Proposal to merge Easybank and BRAbank

Creating a leading digital niche bank in B2C and SME with a Nordic footprint

12 June 2020

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The order in which the risks are presented is not intended to provide an indication of the likelihood of their occurrence nor their severity or significance.

RISK RELATING TO THE BUSINESS OF THE BANKS AND THE INDUSTRY IN WHICH THEY OPERATE

Market reception

The Banks intend to further develop their position in the Nordic market as a specialist supplier of consumer finance products as well as supplier of financing, savings, receivables purchases and payment services to consumers, organizations and companies. If the market reception is weak, the Banks may not be able to fulfil its business ambition as forecasted. Such development may have a material adverse effect on the Banks businesses, results of operations, overall financial conditions and/or prospects.

Market cyclicality and general economic conditions

The Norwegian, Finnish and Swedish banking markets are historically cyclical with operating results of financial enterprises having fluctuated significantly because of volatile and sometimes unpredictable events, some of which are beyond direct control of the Banks and may develop quickly and unexpected such as epidemic diseases etc. Thus, future events may have material adverse effect on the Banks businesses, results of operations, overall financial conditions and/or prospects.

Moreover, the Banks profits' are highly sensitive to the macroeconomic development such as gross domestic product development, interest rate levels, and currency rate development. A decline in the economy may result in weaker growth, higher losses and weaker earnings, and it may make it difficult to raise capital at the same time. By way of examples, an increase in interest rate levels may reduce margins, increase the risk of credit losses and/or result in reduced willingness to take up new loans, increased unemployment is likely to increase overall loan losses, while lower economic activity dampens growth.

If the Norwegian, Finnish and/or Swedish economies weakens or if the financial markets exhibit uncertainty and/or volatility, this could result in a negative impact on consumers' disposable income, confidence, spending and/or demand for credit, which could in turn have a material adverse impact on the Banks businesses, financial conditions, results of operations and/or prospects.

Higher levels of unemployment have historically resulted, for example, in a decrease in borrowing, lower deposit levels and reduced or deferred levels of spending, with adverse impact on fees and commissions received on credit and debit card transactions and demand for home loans and unsecured lending. Higher unemployment rates and decreasing real income among the Banks customers is likely to have a negative impact on the Banks results', including through an increase in arrears, forbearance, impairment provisions and defaults.

In addition, deterioration in economic conditions in the European Economic Area (the "**EEA**"), including macroeconomic or financial market instability may pose a risk to the Banks existing and planned businesses. Should the economic conditions in the EEA deteriorate, the macroeconomic risks faced by the Banks would be exacerbated given the influence the EEA has on performance of the Nordic economy, and may have an adverse impact on consumer confidence, spending, repayment behavior and/or demand for credit in the Nordic countries, any of which could have material adverse effect on the Bank' businesses, financial conditions, results of operations and/or prospects.

Competition

The Banks will face competition from both domestic, Nordic and international banks and other suppliers of credit. If the Banks are unable or is perceived to be unable to compete efficiently, their competitive position may be adversely affected, which as a result, may have a material adverse effect on the Banks businesses, results of operations, financial conditions and/or prospects.

Increased competition may also lead to lower net margins than projected. Moreover, margins for consumer loans in Norway, Finland or Sweden have been higher than in the other Nordic countries, and competition or market conditions may lead to lower margins than projected.

Limited operational history

BRAbank initiated its operations in 2015 and completed the merger with old BRAbank ASA in 2019, and thus has short prior business history and experience. Easybank commenced operations as a focused consumer finance bank in 2016. Consequently, there is limited historical financial information about Easybank and BRAbank presented in this Presentation. The risk associated with the Banks ability to implement its business strategy within the projected scope, timeframe and cost level is therefore higher than it would have been with a longer operational history. However, the Banks management will have considerable relevant experience both from successful start-up's in the financial sector and from well-established and successful banks.

Risk factors (II)

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The Banks relies heavily on IT systems and is exposed to the risk of failure or inadequacy in these systems

The Banks business concepts are critically dependent upon an efficient and well-functioning, technological platform, in particular to offer customers online banks with 24 hours availability. This is a complex task driven by the Banks product mix and the need for efficient customer interaction, risk management procedures and cooperation with suppliers. Thus, the Banks are exposed to operational risks such as failure or inadequacies in these internal processes and systems. Furthermore, the Banks depend on third party providers for the supply of important IT services. Changes in regulatory or operational requirements may imply material changes to the Banks current IT systems and could further lead to a change in the systems and solutions provided to the Banks by their third party providers.

The Banks seek to reduce technological risk by adopting mostly proven systems and by maintaining highly competent technological staff within the organization. Despite the contingency plans and facilities that the Banks have in place, their ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports the businesses of the Banks, some of which are beyond the Banks control. Any failure, inadequacy, interruption or security failure of those systems, or the failure to seamlessly maintain, upgrade or introduce new systems, could harm the Banks ability to effectively operate their businesses and increase their expenses and harm their reputation. There is a risk that customers, as a result of interruptions in the digital banks, terminate their relationship with the Banks. These risks may in turn have a material adverse effect on the Banks financial conditions, results of operations and/or prospects.

Vulnerability to cyber-attack and security breaches

Like other financial enterprises, the Banks activities have been, and are expected to continue to be, subject to an increasing risk of information and communication technology crime in the form of, for example, Trojan attacks, phishing and denial of service attacks, the nature of cybercrime is continually evolving. The protection of their customer and company data, and their customers' trust in the Banks ability to protect such information, is of key importance to the Banks. The Banks relies in part on commercially available systems, software, tools and monitoring to provide security for processing, transmission and storage of confidential customer information, such as personal identifiable information, personal financial information, payment card data, account transcripts and loan and security data. Despite the security measures in place, the Banks facilities and systems, and those of their third party service providers, may be vulnerable to cyber-attacks, security breaches, acts of vandalism, computer viruses, misplaced or lost data, programming or human errors which exposes the Banks for cybercrime and/or other similar events.

If one or more of such events occur, any one of them could potentially jeopardize confidential and other information related to the Banks, their customers and their counterparties. Any security breach involving the misappropriation, loss or other unauthorized disclosure of confidential information, whether by the Banks or their vendors, could damage the Banks reputations, expose it to risk of litigation, increased capital requirements or sanctions from the Norwegian Supervisory Authority of Norway (the "**NFSA**") and disrupt their operations. The Banks may also be required to spend significant additional resources to modify their protective measures or to investigate and remediate vulnerabilities or other exposures. This could in turn have a material adverse effect on the Banks businesses, financial positions, results of operations and/or prospects.

Service providers

The Banks may outsource certain key functions to external partners, including IT activities. In the event that the current outsourcing becomes unsatisfactory, or the Banks third party suppliers are unable to fulfil their obligations, there is a risk that the Banks may be unable to locate new outsourcing partners on economically attractive terms and/or experiences unsatisfactory service levels or even disruptions in its business critical services and operations hereunder distributions and servicing of the Banks products, customers' accounts and/or puts the Banks in a situation where they are unable to fulfil their regulatory obligations towards customers and/or authorities.

Distributors

The Banks may rely on distributors to market and sell many of the Banks products. Termination of or any change to these relationships may have a material adverse effect on the Banks businesses, results of operations and overall financial conditions.

Key employees

The Banks are, and will be, relatively small companies with lean organizations and are therefore sensitive to losing key employees and management. Loss of key employees and management could have a material adverse effect on the continued success of the Banks businesses, financial positions, results of operations and/or prospects. In addition, the Banks future development is dependent on the Banks ability to attract and retain skilled personnel and to develop the level of expertise throughout their organizations.

Credit and concentration risk

The Banks lending activities are to give unsecured credit to consumers at high interest margins reflecting the high credit risk in such portfolios. Thus, the Banks are exposed to credit risk which is one of the key risk factors of the Banks operations. Credit risk is risk of losses due to failure of customers or other debtors to meet their obligations, and that collateral will not cover the outstanding claims, primarily from its lending activities. In addition, the Banks are exposed to concentration risk of negative development of an entire sector or correlation of loans. Adverse changes in the credit quality or behaviour of the Banks borrowers could reduce the value of the Banks assets and increase the Banks write-downs and allowances for impairment losses. The overall credit quality profile of the Banks borrowers may also be affected by a range of macroeconomic events and other factors, including increased unemployment, reduced asset values, lower consumer spending, increased customer indebtedness, increased interest rates and/or higher default rates. Furthermore, prevailing terms for sale of defaulted loans to third parties may deteriorate and adversely effect the Banks profitability. The Banks calculates provision for expected credit losses based on a three-stage model according to the International Financial Reporting Standards ("**IFRS**") 9. Easybank currently uses transitional arrangements for the regulatory capital impact over a period of three years. Changed assumptions in the Banks application of IFRS 9 may result in increased impairment losses.

Liquidity risk

The Banks are exposed to liquidity risk, which is the risk of losses due to a maturity mismatch between outstanding loans and deposits/funding. It is vital for the Banks to be able to fund its outstanding loans through customer deposits and funding from the capital market, at any given point of time. The Banks will seek to develop and keep a deposits/funding base and funding maturity structure that will be judged by the market as "robust".

The Banks may experience difficulties in attracting sufficient customer deposits and funding from the market to match a strong loan growth. In such cases, the Banks may have to reduce their loan growth or increase interest rates for deposits, and this may result in slower business growth and/or weaker earnings than forecasted.

Risk factors (III)

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In the case of turbulence in the capital market and/or if the Banks develop much weaker than expected in terms of profitability and loan losses, the liquidity/funding risk can be significant. Deposits from the public can be withdrawn quickly in a stressed situation. To counteract negative consequences of fluctuations in deposit volume, the Banks will establish a liquidity buffer to absorb expected fluctuations in deposit volume.

Market risk, including interest rate risk

The Banks are exposed to interest rate risk, which is the risk of losses due to changes in the general market interest rate level. The Banks lending and deposits will predominantly be with floating interest rate. As interest rates for consumer loans tend to be more "sticky" than funding rates, margins may deteriorate if interest rates increase. If the conditions in the capital market develop negatively and/or the Banks develops weaker than expected in terms of profitability and loan losses, the risk of losses can become substantial from the fact that funding costs increases more than is realistic to pass on to the borrowers. The Banks are exposed to market risk in their liquidity portfolio but will seek to limit this risk.

Risk that capital in the future may not be available on attractive terms, or at all

It cannot be ruled out that the Banks may need to obtain additional capital in the future, e.g. due to reduced margins, operational losses above expectations, negative credit risk migration, growth above expectations, or other factors affecting their capital adequacy and/or stricter capital adequacy requirements. Such capital, whether in the form of subordinated debt, hybrid capital or additional equity, may not be available on attractive terms, or at all. Further, any such development may expose the Banks to additional costs and liabilities and require them to change the manner in which they conducts their businesses or otherwise have a material adverse effect on their financial positions, results of operations and/or prospects.

Foreign currency risk

The Banks are exposed to foreign currency risk, i.e. the risk of losses and impact on the valuation of the Banks assets, which results from fluctuations in foreign currencies. For example, as the Banks may hold a large portion of their assets in Sweden and Finland, any foreign currency fluctuations in SEK and/or EUR relative to NOK will affect the valuation of the Banks assets, which in turn will affect the Banks capital adequacy. The Banks may try to match their positions in foreign currencies and if needed use financial instruments to reduce foreign currency risk.

Money laundering and/or identity fraud

In general, the risk that banks will be subjected to or used for money laundering or identity fraud has increased worldwide. The turnover of employees can create challenges in consistently implementing related policies and technology systems. The risk of future incidents in relation to money laundering or identity fraud always exists for financial enterprises. In particular, as pure digital banks, the Banks relies on third-party providers (e.g. Posten Norge AS and eID issuers (BankID)) to perform identity checks of new customers and for identity checks related to electronically signing of loan documents and transactions for existing customers. Identity fraud incidents or any violation of anti-money laundering rules, or even the suggestion of violations, may have severe financial, legal and reputational consequences for the Banks and may, as a result, adversely affect the Banks businesses and/or prospects. Violations of anti-money laundering rules may also result in severe sanctions from authorities.

Risk related to compliance with data protection and data privacy regulations

The Banks must comply with data protection and data privacy regulations as it receives, stores and processes personal information and other data through their business and operations in Norway, Finland and Sweden, including the European Union (the "**EU**") General Data Protection Regulation 2016/679 (the "**GDPR**"), which in Norway is implemented in Norwegian law through adoption of the Personal Data Act of 15 June 2018 No. 38.

Data protection and data privacy regulations may impose stringent data protection and data privacy requirements and provides high possible penalties for non-compliance. If there are breaches of these measures, the Banks could face significant administrative and monetary sanctions as well as reputational damages and claims for damages from individuals, which may have a material adverse effect on their operations, financial conditions and prospects.

Litigation, claims and compliance risks

The Banks may in the future become involved in various disputes and legal, administrative and governmental proceedings in Norway, Finland and/or Sweden, and other jurisdictions that potentially could expose the Banks to losses and liabilities.

Operational risks related to systems and processes and inadequacy in internal control procedures

The Banks businesses are exposed to operational risks related to systems and processes, whether people related or external events, including the risk of fraud and other criminal acts carried out against the Banks. Their businesses are dependent upon accurate and efficient processing and reporting of a high volume of complex transactions across numerous and diverse products and services. Any weakness in these systems or processes could have an adverse effect on the Banks results and on their ability to deliver appropriate customer service levels during the affected period. In addition, any breach in security systems, for example from increasingly sophisticated attacks by cybercrime groups could disrupt their businesses, result in the disclosure of confidential information and create significant financial and/or legal exposure and the possibility of damage to the Banks reputation and/or brand.

There can be no assurance that the risk controls, loss mitigation and other internal controls or actions that are applied by the Banks could help prevent the occurrence of a serious disaster resulting in interruptions, delays, the loss or corruption of data or the cessation of the availability of systems. Further, some of the measures used by the Banks to mitigate risk are based on historical information, and there is a risk that such measures are inadequate in predicting future risk exposure. Furthermore, risk management methods may rely on estimates, assumptions and information that may be incorrect or outdated. If the risk management is insufficient or inadequate, this could have a material adverse effect on the Banks.

Inability to maintain sufficient insurance to cover all risks related to their operations

The Banks businesses are subject to a number of risks, including, but not limited to fraud, disruption in the infrastructure, human errors, litigation and changes in the regulatory environment. Such occurrences could result in financial losses and possible legal liability. Although the Banks seek to maintain insurance or contractual coverage to protect against certain risks in such amounts as they considers reasonable, their insurance may not cover all the potential risks associated with the Banks operations, which could have a material and adverse effect on the Banks businesses, financial conditions, results of operations and/or prospects.

Risks relating to automated procedures and external providers

As purely digital banks, the Banks offers their loan products only through their digital platforms. The customer provides the information that is used in the automated assessment, and certain input factors are verified by external sources, either by documents forwarded to the Banks for manual review or information automatically retrieved from external information providers. For the most part, the loan applications are determined automatically based on the input from the customer and such third party verifications, and in accordance with predetermined financial models. There are inherent risks associated with online processing of loan applications and reliance on criteria where the information is provided by the customers, without personal contact. Consequently, the Banks are exposed to risks relating to the accuracy and completeness of their financial models on which the automated credit decisions are based, as well as risks relating to the reliability of the input provided by the customer.

Risk factors (IV)

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RISK RELATING TO LAWS AND REGULATIONS

As of 1 January 2020, Directive 2013/36 and Regulation 575/2013 (together referred to as "**CRD IV**") was implemented into Norwegian law.

The Financial Enterprises Act of 10 April 2015 No. 17 (the "**FEA**") requires a minimum capital adequacy requirement of 8 % which shall consist of at least 4.5 % CET1. Further, 1.5 % may be fulfilled with Tier 1 capital and 2.0 % may be fulfilled with Tier 2 capital. In addition to the requirement of 4.5 % CET1, FEA imposes various capital buffer requirements applicable to all Norwegian financial institutions, and all consisting of CET1. The capital buffer requirements consist of (i) a conservation buffer of 2.5 % and (ii) a systemic risk buffer of 3 % and (iii) a countercyclical buffer of maximum 2.5 %. On 11 December 2019, the Norwegian Ministry of Finance issued a statement that the Norwegian systemic risk buffer will be increased to 4.5 % for loan engagements in Norway from 31 December 2020 together with a principle of reciprocity pursuant to which the local systemic risk buffer may be applied for loan engagements in other EEA countries. For banks not using advanced IRB, the systemic risk buffer for all exposures (in Norway and abroad) will remain at 3 % until 31 December 2022. The level of the countercyclical buffer in Norway is to be determined by the Norwegian Ministry of Finance each quarter after receiving advice from Norges Bank. An increase will normally be with a 12 months' notice. The countercyclical buffer in Norway is currently at 1.0 %.

In addition to the regulatory minimum Pillar 1 requirement, the Banks are required to hold such capital as deemed necessary under the Banks internal assessment of their capital needs. The capital assessment must be made at least on an annual basis, and is made according to the Internal Capital Adequacy Assessment Process ("**ICAAP**") as laid down in CRD IV (called Pillar 2), as well as the NFSA's supervisory review process ("**SREP**"). An additional Pillar 2 planning buffer will be required if the Banks fails to meet a stress test.

The Banks are exposed to changes in banking and financial services regulations and changes in the interpretation and operation of such regulations

The Banks are subject to financial services laws, regulations, administrative actions and policies in Norway, Finland and Sweden. Changes in supervision and regulation in Norway, Finland, Sweden and/or in the EU / the EEA, could materially affect the Banks businesses, the products and services offered or the value of their assets. Future changes in regulation, fiscal or other policies can be unpredictable and are beyond the control of the Banks.

Areas where changes or developments in regulation and/or oversight could have a material adverse impact include, but are not limited to (i) changes in monetary, interest rate and other policies, (ii) general changes in government and regulatory policies or regimes which may significantly influence investor decisions or increase the costs of doing businesses in Norway, Finland and/or Sweden, (iii) changes in competition and pricing environments, (iv) differentiation among financial enterprises with respect to the extension of guarantees to bank deposits and borrowings from customers and the terms attaching to such guarantees, (v) increased financial reporting requirements and (vi) changes in regulations affecting the Banks current structure of operations, products or activities. Financial regulators responding to future crisis or other concerns may adopt new or additional regulations, imposing restrictions or limitations on banks' operations, including, but not limited to, increased capital requirements, disclosure and/or reporting standards or restrictions on certain types of transaction structures or business activities. The Banks may also be affected by implementation of measures that are part of the EU Capital Markets Union.

Although the Banks works closely with their regulators and continues to monitor the legal framework, future changes in the NFSA's or other government agencies' interpretation or operation of existing legislation or regulation can be unpredictable and are beyond the control of the Banks.

The Banks are subject to regulatory capital adequacy requirements and an increased level of expected risk or changes in the requirement as such could lead to an increase in its capital adequacy requirements

As of 1 January 2020, CRD IV was implemented into Norwegian law. In addition to the risk weighted capital requirements, the new set of legislations also include a leverage ratio. The minimum leverage ratio requirement has been set at 3.0 % with a requirement for all Norwegian banks to have an additional buffer of 2.0 % and a further 1.0 % for the banks which are deemed systemically important.

CRD IV imposes quantitative liquidity requirements applicable to banks and other credit institutions. Liquidity Coverage Ratio ("**LCR**") was introduced in 2016 onwards, with gradual implementation, taking full effect (100 %) from 31 December 2017. NSFR was implemented in December 2018. The LCR is the requirement that banks should have enough high quality liquid assets in their liquidity buffer to cover the difference between the expected cash outflows and the expected capped cash inflows over a 30-day stressed period.

By Directive 2019/878 ("**CRD V**") and Regulation 2019/876 ("**CRR 2**"), certain amendments are made in CRD IV, including a binding NFSR requirement of 100 %. The main provisions of CRD V and CRR 2 shall enter into force in the EU by 29 December 2020 and 21 June 2021 respectively. CRD V and CRR 2 have not yet been included in the EEA Agreement and it is uncertain when these amendments will be implemented in Norway.

The Banks may in the future be subject to further increases in capital and liquidity requirements as well as other regulatory requirements and constraints concerning increased capital requirements pursuant to Pillar 1. Moreover, the NFSA may impose stricter capital requirements for the Banks pursuant to the specific risks relating to the Banks operations under the Pillar 2 assessment. A stricter capital requirement, or any such requirements as mentioned above, could have material adverse effect on the Banks financial positions and profitability.

The Banks are exposed to changes in tax or VAT laws and regulations and changes in the interpretation and operation of such regulations

The Banks are subject to Norwegian laws and regulations regarding tax and VAT, including a Norwegian financial activity tax (Norwegian: *finansskatt*). The financial activity tax consists of two elements: (i) employers in the financial sector are subject to an extra payroll tax of 5 % and (ii) the income tax rates for entities in the financial sector is 25 % (i.e. not the general income tax rate of 22 %).

Future actions by the Norwegian government to change the tax or VAT laws or regulations, to increase tax or VAT rates or to impose additional taxes or duties might reduce the Banks profitability. Further, changes in the interpretation of tax or VAT legislation as well as differences in opinion between the Banks and Norwegian tax authorities with respect to the interpretation of relevant legislation or regulations might also adversely affect the Banks businesses. There can be no assurance that any change in tax or VAT legislation or the interpretation of tax and VAT legislation will not have a retroactive effect. Any such event might have a material adverse effect on the Banks businesses, financial situations, results of operations, liquidity and/or prospects.

Risk factors (V)

The Banks are exposed to regulations on consumer financing etc.

As the Banks customers are consumers, the Banks are particularly exposed to the risk of further regulations targeted at consumer financing in specific.

The Banks are also subject to laws and regulations concerning marketing activities directed towards consumers, the Banks target customers. Any changes in laws and regulations concerning consumer financing and or marketing activities towards consumers could have a negative effect on the Banks businesses operations.

Competition may intensify further as a result of competition behaviour, consumer demand, technological changes, market consolidation and new market entrants and regulatory actions. Furthermore, the Banks may continue to be negatively affected by the implementation of the adopted public law part of PSD2, which opens up the European market for payment systems and have led to increased competition between banks and other payment services providers as the directive requires banks to reformulate their approach to providing secure data access to third parties, and thus it increases the competition between payment service providers because more payment service providers are given access to customers' account information, including funds available. If increased competition occurs as a result of these or other factors, the Banks businesses, financial conditions, results of operations and/or prospects could be materially adversely affected.

Proposed new Financial Contracts Act

On 29 April 2020, the Norwegian Ministry of Justice and Public Security presented a proposal for a new Financial Contracts Act. The proposal entails revision of the current Financial Contracts Act as a result of Directive 2014/17/EU on credit agreements for consumers relating to residential immovable property, Directive 2014/92/EU access to payment accounts with basic features and the contractual parts of Directive (EU) 2015/2366 access to payment accounts with basic features (PSD2) being implemented in Norwegian law. The proposal aims to strengthen the protection for credit customers. Key changes include a proposal that the current obligation for a bank to dissuade customers from entering into credit agreement, is replaced by an obligation to reject credit applications from customers with weak ability to repay. As a result of this, the banks may be obliged reject more applications for credit. It is suggested that the customers obligations according to the credit agreement may be modified if a bank has not complied with this duty, including that the customers may demand to pay market interest rate instead of the interest rate set in the credit agreement. Furthermore, a compensation provision based on objective liability is proposed, for losses arising from breach of legislative obligations. The provision may in practice lead to increased liability for the Banks.

The deposit guarantee amount may be reduced

There may be a reduction in the current Norwegian deposit guarantee scheme coverage level due to Directive 2014/49/EU on deposit guarantee schemes, which imposes harmonized level of deposit guarantees of EUR 100,000 per customer in the event of a bank failure. The current Norwegian guarantee scheme provides for a deposit guarantee of NOK 2 million (approximately EUR 200,000) per customer, and a decrease may also lead to withdrawal of deposits which may have a material adverse effect on the Banks funding.

Regulatory requirements applicable to the Banks operations in Finland and Sweden

BRAbank is, and the Bank will, operate banking business in Finland and Sweden on a cross-border basis. Such operations will be subject to certain Finnish and Swedish regulatory requirements, in particular related to its conduct of business. The legal risks set out for the Banks will apply correspondingly to its operations in Finland and Sweden.

Although BRAbank and the Bank will continue to monitor applicable legal framework, future changes in the Finnish or Swedish Financial Regulatory Authority or other government agencies' interpretation or operation of existing legislation or regulation can be unpredictable and are beyond the control of BRAbank and the Bank. Furthermore, Finnish and Swedish authorities have taken several initiatives that may cause demand for consumer credit to be reduced.

BRRD may impact the debt funding for the Banks

The provisions of the Banking Recovery and Resolution Directive 2014/59/EU ("**BRRD**") has been implemented into the FEA chapter 20, and was set in force 1 January 2019. It is likely that this legislation will impact the senior debt funding for banks and lead to added regulatory requirements on a number of banks. The legislation requires banks to draw up recovery and resolution plans to be scrutinized by regulators, and introduces inter alia the bail-in tool here after the regulators can affect a write-off of unsecured senior debt or conversion into equity in a financial distress scenario.

The implementation of BRRD may impact the Banks funding structure and costs. The Banks may be required or may intend to issue senior non-preferred market debt, which would be junior to senior secured debt issued. The total cost of funding from these debt classes may be higher than the Banks current market funding. In addition, under BRRD, any perceived uncertainty regarding a bank's financial position may significantly limit its access to senior debt funding. Thus, the Banks may be subject to increased costs of unsecured senior bank debt in the future and this may adversely affect the Banks access to senior debt funding.

On 20 December 2019, the NFSA determined resolution plans and MREL-requirements (i.e. minimum requirement for own funds and eligible liabilities) for eight Norwegian banks and it is expected that seven additional Norwegian banks will receive MREL-requirements requirements during 2020. MREL-requirements may impact the Bank's debt funding and profitability.

The Banks offers unsecured debt to consumers and the Banks relies on the possibility to initiate effective measures for debt recovery if its customers breach their payment obligations

The Banks offers unsecured credit to consumers at high interest margins, and such credits involve a high risk of defaults. Thus, the Banks are highly dependent on the possibility to initiate effective measures to recover debt from such customers, including transfer of claims to other financial enterprises.

Recovery of debt is subject to the procedures set forth in the Act on debt collection and other recovery of overdue pecuniary claims of 13 May 1988 no. 26. Any future changes in the Act on debt collection its adherent regulations or changes in other laws and regulations which impede the Banks ability to recover debt may have an adverse material effect on the Banks operations and/or overall financial conditions. On 27 January 2020, an expert group proposed a new act on debt collection and a new regulation on debt collection, including, inter alia, material reductions in applicable late fees and debt collection fees.

Moreover, the Banks are in the process of expanding their operations to other jurisdictions and there is a risk that regulations and procedures in such countries concerning debt recovery impedes the Banks ability to recover debt from their customers. In addition, the Banks will be exposed to changes or amendments to such jurisdictions which may impede the Banks ability to recover debt in these jurisdictions.

Risk factors (VI)

The implementation of the EU Market Abuse Regulations may lead withholding of information from the public in certain distress scenarios

The EU Regulation No. 596/2014 of European Parliament and of the Council of 16 April 2014 on market abuse ("**MAR"**) increases the risk for holders of listed shares and bonds issued by banks, providing for an exemption from ordinary disclosure requirements for listed companies. The new rules allow banks to withhold information on a distress scenario, even where this delay of disclosure is likely to mislead the public. The relevant MAR rule provides that, in order to preserve the stability of the financial system, an issuer that is a credit institution or a financial enterprise, may, on its own responsibility, delay public disclosure of inside information, including information which is related to a temporary liquidity problem and, in particular, the need to receive temporary liquidity assistance from a central bank or lender of last resort, provided certain conditions are met, including that disclosure entails a risk of undermining the financial stability of the issuer and of the financial system. The Norwegian Ministry of Finance submitted a legislative proposal implementing MAR on 10 April 2019 which was adopted by parliament 17 June 2019. It is unknown when MAR will be set in force in Norway as of the date of this Presentation.

Strict consumer credit legislation in Norway presents compliance and profitability risks

As set out above, Norway imposes strict requirements on the consumer credit business. Non-compliance may be subject to severe sanctions from supervisory authorities or lawsuits and, hence, the businesses of the Banks are strongly dependent on their ability to comply with applicable consumer credit legislation.

Strict consumer credit legislation in Finland presents compliance and profitability risks

Finland imposes strict requirements on the consumer credit business, including an interest rate ceiling and limitations on other costs of credit. The annual rate of interest on consumer credits was limited to a maximum of 20 % in September 2019, which limit applies regardless of whether the credit bears a fixed or floating interest rate of interest. Costs of credit other than interest may not exceed 0.01 % of the credit amount or credit limit per day and are additionally subject to a cap of EUR 150 annually. Such other costs of credit may not be collected in advance for a period exceeding one year. The Finnish government is working on a proposal to temporarily lower the interest rate ceiling on consumer credits from 20 % per annum to 10 % per annum due to the exceptional circumstances caused by the ongoing coronavirus COVID-19 pandemic, and to prohibit direct marketing of consumer credits.

The businesses of the Banks are strongly dependent on their ability to comply with applicable consumer credit legislation. Under Finnish consumer credit legislation, where a lender fails to comply with the interest rate ceiling or the limitations regarding other costs of credit, the borrower is released from its obligation to pay any interest or costs of credit. Therefore, should a bank fail to comply with applicable Finnish consumer credit legislation, it may be unable to collect any interest or costs on the credits which are affected by non-compliance. In addition, since the interest rate ceiling is expressed as a fixed percentage, if market interest rates or the risk premium attached to the Banks debt increase or if the Banks funding costs otherwise increase, this would reduce the Banks ability to generate net interest income, since the difference between the Banks funding costs and the interest rate the Banks may levy from their customers would decrease. If the Banks fails to comply with applicable consumer credit legislation or any of the above risks otherwise realise, this may have an adverse effect on the Banks businesses, financial conditions, results of operations and future prospects.

Strict consumer credit legislation in Sweden presents compliance and profitability risk

Consumer credits in Sweden may only be provided by financial institutions with a license from the Swedish FSA or corresponding EEA supervisory authority. Consumer credits are primarily regulated by the Consumer Credits Act (2010:1846).

This act include provisions that limit creditors possibility to provide so called high costs credits (credits with an effective interest rate amounting to at least the reference interest rate (0 % -1/1-2020) with a 30 % surcharge and do not mainly refer to a credit purchase or housing credit). These rules cover areas as marketing, information, interest and cost ceilings and limits to extend the loan more than once. In addition hereto the Swedish FSA has introduced stricter amortization requirements for loans with mortgage. The new component of the requirement entails that new mortgagors with mortgages that are greater than 4.5 times their gross income – or where the loan-to-value ratio exceeds 50 % but not 70 % - must amortize at least 1 per cent of the debt per year. If the loan-to-value ratio exceeds 70 % must the mortgagors amortize at least 2 per cent of the total debt per year.

The supervision of consumer credit business is divided between the Swedish FSA and the Swedish Consumer Agency. If financial institutions does not comply with the consumer credit legislation it is a high risk for intervention from the authorities. The Swedish FSA may take action in accordance to the Banking and Financing Act (2004:297) and the Swedish Consumer Agency may act based on the Swedish Marketing Act (2008:486). Indebtedness of consumers is a hot topic for the Swedish government and the government has in February 2020 given a new assignment to the Swedish Consumer Agency to analyze the market for consumer credits and the risk for indebtedness of consumers. In addition hereto, the Swedish FSA has started a discussion with the government wanting to introduce a general debt register.

The share capital of the Banks may be written down by the Banks shareholders or the Norwegian authorities under the Act on Financial Enterprises and Financial Groups

The share capital of the Banks may be written down by the Norwegian authorities pursuant to powers granted to them under Chapter 20 of the Act on Financial Enterprises and Financial Groups.

OTHER RISK

Difficulties for foreign investors to enforce non-Norwegian judgements

Easybank and BRAbank are, and the Banks will be, organized under the laws of Norway. Currently, the majority of the board of directors in Easybank and BRAbank are, and in the Bank will be, residents of Norway, and the vast majority of their assets are in Norway. As a result, it may not be possible for non-Norwegian investors to affect service of process on Easybank, BRAbank and/or the Bank or their board of directors' in the investor's own jurisdiction, or to enforce against them judgments obtained in non-Norwegian courts. However, Norway is party to the Lugano Convention and a judgment obtained in another Lugano Convention state will in general be enforceable in Norway. However, there is no regulation providing for general recognition or enforceability in Norway of judgments of non-Lugano Convention state courts, such as the courts of the United States.

Norwegian law may limit the shareholders' ability to bring an action against the Bank

Easeybank and BRAbank are, and the Bank will be, public limited liability companies incorporated under the laws of Norway. The rights of holders of Shares will be governed by Norwegian law and by the articles of association. These rights differ from the rights of shareholders in typical US corporations. In particular, Norwegian law limits the circumstances under which shareholders of Norwegian companies may bring derivative actions. Under Norwegian law, any action brought by a company in respect of wrongful acts committed against the company takes priority over actions brought by shareholders in respect of such acts. In addition, it may be difficult to prevail in a claim against the Banks under, or to enforce liabilities predicated upon, U.S. securities laws.

Risk factors (VII)

easybank
BRABANK

RISK FACTORS RELATING TO MERGER

The Banks may not necessarily be able to realize some or any of the estimated benefits of the merger in the manner or within the timeframe currently estimated, or at all, and the implementation costs may exceed estimates

Achieving estimated benefits, including synergies, of the contemplated merger will depend largely on the timely and efficient combination of the business operations of BRAbank and Easybank. If the Banks fails to realize anticipated synergies or other benefits or recognize further synergies or benefits, or the estimated implementation costs of the merger are exceeded, the business rationale of the merger could not be realized and the value of the shareholders' investment into the Banks could decrease. Materialization of any of the above factors could have a material adverse effect on the businesses, financial positions, results of operations, future prospects, or share price of the Bank.

The merger consideration will not be adjusted to reflect fluctuations in the market price of the shares in BRAbank or Easybank

Following the completion of the merger between Easybank and BRAbank, holders of BRAbank shares will receive a fixed number of Easybank shares for each share they own in BRAbank. The exchange ratio is fixed and will not be subsequently adjusted. As a result, the market price of BRAbank's and Easybank's shares may increase or decrease, which may impact the real value of the merger consideration shares, but will not impact the number the merger consideration shares to be issued.

BRAbank's and Easybank's access to information regarding each other has been limited, and they may not be adequately protected against possible known or unknown deficiencies and liabilities

BRAbank's and Easybank's access to information regarding each other in connection with the merger has been limited due to, among other things, competition laws and regulations. For this reason, and notwithstanding the public information that Easybank and BRAbank disclose due to, inter alia, BRAbank's disclosure obligations as a company admitted to trading on Merkur Market, Easybank and BRAbank have only been able to conduct a limited due diligence review of each other. Such limited due diligence reviews may have failed to identify and discover potential liabilities and deficiencies. As Easybank and BRAbank commence their operations as a combined company, the Bank's management may learn additional information about liabilities which, individually or in aggregate, could result in significant additional costs and liabilities that are not described in this Presentation, or affect the feasibility of achieving estimated synergies. Any of the above factors could have a material adverse effect on the business, financial position, results of operations, future prospects, or share price of the Bank.

RISK FACTORS RELATING TO SHARES

The price of the Shares may fluctuate significantly

BRAbank's shares are currently admitted to trading on the Merkur Market. Easybank's shares have not been listed on the Oslo Stock Exchange or any other regulated market, but currently trade over-the-counter on the NOTC-list. The Bank intends to apply for admission to trading of its shares on Merkur Market following completion of the merger between Easybank and BRAbank. The market price of the Shares may fluctuate significantly and rapidly as a result of, *inter alia*, the factors mentioned below:

- Differences between the actual financial and operating results and those expected by investors/analysts;
- Perceived prospects for the business and operations and the banking industry;
- Announcements by the Banks or competitors of significant contracts, acquisitions, strategic alliances, joint ventures or capital commitments;
- Changes in operating results;
- Changes in securities analysts' estimates of financial performance and recommendations;
- Changes in market valuation of similar companies;
- Involvement in litigation;
- Additions or departures of key personnel; and
- Changes in general economic conditions.

Negative publicity or announcements, including those relating to any of the Banks substantial shareholders or key personnel may adversely affect the Share price and the stock performance of the Banks, whether or not this is justifiable. Such negative publicity or announcement may include involvement in insolvency proceedings, failed attempts in takeovers or joint ventures etc.

The Shares are subject to restrictions on dividend payments

Norwegian law provides that any declaration of dividends must be adopted by the Banks general meeting. Dividends may only be declared to the extent that the Banks have distributable funds and the board of directors finds such a declaration to be prudent in consideration of the size, nature, scope and risks associated with the Banks operations and the need to maintain their liquidity and financial positions. Accordingly, the size of any future dividend from the Banks to its shareholders is dependent on a number of factors, such as the Banks business' development, results, financial positions, cash flow, available liquidity and need for working capital. There are many risks that may affect the Banks earnings, and there can be no guarantee that the Banks will be able to present results that enable distribution of dividends to its shareholders in the future. If no dividend is distributed, the shareholders' return on investment in the Banks will solely generate on the basis of the development of the share price.

Future issuances of Shares or other securities may dilute the holdings of shareholders and could materially affect the trading price of the Shares

The Banks may in the future decide to offer additional shares or other securities. Depending on the structure of any future offering, existing Shareholders may not be able to purchase additional equity securities. If the Banks raises additional funds by issuing additional shares or other equity securities, the relative holdings and voting interests and the financial interests of existing Shareholders may be diluted.

Norwegian law imposes certain restrictions on shares and shareholders

The rights of shareholders of the Banks are governed by Norwegian law and by the articles of association of the Banks. These rights may differ from the rights of shareholders in companies incorporated in other jurisdictions. In particular, Norwegian law limits the circumstances under which shareholders of Norwegian companies may bring derivative actions. For instance, under Norwegian law, any action brought by a bank in respect of wrongful acts committed against such bank will be prioritized over actions brought by shareholders claiming compensation in respect of such acts. Further, it may be difficult to prevail in a claim against the Banks under, or to enforce liabilities predicated upon, securities laws in other jurisdictions.

Risk factors (VIII)

Future sales or the possibility of future sales of substantial numbers of Shares may affect the market price of the Shares

The market price of the Shares could decline as a result of sales of a large number of Shares in the market after the date hereof or as a result of the perception that such sales could occur. Such sales, or the possibility that such sales may occur, might also make it more difficult for the Banks to issue new Shares or other equity securities in the future at a time and at a price that it deems appropriate. The Banks cannot predict what effect, if any, future sales of the Shares, or the availability of Shares for future sales, will have on their market prices. Sales of substantial amounts of the Shares following the date hereof, or the perception that such sales could occur, may materially and adversely affect the market price of the Shares, making it more difficult for holders to sell their Shares or the Banks to issue new Shares or other equity securities at a time and price that they deem appropriate.

Nominee registered Shares cannot be voted

Beneficial owners of Shares that are registered in the name of a nominee will be unable to exercise their voting rights for Shares unless their ownership is re-registered with the VPS in the name of the beneficial owners prior to the general meeting. There can be no assurance that beneficial owners of the Shares will receive the notice of any general meeting in time to instruct their nominees to either effect a re-registration of their Shares or otherwise vote for their Shares in the manner desired by such beneficial owners.

Apart from the specific factors listed above and general business and economic conditions to which all commercial businesses are exposed to, the board of directors are of the view that the Banks is not vulnerable in any material way to any other factors which can be reasonably anticipated.

List of abbreviations

Abbreviation	English	Norwegian
B2B	Business to business	Bedriftshandel
B2C	Business to consumer	Konsumenthandel
C/I ratio	Cost to Income ratio	Kostnad over inntekt ratio (kostnadsprosent)
CAGR	Compound Annual Growth Rate	Årlig vekstrate
CCO	Chief Compliance Officer	Compliance direktør
CEO	Chief Executive Officer	Administrerende direktør
CET1	Common Equity Tier 1	Ren kjernekapital
CFO	Chief Financial Officer	Finansdirektør
CRO	Chief Risk Officer	Riskdirektør
FTE	Full time equivilant	Fulltidsekvivalent
FY	Fiscal Year	Skatteår
HR	Human Resources	HR
IFRS	International Financial Reporting Standards	Internasjonal regnskapsstandard
LGD	Loss Given Default	Tap ved mislighold
NGAAP	Norwegian Generally Accepted Accounting Principles	Norsk regnskapsstandard
NOTC	Norwegian Over The Counter Market	NOTC - aksjer som ikke er notert på Oslo Børs (unotert)
NPL	Non-performing loan	Misligholdte engasjementer
OPEX	Operating Expenses	Driftskostnader
PBT	Profit Before Tax	Resultat før skatt
PD	Probability of Default	Sannsynligheten for mislighold
ROE	Return on Equity	Avkastning på egenkapital
SME	Small and Medium-sized Enterprises	Små og mellomstore bedrifter (SMB)
FSA	Financial Supervisory Authority	Finanstilsynet

Table of contents

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BRABANK

Easybank and BRAbank to join forces – an attractive combination...

easybank
BRABANK

1. Substantial cost synergies related to IT systems, external services and personnel reductions, amounting to ~NOK 100m annually. Targeting Cost/Income ratio below 20% ✓
2. Reaching critical volume and self-funding capability, to drive attractive return on equity and shareholder value ✓
3. The banks have complementary products, market segments and geographical coverage ✓
4. Forming a strong distribution network and strategic partnerships ✓
5. Strategic fit with vastly overlapping IT systems – merger can be done at low risk and cost ✓

… targeting critical mass and competitive cost/income ratio

Key figures and targets

NOKm	Easybank	BRAbank	Combined	Year 3* post merger
Loan balance	2 735[1]	4 319[1]	7 054[1]	9 368
Equity	496[2]	756[2]	1 261[2]	1 844
OPEX	87[3]	154[3]	N/A	140
ROE	12.7%[2]	(14.7)%[2]	N/A	16,7%
Cost / Income	28.4%[2]	59.0%[2]	N/A	17,0%
# of customers[1] (Consumer loans)	16 157	21 408	37 565	

[1] As of Q1 2020 (unaudited Gross loans)
[2] As of January 1st 2020 (audited accounts)
[3] Estimate for 2020

Geographical coverage

Current markets for the combined bank

Guiding principles for the combined bank

- Aspiration to become a leading digital niche bank B2C and B2B (SME segment) with a Nordic footprint
- Utilise scalability and realise substantial cost synergies by combining Easybank and BRAbank
- Targeting one of the lowest cost/income ratios in the market, below 20%
- Long-term ROE target above 20%, and medium-term 15%

There are substantial economy-of-scale opportunities in a combined bank due to current double banking setup and high degree of overlap in IT systems

**Management targets at the date of this presentation, subject to uncertainty and change*

Transaction details

Merger consideration	• The Transaction is expected to be structured as a statutory merger combining Easybank and BRAbank with Easybank as the surviving entity • All share transaction – BRAbank shareholders to receive 0,075724 Easybank shares per BRAbank share, totalling 47.4 million new Easybank shares. The exchange ratio is 50/50 • Easybank share to be listed on Merkur Market • Existing Easybank shareholders to hold 50.0% of total outstanding shares post merger and existing BRAbank shareholders to hold 50.0% of outstanding shares post merger
Management and governance	• Svein Lindbak to be named Chairman of the Board • Board of Directors to consist of Viggo Leisner (Vice Chairman), Kristin Krohn Devold, Irene Terkelsen, Siv Børge-Ask, Øyvind Oanes, Jan Kleppe • Nomination committee to consist of Per G Braathen (Chairman), Nils Gunnar Hjellegjerde, Petter Tusvik • CEO of the combined company will be Oddbjørn Berentsen from Easybank • The combined company to be headquartered in Oslo, Holbergs gate 21, 0166 Oslo. Administrative functions will be located to the Head office. Functions/resources may be continued in Bergen to the extent considered beneficial for the combined company as further decided by the CEO
Company name	• The combined company will be named BRAbank (Easybank brand can not be used outside Norway)
Voting undertakings	• 67,25 % of Easybank's and 52,03 % of BRAbank's shareholders have provided pre-commitments to vote in favour of the transaction

High level timeline

July 16th 2020	Extraordinary general meetings approving the merger
Sep. 15th 2020	Expected approval of the transaction by the Norwegian Financial Supervisory Authority (FSA)
Oct. 1st 2020	Merger enter into force

Fairness opinion

SpareBank 1 Markets has, at the request of the Board of Directors in Easybank ASA and BRAbank ASA, reviewed the terms of the proposed merger.

Based on both publicly available information and information supplied by the involved parties, SpareBank 1 Markets has issued a fairness opinion stating that the exchange ratio in the proposed merger is fair from a financial point of view.

Table of contents

Easybank – a digital niche bank with a broad product portfolio in B2C and B2B

easybank BRABANK

Company highlights

- Rebranded from Verdibanken (founded in 2003) to Easybank in 2016, with focus on consumer finance
- New Management lead by CEO Oddbjørn Berentsen, BoD and significant changes in the investor base as part of restructuring
- New equity raised in Mar16 and Mar18
- Listed on NOTC in Nov16
- Acquisition of B2B Fintech Bank Fundu in 2019, underpinning diversification strategy
- Forward-flow with Kredinor for NPLs with option to extend throughout 2023 (based on 2017 conditions)
- Strategic partnerships with Conta Group AS and Melin Medical AS.
- Headquartered in Oslo

Product portfolio

B2C
- Current products: Consumer loans, Car loans, Savings accounts, Rental deposit accounts
- Future product focus: Invoice purchase, Sales finance

B2B
- Current products: SME loans, Savings accounts
- Future product focus: Invoice purchase & SME credit, Sales finance

Current products | Future product focus

Geographical presence

2.5% Estimated market share in Norway

Based on 34 banks in Norway offering unsecured debt (Finanstilsynet)

Organisation & FTE's

- **CEO** Oddbjørn Berentsen
  - **CFO**
  - **CCO/CRO/HR**
  - **COO**
  - **CTO**
  - **Head of B2B**
  - **Head of B2C & Operations**

27 FTEs

Distribution & Partnerships

Traditional channels
- Direct
- Brokers (*14*)

Easybank

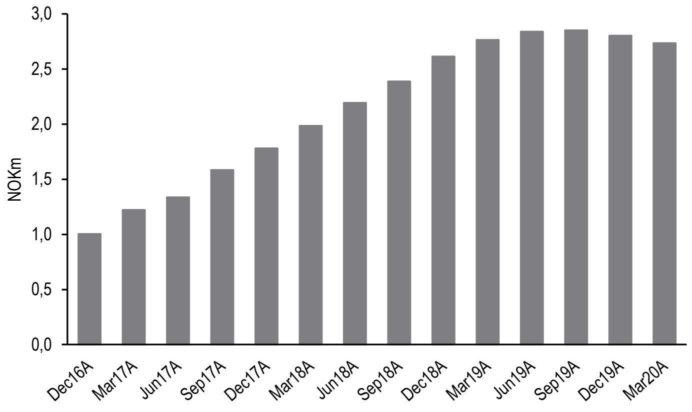
Partnerships
- conta, melin medical: Invoice purchsase, sales finance & SME deposits (Conta)
- idfy, Husleie.no: Rental deposit accounts and loan solutions

[1] Gross loans distribution as per 31.12.19

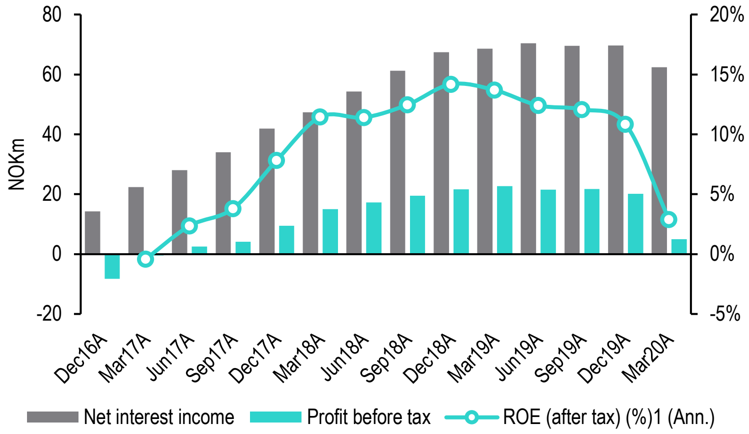
Easybank – a financial overview 2016-2019

easybank
BRABANK

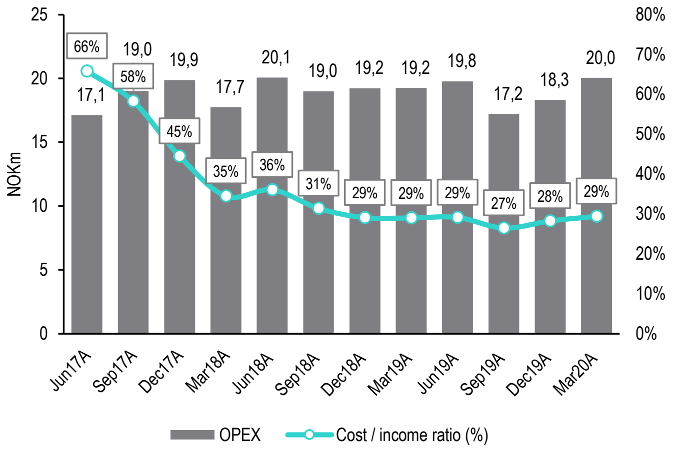
Gross loans



Net interest income, PBT & ROE



OPEX and C/I ratio



- Financials prepared (and presented above) according to NGAAP
- Transition to simplified IFRS as of 01.01.2020
- Gross loans CAGR of 39.6% from Dec16 to Mar20
- Loan portfolio primarily relating to Consumer loans in Norway

- Strong historical income growth driven by consumer loan growth
- Stable quarter by quarter profit before tax during FY19, in the range of NOK 20-23m, lower in Q1 20 due to negative liquidity return and negative growth
- Tightening capital requirements reducing loan growth, and consequently, development in profit before tax

- Declining C/I ratio from FY17 despite strong loan growth in FY17 and FY18. Stable OPEX levels throughout the period
- C/I ratio in the low end compared to peers
- Recent SME focus slightly impacting C/I

Gross loans
Mar20A
2.7
NOKb

Profit before tax
Q120A
4.9
NOKm

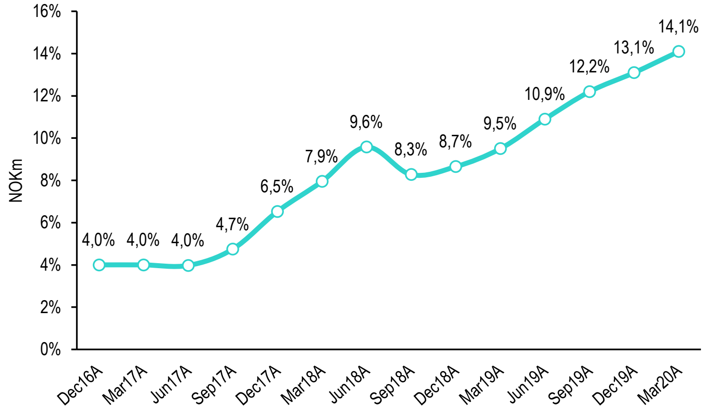
Cost / Income ratio %
Q120A
29.5%

Accounts per 31.03.2020 have not been audited

Easybank – a financial overview 2016-2019

easybank BRABANK

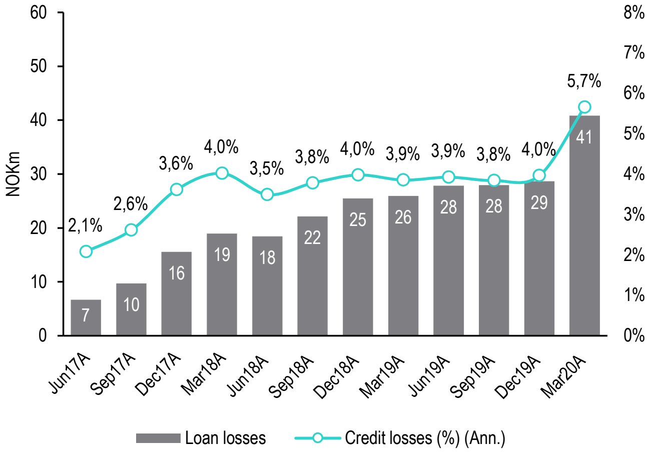
NPLs in % of gross loans¹



- Growing share of NPL % in line with peers
- Forward flow agreement with Kredinor puts limit on downside risk. Agreement entered in June 17 with similar terms until expiration (option to extend until end of 2023)

NPL%
Mar20A
14.1%

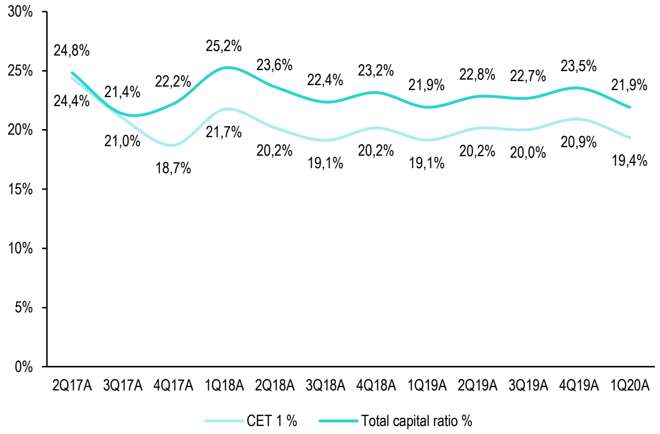
Loan losses & loss ratio



- The bank implemented IFRS9 as of 01.01.20 with an impact on loan loss provision of NOK 128m
- Loss increase post IFRS9 as interest is recorded as Interest Income and a corresponding amount is recorded as Loan losses, hence no impact on Net profit

Loss ratio %
Q120A
5.7%
IFRS9

Capital adequacy



- Stable capital adequacy since FY18
- Easybank issued equity of NOK 200m in Mar16 and NOK 100m in Mar18

CET1 %
Mar20A
19.4%

Accounts per 31.03.2020 have not been audited

[1] NPL and loss ratio for the total portfolio, including consumer loans, mortgages and SME.

BRAbank – a digital niche bank with a broad partnership network

easybank BRABANK

Company highlights

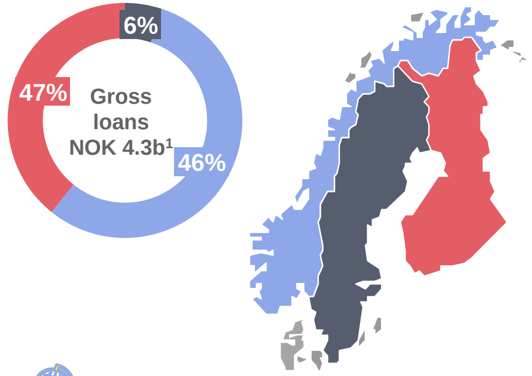
- In operation since Nov15 with the current bank being a result of the merger between BRAbank and Monobank in Jun19
- Hans Ljøen was appointed CEO in Dec19, leading an organisation of ~50 FTEs
- Listed on Merkur Market in Feb18
- Entered Finnish market in 2017 and Sweden in 2019. Deposit solutions available in four EU countries through the deposit marketplace Raisin
- Headquartered in Bergen

Product portfolio

B2C	Norway	Finland	Sweden	EU
Consumer loans	✓	✓	✓	
Credit cards	✓		✓	
Savings accounts	✓			✓[1]

[1]Deposit solutions through *Raisin* in Germany, Spain, Austria and France

Geographical presence



2.4% Estimated market share in Norway

Based on 34 banks in Norway offering unsecured debt (Finanstilsynet)

Organisation & FTE's

CEO
Hans Kristian Ljøen

Misc.
Strategic advisor, CSR HR

CPO

COO | **CTO** | **CFO** | **CRO**

51 FTEs

Distribution & Partnerships

Traditional channels

Direct | Brokers (*10*)

BRAbank

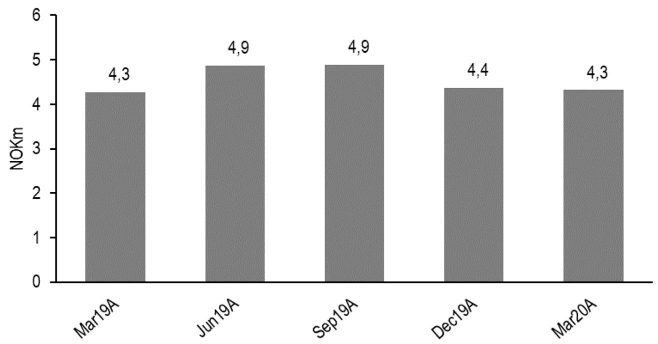
Partnerships

BRA – Credit card | widerøe – Credit card

[1] Gross loans distribution as per 31.03.20

BRAbank – a financial overview 2019

Gross loans



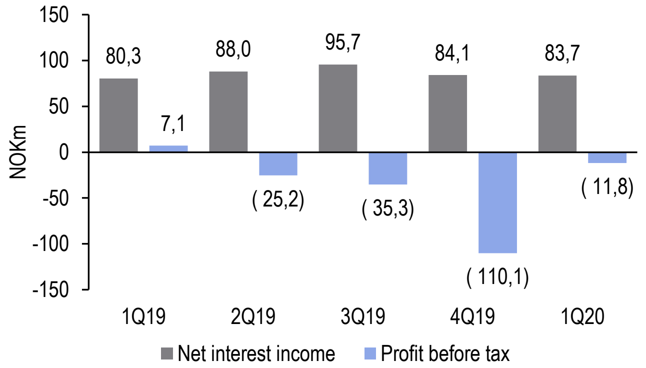
- Financials are prepared (and presented above) according to IFRS
- Transition to IFRS as of 30.06.2019
- The loan portfolio per Q1 20 comprises Norway (47%), Finland (47%) and Sweden (6%)
- Sale of Norwegian debt portfolio NPL of approx. NOK 185m completed Q1 20
- Following the merger with effect from Jun19, comparable financials for the merged entity were prepared for FY19

Gross loans[1]
Mar20A

4.3

NOKb

Net interest income, PBT & ROE



- Monobank and former BRAbank merged with effect from 28 June 2019.
- P&L for FY19 impacted by restructuring costs (NOK 39m), impairment of intangibles (NOK 30m), gain badwill (NOK 12.4m) and one-off loan loss adjustments IFRS 9 and sale of NPLs totaling NOK 110m.
- Q1 20 result affected by the substantial 17% depreciation of NOK to EUR. This had a NOK 18,8 m negative effect on results. Restructuring cost totalled NOK 4,7m
- Adjusted for restructuring one-offs and currency effects, profit before tax for Q1 20 was NOK 11.7m

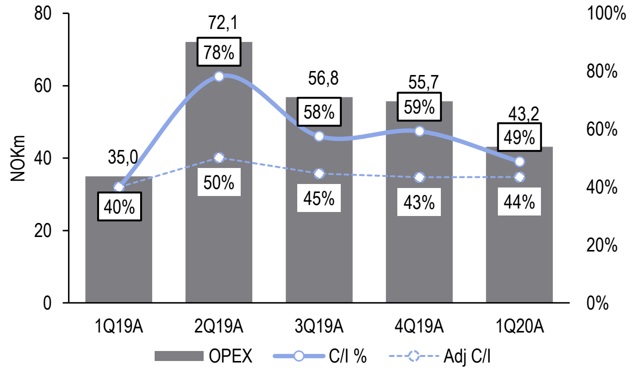
Profit before tax
Q120

(11.8)

[+11.7]

NOKm

OPEX and C/I ratio



- Extraordinary costs related to transaction and integration costs during FY19 amounted to NOK 9.6m in personnel expenses and NOK 24.7m in other operating expenses (External services, IT etc.). Q1 20 NOK 4,7m
- BRAbank has recently concluded a substantial cost cutting program e.g. downsizing from close to 70 FTEs after the merger, to currently 50 FTEs. As a result, provisions of NOK 5m were made in Q419

Cost / Income ratio %
Q120A

48.8%

[1] Of which capitalised commissions of NOK 119m
* Figures in brackets represent adjusted figures. Accounts per 31.03.2020 have not been audited

BRAbank – a financial overview 2019

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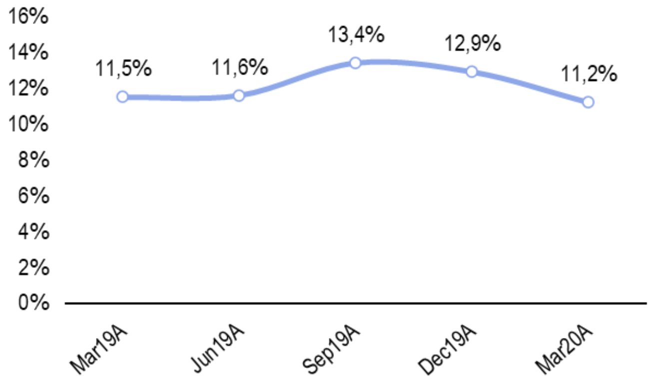
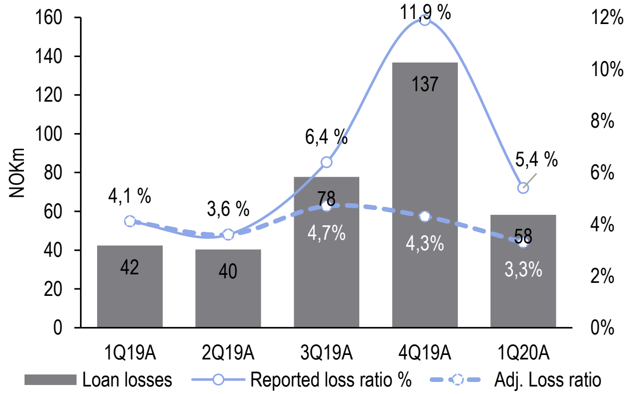
NPLs in % of gross loans



- The reduction in NPL ratio in Q4 19 and Q1 20 is due to the sale of NPLs in Finland and Norway respectively.
- A sale of the oldest Norwegian NPLs (“overvåkssaker”) of approx. NOK 185m was completed in March 2020 and had minimal P&L effect in Q1 20.
- Based on sale of the oldest NPLs in both Norway and Finland, the valuation / LGD risk is significantly reduced.

NPL%
Mar20A
11.2%

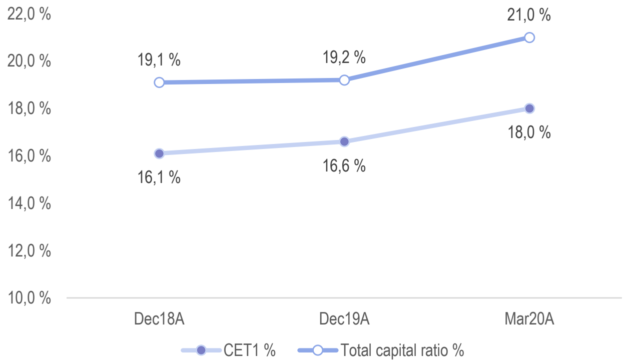
Loan losses & loss ratio



- Positive development in adjusted loan loss ratio Q1 20 with effects of improved credit model materializing.
- Currency effect on loan losses Q1 20 amounted to NOK 22,7m
- One-off loan loss adjustments IFRS 9 and sale of NPLs totaling NOK 110m FY 2019.

Loss ratio %
Q120
5.4%
[3.3%]

Capital adequacy



- Compliance with capital requirements restored in Q1 after successful measures in Q1 Private placement NOK 65m, Tier 2 bond issue of NOK 15m and sale of non-performing loans .
- Per Dec19 the CET1 ratio was 16.5% which was below the regulatory requirement of 17.7%.

CET1 %
Mar20A
18.0%

[1] NPL and loss ratio for the total portfolio
* Figures in brackets represent adjusted figures. Accounts per 31.03.2020 have not been audited

Table of contents

The niche bank industry is challenged and a merger will strengthen shareholder value

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External factors impacting the industry	The situation for Easybank and BRAbank	A merger of Easybank and BRAbank creates shareholder value
Increased capital adequacy requirements	Challenging to create scale advantages to deliver competitive return on equity	Creating a strong bank with critical volume and self-financing capabilities
Low valuation	The banks have a clear strategic fit with complementing products & distribution and overlapping IT systems	Large cost synergies can be realised, enabling attractive return on equity
Increased price competition and lower growth	The combined bank is taking a lead in the consolidation process of niche banks	Complementary growth initiatives to be further exploited
Tougher regulations in unsecured lending		A larger player can utilise scale opportunities

Probably the best strategic fit among the niche bank players

Excellent strategic fit for Easybank and BRAbank to merge

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BRABANK

- Potential for shareholders to benefit from value creation related to significant synergies and future growth
- BRAbank contributes with geographical expansion and Easybank with new product area (SME), which together will form the basis for a solid, self-financed and diversified bank
- Similar core products and complementary growth initiatives (SMEs and geographical expansion, respectively)
- The banks have the same IT core system, which makes integration very time- and cost-effective at a low risk

Degree of strategic fit in IT
Front IT systems
Core IT systems
Credit cards
Operating environment
Accounting
Data warehouse

Opportunities for shareholders

1
- Stepping up one division in the marketplace
- Creating a player that will improve its competitive position

2
- Potential repricing of the share due to increased ROE opportunities
- Reaching critical volume and self-funding capability

3
- Larger shareholder base and potential for increased share liquidity
- Increased attractiveness for strategic partners and potential new owners

4
- Well-positioned for future full listing on Oslo stock exchange – more attractive exit alternatives
- Increased attention among investors and broader analyst coverage

5
- Geographical and product diversification
- Expansion opportunity in the Nordic SME market in order to increase ROE

The merger gives opportunities for shareholder value creation through increased ROE, potential repricing and share liquidity

Table of contents

Combined strategy and target markets

Better positioned to win market shares in the Nordics

1. **Utilise Easybank's operational model and cost efficiency with BRAbank's Nordic footprint**
2. **Capitalise on the scale of the combined bank to improve profitability**
3. **Potential to expand the SME business in the Nordic market**
4. **Explore further geographical markets mid/long-term with strategic partners**

NOK 7.1b 2020[1]	**Targeted loan book* NOK 9.4b YE 2023**

[1] Gross loans as per 31.03.2020 (unaudited)

Management target at the date of this presentation, subject to uncertainty and change

Corporate governance model

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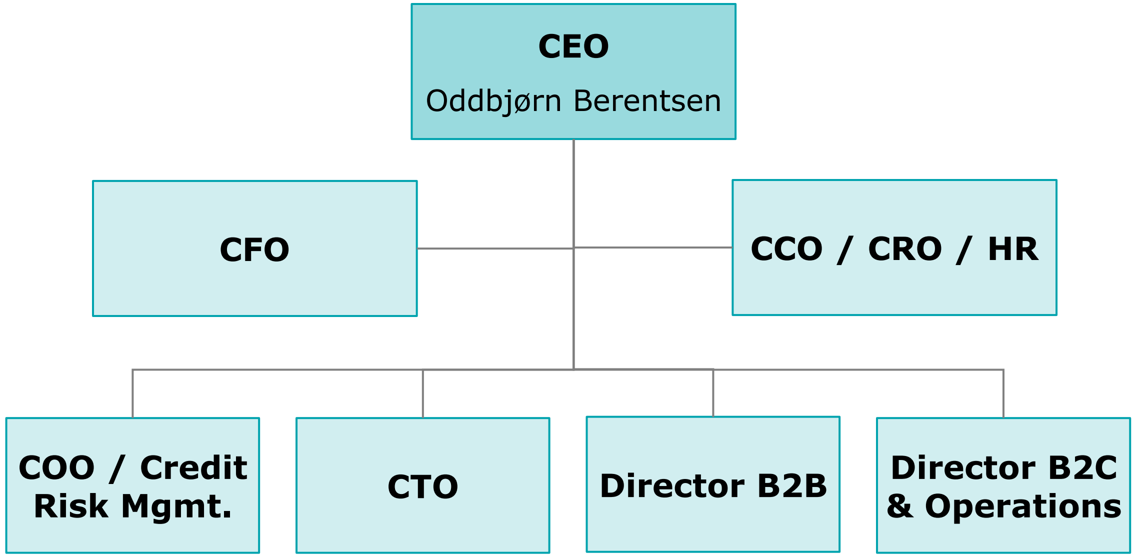


Board of Directors
- Svein Lindbak (Chairman)
- Viggo Leisner (Vice Chairman)
- Kristin Krohn Devold
- Irene Terkelsen
- Siv Børge-Ask
- Øyvind Oanes
- Jan Kleppe

Nomination committee
- Per G Braathen (Chairman)
- Nils Gunnar Hjellegjerde
- Petter Tusvik

The combined bank

- The bank will be based on Easybank's cost-effective and scalable operational model.
- Headquarter will be in Oslo. Administrative functions will be located to the head office.
- Some functions/resources may be continued in Bergen to the extent considered beneficial.

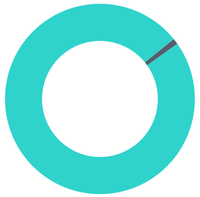
Product portfolio today and phase 2

	Current products	Additional products in phase 2
B2C	Consumer loans; Savings accounts; (Credit Cards); Rental deposit accounts; Euro funding	Automated invoice purchase; Sales finance; Credit Cards 2.0 (volume with partners)
B2B	Savings accounts; Automated invoice purchase	Sales finance; SME credit lines

Attractive opportunities and margins in B2B

SME's have limited access to financing products

1. Time consuming and complicated application processes in traditional banks
2. Significant collateral demands for finance products
3. Lack of user-friendly financing products
4. Available credit lines carry a high cost
5. Strict credit policies in traditional banks



99%
of Norwegian companies are SME[1]

44%
of company value creations are from SMEs[1]

Attractive margins – positive risk/reward[2]

Annualized margin	Average credit in days	Maximum invoice amount
~50%	**14,5**	**40 000**
Average invoice amount	**Annualized income per active customer**	**Share repeating customers**
~NOK 4 800	**~NOK 24 000**	**~55%**

Timeline of Easybank's SME development

Phases

Develop → **Pilot** → **Scale up** → **Expand**

May 2019 *Fundu purchase*
Dec 2019 *Small scale pilot*
Jun 2020

Products: Invoice purchase; Factoring; SME loans

ERP & Accounting Partners: conta

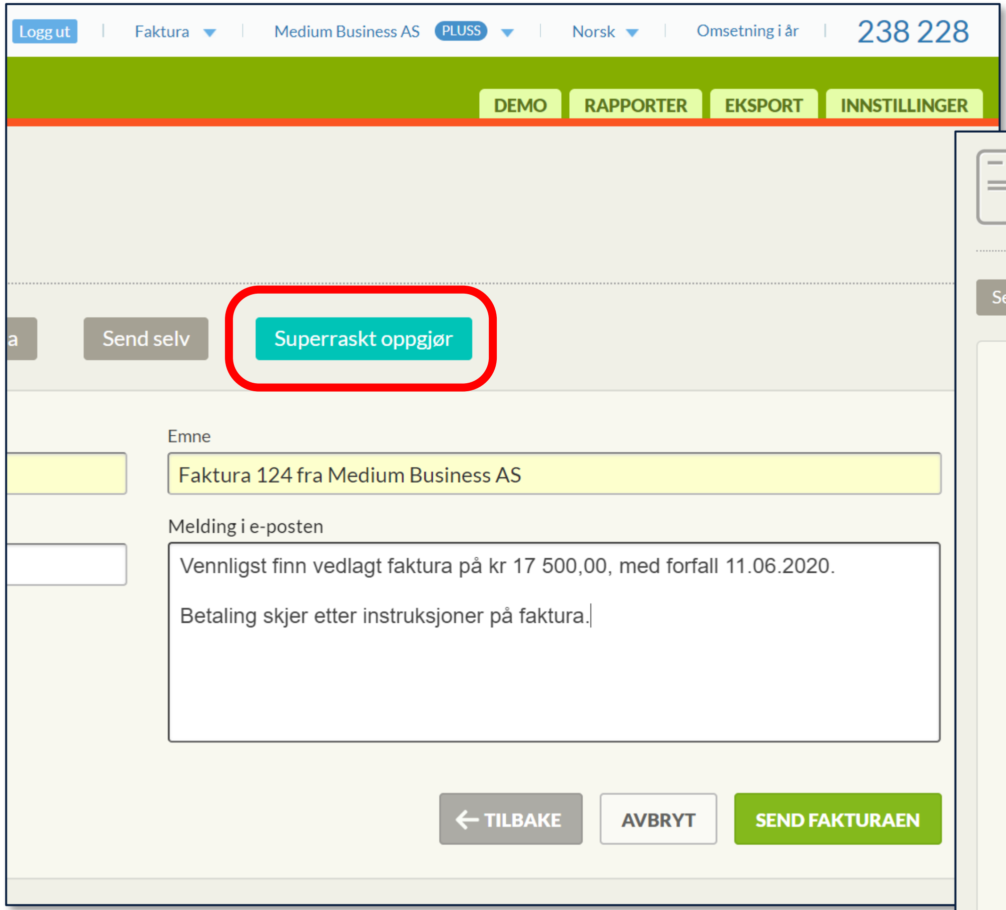
Build volume with additional partners

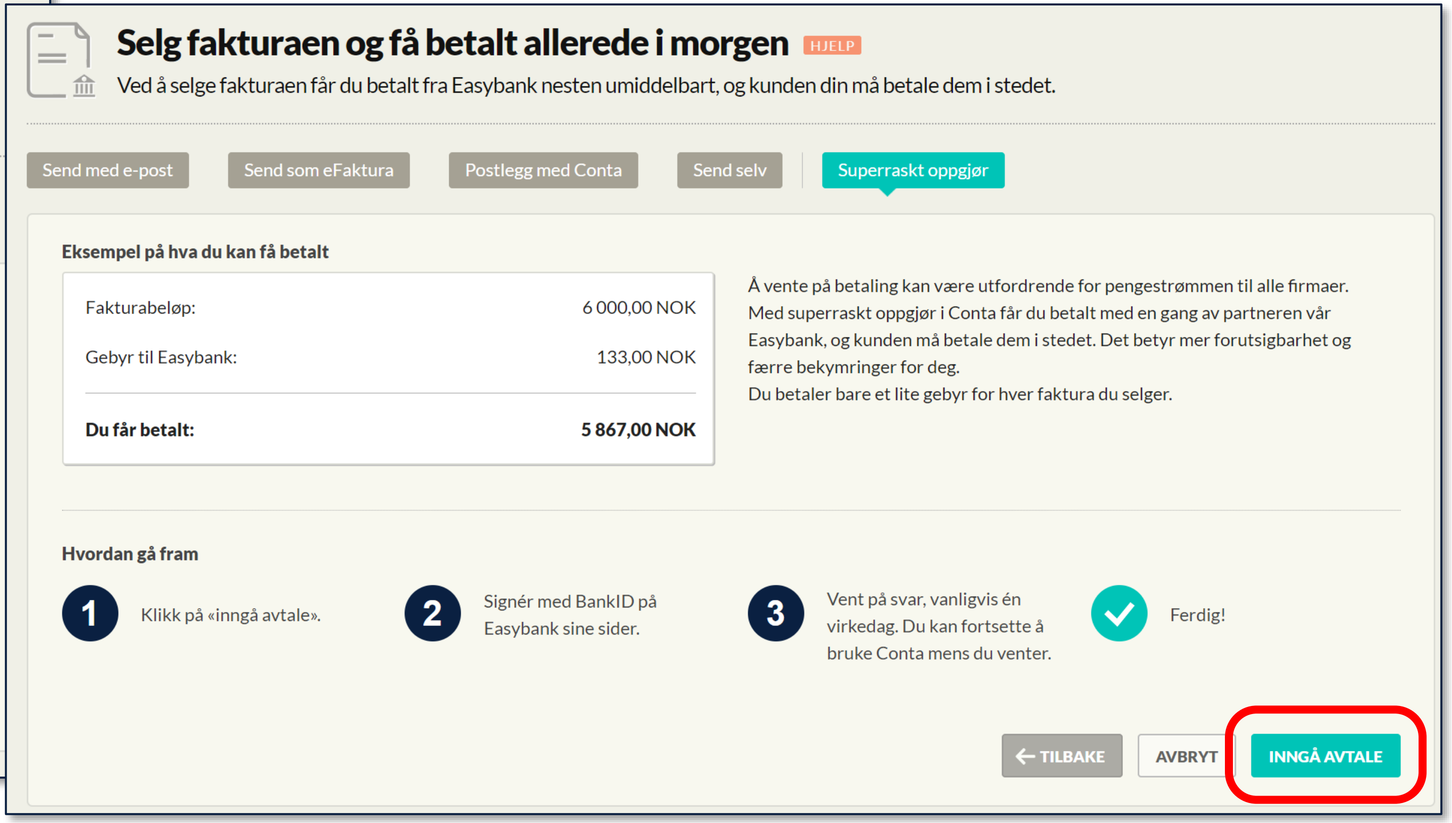
[1] Source: NHO / Menon
[2] Source: From Easybanks pilot phase of invoice purchase

Conta solution live – Fully integrated in Conta's invoice system

conta

Conta is the market leader for invoice systems, with > 100 000 users.





Real-time credit scoring and immediate decision

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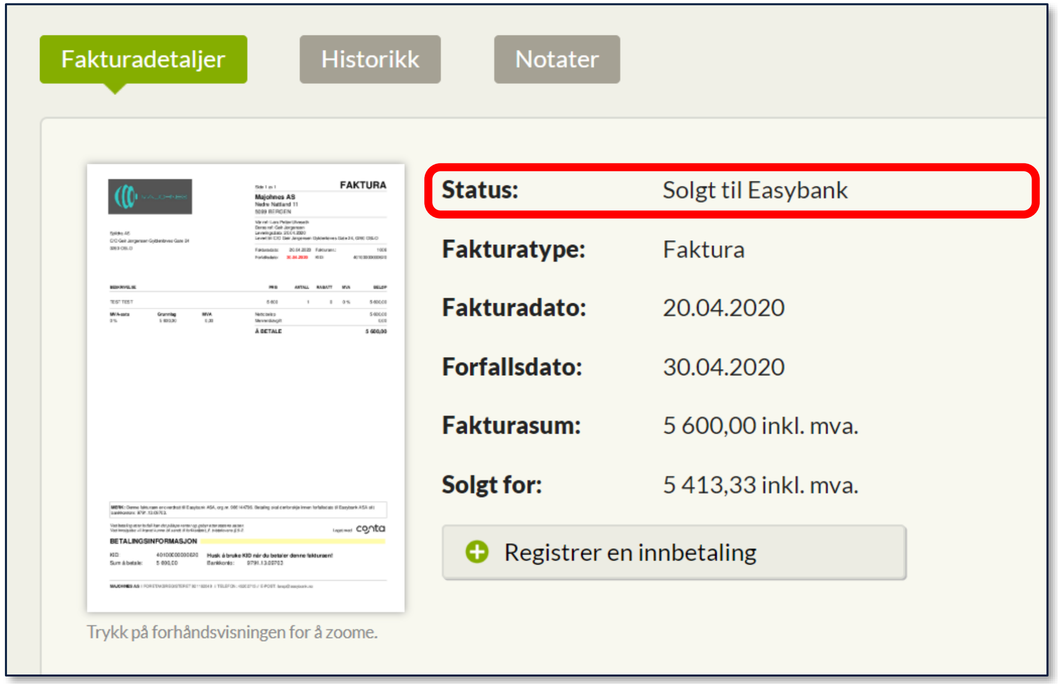

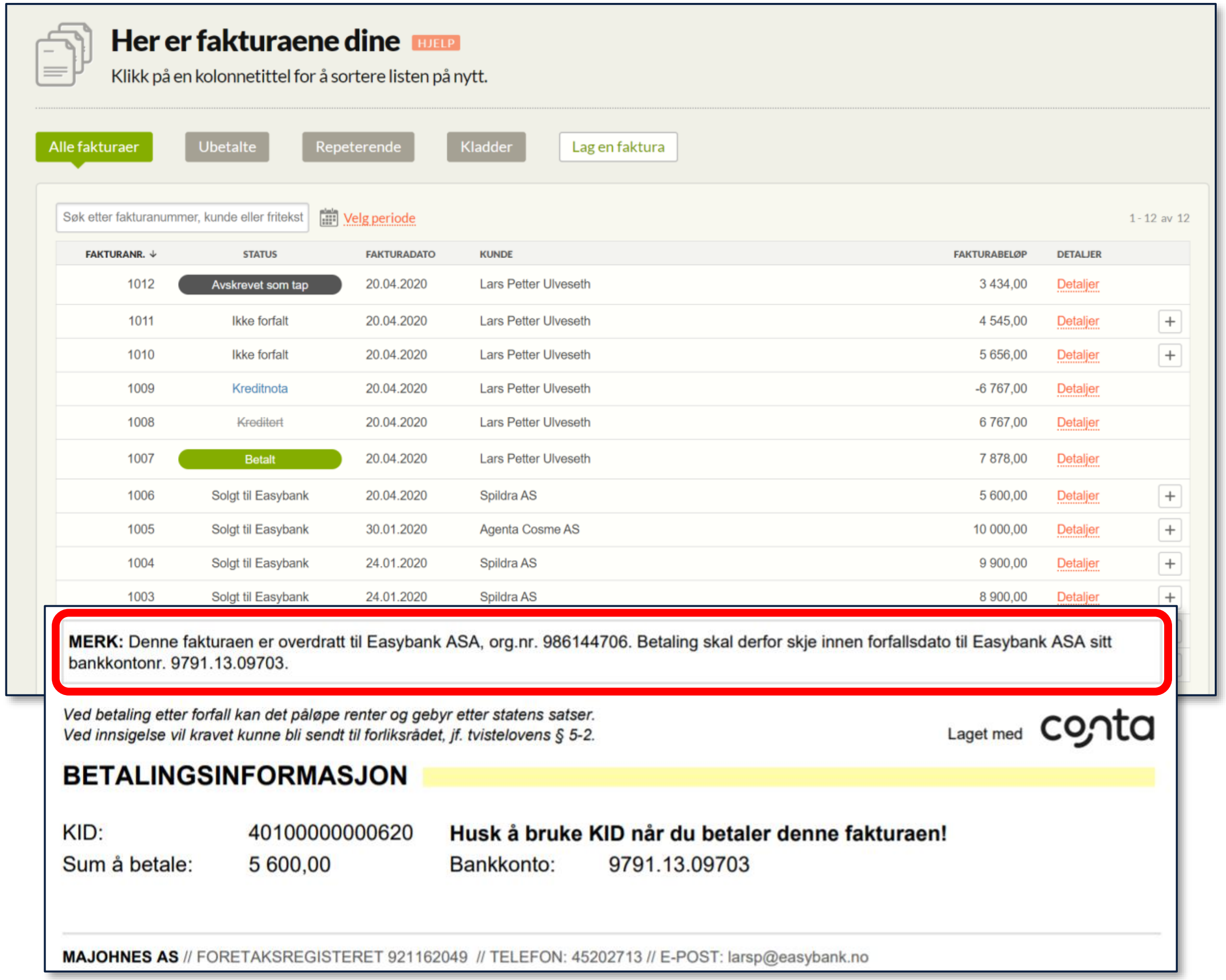

Multi-channel distribution with strategic partners to support expansion

BRAND DISTRIBUTION

AGENTS
Distribution in NO, SE, and FI

Lendo, axo FINANS, SAMBLA, Telefinans, Rahalaitos, DIGITAL FINANS, aconto, Eiendomsfinans, Rahoitu.fi

The combined bank will be a large partner to the agents, with a potential to gain a competitive edge in terms of agent commission and improved credit quality

DISTRIBUTION PARTNERS

BRA, conta, Husleie.no, melin medical, widerøe

Additional potential partners in B2B and B2C to strengthen distribution

TECHNICAL PARTNERS

Apple Pay, G Pay, fitbit, GARMIN

The combined bank will have strong distribution in both B2C and B2B with international growth opportunities

Strong shareholder base

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Creating a leading digital niche bank in B2C and SME with a Nordic footprint

Combined bank
20 largest shareholders[1]

Braganza AB	10,1%
Hjellegjerde Invest AS	6,0%
Skagerrak Sparebank	4,7%
Verdipapirfondet Alfred Berg Norge/Aktiv	4,1%
Banque Internationale À Luxembourg	3,7%
Fondsavanse AS	3,2%
Umico - Gruppen AS	2,8%
Skandinaviska Enskilda Banken AB	2,7%
Farvatn Private Equity AS	2,7%
Ladegaard AS	2,5%
Shelter AS	2,1%
Songa AS / Songa Trading Inc	2,0%
Raiffeisen Bank International AG	2,0%
Carnegie Investment Bank AB	2,0%
Lindbank AS	1,9%
Netrom AS	1,7%
MP Pensjon PK	1,5%
Sova Capital Limited	1,4%
Jenssen & Co AS	1,4%
Krogsrud Invest AS	1,3%

[1] As of 22.05.20

Table of contents

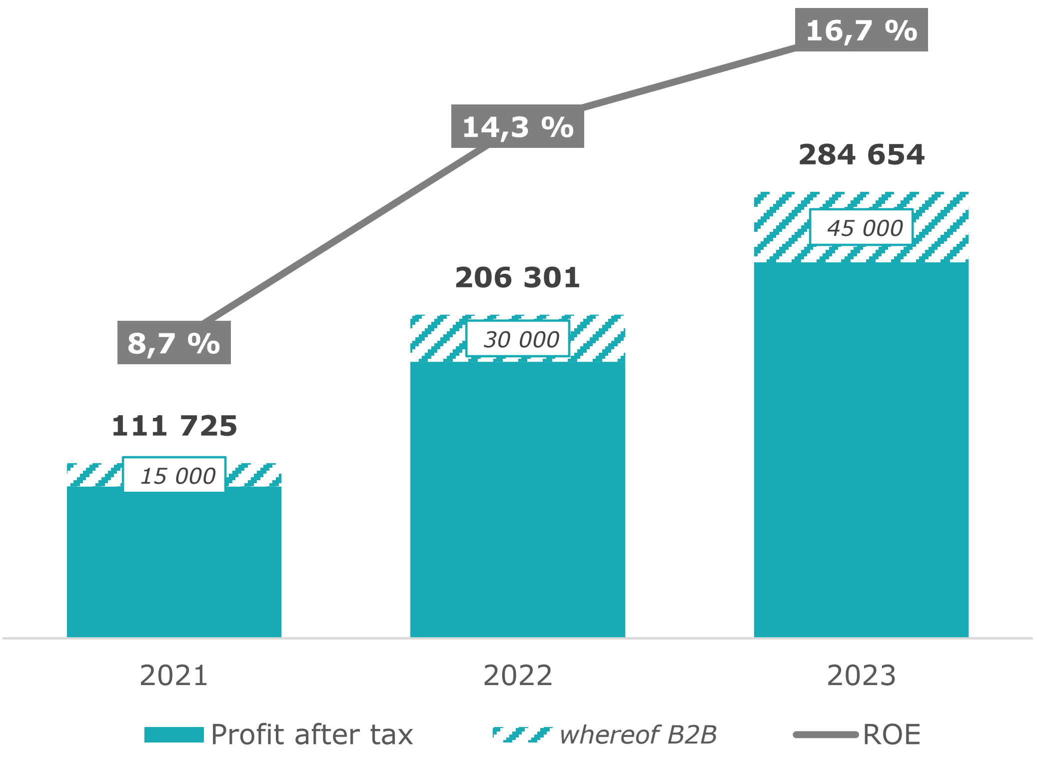
Financial outlook

Key figures and targets

NOKm	Easybank	BRAbank	Combined	Year 3* post merger
Loan balance	2 735[1]	4 319[1]	7 054[1]	9 368
Equity	496[2]	756[2]	1 261[2]	1 844
OPEX	87[3]	154[3]	N/A	140
ROE	12.7%[2]	(14.7)%[2]	N/A	16,7%
Cost / Income	28.4%[2]	59.0%[2]	N/A	17,0%
# of customers[1] (Consumer loans)	16 157	21 408	37 565	

[1] As of Q1 2020 (unaudited Gross loans)
[2] As of January 1st 2020 (audited accounts)
[3] Estimate for 2020

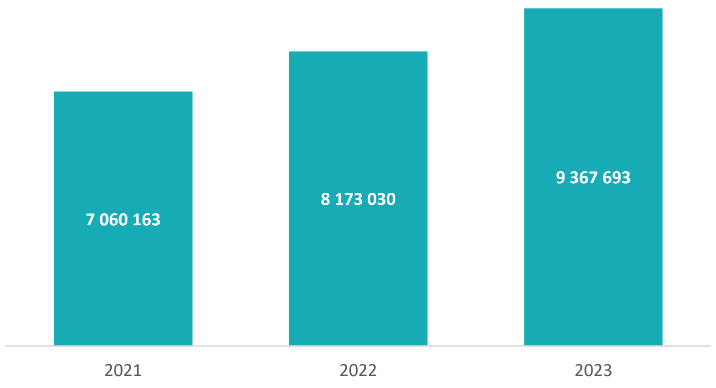
Profitability targets for 2021-2023* (NOKm)



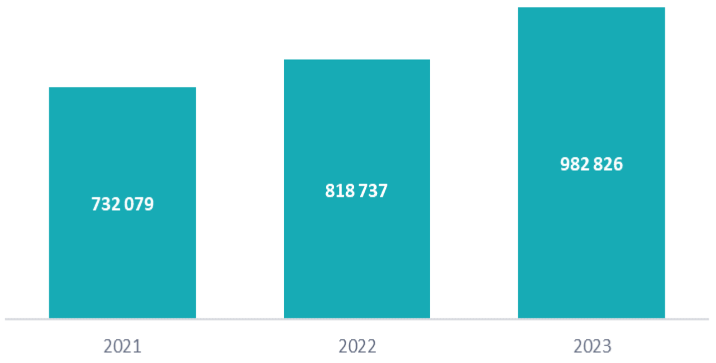
*Management targets at the date of this presentation, subject to uncertainty and change

Key targets*

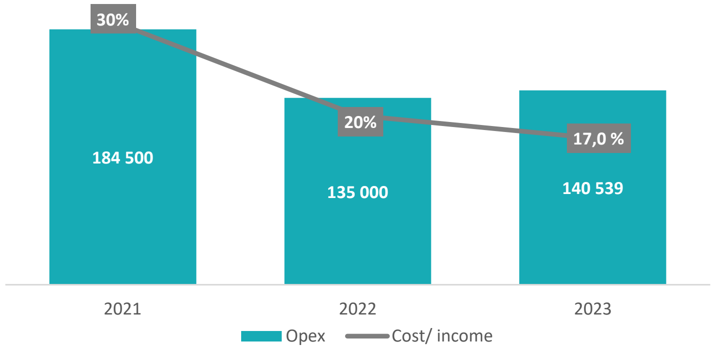
Gross lending



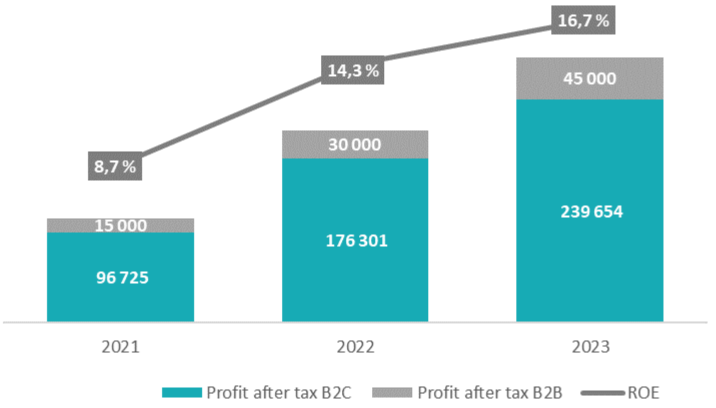
Interest income



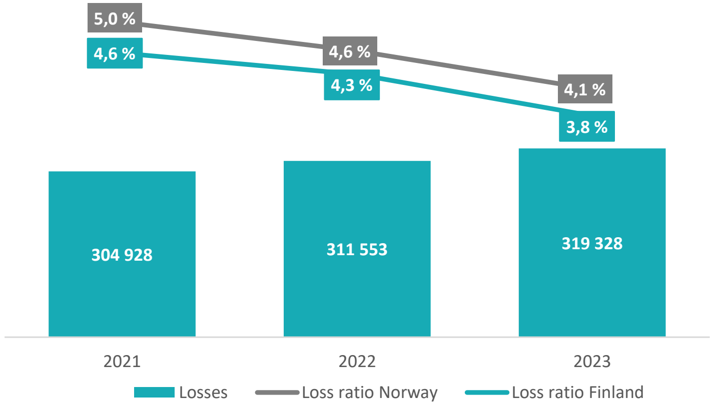
Opex and Cost/Income



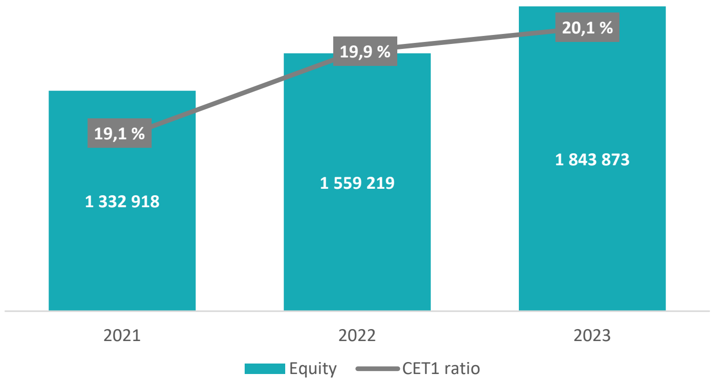
Profit after tax and ROE



Losses and loss ratio



Equity and CET1 ratio



Note: All numbers in NOK million

**Management targets at the date of this presentation, subject to uncertainty and change*

There are substantial cost synergies to realise from merging the two banks

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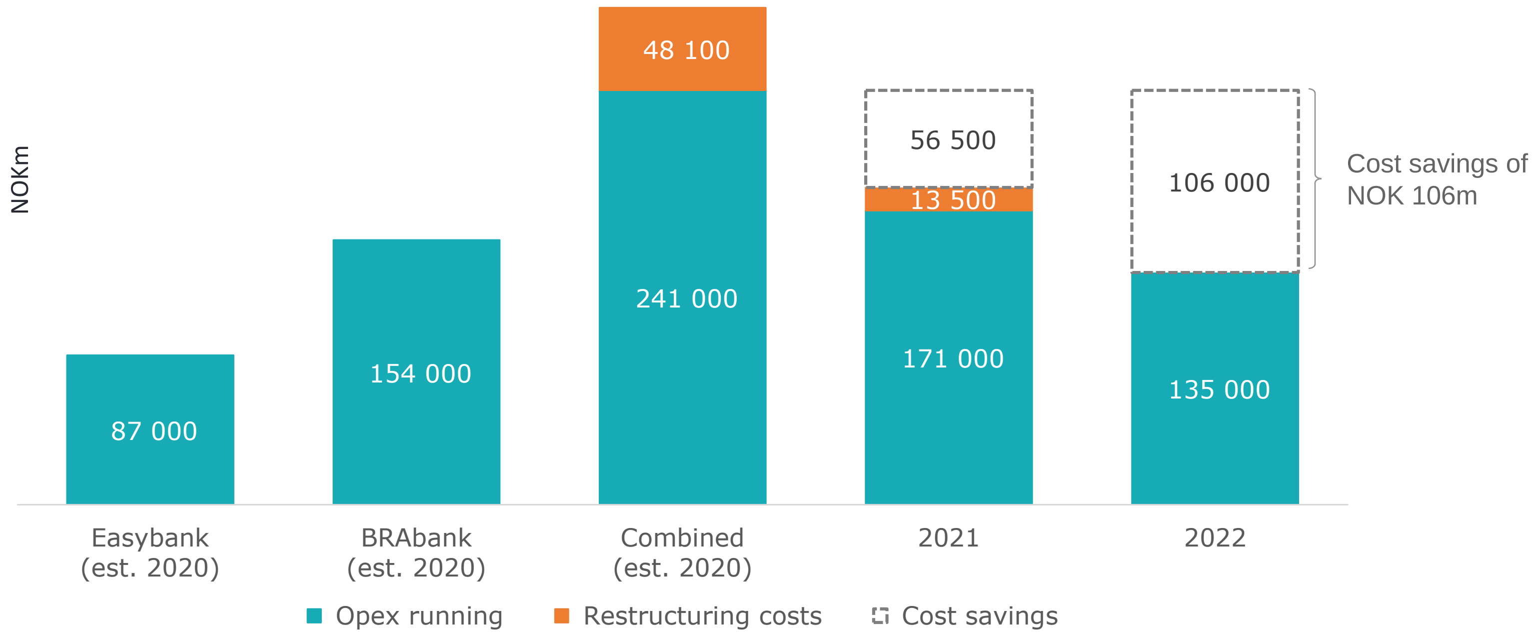
Operating expenses for the banks pre and post merger*



- The identified cost synergies of approx. NOK 106m are mainly related to IT synergies, external services and personnel reductions, as well as expected decreased depreciations following impairment review of intangible assets
- The synergy assumptions yield an estimated cost to income ratio of 19.6% in 2022
- The synergy potential shows synergies which can be realised short term. There is furthermore additional potential which could be realised in year 2-3 after a merger

Est. cost base post synergies (C/I ratio)

NOK 135m (19.6%)

**Management estimates/targets at the date of this presentation, subject to uncertainty and change*

Table of contents

The roadmap for the combined bank

PHASE 1: Year 1

Restructure and build the combined bank

- Establish the new organisation
- Manage redundancy effectively
- Investigate opportunities to make an IT spin-off
- Create a common value chain for consumer loans in Norway
- Utilise established value chains in Sweden and Finland
- Simplify product portfolio to reduce complexity and cost
- Manage IT migrations and phase-outs
- Harmonise and utilise collection agreements

PHASE 2: Year 2

Capitalise on synergies & reprising

- Quickly reach attractive profitability
- Capitalise on synergies to improve profitability
- Reach substantial self-funding capability
- Focus on existing products to build critical mass and improve profitability on product level
- Optimise cross-border operations to boost ROE (to be fully ready for new capital requirements in 2 years)
- Reprising of the combined bank as a leading digital niche bank

PHASE 3: Year 2-3

Further expansion and potential public listing

- Deliver competitive ROE
- Utilise B2C and B2B setup to create a differentiated and robust business model
- Potential public listing of company
- Expand to more countries

High level timeline of the transaction

3 June 2020	▪ Due diligence completed ▪ Notice to board meetings	✓
5 June 2020	▪ Board meetings ▪ Preliminary handling of merger plan	✓
6-10 June 2020	▪ Collection of voting undertakings shareholders	✓
11/12 June 2020	▪ Board meetings adoption of merger plan	✓
16 July 2020	▪ Extraordinary general meetings approval of merger plan	
15 Sept. 2020	▪ Approval expected by Norwegian FSA (Finanstillsynet)	
1 Oct. 2020	▪ Merger enter into force ▪ Closing the equity issue	

Closing conditions

The completion of the Transaction will be conditional upon customary closing conditions including but not limited to:

- Approval by the Extraordinary General Meetings of Easybank ASA and BRAbank ASA;
- Approval by the Norwegian Financial Supervisory Authority (FSA); (As part of the merger approval, the FSA may change the capital requirements for the new entity)
- Approval by any relevant competition authority;
- Approval by the Oslo Stock Exchange of listing of the Combined Company on Merkur Market;
- Fulfilment of all statutory requirements for completion of the merger pursuant to the Norwegian Public Limited Liability Companies Act;
- Capital requirements rations are within the requirements set by the FSA at end of Q2 2020.

Table of contents

Strong support from shareholders

The combined bank has received strong support and commitment for the merger among its largest shareholders, to support the future development of the Bank.

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Creating a leading digital niche bank in B2C and SME with a Nordic footprint