

BRAbank ASA

4th quarter 2021 results presentation

February 17th 2022



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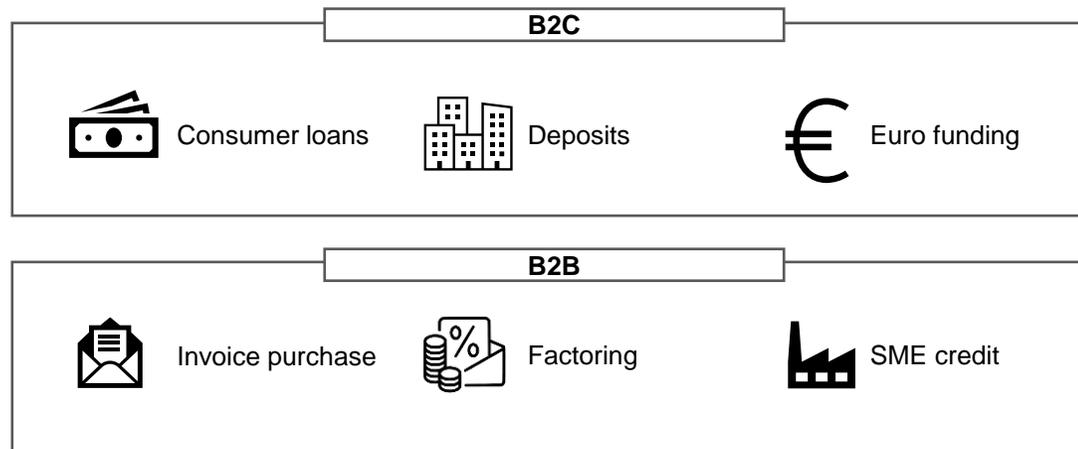
BRABank ASA at a glance

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 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, ~1 500 shareholders. Braganza AB largest shareholder. Other large shareholders include Alfred Berg Norge/Aktiv, Hjellegjerde Invest, Skagerrak Sparebank, Fondsavanse

Gross loans 5,489 MNOK – geographical mix Q4 2021



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2021 highlights

Record results, improved credit quality and the bank's first dividend

Financials		<ul style="list-style-type: none"> • Profit before tax 170.1 MNOK (profit after tax 128.1 MNOK) • CET1 Capital ratio 23.7% • Successful issuance of Tier 1 & 2 capital below current yield curve as well as achieving a more diversified call structure
Credit quality		<ul style="list-style-type: none"> • Sale of 781 MNOK through forward flow and one-offs • Forward flow agreement in place for Norway and Finland to mitigate stage 3 risk • De-risked portfolio resulting in stage 3 of 11.8%
Dividend		<ul style="list-style-type: none"> • Dividend policy communicated October 2021 • Dividend proposal of 0.67 NOK per share, 63.5 MNOK • Evaluation of mix between growth initiatives and potential dividends going forward
Merger		<ul style="list-style-type: none"> • Successful implementation of merger at lower cost and time than expected • Realized merger related synergies of 85 MNOK

Key financial figures, MNOK

	Q4-21	Q4-20 ¹	2021
<i>Interest income</i>	129.4	158.6	531.2
<i>PBT</i>	37.4	23.5	170.1
<i>ROE, annualized</i>	8.9%	6.1%	10.7%
<i>ROE adj.², annualized</i>	11.4%	7.3%	13.2%
<i>EPS, annualized</i>	1.17	0.76	1.35
<i>EPS pre-tax, annu.</i>	1.58	1.87	1.79
<i>C / I</i>	37.6%	32.0%	34.1%
<i>Gross loans</i>	5,489	6,248	5,489

<i>Equity³</i>	<i># of shares</i>	<i>BVPS</i>
1,232	94,794,380	13.00 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

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

2) ROE adjusted subtracts excess capital from the calculation (capital req. + mgmt. buffer)

3) Book value (excl. tier 1 capital) of equity per share. Equity has been adjusted for proposed dividend

BRAbank ASA shareholders

Strong share price performance in 2021

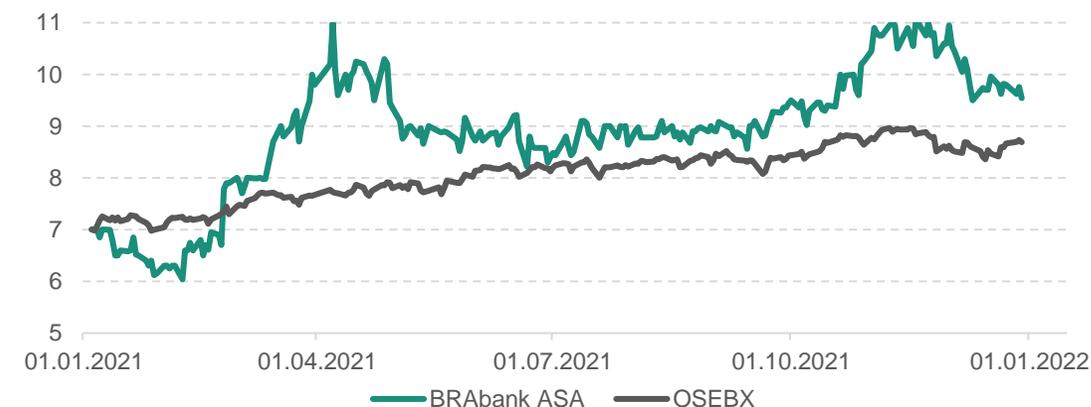
Top 20 shareholder list as of 14 February 2022

Investor	Shares	Ownership
1 Braganza AB	10,383,899	11.0 %
2 Verdipapirfondet Alfred Berg Norge / Aktiv	7,507,634	7.9 %
3 Hjellegjerde Invest AS	5,896,263	6.2 %
4 Skagerrak Sparebank	4,409,380	4.7 %
5 Fondsaveanse AS	3,072,986	3.2 %
6 Altitude Capital AS	2,645,751	2.8 %
7 Vida AS	2,581,654	2.7 %
8 Umico - Gruppen AS	2,168,779	2.3 %
9 Skandinaviska Enskilda Banken AB	2,115,950	2.2 %
10 Shelter AS	1,945,486	2.1 %
11 Jenssen & Co AS	1,845,879	1.9 %
12 Lindbank AS	1,838,007	1.9 %
13 MP Pensjon PK	1,637,767	1.7 %
14 Hsbc Bank Plc	1,367,606	1.4 %
15 Krogsrud Invest AS	1,250,000	1.3 %
16 Jolly Roger AS	1,149,074	1.2 %
17 Thon Holding AS	1,081,211	1.1 %
18 Dnb Bank ASA	1,004,164	1.1 %
19 Nordic Private Equity AS	1,000,000	1.1 %
20 Independent Oil & Resources Plc	890,000	0.9 %
Top 20 shareholders	55,791,490	58.9 %
Other shareholders	39,002,890	41.1 %
Total shares	94,794,380	100.0 %

Comments

- ~1,500 shareholders as of 14 February 2022
- The BRAbank share (ticker BRA) was registered on Euronext Growth (former Merkur Market) on 2 October 2020
- 4finance exited their position in Q4 2021 and Alfred Berg has increased their holding
- Management holds a total of 2,762,844 shares, corresponding to 2.9% of shares outstanding
- Members of the board represents a total of 417,718 shares, corresponding to 0.4%
- Current market capitalization of 1,000 MNOK

Share price development – OSEBX indexed to BRAbank @ 01.01.21



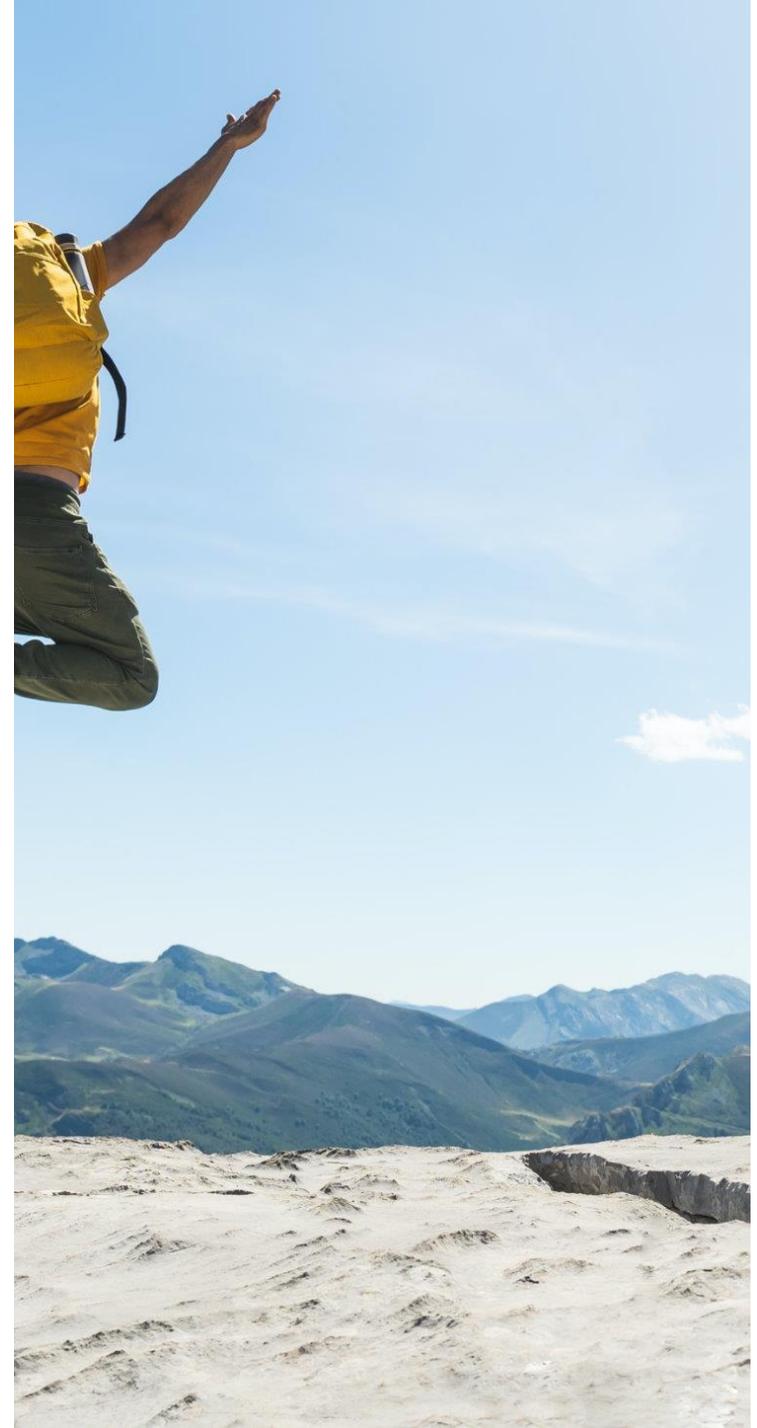
1) Nominee account

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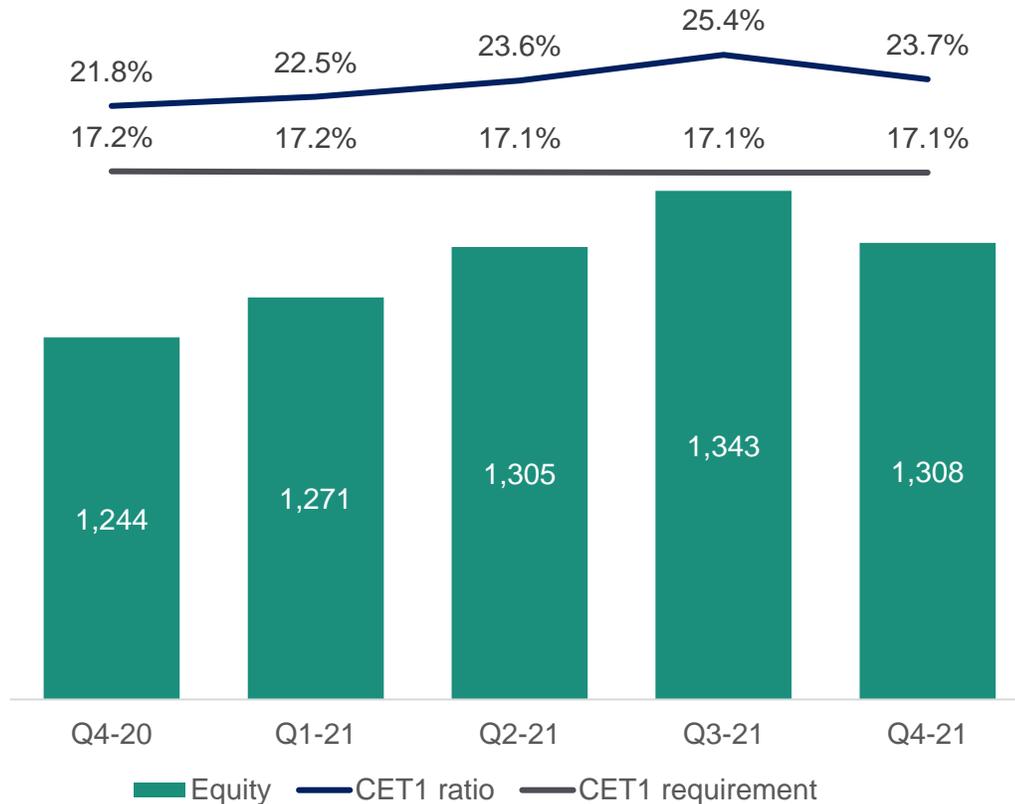
3 Outlook



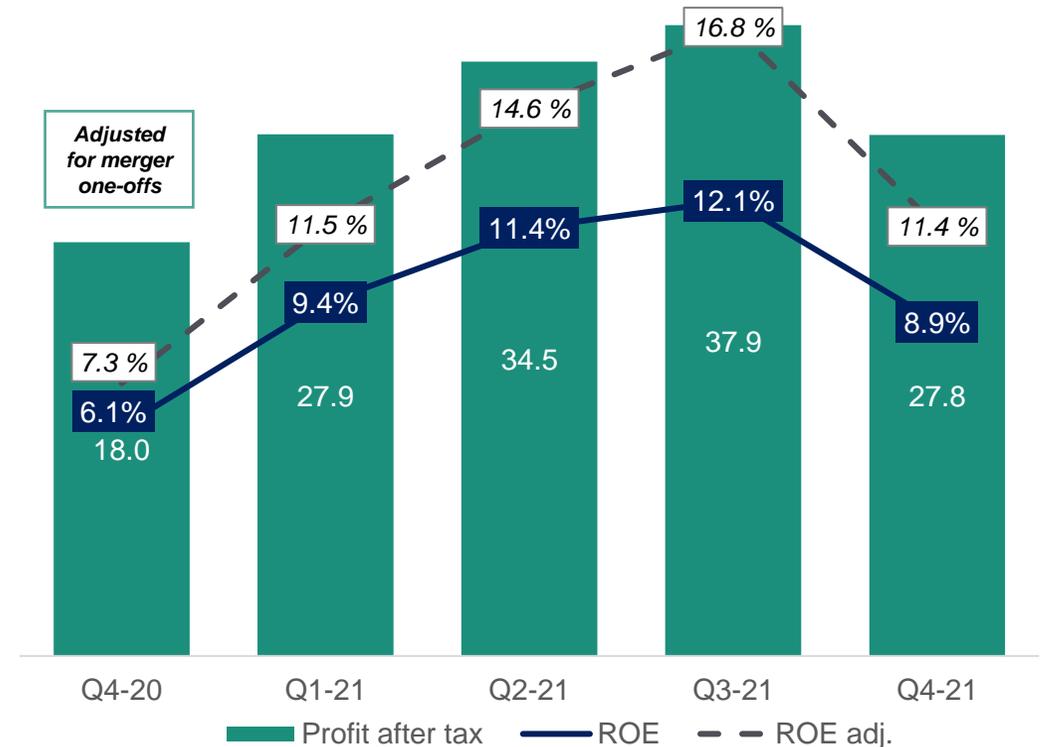
Capital buffer provides operational and financial flexibility

Stable profit generation throughout the year

Equity and CET1 ratio¹, MNOK



Profit after tax and Return on Equity², MNOK



1) CET1 ratios for Q1, Q2 and Q3 include 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)

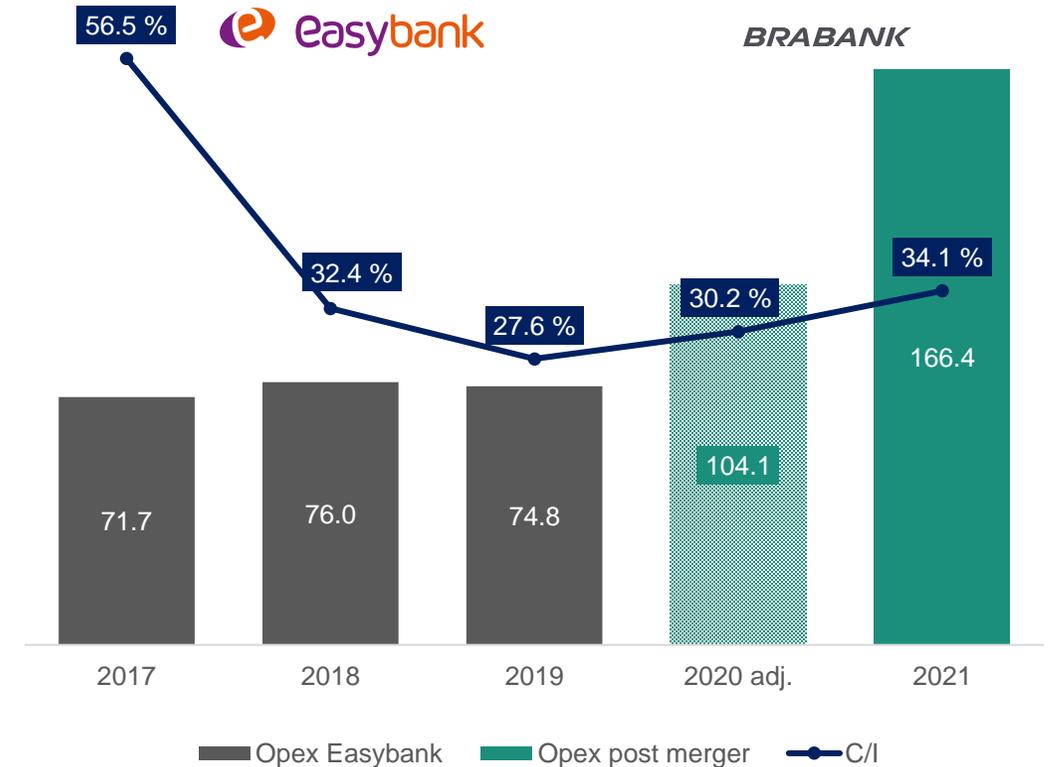
Strong financial track record since inception in 2016

Solid profit generation last years with competitive cost / income ratio

Profit before tax, MNOK – unbroken track record since 2017¹



Continuous cost control by reusing the Easybank operation model¹



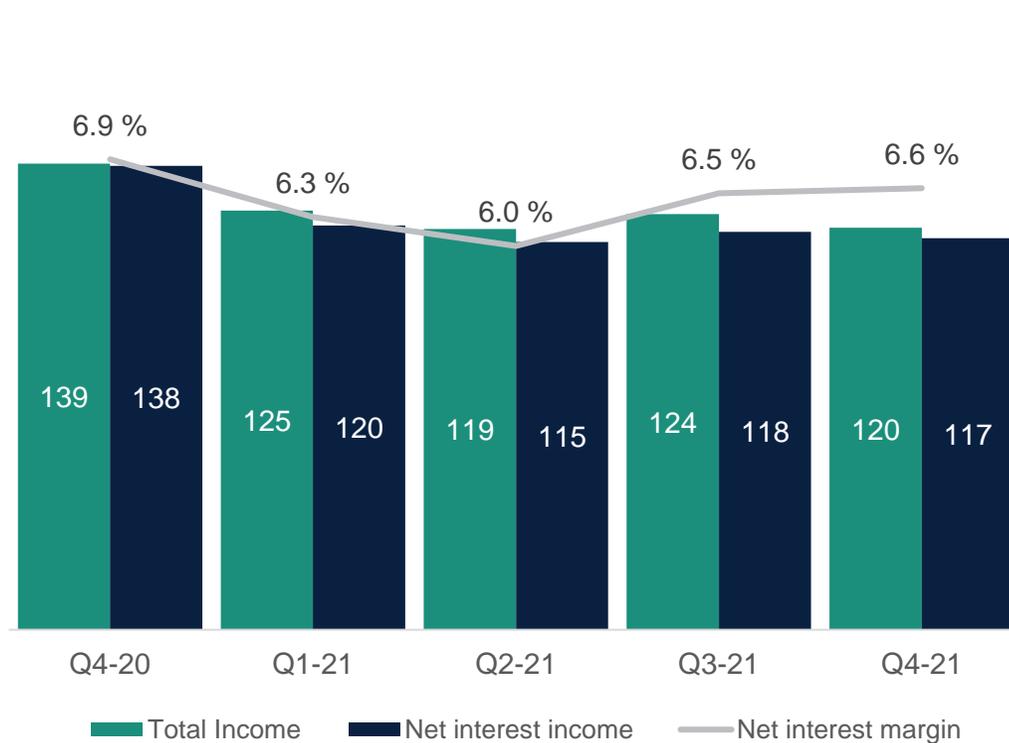
1) 2020 adjusted for merger related one-offs. Easybank figures up to Q3 2020, combined from Q4

Margin pressure in Norway, but positive trend in Finland

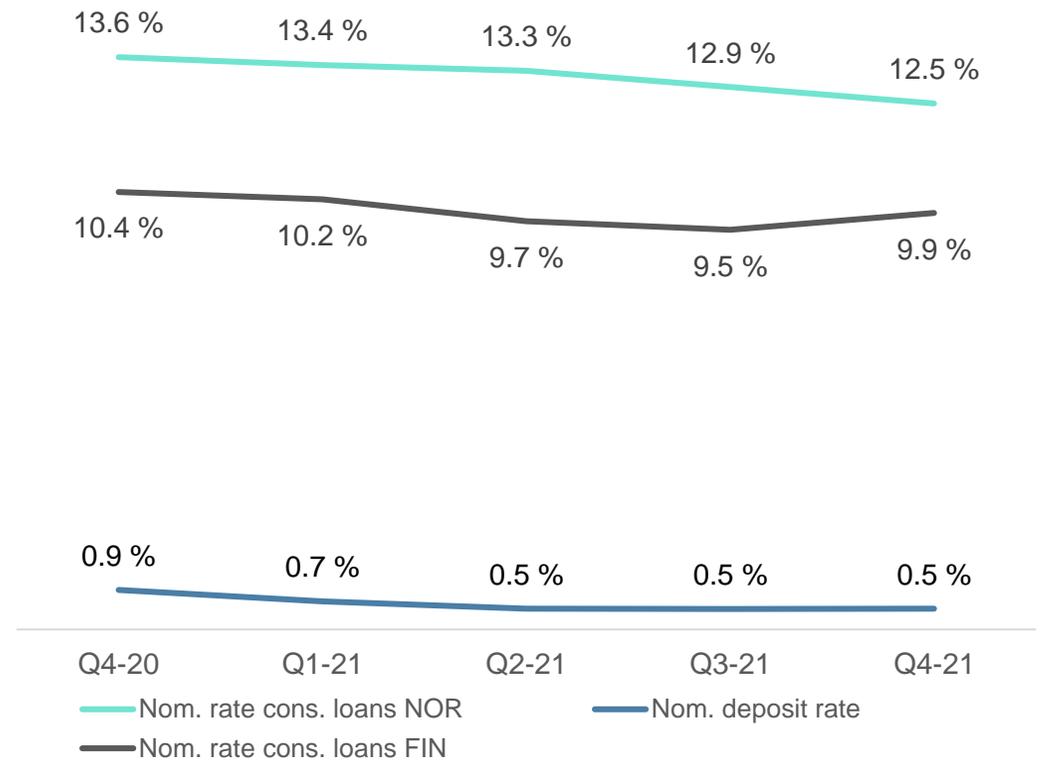
Still attractive risk/reward on new volumes

Net interest income and net interest margin of total assets

MNOK / % of total assets



Yields end of quarter¹

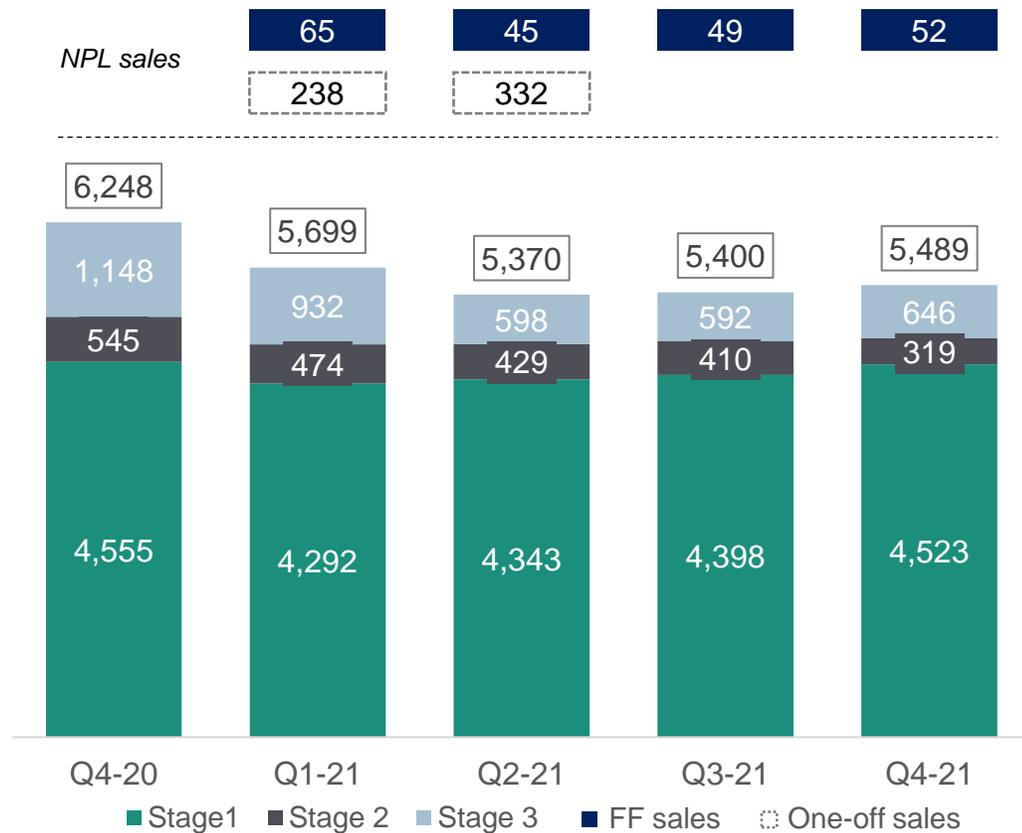


1) All figures are end of quarter and nominal

Increased interest-bearing portfolio

Gross loans development impacted by one-off- and forward flow sales

Gross lending, MNOK



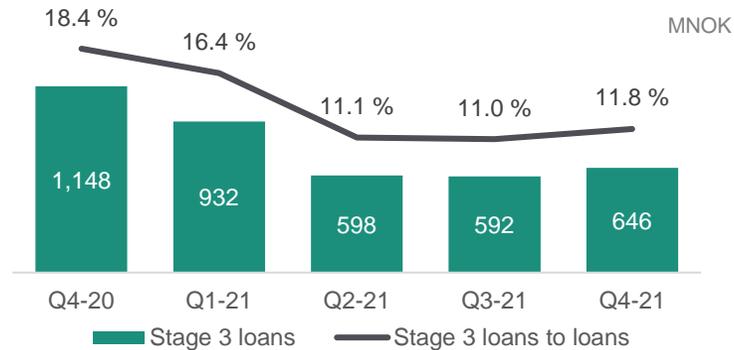
Comments

- Decline in Norwegian volumes is offset by growth in Finland
- Sale of 781 MNOK defaulted loans in 2021 through one-offs and forward flow with neutral P&L effect
 - One-off sales in 2021 (Q1 and Q2) of 570 MNOK in Norway and Finland combined
 - Additional sale of defaulted loans of 211 MNOK in 2021 (Q4 52 MNOK) under forward flow agreement with Kredinor

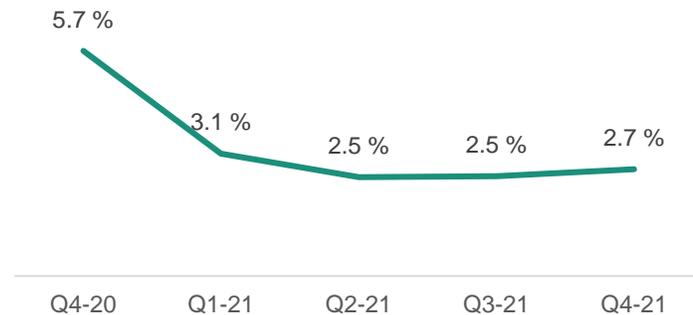
Positive development in credit quality throughout 2021

Higher quality on new loans and improved collection performance

Significant improvement in stage 3 ratio



Loan loss ratio on low levels



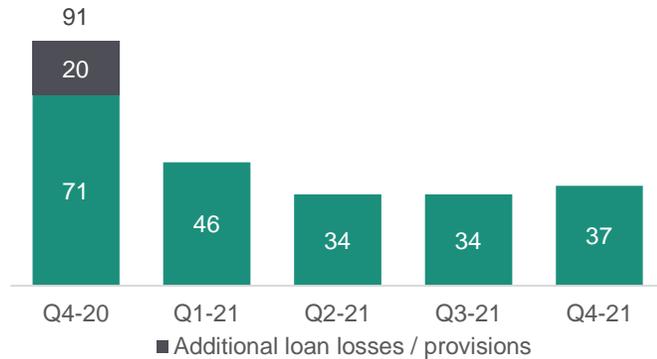
Comments on credit quality development

- Improvement in credit quality stabilizes the loan loss ratio over the last quarters at low levels. Small increase in stage 3 due to a reclassification between stage 2 and 3 in Norway. Stage 3 still on low levels compared to peers
- Sold defaulted loans with outstanding claims of 781 MNOK in 2021 with no P&L impact. This reduces uncertainty and confirms provisions levels
- In addition, BRABank has per February 15th 2022 sold defaulted loans in Sweden approximating 65 MSEK. This reduces the overall NPL ratio to 10.7% based on year end 2021 figures
- The forward flow agreement with Kredinor is still valid until year-end 2023 for alle new cases sent to debt collection in Norway. The forward flow agreement in Finland for next 12 months has started as of January 2022

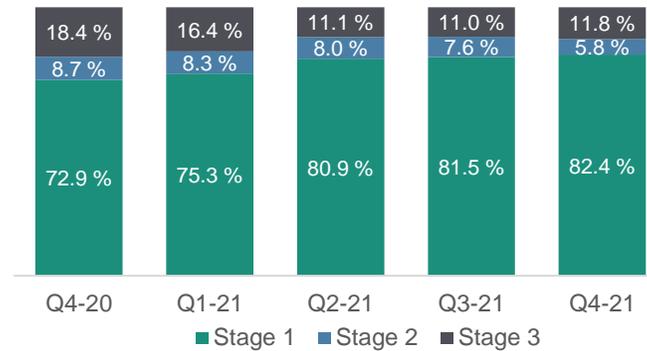
Credit quality overview

Stable underlying development

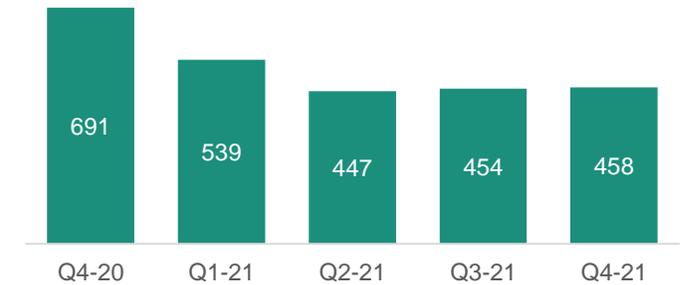
Loan losses, MNOK



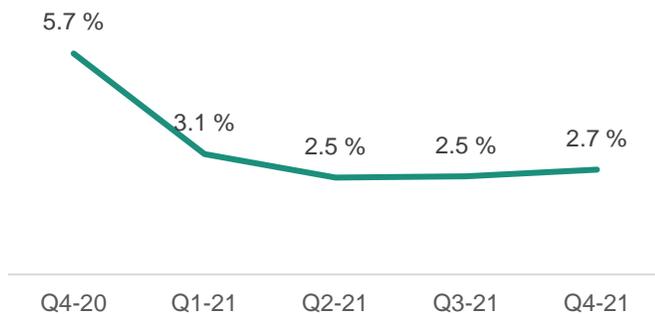
Stage allocation



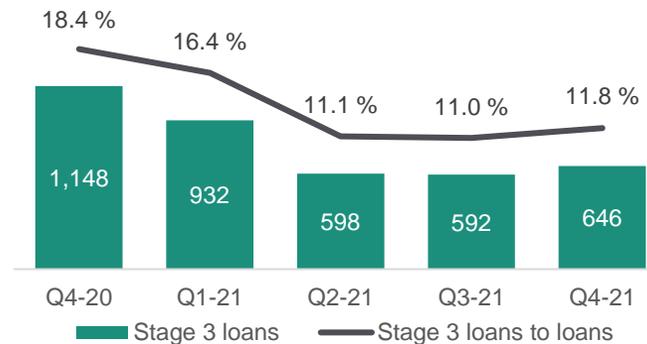
Provisions, MNOK



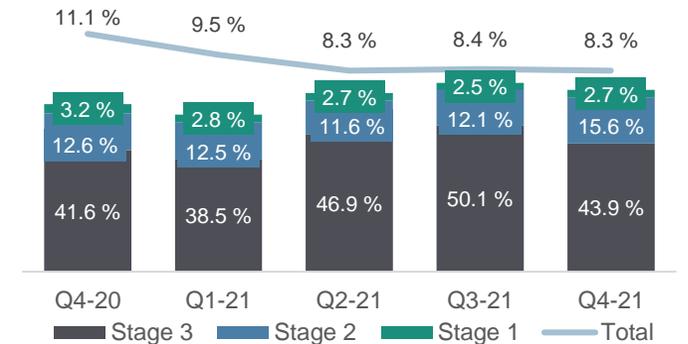
Loan loss ratio¹



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				
<i>Income Statement (Amounts in thousands)</i>	Q4-2021	Q4-2020 ¹	2021	2020 ¹
Interest income	129,351	158,604	531,219	381,009
Interest expense	-12,751	-20,546	-60,382	-61,512
Net interest income	116,599	138,058	470,837	319,498
Commission and fee income	7,146	2,377	28,803	22,392
Commission and fee expenses	-3,722	-2,770	-9,612	-5,620
Net change in value on securities and currency	-1,002	855	-3,210	8,040
Other income	678	280	678	348
Net other income	3,100	742	16,659	25,160
Total income	119,699	138,800	487,496	344,658
Salary and other personnel expenses	-19,161	-22,039	-62,907	-48,729
Other administrative expenses	-22,203	-23,106	-84,671	-41,275
- of which marketing expenses	-1,243	-1,016	-3,558	-2,427
Depreciation	-3,225	-12,220	-12,366	-17,411
Gain from bargain purchase	0	346,804	0	346,804
Other expenses	-477	-12,333	-6,447	-21,915
Total operating expenses	-45,066	277,106	-166,391	217,474
Profit before loan losses	74,633	415,906	321,105	562,132
Loan losses	-37,228	-90,803	-151,001	-190,605
Profit before tax	37,406	325,103	170,104	371,527
Tax	-9,603	18,479	-42,030	7,321
Profit after tax	27,802	343,582	128,074	378,847

- Profit before tax Q4-21 of 37.4 MNOK
- 2021 profit before tax of 170.1 MNOK, compared to 139.6 MNOK target communicated prior to merger
- Extraordinary Opex items of ~4 MNOK in Q4-21 related to bonus provisions
- Cost / income ratio Q4-21 of 37.6 % (34.3 % adjusted for extraordinary items), and 34.1% for 2021
- Achieved merger related cost synergies of ~85 MNOK
- Annualized EPS Q4 of NOK 1.35. Annualized pre-tax EPS Q4 of NOK 1.58 and NOK 1.79 for 2021
 - CET1 capital is being increased by the pre-tax profit due to the deferred tax asset in the balance sheet
- 2020 figures affected by merger related badwill and other merger related items

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

1) Impacted by negative goodwill and other merger related effects

Balance sheet

NGAAP			
Balance sheet (Amounts in thousands)	31.12.2021	30.09.2021	31.12.2020
Assets			
Cash and deposits with the central bank	49,980	49,991	50,145
Loans and deposits with credit institutions	351,774	169,229	197,198
Gross loans to customers	5,488,704	5,399,838	6,247,811
Loan loss provisions	-457,667	-454,084	-690,530
Certificates, bonds and other securities	1,514,166	1,644,786	1,462,138
Deferred tax asset	137,538	147,141	179,568
Other intangible assets	15,719	15,173	13,502
Fixed assets	10,204	11,825	1,303
Other assets	19,455	51,121	35,888
Total assets	7,129,873	7,035,020	7,497,024
Equity and liabilities			
Loan from central bank	0	0	0
Deposits from customers	5,568,411	5,510,527	6,061,318
Other liabilities	149,419	77,035	86,778
Tier 2 capital	104,203	104,092	104,456
Total liabilities	5,822,033	5,691,655	6,252,553
Share capital	189,589	189,589	189,589
Share premium reserve	659,989	659,989	659,989
Tier 1 capital	75,805	75,732	74,710
Other paid-in equity	11,404	9,631	7,669
Other equity	371,053	408,424	312,513
Total equity	1,307,839	1,343,365	1,244,470
Total equity and liabilities	7,129,873	7,035,020	7,497,024

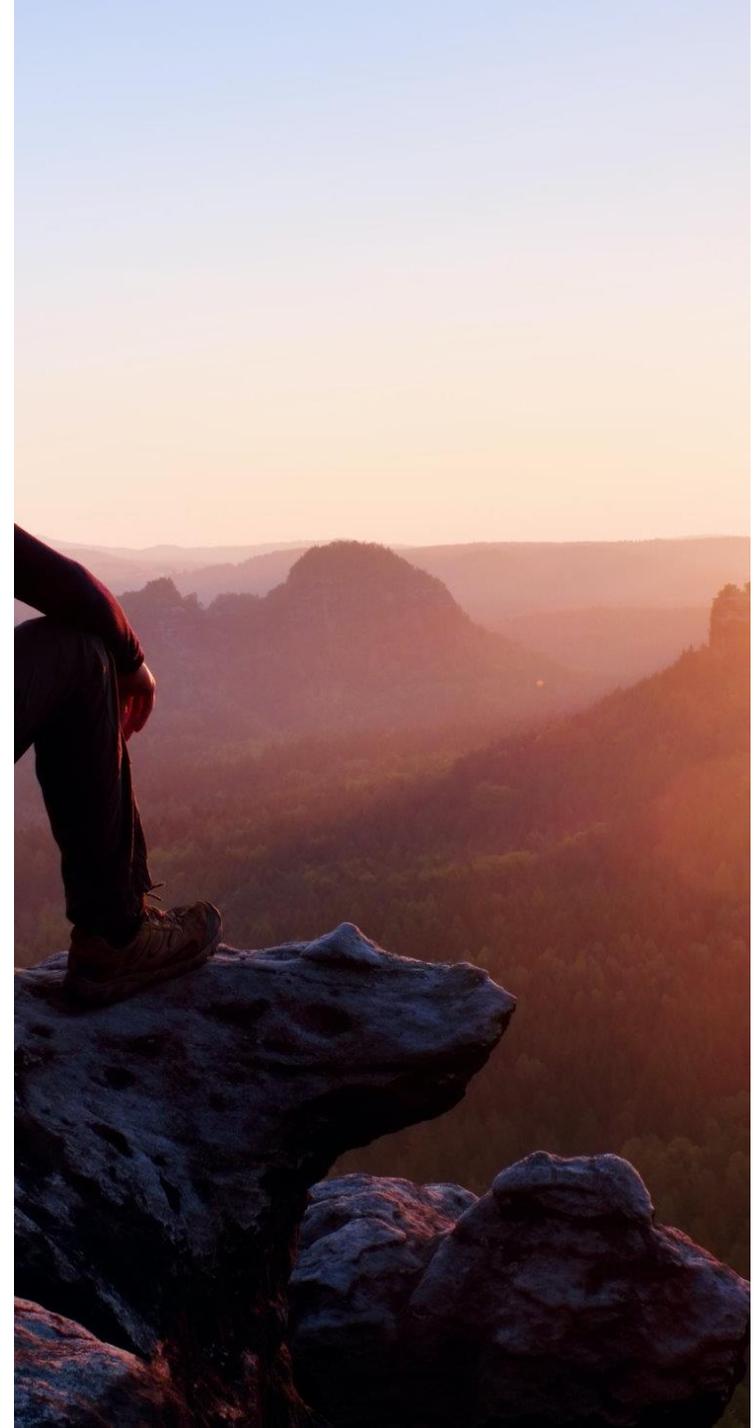
- Gross loans of 5 489 MNOK at 31.12.2021 compared to 6,248 MNOK at 31.12.2020. Excluding one off sales of non-performing loans and sales from forward flow contract, gross loans increased with 22 MNOK
- Loan losses provisions of 8.3 % at 31.12.2021 compared to 11.1 % at 31.12.2020
- Strong liquidity balance of 1,916 MNOK at 31.12.2021 compared to 1,709 at 31.12.2020
- Deferred tax assets of 137.5 MNOK driven by tax losses carried forward prior to the merger
- Solid capital base - CET1 of 23.7 % (incl. 2021 profit and reduced with proposed dividend), compared to 31.12.2020 of 21.8 %
- Total equity of 1,308 MNOK (post dividend)

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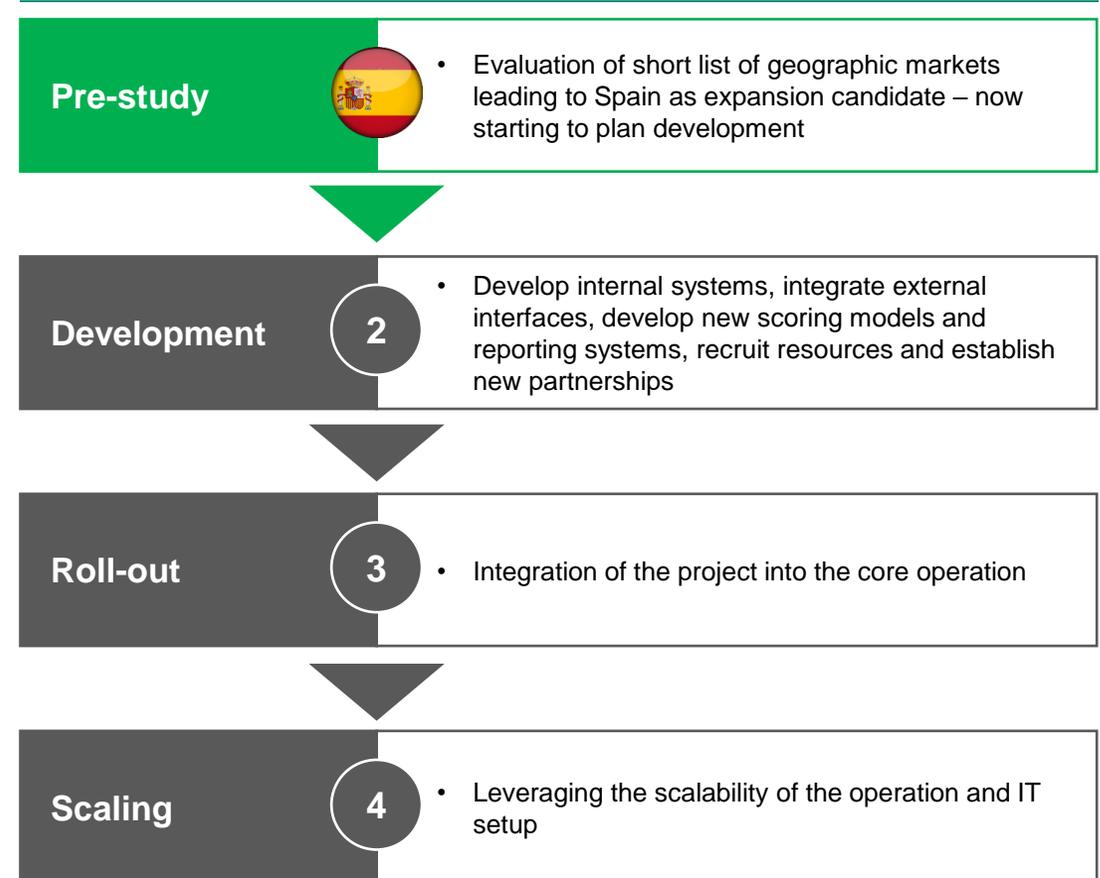
Initiation of international expansion

Pre-study of markets completed – Spain pointed out as the new market

Criteria when evaluating a new geographical market

Market	<ul style="list-style-type: none">• Sufficient market size with an attractive risk-adjusted margin
Distribution	<ul style="list-style-type: none">• Possibility to obtain sufficient volumes either through brokers or in combination with direct marketing
Digital processes	<ul style="list-style-type: none">• Digital processes for onboarding, signature, etc. which can be operated cross border
Collection	<ul style="list-style-type: none">• Collection environment and efficient collection market
Risk	<ul style="list-style-type: none">• Access to credit information, registers and partnership with data providers
Regulatory framework	<ul style="list-style-type: none">• Capital requirements and regulations for unsecured lending

Project expansion plan



Strong operational rationale for international expansion

BRABANK

Reusing the scalable IT and operations setup enable a lean and efficient expansion



Local operation
competence

Local operation
competence

Local operation
competence

Common business support

Centralized cross border operations

Credit module with local credit information

Application management system

Core banking system

Summary & outlook

Summary of 2021

<i>Interest income</i>	<i>PBT</i>	<i>ROE, annualized</i>
531.2 MNOK	170.1 MNOK	10.7 % 13.2 % <i>adj.</i>

- ✓ Solid profit development with a record 2021 PBT 170.1 MNOK
- ✓ Dividend of 63.5 MNOK, 0.67 NOK per share
- ✓ Realized cost synergies of 85 MNOK since merger
- ✓ Sales of defaulted loans totaling 781 MNOK with neutral P&L impact
- ✓ Strong share price performance

1

International expansion

- Initiated expansion project to Spain leveraged by reuse of existing IT and operations setup
- Planning for development phase

2

Focus on core markets

- Leverage on re-opening in the Nordics
- Optimize capital allocation across geographical markets enabled by the efficient distribution model

3

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



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Appendix

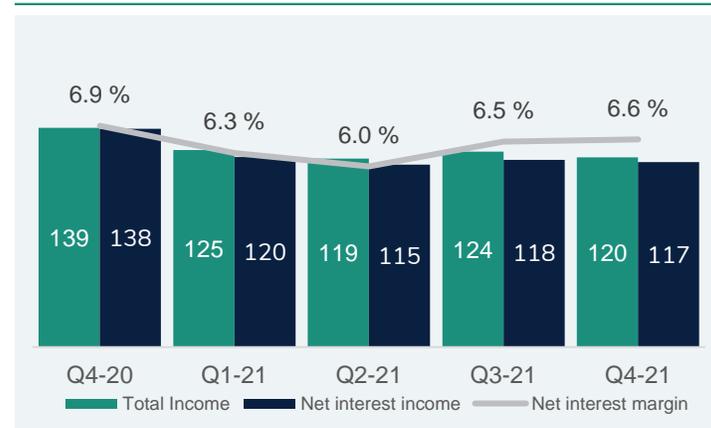
Financial overview

Figures in MNOK

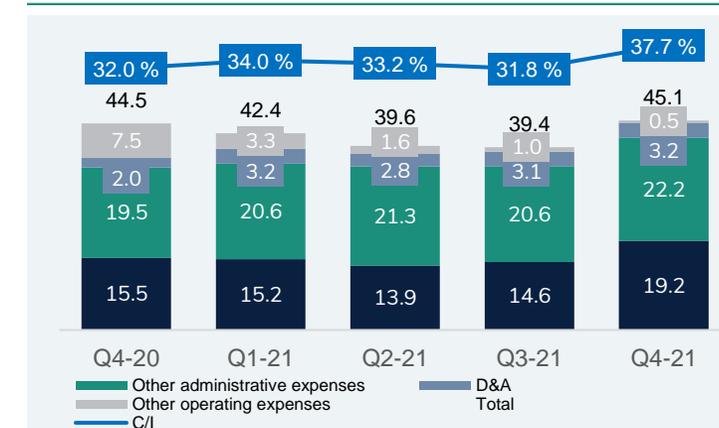
Gross lending



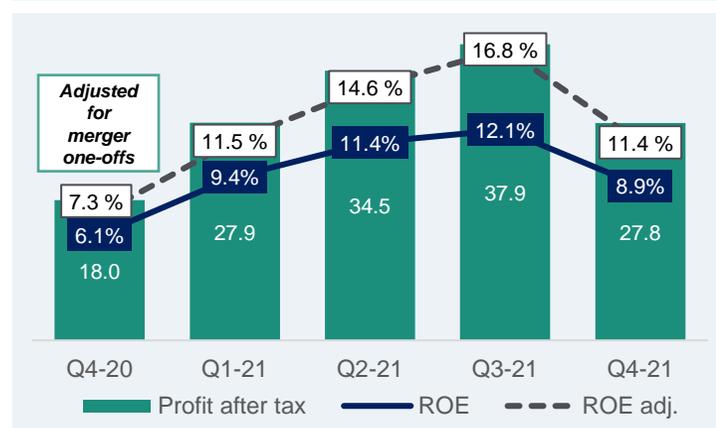
Net income and margin of total margin



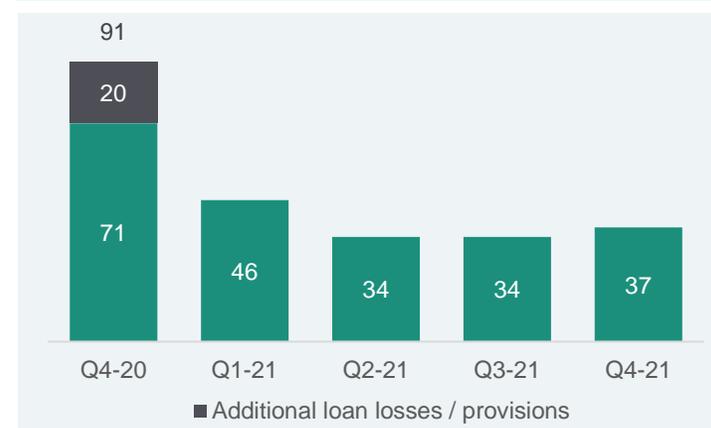
Opex and Cost / Income¹



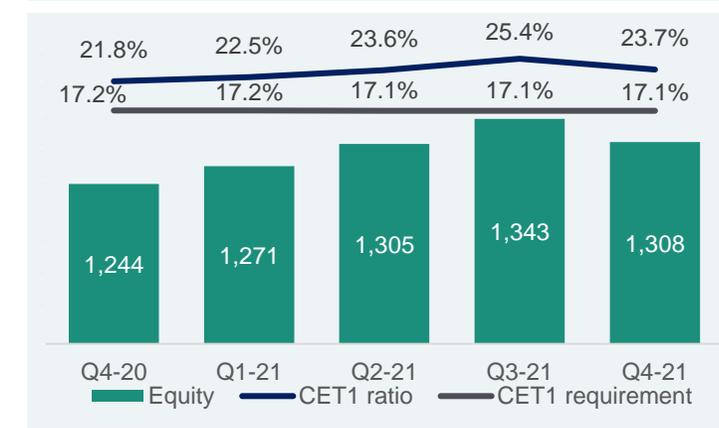
Profit after tax and ROE²



Loan losses



Equity and CET1 ratio³



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

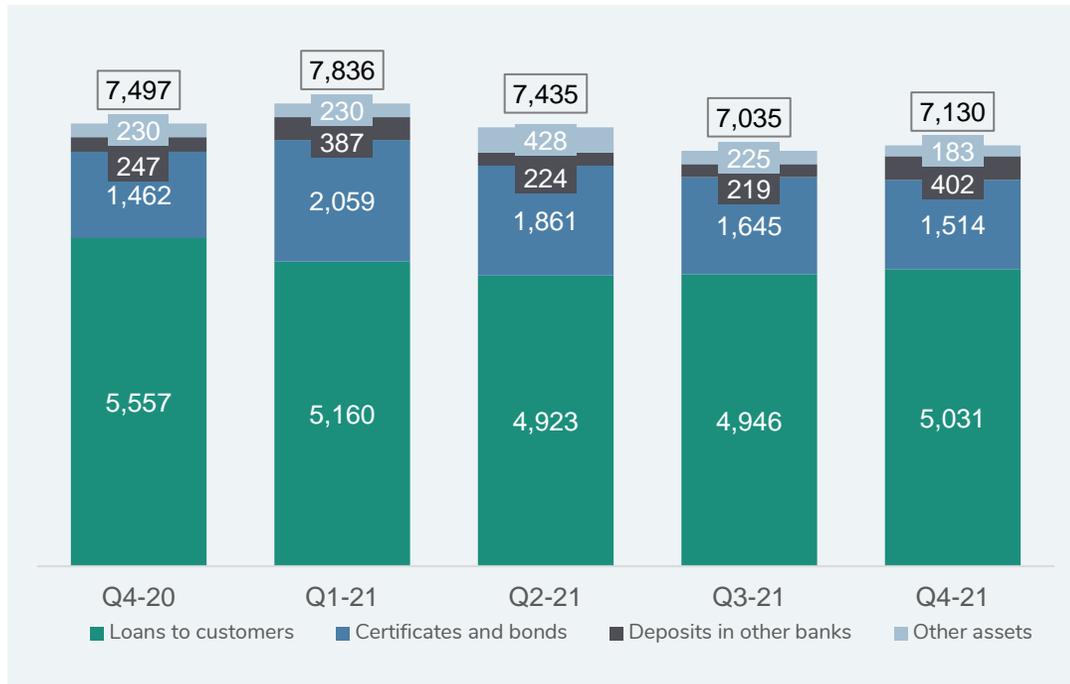
2) Q4-20 profit after tax is adjusted for one-offs. ROE adjusted subtracts excess capital from the calculation (capital req. + mgmt. buffer)

3) CET1 ratio includes YTD unaudited profit

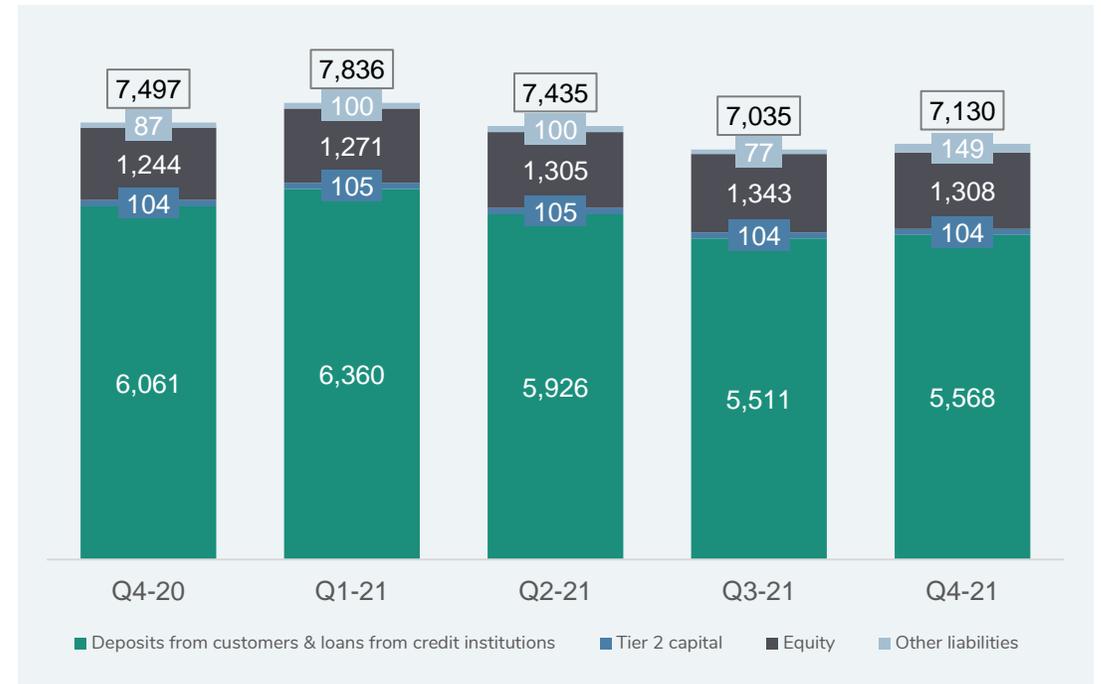
Balance sheet structure

Strong funding and liquidity position

Total assets, MNOK



Equity and liabilities, MNOK



- Deposit ratio: 111%
- Liquidity coverage ratio: 702% total (383% EUR)
- Net stable funding ratio: 178% total (171% EUR)

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