

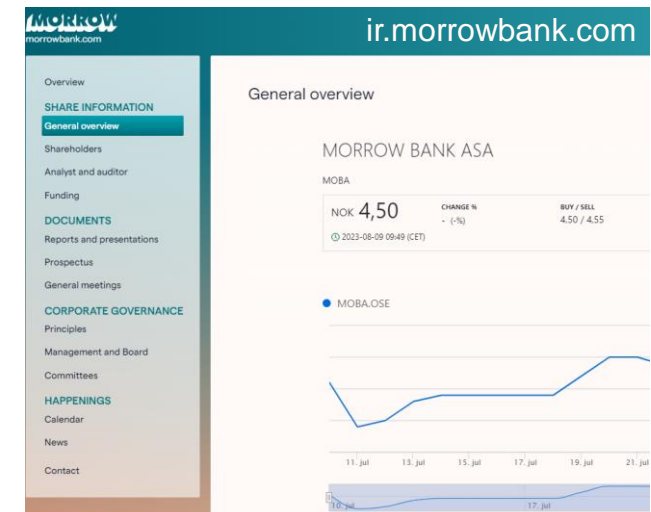
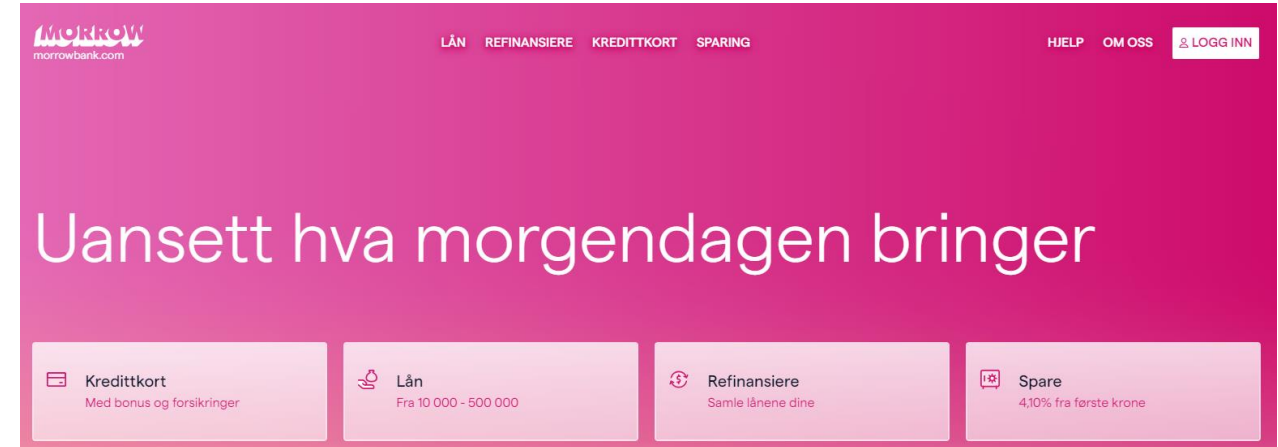


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Second quarter results 2023

Morrow Bank ASA

New brand – and first week in new offices!



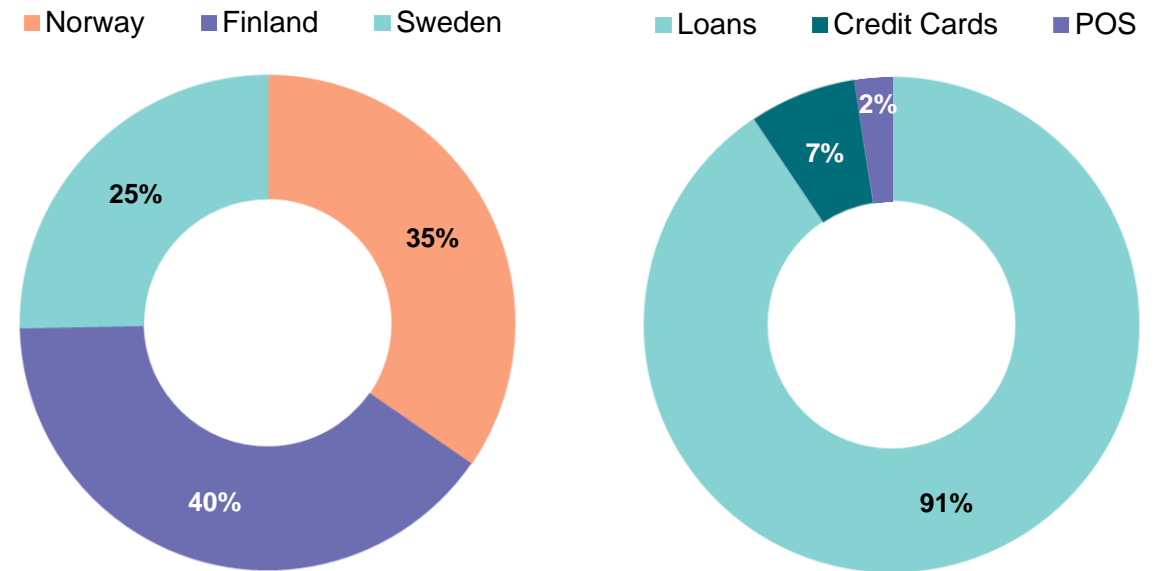
Morrow Bank ASA

– a diversified Nordic consumer finance company

Key facts

- Established in 2014, listed in 2017
- Norwegian banking license (EU passporting)
- Fully centralised operations (~80 FTEs)
- Consumer loans and cards in Norway, Sweden and Finland. Partner based distribution
- Deposits funded in Norway, Sweden and Germany
- Re-branded to Morrow Bank in May 2023

Gross loan balance of BNOK 11.1



Market cap

BNOK 1.0

Book value of equity

BNOK 2.2

Loan balance growth y-o-y

48%

Income growth y-o-y

40%

Cost reduction y-o-y

20%

Q2 2023 highlights: Improving efficiency and solid overall performance – reducing growth in H2

MNOK	Q2 2023	vs Q1 23	vs Q2 22
Gross loans	11,114	+3.0%	+48.1%
Total income	269	+14.6%	+37.8%
Operating expenses	83	+1.7%	-20.5%
Profit after tax	41	+3.4%	+13.6%
CET 1 %	20.6%	+1.2% p	-3.7% p

Solid growth and stable net yield

- 3% loan balance growth vs. Q1 (15% growth YTD)
- Stable net yield; total income up almost 15% vs. Q1
- Higher market interest rate trajectory to pressure margins in H2

Further improved cost/income, increased credit losses

- Cost/income ratio of 31% (vs. 35% in Q1), in line with the year-end target of 30%
- Loan loss ratio of 4.8% (3.9%) driven by change in customer payment behaviour
- Stable profitability; PAT at MNOK 41 and ROE of 8% (8%)

Reducing growth in H2 amid a more challenging macroeconomic picture

- Further tightening of credit policies and close dialog with customer
- Some downside risk seen vs. normalized loan loss ratio of 4-5%, hence H2 2023 profits expected below H1 2023 levels
- Solid capital position with CET1 ratio of 20.6% (19.4%) vs. 17.9% requirement

Ongoing IT transformation enabling increased scalability

Delivering on strategic plan, focus on IT in 2023

Organisation streamlined: new management team & organisational structure in place, front-office outsourced

Balance sheet risk reduced: Low level of NPLs following portfolio sales, forward flow contracts covering new defaults

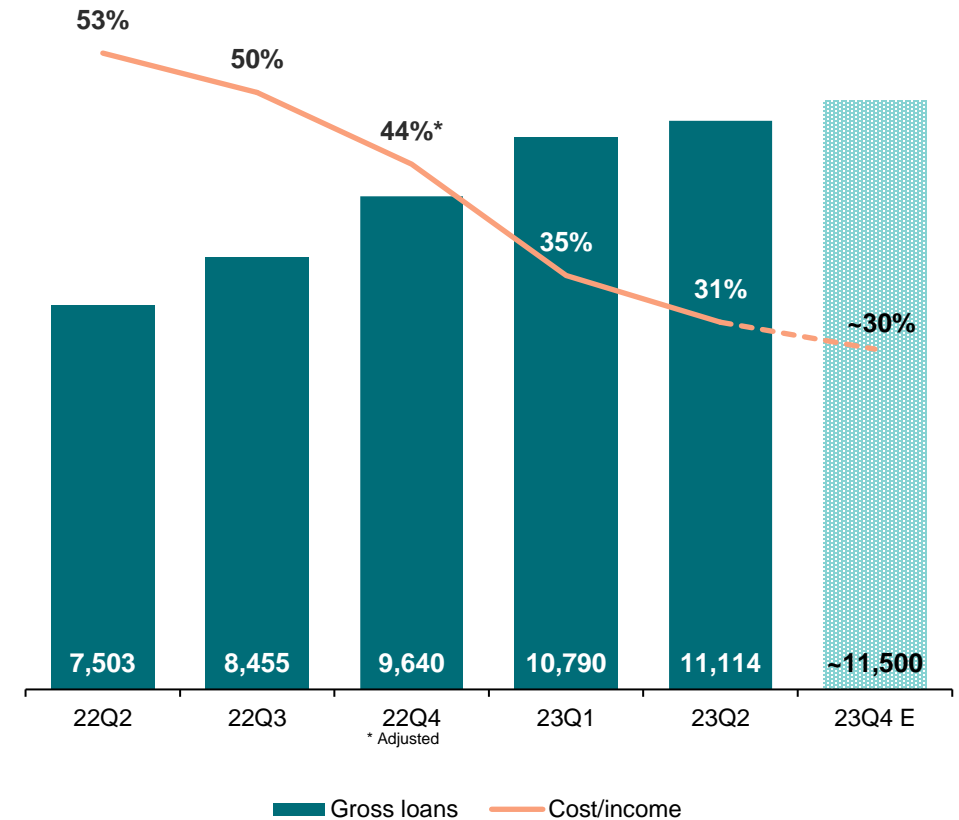
Product performance improved: new scorecards, improved analytics and more process automation

Growth engine re-started: 48% loan book growth year-on-year following successful initiatives to increase throughput

Cost-structure right-sized: FTEs reduced to 77, down 45% year-on-year, moved to right-sized offices at lower rent

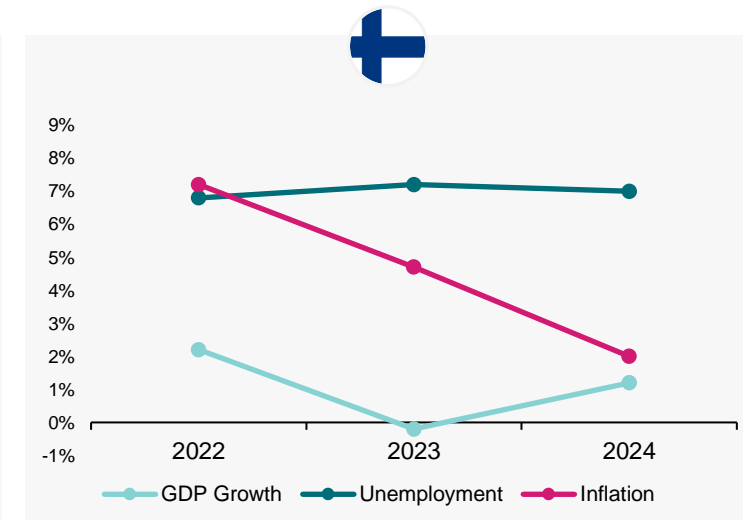
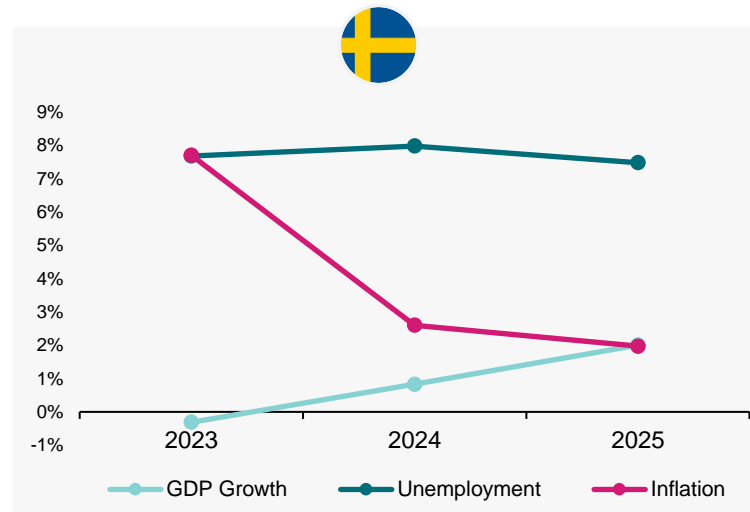
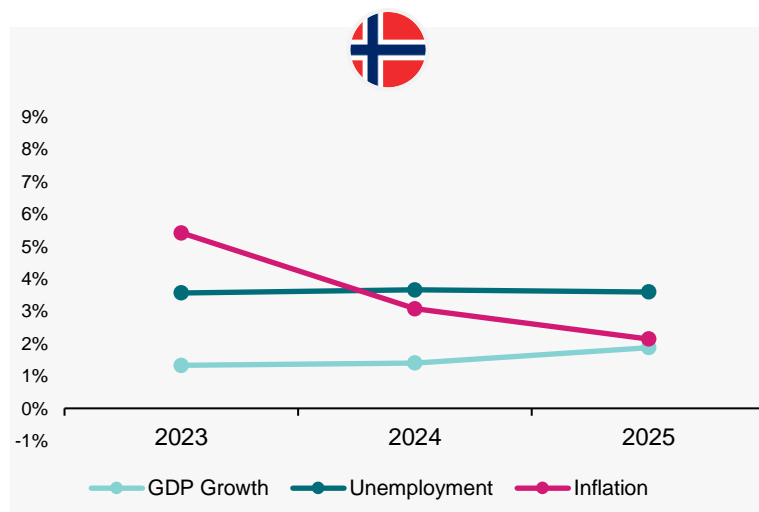
IT transformation ongoing: migrating products to new platform, enabling increased efficiency and scalability

Gross loans (MNOK) and cost/income (%)



A growing and resilient BNOK 600 Nordic market

- The Nordic region proven to be stable and resilient during times of global macro-economic uncertainty
- Higher cost of living drives demand for new credit and debt consolidation across the region
 - Stable volume in Norway since the introduction of debt register, some growth in Credit Card
 - Sweden to remain the largest market with a stable growth outlook
 - Finland most profitable market albeit introduction of new interest rate cap
- A more challenging macroeconomic environment near-term: a higher market interest rate trajectory and continued high inflation impacting certain segments' ability to service their debt
- Medium-term outlook remains positive



Second quarter Financial review



Quarterly loan growth in line with ~10% annualised target

Overall loan growth rate reduced to 3% in the quarter (vs 12% in Q1) in response to increased macroeconomic uncertainty

Norway

- Decreasing balances
- Underlying loan Q2 development: MNOK -183 (-5%)
- Focus on protecting margin

Finland

- Strong sales performance
- Underlying loan Q2 development: MNOK 476 (+13%)
- Focus on profitable growth and capturing market share

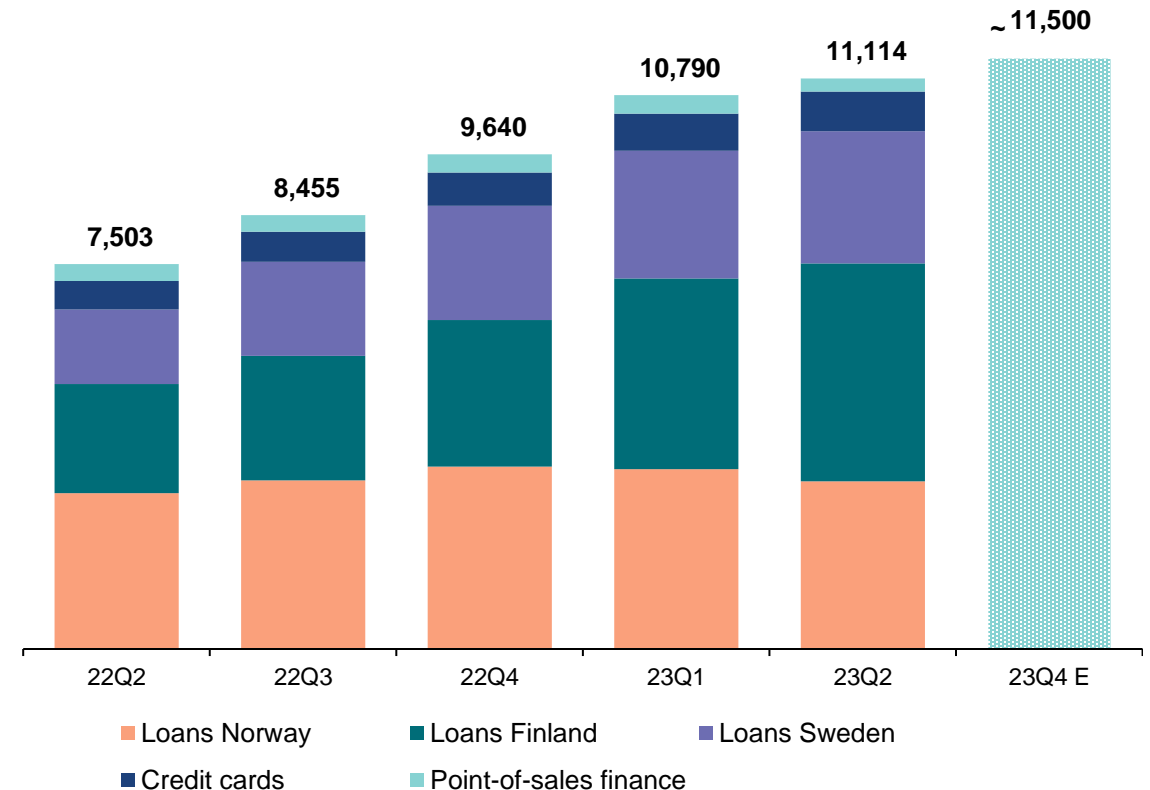
Sweden

- Positive development continuing
- Underlying loan Q2 development: MNOK 190 (+8%)
- Prudent approach to new sales going forward

Credit cards and point of sales (POS) financing

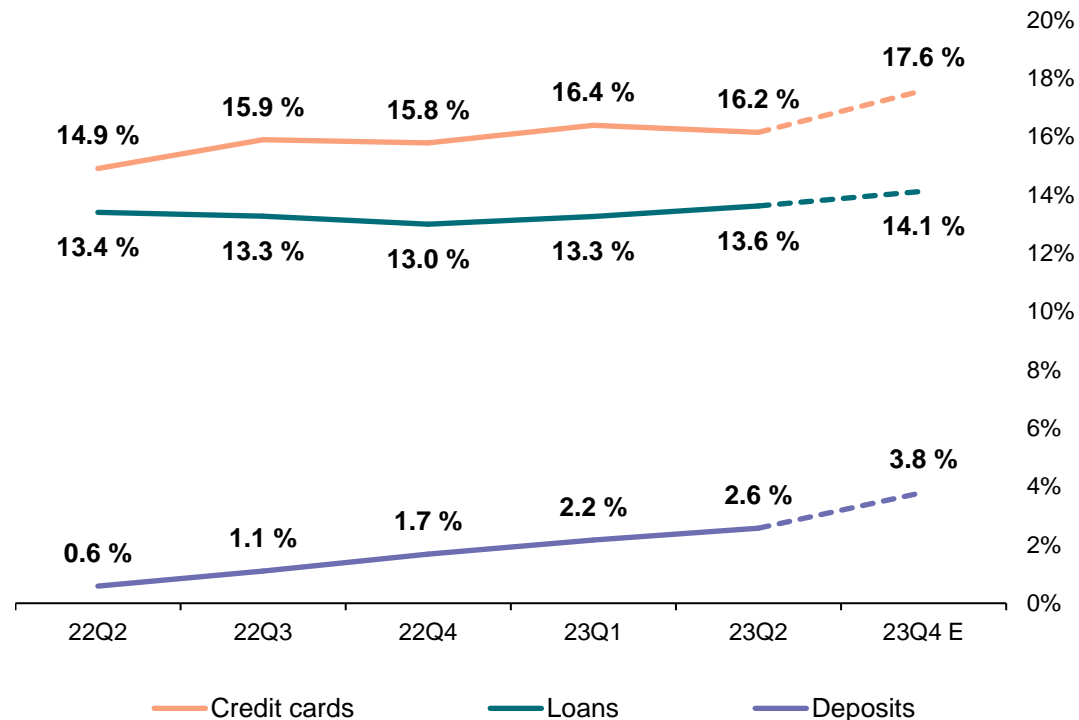
- Overall credit card balances MNOK 766 (+7%) driven by growth in Norway and Finland
- POS balances at MNOK 272 (-28%) in run-down as new sales were discontinued at the end of April

Total gross loans



Margins maintained in Q2, near-term pressure expected

Yield, performing loans and deposits



Stable net yield

- Deposit rates trending upwards reflecting market development
- Multiple yield increases on loans to defend margin
 - Increasing yields on credit cards due to higher interest rates and a shift towards a more revolving base, although a temporary dip in times of high growth
 - Some time lag in repricing loan book due to notification requirements in Norway and Finland
- In close dialogue with customers as a more challenging macro environment impacts debt servicing capacity
- Careful repricing in H2 2023 expected to be more than offset by higher deposit rates

Total income driven by loan growth, interest rate increases and higher net commissions and fees

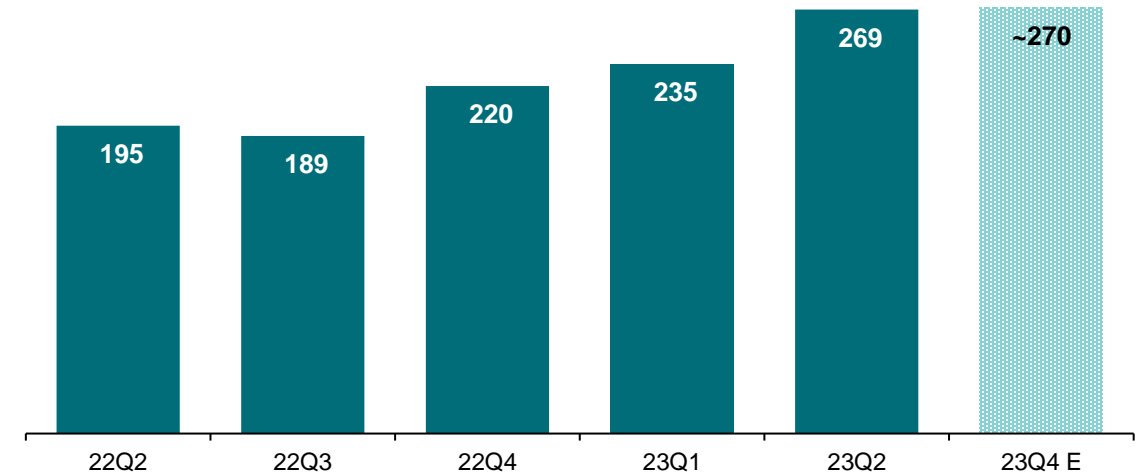
Q2 total income of MNOK 269, up 14.6% from Q1 2023

- Increase in interest income of MNOK 44 vs. Q1, partly offset by higher interest expenses
- One-off items netting appr. MNOK 5
- MNOK 6 in gain on investments in financial instruments in Q2 vs. MNOK 4 in Q1 2023

Outlook

- Total income in Q4 2023 expected to be stable, however near-term performance dependent on yield development

Total income (MNOK)



Initiatives to reduce cost base continue to materialise

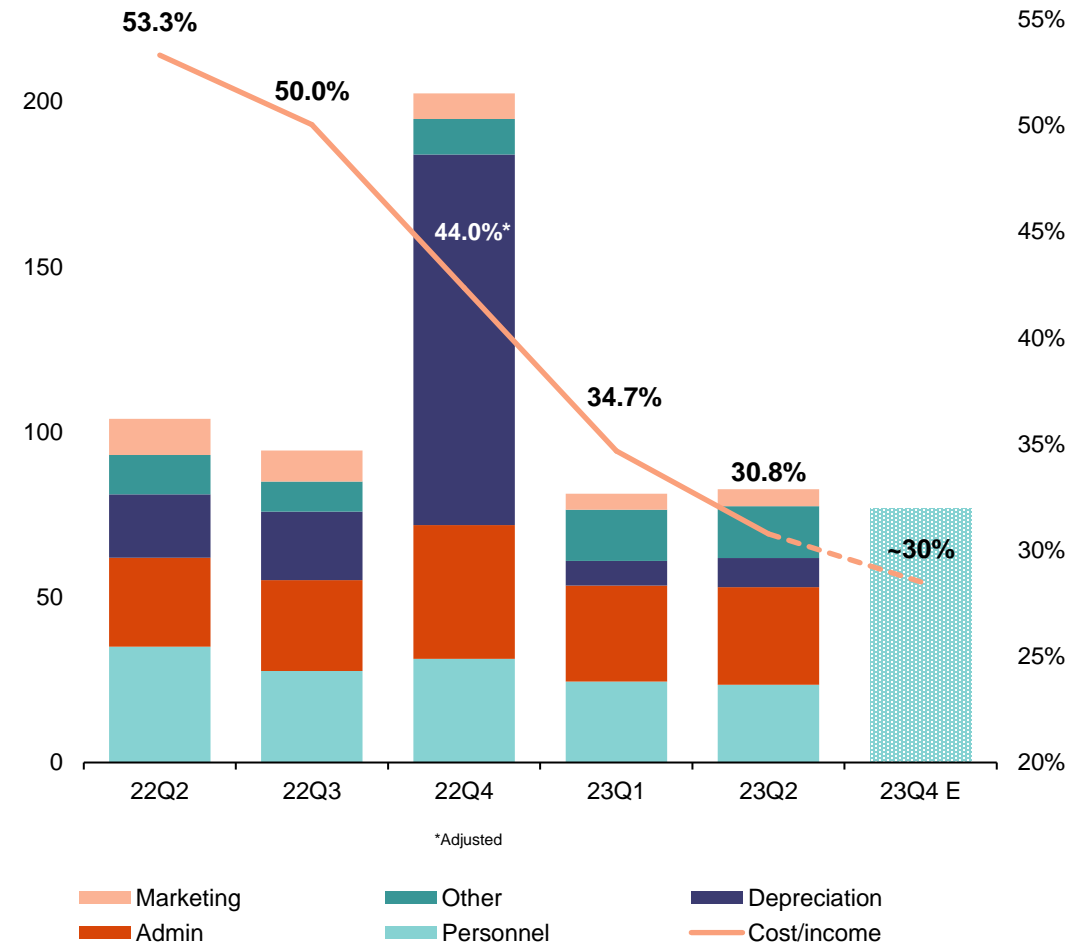
Opex trending down: cost/income ratio at 31% in Q2

- Total operating expenses before depreciation and write-offs stable at NOK 82.7 million (NOK 81.3 million)
- Organisational restructuring completed in H1 with total FTEs now below 80

Outlook

- Targeting cost/income ratio of ~30% in Q4 2023
- IT cost of ownership expected to further decrease
- Moved into new offices with lower rent
- Structural changes to reduce cost may continue to require some investments going forward

Operational expenses (MNOK) and cost/income ratio (%)

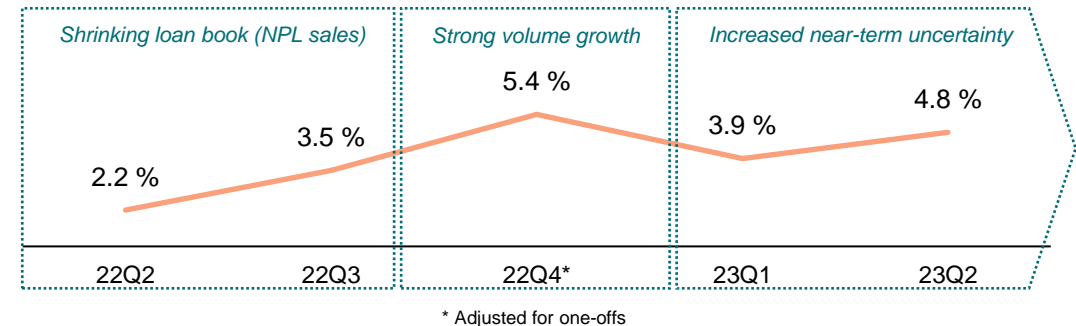


Loan loss ratio increased due to change in customer payment behaviour towards end of Q2

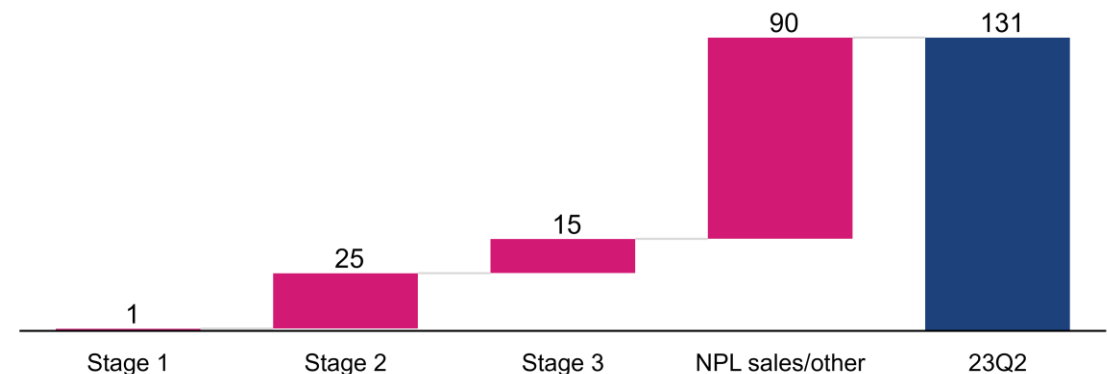
Higher market interest rates impacting debt servicing capacity

- Loan loss ratio increased to 4.8% compared to 3.9% in Q1
- Driven by change in customer behaviour with an increase in pre-delinquency indicators in certain segments;
 - Stage 2 provisions up from 5 MNOK in Q1 to 25 MNOK in Q2
- Risk appetite reduced near term as uncertainty has increased due to a more challenging macroeconomic picture
- The Bank will continue to closely monitor market developments and customer behaviour and adjust models accordingly

Loan loss ratio (LLR)



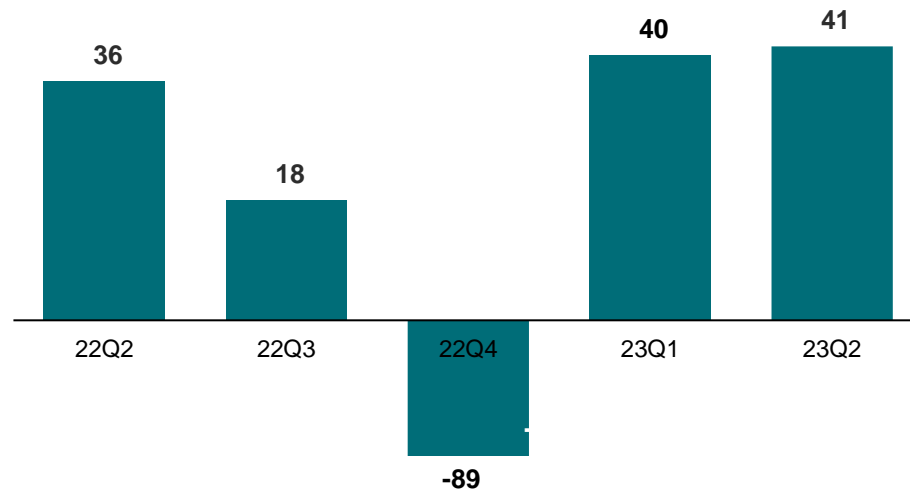
Loan loss break-down Q2 (MNOK)



Note: IFRS 9 requires loan loss provisioning to be taken based on future losses according to credit loan loss models. One of the mechanisms of IFRS 9 is that loan losses for 12 months must be recognised at loan origination, rather than being spread out proportionally over time. As a result, accelerated growth will incur temporary loan loss provisions above the levels of the credit loan loss models.

Stable profitability in H1

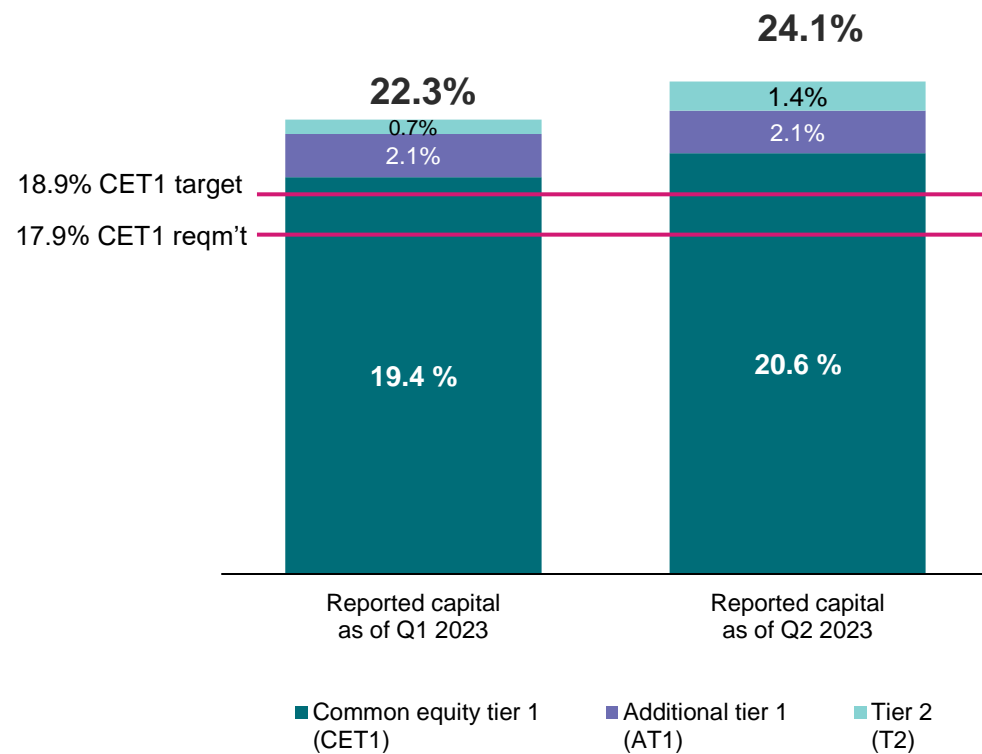
Profit after tax (MNOK)



- Stable profitability in the quarter, on par with Q1, driven by:
 - Increased total income
 - Stable operating expenses
 - Increased loan losses
- H2 2023 profits expected below H1 2023 levels, due to tighter margins as well as downside risk on loan losses.
- Management evaluating further initiatives to support long-term growth and ROE above 12% (8% in Q2)

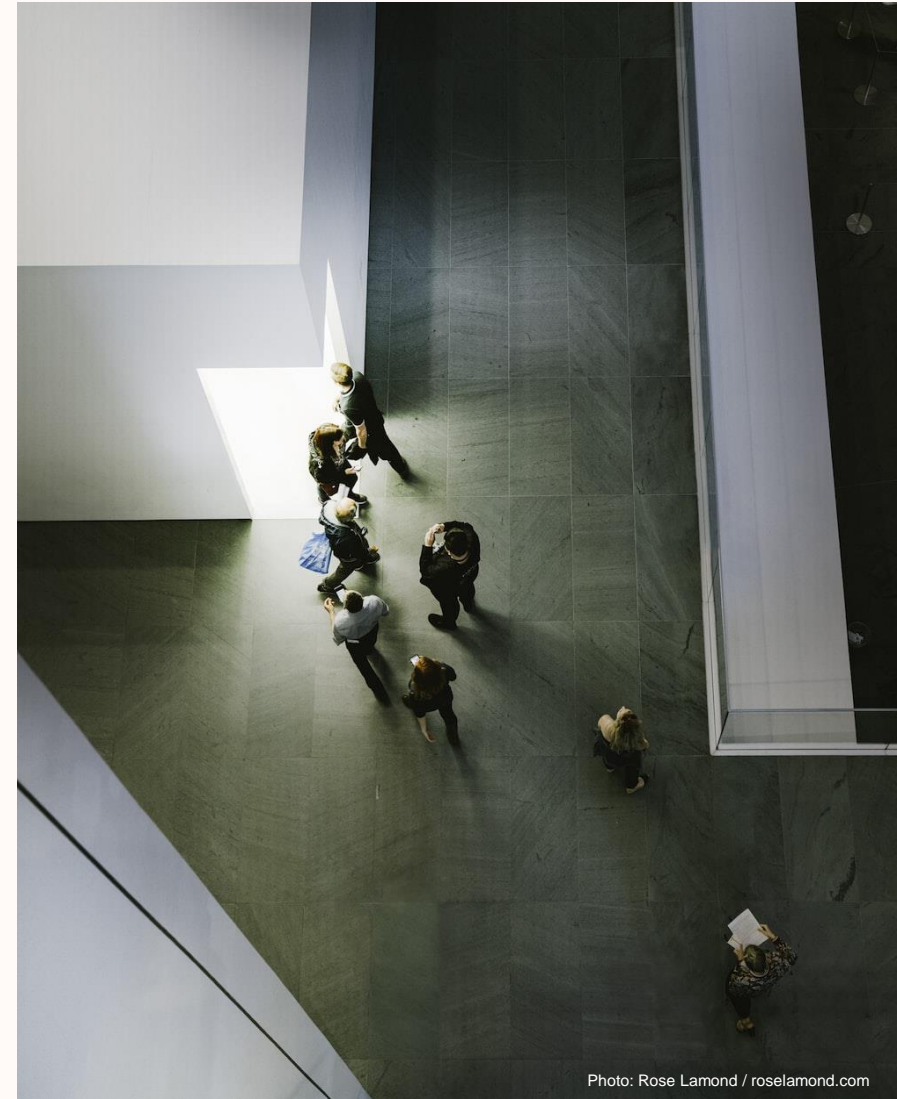
Capital ratios improvement driven by profits and issue of equity and T2 loan

Regulatory capital structure (%) Q-o-Q



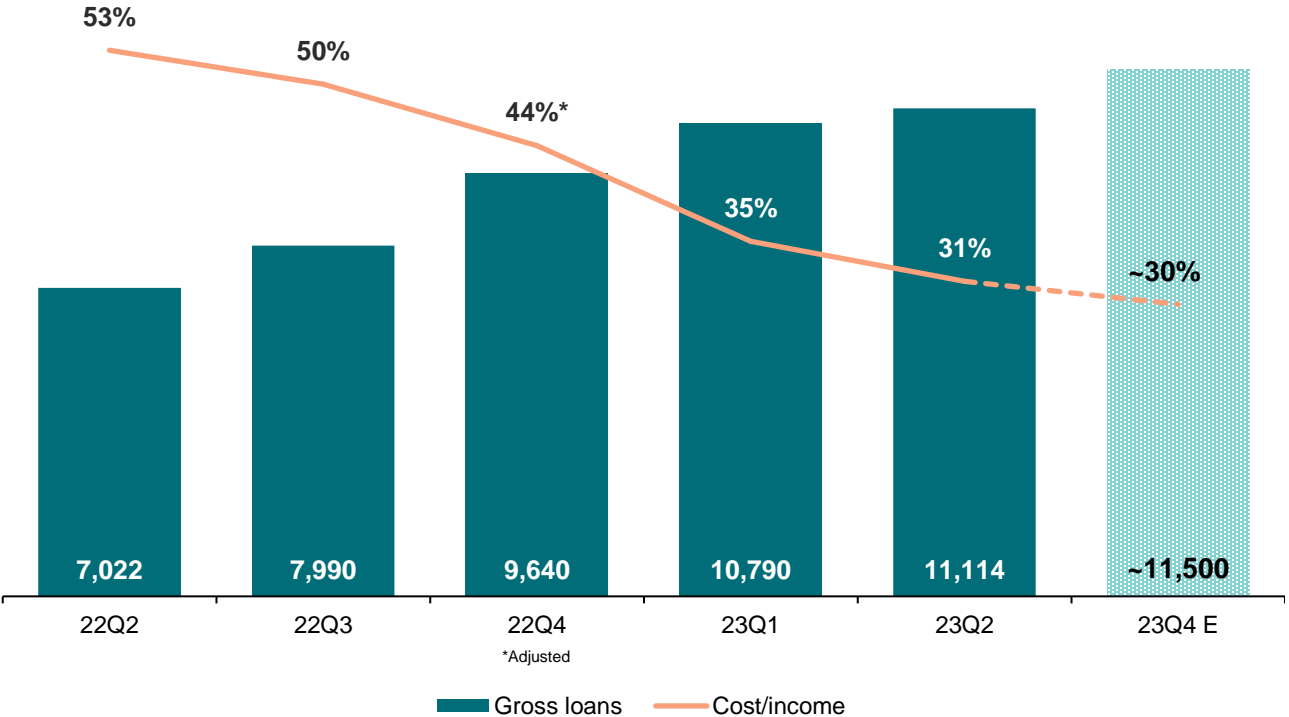
- In June, the Bank successfully completed a private placement equivalent to MNOK 100 in gross proceeds to strengthen the CET1 capital.
- The Bank also raised MNOK 100 of Tier 2 in Q2 2023
- CET1 requirement increased by 0.2%-points in Q2 (countercyclical buffer rate in Sweden increased from 1% to 2%)
- Solid capital position supporting the Bank's long-term growth plans

Summary



Controlled growth and focus on operational efficiency to drive medium-term returns

Gross loans (MNOK) and cost/income ratio (%)



Medium-term targets

- Annual loan balance growth
~ 10%
- Cost/income ratio
< 30%
- Return on target equity
> 12%

Continued efficiency improvement and solid overall YTD performance – reducing growth in H2

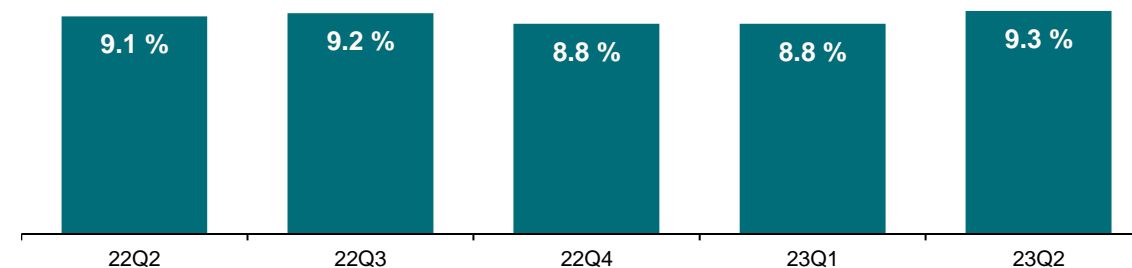
Q&A

APPENDIX

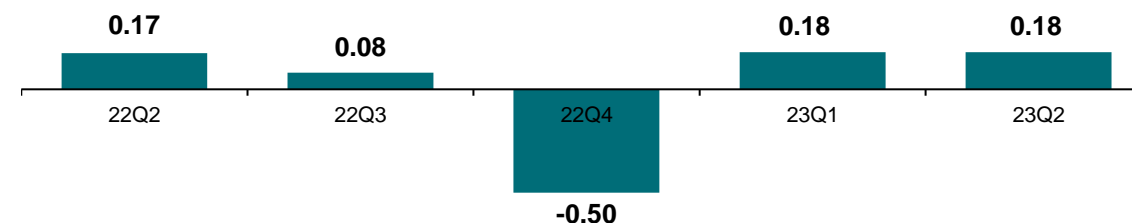
Profit and loss

<i>Amounts in MNOK</i>	Q2 2023	Q1 2023	2022	2021
Interest income	337.2	292.7	907.0	965.5
Interest expenses	-80.0	-63.0	-113.7	-81.8
Net interest income	257.1	229.6	793.3	883.7
Commission income and fees	22.2	13.3	53.0	51.6
Commission expenses and fees	-16.7	-12.6	-43.3	-62.9
Net commissions and fees	5.5	0.7	9.8	-11.3
Net gains / losses (-) on certificates and bonds, and currency	6.2	4.3	-2.1	4.0
Total income	268.8	234.7	800.9	876.4
Personnel expenses	-23.5	-24.4	-133.4	-162.0
General and administrative expenses	-34.7	-33.9	-159.0	-141.2
Other expenses	-15.7	-15.5	-43.1	-34.8
Depreciation	-8.8	-7.5	-171.8	-77.3
Total operating expenses	-82.7	-81.3	-507.3	-415.4
Losses on loans	-131.2	-100.2	-292.1	-739.1
Profit/(loss) before tax	55.0	53.1	1.6	-278.1
Tax expenses	-13.7	-13.3	-0.6	69.4
Profit/(loss) after tax	41.2	39.9	0.9	-208.7
Earnings per share (NOK)	0.18	0.18	-0.07	-1.19

Net interest margin* (%)



Earnings per share (NOK)



* Net interest margin (NIM) = 4 * (Net interest income / Average interest-bearing assets excl. certificates and bonds). Sales provision to agents presented as part of "Interest income" (earlier "Expense commissions and fees")

Balance sheet

Amounts in MNOK **30.06.2023** **31.03.2023** **31.12.2021**

Assets

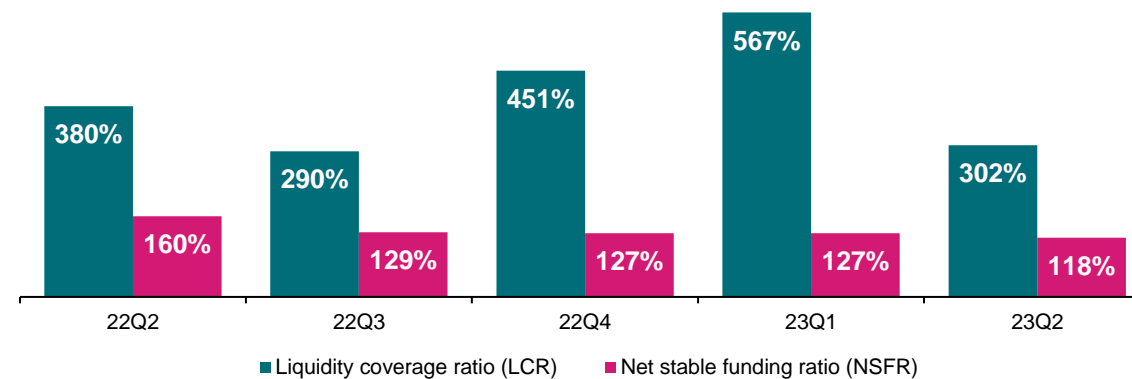
Loans and deposits with credit institutions	544.7	745.9	807.8
Net loans to customers	10,523.4	10,241.1	9,110.7
Certificates and bonds	813.4	1,605.1	1,453.5
Other intangible assets	62.2	54.5	45.3
Deferred tax assets	53.8	66.0	77.9
Fixed assets	1.0	2.4	3.5
Other receivables	27.5	34.5	29.2
Total assets	12,026.0	12,749.5	11,528.0

Equity and liabilities

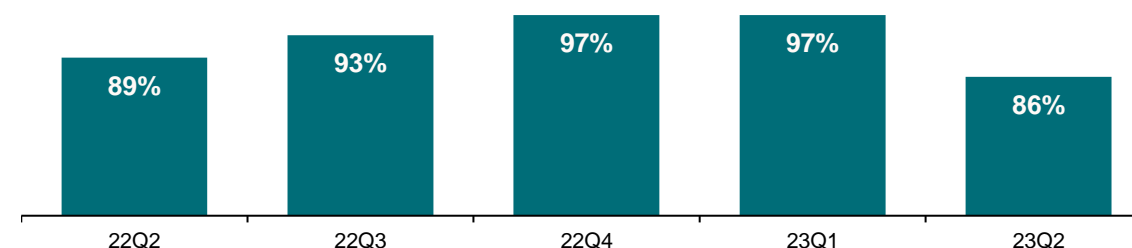
Deposits from and debt to customers	9,516.4	10,466.1	9,347.6
Other debt	127.0	133.8	162.1
Subordinated loans (Tier 2)	165.0	65.0	65.0
Total liabilities	9,808.4	9,574.8	9,574.8

Share capital	229.1	205.8	187.6
Share premium reserve	937.1	864.3	786.7
Other paid-in equity	56.4	56.4	56.4
Retained earnings	795.5	758.7	723.0
Additional Tier 1 capital	199.6	199.6	199.6
Total equity	2,217.6	2,084.6	1,953.3
Total equity and liabilities	12,026.0	12,749.5	11,528.0

Liquidity and funding



Deposit coverage* (%)



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

Shareholder overview

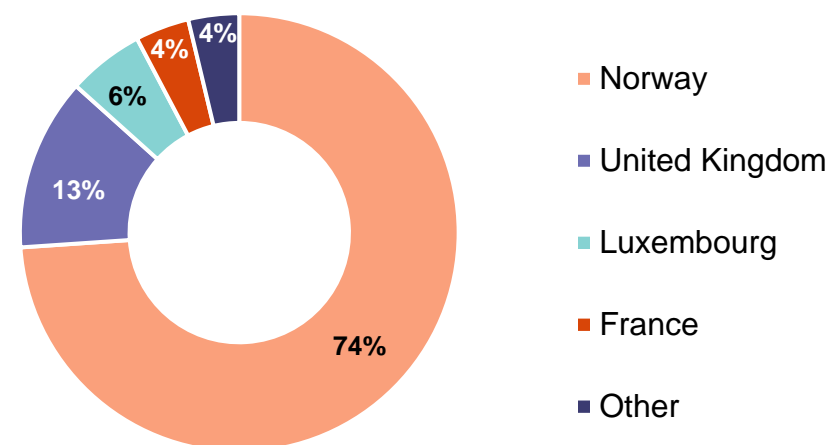
Largest 20 shareholders

#	Shareholder	Shares (thousand)	%
1	Kistefos AS	44,527	19.6%
2	UBS AG	19,716	8.6%
3	DNB Bank	11,724	5.1%
4	Alfab 1 AS	11,072	4.8%
5	The Bank of New York Mellon SA/NV	9,067	4.0%
6	Skandinaviska Enskilda Banken AB	7,800	3.4%
7	The Bank Of New York Mellon SA/NV	5,843	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	Directmarketing Invest AS	3,715	1.6%
12	Christiania Skibs AS	3,101	1.4%
13	The Bank of New York Mellon SA/NV	3,069	1.3%
14	RBC Investor services bank S.A.	2,994	1.3%
15	Obligasjon 2 AS	2,580	1.1%
16	Stiftelsen Kistefos-Museets Driftsfond	2,464	1.1%
17	Belair AS	2,464	1.1%
18	Khaya AS	2,371	1.0%
19	Hans Eiendom AS	2,164	0.9%
20	Hellegjerde Invest AS	2,157	0.9%
Sum top 20		149,999	65.6%
Other shareholders		78,730	34.4%
Total		228,729	100.0%
Shares held by management and the members of the Board of Directors		6,877	3.0%

Management and members of the Board of Directors

Role	Name	Shares (thousand)	Share options (thousand)	Warrants (thousand)
COO	Wilhelm B. Thomassen	2,108	227	800
CFO	Eirik Holtedahl	2,464	44	800
CEO	Øyvind Oanes	403	-	1,200
CCRO	Annika Ramstedt	148	307	800
CCO	Enok Hanssen	260	263	800
CTO interim	Martin Valland	136	-	800
Members of the Board of Directors		1,357	17	-
Total		6,877	841	5,250

Shareholders geographical distribution



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