

BRAbank ASA

3rd quarter 2021 results presentation

28th October 2021



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BRABank ASA at a glance

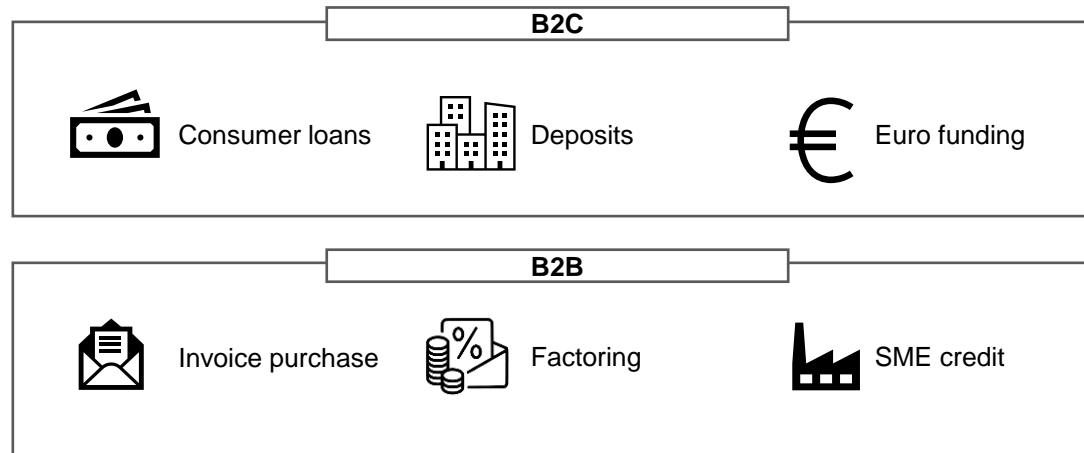
Digital niche bank with a Nordic footprint

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Consumer finance with a strong presence in the Nordic market...

- Fully digital bank offering consumer loans, savings accounts, automated invoice purchase and SME financing
- Proven value chain with inhouse credit analysis and operations, broad distribution network and forward flow agreements for defaulted loans
- Roots back to 2003. Rebranded to Easybank and strategically turned around in 2016, resulting in one of the most profitable start-up niche banks
- HQ in Oslo and regional office in Bergen

Product portfolio



...leveraged by a digital platform and strategic partnerships

- Easybank and BRABank joined forces in October 2020 with Easybank as surviving entity - enabling a more competitive bank with substantial synergy upside, scaling opportunities and increased self-funding capabilities
- Strategic partnerships with 24SevenOffice, Conta, Zirius, Husleie.no and Convengo
- Listed on Euronext Growth at Oslo Børs, ~1 600 shareholders. Braganza AB largest shareholder. Other large shareholders include Hjellegjerde Invest, 4finance Group, Skagerrak Sparebank, Alfred Berg Norge/Aktiv, Fondsave

Gross loans 5,400 MNOK – geographical mix Q3 2021



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Q3 2021 highlights

Financials



- Profit before tax 50.3 MNOK (profit after tax 37.9 MNOK)
- Successful issuance of Tier 1 & 2 capital below current yield curve as well as achieving a more diversified call structure
- CET1 Capital ratio of 23.3% (25.4% incl. YTD profit)

Credit quality



- Forward flow agreement in place for Finland to mitigate stage 3 risk
- Lower risk on new loans has reduced both margin and loss
- Reduced uncertainty around loss impact of Covid-19

Growth development



- Increasing demand for consumer loans in Q3 on the back of fewer Covid restrictions
- Growth in Finland offsets declining volumes in the Norwegian market
- Relaunch of consumer loans in Sweden

Key financial figures, MNOK

	Q3-21	2021- YTD	2020- adj. ¹
<i>Interest income</i>	131.0	401.9	381.0
<i>PBT</i>	50.3	132.7	72.0
<i>ROE, annualized</i>	12.1%	11.0%	7.8%
<i>EPS, annualized</i>	1.60	1.41	0.71
<i>EPS pre-tax, annu.</i>	2.12	1.87	0.76
<i>C / I</i>	31.8%	33.0%	29.6%
<i>Gross loans</i>	5,400	5,400	6,248
<i>Equity²</i>	<i># of shares</i>	<i>BVPS</i>	
1,268	94,794,380	13.37 NOK	

Note on key figures: PBT: Profit before tax, ROE: Annualized Return On Equity (excluding tier-1 capital), EPS: Annualized Earnings per share, C/I: Cost to income

Figures prior to merger October 1st 2020 are Easybank ASA

1) Adjusted: Badwill, write-down intangible assets, restructuring costs and other one-off costs and additional Covid-19 loan loss provision

2) Book value (excl. tier 1 capital) of equity per share

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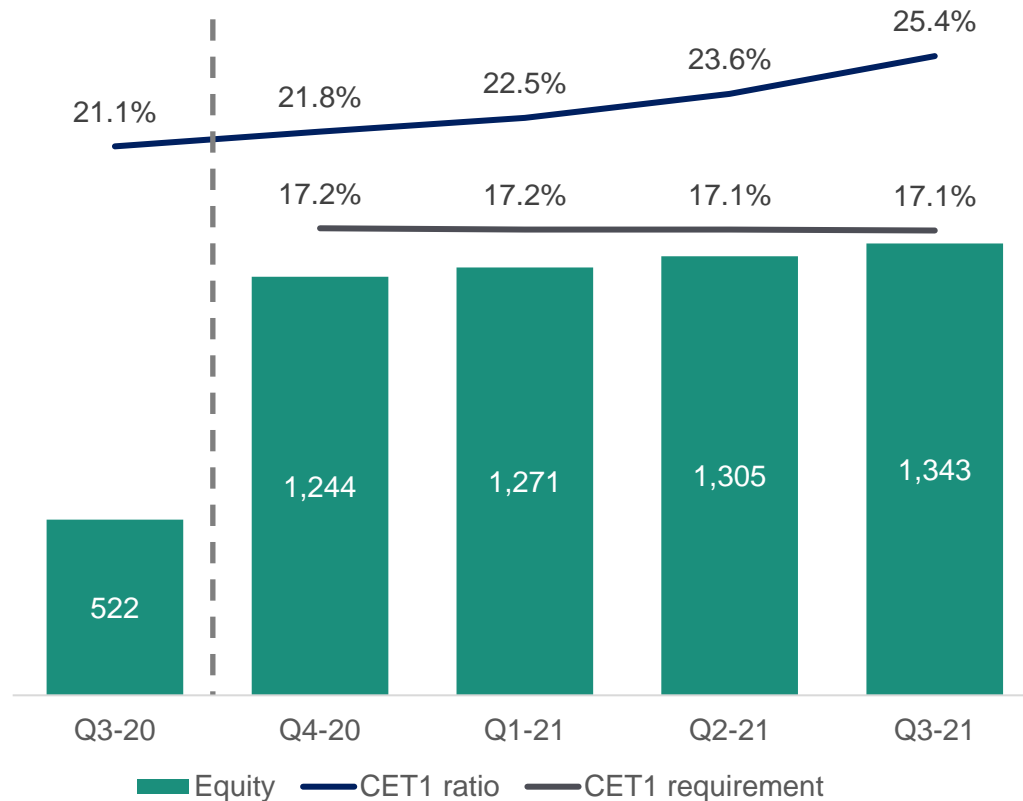


Increased profitability

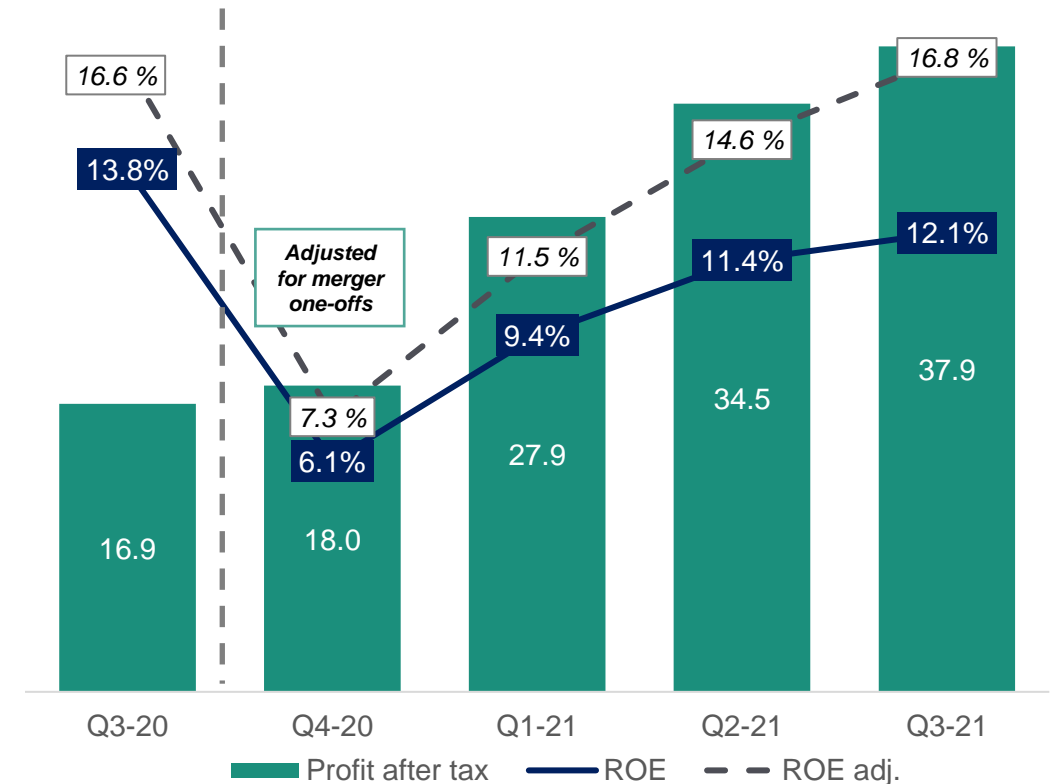
Solid capital buffer provides operational and financial flexibility

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Equity and CET1 ratio¹, MNOK



Profit after tax and Return on Equity², MNOK



Note: All figures left of the dotted line are standalone Easybank throughout the presentation, if not stated otherwise

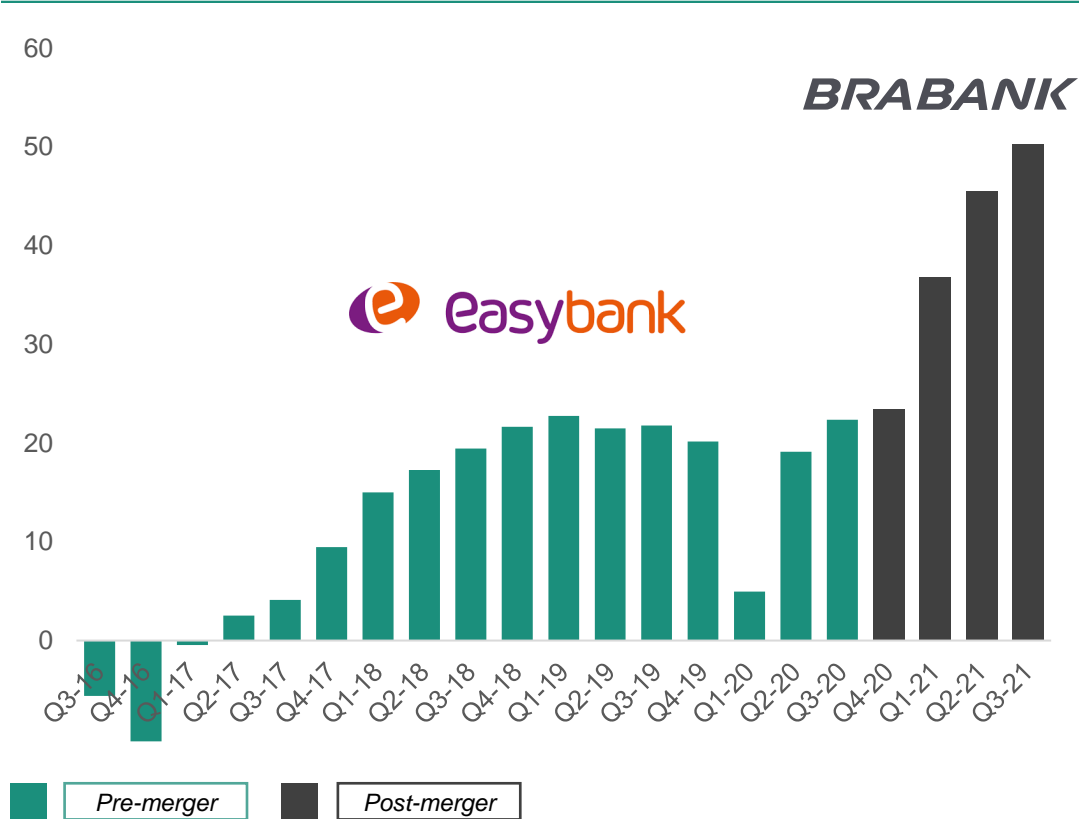
1) CET1 ratio includes YTD unaudited profit

2) Equity used in the ROE calculation for Q4 2020 is the average of the opening balance as of 1 October and 31 December. ROE adjusted subtracts excess capital from the calculation (capital req. + mgmt. buffer)

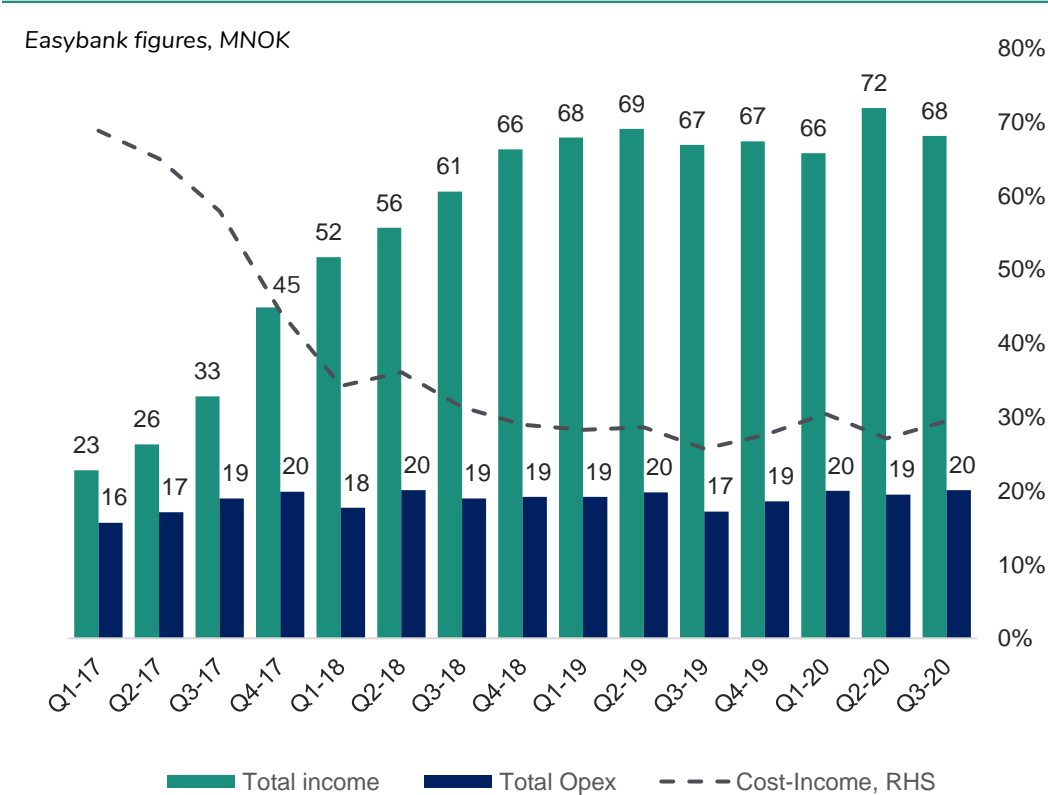
Strong financial development since inception in 2016

Break-even after three quarters followed by unbroken track record of profit

Profit before tax, MNOK



BRABank is reusing Easybank's model of proven scalability

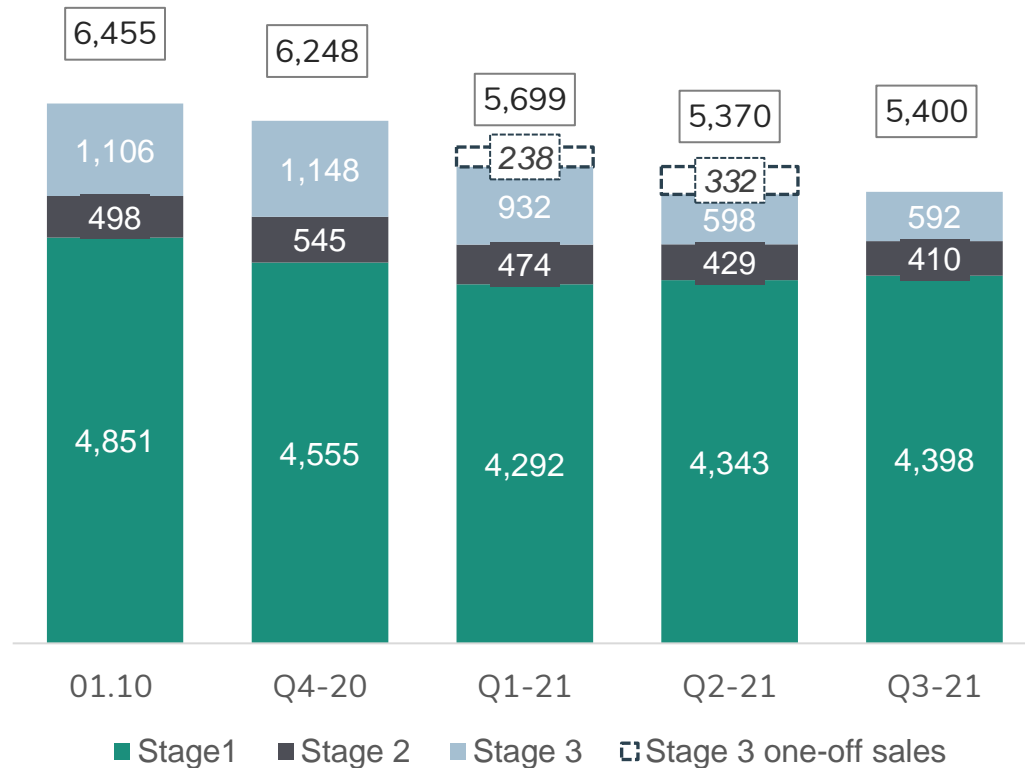


Note: Pre-merger figures are Easybank standalone

Increased interest-bearing portfolio

Gross loans development impacted by one-off sales

Gross lending, MNOK



Comments

- One-off sales so far in 2021 (in Q1 and Q2) of 570 MNOK in Norway and Finland combined
- Additional sale of defaulted loans of 49 MNOK in Q3 (YTD 159 MNOK) under forward flow agreement with Kreditor
- Decline in Norwegian volumes is offset by growth in Finland

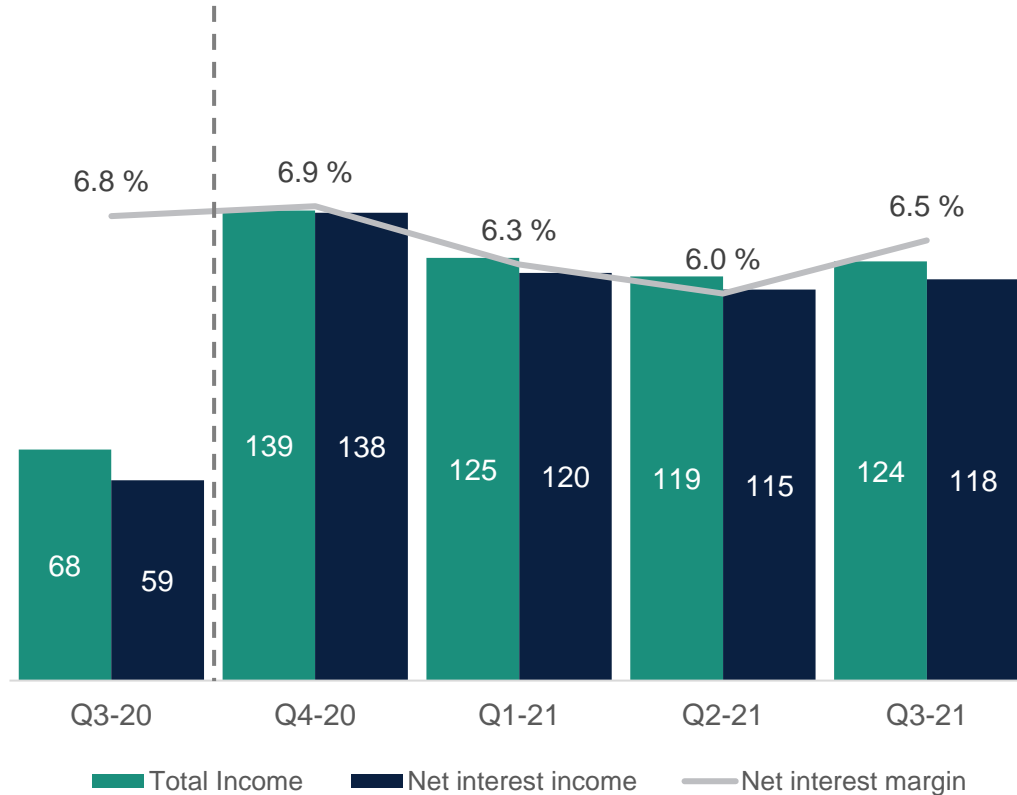
Still attractive risk/reward

Improved credit quality and still low funding cost

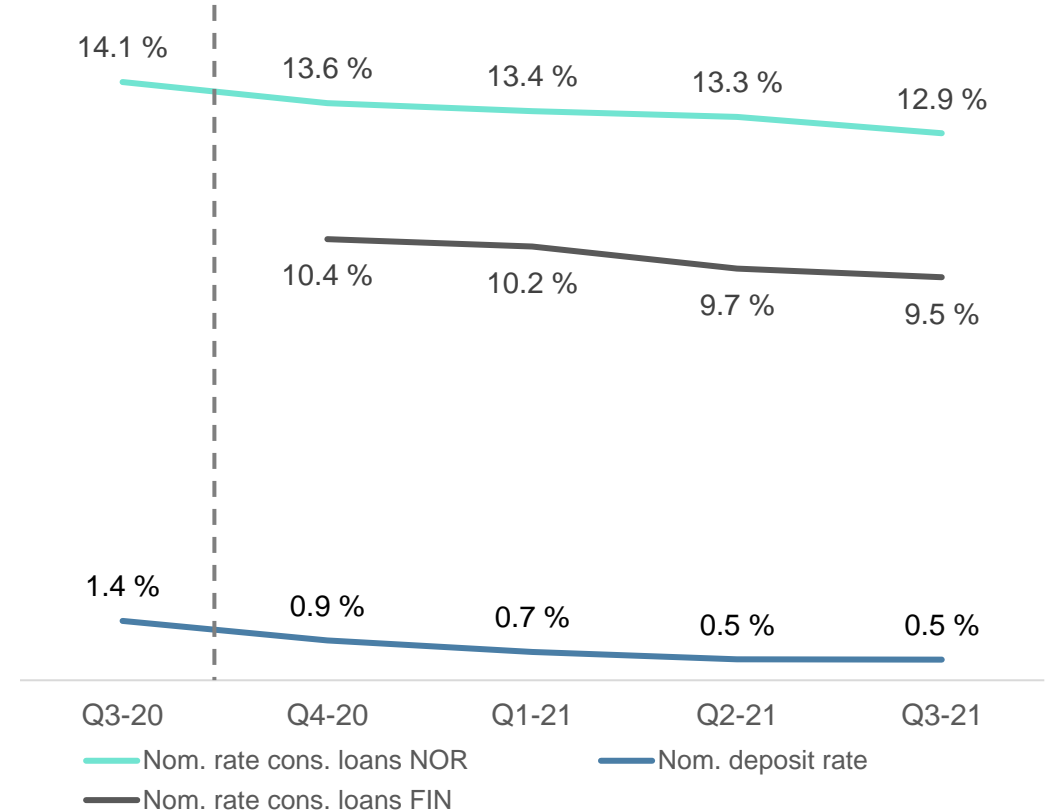
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Net interest income and net interest margin of total assets

MNOK / % of total assets



Yields end of quarter¹



1) All figures are end of quarter and nominal

Competitive cost to income

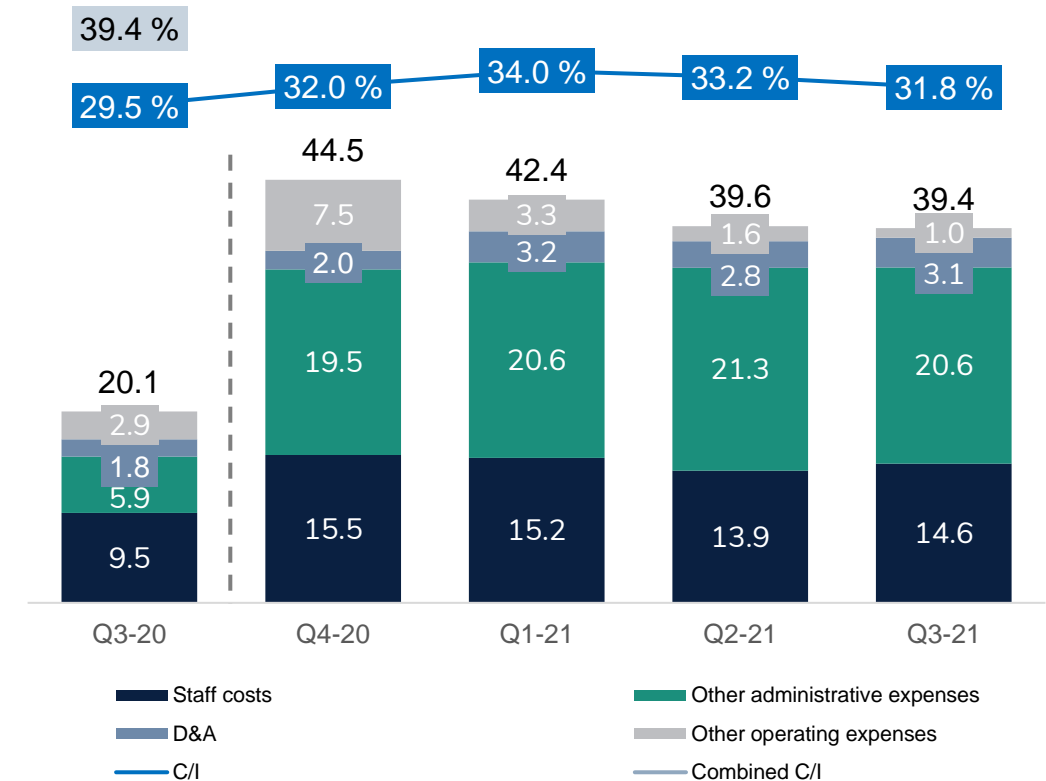
Continuous focus on further cost improvements

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- Competitive C/I ratio at 31.8 %
- Ambition to further reduce other administrative expenses, primarily related to IT
 - Phase-out and reduction of IT vendors
 - Several contract terminations will expire end 2021, further reducing Opex in 2022
- Management executing on a cost synergy plan to secure a leading C/I ratio going forward

Operational C/I-ratio¹

MNOK

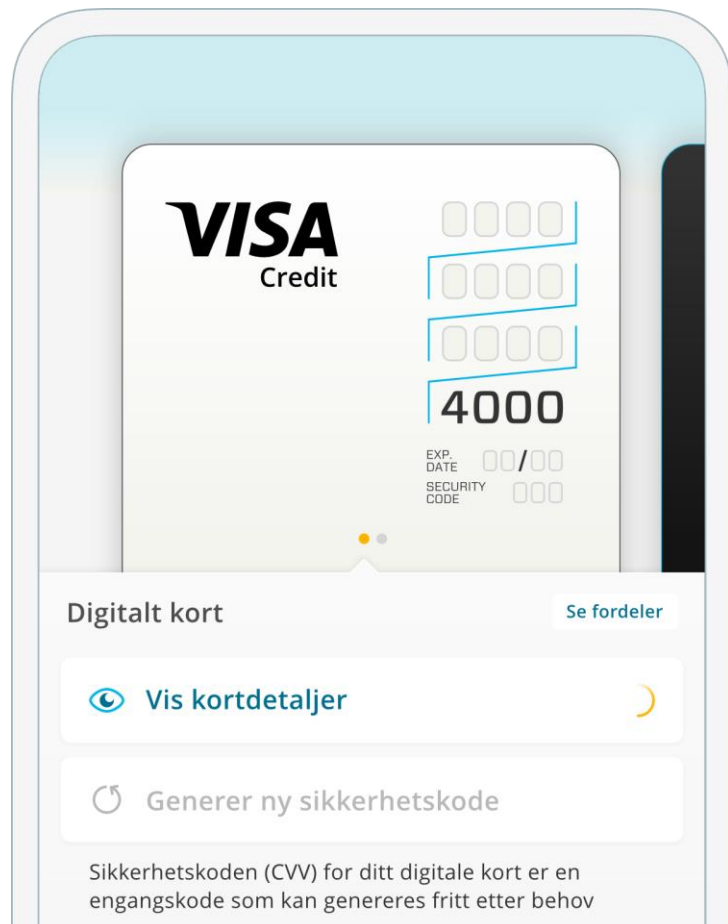


1) Q4-20 adjusted for merger related one-offs. Combined C/I calculated as sum of pre-merger BRABank and Easybank

Termination of the credit card products

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Cost reductions and reduced operational complexity



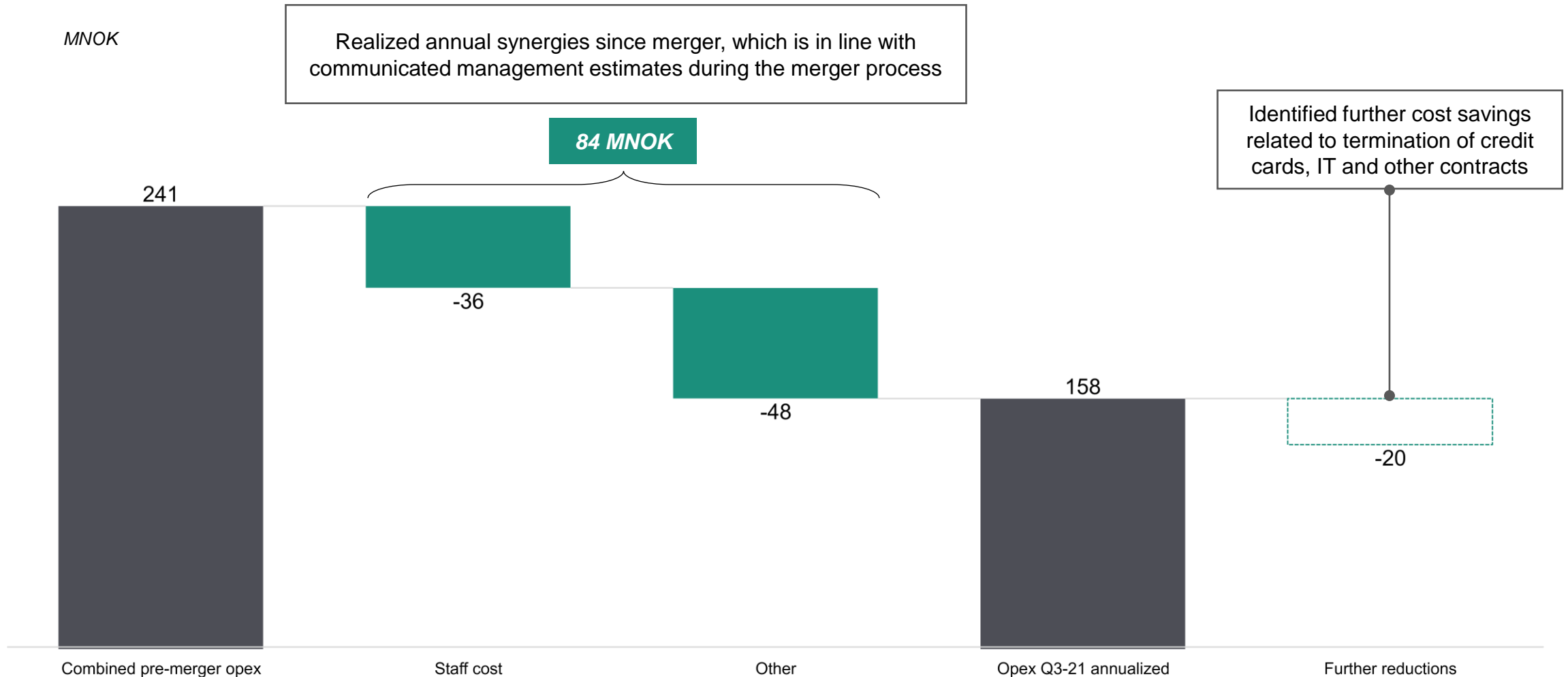
Background and actions

- Monobank and old BRABank invested heavily in best-in-class credit card solutions and has operated Widerøe credit card, Monocard and BRA Kreditkort
- Lack of scale has left the product setup unprofitable
- Agreements with Widerøe, Braathens Aviation AB and key vendors have been terminated
- Intangible assets related to credit card setup were written off in relation to the merger October 1st 2020, hence no P&L impact
- BRABank owns intangible assets related to the credit card solutions, and has an option to relaunch if an attractive market possibility occurs

Realized cost synergies one year after the merger

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Further cost savings driven by termination of agreements and continuous cost focus

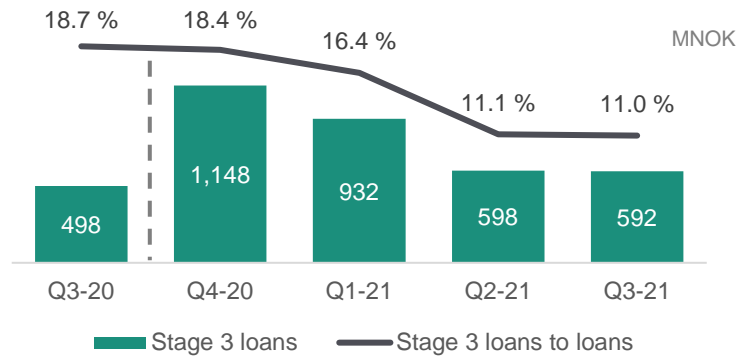


Improved credit quality

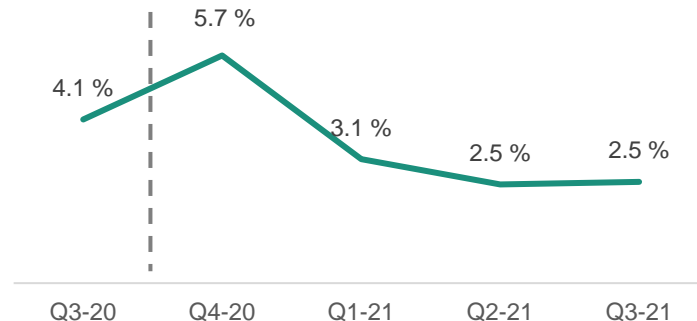
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As a result of sale of defaulted loans and higher quality on new volumes

Significant improvement in stage 3 ratio



Positive development in loan loss ratio



Comments on credit quality development

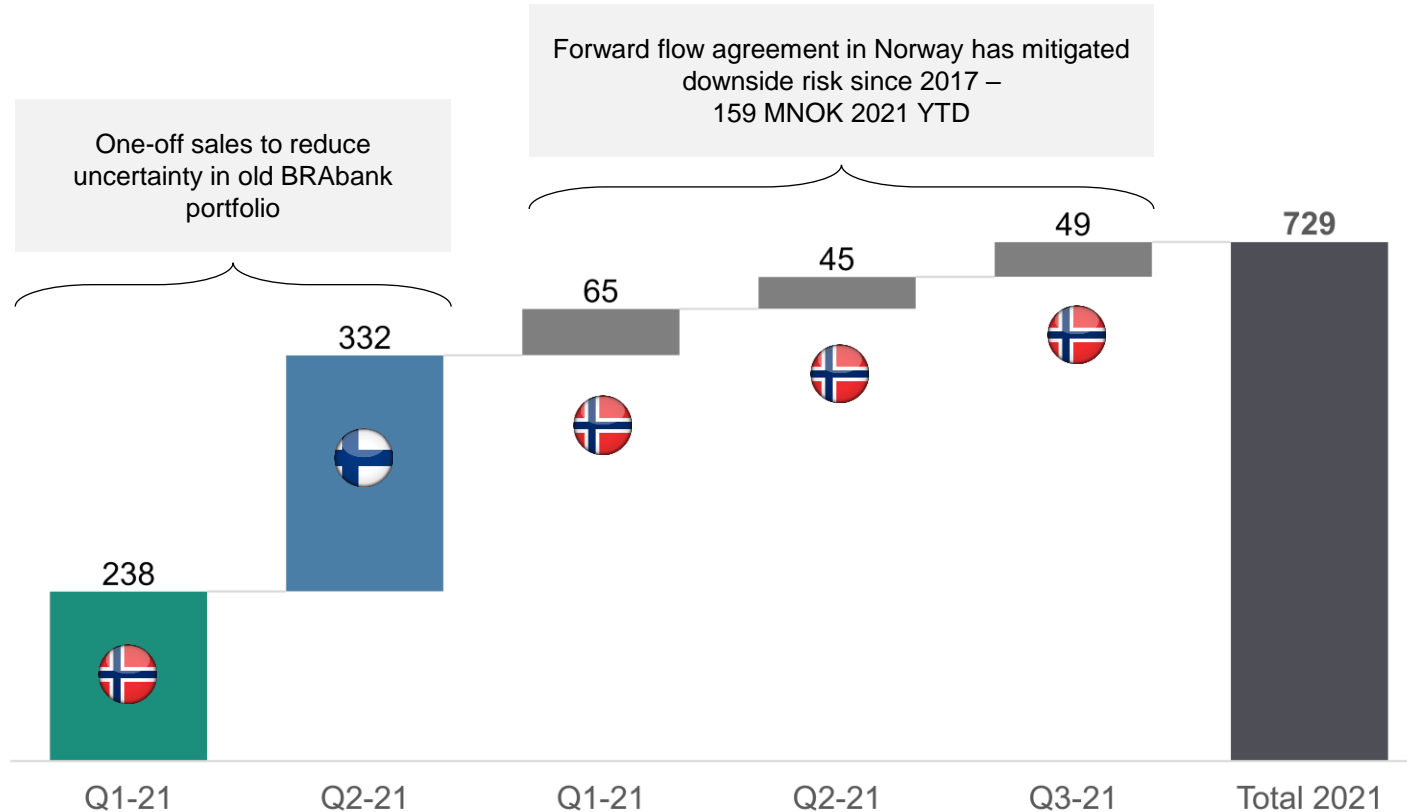
- The forward flow agreement with Kredinor is still valid until year-end 2023 for alle new cases sent to debt collection in Norway. The bank has also agreed on a forward flow agreement in Finland for next 12 months
- Sold defaulted loans with outstanding claims of MNOK 729 MONK in 2021, from two one-offs and the ongoing forward flow with immaterial positive impact
- The portfolio sales confirm provisions levels and contributes to de-risk the portfolio considerably. As a result of this reduction in NPL, provisions related to uncertainty around Covid-19 has been reduced from 35 to 25 MNOK
- Improvement in credit quality for Norway and Finland LTM - contributes to lower loan loss ratio

Forward flow agreements and one-off sales

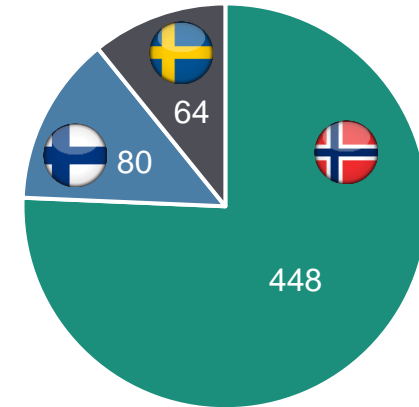
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Has significantly reduced uncertainty in stage 3 over the last years

One-off sales and forward flow sales as of 2021 YTD, MNOK



Stage 3 allocation per country, 592 MNOK

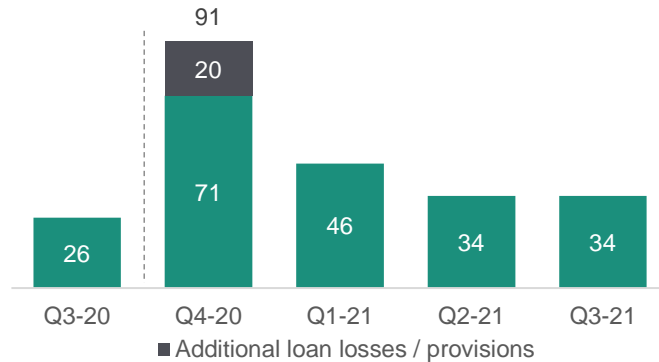


- **Norway:** Covered by the forward flow agreement with Kreditor since 2017 – selling late in the collection process
- **Finland:** New forward flow agreement signed - selling early in the collection process
- **Sweden:** Loans originating from pre-merger. Stage 3 provision rate is 67% on the portfolio

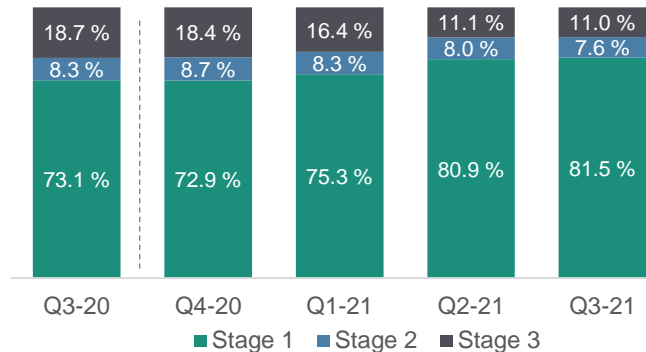
Credit quality overview

Stable underlying development

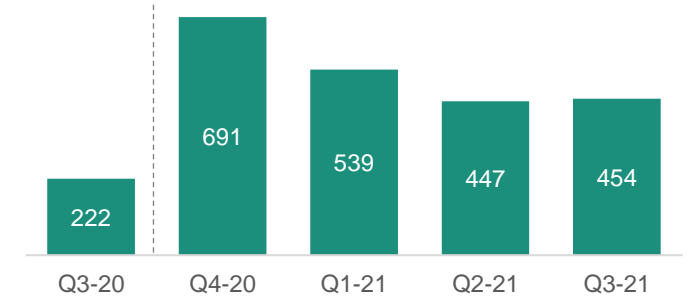
Loan losses, MNOK



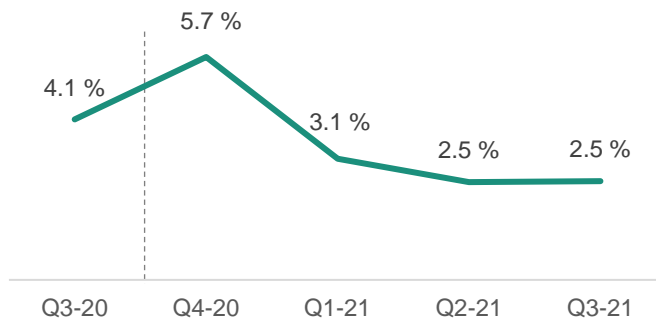
Stage allocation



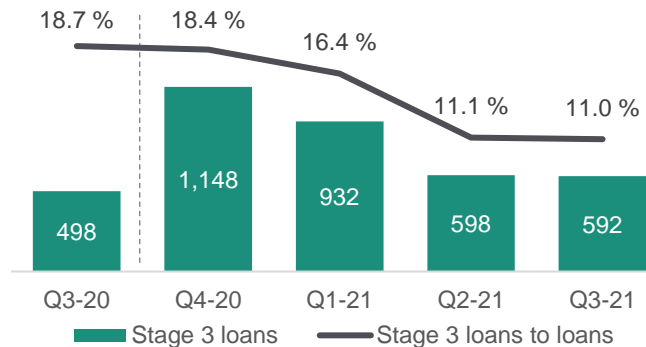
Provisions, MNOK



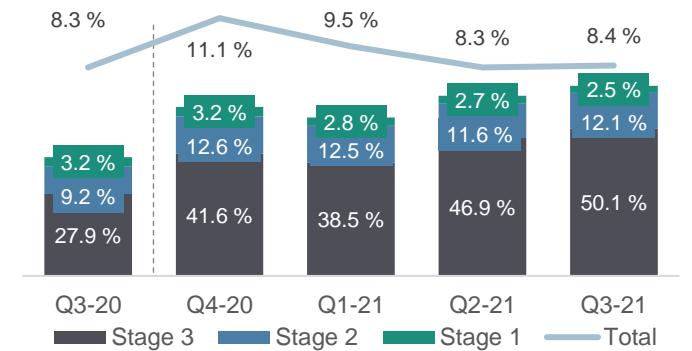
Loan loss ratio¹



Non-performing loans², MNOK



Total provision ratio³



1) Loan loss ratio = monthly loan losses p.a / monthly avg. gross loans

2) Non-performing loan ratio = stage 3 ratio

3) Total = Total provision / Gross loans

Income statement

NGAAP					
Income Statement (Amounts in thousands)	Q3-2021	Q2-2021	Q1-2021	2021 YTD	2020
Interest income	130 975	131,084	139,810	401 869	381,009
Interest expense	-12 522	-15,664	-19,445	-47 631	-61,512
Net interest income	118 453	115,420	120,365	354 238	319,498
Commission and fee income	7 186	7,864	6,606	21 657	22,392
Commission and fee expenses	-2 059	-2,684	-1,147	-5 890	-5,620
Net change in value on securities and currency	223	-1,327	-1,104	-2 208	8,040
Other income	-83	0	83	0	348
Net other income	5 267	3,854	4,439	13 559	25,160
Total income	123 720	119,274	124,803	367 797	344,658
Salary and other personnel expenses	-14 634	-13,866	-15,246	-43 746	-48,729
Other administrative expenses	-20 611	-21,305	-20,552	-62 468	-41,275
- of which marketing expenses	-1 364	-381	-570	-2 314	-2,427
Depreciation	-3 140	-2,768	-3,234	-9 141	-17,411
Gain from bargain purchase	0	0	0	0	346,804
Other expenses	-996	-1,630	-3,343	-5 969	-21,915
Total operating expenses	-39 381	-39,569	-42,375	-121 325	217,474
Profit before loan losses	84 339	79,705	82,428	246 472	562,132
Loan losses	-34 035	-34,147	-45,592	-113 773	-190,605
Profit before tax	50 305	45,558	36,836	132 699	371,527
Tax	-12 426	-11,035	-8,966	-32 427	7,321
Profit after tax	37 879	34,523	27,870	100 272	378,847

- Profit before tax Q3 of 50.3 MNOK
- 2021 YTD profit before tax of 132.7 MNOK
- Cost / income ratio Q3 of 31.8 %
- Annualized EPS Q3 of NOK 1.60. Annualized pre-tax EPS Q3 of NOK 2.12. CET1 capital is being increased by the pre-tax profit due to the deferred tax asset in the balance sheet

Note: Income statement includes former Easybank's results from 01.01.2020 to 30.09.2020 and results from the merged bank from 01.10.2020 to 31.12.2020

Balance sheet

NGAAP				
Balance sheet (Amounts in thousands)	30.09.2021	30.06.2021	31.03.2021	31.12.2020
Assets				
Cash and deposits with the central bank	49 991	50,043	50,097	50,145
Loans and deposits with credit institutions	169 229	173,640	337,161	197,198
Gross loans to customers	5 399 838	5,369,711	5,698,991	6,247,811
Loan loss provisions	-454 084	-446,598	-539,415	-690,530
Certificates, bonds and other securities	1 644 786	1,860,595	2,058,665	1,462,138
Deferred tax asset	147 141	159,567	170,602	179,568
Other intangible assets	15 173	15,204	14,030	13,502
Fixed assets	11 825	14,425	16,177	1,303
Other assets	51 121	238,687	29,456	35,888
Total assets	7 035 020	7,435,275	7,835,764	7,497,024
Equity and liabilities				
Loan from central bank	0	0	0	0
Deposits from customers	5 510 527	5,925,974	6,359,583	6,061,318
Other liabilities	77 035	100,020	100,304	86,778
Tier 2 capital	104 092	104,570	104,513	104,456
Total liabilities	5 691 655	6,130,565	6,564,400	6,252,553
Share capital	189 589	189,589	189,589	189,589
Share premium reserve	659 989	659,989	659,989	659,989
Tier 1 capital	75 732	74,795	74,752	74,710
Other paid-in equity	9 631	8,299	8,048	7,669
Other equity	408 424	372,038	338,986	312,513
Total equity	1 343 365	1,304,710	1,271,364	1,244,470
Total equity and liabilities	7 035 020	7,435,275	7,835,764	7,497,024

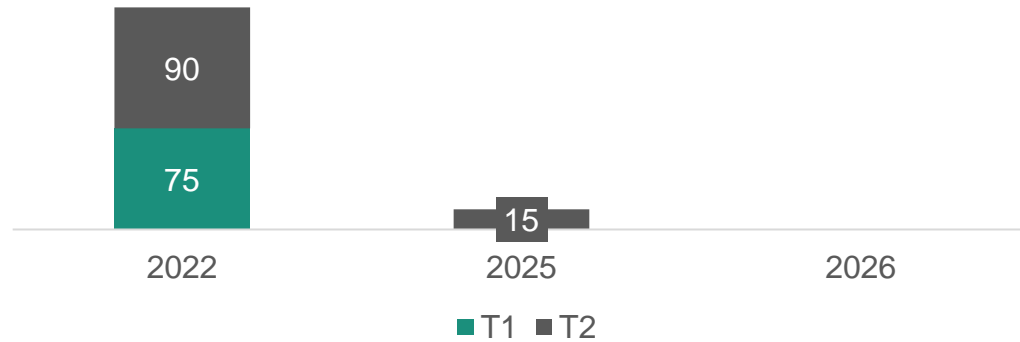
- Gross loans of 5 400 MNOK at 30.09.2021 compared to 5,370 MNOK at 30.06.2021. Increase of 30 MNOK
- Loan losses provisions of 8.4 % at 30.09.2021 compared to 8.3 % at 30.06.2021
- Strong liquidity balance of 1,864 MNOK at 30.09.2021 compared to 2,084 at 30.06.2021
- Deferred tax assets of 147,1 MNOK driven by tax losses carried forward prior to the merger
- Solid capital base - CET1 of 23.3 % (25.4 % incl. YTD profits), compared to 30.06.2021 of 22.3 % (23.6 % incl. YTD profits)
- Total equity of 1,343 MNOK

Successful T1 & T2 issuance September 2021

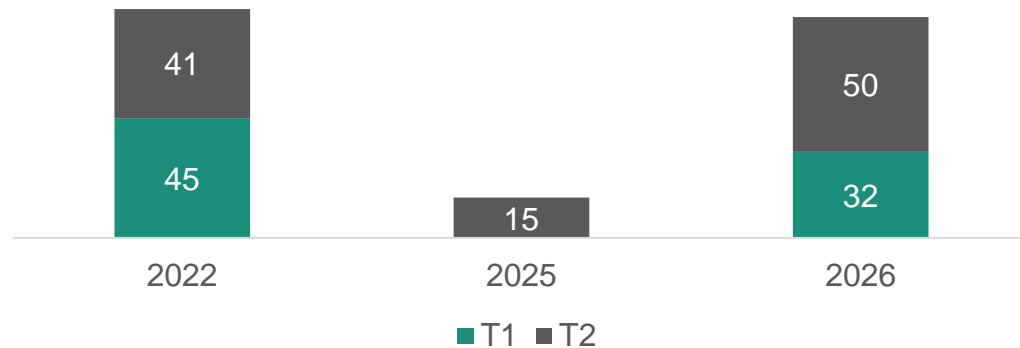
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More diversified call structure achieved through buy-back of existing loans

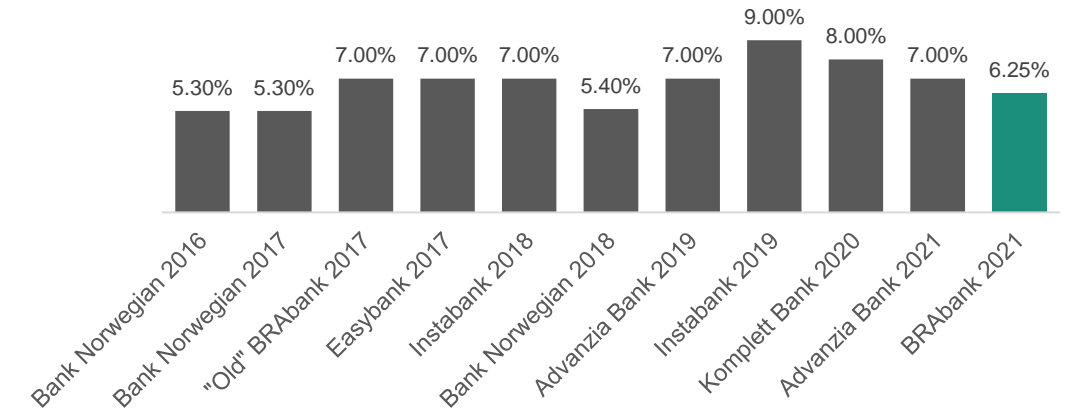
Call structure before issuance and buy-back, MNOK



Call structure after issuance and buy-back, MNOK



Tier 1 – spread vs. peers



Tier 2 – spread vs. peers

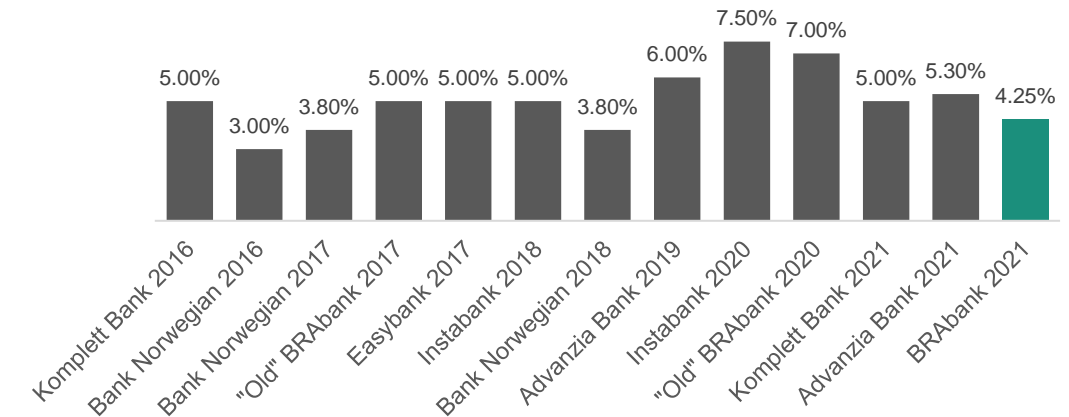
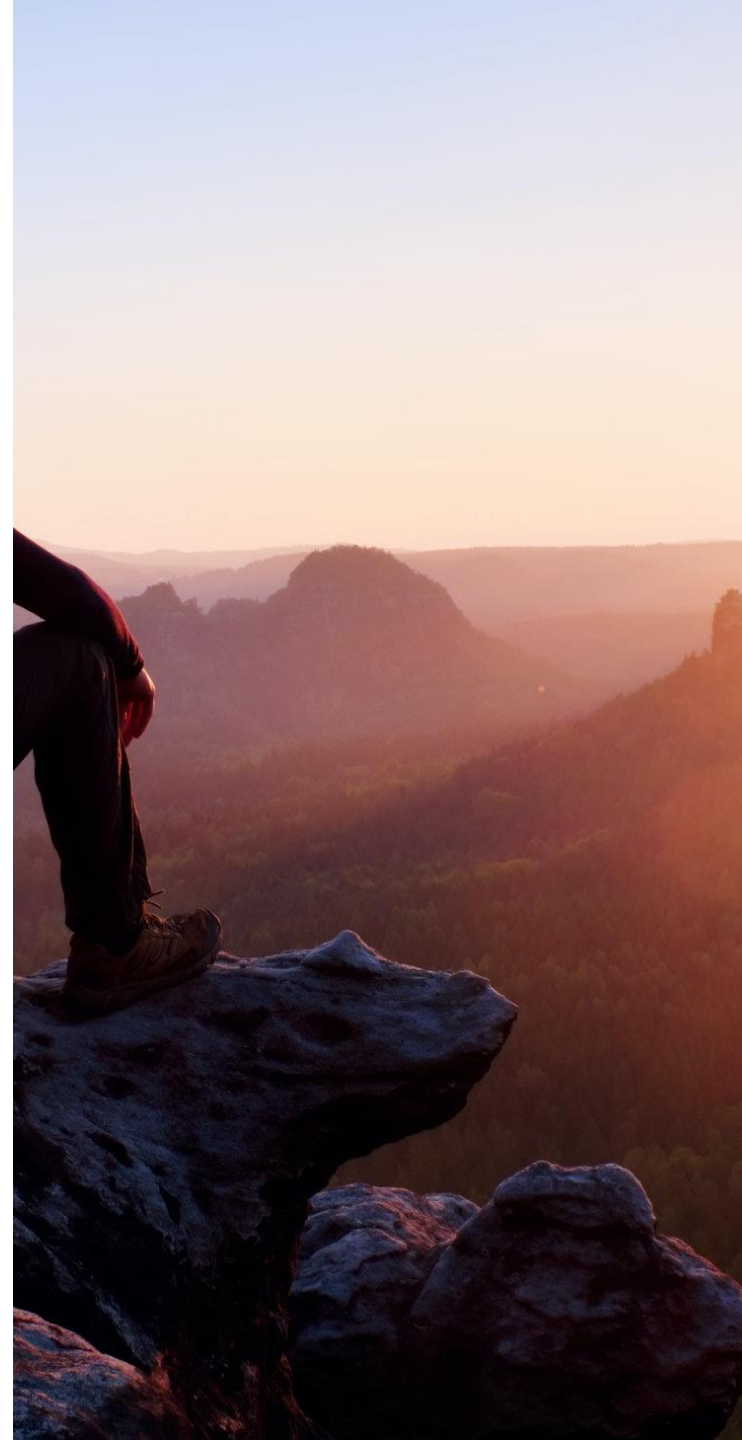


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Strategic partnership signed with 24SevenOffice

BRABANK

About 24SevenOffice

- Leading SaaS company offering 100% cloud based ERP-systems
- The ERP-systems are divided in modules with open API, enabling fully customizable solutions and a wide selection of integrations
 - The modules include accounting, project management, invoicing, CRM and other solutions within the financial services space
- 60,000+ customers in the Nordics, mainly SMB and large corporations
- Founded in 1997 and over 140 FTEs – HQ in Oslo

Our partners – reach of ~150,000 customers



conta

debet.no

Regnskap, Faktura og Inkasso

Stage 1 product offering and potential

Spot
factoring

1

- BRABank: Proven track record through three established partnerships
- 24SevenOffice: Turn-key solution and ongoing business with existing clients
- **Potential:** 24SevenOffice's solution can be leveraged by BRABank's pre-scoring model – enabling a unique customer experience

Full
factoring

2

- **Potential:** Complementary resources to launch a highly competitive full factoring product. 24SevenOffice has a large and diversified client base while BRABank has a fully developed factoring solution

Deferred
payment

3

- **Potential:** Deferred payment solutions integrated in 24SevenOffice's solution.

Dividend policy

New dividend policy for BRABank

“BRABank aims to deliver financial results that provide shareholders with a competitive return on equity, and create value for shareholders through dividends and increased valuation.

Capital, which is not allocated for growth purposes, can be paid as cash dividends.

When determining the dividend level, the bank's solvency must be taken into account - including expected profit development, future capital requirements, growth plans, regulatory framework, laws and guidelines and the bank's strategic goals.”

Regulatory framework and legislation

- Only the profit for the preceding financial year can be distributed as a dividend, cf. Finansforetaksloven § 10-6 second paragraph.
- Dividend is decided by the annual general meeting as (and within the limits) proposed by board, alternatively by the board based on a power of attorney from the general meeting.
- Extraordinary dividends cannot be distributed on the basis of a revised interim balance sheet. As a result, banks can only pay dividends in connection with the allocation of profits in the annual accounts.
- If the board decides to submit a proposal for a dividend which means that the total dividend in a single year will exceed half of last year's result, the board shall notify Finanstilsynet of the proposal, cf. Finansforetaksloven § 10-6 third paragraph.
- Finanstilsynet may, when considering the bank's solvency, order the bank not to distribute dividends or to distribute less than what has been proposed by the board or approved by the general meeting, cf. Finansforetaksloven § 10-6 fourth paragraph.

Outlook

Summary of quarter

<i>Interest income</i>	<i>PBT</i>	<i>ROE, annualized</i>
131.0 MNOK	50.3 MNOK	12.1 %

- ✓ Strong volume growth in Finland
- ✓ Signed forward flow agreement in Finland
- ✓ Termination of credit card products
- ✓ Competitive cost to income
- ✓ Well capitalized creating operational and financial flexibility

1

Growth initiatives

- Optimize capital allocation across Nordics enabled by the efficient distribution model
- Ramp-up in Sweden and evaluation of new markets outside the Nordics

2

NPL management

- Focus on mitigating stage 3 risk through existing and newly signed forward flow agreements
- Continue to monitor the second-hand market for defaulted loans

3

Develop new sources of income

- Capitalize on fully digital solution within spot- and full factoring
- Leverage new B2B partnerships

4

Dividend policy

- Established a dividend policy
- Evaluation of mix between growth initiatives and potential dividends



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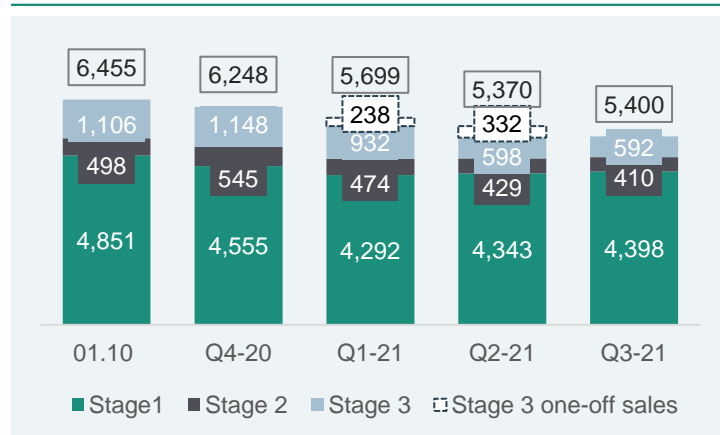
Appendix

Financial overview

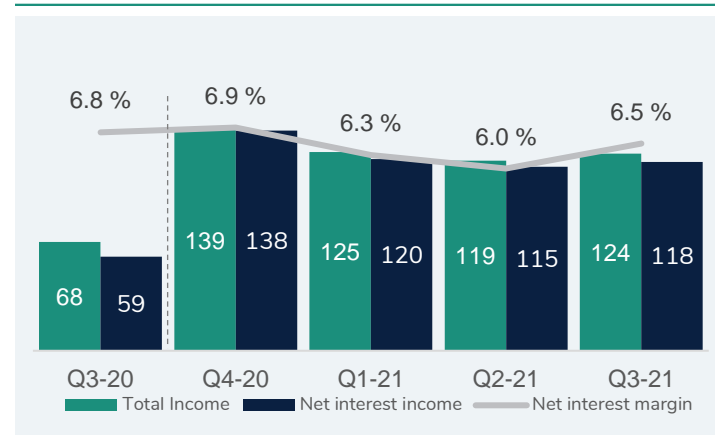
Figures in MNOK

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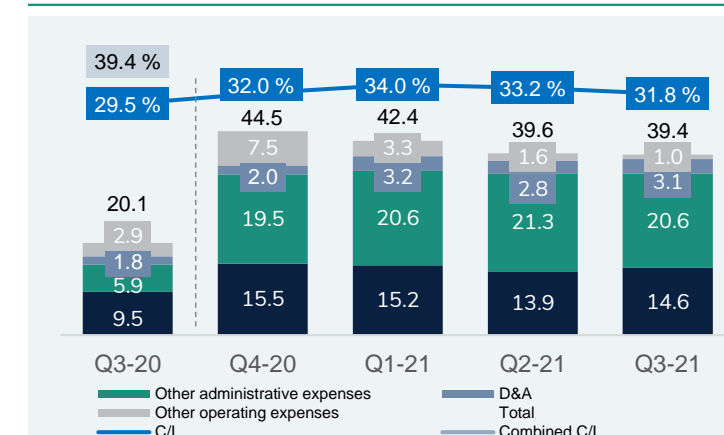
Gross lending



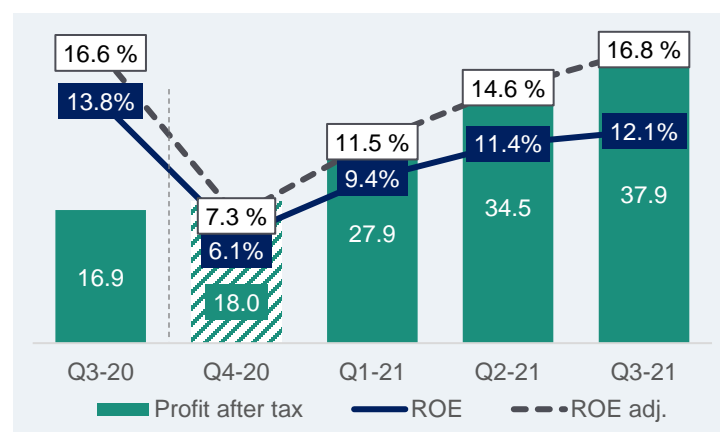
Net income and margin of total margin



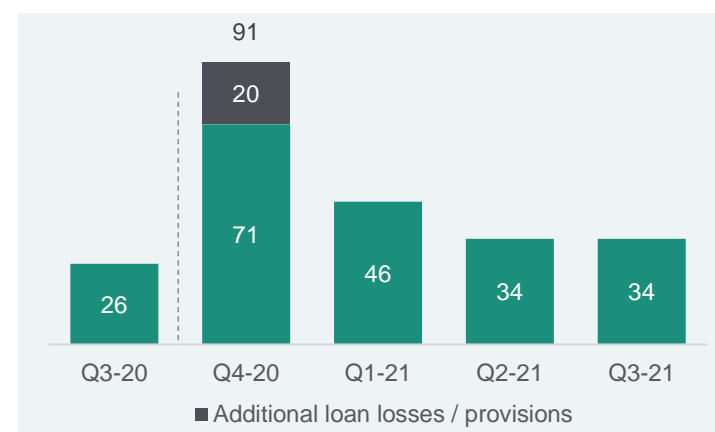
Opex and Cost / Income¹



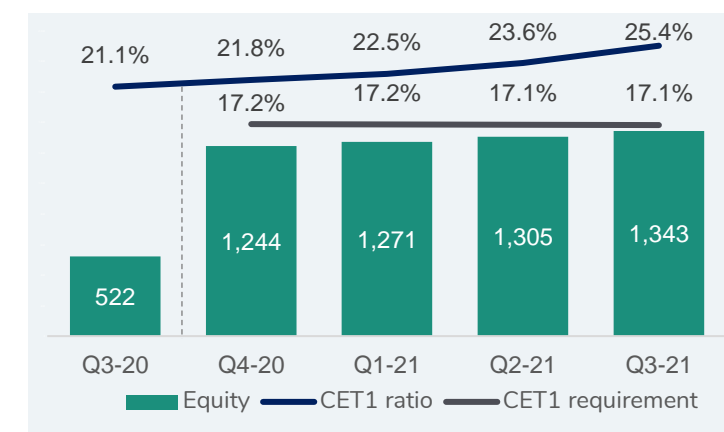
Profit after tax and ROE²



Loan losses



Equity and CET1 ratio³



1) Q4-20 opex adjusted for merger related one-offs

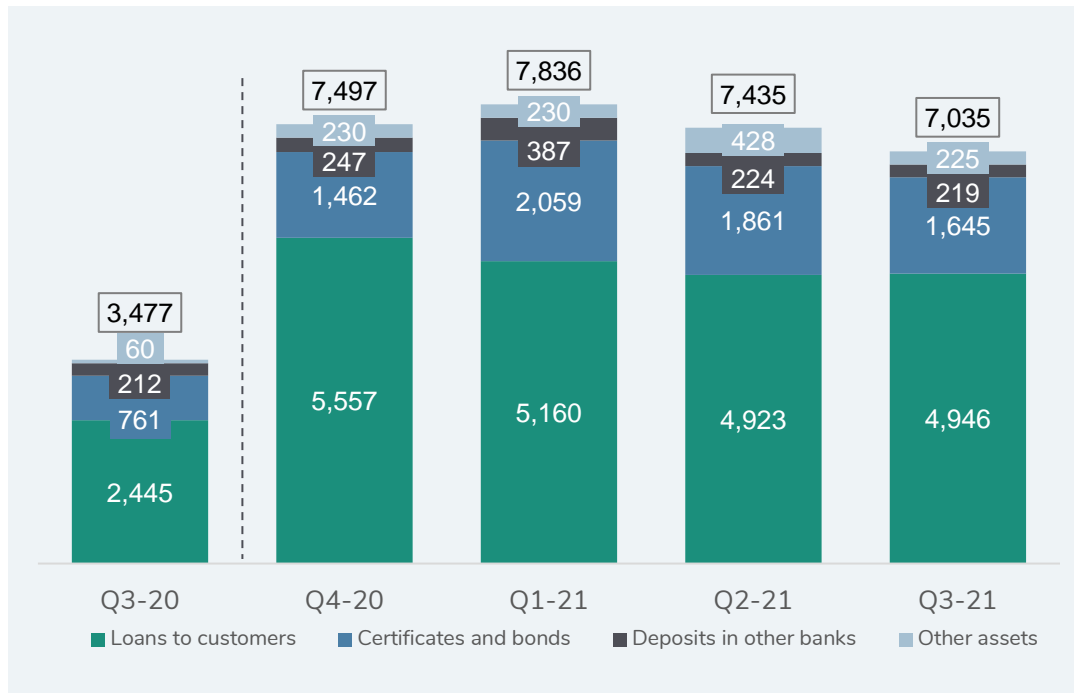
2) Q4 profit after tax is adjusted for one-offs. ROE adjusted subtracts excess capital from the calculation (capital req. + mgmt. buffer)

3) CET1 ratio includes YTD unaudited profit

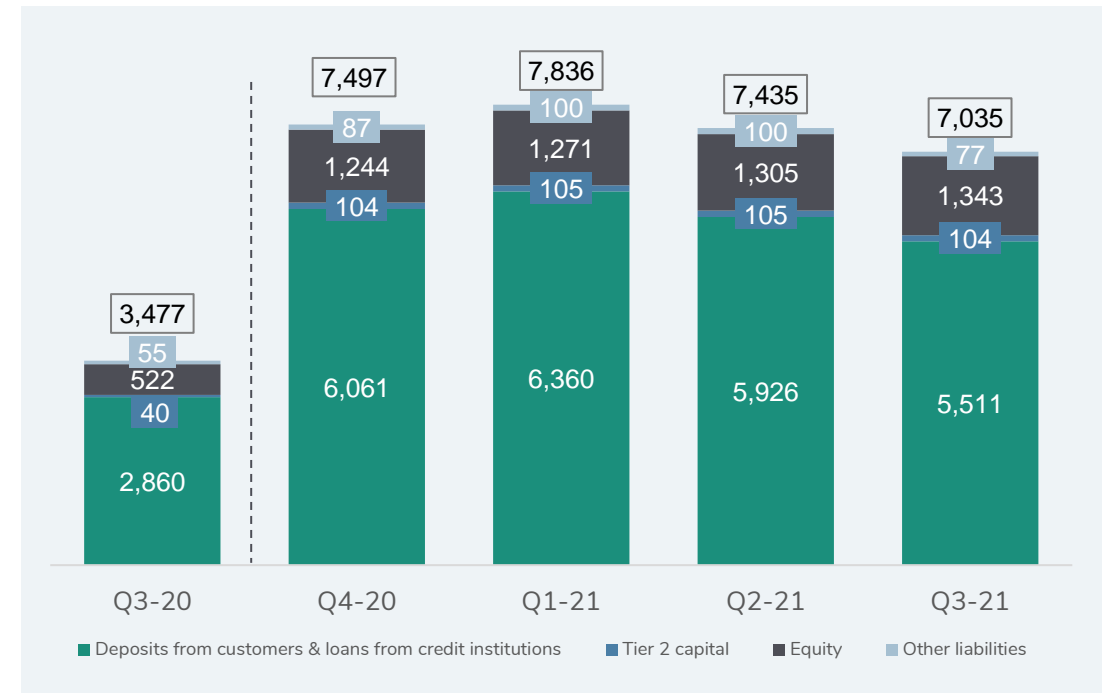
Balance sheet structure

Strong funding and liquidity position

Total assets, MNOK



Equity and liabilities, MNOK



- Deposit ratio: 111%
- Liquidity coverage ratio: 498% total (170% EUR)
- Net stable funding ratio: 181% total (168% EUR)

BRAbank ASA shareholders

Top 20 shareholder list as of 27 October 2021

	Investor	Shares	Ownership
1	BRAGANZA AB	10 383 899	11,0 %
2	HJELLEGJERDE INVEST AS	5 896 239	6,2 %
3	SKAGERRAK SPAREBANK	4 409 380	4,7 %
4	VERDIPAPIRFONDET ALFRED BERG NORGE	3 844 349	4,1 %
5	BANQUE INTERNATIONALE À LUXEMBOURG	3 483 313	3,7 %
6	FONDSAVANSE AS	3 072 986	3,2 %
7	LADEGAARD AS	2 581 654	2,7 %
8	DNB NOR BANK ASA - CLIENT ACCT	2 553 700	2,7 %
9	UMICO - GRUPPEN AS	2 168 779	2,3 %
10	SKANDINAVISKA ENSKILDA BANKEN AB	2 115 950	2,2 %
11	SHELTER AS	1 945 486	2,1 %
12	RAIFFEISEN BANK INTERNATIONAL AG	1 879 972	2,0 %
13	JENSSEN & CO AS	1 845 879	1,9 %
14	LINDBANK AS	1 838 007	1,9 %
15	MP PENSJON PK	1 637 767	1,7 %
16	HSBC BANK PLC	1 367 606	1,4 %
17	KROGSRUD INVEST AS	1 250 000	1,3 %
18	JOLLY ROGER AS	1 149 074	1,2 %
19	THON HOLDING AS	1 081 211	1,1 %
20	DNB BANK ASA - CLIENT ACCT	1 004 164	1,1 %
Top 20 shareholders		55 509 415	58,6 %
Other shareholders		39 284 965	41,4 %
Total number of shares		94 794 380	100,0 %

Comments

- ~1,600 shareholders as of 27 October 2021
- The BRAbank share (ticker BRA) was registered on Euronext Growth (former Merkur Market) on 2 October 2020
- Management holds a total of 2,851,853 shares, corresponding to 3.0% of shares outstanding
- Members of the board represents a total of 394,521 shares, corresponding to 0.4%
- Current market capitalization of 948 MNOK

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