



Lea | bank

Quarterly report
Q1 2025

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About Lea Bank AB

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 optimized capital utilization.

Lea Bank offers unsecured loans and deposit products to the consumer market. The bank has lending operations in Sweden, Norway, Finland and Spain, and offers deposit products in Sweden, Norway, Finland, Germany, Spain, Austria, and France.

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 more than 2 000 shareholders. The company was listed on Nasdaq First North Premier Growth Market in Stockholm on 9 January 2025.

Lea Bank is a member of the Swedish deposit insurance scheme at Riksgälden, providing protection up to SEK 1,050,000 per depositor in Sweden and other EU countries. The bank operates a branch membership of the Norwegian deposit guarantee scheme, providing protection up to NOK 2,000,000 per depositor in Norway.

Redomiciliation from Norway to Sweden

Throughout 2024, there were process to redomicile the company from Norway to Sweden. On January 31, 2024, the bank submitted a banking license application to the Swedish Financial Supervisory Authority (Finansinspektionen) through a newly established Swedish subsidiary. This subsidiary was 100% owned by Lea bank ASA and later changed its company name to Lea Bank AB.

On June 11, 2024, Lea Bank AB was granted a Swedish banking license from the Swedish Financial Supervisory Authority, subject to the conditions that the license must be activated within 12 months and that the company must maintain a minimum equity of 5 million euros.

Merger between Lea bank ASA and Lea Bank AB

For Lea bank ASA to change its legal domicile to Sweden, it was necessary for operations to be conducted through a Swedish limited liability company with the required banking license in Sweden. To achieve this, a reverse cross-border merger was carried out between Lea bank ASA and Lea Bank AB, where the Swedish entity was the acquiring entity. The associated merger plan, dated August 21, 2024, was approved at an extraordinary general meeting on September 26, 2024.

The merger was formally completed on January 2, 2025. As a result, all assets and liabilities of Lea bank ASA were transferred to Lea Bank AB, and the Norwegian operations are now conducted through the Norwegian branch Lea Bank AB NUF. Lea bank ASA was dissolved upon the completion of the merger.

As of January 2, 2025, Lea Bank is a Swedish limited liability company and is regulated by the Swedish Financial Supervisory Authority. The company's headquarter is Polhemsplatsen 5, 411 11 Gothenburg, Sweden.

Financial figures in this quarterly report

Lea Bank AB had limited activity throughout 2024 as the entity was set up to facilitate the banking application and to prepare for the merger with Lea bank ASA. As a result, the bank has not presented comparative figures for the corresponding quarter of the previous year. This report presents comparative figures for the full year 2024 and the balance sheet figures as of December 31, 2024, for

Lea Bank AB. Historical figures for Lea Bank ASA can be found on the bank's investor relations website.

Income statement for Q1 2025

Operating profit for Q1 2025 was SEK 27.7 million, and Net profit was SEK 21.1 million.

Interest income for Q1 2025 was SEK 198,9 million, and Net interest income was 136.7 million.

Net commission income for the quarter was SEK 11.0 million, and Net result of financial transactions and Other operating income was SEK 8.4 million.

Total operating expenses were SEK 56.5 million, and Net credit losses was SEK 72.0 million. Operating expenses is expected to stabilize at the level reported for Q1 as the transition of the banking setup from Norway to Sweden has been completed.

Net credit losses were SEK 72.0 million, equal to an annual loan loss ratio of 3.7%.

Balance sheet as of 31.03.2025

Loan development has been positive throughout the quarter. Compared to the loan balance at merger date 2 January 2025, gross loans increased by SEK 291 million, driven by growth in all geographies. Gross loans amounted to SEK 7,890 million as of 31.03.2025. The distribution of gross loans was SEK 1,491 in Sweden, SEK 3,026 in Norway, SEK 2,927 in Finland and SEK 446 in Spain.

Provision for loan losses was SEK 634 million, equal to 8% of gross loans.

Total assets amounted to SEK 9,128 million as of 31.03.2025

The bank has a strong liquidity balance as end of the quarter of SEK 1,726 million. Liquid assets were conservatively invested in other Swedish and Norwegian banks, certificates and government bonds and funds invested in covered bonds.

Deposits to customers amounted to SEK 7,479 million as of 31.03.2025, equal to a deposit ratio of 103%. The bank has over time worked to diversify its funding platform, and we are pleased to have succeeded in doing so. We are experiencing strong demand for the bank's funding products in SEK, EUR, and NOK. At the beginning of the year, we launched EUR deposits on our own distribution platform in Finland.

In connection with the transfer of its license from Norway to Sweden, the bank has changed its functional currency from NOK to SEK. This has led to an increased need for the use of currency hedging products in order to reduce the bank's foreign exchange risk. Efforts are being made to stabilize the funding side in relation to the asset side of the balance sheet in local currency exposures to reduce the use of currency derivatives.

Total equity amounted to SEK 1,462 million, See note 4 for information on capital adequacy.

The total capital adequacy ratio (tier 2) was 19.39%, the tier 1 capital adequacy ratio (tier 1) was 18.14%, and common equity capital adequacy ratio (CET 1) was 17.31% at the end of the quarter. The capital base has been reduced by the proposed dividend of SEK 171.9 million. The interim financial statement has not been audited.

The Liquidity Coverage Ratio (LCR) was 343% and the Net Stable Funding Ratio (NSFR) was 125% as of 31.03.2025.

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

Key figures Q1 2025

| TSEK | |
|--|-----------|
| Net interest income | 136,725 |
| Operating profit | 27,676 |
| Net profit for the period | 21,086 |
| C/I ratio | 36.2 % |
| Credit loss level, % | 3.7% |
| Return on equity | 6.0 % |
| Adjusted return of equity (excluding excess equity to regulatory requirements) | 9.6 % |
| Deposits and borrowing from the public | 7,479,011 |
| CET ratio, % | 17.3 % |
| CET requirement, % | 9.0 % |
| Total capital ratio, % | 19.4 % |
| Total capital requirement, % | 13.1 % |

Other information

Annual General Meeting

The 2025 Annual General Meeting (AGM) will be held on Wednesday 14 May 2025 at 13:00 at the bank's headquarter in Gothenburg. Notice of the AGM was announced on 10 April 2025.

Proposed dividend

The Board of Directors proposes a dividend to the shareholders of SEK 1,80 per share. Conditional approval at the AGM, the dividend will be paid on 21 May 2025. The total dividend to the shareholders according to the proposal will be SEK 171,9 million.

Dividend policy

Lea Bank is committed to delivering financial performance that ensures a competitive return on equity for shareholders, generating shareholder value through both dividends and increased valuation. Capital not designated for growth initiatives may be distributed as cash dividends. In setting the dividend level, the bank carefully considers its solvency, projected profit trends, future capital needs, growth objectives, regulatory requirements, legal obligations, and strategic goals.

The share

The bank was listed on Nasdaq First North Premier Growth Market in Stockholm on 9 January 2025. The share trades under the ticker name LEA and the ISIN code is SE0023261300. At end of March 2025, the share price closed at SEK 14.40 an increase of 39 % compared to the closing price on Oslo Stock Exchange 30 December 2024.

Financial calendar 2025

14.05.2025 - Annual General Meeting
14.08.2025 - Q2 2025 Financial Report
23.10.2025 - Q3 2025 Financial Report

Outlook

Focus areas going forward are:

Core business

- *Strong focus on increasing margins and secure attractive risk–reward*
- *Active NPL management – explore opportunities to reduce non-performing loan exposure*

Lea Bank 2.0

- *Leverage the newly established banking platform to support profitable growth and dividends*
- *Commercial launch of credit card product in collaboration with potential partners*

Regulatory changes in Sweden

- *Swedish proposal to require bank license for loan intermediaries*
- *Potential changes in distribution mix and competitive dynamics*

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

The bank's goal is to deliver attractive returns for shareholders, operational efficiency, an exciting workplace for employees, and first-class customer experiences for both customers and partners.

Comprehensive income statement

| TSEK | Note | Q1 2025 | 2024 Full year |
|---|-------------|----------------|-----------------------|
| Interest income | | 198,850 | 98 |
| Interest expense | | -62,125 | -13 |
| Net interest income | | 136,725 | 85 |
| Commission and fee income | | 12,209 | 0 |
| Commission and fee expenses | | -1,245 | -8 |
| Net commission income | | 10,964 | -8 |
| Net result of financial transactions | | 7,834 | 0 |
| Other operating income | | 585 | 0 |
| Total operating income | | 156,109 | 77 |
| General administrative expenses | | -47,135 | -4,286 |
| Depreciation, amortisation and impairment of tangible and intangible assets | | -5,671 | -177 |
| Other operating expenses | | -3,669 | 0 |
| Total operating expenses | | -56,475 | -4,464 |
| Profit before credit losses | | 99,634 | -4,387 |
| Net credit losses | 2 | -71,958 | 0 |
| Operating profit | | 27,676 | -4,387 |
| Tax expense on profit for the period | | -6,590 | 933 |
| Net profit for the period | | 21,086 | -3,454 |
| Earnings per share (SEK) | | 0.22 | n.a |
| Diluted earnings per share (SEK) | | 0.20 | n.a |
| Comprehensive income | | | |
| Profit after tax | | 21,086 | -3,454 |
| Other comprehensive income | | 0 | 0 |
| Comprehensive income for the period | | 21,086 | -3,454 |

Balance sheet

| TSEK | Note | 31.03.2025 | 31.12.2024 |
|---|-------|------------------|----------------|
| Assets | | | |
| Cash and deposits with the central bank | | 0 | 0 |
| Loans to credit institutions | | 849,095 | 254,131 |
| Loans to the public | 2 | 7,255,300 | 0 |
| Bonds and other interest-bearing securities | | 877,396 | 0 |
| Current tax assets | | 24,563 | 933 |
| Intangible assets | | 73,349 | 386 |
| Fixed assets | | 16,410 | 5,718 |
| Other assets | | 31,474 | 1,153 |
| Total assets | | 9,127,587 | 262,321 |
| Equity and liabilities | | | |
| Loan from central bank | | 0 | 0 |
| Deposits from the public | | 7,479,011 | 0 |
| Other liabilities | 5 | 106,811 | 5,775 |
| Subordinated liabilities | 3 | 80,177 | 0 |
| Total liabilities | | 7,666,000 | 5,775 |
| Share capital | | 191,035 | 60,000 |
| Retained earnings | | 1,196,421 | 200,000 |
| Tier 1 capital | | 53,046 | 0 |
| Net profit for the year | | 21,086 | -3,454 |
| Total equity | 4,6,7 | 1,461,587 | 256,546 |
| Total liabilities and equity | | 9,127,587 | 262,321 |

Statement of changes in equity

| TSEK | Restricted equity | | Unrestricted equity | Total |
|------------------------------|-------------------|----------------|---------------------|------------------|
| | Share capital | Tier 1 capital | Retained earnings | |
| Equity per 31.12.2024 | 60,000 | - | 196,546 | 256,546 |
| Merger related changes | 131,035 | 53,156 | 1,000,126 | 1,184,317 |
| Share based remuneration | - | - | 1,179 | 1,179 |
| Changes Tier 1 capital | - | -110 | -1,430 | -1,540 |
| Profit after tax | - | - | 21,086 | 21,086 |
| Equity per 31.03.2025 | 191,035 | 53,046 | 1,217,506 | 1,461,587 |

Cashflow statement

| TSEK | Q1 2025 | 2024 Full year |
|--|----------------|----------------|
| Cash flow from operating activities | | |
| Operating profit | 27,676 | -4,387 |
| Depreciation | 5,671 | 34 |
| Change in gross loans to customers | -290,849 | 0 |
| Change in deposits from and debt to customers | 170,043 | 0 |
| Change in accruals and other adjustments | 954,659 | 105 |
| Net cash flow from operating activities | 867,200 | -4,248 |
| Net cash from investing activities | | |
| Payments for investments in fixed assets | -198 | -750 |
| Payments for investments in intangible assets | -13,102 | -386 |
| Payments for subsidiary | -3,599 | 0 |
| Payments certificates and bonds | 0 | 0 |
| Sale of certificates and bonds | 0 | 0 |
| Net cash flow from investing activities | -16,898 | -1,136 |
| Cash flow from financing activities | | |
| Lease payments | -1,430 | 0 |
| Shareholder contributions | 0 | 200,000 |
| Share capital increase | 0 | 60,000 |
| Long term debt | 0 | -250,807 |
| Payment to AT2 capital investors | -2,046 | 0 |
| Payment to AT1 capital investors | -1,540 | 0 |
| Dividend payment | 0 | 0 |
| Net cash flow from financing activities | -5,016 | 9,193 |
| Effects of currency on loans and deposits with credit institutions in the period | 845,286 | 3,809 |
| Cash and cash equivalents at the start of the period | 3,809 | 0 |
| Cash and cash equivalents at the end of the period | 849,095 | 3,809 |
| Of which: | | |
| <i>Loans and deposits with credit institutions</i> | <i>849,095</i> | <i>3,809</i> |

Note 1 – General accounting principles

On May 7, 2025, the quarterly report was approved by the Board of Directors of Lea Bank AB.

Company information

Lea Bank AB, corporate registration number 559465–8196, is domiciled in Sweden and has head office at Polhemsplatsen 5, 411 11 Gothenburg.

Basis for preparation of the financial statements

Lea Bank prepares its financial accounts in accordance with the IFRS Accounting Standards and IFRIC interpretations as adopted by the EU (“statutory IFRS”) to the extent possible within the framework of the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL). Permissible exceptions and supplements to the IFRS Accounting Standards are stated in the Swedish Corporate Reporting Board’s recommendation RFR 2 Accounting for Legal Entities, the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL) and the Swedish Financial Supervisory Authority’s regulations and general guidelines for annual reports in credit institutions and securities companies (FFFS 2008:25).

Swedish kronor is used as both the functional currency and the presentation currency. Unless otherwise stated, all amounts are presented in full kronor.

Intangible Assets

Intangible assets refer to identifiable, non-monetary resources without physical substance that the company controls and which are expected to generate future economic benefits. These are amortized over a period of between 3 and 20 years using the straight-line method. An annual assessment is made of the amortization period, amortization method, and any potential impairment needs, or earlier if there are indications of a decline in value.

Fixed Assets

Fixed assets are recognized at acquisition cost, less accumulated depreciation and any impairment losses. The depreciation method is adapted to reflect the expected consumption of the economic benefits of the assets. Depreciation is applied on a straight-line basis over a period of 3 to 5 years as follows:

- PCs – 3 years
- Fixtures and fittings – 3 years
- Building installations – 5 years

Personnel Expenses

Personnel expenses include all direct costs for personnel, including social security contributions and other related costs.

Leasing agreements

The bank's leasing agreements relate to premises. The leasing agreements are usually signed for fixed periods of about 3-5 years for premises, but there may be options for extension and early termination, as described below. The terms are negotiated separately for each agreement and include a wide range of different contractual conditions. The leasing agreements are recognized in accordance with IFRS 16 as right-of-use assets and a corresponding liability to the lessor, on the date the leased asset becomes available for use by the bank. The right-of-use asset and the lease liability are recognized as tangible assets and other liabilities, respectively. Each lease payment is divided between the repayment of the liability and the interest cost. The interest cost is allocated over the lease term so that each accounting period is charged with an amount that corresponds to a fixed interest rate for the liability reported during the respective period. The right-of-use asset is amortized on a straight-line basis over the identified lease term. In the cash flow statement, payments related to the amortization of the lease liability and payments related to the interest portion are reported under operating activities. Assets and liabilities arising from leasing agreements are initially recognized at present value. The lease liabilities include the present value of the following lease payments:

- Fixed fees (including fees that are in substance fixed), reduced by incentive receivables
- Variable lease payments based on an index or price, initially valued using the index or price at the inception date
- Guaranteed residual value that the lessee expects to pay to the lessor

- Purchase option price, if it is reasonably certain that the lessee will exercise the option
- Penalties for terminating the lease agreement, if the lease term reflects the assumption that the lessee will exercise this option.

Lease payments are discounted using the implicit interest rate if it can be determined, otherwise using the incremental borrowing rate. Right-of-use assets are valued at cost and include the following:

- The amount at which the lease liability was initially valued
- Lease payments made at or before the commencement date, less any incentives received in connection with signing the lease agreement.

Initial direct costs:

Costs for restoring the asset to the condition specified in the lease agreement.

The bank has chosen to apply the following exemptions in IFRS 16:

- Payments for short-term leases and leases of low-value assets are expensed on a straight-line basis in the income statement.
- Short-term leases are agreements with a term of 12 months or less.
- Low-value assets include IT and office equipment.

Tax Expenses

Reported tax expenses include tax for the current year, adjustments related to current taxes from previous years, as well as changes in deferred tax. Deferred tax is the tax related to all temporary differences that arise between the reported and tax values of assets and liabilities.

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.

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 (SICR). The first criterion is a relative measurement of PD, which means that the observed PD on the reporting date must be at least three 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 three 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. Engagements with forbearance where the present value of future cash flows is reduced by more than 1% or there are multiple forbearance events are reported in stage 3. The volume of engagements with forbearance flag 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: $ECL = PD * EAD * LGD$.

The bank's Swedish and Spanish portfolios currently lack sufficient historical data to develop PD, LGD or SICR factors. For these countries, the bank has opted to use application-based PD to estimate PD for all engagements in stage 1. For engagements in stage 2, PD values are distributed across days overdue, indicating the likelihood that the customer will transition to stage 3 within the next 12 months. The LGD rates for these two portfolios are based on observed rates in other countries where the bank operates, combined with prices obtained from the respective markets. In these markets, the bank does not operate with SICR factors, and only a back-stop mechanism leads to contract migration from stage 1 to stage 2.

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 SEK.

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.

Loans to credit institutions

"Loans to credit institutions" are towards Swedish 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.

Modification

When the contractually agreed cash flows from a financial asset are renegotiated or otherwise changed, and this renegotiation or change does not lead to derecognition of the financial asset, the asset's gross carrying amount is recalculated, and a gain or loss resulting from the change is recognized in the income statement. The financial asset's gross carrying amount is recalculated as the present value of the renegotiated or changed contractually agreed cash flows, discounted using the asset's original effective interest rate. Any accrued costs or fees adjust the recalculated carrying amount of the financial asset and are amortized over its remaining useful life.

Estimates

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

Estimates and underlying assumptions are continuously assessed. Changes in estimates are recognized as they occur.

Note 2 – Gross loans and loan loss provisions

2.1 Gross loans, undrawn credit lines, and expected credit losses 31.03.2025

| TSEK | | | | 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 | 3,026,287 | 73,749 | 103,091 | 2,498,622 | 159,893 | 367,772 | 3,026,287 | 35,376 | 18,237 | 131,917 | 185,530 | 2,463,246 | 141,656 | 235,856 | 2,840,757 |
| Finland | 2,926,669 | 38,159 | 121,275 | 2,188,413 | 170,996 | 567,260 | 2,926,669 | 36,928 | 23,759 | 174,855 | 235,541 | 2,151,485 | 147,237 | 392,406 | 2,691,128 |
| Sweden | 1,490,603 | 33,915 | 80,105 | 1,138,308 | 38,529 | 313,766 | 1,490,603 | 19,938 | 7,583 | 115,946 | 143,467 | 1,118,370 | 30,946 | 197,820 | 1,347,136 |
| Spain | 446,027 | 10,189 | 4,541 | 357,589 | 9,663 | 78,774 | 446,027 | 8,208 | 5,437 | 56,103 | 69,748 | 349,382 | 4,227 | 22,671 | 376,280 |
| Total | 7,889,586 | 156,011 | 309,012 | 6,182,932 | 379,081 | 1,327,573 | 7,889,586 | 100,450 | 55,016 | 478,821 | 634,286 | 6,082,482 | 324,065 | 848,753 | 7,255,300 |

2.2 Specification of loan losses in the period

| TSEK | Q1 2025 |
|---|---------------|
| Loan loss provisions - 12 months expected credit loss (stage 1) | 848 |
| Loan loss provisions - lifetime expected credit loss (stage 2) | -7,228 |
| Loan loss provisions - lifetime expected credit loss (stage 3) | 52,609 |
| Realized losses and NPL-interest in the period | 25,729 |
| Loans losses in the period | 71,958 |

2.3 Gross loan, off-balance and maximum exposure by risk class - 31.03.2025

| Risk class, amounts in TSEK | Probability of default | Gross book value | Off-balance sheet amount | Maximum exposure | Max. exposure stage 1 | Max. exposure stage 2 | Max. exposure stage 3 |
|-----------------------------|------------------------|------------------|--------------------------|------------------|-----------------------|-----------------------|-----------------------|
| A | 0 - 10 % | 5,469,222 | 309,012 | 5,778,235 | 5,746,616 | 31,619 | - |
| B | 10 - 20 % | 612,329 | - | 612,329 | 571,723 | 40,606 | - |
| C | 20 - 30 % | 170,802 | - | 170,802 | 95,642 | 75,159 | - |
| D | 30 - 40 % | 96,544 | - | 96,544 | 36,794 | 59,750 | - |
| E | 40 - 50 % | 71,386 | - | 71,386 | 18,668 | 52,718 | - |
| F | 50 - 60 % | 55,041 | - | 55,041 | 7,041 | 48,000 | - |
| G | 60 - 70 % | 36,263 | - | 36,263 | 3,900 | 32,363 | - |
| H | 70 - 80 % | 13,359 | - | 13,359 | 405 | 12,954 | - |
| I | 80 - 90 % | 18,654 | - | 18,654 | - | 18,654 | - |
| J | 90 - 100 % | 18,412 | - | 18,412 | 2,948 | 15,463 | - |
| Defaulted loans | 100 %* | 1,327,573 | - | 1,327,573 | - | - | 1,327,573 |
| Total | | 7,889,586 | 309,012 | 8,198,598 | 6,483,739 | 387,286 | 1,327,573 |

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.

2.4 Changes in loan loss allowance and gross loans

Reconciliation of gross loans

| TSEK | Stage 1 | Stage 2 | Stage 3 | Total |
|---|------------------|----------------|------------------|------------------|
| Gross loans as at 01.01.2025 | - | - | - | - |
| Gross loans acquired through merger on 02.01.2025 | 5,965,941 | 418,295 | 1,214,501 | 7,598,737 |
| Transfers | | | | |
| - transfer from stage 1 to stage 2 | -220,892 | 220,892 | - | - |
| - transfer from stage 1 to stage 3 | -48,525 | - | 48,525 | - |
| - transfer from stage 2 to stage 3 | - | -185,294 | 185,294 | - |
| - transfer from stage 3 to stage 2 | - | 25,412 | -25,412 | - |
| - transfer from stage 2 to stage 1 | 71,547 | -71,547 | - | - |
| - transfer from stage 3 to stage 1 | 16,929 | - | -16,929 | - |
| New financial assets originated | 1,210,469 | 5,159 | 514 | 1,216,142 |
| Derecognised financial assets (repayments and write-offs) | -399,120 | -13,098 | -19,038 | -431,256 |
| Partial repayments and other adjustments | -217,600 | -7,207 | -16,523 | -241,330 |
| Currency effects | -195,817 | -13,532 | -43,358 | -252,707 |
| Change in model or risk parameters | - | - | - | - |
| Other adjustments | - | - | - | - |
| Gross loans as at 31.03.2025 | 6,182,932 | 379,081 | 1,327,573 | 7,889,586 |
| - Of which gross loans with forbearance | - | 357 | 37,168 | 37,525 |

Reconciliation of total expected credit loss

| TSEK | Stage 1 | Stage 2 | Stage 3 | Total |
|---|----------------|---------------|----------------|----------------|
| Loss allowance as at 01.01.2025 | - | - | - | - |
| Loss allowance acquired through merger on 02.01.2025 | 99,601 | 62,244 | 426,212 | 588,057 |
| Transfers | | | | |
| - transfer from stage 1 to stage 2 | -6,905 | 6,905 | - | - |
| - transfer from stage 1 to stage 3 | -3,018 | - | 3,018 | - |
| - transfer from stage 2 to stage 3 | - | -31,358 | 31,358 | - |
| - transfer from stage 3 to stage 2 | - | 3,964 | -3,964 | - |
| - transfer from stage 2 to stage 1 | 9,172 | -9,172 | - | - |
| - transfer from stage 3 to stage 1 | 3,001 | - | -3,001 | - |
| New financial assets originated | 16,333 | 185 | 151 | 16,669 |
| Derecognised financial assets (repayments and write-offs) | - | -1,559 | -6,915 | -13,834 |
| Change in measurement* | -9,107 | 25,878 | 46,712 | 63,483 |
| Currency effects | -3,268 | -2,069 | -14,751 | 20,089 |
| Change in model or risk parameters | - | - | - | - |
| Other adjustments | - | - | - | - |
| Loss allowance as at 31.03.2025 | 100,450 | 55,016 | 478,821 | 634,286 |

Loans in Norway

Reconciliation of gross loans in Norway

| TSEK | Stage 1 | Stage 2 | Stage 3 | Total |
|---|------------------|----------------|----------------|------------------|
| Gross loans as at 01.01.2025 | - | - | - | - |
| Gross loans acquired through merger on 02.01.2025 | 2,395,368 | 164,762 | 340,470 | 2,900,600 |
| Transfers | | | | |
| - transfer from stage 1 to stage 2 | -80,297 | 80,297 | - | - |
| - transfer from stage 1 to stage 3 | -12,361 | - | 12,361 | - |
| - transfer from stage 2 to stage 3 | - | -51,515 | 51,515 | - |
| - transfer from stage 3 to stage 2 | - | 7,705 | -7,705 | - |
| - transfer from stage 2 to stage 1 | 27,216 | -27,216 | - | - |
| - transfer from stage 3 to stage 1 | 3,491 | - | -3,491 | - |
| New financial assets originated | 604,033 | 2,542 | - | 606,575 |
| Derecognised financial assets (repayments and write-offs) | - | -9,034 | -10,968 | -295,248 |
| Partial repayments and other adjustments | -115,791 | -4,631 | -7,733 | -128,154 |
| Currency effects | -47,790 | -3,018 | -6,677 | 57,485 |
| Change in model or risk parameters | - | - | - | - |
| Other adjustments | - | - | - | - |
| Gross loans as at 31.03.2025 | 2,498,622 | 159,893 | 367,772 | 3,026,287 |
| - Of which gross loans with forbearance | - | 357 | 14,876 | 15,233 |

Reconciliation of expected credit loss for consumer loans in Norway

| TSEK | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---------------|---------------|----------------|----------------|
| Loss allowance as at 01.01.2025 | - | - | - | - |
| Loss allowance acquired through merger on 02.01.2025 | 33,838 | 19,363 | 121,458 | 174,659 |
| Transfers | | | | |
| - transfer from stage 1 to stage 2 | -2,383 | 2,383 | - | - |
| - transfer from stage 1 to stage 3 | -686 | - | 686 | - |
| - transfer from stage 2 to stage 3 | - | -6,391 | 6,391 | - |
| - transfer from stage 3 to stage 2 | - | 1,082 | -1,082 | - |
| - transfer from stage 2 to stage 1 | 3,012 | -3,012 | - | - |
| - transfer from stage 3 to stage 1 | 537 | - | -537 | - |
| New financial assets originated | 7,716 | 70 | - | 7,786 |
| Derecognised financial assets (repayments and write-offs) | - | -976 | -3,688 | -7,700 |
| Change in measurement* | -2,996 | 6,072 | 10,911 | 13,987 |
| Currency effects | -626 | -354 | -2,223 | -3,202 |
| Change in model or risk parameters | - | - | - | - |
| Other adjustments | - | - | - | - |
| Loss allowance as at 31.03.2025 | 35,376 | 18,237 | 131,917 | 185,530 |

Loans in Finland

Reconciliation of gross loans in Finland

| TSEK | Stage 1 | Stage 2 | Stage 3 | Total |
|---|------------------|----------------|----------------|------------------|
| Gross loans as at 01.01.2025 | - | - | - | - |
| Gross loans acquired through merger on 02.01.2025 | 2,234,396 | 211,935 | 512,487 | 2,958,818 |
| Transfers | | | | |
| - transfer from stage 1 to stage 2 | -94,705 | 94,705 | - | - |
| - transfer from stage 1 to stage 3 | -20,620 | - | 20,620 | - |
| - transfer from stage 2 to stage 3 | - | -100,124 | 100,124 | - |
| - transfer from stage 3 to stage 2 | - | 16,019 | -16,019 | - |
| - transfer from stage 2 to stage 1 | 37,403 | -37,403 | - | - |
| - transfer from stage 3 to stage 1 | 7,957 | - | -7,957 | - |
| New financial assets originated | 292,534 | 2,072 | 514 | 295,120 |
| Derecognised financial assets (repayments and write-offs) | - | -3,713 | -3,998 | -97,126 |
| Partial repayments and other adjustments | -51,701 | -2,537 | -6,366 | -60,605 |
| Currency effects | -127,436 | -9,957 | -32,145 | 169,538 |
| Change in model or risk parameters | - | - | - | - |
| Other adjustments | - | - | - | - |
| Gross loans as at 31.03.2025 | 2,188,413 | 170,996 | 567,260 | 2,926,669 |
| - Of which gross loans with forbearance | - | - | 19,252 | 19,252 |

Reconciliation of expected credit loss for loans in Finland

| TSEK | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---------------|---------------|----------------|----------------|
| Loss allowance as at 01.01.2025 | - | - | - | - |
| Loss allowance acquired through merger on 02.01.2025 | 37,627 | 31,057 | 155,246 | 223,930 |
| Transfers | | | | |
| - transfer from stage 1 to stage 2 | -3,557 | 3,557 | - | - |
| - transfer from stage 1 to stage 3 | -1,900 | - | 1,900 | - |
| - transfer from stage 2 to stage 3 | - | -16,350 | 16,350 | - |
| - transfer from stage 3 to stage 2 | - | 2,463 | -2,463 | - |
| - transfer from stage 2 to stage 1 | 4,620 | -4,620 | - | - |
| - transfer from stage 3 to stage 1 | 965 | - | -965 | - |
| New financial assets originated | 4,757 | 98 | 151 | 5,007 |
| Derecognised financial assets (repayments and write-offs) | - | -510 | -1,324 | -3,153 |
| Change in measurement* | -2,105 | 9,460 | 15,192 | 22,547 |
| Currency effects | -2,161 | -1,396 | -9,232 | 12,789 |
| Change in model or risk parameters | - | - | - | - |
| Other adjustments | - | - | - | - |
| Loss allowance as at 31.03.2025 | 36,928 | 23,759 | 174,855 | 235,541 |

*change in PD, LGD or EAD and 12 months vs lifetime horizon

Loans in Sweden

Reconciliation of gross loans in Sweden

| TSEK | Stage 1 | Stage 2 | Stage 3 | Total |
|---|------------------|---------------|----------------|------------------|
| Gross loans as at 01.01.2025 | - | - | - | - |
| Gross loans acquired through merger on 02.01.2025 | 963,715 | 31,141 | 291,905 | 1,286,762 |
| Transfers | | | | |
| - transfer from stage 1 to stage 2 | -35,007 | 35,007 | - | - |
| - transfer from stage 1 to stage 3 | -10,105 | - | 10,105 | - |
| - transfer from stage 2 to stage 3 | - | -22,812 | 22,812 | - |
| - transfer from stage 3 to stage 2 | - | 1,688 | -1,688 | - |
| - transfer from stage 2 to stage 1 | 6,461 | -6,461 | - | - |
| - transfer from stage 3 to stage 1 | 4,869 | - | -4,869 | - |
| New financial assets originated | 275,655 | 424 | - | 276,079 |
| Derecognised financial assets (repayments and write-offs) | - | -331 | -2,760 | -34,690 |
| Partial repayments and other adjustments | 31,599 | -129 | -1,738 | -37,548 |
| Currency effects | -35,681 | - | - | - |
| Change in model or risk parameters | - | - | - | - |
| Other adjustments | - | - | - | - |
| Gross loans as at 31.03.2025 | 1,138,308 | 38,529 | 313,766 | 1,490,603 |
| - Of which gross loans with forbearance | - | - | 2,789 | 2,789 |

Reconciliation of expected credit loss for consumer loans in Sweden

| TSEK | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---------------|--------------|----------------|----------------|
| Loss allowance as at 01.01.2025 | - | - | - | - |
| Loss allowance acquired through merger on 02.01.2025 | 18,981 | 5,870 | 99,562 | 124,414 |
| Transfers | | | | |
| - transfer from stage 1 to stage 2 | -690 | 690 | - | - |
| - transfer from stage 1 to stage 3 | -261 | - | 261 | - |
| - transfer from stage 2 to stage 3 | - | -3,175 | 3,175 | - |
| - transfer from stage 3 to stage 2 | - | 419 | -419 | - |
| - transfer from stage 2 to stage 1 | 1,259 | -1,259 | - | - |
| - transfer from stage 3 to stage 1 | 1,107 | - | -1,107 | - |
| New financial assets originated | 3,234 | 13 | - | 3,247 |
| Derecognised financial assets (repayments and write-offs) | -718 | -61 | -964 | -1,743 |
| Change in measurement* | -2,974 | 5,086 | 15,438 | 17,549 |
| Currency effects | - | - | - | - |
| Change in model or risk parameters | - | - | - | - |
| Other adjustments | - | - | - | - |
| Loss allowance as at 31.03.2025 | 19,938 | 7,583 | 115,946 | 143,467 |

*change in PD, LGD or EAD and 12 months vs lifetime horizon

Loans in Spain

Reconciliation of gross loans in Spain

| TSEK | Stage 1 | Stage 2 | Stage 3 | Total |
|---|----------------|---------------|---------------|----------------|
| Gross loans as at 01.01.2025 | - | - | - | - |
| Gross loans acquired through merger on 02.01.2025 | 372,462 | 10,457 | 69,638 | 452,558 |
| Transfers | | | | |
| - transfer from stage 1 to stage 2 | -10,884 | 10,884 | - | - |
| - transfer from stage 1 to stage 3 | -5,439 | - | 5,439 | - |
| - transfer from stage 2 to stage 3 | - | -10,843 | 10,843 | - |
| - transfer from stage 3 to stage 2 | - | - | - | - |
| - transfer from stage 2 to stage 1 | 468 | -468 | - | - |
| - transfer from stage 3 to stage 1 | 612 | - | -612 | - |
| New financial assets originated | 38,247 | 121 | - | 38,368 |
| Derecognised financial assets (repayments and write-offs) | - | -21 | -1,312 | -4,192 |
| Partial repayments and other adjustments | -14,427 | 89 | -685 | -15,023 |
| Currency effects | -20,591 | -556 | -4,536 | 25,684 |
| Change in model or risk parameters | - | - | - | - |
| Other adjustments | - | - | - | - |
| Gross loans as at 31.03.2025 | 357,589 | 9,663 | 78,774 | 446,027 |
| - Of which gross loans with forbearance | - | - | 250 | 250 |

Reconciliation of expected credit loss for loans in Spain

| TSEK | Stage 1 | Stage 2 | Stage 3 | Total |
|---|--------------|--------------|---------------|---------------|
| Loss allowance as at 01.01.2025 | - | - | - | - |
| Loss allowance acquired through merger on 02.01.2025 | 9,155 | 5,955 | 49,946 | 65,055 |
| Transfers | | | | |
| - transfer from stage 1 to stage 2 | -274 | 274 | - | - |
| - transfer from stage 1 to stage 3 | -171 | - | 171 | - |
| - transfer from stage 2 to stage 3 | - | -5,442 | 5,442 | - |
| - transfer from stage 3 to stage 2 | - | - | - | - |
| - transfer from stage 2 to stage 1 | 282 | -282 | - | - |
| - transfer from stage 3 to stage 1 | 392 | - | -392 | - |
| New financial assets originated | 625 | 4 | - | 629 |
| Derecognised financial assets (repayments and write-offs) | -288 | -13 | -939 | -1,239 |
| Change in measurement* | -1,032 | 5,259 | 5,172 | 9,400 |
| Currency effects | -481 | -319 | -3,297 | 4,098 |
| Change in model or risk parameters | - | - | - | - |
| Other adjustments | - | - | - | - |
| Loss allowance as at 31.03.2025 | 8,208 | 5,437 | 56,103 | 69,748 |

*change in PD, LGD or EAD and 12 months vs lifetime horizon

2.5 Macro scenario sensitivity on ECL - 31.03.2025

| TSEK | ECL reported under IFRS 9 | Base Scenario (34-40 %) | Optimistic Scenario (30-33 %) | Pessimistic Scenario (30-33 %) |
|----------------|---------------------------|-------------------------|-------------------------------|--------------------------------|
| Total | 634,286 | 597,959 | 538,487 | 773,872 |
| Consumer loans | 634,286 | 597,959 | 538,487 | 773,872 |
| Norway | 185,530 | 174,480 | 156,240 | 229,554 |
| Consumer loans | 185,530 | 174,480 | 156,240 | 229,554 |
| Finland | 235,541 | 220,202 | 196,661 | 290,226 |
| Consumer loans | 235,541 | 220,202 | 196,661 | 290,226 |
| Sweden | 143,467 | 137,594 | 127,158 | 167,606 |
| Consumer loans | 143,467 | 137,594 | 127,158 | 167,606 |
| Spain | 69,748 | 65,683 | 58,428 | 86,486 |
| Consumer loans | 69,748 | 65,683 | 58,428 | 86,486 |

Expected credit losses reported under IFRS 9 are macro-weighted. The following weights are used for the three scenarios: Finland: base scenario (34%), optimistic scenario (33%), and pessimistic scenario (33%). Norway, Sweden and Spain: base scenario (40%), optimistic scenario (30%), and pessimistic scenario (30%).

Note 3 – Subordinated loans

Subordinated loans as of 31.03.2025

| ISIN | Nominal value | Currency | Interest | Reference-interest + margin | Due date | Book value TSEK |
|---------------------------------|---------------|----------|----------|-----------------------------|----------|-----------------|
| NO0010877863 | 15,000 | NOK | Floating | NIBOR + 700bp | 27.03.30 | 14,592 |
| NO0011108276 | 50,000 | NOK | Floating | NIBOR + 425bp | 29.09.31 | 48,271 |
| NO0012750803 | 18,000 | NOK | Floating | NIBOR + 575bp | 09.02.33 | 17,315 |
| Total subordinated loans | 83,000 | | | | | 80,177 |

Note 4 – Capital adequacy

Background

This information regarding Lea Bank's capital adequacy has been prepared in accordance with the provisions of Chapter 6, Sections 3–4 of the Swedish Financial Supervisory Authority's (Finansinspektionen) regulations and general guidelines (FFFS 2008:25) on annual reports in credit institutions and securities companies. It also complies with the rules set out in Part Eight of the European Parliament and Council Regulation (EU) No. 575/2013, as well as Chapter 8, Section 1 of FFFS 2014:12 concerning supervisory requirements and capital buffers. Lea Bank AB is a financial institution under the supervision of Finansinspektionen and is therefore subject to the Swedish regulatory framework for credit institutions. According to Article 4.1.145 of Regulation (EU) No. 575/2013, the bank is classified as a small and non-complex institution. The legal framework governing the determination of the bank's statutory capital requirements includes, among others, the Act (2014:968) on special supervision of credit institutions and securities companies, Regulation (EU) No. 575/2013, the Act (2014:966) on capital buffers, and FFFS 2014:12.

Capital Base

The bank's capital base consists of shareholders' equity and issued bonds. The equity, adjusted for regulatory purposes, constitutes the Common Equity Tier 1 capital. The bonds are classified as Additional Tier 1 capital or Tier 2 capital. These bonds are subordinated to other creditors, and some of them may be converted into share capital under specific conditions.

Risk Exposure

The bank's total risk exposure amount is primarily made up of credit risk and operational risk. Credit risk is calculated using the standardised approach, where exposures are weighted based on percentages outlined in Regulation (EU) No. 575/2013.

Capital Requirements and Pillar 2 Guidance

Under Pillar 1, the capital base must amount to at least 8% of the risk-weighted exposure amount. In addition, further capital requirements apply for risks not covered under Pillar 1, such as concentration risk and market risk, which are addressed under Pillar 2. The bank is also required to hold capital for a capital conservation buffer of 2.5%, as well as a countercyclical buffer depending on its geographical exposure.

Internally Assessed Capital Needs

At least once a year, Lea Bank conducts a review to ensure that its capital and liquidity projections are sufficient to cover the risks the bank is, or may become, exposed to over the next three years. This process is referred to as the Internal Capital and Liquidity Assessment Process (ICLAAP) and is carried out in accordance with Article 73 of EU Directive 2013/36.

Capital adequacy target

Lea Bank's aim is that all capital ratios should exceed the regulatory requirement (including pillar 2 and buffer requirements) by at least 2.6 %.

| TSEK | 31.03.2025 |
|--|------------------|
| Common Equity Tier 1 capital (CET1) | 1,110,278 |
| Tier 1 capital instruments | 53,046 |
| Tier 2 capital instruments | 80,177 |
| Own funds | 1,243,501 |
| | |
| Risk exposure amount | 6,414,474 |
| - of which: credit risk | 6,046,182 |
| - of which: credit valuation adjustment risk | 3,052 |
| - of which: operational risk | 365,240 |
| | |
| Capital ratios | |
| CET1 capital ratio, % | 17.31 % |
| Tier 1 capital ratio, % | 18.14 % |
| Total capital ratio, % | 19.39 % |

| TSEK | 31.03.2025 | |
|---|------------|----------------|
| | Amount | % ¹ |
| Capital requirement under pillar 1 | | |
| CET1 capital | 288,651 | 4.5 % |
| Tier 1 capital | 384,868 | 6.0 % |
| Total capital | 513,158 | 8.0 % |
| Capital requirement under pillar 2 | | |
| CET1 capital | 43,790 | 0.7 % |
| Tier 1 capital | 58,387 | 0.9 % |
| Total capital | 77,849 | 1.2 % |
| - of which, concentration risk | 73,766 | 1.1 % |
| - of which, other risk | 4,082 | 0.1 % |
| Total capital requirement under pillar 1 and pillar 2 | | |
| CET1 capital | 332,441 | 5.2 % |
| Tier 1 capital | 443,255 | 6.9 % |
| Total capital | 591,007 | 9.2 % |
| Institution-specific buffer requirement | | |
| Total buffer requirement | 246,971 | 3.9 % |
| - of which, capital conservation buffer | 160,362 | 2.5 % |
| - of which, countercyclical buffer | 86,609 | 1.4 % |
| Total capital requirement including buffer requirement | | |
| CET1 capital | 579,412 | 9.0 % |
| Tier 1 capital | 690,225 | 10.8 % |
| Total capital | 837,977 | 13.1 % |
| Pillar 2 Guidance | | |
| CET1 capital | 0 | 0.0 % |
| Total need for capital including Pillar 2 Guidance | | |
| CET1 capital | 579,412 | 9.0 % |
| Tier 1 capital | 690,225 | 10.8 % |
| Total capital | 837,977 | 13.1 % |

1) Capital requirements expressed as a percentage of the risk exposure amount.

CET1 capital

| | |
|---|-----------|
| Share capital | 191,035 |
| Other reserves | 0 |
| Retained earnings including net profit for the period | 1,196,421 |

Adjustments to CET1 capital:

| | |
|---|----------|
| - Deduction of foreseeable costs and dividends ¹ | -171,931 |
| - Intangible assets ² | -97,912 |
| - Prudential Valuation Adjustment (PVA) | -877 |
| - Insufficient coverage for non-performing exposures ³ | -6,456 |

Total CET1 capital**1,110,278****Tier 1 capital instruments**

| | |
|-----------------------------|--------|
| Perpetual subordinated loan | 53,046 |
|-----------------------------|--------|

Tier 2 capital instruments

| | |
|-------------------------------|--------|
| Fixed term subordinated loans | 80,177 |
|-------------------------------|--------|

Own funds **1,243,501**

1) Deduction of dividends have been made in accordance with the Board of Directors' proposal to the Annual General Meeting and the dividend policy for interim results

2) Deduction according to Commission Delegated Regulation (EU) 2020/2176.

3) Deduction according to Regulation (EU) No 2019/630.

| 31.03.2025 | | |
|---|----------------------|------------------------|
| TSEK | Risk exposure amount | Capital requirement 8% |
| Credit risk under the standardised approach | | |
| Corporate exposures | 3,072 | 246 |
| Household exposures | 4,694,752 | 375,580 |
| Exposures secured by mortgages on immovable property | 5,598 | 448 |
| Exposures in default | 845,423 | 67,634 |
| Exposures to institutions | 226,667 | 18,133 |
| Equity exposures | 80 | 6 |
| Other items | 270,590 | 21,647 |
| Total | 6,046,182 | 483,695 |
| Credit valuation adjustment | | |
| Simplified approach | 3,052 | 244 |
| Total | 3,052 | 244 |
| Market risk | | |
| Foreign exchange rate risk | 0 | 0 |
| Total | 0 | 0 |
| Operational risk | | |
| The Standardised Approach | 365,240 | 29,219 |
| Total | 365,240 | 29,219 |
| Total risk exposure amount and total capital requirement | 6,414,474 | 513,158 |

Note 5 – Contractual obligations

| TSEK | | Q1 2025 |
|-------------------------------------|--|----------------|
| Right to use | | |
| Opening balance | | 5,002 |
| Implementation effect | | |
| Assets | | 9,721 |
| Write-downs | | |
| Adjustments | | 919 |
| Depreciation | | -1,332 |
| Disposals | | |
| Closing balance | | 14,310 |
| <hr/> | | |
| Opening balance | | -4,859 |
| Implementation effect | | |
| Assets | | -10,034 |
| Effect of changes in exchange rates | | |
| Adjustments | | -919 |
| Lease payments | | 1,430 |
| Interest | | -137 |
| Settlement upon disposal | | |
| Closing balance | | -14,518 |
| <hr/> | | |
| Proportion of short-term debt | | -5,664 |
| Proportion of long-term debt | | -8,854 |

Note 6 –Key profitability and equity indicators

| TSEK | | |
|--|--|-----------|
| Equity per 31.03.2025* | | 1,408,541 |
| Net profit for the period Q1 2025 | | 21,086 |
| Operating profit Q1 2025 | | 27,676 |
| Number of shares 31.03.25 (in thousands) | | 95,517 |
| | | |
| Book equity per share as of 31.03.25* | | 14.75 |
| Earnings per share before tax Q1 2025 | | 0.29 |
| Earnings per share after tax Q1 2025 | | 0.22 |
| | | |
| Annualized return on equity Q1 2025 | | 6.0 % |
| Adjusted return of equity (excluding excess equity to regulatory requirements) Q1 2025 | | 9.6 % |

* excluding tier 1 capital

**excluding excess capital

Note 7 – Largest shareholders in Lea Bank AB as of 31.03.2025

| Rank | Name | # of shares | Ownership % |
|------------------------------------|--|-------------------|----------------|
| 1 | Clearstream Banking S.A ¹ | 22,375,313 | 23.4 % |
| 2 | Braganza AB | 10,383,899 | 10.9 % |
| 3 | Nordea Bank ABP, Filial i Norge ¹ | 10,344,287 | 10.8 % |
| 4 | Salénenterprise AB | 9,551,500 | 10.0 % |
| 5 | Pareto Securities AS ¹ | 6,932,704 | 7.3 % |
| 6 | DNB Bank ASA ¹ | 5,732,045 | 6.0 % |
| 7 | Skagerrak Sparebank | 4,409,380 | 4.6 % |
| 8 | DNB Bank ASA ¹ | 3,831,803 | 4.0 % |
| 9 | Sparebank 1 Markets AS ¹ | 3,632,001 | 3.8 % |
| 10 | SHB Oslo - KRB Capital AS Sweden ¹ | 1,693,404 | 1.8 % |
| 11 | MP Pensjon PK | 1,637,767 | 1.7 % |
| 12 | Stena Adactum AB | 1,500,000 | 1.6 % |
| 13 | ABG Sundal Collier ASA ¹ | 1,099,794 | 1.2 % |
| 14 | J.P. Morgan SE, Luxembourg Branch ¹ | 898,040 | 0.9 % |
| 15 | Nordnet Livsforsikring AS ¹ | 690,659 | 0.7 % |
| 16 | Vida AS | 544,938 | 0.6 % |
| 17 | Preciso Holding AS | 509,540 | 0.5 % |
| 18 | Salén Ingrid | 500,000 | 0.5 % |
| 19 | Arctic Securities AS ¹ | 369,002 | 0.4 % |
| 20 | Shelter AS | 267,819 | 0.3 % |
| Top 20 largest shareholders | | 86,903,895 | 91.0 % |
| Other Shareholders | | 8,613,493 | 9.0 % |
| Total | | 95,517,388 | 100.0 % |

1) *Nominee account*

Lea | bank

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