

4th quarter 2022 results presentation

Lea bank ASA

February 16th 2023

Lea
bank



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Table of contents

1 Highlights and development Q4 and 2022

2 Financial results Q4

3 Outlook






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, ~1,300 shareholders. Braganza AB largest shareholder. Other large shareholders include Alfred Berg Norge/Aktiv, Hjellegjerde Invest, Skagerrak Sparebank and Fondsaveanse

Product portfolio

Consumer loans	Deposits
 Short term financing	 Savings accounts with attractive terms in NOK and EUR
 Debt consolidation	

...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 6,287 MNOK – geographical mix Q4 2022



Q4 2022 highlights

Record results of 186.4 MNOK in 2022 and proposed dividend of 70.2 MNOK

Q4 financials		<ul style="list-style-type: none"> Profit before tax 71.5 MNOK (profit after tax 53.3 MNOK) Positive trend in gross loans - growth of 197 MNOK CET1 Capital ratio 21.7% (post dividend accrual)
Dividend		<ul style="list-style-type: none"> Dividend policy communicated October 2021 Dividend proposal of 0.74 NOK per share, 70.2 MNOK Evaluation of mix between growth initiatives and potential dividends going forward
Credit quality		<ul style="list-style-type: none"> New forward flow agreement with Kredinor to mitigate portfolio risk in Finland Increased loan loss provisions to reflect macro uncertainty
Capital		<ul style="list-style-type: none"> Successful issuance of new Tier 1 & 2 capital in November Systemic risk buffer reciprocity delayed by one year Ongoing project to evaluate redomiciliation SREP process initiated by FSA (Finanstilsynet)

Key financial figures, MNOK

	Q4-22	2022	2021
<i>Interest income</i>	152.4	554.3	531.2
<i>PBT</i>	71.6	186.4	170.1
<i>- Dividend</i>		70.2	63.5
<i>ROE, Annualized</i>	16.3%	11.1%	10.7%
<i>ROE adj.¹, annualized</i>	18.9%	13.5%	13.2%
<i>EPS, annualized</i>	2.25	1.48	1.35
<i>EPS pre-tax, annu.</i>	3.02	1.96	1.79
<i>C / I</i>	27.9%	30.7%	34.1%
<i>Gross loans</i>	6,287	6,287	5,489
Equity²	# of shares	BVPS³	
1,298	94,840,526	13.69 (14.43)	

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)

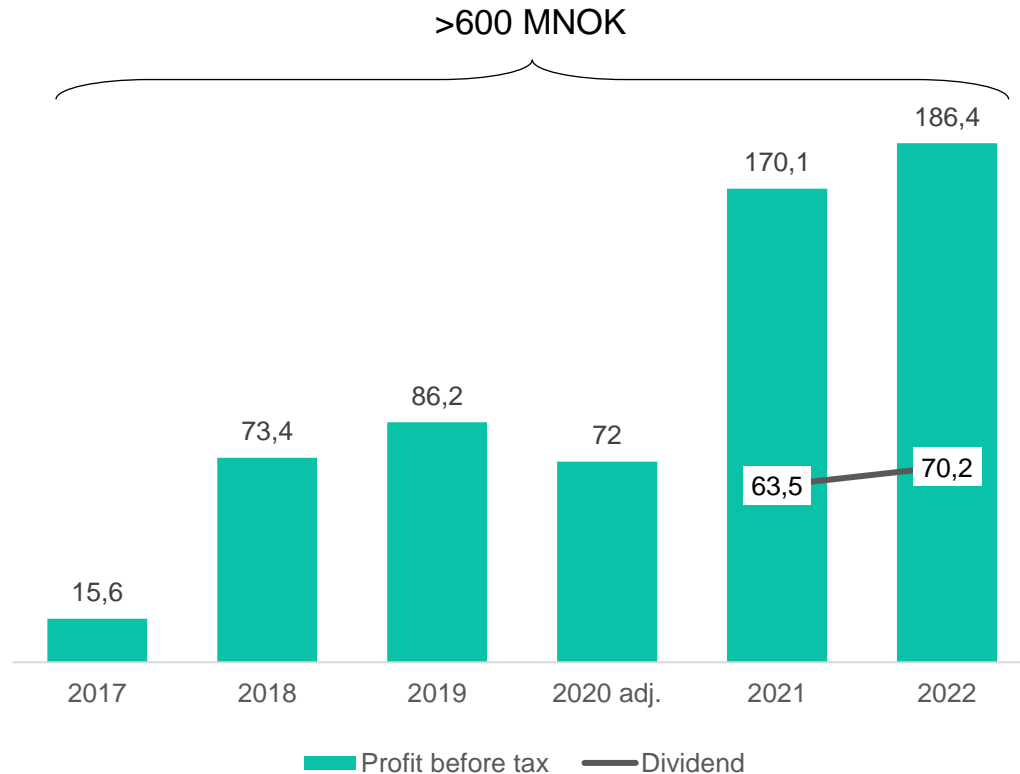
2) Equity excluding tier 1 capital and reduced by proposed dividend

3) (Book value including proposed dividend)

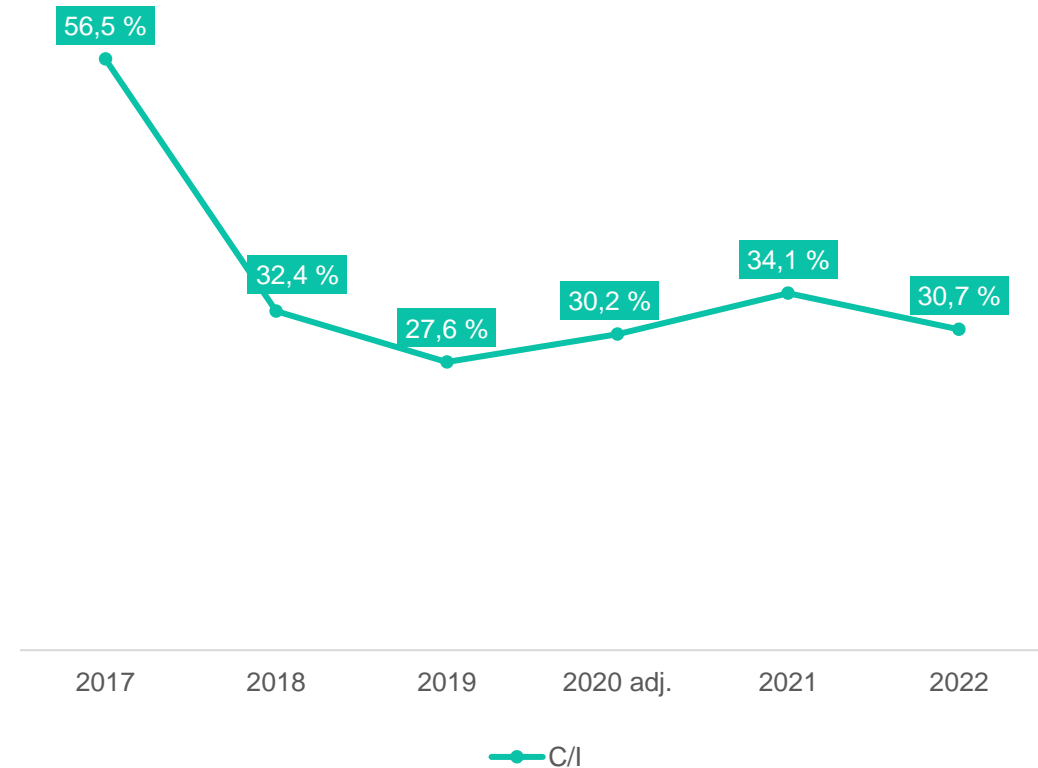
Strong financial track record since inception in 2016

Solid profit generation last years with competitive cost / income ratio

Profit before tax, MNOK – unbroken track record since 2017¹



Industry leading cost / income¹



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

Table of contents

1 Highlights and development Q4 and 2022

2 Financial results Q4

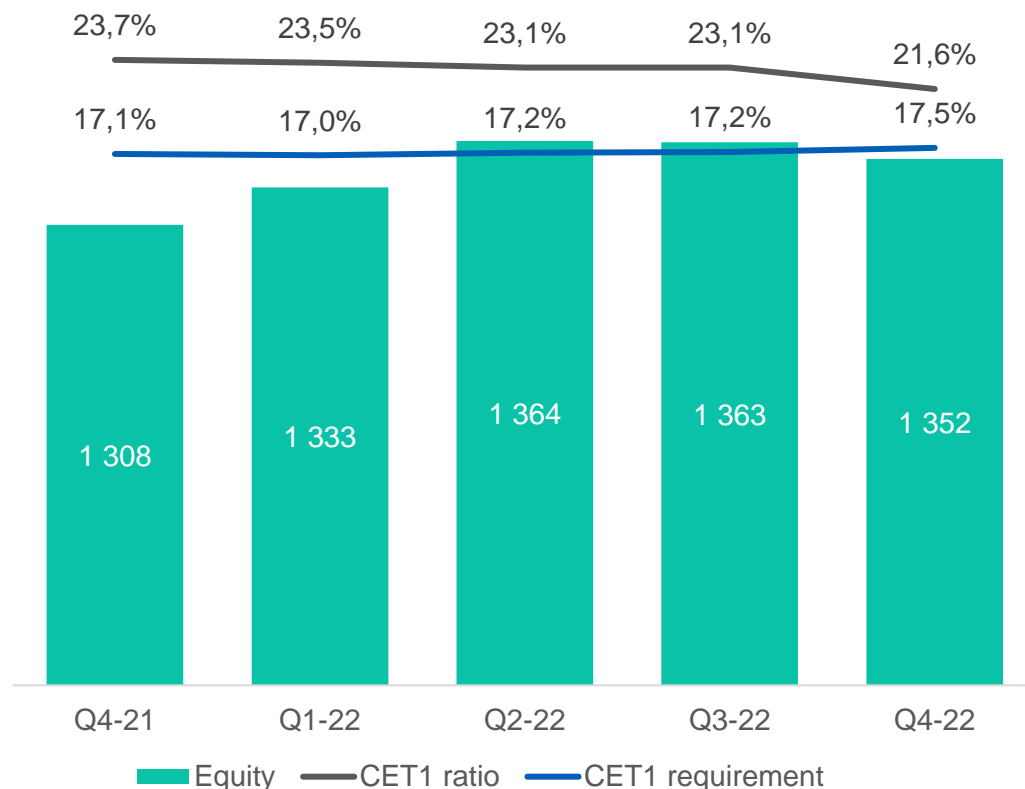
3 Outlook



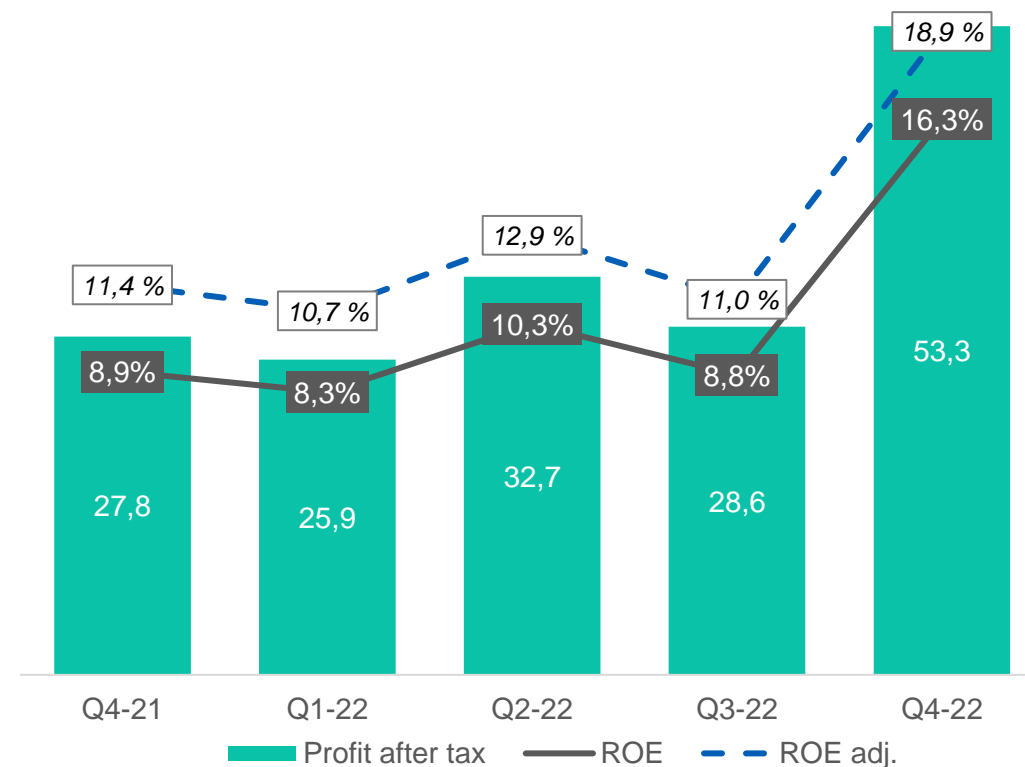
Strong Q4 profits and capitalization

Well above capital requirement

Equity and CET1 ratio^{1, 2}, MNOK



Profit after tax and Return on Equity, ROE adj³ MNOK



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

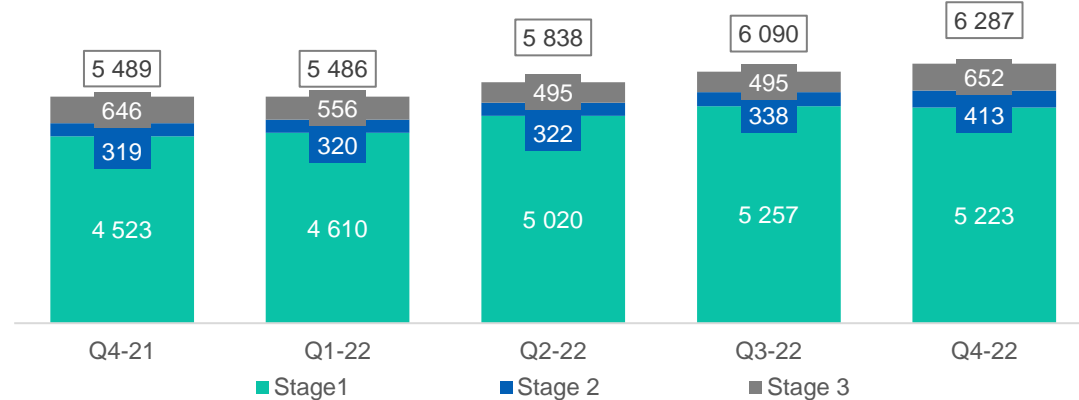
2) Equity reduced by annual dividend accrual in Q4

3) ROE adjusted subtracts excess capital from the calculation (capital req. + mgmt. buffer)³

Increased gross loans

Share of volumes outside of Norway continue to increase

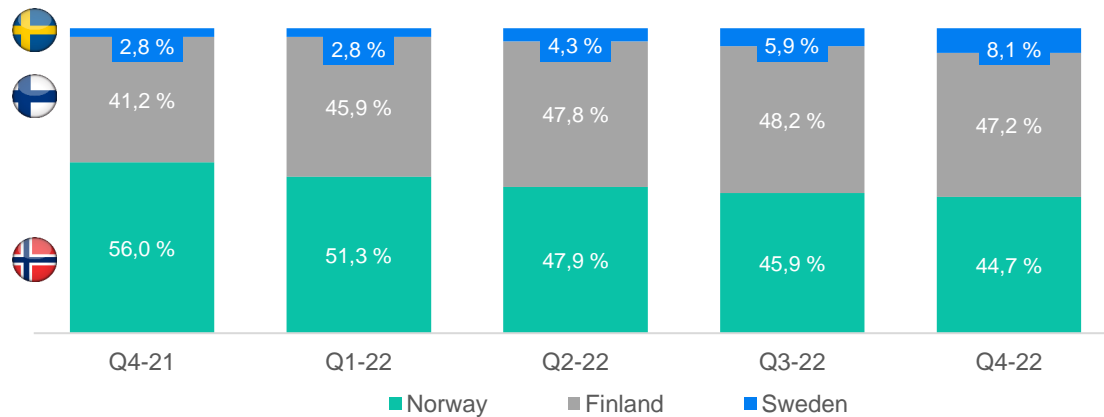
Gross lending, MNOK



Comments

- Gross loans increased by 197 MNOK from last quarter, 798 MNOK in 2022
- Volumes outside of Norway represent 55.3% - following strategic focus on international markets
- New default definition implemented in Q4 impacting stage allocation

Geographical mix, gross loans

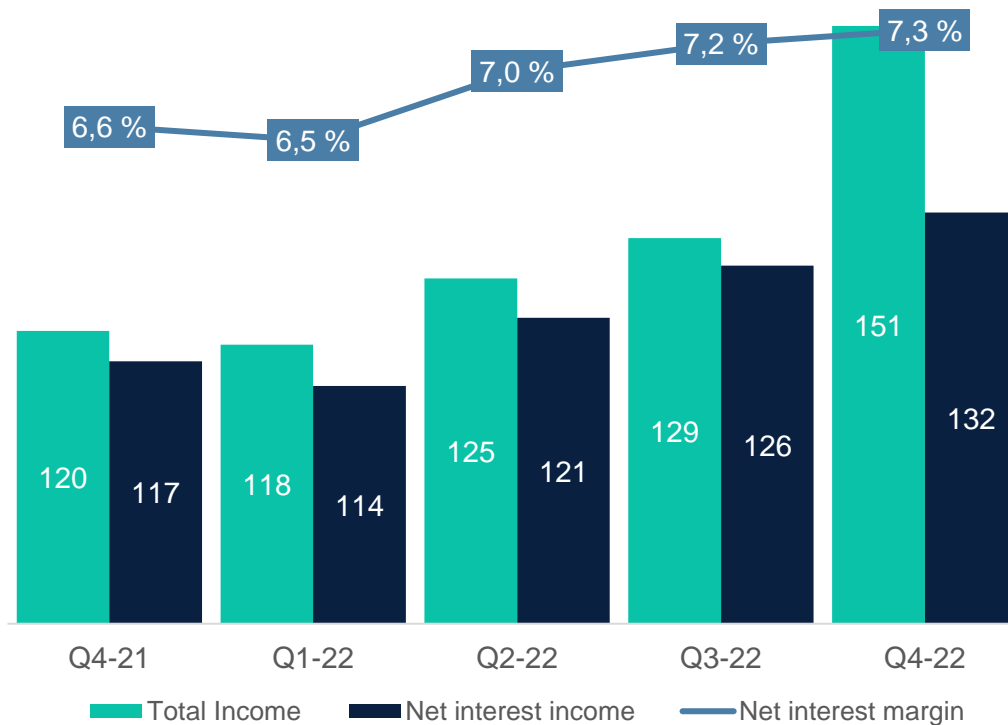


Stable margin development

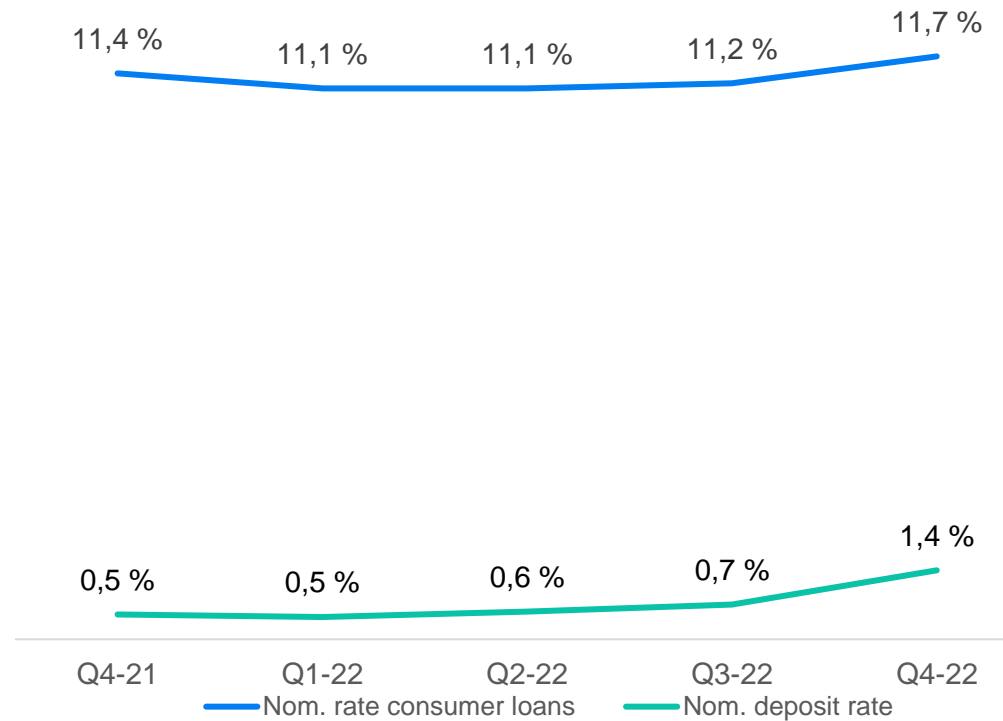
Increased funding cost partly offset by increased lending margins

Net interest income and net interest margin of total assets

MNOK / % of total assets



Yields end of quarter¹

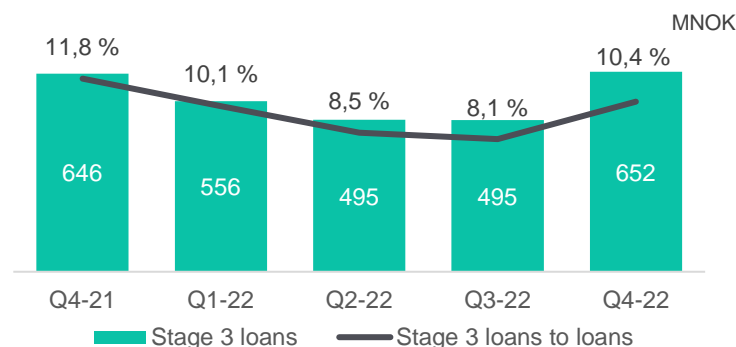


1) All figures are end of quarter and nominal

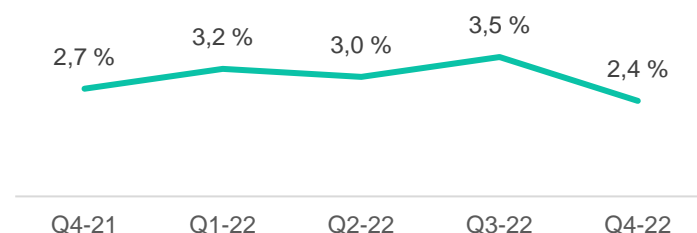
Credit quality development

Increased uncertainty driven by macro conditions

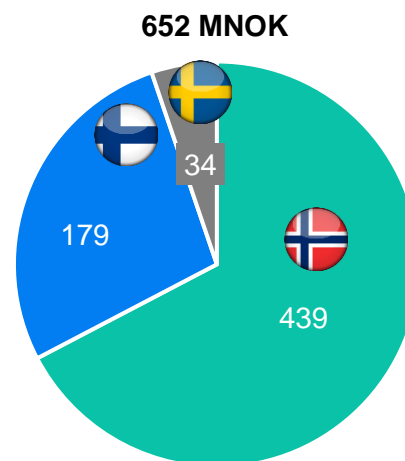
Stage 3 ratio



Loan loss ratio



Stage 3 allocation per country, Q4 2022



Comments on credit quality development

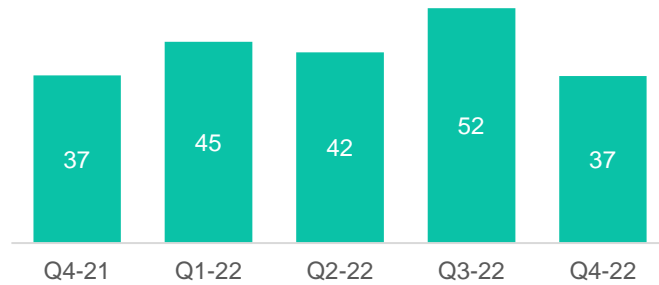
- New default definition contributes to increased stage 3 as more performing customers will be classified as defaulted¹
- Implementation of new default definition and reversal of loan loss reservations from B2B-exit contribute to lower loss for Q4 2022
- Higher loan loss provisions in Finland & Sweden as a result of increased uncertainty around macro conditions
- Forward flow in Norway and Finland continue to mitigate portfolio risk

- **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 stage 3 portfolio was sold February 2022

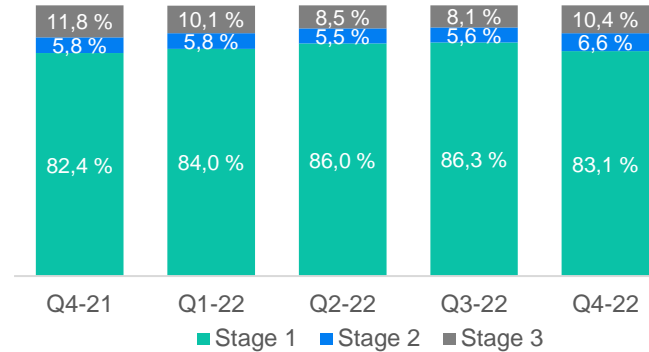
1) From Q4 2022, stage 3 volumes also include volumes where the claim against the customer has not necessarily entered debt collection

Credit quality overview

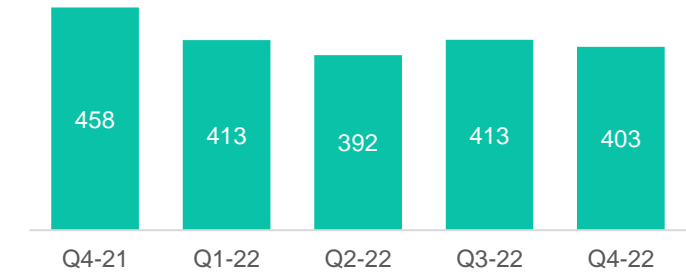
Loan losses, MNOK



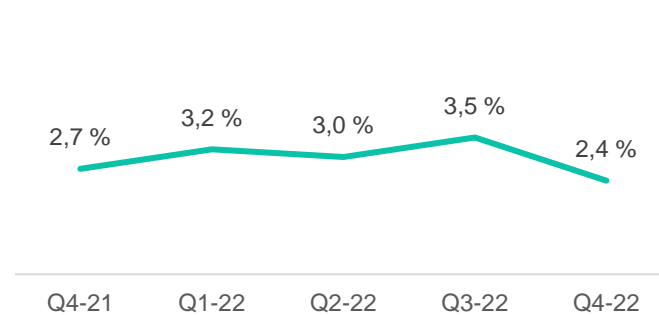
Stage allocation



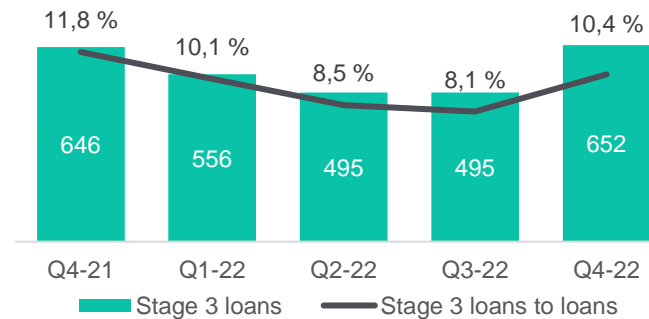
Provisions, MNOK



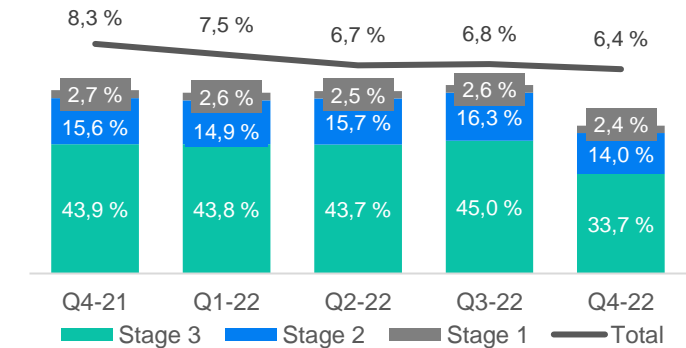
Loan loss ratio¹



Non-performing loans², MNOK



Total provision ratio³



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

2) Non-performing loan ratio = stage 3 ratio

3) Total = Total provision / Gross loans

Income statement

NGAAP				
<i>Income Statement (Amounts in thousands)</i>	Q4-2022	Q4-2021	2022	2021
Interest income	152,427	129,351	554,259	531,219
Interest expense	-20,735	-12,751	-61,123	-60,382
Net interest income	131,692	116,599	493,136	470,837
Commission and fee income	8,186	7,146	28,766	28,803
Commission and fee expenses	-1,435	-3,722	-4,740	-9,612
Net change in value on securities and currency	12,001	-1,002	5,594	-3,210
Other income	133	678	220	678
Net other income	18,884	3,100	29,841	16,659
Total income	150,576	119,699	522,977	487,496
Salary and other personnel expenses	-15,661	-19,161	-62,600	-62,907
Other administrative expenses	-20,257	-22,203	-79,170	-84,671
- of which marketing expenses	-437	-1,243	-3,883	-3,558
Depreciation	-3,275	-3,225	-10,833	-12,366
Other expenses	-2,756	-477	-8,046	-6,447
Total operating expenses	-41,949	-45,066	-160,649	-166,391
Profit before loan losses	108,627	74,633	362,327	321,105
Loan losses	-37,012	-37,228	-175,968	-151,001
Profit before tax	71,615	37,406	186,359	170,104
Tax	-18,287	-8,398	-45,782	-42,030
Profit after tax	53,328	27,802	140,577	128,074

Comments on income statement

- Profit before tax Q4-22 of 71.6 MNOK, compared to 37.4 MNOK last year
- Interest income in Q4-22 of 152.4 MNOK, compared to 129.4 MNOK last year – driven by higher volumes and interest rate
- Interest expense in Q4-22 of 20.7 MNOK, compared to 12.7 MNOK last year – driven by higher funding cost and volumes
- Strong yield on liquidity portfolio in Q4 driven by decrease in credit spreads and increased interest rates
- OPEX in Q4-22 of 41.9 MNOK, compared to 45.1 MNOK last year – demonstrating strong focus on cost control
- C/I improved to 27.9% compared to last year of 37.6%
- Loan losses in Q4-22 of 37.0 MNOK compared to 37.2 MNOK last year, reflecting annual loss ratio of 2.4% compared to 2.7% last year

Balance sheet

NGAAP			
Balance sheet (Amounts in thousands)	31.12.2022	30.09.2022	31.12.2021
Assets			
Cash and deposits with the central bank	50,402	50,154	49,980
Loans and deposits with credit institutions	322,201	190,562	351,774
Gross loans to customers	6,286,924	6,090,391	5,488,704
Loan loss provisions	-403,373	-413,302	-457,667
Certificates, bonds and other securities	961,163	985,827	1,514,166
Deferred tax asset	91,756	107,960	137,538
Other intangible assets	29,380	26,951	15,719
Fixed assets	8,775	7,613	10,204
Other assets	20,256	19,729	19,455
Total assets	7,367,484	7,065,885	7,129,873
Equity and liabilities			
Loan from central bank	0	0	0
Deposits from customers	5,791,333	5,545,223	5,568,411
Other liabilities	142,315	70,396	149,419
Tier 2 capital	81,746	87,522	104,203
Total liabilities	6,015,394	5,703,141	5,822,033
Share capital	189,681	189,681	189,589
Share premium reserve	660,322	660,322	659,989
Tier 1 capital	54,114	49,012	75,805
Other paid-in equity	13,405	12,944	11,404
Other equity	434,568	450,786	371,053
Total equity	1,352,089	1,362,745	1,307,839
Total equity and liabilities	7,367,484	7,065,885	7,129,873

Comments on balance sheet

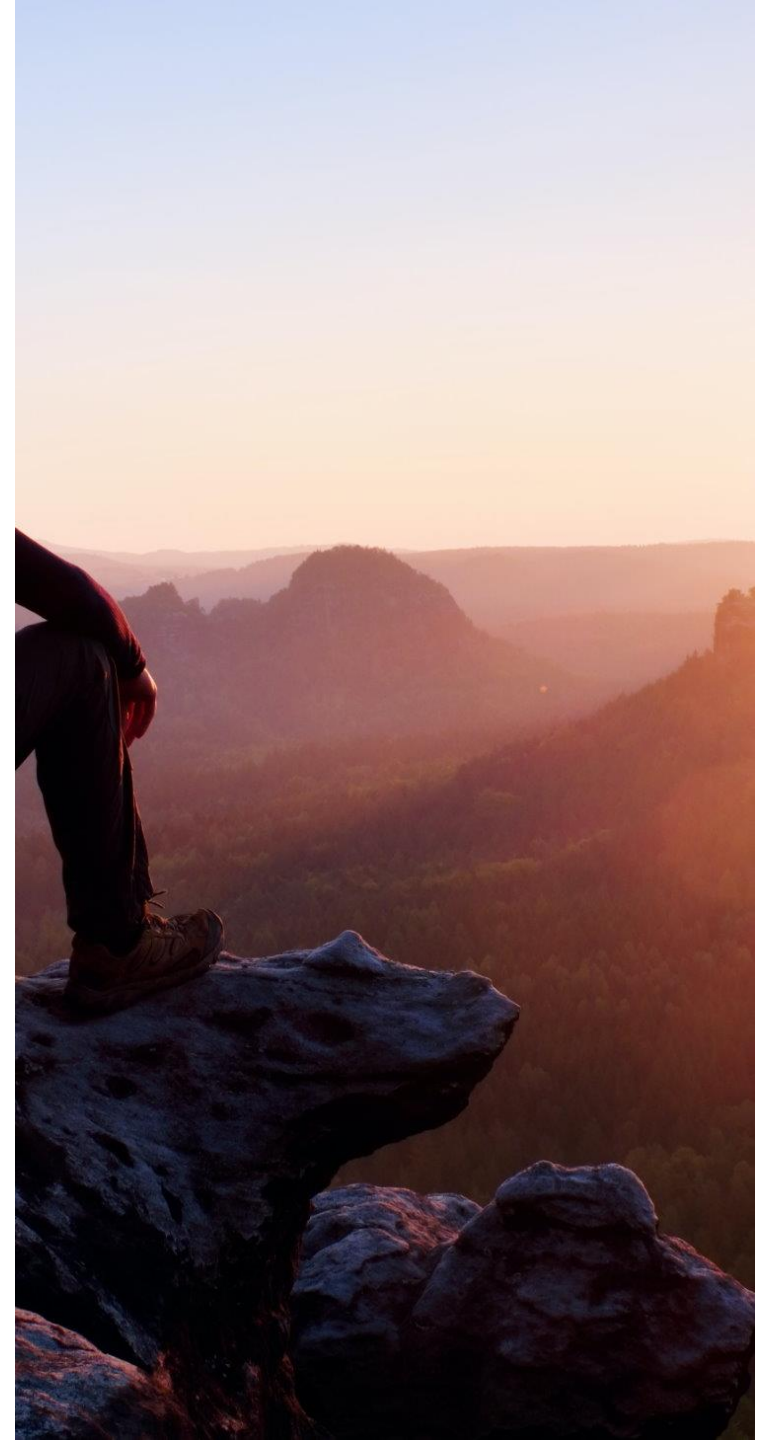
- Gross loans of 6,287 MNOK at 31.12.2022 compared to 6,090 MNOK 30.09.2022 and 5,489 MNOK 31.12.2021
- Liquidity balance of 1,334 MNOK at 31.12.2022 compared to 1,227 at 30.09.2022, and 1,916 at 31.12.2021
- Deferred tax assets of 91.8 MNOK originated from tax losses carried forward prior to the merger
- Solid capital base - CET1 of 21.64 % (incl. 2022 profit and dividend accrual), compared to 31.12.2021 of 23.69 %
- Total equity of 1,352 MNOK, BVPS of 13.69 NOK. Equity as of 31.12.22 has been reduced by dividend accrual of 70.2 MNOK

Table of contents

1 Highlights and development Q4 and 2022

2 Financial results Q4

3 Outlook



Focus areas

1 Redomiciliation	<ul style="list-style-type: none">• Ongoing project driven by unfavourable capital requirements and investor sentiment• Actively evaluating alternatives to change domicile
2 Core markets	<ul style="list-style-type: none">• Capitalize on increasing interest rates• Launch deposit products in Sweden and Finland• Step-by-step scaling in Spain
3 Credit quality	<ul style="list-style-type: none">• Navigate through an uncertain macroeconomic environment• Focus on mitigating risk through forward flow agreements• Continue to monitor the second-hand market for defaulted loans

Summary of 2022

- ✓ Increased profitability – record results
- ✓ Dividend of 70.2 MNOK (0.74 NOK per share)
- ✓ Gross loans growth of ~ 800 MNOK
- ✓ Industry leading cost / income of 30.7%
- ✓ Well capitalized – CET1 of 21.7%

Key figures, 2022

<i>Interest income</i>	<i>Profit before tax</i>	<i>Equity</i>
554.3 MNOK	186.4 MNOK	1,352 MNOK



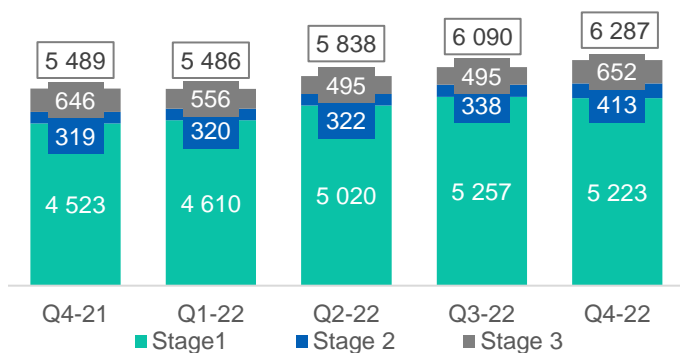
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Appendix

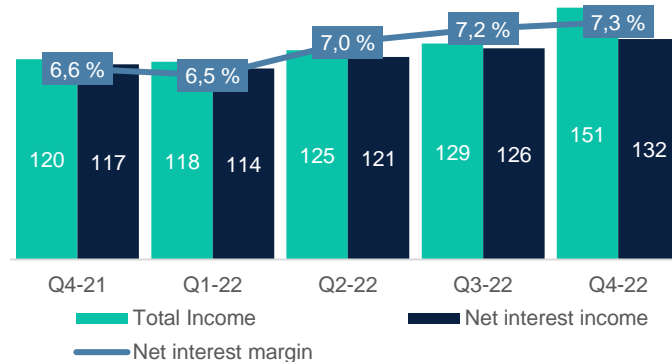
Financial overview

Figures in MNOK

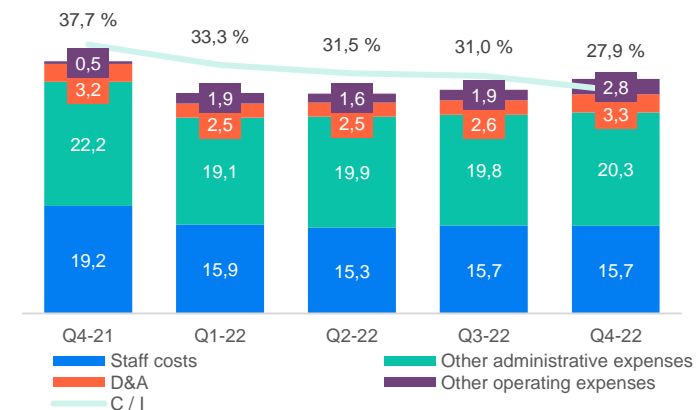
Gross lending



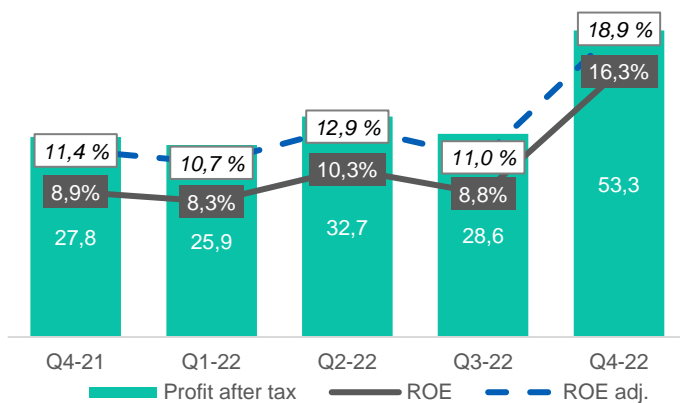
Net income and margin of total margin



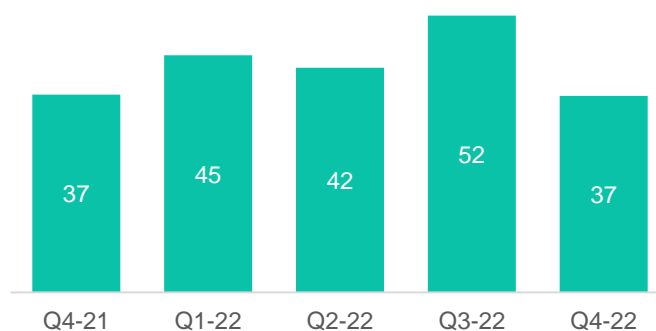
Opex and Cost / Income



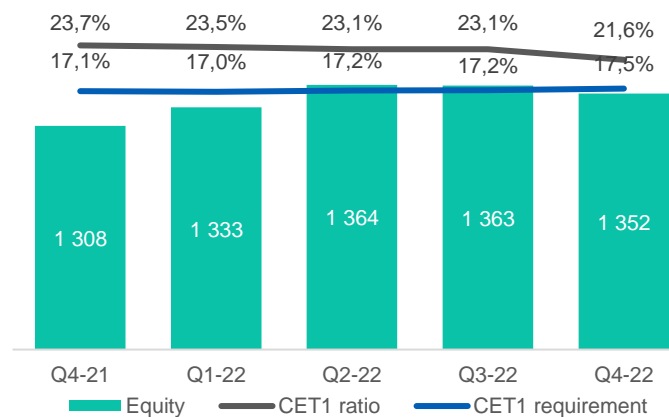
Profit after tax and ROE¹



Loan losses



Equity and CET1 ratio²



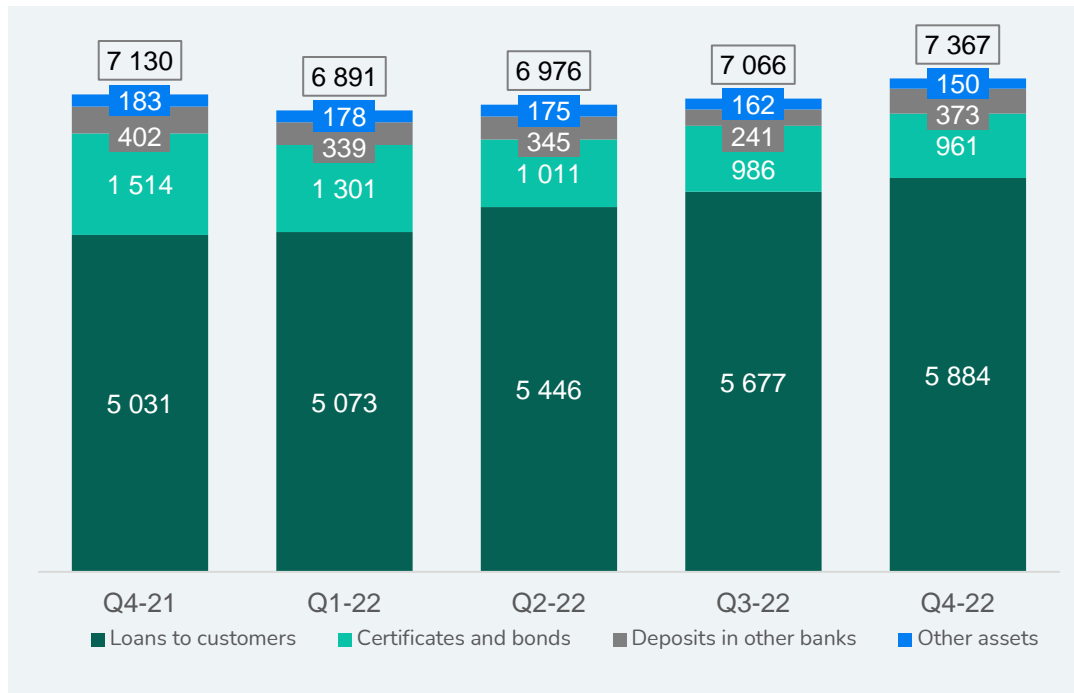
1) ROE adjusted subtracts excess capital from the calculation (capital req. + mgmt. buffer)

2) CET1 ratio includes YTD unaudited profit

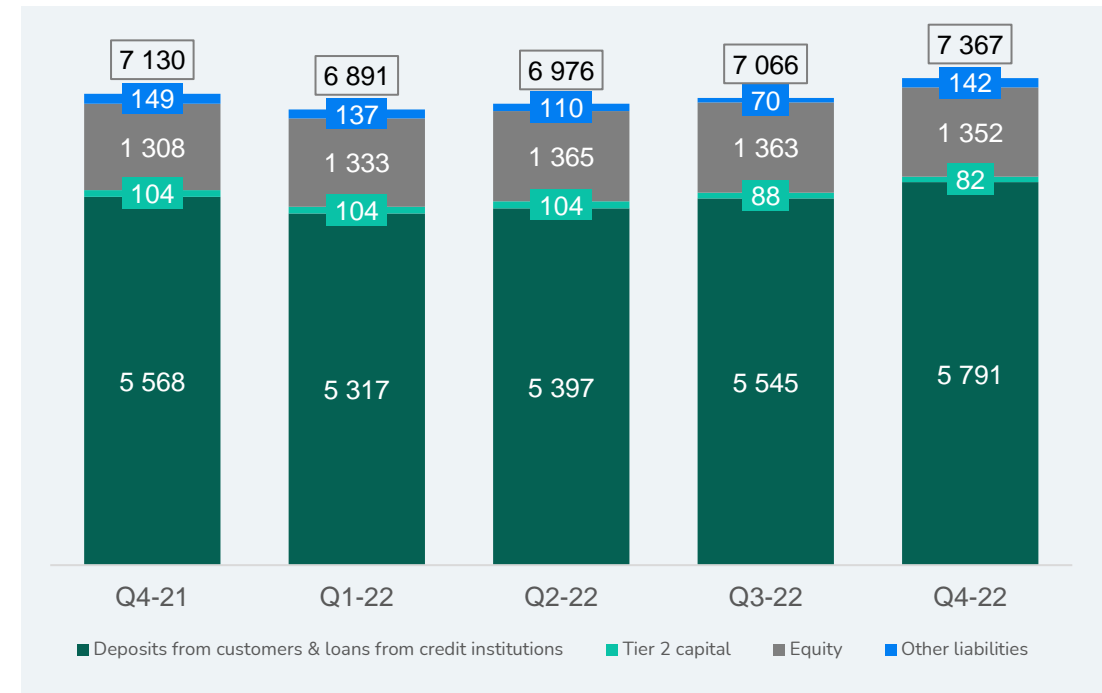
Balance sheet structure

Strong funding and liquidity position

Total assets, MNOK



Equity and liabilities, MNOK



- Deposit ratio: 98%
- Liquidity coverage ratio: 477% total (606% NOK, 400% EUR, 147% SEK)
- Net stable funding ratio: 150% total

Lea bank ASA shareholders

Top 20 shareholder list as of February 15 2023

	Investor	Shares	Ownership
1	BRAGANZA AB	10,383,899	10.9 %
2	HJELLEGJERDE INVEST AS	7,600,000	8.0 %
3	DNB BANK ASA ¹	5,473,852	5.8 %
4	SKAGERRAK SPAREBANK	4,409,380	4.6 %
5	FONDSAVANSE AS	3,371,048	3.6 %
6	ALTITUDE CAPITAL AS	3,127,380	3.3 %
7	VERDIPAPIRFONDET ALFRED BERG NORGE	3,088,045	3.3 %
8	VERDIPAPIRFONDET ALFRED BERG AKTIV	2,719,589	2.9 %
9	VIDA AS	2,581,654	2.7 %
10	UMICO - GRUPPEN AS	2,168,779	2.3 %
11	SHELTER AS	1,945,486	2.1 %
12	JOLLY ROGER AS	1,885,482	2.0 %
13	JENSSEN & CO AS	1,845,879	1.9 %
14	LINDBANK AS	1,838,007	1.9 %
15	VERDIPAPIRFONDET ALFRED BERG NORGE	1,700,000	1.8 %
16	MP PENSJON PK	1,632,767	1.7 %
17	KROGSRUD INVEST AS	1,125,000	1.2 %
18	THON HOLDING AS	1,081,211	1.1 %
19	VARDE NORGE AS	1,050,000	1.1 %
20	NORDIC PRIVATE EQUITY AS	1,000,000	1.1 %
Top 20 shareholders		60,027,458	63.3 %
Other shareholders		34,813,068	36.7 %
Total shares		94,840,526	100.0 %

Comments

- ~1,300 shareholders as of February 15 2023
- The Lea bank share (ticker LEA) was registered on Euronext Growth (former Merkur Market) on 2 October 2020
- Management holds a total of 1,031,079 shares, corresponding to 1.1% of shares outstanding
- Members of the board holds a total of 493,537 shares, corresponding to 0.5%
- Current market capitalization of ~820 MNOK

1) Nominee account

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