

BRAbank ASA

1st quarter 2021 results presentation

29th April 2021



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BRABank ASA at a glance

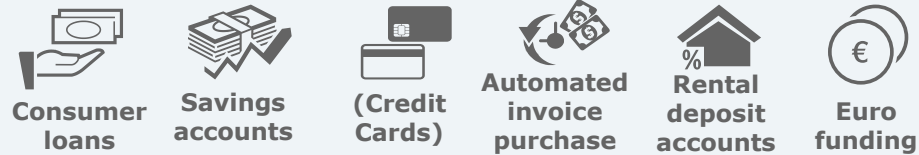
Digital niche bank with a Nordic footprint

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

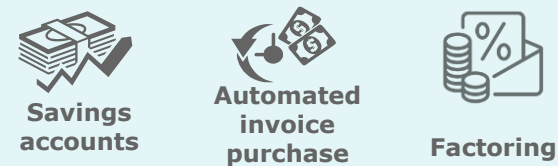
- Fully digital bank offering consumer loans, savings accounts, automated invoice purchase and SME financing
- Proven value chain with inhouse credit analysis and operations, broad distribution network and forward flow agreement with Kredinor
- Roots back to 2003. Rebranded to Easybank and strategically 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, Horde, 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 5 699 MNOK – geographical mix Q1 2021



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3 Merger update and outlook



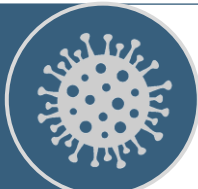
Q1 2021 highlights

Financials 


- Profit before tax 36.8 MNOK (profit after tax 27.9 MNOK)
- Total income 124.8 MNOK
- CET1 Capital ratio of 21.9%

Credit quality 

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

Covid-19 impact 

- Lower demand for consumer financing
- Covid-related regulations in Finland continues
- The consumer finance market is expected to normalize in parallel with lifting lockdown restrictions

Merger 

- No significant merger related one-off costs
- Scalable business model starting to materialize
- Streamlining of value chain and cost synergies on track

Key financial figures, MNOK

	Q1-21	Q4-20-adjusted ¹	2020-adjusted ¹
Interest income	139.8	158.6	381.0
PBT	36.8	23.5	72.0
ROE	9.4%	6.1%	7.8%
EPS	0.29	0.76	0.71
C / I	34.0%	32.0%	29.6%
Gross loans	5 699	6 248	6 248
Equity ²	# of shares	BVPS	
1 197	94 794 380	12.62 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

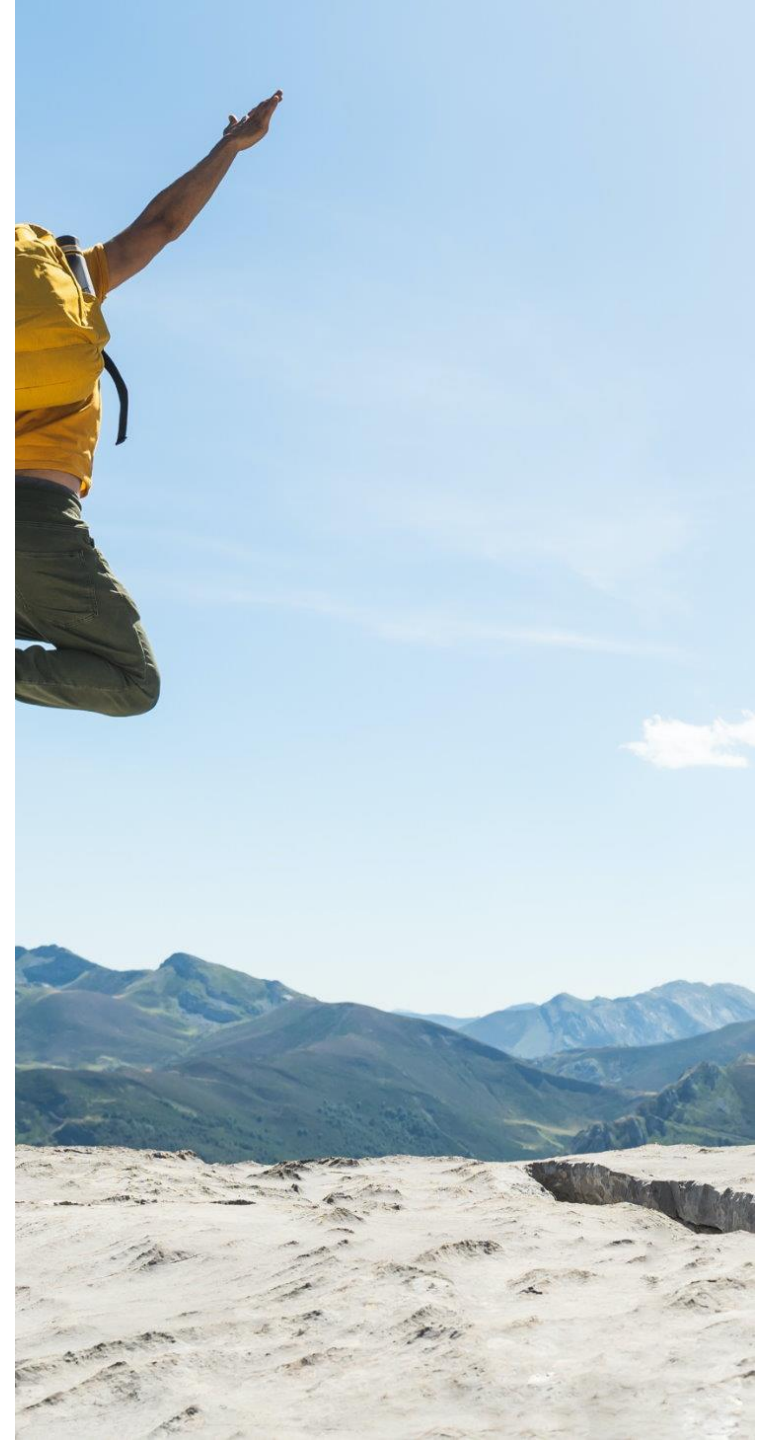
2) Book value (excl. tier 1 capital) of equity per share

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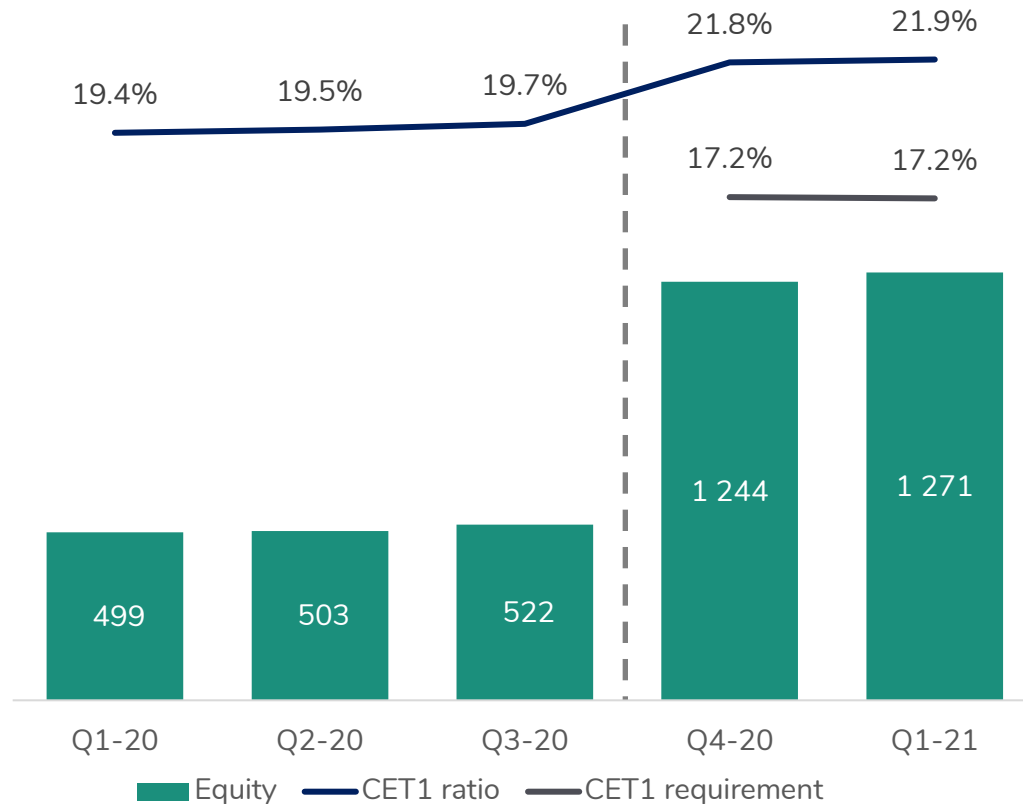
3 Merger update and outlook



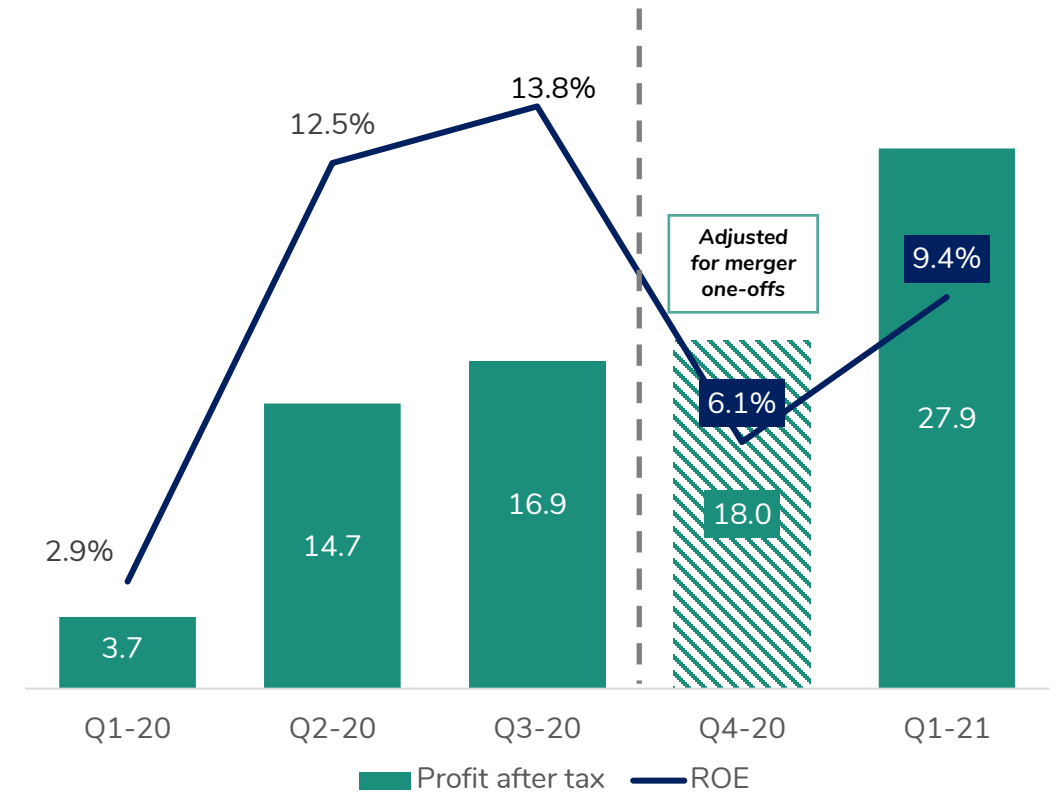
Solid buffer to capital requirement

Provides operational flexibility and growth capacity

Equity and CET1 ratio, MNOK



Profit after tax and Return on Equity¹, MNOK



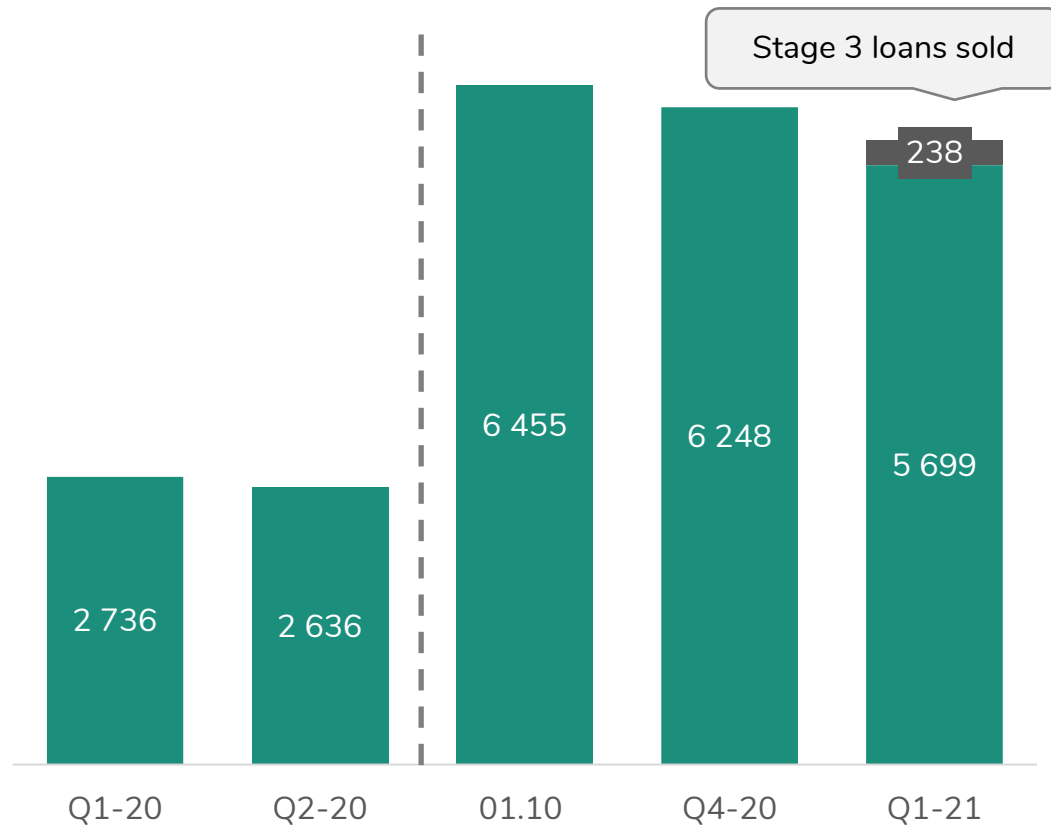
Note: All figures left of the dotted line are standalone Easybank throughout the presentation, if not stated otherwise

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

Lower demand for unsecured loans

Gross lending reduction driven by portfolio sale and Covid-19 impact

Gross lending, MNOK



Comments

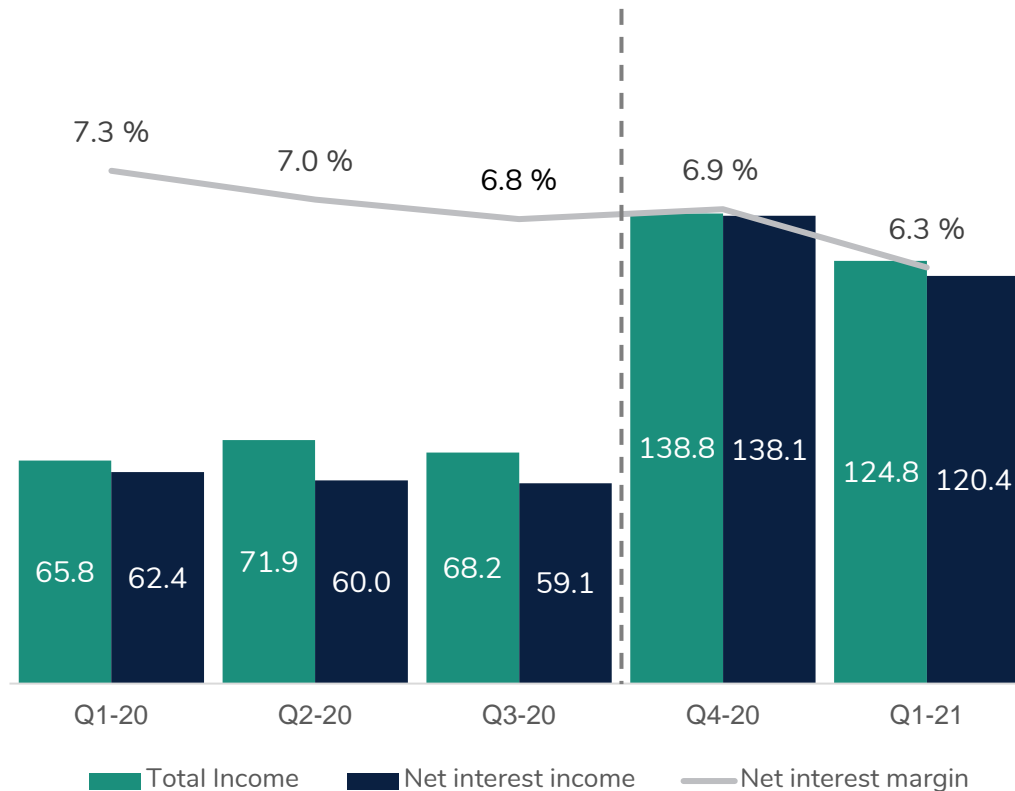
- One-off sale of defaulted loans of 238 MNOK
- Additional sale of defaulted loans of 65 MNOK under forward flow agreement with Kredinor
- Lower demand for consumer financing
- Decline in the Norwegian unsecured market

Decline in net interest margin, but attractive risk/reward

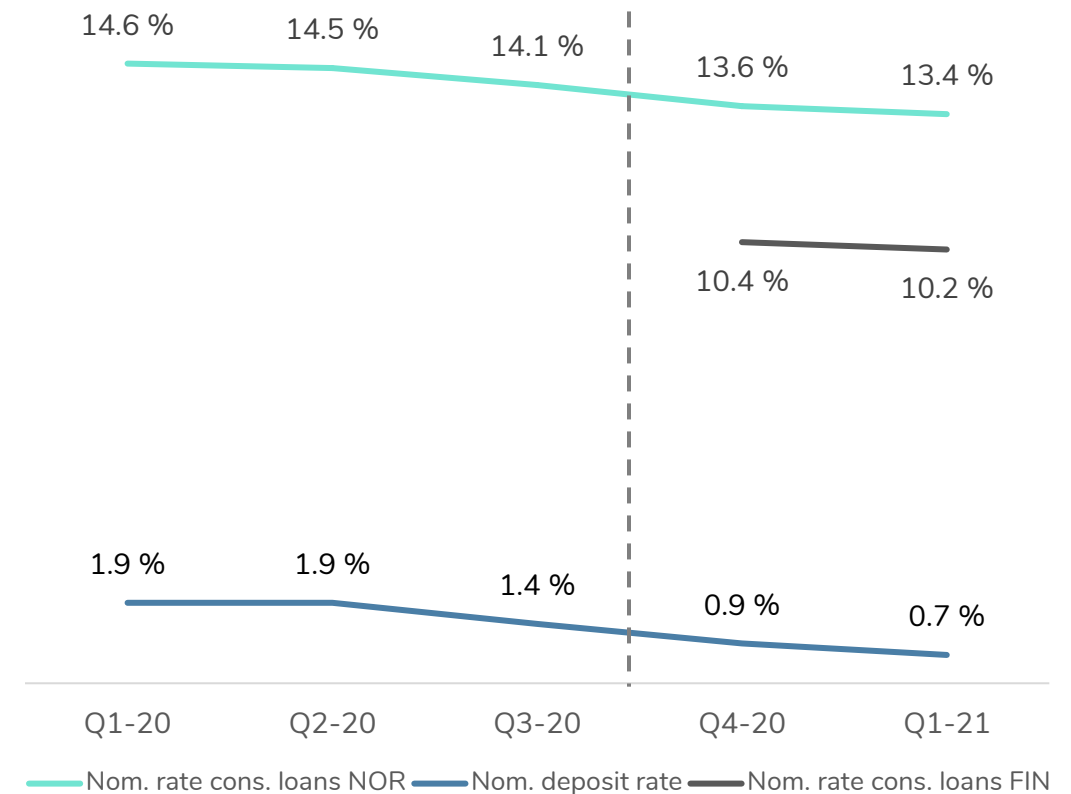
However, improved credit quality and declining funding cost

Net interest income and net interest margin of total assets

MNOK / % of total assets



Yields end of quarter¹



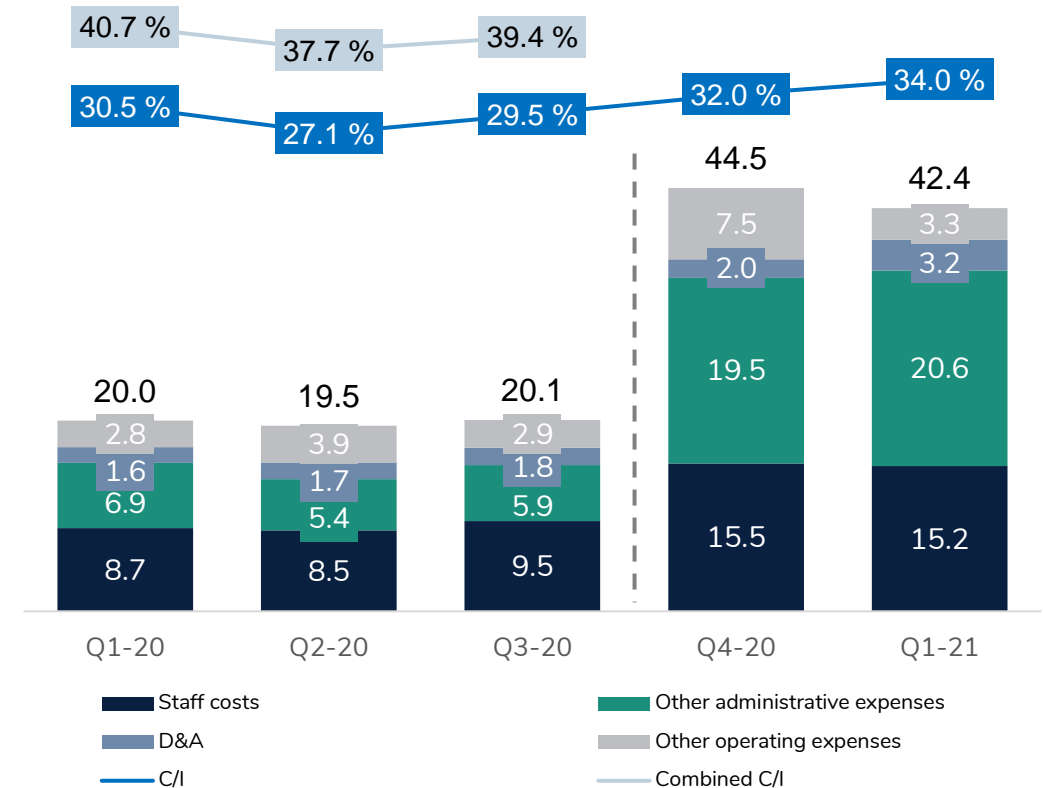
1) All figures are end of quarter and nominal

New cost base established with competitive C/I

- Rightsizing of the organization completed, new organization was in place end of October
- Competitive C/I ratio at 34.0 %
- Ambition to further reduce other administrative expenses, primarily related to IT
- Management has established a cost synergy plan to secure a leading C/I ratio

Operational C/I-ratio¹

MNOK

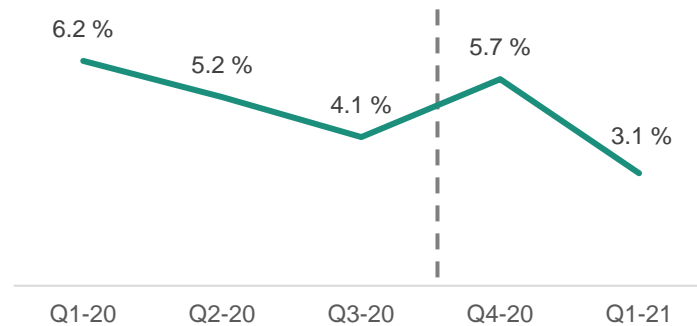


1) Q4-20 adjusted for merger related one-offs. Combined C/I calculated as sum of pre-merger BRABank and Easybank

Improved credit quality

Forward flow agreement and sale of defaulted loans reduce downside risk

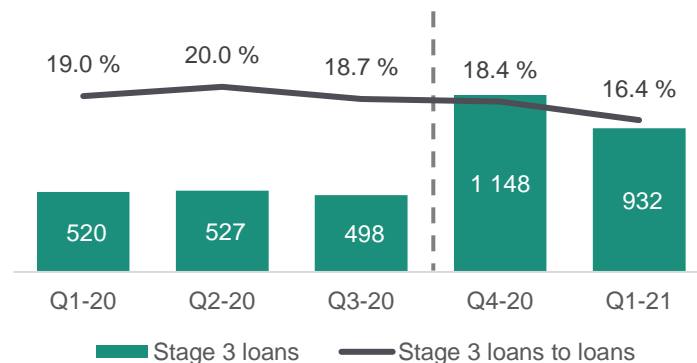
Improvement in loan loss ratio



Comments on credit quality development

- Improvement in stage 3 driven by sale of defaulted loans with outstanding claims totaling approximately MNOK 238. These loans originated mainly from old BRABank/Monobank acquired prior to the merger, and the sale yield a neutral earnings impact in Q1 2021
- The forward flow agreement with Kredinor is still valid until year-end 2023 for all new cases sent to debt collection in Norway. Former BRABank had a forward flow agreement with Axactor until May 2020 and has not sold new loans in Norway since May 2019
- The bank has no forward flow agreement in Finland at the moment. This will be reconsidered depending on commercial terms. New management has after the merger strengthened provisions in both stage 2 and stage 3 for the Finnish portfolio
- Provisions related to uncertainty around Covid-19 of 40 MNOK

Improvement in stage 3 ratio



Note: Coverage ratio = Expected credit loss / Gross loans

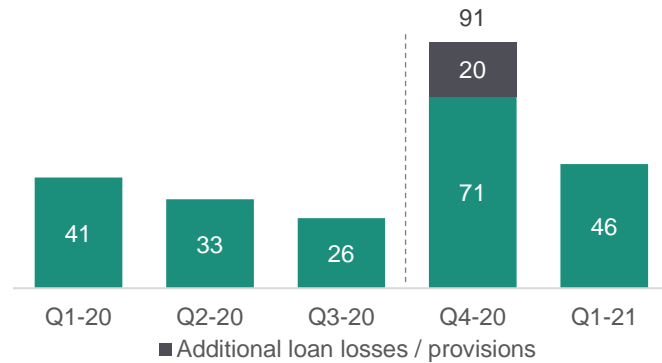
1) Note that stand alone Easybank figures are used for the period 19Q4 - 20Q3 and the combined bank for Q4 20

2) Total = Total provision / Gross loans

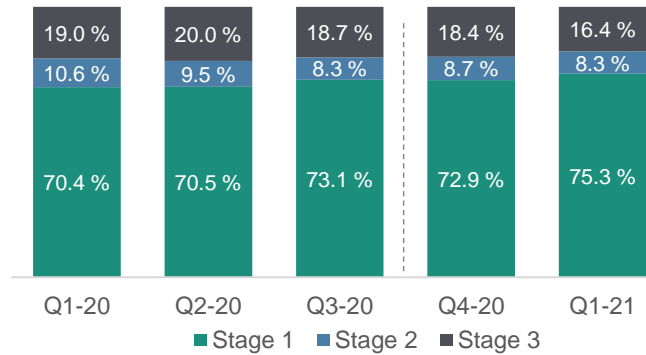
Loan losses and provisions overview

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

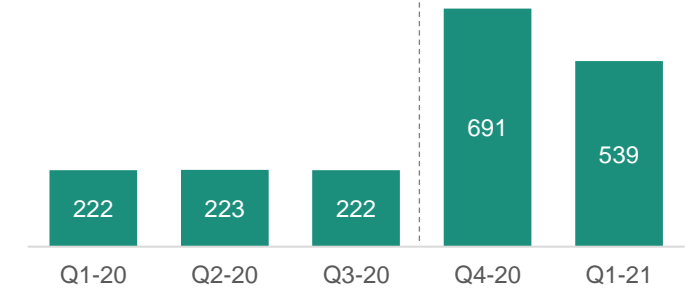
Loan losses, MNOK



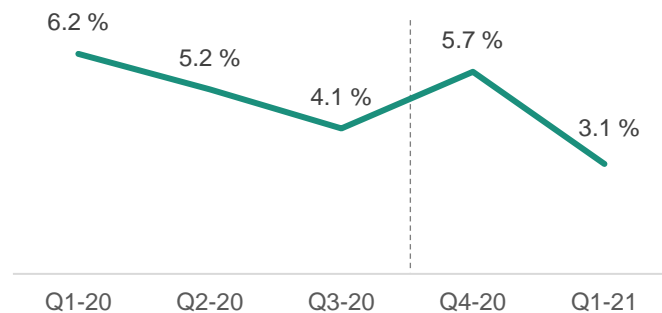
Stage allocation



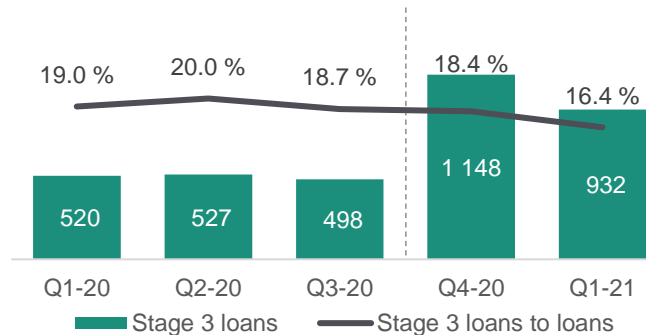
Provisions, MNOK



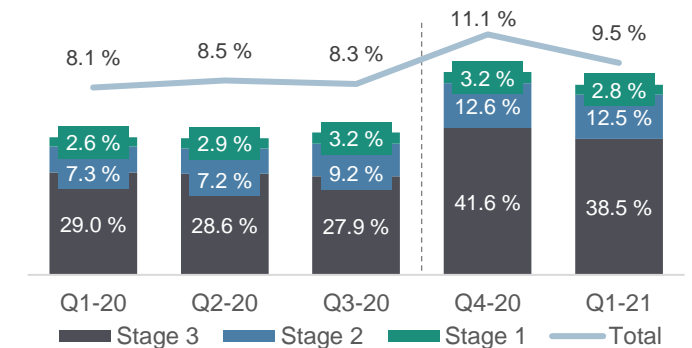
Loan loss ratio¹



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	NGAAP	NGAAP
Income Statement (Amounts in thousands)	Q1-21	Q1-20	2020
Interest income	139 810	76 746	381 009
Interest expense	-19 445	-14 347	-61 512
Net interest income	120 365	62 399	319 498
Commission and fee income	6 606	6 501	22 392
Commission and fee expenses	-1 147	- 885	-5 620
Net change in value on securities and currency	-1 104	-2 226	8 040
Other income	83		348
Net other income	4 439	3 389	25 160
Total income	124 803	65 788	344 658
Salary and other personnel expenses	-15 246	-8 743	-48 729
Other administrative expenses	-20 552	-6 863	-41 275
- of which marketing expenses	- 570	-1 111	-2 427
Depreciation	-3 234	-1 645	-17 411
Gain from bargain purchase			346 804
Other expenses	-3 343	-2 782	-21 915
Total operating expenses	-42 375	-20 033	217 474
Profit before loan losses	82 428	45 755	562 132
Loan losses	-45 592	-40 819	-190 605
Profit before tax	36 836	4 936	371 527
Tax	-8 966	-1 234	7 321
Profit after tax	27 870	3 702	378 847

- Profit after tax for Q1 of 27.9 MNOK
- Cost / income ratio of 34.0 % for Q1
- 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	NGAAP	NGAAP
Balance sheet (Amounts in thousands)	31.03.2021	31.03.2020	31.12.2020
Assets			
Cash and deposits with the central bank	50 097	123 492	50 145
Loans and deposits with credit institutions	337 161	204 431	197 198
Gross loans to customers	5 698 991	2 735 395	6 247 811
Loan loss provisions	- 539 415	- 222 430	- 690 530
Certificates, bonds and other securities	2 058 665	476 179	1 462 138
Deferred tax asset	170 602	33 454	179 568
Other intangible assets	14 030	21 442	13 502
Fixed assets	16 177	859	1 303
Other assets	29 456	12 980	35 888
Total assets	7 835 764	3 385 803	7 497 024
Equity and liabilities			
Loan from central bank		95 000	
Deposits from customers	6 359 583	2 708 272	6 061 318
Other liabilities	100 304	43 951	86 778
Tier 2 capital	104 513	40 000	104 456
Total liabilities	6 564 400	2 887 223	6 252 553
Share capital	189 589	331 799	189 589
Share premium reserve	659 989	127 111	659 989
Tier 1 capital	74 752	35 000	74 710
Other paid-in equity	8 048	7 177	7 669
Other equity	338 986	- 2 507	312 513
Total equity	1 271 364	498 580	1 244 470
Total equity and liabilities	7 835 764	3 385 803	7 497 024

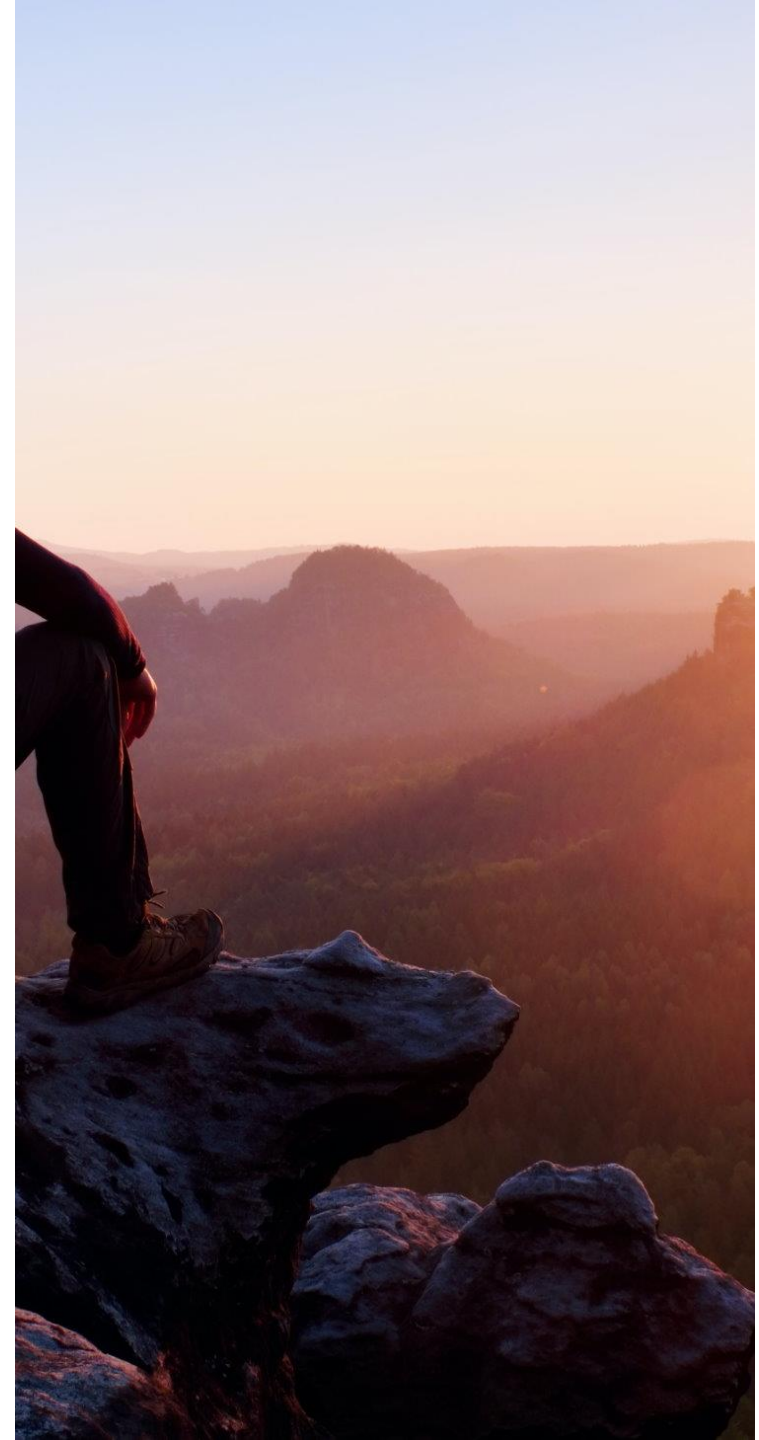
- Gross loans of 5 699 MNOK at 31.03.2021 compared to 6 248 MNOK at 31.12.2020
- Loan losses provisions of 9.5 % at 31.03.2021
- Strong liquidity balance of 2 445 MNOK at 31.03.2021
- Deferred tax assets of 171 MNOK driven by tax losses carried forward prior to the merger
- Solid capital base - CET1 of 21.9 %
- Total equity of 1 271 MNOK

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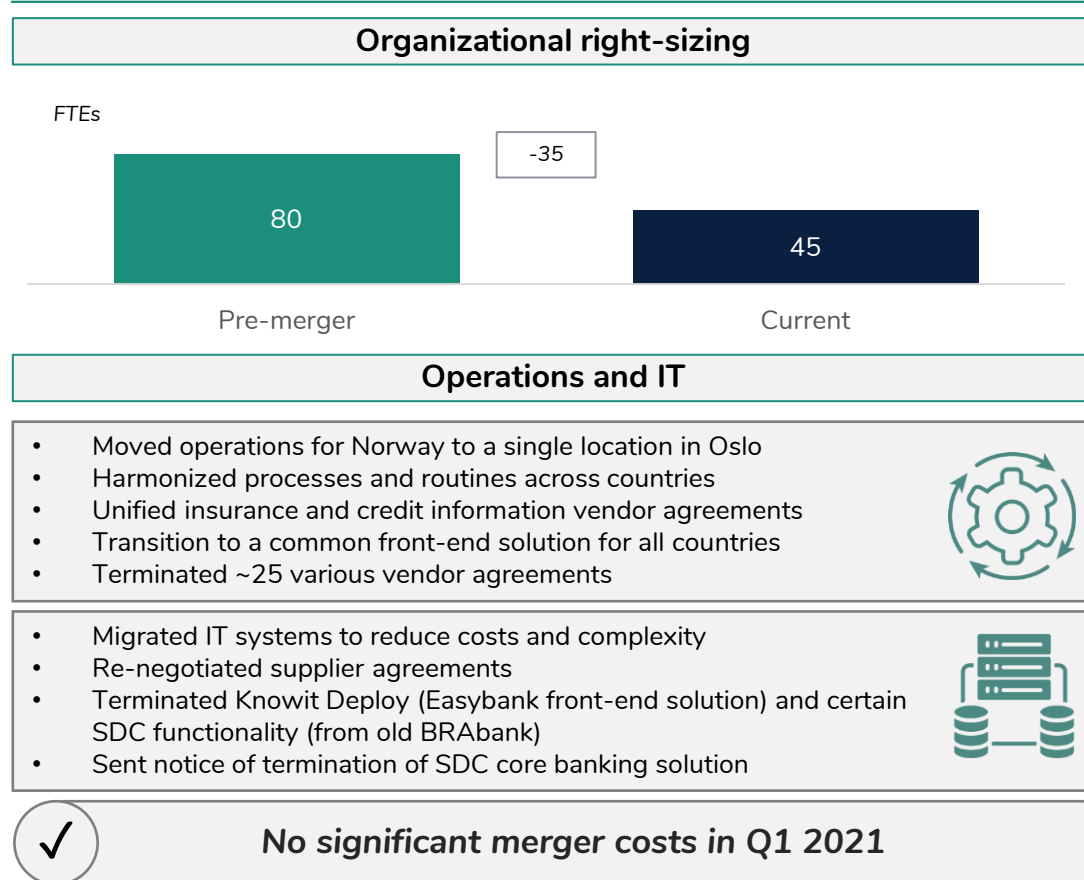
3 Merger update and outlook



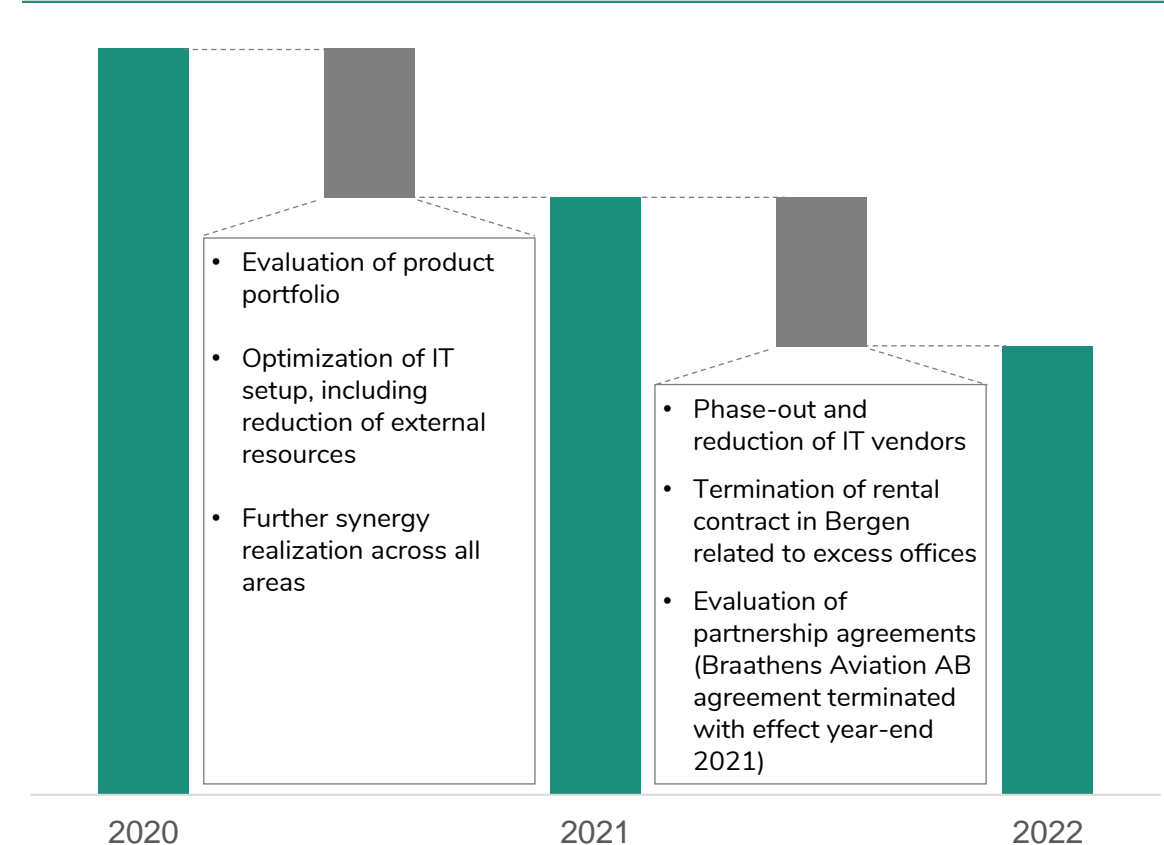
Merger update

First phase of synergy realization completed

Completed merger-related initiatives as of Q1 2021



Key initiatives to establish target cost base



Outlook

Summary of quarter

- ✓ Interest income of 140 MNOK, PBT of 37 MNOK
- ✓ No significant merger-related one-offs and synergy realization on track
- ✓ Sale of defaulted loans
- ✓ Solid underlying credit quality
- ✓ Well capitalized creating operational flexibility

1

Utilize cross-border distribution model

- Utilize the efficient distribution model across Norway, Finland and Sweden
- Optimize capital allocation

2

Streamline New BRABank

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

3

Continue to improve credit quality

- Continue with improvements in debt collection process, and risk and pricing models (optimizing risk/reward cross Nordics)
- Handle Covid-19 uncertainty

4

Develop new sources of income

- Focus on SME segment
- Strategic partnerships



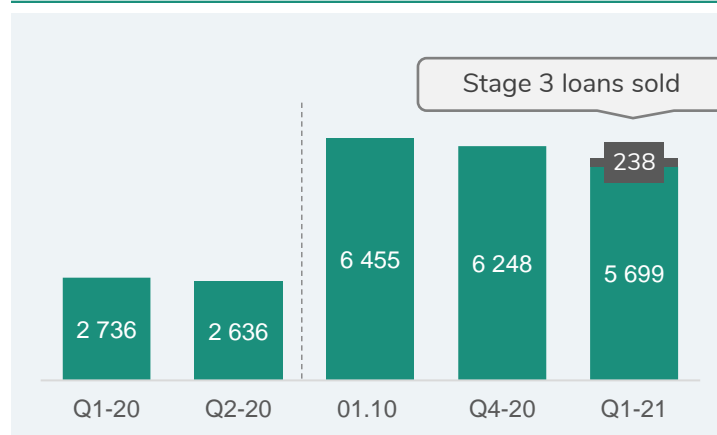
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Appendix

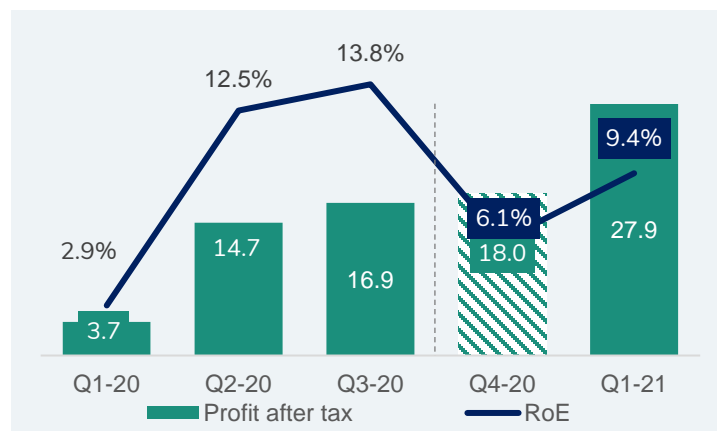
Financial overview

Figures in MNOK

Gross lending

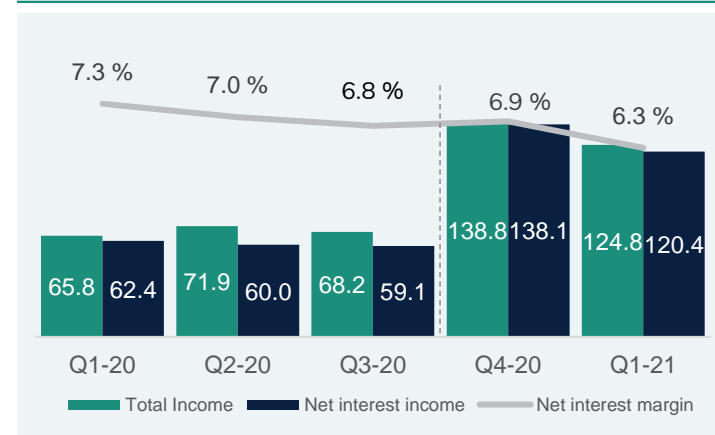


Profit after tax² and ROE

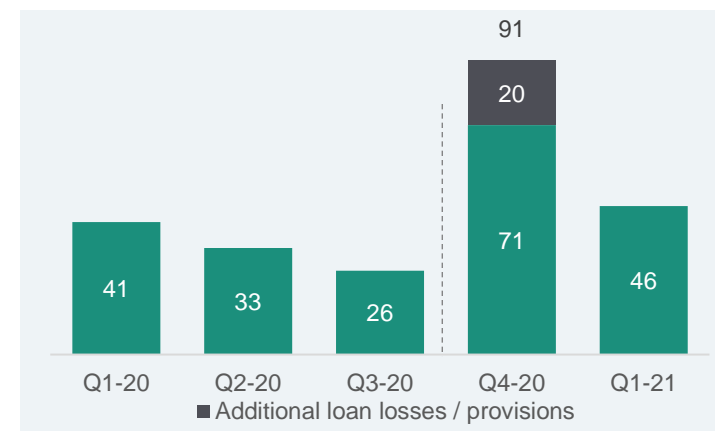


1) Q4-20 opex adjusted for merger related one-offs
2) Q4 profit after tax is adjusted for one-offs

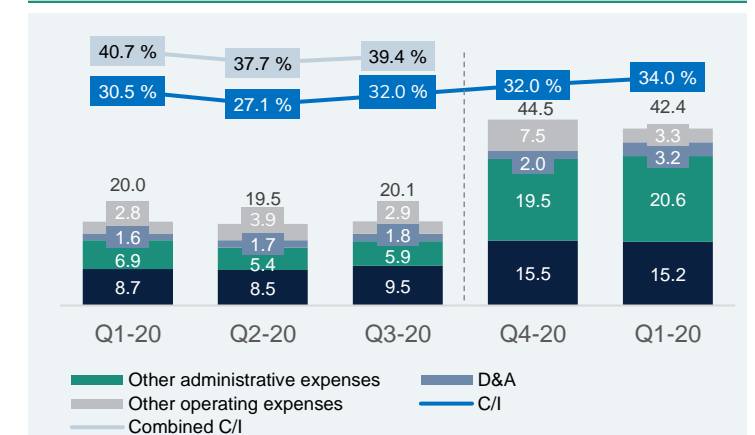
Net income and margin of total margin



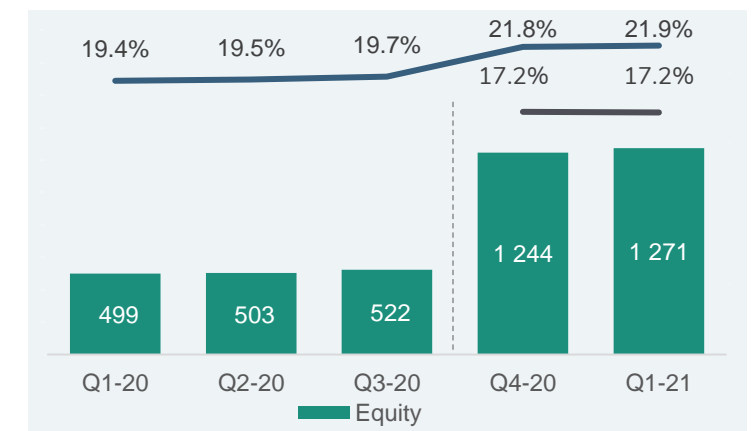
Loan losses



Opex and Cost / Income¹



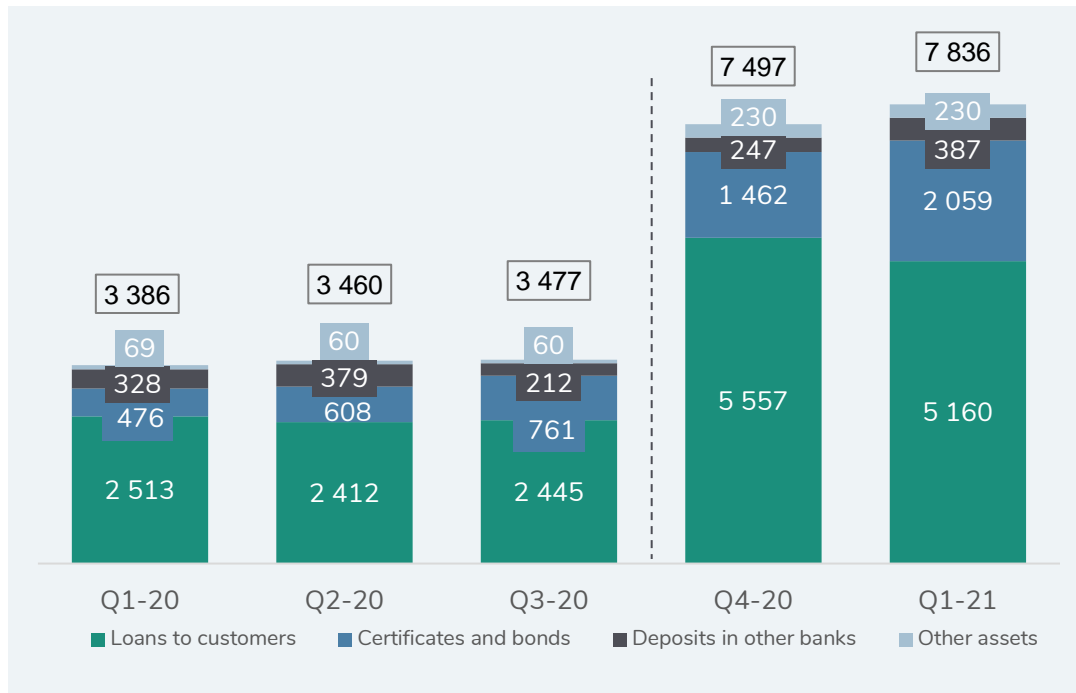
Equity and CET1 ratio



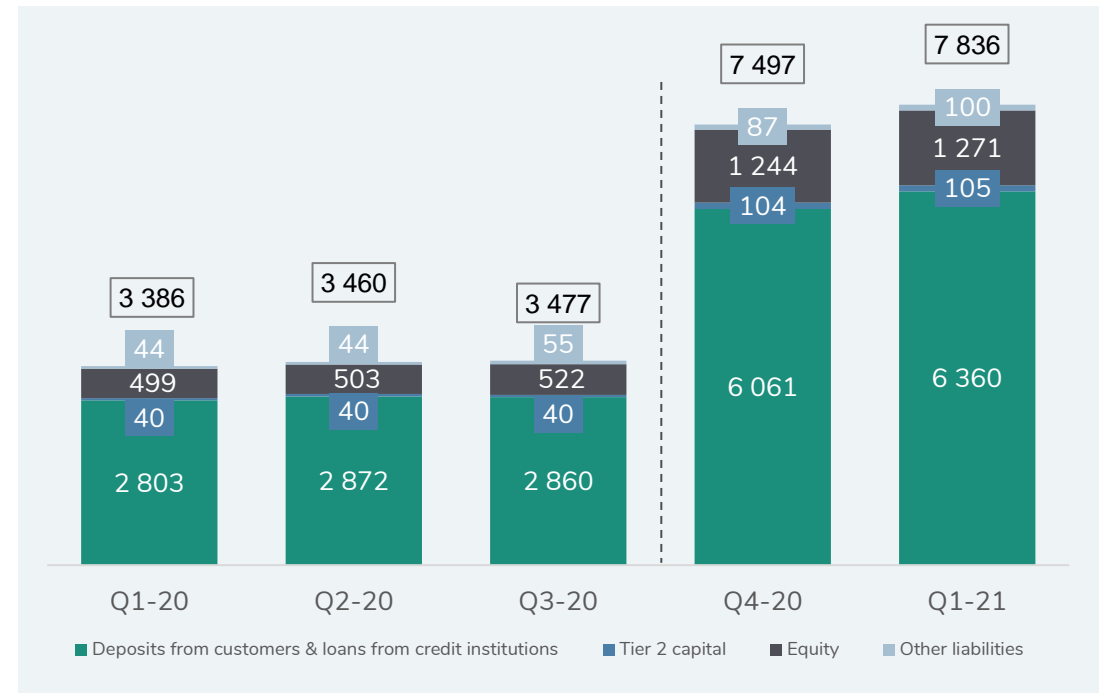
Balance sheet structure

Strong funding and liquidity position

Total assets, MNOK



Equity and liabilities, MNOK



- Deposit ratio: 123%
- Liquidity coverage ratio: 1,379% total (197% EUR)
- Net stable funding rate: 197% total (180% EUR)

Initiatives in first phase of merger plan

Year 1	Action	Costs (MNOK)	Status
Merger	<ul style="list-style-type: none"> Formally merged the entities 	3.1 in Q3 0.5 in Q4	✓
Listing	<ul style="list-style-type: none"> Listing cost Euronext Growth (former Merkur Market) 	1.0 in Q3	✓
Establish the new organization	<ul style="list-style-type: none"> New management team and organization in place 	15.9 in Q3 1.6 in Q4	✓
Manage IT migrations and phase-outs	<ul style="list-style-type: none"> IT migration and contract termination to reduce costs and simplify operations Unified SDC platforms and sent notice of termination on the related contract 	4.4 in Q4	✓
Harmonize and utilize collection agreements	<ul style="list-style-type: none"> Reuse of Easybank's approach to collection and collection processes across the Nordics Harmonized collection agreements and processes 	-	✓
Create common value chain for consumer loans in the Nordics	<ul style="list-style-type: none"> Established scalable platform for cross-Nordic distribution 	-	✓
Simplify product portfolio to reduce complexity and cost	<ul style="list-style-type: none"> Notice of termination of cooperation agreement with Braathens Aviation AB, ending 31 December 2021 Started probing of potential disposal of credit card portfolio including IT-system Simplify product offering going forward 	2022 impact Ongoing/TBD	✓ Ongoing

BRABank ASA shareholders

Top 20 shareholder list as of 28 April 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 a 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	2 197 650	2.3 %
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	Songa Capital AS	1 720 456	1.8 %
15	MP Pensjon PK	1 637 767	1.7 %
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 %
	Sum 20 largest shareholders	55 001 603	58.0 %
	Other shareholders	39 792 777	42.0 %
	Total number of shares	94 794 380	100.0 %

Comments

- 1 610 shareholders as of 28 April 2021
- The BRABank share (ticker BRA) was registered on Euronext Growth (former Merkur Market) on 2 October 2020
- Management holds a total of 2 730 046 shares, corresponding to 2.9% of shares outstanding
- Members of the board represents a total of 3 153 381 shares, corresponding to 3.3%
- Current market capitalization of 976 MNOK


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