

PARETO BANK

Financial Results – Fourth Quarter 2024

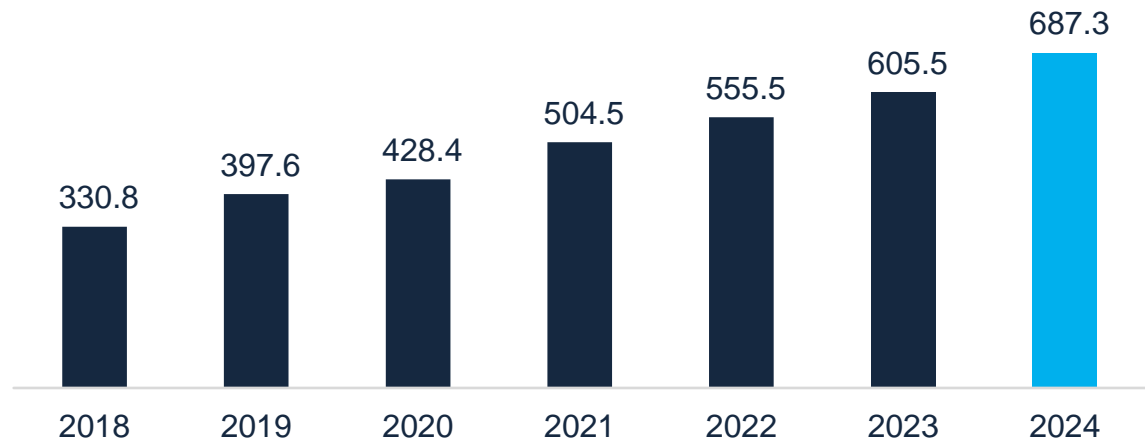
Highlights

Financials

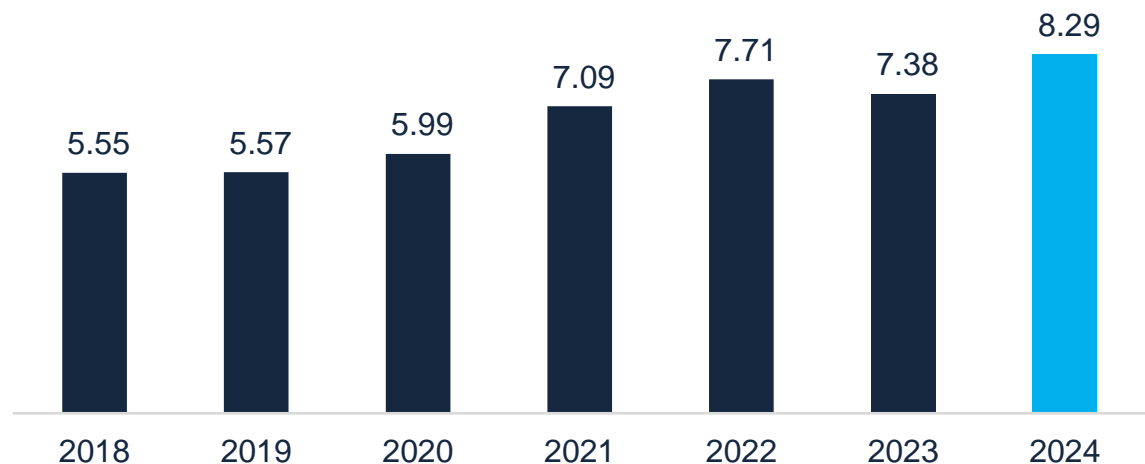
Business Area Update & Outlook

RECORD PROFITS FOR 2024

Profit after tax (NOKm) *



Earnings per share (NOK) **

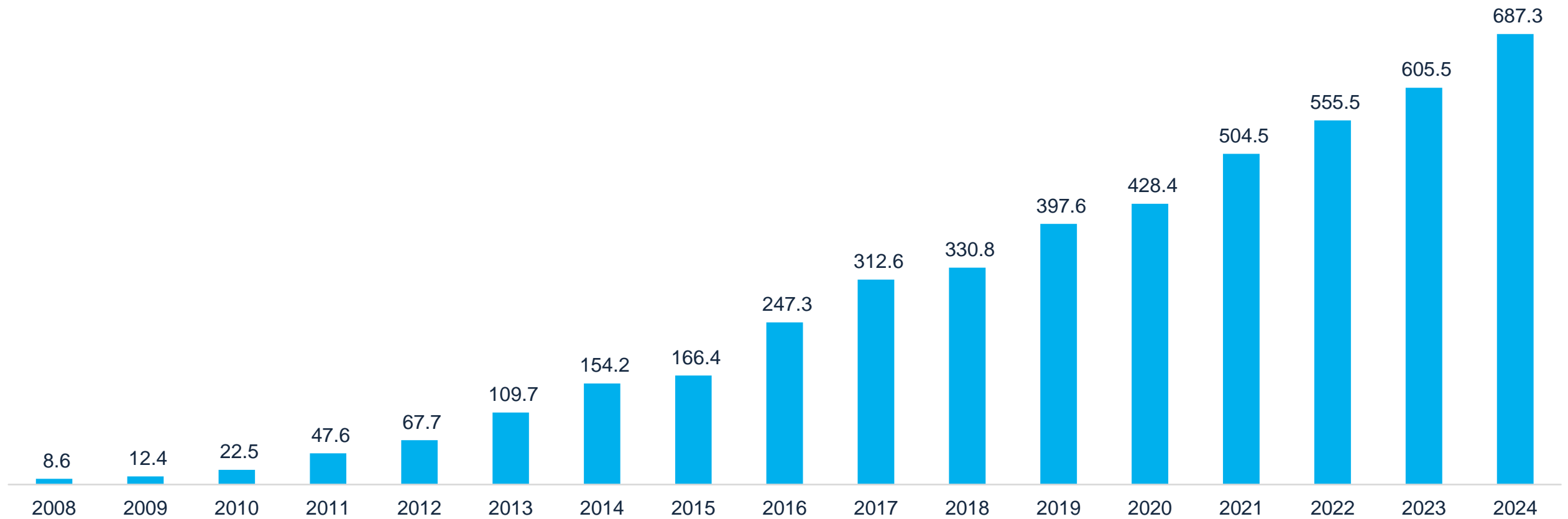


Comments

- Profit after tax of NOK 687m (NOK 606m), up 14% y/y, driven by strong lending growth of 12% y/y.
- Return on equity after tax (ROE) 13.6 % (13.8 %), impacted by higher than normal impairments and high capitalisation.
- Impairments at 0.65 % (0.68 %) of net lending, in line with expectations. Individual impairments related to a limited but slightly increasing number of commitments. Close follow-up and good collaboration with customers on solutions.
- Excellent operational efficiency with cost/income ratio of 18.0 % (18.2 %), despite investments in the Swedish branch.

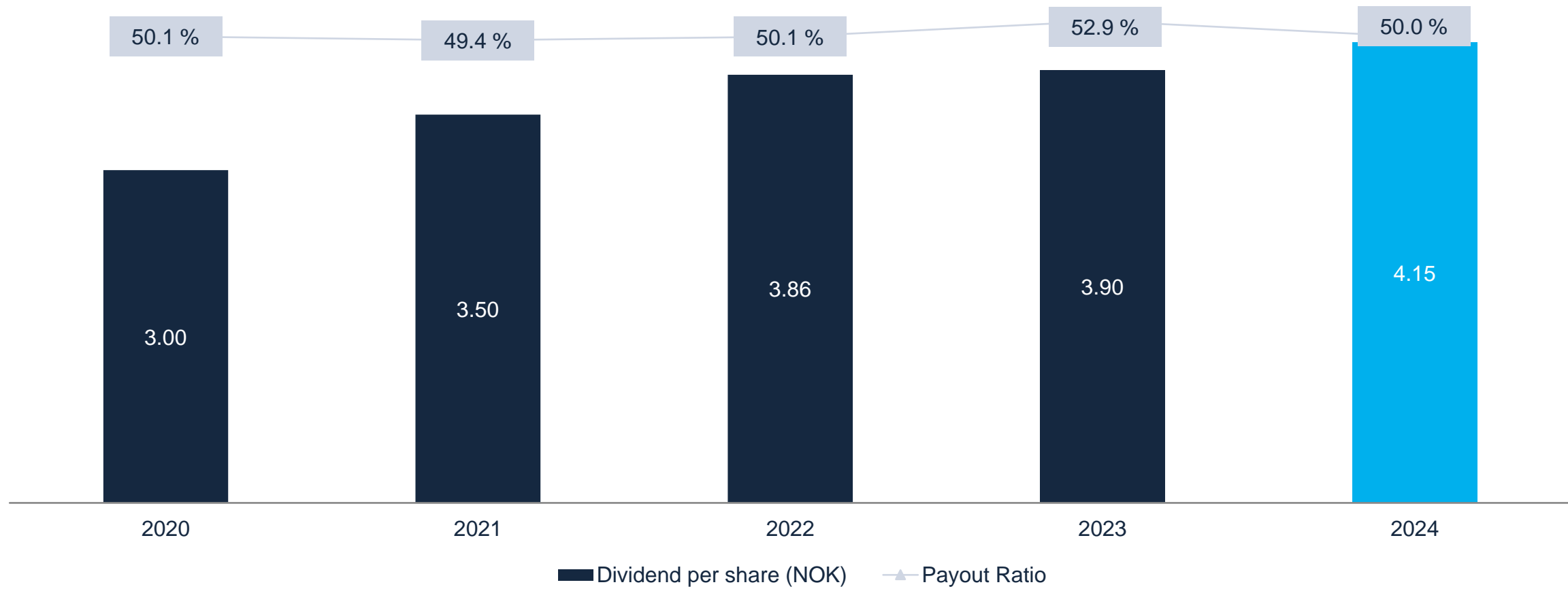
ANNUAL PROFITS

Profit after tax (NOKm) *



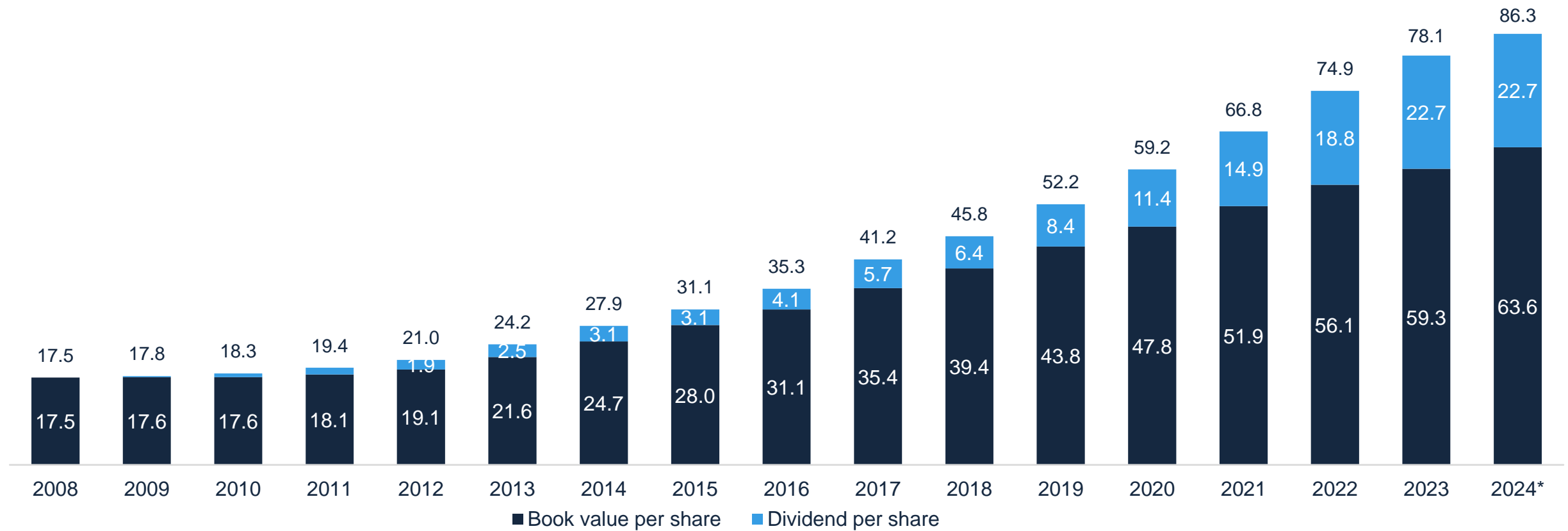
DIVIDEND FOR 2024

Proposed dividend of NOK 4.15 per share



BOOK VALUE AND DIVIDEND PER SHARE

Cumulative since 2008 (NOK)



FOURTH QUARTER 2024

Highlights

- Profit after tax NOK 159.8m (NOK 165.0m in Q4-23).
- Return on equity after tax 12.2% (13.8%).
- Net interest income up to NOK 311.4m (NOK 297.3m).
- Lending at the end of the quarter stood at NOK 20,713m (NOK 18,518m). Average lending was up 2% q/q.
- Continued focus on expanding network and customer base in Sweden. Exposure grew to NOK 2,778m in Q4-24 due to good financing demand throughout 2024. Website for Swedish customers launched.
- Total impairments of NOK 55.3m (NOK 42.1m). Individual impairments NOK 31,1m (NOK 29.0m), primarily within residential property development.



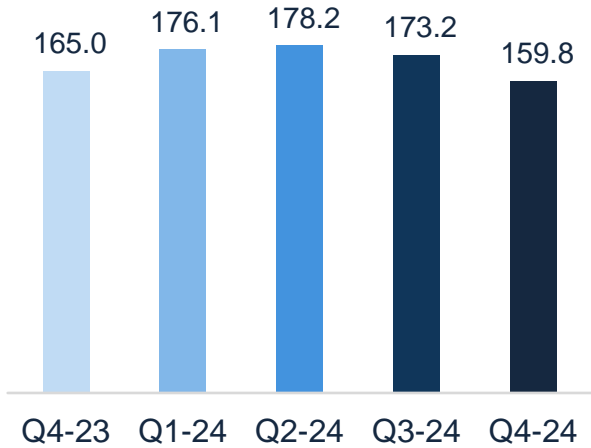
Highlights

Financials

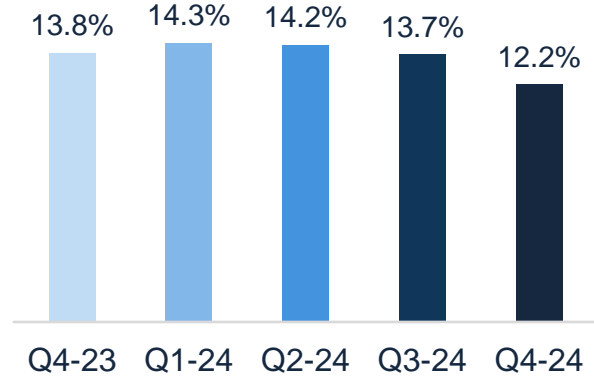
Business Area Update & Outlook

KEY FIGURES

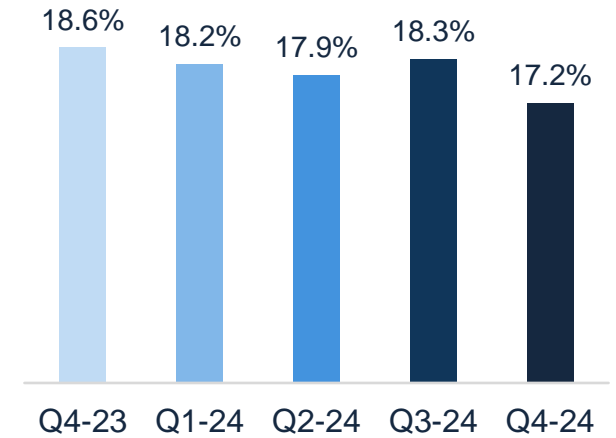
Profit after tax (NOKm)



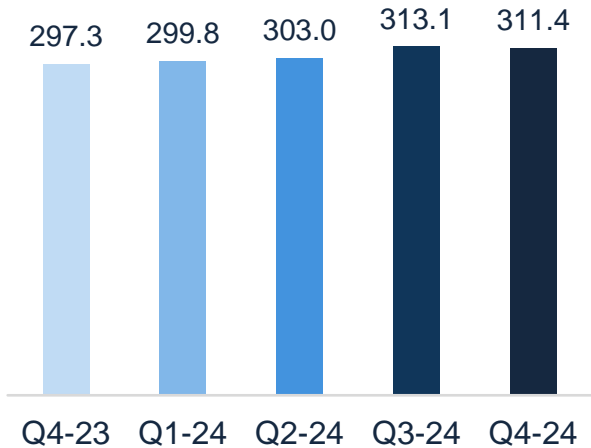
Return on Equity *



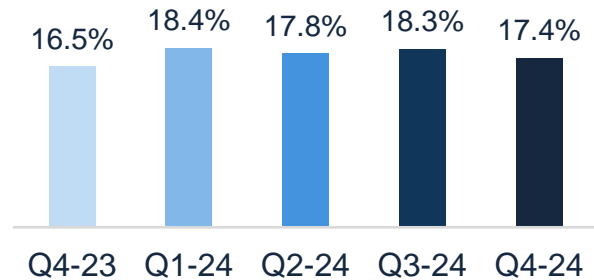
CET1 ratio



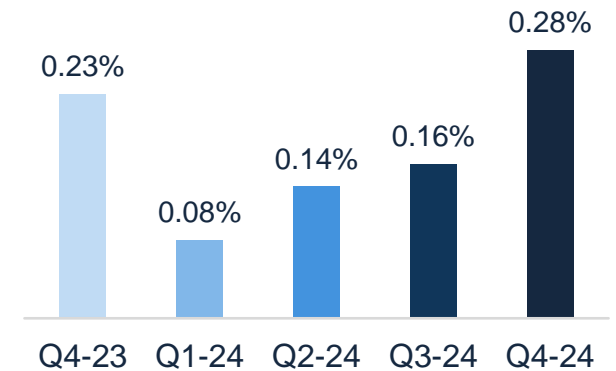
Net interest income (NOKm)



Cost/Income ratio



Loss ratio **



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

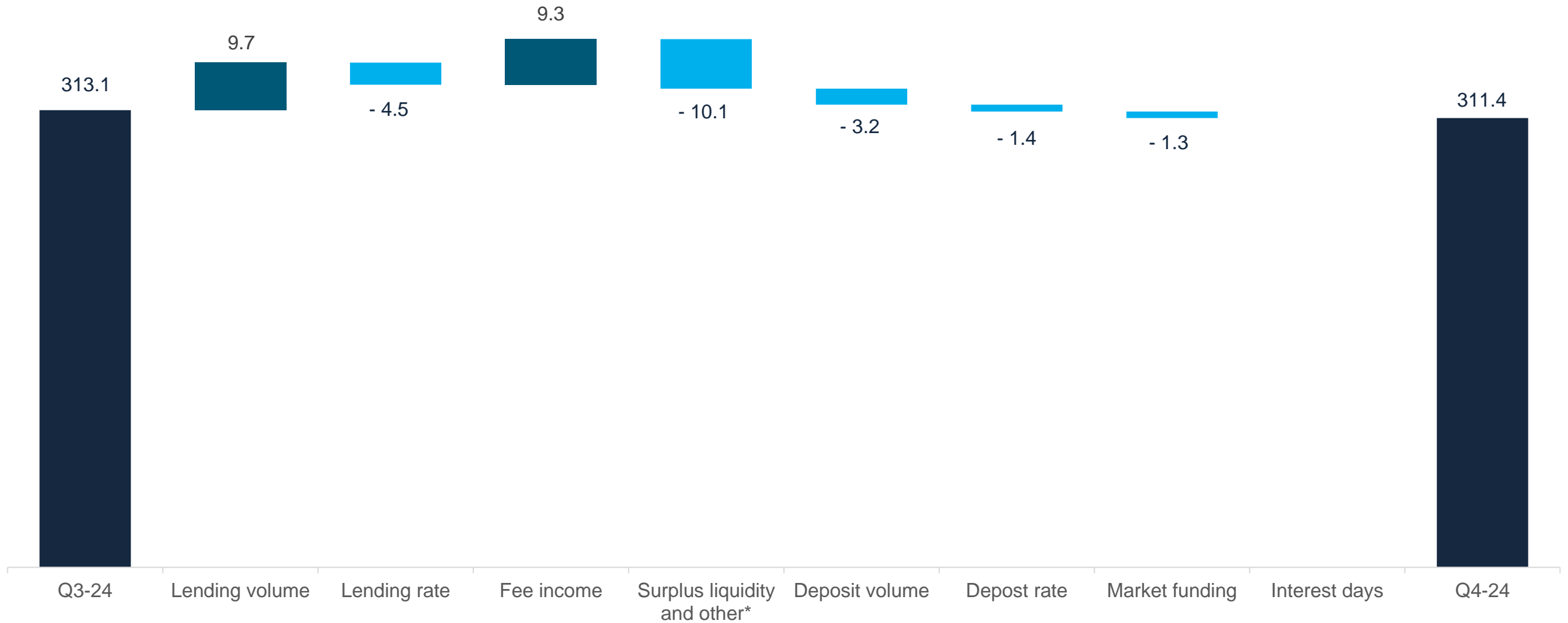
INCOME STATEMENT

P&L (NOKm)

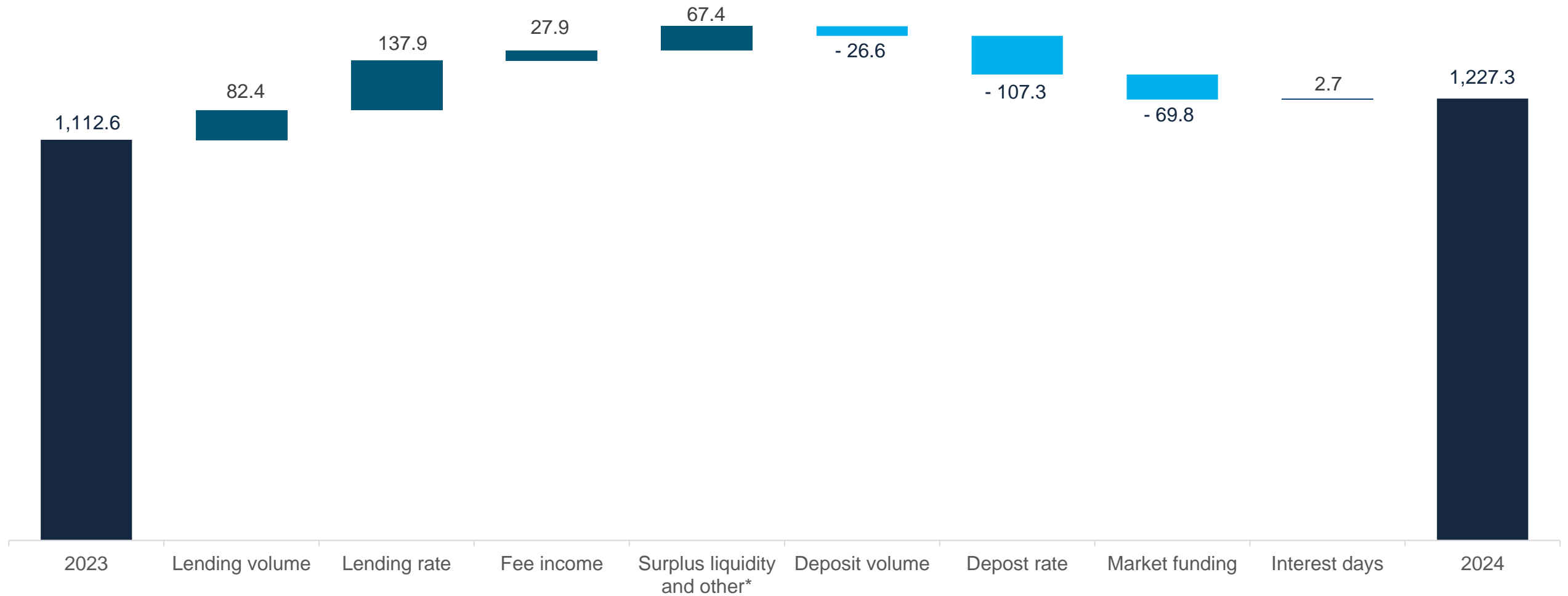
	Q4-24	Q4-23	2024	2023
Net interest income	311.4	297.3	1,227.3	1,112.6
Net other operating income	8.9	12.1	25.9	6.7
Total net income	320.4	309.4	1,253.2	1,119.4
Total operating expenses	55.7	51.1	225.4	203.5
Operating profit before impairments and losses	264.6	258.3	1,027.8	915.9
Impairments and losses on loans and guarantees	55.3	42.1	127.5	121.7
Pre-tax operating profit	209.4	216.2	900.4	794.2
Tax expense	49.6	51.2	213.1	188.7
Interest hybrid capital	13.4	11.0	50.4	38.9
Profit to shareholders	159.8	165.0	636.8	605.5
Earnings per share (NOK)	1.91	2.01	8.29	7.38

- Interest income relatively stable with average lending volumes up 2% q/q.
- Lending margins relatively stable, while pressure on deposit margins continued. Interest income in the quarter includes a correction of too high income recognition earlier in 2024.
- NOK 2.2m of fair value gains (NOK 10.0m).
- Continued strong operational efficiency with cost/income ratio of 17.4% for the quarter. Cost/income ratio for 2024 ended at 18.0 %, slightly down from 18.2 % last year.
- Individual impairments in line with last quarter, while model impairments have increased with negative risk migration for some performing engagements.

CHANGE IN QUARTERLY NET INTEREST INCOME (NOKm)

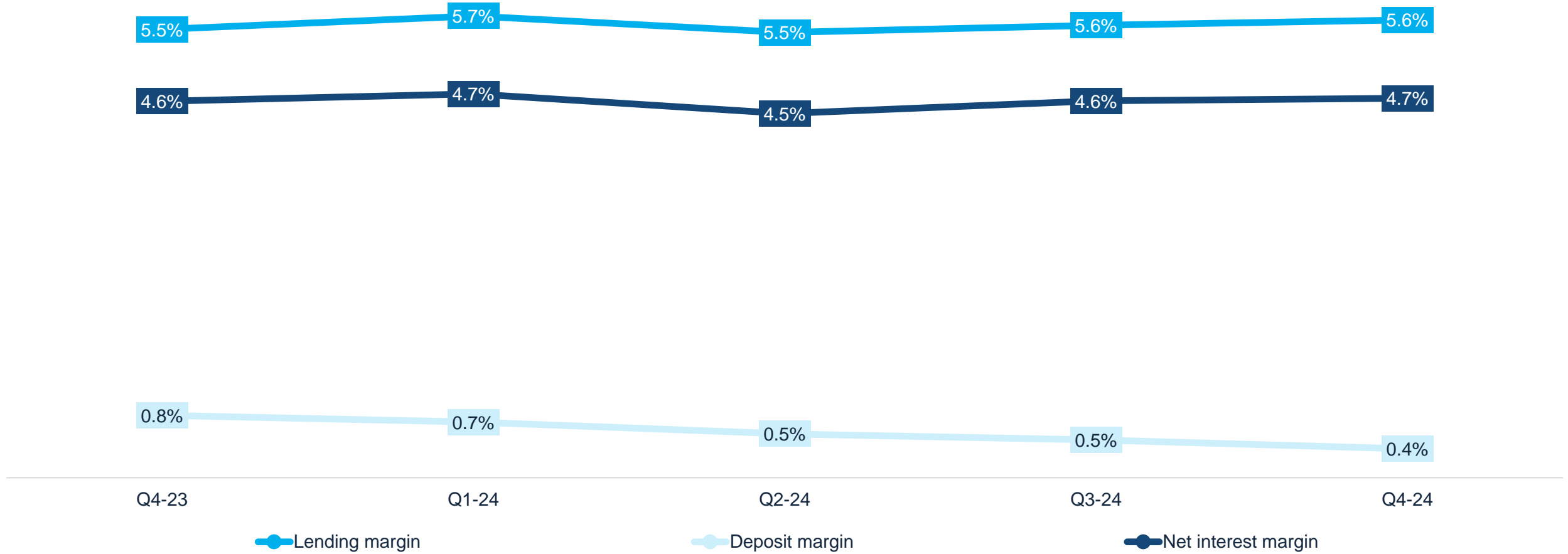


CHANGE IN ANNUAL NET INTEREST INCOME (NOKm)



INTEREST MARGINS

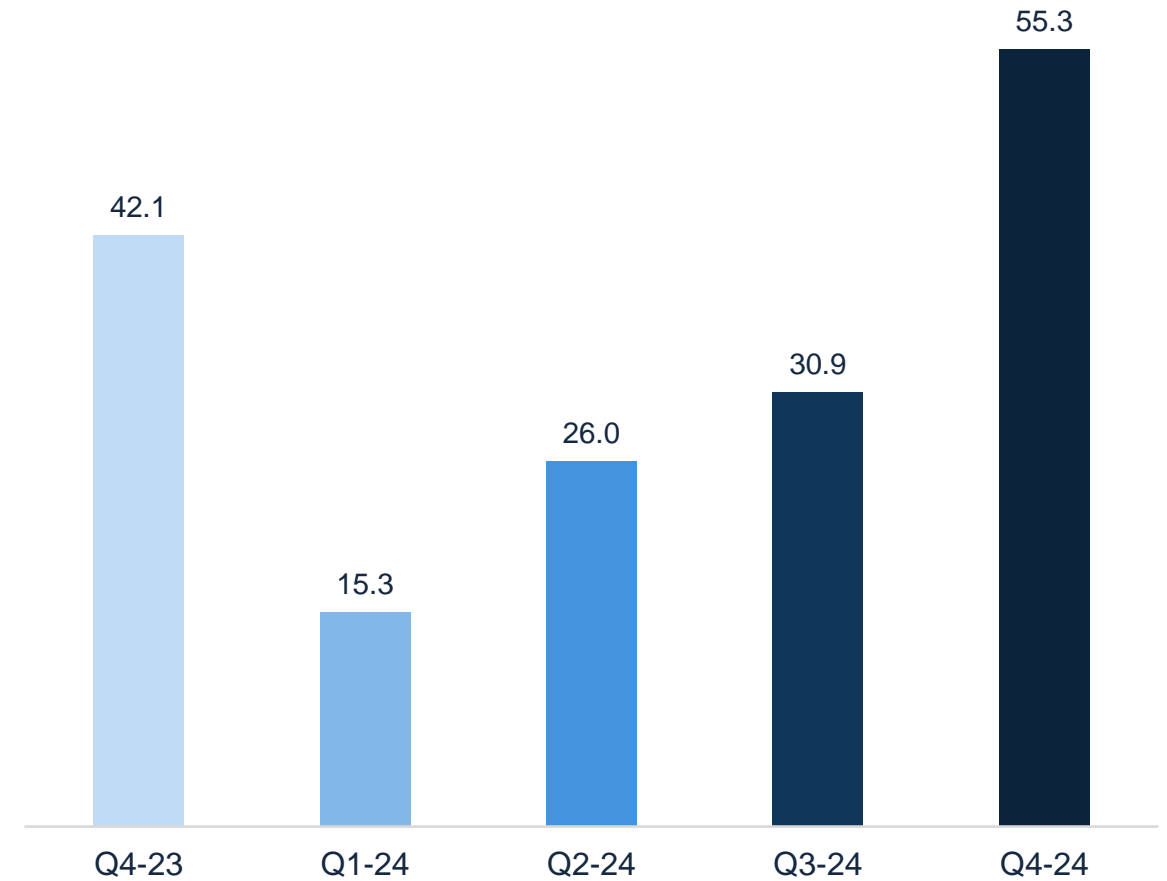
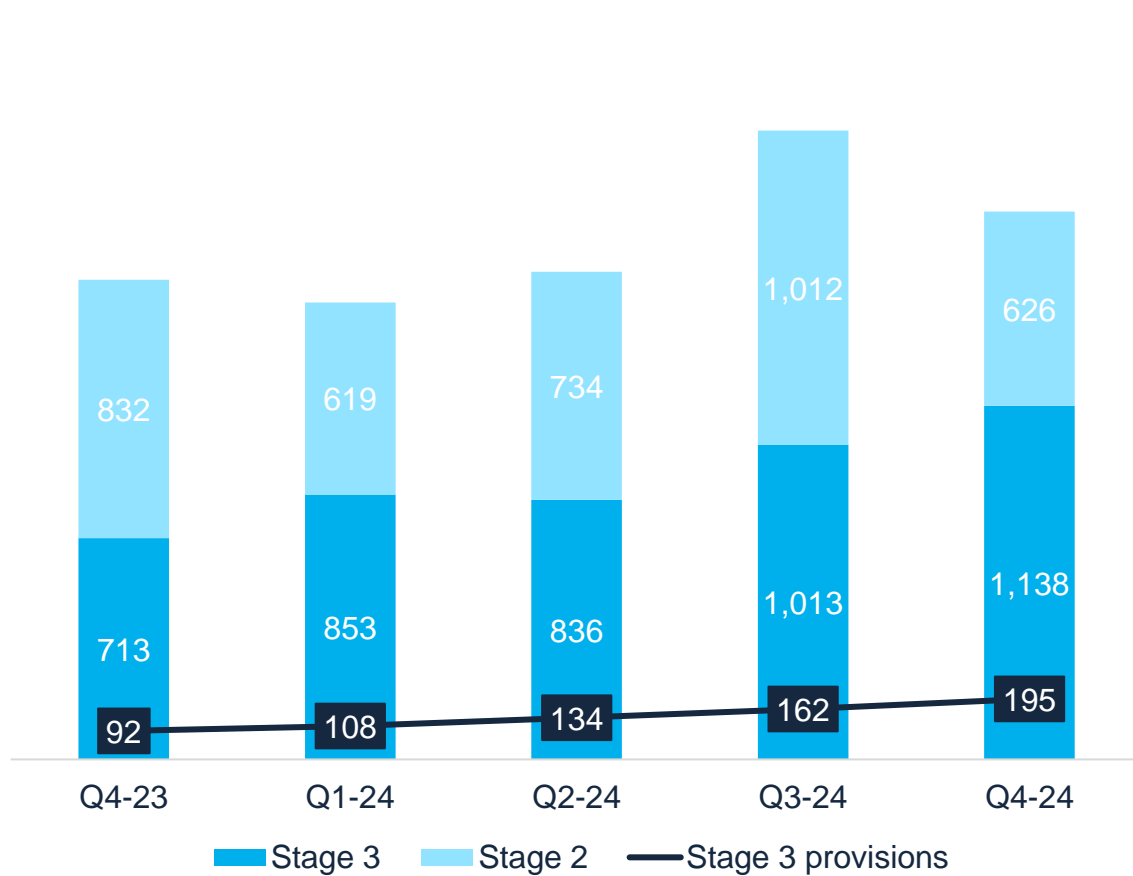
Lending* and deposit margin



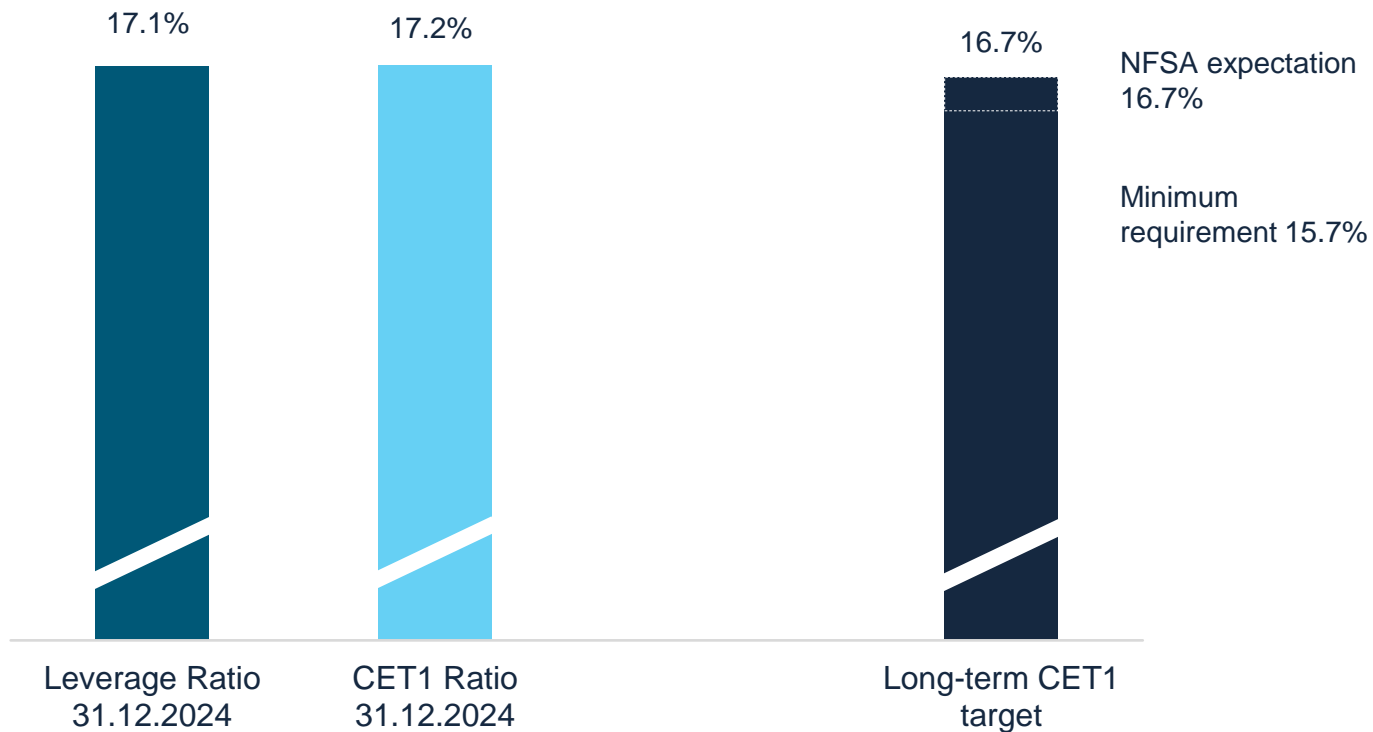
QUARTERLY CHANGE IN STAGE 2, 3 AND IMPAIRMENTS

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

Impairments and losses on loans and guarantees (NOKm)

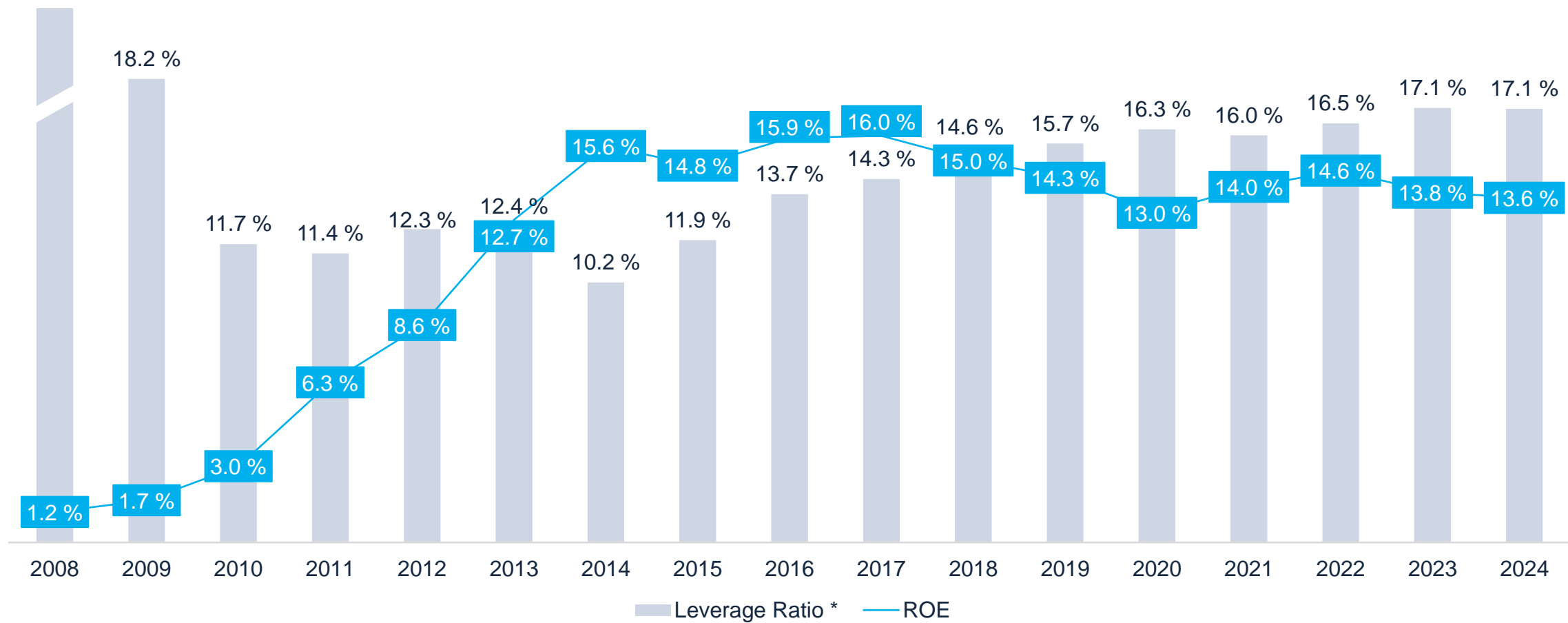


SOLIDITY AND CAPITAL REQUIREMENTS



- Long-term CET1 target 16.7%, in line with the NFSA expectation.
- Pareto Bank will hold a buffer above this target.
- The impact of CRR3 is still uncertain: Lower capital requirements for operational risk and homes for rent, but higher requirements for loan commitments and lending to residential property development.

ROE AND LEVERAGE RATIO



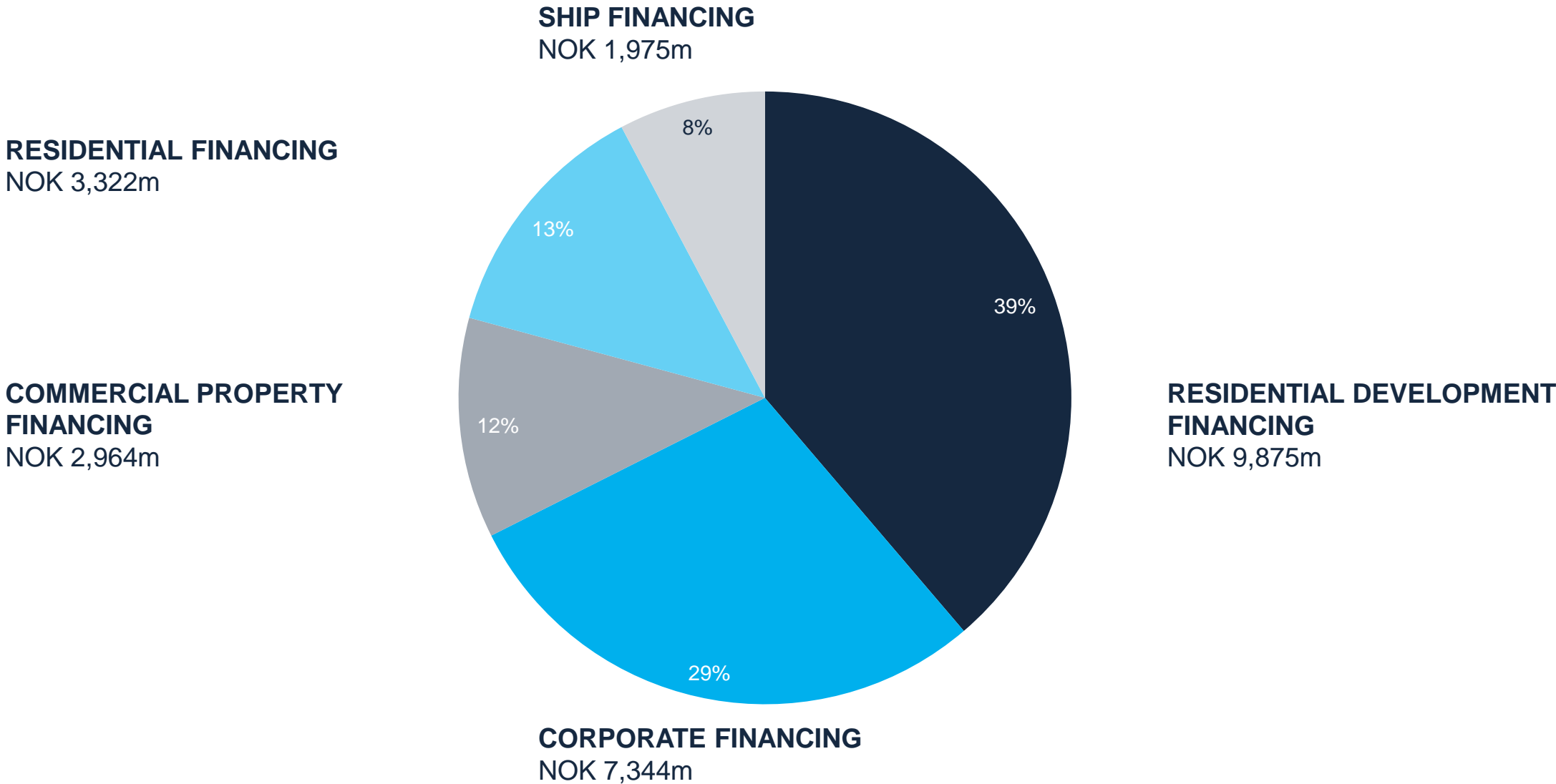
Highlights

Financials

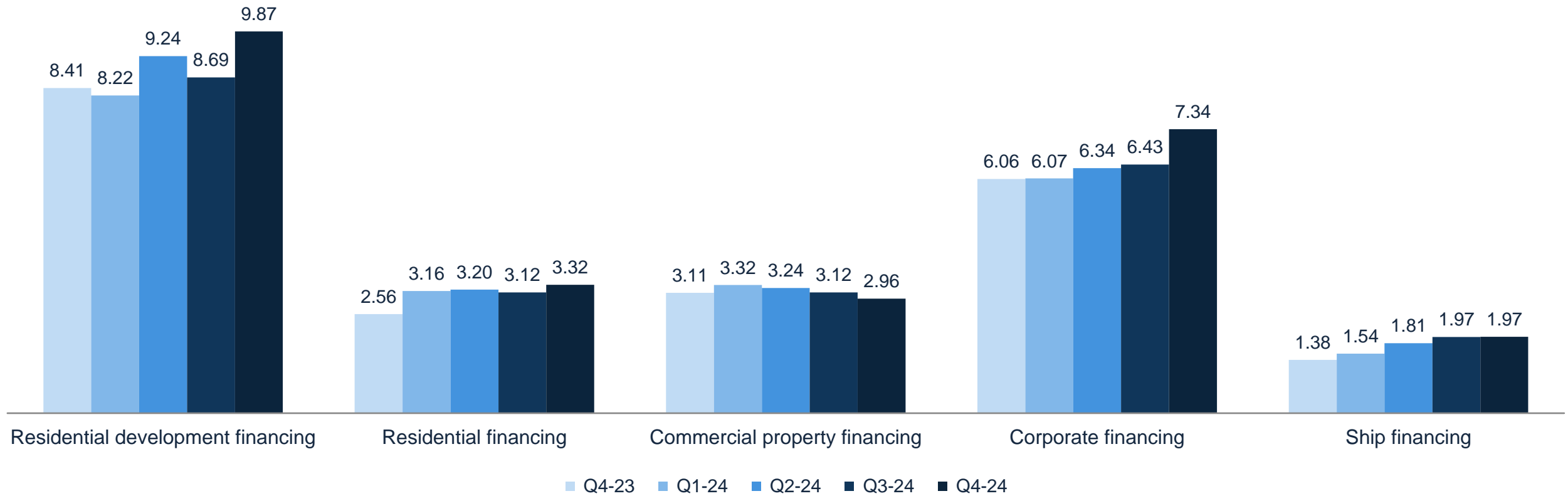
Business Area Update & Outlook

A NICHE PLAYER FINANCING MEDIUM-SIZED ENTERPRISES

Exposure (NOKm)



QUARTERLY EXPOSURE PER BUSINESS AREA (NOKbn)



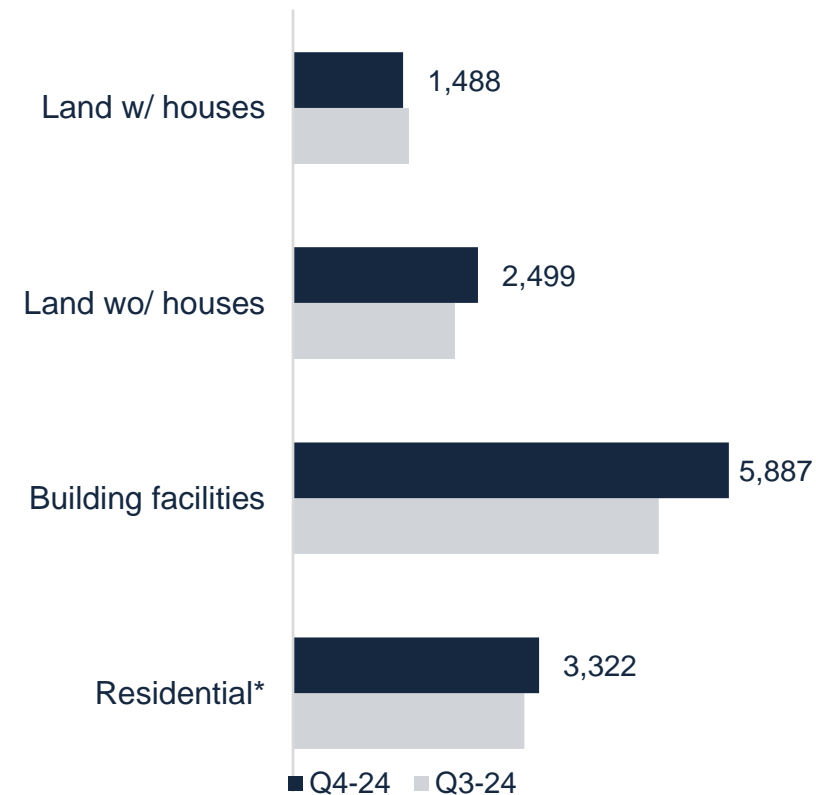
RESIDENTIAL PROPERTY FINANCING

Residential property exposure (NOKm)

Total NOK 13,197m

SOME GROWTH IS EXPECTED IN Q1-25.

- Much stronger than expected growth in Q4-24 explained by good deal flow throughout 2024 and a handful of large building facilities opened in Q4-24.
- Variations in volume is in the nature of project financing. Time of project completions and loan redemptions are difficult to determine with accuracy and have impact on lending growth.
- Continue to see high contractor risk as the sector is hit hard by low activity and margins, inflation and substantially higher financing costs.
- Continued low development activity with few residential starts.
- Lower financing costs and reduced pricing gap between new-builds and secondary should increase activity.



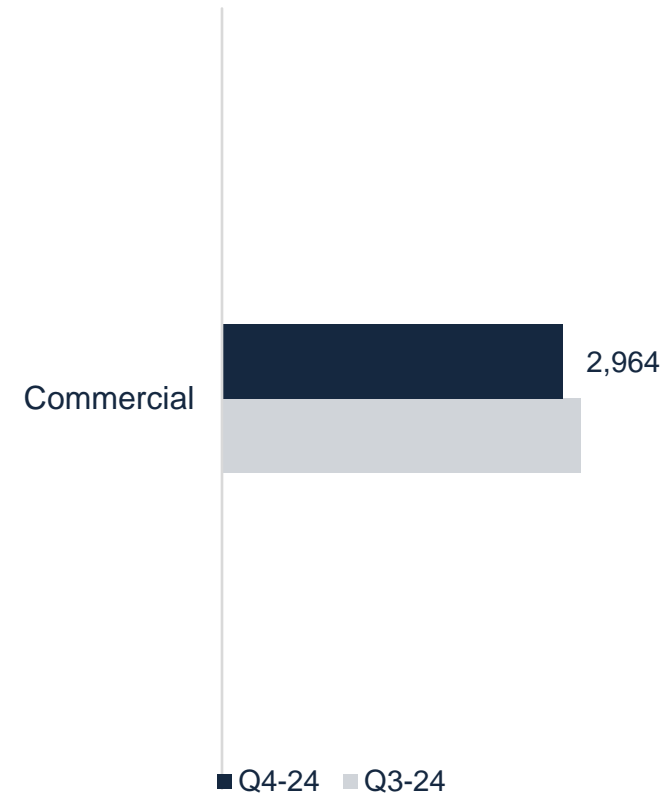
COMMERCIAL PROPERTY FINANCING

Commercial property exposure (NOKm)

Total NOK 2,964m

FLAT LENDING VOLUME CONTINUED FOR Q1-25.

- Prime yield is expected to remain at current level around 4,75 % as signaled interest rate cuts have already been priced in.
- Transaction activity is slowly picking up given prospects of interest rates cut. However, the investment activity may soften if long-term rate outlook remain high.
- Continued subdued activity and financing demand.

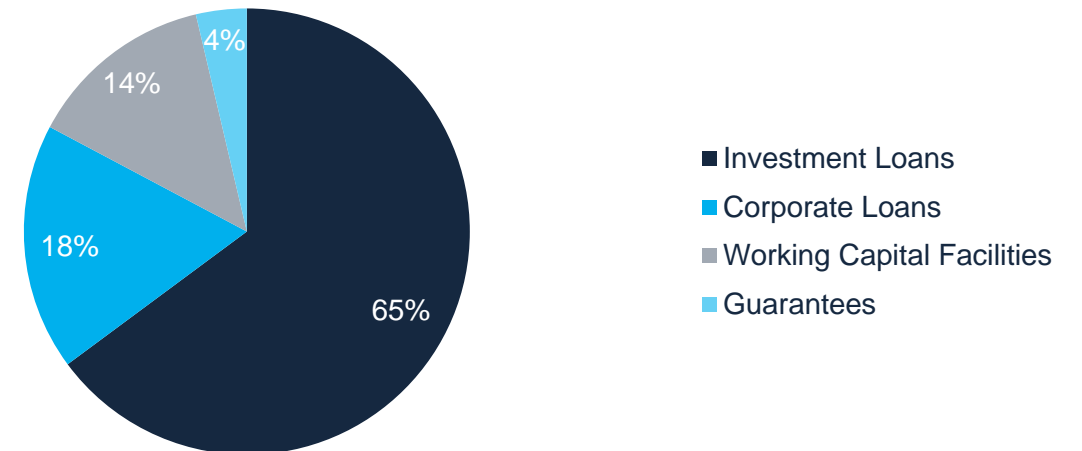
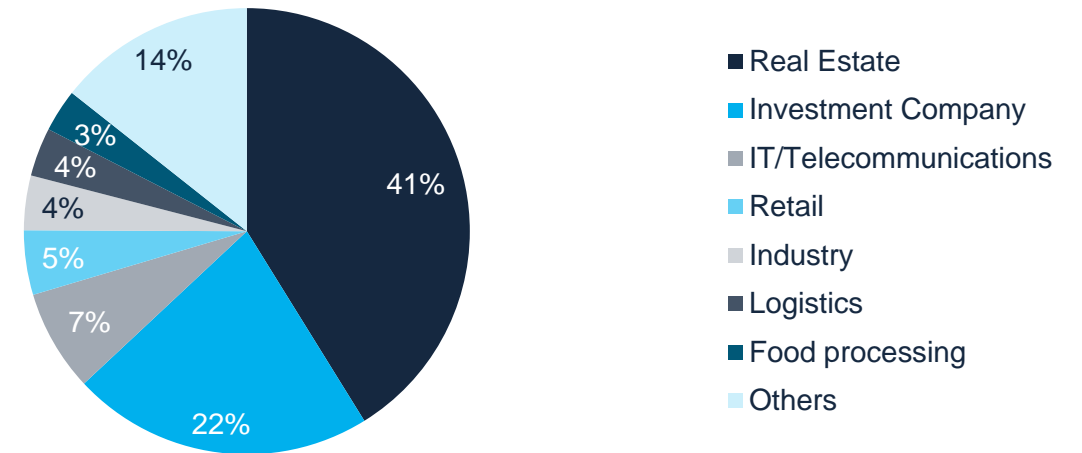


CORPORATE FINANCING

FLAT DEVELOPMENT EXPECTED IN Q1-25.

- Strong and above normal growth materialized as expected in Q4-24.
- More normal activity towards the end of last year leads to steady development going forward.
- A selective credit practice is applied to meet continued differences in activity and profitability across industries.
- Pareto Bank is an attractive partner for medium-sized businesses and sees good long-term growth prospects.

Corporate exposure (NOKm) Total NOK 7,344m (Q3-24: NOK 6,430m)



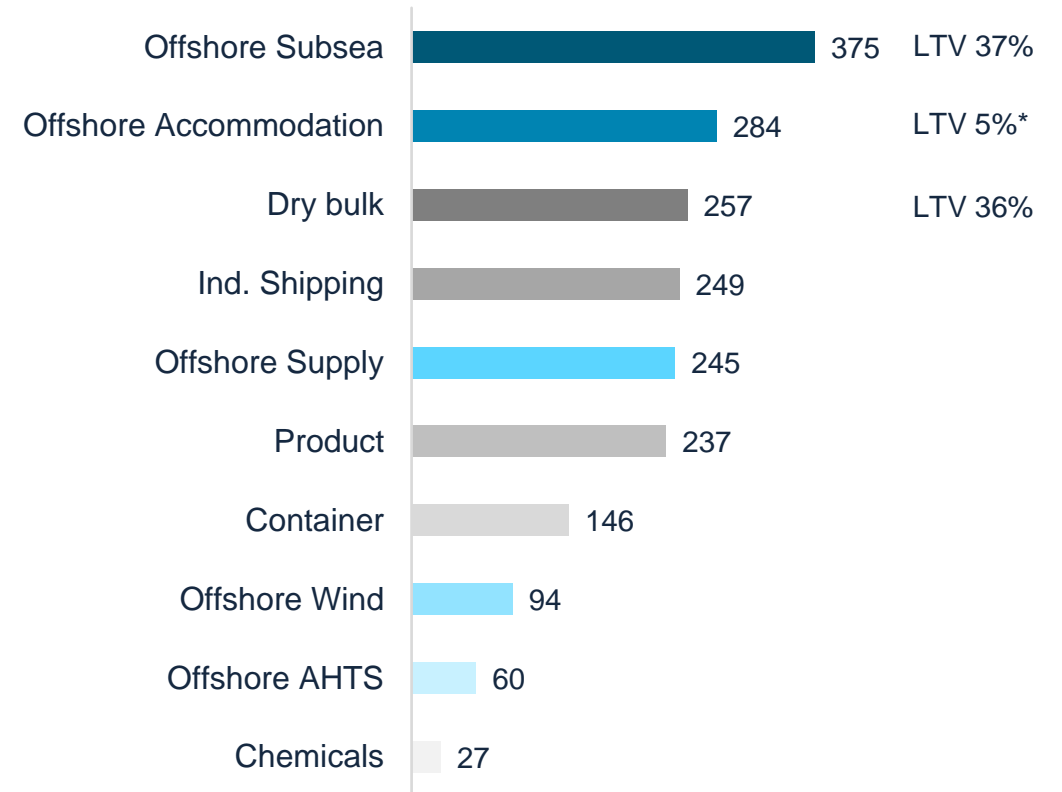
SHIP FINANCING

FLAT LENDING VOLUME EXPECTED FOR Q1-25.

- Continued financing demand within offshore, but more appetite from other banks reduces growth outlook. Subdued demand in shipping. Steep repayment profiles on loans affect net lending growth.
- Offshore markets, and subsea fleet in particular, benefit from stronger demand and low orderbooks. Weaker oil prices may lead to reduced demand for offshore vessels.
- Demand growth within dry bulk has softened recently and is expected to stay at low levels and below supply growth in 2025.

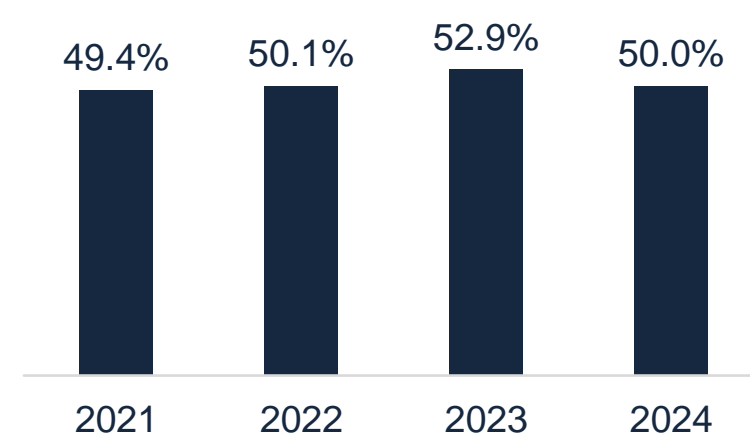
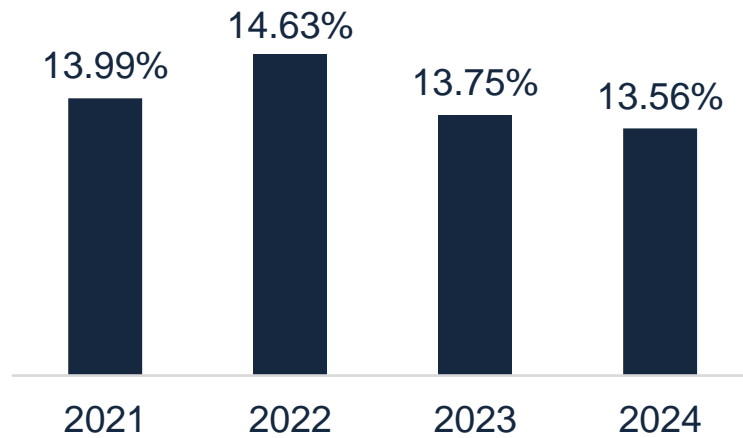
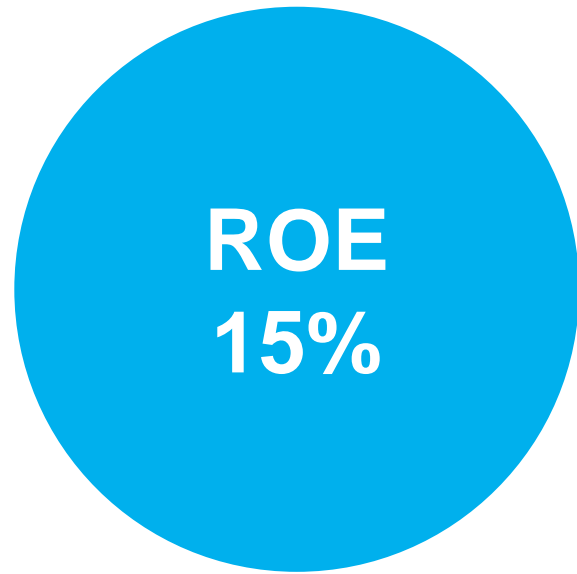
Shipping exposure (NOKm)

Total NOK 1,975m (Q3-24: NOK 1,972m)



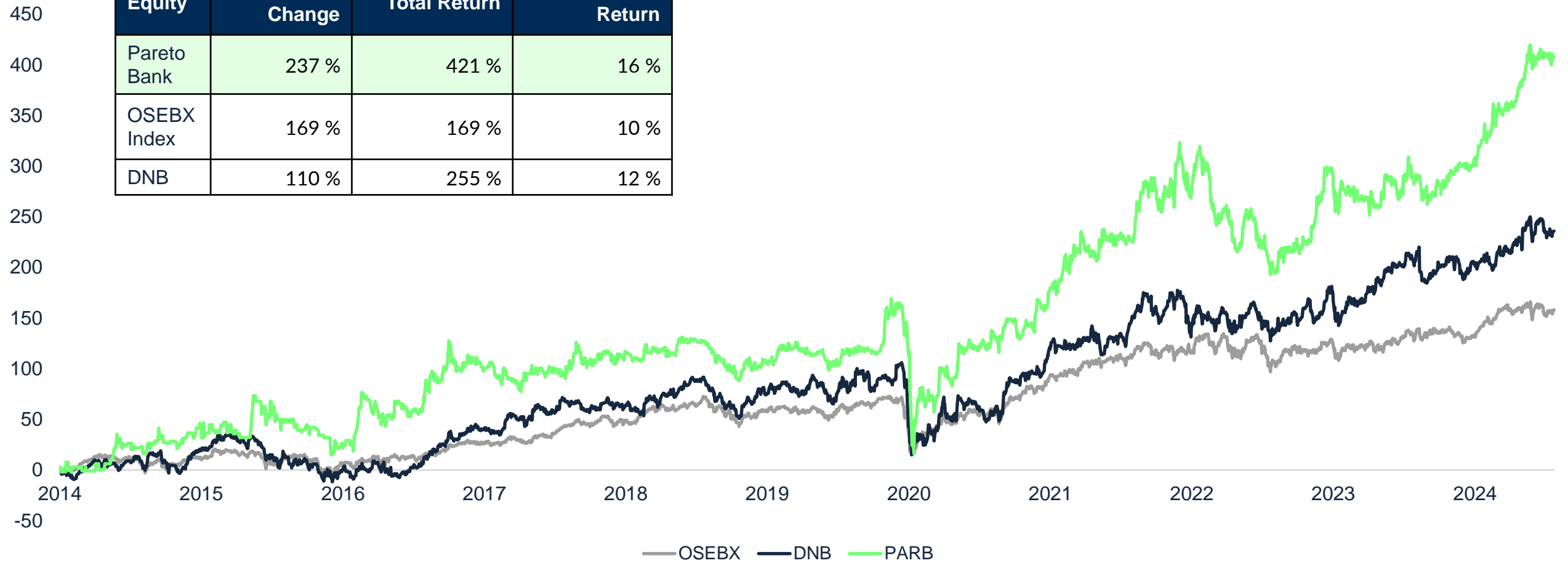
*) Offshore Accommodation credit exposure : Super Senior Revolving credit facility.

LONG-TERM AMBITIONS



TOTAL RETURN

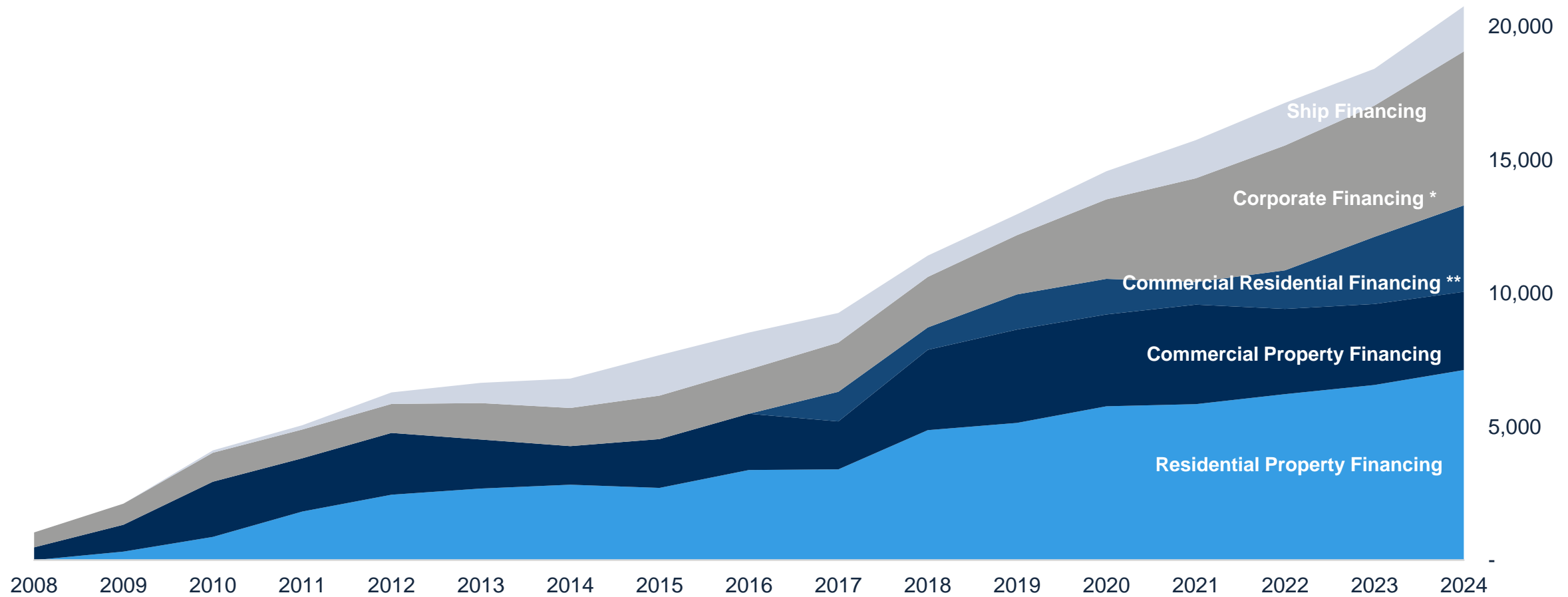
Equity	Price Change	Total Return	Annual Return
Pareto Bank	237 %	421 %	16 %
OSEBX Index	169 %	169 %	10 %
DNB	110 %	255 %	12 %



APPENDIX

LENDING GROWTH

Per business area (NOKm)



*) Including securities financing

***) Commercial residential financing reported from 2017

LARGEST SHAREHOLDERS

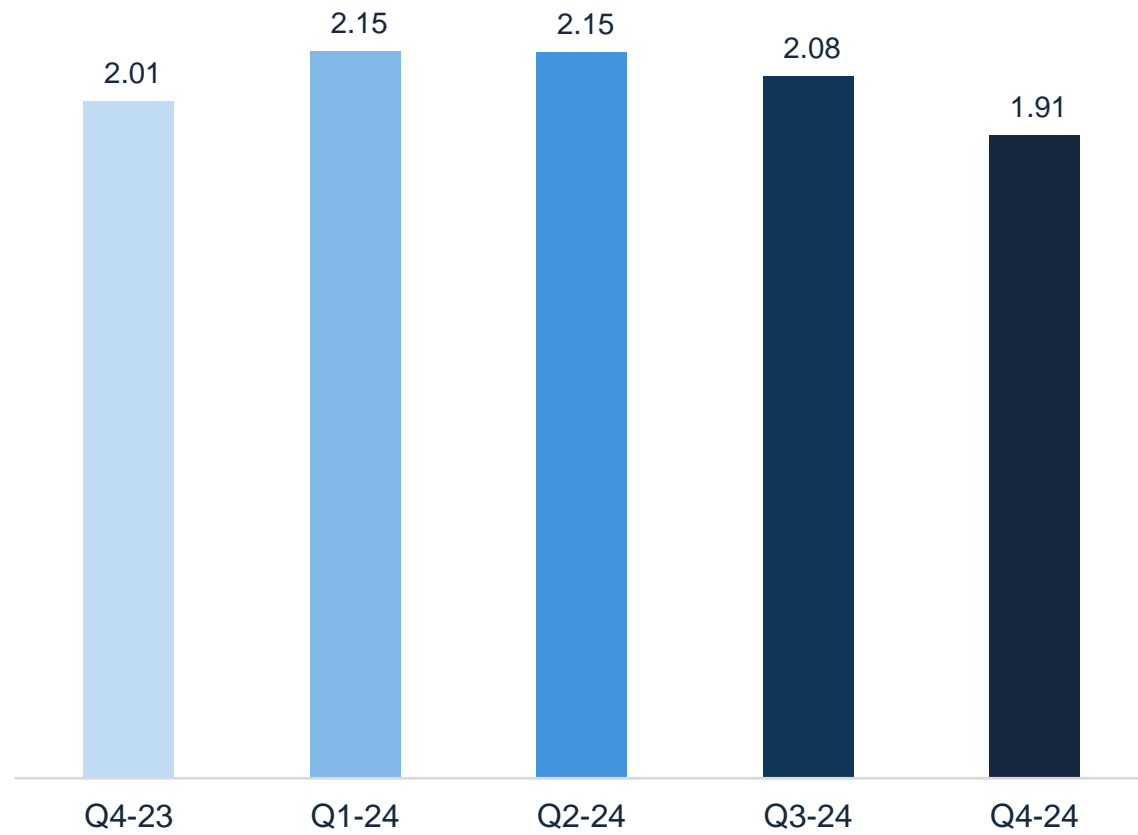
31 Desember 2024

	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	2,227,309	2.90 %
7	Landkreditt Utbytte	2,077,835	2.71 %
8	Rune Bentsen AS	2,076,377	2.70 %
9	Kolberg Motors AS	1,938,942	2.53 %
10	Dragesund Invest AS	1,257,327	1.64 %
11	OM Holding AS	1,251,512	1.63 %
12	Stenshagen Invest AS	1,220,526	1.59 %
13	Catilina Invest AS	1,134,950	1.48 %
14	AS Audley	929,252	1.21 %
15	Lombard Int Assurance S.A.	900,820	1.17 %
16	K11 Investor AS	750,000	0.98 %
17	Profond AS	731,825	0.95 %
18	Verdipapirfondet Fondsinans Norge	725,000	0.94 %
19	Castel AS	708,684	0.92 %
20	Skandinaviska Enskilda Banken AB	688,889	0.90 %
	Sum TOP 20	52,324,017	68.15 %
	Other shareholders	24,458,406	31.85 %
	Total	76,782,423	100.00 %

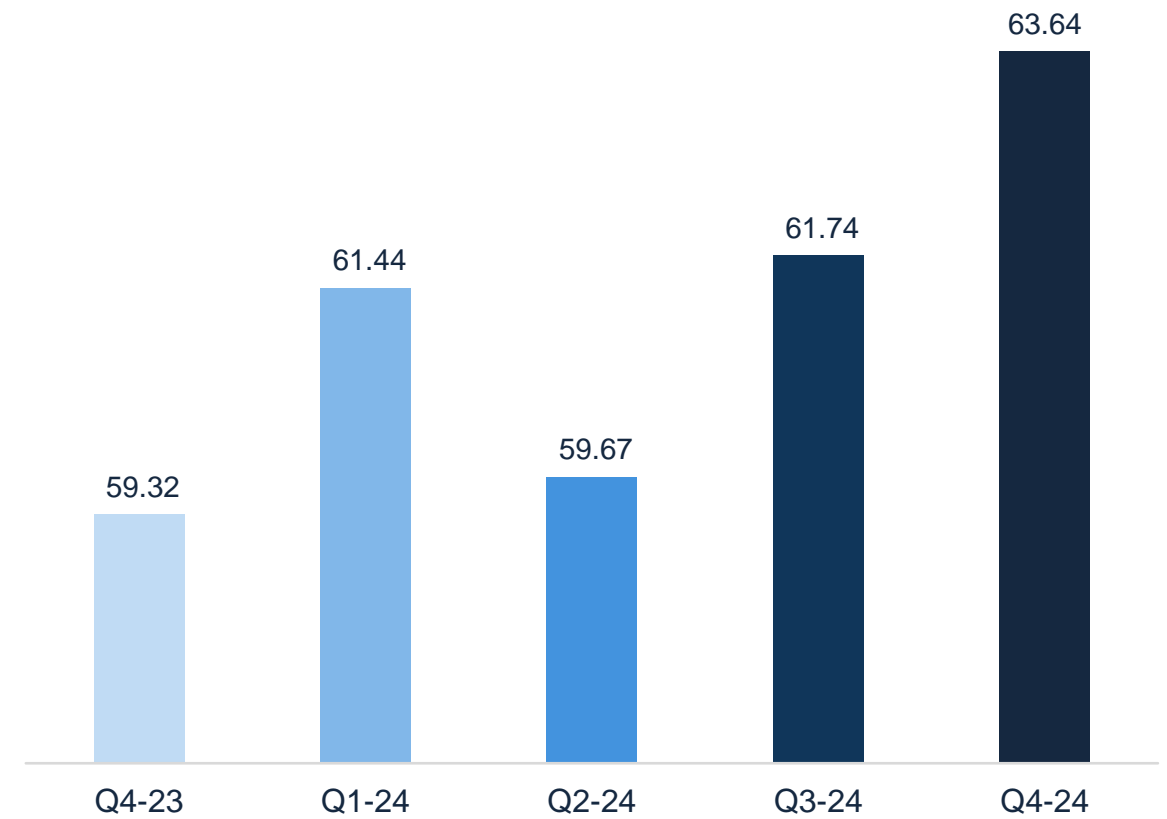
- The Company has 76,782,423 shares outstanding. One class of shares where each share carries one voting right.
- Diversified investor base with 3,630 shareholders.
- The Top 10 and 20 investors hold 56% and 68% of the shares respectively.
- Employees in Pareto Bank own 1.6%.
- All employees are covered 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)

	Q4-24	Q3-24	Q2-24	Q1-24	Q4-23
Net interest income	311.4	313.1	303.0	299.8	297.3
Net other operating income	8.9	2.1	12.5	2.4	12.1
Total net income	320.4	315.1	315.5	302.2	309.4
Total operating expenses	55.7	57.7	56.3	55.6	51.1
Operating profit before impairments and losses	264.6	257.4	259.3	246.6	258.3
Impairments and losses on loans and guarantees	55.3	30.9	26.0	15.3	42.1
Pre-tax operating profit	209.4	226.5	233.2	231.3	216.2
Tax expense	49.6	53.3	55.1	55.2	51.2
Interest hybrid capital	13.4	13.4	13.0	10.7	11.0
Profit for the period	159.8	173.2	178.2	176.1	165.0
Earnings per share (NOK)	1.91	2.08	2.15	2.15	2.01
Return on equity	12.2 %	13.7%	14.2%	14.3%	13.8%
Cost/income ratio	17.4 %	18.3%	17.8%	18.4%	16.5%

QUARTERLY BALANCE SHEET

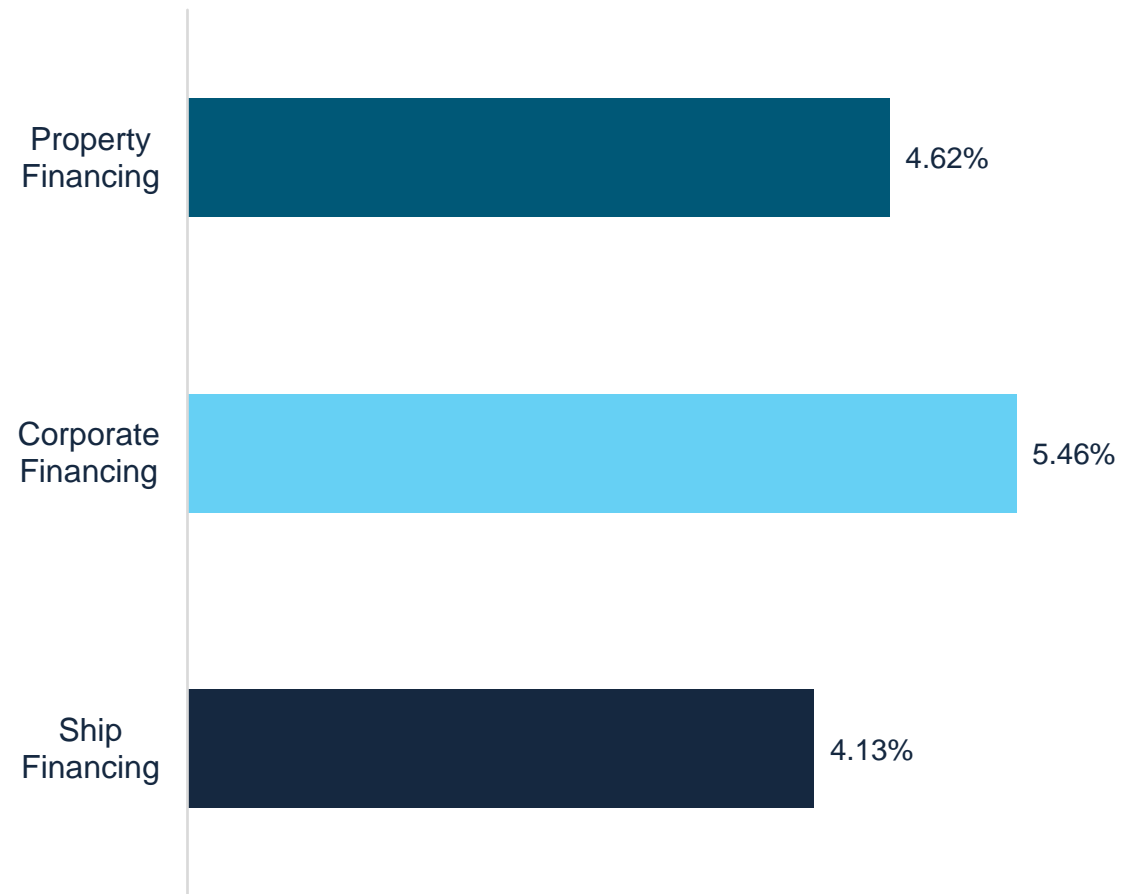
(NOKm)

	Q4-24	Q3-24	Q2-24	Q1-24	Q4-23
Loans to credit institutions	2,640	1,930	1,432	1,174	1,651
Loans to customers	20,713	19,419	19,585	18,928	18,518
Bonds and other securities	3,659	4,240	5,331	5,923	5,422
Shareholdings in associated companies	34	22	22	22	22
Other assets	191	217	213	172	234
Total assets	27,237	25,829	26,583	26,219	25,847
Deposits from customers and institutions	13,304	12,116	13,046	12,392	12,023
Senior securities issued	7,347	7,284	7,366	7,570	7,756
Other liabilities	450	438	339	391	363
Tier 2 subordinated securities issued	700	700	700	699	699
Additional tier 1 capital	550	550	550	450	450
Other equity	4,887	4,740	4,582	4,717	4,555
Total liabilities and equity	27,237	25,829	26,583	26,219	25,847

MARGINS AND INTEREST CONTRIBUTION

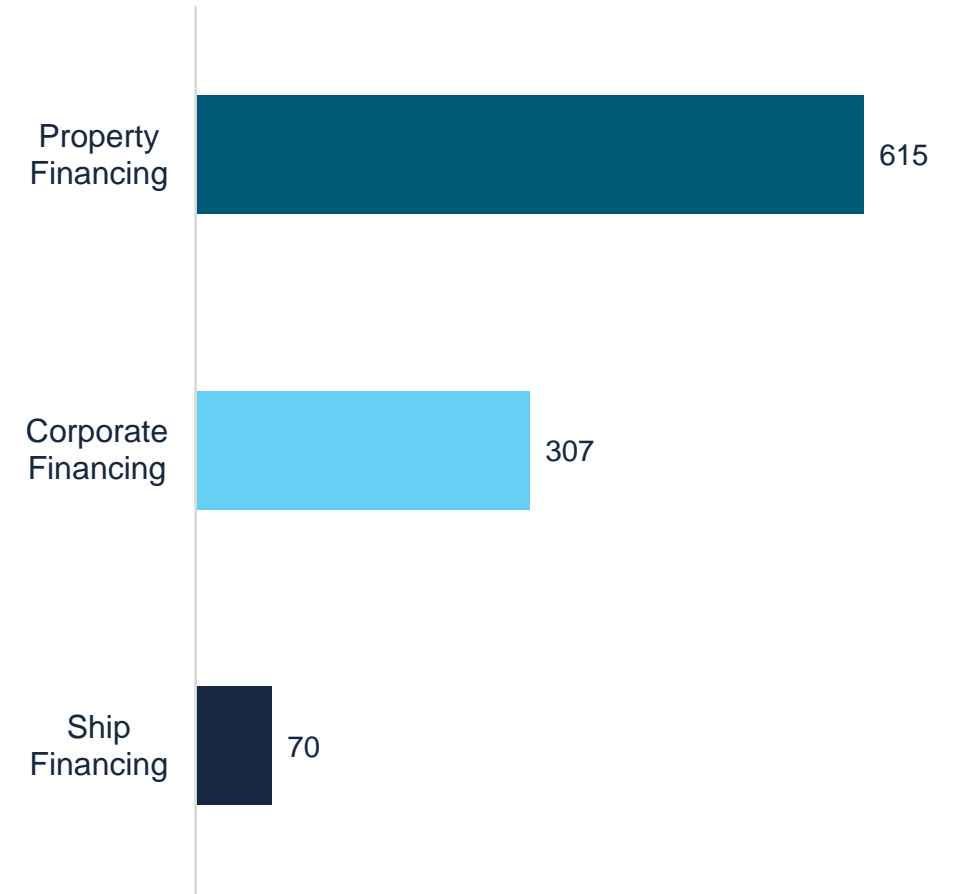
Margins per business area

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.



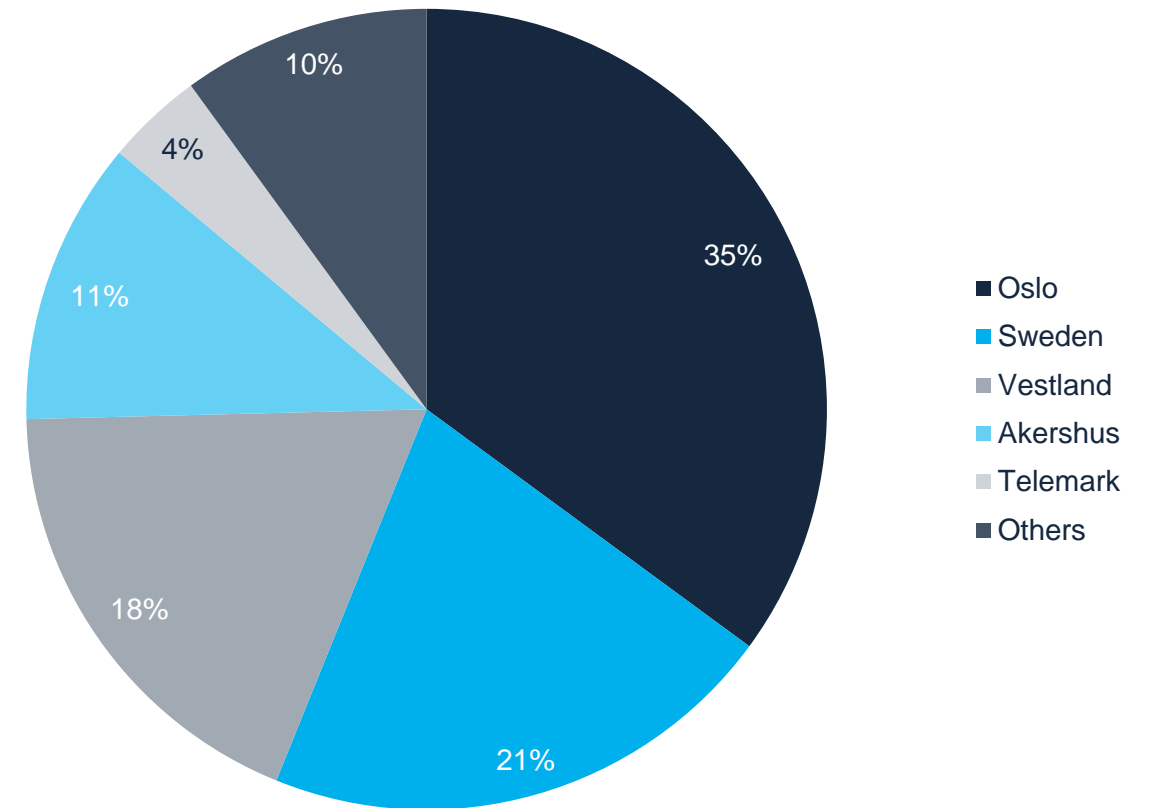
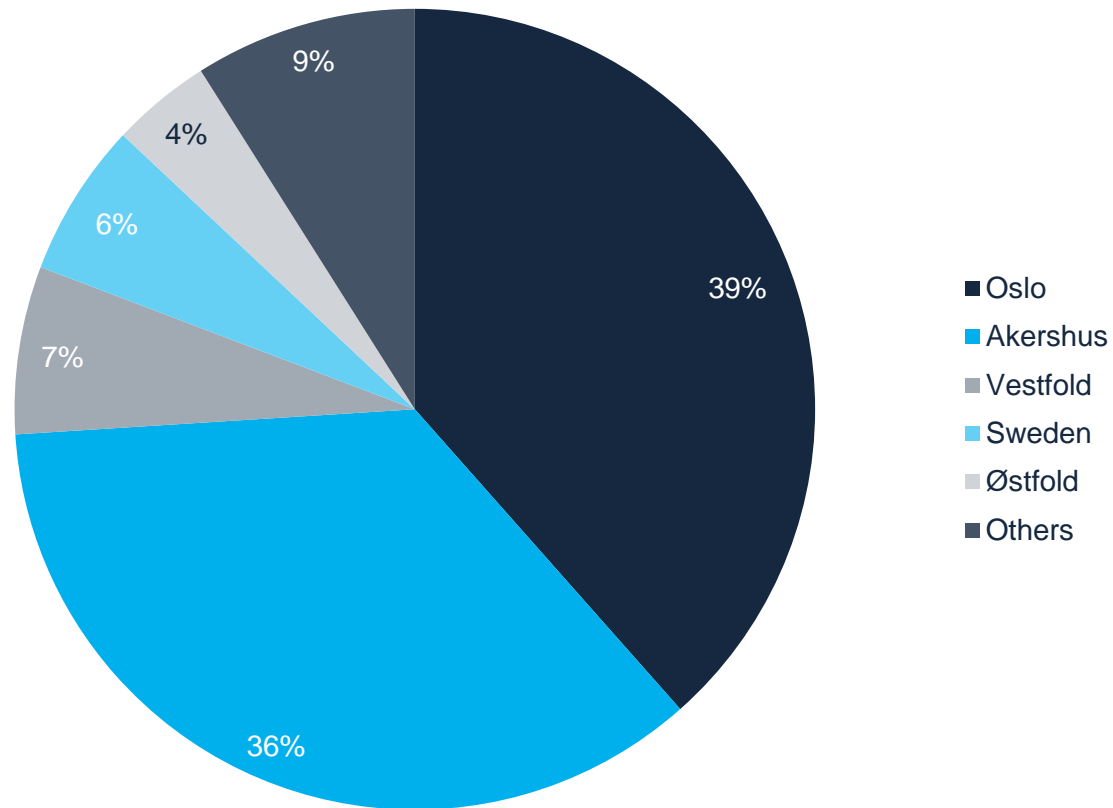
REAL ESTATE FINANCING EXPOSURE

Geographical residential property exposure

Total NOK 13,197m*

Geographical commercial property exposure

Total NOK 2,964m*



SWEDEN

Continued growth

- High deal flow throughout 2024 ensured strong volume growth towards year-end.
- Growth primarily within residential property development.
- Continued focus on expanding network and customer base.
- Good credit quality ensures an attractive risk/reward.
- Relatively unchanged exposure is expected in Q1-25.

Branch establishment

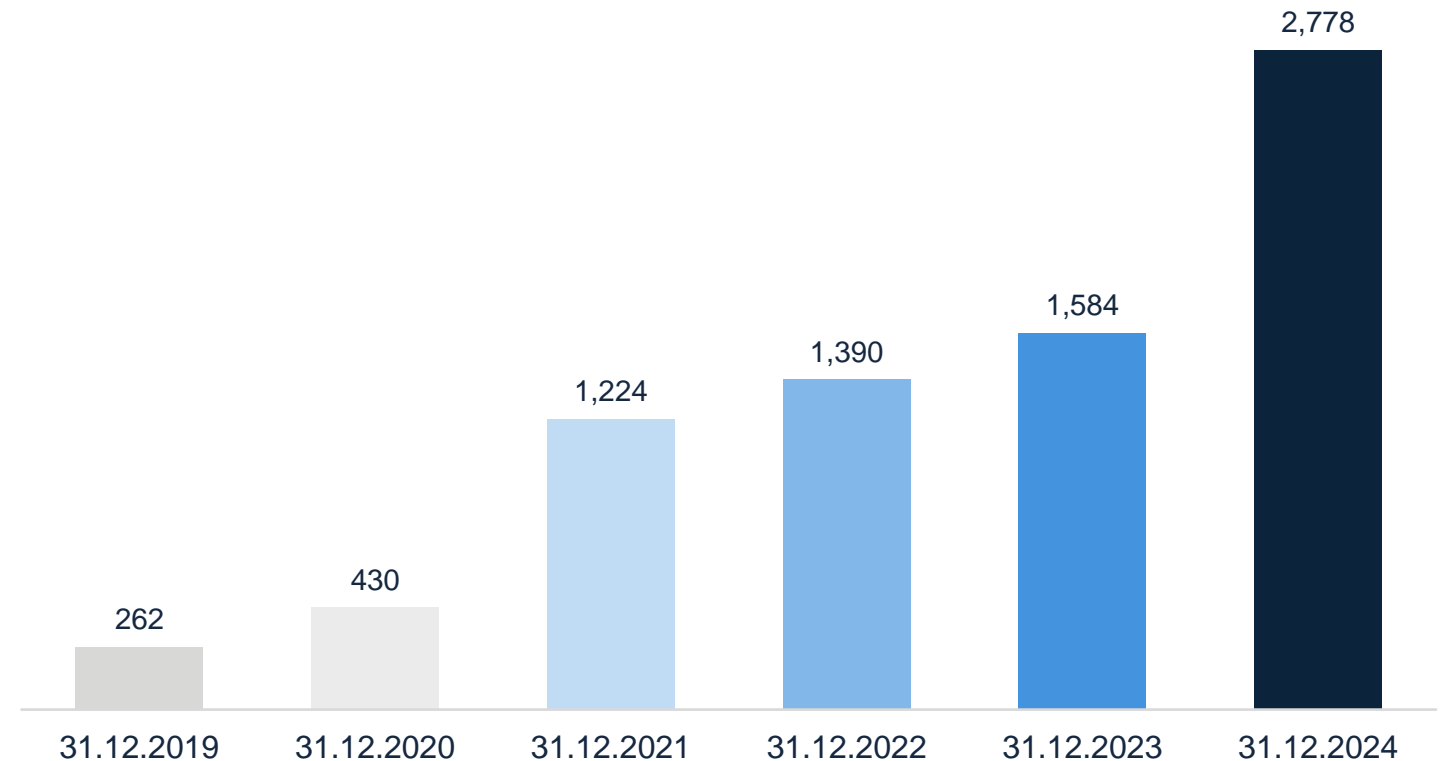
- Swedish branch (“Pareto Bank ASA Filial Sverige”) registered at the Swedish Companies Registration Office (SCRO) in Q4-24.
- Staff increased from two to three employees, all from the Oslo office. Full-time presence in Stockholm from January 1st.
- Website for Swedish customers launched in Q4-24.

Long-term goal

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

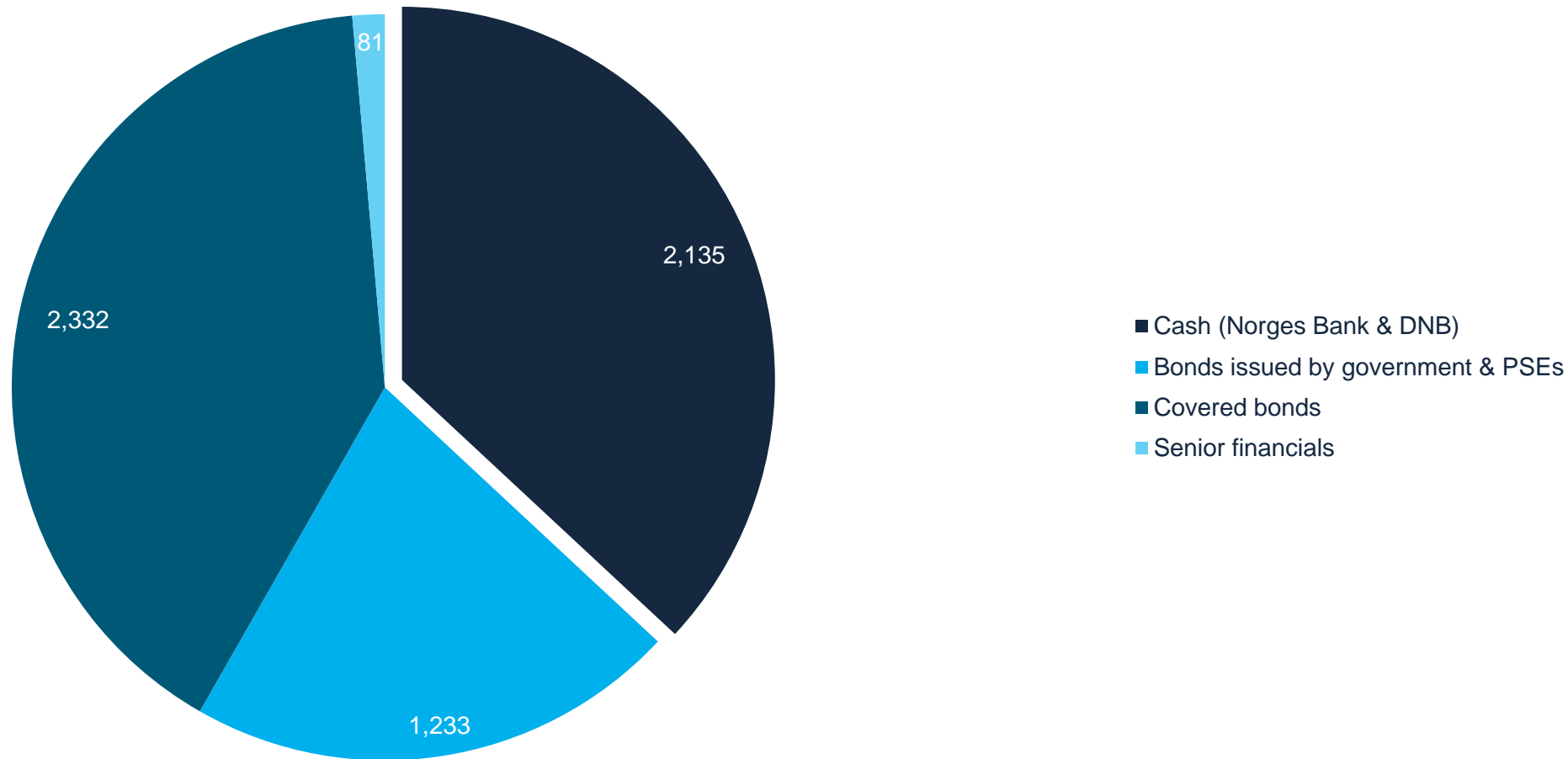
Exposure in Sweden (NOKm)

Total NOK 2,778m



LIQUIDITY BUFFER

Low credit and market risk (NOKm)

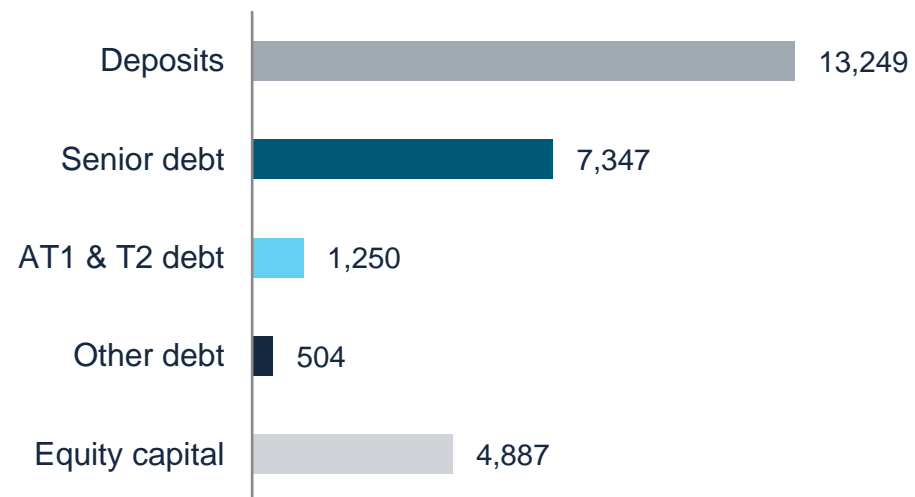


Comments

- 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)

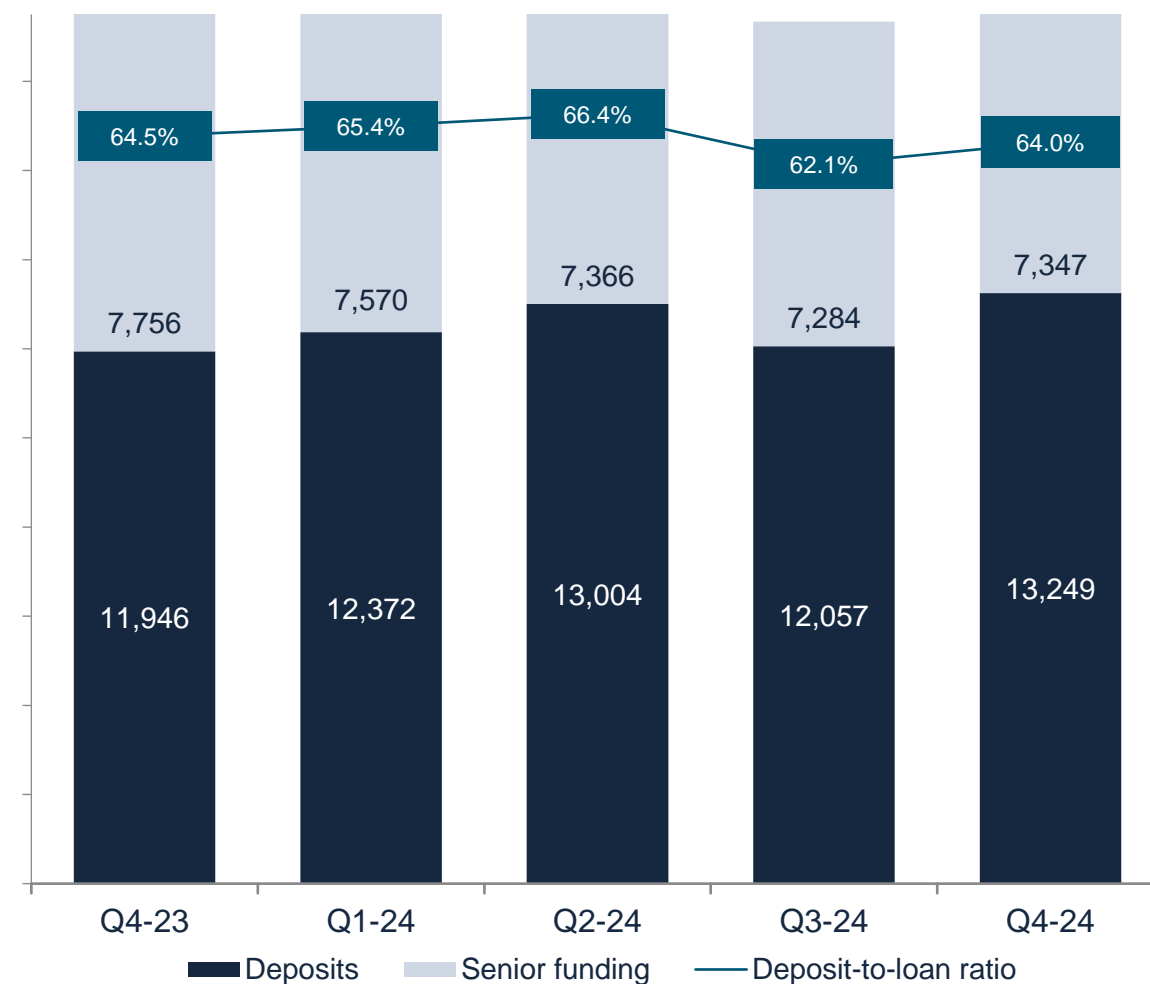


Key funding and liquidity ratios

- Deposits with liquidity restrictions 74 %
- Corporate deposits 59 %
- Deposit-to-loan ratio 64 %
- Liquidity Coverage Ratio 511 %
- Net Stable Funding Ratio 165 %

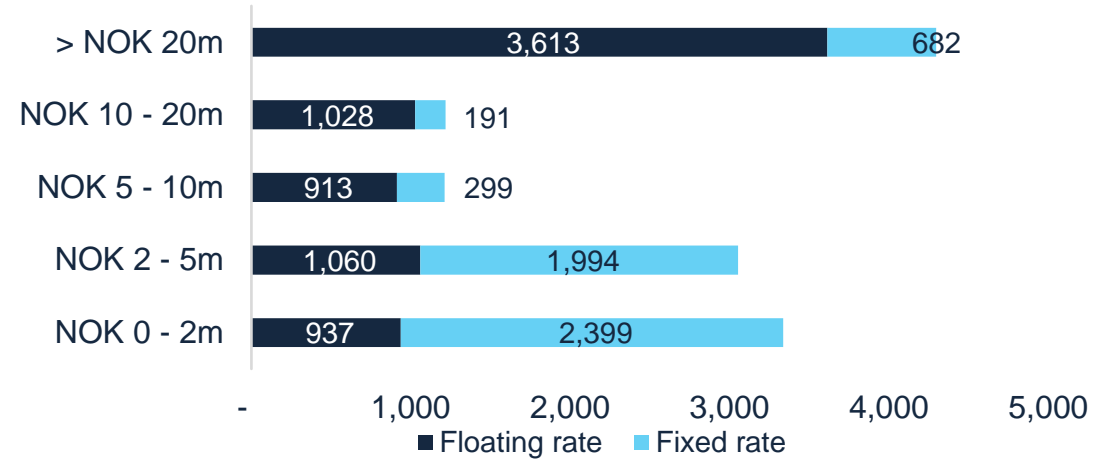
Deposits & senior debt

NOKm,
Percent customer deposits of net lending to customers

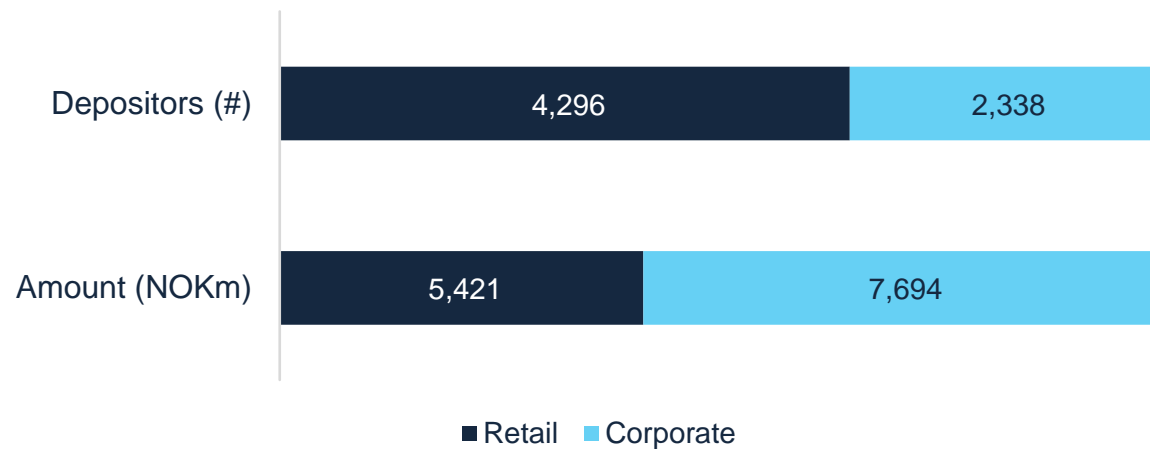


CUSTOMER DEPOSITS

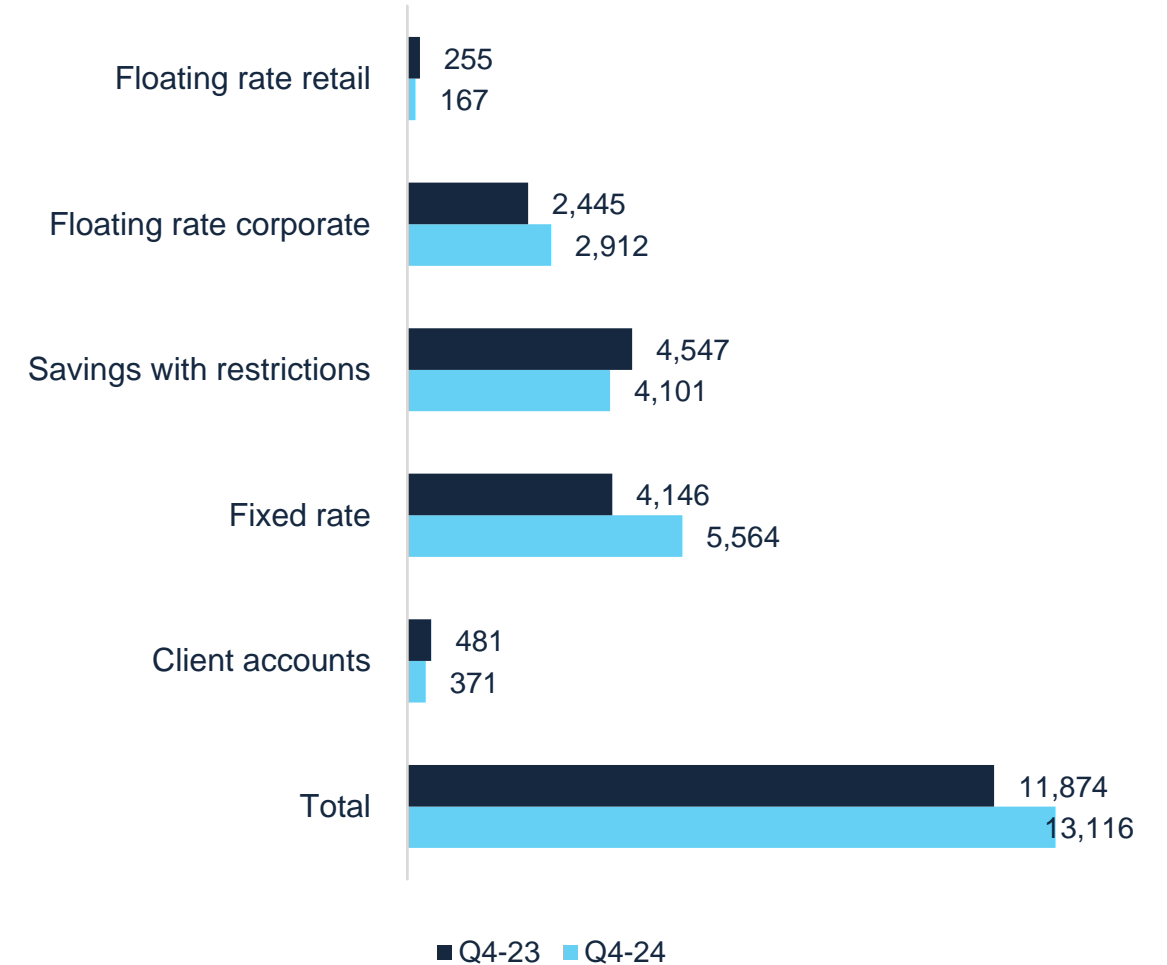
Deposits by size (NOKm)



Deposits by type (NOKm)

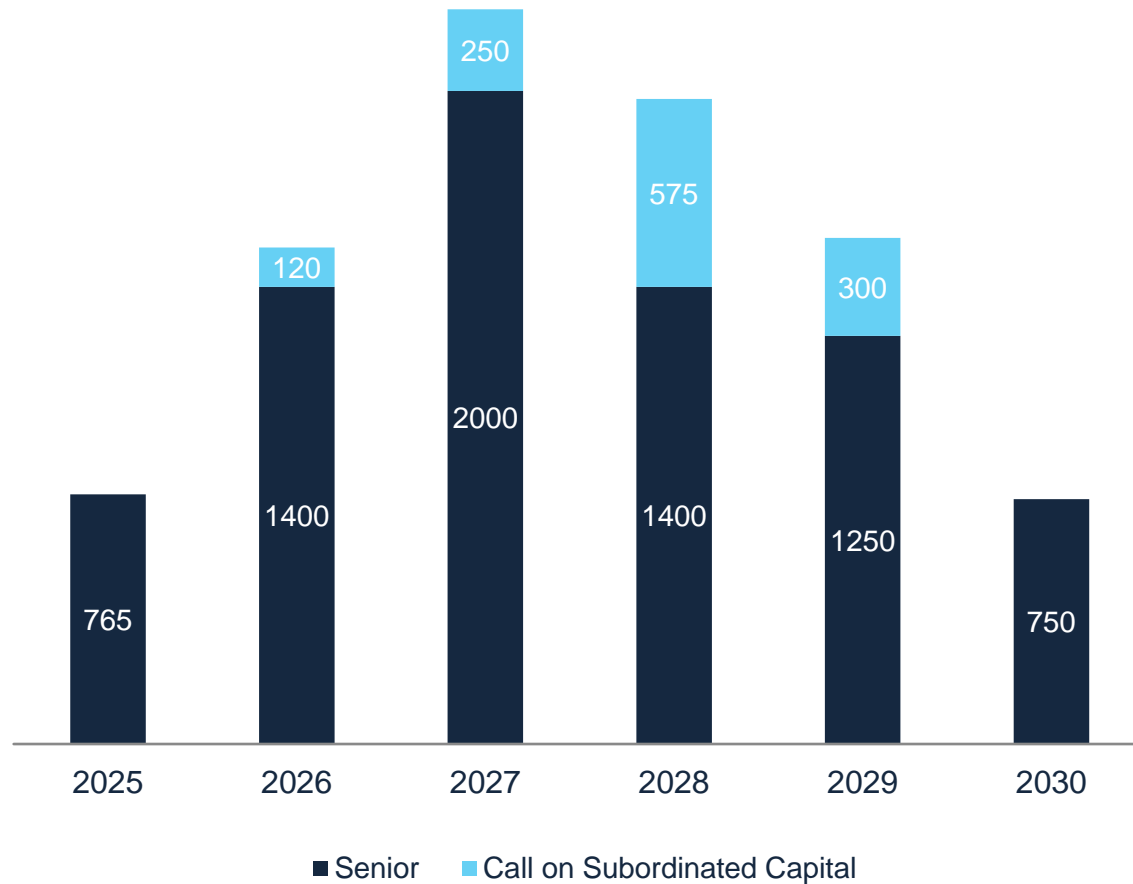


Deposits by product (NOKm)

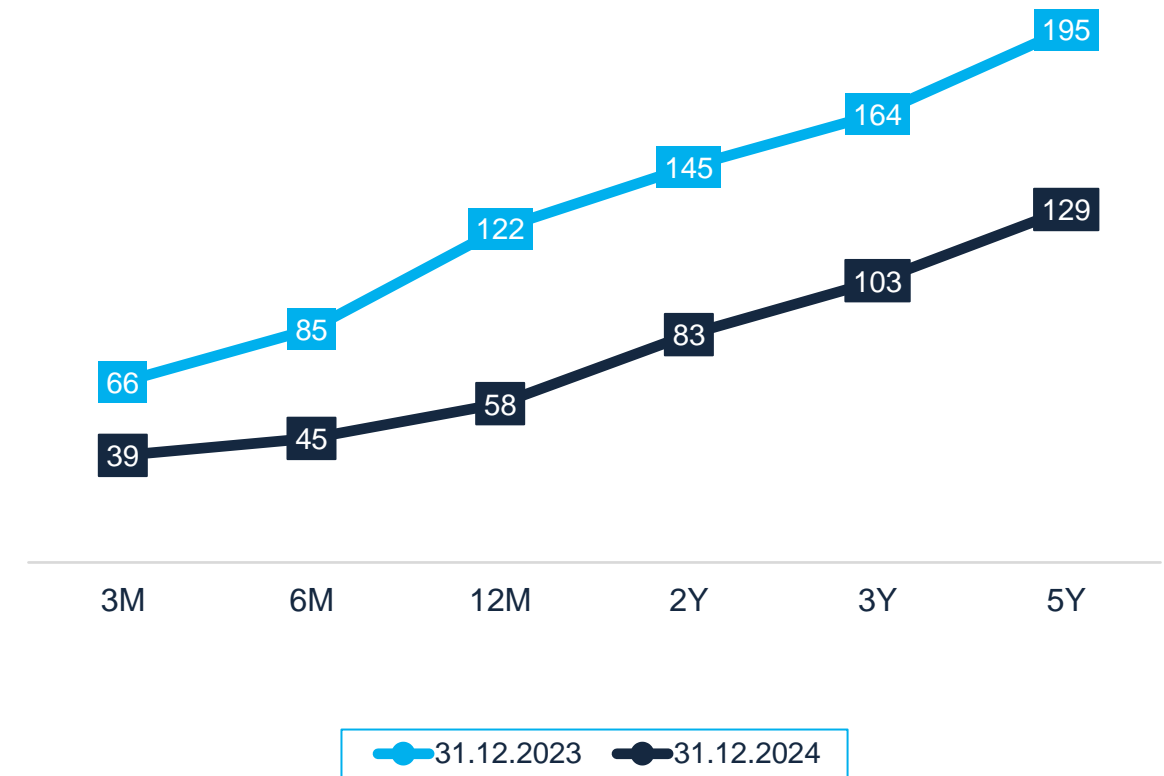


MARKET FUNDING

Market funding maturities (NOKm) *



Cost of new market funding **

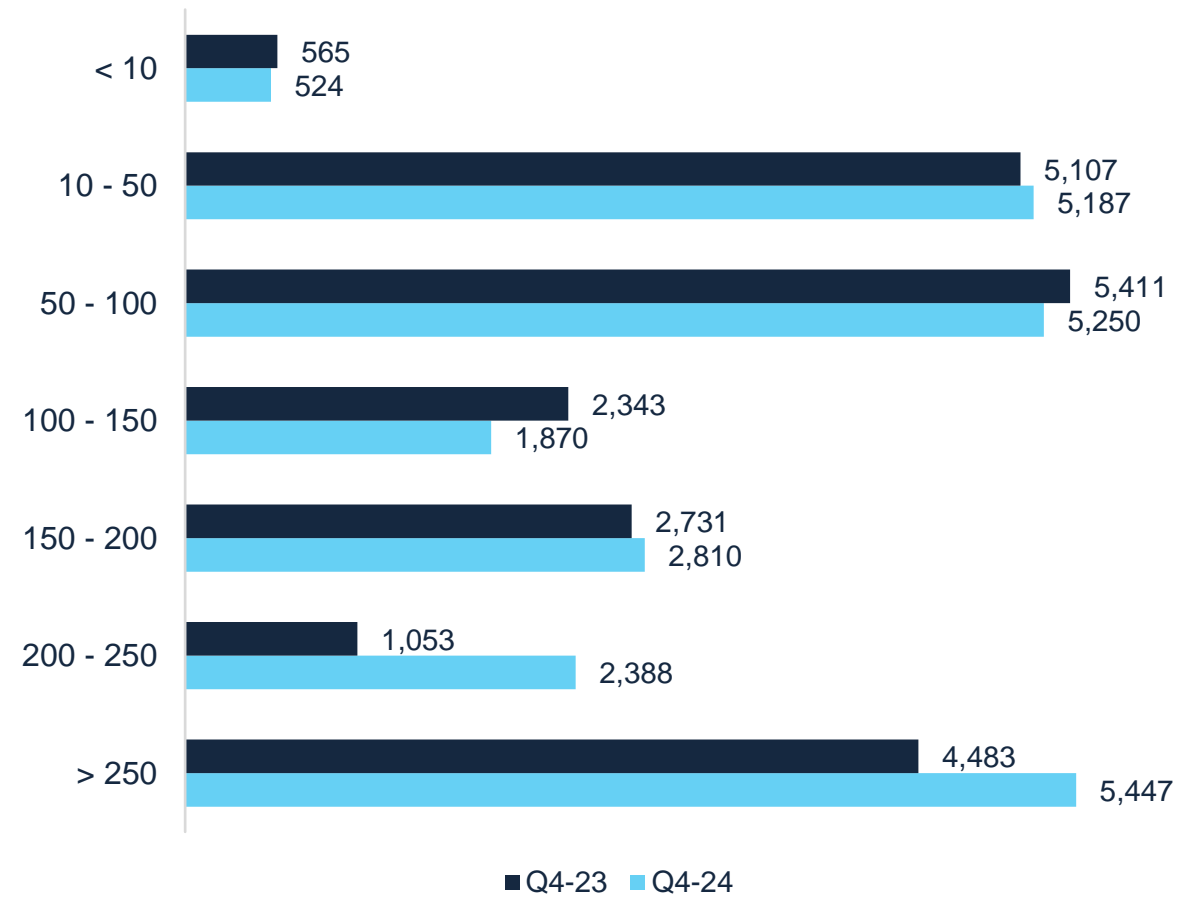


*) Net of own holdings as of 31.12.2024.

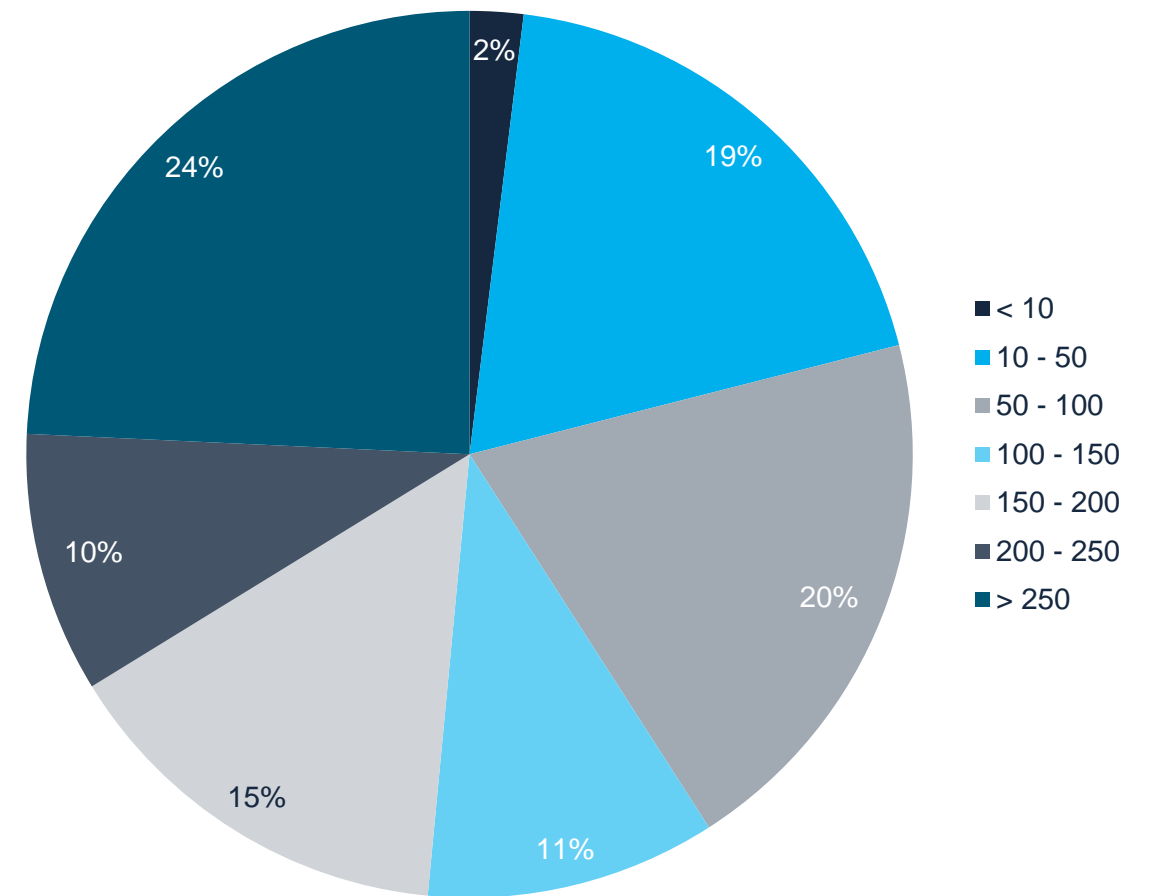
**) Floating rate coupon for new bond issue per maturity (basis points over 3M Nibor).

COMMITMENTS BY SIZE

Commitment size per customer (NOKm)

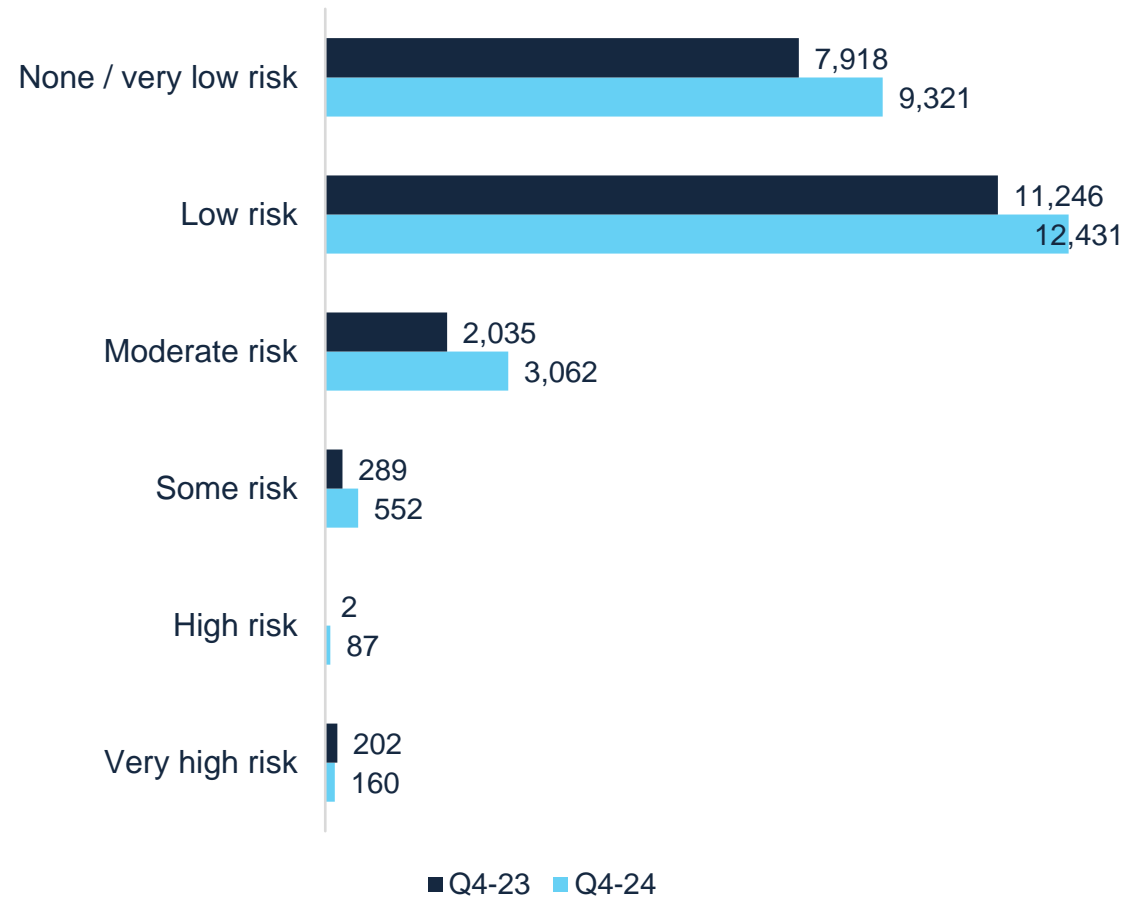


Distribution of commitments by size (NOKm)

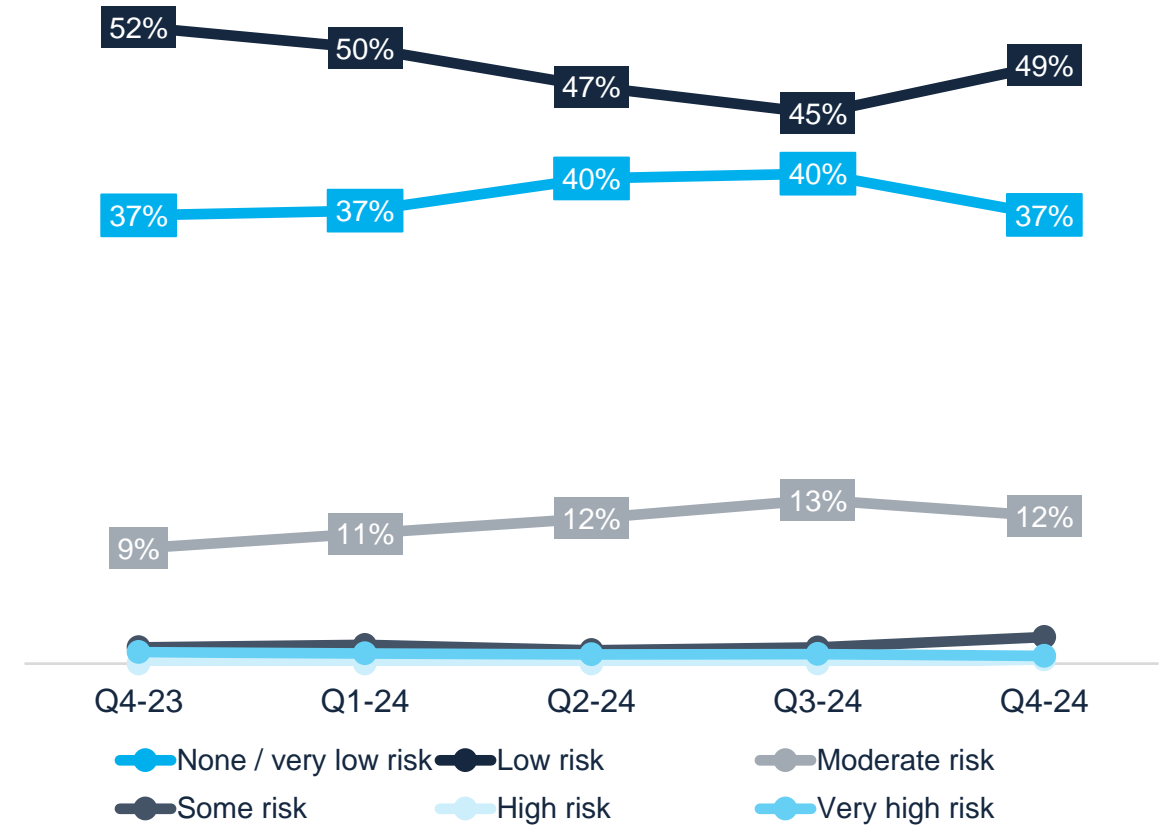


COMMITMENTS BY RISK CLASSIFICATION

Risk classification (NOKm)

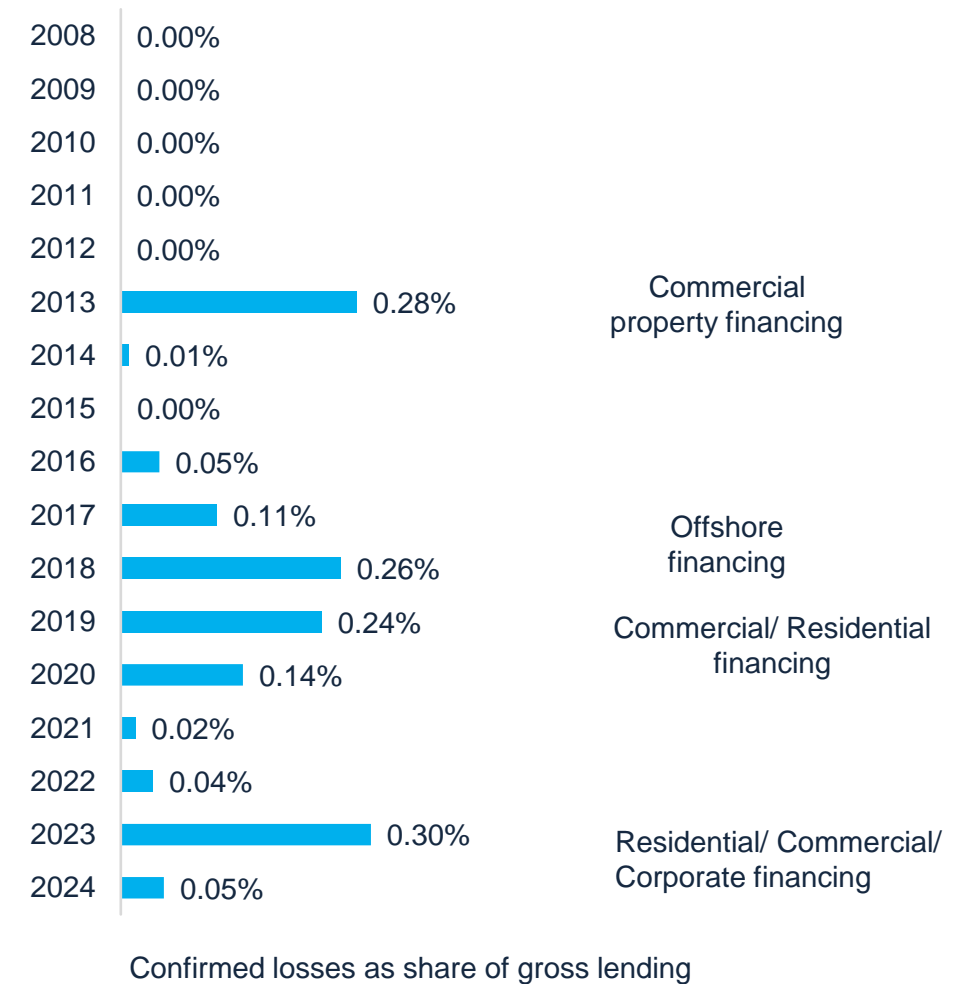


Historical risk classification



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 173 billion during the past 17 years. Total confirmed losses make up about 0.11 % of accumulated lending.
- Average ratio of annual confirmed losses to gross lending is 0.09 % per year.



Pareto bank