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Second quarter results 2024

Morrow Bank ASA

Morrow is positioned for significant value creation

Established in 2014

and listed on the
Oslo Stock
Exchange in 2017

Providing financial flexibility

to a BNOK ~600
Nordic unsecured
lending market

Developed a scalable platform

positioning the bank
for significant value
creation

Diversified Nordic loan portfolio

12.5 BNOK across
FI (51%), NO (25%),
and SE (24%)

Loan balance

BNOK 12.5

+12% y-o-y

Cost/income ratio (Q2'24)

26%

vs 27% in Q1'24

Pre-tax profit (Q2'24)

MNOK 67

+16% vs Q1'24

Market cap

BNOK 1.2

Price/book (P/B) of 0.5x

Operational highlights and outlook



Q2 2024 highlights: Increased ROE and accelerated value creation

Solid growth



- Gross loan growth of 1.9% from Q1 2024, continued solid growth in Finland and Sweden
- Total income of MNOK 305, up 3.1% vs. Q1 2024

Stable costs



- Operating expenses remained stable at MNOK 80
- Cost/income ratio at industry-leading 26% (27% in Q1 2024)

Credit risk control



- Loan loss ratio continued to improve to 5.1% (5.2%)
- Result of loan growth stabilising and stricter credit policies after Q2 2023

Increased profitability

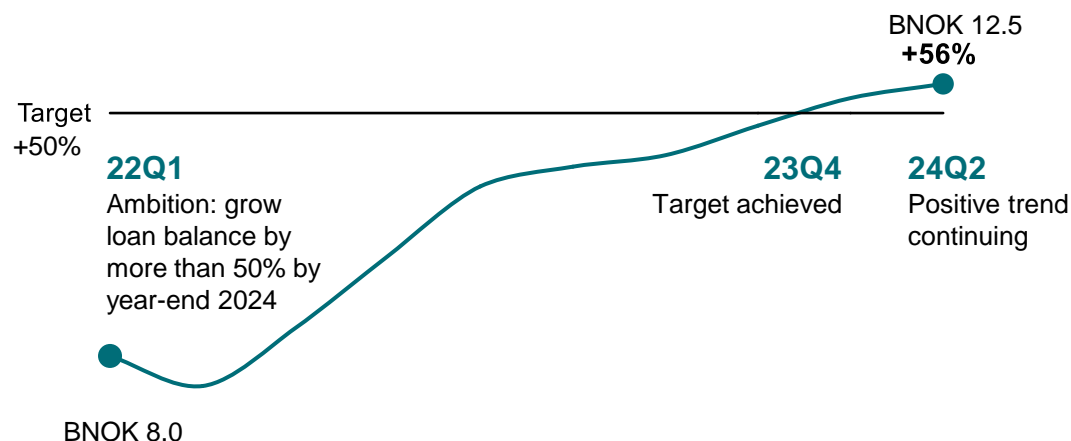


- Profit after tax of MNOK 51 (MNOK 44), ROE of 8.5% (7.4%)
- Agreed to acquire MNOK ~700 Swedish performing loan portfolio with expected positive effect on profitability from 2025 and onwards

Profit before tax of NOK 67 million in Q2 2024, up 16% from previous quarter

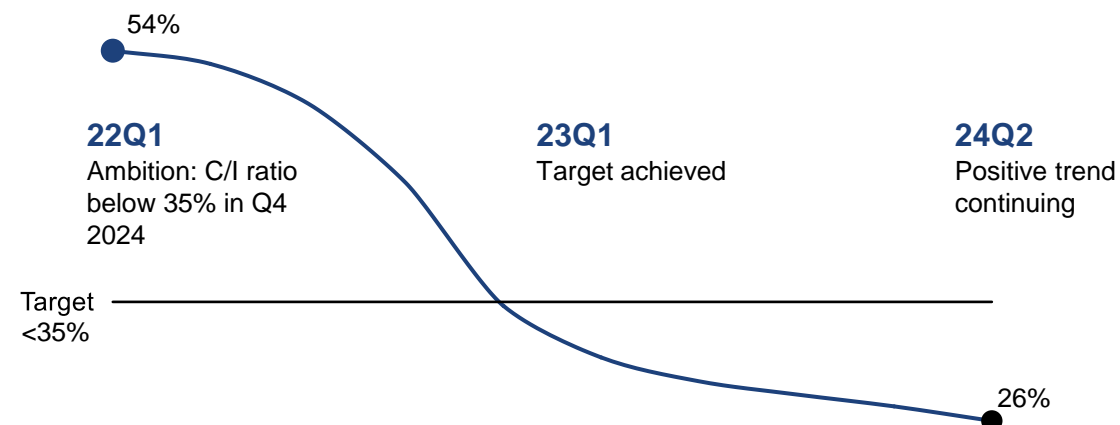
2024 targets exceeded following a successful turnaround

Loan balance growth re-established



- ✓ Optimised product portfolio
- ✓ Enhanced credit scoring and pricing
- ✓ Simplified customer onboarding

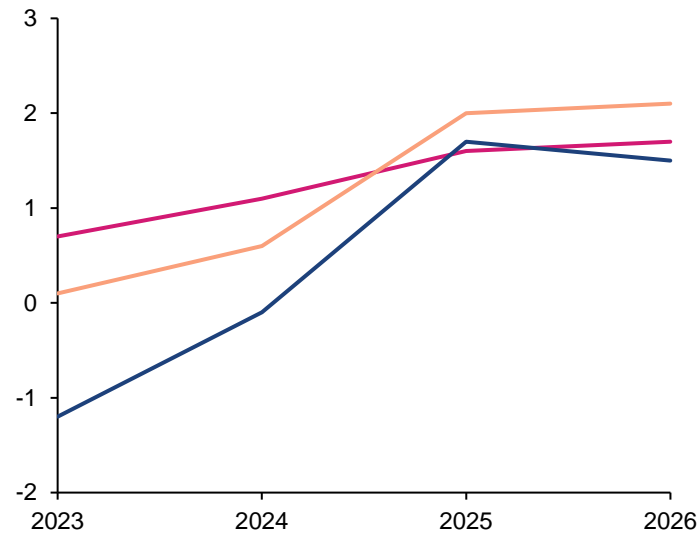
Industry leading cost efficiency achieved



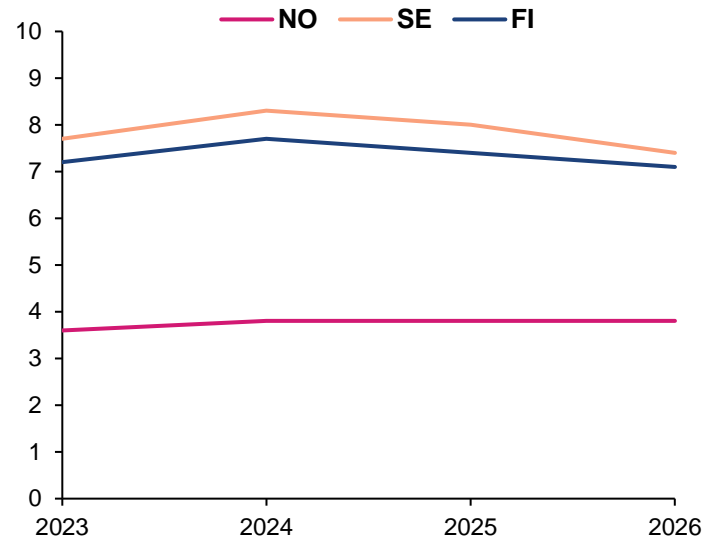
- ✓ Simplified IT platform
- ✓ Increased process automation
- ✓ Right-sized organization

Improving macro driving growth and reducing credit risk

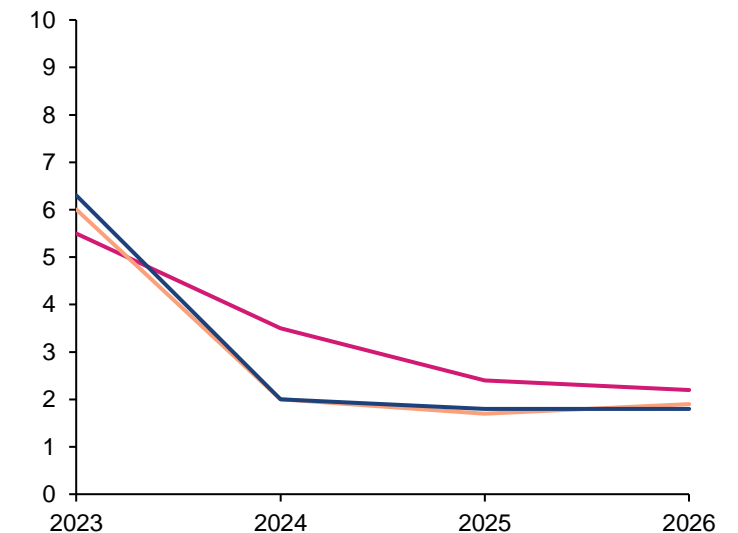
GDP growth (%)



Unemployment (%)



Inflation (%)



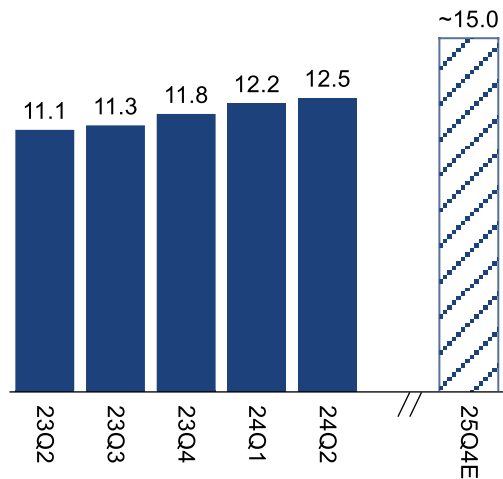
- Continued growth set to drive consumption and demand for consumer loans

- Unemployment outlook remains stable, limiting credit risk

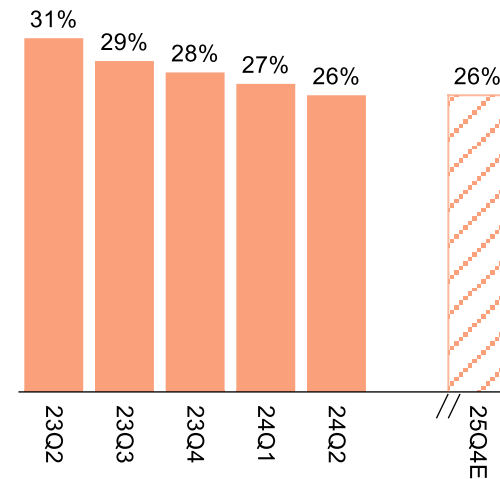
- Inflation levels normalising, driving interest rates down, reducing funding cost and improving customer disposable income

Improvements across KPIs continued in Q2 2024

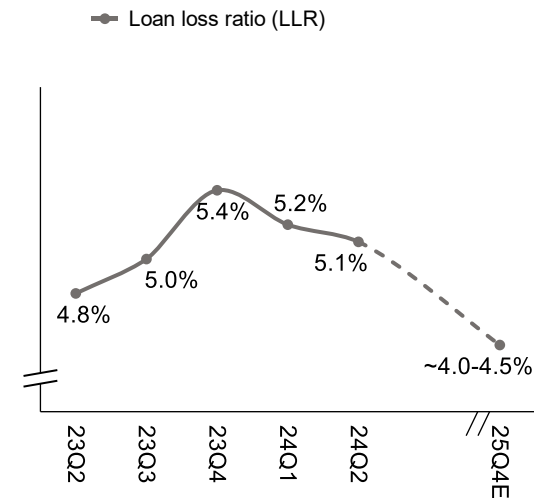
Stable gross loan balance growth
BNOK



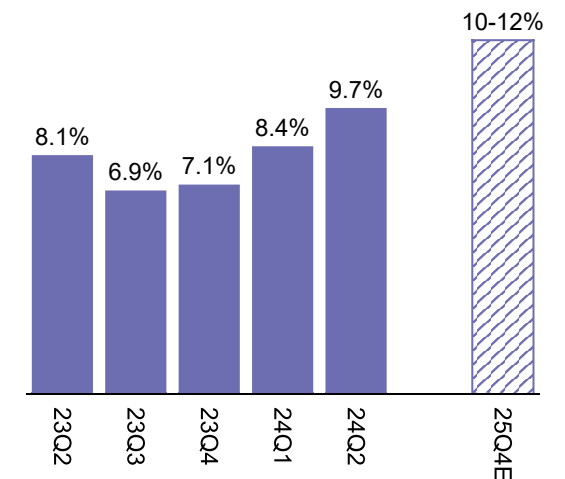
Cost/income ratio improving
%



Loan loss ratio declining
%

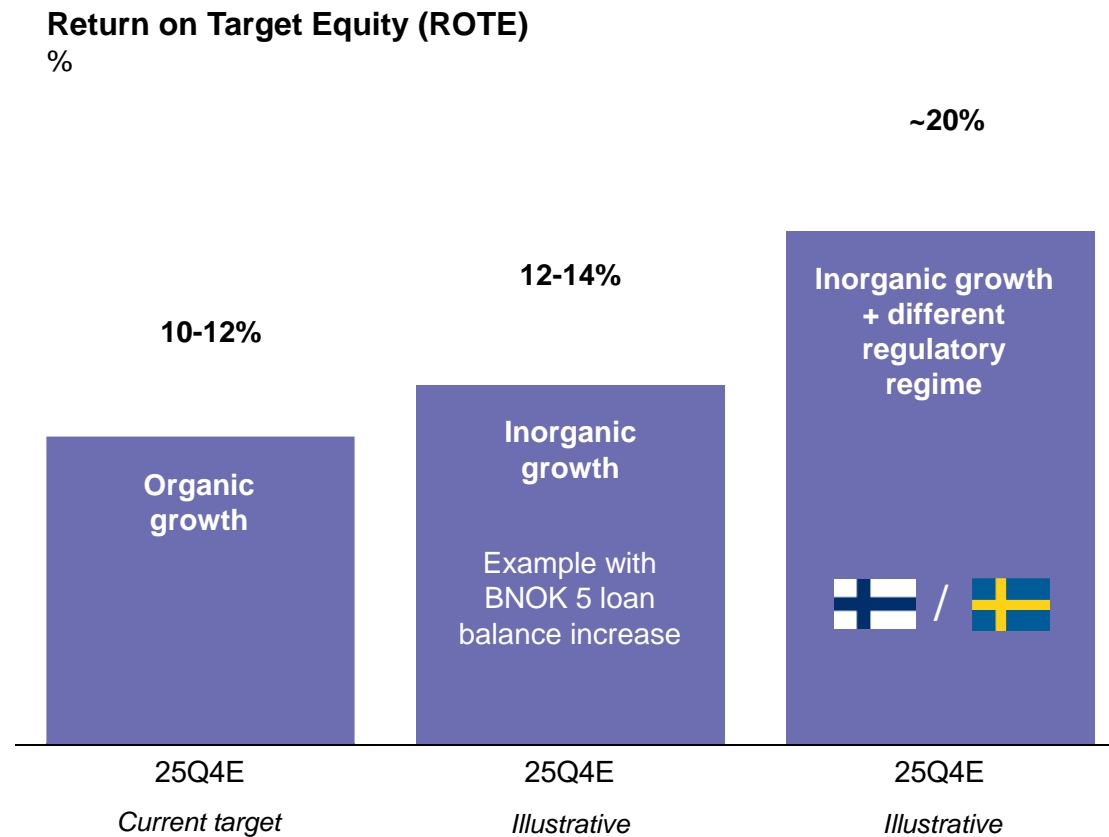


Return on target equity improving
%



On track for organic medium-term growth and value creation targets

Further value upside in structural opportunities



Scalability enables inorganic loan balance growth through portfolio purchases or mergers

- Agreed to acquire MNOK ~700 portfolio of Swedish performing loans in July

75% of current exposure, and all growth in Finland and Sweden, opening for opportunities

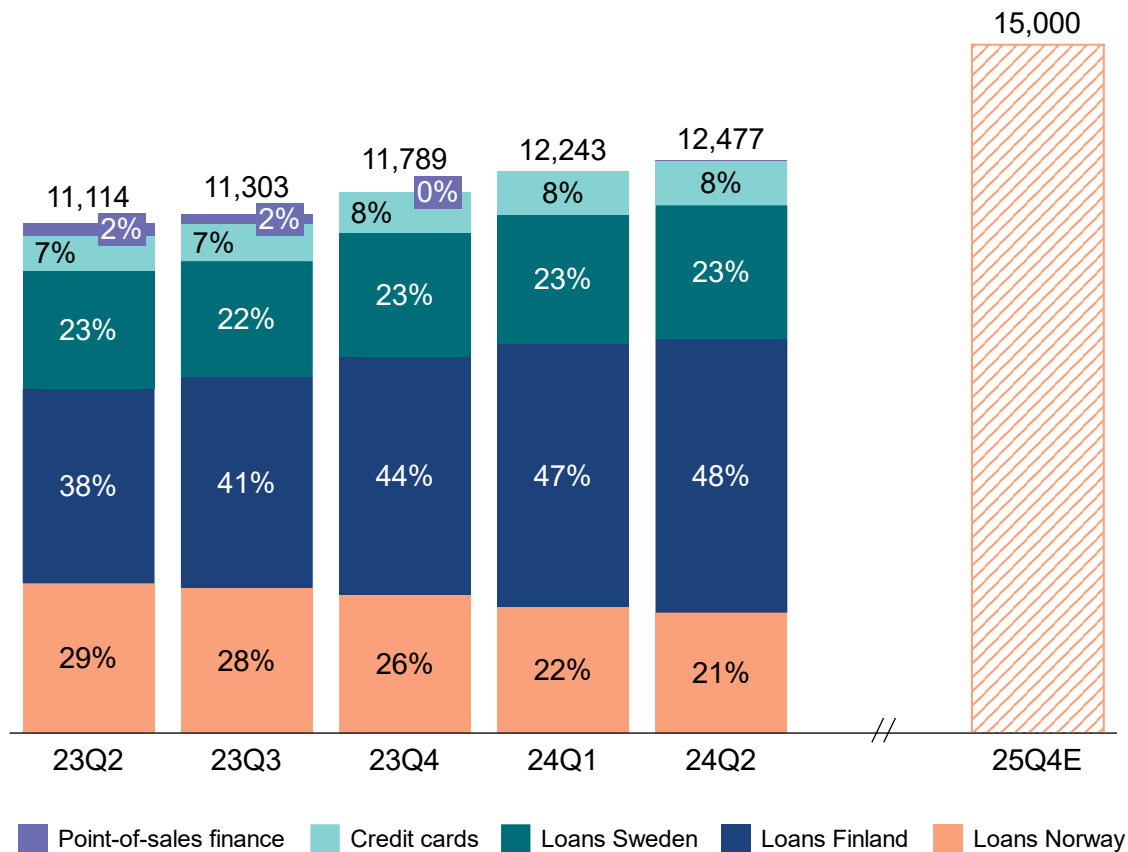
- Merger/reverse takeover with a Swedish or Finnish bank
- Re-domiciliation to Sweden or Finland

Second quarter financial review



Growing in the most profitable markets

Total gross loans
MNOK

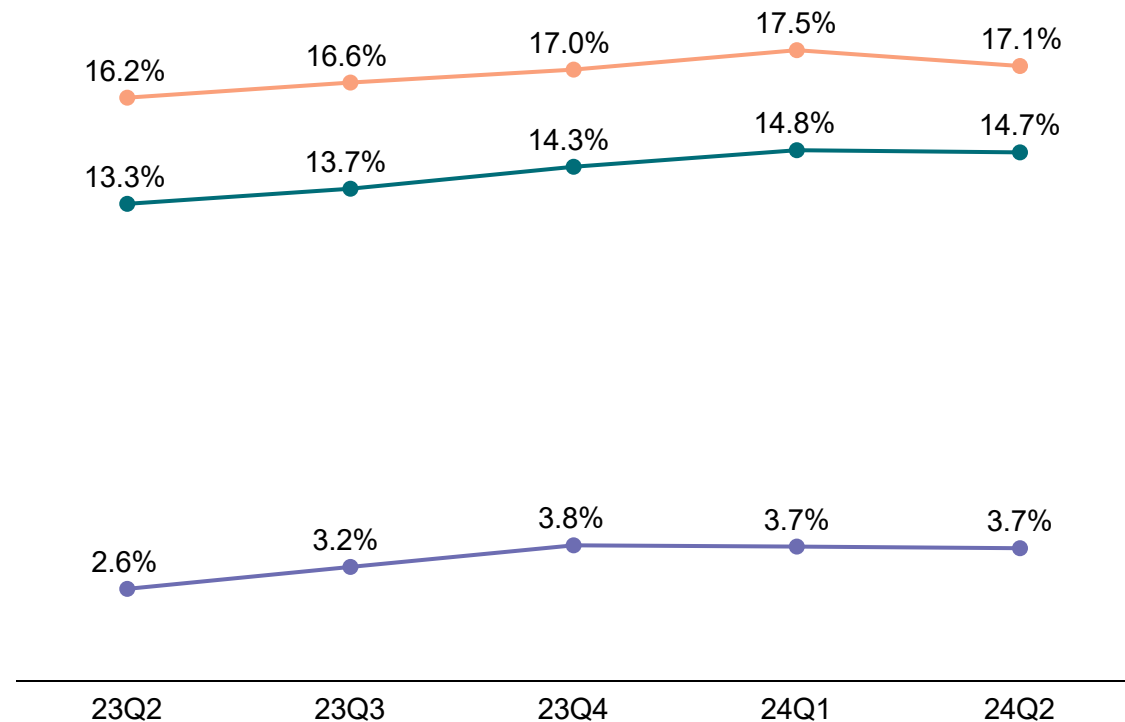


- Gross loan balance growth of 12.3% year-on-year and 1.9% in Q2 2024
- Continued strong demand for consumer financing
- Active capital allocation: higher margins and lower capital requirements in Finland
- Underlying growth of 4.0% in Finland, 3.3% in Sweden and -4.4% in Norway

Stable yields on performing loans and deposits

Yields, performing loans and deposits

Deposits Loans Credit cards

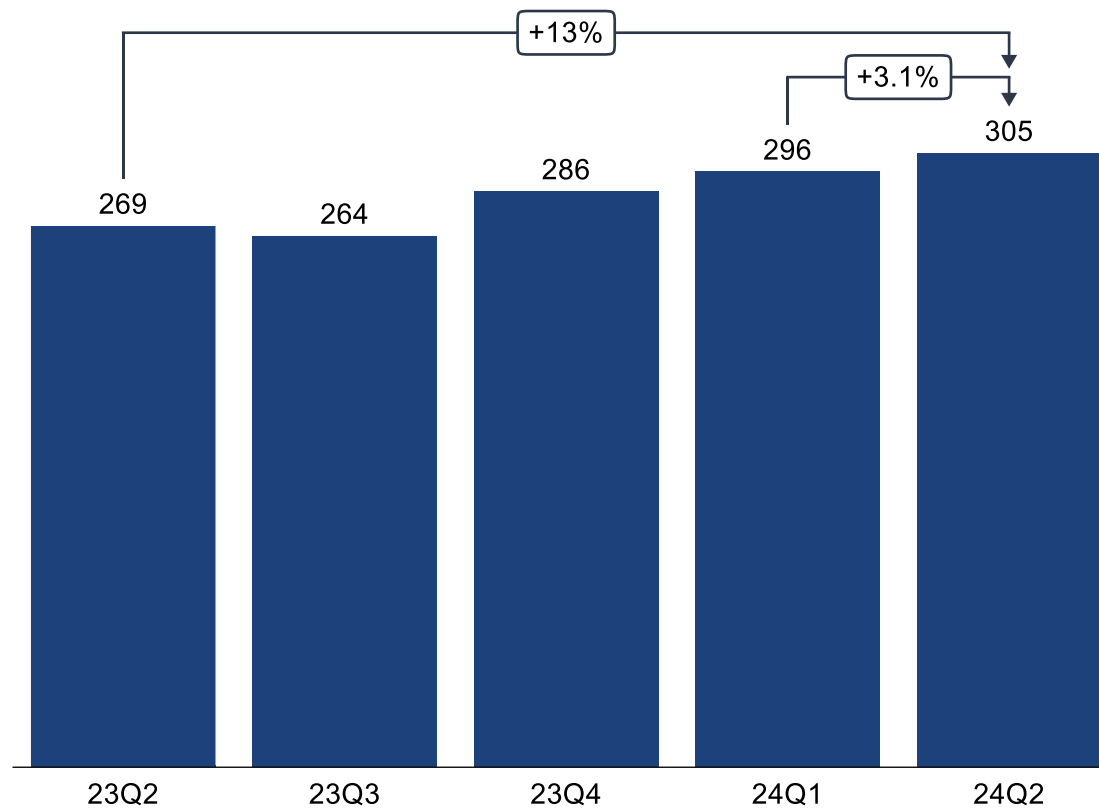


- Strengthened pricing capabilities for loans and deposits yielding better risk/reward
- Stable yields on loans, credit card rates impacted by seasonality
- Deposit yields past peak
- Stable net yields expected in the near to medium term

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

Total income continues to grow

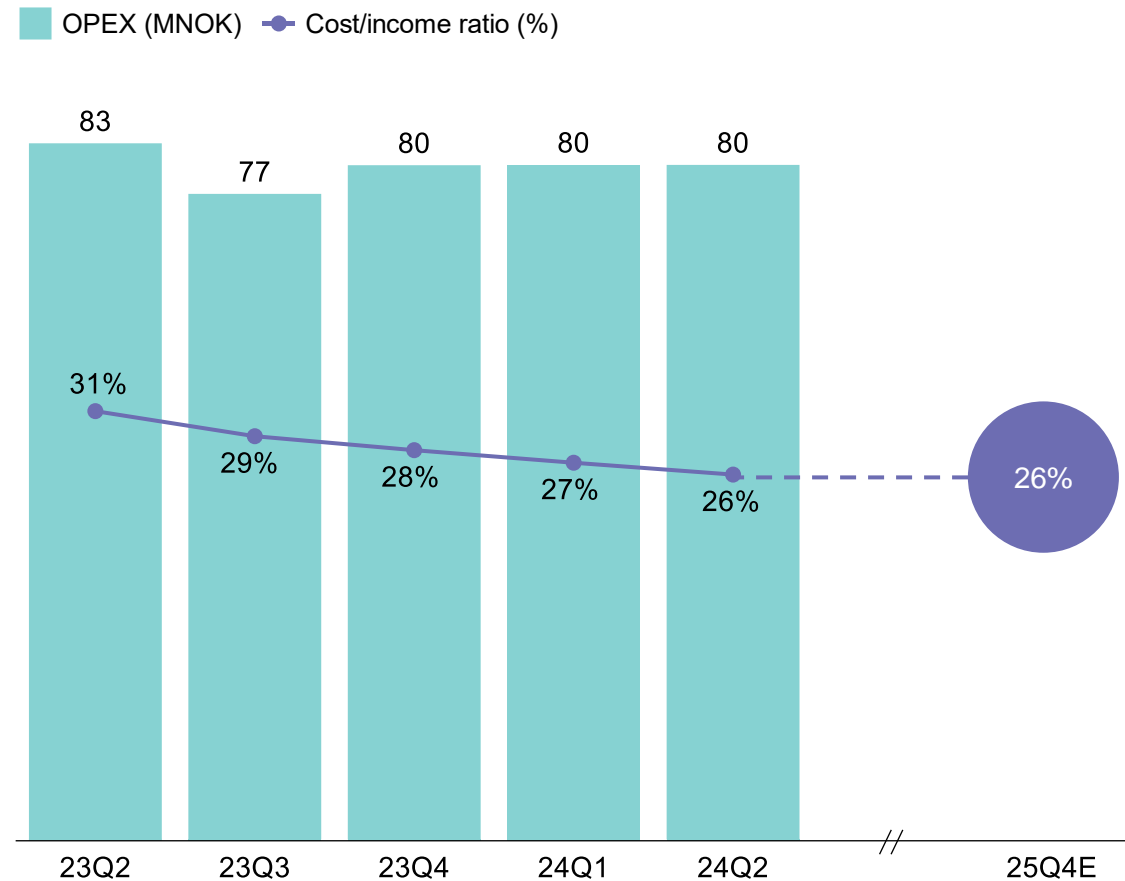
Total income (MNOK)



- Total income growth of 13.5% year-on-year and 3.1% in Q2 2024
- Driven by loan growth and increase of MNOK 7.2 in net commissions and fees (MNOK 0.4)
- Loan growth to continue to drive total income

Improved cost efficiency demonstrating scalability

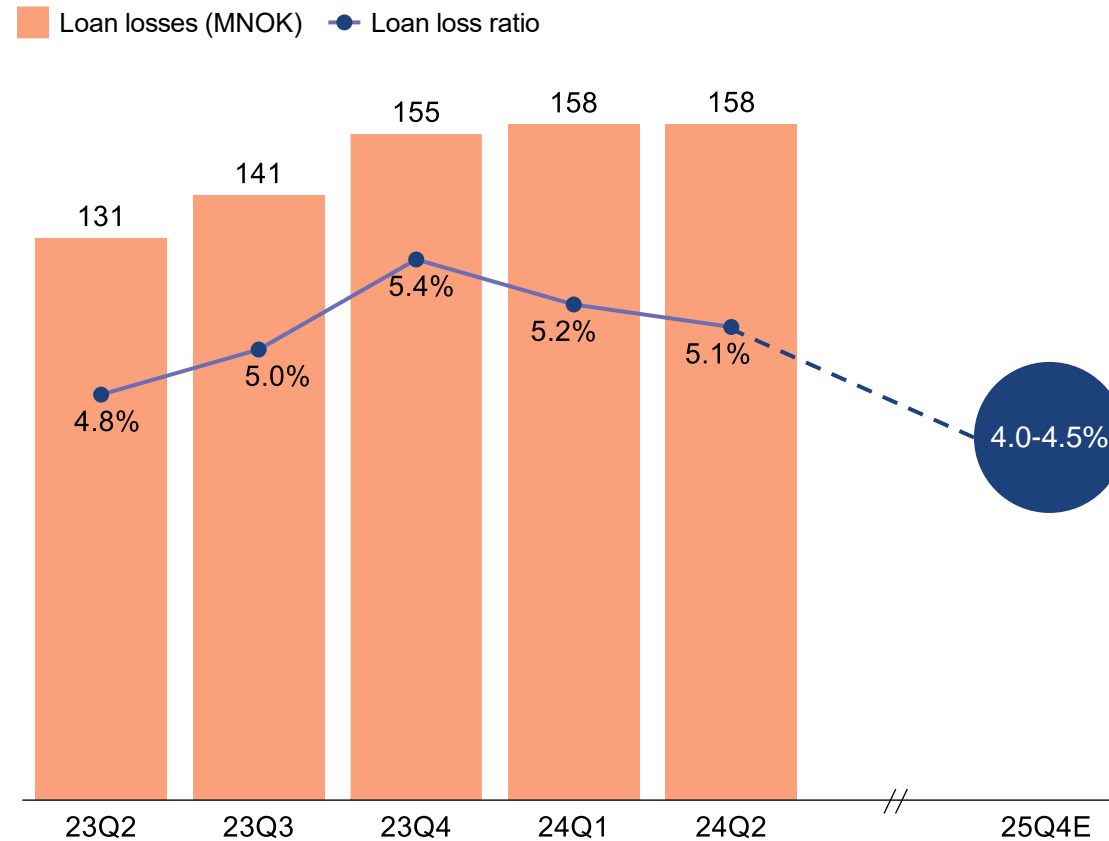
Cost/income



- Stable costs for third consecutive quarter amid continued loan growth
- Reached end-2025 cost/income target in Q2 24, enabled by increased process automation
- Portfolio acquisitions will not impact future cost levels, illustrating the scalability of the platform
- Further improvement potential in ongoing IT transformation, to be concluded in H1 25c

On track for lower loan loss ratio

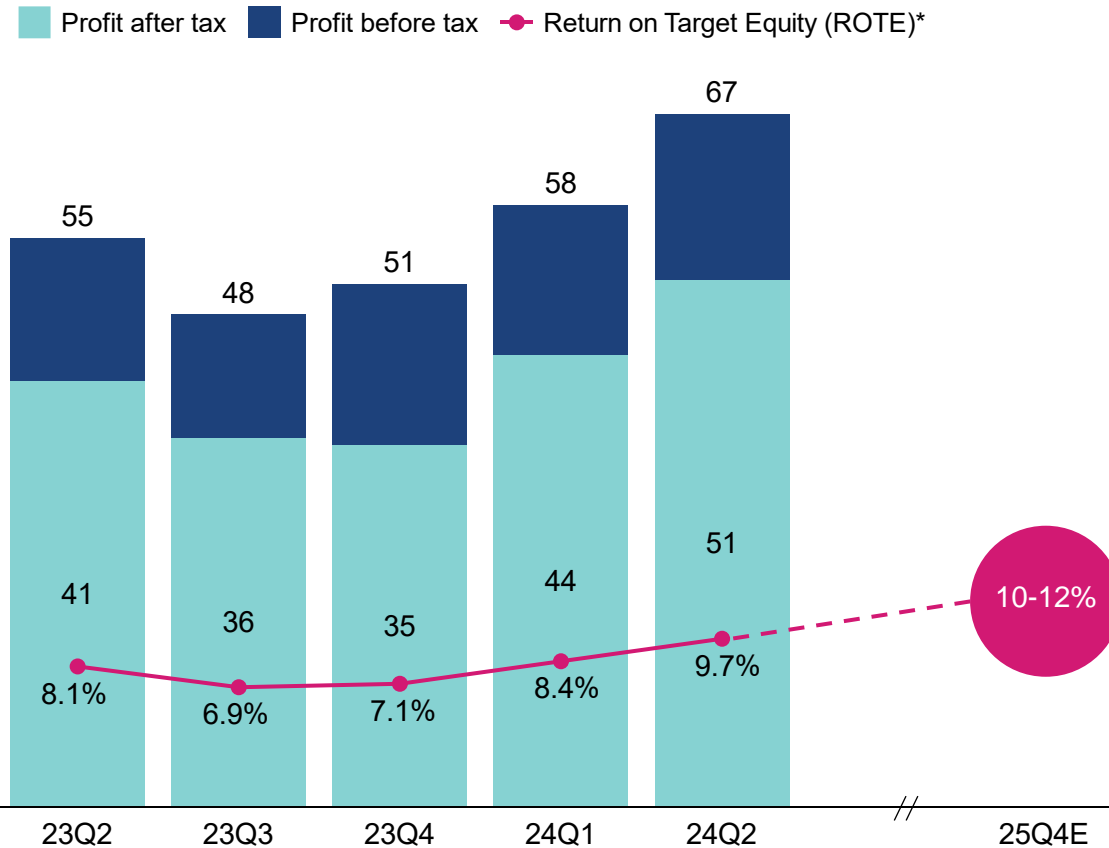
Loan losses



- Loan loss ratio continued to decline in the quarter to 5.1% (5.2%)
- Stabilising loan growth, tightened credit policies and strengthened collection processes have started to weigh in
- Partly offset by interest rates remaining higher for longer than previously anticipated
- Reduced loan loss ratio set to drive risk-adjusted margins

Profitability increasing

Profit (MNOK)

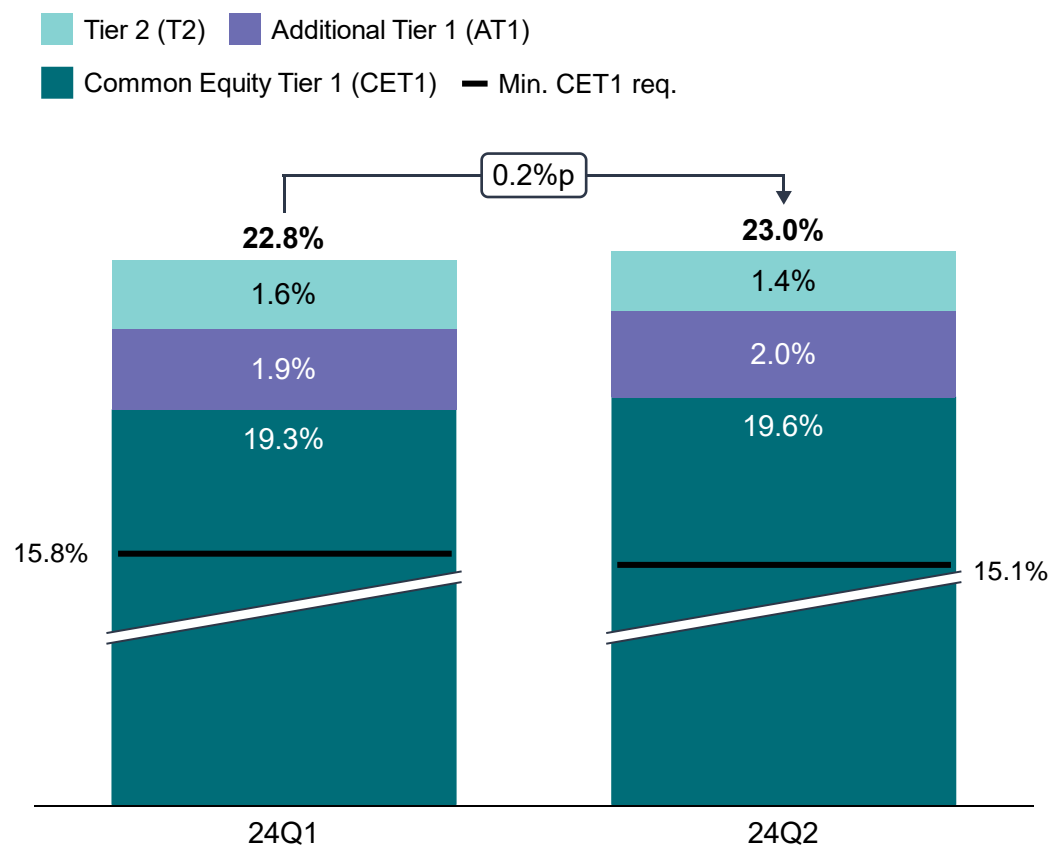


- Profit before tax of NOK 67 million in Q2 2024, up 16% from previous quarter
- Continued growth with stable cost base
- Lower loan losses to improve risk-adjusted margins
- Potential for somewhat lower Norwegian capital requirements from 2025

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

Capital levels provide headroom and support growth

Capital adequacy



- Improving capital situation driven by lower capital requirements and profit generation exceeding growth
- Requirement increased by ~0.5%p in Q2 due to Finnish systemic risk buffer requirement going from 0% to 1.0%
- SREP received: Pillar 2 requirement reduced from 6.5% to 5.4%, CET1 capital target remains stable at ~17%

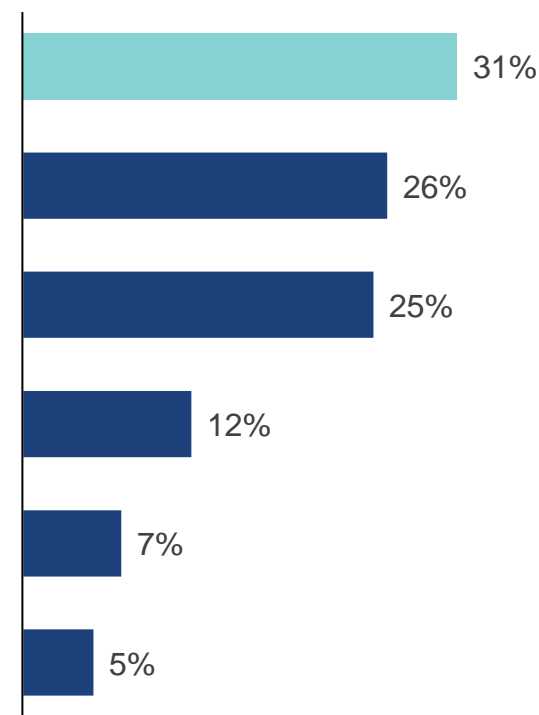
Value opportunity



Morrow Bank outperforming peers on growth and efficiency, yet trades at lowest multiple

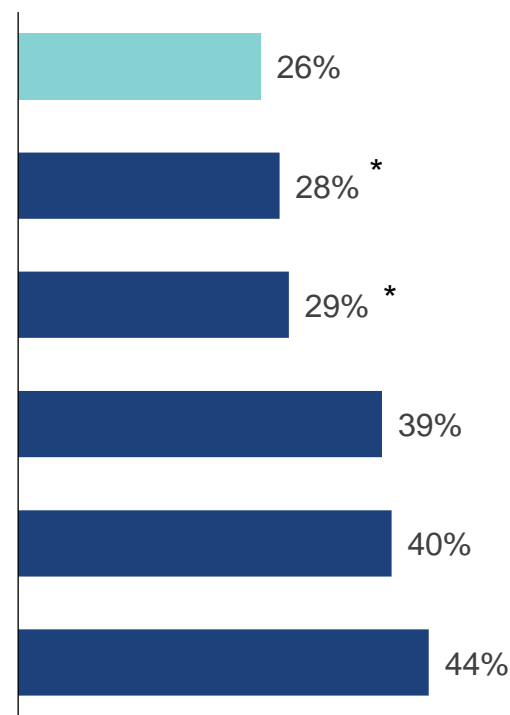
Growth last two years

Annualised per 24Q1



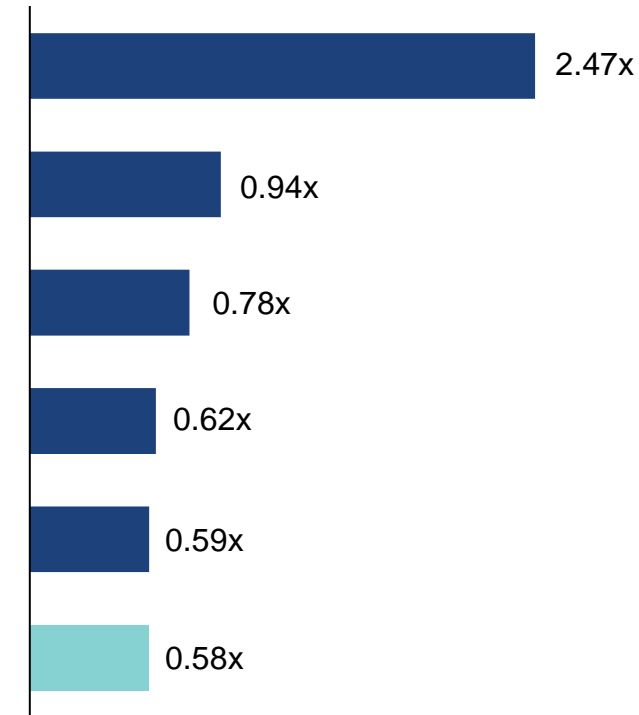
Cost/income ratio¹


24Q2



Price/book

Per 13. August 2024



 Morrow Bank

* 24Q1 (24Q2 not yet disclosed)

1. Total operating expense / total income

Source: Company data, Bloomberg. Peer group includes TF Bank, Resurs Bank, Norion Bank, Lea Bank and Instabank; P/B based on last reported book values.

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

Solid growth

- Continued strong demand, 1.9% loan growth in the quarter to BNOK 12.5
- Total income growth of 3.1%

Scalability driving cost efficiency

- Industry leading cost/income ratio of 26%
- Continued growth + stable cost levels = scalable banking platform

Improving loan losses

- Tightened credit policy starting to weigh in, loan loss ratio down to 5.1%
- Loan losses set for further decline, driving risk-adjusted margin up

On track for Q4 2025 targets

- ROTE improved to 9.7%, closing in on 10-12% target
- With similar requirements to Swedish peers, ROTE could reach 15-20%

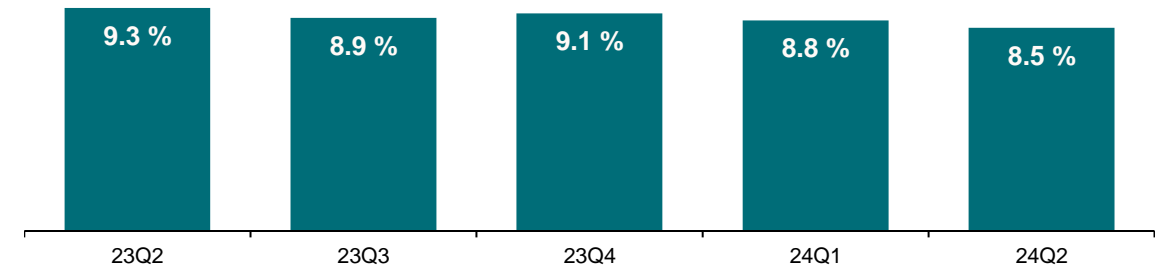
Q&A

APPENDIX

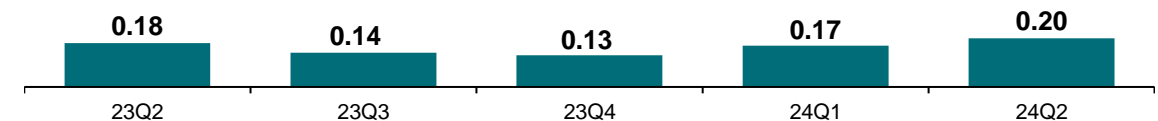
Profit and loss

<i>Amounts in MNOK</i>	Q2 2024	Q1 2024	2023	2022
Interest income	462.4	408.6	1,380.0	907.0
Interest expenses	-123.4	-122.1	-359.8	-113.7
Net interest income	287.4	286.4	1,020.2	793.3
Commission income and fees	22.0	13.9	62.7	53.0
Commission expenses and fees	-14.8	-13.5	-57.6	-43.3
Net commissions and fees	7.2	0.4	5.1	9.8
Net gains / losses (-) on certificates and bonds, and currency	10.6	9.1	28.6	-2.1
Total income	305.2	295.9	1,053.9	800.9
Personnel expenses	-27.6	-27.4	-102.3	-133.4
General and administrative expenses	-33.9	-35.6	-135.3	-159.0
Other expenses	-8.0	-7.4	-47.6	-43.1
Depreciation	-10.7	-9.8	-35.7	-171.8
Total operating expenses	-80.1	-80.1	-320.9	-507.3
Losses on loans	-157.6	-157.5	-526.7	-292.1
Profit/(loss) before tax	67.4	58.2	206.4	1.6
Tax expenses	-16.9	-14.6	-54.5	-0.6
Profit/(loss) after tax	50.6	43.7	151.9	0.9
Earnings per share (NOK)	0.20	0.17	0.62	-0.07

Net interest margin* (%)



Earnings per share (NOK)

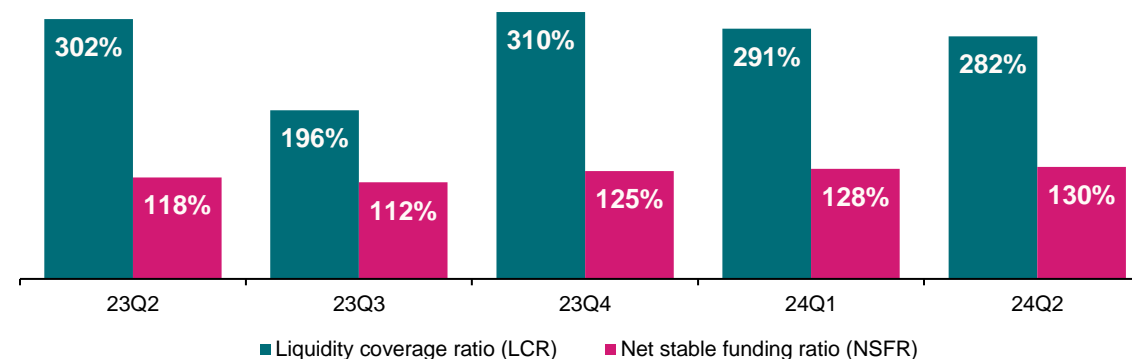


* Net interest margin (NIM) = 4 * (Net interest income / Average interest-bearing assets excl. certificates and bonds).

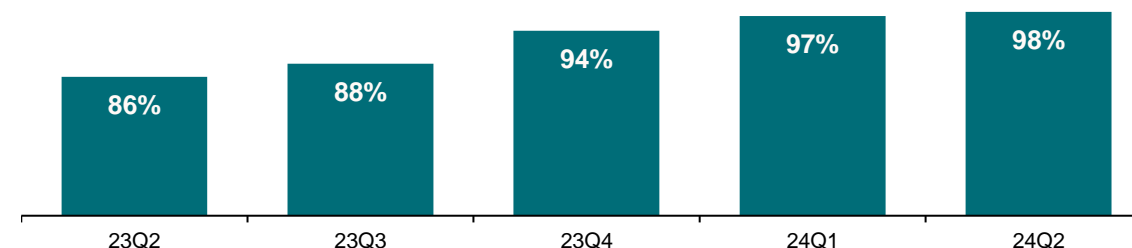
Balance sheet

<i>Amounts in MNOK</i>	30 June 2024	31 March 2024	31 Dec. 2023	31 Dec. 2022
Assets				
Loans and deposits with credit institutions	2,200.3	2,037.6	1,530.0	807.8
Net loans to customers	11,475.5	11,373.1	11,076.0	9,110.7
Certificates and bonds	1,048.5	944.2	926.1	1,453.5
Other intangible assets	69.5	68.3	66.9	45.3
Deferred tax assets	1.3	16.5	29.5	77.9
Fixed assets	19.6	20.5	22.0	3.5
Other receivables	24.8	41.1	14.7	29.2
Total assets	14,839.6	14,501.3	13,665.2	11,528.0
Equity and liabilities				
Deposits from and debt to customers	12,179.4	11,856.7	11,096.0	9,347.6
Other debt	131.2	161.8	125.3	162.1
Subordinated loans (Tier 2)	165.0	165.0	165.0	65.0
Total liabilities	12,475.6	12,183.5	11,386.3	9,574.8
Share capital	229.8	229.4	229.4	187.6
Share premium reserve	936.9	936.9	936.9	786.7
Other paid-in equity	56.5	56.5	56.5	56.4
Retained earnings	941.3	895.6	856.7	723.0
Additional Tier 1 capital	199.6	199.6	199.6	199.6
Total equity	2,364.0	2,317.9	2,278.9	1,953.3
Total equity and liabilities	14,839.6	14,501.3	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	47,787	20.8%
2	UBS AG	19,716	8.6%
3	Alfab Holding AS	10,996	4.8%
4	The Bank Of New York Mellon SA/NV	9,074	3.9%
5	Skandinaviska Enskilda Banken AB	7,800	3.4%
6	DNB Bank ASA	7,560	3.3%
7	The Bank Of New York Mellon SA/NV	5,800	2.5%
8	Melesio Invest AS	4,762	2.1%
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	Hans Eiendom AS	3,175	1.4%
14	The Bank Of New York Mellon SA/NV	3,118	1.4%
15	Christiania Skibs AS	3,101	1.3%
16	Obligasjon 2 AS	2,540	1.1%
17	Belair AS	2,492	1.1%
18	BKS Capital AS	2,252	1.0%
19	Hjellegjerde Invest AS	2,157	0.9%
20	Khaya AS	2,134	0.9%
Sum top 20		150,735	65.6%

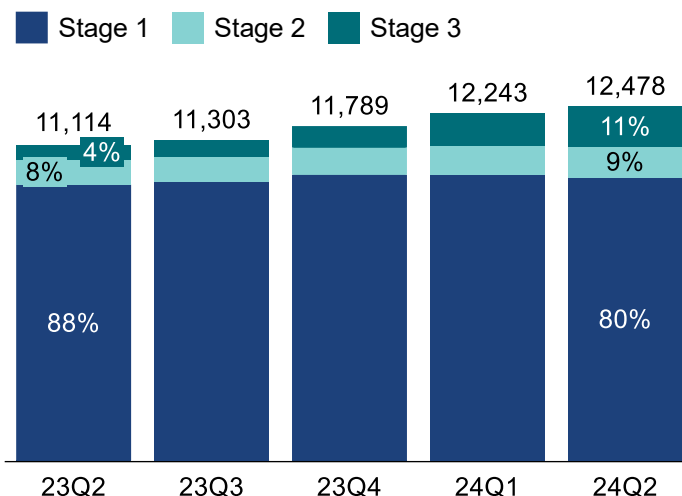
Management and members of the Board of Directors

Role	Name	Shares (thousand)	Share options (thousand)	Warrants (thousand)
CFO	Eirik Holtedahl	2,492	15	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	15	-
Total		7,232	542	5,250

Loan loss ratio decreased amid stable losses and lending growth in Q2 24

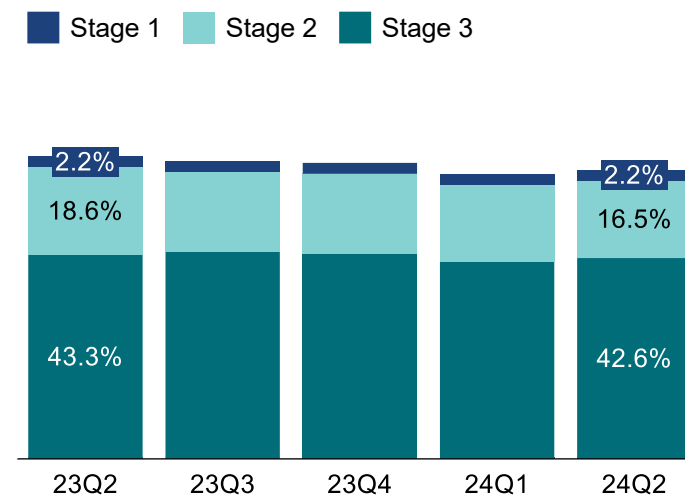
Figures in MNOK

Gross lending



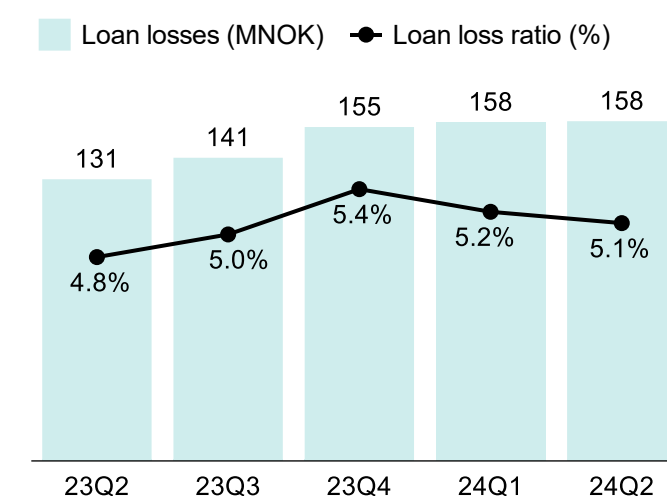
- Steady distribution across stages 1 and 2 reflecting controlled loan book growth
- Stage 3 volumes increasing as NPL sales have been paused. Will continue to increase, but exposure offset by adequate provisioning

Loan loss provisioning



- 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 losses



- Loan loss ratio continuing to decrease to 5.1% in Q2 24 after peak in Q4 23, while loan losses remain stable, reflecting growth in lending and better credit risk
- High provision levels and tightened credit policies from H2 last year weighing in, and strengthened collection processes now starting to bear fruit

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

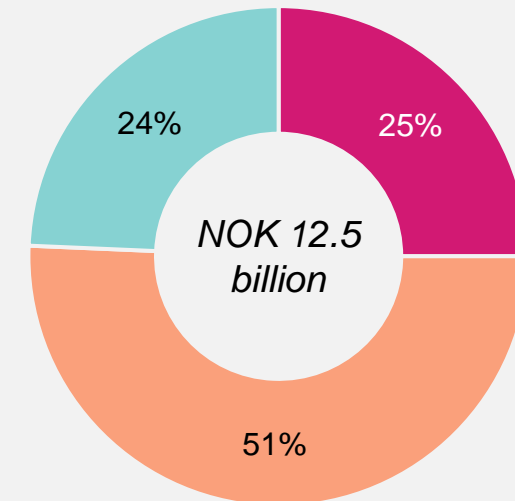
- 1-4% bonus on all transactions
- Apple, Google, Samsung and Garmin Pay
- No fees, and insurances included



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

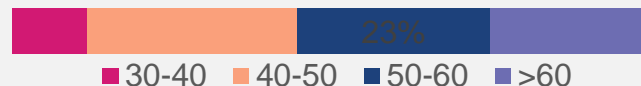
Homeowner

58% homeownership

Solid payer

- ✓ Zero payment remarks
- ✓ Permanent employment

Middle aged

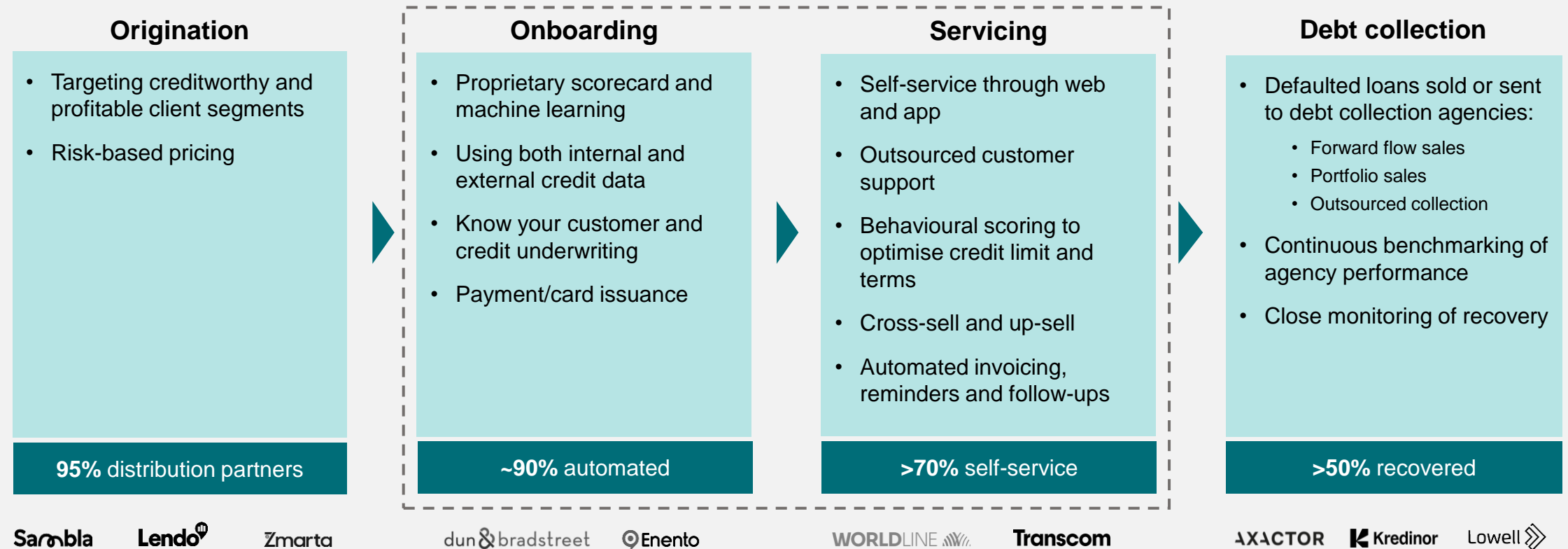


Average loan amount

NOK 167k



Optimising core banking processes and partnering with distribution, servicing and collection specialists



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, white, sans-serif font. The letters are slightly shadowed to the right, giving a 3D effect. Below the word is a white, stylized wave or underline graphic that spans the width of the text.

MORROW

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