

PARETO BANK

Financial Results – Second Quarter 2025

Highlights

Financials

Business Area Update & Outlook

SECOND QUARTER 2025

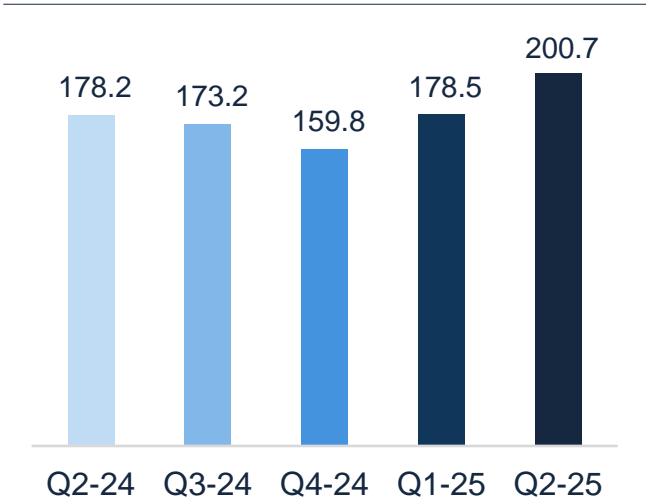
Highlights

- Profit after tax NOK 200.7m (NOK 178.2m in Q2-24).
- Return on equity after tax 15.1% (14.3%).
- Net interest income up to NOK 319.0m (NOK 303.0m).
- Lending at the end of the quarter stood at NOK 19,249m (NOK 19,585m). Average lending was down 1% q/q with significant redemptions and lower credit demand.
- Total impairments of NOK 17.1m (NOK 26.0m). Individual impairments NOK 31.3m (NOK 26.7m), primarily within residential property development.
- Reporting according to CRR3 with positive impact on CET1 ratio.

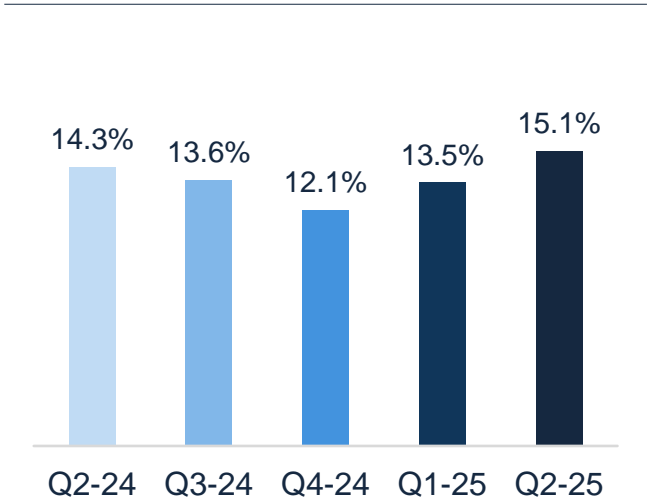


KEY FIGURES

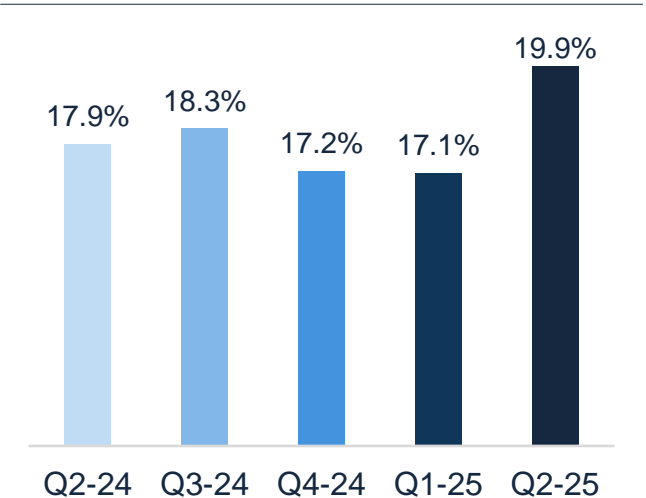
Profit after tax (NOKm)



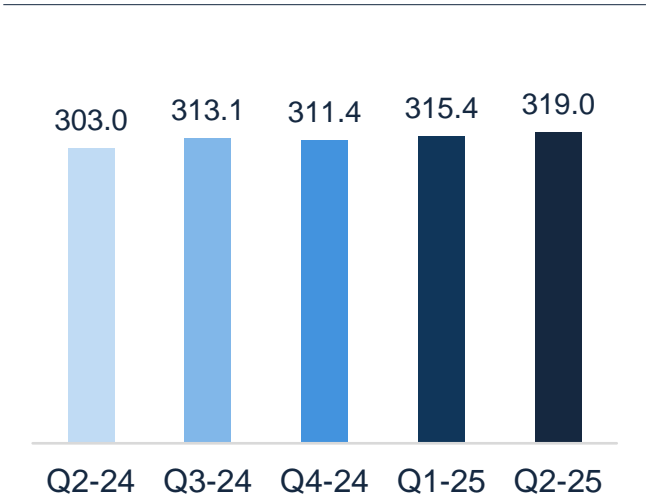
Return on Equity *



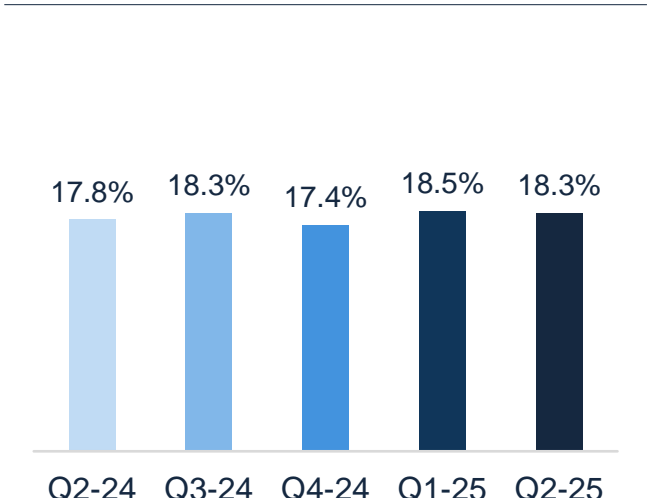
CET1 ratio



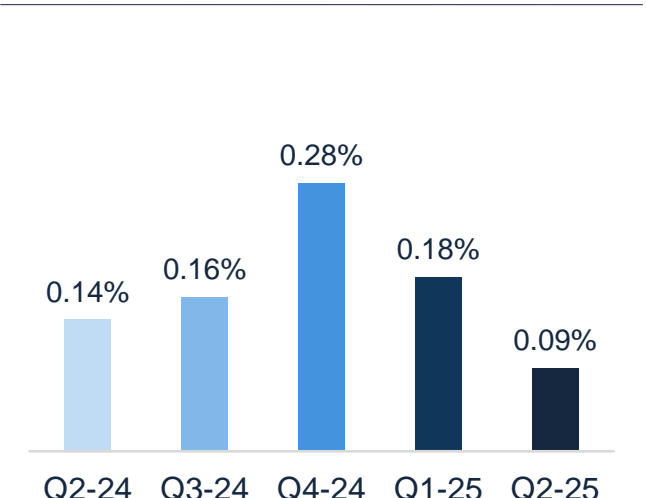
Net interest income (NOKm)



Cost/Income ratio



Loss ratio **



*) Return to shareholders after AT1 interest costs.
**) Quarterly impairments over average net loans.

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INCOME STATEMENT

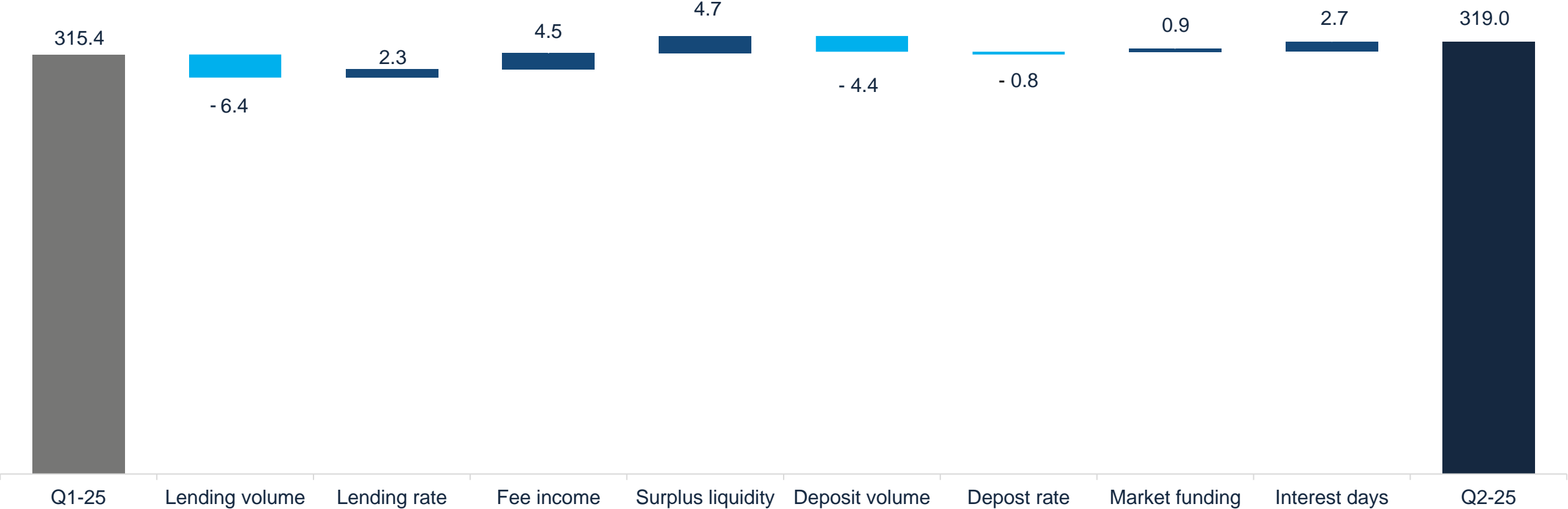
P&L (NOKm)

	Q2-25	Q2-24	H1-25	H1-24
Net interest income	319.0	303.0	634.3	602.8
Net other operating income	24.3	12.5	41.2	14.9
Total net income	343.2	315.5	675.5	617.7
Total operating expenses	62.9	56.3	124.4	111.9
Operating profit before impairments and losses	280.4	259.3	551.1	505.8
Impairments and losses on loans and guarantees	17.1	26.0	54.2	41.3
Pre-tax operating profit	263.3	233.2	496.9	464.5
Tax expense	62.6	55.1	117.7	110.2
Interest hybrid capital	13.0	13.0	25.9	23.7
Profit to shareholders	187.7	165.2	353.2	330.6
Earnings per share (NOK)	2.44	2.15	4.60	4.31

- Interest income up with average lending volumes up 8% y/y. However, at the end of the quarter lending was down 2% y/y.
- Lending margins relatively stable. Deposit volume decreased with NOK 0.6bn in Q2-25, primarily on larger corporate deposits.
- NOK 5.3m of fair value gains (NOK 6.8m).
- Continued strong operational efficiency with cost/income ratio of 18.3% (17.8%).
- Impairments down from last quarter, but individual impairments still at an elevated level.

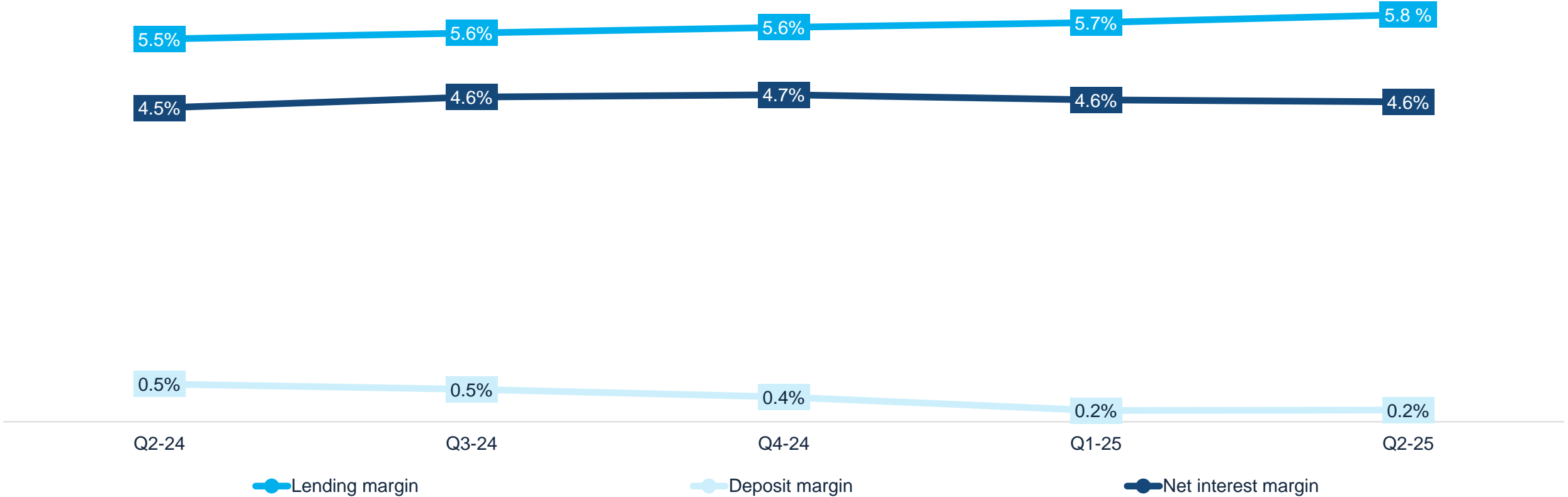
CHANGE IN QUARTERLY NET INTEREST INCOME

(NOKm)



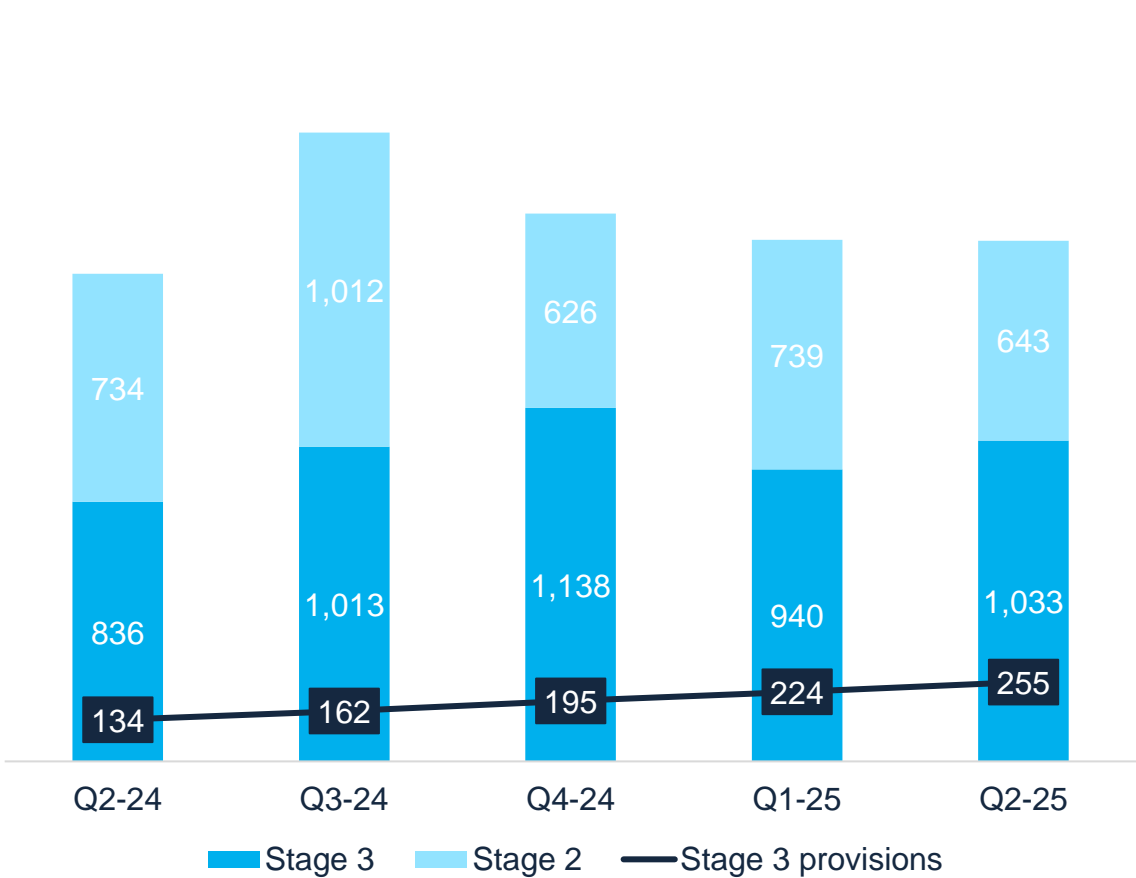
INTEREST MARGINS

Lending and deposit margin

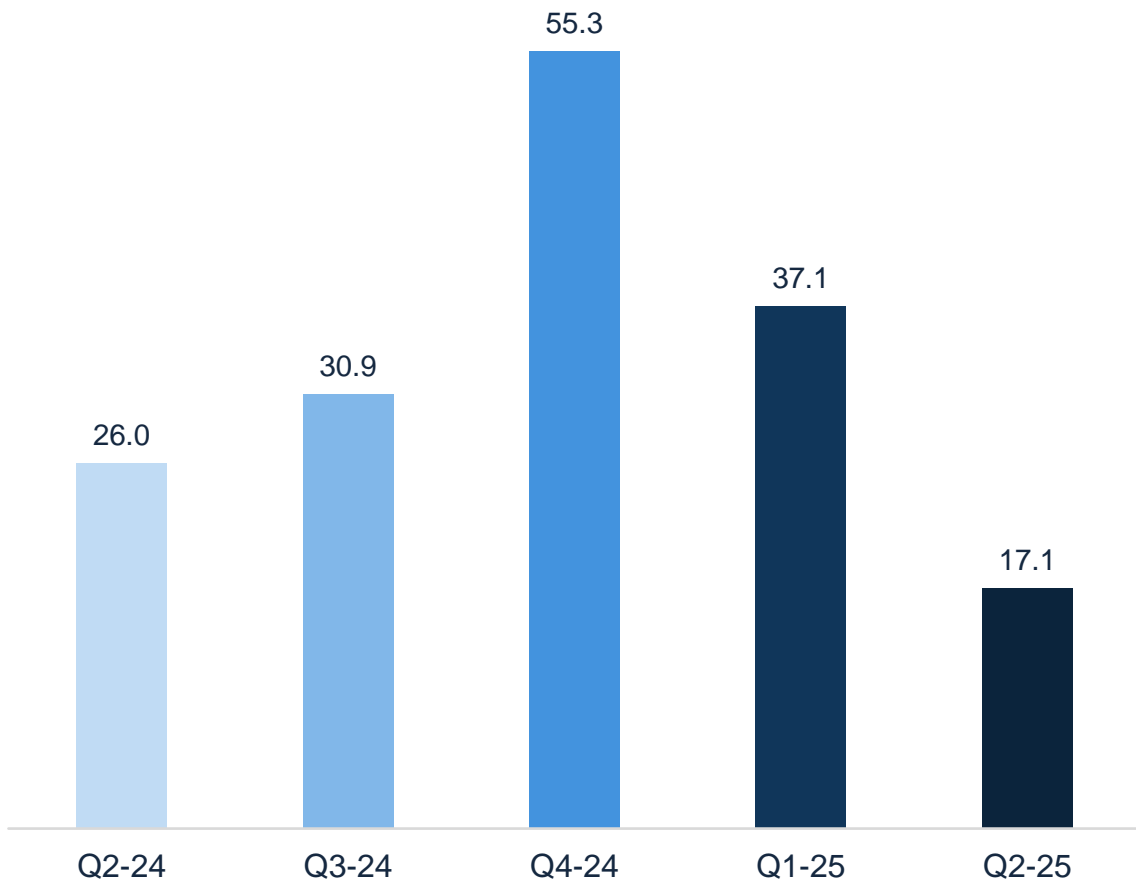


QUARTERLY CHANGE IN STAGE 2, 3 AND IMPAIRMENTS

Stage 2 and 3 and provisions for stage 3 lending (NOKm)

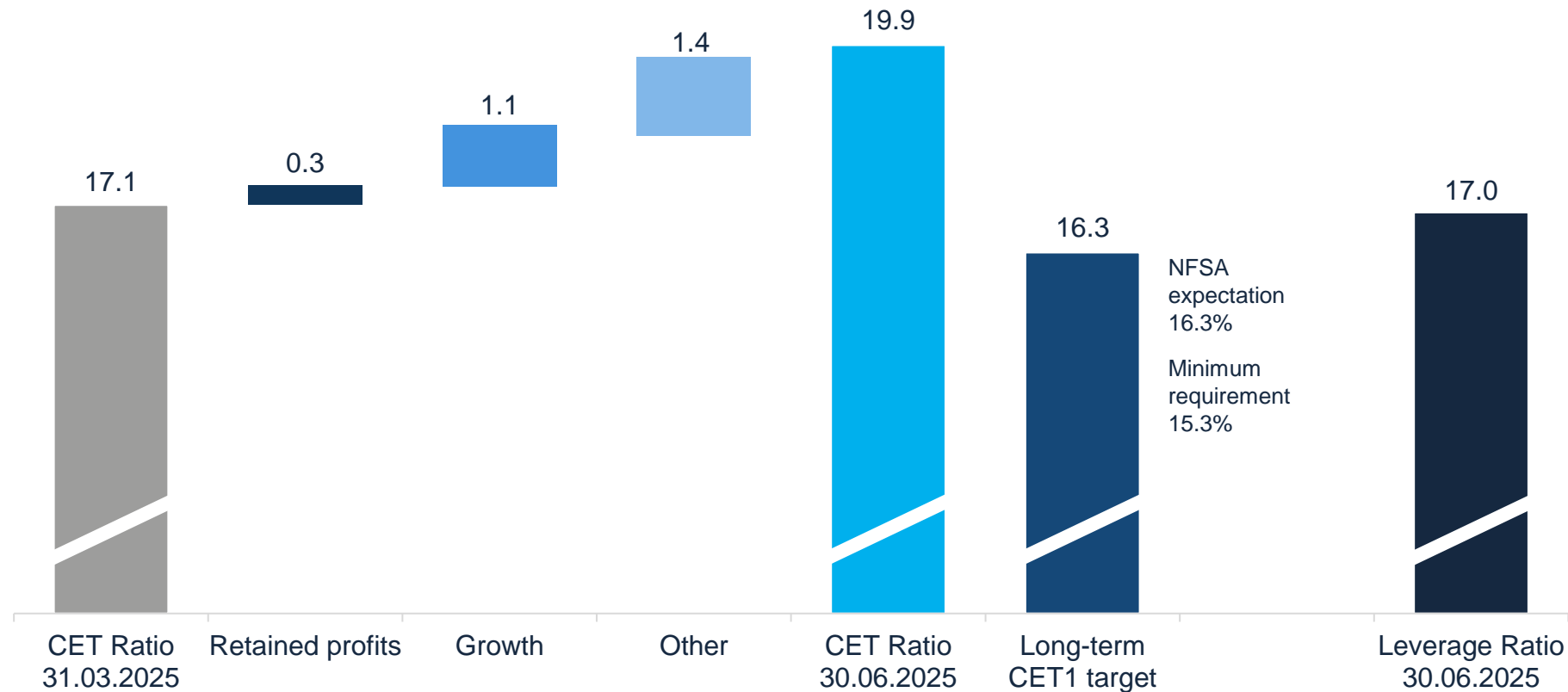


Impairments and losses on loans and guarantees (NOKm)



SOLIDITY AND CAPITAL REQUIREMENTS

Per cent



- Long-term CET1 target of 16.3%, in line with the NFSA expectation.
- Pareto Bank holds a buffer above this target.
- CRR3 supports capital position: Lower capital requirements for operational risk and residential, but higher requirements for loan commitments and lending to commercial property development.

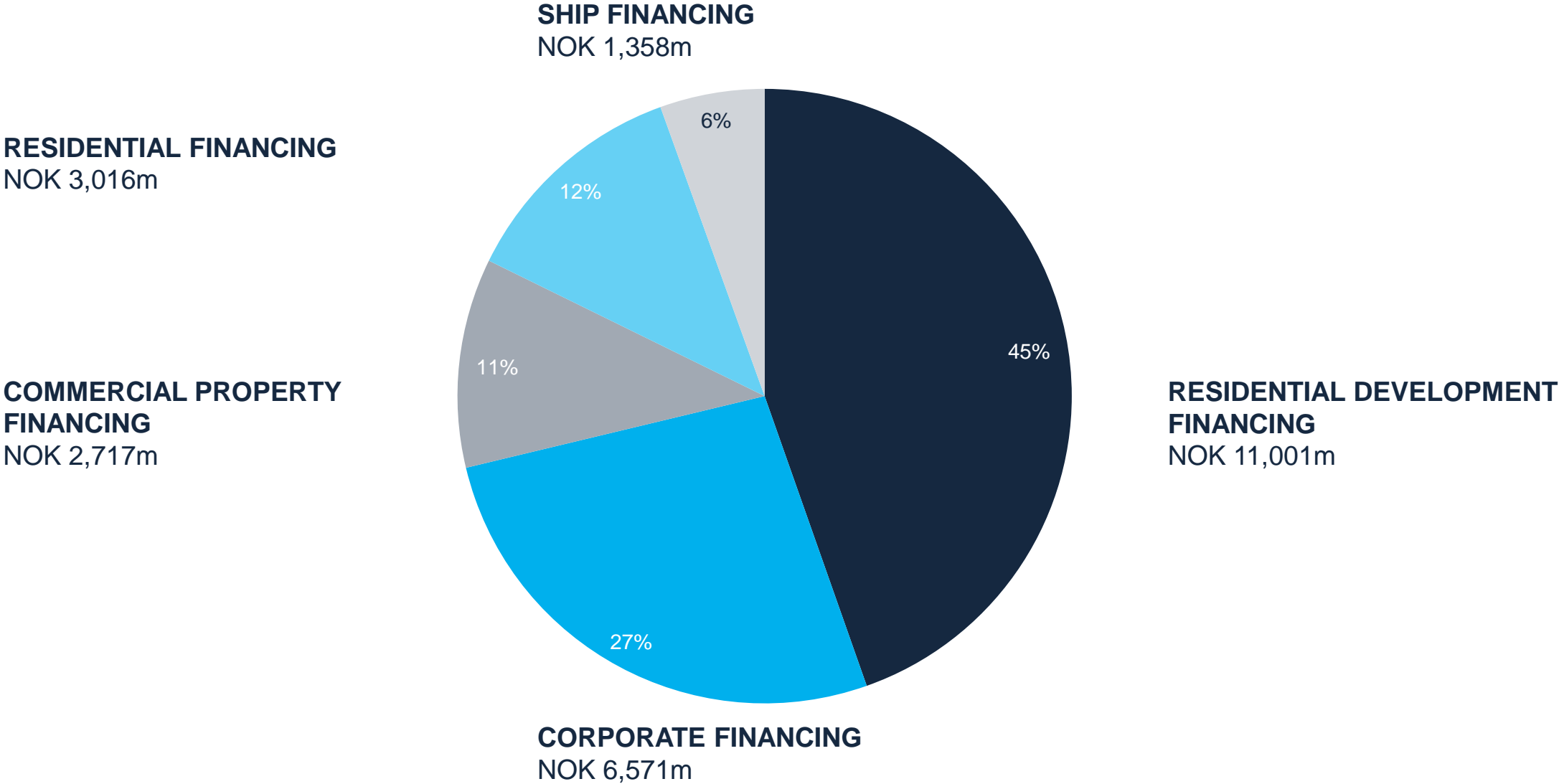
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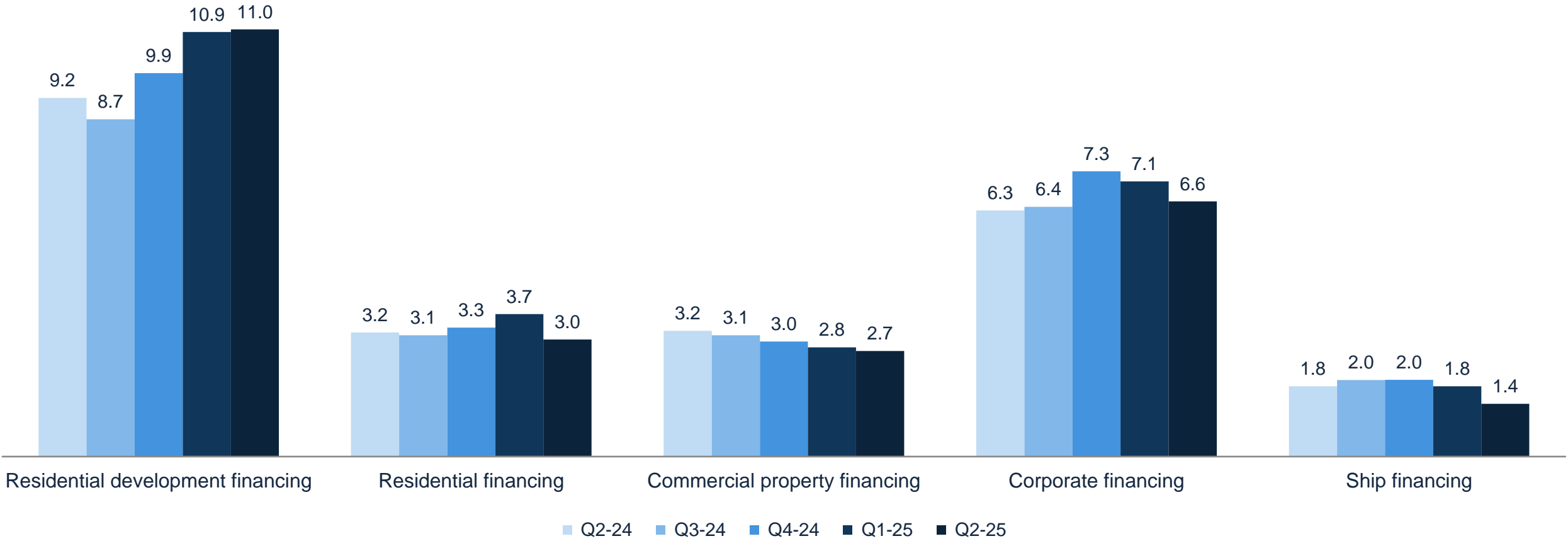
A NICHE PLAYER FINANCING MEDIUM-SIZED ENTERPRISES

Exposure (NOKm)



QUARTERLY EXPOSURE PER BUSINESS AREA

(NOKbn)



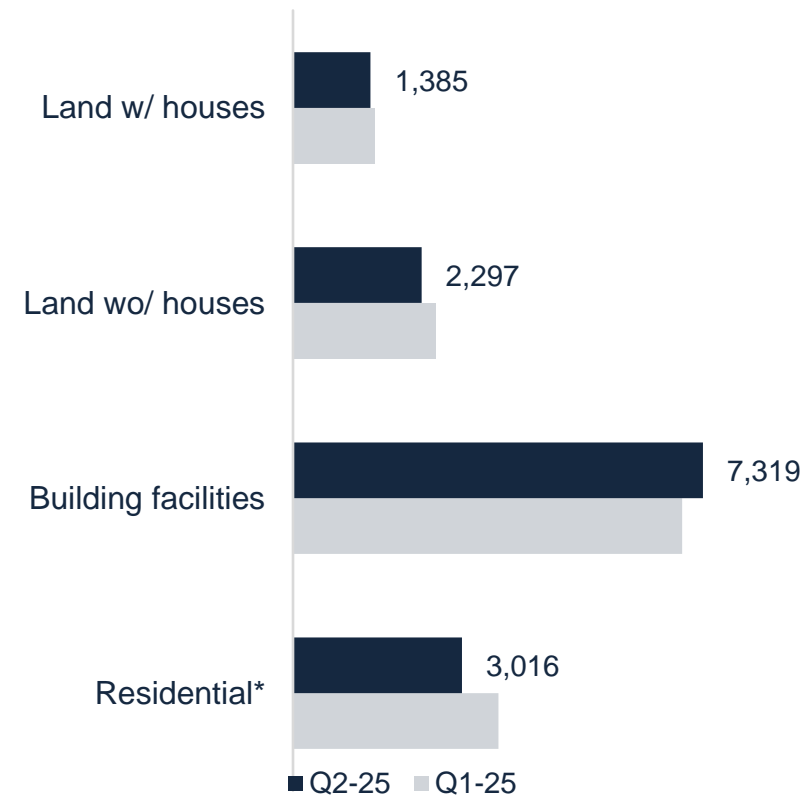
RESIDENTIAL PROPERTY FINANCING

STABLE EXPOSURE, BUT DECREASED LOAN VOLUME EXPECTED IN Q3-25.

- Relatively uncertain growth forecast. Variations in volume is in the nature of project financing.
- A persistently weak market with record low residential starts.
- More time needed to meet pre-sale requirements given the weak demand for new-builds.
- Time of project completions and corresponding loan redemptions difficult to predict accurately.
- Policy rate cut will likely be positive for activity, but with limited effect in Q3-25.

Residential property exposure (NOKm)

Total NOK 14,017m



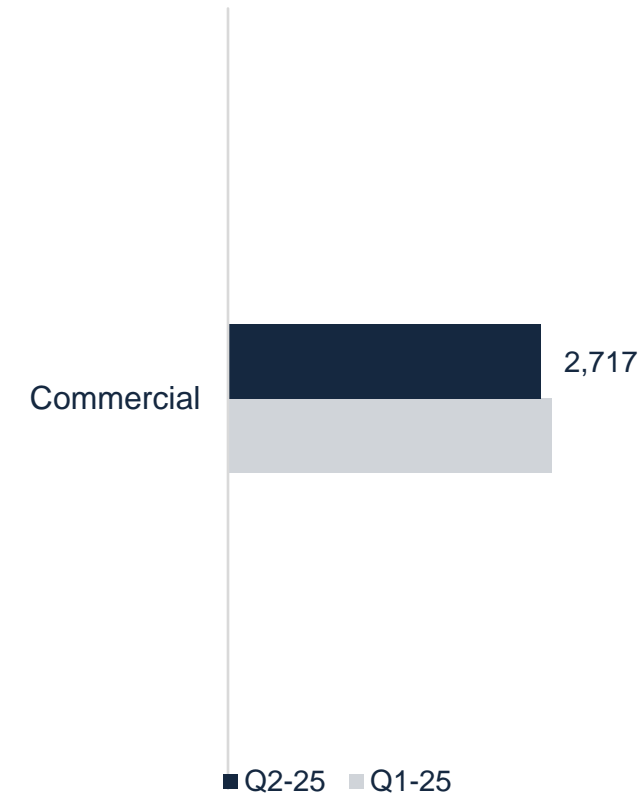
COMMERCIAL PROPERTY FINANCING

Commercial property exposure (NOKm)

Total NOK 2,717m

SUBDUED VOLUME GROWTH TO CONTINUE IN Q3-25.

- Low transaction volumes.
- Long-term rate outlook remain high despite the recent rate cut.
- Low risk appetite and financing demand.

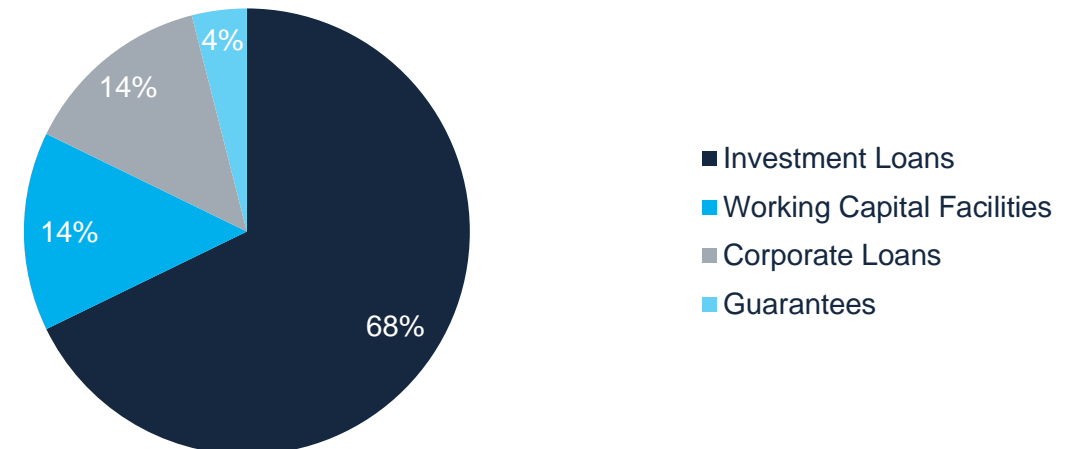
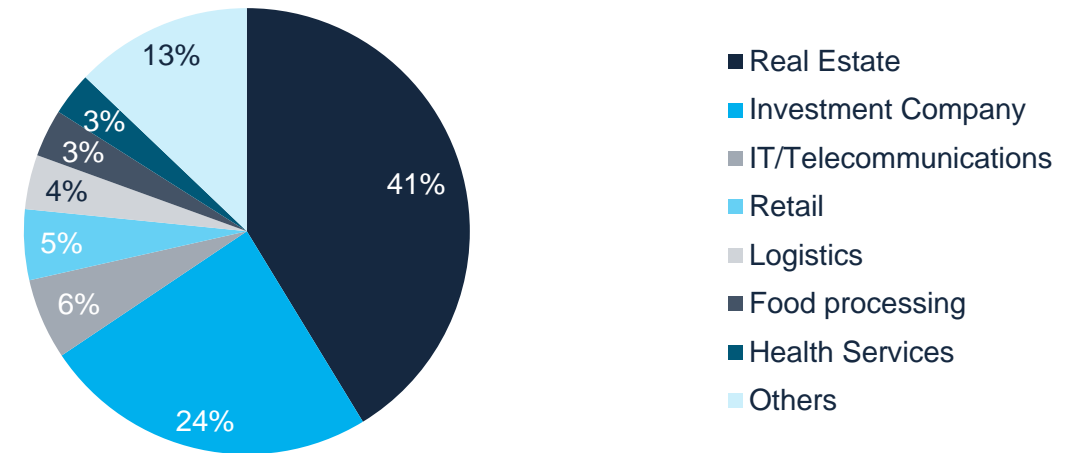


CORPORATE FINANCING

FLAT VOLUME EXPECTED FOR Q3-25.

- Loan redemptions led to a reduction in volume in Q2-25 and is expected to affect net lending growth in Q3-25.
- Continued steady deal flow and flat volume development in Q3-25.
- Continued differences in activity and profitability across industries is met with a selective credit practice.
- Pareto Bank is an attractive partner for medium-sized businesses and sees good long-term growth prospects.

Corporate exposure (NOKm) Total NOK 6,571m (Q1-25: NOK 7,086m)



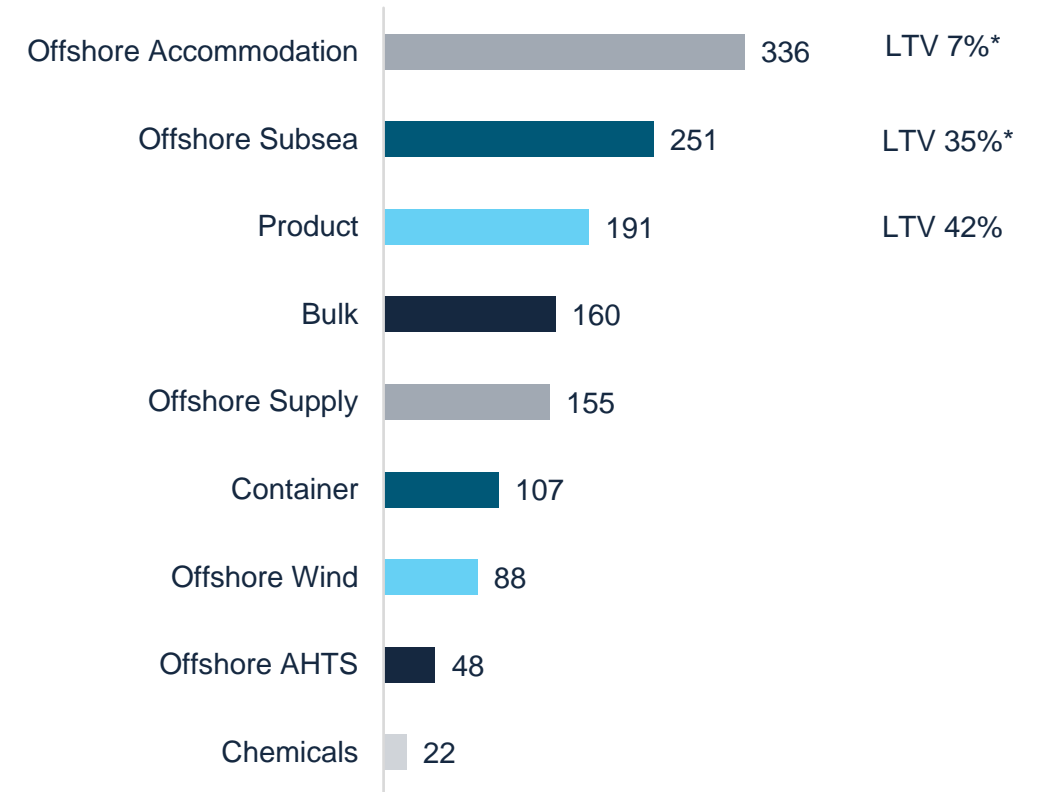
SHIP FINANCING

FLAT VOLUME EXPECTED FOR Q3-25.

- After significant redemptions in H1-25, a flat volume development is expected for Q3-25 with low shipping financing demand and increased competition among offshore lenders.
- Continued robust demand in offshore markets. However, oil prices are on a downward trend and a further decline may negatively affect future demand for offshore vessels adding uncertainty to the sector.
- Less predictability in global trade flows and shipping markets due to tariff-related uncertainty and broader geopolitical risks.

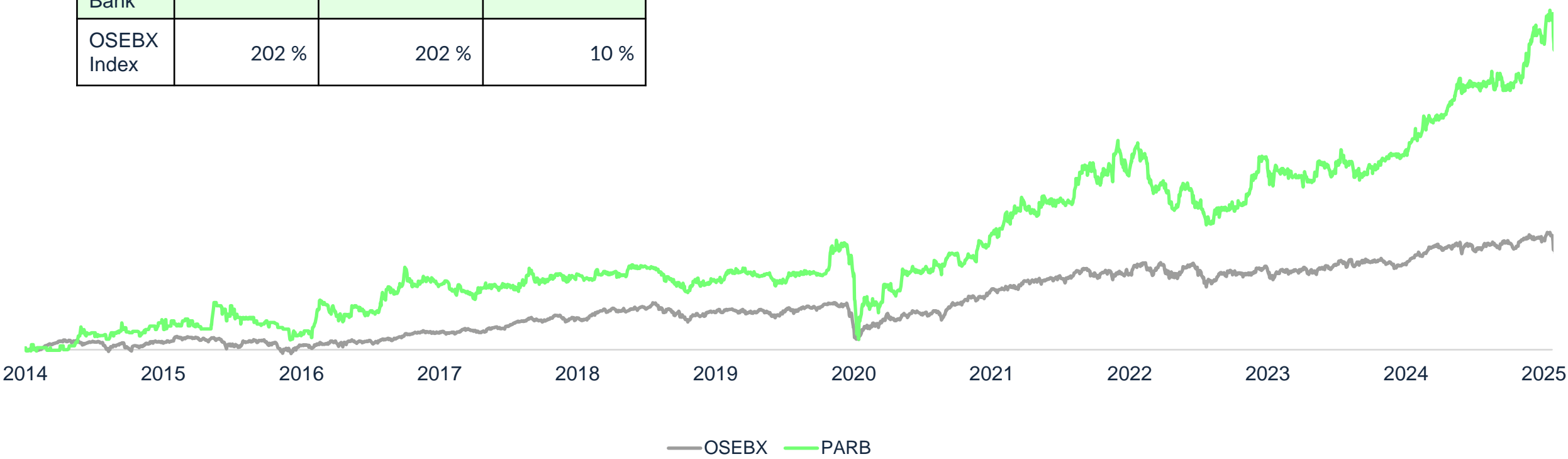
Exposure (NOKm)

Total NOK 1,358m (Q1-25: NOK 1,810m)



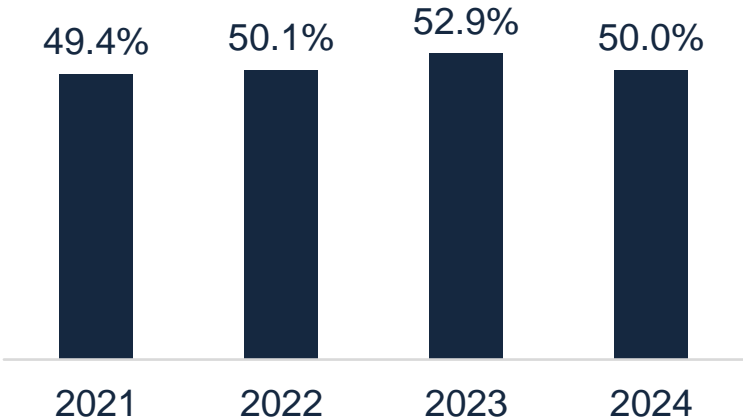
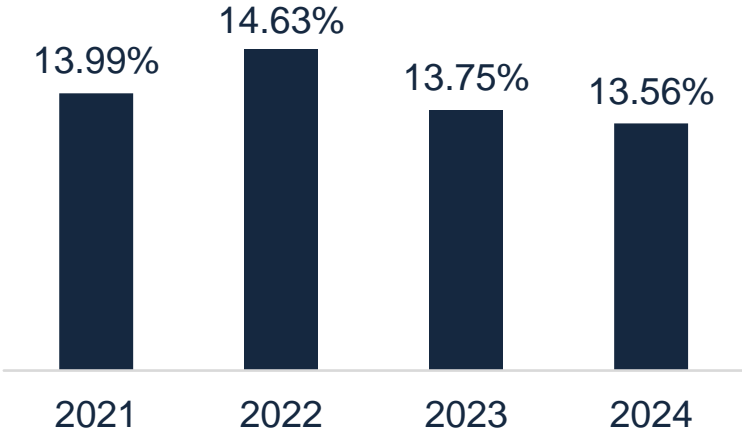
TOTAL RETURN

Equity	Price Change	Total Return	Annual Return
Pareto Bank	341 %	620 %	19 %
OSEBX Index	202 %	202 %	10 %



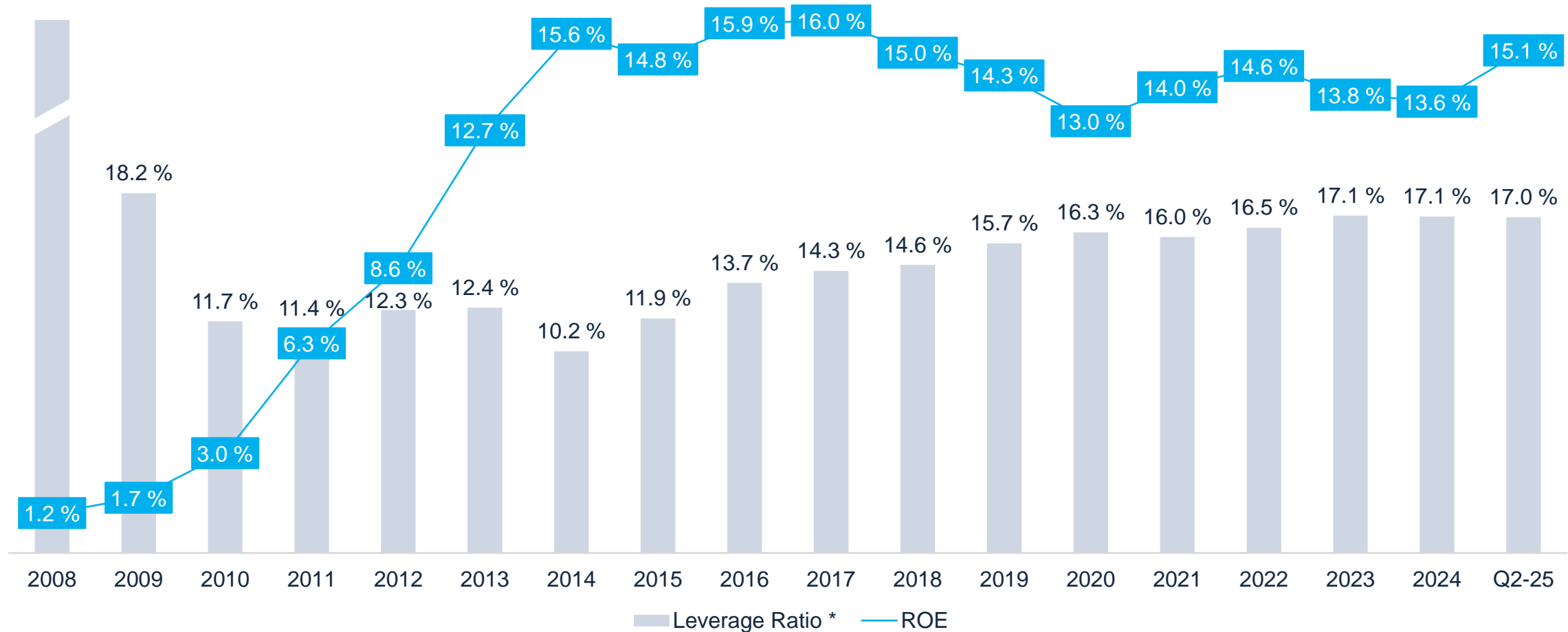
APPENDIX

LONG-TERM AMBITIONS



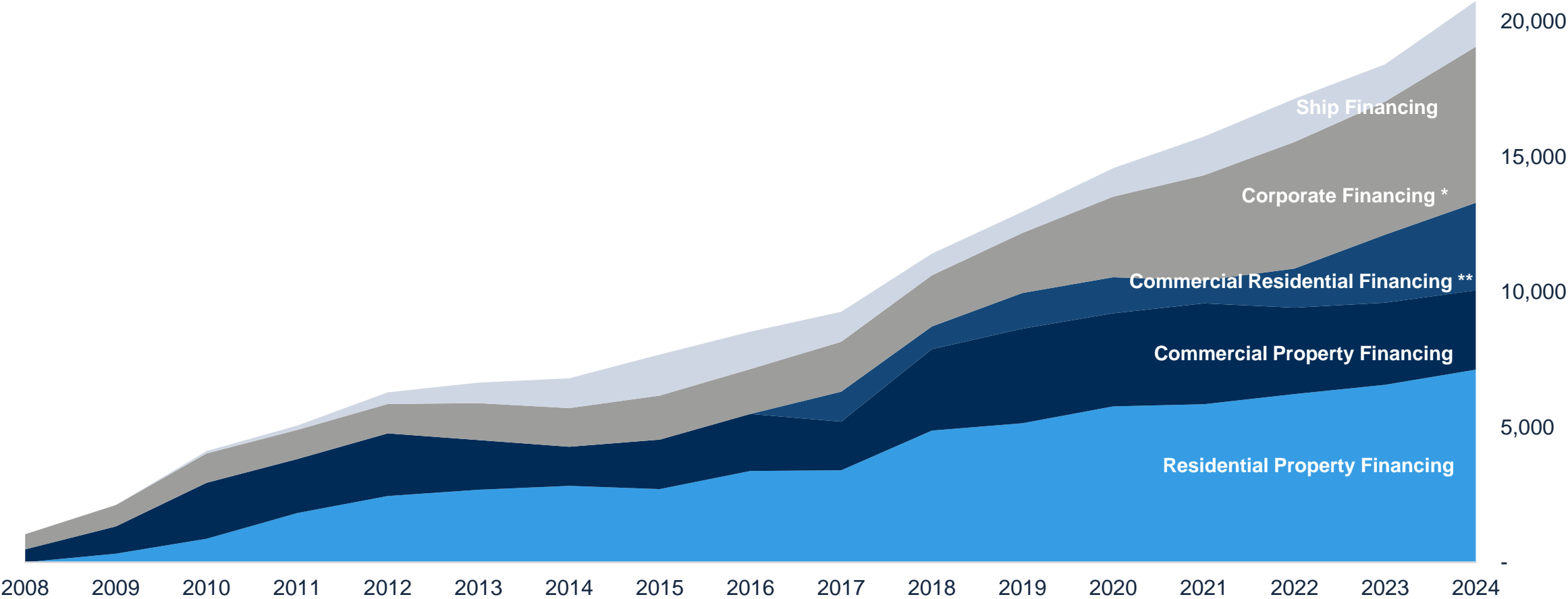
ROE AND LEVERAGE RATIO

Profitability with increasing solidity



LENDING GROWTH

Per business area (NOKm)



*) Including securities financing
**) Commercial residential financing reported from 2017

LARGEST SHAREHOLDERS

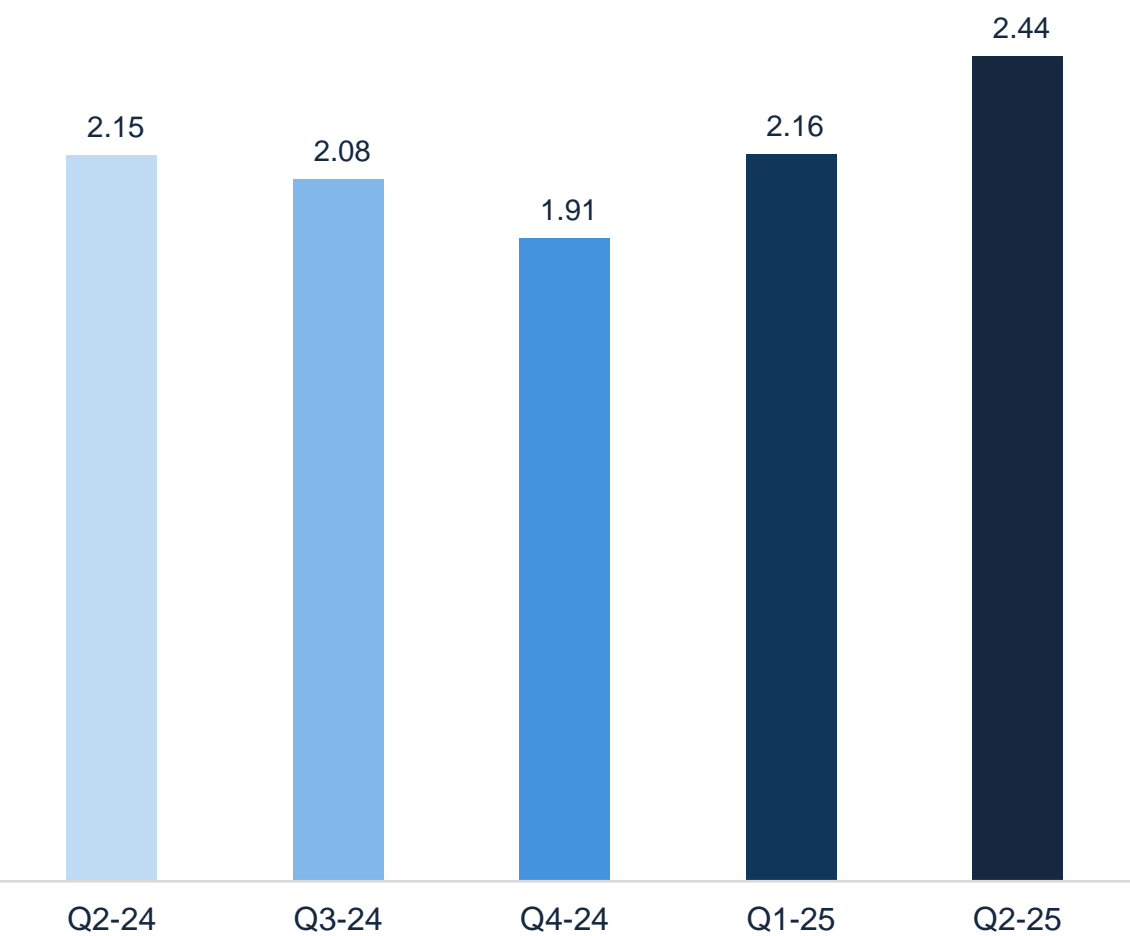
30 June 2025

	Name	Shares	% Total
1	Pareto AS	15,356,484	20.00 %
2	Société Générale	6,943,049	9.04 %
3	AWC AS	5,212,451	6.79 %
4	Hjellegjerde Invest AS	3,803,301	4.95 %
5	Salt value AS	2,389,484	3.11 %
6	Verdipapirfondet Holberg Norge	2,377,309	3.10 %
7	Kolberg Motors AS	2,100,000	2.74 %
8	Rune Bentsen AS	2,076,377	2.70 %
9	Landkreditt Utbytte	2,041,801	2.66 %
10	Stenshagen Invest AS	1,923,470	2.51 %
11	OM Holding AS	1,261,512	1.64 %
12	Verdipapirfondet Fondsfinans Norge	1,037,080	1.35 %
13	Catilina Invest AS	1,034,950	1.35 %
14	AS Audley	929,252	1.21 %
15	Lombard Int Assurance S.A.	900,820	1.17 %
16	VPF Eika Egenkapitalbevis	805,000	1.05 %
17	Profond AS	700,346	0.91 %
18	Verdipapirfondet Heimdal Utbytte	700,000	0.91 %
19	Dragesund Invest AS	650,000	0.85 %
20	Castel AS	626,832	0.82 %
Sum TOP 20		52,767,010	68.86 %
Other shareholders		23,912,905	31.14 %
Total		76,782,423	100.00 %

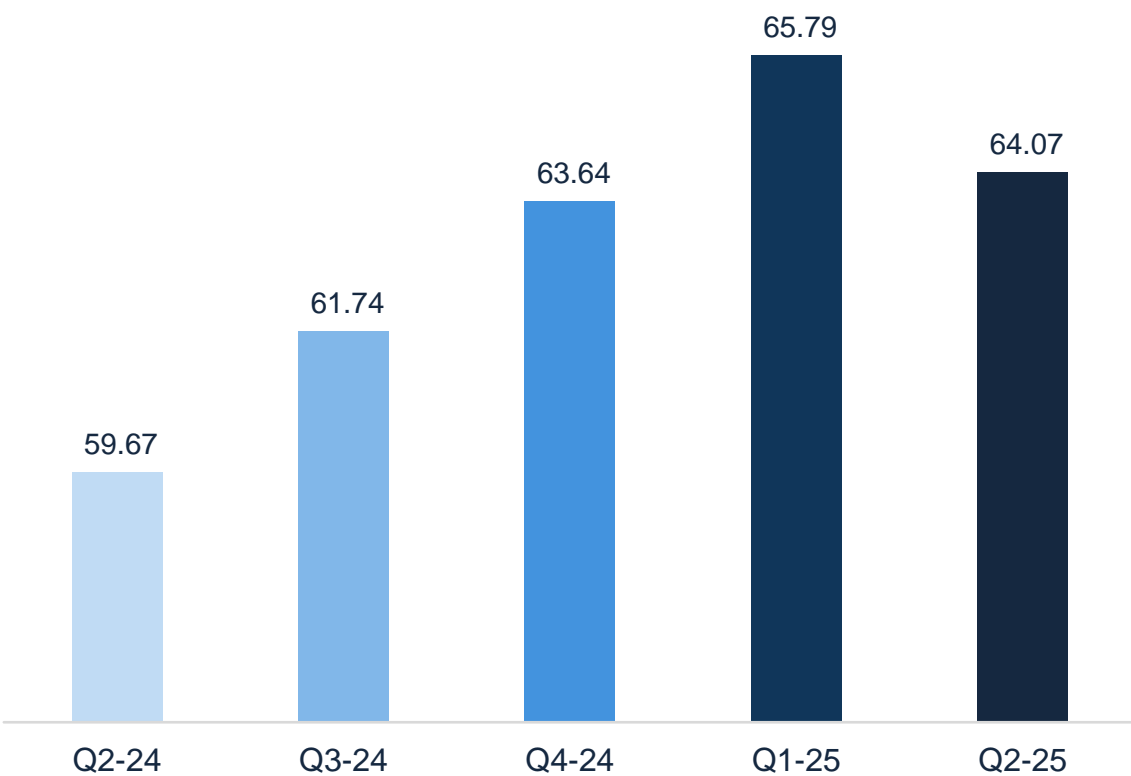
- The Company has 76,782,423 shares outstanding. One class of shares where each share carries one voting right.
- Diversified investor base with 4,018 shareholders.
- The Top 10 and 20 investors hold 58% and 69% of the shares respectively.
- Employees in Pareto Bank own 1.6%.
- All employees are covered by an annual bonus compensation scheme settled 50% in Pareto Bank shares.

THE SHARE

Earnings per share (NOK)



Book value per share (NOK)



QUARTERLY INCOME STATEMENT

P&L (NOKm)

	Q2-25	Q1-25	Q4-24	Q3-24	Q2-24
Net interest income	319.0	315.4	311.4	313.1	303.0
Net other operating income	24.3	16.9	8.9	2.1	12.5
Total net income	343.2	332.3	320.4	315.1	315.5
Total operating expenses	62.9	61.5	55.7	57.7	56.3
Operating profit before impairments and losses	280.4	270.8	264.6	257.4	259.3
Impairments and losses on loans and guarantees	17.1	37.1	55.3	30.9	26.0
Pre-tax operating profit	263.3	233.6	209.4	226.5	233.2
Tax expense	62.6	55.2	49.6	53.3	55.1
Interest hybrid capital	13.0	13.0	13.4	13.4	13.0
Profit for the period	200.7	178.5	159.8	173.2	178.2
Earnings per share (NOK)	2.44	2.16	1.91	2.08	2.15
Return on equity	15.1 %	13.5 %	12.1 %	13.6%	14.3%
Cost/income ratio	18.3 %	18.5 %	17.4 %	18.3%	17.8%

QUARTERLY BALANCE SHEET

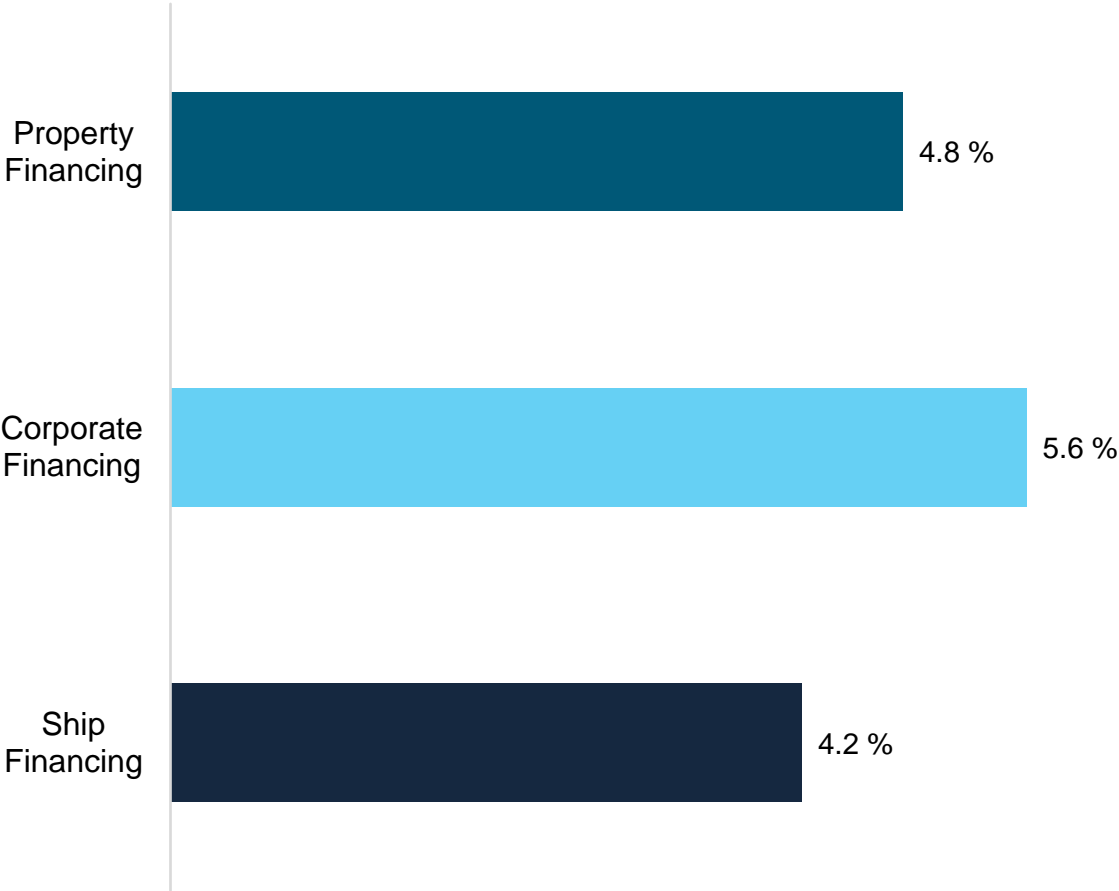
(NOKm)

	Q2-25	Q1-25	Q4-24	Q3-24	Q2-24
Loans to credit institutions	3,214	2,144	2,640	1,930	1,432
Loans to customers	19,249	20,864	20,713	19,419	19,585
Bonds and other securities	4,897	5,158	3,659	4,240	5,331
Shareholdings in associated companies	34	34	34	22	22
Other assets	212	218	191	217	213
Total assets	27,606	28,418	27,237	25,829	26,583
Deposits from customers and institutions	13,772	14,367	13,304	12,116	13,046
Senior securities issued	7,348	7,336	7,347	7,284	7,366
Other liabilities	316	414	450	438	339
Tier 2 subordinated securities issued	700	700	700	700	700
Additional tier 1 capital	550	550	550	550	550
Other equity	4,919	5,052	4,887	4,740	4,582
Total liabilities and equity	27,606	28,418	27,237	25,829	26,583

MARGINS AND INTEREST CONTRIBUTION

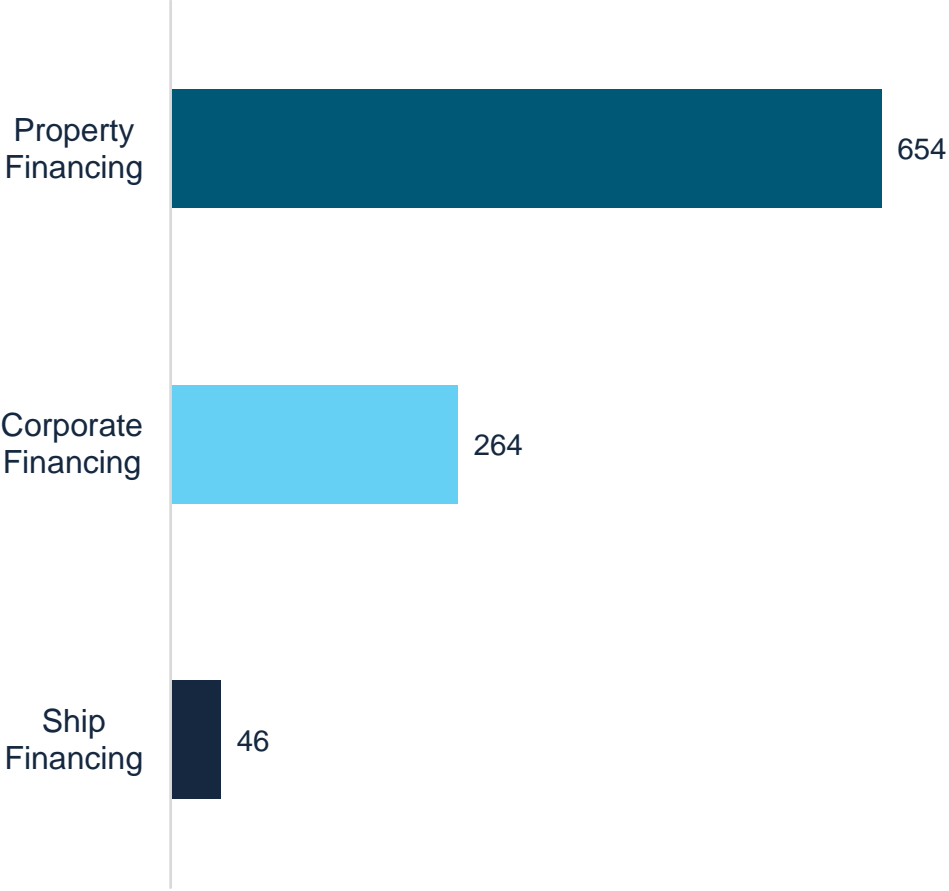
Margins per business area

Estimated annualized margins including commissions, excluding front and back-end fees over 3M Nibor or similar rate.



Interest contribution per business area

NOKm, estimated interest contribution including commissions, excluding front and back-end fees over 3M Nibor or similar rate.

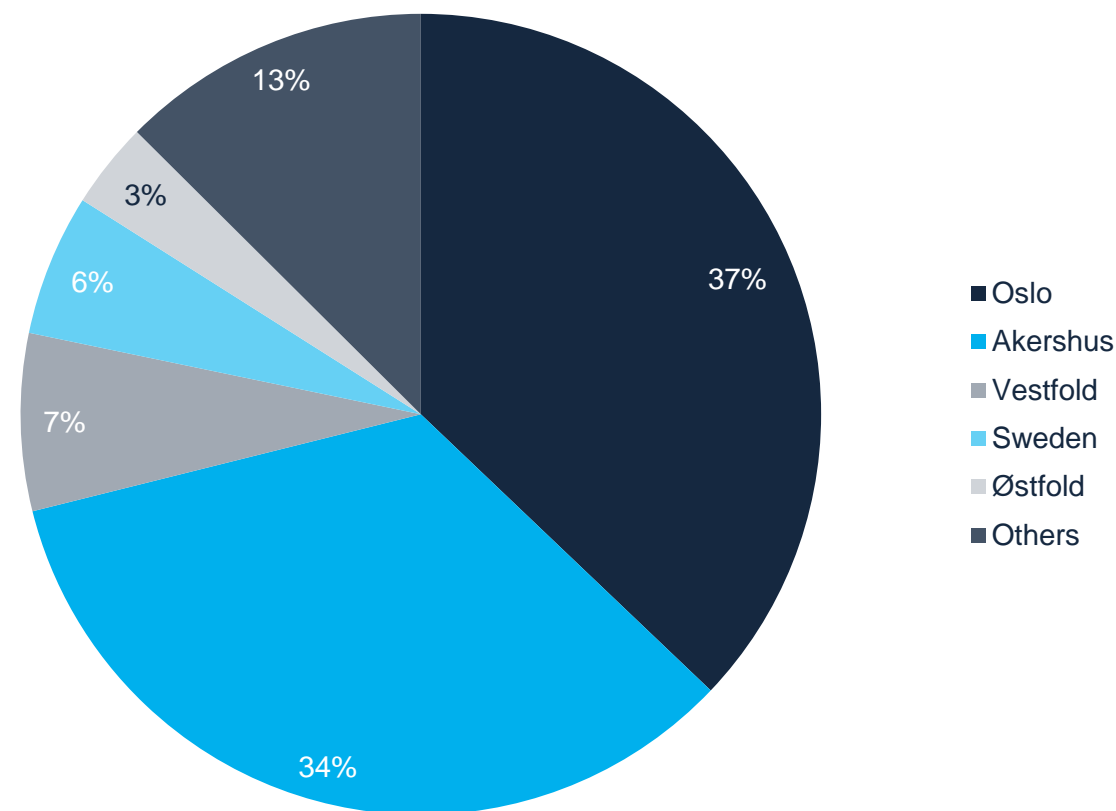


Segment margins are estimated on the basis of terms of existing loans and will therefore differ from reported total lending margins. Loans granted under the state guaranteed SMB loan program, retail mortgages and employee mortgages are excluded from this analysis. Based on terms and 3M NIBOR as of 30.06.2025. Fixing in arrears for SOFR rates are estimated.

REAL ESTATE FINANCING EXPOSURE

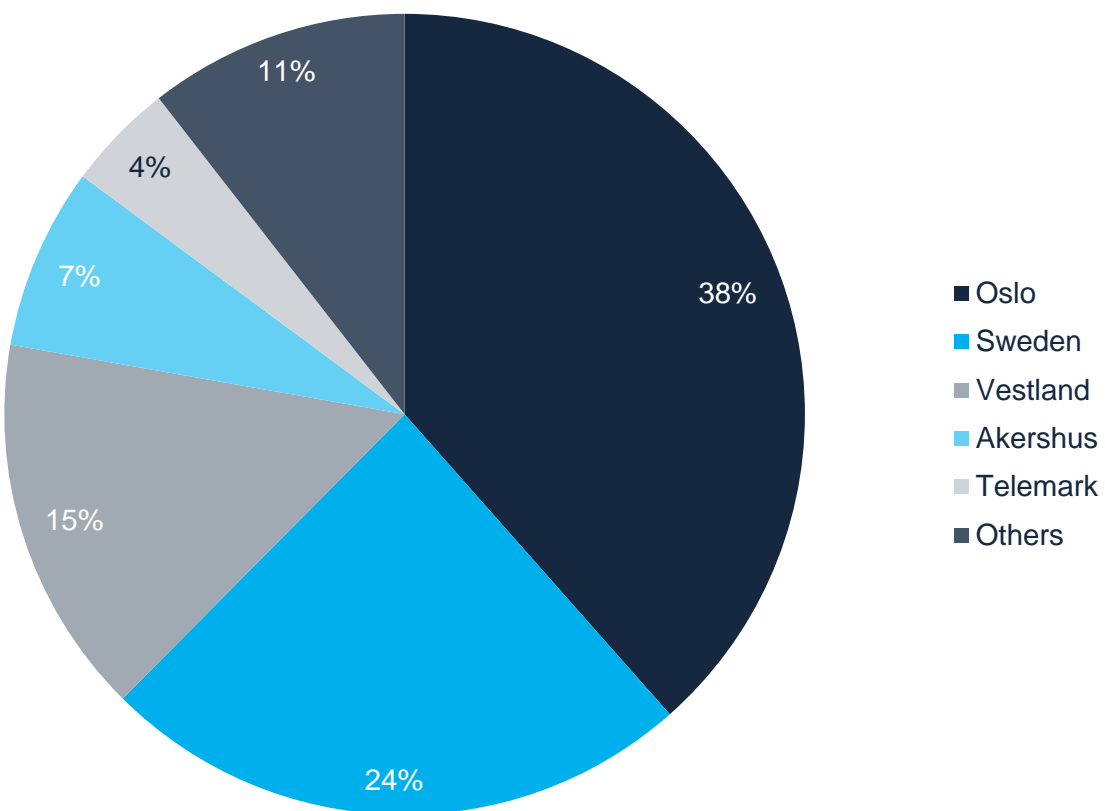
Geographical residential property exposure

Total NOK 14,017m*



Geographical commercial property exposure

Total NOK 2,717m*



SWEDEN

Stable Exposure

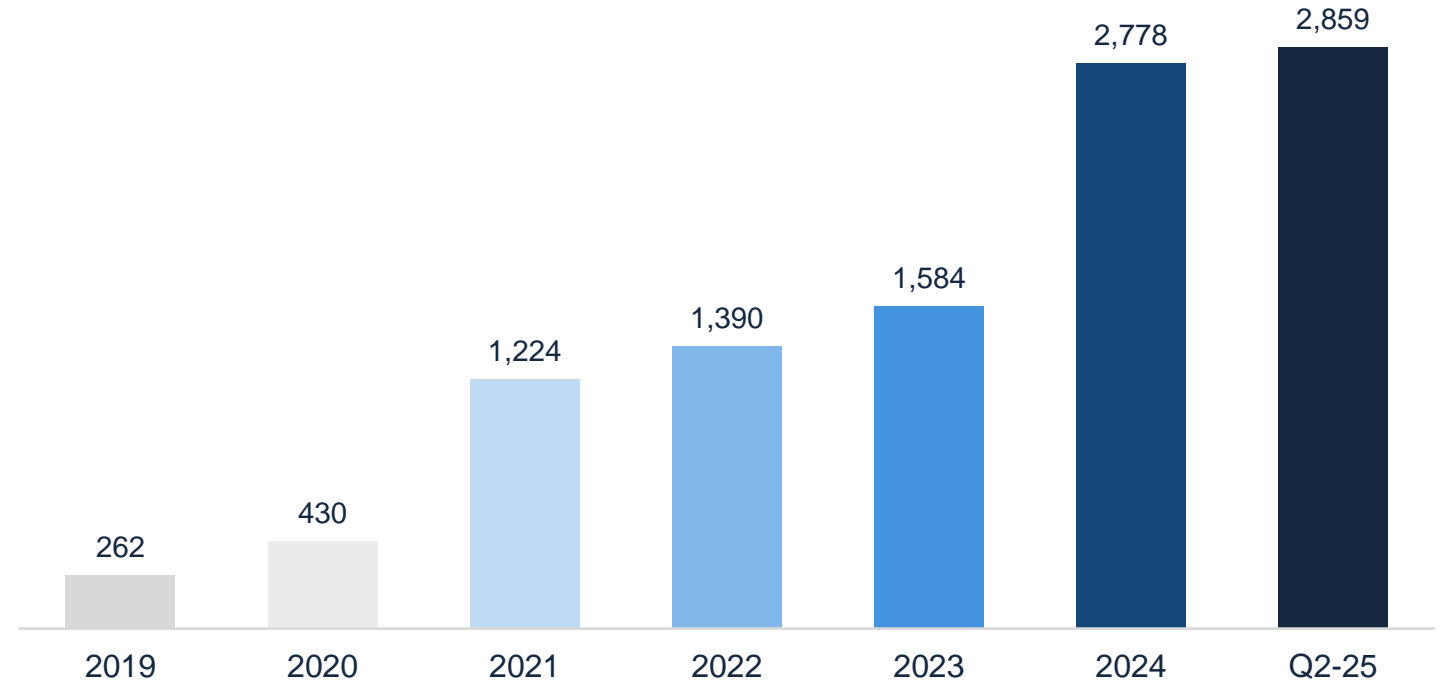
- High deal flow throughout 2024 ensured strong volume growth towards year-end. Relatively unchanged exposure in Q2-25.
- Volume growth is expected at year-end 2025.
- High focus on expanding network and customer base.
- Good credit quality ensures an attractive risk/reward.
- Lower capital requirements in Sweden from January 1st ensures capacity for increased loan exposure.

Long-term goal

- To build a diversified, robust and profitable loan portfolio in Sweden.
- ROE target above long-term ambition of 15%.

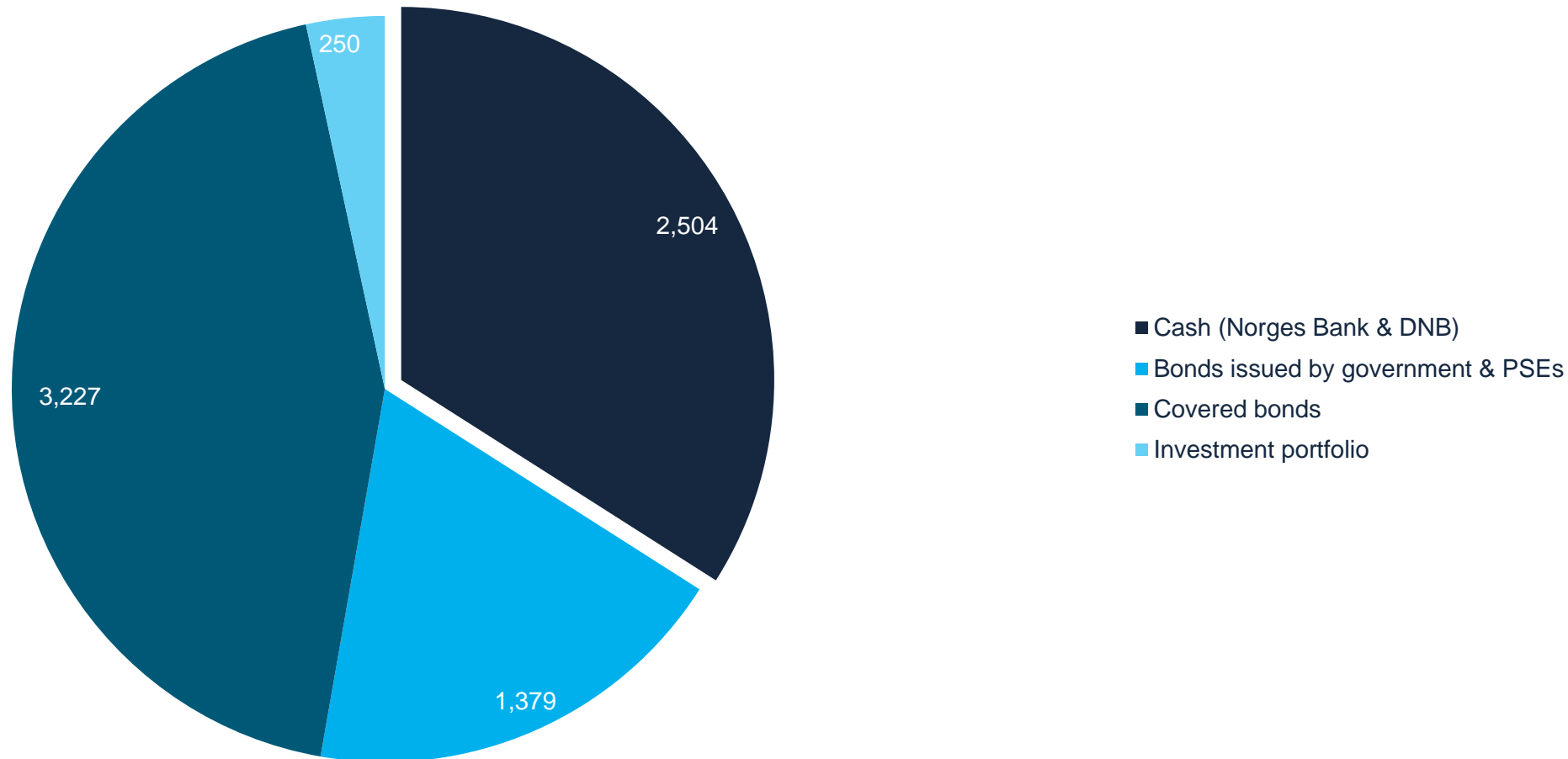
Exposure in Sweden (NOKm)

Total NOK 2,859m



LIQUIDITY BUFFER

Low credit and market risk (NOKm)

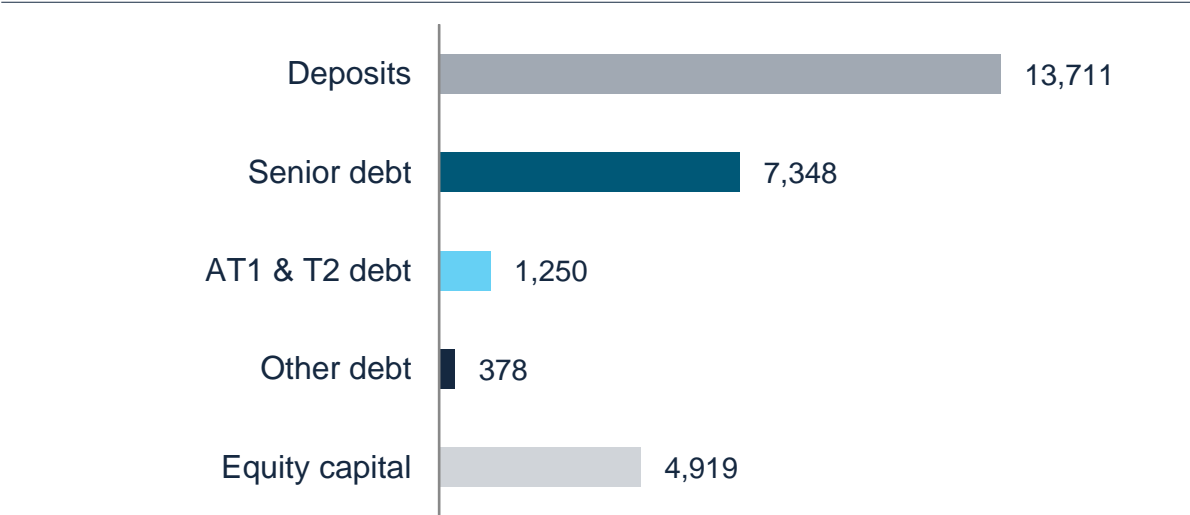


Comments

- Cash on hand.
- Highly liquid bonds.
- Low credit risk.
- No interest rate or foreign exchange risk.
- Access to central bank facilities and repo market.
- Marked to market.
- Assets qualify for LCR portfolio.

FUNDING

Sources (NOKm)

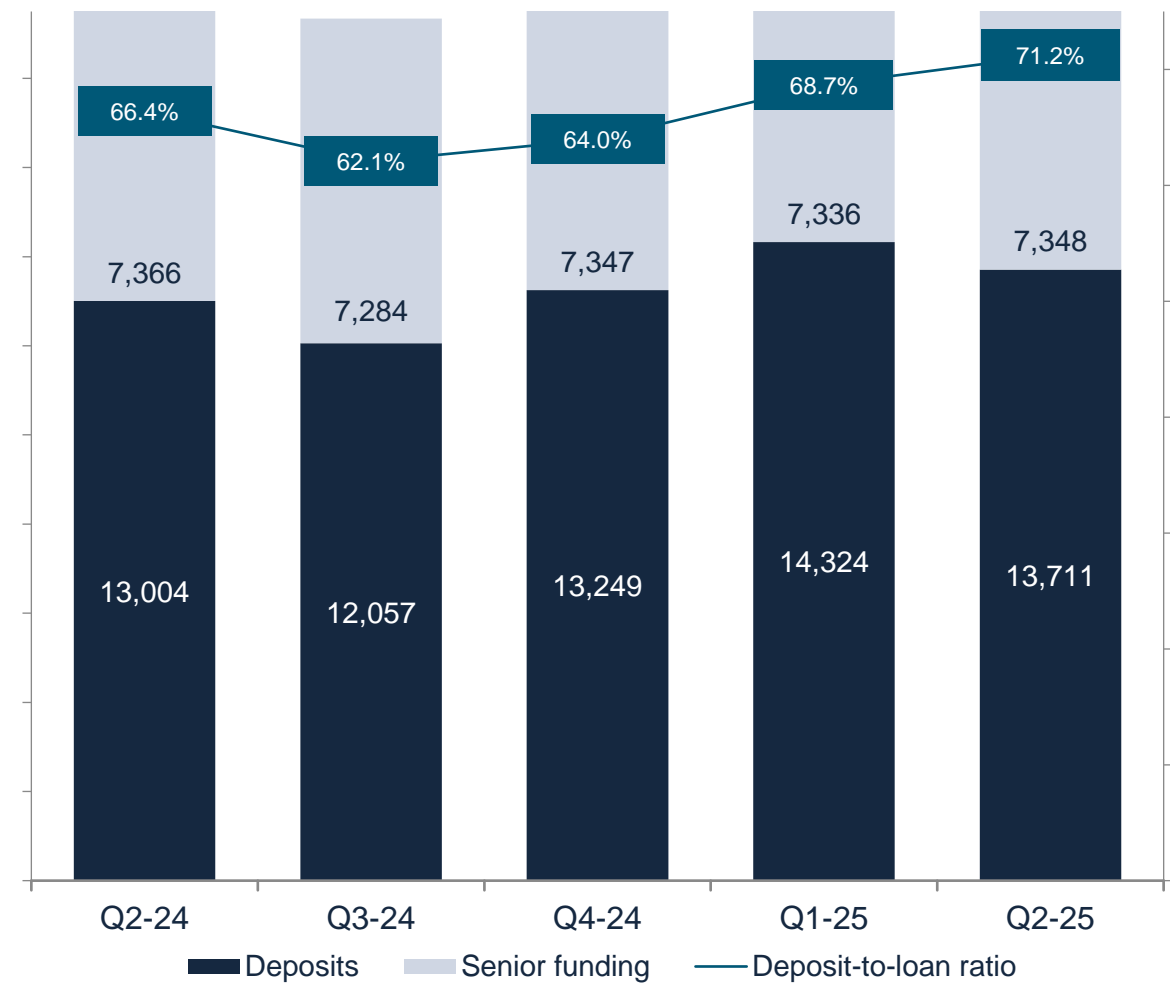


Key funding and liquidity ratios

- Deposits with liquidity restrictions 75 %
- Corporate deposits 51 %
- Deposit-to-loan ratio 71 %
- Liquidity Coverage Ratio 833 %
- Net Stable Funding Ratio 175 %

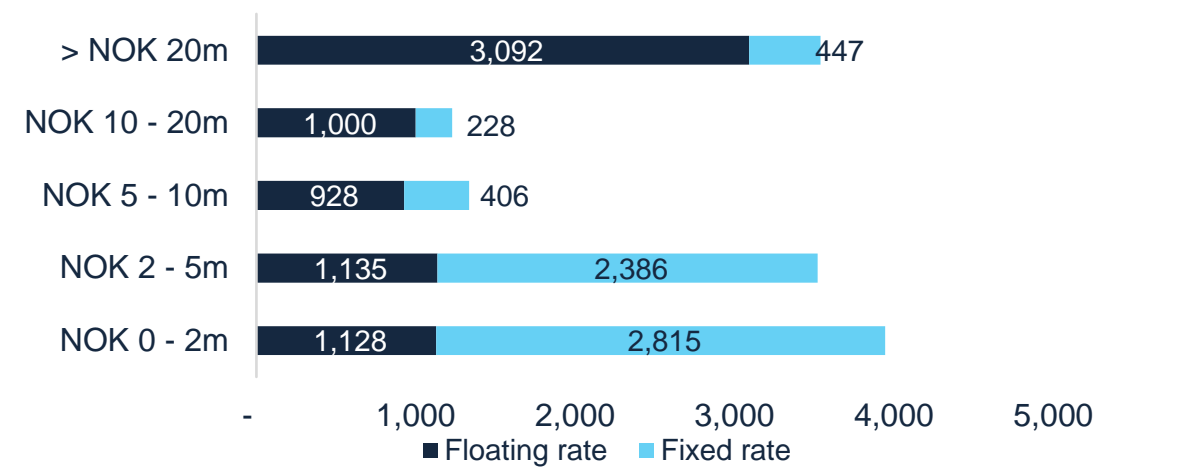
Deposits & senior debt

NOKm,
Percent customer deposits of net lending to customers

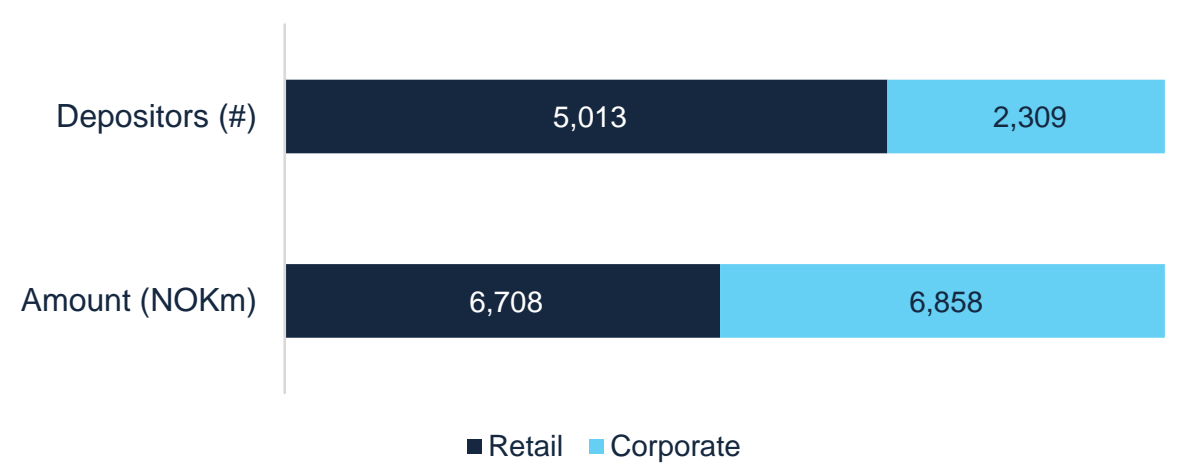


CUSTOMER DEPOSITS

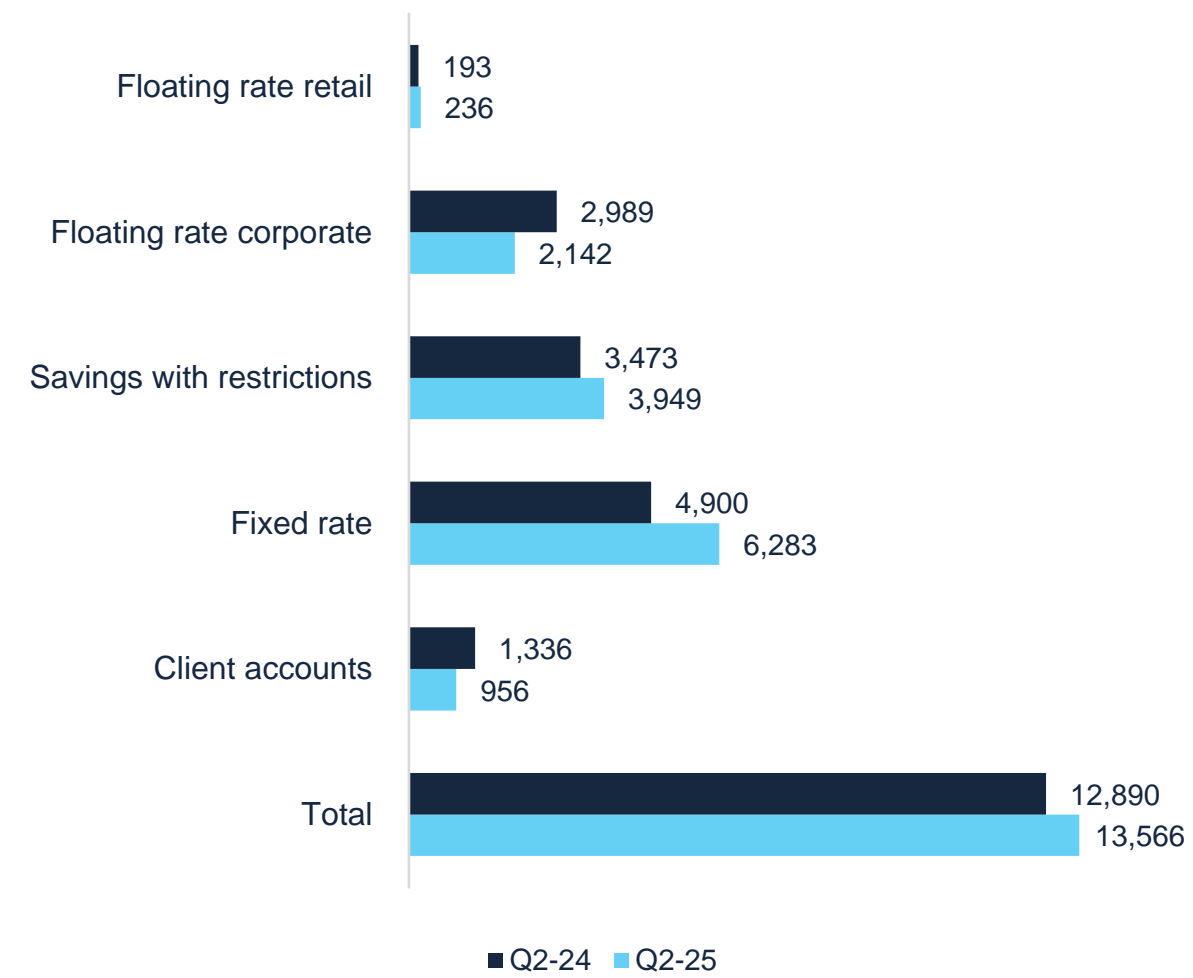
Deposits by size (NOKm)



Deposits by type (NOKm)

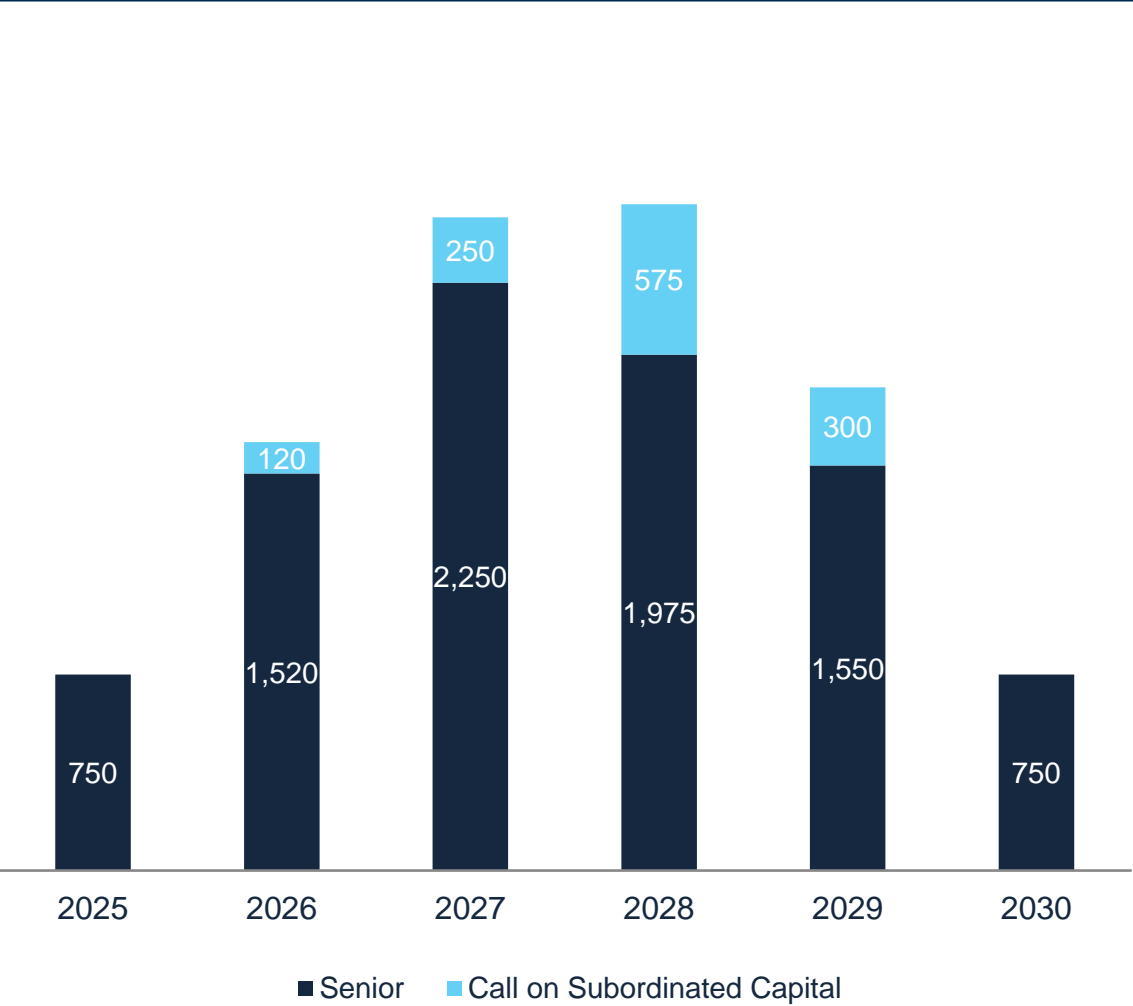


Deposits by product (NOKm)

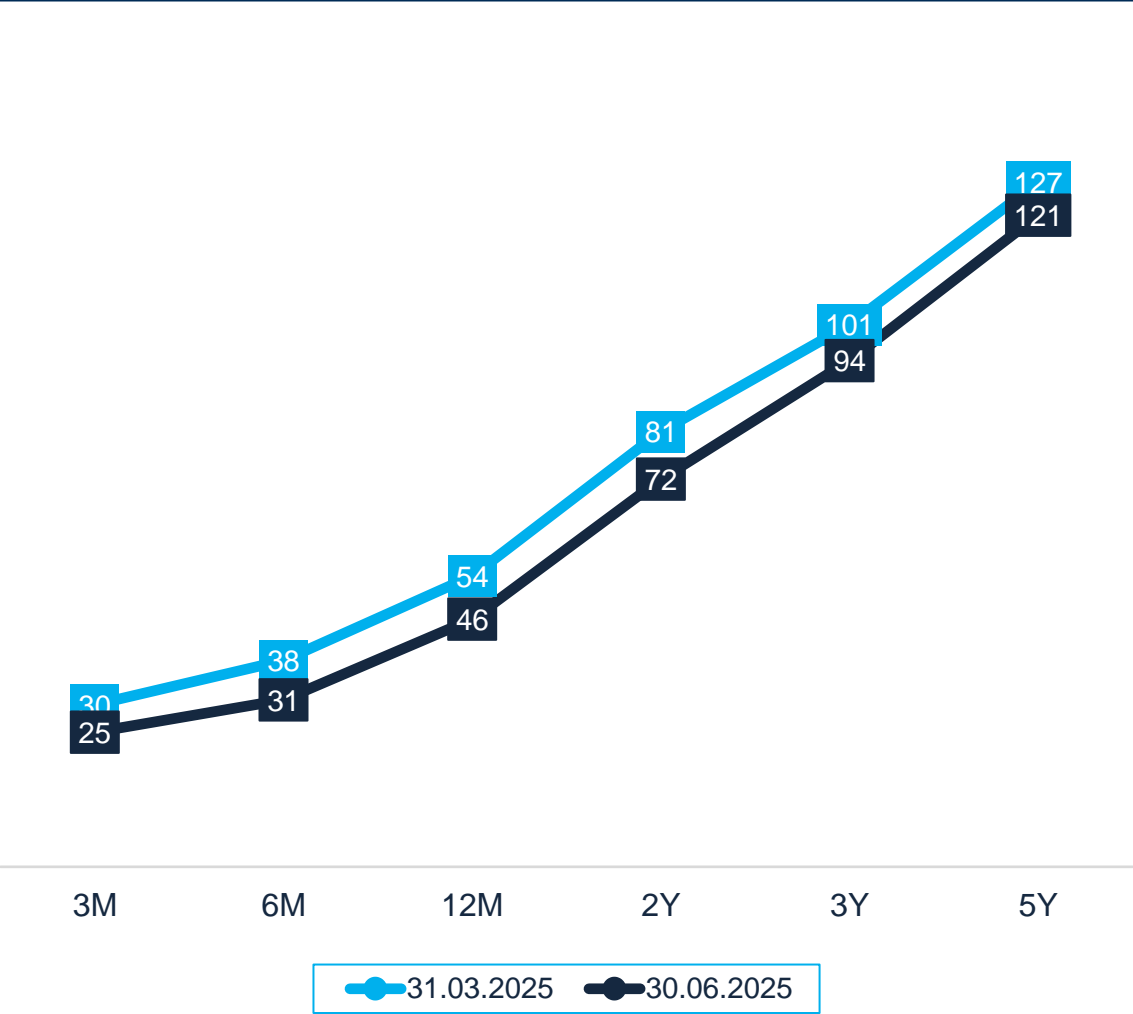


MARKET FUNDING

Market funding maturities (NOKm) *



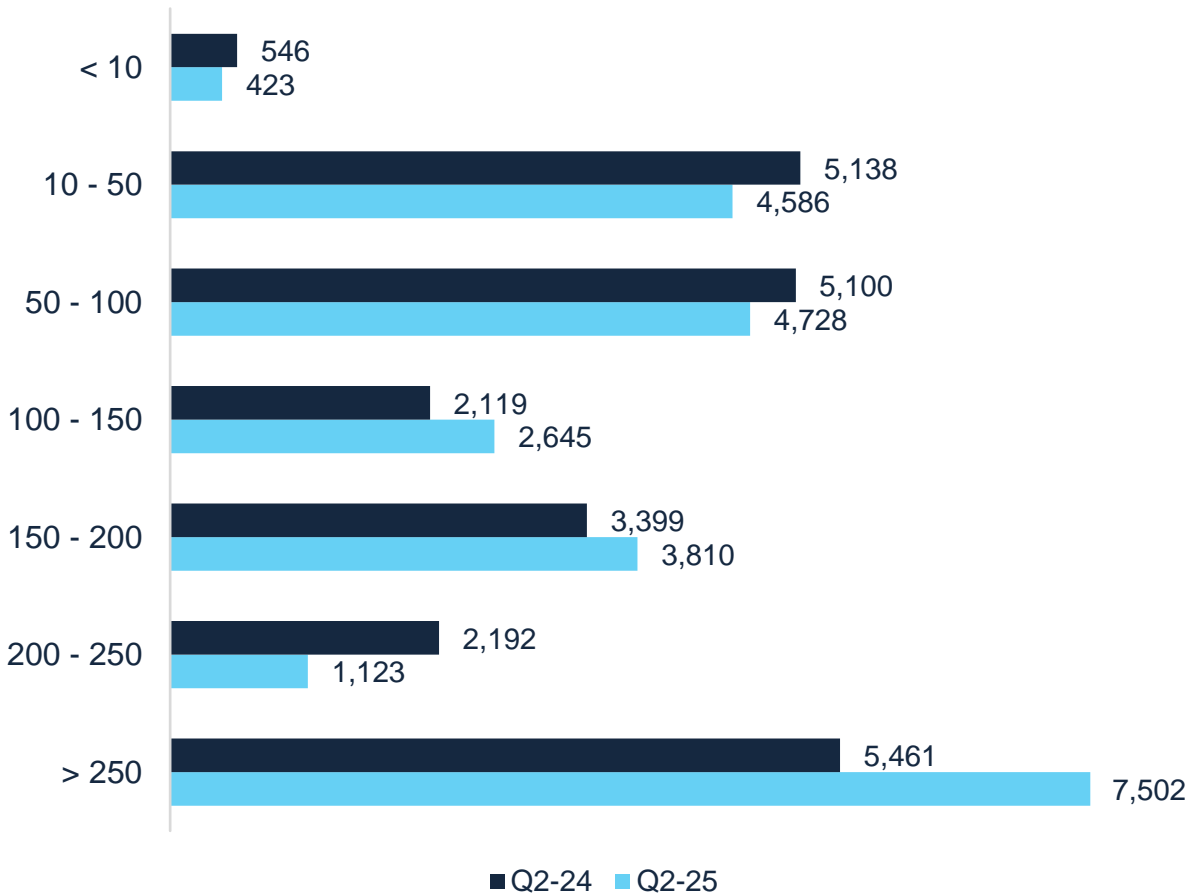
Cost of new market funding **



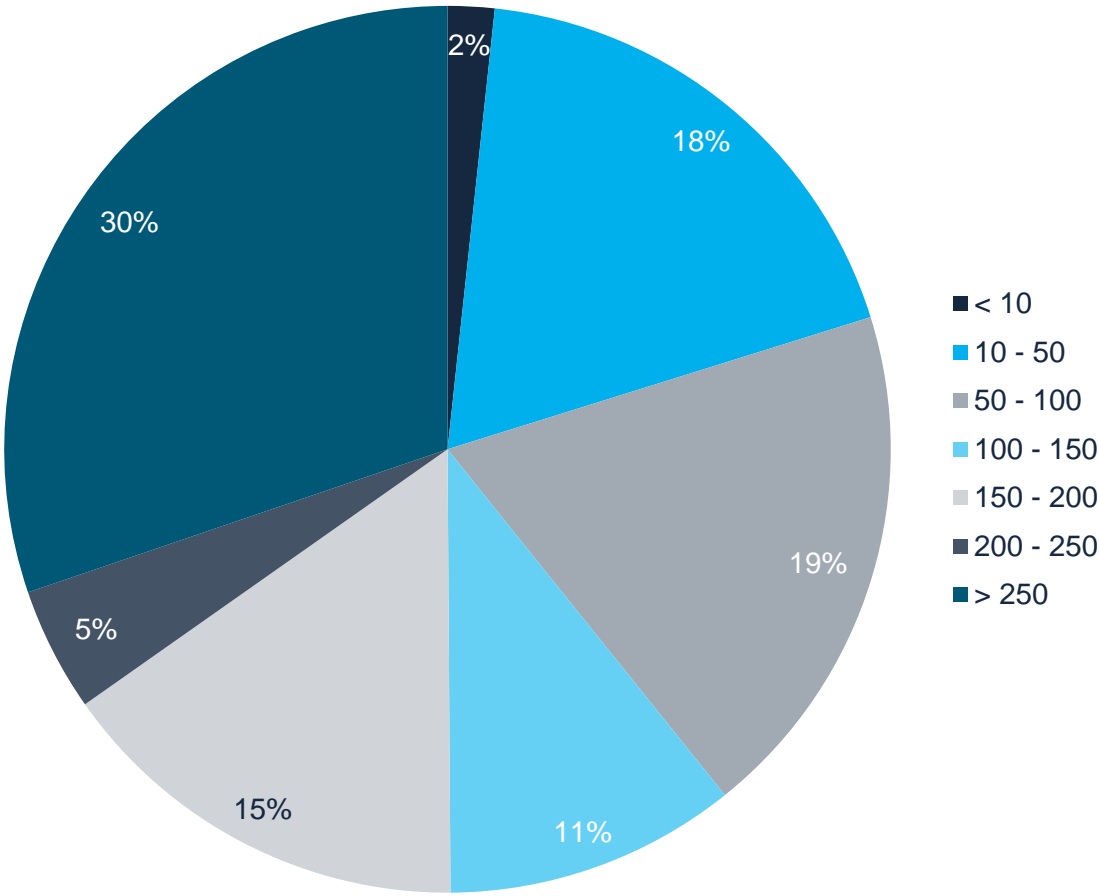
*) Net of own holdings as of 30.06.2025.
**) Floating rate coupon for new bond issue per maturity (basis points over 3M Nibor).

COMMITMENTS BY SIZE

Commitment size per customer (NOKm)

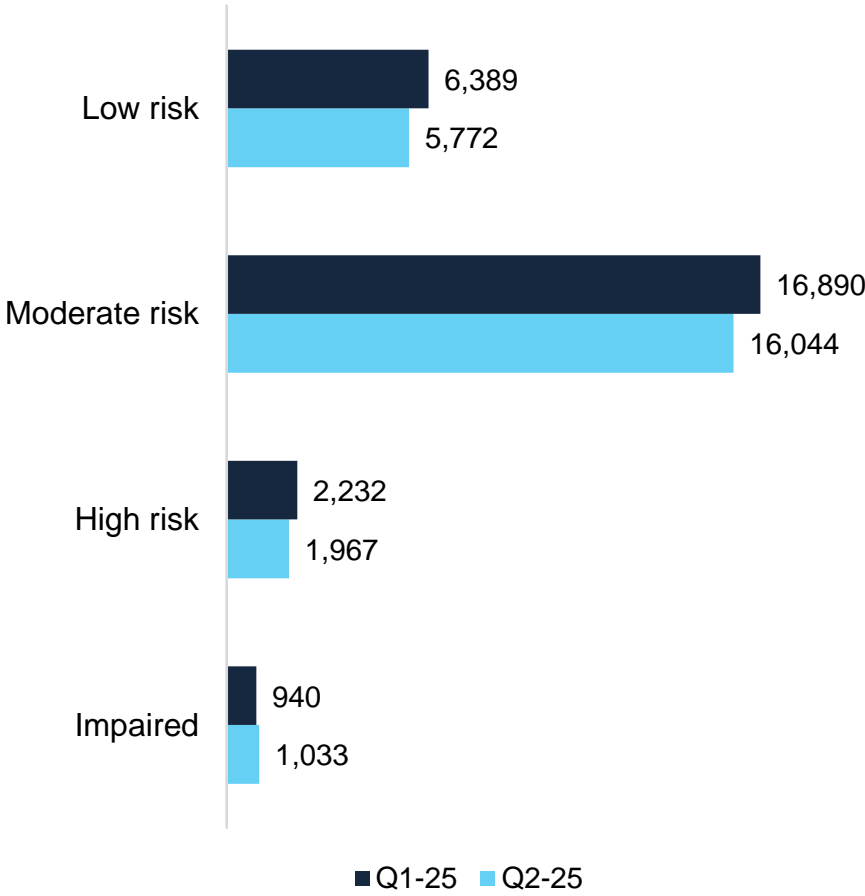


Distribution of commitments by size (NOKm)

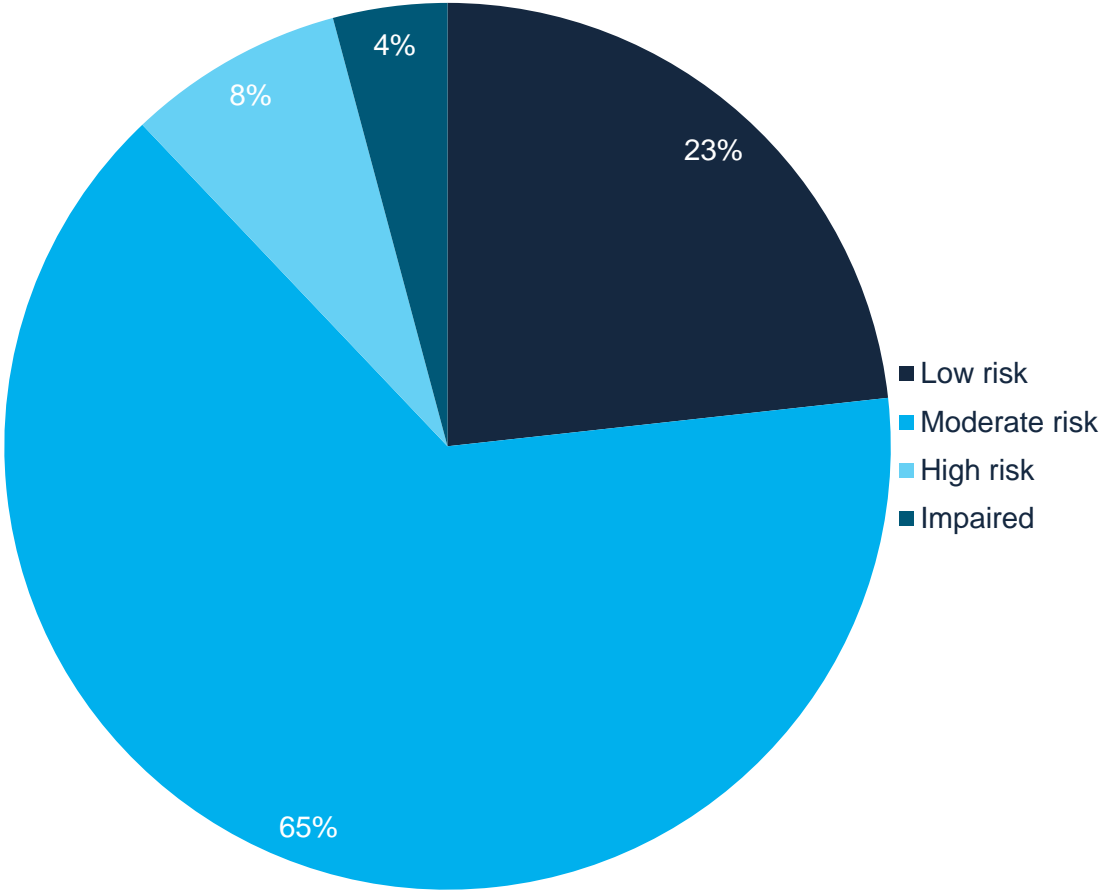


COMMITMENTS BY RISK CLASSIFICATION

Risk classification (NOKm) *



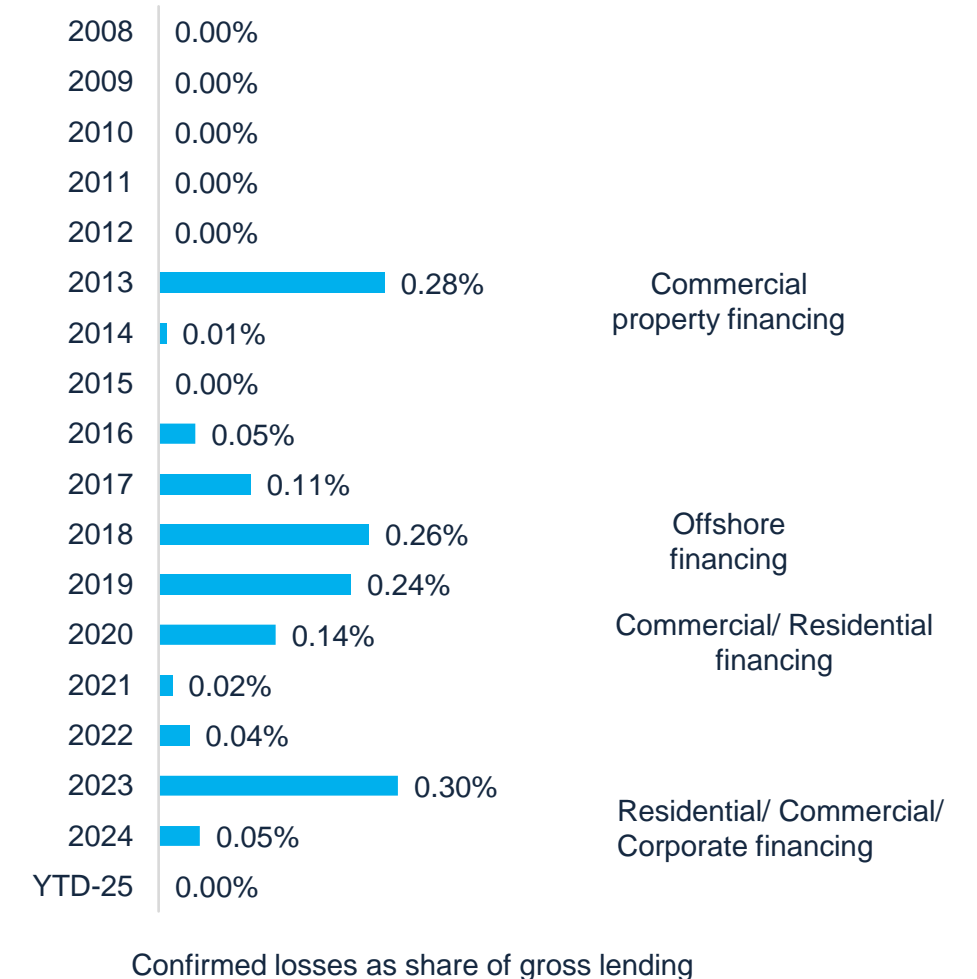
Risk classification



*) Risk classification of credit exposure according to PD (probability of default) model.

PROVEN TRACK RECORD FOR CREDIT QUALITY

- No losses from 2008 to 2012.
- Total confirmed losses limited to NOK 194m during 17 years of operation.
- Accumulated lending amounted to approx. NOK 193 billion during the past 17 years. Total confirmed losses make up about 0.10 % of accumulated lending.
- Average ratio of annual confirmed losses to gross lending is 0.09 % per year.



 Pareto bank