

# 3<sup>rd</sup> quarter 2023 results presentation

Lea bank ASA

October 26<sup>th</sup> 2023

**Lea**  
bank



# Disclaimer

This Presentation from Lea bank ASA ("Lea bank" or the "Company") includes among other things forward-looking statements. Certain such forward-looking statements can be identified by the use of forward-looking terminology such as "believe", "may", "will", "should", "would be", "expect" or "anticipate" or similar expressions, or the negative thereof, or other variations thereof, or comparable terminology, or by discussions of strategy, plans or intentions. The forward-looking statements contained in this Presentation, including assumptions, opinions and views of the Company or cited from third party sources, reflect the current views with respect to future events and are subject to material risks, uncertainties and other factors that may cause actual events to differ materially from any anticipated development. Neither Lea bank nor any of its officers or employees provides any assurance as to the correctness of such forward-looking information and statements. The Company does not intend, and assumes no obligation, except as required by law, to update any forward-looking statements or to conform these forward-looking statements to its actual results.

By attending or receiving this Presentation you acknowledge that you will be solely responsible for your own assessment of the market and the market position of Lea bank and that you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of Lea bank's business and the securities issued by Lea bank.

This Presentation speaks as of the date of the presentation. Neither the delivery of this Presentation nor any further discussions of Lea bank with any of the recipients shall, under any circumstances, create any implication that there has been no change in the affairs of Lea bank since such date.

# Table of contents

## 1 Highlights and development Q3

---

## 2 Financial results Q3

---

## 3 Outlook

---



# 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

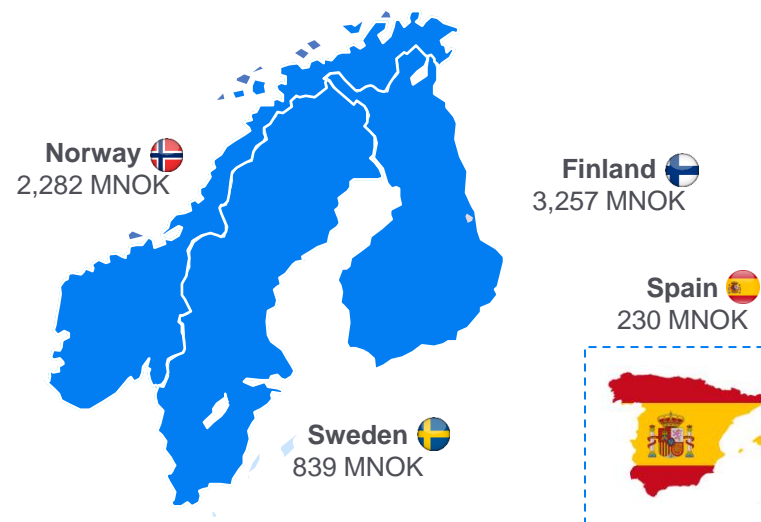
### Product portfolio

Consumer loans		Deposits
Short term financing	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 6,607 MNOK – geographical mix Q3 2023



# Q3 2023 highlights

## Q3 financials



- Profit before tax 38.0 MNOK (profit after tax 28.9 MNOK)
- Increased funding cost almost fully offset by increased interest rates
- Industry leading cost / income of 29.6%

## Credit risk & capital



- Demanding macro conditions put pressure on households
- Reciprocity to be implemented from 31.12.2023 – increased competitiveness in foreign markets

## Initiatives



- Successful migration of Norwegian funding volumes from SDC to a common core banking solution across all markets – simplifying IT setup going forward
- Euro deposit product in Finland to launch in Q4, diversifying funding structure

## Key financial figures, MNOK

	Q3-23	2023 YTD	2022
<i>Interest income</i>	180.4	518.9	554.3
<i>PBT</i>	38.0	99.5	186.4
<i>- Dividend</i>			70.2
<i>ROE, Annualized</i>	8.5%	7.5%	11.1%
<i>ROE adj.<sup>1</sup>, annualized</i>	9.6%	8.7%	13.5%
<i>EPS, annualized</i>	1.21	1.06	1.48
<i>EPS pre-tax, annu.</i>	1.60	1.39	1.96
<i>C / I</i>	29.6%	29.0%	30.7%
<i>Gross loans</i>	6,607	6,607	6,287
<b>Equity<sup>2</sup></b>	<b># of shares<sup>3</sup></b>	<b>BVPS</b>	
1,373	95,212,639	14.42	

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 October 25<sup>th</sup> 2023

# Table of contents

**1** Highlights and development Q3

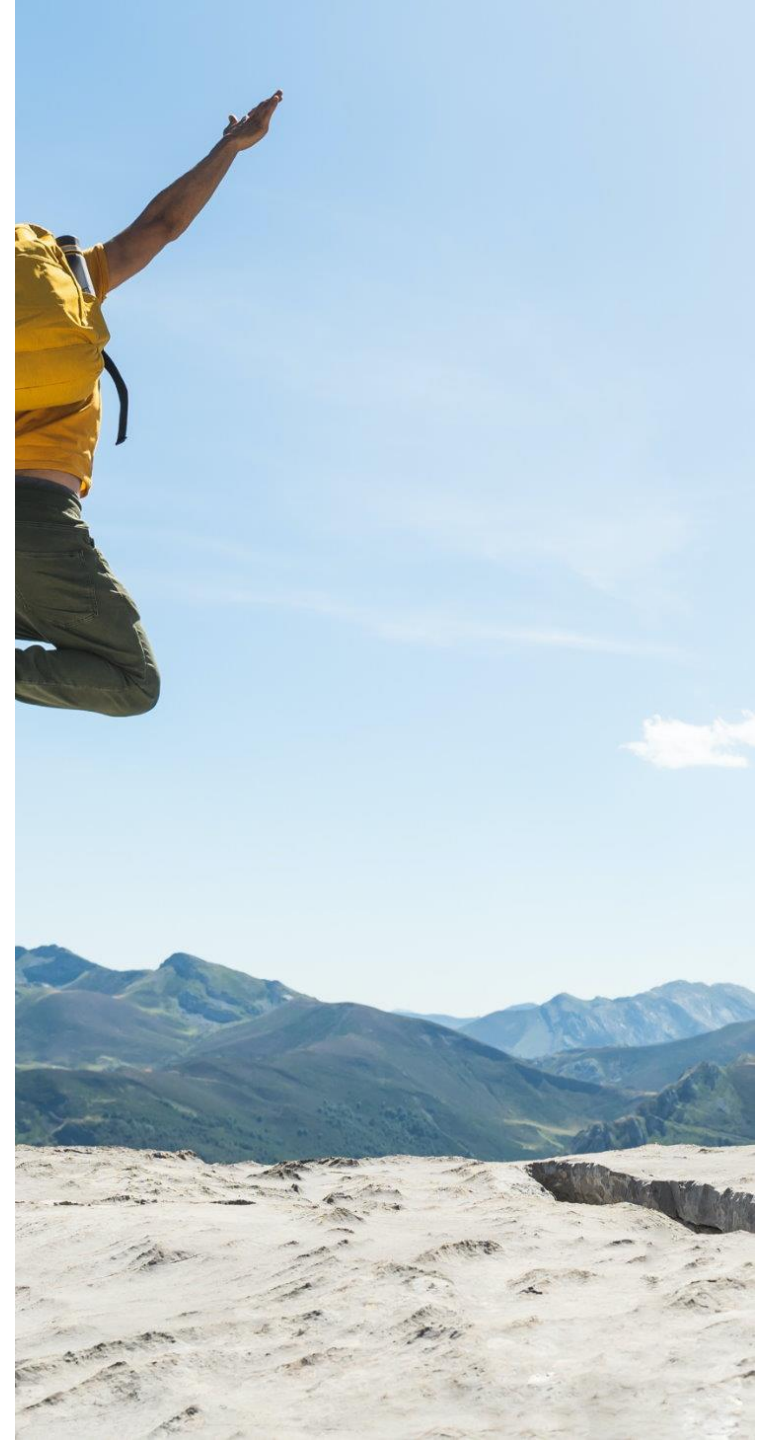
---

**2** Financial results Q3

---

**3** Outlook

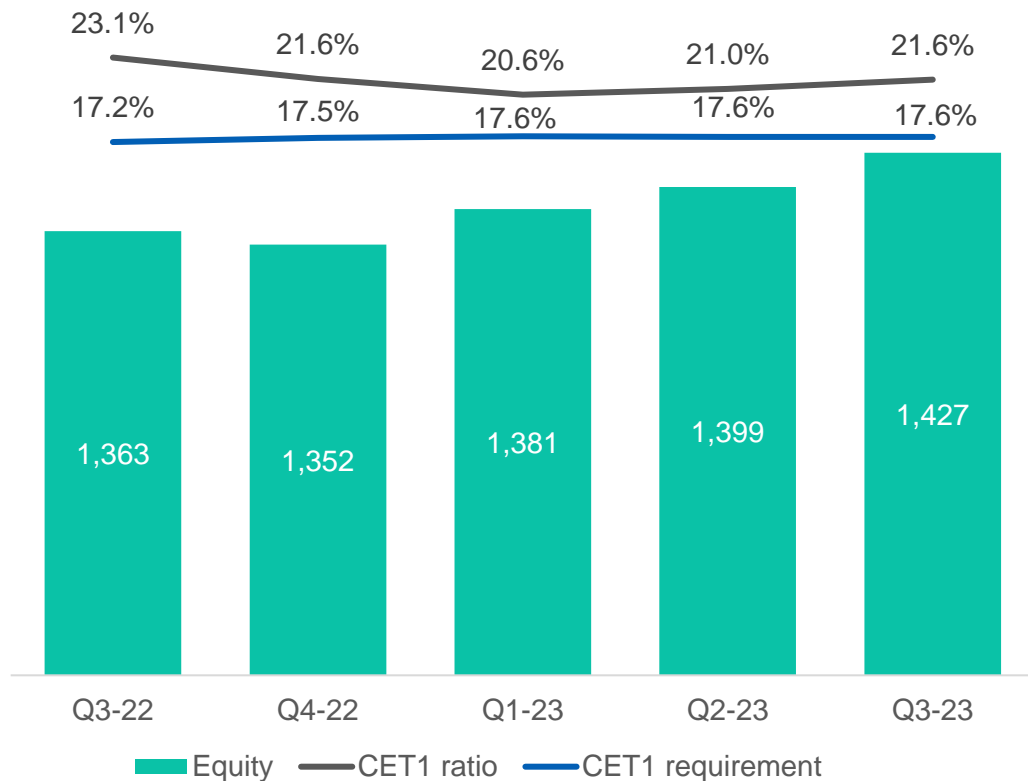
---



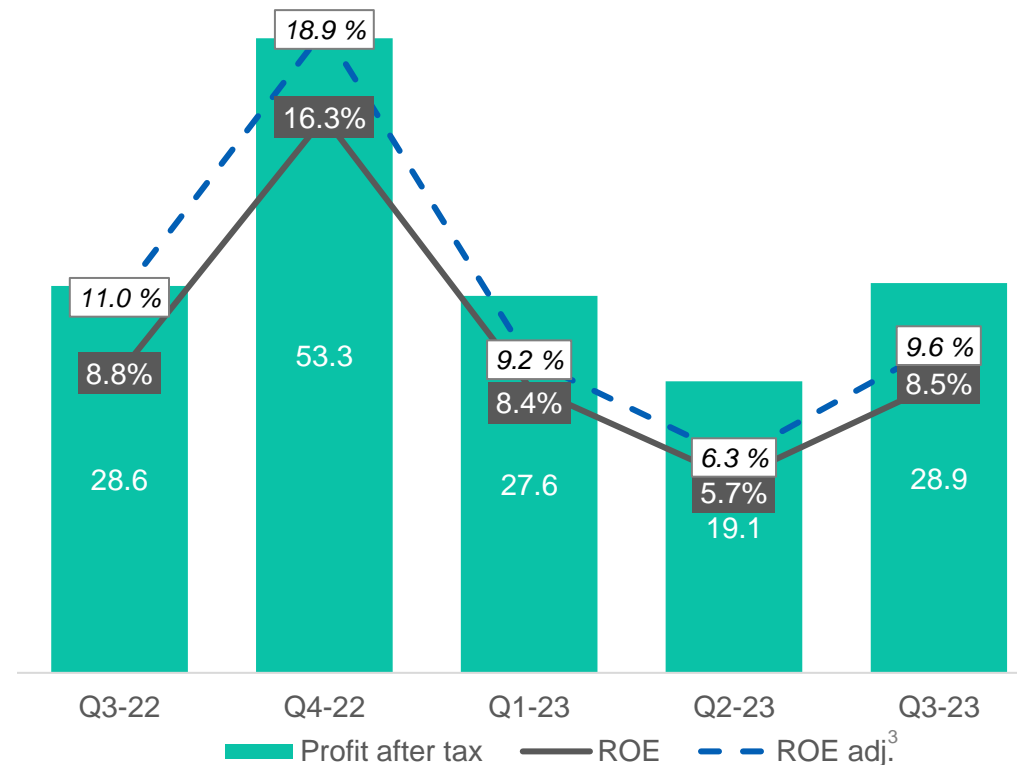
# Solid capitalization and continued profit generation

Well above CET1 requirement

Equity (MNOK) and CET1 ratio<sup>1, 2</sup>



Profit after tax (MNOK) and Return on Equity

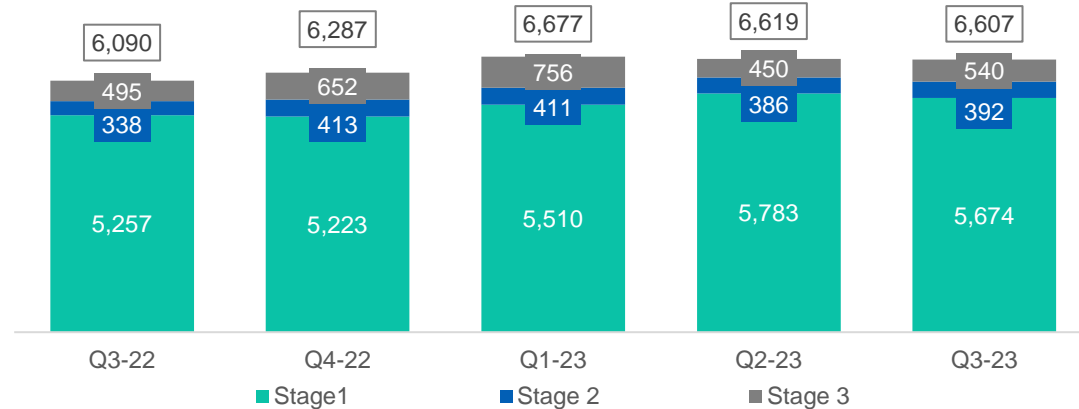


1) CET1 ratios for Q1, Q2 and Q3 include YTD unaudited profit  
 2) Equity reduced by annual dividend accrual in Q4-2022  
 3) ROE adjusted subtracts excess capital from the calculation (capital req. + mgmt. buffer)

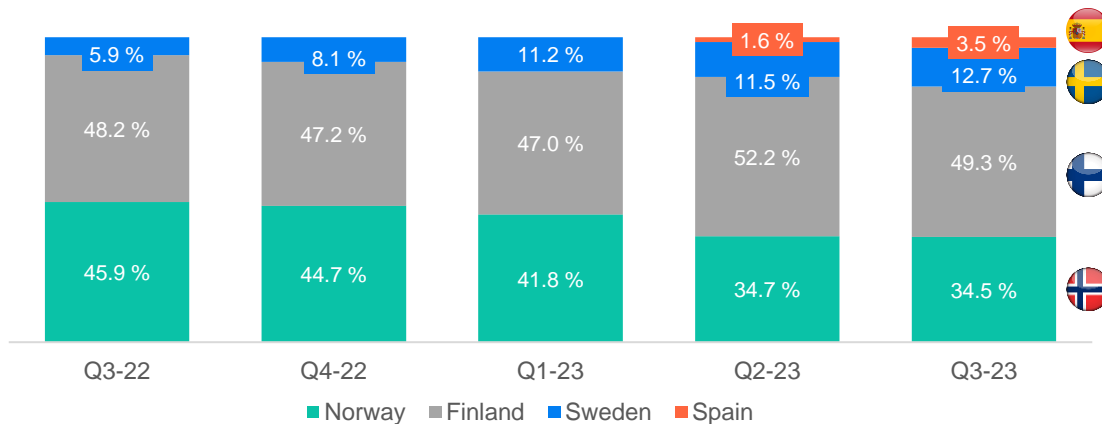
# International consumer finance bank

65% of volumes outside Norway – Sweden and Spain drive growth

## Gross lending, MNOK



## Geographical mix, gross loans



## Comments

- 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 65.5% - in accordance with strategic focus on international markets
  - Norway represented 67% of total portfolio in Q4 2020, now down to 34.5%
- Focus on building portfolio in Spain with a step-by-step approach with prudent credit risk management

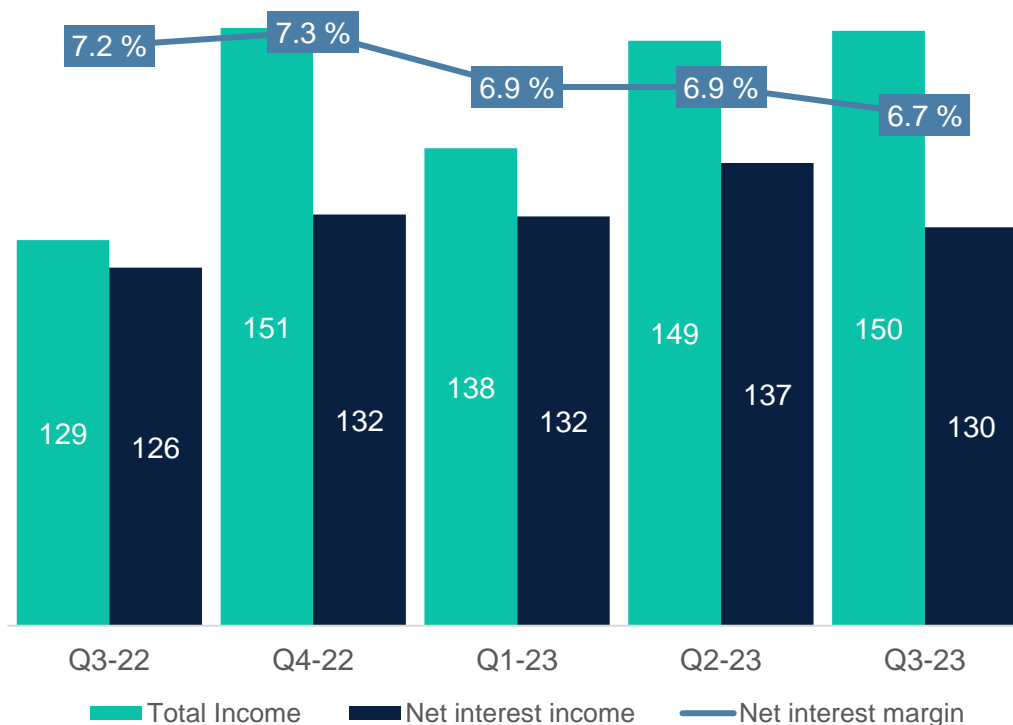


# Margin development

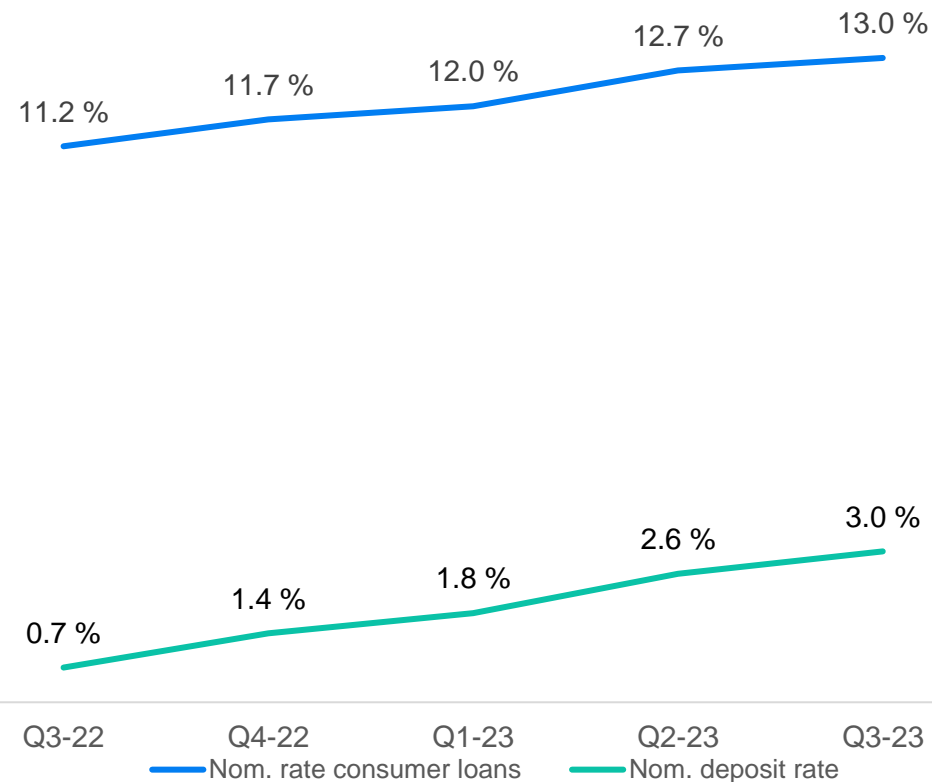
Increased funding cost offset by increased interest rates

## Net interest income and net interest margin of total assets

MNOK / % of total assets



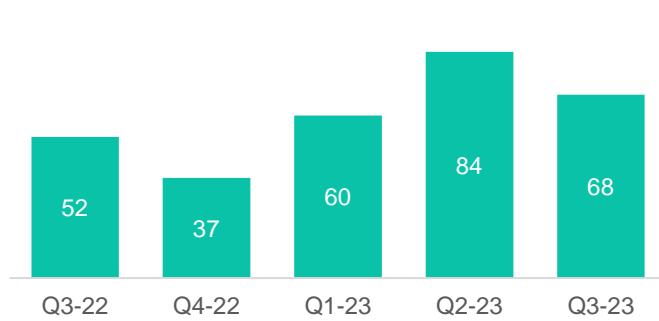
## Yields end of quarter<sup>1</sup>



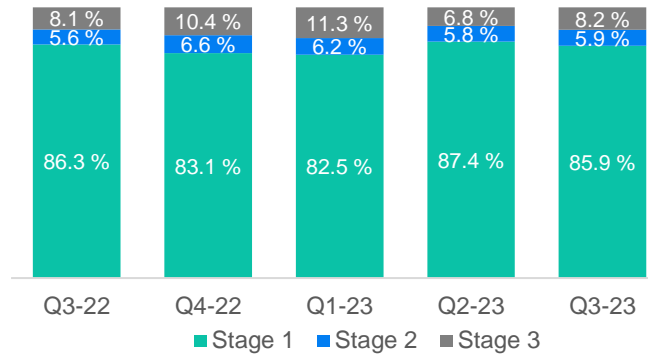
1) All figures are end of quarter and nominal

# Credit quality overview

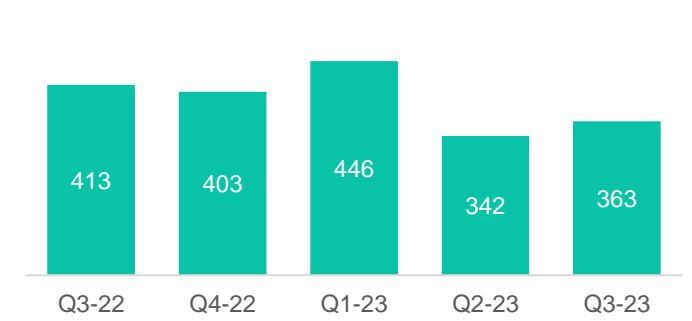
## Loan losses, MNOK



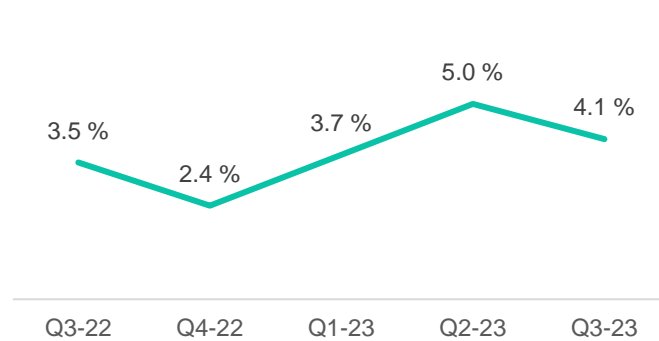
## Stage allocation



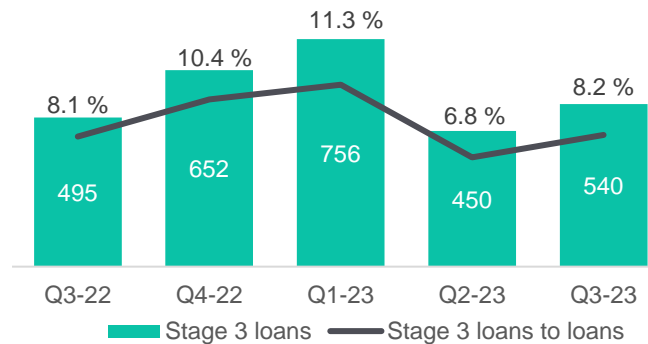
## Provisions, MNOK



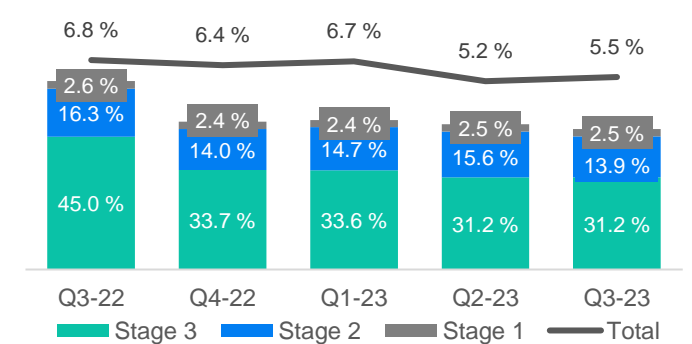
## Loan loss ratio<sup>1</sup>



## Non-performing loans<sup>2</sup>, MNOK



## Total provision ratio<sup>3</sup>



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>	Q3-2023	Q3-2022	2023 YTD	2022 YTD	2022
Interest income	180,386	140,257	518,868	401,832	554,259
Interest expense	-49,948	-13,932	-120,053	-40,388	-61,123
<b>Net interest income</b>	<b>130,438</b>	<b>126,325</b>	<b>398,815</b>	<b>361,444</b>	<b>493,136</b>
Commission and fee income	8,083	7,896	24,290	20,580	28,766
Commission and fee expenses	-1,079	-1,072	-3,303	-3,305	-4,740
Net change in value on securities and currency	12,841	-4,082	18,134	-6,407	5,594
Other income	51	44	136	88	220
<b>Net other income</b>	<b>19,897</b>	<b>2,786</b>	<b>39,257</b>	<b>10,956</b>	<b>29,841</b>
<b>Total income</b>	<b>150,335</b>	<b>129,111</b>	<b>438,072</b>	<b>372,400</b>	<b>522,977</b>
Salary and other personnel expenses	-16,542	-15,700	-47,475	-46,939	-62,600
Other administrative expenses	-22,180	-19,831	-61,101	-58,913	-79,170
- of which marketing expenses	-2,708	-1,699	-4,530	-3,446	-3,883
Depreciation	-3,822	-2,600	-10,839	-7,559	-10,833
Other expenses	-1,949	-1,850	-7,754	-5,289	-8,046
<b>Total operating expenses</b>	<b>-44,492</b>	<b>-39,982</b>	<b>-127,168</b>	<b>-118,700</b>	<b>-160,649</b>
<b>Profit before loan losses</b>	<b>105,843</b>	<b>89,129</b>	<b>310,904</b>	<b>253,700</b>	<b>362,327</b>
Loan losses	-67,823	-52,123	-211,449	-138,956	-175,968
<b>Profit before tax</b>	<b>38,019</b>	<b>37,006</b>	<b>99,455</b>	<b>114,744</b>	<b>186,359</b>
Tax	-9,133	-8,393	-23,878	-27,495	-45,782
<b>Profit after tax</b>	<b>28,886</b>	<b>28,613</b>	<b>75,577</b>	<b>87,249</b>	<b>140,577</b>

## Comments on income statement

- Profit before tax Q3-23 of 38.0 MNOK, compared to 37.0 MNOK Q3 last year
- Interest income in Q3-23 of 180.4 MNOK, compared to 140.3 MNOK Q3 last year – driven by higher volumes and interest rate
- Interest expense in Q3-23 of 49.9 MNOK, compared to 13.9 MNOK Q3 last year – driven by higher volumes and funding cost
- Net other income in Q3-23 of 19.9 MNOK, compared to 2.8 MNOK Q3 last year – driven by stronger yield on liquidity balance
- OPEX in Q3-23 of 44.5 MNOK, compared to 40.0 MNOK Q3 last year – slightly increase due to expansion of operational model – still demonstrating strong focus on cost control
- C/I improved to 29.6% compared to Q3 last year of 31.0%
- Loan losses in Q3-23 of 67.8 MNOK compared to 52.1 MNOK Q3 last year, reflecting annual loss ratio of 4.1% compared to 3.5% last year

# Balance sheet

NGAAP			
<i>Balance sheet (Amounts in thousands)</i>			
	30.09.2023	30.09.2022	31.12.2022
<b>Assets</b>			
Cash and deposits with the central bank	51,448	50,154	50,402
Loans and deposits with credit institutions	302,452	190,562	322,201
Gross loans to customers	6,607,247	6,090,391	6,286,924
Loan loss provisions	-362,552	-413,302	-403,373
Certificates, bonds and other securities	987,251	985,827	961,163
Deferred tax asset	67,877	107,960	91,756
Other intangible assets	34,647	26,951	29,380
Fixed assets	5,559	7,613	8,775
Other assets	25,462	19,729	20,256
<b>Total assets</b>	<b>7,719,392</b>	<b>7,065,885</b>	<b>7,367,484</b>
<b>Equity and liabilities</b>			
Loan from central bank	0	0	0
Deposits from customers	6,141,604	5,545,223	5,791,333
Other liabilities	68,829	70,396	142,315
Tier 2 capital	81,999	87,522	81,746
<b>Total liabilities</b>	<b>6,292,432</b>	<b>5,703,141</b>	<b>6,015,394</b>
Share capital	190,425	189,681	189,681
Share premium reserve	662,599	660,322	660,322
Tier 1 capital	54,269	49,012	54,114
Other paid-in equity	14,356	12,944	13,405
Other equity	505,311	450,786	434,568
<b>Total equity</b>	<b>1,426,960</b>	<b>1,362,745</b>	<b>1,352,089</b>
<b>Total equity and liabilities</b>	<b>7,719,392</b>	<b>7,065,885</b>	<b>7,367,484</b>

## Comments on balance sheet

- Gross loans of 6,607 MNOK 30.09.2023 compared to 6,090 MNOK 30.09.2022 and 6,287 MNOK 31.12.2022 driven by underlying growth and currency effects
- Liquidity balance of 1,341 MNOK 30.09.2023 compared to 1,226 MNOK 30.09.2022, and 1,334 MNOK 31.12.2022
- Deferred tax assets of 67.9 MNOK (originated from tax losses carried forward prior to the merger in Q4 2020)
- Solid capital base - CET1 of 21.6 % (incl. year to date profit), compared to 30.09.2022 of 23.1 %
- Total equity of 1,427 MNOK, BVPS of 14.42 NOK.

# Table of contents

## 1 Highlights and development Q3

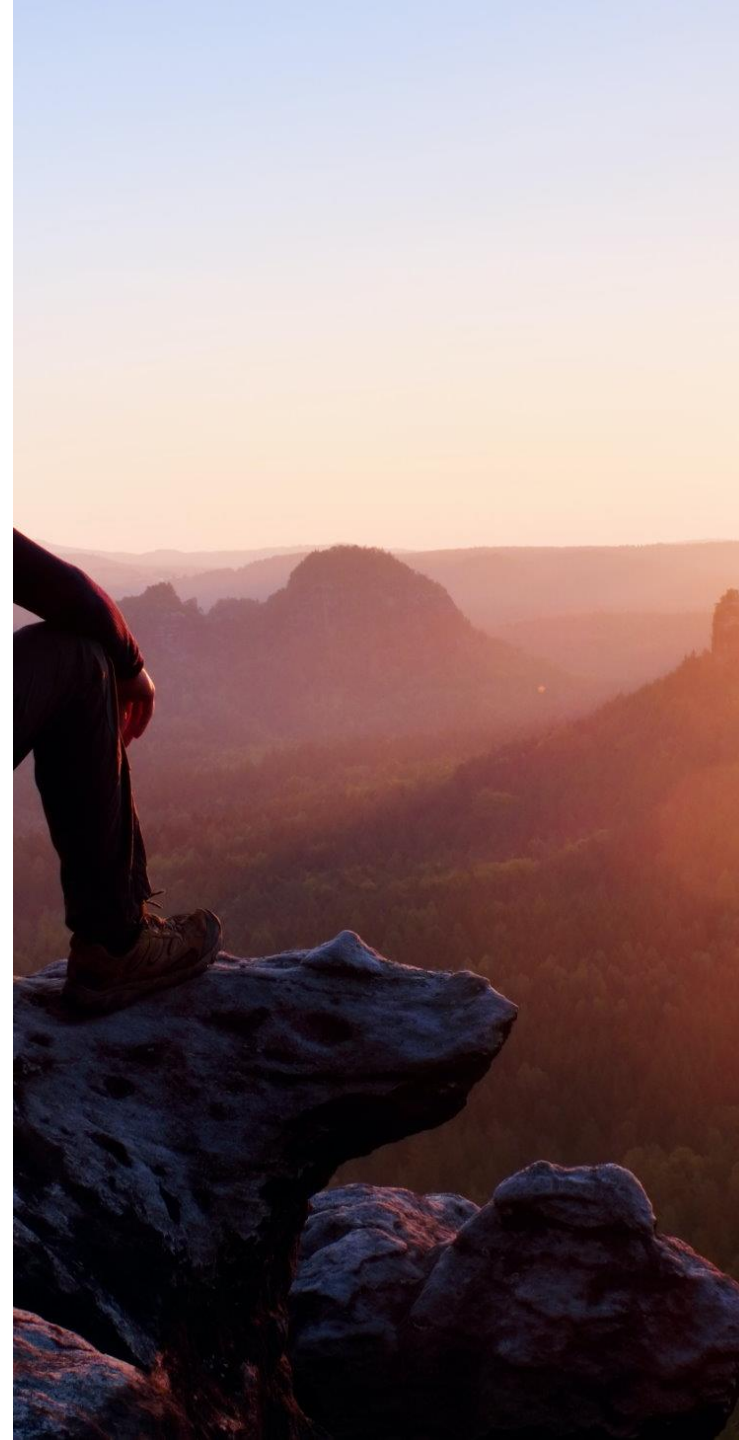
---

## 2 Financial results Q3

---

## 3 Outlook

---



## Focus areas

<b>1</b>  <b>Credit risk</b>	<ul style="list-style-type: none"> <li>• Navigate through an uncertain macroeconomic environment</li> <li>• Close monitoring of customer behaviour and support customers through temporary challenges</li> </ul>
<b>2</b>  <b>Margins</b>	<ul style="list-style-type: none"> <li>• Aim to maintain interest margins despite increasing funding costs</li> <li>• Utilize presence in four markets to optimize capital allocation and develop more diversified funding capabilities</li> </ul>
<b>3</b>  <b>Redomiciliation</b>	<ul style="list-style-type: none"> <li>• In process with foreign banking license application</li> <li>• In addition, the bank is evaluating M&amp;A opportunities</li> </ul>

## Summary of the quarter

- ✓ Continuous profit generation despite challenging macro conditions
- ✓ Industry leading cost / income of 29.6%
- ✓ Well capitalized – CET1 including YTD profits of 21.6%

### Key figures, Q3 2023

<i>Interest income</i>	<i>Profit before tax</i>	Equity
180.4 MNOK	38.0 MNOK	1,427 MNOK



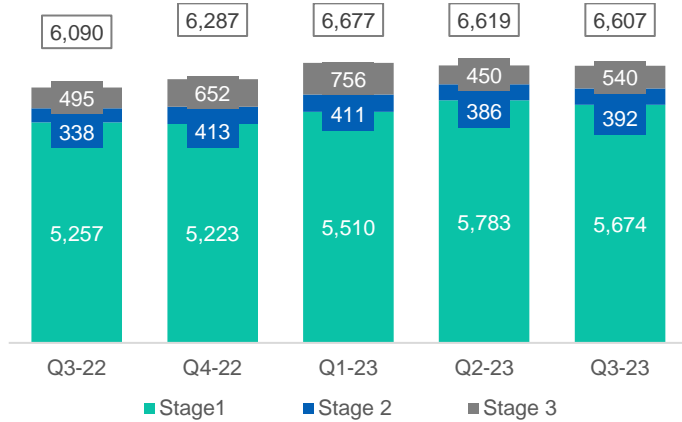
A

# Appendix

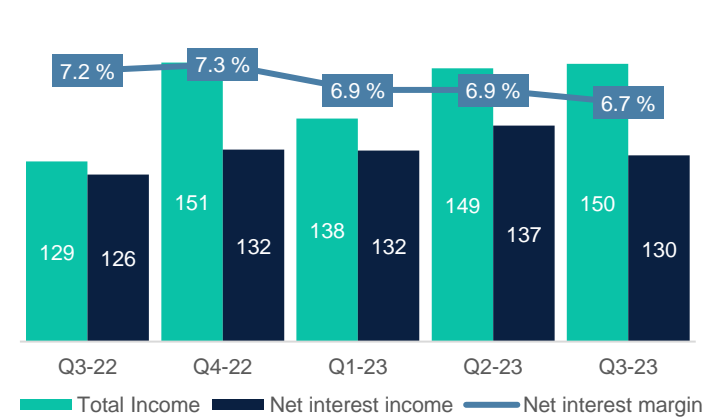
# Financial overview

## Figures in MNOK

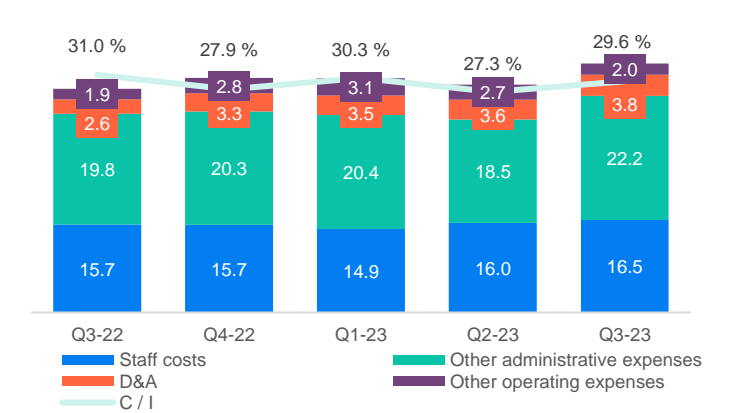
### Gross lending



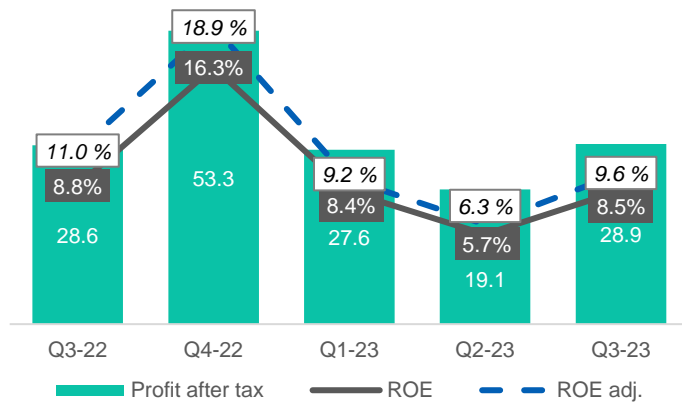
### Net income and net interest margin



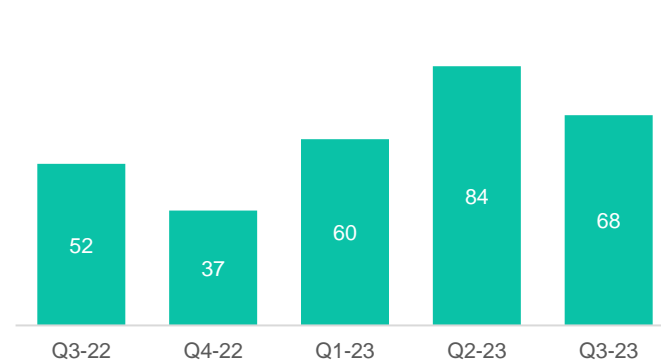
### Opex and Cost / Income



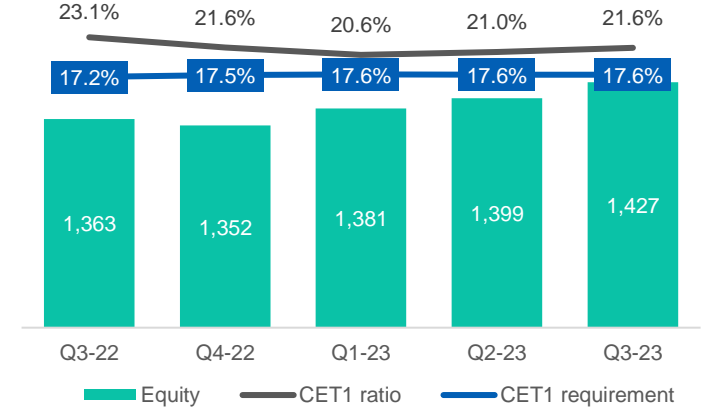
### Profit after tax and ROE<sup>1</sup>



### Loan losses



### Equity and CET1 ratio<sup>2</sup>



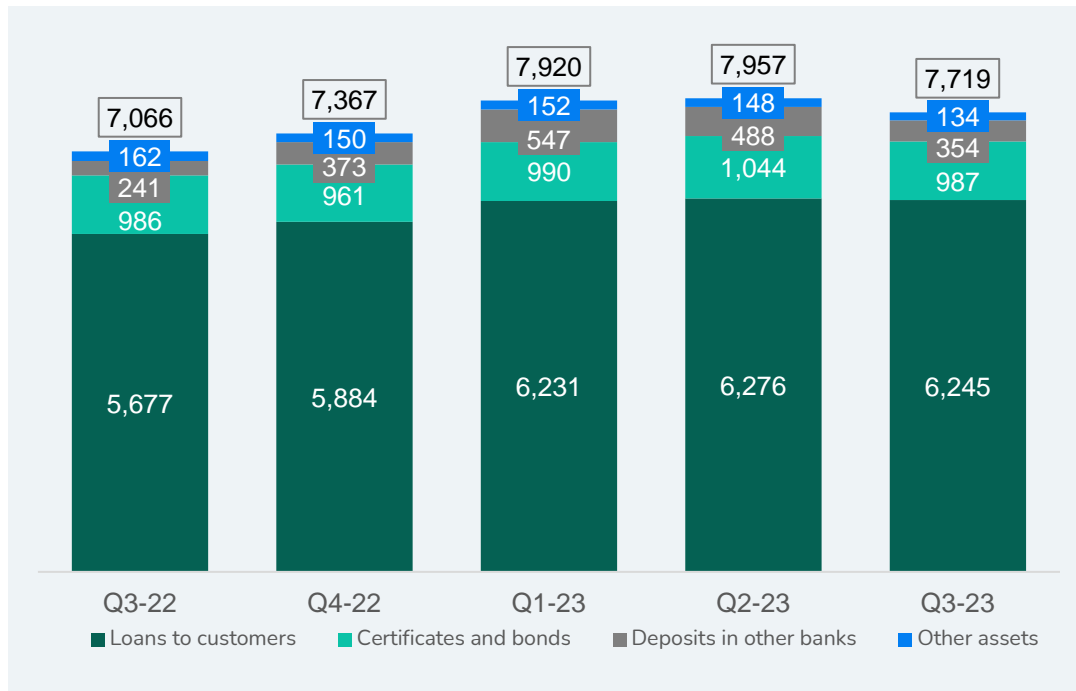
1) ROE adjusted subtracts excess capital from the calculation (capital req. + mgmt. buffer)  
 2) CET1 ratio includes YTD unaudited profit



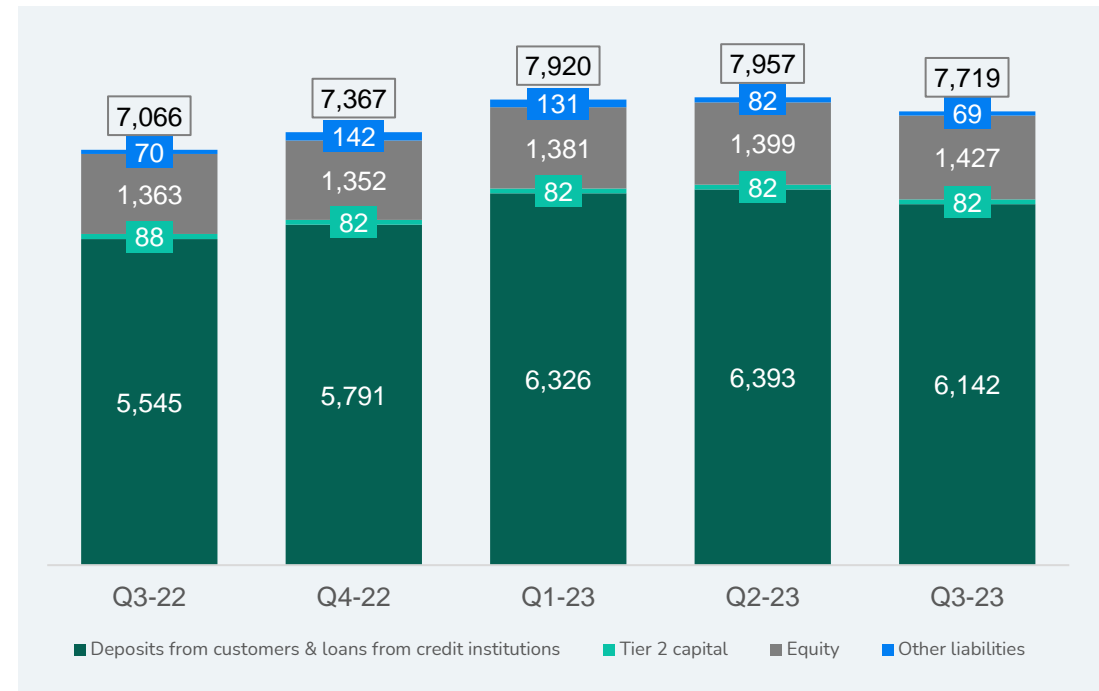
# Balance sheet structure

## Strong funding and liquidity position

### Total assets, MNOK



### Equity and liabilities, MNOK



- Deposit ratio: 98%
- Liquidity coverage ratio: 600% total (384% NOK, 396% EUR, 161% SEK)
- Net stable funding ratio: 148% total

# Lea bank ASA shareholders

## Top 20 shareholder list as of October 25<sup>th</sup> 2023

	Investor	Shares	Ownership
1	Braganza AB	10,383,899	10.9 %
2	DNB Bank ASA <sup>1</sup>	9,175,667	9.6 %
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	2.9 %
8	Vida AS	2,581,654	2.7 %
9	Umico - Gruppen AS	2,143,779	2.3 %
10	Shelter AS	1,945,486	2.0 %
11	Jenssen & Co AS	1,845,879	1.9 %
12	Lindbank AS	1,838,007	1.9 %
13	Jolly Roger AS	1,802,793	1.9 %
14	Verdipapirfondet Alfred Berg Norge	1,700,000	1.8 %
15	MP Pensjon PK	1,632,767	1.7 %
16	Varde Norge AS	1,234,399	1.3 %
17	Krogslud Invest AS	1,125,000	1.2 %
18	Thon Holding AS	1,081,211	1.1 %
19	Sober Kapital AS	901,922	0.9 %
20	Bara Eiendom AS	883,179	0.9 %
	<b>Total top 20 shareholders</b>	<b>61,463,704</b>	<b>64.6 %</b>
	Other shareholders	33,748,935	35.4 %
	<b>Total number of shares</b>	<b>95,212,639</b>	<b>100.0 %</b>

## Comments

- ~1,300 shareholders as of October 25<sup>th</sup> 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 ~775 MNOK

1) Nominee account

# Lea bank ASA

Holbergs gate 21  
0166 Oslo  
Norway

+47 22 99 14 00  
ir@leabank.no

**Lea**  
bank

