

2nd quarter 2023 results presentation

Lea bank ASA

August 10th 2023

Lea
bank



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Lea bank ASA at a glance

Digital niche bank with an international footprint

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

- Lea bank has a fully digital bank offering focusing on unsecured 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

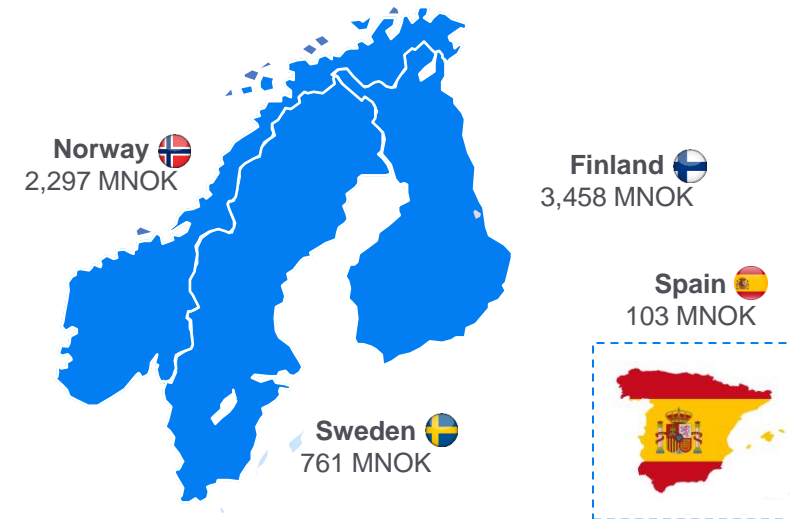
Product portfolio

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

...leveraged by a scalable digital platform

- Scalable operation model on the back of leading technological solutions, cross-border operations and industry leading cost efficiency
- Proven value chain with inhouse credit analysis and operations, and broad distribution network
- Focus on core markets in the Nordics and Spain - utilize our digital advantage in other European markets in the future

Gross loans 6,619 MNOK – geographical mix Q2 2023



Q2 2023 highlights

Q2 financials



- Profit before tax 25.1 MNOK (profit after tax 19.1 MNOK)
- Growth in interest bearing loans of ~270 MNOK
- Industry leading cost / income of 27.3%

Credit risk



- Increased loan losses related to underlying macro conditions, sale of defaulted loans in Norway and acquired lending volumes in Finland
- One-off sale of defaulted loans in Norway (367 MNOK) has de-risked the portfolio and significantly lowered stage 3

Initiatives



- Deposits successfully launched in Sweden – Finland expected launch in Q4 2023
- 65% of volumes outside Norway - Redomiciliation project in process

Key financial figures, MNOK

	Q2-23	2023 YTD	2022
Interest income	177.8	338.5	554.3
PBT	25.1	61.4	186.4
- Dividend			70.2
ROE, Annualized	5.7%	7.1%	11.1%
ROE adj. ¹ , annualized	6.3%	7.7%	13.5%
EPS, annualized	0.80	0.98	1.48
EPS pre-tax, annu.	1.05	1.29	1.96
C / I	27.3%	28.7%	30.7%
Gross loans	6,619	6,619	6,287
Equity²	# of shares³	BVPS	
1,345	95,213,639	14.12	

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

3) As of August 10th 2023

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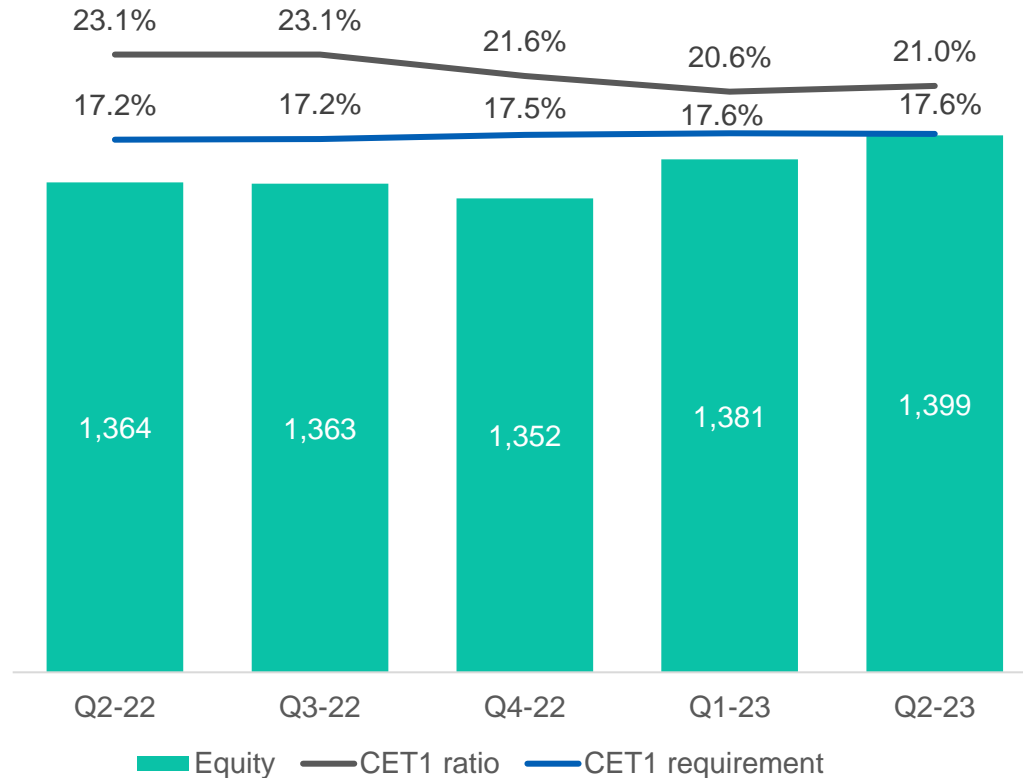
3 Outlook



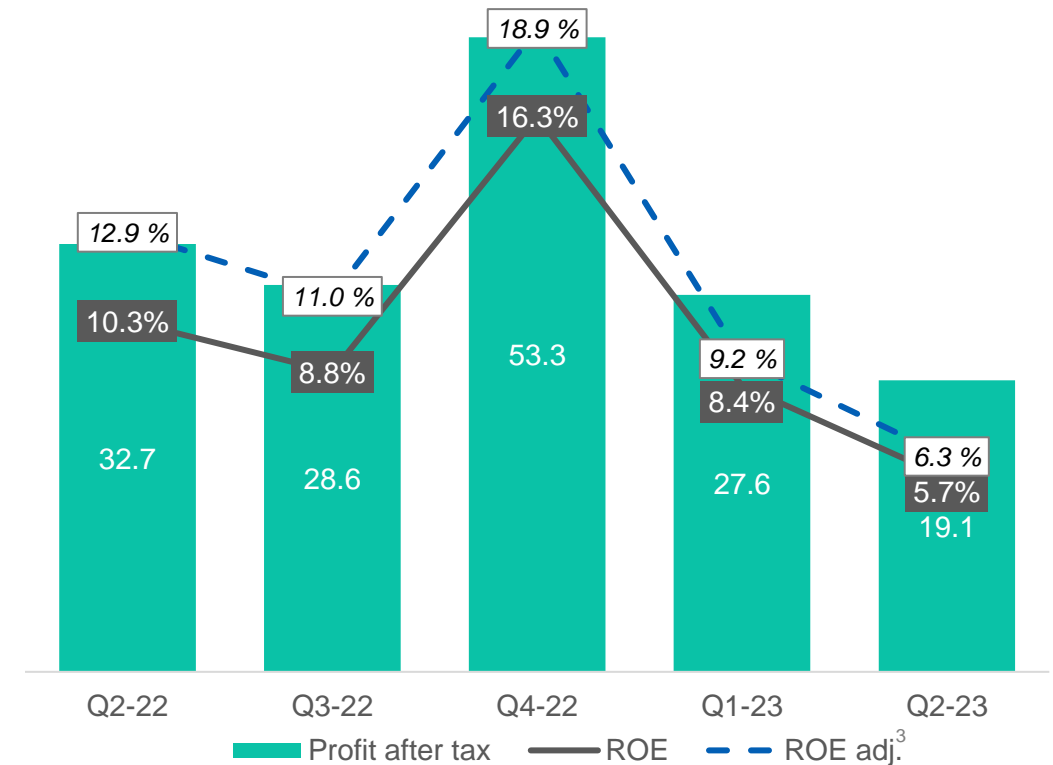
Solid capitalization and continued profit generation

Well above CET1 requirement

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



Profit after tax (MNOK) and Return on Equity



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

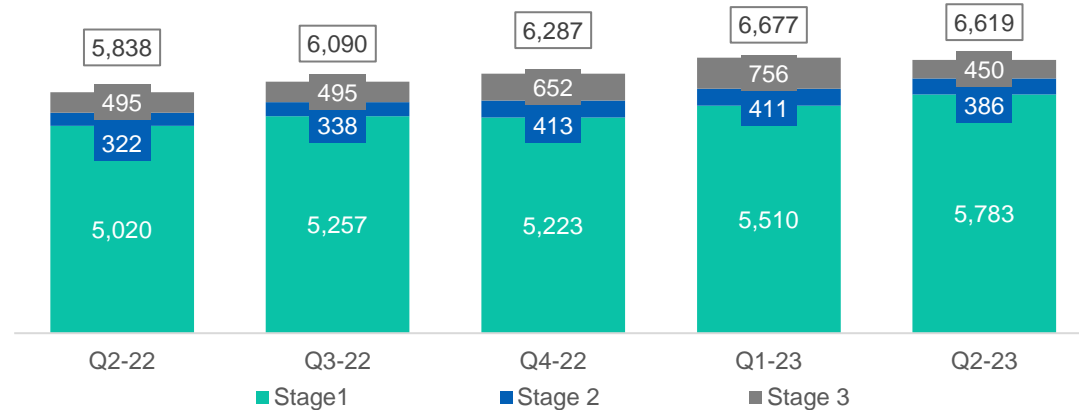
2) Equity reduced by annual dividend accrual in Q4-2022

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

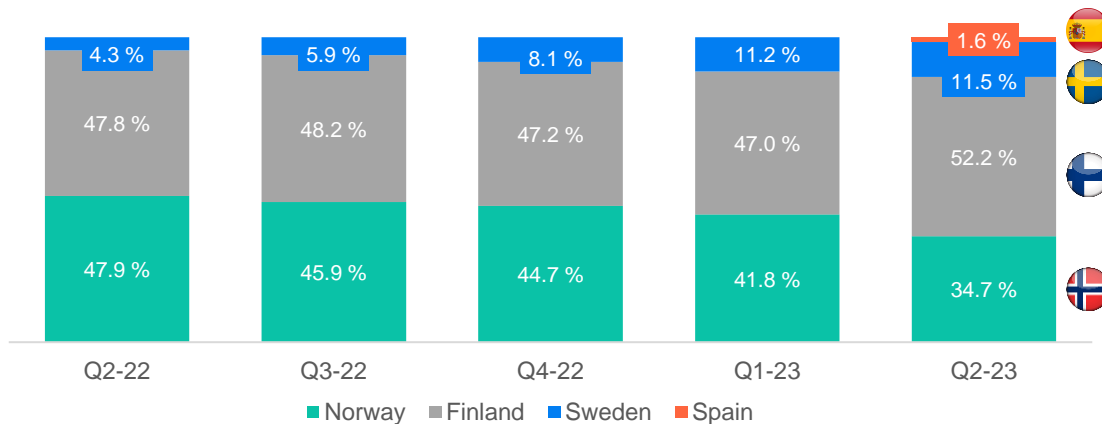
Increased interest-bearing portfolio

Developing an international consumer finance bank – 65% of volumes outside Norway

Gross lending, MNOK



Geographical mix, gross loans



Comments

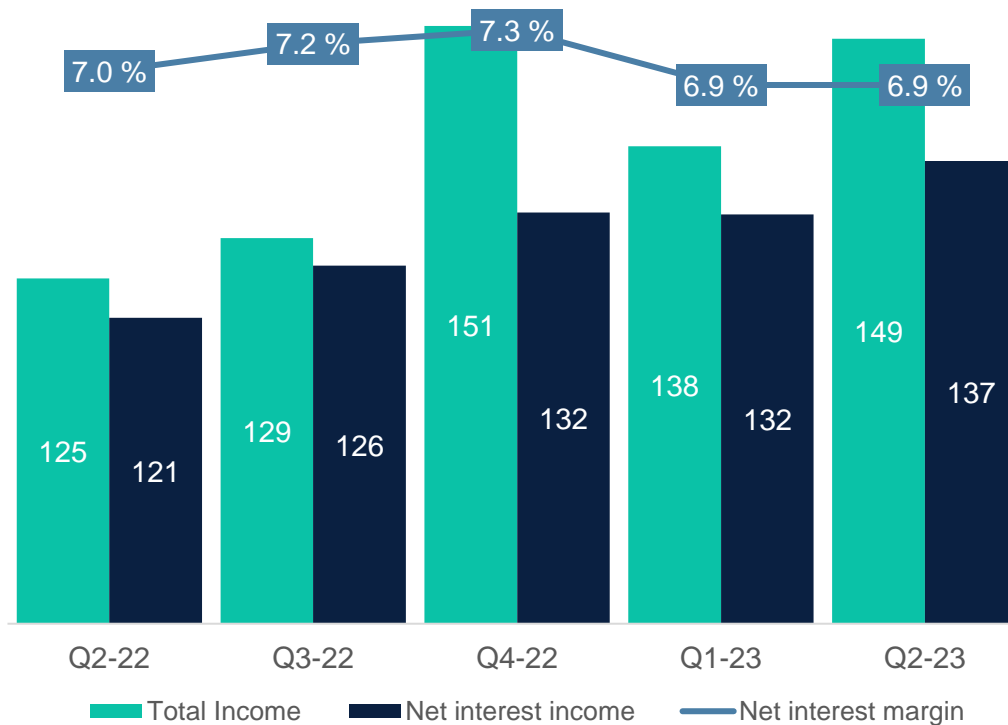
- Stage 1 loans increased by 273 MNOK from last quarter – gross loans slightly decreased due to sale of stage 3 portfolio in Norway
- Volumes outside of Norway represent 65.3% - in accordance with strategic focus on international markets
- Focus on building portfolio in Spain with a step-by-step approach with prudent credit risk management

Stable margin development

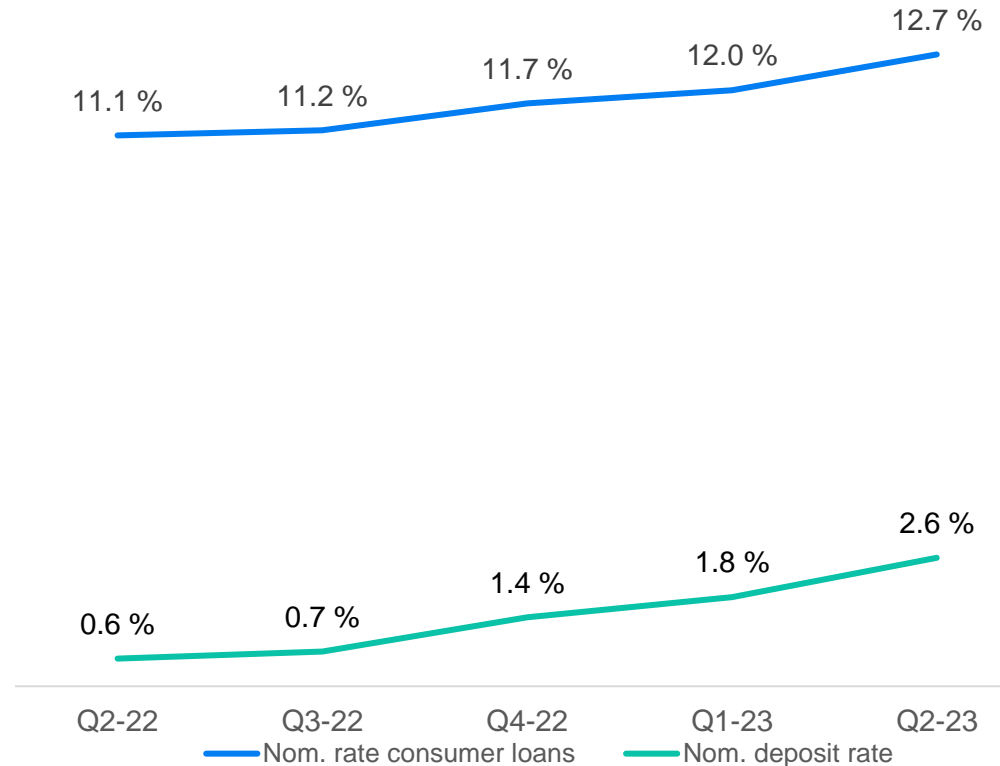
Increased funding cost offset by increased lending margins

Net interest income and net interest margin of total assets

MNOK / % of total assets



Yields end of quarter¹

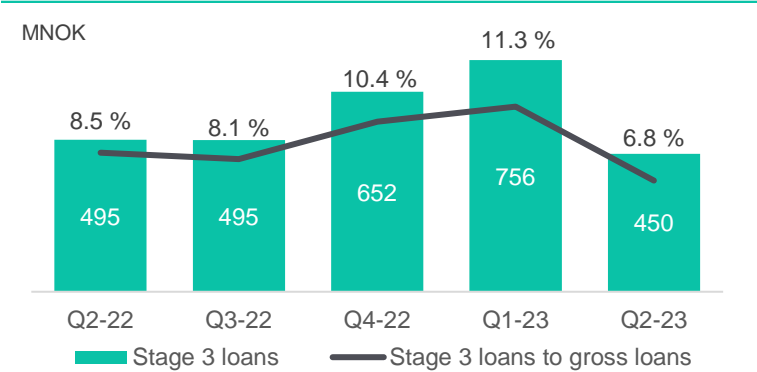


1) All figures are end of quarter and nominal

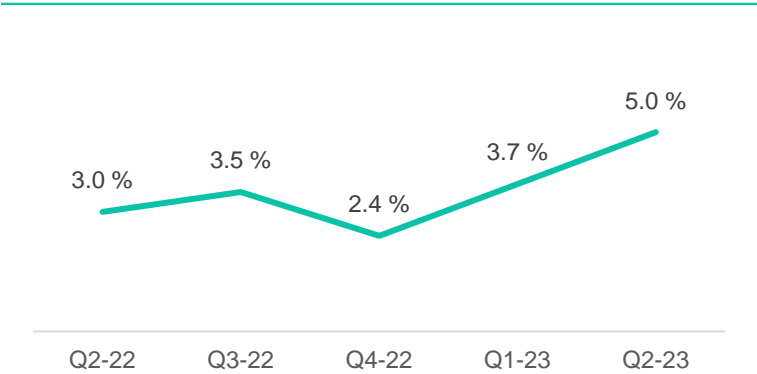
Credit quality development

Increased uncertainty driven by macro conditions

Stage 3 ratio

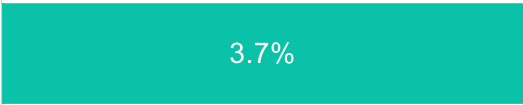


Loan loss ratio



Comments on credit quality development

Reported Q1 2023 loan loss ratio



Underlying development

Increased PD and more customers in arrears and sent to collection



Quarterly underlying losses, Q2 2023



Quarterly one-off effects

Sale of defaulted loans in Norway and provisions related to acquired lending volumes in Finland

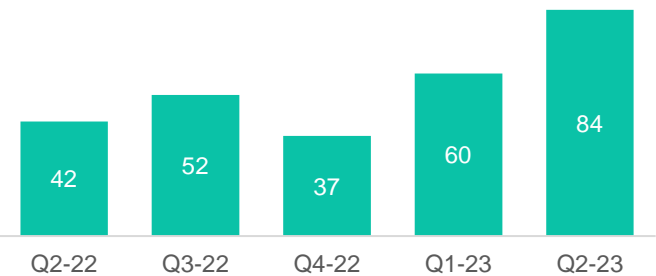


Reported Q2 2023 loan loss ratio

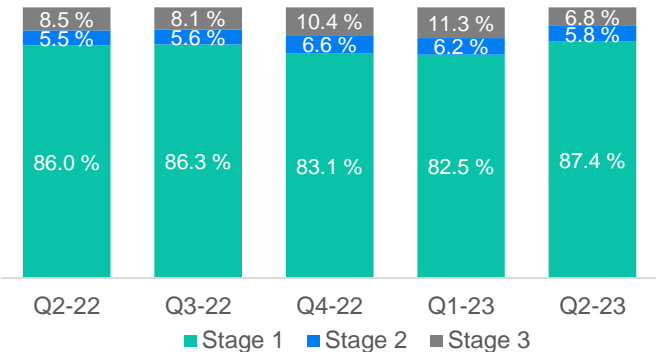


Credit quality overview

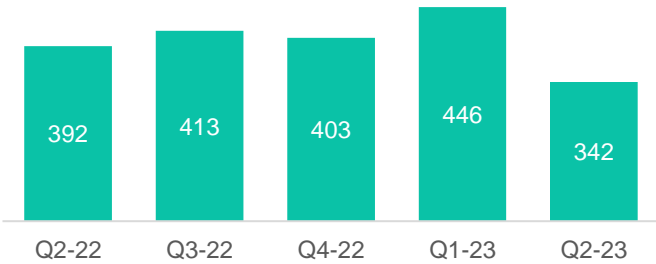
Loan losses, MNOK



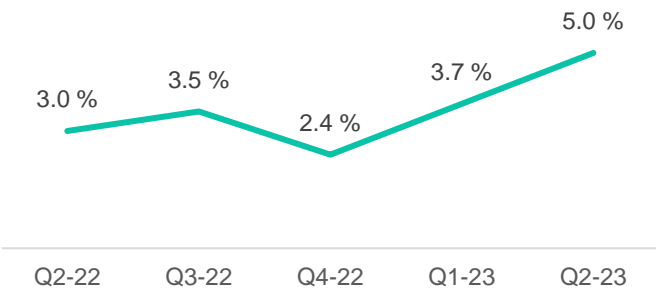
Stage allocation



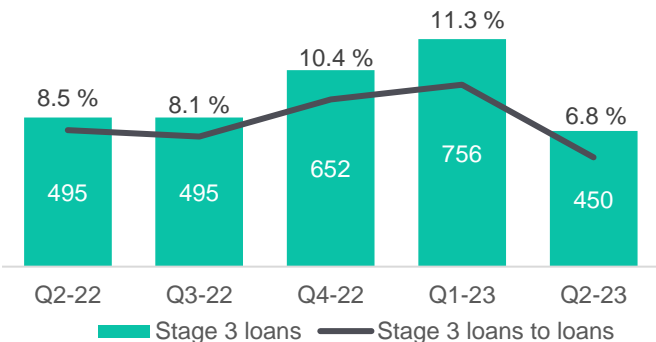
Provisions, MNOK



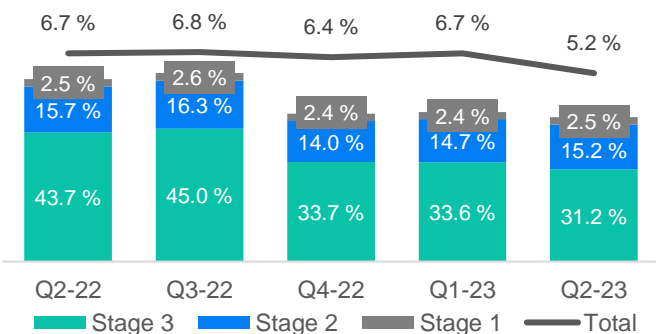
Loan loss ratio¹



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>	Q2-2023	Q2-2022	2023 YTD	2022
Interest income	177,777	133,427	338,482	554,259
Interest expense	-40,912	-12,439	-70,105	-61,123
Net interest income	136,865	120,988	268,377	493,136
Commission and fee income	7,481	7,097	16,207	28,766
Commission and fee expenses	-1,144	-1,361	-2,224	-4,740
Net change in value on securities and currency	6,056	-1,756	5,293	5,594
Other income	72	31	84	220
Net other income	12,466	4,011	19,360	29,841
Total income	149,331	124,999	287,737	522,977
Salary and other personnel expenses	-15,999	-15,316	-30,934	-62,600
Other administrative expenses	-18,500	-19,939	-38,921	-79,170
- of which marketing expenses	-911	-923	-1,822	-3,883
Depreciation	-3,551	-2,508	-7,017	-10,833
Other expenses	-2,673	-1,565	-5,805	-8,046
Total operating expenses	-40,724	-39,328	-82,676	-160,649
Profit before loan losses	108,607	85,671	205,061	362,327
Loan losses	-83,552	-42,277	-143,625	-175,968
Profit before tax	25,055	43,394	61,436	186,359
Tax	-5,927	-8,398	-14,746	-45,782
Profit after tax	19,128	32,689	46,690	140,577

Comments on income statement

- Profit before tax Q2-23 of 25.1 MNOK, compared to 43.4 MNOK last year
- Interest income in Q2-23 of 177.8 MNOK, compared to 133.4 MNOK last year – driven by higher volumes and interest rate
- Interest expense in Q2-23 of 40.9 MNOK, compared to 12.4 MNOK last year – driven by higher volumes and funding cost
- Net other income in Q2-23 of 12.5 MNOK, compared to 4.0 MNOK last year – driven by stronger yield on liquidity balance
- OPEX in Q2-23 of 40.7 MNOK, compared to 39.3 MNOK last year – demonstrating strong focus on cost control
- C/I improved to 27.3% compared to last year of 31.5%
- Loan losses in Q2-23 of 83.6 MNOK compared to 42.3 MNOK last year, reflecting annual loss ratio of 5.0% compared to 3.0% last year

Balance sheet

NGAAP			
Balance sheet (Amounts in thousands)	30.06.2023	30.06.2022	31.12.2022
Assets			
Cash and deposits with the central bank	51,021	50,021	50,402
Loans and deposits with credit institutions	437,415	294,555	322,201
Gross loans to customers	6,618,508	5,837,647	6,286,924
Loan loss provisions	-342,225	-391,784	-403,373
Certificates, bonds and other securities	1,044,304	1,011,184	961,163
Deferred tax asset	77,010	118,434	91,756
Other intangible assets	30,206	19,668	29,380
Fixed assets	6,876	8,457	8,775
Other assets	33,498	27,980	20,256
Total assets	7,956,614	6,976,162	7,367,484
Equity and liabilities			
Loan from central bank	0	0	0
Deposits from customers	6,393,293	5,397,067	5,791,333
Other liabilities	82,312	110,206	142,315
Tier 2 capital	81,914	104,420	81,746
Total liabilities	6,557,520	5,611,692	6,015,394
Share capital	190,348	189,681	189,681
Share premium reserve	662,360	660,322	660,322
Tier 1 capital	54,217	75,947	54,114
Other paid-in equity	14,115	12,454	13,405
Other equity	478,053	426,066	434,568
Total equity	1,399,094	1,364,470	1,352,089
Total equity and liabilities	7,956,614	6,976,162	7,367,484

Comments on balance sheet

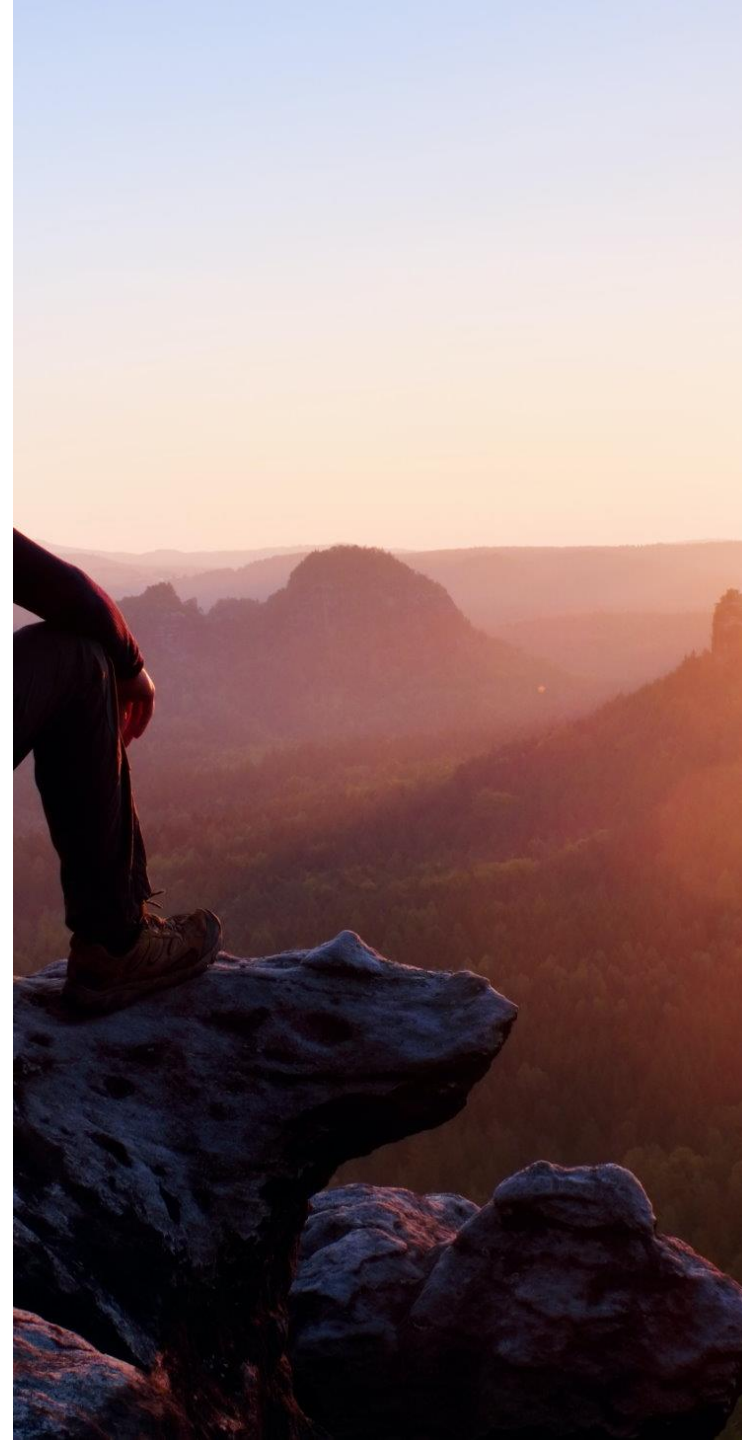
- Gross loans of 6,619 MNOK 30.06.2023 compared to 5,838 MNOK 30.06.2022 and 6,287 MNOK 31.12.2022 driven by underlying growth and currency effects
- Liquidity balance of 1,533 MNOK 30.06.2023 compared to 1,356 MNOK 30.06.2022, and 1,334 MNOK 31.12.2022
- Deferred tax assets of 77.0 MNOK (originated from tax losses carried forward prior to the merger in Q4 2020)
- Solid capital base - CET1 of 21.0 % (incl. year to date profit), compared to 30.06.2022 of 23.1 %
- Total equity of 1,399 MNOK, BVPS of 14.12 NOK.

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Focus areas

1 Credit risk	<ul style="list-style-type: none">• Navigate through an uncertain macroeconomic environment• Close monitoring of customer behaviour and support customers through temporary challenges
2 Profitable growth	<ul style="list-style-type: none">• Aim to maintain interest margins despite increasing funding costs• Utilize presence in four markets to optimize capital allocation and develop more diversified funding capabilities
3 Redomicilation	<ul style="list-style-type: none">• Ongoing project for redomicilation• This will be carried out through either an organic application process or M&A

Summary of the quarter

- ✓ Stage 1 growth of ~ 270 MNOK
- ✓ Industry leading cost / income of 27.3%
- ✓ Solid profitability
- ✓ Well capitalized – CET1 including YTD profits of 20.9%

Key figures, Q2 2023

<i>Interest income</i>	<i>Profit before tax</i>	<i>Equity</i>
177.7 MNOK	25.1 MNOK	1,399 MNOK



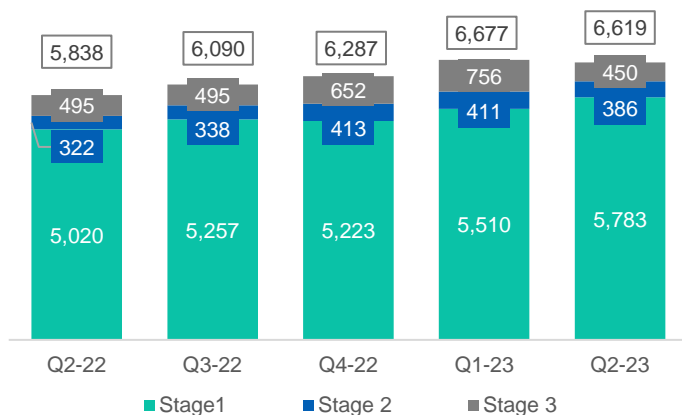
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Appendix

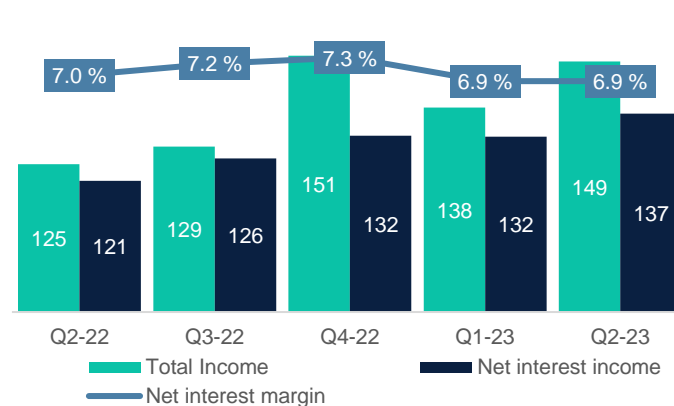
Financial overview

Figures in MNOK

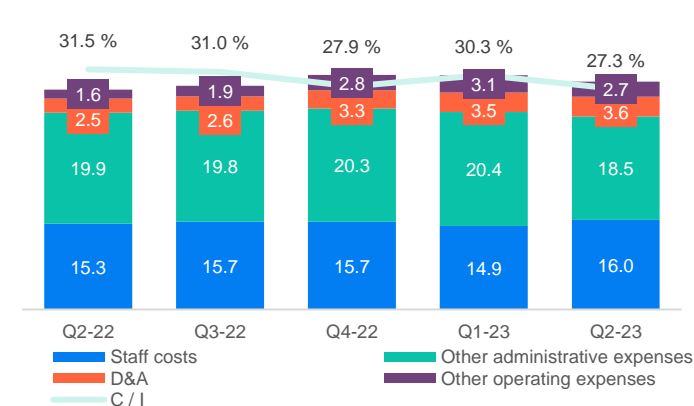
Gross lending



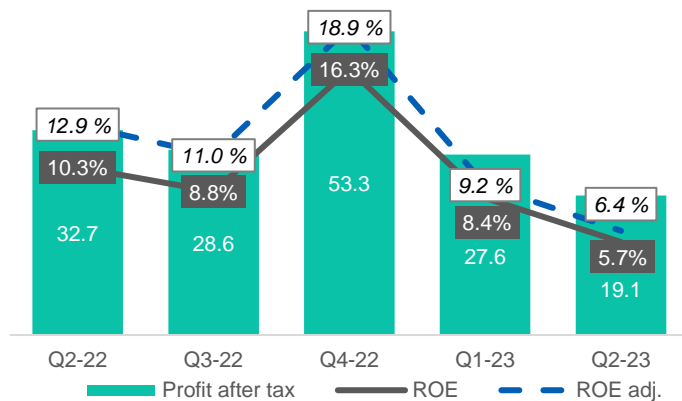
Net income and margin of total margin



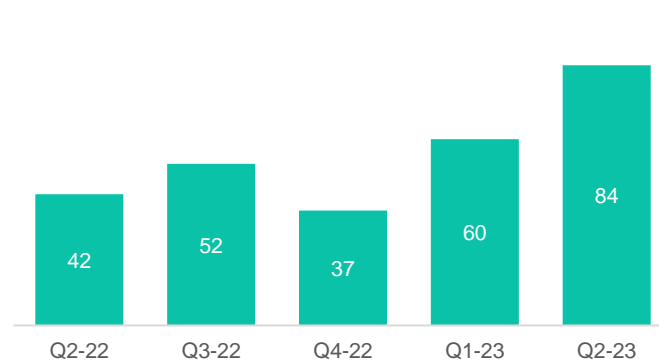
Opex and Cost / Income



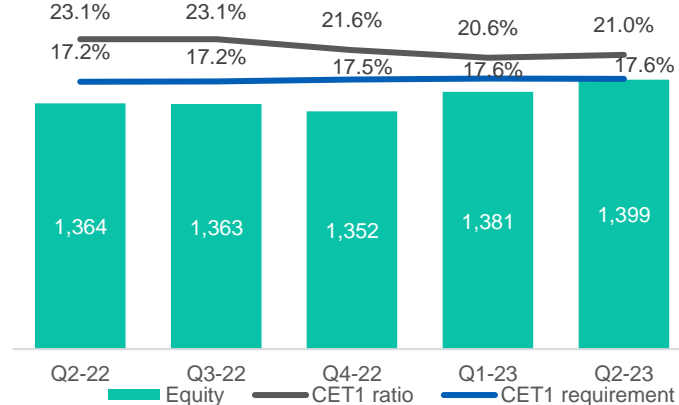
Profit after tax and ROE¹



Loan losses



Equity and CET1 ratio²



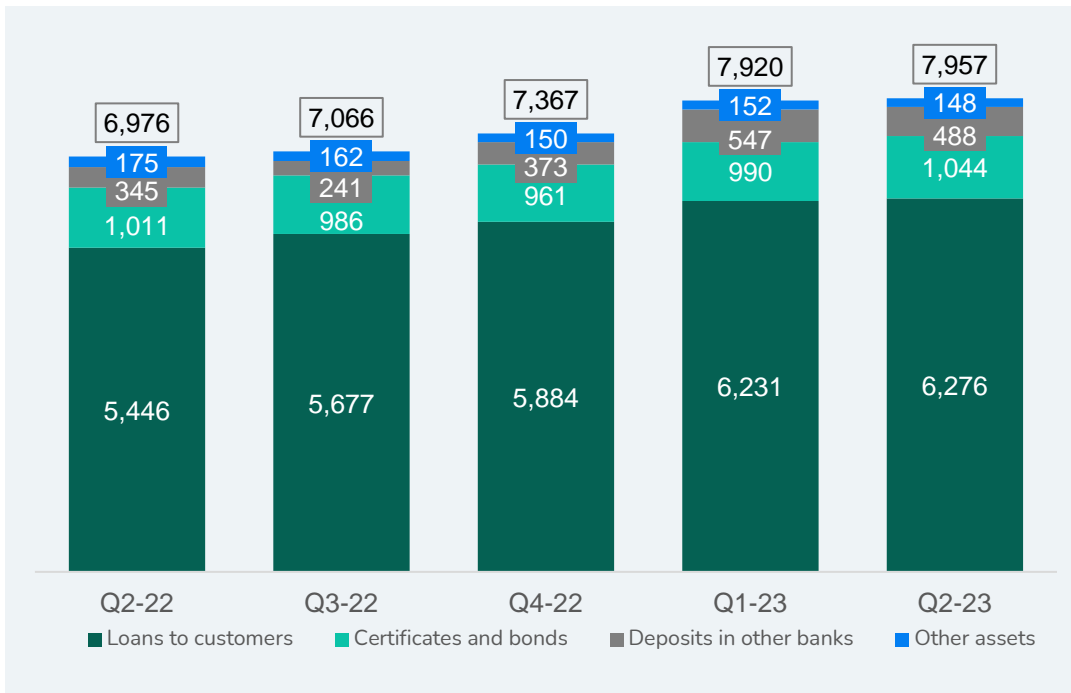
1) ROE adjusted subtracts excess capital from the calculation (capital req. + mgmt. buffer)

2) CET1 ratio includes YTD unaudited profit

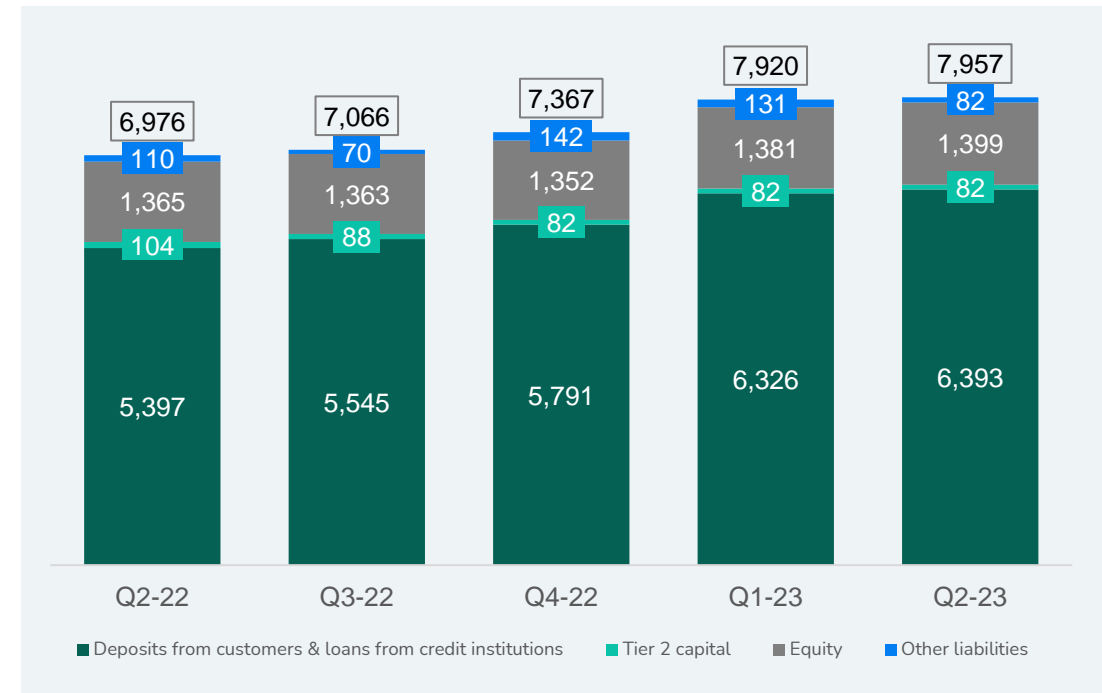
Balance sheet structure

Strong funding and liquidity position

Total assets, MNOK



Equity and liabilities, MNOK



- Deposit ratio: 102%
- Liquidity coverage ratio: 726% total (596% NOK, 454% EUR, 832% SEK)
- Net stable funding ratio: 148% total

Lea bank ASA shareholders

Top 20 shareholder list as of August 10th 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	5,673,852	6.0 %
4	Skagerrak Sparebank	4,409,380	4.6 %
5	Fondsavanse AS	3,371,048	3.5 %
6	Altitude Capital AS	3,127,380	3.3 %
7	Verdipapirfondet Alfred Berg Norge	3,088,045	3.2 %
8	Verdipapirfondet Alfred Berg Aktiv	2,719,589	2.9 %
9	Vida AS	2,581,654	2.7 %
10	Umico - Gruppen AS	2,143,779	2.3 %
11	Shelter AS	1,945,486	2.0 %
12	Jenssen & Co AS	1,845,879	1.9 %
13	Lindbank AS	1,838,007	1.9 %
14	Jolly Roger AS	1,802,793	1.9 %
15	Verdipapirfondet Alfred Berg Norge	1,700,000	1.8 %
16	MP Pensjon PK	1,632,767	1.7 %
17	Varde Norge AS	1,234,399	1.3 %
18	Krogsrud Invest AS	1,125,000	1.2 %
19	Thon Holding AS	1,081,211	1.1 %
20	Sober Kapital AS	901,922	0.9 %
Sum 20 største aksjonærer		60,206,090	63.2 %
Andre aksjonærer		35,006,549	36.8 %
Totale aksjer		95,212,639	100.0 %

Comments

- ~1,300 shareholders as of August 10th 2023
- The Lea bank share (ticker LEA) is listed on Oslo Børs Euronext Growth
- Management holds a total of 1,364,740 shares, corresponding to 1.4% of shares
- Members of the board holds a total of 95,546 shares, corresponding to 0.1%
- Current market capitalization of ~880 MNOK

1) Nominee account

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Lea
bank

