

# 2<sup>nd</sup> quarter 2023 results presentation

Lea bank ASA

August 10<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 Q2

---

## 2 Financial results Q2

---

## 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

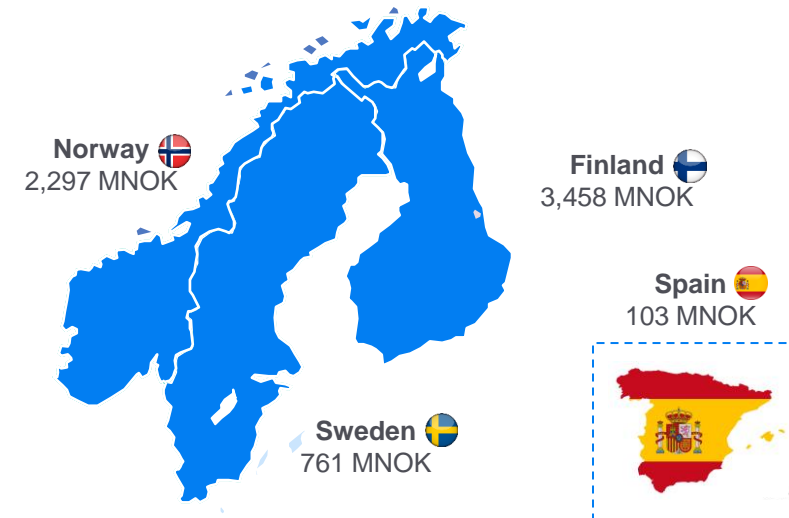
### Product portfolio

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

### ...leveraged by a scalable digital platform

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

### Gross loans 6,619 MNOK – geographical mix Q2 2023



# Q2 2023 highlights

## Q2 financials



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

## Credit risk



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

## Initiatives



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

## Key financial figures, MNOK

	Q2-23	2023 YTD	2022
Interest income	177.8	338.5	554.3
PBT	25.1	61.4	186.4
- Dividend			70.2
ROE, Annualized	5.7%	7.1%	11.1%
ROE adj. <sup>1</sup> , annualized	6.3%	7.7%	13.5%
EPS, annualized	0.80	0.98	1.48
EPS pre-tax, annu.	1.05	1.29	1.96
C / I	27.3%	28.7%	30.7%
Gross loans	6,619	6,619	6,287
<b>Equity<sup>2</sup></b>	<b># of shares<sup>3</sup></b>	<b>BVPS</b>	
1,345	95,213,639	14.12	

Note on key figures: PBT: Profit before tax, ROE: Annualized Return On Equity (excluding tier-1 capital), EPS: Annualized Earnings per share, C/I: Cost to income

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

2) Equity excluding tier 1 capital

3) As of August 10<sup>th</sup> 2023

# Table of contents

## 1 Highlights and development Q2

---

## 2 Financial results Q2

---

## 3 Outlook

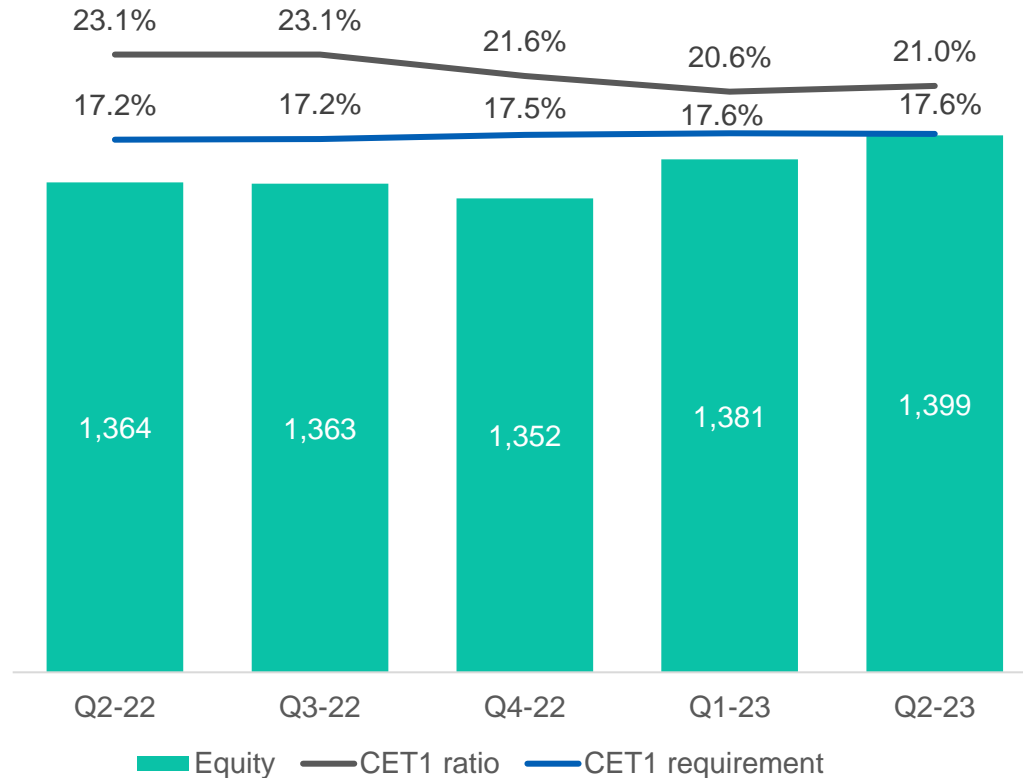
---



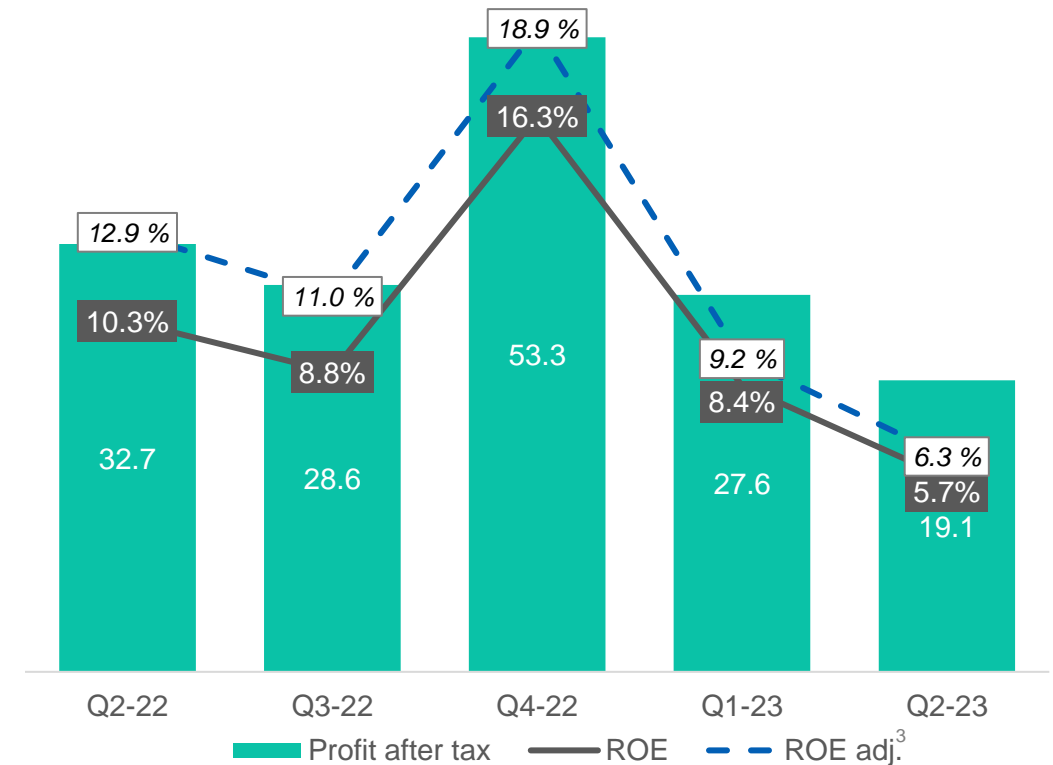
# Solid capitalization and continued profit generation

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

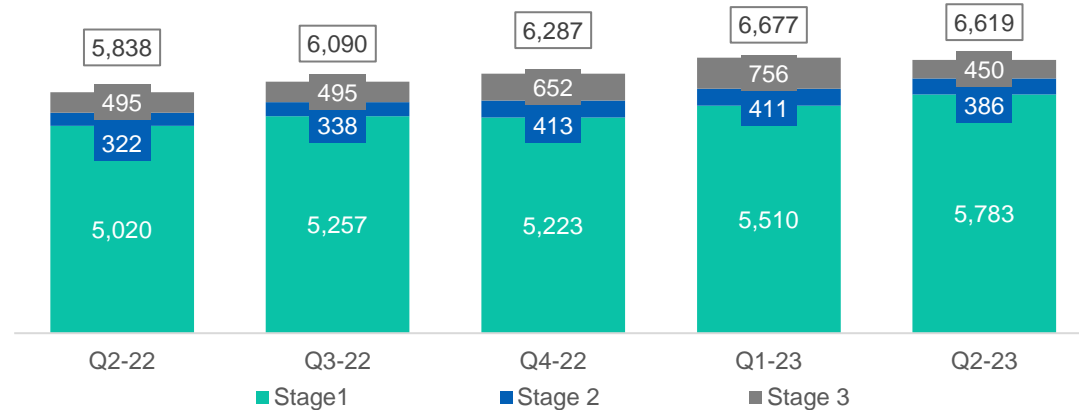
2) Equity reduced by annual dividend accrual in Q4-2022

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

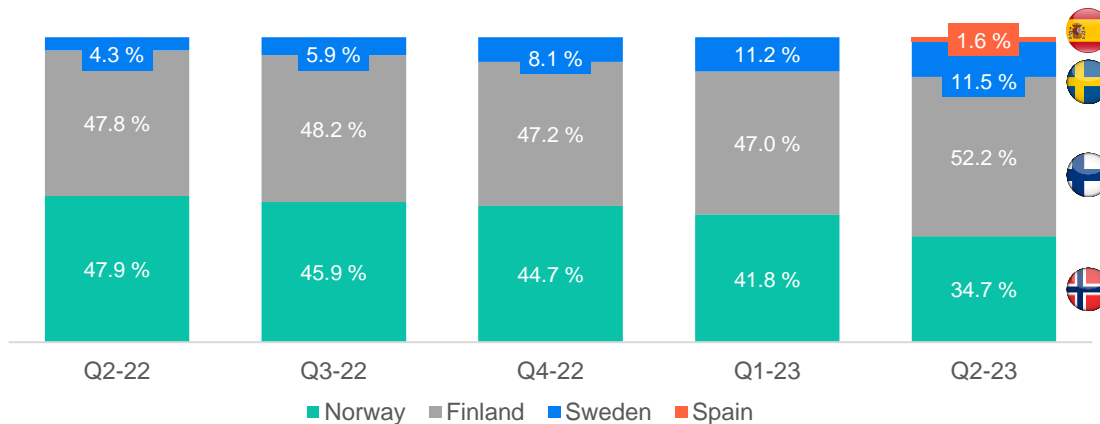
# Increased interest-bearing portfolio

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

## Gross lending, MNOK



## Geographical mix, gross loans



## Comments

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

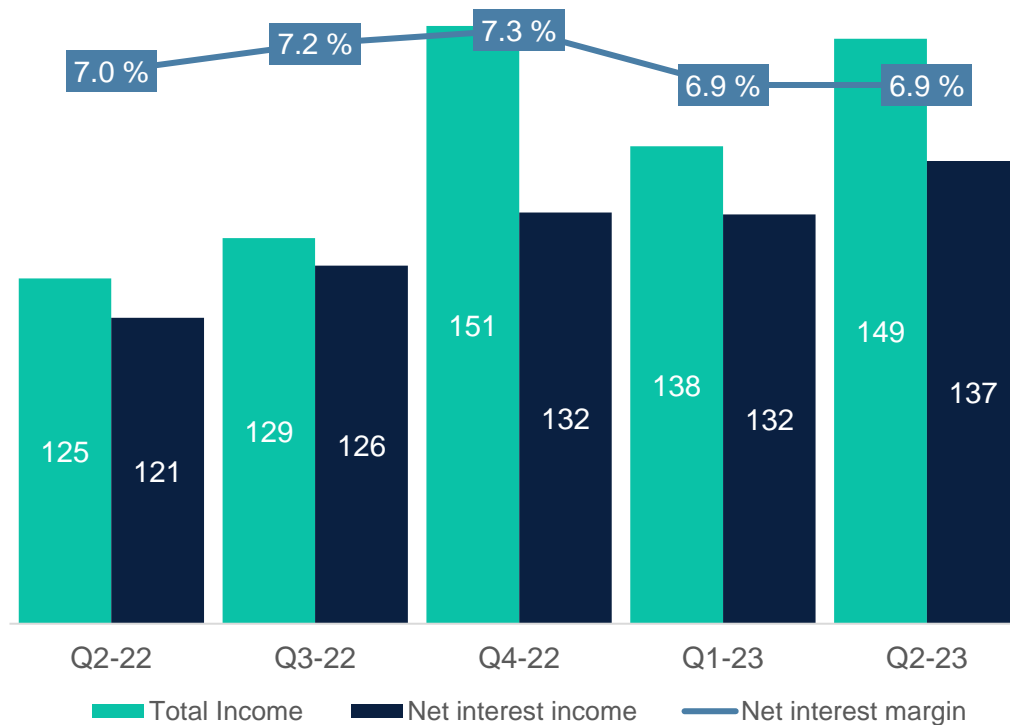


# Stable margin development

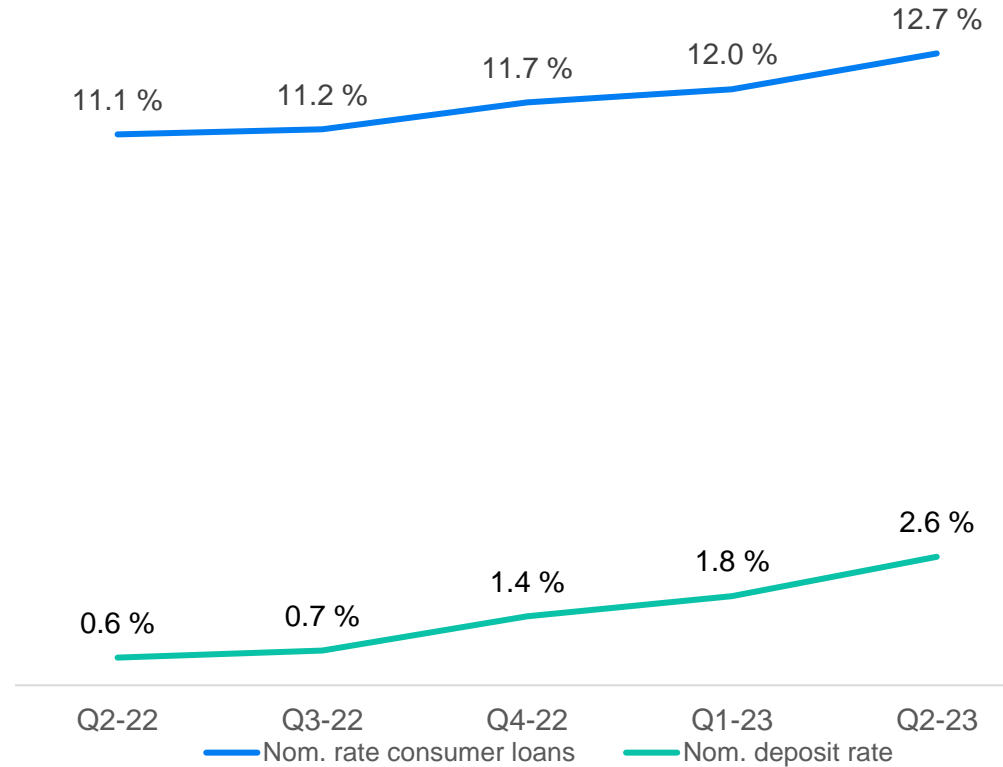
Increased funding cost offset by increased lending margins

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

MNOK / % of total assets



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

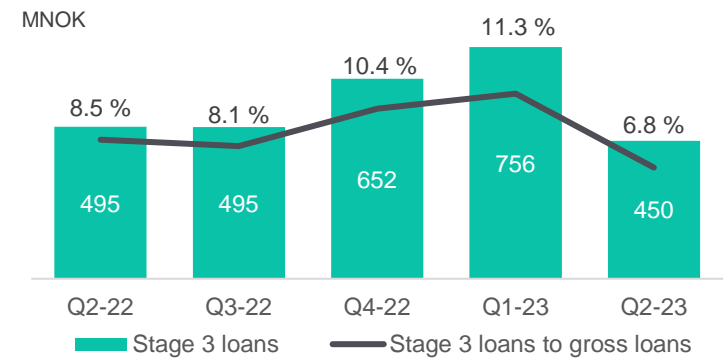


1) All figures are end of quarter and nominal

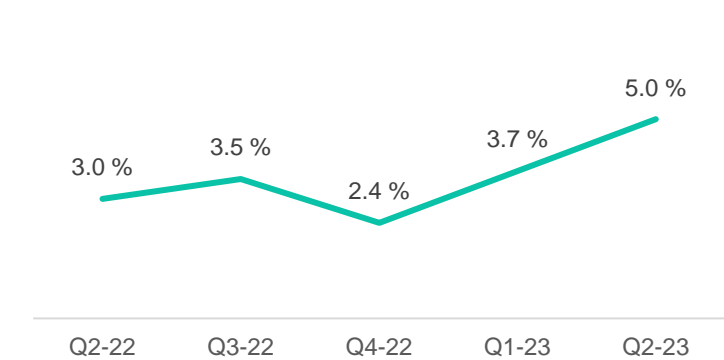
# Credit quality development

Increased uncertainty driven by macro conditions

## Stage 3 ratio



## Loan loss ratio



## Comments on credit quality development

### Reported Q1 2023 loan loss ratio

3.7%

### Underlying development

Increased PD and more customers in arrears and sent to collection

0.5%

### Quarterly underlying losses, Q2 2023

4.2%

### Quarterly one-off effects

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

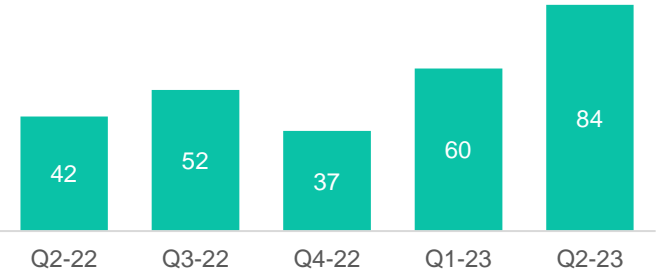
0.8%

### Reported Q2 2023 loan loss ratio

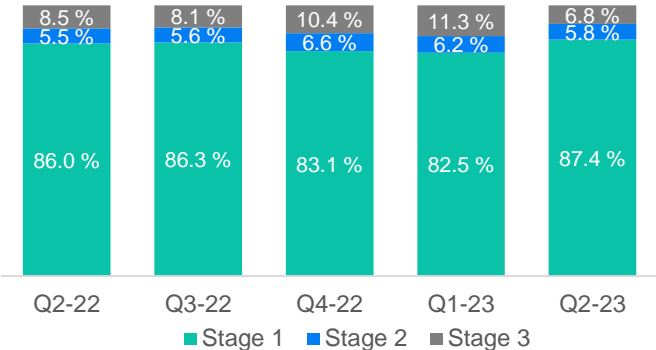
5.0%

# Credit quality overview

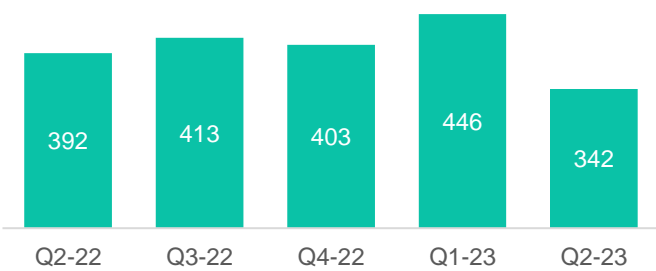
Loan losses, MNOK



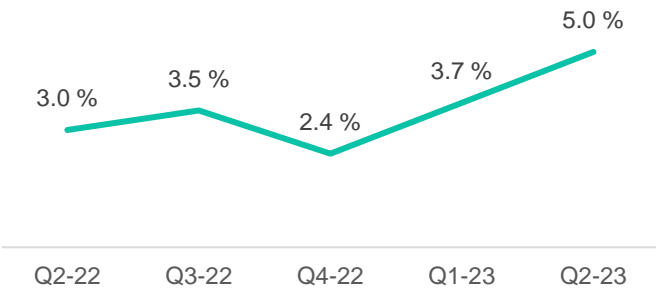
Stage allocation



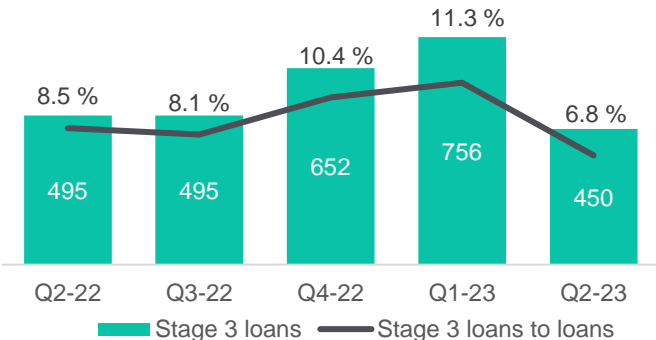
Provisions, MNOK



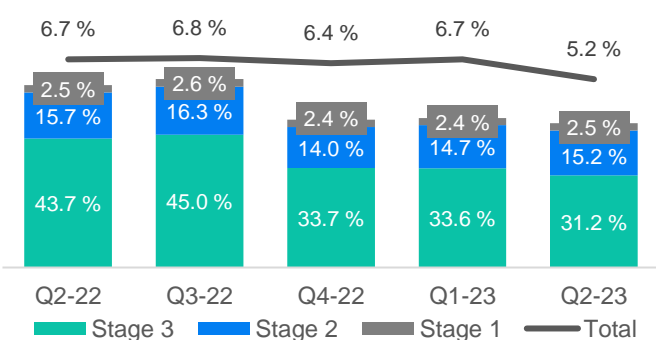
Loan loss ratio<sup>1</sup>



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

## Comments on income statement

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

# Balance sheet

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

## Comments on balance sheet

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

# Table of contents

## 1 Highlights and development Q2

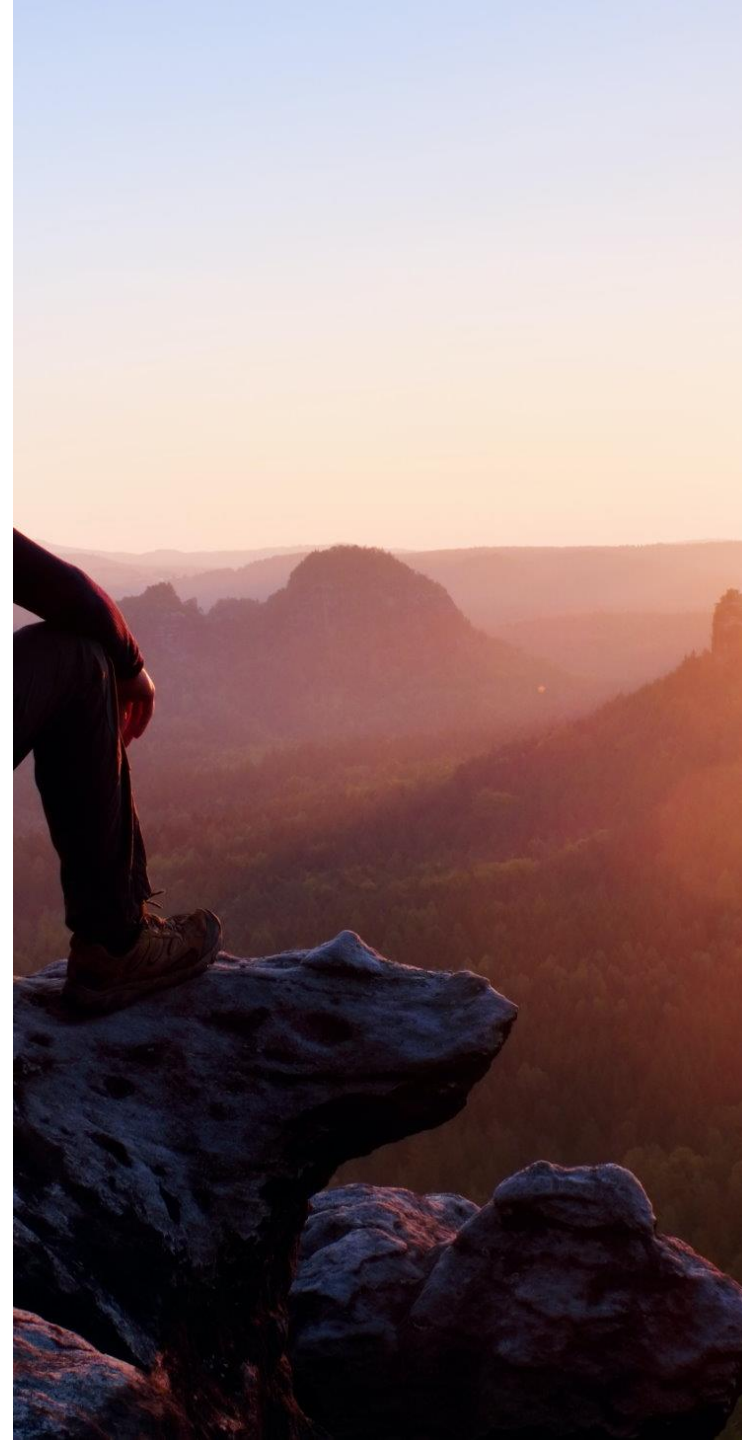
---

## 2 Financial results Q2

---

## 3 Outlook

---



## Focus areas

1	<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>
2	<b>Profitable growth</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>
3	<b>Redomicilation</b> <ul style="list-style-type: none"> <li>• Ongoing project for redomicilation</li> <li>• This will be carried out through either an organic application process or M&amp;A</li> </ul>

## Summary of the quarter

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

### Key figures, Q2 2023

Interest income	Profit before tax	Equity
177.7 MNOK	25.1 MNOK	1,399 MNOK



# A

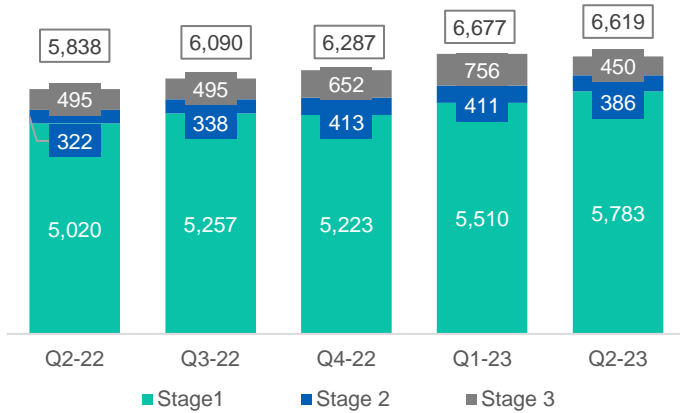
## Appendix



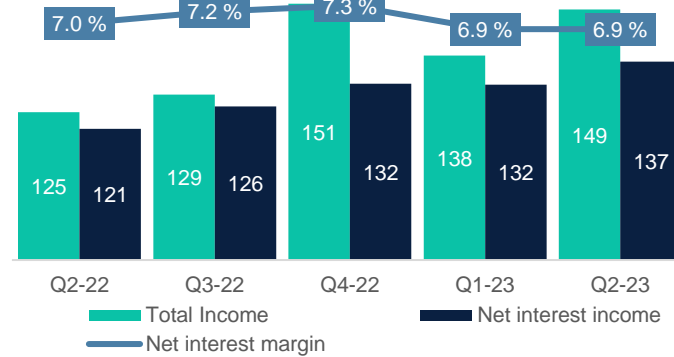
# Financial overview

## Figures in MNOK

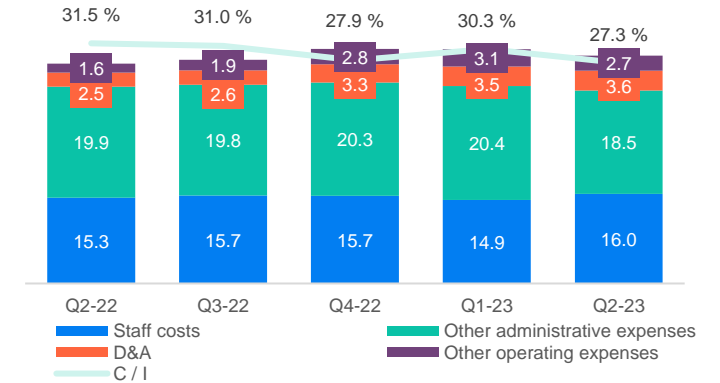
### Gross lending



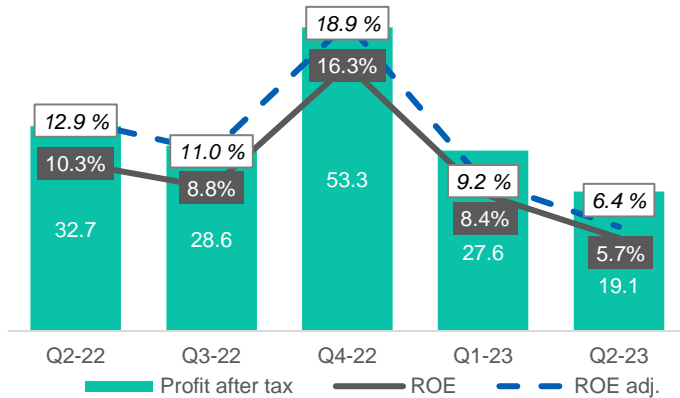
### Net income and margin of total margin



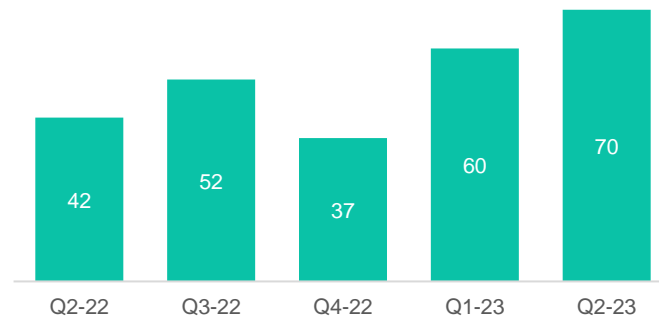
### Opex and Cost / Income



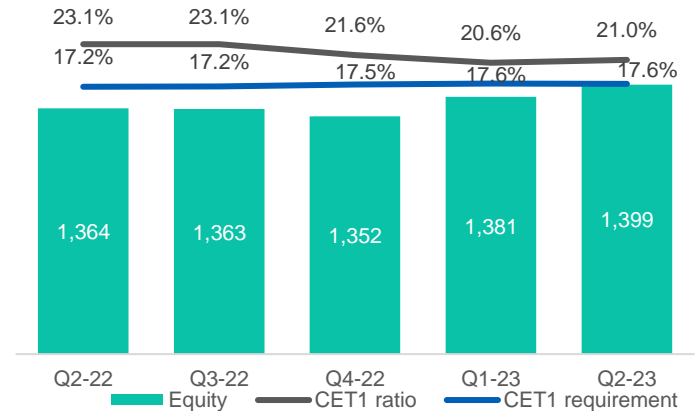
### Profit after tax and ROE<sup>1</sup>



### Loan losses



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



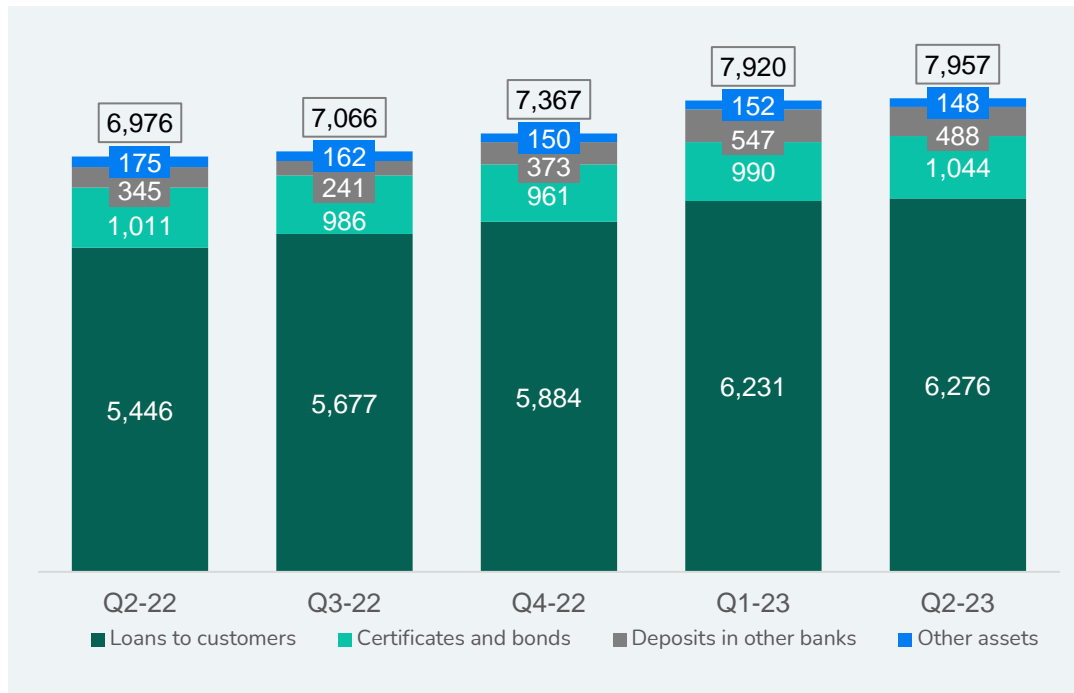
1) ROE adjusted subtracts excess capital from the calculation (capital req. + mgmt. buffer)

2) CET1 ratio includes YTD unaudited profit

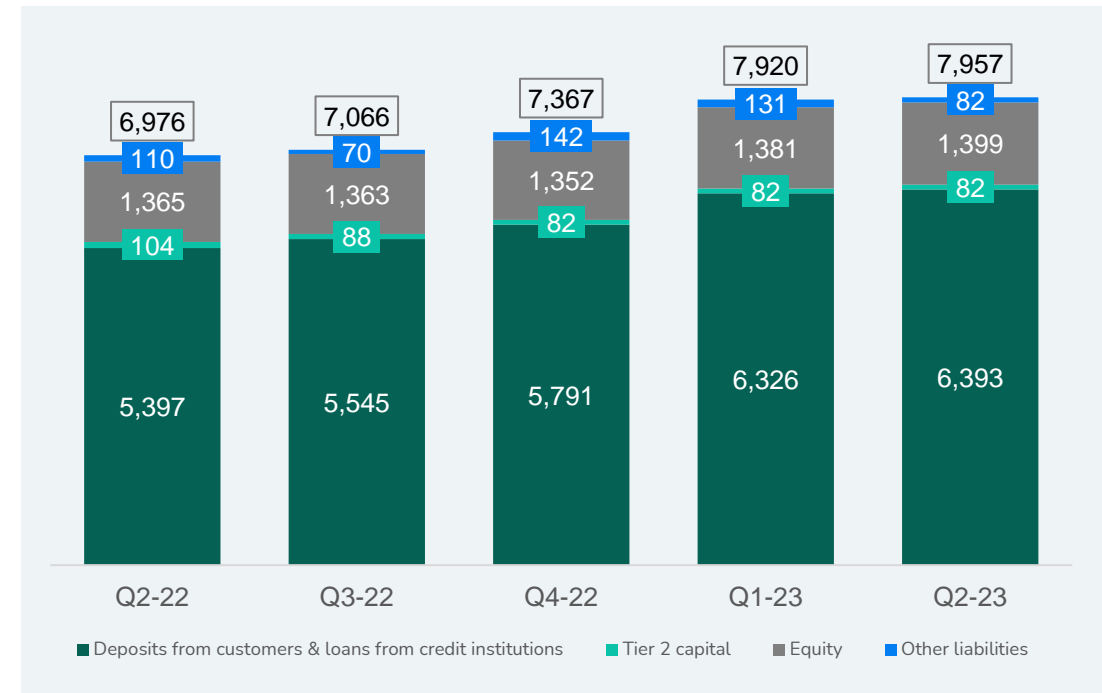
# Balance sheet structure

## Strong funding and liquidity position

### Total assets, MNOK



### Equity and liabilities, MNOK



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

# Lea bank ASA shareholders

## Top 20 shareholder list as of August 10<sup>th</sup> 2023

	Investor	Shares	Ownership
1	Braganza AB	10,383,899	10.9 %
2	Hjellegjerde Invest AS	7,600,000	8.0 %
3	DNB Bank ASA <sup>1</sup>	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 %
<b>Sum 20 største aksjonærer</b>		<b>60,206,090</b>	<b>63.2 %</b>
Andre aksjonærer		35,006,549	36.8 %
<b>Totale aksjer</b>		<b>95,212,639</b>	<b>100.0 %</b>

## Comments

- ~1,300 shareholders as of August 10<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 ~880 MNOK

1) Nominee account

# Lea bank ASA

Holbergs gate 21  
0166 Oslo  
Norway

+47 22 99 14 00  
[ir@leabank.no](mailto:ir@leabank.no)

**Lea**  
bank

