ADMISSION DOCUMENT

BRABANK

Admission to trading of shares on Merkur Market

This admission document (the "**Admission Document**") has been prepared by BRAbank ASA (the "**Company**", the “**Bank**” or "**BRAbank**") solely for use in connection with the admission to trading of all 94,794,380 issued shares, each with a par value of NOK 2.00 (the "**Share(s)**") on Merkur Market (the "**Admission**").

The Shares have been registered on the Norwegian OTC list (the "N-OTC") since 15 November 2016 under the ticker code "EASY" with ISIN NO 0010167331.

The Shares have been approved for admission for trading on Merkur Market and it is expected that the Shares will start trading on or about 2 October 2020 under the ticker symbol BRA-ME.

Merkur Market is a multilateral trading facility operated by Oslo Børs ASA. Merkur Market is subject to the rules in the Securities Trading Act and the Securities Trading Regulations that apply to such marketplaces. These rules apply to companies admitted to trading on Merkur Market, as do the marketplace’s own rules, which are less comprehensive than the rules and regulations that apply to companies listed on Oslo Børs and Oslo Axess. Merkur Market is not a regulated marketplace and is therefore not subject to the Stock Exchange Act or to the Stock Exchange Regulations. Investors should take this into account when making investment decisions.

THIS ADMISSION DOCUMENT SERVES AS AN ADMISSION DOCUMENT ONLY, AS REQUIRED BY THE MERKUR MARKET ADMISSION RULES. THIS ADMISSION DOCUMENT DOES NOT CONSTITUE AN OFFER TO BUY, SUBSCRIBE OR SELL ANY OF THE SECURITIES DESCRIBED HEREIN, AND NO SECURITIES ARE BEING OFFERED OR SOLD PURSUANT HERETO.

Investing in the Company involves a high degree of risk. Prospective investors should read the entire document and, in particular, Section 2 "Risk Factors" and Section 1.3 "Cautionary note regarding forward-looking statements" when considering an investment in the Company and its Shares.

Merkur Market Advisor

SpareBank 1 MARKETS

1 October 2020

IMPORTANT INFORMATION

This Admission Document has been prepared solely by the Company in connection with the Admission. The purpose of the Admission Document is to provide information about the Company and its business. This Admission Document has been prepared solely in the English language.

For definitions of terms used throughout this Admission Document, please refer to Section 11 "*Definitions and glossary*".

The Company has engaged Sparebank 1 Markets as its advisor in connection with its Admission to Merkur Market (the "**Merkur Advisor**"). This Admission Document has been prepared to comply with the Admission to Trading Rules for Merkur Market (the "**Merkur Market Admission Rules**") and the Content Requirements for Admission Documents for Merkur Market (the "**Merkur Market Content Requirements**"). Oslo Børs ASA has not approved this Admission Document or verified its content.

The Admission Document does not constitute a prospectus under the Norwegian Securities Trading Act and related secondary legislation, including Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and has not been reviewed or approved by any governmental authority.

All inquiries relating to this Admission Document should be directed to the Company or the Merkur Advisor. No other person has been authorized to give any information, or make any representation, on behalf of the Company and/or the Merkur Advisor in connection with the Admission, if given or made, such other information or representation must not be relied upon as having been authorized by the Company and/or the Merkur Advisor.

The information contained herein is current as of the date hereof and subject to change, completion or amendment without notice.

There may have been changes affecting the Company subsequent to the date of this Admission Document. Any new material information and any material inaccuracy that might have an effect on the assessment of the Shares arising after the publication of this Admission Document and before the Admission will be published and announced promptly in accordance with the Merkur Market regulations. Neither the delivery of this Admission Document nor the completion of the Admission at any time after the date hereof will, under any circumstances, create any implication that there has been no change in the Company's affairs since the date hereof or that the information set forth in this Admission Document is correct as of any time since its date.

The contents of this Admission Document shall not be construed as legal, business or tax advice. Each reader of this Admission Document should consult with its own legal, business or tax advisor as to legal, business or tax advice. If you are in any doubt about the contents of this Admission Document, you should consult with your stockbroker, bank manager, lawyer, accountant or other professional advisor.

The distribution of this Admission Document in certain jurisdictions may be restricted by law. Persons in possession of this Admission Document are required to inform themselves about, and to observe, any such restrictions. No action has been taken or will be taken in any jurisdiction by the Company that would permit the possession or distribution of this Admission Document in any country or jurisdiction where specific action for that purpose is required.

The Shares may be subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

This Admission Document shall be governed by and construed in accordance with Norwegian law. The courts of Norway, with Oslo District Court (*Nw.: Oslo tingrett*) as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Admission Document.

Investing in the Company's Shares involves risks. Please refer to Section 2 "*Risk factors*".

INFORMATION TO DISTRIBUTORS

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Shares have been subject to a product approval process, which has determined that they each are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II (the "**Positive Target Market**"); and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Appropriate Channels for Distribution**"). Notwithstanding the Target Market Assessment (as defined below), distributors should note that: the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other iii adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. Conversely, an investment in the Shares is not compatible with investors looking for full capital protection or full repayment of the amount invested or having no risk tolerance, or investors requiring a fully guaranteed income or fully predictable return profile (the "**Negative Target Market**", and, together with the Positive Target Market, the "**Target Market Assessment**").

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Shares and determining appropriate distribution channels.

ENFORCEMENT OF CIVIL LIABILITIES

The Company is a public limited liability company incorporated under the laws of Norway. As a result, the rights of holders of the Shares will be governed by Norwegian law and the Company's articles of association (the "**Articles of Association**"). The rights of shareholders under Norwegian law may differ from the rights of shareholders of companies incorporated in other jurisdictions.

The members of the Company's board of directors (the "**Board Members**" and the "**Board of Directors**", respectively) and the members of the Company's senior management (the "**Management**") are not residents of the United States of America (the "**United States**" or the "**U.S.**"), and a substantial portion of the Company's assets are located outside the United States. As a result, it may be very difficult for investors in the United States to effect service of process on the Company, the Board Members and members of Management in the United States or to enforce judgments obtained in U.S. courts against the Company or those persons, whether predicated upon civil liability provisions of federal securities laws or other laws of the United Stated (including any State or territory within the United States).

The United States and Norway do not currently have a treaty providing for reciprocal recognition and enforcement of judgements (other than arbitral awards) in civil and commercial matters. Uncertainty exists as to whether courts in Norway will enforce judgments obtained in other jurisdictions, including the United States, against the Company or its Board Members or members of Management under the securities laws of those jurisdictions or entertain actions in Norway against the Company or its Board Members or members of Management under the securities laws of other jurisdictions. In addition, awards of punitive damages in actions brought in the United States or elsewhere may not be enforceable in Norway. The United States does not currently have a treaty providing for reciprocal recognition and enforcement of judgements (other than arbitral awards) in civil and commercial matters with Norway

TABLE OF CONTENTS

APPENDICES

1. GENERAL INFORMATION

1.1 General

The Company has furnished the information in this Admission Document. No representation or warranty, express or implied, is made by the Merkur Advisor as to the accuracy, completeness or verification of the information set forth herein, and nothing contained in this Admission Document is, or shall be relied upon as a promise or representation in this respect, whether as to the past or the future. The Merkur Advisor assumes no responsibility for the accuracy or completeness or the verification of this Admission Document and accordingly disclaim, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which they might otherwise be found to have in respect of this Admission Document or any such statement.

Neither the Company nor the Merkur Advisor, or any of their respective affiliates, representatives, advisors or selling agents, is making any representation to any purchaser of the Shares regarding the legality of an investment in the Shares. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Shares.

1.2 Industry and market data

In this Admission Document, the Company has used industry and market data obtained from independent industry publications, market research and other publicly available information. Although the industry and market data is inherently imprecise, the Company confirms that where information has been sourced from a third party, such information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Company has not independently verified and cannot give any assurances as to the accuracy of market data contained in this Admission Document that was extracted from industry publications or reports and reproduced herein.

Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such data and statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

As a result, prospective investors should be aware that statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data in this Admission Document (and projections, assumptions and estimates based on such information) may not be reliable indicators of the Company's future performance and the future performance of the industry in which it operates. Such indicators are necessarily subject to a high degree of uncertainty and risk due to the limitations described above and to a variety of other factors, including those described in Section 2 "Risk factors" and elsewhere in this Admission Document.

Unless otherwise indicated in the Admission Document, the basis for any statements regarding the Company's competitive position is based on the Company's own assessment and knowledge of the market in which it operates. Furthermore, if not otherwise stated, the Bank is the source of the information in the Admission Document. The Merkur Advisor gives no guarantee that such information is accurate or complete, and nothing in the Admission Document is, or should be seen as a guarantee from the Merkur Advisor. Any reproduction or distribution of the Admission Document, in full or in part, and any communication of information in the Admission Document or use of such communication for other purposes than to consider an investment in the new shares, are forbidden. The Merkur Advisor disclaims any responsibility in connection to the Admission Document to the extent that is allowed by Norwegian law.

1.3 Cautionary note regarding forward-looking statements

This Admission Document includes forward-looking statements that reflect the Bank's current views with respect to future events and financial and operational performance. These forward-looking statements may be identified by the use of forward-looking terminology, such as the terms "anticipates", "assumes", "believes", "can", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "projects", "should", "will", "would" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements are not historic facts. Prospective investors in the Shares are cautioned that forward-looking statements are not guarantees of future performance and that the Bank's actual financial position, operating results and liquidity, and the development of the industry in which the Bank operates, may differ materially from those made in, or suggested, by the forward-looking statements contained in this Admission Document. The Bank cannot guarantee that the intentions, beliefs or current expectations upon which its forward-looking statements are based will occur.

By their nature, forward-looking statements involve, and are subject to, known and unknown risks, uncertainties and assumptions as they relate to events and depend on circumstances that may or may not occur in the future. Because of these known and unknown risks, uncertainties and assumptions, the outcome may differ materially from those set out in the forward-looking statements. For a non-exhaustive overview of important factors that could cause those differences, please refer to Section 2 "*Risk factors*".

Forward-looking statements speak only as at the date on which they are made. The Company undertakes no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to the Company or to persons acting on the Company's behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Admission Document.

2. RISK FACTORS

Investing in BRAbank involves inherent risks. Prospective investors should carefully consider, among other things, the risk factors set out herein in this Section, as well as information contained elsewhere in this Admission Document, before making an investment decision. The risks described below are not the only ones facing the Bank. Additional risks not presently known to the Bank or that the Bank currently deems immaterial, may also impair the Bank's business operations and adversely affect the price of the Bank's Shares. If any of the following risks materialize, individually or together with other circumstances, the Bank's business, financial position, operating results and/or prospects could be materially and adversely affected.

A prospective investor should consider carefully the factors set forth below, and elsewhere in the Admission Document, and should consult his or her own expert advisors as to the suitability of an investment in the Shares. An investment in the Shares is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of the investment.

The information herein is presented as of the date hereof and is subject to change, completion or amendment without notice. 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.

2.1 Risk relating to the business of the bank and the industry in which the Bank operates

2.1.1 Consumer reception

BRAbank intends to further develop its position in the Nordic market as a specialist supplier of consumer finance products. If the market reception is weak, the Bank may not be able to fulfil its business ambition as forecasted. Such development may have a material adverse effect on the Bank's business, results of operations and overall financial condition.

2.1.2 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 Bank and may develop quickly and unexpected such as epidemic diseases etc. Thus, future events may have material adverse effect on the Bank's business, results of operations, overall financial condition and/or prospects.

Moreover, the Bank's profits are highly sensitive to the macroeconomic development such as GDP 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 Bank's business, financial condition, 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 Bank's customers is likely to have a negative impact on the Bank's results, including through an increase in arrears, forbearance, impairment provisions and defaults.

In addition, deterioration in economic conditions in the Eurozone, including macroeconomic or financial market instability may pose a risk to the Bank's existing and planned business. Should the economic conditions in the Eurozone deteriorate, the macroeconomic risks faced by the Bank would be exacerbated given the influence the Eurozone has on performance of the Nordic economy, and may have an adverse impact on consumer confidence, spending, repayment behaviour and/or demand for credit in the Nordic countries, any of which could have material adverse effect on the Bank's business, financial condition, results of operations and/or prospects.

2.1.3 Competition

BRAbank faces competition from both domestic, Nordic and international banks and other suppliers of credit. If the Bank is unable or is perceived to be unable to compete efficiently, its competitive position may be adversely affected, which as a result, may have a material adverse effect on the Bank's business, results of operations, financial condition and/or prospects.

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

2.1.4 Limited operating history

The Company has a limited operating history and there is limited historical financial information and operational data available for the Company's business. Although the Company's management has considerable relevant experience from the financial sector, there are risks associated with the Company's ability to implement its business strategy within the projected scope, timeframe and cost level.

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

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

The Bank seeks 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 Bank has in place, its ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports the business of the Bank, some of which are beyond the Bank's 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 Bank's ability to effectively operate its business and increase its expenses and harm its reputation. There is a risk that customers, as a result of interruptions in the digital bank, terminate their relationship with the Bank. These risks may in turn have a material adverse effect on the Bank's financial condition, results of operations and/or prospects.

2.1.6 Vulnerability to cyber-attack and security breaches

Like other financial enterprises, the Bank's 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 its customer and company data, and its customers' trust in the Bank's ability to protect such information, is of key importance to BRAbank. The Bank 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 Bank's facilities and systems, and those of its 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 Bank 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 Bank, its customers and its counterparties. Any security breach involving the misappropriation, loss or other unauthorized disclosure of confidential information, whether by the Bank or its vendors, could damage the Bank's reputation, expose it to risk of litigation, increased capital requirements or sanctions from the Norwegian Financial Supervisory Authority (the "**NFSA**") and disrupt its operations. BRAbank may also be required to spend significant additional resources to modify its protective measures or to investigate and remediate vulnerabilities or other exposures. This could in turn have a material adverse effect on the Bank's business, financial position, results of operations and/or prospects.

2.1.7 Service providers

BRAbank may outsource certain key functions to external partners, including IT activities. In the event that the current outsourcing becomes unsatisfactory, or BRAbank's third party suppliers are unable to fulfil their obligations, there is a risk that the Bank 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 Bank's products, customers' accounts and/or puts the Bank in a situation where it is unable to fulfil its regulatory obligations towards customers and/or authorities.

2.1.8 Distributors

BRAbank relies on distributors to market and sell many of the Bank's products. Termination of or any change to these relationships may have a material adverse effect on the Bank's business, results of operations and overall financial condition.

2.1.9 Key employees

BRAbank is a relatively small company with a lean organization and is 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 Bank's business, financial position, results of operations and/or prospects.

In addition, the Bank's future development is dependent on the Bank's ability to attract and retain skilled personnel and to develop the level of expertise throughout its organization.

2.1.10 Risk related to expansion to SME

The Bank is in the process of expanding its services to SME products. There can be no assurance that the Bank will be successful in its expansion efforts or that such efforts will result in growth rates or profit margins comparable to those that the Bank has experienced in the past.

2.1.11 Credit and concentration risk

The Bank's lending activity is to give unsecured credit to consumers at high interest margins reflecting the high credit risk in such a portfolio. Thus, the Bank is exposed to credit risk which is one of the key risk factors of the Bank's 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 Bank is exposed to concentration risk of negative development of an entire sector or correlation of loans. Adverse changes in the credit quality or behavior of the Bank’s borrowers could reduce the value of the Bank’s assets and increase the Bank’s write-downs and allowances for impairment losses. The overall credit quality profile of the Bank’s 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 Bank’s profitability.

2.1.12 Liquidity risk

The Bank is 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 BRAbank to be able to fund its outstanding loans through customer deposits and funding from the capital market, at any given point of time. The Bank will seek to develop and keep a deposit/funding base and a funding maturity structure that will be judged by the market as "robust".

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

In the case of turbulence in the capital market and/or if the Bank develops 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 Bank have established a liquidity buffer to absorb expected fluctuations in deposit volume.

2.1.13 Market risk, including interest rate risk

The Bank is exposed to interest rate risk, which is the risk of losses due to changes in the general market interest rate level. BRAbank's 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 Bank 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. BRAbank is exposed to market risk in its liquidity portfolio but will seek to limit this risk.

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

It cannot be ruled out that the Bank 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 its 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 Bank to additional costs and liabilities and require it to change the manner in which it conducts its business or otherwise have a material adverse effect on its financial position, results of operations and/or prospects.

2.1.15 Foreign currency risk

The Bank is exposed to currency risk, which is the risk of losses from fluctuations in the currencies. BRAbank will try to match its positions in foreign currencies and if needed use financial instruments to reduce currency risk.

2.1.16 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 a pure digital bank, BRAbank relies on third-party providers (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 Bank and may, as a result, adversely affect the Bank's business and/or prospects. Violations of anti-money laundering rules may also result in severe sanctions from authorities.

2.1.17 Risk related to compliance with data protection and data privacy regulations

The Bank must comply with data protection and data privacy regulations as it receives, stores and processes personal information and other data through its business and operations in Norway, Finland and Sweden, including 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 Bank could face significant administrative and monetary sanctions as well as reputational damage and claims for damages from individuals, which may have a material adverse effect on its operations, financial condition and prospects.

2.1.18 Litigation, claims and compliance risks

The Bank 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 Bank to losses and liabilities.

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

The Bank's business is 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 Bank. Its business is 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 Bank's results and on its 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 its business, result in the disclosure of confidential information and create significant financial and/or legal exposure and the possibility of damage to the Bank's 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 Bank 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 Bank 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 Bank.

2.1.20 Inability to maintain sufficient insurance to cover all risks related to its operations

The Bank's business is 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 Bank seeks to maintain insurance or contractual coverage to protect against certain risks in such amounts as it considers reasonable, its insurance may not cover all the potential risks associated with the Bank's operations, which could have a material and adverse effect on the Bank's business, financial condition, results of operations and/or prospects.

2.1.21 Risks relating to automated procedures and external providers

As a purely digital bank, BRAbank offers its loan products only through its digital platform. 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 Bank 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 Bank is exposed to risks relating to the accuracy and completeness of its financial models on which the automated credit decision is based, as well as risks relating to the reliability of the input provided by the customer.

2.2 Risk relating to laws and regulations

2.2.1 The Bank is exposed to changes in banking and financial services regulations and changes in the interpretation and operation of such regulations

The Bank is 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 / EEA, could materially affect the Bank's business, the products and services offered or the value of its assets. Future changes in regulation, fiscal or other policies can be unpredictable and are beyond the control of the Bank.

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 business 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 Bank's 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 Bank may also be affected by implementation of measures that are part of the EU Capital Markets Union.

Although the Bank works closely with its 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 Bank.

A non-exhaustive overview of the current regulatory framework for the Bank is described in Section 4.9 "*Regulatory requirements*".

2.2.2 The Bank is exposed to changes in tax or VAT laws and regulations and changes in the interpretation and operation of such regulations

The Bank is subject to Norwegian, Finnish and Swedish 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, Finnish or Swedish 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 Bank's profitability. Further, changes in the interpretation of tax or VAT legislation as well as differences in opinion between the Bank and Norwegian, Finnish or Swedish tax authorities with respect to the interpretation of relevant legislation or regulations might also adversely affect the Bank's business. 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 Bank's business, financial situation, results of operations, liquidity and/or prospects. For further information on the Norwegian tax rules that the Company's shareholders are subject to, see Section 8 "*Norwegian taxation*".

2.2.3 Regulatory requirements applicable to the Bank's operations in Finland and Sweden

The Bank operates banking business in Finland and Sweden on a cross-border basis. Such operations are subject to certain Finnish and Swedish regulatory requirements, in particular related to its conduct of business. The legal risks set out for the Bank will apply correspondingly to its operations in Finland and Sweden. Although the Bank continues 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 the Bank. Furthermore, as set out elsewhere in this Admission Document, Finnish and Swedish authorities have taken several initiatives that may cause demand for consumer credit to be reduced.

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

The Bank offers unsecured credit to consumers at high interest margins, and such credits involve a high risk of defaults. Thus, the Bank is 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 (the "**Debt Collection Act**"). The maximum costs relating to debt recovery that the bank can charge the debtor has recently been significantly reduced. These changes in the Debt Collection Act, its adherent regulations, or future changes in other laws and regulations which impede the Company's ability to recover debt, may have an adverse material effect on the Company's operations and/or overall financial condition. 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 Bank is in the process of expanding its operations to other jurisdictions and there is a risk that regulations and procedures in such countries concerning debt recovery impedes the Bank's ability to recover debt from its customers. In addition, the Bank will be exposed to changes or amendments to such jurisdictions which may impede the Bank's ability to recover debt in these jurisdictions.

2.2.5 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 not known when MAR will be set in force in Norway as of the date of this Admission Document.

2.2.6 Risks related to regulation of loan agents

Loan agents are an important distribution channel for the Company. New rules restricting the operations of loan agents may have a negative impact on the Company's ability to use agents as a distribution channel for its credit products. The NFSA has suggested new rules which, if adopted, will entail a stricter regulation of loan agents in Norway.

2.2.7 Risks related to the new regulation of payment services

In 2015, the EU passed Directive 2015/2366 on payment services ("**PSD2**") which repeals the previous payment services directive. PSD2 may lead 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.

2.2.8 Strict consumer credit legislation presents compliance and profitability risk

Norway, Sweden and Finland impose strict requirements on the consumer credit business. Non-compliance may be subject to severe sanctions from supervisory authorities or lawsuits and, hence, the business of BRAbank is strongly dependent on its ability to comply with applicable consumer credit legislation.

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

The capital level and capital adequacy ratios of the Company are calculated as a percentage of the sum of (i) credit risk based on risk-weighted assets, (ii) market risk and (iii) operational risk, in accordance with applicable regulatory requirements. Additionally, the NFSA has given the Company a Pillar 2 capital requirement of 6.5%, which is significantly higher than the standard for other European banks, also operating in the Norwegian market. For further information on the capital requirements, see Section 4.9.3 "*Capital requirements*".

Negative developments, such as increased volatility, widening spreads and increased interest rates could lead to a reduction in the Company's capital adequacy. A perceived or actual shortage of capital could have a material adverse effect on the Company's business. The Company may also be subject to further increases in regulatory capital and liquidity requirements as well as other regulatory requirements and constraints concerning increased capital adequacy and loan loss provision requirements.

2.2.10 The recent implementation of BRRD may impact the debt funding for the Company

It is expected that the implementation of the EU Banking Recovery and Resolutions Directive (the "**BRRD**") will impact the debt funding for banks and lead to added regulatory requirements for the Company. BRRD requires banks to draw up recovery and resolution plans to be scrutinized by regulators, and introduces inter alia the bail-in tool where after the regulators can affect a write-off of unsecured debt or conversion into equity in a financial distress scenario. It is expected that BRRD will increase cost of unsecured bank debt, in particular as compared to secured debt exempted from bail-in. Consequently, under BRRD, any perceived uncertainty regarding a bank's financial position may significantly limit its access to debt funding. For further information, see Section 4.9.7 "*Banking Recovery and Resolutions Directive*".

2.2.11 The Company is subject to Norwegian provisions on ownership control

Pursuant to the FIA (as defined below), acquisition of qualifying holdings in a financial institution is subject to prior approval by the Norwegian Ministry of Finance or the NFSA. A qualifying holding is a holding that represents 10% or more of the capital or voting rights in a financial institution or allows for the exercise of significant influence on the management of the institution and its business. Approval may only be granted if the acquirer is considered appropriate according to specific non-discriminatory tests described in the FIA (the so-called fit and proper test).

Any person intending to acquire 10% or more of the capital or voting rights of the Company, must be explicitly approved by NFSA, as the Norwegian regulator, and/or the Norwegian Ministry of Finance, as applicable before the transaction can be carried through. Such persons run a risk that their application for approval is denied or that Norwegian authorities impose unfavorable conditions related to an approval.

2.3 Risks relating to the Merger

2.3.1 Realisation of benefits

The Banks may not necessarily be able to realize some or any of the estimated benefits of the Merger (as defined below) 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 Merger will depend largely on the timely and efficient combination of the business operations of BRAbank and Easybank. If the Bank 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.

2.3.2 Limited access to information

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 Admission Document, 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.

2.4 Risks relating to the Admission and the Shares

2.4.1 Share fluctuation

The market price of the Shares may fluctuate significantly and rapidly as a result of, inter alia, the factors mentioned below:

- differences between actual financial and operating results and those expected by investors and analysts;
- perceived prospects for the business and operations and the banking industry;
- announcements by the Company 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 Company's substantial shareholders or key personnel, may adversely affect the market price of the Shares, 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.

2.5 Other risk

2.5.1 Difficulties for foreign investors to enforce non-Norwegian judgements

The Bank is organized under the laws of Norway. Currently, the majority of the Bank's board of directors is residents of Norway, and the vast majority of its assets are in Norway. As a result, it may not be possible for non-Norwegian investors to affect service of process on the Bank or the Bank's 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.

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

The Bank is a public limited company incorporated under the laws of Norway. The rights of holders of Shares are 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 Bank under, or to enforce liabilities predicated upon, U.S. securities laws.

3. STATEMENT OF RESPONSIBILITY

This Admission Document has been prepared by BRAbank solely in connection with the Admission on Merkur Market.

The Board of Directors of BRAbank accepts responsibility for the information contained in this Admission Document. The members of the Board of Directors confirm that, after having taken all reasonable care to ensure that such is the case, the information contained in this Admission Document is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

1 October 2020

The Board of Directors of BRAbank ASA

Svein Lindbak	Viggo Leisner	Kristin Krohn Devold
Chairman	*Board member*	*Board member*
Jan Kleppe	Irene Terkelsen	Øyvind Oanes
Board member	*Board member*	*Board member*
Siv Blanca Børge-Ask	Jan Håvard Plathan	
Board member	*Board member*	

4. INFORMATION ABOUT THE BANK

4.1 Name, business registration number and LEI

The Banks's registered name is BRAbank ASA and its commercial name is BRAbank. The Bank's registration number in the Norwegian Register of Business Enterprises is 986 144 706 and its Legal Entity Identifier ("**LEI**") code is 5967007LIEEXZX90NS38.

BRAbank has four Norwegian subsidiaries, Easybank Eiendom i AS, Easybank Eiendom II AS, Flisvika Utvikling AS and Vollekjær Utvikling AS. The subsidiaries have been established in connection with liquidation of previously defaulted corporate loans and will be liquidated as soon as the loans have been settled. The subsidiaries have no employees or operational activities.

4.2 Business address and contact details

The Bank's registered office is located at Holbergs gate 21, 0166 Oslo, Norway and the Bank's main telephone number is +47 22 99 14 00. The Bank's website can be found at brabank.no.

4.3 Organizational structure and applicable legislation

The Bank is a public limited liability company organized and existing under the laws of Norway pursuant to the Norwegian Public Limited Liability Companies Act.

4.4 Date of incorporation

BRAbank is based on a bank which was incorporated in Norway on 20 October 2003 and re-branded in 2016 to Easybank involving new management and Board of Directors in addition to significant changes in the shareholder base. BRAbank is licensed by the NFSA.

4.5 Objective of the Bank

The objective of the Bank is pursuant to section 1-2 of the Articles of Association (unofficial translation):

> «*The Bank's purpose is to conduct regular banking business, including all business and services that are normal or expected for a bank to provide.*»

4.6 The merger between Easybank ASA and BRAbank ASA

Effective from 1 October 2020, BRAbank ASA (registration number 913 460 715) ("**Old BRAbank**") was merged with Easybank ASA with Easybank ASA as the surviving entity (the "**Merger**"). At the time of completion of the Merger, Easybank ASA changed its name to BRAbank ASA.

The shareholders in Old BRAbank received 0.075724 Shares for each share held in Old BRAbank before the Merger (the "**Consideration Shares**"). The shares in Old BRAbank were delisted from Merkur Market, and – effective from the first day of listing of the Company on Merkur Market – replaced with the Consideration Shares listed on Merkur Market.

4.7 Business and market overview

4.7.1 Business overview and product offering

4.7.1.1 Introduction

BRAbank ASA is a digital niche bank headquartered in Oslo, Norway and holding a Norwegian banking license.

The Bank offers unsecured loans to private individuals in Norway, Finland and Sweden and SME loans in Norway. Additionally, the bank offers low ticket invoice financing to small & medium enterprises in Norway. The loan products are distributed digitally, through loan agents and direct channels. BRAbank aims to be a leading digital niche bank with a Nordic footprint.

By using efficient online lending processes and simple and user-friendly products, BRAbank has gained a distinct position among Norwegian banks specializing in consumer finance.

The Bank secures deposits by offering deposit to customers in their respective markets through its proprietary platforms and channels. Deposits up to NOK 2 million are currently guaranteed by the Norwegian Banks' Guarantee fund, of which BRAbank is a member. BRAbank also secures deposits in EUR (all references to EUR are to euro, the single currency of member states of the EU participating in the European Monetary Union having adopted the euro as its lawful currency) through its European partner, Raisin. Raisin is a German fintech portal that facilitates BRAbank's acceptance of deposits from private European individuals in Germany, Spain, Austria and France. The Bank does not accept deposits in EUR exceeding EUR 100,000.

4.7.1.2 Product offering

BRAbank currently offers consumer loans, credit cards and ancillary insurance products to private individuals in Norway, Finland and Sweden, in addition to SME loans in Norway.

The Bank offers its products in accordance with the applicable laws and regulations within its respective markets and conducts a thorough credit assessment of each loan application. The Bank's credit assessment is highly automated. With a rapidly growing data base the Bank continuously adjusts its internal credit and pricing models, with the aim to further optimize pricing among different customers.

The Bank attracts customer deposits from private individuals and business customers in Norway through its proprietary platforms and channels. Furthermore, BRAbank offer deposits in EUR to private European individuals in Germany, Spain, Austria and France, through its European partner, Raisin.

4.7.1.3 Consumer loans & invoice financing SME

BRAbank offers unsecured consumer loans to private individuals in Norway, Finland and Sweden. Additionally, the bank offers low ticket invoice financing to small & medium enterprises in Norway.

In order to reduce time to market for invoice financing and SME lending BRAbank acquired 100% of the shares in Fundu AS in May 2019 and completed an intra-group merger 8 September 2020. Fundu was a bank (Fin-Tech) start-up that had developed IT solutions for invoice financing.

For Norwegian individuals, loans are granted in sizes from NOK 10,000 (approximately EUR 1,000) to NOK 500,000 (approximately EUR 50,000) on flexible terms adapted to the applicants’ needs as well as their financial ability to service the loan. For Finnish individuals, loans are granted in sizes from NOK 1,000 (approximately EUR 100) to NOK 500,000 (approximately EUR 50,000). For Swedish individuals, loans are granted in sizes up to SEK 500,000.

End of Q2 2020, BRAbank (combined Easybank and Old BRAbank) had approximately 34,500 loan customers across Norway, Finland and Sweden and gross loans of NOK 6, 531 million, including NOK 4,446 million (68.0% of loans) from Norway, NOK 1,859 million (28.5% of loans) from Finland and NOK 226 million (3.5% of loans) from Sweden.

BRAbank's loan pricing is risk based and highly competitive with nominal interest rate in the range 5.90%-19.90%.

The Bank also offers a payment protection insurance policy to eligible loan customers in Norway. Eligibility is dependent on factors among others as age, health condition, employment status and that a loan in the Bank is granted. The insurance provides monthly payment protection in the event of involuntary unemployment, disability, hospitalization (only for individuals who are self-employed), and to guarantee total repayment in the event of the insured's death.

4.7.1.4 Deposit accounts

BRAbank offers deposit accounts to businesses and private individuals in Norway, Germany, Spain, Austria and France.

BRAbank is a member of the Norwegian Banks' Guarantee Fund, which currently covers deposits up to NOK 2 million. Due to the latter the Bank does not accept deposits above NOK 2 million. As of Q2 2020, BRAbank (combined Easybank and Old BRAbank) had approximately 24,000 depositors, and deposits by customers of NOK 8,210 million.

Deposits are BRAbank's main source of funding.

4.7.1.5 Credit cards

BRAbank continues to improve its credit card platform and has now issued close to 10,000 credit cards. The Bank offers three credit cards, BRA kreditkort, Monocard and Widerøekortet.

With BRA kreditkort, Swedish consumers may receive BRA Vänner bonus points on all purchases, a domestic flight with the Swedish airline company Braathens Regional Airlines ("**BRA**") to/from Bromma (taxes and duties must be paid by the consumer). For more information about BRA, please visit their website at www.flygbra.se.

With Monocard, Norwegian consumers may receive Monobits (1 Monobit = NOK 1) for all purchases.

Widerøekortet is a credit card offered to all Widerøe customers, and allows credit card users to earn Eurobonus points through a firm agreement with SAS Eurobonus. The partnership with Widerøe is based on a compensation model whereby the profits from the credit card operation will be shared in a fair and just manner between BRAbank and Widerøe. For more information about Widerøe AS please visit their website at www.wideroe.no.

In addition to the Widerøe and BRA branded credit card, the platform is linked to Google Pay and Apple Pay. It is also possible to use the Bank's Norwegian credit card through Fitbit and Garmin sports watches.

4.8 Principal markets

4.8.1 Macroeconomic environment

BRAbank operates, at the date of this Admission Document, in Norway, Finland and Sweden. The Bank offers unsecured lending to private individuals as well as deposits to customers in Norway, Finland and Sweden, and credit cards to customers in Norway and Sweden.

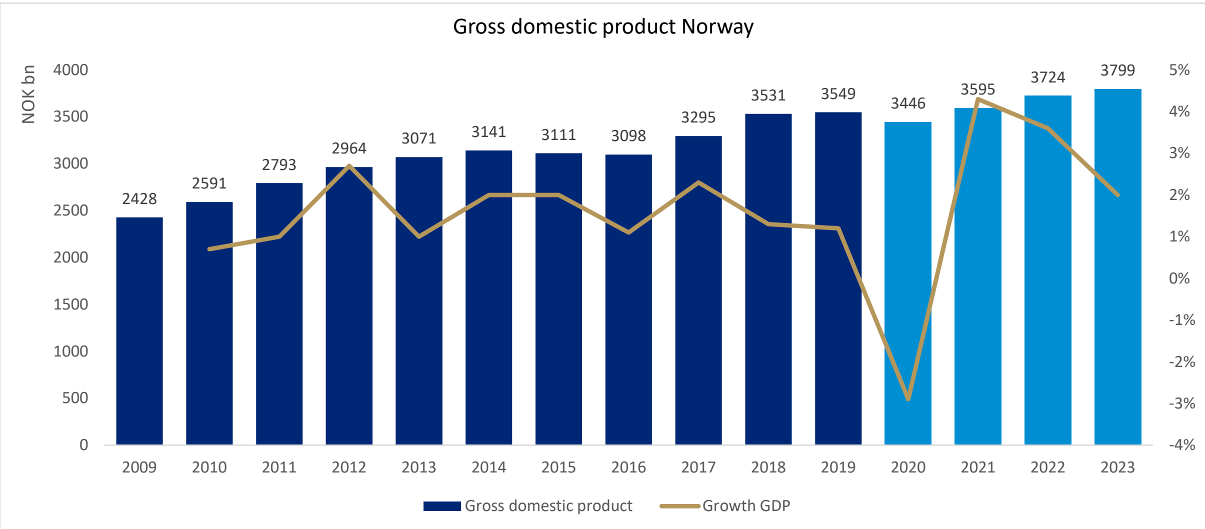
The table below shows an overview of some of the most important economic indicators for BRAbank's home market:

Indicator	Norway	Sweden	Finland	Total
Population (m,2019)	5,37	10,33	5,53	21,23
GDP (USDbn, 2019)	416,352	541,226	273,982	1231,56
GDP per capita ('000 USD, 2019)	77,46362	52,39361	49,55493	
Unemployment rate (%, 2Q20)	4,6	8,8	7,7	

Source: SSB, SCB, Statistics Finland

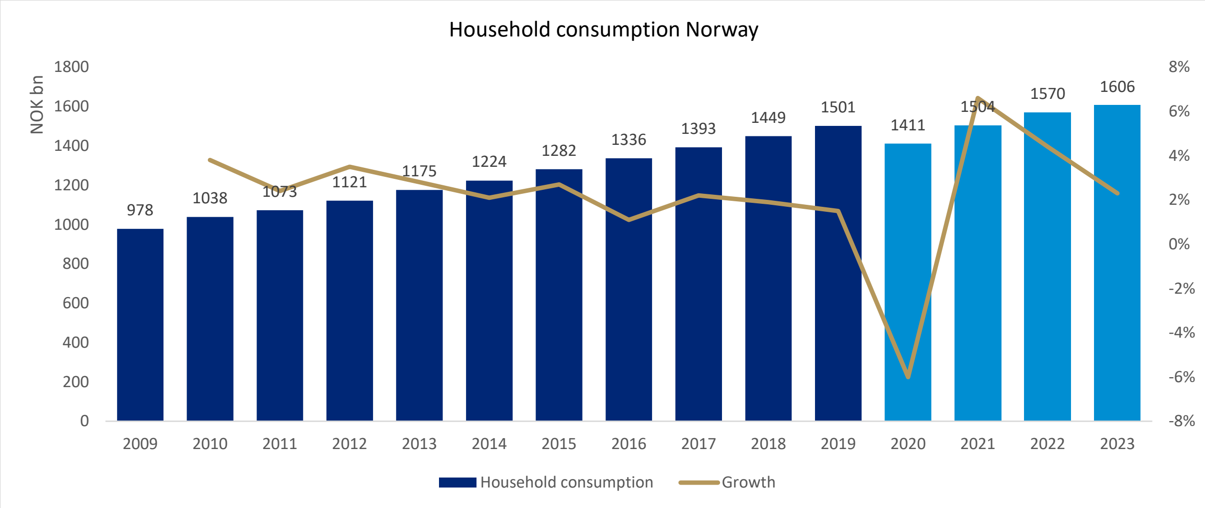
4.8.1.1 The Norwegian economy

Norway is a small, open economy in which foreign trade has great economic significance. The country is characterized by a large public sector, relatively high taxation and generous social welfare services. As indicated in the graph below, Norway has, apart from the global crisis in 2009 and current years expected effects of COVID-19, experienced positive volume growth in gross domestic product in all recent years. Volume growth has varied between 0.7% and 2.7%, 2009 and 2020 excluded. Going forward, Norway is expected to experience further volume growth, at or slightly above historical levels.



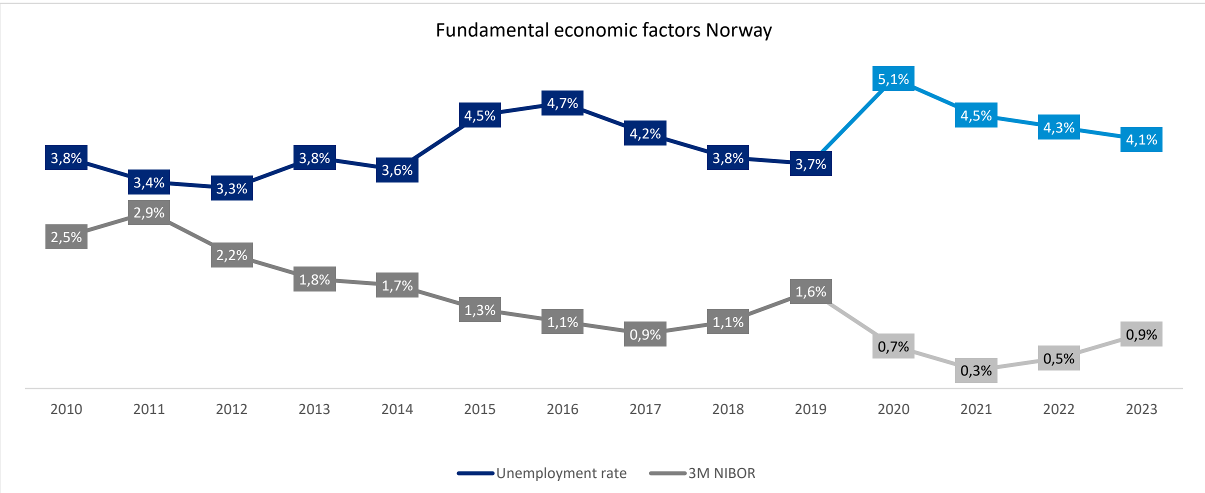
vSource: Statistics Norway (SSB)
Note (*): Volume growth (i.e. excluding changes in prices)
Note (**) 2020-2023 forecasts based solely on volume growth

Household consumption has steadily increased in recent years. The global financial crises did not lead to negative growth in household consumption in 2009, but a negative growth is expected for the current year. Private household consumption has been a major contributor to growth in gross domestic product in recent years.



Source: Statistics Norway (SSB)
Note (*): Volume growth (i.e. excluding changes in prices)
Note (**) 2020-2023 forecasts based solely on volume growth

The unemployment rate in Norway is low in an international perspective, but due to the global oil recession, the Norwegian unemployment saw an upwards trend over several years, reaching 5.1% in March 2016, the highest level since 1996. However, since July 2016, the unemployment rate has steadily been dropping, reaching 3.8% at the end of December 2019, as seen in the graph below. Post 2020, Norway is expected to see a steady decline relatively from the recent rise due to COVID-19. The 3M NIBOR rate has fallen in 2020. The Norwegian policy rate has also fallen sharply, and is, at the date of this Admission Document, 0.25%. Norges Bank's prognosis indicates an expected increase in the policy rate from 2022.



Source: Statistics Norway (SSB)

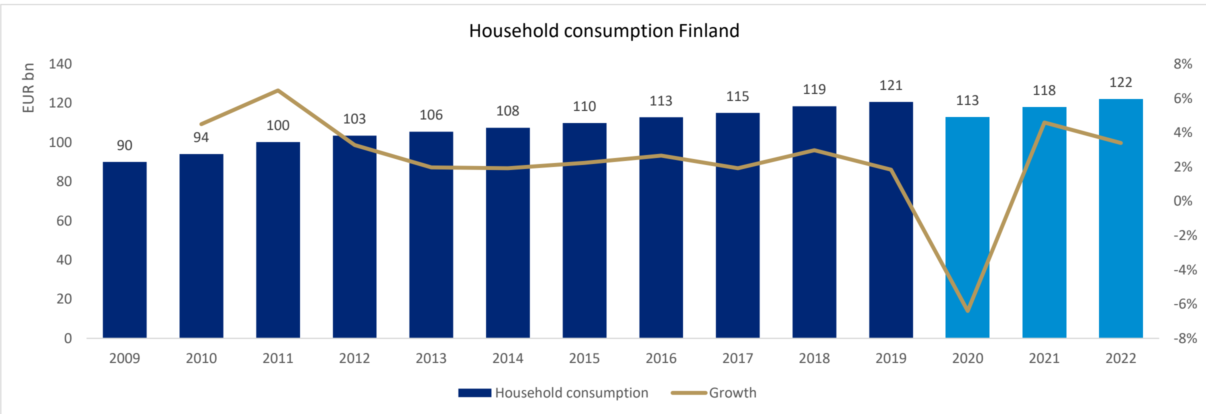
4.8.1.2 The Finnish economy

Finland has a highly industrialized, diversified economy with a GDP per capita in line with other western economies like France, Germany and the United Kingdom. EU membership provides a stable political and macroeconomic environment supported by a monetary policy aimed towards maintaining price stability within the euro area and safeguard the purchasing power of the EUR.

Growth in Finnish GDP came down in 2019, and has fallen sharply due to the global pandemic. It is expected to reach 2019 levels in 2022.

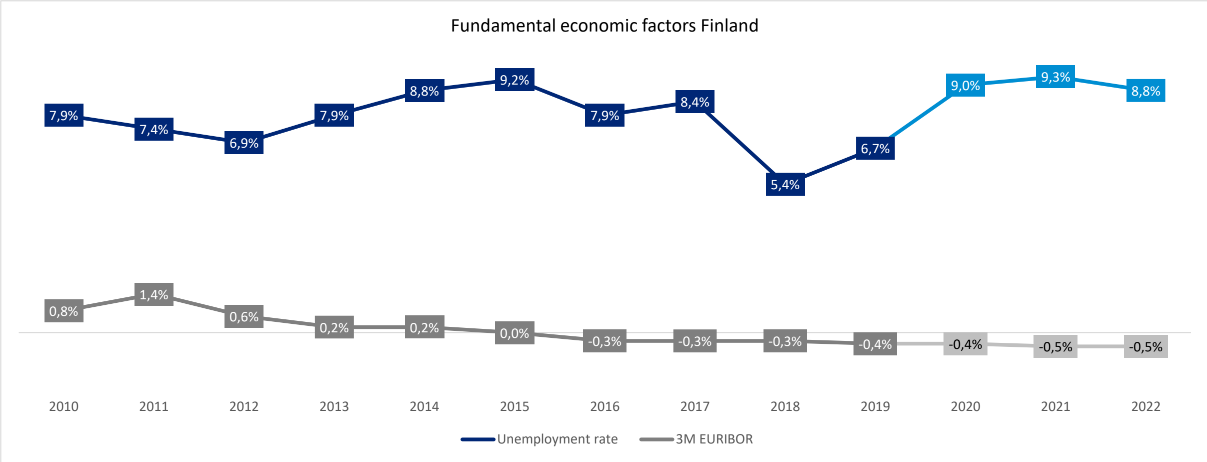
Source: *Bank of Finland*, *Statistics Finland*

In nominal prices, household consumption in Finland has increased steadily in recent years. Note that after the financial crisis Finnish household consumption decreased with 1.1% in 2009, before it picked up in 2010 and 2011 with relative high growth rates. Household consumption is expected to normalize in 2022.



Source: *Bank of Finland*, *Statistics Finland*
Note (*) Figures includes non-profit institutions serving households (NPISH) – this expenditure amounted to EUR 5.6bn in 2019

The unemployment rate in Finland was relatively low levels compared to previous years prior to COVID-19. The unemployment level is higher than in Norway, but below the Eurozone average. Further, the 3M EURIBOR has been negative since 2015. The policy rate in the Eurozone is currently 0.00%, while the interest rate on the deposit facility is negative 0.50% and quantitative easing is being relaunched.

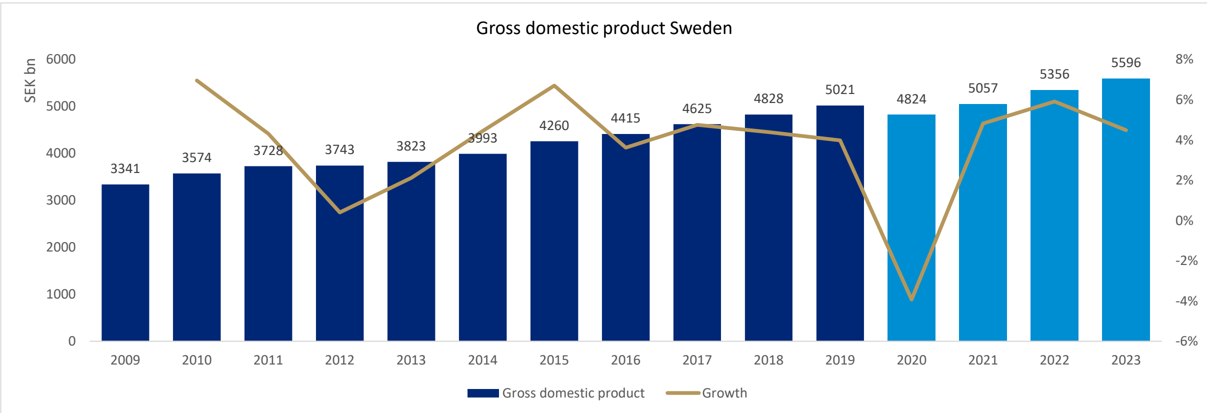


Source: Bank of Finland, Statistics Finland, European Central Bank (ECB)

4.8.1.3 The Swedish economy

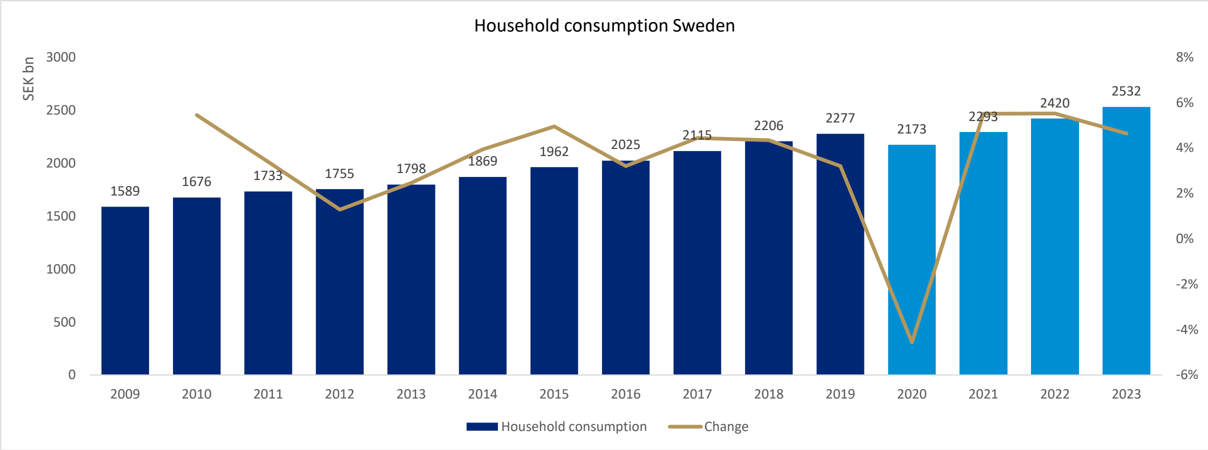
The Swedish economy is characterized by a well-developed welfare state, EU membership, and a diversified and export-oriented industry. Sweden has a high level of GDP per capita, slightly higher than Finland, but somewhat lower than Norway.

After a period of strong growth, the Swedish economy has shown signs of a slowdown lately, with low growth rates for both GDP and household consumption. The volume growth in GDP for 2019 was the lowest since 2013. Negative and low volume growth in 2012 and 2013 is correlated with the EUR crisis, as export to the Eurozone constitutes a significant part of the Swedish GDP.



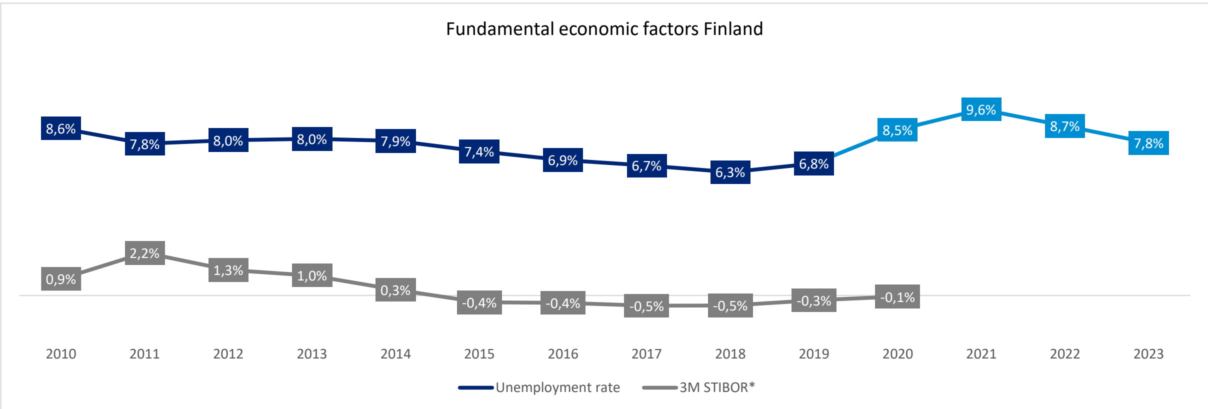
Source: Statistics Sweden (SCB), The National Institute of Economic Research (NIER)
Note (*) Volume growth (i.e. excluding changes in prices)
Note (**) 2020-2023 forecasts based solely on volume growth

In nominal prices, household consumption has increased steadily until COVID-19. As can be seen in the graph below, the volume growth in household consumption was 1.2% post the 2008 financial crisis despite negative volume growth for GDP. The EUR crisis, however, brought the volume growth in household consumption down to 0.6% in 2012.



Source: *Statistics Sweden (SCB), The National Institute of Economic Research (NIER)*
Note (*) Figures includes non-profit institutions serving households (NPISH) – this expenditure amounted to SEK 60.0bn in 2019
Note (**) Volume growth (i.e. excluding changes in prices)
Note (***) 2020-2023 forecasts based solely on volume growth

The Swedish unemployment rate is expected to increase somewhat as the labor force participation rate is expected to increase more than the employment rate in the next years. This trend was visible in 2019, before 2020's COVID-19 effects. The 3M STIBOR has, as the 3M EURIBOR, been negative since 2015. However, in 2019, the 3M STIBOR climbed above zero. This came after the Swedish central bank increased the policy rate to negative 0.25% in December 2018. A further increase of the policy rate to 0.00% was conducted in 2020.

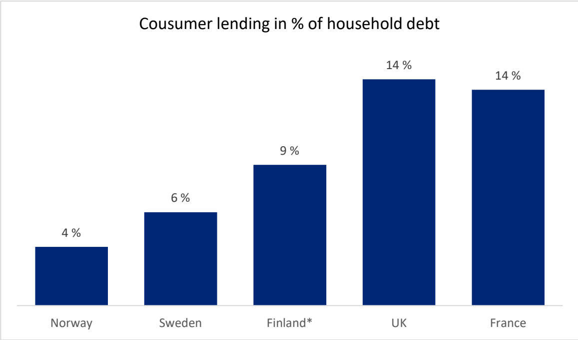


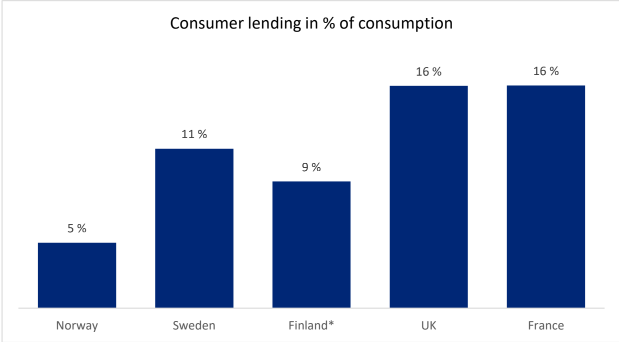
Source: *Statistics Sweden (SCB), The National Institute of Economic Research (NIER), Refinity Datastream,*
Note (*) 2020 based on most recent observation

4.8.2 The consumer finance market

Consumer loans are typically used to finance larger purchases, to consolidate existing smaller unsecured loans or to finance general consumption. Most often, an unsecured consumer loan is in the range of NOK 20,000 to NOK 500,000, and normally repaid within four years.

Consumer lending, as a fraction of household debt, is relatively low in all the Nordic countries compared to countries like UK and France. In the graph below we see that that consumer lending only constitutes 3% of debt for Norwegian households. Furthermore, as outlined on the right-hand side below, Norwegian households also stands out as consumer lending is only 7% of consumption.





Source: *Statistics Sweden, The National Institute of Economic Research (NIER), Refinitv Datastream*

4.8.2.1 The Norwegian consumer finance market

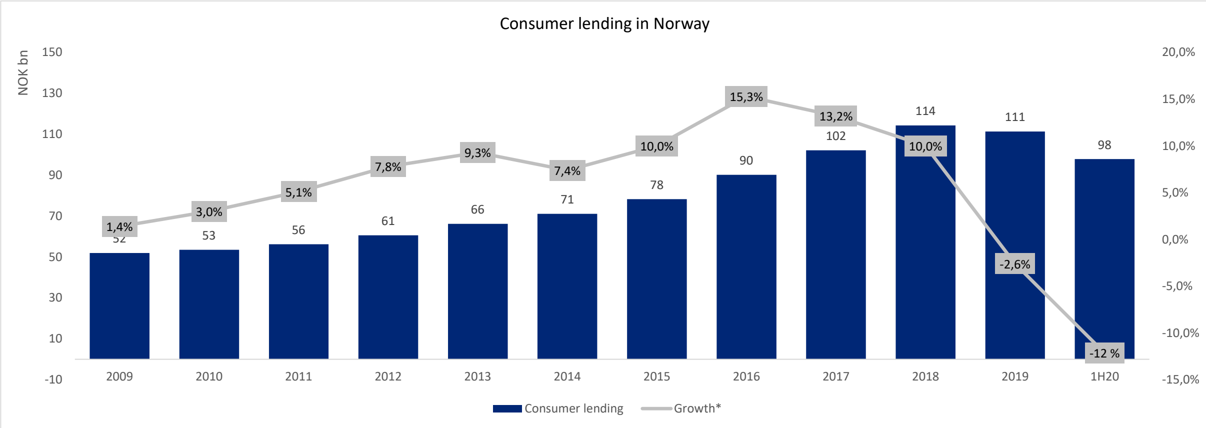
The Norwegian consumer finance market underwent substantial changes in 2019. The Norwegian government introduced new requirements for lending practices with respect to consumer loans and credit cards. The intention with the new requirements has been to reduce the growth in consumer loans in Norway.

Furthermore, there has been a pressure on companies in the Norwegian debt purchasing sector, leading to a decrease in prices for NPL portfolios. This has led to increased provisions for losses for banks valuing their NPL portfolios at market value, and thus contributed to high extraordinary losses for many consumer banks in 2019 and 2020.

The transition of accounting standard from IAS 39 to IFRS 9 has had significant impact on the treatment of loan loss provisions for the sector. While IAS 39 impairment allowances were measured according to and incurred loss model, the IFRS 9 impairment model requires impairment allowances for all exposures from the time a loan is originated. Consequently, many Norwegian consumer banks have taken substantial extraordinary impairments on the loan books as a result of the implementation.

The short-term growth prospects were further reduced by the introduction of the debt register. The debt register enables banks to see potential customers credit debt, and to decline applications from high-risk customers. Thus, the reduced growth should relate to high-risk customers, and therefore contribute to reduced loan losses going forward.

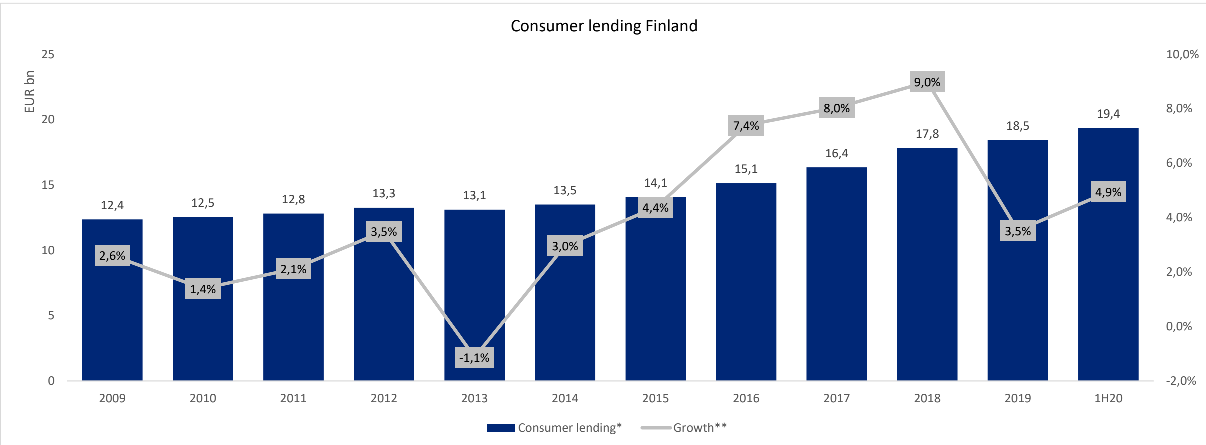
Despite the fact that consumer lending in Norway constitutes a relatively small share of household debt, the amount has been growing at a high pace in recent years. In 2019 and 2020 however, the amount of consumer lending reported by the NFSA decreased by 2.6% and 12 % respectively. While the NFSA reported a total amount of consumer loans of NOK 111.4 billion per 31 December 2019, the debt register reported an amount of NOK 177.4 billion. The difference in the debt register figures compared to the NFSA figures is related to, among others, unsecured loans in finance companies that purchase portfolios of non-performing loans, as well as loans granted by foreign institutions that engage in cross-border activities.



Source: Norwegian Financial Supervisory Authority (NFSA)
Note (*) 1H20 growth is the half-year growth from FY19

4.8.2.2 The Finnish consumer finance market

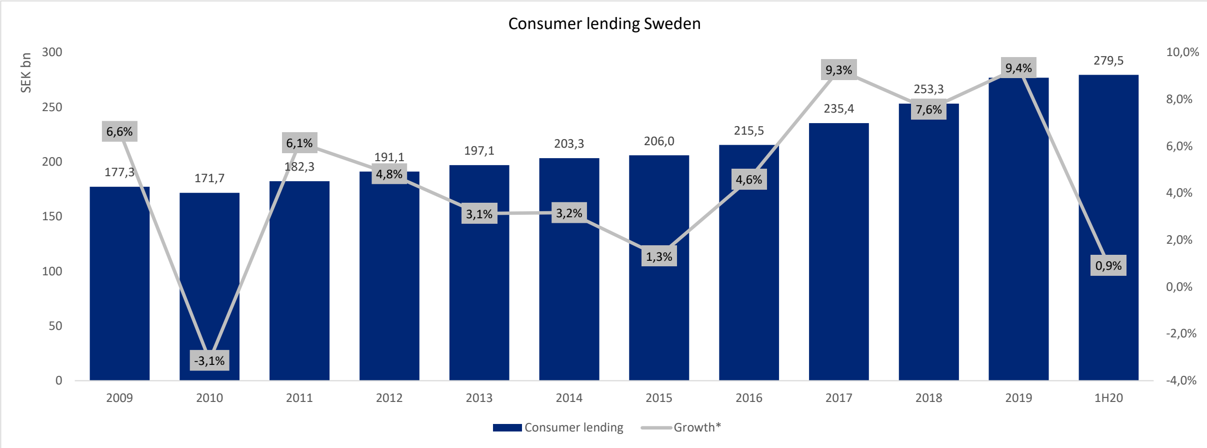
The Finnish market for consumer lending has been growing in recent years. Recently, there has been a regulatory focus on limiting so-called SMS-loans (small loans with high interest rates) in Finland. Consequently, the Finish regulator imposed a new law in 2019, tightening the interest rate cap from 50 to 20%. Growth has calmed down in 2019, but is again slightly up in 2020.



Source: Bank of Finland, Refinity Datastream
Note (*) Bank of Finland does not separate secured consumer credit form unsecured and credit card loans. In 2017, 39% of the amount was secured consumer loans
*Note (**) *1H20 growth is the half-year growth from FY19*

4.8.2.3 The Swedish consumer finance market

The Swedish market for consumer lending was steadily growing, with growth accelerating from 2016 until COVID-19. The consumer banks have captured substantial market shares from the universal banks in Sweden in recent years and have consequently contributed to most of the growth in the Swedish market.



Source: Statistics Sweden (SCB), Refinity Datastream
*Note (**) *1H20 growth is the half-year growth from FY19*

4.8.3 The competitive environment

4.8.3.1 Competitor overview

The Bank has identified three different types of competitors and has ranked them in three tiers after how close a competitor the Bank believes they are.

The table below illustrates whom the company considers its closest competitors. This group consists of the specialized consumer finance players that are often referred to as niche banks:

Tier 1 – Specialized consumer finance players (close peers)

banknorwegian.no
Santander Consumer Bank
Nordax Bank
Instabank
KOMPLETT bank.no
TFBank
Resurs Bank
IKANO BANK

The second group consists of the full-service banks that also offer consumer loans, as set out in the below figure:

Tier 2 – Full-service banks offering consumer loans*

Note (*) Not exhaustive

The last group consists of a wider array of different players and a non-exhaustive overview can be seen the table below:

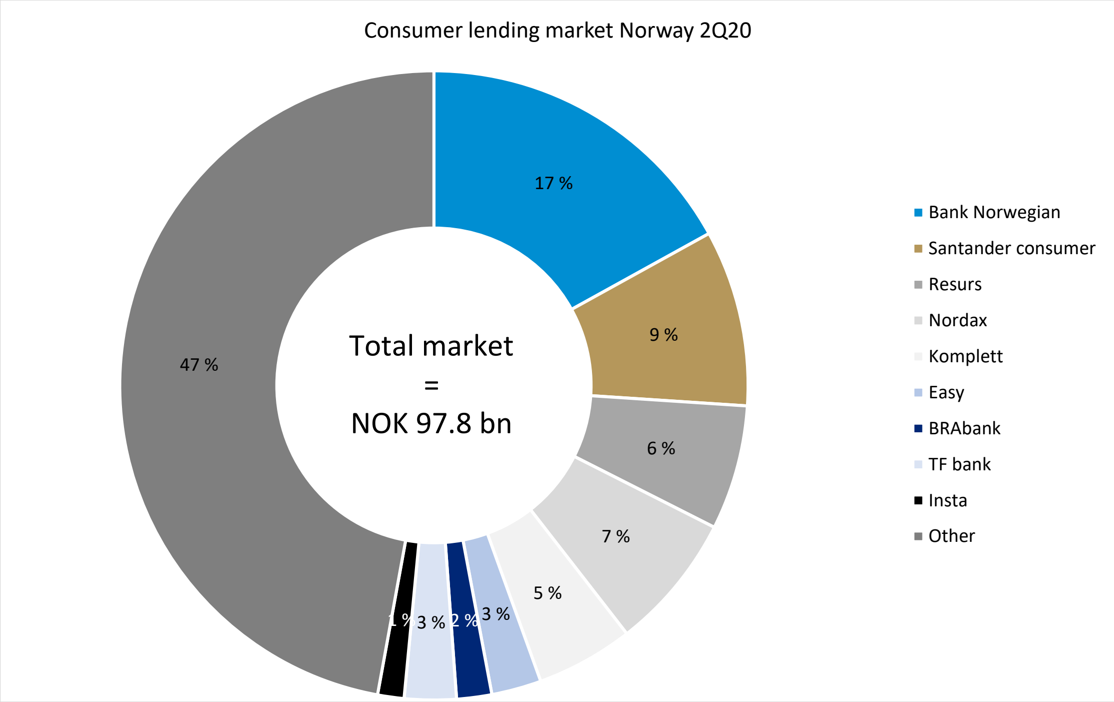
Tier 3 – Narrow niche and/or combined business model approach*

Note (*) Not exhaustive

4.8.3.2 Competitive dynamics

The last few years have seen large changes to the competitive dynamics in the Nordic consumer finance sector. From essentially being a market dominated by the full-service banks, the market has grown and developed, with the new specialized consumer finance players' seeing their competitive position improving. This has led to specialized consumer finance players increasing their market share.

An overview of estimated market shares in Norway for BRAbank's closest peers can be seen in the graph below:



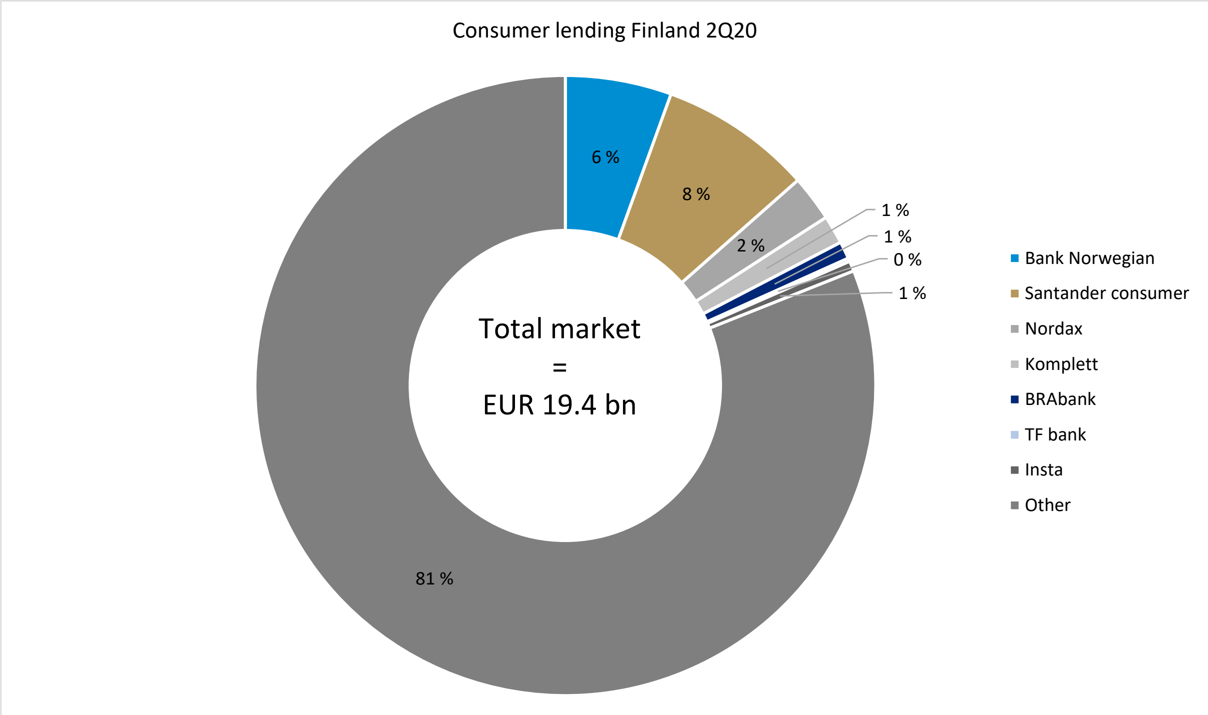
Source: Norwegian Financial Supervisory Authority (NFSA), Company reports
Note (*) Gross lending in % of market size estimated by NFSA

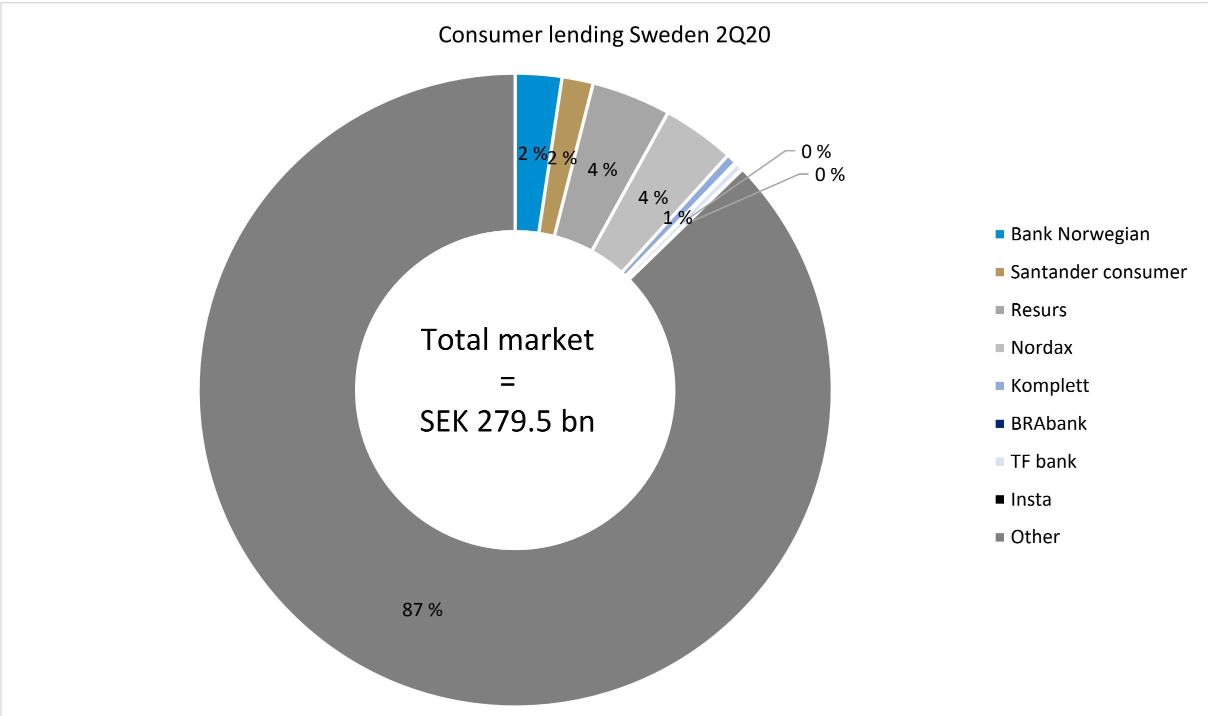
There are several reasons for the abovementioned changes. One factor that has been important for the changes in the competitive dynamics in Norway is the changes in the regulatory environment. The new regulations on housing mortgages, including forced amortization and loan-to-value caps have increased the demand for consumer loans. An amortization requirement is also in place in Sweden, while both Sweden and Finland have loan-to-value caps. Furthermore, the more stringent capital requirements (Basel III) have forced the traditional banks to build up their capital buffers. And since consumer loans have a higher risk weight than mortgage loans, the traditional banks have had to hold back on these loans in order to reach their capital requirements.

Second, there has been several newcomers to the market for consumer lending, and the market has thus become more fragmented and the competition more fierce.

Furthermore, we have also seen an increase in credit intermediaries. This has increased the availability of consumer financing services for the customer, but also increased the competition. The intermediaries often benchmark the different consumer finance providers on interest rates, loan sizes etc. through a website.

An overview of market shares in Finland and Sweden for the same peers as in the figure for market shares in Norway, is displayed below. In Sweden and Finland, the universal banks have a significantly larger share of the consumer loans market than in Norway. Other niche banks, such as Collector, also have significant market shares in Sweden and Finland.





Source: Bank of Finland, Statistics Sweden, Company reports
Note (*) Gross lending in % of market size estimated by Bank of Finland and Statistics Sweden
Note (**) Bank of Finland does not separate secured consumer credit form unsecured loans and credit card loans. In 2017, 39% of the amount was secured consumer loans. The market share of EUR 10.0 billion above is thus 61% of reported consumer loans in Finland for 2019, which is EUR 16.5 billion.

4.9 Regulatory requirements

4.9.1 Introduction

The overview set out below is of a general nature and does not purport to be complete and or exhaustive.

The Company is subject to supervision by the NFSA, which supervises the operations carried out by Norwegian financial undertakings, including the Company. In the event that a financial undertaking is in breach of the applicable laws or regulations, including capital adequacy requirements, the NFSA may impose administrative sanctions, and it may also, subject to further conditions, revoke the financial undertaking's license to operate.

4.9.2 Applicable laws and regulations

The Company is subject to Norwegian regulatory legislation applicable to Norwegian commercial banks. This includes, but is not limited to, the following acts:

- The Act on Financial Institutions and Financial Groups of 10 April 2015 no 17 (the "**FIA**");
- The Act on Financial Contracts and Financial Assignments of 25 June 1999 no 46 ("**FCA**");
- The Act on Financial Supervision of 7 December 1956 no 1 ("**Financial Supervision Act**"); and
- The Act relating to Measures to Combat Money Laundering and Terrorist Financing of 1 June 2018 no 23 (the "**AML**").

The Company is also subject to the relevant regulations adopted pursuant to the abovementioned legislative acts by the Norwegian Ministry of Finance and the NFSA.

The FIA covers a variety of matters concerning financial undertakings, and includes provisions on the incorporation of financial undertakings, the required licenses, conduct of business requirement, requirements concerning the management and supervisory bodies, capital requirements, liquidity requirements, internal control requirements etc.

The Company's operations in Sweden and Finland are subject to applicable Swedish and Finnish laws, in particular with regard to conduct of business. Apart from the brief outline of certain consumer credit restrictions set out below, Swedish and Finnish law is not described in further detail.

The relevant regulatory framework in Norway, Sweden and Finland is continuously developing, and further changes should be expected.

The following are certain non-exhaustive examples of both recently adopted and expected developments in therelevant regulatory framework in Norway:

- The EU's PSD2 directive aims to make the banking infrastructure accessible to third parties offering certain payment services. The public law aspects of PSD2 were transposed into Norwegian law with effect from 1 April 2019. The remaining private law aspects of PSD2 are expected to be transposed into Norwegian law in connection with the newly proposed Financial Contracts Act (as further described below).
- A new Financial Contracts Act was proposed by the Norwegian Ministry of Justice on 29 April 2020. 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 aim is to strengthen the protection for credit customers and is expected to have a significant impact on the Norwegian financial services sector. The Norwegian Parliament is expected to process the proposal during the fourth quarter of 2020. It is not yet known when the new act will enter into force.

- The NFSA has implement stricter Pillar II requirements to curb the credit growth for the Norwegian consumer finance banks. The NFSA issued a press release 15 June 2020 stating that no new Pillar II-decision will be made in 2020 due to the Covid-19 pandemic, and noted that there may be delays in scheduled supervisory review and evaluation processes for a number of banks.

- The existing unsecured consumer lending regulations and mortgage regulations expire 31 December 2020.

- The Ministry of Finance has requested the NFSA to review and provide an assessment of the existing regulations by 28 September 2020. New and/or updated requirements should be expected.

- By Directive (EU) 2019/878 ("**CRD V**") and Regulation (EU) 2019/876 ("**CRR 2**"), certain amendments are made in Directive 2013/36 (**CRD IV**") stricter capital and liquidity requirements in general, as well as new capital requirements for Non-Performing Loans. 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 NFSA has suggested new rules on the operation of loan agent activities. If adopted, these rules will entail stricter on-going supervision and control of loan agents in Norway.

- There may be a reduction in the current Norwegian deposit guarantee coverage level due to EU Directive 2014/49/EC on deposit guarantee schemes ("**DGSD**"), which imposes a harmonised 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 corresponding to NOK 2,000,000 (approximately EUR 200 000) per customer. A decrease of the deposit guarantee level may lead to withdrawal of deposits. An amendment act implementing rules corresponding to DGSD into Norwegian law, entered into force on 1 January 2019, however the deposit guarantee per customer is until further notice still NOK 2,000,000.

4.9.3 Capital requirements

Norway has implemented CRD IV and Regulation (EU) 2013/575 ("**CRR**") into the FIA and adherent regulations.

FIA requires a base capital adequacy requirement of 8%, of which minimum 4.5% CET1, 1.5% may be Tier 1 capital and up to 2.0% Tier 2 capital. In addition to this base requirement, the FIA imposes various capital buffer requirements applicable to all Norwegian financial institutions, 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%. The countercyclical capital buffer requirement is currently 1.0% (having been reduced from 2.5% to 1% with immediate effect on 13 March 2020 due to the Covid-19 pandemic). The level of the counter-cyclical buffer is determined by the Norwegian Ministry of Finance quarterly. The specific counter-cyclical buffer applicable to the Company will be affected by the Swedish and Finnish counter-cyclical buffer requirement which apply to the Swedish and Finnish portion of the Company's operations. Systemically important banks shall in addition hold a buffer for systemically important institutions of 2% of CET1 capital. The Company is not deemed to be a systemically important institution, and consequently this capital buffer requirement does not apply to the Company.

In addition to the regulatory minimum requirement, the Company is required to hold such capital as deemed necessary under the Company's internal assessment of its capital needs. This capital assessment is made annually according to the ICAAP as laid down in CRD IV, as well as the NFSA's supervisory review and evaluation process (SREP) (Pillar II).

In the approval letter for the Merger dated 7 September 2020, the NFSA set the Pillar II capital requirement for the Company to 6.5% CET1 capital.

The Company is further subject to a leverage ratio requirement and liquidity requirements. Liquidity Requirements. 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. 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.

An additional Net Stable Funding Ratio ("**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.

4.9.4 Consumer Protection

BRAbank is subject to the FCA, which contains, inter alia, mandatory provisions on information required to be provided to consumers prior to entering into credit and deposit agreements, the content, amendments and termination of credit and deposit agreements, as well as provisions on the obligation to dissuade certain consumers from entering into credit agreements.

The FCA implements EEA-rules corresponding to certain parts of Directive 2007/64/EC on payment services (the "**PSD**") and Directive 2008/48 on credit agreements into Norwegian law. However, as noted above, the PSD has been amended and the private law parts of the directive have been proposed implemented into the FCA.

Further, the FCA contains a provision on marketing of credit agreements. In addition, the marketing of credit agreements is also subject to the general requirements set forth in the Marketing Control Act of 9 January 2009 no. 2 (the "**Marketing Control Act**") on fair and sound market practice. Moreover, The Consumer Authority (Norwegian*: Forbrukertilsynet*) has issued guidelines on the information requirements in relation to marketing of credit agreements. On 1 July 2017, the regulation on marketing of credit agreements of 5 April 2017 no. 437 entered into force. The regulation includes provisions that prohibit highlighting certain information in marketing materials such as the availability of the credit as well as highlighting that the credit can be granted through a simple application process. In addition, it is regulated how add-on benefits of the offered credit such as loyalty programs can be displayed. The aim of these provisions is to moderate the marketing materials regarding credit agreements to consumers and thus increase consumer protection.

4.9.5 Regulation of consumer lending

Increased focus on the retail consumer market has also led to the adaptation of Regulation 12 February 2019 no. 83 on lending practices for consumer lending. The regulation applies to the granting/increase of any unsecured credit to consumers, including granting credit in connection with the issuance of credit and debit cards. The regulation requires financial institutions to document that the granting of credit/increase of existing loans are based on a thorough credit assessment, including a requirement that the information obtained on the customer's debt should be checked against a debt register. Moreover, it requires that the affordability assessment includes a stress test of 5% increased interest rates of the customer's total debt. Further, the guidelines requires the financial institution not to grant the credit if the customer's total debt exceeds five times annual income. The credit shall include instalment payments, including and must normally be amortized over maximum 5 years and that credit lines that are fully drawn over time should be converted to a loan with amortization. The regulation do not provide for a set amount or percentage of loans that can be granted/increased contrary to any of the recommendations. However, financial institutions are obliged to have internal reporting procedures in order to ensure compliance with the guidelines and it is expected that the NFSA will require that a majority of the institutions' loan portfolio consists of loans granted/increased in accordance with the recommendations.

In addition, a separate regulation on invoicing of credit card debt, including other unsecured credit facilities, entered into force on 4 April 2017 no. 427. The regulation requires that the *full* outstanding amount shall be invoiced rather than invoicing a *minimum* amount. In addition, the regulation requires that the consumer is provided with information about the costs associated with paying an amount which is less than the full outstanding amount. The financial enterprise may invoice a lower amount provided that the enterprise enters into a separate agreement with the customer where the customer gives its consent to pay a lower amount than the total outstanding amount. The consent must be renewed annually.

On 1 November 2017, the Act on Debt Information of 16 June 2017 no. 47 entered into force. Under the act, public debt register shall be established and operated by entities which have been granted the relevant licence. Three debt registers were launched 1 July 2019. Financial institutions, including the Bank, are required to report on unsecured debt information to such debt information institutions or in other ways make such information available to these institutions. Further, financial institutions, which offer credit to consumers shall obtain relevant information from debt registers in connection with the credit assessment required in connection with the granting of loans or increase of existing loans.

4.9.6 Anti-Money Laundering

Banks are subject to the legislative framework implementing EU directive 2015/847 on preventing the use of financial system for money laundering or terrorist financing (the Fourth Anti-Money Laundering Directive), which comprises of (i) the AML and (ii) adherent regulations of 14 September 2018 no. 1324 (the "**AML Regulations**"). Under the AML, banks are regarded as entities with reporting obligation pursuant to the AML section 4. Consequently, banks, and other financial enterprises, are subject to the following obligations:

- Assess the risk that the enterprise will be used for money laundering or financing of terror, and apply the remaining obligations and measures on the basis of this assessment.
- Apply customer due diligence measures of various nature depending on the particular risk concerning the customer, customer relationship, product or transaction.
- Ongoing monitoring of existing customer relationships.
- The obligation to make inquiries.
- Reporting obligation.
- Establish internal control and communications procedures.
- Retention of documents for five years after the customer relationship has ended or five years after the transaction has been carried out.

The NFSA is responsible for the *supervision* of financial enterprises and their compliance with AML and adherent regulations. Financial enterprises shall report suspicious transactions and activity to the Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime ("**ØKOKRIM**"), which are responsible for the assessment, based on information received, of whether to pursue criminal prosecution in connection with transactions relating to proceeds of crime or acts of terrorism, both the principal and/or potential accomplices.

Legal entities and persons acting in capacity of their professions encompassed by the AML may be defined as gatekeepers ("**Gatekeepers**"), because they provide services which ensure the carrying out of transactions on behalf of their customers.

The AML imposes an extensive risk based approach in order to ensure an efficient implementation of the measures. Hence, the obligations and measures shall be applied on the basis of an assessment of the risk of money laundering or terror financing taking place. The obligations pursuant to the AML may be divided into three main categories of obligations. Firstly, Gatekeepers shall conduct customer due diligence measures of its customers and retain documentation deriving from these customer due diligence measures. Secondly, Gatekeepers shall carry out ongoing monitoring of its existing customers and transactions, carry out inquiries regarding suspicious transactions and activity and are in certain circumstances obligated to report to ØKOKRIM. Thirdly, Gatekeepers shall establish internal control and communication procedures, apply necessary measures to ensure that employees have the necessary knowledge to comply with the requirements pursuant to the AML and appoint a specific person in the legal entity as the main responsible for the follow-up of these procedures.

The NFSA has been given powers to sanction breaches of the AML regulatory scheme, including the authority to (i) issue a public warning (ii) order the person responsible to cease the conduct and to desist from a repetition of the conduct (iii) withdrawal or suspension of the authorisation of entities holding such authorisation (iv) issue a temporary ban of the person discharging managerial responsibilities in a legal entity from exercising management functions in obliged entities (v) issue fines.

Note that member states are given the authority to impose additional administrative sanctions. Thus, the NFSA may be empowered to impose other administrative sanctions, and the fines may exceed the amount stated in the directive.

4.9.7 Banking Recovery and Resolutions Directive

The BRRD was implemented in Norway in FIA and effective from 1 January 2019.

The BRRD is designed to provide authorities with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and the financial system.

The BRRD contains four resolution tools and powers which may be used alone or in combination where the relevant resolution authority considers that (a) an institution is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe, and (c) a resolution action is in the public interest: (i) sale of business – which enables resolution authorities to direct the sale of the firm or the whole or part of its business on commercial terms; (ii) bridge institution – which enables resolution authorities to transfer all or part of the business of the firm to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control); (iii) asset separation – which enables resolution authorities to transfer impaired or problem assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) bail-in which gives resolution authorities the power to write down claims of unsecured creditors of a failing financial enterprise (with some exemptions, most notably deposits falling within the deposit guarantee level) and/or to convert such claims to equity (the "general bail-in tool"), which such equity could also be subject to any future application of the general bail-in tool.

In addition to the general bail-in tool, the BRRD provides for resolution authorities to have the further power to permanently write-down or convert into equity subordinated capital instruments at the point of non-viability and before any other resolution action is taken (non-viability loss absorption).

The BRRD also provides for a member state as a last resort, after having assessed and exploited the above resolution tools to the maximum extent possible whilst maintaining financial stability, to be able to provide extraordinary public financial support through additional financial stabilisation tools ("bail-out"). These consist of the public equity support and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the EU state aid framework.

4.9.8 Finnish and Swedish legal requirements for consumer credit

4.9.8.1 Finland

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.

Effective from 1 July 2020 the interest rate ceiling is reduced to 10 per cent, valid until the end of 2020. At the same time, direct marketing of consumer credit is temporarily prohibited.

If 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 BRAbank 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 BRAbank's debt increase or if BRAbank's funding costs otherwise increase, this would reduce BRAbank's ability to generate net interest income, since the difference between BRAbank's funding costs and the interest rate BRAbank may levy from its customers would decrease. If BRAbank fails to comply with applicable consumer credit legislation or any of the above risks otherwise realise, this may have an adverse effect on BRAbank's business, financial condition, results of operations and future prospects.

4.9.8.2 Sweden

Provision of consumer credits in Sweden 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 percent 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.

The supervision of consumer credit business is divided between the Swedish FSA and the Swedish Consumer Agency. If financial institutions do 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.

4.10 Related party transactions

Except for the agreement with BRA outlined in section 4.11 below, the Bank has not entered into any related party transactions during 2020 as per date of this Admission Document or during the financial years ended 31 December 2019 and 2018.

4.11 Material contracts

The Bank's IT systems are important for its business. The Bank's core banking system is delivered by Stacc. In addition, the Bank is using SDC and EVRY on selected products. The Bank is also reliant on other third parties related to development and maintenance of the Bank's infrastructure, credit processes etc., and has entered into agreements for delivery of services from suppliers such as Signicat, Iver and Microsoft. In addition the bank has entered into an agreement with a subsidiary of Stacc which will run our Front-End solutions. Delivery of IT services is based on standard agreements.

The Bank has a forward flow contract with Kredinor Finans. Under the agreement, loans are on an ongoing basis sold to Kredinor to a predefined price. Option to extend the forward flow agreement with Kredinor throughout 2023 with same conditions as the initial agreement from July 2017.

The Bank has entered into a strategic partnership agreement with BRA. BRA is Sweden's second largest domestic airline with approximately 2.2 million passengers annually, and BRA Vänner has approximately 470,000 members. Effective from 21 December 2019, the BRA Mastercard, a combined credit and loyalty card, was replaced with a VISA card and the internet bank connected to the previous BRA Mastercard was replaced by an app.

The partnership agreement entitles BRAbank to use the brand name of BRA, logo and the loyalty program BRA Vänner against payment of a license fee, and regulates coordinated marketing efforts of BRAbank's products. BRAbank shall pay to BRA a defined cash contribution for new credit card customers and a defined percentage of all interest-bearing credit balances (credit cards and loans), except for balances recruited through other (future) business partners. Interchange fee income related to purchase of airline tickets and ancillary services shall also be transferred to BRA. The agreement was signed in January 2019 and was part of the merger plan between Monobank and Old BRAbank. License fee for the agreement was NOK 2.5 million in 2019, and will be NOK 6.5 million in 2020 and NOK 9.5 million in 2021. The parties have an agreement related to BRA-Card, which are credit card issued by BRAbank and distributed in the channels of BRA. The agreement expires 31 December 2021 with automatic renewal unless either of the parties have terminated the agreement.

BRAbank and Widerøe have a cooperation agreement regarding consumer finance, where BRAbank is the issuer of credit card and Widerøe has its brand name for distribution. The agreements were signed in October 2016. Launch of the credit card in Widerøe's name was in October 2018.

On 30 April 2019, the Company entered into an investment and distribution agreement with Conta Group AS ("**Conta**"). Conta shall distribute the Company's products (invoice purchases, financing, deposits) through integrated solutions in Conta's web-based invoice and accounting program to SMEs and private customers in Norway, and be entitled to subscribe for Shares with gross proceeds up to an aggregate amount of NOK 15,000,000, with expiry two, four and six years after launch of the first product under the distribution agreement, at subscription price of 0.8 times book value in the Company's most recent interim accounts.

On 5 June 2019, the Company entered into a cooperation and investment agreement with Melin Medical AS, Norway's leading provider of patient administration solutions, with the purpose of developing payment solutions for the health sector, such as handling of transactions and invoice purchases enabling health service providers to receive immediate settlement. Furthermore, pursuant to the agreement Melin Medical AS was on certain terms, including a profit split calculation, entitled to subscribe up to 14.99% of the shares in Easybank ASA in three tranches, of which the first has expired, the second (up to 9.99%) expires 5 June 2021 and the third (up to 5%, conditional upon the board's discretion) expires 5 June 2022, both the second and third tranche to be subscribed at a price corresponding to Easybank ASA's book equity per share. To which extent the subscription rights apply correspondingly to the Bank after completion of the Merger is uncertain.

Otherwise, the Bank has not entered into any material contracts outside the ordinary course of business for the two years prior to the date of this Admission Document.

4.12 Legal and arbitrational proceedings

From time to time the Company may become involved in litigation, disputes and other legal proceedings arising in the course of its business.

As provider of core systems to Original BRAbank, SDC A/S has put forward a claim against the Bank for exit compensation in the amount of up to DKK 4 million. The Bank strongly disagrees with the amount of the claim.

Apart from that, the Company is not, nor has been, during the course of the preceding 12 months involved in any legal, governmental or arbitration proceedings which may have, or have had in the recent past significant effect on the Company's financial position or profitability, and the Company is not aware of any such proceedings which are pending or threatened.

5. ORGANISATION, BOARD AND MANAGEMENT

5.1 Introduction

The Bank's highest decision making authority is the general meeting of shareholders. All shareholders in the Bank are entitled to attend or be presented by proxy and vote at general meetings of the Bank and to table draft resolutions for items to be included on the agenda for a general meeting.

The overall management of the Bank is vested in the Bank's Board of Directors and the management. In accordance with Norwegian law, the Board of Directors is responsible for, among other things, supervising the general and day-to-day management of the Bank's business ensuring proper organization, preparing plans and budgets for its activities, ensuring that the Bank's activities, accounts and assets management are subject to adequate controls and undertaking investigations necessary to perform its duties. The Board of Directors act as the audit committee.

The management is responsible for the day-to-day management of the Bank's operations in accordance with Norwegian law and instructions set out by the Board of Directors. Among other responsibilities, the Bank's chief executive officer, or CEO, is responsible for keeping the Bank's accounts in accordance with prevailing Norwegian legislation and regulations and for managing the Bank's assets in a responsible manner. In addition, the CEO must according to Norwegian law brief the Board of Directors about the Bank's activities, financial position and operating results at least once a month.

5.2 Overview of the Board of Directors

The Bank's Articles of Association provide that the Board of Directors shall consist of at least five board members elected by the Bank's shareholders.

Please find details regarding BRAbank's board members, as at the date of this Admission Document, in the table below:

Name	Position	Served since	No. of shares	No. of warrants	No. of options
Svein Lindbak	Chairman	Feb. 2016	2,785,360	0	0
Viggo Leisner	Board member	Oct. 2020	296	0	0
Kristin Krohn Devold	Board member	Oct. 2020	3726	0	0
Irene Terkelsen	Board member	Apr. 2016	47 000	0	0
Jan Kleppe	Board member	Apr. 2017	120 234	0	0
Øyvind Oanes	Board member	Oct. 2020	0	0	0
Siv Blanca Børge-Ask	Board member	Jun. 2019	0	0	0

The following sets out a brief introduction to each of the members of the Bank's Board of Directors:

Svein Lindbak - Chairman

Svein Lindbak has been chairman since February 2016. Lindbak was the founder and former CEO of yA Bank and has been the founder and CEO of two insurance companies. He is a full time private investor and is serving as a board chairman or board member of several companies. He specializes in the banking sector, and has vast experience in consumer finance. He holds a MBA, from the University of Idaho

Viggo Leisner – Vice Chairman

Viggo Leisner has been chairman in Old BRAbank since December 2019. He is currently a member of the nomination committee of Nordic Semiconductor ASA. During his 15 years as investment manager at Arne Blystad AS, he has been involved in strategic processes, financing and other support for several companies from many different businesses, as well as serving as board member of different public and private companies. He has previously held board positions in Spectrum ASA and Tomsk Refining AB. He holds a Cand. Merc in Finance from Ålborg University/St. Cloud University Minnesota and he was a sergeant at Norwegian Infantry Officer School.

Kristin Krohn Devold – Board Member

Kristin Krohn Devold has been a board member in Old BRAbank since June 2019. Mrs. Krohn Devold currently works as CEO in the Norwegian Hospitality Association (NHO Reiseliv). She has previous executive experience as Secretary General at the Norwegian Trecking Association. She has also extensive political experience as Minister of Defence in the Norwegian Government (2001 – 2005), Member of Parliament and Leader of the Parliament Justice Committee representing the Norwegian Conservative Party. She is *siviløkonom* from Norwegian School of Economics and Business Administration (NHH).

Irene Terkelsen – Board member

Irene Terkelsen has been a board member since April 2016. Mrs. Terkelsen is State Authorized Public Accountant with 18 years of auditing experience. She is currently running her own Audit company, Revisjons-Partner AS in Bergen. She also does audits and controls of other auditors on behalf of The Norwegian Institute of Public Accountants. She is *siviløkonom* and has completed *høyere revisorstudium* from Norwegian School of Economics and Business Administration (NHH).

Jan Kleppe – Board Member

Jan Kleppe has been a board member since April 2017. Mr. Kleppe is currently CEO of Skagerrak Sparebank, and has had leading positions in the bank industry for the last 15 years. He has held several board positions within the banking sector. Kleppe holds a Master of Management from BI Norwegian Business School.

Øyvind Oanes – Board Member

Øyvind Oanes has been a board member in Old BRAbank since April 2020. Mr. Oanes has a Bachelor's degree in economics from Norwegian Business School (BI), Cand.Mag from the University of Stavanger and a Master of Science from the University of Paisley. Mr. Oanes currently work as Group CEO in 4Finance, and has just been elected as a board member in Teylor AG. He has over 20 years of experience from the banking and finance sector, with a solid expertise within fintech and online banking.

Siv Børge-Ask – Board Member

Siv Børge-Ask has been a board member since June 2019. Mrs. Børge-Ask is currently working as a Legal Director for UNION Gruppen AS. She has experience from Compliance and Risk management in the banking and insurance industry. She has held several board positions within the banking sector. Børge-Ask holds a law degree from the University of Oslo.

5.3 Chief Executive Officer and Chief Financial Officer

The following sets out a brief introduction to the Bank's Chief Executive Officer (the "**CEO**") and Chief Financial Officer (the "**CFO**"):

Oddbjørn Berentsen – Chief Executive Officer (CEO)

Oddbjørn Berentsen has been the Chief Executive Officer since June 2016. He has 20 years of experience from consumer finance, IT and telecom. He has vast experience from digital banking and consumer finance from turnaround of Easybank back in 2016, and management roles in Santander Consumer Bank and yA bank. Berentsen holds a M.Sc. In Economics and Business Administration (Siviløkonom) and MBA in Strategic Management from Norwegian School of Economics and Business Administration (NHH).

Gard Haugen – Chief Financial Officer (CFO)

Gard Haugen has been the Bank's Chief Financial Officer since August 2018. Prior to joining Easybank, he was CFO for Instabank ASA and yA Bank, and before that management roles in ABG Sundal Collier. He has extensive experience from consumer finance. Haugen is graduated as Siviløkonom from BI Norwegian Business School..

5.4 Employees

At the date of announcement of the Merger, BRAbank ASA had 51 employees and Easybank ASA had 27 employees. The number of employees is expected to be significantly reduced in connection with implementation of the Merger.

5.5 Arrangements involving employees in the Company's capital

The Board of Directors of the Bank will following completion of the Merger adopt a new management bonus scheme. Employee options currently issued are described in Section 7.2 "Rights to purchase Shares and share options"

5.6 Benefits upon termination

The CEO is entitled to severance pay equal to 18 months fixed salary upon termination of his employment for other reasons than material breach of duty or material breach of contract. The right to severance pay lapses in the event that the CEO resigns his position in the Company.

Other than as described above, there are no agreements on severance packages or other agreements providing for benefits upon termination of employment for the Company's employees.

5.7 Risk and audit committee

The Company is subject to a requirement to have an audit committee pursuant to the FIA section 8-18. The Company's audit committee consists of all the members of the Board of Directors. Additionally, the Company is subject to a requirement to have a risk committee pursuant to the FIA section 13-6. The Company's audit committee consists of all the members of the Board of Directors.

Pursuant to sections 13-6 and 8-19 of the FIA, the risk and audit committee shall prepare the board of directors' follow up on the financial reporting process, monitor the internal control and risk management systems and the institution's internal audit function, issue a statement regarding the election of auditor, maintain ongoing contact with the institution's elected auditor on the audit of the annual accounts, assess and monitor the auditor's independence and objectivity, including in particular, the extent to which non-audit services that have been delivered by the auditor may have a bearing on the auditor's independence and objectivity, prepare the board's assessment of risk and capital requirements, yearly review the Company's risk policies, monitor that risk policies are complied with, consider whether the pricing of the Company's products have due regard for the business model and risk strategy, etc.

5.8 Remuneration committee

The Company will in connection with implementation of the Merger appoint a remuneration committee, cf. section 15-3 of the Regulation on Financial Institutions and Financial Groups of 9 December 2016 no. 1502.

5.9 Nomination committee

The Articles of Association provide for a nomination committee comprising three members elected by the General Meeting. As at the date of this Admission Document, the nomination committee comprises Per G. Braathen (chairperson), Nils Gunnar Hjellegjerde (committee member) and Petter Tusvik (committee member). The members of the nomination committee are appointed for a two-year term.

The nomination committee shall give recommendations for the election of members of the Board of Directors and the nomination committee, as well as make recommendations for remuneration of the Board Members and members of the nomination committee.

5.10 Corporate governance

The Company is not subject to the Norwegian Code of Practice for Corporate Governance of 17 October 2018.

5.11 Conflicts of interests

During the last five years preceding the date of this Admission Document, none of the members of the Bank's Board of Directors, CEO or the CFO has, or had, as applicable:

- any convictions in relation to fraudulent offences;
- been involved in any bankruptcies, receiverships, liquidations or companies put into administration where he/she has acted as a member of the administrative, management or supervisory body of a company, nor as partner, founder or senior manager of a company; or
- received any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies), nor been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of affairs of any issuer.

To the Bank's knowledge, there are currently no other actual or potential conflicts of interest between the Bank and the private interests or other duties of the CEO, CFO, or the Board of Directors, including any family relationships between such persons.

6. SELECTED FINANCIAL INFORMATION AND OTHER INFORMATION

6.1 Introduction and basis for preparation

The Company's audited financial statements for the financial years ended 31 December 2018 and 2019 (the "**Financial Statements**") have been prepared in accordance with Norwegian General Accepted Accounting Principles ("**NGAAP**") and the Accounting Act of 17 July 2017 no 56 (the "**Accounting Act**"), with the exceptions and supplements set out in the regulations for annual accounts of banks, credit companies and financial institutions and the regulations on the accounting treatment of loans and guarantees at financial institutions. The same applies to the Company's interim financial information for Q2 2020, which includes the three and six months ended 30 June 2020 (the "**Interim Report Q2 2020**").

The Company will continue to prepare its interim and annual financial statements in accordance with NGAAP and the Accounting Act.

Old BRAbank's audited financial statements for the financial year ended 31 December 2018 was prepared in accordance with the accounting principles in the Financial Statements as set out above. Old BRAbank's audited financial statements for the financial year ended 31 December 2019 was prepared in accordance with the International Financial Reporting Standards and those exceptions included in the regulations for annual accounts of banks, credit companies and financial institutions. The same applies to Old BRAbank's interim financial information for Q2 2020, which includes the three and six months ended 30 June 2020.

The Company's Financial Statements have been audited by Pricewaterhouse Coopers AS. The Company presents the Financial Statements and Interim Reports in NOK (presentation currency).

The following selected financial information has been extracted from the Bank's interim financial statement for second quarter 2020. The selected financial information should be read in connection with the 2018 and 2019 financial statement and full year figures included as Appendix B and C to this Admission Document.

6.2 Income statement

The table below sets out the Bank's (Easybank standalone) quarterly income statement for the quarters ended 30 June 2020 (Q2 2020), 31 March 2020 (Q1 2020), 31 December 2019 (Q4 2019), 30 September 2019 (Q3 2019), 30 June 2019 (Q2 2019), 31 March 2019 (Q1 2019) (prepared in accordance with the NGAAP). Note that IFRS9 was introduced to NGAAP from January 1st 2020. Historical numbers have not been restated.

(Amounts in thousands)	**Q2 2020**	**Q1 2020**	**Q4 2019**	**Q3 2019**	**Q2 2019**	**Q1 2019**
Interest income	73 954	76 746	84 669	85 662	86 296	84 062
Interest expense	-14 000	-14 347	-15 038	-16 069	-15 870	-15 420
Net interest income	**59 954**	**62 399**	**69 631**	**69 593**	**70 427**	**68 643**
Comission and fee income	5 987	6 501	9 851	8 701	11 649	12 351
Comission and fee expenses	-969	-885	-14 485	-13 387	-14 402	-14 761
Net change in value on securities and currency	6 944	-2 226	2 436	2 030	1 313	1 679
Other income	0	0	0	4	107	0
Net other income	**11 961**	**3 389**	**-2 198**	**-2 652**	**-1 332**	**-731**
Total income	**71 915**	**65 788**	**67 433**	**66 942**	**69 094**	**67 912**
Salary and other personell expenses	-8 490	-8 743	-8 075	-8 579	-7 713	-7 917
Other administrative expenses	-5 398	-6 863	-6 146	-4 858	-8 643	-7 501
- of which marketing expences	*-208*	*-1 111*	*-1 390*	*-658*	*-2 637*	*-2 893*
Depreciation	-1 726	-1 645	-1 577	-1 506	-1 459	-1 397
Other expenses	-3 877	-2 782	-2 793	-2 267	-1 952	-2 427
Total operating expenses	**-19 490**	**-20 033**	**-18 592**	**-17 210**	**-19 767**	**-19 242**
Profit before loan losses	**52 424**	**45 755**	**48 841**	**49 732**	**49 327**	**48 669**
Loan losses	-33 295	-40 819	-28 677	-27 957	-27 826	-25 930
Profit before tax	**19 129**	**4 936**	**20 164**	**21 775**	**21 501**	**22 739**
Tax	-4 448	-1 234	-5 067	-5 444	-5 375	-5 685
Profit after tax	**14 681**	**3 702**	**15 099**	**16 331**	**16 126**	**17 055**

The table below sets out the Banks' (Easybank and Old BRAbank standalone) quarterly income statement as at 30 June 2020 (Q2 2020) and 30 June 2019 (Q2 2019), and income statement for fiscal year 2019 and fiscal year 2018.

	Easybank ASA				**BRAbank ASA**			
(Amounts in thousands)	**Q2 2020**	**Q2 2019**	**FY 2019**	**FY 2018**	**Q2 2020**	**Q2 2019**	**FY 2019**	**FY 2018**
Interest income	73 954	86 296	357 844	296 864	90 636	106 199	420 798	341 010
Interest expense	-14 000	-15 870	-62 396	-49 013	-12 771	-18 194	-72 655	-67 970
Net interest income	**59 954**	**70 427**	**295 448**	**247 851**	**77 866**	**88 005**	**348 143**	**273 041**
Comission and fee income	5 987	11 649	25 399	30 260	4 917	7 172	26 957	25 970
Comission and fee expenses	-969	-14 402	-57 035	-44 797	-812	-3 043	-10 533	0
Net change in value on securities and currency	6 944	1 313	7 459	1 002	-4 525	-4 869	-11 270	4 136
Other income	0	107	111	39	0	0	0	0
Net other income	**11 961**	**-1 332**	**-24 067**	**-13 496**	**-420**	**-740**	**5 154**	**30 106**
Total income	**71 915**	**69 094**	**271 381**	**234 354**	**77 445**	**87 265**	**353 297**	**303 147**
Salary and other personell expenses	-8 490	-7 713	-59 432	-62 785	-12 340	-20 820	-70 031	-42 423
Depreciation	-1 726	-1 459	-5 940	-4 906	-6 439	-36 078	-106 535	-13 280
Other expenses	-9 275	-10 595	-9 440	-8 312	-17 981	-27 614	-55 438	-77 936
Gain from purchase on favourable terms	0	0	0	0	0	12 414	12 414	0
Total operating expenses	**-19 490**	**-19 767**	**-74 812**	**-76 004**	**-36 760**	**-72 098**	**-219 590**	**-133 640**
Profit before loan losses	**52 424**	**49 327**	**196 569**	**158 350**	**40 685**	**15 167**	**133 708**	**169 507**
Loan losses	-33 295	-27 826	-110 390	-84 982	-23 143	-40 374	-297 234	-185 330
Profit before tax	**19 129**	**21 501**	**86 179**	**73 369**	**17 542**	**-25 207**	**-163 526**	**-15 823**
Tax	-4 448	-5 375	-21 571	-17 831	-4 385	6 302	50 524	3 956
Profit after tax	**14 681**	**16 126**	**64 609**	**55 538**	**13 156**	**-18 905**	**-113 002**	**-11 867**

6.3 Statement of financial position

The table below sets out the Bank's (Easybank standalone) quarterly statements of financial position as at 30 June 2020 (Q2 2020), 31 March 2020 (Q1 2020), 31 December 2019 (Q4 2019), 30 September 2019 (Q3 2019), 30 June 2019 (Q2 2019), 31 March 2019 (Q1 2019) (prepared in accordance with NGAAP). Note that IFRS9 was introduced to NGAAP from January 1st 2020. Historical numbers have not been restated.

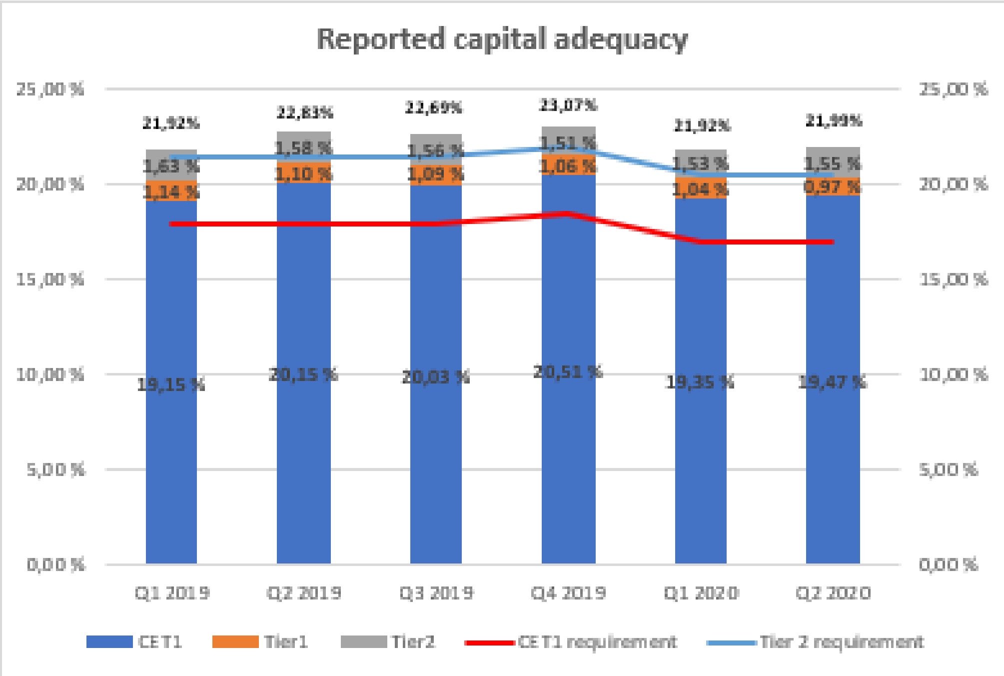
(Amounts in thousands)	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Assets						
Cash and deposits with the central bank	50 342	123 492	54 351	54 181	54 039	53 935
Loans and deposits with credit institutions	328 664	204 431	154 717	117 623	223 925	190 080
Loans to customers	2 635 836	2 735 395	2 804 258	2 852 534	2 840 056	2 765 372
- Loan impairment	-223 369	-222 430	-91 746	-93 595	-85 233	-75 385
Certificates and bonds	0	0	0	0	0	79 560
Shares and other securities	597 025	464 987	457 112	554 681	352 647	291 382
Shareholding in group companies	11 192	11 192	11 192	11 148	11 148	192
Deferred tax asset	29 006,165	33 454,157	135	0	0	0
Other intangible assets	20 433	21 442	20 471	20 371	20 834	20 942
Fixed assets	750	859	872	917	1 028	1 093
Other assets	5 544	7 386	9 451	4 820	2 000	885
Other receivables	4 171	5 594	73 814	75 351	77 884	78 537
Total assets	**3 459 594**	**3 385 803**	**3 494 628**	**3 598 032**	**3 498 330**	**3 406 592**
Equity and liabilities				0		
	135 000	95 000	0	0	0	0
Deposits from customers	2 737 411	2 708 272	2 806 011	2 909 320	2 842 277	2 778 439
Other liabilities	34 224	32 878	39 090	45 514	30 998	29 679
Accrued expenses and deferred revenue	10 266	11 073	10 352	19 119	17 532	16 263
Tier 2 capital	40 000	40 000	75 000	75 000	75 000	75 000
Total liabilities	**2 956 901**	**2 887 223**	**2 930 452**	**3 048 953**	**2 965 807**	**2 899 381**
Share capital	331 799	331 799	331 707	331 707	331 663	324 688
Share premium reserve	127 111	127 111	127 092	127 092	127 080	124 591
Tier 1 capital	25 000	35 000				
Other paid-in equity	7 194	7 177	7 159	7 159	6 990	6 719
Other equity	11 588	-2 507	98 218	83 121	66 790	51 214
Total equity	**502 693**	**498 580**	**564 176**	**549 078**	**532 522**	**507 212**
Total equity and liabilities	**3 459 594**	**3 385 803**	**3 494 628**	**3 598 032**	**3 498 330**	**3 406 592**

The table below sets out the Banks' (Easybank and Old BRAbank standalone) quarterly statements of financial position as at 30 June 2020 (Q2 2020) and 30 June 2019 (Q2 2019), for fiscal year 2019 and fiscal year 2018.

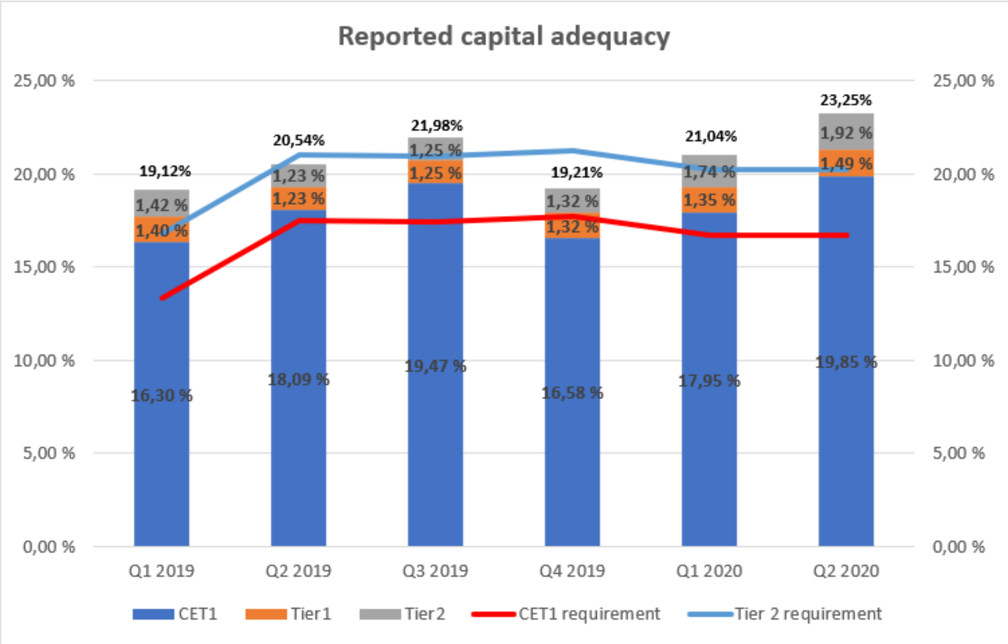
	Easybank ASA				**BRAbank ASA**			
Balance Sheet ***(Amounts in thousands)***	**Q2 2020**	**Q2 2019**	**FY 2019**	**FY 2018**	**Q2 2020**	**Q2 2019**	**FY 2019**	**FY 2018**
Assets								
Cash and deposits with the central bank	50 342	54 039	54 351	53 868				
Loans and deposits with credit institutions	328 664	223 925	154 717	106 973	48 003	134 450	743 771	108 790
Loans to customers	2 635 836	2 840 056	2 804 258	2 613 784	3 895 123	4 874 920	4 373 050	3 963 302
- Loan impairment	-223 369	-85 233	-91 746	-67 404	-359 233	-338 017	-447 034	-280 946
Certificates and bonds	0	0	0	169 249	1 788 654	1 242 618	1 470 919	851 879
Shares and other securities	597 025	352 647	457 112	229 703	0	0	0	0
Shareholding in group companies	11 192	11 148	11 192	192	0	0	0	0
Deferred tax asset	29 006	0	135	2 165	103 021	64 558	104 452	39 585
Other intangible assets	20 433	20 834	20 471	20 549	69 919	73 868	76 048	67 064
Fixed assets	750	1 028	872	1 085	10 590	14 858	13 062	15 936
Financial derivatives					11 478	0	0	6 644
Other assets	5 544	2 000	9 451	523	10 851	16 532	7 845	9 092
Other receivables	4 171	77 884	73 814	77 001				
Total assets	**3 459 594**	**3 498 330**	**3 494 628**	**3 207 686**	**5 578 405**	**6 083 787**	**6 342 114**	**4 781 347**
Equity and liabilities								
Debt to the central bank	135 000	0	0	0	0	0	0	0
Deposits from customers	2 737 411	2 842 277	2 806 011	2 601 840	4 644 921	5 153 296	5 472 666	4 125 245
Other liabilities	44 490	48 530	49 442	41 274	51 634	86 759	63 491	57 814
Financial derivatives	0	0	0	0	0	6	422	0
Tier 2 capital	40 000	75 000	75 000	75 000	64 340	49 370	49 540	49 328
Total liabilities	**2 956 901**	**2 965 807**	**2 930 452**	**2 718 114**	**4 760 895**	**5 289 431**	**5 586 119**	**4 232 386**
Share capital	331 799	331 663	331 707	324 326	125 184	447 393	495 919	274 023
Share premium reserve	127 111	127 080	127 092	124 510	755 554	304 034	324 931	222 454
Tier 1 capital	25 000	0	0	0	49 625	49 454	49 540	49 412
Other paid-in equity	7 194	6 990	7 159	6 577	223	0	223	0
Other equity	11 588	66 790	98 218	34 160	-113 075	-6 525	-114 616	3 073
Total equity	**502 693**	**532 522**	**564 176**	**489 572**	**817 510**	**794 355**	**755 996**	**548 961**
Total equity and liabilities	**3 459 594**	**3 498 330**	**3 494 628**	**3 207 686**	**5 578 405**	**6 083 787**	**6 342 114**	**4 781 347**

6.4 Regulatory capital structure

The figure below sets out the Bank's (Easybank standalone) reported capital adequacy and capital requirements as at 30 June 2020 (Q2 2020), 31 March 2020 (Q1 2020), 31 December 2019 (Q4 2019), 30 September 2019 (Q3 2019), 30 June 2019 (Q2 2019), 31 March 2019 (Q1 2019).



The figure below sets out Old BRAbank's reported capital adequacy and capital requirements as at 30 June 2020 (Q2 2020), 31 March 2020 (Q1 2020), 31 December 2019 (Q4 2019), 30 September 2019 (Q3 2019), 30 June 2019 (Q2 2019), 31 March 2019 (Q1 2019).



6.5 Important events and planned investments

6.5.1 Important events

The table below summarizes the most important events in the history and development of the Bank.

Date	Event
Oct. 2003	Verdibanken started its operations in Norway
Dec. 2015	Major changes in shareholders
Feb. 2016	Svein Lindbak appointed as Chairman
Apr. 2016	Changes name to Easybank
Jun. 2016	Oddbjørn Berentsen appointed as CEO
Jun. 2016	Launch of Car finance
Aug. 2016	New management in place
Sep. 2016	Launch of Unsecured lending
Nov. 2016	The Bank was listed on N-OTC
Apr. 2019	Distribution agreement with Conta AS regarding invoice financing
May. 2019	Acquire 100% of Fundu AS, SME-company, IT solutions for invoice financing
Jun. 2019	Cooperation agreement with Melin Medical AS regarding payment- and transaction solutions
Mar. 2020	Launch of invoice financing SME
Jun. 2020	Board approves merger plan with BRAbank, with the intent to create a leading consumer and SME digital niche bank with a Nordic footprint
Jul. 2020	The EGM approved the merger plan dated 12 June 2020
1. Oct. 2020	Merger with BRAbank completed, with Easybank as surviving entity
1. Oct 2020	Changes name to BRAbank

6.5.2 Planned investments

The Bank does not have any firm investments in progress or any planned principal investments for the next twelve months.

6.6 Material borrowings

6.6.1 Hybrid bonds

The Company has issued two hybrid bonds (Additional Tier 1 capital), both listed on Nordic ABM.

ISIN NO 0010804784 issued on 29 August 2017 in the amount of NOK 50 million with an interest rate equal to 3 month NIBOR + 7%. The bond is perpetual, and may be called five years after the date of issuance and thereafter on each interest payment date.

ISIN NO 001 0811003, issued on 23 November 2017 in the amount of NOK 25 million, with an interest rate equal to 3 month NIBOR + 7%. The bond is perpetual, and may be called five years after the date of issuance and thereafter on each interest payment date.

6.6.2 Subordinated bonds

The Company has issued three subordinated bonds (Tier 2 capital), all listed on Nordic ABM.

ISIN NO 0010804792 issued on 29 August 2017 in the amount of NOK 50 million with an interest rate equal to 3 month NIBOR + 5% and due date on 13 September 2027.

ISIN NO 001 0811011, issued on 23 November 2017 in the amount of NOK 40 million, with an interest rate equal to 3 month NIBOR + 5% and maturity date on 23 November 2027.

ISIN NO 0010877863 issued on 26 March 2020 in the amount of NOK 15 million with an interest rate equal to 3 month NIBOR + 7% and maturity date on 27 March 2030

6.7 Working capital statement

The Company is of the opinion that the working capital available to the Company is sufficient for the Company's present requirements, for the period covering at least 12 months from the date of this Admission Document.

7. SHARES AND SHARE CAPITAL

This section includes a summary of certain information relating to the Shares and certain shareholder matters, including summaries of certain provisions of applicable law in effect as of the date of this Admission Document. The summary does not purport to be complete and is qualified in its entirety by the Articles of Association and Norwegian law.

7.1 Share capital

The share capital of the Bank is NOK 189,588,760 divided into 94,794,380 Shares of a nominal value of NOK 2.00 each.

The Bank has one class of Shares. Each Share carries one vote and all Shares carry equal rights in all respects, including rights to dividends. All the Shares are validly issued and fully paid.

The Shares are registered in the Norwegian Central Securities Depository (VPS). The Bank's registrar is DNB Bank ASA. The Shares carry the ISIN number NO 0010167331.

Please refer to the Bank's web site www.brabank.no for a list of the 20 largest Shareholders as recorded in the shareholders' register with the VPS.

The table below summarizes the development in the Bank's share capital since 1 January 2018:

Date	Type of change	Share capital increase (NOK)	Share capital (NOK)	Price * (NOK/ share)	Par value (NOK/ share)	Issued shares	Total shares
19.03.18	Share issue	63,636,363	324,735,873	11	7.00	9,090,909	46,390,839
05.06.19	Share issue	7,044,457[1]	331,780,330	9.50	7.00	1,006,351	47 397 190
22.09.20	Share decrease	-236,985,950[2]	94,794,380	-	2.00	-	47,397,190
01.10.20	Merger	94,794,380[3]	189,588,760	7.20	2.00	47,397,190	94,794,380

* Subscription price

[1] Issuance of 1,006,351 shares to sellers of shares in Fundu AS who wished to reinvest sales proceeds.

[2] Share capital decrease resolved by the Bank's extraordinary general meeting held on 16 July 2020. Nominal value of the Shares was reduced from NOK 7 to NOK 2 by way of a share capital decrease of NOK 236,985,950 allocated to a fund.

[3] As part of the merger between Easybank and Old BRAbank, the share capital was increased by NOK 94,794,380 by issuance of 47,397,190 new shares at a subscription price of NOK 7.20. As the merger was carried as a transaction for accounting purposes, the subscription price was determined at the fair value of the assets, rights and obligations transferred from Old BRAbank.

7.2 Rights to purchase Shares and share options

The Bank has currently 3,122,725 warrants outstanding, of which (i) 1,400,000 warrants have been issued to Autobahn AS and have a strike price of NOK 13.18 and expiry 30 March 2021, (ii) 672,052 warrants have been issued to members of management, Board of Directors and certain shareholders in Old BRAbank and have a strike price of NOK 19.81, with an annual increase of 5% the first increase taking place 1 September 2020, and expiry date on 23 May 2023 and (iii) 1,050,673 warrants have been issued to members of management, Board of Directors and certain shareholders in the bank being merged into Old BRAbank in 2019 (company registration number 917 651 817) ("**Original BRAbank**") and have a strike price of NOK 38.83 with an annual increase of 5%, the first increase taking place 2 March 2022, and expiry date 23 February 2023. The subscriptions rights will, in the event of resolution of capital increases, capital decreases, issuance of other equity instruments, liquidation, merger, demerger or conversions, have the same right as the Shares held by the Bank's shareholders.

The Bank has 1,573,000 outstanding employee options with exercise price of NOK 10.42 and NOK 10.94 if exercised in 2020 and 2021 respectively and expiry 25 April 2021, and 339,366 outstanding management options with exercise price of NOK 9 and expiry 25 April 2021. Furthermore, the Bank has issued 31 910 restricted stock units (RSUs) with purchase price of NOK 10.89.

7.3 Rights to issue new Shares

On 16 July 2020, the Bank's extraordinary general meeting of shareholders authorised the Board of Directors to increase the share capital as follows:

- By up to NOK 4,000,000 in connection with a share purchase program directed towards the Bank's employees or former employees. The Board's authorisation to issue shares expires at the annual general meeting in 2022 not in any case later than 30 June 2022;
- By up to NOK 678,732 in connection with a share option program directed towards the Bank's employees. The Board's authorisation to issue shares expires on 26 June 2021;
- By up to NOK 11,000,000 in connection with the investment agreement entered into with Melin Medical AS. The Board's authorisation to issue shares expires on 26 June 2021;
- By up to NOK 24,000,000 in order to fulfil the Company's strategy within applicable capital requirements. The Board's authorisation to issue shares expires at the annual general meeting in 2021 not in any case later than 30 June 2021;
- By up to NOK 8,672,500 in connection with share option and share purchase program towards the Company's employees and former employees. The Board's authorisation to issue shares expires on 10 March 2022.

7.4 Mandatory bid obligations

Merkur Market is a multilateral trading facility, and not a regulated market. Hence, the Bank's shareholders are not subject to the requirements concerning mandatory bid obligations set forth in the Securities Trading Act.

7.5 Own Shares

As of the date of this Admission Document, the Bank owns 2,312 Shares.

7.6 Shareholder agreements

The Bank is not aware of any shareholders' agreements in relation to the Shares.

7.7 Dividends and dividends policy

7.7.1 Dividend policy

As of the date of this Admission Document the Company's dividend policy is to retain all earnings for further growth, and not pay out any dividends to the Company's shareholders. As the Company only has been operative as a consumer finance bank for approximately four years, profitable growth has been prioritized. Going forward, the Company will make ongoing judgements regarding dividends to shareholders.

In deciding whether to propose a dividend and in determining the dividend amount, the Board of Directors will take into account legal and contractual constraints as set out in Section 7.7.2 "*Legal* *and contractual constraints on the distribution of dividends*" below, as well as capital expenditure plans, financing requirements and maintaining the appropriate strategic flexibility.

The Company has not paid any dividends during the financial years 2018 or 2019.

7.7.2 Legal and contractual constraints on the distribution of dividends

In deciding whether to propose a dividend and in determining the dividend amount in the future, the Board of Directors must take into account applicable legal restrictions, as set out in the Norwegian Public Limited Liability Companies Act of 13 June 1997 no 45 (the "**Norwegian Public Companies Act**") and the FIA (as defined in Section 4.9.2 "Applicable laws and regulations" above), the Company's capital requirements, its financial condition, general business conditions and any restrictions that its contractual arrangements in place at the time of the dividend may place on its ability to pay dividends and the maintenance of appropriate financial flexibility.

The Norwegian Public Companies Act and the FIA provides the following constraints on the distribution of dividends applicable to the Company:

- Section 8-1 of the Norwegian Public Companies Act regulates what may be distributed as dividend, and provides that the Company may distribute dividends only to the extent that the Company after said distribution still has net assets to cover (i) the share capital and (ii) other restricted equity (i.e. the reserve for unrealized gains and the reserve for valuation of differences).

- Pursuant to Section 10-6 of the FIA, dividends shall not be higher than what is appropriate and commensurate with prudent, sound business practices, due consideration being given to losses that may have arisen after the end of the financial year, or which must be expected to arise, and based on the need to build up equity capital at the financial institution.

- The calculation of the distributable equity shall be made on the basis of the balance sheet included in the approved annual accounts for the last financial year, provided, however, that the registered share capital as of the date of the resolution to distribute dividend shall be applied. Dividends can only be distributed to the extent that the Company's equity and liquidity following the distribution is considered sound having due respect to applicable capital requirements.

- It is uncertain whether financial undertakings such as the Company is able to distribute dividends based on an interim balance sheet as provided for in the Norwegian Public Companies Act Section 8-2a. In a public consultation note released 8 October 2018, it is stated that the NFSA is of the view that financial undertakings may not distribute dividends based on interim balance sheets as long as this is not expressly provided for in the FIA Section 10-6. The public consultation note further proposes an amendment to the FIA which entails that the right to distribute dividends based on interim balance sheets is expressly disapplied for financial undertakings. It is uncertain if and when the proposal will be adopted into law.

- The amount of dividends paid may not exceed the amount recommended or accepted by the Board of Directors.

- If the Board of Directors decides to present a proposal for a dividend payout that entails that the overall dividend in a single year will exceed 50% of the profit pursuant to the approved accounts for the latest financial year, the Board of Directors shall notify the proposal to the NFSA. If the proposal entails that the overall dividend in a single year will exceed the profit pursuant to the annual accounts for the latest financial year, the matter is subject to approval from the NFSA.

- The NFSA may, when necessitated by a financial undertaking's financial position, order the undertaking not to pay out dividend or to pay less dividend than that proposed by the board of directors or adopted by the general meeting. Pursuant to the Norwegian Public Companies Act, the time when an entitlement to dividend arises depends on what was resolved by the General Meeting when it resolved to issue new shares in the company. A subscriber of new shares in a Norwegian public limited company will normally be entitled to dividends from the time when the relevant share capital increase is registered with the Norwegian Register of Business Enterprises. The Norwegian Public Companies Act does not provide for any time limit after which entitlement to dividends lapses. Subject to various exceptions, Norwegian law provides a limitation period of three years from the date on which an obligation is due.

There are no dividend restrictions or specific procedures for non-Norwegian resident shareholders to claim dividends. For a description of withholding tax on dividends applicable to non-Norwegian residents, see Section 8 "Norwegian taxation".

7.7.3 Manner of dividend payment

Any future payments of dividends on the Shares will be denominated in the currency of the bank account of the relevant shareholder, and will be paid to the shareholders through DNB Bank ASA (the "**VPS Registrar**" or "**DNB**").

Shareholders registered in the VPS who have not supplied the VPS Registrar with details of their bank account, will not receive payment of dividends unless they register their bank account details with the VPS Registrar. The exchange rate(s) applied when denominating any future payments of dividends to the relevant shareholder's currency will be the VPS Registrar's exchange rate on the payment date. Dividends will be credited automatically to the VPS registered shareholders' accounts, or in lieu of such registered account, at the time when the shareholder has provided the VPS Registrar with their bank account details, without the need for shareholders to present documentation proving their ownership of the Shares. Shareholders' right to payment of dividend will lapse three years following the resolved payment date for those shareholders who have not registered their bank account details with the VPS Registrar within such date. Following the expiry of such date, the remaining, not distributed dividend will be returned from the VPS Registrar to the Company.

7.8 Certain aspects of Norwegian corporate law

7.8.1 General meetings

Through the general meeting, shareholders exercise supreme authority in a Norwegian company. In accordance with Norwegian law, the annual general meeting of shareholders is required to be held each year on or prior to 30 June. Norwegian law requires that a written notice of annual general meetings setting forth the time of, the venue for and the agenda of the meeting is sent to all shareholders with a known address no later than seven days before the annual general meeting of a Norwegian private limited liability company shall be held, unless the articles of association stipulate a longer deadline, which is not currently the case for the Company.

A shareholder may vote at the general meeting either in person or by proxy (the proxy holder is appointed at their own discretion). All of the Company's shareholders who are registered in the shareholders' register kept and maintained with VPS as of the date of the general meeting, or who otherwise have reported and documented ownership of shares in the Company, are entitled to participate at general meetings, without any requirement of pre-registration.

Apart from the annual general meeting, extraordinary general meetings of shareholders may be held if the Board of Directors considers it necessary. An extraordinary general meeting of shareholders shall also be convened if, in order to discuss a specified matter, the auditor or shareholders representing at least 10% of the share capital demands such in writing. The requirements for notice and admission to the annual general meeting also apply to extraordinary general meetings.

7.8.2 Voting rights

In general, decisions shareholders are entitled to make under Norwegian law or the articles of association may be made by a simple majority of the votes cast. In the case of elections or appointments (e.g. to the board of directors), the person(s) who receive(s) the greatest number of votes cast is elected. However, as required under Norwegian law, certain decisions, including resolutions to waive preferential rights to subscribe for shares in connection with any share issue in the Company, to approve a merger or demerger of the Company, to amend the articles of association, to authorize an increase or reduction of the share capital, to authorize an issuance of convertible loans or warrants by the Company or to authorize the Board of Directors to purchase Shares and hold them as treasury shares or to dissolve the Company, must receive the approval of at least two-thirds of the aggregate number of votes cast as well as at least two-thirds of the share capital represented at the general meeting in question. Moreover, Norwegian law requires that certain decisions, i.e. decisions that have the effect of substantially altering the rights and preferences of any shares or class of shares, receive the approval by the holders of such shares or class of shares as well as the majority required for amending the articles of association.

Decisions that (i) would reduce the rights of some or all of the Company's shareholders in respect of dividend payments or other rights to assets or (ii) restrict the transferability of the Shares, require that at least 90% of the share capital represented at the general meeting in question vote in favour of the resolution, as well as the majority required for amending the articles of association.

In general, only a shareholder registered in VPS is entitled to vote for such Shares. Beneficial owners of the Shares that are registered in the name of a nominee are generally not entitled to vote under Norwegian law, nor is any person who is designated in the VPS register as the holder of such Shares as nominees.

There are no quorum requirements that apply to the general meetings.

7.8.3 Additional issuances and preferential rights

If the Company issues any new Shares, including bonus share issues, the Company's Articles of Association must be amended, which requires the same vote as other amendments to the articles of association. In addition, under Norwegian law, the Company's shareholders have a preferential right to subscribe for new Shares issued by the Company. The preferential rights may be deviated from by a resolution in the general meeting passed with the same vote required to amend the articles of association. A deviation of the shareholders' preferential rights in respect of bonus issues requires the approval of all outstanding Shares.

The general meeting may, by the same vote as is required for amending the articles of association, authorize the board of directors to issue new Shares, and to deviate from the preferential rights of shareholders in connection with such issuances. Such authorisation may be effective for a maximum of two years, and the nominal value of the Shares to be issued may not exceed 50% of the registered par share capital when the authorisation is registered with the Norwegian Register of Business Enterprises.

Under Norwegian law, the Company may increase its share capital by a bonus share issue, subject to approval by the Company's shareholders, by transfer from the Company's distributable equity or from the Company's share premium reserve and thus the share capital increase does not require any payment of a subscription price by the shareholders. Any bonus issues may be affected either by issuing new shares to the Company's existing shareholders or by increasing the nominal value of the Company's outstanding Shares.

Issuance of new Shares to shareholders who are citizens or residents of the United States and other jurisdictions upon the exercise of preferential rights may require the Company to file a registration statement or prospectus in the United States under United States securities laws or in such other jurisdictions under the laws of such jurisdictions. Should the Company in such a situation decide not to file a registration statement or prospectus, the Company's U.S. shareholders and shareholders in such other jurisdictions may not be able to exercise their preferential rights. To the extent that shareholders are not able to exercise their rights to subscribe for new shares, the value of their subscription rights will be lost and such shareholders' proportional ownership interests in the Company will be reduced.

7.8.4 Minority rights

Norwegian law sets forth a number of protections for minority shareholders of the Company, including, but not limited to, those described in this paragraph and the description of general meetings as set out above. Any of the Company's shareholders may petition Norwegian courts to have a decision of the board of directors or the Company's shareholders made at the general meeting declared invalid on the grounds that it unreasonably favors certain shareholders or third parties to the detriment of other shareholders or the Company itself. The Company's shareholders may also petition the courts to dissolve the Company as a result of such decisions to the extent particularly strong reasons are considered by the court to make necessary dissolution of the Company.

Minority shareholders holding 10% or more of the Company's share capital have a right to demand in writing that the Board of Directors convenes an extraordinary general meeting to discuss or resolve specific matters. In addition, any of the Company's shareholders may in writing demand that the Company place an item on the agenda for any general meeting as long as the Company is notified in time for such item to be included in the notice of the meeting. If the notice has been issued when such a written demand is presented, a renewed notice must be issued if the deadline for issuing notice of the general meeting has not expired.

7.8.5 Rights of redemption and repurchase of shares

The share capital of the Company may be reduced by reducing the nominal value of the Shares or by cancelling Shares. Such a decision requires the approval of at least two-thirds of the aggregate number of votes cast and at least two-thirds of the share capital represented at a general meeting. Redemption of individual Shares requires the consent of the holders of the Shares to be redeemed. All reductions in regulatory capital is subject to the approval of the NFSA.

The Company may purchase its own Shares provided that the Board of Directors has been granted an authorisation to do so by a general meeting with the approval of at least two-thirds of the aggregate number of votes cast and at least two-thirds of the share capital represented at the meeting. The aggregate nominal value of treasury shares so acquired, and held by the Company must not lead to the share capital with deduction of the aggregate nominal of the holding of own shares is less than the minimum allowed share capital of NOK 1,000,000, and treasury shares may only be acquired if the Company's distributable equity, according to the latest adopted balance sheet, exceeds the consideration to be paid for the shares. The authorisation by the general meeting of the Company's shareholders cannot be granted for a period exceeding two years. The Board of Directors shall obtain approval from the NFSA prior to utilizing the authorization. The NFSA's approval is valid for six months unless otherwise stipulated.

7.8.6 Shareholder vote on certain reorganizations

A decision of the Company's shareholders to merge with another company or to demerge requires a resolution by the general meeting passed by at least two-thirds of the aggregate votes cast and at least two-thirds of the share capital represented at the general meeting. A merger plan, or demerger plan signed by the Board of Directors along with certain other required documentation, would have to be sent to all the Company's shareholders, or if the articles of association stipulate that, made available to the shareholders on the Company's website, at least one month prior to the general meeting to pass upon the matter. Mergers and demergers is subject to approval by the NFSA.

7.9 Takeover bids and forced transfers of shares

The Company is not subject to the takeover regulations set out in the Norwegian Securities Trading Act, or otherwise.

The Shares are, however, subject to the provisions on compulsory transfer of shares as set out in the Norwegian Private Companies Act. If a private limited liability company alone, or through subsidiaries, owns 9/10 or more of the shares in the subsidiary, and may exercise a corresponding part of the votes that may be cast in the general meeting, the board of directors of the parent company may resolve that the parent company shall take over the remaining shares in the company. Each of the other shareholders in the subsidiary have the right to require the parent company to take over the shares. The parent company shall give the shareholders a redemption offer pursuant to the provisions of the Norwegian Private Companies Act. The redemption amount will in the absence of agreement or acceptance of the offer be fixed by a discretionary valuation.

7.10 Suitability assessment of owners of qualifying holdings

The Company and its shareholders are subject to provisions on the assessment of the suitability of owners of qualifying holdings set out in the FIA chapter 6. Any acquisition of a qualifying holding in a financial undertaking, including the Company, is subject to the pre-approval of the NFSA. A qualifying holding is defined as a holding that represents 10% or more of the capital or voting rights of a financial institution, or which otherwise makes it possible to exercise significant influence over the management of an institution and its business, or a holding which reaches or exceeds 20%, 30% or 50%, respectively, of the capital or voting rights of a financial undertaking, or whereby a holding confers controlling influence as referred to in Section 1-3 of the Norwegian Public Companies Act.

Approval to acquire qualifying holdings will only be granted if the owner is deemed "fit and proper" in accordance with the criteria set out in the FIA chapter 6.

7.11 Limitation on ownership

The NFSA and the Norwegian Ministry of Finance enforces an administrative practice whereby no single shareholder, as a main rule, is allowed to own more than 20-25% of the total shares.

The legality of this administrative practice is currently being challenged in Norwegian courts. Further, the EFTA Surveillance Authority issued a reasoned Opinion on 11 March 2020, stating that

Norway has infringed Articles 31 and 40 of the EEA Agreement by maintaining in force administrative practices and rules which limit investors from owning more than 20-25% of the total shares in a financial undertaking. The Norwegian Ministry of Finance responded in a letter dated 11 June 2020, stating that the national rule in question does not breach the EEA agreement and therefore disputed the conclusions of the EFTA Surveillance Authority.

8. NORWEGIAN TAXATION

Set out below is a summary of certain Norwegian tax matters related to an investment in the Bank. The summary regarding Norwegian taxation is based on the laws in force in Norway as at the date of this Admission Document, which may be subject to any changes in law occurring after such date. Such changes could possibly be made on a retrospective basis.

The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the shares in the Bank. Shareholders who wish to clarify their own tax situation should consult with and rely upon their own tax advisers. Shareholders resident in jurisdictions other than Norway and shareholders who cease to be resident in Norway for tax purposes (due to domestic tax law or tax treaty) should specifically consult with and rely upon their own tax advisers with respect to the tax position in their country of residence and the tax consequences related to ceasing to be resident in Norway for tax purposes. The statements in the summary only apply to shareholders who are beneficial owners of the Shares.

Please note that for the purpose of the summary below, a reference to a Norwegian or non-Norwegian shareholder refers to the tax residency rather than the nationality of the shareholder.

8.1 Norwegian taxation

8.1.1 Taxation of dividends

8.1.1.1 Norwegian Personal Shareholders

Dividends distributed to shareholders who are individuals residing in Norway for tax purposes ("**Norwegian Personal Shareholders**") are taxable in Norway for such shareholders currently at an effective tax rate of 31.68% (for 2020) to the extent the dividend exceeds a tax-free allowance; i.e. dividends received, less the tax free allowance, shall be multiplied by 1.44 which are then included as ordinary income taxable at a flat rate of 22%, increasing the effective tax rate on dividends received by Norwegian Personal Shareholders to 31.68%.

The allowance is calculated on a share-by-share basis. The allowance for each share is equal to the cost price of the share multiplied by a determined risk free interest rate based on the effective rate of interest on treasury bills (Norwegian: *statskasseveksler*) with three months maturity plus 0.5 percentage points, after tax. The allowance is calculated for each calendar year, and is allocated solely to Norwegian Personal Shareholders holding shares at the expiration of the relevant calendar year.

Norwegian Personal Shareholders who transfer shares will thus not be entitled to deduct any calculated allowance related to the year of transfer. Any part of the calculated allowance one year exceeding the dividend distributed on the share ("excess allowance") may be carried forward and set off against future dividends received on, or gains upon realization, of the same share (but may not be set off against taxable dividends or capital gains on other shares). Furthermore, excess allowance can be added to the cost price of the share and included in basis for calculating the allowance on the same share the following year.

8.1.1.2 Norwegian Corporate Shareholders

Dividends distributed to shareholders who are limited liability companies (and certain similar entities) domiciled in Norway for tax purposes ("**Norwegian Corporate Shareholders**"), are effectively taxed at a rate of currently 0.66% (3% of dividend income from such shares is included in the calculation of ordinary income for Norwegian Corporate Shareholders and ordinary income is subject to tax at a flat rate of currently 22% for 2020).

8.1.1.3 Non-Norwegian Personal Shareholders

Dividends distributed to shareholders who are individuals not residing in Norway for tax purposes ("**Non-Norwegian Personal Shareholders**"), are as a general rule subject to withholding tax at a rate of 25%. The withholding tax rate of 25% is normally reduced through tax treaties between Norway and the country in which the shareholder is resident. The withholding obligation lies with the company distributing the dividends and the Bank assumes this obligation.

Non-Norwegian Personal Shareholders residing within the EEA for tax purposes may apply individually to Norwegian tax authorities for a refund of an amount corresponding to the calculated tax-free allowance on each individual share (please see 8.1.1.1 "Norwegian Personal Shareholders" above). However, the deduction for the tax-free allowance does not apply in the event that the withholding tax rate, pursuant to an applicable tax treaty, leads to a lower taxation of the dividends than the withholding tax rate of 25% less the tax-free allowance.

If a Non-Norwegian Personal Shareholder is carrying on business activities in Norway and the shares are effectively connected with such activities, the shareholder will be subject to the same taxation of dividends as a Norwegian Personal Shareholder, as described above.

Non-Norwegian Personal Shareholders who have suffered a higher withholding tax than set out in an applicable tax treaty may apply to the Norwegian tax authorities for a refund of the excess withholding tax deducted.

Non-Norwegian Personal Shareholders should consult their own advisers regarding the availability of treaty benefits in respect of dividend payments, including the possibility of effectively claiming a refund of withholding tax.

8.1.1.4 Non-Norwegian Corporate Shareholders

Dividends distributed to shareholders who are limited liability companies (and certain other entities) domiciled outside of Norway for tax purposes ("**Non-Norwegian Corporate Shareholders**"), are as a general rule subject to withholding tax at a rate of 25%. The withholding tax rate of 25% is normally reduced through tax treaties between Norway and the country in which the shareholder is resident.

Dividends distributed to Non-Norwegian Corporate Shareholders domiciled within the EEA for tax purposes are exempt from Norwegian withholding tax provided that the shareholder is the beneficial owner of the shares and that the shareholder is genuinely established and performs genuine economic business activities within the relevant EEA jurisdiction.

If a Non-Norwegian Corporate Shareholder is carrying on business activities in Norway and the shares are effectively connected with such activities, the shareholder will be subject to the same taxation of dividends as a Norwegian Corporate Shareholder, as described above.

Non-Norwegian Corporate Shareholders who have suffered a higher withholding tax than set out in an applicable tax treaty may apply to the Norwegian tax authorities for a refund of the excess withholding tax deducted. The same will apply to Non-Norwegian Corporate Shareholders who have suffered withholding tax although qualifying for the Norwegian participation exemption.

Non-Norwegian Corporate Shareholders should consult their own advisers regarding the availability of treaty benefits in respect of dividend payments, including the possibility of effectively claiming a refund of withholding tax.

8.1.2 Taxation of capital gains on realization of shares

8.1.2.1 Norwegian Personal Shareholders

Sale, redemption or other disposal of shares is considered a realization for Norwegian tax purposes. A capital gain or loss generated by a Norwegian Personal Shareholder through a disposal of shares is taxable or tax deductible in Norway. The effective tax rate on gain or loss related to shares realized by Norwegian Personal Shareholders is currently 31.68 % (for 2020); i.e. capital gains (less the tax free allowance) and losses shall be multiplied by 1.44 which are then included in or deducted from the Norwegian Personal Shareholder's ordinary income in the year of disposal. Ordinary income is taxable at a flat rate of 22% (2020), increasing the effective tax rate on gains/losses realized by Norwegian Personal Shareholders to 31.68%.

The gain is subject to tax and the loss is tax deductible irrespective of the duration of the ownership and the number of shares disposed of.

The taxable gain/deductible loss is calculated per share as the difference between the consideration for the share and the Norwegian Personal Shareholder's cost price of the share, including costs incurred in relation to the acquisition or realization of the share. From this capital gain, Norwegian Personal Shareholders are entitled to deduct a calculated allowance provided that such allowance has not already been used to reduce taxable dividend income. Please refer to Section 8.1.1 "*Taxation of dividends*" above for a description of the calculation of the allowance. The allowance may only be deducted in order to reduce a taxable gain, and cannot increase or produce a deductible loss, i.e. any unused allowance exceeding the capital gain upon the realization of a share will be annulled. Unused allowance may not be set of against gains form realization of other shares.

If the Norwegian Personal Shareholder owns shares acquired at different points in time, the shares that were acquired first will be regarded as the first to be disposed of, on a first-in first-out basis.

Special rules apply for Norwegian Personal Shareholders that cease to be tax-resident in Norway.

8.1.2.2 Norwegian Corporate Shareholders

Norwegian Corporate Shareholders are exempt from tax on capital gains derived from the realization of shares qualifying for participation exemption, including shares in the Bank. Losses upon the realization and costs incurred in connection with the purchase and realization of such shares are not deductible for tax purpose.

Special rules apply for Norwegian Corporate Shareholders that cease to be tax-resident in Norway.

8.1.2.3 Non-Norwegian Personal Shareholders

Gains from the sale or other disposal of shares by a Non-Norwegian Personal Shareholder will not be subject to taxation in Norway unless the Non-Norwegian Personal Shareholder holds the shares in connection with business activities carried out or managed from Norway.

8.1.2.4 Non-Norwegian Corporate Shareholders

Capital gains derived by the sale or other realization of shares by Non-Norwegian Corporate Shareholders are not subject to taxation in Norway.

8.1.3 Net wealth tax

The value of shares is included in the basis for the computation of net wealth tax imposed on Norwegian Personal Shareholders. Currently, the marginal net wealth tax rate is 0.85% of the value assessed. The general rule is that the Shares will be included in the net wealth with 65% of their proportionate share of the Company's calculated wealth tax value as of 1 January in the income year. The value of debt allocated to the shares for Norwegian wealth tax purposes is reduced correspondingly.

Norwegian Corporate Shareholders are not subject to net wealth tax.

Shareholders not resident in Norway for tax purposes are not subject to Norwegian net wealth tax. Non-Norwegian Personal Shareholders can, however, be taxable if the shareholding is effectively connected to the conduct of trade or business in Norway.

8.1.4 VAT and transfer taxes

No VAT, stamp or similar duties are currently imposed in Norway on the transfer or issuance of shares.

8.1.5 Inheritance tax

A transfer of shares through inheritance or as a gift does not give rise to inheritance or gift tax in Norway.

9. SELLING AND TRANSFER RESTRICTIONS

9.1 General

As a consequence of the following restrictions, prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Shares admitted to trading on Merkur Market. Prospective investors should note the general transfer and ownership restrictions described in Sections 9.2 "*Selling restrictions*", 9.3 "*Transfer restrictions*" and 2.2.11 "*The Company is subject to Norwegian provisions on ownership control*".

The Company is not taking any action to permit a public offering of the Shares in any jurisdiction. Receipt of this Admission Document does not constitute an offer and this Admission Document is for information only and should not be copied or redistributed. If an investor receives a copy of this Admission Document, the investor may not treat this Admission Document as constituting an invitation or offer to it, nor should the investor in any event deal in the Shares, unless, in the relevant jurisdiction, the Shares could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if an investor receives a copy of this Admission Document, the investor should not distribute or send the same, or transfer Shares, to any person or in or into any jurisdiction where to do so would or might contravene local securities laws or regulations.

9.2 Selling restrictions

9.2.1 United States

The Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered or sold except: (i) within the United States to QIBs in reliance on Rule 144A or pursuant to another available exemption from the registration requirements of the U.S. Securities Act; or (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the U.S. Securities Act, and, in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. Accordingly, the Merkur Market Advisor has represented and agreed that it has not offered or sold, and will not offer or sell, any of the Shares as part of its allocation at any time other than (i) within the United States to QIBs in accordance with Rule 144A or (ii) outside of the United States in compliance with Rule 903 of Regulation S. Transfer of the Shares will be restricted and each purchaser of the Shares in the United States will be required to make certain acknowledgements, representations and agreements, as described under Section 9.3.1 "*United States*".

9.2.2 United Kingdom

The Merkur Market Advisor has represented, warranted and agreed that:

a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 ("FSMA") in connection with the issue or sale of any Shares in circumstances in which Section 21(1) of the FSMA does not apply to the Company; and

b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Shares in, from or otherwise involving the United Kingdom.

9.2.3 European Economic Area

In no member state (each a "Relevant Member State") of the EEA have Shares been offered and in no Relevant Member State other than Norway will Shares be offered to the public pursuant to an offering, except that Shares may be offered to the public in that Relevant Member State at any time in reliance on the following exemptions under the EU Prospectus Regulation:

(a) to persons who are "qualified investors" within the meaning of Article 2(e) in the EU Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation) per Relevant Member State, with the prior written consent of the Merkur Market Advisor for any such offer; or

(c) in any other circumstances falling under the scope of Article 3(2) of the EU Prospectus Regulation; provided that no such offer of Shares shall result in a requirement for the Company or Merkur Market Advisor to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplementary prospectus pursuant to Article 23 of the EU Prospectus Regulation.

For the purpose of this provision, the expression an "offer to the public" in relation to any Shares in any Relevant Member State means a communication to persons in any form and by any means presenting sufficient information on the terms of the an offering and the Shares to be offered, so as to enable an investor to decide to acquire any Shares.

This EEA selling restriction is in addition to any other selling restrictions set out in this Admission Document.

9.2.4 Other jurisdictions

The Shares may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into, Switzerland, Japan, Canada, Australia or any other jurisdiction in which it would not be permissible to offer the Shares.

In jurisdictions outside the United States and the EEA where an offering would be permissible, the Shares will only be offered pursuant to applicable exceptions from prospectus requirements in such jurisdictions.

9.3 Transfer restrictions

9.3.1 United States

The Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered or sold except: (i) within the United States only to QIBs in reliance on Rule 144A or pursuant to another exemption from the registration requirements of the U.S. Securities Act; and (ii) outside the United States in compliance with Regulation S, and in each case in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. Terms defined in Rule 144A or Regulation S shall have the same meaning when used in this section.

Each purchaser of the Shares outside the United States pursuant to Regulation S will be deemed to have acknowledged, represented and agreed that it has received a copy of this Admission Document and such other information as it deems necessary to make an informed investment decision and that:

- The purchaser is authorized to consummate the purchase of the Shares in compliance with all applicable laws and regulations.

- The purchaser acknowledges that the Shares have not been and will not be registered under the U.S. Securities Act, or with any securities regulatory authority or any state of the United States, subject to certain exceptions, may not be offered or sold within the United States.

- The purchaser is, and the person, if any, for whose account or benefit the purchaser is acquiring the Shares, was located outside the United States at the time the buy order for the Shares was originated and continues to be located outside the United States and has not purchased the Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Shares or any economic interest therein to any person in the United States.

- The purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Shares from the Company or an affiliate thereof in the initial distribution of such Shares.

- The purchaser is aware of the restrictions on the offer and sale of the Shares pursuant to Regulation S described in this Admission Document.

- The Shares have not been offered to it by means of any "directed selling efforts" as defined in Regulation S.

- The Company shall not recognize any offer, sale, pledge or other transfer of the Shares made other than in compliance with the above restrictions.

- If the purchaser is acquiring any of the Shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements in behalf of each such account.

- The purchaser acknowledges that the Company, the Merkur Market Advisor and their respective advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

- Each purchaser of the Shares within the United States purchasing pursuant to Rule 144A or another available exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act will be deemed to have acknowledged, represented and agreed that it has received a copy of this Admission Document and such other information as it deems necessary to make an informed investment decision and that:

  (a) The purchaser is authorized to consummate the purchase of the Shares in compliance with all applicable laws and regulations.

  (b) The purchaser acknowledges that the Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and are subject to significant restrictions to transfer.

  (c) The purchaser (i) is a QIB (as defined in Rule 144A), (ii) is aware that the sale to it is being made in reliance on Rule 144A and (iii) is acquiring such Shares for its own account or for the account of a QIB, in each case for investment and not with a view to any resale or distribution to the Shares, as the case may be.

(d) The purchaser is aware that the Shares are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act.

- If, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Shares, or any economic interest therein, as the case may be, such Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, (ii) outside the United States in a transaction meeting the requirements of Regulation S, (iii) in accordance with Rule 144 (if available), (iv) pursuant to any other exemption from the registration requirements of the U.S. Securities Act, subject to the receipt by the Company of an opinion of counsel or such other evidence that the Company may reasonably require that such sale or transfer is in compliance with the U.S. Securities Act or (v) pursuant to an effective registration statement under the U.S. Securities Act, in each case in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction.

- The purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Shares from the Company or an affiliate thereof in the initial distribution of such Shares.

- The purchaser will not deposit or cause to be deposited such Shares into any depositary receipt facility established or maintained by a depository bank other than a Rule 144A restricted depository receipt facility, so long as such Shares are "restricted securities" within the meaning of Rule 144(a) (3) under the U.S. Securities Act.

- The purchaser acknowledges that the Shares are "restricted securities" within the meaning of Rule 144(a) (3) and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any Shares, as the case may be.

- The purchaser acknowledges that the Company shall not recognize any offer, sale pledge or other transfer of the Shares made other than in compliance with the above-stated restrictions.

- If the purchaser is requiring any of the Shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

- The purchaser acknowledges that the these representations and undertakings are required in connection with the securities laws of the United States and that Company, the Merkur Market Advisor and their respective advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

9.3.2 European Economic Area

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any Shares under, the offers contemplated in this Admission Document will be deemed to have represented, warranted and agreed to and with the Merkur Market Advisor and the Company that:

(a) it is a qualified investor within the meaning of Articles 2(e) of the EU Prospectus Regulation; and

(b) in the case of any Shares acquired by it as a financial intermediary, as that term is used in Article 1 of the EU Prospectus Regulation, (i) the Shares acquired by it in an offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the EU Prospectus Regulation, or in circumstances in which the prior consent of the Merkur Market Advisor has been given to the offer or resale; or (ii) where Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Shares to it is not treated under the EU Prospectus Regulation as having been made to such persons.

For the purpose of this representation, the expression an "offer to the public" in relation to any Shares in any Relevant Member State means a communication to persons in any form and by any means presenting sufficient information on terms of an offering and the Shares to be offered, so as to enable an investor to decide to acquire any Shares.

10. ADDITIONAL INFORMATION

10.1 Admission to Merkur Market

On 17 September 2020, the Company applied for Admission to Merkur Market. The first day of trading on Merkur Market is expected to be on or about 2 October 2020.

The Company does not have securities listed on any stock exchange or other regulated market place. However, prior to the Admission, trades in the Company's Shares have been quoted on the N-OTC, a non-regulated information system for unlisted shares owned by Oslo Børs ASA.

10.2 Independent auditor

The Company's independent auditor is PriceWaterhouseCoopers AS (business registration number 987 009 713, and registered business address at Dronning Eufemias gate 71, 0194 Oslo, Norway). The partners of PriceWaterhouseCoopers AS are members of The Norwegian Institute of Public Accountants (Nw.: Den Norske Revisorforening). PricewaterhouseCoopers AS has been the Bank's auditor since May 2017-

10.3 Advisors

The Company has engaged Sparebank 1 Markets AS (business registration number 992 999 101, and registered business address at Olav Vs gate 5, 0161 Oslo, Norway) as the Merkur Advisor.

Advokatfirmaet Schjødt AS (business registration number 996 918 122, and registered business address at Ruseløkkv. 14-16, N-0251 Oslo, Norway) is acting as Norwegian legal counsel to the Company.

10.4 External documents of interest

The table below shows a list of external documents that may be of interest to the reader of this Admission Document:

Document	Hyperlink
Merger Documentation	https://easybank.no/om-oss/investor/fusjonsplan-brabank/
Presentation of the merged company	https://easybank.no/media/1428/selskapspresentasjon-mulig-fusjon-brabank-easybank.pdf

11. DEFINITIONS AND GLOSSARY

The following definitions and glossary apply in this Admission Document unless otherwise dictated by the context, including the foregoing pages of this Admission Document.

AML	Norwegian Act of 1 June 2018 no. 23 on Measures to Combat Money Laundering and the Financing of Terrorism.
AML Regulations	AML and the adherent Norwegian Money Laundering Regulations of 14 September 2018 no. 1324.
Articles of Association	The articles of association of the Bank.
Bank/BRAbank	BRAbank ASA, company registration number 986 144 706.
Board or Board of Directors	The board of directors of the Bank.
BRA	Braathens Regional Airlines AB.
Braganza	Braganza AB.
BRRD	EU Banking Recovery and Resolutions Directive.
CAGR	Compound annual growth rate.
CEO	Chief executive officer.
CFO	Chief financial officer.
CET	Central European time.
COFTA	The Norwegian Central Office for Foreign Tax Affairs.
CRD IV	Directive 2013/36/EU and Regulation (EU) 575/2013.
CRD V	Directive (EU) 2019/878.
CRR	Regulation (EU) 575/2013.
CRR 2	Regulation (EU) 2019/876.
DGSD	Deposit Guarantee Scheme Directive 2014/49/EU.
EEA	The European Economic Area.
EGM	An extraordinary general meeting of shareholders held in BRAbank.
EU	The European Union.
EUR	The euro, the single currency of member states of the EU participating in the European Monetary Union having adopted the euro as its lawful currency.
FCA	The Act on Financial Contracts and Financial Assignments of 25 June 1999 No. 46.
FIA	The Norwegian Act on Financial Institutions and Financial Groups of 10 April 2015 No. 17.
Financial Supervision Act	The Act on Financial Supervision of 7 December 1956 No. 1.

Forward-looking statements	All statements other than statements as to historic facts or present facts and circumstances, typically indicated by words such as "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "expect," and similar expressions.
FTE's	Full time equivalents.
Gatekeepers	Legal entities and persons acting in capacity of their professions encompassed by the AML, because they provide services which ensure the carrying out of transactions on behalf of their customers.
GDPR	EU General Data Protection Regulation 2016/679.
GLEIF	Global Legal Identifier Foundation.
IRB	Internal Ratings-Based.
ISIN	Securities number in the Norwegian Central Securities Depository (VPS).
LCR	Liquidity Coverage Ratio.
LEI	Legal Entity Identifier.
LOU	Local Operating Units.
MAR	Regulation No. 596/2014 of European Parliament and of the Council of 16 April 2014 on market abuse.
Marketing Control Act	Marketing Control Act of 9 January 2009 no. 2.
Merger	The Merger between Old BRAbank and Easybank completed on 1 October 2020.
Merkur Advisor	SpareBank 1 Markets
NCI	National Client Identifier.
NGAAP	Norwegian Generally Accepted Accounting Principles
NOK	Norwegian Kroner, the lawful currency of Norway.
Non-Norwegian Corporate Shareholders	Shareholders who are limited liability companies (and certain other entities) not resident in Norway for tax purposes.
Non-Norwegian Personal Shareholders	Shareholders who are not resident in Norway for tax purposes.
NFSA	The Financial Supervisory Authority of Norway (Norwegian: *Finanstilsynet*).
Norwegian Corporate Shareholders	Shareholders who are limited liability companies (and certain similar corporate entities) resident in Norway for tax purposes.
Norwegian Personal Shareholders	Personal shareholders resident in Norway for tax purposes.
NSFR	Net Stable Funding Ratio.

Old BRAbank	The transferor company named BRAbank in the Merger, company registration number 913 460 715.
Order	The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 as amended.
Original BRAbank	The company being merged into Old BRAbank in 2019, company registration number 917 651 817.
Admission Document	This Admission Document
Prospectus Regulation	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.
PSD	Directive 2007/64/EC on payment services.
PSD2	Directive 2015/2366 on payment services.
Regulation S	Regulation S under the U.S Securities Act
Relevant Member State	Each Member State of the EEA which has implemented the Admission Document Directive.
Securities Trading Act	Securities Trading Act of 29 June 2007 no. 75 (Norwegian: *Verdipapirhandelloven*).
Share(s)	Shares in the share capital of the Bank, each with a nominal value of NOK 2.
SpareBank 1 Markets	SpareBank 1 Markets AS, company registration number 992 999 101.
SREP	NFSA's supervisory review process.
UK	United Kingdom.
USD	United States Dollar, the lawful currency of the United States of America.
U.S. Securities Act	The United States Securities Act of 1933, as amended.
VPS	The Norwegian Central Securities Depository (Norwegian: *Verdipapirsentralen*).
Widerøe	Widerøe's Flyveselskap AS.
ØKOKRIM	Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime.

Appendix A: Articles of Association of BRAbank ASA

VEDTEKTER

FOR

BRAbank ASA

(org. nr. 986 144 706)

Pr. 16. juli 2020

KAPITTEL 1
FIRMA. KONTORKOMMUNE. FORMÅL

§ 1-1

BRAbank ASA har sitt forretningskontor (hovedkontor) i Oslo. Banken skal være et allmennaksjeselskap.

§ 1-2

BRAbanks formål er å drive alminnelig bankvirksomhet, herunder utføre alle forretninger og tjenester som det er vanlig eller naturlig at banker utfører.

KAPITTEL 2
AKSJEKAPITAL. ANSVARLIG KAPITAL. AKSJER

§ 2-1

Bankens aksjekapital er NOK 189 588 760, fordelt på 94 794 380 aksjer à NOK 2 fullt innbetalt.

§ 2-2

Aksjene i banken skal være registrert i Verdipapirsentralen. Tidligere eier skal sørge for at det straks etter eierskifte sendes melding til Verdipapirsentralen om dette.

KAPITTEL 2A
ANSVARLIG LÅN OG ANNEN FREMMEDKAPITAL

§ 2A-1

Banken kan foreta opptak av ansvarlig lånekapital og fremmedkapital. Beslutning om dette må foretas av generalforsamlingen med flertall som for vedtektsendring. Styret fastsetter de nærmere vilkårene.

Generalforsamlingen kan med flertall som for vedtektsendring gi styret fullmakt til å beslutte opptak av ansvarlig lånekapital og fremmedkapital og fastsette de nærmere vilkårene for det. Fullmakten skal begrenses oppad i beløp.

KAPITTEL 3
STYRET

§ 3-1

Banken skal ha et styre med fem til ni medlemmer og inntil tre varamedlemmer. Medlemmer velges av generalforsamlingen. Valget av styremedlemmer forberedes av en valgkomité, jf § 4-1.

Styrets leder og minst halvparten av styrets medlemmer skal være bosatt her i riket, med mindre Kongen gjør unntak i det enkelte tilfellet. Bostedskravet gjelder ikke statsborgere i stater som er part i EØS-avtalen, når de er bosatt i en slik stat.

Styrets leder velges særskilt.

De valgte styremedlemmer tjenestegjør i to år om gangen hvis ikke annet besluttes av generalforsamlingen. Av de valgte medlemmer fratrer hvert år de som har gjort tjeneste lengst. Eventuelle varamedlemmer velges for to år.

I stedet for styremedlem som trer ut før valgperioden er ute, velges ved første anledning nytt medlem for resten av perioden.

§ 3-2

Styret sammenkalles av lederen og har møte så ofte bankens virksomhet tilsier det eller når et medlem krever det.

Styret er vedtaksført når mer enn halvdelen av samtlige styremedlemmer er til stede eller deltar i styrebehandlingen. Styret kan dog ikke treffe beslutning med mindre alle medlemmer av styret så vidt mulig er gitt anledning til å delta i sakens behandling. Har et styremedlem forfall, skal eventuelle varamedlemmer gis anledning til å møte eller delta i behandlingen av en sak.

Som styrets beslutning gjelder det som flertallet blant de møtende styremedlemmer eller de som deltar i behandlingen har stemt for, eller ved stemmelikhet det møtelederen har stemt for. De som stemmer for en beslutning, må dog alltid utgjøre mer enn halvdelen av samtlige styremedlemmer.

§ 3-3

Styret forestår forvaltningen av bankens anliggender. Det skal sørge for en tilfredsstillende organisasjon av bankens virksomhet, herunder påse at bokføring og formuesforvaltning er gjenstand for betryggende kontroll.

§ 3-4

Administrerende direktør tilsettes av styret i henhold til finansforetakslovens § 8-10.

§ 3-5

Bankens firma tegnes av styrets leder eller administrerende direktør alene, eller av to valgte styremedlemmer i fellesskap. Styret kan gi nærmere angitte ansatte rett til å tegne bankens firma. Styret kan dessuten meddele prokura og spesialfullmakter.

§ 3-6

Administrerende direktør har den daglige ledelse av bankens virksomhet og skal følge de retningslinjer og pålegg styret har gitt.

KAPITTEL 4
VALGKOMITE

§ 4-1

Banken skal ha en valgkomité bestående av tre medlemmer, valgt av generalforsamlingen for to år av gangen. Tjenestetiden regnes fra valget og opphører ved avslutningen av den ordinære generalforsamling i det året tjenestetiden utløper. Selv om tjenestetiden er utløpt, skal medlemmet bli stående i vervet inntil nytt medlem er valgt.

Valgkomiteen skal:

(a) forberede valg av aksjonærvalgte styremedlemmer og avgi innstilling til generalforsamlingen om dette,

(b) avgi innstilling til generalforsamlingen om godtgjørelse for bankens styremedlemmer, samt

(c) avgi innstilling til generalforsamlingen om valg av og godtgjørelse for medlemmer i valgkomiteen.

Godtgjørelse for styrets og valgkomiteens medlemmer skal fastsettes av generalforsamlingen.

Generalforsamlingen fastsetter instruks for valgkomiteens arbeid.

KAPITTEL 5
STYRET SOM REVISJONSUTVALG

§ 5-1

I samsvar med Finanstilsynets forskrift eller etter samtykke av Finanstilsynet kan bankens samlede styre fungere som revisjonsutvalg i henhold til finansforetaksloven § 8-20 tredje ledd.

§ 5-2

Styret skal samlet ha den kompetanse som ut fra bankens organisasjon og virksomhet er nødvendig for å ivareta revisjonsutvalgets oppgaver. Minst ett av medlemmene skal være uavhengig av virksomheten og ha kvalifikasjoner innen regnskap eller revisjon.

§ 5-3

Revisjonsutvalgets skal:

1 Forberede styrets oppfølgning av regnskapsrapporteringsprosessen.

2 Overvåke systemene for intern kontroll og risikostyring, samt bankens

internrevisjon om slik funksjon er etablert.

3 Ha løpende kontakt med bankens valgte revisor om revisjonen av årsregnskapet.

4 Vurdere og overvåke revisors uavhengighet, jf. revisorloven kapittel 4, herunder særlig i hvilken grad andre tjenester enn revisjon som er levert av revisor eller revisjonsselskapet utgjør en trussel mot uavhengigheten.

KAPITTEL 6
GENERALFORSAMLINGEN

§ 6-1

Gjennom generalforsamlingen utøver aksjeeierne den øverste myndighet i banken, med mindre myndighet er lagt eksklusivt til et av bankens øvrige organer ved særskilt lovbestemmelse. På generalforsamlingen har hver aksje en stemme.

Alle beslutninger treffes med alminnelig flertall, med mindre annet følger av lov eller vedtekter. Ordinær generalforsamling skal holdes hvert år ved bankens hovedkontor.

Styret og revisor skal innkalles til generalforsamlingens møter. Styret har rett til å være tilstede og til å uttale seg på møter i generalforsamlingen. Styrets leder og administrerende direktør har plikt til å være tilstede med mindre det foreligger gyldig forfall. I sistnevnte tilfelle skal det utpekes en stedfortreder.

Før generalforsamling holdes skal Finanstilsynet i god tid, senest samtidig med lovlig innkallelse til aksjonærene, gis melding om de saker som skal behandles. Av forhandlingsprotokollen skal en gjenpart straks sendes Finanstilsynet.

§ 6-2

På den ordinære generalforsamling skal årsregnskap, årsberetning og revisjonsberetningen, legges frem og utdeles til de aksjeeiere som ikke har fått dokumentene tilsendt på forhånd.

§ 6-3

Styrets leder eller den styret utpeker åpner generalforsamlingen og leder forhandlingene til møteleder er valgt.

§ 6-4

Den ordinære generalforsamling skal:

1 Godkjenne årsregnskap, herunder anvendelse av årsoverskudd eller dekning av årsunderskudd.

2 Behandle andre saker som etter lov eller vedtekter hører inn under generalforsamlingen.

§ 6-5

Når generalforsamlingen er åpnet, skal møtelederen la opprette en fortegnelse over de møtende aksjeeiere og representantene for aksjeeiere med oppgaver over hvor mange aksjer og stemmer hver av dem representerer.

§ 6-6

Avstemning skjer skriftlig dersom ikke samtlige møtende samtykker i avstemning på annen måte.

Møtelederen skal sørge for at det føres protokoll over generalforsamlingen. I protokollen skal generalforsamlingens beslutninger inntas med angivelse av utfallet av stemmegivningen. Fortegnelsen over møtende aksjeeiere og representanter skal inntas i eller vedlegges protokollen. Protokollen skal undertegnes av møtelederen og minst en annen person som utpekes av generalforsamlingen blant de tilstedeværende. Protokollen skal holdes tilgjengelig for aksjeeierne og oppbevares på betryggende måte.

§ 6-7

Aksjeeiere som ønsker å delta på generalforsamling i banken plikter å gi melding om dette til banken innen én virkedag før avholdelsen av generalforsamlingen. Aksjeeiere som ikke har gitt slik melding til banken innen én virkedag før avholdelsen av generalforsamlingen kan bli nektet adgang til generalforsamlingen.

§ 6-8

Dokumenter som gjelder saker som skal behandles på generalforsamlingen, herunder dokumenter som etter lov skal inntas i eller vedlegges innkallingen, kan gjøres tilgjengelig på bankens internettsider. Krav om utsendelse kommer da ikke til anvendelse. En aksjeeier kan likevel kreve å få tilsendt dokumenter som gjelder saker som skal behandles på generalforsamlingen.

KAPITTEL 7
REVISOR

§ 7-1

Revisor skal følge de instrukser og pålegg som måtte bli gitt av generalforsamlingen for så vidt de ikke strider mot bestemmelser gitt i lov eller i medhold av lov eller mot bankens vedtekter eller god revisjonsskikk.

KAPITTEL 8
ÅRSREGNSKAP OG ÅRSBERETNING

§ 8-1

Regnskapsåret følger kalenderåret.

For hvert regnskapsår avgir styret årsregnskapet og årsberetningen.

KAPITTEL 9
ALDERSGRENSE. TJENESTETID

§ 9-1

Høyeste aldersgrense for fast ansatte er 70 år.

§ 9-2

Et valgt medlem eller leder for styret kan ikke ha dette tillitsvervet sammenhengende lenger enn 12 år, eller ha disse tillitsverv i et lengre samlet tidsrom enn 20 år. En person kan ikke velges/gjenvelges til noen av disse verv dersom vedkommende på grunn av bestemmelsen i denne paragraf ikke kan sitte valgperioden ut.

KAPITTEL 10
VEDTEKTSENDRINGER

§ 10-1

Beslutning om å endre vedtektene fattes av generalforsamlingen. Beslutningen krever tilslutning fra minst to tredjedeler av så vel de avgitte stemmer som av den aksjekapital som er representert på generalforsamlingen.

Forslag til endringer i vedtektene må være innsendt til styrets leder senest fire uker før generalforsamlingen skal behandle forslaget.

* * * * *

Appendix B: Audited financial statements for the years ended 31 December 2019 and 2018 – Easybank ASA

Easybank ASA
Årsregnskap 2019

Årsberetning 2019 for Easybank ASA

Om Easybank ASA

Easybank tilbyr finansiering, fakturakjøp, sparing og betalingsformidling til personmarkedet, organisasjoner og bedrifter. Fokuset er forbruksfinansiering, i tillegg har banken utlån til bolig, bil, SMB og organisasjoner. Banken tilbyr også spareprodukter med attraktive vilkår for kundene.

Strategien baserer seg på å ha ledende teknologiske løsninger, kostnadseffektiv drift, god styring av kredittrisiko, effektiv utnyttelse av egenkapital og attraktive betingelser til kundene.

Banken ble notert på OTC-listen 15. november 2016 med tickeren Easy.

Banken er medlem av Bankenes Sikringsfond, Finansieringsselskapenes Forening og Finans Norge. Innskudd inntil 2 millioner kroner er sikret gjennom garantiordningen i Bankenes Sikringsfond. Banken har hovedsakelig norske eiere og ingen eiere har ved årsslutt over 10% eierandel. De 20 største eierne representerer pr.31.desember 2019 omtrent 69% av bankens aksjer.

Banken har forretningskontor i leide lokaler i Holbergsgate i Oslo.

Utvikling i 2019

Banken har fortsatt strategien sin med å utvide produktporteføljen og distribusjonen i løpet av året. Fremover vil banken tilby produkter både i konsumentmarkedet og mot SMB- markedet. Produktet Fakturasalg for SMB- bedrifter ble testlansert i 4. kvartal som første produkt i bankens nye SMB satsning.

Det har vært store endringer i markedet for usikret kreditt drevet av innføringen av ny forskrift 15. mai og gjeldsregister for usikret gjeld. Dette har redusert antall søknader og innvilgelsesgraden har falt. Videre har tapene på forbruksfinansiering vært høyere enn tidligere perioder. Hovedårsaken til denne utviklingen er at mange kunder har tatt opp flere lån etter sitt opprinnelige låneopptak, samt innføring av gjeldsregister og forskrift i løpet av året.

Noen av høydepunktene i løpet av året:

- Årsresultat før skatt på MNOK 86,2 opp fra MNOK 73,4 i 2018
- Egenkapitalavkastning (ROE) på 12,26%
- Stabile driftskostnader gjennom året og tilnærmet samme nivå som i fjor og året før
- Cost to Income ratio på 27,6% (22,7% ex marketing)
- Totale brutto utlån på MNOK 2 804 pr. årsslutt
- Brutto utlån til forbruksfinansiering MNOK 2 609 pr. årsslutt
- Kundeinnskudd på MNOK 2 806 pr. årsslutt
- Inngåelse av strategisk samarbeidsavtale med Conta Group AS for å understøtte SMB satsningen
- Oppkjøp av SMB- bankkonseptet Fundu AS for å fremskynde lanseringen av SMB produkter
- Inngåelse av strategisk samarbeidsavtale med Melin Medical AS for å utvikle nye betalings- og finansieringsløsninger for helsesektoren
- Automatisert kundeprosessen med å etablere depositumskonto med Husleie.no, og tatt betydelig markedsandel på kort tid
- Banken har fortsatt å investere i moderne IT teknologi for å skape førsteklasses kundeopplevelser, gode løsninger for partnere og effektivisering av driften
- Igjen svært gode resultater i årets medarbeiderundersøkelse

Økonomisk utvikling

Resultatregnskapet for 2019

Bankens årsresultat for 2019 ble et overskudd på MNOK 64,6 etter skatt mot et overskudd på MNOK 55,5 i 2018. Resultatet utgjør 1,93% av gjennomsnittlig totalkapital. Resultatforbedringen skyldes i hovedsak utlånsveksten innen forbruksfinansiering og følgelig økte renteinntekter.

Netto renteinntekter

Bankens netto renteinntekter utgjorde MNOK 295,4 mot MNOK 247,9 i 2018. Økningen kommer som et resultat av utlånsvekst.

Netto andre driftsinntekter

Netto andre driftsinntekter utgjorde minus MNOK 24,1. Netto verdiendringer og gevinst på verdipapirer utgjorde MNOK 7,5. Provisjon og gebyrinntekter var på MNOK 25,4 hvorav størstedelen kommer fra formidlingsprovisjoner. Provisjon og gebyrkostnader var på MNOK 57,0. Størstedelen av provisjon og gebyrkostnader utgjorde kostnadsførte provisjoner til låneformidlere.

Driftskostnader

Sum driftskostnader utgjorde MNOK 74,8. Lønn og andre personalkostnader utgjorde MNOK 32,3. Andre administrasjonskostnader utgjorde MNOK 27,1. Avskrivinger utgjorde MNOK 5,9 og andre driftskostnader MNOK 9,4.

Tap på utlån

Bankens tapskostnad på utlån var på MNOK 110,4 mot MNOK 85,0 i 2018. Årsaken til økningen er hovedsakelig økte tap innenfor forbruksfinansiering. Det har i løpet av 2019 vært utført salg av misligholdte lån på MNOK 207.

Balanse, likviditet og kapital

Bankens samlede forvaltningskapital utgjorde MNOK 3 495 pr 31.12.19.
Netto utlån til kunder utgjorde MNOK 2 713 ved utgangen av året. Utlån til SMB og bolig samt billån har gått ned som planlagt, og det har vært økning i forbruksfinansiering. Innskudd fra og gjeld til kunder utgjorde MNOK 2 806 pr 31.12.19, en økning på MNOK 204 fra i fjor.

Pr 31.12.19 hadde banken plassert MNOK 353,5 i fond investert i norske obligasjoner med fortrinnsrett og MNOK 102,6 i pengemarkedsfond. Utover dette hadde banken MNOK 154,7 plassert i andre banker. Verdipapirporteføljen har bestått av investeringer med lav risiko og høy likviditet. Likviditeten har vært god gjennom året.

Bankens egenkapital hensyntatt årets overskudd på MNOK 64,6 etter skatt utgjør MNOK 564,2 pr 31.12.19.

Ren kjernekapital pr 31.12.19 var MNOK 543,6, kjernekapital MNOK 571,6, og totalkapital MNOK 611,6. Ren kjernekapitaldekning utgjorde 20,51 % ved årsslutt, kjernekapitaldekning 21,56% og totalkapitaldekning 23,07 %.

Banken har stilt garantier for til sammen MNOK 0,1 pr 31.12.19.

Fremtidig utvikling

Planer for 2020

Easybank har som ambisjon å bli en ledende digital nisjebank innen konsument- og SMB markedet. Banken vil skalere videre på en effektiv driftsmodell med fokus på kostnadseffektivitet, optimal allokering av kapital og risk/reward.

Det vil bli lansert nye produkter innen SMB-markedet og Fakturasalg- produktet vil bli skalert opp med en bred partnerstruktur. Innen konsumentmarkedet håper banken at samarbeidet med Melin Medical vil gi muligheter innenfor nye produktområder.

Banken har sett en økning av tapene på forbruksfinansiering siste halvdel av 2019, og det forventes å fortsette første delen av 2020. På sikt forventes det at tapene vil gå ned grunnet innføring av gjeldsregister for usikrede lån.

Fokus i 2020 vil blant annet være:

- Levere konkurransedyktig egenkapitalavkastning
- Utvide produktporteføljen innen SMB-markedet
- Inngå avtaler som styrker bankens distribusjonskraft
- Vekst innen forbruksfinansiering med fordelaktig risk/reward
- Vurdere internasjonalisering
- Vurdere strategiske muligheter for å utnytte bankens skalerbare driftsmodell
- Effektiv drift med lave driftskostnader

Arbeidsmiljø og personale

Banken hadde ved årsskiftet 24 fast ansatte, hvorav 7 kvinner og 17 menn. Styret bestod av 6 personer hvorav 2 kvinner og 4 menn (1 er ansatt-representant).

Arbeidsmiljøet i banken anses som svært godt. Det totale sykefraværet i 2019 var 1,64 %, hvorav én langtidssykemelding grunnet en sykkelulykke. Det er pr 31. desember ingen langtidssykemeldte. Banken støtter ansattes treningsabonnement for å forebygge sykefravær. Det gjennomføres også andre felles aktiviteter og velferdstiltak.

Generalforsamlingen godkjente i april 2016 aksjeopsjonsprogram for alle ansatte. De ansatte, selskapet og aksjonærene har dermed felles interesser.

Easybank har fastsatt etiske retningslinjer for alle ansatte som gjennomgås regelmessig. Banken aksepterer ikke diskriminering av ansatte, aksjonærer, styremedlemmer, kunder og leverandører på bakgrunn av etnisitet, nasjonalitet, alder, kjønn eller religion.

Banken har gode rutiner for sikkerhet og HMS. Det har i løpet av året ikke forekommet eller blitt rapportert om arbeidsuhell eller ulykker, som har resultert i materielle skader eller personskader.

Forskning og utvikling

Banken har ikke pågående FoU-aktivitet og har ingen kostnadsførte utgifter relatert til dette i 2019.

Miljørapportering

Etter styrets oppfatning forurenser ikke bankens virksomhet det ytre miljøet utover det som er normalt for kontordrift.

Redegjørelse om samfunnsansvar

Vektlegging av holdninger, etikk og god forretningsskikk er en forutsetning for at finansnæringen skal fylle sin samfunnsrolle. Easybank har som medlem av Finans Norge høyere ambisjoner enn kun å oppfylle krav i lover, forskrifter og andre bestemmelser.

Easybank har blant annet et ansvar for å:

- Drive bank på en måte som ivaretar hensynet til alle bedriftens interessenter
- Arbeide for en sunn, sikker, stabil og ansvarsfull finansnæring
- Ivareta hensynet til åpenhet og ansvarlighet i egen forretningsdrift
- Bidra til sunn og god konkurranse i markedet
- Etterleve bransjestandarder - herunder god rådgivningsskikk og næringens felles kompetansestandarder for rådgivning og salg
- Unngå rutiner og systemer, herunder incentivsystemer, som fremmer kortsiktig tenkning og på lengre sikt skader bedriftens interessenter, bedriften selv og den samlede finansnæringen
- Følge opp brudd på bransjestandarder og interne standarder

Bankens og dens ansatte skal ikke på noen måte anbefale eller ta initiativ til brudd på eller omgåelse av gjeldende lover og forskrifter.

Bankens compliance direktør har ikke rapportert om vesentlige avvik i 2019 knyttet til bankens etterlevelse av lover og forskrifter.

Virksomhetsstyring

I bankens foretaksstyring er en helhetlig risikostyring viktig. Dette innebærer blant annet:

- Risikostyring i forhold til bankens måloppnåelse og definerte rammer fra styret
- Bankens systemer og rutiner for risikostyring skal være tilpasset kompleksiteten i bankens virksomhet
- Risikostyring skal være en løpende prosess i banken og tilpasset bankens strategi
- Rapporteringen av risiko skal utformes på en måte som gir et godt bilde av bankens risiko og som er forståelig for bankens styre og ledelse
- Det skal være et skille mellom de som har utførende funksjoner og kontrollerende funksjoner.
- Det skal være et klart definert ansvar for de som har utførende og kontrollerende roller innenfor risikoområdene til banken
- Banken skal kun ta risiko som forstås av banken og den enkelte medarbeider.
- Ansvar for å inngå avtaler som påfører banken risiko delegeres gjennom personlige fullmakter og rammer

Internkontroll

Bankens retningslinjer for kvalitetssikring og internkontroll inngår i bankens overordnede risikopolicy. Bankens administrasjon har ansvar for den daglige risikostyring, som utøves gjennom instrukser, rapporter og kontroll. Ledere på alle virksomhetsområder gjennomfører årlig egenevaluering av sitt forretningsområde, med tilhørende tiltakslister. Compliance direktør gjennomfører kontroller i henhold til årshjul. Internkontrollen rapporteres av adm. direktør og gjennomgås av styret.

Finansiell risiko

Kredittrisiko

For Easybank utgjør kredittrisiko den største risikoen banken har og kreditthåndtering er en sentral del av bankens virksomhet. Sentrale styringsverktøy for banken er 'Styrets retningslinjer for kredittrisiko', bankens kreditthåndbok og bankens rutinebeskrivelser. Styret mottar jevnlig rapportering om utviklingen i bankens kredittrisiko. Styret har sterkt fokus på kredittrisikoen og følger nøye med i utviklingen av tapsutsatte og misligholdte engasjementer. Banken vurderer løpende verdien av sikkerheter og nedskrivningsbehov.

Bankens låneportefølje består av næringslån, boliglån, bilfinansiering med og uten pant til privatmarkedet, samt forbruksfinansiering til privatmarkedet. Banken endret strategi i 2016 til å satse på billån og forbrukslån. Banken faser derfor ut andre låneprodukter over tid. Som et resultat av strategiomlegging tilbys ikke boliglån lenger og det gis ikke nye lån til bedrifter og organisasjoner (unntatt ved restrukturering av eksisterende engasjement).

Kredittgivningen til privatmarkedet har høy grad av automatisering i alle ledd og banken har en risikobasert prising med fokus på konkurransedyktig egenkapitalavkastning. Banken har utviklet en likviditetsmodell for å beregne betjeningsevne, der en beregner kundens evne til å betjene lånet. Denne er basert på kundenes inntekt og relevante utgifter. Nødvendig dokumentasjon innhentes ved behov. Videre har banken utviklet risikomodeller for beregning av betalingsvilje. I tillegg til beregning av betalingsvilje og betalingsevne, har banken en rekke policyregler som kan gi avslag. Disse policyreglene er basert på interne regler og eksterne regler fra kredittopplysningsbyrået.

Likviditetsrisiko
Likviditetsrisiko er risiko for at banken i en gitt situasjon ikke klarer å refinansiere seg i tilstrekkelig grad til at banken kan møte sine forpliktelser ved forfall. Likviditetsrisikoen må sees i sammenheng med bankens egenkapital og forholdet mellom innskudd og utlån.

Banken oppdaterer sin policy for likviditet og markedsrisikopolicy årlig. Denne har styrevedtatte rammer for likviditetsrisiko, rutiner for rapportering av likviditetsrisiko og rammer for bankens likviditetsportefølje. Banken har beredskapsplan for likviditetskrise og gjennomfører likviditets stresstest minimum på kvartalsvis basis.

Bankens innskuddsdekning utgjorde 102 % pr 31.12.19 mot 101 % pr 31.12.18.

Innskuddsmassen var fordelt på et høyt antall kunder og diversifiserte kundeinnskuddsprodukter. 52 % av totale kundeinnskudd var kundeinnskudd med 35 dager eller mer i varslingstid før uttak.

Bankens beholdning av innskudd i Norges Bank utgjorde MNOK 54,4 pr 31.12.19 mot MNOK 53,9 pr 31.12.18. Innskudd i andre banker utgjorde MNOK 154,7 pr 31.12.19. Banken hadde likvide plasseringer i pengemarkedsfond og fond investert i obligasjoner med fortrinnsrett. Disse plasseringene kan selges og gi likviditet til banken innen 2 bankdager ved behov. Det er lagt vekt på at bankens likviditetsportefølje skal være likvid og tilgjengelig på kort varsel.

Banken disponerer p.t ingen trekkrettigheter.

Likviditetsreserven utgjorde MNOK 666 pr 31.12.19 mot MNOK 560 pr 31.12.18.

Bankens LCR pr 31.12.19 var 525 % mot 838 % pr 31.12.18. Bankens LCR ratio er høy siden banken har en stor andel likvide eiendeler, og en vesentlig andel kundeinnskudd med varslingstid.

Styret anser likviditetsrisikoen for å være lav.

Markedsrisiko
Markedsrisiko er risiko for tap i markedsverdier knyttet til porteføljer av finansielle instrumenter som følge av svingninger i aksjekurser, renter og valutakurser, samt kredittspreadrisiko. Kursrisiko er risikoen for at en endring i kursene på en beholdning av verdipapirer skal gi vesentlige tap for banken.

Bankens Likviditet og Markedsrisiko policy har styrevedtatte retningslinjer for markedsrisiko, risikorammer og rutiner for rapportering. Retningslinjene behandles minst årlig i styret. Styret mottar jevnlig rapportering om utvikling i markedsrisiko.

Innskudd fra kunder har i det vesentligste flytende rente, og utlån til kunder løper kun med flytende rente. Styret vurderer renterisikoen i utlåns- og innskuddsmassen som liten.

Styret har utarbeidet instruks for plassering i verdipapirer og finansinstitusjoner.
Styret vurderer renterisikoen i bankens likviditetsplasseringer til å være lav.

Banken har ingen valutarisiko utover noen fakturaer som betales i danske kroner.

Styret anser bankens markedsrisiko for å være lav.

Operasjonell risiko
Operasjonell risiko defineres som risiko for tap som følge av mangelfulle eller mislykkede interne prosesser, menneskelige feil, systemfeil eller eksterne hendelser.
Etablerte internkontrollrutiner inngår som en viktig del av risikostyringen.
Det er etablert en systematisk oppfølging av operasjonell risiko basert på hendelseskategorier.

Forhold etter regnskapsårets slutt

Det har oppstått vesentlige forhold etter avslutning av regnskapsåret 2019 som har innvirkning på bedømmelsen og vurderingen av regnskapet. Implementering av IFRS 9 vil innvirke på verdien av selskapet fra 01.01.2020. Forholdet er nærmere beskrevet i prinsippnoten.

Fortsatt drift

Årsregnskapet er avlagt under forutsetning om fortsatt drift. Til grunn for denne vurderingen ligger bankens økonomiske drift, styrkede finansielle stilling, samt styrets vurdering av framtidsutsiktene med ny strategisk retning.
Etter styrets mening gir årsregnskap og årsberetning en rettvisende oversikt over utviklingen og resultatet av bankens virksomhet og økonomiske stilling.

Oslo, den 12. februar 2020

I styret for Easybank ASA:

Svein Lindbak Styrets leder	Jan Kleppe Styremedlem	Irene Terkelsen Styremedlem
Gunnar Bjørkavåg Styremedlem	Siv Blanca Børge-Ask Styremedlem	Håvard Plathan Styremedlem (ansattvalgt)

Oddbjørn Berentsen
Adm.dir

NOK i tusen **RESULTATREGNSKAP**	**Note**	**2019**	**2018**
Renteinntekter og lignende inntekter			
Renter og lignende inntekter av utlån til og fordringer på kredittinstitusjoner		2 331	1 519
Renter og lignende inntekter av utlån til og fordringer på kunder		355 104	293 607
Renter og lignende inntekter fra obligasjoner og sertifikater		409	1 738
Sum renteinntekter og lignende inntekter		**357 844**	**296 864**
Rentekostnader og lignende kostnader			
Renter på innskudd fra og gjeld til kunder		53 615	42 603
Renter og kostnader på ansvarlig lånekapital		5 601	5 307
Andre rentekostnader og lignende kostnader		3 181	1 103
Sum rentekostnader og lignende kostnader		**62 396**	**49 013**
NETTO RENTE-OG KREDITTPROVISJONSINNTEKTER		**295 448**	**247 851**
Utbytte av verdipapirer med variabel avkastning			
Inntekter av aksjer, andeler og andre verdipapirer		**0**	**0**
Provisjonsinntekter og inntekter fra banktjenester	13		
Garantiprovisjon		8	18
Andre gebyrer og provisjonsinntekter		25 390	30 242
Sum provisjoner og inntekter fra banktjenester		**25 399**	**30 260**
Provisjonskostnader og kostnader ved banktjenester			
Andre gebyrer og provisjonskostnader		**57 035**	**44 797**
Netto verdiendring og gevinst/tap på valuta og v.p.	5		
Netto verdiendring og gevinst/tap på verdipapirer		7 464	941
Netto verdiendring og gevinst/tap på valuta og finansielle derivater		-5	61
Sum netto gevinst av verdipapirer og valuta		**7 459**	**1 002**
Andre driftsinntekter			
Andre driftsinntekter		**111**	**39**
NETTO ANDRE DRIFTSINNTEKTER		**-24 067**	**-13 496**
SUM DRIFTSINNTEKTER		**271 381**	**234 354**

NOK i tusen **RESULTATREGNSKAP**	**Note**	**2019**	**2018**
Lønn og generelle administrasjonskostnader	11,17		
Lønn		23 289	21 932
Pensjoner		2 963	2 712
Sosiale kostnader		6 032	5 087
Administrasjonskostnader		27 148	33 055
Sum lønn og generelle administrasjonskostnader		**59 432**	**62 785**
Avskrivninger av varige driftsmidler og imm. eiendeler	6		
Ordinære avskrivninger		**5 940**	**4 906**
Andre driftskostnader	11		
Andre driftskostnader		9 440	8 312
Sum andre driftskostnader		**9 440**	**8 312**
SUM DRIFTSKOSTNADER		**74 812**	**76 004**
DRIFTSRESULTAT FØR TAP		**196 569**	**158 350**
Tap på utlån m.v	3		
Tap på utlån		**110 390**	**84 982**
RESULTAT FØR SKATT		**86 179**	**73 369**
Skatt på ordinært resultat	12	**21 571**	**17 831**
RESULTAT FOR REGNSKAPSÅRET		**64 609**	**55 538**
Overføringer og disponering av resultat for regnskapsåret			
Overført til annen egenkapital		64 609	34 160
Overført til udekket tap			21 378
Sum overføring og disponeringer		**64 609**	**55 538**

NOK i tusen			
BALANSEREGNSKAP	**Note**	**31.12.2019**	**31.12.2018**
EIENDELER			
Kontanter og fordringer på sentralbanker		**54 351**	**53 868**
Utlån til og fordringer på kredittinstitusjoner	2		
Utlån til og fordringer på kredittinstitusjoner uten avtalt løpetid		154 717	106 890
Utlån til og fordringer på kredittinstitusjoner med avtalt løpetid		0	82
Sum netto utlån og fordringer på kredittinstitusjoner		**154 717**	**106 973**
Utlån til og fordringer på kunder	3		
Kasse-/drifts-og brukskreditter		3 262	3 704
Byggelån			0
Nedbetalingslån		2 800 996	2 610 079
Sum utlån før tapsnedskrivninger		2 804 258	2 613 783
- Nedskrivning på individuelle utlån		73 032	48 024
- Nedskrivning på grupper av utlån		18 714	19 380
Sum netto utlån og fordringer på kunder.		**2 712 512**	**2 546 380**
Sertifik., obligasjoner o.a. rentebærende verdipapirer	4		
Sertifikater og obligasjoner		0	169 249
Sum sertifik., oblig. o.a. rentebærende verdipapirer		**0**	**169 249**
Aksjer (o.a. verdipapirer med variabel avkastning)	5		
Aksjer i selskap		1 063	1 117
Verdipapirer		456 049	228 585
Sum aksjer (o.a. verdipapirer med variabel avkastning)		**457 112**	**229 703**
Eierinteresser i konsernselskaper	5		
Eierinteresser i andre konsernselskaper		11 192	192
Immaterielle eiendeler	6,12		
Utsatt skattefordel	12	135	2 165
Andre immaterielle eiendeler	6	20 471	20 549
Sum immaterielle eiendeler		**20 607**	**22 714**
Varige driftsmidler	6		
Maskiner og inventar		872	1 085
Sum varige driftsmidler		**872**	**1 085**
Andre eiendeler			
Andre eiendeler		9 451	523
Sum andre eiendeler		**9 451**	**523**
Forskuddsbetalinger og opptjente inntekter	14		
Opptjente ikke-mottatte inntekter		4 210	4 894
Forskuddsbetalte ikke påløpte kostnader		69 604	72 107
Sum forskuddsbetalinger og opptjente inntekter		**73 814**	**77 001**
SUM EIENDELER		**3 494 628**	**3 207 686**

NOK i tusen **BALANSEREGNSKAP**	**Note**	**31.12.2019**	**31.12.2018**
GJELD OG EGENKAPITAL			
Gjeld			
Innskudd fra og gjeld til kunder	16		
Innskudd fra kunder uten avtalt løpetid		1 277 730	1 111 132
Innskudd fra kunder med avtalt løpetid		1 528 280	1 490 708
Sum innskudd fra og gjeld til kunder.		**2 806 011**	**2 601 840**
Annen gjeld	12,15		
Betalbar skatt		19 541	0
Annen gjeld		19 549	26 881
Sum annen gjeld.		**39 090**	**26 881**
Påløpte kostnader og forskuddsbetalte inntekter	14		
Påløpte ikke-forfalte kostnader og innbetalte ikke opptjente inntekter		10 352	14 393
Sum påløpte kostnader og forskuddsbetalte inntekter		**10 352**	**14 393**
Ansvarlig lånekapital	16		
Ansvarlig obligasjonslån		40 000	40 000
Fondsobligasjoner		35 000	35 000
Sum avsetninger til forpliktelser og kostnader.		**75 000**	**75 000**
Sum gjeld		**2 930 452**	**2 718 114**
Egenkapital	7,8,17		
Egenkapital			
Aksjekapital		331 707	324 326
Overkursfond		127 092	124 510
Annen egenkapital		98 218	34 160
Annen innskutt egenkapital		7 159	6 577
Sum egenkapital		**564 176**	**489 572**
SUM GJELD OG EGENKAPITAL		**3 494 628**	**3 207 686**
Poster utenom balansen:			
Betingede forpliktelser			
Garantier	3	130	878

Oslo, den 12.februar 2020

I styret for Easybank ASA:

Svein Lindbak Styrets leder	Jan Kleppe Styremedlem	Irene Terkelsen Styremedlem
Gunnar Bjørkavåg Styremedlem	Siv Blanca Børge-Ask Styremedlem	Håvard Plathan Styremedlem (ansattvalgt)

Oddbjørn Berentsen
Adm.dir

Disponering av årsresultat

Styret foreslår å overføre årets overskudd på MNOK 64,6 til annen egenkapital.

NOK i tusen		
KONTANTSTRØMOPPSTILLING	**2019**	**2018**
Kontanstrøm fra operasjonelle aktiviteter		
Resultat før skattekostnad	86 179	73 369
Ordinære avskrivninger	5 940	4 906
Endring i brutto utlån til kunder	-190 475	-832 921
Endring i innskudd fra kunder	204 170	634 332
Endring i andre tidsavgrensingsposter	7 102	48 690
Netto kontantstrøm fra operasjonelle aktiviteter	**112 918**	**-71 624**
Kontantstrømmer fra investeringsaktiviteter:		
Investeringer i varige driftsmidler	-308	-318
Investeringer i immaterielle eiendeler	-5 186	-4 605
Endring i verdipapirer	-69 161	-193 066
Netto kontantstrøm fra investeringsaktiviteter	**-74 654**	**-197 989**
Kontantstrømmer fra finansieringsaktiviteter:		
Endring i innskutt egenkapital	9 963	96 465
Opptak av ansvarlig lån	0	0
Opptak av fondsobligasjonslån	0	0
Netto kontantstrøm fra finansieringsaktiviteter	**9 963**	**96 465**
Netto kontantstrøm for perioden	48 227	-173 148
Beholdning av kont. og kontantekvivalenter ved periodens begynnelse	160 841	333 990
Kontanter og kontantekvivalenter ved periodens slutt	**209 068**	**160 841**

NOTER TIL ÅRSREGNSKAPET 2019
EASYBANK ASA

Note 1: Generelle regnskapsprinsipper

Årsregnskapet for Easybank ASA er avlagt i samsvar med norsk regnskapslovgivning, Forskrift om årsoppgjør m.m. for banker, finansieringsforetak og morselskap for slike og god regnskapsskikk. Årsoppgjøret omfatter perioden 01.01.2019 – 31.12.2019.

Om ikke annet fremgår er beløp i notene angitt i tusen kroner.

1. Finansielle instrumenter

Bankens utlånsportefølje vurderes til amortisert kost. Da banken ikke har utlån med fastrente eller med fast margin anses amortisert kost å tilsvare virkelig verdi. For øvrig legges de vurderingsprinsipper som følger av de til enhver tid gjeldende forskrifter om regnskapsmessig behandling av utlån og garantier, med tilhørende rundskriv, til grunn for vurdering av utlånsporteføljen.

Ved førstegangs måling vurderes bankens utlån til virkelig verdi. Gebyrer, provisjoner og lignende som belastes kunden ved låneopptak inntektsføres direkte, i den grad inntektene er knyttet til direkte interne administrative kostnader. For gebyrinntekter på billån så periodiseres det som overskrider direkte administrative interne kostnader over 30 måneder. Amortisert kost er anskaffelseskostnad med fradrag for betalt avdrag på hovedstol og eventuelle nedskrivninger for tap.

Alle engasjementer blir fulgt opp ved løpende oppfølging av restanse- og overtrekkslister samt gjennom generell oppfølging via bankens risikoklassifiseringssystem. Bankens låneengasjementer vurderes og inndeles etter risikoklasser basert bankens risikomodell.

Et engasjement anses som misligholdt når kunden ikke har betalt forfalte terminer på utlån innen 90 dager etter forfall, eller når overtrekk på rammekreditt eller innskuddskonti ikke er inndekket innen 90 dager etter at rammekreditten eller kontoen ble overtrukket. Bankens tapsavsetningsmodell beregner forventet tap på porteføljen basert på misligholds- og tapssannsynlighet og denne modellen ligger til grunn både for friske, restanse og misligholdte engasjementer.

Nedskrivning på individuelle lån og grupper av lån foretas i de tilfeller det foreligger objektive bevis for verdifall eller tapshendelse. Nedskrivninger på misligholdte lån klassifiseres som individuelle, mens nedskrivninger på ikke-misligholdte lån klassifiseres som gruppevise. Nedskrivning for pantelån beregnes som differansen mellom utlånets bokførte verdi og nåverdien av estimerte framtidige kontantstrømmer, neddiskontert med effektiv rente.

Vurdering av om det foreligger objektive bevis for verdifall foretas individuelt for alle utlån. Alle kredittengasjementer, herunder misligholdte og andre spesielt utsatte engasjementer gjennomgås månedlig. Engasjementer kategorisert med høy risiko følges tett. Dersom det avdekkes at sikkerhetene åpenbart ikke dekker engasjementet, blir det fortløpende vurdert nedskrivning samt iverksettelse av tiltak for å redusere bankens risiko.

For forbrukslån og billån gjøres nedskrivinger basert på antall dager etter forfall kunder er på betalinger. Basert på hvor lenge kunder er etter på betaling beregnes nedskrivninger med sannsynlighet for mislighold, eksponering ved mislighold og tap ved mislighold.

Gruppenedskrivning omfatter bankens vurdering av grunnlaget for verdifall på grupper av ikke misligholdte utlån (friske utlån samt utlån i restanse opptil 90 dager) med tilnærmet like risikoegenskaper. Gruppenedskrivninger reduserer engasjementenes samlede regnskapsførte verdi i balansen. Periodens endringer i vurdert verdi resultatføres som tap på utlån og garantier, mens oppløsning gir gevinst.

Vurdering av sikkerheter på panteobjekter ved individuelle nedskrivninger, verdsettes til antatt nåverdi på beregnet sannsynlig tidspunkt for realisasjon eller egen overtagelse av sikkerheter. Individuelle nedskrivninger reduserer engasjementenes regnskapsførte verdi i balansen og periodens endringer i vurdert verdi resultatføres som tap på utlån og garantier.

Konstaterte tap på engasjementer er tap som regnes som endelige og er ikke balanseført.

1.b Sertifikater, obligasjoner, fondsandeler og aksjer
Sertifikater, obligasjoner og fondsandeler er vurdert som markedsbaserte omløpsmidler som inngår i en handelsportefølje og er regnskapsført til markedsverdi. Beregningen bygger på observerbare markedsverdier.
Aksjer er vurdert som anleggsmidler og bokført etter laveste verdis prinsipp.

2. Varige driftsmidler og immaterielle eiendeler
Varige driftsmidler og immaterielle eiendeler blir ført i balansen til anskaffelseskost, fratrukket akkumulerte ordinære avskrivninger og eventuelle nedskrivninger.

Ordinære avskrivninger er basert på kostpris og avskrivningene er fordelt lineært over eiendelenes antatte økonomiske levetid. Det har ikke vært foretatt endringer i avskrivningsplanene.

Er den virkelige verdi av et driftsmiddel vesentlig lavere enn den bokførte verdi og verdinedgangen ikke kan forventes å være av forbigående karakter, blir det foretatt nedskrivning til virkelig verdi.

3. Gjeld
Gjeldspostene er regnskapsført til pålydende verdi og reguleres ikke for eventuelle renteendringer.

4. Valuta
Agiotap og agiogevinst som oppstår ved betaling til utlandet inntektsføres/kostnadsføres på transaksjonstidspunktet i NOK.

5. Periodisering - Inntektsføring/kostnadsføring
Renter og provisjoner tas inn i resultatregnskapet etter hvert som disse opptjenes som inntekter eller påløper som kostnader.

Forskuddsbetalte inntekter og påløpte, ikke betalte kostnader periodiseres og føres som gjeld i balansen.

Opptjente, ikke betalte inntekter inntektsføres og føres opp som et tilgodehavende i balansen.
Gebyrer og provisjoner som er direkte betaling for utførte tjenester tas til inntekt når de betales.

Utbetaling av honorar til låneformidlere av forbruks- og billån periodiseres over 30 måneder.

6. Skatt
Utsatt skatt og utsatt skattefordel regnskapsføres i henhold til NRS(F) om resultatskatt.
Skattekostnaden i resultatregnskapet omfatter både periodens betalbare skatt og endring i utsatt skatt.
Endringen i utsatt skatt er knyttet til skattevirkningen av midlertidige resultatforskjeller og endring i underskudd til fremføring.

Utsatt skattefordel i balansen kan bare oppføres som eiendel i balansen dersom det kan holdes for overveiende sannsynlig at selskapet i et fremtidig regnskapsår vil ha en skattepliktig inntekt som gjør det mulig å utnytte fordelen.

7. Kontantstrømoppstilling
Kontantstrømoppstillingen stilles opp til indirekte metode. Kontanter og kontantekvivalenter består av bankinnskudd.

8. Finansielle derivater
Beregnet verdi av opsjoner kostnadsføres fortløpende i resultatregnskapet i takt med opptjeningen, motpost er annen innskutt egenkapital i balanseregnskapet.
Frittstående tegningsretter er balanseført som immateriell eiendel med motpost annen innskutt egenkapital. Eiendelen avskrives lineært over 5 år.

9. Regnskapsstandarder som ikke er implementert pr.31.12.19
IFRS 9 Finansielle instrumenter er godkjent av EU og ble obligatorisk fra 1. januar 2018 for selskaper som rapporterer etter IFRS. Easybank vil måtte implementere IFRS 9 som følge av ny årsregnskapsforskrift fra 1.januar 2020. IFRS 9 erstatter IAS 39 Finansielle instrumenter – innregning og måling. IFRS 9 regulerer klassifisering, måling og regnskapsføring av finansielle eiendeler og finansielle forpliktelser og introduserer en enhetlig klassifisering og måling av finansielle eiendeler i forhold til deres kontantstrømsegenskaper. IFRS 9 innebærer en ny nedskrivningsmodell basert på forventede tap og har en mer prinsippbasert tilnærming til om et instrument skal måles til amortisert kost eller virkelig verdi enn dagens regler har. IFRS 9 vil ha betydning for bankens beregninger av tapsnedskrivninger, primært knyttet opp mot bankens utlån til kunder. Nedskrivning av finansielle eiendeler målt til amortisert kost skal etter IAS 39 foretas når det finnes objektive bevis for at et tap har inntruffet. IFRS 9 medfører en overgang fra IAS 39s «påløpt tap-modell» til en forventet tap-modell, hvor nedskrivning skal foretas basert på selskapets beste estimat på balansedagen. Modellen banken bruker for å beregne tapsnedskrivninger vil omfatte sannsynlighet for mislighold, eksponering på tidspunkt for mislighold og tap gitt mislighold, samt triggere for overgang på tvers av de tre ulike klassene som IFRS 9 introduserer:
- Friske.
- Vesentlig økning i kredittrisikoen sammenlignet med førstegangsinnregning.
- Mislighold.

For finansielle eiendeler som inngår i nedskrivningsvurderingene etter IFRS 9, skal det måles og innregnes nedskrivninger etter 12-måneders forventet tap for finansielle eiendeler som anses for friske (klasse 1). Dvs utlån hvor kredittrisikoen ikke har økt vesentlig siden førstegangsinnregning. Overgangen til klasse 2 sammenlignet med førstegangsinnregning inntreffer når banken mottar informasjon som kan innebære vesentlig økt kredittrisiko, og aller senest når utlånet er mer enn 30 dager over forfall. Bankens vurdering av tidspunktet for når vesentlig økning i kredittrisikoen inntreffer baserer seg på historiske, nåværende og fremtidige forventninger til kontantstrømsegenskapene til de finansielle instrumentene som er gjenstand for nedskrivninger etter IFRS 9. Ved overgang til klasse 3 mislighold benytter banken seg av sin interne definisjon av mislighold som sier at mislighold inntreffer når kravet er mer enn 90 dager forfalt. Det er vurdert at banken vil benytte seg av forenklingsreglene som rammeverket i IFRS 9 for tapsnedskrivninger gir adgang til å bruke. I tillegg vil generelle forventede fremtidige makroforhold påvirke vurdering av tapsnedskrivninger. Effekten som følge av overgang fra IAS 39 til IFRS 9 vil på implementeringstidspunktet medføre en egenkapitalreduksjon på MNOK 103,6. Easybank vil på implementeringstidspunktet ikke omarbeide sammenligningstallene. Banken har som intensjon å benytte seg av overgangsreglene som er publisert av EU som gir adgang til en gradvis innfasing av effektene IFRS 9 vil ha for bankens kapitaldekning.

Note 2: Utlån til og fordringer på kredittinstitusjoner

Utlån til og fordringer på kredittinstitusjoner	2019	2018
Bankinnskudd	**154 717**	**106 973**
herav bundne midler:		
Skattetrekkskonto	1 357	1 109
Klientmidler forsikringsformidling	3 355	9 019
CAP-konto i DNB	0	25 000

Note 3: Utlån, garantier, mislighold og nedskrivninger

Tap på utlån og nedskrivning for tap

Banken vurderer månedlig utlånsporteføljen for å identifisere misligholdte og ikke-misligholdte engasjementer der tap kan påregnes som følge av nedsatt betjeningsevne hos kunden eller redusert verdi av bankens sikkerheter. Avdekker gjennomgangen risiko for tap resultatføres tapet som individuell nedskrivning.

Misligholdte og tapsutsatte engasjementer

Utlån og fordringer på kunder består av	31.12.2019	31.12.2018
Brutto utlån	2 804 258	2 613 783
Nedskrivinger	91 746	67 403
Netto utlån til og fordringer på kunder	**2 712 512**	**2 546 380**

Utlån- Mislighold og tap	31.12.2019	31.12.2018
Brutto misligholdte lån	355 244	226 098
Nedskrivinger	73 032	48 798
Netto misligholdte lån	**282 212**	**177 300**

Nedskrivninger på utlån

Nedskrivning på individuelle utlån for SMB og Bolig er avsetninger til dekning av påregnelige tap som har identifisert objektive bevis for nedskrivning på balansedagen.

Nedskrivninger

Individuelle nedskrivninger	31.12.2019	31.12.2018
Individuelle nedskrivninger ved inngangen til perioden	48 024	8 277
+/- Periodens endring	25 008	39 747
Individuelle nedskrivninger	**73 032**	**48 024**

Nedskrivninger grupper av utlån	31.12.2019	31.12.2018
Nedskrivninger på grupper av utlån ved inngangen til perioden	19 379	34 574
+/- Periodens endring	-666	-15 195
Gruppevise nedskrivninger	**18 713**	**19 379**

Samlede nedskrivninger for tap på lån utgjør 3,27 % av brutto utlån pr 31.12.19 mot 2,58 % pr 31.12.18.

I henhold til bankens policy for utlånspraksis gjennomføres ikke refinansiering av utlån med bakgrunn i at mislighold vurderes å være nært forestående. Refinansieringer, herunder reforhandling av vilkår og øvrige endringer av engasjementer, skjer med bakgrunn i reelle kredittmessige vurderinger.

Periodens tapskostnad består av	2019	2018
Endring individuelle nedskrivinger	25 008	39 747
Endring gruppevise nedskrivninger	-666	-15 195
Konstaterte tap på utlån	89 380	61 181
Inngående på tidligere konstaterte tap	-3 332	-751
Periodens tapskostnad	110 390	84 982

Utlån og garantier	2019	2019	2018	2018
	Utlån	**Garantier**	**Utlån**	**Garantier**
Forbrukslån	2 608 175	0	2 308 460	0
Billån	37 285	0	45 374	0
Personmarked bolig	115 405	0	144 414	0
Bedriftsmarked	43 393	130	115 535	878
Sum	**2 804 258**	**130**	**2 613 783**	**878**

Fylke	2019		2018	
Akershus	376 952	13,4 %	362 478	13,9 %
Aust-Agder	56 879	2,0 %	69 707	2,7 %
Buskerud	174 881	6,2 %	166 610	6,4 %
Finnmark	63 171	2,3 %	52 634	2,0 %
Hedmark	96 819	3,5 %	80 669	3,1 %
Hordaland	251 792	9,0 %	232 750	8,9 %
Møre og Romsdal	119 237	4,3 %	114 179	4,4 %
Nordland	133 610	4,8 %	121 489	4,6 %
Oppland	96 781	3,5 %	83 912	3,2 %
Oslo	387 930	13,8 %	376 977	14,4 %
Rogaland	221 231	7,9 %	209 505	8,0 %
Sogn og Fjordane	37 174	1,3 %	36 406	1,4 %
Trøndelag	193 173	6,9 %	176 481	6,8 %
Telemark	81 274	2,9 %	76 971	2,9 %
Troms	103 639	3,7 %	89 502	3,4 %
Vest-Agder	79 784	2,8 %	70 914	2,7 %
Vestfold	133 585	4,8 %	121 608	4,7 %
Østfold	175 796	6,3 %	165 864	6,3 %
Øvrige/Utland	20 550	0,7 %	5 128	0,2 %
Sum	**2 804 258**	**100,0 %**	**2 613 783**	**100,0 %**

Utlån fordelt på næringer	2019		2018	
Ingen næring, personmarked og utland	2 760 865	98,5 %	2 498 249	95,6 %
Industri	0	0,0 %	19 700	0,8 %
Utvikling av byggeprosjekter	3 481	0,1 %	4 500	0,2 %
Varehandel, rep av motorvogner	4 154	0,1 %	4 637	0,2 %
Overnattings- og serveringsvirksomhet	4 049	0,1 %	5 456	0,2 %
Informasjon og kommunikasjon	0	0,0 %	4 463	0,2 %
Omsetning og drift av fast eiendom	16 565	0,6 %	51 386	2,0 %
Faglig og finansiell tjenesteyting	0	0,0 %	0	0,0 %
Tjenesteytende næringer ellers	15 144	0,5 %	25 392	1,0 %
Sum	**2 804 258**	**100,0 %**	**2 613 783**	**100,0 %**

Spesifikasjon av betingede forpliktelser / garantier

	2019	2018
Kontraktsgarantier	130	758
Annet garantiansvar	0	120
Sum	**130**	**878**

Garantiene gjelder pliktige garantier knyttet til oppføring av bygg samt garanti knyttet til et transportmiddel.

Garantier er i all hovedsak gitt mot pant i kontantinnskudd. I noen tilfeller er også garantier innvilget mot pant i fast eiendom eller betryggende kausjoner.

Risikoklassifisering
Risikoklassifiseringen er en integrert del av bankens kredittvurderingssystem. Alle kunder klassifiseres med en egen risikoklasse ved opprettelse av søknad.

Inndeling av risikoklasse for forbrukslån og billån er basert på søknadsscore og en intern score for kunder der banken har nok egenhistorikk. Risikoklasse for Næringskunder er basert på en manuell kredittvurderingsmodell som oppdateres minst årlig av banken.

Risikoklassifisering

Brutto utlån fordelt i risikoklasser ved utgangen av året	2019	2018
Lav risiko	1 940 771	1 773 790
Medium risiko	441 856	562 690
Høy risiko	421 632	277 303
Sum	**2 804 258**	**2 613 783**

NOK i tusen Risikoklasse ved utgangen av året Privatkunder - bolig, fo	31.12.2019		31.12.2018	
Lav risiko	1 929 446	70 %	1 733 826	69 %
Medium risiko	419 252	15 %	494 118	20 %
Høy risiko	412 167	15 %	270 303	11 %
Sum	**2 760 865**	**100 %**	**2 498 248**	**100 %**

NOK i tusen Risikoklasse ved utgangen av året - Næringskunder	31.12.2019		31.12.2018	
Lav risiko	11 324	26 %	39 963	35 %
Medium risiko	22 604	52 %	68 572	59 %
Høy risiko	9 465	22 %	7 000	6 %
Sum	**43 393**	**100 %**	**115 535**	**100 %**

Aldersfordelte restanser

Forbrukslån & billån, aldersfordeling	31.12.2019	31.12.2018
Ikke forfalte utlånsengasjementer	1 893 295	1 803 838
Inntil 30 dager	256 735	206 362
30-59 dager	87 576	76 790
60-89 dager	54 020	47 747
90+ dager	353 833	219 098
Sum	**2 645 460**	**2 353 834**

Bolig, bedrifter og organisasjoner	31.12.2019	31.12.2018
Ikke forfalte utlånsengasjementer	157 387	247 918
30-90 dager	-	5 031
90+ dager	1 411	7 000
Sum	**158 798**	**259 949**

Note 4: Obligasjoner, sertifikater og andre rentebærende papirer

Pr 31.12.19

	Risikovekt i %	Nominell verdi	Anskaffelses-kost	Bokført verdi	Markeds-verdi
Statskasseveksler	0 %	0	0	0	0
Sum sertifikater og obligasjoner		**0**	**0**	**0**	**0**

Gjennomsnittlig effektiv rente i 2019 var på 0,7 %. Denne er beregnet basert på faktisk årlig renteinntekt dividert på gjennomsnittlig balanse. Balanseførte papirer ved årets inngang forfalt i hhv mars og juni, og banken hadde pr.31.12.19 ingen sertifikater eller obligasjoner.

Note 5: Aksjer, andeler og andre verdipapirer med variabel avkastning

Anleggsaksjer	Org.nr	Ant. aksjer 1.1	Årets tilgang/ avgang	Ant.aksjer 31.12	Anskaffelses-kost	Balanseført verdi
Norsk Mineralutvikling AS	981 602 544	142 860	0	142 860	1 000	0
Vipps AS	920 889 298	1 023 371	169	1 023 371	47	47
SDC AS	16 98 81 38	2 293	-118	2 175	1 016	1 016
Sum anleggsaksjer					**2 063**	**1 063**

Etter at banken valgte SDC som leverandør av bankens IT-systemer ble det avtalt at banken kjøpte obligatoriske aksjer i SDC. Banken eier 2.175 aksjer bokført til totalt MNOK 1,0 omregnet fra DKK. Posten er langsiktig og det er ikke foretatt valutajustering av pålydende og bokført verdi pr 31.12.19.

Eierinteresser i konsernselskaper	Org.nr	Eierandel	Ant. aksjer 1.1	Årets tilgang/ avgang	Ant.aksjer 31.12	Anskaffelses-kost	Balanseført verdi
Vollekjær Utvikling AS	914 933 994	100 %	30	0	30	5 231	100
Flisvika Utvikling AS	982 757 789	100 %	1 000	0	1 000	30	30
Easybank Eiendom 1 AS	916 776 381	100 %	30 000	0	30 000	31	31
Easybank Eiendom 2 AS	916 776 497	100 %	30 000	0	30 000	31	31
Fundu AS	919 165 650	100 %	0	9 919 140	9 919 140	11 000	11 000
Sum eierinteresser i konsernselskaper						**16 323**	**11 192**

Banken har pr. 31.12.19 ingen direkte overtatte eiendeler i balansen. Banken har pr. 31.12.19 fem heleide datterselskaper. Da disse er i midlertidig eie er de ikke konsolidert i årsregnskapet.

Resultat og egenkapital i konsernselskaper	Resultat 2019	Egenkapital 31.12.19
Fundu AS	-7 725	2 232
Vollekjær Utvikling AS	0	0
Flisvika Utvikling AS	1	-2 219
Easybank Eiendom 1 AS	0	11
Easybank Eiendom 2 AS	0	11
Sum eierinteresser i konsernselskaper	**-7 724**	**35**

Selskapene fikk i 2019 et samlet underskudd på TNOK 7.724, og hadde ved årets utgang en samlet egenkapital på TNOK 35.

Easybank AS har pr.31.12.19 fordring på Fundu AS på TNOK 5 982, Vollekjær Utvikling AS på TNOK 48, Easybank Eiendom I på TNOK 2, Easybank Eiendom II på TNOK 2 og gjeld Flisvika Utvikling AS på TNOK 3.
Alle datterselskapene har forretningsadresse i Holbergsgate 21 i Oslo. Styrene i Easybank ASA og Fundu AS har i felleskap utarbeidet en fusjonsplan der selskapene skal fusjonere. Betinget av godkjennelse fra offentlige myndigheter, vil dette gjennomføres i 2020.

Avkastning på plasseringer gjennom året var totalt på MNOK 7,5. Fondene er bokført til virkelig verdi.
Fondene har god likviditet, det er derfor ikke knyttet vesentlig usikkerhet til verdien av disse pr. årsslutt.

Fond	Risikovekt i %	ISIN	Anskaffelses-kostnad	Balanseført verdi
Alfred Berg OMF Kort	10 %	NO0010655152	98 403	100 333
DNB OMF	10 %	NO0010733017	100 109	102 182
Pluss Likviditet	20 %	NO0010606023	100 000	101 148
Pluss Kort Likviditet II	20 %	NO0010606031	73	1 442
Danske Invest Norsk Likviditet OMF	10 %	NO0010667678	100 000	100 676
Nordea FRN OMF	10 %	NO0010609894	50 000	50 269
Sum fond			**448 585**	**456 049**

Note 6: Varige driftsmidler og immaterielle eiendeler

Banken benytter følgende avskrivningssatser:

Maskiner/ IT-utstyr og software – 3 år
Inventar/innredninger – 5 år
Immaterielle eiendeler – mellom 5 og 10 år

Immaterielle eiendeler består av kjernesystem fra SDC, Autobahn oppkjøp og andre aktiverte IT-utviklingskostnader. Banken har valgt å avskrive kjernesystemet fra SDC over 10 år, og andre immaterielle eiendeler IT over 5 år.

Spesifikasjon av postene

	Maskiner og inventar	Immaterielle eiendeler
Anskaffelseskost pr 01.01.2019	2 350	31 040
Periodens tilgang	308	5 186
Periodens avgang	0	0
Anskaffelseskost pr 31.12.2019	2 657	36 226
Akkumulerte avskrivninger pr.31.12.19	1 785	15 755
Bokført verdi pr.31.12.19	**872**	**20 471**
Årets ordinære avskrivninger	520	5 420

Leie av banklokaler

Easybank ASA har hovedkontor i Holbergsgt. 21 i Oslo. Det er tegnet leiekontrakt for 699 kvadratmeter med Eiendomsspar AS. Leieforholdet løper i 8 år fra 01.03.2017 til 28.02.2025.

Note 7: Egenkapital og aksjonærer

Bankens egenkapital

Endring i egenkapital	Aksjekapital	Overkurs	Annen innskutt egenkapital	Annen egenkapital	Sum egenkapital
Balanse pr.1.1	324 736	125 155	6 577	34 160	490 628
Egne aksjer 1.1	-410	-645			-1 055
Kjøp/salg av egne aksjer	336	66			403
Utstedt nye aksjer	7 044	2 516			9 560
Emisjonskostnad				-550	-550
Opsjoner			582		582
Årets resultat				64 609	64 609
Balanse pr.31.12	**331 707**	**127 092**	**7 159**	**98 218**	**564 176**

Bankens 20 største aksjonærer

Aksjekapitalen består av 47.397.190 aksjer med pålydende NOK 7 pr aksje. Aksjene består av en klasse med like rettigheter. På generalforsamling gis hver aksje en stemme i henhold til de rammer som er gitt i finansinstitusjonslovgivningen.

Rank	Beholdning	Andel	Navn
1	4 409 380	9,30 %	Skagerrak Sparebank
2	3 844 349	8,11 %	Verdipapirfondet Alfred Berg
3	3 072 986	6,48 %	Fondsavanse AS
4	2 618 779	5,53 %	Umico - Gruppen AS
5	2 600 000	5,49 %	Hjellegjerde Invest AS
6	2 406 032	5,08 %	Ladegaard AS
7	1 838 007	3,88 %	Lindbank AS
8	1 574 750	3,32 %	Shelter AS
9	1 458 738	3,08 %	MP Pensjon PK
10	1 287 879	2,72 %	Jenssen & Co AS
11	1 250 000	2,64 %	Krogsrud Invest AS
12	1 187 768	2,51 %	Nordic Private Equity AS
13	1 149 074	2,42 %	Jolly Roger AS
14	900 000	1,90 %	Independent Oil & Resources Plc
15	767 159	1,62 %	Byholt AS
16	705 009	1,49 %	Whitetail Webservice Ltd
17	606 118	1,28 %	Trippel-L AS
18	440 909	0,93 %	Jaras Invest AS
19	400 222	0,84 %	Hildegunn Ulltveit-Moe
20	400 000	0,84 %	B-Finans AS
Sum topp 20	**32 917 159**	**69,45 %**	
	14 480 031	30,55 %	Andre aksjonærer
Totale aksjer	**47 397 190**		

Tall pr. 3.februar 2020

Aksjer eid av ledende ansatte og medlemmer av styret	Antall aksjer	Frittstående tegningsretter	Opsjoner
Administrerende direktør	231 324		268 177
Drifts og Kredittdirektør	181 370		195 711
Økonomidirektør			80 000
Direktør forretningsutvikling	223 762	280 000	201 944
IT direktør	1 203 147	280 000	195 711
Compliance direktør	273 986	280 000	195 711
Styremedlemmer	2 775 285		0
Nærstående til styre og ledelse	6 600		0

Note 8: Kapitaldekning

	31.12.2019	31.12.2018
Innbetalt aksjekapital	338 866	330 903
Overkurs	127 092	124 510
Annen egenkapital	98 218	34 160
Utsatt skattefordel og andre immaterielle eiendeler	-20 607	-22 714
Ren kjernekapital (CET 1)	543 569	466 858
Tellende hybridkapital *	28 000	29 000
Kjernekapital (Tier 1)	571 569	495 858
Ansvarlig kapital	40 000	40 000
Totalkapital (Tier 2)	611 569	535 858
Risikovektede eiendeler		
Lokale og regionale myndigheter, herunder kommuner	0	0
Lån og plasseringer til kredittinstitusjoner	30 943	21 394
Foretak	35 631	109 158
Massemarkedengasjementer	1 701 086	1 588 448
Engasjementer med pantsikkerhet i eiendom	40 499	49 923
Forfalte engasjementer	289 523	177 300
Andeler i verdipapirfond	61 179	34 460
Egenkapitalposisjoner	12 255	1 309
Øvrige engasjementer	84 136	78 630
Risikovektede eiendeler kredittrisiko	**2 255 251**	**2 060 622**
Markedsrisiko	0	0
Operasjonell risiko	395 298	253 583
Totale risikovektede eiendeler	**2 650 549**	**2 314 205**
Ren kjernekapital ratio (CET 1)	20,51 %	20,17 %
Kjernekapital ratio (Tier 1)	21,56 %	21,43 %
Total kapital ratio (Tier 2)	23,07 %	23,16 %

Banken har en fondsobligasjon på MNOK 10 som ble tatt opp i år 2010 og faller inn under overgangsregler der andelen som medregnes i bankens kjernekapital/ansvarlige kapital er redusert med 70 % pr 31.12.19.

Banken tok opp MNOK 25 i fondsobligasjon og MNOK 40 i ansvarlig kapital i 2017, og disse er ikke under overgangsregler.

Banken benytter basismetoden for beregning av krav til ansvarlig kapital som skal dekke den operasjonelle risiko. Beregningsgrunnlaget i basismetoden er 15 % av gjennomsnittlig inntekt de tre siste år multiplisert med 12.5, beregnet ved regnskapsårets slutt. Inntektsposter som medtas i beregningsgrunnlaget følger § 42-1 (3) i kapitalkravforskriften.

Note 9: Likviditetsrisiko

I tabellen nedenfor vises bankens løpetider av eiendeler, gjeld og egenkapital pr. 31.12.2019.

	1 mnd	2 mnd	3 mnd	12 mnd	2 år	3 år	4 år	5 år	>5år	Uten løpetid	Totalt
Eiendeler											
Norges Bank	54 351										54 351
Utlån til og fordringer til kredittinstitusjoner	154 717										154 717
Likviditetsportefølje	456 049									12 255	468 304
Utlån til kunder	24 724	24 915	20 544	191 921	276 201	282 122	260 870	194 895	1 376 582	59 738	2 712 512
Andre eiendeler										104 744	104 744
Totale Eiendeler	**689 841**	**24 915**	**20 544**	**191 921**	**276 201**	**282 122**	**260 870**	**194 895**	**1 376 582**	**176 737**	**3 494 628**
Gjeld og egenkapital											
Kundeinnskudd		1 322 411	24 307			73 266		46 897		1 339 130	2 806 011
Fondsobligasjon				10 000						25 000	35 000
Ansvarlig lån									40 000		40 000
Annen gjeld	17 706			21 811						9 924	49 441
Egenkapital										564 176	564 176
Gjeld og egenkapital	**17 706**	**1 322 411**	**24 307**	**31 811**	**0**	**73 266**	**0**	**46 897**	**40 000**	**1 938 230**	**3 494 628**

Note 10: Renterisiko

Tidspunkt fram til avtalt/sannsynlig endring av rentebetingelser

Ulik rentebindingstid for eiendeler og gjeld kan gi renterisiko for banken.

I tabellen nedenfor er en oversikt over gjenværende tid til avtalt eller sannsynlig renteregulering av eiendeler og gjeld pr. 31.12.2019

	1 mnd	2 mnd	3 mnd	12 mnd	2 år	3 år	4 år	5 år	>5år	Ikke rente-sensitivt	Totalt
Eiendeler											
Norges Bank	54 351										54 351
Utlån til og fordringer til kredittinstitusjoner	154 717										154 717
Likviditetsportefølje										468 304	468 304
Utlån til kunder		2 712 512									2 712 512
Andre eiendeler										104 744	104 744
Sum eiendeler	**209 068**	**2 712 512**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**573 048**	**3 494 628**
Gjeld og egenkapital											
Kundeinnskudd	2 685 848					73 266		46 897			2 806 011
Fondsobligasjon			25 000		10 000						35 000
Ansvarlig lån			40 000								40 000
Annen gjeld										49 441	49 441
Egenkapital										564 176	564 176
Sum gjeld og egenkapital	**2 685 848**	**0**	**65 000**	**0**	**10 000**	**73 266**	**0**	**46 897**	**0**	**613 617**	**3 494 628**

Renterisiko for en økning i rentekurven på 1% er på MNOK -0,56 og en 1% nedgang i rentekurven +MNOK 0,56.

Note 11: Opplysninger vedrørende ytelser til ansatte og tillitsmenn

Spesifisering av resultatposter i regnskapet

	2019	2018
Lønn	23 289	21 932
Pensjoner	2 963	2 712
Arbeidsgiveravgift	4 029	4 029
Øvrige sosiale kostnader	2 002	1 058
IT-kostnader	10 335	9 478
Andre administrasjonskostnader	16 813	23 576
Sum lønn og generelle adm.kostnader	**59 432**	**62 785**
Eksterne kjøpte tjenester	3 715	2 788
Leie av lokaler	2 890	2 771
Forsikringer	197	193
Revisjon og rådgivning	633	551
Medlemskontingenter bankorg.	929	871
Øvrige kostnader	1 076	1 139
Sum andre driftskostnader	**9 440**	**8 312**

Antall ansatte og årsverk	2019	2018
Antall årsverk pr.31.12	24,0	21,0
Gjennomsnittlig antall årsverk	23,0	21,0

Lønn, pensjonsforpliktelse og annen godtgjørelse

Ledende ansatte er ihht. regnskapsloven definert til å være bankens ledergruppe.

	Fastlønn	Variabel lønn	Andre godt-gjørelser	Pensjon	Natural-ytelse	Totalt
Ledende ansatte						
Administrerende direktør	2 286	53	280	181	10	2 809
Drifts og Kredittdirektør	1 479	30	75	179	67	1 829
Økonomidirektør	1 329	0	49	182	10	1 571
Direktør forretnings- og IT-utvikling	1 382	30	49	183	10	1 655
Compliancedirektør	1 382	30	49	183	10	1 653
IT-direktør	1 373	30	49	184	10	1 646
Sum ledende ansatte	**9 231**	**172**	**551**	**1 092**	**117**	**11 162**

Variabel lønn gjelder bonus for 2017, og består av RSU'er (Restricted Stock Units). Totalt ble det opptjent 95.740 RSU'er til kurs 10,89 som bonus for 2017, hvorav 73.908 tilfalt ledergruppen. Disse tildeles over 3 år med første tildeling i 2019.

Administrerende direktør har 18 måneders sluttavtale inkludert oppsigelsestiden ved fratredelse.

Styret	Honorar
Styrets leder	254
Styremedlem	152
Styremedlem	152
Styremedlem	152
Styremedlem (nytt fra 26.juni)	77
Styremedlem (ansattes repr.)	75
Sum styret	**863**

Revisors godtgjørelse for 2019 beløper seg totalt til TNOK 633 som fordeler seg på TNOK 483 for revisjon, TNOK 106 for andre attestasjonstjenester og TNOK 44 for annen bistand..

Det er ikke ytt lån eller sikkerhetsstillelse til styreleder, styret, administrerende direktør eller andre ansatte og nærstående av disse.

Pensjonsforpliktelser
Banken etablerte på slutten av 2003 en kollektiv ytelsespensjon for ansatte i banken, men ordningen ble endret i 2014 og alle ansatte ble overført til innskuddsbasert ordning fra 01.01.15.

I innskuddsordningen betaler banken innskudd til forsikringsselskap og banken har ikke ytterligere forpliktelser etter at innskuddet er betalt. Innskuddene med tillegg av arbeidsgiveravgift og finansskatt regnskapsføres som personalkostnad. Bankens innskuddsbaserte pensjonsordning tilfredsstiller lovens krav til obligatorisk tjenestepensjon.

Note 12: Skatt

Skatteberegning

Skatteberegning	2019	2018
Årets grunnlag for skattekostnad fordeler seg på:		
Resultat før skattekostnad	86 179	73 369
Permanente forskjeller	655	1 491
Balanseførte kostnader v/emisjon	-550	-3 536
Sum grunnlag skattekostnad	**86 284**	**71 324**
Sum skattekostnad (25%)	**21 571**	**17 831**
Beregning av årets grunnlag betalbar skatt fordeler seg på:		
Resultat før skattekostnad	86 179	73 369
Permanente forskjeller	655	1 491
Balanseførte kostnader v/emisjon	-550	-3 536
Årets endring i midlertidige forskjeller	231	579
Benyttet fremførbart underskudd	-8 352	-71 902
Sum årets skattegrunnlag betalbar skatt	**78 164**	**0**
Sum betalbar skatt (25%)	**19 541**	**0**
Beregning midlertidige forskjeller:		
Anleggsmidler	-296	-147
Rentefond	-244	-162
Sum midlertidige forskjeller	**-540**	**-309**
Beregning betalbar skatt /utsatt skattefordel:		
Midlertidige forskjeller	-540	-309
Skattemessig overskudd	78 164	-8 352
Grunnlag betalbar skatt	**78 164**	**-8 661**
Betalbar skatt (25%)	**19 541**	**0**
Utsatt skattefordel (25%)	**135**	**2 165**
Fordeling av årets skattekostnad:		
Betalbar skatt	19 541	0
Endring utsatt skattefordel	2 030	17 831
Sum skattekostnad	**21 571**	**17 831**

Utsatt skattefordel balanseføres. Utsatt skatt er beregnet på grunnlag av de forskjeller mellom regnskapsmessige og skattemessige verdier som eksisterer ved utgangen av regnskapsåret.

Note 13: Spesifikasjon av gebyr og provisjonsinntekter

	2019	2018
Garantiprovisjon	8	18
Formidlingsprovisjoner	24 769	29 573
Gebyrer betalingsformidling	621	669
Sum provisjoner og gebyrer	**25 399**	**30 260**

Note 14: Spesifikasjon av forskuddsbetalinger og opptjente inntekter

	2019	2018
Påløpte renteinntekter tradisjonelle utlån	628	638
Påløpte renteinntekter og avdrag forbruks- og billån	3 583	4 003
Påløpte renteinntekter fra likviditetsplasseringer	0	253
Periodiserte agent- og forhandlerprovisjoner	67 440	69 812
Forskuddsbetalte driftskostnader	2 164	2 294
Sum forskuddsbetalinger og opptjente inntekter	**73 814**	**77 001**

Note 15: Spesifikasjon av annen gjeld

	2019	2018
Skattetrekk	1 357	1 109
Leverandørgjeld	7 133	10 787
Gjeld til kunder - innvilget ikke utbetalte lån	115	1 603
Annen gjeld ellers	10 944	13 382
Sum annen gjeld	**19 549**	**26 881**

Note 16: Fondsobligasjon, ansvarlig lån og innskudd fra og gjeld til kunder

	Lånebeløp	ISIN	Call	Rente	Årets rente-kostnad
Fondsobligasjon	10 000	NO0010571870	29.04.2020	8,40 %	840
Fondsobligasjon	25 000	NO0010811003	23.11.2022	3MND NIBOR 7%	2 143
Ansvarlig obligasjonslån	40 000	NO0010811011	23.11.2022	3MND NIBOR 5%	2 618
Sum ansvarlig lånekapital					**5 601**

En fondsobligasjon ble utstedt 29.04.10 og løper til fastrente 8,40 % frem til calldato 29.04.20. Obligasjonen er evigvarende og vil etter call løpe til 3MND NIBOR + 5 % med årlig rentebetaling. Det ble utstedt en ny evigvarende fondsobligasjon 23.11.17 med call 23.11.22. Denne løper til rente 3MND NIBOR + 7% med kvartalsvise utbetalinger.

I tillegg ble det 23.11.17 utstedt ansvarlig obligasjonslån med call 23.11.22. Denne løper til rente 3MND NIBOR + 5% med kvartalsvise utbetalinger.

Innskudd fra og gjeld til kunder består av innskudd fra privatpersoner og bedrifter. Beregnet rente er 1,91%. Beregningen er basert på faktisk årlig rentekostnad dividert på gjennomsnittlig månedlige balanser.

Note 17: Aksjeopsjonsprogram og frittstående tegningsretter

Det ble i generalforsamlingen i april 2016 vedtatt opsjonsprogram for alle ansatte med oppstart i 2017.

Aksjeopsjonsprogram til alle ansatte

Banken har et aksjeopsjonsprogram for alle ansatte. Totalt antall opsjoner i dette programmet er 1 860 000. Disse hadde strike kurs i 2017 på 9 kr og årlig økning i strike kurs på 5 % fram til 2021 da de utløper.

Opsjonsordning som del av variabel avlønning til ledere og mellomledere

I henhold til gjeldende CRD 4 krav skal minimum 50 % av den variable godtgjørelsen til ledelsen være egenkapitalinstrumenter. Ledelsen i Easybank valgte å få utbetalt 100 % av den variable lønnen for 2016 i opsjoner. Disse tilbakeholdes og tildeles med 1/3 årlig i henhold til regelverket.

Øvrige opsjoner

I samarbeidsavtalen med Melin Medicals er det inngått en investeringsavtale der Melin Medicals eierselskap gis rett til å kjøpe inntil 9,99% av Easybanks utestående aksjer, noe som ytterligere understøtter den strategiske betydningen samarbeidet har for begge parter. Første 5% kan utøves innen 9 måneder til en kjøpspris på kr 11 pr aksje, og de neste 4,99% kan utøves i løpet av de påfølgende 15 månedene til en kjøpspris lik bokført verdi pr aksje.

Utestående frittstående tegningsretter

I forbindelse med bankens oppkjøp av bilkonsept og IT løsning ble det utstedt 1,5 millioner frittstående tegningsretter med utøvelseskurs 9 kr, årlig økning i utøvelseskurs på 10% og forfall i 2021. Det ble utøvet 100 000 tegningsretter til kurs 9 i 2017 og det gjenstår 1,4 millioner frittstående tegningsretter.

Aksjeopsjonsprogram for alle ansatte	
Tildelingsdato	28.08.2017
Antall tildelte opsjoner	1 464 000
Vektet gjennomsnitt av verdi på opsjoner tildelt i 2017	2,13
Det er benyttet Black & Scholes opsjonsprisingsmodell	
Totalkostnad eksl.aga og finansskatt	3 376 135
Kostnadsført ekskl. aga og finansskatt pr.31.12.19	3 310 461

Opsjonsordning som del av variabel avlønning til ledere og mellomledere	
Tildelingsdato	28.08.2017
Antall tildelte opsjoner	339 368
Vektet gjennomsnitt av verdi på opsjoner tildelt i 2017	2,80
Det er benyttet Black & Scholes opsjonsprisingsmodell	
Totalkostnad eksl.aga og finansskatt	948 704
Kostnadsført ekskl. aga og finansskatt pr.31.12.19	948 704

Ingen opsjoner er innløst ved regnskapsårets slutt 31.12.19.

Aksjeopsjonsprogrammet for alle ansatte er brukt som et økonomisk insentiv for å motivere og beholde ansatte i stilling, samt for å samordne de ansattes og aksjonærenes interesser.
Bonus til ledelsen sorterer under CRD IV-regelverket og er en økonomisk belønning for oppnådde bonuskriterier vedtatt av styret.

Easybank ASA
Årsregnskap 2018

Årsberetning 2018 for Easybank ASA

Om Easybank ASA

Easybank tilbyr finansiering, sparing og betalingsformidling til personmarkedet, organisasjoner og bedrifter. Fokuset er forbruksfinansiering i tillegg har banken utlån til bolig, bil, SMB og organisasjoner. Banken tilbyr også spareprodukter med attraktive vilkår for kundene.

Strategien baserer seg på å ha ledende teknologiske løsninger, kostnadseffektiv drift, god styring av kredittrisiko, effektiv utnyttelse av egenkapital og attraktive betingelser til kundene.

Banken ble notert på OTC-listen 15. november 2016 med tickeren Easy.

Banken er medlem av Bankenes Sikringsfond, Finansieringsselskapenes Forening og Finans Norge. Innskudd inntil 2 millioner kroner er sikret gjennom garantiordningen i Bankenes Sikringsfond. Banken har hovedsakelig norske eiere og ingen eiere har ved årsslutt over 10% eierandel. De 20 største eierne representerer pr.31.desember 2018 omtrent 67% av bankens aksjer.

Banken har forretningskontor i leide lokaler i Holbergsgate i Oslo.

Utvikling i 2018

Banken har hatt god utlånsvekst innen forbruksfinansiering i 2018 og god lønnsomhet innen SMB og boligsegmentet.

Noen av høydepunktene i løpet av året:

- Sterk økning i lønnsomhet med annualisert ROE fjerde kvartal på 14,2%
- Årsresultat før skatt på MNOK 73,4 opp fra MNOK 15,6 i 2017
- Stabile driftskostnader kvartal for kvartal til tross for sterk utlånsvekst gjennom året
- Cost to Income ratio ex marketing på 22,8% i fjerde kvartal (29% inkl marketing)
- God vekst innen forbruksfinansiering til gode marginer
- Godt salg av forsikringsprodukter
- Totale brutto utlån på MNOK 2 614 pr. årsslutt
- Brutto utlån til forbruksfinansiering MNOK 2 308 pr. årsslutt
- Kundeinnskudd på MNOK 2 602 pr. årsslutt
- Vellykket og fulltegnet emisjon i mars på MNOK 100
- Banken har fortsatt fremgangen på IT området der det brukes moderne IT teknologi til å skape førsteklasses kundeopplevelser, gode løsninger for partnere og effektivisering av driften
- Svært gode resultater i årets medarbeidertilfredshets undersøkelse

Økonomisk utvikling

Resultatregnskapet for 2018

Bankens årsresultat for 2018 ble et overskudd på MNOK 55,5 etter skatt mot et overskudd på MNOK 11,1 i 2017. Resultatet utgjør 1,98% av gjennomsnittlig totalkapital. Resultatforbedringen skyldes i hovedsak god utlånsvekst innen forbruksfinansiering og følgelig økte renteinntekter. I tillegg har det vært en økning i formidlingsprovisjoner.

Netto renteinntekter

Bankens netto renteinntekter utgjorde MNOK 247,9 mot MNOK 140,4 i 2017. Økningen kommer som et resultat av god utlånsvekst.

Netto andre driftsinntekter

Netto andre driftsinntekter utgjorde minus MNOK 13,5. Netto verdiendringer og gevinst på verdipapirer utgjorde MNOK 1,0. Provisjon og gebyrinntekter var på MNOK 30,3 hvorav størstedelen kommer fra formidlingsprovisjoner. Provisjon og gebyrkostnader var på MNOK 44,8. Størstedelen av provisjon og gebyrkostnader utgjorde kostnadsførte provisjoner til låneformidlere.

Driftskostnader
Sum driftskostnader utgjorde MNOK 76,0. Lønn og andre personalkostnader utgjorde MNOK 29,7. Andre administrasjonskostnader utgjorde MNOK 33,1. Avskrivinger utgjorde MNOK 4,9 og andre driftskostnader MNOK 8,3.

Tap på utlån
Bankens tapskostnad på utlån i 2018 var MNOK 85,0 mot MNOK 39,5 i 2017. Årsaken til økningen er veksten i forbruksfinansiering. Det har i løpet av 2018 vært utført salg av misligholdte lån på MNOK 151.

Balanse, likviditet og kapital
Bankens samlede forvaltningskapital utgjorde MNOK 3 208 pr 31.12.18.
Netto utlån til kunder utgjorde MNOK 2 546 ved utgangen av året. Utlån til SMB og bolig samt billån har gått ned som planlagt, og det har vært økning i forbruksfinansiering. Innskudd fra og gjeld til kunder utgjorde MNOK 2 602 pr 31.12.18, en økning på MNOK 634 fra i fjor.

Pr 31.12.18 hadde banken plassert MNOK 138,5 i fond investert i norske obligasjoner med fortrinnsrett og MNOK 90,1 i pengemarkedsfond. I tillegg hadde banken MNOK 169,2 i statskasseveksler fra Norges Bank. Utover dette hadde banken MNOK 107,0 plassert i andre banker. Verdipapirporteføljen har bestått av investeringer med lav risiko og høy likviditet. Likviditeten har vært god gjennom året.

Bankens egenkapital hensyntatt årets overskudd på MNOK 55,5 etter skatt utgjør MNOK 489,6 pr 31.12.18.

Ren kjernekapital pr 31.12.18 var MNOK 466,9, kjernekapital MNOK 495,9, og totalkapital MNOK 535,9. Ren kjernekapitaldekning utgjorde 20,17 % ved årsslutt, kjernekapitaldekning 21,43% og totalkapitaldekning 23,16 %.

Banken har stilt garantier for til sammen MNOK 0,9 pr 31.12.18.

Fremtidig utvikling

Planer for 2019
Easybank har etablert en skalerbar virksomhet, og har en bred IT plattform som gir banken muligheter for å utvide produktportefølje og distribusjon til en lav kostnad. Fokus i 2019 vil blant annet være:

- Levere konkurransedyktig egenkapitalavkastning
- Utvide produktporteføljen
- Inngå avtaler som styrker bankens distribusjonskraft
- Vekst innen forbruksfinansiering med fordelaktig risk/reward
- Effektiv drift med lave driftskostnader

Arbeidsmiljø og personale

Banken hadde ved årsskiftet 21 fast ansatte, hvorav 6 kvinner og 15 menn. Styret bestod av 5 personer hvorav 2 kvinner og 3 menn (1 er ansatt-representant).

Arbeidsmiljøet i banken anses som godt. Det totale sykefraværet i 2018 var 1,15 %, hvorav ingen langtidssykemeldte. Det er pr 31. desember ingen langtidssykemeldte. Banken støtter ansattes treningsabonnement for å forebygge sykefravær. Det gjennomføres også andre felles aktiviteter og velferdstiltak.

Generalforsamlingen godkjente i april 2016 aksjeopsjonsprogram for alle ansatte. Dette er med å bidra til økt motivasjon i hverdagen, samt at ansatte har incentiver for å bli værende i selskapet. De ansatte, selskapet og aksjonærene har dermed felles interesser.

Easybank har fastsatt etiske retningslinjer for alle ansatte som gjennomgås regelmessig. Banken aksepterer ikke diskriminering av ansatte, aksjonærer, styremedlemmer, kunder og leverandører på bakgrunn av etnisitet, nasjonalitet, alder, kjønn eller religion.

Banken har gode rutiner for sikkerhet og HMS. Det har i løpet av året ikke forekommet eller blitt rapportert om arbeidsuhell eller ulykker, som har resultert i materielle skader eller personskader.

Forskning og utvikling

Banken har ikke pågående FoU-aktivitet og har ingen kostnadsførte utgifter relatert til dette i 2018.

Miljørapportering

Etter styrets oppfatning forurenser ikke bankens virksomhet det ytre miljøet utover det som er normalt for kontordrift.

Redegjørelse om samfunnsansvar

Vektlegging av holdninger, etikk og god forretningsskikk er en forutsetning for at finansnæringen skal fylle sin samfunnsrolle. Easybank har som medlem av Finans Norge høyere ambisjoner enn kun å oppfylle krav i lover, forskrifter og andre bestemmelser.

Easybank har blant annet et ansvar for å:

- Drive bank på en måte som ivaretar hensynet til alle bedriftens interessenter
- Arbeide for en sunn, sikker, stabil og ansvarsfull finansnæring
- Ivareta hensynet til åpenhet og ansvarlighet i egen forretningsdrift
- Bidra til sunn og god konkurranse i markedet
- Etterleve bransjestandarder - herunder god rådgivningsskikk og næringens felles kompetansestandarder for rådgivning og salg
- Unngå rutiner og systemer, herunder incentivsystemer, som fremmer kortsiktig tenkning og på lengre sikt skader bedriftens interessenter, bedriften selv og den samlede finansnæringen
- Følge opp brudd på bransjestandarder og interne standarder

Bankens og dens ansatte skal ikke på noen måte anbefale eller ta initiativ til brudd på eller omgåelse av gjeldende lover og forskrifter.

Bankens complianceansvarlig har ikke rapportert om vesentlige avvik i 2018 knyttet til bankens etterlevelse av lover og forskrifter.

Virksomhetsstyring

I bankens foretaksstyring er en helhetlig risikostyring viktig. Dette innebærer blant annet:

- Risikostyring i forhold til bankens måloppnåelse og definerte rammer fra styret
- Bankens systemer og rutiner for risikostyring skal være tilpasset kompleksiteten i bankens virksomhet
- Risikostyring skal være en løpende prosess i banken og tilpasset bankens strategi
- Rapporteringen av risiko skal utformes på en måte som gir et godt bilde av bankens risiko og som er forståelig for bankens styre og ledelse
- Det skal være et skille mellom de som har utførende funksjoner og kontrollerende funksjoner.
- Det skal være et klart definert ansvar for de som har utførende og kontrollerende roller innenfor risikoområdene til banken
- Banken skal kun ta risiko som forstås av banken og den enkelte medarbeider.
- Ansvar for å inngå avtaler som påfører banken risiko delegeres gjennom personlige fullmakter og rammer

Internkontroll

Bankens retningslinjer for kvalitetssikring og internkontroll inngår i bankens overordnet risikopolicy. Bankens administrasjon har ansvar for den daglige risikostyring, som utøves gjennom instrukser, rapporter og kontroll. Ledere på alle virksomhetsområder gjennomfører årlig egenevaluering av sitt forretningsområde, med tilhørende tiltakslister. Compliance direktør gjennomfører kontroller i henhold til årshjul. Internkontrollen rapporteres av adm. direktør og gjennomgås av styret.

Finansiell risiko

Kredittrisiko

For Easybank utgjør kredittrisiko den største risikoen banken har og kreditthåndtering er en sentral del av bankens virksomhet. Sentrale styringsverktøy for banken er 'Styrets retningslinjer for kredittrisiko', bankens kreditthåndbok og bankens rutinebeskrivelser. Styret mottar jevnlig rapportering om utviklingen i bankens kredittrisiko. Styret har sterkt fokus på kredittrisikoen og følger nøye med i utviklingen av tapsutsatte og misligholdte engasjementer. Banken vurderer løpende verdien av sikkerheter og nedskrivningsbehov.

Bankens låneportefølje består av næringslån, boliglån, bilfinansiering med og uten pant til privatmarkedet, samt forbruksfinansiering til privatmarkedet. Banken endret strategi i 2016 til å satse på billån og forbrukslån. Banken faser derfor ut andre låneprodukter over tid. Som et resultat av strategiomlegging tilbys ikke boliglån lenger og det gis ikke nye lån til bedrifter og organisasjoner (unntatt ved restrukturering av eksisterende engasjement).

Kredittgivningen til privatmarkedet har høy grad av automatisering i alle ledd og banken har en risikobasert prising med fokus på konkurransedyktig egenkapitalavkastning. Banken har utviklet en likviditetsmodell for å beregne betjeningsevne, der en beregner kundens evne til å betjene lånet. Denne er basert på kundenes inntekt og relevante utgifter. Nødvendig dokumentasjon innhentes ved behov. Videre har banken utviklet risikomodeller for beregning av betalingsvilje. I tillegg til beregning av betalingsvilje og betalingsevne, har banken en rekke policyregler som kan gi avslag. Disse policyreglene er basert på interne regler og eksterne regler fra kredittopplysningsbyrået.

Likviditetsrisiko

Likviditetsrisiko er risiko for at banken i en gitt situasjon ikke klarer å refinansiere seg i tilstrekkelig grad til at banken kan møte sine forpliktelser ved forfall. Likviditetsrisikoen må sees i sammenheng med bankens egenkapital og forholdet mellom innskudd og utlån.

Banken oppdaterer sin policy for likviditet og markedsrisikopolicy årlig. Denne har styrevedtatte rammer for likviditetsrisiko, rutiner for rapportering av likviditetsrisiko og rammer for bankens likviditetsportefølje. Banken har beredskapsplan for likviditetskrise og gjennomfører likviditets stresstest minimum på kvartalsvis basis.

Bankens innskuddsdekning utgjorde 101 % pr 31.12.18 mot 111 % pr 31.12.17.

Innskuddsmassen var fordelt på et høyt antall kunder og diversifiserte kundeinnskuddsprodukter. 65 % av totale kundeinnskudd var kundeinnskudd med 35 dager eller mer i varslingstid før uttak.

Bankens beholdning av innskudd i Norges Bank utgjorde MNOK 53,9 pr 31.12.18 mot MNOK 53,7 pr 31.12.17. Innskudd i andre banker utgjorde MNOK 107,0 pr 31.12.18. Banken hadde likvide plasseringer i statspapirer, pengemarkedsfond og fond investert i obligasjoner med fortrinnsrett. Disse plasseringene kan selges og gi likviditet til banken innen 2 bankdager ved behov. Det er lagt vekt på at bankens likviditetsportefølje skal være likvid og tilgjengelig på kort varsel.

Banken disponerer ingen trekkrettigheter p.t. og har stilt sikkerhet for bankens CAP i DnB.

Likviditetsreserven utgjorde MNOK 560 pr 31.12.18 mot MNOK 504 pr 31.12.17.

Bankens LCR pr 31.12.18 var 838 % mot 1 080 % pr 31.12.17. Bankens LCR ratio er høy siden banken har en stor andel likvide eiendeler, og en vesentlig andel kundeinnskudd med varslingstid.

Styret anser likviditetsrisikoen for å være lav.

Markedsrisiko
Markedsrisiko er risiko for tap i markedsverdier knyttet til porteføljer av finansielle instrumenter som følge av svingninger i aksjekurser, renter og valutakurser, samt kredittspreadrisiko. Kursrisiko er risikoen for at en endring i kursene på en beholdning av verdipapirer skal gi vesentlige tap for banken.

Bankens Likviditet og Markedsrisiko policy har styrevedtatte retningslinjer for markedsrisiko, risikorammer og rutiner for rapportering. Retningslinjene behandles minst årlig i styret. Styret mottar jevnlig rapportering om utvikling i markedsrisiko.

Innskudd fra kunder har i det vesentligste flytende rente, og utlån til kunder løper kun med flytende rente. Styret vurderer renterisikoen i utlåns- og innskuddsmassen som liten.

Styret har utarbeidet instruks for plassering i verdipapirer og finansinstitusjoner.
Styret vurderer renterisikoen i bankens likviditetsplasseringer til å være lav.

Banken har ingen valutarisiko utover noen fakturaer som betales i danske kroner.

Styret anser bankens markedsrisiko for å være lav.

Operasjonell risiko
Operasjonell risiko defineres som risiko for tap som følge av mangelfulle eller mislykkede interne prosesser, menneskelige feil, systemfeil eller eksterne hendelser.
Etablerte internkontrollrutiner inngår som en viktig del av risikostyringen.
Det er etablert en systematisk oppfølging av operasjonell risiko basert på hendelseskategorier.

Forhold etter regnskapsårets slutt
Det er ikke oppstått vesentlige forhold etter avslutning av regnskapsåret 2018 som har innvirkning på bedømmelsen og vurderingen av regnskapet.

Fortsatt drift
Årsregnskapet er avlagt under forutsetning om fortsatt drift. Til grunn for denne vurderingen ligger bankens økonomiske drift, styrkede finansielle stilling, samt styrets vurdering av framtidsutsiktene med ny strategisk retning.
Etter styrets mening gir årsregnskap og årsberetning en rettvisende oversikt over utviklingen og resultatet av bankens virksomhet og økonomiske stilling.

Oslo, den 13.februar 2019

Svein Lindbak Styrets leder	Jan Kleppe Styremedlem	Irene Terkelsen Styremedlem
Liv Stake Rosengren Styremedlem	Tom Erik Rokling Styremedlem (ansattvalgt)	Oddbjørn Berentsen Adm. dir.

NOK i tusen **RESULTATREGNSKAP**	**Note**	**2018**	**2017**
Renteinntekter og lignende inntekter			
Renter og lignende inntekter av utlån til og fordringer på kredittinstitusjoner		1 519	2 175
Renter og lignende inntekter av utlån til og fordringer på kunder		293 607	166 576
Renter og lignende inntekter fra obligasjoner og sertifikater		1 738	685
Sum renteinntekter og lignende inntekter		**296 864**	**169 436**
Rentekostnader og lignende kostnader			
Renter på innskudd fra og gjeld til kunder		42 603	26 759
Renter og kostnader på ansvarlig lånekapital		5 307	1 260
Andre rentekostnader og lignende kostnader		1 103	1 065
Sum rentekostnader og lignende kostnader		**49 013**	**29 085**
NETTO RENTE-OG KREDITTPROVISJONSINNTEKTER		**247 851**	**140 351**
Utbytte av verdipapirer med variabel avkastning			
Inntekter av aksjer, andeler og andre verdipapirer		**0**	**0**
Provisjonsinntekter og inntekter fra banktjenester	13		
Garantiprovisjon		18	62
Andre gebyrer og provisjonsinntekter		30 242	7 620
Sum provisjoner og inntekter fra banktjenester		**30 260**	**7 683**
Provisjonskostnader og kostnader ved banktjenester			
Andre gebyrer og provisjonskostnader		**44 797**	**22 398**
Netto verdiendring og gevinst/tap på valuta og v.p.	5		
Netto verdiendring og gevinst/tap på verdipapirer		941	1 035
Netto verdiendring og gevinst/tap på valuta og finansielle derivater		61	96
Sum netto gevinst av verdipapirer og valuta		**1 002**	**1 131**
Andre driftsinntekter			
Andre driftsinntekter		**39**	**88**
NETTO ANDRE DRIFTSINNTEKTER		**-13 496**	**-13 497**
SUM DRIFTSINNTEKTER		**234 354**	**126 855**

NOK i tusen			
RESULTATREGNSKAP	**Note**	**2018**	**2017**
Lønn og generelle administrasjonskostnader	11,17		
Lønn		21 932	23 611
Pensjoner		2 712	2 306
Sosiale kostnader		5 087	4 725
Administrasjonskostnader		33 055	27 283
Sum lønn og generelle administrasjonskostnader		**62 785**	**57 925**
Avskrivninger av varige driftsmidler og imm. eiendeler	6		
Ordinære avskrivninger		**4 906**	**4 051**
Andre driftskostnader	11		
Andre driftskostnader		8 312	9 728
Sum andre driftskostnader		**8 312**	**9 728**
SUM DRIFTSKOSTNADER		**76 004**	**71 704**
DRIFTSRESULTAT FØR TAP		**158 350**	**55 151**
Tap på utlån m.v	3		
Tap på utlån		**84 982**	**39 512**
RESULTAT FØR SKATT		**73 369**	**15 639**
Skatt på ordinært resultat	12	**17 831**	**4 533**
RESULTAT FOR REGNSKAPSÅRET		**55 538**	**11 106**
Overføringer og disponering av resultat for regnskapsåret			
Overført til annen egenkapital		34 160	0
Overført til udekket tap		21 378	11 106
Sum overføring og disponeringer		**55 538**	**11 106**

NOK i tusen **BALANSEREGNSKAP**	**Note**	**31.12.2018**	**31.12.2017**
EIENDELER			
Kontanter og fordringer på sentralbanker		**53 868**	**53 680**
Utlån til og fordringer på kredittinstitusjoner	2		
Utlån til og fordringer på kredittinstitusjoner uten avtalt løpetid		106 890	280 247
Utlån til og fordringer på kredittinstitusjoner med avtalt løpetid		82	62
Sum netto utlån og fordringer på kredittinstitusjoner		**106 973**	**280 310**
Utlån til og fordringer på kunder	3		
Kasse-/drifts-og brukskreditter		3 704	318
Nedbetalingslån		2 610 079	1 780 544
Sum utlån før tapsnedskrivninger		2 613 783	1 780 862
- Nedskrivning på individuelle utlån		48 024	8 277
- Nedskrivning på grupper av utlån		19 379	34 574
Sum netto utlån og fordringer på kunder.		**2 546 380**	**1 738 011**
Sertifik., obligasjoner o.a. rentebærende verdipapirer	4		
Sertifikater og obligasjoner		169 249	152 017
Sum sertifik., oblig. o.a. rentebærende verdipapirer		**169 249**	**152 017**
Aksjer (o.a. verdipapirer med variabel avkastning)	5		
Aksjer i selskap		1 117	1 228
Verdipapirer		228 585	52 641
Sum aksjer (o.a. verdipapirer med variabel avkastning)		**229 703**	**53 869**
Eierinteresser i konsernselskaper	5		
Eierinteresser i andre konsernselskaper		192	192
Immaterielle eiendeler	6,12		
Utsatt skattefordel	12	2 165	19 996
Andre immaterielle eiendeler	6	20 549	20 398
Sum immaterielle eiendeler		**22 714**	**40 395**
Varige driftsmidler	6		
Maskiner og inventar		1 085	1 191
Sum varige driftsmidler		**1 085**	**1 191**
Andre eiendeler			
Andre eiendeler		523	1 576
Sum andre eiendeler		**523**	**1 576**
Forskuddsbetalinger og opptjente inntekter	14		
Opptjente ikke-mottatte inntekter		4 894	2 914
Forskuddsbetalte ikke påløpte kostnader		72 107	83 108
Sum forskuddsbetalinger og opptjente inntekter		**77 001**	**86 022**
SUM EIENDELER		**3 207 686**	**2 407 262**

NOK i tusen BALANSEREGNSKAP	Note	31.12.2018	31.12.2017
GJELD OG EGENKAPITAL			
Gjeld			
Innskudd fra og gjeld til kunder	16		
Innskudd fra kunder uten avtalt løpetid		1 111 132	688 066
Innskudd fra kunder med avtalt løpetid		1 490 708	1 279 442
Sum innskudd fra og gjeld til kunder.		**2 601 840**	**1 967 508**
Annen gjeld	15		
Annen gjeld		26 881	18 508
Sum annen gjeld.		**26 881**	**18 508**
Påløpte kostnader og forskuddsbetalte inntekter	14		
Påløpte ikke-forfalte kostnader og innbetalte ikke opptjente inntekter		14 393	10 015
Sum påløpte kostnader og forskuddsbetalte inntekter		**14 393**	**10 015**
Ansvarlig lånekapital	16		
Ansvarlig obligasjonslån		40 000	40 000
Fondsobligasjoner		35 000	35 000
Sum avsetninger til forpliktelser og kostnader.		**75 000**	**75 000**
Sum gjeld		**2 718 114**	**2 071 031**
Egenkapital	7,8,17		
Egenkapital			
Aksjekapital		324 326	260 690
Overkursfond		124 510	91 681
Annen egenkapital		34 160	-21 378
Annen innskutt egenkapital		6 577	5 238
Sum egenkapital		**489 572**	**336 231**
SUM GJELD OG EGENKAPITAL		**3 207 686**	**2 407 262**
Poster utenom balansen:			
Betingede forpliktelser			
Garantier	3	878	2 332

Disponering av årsresultat
Styret foreslår å overføre årets overskudd på MNOK 55,5 til annen egenkapital.

Oslo, den 13.februar 2019

Svein Lindbak Styrets leder	Jan Kleppe Styremedlem	Irene Terkelsen Styremedlem
Liv Stake Rosengren Styremedlem	Tom Erik Rokling Styremedlem (ansattvalgt)	Oddbjørn Berentsen Adm. dir.

NOK i tusen		
KONTANTSTRØMOPPSTILLING	**2018**	**2017**
Kontanstrøm fra operasjonelle aktiviteter		
Resultat før skattekostnad	73 369	15 639
Ordinære avskrivninger	4 906	4 051
Endring i brutto utlån til kunder	-832 921	-776 623
Endring i innskudd fra kunder	634 332	667 095
Endring i andre tidsavgrensingsposter	48 690	-20 831
Netto kontantstrøm fra operasjonelle aktiviteter	**-71 624**	**-110 669**
Kontantstrømmer fra investeringsaktiviteter:		
Investeringer i varige driftsmidler	-318	-606
Investeringer i immaterielle eiendeler	-4 605	-4 122
Endring i verdipapirer	-193 066	43 280
Netto kontantstrøm fra investeringsaktiviteter	**-197 989**	**38 552**
Kontantstrømmer fra finansieringsaktiviteter:		
Endring i innskutt egenkapital	96 465	900
Opptak av ansvarlig lån	0	40 000
Opptak av fondsobligasjonslån	0	25 000
Netto kontantstrøm fra finansieringsaktiviteter	**96 465**	**65 900**
Netto kontantstrøm for perioden	-173 148	-6 217
Beholdning av kont. og kontantekvivalenter ved periodens begynnelse	333 990	340 207
Kontanter og kontantekvivalenter ved periodens slutt	**160 841**	**333 990**

NOTER TIL ÅRSREGNSKAPET 2018
EASYBANK ASA

Note 1: Generelle regnskapsprinsipper

Årsregnskapet for Easybank ASA er avlagt i samsvar med norsk regnskapslovgivning, Forskrift om årsoppgjør m.m. for banker, finansieringsforetak og morselskap for slike og god regnskapsskikk. Årsoppgjøret omfatter perioden 01.01.2018 – 31.12.2018.

Om ikke annet fremgår er beløp i notene angitt i tusen kroner.

1. Finansielle instrumenter

Bankens utlånsportefølje vurderes til amortisert kost. Da banken ikke har utlån med fastrente eller med fast margin anses amortisert kost å tilsvare virkelig verdi. For øvrig legges de vurderingsprinsipper som følger av de til enhver tid gjeldende forskrifter om regnskapsmessig behandling av utlån og garantier, med tilhørende rundskriv, til grunn for vurdering av utlånsporteføljen.

Ved førstegangs måling vurderes bankens utlån til virkelig verdi. Gebyrer, provisjoner og lignende som belastes kunden ved låneopptak inntektsføres direkte, i den grad inntektene er knyttet til direkte interne administrative kostnader. For gebyrinntekter på billån så periodiseres det som overskrider direkte administrative interne kostnader over 30 måneder. Amortisert kost er anskaffelseskostnad med fradrag for betalt avdrag på hovedstol og eventuelle nedskrivninger for tap.

Alle engasjementer blir fulgt opp ved løpende oppfølging av restanse- og overtrekkslister samt gjennom generell oppfølging via bankens risikoklassifiseringssystem. Bankens låneengasjementer vurderes og inndeles etter risikoklasser basert bankens risikomodell.

Et engasjement anses som misligholdt når kunden ikke har betalt forfalte terminer på utlån innen 90 dager etter forfall, eller når overtrekk på rammekreditt eller innskuddskonti ikke er inndekket innen 90 dager etter at rammekreditten eller kontoen ble overtrukket. Bankens tapsavsetningsmodell beregner forventet tap på porteføljen basert på misligholds- og tapssannsynlighet og denne modellen ligger til grunn både for friske, restanse og misligholdte engasjementer.

Nedskrivning på individuelle lån og grupper av lån foretas i de tilfeller det foreligger objektive bevis for verdifall eller tapshendelse. Nedskrivninger på misligholdte lån klassifiseres som individuelle, mens nedskrivninger på ikke-misligholdte lån klassifiseres som gruppevise. Nedskrivning for pantelån beregnes som differansen mellom utlånets bokførte verdi og nåverdien av estimerte framtidige kontantstrømmer, neddiskontert med effektiv rente.

Vurdering av om det foreligger objektive bevis for verdifall foretas individuelt for alle utlån. Alle kredittengasjementer, herunder misligholdte og andre spesielt utsatte engasjementer gjennomgås månedlig. Engasjementer kategorisert med høy risiko følges tett. Dersom det avdekkes at sikkerhetene åpenbart ikke dekker engasjementet, blir det fortløpende vurdert nedskrivning samt iverksettelse av tiltak for å redusere bankens risiko.

For forbrukslån og billån gjøres nedskrivinger basert på antall dager etter forfall kunder er på betalinger. Basert på hvor lenge kunder er etter på betaling beregnes nedskrivninger med sannsynlighet for mislighold, eksponering ved mislighold og tap ved mislighold.

Gruppenedskrivning omfatter bankens vurdering av grunnlaget for verdifall på grupper av ikke misligholdte utlån (friske utlån samt utlån i restanse opptil 90 dager) med tilnærmet like risikoegenskaper. Gruppenedskrivninger reduserer engasjementenes samlede regnskapsførte verdi i balansen. Periodens endringer i vurdert verdi resultatføres som tap på utlån og garantier, mens oppløsning gir gevinst.

Vurdering av sikkerheter på panteobjekter ved individuelle nedskrivninger, verdsettes til antatt nåverdi på beregnet sannsynlig tidspunkt for realisasjon eller egen overtagelse av sikkerheter. Individuelle nedskrivninger reduserer engasjementenes regnskapsførte verdi i balansen og periodens endringer i vurdert verdi resultatføres som tap på utlån og garantier.

Konstaterte tap på engasjementer er tap som regnes som endelige og er ikke balanseført.

1.b Sertifikater, obligasjoner, fondsandeler og aksjer
Sertifikater, obligasjoner og fondsandeler er vurdert som markedsbaserte omløpsmidler som inngår i en handelsportefølje og er regnskapsført til markedsverdi. Beregningen bygger på observerbare markedsverdier.
Aksjer er vurdert som anleggsmidler og bokført etter laveste verdis prinsipp.

2. Varige driftsmidler og immaterielle eiendeler
Varige driftsmidler og immaterielle eiendeler blir ført i balansen til anskaffelseskost, fratrukket akkumulerte ordinære avskrivninger og eventuelle nedskrivninger.

Ordinære avskrivninger er basert på kostpris og avskrivningene er fordelt lineært over eiendelenes antatte økonomiske levetid. Det har ikke vært foretatt endringer i avskrivningsplanene.

Er den virkelige verdi av et driftsmiddel vesentlig lavere enn den bokførte verdi og verdinedgangen ikke kan forventes å være av forbigående karakter, blir det foretatt nedskrivning til virkelig verdi.

3. Gjeld
Gjeldspostene er regnskapsført til pålydende verdi og reguleres ikke for eventuelle renteendringer.

4. Valuta
Agiotap og agiogevinst som oppstår ved betaling til utlandet inntektsføres/kostnadsføres på transaksjonstidspunktet i NOK.

5. Periodisering - Inntektsføring/kostnadsføring
Renter og provisjoner tas inn i resultatregnskapet etter hvert som disse opptjenes som inntekter eller påløper som kostnader.

Forskuddsbetalte inntekter og påløpte, ikke betalte kostnader periodiseres og føres som gjeld i balansen.

Opptjente, ikke betalte inntekter inntektsføres og føres opp som et tilgodehavende i balansen.
Gebyrer og provisjoner som er direkte betaling for utførte tjenester tas til inntekt når de betales.

Utbetaling av honorar til låneformidlere av forbruks- og billån periodiseres over 30 måneder.

6. Skatt
Utsatt skatt og utsatt skattefordel regnskapsføres i henhold til NRS(F) om resultatskatt.
Skattekostnaden i resultatregnskapet omfatter både periodens betalbare skatt og endring i utsatt skatt.
Endringen i utsatt skatt er knyttet til skattevirkningen av midlertidige resultatforskjeller og endring i underskudd til fremføring.

Utsatt skattefordel i balansen kan bare oppføres som eiendel i balansen dersom det kan holdes for overveiende sannsynlig at selskapet i et fremtidig regnskapsår vil ha en skattepliktig inntekt som gjør det mulig å utnytte fordelen.

7. Kontantstrømoppstilling

Kontantstrømoppstillingen stilles opp til indirekte metode. Kontanter og kontantekvivalenter består av bankinnskudd.

8. Finansielle derivater
Beregnet verdi av opsjoner kostnadsføres fortløpende i resultatregnskapet i takt med opptjeningen, motpost er annen innskutt egenkapital i balanseregnskapet.
Frittstående tegningsretter er balanseført som immateriell eiendel med motpost annen innskutt egenkapital. Eiendelen avskrives lineært over 5 år.

Note 2: Utlån til og fordringer på kredittinstitusjoner

Utlån til og fordringer på kredittinstitusjoner	2018	2017
Bankinnskudd	**106 973**	**280 310**
herav bundne midler:		
Skattetrekkskonto	1 109	934
Klientmidler forsikringsformidling	9 019	1 200
CAP-konto i DNB	25 000	35 000

Note 3: Utlån, garantier, mislighold og nedskrivninger

Tap på utlån og nedskrivning for tap
Banken vurderer månedlig utlånsporteføljen for å identifisere misligholdte og ikke-misligholdte engasjementer der tap kan påregnes som følge av nedsatt betjeningsevne hos kunden eller redusert verdi av bankens sikkerheter. Avdekker gjennomgangen risiko for tap resultatføres tapet som individuell nedskrivning.

Misligholdte og tapsutsatte engasjementer

Utlån og fordringer på kunder består av	31.12.2018	31.12.2017
Brutto utlån	2 613 783	1 780 862
Nedskrivinger	67 403	42 851
Netto utlån til og fordringer på kunder	**2 546 380**	**1 738 011**

Utlån- Mislighold og tap	31.12.2018	31.12.2017
Brutto misligholdte lån	226 098	116 222
Nedskrivinger	48 798	22 146
Netto misligholdte lån	**177 300**	**94 076**

Nedskrivninger på utlån
Nedskrivning på individuelle utlån for SMB og Bolig er avsetninger til dekning av påregnelige tap som har identifisert objektive bevis for nedskrivning på balansedagen.

Nedskrivninger

Individuelle nedskrivninger	31.12.2018	31.12.2017
Individuelle nedskrivninger ved inngangen til perioden	8 277	11 772
+/- Endring indviduelle nedskrivninger i perioden	39 747	-3 496
Individuelle nedskrivninger	**48 024**	**8 277**

Nedskrivninger grupper av utlån	31.12.2018	31.12.2017
Nedskrivninger på grupper av utlån ved inngangen til perioden	34 574	10 394
+/- Periodens endring	-15 195	24 180
Gruppevise nedskrivninger	**19 379**	**34 574**

Samlede nedskrivninger for tap på lån utgjør 2,58 % av brutto utlån pr 31.12.18 mot 2,47 % pr 31.12.17.

I henhold til bankens policy for utlånspraksis gjennomføres ikke refinansiering av utlån med bakgrunn i at mislighold vurderes å være nært forestående. Refinansieringer, herunder reforhandling av vilkår og øvrige endringer av engasjementer, skjer med bakgrunn i reelle kredittmessige vurderinger.

Periodens tapskostnad består av	2018	2017
Endring individuelle nedskrivinger	39 747	-3 496
Endring gruppevise nedskrivninger	-15 195	24 180
Konstaterte tap på utlån	61 181	18 924
Inngående på tidligere konstaterte tap	-751	-96
Periodens tapskostnad	84 982	39 512

Utlån og garantier	2018	2018	2017	2017
	Utlån	**Garantier**	**Utlån**	**Garantier**
Forbrukslån	2 308 460	0	1 373 862	0
Billån	45 374	0	61 806	0
Personmarked bolig	144 414	0	194 344	0
Bedriftsmarked	115 535	878	150 848	2 332
Sum	**2 613 783**	**878**	**1 780 861**	**2 332**

Utlån fordelt etter geografi og næringer

Fylke	2018		2017	
Akershus	362 478	13,9 %	240 788	13,5 %
Aust-Agder	69 707	2,7 %	41 802	2,3 %
Buskerud	166 610	6,4 %	123 810	7,0 %
Finnmark	52 634	2,0 %	30 801	1,7 %
Hedmark	80 669	3,1 %	57 379	3,2 %
Hordaland	232 750	8,9 %	178 432	10,0 %
Møre og Romsdal	114 179	4,4 %	73 371	4,1 %
Nordland	121 489	4,6 %	77 817	4,4 %
Oppland	83 912	3,2 %	60 274	3,4 %
Oslo	376 977	14,4 %	248 747	14,0 %
Rogaland	209 505	8,0 %	145 484	8,2 %
Sogn og Fjordane	36 406	1,4 %	24 293	1,4 %
Trøndelag	176 481	6,8 %	113 614	6,4 %
Telemark	76 971	2,9 %	48 130	2,7 %
Troms	89 502	3,4 %	53 570	3,0 %
Vest-Agder	70 914	2,7 %	63 953	3,6 %
Vestfold	121 608	4,7 %	75 670	4,2 %
Østfold	165 864	6,3 %	120 482	6,8 %
Øvrige/Utland	5 128	0,2 %	2 444	0,1 %
Sum	**2 613 783**	**100,0 %**	**1 780 861**	**100,0 %**

Utlån fordelt på næringer	2018		2017	
Ingen næring, personmarked og utland	2 498 249	95,6 %	1 630 013	91,5 %
Industri	19 700	0,8 %	12 000	0,7 %
Utvikling av byggeprosjekter	4 500	0,2 %	558	0,0 %
Varehandel, rep av motorvogner	4 637	0,2 %	0	0,0 %
Overnattings- og serveringsvirksomhet	5 456	0,2 %	5 702	0,3 %
Informasjon og kommunikasjon	4 463	0,2 %	5 408	0,3 %
Omsetning og drift av fast eiendom	51 386	2,0 %	84 926	4,8 %
Faglig og finansiell tjenesteyting	0	0,0 %	1 301	0,1 %
Tjenesteytende næringer ellers	25 392	1,0 %	40 954	2,3 %
Sum	**2 613 783**	**100,0 %**	**1 780 861**	**100,0 %**

Spesifikasjon av betingede forpliktelser / garantier

	2018	2017
Kontraktsgarantier	758	2 212
Annet garantiansvar	120	120
Sum	**878**	**2 332**

Garantiene gjelder pliktige garantier knyttet til oppføring av bygg samt garanti knyttet til et transportmiddel.

Garantier er i all hovedsak gitt mot pant i kontantinnskudd. I noen tilfeller er også garantier innvilget mot pant i fast eiendom eller betryggende kausjoner.

Risikoklassifisering
Risikoklassifiseringen er en integrert del av bankens kredittvurderingssystem. Alle kunder klassifiseres med en egen risikoklasse ved opprettelse av søknad.

Inndeling av risikoklasse for forbrukslån og billån er basert på søknadsscore og en intern score for kunder der banken har nok egenhistorikk. Risikoklasse for Næringskunder er basert på en manuell kredittvurderingsmodell som oppdateres minst årlig av banken.

Risikoklassifisering

Brutto utlån fordelt i risikoklasser ved utgangen av året	2018	2017
Lav risiko	1 773 790	981 488
Medium risiko	562 690	602 045
Høy risiko	277 303	197 328
Sum	**2 613 783**	**1 780 861**

NOK i tusen Risikoklasse ved utgangen av året Privatkunder - bolig, forbruk og billån	31.12.2018		31.12.2017	
Lav risiko	1 733 826	69 %	959 538	59 %
Medium risiko	494 118	20 %	522 523	32 %
Høy risiko	270 303	11 %	147 951	9 %
Sum	**2 498 248**	**100 %**	**1 630 012**	**100 %**

NOK i tusen Risikoklasse ved utgangen av året - Næringskunder	31.12.2018		31.12.2017	
Lav risiko	39 963	35 %	21 950	15 %
Medium risiko	68 572	59 %	79 522	53 %
Høy risiko	7 000	6 %	49 377	33 %
Sum	**115 535**	**100 %**	**150 848**	**100 %**

Aldersfordelte restanser

Forbrukslån & billån, aldersfordeling	31.12.2018	31.12.2017
Ikke forfalte utlånsengasjementer	1 803 838	1 058 486
Inntil 30 dager	206 362	199 615
30-59 dager	76 790	57 534
60-89 dager	47 747	28 351
90+ dager	219 098	91 683
Sum	**2 353 834**	**1 435 669**

Bolig, bedrifter og organisasjoner	31.12.2018	31.12.2017
Ikke forfalte utlånsengasjementer	247 918	317 285
30-90 dager	5 031	3 368
90+ dager	7 000	24 539
Sum	**259 949**	**345 192**

Note 4: Obligasjoner, sertifikater og andre rentebærende papirer

Pr 31.12.18

	Risikovekt i %	Nominell verdi	Anskaffelses-kost	Bokført verdi	Markeds-verdi
Statskasseveksler	0 %	170 000	169 249	169 249	169 249
Sum sertifikater og obligasjoner		**170 000**	**169 249**	**169 249**	**169 249**

Gjennomsnittlig effektiv rente i 2018 var på 0,7 %. Denne er beregnet basert på faktisk årlig renteinntekt dividert på gjennomsnittlig balanse.

Verdipapirene er bokført til virkelig verdi.
Papirene har god likviditet, det er derfor ikke knyttet vesentlig usikkerhet til verdien av disse pr. årsslutt.
Papirene har kort løpetid til forfall, og er ikke utsatt for vesentlig markedsrisiko.

Note 5: Aksjer, andeler og andre verdipapirer med variabel avkastning

Anleggsaksjer	Org.nr	Ant. aksjer 1.1	Årets tilgang/ avgang	Ant.aksjer 31.12	Anskaffelses-kost	Balanseført verdi
Norsk Mineralutvikling AS	981 602 544	142 860	0	142 860	1 000	0
Vipps AS	920 889 298	0	169	1 023 371	47	47
BankAxept AS	883 982 282	30	-30	0	0	0
BankID Norge AS	913 851 080	20	-20	0	0	0
SDC AS	16 98 81 38	2 529	-236	2 293	1 071	1 071
Sum anleggsaksjer					**2 117**	**1 117**

Etter at banken valgte SDC som leverandør av bankens IT-systemer ble det avtalt at banken kjøpte obligatoriske aksjer i SDC. Banken eier 2.293 aksjer bokført til totalt MNOK 1,1 omregnet fra DKK. Posten er langsiktig og det er ikke foretatt valutajustering av pålydende og bokført verdi pr 31.12.18. BankAxept AS og BankID Norge AS er kjøpt opp av Vipps AS.

Eierinteresser i konsernselskaper	Org.nr	Eierandel	Ant. aksjer 1.1	Årets tilgang/ avgang	Ant.aksjer 31.12	Anskaffelses-kost	Balanseført verdi
Vollekjær Utvikling AS	914 933 994	100 %	30	0	30	5 231	100
Flisvika Utvikling AS	982 757 789	100 %	1 000	0	1 000	30	30
Easybank Eiendom 1 AS	916 776 381	100 %	30 000	0	30 000	31	31
Easybank Eiendom 2 AS	916 776 497	100 %	30 000	0	30 000	31	31
Sum eierinteresser i konsernselskaper						**5 323**	**192**

Banken har pr. 31.12.18 ingen direkte overtatte eiendeler i balansen. Banken har pr. 31.12.18 fire heleide datterselskaper. Da disse er i midlertidig eie er de ikke konsolidert i årsregnskapet.

Resultat og egenkapital i konsernselskaper	Resultat 2018	Egenkapital 31.12.18
Vollekjær Utvikling AS	0	0
Flisvika Utvikling AS	1	-2 220
Easybank Eiendom 1 AS	0	11
Easybank Eiendom 2 AS	0	11
Sum eierinteresser i konsernselskaper	**1**	**-2 198**

Selskapene fikk i 2018 et samlet resultat på TNOK 1, og hadde ved årets utgang en samlet udekket tap på TNOK 2.198.

Easybank AS har pr.31.12.18 fordring på Vollekjær Utvikling AS på TNOK 48, Easybank Eiendom I på TNOK 2, Easybank Eiendom II på TNOK 2 og gjeld Flisvika Utvikling AS på TNOK 3.
Alle datterselskapene har forretningsadresse i Holbergsgate 21 i Oslo.

Avkastning på plasseringer gjennom året var totalt på MNOK 1,0. Fondene er bokført til virkelig verdi.
Fondene har god likviditet, det er derfor ikke knyttet vesentlig usikkerhet til verdien av disse pr. årsslutt.

Fond	Risikovekt i %	ISIN	Anskaffelses-kostnad	Balanseført verdi
Alfred Berg OMF Kort	10 %	NO0010655152	52 641	53 403
DNB OMF	10 %	NO0010733017	85 000	85 109
Pluss Likviditet II	20%-50%	NO0010606031	90 000	90 073
Sum fond			**227 641**	**228 585**

Note 6: Varige driftsmidler og immaterielle eiendeler

Banken benytter følgende avskrivningssatser:

Maskiner/ IT-utstyr og software – 3 år
Inventar/innredninger – 5 år
Immaterielle eiendeler – mellom 5 og 10 år

Immaterielle eiendeler består av kjernesystem fra SDC, Autobahn oppkjøp og andre aktiverte IT-utviklingskostnader. Banken har valgt å avskrive kjernesystemet fra SDC over 10 år, og andre immaterielle eiendeler IT over 5 år.

Spesifikasjon av postene

	Maskiner og inventar	Immaterielle eiendeler
Anskaffelseskost pr 01.01.2018	2 031	26 278
Periodens tilgang	318	4 605
Periodens avgang	0	0
Anskaffelseskost pr 31.12.2018	2 350	30 884
Akkumulerte avskrivninger pr.31.12.18	1 265	10 335
Bokført verdi pr.31.12.18	**1 085**	**20 549**
Årets ordinære avskrivninger	451	4 455

Leie av banklokaler

Easybank ASA har hovedkontor i Holbergsgt. 21 i Oslo. Det er tegnet leiekontrakt for 699 kvadratmeter med Eiendomsspar AS. Leieforholdet løper i 8 år fra 01.03.2017 til 28.02.2025.

Note 7: Egenkapital og aksjonærer

Bankens egenkapital

Endring i egenkapital	Aksjekapital	Overkurs	Annen innskutt egenkapital	Annen egenkapital	Sum egenkapital
Balanse pr.1.1	261 100	92 326	5 238	-21 378	337 286
Egne aksjer 1.1	-410	-645			-1 055
Utstedt nye aksjer	63 636	32 829			96 465
Opsjoner			1 339		1 339
Årets resultat				55 538	55 538
Balanse pr.31.12	**324 326**	**124 510**	**6 577**	**34 160**	**489 573**

Bankens 20 største aksjonærer
Aksjekapitalen består av 46.390.839 aksjer med pålydende NOK 7 pr aksje. Aksjene består av en klasse med like rettigheter. På generalforsamling gis hver aksje en stemme i henhold til de rammer som er gitt i finansinstitusjonslovgivningen.

	Beholdning	Andel	Navn
	4 329 380	9,33 %	Skagerrak Sparebank
	3 344 349	7,21 %	Verdipapirfondet Alfred Berg Norge
	2 773 330	5,98 %	Fondsavanse AS
	2 618 779	5,65 %	Umico - Gruppen AS
	2 325 032	5,01 %	Ladegaard AS
	1 669 205	3,60 %	Nordic Private Equity AS
	1 655 985	3,57 %	Lindbank AS
	1 458 738	3,14 %	MP Pensjon PK
	1 392 727	3,00 %	Shelter AS
	1 287 879	2,78 %	Jenssen & Co AS
	1 250 000	2,69 %	Krogsrud Invest AS
	1 145 630	2,47 %	Jolly Roger AS
	1 100 000	2,37 %	Hjellegjerde Invest AS
	900 000	1,94 %	Independent Oil & Resources Plc
	787 159	1,70 %	Byholt AS
	758 590	1,64 %	GH Holding AS
	705 009	1,52 %	Whitetail Webservice Ltd
	605 300	1,30 %	Juul-Vadem Holding AS
	440 909	0,95 %	Jaras Invest AS
	400 222	0,86 %	Ulltveit-Moe, Hildegunn
Sum topp 20	30 948 223	66,71 %	
	15 442 616	33,29 %	Andre aksjonærer
Totale aksjer	46 390 839		

Tall pr. 31. januar 2019

Aksjer eid av ledende ansatte og medlemmer av styret	Antall aksjer	Frittstående tegningsretter	Opsjoner
Administrerende direktør	225 000		268 177
Drifts og Kredittdirektør	177 700		195 711
Økonomidirektør			80 000
Direktør forretningsutvikling	220 000	280 000	201 944
IT direktør	1 203 147	280 000	195 711
Compliance direktør	265 017	280 000	195 711
Styremedlemmer	2 612 728		0
Nærstående til styre og ledelse	6 000		0

Note 8: Kapitaldekning

	31.12.2018	31.12.2017
Innbetalt aksjekapital	330 903	265 928
Overkurs	124 510	91 681
Annen egenkapital	34 160	-21 378
Utsatt skattefordel og andre immaterielle eiendeler	-22 714	-40 395
Ren kjernekapital (CET 1)	466 858	295 836
Tellende hybridkapital *	29 000	23 708
Kjernekapital (Tier 1)	495 858	319 544
Ansvarlig kapital	40 000	31 611
Totalkapital (Tier 2)	535 858	351 155
Risikovektede eiendeler		
Lokale og regionale myndigheter, herunder kommuner	0	16 417
Lån og plasseringer til kredittinstitusjoner	21 394	56 062
Foretak	109 158	132 815
Massemarkedengasjementer	1 588 448	994 223
Engasjementer med pantsikkerhet i eiendom	49 923	67 186
Forfalte engasjementer	177 300	89 544
Andeler i verdipapirfond	34 460	5 264
Egenkapitalposisjoner	1 309	1 420
Øvrige engasjementer	78 630	88 790
Risikovektede eiendeler kredittrisiko	**2 060 622**	**1 451 721**
Markedsrisiko	0	0
Operasjonell risiko	253 583	128 811
Totale risikovektede eiendeler	**2 314 205**	**1 580 532**
Ren kjernekapital ratio (CET 1)	20,17 %	18,72 %
Kjernekapital ratio (Tier 1)	21,43 %	20,22 %
Total kapital ratio (Tier 2)	23,16 %	22,22 %

Banken har en fondsobligasjon på MNOK 10 som ble tatt opp i år 2010 og faller inn under overgangsregler der andelen som medregnes i bankens kjernekapital/ansvarlige kapital er redusert med 60 % pr 31.12.18.

Banken tok opp MNOK 25 i fondsobligasjon og MNOK 40 i ansvarlig kapital i 2017, og disse er ikke under overgangsregler.

Banken benytter basismetoden for beregning av krav til ansvarlig kapital som skal dekke den operasjonelle risiko. Beregningsgrunnlaget i basismetoden er 15 % av gjennomsnittlig inntekt de tre siste år multiplisert med 12.5, beregnet ved regnskapsårets slutt. Inntektsposter som medtas i beregningsgrunnlaget følger § 42-1 (3) i kapitalkravforskriften.

Note 9: Likviditetsrisiko

I tabellen nedenfor vises bankens løpetider av eiendeler, gjeld og egenkapital pr. 31.12.2018.

	1 mnd	2 mnd	3 mnd	12 mnd	2 år	3 år	4 år	5 år	>5år	Uten løpetid	Totalt
Eiendeler											
Norges Bank	53 868										53 868
Utlån til og fordringer til kredittinstitusjoner	106 973										106 973
Likviditetsportefølje	228 585		89 690	79 560						1 309	399 144
Utlån til kunder	15 586	16 404	16 605	155 611	224 314	242 188	241 583	200 504	1 386 346	47 240	2 546 380
Andre eiendeler										101 322	101 322
Totale Eiendeler	**405 012**	**16 404**	**106 294**	**235 171**	**224 314**	**242 188**	**241 583**	**200 504**	**1 386 346**	**149 871**	**3 207 686**
Gjeld og egenkapital											
Kundeinnskudd		1 386 573	38 710			43 325		21 824		1 111 408	2 601 840
Fondsobligasjon					10 000					25 000	35 000
Ansvarlig lån							40 000				40 000
Annen gjeld										41 274	41 274
Egenkapital										489 572	489 572
Gjeld og egenkapital	**0**	**1 386 573**	**38 710**	**0**	**10 000**	**43 325**	**40 000**	**21 824**	**0**	**1 667 254**	**3 207 686**

Note 10: Renterisiko

Tidspunkt fram til avtalt/sannsynlig endring av rentebetingelser

Ulik rentebindingstid for eiendeler og gjeld kan gi renterisiko for banken.

I tabellen nedenfor er en oversikt over gjenværende tid til avtalt eller sannsynlig renteregulering av eiendeler og gjeld pr. 31.12.2018

	1 mnd	2 mnd	3 mnd	12 mnd	2 år	3 år	4 år	5 år	>5år	Ikke rente-sensitivt	Totalt
Eiendeler											
Norges Bank	53 868										53 868
Utlån til og fordringer til kredittinstitusjoner	106 973										106 973
Likviditetsportefølje	397 835									1 309	399 144
Utlån til kunder		2 546 380									2 546 380
Andre eiendeler										101 322	101 322
Sum eiendeler	**558 676**	**2 546 380**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**102 631**	**3 207 686**
Gjeld og egenkapital											
Kundeinnskudd	2 536 691		43 325			21 824					2 601 840
Fondsobligasjon			25 000		10 000						35 000
Ansvarlig lån			40 000								40 000
Annen gjeld										41 274	41 274
Egenkapital										489 572	489 572
Sum gjeld og egenkapital	**2 536 691**	**0**	**108 325**	**0**	**10 000**	**21 824**	**0**	**0**	**0**	**530 846**	**3 207 686**

Renterisiko for en økning i rentekurven på 1% er på MNOK -0,70 og en 1% nedgang i rentekurven +MNOK 0,70.

Note 11: Opplysninger vedrørende ytelser til ansatte og tillitsmenn

Spesifisering av resultatposter i regnskapet

	2018	2017
Lønn	21 932	23 611
Pensjoner	2 712	2 306
Arbeidsgiveravgift	4 029	4 081
Øvrige sosiale kostnader	1 058	644
IT-kostnader	9 478	8 763
Andre administrasjonskostnader	23 576	18 520
Sum lønn og generelle adm.kostnader	**62 785**	**57 925**
Eksterne kjøpte tjenester	2 788	2 683
Leie av lokaler	2 771	3 724
Forsikringer	193	345
Revisjon og rådgivning	551	653
Medlemskontingenter bankorg.	871	790
Øvrige kostnader	1 139	1 533
Sum andre driftskostnader	**8 312**	**9 728**

Antall ansatte og årsverk	2018	2017
Antall årsverk pr.31.12	21,0	22,0
Gjennomsnittlig antall årsverk	21,0	21,3

Lønn, pensjonsforpliktelse og annen godtgjørelse

Ledende ansatte er ihht. regnskapsloven definert til å være bankens ledergruppe.

	Fastlønn	Variabel lønn	Andre godtgjørelser	Pensjon	Naturalytelse	Totalt
Ledende ansatte						
Administrerende direktør	1 903	413		375	12	2 704
Drifts og Kredittdirektør	1 299	240	52	209	69	1 868
Økonomidirektør fra 01.01-31.07	716	231		106	10	1 063
Økonomidirektør fra 01.08-31.12	557			94	6	658
Direktør forretnings- og IT-utvikling	1 269	246		203	12	1 730
Compliancedirektør	1 249	240		199	13	1 701
IT-direktør	1 179	240		200	12	1 631
Sum ledende ansatte	**8 172**	**1 610**	**52**	**1 388**	**134**	**11 355**

Variabel lønn gjelder bonus for 2017, og består av 50% RSU'er (Restricted Stock Units) og 50% kontanter. Totalt ble det opptjent 95.740 RSU'er til kurs 10,89 som bonus for 2017, hvorav 73.908 tilfalt ledergruppen. Disse tildeles over 3 år med første tildeling i 2019.
Administrerende direktør har 18 måneders sluttavtale inkludert oppsigelsestiden ved fratredelse.

Styret	Honorar
Styrets leder	250
Styremedlem	150
Styremedlem	150
Styremedlem	150
Styremedlem (ansattes repr.)	75
Sum styret	**775**

Revisors godtgjørelse for 2018 beløper seg totalt til TNOK 551 som fordeler seg på TNOK 344 for revisjon og TNOK 207 for andre tjenester enn revisjon.

Det er ikke ytt lån eller sikkerhetsstillelse til styreleder, styret, administrerende direktør eller andre ansatte og nærstående av disse.

Pensjonsforpliktelser
Banken etablerte på slutten av 2003 en kollektiv ytelsespensjon for ansatte i banken, men ordningen ble endret i 2014 og alle ansatte ble overført til innskuddsbasert ordning fra 01.01.15.

I innskuddsordningen betaler banken innskudd til forsikringsselskap og banken har ikke ytterligere forpliktelser etter at innskuddet er betalt. Innskuddene med tillegg av arbeidsgiveravgift regnskapsføres som personalkostnad. Bankens innskuddsbaserte pensjonsordning tilfredsstiller lovens krav til obligatorisk tjenestepensjon.

Note 12: Skatt

Skatteberegning

Skatteberegning	2018	2017
Resultat før skattekostnad	73 369	15 639
Permanente forskjeller	1 491	2 495
Balanseførte kostnader v/emisjon	-3 536	0
Årets endring i midlertidige forskjeller	579	203
Overskudd	71 902	18 337
Årets grunnlag betalbar skatt	0	0
Endring utsatt skattefordel	17 831	4 533
Årets bokførte skattekostnad	17 831	4 533
Herav:		
Bokført i resultatregnskapet	*17 831*	*4 533*
Bokført direkte mot egenkapital	*0*	*0*

Beregning midlertidige forskjeller	2018	2017
Anleggsmidler	-147	-93
Rentefond	-162	363
Sum midlertidige forskjeller	**-309**	**270**
Beregning utsatt skattefordel		
Midlertidige forskjeller	-309	270
Skattemessig underskudd	-8 352	-80 254
Grunnlag utsatt skattefordel	**-8 661**	**-79 985**
Utsatt skattefordel (25%)	**-2 165**	**-19 996**

Utsatt skattefordel er balanseført. Utsatt skatt er beregnet på grunnlag av de forskjeller mellom regnskapsmessige og skattemessige verdier som eksisterer ved utgangen av regnskapsåret.

Note 13: Spesifikasjon av gebyr og provisjonsinntekter

	2018	2017
Garantiprovisjon	18	62
Formidlingsprovisjoner	29 573	6 688
Gebyrer betalingsformidling	669	933
Sum provisjoner og gebyrer	**30 260**	**7 683**

Note 14: Spesifikasjon av forskuddsbetalinger og opptjente inntekter

	2018	2017
Påløpte renteinntekter tradisjonelle utlån	638	922
Påløpte renteinntekter og avdrag forbruks- og billån	4 003	31 933
Påløpte renteinntekter fra likviditetsplasseringer	253	718
Periodiserte agent- og forhandlerprovisjoner	69 812	50 474
Forskuddsbetalte driftskostnader	2 294	1 974
Sum forskuddsbetalinger og opptjente inntekter	**77 001**	**86 022**

Note 15: Spesifikasjon av annen gjeld

	2018	2017
Skattetrekk	1 109	937
Leverandørgjeld	10 787	8 597
Gjeld til kunder - innvilget ikke utbetalte lån	1 603	943
Annen gjeld ellers	13 382	8 032
Sum annen gjeld	**26 881**	**18 508**

Note 16: Fondsobligasjon, ansvarlig lån og innskudd fra og gjeld til kunder

	Lånebeløp	ISIN	Call	Rente	Årets rente-kostnad
Fondsobligasjon	10 000	NO0010571870	29.04.2020	8,40 %	840
Fondsobligasjon	25 000	NO0010811003	23.11.2022	3MND Nibor + 7,00%	2 046
Ansvarlig obligasjonslån	40 000	NO0010811011	23.11.2022	3MND Nibor + 5,00%	2 422
Sum					**5 308**

En fondsobligasjon ble utstedt 29.04.10 og løper til fastrente 8,40 % frem til calldato 29.04.20. Obligasjonen er evigvarende og vil etter call løpe til 3MND NIBOR + 5 % med årlig rentebetaling. Det ble utstedt en ny evigvarende fondsobligasjon 23.11.17 med call 23.11.22. Denne løper til rente 3MND NIBOR + 7% med kvartalsvise utbetalinger.

I tillegg ble det 23.11.17 utstedt ansvarlig obligasjonslån med call 23.11.22. Denne løper til rente 3MND NIBOR + 5% med kvartalsvise utbetalinger.

Innskudd fra og gjeld til kunder består av innskudd fra privatpersoner og bedrifter. Beregnet rente er 1,86%. Beregningen er basert på faktisk årlig rentekostnad dividert på gjennomsnittlig månedlige balanser.

Note 17: Aksjeopsjonsprogram og frittstående tegningsretter

Det ble i generalforsamlingen i april 2016 vedtatt opsjonsprogram for alle ansatte med oppstart i 2017.

Aksjeopsjonsprogram til alle ansatte

Banken har et aksjeopsjonsprogram for alle ansatte. Totalt antall opsjoner i dette programmet er 1 860 000. Disse hadde strike kurs i 2017 på 9 kr og årlig økning i strike kurs på 5 % fram til 2021 da de utløper.

Opsjonsordning som del av variabel avlønning til ledere og mellomledere

I henhold til gjeldende CRD 4 krav skal minimum 50 % av den variable godtgjørelsen til ledelsen være egenkapitalinstrumenter. Ledelsen i Easybank valgte å få utbetalt 100 % av den variable lønnen for 2016 i opsjoner. Disse tilbakeholdes og tildeles med 1/3 årlig i henhold til regelverket.

Utestående frittstående tegningsretter

I forbindelse med bankens oppkjøp av bilkonsept og IT løsning ble det utstedt 1,5 millioner frittstående tegningsretter med utøvelseskurs 9 kr, årlig økning i utøvelseskurs på 10% og forfall i 2021. Det ble utøvet 100 000 tegningsretter til kurs 9 i 2017 og det gjenstår 1,4 millioner frittstående tegningsretter.

Aksjeopsjonsprogram for alle ansatte	
Tildelingsdato	28.08.2017
Antall tildelte opsjoner	1 464 000
Vektet gjennomsnitt av verdi på opsjoner tildelt i 2017	2,13
Det er benyttet Black & Scholes opsjonsprisingsmodell	
Totalkostnad eksl.aga og finansskatt	2 728 461
Kostnadsført ekskl. aga og finansskatt pr.31.12.18	2 728 461

Opsjonsordning som del av variabel avlønning til ledere og mellomledere	
Tildelingsdato	28.08.2017
Antall tildelte opsjoner	339 368
Vektet gjennomsnitt av verdi på opsjoner tildelt i 2017	2,80
Det er benyttet Black & Scholes opsjonsprisingsmodell	
Totalkostnad eksl.aga og finansskatt	948 704
Kostnadsført ekskl. aga og finansskatt pr.31.12.18	948 704

Ingen opsjoner er innløst ved regnskapsårets slutt 31.12.18.

Aksjeopsjonsprogrammet for alle ansatte er brukt som et økonomisk insentiv for å motivere og beholde ansatte i stilling, samt for å samordne de ansattes og aksjonærenes interesser.
Bonus til ledelsen sorterer under CRD IV-regelverket og er en økonomisk belønning for oppnådde bonuskriterier vedtatt av styret.

Til generalforsamlingen i Easybank ASA

Uavhengig revisors beretning

Uttalelse om revisjonen av årsregnskapet

Konklusjon

Vi har revidert Easybank ASAs årsregnskap som består av balanseregnskap per 31. desember 2018, resultatregnskap og kontantstrømoppstilling for regnskapsåret avsluttet per denne datoen og noter til årsregnskapet, herunder et sammendrag av viktige regnskapsprinsipper.

Etter vår mening er det medfølgende årsregnskapet avgitt i samsvar med lov og forskrifter og gir et rettvisende bilde av selskapets finansielle stilling per 31. desember 2018, og av dets resultater og kontantstrømmer for regnskapsåret avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.

Grunnlag for konklusjonen

Vi har gjennomført revisjonen i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder de internasjonale revisjonsstandardene International Standards on Auditing (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet i Revisors oppgaver og plikter ved revisjon av årsregnskapet. Vi er uavhengige av selskapet slik det kreves i lov og forskrift, og har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Etter vår oppfatning er innhentet revisjonsbevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Øvrig informasjon

Ledelsen er ansvarlig for øvrig informasjon. Øvrig informasjon omfatter informasjon i årsrapporten bortsett fra årsregnskapet og den tilhørende revisjonsberetningen.

Vår uttalelse om revisjonen av årsregnskapet dekker ikke øvrig informasjon, og vi attesterer ikke den øvrige informasjonen.

I forbindelse med revisjonen av årsregnskapet er det vår oppgave å lese øvrig informasjon med det formål å vurdere hvorvidt det foreligger vesentlig inkonsistens mellom øvrig informasjon og årsregnskapet, kunnskap vi har opparbeidet oss under revisjonen, eller hvorvidt den tilsynelatende inneholder vesentlig feilinformasjon.

Dersom vi konkluderer med at den øvrige informasjonen inneholder vesentlig feilinformasjon er vi pålagt å rapportere det. Vi har ingenting å rapportere i så henseende.

Styrets og daglig leders ansvar for årsregnskapet

Styret og daglig leder (ledelsen) er ansvarlig for å utarbeide årsregnskapet i samsvar med lov og forskrifter, herunder for at det gir et rettvisende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge. Ledelsen er også ansvarlig for slik internkontroll som den finner nødvendig

PricewaterhouseCoopers AS, Postboks 748 Sentrum, NO-0106 Oslo
T: 02316, org. no.: 987 009 713 MVA, www.pwc.no
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

pwc

for å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil.

Ved utarbeidelsen av årsregnskapet må ledelsen ta standpunkt til selskapets evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet så lenge det ikke er sannsynlig at virksomheten vil bli avviklet.

Revisors oppgaver og plikter ved revisjonen av årsregnskapet

Vårt mål med revisjonen er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, alltid vil avdekke vesentlig feilinformasjon som eksisterer. Feilinformasjon kan oppstå som følge av misligheter eller utilsiktede feil. Feilinformasjon blir vurdert som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke økonomiske beslutninger som brukerne foretar basert på årsregnskapet.

Som del av en revisjon i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, utøver vi profesjonelt skjønn og utviser profesjonell skepsis gjennom hele revisjonen. I tillegg:

- identifiserer og anslår vi risikoen for vesentlig feilinformasjon i regnskapet, enten det skyldes misligheter eller utilsiktede feil. Vi utformer og gjennomfører revisjonshandlinger for å håndtere slike risikoer, og innhenter revisjonsbevis som er tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon. Risikoen for at vesentlig feilinformasjon som følge av misligheter ikke blir avdekket, er høyere enn for feilinformasjon som skyldes utilsiktede feil, siden misligheter kan innebære samarbeid, forfalskning, bevisste utelatelser, uriktige fremstillinger eller overstyring av internkontroll.

- opparbeider vi oss en forståelse av den interne kontroll som er relevant for revisjonen, for å utforme revisjonshandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskapets interne kontroll.

- evaluerer vi om de anvendte regnskapsprinsippene er hensiktsmessige og om regnskapsestimatene og tilhørende noteopplysninger utarbeidet av ledelsen er rimelige.

- konkluderer vi på hensiktsmessigheten av ledelsens bruk av fortsatt drift-forutsetningen ved avleggelsen av regnskapet, basert på innhentede revisjonsbevis, og hvorvidt det foreligger vesentlig usikkerhet knyttet til hendelser eller forhold som kan skape tvil av betydning om selskapets evne til fortsatt drift. Dersom vi konkluderer med at det eksisterer vesentlig usikkerhet, kreves det at vi i revisjonsberetningen henleder oppmerksomheten på tilleggsopplysningene i regnskapet, eller, dersom slike tilleggsopplysninger ikke er tilstrekkelige, at vi modifiserer vår konklusjon om årsregnskapet og årsberetningen. Våre konklusjoner er basert på revisjonsbevis innhentet inntil datoen for revisjonsberetningen. Etterfølgende hendelser eller forhold kan imidlertid medføre at selskapet ikke fortsetter driften.

- evaluerer vi den samlede presentasjonen, strukturen og innholdet, inkludert tilleggsopplysningene, og hvorvidt årsregnskapet representerer de underliggende transaksjonene og hendelsene på en måte som gir et rettvisende bilde.

Vi kommuniserer med styret blant annet om det planlagte omfanget av revisjonen og til hvilken tid revisjonsarbeidet skal utføres. Vi utveksler også informasjon om forhold av betydning som vi har avdekket i løpet av revisjonen, herunder om eventuelle svakheter av betydning i den interne kontrollen.

Uttalelse om andre lovmessige krav

Konklusjon om årsberetningen

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, mener vi at opplysningene i årsberetningen og i redegjørelsen om samfunnsansvar om årsregnskapet og forutsetningen om fortsatt drift er konsistente med årsregnskapet og i samsvar med lov og forskrifter.

Konklusjon om registrering og dokumentasjon

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, og kontrollhandlinger vi har funnet nødvendig i henhold til internasjonal standard for attestasjonsoppdrag (ISAE) 3000 «Attestasjonsoppdrag som ikke er revisjon eller forenklet revisorkontroll av historisk finansiell informasjon», mener vi at ledelsen har oppfylt sin plikt til å sørge for ordentlig og oversiktlig registrering og dokumentasjon av selskapets regnskapsopplysninger i samsvar med lov og god bokføringsskikk i Norge.

Oslo, 13. februar 2019
PricewaterhouseCoopers AS

Erik Andersen
Statsautorisert revisor

(3)

Revisjonsutvalget i Easybank ASA

Bekreftelse av uavhengighet

Vi er valgt til å utføre revisjon av årsregnskapet til Easybank ASA ("Foretaket") pr. 31. desember 2018.

I henhold til L 15.01.1999 nr. 2 Lov om revisjon og revisorer (revisorloven) er vi hvert år pålagt å bekrefte skriftlig til revisjonsutvalget vår uavhengighet overfor Foretaket. Vi er også pålagt å opplyse til revisjonsutvalget om hvilke andre tjenester enn lovpliktig revisjon som er levert til Foretaket i løpet av regnskapsåret, samt eventuelle trusler mot vår uavhengighet.

Vi har opplyst til revisjonsutvalget hvilke andre tjenester enn lovpliktig revisjon som er levert til Foretaket i løpet av regnskapsåret.

Vi er ikke kjent med forhold som etter vår vurdering kan være egnet til å true vår uavhengighet.

Vi bekrefter med dette vår uavhengighet i henhold til revisorloven for regnskapsåret 2018 og frem til dato på dette brev.

Denne bekreftelsen er kun ment til bruk for revisjonsutvalget, styret, ledelsen og andre i Foretaket. Bekreftelsen kan ikke brukes til noe annet formål.

Oslo, 13. februar 2019
PricewaterhouseCoopers AS

Erik Andersen
Statsautorisert revisor

PricewaterhouseCoopers AS, Postboks 748 Sentrum, NO-0106 Oslo
T: 02316, org. no.: 987 009 713 MVA, www.pwc.no
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

Appendix C: Audited financial statements for the years ended 31 December 2019 and 2018 – BRAbank ASA

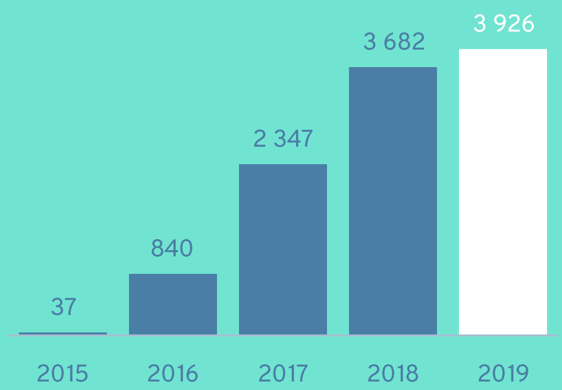

BRABANK
Annual Report 2019

Contents

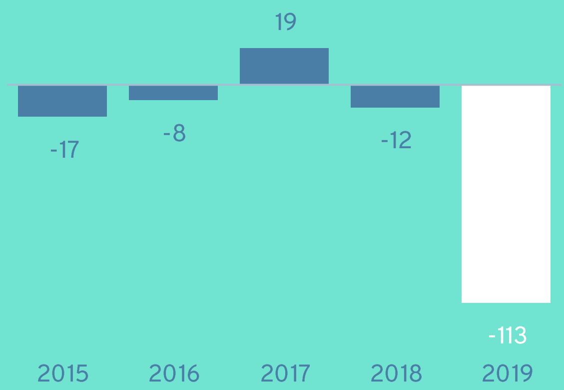
Highlights for the year 2019:

- Merger between Monobank and former BRAbank successfully completed
- Launch of consumer finance offering in Sweden
- New consumer loan regulation introduced in Norway
- Equity injection of NOK 130.4 million
- Operational performance weakened by restructuring costs and loan losses
- Extensive cost programme launched
- New CEO appointed

Net loans and advances to customers
NOK million



Net profit after tax
NOK million



BRAbank's purpose

1. Providing the customer with flexible and smart banking services
2. Providing convenience to the customer through well-designed digital banking solutions
3. Passionately fuelling innovation. We motivate prime customers to realize smart and sustainable goals and ideas

This is BRAbank

BRAbank ASA is a digital bank focused on consumer finance in the Nordics. The Bank is cloud based with a strong focus on customer experience and fintech solutions. At the end of the year, BRAbank had 21 400 loan customers across Norway, Finland and Sweden and 13 800 depositors in Norway Germany, Spain, Austria and France.

Headquarters are in Bergen, Norway, where the bank started operations in November 2015. BRAbank aims to differentiate on availability and to dominate on customer experience in its market segment. With 24/7 availability, efficient loan processes combined with simple and easy to use products, BRAbank has experienced strong growth.

Loan customers	Depositors	Credit cards	Headquarters	Employees
21 400	13 800	10 000	Bergen	51
+6% y/y	+107% y/y	+886% y/y	Norway	

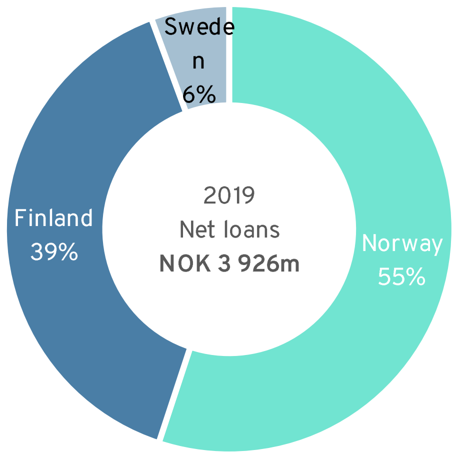
The company aims to foster customer loyalty and an increased customer base by providing the best customer experience in its market segment.

By using efficient online lending processes and simple and user-friendly products, BRAbank has gained a distinct position among Nordic banks specialising in consumer finance. The Bank expanded its operations to include Finnish customers in May 2017 and further expanded its Nordic footprint by serving Swedish customers from March 2019.

The Bank offers unsecured financing to private individuals who pass a highly automated credit evaluation. The loan products are distributed digitally, through loan agents and direct channels. Loans vary in size, normally between NOK 10 000 and 500 000, based on flexible and competitive terms tailor-made for the needs of individual customers. Credit cards vary between credit lines of NOK 10 000 and NOK 100 000.

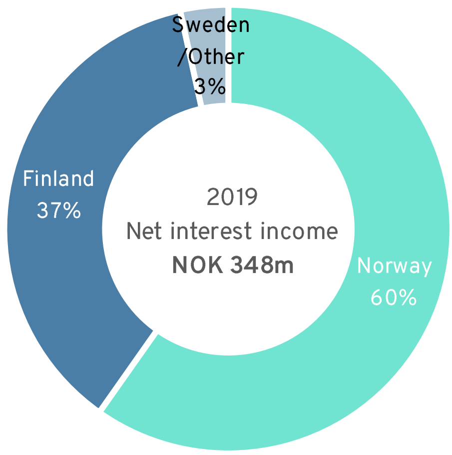
Net loans

%



Net interest income

%



The bank secures funding by offering deposits to customers in their respective markets through its proprietary platforms and channels. BRAbank also secures deposits in Euro through its European partner, Raisin. Raisin is a German fintech portal that facilitates BRAbank's acceptance of deposits from private European individuals in Germany, Spain, Austria and France.

As a fintech focused bank, BRAbank's focus on customer satisfaction, cost-efficient operations and efficient risk assessment based on proprietary scoring and pricing models is prominent.

BRAbank will seek to commercialise the Bank's leading fintech solutions along with new and existing partners.

Company information

BRAbank is an independent bank with approximately 1 300 shareholders and is listed on the Oslo Stock Exchange's Merkur Market with the ticker symbol BRA-ME. As of 31 December 2019, the largest owner was Braganza AB, with 17.2 per cent.

BRAbank ASA obtained a license to conduct banking activities in June 2015. After the conditions of the Financial Supervisory Authority of Norway were satisfied, permission was granted to begin banking activities in November 2015.

BRAbank is a member of the Norwegian Banks' Guarantee Fund. All deposits up to NOK 2 million are secured by the fund. Deposits in EUR through Raisin is covered up to EUR 100 000.

The bank's head quarter is at Starvhusgaten 4 in Bergen.

CEO message

Taking action to prepare BRAbank for the future

2019 was an eventful and strategically important year for BRAbank where a solid foundation for a positive development going forward has been laid. However, financial results were impacted by negative market developments and capital constraints during the year. Responding to this and preparing the bank for future challenges, several measures have been taken.

During the year, we merged two banks, and we launched consumer loans in Sweden. We adapted to regulatory changes, we raised capital and last but not least: We did significant cost cutting. Compared to the former Monobank and BRAbank, we have reduced the number of employees by 33 per cent yet maintained operational excellence. This is a good illustration of the flexibility in our business model.

The credit quality in our loan portfolio did not meet our standards in 2019, and we have initiated measures to improve credit quality. We have sold two non-performing loan portfolios and we have introduced a new credit risk model based on our own scorecard system. We have also reduced our risk appetite and done new underwriting at lower risk than in the past.

I am proud of how my colleagues and teammates have adapted to these changes in the market and the bank. I believe that BRAbank going into 2020 is well prepared to meet the future.

Looking forward, we now focus on increasing the profitability and controlling risk rather than growth. 2020 will be a transition year for the bank where we will see the effects of the measures taken in 2019. Looking beyond 2020, the outlook is positive where a key element in such a positive view is the risk reduction we will see over time with a corresponding improvement in profitability.

I believe BRAbank is about to enter a new era and I am looking forward to creating value for all our stakeholders together with my competent and highly motivated colleagues.

Hans Ljøen, CEO at BRAbank

I believe BRAbank is about to enter a new era and I am looking forward to creating value for all our stakeholders together with my competent and highly motivated colleagues

The Board of Directors report

Operational review

In February 2019, Monobank and former BRAbank entered into a merger agreement with the intent to create a well-capitalized bank with a broad distribution platform. The merger was formally completed in the second quarter of 2019 and the integration process and rebranding of the banks was successfully completed in the second half of 2019.

Due to restructuring costs and higher loan losses than expected, BRAbank's operations and growth were negatively affected by capital restraints in 2019. Several measures were taken to counteract the development.

In total, BRAbank raised NOK 130.4 million in new equity in three private placements. In connection with the merger, a share capital increase of NOK 57.8 million towards Braganza AB was completed. In addition, a total of NOK 72.6 million was raised in the second half of 2019 to strengthen the regulatory capital.

To optimize capital efficiency and to maximize the potential in BRAbank's portfolio, the bank started during 2019 to prioritise loan growth in less capital-intensive markets. Consequently, BRAbank increased the exposure in Finland relative to Norway.

In addition, BRAbank sold a portfolio of non-performing loans in Finland which freed up capital. The transaction resulted in cost savings and eliminated uncertainty regarding the recovery of outstanding claims.

BRAbank will continue to optimize the composition and size of the balance sheet. Further disposals of non-performing loans will therefore be considered if the terms are right.

In Norway, highest priority has been adaptation to new consumer credit regulations effective from May 2019. The new regulations include requirements that customers can service their total debt if interest rates increase by five percentage points and that total debt cannot exceed five times gross income. In addition, a consumer loan must be repaid within five years.

A debt register became operative in Norway from July 2019, providing information about individuals' total unsecured debt. Under the new Norwegian regulation, fewer applicants qualify for loans which could limit short-term market growth. The loan loss ratio could also be negatively affected in the short term since the debt register could limit the re-financing opportunities for some borrowers.

Longer term, the debt register will have a positive impact on the market development and reduce risk and loan losses.

Gross loans in Norway decreased by NOK 305 million in 2019 and BRAbank had 10 600 Norwegian consumer loan customers as of 31 December 2019. The average customer in Norway was 43 years of age, with an annual income above NOK 660 000, owned his/her own home in an urban area, and had a tertiary education. The average loan was approx. NOK 260 000.

BRAbank has a forward flow agreement with the Norwegian debt collector company Axactor. The agreement increased the predictability of BRAbank's future loan losses. Brabank sold NOK 337 million in loans through the forward flow agreement in 2019. The agreement expires in Q2 2020.

BRAbank launched consumer loans in Finland in May 2017, and the demand for loans has in general been good. After a cautious start, BRAbank gained access to the local Finnish debt register in September 2017, which facilitated a larger customer flow.

During 2019 distribution was strengthened through new broker agreements and the credit processes and pricing models were adjusted. However, growth was restrained by lack of excess capital. At the end of 2019, BRAbank had NOK 1 543 million in Finnish net loans, corresponding to 39.3 percent of the total net loan portfolio.

Overall market conditions in Finland remained positive, despite somewhat increased competition during 2019. Cost of customer acquisition in Finland is favourable compared to the Norwegian market. The partnership with Raisin provides low funding costs for Euro denominated consumer loans.

A growing database allows the fine tuning of the proprietary credit model. Customer support handles loan requests with an integrated pricing model, which measures the return on equity from individual loans. This allows BRAbank to optimize overall credit quality and to offer selective pricing among different customer groups.

During 2019, BRAbank successfully implemented a new scorecard in Finland. A reduction in future loan defaults for loans distributed after implementation is expected. In addition, BRAbank has improved risk-adjusted margins which together with the scoring system is expected to improve risk and margins.

BRAbank had 9 400 Finnish consumer loan customers as of 31 December 2019. The average customer in Finland was 43 years of age, with an annual income above NOK 490 000, owned his/her own home in an urban area, and had a tertiary education. The average loan was approximately NOK 190 000.

The bank's proprietary multi-country platform was expanded further to Sweden in the first quarter of 2019 as BRAbank launched its consumer lending activities in the Country, which was well received. The established debt register and generally rich access to credit bureau data is beneficial for the credit assessment.

The technological platform, which was coupled with the deposit provider Raisin in the first quarter of 2018 continue to provide a stable and low-cost Euro denominated funding source. As of 31 December 2019, BRAbank had NOK 5 473 million in deposits, of which NOK 3 433 million was in Euro. The Bank does not accept deposits in Euro exceeding EUR 100 000.

BRAbank continues to improve its credit card platform and has now issued close to 10 000 cards. In addition to the Widerøe and BRA branded credit card, the platform is now linked to Google Pay and Apple Pay. It is also possible to use BRAbank's Norwegian credit card through Fitbit and Garmin sports watches.

To align the organisation to new market conditions with less focus on growth, BRAbank launched a cost-efficiency program in September to improve the cost base and profitability. The Bank reduced its staff by approximately 8 full-time employees and approximately 5 external consultants, which will improve the annual cost base by NOK 10-12 million when fully implemented. In addition, all employees from former BRABank left the bank.

Going forward, BRAbank will strive to grow in selected markets and focus on further improving operations and efficiency. The capital requirement in Finland and Sweden is lower than in Norway and BRAbank will strive to reallocate the portfolio to less capital-intensive markets.

Organisational changes

In November 2019, changes to the Board of Directors was announced. Viggo Leisner was appointed Chair of the Board of Directors, replacing Geir Stormorken. In addition, Per G Braathen was appointed as board member.

Also in November 2019, one of the founders of BRAbank, Bent Gjendem resigned as Chief Executive Officer of BRAbank to take on the role as strategic adviser in commercialising BRAbank's technological platform.

Mr. Gjendem was replaced by Mr. Hans Ljøen effective from 1 December 2019. The new CEO comes from the position as Chief Financial Officer (CFO) in BRAbank. Previously, Ljøen held the position as the bank's Chief Risk Officer for more than four years.

Profit and loss

The merger between Monobank and former BRABank was formally completed 28 June 2019. Former BRABank is consolidated in the profit and loss statement starting third quarter 2019.

Net interest income for the year 2019 was NOK 348.1 million, an increase of 27.5 per cent compared to 2018 at NOK 273.0 million. The growth was driven by increased lending volume and the consolidation of former Monobank and BRAbank.

Total income was NOK 364.6 million in 2019, up from NOK 299.0 million in 2018.

Operating costs for 2019 ended at NOK 219.6 million, up from NOK 133.6 million in 2018. Total restructuring and integration costs for the year were NOK 34.3 million, while downsizing expenses were NOK 5.3 million. BRAbank expects that operating costs for the coming quarters will be gradually reduced to a more normalised level, as restructuring costs are non-recurring, and the cost-efficiency program takes full effect.

BRAbank has previously estimated that total integration costs will be in the range of NOK 40-50 million. The remaining costs are estimated at NOK 7 million and will be booked over the next few quarters.

The cost/income ratio ended at 60.2 per cent for the full year 2019. BRAbank expects that the cost/income ratio for the coming quarters will be gradually reduced to a more normalised level, as restructuring costs are non-recurring, and the cost-efficiency program takes full effect. Operating costs for the full year 2020 are estimated in the range NOK 152 to NOK 164 million.

Going forward, the bank will continue to focus on strengthening operational performance and new efficiency measures will be considered.

Operating profit before impairment provisions for the year 2019 ended at 133.7 million, down from NOK 169.5 million in 2018.

Loan losses for the year 2019 were 297.2 million, after extraordinary write-downs of NOK 135 million, up from 185.3 million in 2018. This corresponds to a loan loss ratio of 7.1 per cent, compared to a loan loss ratio of 5.7 per cent in 2018. Adjusted for extraordinary write-downs in 2019, the loan loss ratio was 4.5 per cent.

At the end of 2019, the Board of Directors carried out a thorough review of the valuation of the loan book. This resulted in an extraordinary loan loss provision of NOK 68 million. Of this, approximately NOK 45 million relates to a potential sale of a Norwegian past due loan portfolio, primarily originated in 2016-17. This portfolio became non-performing before the existing forward flow agreement commenced in 2018. The remaining approx. NOK 25 million comes from the former BRAbank portfolio and IFRS 9 adjustments in the existing Norwegian and Swedish loan portfolio.

There have been some uncertainties regarding the valuation of non-performing loans in the second-hand market. The

Board of Directors therefore decided to increase the extraordinary loan loss provisions by an additional NOK 20 million to NOK 88 million in Q4.

Loan losses for the rest of 2019 were also higher than expected, negatively affected by sale of a non-performing loan in Finland and higher than expected loan losses in the former BRAbank's Norwegian portfolio. In addition, a change in accounting principles from NGAP to IFRS 9 also negatively affected loan losses. IFRS 9 is an "expected credit loss" model whereby loan losses are taken earlier in the life cycle of the loan.

The result was a deficit of NOK 113.0 million for the year 2019, compared to a deficit of NOK 11.9 million for the full year of 2018.

Balance sheet

Total assets amounted to NOK 6 342 million as of 31 December 2019, up from NOK 4 781 million at the end of 2018. The bank's net loan balance was NOK 3 926 million (NOK 3 682 million) including prepaid agency commissions of NOK 123 million. The increase in net loans was due to an increase of the Finnish loan book, in line with corporate strategy. Of net loans outstanding at 31 December, NOK 1 543 million was to Finnish customers, representing 39 percent of total net loans.

Deposits from customers were NOK 5 473 million (NOK 4 125 million at the end of 2018). BRAbank's bank deposits and liquid securities amounted to NOK 2 215 million.

Total equity was NOK 756.0 million and CET1 ratio was 16.6 percent. In order to increase Tier 1 capital, BRAbank will conduct a private placement of up to NOK 85 million at a subscription price of NOK 0.5 per share. The Private Placement has been underwritten with NOK 65 million by certain large existing shareholders in the Company.

Moreover, BRAbank will issue a Tier 2 bond loan in the amount of up to NOK 35 million, of which NOK 15 million has been underwritten by certain large existing shareholders. The bonds will have a floating rate coupon of 3M NIBOR + 7.0% per annum.

The Private Placement and Tier 2 bond loan issue are planned to be completed in March 2020.

In September, a NOK 35 million equity issue was successfully completed. A total of 28 million shares were issued at a subscription price of NOK 1.25 per share. For further information about regulatory capital ratios, see note 3.

Cash flow

Cash flow from operations amounted to NOK 532.2 million. The main items were changes in debt securities of NOK –330.8 million and deposits from customers amounting to NOK 798.0 million. Cash flow from investment and financing activities was NOK -14.6 million and 117,3 million, which gave a net cash flow for the period of NOK 635.0 million.

Financial risk

The Board has adopted a policy for the business and risk management that describes the Bank's guidelines for the management of the business, internal controls, and risk management. In addition, the Board has adopted separate policy documents that cover credit risk, market risk, liquidity risk, and operational risk. Each of the policy documents describes guidelines, rules, and risk frameworks for the individual risk types. The Board meets regularly, with reports from the administration about the Bank's risk exposure to the different risk types. Each of the policy documents are reviewed at least annually by the Board. The Board has established an auditing and risk committee that prepares and gives advice to the Board related to risk management and internal control.

Credit risk

Credit risk is the Bank's most important risk and is the main source of the Bank's earnings. A risk framework has been established to ensure that the Bank's tolerance for credit risks is maintained. The decision to authorize or reject a loan application is based on information in the loan application associated with income, debt, living conditions, number of children and civil status in addition to data from credit agencies. The bank estimates the applicant's expected earning ability and estimates the probability that the customer will default on the loan. In addition, policy rules are established associated with income, degree of indebtedness, age and the minimum earnings level to qualify for a loan.

Operational risk

The Board has established guidelines and framework for managing operational risk. These are subject to review and possible amendments at least once a year.

The bank has a moderate tolerance for operational risk. The bank offers simple and standardised products for the individual market. Critical processes are automated so that the effect of human error is reduced. The Bank's operating concept is based, to a large degree, on the purchases of services from external suppliers, such as system operations, telecommunications, distribution, scorecards, and deposits.

A risk framework is established for how large a financial loss the Bank accepts. Steps to reduce operational risk are implemented if they are profitable in a cost/benefit analysis. The bank uses operational events actively in improvement work.

In 2019, the bank went through a merger and converted all loans and credit cards from former BRAbank's system to former Monobank's setup. The Bank also adjusted the organization through merger synergies and layoffs to adjust to market conditions and cost savings. The operational risk in this phase has been seen as higher than normal, but no known significant operational disturbances or weaknesses were identified in the Bank's operating processes.

Liquidity risk

The Board has established guidelines and a framework for controlling liquidity risk. These are subject to review and possible amendments at least once a year.

The Bank has low tolerance for liquidity risk. The Bank controls the daily liquidity position by monitoring short term cash flow and maturity on investments in the certificate and bond markets. Routine stress tests are performed.

A significant part of the bank's assets consists of liquid bonds.

The Bank's assets are financed by equity and deposits from the retail market. The liquidity portfolio is allocated to deposits in financial institutions and investments in certificates and bonds with a high credit rating and with high liquidity. An upper limit for deposits is set at NOK 2 million in Norway and EUR 100,000 elsewhere, since a higher deposit is considered less stable. Through 2019, the liquidity risk has been assessed as low.

Market risk

Market risk means the risk of a reduction in the market value of the Bank's holdings of financial instruments, including interest risks and currency risks in the liquidity management. The bank has low risk tolerance for market risk. The Board has established guidelines and frameworks for the allocation of liquidity in different financial instruments. The Bank's liquidity portfolio consists of deposits in other finance institutions or certificates and bonds with short, fixed-rate interest and high liquidity.

The bank manages the counterparty risk (credit risk) according to its risk frameworks and risk limits. Rules are established for how much of the liquidity can be invested in different risk classes. Rules are also established for the maximum exposure against a single counterparty based on the counterparty's rating.

The Bank offers only products with administratively established interest rate terms and does not offer fixed interest rate products. The interest rate fixing in the Bank's products is thereby limited to the regulatory warning deadline for interest changes that are disadvantageous for the customer. Risk frameworks are established for maximum interest risks based on stress testing for changes to the interest rate level. The Bank's interest risk was low in 2019.

The Bank hedges its currency exposure so that the currency risk is kept low.

Work environment, equality and discrimination

BRAbank had 51 employees, 33 men and 18 women at the end of the year. BRAbank is a young operation, where a large portion of the employees are between 27 and 44 years.

The Board of BRAbank consists of 6 members, 2 women and 4 men, of which one is an employee representative.

The sickness absence rate was 3.7% in 2019. BRAbank's goal is to have less than 4%. During the year, the bank has different activities and welfare activities to promote a good and physically active social environment, well-being in the workplace and to prevent sick leave. The Bank has established guidelines that shall ensure that there is no discrimination on the basis of ethnicity, nationality, heritage, skin colour, language, religion or spirituality. The same applies for gender, age, sexual orientation, political orientation or disability. There have been no work-related injuries or accidents during the year.

Report on social responsibility

BRAbank offers unsecured financing to individuals who are qualified according to an automated credit evaluation. BRAbank follows a strict policy regarding responsible marketing of loans.

The Bank's social responsibility is grounded in its role as a rapidly growing player within unsecured credit and it is integrated into the business operations. It has to do with how BRAbank's business affects people, the environment and society.

The social role is reflected in BRAbank's ethical regulations that apply to all employees and to the Board. This will ensure that BRAbank has an ethical business operation. This document describes how a business should act and how it should behave towards employees, customers, suppliers, and society in general.

The Bank must follow laws and regulations, communicate openly, honourably, and clearly, not engage in marketing that is disturbing or conflicts in some other way with social norms.

To achieve this, the Company is dependent on good work frameworks and employees that exercise this in practice, either in their dialogue with customers, processing of loan applications, development of new products or negotiations with suppliers.

There are controlling documents and guidelines for managing privacy, money-laundering, and corruption. The Company's CRO (Chief Risk Officer) is responsible for enforcement and reporting. BRAbank has a Corporate Social Responsibility (CSR) officer.

Responsible lending Consumer finance

BRAbank's main product is consumer financing and unsecured loans to individuals. BRAbank is dedicated to having a responsible loan policy. This shall both limit the consequences for consumers regarding fraud and limit loan losses for the Bank. By evaluating loan applications, information is obtained from both the customer and from external sources to discover whether the customer has the financial ability and will to repay the loan. This is incorporated into the customer score, and loans that are outside the terms will be immediately rejected.

BRAbank shall follow laws and regulations for offering credit and marketing credit. BRAbank is a member of Finance Norway and follows its guidelines. This is enforced through work instructions.

Environmental impact

BRAbank is certified as an Eco-lighthouse business. In 2019, the Bank's carbon footprint was 147 tonnes CO2, up 2% from 2018.

The Company recycles waste, sets environmental requirements for its suppliers and has no parking places available, neither for employees nor visitors.

The workplace is designed to be bicycle and running-friendly, with dressing rooms, showers and bicycle parking.

There is equipment available for video conferences and telephone meetings to replace air travel. Nevertheless, the biggest source of the bank's carbon footprint is flights. The bank has therefore introduced guidelines for business travel to reduce this imprint.

The Company is aware of climate-related risks and opportunities in line with the TCFD recommendations. To capture such opportunities and risks in the short and long term, climate-related risks and opportunities are an important point in the Company's New product approval process.

BRAbank has also made a difference for the local community, in addition to being a good workplace. The bank has been the first mentoring company in Catalyst's mentoring program in Bergen. The focus has been on preventing school pupils with a minority language background from dropping out of school before completing their education.

Work integration

BRAbank wishes to be an inclusive business for all employees. The Company has established an international environment, with employees from 10 different countries, and has established collaboration with Hero and NAV to receive refugees from Syria with relevant work experience. One person worked in this collaboration the majority of 2019.

Report on corporate governance

The Board of BRAbank shall ensure that the Company has appropriate business management to create value for interested parties and promote responsible business behaviour. BRAbank's corporate governance is structured to achieve the Company's strategic goals.

BRAbank ASA is listed on the Oslo Exchange's Merkur market and is subject to Norwegian securities legislation and stock exchange regulations. BRAbank seeks to comply, where relevant, with Norwegian recommendations for corporate governance and company management; last revised on 17 October 2018 (the recommendation codex).

The recommendation is applied on the basis of the "adhere to or explain" principle, and any deviations from the recommendation are explained under each individual topic. BRAbank ASA's governance framework is subject to an annual review by the Board (or "the Board") and the report can be found below.

The business

The object of BRAbank ASA is defined in the Articles of Association, Article 1 (2), which states:

"Within the framework of the current regulations, the Bank can conduct all business and services that are normal or natural for a bank."

The Board has developed clear goals, strategies and risk profiles for the business within the framework of the definition of the business, to create value for its shareholders. Frameworks have been adopted by the Board for managing different operational and financial risks. The Company's goal, strategies, and risk profiles are subject to an annual review by the Board.

Deviations from recommendations: none.

Equity and dividends

The Board of Directors intends to maintain a satisfactory capital adequacy ratio in accordance with current regulations for capital adequacy.

The Company is focused on increasing its consumer loan business and developing and commercialising its technology. That is why BRAbank currently aims to maintain its earnings to support growth and capital adequacy ratio. Any future decision about dividends will be dependent on the Company's financial position, operating results, and capital needs. The Company is currently not in a position to pay dividends.

The Board has the authority to raise the Company's share capital with up to NOK 236 544 of shares, with the issuance of 236 544 shares, each with a par value of NOK 1.0 in connection with the issuance of shares in the Bank's bonus and share option programme.

The Board intends to use its authority granted at an extraordinary AGM ("Annual General Meeting") on 13 January 2020, to issue 130 000 000 – 170 000 000 shares in a private placement at a subscription price of 0.5 per share.

Deviation from recommendations: The company does not have an explicit dividend policy.

Equal treatment of shareholders and transactions with related parties

The Company has only one share class, and all shares have the same rights in the company.

At the AGM, each of the shares have one vote, unless something else follows from law or public provisions.

The Board shall ensure that the Company maintains the Norwegian public limited liability companies act 3-8 and 3-9 in contracts between the Company and parties that are named there. When entering into not non-material agreements between the Company and shareholders, related parties, Board members or members of the management or related parties thereof, the Board will obtain an independent third-party assessment.

Any Board member and member of the management shall immediately notify the Board if he or she has a direct or indirect interest in a transaction or agreement that is or may be considered to have been entered into by the Company. This applies even if the Board member is considered competent in the processing of the case.

The Company's transactions involving its own shares shall be done on the exchange or by another method at the exchange listed price.

Deviation from recommendations: none.

Shares and transferability

The shares in the Company are freely transferable with respect to the Articles of the Association. BRAbank is a Norwegian financial institution. Norwegian framework legislation has general licensing rules that apply to all Norwegian financial institutions with large acquisitions of shares (ten percent or more).

Deviation from recommendation: None

Annual General Meeting

The AGM is the Company's highest authority. The Board works to ensure that the AGM is an effective forum for communication between shareholders and the Board, and encourages shareholders to participate in the meetings.

The AGM is normally held before the end of May each year, and no later than the end of June, which is the last permissible date in the Limited Liability Companies Act. At any time, the Board may call an extraordinary AGM.

The AGM is open and available to all shareholders. The Company has no provisions that exceed or deviate from the rules in Norwegian public limited liability companies act chapter 5.

The Board shall determine that the documents must be sufficiently detailed as to provide the basis for being able to decide on the issues raised on the AGM.

A deadline of two weeks for calling a meeting is established in the Articles of Association. The convening of a meeting and documents will be made available at the Company's homepage www.brabank.no. Shareholders can also require that documents be sent to them free of charge. The minutes will be published on the Company's internet pages as soon as they are available.

Shareholders may attend by proxy. The notice will contain further information on the procedure for attending using a proxy, including a proxy form. In addition, one or more people will be named to vote as proxies on behalf of shareholders.

The CEO and the Board's Chair has a duty to be present unless this is clearly unnecessary or there is a valid excuse.

The Company's auditor shall be present during the meeting.

Deviation from recommendations: The recommendation is that the entire Board and the head of the nominating committee attend the AGM. The CEO and the Board's Chair have been present, but not the Board's other representatives.

Nomination committee

The Company's Articles of Incorporation determine that the nomination committee shall have at least three members that are shareholders or representatives of shareholders. The nomination committee's members are elected at the AGM for a period of two years and can be re-elected.

The nominating committee shall recommend candidates for the election of Board members and chairperson of the Board, and make recommendations on remuneration to the Board members, including the Board's sub-committees, and to recommend members to the nomination committee.

As of 31 December 2019, the nomination committee consisted of:

- Geir Stormorken (Chair)
- Øyvind Oanes
- Nils Gunnar Hjellegjerde

The Board, composition and independence

The Board consists of 6 members, 2 women and 4 men, of which one is an employee representative. Emphasis has been placed on the Board having the necessary experience, expertise and capacity to perform the relevant positions in a satisfactory manner, and that they function well as collegial bodies.

None of the Company's management team are Board members.

5 of 6 members of the Board have shares in the company or as representative for related party, see note 23 share capital. The Board members follow the general rules for primary insiders.

Deviation from recommendations: None

The Board's work

The Board's work follows an established schedule and is managed in accordance with established Board instructions.

The Board has regular, physical Board meetings and had 11 set meetings 2019. Depending on the cases and situations, additional meetings may be held. These may be by telephone or through correspondence. In 2019, there were in total 22 Board meetings, of which 11 were extraordinary Board meetings. One of the general meetings was a strategy meeting.

The Board has established an auditing and risk committee that prepares and gives advice to the Board related to risk management and internal control. In addition, a remuneration committee was established in 2019.

Deviation from recommendations: None

Risk management and internal control

The Board shall ensure that BRAbank has appropriate internal controls and systems for risk management, which are appropriate given the scope and type of the company's business. The internal controls and systems shall also cover values and ethical guidelines.

The Board has adopted a policy for the business and risk management that describes the bank's guidelines for the management of the business, internal controls and risk management. In addition, the Board has adopted separate policy documents that cover credit risks, market risks, liquidity risks and operational risks.

Each of the policy documents describes guidelines, rules and risk frameworks for the individual risk types. The Board meets regularly, receiving reports from the administration about the bank's risk exposure to the different risk types. Each of the policy documents are reviewed at least annually by the Board. The Board has established an auditing and risk committee that prepares and gives advice to the Board related to risk management and internal controls.

The bank has an independent risk and compliance function.

Deviation from recommendations: The Board has not adopted an overall policy for corporate governance.

Remuneration of the Board

The nominating committee recommends the remuneration of the Board, which is set by the AGM. The remuneration is not dependent on results.

The remuneration of the individual Board members is stated in note 19 in the annual report. The size of the fees reflects the Board's responsibility, competence, use of time and the complexity of the business.

Remuneration of management employees

The Board determines salary and other remuneration for the CEO of BRAbank. BRAbank's salaries and bonuses are determined on the basis of an evaluation with an emphasis on specific factors established by the Board. The Board performs an annual evaluation of salary and other remuneration for the CEO.

The CEO determines salaries for the senior employees. The Board has issued guidelines for the remuneration of senior employees. The guidelines determine the main principles for the company's management salary policy.

BRAbank operates in an industry where human capital is an important driver of success. BRAbank ASA has prepared a remuneration scheme for employees in the bank that covers both variable salary, share options and favourable employee loans within given criteria. The scheme also covers senior employees. The remuneration scheme was adopted at the AGM on 17 March 2016.

The scheme aims to ensure that BRAbank attracts and retains the employees who perform, evolve, learn, and share knowledge. For more information, see note 19 in the annual report.

Deviation from recommendations: None

Information and communication

BRAbank is listed on Merkur at the Oslo Stock Exchange and is therefore subject to ongoing obligations for companies listed on this market. The company's dialogue with investors is based on openness and equal treatment. The Board has adopted financial reporting beyond the requirement that the company publish quarterly financial reports. The Board has delegated the responsibility for dialogue with investors and shareholders to the CEO in BRAbank. The company holds quarterly presentations including a webcast of the event.

Deviation from recommendations: None

Takeovers

If a takeover offer occurs, the Board will follow the general principle of equal treatment for all shareholders, and will seek to ensure that the business is not unnecessarily disrupted. The Board will attempt to ensure that the shareholders receive sufficient information and time to form an opinion about the offer.

The Board will not seek to prevent a takeover offer, unless it believes BRAbank's interest and shareholders support such steps. The Board will not oppose any takeover offer, unless this is approved by the AGM. If a takeover offer occurs, the Board will issue a declaration in accordance with the legal requirements. In a takeover offer, the Board will evaluate the obtaining of a valuation from an independent expert. Any transaction which is actually a divestment of the Group's business will be presented to the AGM for approval.

Deviation from recommendations: None

Auditor

PWC is BRAbank's auditor. The Board has ensured that an auditor has prepared an annual plan for the audit. An auditor takes part in Board meetings as needed. The Board has one meeting with the auditors at least once a year where the management is not present. An auditor presents a review of internal control procedures, including identified weaknesses and suggestions for improvement, to the Board at least once a year.

The auditors provide the audit committee with a quarterly overview of all services, in addition to audit work that is performed. Auditors provide an annual written confirmation that they continue to satisfy the requirements for independence. Information about the remuneration of auditors, including information about fees paid for audit work and any fees paid for other specific assignments are included in the notes on the accounting. At each AGM, the Board shall inform the AGM of all the services that are provided by auditors and their remuneration.

Deviation from recommendations: None

Outlook 2020

In order to increase capital adequacy, BRAbank will conduct a private placement of NOK 65-85 million at a subscription price of NOK 0.5 per share. Moreover, BRAbank will issue a Tier 2 bond loan in the amount of up to NOK 35 million. It is expected that the transaction will be concluded March 2020.

As of 31 December 2019, the bank had less accessible capital than anticipated, which limits short term growth opportunities. The CET1 ratio was 16.6% compared to the regulatory requirement of 17.7% and consequently in breach. Adjusted for the above-mentioned NOK 65 million underwritten private placement, the CET1 ratio would have been 18.3%.

At year-end 2019, the bank had a high portion of its liquidity allocated to bank deposits. If the majority of bank deposits were allocated to securities with zero risk weight, capital adequacy would increase by a further 0.6 percentage points.

In addition, BRAbank is in the process of selling a portfolio of non-performing loans in Norway. The transaction is expected to have a neutral P&L effect in Q1 20. Capital adequacy is expected to improve by up to 0.3 percentage points after the sale.

Refer to note 4 for further information on capital adequacy. The capital requirement in Finland is lower than in Norway and BRAbank will strive to reallocate the portfolio to less capital-intensive markets and the bank will continue to optimize the balance sheet structure.

BRAbank will continue to focus on operational efficiency in 2020 and secure that the positive effects from already implemented cost measures. In September, BRAbank launched an extensive cost program which will reduce the cost base by NOK 10-12 million annually when fully implemented. Based on this, BRAbank expects that current cost/income ratio gradually will be reduced in 2020.

Allocation of the annual profit/loss for 2019

It is proposed that the annual result after tax for 2019 be added, in its entirety, to other equity. The allocation reduces other equity by NOK 113 million.

BRABANK

Declaration from the Board of Directors of BRAbank ASA and the CEO

Bergen, 4 March 2020

We hereby declare that, to the best of our knowledge, the BRAbank ASA Annual Accounts for 2019 have been prepared in accordance with current accounting standards, and the disclosures in the accounts provide a true and fair view of the Company's assets, liabilities, financial position, and result as a whole as of 31 December 2019. We also declare that the annual report gives a true and fair view of the Company's development, results, and position, as well as the most important risk and uncertainty factors facing the company.

Rolf Viggo Leisner Chairman of the Board	Mette Henriksen	Tore Hopen
Kristin Krohn Devold	Per Georg Braathen	Tore Amundsen
Hans Kristian Ljøen CEO		

BRAbank Financial statement

Statement of comprehensive income*

In NOK thousands	Note	2019	2018
Interest income, effective interest method		407 950	330 043
Other interest income		12 847	10 968
Interest expenses		72 654	67 970
Net interest income	2.17	**348 143**	**273 041**
Commission and fee income	17	26 958	25 970
Commission and fee expenses	2, 17	10 533	0
Total income		**364 567**	**299 011**
Net change in value on securities and currency		-11 270	4 136
Staff costs	19	70 030	42 423
Other administrative expenses	2, 19, 21	106 535	77 936
Depreciation and amortisation	2, 14, 22	55 437	13 280
Gain from purchase on favourable terms	27	12 414	0
Total operating costs		**219 589**	**133 640**
Profit/(loss) before impairment losses		**133 708**	**169 507**
Impairment releases/(losses)	2, 3	-297 234	-185 330
Operating profit/(loss) before tax		**-163 526**	**-15 823**
Tax charge	2, 20	50 523	3 956
Profit/(Loss) after tax		**-113 002**	**-11 867**
Earnings per share	28	-0.29	-0.05
Diluted earnings per share	28	-0.29	-0.05

Comprehensive income

In NOK thousands		
Profit after tax	-113 002	-11 867
Other comprehensive income		
Comprehensive income for the period	**-113 002**	**-11 867**
Attributable to shareholders	-116 215	-14 888
Attributable to Tier 1 capital holders	3 213	3 020

* Historic figures are restated to IFRS

Statement of financial position

NOK thousands	Note	31.12.2019	31.12.2018	01.01.2018
Assets				
Loans and deposits to credit institutions	11, 13, 16	743 771	108 790	56 000
Loans and advances to customers	2, 3, 7, 11, 13	3 926 016	3 682 356	2 347 448
Certificates and bonds	10, 11, 13	1 470 919	851 879	756 536
Deferred tax asset	2, 20	104 452	39 585	29 981
Other intangible assets	14, 22	76 048	67 064	39 349
Property, plant and equipment	2	13 062	15 936	10 629
Financial derivatives	13	0	6 644	1 374
Prepayments, accrued income and other assets	2, 11, 15	7 845	9 092	4 278
Total assets	5, 6	**6 342 114**	**4 781 347**	**3 245 595**
Equity and liabilities				
Liabilities				
Deposits by customers	11, 13	5 472 666	4 125 245	2 651 861
Provisions, accruals and other liabilities	2, 11, 15	63 490	53 922	37 671
Financial derivatives	13	422	0	0
Subordinated loan	2, 11, 12, 13	49 540	49 328	49 157
Tax payable	2, 20	0	3 892	0
Total liabilities	5, 6	**5 586 118**	**4 232 386**	**2 738 688**
Equity				
Share capital	23, 27, 28	495 919	274 023	248 318
Share premium	2	324 931	222 454	191 001
Tier 1 capital	2, 24	49 540	49 412	49 243
Retained earnings	2	-114 616	3 073	17 960
Other paid in capital (options)	23	223	0	384
Total equity	4	**755 996**	**548 961**	**506 906**
Total equity and liabilities		**6 342 114**	**4 781 347**	**3 245 595**

Rolf Viggo Leisner
Chairman of the Board

Mette Henriksen

Tore Hopen

Kristin Krohn Devold

Per Georg Braathen

Tore Amundsen

Hans Kristian Ljøen
CEO

Statement of cash flows

In NOK thousand	**Note**	**31.12.2019**	**31.12.2018**
Cash flows from operating activities			
Operating profit/(loss) before tax		-163 526	-15 823
Adjustment for change in provision for impairment losses		151 172	144 708
Adjustment for unrealised changes in fair value of financial instruments		17 227	4 158
Adjustment share option programme		223	0
Depreciation and amortisation		25 541	11 196
Impairment of intangible assets		29 896	-
Net interest income		-348 143	-273 041
Gain from a bargain purchase		-12 414	0
Changes in loans and advances to customers		7 332	-1 479 096
Changes in deposits by customers		797 989	1 472 865
Changes in financial derivatives		7 065	-5 270
Changes in debt securities		-330 761	-100 253
Changes in tax payable, other operating assets and liabilities		-568	7 057
Interest received		422 331	341 012
Interest paid		-71 171	-64 555
Net cash flows from operating activities		532 193	42 957
Cash flows from investing activities			
Purchase of property, plant and equipment		-5 413	-2 008
Investment in intangible assets		-20 450	-37 489
Payment for acquisition/merger, net of cash acquired		11 304	0
Net cash flows from investing activities		-14 558	-39 497
Cash flows from financing activities			
Issue of ordinary shares		124 922	56 773
Paid interest tier 1 capital		-4 295	-4 027
Paid interest subordinated loans		-3 281	-3 416
Net cash flows from financing activities	25	117 346	49 330
Net increase/(decrease) in cash and cash equivalents		634 981	52 790
Cash and cash equivalents at period start		108 790	56 000
Cash and cash equivalents at period end		**743 771**	**108 790**

Statement of changes in equity

In NOK thousands	Share capital	Surplus capital	Other paid-in capital (options)	Tier 1 Capital	Retained earnings	Total
Equity at 31.12.2018	**274 023**	**222 454**	**0**	**49 412**	**3 073**	**548 961**
Profit/(loss) for the period				3 213	-116 215	**-113 002**
Share options issued			223			**223**
Shares issued net of fees and tax	78 970	45 952				**124 922**
Merger BRAbank/Monobank	142 926	56 525				**199 451**
Paid interest on Tier 1 capital				-3 085	-1 474	**-4 559**
Equity at 31.12.2019	**495 919**	**324 931**	**223**	**49 540**	**-114 616**	**755 996**

In NOK thousands	Share capital	Surplus capital	Other paid-in capital (options)	Tier 1 Capital	Retained earnings	Total
Equity at 31.12.2017 (NGAAP)	**248 318**	**191 001**	**384**	**0**	**17 960**	**457 663**
IFRS adjustments				49 243	-64 168	**-14 926**
Equity at 01.01.2018	**248 318**	**191 001**	**384**	**49 243**	**17 960**	**506 906**
Profit/(loss) for the period				3 020	-14 888	**-11 867**
Shares issued net of fees and tax	25 705	31 452	-384			**56 773**
Paid interest on Tier 1 capital				-2 852		**-2 852**
Equity at 31.12.2018	**274 023**	**222 454**	**0**	**49 412**	**3 073**	**548 961**

Notes to the financial statements

Note 1.1 - General accounting principles

BRAbank ASA, formerly Monobank ASA, was converted from a private limited company to a public limited company on 6 November 2015. The banking business was opened on 19 November 2015. February 8 2019, Monobank and BRAbank agreed to merge and the merger was completed 28 June 2019.

The financial statements of BRAbank ASA for the year ended December 31 2019, will be the first annual financial statements that comply with IFRS. In these financial statements, the term “Norwegian GAAP” or “NGAAP” refer to Norwegian GAAP in use before adoption if IFRS, i.e. Norwegian Accounting Act for banks, financial institutions and their parent company and Generally Accepted Accounting Principles in Norway.

Subject to certain transition elections and exceptions disclosed in note 2, the Bank has consistently applied the accounting policies used in the preparation of its opening IFRS statement of financial position at January 1, 2018 throughout all periods presented, as if these policies had always been in effect. Note 2 discloses the impact of the transition to IFRS on the Bank’s reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Bank’s financial statements for the year ended December 31, 2018 prepared under Norwegian GAAP.

Going concern

The Bank has adopted the going concern basis in preparing its financial statements. When assessing this assumption, management has assessed all available information about the future. After making such assessments, management has a reasonable expectation that the Bank has adequate resources to continue its operational existence for the foreseeable future.

Capital ratio requirement

The Banks Tier 1 Capital Ratio requirement is 17.7% at 31 December 2019. At this date, the Bank is below Tier 1 Capital Ratio requirement with 1.2 %.

The Board of Directors of BRAbank intends to conduct a private placement of NOK 65-85 million to strengthen the Company's capital adequacy. The Private Placement has been underwritten with NOK 65 million by certain large existing shareholders in the Company.

Moreover, the Board of Directors intends to conduct an issuance of a Tier 2 bond loan in the amount of up to NOK 35 million, of which NOK 15 million has been underwritten by certain large existing shareholders.

When including NOK 65 million of the underwritten Private Placement and NOK 15 million of the underwritten Tier 2 bond, the Company's Tier 1 Capital Ratio and Tier 2 Capital Ratio is expected to exceed the estimated requirements.

The Private Placement and Tier2 bond loan issue are planned to be completed ultimo March 2020.

New standards, amendments and interpretations issued but not effective for the financial year beginning January 1, 2019 and not early adopted by the Bank.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Bank has not early adopted them in preparing these financial statements.

The following amended standards are not expected to have a significant impact on the Banks financial statements:

- *Amendments to References to Conceptual Framework in IFRS Standards*
- *Definition of a Business (Amendments to IFRS 3)*
- IFRS 17 *Insurance Contracts*

Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following material items, which are measured on the following alternative basis on each reporting date:

- Certificates and bonds: Measured at fair value through profit or loss

Business combinations

The Bank accounts for business combinations using the acquisition method when control is transferred to the Bank. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

Interest

Interest income and expenses are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not ECL.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability, including commissions paid to loan agents.

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and for financial assets, adjusted for any expected credit loss allowance. The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating-rate instruments to reflect movements in market rates of interest

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Interest income calculated using the effective interest method presented in the statement of profit or loss and OCI includes:
- interest on financial assets and financial liabilities measured at amortised cost;

Interest expense presented in the statement of profit or loss and OCI includes:
- financial liabilities measured at amortised cost;
-interest expense on lease liabilities.

Other fee and commission income – including fee for brokered insurance contracts etc. – is recognised as the related services are performed.

A contract with a customer that results in a recognised financial instrument in the Banks financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Bank first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

Net income from other financial instruments at FVTPL relates to non-trading derivatives held for risk management purposes that do not form part of qualifying hedging relationships, financial assets and financial liabilities designated as at FVTPL and also non-trading assets mandatorily measured at FVTPL. The line item includes fair value changes, interest, dividends and foreign exchange differences.

Financial instruments

Classification and measurement of financial assets

Under IFRS 9, classification of financial assets is based on both characteristics of the contractual cash flows and the business model for managing the financial asset.

Business model assessment

BRAbank makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

BRAbank has classified its financial assets in the following two business models:

1) A business model whose objective is to hold assets in order to collect contractual cash flows
2) A business model where BRAbank manages the financial assets with the objective of realising cash flows through the sale of the assets. Assessment whether contractual cash flows are solely payments of principal and interest. BRAbank performs a contractual cash flow characteristics test at initial recognition of financial assets. Financial assets with cash flows that are solely payments of principal and interest (SPPI) pass the test if the consideration only compensates for the time value of money, credit risk and for other basic lending risks (e.g. liquidity risk) and costs (administrative costs).

Loans to and receivables from credit institutions

Loans to and receivables from credit institutions comprise in all material aspects time-limited and regular deposits in credit institutions. These receivables have cash flows that are only payment of interest and instalments and therefore are valued at amortized cost.

Loans to and receivables from customers

Loans to and receivables from customers comprise in all material aspects loans to customers and receivables from credit cards. It is the bank's assessment that contractual cash flows from loans to (loans for consumer goods) and receivables from customers merely represent repayment of principal and interest on the outstanding principal at all times. Therefore, loan commitments are valued at amortized cost.

Amortized cost at the date of establishment includes the principal of the loan commitments, fees charged to the borrower and transaction fees such as commissions to brokerage agents.

Certificates, bonds and other interest-bearing securities

These are measured and followed up internally at fair value and are therefore measured at fair value in the balance sheet with value changes over profit or loss.

Financial derivatives

Financial derivatives do not have cash flows that are only interest and instalments and are therefore measured at fair value in the balance sheet with value changes over profit or loss. So far the bank has not chosen to apply hedge accounting.

Classification and measurement of financial liabilities

Financial derivatives

Financial derivatives that are liabilities are measured at fair value in the balance sheet with value changes over profit or loss. So far the bank has not chosen to apply hedge accounting.

Financial guarantees

The bank has not issued financial guarantee contracts per date.

Other financial liabilities

So far the bank has not chosen to measure financial liabilities voluntarily at fair value through profit or loss. The bank therefore measures other financial liabilities at amortized cost.

Financial instruments with characteristics as equity

The company has issued a perpetuity fund bond with a unilateral right not to repay interest or principal to the investors. As a consequence of these terms the fund bond does not meet the requirements to financial liability and is included in the company's equity as hybrid capital. Transaction expenses and unpaid interest are presented as a reduction of retained earnings.

Calculation of impairment of financial assets measured at amortized cost

The principles in IFRS 9 related to impairment for loss on financial assets are based on allowances being made for expected credit loss (ECL). Expected losses normally arise before there is an objective evidence of a loss event. The impairment rules for assets measured at amortized cost are correspondingly used on loan commitments, unused credit limits and financial guarantee liabilities. The rules have practical impact for the bank when it comes to loss allowance for unused limit on credit card.

Description of the framework for impairment.

The bank has prepared a model for calculation of impairment in accordance with the requirements in IFRS 9. The model calculates expected losses based on PD-LGD-EAD method, where the expected loss is calculated as PD x LGD x EAD discounted by originally effective interest rate. PD is the probability of default, LGD is loss given default and EAD is exposure at default.

The bank separates between receivables that have or do not have incurred losses at the initial recognition in the balance sheet.

Receivables that do not have incurred losses at the initial recognition in the balance sheet

Calculation of expected credit loss is based on a model consisting of three stages among which all engagements are classified. The period of time for which expected credit loss shall be calculated depends on which stage the engagement is allocated to.

1. **Classification**

By initial recognition the bank allocates 12 months ECL for the engagement (stage 1), called 12M ECL. In stage 1 the interest income on gross loan commitments is calculated using the effective interest method. If the engagement is assessed to have a significant increase of credit risk, defined as probability of default, since initial recognition, allowance shall be made for the expected loss for the remaining term of the total engagement, called Lifetime ECL (stage 2). In stage 2 the interest income is calculated in the same way as in stage 1. Lifetime ECL is correspondingly calculated for engagements where loss has incurred (actual default) (stage 3). In stage 3 the interest income is calculated based on the net size of the loan commitment, i.e. after allowance for losses, using the effective interest method.

New loan commitments and credits are allocated to stage 1, unless the loan commitments have been purchased or originally have high credit risk, then the instrument is recognised in stage 3. At each reporting date an assessment shall be made whether there has been a significant increase in credit risk (SICR) since the engagement was granted. Engagements that meet the criteria for SICR are moved to stage 2. Engagements where loss has incurred are allocated to stage 3.

ECL is calculated by weighting several scenarios to calculate an estimate based on adequate expectations. The company has chosen to use three scenarios, one base, one positive and one negative.

The bank uses the PD-LGD-EAD method for all products and markets. For stage 1 the bank apply a 12 months PD when calculating the ECL. When assessing whether an engagement meets the criteria for SICR, the bank evaluate a behavioural PD (12 months), which is assumed to be an approximation of a lifetime PD. If an engagement is determined to be stage 2, the bank estimates a lifetime PD based on an extrapolation of the input data used to determine the 12 months PD. The table below shows underlying models used to establish PD, LGD and EAD respectively for the portfolio of loan commitments for consumer goods.

	Norway	Sweden	Finland
PD	Scorecard developed on internal data	Scorecard from external credit supplier	Scorecard developed on internal data
LGD	Based on selling price in forward flow contract entered into. Based on indicative prices from buyer of default loan commitments for loan commitments that are not covered by the forward flow contract and for default that incur after the expiry of the forward flow contract entered into.	Based on indicative prices from buyer of default loan commitments	Based on indicative prices from buyer of default loan commitments
EAD	The repayment plan of the account and the probability of early redemption	The repayment plan of the account and the probability of early redemption	The repayment plan of the account and the probability of early redemption

As shown in the table above the ECL-model divides the total portfolio into 4 different portfolios:

- loan commitments for consumer goods in Norway
- loan commitments for consumer goods in Sweden
- loan commitments for consumer goods in Finland
- credit cards

The PD-model estimates the probability for default by assessing the statistical relationship between the default and the customer's financial position, payment record and demographic data.

The bank has no internal models for credit cards due to short history. These portfolios, however, are limited in size. The bank intends to build internal models as soon as the data basis is sufficient. Discretionary rates have been determined for PD, LGD and EAD respectively for this portfolio based on the model results for the portfolio of loan commitments for consumer goods.

2. Default definition

The definition of default is a loan that the Bank considers a financial instrument defaulted for ECL calculations in all cases when the borrower becomes 90 days past due in relation to the agreed payment schedule and where the amount overdue exceeds the materiality threshold of NOK 500 or the equivalent in the respective local currencies. The Bank has aligned its definition of credit impaired assets under IFRS 9 to the EBA definition of non-performing loans ("NPLs")

As part of a qualitative assessment of whether an exposure is credit impaired, the Bank also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Bank carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

- Internal rating of the borrower indicating default or near-default

- The borrower is deceased

- The borrower filing for bankruptcy or entering into debt settlement proceedings or other financial restructuring.

3. Migration between the three stages of the model

All non-performing engagements are allocated to stage 3 of the model. Engagements that have had a significant increase in credit risk since initial recognition are allocated to stage 2. The remaining engagements are included in stage 1.

Significant increase in credit risk

The migration from stage 1 to stage 2 are managed by the definition of significant increase in credit risk. This set of rules consists of two elements: The PD-test and a backstop.

The PD-test includes two criteria that both have to be met in order for an engagement to be assessed to have had a significant increase in credit risk. An engagement is assumed to have had a significant increase in credit risk if PD at the reporting date is 2.5 times higher than anticipated PD calculated at the recognition date. Further on, the increase in PD must exceed one percentage point if the increase is to be considered significant.

If an engagement is due by over 30 days, it shall be moved to stage 2 independent of whether it has passed the PD-test.

Migration to lower stage

An engagement that has migrated to stage 2 can migrate back to stage 1 provided it does not any longer meet any of the criteria described above.

There is no explicit quarantine period before an engagement can migrate from stage 2 to stage 1. Non-performing engagements will migrate to stage 1 or 2 when they are no longer marked non-performing, unless purchased or originally recognised at high credit risk.

4. Macro scenarios

For establishment of the connection between macroeconomic assumptions and the model parameters of the ECL-model (PD, LGD and EAD), the bank has ascertained that existing historical basis is not sufficient to model sufficiently reliable statistic connections. Therefore, the bank has chosen an approach which to a large extent is based on expert reviews. Based on a total assessment of the most important macro variables an adjustment factor is determined for PD, LGD and EAD over the prognosis period.

Receivables where loss has incurred at initial recognition in the balance sheet

So far the bank has not purchased receivables with incurred losses as part of its normal operations. Receivables with incurred losses have been purchased through the acquisition of BRAbank ASA and only to a little extent established through renegotiations of existing loan commitments. The bank reports these receivables separately and treat them as receivables in stage 3 as long as the receivables remain in the balance sheet.

Governance

The bank has established a governance structure for the model that is used to calculate the allowance for losses with clearly defined responsibility for maintenance of model park and -methodology, quality and completeness of the data that form the basis for the calculations, and preparation of macro scenarios. Macro scenarios are treated quarterly by the existing credit committee.

Leases

As a part of the conversion to IFRS, the company has implemented IFRS 16 Leases. The company complies with IFRS 1.D9B(b)(ii) and has set the right to use asset equal to the leasing liability per 01.01.2018.

IFRS 16 implies that all leased assets are recognised in the balance sheet and depreciated, in the same way as owned assets. Recognition of the asset in the balance sheet implies a corresponding liability. The company leases office premises in Telegrafen in Bergen, but has no other leasing contracts. The company makes use of the exemptions for assets of low value and short-term contracts. As IFRS 16 does not have a material impact on the financial statements we have chosen to present the right to use asset on the same line as the underlying asset, i.e. property, plant and equipment. The leasing liability is presented in note 16 and is divided into short-term and long-term part.

Business areas

The Bank views its business as a collective business area. The business area is linked to unsecured consumer and leisure financing and as of 31 December 2019 consisted of two loan products (credit card and loan) and a deposit product. In 2019, all lending business was directed at the Norwegian, Swedish and Finnish markets and there was no significant differentiation connected with regular monitoring, management and controls in the Bank's geographical business areas. The management of the Bank also calls for uniform reporting of business areas.

Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the Bank is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on business plans for the Bank. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if there is any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Bank expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment. Any gain or loss on disposal of an item of property and equipment is recognised within other income in profit or loss. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Bank. Ongoing repairs and maintenance are expensed as incurred. Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss.

The estimated useful lives of property and equipment for the current and comparative periods are as follows:

IT and software	5 years; and
fixtures and fittings	3 years.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Software acquired by the Bank is measured at cost less accumulated amortisation and any accumulated impairment losses.

Expenditure on internally developed software is recognised as an asset when the Bank is able to demonstrate: that the product is technically and commercially feasible, its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and that it can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software and capitalised borrowing costs and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as it is incurred.

Software is amortised on a straight-line basis in profit or loss over its estimated useful life, from the date on which it is available for use. The estimated useful life of software for the current and comparative periods is three to five years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Impairment of non-financial assets

At each reporting date, the Bank reviews the carrying amounts of its non-financial assets (other than investment properties and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

The Banks corporate assets do not generate separate cash inflows and are used by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGUs to which the corporate assets are allocated.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Earnings per share

The Bank presents basic and diluted EPS data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss that is attributable to ordinary shareholders of the Bank by the weighted-average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss that is attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

Note 1.2 - Use of judgments and estimates

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Banks accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 3: establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into measurement of ECL and selection of approval of models used to measure ECL.
- Note 3: classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI on the principal amount outstanding.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2019 is included in the following notes:

- Impairment of financial instruments: determination of inputs in the ECL measurement model, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information.
- Note 20: recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used.

Note 2 – First-time adoption of IFRS

These financial statements, for the annual financial statements ending Des 31 2019, are the first the Bank has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2018, the Bank prepared its financial statements in accordance with Norwegian generally accepted accounting principles (NGAAP).

Accordingly, the Bank has prepared financial statements that comply with IFRS applicable as at 31 December 2019, together with comparative period date for the year ended 31 December 2018, as described in the summary of significant accounting policies. In preparing the financial statements, the Bank's opening statement of financial position was prepared at 1 January 2018, the Bank's date of transition to IFRS. This note explains the principal adjustments made by the Bank in restating its NGAAP financial statements, including the statement of financial position as at 1 January 2018 and the financial statements for the year ended 31 December 2018.

Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS. The Bank has applied the following exemptions:

- IFRS 1, D9B, allows a first-time adopter that is a lessee to measure a lease liability at the date of transition to IFRSs. The lease liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate. The right-of-use asset is measured at an amount equal to the lease liability.

Estimates

The estimates at 1 January 2018 and at 31 December 2018 are consistent with those made for the same dates in accordance with NGAAP (after adjustments to reflect any differences in accounting policies). IFRS 9 require certain estimates that were not required under NGAAP, such as Expected Credit Loss (ECL) for its Loans and advances to customers. The estimates used by the Bank to present these amounts in accordance with IFRS reflect conditions at 1 January 2018, the date of transition to IFRS, and as at 31 December 2018.

Reconciliation of equity as at 1 January 2018 (date of transition to IFRS)

NOK in thousands		**1 January 2018**		
	Note	NGAAP	Adjustments	IFRS
Share capital		248 318		248 318
Surplus capital		255 169	-64 168	191 001
Tier 1 capital	B		49 243	49 243
Other paid-in capital (options)		384		384
Retained earnings		17 960		17 960
Total		521 831	-14 925	506 906

NOK in thousands		**31 December 2018**		
	Note	NGAAP	Adjustments	IFRS
Share capital		274 023		274 023
Surplus capital		286 621	-64 168	222 454
Tier 1 capital	B		49 412	49 412
Retained earnings		48 527	-45 454	3 073
Total		609 171	-60 210	548 961

Reconciliation of Income Statement		31 December 2018		
NOK in thousands	Note	NGAAP	Adjustments	IFRS
Interest income, effective interest method	A	392 518	-62 632	329 886
Other interest income		11 125		11 125
Interest expenses	B	71 996	-4 027	67 970
Net interest income		**331 646**	**-58 606**	**273 041**
Commission and fee income		25 970		25 970
Commission and fee expenses	A	60 456	-60 456	
Total income		**297 161**	**1 851**	**299 011**
Net change in value on securities and currency		4 136		4 136
Staff costs		42 423		42 423
Other administrative expenses	C	80 361	-2 425	77 936
Depreciation and amortisaton	C	10 855	2 425	13 280
Total operating costs		**133 640**	**-**	**133 640**
Profit/(loss) before impairment losses		**167 657**	**1 851**	**169 507**
Impairment releases/(losses)	D	-128 435	-56 896	-185 330
Operating (loss)/profit before tax		**39 222**	**-55 045**	**-15 823**
Tax charge	E	-8 655	12 611	3 956
Profit/(loss) for the year		**30 567**	**-42 434**	**-11 867**
Earnings per share		0.11		-0.04
Diluted earnings per share		0.12		-0.05

Comprehensive income		31 December 2018		
NOK in thousands	Note	NGAAP	Adjustments	IFRS
Profit after tax		30 567	-42 434	-11 867
Other comprehensive income				
Comprehensive income for the period		**30 567**	**-42 434**	**-11 867**

Reconciliation of financial position		**31 December 2018**		
NOK in thousands	Note	NGAAP	Adjustments	IFRS
Assets				
Loans and advances to credit institutions		108 790		108 790
Loans and advances to customers	A, D	3 705 736	-23 380	3 682 356
Certificates and bonds		851 879		851 879
Deferred tax asset	E	2 791	36 794	39 585
Other intangible assets		67 064		67 064
Property, plant and equipment		2 681	13 254	15 936
Financial derivatives		6 644		6 644
Prepayments, accrued income and other assets	A	130 341	-121 249	9 092
Total assets		**4 875 927**	**-94 581**	**4 781 347**
Equity and liabilities				
Liabilities				
Deposits by customers		4 125 245		4 125 245
Provisions, accruals and other liabilities	C	40 668	13 254	53 922
Subordinated loan	B	98 739	-49 412	49 328
Tax payable	E	2 105	1 787	3 892
Total liabilities		**4 266 756**	**-34 370**	**4 232 386**
Equity				
Share capital		274 023		274 023
Surplus capital		286 621	-64 168	222 454
Tier 1 capital	B		49 412	49 412
Retained earnings		48 527	-45 454	3 073
Total equity		**609 171**	**-60 210**	**548 961**
Total liabilities and equity		**4 875 927**	**-94 581**	**4 781 347**

Reconciliation of Cash Flow Statement		31 December 2018		
NOK in thousands	Note	NGAAP	Adjustments	IFRS
Cash flow from operating activites				
Operating profit/(loss) before tax		39 222	-55 045	-15 823
Adjustment for change in provision for impairment losses		87 812	56 896	144 708
Adjustment for unrealised changes in fair value of financial instruments		4 158		4 158
Depreciation and amortisation		11 196		11 196
Net interest income			-273 041	-273 041
Changes in loans and advances to customers		-1 441 360	-37 736	-1 479 096
Changes in deposits by customers		1 473 384		1 472 865
Changes in financial derivates		-5 270		-5 270
Changes in debt securities		-100 253		-100 253
Changes in other operating assets and liabilities		-33 375	40 432	7 057
Interest recieved			341 012	341 012
Interest paid			-64 555	-64 555
Net cash flows from operating activities		**35 513**	**7 963**	**42 957**
Cash flows from investing activities				
Purchase of property, plant and equipment		-2 008		-2 008
Investment in intangible assets		-37 489		-37 489
Net cash flows from investing activities		**-39 497**		**-39 497**
Cash flows from financing activities				
Issue of ordinary shares		56 773		56 773
Paid interest tier 1 capital	B		-4 027	-4 027
Paid interest subordinated loans			-3 416	-3 416
Net cash flows from financing activities		**56 773**	**-7 443**	**49 330**
Net increase/(decrease) in cash and cash equivalents		**52 789**		**52 790**
Cash and cash equivalents at period start		56 000		56 000
Cash and cash equivalents at period end		**108 789**		**108 790**

A) Under IFRS, commissions paid to agents are included in the amortised cost of loans and advances to customers and thus part of the effective interest calculation. Under NGAAP, commissions to agents were presented as "Commission and fee expenses" in the income statement.

B) The Bank has issued Tier 1 bonds that are not redeemable by the holders and bear an entitlement to coupons at the sole discretion of the Bank. Accordingly, they are presented within equity under IFRS. Under NGAAP these were presented as liabilities. Paid interest on the Tier 1 bonds are charged directly through equity due to the reclassification from liabilities to equity under IFRS. .

C) Under IFRS 16, leases presented as operating expenses are reclassified to interest expense and depreciation as each material lease agreement are recognised in the financial statements as a right-of-use asset and a corresponding lease liability.

D) Under IFRS 9, the impairment model shall reflect expected credit losses rather than incurred losses as under NGAAP. The Bank has implemented a new model to measure its expected credit losses under IFRS, and consequently increased its impairment provisions.

E) Introducing IFRS also had an impact on taxes arising from the new accounting values determined under IFRS.

Note 3 – IFRS 9

3.1 Gross loans, off-balance and expected credit loss

Gross loans, off-balance and loss allowance by product and country - 31.12.2019

Amounts in NOK 1000

				Gross Loans				Loss allowance			
	Gross book value	Hereof agent commissions	Off-balance sheet amount	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Consumer loans											
Norway	2 430 477	59 943	-	1 701 298	302 608	426 571	2 430 477	32 594	36 598	247 676	316 868
Sweden	222 251	8 670	-	181 711	18 353	22 188	222 251	3 958	1 891	9 172	15 021
Finland	1 656 005	53 867	365	1 414 426	129 079	112 500	1 656 005	44 966	20 161	47 600	112 726
Credit card loans											
Norway	50 048	-	252 376	44 861	28	5 159	50 048	895	-	1 024	1 918
Sweden	14 268	-	106 822	12 792	-	1 476	14 268	233	-	267	500
Total	**4 373 050**	**122 480**	**359 562**	**3 355 088**	**450 068**	**567 893**	**4 373 050**	**82 646**	**58 650**	**305 738**	**447 034**

Gross loans, off-balance and loss allowance by product and country - 31.12.2018

Amounts in NOK 1000

				Gross Loans				Loss allowance			
	Gross book value	Hereof agent commissions	Off-balance sheet amount	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Consumer loans											
Norway	2 672 358	76 697	24 978	2 054 434	289 175	328 750	2 672 358	42 919	31 158	114 829	188 906
Finland	1 290 944	44 552	29 632	1 101 881	78 442	110 621	1 290 944	41 001	12 412	38 627	92 040
Total	**3 963 302**	**121 249**	**54 610**	**3 156 314**	**367 617**	**439 371**	**3 963 302**	**83 920**	**43 570**	**153 456**	**280 946**

Gross loans listed above are unsecured credit (consumer loans and credit card loans).

Contractual amounts outstanding on financial assets that were written off during the reporting period are considered immaterial.

Gross loan and off-balance by risk class - 31.12.2019 and 31.12.2018

Amounts in NOK 1000

		31.12.2019		31.12.2018	
Risk class	**Probability of default**	**Gross book value**	**Off-balance sheet amount**	**Gross book value**	**Off-balance sheet amount**
A	0 - 1,2 %	36 952	172 003	518 551	7 508
B	1,2 - 2,5 %	188 677	111 353	476 484	6 351
C	2,5 - 3,8 %	482 798	44 879	391 817	5 382
D	3,8 - 5,2 %	551 581	15 255	369 236	4 945
E	5,2 - 6,9 %	485 627	6 970	327 621	4 440
F	6,94- 9,5 %	479 710	3 004	315 594	4 412
G	9,5 - 13,2 %	383 565	1 675	300 727	4 190
H	13,2- 18,4 %	407 433	2 613	300 425	4 253
I	18,4 - 28,1 %	390 287	774	262 452	3 910
J	28,1 - 90,9 %	408 532	43	261 066	3 433
K	90,9 - 100 %	557 887	994	439 329	5 786
Total		**4 373 050**	**359 562**	**3 963 302**	**54 610**

Risk classes is grouped by PD (probability of default) into groups A to K, with A being the group with lowest risk, and K being the group with the highest risk.

3.2 Changes in loan loss allowance and gross loans

Total incl. consumer loans and credit card loans - 01.01.2019 - 31.12.2019

Reconciliation of total expected credit loss

Amounts in NOK 1000	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 01.01.2019	83 920	43 570	153 456	280 946
Transfers				
- transfer from stage 1 to stage 2	-33 632	33 632	-	-
- transfer from stage 1 to stage 3	-6 506	-	6 506	-
- transfer from stage 2 to stage 3	-	-43 644	43 644	-
- transfer from stage 3 to stage 2	-	4 985	-4 985	-
- transfer from stage 2 to stage 1	37 806	-37 806	-	-
- transfer from stage 3 to stage 1	2 804	-	-2 804	-
New financial assets originated	64 688	6 911	38 521	110 120
Derecognised financial assets (repayments and write-o	-24 105	-37 279	-101 750	-163 133
Change in measurement*	-49 500	83 073	170 579	204 152
Currency effects	-366	73	328	34
Change in model or risk parameters	-	-	-	-
Other adjustments**	7 537	5 135	2 244	14 915
Loss allowance as at 31.12.2019	**82 646**	**58 650**	**305 738**	**447 034**

*change in PD, LGD or EAD and 12 months vs lifetime horizon

**balance aqquired through the merger

Reconciliation of gross loans

Amounts in NOK 1000	Stage 1	Stage 2	Stage 3	Total
Gross loans as at 01.01.2019	3 156 314	367 617	439 371	3 963 302
	-	-	-	-
Transfers	-	-	-	-
- transfer from stage 1 to stage 2	-864 387	864 387	-	-
- transfer from stage 1 to stage 3	-146 096	-	146 096	-
- transfer from stage 2 to stage 3	-	-263 829	263 829	-
- transfer from stage 3 to stage 2	-	23 284	-23 284	-
- transfer from stage 2 to stage 1	331 922	-331 922	-	-
- transfer from stage 3 to stage 1	17 141	-	-17 141	-
New financial assets originated	1 683 089	34 421	121 449	1 838 959
Derecognised financial assets (repayments and write-o	-820 347	-265 980	-336 504	-1 422 832
Partial repayments	-361 016	-7 995	-34 259	-403 271
Currency effects	-3 337	274	1 097	-1 966
Change in model or risk parameters	-	-	-	-
Other adjustments**	361 804	29 812	7 241	398 857
Gross loans as at 31.12.2019	**3 355 088**	**450 068**	**567 893**	**4 373 050**

**balance aqquired through the merger

Consumer loans in Norway

Reconciliation of expected credit loss for consumer loans in Norway

Amounts in NOK 1000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loss allowance as at 01.01.2019	42 919	31 158	114 829	188 906
Transfers				
- transfer from stage 1 to stage 2	-18 736	18 736	-	-
- transfer from stage 1 to stage 3	-3 607	-	3 607	-
- transfer from stage 2 to stage 3	-	-11 043	11 043	-
- transfer from stage 3 to stage 2	-	2 250	-2 250	-
- transfer from stage 2 to stage 1	27 015	-27 015	-	-
- transfer from stage 3 to stage 1	1 604	-	-1 604	-
New financial assets originated	21 684	4 514	30 653	56 851
Derecognised financial assets (repayments and write-offs)	-10 896	-36 323	-35 891	-83 110
Change in measurement*	-34 620	49 191	125 239	139 809
Currency effects	-	-	-	-
Change in model or risk parameters	-	-	-	-
Other adjustments**	7 231	5 130	2 051	14 412
Loss allowance as at 31.12.2019	**32 594**	**36 598**	**247 676**	**316 868**

*change in PD, LGD or EAD and 12 months vs lifetime horizon

**balance aqquired through the merger

Reconciliation of gross loans for consumer loans in Norway

Amounts in NOK 1000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross loans as at 01.01.2019	2 054 434	289 175	328 750	2 672 358
Transfers				
- transfer from stage 1 to stage 2	-578 366	578 366	-	-
- transfer from stage 1 to stage 3	-97 682	-	97 682	-
- transfer from stage 2 to stage 3	-	-87 431	87 431	-
- transfer from stage 3 to stage 2	-	13 026	-13 026	-
- transfer from stage 2 to stage 1	263 338	-263 338	-	-
- transfer from stage 3 to stage 1	11 993	-	-11 993	-
New financial assets originated	575 499	9 105	100 548	685 152
Derecognised financial assets (repayments and write-of	-481 349	-260 229	-143 233	-884 810
Partial repayments	-226 376	-5 848	-26 206	-258 430
Currency effects	-	-	-	-
Change in model or risk parameters	-	-	-	-
Other adjustments**	179 806	29 783	6 617	216 207
Gross loans as at 31.12.2019	**1 701 298**	**302 608**	**426 571**	**2 430 477**

**balance aqquired through the merger

Consumer loans in Sweden

Reconciliation of expected credit loss for consumer loans in Sweden

Amounts in NOK 1000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loss allowance as at 01.01.2019	-	-	-	-
Transfers				
- transfer from stage 1 to stage 2	-63	63	-	-
- transfer from stage 1 to stage 3	-12	-	12	-
- transfer from stage 2 to stage 3	-	-61	61	-
- transfer from stage 3 to stage 2	-	23	-23	-
- transfer from stage 2 to stage 1	27	-27	-	-
- transfer from stage 3 to stage 1	-	-	-	-
New financial assets originated	3 820	1 586	7 422	12 828
Derecognised financial assets (repayments and write-o1	-42	-1	-41	-84
Change in measurement*	-45	299	1 703	1 956
Currency effects	16	8	37	61
Change in model or risk parameters	-	-	-	-
Other adjustments**	259	-	-	259
Loss allowance as at 31.12.2019	**3 958**	**1 891**	**9 172**	**15 021**

*change in PD, LGD or EAD and 12 months vs lifetime horizon
**balance aqquired through the merger

Reconciliation of gross loans for consumer loans in Sweden

Amounts in NOK 1000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross loans as at 01.01.2019	-	-	-	-
Transfers				
- transfer from stage 1 to stage 2	-5 906	5 906	-	-
- transfer from stage 1 to stage 3	-1 404	-	1 404	-
- transfer from stage 2 to stage 3	-	-3 569	3 569	-
- transfer from stage 3 to stage 2	-	82	-82	-
- transfer from stage 2 to stage 1	1 110	-1 110	-	-
- transfer from stage 3 to stage 1	-	-	-	-
New financial assets originated	19 746	16 743	16 863	53 351
Derecognised financial assets (repayments and write-o1	-4 436	-23	-144	-4 604
Partial repayments	-3 125	-81	131	-3 076
Currency effects	3 831	406	447	4 683
Change in model or risk parameters	-	-	-	-
Other adjustments**	171 895	-	-	171 895
Gross loans as at 31.12.2019	**181 711**	**18 353**	**22 188**	**222 251**

**balance aqquired through the merger

Consumer loans in Finland

Reconciliation of expected credit loss for consumer loans in Finland

Amounts in NOK 1000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loss allowance as at 01.01.2019	41 001	12 412	38 627	92 040
Transfers				
- transfer from stage 1 to stage 2	-14 832	14 832	-	-
- transfer from stage 1 to stage 3	-2 861	-	2 861	-
- transfer from stage 2 to stage 3	-	-32 541	32 541	-
- transfer from stage 3 to stage 2	-	2 713	-2 713	-
- transfer from stage 2 to stage 1	10 764	-10 764	-	-
- transfer from stage 3 to stage 1	947	-	-947	-
New financial assets originated	38 116	816	-	38 932
Derecognised financial assets (repayments and write-o1	-13 083	-955	-65 760	-79 799
Change in measurement*	-14 703	33 584	42 700	61 580
Currency effects	-382	65	290	-27
Change in model or risk parameters	-	-	-	-
Other adjustments	-	-	-	-
Loss allowance as at 31.12.2019	**44 966**	**20 161**	**47 600**	**112 726**

*change in PD, LGD or EAD and 12 months vs lifetime horizon

**Including sale of non-performing loan portfolio of approx. MEUR 18.

Reconciliation of gross loans for consumer loans in Finland

Amounts in NOK 1000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross loans as at 01.01.2019	1 101 881	78 442	110 621	1 290 944
Transfers				
- transfer from stage 1 to stage 2	-280 115	280 115	-	-
- transfer from stage 1 to stage 3	-42 898	-	42 898	-
- transfer from stage 2 to stage 3	-	-172 829	172 829	-
- transfer from stage 3 to stage 2	-	10 176	-10 176	-
- transfer from stage 2 to stage 1	67 474	-67 474	-	-
- transfer from stage 3 to stage 1	3 882	-	-3 882	-
New financial assets originated	1 045 014	8 574	1 029	1 054 617
Derecognised financial assets (repayments and write-o1	- 332 031	- 5 728	- 192 792	-530 552
Partial repayments	- 141 613	- 2 066	- 8 676	-152 355
Currency effects	- 7 168	- 132	650	-6 649
Change in model or risk parameters	-	-	-	-
Other adjustments	-	-	-	-
Gross loans as at 31.12.2019	**1 414 426**	**129 079**	**112 500**	**1 656 005**

*Including sale of non-performing loan portfolio of approx. MEUR 18.

Credit card loans

Reconciliation of expected credit loss for credit card loans

Amounts in NOK 1000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loss allowance as at 01.01.2019	-	-	-	-
Transfers				
- transfer from stage 1 to stage 2	-	-	-	-
- transfer from stage 1 to stage 3	-25	-	25	-
- transfer from stage 2 to stage 3	-	-	-	-
- transfer from stage 3 to stage 2	-	-	-	-
- transfer from stage 2 to stage 1	-	-	-	-
- transfer from stage 3 to stage 1	253	-	-253	-
New financial assets originated	1 068	-5	446	1 509
Derecognised financial assets (repayments and write-of	-83	-	-57	-141
Change in measurement*	-132	-	938	806
Currency effects	-	-	-	-
Change in model or risk parameters	-	-	-	-
Other adjustments**	47	5	192	244
Loss allowance as at 31.12.2019	**1 128**	**-**	**1 290**	**2 418**

*change in PD, LGD or EAD and 12 months vs lifetime horizon

**balance aqquired through the merger

Reconciliation of gross loans for credit card loans

Amounts in NOK 1000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross loans as at 01.01.2019	-	-	-	-
Transfers				
- transfer from stage 1 to stage 2	-	-	-	-
- transfer from stage 1 to stage 3	-4 112	-	4 112	-
- transfer from stage 2 to stage 3	-	-	-	-
- transfer from stage 3 to stage 2	-	-	-	-
- transfer from stage 2 to stage 1	-	-	-	-
- transfer from stage 3 to stage 1	1 266	-	-1 266	-
New financial assets originated	42 830	-	3 008	45 839
Derecognised financial assets (repayments and write-of	-2 531	-	-335	-2 866
Partial repayments	10 097	-	492	10 590
Currency effects	-	-	-	-
Change in model or risk parameters	-	-	-	-
Other adjustments**	10 102	28	623	10 754
Gross loans as at 31.12.2019	**57 653**	**28**	**6 634**	**64 316**

**balance aqquired through the merger

Total incl. consumer loans and credit card loans - 01.01.2018 - 31.12.2018

Reconciliation of total expected credit loss

Amounts in NOK 1000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loss allowance as at 01.01.2018	48 247	26 402	61 590	136 238
Transfers				
- transfer from stage 1 to stage 2	-32 673	32 673	-	-
- transfer from stage 1 to stage 3	-4 935	-	4 935	-
- transfer from stage 2 to stage 3	-	-38 236	38 236	-
- transfer from stage 3 to stage 2	-	4 617	-4 617	-
- transfer from stage 2 to stage 1	42 664	-42 664	-	-
- transfer from stage 3 to stage 1	3 701	-	-3 701	-
New financial assets originated	87 874	4 611	352	92 836
Derecognised financial assets (repayments and write-of	-18 244	-25 185	-21 496	-64 925
Change in measurement*	-43 899	81 031	76 807	113 939
Currency effects	1 185	322	1 350	2 858
Change in model or risk parameters	-	-	-	-
Other adjustments	-	-	-	-
Loss allowance as at 31.12.2018	**83 920**	**43 570**	**153 456**	**280 946**

*change in PD, LGD or EAD and 12 months vs lifetime horizon

Reconciliation of gross loans

Amounts in NOK 1000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross loans as at 01.01.2018	2 019 954	249 682	214 051	2 483 686
Transfers				
- transfer from stage 1 to stage 2	-889 718	889 718	-	-
- transfer from stage 1 to stage 3	-112 128	-	112 128	-
- transfer from stage 2 to stage 3	-	-259 700	259 700	-
- transfer from stage 3 to stage 2	-	29 261	-29 261	-
- transfer from stage 2 to stage 1	408 691	-408 691	-	-
- transfer from stage 3 to stage 1	25 700	-	-25 700	-
New financial assets originated	2 591 234	64 276	-22 541	2 632 968
Derecognised financial assets (repayments and write-of	-658 867	-194 908	-45 845	-899 620
Partial repayments	-256 146	-3 944	-26 829	-286 918
Currency effects	27 594	1 922	3 669	33 186
Change in model or risk parameters	-	-	-	-
Other adjustments	-	-	-	-
Gross loans as at 31.12.2018	**3 156 314**	**367 617**	**439 371**	**3 963 302**

Consumer loans in Norway

Reconciliation of expected credit loss for consumer loans in Norway

Amounts in NOK 1000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loss allowance as at 01.01.2018	37 611	24 170	59 057	120 839
Transfers				
- transfer from stage 1 to stage 2	-25 929	25 929	-	-
- transfer from stage 1 to stage 3	-3 531	-	3 531	-
- transfer from stage 2 to stage 3	-	-24 844	24 844	-
- transfer from stage 3 to stage 2	-	3 760	-3 760	-
- transfer from stage 2 to stage 1	39 404	-39 404	-	-
- transfer from stage 3 to stage 1	3 399	-	-3 399	-
New financial assets originated	43 363	3 548	352	47 263
Derecognised financial assets (repayments and write-o1	-13 112	-24 524	-19 985	-57 622
Change in measurement*	-38 285	62 522	54 190	78 426
Currency effects	-	-	-	-
Change in model or risk parameters	-	-	-	-
Other adjustments	-	-	-	-
Loss allowance as at 31.12.2018	**42 919**	**31 158**	**114 829**	**188 906**

*change in PD, LGD or EAD and 12 months vs lifetime horizon

Reconciliation of gross loans for consumer loans in Norway

Amounts in NOK 1000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross loans as at 01.01.2018	1 635 034	225 305	206 005	2 066 344
Transfers				
- transfer from stage 1 to stage 2	-743 206	743 206	-	-
- transfer from stage 1 to stage 3	-87 478	-	87 478	-
- transfer from stage 2 to stage 3	-	-179 140	179 140	-
- transfer from stage 3 to stage 2	-	26 131	-26 131	-
- transfer from stage 2 to stage 1	384 870	-384 870	-	-
- transfer from stage 3 to stage 1	24 557	-	-24 557	-
New financial assets originated	1 548 543	53 417	-22 626	1 579 335
Derecognised financial assets (repayments and write-o1	-523 077	-190 824	-45 430	-759 331
Partial repayments	-184 809	-4 051	-25 130	-213 990
Currency effects	-	-	-	-
Change in model or risk parameters	-	-	-	-
Other adjustments	-	-	-	-
Gross loans as at 31.12.2018	**2 054 434**	**289 175**	**328 750**	**2 672 358**

Consumer loans in Finland

Reconciliation of expected credit loss for consumer loans in Finland

Amounts in NOK 1000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loss allowance as at 01.01.2018	10 635	2 232	2 532	15 399
Transfers				
- transfer from stage 1 to stage 2	-6 744	6 744	-	-
- transfer from stage 1 to stage 3	-1 404	-	1 404	-
- transfer from stage 2 to stage 3	-	-13 393	13 393	-
- transfer from stage 3 to stage 2	-	857	-857	-
- transfer from stage 2 to stage 1	3 260	-3 260	-	-
- transfer from stage 3 to stage 1	302	-	-302	-
New financial assets originated	44 511	1 063	-	45 574
Derecognised financial assets (repayments and write-of	-5 131	-661	-1 511	-7 304
Change in measurement*	-5 613	18 509	22 617	35 513
Currency effects	1 185	322	1 350	2 858
Change in model or risk parameters	-	-	-	-
Other adjustments	-	-	-	-
Loss allowance as at 31.12.2018	**41 001**	**12 412**	**38 627**	**92 040**

*change in PD, LGD or EAD and 12 months vs lifetime horizon

Reconciliation of gross loans for consumer loans in Finland

Amounts in NOK 1000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross loans as at 01.01.2018	384 920	24 376	8 046	417 342
Transfers				
- transfer from stage 1 to stage 2	-146 512	146 512	-	-
- transfer from stage 1 to stage 3	-24 650	-	24 650	-
- transfer from stage 2 to stage 3	-	-80 560	80 560	-
- transfer from stage 3 to stage 2	-	3 131	-3 131	-
- transfer from stage 2 to stage 1	23 821	-23 821	-	-
- transfer from stage 3 to stage 1	1 143	-	-1 143	-
New financial assets originated	1 042 691	10 859	84	1 053 634
Derecognised financial assets (repayments and write-of	-135 790	-4 084	-415	-140 289
Partial repayments	-71 337	107	-1 698	-72 928
Currency effects	27 594	1 922	3 669	33 186
Change in model or risk parameters	-	-	-	-
Other adjustments	-	-	-	-
Gross loans as at 31.12.2018	**1 101 881**	**78 442**	**110 621**	**1 290 944**

3.3 Macro Scenario Sensitivity on ECL - 31.12.2019

Amounts in NOK 1000	ECL reported under IFRS 9	Base Scenario (65 %)	Optimistic Scenario (20 %)	Pessimistic Scenario (15 %)
Total	447 034	445 896	432 408	471 464
Consumer loans	444 615	443 478	429 990	469 046
Credit card loans	2 418	2 418	2 418	2 418
Norway	318 787	318 300	311 847	330 148
Consumer loans	316 868	316 381	309 929	328 230
Credit card loans	1 918	1 918	1 918	1 918
Finland	112 726	112 087	105 163	125 582
Consumer loans	112 726	112 087	105 163	125 582
Credit card loans	-	-	-	-
Sweden	15 521	15 510	15 398	15 734
Consumer loans	15 021	15 010	14 898	15 234
Credit card loans	500	500	500	500

The ECL reported under IFRS 9 is a macro-weighted ECL.

The following weights have been applied for the three scenarios: Base scenario (65 %), Optimistic (20 %) and Pessimistic (15 %).

Note 4 – Capital adequacy

In NOK thousands	**31.12.2019**	**31.12.2018**
Share capital	495 919	274 023
Share premium	324 931	286 621
Retained earnings	-114 616	48 527
Phase-in effects of IFRS 9	92 075	
- Deduction of deferred tax assets, other intangible assets and additional valuation adjustments	-168 728	-67 916
Common equity Tier 1 capital	**629 581**	**541 255**
Additional Tier 1 capital instruments	50 000	50 000
Tier 1 capital	**679 581**	**591 255**
Subordinated loan capital	50 000	50 000
Tier 2 capital	**729 581**	**641 255**

Capital requirements	**31.12.2019**	**31.12.2018**
Institutions	149 850	23 939
Loans to customers 75%	2 747 950	2 552 646
Defaulted loans 100%	262 155	313 130
Phase-in effects of IFRS 9	84 799	
Covered bonds		8 743
Other assets	34 149	135 813
Corporate	1 111	
Regional governments or local authorities		4 506
Operational risk	516 838	316 914
CVA risk	171	239
Total risk-weighted volume and capital requirements	**3 797 023**	**3 355 930**

31.12.2019 are reported after IFRS standards and 31.12.2018 are reported after NGAAP

Capital ratios including adjustment according to IFRS 9 Transitional rules		
Common equity Tier 1 capital ratio	16.6 %	16.1 %
Tier 1 capital ratio	17.9 %	17.6 %
Capital ratio	19.2 %	19.1 %
Leverage ratio	10.8 %	12.2 %
Minimum CET 1 capital ratio requirement	17.7 %	13.4 %

Capital and capital ratios without the adjustment according to IFRS 9 transitional rules

BRABank have applied the phase-in effects of IFRS 9 to calculate the regulatory capital, in accordance with article 473a of the Capital Requirement Regulation. The two tables below show the regulatory capital and capital ratios without the phase-in effects of IFRS 9.

Capital without transitional rules	31.12.2019
Common equity Tier 1 capital	**537 506**
Additional Tier 1 capital instruments	50 000
Tier 1 capital	**587 506**
Subordinated loan capital	50 000
Tier 2 capital	**637 506**

Capital ratios without the transitional rules	31.12.2019
Common equity Tier 1 capital ratio	14.2 %
Tier 1 capital ratio	15.5 %
Capital ratio	16.8 %
Leverage ratio	9.5 %

	31.12.2019	31.12.2018
LCR (Liquidity Coverage Ratio)	1947 %	717 %
NSFR (Net Stable Funding Ratio)	216 %	172 %

At 31 December 2019, the Bank is below Tier 1 Capital Ratio with 1,2 %. See note 29 for further information

- LCR (Liquidity Coverage Ratio) is defined as the liquid assets relative to net liquidity output 30 days forward in time in any given stress situation.
- NSFR (Net Stable Funding Ratio) is defined as the liquid assets relative to net liquidity output over a longer time horizon in any given stress situation.
- CET 1 capital ratio is the core equity instruments against the total risk-weighted assets.

Following the implementation of IFRS 9 BRAbank publishes capital ratios on a transitional rule basis (allowing for a reversal of 85% of IFRS 9 capital impact in 2019).

Note 5 – Liquidity risk

Liquidity risk is the risk that the bank is unable to meet its financial obligations as and when they fall due. Liquidity risk arises due to different maturities on assets and liabilities. Liquidity risk is considered low due to a large holdings of debt securities that are traded in an active and liquid marketplace.

Maturity analysis at 31.12.2019					**Amounts due within**		
	Less than		**3-12**		**More than**	**No**	
In NOK thousands	**1 month**	**1-2 months**	**months**	**1 - 5 years**	**5 years**	**maturity**	**Total**
Loans and advances to credit institutic	738 635	3 217		1 920			**743 771**
Loans and advances to customers	29 536	59 836	281 015	1 601 046	2 279 137		**4 250 570**
Debt securities	229 534	354 515	587 636	298 124		1 111	**1 470 919**
Other assets with maturity				96 955			**96 955**
Assets with no maturity						104 452	**104 452**
Total assets	**997 704**	**417 568**	**868 651**	**1 998 044**	**2 279 137**	**105 563**	**6 666 668**
Deposits by customers						5 472 666	**5 472 666**
Other debt with maturity	13 199	5 773	34 035	50 000	10 905		**113 911**
Total liabilities	**13 199**	**5 773**	**34 035**	**50 000**	**10 905**	**5 472 666**	**5 586 578**

Maturity analysis at 31.12.2018					**Amounts due within**		
	Less than		**3-12**		**More than**	**No**	
In NOK thousands	**1 month**	**1-2 months**	**months**	**1 - 5 years**	**5 years**	**maturity**	**Total**
Loans and advances to credit institutic	108 790						**108 790**
Loans and advances to customers	22 234	45 094	215 072	1 322 969	2 236 684		**3 842 053**
Debt securities	27 971	240 808	514 161	60 197		8 743	**851 879**
Other assets with maturity	6 644			92 092			**98 736**
Assets with no maturity						39 585	**39 585**
Total assets	**165 640**	**285 902**	**729 232**	**1 475 258**	**2 236 684**	**48 328**	**4 941 044**
Deposits by customers						4 125 245	**4 125 245**
Other debt with maturity	21 594	5 959	15 220	65 041			**107 813**
Total liabilities	**21 594**	**5 959**	**15 220**	**65 041**	**-**	**4 125 245**	**4 233 058**

For loans and advances to customers, the maturity analysis show remaining balance allocated to the different categories based on agreed maturity date without taking into account instalments.

Note 6 – Interests rate risk

Interest rate risk is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. The following table provides an analysis of the Bank's interest rate risk exposure. The Bank's assets and liabilities are included at carrying amount and categorised by the earlier of contractual repricing or maturity dates.

31.12.2019

In NOK thousands	Less than 1 month	1-3 months	3-12 months	1 - 5 years	More than 5 years	No interest rate exposure	Total
Loans and advances to credit institutions	743 771						**743 771**
Loans and advances to customers	-	3 926 016					**3 926 016**
Debt Securities	226 805	626 476	617 639				**1 470 919**
Non-interest bearing assets						201 407	**201 407**
Total assets	**970 576**	**4 552 492**	**617 639**	**-**	**-**	**201 407**	**6 342 114**
Deposits by customers	3 432 689	2 039 977					**5 472 666**
Financial derivatives	422						**422**
Subordinated loan		49 540					**49 540**
Non-interest bearing debt						63 490	**63 490**
Total liabilities	**3 433 111**	**2 089 517**	**-**	**-**	**-**	**63 490**	**5 586 118**

31.12.2018

In NOK thousands	Less than 1 month	1-3 months	3-12 months	1 - 5 years	More than 5 years	No interest rate exposure	Total
Loans and advances to credit institutions	108 790						**108 790**
Loans and advances to customers		3 682 356					**3 682 356**
Financial derivatives	6 644						**6 644**
Debt Securities	107 947	374 265	369 667				**851 880**
Non-interest bearing assets						131 677	**131 677**
Total assets	**223 381**	**4 056 622**	**369 667**	**-**	**-**	**131 677**	**4 781 346**
Deposits by customers	909 474	3 215 771					**4 125 245**
Subordinated loan		49 328					**49 328**
Non-interest bearing debt						57 814	**57 814**
Total liabilities	**909 474**	**3 265 099**	**-**	**-**	**-**	**57 814**	**4 232 386**

Sensitivity analysis

The sensitivity analysis below analyse the effect of a 1% point increase in interest rate on interest-bearing assets and interest-bearing liabilities as of 31 December 2019. A reduced interest rate will have the same effect with opposite sign.

Effect of 1% increase in interest rate	**31.12.2019**	**31.12.2018**
Loans and advances to credit institutions	107	10
Loans and advances to customers	4 187	3 903
Derivatives 1	1 597	1 069
Debt securities	3 254	2 524
Total interest rate risk assets	**9 144**	**7 507**
Deposits by customers	-3 752	-5 269
Derivatives 2	-3 359	-1 109
Subordinated loan	-59	-59
Total interest rate risk liabilities	**-7 170**	**-6 437**
Total interest rate risk	**1 975**	**1 070**

In the event of an increase of interest rate on funding, the bank has an opportunity to increase the interest rate charged to customers. However, depending on competition, this may have an effect on lending volume. As a result, the bank will consider interest rate hedging.

Note 7 – Market risk, Currency risk and financial derivatives

The loan portfolio in Finland is exposed to fluctuations in EUR as all loans in Finland are issued in EUR. The Bank seeks to mitigate this risk by both using deposits from customers in EUR and EUR/NOK forward contracts.

The loan portfolio in Sweden is exposed to fluctuations in SEK as all loans in Sweden are issued in SEK. The Bank seeks to mitigate this risk by using SEK/NOK and EUR/SEK forward contracts.

31.12.2019

Amounts in NOK 1000	EUR	SEK	TOTAL
Loans and deposits to credit institutions	643 816	21 193	665 009
Loans to customers	1 603 078	220 455	1 823 532
Other assets	953 968	-	953 968
Total assets	**3 200 861**	**241 648**	**3 442 509**
Deposits from customers	3 431 428	-	3 431 428
Other liabilities	1 453	-	1 453
Total liabilities	**3 432 881**	**-**	**3 432 881**
Net currency forwards	-234 246	240 173	5 928
Net currency position	**2 226**	**1 474**	**3 700**

31.12.2019

Amounts in NOK 1000	EUR	SEK	TOTAL
Profit/(loss) impact of 1 % change	-2 320	2 416	96

31.12.2018

Amounts in NOK 1000	EUR	SEK	TOTAL
Loans and deposits to credit institutions	42 632	-	42 632
Loans to customers	1 253 236	-	1 253 236
Other assets	136 789	-	136 789
Total assets	**1 432 657**	**-**	**1 432 657**
Deposits from customers	909 039	-	909 039
Other liabilities	18 099	-	18 099
Total liabilities	**927 138**	**-**	**927 138**
Net currency forwards	508 614	-	508 614
Net currency position	**-3 095**	**-**	**-3 095**

31.12.2018

Amounts in NOK 1000	EUR	SEK	TOTAL
Profit/(loss) impact of 1 % change	5 055	-	5 055

Sensitivity

The Bank are primarily exposed to changes in EUR/NOK, SEK/NOK and EUR/SEK exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from EUR-denominated financial instruments.

Impact on post tax profit

The Board has established guidelines and a framework for the Bank's investments in bonds and financial instruments, as well as guidelines and framework for handling currency risk related to the Finnish and Swedish operation. The Bank seeks to fully hedge the currency risk on the balance sheet.

The loan portfolio in Finland and Sweden is exposed to fluctuations in EUR and SEK as all loans in Finland are issued in EUR and all loans in Sweden are issued in SEK. The Bank seeks to mitigate this risk by using EUR/NOK, SEK/NOK and EUR/SEK forward contracts.

Note 8 – Financial risk management

Risk management:
The Board has adopted a policy for the business and risk management that describes the Bank's guidelines for the management of the business, internal controls, and risk management. In addition, the Board has adopted separate policy documents that cover credit risks, market risks, liquidity risks, and operational risks. Each of the policy documents describes guidelines, rules, and risk frameworks for the individual risk types.

The Board meets regularly, reporting from the administration about the Bank's risk exposure to the different risk types. Each of the policy documents are reviewed at least once annually by the Board. The Board has established an auditing and risk committee that prepares and gives advice to the Board related to risk management and internal control.

Credit risk:
Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Banks loans and advances to customers, and investment debt securities. For risk management reporting purposes, the Bank considers and consolidates all elements of credit risk exposure - e.g. individual obligor default risk, country and sector risk.

The market risk in respect of changes in value in debt securities arising from changes in market credit spreads applied to debt securities is managed as a component of market risk.

The Board has established risk limits and recovers regular information on exposure. The decision to authorize or reject a loan application is based on information in the loan application associated with income, debt, living conditions, number of children and civil status in addition to data from credit agencies. The Bank estimates the applicant's expected earning ability and estimates the probability that the customer will default on the loan. In addition, rules are established associated with income, degree of indebtedness, age and the least earning level to qualify for a loan.

Note 9 – Operational risk

The Board has established guidelines and frameworks for operational risk. These are subject to review and possible amendments at least once a year.

The Bank has a moderate tolerance for operational risk. The Bank offers simple and standardised products for the individual market. Critical processes are automated so that the effect of human error is reduced. The Bank's operating concept is based, to a large degree, on the purchasing of services from external suppliers, such as system operations, telecommunications, distribution, scorecards, and deposits. Agreements within the ICT-area is followed up continually in accordance with a policy for outsourcing. A risk framework is established for how large a financial loss the Bank accepts from events. Steps to reduce operational risk are implemented if it is profitable in a cost-benefit analysis. The Bank uses operational events actively in improvement work. In 2019, there were no known significant operational disturbances or weaknesses identified in the Bank's operating processes.

In 2019, the bank went through a merger and converted all loans and creditcards from former BRAbank's system to former Monobank's setup. The Bank also adjusted the organization through merger synergies and layoffs to adjust to market conditions and cost savings. There operational risk in this phase has been seen as higher than normal, but no known significant operational disturbances or weaknesses were identified in the Bank's operating processes.

Note 10 – Bonds

	31.12.2019			31.12.2018		
In NOK thousands	**Purchase price**	**Fair value**	**Recognised change in fair value**	**Purchase price**	**Fair value**	**Recognised change in fair value**
Risk-weight 0%	1 483 320	1 469 809	-13 511	724 543	731 872	7 329
Risk-weight 10%				87 614	87 430	-184
Risk-weight 20%				32 106	32 577	471
Risk-weight 50%						471
Risk-weight 100%	1 121	1 111	-10			
Total debt securities	**1 484 441**	**1 470 919**	**-13 521**	**844 264**	**851 879**	**7 615**
Non-listed bonds	31 506	30 764	-742	47 138	47 601	464
Bonds traded on Oslo Stock	1 452 935	1 440 155	-12 780	797 127	804 278	7 151
Total debt securities	**1 484 441**	**1 470 919**	**-13 521**	**844 264**	**851 879**	**7 615**
Bank	0	0	0	132 511	132 926	415
Other entities	238 258	237 374	-884	9 125	8 743	-382
Government	1 246 183	1 233 545	-12 638	702 629	710 210	7 582
Total debt securities	**1 484 441**	**1 470 919**	**-13 521**	**844 264**	**851 879**	**7 615**

Effective interest on the debt securities portfolio in 2019 was 0.42 % annualised (2018: 0.74% annualised).

Effective interest is calculated based on purchase price and interest income in the period the bank has held the debt securities.

Fair value is based on quoted prices on Oslo Stock Exchange. Non-listed securities are valued based on quotes obtained by DNB as of 31 December 2019.

Note 11 – Financial instruments measured at fair value

Financial instruments at fair value *In NOK thousands*	**31.12.2019**	**31.12.2018**
Certificates and bonds - level 1	1 440 155	851 879
Financial derivatives - level 2	29 654	
Financial assets, shares SDC - level 3	1 111	
Total financial instruments at fair value	**1 470 920**	**851 879**

Level 1: Valuation based on quoted prices in an active market
Level 2: Valuation based on observable market data, other than quoted prices
Level 3: Valuation based on observable market data when valuation can not be determined in level 1 or 2.

In NOK thousands	**31.12.2019**	**31.12.2018**
Loans and advances to credit institutions	743 771	108 790
Loans and advances to customers	3 926 016	3 682 356
Prepayments, accrued income and other assets	7 845	9 092
Total financial assets at amortized cost	**4 677 632**	**3 800 239**
Deposits by customers	5 472 666	4 125 245
Provisions, accruals and other liabilities	63 490	53 922
Subordinated loan	49 540	49 328
Total financial liabilities at amortized cost	**5 585 696**	**4 228 493**

Note 12 – Subordinated loans

In NOK thousands

Subordinated loan	**ISIN**	**Rate**	**Maturity**	**Costs**	**31.12.2019**	**31.12.2018**
Tier 2 bond	NO0010804792	3 mnd Nibor	13.09.2027	851	50 000	50 000

Note 13 – Classification of financial instruments

31.12.2019	FVPL	Amortized cost	Totalt
Loans and advances to credit institutions		743 771	743 771
Loans and advances to customers		3 926 016	3 926 016
Debt securities	1 470 919		1 470 919
Sum financial assets	**1 470 919**	**4 669 787**	**6 140 706**
Deposits by customers		5 472 666	5 472 666
Financial derivatives	422		422
Subordinated loan		49 540	49 540
Sum financial liabilities	**422**	**5 522 206**	**5 522 627**

31.12.2018	FVPL	Amortized cost	Totalt
Loans and advances to credit institutions		108 790	108 790
Loans and advances to customers		3 682 356	3 682 356
Debt securities	851 879		851 879
Financial derivatives	6 644		6 644
Sum financial assets	**858 523**	**3 791 147**	**4 649 670**
Deposits by customers		4 125 245	4 125 245
Subordinated loan		49 328	49 328
Sum financial liabilities	**-**	**4 174 572**	**4 174 572**

Fair value is based on quoted prices on Oslo Stock Exchange and Nordic ABM. Non-listed securities are valued based on quotes obtained by Nordea Markets as of 31 December 2019

Note 14 – Intangible assets and fixed assets

In NOK thousands	IT software	Office, furniture etc.	Total
Acquisition cost at 01.01.2019	85 186	4 415	89 601
Additions	59 186	1 359	60 545
Acquisition cost at 31.12.2019	**144 372**	**5 774**	**150 146**
Accumulated depreciation and amortisation 01.01.2019	-18 121	-1 734	-19 855
Depreciation and amortisation in the period	-20 306	-1 567	-21 873
Impairment in the period	-29 896		-29 896
Accumulated depreciation and amortisation 31.12.2019	-68 323	-3 301	-71 624
***Carrying amount 31.12.2019**	**76 048**	**2 473**	**78 522**
Useful life	5 years	3 years	
Depreciation plan	Linear	Linear	

In NOK thousands	IT software	Office, furniture etc.	Total
Acquisition cost at 01.01.2018	47 697	2 407	50 104
Additions	37 489	2 008	39 497
Disposals			
Acquisition cost at 31.12.2018	**85 186**	**4 415**	**89 601**
Accumulated depreciation and amortisation 01.01.2018	-5 922	-652	-7 111
Depreciation and amortisation in the period	-12 199	-1 082	-12 744
Accumulated depreciation and amortisation 31.12.2018	-18 121	-1 734	-19 855
***Carrying amount 31.12.2018**	**67 064**	**2 680**	**69 745**
Useful life	5 years	3 years	
Depreciation plan	Linear	Linear	

* Balance is excluding non-cancellable operating contracts, see note 22 for further information

The IT software is related to the development of the IT system and platform used in the Bank's operations, including loan process and integration with loan agents in Norway, Finland and Sweden. A credit card platform and the associated app is developed therein.

BRAbank and Monobank merged 28 June 2019. In relation to the merger, the bank has written down all IT software related to loan process and integration from the former BRAbank.

Note 15 – Other assets and other liabilities

In NOK thousands	**31.12.2019**	**31.12.2018**
Prepaid expenses	5 372	2 038
Other prepayments, accrued income and other assets	2 474	7 054
Prepayments, accrued income and other assets	**7 845**	**9 092**
Accounts payable	10 055	7 570
Accrued holiday pay	7 374	12 108
Accrued salary and bonus	8 592	
Public duties payable	3 001	3 542
Withheld employee taxes	2 772	2 164
Accrued commissions		6 161
Accrued insurance premium - client funds obligations	271	159
Accrued interest subordinated loan	620	365
Lease committments	10 905	13 254
Other accrued expenses	19 899	8 599
Provisions, accruals and other liabilities	**63 490**	**53 922**

Note 16 – Restricted cash, guarantees and off-balance sheet items

In NOK thousands	**31.12.2019**	**31.12.2018**
Withheld employee taxes	2 812	2 174
Deposit rent	1 920	1 920
Client funds - insurance	404	401
Total restricted cash	**5 136**	**4 495**
Loan granted and committed - not paid out	365	54 610
Total off-balance sheet items	**365**	**54 610**

Note 17 – Net interest income and fee income

In NOK thousands	31.12.2019	31.12.2018
Interest income from loans and advances to customers	407 647	329 884
Interest income from loans and advances to credit intstitutions	303	160
Interest income, effective interest method	**407 950**	**330 044**
Interest and other income from certificates and bonds	12 813	10 953
Other interest	34	15
Other interest income	**12 847**	**10 968**
Interest expense deposits by customers	-68 723	-64 514
Interest expense subordinated debt	-3 463	-3 416
Other interest expenses	-469	-41
Interest expenses	**-72 654**	**-67 971**
Net interest income	**348 143**	**273 040**
Insurance commission	2 371	3 104
Arrangement fees	8 533	12 570
Other fees	16 053	10 296
Commission and fee income	**26 958**	**25 970**
Commission fees distribution	10 533	
Commission and fee expenses	**10 533**	**-**

Income by geography	31.12.2019			31.12.2018	
In NOK thousands	**Norway**	**Finland**	**Sweden**	**Norway**	**Finland**
Interest income	266 145	145 115	9 537	267 556	77 801
Fees and commissions receivable	14 368	12 082	507	13 714	8 506
Gain/(loss) from currency and securities	6 831	-16 486	-1 615	10 620	-7 081

Note 18 – Country by Country reporting

The Bank views its business as a collective business area. The business area is linked to unsecured consumer and leisure financing and as of 31 December 2019 consisted of two loan products (credit card and loan) and a deposit product. The disclosed information is derived from the IFRS accounts of BRAbank.

In NOK thousands	Net revenues (turnover)	Employees (FTE)	Income (loss) before income taxes*	Income tax*
Norway	280 513	58.4	-102 447	31 652
Finland	157 198	-	-57 411	17 738
Sweden	10 044	-	-3 668	1 133
Germany	-	-	-	-
France	-	-	-	-
Switzerland	-	-	-	-
Spain	-	-	-	-

Note 19 – Staff costs

The bank had an average of 58.4 FTEs in 2019, compared to 49 FTEs in 2018.

In NOK thousands	**31.12.2019**	**31.12.2018**
Salaries	64 426	43 073
Social security	12 298	8 150
Post-employment benefits	4 213	2 802
Social costs	149	68
Other personnel costs	682	461
Capitalised staff costs IT development	-11 737	-12 130
Total	**70 030**	**42 423**

Employee compensation arrangements

"The employee compensation arrangements (variable incentive compensation) was approved at the annual meeting on 17th March 2016. The program consists of two parts:

1. Individual part: Bonus depending on individual assessment. 50% will be paid in cash and 50% by issuing new shares in BRAbank ASA with subscription price equal to market price at the time of issue.
2. General part 1: 1.5 month salary.

Maximal bonuses for all employees in 2019 are a total of 11,9 million, whereas maximum bonus per employee is limited to 50% of annual salary.

At 31.12.2019 provisions for employee bonuses was NOK 3.2 million in the P&L.

Share options

In order to facilitate both the bonus and share option program, the Board has the power of attorney to issue 2.2 million new shares in the Company within 05 March 2020. 236 544 shares have not been issued by 31 December 2019.

No shares have yet been allocated to employees in connection with the 2019 bonus program.

Employee loans

Employee loans were approved at the board meeting in January 2018. The criteria are as follows:

1. Loan amount is up to TNOK 450.
2. The interest rate is based on the standard interest rate + 1% p.a. The standard rate can be adjusted up to six times a year without 6 weeks' notice. There is no fee associated with employee loans.

As of 31.12.19, employee loans in BRAbank ASA totalled TNOK 4 659 with an interest rate of 3.5%

Compensation to Management

In NOK thousands	Base salary	Bonus	Value of distributed shares	Other	Post-employment benefits	**Total compensation**	Loans
CEO (01.01 - 30.11)	1 647	316	148	12	106	**2 230**	200
CEO (01.12 - 31.12)	240				9	**249**	247
CFO	1 486	158	23	12	113	**1 792**	
COO	1 591	316	160	12	116	**2 195**	429
CTO	1 591	316	160	12	116	**2 195**	250
CRO	1 116	136	25	12	90	**1 379**	
CPO	1 189	176	63	12	115	**1 555**	
Sum	**8 860**	**1 418**	**578**	**73**	**666**	**11 595**	**926**

Compensation to Board of Directors

			31.12.2019			**31.12.2018**
In NOK thousands	**Other**	**Fee**	**Total**	**Other**	**Fee**	**Total**
Jan Greve-Isdahl*	632	200	**831.5**	701	200	**901**
Mette Henriksen**		75	**75**		75	**75**
Tore Hopen		70	**70**		70	**70**
Tore Amundsen		70	**70**		70	**70**
Guro Røberg		70	**70**			
Torhild Torgersen		75	**75**			
Øyvind Oanes		10	**10**			
Geir Stormorken		90	**90**			
Kristin Krohn Devold		60	**60**			
Tom Høiberg ***		60	**60**			
Trond Roger Johannessen***		60	**60**			
Cecilie Amdahl***		60	**60**			
Sølvi Nyvoll Tangen**					75	**75**
Tore Malme					5	**5**
Anders Silkesberg					15	**15**
Lars Arne Skår					40	**40**
	632	**900**	**1 532**	**701**	**550**	**1 251**

* Jan Greve-Isdahl was in 2019 hired as an independent consultant and invoices BRAbank ASA a monthly consultancy fee of TNOK 58.4 including VAT.

** Including compensation as a member of the bank's Audit and Risk Committee.

*** Former BRAbank board members

Audit fee

Total fee to the external auditor (incl. VAT)

In NOK thousands	**31.12.2019**	**31.12.2018**
Statutory audit	940	586
Tax advisory services	30	19
Other assurance services	725	723
Total	**1 695**	**1 328**

Note 20 – Income tax

In NOK thousands	31.12.2019	31.12.2018
Statutory audit	940	586
Tax advisory services	30	19
Other assurance services	725	723
Total	**1 695**	**1 328**

Note 20 Income tax

In NOK thousands	31.12.2019	31.12.2018
Temporary differences		
Fixed assets	-27 319	-5 682
Tax effect on tax incentive programme ("Skattefunn")	2 416	3 650
Debt securities	-28 067	-13 855
IFRS 9 implementation		-142 453
Net temporary differences	-52 970	-158 340
Tax loss carry forwards	-364 838	
Basis for deferred tax/(deferred tax asset)	-417 808	-158 340
(Deferred tax)/Deferred tax asset	104 452	39 585
Deferred tax asset not recognised		
Deferred tax asset in the balance sheet	**104 452**	**39 585**
Profit/(loss) before tax	-163 526	-15 823
Permanent differences	-11 339	2 411
Costs related to share capital issue, recognised directly to equity	-27 229	-7 025
Change in tax loss carry forwards	131 582	-24 640
Change in temporary differences	70 511	60 645
Basis for tax payable	-	15 568
Tax payable in the balance sheet	**-**	**3 892**
Tax payable		3 892
Change in deferred tax/deferred tax asset	-64 867	-7 847
Change in deferred tax/deferred tax asset due to change in statutory tax rate	14 344	
Income tax charge in the income statement	**-50 523**	**-3 956**
Reconciliation of income tax charge		
Profit/(loss) before tax	-163 526	-15 823
Estimated tax payable/deferred tax	-40 881	-3 956
25% of permanent differences	-9 642	603
Tax effect accrual of Tax incentive programme ("Skattefunn")		-602
Income tax charge in the income statement	**-50 523**	**-3 955**

The Bank has based on budgets and forecasts and taking into account non-recurring costs related to the merger and IFRS 9 implementation determined that it expects sufficient profit to be able to utilise the tax loss carry forwards.

Note 21 – General administrative expenses

In NOK thousands	31.12.2019	31.12.2018
Sales and marketing	19 174	41 393
IT operations	20 065	15 009
External service fees	18 971	9 550
Other administrative expenses	48 327	11 984
Total general administrative expenses	**106 535**	**77 936**

Note 22 – Leasing agreement

Right - of-use asset

In NOK thousands	31.12.2019	31.12.2018
Right - of-use asset at 01.01.	**13 254**	**8 378**
Change due to change in CPI	1 011	687
Additions		5 269
Depreciation	-3 677	-1 080
Right - of-use asset at 31.12.	**10 588**	**13 254**

The company only has premises for rent in Bergen.

Lease commitments	31.12.2019	31.12.2018
One to five years	7 302	9 609
Within one year	3 603	3 645
Total commitments	**10 905**	**13 254**
Interest on lease liabilities	-376	-200
Repayments of contract	3 736	1 345
Total cash outflow for leases	**3 360**	**1 145**
Change of commitment due to change in CPI	**-1 011**	**-5 956**
Total change in commitment	**2 349**	**-4 812**

Agreements exempt from recognition and measurement

The company rents an apartment in Marbella that is considered exempt from recognition and measurement in accordance with IFRS 16. The amount is specified below.

	31.12.2019	31.12.2018
Costs of exempted contracts	150	113

The incremental borrowing rate is 3% as of 01.01.2018

Note 23 – Share capital

	The Bank's 20 largest shareholders as of 31 Decen	Roles	Number of shares	Ownership share
1	Braganza AB	Board member	85 387 017	17.22 %
2	Carnegie Investment Bank AB		29 365 749	5.92 %
3	Farvatn Private Equity AS	Board member	27 544 935	5.55 %
4	Skandinaviska Enskilda Banken AB		26 357 014	5.31 %
5	Raiffeisen Bank International AG		24 826 567	5.01 %
6	Hjellegjerde Invest AS		21 102 619	4.26 %
7	Songa Trading Inc		19 865 063	4.01 %
8	Sova Capital Limited		18 060 354	3.64 %
9	Banque Internationale À Luxembourg		16 000 000	3.23 %
10	Thon Holding AS		14 278 281	2.88 %
11	Bara Eiendom AS		11 663 104	2.35 %
12	Netrom AS		11 279 477	2.27 %
13	7fjell Ventures AS		7 204 299	1.45 %
14	Sportsmagasinet AS		6 375 883	1.29 %
15	Sandsolo Holding AS		6 100 000	1.23 %
16	Citibank, N.A.		5 300 000	1.07 %
17	Wenaas Kapital As Aksjebeholdning		5 036 161	1.02 %
18	Ekrem AS		4 646 854	0.94 %
19	Mj Capital AS		4 502 400	0.91 %
20	PB Banking AS		4 500 000	0.91 %
Other shareholders			146 522 781	
Total			**495 918 558**	

Shares held by management, Board members and other related parties at 31 December 2019:

Braganza AB	Board member	85 387 017
Farvatn Private Equity AS	Board member	27 544 935
Jan Greve-Isdahl	Deputy Board member	2 400 500
Tom Henning Rimestad		1 872 778
Martin Valland		1 684 730
Tore Amundsen	Board member	1 537 496
Henriette Vartdal		368 252
Hans Kristian Bognø Ljøen		378 710
Kristin Margrethe Krohn Devold	Board member	49 210
Bård Manuel Fladvad		37 823
Torbjørn Botnevik		11 842
Rolf Viggo Leisner	CoB	3 903

Issued warrants:
There is a total of 22 750 000 issued warrants with the following subscription price:

Warrants 1:
A total of warrants 13 875 000, held by management, board members and shareholders from former BRAbank. Due date is 23 May 2023:

1 March 2021: 2.94 pr share
1 March 2022: 3.09 per share
23 Februar 2023: 3.24 per share

Warrants 2:

A total of 8 875 000 warrants, held by management, board and employees, 1.5 per share with an increase of 5% per year. Due date is 23 May 2023

1st increase: 1 September 2019

Warrants held by Management, Board of Directors and related parties:

Warrants 1	Braganza AB	Board member	8 340 854
Warrants 2	Tom Rimestad	COO	1 800 000
Warrants 2	Martin Valland	CTO	1 800 000
Warrants 2	Jan Greve-Isdahl	Board member	800 000
Warrants 2	Hans Ljøen	CEO	500 000
Warrants 2	Henriette Vartdal	CPO	100 000
Warrants 2	Tore Amundsen	Board member	100 000
	Total		**13 440 854**

Stock options
There is a total of 1 387 500 stock options granted and held by the former BRAbank management team. The value of granted stock options are based on the Black Scholes option pricing model, and accounted as other paid in equity. Total costs as of 31 December 2019 is 223 TNOK.

Key parameters for pricing options:

- Exercising price: 3 days after general assembly 2020, price per option 2,80
- Exercising price: 3 days after general assembly 2021, price per option 2,94
- Volume-weighted average share price at grant: 1,54
- Volatility: 55,8%
- Risk-free interest rate: 1,1%

Value of the option: NOK 0,16

Note 24 – Tier 1 capital

In NOK thousands

Subordinated loan	ISIN	Rate	Maturi	Costs	31.12.2019	31.12.2018
Tier 1 bond	NO0010804784	3 mnd	Perpet	851	50 000	50 000

Note 25 – Cash flow information

	Deposits from customers	Subordinated loan	Retained earnings and other paid in capital	Tier 1 capital	Total
Balance at 31.12.2018	**4 125 245**	**49 328**	**3 073**	**49 412**	**4 227 057**
Changes from financing cash flows					
Financing cash flows				-4 295	**-4 295**
Proceed from borrowings	797 989				**797 989**
Total changes from financing cash flows	**4 923 233**	**49 328**	**3 073**	**45 117**	**5 020 750**
Non-cash changes					
Amortization of borrowing cost		212.16494		139	**351**
Merger acquisition	547529.97		-		**547 530**
Foreign exchange movement	1902.5908				
Total non-cash changes	**549 433**	**212**	**0**	**139**	**547 881**
Total equity related other changes			-116 215	4 284	
Balance 31.12.2019	**5 472 666**	**49 540**	**-113 142**	**49 540**	**5 568 632**

Note 26 – Related parties

BRAbank and BRA have an agreement regarding use of the brand name of BRA, logo and the loyalty program BRA Vänner. The agreement was signed in January 2019 and was part of the merger plan between Monobank and former BRAbank. License fee for the agreement is MNOK 2.5 in 2019, MNOK 6.5 in 2020 and MNOK 9.5 in 2021. The parties also have an agreement related to BRA-Card, which are credit card issued by BRAbank and distributed in the channels of BRA.

BRAbank and Widerøe have a cooperation agreement regarding consumer finance, where BRAbank is the issuer of credit card and Widerøe has its brand name for distribution. The agreement was signed October 2016. Launch of the credit card in Widerøe's name was October 2018.

Note 27 – Business combinations

Summary of acquisition

On 28 June 2019, Monobank ASA and BRAbank ASA merged, with Monobank ASA as the surviving entity. At the same time of the merger, the Company's name was changed to BRAbank ASA.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:	
Ordinary shares issued:	142 925 746
Share premium	77 179 903
Total purchase consideration	**220 105 649**

The fair value of the 142 925 746 shares issued as part of the consideration was based on the published share price on 28 June 2019 of 1,54 per share. Issue costs of 20 MNOK which were directly attributable to the issue of the shares have been netted against the deemed proceeds.

The assets and liabilities recognised as a result of the acquisition are as follows:	
Loans and advances to credit institutions	31 945
Loans and advances to customers	417 080
Provision for impairment losses	-14 915
Debt securities	303 603
Deferred tax asset	14 344
Other intangible assets	34 274
Prepayments, accrued income and other assets	6 415
Deposits by customers	-547 530
Provisions, accruals and other liabilities	-12 695
Net identifiable assets acquired	**232 520**
Total purchase consideration, VWAP 1,54	220 106
Gain from purchase on favourable terms	**-12 414**

The acquired business contributed with net interest income of MNOK 8.7 and net loss of MNOK 13.5 to the Bank for the period from 1 July 2019 to 31 December 2019. If the acquisition had occurred on 1 January 2019, pro-forma revenue and loss for the year ended 31 December 2019 would have been MNOK 16.2 and MNOK 42,2 respectively.

Acquisition-related costs of MNOK 0 that were not directly attributable to the issue of shares are included in administrative expenses in the statement of profit or loss and in operating cash flows in the statement of cash flows.

The acquisition method is used for accounting of the business combination. As the fair value of consideration transferred is less than the fair value of net identifiable assets, the Merger constituted a bargain purchase gain. According to IFRS 3, the management has reassessed the valuation of the assets acquired, and the liabilities assumed and concluded that the values constitute the best estimate available, and consequently, a bargain purchase gain amounting to 12 414 is concluded to exist.

One argument that a bargain purchase exists is the volume weighted average price per share on the transaction date of 1,54 and the agreed price per share through the merger agreement of 1,9. None of the parties involved in the Merger was in a distressed financial situation at the time of agreement of merger.

Note 28 – Earnings per share

In NOK thousands	**31.12.2019**	**31.12.2018**
Number of shares beginning of period	274 023	248 318
Number of issued shares in the period	221 896	25 704
Number of shares end of period	495 919	274 023
Average number of shares in the period	387 519	251 875
Profit on ordinary activities after tax	**-113 002**	**-11 867**
Earnings per share based on number of shares end of period	**-0.29**	**-0.05**
Diluted earnings per share	**-0.29**	**-0.05**

Note 29 – Events after the balance sheet date

Capital requirement:
At 31 December 2019, the Bank is below Tier 1 Capital Ratio with 1,2 %. The Board of Directors of BRAbank intends to conduct a private placement of up to NOK 85 million at a subscription price of NOK 0.5 per share. The Private Placement has been underwritten with NOK 65 million by certain large existing shareholders in the Company.

Moreover, BRAbank will issue a Tier 2 bond loan in the amount of up to NOK 35 million, of which NOK 15 million has been underwritten by certain large existing shareholders. The bonds will have a floating rate coupon of 3M NIBOR + 7.0% per annum.

When including NOK 65 million of the underwritten Private Placement and NOK 15 million of the underwritten Tier 2 bond, the Company's Tier 1 Capital Ratio and Tier 2 Capital Ratio is expected to exceed the estimated requirements with a comfortable margin.

The Private Placement and Tier2 bond loan issue are planned to be completed March 2020.

At year-end 2019, the bank had a high portion of its liquidity allocated to bank deposits. If the majority of bank deposits were allocated to securities with zero risk weight, capital adequacy would increase by a further 0,6 percentage points.

Sale of 184 million Gross Loans past due Norwegian loan portfolio:
BRAbank has signed an agreement to sell a portfolio of non-performing loans in Norway, conditional upon a due diligence. The transaction is expected to have a neutral P&L effect in Q1 20 and will take place medio March. Capital adequacy is expected to improve by up to 0,3 percentage points after the sale.

Share capital decrease, private placement and Tier 2 issue:
At the extraordinary general meeting the 13th of January 2020 the general meeting resolved to reduce the nominal value of the shares in the Company from NOK 1 to NOK 0.20 by way of a share capital decrease and to authorize the Board of Directors to conduct a private placement of NOK 65-85 million and a potential subsequent offering of up to 30 million. The Private Placement has been underwritten with NOK 65 million by certain large existing shareholders in the Company. Completion of the Private Placement has been approved by the Norwegian Financial Supervisory Authority but is also conditional upon the expiry of a six weeks statutory creditor notice period and registration of the share capital decrease and increased equity of the Company pertaining to the Private Placement with the Norwegian Register of Business Enterprises. Each underwriter will receive an underwriting fee of 2.0% of their individual underwriting obligation.

The private placement of NOK 65-85 million and the potential subsequent offering of up to 30 million will take place at a subscription price of NOK 0.5 per share. Moreover, BRAbank will issue a Tier 2 bond loan in the amount of up to NOK 35 million of which has been underwritten with NOK 15 million. It is expected that the transaction will be concluded March 2020. Broker fee of 4.0% for the private placement and 2.0% for Tier 2 placement. Expected net proceeds of guaranteed private placement 61.1 million

Note 30 – Transition to IFRS 9

IASB published the final version of the accounting standard IFRS 9 Financial Instruments in July 2014. The standard was approved by the EU in November 2016 and replaced IAS 39 from 1 January 2018. BRAbank's 2018 financial statements was prepared in accordance with Regulation On Financial Statements For Banks. The regulation was to a large extent based on IAS 39 in regard to accounting for financial instruments.

As disclosed in Note 1 the Bank's opening statement of financial position as of 1 January 2018 has been restated in accordance with IFRS 9.

IFRS 9 contains new rules related to IAS 39 in three areas: classification and measurement of financial assets, recognition of impairment losses and hedge accounting. For BRAbank the changes are related to classification and measurement and a new method for calculating impairment of financial instruments. BRAbank does not use hedge accounting. Below is a presentation of the changes and effects relating to the introduction of IFRS 9, with regard to both changed accounting principles and the new method for calculating impairment of financial instruments.

Note 1 describes the accounting principles utilised by the bank. Note 2 describes the general transition to IFRS.

Effects of IFRS 9 on the financial statements of BRAbank
BRAbank has carried out an assessment of all the bank's financial assets and liabilities based on the new classification principles in IFRS 9. For the majority of the bank's financial instruments, the new rules are not expected to lead to material changes in classification and measurement compared to the the 2018 Financial Statements. The transition is summarised in the following tables:

Financial assets:

Changes in classification

NOK in thousands	**Classification NGAAP**	**Classification IFRS 9**	**Carrying value NGAAP 31.12.2017**	**Carrying value IFRS 01.01.2018**
Loans and deposits to credit institutions	Amortised cost	Amortised cost	56 000	56 000
Loans and advances to customers	Amortised cost	Amortised cost	2 352 188	2 347 448
Certificates and bonds	Fair value through profit and loss	Fair value through profit and loss	756 536	756 536
Other financial assets	Amortised cost	Amortised cost	136 165	85 611

Effects of changes in measurement and classification

NOK in thousands	**Carrying value NGAAP 31.12.2017**	**Reclassification**	**New measurement**	**Carrying value IFRS 01.01.2018**
Loans and deposits to credit institutions	56 000	-	-	56 000
Loans and advances to customers	2 352 188	80 817	-85 557	2 347 448
Certificates and bonds	756 536	-	-	756 536
Other financial assets	136 165	-80 817	30 263	85 611

Reclassifications consist of agent commissions reclassified from other financial assets to loans and advances to customers.

New measurement consist of increased loan loss provisions for loans and advances to customers, for other financial assets the new measurement consist of increased deferred tax assets and initial recognition of right of use balances related to IFRS 16.

Changes in loan loss provisions

NOK in thousands	NGAAP (IAS 39) Loan loss provisios	IFRS 9 Stage 1	Stage 2	Stage 3	Total
provision 31.12.2017	**50 681**	**-**	**-**	**-**	**50 681**
(IAS 39)	-50 681	-	-	-	-50 681
calculation on-	-	48 247	26 402	61 590	136 238
calculation off-balance	-	-	-	-	-
Total ECL 01.01.2018	**-**	**48 247**	**26 402**	**61 590**	**136 238**

Financial liabilities:

Changes in classification

NOK in thousands	Classification NGAAP	Classification IFRS 9	Carrying value NGAAP 31.12.2017	Carrying value IFRS 01.01.2018
Deposits by customers	Amortized cost	Amortized cost	2 651 861	2 651 861
Subordinated loan	Amortized cost	Amortized cost	49 157	49 157
Other financial liabilities	Amortized cost	Amortized cost	28 797	37 671
Tier 1 capital	Amortized cost	Equity	49 243	0

Effects of changes in measurement and classification

NOK in thousands	Carrying value NGAAP 31.12.2017	Reclassification	New measurement	Carrying value IFRS 01.01.2018
Deposits by customers	2 651 861	-	-	2 651 861
Subordinated loan	49 157	-	-	49 157
Other financial liabilities	28 797	-	8 874	37 671
Tier 1 capital	49 243	-49 243	-	-
Total financial liabilities	**2 779 057**	**-49 243**	**8 874**	**2 738 688**

Reclassifications consist of Tier 1 capital being classified as equity under IFRS 9.

New measurement consists of initial recognition of lease commitments related to IFRS 16.

Cover photo: Noah Rosenfield, Unsplash

BRABANK

BRAbank ASA, Starvhusgaten 4, 5014 Bergen

55 96 10 00 • brabank.no

To the General Meeting of BRABank ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of BRABank ASA, which comprise the statement of financial position as at 31 December 2019, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

PricewaterhouseCoopers AS, Sandviksbodene 2A, Postboks 3984 - Sandviken, NO-5835 Bergen
T: 02316, org. no.: 987 009 713 VAT, www.pwc.no
State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Social Responsibility concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Bergen, 5 March 2020
PricewaterhouseCoopers AS

Jon Haugervåg
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.

Årsrapport 2018

MONOBANK

Trust your goals

Innholdsfortegnelse

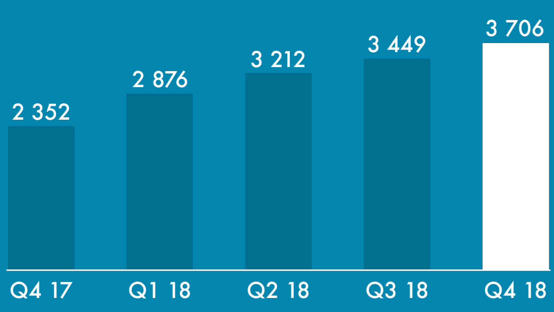
Nøkkeltall

(Urevidert)

Beløp i tusen	**Q4 2018**	**Q4 2017**	**2018**	**2017**	**2016**
Netto renteinntekter	95 057	55 910	331 646	167 469	54 406
Sum inntekter	81 438	53 220	297 161	157 343	52 559
Operasjonelle kostnader	31 912	29 227	133 640	94 168	50 415
Resultat før skattekostnad	-12 973	9 702	39 223	23 743	-10 993
Utlån til og fordringer på kunder			3 705 736	2 352 188	840 038

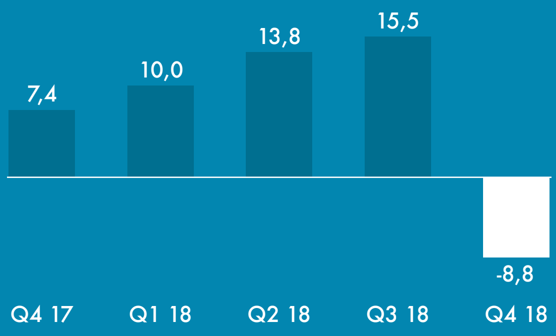
Netto utlån og fordringer på kunder

NOK millioner



Resultat etter skatt

NOK millioner



Monobank

Monobank ASA er en heldigital bank som tilbyr tjenester innen kreditt og sparing, basert på fremtidsrettede digitale løsninger.

Monobank sitt mål er å redefinere tjenester innen kreditt, sparing og forbruk for privatmarkedet. Banken skal differensiere på tilgjengelighet og dominere på kundeopplevelse i vårt marked.

Mono skal:

1 Fortsette å utvikle innovative løsninger og ha de mest fornøyde kundene i bransjen.

2 Sikre kostnadseffektiv drift ved automatiserte prosesser og optimale risikovurderinger basert på internt utviklede scoring- og prismodeller.

3 Kommersialisere og kapitalisere på egen teknologi gjennom samarbeid med eksisterende og nye strategiske partnere.

Monobank startet sin virksomhet i november 2015, og drives fra Bergen der alle selskapets rundt 50 ansatte holder til.

Monobank er sertifisert til «Great Place to Work» to ganger, et tegn på at Monobank er en attraktiv arbeidsplass. I 2017 ble banken kåret til topp 10 av Norges beste Arbeidsplasser.

Veksten har vært sterk siden oppstart og Monobank leverte positive resultater allerede etter tre kvartalers drift. Hurtige og nettbaserte kredittprosesser kombinert med enkle og brukervennlige produkter har bidratt til at Monobank har vokst til å ta en klar posisjon blant norske banker som er spesialisert på forbruksfinansiering. Ved utgangen av 2018 hadde banken en låneportefølje på 3,7 milliarder kroner.

Monobank ekspanderte i Norden gjennom etablering i Finland i 2017, og vil vokse ytterligere gjennom etablering i Sverige i 2019.

Banken leverer tjenester til privatmarkedet. De viktigste produktene som tilbys er lån, høyrentekonto og kredittkort. I 2018 lanserte banken sin kredittkortplattform i Norge, inkludert appen Mono Pay med kredittkortene Monocard og Widerøe-kortet. Monobank vil fortsette å utvikle nye tjenester basert på egenutviklet bankteknologi, og vil fremover også kommersialisere bankens ledende løsninger sammen med eksisterende og nye partnere.

Monobank er en uavhengig bank med rundt 1000 aksjonærer. Aksjen ble notert ved Oslo Børs markedsplass Merkur Market i februar 2017 med tickersymbolet MONO-ME.

Styrets beretning

Om Monobank

Monobank er en heldigital bank som dekker privatpersoners behov innen kreditt, sparing og forbruk.

Selskapet har et mål om å skape de beste kundeopplevelsene i sitt markedssegment for å sikre kundetilvekst og kundelojalitet.

Ved hjelp av nettbaserte og hurtige låneprosesser og enkle og brukervennlige produkter har Monobank vokst til å ta en klar posisjon blant norske banker som er spesialisert på forbruksfinansiering. Banken utvidet virksomheten med å åpne for finske kunder i mai 2017, og vil utvide ytterligere sitt nordiske fotavtrykk med å åpne for svenske kunder i 2019.

Banken tilbyr usikret finansiering til privatpersoner som kvalifiserer etter en automatisert kredittvurdering. Produktene distribueres digitalt, både gjennom direktekanal og låneagenter. Monobank tar sikte på å være ledende innen digitale løsninger, kundetilfredshet, kostnadseffektiv drift og effektiv risikovurdering basert på internt utviklede scoring og prisings modeller. Størrelse på utlån varierer normalt mellom NOK 10 000– 500 000 basert på fleksible og konkurransedyktige vilkår. Bankens kredittkort har en ramme mellom NOK 10 000 – 100 000.

Banken sikrer innlån ved å tilby høyrentekonto til kunder i de respektive valutamarkedene selskapet opererer i. Monobank får tilgang til innlån i Euro ved hjelp av sin europeiske partner Raisin. Raisin er en tysk fintech portal som tilrettelegger for at Monobank kan ta imot innskudd fra europeiske privatpersoner i Tyskland, Spania, Østerrike og Frankrike.

Fremover vil Monobank søke vekst gjennom geografisk ekspansjon, vekst i kredittkortporteføljen gjennom innovative løsninger og strategiske partneravtaler og ved å utvikle Monobanks finansieringsvirksomhet sammen med kommersielle partnere.

Monobank vil fortsette å utvikle nye banktjenester basert på egenutviklet teknologi, som vil kommersialiseres sammen med eksisterende og nye partnere for å etablere nye inntektsstrømmer.

Selskapsinformasjon

Monobank ASA fikk konsesjon til å drive bankvirksomhet i juni 2015. Etter at Finanstilsynets vilkår var tilfredsstilt ble det gitt tillatelse til å starte bankvirksomhet i november 2015.

Per 31.12. 2018 var største eier Prioritet Group AB i Gøteborg med en 10,7 % eierandel. Banken har omlag 1 000 aksjonærer.

Monobank er medlem av Bankenes Sikringsfond. Alle innskudd inntil 2 millioner kroner er sikret gjennom fondet. Innskudd i EUR via Raisin er dekket med inntil EUR 100 000.

Banken har forretningskontor i Starvhusgaten 4 i Bergen.

Året 2018

Vekst drevet av geografisk ekspansjon:

- Vekst i netto utlån på 58 % til NOK 3,7 milliarder inkludert overføring av lån i forward flow-avtale. Overføringen reduserte lånebalansen med NOK 179 millioner.
- Solid vekst i Finland gjennom året tilsvarende NOK 849 millioner i nye lån.
- God vekst i Norge i første halvår, konservativ vekst siste halvår grunnet den regulatoriske usikkerheten.
- Netto renteinntekter på NOK 332 millioner.
- Egenkapitalavkastning 5,4 %.

Økt lønnsomhet drevet av stordriftsfordeler

- Resultat etter skatt NOK 30,6 millioner, 70% økning fra tilsvarende periode i fjor.
- Kostnadsandel ned 15 prosentpoeng drevet av skalerbar distribusjonsmodell.

Monobanks egenutviklede kredittplattform muliggjør rask geografisk ekspansjon og diversifisering:

- Geografisk utvidelse ved å åpne for tilbud av forbrukslån i Sverige i løpet av Q1 2019.
- Lansering av innskudd i Euro fra europeiske privatpersoner gjennom den tyske innskuddsportalen Raisin.
- Bankens kredittplattform ble utvidet med kredittkort i mai 2018 da banken lanserte sitt eget kredittkort. Mono Pay er en kombinasjon av fysisk og digitalt kredittkort i en app som gir unike kundeopplevelser gjennom innovativ funksjonalitet.
- Introduksjon av Widerøe-kortet i september 2018, med full lansering av fysisk og digitalt kredittkort og egen app i oktober 2018. Kampanjer i samarbeid med Widerøe er planlagt gjennom 2019.
- Lansering av Google Pay og Apple Pay samt klokkebetaling fra sportsklokkene til Fitbit og Garmin i november 2018.

Monobank oppnådde god vekst og lønnsomhet i 2018. I bankens tredje operative år fokuserte selskapet på ferdigstillelse av utviklingsløp og løpende drift som førte til en rekke lanseringer mot slutten av året.

Netto utlån økte med 58 % i 2018, tilsvarende NOK 1,353 millioner kroner (2,352 millioner).

Monobanks forward flow-avtale ble effektuert mot slutten av andre kvartal. Avtalen øker forutsigbarheten av Monobanks fremtidige tap på utlån i Norge. Det har også en positiv innvirkning på kapitaldekningen. Monobank overførte NOK 179 millioner kroner i utlån i forward flow-avtalen i 2018.

Ved årets slutt hadde Monobank 20,099 lånekunder og 6,658 innskuddskunder.

Brutto utlån i Norge økte med NOK 592 millioner i 2018. Veksten var påvirket av redusert markedsføring. I møte med ujevn praksis med nye retningslinjer blant markedsaktører og fortsatt usikkerhet om endelig forskrift for forbrukslån og kredittkort fra Finanstilsynet valgte Monobank en mer konservativ markedstilnærming i påvente av klarhet.

Monobank hadde 12,221 norske forbrukslånskunder per 31.12.2018. Gjennomsnittskunden i Norge var 43 år, hadde inntekt over NOK 600,000, eide sin egen bolig, bodde i urbane strøk og hadde høyere utdannelse. Snittlånet var ca. NOK 246,000.

Monobank åpnet opp for finske kunder i mai 2017, og etterspørselen etter lån har gjennomgående vært god. Etter en forsiktig oppstart fikk Monobank tilgang til det finske gjeldsregisteret i september 2017, hvilket tiltrettela for en større kundetilflyt. I 2018 ble nye agenter lagt til og raffinerte scorings- og prismodeller ble introdusert. Som resultat har veksten gjennom 2018 har vært høy og ved årets slutt hadde Monobank NOK 1,256 millioner i finske utlån, tilsvarende 33 % av den totale låneporteføljen.

Monobank hadde 7,878 finske forbrukslånskunder per 31.12.2018. Gjennomsnittskunden i Finland var 43 år, hadde inntekt over NOK 400,000, eide sin egen bolig, bodde i urbane strøk og hadde høyere utdannelse. Snittlånet var ca. NOK 167,000.

Banken håndterer lån og innskudd fra en internt utviklet plattform som håndterer flere lands lokale valuta og regelverk for å lette effektiv og hensiktsmessig geografisk utvidelse av kjernevirksomheten. Monobank annonserte i årets andre kvartal lansering i Sverige i 1. kvartal 2019.

En voksende database gir mulighet for finjustering av den internt utviklede kredittmodellen. Kundesupport håndterer låneforespørsler med en integrert prismodell som måler avkastning på egenkapitalen på individuelle lån. Dette gjør det mulig for Monobank å optimalisere kredittkvaliteten samlet og å utøve selektiv prising blant ulike kundegrupper for ytterligere å forbedre rentemarginene i et svært konkurranseutsatt marked.

Monobank startet samarbeidet med innskuddsleverandøren Raisin i første kvartal 2018 og har tilbudt konkurransedyktige innskuddsprodukter i Euro til kunder i Tyskland, Østerrike, Frankrike og Spania. Løsningen med Raisin sikrer tilgang til lave finansieringskostnader for forbrukslån i Euro. Per 31.12.2018 hadde Monobank NOK 4,125 milliarder i innskudd, hvorav NOK 909 millioner var i Euro. Banken aksepterer ikke Euroinnskudd over €100.000.

Banken lanserte en egenutviklet kredittkortplattform i mai 2018. Plattformen er en kombinasjon av et fysisk og digitalt kredittkort i en app som gir en gode kundeopplevelser gjennom revolusjonerende funksjonalitet. Kredittkortplattformen har støtte for betaling med Apple Pay, Google Pay, Garmin Pay og Fitbit slik at det ble mulig å bruke Monobanks kredittkort til mobil- og klokkebetaling i fjerde kvartal 2018.

Banken introduserte Widerøe-kredittkortet 27. september 2018. Et Widerøe-kredittkort ble gjort tilgjengelig i kombinasjon med Mono Payappen. Det første trinnet i den gradvise lanseringen ble tilbudt til alle Widerøes ansatte. Det ble også gjort tilgjengelig en egen Widerøe-App mot slutten av året.

Kortene har blitt godt mottatt av brukerne med en kundetilfredshetscore over 80. I en innkjøringperiode har markedsføring vært begrenset og avslagsandelen høy. Ved utgangen av året hadde Monobank 1,000 utstedte kredittkort.

Resultat for 2018

Netto renteinntekter i 2018 var NOK 331 millioner, nær en dobling sammenlignet med 2017 (167).

Totale inntekter var NOK 297 millioner. Driftskostnadene utgjorde 134 millioner kroner. Kostnadsandelen var ned 15 prosentpoeng sammenlignet med 2017, drevet av Monobanks skalerbare driftsmodell. Driftsresultatet før tapsavsetninger økte med 172% sammenlignet med 2017, og viste et overskudd på NOK 167 millioner (62). Tap i perioden utgjorde NOK 128 millioner sammenlignet med NOK 38 millioner i 2017. Av dette var NOK 40 millioner realiserte tap hovedsakelig gjennom forward flow-avtalen, resterende var knyttet til urealiserte tapavsetninger. De økte avsetningene er hovedsakelig et resultat av upresist historisk datagrunnlag samt økt portefølje- og datainnsikt på den historiske norske porteføljen 90 dager+. Disse lånene var allerede 90 dager forfalt når forward flow-avtalen ble inngått, og de kvalifiserer følgelig ikke for salg. Tap på utlån fra den norske porteføljen vil bli moderert av forward flow-avtalen fremover. Reservene er styrket også i Finland, da Monobank justerte forventede tap i tråd med resten av forbruksfinansieringssegmentet. Tap på utlån utgjorde 4,2 % av brutto utlån.

Resultat før skatt endte på NOK 39 millioner, en økning på 70 % sammenlignet med 2017.

For hele året 2018 målte Monobank et nettoresultat etter skatt på NOK 31 millioner.

Balanse for 2018

Samlet egenkapital beløp seg til NOK 609 millioner. Ren kjernekapitaldekning var 16.1 % ved årets utgang. For ytterligere informasjon om kjernekapitaldekningen se note 5 i regnskapet.

Samlet forvaltningskapital utgjorde NOK 4,876 millioner. Netto innskudd fra kunder utgjorde NOK 4,125 millioner.

Monobank justerte målet for netto utlån for 2018 i tredje kvartal 2018, fra NOK 4,1 milliarder kroner til mellom NOK 3.7-3,8 milliarder, på bakgrunn av blant annet usikkerhet rundt regulatorisk rammeverk samt en forsiktig lansering av Widerøeavtalen. Ved utgangen av året var netto utlån til kunder NOK 3.7 milliarder sammenlignet med 2,35 milliarder i år 2017.

Kontantstrøm

Kontantstrøm fra drift utgjorde netto NOK 35,5 millioner. Hovedpostene var utlån til kunder med NOK 1,441 millioner og innskudd fra kunder som utgjorde NOK 1,474 millioner. Kontantstrøm fra investerings- og finansieringsaktiviteter var 17,3 millioner kroner, hvilket ga en netto kontantstrøm for perioden på NOK 52,8 millioner.

Finansiell risiko

Styret har vedtatt policy for virksomhet- og risikostyring som beskriver bankens retningslinjer for virksomhetsstyringen, internkontroll og risikostyring. Videre har styret vedtatt separate policydokumenter som dekker kredittrisiko, markedsrisiko, likviditetsrisiko og operasjonell risiko. Hver av policydokumentene beskriver retningslinjer, regler og risikorammer for den den enkelte risikotype. Styret mottar regelmessig rapportering fra administrasjonen om bankens risikoeksponering på de ulike risikotypene. Hver av policydokumentene gjennomgås minst årlig av styret. Styret har etablert et revisjons- og risikoutvalg som forbereder og gir råd til styret knyttet til risikostyring og intern kontroll.

Kredittrisiko

Kredittrisiko er bankens viktigste risiko og er hovedkilde til bankens inntjening. Forholdet mellom risiko og avkastning i det norske og finske markedet for usikrede lån er gunstig. Det er etablert en risikoramme knyttet til vektet sannsynlighet for mislighold i porteføljen for å sikre at bankens moderate toleranse for kredittrisiko overholdes. Beslutningen om å innvilge eller avslå en lånesøknad er basert på informasjon i lånesøknaden knyttet til inntekt, gjeld, boligforhold, antall barn og sivilstatus i tillegg til data fra kredittbyrå. Banken beregner søkerens forventede betjeningsevne og estimerer sannsynligheten for at kunden vil misligholde lånet. I tillegg er det etablert regler knyttet til inntekt, gjeldsgrad, alder og minste betjeningsevne for å kvalifisere for et lån.

Operasjonell risiko

Styret har etablert retningslinjer og rammer for operasjonell risiko. Disse blir gjenstand for gjennomgang og eventuelle oppdateringer minst en gang i året.

Banken har moderat til lav toleranse for operasjonell risiko. Banken tilbyr enkle og standardiserte produkter til personmarkedet. Kritiske prosesser er automatisert slik at innslag av menneskelige feil reduseres. Bankens driftskonsept er i stor grad basert på kjøp av tjenester fra eksterne leverandører, som for eksempel innenfor systemdrift, telekommunikasjon, distribusjon, scorekort og inkasso. Avtaler innenfor IKT-området følges løpende opp i henhold til policy for utkontraktering. Det er etablert risikoramme for hvor stort økonomisk tap banken aksepterer fra hendelser. Tiltak for å redusere operasjonell risiko treffes dersom det er lønnsomt i en kost-nyttevurdering. Banken benytter operasjonelle hendelser aktivt i forbedringsarbeid. For 2018 foreligger ingen kjente vesentlige driftsforstyrrelser eller identifiserte svakheter i bankens driftsprosesser.

Likviditetsrisiko

Styret har etablert retningslinjer og rammer for styring av likviditetsrisiko. Disse blir gjenstand for gjennomgang og eventuell oppdatering minst en gang i året.

Banken har som mål å ha lav likviditetsrisiko. Banken styrer den daglige likviditetsposisjonen ved hjelp av oversikter som viser forventet kontantstrøm på kort sikt samt forfall på plasseringer i sertifikat- og obligasjonsmarkedet. Det utføres rutinemessige stresstester.

En betydelig del av bankens eiendeler består av lett omsettelige obligasjoner.

Bankens eiendeler er finansiert av egenkapital og innskudd fra personmarkedet. Innskudd i finansinstitusjoner og investering i sertifikater og obligasjoner av høy kredittkvalitet og med god likviditet utgjør en stor andel av samlede aktiva. Det er satt en øvre grense for innskudd på to millioner siden høyere innskudd vurderes som mindre stabile. Det er etablert rammer for innskuddsdekning, LCR, NSFR og minimum likviditet som andel av totale eiendeler. Gjennom 2018 har likviditetsrisikoen vært vurdert som lav.

Markedsrisiko

Med markedsrisiko menes risikoen for et fall i markedsverdien av bankens beholdning av finansielle instrumenter, herunder renterisiko, motpartsrisiko og valutarisiko i likviditetsforvaltningen. Banken har som mål å ha lav markedsrisiko. Styret har etablert retningslinjer og rammer for plassering av likviditet i ulike finansielle instrumenter. Bankens likviditetsportefølje består av innskudd i andre finansinstitusjoner eller i sertifikater og obligasjoner med kort rentebinding og god likviditet.

Banken styrer motpartsrisiko (kredittrisiko) i likviditetsforvaltningen gjennom risikorammer. Det er etablert regler for hvor mye av likviditeten som kan investeres i ulike risikoklasser. Det er også etablert regler for maksimal eksponering mot en enkelt motpart basert på motpartens rating.

Banken tilbyr utelukkende produkter med administrativt fastsatte rentebetingelser og tilbyr ikke fastrenteprodukter. Rentebindingen i bankens produkter er dermed begrenset til varslingsfristen for renteendringer som er ufordelaktig for kunden. Det er etablert risikorammer for maksimal renterisiko basert på stresstesting for endring i renten. Bankens renterisiko har i 2018 vært lav.

Banken sikrer sin valutaeksponering slik at valutarisikoen holdes lav. Beholdningen av finansielle instrumenter er sikret gjennom derivatavtaler.

Arbeidsmiljø, likestilling og diskriminering

Monobank hadde ved årsskiftet 54 ansatte, 32 menn og 22 kvinner. Monobank er en ung bedrift hvor storparten av de ansatte er mellom 26 og 44 år.

Styret i Monobank består av 6 medlemmer, hvorav 3 er kvinner. Av styrets medlemmer er en representant for de ansatte.

Sykefraværet har i 2018 vært på 2,0 %. Banken har i løpet av året hatt ulike aktiviteter og velferdstiltak for å fremme et godt og fysisk aktivt sosialt miljø, trivsel på arbeidsplassen samt forebygge sykefravær. Banken har fastsatt retningslinjer som skal sikre at det ikke skal forekomme diskriminering på grunn av etnisitet, nasjonal opprinnelse, avstamning, hudfarge, språk, religion eller livssyn. Tilsvarende gjelder for kjønn, alder, seksuell orientering, politisk syn eller funksjonshemming. Det har ikke vært rapportert om skader eller ulykker på arbeidsplassen.

Monobank har et meget godt arbeidsmiljø som er dokumentert gjennom sertifisering hos Great Place to Work.

Redegjørelse om samfunnsansvar

Monobank tilbyr usikret finansiering til privatpersoner som kvalifiserer etter en automatisert kredittvurdering.

Bankens samfunnsansvar er tuftet på rollen som en raskt voksende aktør innenfor usikret kreditt og er integrert i forretningsdriften. Det handler om hvordan Monobanks virksomhet påvirker mennesker, miljø og samfunn.

Samfunnsrollen er reflektert i Monobanks etiske regelverk som gjelder for alle ansatte og for styret. Den skal sikre at Monobank har en etisk forretningsdrift. Dette dokumentet beskriver hvordan man skal opptre som bedrift og hvordan man skal forholde seg til ansatte, kunder, leverandører og samfunnet for øvrig.

Banken skal følge lover og regler, kommunisere åpent, ærlig og tydelig, ikke ha støtende eller på annen måte ha markedsføring som strider mot samfunnsnormer.

For å oppnå dette er selskapet avhengig av gode arbeidsrammer og medarbeidere som tar dette ut i praksis enten i dialog med kunder, behandling av lånesøknader, utvikling av nye produkter eller forhandlinger med leverandører.

Det er utarbeidet styrende dokumenter og retningslinjer for håndtering av personvern, hvitvasking og korrupsjon. Det daglige ansvaret for håndheving og rapportering er underlagt selskapets CRO.

For å styrke fokus på samfunnsansvar har banken ansatt Nina Dyrøy som CSR ansvarlig. Hun startet i slutten av 2018.

Ansvarlig utlån - Forbrukslån

Monobanks hovedprodukt er forbruksfinansiering, kreditt uten sikkerhet til privat personer. Monobank er opptatt av å ha en ansvarlig utlånspolitikk. Den skal både begrense konsekvensene for forbruker ved mislighold og begrense utlånstapene til banken. Ved vurdering av søknader innhentes informasjon fra både kunden og fra eksterne kilder for å avdekke om kunden har økonomisk evne og vilje til å betjene lånet. Dette er innarbeidet i kundescoren, og søknader som går utenfor vilkårene vil umiddelbart bli avslått.

Monobank skal følge lover og regler for kredittgivning og markedsføring av kreditter. Monobank er medlem av Finans Norge og følger deres retningslinjer. Håndhevelse av dette er implementert gjennom arbeidsinstrukser.

Miljøavtrykk

Monobanks virksomhet har ikke direkte miljøskadelige effekter. Selskapet har ingen parkeringsplasser tilgjengelig, verken for ansatte eller besøkende. Det er tilrettelagt for å kunne sykle/løpe til jobb, med garderober/dusj og sykkelparkering. Hvert år deltar selskapet på «Sykle til jobben» aksjonen.

Tilgjengelig utstyr for videokonferanser og telefonmøter er tatt i bruk for å erstatte flyreiser.

Arbeidsintegrering

Monobank ønsker å være en inkluderende bedrift for alle arbeidstakere. Selskapet har et internasjonalt miljø med ansatte fra 12 ulike nasjoner og har etablertet samarbeid med Hero og NAV for å ta imot flyktninger med relevant arbeidserfaring. Gjennom dette samarbeidet jobbet en person i banken i store deler av 2018.

Redegjørelse om foretaksstyring

Styret i Monobank skal sikre at selskapet har god bedriftsstyring for å drive verdiskaping for interessenter og fremme ansvarlig forretningsadferd. Monobank sin foretaksstyring er innrettet for å oppnå selskapets strategiske mål.

Monobank ASA er notert på Oslo Børs Merkur market er underlagt norsk verdipapirlovgivning og børsforskrift. Monobank søker å etterleve, der det er relevant, Norsk anbefaling for eierstyring og selskapsledelse, sist revidert 17. oktober 2018 ("anbefalingskodeksen").

Anvendelse av anbefalingen er basert på "overholde eller forklare" prinsippet, og eventuelle avvik fra anbefalingen er forklart under hvert enkelt emne. Monobank ASA's styringsrammer er underlagt årlig gjennomgang av styret (eller "styret"), og redegjørelsen fremkommer under.

Virksomheten

Formålet med Monobank ASA er definert i vedtektene § 1 (2) som:

«Banken kan innenfor rammen av den lovgivning som til enhver tid gjelder, utføre alle forretninger og tjenester som det er vanlig eller naturlig at banker utfører.»

Styret har utviklet klare mål, strategier og risikoprofil for virksomheten innenfor rammen av definisjonen av virksomheten, for å skape verdier for sine aksjonærer. Det foreligger styrevedtatte rammer for styring av ulik operasjonell og finansiell risiko. Selskapets mål, strategier og risikoprofil er underlagt årlig gjennomgang av styret.

Avvik fra anbefaling: Ingen.

Selskapskapital og utbytte

Styret har til hensikt å opprettholde en tilfredsstillende egenkapitalandel i selskapet i tråd med gjeldende regelverk for krav til egenkapital.

Selskapet er fokusert på å øke sin forbrukslånsvirksomhet og utvikle og kommersialisere sin teknologi. Monobank har derfor til hensikt inntil videre å beholde sin inntjening for å støtte vekst. Eventuell fremtidig avgjørelse om utbytte vil avhenge av selskapets finansielle stilling, driftsresultat og kapitalkrav.

Styret har fullmakt til å forhøye selskapets aksjekapital med inntil NOK 905 097 aksjer, ved utstedelse av NOK 905 097 aksjer, hver pålydende NOK 1 i forbindelse med utstedelse av aksjer i bankens bonus- og aksjeopsjonsprogram.

Styret benyttet sin fullmakt fra ekstraordinær generalforsamling 8 november 2017, og utstedte 24,826,567 aksjer i en rettet emisjon mot TBI Bank EAD. Etter emisjonen eier TBI EAD 9.1 % av Monobank.

Avvik fra anbefalingen: Selskapet har ikke en uttalt utbyttepolitikk

Likebehandling av aksjeeiere og transaksjoner med nærstående

Selskapet har kun én aksjeklasse, og alle aksjene har de samme rettighetene i selskapet.

På generalforsamlingen har hver aksje én stemme, med mindre annet følger av lov eller offentlig vedtak.

Styret skal påse at selskapet overholder allmennaksjeloven §§ 3-8 og 3-9 i avtaler mellom selskapet og parter som er nevnt der. Ved inngåelse av ikke uvesentlige avtaler mellom selskapet og aksjeeiere, nærstående parter, styremedlemmer eller medlemmer av ledelsen eller nærstående av disse, vil styret innhente en uavhengig tredjeparts vurdering.

Ethvert styremedlem og medlem av ledelsen skal umiddelbart varsle styret dersom vedkommende direkte eller indirekte har en interesse i en transaksjon eller avtale som er eller vurderes inngått av selskapet. Dette gjelder selv om styremedlemmet anses habil i behandling av saken.

Selskapets transaksjoner i egne aksjer skal skje på børs eller på annen måte til børskurs

Avvik fra anbefalingen: Ingen

Aksjer og omsettelighet

Aksjene i selskapet er i henhold til vedtektene fritt omsettelige. Monobank er en norsk finansinstitusjon. Norsk rammelovgivning har generelle konsesjons-regler som gjelder alle norske finansinstitusjoner ved store erverv av aksjer (ti prosent eller mer).

Avvik fra anbefalingen: Ingen

Generalforsamling

Generalforsamlingen er selskapets høyeste myndighet. Styret arbeider for å sikre at generalforsamlingen er et effektivt forum for kommunikasjon mellom aksjonærene og styret, og oppfordrer aksjonærene til å delta i møtene.

Generalforsamlingen holdes normalt innen utgangen av mai hvert år, og senest innen utgangen av juni, som er den siste dato som er tillatt i lov om aksjeselskaper. Styret kan når som helst innkalle til ekstraordinær generalforsamling.

Generalforsamlingen er åpen og tilgjengelig for alle aksjeeiere. Ordinær generalforsamling skal holdes hvert år innen utgangen av mai. Selskapet har ikke vedtektsbestemmelser som utvider eller fraviker reglene i allmennaksjelovens kapittel 5.

Styret vil legge til rette for at saksdokumentene skal være utførlige nok til at de gir grunnlag for å kunne ta stilling til de saker som reises.

Det er vedtektsfestet en innkallingsfrist på to uker. Innkalling og saksdokumenter blir gjort tilgjengelig på selskapets hjemmeside www.monobank.no. Aksjeeiere kan likevel kreve å få tilsendt saksdokumentene vederlagsfritt. Protokollen vil bli publisert på selskapets nettsider så snart den foreligger.

Aksjeeiere kan møte ved fullmektig. Innkallingen vil inneholde nærmere informasjon om fremgangsmåte for å møte med fullmektig, herunder fullmaktsskjema. I tillegg vil det bli oppnevnt en eller flere personer som kan stemme på vegne av aksjeeiere som fullmektig.

Banksjefen og styrets leder har plikt til å være til stede med mindre dette er åpenbart unødvendig eller det foreligger gyldig forfall.

Selskapets revisor vil være tilstede under møtet.

Avvik fra anbefalingen: Anbefalingen er at hele styret og leder av valgkomiteen er til stede i generalforsamlingen. Banksjefen og styrets leder har vært tilstede, men ikke styrets øvrige representanter.

Valgkomité

Selskapets vedtekter fastsetter at valgkomiteen skal ha minst tre medlemmer som skal være aksjonærer eller aksjonærrepresentanter. Valgkomiteens medlemmer velges av generalforsamlingen for en periode på to år og kan gjenvelges.

Valgkomiteen skal anbefale kandidater til valg av styremedlemmer og styreformann, og gi anbefalinger til godtgjørelse til styremedlemmene, herunder styrets underkomiter, samt å anbefale medlemmer til valgkomiteen.

Valgkomitén bestod per 31.12.2018 av:

- Petter Falck
- Mike Ljungberg-Tvedt
- Trond Erik Birkeland

Styret, sammensetning og uavhengighet

Styret består av 5 medlemmer, 2 kvinner og 3 menn, hvorav en ansatterepresentant. Det er lagt vekt på at styret har nødvendig erfaring, kompetanse og kapasitet til å utføre de aktuelle verv på en tilfredsstillende måte, samt at de fungerer godt som kollegialt organ.

Ingen av selskapets ledende ansatte er styremedlemmer. Styrets leder er innleid i selskapet som konsulent.

2 av 5 medlemmer av styret har egne aksjer i selskapet, se note 4. Styremedlemmene følger de alminnelige regler for primærinnsidere.

Avvik fra anbefaling: Styrets leder er innleid i selskapet som konsulent.

Styrets arbeid

Styrearbeidet følger en fastsatt årsplan og styres i samsvar med fastsatt styreinstruks.

Styret har jevnlig fysiske styremøter og har 12 faste møter hvert år. Avhengig av sak og situasjon avholdes det ytterligere møter. Disse kan være på telefon eller på sirkulasjon. I 2018 ble det avholdt til sammen 18 styremøter, hvorav 5 var ekstraordinære styremøter. Ett av de ordinære møtene var et strategimøte.

Styret har etablert et revisjons- og risikoutvalg som forbereder og gir råd til styret knyttet til risikostyring og intern kontroll.

Avvik fra anbefalingen: Styrets leder er ansatt i selskapet som konsulent og vil i mange tilfeller være engasjert i saker som skal styrebehandles. Dette løses ved å så fremt det er mulig å la noen andre enn styreleder lede styrets diskusjon av saken.

Risikostyring og internkontroll

Styret skal sørge for at Monobank har forsvarlig internkontroll og systemer for risikostyring som er hensiktsmessig i forhold til omfanget og arten av selskapets virksomhet. Internkontrollen og systemene skal også omfatte verdier og etiske retningslinjer.

Styret har vedtatt policy for virksomhet- og risikostyring som beskriver bankens retningslinjer for virksomhetsstyringen, internkontroll og risikostyring. Videre har styret vedtatt separate policydokumenter som dekker kredittrisiko, markedsrisiko, likviditetsrisiko og operasjonell risiko.

Hver av policydokumentene beskriver retningslinjer, regler og risikorammer for den den enkelte risikotype. Styret mottar regelmessig rapportering fra administrasjonen om bankens risikoeksponering på de ulike risikotypene. Hver av policydokumentene gjennomgås minst årlig av styret. Styret har etablert et revisjons- og risikoutvalg som forbereder og gir råd til styret knyttet til risikostyring og intern kontroll.

Det daglige ansvaret for risikostyring og internkontroll er delegert til en uavhengig funksjon, CRO.

Avvik fra anbefaling: Styret har ikke vedtatt en samlet policy for foretaksstyring.

Godtgjørelse til styret

Valgkomiteen foreslår godtgjørelse til styret, som fastsettes av generalforsamlingen. Godtgjørelsen er ikke resultatavhengig.

Godtgjørelse for det enkelte styremedlem fremgår i note 9 i årsrapporten. Honorarenes størrelse reflekterer styrets ansvar, kompetanse, tidsbruk og virksomhetens kompleksitet.

Avvik fra anbefalingen: Styrets leder har aksjeopsjoner utstedt av selskapet. Styrets leder er også engasjert på fast basis som konsulent. Honorar fremgår i note 9 i årsrapporten.

Godtgjørelse til ledende ansatte

Styret bestemmer lønn og annen godtgjørelse til banksjefen i Monobank. Monobanks lønn og bonus bestemmes på grunnlag av en evaluering med vekt på konkrete faktorer fastsatt av styret. Styret foretar årlig en vurdering av lønn og annen godtgjørelse til konsernsjefen.

Banksjefen avgjør lønn til ledende ansatte. Styret har utstedt retningslinjer for godtgjørelse til ledende ansatte. Retningslinjene fastsetter hovedprinsippene for selskapets lederlønnspolitikk.

Monobank opererer i en bransje hvor humankapital er en svært viktig driver for suksess. Monobank ASA har opprettet en godtgjørelsesordning for ansatte i banken som omfatter både variabel lønn, lønn i form av aksjer og gunstig ansattelån innenfor gitte kriterier. Ordningen omfatter også ledende ansatte. Godtgjørelsen ble vedtatt på generalforsamlingen 17. mars 2016.

Ordningen skal sikre at Monobank tiltrekker seg og beholder de flinkeste medarbeiderne som presterer, utvikler seg, lærer og deler kunnskap. For mer informasjon, se note 9 i årsrapporten.

Avvik fra anbefalingen: Ingen

Informasjon og kommunikasjon

Monobank er notert på Merkur Market på Oslo Børs, og er dermed underlagt løpende forpliktelser for selskaper notert på dette markedet. Selskapets kontakt med investorer er basert på åpenhet og likebehandling. Styret har vedtatt finansiell rapportering utover kravet, og selskapet publiserer kvartalvise finansielle rapporter. Styret har delegert ansvaret for dialog med investorer og aksjeeiere til CEO i Monobank. Selskapet holder webcasts for å nå ut til hele investorbasen samtidig.

Avvik fra anbefalingen: Ingen

Selskapsovertakelse

Dersom et overtakelsestilbud skjer, vil styret følge det overordnede prinsippet om likebehandling for alle aksjonærer, og vil søke å sikre at forretningsvirksomheten ikke forstyrres unødvendig. Styret vil forsøke å sikre at aksjonærene får tilstrekkelig informasjon og tid til å danne et syn på tilbudet.

Styret vil ikke søke å forhindre overtakelsesbud, med mindre den anser at Monobanks interesser og aksjonærene berettiger slike tiltak. Styret vil ikke hindre eventuelle overtakelsestilbud, med mindre dette er godkjent av generalforsamlingen. Dersom et overtakelsestilbud forestår, vil styret utstede en erklæring i samsvar med lovkravene. Ved overtakelsestilbud vil styret vurdere å anskaffe en verdsettelse fra en uavhengig ekspert. Enhver transaksjon som faktisk er en avhendelse av konsernets virksomhet, vil bli forelagt generalforsamlingen for godkjenning.

Avvik fra anbefalingen: Ingen

Revisor

PWC er Monobanks revisor. Styret har sikret at revisor har utarbeidet en årlig plan for revisjonen, og reviderer Monobanks kvartalsvise regnskaper. Revisor deltar i styremøter etter behov. Styret har et møte med revisor minst en gang i året hvor ledelsen ikke er til stede. Revisor presenterer en gjennomgang av interne kontrollprosedyrer, herunder identifiserte svakheter og forslag til forbedring, til styret minst en gang i året. Det er retningslinjer for bruk av revisor av daglig leder og finansdirektør for andre tjenester enn revisjonen. I henhold til retningslinjene skal revisor gi styret årlig oversikt over alle tjenester, i tillegg til revisjonsarbeid som er gjennomført. Revisor gir en årlig skriftlig bekreftelse på at den fortsatt tilfredsstiller kravene til uavhengighet. Opplysninger om godtgjørelse til revisor, inkludert opplysninger om honorar betalt for revisjonsarbeid og eventuelle gebyrer betalt for andre spesifikke oppdrag, er inkludert i regnskapets noter. Styret skal på enhver ordinær generalforsamling opplyse generalforsamlingen om alle tjenester som tilbys av revisor og deres godtgjørelse.

Avvik fra anbefalingen: Ingen

Fremtidsutsikter 2019

Monobank har tilpasset seg norske reguleringsretningslinjer om forsvarlig utlånspraksis for forbrukslån som trådte i kraft 1. oktober 2017. Finanstilsynet har signalisert at ytterligere forskrifter vil bli innført i samsvar med retningslinjene for ansvarlig utlånspraksis for usikret kreditt. Det er ventet at det lenge annonserte gjeldsregisteret vil bli implementert i 2019. Det er fortsatt ikke klart hvordan disse tiltakene vil påvirke den samlede etterspørselen etter forbrukslån i Norge, men antagelig vil veksten i etterspørselen avta. I møte med økt konkurranse fra både norske og utenlandske aktører vil Monobanks kundevennlige skybaserte forretningsmodell og plattform for flere land ha økt viktighet fremover, og vekstmulighetene vurderes som gode.

Styret besluttet i august 2018 å lansere forbrukslånsvirksomhet i Sverige i 1. kvartal 2019 som vil utvide bankens vekstmuligheter og bidra til å utnytte skalafordelene i forretningemodellen. Monobanks operasjoner og løsninger er rigget for vekst, og satsingen vil kunne utføres innenfor eksisterende kostnadsbase og OPEX nivå. Utvidelsen vil diversifisere Monobanks forretningsrisiko og regulatoriske risikoeksponering.

Selskapet vil i første rekke fokusere på kjernevirksomheten og effektivisere driften med eksisterende kostnadsbase. Monobank vil også i fortsettelsen utnytte sin etablerte posisjon som en ledende digital forbrukerbank og vil søke nye inntektsstrømmer gjennom å tilby kredittkortplattformen og Mono Pay-appen til andre aktører innen finans og retail (Banking-as-a-Service).

Partnerskapet med Widerøe startet i andre halvår 2018, med innføring av det kombinerte kredittkortet og Mono Pay-appen til Widerøes ansatte. Utover i 2019 vil det gradvis innføres kampanjer, hovedsakelig ved hjelp av Widerøes eide markedsføringskanaler.

Monobank vil vurdere å gå over til IFRS i løpet av 2019.

Finanstilsynet fullførte stedlig tilsyn (SREP-prosessen) hos Monobank i oktober 2018, og selskapet mottok før jul et foreløpig Pilar II påslag på 6,3 %. Monobank deler ikke alle Finanstilsynets vurderinger og vil gi tilsvar innen pålagt frist 21.02.2019.

For ordens skyld må det presiseres at det normalt knyttes betydelig usikkerhet til vurderinger av fremtidige forhold.

Hendelser etter balansedato

Den 8. februar 2019 inngikk Monobank og BRAbank ASA (BRAbank) avtale om fusjon. Fusjonsplan skal etter planen vedtas av styrene i Monobank og BRAbank 14. februar 2019 og behandles på ordinær generalforsamling i slutten av mars 2019.

Fusjonen innebærer at BRAbanks aksjonærer mottar 9,25 aksjer i Monobank per BRAbank-aksje, som medfører utstedelse av 142,9 millioner nye aksjer i Monobank. Eksisterende aksjonærer i BRAbank vil etter fusjonen holde 34,3 % av totalt utestående Monobank-aksjer. I tillegg vil det som del av fusjonen gjennomføres fire rettede emisjoner i Monobank på totalt mellom NOK 100 millioner og NOK 130 millioner til NOK 1,90 per aksje:

(i) en rettet emisjon på rundt NOK 58 millioner forhåndstegnet av BRAbanks største eier Braganza AB,
(ii) en rettet emisjon på rundt NOK 37 millioner til BRAbanks største eiere etter Braganza AB,
(iii) en rettet emisjon på rundt NOK 5 millioner til øvrige BRAbank-aksjonærer, og
(iv) en rettet emisjon mot Monobanks aksjonærer på opp til NOK 30 millioner.

Braganza har forhåndstegnet og garantert for emisjon (i), (ii) og (iii).

Fusjonen er betinget av godkjennelse fra Finanstilsynet, og forventes, gitt oppfyllelse av alle betingelser og gjennomføring av kreditorvarselsperiode, å tre i kraft innen utløpet av første halvår 2019. Det sammenslåtte selskapet vil hete BRAbank.

Styreleder i det nye selskapet blir Geir Stormorken. Monobanks nåværende styreleder Jan Greve-Isdahl blir nestleder. Det nye selskapet vil ledes av Bent Hilding Gjendem, og hovedkontoret blir i Bergen. For ytterligere informasjon rundt fusjonen, se børsmelding av 8. februar 2019.

Monobank og BRAbank har komplementære styrker, og Monobanks etablerte plattform kombinert med BRAbanks sterke partnernettverk gir betydelige synergier. Det nye selskapet vil også være kapitalisert tilstrekkelig til å kunne nå NOK 10 milliarder i utlån neste fem år. Målet er at dette skal oppnås gjennom fortsatt vekst i forbrukslån i Norge og Finland, satsning på forbrukslån i Sverige, og vekst fra både Monobanks og BRAbanks kredittkortløsninger.

Monobank kommuniserte i forbindelse med rettet emisjon 23. oktober 2017 planer om å søke om notering på hovedmarkedet på Oslo Børs innen de neste 12 månedene, hensyntatt rådende markedsforhold. På grunn av den annonserte fusjonen med BRAbank vil banken utsette sine planer om notering, og ta opp igjen vurderingen ved en passende anledning hensyntatt integreringen mellom BRAbank og Monobank, det regulatoriske og markedsmessige klimaet for forbrukslån og kredittkort i Norge, og det generelle kapitalmarkedsklimaet.

Disponering av årsresultatet for 2018

Årsresultatet etter skatt for 2018 foreslås i sin helhet å legges til annen egenkapital. Disponeringen øker annen egenkapital med NOK 31 millioner.

Andre opplysninger

Styret bekrefter at forutsetningen om fortsatt drift er til stede. Monobanks virksomhet forurenser ikke det ytre miljø.

Bergen, 07. februar, 2019

Jan Greve-Isdahl	Tore Hopen	Mette Henriksen
Styreleder		
Torhild Eide Torgersen	Tore Amundsen	Guro Røberg
		Varamedlem
Bent Gjendem		
Banksjef		

Resultat for Q4 2018 (urevidert)

Monobanks hadde et underskudd etter skatt på NOK -8,8 millioner, hovedsakelig som et resultat av økte tapsavsetninger.

Netto renteinntekter utgjorde NOK 95,1 millioner, en økning på NOK 8,9 millioner for kvartalet. Netto rentemargin ble 7,7%. Netto provisjoner og gebyrer var minus NOK 13,6 millioner. De økte provisjonskostnadene skyldes i hovedsak forward flow-avtalen. Totalt inntekter beløp seg til 81,4 millioner, sammenlignet med NOK 76,4 millioner i tredje kvartal.

Rentepåslag i kombinasjon med det økte swapvolumet i kvartalet førte til en gevinst på NOK 3,5 millioner på valuta og verdipapirer.

Totale driftskostnader utgjorde NOK 31,9 millioner i Q4, en svak økning fra forrige kvartal. Reduserte markedsføringskostnader veide delvis opp for økte lønnskostnader og avskrivninger. De økte avskrivningene er aktivering av utviklingskostnadene relatert til Mono Pay-appen og Widerøesatsingen.

Dette ga et driftsresultat før tapsavsetninger for kvartalet på NOK 53,1 millioner.

I forbindelse med årlig vurdering og verdifallstesting av låneporteføljen, ble tap på utlån styrket betraktelig og endte på NOK 66 millioner. Av tapene var NOK 20 millioner realiserte tap og 46 millioner urealiserte tapsavsetninger. De økte tapsavsetningene er hovedsakelig et resultat av økt data og porteføljeinnsikt på den historiske norske porteføljen 90 dager +, hvilket ga en styrket avsetning på NOK 27 millioner. Justeringen av et tidligere upresist datagrunnlag førte til en engangseffekt på NOK 11 millioner. Disse lånene var allerede 90 dager forfalt når forward flow-avtalen med Axactor ble inngått, og de kvalifiserer følgelig ikke for salg. Tap på utlån fra den norske porteføljen vil bli moderert av forward flow-avtalen fremover. Tapsavsetningene ble også styrket i Finland, da Monobank har justert forventede tap i tråd med resten av forbruksfinansieringssegmentet.

Resultatet før skatt endte på minus 13 millioner for Q4, hovedsakelig drevet av økte tapsavsetninger.

Erklæring fra styret og daglig leder av Monobank ASA

Vi erklærer at etter vår beste overbevisning er årsregneskapet for 2018 for Monobank ASA utarbeidet i samsvar med gjeldende regnskapsstandarder, og opplysningene i regnskapet gir et rettvisende bilde av selskapets eiendeler, forpliktelser, finansielle stilling og resultat som helhet per 31. desember 2018. Vi erklærer også at årsberetningen gir en rettvisende oversikt over utviklingen, resultatet og stillingen til selskapet samt beskriver de mest sentrale risiko- og usikkerhetsfaktorer selskapet står overfor.

Bergen, 7. februar, 2019

Jan Greve-Isdahl Styreleder	Tore Hopen	Mette Henriksen
Torhild Eide Torgersen	Tore Amundsen	Guro Røberg Varamedlem
Bent Gjendem Banksjef		

Resultatregnskap

Beløp i tusen kroner	**Note**	**2018**	**2017**
Renteinntekter	14	403 642	201 202
Rentekostnader	14	(71 996)	(33 733)
Netto renteinntekter		**331 646**	**167 469**
Provisjonsinntekter og inntekter fra banktjenester	14	25 970	14 857
Provisjonskostnader og kostnader ved banktjenester	14	(60 456)	(24 983)
Netto verdiendring og gevinst/tap på valuta og verdipapirer	16	4 136	(1 456)
Lønn m.v.	9	(42 423)	(26 503)
Administrasjonskostnader	9,10	(80 361)	(61 708)
Avskrivninger	8	(10 855)	(5 957)
Resultat før tap på utlån		**167 658**	**61 719**
Tap på utlån, garantier m.v.	2	(128 435)	(37 975)
Resultat før skattekostnad		**39 223**	**23 743**
Skatt på ordinært resultat	11	(8 655)	(5 784)
Resultat av ordinær drift etter skatt		**30 567**	**17 960**

Balanse

Beløp i tusen kroner	Note	31.12.2018	31.12.2017
Eiendeler			
Utlån til og fordringer på kredittinstitusjoner	6,7,12	108 790	56 000
Utlån til og fordringer på kunder	2,6,7,16	3 844 229	2 402 869
Nedskrivninger av utlån	2	138 493	50 681
Sum netto utlån og fordringer på kunder		**3 705 736**	**2 352 188**
Sertifikater, obligasjoner og andre rentebærende verdipapirer	3,6,7	851 879	756 536
Utsatt skattefordel	11	2 791	8 592
Andre immaterielle eiendeler	6,8	67 064	39 349
Varige driftsmidler	6,8	2 681	1 755
Finansielle derivater	6,16	6 644	1 374
Forskuddsbetaling, opptjente ikke mottatte inntekter og andre eiendeler	6,13	130 341	85 095
Sum eiendeler		**4 875 927**	**3 300 888**
Gjeld			
Innskudd fra og gjeld til kunder	6,7	4 125 245	2 651 861
Påløpte kostnader, mottatt ikke opptjente inntekter og andre forpliktelser	6,13	40 668	28 797
Ansvarlige lån	6,7,17	98 739	98 399
Betalbar skatt	11	2 105	0
Sum gjeld		**4 266 756**	**2 779 057**
Egenkapital			
Aksjekapital	4,5	274 023	248 318
Annen innskutt egenkapital	4,5	286 621	255 169
Opptjent egenkapital	4,5	48 527	17 960
Annen egenkapital (opsjoner)	4,15	0	384
Sum egenkapital		609 171	521 832
Sum egenkapital og gjeld		4 875 927	3 300 888

Jan Greve-Isdahl
Styreleder

Tore Hopen

Mette Henriksen

Torhild Eide Torgersen

Tore Amundsen

Guro Røberg
Varamedlem

Bent Gjendem
Banksjef

Kontantstrømoppstilling

Beløp i tusen kroner	Note	2018	2017
Kontantstrømmer fra operasjonelle aktiviteter			
Resultat før skattekostnad		39 222	23 743
Endring i nedskrivninger utlån		87 812	37 150
Justering for urealisert endring i virkelig verdi av finansielle instrumenter		4 158	7 311
Endring opsjonsprogram		0	0
Ordinære avskrivninger	8	11 196	5 957
Endring i brutto utlån til kunder	2	(1 441 360)	(1 549 300)
Endring i innskudd fra kunder		1 473 384	1 748 455
Endring i finansielle derivater		(5 270)	(1 374)
Endring i verdipapirer	3	(100 253)	(462 582)
Endring i andre tidsavgrensningsposter		(33 375)	(39 658)
Netto kontantstrømmer fra operasjonelle aktiviteter		35 513	(230 298)
Kontantstrømmer fra investeringsaktiviteter			
Investeringer i varige driftsmidler	8	(2 008)	(1 810)
Investeringer i immaterielle eiendeler	8	(37 489)	(32 008)
Netto kontantstrømmer fra investeringsaktiviteter		(39 497)	(33 818)
Kontantstrømmer fra finansieringsaktiviteter			
Innbetalinger fra utstedelse av egenkapitalinstrumenter	4	56 773	170 498
Innbetalinger fra utstedelse av ansvarlige lån			98 399
Netto kontantstrømmer fra finansieringsaktiviteter		56 773	268 897
Netto kontantstrøm for perioden		52 790	4 781
Kontanter og kontantekvivalenter ved periodens begynnelse	12	56 000	51 219
Kontanter og kontantekvivalenter ved periodens slutt		108 790	56 000
Kontanter og kontantekvivalenter består av:			
Utlån og fordringer på kredittinstitusjoner		108 790	56 000

Note 1 Regnskapsprinsipper

Monobank ASA (tidligere kjent som Zammut Prosjekt AS) ble omdannet fra et aksjeselskap til allmennaksjeselskap 6. november 2015. Bankvirksomheten åpnet 19. novemer 2015.

Regnskapene er utarbeidet i samsvar med Lov om årsregnskap m.v., Forskrift om årsregnskap m.m for banker, finansieringsforetak og morselskap for slike, Forskrift om regnskapsmessig behandling av utlån og garantier i finansinstitusjoner og God regnskapsskikk i Norge. Omdannelsen fra Zammut Prosjekt AS til Monobank ASA er gjort ved at alle bokførte verdier, finansiell historie, klassifisering av egenkapital og skatt er videreført i det nye selskapet.

1. Finansielle instrumenter

Finansielle instrumenter omfatter utlån til og fordringer på kunder, valutaderivater og gjeldsinstrumenter med fast og variabel avkastning som sertifikater, obligasjoner og andre kortsiktige renteinstrumenter.

1.1 Utlån til og fordringer på kunder

Utlån og fordringer på kunder beregnes ved første gangs balanseføring til virkelig verdi. Ved senere måling vurderes utlån til amortisert kost ved bruk av effektiv rentes metode. I amortisert kost inngår utlånets hovedstol, gebyrer (med unntak av etableringsgebyrer som dekker administrative kostnader) og transaksjonskostnader som provisjoner til låneagenter. Provisjonskostnader til låneagenter kostnadsføres over lånenes forventede gjennomsnittlige løpetid.

Renteinntekter inntektsføres etter effektiv rentes metode. Den effektive rentesatsen er den renten som neddiskonterer lånets kontantstrømmer over forventet løpetid til lånets amortiserte kost på etableringstidspunktet. Effektiv rentes metode innebærer også at det foretas inntektsføring av renter på engasjement som er nedskrevet. For slike lån korrigeres renten basert på virkelig verdi av det nedskrevne lånet.

Nedskrivning for tap foretas når det foreligger objektive bevis for at lånet har verdifall. Nedskrivningen beregnes som forskjellen mellom amortisert kost før nedskrivning og nåverdien av estimerte fremtidige kontantstrømmer neddiskontert med effektiv rente.

I resultatregnskapet består posten tap på utlån, garantier m.v. av konstaterte tap og endring i nedskrivninger på lån. Bokførte nedskrivninger er basert på en gjennomgang av bankens utlånsportefølje.

Et lån anses å være misligholdt når det er 90 dager over forfall, i tillegg til lån hvor konkurs- eller gjeldsforhandlinger er åpnet.

1.2 Valutaderivater

Finansielle derivater balanseføres som eiendeler dersom virkelig verdi er positiv og som forpliktelser dersom virkelig verdi er negativ. Finansielle derivater blir rapportert netto dersom negative og positive posisjoner kan utlignes juridisk sett. Endringer i verdien av finansielle derivater føres i resultatregnskapet under Netto verdiendring og gevinst/tap på valuta og verdipapirer.

1.3 Gjeldsinstrumenter

Sertifikater og obligasjoner er definert som omløpsmidler og vurdert til virkelig verdi. Sertifikatene og obligasjonene inngår i bankens likviditetsportefølje. Gjeldsinstrumentene handles i et aktivt og likvid marked.

2. Varige driftsmidler og immaterielle eiendeler

Varige driftsmidler vurderes til anskaffelseskost med fradrag for akkumulerte avskrivninger og eventuelle nedskrivninger. Avskrivninger er ført i egen linje i resultatregnskapet og er basert på forventet økonomisk levetid og resteverdi for hvert driftsmiddel.

Ved hver regnskapsavleggelse tas det stilling til om det foreligger indikasjoner på verdifall på driftsmidler. Ved verdifall som antas å ikke være forbigående, blir driftsmiddelet målt til gjenvinnbart beløp. Gjenvinnbart beløp er definert som det høyeste av netto salgsverdi og bruksverdi.

Immaterielle eiendeler balanseføres i den grad det er sannsynlig at økonomiske fordeler vil tilfalle banken fremover. Immaterielle eiendeler balanseføres til anskaffelseskost fratrukket akkumulerte avskrivninger og tap ved verdifall. Utgifter vedrørende vedlikehold av programvare, systemer o.l. kostnadsføres løpende. Immaterielle eiendeler med begrenset levetid avskrives over forventet økonomisk levetid.

Utgifter til egen utvikling balanseføres i den grad det kan identifiseres en fremtidig økonomisk fordel og utgiftene kan måles pålitelig. I motsatt fall kostnadsføres slike utgifter løpende.

3. Periodisering av inntekter og kostnader

Provisjoner, renteinntekter og gebyrer føres i resultatregnskapet etter hvert som disse opptjenes som inntekter eller påløper som kostnader. Forskuddsbetalinger og påløpte kostnader føres i balansen.

4. Skatt

4.1 Utsatt skatt og utsatt skattefordel

Utsatt skatt og utsatt skattefordel er beregnet med 25 prosent på grunnlag av de midlertidige forskjeller som eksisterer mellom de regnskapsmessige og skattemessige verdiene ved utgangen av regnskapsåret. Skatteøkende og skattereduserende midlertidige forskjeller som reverseres eller kan reverseres i samme periode er utlignet og nettoført i balansen. Utsatt skattefordel balanseføres i den grad det er sannsynlig at fordelen vil kunne realiseres på et fremtidig tidspunkt.

4.2 Skattekostnad

I resultatregnskapet omfatter skattekostnaden både endring i netto utsatt skatt samt periodens betalbare skatt som består av skatt på periodens skattepliktige resultat.

5. Pensjoner

Selskapet er underlagt lov om obligatorisk tjenestepensjon og har en ordning som tilfredsstiller lovkravene. Selskapet har en innskuddsbasert ordning som gjelder for samtlige ansatte som innebærer at selskapet betaler et årlig innskudd til de ansattes kollektive pensjonssparing. Selskapet har derfor ingen ytterligere forpliktelser, og det er derfor ingen avsetning til fremtidige pensjonsforpliktelser i balansen.

6. Gjeld og andre forpliktelser

Leverandørgjeld og andre forpliktelser regnskapsføres til kost.

7. Valuta

Banken har norske kroner som funksjonell valuta. Kostnader og inntekter i annen valuta blir omregnet til norske kroner i regnskapet basert på faktisk oppnådd vekslingskurs på transaksjonstidspunktet. Balanseposter i annen valuta omregnes til norske kroner etter valutakurs på balansedagen.

8. Kontantstrømoppstilling

Kontantstrømoppstillingen er utarbeidet etter den indirekte metode. Kontanter og kontantekvivalenter består av utlån og fordringer på kredittinstitusjoner.

9. Opsjonsprogram for ansatte

Monobank ASA har opprettet et opsjonsprogram for ansatte i banken. Se note 15 for mer informasjon.

Virkelig verdi av opsjoner som tildeles gjennom opsjonsprogrammet for ansatte er ført som en kostnad knyttet til ansattgodtgjørelse med en tilsvarende økning i egenkapital. Det totale beløpet som skal kostnadsføres er bestemt ut ifra virkelig verdi av opsjonene som tildeles:

- inkludert markedsutvikling (for eksempel selskapets aksjekurs)
- ekskludert påvirkning av innvilgelsesbetingelser som ikke er relatert til markedsutvikling og tjenestebetingelser (for eksempel lønnsomhet, salgsvekst, og å beholde en ansatt i selskapet i en bestemt periode), og
- inkludert tidsaspektet av forhold som ikke gjelder innvilgelsesbetlinger (for eksempel behovet for å spare for de ansatte)

Den totale kostnaden er kostnadsført over opptjeningsperioden, som er perioden hvor alle innvilgelsesbetingelser må oppfylles. Ved slutten av hver regnskapsperiode bearbeider selskapet sitt estimat på antall opsjoner som forventes å bli innvilget basert på innvilgelsesbetlingelser som ikke er relatert til markedsutvikling og tjenestebetingelser. Selskapet fører eventuelle endringer fra bearbeidingen av estimatene sammenlignet med de originale estimatene over resultatregnskapet, med en korresponderende endring i egenkapitalen.

Arbeidsgiveravgift knyttet til opsjonstildeling er ansett som en integrert del av tildelingen, og kostnader behandles som kontantavregnede transaksjoner.

Note 2 Utlån

Beløp i tusen kroner	**2018**	**2017**
Utlån til og fordringer på kunder	3 738 112	2 353 964
Fakturerte renter og avdrag	106 117	48 905
Nedskrivninger på grupper av nedbetalingslån	(15 514)	(9 089)
Nedskrivninger på individuelle nedbetalingslån	(122 979)	(41 592)
Netto utlån til og fordringer på kunder	**3 705 736**	**2 352 188**

Nedskrivninger på grupper av utlån	**2 018**	**2 017**
Nedskrivninger på grupper av utlån ved inngangen til perioden	9 089	13 530
Periodens endring i nedskrivninger på grupper av utlån	6 425	(4 441)
Nedskrivninger på grupper av utlån ved slutten av perioden	**15 514**	**9 089**

Nedskrivninger på individuelle nedbetalingslån	**2 018**	**2 017**
Nedskrivninger på grupper av utlån ved inngangen til perioden	41 592	0
Periodens endring i nedskrivninger på grupper av utlån	81 388	41 592
Nedskrivninger på individuelle nedbetalingslån ved slutten av perioden	**122 979**	**41 592**

Konstaterte tap	**2018**	**2017**
Endring i konstaterte tap på utlån	40 623	0

Netto utlån for Norge reflekterer at lån MNOK 179 er solgt gjennom forward flow-avtale.

Fordeling av risikoklasser ved utgangen av året	**31.12.2018**		**31.12.2017**	
Beløp i tusen kroner	**Brutto utlån**	**Andel**	**Brutto utlån**	**Andel**
Lav risiko (50+)	864 089	23%	624 300	27%
Medium risiko (30 - 49)	1 672 667	45%	1 207 985	51%
Høy risiko (1 -29)	765 246	20%	332 626	14%
Misligholdte lån	436 110	12%	189 053	8%
Sum	**3 738 112**	**100%**	**2 353 964**	**100%**

Risikonivå er definert ut ifra eksterne scorekategorier. Tabellen over inneholder ikke kundefordringer.

Geografisk fordeling av utlån

Beløp i tusen kroner	**31.12.2018**	**31.12.2017**
Norge		
Brutto utlån til og fordringer på kunder inkl. fakturerte renter og avdrag	2 588 493	1 996 059
Nedskrivninger av nedbetalingslån	108 671	47 603
Norge - Netto utlån til og fordringer på kunder	2 479 822	1 948 455
Finland		
Brutto utlån til og fordringer på kunder inkl. fakturerte renter og avdrag	1 255 737	406 810
Nedskrivninger av nedbetalingslån	29 822	3 078
Finland - Netto utlån til og fordringer på kunder	1 225 914	403 733
Total netto utlån til og fordringer på kunder	**3 705 736**	**2 352 188**

Aldersfordeling av lån til kunder

Beløp i tusen kroner	**31.12.2018**	**31.12.2017**
Ikke forfalt	2 607 203	1 658 472
Forfalt 1-30 dager	546 420	401 648
Forfalt 31-60 dager	178 298	111 676
Forfalt 61-90 dager	76 199	42 020
Forfalt 90+ dager	436 110	189 053
Sum	**3 844 229**	**2 402 869**

Resultatførte renter på lån som er nedskrevet

Beløp i tusen kroner	**2018**	**2017**
Resultatførte renter på lån som er nedskrevet	22 664	11 401

Note 3 Gjeldsinstrumenter

	31/12/2018			31/12/2017		
Beløp i tusen kroner	**Kostpris**	**Virkelig verdi**	**Resultatført verdiendring**	**Kostpris**	**Virkelig verdi**	**Resultatført verdiendring**
Risikovekt 0%	724 543	731 872	7 329	96 051	95 638	(414)
Risikovekt 10%	87 614	87 430	(184)	38 233	38 208	(25)
Risikovekt 20%	32 106	32 577	471	432 346	434 393	2 047
Risikovekt 50%	0	0	0	68 289	68 405	117
Risikovekt 100%	0	0	0	119 794	119 892	98
Sum gjeldsinstrumenter	**844 264**	**851 879**	**7 615**	**754 713**	**756 536**	**1 822**
Ikke børsnoterte obligasjoner	47 138	47 601	464	300 234	299 712	(521)
Børsnoterte obligasjoner	797 127	804 278	7 151	454 479	456 651	(828)
Sum gjeldsinstrumenter	**844 264**	**851 879**	**7 615**	**754 713**	**753 363**	**1 350**
Bank	132 511	132 926	415	222 695	224 104	1 409
Andre foretak	9 125	8 743	(382)	98 802	98 463	(339)
Stat	702 629	710 210	7 582	433 217	433 968	752
Sum gjeldsinstrumenter	**844 264**	**851 879**	**7 615**	**754 713**	**756 536**	**1 822**

Effektiv rente på porteføljen av gjeldsinstrumenter oppnådd i 2018 har vært 0,74 % annualisert (2017: 0,85% annualisert). Effektiv rente er beregnet basert på kjøpspris og renteinntekter i perioden selskapet har holdt gjeldsinstrumentene.

Virkelig verdi er fastsatt basert på observerbare markedskurser på henholdsvis Oslo Børs. Verdien på ikke-børsnoterte sertifikater og obligasjoner er basert på oppgitte markedskurser fra DNB per 31.12.2018.

Note 4 Egenkapital

Beløp i tusen kroner	Aksjekapital	Overkurs	Annen innskutt egenkapital	Opptjent egenkapital	Sum egenkapital
Egenkapital per 01.01.2018	248 318	255 169	384	17 960	521 832
Disponering årets resultat				30 567	30 567
Opsjonsprogram	778	1 400	(384)		1 794
Avsatt utbytte					0
Kapitalforhøyelse netto av emisjonsutgifter	24 927	30 053			54 980
Egenkapital per 31.12.2018	**274 023**	**286 621**	**0**	**48 527**	**609 171**

Aksjekapitalen består av 274 022 540 aksjer à kr. 1.

	Bankens 20 største aksjonærer pr 31.12.2018	**Verv**	**Antall aksjer**	**Eierandel**
1	Prioritet Group AB		29 365 749	10.72%
2	Jo Capital AS	Styremedlem	27 544 935	10.05%
3	TBI Bank EAD		24 826 567	9.06%
4	Songa Trading Inc		19 865 063	7.25%
5	Hjellegjerde Invest AS		11 692 677	4.27%
6	Bara Eiendom AS		11 663 104	4.26%
7	7Fjell Ventures AS		6 400 000	2.34%
8	Sandsolo Holding AS		5 900 000	2.15%
9	Mike AS		5 400 451	1.97%
10	Citibank, N.A.		5 300 000	1.93%
11	Sportsmagasinet AS		5 175 883	1.89%
12	Ekrem AS		4 646 854	1.70%
13	Mj Capital AS		4 283 500	1.56%
14	Swedbank AB		4 000 000	1.46%
15	Finn Greve-Isdahl		3 953 782	1.44%
16	Hava Financials AS		3 535 494	1.29%
17	Stian Mikkelsen AS		3 454 347	1.26%
18	Bjørn Dahle		3 103 672	1.13%
19	Las Invest AS		3 100 000	1.13%
20	Høysæter T-Banecompagnie AS		2 841 464	1.04%
	Andre aksjonærer		87 968 998	
	Totalt		**274 022 540**	

	Ledelse, styre og nærstående aksjonærer pr. 31.12.18:		Antall aksjer	Eierandel
1	Bent H. Gjendem	CEO	2 290 266	0.84%
2	Tom Rimestad	COO	1 788 567	0.65%
3	Martin Valland	CTO	1 600 519	0.58%
4	Lene Sjøbakk	CFO	467 108	0.17%
5	Hans Ljøen	CRO	314 894	0.11%
6	Henriette Vartdal	CPO	334 898	0.12%
7	Jan Greve-Isdahl	Styreleder	2 400 500	0.88%
8	Tore Amundsen	Styremedlem	1 507 891	0.55%
9	Sigve Heldal	Varamedlem av styret	512 150	0.19%
10	Andre nærstående parter		28 000	0.01%
	Totalt		**11 244 793**	

Opplysninger om tegningsretter:

Det er totalt 19 900 000 frittstående tegningsretter à NOK 1,50.

	Tegningsretter for ledelse, styre og nærstående pr. 31.12.18:		Tegningsretter
1	Bent H. Gjendem	CEO	2 875 000
2	Tom Rimestad	COO	1 800 000
3	Martin Valland	CTO	1 800 000
4	Jan Greve-Isdahl	Styreleder	800 000
5	Hans Ljøen	CRO	500 000
6	Lene Sjøbakk	CFO	500 000
7	Henriette Vartdal	CPO	100 000
8	Tore Amundsen	Styremedlem	100 000
9	Sigve Heldal	Varamedlem av styret	100 000
	Totalt		**8 575 000**

Note 5 Kapitaldekning

Beløp i tusen kroner	**31.12.2018**	**31.12.2017**
Aksjekapital	274 023	248 318
Overkurs	286 621	255 169
Årets resultat (revidert)	48 527	17 960
Immaterielle eiendeler inkl. v.v. justering	(67 916)	(38 862)
Ren kjernekapital	541 255	482 585
Annen godkjent kjernekapital	50 000	50 000
Kjernekapital	591 255	532 586
Tilleggskapital	50 000	50 000
Ansvarlig kapital	641 255	582 586
Kredittrisiko:		
Institusjoner	23 939	58 014
Massemarkedsengasjementer	2 552 646	1 658 723
Misligholdte engasjementer	313 130	147 462
Obligasjoner med fortrinnsrett	8 743	3 821
Øvrige engasjementer	135 813	86 850
Foretak	0	119 892
Lokale og regionale myndigheter	4 506	63 380
Markedsrisiko	0	0
Operasjonell risiko	316 914	196 783
CVA-Risiko	239	414
Beregningsgrunnlag	3 355 931	2 335 339
Ren kjernekapitaldekning	16.1%	20.6%
Kjernekapitaldekning	17.6%	22.8%
Ansvarlig kapitaldekning	19.1%	25.0%
LCR (Liquidity Coverage Ratio)	717%	
NSFR (Net stable funding ratio)	172%	

Note 6 Likviditetsrisiko

Likviditetsrisiko utgjør risikoen for at banken ikke er i stand til å innfri forpliktelser etter hvert som de forfaller. Likividitetsrisiko oppstår som følge av ulik restløpetid på fordringer og gjeld. Likviditetsrisikoen vurderes som lav da en stor andel av bankens aktiva er forvaltet i en likviditetsportefølje som er lett omsettelig.

Forfallsoversikt 31.12.2018			**Beløp med forfall innen**				
Beløp i tusen kroner	**Mindre enn 1 mnd**	**1-2 mnd**	**3-12 mnd**	**1-5 år**	**Mer enn 5 år**	**Uten restløpetid**	**Totalt**
Utlån til og fordringer på kredittinstitusjoner	108 790						108 790
Utlån til og fordringer på kunder	31 519	45 731	215 177	1 577 661	1 835 648		3 705 736
Finansielle derivater	6 644						6 644
Gjeldsinstrumenter	27 971	240 808	514 161	60 197		8 743	851 879
Øvrige eiendelsposter med restløpetid				200 087			200 087
Eiendeler uten restløpetid						2 791	2 791
Sum eiendeler	**174 924**	**286 539**	**729 338**	**1 837 944**	**1 835 648**	**11 534**	**4 875 927**
Innskudd fra og gjeld til kunder						4 125 245	4 125 245
Annen gjeld med restløpetid	21 594	5 959	15 220	98 739			141 512
Sum gjeld	**21 594**	**5 959**	**15 220**	**98 739**		**4 125 245**	**4 266 756**

Forfallsoversikt 31.12.2017			**Beløp med forfall innen**				
Beløp i tusen kroner	**Mindre enn 1 mnd**	**1-2 mnd**	**3-12 mnd**	**1-5 år**	**Mer enn 5 år**	**Uten restløpetid**	**Totalt**
Utlån til og fordringer på kredittinstitusjoner	56 000	-	-	-	-	-	56 000
Utlån til og fordringer på kunder	-	118 509	129 602	835 330	1268 747	-	2 352 188
Finansielle derivater	1 374						1 374
Gjeldsinstrumenter	75 396	312 329	357 074	3 036	8 700	-	756 536
Øvrige eiendelsposter med restløpetid		-	-	126 199	-	-	126 199
Eiendeler uten restløpetid						8 592	8 592
Sum eiendeler	**132 770**	**430 838**	**486 676**	**964 565**	**1 277 447**	**8 592**	**3 300 888**
Innskudd fra og gjeld til kunder						2 651 861	2 651 861
Annen gjeld med restløpetid	21 571	4 462	2 765	-	98 399	2651 861	127 196
Sum gjeld	**21 571**	**4 462**	**2 765**	**-**	**98 399**	**2 651 861**	**2 779 057**

For utlån til og fordringer på kunder viser forfallsoversikten samlet gjenstående engasjement fordelt på avtalt gjenværende løpetid..

Note 7 Renterisiko

Banken har ingen eiendeler eller forpliktelser med fastrente. Renterisiko oppstår som følge av at rentebærende eiendeler og gjeld har ulik gjenstående rentebindingstid. Som følge av den ulike rentebindingstiden vil ikke banken kunne gjennomføre renteendringer parallelt for alle balanseposter på samme tidspunkt. Tabellen under viser tidspunkt frem til avtalt endring av rentebetingelser:

31.12.2018

Beløp i tusen kroner	**Inntil 1 mnd**	**1-3 mnd**	**3-12 mnd**	**1-5 år**	**Mer enn 5 år**	**Uten rente eksponering**	**Totalt**
Utlån til og fordringer på kredittinstitusjoner	108 790						108 790
Utlån til og fordringer på kunder		3 705 736					3 705 736
Finansielle derivater	6 644						6 644
Gjeldsinstrumenter	107 947	374 265	369 667				851 879
Ikke rentebærende eiendeler						202 878	202 878
Sum eiendeler	223 381	4 080 001	369 667	0	0	202 878	4 875 927
Innskudd fra og gjeld til kunder	909 474	3 215 771					4 125 245
Ansvarlige lån		98 739					98 739
Ikke rentebærende gjeld						42 772	42 772
Sum gjeld	909 474	3 314 510	0	0	0	42 772	4 266 756

31.12.2017

Beløp i tusen kroner	**Inntil 1 mnd**	**1-3 mnd**	**3-12 mnd**	**1-5 år**	**Mer enn 5 år**	**Uten rente eksponering**	**Totalt**
Utlån til og fordringer på kredittinstitusjoner	56 000						56 000
Utlån til og fordringer på kunder		2 352 188					2 352 188
Finansielle derivater	1 374						1 374
Gjeldsinstrumenter	75 396	312 329	357 074	3 036	8 700		756 535
Ikke rentebærende eiendeler						134 791	134 791
Sum eiendeler	132 770	2 664 517	357 074	3 036	8 700	134 791	3 300 888
Innskudd fra og gjeld til kunder		2 651 861					2 651 861
Ansvarlige lån		98 399					98 399
Ikke rentebærende gjeld						28 797	28 797
Sum gjeld	0	2 750 260	0	0	0	28 797	2 779 057

Sensitivitetsanalyse

Sensitivitetsanalysen under måler effekten av 1 prosentpoeng renteøkning på rentebærende eiendeler og gjeld per 31.12.18.

En rentereduksjon på 1 prosentpoeng vil ha tilsvarende effekt med motsatt fortegn.

Effekt av 1 % økning i rentenivå:	**31.12.2018**	**31.12.2017**
Utlån til og fordringer på kredittinstitusjoner	10	70
Utlån til og fordringer på kunder	3 903	2 940
Derivater 1	1 069	0
Gjeldsinstrumenter	2 524	2 431
Sum renterisiko eiendeler	7 507	5 441
Innskudd fra og gjeld til kunder	(5 269)	(4 420)
Derivater 2	(1 109)	0
Ansvarlige lån	(117)	(246)
Sum renterisiko gjeld	(6 495)	(4 666)
Total renterisiko	1 012	775

Dersom finansieringskostnaden vil øke har banken en mulighet til å øke utlånsrenten. Dette kan imidlertid slå ut på utlånsvolum som følge av konkurransesituasjonen, og banken vil derfor vurdere å etablere rentesikring.

Note 8 Immaterielle eiendeler og varige driftsmidler

Beløp i tusen kroner	Programvare/ system	Inventar	Totalt
Anskaffelseskost 01.01.2018	47 697	2 407	50 103
Tilgang	37 489	2 008	39 497
Avgang			
Anskaffelseskost 31.12.2018	85 186	4 414	89 600
Akkumulerte av- og nedskrivninger 01.01.2018	(8 347)	(652)	(8 999)
Årets avskrivninger	(9 774)	(1 082)	(10 855)
Årets nedskrivninger			
Akkumulerte av- og nedskrivninger 31.12.2018	(18 121)	(1 733)	(19 854)
Balanseført verdi 31.12.2018	67 064	2 681	69 745
Økonomisk levetid	5 år	3-5 år	
Avskrivningsplan	Lineær	Lineær	

Programvare/system er relatert til utvikling av IT-system og plattform for bankens utlånsvirksomhet, formidling av lån på nett og integrasjon med bankens låneformidlere i Norge samt Finland og Sverige. Der er og utviklet en kredittkortplattform samt tilhørende app. Banken har fått godkjent et skattefunn-prosjekt i forbindelse med utvikling av IT-plattformer. For regnskapsåret 2018 er immaterielle eiendeler redusert med NOK 2 980 tusen tilhørende Skattefunn 2018.

Note 9 Lønnskostnader og ytelser

Banken hadde i gjennomsnitt 49 årsverk i 2018, sammenlignet med 29,4 årsverk i 2017.

Beløp i tusen kroner	**2018**	**2017**
Lønn	43 073	26 101
Arbeidsgiveravgift	8 150	5 395
Pensjonskostnader	2 802	1 490
Sosiale kostnader	68	416
Andre personalkostnader	461	563
Aktivert lønnskostnad tilknyttet IT-utvikling	(12 130)	(7 463)
Sum	**42 423**	**26 503**

Godtgjørelsesordning

Godgjørelseordningen ble godkjent på generalforsamlingen den 17. mars 2016. Ordningen består av to deler:

- Individuell del: Bonus i henhold til individuell vurdering hvor 50 % utbetales kontant og 50 % utbetales i form av at den ansatte får tegne seg for aksjer i Monobank ASA.
- Generell del: 1,5 månedslønn

Maksimal bonus for alle ansatte for programmet 2018/2019 er 9,5 MNOK totalt, mens maksimal bonus per ansatt er begrenset til 50 % av årlig lønn.

Per 31.12.2018 er det avsatt MNOK 4,4 i resultatregnskapet.

Aksjeopsjoner

For å tilrettelegge for både bonus- og aksjeopsjonsprogrammet hadde styret fullmakt til å utstede 2,2 millioner nye aksjer i Selskapet innen 17 mars 2018. 905 097 aksjer var ikke utstedt ved utløpstidspunktet og selskapets generalforssamling utvidet styrets fullmakt med 2 år til 05.03.2020.

Det ble i 2016 tildelt 999 990 opsjoner, se note 15 for mer informasjon. I løpet av 2017 ble det tildelt ytterligere 284 953 aksjer til de ansatte i forbindelse med bonusprogrammet for 2016. Det er i løpet av 2018 enda ikke tildelt aksjer til ansatte i forbindelse med bonusprogrammet for 2017.

Ansattelån

Ansattlån ble vedtatt på styremøtet i januar 2018. Kriteriene er som følger:

- Lånebeløp er opp til TNOK 450.
- Renten er fastsatt ut i fra normrenten +1% p.a. Normrenten kan justeres inntil seks ganger i året uten 6 ukers varslingsfrist. Det er ingen gebyr tilknyttet ansattlån.

Pr 31.12.18 var ansattlån i Monobank ASA på totalt TNOK 4 411 med en rente på 3,1%.

Godtgjørelse til ledelsen

Beløp i tusen kroner	Grunnlønn	Bonus	Verdi av innløste opsjoner	Annet	Pensjon	Samlet godtgjørelse	Lån
CEO	1 354	156	39	14	106	1 669	200
CFO	1 111	119	39	13	102	1 384	-
Interim CFO	772	100	-	12	73	957	-
CPO	905	-	-	13	75	993	-
COO	1 258	144	39	13	105	1 559	442
CTO	1 258	144	39	13	105	1 559	251
CRO	1 273	144	39	13	105	1 574	377
Sum	7 931	807	193	91	671	9 693	1 270

Godtgjørelse til styret

		2018			2017	
Beløp i tusen kroner	Annet	Honorar	Samlet godtgjørelse	Annet	Honorar	Samlet godtgjørelse
Jan Greve-Isdahl*	701	200	901	701	100	801
Mette Henriksen**		75	75		40	40
Sølvi Nyvoll Tangen**		75	75		40	40
Tore Amundsen		70	70		35	35
Tore Malme		5	5		20	20
Anders Silkesberg		15	15		35	35
Tore Hopen		70	70		35	35
Lars Arne Skår		40	40			-
Totalt honorar	701	550	1 251	701	305	1 006

*Jan Greve-Isdahl er innleid som konsulent og fakturerer Monobank ASA med et månedlig konsulenthonorar på TNOK 58,4 inkl. mva.

**Inkludert kompensasjon for medlem av revisjons- og risikoutvalget i banken

Honorar til revisor

Det er i regnskapet kostnadsført følgende honorarer til ekstern revisor (inkl. mva.)

Beløp i tusen kroner	**2018**	**2017**
Lovpålagt revisjon	1 537	826
Skatterådgivning	19	0
Annen bistand	310	553
Sum	**1 865**	**1 379**

Note 10 Administrasjonskostnader

Beløp i tusen kroner	**2018**	**2017**
IT driftskostnader	14 139	9 372
Salg og markedsføring	41 393	35 141
Leie lokaler og kontorkostnader	3 553	2 459
Reise, kompetanseutvikling og sosiale kostnader	4 113	2 751
Midlertidig bemanning	3 202	3 849
Andre administrasjonskostnader	13 963	8 135
Sum administrasjonskostnader	**80 361**	**61 708**

Note 11 Skatt

Beløp i tusen kroner	**2018**	**2017**
Midlertidige forskjeller		
Anleggsmidler	2 690	-2
Gjeldsinstrumenter	(13 855)	(9 726)
Netto midlertidige forskjeller	(11 165)	(9 728)
Underskudd til fremføring	-	(24 640)
Grunnlag for utsatt skatt/(utsatt skattefordel)	(11 165)	(34 368)
Utsatt skattefordel i balansen	**2 791**	**8 592**
Resultat før skattekostnad	39 222	23 743
Permanente forskjeller	(2 193)	35
Emisjonshonorar ført direkte mot egenkapital	(2 998)	(7 982)
Endring underskudd til fremføring	(24 640)	(22 426)
Endring i forskjeller som inngår i grunnlag for utsatt skatt/skattefordel	(973)	6 629
Grunnlag for betalbar skatt	8 418	0
Betalbar skatt i balansen	**2 105**	**0**
Betalbar skatt	2 105	0
Endring i utsatt skatt/skattefordel	6 550	5 784
Skattekostnad i resultatregnskapet	**8 655**	**5 784**

Avstemming av årets skattekostnad

Regnskapsmessig resultat før skattekostnad	39 222	23 743
Beregnet skatt	9 805	5 936
25% av permanente forskjeller	(548)	9
Virkning av forskjeller som ikke inngår som midlertidige forskjeller	(602)	(161)
Skattekostnad i resultatregnskapet	**8 655**	**5 784**

Note 12 Bundne midler, garantier og ikke-balanseførte forpliktelser

Beløp i tusen kroner	**2018**	**2017**
Skattetrekk	2 174	1 323
Husleiedepositum	1 920	1 269
Klientkonto forsikring	401	290
Sum bundne midler	**4 495**	**2 882**
Innvilget og tilbudte lån, kommittert ikke utbetalt per 31.12.	54 610	34 519
Sum poster utenom balansen	**54 610**	**34 519**

Note 13 Spesifikasjon av andre fordringer og annen gjeld

Beløp i tusen kroner	**2018**	**2017**
Påløpt agenthonorar	121 249	80 817
Forskuddsbetalte kostnader	2 038	1 133
Andre forskuddsbetalinger, opptjente inntekter eller andre eiendeler	7 054	3 145
Forskuddsbetalte ikke påløpte kostnader og opptjente ikke mottatte inntekter	**130 341**	**85 095**
Leverandørgjeld	7 570	10 365
Skyldige feriepenger	12 108	2 330
Skyldige offentlige avgifter	3 542	3 620
Tilbakeholdt skattetrekk	2 164	1 319
Påløpte provisjonskostnader	6 161	5 692
Påløpt forsikringspremie - klientmidler	159	119
Påløpte renter ansvarlige lån	365	342
Andre påløpte kostnader	8 599	5 010
Påløpte kostnader og mottatt ikke opptjente inntekter	**40 668**	**28 797**

Note 14 Spesifikasjon av renter og provisjoner

Beløp i tusen kroner	2018	2017
Renteinntekter utlån og fordringer på kunder	392 516	195 301
Renteinntekter utlån og fordringer på kredittinstitusjoner	160	106
Andre renteinntekter	10 966	5 795
Renter og lignende kostnader på innskudd fra og gjeld til kunder	(64 514)	(31 561)
Rentekostnad ansvarlige lån	(7 443)	(2 165)
Andre rentekostnader og lignende kostnader	(39)	(7)
Netto rente- og kredittprovisjonsinntekter	**331 646**	**167 469**
Provisjonsinntekt forsikring	3 104	1 522
Etableringsgebyr	12 570	9 412
Andre gebyrer	10 296	3 924
Provisjonsinntekter og inntekter fra banktjenester	**25 970**	**14 857**
Agentprovisjon	(59 896)	(24 983)
Andre kostnader ved banktjenester	(560)	
Provisjonskostnader og kostnader ved banktjenester	**(60 456)**	**(24 983)**

Inntekt fordelt på geografi

	2018		2017	
Beløp i tusen kroner	**Norge**	**Finland**	**Norge**	**Finland**
Renteinntekt	312 711	90 931	189 360	11 842
Provisjonsinntekter og inntekter fra banktjenester	16 028	9 942	11 887	2 970
Netto verdiendring og gevinst/tap på valuta og verdipapirer	12 412	(8 276)	(2 372)	916

Note 15 Opsjonsprogram for ansatte

Styret har fullmakt til å utstede 2,2 millioner aksjer tilknyttett bonus- og aksjeopsjonsprogrammet for ansatte. I 2016 ble 999 990 aksjer allokert for dette formålet. Se note 9 for mer informasjon vedrørende kriterier og betingelser relatert til bonus- og aksjeopsjonsprogrammet for ansatte.

Virkelig verdi av aksjeopsjonsprogrammet for ansatte er beregnet ved hjelp av opsjonsprisingsmodellen Black-Scholes. Kostnaden er ført under lønnskostnader. Virkelig verdi er regnet ut basert på følgende forutsetninger:

- Opsjonene blir kun innløst dersom visse kriterier blir oppfylt innen 28. mars 2018
- Opsjonene er ikke overførbare
- Volatilitet: 32,30 %
- Risikofri rente: 2,00 %
- Innløsningspris: NOK 2,80 per aksje
- Aksjekurs på tildelingstidspunkt: NOK 2,80

Estimert virkelig verdi er NOK 0,38 per opsjon. Totale kostnader tilknyttet er beregnet til TNOK 384.

En oversikt over innvilgede opsjoner er vist under:

		Pris per aksje	**Antall**
Per 1. januar 2018	NOK	2,80	777 770
Innvilget i løpet av året			
Innløst i løpet av året			777 770
Utløpt i løpet av året			
Kansellert i løpet av året			
Per 31. desember 2018	NOK	**2,80**	**0**

Note 16 Markedsrisiko, valutarisiko og finansielle derivater

Styret har etablert retningslinjer for bankens investeringer i obligasjoner og verdipapirer, i tillegg til retningslinjer for håndtering av valutarisiko relatert til bankens virksomhet i Finland.

Låneporteføljen i Finland er eksponert for svingninger i EUR ettersom alle lån i Finland er utstedt i EUR. Banken ønsker å dempe denne risikoen ved bruk av NOK/EUR terminkontrakter.

Beløp i tusen kroner	**2018**	**2017**
Lån i EUR per 31.12:	1 255 737	406 810

Bokført verdi av finansielle derivater

Beløp i tusen kroner	**31.12.2018**	**31.12.2017**
NOK/EUR terminkontrakter	(11 086)	(8 376)
Innskudd stilt/(holdt) som sikkerhet	17 730	9 750
Netto finansielle derivater	**6 644**	**1 374**

Note 17 Ansvarlig lån

Beløp i tusen kroner

Bankens ansvarlige lån består av:	ISIN	Rente	Forfallsdato	Omkostninger	2018	2017
Ansvarlig obligasjonslån	NO0010804792	3 mnd Nibor + 5%	13/09/2027	851	50 000	50 000
Evigvarende fondsobligasjon med innløsningrett for utsteder	NO0010804784	3 mnd Nibor + 7%	Evigvarende	851	50 000	50 000

Note 18 Hendelser etter balansedagen

Den 8. februar 2019 inngikk Monobank og BRAbank ASA (BRAbank) avtale om fusjon. Fusjonsplan skal etter planen vedtas av styrene i Monobank og BRAbank 14. februar 2019 og behandles på ordinær generalforsamling i slutten av mars 2019.

Fusjonen innebærer at BRAbanks aksjonærer mottar 9,25 aksjer i Monobank per BRAbank-aksje, som medfører utstedelse av 142,9 millioner nye aksjer i Monobank. Eksisterende aksjonærer i BRAbank vil etter fusjonen holde 34,3 % av totalt utestående Monobank-aksjer. I tillegg vil det som del av fusjonen gjennomføres fire rettede emisjoner i Monobank på totalt mellom NOK 100 millioner og NOK 130 millioner til NOK 1,90 per aksje:

(i) en rettet emisjon på rundt NOK 58 millioner forhåndstegnet av BRAbanks største eier Braganza AB,

(ii) en rettet emisjon på rundt NOK 37 millioner til BRAbanks største eiere etter Braganza AB,

(iii) en rettet emisjon på rundt NOK 5 millioner til øvrige BRAbank-aksjonærer, og

(iv) en rettet emisjon mot Monobanks aksjonærer på opp til NOK 30 millioner.

Braganza har forhåndstegnet og garantert for emisjon (i), (ii) og (iii).

Fusjonen er betinget av godkjennelse fra Finanstilsynet, og forventes, gitt oppfyllelse av alle betingelser og gjennomføring av kreditorvarselsperiode, å tre i kraft innen utløpet av første halvår 2019. Det sammenslåtte selskapet vil hete BRAbank.

Styreleder i det nye selskapet blir Geir Stormorken. Monobanks nåværende styreleder Jan Greve-Isdahl blir nestleder. Det nye selskapet vil ledes av Bent Hilding Gjendem, og hovedkontoret blir i Bergen. For ytterligere informasjon rundt fusjonen, se børsmelding av 8. februar 2019.

Monobank og BRAbank har komplementære styrker, og Monobanks etablerte plattform kombinert med BRAbanks sterke partnernettverk gir betydelige synergier. Det nye selskapet vil også være kapitalisert tilstrekkelig til å kunne nå NOK 10 milliarder i utlån neste fem år. Målet er at dette skal oppnås gjennom fortsatt vekst i forbrukslån i Norge og Finland, satsning på forbrukslån i Sverige, og vekst fra både Monobanks og BRAbanks kredittkortløsninger.

Monobank kommuniserte i forbindelse med rettet emisjon 23. oktober 2017 planer om å søke om notering på hovedmarkedet på Oslo Børs innen de neste 12 månedene, hensyntatt rådende markedsforhold. På grunn av den annonserte fusjonen med BRAbank vil banken utsette sine planer om notering, og ta opp igjen vurderingen ved en passende anledning hensyntatt integreringen mellom BRAbank og Monobank, det regulatoriske og markedsmessige klimaet for forbrukslån og kredittkort i Norge, og det generelle kapitalmarkedsklimaet.

Til generalforsamlingen i Monobank ASA

Uavhengig revisors beretning

Uttalelse om revisjonen av årsregnskapet

Konklusjon

Vi har revidert Monobank ASAs årsregnskap som består av balanse per 31. desember 2018, resultatregnskap og kontantstrømoppstilling for regnskapsåret avsluttet per denne datoen og noteopplysninger til årsregnskapet, herunder et sammendrag av viktige regnskapsprinsipper.

Etter vår mening er det medfølgende årsregnskapet avgitt i samsvar med lov og forskrifter og gir et rettvisende bilde av selskapets finansielle stilling per 31. desember 2018, og av dets resultater og kontantstrømmer for regnskapsåret avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.

Grunnlag for konklusjonen

Vi har gjennomført revisjonen i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder de internasjonale revisjonsstandardene International Standards on Auditing (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet i Revisors oppgaver og plikter ved revisjon av årsregnskapet. Vi er uavhengige av selskapet slik det kreves i lov og forskrift, og har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Etter vår oppfatning er innhentet revisjonsbevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Øvrig informasjon

Ledelsen er ansvarlig for øvrig informasjon. Øvrig informasjon omfatter informasjon i årsrapporten bortsett fra årsregnskapet og den tilhørende revisjonsberetningen.

Vår uttalelse om revisjonen av årsregnskapet dekker ikke øvrig informasjon, og vi attesterer ikke den øvrige informasjonen.

I forbindelse med revisjonen av årsregnskapet er det vår oppgave å lese øvrig informasjon med det formål å vurdere hvorvidt det foreligger vesentlig inkonsistens mellom øvrig informasjon og årsregnskapet, kunnskap vi har opparbeidet oss under revisjonen, eller hvorvidt den tilsynelatende inneholder vesentlig feilinformasjon.

Dersom vi konkluderer med at den øvrige informasjonen inneholder vesentlig feilinformasjon er vi pålagt å rapportere det. Vi har ingenting å rapportere i så henseende.

Styrets og daglig leders ansvar for årsregnskapet

Styret og daglig leder (ledelsen) er ansvarlig for å utarbeide årsregnskapet i samsvar med lov og forskrifter, herunder for at det gir et rettvisende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge. Ledelsen er også ansvarlig for slik internkontroll som den finner nødvendig

PricewaterhouseCoopers AS, Sandviksbodene 2A, Postboks 3984 - Sandviken, NO-5835 Bergen
T: 02316, org. no.: 987 009 713 MVA, www.pwc.no
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

for å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil.

Ved utarbeidelsen av årsregnskapet må ledelsen ta standpunkt til selskapets evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet så lenge det ikke er sannsynlig at virksomheten vil bli avviklet.

Revisors oppgaver og plikter ved revisjonen av årsregnskapet

Vårt mål med revisjonen er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, alltid vil avdekke vesentlig feilinformasjon som eksisterer. Feilinformasjon kan oppstå som følge av misligheter eller utilsiktede feil. Feilinformasjon blir vurdert som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke økonomiske beslutninger som brukerne foretar basert på årsregnskapet.

Som del av en revisjon i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, utøver vi profesjonelt skjønn og utviser profesjonell skepsis gjennom hele revisjonen. I tillegg:

- identifiserer og anslår vi risikoen for vesentlig feilinformasjon i regnskapet, enten det skyldes misligheter eller utilsiktede feil. Vi utformer og gjennomfører revisjonshandlinger for å håndtere slike risikoer, og innhenter revisjonsbevis som er tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon. Risikoen for at vesentlig feilinformasjon som følge av misligheter ikke blir avdekket, er høyere enn for feilinformasjon som skyldes utilsiktede feil, siden misligheter kan innebære samarbeid, forfalskning, bevisste utelatelser, uriktige fremstillinger eller overstyring av internkontroll.

- opparbeider vi oss en forståelse av den interne kontroll som er relevant for revisjonen, for å utforme revisjonshandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskapets interne kontroll.

- evaluerer vi om de anvendte regnskapsprinsippene er hensiktsmessige og om regnskapsestimatene og tilhørende noteopplysninger utarbeidet av ledelsen er rimelige.

- konkluderer vi på hensiktsmessigheten av ledelsens bruk av fortsatt drift-forutsetningen ved avleggelsen av regnskapet, basert på innhentede revisjonsbevis, og hvorvidt det foreligger vesentlig usikkerhet knyttet til hendelser eller forhold som kan skape tvil av betydning om selskapets evne til fortsatt drift. Dersom vi konkluderer med at det eksisterer vesentlig usikkerhet, kreves det at vi i revisjonsberetningen henleder oppmerksomheten på tilleggsopplysningene i regnskapet, eller, dersom slike tilleggsopplysninger ikke er tilstrekkelige, at vi modifiserer vår konklusjon om årsregnskapet og årsberetningen. Våre konklusjoner er basert på revisjonsbevis innhentet inntil datoen for revisjonsberetningen. Etterfølgende hendelser eller forhold kan imidlertid medføre at selskapet ikke fortsetter driften.

- evaluerer vi den samlede presentasjonen, strukturen og innholdet, inkludert tilleggsopplysningene, og hvorvidt årsregnskapet representerer de underliggende transaksjonene og hendelsene på en måte som gir et rettvisende bilde.

Vi kommuniserer med styret blant annet om det planlagte omfanget av revisjonen og til hvilken tid revisjonsarbeidet skal utføres. Vi utveksler også informasjon om forhold av betydning som vi har avdekket i løpet av revisjonen, herunder om eventuelle svakheter av betydning i den interne kontrollen.

Uttalelse om andre lovmessige krav

Konklusjon om årsberetningen

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, mener vi at opplysningene i årsberetningen og i redegjørelsen om samfunnsansvar om årsregnskapet, forutsetningen om fortsatt drift og forslaget til resultatdisponering er konsistente med årsregnskapet og i samsvar med lov og forskrifter.

Konklusjon om registrering og dokumentasjon

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, og kontrollhandlinger vi har funnet nødvendig i henhold til internasjonal standard for attestasjonsoppdrag (ISAE) 3000 «Attestasjonsoppdrag som ikke er revisjon eller forenklet revisorkontroll av historisk finansiell informasjon», mener vi at ledelsen har oppfylt sin plikt til å sørge for ordentlig og oversiktlig registrering og dokumentasjon av selskapets regnskapsopplysninger i samsvar med lov og god bokføringsskikk i Norge.

Bergen, 7. februar 2019
PricewaterhouseCoopers AS

Jon Haugervåg
Statsautorisert revisor

Monobank ASA - Starvhusgaten 4, 5014 Bergen - 55 96 10 00 - www.monobank.no