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Third quarter results 2023

Morrow Bank ASA

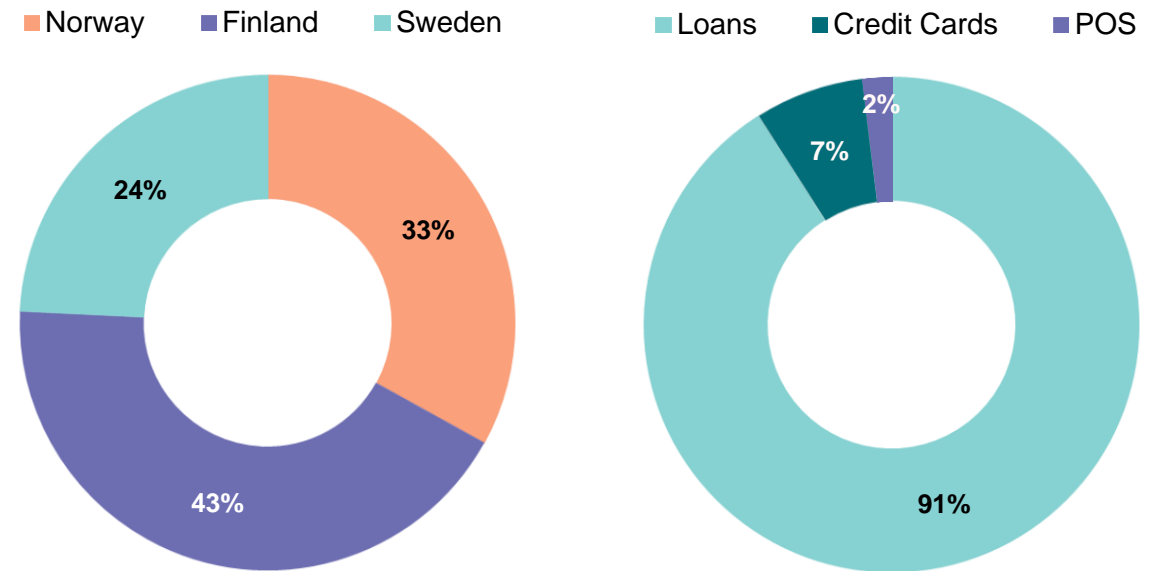
Morrow Bank ASA

– 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 11.3



Loan balance growth y-o-y

34%

Income growth y-o-y

40%

Cost reduction y-o-y

19%

Profit growth y-o-y

98%

Q3 2023 highlights: solid performance with strong cost and credit risk control

Controlled loan growth



- Underlying loan balance growth of 5% vs. Q2 2023 (4%) amid prudent risk management
- 34% growth y-o-y supported by better customer processes and automation (throughput)

Stable margins



- Net interest margin stable at 9%, in line with the four previous quarters
- 2%p increase in borrowing cost y-o-y compensated by growth and loan repricing

Continued cost reductions



- Operating expenses reduced to MNOK 77, down 7% vs Q2
- 19% cost reduction y-o-y driven by initiatives to improve cost efficiency: C/I at 29% in Q3

Solid credit risk control



- Loan loss ratio at 5%, up 0.2%p in Q3 driven by macro and other provisions
- Enhanced credit risk and pricing analytics enabling growth and control

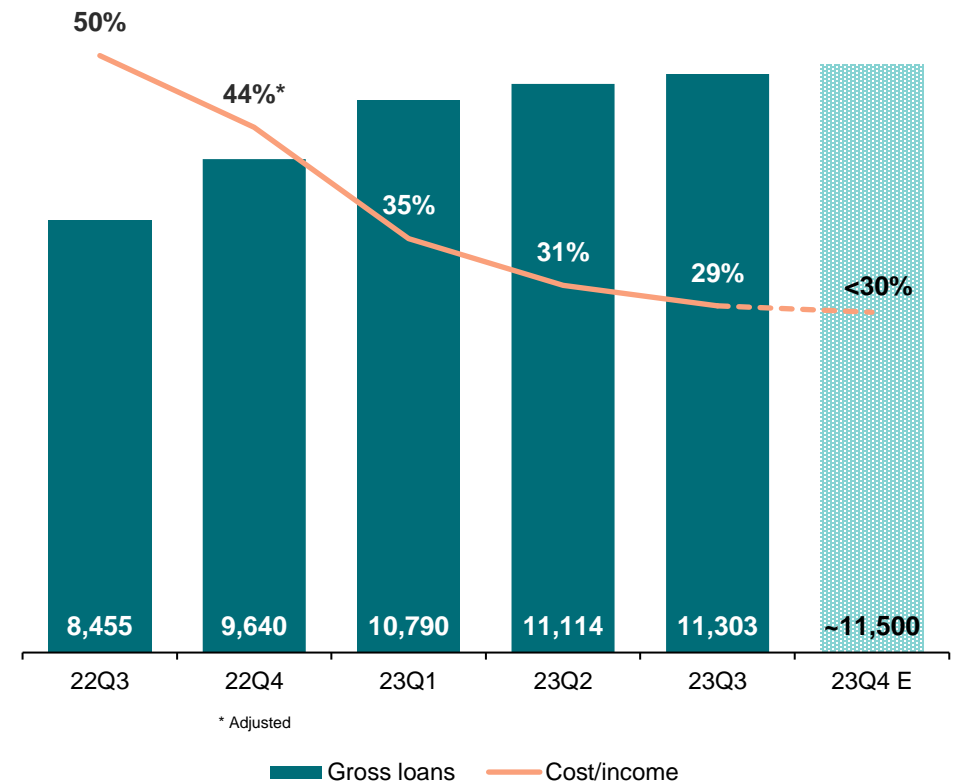
Q3 profit after tax at 36 MNOK

Strategic turnaround: efficient and scalable platform

Strategic progress since Q1 2022

- Improved product performance driving balance growth
- Growth and loan repricing protecting margins
- Enhanced analytics capabilities improving risk selection
- Right-sizing and efficiency measures reducing cost-base
- IT transformation enabling increased efficiency and scalability

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



Attractive and resilient Nordic market

Resilient Nordic market

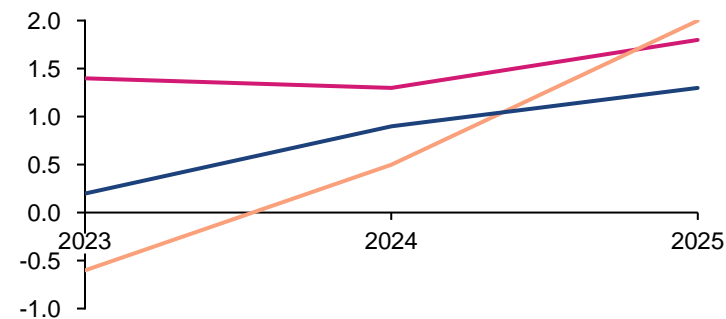
- The Nordic region has proven to be stable with a strong demand for consumer lending products

Macroeconomic outlook improving in the medium term

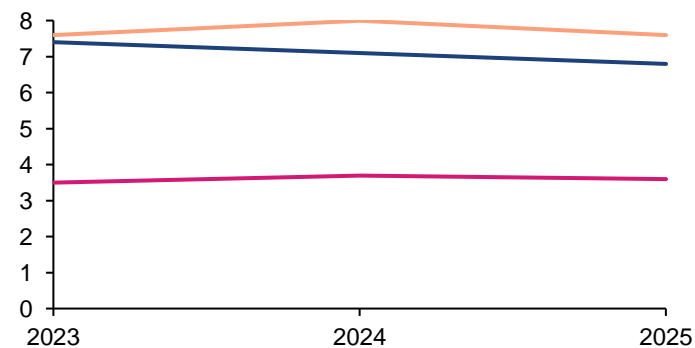
- GDP growth outlook supportive of spending increase and consumer finance demand
- Inflation outlook indicating that interest rate peak is near
- Stable employment outlook limiting credit risk



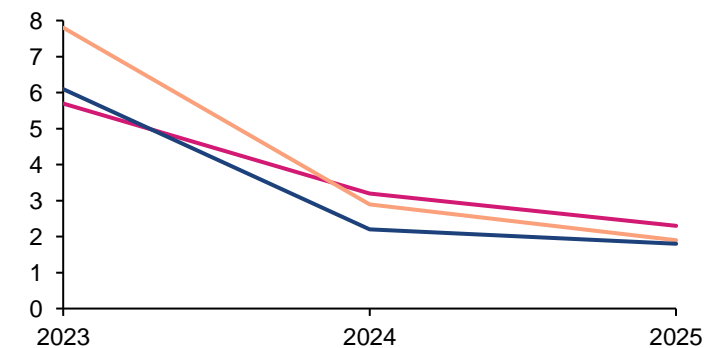
GDP growth (%)



Unemployment (%)



Inflation (%)



— NO — SE — FI

Third quarter Financial review



Steady loan growth

Underlying loan growth of 5% in Q3 (vs. 4% in Q2) in local currencies and excluding NPL sales.

Finland

- Continued strong sales performance
- Underlying loan Q3 development: MNOK 578 (+13.6%)
- Focus on profitable growth and capturing market share

Norway

- Slightly decreasing balances
- Underlying loan Q3 development: MNOK -47 (-1.5%)
- Focus on maintaining margin

Sweden

- Positive development continuing
- Underlying Q3 loan development: MNOK 39 (+1.5%)
- Focus on continued controlled growth

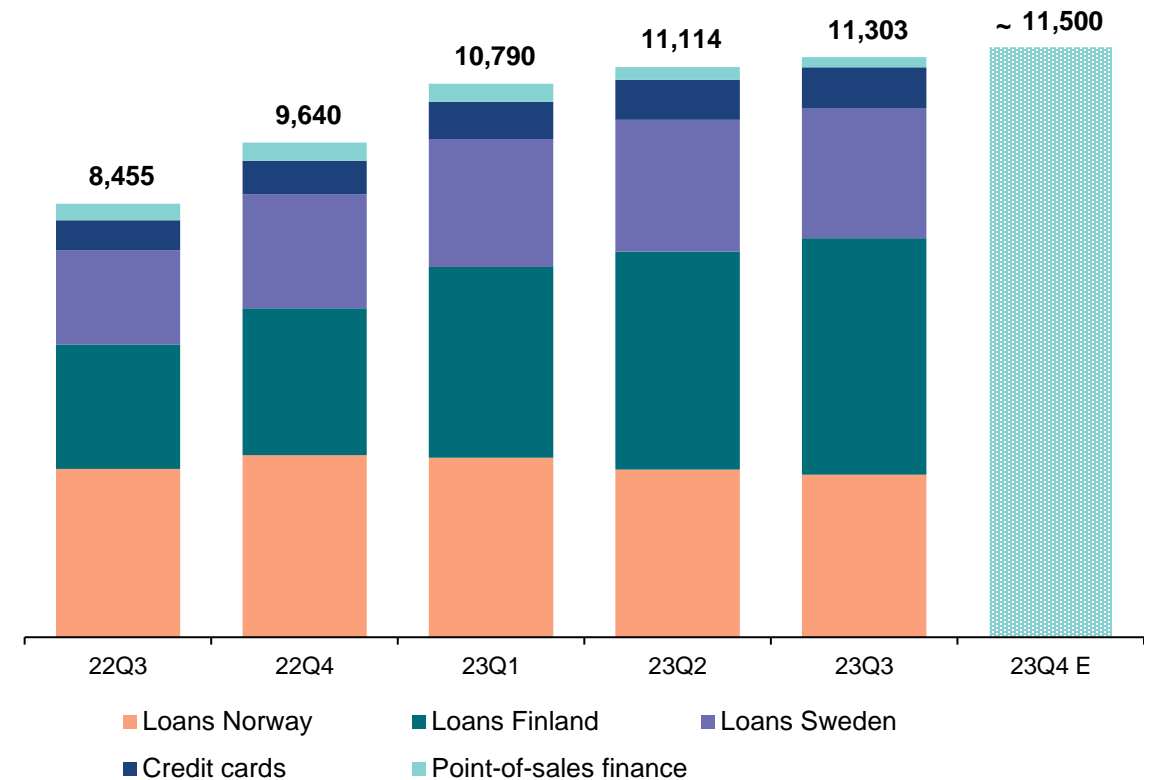
Credit Cards

- Balance growth of 5.8% in Q3 to MNOK 815

Point-of-sale (POS)

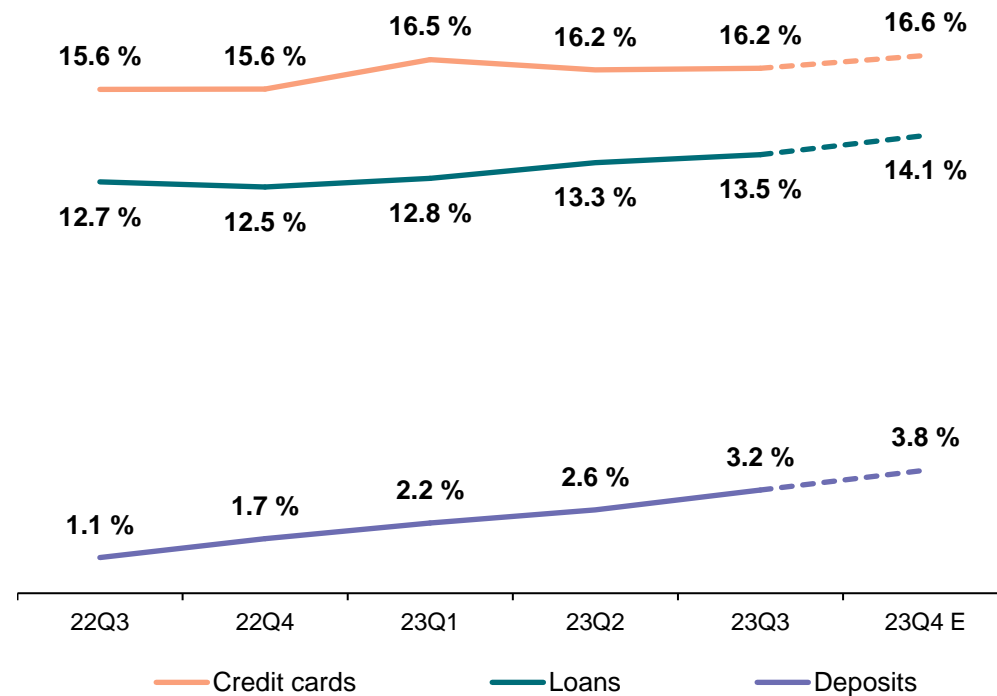
- In run-down, balance at MNOK 215 (-22%)

Total gross loans



Successful loan repricing protecting margins

Yield, performing loans and deposits



Repricing of loan book to protect net yield

- Deposit rates trending upwards reflecting market development
- Multiple rate increases on loans to maintain margins
 - Some time lag in repricing loan book due to notification requirements in Norway and Finland

Outlook

- Continuing to repricing loan book to reflect higher market interest rates
- Lower market rates to drive margins up in the medium term

Stable total income

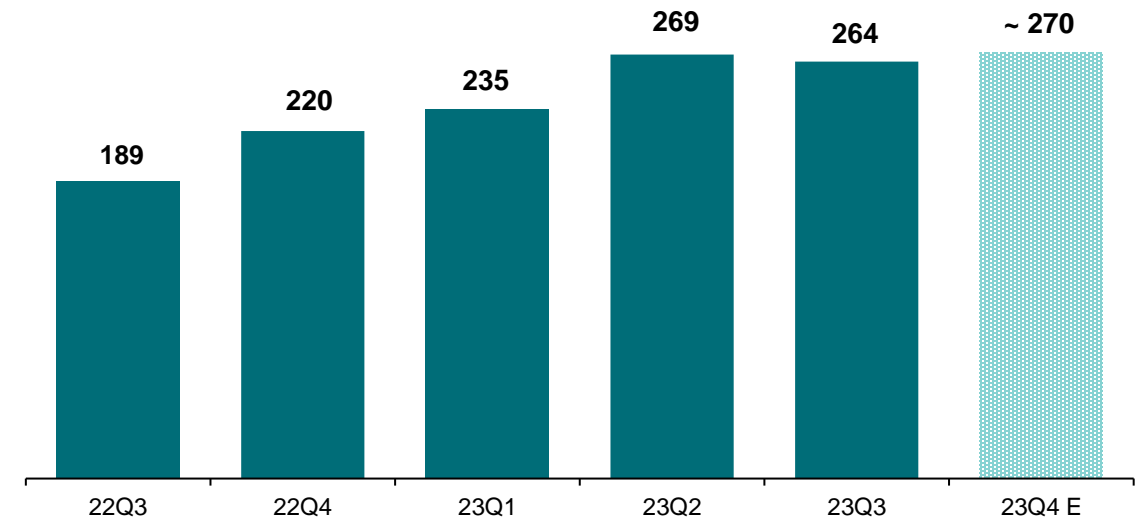
Q3 total income of MNOK 264

- Increase in interest income of MNOK ~15 vs. Q2, however outweighed by slightly higher interest expenses
- MNOK ~7 in gain on investments in financial instruments in Q3 vs. MNOK 6 in Q2 2023
- Adjusted for MNOK 5 in positive one-offs in Q2, total income was stable in Q3

Outlook

- Total income in Q4 2023 expected to be stable

Total income (MNOK)



Delivering on target cost efficiency level

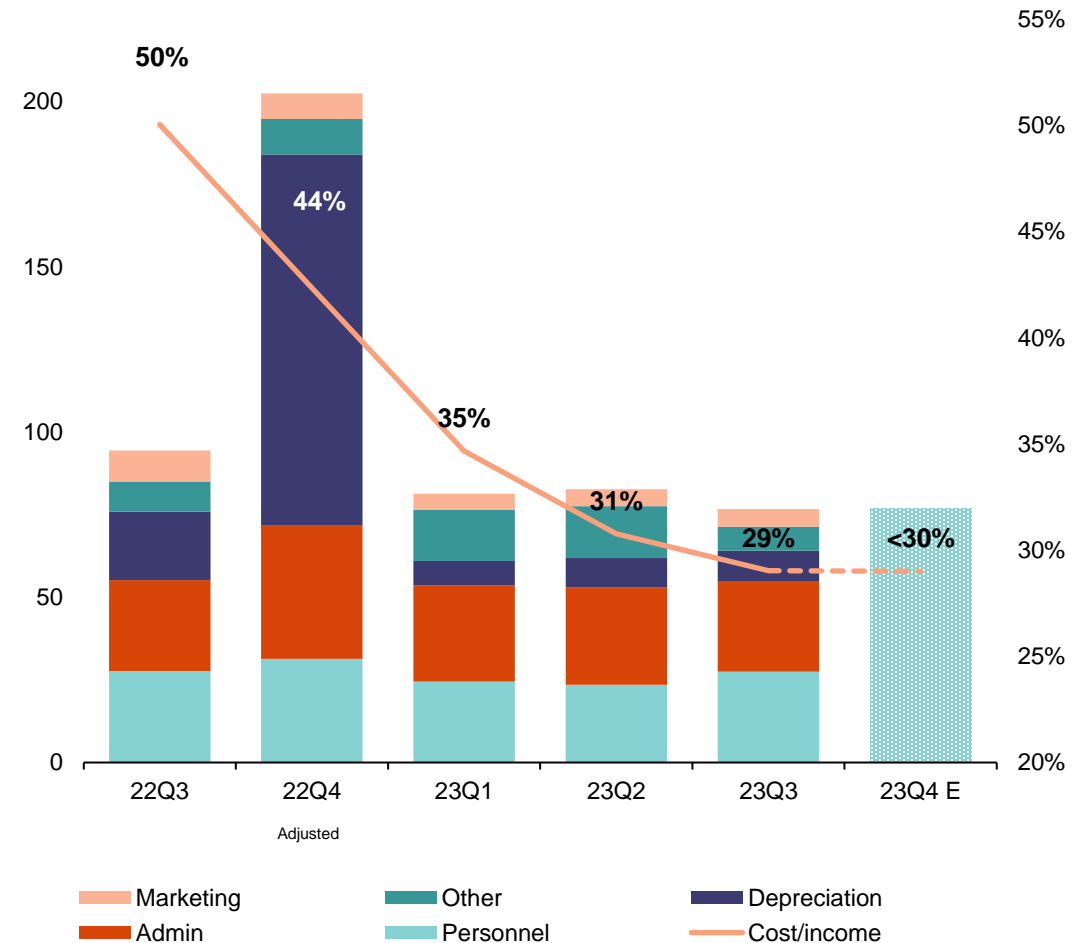
Opex reduced: cost/income ratio at 29% in Q3

- Total operating expenses before depreciation and write-offs reduced to MNOK 76.7 (MNOK 82.7)
- Result of strategic initiatives to improve cost efficiency
- Cost base reduced by >20% since Q1 2022

Outlook

- Targeting cost/income ratio of <30% in Q4 2023 and beyond
- IT cost of ownership expected to further decrease
- Focusing on continuous optimization to drive further efficiencies

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



Strong credit risk control

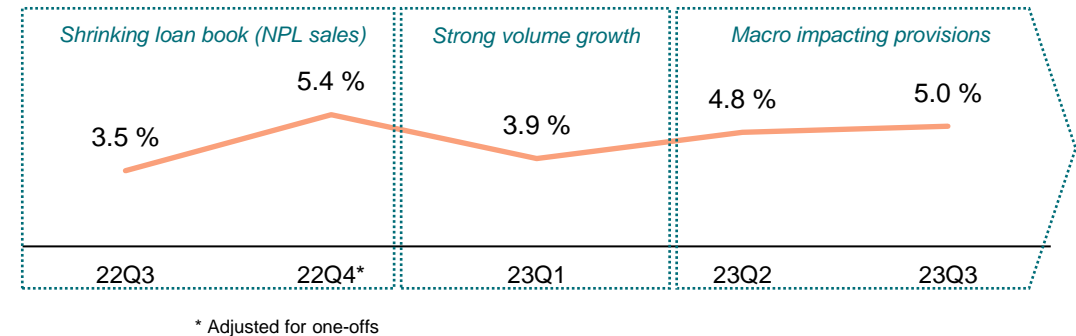
Increased provisions impacting loan loss ratio

- Loan loss ratio increased to 5.0% compared to 4.8% in Q2
- Increase mainly driven by higher model-based provisions, and a result of high growth levels last 12-18 months
- Tightened credit policies and strengthened collection processes in the quarter
- Continue to closely monitor credit risk development and adjust models accordingly

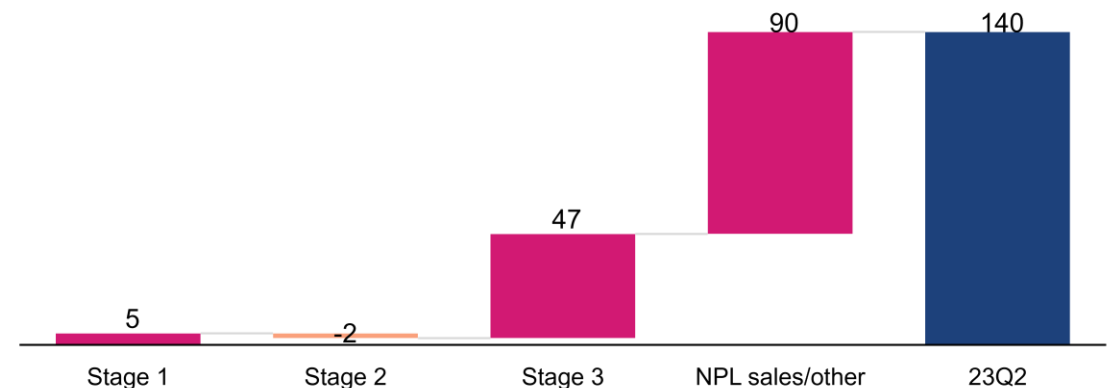
Outlook

- Loan loss ratio expected to normalise around 4.5% over time

Loan loss ratio (LLR)



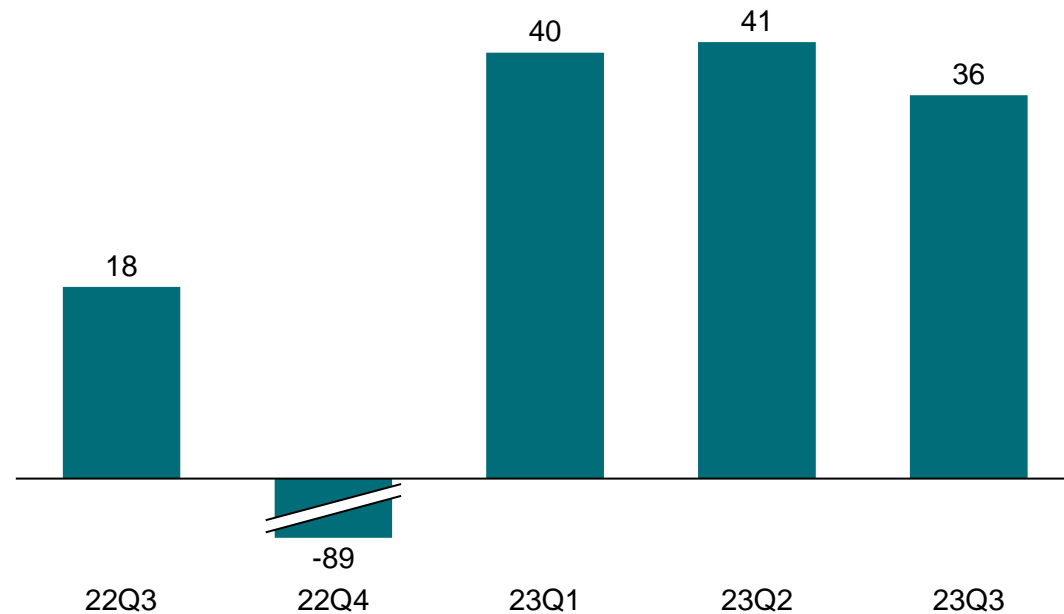
Loan loss break-down Q3 (MNOK)



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.

Solid Q3 and YTD profits

Profit after tax (MNOK)



Q3 profit of MNOK 36

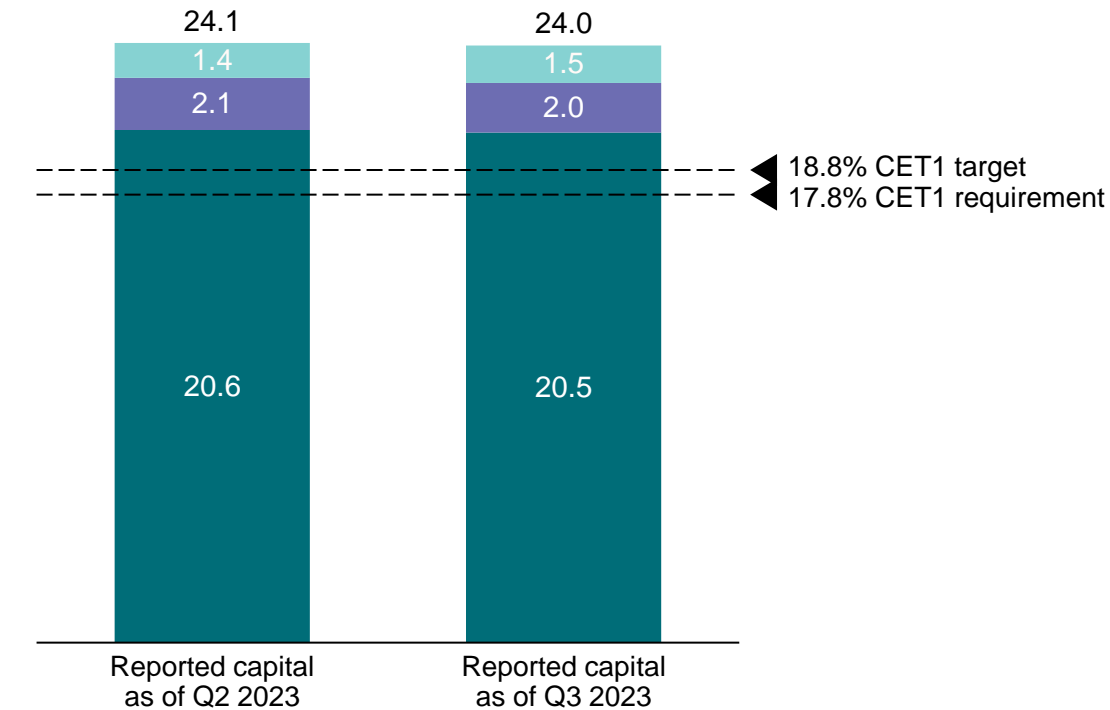
- Total income stable when adjusting for one-off in Q2
- Further cost improvements
- Somewhat increased loan loss provisions
- ROE of 6.1% in quarter (ROTE of 6.9%)

Outlook

- Stable level expected in the near-term

Capital levels provide headroom and support growth

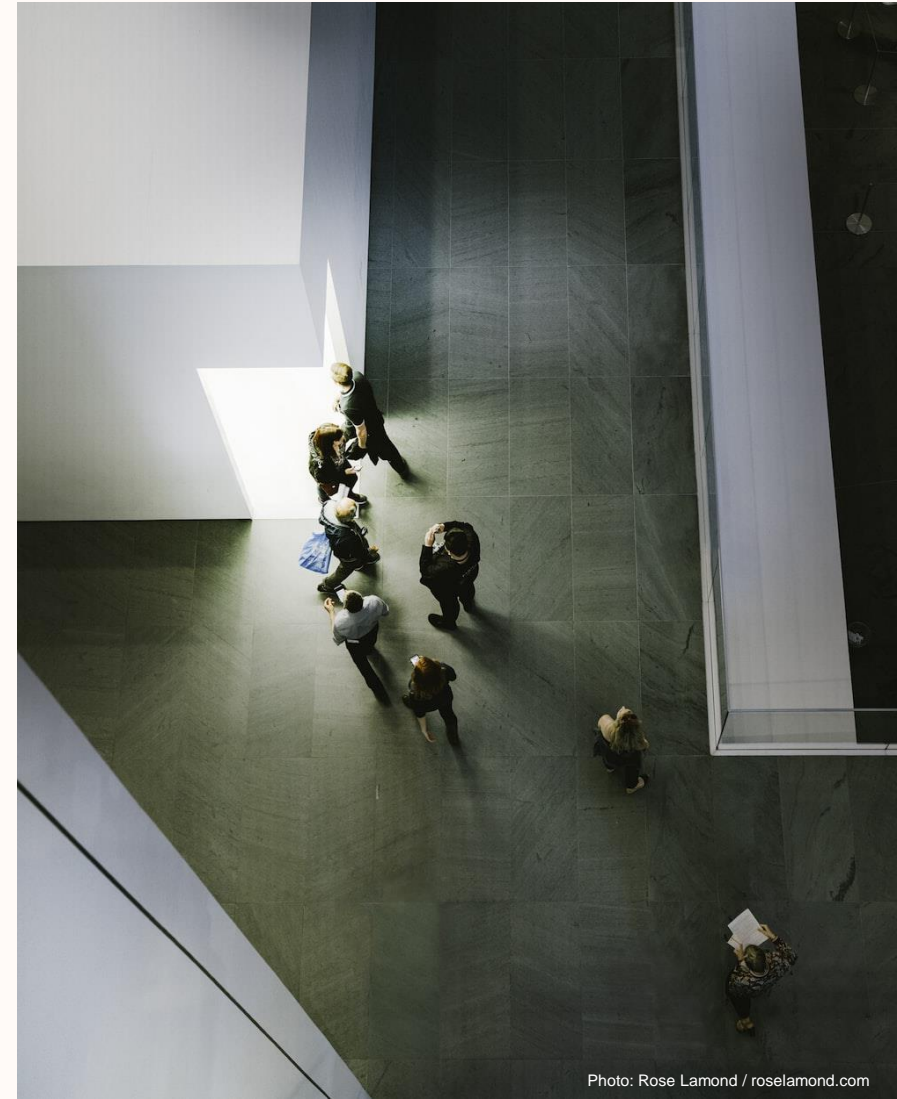
Regulatory capital structure (%) Q-o-Q



- H1 equity and debt capital raises combined with stable profit generation provide headroom to requirements
- Capital allocated to the most profitable product/market
- Current capital position supports the Bank's growth plans

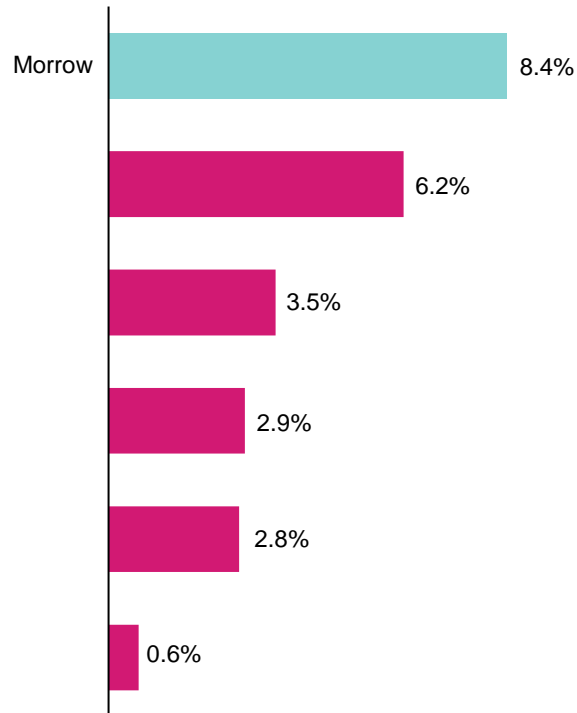
Tier 2 (T2) Additional Tier 1 (AT1) Common equity Tier 1 (CET1)

Summary

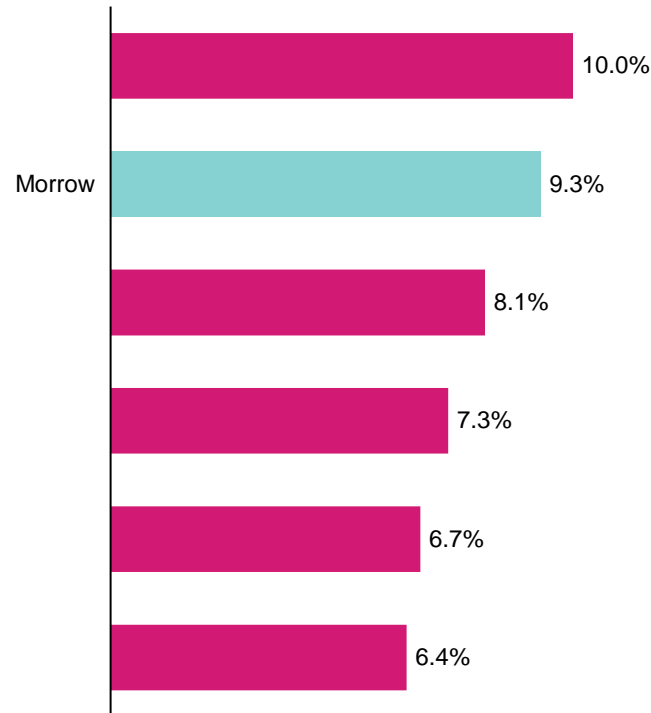


Competitive on KPIs vs Norwegian and Swedish peers

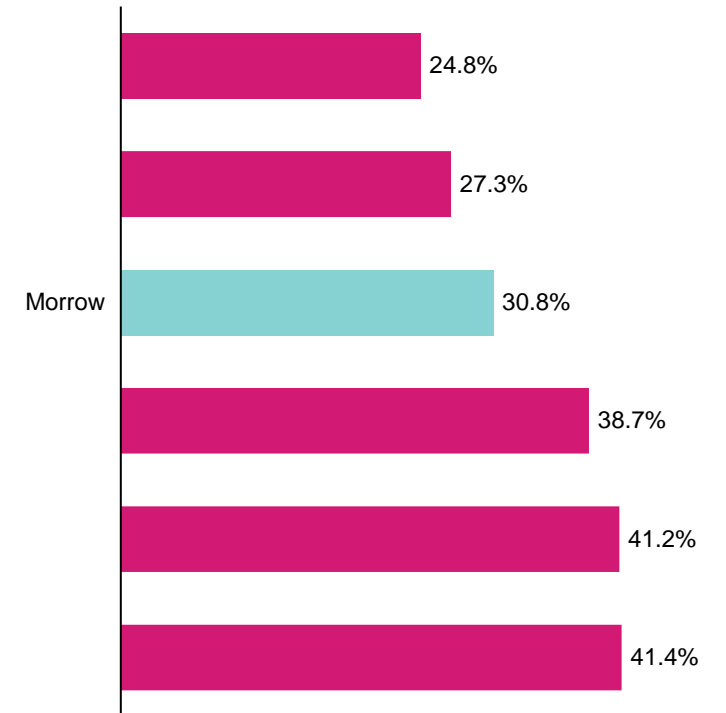
Net loans: Compound quarterly growth rate
Q2'22-Q2'23



Annualised net interest margins¹
Q2'23



Cost/income ratio²
Q2'23



1. Net interest margin (NIM) = 4 * (Net interest income / Average interest-bearing assets excl. certificates and bonds) 2. Total operating expense / total income Source: Nordic Credit Report, Bloomberg, and company data. Peer group includes TF Bank, Resurs Bank, Norion Bank, Lea Bank and Instabank.

Morrow Bank well-positioned to deliver improved returns

Q3: Solid performance with strong cost and credit risk control

Controlled loan growth

Stable margins

Continued cost reductions

Strong credit risk control

Macroeconomic outlook improving in the medium term

- GDP growth outlook supportive of spending increase and consumer finance demand
- Inflation outlook indicating interest rates near peak-level. Reducing pressure on economy
- Stable employment outlook limiting overall credit risk exposure

Maintaining medium-term targets

Annual loan balance growth

~ 10%

Cost/income ratio

< 30%

Return on target equity

> 12%

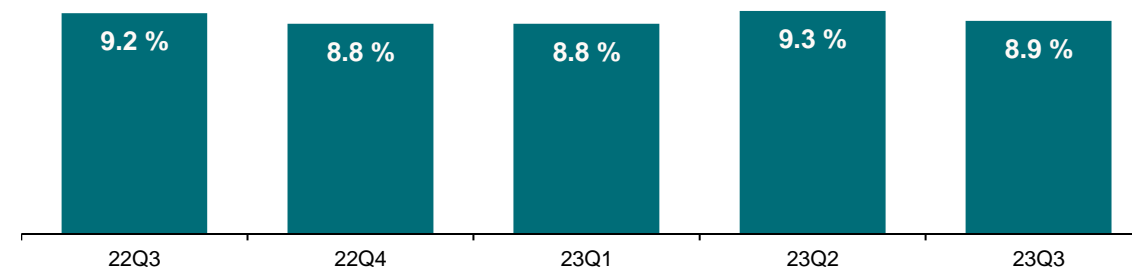
Q&A

APPENDIX

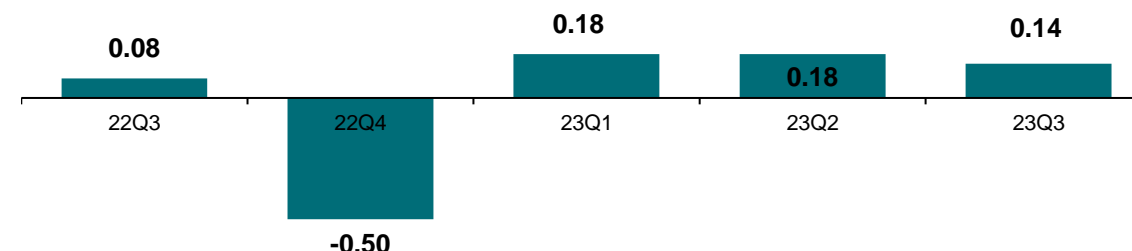
Profit and loss

<i>Amounts in MNOK</i>	Q3 2023	Q2 2023	2022	2021
Interest income	352.0	337.2	907.0	965.5
Interest expenses	-96.6	-80.0	-113.7	-81.8
Net interest income	255.4	257.1	793.3	883.7
Commission income and fees	13.7	22.2	53.0	51.6
Commission expenses and fees	-11.4	-16.7	-43.3	-62.9
Net commissions and fees	2.3	5.5	9.8	-11.3
Net gains / losses (-) on certificates and bonds, and currency	6.7	6.2	-2.1	4.0
Total income	264.4	268.8	800.9	876.4
Personnel expenses	-27.4	-23.5	-133.4	-162.0
General and administrative expenses	-32.6	-34.7	-159.0	-141.2
Other expenses	-7.2	-15.7	-43.1	-34.8
Depreciation	-9.4	-8.8	-171.8	-77.3
Total operating expenses	-76.7	-82.7	-507.3	-415.4
Losses on loans	-140.0	-131.2	-292.1	-739.1
Profit/(loss) before tax	47.6	55.0	1.6	-278.1
Tax expenses	-11.9	-13.7	-0.6	69.4
Profit/(loss) after tax	35.7	41.2	0.9	-208.7
Earnings per share (NOK)	0.14	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 **30.09.2023** **30.06.2023** **31.12.2021**

Assets

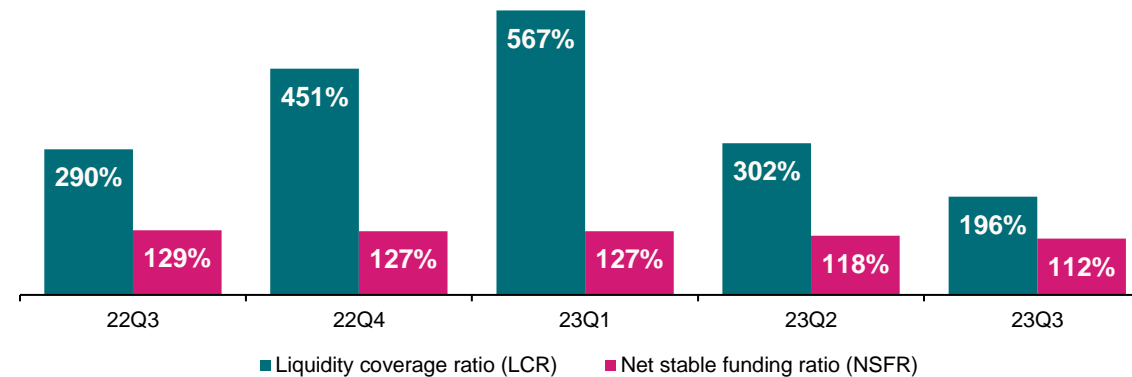
Loans and deposits with credit institutions	1,191.5	544.7	807.8
Net loans to customers	10,664.7	10,523.4	9,110.7
Certificates and bonds	510.9	813.4	1,453.5
Other intangible assets	62.3	62.2	45.3
Deferred tax assets	43.4	53.8	77.9
Fixed assets	22.1	1.0	3.5
Other receivables	15.9	27.5	29.2
Total assets	12,510.8	12,026.0	11,528.0

Equity and liabilities

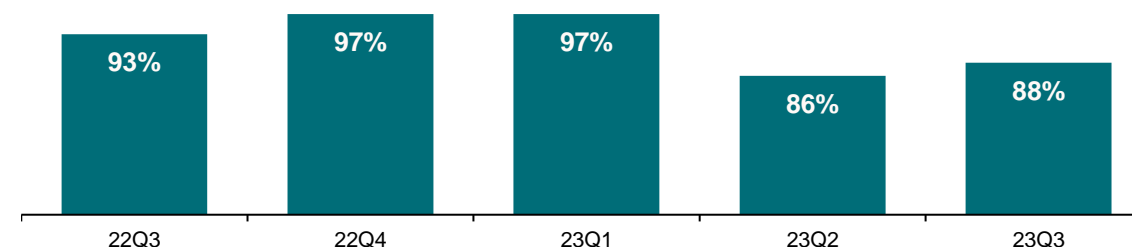
Deposits from and debt to customers	9,954.2	9,516.4	9,347.6
Other debt	143.0	127.0	162.1
Subordinated loans (Tier 2)	165.0	165.0	65.0
Total liabilities	10,262.3	9,808.4	9,574.8

Share capital	229.1	229.1	187.6
Share premium reserve	936.9	937.1	786.7
Other paid-in equity	56.4	56.4	56.4
Retained earnings	826.5	795.5	723.0
Additional Tier 1 capital	199.6	199.6	199.6
Total equity	2,248.5	2,217.6	1,953.3
Total equity and liabilities	12,510.8	12,026.0	11,528.0

Liquidity and funding



Deposit coverage* (%)



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

Shareholder overview

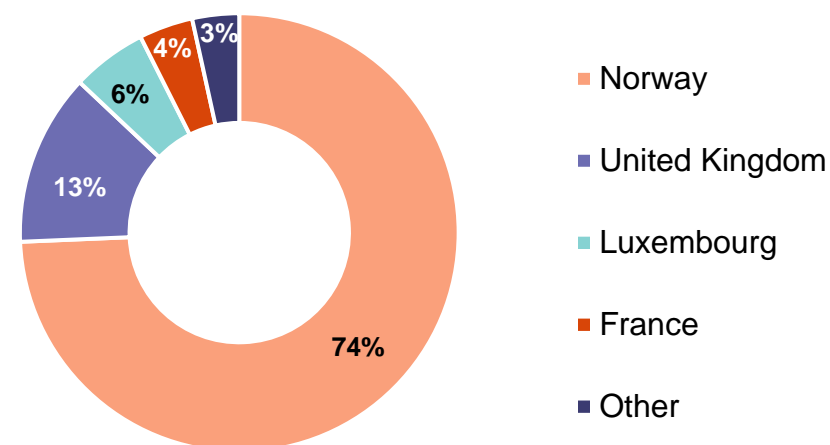
Largest 20 shareholders

#	Shareholder	Shares (thousand)	%
1	Kistefos AS	44,927	19.6%
2	UBS AG	19,716	8.6%
3	DNB Bank	11,721	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	3,052	1.3%
14	Stiftelsen Kistefos-Museets Driftsfond	3,000	1.3%
15	Caceis Investor Services Bank S.A.	2,790	1.2%
16	Obligasjon 2 AS	2,540	1.1%
17	Hans Eiendom AS	2,500	1.1%
18	Belair AS	2,464	1.1%
19	Khaya AS	2,311	1.0%
20	Hellegjerde Invest AS	2,157	0.9%
Sum top 20		150,945	65.9%
Other shareholders		78,183	34.1%
Total		229,129	100.0%
Shares held by management and the members of the Board of Directors		6,625	2.9%

Management and members of the Board of Directors

Role	Name	Shares (thousand)	Share options (thousand)	Warrants (thousand)
CFO	Eirik Holtedahl	2,464	44	800
COO	Wilhelm B. Thomassen	2,108	227	800
CEO	Øyvind Oanes	403	-	1,200
CCRO	Annika Ramstedt	148	307	800
CTO interim	Martin Valland	136	-	800
Members of the Board of Directors		1,365	9	-
Total		6,625	586	5,250

Shareholders geographical distribution



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