

Norion Bank
Group

Q3 2024

Quarterly report presentation

Summary of Q3 2024

Y-o-Y comparison

Loan book

SEK 48,460m

+10%

Total income

SEK 895m

-1%

C/I

27.6%

+3.2 p.p.

Strategic investment
in Alektum

Operating profit

SEK 393m

-3%

Return on equity¹

14.4%

-2.3 p.p.

CET1 / Total capital ratio

16.1% / 16.7%

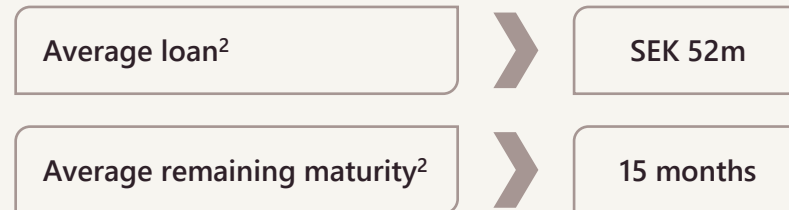
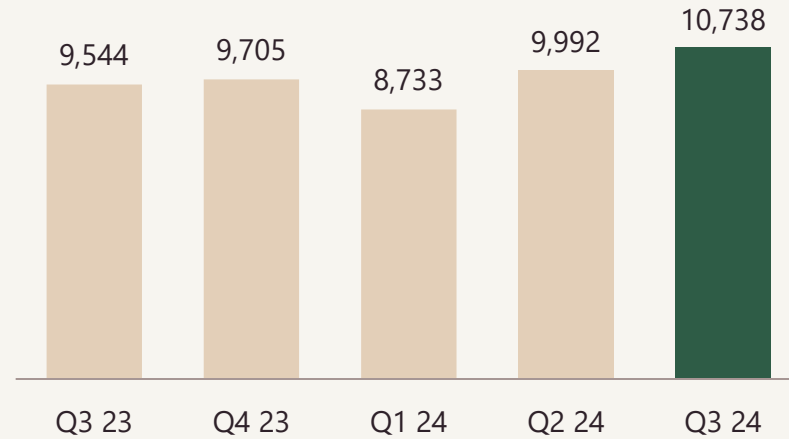
Inaugural
Green Bond
issued

1) Quarterly annualized

- Lower rates create enhanced visibility and improved sentiment
- Continued strong volume development on the back of improved sentiment
- Selective approach
- Strategic focus area

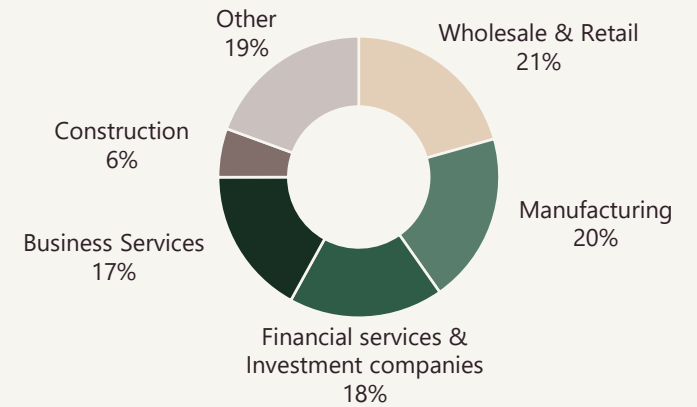
Corporate

Loan book (SEKm)

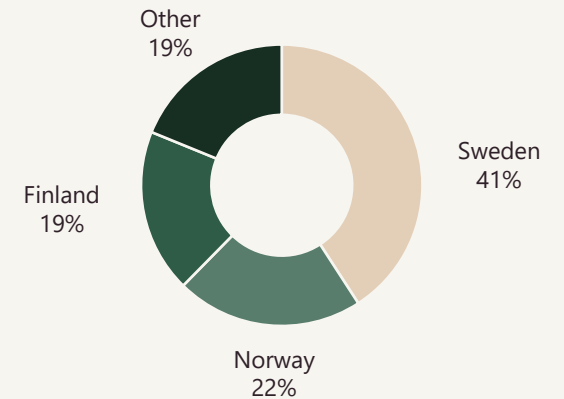


1) Based on the Corporate loan book as of Q3 2024
 2) Based on the corporate lending loan book as of Q3 2024

Industry split¹



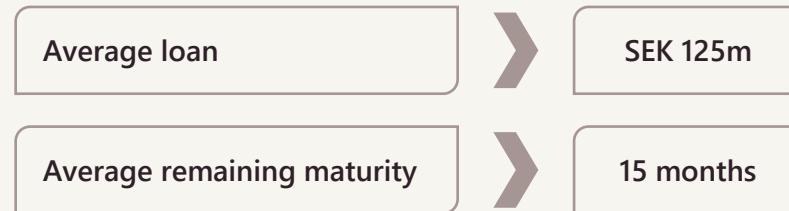
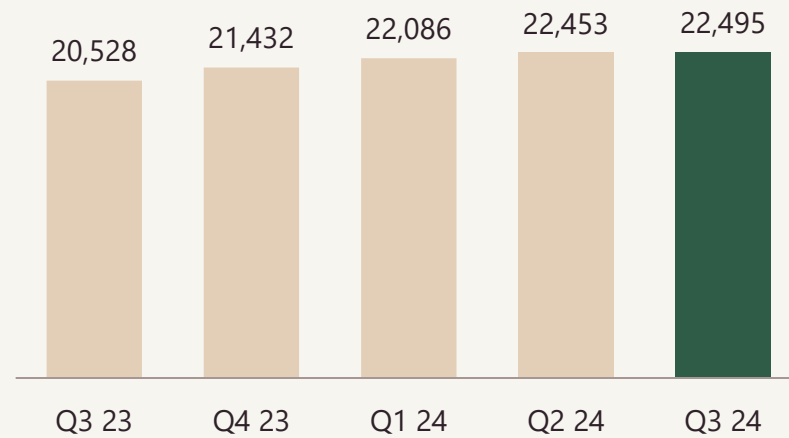
Geographic split¹



Real Estate (1/2)

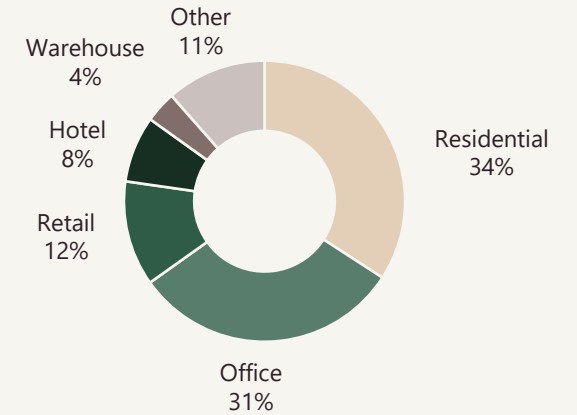
- Selective approach
- High volumes in Stage 2 and 3 – small movements during the quarter
- Strategic focus area

Loan book (SEKm)

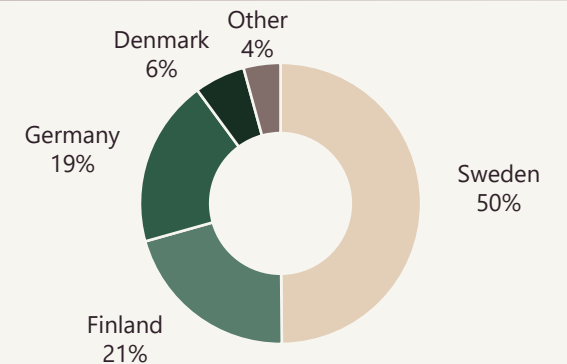


1) Based on the Real Estate loan book as of Q3 2024

Industry split¹



Geographic split¹



- Norion Bank acting as a leading complement to the client's primary bank
- Low share of the client's total debt financing
- Professional clients
- Several listed companies as well as funds

Real Estate (2/2)

Portfolio overview

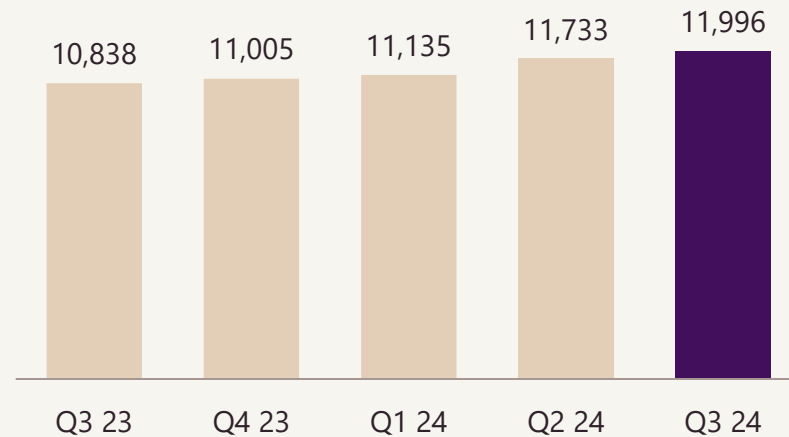
Share of senior loans	➤	61%
Share of junior loans	➤	39%
Average LTV – Senior loans	➤	57%
Average LTV – Junior loans	➤	75%

collector

- Good result from investments in proprietary distribution model
- Reduced risk profile in new lending
- Increased profitability prioritized over volume growth
- Focus on sustainable lending

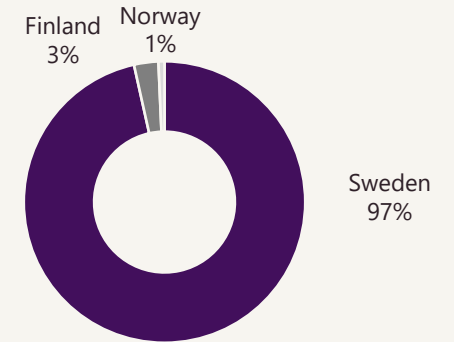
Consumer

Loan book (SEKm)



Average loan new sales (LTM)	➤	SEK 181,000
Average loan	➤	SEK 171,000
Sales through own distribution channels	➤	~45%

Geographic split¹



Average customer

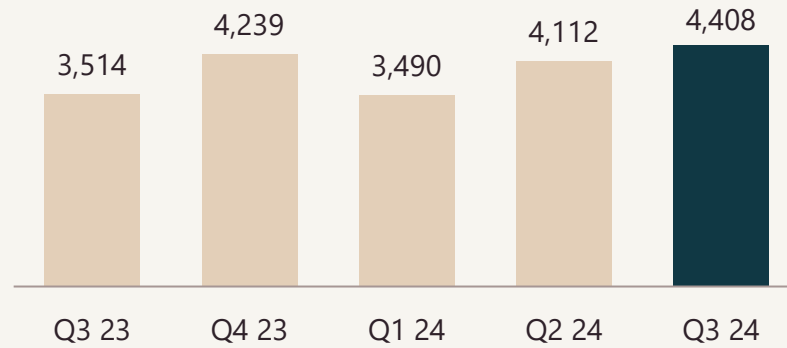
Age: 50 years
Income in SEK (at approval/current): 370,000 / 470,000
Women: 59% / Men: 41%

1) Based on the Consumer loan book as of Q3 2024

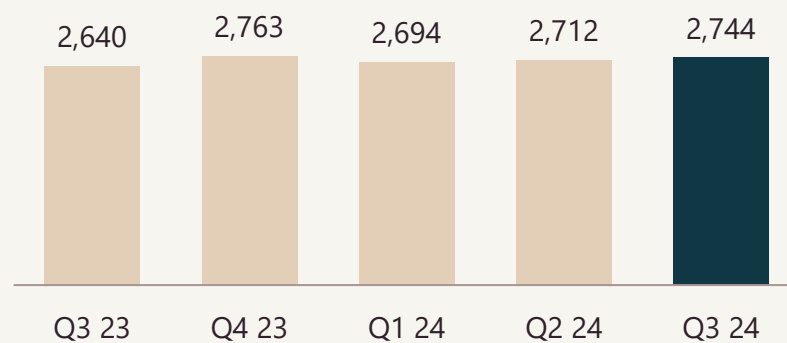
- Strong growth in transaction volumes
- Several new merchants signed during the year with positive business momentum
- Challenging environment for the Nordic e-commerce market remains

Payments

Transaction volumes (SEKm)

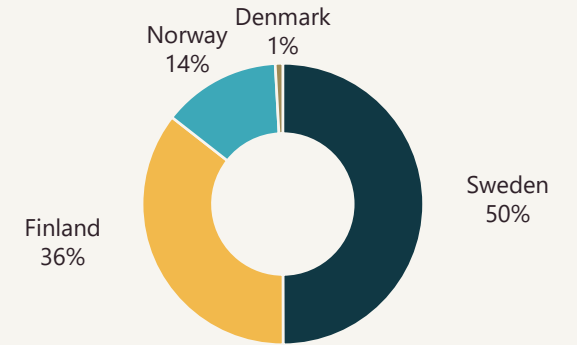


Loan book (SEKm)

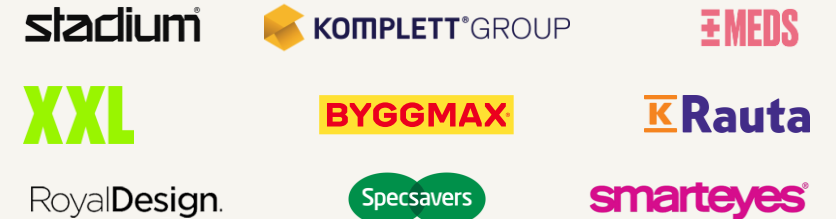


1) Based on the Payments loan book as of Q3 2024

Geographic split¹



Selected merchants

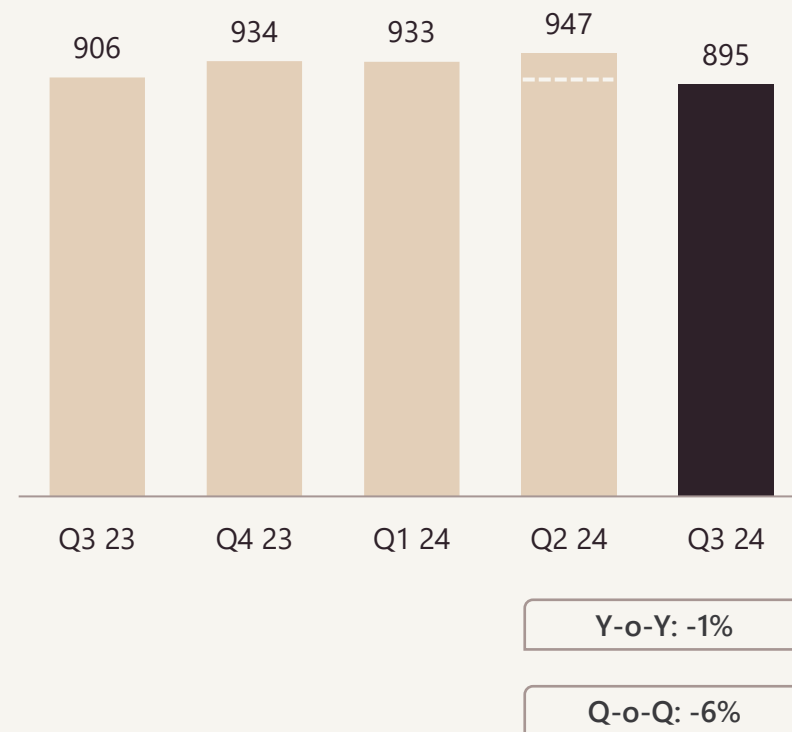


Active customers (LTM): 5.1 million

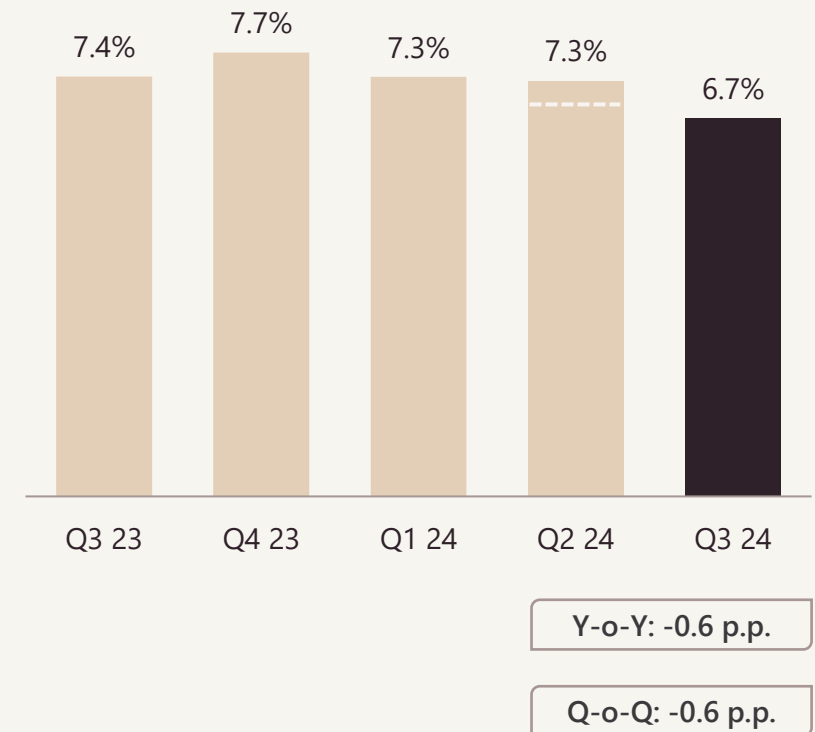
Stable income and margin development given rate trajectory

- Stable income development given rate trajectory
- Income positively affected by seasonality primarily within Consumer in Q2
- Negative income effect from high Stage 3 volumes

Total income (SEKm)



NIM – Quarter¹

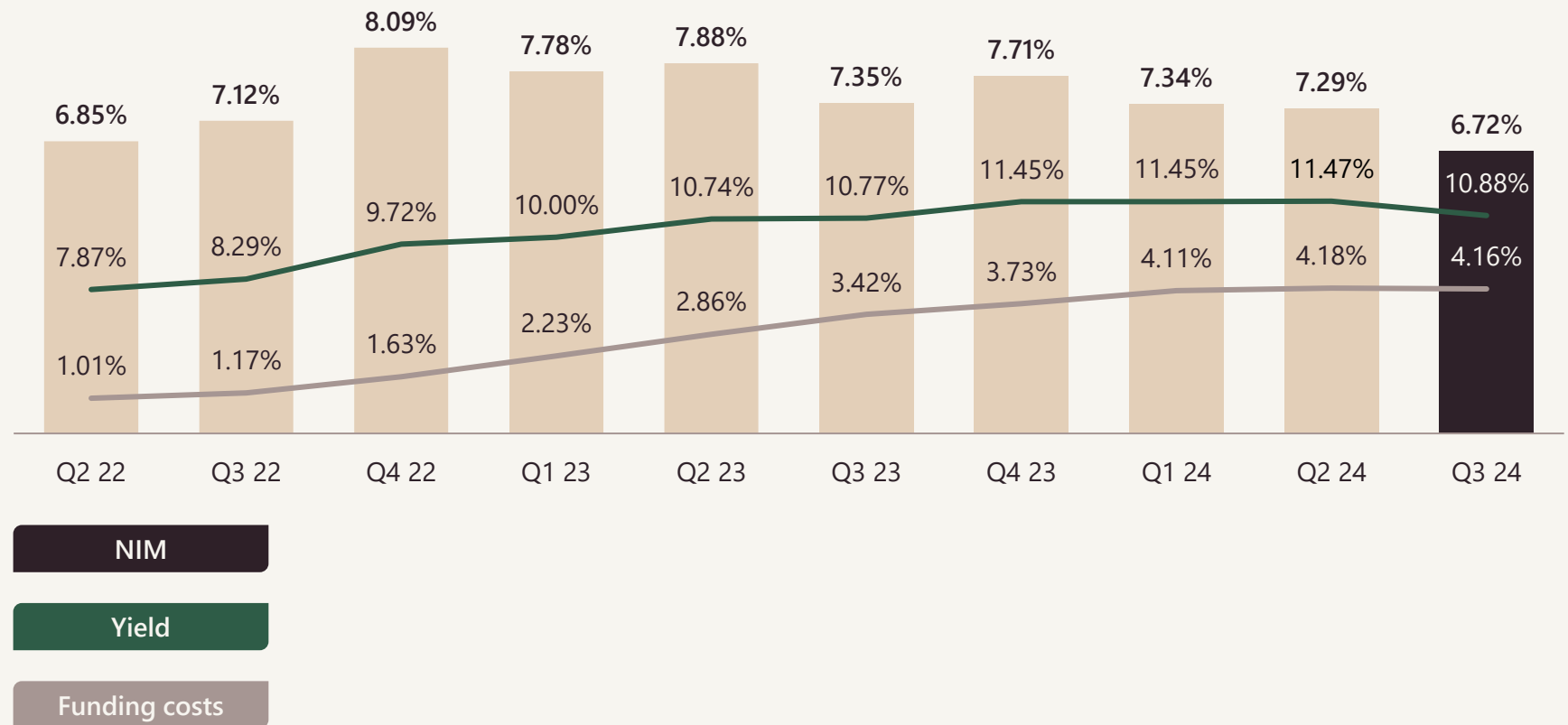


1) Quarterly annualized

Rate changes affecting both yield and funding costs

- IBOR rates have continued to decline
- Funding costs have developed in line with expectations

NIM, yield and funding costs¹

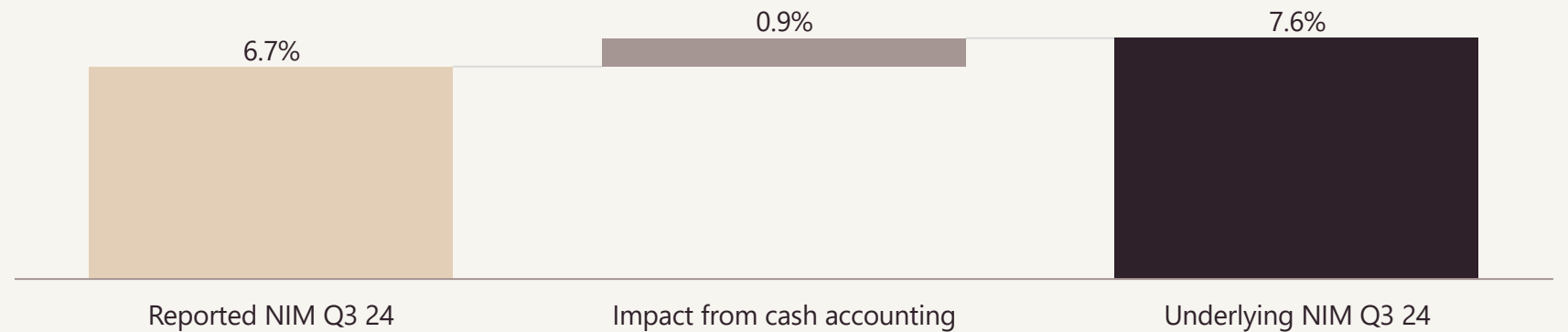


1) Quarterly annualized

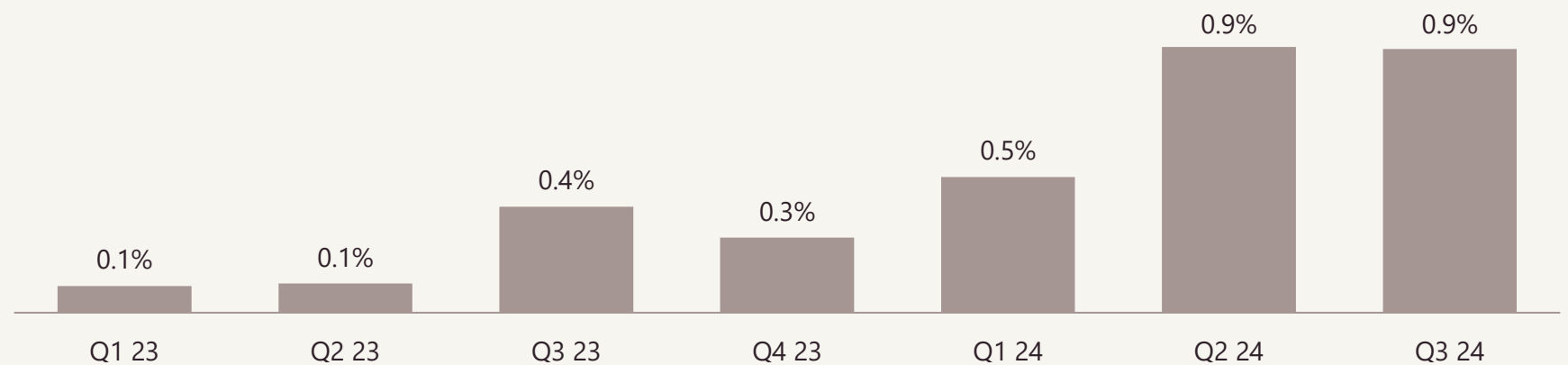
NIM negatively impacted by c. 90bps due to cash accounting of Stage 3 volumes

- Reported income and NIM negatively affected by cash accounting principle applied to Stage 3 volumes primarily within Real Estate
- Current rate environment technically benefitting NIM vs. previous zero or negative rate market situation

NIM and impact from cash accounting



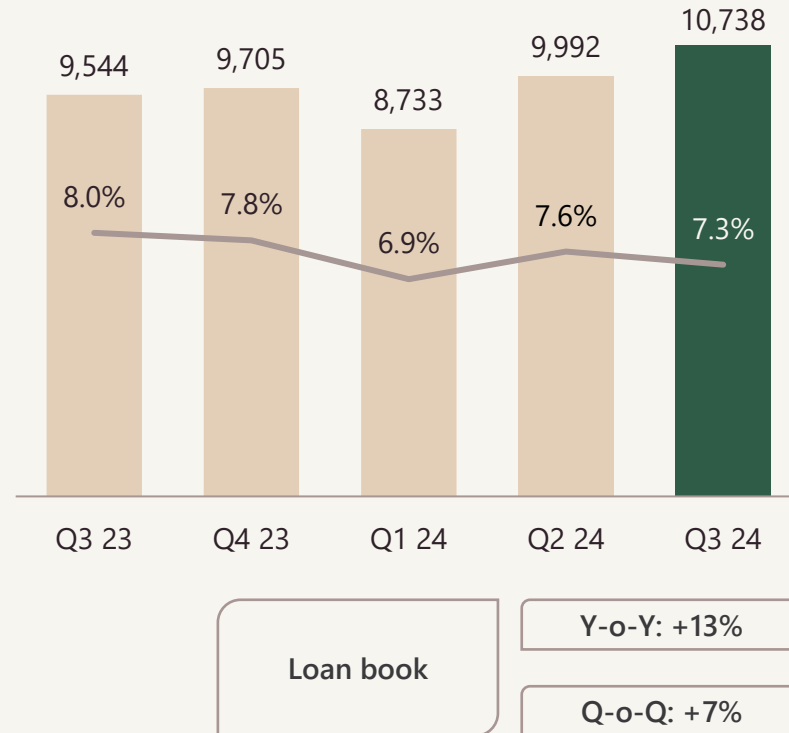
Impact from cash accounting over time



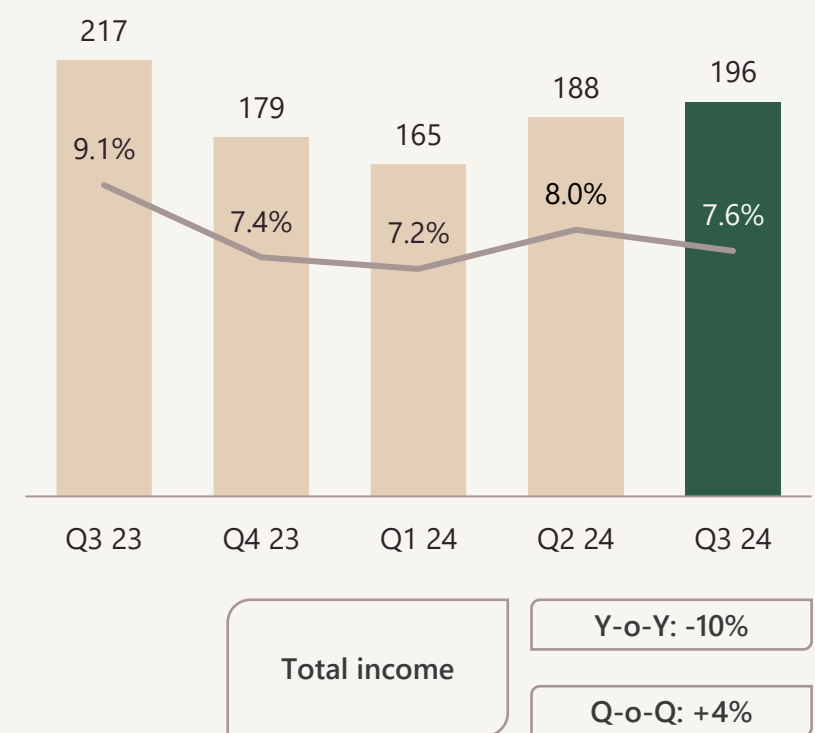
- Lower market rates create enhanced visibility and improved sentiment
- Continued strong volume development on the back of improved sentiment
- Stable income and margin development

Corporate

Loan book (SEKm) and NIM¹



Total income (SEKm) and margin¹

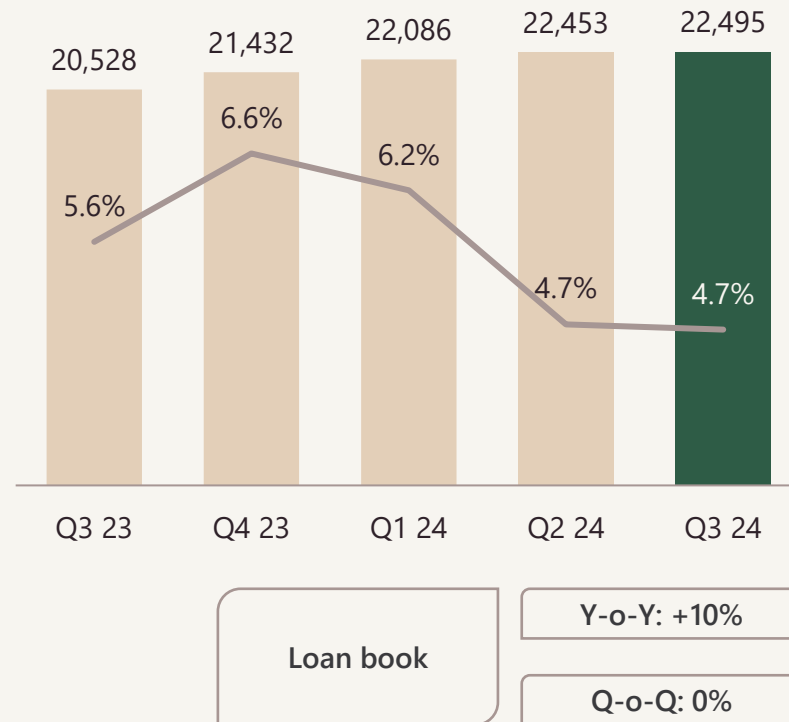


1) Quarterly annualized

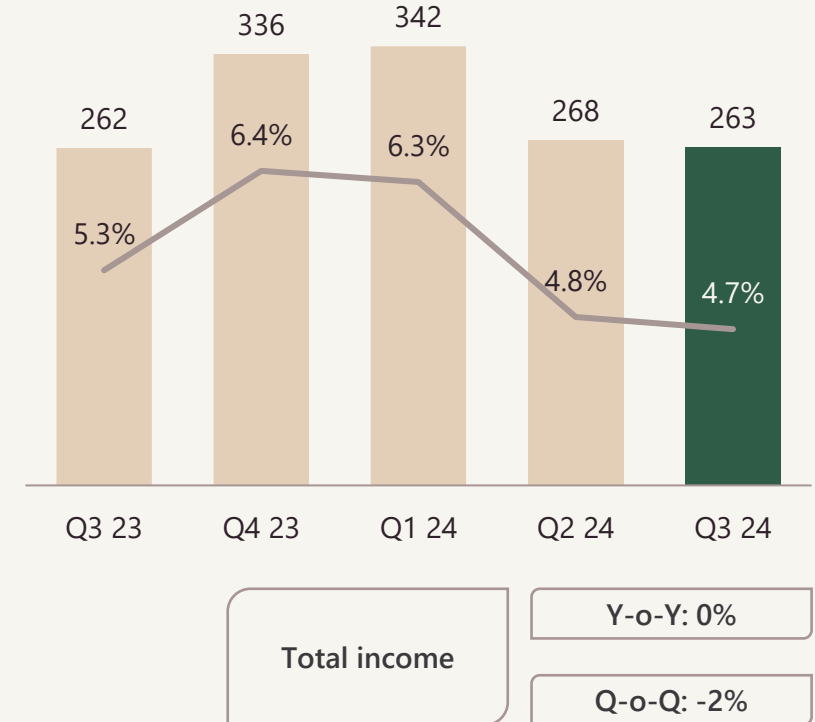
- Selective approach maintained with relatively low volume increase
- Income and margin at continued low levels due to high volumes in Stage 3
- No underlying margin pressure related to new business

Real Estate

Loan book (SEKm) and NIM¹



Total income (SEKm) and margin¹



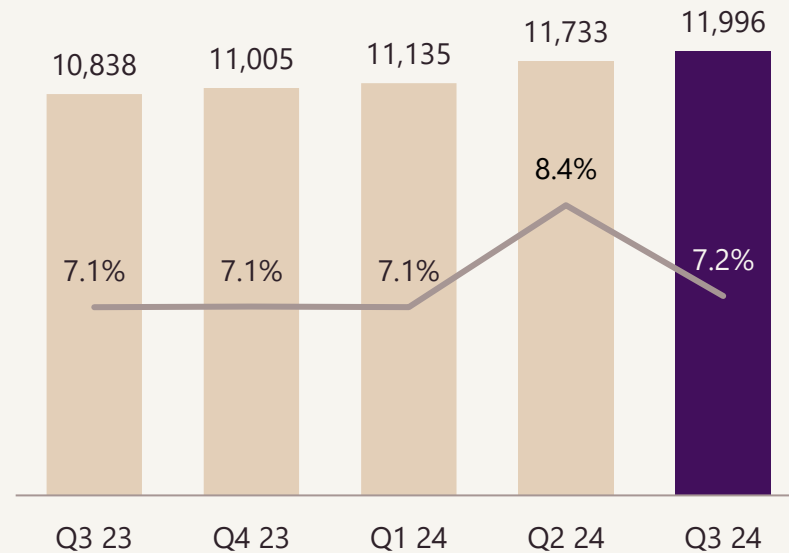
1) Quarterly annualized

collector

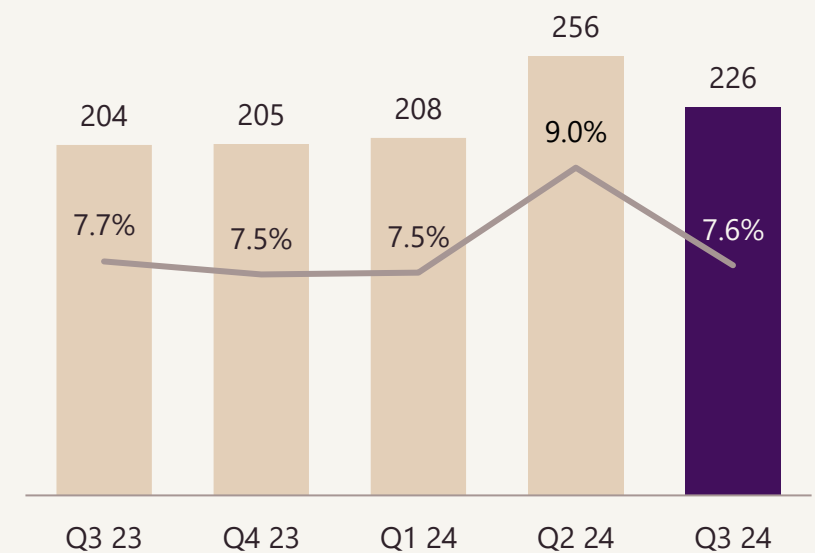
- Volume growth at lower level vs. Q2 - in line with expectations
- Positive one-off effect of c. SEK 15m in Q3
- Seasonality effect of c. SEK 30-35m positively affecting income and margins in Q2
- New sales at lower margins and lower risk – expected to enhance profitability over time

Consumer

Loan book (SEKm) and NIM¹



Total income (SEKm) and margin¹

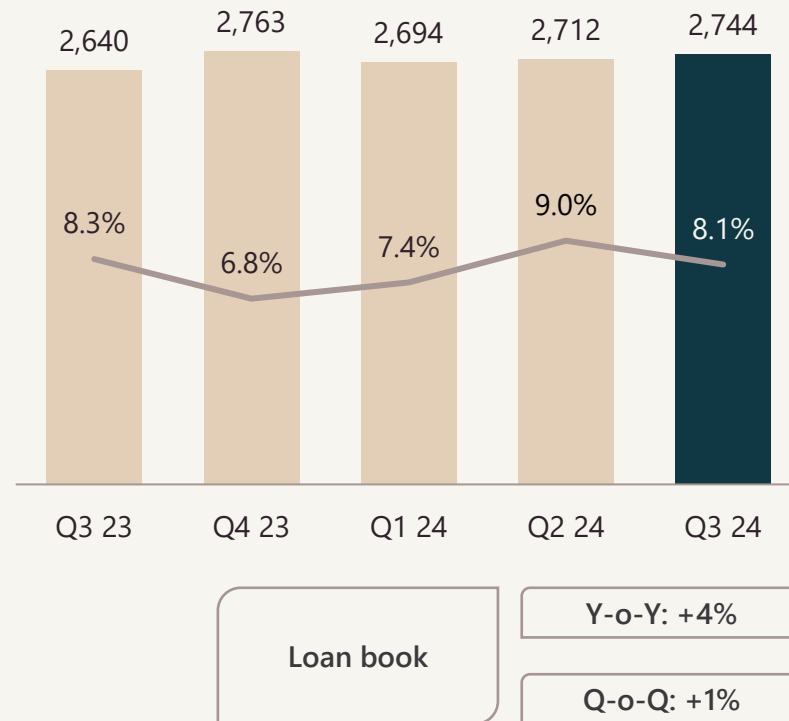


1) Quarterly annualized

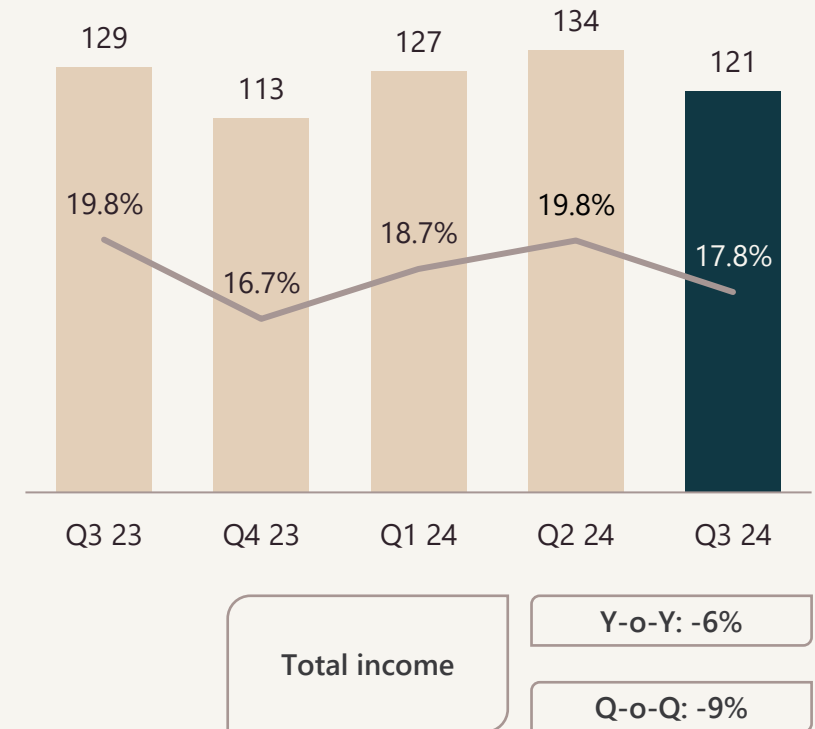
- Stable development despite challenging market conditions
- Strong increase in transaction volumes – lag in build-up of loan book and income
- Healthy profitability and lower capital intensity compared to other segments

Payments

Loan book (SEKm) and NIM¹



Total income (SEKm) and margin¹

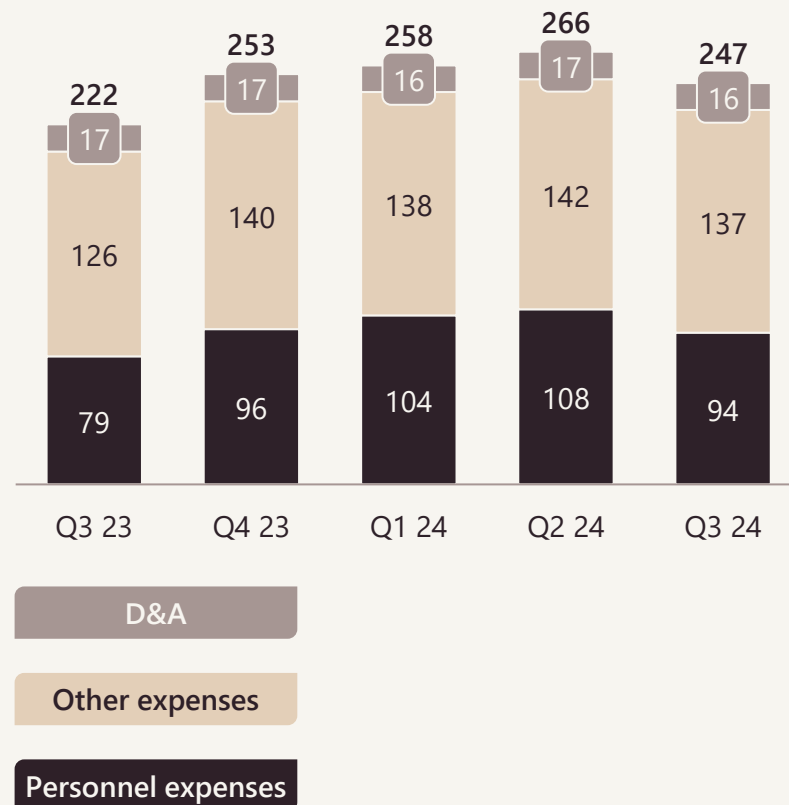


1) Quarterly annualized

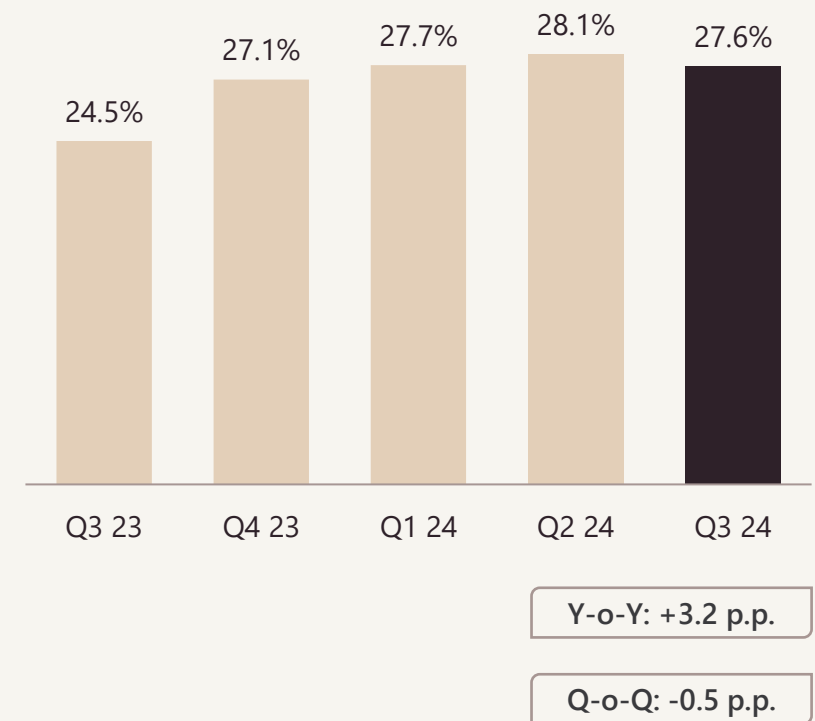
C/I remains at a strong level

- Focus on profitability and efficiency
- Seasonally low cost base during Q3
- Cost increase during the last year driven by variable costs, inflation and organizational investments
- Good cost control and C/I at strong level

Total expenses (SEKm)



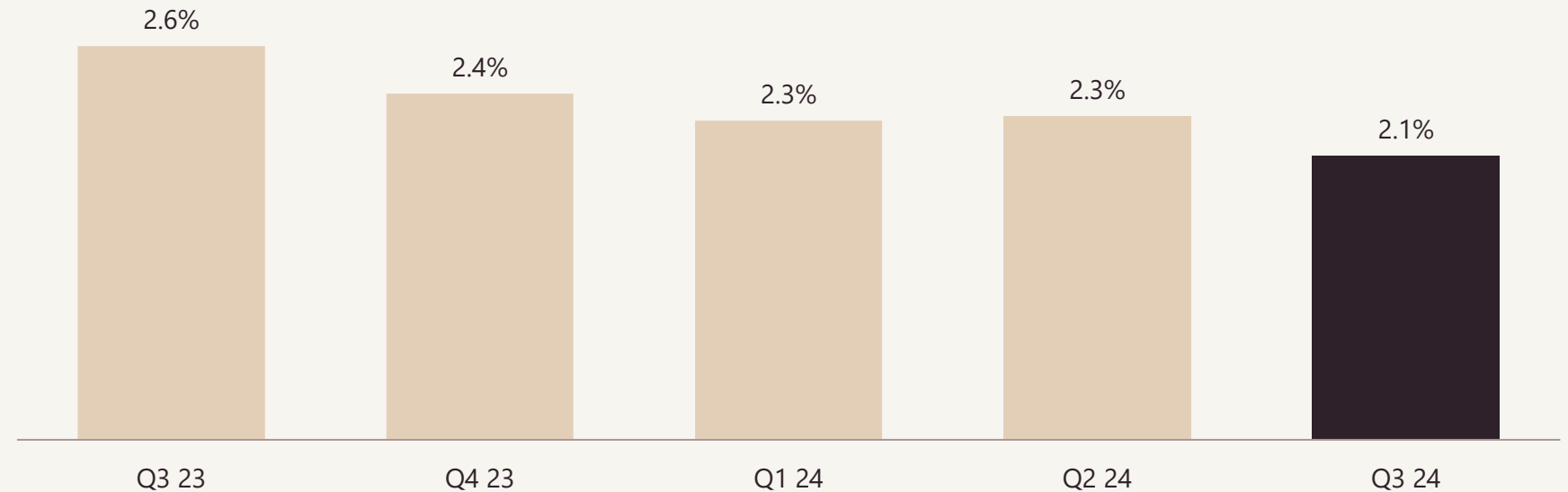
C/I ratio



Continued prudent provisioning

- Prudent provisioning maintained
- Provisioning ratios remain solid – Stage 3 private customers (own portfolios) at 55.1% (54.4% in Q2 2024)
- Provisioning ratios for Corporate and Real Estate subject to collateral positions

Credit losses – Quarter¹

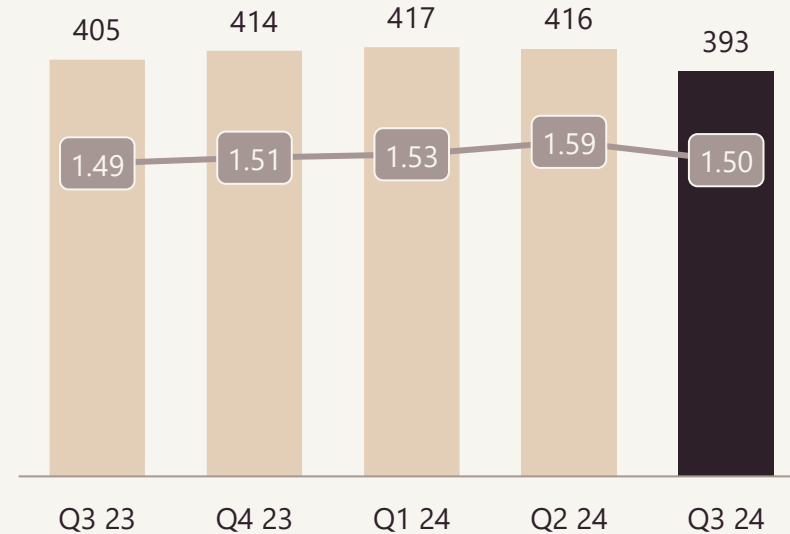


1) Quarterly annualized

Solid earnings and profitability level

- Solid earnings and profitability level
- Sound profitability development despite increasing equity base

Operating profit (SEKm) and EPS (SEK)

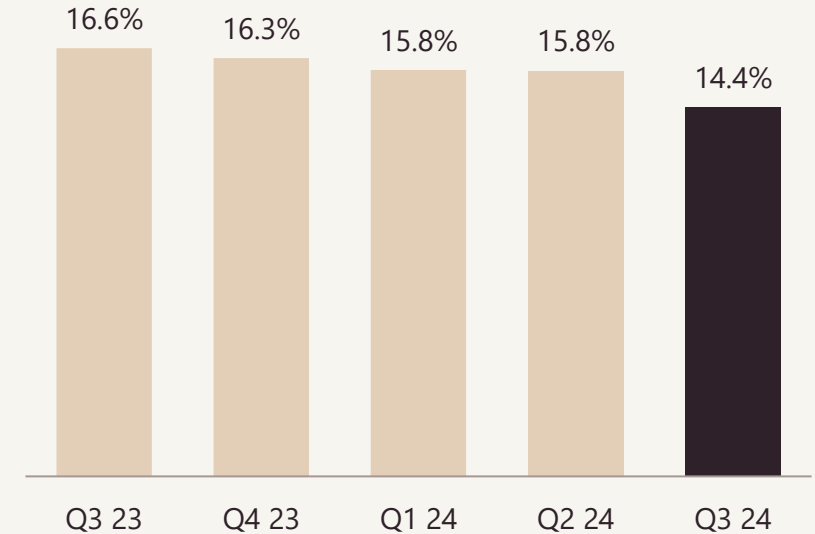


Operating profit

Y-o-Y: -3%

Q-o-Q: -5%

Return on equity – Quarter¹



Return on equity

Y-o-Y: -2.2 p.p.

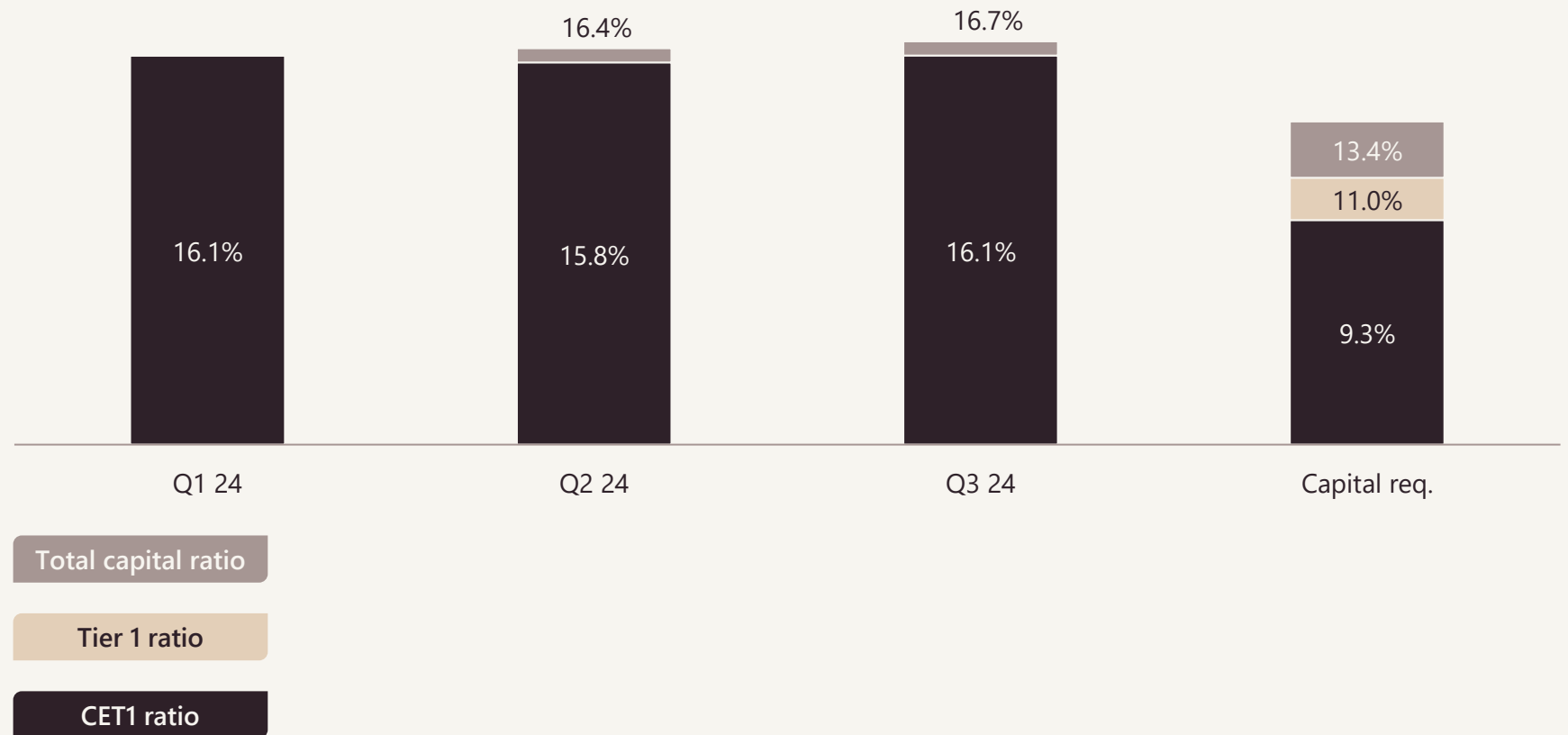
Q-o-Q: -1.4 p.p.

1) Quarterly annualized

Strong capital position

- CET1 ratio of 16.1% as of Q3 2024
- Total capital ratio of 16.7% as of Q3 2024
- SEK 500m AT1 redeemed end of Q1 2024
- SEK 300m T2 issued in Q2 2024
- Further room for issuance of hybrid capital

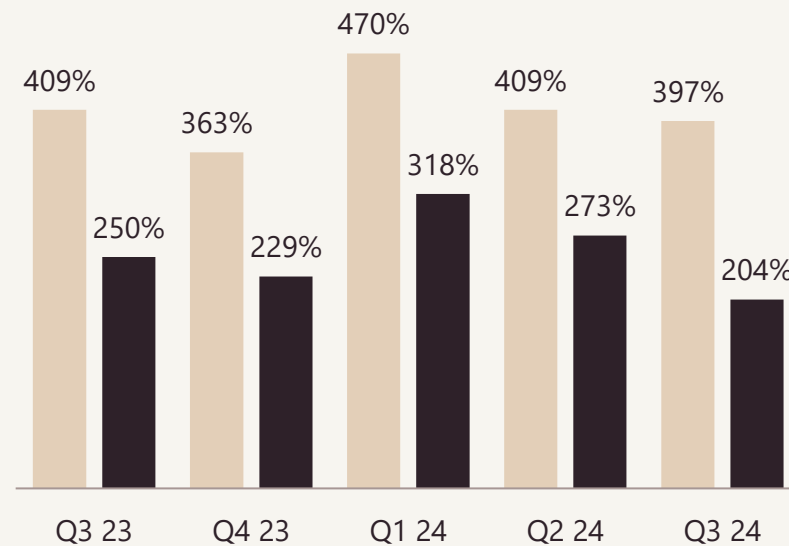
Capital adequacy ratios and requirements



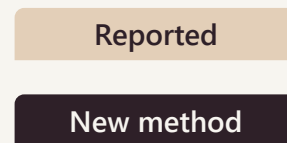
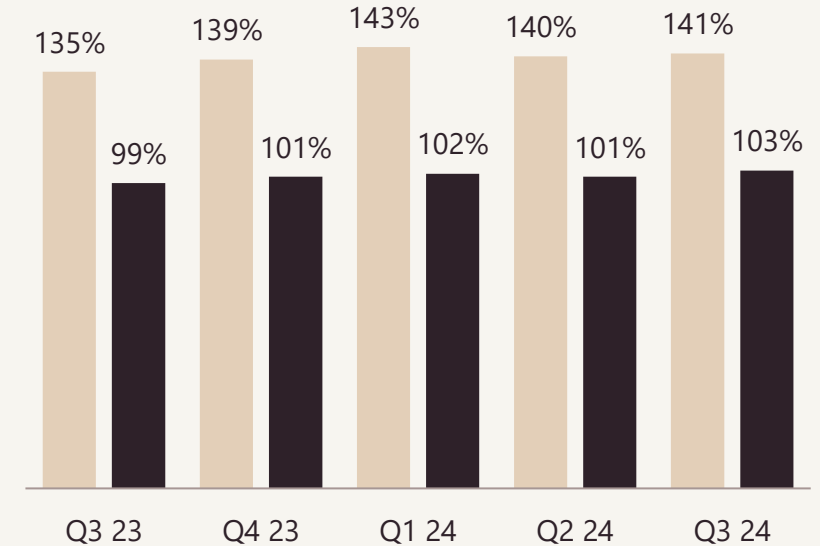
Regulatory liquidity profile

- Unchanged and low liquidity risk
- High historic LCR and NSFR levels
- Requirements exceeded under updated SFSA interpretation of rules
- Aim to increase ratios through capital market funding and deposits through proprietary channels

Liquidity coverage ratio (LCR)



Net stable funding ratio (NSFR)



Summary and outlook

Lower rate trajectory

Improved customer
sentiment

Solid profitability

Continued monitoring of
credit quality

Selective approach

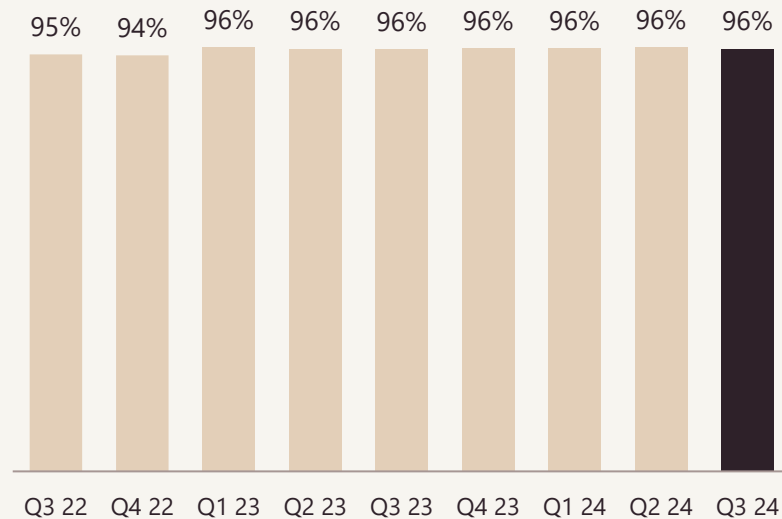
Strong balance sheet
and prudent provisioning

Norion Bank Group

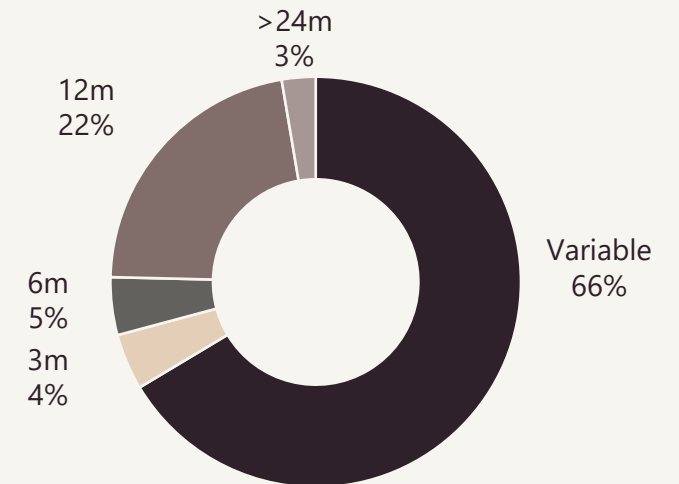
Diversified deposit base

- C. SEK 210,000 average savings
- High and stable coverage from state guarantee scheme
- Diversification
 - Sources
 - Currencies
 - Maturities

Covered by deposit guarantee scheme



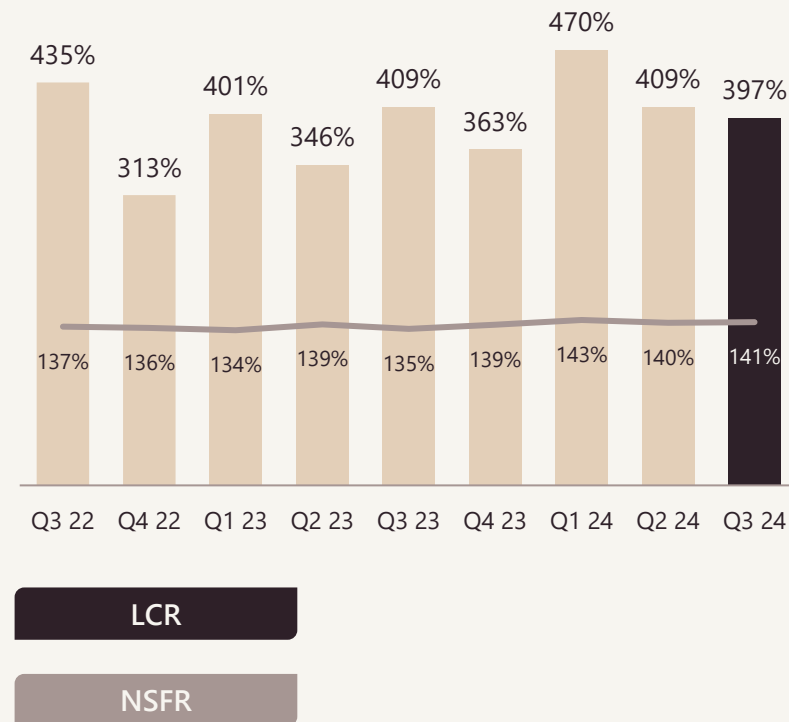
Deposit maturity split (30 September 2024)



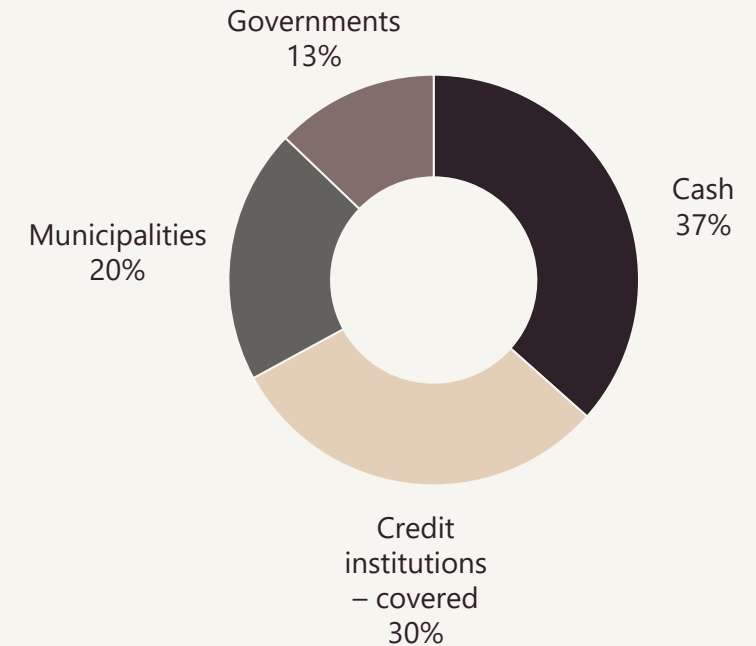
Conservative liquidity management

- Low risk appetite
- Majority of liquidity reserve consisting of cash and AAA-rated securities
- Low interest rate risk – mainly FRNs
- Short durations
- Mark-to-market on vast majority of portfolio

LCR & NSFR



Liquidity reserve distribution (30 September 2024)



Financial targets

Profitability

Norion Bank aims to achieve a sustainable return on equity above 15% over time.

Capital adequacy

Norion Bank's aim is that all capital ratios shall exceed the regulatory requirement by 200-400 basis points.

Dividend policy

Norion Bank's policy is to distribute potential surplus capital in relation to the capital adequacy target, subject to the bank's future outlook and capital planning, to its shareholders.

Collector Bank has become Norion Bank

Highlighting the strategic transformation journey



Streamlined business
→ Focused financing bank



Balanced and profitable growth



More balanced risk profile



Corporate and Real Estate accounting for
c. 70% of the loan portfolio

Clarifying the customer offering and optimizing opportunities for all business areas

 **Norion Bank**

Medium-sized corporates
and real estate companies
in the Nordics

walley

Merchants and private
individuals in the Nordics

collector

Private individuals in
Sweden

Norion Bank

Group