

MyBank ASA

Quarterly Report
Q1 2017

Highlights of the Quarter

- MyBank completed the NOK 240 million share issue initiated in November and was listed on the Norwegian OTC list (NOTC).
- All conditions of the banking license were fulfilled, and the Norwegian FSA gave permission for MyBank to begin operations.
- Implementation of the core banking system was completed, including integration to the Norwegian clearing system, which allowed MyBank to start banking activities.
- The first customer deposits and loans were made and established in mid and late March, respectively, and commercial operations have commenced according to plan.

Comments from Christen Fredriksen, CEO

“During the first quarter, our competent and experienced team completed the setup of our core banking operations, including development of the IT system and subsequent pilot testing. The swift and successful process enabled us to welcome our first deposit and loan customers in the second half of March, just four months after signing the contract with IT solution provider SDC.

While state of the art IT is a competitive advantage for us compared to established banks, using loan brokers as our sole sales channel is what makes MyBank’s business model unique. Combined, this gives us a low fixed cost base, automated processes and scalability.

Having started commercial operations towards the end of the first quarter, we are excited to offer banking services that fulfil typical customer needs, at competitive terms. Our concept is “simple and complete banking”, a customer value proposition that lays the foundation for MyBank’s growth in the attractive Norwegian consumer finance market for years to come.”

About MyBank

MyBank is a newly established online retail bank offering consumer loans, refinancing loans and deposit accounts.

The bank was granted a commercial banking license in July 2016, completed a NOK 240 million equity issue in November 2016 and commenced operations during the first quarter of 2017.

MyBank uses loan brokers as the sole sales channel, enabling an efficient and scalable setup – and a competitive customer offering over time.

Events After Balance-Sheet Date

After the close of the first quarter, Finanstilsynet (the Financial Supervisory Authority of Norway/FSA) approved the application of Erik Selin Fastigheter (ESF) to increase ownership to 20 % of MyBank from 10 %. Subsequently, ESF announced its intention to exercise an option to subscribe 26,450,000 new shares within 1 July 2017, at a subscription price of NOK 1.26 per share.

Financial Information

MyBank ASA recorded income of 76,4 thousand NOK during the quarter, the majority of which was interest income from the bank's equity capital, which is invested in money market and government bond funds.

The bank had expenses of 3,7 mNOK, of which 2,6 mNOK were staff costs and 1,2 mNOK were other administrative costs (the difference being a small gain on the investment portfolio).

As of the end of the first quarter, the bank had made loans to customers of 1,33 mNOK, and taken deposits of 20,8mNOK. This reflects the short time period, at the end of March, during which the bank had begun its operations.

The bank's liquidity position was strong, with inflows of customer deposits occurring at a rate which will allow the bank to fund loans as forecast in the business plan presented at the time of the equity issue in November 2016.

Outlook

Following the equity raise completed in the first quarter, MyBank is well capitalized and has a capital base that enables significant loan growth over the first twelve months of operations. MyBank's secure and recently implemented IT system automates business processes, enabling the scalable growth that is at the core of MyBank's operations. In the coming months, the system will continue to be fine-tuned to further optimize the pricing and portfolio risk profile.

In March, the FSA issued draft guidelines for the treatment of unsecured consumer loans for consultation. The guidelines imply regulatory changes in line with MyBank's expectations, which the bank is well prepared to meet.

MyBank focuses on solid credit risk management, and particularly documentation of the customer's debt service ability. Hence, MyBank's product offering is in compliance with the FSA's proposed guidelines for banks' treatment of consumer loans.

Risks and Uncertainties

Risks and uncertainties include lower customer acquisition and volumes than expected, a reduced interest margin, a lack of cost-effectiveness and an inappropriate choice of technology. A macro recession may result in slower growth, higher loss and lower performance, and may make it difficult to raise further capital. In addition to having a flexible and scalable business model, the board and management have implemented sound practices for planning, control and adaptability in order to reduce any potential losses related to operational and strategic risks.

Oslo, 24 April 2017

The MyBank Board of Directors

_____ sign. _____

Tom Knoff
Chairman of the Board

_____ sign. _____

Knut Einar Rishovd
Board Member

_____ sign. _____

Beate Nygårdshaug
Board Member

_____ sign. _____

Marit Lambrechts
Board Member

_____ sign. _____

Svein Øvrebø
Board Member

_____ sign. _____

Christen Fredriksen
CEO

The original document has been electronically signed.

Financial Statement (Unaudited)

Income Statement

Amounts in NOK 1000s	Note	Q1 2017	2016
Interest income		80,4	-
Interest expense		4,0	-
Net interest income		76,4	-
Commissions and fee income		0,3	-
Commissions and fee expense		1,8	-
Net commissions and fee income		-1,5	-
Total income		74,9	-
Income/loss from trading activities		98,0	-
Staff costs		2 604,0	9,0
Other administrative expenses		1 206,0	1 798,0
Depreciation and amortisation		-	-
Total operating costs		3 712,0	1 807,0
Profit (Loss) before loan impairment losses		-3 637,1	-1 807,0
Reserved for loan impairments		57,0	-
Operating Profit (Loss) before tax		-3 694,1	-1 807,0
Tax		0	0
Profit (loss) for the period		-3 694,1	-1 807,0

Balance Sheet

Amounts in NOK 1000s	Note	31.03.2017	31.12.2016
Assets			
Loans to, and deposits at, credit institutions		56 374	24
Loans to customers	2	1 331	-
Provision for impairment losses	2	57	-
Net loans to customers		1 274	-
Short term financial investments		175 228	-
Other intangible assets		10 132	615
Property, plant and equipment		-	-
Receivables, prepayments, accrued income and other assets		776	2 894
Total assets		243 784	3 533
Liabilities			
Deposits from customers		20 833	-
Accounts payable		838	138
Taxes and employer contributions withheld for employees		407	-
Accrued expenses and unearned income received		8	-
Other current liabilities		298	-
Total liabilities		22 384	138
Equity			
Share capital		21 148	2 378
Share premium reserve		206 167	3 222
Retained earnings		-2 205	-2 205
Registration fees		-16	-
Net income		-3 694	-
Total equity		221 400	3 395
Total liabilities and equity		243 784	3 533

Notes to the Condensed Consolidated Financial Statements

Note 1 Accounting Principles

This quarterly report has been prepared in accordance with Norwegian generally accepted accounting principles, and has not been audited. A further description of the accounting principles can be found in the 2016 annual report.

Note 2 Loans to customers

Amounts in NOK 1000s	Q1 2017	31.12.2016
Loans to customers	1 329,00	-
Provision for impairment losses	57,40	-
Net loans to customers	1 271,60	-
Provisions for impairments on groups of loans		
Provisions at the beginning of the period	-	-
Provisions (releases) during the period	57,40	-
Loans written off	-	-
Amounts recovered from previous write-offs	-	-
Provisions at the end of the period	57,40	-

Note 3 Capital adequacy

Amounts in NOK 1000s	Q1 2017
Share capital	21 148,00
Share premium reserve	206 167,00
Deduction of intangible assets	10 132,00
Core equity tier 1 capital	217 183,00
Additional tier 1 capital instruments	
Tier 1 capital	217 183,00
Subordinated loans	
Tier 2 capital	217 183,00
Capital requirements	
Amounts in NOK 1000s	Q1 2017
Institutions	22 290,20
Unsecured loans to retail customers	1 329,00
Covered bonds	-
Corporate bonds	-
Central government bonds	-
Regional and local governments	-
Total risk-weighted assets	23 619,20
Core equity tier 1 capital ratio	919,5 %
Tier 1 capital ratio	919,5 %

Note 4 Intangible assets

Amounts in NOK 1000s	Q1 2017	31.12.2016
Fees to BITS for access to NICS (interbank clearing)	5 937	-
Banking IT-system (SDC)	4 195	615
Sum intangible assets	10 132	615

MyBank
Enebakkveien 133
0680 Oslo
Norway

Tel: +47 22 71 97 17
www.mybank.no