

PARETO BANK

Financial Results – First Quarter 2025

Highlights

Financials

Business Area Update & Outlook

FIRST QUARTER 2025

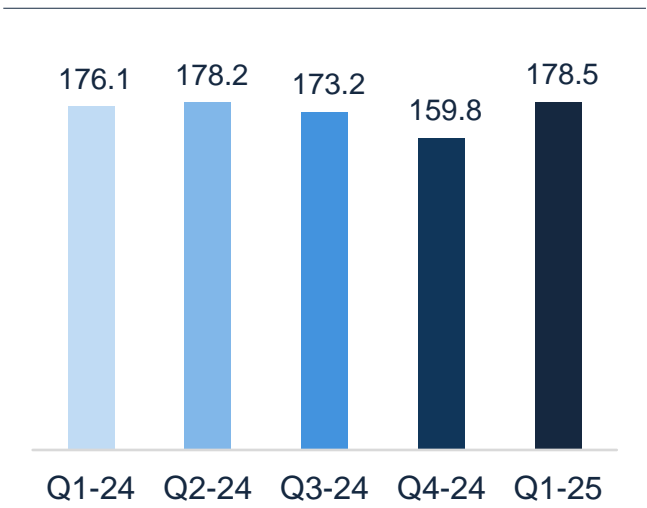
Highlights

- Profit after tax NOK 178.5m (NOK 176.1m in Q1-24).
- Return on equity after tax 13.5% (14.3%).
- Net interest income up to NOK 315.4m (NOK 299.8m).
- Lending at the end of the quarter stood at NOK 20,864m (NOK 18,928m). Average lending was up 4% q/q after strong growth at the end of Q4. Strong capital focus in Q1-25.
- Continued focus on expanding network and customer base in Sweden. Exposure grew slightly in the quarter to NOK 2,835m after significant growth throughout 2024.
- Total impairments of NOK 37.1m (NOK 15.3m). Individual impairments NOK 29.4m (NOK 15.7m), primarily within residential property development.

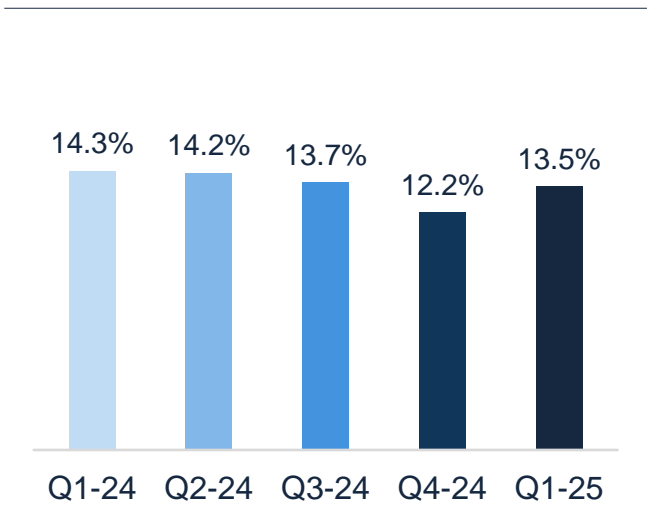


KEY FIGURES

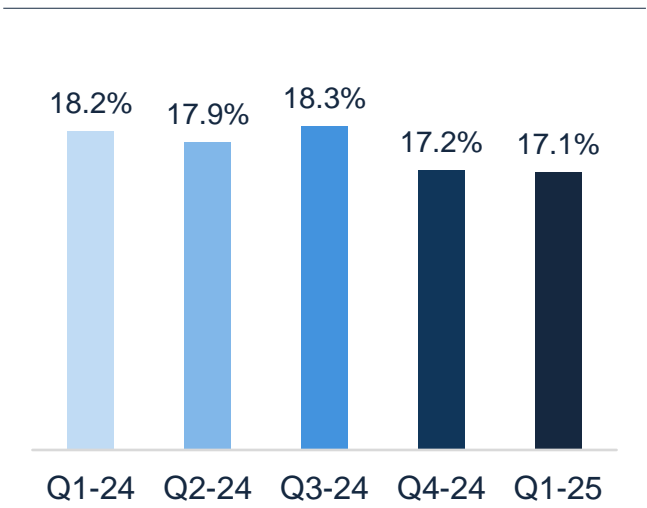
Profit after tax (NOKm)



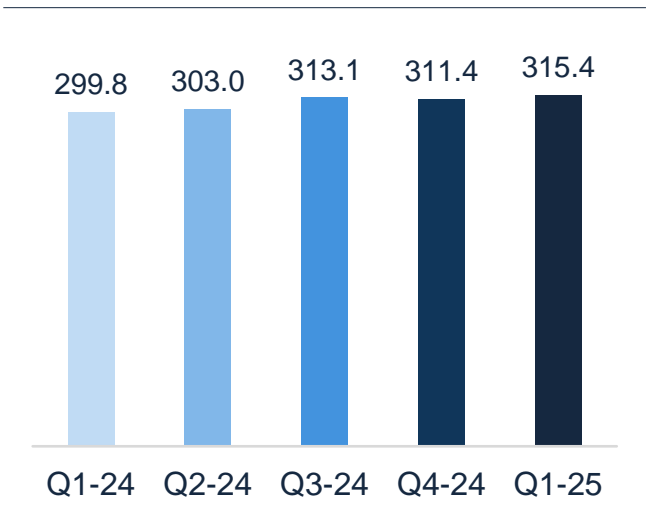
Return on Equity *



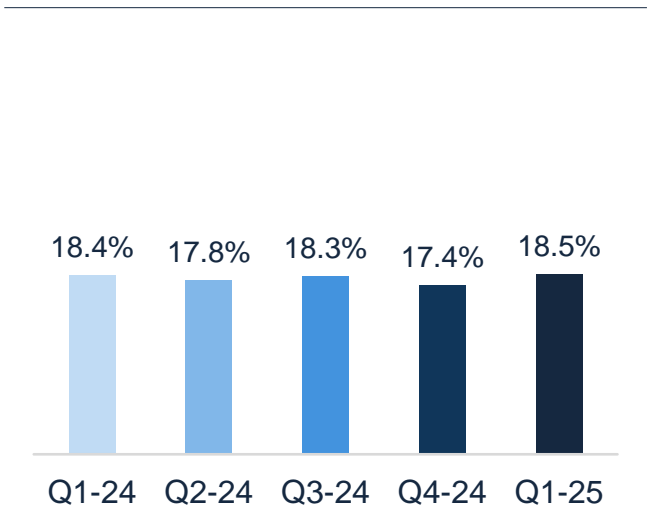
CET1 ratio



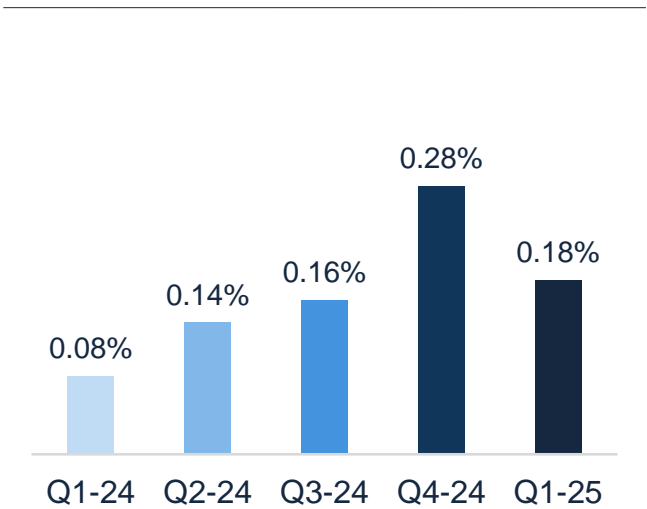
Net interest income (NOKm)



Cost/Income ratio



Loss ratio **



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

Highlights

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INCOME STATEMENT

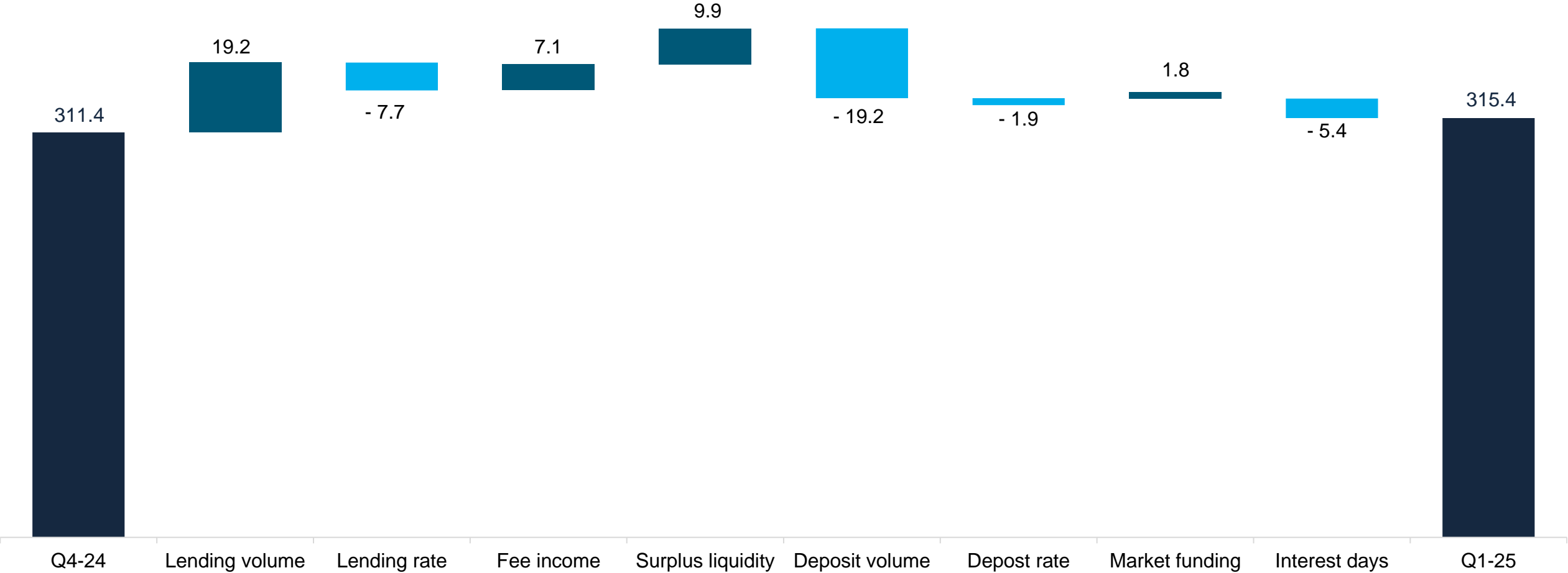
P&L (NOKm)

| | Q1-25 | Q1-24 | 2024 | 2023 |
|---|--------------|--------------|----------------|----------------|
| Net interest income | 315.4 | 299.8 | 1,227.3 | 1,112.6 |
| Net other operating income | 16.9 | 2.4 | 25.9 | 6.7 |
| Total net income | 332.3 | 302.2 | 1,253.2 | 1,119.4 |
| Total operating expenses | 61.5 | 55.6 | 225.4 | 203.5 |
| Operating profit before impairments and losses | 270.8 | 246.6 | 1,027.8 | 915.9 |
| Impairments and losses on loans and guarantees | 37.1 | 15.3 | 127.5 | 121.7 |
| Pre-tax operating profit | 233.6 | 231.3 | 900.4 | 794.2 |
| Tax expense | 55.2 | 55.2 | 213.1 | 188.7 |
| Interest hybrid capital | 13.0 | 10.7 | 50.4 | 38.9 |
| Profit to shareholders | 178.5 | 176.1 | 687.3 | 605.5 |
| Earnings per share (NOK) | 2.16 | 2.15 | 8.29 | 7.38 |

- Interest income up with average lending volumes up 4% q/q.
- Lending margins relatively stable, while pressure on deposit margins continued. Deposit volume increased with above NOK 1bn in Q1-25, primarily on long-term fixed rate contracts.
- NOK 12.6m of fair value gains (neg. NOK 0.3m).
- Continued strong operational efficiency with cost/income ratio of 18.5% (18.4%) for the quarter.
- Impairments down from last quarter, but still at an elevated level.

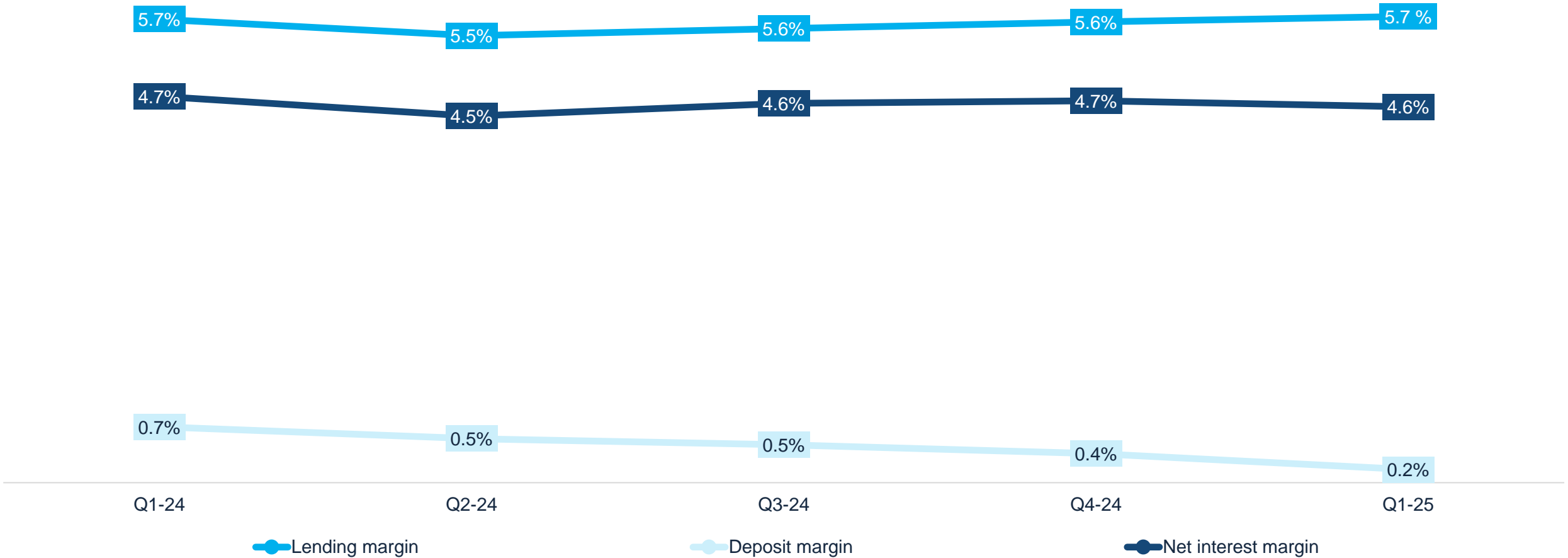
CHANGE IN QUARTERLY NET INTEREST INCOME

(NOKm)



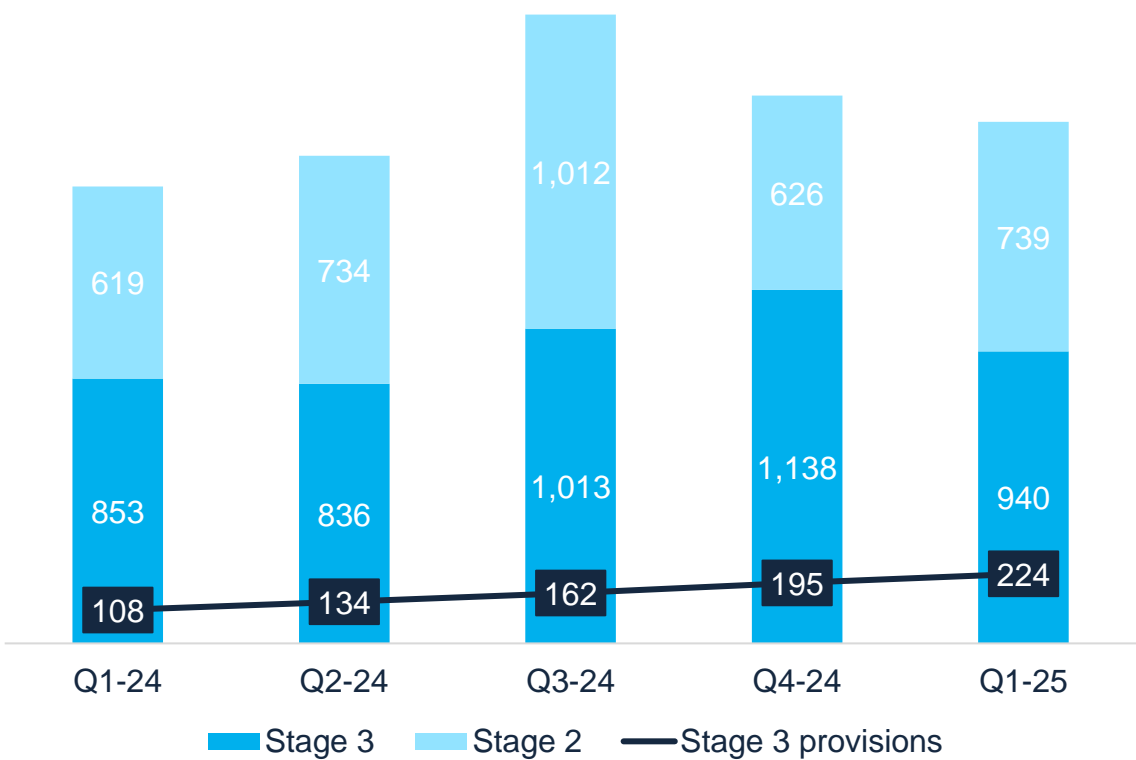
INTEREST MARGINS

Lending and deposit margin

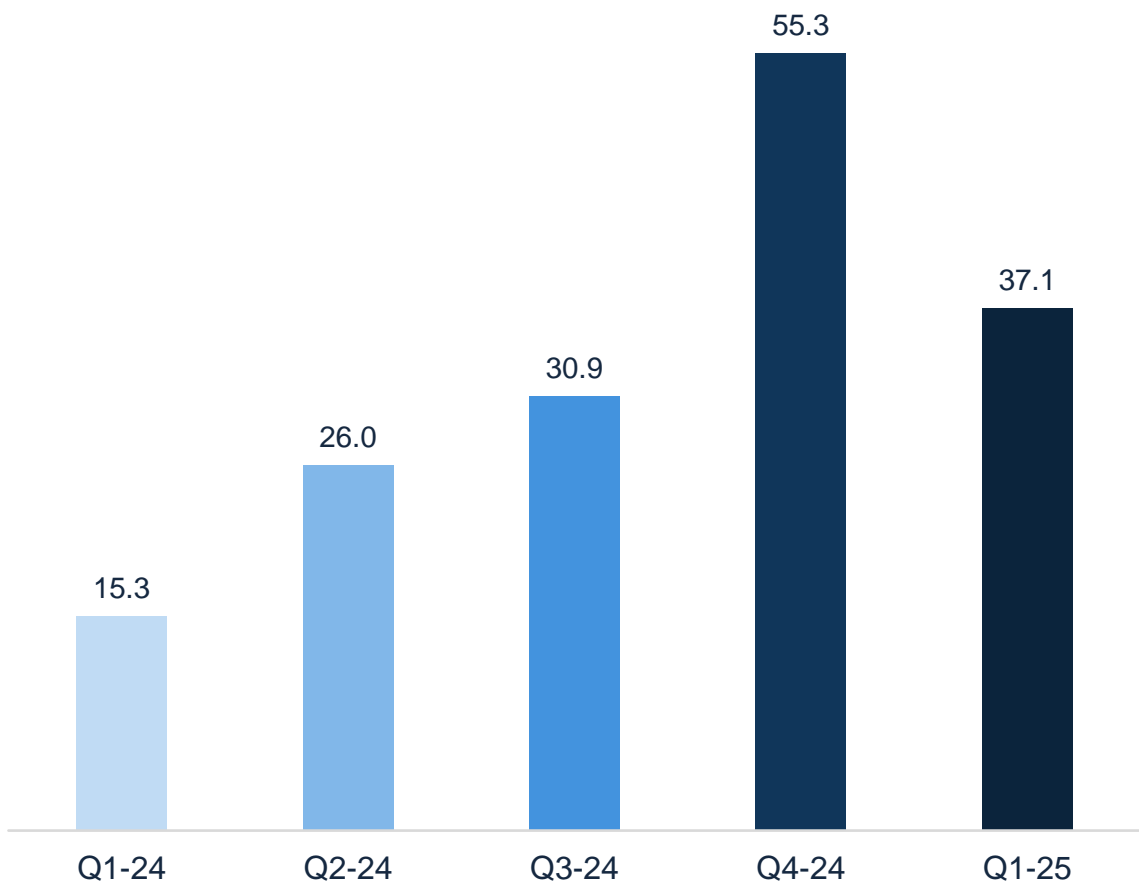


QUARTERLY CHANGE IN STAGE 2, 3 AND IMPAIRMENTS

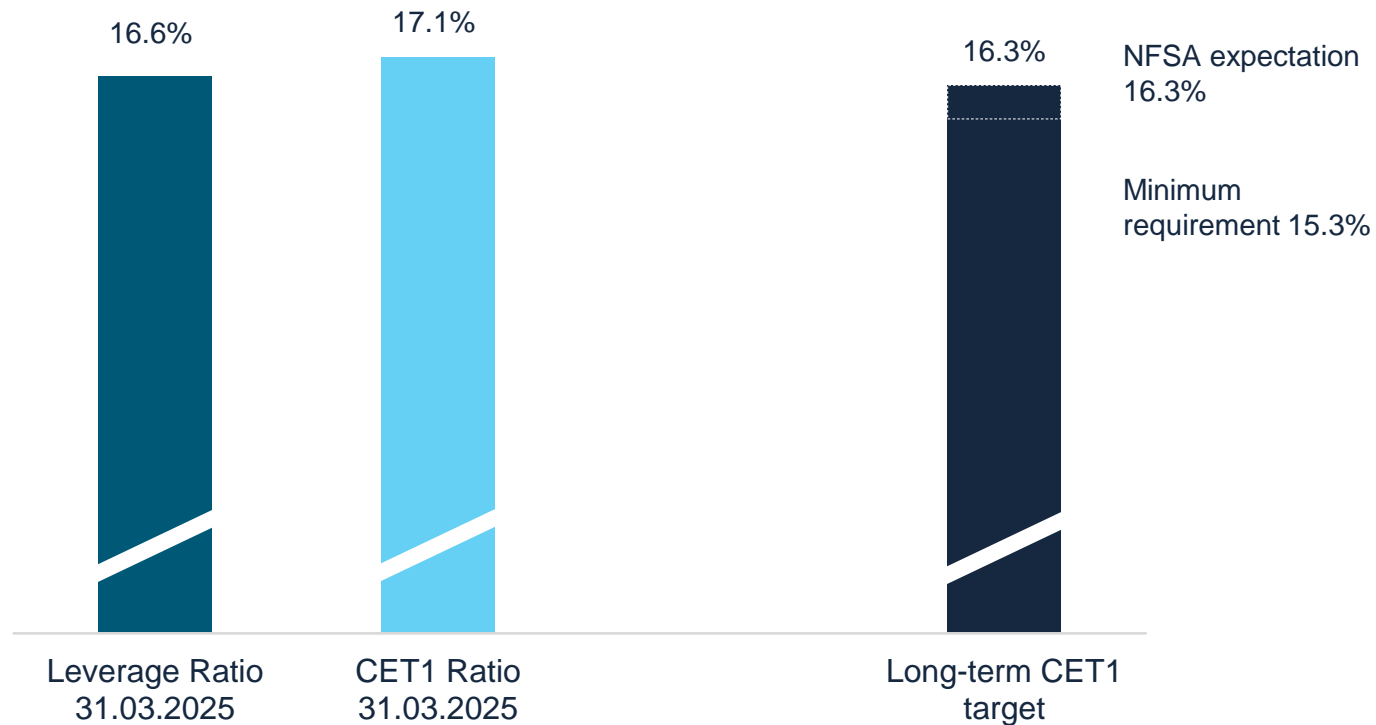
Stage 2 and 3 and provisions for stage 3 lending (NOKm)



Impairments and losses on loans and guarantees (NOKm)



SOLIDITY AND CAPITAL REQUIREMENTS



- Long-term CET1 target 16.3%, in line with the NFSA expectation.
- Pareto Bank holds 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 commercial property development.

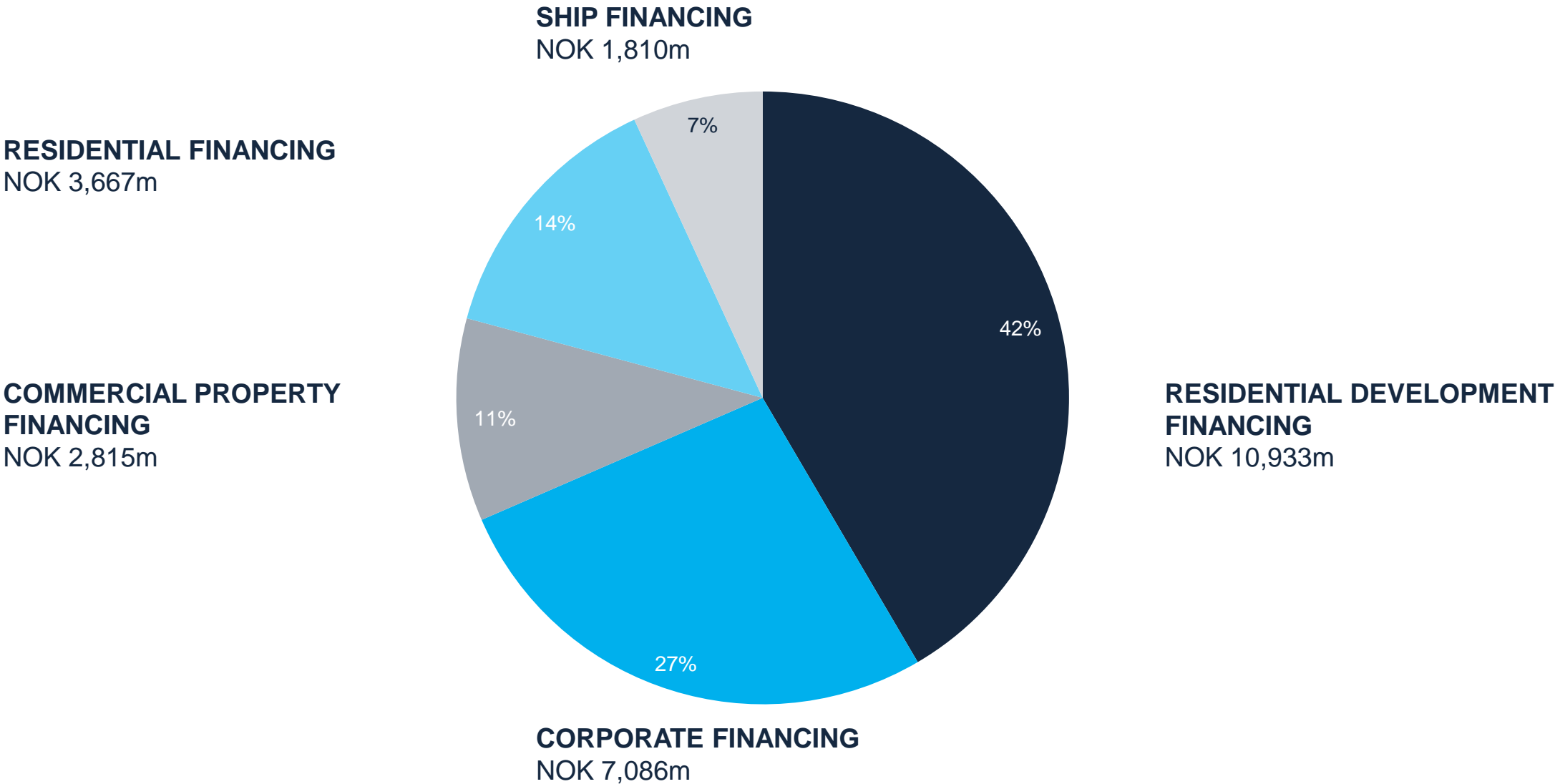
Highlights

Financials

Business Area Update & Outlook

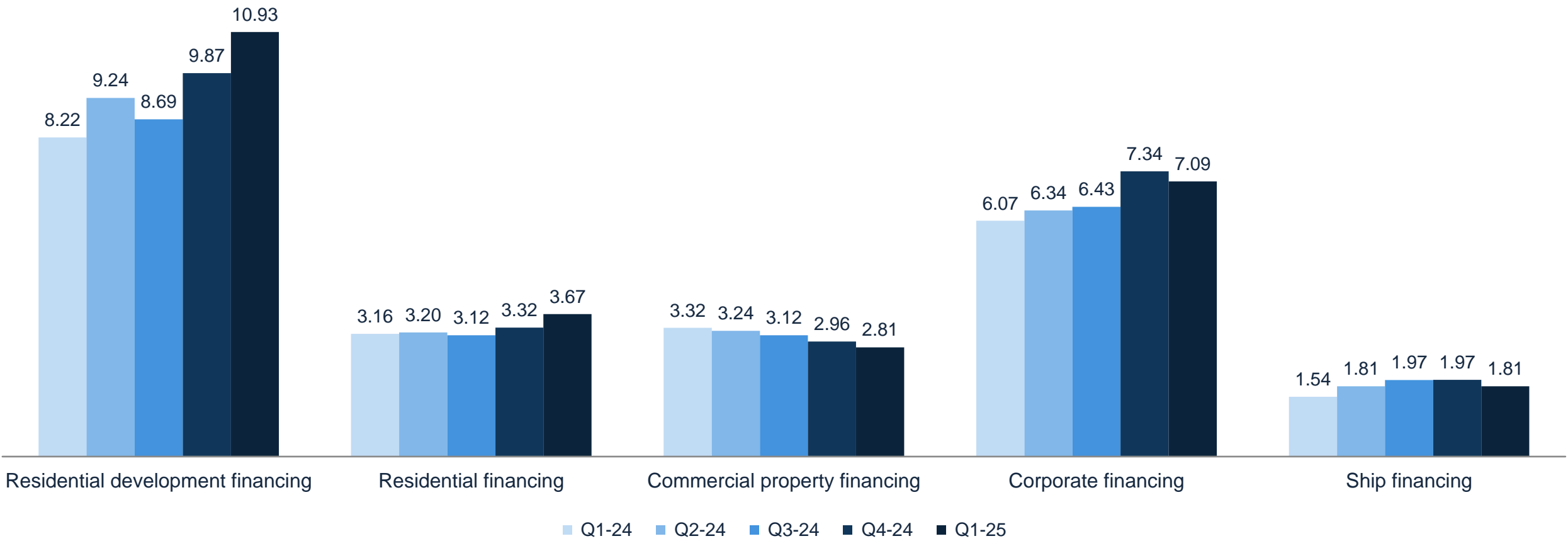
A NICHE PLAYER FINANCING MEDIUM-SIZED ENTERPRISES

Exposure (NOKm)



QUARTERLY EXPOSURE PER BUSINESS AREA

(NOKbn)



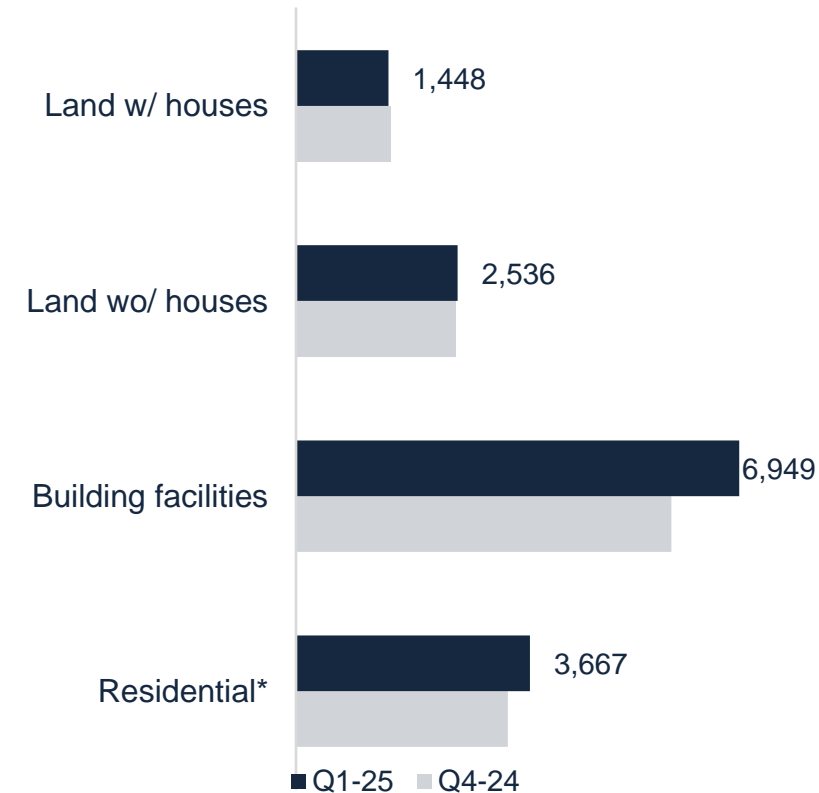
RESIDENTIAL PROPERTY FINANCING

Residential property exposure (NOKm)

Total NOK 14,600m

SOME EXPOSURE GROWTH EXPECTED IN Q2-25.

- Decent financing demand despite continued low development activity and few residential starts.
- Variations in volume is in the nature of project financing. Time of project completions and redemptions have impact on net 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.
- Lower financing costs and reduced pricing gap between new-builds and secondary should increase activity.



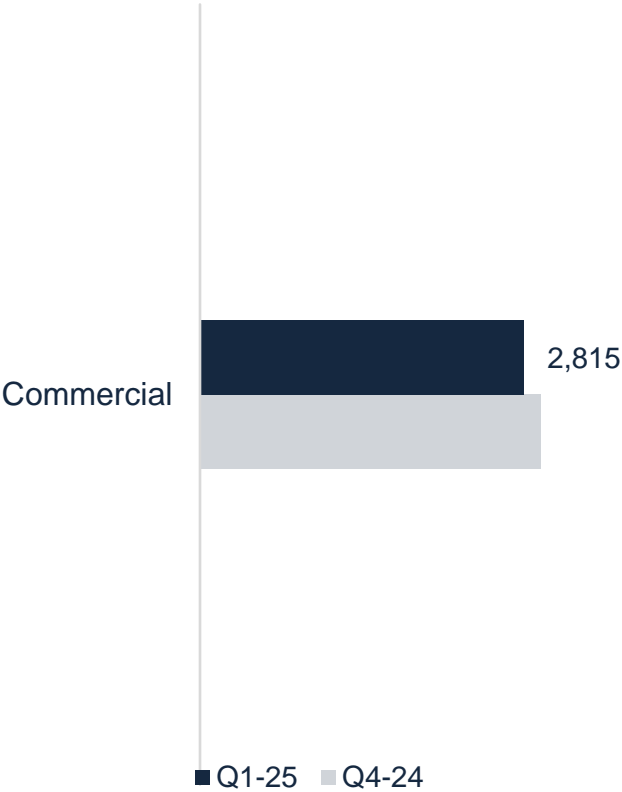
COMMERCIAL PROPERTY FINANCING

Commercial property exposure (NOKm)

Total NOK 2,815m

SUBDUED VOLUME GROWTH EXPECTED IN Q2-25.

- Long-term rate outlook remain high and the prospects of an interest rate cut have diminished significantly.
- The expected increase in transaction activity draws out.
- Continued low risk appetite and financing demand.

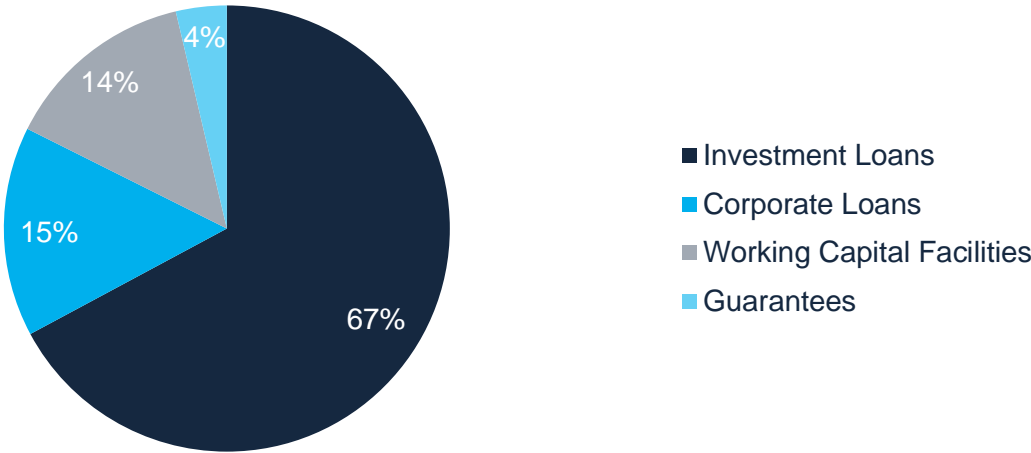
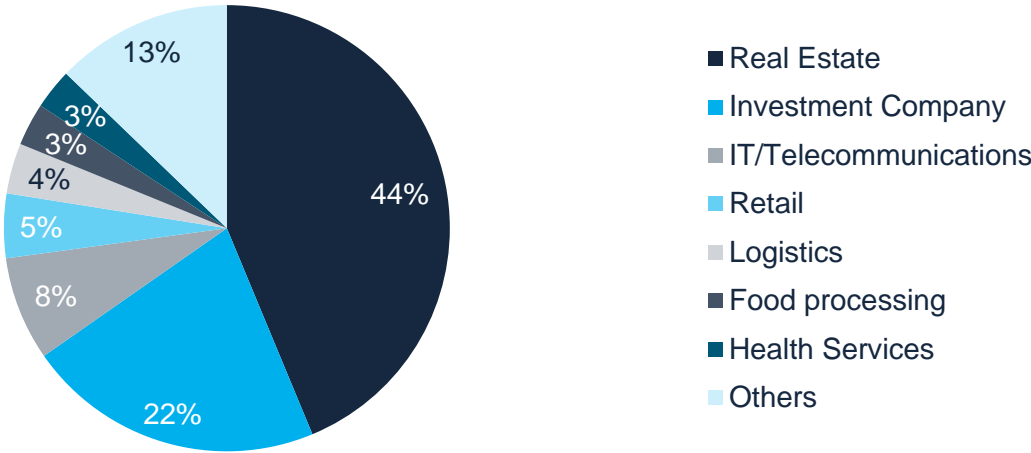


CORPORATE FINANCING

STEADY DEVELOPMENT EXPECTED IN Q2-25.

- Steady deal flow and financing demand. Loan redemptions will affect net lending growth in Q2-25.
- Continued differences in activity and profitability across industries is met with a selective credit practice.
- Pareto Bank is an attractive partner for medium-sized businesses and sees good long-term growth prospects.

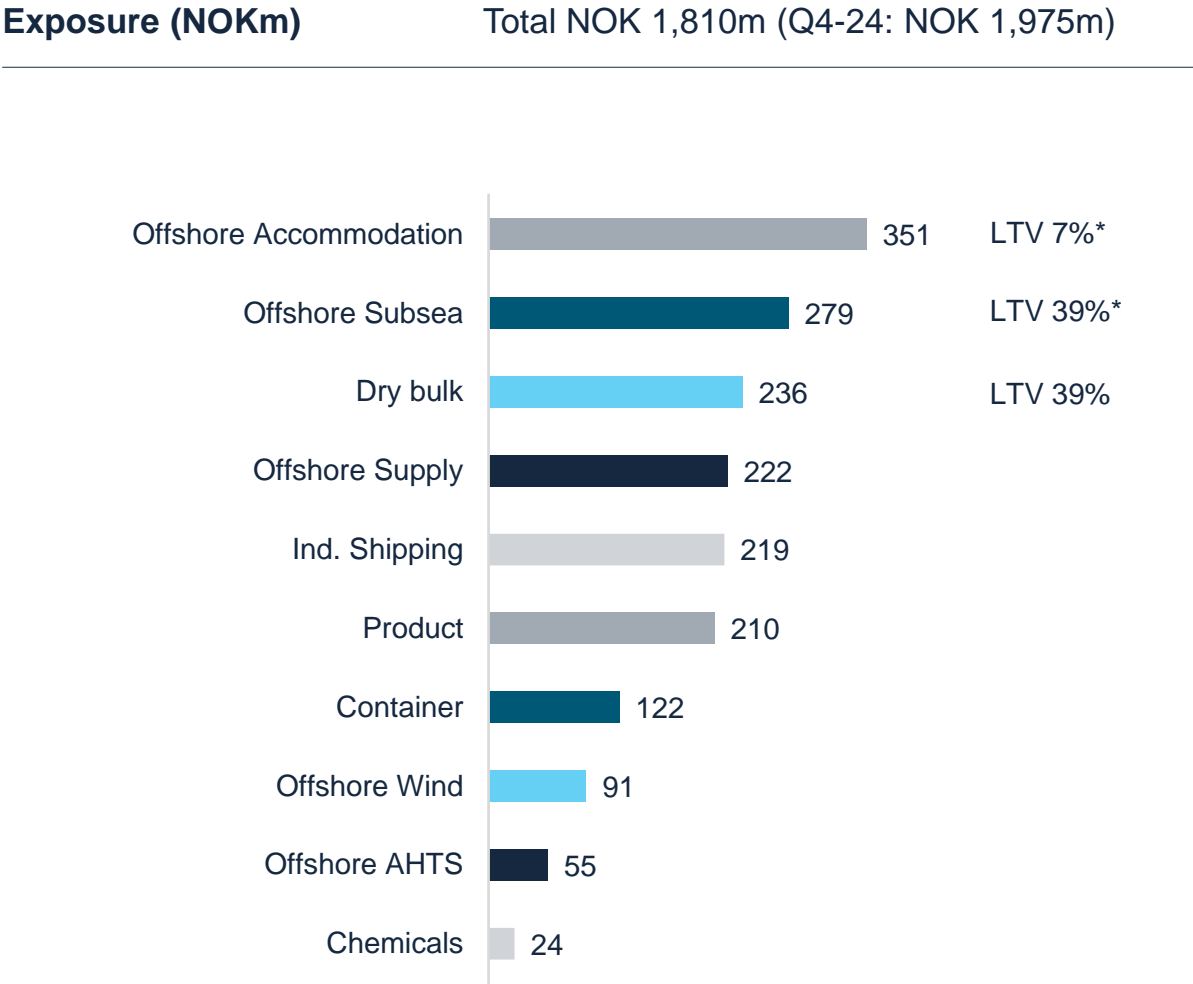
Corporate exposure (NOKm) Total NOK 7,086m (Q4-24: NOK 7,344m)



SHIP FINANCING

FLAT TO DECREASING VOLUME EXPECTED FOR Q2-25.

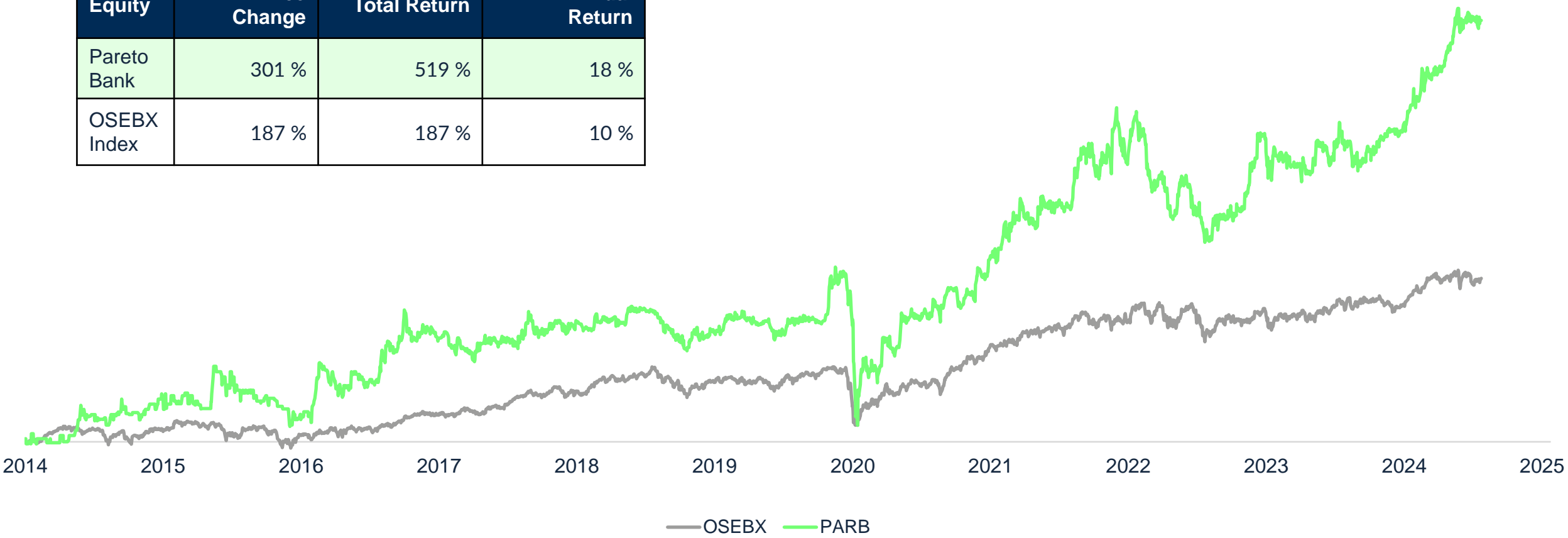
- Higher appetite from other banks reduces growth outlook within offshore.
- Offshore markets and especially subsea, benefit from robust demand and modest orderbooks. Lower oil prices may lead to reduced demand for offshore vessels.
- Low risk appetite and subdued financing demand as most shipping segments are high in the market cycle. Steep repayment profiles affect net lending growth.
- Shipping in general faces headwinds from tariffs introduced by the Trump administration, raising likelihood of a prolonged trade war and the risk of a global recession.



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

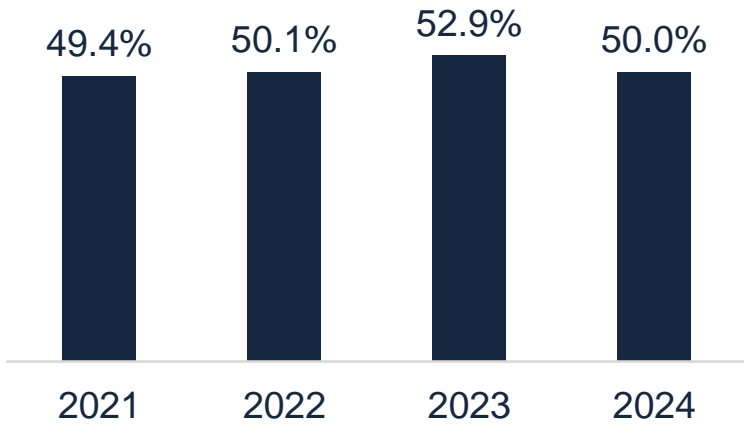
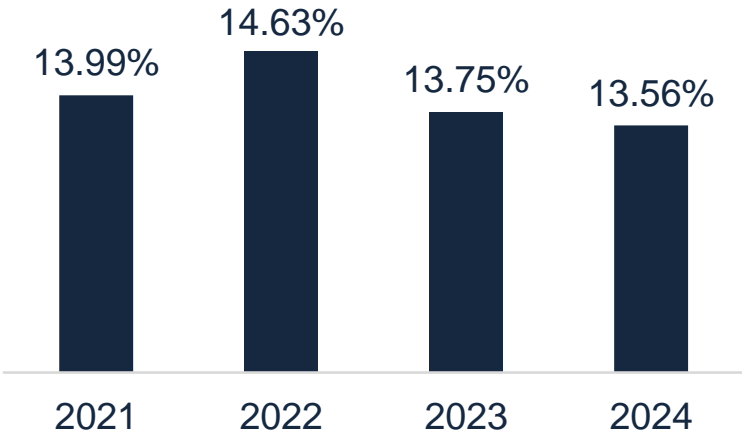
TOTAL RETURN

| Equity | Price Change | Total Return | Annual Return |
|-------------|--------------|--------------|---------------|
| Pareto Bank | 301 % | 519 % | 18 % |
| OSEBX Index | 187 % | 187 % | 10 % |



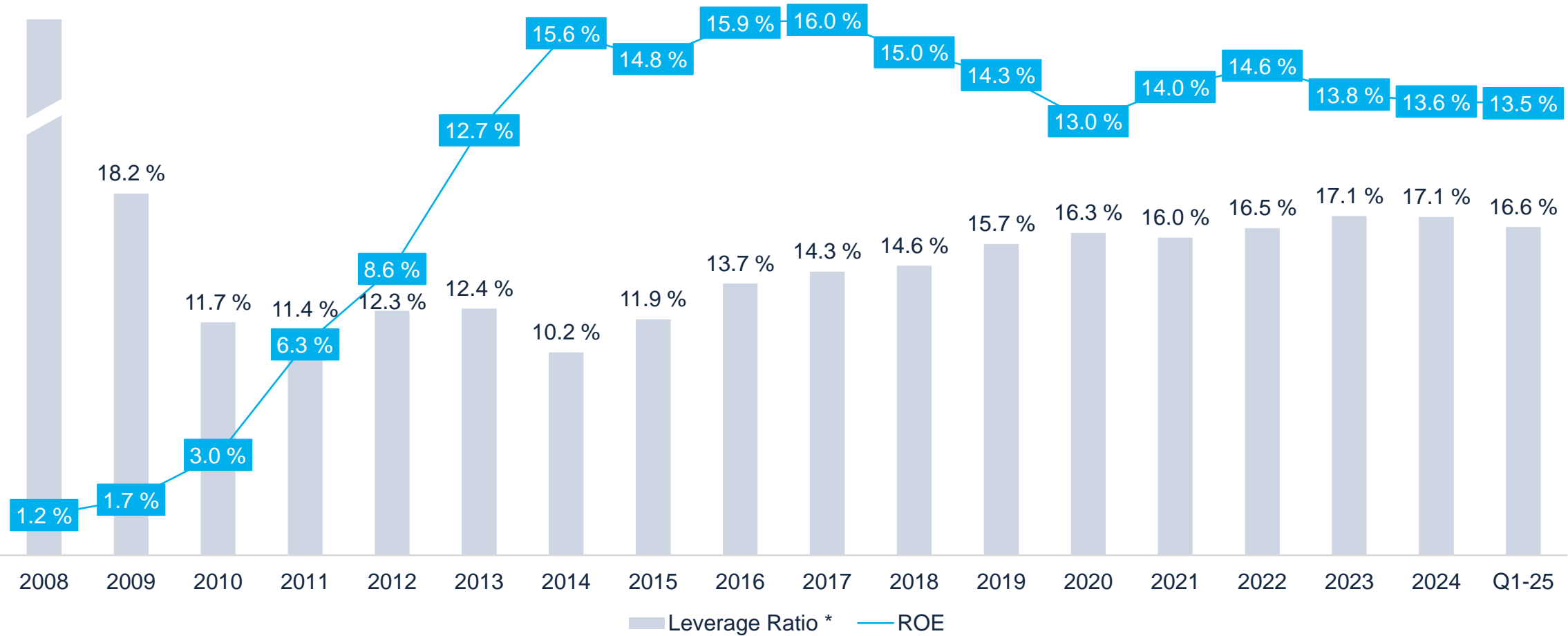
APPENDIX

LONG-TERM AMBITIONS



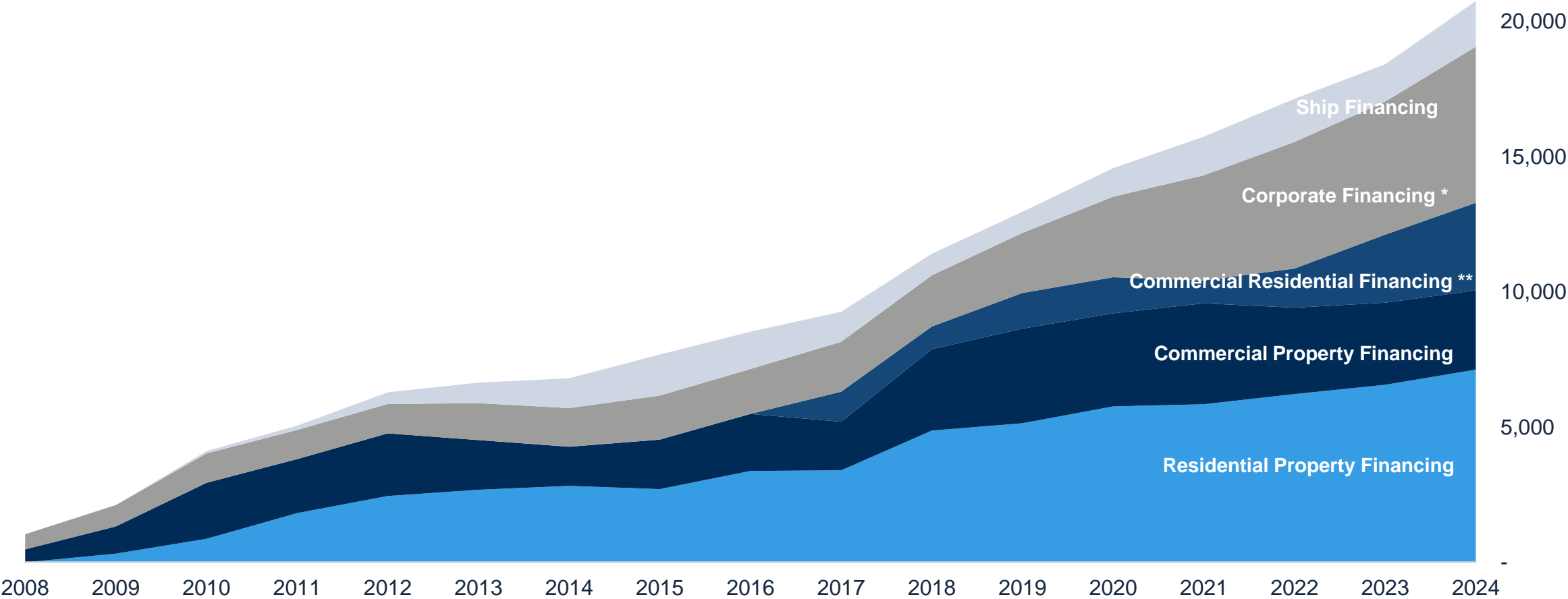
ROE AND LEVERAGE RATIO

Profitability with increasing solidity



LENDING GROWTH

Per business area (NOKm)



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

LARGEST SHAREHOLDERS

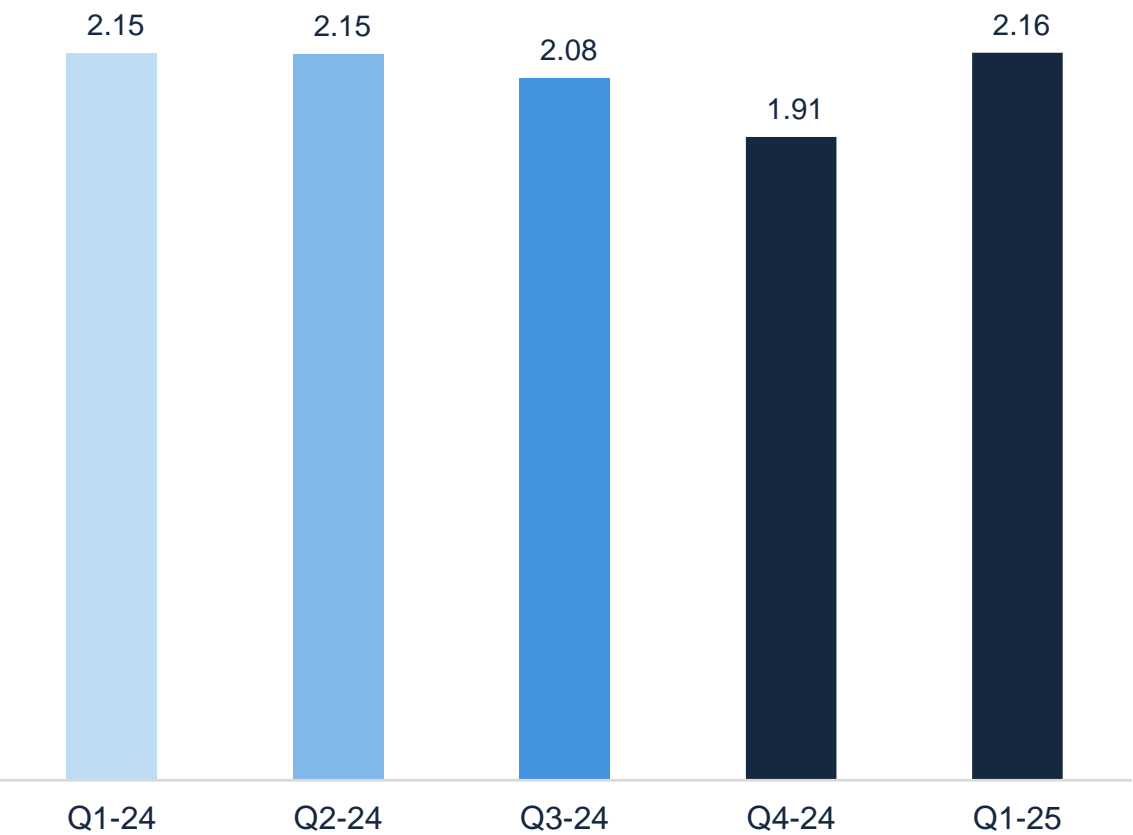
31 March 2025

| | Name | Shares | % Total |
|---------------------------|------------------------------------|-------------------|-----------------|
| 1 | Pareto AS | 15,356,484 | 20.00 % |
| 2 | Société Générale | 6,943,049 | 9.04 % |
| 3 | AWC AS | 5,212,451 | 6.79 % |
| 4 | Hjellegjerde Invest AS | 3,803,301 | 4.95 % |
| 5 | Salt value AS | 2,389,484 | 3.11 % |
| 6 | Verdipapirfondet Holberg Norge | 2,227,309 | 2.90 % |
| 7 | Kolberg Motors AS | 2,100,000 | 2.74 % |
| 8 | Rune Bentsen AS | 2,076,377 | 2.70 % |
| 9 | Landkreditt Utbytte | 2,041,801 | 2.66 % |
| 10 | Stenshagen Invest AS | 1,923,470 | 2.51 % |
| 11 | OM Holding AS | 1,261,512 | 1.64 % |
| 12 | Dragesund Invest AS | 1,100,000 | 1.43 % |
| 13 | Catilina Invest AS | 1,084,950 | 1.41 % |
| 14 | AS Audley | 929,252 | 1.21 % |
| 15 | Lombard Int Assurance S.A. | 900,820 | 1.17 % |
| 16 | Verdipapirfondet Fondsfinans Norge | 787,080 | 1.03 % |
| 17 | Profond AS | 719,337 | 0.94 % |
| 18 | Castel AS | 708,684 | 0.92 % |
| 19 | Elgar Kapital AS | 612,001 | 0.80 % |
| 20 | Rikter-Svendsen AS | 589,648 | 0.77 % |
| Sum TOP 20 | | 52,767,010 | 68.72 % |
| Other shareholders | | 24,015,413 | 31.28 % |
| Total | | 76,782,423 | 100.00 % |

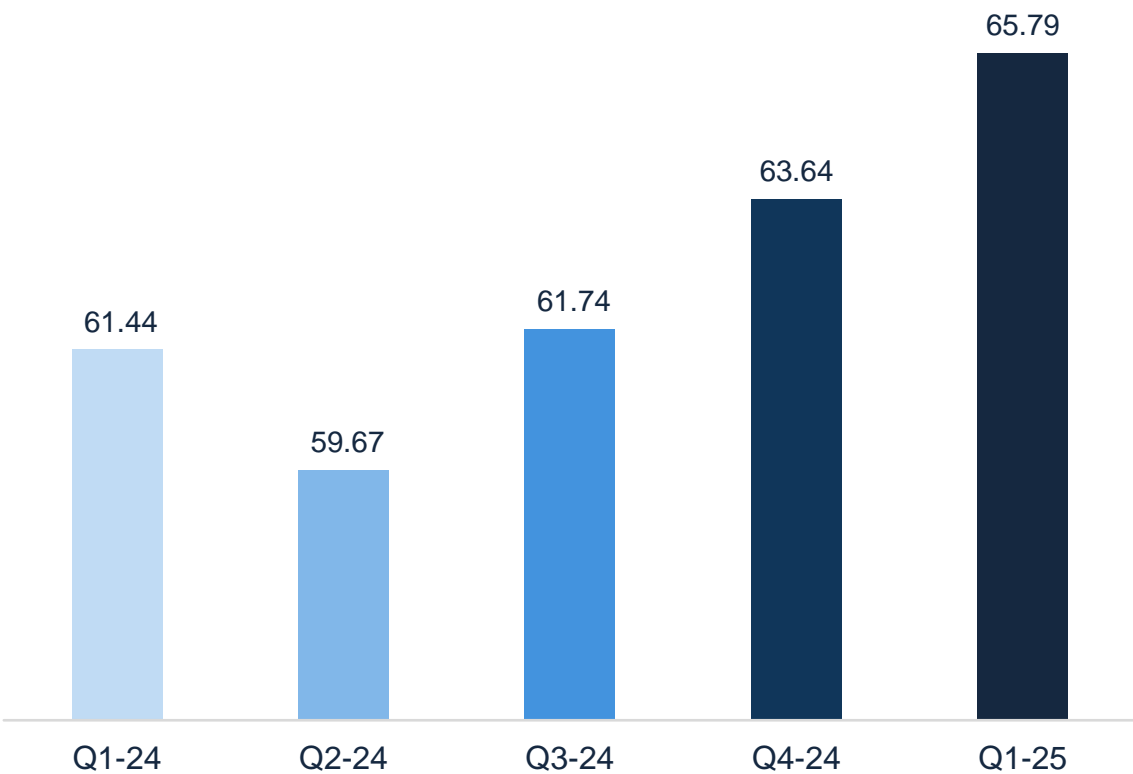
- The Company has 76,782,423 shares outstanding. One class of shares where each share carries one voting right.
- Diversified investor base with 3,759 shareholders.
- The Top 10 and 20 investors hold 57% and 69% of the shares respectively.
- Employees in Pareto Bank own 1.6%.
- All employees are covered by an annual bonus compensation scheme settled 50% in Pareto Bank shares.

THE SHARE

Earnings per share (NOK)



Book value per share (NOK)



QUARTERLY INCOME STATEMENT

P&L (NOKm)

| | Q1-25 | Q4-24 | Q3-24 | Q2-24 | Q1-24 |
|---|--------------|--------------|--------------|--------------|--------------|
| Net interest income | 315.4 | 311.4 | 313.1 | 303.0 | 299.8 |
| Net other operating income | 16.9 | 8.9 | 2.1 | 12.5 | 2.4 |
| Total net income | 332.3 | 320.4 | 315.1 | 315.5 | 302.2 |
| Total operating expenses | 61.5 | 55.7 | 57.7 | 56.3 | 55.6 |
| Operating profit before impairments and losses | 270.8 | 264.6 | 257.4 | 259.3 | 246.6 |
| Impairments and losses on loans and guarantees | 37.1 | 55.3 | 30.9 | 26.0 | 15.3 |
| Pre-tax operating profit | 233.6 | 209.4 | 226.5 | 233.2 | 231.3 |
| Tax expense | 55.2 | 49.6 | 53.3 | 55.1 | 55.2 |
| Interest hybrid capital | 13.0 | 13.4 | 13.4 | 13.0 | 10.7 |
| Profit for the period | 178.5 | 159.8 | 173.2 | 178.2 | 176.1 |
| Earnings per share (NOK) | 2.16 | 1.91 | 2.08 | 2.15 | 2.15 |
| Return on equity | 13.5 % | 12.2 % | 13.7% | 14.2% | 14.3% |
| Cost/income ratio | 18.5 % | 17.4 % | 18.3% | 17.8% | 18.4% |

QUARTERLY BALANCE SHEET

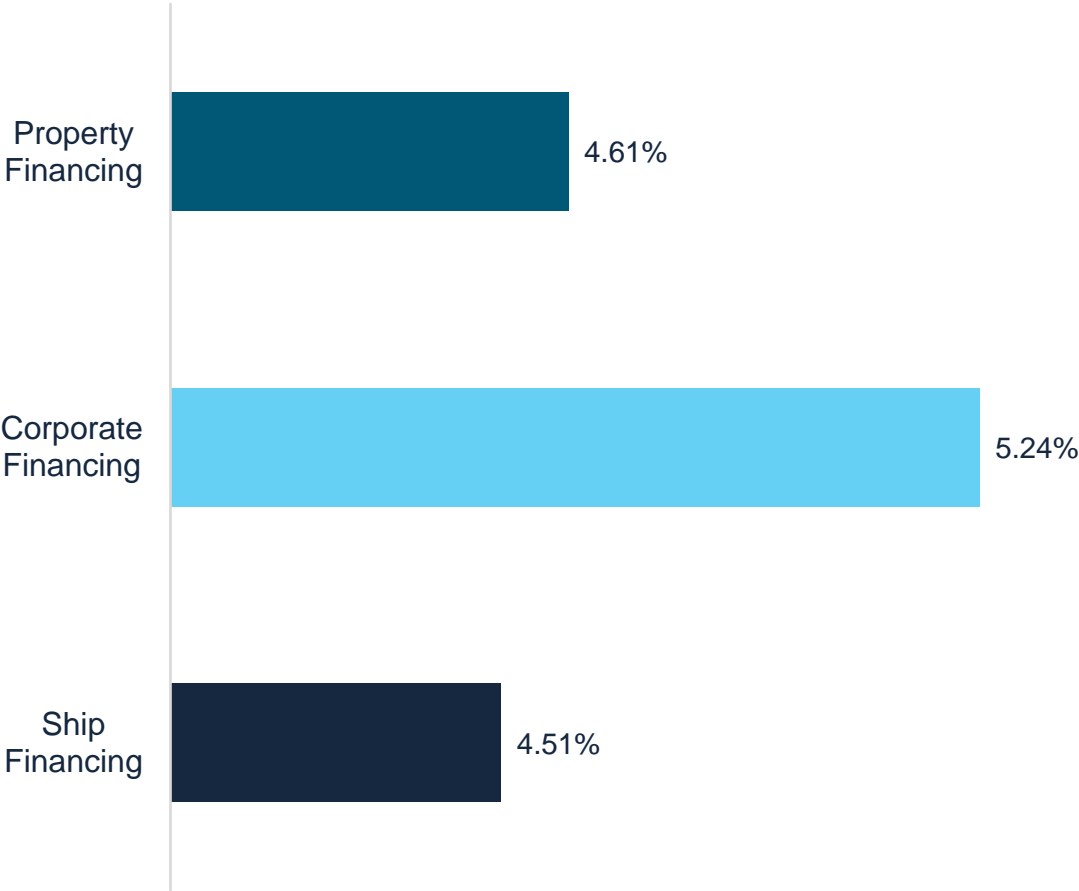
(NOKm)

| | Q1-25 | Q4-24 | Q3-24 | Q2-24 | Q1-24 |
|--|---------------|---------------|---------------|---------------|---------------|
| Loans to credit institutions | 2,144 | 2,640 | 1,930 | 1,432 | 1,174 |
| Loans to customers | 20,864 | 20,713 | 19,419 | 19,585 | 18,928 |
| Bonds and other securities | 5,158 | 3,659 | 4,240 | 5,331 | 5,923 |
| Shareholdings in associated companies | 34 | 34 | 22 | 22 | 22 |
| Other assets | 218 | 191 | 217 | 213 | 172 |
| Total assets | 28,418 | 27,237 | 25,829 | 26,583 | 26,219 |
| Deposits from customers and institutions | 14,367 | 13,304 | 12,116 | 13,046 | 12,392 |
| Senior securities issued | 7,336 | 7,347 | 7,284 | 7,366 | 7,570 |
| Other liabilities | 414 | 450 | 438 | 339 | 391 |
| Tier 2 subordinated securities issued | 700 | 700 | 700 | 700 | 699 |
| Additional tier 1 capital | 550 | 550 | 550 | 550 | 450 |
| Other equity | 5,052 | 4,887 | 4,740 | 4,582 | 4,717 |
| Total liabilities and equity | 28,418 | 27,237 | 25,829 | 26,583 | 26,219 |

MARGINS AND INTEREST CONTRIBUTION

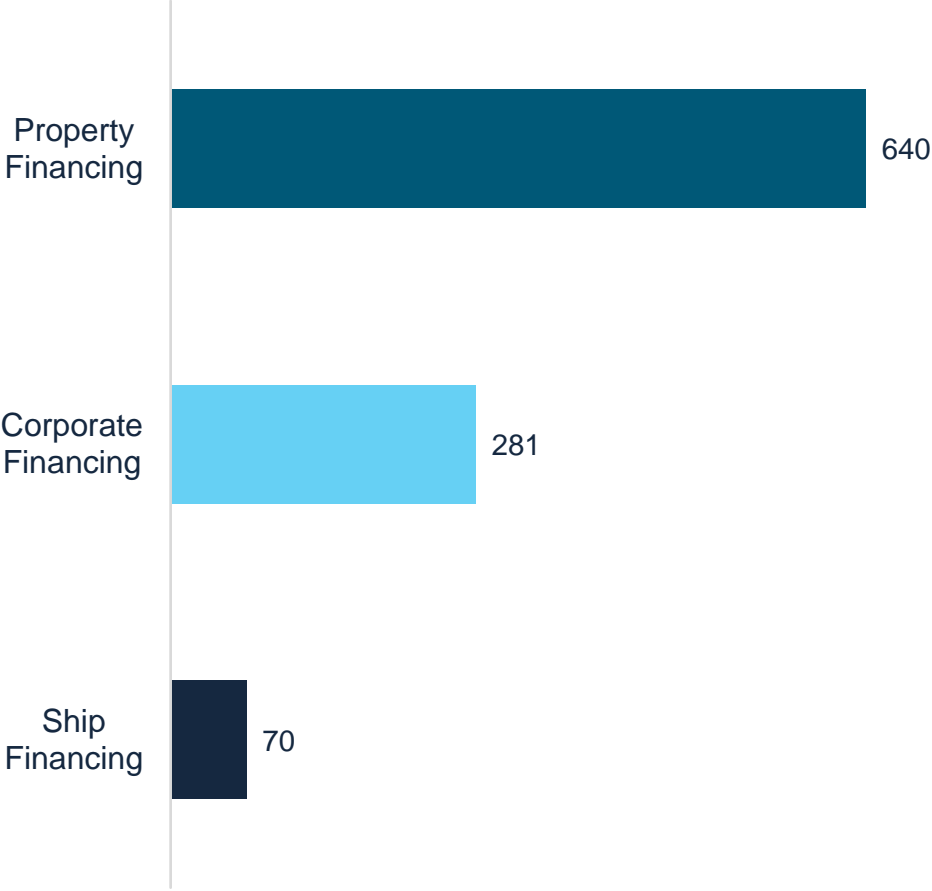
Margins per business area

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.



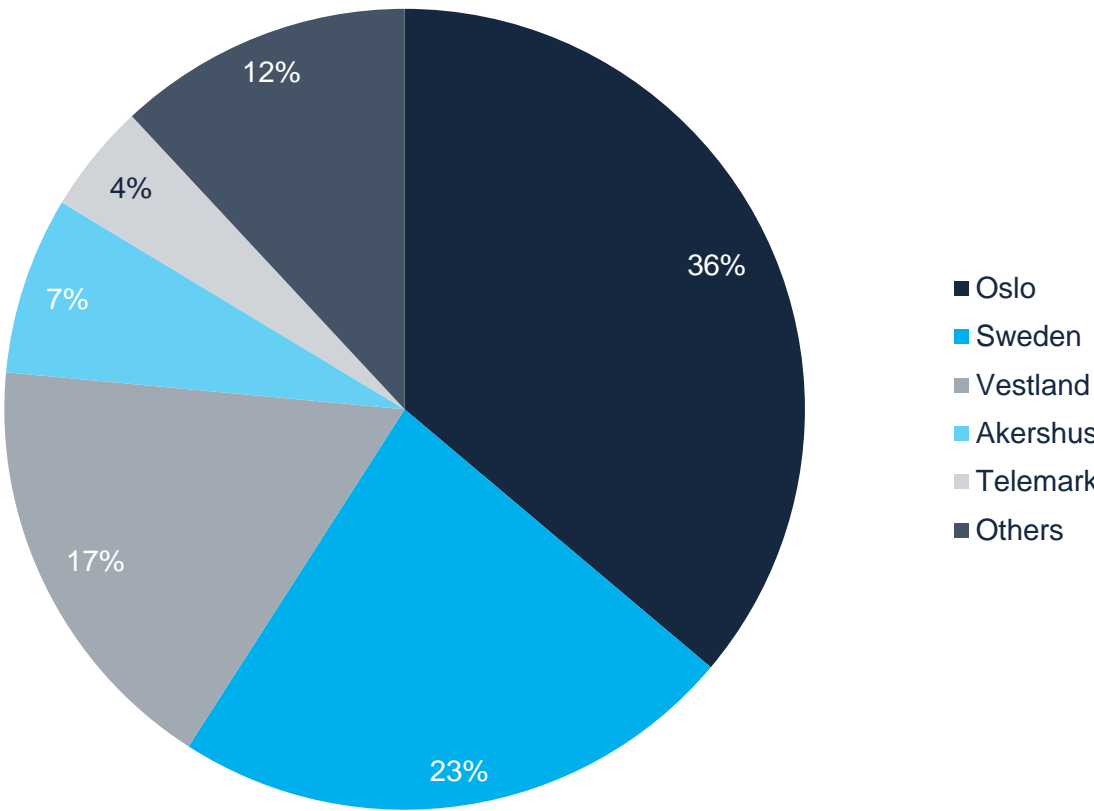
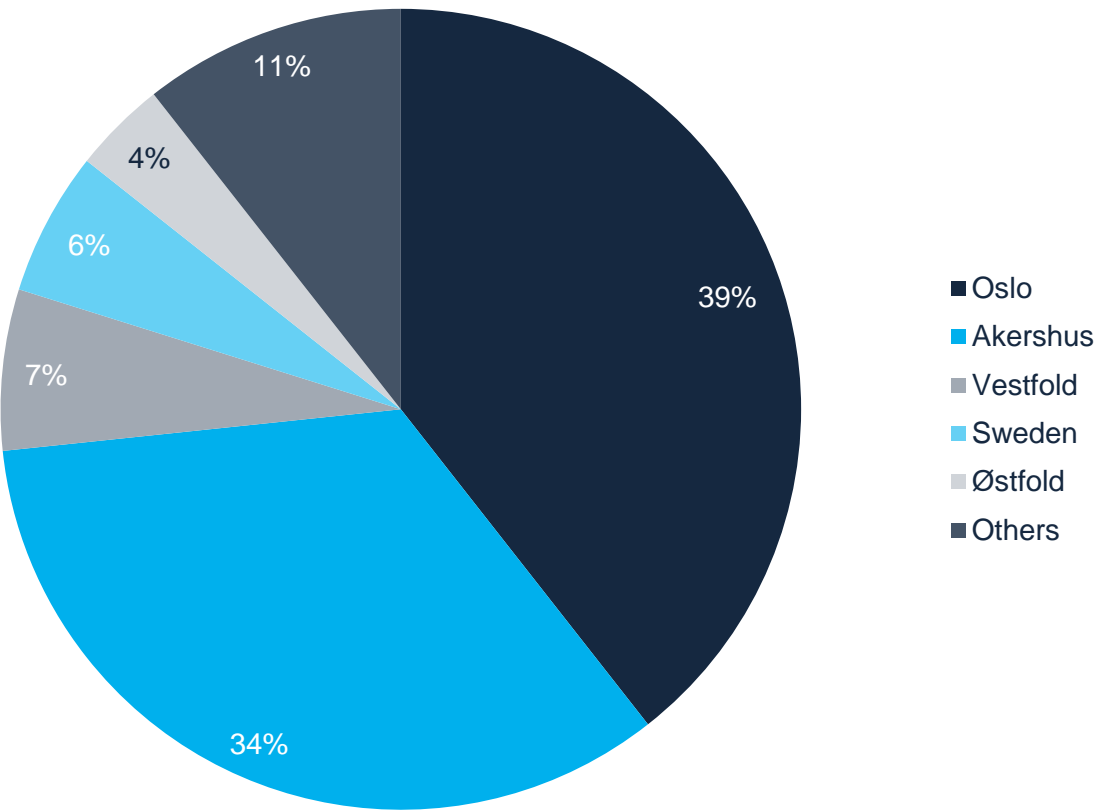
REAL ESTATE FINANCING EXPOSURE

Geographical residential property exposure

Total NOK 14,600m*

Geographical commercial property exposure

Total NOK 2,815m*



SWEDEN

Stable Exposure

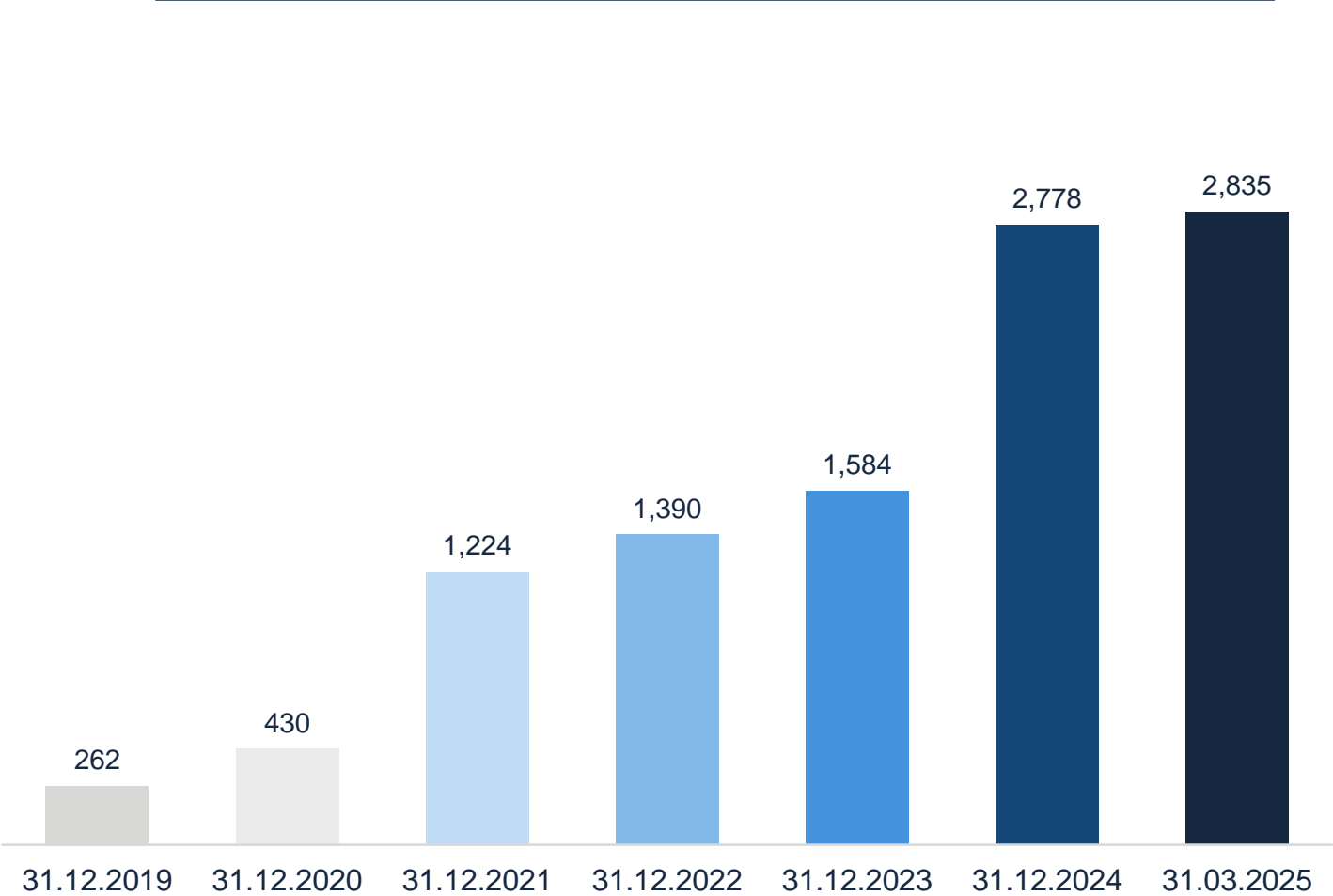
- High deal flow throughout 2024 ensured strong volume growth towards year-end. Relatively unchanged exposure in Q1-25.
- High focus on expanding network and customer base.
- Good credit quality ensures an attractive risk/reward.
- Lower capital requirements in Sweden from January 1st ensures capacity for increased loan exposure.

Long-term goal

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

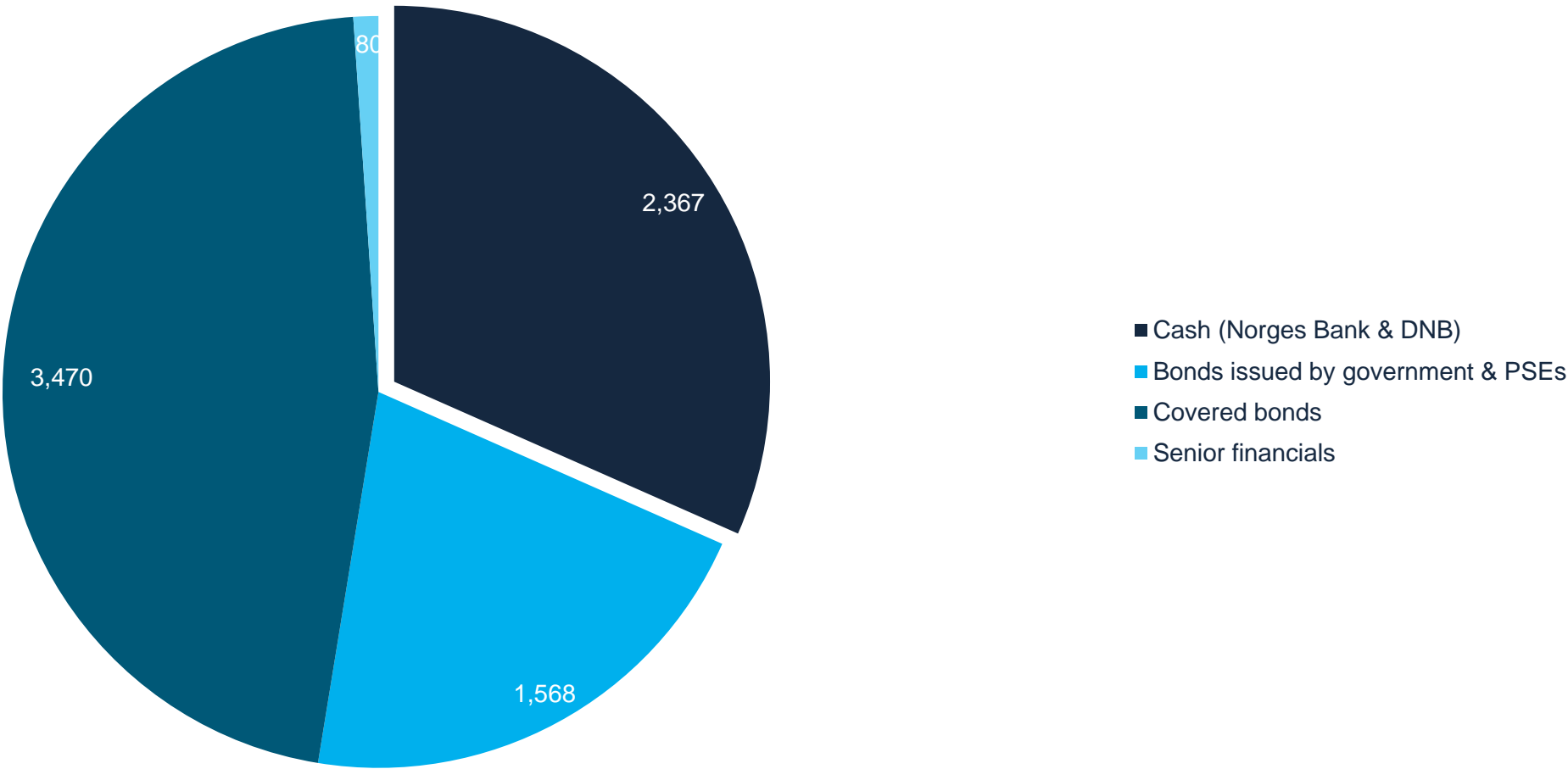
Exposure in Sweden (NOKm)

Total NOK 2,835m



LIQUIDITY BUFFER

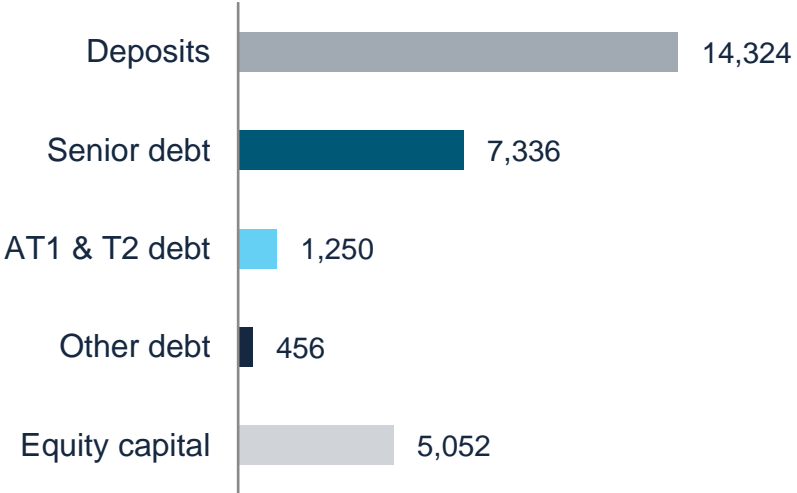
Low credit and market risk (NOKm)



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

FUNDING

Sources (NOKm)

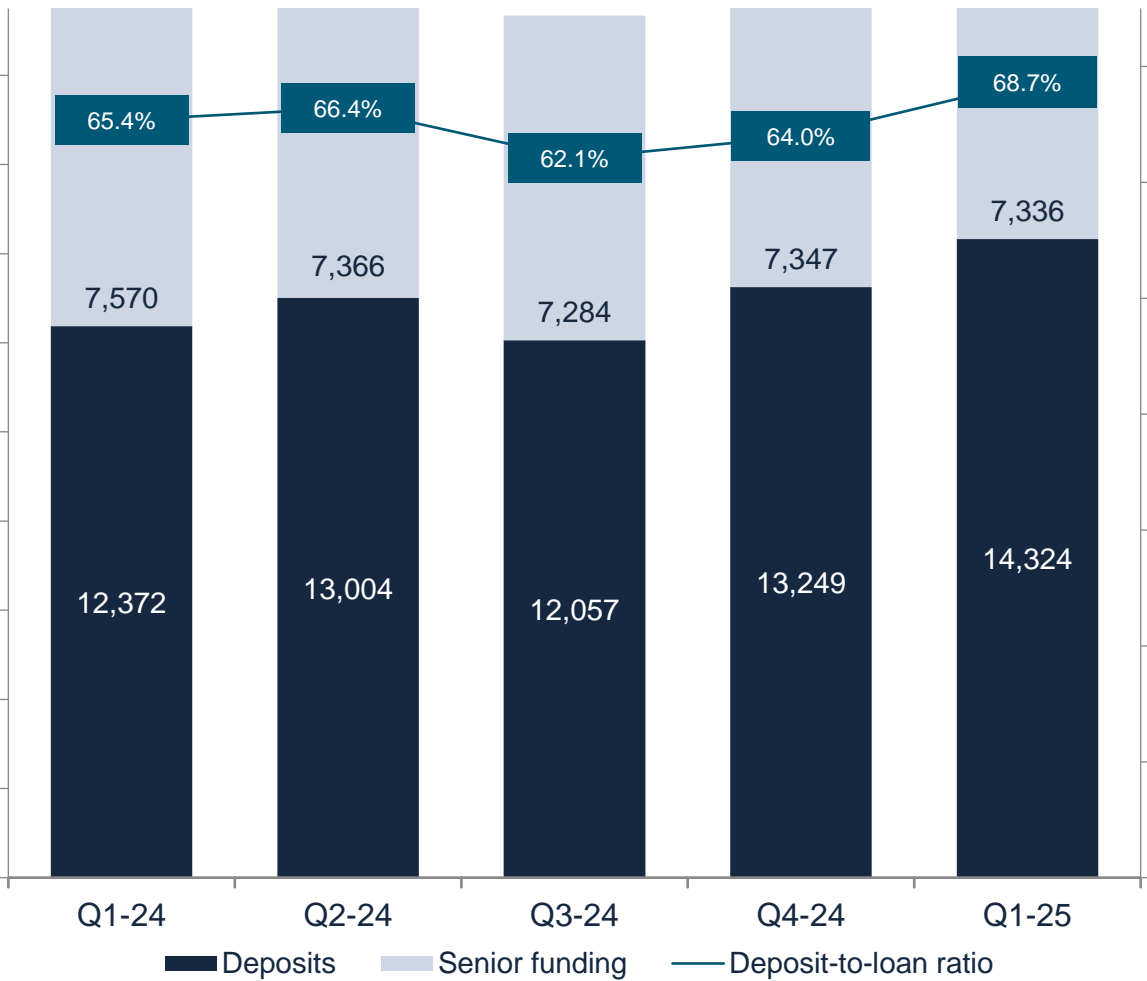


Key funding and liquidity ratios

- Deposits with liquidity restrictions 75 %
- Corporate deposits 54 %
- Deposit-to-loan ratio 69 %
- Liquidity Coverage Ratio 714 %
- Net Stable Funding Ratio 165 %

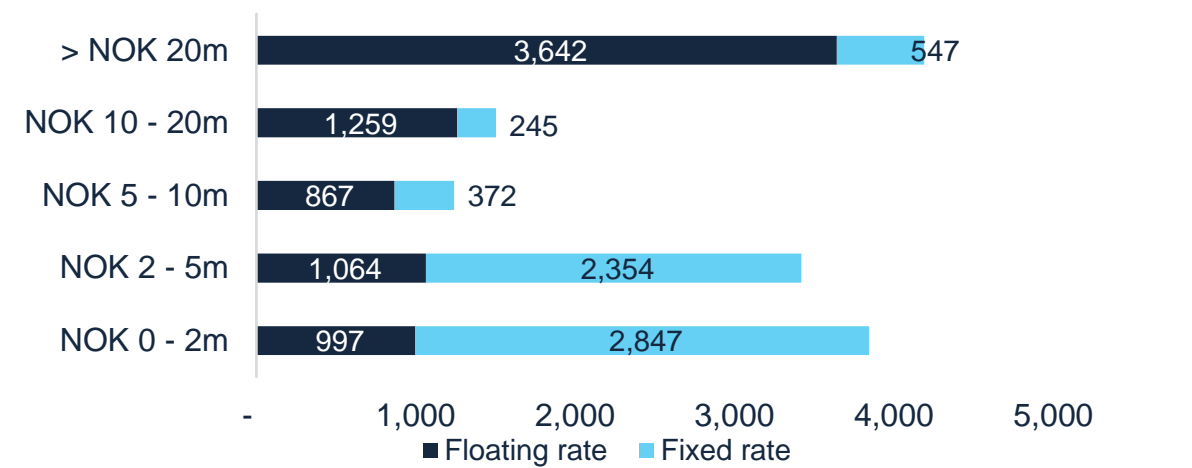
Deposits & senior debt

NOKm,
Percent customer deposits of net lending to customers

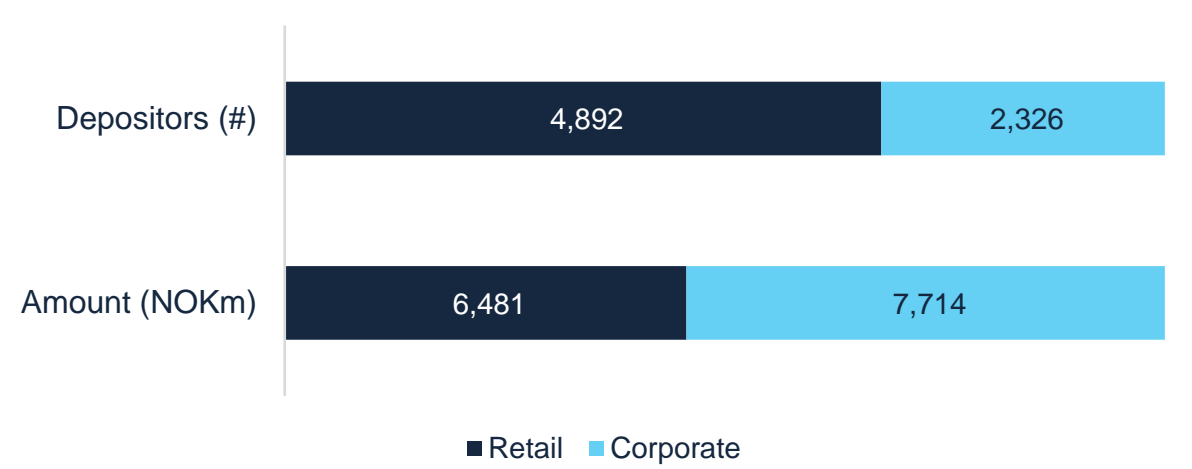


CUSTOMER DEPOSITS

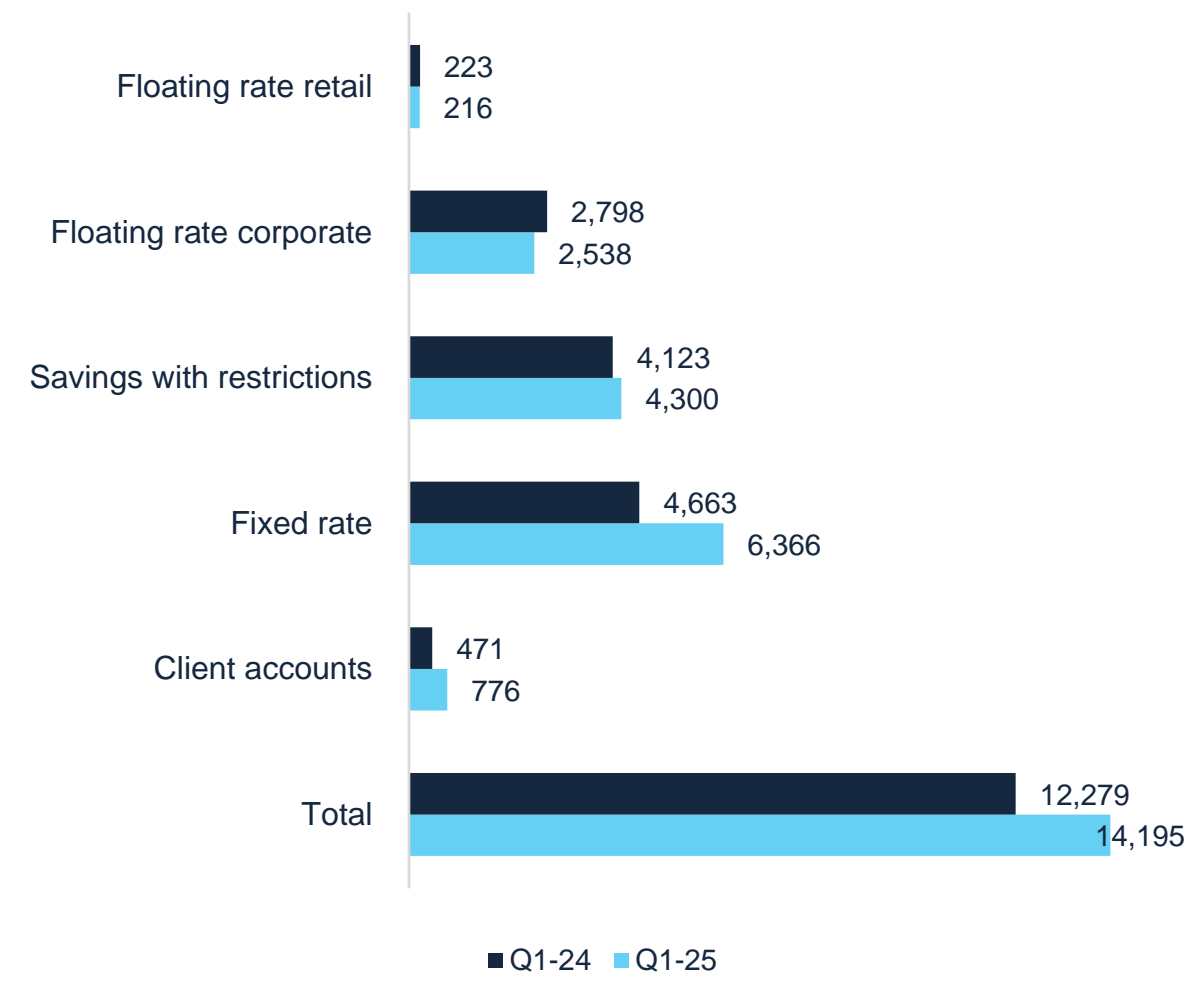
Deposits by size (NOKm)



Deposits by type (NOKm)

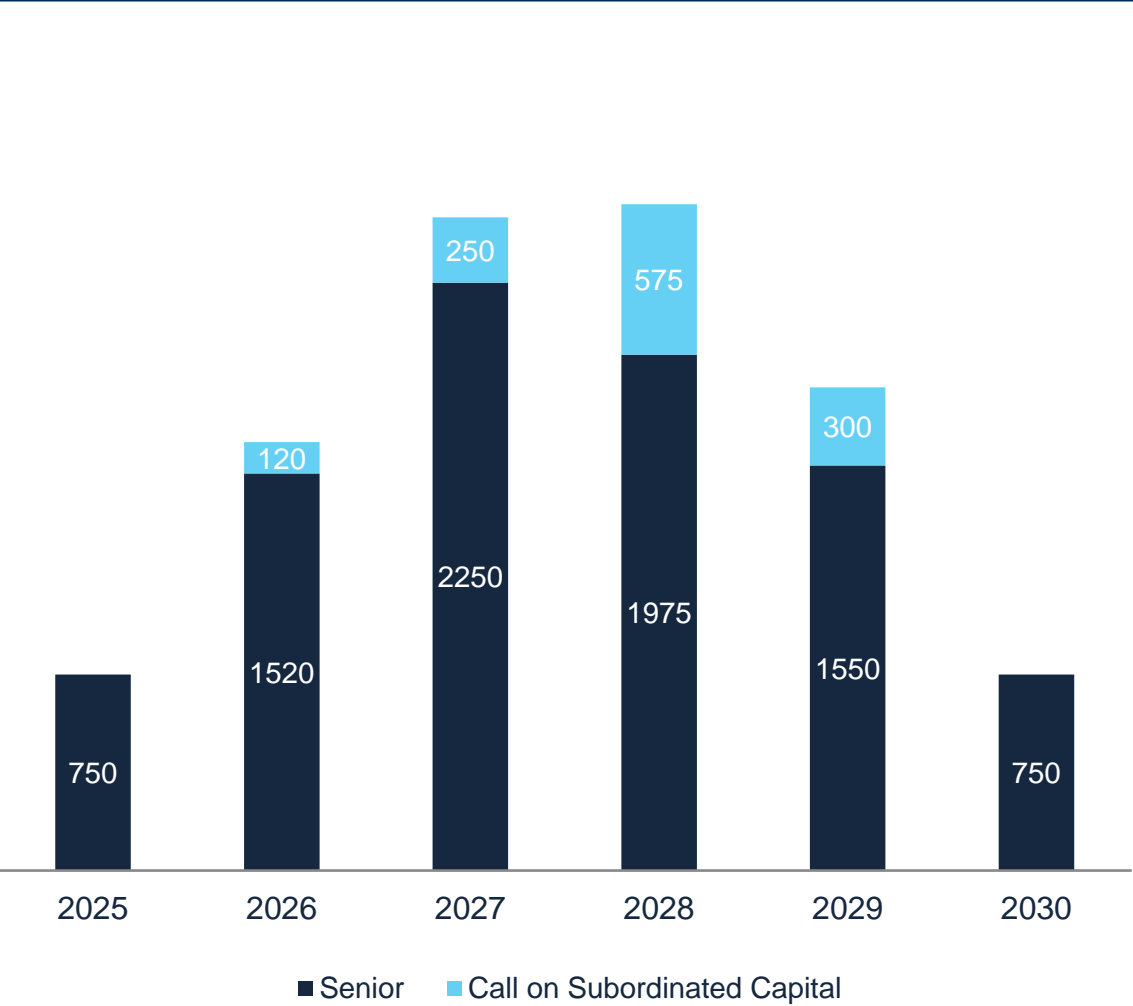


Deposits by product (NOKm)

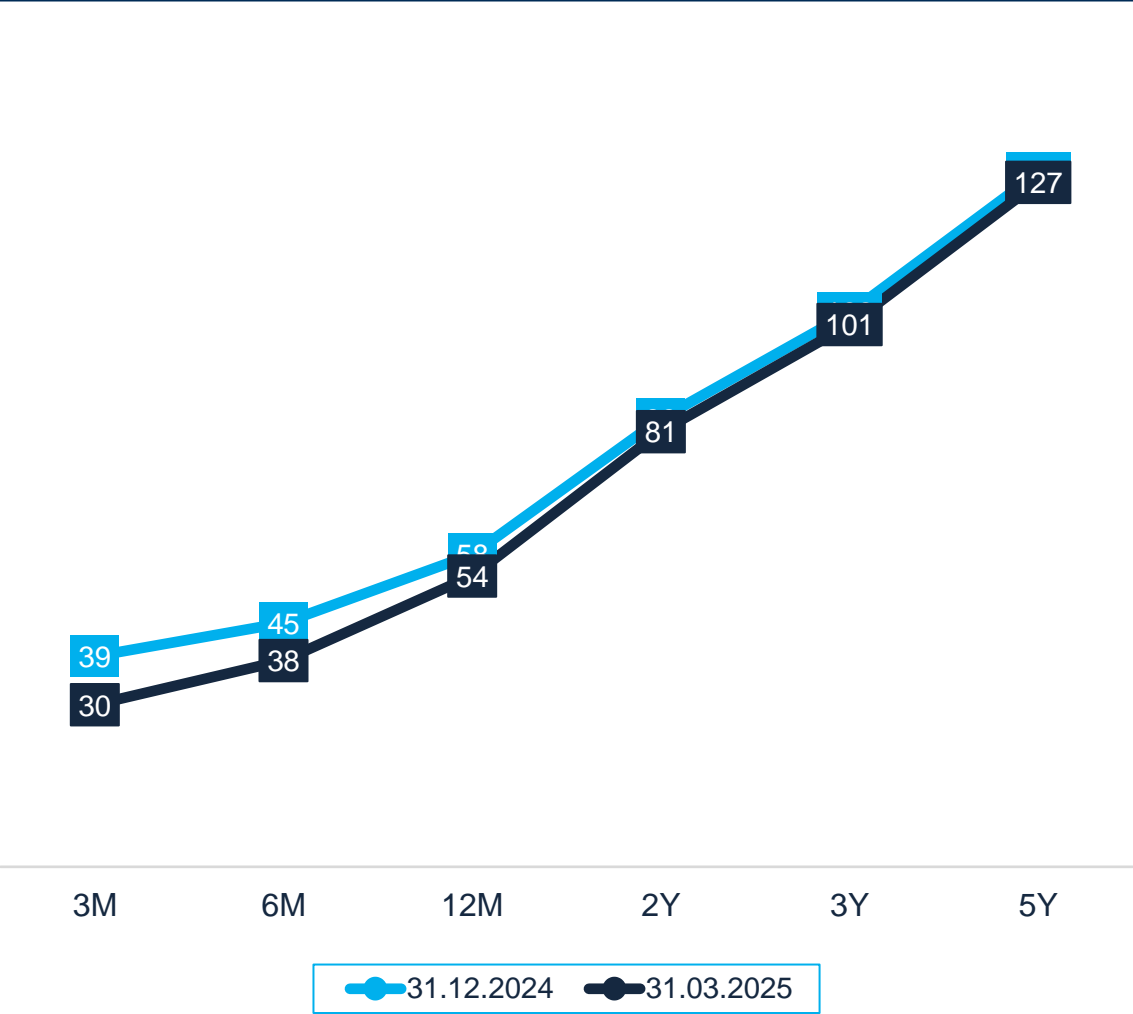


MARKET FUNDING

Market funding maturities (NOKm) *



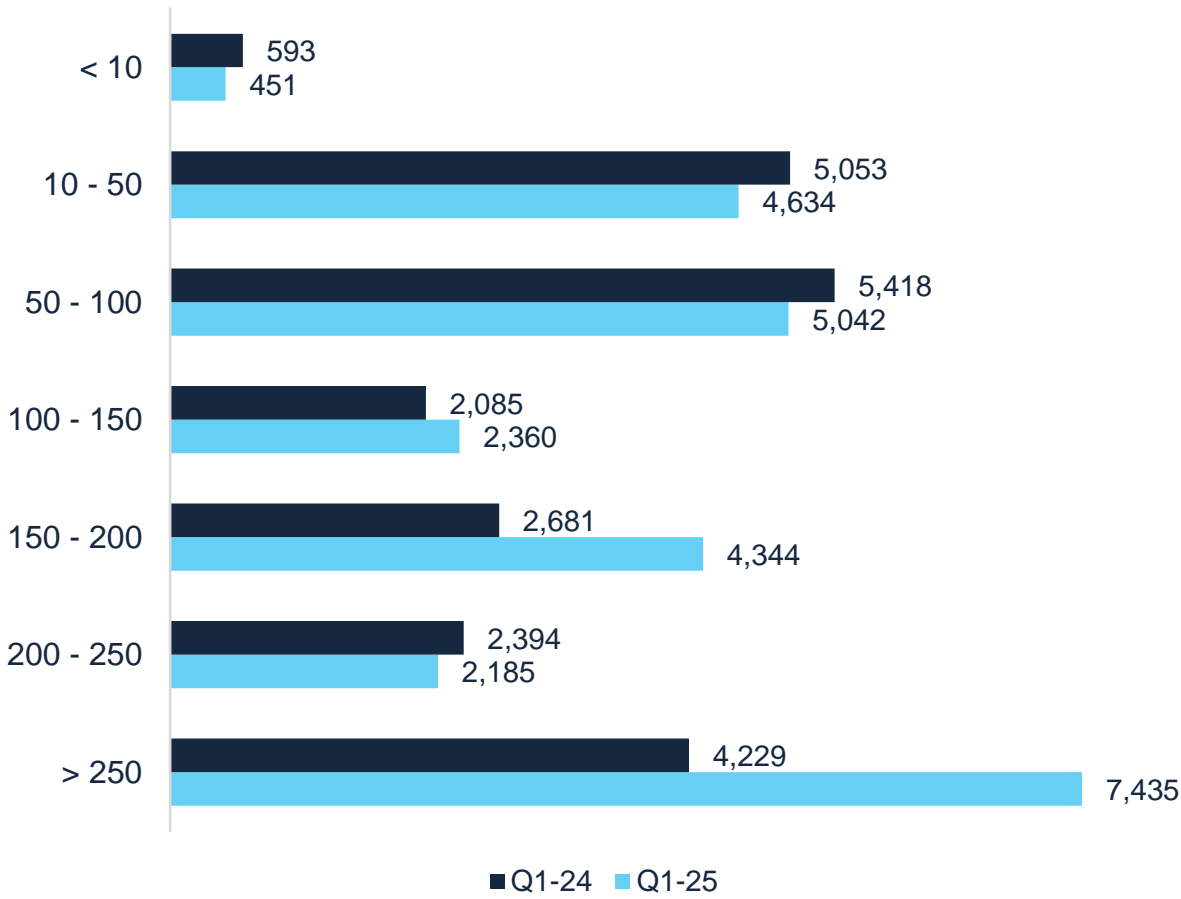
Cost of new market funding **



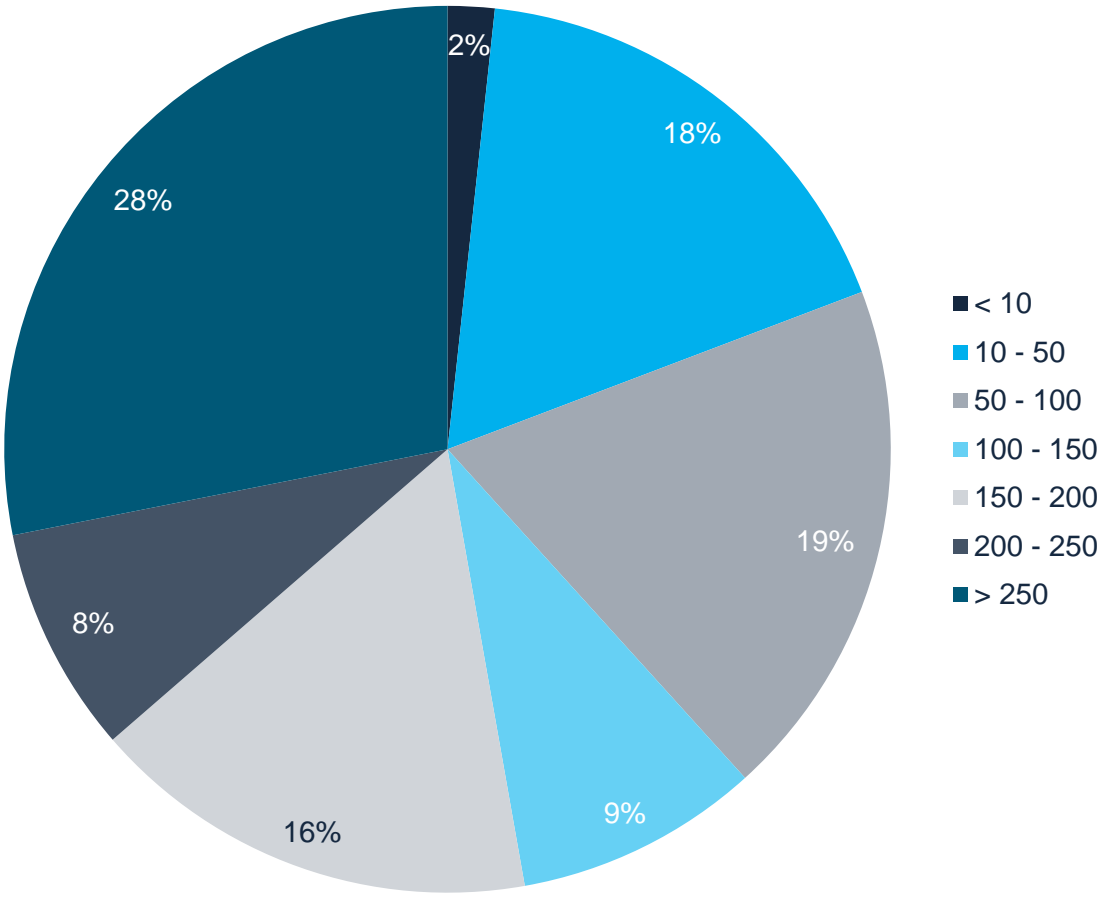
*) Net of own holdings as of 31.03.2025.
**) Floating rate coupon for new bond issue per maturity (basis points over 3M Nibor).

COMMITMENTS BY SIZE

Commitment size per customer (NOKm)

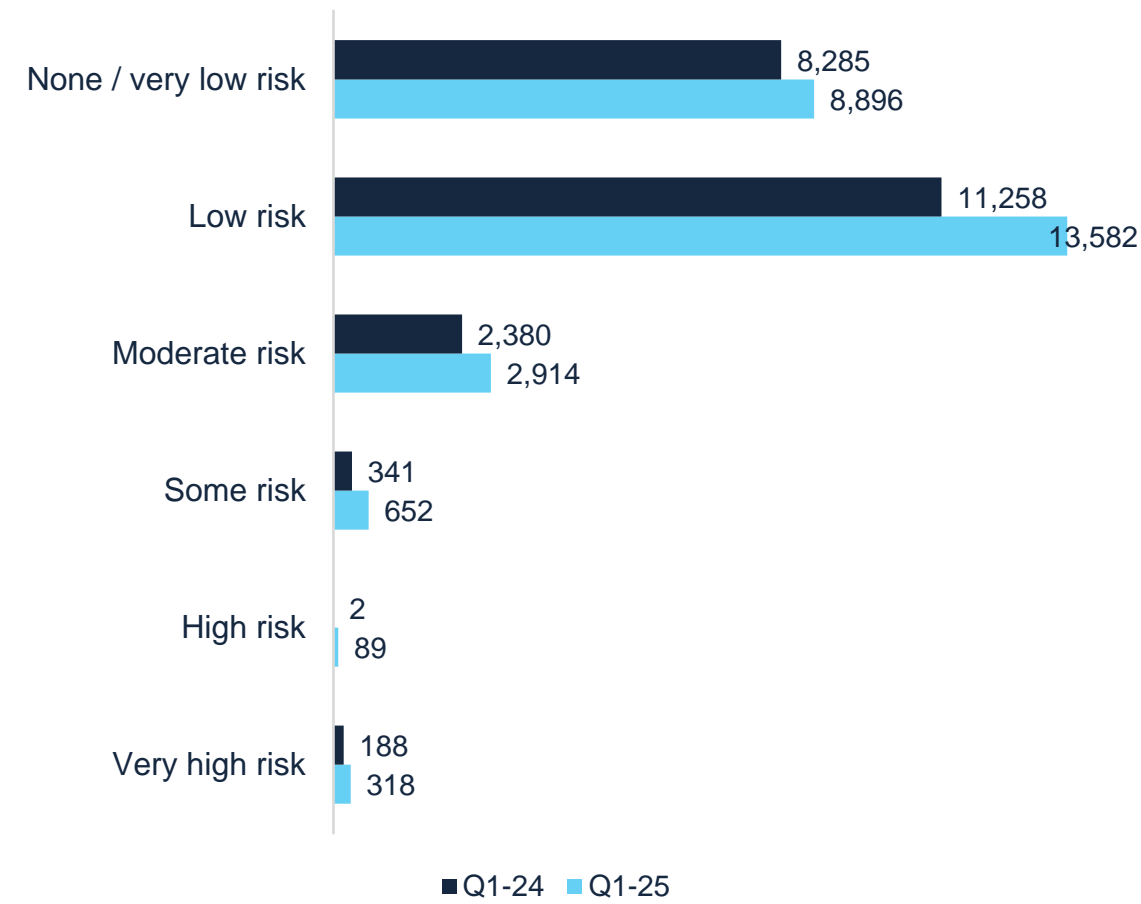


Distribution of commitments by size (NOKm)

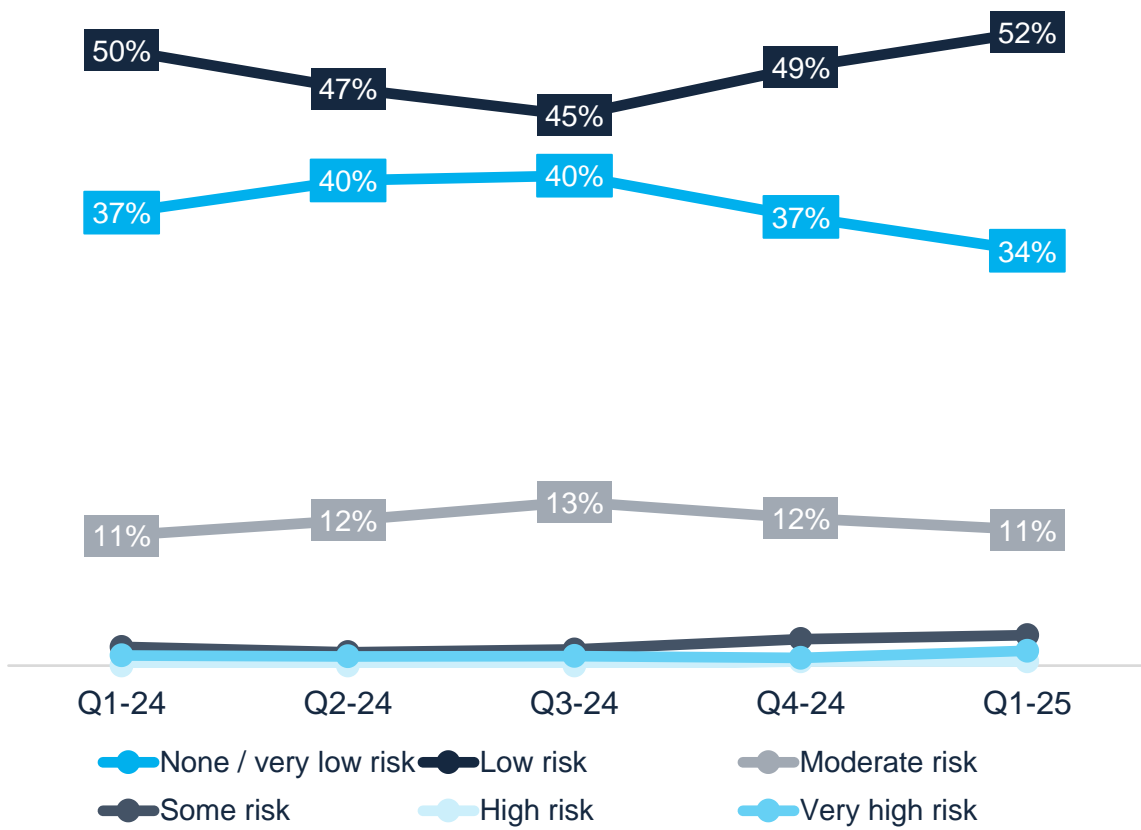


COMMITMENTS BY RISK CLASSIFICATION

Risk classification (NOKm)

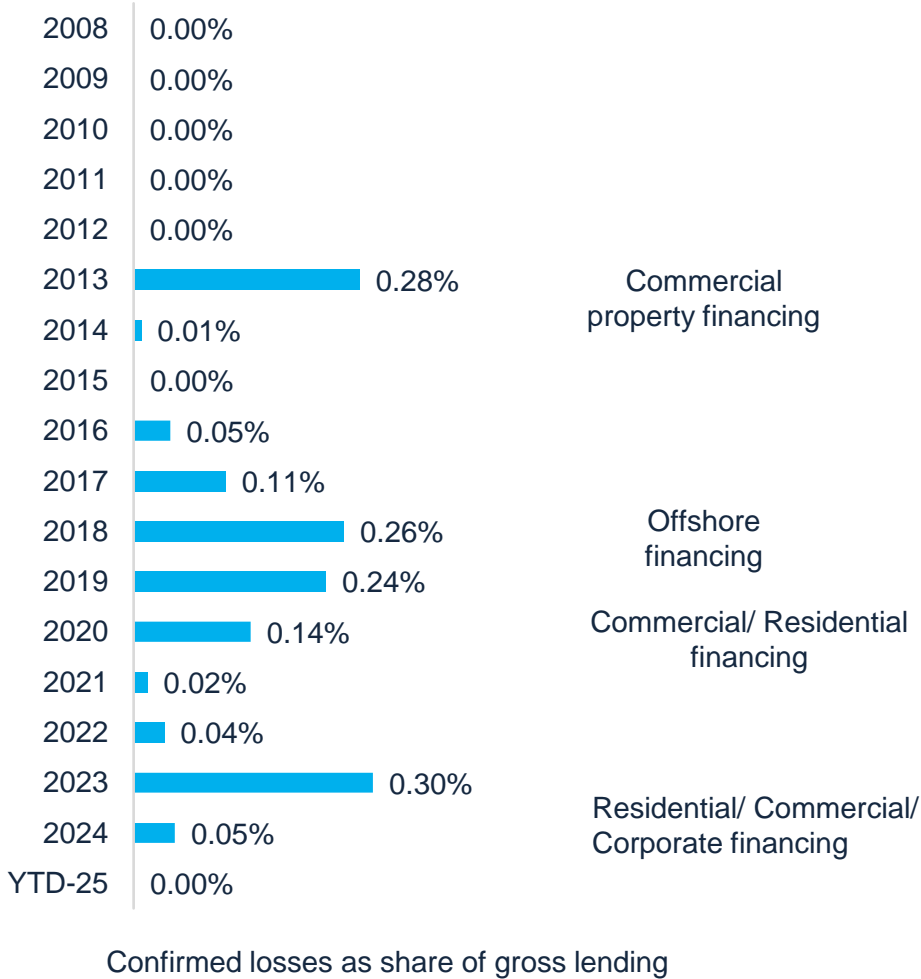


Historical risk classification



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