

1st quarter 2024 results presentation

Lea bank ASA

April 25th 2024

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, ~1,250 shareholders. Braganza largest shareholder. Other large shareholders include Alfred Berg Norge/Aktiv, Hjellegjerde Invest, Skagerrak Sparebank and Fondsaveanse

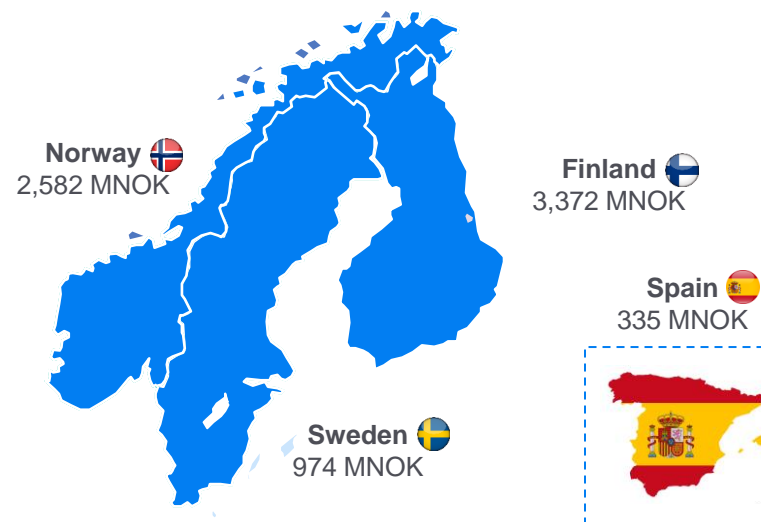
Product portfolio

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

...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 7,264 MNOK – geographical mix Q1 2024



Q1 2024 highlights

Over 7 billion NOK in gross loans

Q1 financials



- Profit before tax 31.4 MNOK (profit after tax 23.9 MNOK)
- Dividend payment approved by the General Meeting – 0.55 NOK per share

Regulatory



- Implementation of Finnish positive credit register
- License requirements for Norwegian loan brokers expected to improve consumer protection and responsible lending

Redomiciliation & M&A



- Dialogue with Swedish FSA regarding banking license application
- The bank has received regulatory approvals regarding the acquisition of Captum Group AB - expected closing by end of April

Key financial figures, MNOK

	Q1-24	Q1-23	2023
<i>Interest income</i>	199.9	160.7	712.3
<i>PBT</i>	31.4	36.4	140.1
<i>- Dividend</i>			52.4
<i>ROE, Annualized</i>	7.0%	8.4%	8.0%
<i>ROE adj.¹, annualized</i>	8.4%	9.2%	9.8%
<i>EPS, annualized</i>	1.00	1.16	1.12
<i>EPS pre-tax, annu.</i>	1.32	1.53	1.47
<i>C / I</i>	29.4%	30.3%	28.9%
<i>Gross loans</i>	7,264	6,677	6,913
Equity²	# of shares	BVPS	
1,372	95,219,132	14.41	

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

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

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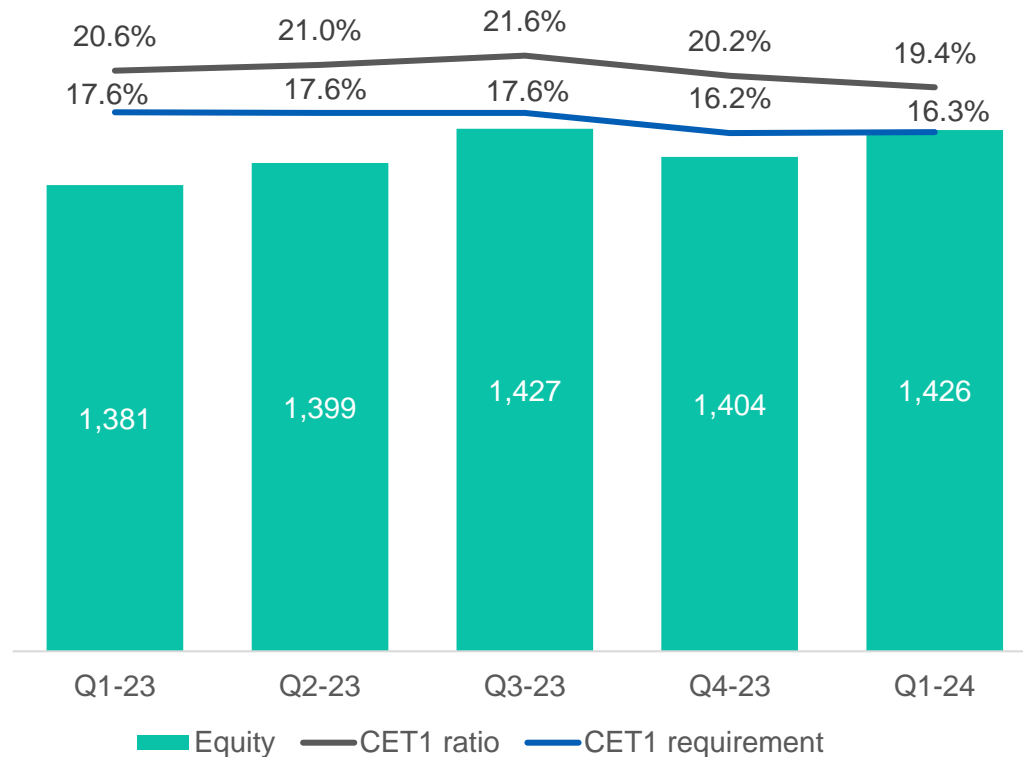
3 Outlook



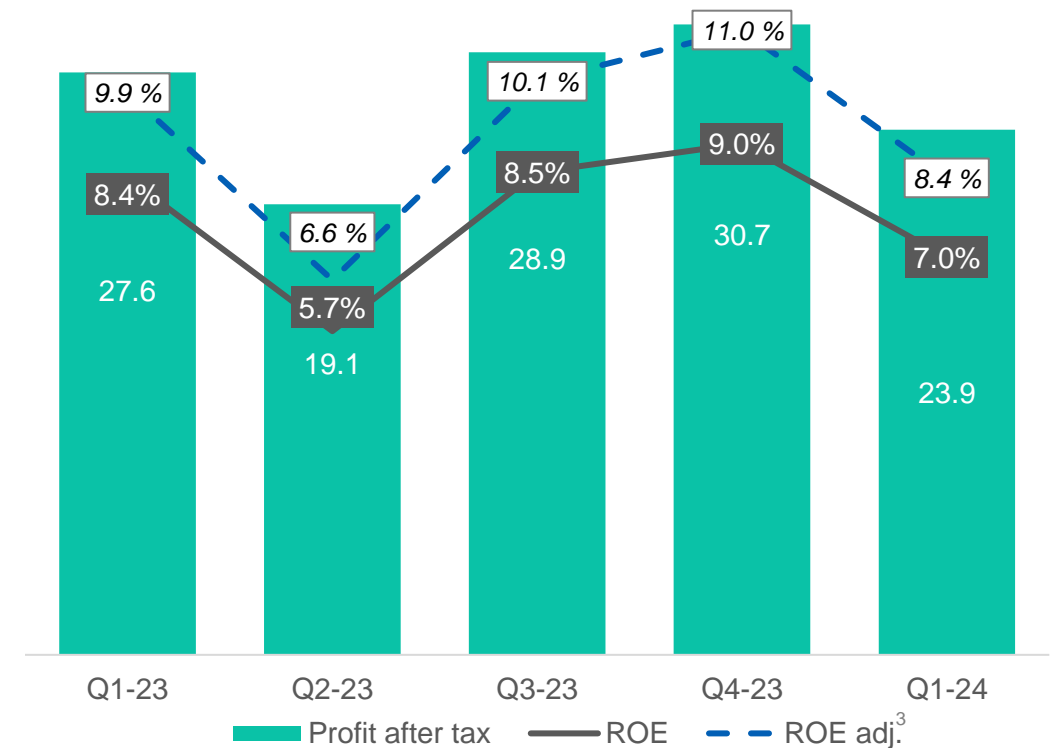
Solid capitalization and continued profit generation

Well above CET1 requirement

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



Profit after tax (MNOK) and Return on Equity

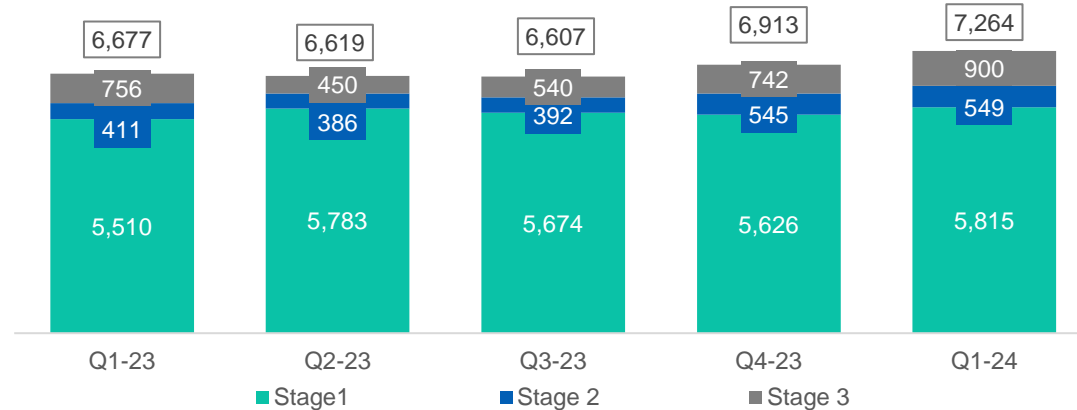


1) CET1 ratios for Q1, Q2 and Q3 include YTD unaudited profit
 2) Equity reduced by annual dividend accrual in Q4-2023
 3) ROE adjusted subtracts excess capital from the calculation

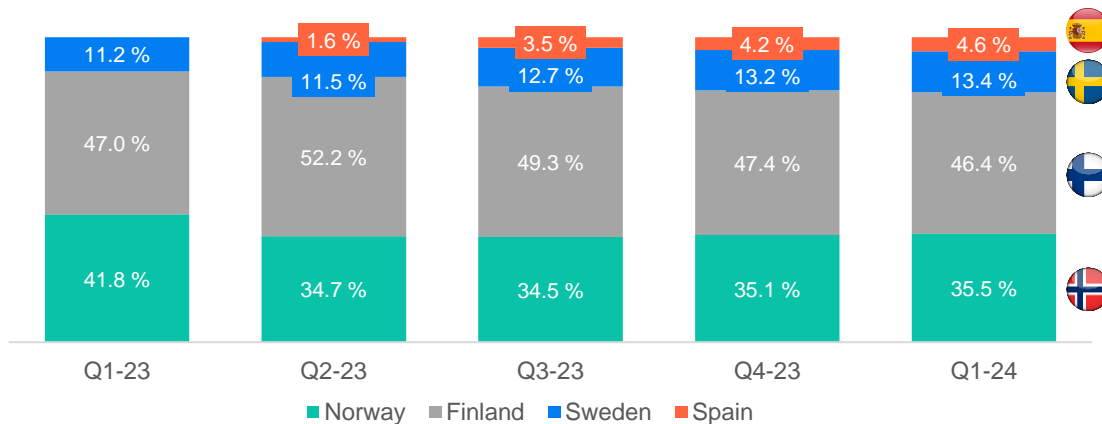
International consumer finance bank

65% of volumes outside Norway – growth in all markets

Gross lending, MNOK



Geographical mix, gross loans



Comments

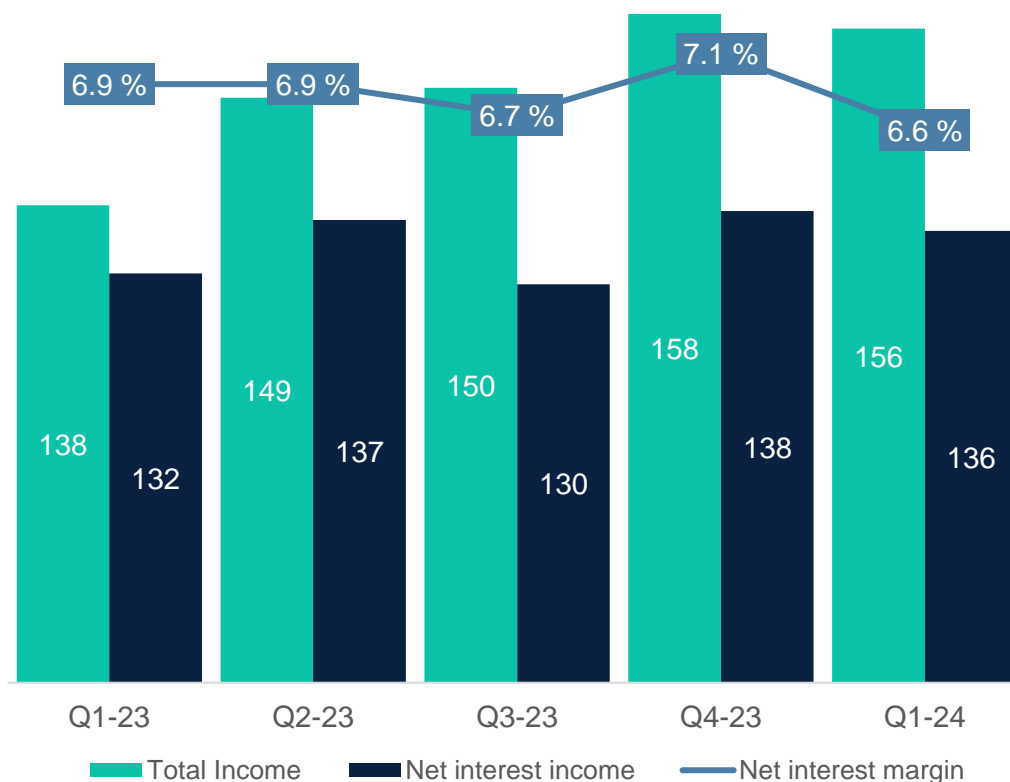
- 351 MNOK increase in gross loans
- Four fully operating markets enable distribution flexibility and growth opportunities
- Focus on margins to absorb increased funding cost and credit risk on new volumes
- Volumes outside of Norway represent 64.5% - in accordance with strategic focus on international markets
 - Norway represented 67% of total portfolio in Q4 2020, now down to 35.5%
- Focus on building portfolio in Spain with a step-by-step approach with prudent credit risk management

Margin development

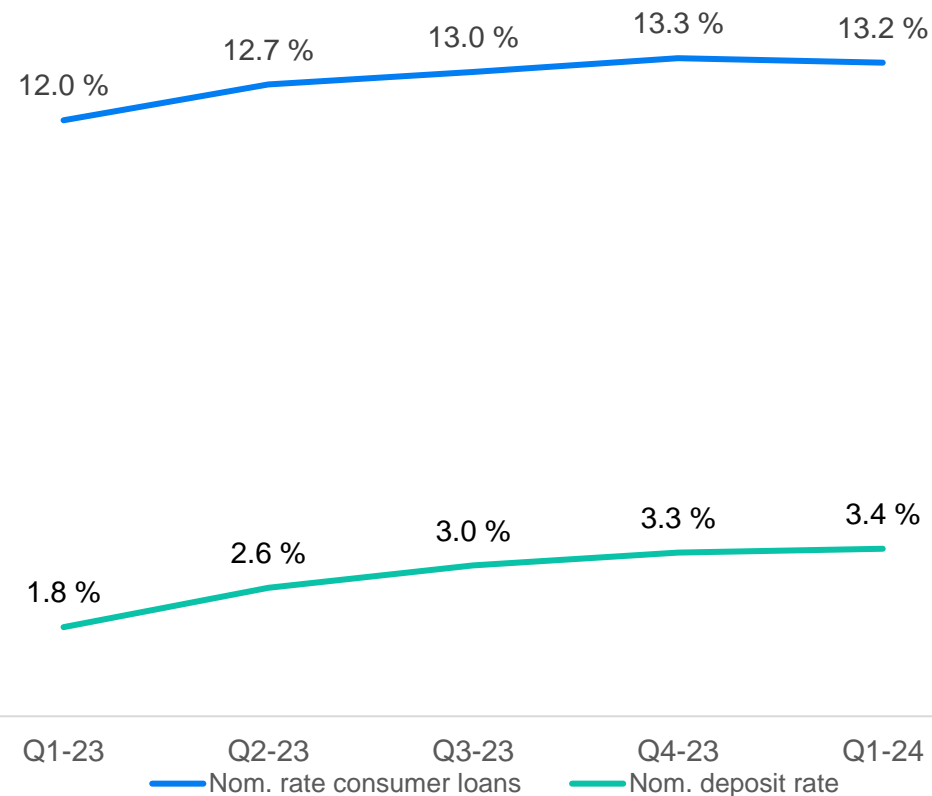
Increased funding cost not fully offset by lending yield

Net interest income and net interest margin of total assets

MNOK / % of total assets



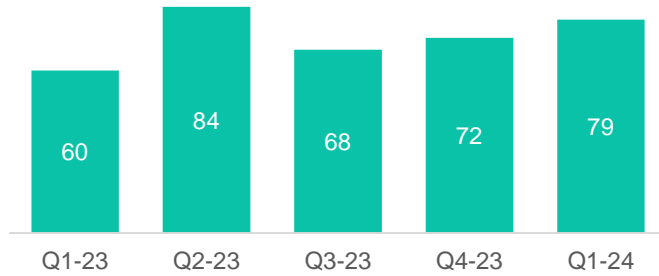
Yields end of quarter¹



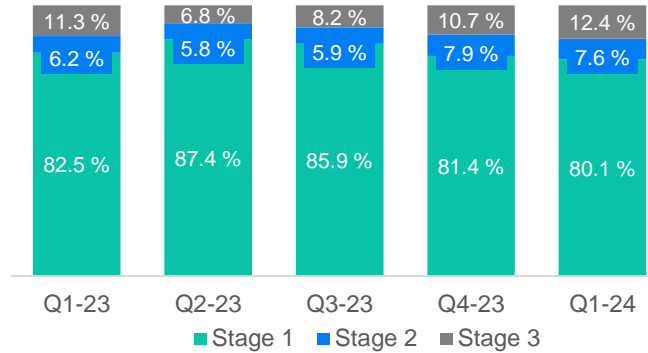
1) All figures are end of quarter and nominal

Credit quality overview

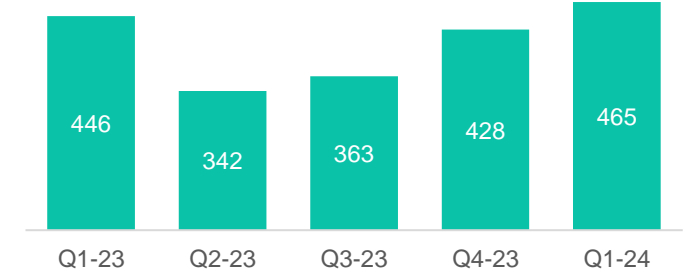
Loan losses, MNOK



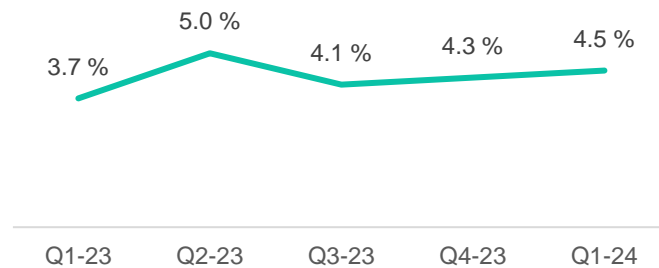
Stage allocation



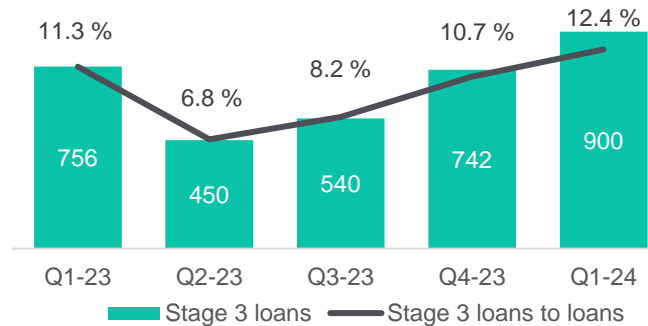
Provisions, MNOK



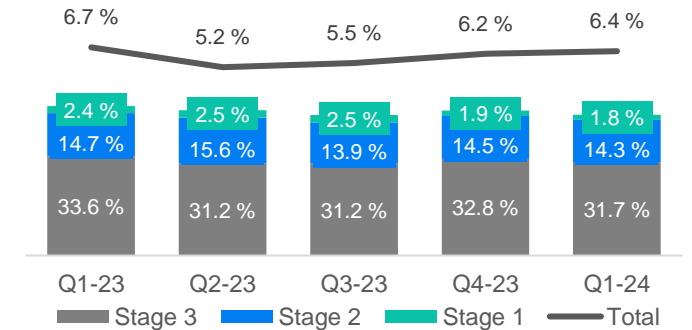
Loan loss ratio¹



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>	Q1-2024	Q1-2023	2023
Interest income	199,929	160,705	712,253
Interest expense	-64,092	-29,193	-175,625
Net interest income	135,838	131,512	536,628
Commission and fee income	10,917	8,726	33,791
Commission and fee expenses	-1,243	-1,080	-4,628
Net change in value on securities and currency	8,633	-763	29,302
Other income	2,163	12	796
Net other income	20,470	6,894	59,261
Total income	156,308	138,406	595,889
Salary and other personnel expenses	-18,259	-14,934	-63,841
Other administrative expenses	-21,226	-20,421	-82,507
- of which marketing expenses	-2,736	-912	-6,866
Depreciation	-3,907	-3,465	-14,786
Other expenses	-2,561	-3,131	-11,170
Total operating expenses	-45,953	-41,952	-172,303
Profit before loan losses	110,355	96,454	423,586
Loan losses	-78,948	-60,073	-283,505
Profit before tax	31,407	36,381	140,081
Tax	-7,503	-8,819	-33,835
Profit after tax	23,904	27,563	106,245

Comments on income statement

- Profit before tax Q1-24 of 31.4 MNOK, compared to 36.4 MNOK last year
- Interest income in Q1-24 of 199.9 MNOK, compared to 160.7 MNOK last year – driven by higher volumes and interest rate
- Interest expense in Q1-24 of 64.1 MNOK, compared to 29.2 MNOK last year – driven by higher funding cost and volumes
- Net other income in Q1-24 of 8,6 MNOK, compared to -0.8 MNOK last year – driven by strong yield on liquidity balance
- OPEX in Q1-24 of 46.0 MNOK, compared to 42.0 MNOK last year – increase due to expansion of operational model – still demonstrating strong focus on cost control
- C/I in Q1-24 of 29.4% compared to last year of 30.3%.
- Loan losses in Q1-24 of 78.9 MNOK compared to 60.1 MNOK last year, reflecting annualized loss ratio of 4.5% compared to 3.7% Q1-23

Balance sheet

NGAAP			
<i>Balance sheet (Amounts in thousands)</i>			
	31.03.2024	31.03.2023	31.12.2023
Assets			
Cash and deposits with the central bank	52,426	50,685	51,931
Loans and deposits with credit institutions	643,211	496,705	350,786
Gross loans to customers	7,263,963	6,676,559	6,913,256
Loan loss provisions	-465,382	-445,922	-427,542
Certificates, bonds and other securities	900,397	989,545	839,681
Deferred tax asset	50,417	82,937	57,920
Other intangible assets	45,323	28,730	41,219
Fixed assets	13,142	8,051	5,133
Other assets	57,604	32,270	21,258
Total assets	8,561,100	7,919,560	7,853,642
Equity and liabilities			
Loan from central bank	0	0	0
Deposits from customers	6,903,540	6,325,948	6,239,373
Other liabilities	148,936	130,473	128,307
Tier 2 capital	82,168	81,830	82,084
Total liabilities	7,134,644	6,538,251	6,449,764
Share capital	190,438	190,348	190,438
Share premium reserve	662,638	662,360	662,638
Tier 1 capital	54,373	54,165	54,321
Other paid-in equity	14,841	13,750	14,556
Other equity	504,167	460,684	481,925
Total equity	1,426,456	1,381,309	1,403,878
Total equity and liabilities	8,561,100	7,919,560	7,853,642

Comments on balance sheet

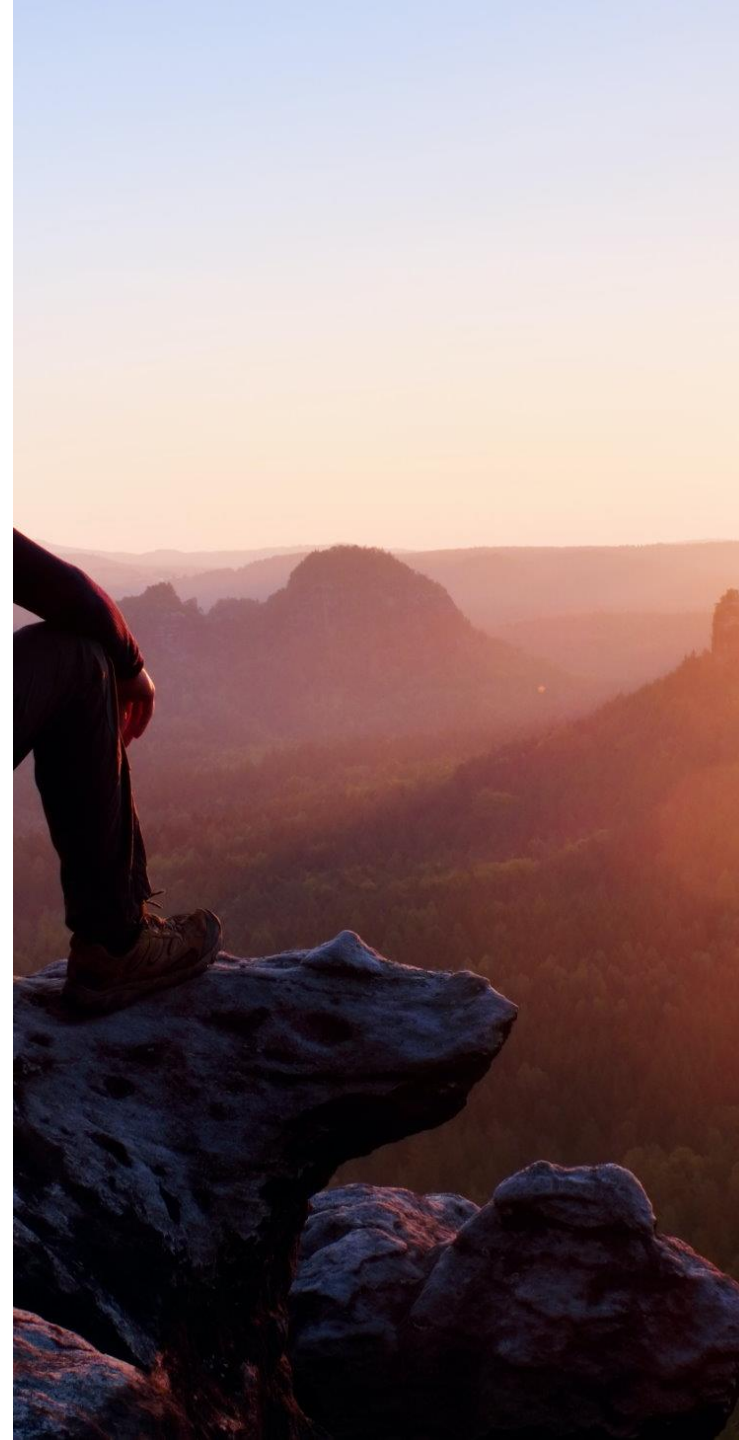
- Gross loans of 7,264 MNOK 31.01.2024 compared to 6,677 MNOK 31.03.2023 and 6,913 MNOK 31.12.2023 driven by underlying growth and currency effects
- Liquidity balance of 1,596 MNOK 31.03.2024 compared to 1,537 MNOK 31.03.2023, and 1,242 MNOK 31.12.2023
- Deferred tax assets of 50.4 MNOK (originated from tax losses carried forward prior to the merger in Q4 2020)
- Solid capital base - CET1 of 19.4 % (incl. 2024 profit and 2023 dividend accrual), compared to 31.03.2023 of 20.6 %
- Total equity of 1,426 MNOK, BVPS (ex. T1 capital) of 14.41 NOK. Equity as of 31.03.24 has been reduced by dividend accrual of 52.4 MNOK to be paid to shareholders on April 29th 2024

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Focus areas

1	<p>Credit risk & margins</p> <ul style="list-style-type: none"> • Navigate through an uncertain macroeconomic environment • Close monitoring of customer behaviour and support customers through temporary challenges
2	<p>Market</p> <ul style="list-style-type: none"> • Competitors have exited the market, expected to decrease margin pressure • Signs of increased profitability focus in the consumer finance market
3	<p>M&A & redomicilation</p> <ul style="list-style-type: none"> • Integration of Captum Group • Awaiting decision regarding banking license application from the Swedish FSA within 31.07.24

Summary of the quarter

- ✓ Continuous profit generation despite challenging macro conditions
- ✓ Industry leading cost / income of 29.4%
- ✓ Well capitalized – CET1 including YTD profits of 19.4%

Key figures, Q1 2024

<i>Interest income</i>	<i>Profit before tax</i>	Equity
199.9 MNOK	31.4 MNOK	1,426 MNOK



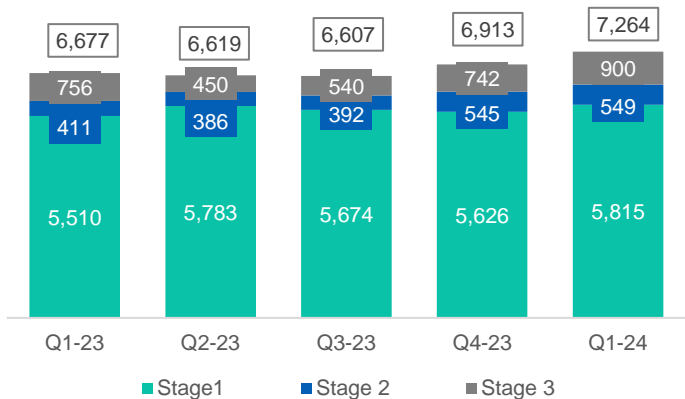
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Appendix

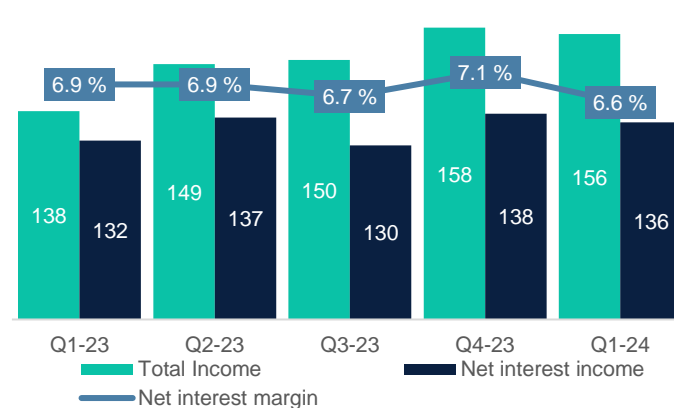
Financial overview

Figures in MNOK

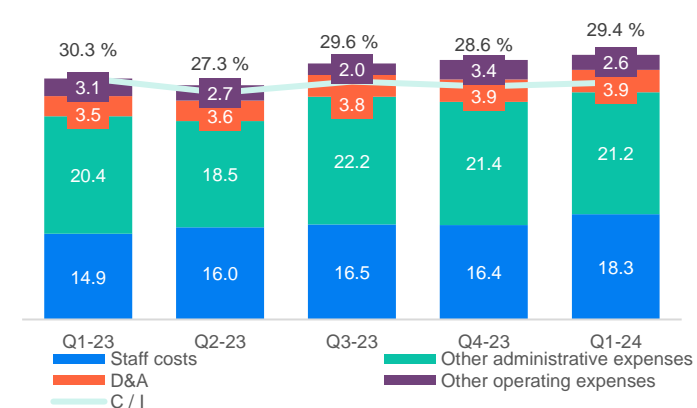
Gross lending



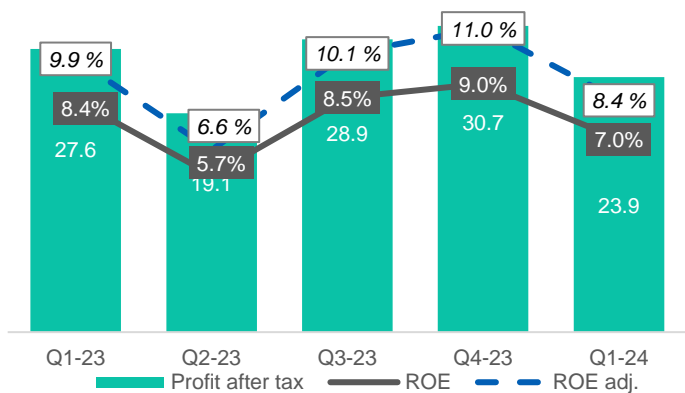
Net income and net interest margin



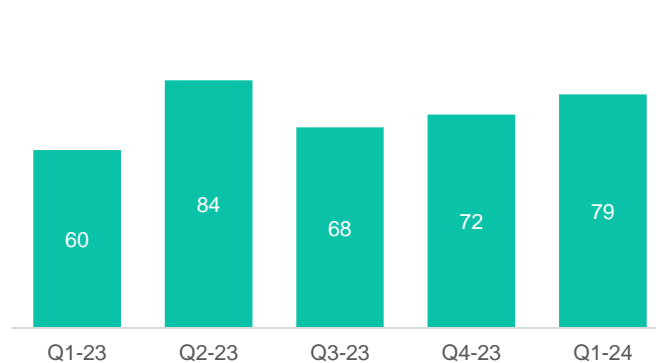
Opex and Cost / Income



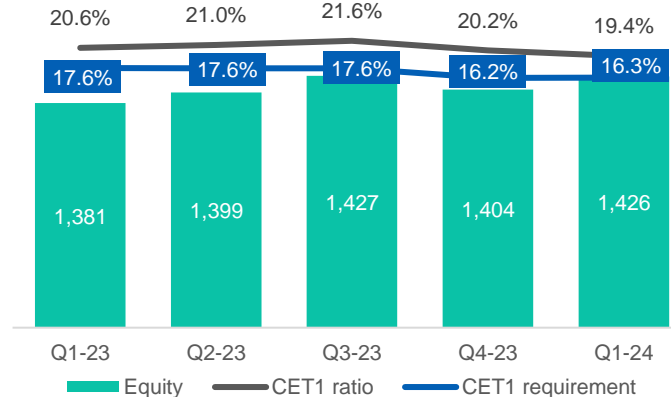
Profit after tax and ROE¹



Loan losses



Equity and CET1 ratio²

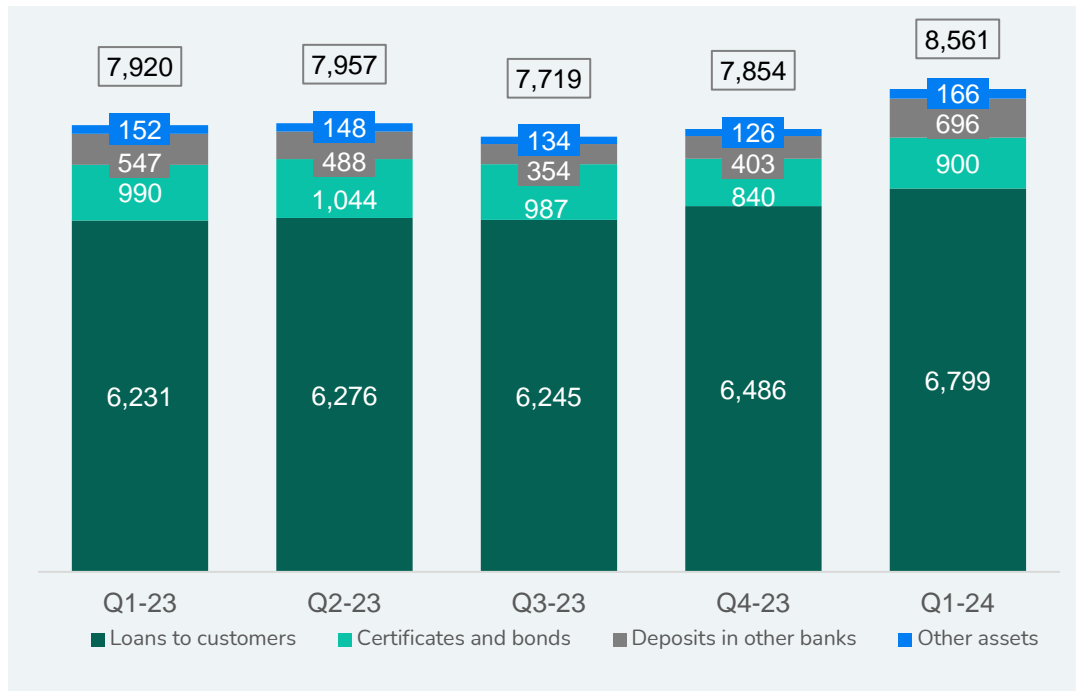


1) ROE adjusted subtracts excess capital from the calculation
 2) CET1 ratio includes YTD unaudited profit

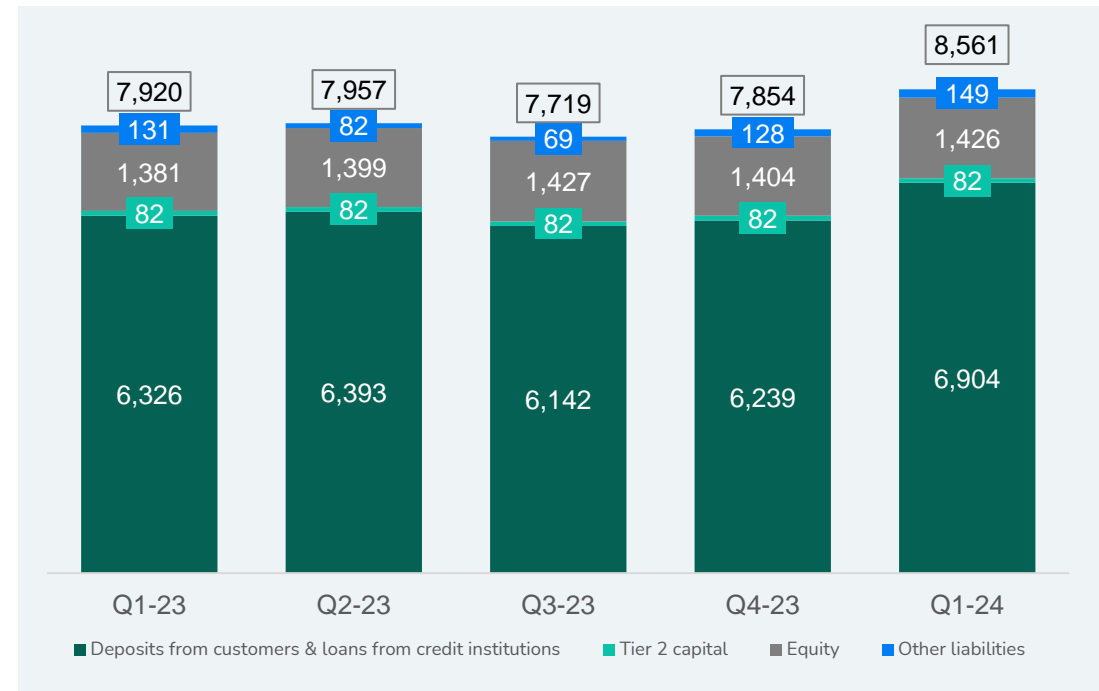
Balance sheet structure

Strong funding and liquidity position

Total assets, MNOK



Equity and liabilities, MNOK



- Deposit ratio: 102%
- Liquidity coverage ratio: 562% total (1,622% NOK, 192% EUR, 122% SEK)
- Net stable funding ratio: 152% total

Lea bank ASA shareholders

Top 20 shareholder list as of April 19th 2024

Investor	Shares	Ownership
1 Braganza AB	10,383,899	10.9 %
2 DNB Bank ASA ¹	9,521,383	10.0 %
3 Hjellegjerde Invest AS	7,600,000	8.0 %
4 Skagerrak Sparebank	4,409,380	4.6 %
5 Fondsaveanse AS	3,371,048	3.5 %
6 Verdipapirfondet Alfred Berg Norge	3,088,045	3.2 %
7 Verdipapirfondet Alfred Berg Aktiv	2,719,589	2.9 %
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 Jolly Roger AS	1,786,729	1.9 %
13 Verdipapirfondet Alfred Berg Norge	1,700,000	1.8 %
14 MP Pensjon PK	1,637,767	1.7 %
15 Umico - Gruppen AS	1,565,228	1.6 %
16 Varde Norge AS	1,239,407	1.3 %
17 Krogsrud Invest AS	1,125,000	1.2 %
18 Sober Kapital AS	1,101,922	1.2 %
19 Thon Holding AS	1,081,211	1.1 %
20 Bara Eiendom AS	883,179	0.9 %
Total top 20 shareholders	61,424,813	64.5 %
Other shareholders	33,794,319	35.5 %
Total number of shares	95,219,132	100.0 %

Comments

- ~1,250 shareholders as of April 19th 2024
- The Lea bank share (ticker LEA) is listed on Oslo Børs Euronext Growth
- Management holds a total of 1,185,414 shares, corresponding to 1.2% of shares
- Members of the board holds a total of 102,039 shares, corresponding to 0.1%
- Current market capitalization of ~770 MNOK, post dividend

1) Nominee account

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