



**Interim report
1st quarter 2016**

MONOBANK

MONOBANK ASA

Quarterly report March 2016

1Q16 highlights

- Loan growth in the quarter of NOK 223 million – slightly ahead of plan.
- Total outstanding loans as of 31 March 2016 of NOK 260 million and deposits of NOK 246 million.
- Net loss after tax of NOK 6.5 million in the quarter.
- Total equity of NOK 159 million and CET1 ratio of 31.8 %.

About Monobank ASA

Monobank received its banking licence from the Financial Supervisory Authority of Norway on 11 November 2015, and commenced regular banking operations 10 days later. The bank offers unsecured lending to qualified private individuals in Norway. Loans are granted in sizes from NOK 25,000 to NOK 500,000 on flexible terms adapted to the applicants financial ability to service the loan. The bank also offers attractive deposit rates on its savings accounts. Deposits up to NOK 2 million are guaranteed by the Norwegian Central Bank's Guarantee fund, of which Monobank is a member.

Monobank's largest owner is Prioritet Group AB of Gothenburg with a 9,99% ownership. The remaining share capital is owned by approx. 480 investors. The bank was registered on the NOTC list on 22 February 2016 where the shares are traded under the ticker symbol MONO.

Developments in 1Q16

Monobank's operating and marketing activities have performed well and according to plan during 1Q16. The bank's IT systems have also functioned well during the quarter. First quarter loan growth was NOK 223 million excluding prepaid agency commissions. This was slightly ahead of plan.

With a somewhat higher than expected starting balance of 36 million as of 1 January 2016, the bank's loan balance was approx. NOK 260 million at the end of the first quarter excluding prepaid agency commissions.

Deposits from customers amounted to NOK 246 million. In order to maintain a prudent liquidity cushion, the Bank raised its deposit rate to 2% at the end of February. This resulted in an increased net inflow of funds towards the end of the quarter. Monobank's bank deposits and liquid securities amounted to NOK 129 million. Total equity amounted to NOK 159 million, and the common equity tier 1 ratio was 31.8 %. For further details regarding regulatory capital ratios, see the notes in the first quarter report.

Interest income for the quarter was NOK 5.2 million. Net

interest income was NOK 4.7 million representing a net interest margin of 6.3 %. Average loan size is somewhat higher than anticipated when the Monobank's business plan was developed. This development reflects a conscious choice based on the assessed credit worthiness of incoming applicants with larger borrowing capacity. Accordingly, the overall credit quality of the bank's loan portfolio is positively affected. Compared to the original business plan, fewer loans have affected fee and commission income.

Total income was NOK 5.3 million. Marketing and operating cost are well in line with budget. Actual defaults are negligible. As a precautionary measure, the bank has decided to make a loan loss provision of NOK 1.9 million for the first quarter.

This resulted in an overall operating net loss before tax of NOK 8.7 million, largely in line with budget. The after tax loss of NOK 6.5 million is charged against other equity.

2016 Outlook for Monobank

The market for unsecured lending in Norway continues to grow, and Monobank is likely to increase its NOK 674 million forecast for year-end net loan. This is based on the strong loan demand experienced to date and that average loan duration is slightly longer than what was assumed in the original business plan. Monobank will also further increase its marketing efforts, primarily through loan agencies. The bank will continue to focus on unsecured consumer and leisure financing in Norway and at the same time evaluate various options for further business development.

Based on the above, a revised guidance on expected loan growth will be communicated later this year.

Other matters

The Shareholders' General meeting on 17 March 2016 authorized the board to offer up to 1 million share options to Monobank's employees subject to specified criteria being met, including financial performance, customer satisfaction levels and individual evaluations. On 5 April 2016, the board allotted 999,990 conditional options equally among all employees, with a strike price of NOK 2.80 per share (equal to the closing price that day). If all individual criteria are met, the options may be declared during Q1 17 at the earliest, and no later than 17 February 2018.

Bergen, 28 April 2016.

Board of directors, Monobank ASA

INCOME STATEMENT*In NOK thousands*

	Q1 2016	2015
Interest income	5 175	509
Interest expenses	446	83
Net interest income	4 730	427
Income commissions and fees	1 137	127
Expenses commissions and fees	612	82
Total income	5 254	472
Income/loss from trading activities	-69	39
Staff costs	3 460	11 088
Other administrative expenses	7 883	10 333
- of which marketing expenses	4 237	1 308
Depreciation and amortisation	620	910
Total operating costs	11 963	22 331
(Loss)/profit before impairment losses	-6 777	-21 820
Impairment releases/(losses)	-1 900	-700
Operating (loss)/profit before tax	-8 677	-22 520
Tax charge	2 167	5 996
Loss for the year	-6 510	-16 524

BALANCE SHEET*In NOK thousands*

	Q1 2016	31.12.2015
Assets		
Loans and advances to banks	27 631	17 204
Loans and advances to customers	261 281	36 325
Provision for impairment losses	2 600	700
Net loans and advances to customers	258 681	35 625
Debt securities	101 177	114 583
	-	
Deferred tax asset	9 885	7 717
Other intangible assets	7 384	7 123
Property, plant and equipment	137	157
Prepayments, accrued income and other assets	11 855	3 878
<i>- of which accrued commission to agents</i>	<i>8 969</i>	<i>1 525</i>
Total assets	416 750	186 287
Liabilities		
Deposits by customers	246 217	13 579
Provisions, accruals and other liabilities	11 905	7 570
Total liabilities	258 122	21 149
Equity		
Share capital	155 000	155 000
Surplus capital	3 628	10 138
Total equity	158 628	165 138
Total liabilities and equity	416 750	186 287

Note 1 Accounting standards

Monobank Q1 report is prepared in accordance with general accounting principles as described in the annual report for 2015

The interim financial statements are not audited.

Note 2 Loans and advances to customers

<i>In NOK thousands</i>	Q1 2016	2015
Loans and advances to customers	261 281	36 155
Provision for impairment losses	2 600	700
Net loans and advances to customers	258 681	35 455
Provision for impairment losses - collectively assessed	Q1 2016	2015
Provision for impairment losses collectively assessed at 1 January	-	-
(Releases)/losses to income statement	2 600	700
Amounts written off	-	-
Recoveries of amounts previously written-off	-	-
Provision for impairment losses collectively assessed at 31 December	2 600	700

Note 3 Capital adequacy

<i>In NOK thousands</i>	31.03.2016	2015
Share capital	155 000	155 000
Surplus capital	3 628	10 138
Other equity	-	-
- Deduction of deferred tax assets and other intangible assets	-14 898	-14 955
Common equity Tier 1 capital	143 730	150 183
Additional Tier 1 capital instruments	-	-
Tier 1 capital	143 730	150 183
Subordinated loan capital	-	-
Tier 2 capital	143 730	150 183
Capital requirements		
Institutions	7 081	29 570
Retail	297 016	41 989
Retail - Mortgage loans	-	-
In default	-	-
Covered bonds	1 507	8 110
Equity positions	-	-
Other assets	11 992	4 000
Corporate	29 228	21 865
Central governments	-	7 990
Regional governments or local authorities	6 112	64 249
Market risk	-	-
Operational risk	99 651	99 651
Total risk-weighted volume and capital requirements	452 587	277 424
Common equity Tier 1 capital ratio	31,8 %	54,1 %
Tier 1 capital ratio	31,8 %	54,1 %
Capital ratio	31,8 %	54,1 %

Note 4 Staff costs

The employee compensation arrangements (variable incentive compensation) was approved at the annual meeting on 17th march 2016. The program consists of two parts:

1. Individual part: Individual assessment as of 50% pays in cash and 50% pays in shares within Monobank ASA. Maximum bonuses for all employees are a total of 4,3 MNOK, whereas maximum 50% of annual salary can be individual allocated.
2. General part: 1,5 months salary

The following criteria needs to be fulfilled before the employee compensation arrangement takes place

1. Two quarters in a row with a positive result
2. Customer satisfaction survey has been conducted in 2016 and 2017
3. Employee satisfaction survey has been conducted during 2016

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