Quarterly report Q2 2024

Lea bank ASA

Table of Contents

About Lea bank ASA

Lea bank is a leading digital niche bank with an international distribution platform. The strategy is to deliver attractive terms to customers, leading technological solutions, cost-effective operations, prudent credit risk management, and efficient capital utilization.

Lea bank offers unsecured loans and deposit products to the consumer market. The bank has lending operations in Finland, Norway, Sweden and Spain, and offers deposit products in Sweden, Norway, Germany, Spain, Austria, and France. The bank has access to euro deposits through a partnership with Raisin Bank.

Lea bank has a scalable European operation model and leading cloud-based IT solutions with a focus on delivering superior customer experiences.

By using automated loan processing and user-friendly digital products, Lea bank has gained a solid position among Nordic niche banks. The bank has developed a proprietary credit model and offers risk-based pricing to defined customer segments to optimize return on equity.

Lea bank is an independent bank with approximately 1,200 shareholders and is listed on Euronext Growth Oslo with the ticker symbol LEA.

Lea bank is a member of The Norwegian Banks' Guarantee Fund, Finance Norway (trade and employers' association for the financial industry in Norway), and The Association of Norwegian Finance Houses. Deposits up to NOK 2 million are covered by the guarantee scheme fund. Deposits outside Norway are covered up to EUR 100,000.

The bank's headquarter is located at Holbergs gate 21 in Oslo - Norway.

Redomiciliation to Sweden

Lea bank applied for a Swedish banking licence 31.01.2024 through its 100% owned subsidiary Lea finans AB. On 11.06.2024 the bank was notified by the Swedish Financial Supervisory Authority that a Swedish banking licence had been granted subject to the following conditions:

- The licence must be activated within 12 months
- There must be a minimum equity of 5 million EUR on activation
- The approval is based on the information provided in the application

Lea bank ASA aims to complete the redomiciliation to Sweden through a merger between Lea bank ASA and Lea finans AB (to be renamed Lea Bank AB), with Lea finans AB as the surviving entity. The bank's headquarter will be in Gothenburg. Lea bank's operations in Norway will organized through a branch of Lea Bank AB.

Subsequently, the combined company is planned to be listed on Nasdaq Stockholm. The merger and the subsequent change of listing from Oslo Stock Exchange to Nasdaq Stockholm is expected to take place early 2025.

New Pillar 2 from Norwegian FSA

The Norwegian Financial Supervisory Authority (FSA) has as part of the Supervisory Review and Evaluation Process (SREP)in Lea bank ASA made a decision on the capital requirement in Pillar 2 and the expected capital buffer. The decision was announced 24.05.2024. The Pillar 2 requirement and the expected capital buffer are in addition to the capital requirements under Pillar 1. The FSA decided that the Pillar 2 requirement for Lea bank ASA shall be reduced from 6.5 % to 5.1 % of the total risk exposure amount. The FSA also expects Lea bank to have a capital buffer of 2 % of the total risk exposure amount. 100 % of the requirement and capital buffer must be covered with Core Equity Tier1 (CET1). The new requirement was applicable from 30.06.2024.

Reporting of subsidiaries

On 22.12.2023 the bank announced that it would enter into strategic partnership with Stena Group in Sweden and acquires its consumer credit business, Captum Group AB. The transaction was completed 01.05.2024 when Captum Group became a 100% owned subsidiary of Lea bank ASA. As a result, Lea bank ASA is reporting Group numbers in addition to the numbers of the parent company Lea bank ASA from Q2 2024.

Income statement for Q2 2024 – Lea bank ASA (parent company)

Profit before tax for Q2 2024 was NOK 23.7 million, compared to NOK 25.1 million in Q2 2023. Profit after tax was NOK 19.2 million, compared to NOK 19.1 million in Q2 2023.

Net interest income for the quarter was NOK 138.7 million, an increase of NOK 1.8 million compared to Q2 2023, and an increase of NOK 2.8 million compared to the previous quarter.

Net other income for the quarter was NOK 20.1 million, an increase of NOK 7.6 million compared to Q2 2023, and a decrease of NOK 0.4 million compared to the previous quarter. The increase from last year is due to higher yields on the bank’s liquidity portfolio as well as increased commission income.

Total income was NOK 158.8 million, compared to NOK 149.3 million in the same quarter of 2023 and 156.3 in the previous quarter.

Total operating expenses were NOK 48.6 million compared to NOK 40.7 million in Q2 2023 and NOK 46.0 million in the previous quarter. Increase in operating expenses are related to the following:
-increased marketing and IT spend related to new deposit offerings in Sweden and Finland
-the remaining cost increase is related to support of the strategic plan to redomicile the bank

Losses on loans were NOK 86.4 million compared to NOK 83.6 million in Q2 2023. Annualized loan losses for the quarter were 4,8%, a decrease of 0.2 percentage points compared to last year and an increase of 0.3 percentage points compared to previous quarter.

Balance sheet as of 30.06.2024 – Lea bank ASA (parent company)

Loan development has an underlying positive development throughout the quarter, as gross loans increased by NOK 49.3 million excluding currency effects. Including currency effects gross loans decreased by NOK 51.2 million. Gross loans amounted to NOK 7,212.8 million as of 30.06.2024, compared to NOK 7,264.0 million in the previous quarter and NOK 6,618.5 million as of 30.06.2023.

Total assets amounted to NOK 8,612.0 million as of 30.06.2024, compared to NOK 7,956.6 million as of 30.06.2023.

Deposits to customers amounted to NOK 7,014.4 million as of 30.06.2024, compared to NOK 6,393.3 million as of 30.06.2023. The deposit growth in the quarter was NOK 110.9 million.

Total equity amounted to NOK 1,441.8 million, compared to NOK 1,399.1 million as of 30.06.2023. See note 4 for information on capital adequacy.

Deposits with other banks and liquid assets amounted to NOK 1,568.3 MNOK. Liquid assets were invested in the Central Bank of Norway, other Norwegian banks, certificates and government bonds, and funds invested in preferred stock bonds and liquidity funds.

The total capital adequacy ratio (tier 2) was 20.85%, the tier 1 capital adequacy ratio (tier 1) was 19.63%, and common equity capital adequacy ratio (CET 1) was 18.81% at the end of the quarter. The interim financial statement has not been audited. Including the profit for the quarter, the capital adequacy ratios would have been 21.50%, 20.27%, and 19.46%, respectively.

The Liquidity Coverage Ratio (LCR) was 767% (2063% in NOK, 232% in EUR and 213% in SEK) and the Net Stable Funding Ratio (NSFR) was 151% as of 30.06.2024.

The bank had a solid liquidity position at the end of the quarter, which is expected to continue.

Group consolidated accounts

Profit before tax for Q2 2024 was NOK 20.8 million, and Profit after tax was NOK 16.3 million. Group financial profits were affected by a one-off effect of approximately NOK 1.6 million related to adjustment to align subsidiary's provisioning model to Lea bank's model.

Total assets amounted to NOK 8,625.8 million as of 30.06.2024. The Group subsidiaries are funded through Lea bank ASA, and subsidiaries loan balance amounted to NOK 156.9 million as of 30.06.2024.

The total capital adequacy ratio (tier 2) was 21.01%, the tier 1 capital adequacy ratio (tier 1) was 19.78%, and common equity capital adequacy ratio (CET 1) was 18.96% at the end of the quarter. The interim financial statement has not been audited. Including the profit for the quarter, the capital adequacy ratios would have been 21.62%, 20.38%, and 19.56%, respectively.

Outlook

The bank will continue its strategy of becoming a leading digital niche bank with consumer financing offering in attractive geographical markets. Lea bank has lending operations in Finland, Norway, Sweden, Spain, and a scalable international operation model.

The focus is to deliver attractive returns for the shareholders, efficient operations, an exciting workplace for the bank's employees, and offer superior customer experiences for the bank's customers and partners.

Focus going forward is to redomicile to Sweden and gradually building up a new Swedish consumer bank. The strategic plan consists of the following phases:

1. *Change of domicilie from Norway to Sweden and migration of operations*
    - Complete merger and relisting to Nasdaq Stockholm

- Gradual build-up of HQ in Sweden and establishment of Norwegian Branch
- Migrate to Swedish banking setup, including reporting and compliance

2. *Positioning as a Swedish bank*
    - Further develop a cost-efficient consumer bank utilizing a Swedish setup
    - Strengthen distribution model and partnerships
    - Optimize balance sheet structure and capital allocation

3. *Delivery of attractive profitability*
    - Develop attractive profitability with increased ROE
    - Balancing dividend payments and profitable growth

There is general uncertainty related to future conditions, regulatory framework and development that may affect the bank's economic development.

Income statement

(Amounts in NOK 1 000)	Note	Parent Q2-24	Parent Q2-23	Parent YTD-24	Parent YTD-23	Group Q2-24	Group YTD-24
Interest income		204,643	177,777	404,572	338,482	206,102	406,031
Interest expense		-65,982	-40,912	-130,074	-70,105	-65,987	-130,079
Net interest income		**138,661**	**136,865**	**274,498**	**268,377**	**140,114**	**275,952**
Commission and bank services income		10,164	7,481	21,082	16,207	10,164	21,082
Commission and bank services expenses		-1,264	-1,144	-2,507	-2,224	-1,292	-2,536
Net changes in value on securities and currency		10,764	6,056	19,396	5,293	10,748	19,381
Other income		426	72	2,589	84	423	2,587
Net other operating income		**20,090**	**12,466**	**40,560**	**19,360**	**20,044**	**40,514**
Total income		**158,751**	**149,331**	**315,058**	**287,737**	**160,158**	**316,466**
Personnel expenses		-19,049	-15,999	-37,308	-30,934	-20,384	-38,643
General administrative expenses		-22,704	-18,500	-43,930	-38,921	-23,500	-44,726
- hereof marketing expenses		*-3,148*	*-911*	*-5,884*	*-1,822*	*-3,158*	*-5,893*
Depreciation and impairment		-4,031	-3,551	-7,938	-7,017	-4,444	-8,351
Other operating expenses		-2,846	-2,673	-5,407	-5,805	-3,282	-5,843
Total operating expenses		**-48,630**	**-40,724**	**-94,583**	**-82,676**	**-51,611**	**-97,563**
Profit before loan losses		**110,120**	**108,607**	**220,476**	**205,061**	**108,547**	**218,903**
Provision for loan losses	2	-86,392	-83,552	-165,340	-143,625	-87,756	-166,704
Profit before tax		**23,728**	**25,055**	**55,135**	**61,436**	**20,791**	**52,198**
Tax charge		-4,533	-5,927	-12,036	-14,746	-4,533	-12,036
Profit after tax		**19,195**	**19,128**	**43,099**	**46,690**	**16,258**	**40,162**

Balance sheet

(Amounts in NOK 1 000)	Note	Parent 30.06.2024	Parent 30.06.2023	Parent 31.12.2023	Group 30.06.2024
Assets					
Cash and deposits with the central bank		52,947	51,021	51,931	52,947
Loans and deposits with credit institutions		608,366	437,415	350,786	638,565
Loans to customers	2	6,721,635	6,276,283	6,485,714	6,878,513
Certificates and bonds		906,972	1,044,304	839,681	906,972
Deferred tax asset		45,884	77,010	57,920	46,293
Other intangible assets		46,055	30,206	41,219	48,621
Fixed assets		12,254	6,876	5,133	12,438
Other assets		217,931	33,498	21,258	41,412
Total assets		**8,612,042**	**7,956,614**	**7,853,642**	**8,625,760**
Liabilities and equities					
Debt to the central bank		0	0	0	0
Deposits from customers		7,014,392	6,393,293	6,239,373	7,014,392
Other liabilities	7	73,591	82,312	128,307	87,309
Subordinated loans	3	82,253	81,914	82,084	82,253
Total liabilities		**7,170,235**	**6,557,520**	**6,449,764**	**7,183,953**
Share capital		190,898	190,348	190,438	190,898
Share premium		663,327	662,360	662,638	663,627
Tier 1 capital		54,424	54,217	54,321	54,424
Other paid-in equity		11,456	14,115	14,556	11,456
Other equity		521,701	478,053	481,925	521,701
Total equity	**4,5,6,8**	**1,441,808**	**1,399,094**	**1,403,878**	**1,441,808**
Total liabilities and equity		**8,612,042**	**7,956,614**	**7,853,642**	**8,625,760**

Note 1 – General accounting principles

1.1 Company information

Lea bank ASA is a Norwegian public limited company with a business address at Holbergs gate 21, 0166 Oslo - Norway.

Lea bank is a leading digital niche bank with an international distribution platform. The bank offers unsecured loans and deposit products to the consumer market and has lending activities in Finland, Norway, Sweden, and Spain.

The bank owns 100% of the shares in Lea finans AB and Captum Group AB.

1.2 Basis for preparation of the financial statements

The financial statements for Lea bank ASA are prepared in accordance with the Regulations relating to annual accounts for banks, credit institutions, and financing companies (the annual accounts regulations). Changes were made to the annual accounts regulations effective from January 1, 2020. The Bank has chosen to prepare the financial statements in accordance with Section 1-4(2)(b) of the annual accounts regulations, which means that the financial statements are prepared in accordance with IFRS unless otherwise provided by the regulations. Measurement and recognition are fully in accordance with IFRS, except that dividends and group contributions from subsidiaries are recognized as liabilities on the balance sheet date.

The Bank has used the transitional provisions in the regulations, and the effects of the transition to the new annual accounts regulations have been recognized in equity as of January 1, 2020. The Bank has chosen not to restate comparative figures in accordance with Section 9-2 of the regulations, but comparative figures have been partly reclassified to best fit the presentation format under the new regulations.

The Bank will omit the following disclosure requirements under IFRS:
1) IFRS 13. Instead, information on fair value is provided in accordance with Section 7-3 of the regulations.
2) IFRS 15.113-128
3) IAS 19.135 litra c and IAS 19.145-147.

IFRS 16 was included from January 1, 2021.

Unless otherwise stated, amounts in the notes are given in thousands of Norwegian kroner.

The Bank acquired 100% of the shares in Captum Group AB 1st May 2024. Group consolidated numbers include Lea bank ASA and its subsidiaries Captum Group AB and Lea finans AB.

The interim financial statement is not audited.

1.3 Summary of the main accounting principles

1.3.1 Revenue recognition

Interest income is recognized using the effective interest method. This involves recognizing interest income on an ongoing basis, with the addition of amortization of establishment fees. The effective interest rate is determined by discounting contracted cash flows within expected maturity. Cash flows include establishment fees, as well as any residual value at the end of the expected maturity.

Revenue recognition of interest using the effective interest method is used for balance sheet items that are valued at amortized cost. For interest-bearing balance sheet items that are valued at fair value through profit or loss, the nominal interest is recognized on an ongoing basis, while other changes in value are presented as "Net change in value and gains/losses on currency and financial instruments." Interest income on engagements that are credit impaired is calculated using the effective interest rate on the written down value. Interest income on engagements that are not credit impaired is calculated using the gross effective interest rate (amortized cost before provision for expected losses).

The effective interest rate is the rate that makes the present value of future cash flows within the expected maturity of the loan equal to the book value of the loan at initial recognition. Cash flows include establishment fees, as well as any residual value at the end of the expected maturity.

Fees and commissions are recognized as revenue as the service is provided. Fees for the establishment of loan agreements are included in cash flows when calculating amortized cost and recognized as revenue under net interest income using the effective interest method. Payment of fees to loan intermediaries for consumer loans is spread over the expected maturity.

Dividends from investments are recognized at the time the dividend is approved at the general meeting.

1.3.2 Financial Instruments

Recognition and derecognition of Financial Instruments
Financial assets and liabilities are recognized on the balance sheet at the time the bank becomes a party to the contractual terms of the instrument. Common purchases and sales of investments are recorded at the time of agreement. Financial assets are removed from the balance sheet when the rights to receive cash flows from the investment cease or when these rights have been transferred and the bank has substantially transferred the risks and entire profit potential of ownership. Financial liabilities are derecognized when the rights to the contractual terms have been fulfilled, cancelled or expired.

Classification and Subsequent Measurement of Financial Instruments
Financial instruments are classified into one of the following measurement categories upon initial recognition.

Financial assets:
amortized cost (AC)
fair value through profit or loss (FVPL) or;

Financial assets are classified based on an assessment of the bank's business model for managing assets and the contractual cash flow characteristics of the instrument. Financial assets with contractual cash flows that are solely payments of principal and interest on specified dates and held in a business model whose objective is to collect contractual cash flows are measured at amortized cost. Other financial assets are measured at fair value through profit or loss. Based on this, "Cash and cash equivalents", "Loans and receivables from credit institutions and financing companies" and "Loans from customers" are measured at amortized cost, but the bank's holdings of "Interest-bearing securities" and "Shares, and other equity instruments" are measured at fair value through profit or loss.

Financial liabilities:
Amortized cost

This category consists of “Deposits from customers”.

Measurement at fair value
Financial assets and liabilities that are measured at fair value through profit or loss are recognized at fair value upon acquisition and transaction costs are recognized in profit or loss. The items are subsequently measured at fair value in subsequent periods.
The fair value of financial instruments traded in active markets is based on market prices on the balance sheet date.
The fair value of financial instruments not traded in an active market is determined using valuation techniques.

Measurement at amortized cost
All financial assets not measured at fair value are initially recognized at fair value with transaction costs added, and other liabilities recognized at amortized cost are initially recognized at fair value with transaction costs deducted.
Amortized cost is determined by discounting the contractual cash flows over the expected life. The cash flows include establishment fees and direct, marginal transaction costs not directly paid by the customer, as well as any residual value at the end of the expected life. Amortized cost is the present value of such cash flows, discounted at the effective interest rate, with an allowance for expected losses.

Impairment of financial assets
Under IFRS 9, impairment losses are recognized based on expected credit losses. The measurement of the provision for expected losses in the general model depends on whether the credit risk has increased significantly since initial recognition. At initial recognition and when the credit risk has not increased significantly since initial recognition, the provisions are based on 12-month expected credit losses ("stage 1"). 12-month expected credit losses are the losses expected to occur over the life of the instrument but that can be attributed to events occurring in the first 12 months.

If the credit risk, assessed as the probability of default over the remaining life of an asset or group of assets, is considered to have increased significantly since initial recognition, a provision for expected losses equal to the present value, determined using the effective interest rate, of the expected loss over the entire expected life of the instrument must be made, and the asset must be reclassified to stage 2. If a credit event occurs, the instrument is moved to stage 3.
The bank has defined expected life as the expected time horizon associated with the first occurrence of default or full payment of interest and principal on the claim. The bank looks at changes in the risk of default since initial recognition to determine if an asset has experienced a significant increase in credit risk. The bank considers a commitment to be impaired/defaulted when the loan is more than 90 days past due, the customer has been transferred to a debt collection agency for recovery of the claim, there is a death, or cases where there is suspicion of fraud.
In the event of bankruptcy or a court judgment, the bank records commitments affected by such circumstances as incurred losses (write-offs). This also applies in cases where the bank has otherwise ceased recovery or waived parts of or the entire commitment.

Model Characteristics
The bank uses a loss model to calculate loss provisions. The model includes, among other things, the probability of default (PD), discount rate, exposure at default (EAD), and loss given default (LGD).

The bank uses various indicators to assess whether an asset has had a significant increase in the risk of default. This information is based on the actual behavior of customers, and the bank has established a range of rules that it has identified as triggers for a significant increase in credit risk.

The models provide an estimate of PD, which involves separate LGD loss models that run both before and after default. The bank uses models for exposures at the time of default. Triggers are used to classify accounts into three stages:

Stage 1: "12-month expected loss"
Stage 2: "Significant increase in credit risk compared to initial recognition"
Stage 3: "Credit-impaired"

All defaulted engagements are placed in 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.

Default is defined as engagements that are more than 90 days past due according to the agreed payment plan and the overdue amount is at least € 100 in the respective local currency. On December 31, 2022, the bank switched to a new definition of default, which is in line with the definition used by the EBA (Guidelines on the application of the definition of default under Article 178 of Regulation (EU) No 575/2013). The "last in, first out" (LIFO) principle is applied, where the most recent overdue invoice is covered first. This is different from the previous default definition where the oldest overdue invoice was covered first. This new principle means that a customer who consistently falls 30 days behind schedule will roll over into default.

To assess whether an engagement has had a significant increase in credit risk and should be transferred from stage 1 to stage 2 in the model, two main tests are conducted. The first test, the PD test, checks whether two criteria are met for an engagement to be considered to have had a significant increase in credit risk (SICR). The first criterion is a relative measurement of PD, which means that the observed PD on the reporting date must be at least three times higher than the expected PD calculated on the recognition date. The second criterion measures the absolute change in PD and requires it to be at least three percentage points higher, if the increase in credit risk is to be considered significant. Both criteria in the first test must be met for the engagement to be considered to have had a significant increase in credit risk. The second test serves as a backstop and involves moving the engagement to stage 2 if it is at least 30 days overdue, regardless of the result in the first test to stage 2.

In addition to the two tests, the bank also used information regarding approved payment relief (forbearance), as well as information regarding defaults on other products, to assess whether an engagement has had a significant increase in credit risk. Engagements with forbearance where the present value of future cash flows is reduced by more than 1% or there are multiple forbearance events are reported in stage 3. The volume of engagements with forbearance flag at the reporting date is specified in the loan note in the corresponding overview showing changes in gross loans.

A loan that has migrated to stage 2 can migrate back to stage 1, provided it no longer meets any of the criteria or conditions described in the paragraphs above. There is no explicit quarantine before a loan can migrate from stage 2 to stage 1. Loans in default (stage 3) will migrate to stage 1 or 2 when they are no longer classified as defaults, unless they are purchased defaulted loans or loans originally assessed as credit-impaired.

The bank has developed models for the expected lifetime of all unsecured loans per country, measured against repayment agreements and current repayment patterns. The chosen methodology for each model is based on the respective maturity of the portfolio as well as the availability of data in the respective markets. The models are continuously validated. This includes validation on out of time sample.

The PD, LGD, and EAD models use an adjustment factor based on macro assessments for each product and country. Through simulations, an expected, an upper, and a lower scenario for expected losses are established where the model weights in the management's assessment of the likely macro picture. Significant macro variables are defined as GDP, unemployment, and interest rates. For engagements with SME and mortgage customers, the portfolio is of insignificant size, and the bank has therefore not applied a quantitative model.

The bank segments the portfolio into groups of loans with common risk characteristics and calculates expected credit losses (ECL) for each segment. The expected credit loss (ECL) is calculated as a product of a defined set of parameters tailored to the characteristics of each segment. The formula used is: ECL = PD * EAD * LGD.

The bank’s Swedish and Spanish portfolios currently lack sufficient historical data to develop PD, LGD or SICR factors. For these countries, the bank has opted to use application-based PD to estimate PD for all engagements in stage 1. For engagements in stage 2, PD values are distributed across days overdue, indicating the likelihood that the customer will transition to stage 3 within the next 12 months. The LGD rates for these two portfolios are based on observed rates in other countries where the bank operates, combined with prices obtained from the respective markets. In these markets, the bank does not operate with SICR factors, and only a back-stop mechanism leads to contract migration from stage 1 to stage 2.

Cash and deposits with the central bank
The bank's credit risk related to "Cash and balances with central banks" is exclusively towards Norges Bank. Norges Bank is rated Aaa by Moody's and AAA/A-1+ by S&P, and therefore has low credit risk. The bank assesses that the presumption of low credit risk is fulfilled and does not make any provisions for losses related to this balance item.

Loans and deposits with credit institutions
"Loans and deposits with credit institutions" are towards Norwegian financial institutions with good ratings and are thus considered to meet the presumption of low credit risk under the standard. The bank assesses that this, combined with LGD, will result in insignificant provisions for losses, and therefore has not made any provisions for losses related to this balance item.

1.3.3 Fixed assets and intangible assets

Fixed assets and intangible assets are recorded on the balance sheet at acquisition cost, less accumulated ordinary depreciation and any impairment losses.

Ordinary depreciation is based on acquisition cost and is linearly distributed over the estimated economic life of the asset. There have been no changes to the depreciation schedules.

If the fair value of a property, plant and equipment asset is significantly lower than the book value and the impairment is not expected to be temporary, the asset is written down to fair value.

The bank's lease agreement for office space falls under IFRS 16. At initial recognition, the lease liability and the right-of-use asset are measured at the present value of future lease payments and are amortized in the accounts.

1.3.4 Currency

Losses or gains due to foreign exchange rates that arise from payments made to foreign countries are recognized as income or expenses at the time of the transaction in NOK.

1.3.5 Taxes

Deferred tax and deferred tax assets are recognized in accordance with NRS (F) on income tax. The tax expense in the income statement includes both the current payable tax and the change in deferred tax. The change in deferred tax is related to the tax effect of temporary differences in results and changes in losses carried forward.

Deferred tax assets in the balance sheet can only be recognized as an asset in the balance sheet if it can be held to be more likely than not that the company will have a taxable income in a future accounting year that makes it possible to utilize the benefit.

1.3.6 Financial derivatives

The estimated value of options is expensed continuously in the income statement in line with the accrual, with the offset recorded in other contributed equity in the balance sheet.

Freestanding subscription rights are recognized as an intangible asset with the offset recorded in other contributed equity. The asset is depreciated on a straight-line basis over five years.

In cases where the bank has entered into forward flow agreements for defaulted loans, these agreements are defined as financial derivatives. The bank has concluded that the value of the financial derivatives is not material and therefore the agreement is not recognized in the balance sheet. This assessment is based on a comparison of the LGD rates that the bank realizes with the forward flow agreement compared to the LGD rates observed in the market for comparable banks with comparable products.

1.3.7 Pension

The bank is subject to the Mandatory Occupational Pension Act and has a deposit-based pension scheme that covers all employees. Contributions to the scheme are made continuously, and the bank has no obligations beyond the ongoing contributions to the scheme.

1.3.8 Assessments and estimates

In preparing the financial statements, management has made judgments, estimates, and assumptions that affect the application of the bank's accounting policies and the reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed continuously. Changes in estimates are recognized as they arise.

Information about judgments made in the application of accounting policies that have the most significant effect on the amounts presented in the financial statements is included in the following notes:

Note 2: including establishing the criteria for when a significant increase in credit risk has occurred since initial recognition, determining the methodology for incorporating forward-looking information in the measurement of ECL (Expected Credit Loss), and choosing the models used to measure ECL.

Note 2 – Gross loans and loan loss provisions

2.1 Gross loans, undrawn credit lines, and expected credit losses

Gross loans, undrawn credit lines, and expected credit losses per product and country - 30.06.2024 (Lea bank – parent company)

				Gross loans				Loan loss provisions (ECL)				Net loans			
	Gross loans	Of which agent-comm/fees	Off-balance	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Consumer loans															
Norway	2,654,685	73,325	125,627	2,205,553	183,392	265,739	2,654,685	31,034	22,888	94,335	148,257	2,174,519	160,504	171,404	2,506,427
Finland	3,119,397	38,346	40,903	2,419,711	255,455	444,232	3,119,397	39,064	35,969	127,488	202,520	2,380,647	219,486	316,744	2,916,877
Sweden	1,021,268	29,478	30,112	769,235	27,471	224,562	1,021,268	16,597	4,948	69,656	91,201	752,638	22,523	154,907	930,067
Spain	395,546	13,149	-	342,581	11,254	41,711	395,546	9,723	6,045	29,912	45,680	332,857	5,209	11,800	349,866
SME and mortgages															
Norway	21,898	-	-	21,898	-	-	21,898	3,500	-	-	3,500	18,398	-	-	18,398
Total	**7,212,794**	**154,297**	**196,642**	**5,758,977**	**477,572**	**976,245**	**7,212,794**	**99,918**	**69,851**	**321,390**	**491,159**	**5,659,059**	**407,721**	**654,855**	**6,721,635**

2.2 Specification of credit losses on loans and guarantees (Lea bank – parent company) *

Amounts in NOK 1000	**Q2 2024**
Loan loss provisions - 12 months expected credit loss (stage 1)	-1,981
Loan loss provisions - lifetime expected credit loss (stage 2)	-8,568
Loan loss provisions - lifetime expected credit loss (stage 3)	36,325
Realized losses and NPL-interest in the period	60,615
Loans losses in the period	**86,392**

** The bank has no issued guarantees as of 30.06.2024*
*** Contractually regulated outstanding amounts for financial assets that were written off during the reporting period, and which are still subject to enforcement activities, are insignificant for the financial statements*

2.3 Gross loans, undrawn credit lines and maximum exposure per risk class - 30.06.2024 (Lea bank – parent company)

Risk class, amounts in NOK 1 000	Probability of default	Gross loans	Off-balance	Max exposure	Of which stage 1	Of which stage 2	Of which stage 3
A	0 - 10 %	4,874,066	196,642	5,070,709	5,040,187	30,522	-
B	10 - 20 %	769,662	-	769,662	714,918	54,744	-
C	20 - 30 %	201,206	-	201,206	116,330	84,876	-
D	30 - 40 %	102,079	-	102,079	40,769	61,309	-
E	40 - 50 %	109,963	-	109,963	25,398	84,556	-
F	50 - 60 %	69,254	-	69,254	10,205	59,049	-
G	60 - 70 %	45,158	-	45,158	3,323	41,835	-
H	70 - 80 %	21,694	-	21,694	1,781	19,912	-
I	80 - 90 %	27,981	-	27,981	-	27,981	-
J	90 - 100 %	15,486	-	15,486	-	15,486	-
Defaulted loans	100 %*	976,245	-	976,245	-	-	976,245
Total		**7,212,794**	**196,642**	**7,409,436**	**5,952,911**	**480,280**	**976,245**

Risk classes are grouped by probability of default (12-month PD) into groups from A to J, where group A is the group with the lowest risk and group J is the group with the highest risk. Defaulted loans are separated into their own group. *Parts of the volume in stage 3 have PD lower than 100%. This applies to loans that are in stage 3 due to the new definition of default and/or are in quarantine.

2.4 Changes in gross loans and loan loss provisions.

Total consumer loans - 01.04.2024 - 30.06.2024 (Lea bank – parent company)

Reconciliation of gross loans

Amounts in NOK 1 000	Stage 1	Stage 2	Stage 3	Total
Gross loans per 01.04.2024	**5,814,863**	**549,248**	**899,852**	**7,263,963**
transfers				
- transfers from stage 1 to stage 2	-236,345	236,345	-	-
- transfers from stage 1 to stage 3	-46,903	-	46,903	-
- transfers from stage 2 to stage 3	-	-166,227	166,227	-
- transfers from stage 3 to stage 2	-	23,236	-23,236	-
- transfers from stage 2 to stage 1	100,244	-100,244	-	-
- transfers from stage 3 to stage 1	18,989	-	-18,989	-
New financial assets issued	726,828	3,609	-	730,437
Financial assets derecognized in the period	- 360,681	- 56,983	- 72,149	-489,813
Partial repayments	- 180,611	- 4,464	- 7,995	-193,070
Currency effects	- 77,409	- 6,949	- 14,367	-98,724
Changes due to model modifications and risk parameters	-	-	-	-
Other adjustments	-	-	-	-
Gross loans per 30.06.2024	**5,758,977**	**477,572**	**976,245**	**7,212,794**
- of which loans with payment concessions	**-**	**2,152**	**41,563**	**43,715**

Reconciliation of total expected credit losses

Amounts in NOK 1 000	Stage 1	Stage 2	Stage 3	Total
Loan loss provisions per 01.04.2024	**101,899**	**78,418**	**285,065**	**465,382**
transfers				
- transfers from stage 1 to stage 2	-8,359	8,359	-	-
- transfers from stage 1 to stage 3	-2,550	-	2,550	-
- transfers from stage 2 to stage 3	-	-29,764	29,764	-
- transfers from stage 3 to stage 2	-	3,596	-3,596	-
- transfers from stage 2 to stage 1	11,989	-11,989	-	-
- transfers from stage 3 to stage 1	3,283	-	-3,283	-
New financial assets issued	11,482	278	-	11,760
Financial assets derecognized in the period	-5,172	-8,956	-19,572	-33,701
Changes in measurements*	-11,232	31,023	34,940	54,731
Currency effects	-1,421	-1,114	-4,478	-7,013
Changes due to model modifications and risk parameters	-	-	-	-
Other adjustments	-	-	-	-
Loan loss provisions per 30.06.2024	**99,918**	**69,851**	**321,390**	**491,159**

** Change in PD, LGD or EAD and 12-month credit loss versus credit loss over expected lifetime.*
PD (probability of default), LGD (loss given default), EAD (exposure at default)

Reconciliation of gross loans – consumer loans Norway

Amounts in NOK 1 000	Stage 1	Stage 2	Stage 3	Total
Gross loans per 01.04.2024	**2,123,275**	**205,299**	**231,406**	**2,559,980**
transfers				
- transfers from stage 1 to stage 2	-76,848	76,848	-	-
- transfers from stage 1 to stage 3	-9,995	-	9,995	-
- transfers from stage 2 to stage 3	-	-49,251	49,251	-
- transfers from stage 3 to stage 2	-	7,110	-7,110	-
- transfers from stage 2 to stage 1	45,170	-45,170	-	-
- transfers from stage 3 to stage 1	4,703	-	-4,703	-
New financial assets issued	400,446	1,783	-	402,229
Financial assets derecognized in the period	- 177,043	- 8,842	- 8,610	-194,495
Partial repayments	- 104,156	- 4,384	- 4,489	-113,029
Currency effects	-	-	-	-
Changes due to model modifications and risk parameters	-	-	-	-
Other adjustments	-	-	-	-
Gross loans per 30.06.2024	**2,205,553**	**183,392**	**265,739**	**2,654,685**
- of which loans with payment concessions	**-**	**1,283**	**17,659**	**18,942**

Reconciliation of total expected credit losses – consumer loans in Norway

Amounts in NOK 1 000	Stage 1	Stage 2	Stage 3	Total
Loan loss provisions per 01.04.2024	**30,430**	**25,367**	**81,017**	**136,813**
transfers				
- transfers from stage 1 to stage 2	-2,584	2,584	-	-
- transfers from stage 1 to stage 3	-680	-	680	-
- transfers from stage 2 to stage 3	-	-6,939	6,939	-
- transfers from stage 3 to stage 2	-	1,050	-1,050	-
- transfers from stage 2 to stage 1	5,105	-5,105	-	-
- transfers from stage 3 to stage 1	615	-	-615	-
New financial assets issued	5,554	138	-	5,692
Financial assets derecognized in the period	-2,366	-1,031	-3,053	-6,449
Changes in measurements*	-5,039	6,824	10,416	12,201
Currency effects	-	-	-	-
Changes due to model modifications and risk parameters	-	-	-	-
Other adjustments	-	-	-	-
Loan loss provisions per 30.06.2024	**31,034**	**22,888**	**94,335**	**148,257**

** Change in PD, LGD or EAD and 12-month credit loss versus credit loss over expected lifetime.*

Reconciliation of gross loans – consumer loans Finland

Amounts in NOK 1 000	Stage 1	Stage 2	Stage 3	Total
Gross loans per 01.04.2024	**2,632,702**	**296,989**	**442,381**	**3,372,071**
transfers				
- transfers from stage 1 to stage 2	-123,673	123,673	-	-
- transfers from stage 1 to stage 3	-22,203	-	22,203	-
- transfers from stage 2 to stage 3	-	-78,517	78,517	-
- transfers from stage 3 to stage 2	-	15,519	-15,519	-
- transfers from stage 2 to stage 1	48,210	-48,210	-	-
- transfers from stage 3 to stage 1	8,303	-	-8,303	-
New financial assets issued	136,600	370	-	136,970
Financial assets derecognized in the period	- 151,861	- 47,399	- 62,004	-261,264
Partial repayments	- 48,129	- 611	- 2,193	-50,933
Currency effects	- 60,238	- 6,360	- 10,849	-77,447
Changes due to model modifications and risk parameters	-	-	-	-
Other adjustments	-	-	-	-
Gross loans per 30.06.2024	**2,419,711**	**255,455**	**444,232**	**3,119,397**
- of which loans with payment concessions	**-**	**-**	**23,026**	**23,026**

Reconciliation of total expected credit losses – consumer loans in Finland

Amounts in NOK 1 000	Stage 1	Stage 2	Stage 3	Total
Loan loss provisions per 01.04.2024	**42,094**	**41,258**	**121,941**	**205,293**
transfers				
- transfers from stage 1 to stage 2	-4,584	4,584	-	-
- transfers from stage 1 to stage 3	-1,381	-	1,381	-
- transfers from stage 2 to stage 3	-	-13,340	13,340	-
- transfers from stage 3 to stage 2	-	2,394	-2,394	-
- transfers from stage 2 to stage 1	5,485	-5,485	-	-
- transfers from stage 3 to stage 1	1,123	-	-1,123	-
New financial assets issued	2,066	79	-	2,145
Financial assets derecognized in the period	-1,884	-7,792	-15,943	-25,619
Changes in measurements*	-2,875	15,173	13,273	25,571
Currency effects	-980	-903	-2,988	-4,870
Changes due to model modifications and risk parameters	-	-	-	-
Other adjustments	-	-	-	-
Loan loss provisions per 30.06.2024	**39,064**	**35,969**	**127,488**	**202,520**

** Change in PD, LGD or EAD and 12-month credit loss versus credit loss over expected lifetime.*

Reconciliation of gross loans – consumer loans Sweden

Amounts in NOK 1 000	Stage 1	Stage 2	Stage 3	Total
Gross loans per 01.04.2024	**740,060**	**35,939**	**197,628**	**973,627**
transfers				
- transfers from stage 1 to stage 2	-23,949	23,949	-	-
- transfers from stage 1 to stage 3	-10,390	-	10,390	-
- transfers from stage 2 to stage 3	-	-27,546	27,546	-
- transfers from stage 3 to stage 2	-	565	-565	-
- transfers from stage 2 to stage 1	5,969	-5,969	-	-
- transfers from stage 3 to stage 1	5,565	-	-5,565	-
New financial assets issued	109,263	1,266	-	110,529
Financial assets derecognized in the period	- 30,168	- 679	- 1,066	-31,912
Partial repayments	- 18,198	266	- 1,292	-19,225
Currency effects	- 8,918	- 318	- 2,513	-11,750
Changes due to model modifications and risk parametres	-	-	-	-
Other adjustments	-	-	-	-
Gross loans per 30.06.2024	**769,235**	**27,471**	**224,562**	**1,021,268**
- of which loans with payment concessions	**-**	**869**	**878**	**1,747**

Reconciliation of total expected credit losses – consumer loans in Sweden

Amounts in NOK 1 000	Stage 1	Stage 2	Stage 3	Total
Loan loss provisions per 01.04.2024	**16,976**	**6,167**	**61,296**	**84,439**
transfers				
- transfers from stage 1 to stage 2	-669	669	-	-
- transfers from stage 1 to stage 3	-257	-	257	-
- transfers from stage 2 to stage 3	-	-4,370	4,370	-
- transfers from stage 3 to stage 2	-	124	-124	-
- transfers from stage 2 to stage 1	927	-927	-	-
- transfers from stage 3 to stage 1	1,282	-	-1,282	-
New financial assets issued	1,484	45	-	1,528
Financial assets derecognized in the period	-623	-132	-227	-982
Changes in measurements*	-2,326	3,432	6,106	7,212
Currency effects	-198	- 59	-740	-997
Changes due to model modifications and risk parametres	-	-	-	-
Other adjustments	-	-	-	-
Loan loss provisions per 30.06.2024	**16,597**	**4,948**	**69,656**	**91,201**

** Change in PD, LGD or EAD and 12-month credit loss versus credit loss over expected lifetime.*

Reconciliation of gross loans – consumer loans Spain

Amounts in NOK 1 000	Stage 1	Stage 2	Stage 3	Total
Gross loans per 01.04.2024	**296,441**	**11,022**	**28,437**	**335,900**
transfers				
- transfers from stage 1 to stage 2	-11,875	11,875	-	-
- transfers from stage 1 to stage 3	-4,315	-	4,315	-
- transfers from stage 2 to stage 3	-	-10,912	10,912	-
- transfers from stage 3 to stage 2	-	42	-42	-
- transfers from stage 2 to stage 1	894	-894	-	-
- transfers from stage 3 to stage 1	418	-	-418	-
New financial assets issued	80,519	191	-	80,710
Financial assets derecognized in the period	- 1,122	- 63	- 469	-1,654
Partial repayments	- 10,128	265	- 20	-9,883
Currency effects	- 8,252	- 271	- 1,005	-9,528
Changes due to model modifications and risk parametres	-	-	-	-
Other adjustments	-	-	-	-
Gross loans per 30.06.2024	**342,581**	**11,254**	**41,711**	**395,546**
- of which loans with payment concessions	-	-	-	-

Reconciliation of total expected credit losses – consumer loans in Spain

Amounts in NOK 1 000	Stage 1	Stage 2	Stage 3	Total
Loan loss provisions per 01.04.2024	**8,898**	**5,627**	**20,812**	**35,337**
transfers				
- transfers from stage 1 to stage 2	-522	522	-	-
- transfers from stage 1 to stage 3	-232	-	232	-
- transfers from stage 2 to stage 3	-	-5,116	5,116	-
- transfers from stage 3 to stage 2	-	28	-28	-
- transfers from stage 2 to stage 1	472	-472	-	-
- transfers from stage 3 to stage 1	264	-	-264	-
New financial assets issued	2,378	16	-	2,394
Financial assets derecognized in the period	-300	-1	-350	-651
Changes in measurements*	-992	5,594	5,144	9,746
Currency effects	-243	- 152	-751	-1,146
Changes due to model modifications and risk parameters	-	-	-	-
Other adjustments	-	-	-	-
Loan loss provisions per 30.06.2024	**9,723**	**6,045**	**29,912**	**45,680**

** Change in PD, LGD or EAD and 12-month credit loss versus credit loss over expected lifetime.*

Reconciliation of gross loans – SME and mortgages

Amounts in NOK 1 000	Stage 1	Stage 2	Stage 3	Total
Gross loans per 01.04.2024	**22,385**	**-**	**-**	**22,385**
transfers				
- transfers from stage 1 to stage 2	-	-	-	-
- transfers from stage 1 to stage 3	-	-	-	-
- transfers from stage 2 to stage 3	-	-	-	-
- transfers from stage 3 to stage 2	-	-	-	-
- transfers from stage 2 to stage 1	-	-	-	-
- transfers from stage 3 to stage 1	-	-	-	-
New financial assets issued	-	-	-	-
Financial assets derecognized in the period	-487	-	-	-487
Partial repayments	-	-	-	-
Currency effects	-	-	-	-
Changes due to model modifications and risk parameters	-	-	-	-
Other adjustments	-	-	-	-
Gross loans per 30.06.2024	**21,898**	**-**	**-**	**21,898**
- of which loans with payment concessions	-	-	-	-

Reconciliation of total expected credit losses – SME and mortgages

Amounts in NOK 1 000	Stage 1	Stage 2	Stage 3	Total
Loan loss provisions per 01.04.2024	**3,500**	**-**	**-**	**3,500**
transfers				
- transfers from stage 1 to stage 2	-	-	-	-
- transfers from stage 1 to stage 3	-	-	-	-
- transfers from stage 2 to stage 3	-	-	-	-
- transfers from stage 3 to stage 2	-	-	-	-
- transfers from stage 2 to stage 1	-	-	-	-
- transfers from stage 3 to stage 1	-	-	-	-
New financial assets issued	-	-	-	-
Financial assets derecognized in the period	-	-	-	-
Changes in measurements*	-	-	-	-
Currency effects	-	-	-	-
Changes due to model modifications and risk parametres	-	-	-	-
Other adjustments	-	-	-	-
Loan loss provisions per 30.06.2024	**3,500**	**-**	**-**	**3,500**

** Change in PD, LGD or EAD and 12-month credit loss versus credit loss over expected lifetime*.

Gross loans, undrawn credit lines, and expected credit losses per product and country - 30.06.2024 (Lea bank – group consolidated)

				Gross loans				Loan loss provisions (ECL)				Net loans			
	Gross loans	Of which agent-comm/ fees	Off-balance	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Consumer loans	7,353,574	154,297	196,642	5,887,869	483,566	982,139	7,353,574	99,414	70,711	323,333	493,458	5,788,455	412,855	658,806	6,860,115
SME and mortgages	21,898	-	-	21,898	-	-	21,898	3,500	-	-	3,500	18,398	-	-	18,398
Total	**7,375,471**	**154,297**	**196,642**	**5,909,767**	**483,566**	**982,139**	**7,375,471**	**102,914**	**70,711**	**323,333**	**496,958**	**5,806,853**	**412,855**	**658,806**	**6,878,513**

Specification of loan losses in the period

Amounts in NOK 1000	**Q2 2024**
Loan loss provisions - 12 months expected credit loss (stage 1)	1,015
Loan loss provisions - lifetime expected credit loss (stage 2)	-7,707
Loan loss provisions - lifetime expected credit loss (stage 3)	38,268
Realized losses and NPL-interest in the period	56,180
Loan losses in the period	**87,756**

Reconciliation of gross loans

Amounts in NOK 1000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross loans as at 01.04.2024	**5,814,863**	**549,248**	**899,852**	**7,263,963**
Gross loans from acquisition	161,034	6,768	3,684	171,486
Transfers				
- transfer from stage 1 to stage 2	-242,890	242,890	-	-
- transfer from stage 1 to stage 3	-48,201	-	48,201	-
- transfer from stage 2 to stage 3	-	-168,275	168,275	-
- transfer from stage 3 to stage 2	-	23,331	-23,331	-
- transfer from stage 2 to stage 1	101,479	-101,479	-	-
- transfer from stage 3 to stage 1	19,067	-	-19,067	-
New financial assets originated	747,768	3,709	-	751,478
Derecognised financial assets (repayments and write-offs)	-380,332	-61,159	-73,081	-514,572
Partial repayments	-185,612	-4,519	-8,028	-198,159
Currency effects	-77,409	-6,949	-14,367	-98,724
Change in model or risk parameters	-	-	-	-
Other adjustments	-	-	-	-
Gross loans as at 30.06.2024	**5,909,767**	**483,566**	**982,139**	**7,375,471**
- Of which gross loans with forbearance	**-**	**2,152**	**41,563**	**43,715**

Reconciliation of total expected credit loss

Amounts in NOK 1000	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 01.04.2024	**101,899**	**78,418**	**285,065**	**465,382**
Loss allowance from acquisition	3,931	314	239	4,484
Transfers				
- transfer from stage 1 to stage 2	-8,681	8,681	-	-
- transfer from stage 1 to stage 3	-2,648	-	2,648	-
- transfer from stage 2 to stage 3	-	-29,883	29,883	-
- transfer from stage 3 to stage 2	-	3,599	-3,599	-
- transfer from stage 2 to stage 1	12,037	-12,037	-	-
- transfer from stage 3 to stage 1	3,286	-	-3,286	-
New financial assets originated	11,925	288	-	12,213
Derecognised financial assets (repayments and write-offs)	-5,372	-8,992	-19,589	-33,952
Change in measurement*	-12,040	31,437	36,448	55,845
Currency effects	-1,421	-1,114	-4,478	-7,013
Change in model or risk parameters	-	-	-	-
Other adjustments	-	-	-	-
Loss allowance as at 30.06.2024	**102,914**	**70,711**	**323,333**	**496,958**

2.5 Macro scenario sensitivity on ECL - 30.06.2024

Amounts in NOK 1 000	ECL reported under IFRS 9	Base scenario (30-35 %)	Optimistic scenario (25 %)	Pessimistic scenario (40-45 %)
Total	**491,159**	**438,179**	**386,849**	**589,839**
Consumer loans	487,659	434,679	383,349	586,339
SME and mortgages	3,500	3,500	3,500	3,500
Norway	**151,757**	**136,310**	**120,199**	**184,998**
Consumer loans	148,257	132,810	116,699	181,498
SME and mortgages	3,500	3,500	3,500	3,500
Finland	**202,520**	**178,687**	**156,651**	**243,892**
Consumer loans	202,520	178,687	156,651	243,892
SME and mortgages	-	-	-	-
Sweden	**91,201**	**82,765**	**74,719**	**105,982**
Consumer loans	91,201	82,765	74,719	105,982
SME and mortgages	-	-	-	-
Spain	**45,680**	**40,417**	**35,281**	**54,966**
Consumer loans	45,680	40,417	35,281	54,966
SME and mortgages	-	-	-	-

Expected credit losses reported under IFRS 9 are macro-weighted. The following weights are used for the three scenarios:
Norway: base scenario (35%), optimistic scenario (25%), and pessimistic scenario (40%).
Finland, Sweden and Spain: base scenario (30%), optimistic scenario (25%), and pessimistic scenario (45%).

Note 3 – Subordinated loans

Subordinated loans as of 30.06.2024

ISIN	Nominal value	Currency	Interest	Reference-interest + margin	Due date	Book value
NO0010877863	15,000	NOK	Floating	NIBOR + 700bp	27.03.30	14,956
NO0011108276	50,000	NOK	Floating	NIBOR + 425bp	29.09.31	49,534
NO0012750803	18,000	NOK	Floating	NIBOR + 575bp	09.02.33	17,763
Total subordinated loans	**83,000**					**82,253**

Note 4 – Capital adequacy

	Parent	Parent	Group
Amounts in NOK 1 000	**30.06.2024**	**30.06.2023**	**30.06.2024**
Share capital	190,898	190,348	190,898
Share premium	663,846	662,360	663,846
Other equity	489,540	445,478	492,477
Deferred tax assets and other intangible assets	-82,629	-107,216	-85,604
Deduction for defaulted loans	-357	-15	-357
Valuation adjustment	-907	-1,044	-907
Common equity tier 1 (CET 1)	1,260,391	1,189,911	1,260,353
Additional tier 1 capital	54,424	54,217	54,424
Tier 1 capital (Tier 1)	1,314,815	1,244,128	1,314,777
Tier 2 capital	82,253	81,914	82,253
Total capital (Tier 2)	1,397,068	1,326,042	1,397,030
Risk weighted assets			
Loans and deposits with credit institutions	121,673	87,483	127,713
Institutions	1,591	8,431	1,591
Loans to customers	4,411,925	4,332,054	4,526,704
Mortgages	6,015	8,362	6,015
Defaulted loans	654,855	309,765	658,806
Certificates and bonds	57,673	54,534	57,673
Equity positions	422	2,313	422
Other assets	440,635	246,059	264,301
Total credit risk	**5,694,789**	**5,049,002**	**5,643,225**
Operational risk	1,003,974	846,955	1,003,974
CVA risk	681	4,507	681
Total calculation basis	**6,699,444**	**5,900,464**	**6,647,880**

Capital ratios	**30.06.2024**	**31.03.2023**	**30.06.2024**
Common equity tier 1 in % (CET 1)	18.81 %	20.17 %	18.96 %
Tier 1 capital in % (Tier 1)	19.63 %	21.09 %	19.78 %
Total capital in % (Tier 2)	20.85 %	22.47 %	21.01 %
Leverage ratio in %	15.81 %	16.27 %	15.76 %

Note 5 - Equity

Amounts in NOK 1 000	Share capital	Share premium	Tier 1 capital	Other paid-in capital	Other equity	Total
Equity per 31.03.2024	**190,438**	**662,638**	**54,373**	**14,841**	**504,166**	**1,426,456**
Cost Tier 1 capital	-	-	-	-	-1,612	-1,612
Changes Tier 1 capital	-	-	52	-	-52	-
Share issue	460	690	519	-	-	1,668
Share options				-3,903	-	-3,903
Profit after tax	-	-	-	-	19,195	19,195
Dividend	-	-	-	-	3	3
Equity per 30.06.2024	**190,898**	**663,327**	**54,943**	**10,938**	**521,701**	**1,441,808**

Note 6 – Key profitability and equity indicators

Amounts in NOK 1 000	
Equity per 30.06.2024*	1,387,383
Profit after tax Q2 2024	19,195
Profit before tax Q2 2024	23,728
Number of shares 31.03.24 (in thousands)	95,449
Book equity per share as of 30.06.24*	14.54
Earnings per share before tax Q2 2024	0.20
Earnings per share after tax Q2 2024	0.25
Earnings per share before tax YTD Q2 2024	0.58
Earnings per share after tax YTD Q2 2024	0.45
Annualized return on equity Q2 2024	5.6 %
Annualized return on equity YTD Q2 2024	6.3 %

* excluding tier 1 capital

Note 7 – Contractual obligations

Amounts in NOK 1 000	Q1 2024	Q4 2023
Right to use:		
Opening balance	**12,573**	4,510
Implementation effect		
Assets		
Write-downs		
Adjustments	0	9,048
Depreciation	-986	-986
Disposals		
Closing balance	**11,587**	12,573
Lease obligation:		
Opening balance	**-12,784**	-4,666
Implementation effect		
Assets		
Effect of changes in exchange rates		
Adjustments	0	-9,048
Lease payments	1,076	1,076
Interest	-137	-147
Settlement upon disposal		
Closing balance	**-11,846**	-12,784
Proportion of short-term debt	-3,942	-4,082
Proportion of long-term debt	-7,903	-8,703
Maturity analysis, undiscounted cash flow		
Up to 1 year	4,034	4,177
1-2 years	3,731	3,731
2-3 years	3,731	3,731
3-4 years	1,244	2,177
4-5 years		
More than 5 years		
Other key figures		
Costs related to agreements with exceptions for short-term duration	6	6
Weighted average discount rate on implementation date	0.045	0.045

Note 8 – Largest shareholders

Rank	Name	Nbr of shares	Ownership %
1	DNB Bank ASA*	10,415,351	10.9 %
2	Braganza AB	10,383,899	10.9 %
3	Hjellegjerde Invest AS	7,600,000	8.0 %
4	Skagerrak Sparebank	4,409,380	4.6 %
5	Fondsavanse AS	3,371,048	3.5 %
6	Verdipapirfondet Alfred Berg Norge	3,088,045	3.2 %
7	Verdipapirfondet Alfred Berg Aktiv	2,719,589	2.8 %
8	Vida AS	2,581,654	2.7 %
9	Shelter AS	1,945,486	2.0 %
10	Jenssen & Co AS	1,845,879	1.9 %
11	Lindbank AS	1,838,007	1.9 %
12	Verdipapirfondet Alfred Berg Norge	1,700,000	1.8 %
13	MP Pensjon PK	1,637,767	1.7 %
14	Umico - Gruppen AS	1,565,228	1.6 %
15	Carnegie Investment Bank AB*	1,500,000	1.6 %
16	Varde Norge AS	1,260,000	1.3 %
17	Krogsrud Invest AS	1,125,000	1.2 %
18	Sober Kapital AS	1,121,922	1.2 %
19	Thon Holding AS	1,081,211	1.1 %
20	Bara Eiendom AS	883,179	0.9 %
	Total top 20 shareholders	**62,072,645**	**65.0 %**
	Other shareholders	33,444,743	35.0 %
	Total number of shares	**95,517,388**	**100.0 %**

Shareholder list per 12.08.2024

** Nominee account*

Quarterly historical figures (Lea bank ASA)

Income statement (amounts in NOK 1 000)	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Interest income	204,643	199,929	193,384	180,386	177,777	160,705	152,427
Interest expense	-65,982	-64,092	-55,572	-49,948	-40,912	-29,193	-20,735
Net interest income	**138,661**	**135,838**	**137,813**	**130,438**	**136,865**	**131,512**	**131,692**
Commission and bank services income	10,164	10,917	9,501	8,083	7,481	8,726	8,186
Commission and bank services expenses	-1,264	-1,243	-1,324	-1,079	-1,144	-1,080	-1,435
Net changes in value on securities and currency	10,764	8,633	11,168	12,841	6,056	-763	12,001
Other income	426	2,163	660	51	72	12	133
Net other operating income	**20,090**	**20,470**	**20,005**	**19,897**	**12,466**	**6,894**	**18,884**
Total income	**158,751**	**156,308**	**157,817**	**150,335**	**149,331**	**138,406**	**150,576**
Personnel expenses	-19,049	-18,259	-16,366	-16,542	-15,999	-14,934	-15,661
General administrative expenses	-22,704	-21,226	-21,406	-22,180	-18,500	-20,421	-20,257
- of which marketing expenses	*-3,148*	*-2,736*	*-2,336*	*-2,708*	*-911*	*-912*	*-437*
Depreciation and impairment	-4,031	-3,907	-3,947	-3,822	-3,551	-3,465	-3,275
Other operating expenses	-2,846	-2,561	-3,416	-1,949	-2,673	-3,131	-2,756
Total operating expenses	**-48,630**	**-45,953**	**-45,135**	**-44,492**	**-40,724**	**-41,952**	**-41,949**
Profit before loan losses	**110,120**	**110,355**	**112,682**	**105,843**	**108,607**	**96,454**	**108,627**
Provision for loan losses	-86,392	-78,948	-72,057	-67,823	-83,552	-60,073	-37,012
Profit before tax	**23,728**	**31,407**	**40,626**	**38,019**	**25,055**	**36,381**	**71,615**
Tax charge	-4,533	-7,503	-9,957	-9,133	-5,927	-8,819	-18,287
Profit after tax	**19,195**	**23,904**	**30,669**	**28,886**	**19,128**	**27,563**	**53,328**

Balance sheet (Amounts in NOK 1 000)	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Assets							
Cash and deposits with the central bank	52,947	52,426	51,931	51,448	51,021	50,685	50,402
Loans and deposits with credit institutions	608,366	643,211	350,786	302,452	437,415	496,705	322,201
Gross loans to customers	7,212,794	7,263,963	6,913,256	6,607,247	6,618,508	6,676,559	6,286,924
- Provision for loan losses	-491,159	-465,382	-427,542	-362,552	-342,225	-445,922	-403,373
Certificates and bonds	906,972	900,397	839,681	987,251	1,044,304	989,545	961,163
Deferred tax asset	45,884	50,417	57,920	67,877	77,010	82,937	91,756
Other intangible assets	46,055	45,323	41,219	34,647	30,206	28,730	29,380
Fixed assets	12,254	13,142	5,133	5,559	6,876	8,051	8,775
Other assets	217,931	57,604	21,258	25,462	33,498	32,270	20,256
Total assets	**8,612,042**	**8,561,100**	**7,853,642**	**7,719,392**	**7,956,614**	**7,919,560**	**7,367,484**
Liabilities and equities							
Debt to the central bank	0	0	0	0	0	0	0
Deposits from customers	7,014,392	6,903,540	6,239,373	6,141,604	6,393,293	6,325,948	5,791,333
Other liabilities	73,591	148,936	128,307	68,829	82,312	130,473	142,315
Subordinated loans	82,253	82,168	82,084	81,999	81,914	81,830	81,746
Total liabilities	**7,170,235**	**7,134,644**	**6,449,764**	**6,292,432**	**6,557,520**	**6,538,251**	**6,015,394**
Share capital	190,898	190,438	190,438	190,425	190,348	190,348	189,681
Share premium	663,327	662,638	662,638	662,599	662,360	662,360	660,322
Tier 1 capital	54,424	54,373	54,321	54,269	54,217	54,165	54,114
Other paid in equity	11,456	14,841	14,556	14,356	14,115	13,750	13,405
Other equity	521,701	504,167	481,925	505,311	478,053	460,684	434,568
Total equity	**1,441,808**	**1,426,456**	**1,403,878**	**1,426,960**	**1,399,094**	**1,381,309**	**1,352,089**
Total liabilities and equity	**8,612,042**	**8,561,100**	**7,853,642**	**7,719,392**	**7,956,614**	**7,919,560**	**7,367,484**

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