

2nd quarter 2022 results presentation

Lea bank ASA

August 12th 2022

Lea
bank



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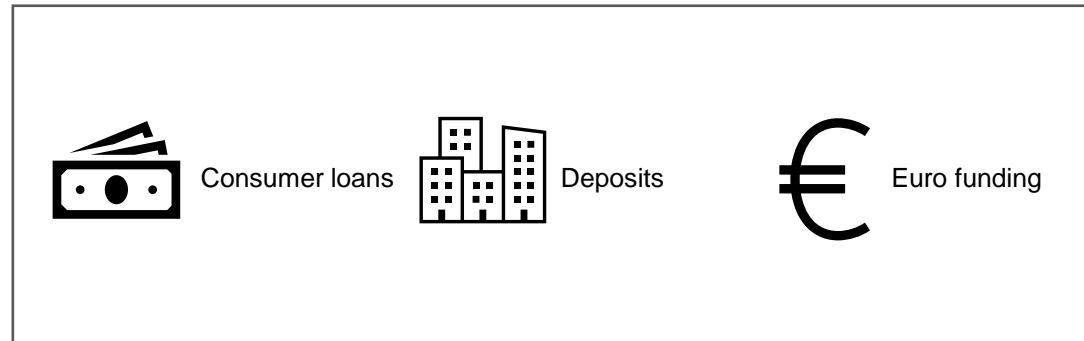
Lea bank ASA at a glance

Digital niche bank with a Nordic footprint

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

- Lea bank has a fully digital bank offering focusing on consumer loans and deposits
- Focus on creating shareholder value through continuous profit generation, optimizing capital allocation and evaluation of growth versus dividends
- Listed on Euronext Growth at Oslo Børs, ~1,400 shareholders. Braganza AB largest shareholder. Other large shareholders include Alfred Berg Norge/Aktiv, Hjellegjerde Invest, Skagerrak Sparebank and Fondsavanse

Product portfolio



...leveraged by a scalable digital platform

- Scalable operation model on the back of leading technological solutions, cost efficient value chain and cross-border operations
- Proven value chain with inhouse credit analysis and operations, broad distribution network and forward flow agreements for defaulted loans
- Focus on core markets in the Nordics - utilize our digital advantage in other European markets in the future

Gross loans 5,838 MNOK – geographical mix Q2 2022



Q2 2022 highlights

Positive financial development with strong growth

Financials



- Profit before tax 43.4 MNOK (profit after tax 32.7 MNOK)
- Positive trend in gross loans - growth of 351 MNOK
- CET1 Capital ratio 23.1% (incl. YTD profit)

Credit quality



- One-off sale of defaulted loans in Finland 72 MNOK
- Forward flow agreement in place for Norway and Finland to mitigate stage 3 risk
- De-risked portfolio resulting in stage 3 of 8.5%

Strategic positioning



- Focusing on consumer loans – consumer finance bank with strong scalability across geographical markets
- B2B discontinued as of Q2 2022

Key financial figures, MNOK

	Q2-22	2022 YTD	2021
Interest income	133.4	261.6	531.2
PBT	43.4	77.7	170.1
ROE, annualized	10.3%	9.3%	10.7%
ROE adj. ¹ , annualized	12.9%	11.9%	13.2%
EPS, annualized	1.38	1.24	1.35
EPS pre-tax, annu.	1.83	1.64	1.79
C / I	31.5%	32.4%	34.1%
Gross loans	5,838	5,838	5,489

Equity ²	# of shares	BVPS
1,289	94,840,526	13.59 NOK

Note on key figures: PBT: Profit before tax, ROE: Annualized Return On Equity (excluding tier-1 capital), EPS: Annualized Earnings per share, C/I: Cost to income

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

2) Equity excluding tier 1 capital

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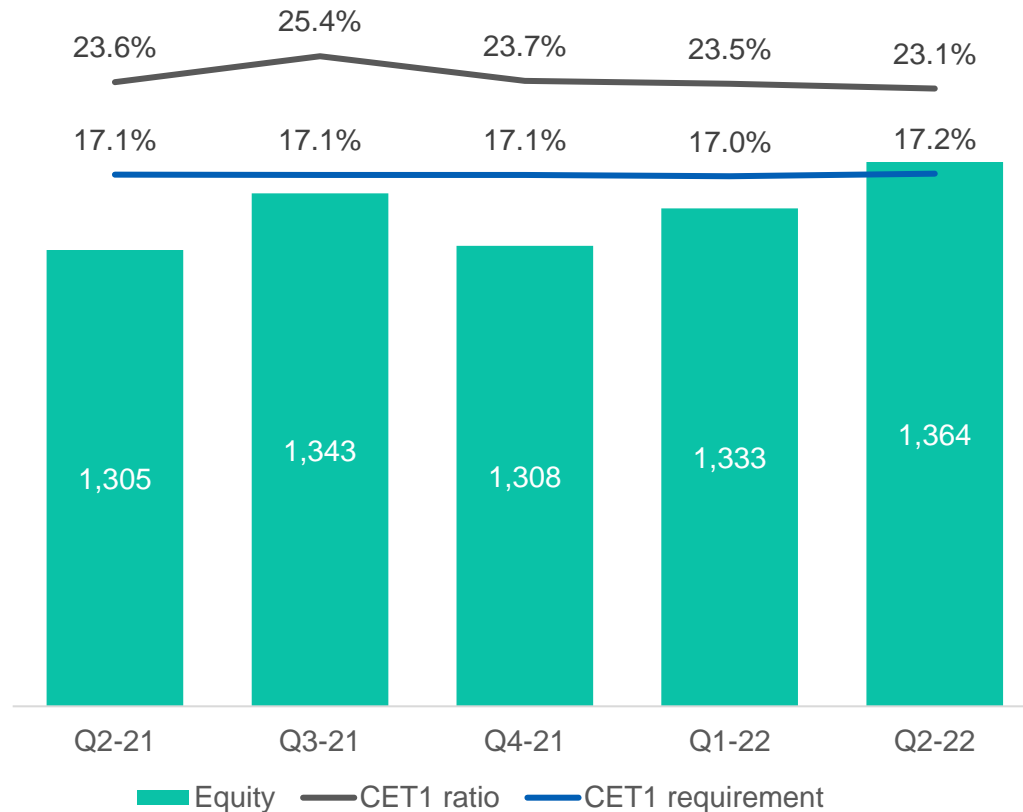
3 Outlook



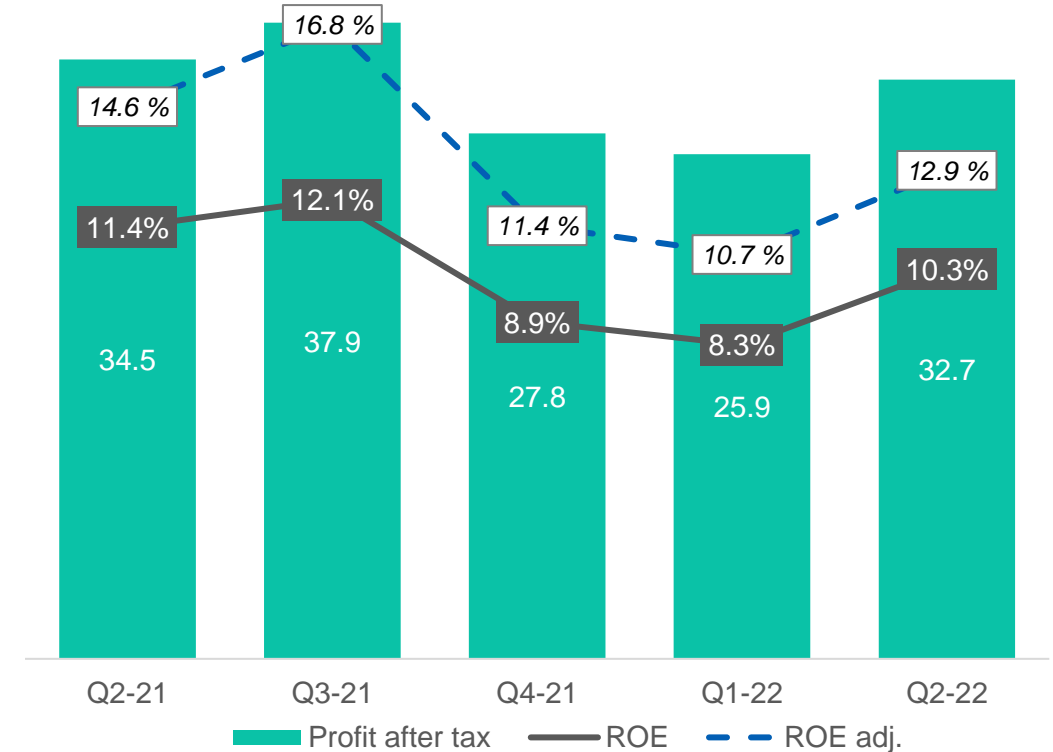
Strong capital buffer and continuous profit generation

Well above capital requirement

Equity and CET1 ratio¹, MNOK



Profit after tax and Return on Equity, MNOK



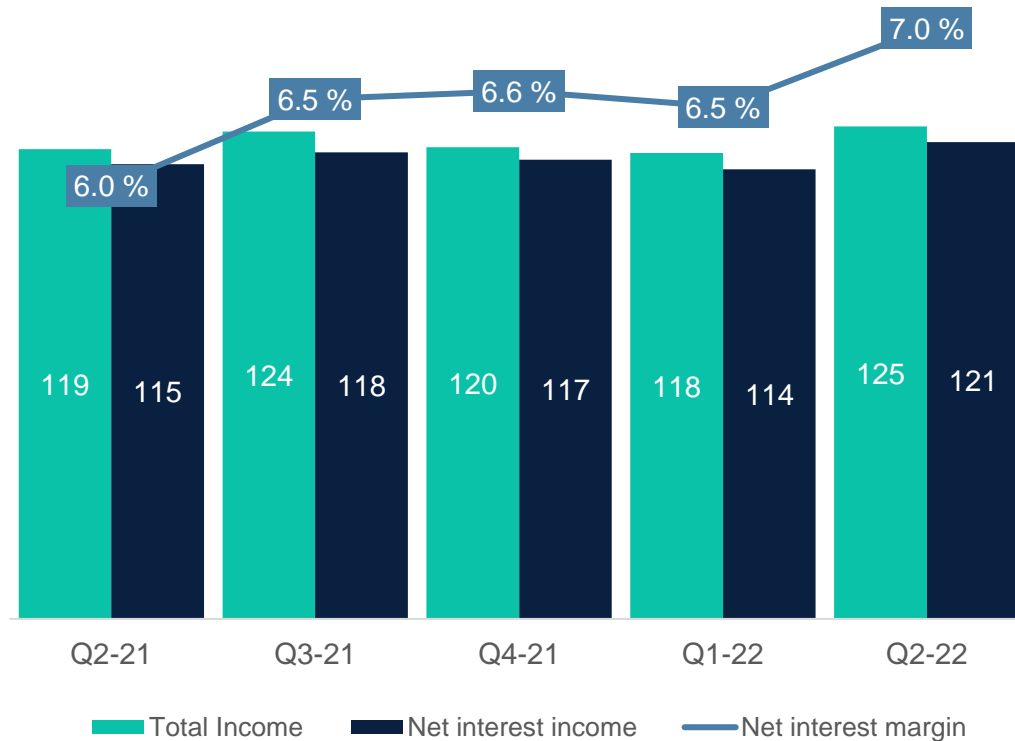
1) CET1 ratios for Q1, Q2 and Q3 include YTD unaudited profit

Stable yield development

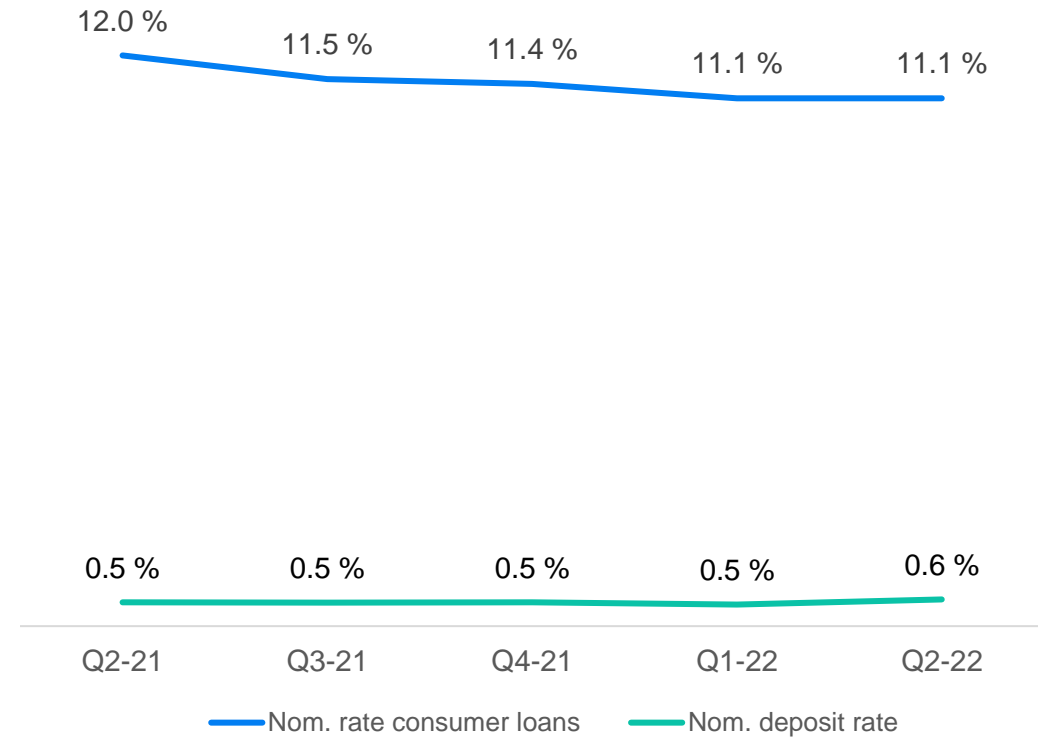
Margin pressure in Norway offset by positive development in Finland

Net interest income and net interest margin of total assets

MNOK / % of total assets



Yields end of quarter¹

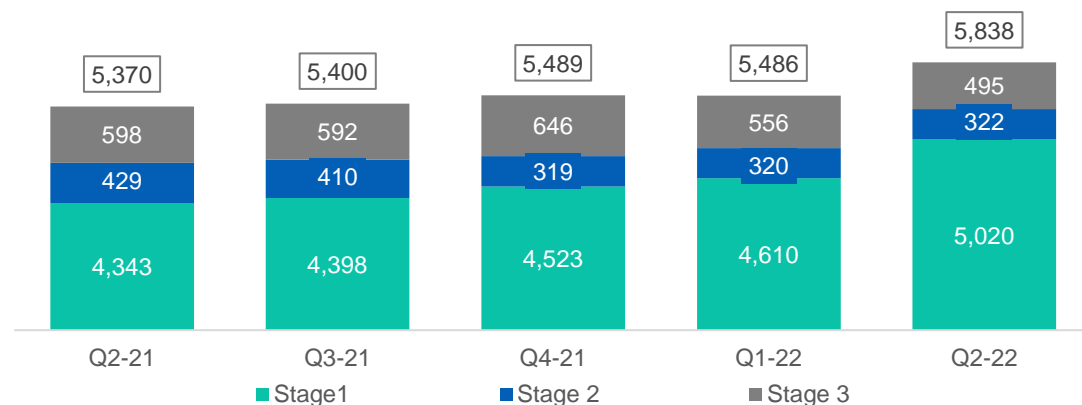


1) All figures are end of quarter and nominal

Increased interest-bearing portfolio

International gross loans surpassing Norway for the first time

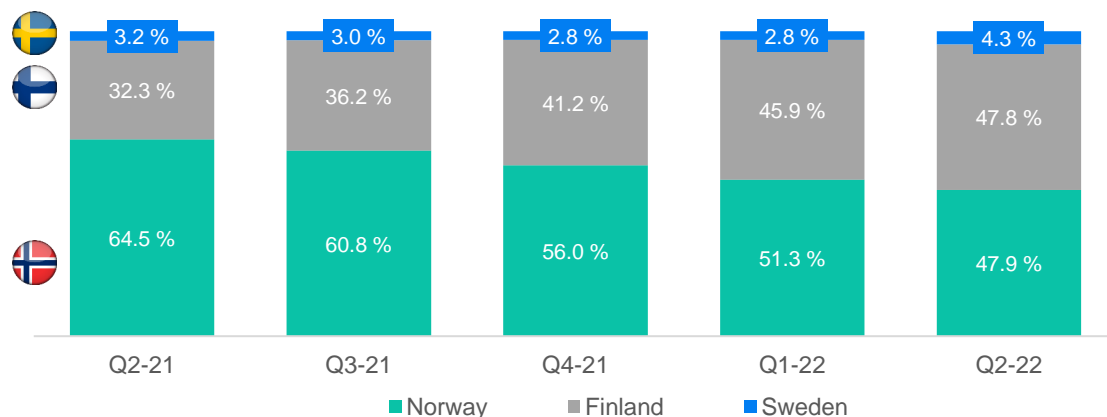
Gross lending, MNOK



Comments

- Gross loans increased by 351 MNOK from last quarter, stage 1 portfolio increased by 410 MNOK
- Increasing gross loans in Finland and Sweden, stabilizing development in Norway
- Volumes outside of Norway represent 52.1% - following strategic focus on international markets

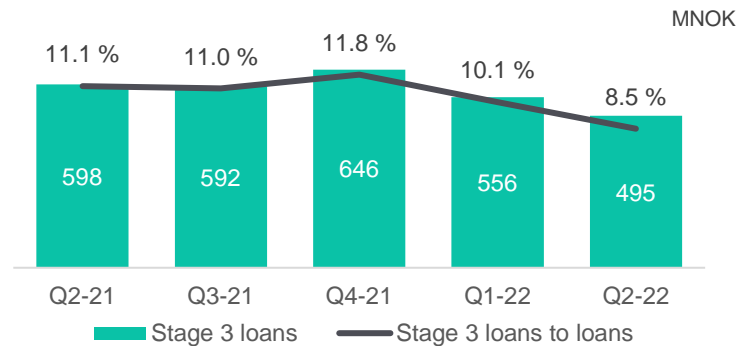
Geographical mix, gross loans



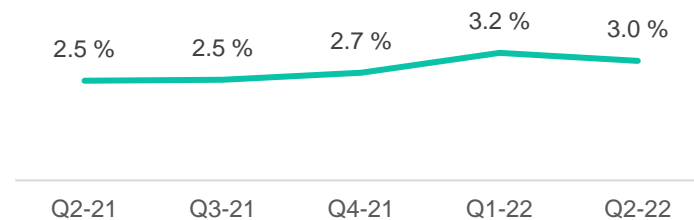
Positive development in credit quality

Continued de-risking of portfolio

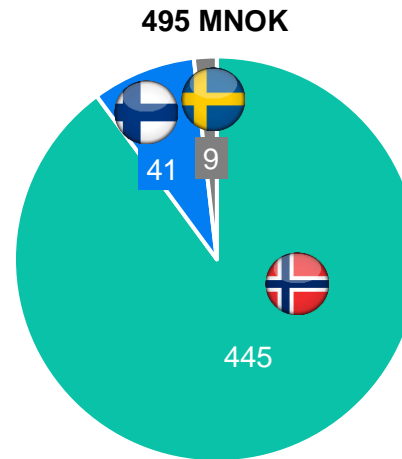
Significant improvement in stage 3 ratio



Loan loss ratio



Stage 3 allocation per country, Q2 2022



- **Norway:** Covered by the forward flow agreement with Kreditor since 2017 – selling late in the collection process
- **Finland:** Forward flow agreement in place - selling early in the collection process
- **Sweden:** The entire stage 3 portfolio was sold February 2022

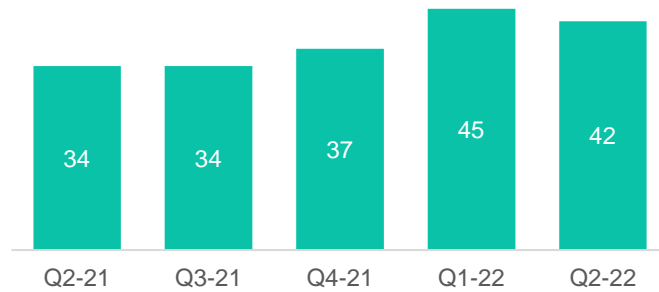
Comments on credit quality development

- Continuous de-risking of portfolio resulting in stage 3 ratio of 8.5% by end of Q2
- One-off sale of defaulted loans in Finland approximating 7.4 MEUR in Q2. Forward flow in Norway and Finland contribute to keep the stage 3 ratio low
- Since 2021 Lea bank has sold defaulted loans with outstanding claims of ~1,100 MNOK neutral P&L impact. This reduces uncertainty and confirms provisions levels

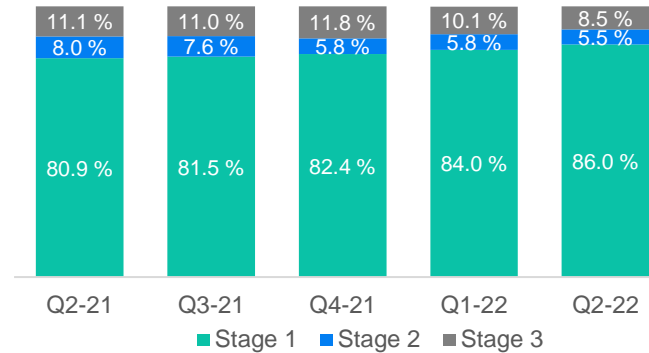
Credit quality overview

Stable underlying development

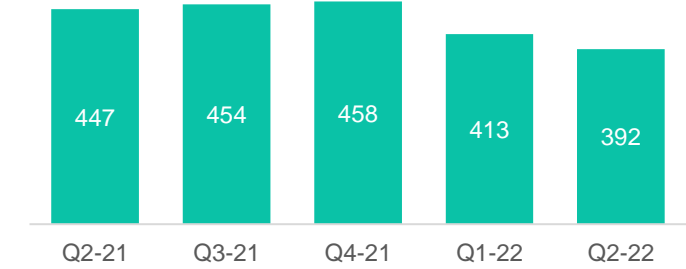
Loan losses, MNOK



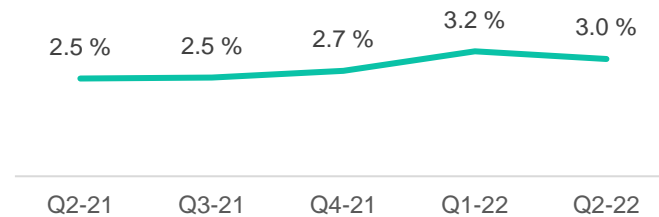
Stage allocation



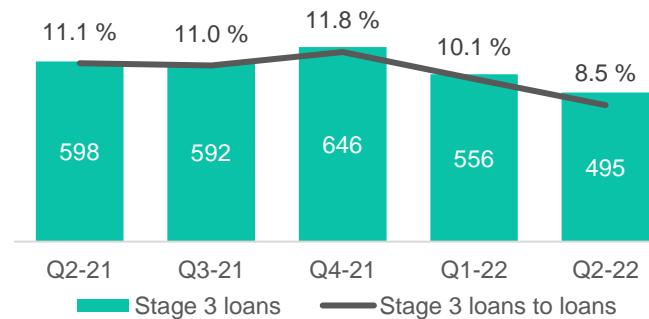
Provisions, MNOK



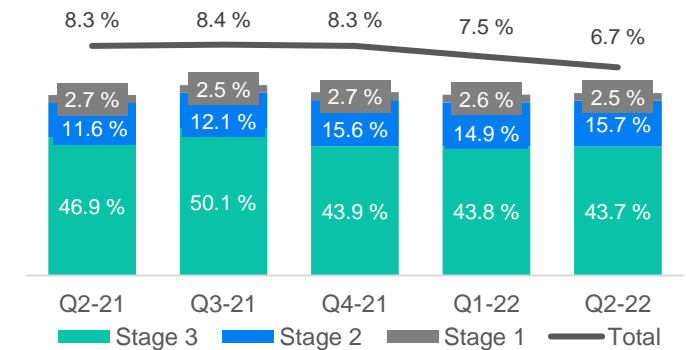
Loan loss ratio¹



Non-performing loans², MNOK



Total provision ratio³



1) Loan loss ratio = monthly loan losses p.a / monthly avg. gross loans

2) Non-performing loan ratio = stage 3 ratio

3) Total = Total provision / Gross loans

Income statement

NGAAP					
<i>Income Statement (Amounts in thousands)</i>	Q2-2022	Q1-2022	2022 YTD	Q2-2021	2021
Interest income	133,427	128,148	261,575	131,084	531,219
Interest expense	-12,439	-14,017	-26,455	-15,664	-60,382
Net interest income	120,988	114,131	235,119	115,420	470,837
Commission and fee income	7,097	5,587	12,684	7,864	28,803
Commission and fee expenses	-1,361	-871	-2,232	-2,684	-9,612
Net change in value on securities and currency	-1,756	-569	-2,325	-1,327	-3,210
Other income	31	13	44	0	678
Net other income	4,011	4,160	8,170	3,854	16,659
Total income	124,999	118,291	243,290	119,274	487,496
Salary and other personnel expenses	-15,316	-15,923	-31,239	-13,866	-62,907
Other administrative expenses	-19,939	-19,143	-39,082	-21,305	-84,671
- of which marketing expenses	-923	-824	-1,747	-572	-3,558
Depreciation	-2,508	-2,450	-4,958	-2,768	-12,366
Other expenses	-1,565	-1,874	-3,439	-1,630	-6,447
Total operating expenses	-39,328	-39,390	-78,718	-39,569	-166,391
Profit before loan losses	85,671	78,901	164,572	79,705	321,105
Loan losses	-42,277	-44,556	-86,833	-34,147	-151,001
Profit before tax	43,394	34,345	77,739	45,558	170,104
Tax	-10,705	-8,398	-19,102	-11,035	-42,030
Profit after tax	32,689	25,947	58,636	34,523	128,074

Comments on income statement

- Profit after tax Q2-22 of 32.7 MNOK, compared to 34.5 MNOK last year
- Interest income in Q2-22 of 133.4 MNOK, compared to 131.1 MNOK last year – driven by higher volumes
- Interest expense in Q2-22 of 12.4 MNOK, compared to 15.7 MNOK last year – driven by lower funding volume
- OPEX in Q2-22 of 39.3 MNOK, compared to 39.6 MNOK last year – continuous strong cost focus
- C/I improved from 33.2% to 31.5% compared to last year
- Loan losses in Q2-22 of 42.3 MNOK compared to 34.1 MNOK last year, reflecting annual loss ratio of 3.0% compared to 2.5% last year

Balance sheet

NGAAP			
Balance sheet (Amounts in thousands)	30.06.2022	30.06.2021	31.12.2021
Assets			
Cash and deposits with the central bank	50,021	50,043	49,980
Loans and deposits with credit institutions	294,555	173,640	351,774
Gross loans to customers	5,837,647	5,369,711	5,488,704
Loan loss provisions	-391,784	-446,598	-457,667
Certificates, bonds and other securities	1,011,184	1,860,595	1,514,166
Deferred tax asset	118,434	159,567	137,538
Other intangible assets	19,668	15,204	15,719
Fixed assets	8,457	14,425	10,204
Other assets	27,980	238,687	19,455
Total assets	6,976,162	7,435,275	7,129,873
Equity and liabilities			
Loan from central bank	0	0	0
Deposits from customers	5,397,067	5,925,974	5,568,411
Other liabilities	110,206	100,020	149,419
Tier 2 capital	104,420	104,570	104,203
Total liabilities	5,611,692	6,130,565	5,822,033
Share capital	189,681	189,589	189,589
Share premium reserve	660,322	659,989	659,989
Tier 1 capital	75,947	74,795	75,805
Other paid-in equity	12,454	8,299	11,404
Other equity	426,066	372,038	371,053
Total equity	1,364,470	1,304,710	1,307,839
Total equity and liabilities	6,976,162	7,435,275	7,129,873

Comments on balance sheet

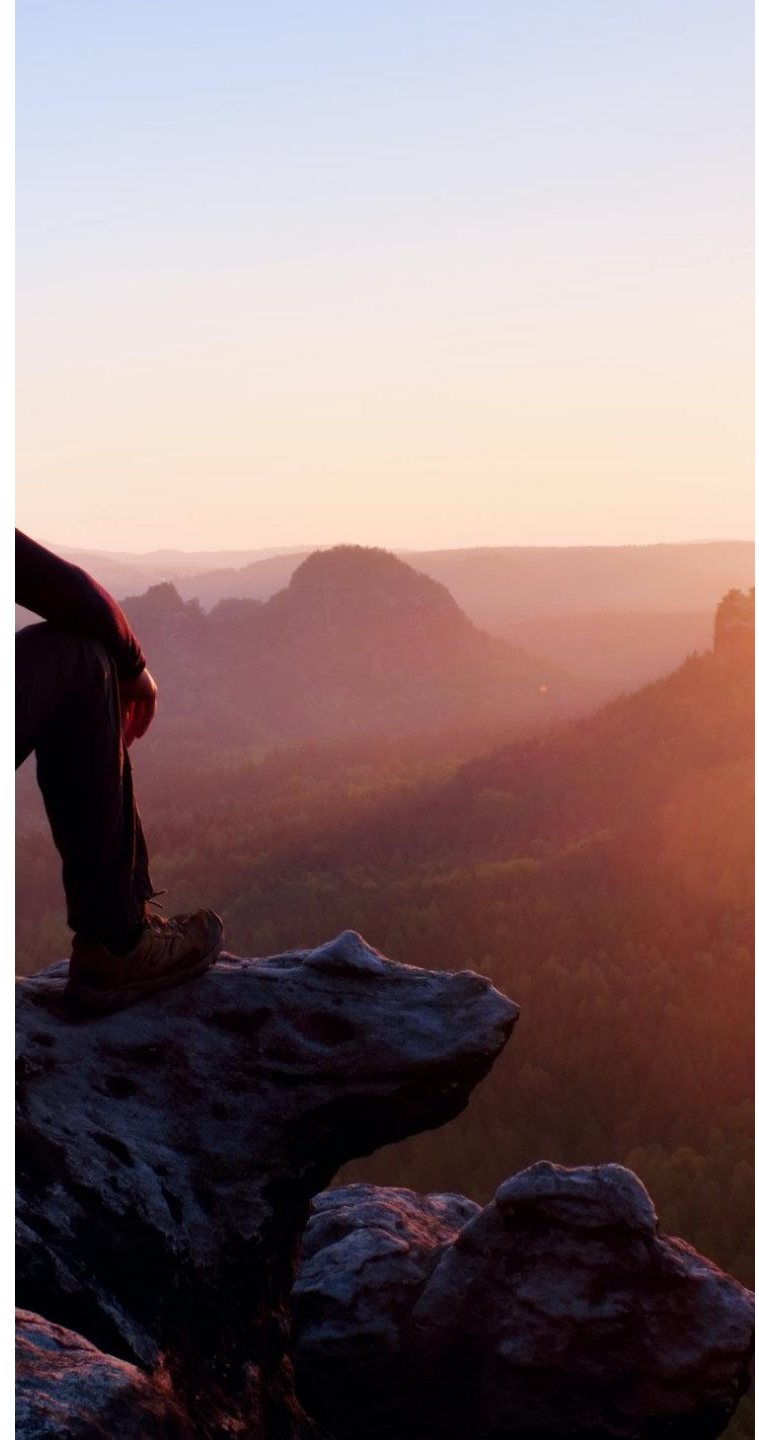
- Gross loans of 5,838 MNOK at 30.06.2022 compared to 5,370 MNOK 30.06.2021. Increase in stage 1 portfolio of 677 MNOK last 12 months
- Liquidity balance of 1,356 MNOK at 30.06.2022 compared to 2,084 at 30.06.2021, reduced according to plan
- Deferred tax assets of 118.4 MNOK driven by tax losses carried forward prior to the merger
- Solid capital base - CET1 of 23.1 % (incl. 2022 profit), compared to 30.06.2021 of 23.6 %
- Total equity of 1,364 MNOK

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This is Lea bank ASA

Leveraging scalable digital business model across multiple geographies

Strategic positioning



Focusing on consumer loans with a scalable cross-border and cost-efficient value chain

Markets



Focus on core markets in the Nordics - utilize our digital advantage in Spain and potentially other European markets in the future

Shareholder value



Continuous profit generation, optimize capital allocation across geographical markets and evaluation of growth vs. dividends

Summary

- ✓ Improved profitability
- ✓ Strong growth in gross loans
- ✓ Well capitalized – CET1 of 23.1%
- ✓ Further de-risking the portfolio
- ✓ Lean and scalable business model – ready for international expansion

Key figures, Q2 2022

Interest income	Profit before tax	Equity
133.4 MNOK	43.4 MNOK	1,364 MNOK

Outlook

1 Focus on core markets	<ul style="list-style-type: none"> • Capitalize on positive market development in the Nordics • Securing leading cost to income ratio
2 NPL management	<ul style="list-style-type: none"> • Focus on mitigating stage 3 risk through signed forward flow agreements • Continue to monitor the second-hand market for defaulted loans
3 Adapt to new capital requirements	<ul style="list-style-type: none"> • Optimize capital allocation across geographical markets enabled by the efficient distribution model • Expecting volumes to shift towards markets outside Norway
4 International expansion	<ul style="list-style-type: none"> • Expansion project to Spain leveraged by reuse of existing IT and operations setup • Development project on track



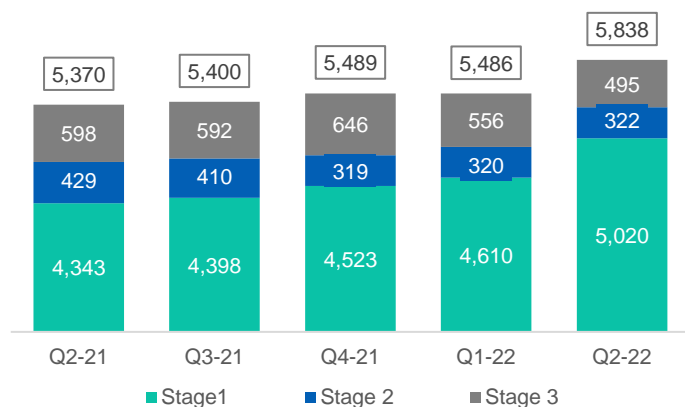
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Appendix

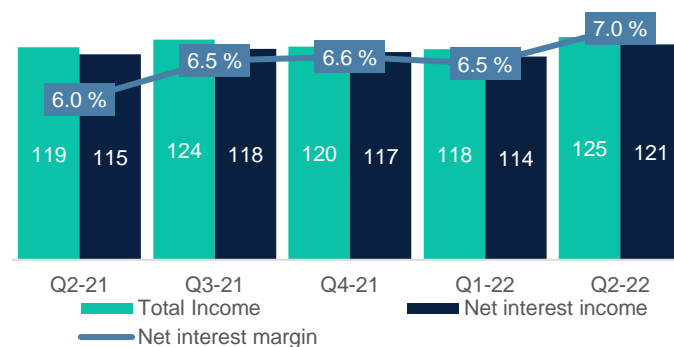
Financial overview

Figures in MNOK

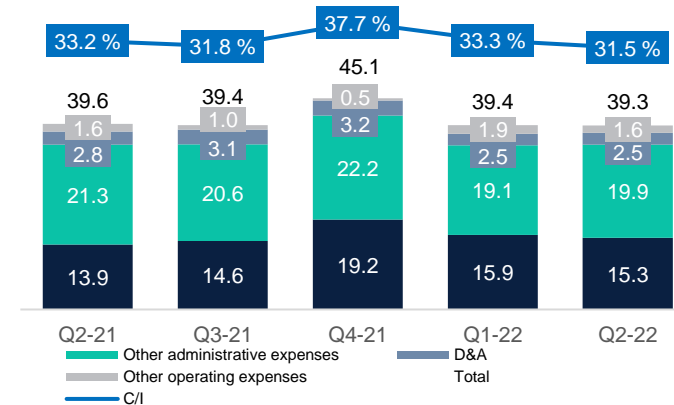
Gross lending



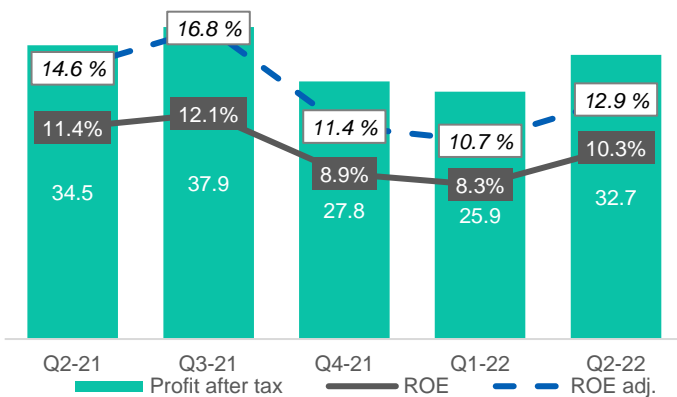
Net income and margin of total margin



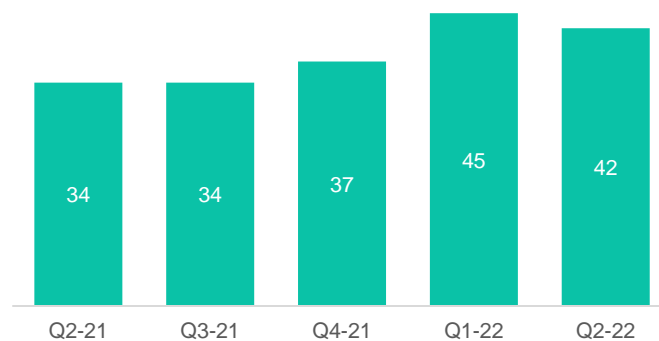
Opex and Cost / Income



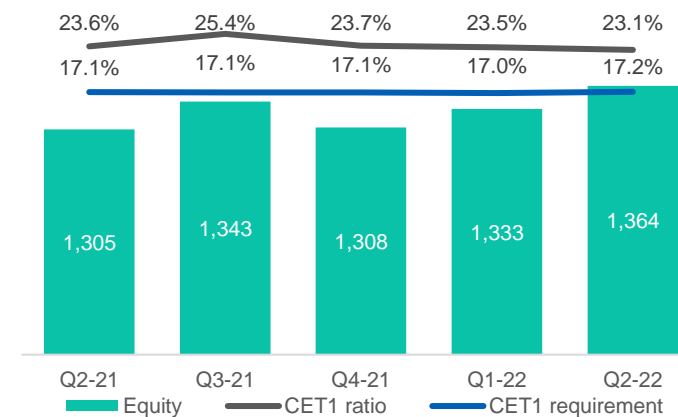
Profit after tax and ROE¹



Loan losses



Equity and CET1 ratio²



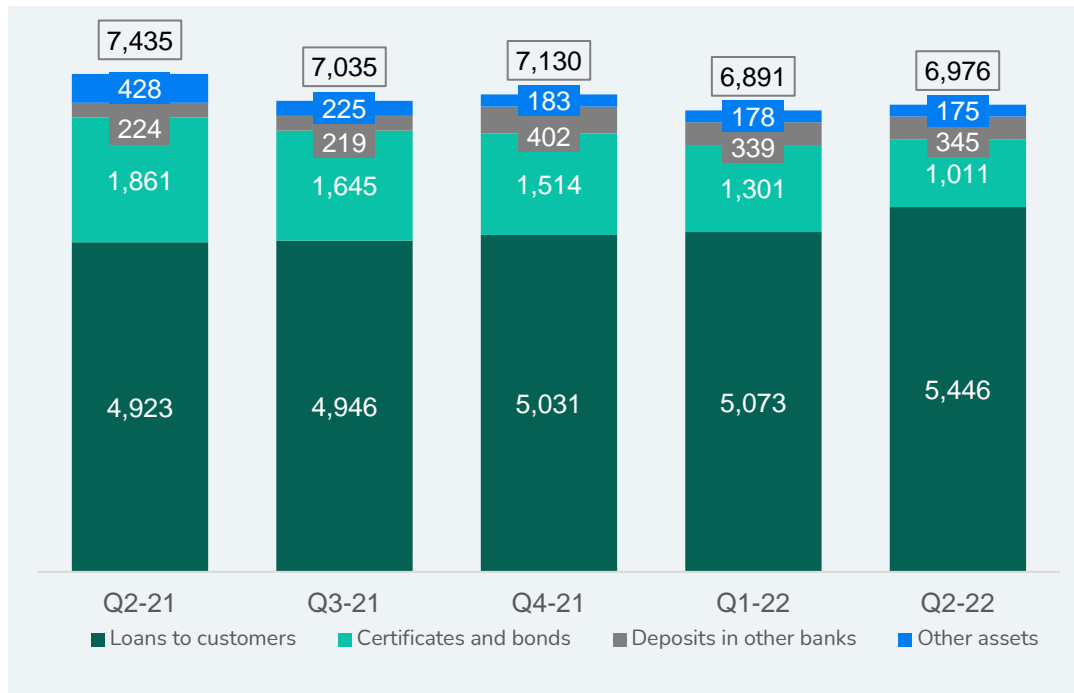
1) ROE adjusted subtracts excess capital from the calculation (capital req. + mgmt. buffer)

2) CET1 ratio includes YTD unaudited profit

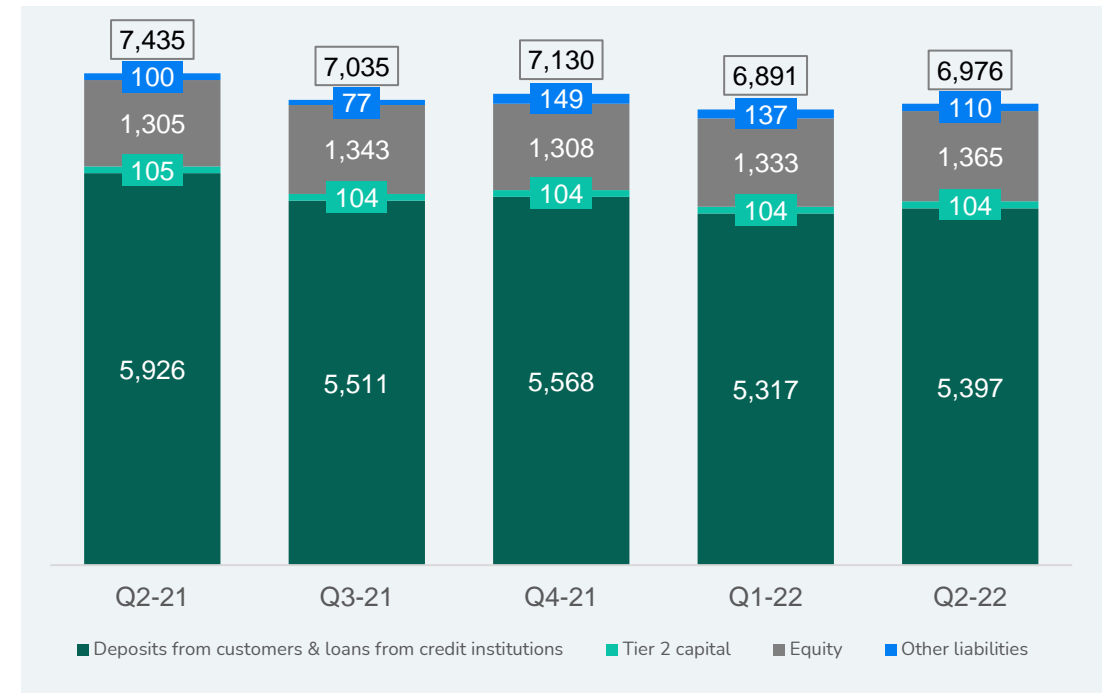
Balance sheet structure

Strong funding and liquidity position

Total assets, MNOK



Equity and liabilities, MNOK



- Deposit ratio: 99%
- Liquidity coverage ratio: 760% total (506% EUR, 174% SEK)
- Net stable funding ratio: 129% total

Lea bank ASA shareholders

Share price development

Top 20 shareholder list as of August 8 2022

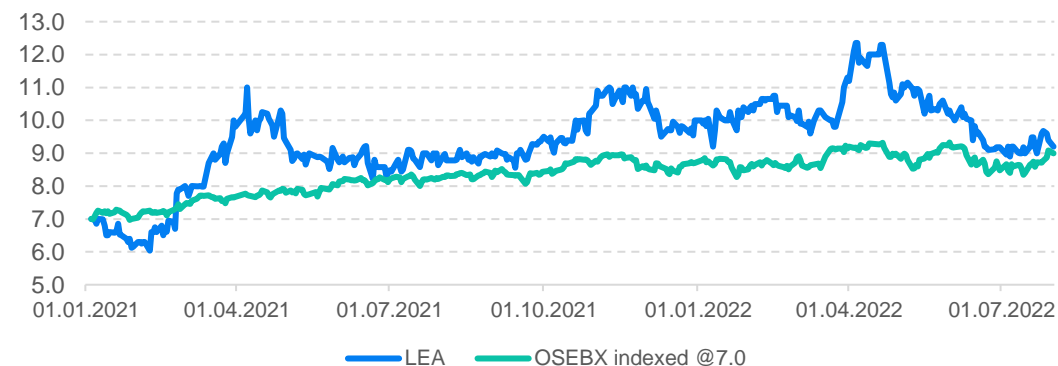
	Investor	Shares	Ownership
1	Braganza AB	10,383,899	10.9 %
2	Hjellegjerde Invest AS	7,056,982	7.4 %
3	Skagerrak Sparebank	4,409,380	4.6 %
4	Fondsavanse AS	3,371,048	3.6 %
5	Verdipapirfondet Alfred Berg Norge	3,088,045	3.3 %
6	Altitude Capital AS	2,935,307	3.1 %
7	Verdipapirfondet Alfred Berg Aktiv	2,719,589	2.9 %
8	Vida AS	2,581,654	2.7 %
9	Umico - Gruppen AS	2,168,779	2.3 %
10	Skandinaviska Enskilda Banken AB ¹	2,111,750	2.2 %
11	Shelter AS	1,945,486	2.1 %
12	Jenssen & Co AS	1,845,879	1.9 %
13	Lindbank AS	1,838,007	1.9 %
14	Verdipapirfondet Alfred Berg Norge	1,700,000	1.8 %
15	MP Pensjon PK	1,637,767	1.7 %
16	HSBC Bank Plc ¹	1,367,606	1.4 %
17	Krogsrud Invest AS	1,250,000	1.3 %
18	Jolly Roger AS	1,203,147	1.3 %
19	Thon Holding AS	1,081,211	1.1 %
20	DNB Bank ASA ¹	1,004,164	1.1 %
Top 20 shareholders		55,699,700	58.7 %
Other shareholders		39,140,826	41.3 %
Total shares		94,840,526	100.0 %

1) Nominee account

Comments

- ~1,400 shareholders as of August 8 2022
- The Lea bank share (ticker LEA) was registered on Euronext Growth (former Merkur Market) on 2 October 2020
- Management holds a total of 978,079 shares, corresponding to 1.0% of shares outstanding
- Members of the board holds a total of 450,568 shares, corresponding to 0.5%
- Current market capitalization of ~875 MNOK

Share price development – OSEBX indexed to Lea bank @ 01.01.21



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Lea
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