter
- Year-on-year total income growth of 26% – double the loan balance growth of 13%
- Average quarterly growth Q1'23-24 of 4.7%

Expect continued total income growth

- Loan growth to continue to be key driver of total income with a stable yield outlook for performing loans
- Net interest margin to be slightly lower with no NPL sales, and slightly higher if NPL sales are re-started

Cost/income demonstrating scalability

Cost/income picture



Cost/income ratio improved for five consecutive quarters

- Cost/income ratio of 27% in Q1 2024, down from 28% in Q4; halved since Q1-2022
- Continued growth at stable cost levels, demonstrating scalability
- Income increased by 26% year-on-year while costs decreased by 1%; despite growth and price inflation

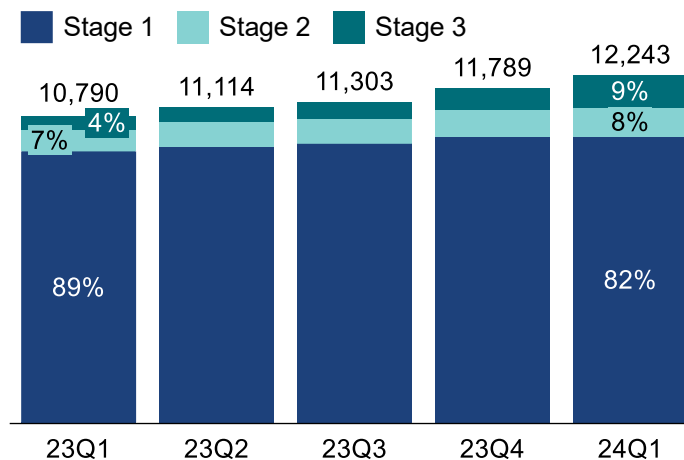
Nearing target cost efficiency

- Well on track for targeted cost-income ratio of 26% by Q4 2025
- ~4% increase in total income from the Q1 level required to deliver target cost/income ratio of 26% given stable total operating expenses

Loan losses bucking the trend and starting to decline

Stable loan balance and stage evolution

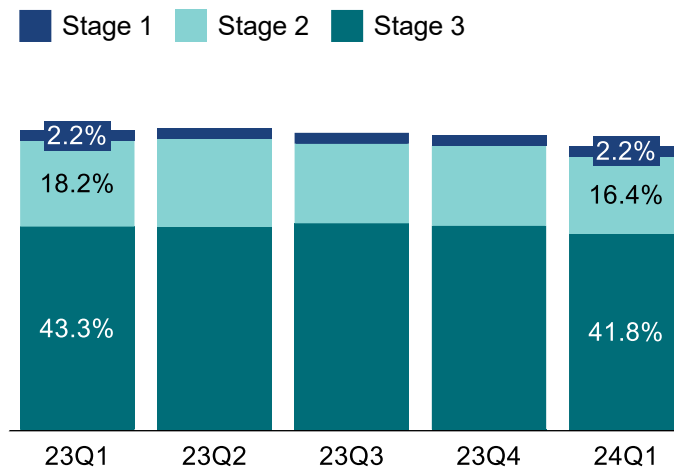
Stage distribution (MNOK)



- Steady distribution across stages 1 and 2 reflecting controlled loan book growth
- Stage 3 volumes increasing as NPL sales have been paused. Will continue to increase, but exposure offset by adequate provisioning

Ample loan loss provisioning

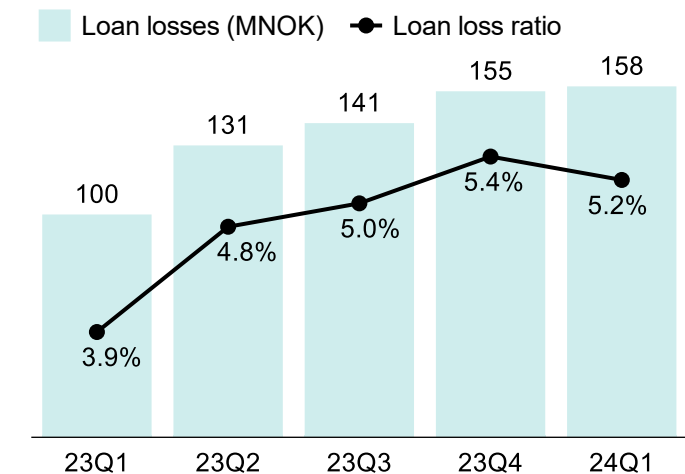
Loan loss provision (%)



- Ample provisioning levels limit uncertainty with respect to recoverability
- Stage 3 provisions relatively high, given large share of new loans (most < 180 days in collection) due to prior NPL sales
- Provisions include an extra macroeconomic buffer; may be released as economy improves

Loan loss ratio trend turned in Q1

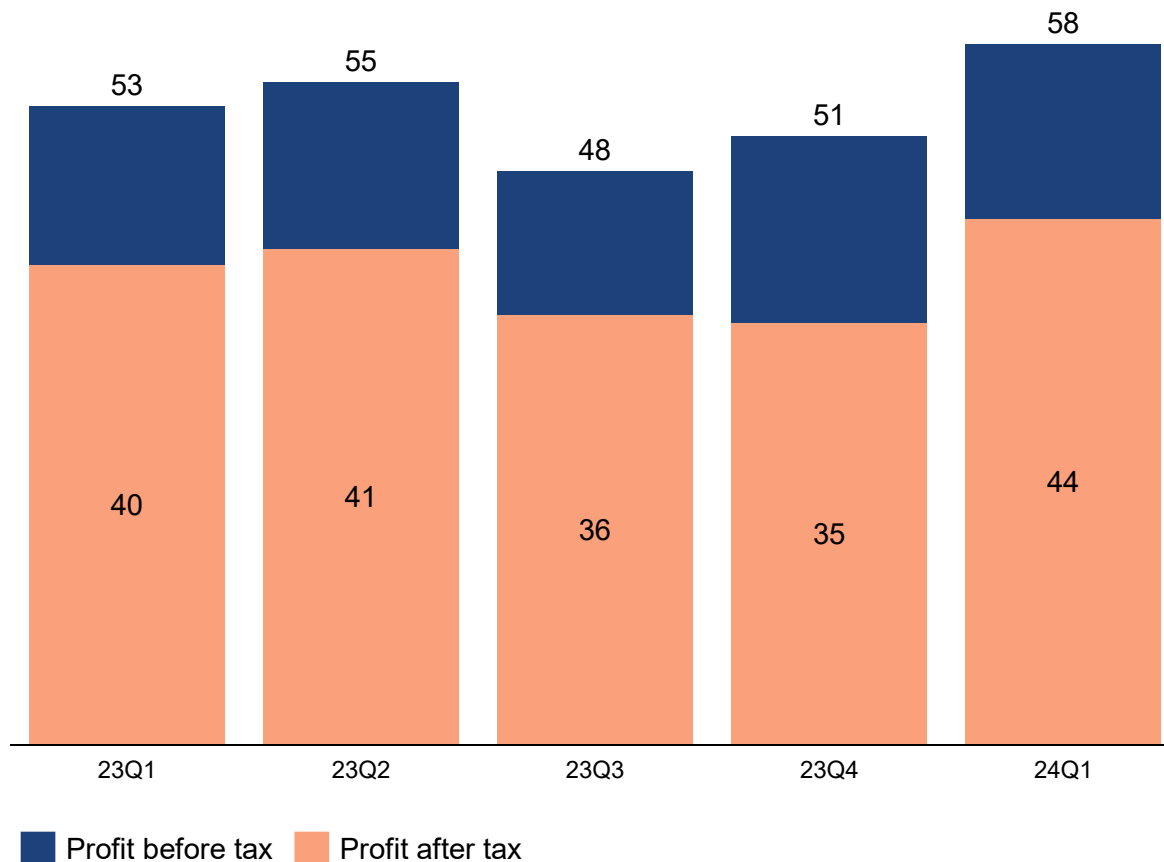
Loan losses



- Loan loss ratio peaked in previous quarter, now decreasing
- Loan loss ratio (annualised) reduced to 5.2% in Q1, vs. 5.4% in Q4
- High provision levels and tightened credit policies from H2 last year weighing in, and strengthened collection processes now starting to bear fruit

Successful turnaround delivered, profitability set to improve further

Profit
MNOK



Profits at the highest level since Q2 2021

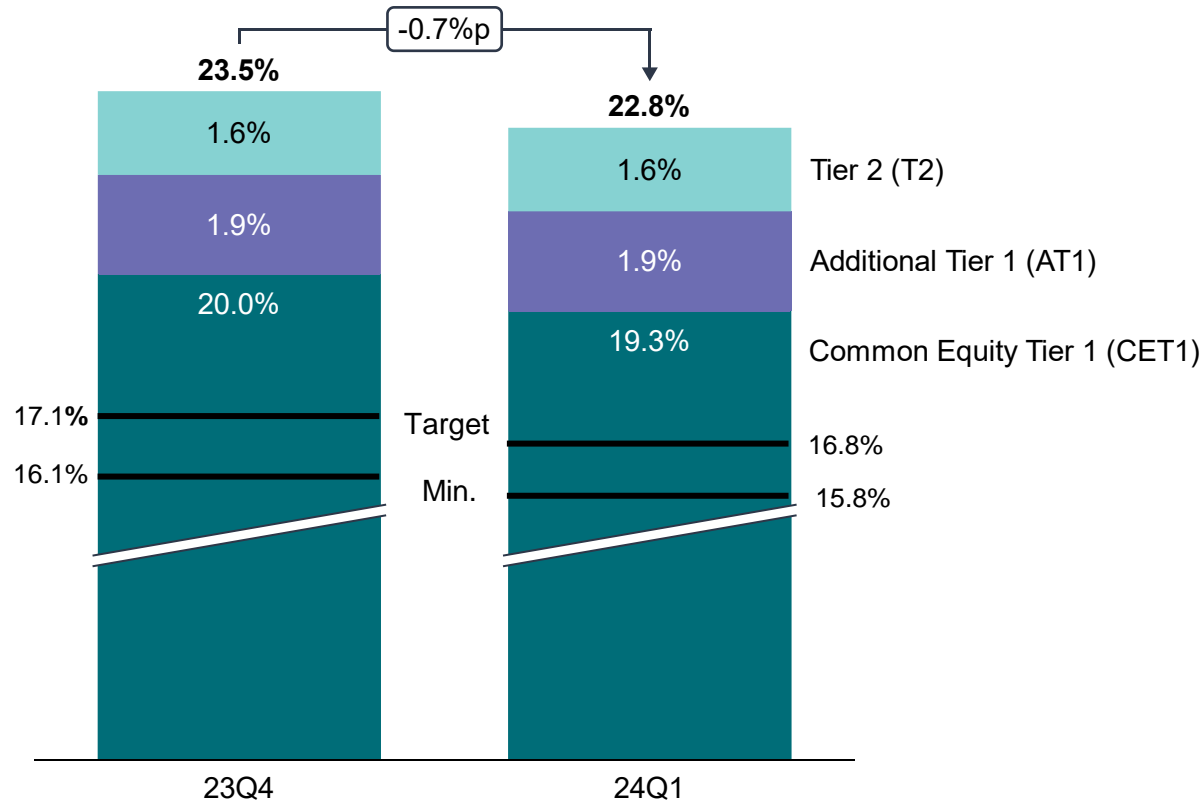
- Profit before tax of NOK 58 million in Q1, up 15% vs the previous quarter
- Improvement driven by income growth, while containing operating costs and loan losses
- Demonstrating successful turnaround with lower costs and reaping benefits from scale

Profitability levels to be driven by growth and improving risk-adjusted margin

- Loan growth in the most attractive markets at stable costs and lower loan losses to drive profitability near term
- Size, scale and stable margins to ensure long-term profitability.

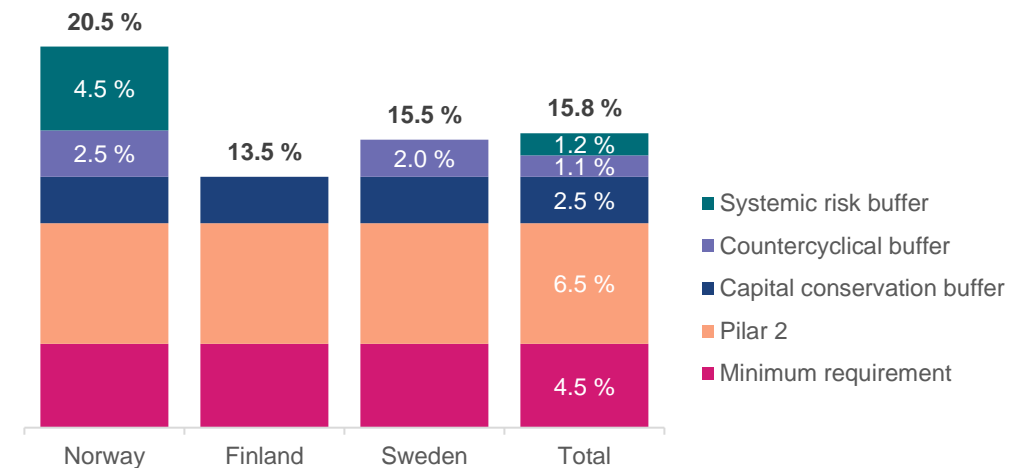
Capital levels provide headroom and support growth

Capital adequacy



- Capital *ratio* decreased due to growth and phase-in of IFRS 9-transition (fully completed as of 2025)
- Capital *requirement* decreased due to increasing Finnish share of the loan book
- Requirement set to increase by ~0.5%p in Q2 due to increase in Finnish systemic risk buffer requirement from 0% to 1.0%
- Ample capital situation combined with stable profit generation provide headroom for further growth
- Capital is allocated to the most profitable product/market

CET1 requirement per market/total



Summary and key take-aways

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

Solid income growth

- Continued strong demand, loan book above NOK 12 billion
- A solid 3.4% income growth in the quarter

Scalability driving cost efficiency

- Highly competitive cost/income ratio of 27%
- Improved throughput + stable costs = scalable banking platform

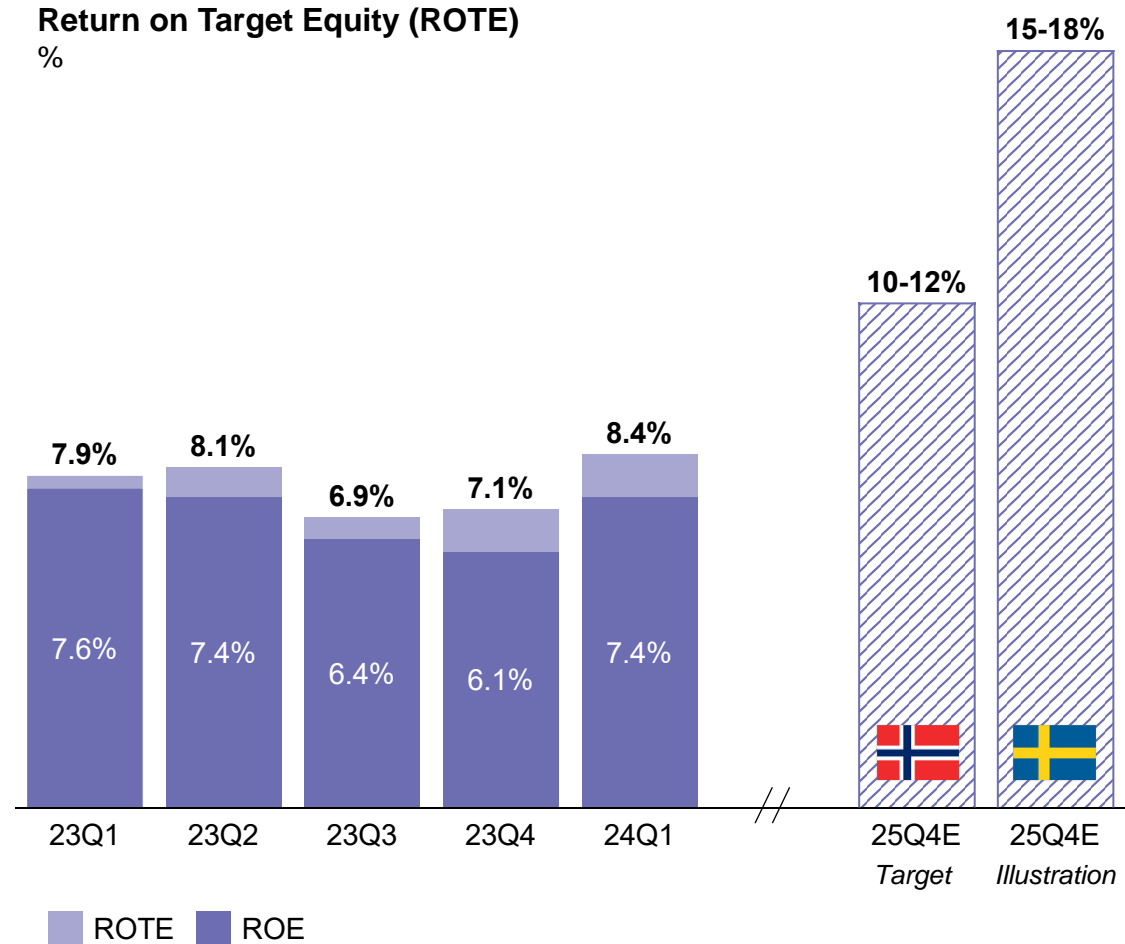
Reducing loan losses going forward

- Tightened credit policy starting to weigh in, loan loss ratio down 0.2%p to 5.2%
- Loan losses set for further decline, driving risk-adjusted margin up

On track for 2025 targets

- Growth and improved risk-adjusted margin to drive ROTE towards 10-12%*
- With similar requirements to Swedish peers, returns could reach 15-18%

Growth and improved profits drive returns up



- Q1 2024 ROTE improvement driven by loan growth and cost efficiency
- Sustained outlook: 10-12% ROTE in Q4 2025
- Norwegian niche banks' returns limited by high CET1 requirements of 15-17% ... Swedish peers at 10-12%
 - Further harmonisation of regulations with EU should lower capital requirements *somewhat* from 1 Jan 2025
 - With similar capital requirements to Swedish peers, Morrow Bank's ROTE target could be 15-18%

Q&A

APPENDIX

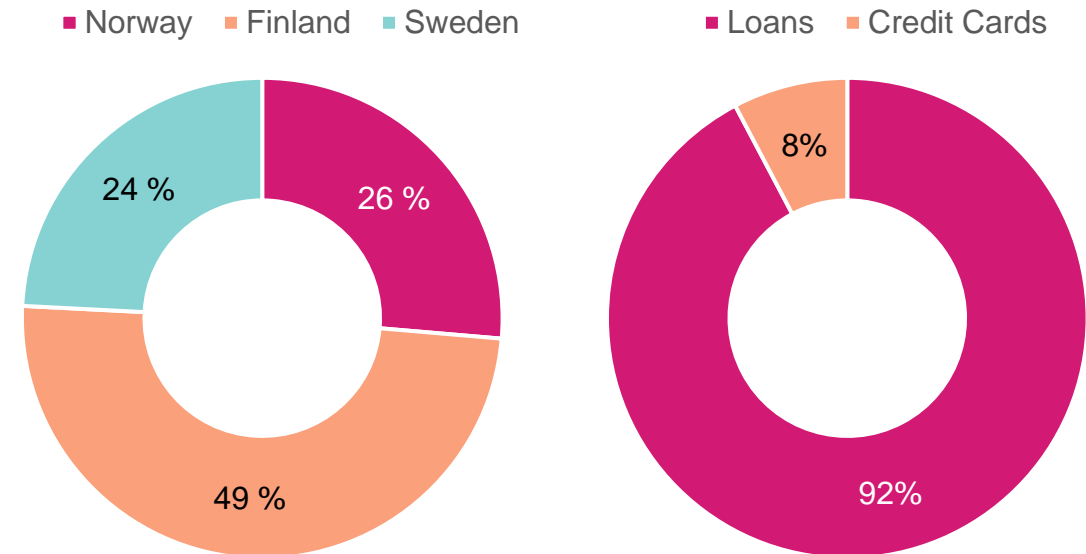
Morrow Bank ASA

– a diversified Nordic consumer finance company

Key facts

- Established in 2014, listed in 2017
- Norwegian banking license (EU passporting)
- Fully centralised operations (<75 FTEs)
- Consumer loans and cards in Norway, Sweden and Finland. Partner based distribution
- Deposits funded in Norway, Sweden, Germany, The Netherlands, Austria and Ireland
- Re-branded to Morrow Bank in May 2023

Gross loan balance of NOK 12.2 billion



Loan balance growth y-o-y

13%

Income growth y-o-y

26%

C/I ratio improvement y-o-y

8%p

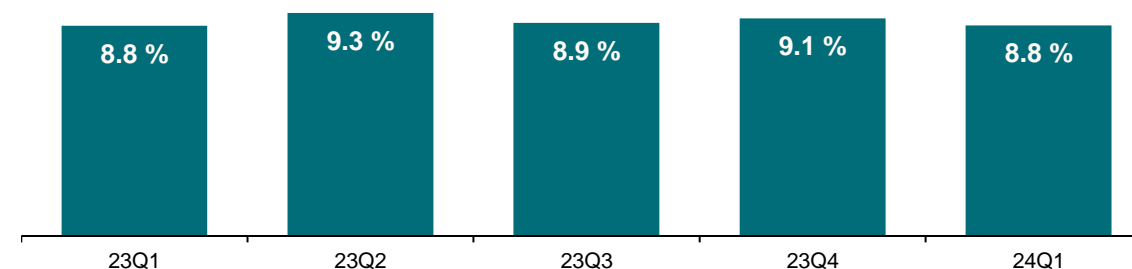
Profit growth y-o-y

10%

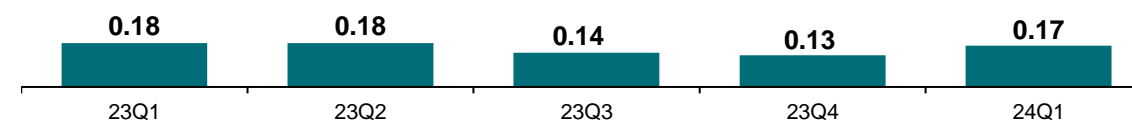
Profit and loss

<i>Amounts in MNOK</i>	Q1 2024	Q4 2023	2023	2022
Interest income	408.6	398.2	1,380.0	907.0
Interest expenses	-122.1	-120.1	-359.8	-113.7
Net interest income	286.4	278.1	1,020.2	793.3
Commission income and fees	13.9	13.5	62.7	53.0
Commission expenses and fees	-13.5	-16.9	-57.6	-43.3
Net commissions and fees	0.4	-3.4	5.1	9.8
Net gains / losses (-) on certificates and bonds, and currency	9.1	11.4	28.6	-2.1
Total income	295.9	286.1	1,053.9	800.9
Personnel expenses	-27.4	-26.9	-102.3	-133.4
General and administrative expenses	-35.6	-34.1	-135.3	-159.0
Other expenses	-7.4	-9.1	-47.6	-43.1
Depreciation	-9.8	-10.0	-35.7	-171.8
Total operating expenses	-80.1	-80.1	-320.9	-507.3
Losses on loans	-157.5	-155.3	-526.7	-292.1
Profit/(loss) before tax	58.2	50.6	206.4	1.6
Tax expenses	-14.6	-15.6	-54.5	-0.6
Profit/(loss) after tax	43.7	35.1	151.9	0.9
Earnings per share (NOK)	0.17	0.13	0.62	-0.07

Net interest margin* (%)



Earnings per share (NOK)

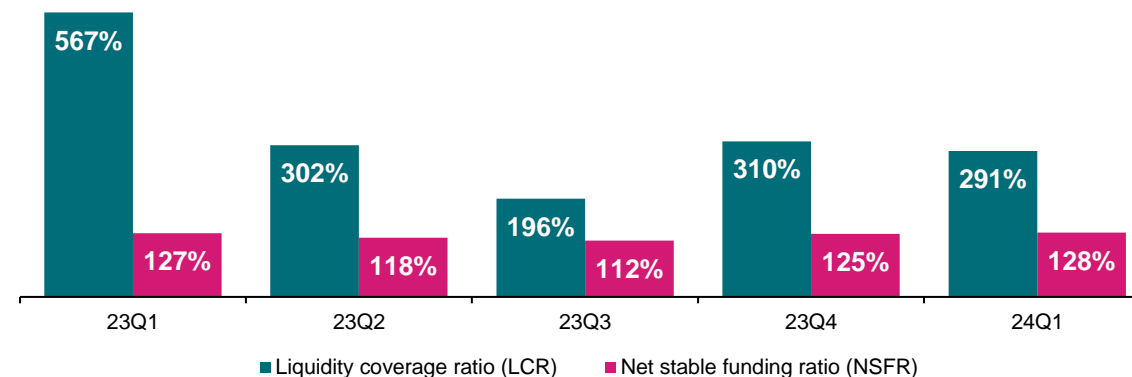


* Net interest margin (NIM) = 4 * (Net interest income / Average interest-bearing assets excl. certificates and bonds).

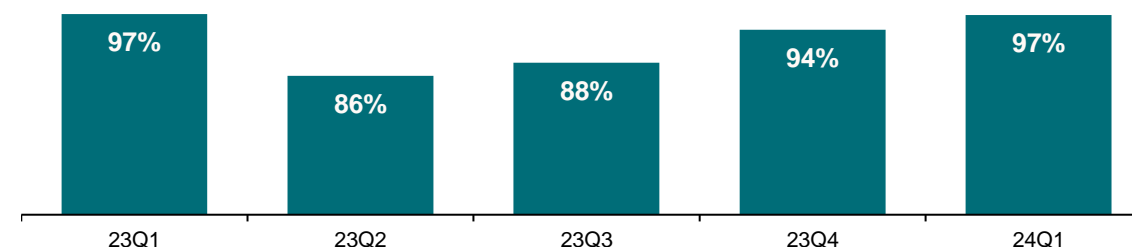
Balance sheet

Amounts in MNOK	31 Mar 2024	31 Dec. 2023	31 Dec 2022
Assets			
Loans and deposits with credit institutions	2,037.6	1,530.0	807.8
Net loans to customers	11,373.1	11,076.0	9,110.7
Certificates and bonds	944.2	926.1	1,453.5
Other intangible assets	68.3	66.9	45.3
Deferred tax assets	16.5	29.5	77.9
Fixed assets	20.5	22.0	3.5
Other receivables	41.1	14.7	29.2
Total assets	14,501.3	13,665.2	11,528.0
Equity and liabilities			
Deposits from and debt to customers	11,856.7	11,096.0	9,347.6
Other debt	161.8	125.3	162.1
Subordinated loans (Tier 2)	165.0	165.0	65.0
Total liabilities	12,183.5	11,386.3	9,574.8
Share capital	229.4	229.4	187.6
Share premium reserve	936.9	936.9	786.7
Other paid-in equity	56.5	56.5	56.4
Retained earnings	895.6	856.7	723.0
Additional Tier 1 capital	199.6	199.6	199.6
Total equity	2,317.9	2,278.9	1,953.3
Total equity and liabilities	14,501.3	13,665.2	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	47,787	20.8%
2	UBS AG	19,716	8.6%
3	Alfab Holding AS	11,072	4.8%
4	The Bank Of New York Mellon SA/NV	9,076	4.0%
5	Skandinaviska Enskilda Banken AB	7,800	3.4%
6	DNB Bank ASA	7,554	3.3%
7	The Bank Of New York Mellon SA/NV	5,800	2.5%
8	Melesio Invest AS	4,607	2.0%
9	AS Audley	4,346	1.9%
10	OM Holding AS	4,209	1.8%
11	Stiftelsen Kistefos-Museets Driftsfond	4,000	1.7%
12	Directmarketing Invest AS	3,715	1.6%
13	The Bank Of New York Mellon SA/NV	3,148	1.4%
14	Christiania Skibs AS	3,101	1.4%
15	Obligasjon 2 AS	2,540	1.1%
16	Hans Eiendom AS	2,500	1.1%
17	Belair AS	2,464	1.1%
18	Caceis Investor Services Bank S.A.	2,193	1.0%
19	Khaya AS	2,174	0.9%
20	Hjellegjerde Invest AS	2,157	0.9%
Sum top 20		149,958	65.3%

Management and members of the Board of Directors

Role	Name	Shares (thousand)	Share options (thousand)	Warrants (thousand)
CFO	Eirik Holtedahl	2,463	44	800
COO	Wilhelm B. Thomassen	2,108	227	800
CEO	Øyvind Oanes	403	-	1,250
CCRO	Annika Ramstedt	171	284	800
CCO	Tony Rogne	-	-	800
CTO (interim)	Martin Valland	136	-	800
Members of the Board of Directors		1,891	45	-
Total		7,173	600	5,250

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