

# 4<sup>th</sup> quarter 2023 results presentation

Lea bank ASA

February 15<sup>th</sup> 2024

**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 Q4

---

## 2 Financial results Q4

---

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

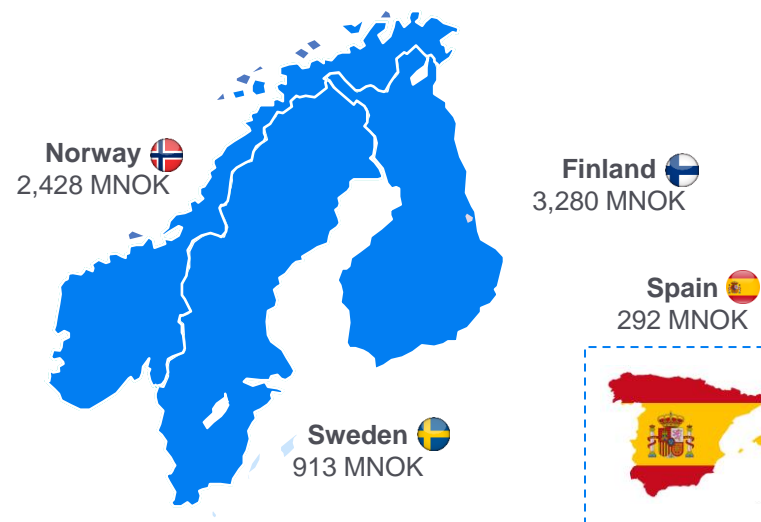
### Product portfolio

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 6,913 MNOK – geographical mix Q4 2023



# Q4 2023 highlights

## Third consecutive dividend proposal – 52.4 MNOK

### Q4 financials



- Profit before tax 40.6 MNOK (profit after tax 30.7 MNOK)
- Increased funding cost almost fully offset by increased interest rates
- Industry leading cost / income of 28.6%

### Dividend



- Third consecutive year of dividend payments
- Dividend proposal of 0.55 NOK per share, 52.4 MNOK

### Preliminary SREP



- Preliminary SREP (Supervisory Review and Evaluation Process) received from Norwegian FSA with no significant changes compared to current requirement
- Lea bank to file response to the Norwegian FSA by 16.02.24

### Redomiciliation & M&A



- Submitted banking license application to the Swedish FSA
- Entered strategic partnership with Stena Group and acquisition of its consumer credit company Captum Group

### Key financial figures, MNOK

	Q4-23	2023	2022
<i>Interest income</i>	193.4	712.3	554.3
<i>PBT</i>	40.6	140.1	186.4
<i>- Dividend</i>		52.4	70.2
<i>ROE, Annualized</i>	9.0%	8.0%	11.1%
<i>ROE adj.<sup>1</sup>, annualized</i>	11.0%	9.8%	13.9%
<i>EPS, annualized</i>	1.29	1.12	1.48
<i>EPS pre-tax, annu.</i>	1.71	1.47	1.96
<i>C / I</i>	28.6%	28.9%	30.7%
<i>Gross loans</i>	6,913	6,913	6,287
<b>Equity<sup>2</sup></b>	<b># of shares<sup>3</sup></b>	<b>BVPS</b>	
1,350	95,219,132	14.17	

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

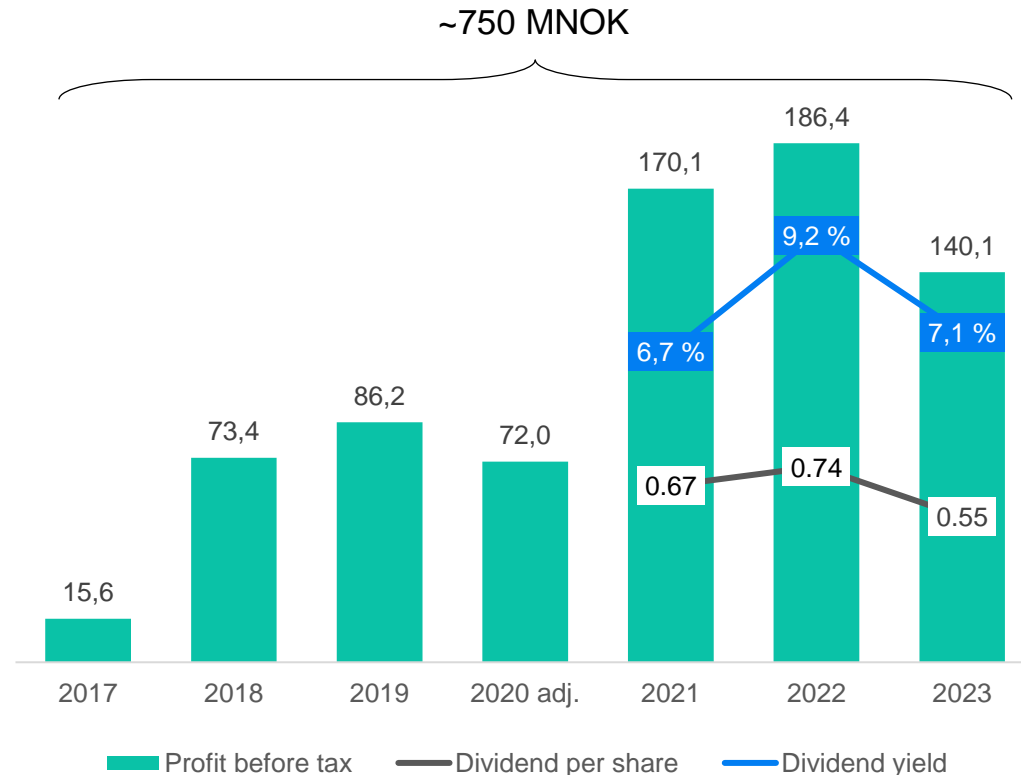
2) Equity excluding tier 1 capital and reduced by proposed dividend

3) As of 31.12.23

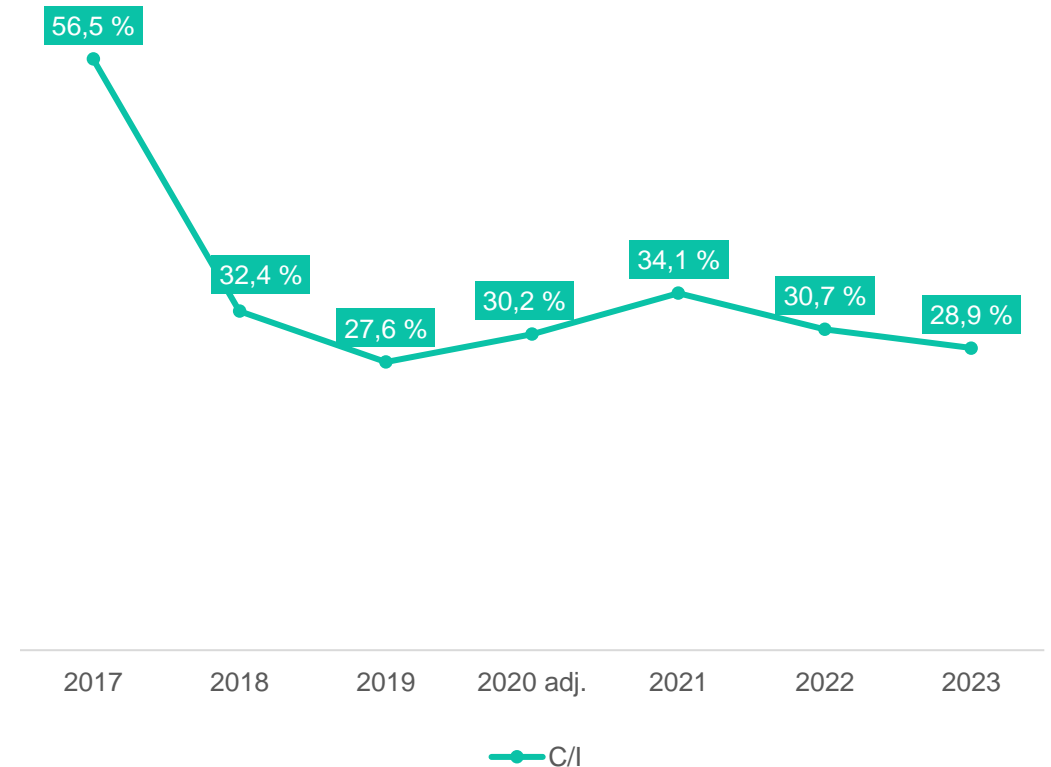
# Strong financial track record since inception in 2016

## Solid profit generation last years with competitive cost / income ratio

Profit before tax, MNOK – unbroken track record since 2017<sup>1, 2</sup>



Industry leading cost / income<sup>1</sup>



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

2) Dividend yield using year-end market cap

# Table of contents

**1** Highlights and development Q4

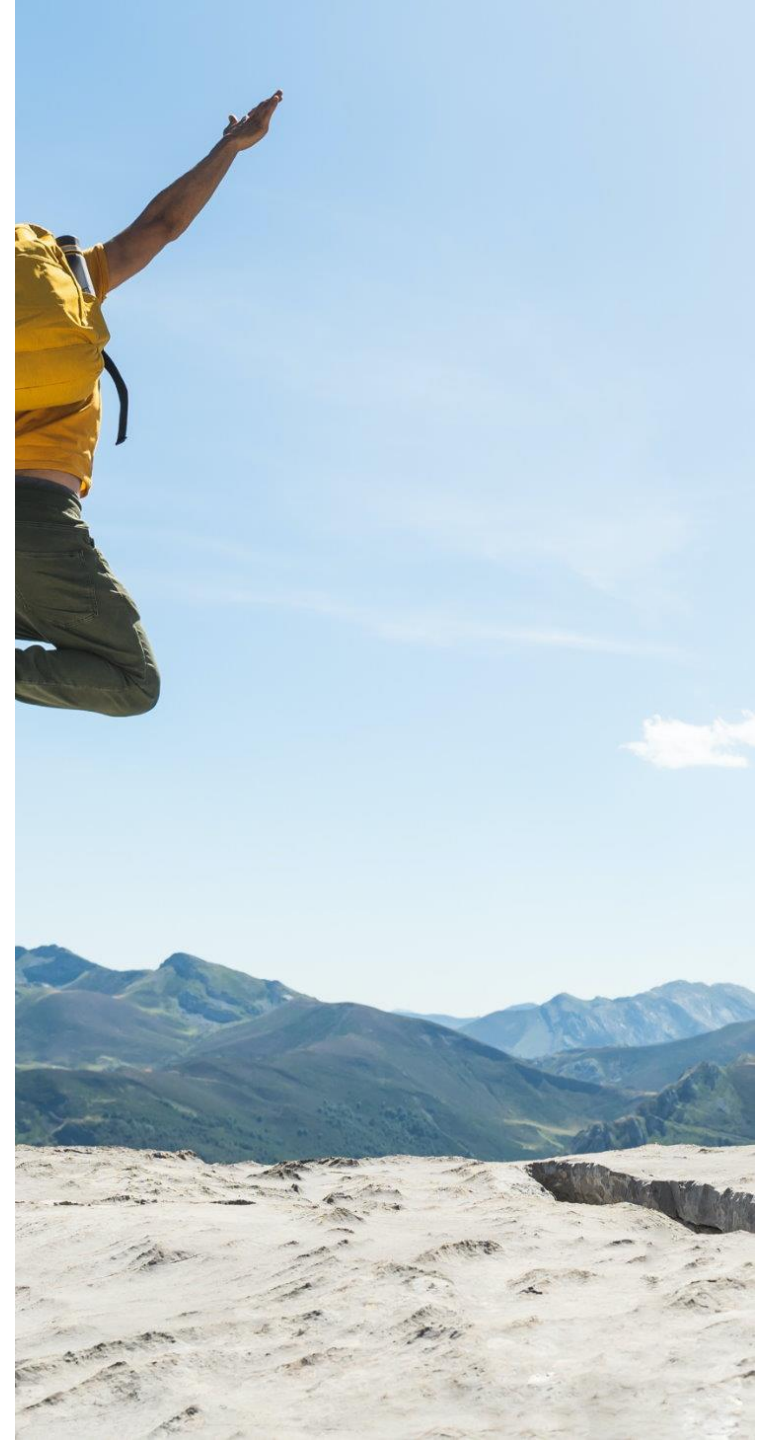
---

**2** Financial results Q4

---

**3** Outlook

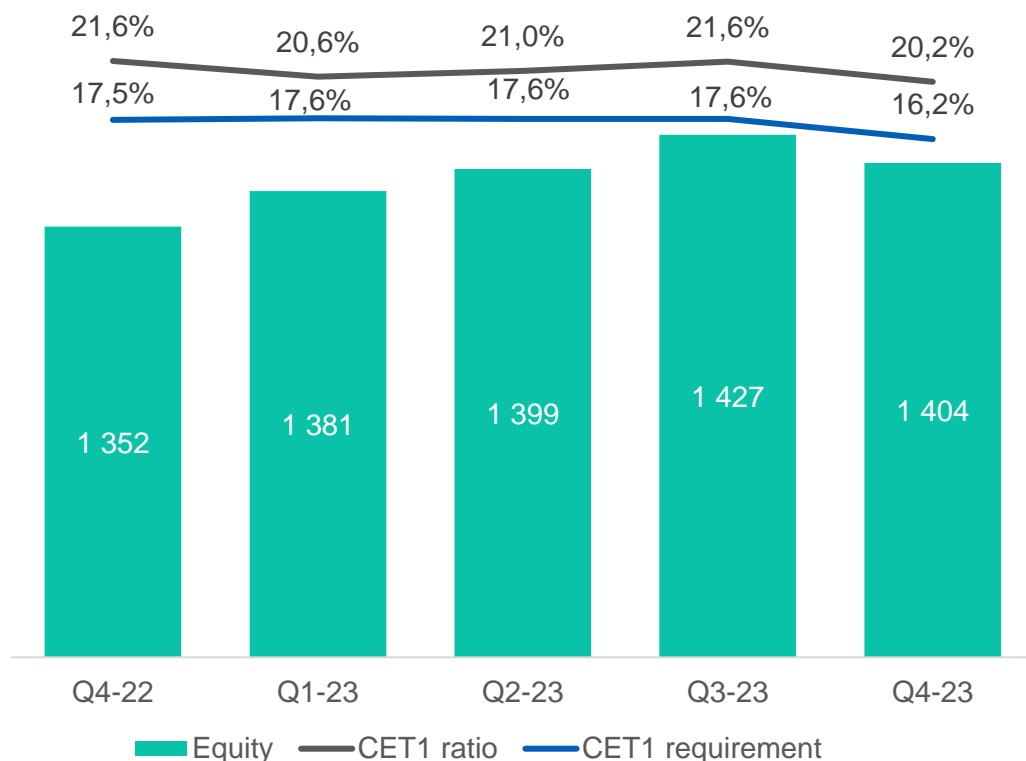
---



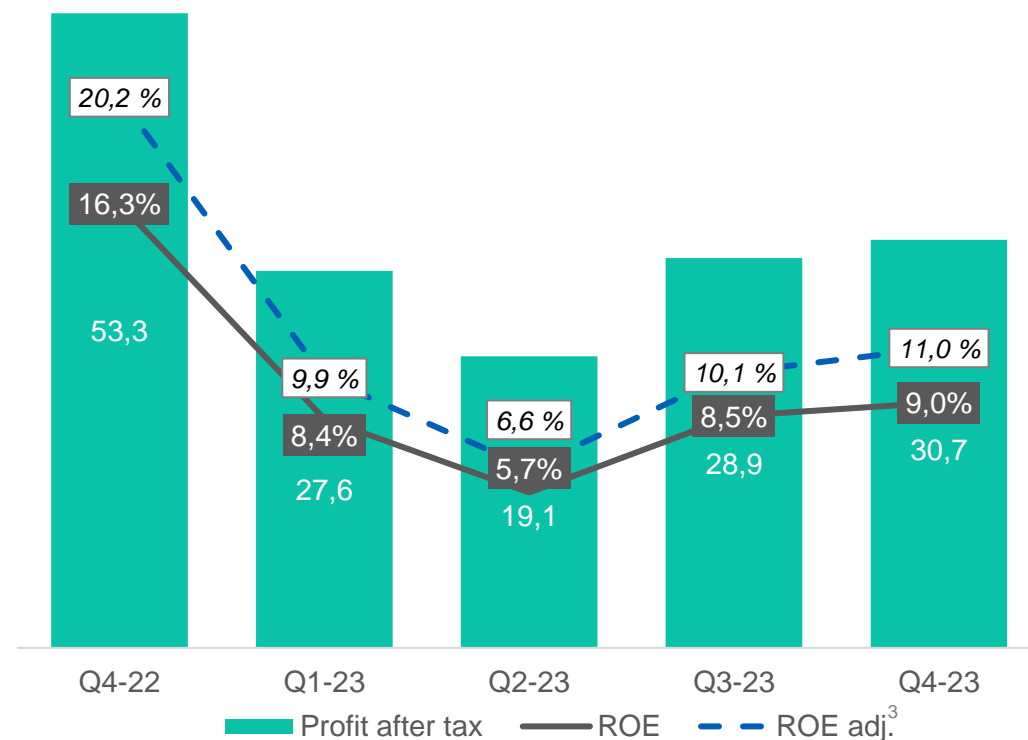
# Solid capitalization and continued profit generation

Well above CET1 requirement

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



Profit after tax (MNOK) and Return on Equity



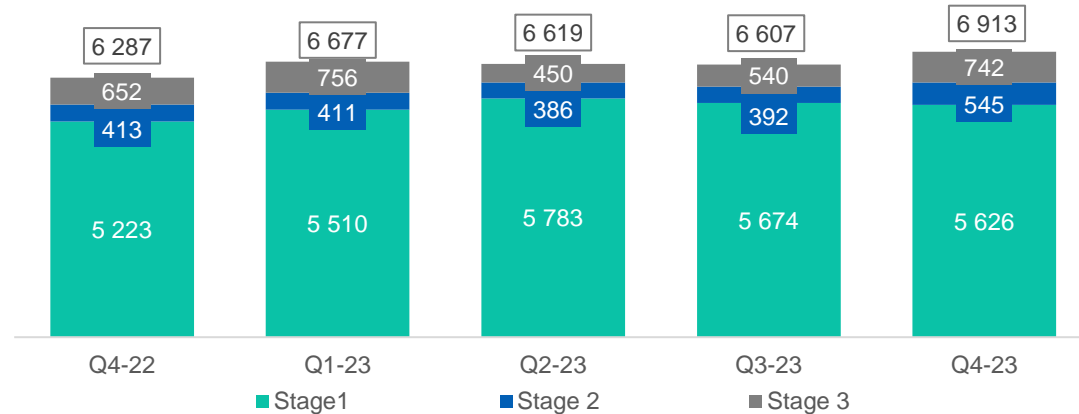
1) CET1 ratios for Q1, Q2 and Q3 include YTD unaudited profit  
 2) Equity reduced by annual dividend accrual in Q4-2023  
 3) ROE adjusted subtracts excess capital from the calculation



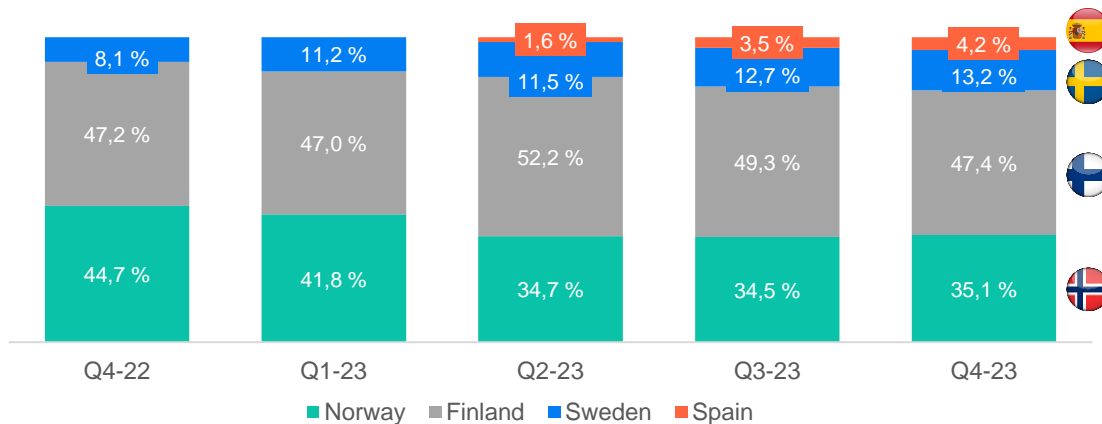
# International consumer finance bank

## 65% of volumes outside Norway – growth in all markets

### Gross lending, MNOK



### Geographical mix, gross loans



### Comments

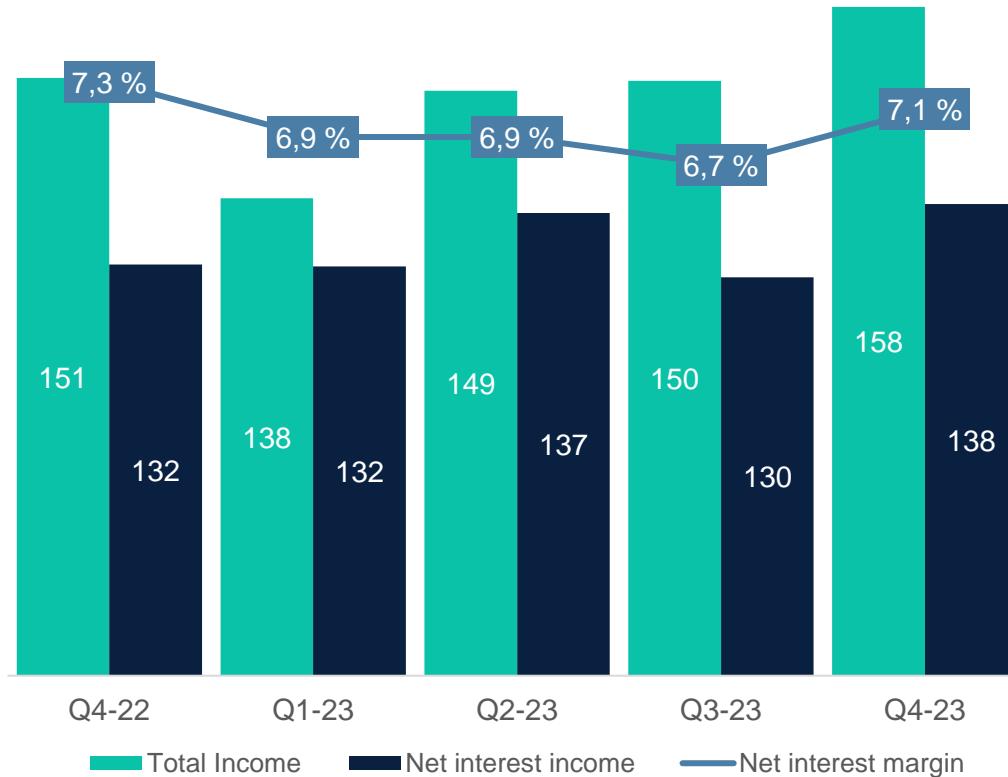
- Four fully operating markets enable distribution flexibility and growth opportunities
- Focus on margins to absorb increased funding cost and credit risk on new volumes
- Volumes outside of Norway represent 64.9% - in accordance with strategic focus on international markets
  - Norway represented 67% of total portfolio in Q4 2020, now down to 35.1%
- Focus on building portfolio in Spain with a step-by-step approach with prudent credit risk management

# Margin development

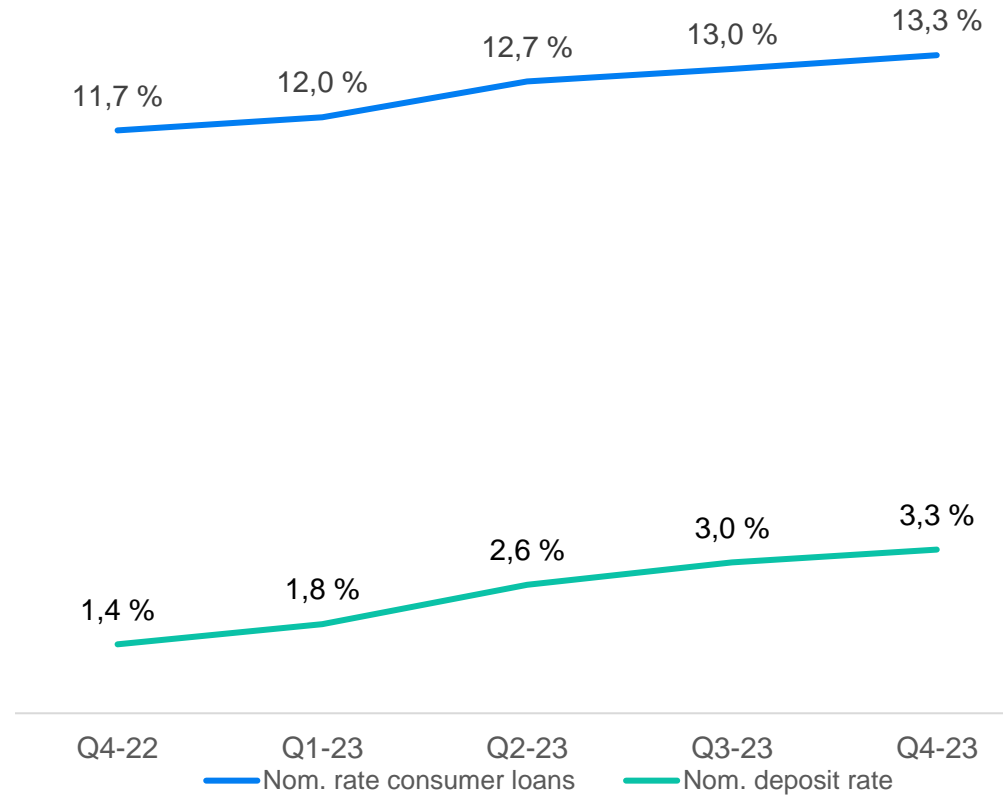
Increased funding cost offset by increased interest rates

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

MNOK / % of total assets



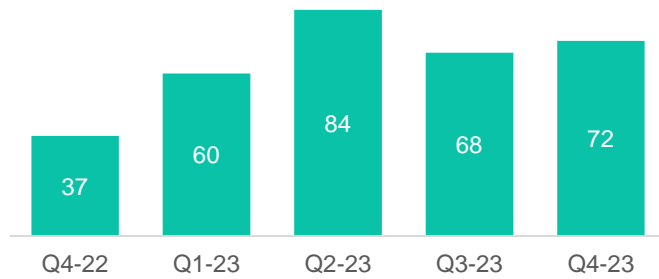
## Yields end of quarter<sup>1</sup>



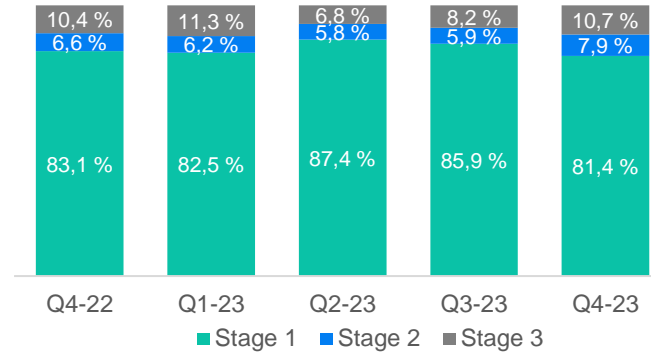
1) All figures are end of quarter and nominal

# Credit quality overview

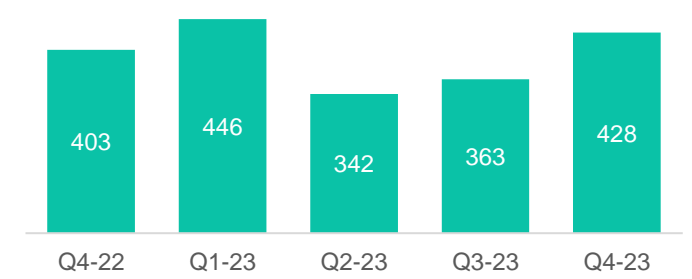
## Loan losses, MNOK



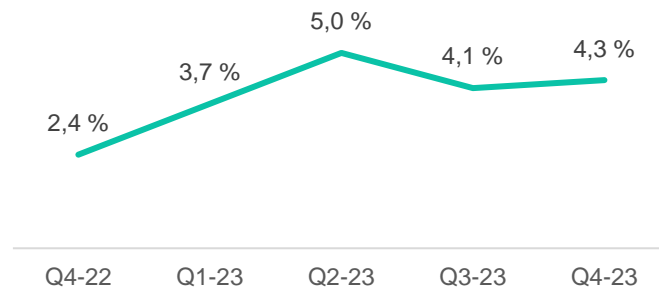
## Stage allocation



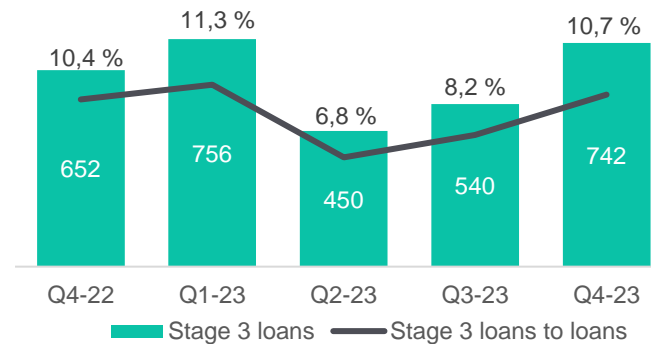
## Provisions, MNOK



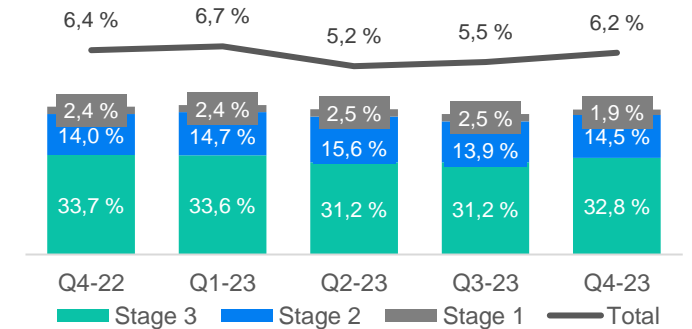
## Loan loss ratio<sup>1</sup>



## 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>	Q4-2023	Q4-2022	2023	2022
Interest income	193,384	152,427	712,253	554,259
Interest expense	-55,572	-20,735	-175,625	-61,123
<b>Net interest income</b>	<b>137,813</b>	<b>131,692</b>	<b>536,628</b>	<b>493,136</b>
Commission and fee income	9,501	8,186	33,791	28,766
Commission and fee expenses	-1,324	-1,435	-4,628	-4,740
Net change in value on securities and currency	11,168	12,001	29,302	5,594
Other income	660	133	796	220
<b>Net other income</b>	<b>20,005</b>	<b>18,884</b>	<b>59,261</b>	<b>29,841</b>
<b>Total income</b>	<b>157,817</b>	<b>150,576</b>	<b>595,889</b>	<b>522,977</b>
Salary and other personnel expenses	-16,366	-15,661	-63,841	-62,600
Other administrative expenses	-21,406	-20,257	-82,507	-79,170
- of which marketing expenses	-2,336	-437	-6,866	-3,883
Depreciation	-3,947	-3,275	-14,786	-10,833
Other expenses	-3,416	-2,756	-11,170	-8,046
<b>Total operating expenses</b>	<b>-45,135</b>	<b>-41,949</b>	<b>-172,303</b>	<b>-160,649</b>
<b>Profit before loan losses</b>	<b>112,682</b>	<b>108,627</b>	<b>423,586</b>	<b>362,327</b>
Loan losses	-72,057	-37,012	-283,505	-175,968
<b>Profit before tax</b>	<b>40,626</b>	<b>71,615</b>	<b>140,081</b>	<b>186,359</b>
Tax	-9,957	-18,287	-33,835	-45,782
<b>Profit after tax</b>	<b>30,669</b>	<b>53,328</b>	<b>106,245</b>	<b>140,577</b>

## Comments on income statement

- Profit before tax Q4-23 of 40.6 MNOK, compared to 71.6 MNOK last year
- Interest income in Q4-23 of 193.4 MNOK, compared to 152.4 MNOK last year – driven by higher volumes and interest rate
- Interest expense in Q4-23 of 55.6 MNOK, compared to 20.7 MNOK last year – driven by higher funding cost and volumes
- Net other income in Q3-23 of 20,0 MNOK, compared to 18.9 MNOK last year – driven by strong yield on liquidity balance
- OPEX in Q4-23 of 45.1 MNOK, compared to 41.9 MNOK last year – increase due to expansion of operational model – still demonstrating strong focus on cost control
- C/I in Q4-23 of 28.6% compared to last year of 27.9%. C/I in 2023 improved to 28,9% from 30,7% in 2022
- Loan losses in Q4-23 of 72.1 MNOK compared to 37.0 MNOK last year, reflecting annualized loss ratio of 4.3% compared to 2.4% Q4-22

# Balance sheet

NGAAP	31.12.2023	30.09.2023	31.12.2022
<b>Balance sheet (Amounts in thousands)</b>			
<b>Assets</b>			
Cash and deposits with the central bank	51,931	51,448	50,402
Loans and deposits with credit institutions	350,786	302,452	322,201
Gross loans to customers	6,913,256	6,607,247	6,286,924
Loan loss provisions	-427,542	-362,552	-403,373
Certificates, bonds and other securities	839,681	987,251	961,163
Deferred tax asset	57,920	67,877	91,756
Other intangible assets	41,219	34,647	29,380
Fixed assets	5,133	5,559	8,775
Other assets	21,258	25,462	20,256
<b>Total assets</b>	<b>7,853,642</b>	<b>7,719,392</b>	<b>7,367,484</b>
<b>Equity and liabilities</b>			
Loan from central bank	0	0	0
Deposits from customers	6,239,373	6,141,604	5,791,333
Other liabilities	128,307	68,829	142,315
Tier 2 capital	82,084	81,999	81,746
<b>Total liabilities</b>	<b>6,449,764</b>	<b>6,292,432</b>	<b>6,015,394</b>
Share capital	190,438	190,425	189,681
Share premium reserve	662,638	662,599	660,322
Tier 1 capital	54,321	54,269	54,114
Other paid-in equity	14,556	14,356	13,405
Other equity	481,925	505,311	434,568
<b>Total equity</b>	<b>1,403,878</b>	<b>1,426,960</b>	<b>1,352,089</b>
<b>Total equity and liabilities</b>	<b>7,853,642</b>	<b>7,719,392</b>	<b>7,367,484</b>

## Comments on balance sheet

- Gross loans of 6,913 MNOK 31.12.2023 compared to 6,607 MNOK 30.09.2023 and 6,287 MNOK 31.12.2022 driven by underlying growth and currency effects
- Liquidity balance of 1,243 MNOK 31.12.2023 compared to 1,341 MNOK 30.09.2023, and 1,334 MNOK 31.12.2022
- Deferred tax assets of 52.9 MNOK (originated from tax losses carried forward prior to the merger in Q4 2020)
- Solid capital base - CET1 of 20.2 % (incl. 2023 profit and dividend accrual), compared to 31.12.2022 of 21.6 %
- Total equity of 1,404 MNOK, BVPS (ex. T1 capital) of 14.17 NOK. Equity as of 31.12.23 has been reduced by dividend accrual of 52.4 MNOK

# Table of contents

## 1 Highlights and development Q4

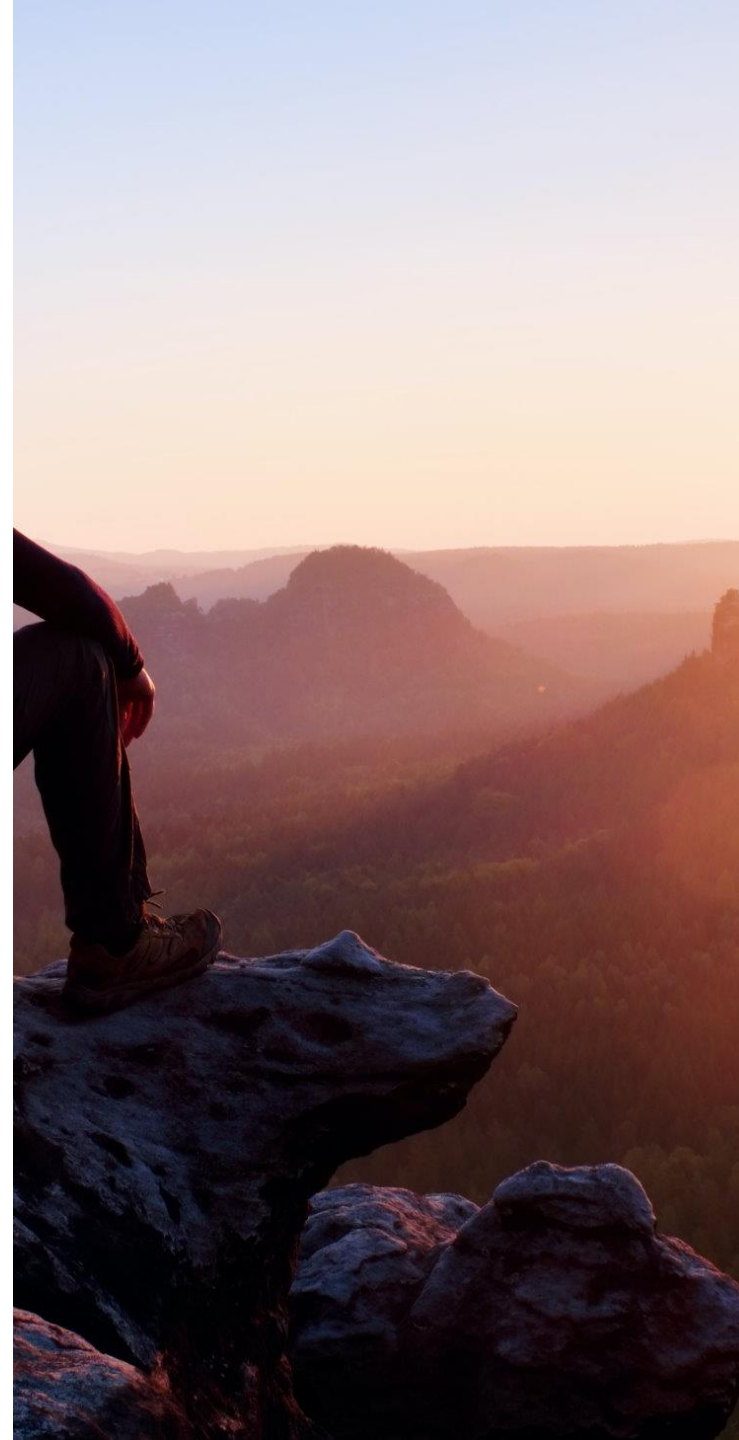
---

## 2 Financial results Q4

---

## 3 Outlook

---



# Benefits of a potential redomiciliation to Sweden

## Four considerations supporting the decision

### Strengthened distribution

1

- Sweden is the most important geographical market going forward – driven by strategic opportunities, market size and well-developed market

### Sweden is EU member

2

- 65% of volumes in EU markets – important to operate under a harmonized regulatory framework

### Listing on Nasdaq Stockholm

3

- Larger investor space for niche banks, broader analyst coverage, better liquidity and more exit opportunities for shareholders

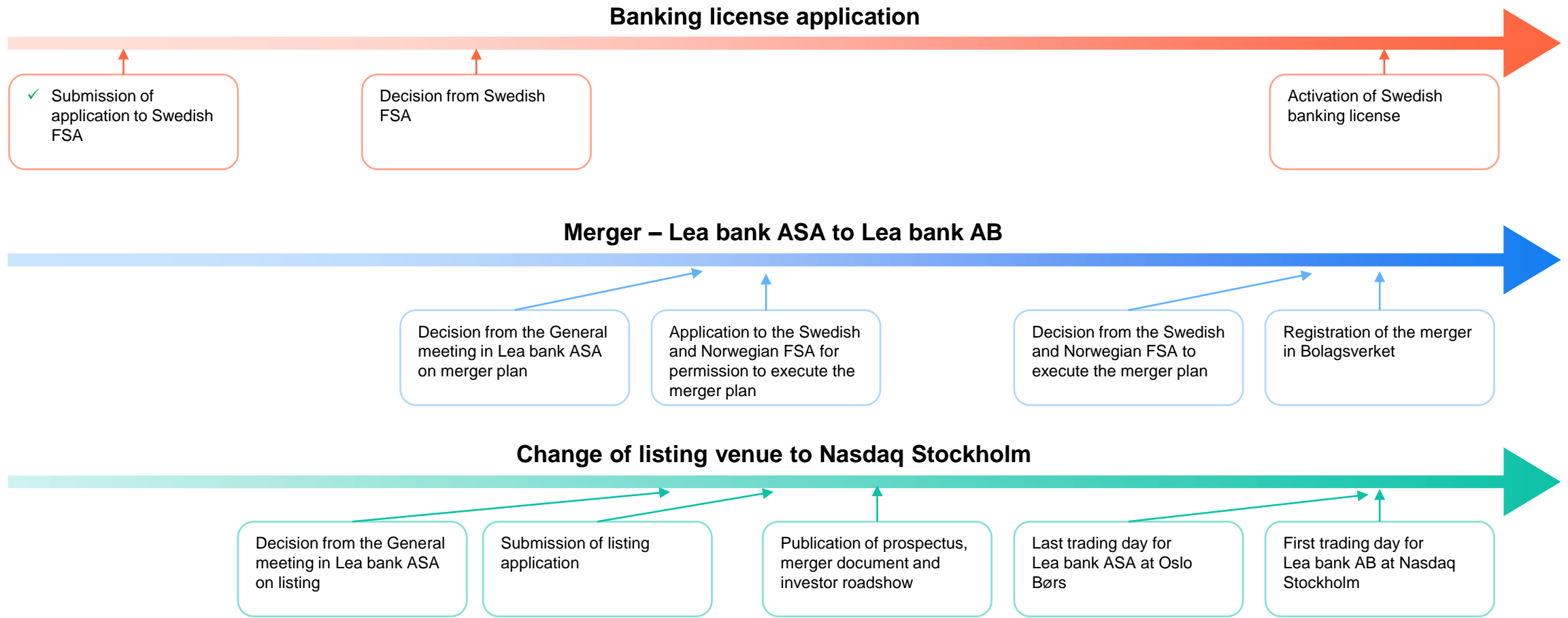
### Improved access to capital

4

- Important with good access to risk capital

# Tentative application process and migration plan

Subject to approvals\*



\* Subject to approvals from Swedish and Norwegian FSAs, listing on Nasdaq Stockholm and delisting from Oslo Børs and General meeting in Lea bank ASA



## Focus areas

1	<p><b>Credit risk</b></p> <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>
2	<p><b>Margins</b></p> <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>
3	<p><b>Swedish banking license application</b></p> <ul style="list-style-type: none"> <li>• Swedish banking license application filed January 2024</li> <li>• Decision from the Swedish FSA within 31.07.24</li> </ul>

## Summary of the quarter

- ✓ Continuous profit generation despite challenging macro conditions
- ✓ Industry leading cost / income of 28.6%
- ✓ Well capitalized – CET1 including YTD profits of 20.2%

### Key figures, Q4 2023

<i>Interest income</i>	<i>Profit before tax</i>	Equity
193.4 MNOK	40.6 MNOK	1,404 MNOK



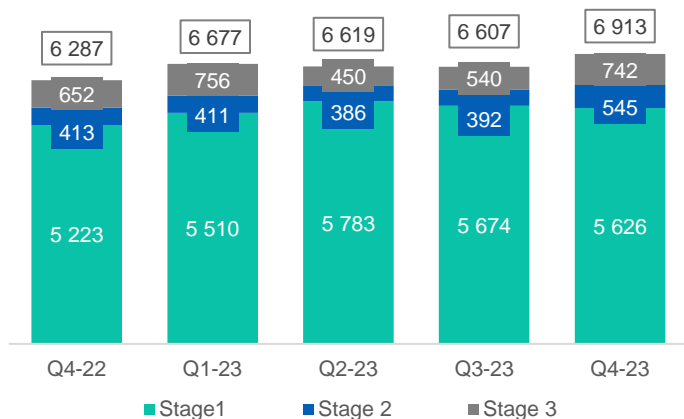
A

# Appendix

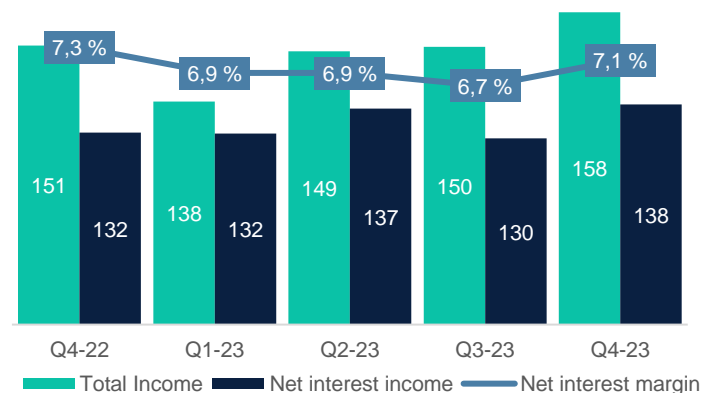
# Financial overview

## Figures in MNOK

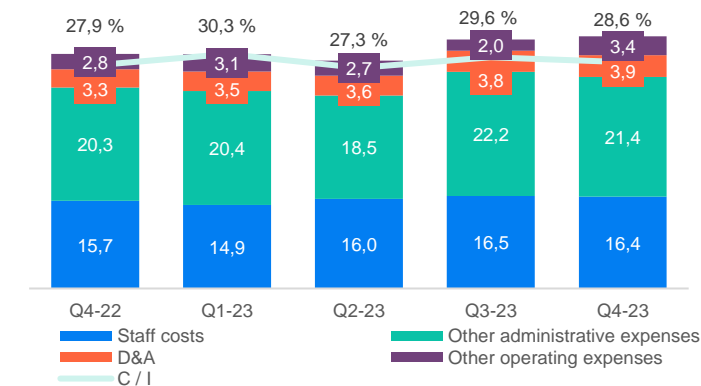
### Gross lending



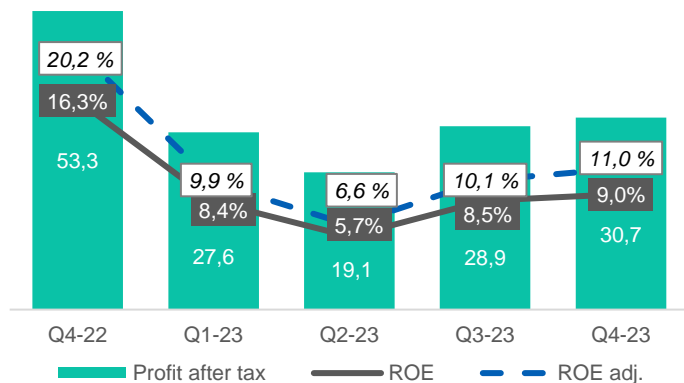
### Net income and net interest margin



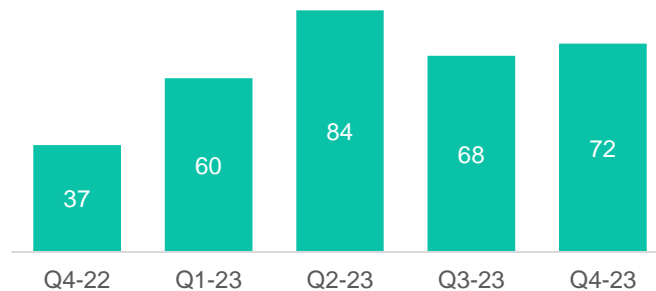
### Opex and Cost / Income



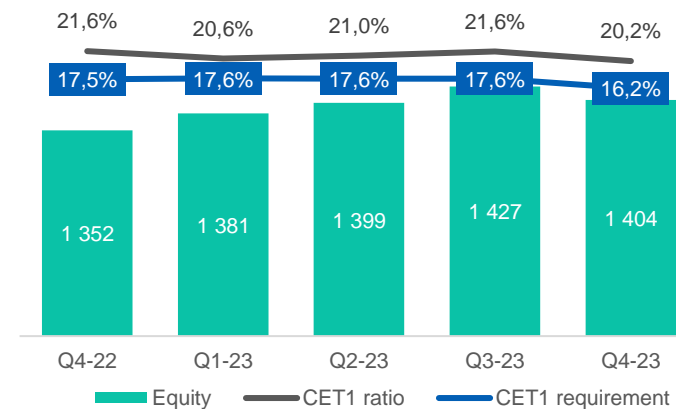
### Profit after tax and ROE<sup>1</sup>



### Loan losses



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

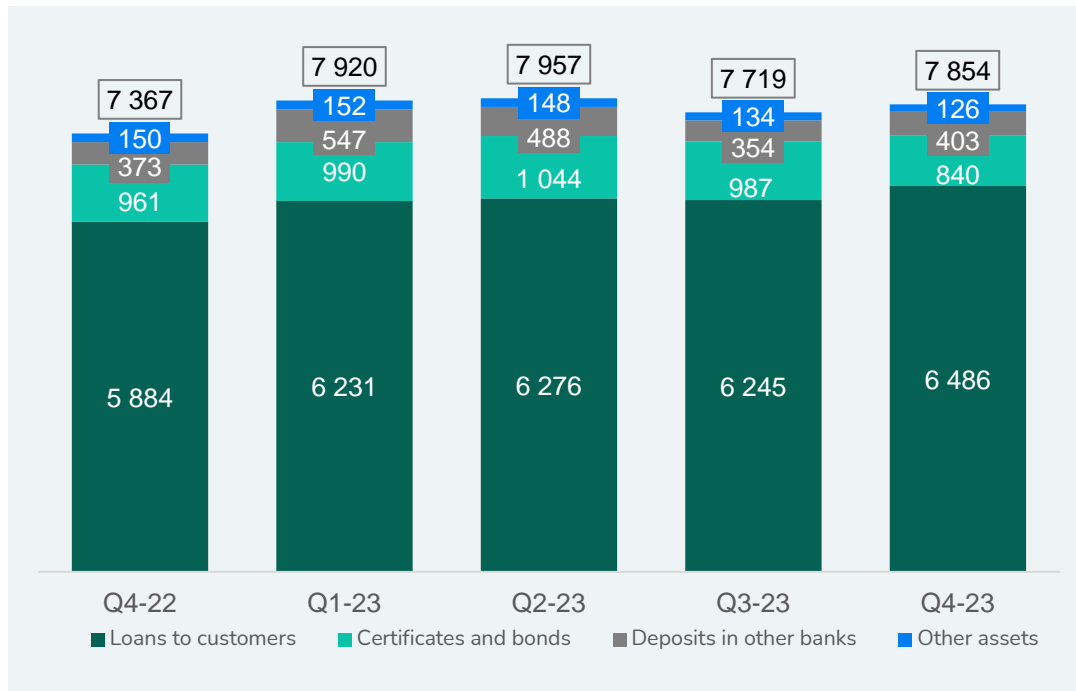


1) ROE adjusted subtracts excess capital from the calculation  
 2) CET1 ratio includes YTD unaudited profit

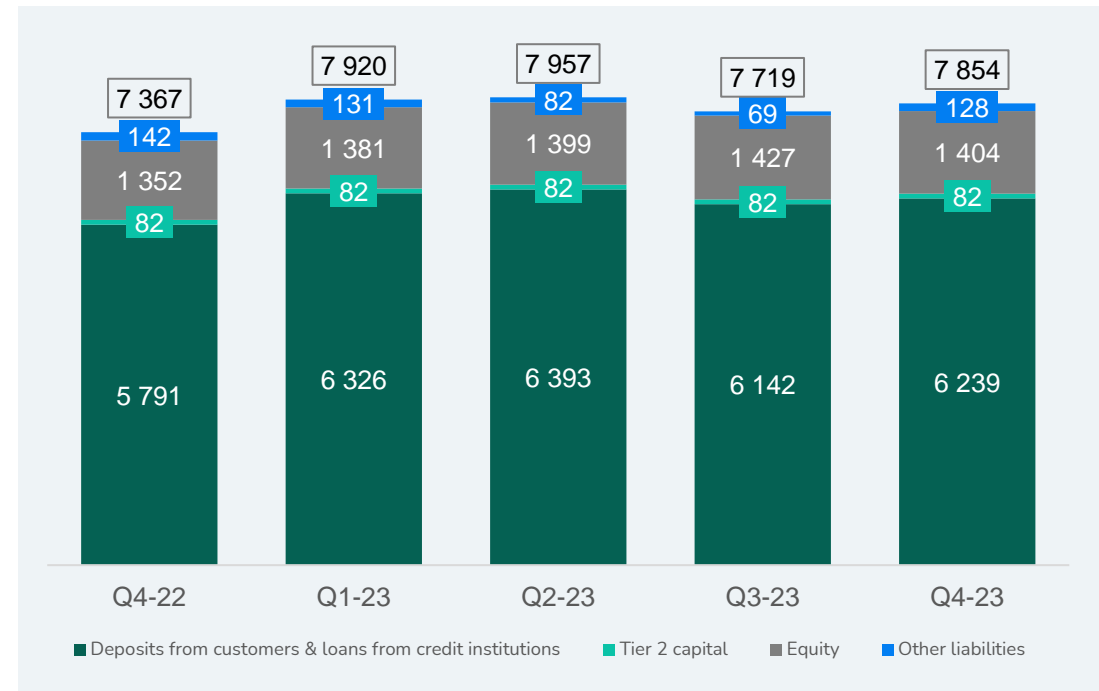
# Balance sheet structure

## Strong funding and liquidity position

### Total assets, MNOK



### Equity and liabilities, MNOK



- Deposit ratio: 96%
- Liquidity coverage ratio: 488% total (488% NOK, 211% EUR, 139% SEK)
- Net stable funding ratio: 148% total

# Lea bank ASA shareholders

## Top 20 shareholder list as of February 13<sup>th</sup> 2024

	Investor	Shares	Ownership
1	Braganza AB	10,383,899	10.9 %
2	DNB Bank ASA	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	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	1,813,793	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	1,234,399	1.3 %
17	Krogslud Invest AS	1,125,000	1.2 %
18	Thon Holding AS	1,081,211	1.1 %
19	Sober Kapital AS	1,031,922	1.1 %
20	Bara Eiendom AS	883,179	0.9 %
	<b>Total top 20 shareholders</b>	<b>61,031,153</b>	<b>64.1 %</b>
	Other shareholders	34,187,979	35.9 %
	<b>Total number of shares</b>	<b>95,219,132</b>	<b>100 %</b>

## Comments

- ~1,250 shareholders as of February 13<sup>th</sup> 2024
- 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 102,039 shares, corresponding to 0.1%
- Current market capitalization of ~725 MNOK

1) Nominee account

# Lea bank ASA

Holbergs gate 21

0166 Oslo

Norway

+47 22 99 14 00

ir@leabank.no

**Lea**  
bank

