Quarterly report Q2 2023

Lea bank ASA

Lea bank

About Lea bank ASA

Lea bank is a leading digital niche bank with an international distribution platform. The strategy is to deliver attractive terms to customers, leading technological solutions, cost-effective operations, prudent credit risk management, and efficient capital utilization.

Lea bank offers unsecured loans and deposit products to the consumer market. The bank has lending operations in Norway, Finland, Sweden and Spain, and offers deposit products in Norway, Sweden, Germany, Spain, Austria, and France. The bank has access to euro deposits through a partnership with Raisin Bank.

Lea bank has a scalable European operation model and leading cloud-based IT solutions with a focus on delivering superior customer experiences.

By using automated loan processing and user-friendly digital products, Lea bank has gained a solid position among Nordic niche banks. The bank has developed a proprietary credit model and offers risk-based pricing to defined customer segments to optimize return on equity.

Lea bank is an independent bank with approximately 1,300 shareholders and is listed on Euronext Growth Oslo with the ticker symbol LEA.

Lea bank is a member of The Norwegian Banks' Guarantee Fund, Finance Norway, and The Association of Norwegian Finance Houses. Deposits up to NOK 2 million are covered by the guarantee scheme fund. Deposits outside Norway are covered up to EUR 100,000.

The bank's headquarter is located at Holbergs gate 21 in Oslo - Norway.

Q2 2023 Results

The bank reported a profit before tax of NOK 25.1 million for Q2 2023, with a profit after tax of NOK 19.1 million. Equity at the end of the quarter was NOK 1,399.1 million, and the annualized return on equity was 5.7% for the quarter.

Loan losses have been affected by increased probability of default and higher volume sent to collection, as well as certain one-off events.

Gross loans to customers was reduced by NOK 58 million during the quarter. Adjusted for a one-off sale of non-performing loans in Norway of NOK 367 million, the volume growth was NOK 309 million.

The bank continued to focus on loan growth, NPL management, effective operations and cost control in the quarter.

The financing cost has increased by 0.8 percentage points compared to the previous quarter, and the annualized financing cost on deposit products at the end of the quarter is at 2.6%. The increase in financing cost was offset by an increase in lending margins of 0.7 percentage points, leading to a stable Net interest income rate of 6.9 % which is at the same level as last quarter.

The bank had a solid liquidity position at the end of the quarter, which is expected to continue.

The interim financial statement is not audited.

Income statement for Q2 2023

Profit before tax for Q2 2023 was NOK 25.1 million, compared to NOK 43.4 million in Q2 2022. Profit after tax for Q2 2023 was NOK 19.1 million, compared to NOK 32.7 million in Q2 2022.

Net interest income for the quarter was NOK 136.9 million, an increase of NOK 15.9 million compared to Q2 2022, and an increase of NOK 5.4 million compared to the previous quarter. Total income was NOK 149.3 million, compared to NOK 125.0 million in the same quarter of 2022.

The net change in the value of liquidity holdings and currency effects resulted in a gain of NOK 6.1 million in the quarter, compared to a loss of NOK 1.8 million in Q2 2022. The market for liquidity placements has been positive due to increased underlying interest rates. The bank takes positions to hedge currency risk, as a substantial portion of the bank's lending is outside Norway. There have been significant movements in the currency market throughout the quarter, however the impact on the income statement has been limited.

Total operating expenses were 40.7 MNOK compared to 39.3 MNOK in Q2 2022.

Losses on loans were 83.6 MNOK compared to 42.3 MNOK in Q2 2022. Annualized loan losses for the quarter were 5,0%. Underlying loan losses for the quarter increased from 3,7% in Q1 2023 to 4,2% driven by increased probability of default and higher volume sent to collection, driven by the current macro environment. Sale of defaulted loans in Norway and acquired lending volumes in Finland amounted to 0,8% of the quarterly loan loss ratio of 5,0%.

Balance sheet as of 30.06.2023

Loan development has an underlying positive development throughout the quarter, and gross loans amounted to 6,618.5 MNOK as of 30.06.2023, compared to 6,676.6 MNOK in the previous quarter and 5,837.6 MNOK as of 30.06.2022. Adjusted for the one-off sale of non-performing loans in Norway, the gross loans increased by NOK 309 million during the quarter. The growth has been strong in Finland, in addition to Spain where lending volumes are showing a positive development.

Total assets amounted to 7,956.6 MNOK as of 30.06.2023, compared to 6,976.2 MNOK as of 30.06.2022.

Deposits to customers amounted to 6,393.3 MNOK as of 30.06.2023, compared to 5,397.1 MNOK as of 30.06.2022. In line with the funding strategy to further diversify the deposit funding, the bank successfully launched deposit funding in Sweden during the quarter.

Total equity amounted to 1,399.1 MNOK, compared to 1,364.5 MNOK as of 30.06.2022. See note 4 for information on capital adequacy.

Deposits with other banks and liquid assets amounted to 1,532.7 MNOK. Liquid assets were invested in the Central Bank of Norway, other Norwegian banks, certificates and government bonds, and funds invested in preferred stock bonds and liquidity funds.

The total capital adequacy ratio (tier 2) was 22.47%, the tier 1 capital adequacy ratio (tier 1) was 21.09%, and common equity capital adequacy ratio (CET 1) was 20.17% at the end of the quarter. The interim financial statement has not been audited. Including year to date profits, the capital adequacy ratios would have been 23.26%, 21.88%, and 20.96%, respectively.

The Liquidity Coverage Ratio (LCR) was 726% (454% in EUR and 832% in SEK) and the Net Stable Funding Ratio (NSFR) was 148% as of 30.06.2023.

Outlook

The bank will continue its strategy of becoming a leading digital niche bank with consumer financing offering in attractive geographical markets. Lea bank has lending operations in Norway, Finland, Sweden, Spain, and a scalable international operation model.

The focus is to deliver attractive returns for the shareholders, efficient operations, an exciting workplace for the bank's employees, and offer superior customer experiences for the bank's customers and partners.

Focus areas going forward:

1. Securing profitable growth
   - *Aim to maintain interest margins despite increasing funding costs*
   - *Utilize presence in four markets to optimize capital allocation and develop more diversified funding capabilities*
2. Securing prudent risk management
   - *Navigate through an uncertain macroeconomic environment*
   - *Close monitoring of customer behaviour and support customers through temporary challenges*

Lea bank has over the last years developed the bank to become an attractive international consumer bank. This has led to operational activities in four countries and over 65% of the lending volume issued outside Norway. Lea bank has with this background initiated a project to consider redomicilation. This will be carried out through either an organic application process or M&A.

The bank has strong solvency at the end of the quarter with a pure core capital adequacy ratio of 20.17%, which provides a good margin to statutory capital requirements.

There is general uncertainty related to future conditions and development that may affect the bank's economic development.

Income statement

(Amounts in NOK 1 000)	Note	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 bank services income		7,481	7,097	16,207	28,766
Commission and bank services expenses		-1,144	-1,361	-2,224	-4,740
Net changes in value on securities and currency		6,056	-1,756	5,293	5,594
Other income		72	31	84	220
Net other operating income		**12,466**	**4,011**	**19,360**	**29,841**
Total income		**149,331**	**124,999**	**287,737**	**522,977**
Personnel expenses		-15,999	-15,316	-30,934	-62,600
General administrative expenses		-18,500	-19,939	-38,921	-79,170
- hereof marketing expenses		*-911*	*-923*	*-1,822*	*-3,883*
Depreciation and impairment		-3,551	-2,508	-7,017	-10,833
Other operating 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**
Provision for loan losses	2	-83,552	-42,277	-143,625	-175,968
Profit before tax		**25,055**	**43,394**	**61,436**	**186,359**
Tax charge		-5,927	-8,398	-14,746	-45,782
Profit after tax		**19,128**	**32,689**	**46,690**	**140,577**

Balance sheet

(Amounts in NOK 1 000)	Note	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
Loans to customers	2	6,276,283	5,445,862	5,883,551
Certificates and bonds		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**
Liabilities and equities				
Debt to the central bank		0	0	0
Deposits from customers		6,393,293	5,397,067	5,791,333
Other liabilities	7	82,312	110,206	142,315
Subordinated loans	3	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		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	**4,5,6,8**	**1,399,094**	**1,364,470**	**1,352,089**
Total liabilities and equity		**7,956,614**	**6,976,162**	**7,367,484**

Note 1 – General accounting principles

1.1 Company information

Lea bank ASA is a Norwegian public limited company with a business address at Holbergs gate 21, 0166 Oslo - Norway.

Lea bank is a leading digital niche bank with an international distribution platform. The bank offers unsecured loans and deposit products to the consumer market and has lending activities in Norway, Finland, Sweden, and Spain.

1.2 Basis for preparation of the financial statements

The financial statements for Lea bank ASA are prepared in accordance with the Regulations relating to annual accounts for banks, credit institutions, and financing companies (the annual accounts regulations). Changes were made to the annual accounts regulations effective from January 1, 2020. The Bank has chosen to prepare the financial statements in accordance with Section 1-4(2)(b) of the annual accounts regulations, which means that the financial statements are prepared in accordance with IFRS unless otherwise provided by the regulations. Measurement and recognition are fully in accordance with IFRS, except that dividends and group contributions from subsidiaries are recognized as liabilities on the balance sheet date.

The Bank has used the transitional provisions in the regulations, and the effects of the transition to the new annual accounts regulations have been recognized in equity as of January 1, 2020. The Bank has chosen not to restate comparative figures in accordance with Section 9-2 of the regulations, but comparative figures have been partly reclassified to best fit the presentation format under the new regulations.

The Bank will omit the following disclosure requirements under IFRS:
1) IFRS 13. Instead, information on fair value is provided in accordance with Section 7-3 of the regulations.
2) IFRS 15.113-128
3) IAS 19.135 litra c and IAS 19.145-147.

IFRS 16 is included from January 1, 2021.

Unless otherwise stated, amounts in the notes are given in thousands of Norwegian kroner.

The interim financial statement is not audited.

1.3 Summary of the main accounting principles

1.3.1 Revenue recognition

Interest income is recognized using the effective interest method. This involves recognizing interest income on an ongoing basis, with the addition of amortization of establishment fees. The effective interest rate is determined by discounting contracted cash flows within expected maturity. Cash flows include establishment fees, as well as any residual value at the end of the expected maturity.

Revenue recognition of interest using the effective interest method is used for balance sheet items that are valued at amortized cost. For interest-bearing balance sheet items that are valued at fair value through profit or loss, the nominal interest is recognized on an ongoing basis, while other changes in value are presented as "Net change in value and gains/losses on currency and financial instruments." Interest income on engagements that are credit impaired is calculated using the effective interest rate on the written down value. Interest income on engagements that are not credit impaired is calculated using the gross effective interest rate (amortized cost before provision for expected losses).

The effective interest rate is the rate that makes the present value of future cash flows within the expected maturity of the loan equal to the book value of the loan at initial recognition. Cash flows include establishment fees, as well as any residual value at the end of the expected maturity.

Fees and commissions are recognized as revenue as the service is provided. Fees for the establishment of loan agreements are included in cash flows when calculating amortized cost and recognized as revenue under net interest income using the effective interest method. Payment of fees to loan intermediaries for consumer loans is spread over the expected maturity.

Dividends from investments are recognized at the time the dividend is approved at the general meeting.

1.3.2 Financial Instruments

Recognition and derecognition of Financial Instruments
Financial assets and liabilities are recognized on the balance sheet at the time the bank becomes a party to the contractual terms of the instrument. Common purchases and sales of investments are recorded at the time of agreement. Financial assets are removed from the balance sheet when the rights to receive cash flows from the investment cease or when these rights have been transferred and the bank has substantially transferred the risks and entire profit potential of ownership. Financial liabilities are derecognized when the rights to the contractual terms have been fulfilled, cancelled or expired.

Classification and Subsequent Measurement of Financial Instruments
Financial instruments are classified into one of the following measurement categories upon initial recognition.

Financial assets:
- amortized cost (AC)
- fair value through profit or loss (FVPL) or;

Financial assets are classified based on an assessment of the bank's business model for managing assets and the contractual cash flow characteristics of the instrument. Financial assets with contractual cash flows that are solely payments of principal and interest on specified dates and held in a business model whose objective is to collect contractual cash flows are measured at amortized cost. Other financial assets are measured at fair value through profit or loss. Based on this, "Cash and cash equivalents", "Loans and receivables from credit institutions and financing companies" and "Loans from customers" are measured at amortized cost, but the bank's holdings of "Interest-bearing securities" and "Shares, and other equity instruments" are measured at fair value through profit or loss.

Financial liabilities:
- Amortized cost

This category consists of “Deposits from customers”.

Measurement at fair value

Financial assets and liabilities that are measured at fair value through profit or loss are recognized at fair value upon acquisition and transaction costs are recognized in profit or loss. The items are subsequently measured at fair value in subsequent periods.
The fair value of financial instruments traded in active markets is based on market prices on the balance sheet date.
The fair value of financial instruments not traded in an active market is determined using valuation techniques.

Measurement at amortized cost

All financial assets not measured at fair value are initially recognized at fair value with transaction costs added, and other liabilities recognized at amortized cost are initially recognized at fair value with transaction costs deducted.
Amortized cost is determined by discounting the contractual cash flows over the expected life. The cash flows include establishment fees and direct, marginal transaction costs not directly paid by the customer, as well as any residual value at the end of the expected life. Amortized cost is the present value of such cash flows, discounted at the effective interest rate, with an allowance for expected losses.

Impairment of financial assets

Under IFRS 9, impairment losses are recognized based on expected credit losses.
The measurement of the provision for expected losses in the general model depends on whether the credit risk has increased significantly since initial recognition. At initial recognition and when the credit risk has not increased significantly since initial recognition, the provisions are based on 12-month expected credit losses ("stage 1"). 12-month expected credit losses are the losses expected to occur over the life of the instrument but that can be attributed to events occurring in the first 12 months.
If the credit risk, assessed as the probability of default over the remaining life of an asset or group of assets, is considered to have increased significantly since initial recognition, a provision for expected losses equal to the present value, determined using the effective interest rate, of the expected loss over the entire expected life of the instrument must be made, and the asset must be reclassified to stage 2. If a credit event occurs, the instrument is moved to stage 3.
The bank has defined expected life as the expected time horizon associated with the first occurrence of default or full payment of interest and principal on the claim. The bank looks at changes in the risk of default since initial recognition to determine if an asset has experienced a significant increase in credit risk. The bank considers a commitment to be impaired/defaulted when the loan is more than 90 days past due, the customer has been transferred to a debt collection agency for recovery of the claim, there is a death, or cases where there is suspicion of fraud.
In the event of bankruptcy or a court judgment, the bank records commitments affected by such circumstances as incurred losses (write-offs). This also applies in cases where the bank has otherwise ceased recovery or waived parts of or the entire commitment.

Model Characteristics

The bank uses a loss model to calculate loss provisions. The model includes, among other things, the probability of default (PD), discount rate, exposure at default (EAD), and loss given default (LGD).

The bank uses various indicators to assess whether an asset has had a significant increase in the risk of default. This information is based on the actual behavior of customers, and the bank has established a range of rules that it has identified as triggers for a significant increase in credit risk.

The models provide an estimate of PD, which involves separate LGD loss models that run both before and after default. The bank uses models for exposures at the time of default. Triggers are used to classify accounts into three stages:

- Stage 1: "12-month expected loss"
- Stage 2: "Significant increase in credit risk compared to initial recognition"
- Stage 3: "Credit-impaired"

All defaulted engagements are placed in stage 3 of the model. Engagements that have had a significant increase in credit risk since initial recognition are allocated to stage 2. The remaining engagements are included in stage 1.

Default is defined as engagements that are more than 90 days past due according to the agreed payment plan and the overdue amount is at least € 100 in the respective local currency. On December 31, 2022, the bank switched to a new definition of default, which is in line with the definition used by the EBA (Guidelines on the application of the definition of default under Article 178 of Regulation (EU) No 575/2013). The "last in, first out" (LIFO) principle is applied, where the most recent overdue invoice is covered first. This is different from the previous default definition where the oldest overdue invoice was covered first. This new principle means that a customer who consistently falls 30 days behind schedule will roll over into default.

To assess whether an engagement has had a significant increase in credit risk and should be transferred from stage 1 to stage 2 in the model, two main tests are conducted. The first test, the PD test, checks whether two criteria are met for an engagement to be considered to have had a significant increase in credit risk. The first criterion is a relative measurement of PD, which means that the observed PD on the reporting date must be at least six times higher than the expected PD calculated on the recognition date. The second criterion measures the absolute change in PD and requires it to be at least five percentage points higher, if the increase in credit risk is to be considered significant. Both criteria in the first test must be met for the engagement to be considered to have had a significant increase in credit risk. The second test serves as a backstop and involves moving the engagement to stage 2 if it is at least 30 days overdue, regardless of the result in the first test to stage 2.

In addition to the two tests, the bank also used information regarding approved payment relief (forbearance), as well as information regarding defaults on other products, to assess whether an engagement has had a significant increase in credit risk. For engagements that have been granted payment relief in the form of repayment holidays, the bank considers these to be engagements with a substantial increase in credit risk and has calculated expected losses over the remaining expected life of these engagements during the period when the payment relief is in effect. The volume of engagements with active payment relief at the reporting date is specified in the loan note in the corresponding overview showing changes in gross loans.

A loan that has migrated to stage 2 can migrate back to stage 1, provided it no longer meets any of the criteria or conditions described in the paragraphs above. There is no explicit quarantine before a loan can migrate from stage 2 to stage 1. Loans in default (stage 3) will migrate to stage 1 or 2 when they are no longer classified as defaults, unless they are purchased defaulted loans or loans originally assessed as credit-impaired.

The bank has developed models for the expected lifetime of all unsecured loans per country, measured against repayment agreements and current repayment patterns. The chosen methodology for each model is based on the respective maturity of the portfolio as well as the availability of data in the respective markets. The models are continuously validated. This includes validation on out of time sample.

The PD, LGD, and EAD models use an adjustment factor based on macro assessments for each product and country. Through simulations, an expected, an upper, and a lower scenario for expected losses are established where the model weights in the management's assessment of the likely macro picture. Significant macro variables are defined as GDP, unemployment, and interest rates. For engagements with SME and mortgage customers, the portfolio is of insignificant size, and the bank has therefore not applied a quantitative model.

The bank segments the portfolio into groups of loans with common risk characteristics and calculates expected credit losses (ECL) for each segment. The expected credit loss (ECL) is calculated as a product of a defined set of parameters tailored to the characteristics of each segment. The formula used is: ECL = PD * EAD * LGD.

Cash and deposits with the central bank
The bank's credit risk related to "Cash and balances with central banks" is exclusively towards Norges Bank. Norges Bank is rated Aaa by Moody's and AAA/A-1+ by S&P, and therefore has low credit risk. The bank assesses that the presumption of low credit risk is fulfilled and does not make any provisions for losses related to this balance item.

Loans and deposits with credit institutions
"Loans and deposits with credit institutions" are towards Norwegian financial institutions with good ratings and are thus considered to meet the presumption of low credit risk under the standard. The bank assesses that this, combined with LGD, will result in insignificant provisions for losses, and therefore has not made any provisions for losses related to this balance item.

1.3.3 Fixed assets and intangible assets

Fixed assets and intangible assets are recorded on the balance sheet at acquisition cost, less accumulated ordinary depreciation and any impairment losses.

Ordinary depreciation is based on acquisition cost and is linearly distributed over the estimated economic life of the asset. There have been no changes to the depreciation schedules.

If the fair value of a property, plant and equipment asset is significantly lower than the book value and the impairment is not expected to be temporary, the asset is written down to fair value.

The bank's lease agreement for office space falls under IFRS 16. At initial recognition, the lease liability and the right-of-use asset are measured at the present value of future lease payments and are amortized in the accounts.

1.3.4 Currency
Losses or gains due to foreign exchange rates that arise from payments made to foreign countries are recognized as income or expenses at the time of the transaction in NOK.

1.3.5 Taxes

Deferred tax and deferred tax assets are recognized in accordance with NRS (F) on income tax. The tax expense in the income statement includes both the current payable tax and the change in deferred tax. The change in deferred tax is related to the tax effect of temporary differences in results and changes in losses carried forward.

Deferred tax assets in the balance sheet can only be recognized as an asset in the balance sheet if it can be held to be more likely than not that the company will have a taxable income in a future accounting year that makes it possible to utilize the benefit.

1.3.6 Financial derivatives

The estimated value of options is expensed continuously in the income statement in line with the accrual, with the offset recorded in other contributed equity in the balance sheet.

Freestanding subscription rights are recognized as an intangible asset with the offset recorded in other contributed equity. The asset is depreciated on a straight-line basis over five years.

In cases where the bank has entered into forward flow agreements for defaulted loans, these agreements are defined as financial derivatives. The bank has concluded that the value of the financial derivatives is not material and therefore the agreement is not recognized in the balance sheet. This assessment is based on a comparison of the LGD rates that the bank realizes with the forward flow agreement compared to the LGD rates observed in the market for comparable banks with comparable products.

1.3.7 Pension

The bank is subject to the Mandatory Occupational Pension Act and has a deposit-based pension scheme that covers all employees. Contributions to the scheme are made continuously, and the bank has no obligations beyond the ongoing contributions to the scheme.

1.3.8 Assessments and estimates

In preparing the financial statements, management has made judgments, estimates, and assumptions that affect the application of the bank's accounting policies and the reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed continuously. Changes in estimates are recognized as they arise.

Information about judgments made in the application of accounting policies that have the most significant effect on the amounts presented in the financial statements is included in the following notes:

Note 2: including establishing the criteria for when a significant increase in credit risk has occurred since initial recognition, determining the methodology for incorporating forwardlooking information in the measurement of ECL (Expected Credit Loss), and choosing the models used to measure ECL.

Note 2 – Gross loans and loan loss provisions

2.1 Gross loans, undrawn credit lines, and expected credit losses

Gross loans, undrawn credit lines, and expected credit losses per product and country - 30.06.2023

				Gross loans				Loan loss provisions (ECL)				Net loans			
	Gross loans	Of which agent-comm/ fees	Off-balance	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Consumer loans															
Norway	2,265,678	58,790	182,427	2,016,167	151,994	97,516	2,265,678	44,746	21,771	23,733	90,250	1,971,421	130,223	73,783	2,175,428
Finland	3,457,887	73,257	226,256	2,997,166	200,796	259,925	3,457,887	77,811	33,618	81,723	193,153	2,919,355	167,178	178,201	3,264,734
Sweden	760,578	25,669	119,032	636,521	31,766	92,292	760,578	11,877	4,630	34,550	51,057	624,643	27,136	57,743	709,522
Spain	103,032	-	-	101,717	1,092	224	103,032	3,943	139	185	4,267	97,774	953	38	98,766
SME and mortgages															
Norway	31,332	-	-	31,332	-	-	31,332	3,500	-	-	3,500	27,832	-	-	27,832
Total	**6,618,508**	**157,716**	**527,716**	**5,782,903**	**385,648**	**449,957**	**6,618,508**	**141,877**	**60,157**	**140,192**	**342,225**	**5,641,026**	**325,491**	**309,765**	**6,276,283**

2.2 Specification of credit losses on loans and guarantees *

Amounts in NOK 1 000	**Q2 2023**
Loan loss provisions - 12 months expected credit loss (stage 1)	**10,489**
Loan loss provisions - lifetime expected credit loss (stage 2)	**-329**
Loan loss provisions - lifetime expected credit loss (stage 3)	**-113,856**
Realized losses and NPL-interest in the period	**187,248**
Loans losses in the period	**83,552**

** The bank has no issued guarantees as of 31.03.2023*
*** Contractually regulated outstanding amounts for financial assets that were written off during the reporting period, and which are still subject to enforcement activities, are insignificant for the financial statements*

2.3 Gross loans, undrawn credit lines and maximum exposure per risk class - 30.06.2023

Risk class, amounts in NOK 1 000	Probability of default	Gross loans	Off-balance	Max exposure	Of which stage 1	Of which stage 2	Of which stage 3
A	0 - 10 %	4,838,427	527,716	5,366,143	5,342,047	24,096	-
B	10 - 20 %	560,272	-	560,272	529,498	30,774	-
C	20 - 30 %	239,800	-	239,800	192,228	47,572	-
D	30 - 40 %	181,408	-	181,408	113,366	68,042	-
E	40 - 50 %	177,155	-	177,155	61,202	115,953	-
F	50 - 60 %	119,220	-	119,220	61,879	57,341	-
G	60 - 70 %	52,216	-	52,216	7,375	44,841	-
H	70 - 80 %	-	-	-	-	-	-
I	80 - 90 %	-	-	-	-	-	-
J	90 - 100 %	54	-	54	54	-	-
Defaulted loans	100 %*	449,957	-	449,957	-	-	449,957
Total		**6,618,508**	**527,716**	**7,146,224**	**6,307,649**	**388,619**	**449,957**

Risk classes are grouped by probability of default (12-month PD) into groups from A to J, where group A is the group with the lowest risk and group J is the group with the highest risk. Defaulted loans are separated into their own group. *Parts of the volume in stage 3 have PD lower than 100%. This applies to loans that are in stage 3 due to the new definition of default and/or are in quarantine.

2.4 Changes in gross loans and loan loss provisions.

Total consumer loans - 01.04.2023 - 30.06.2023

Reconciliation of gross loans

Amounts in NOK 1 000	Stage 1	Stage 2	Stage 3	Total
Gross loans per 01.04.2023	**5,510,164**	**410,770**	**755,625**	**6,676,559**
transfers				
- transfers from stage 1 to stage 2	-212,135	212,135	-	-
- transfers from stage 1 to stage 3	-56,155	-	56,155	-
- transfers from stage 2 to stage 3	-	-123,806	123,806	-
- transfers from stage 3 to stage 2	-	9,018	-9,018	-
- transfers from stage 2 to stage 1	75,295	-75,295	-	-
- transfers from stage 3 to stage 1	21,766	-	-21,766	-
New financial assets issued	993,113	9,175	1,164	1,003,452
Financial assets derecognized in the period	-393,656	-55,528	-455,187	-904,371
Partial repayments	-219,373	-5,447	-5,881	-230,701
Currency effects	63,883	4,627	5,059	73,569
Changes due to model modifications and risk parametres	-	-	-	-
Other adjustments	-	-	-	-
Gross loans per 30.06.2023	**5,782,903**	**385,648**	**449,957**	**6,618,508**
- of which loans with payment concessions	**-**	**182,328**	**-**	**182,328**

Reconciliation of total expected credit losses

Amounts in NOK 1 000	Stage 1	Stage 2	Stage 3	Total
Loan loss provisions per 01.04.2023	**131,388**	**60,486**	**254,048**	**445,922**
transfers				
- transfers from stage 1 to stage 2	-9,023	9,023	-	-
- transfers from stage 1 to stage 3	-4,540	-	4,540	-
- transfers from stage 2 to stage 3	-	-18,789	18,789	-
- transfers from stage 3 to stage 2	-	1,099	-1,099	-
- transfers from stage 2 to stage 1	9,170	-9,170	-	-
- transfers from stage 3 to stage 1	2,700	-	-2,700	-
New financial assets issued	22,470	402	262	23,134
Financial assets derecognized in the period	-7,829	-8,232	-100,632	-116,693
Changes in measurements*	-4,184	24,653	-34,351	-13,882
Currency effects	1,725	686	1,334	3,744
Changes due to model modifications and risk parameters	-	-	-	-
Other adjustments	-	-	-	-
Loan loss provisions per 30.06.2023	**141,877**	**60,157**	**140,192**	**342,225**

** Change in PD, LGD or EAD and 12-month credit loss versus credit loss over expected lifetime.*
PD (probability of default), LGD (loss given default), EAD (exposure at default)

Consumer loans in Norway

Reconciliation of gross loans – consumer loans Norway

Amounts in NOK 1 000	Stage 1	Stage 2	Stage 3	Total
Gross loans per 01.04.2023	**2,121,371**	**174,795**	**463,093**	**2,759,258**
transfers				
- transfers from stage 1 to stage 2	-61,778	61,778	-	-
- transfers from stage 1 to stage 3	-15,756	-	15,756	-
- transfers from stage 2 to stage 3	-	-38,743	38,743	-
- transfers from stage 3 to stage 2	-	4,811	-4,811	-
- transfers from stage 2 to stage 1	31,853	-31,853	-	-
- transfers from stage 3 to stage 1	7,138	-	-7,138	-
New financial assets issued	226,227	219	20	226,467
Financial assets derecognized in the period	-181,126	-13,726	-405,336	-600,188
Partial repayments	-111,761	-5,287	-2,811	-119,859
Currency effects	-	-	-	-
Changes due to model modifications and risk parametres	-	-	-	-
Other adjustments	-	-	-	-
Gross loans per 30.06.2023	**2,016,167**	**151,994**	**97,516**	**2,265,678**
- of which loans with payment concessions	**-**	**50,940**	**-**	**50,940**

Reconciliation of total expected credit losses – consumer loans in Norway

Amounts in NOK 1 000	Stage 1	Stage 2	Stage 3	Total
Loan loss provisions per 01.04.2023	**43,644**	**22,684**	**154,830**	**221,158**
transfers				
- transfers from stage 1 to stage 2	-2,576	2,576	-	-
- transfers from stage 1 to stage 3	-1,004	-	1,004	-
- transfers from stage 2 to stage 3	-	-5,911	5,911	-
- transfers from stage 3 to stage 2	-	550	-550	-
- transfers from stage 2 to stage 1	3,542	-3,542	-	-
- transfers from stage 3 to stage 1	913	-	-913	-
New financial assets issued	4,103	20	0	4,123
Financial assets derecognized in the period	-3,124	-1,855	-86,448	-91,427
Changes in measurements*	-753	7,250	-50,101	-43,604
Currency effects	-	-	-	-
Changes due to model modifications and risk parametres	-	-	-	-
Other adjustments	-	-	-	-
Loan loss provisions per 30.06.2023	**44,746**	**21,771**	**23,733**	**90,250**

** Change in PD, LGD or EAD and 12-month credit loss versus credit loss over expected lifetime.*

Consumer loans in Finland

Reconciliation of gross loans – consumer loans Finland

Amounts in NOK 1 000	Stage 1	Stage 2	Stage 3	Total
Gross loans per 01.04.2023	**2,706,114**	**202,392**	**229,902**	**3,138,408**
transfers				
- transfers from stage 1 to stage 2	-122,504	122,504	-	-
- transfers from stage 1 to stage 3	-30,157	-	30,157	-
- transfers from stage 2 to stage 3	-	-61,073	61,073	-
- transfers from stage 3 to stage 2	-	3,627	-3,627	-
- transfers from stage 2 to stage 1	37,426	-37,426	-	-
- transfers from stage 3 to stage 1	13,181	-	-13,181	-
New financial assets issued	585,910	7,151	915	593,976
Financial assets derecognized in the period	-179,659	-41,420	-49,411	-270,490
Partial repayments	-91,250	-191	-2,645	-94,086
Currency effects	78,105	5,233	6,743	90,080
Changes due to model modifications and risk parametres	-	-	-	-
Other adjustments	-	-	-	-
Gross loans per 30.06.2023	**2,997,166**	**200,796**	**259,925**	**3,457,887**
- of which loans with payment concessions	**-**	**129,840**	**-**	**129,840**

Reconciliation of total expected credit losses – consumer loans in Finland

Amounts in NOK 1 000	Stage 1	Stage 2	Stage 3	Total
Loan loss provisions per 01.04.2023	**71,808**	**35,074**	**73,081**	**179,963**
transfers				
- transfers from stage 1 to stage 2	-6,028	6,028	-	-
- transfers from stage 1 to stage 3	-3,392	-	3,392	-
- transfers from stage 2 to stage 3	-	-10,815	10,815	-
- transfers from stage 3 to stage 2	-	412	-412	-
- transfers from stage 2 to stage 1	5,210	-5,210	-	-
- transfers from stage 3 to stage 1	1,450	-	-1,450	-
New financial assets issued	13,814	308	74	14,196
Financial assets derecognized in the period	-4,349	-6,347	-14,087	-24,783
Changes in measurements*	-2,656	13,393	8,496	19,234
Currency effects	1,954	777	1,813	4,543
Changes due to model modifications and risk parametres	-	-	-	-
Other adjustments	-	-	-	-
Loan loss provisions per 30.06.2023	**77,811**	**33,618**	**81,723**	**193,153**

** Change in PD, LGD or EAD and 12-month credit loss versus credit loss over expected lifetime.*

Consumer loans in Sweden

Reconciliation of gross loans – consumer loans Sweden

Amounts in NOK 1 000	Stage 1	Stage 2	Stage 3	Total
Gross loans per 01.04.2023	**649,775**	**33,583**	**62,630**	**745,989**
transfers				
- transfers from stage 1 to stage 2	-27,853	27,853	-	-
- transfers from stage 1 to stage 3	-10,242	-	10,242	-
- transfers from stage 2 to stage 3	-	-23,989	23,989	-
- transfers from stage 3 to stage 2	-	580	-580	-
- transfers from stage 2 to stage 1	6,016	-6,016	-	-
- transfers from stage 3 to stage 1	1,447	-	-1,447	-
New financial assets issued	74,313	606	-	74,920
Financial assets derecognized in the period	-30,338	-324	-440	-31,101
Partial repayments	-15,025	49	-424	-15,400
Currency effects	-11,572	-578	-1,678	-13,828
Changes due to model modifications and risk parametres	-	-	-	-
Other adjustments	-	-	-	-
Gross loans per 30.06.2023	**636,521**	**31,766**	**92,292**	**760,578**
- of which loans with payment concessions	**-**	**1,547**	**-**	**1,547**

Reconciliation of total expected credit losses – consumer loans in Sweden

Amounts in NOK 1 000	Stage 1	Stage 2	Stage 3	Total
Loan loss provisions per 01.04.2023	**12,436**	**2,728**	**26,137**	**41,301**
transfers				
- transfers from stage 1 to stage 2	-419	419	-	-
- transfers from stage 1 to stage 3	-144	-	144	-
- transfers from stage 2 to stage 3	-	-2,064	2,064	-
- transfers from stage 3 to stage 2	-	138	-138	-
- transfers from stage 2 to stage 1	418	-418	-	-
- transfers from stage 3 to stage 1	337	-	-337	-
New financial assets issued	490	11	-	501
Financial assets derecognized in the period	-328	-27	-97	-452
Changes in measurements*	-784	3,929	7,251	10,396
Currency effects	-128	-87	-474	-690
Changes due to model modifications and risk parametres	-	-	-	-
Other adjustments	-	-	-	-
Loan loss provisions per 30.06.2023	**11,877**	**4,630**	**34,550**	**51,057**

** Change in PD, LGD or EAD and 12-month credit loss versus credit loss over expected lifetime.*

Consumer loans in Spain

Reconciliation of gross loans – consumer loans Spain

(Before Q2 2023 included in figures for Norway)

Amounts in NOK 1 000	Stage 1	Stage 2	Stage 3	Total
Gross loans per 01.04.2023	-	-	-	-
transfers				
- transfers from stage 1 to stage 2	-	-	-	-
- transfers from stage 1 to stage 3	-	-	-	-
- transfers from stage 2 to stage 3	-	-	-	-
- transfers from stage 3 to stage 2	-	-	-	-
- transfers from stage 2 to stage 1	-	-	-	-
- transfers from stage 3 to stage 1	-	-	-	-
New financial assets issued	106,663	1,198	229	108,090
Financial assets derecognized in the period	-961	-59	-	-1,020
Partial repayments	-1,336	-19	-0	-1,355
Currency effects	-2,649	-28	-6	-2,683
Changes due to model modifications and risk parametres	-	-	-	-
Other adjustments	-	-	-	-
Gross loans per 30.06.2023	**101,717**	**1,092**	**224**	**103,032**
- of which loans with payment concessions	**-**	**-**	**-**	**-**

Reconciliation of total expected credit losses – consumer loans in Spain

Amounts in NOK 1 000	Stage 1	Stage 2	Stage 3	Total
Loan loss provisions per 01.04.2023	**-**	**-**	**-**	**-**
transfers				
- transfers from stage 1 to stage 2	-	-	-	-
- transfers from stage 1 to stage 3	-	-	-	-
- transfers from stage 2 to stage 3	-	-	-	-
- transfers from stage 3 to stage 2	-	-	-	-
- transfers from stage 2 to stage 1	-	-	-	-
- transfers from stage 3 to stage 1	-	-	-	-
New financial assets issued	4,063	64	188	4,315
Financial assets derecognized in the period	-28	-2	0	-31
Changes in measurements*	9	81	3	92
Currency effects	-101	-4	-5	-110
Changes due to model modifications and risk parametres	-	-	-	-
Other adjustments	-	-	-	-
Loan loss provisions per 30.06.2023	**3,943**	**139**	**185**	**4,267**

** Change in PD, LGD or EAD and 12-month credit loss versus credit loss over expected lifetime.*

SME and mortgages

Reconciliation of gross loans – SME and mortgages

Amounts in NOK 1 000	Stage 1	Stage 2	Stage 3	Total
Gross loans per 01.04.2023	**32,904**	**-**	**-**	**32,904**
transfers				
- transfers from stage 1 to stage 2	-	-	-	-
- transfers from stage 1 to stage 3	-	-	-	-
- transfers from stage 2 to stage 3	-	-	-	-
- transfers from stage 3 to stage 2	-	-	-	-
- transfers from stage 2 to stage 1	-	-	-	-
- transfers from stage 3 to stage 1	-	-	-	-
New financial assets issued	-	-	-	-
Financial assets derecognized in the period	-1,572	-	-	-1,572
Partial repayments	-	-	-	-
Currency effects	-	-	-	-
Changes due to model modifications and risk parametres	-	-	-	-
Other adjustments	-	-	-	-
Gross loans per 30.06.2023	**31,332**	**-**	**-**	**31,332**
- of which loans with payment concessions	-	-	-	-

Reconciliation of total expected credit losses – SME and mortgages

Amounts in NOK 1 000	Stage 1	Stage 2	Stage 3	Total
Loan loss provisions per 01.04.2023	**3,500**	**-**	**-**	**3,500**
transfers				
- transfers from stage 1 to stage 2	-	-	-	-
- transfers from stage 1 to stage 3	-	-	-	-
- transfers from stage 2 to stage 3	-	-	-	-
- transfers from stage 3 to stage 2	-	-	-	-
- transfers from stage 2 to stage 1	-	-	-	-
- transfers from stage 3 to stage 1	-	-	-	-
New financial assets issued	-	-	-	-
Financial assets derecognized in the period	-	-	-	-
Changes in measurements*	-	-	-	-
Currency effects	-	-	-	-
Changes due to model modifications and risk parametres	-	-	-	-
Other adjustments	-	-	-	-
Loan loss provisions per 30.06.2023	**3,500**	**-**	**-**	**3,500**

** Change in PD, LGD or EAD and 12-month credit loss versus credit loss over expected lifetime.*

2.5 Macro scenario sensitivity on ECL - 30.06.2023

Amounts in NOK 1 000	ECL reported under IFRS 9	Base scenario (30-35 %)	Optimistic scenario (30 %)	Pessimistic scenario (35-40 %)
Total	**342,225**	**307,006**	**265,368**	**431,141**
Consumer loans	338,725	303,506	261,868	427,641
SME and mortgages	3,500	3,500	3,500	3,500
Norway	**93,750**	**84,021**	**71,116**	**122,878**
Consumer loans	90,250	80,521	67,616	119,378
SME and mortgages	3,500	3,500	3,500	3,500
Finland	**193,153**	**171,715**	**147,587**	**243,405**
Consumer loans	193,153	171,715	147,587	243,405
SME and mortgages	-	-	-	-
Sweden	**51,057**	**47,608**	**43,688**	**59,169**
Consumer loans	51,057	47,608	43,688	59,169
SME and mortgages	-	-	-	-
Spain	**4,267**	**3,661**	**2,977**	**5,689**
Consumer loans	4,267	3,661	2,977	5,689
SME and mortgages	-	-	-	-

Expected credit losses reported under IFRS 9 are macro-weighted. The following weights are used for the three scenarios:
Norway: base scenario (35%), optimistic scenario (30%), and pessimistic scenario (35%).
Finland, Sweden and Spain: base scenario (30%), optimistic scenario (30%), and pessimistic scenario (40%).

Note 3 – Subordinated loans

Subordinated loans as of 30.06.2023

ISIN	Nominal value	Currency	Interest	Reference-interest + margin	Due date	Book value
NO0010877863	15,000	NOK	Floating	NIBOR + 700bp	27.03.30	14,896
NO0011108276	50,000	NOK	Floating	NIBOR + 425bp	29.09.31	49,326
NO0012750803	18,000	NOK	Floating	NIBOR + 575bp	09.02.33	17,692
Total subordinated loans	**83,000**					**81,914**

Note 4 – Capital adequacy

Amounts in NOK 1 000	30.06.2023	30.06.2022
Share capital	190,348	189,681
Share premium	662,360	660,322
Other equity	445,478	379,883
IFRS9 effects	0	43,171
Deferred tax assets and other intangible assets	-107,216	-120,738
Deduction for defaulted loans	-15	0
Valuation adjustment	-1,044	-1,011
Common equity tier 1 (CET 1)	1,189,911	1,151,308
Additional tier 1 capital	54,217	75,947
Tier 1 capital (Tier 1)	1,244,128	1,227,255
Tier 2 capital	81,914	104,420
Total capital (Tier 2)	1,326,042	1,331,674
Risk weighted assets		
Loans and deposits with credit institutions	87,483	58,911
Institutions	8,431	11,315
Loans to customers	4,332,054	3,618,732
Mortgages	8,362	10,923
Defaulted loans	309,765	447,885
Certificates and bonds	54,534	58,690
Equity positions	2,313	2,698
Other assets	246,059	330,319
Total credit risk	**5,049,002**	**4,539,474**
Operational risk	846,955	689,710
CVA risk	4,507	386
Total calculation basis	**5,900,464**	**5,229,569**

Capital ratios	30.06.2023	30.06.2022
Common equity tier 1 in % (CET 1)	20.17 %	22.02 %
Tier 1 capital in % (Tier 1)	21.09 %	23.47 %
Total capital in % (Tier 2)	22.47 %	25.46 %
Leverage ratio in %	16.27 %	17.75 %

Including year to date profits, the capital adequacy ratios would have been 23.26% (tier 2), 21.88% (tier 1), and 20.96% (CET 1).

Note 5 - Equity

Amounts in NOK 1 000	Share capital	Share premium	Tier 1 capital	Other paid-in capital	Other equity	Total
Equity per 31.12.2022	**189,681**	**660,322**	**54,114**	**13,405**	**434,568**	**1,352,089**
Cost Tier 1 capital					-1,395	-1,395
Changes Tier 1 capital			51		-51	-
Share issue	667	2,039				2,706
Share options				346		346
Profit after tax					27,563	27,563
Equity per 31.03.2023	**190,348**	**662,360**	**54,165**	**13,751**	**460,684**	**1,381,309**

Amounts in NOK 1 000	Share capital	Share premium	Tier 1 capital	Other paid-in capital	Other equity	Total
Equity per 31.03.2023	**190,348**	**662,360**	**54,165**	**13,751**	**460,684**	**1,381,309**
Cost Tier 1 capital					-1,460	-1,460
Changes Tier 1 capital			52		-52	-
Share options				365		365
Profit after tax					19,128	19,128
Dividend					-247	-247
Equity per 30.06.2023	**190,348**	**662,360**	**54,217**	**14,116**	**478,053**	**1,399,094**

Note 6 – Key profitability and equity indicators

Amounts in NOK 1 000	
Equity as of 30.06.23*	1,344,878
Profit before tax 2nd quarter 2023	25,055
Profit after tax 2nd quarter 2023	19,128
Profit before tax YTD 2nd quarter 2023	61,436
Profit after tax YTD 2nd quarter 2023	46,690
Number of shares 30.06.23 (in thousands)	95,174
Book equity per share as of 30.06.23*	14.13
Earnings per share before tax 2nd quarter 2023	0.26
Earnings per share after tax 2nd quarter 2023	0.20
Earnings per share before tax YTD 2nd quarter 2023	0.65
Earnings per share after tax YTD 2nd quarter 2023	0.49
Annualised return on equity 2nd quarter 2023*	5.7 %
Annualised return on equity YTD 2nd quarter 2023*	7.1 %

** excluding tier 1 capital*

Note 7 – Contractual obligations

Amounts in NOK 1 000	Q2 2023	Q1 2023
Right to use:		
Opening balance	**7,300**	**7,953**
Implementation effect		
Assets		
Write-downs		
Adjustments		
Depreciation	-1,175	-1,175
Disposals		
Closing balance	**6,125**	**7,300**
Lease obligation:		
Opening balance	**-7,468**	**-8,114**
Implementation effect		
Assets		
Effect of changes in exchange rates		
Adjustments		
Lease payments	1,236	1,236
Interest	-59	-68
Settlement upon disposal		
Closing balance	**-6,291**	**-7,468**
Proportion of short-term debt	-3,940	-4,249
Proportion of long-term debt	-2,352	-3,220
Maturity analysis, undiscounted cash flow		
Up to 1 year	4,009	4,321
1-2 years	2,464	3,389
2-3 years	0	574
3-4 years	0	0
4-5 years		
More than 5 years		
Other key figures		
Costs related to agreements with exceptions for short-term duration	6	6
Weighted average discount rate on implementation date	0.035	

Note 8 – Largest shareholders

Rank	Name	Nbr of shares	Ownership %
1	Braganza AB	10,383,899	10.9 %
2	Hjellegjerde Invest AS	7,600,000	8.0 %
3	DNB Bank ASA*	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 %
	Total top 20 shareholders	**60,206,090**	**63.2 %**
	Other shareholders	35,006,549	36.8 %
	Total number of shares	**95,212,639**	**100.0 %**

Shareholder list per August 10th 2023

** Nominee account*

Quarterly historical figures

Income statement (amounts in NOK 1 000)	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q2 2022	Q4 2021
Interest income	177,777	160,705	152,427	140,257	133,427	128,148	129,351
Interest expense	-40,912	-29,193	-20,735	-13,932	-12,439	-14,017	-12,751
Net interest income	**136,865**	**131,512**	**131,692**	**126,325**	**120,988**	**114,131**	**116,599**
Commission and bank services income	7,481	8,726	8,186	7,896	7,097	5,587	7,146
Commission and bank services expenses	-1,144	-1,080	-1,435	-1,072	-1,361	-871	-3,722
Net changes in value on securities and currency	6,056	-763	12,001	-4,082	-1,756	-569	-1,002
Other income	72	12	133	44	31	13	678
Net other operating income	**12,466**	**6,894**	**18,884**	**2,786**	**4,011**	**4,160**	**3,100**
Total income	**149,331**	**138,406**	**150,576**	**129,111**	**124,999**	**118,291**	**119,699**
Personnel expenses	-15,999	-14,934	-15,661	-15,700	-15,316	-15,923	-19,161
General administrative expenses	-18,500	-20,421	-20,257	-19,831	-19,939	-19,143	-22,203
- of which marketing expenses	*-911*	*-912*	*-437*	*-1,699*	*-923*	*-824*	*-1,243*
Depreciation and impairment	-3,551	-3,465	-3,275	-2,600	-2,508	-2,450	-3,225
Other operating expenses	-2,673	-3,131	-2,756	-1,850	-1,565	-1,874	-477
Total operating expenses	**-40,724**	**-41,952**	**-41,949**	**-39,982**	**-39,328**	**-39,390**	**-45,066**
Profit before loan losses	**108,607**	**96,454**	**108,627**	**89,129**	**85,671**	**78,901**	**74,633**
Provision for loan losses	-83,552	-60,073	-37,012	-52,123	-42,277	-44,556	-37,228
Profit before tax	**25,055**	**36,381**	**71,615**	**37,006**	**43,394**	**34,345**	**37,406**
Tax charge	-5,927	-8,819	-18,287	-8,393	-10,705	-8,398	-9,603
Profit after tax	**19,128**	**27,563**	**53,328**	**28,613**	**32,689**	**25,947**	**27,802**

Balance sheet (Amounts in NOK 1 000)	Q1 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q2 2022	Q4 2021
Assets							
Cash and deposits with the central bank	51,021	50,685	50,402	50,154	50,021	49,988	49,980
Loans and deposits with credit institutions	437,415	496,705	322,201	190,562	294,555	289,262	351,774
Gross loans to customers	6,618,508	6,676,559	6,286,924	6,090,391	5,837,647	5,486,168	5,488,704
- Provision for loan losses	-342,225	-445,922	-403,373	-413,302	-391,784	-412,773	-457,667
Certificates and bonds	1,044,304	989,545	961,163	985,827	1,011,184	1,300,676	1,514,166
Deferred tax asset	77,010	82,937	91,756	107,960	118,434	129,140	137,538
Other intangible assets	30,206	28,730	29,380	26,951	19,668	16,936	15,719
Fixed assets	6,876	8,051	8,775	7,613	8,457	9,468	10,204
Other assets	33,498	32,270	20,256	19,729	27,980	22,079	19,455
Total assets	**7,956,614**	**7,919,560**	**7,367,484**	**7,065,885**	**6,976,162**	**6,890,945**	**7,129,873**
Liabilities and equities							
Debt to the central bank	0	0	0	0	0	0	0
Deposits from customers	6,393,293	6,325,948	5,791,333	5,545,223	5,397,067	5,316,978	5,568,411
Other liabilities	82,312	130,473	142,315	70,396	110,206	136,579	149,419
Subordinated loans	81,914	81,830	81,746	87,522	104,420	104,311	104,203
Total liabilities	**6,557,520**	**6,538,251**	**6,015,394**	**5,703,141**	**5,611,692**	**5,557,867**	**5,822,033**
Share capital	190,348	190,348	189,681	189,681	189,681	189,681	189,589
Share premium	662,360	662,360	660,322	660,322	660,322	660,322	659,989
Tier 1 capital	54,217	54,165	54,114	49,012	75,947	75,875	75,805
Other paid in equity	14,115	13,750	13,405	12,944	12,454	11,929	11,404
Other equity	478,053	460,684	434,568	450,786	426,066	395,270	371,053
Total equity	**1,399,094**	**1,381,309**	**1,352,089**	**1,362,745**	**1,364,470**	**1,333,077**	**1,307,839**
Total liabilities and equity	**7,956,614**	**7,919,560**	**7,367,484**	**7,065,885**	**6,976,162**	**6,890,945**	**7,129,873**

Holbergs gate 21
0166 Oslo
Norway

+47 22 99 14 00
post@leabank.no
ir@leabank.no