

BRAbank ASA

2nd quarter 2021 results presentation

11th August 2021



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BRABank ASA at a glance

Digital niche bank with a Nordic footprint

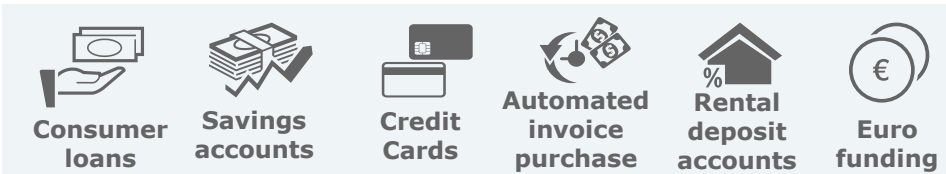
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Consumer finance with a strong presence in the Nordic market...

- 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 agreement with Kreditor
- 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

B2C



B2B



...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 Convene, Conta, husleie.no, debet.no and more
- 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 5,370 MNOK – geographical mix Q2 2021



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Q2 2021 highlights

Financials



- Profit before tax 45.6 MNOK (profit after tax 34.5 MNOK)
- Total income 119.3 MNOK
- CET1 Capital ratio of 22.3% (23.6% incl. YTD profit)

Credit quality



- Sale of non-performing loans in Finland reduces downside risk
- Improvement in credit quality in Norway
- Still uncertain long-term impact of Covid-19

Merger update



- Continuous streamlining and cost synergies are on track
- Action has been taken to further reduce cost level

Key financial figures, MNOK

	Q2-21	2021- YTD	2020- adj. ¹
<i>Interest income</i>	131.1	270.9	381.0
<i>PBT</i>	45.6	82.4	72.0
<i>ROE, annualized</i>	11.4%	10.4%	7.8%
<i>EPS, annualized</i>	1.46	1.32	0.71
<i>C / I</i>	33.2%	33.6%	29.6%
<i>Gross loans</i>	5,370	5,370	6,248

<i>Equity²</i>	<i># of shares</i>	<i>BVPS</i>
1,230	94,794,380	12.97 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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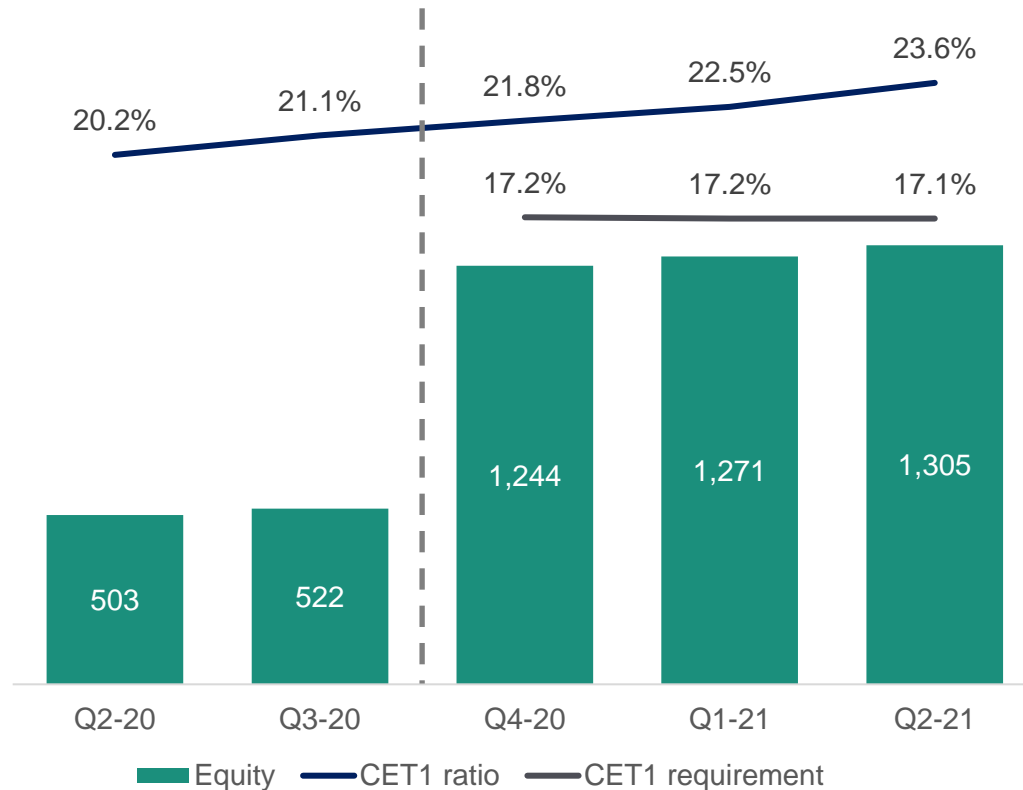


Increased profitability

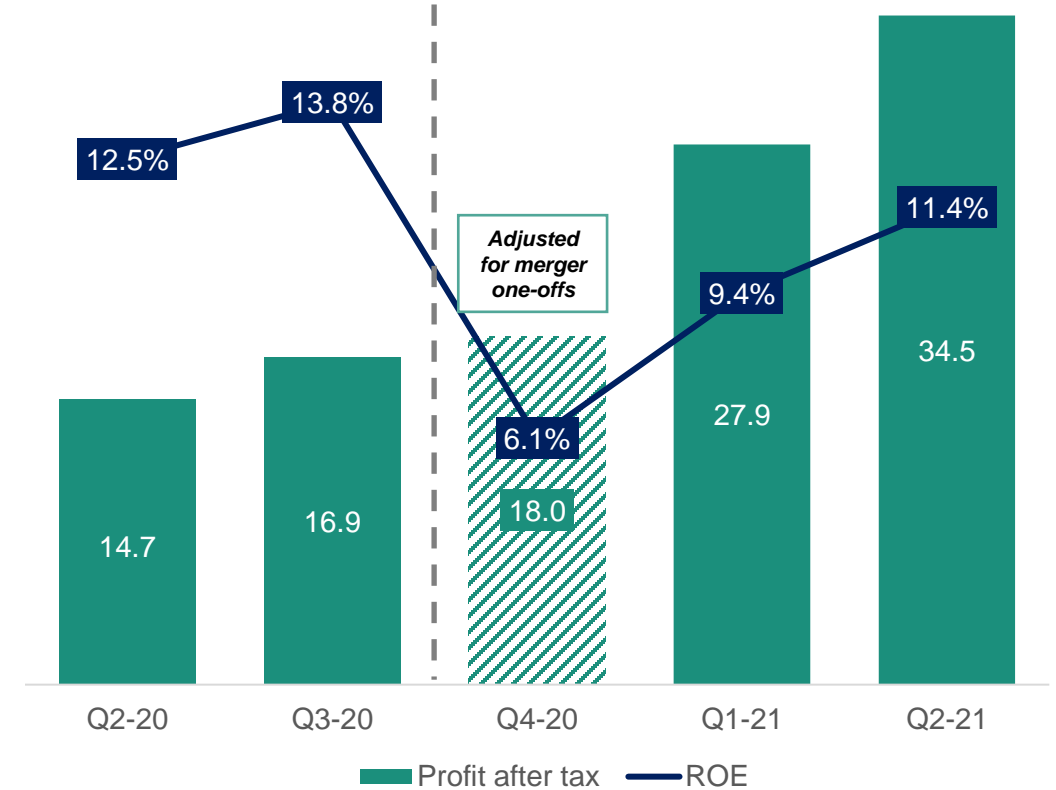
Solid capital buffer provides operational and financial flexibility

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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

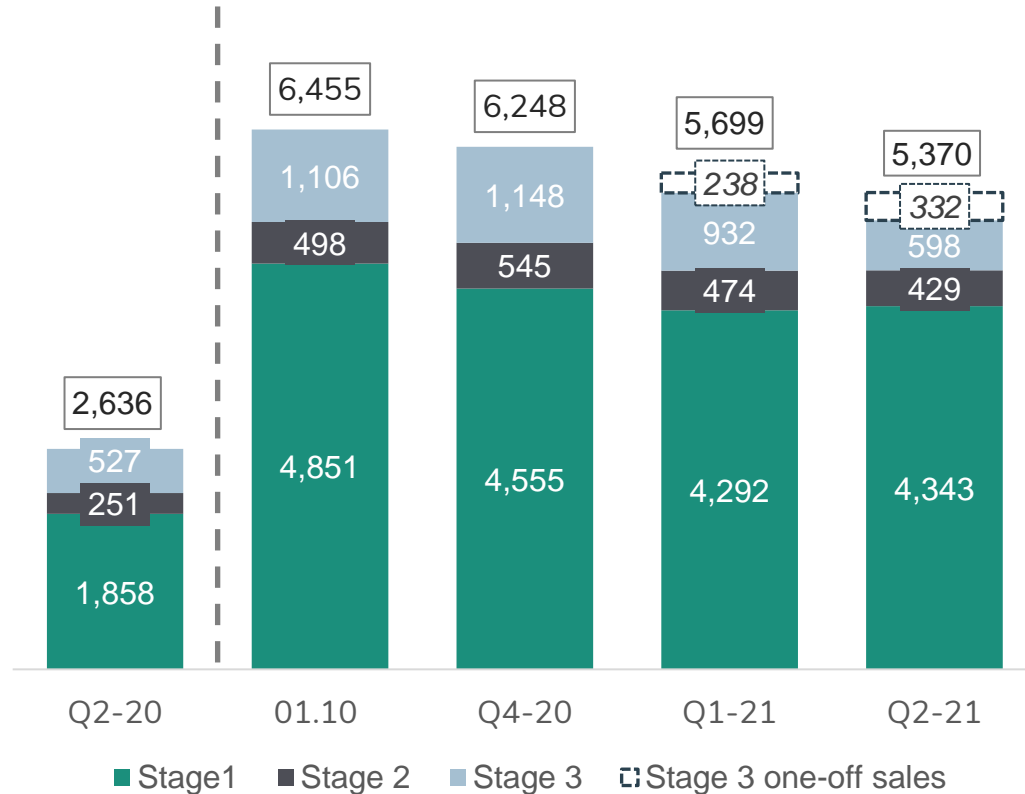
2) Equity used in the ROE calculation for Q4 2020 is the average of the opening balance as of 1 October and 31 December

Reduction in gross loans impacted by one-off sales

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However, stabilising interest bearing portfolio

Gross lending, MNOK



Comments

- One-off sale of defaulted loans in Finland of 332 MNOK
- Additional sale of defaulted loans of 45 MNOK under forward flow agreement with Kreditor
- Challenging market in Norway for unsecured loans
- Decline in Norwegian volumes is offset by growth in Finland

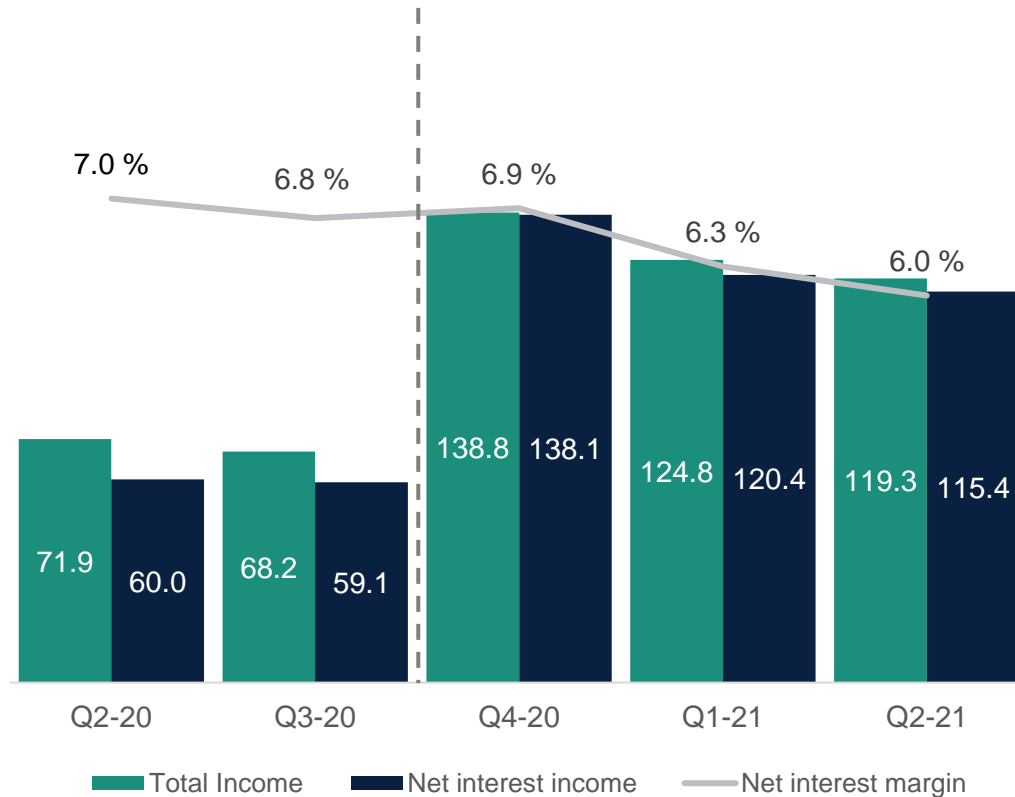
Still attractive risk/reward

Improved credit quality and declining funding cost

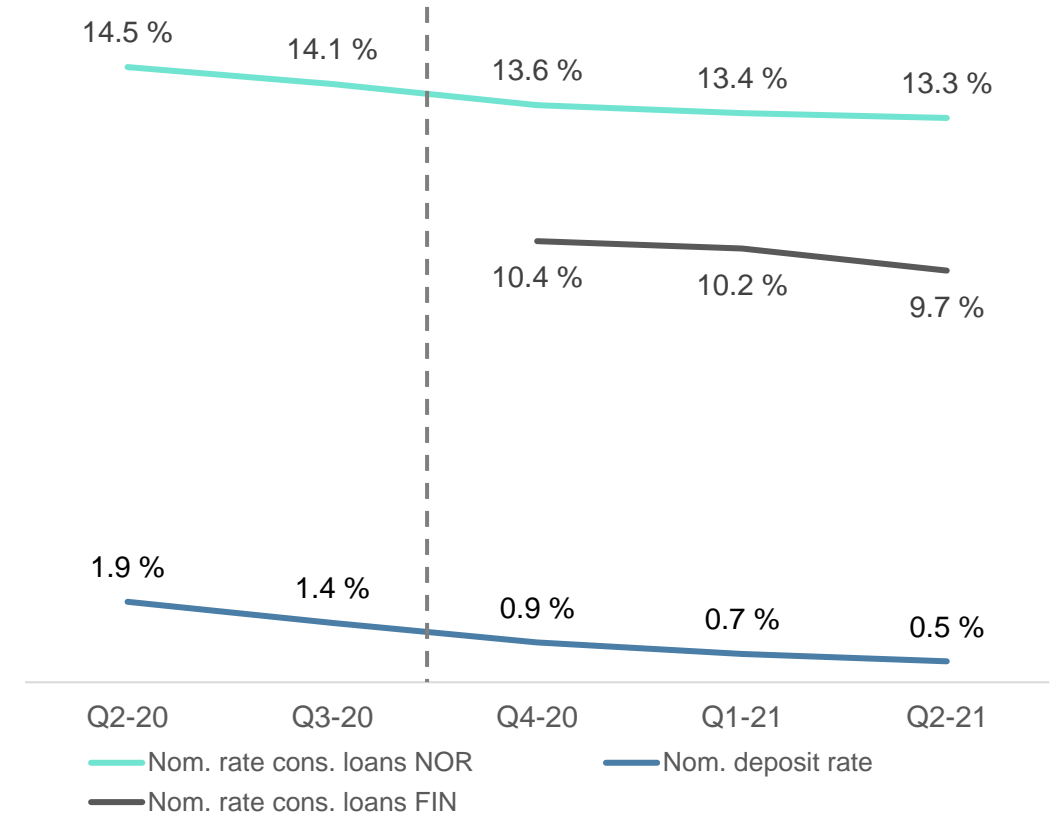
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Net interest income and net interest margin of total assets

MNOK / % of total assets



Yields end of quarter¹



1) All figures are end of quarter and nominal

Competitive cost to income

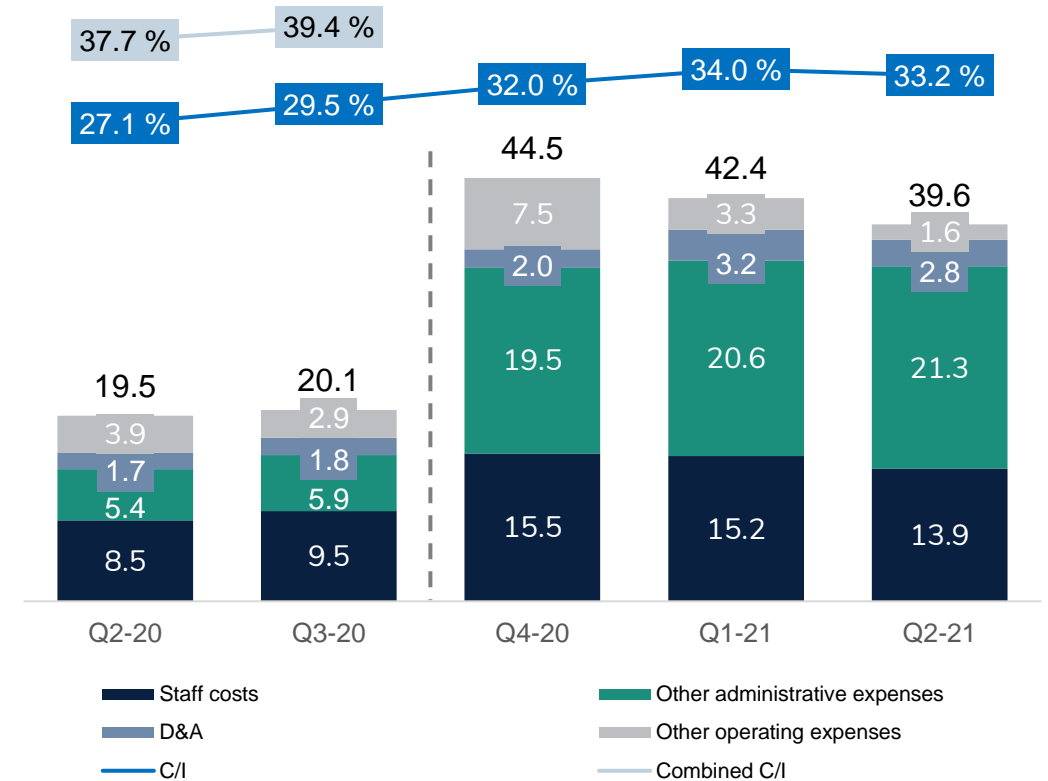
Continuous focus on further cost improvements

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- Competitive C/I ratio at 33.2 %
- 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



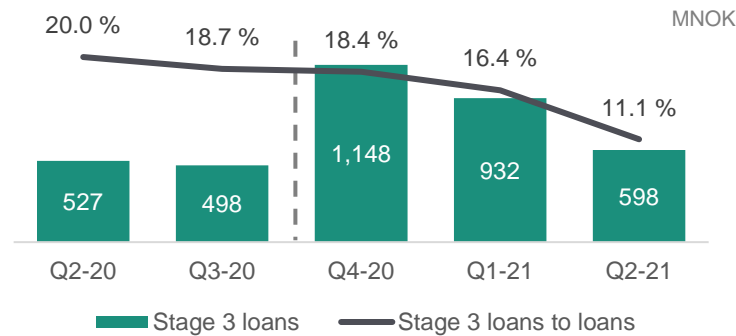
1) Q4-20 adjusted for merger related one-offs. Combined C/I calculated as sum of pre-merger BRABank and Easybank

Improved credit quality

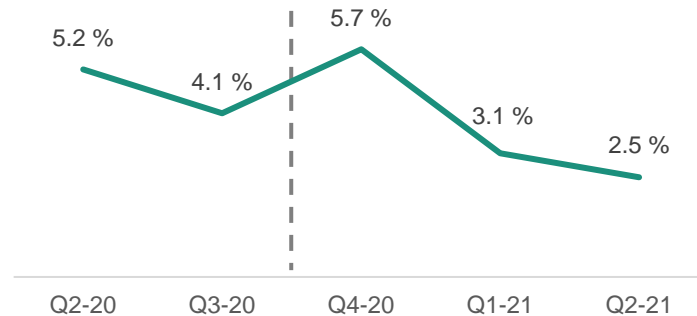
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Sale of defaulted loans and forward flow agreement reduce downside risk

Significant improvement in stage 3 ratio



Positive development in loan loss ratio



Comments on credit quality development

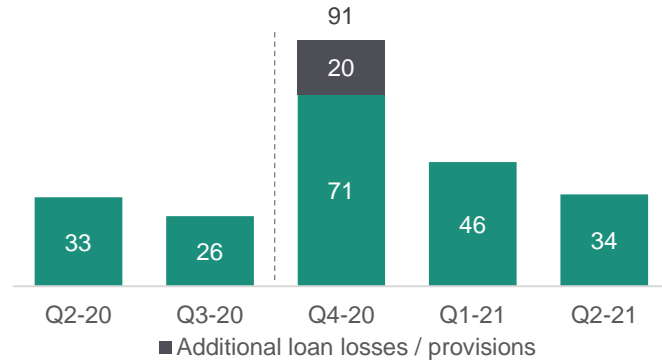
- Improvement in stage 3 driven by sale of defaulted loans in Finland with outstanding claims totaling 332 MNOK. These loans originated from old BRABank/Monobank acquired prior to the merger, and the sale yield a slightly positive earnings impact in Q2 2021
- The forward flow agreement with Kredinor is still valid until year-end 2023 for all new cases sent to debt collection in Norway. The bank has no forward flow agreement in Finland at the moment. This will be considered depending on commercial terms
- Sold defaulted loans with outstanding claims of 681 MNOK in 2021, from two one-offs and the ongoing forward flow agreement with immaterial positive impact
- The portfolio sales confirm provision 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 40 to 35 MNOK

Credit quality overview

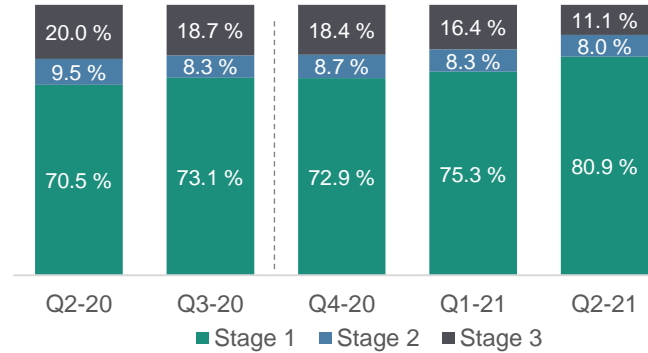
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De-risked loan balance following the sale of old BRAbank/Monobank portfolio

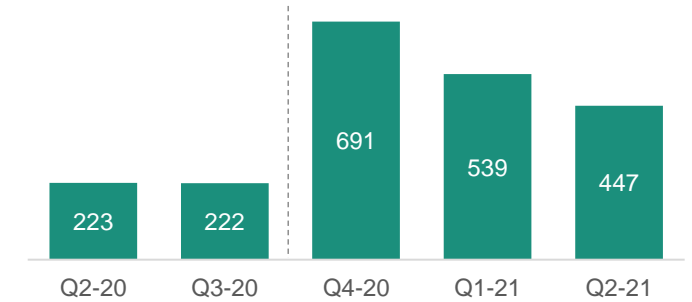
Loan losses, MNOK



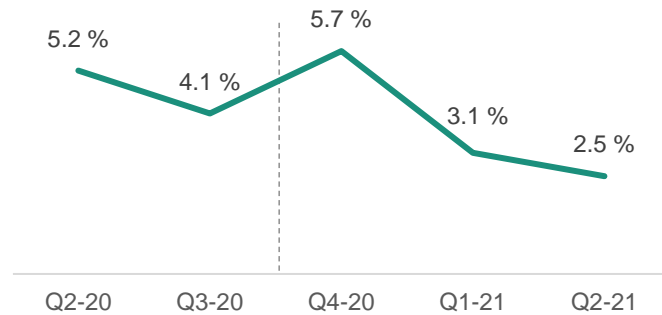
Stage allocation



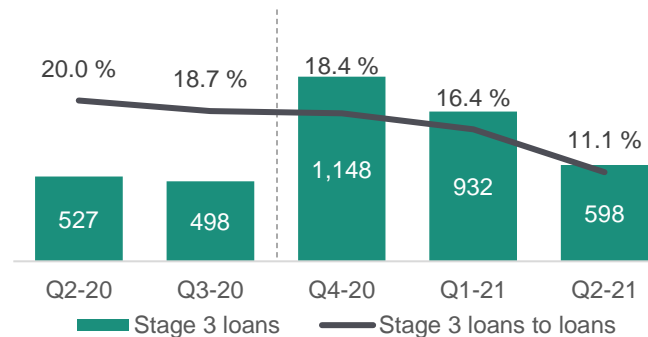
Provisions, MNOK



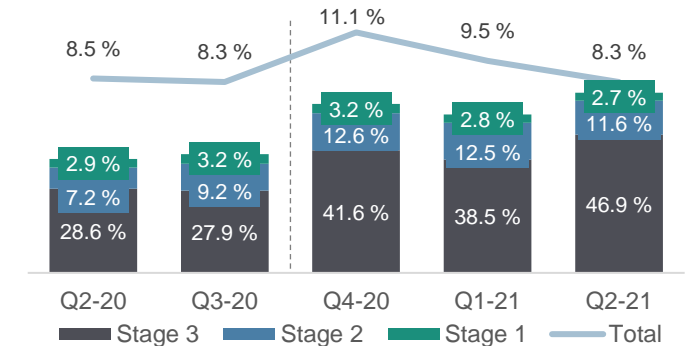
Loan loss ratio¹



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)	Q2-2021	Q1-2021	2021 YTD	2020
Interest income	131,084	139,810	270,894	381,009
Interest expense	-15,664	-19,445	-35,109	-61,512
Net interest income	115,420	120,365	235,785	319,498
Commission and fee income	7,864	6,606	14,471	22,392
Commission and fee expenses	-2,684	-1,147	-3,830	-5,620
Net change in value on securities and currency	-1,327	-1,104	-2,431	8,040
Other income	0	83	83	348
Net other income	3,854	4,439	8,293	25,160
Total income	119,274	124,803	244,077	344,658
Salary and other personnel expenses	-13,866	-15,246	-29,112	-48,729
Other administrative expenses	-21,305	-20,552	-41,857	-41,275
- of which marketing expenses	-381	-570	-950	-2,427
Depreciation	-2,768	-3,234	-6,002	-17,411
Gain from bargain purchase	0	0	0	346,804
Other expenses	-1,630	-3,343	-4,973	-21,915
Total operating expenses	-39,569	-42,375	-81,945	217,474
Profit before loan losses	79,705	82,428	162,133	562,132
Loan losses	-34,147	-45,592	-79,739	-190,605
Profit before tax	45,558	36,836	82,394	371,527
Tax	-11,035	-8,966	-20,001	7,321
Profit after tax	34,523	27,870	62,393	378,847

- Profit before tax for Q2 of 45.6 MNOK
- 2021 YTD profit before tax of 82.4 MNOK
- Cost / income ratio of 33.2 % for Q2
- 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)	30.06.2021	31.03.2021	31.12.2020
Assets			
Cash and deposits with the central bank	50,043	50,097	50,145
Loans and deposits with credit institutions	173,640	337,161	197,198
Gross loans to customers	5,369,711	5,698,991	6,247,811
Loan loss provisions	-446,598	-539,415	-690,530
Certificates, bonds and other securities	1,860,595	2,058,665	1,462,138
Deferred tax asset	159,567	170,602	179,568
Other intangible assets	15,204	14,030	13,502
Fixed assets	14,425	16,177	1,303
Other assets	238,687	29,456	35,888
Total assets	7,435,275	7,835,764	7,497,024
Equity and liabilities			
Loan from central bank	0	0	0
Deposits from customers	5,925,974	6,359,583	6,061,318
Other liabilities	100,020	100,304	86,778
Tier 2 capital	104,570	104,513	104,456
Total liabilities	6,130,565	6,564,400	6,252,553
Share capital	189,589	189,589	189,589
Share premium reserve	659,989	659,989	659,989
Tier 1 capital	74,795	74,752	74,710
Other paid-in equity	8,299	8,048	7,669
Other equity	372,038	338,986	312,513
Total equity	1,304,710	1,271,364	1,244,470
Total equity and liabilities	7,435,275	7,835,764	7,497,024

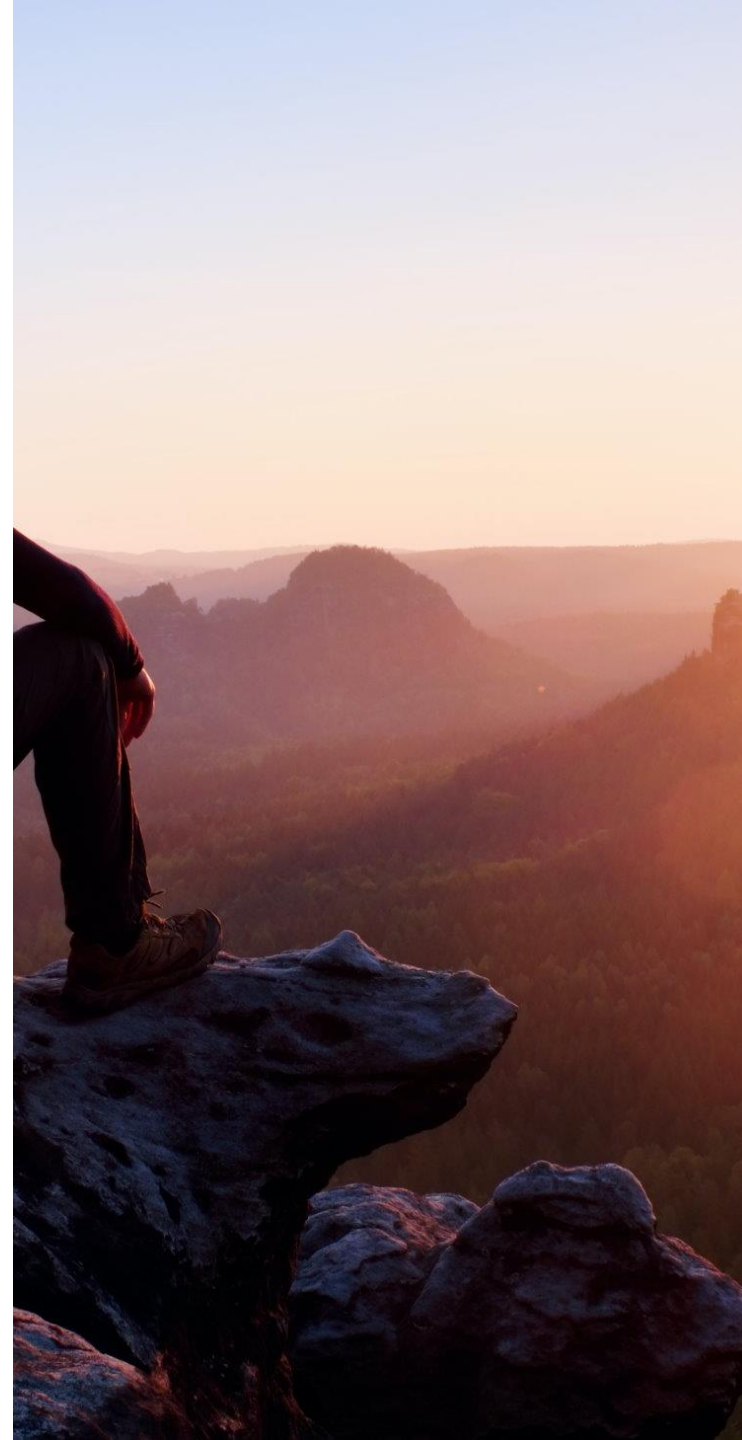
- Gross loans of 5 370 MNOK at 30.06.2021 compared to 5,699 MNOK at 31.03.2021 driven by portfolio sales
- Loan losses provisions of 8.3 % at 30.06.2021
- Strong liquidity balance of 2,085 MNOK at 30.06.2021
- Deferred tax assets of 160 MNOK driven by tax losses carried forward prior to the merger
- Solid capital base - CET1 of 22.3 % (23.6% incl. YTD profits)
- Total equity of 1,305 MNOK

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Positive changes in Pillar 1 capital requirements

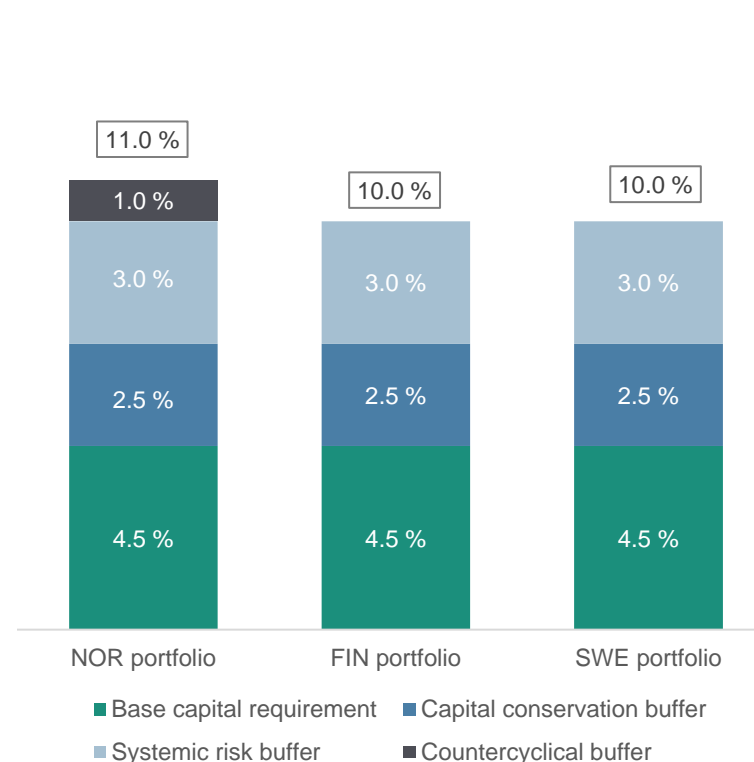
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Geographical differences emphasize effective capital allocation

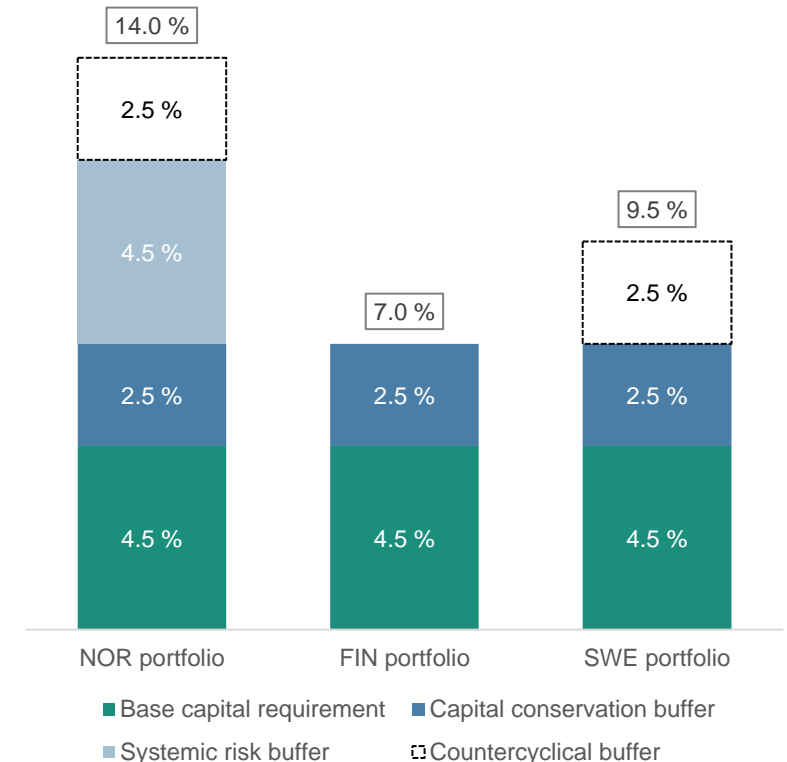
Comments

- Ongoing harmonization of capital requirements within the EU – provides equal competitive terms for Norwegian banks operating in foreign markets
 - Norwegian banks can apply local buffer requirements from 2023
- Significant differences in capital requirements between geographical markets highlight the importance of effective capital allocation in existing markets to optimize ROE
- Upside potential in international expansion to markets with favourable capital requirements
- However, there is uncertainty related to application of the Norwegian systemic risk buffer for foreign banks operating in Norway

Temporarily reduced requirements during Covid-19



Assumed requirements after Q4-2022¹



1) Assuming countercyclical buffers reverting to pre-Covid levels. There is uncertainty related to future buffer requirements in all Nordic markets

Outlook

Summary of quarter

- ✓ Interest income of 131 MNOK, PBT of 46 MNOK
- ✓ Competitive cost to income
- ✓ Synergy realization on track
- ✓ Sale of defaulted loans in Finland - improved underlying credit quality
- ✓ Well capitalized creating operational and financial flexibility

1

Adapt to new capital requirements

- Optimize capital allocation across Nordics enabled by the efficient distribution model
- Evaluation of new markets outside the Nordics

2

Streamline New BRABank

- Affect cost savings and utilize scale to create leading cost/income ratio
- Improve profitability

3

Develop new sources of income

- Capitalize on fully digital solution within spot- and full factoring
- Ambition to sign new B2B partnerships to strengthen distribution network

4

Capital planning

- Solid buffer to capital requirements
- Evaluation of mix between growth initiatives and potential dividend going forward

A close-up photograph of a silver pen resting on a document. The document features a line graph with a jagged, fluctuating line. To the left of the pen, a portion of a calculator is visible. The document also contains some text, including "Tues." and "142.78".

A

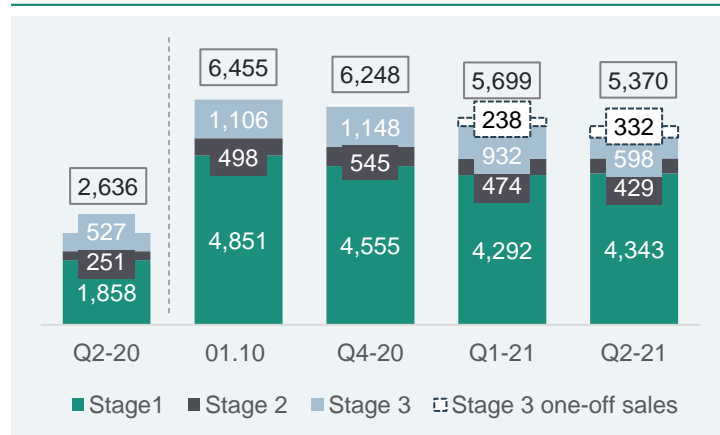
Appendix

Financial overview

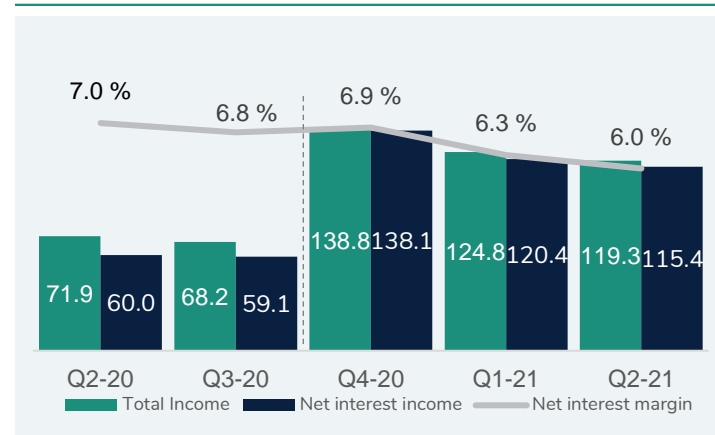
Figures in MNOK

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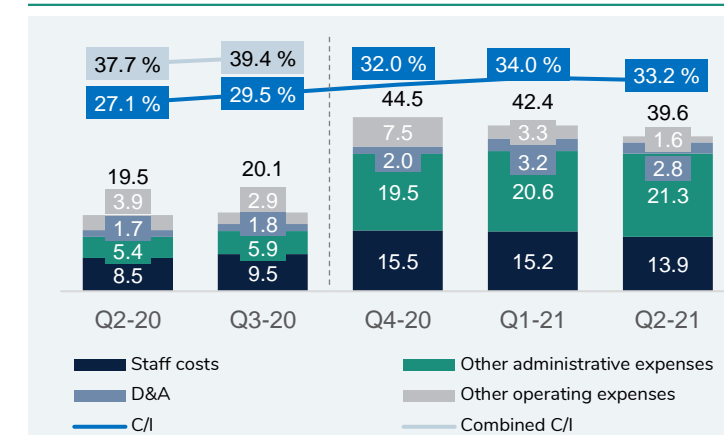
Gross lending



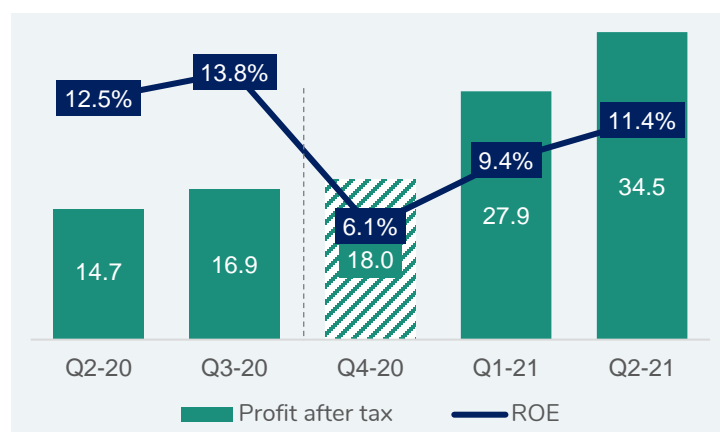
Net income and margin of total margin



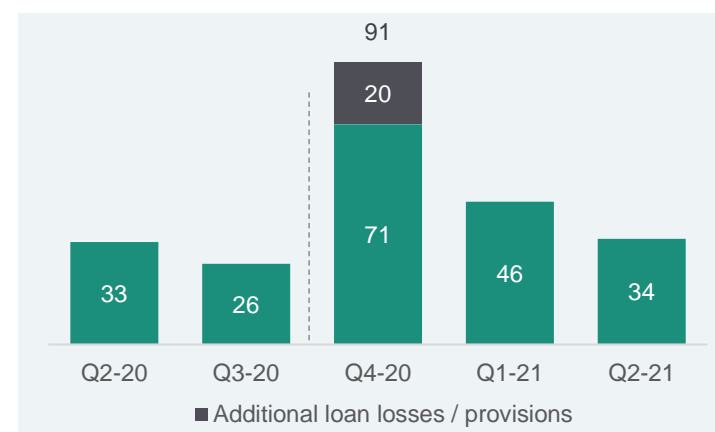
Opex and Cost / Income¹



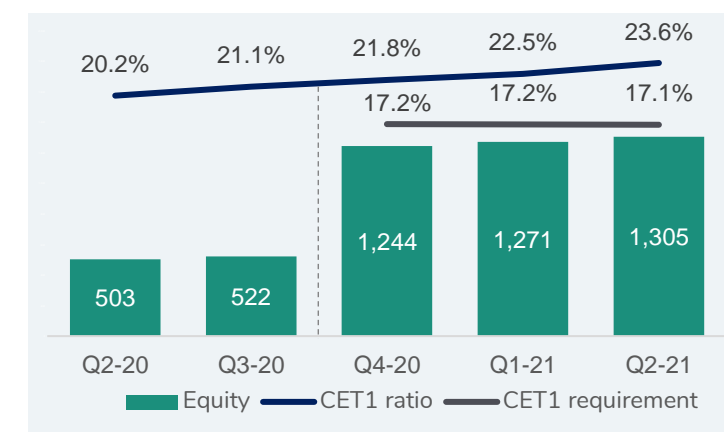
Profit after tax² and ROE



Loan losses



Equity and CET1 ratio³



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

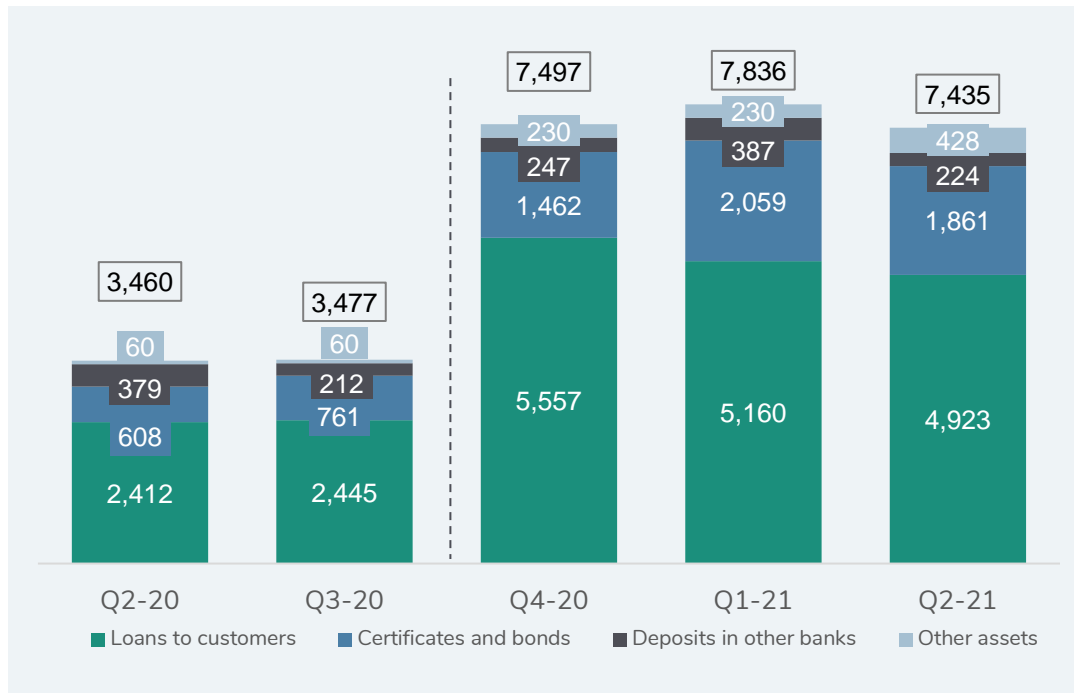
2) Q4 profit after tax is adjusted for one-offs

3) CET1 ratio includes YTD unaudited profit

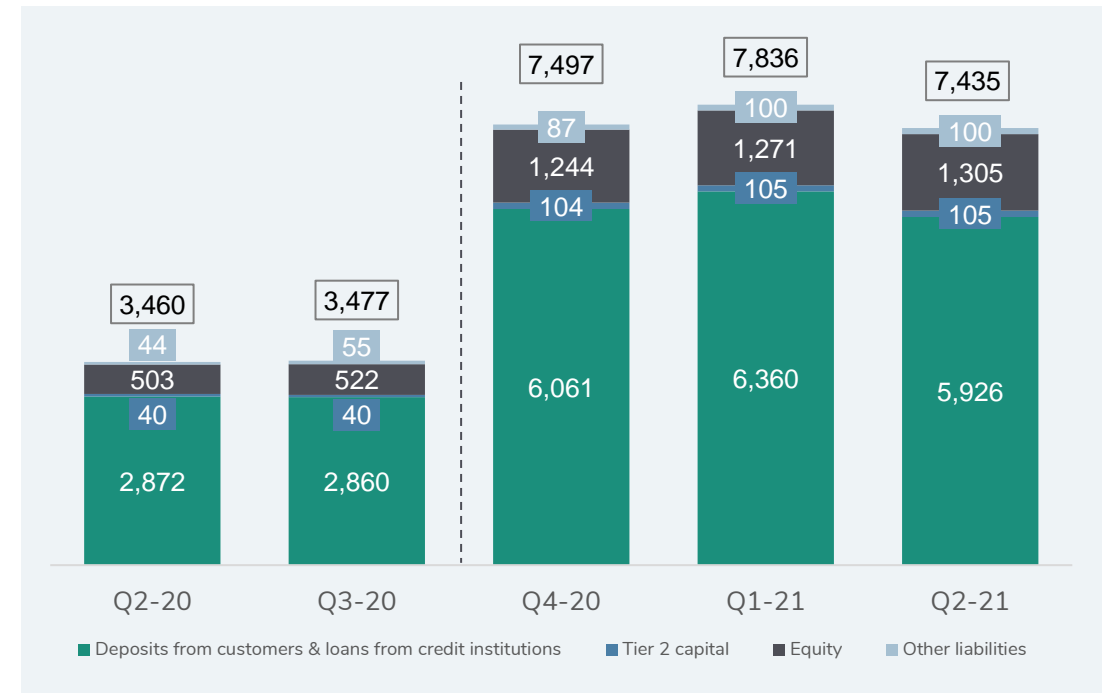
Balance sheet structure

Strong funding and liquidity position

Total assets, MNOK



Equity and liabilities, MNOK



- Deposit ratio: 120%
- Liquidity coverage ratio: 890% total (184% EUR)
- Net stable funding ratio: 173% total (168% EUR)

BRAbank ASA shareholders

Top 20 shareholder list as of 02 August 2021

	Investor	Shares	Ownership
1	BRAGANZA AB	10,383,899	11.0 %
2	HJELLEGJERDE INVEST AS	5,815,834	6.1 %
3	SKAGERRAK SPAREBANK	4,409,380	4.7 %
4	BANQUE INTERNATIONALE À LUXEMBOURG	3,483,313	3.7 %
5	FONDSAVANSE AS	3,072,986	3.2 %
6	LADEGAARD AS	2,581,654	2.7 %
7	FARVATN PRIVATE EQUITY AS	2,540,163	2.7 %
8	UMICO - GRUPPEN AS	2,468,779	2.6 %
9	VERDIPAPIRFONDET ALFRED BERG NORGE	2,374,760	2.5 %
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	LINDBANK AS	1,838,007	1.9 %
14	MP PENSJON PK	1,637,767	1.7 %
15	SONGA CAPITAL AS	1,482,101	1.6 %
16	VERDIPAPIRFONDET ALFRED BERG AKTIV	1,469,589	1.6 %
17	HSBC BANK PLC	1,367,606	1.4 %
18	JENSSEN & CO AS	1,287,879	1.4 %
19	KROGSRUD INVEST AS	1,250,000	1.3 %
20	JOLLY ROGER AS	1,149,074	1.2 %
Top 20 shareholders		55,001,603	58.0 %
Other shareholders		39,792,777	42.0 %
Total number of shares		94,794,380	100.0 %

Comments

- 1 578 shareholders as of 02 August 2021
- The BRAbank share (ticker BRA) was registered on Euronext Growth (former Merkur Market) on 2 October 2020
- Management holds a total of 2,926,578 shares, corresponding to 3.1% of shares outstanding
- Members of the board represents a total of 394,521 shares, corresponding to 0.4%
- Current market capitalization of 851 MNOK

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