

3Q

Company presentation

Third quarter 2024

SpareBank
ØSTLANDET 

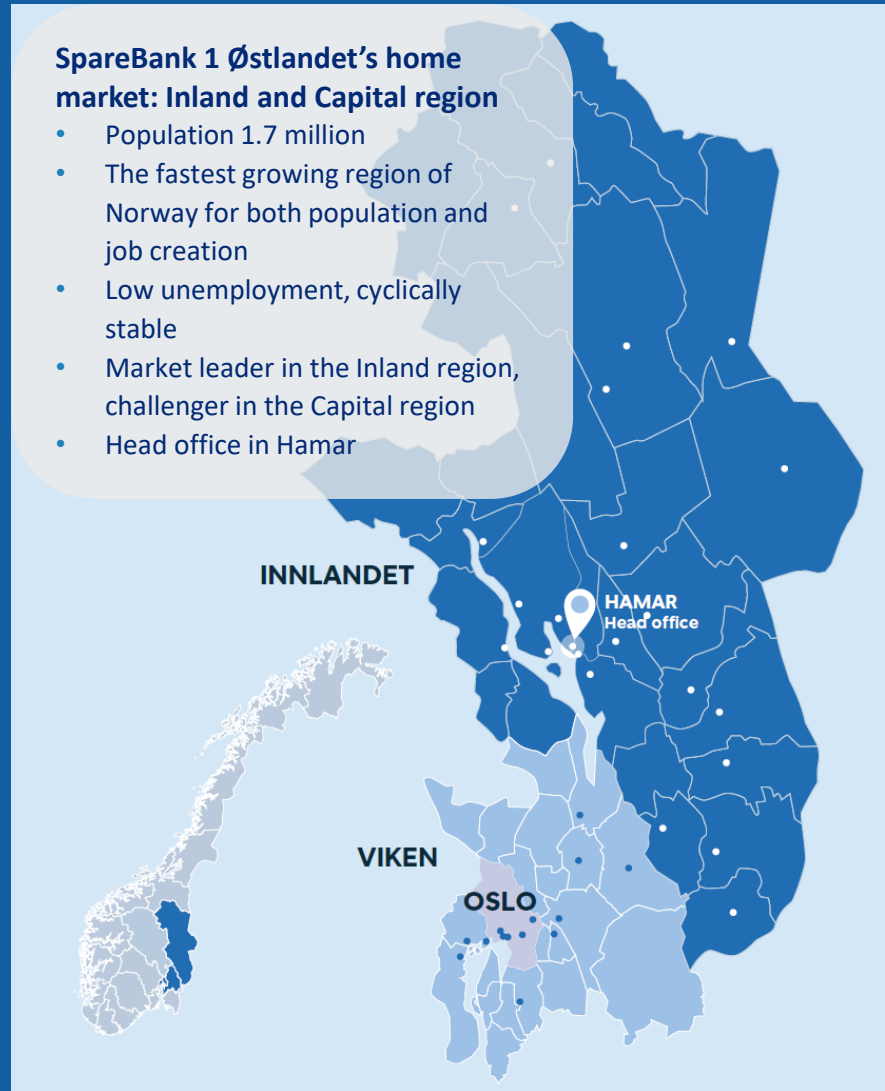


- 1 Introduction
- 2 Macroeconomic backdrop and main financials
- 3 Asset quality and funding plans
- 4 Appendix



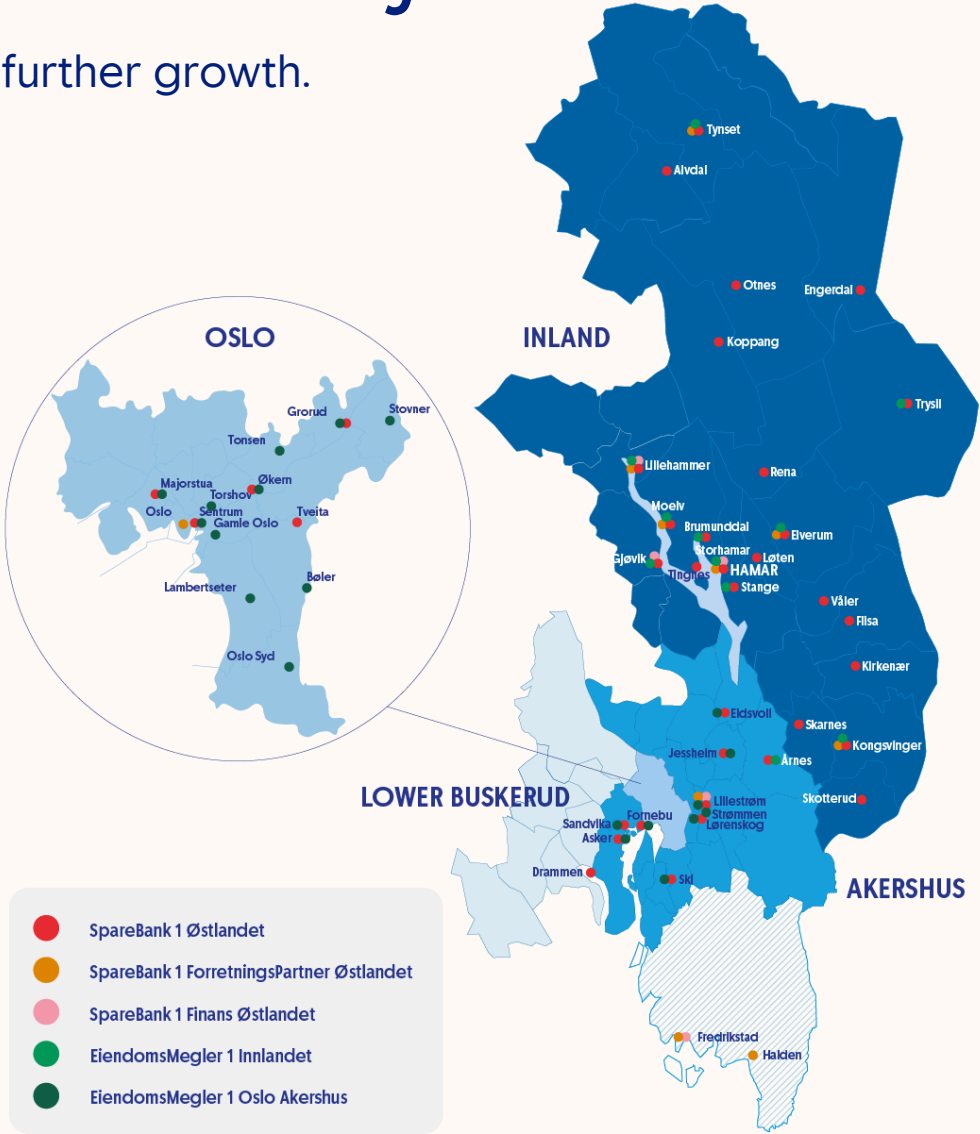
Bank in brief

- Norway's fourth largest savings bank
- Long history of being among the best capitalized savings banks in Norway
- Low risk bank book with appr. 71 % retail share. Stable low loan losses over time
- Rated Aa3 (stable outlook) by Moody's. SNP rated A3 by Moody's
- Sustainalytics ESG Risk Rating 10.1 ("Low Risk"). MSCI ESG AAA
- Green Bond framework updated 2024



A market strategy for all of Eastern Norway

Eastern Norway stretches in all directions – several opportunities for further growth.



Straightforward banking, diversified income stream



Core banking



Subsidiaries



ForretningsPartner



Alliance and brands

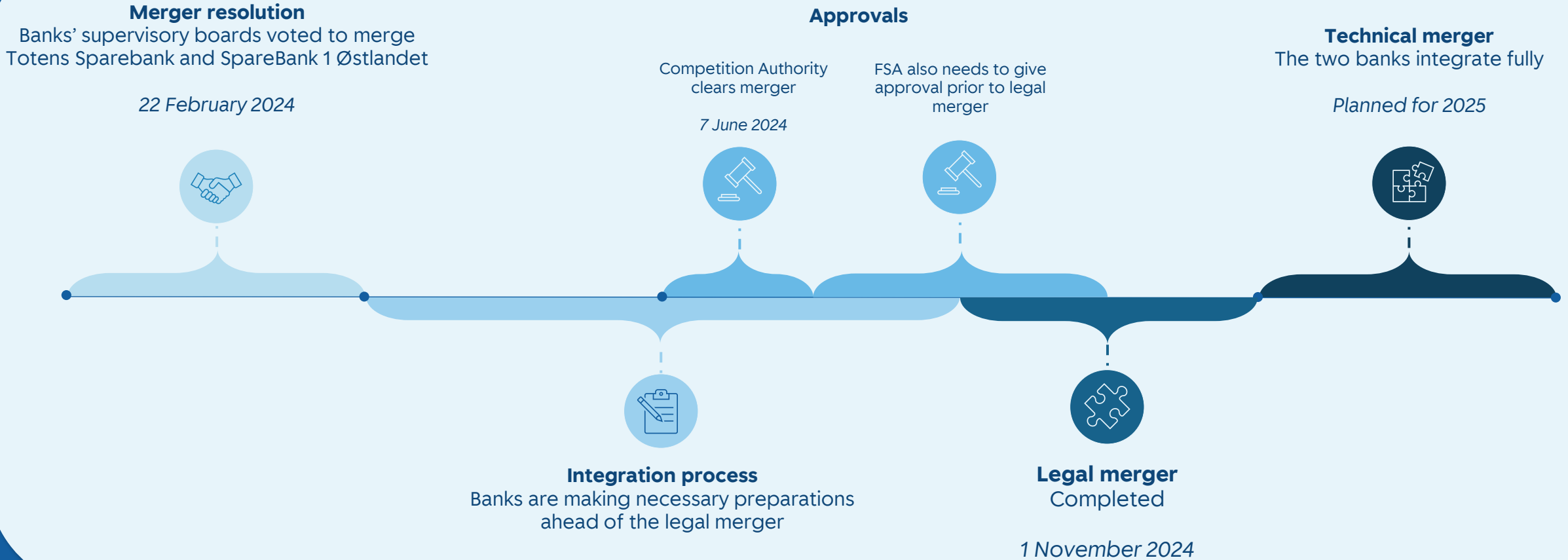


Fremtind



Merger with Totens has been completed

Integration process is well underway. Technical merger is expected in 2025.



A merger between two well-run banks

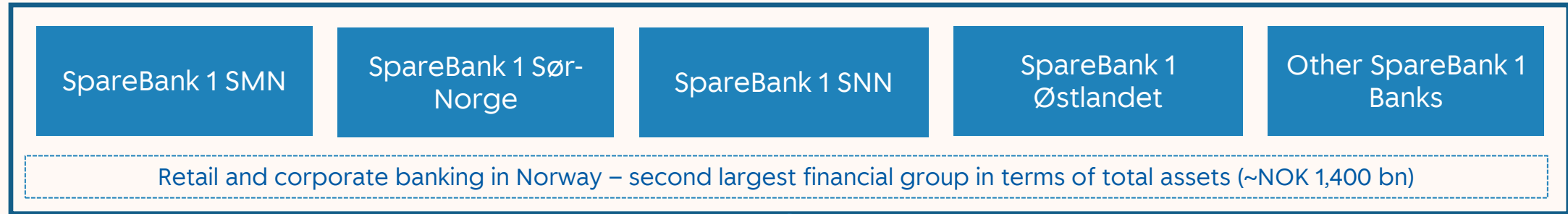
Two banks with similar values, business concepts, and culture join forces to create an even better bank for the Inland region

- Solid position with close customer relations and competent employees.
- New and large savings bank foundation, to the benefit of the local community.
- We have made good progress with the integration of employees, offices, and products.
- There will be integration costs. Appr. NOK 32 million so far, while an additional NOK 60 million is expected in 4Q.
- Expect capital synergies of approximately NOK 300 million, of which some occur already on 1 January 2025.



Part of the SpareBank 1 Alliance

Provides operational and financial economies of scale as well as diversified product offering



SpareBank 1 Gruppen AS* (12.4 %)
Product companies

- Insurance, life and non-life
 - SpareBank 1 Forsikring
 - Fremtind Forsikring**
- Factoring
- Crowd funding



SpareBank 1 Utvikling DA (18.0 %)
Business operations and improvements, drives “economies of scale” for the banks***

- Real estate brokerage
 - EiendomsMegler 1 Norge
- Customer service
- Securities settlement



Key associated companies

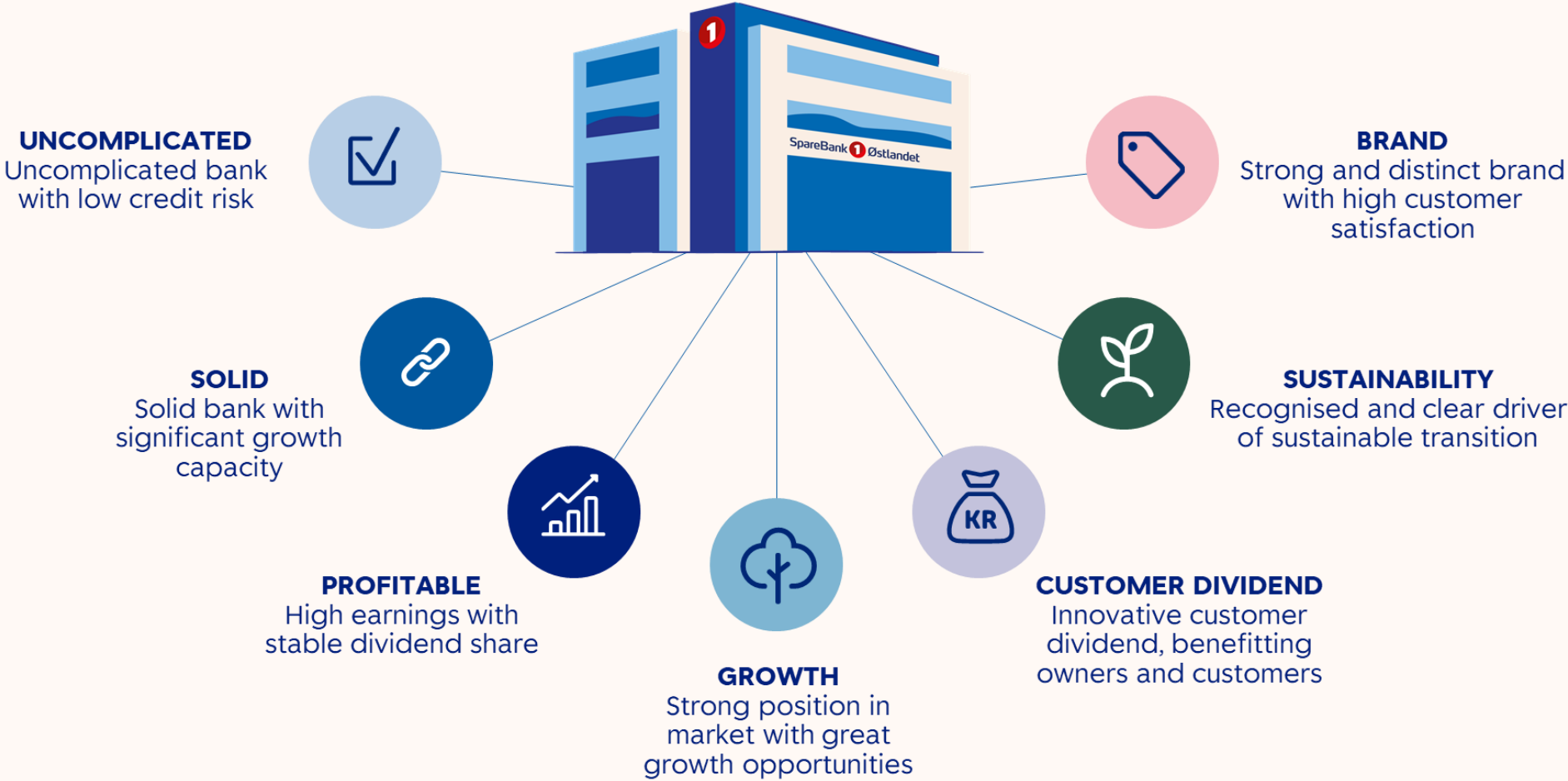
- Covered bond companies
 - SpareBank 1 Boligkreditt (23.45 %)
 - SpareBank 1 Næringskreditt (12.78 %)
- Payment services
 - SpareBank 1 Betaling (Vipps) (18.10 %)
- Credit cards
 - SpareBank 1 Kreditt (19.36 %)
- BN Bank (retail bank) (9.99 %)
- Asset Management
 - SpareBank 1 Forvaltning (6.25 %)

* SpareBank 1 Østlandet percentage ownership

** DNB ownership ratio 35 %

*** Marketing and distribution, Procurement, credit risk models, IT systems, business development

Why invest in SPOL?



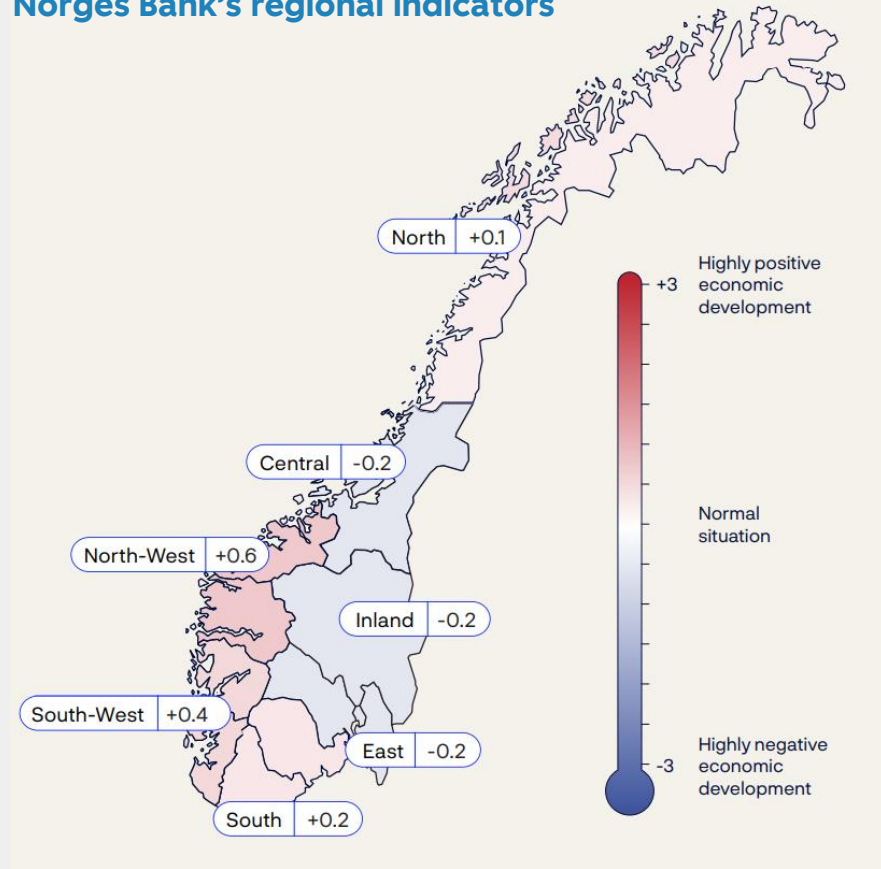
- 1 Introduction
- 2 Macroeconomic backdrop and main financials
- 3 Asset quality and funding plans
- 4 Appendix



Macroeconomic backdrop is still challenging

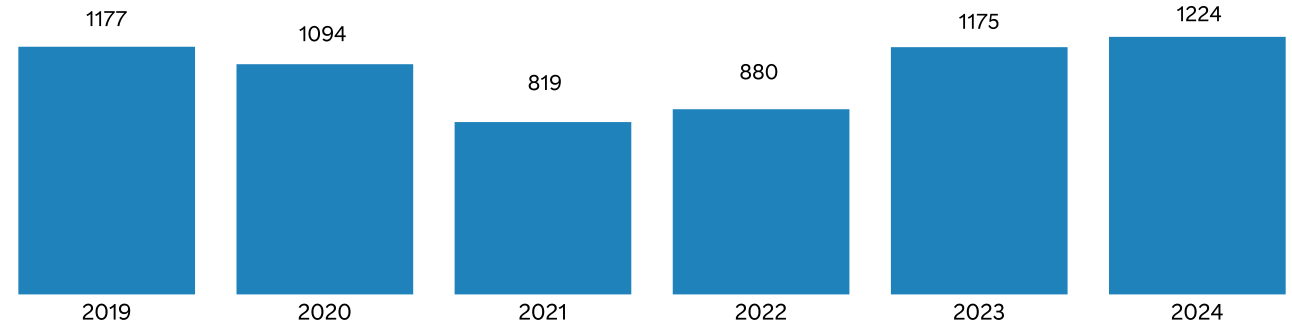
Weaker corporate sentiment in the bank's market area than in several others parts of the country. More bankruptcies, to levels similar to pre-pandemic. Higher unemployment rate, but to moderate levels and in line with rest of country.

Norges Bank's regional indicators



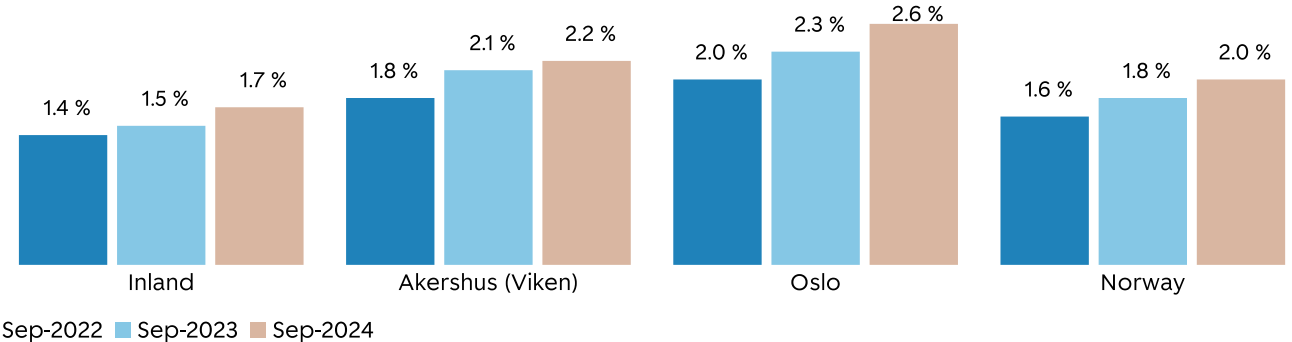
Source: Norges Bank's Regional Network report, no. 3 2024

Number of bankruptcies, year-to-date (wk 43 each year), market area



Sources: Macrobond, Statistics Norway, own calculations

Unemployment (registered), %

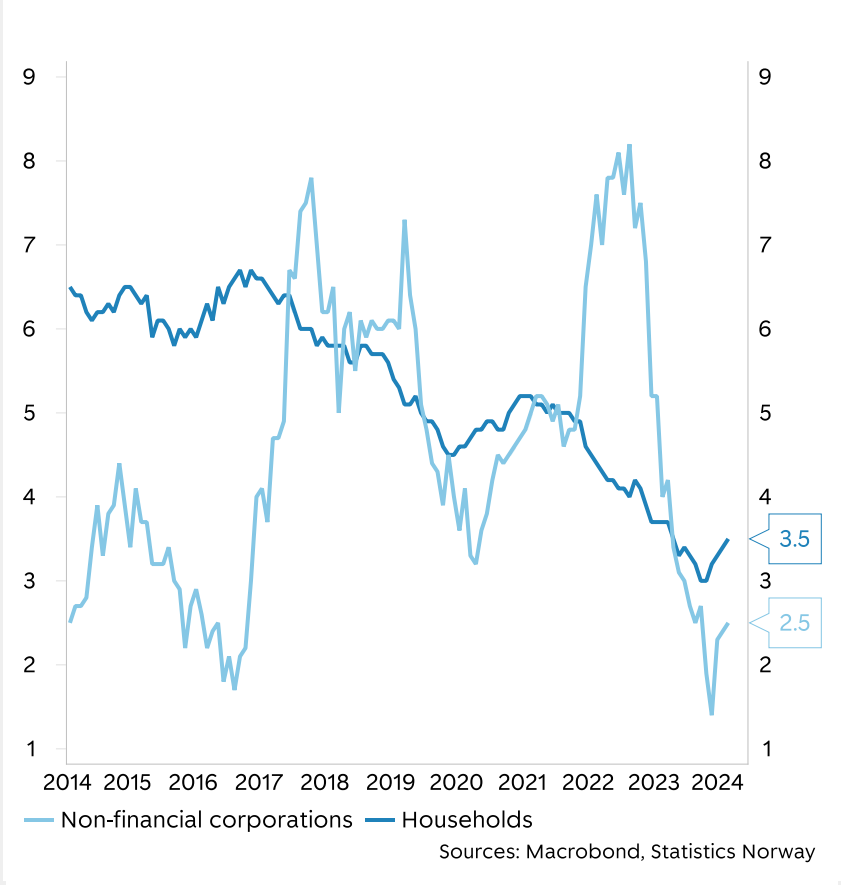


Sources: Macrobond, Norwegian Labour and Welfare Administration

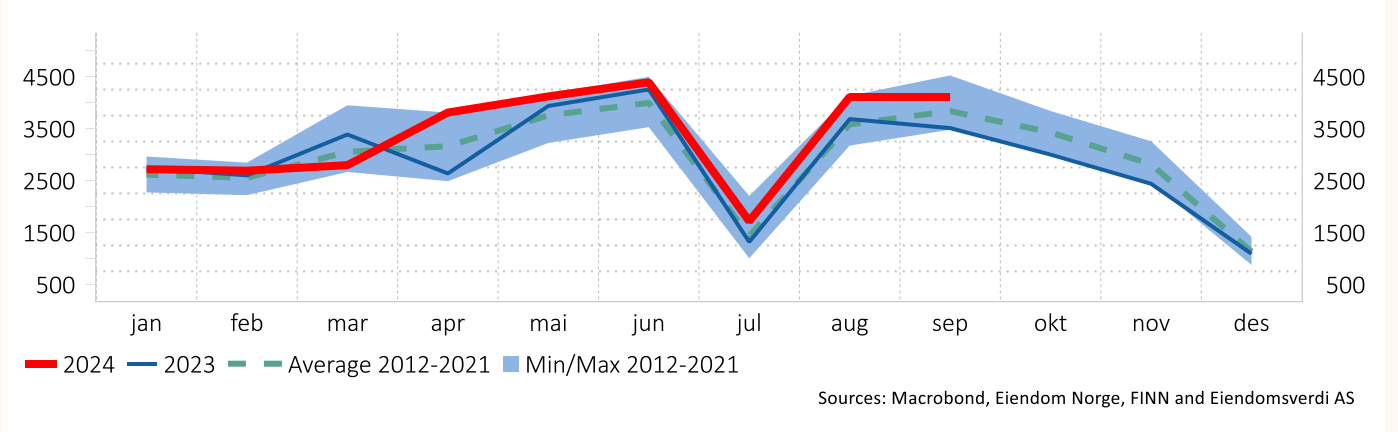
Higher credit growth

Increased loan demand, especially among households. Activity in housing market has been high throughout the 3Q, particularly in the capital region. More homes are being listed, but many still prefer to sell before they buy.

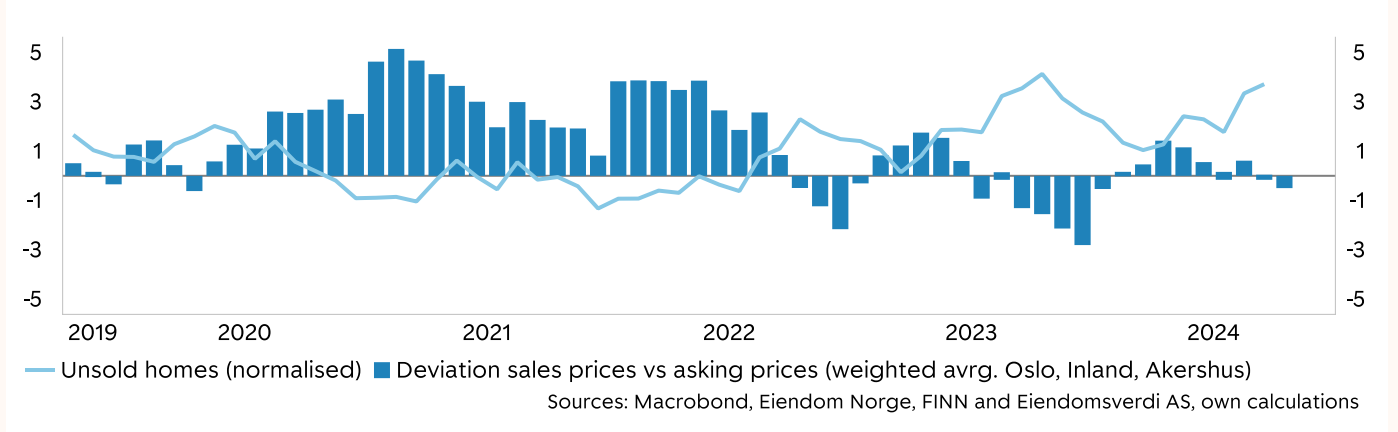
Credit growth



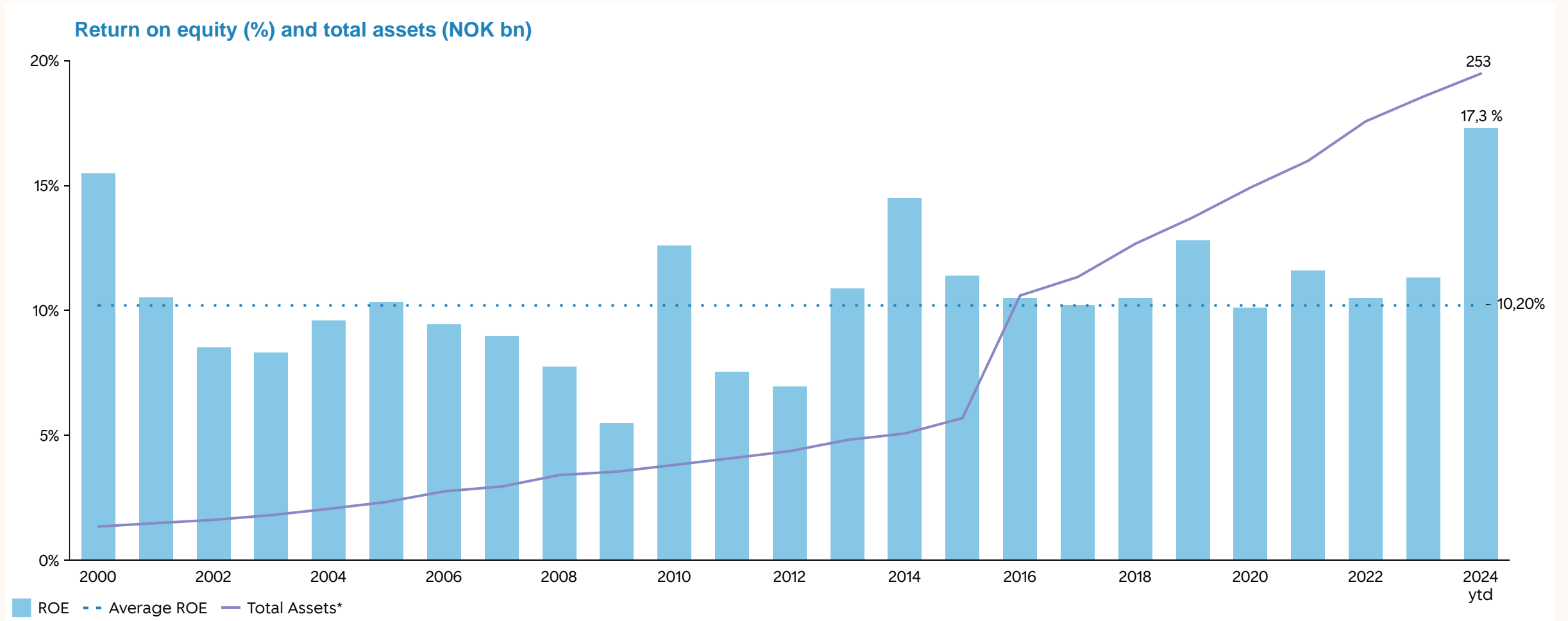
Existing home sales (no. of homes), monthly, market area



Unsold homes (std. deviations) and sales prices vs asking prices (%), market area

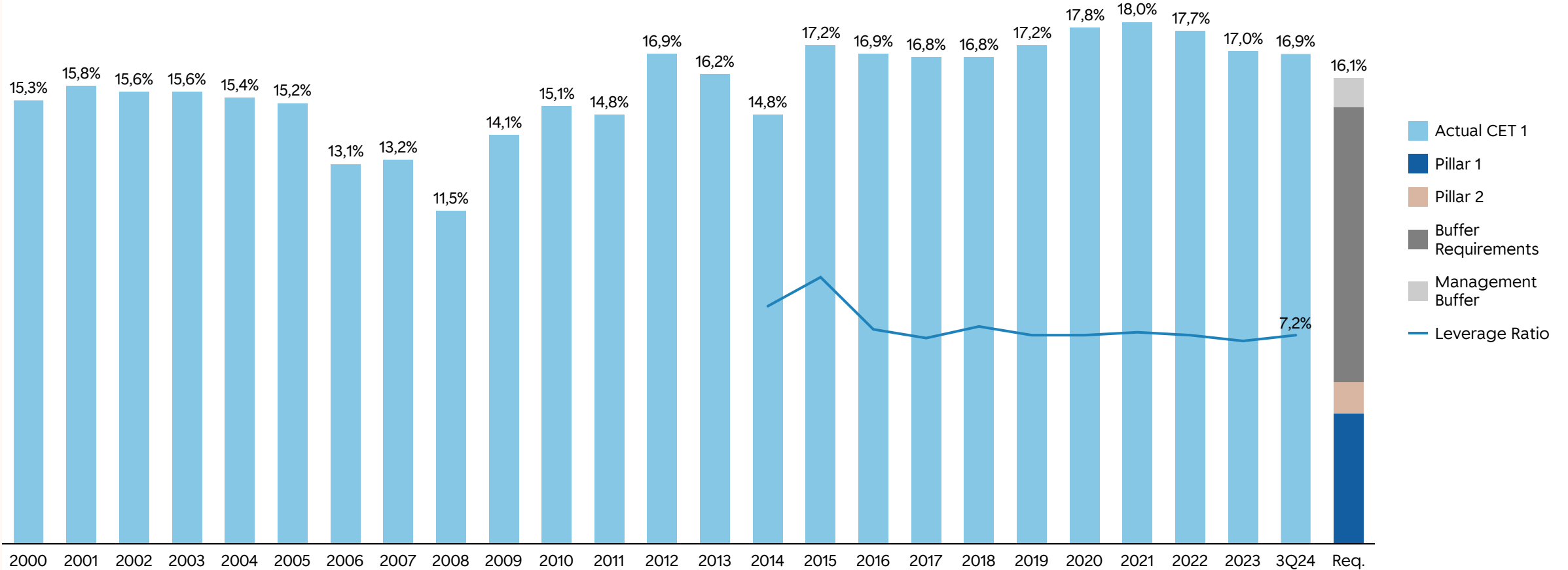


Long history of solid returns...



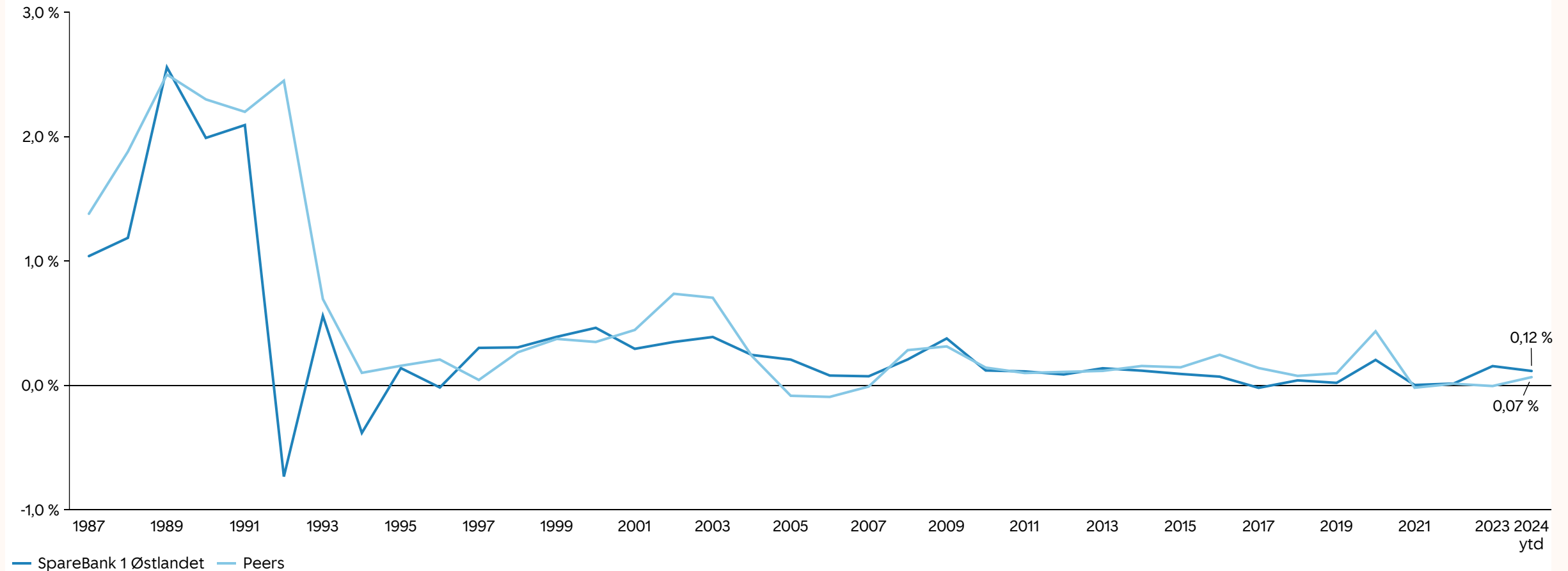
... high capital levels...

Capital adequacy, %



... and low loan losses

Impairments on loans as a percentage of gross loans *



Source: Bank reports and SpareBank 1 Markets 4Q 2023. Peers: NONG, SRBANK, MING, MORG, SVEG

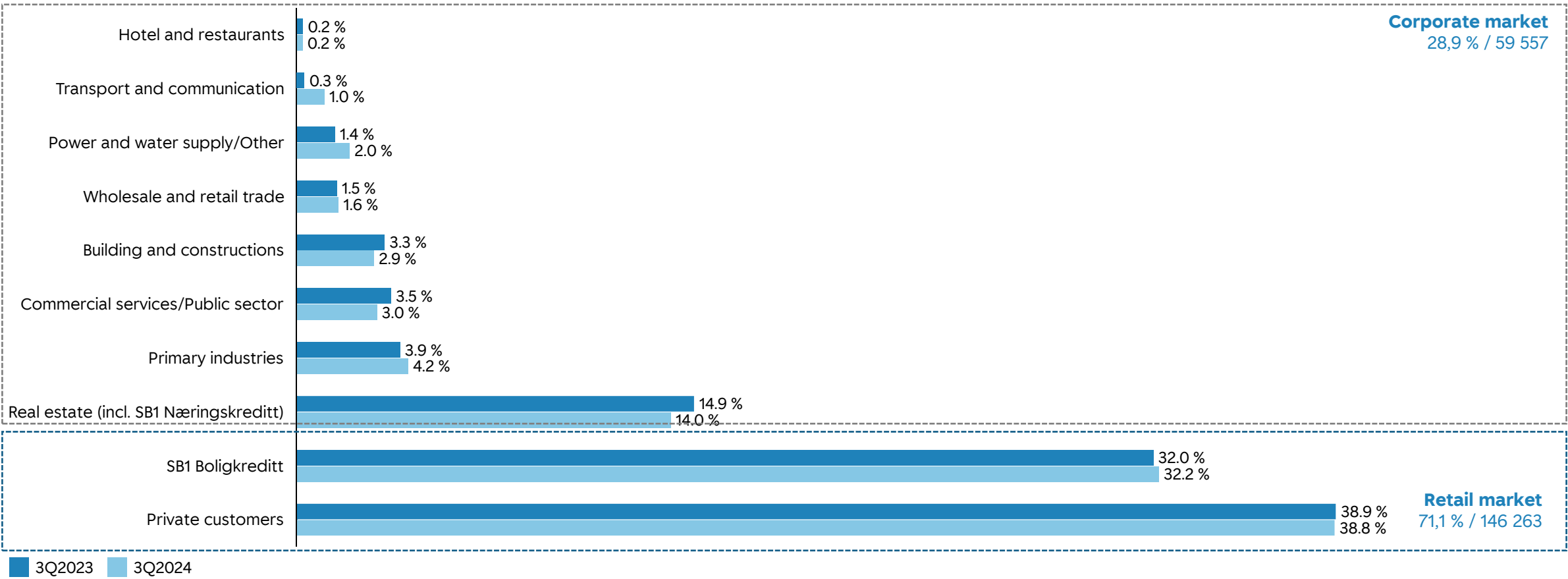
(*) Included loans transferred to covered bond companies

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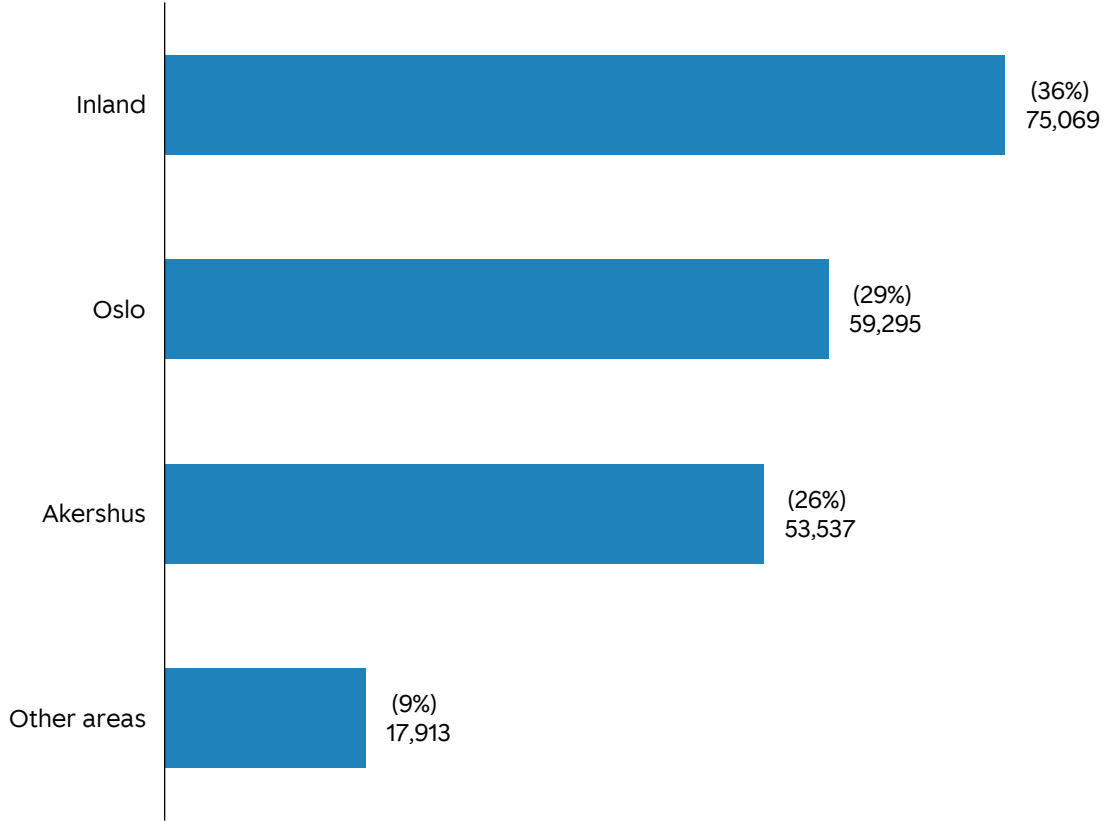
Well diversified loan portfolio

Lending to customers per sector (in %)

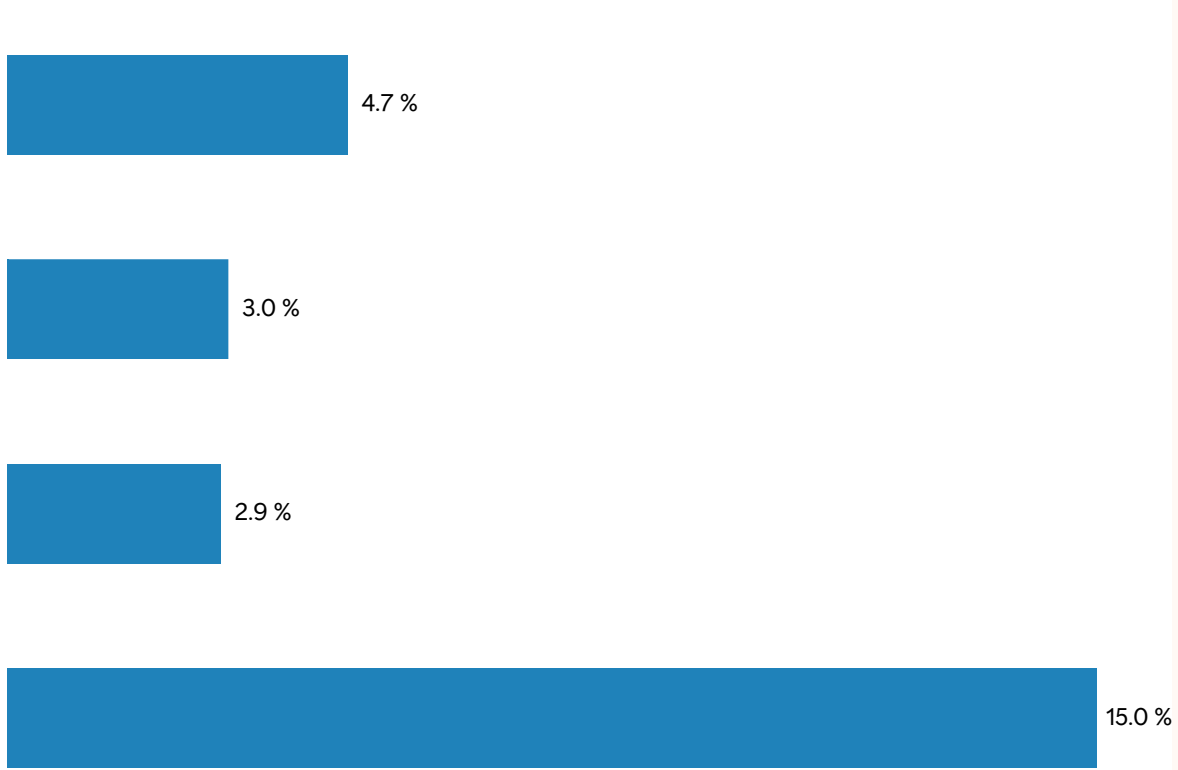


The Group's lending by geography

Lending to customers per county (share in %/NOK million)

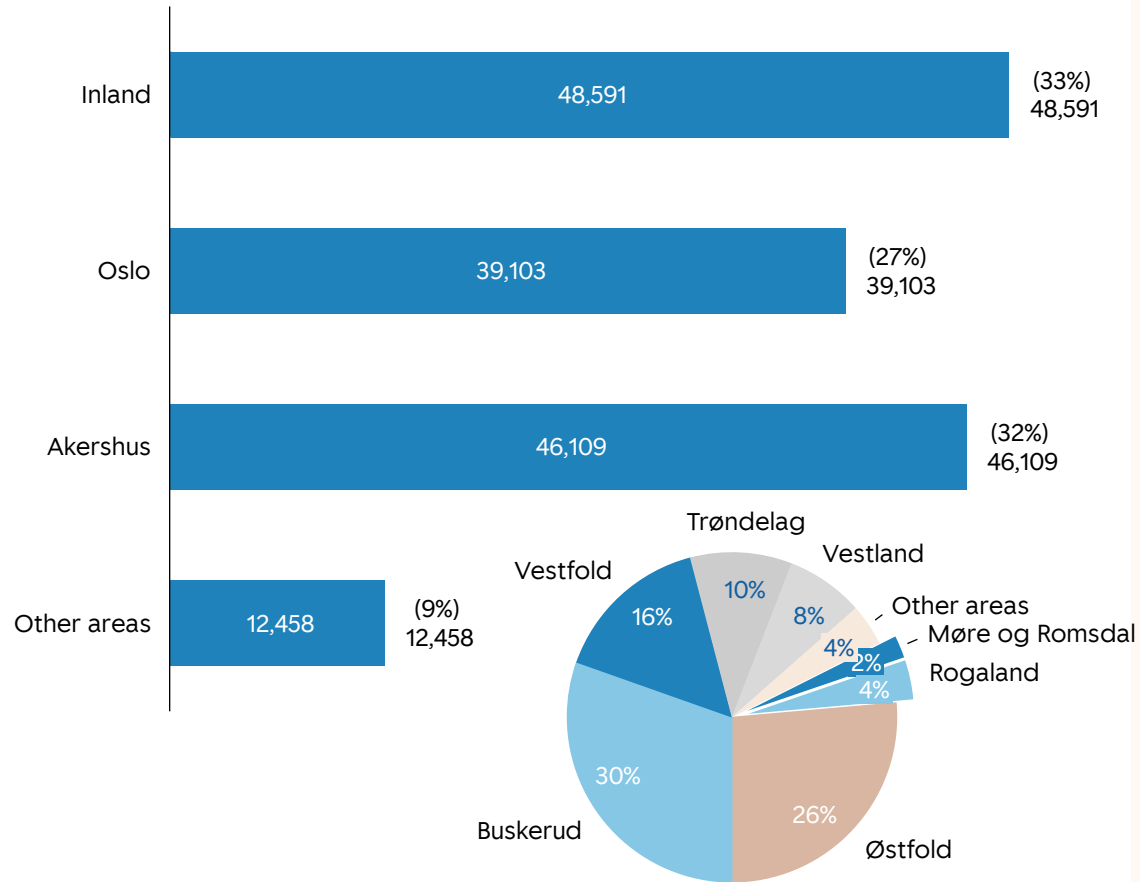


Change last 12 months (%)

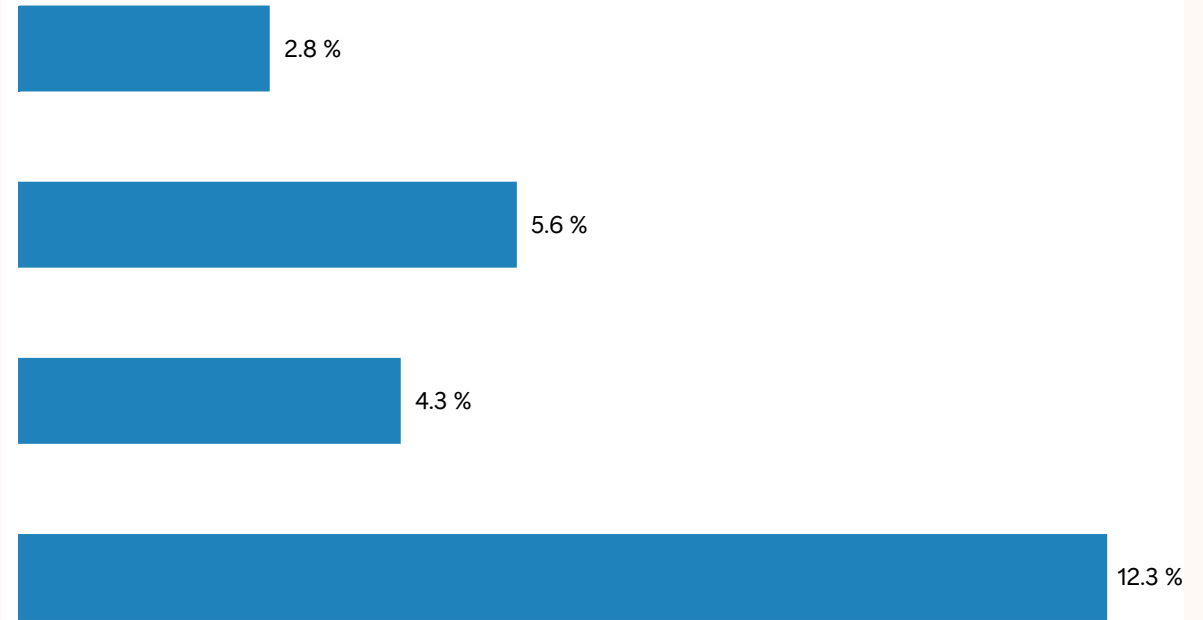


Mortgage loans by geography

Retail lending by county (share in %/NOK million)

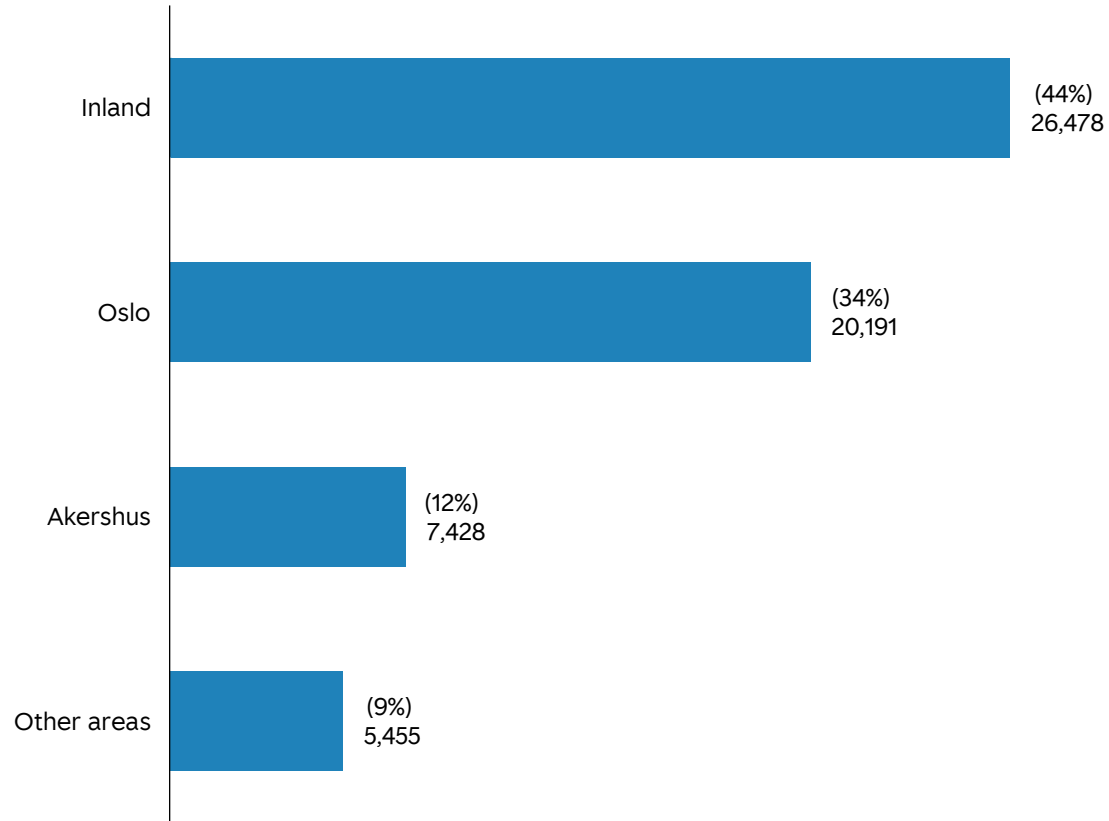


Change last 12 months (%)

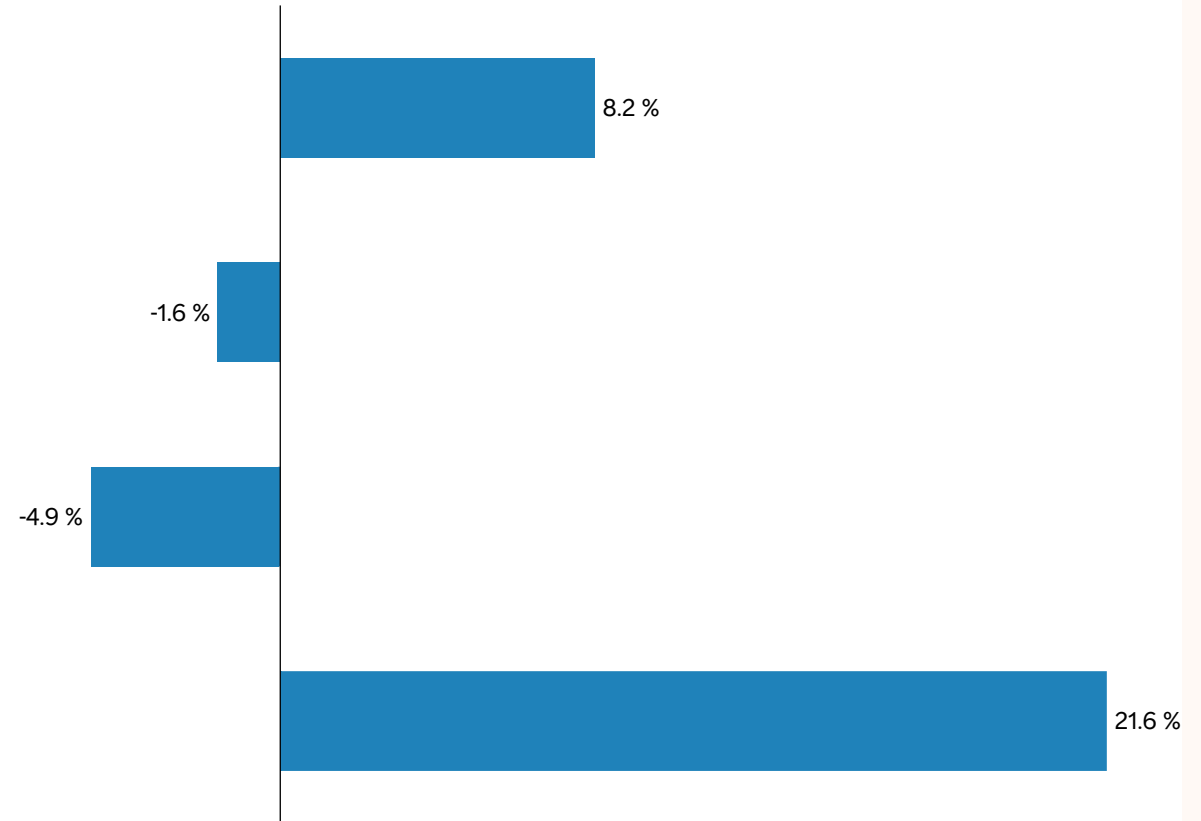


Corporate market lending by geography

Corporate lending by county (share in %/NOK million)

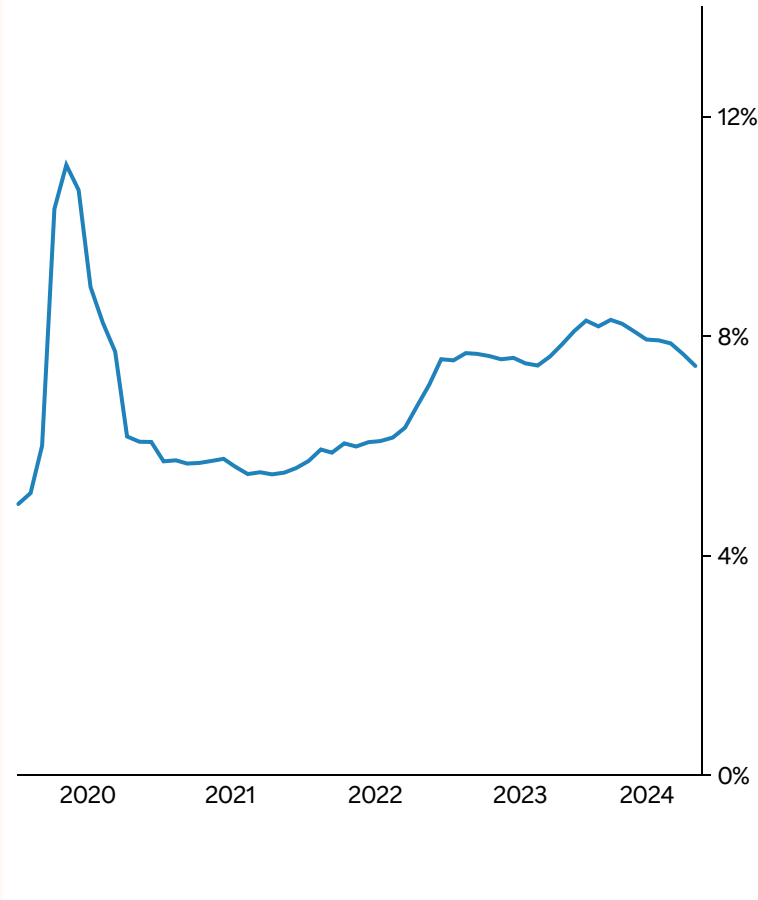


Change last 12 months (%)

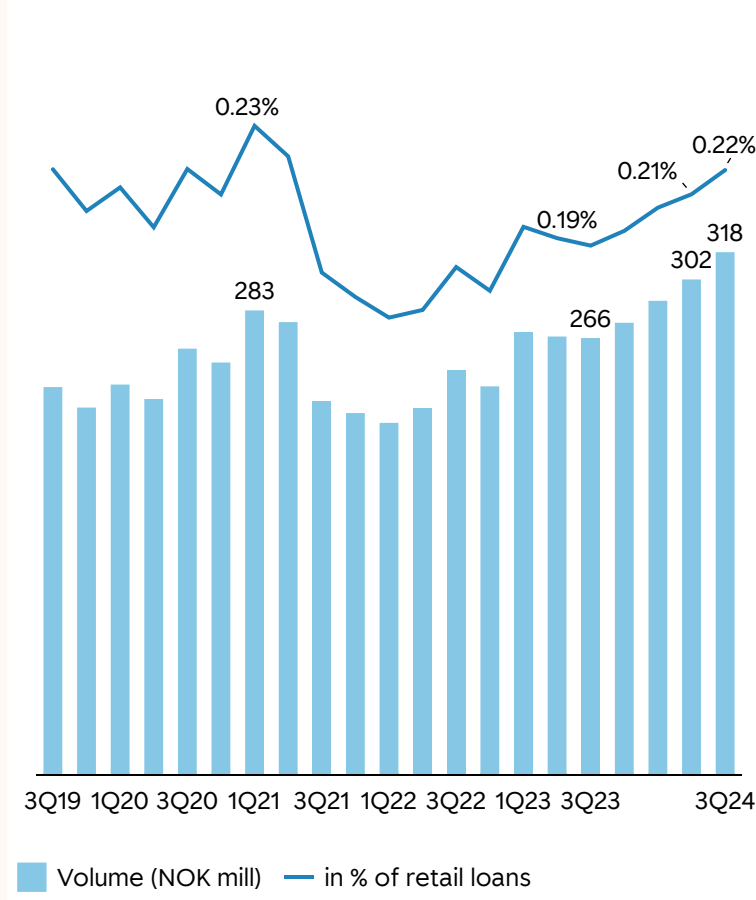


Retail: Indicators of underlying credit quality

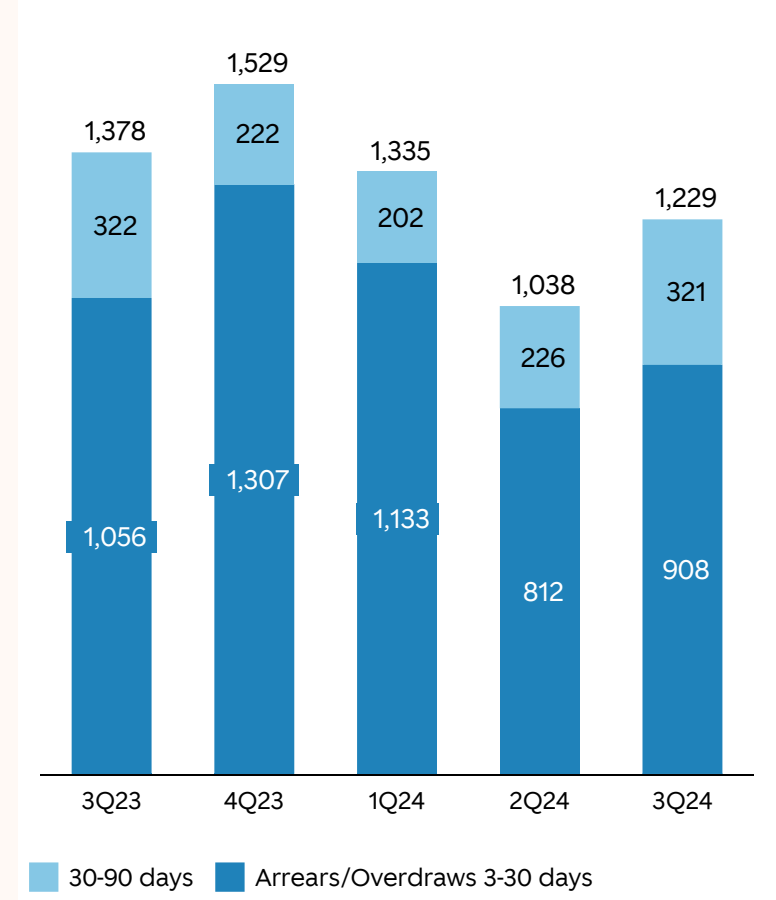
Retail customers with interest-only mortgage



Mortgages to debt collection (volume)



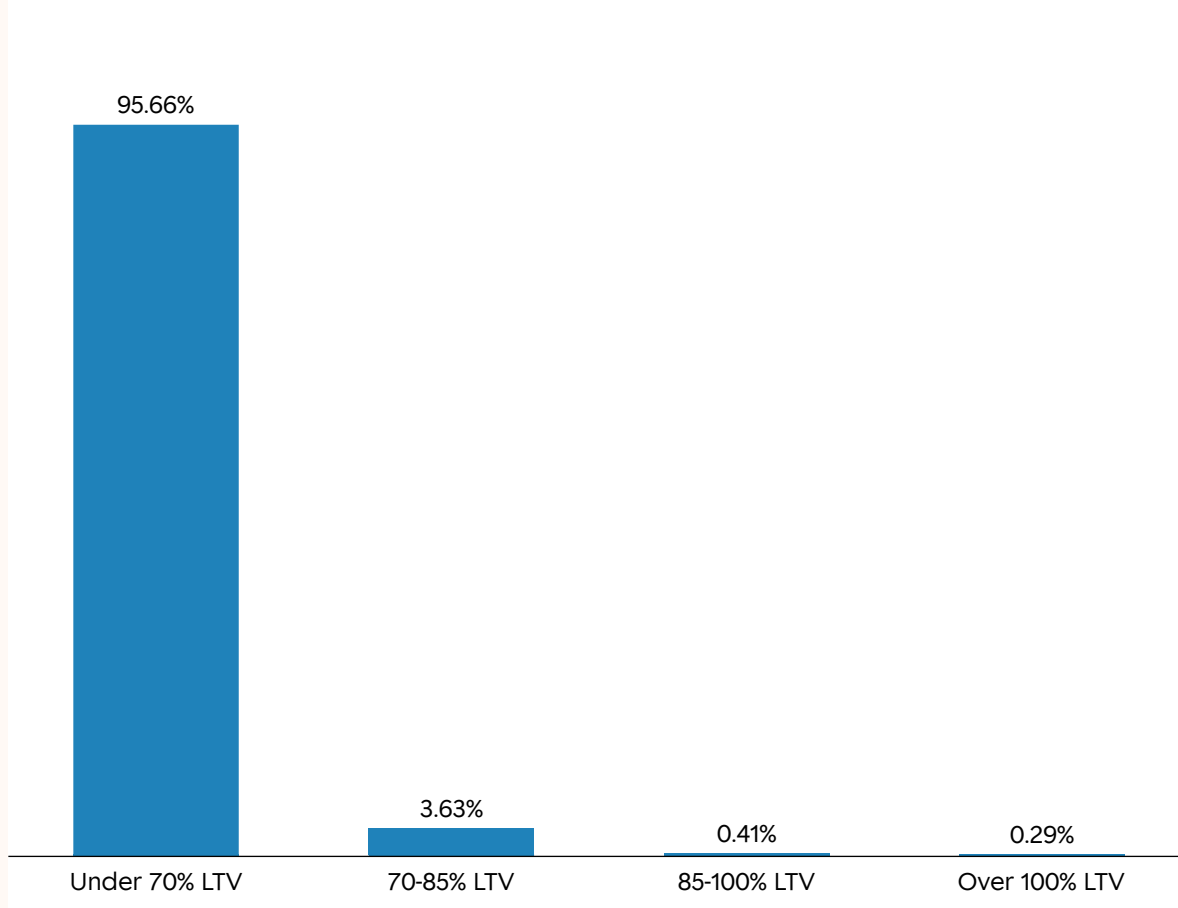
Arrears retail market, NOK mill.*



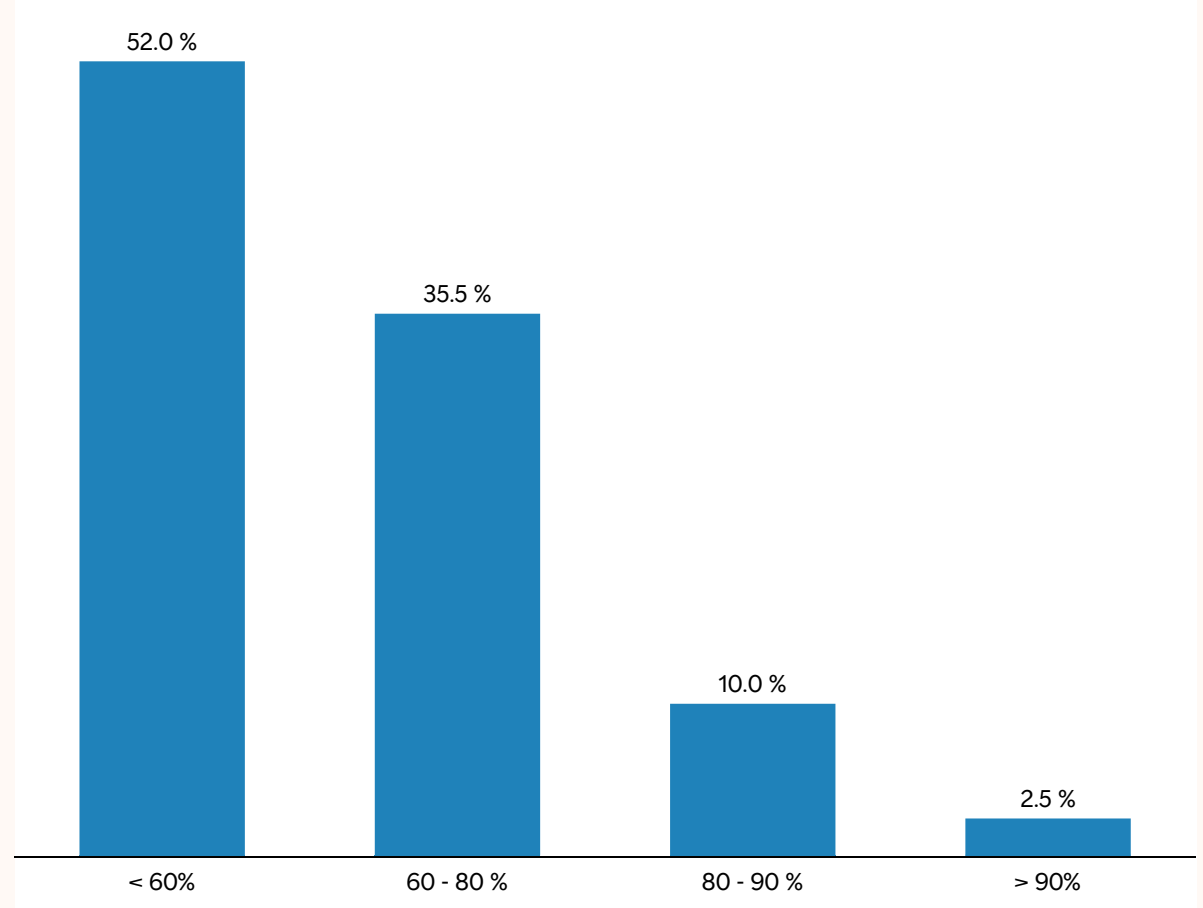
* Does not include loans transferred to SpareBank 1 Boligkreditt.

Retail: Mortgage collateral

Share of LTV by exposure – retail mortgages*



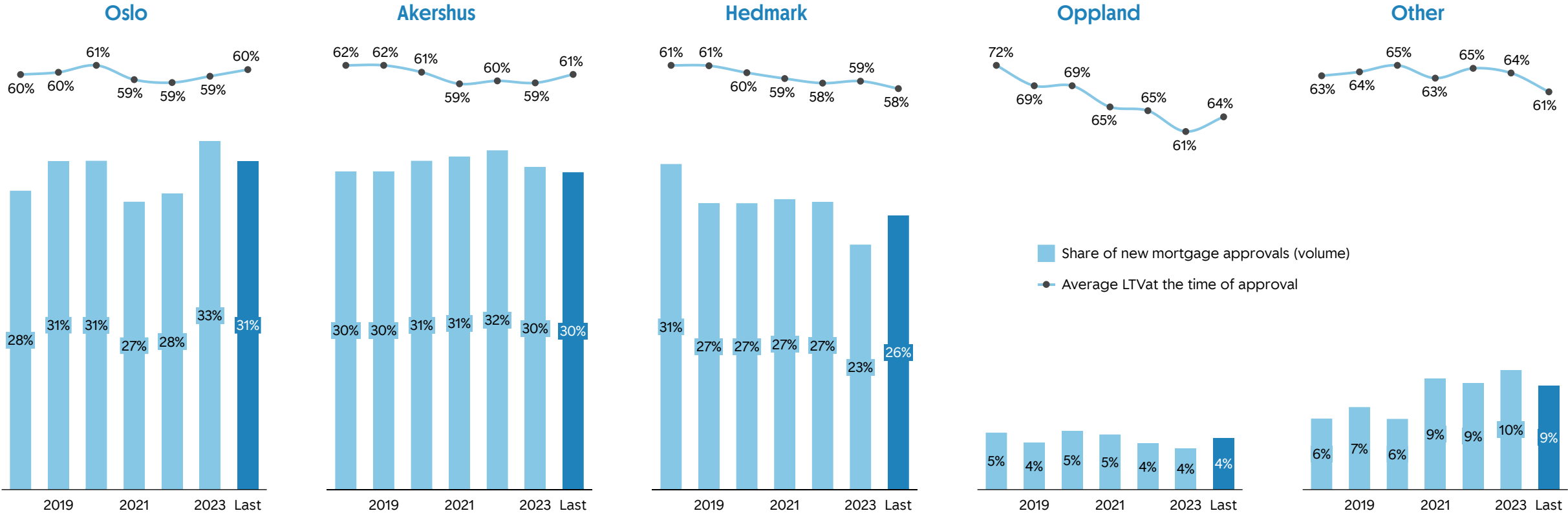
Share of lending according to LTV - retail mortgages*



* Including loans transferred to SpareBank 1 Boligkreditt.

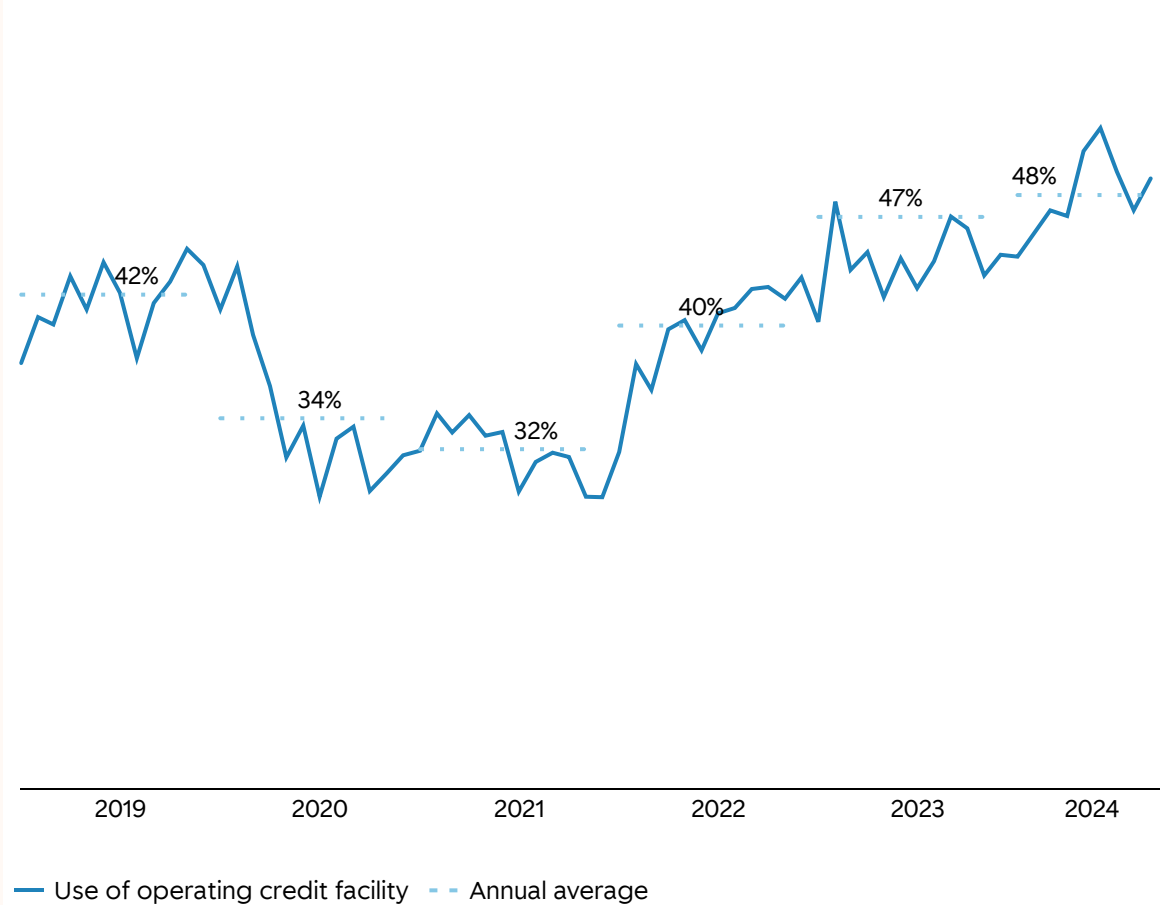
Stable low LTVs in new mortgage approvals

Share of new mortgage approvals and average LTV per period and county (Inland county divided b/w old Hedmark and Oppland counties)

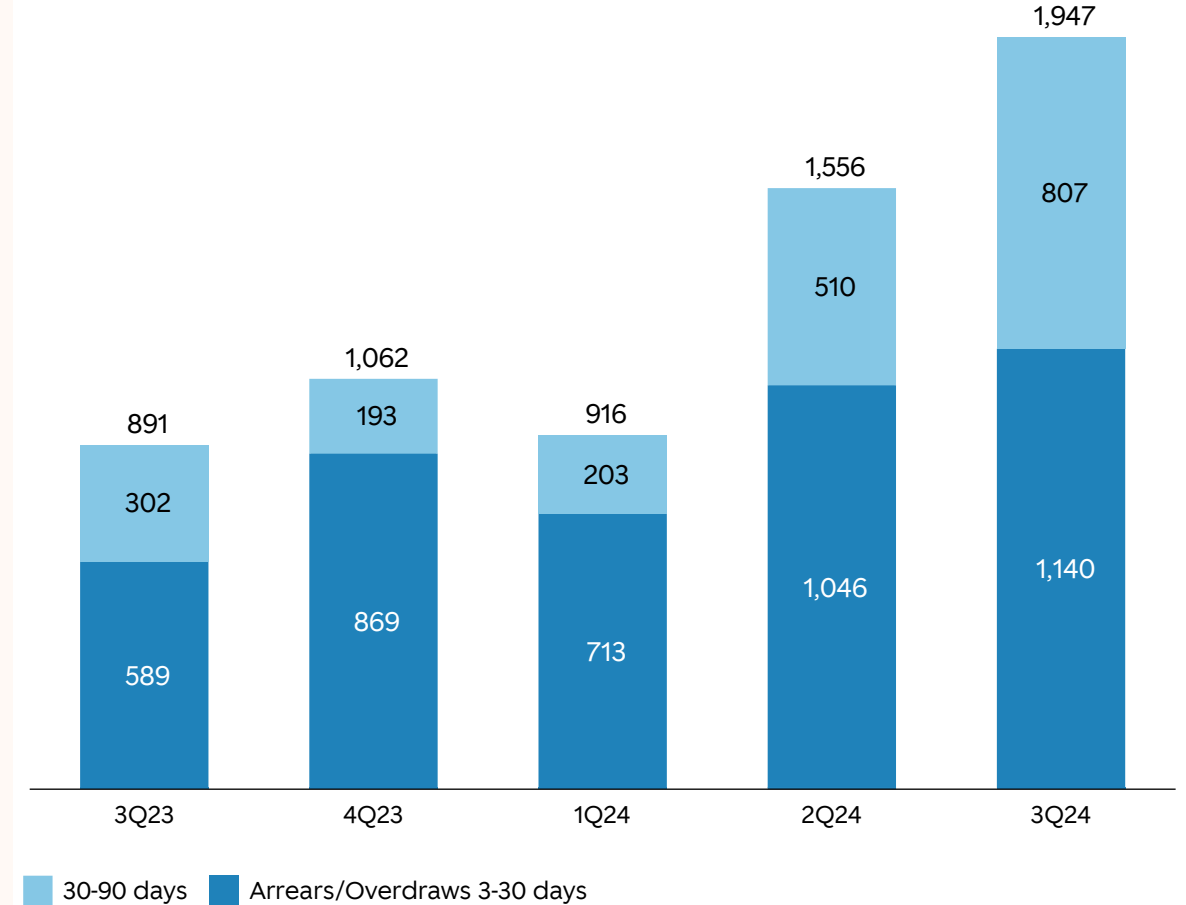


Corporate: Indicators of underlying credit quality

Use of corporate credit facilities (parent bank)



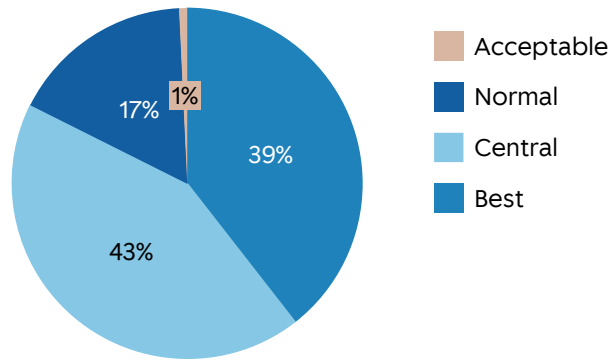
Corp. arrears below 90 days (NOK mill.)*



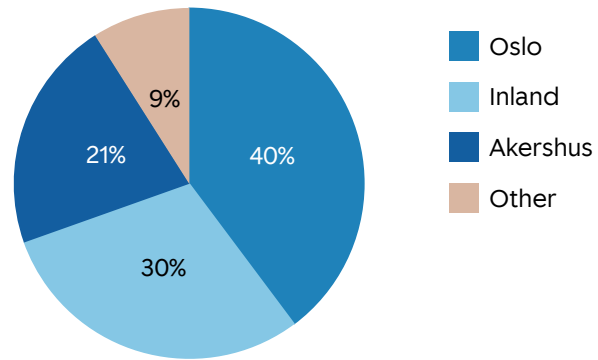
* Does not include loans transferred to SpareBank 1 Næringskreditt.

CRE: Attractive, diversified portfolio

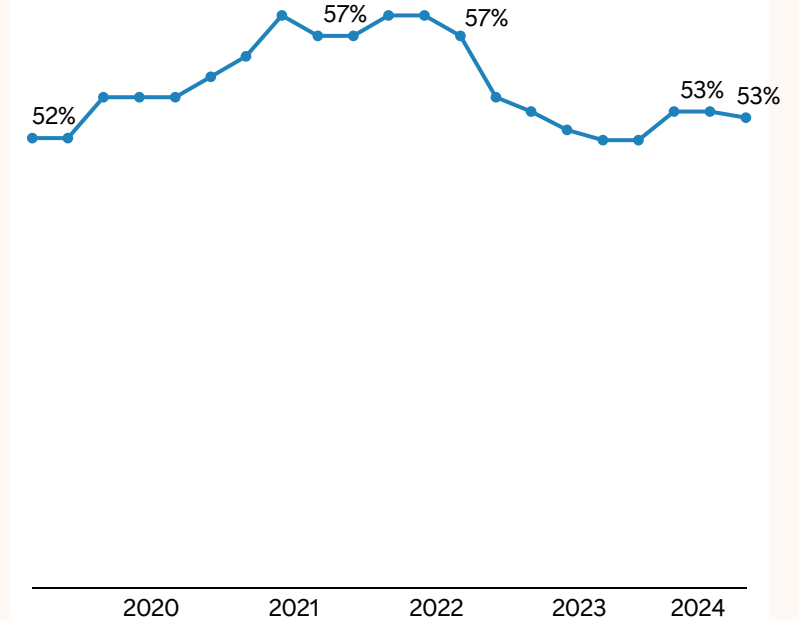
Rental space attractiveness



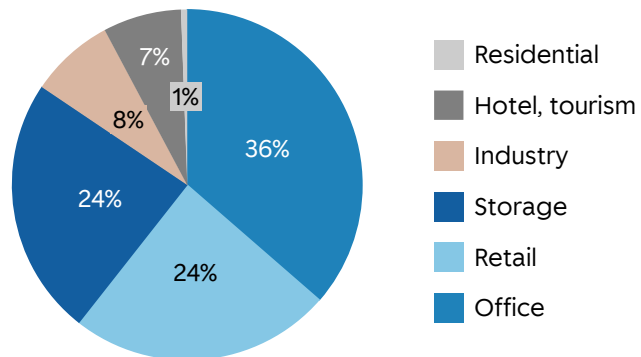
Geographical distribution of rental space



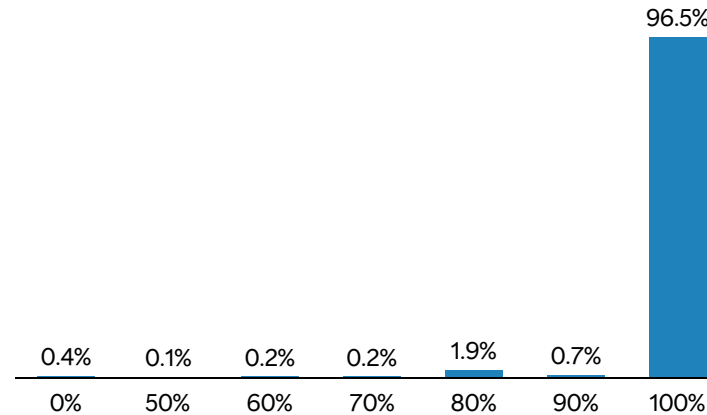
LTV for CRE portfolio



Share of rental space according to type



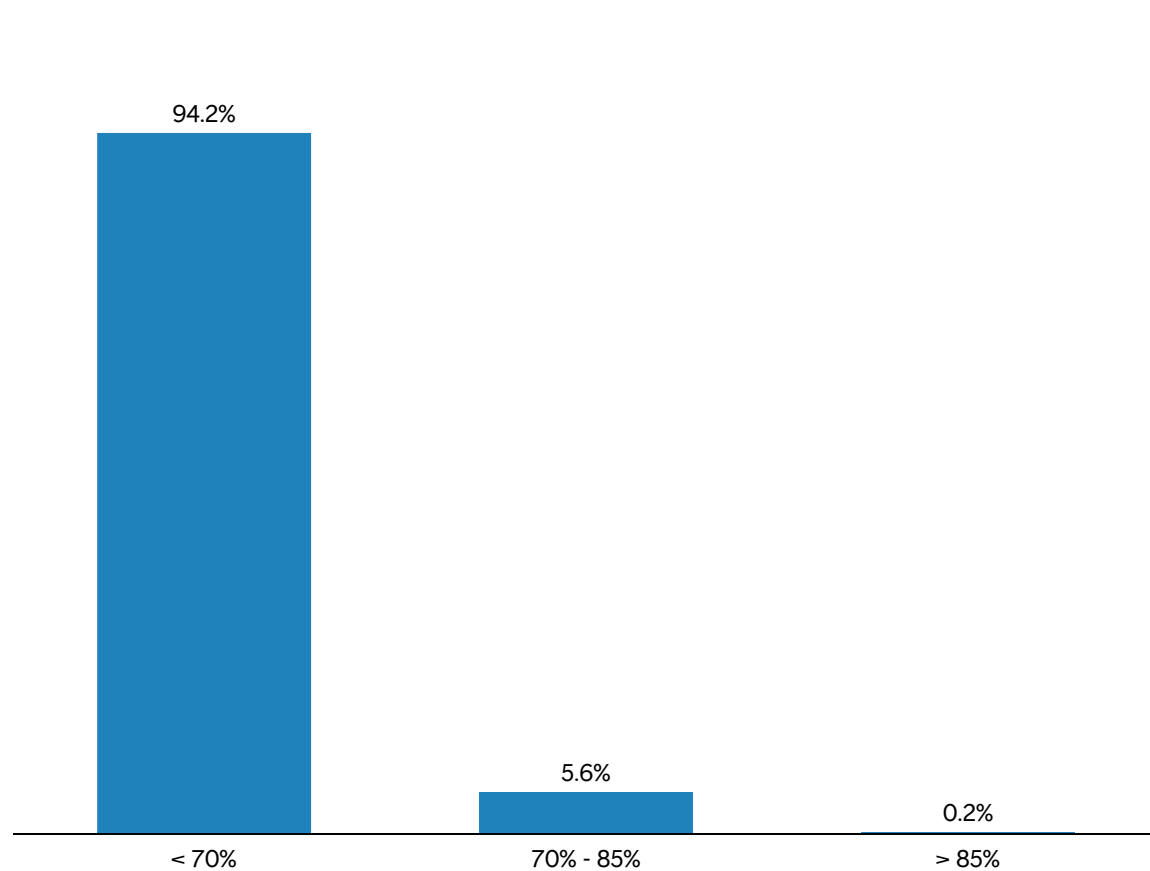
Share of rental space at different indexation



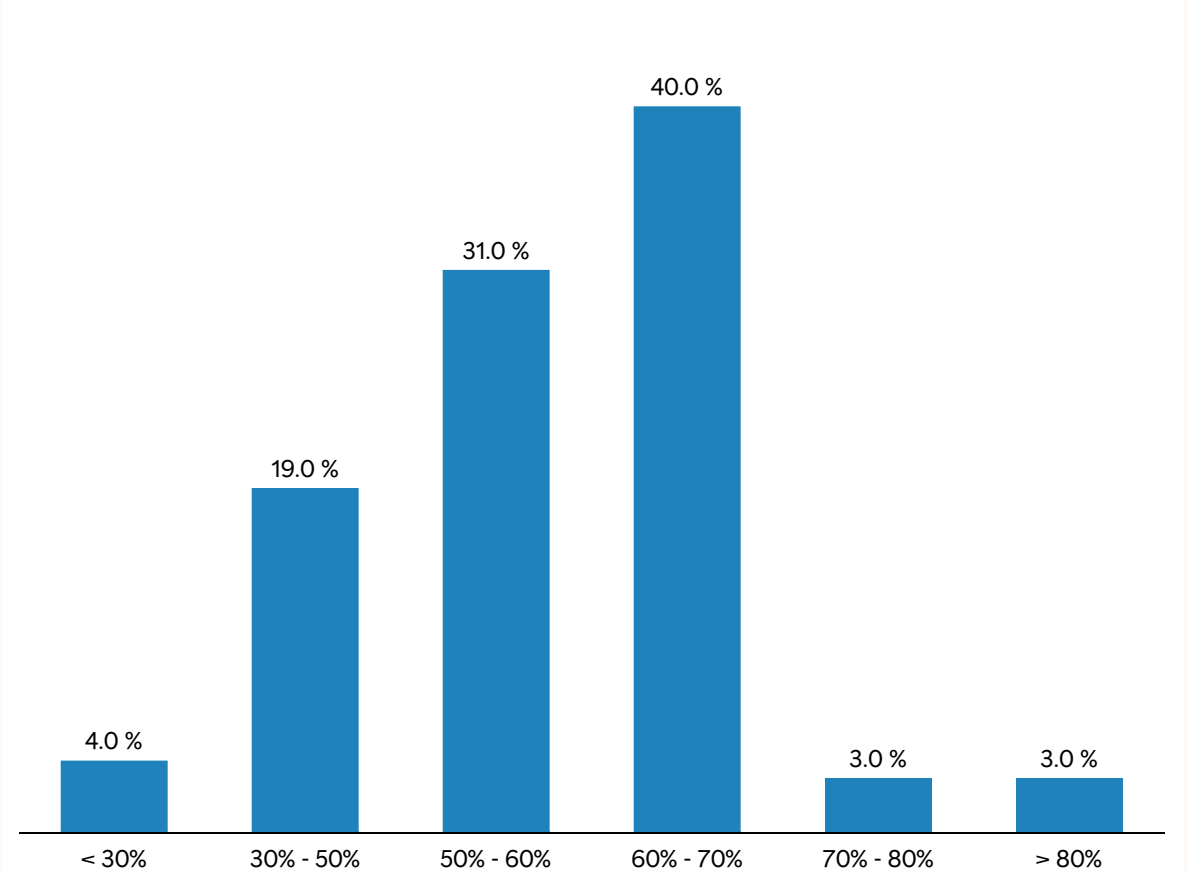
CRE: Solid collateral

Loan portfolio is well positioned for higher yields in the commercial real estate market.

Share of LTV by exposure – CRE*



Share of lending according to LTV – CRE*

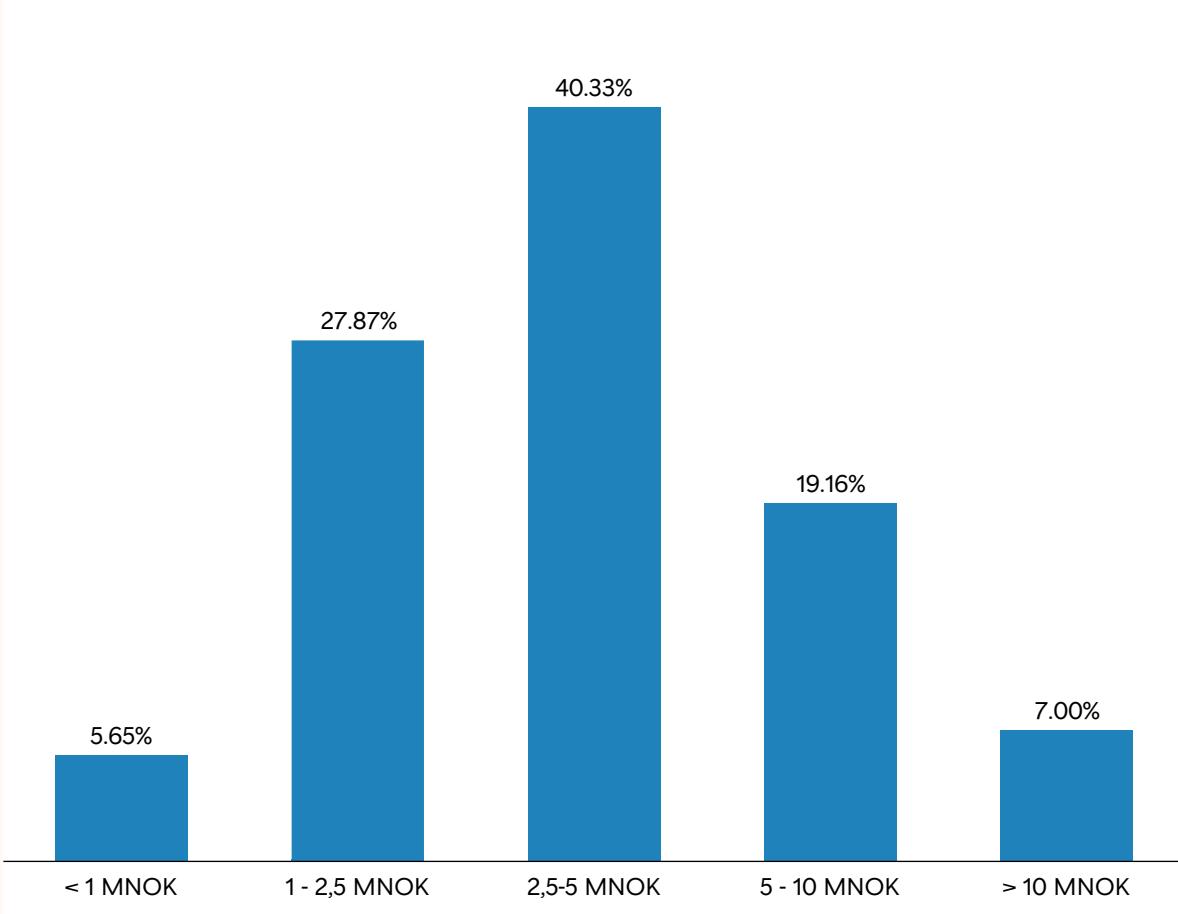


* Based on numbers for parent bank and exposures of at least NOK 10 mill.

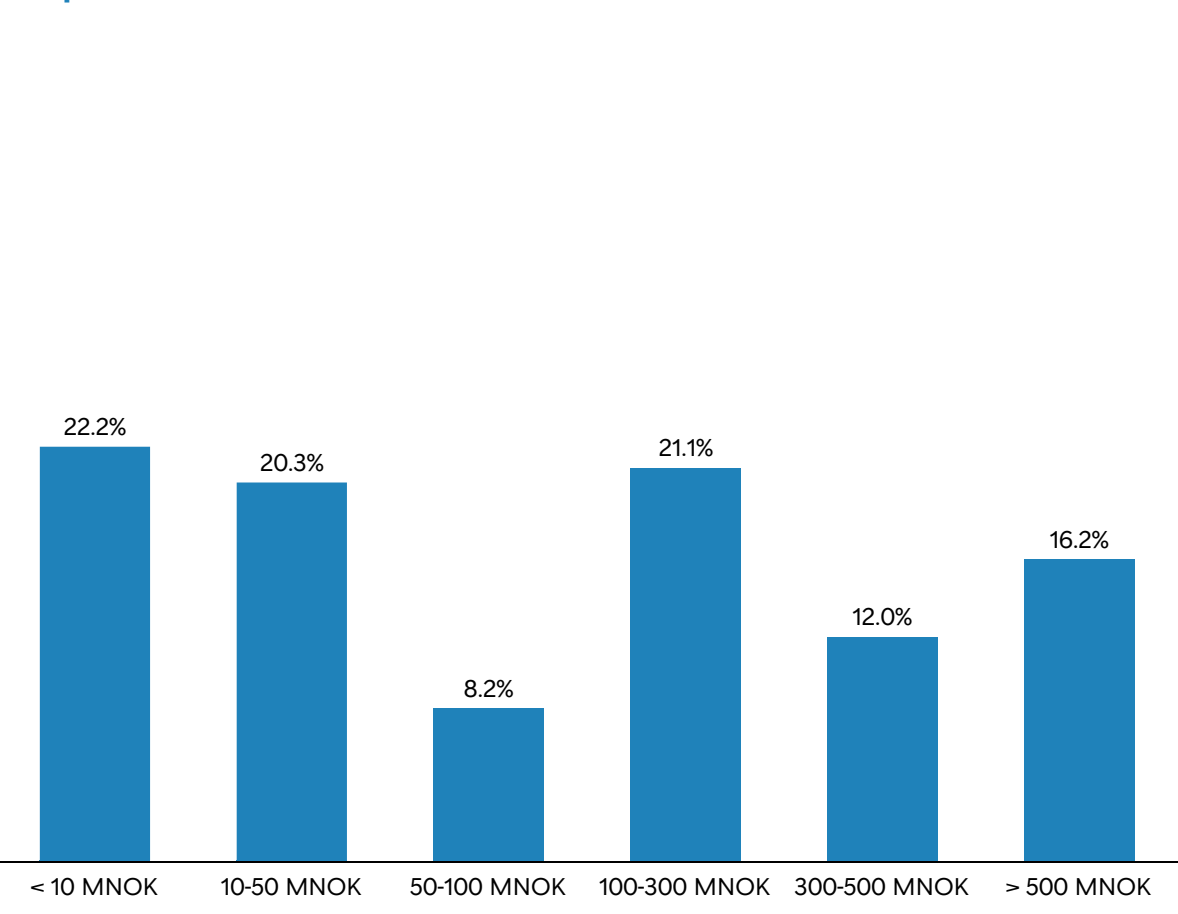
Size concentration risk in the lending book is low

Retail and corporate loans by size (% share)*

Retail market



Corporate market



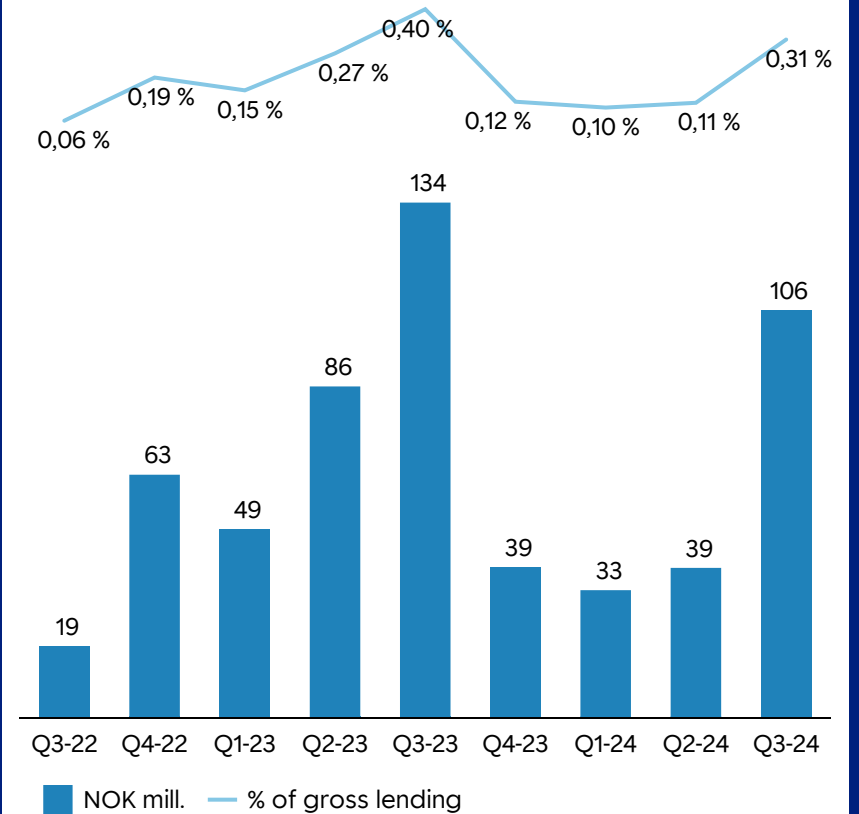
* Including loans transferred to the covered bond companies.

Loan loss provisions

Loan loss provisions (NOK million)	3Q24	2Q24	3Q23
Retail market	2.9	4.8	- 4.2
Corporate market	91.0	25.1	91.4
SpareBank 1 Finans Østlandet	11.7	9.2	46.3
Group	105.7	39.0	133.6

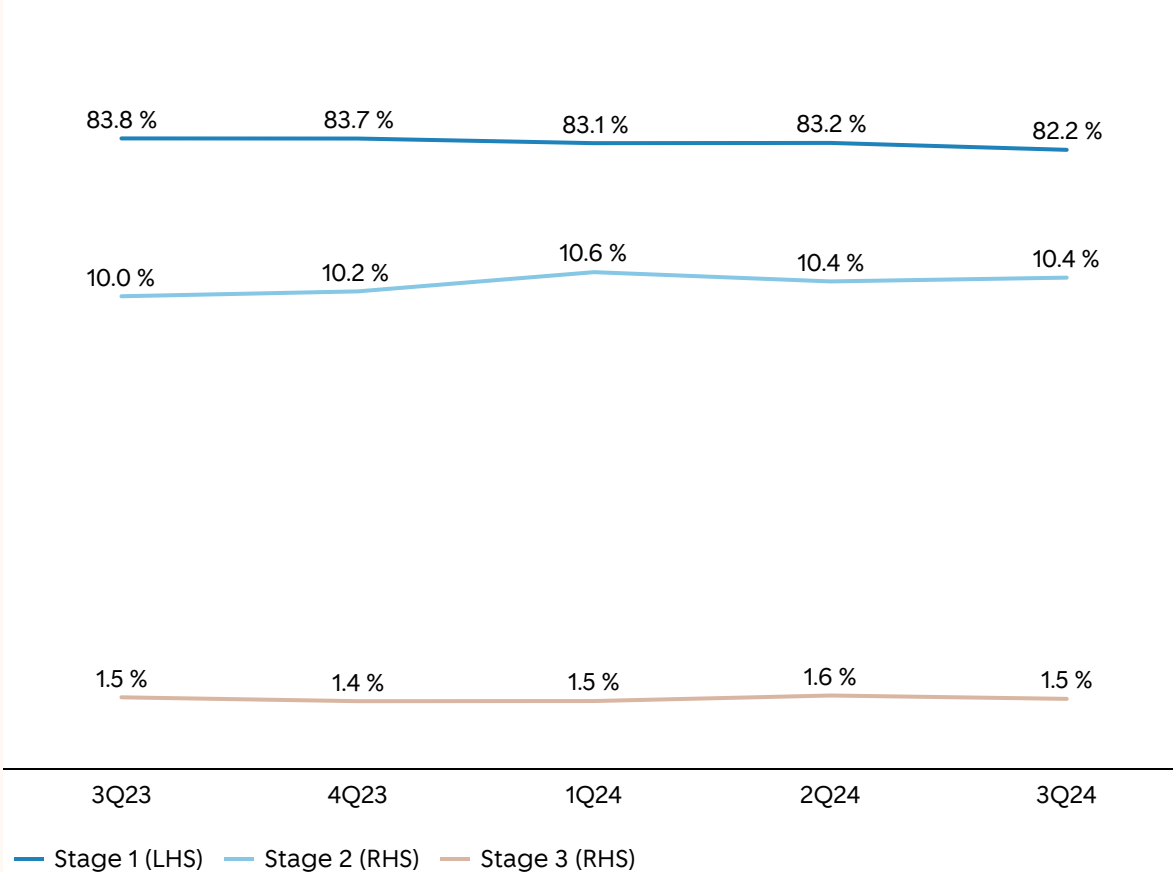
Loan loss provisions (NOK million)	3Q24	2Q24	3Q23
Change in model-based loss provisions	19.1	-31.7	26.2
Change individual loss provisions	74.0	44.3	87.9
Net write-offs	12.5	26.4	19.4
Group	105.7	39.0	133.6

Quarterly loan loss provisions

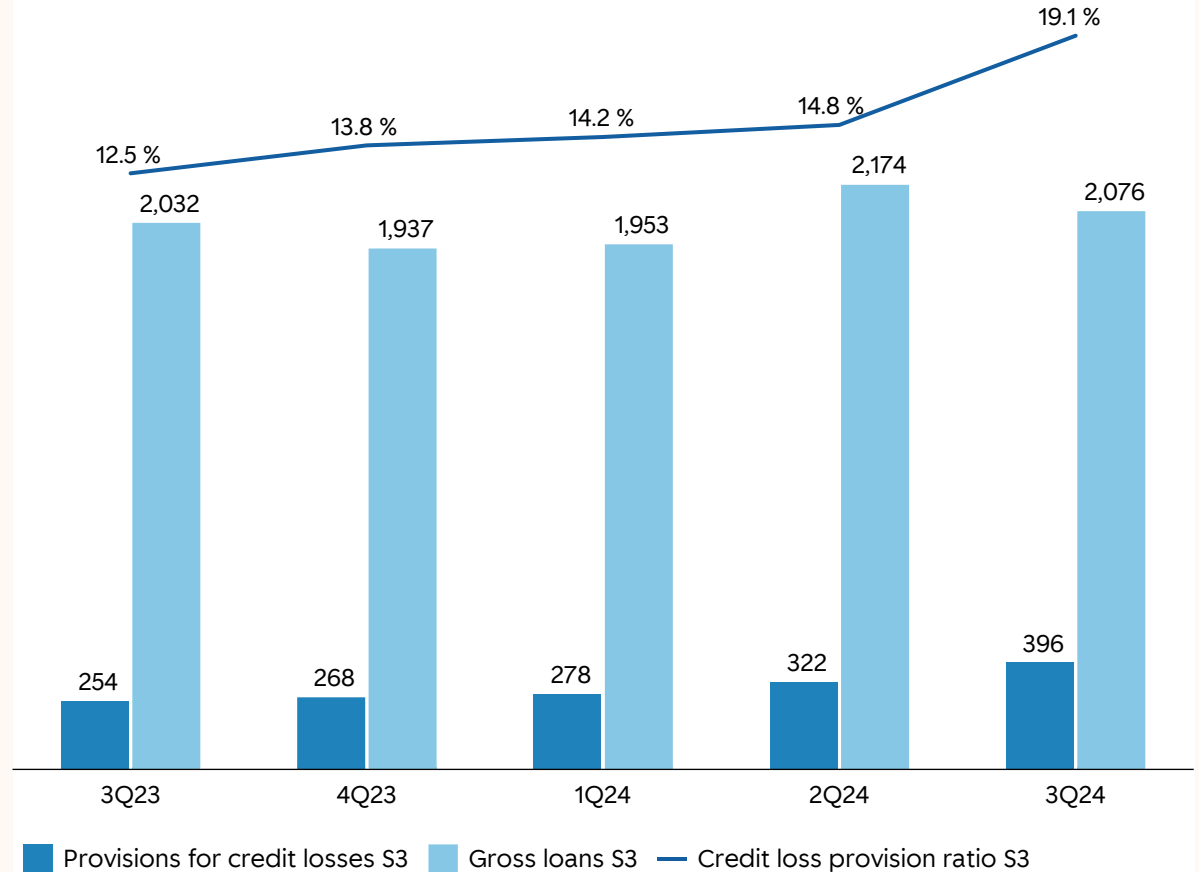


Exposures per stage and credit loss provision ratio in stage 3

Exposure by stages (% of gross loans)*



Loans in Stage 3 (NOK mill.)



* Excluding loans transferred to covered bond companies. Residual up to 100 per cent is due to loans at fair value over profit.

Aa3 Moody's Senior Unsecured rating with stable outlook

MOODY'S

RATINGS	VIEW ALL
LONG TERM COUNTERPARTY RISK RATING Aa3 LT Counterparty Risk Rating - Fgn Curr 12 JAN 2022 Not on Watch	
LONG TERM DEPOSIT Aa3 LT Bank Deposits - Fgn Curr Stable 12 JAN 2022 Not on Watch	
LONG TERM DEBT Aa3 Senior Unsecured - Fgn Curr Stable 12 JAN 2022 Not on Watch	
SHORT TERM COUNTERPARTY RISK RATING P-1 ST Counterparty Risk Rating - Fgn Curr 12 JAN 2022 Not on Watch	
SHORT TERM DEPOSIT P-1 ST Bank Deposits - Fgn Curr 12 JAN 2022 Not on Watch	
BASELINE CREDIT ASSESSMENT a3 12 JAN 2022 Not on Watch	
ADJ BASELINE CREDIT ASSESSMENT a3 12 JAN 2022 Not on Watch	
OTHER DEBTS ON WATCH? No	

Main takeaways from the latest Credit Opinion:

- “Solid asset quality on the back of a relatively low-risk retail mortgage portfolio”
- “Robust profitability on the back of recurring earnings”
- “Strong capital levels provide a good loss absorbing buffer”

Norway:

- “Norwegian banks benefit from operating in a wealthy and developed country with very high economic, institutional and government financial strength, and very low susceptibility to adverse events”

Rating Action – 5 March 2020:

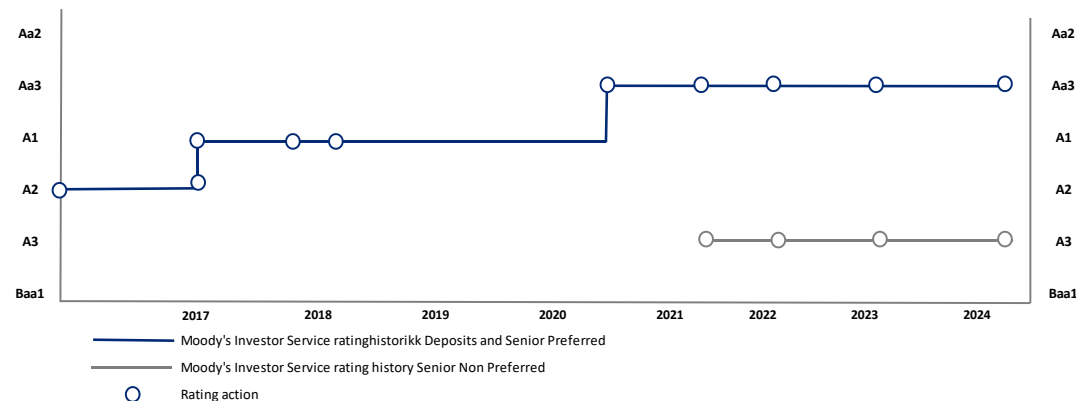
- Moody's has upgraded the BCAs and deposit/debt ratings with stable outlook for SpareBank 1 Østlandet and SpareBank 1 Nord-Norge.

Rating Action – 13 July 2021:

- Moody's assigns A3 rating to SpareBank 1 Østlandet's Junior Senior unsecured (SNP) notes.

Credit Opinion - 7 February 2024:

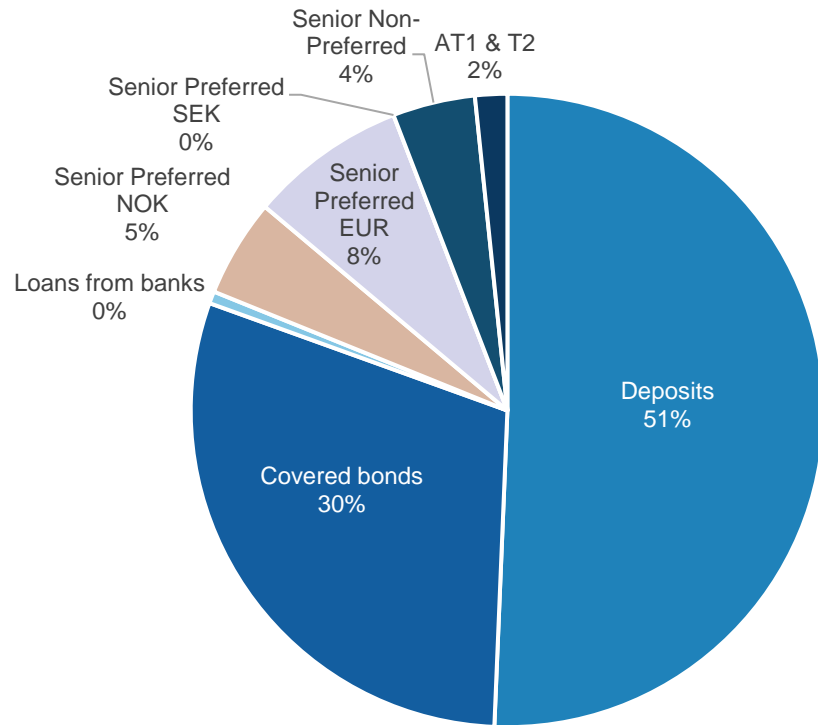
- Affirmed the Bank's rating with stable outlook.



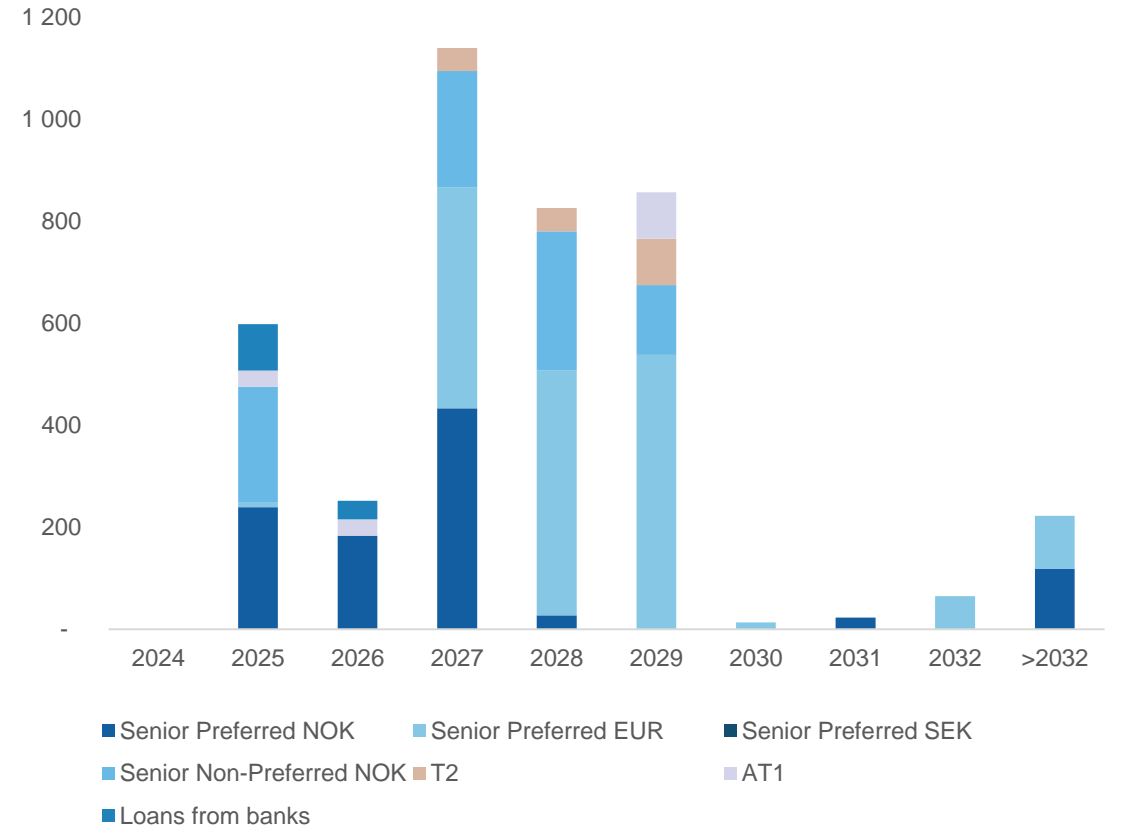
Source: Moody's Investors Service

Funding

Funding mix

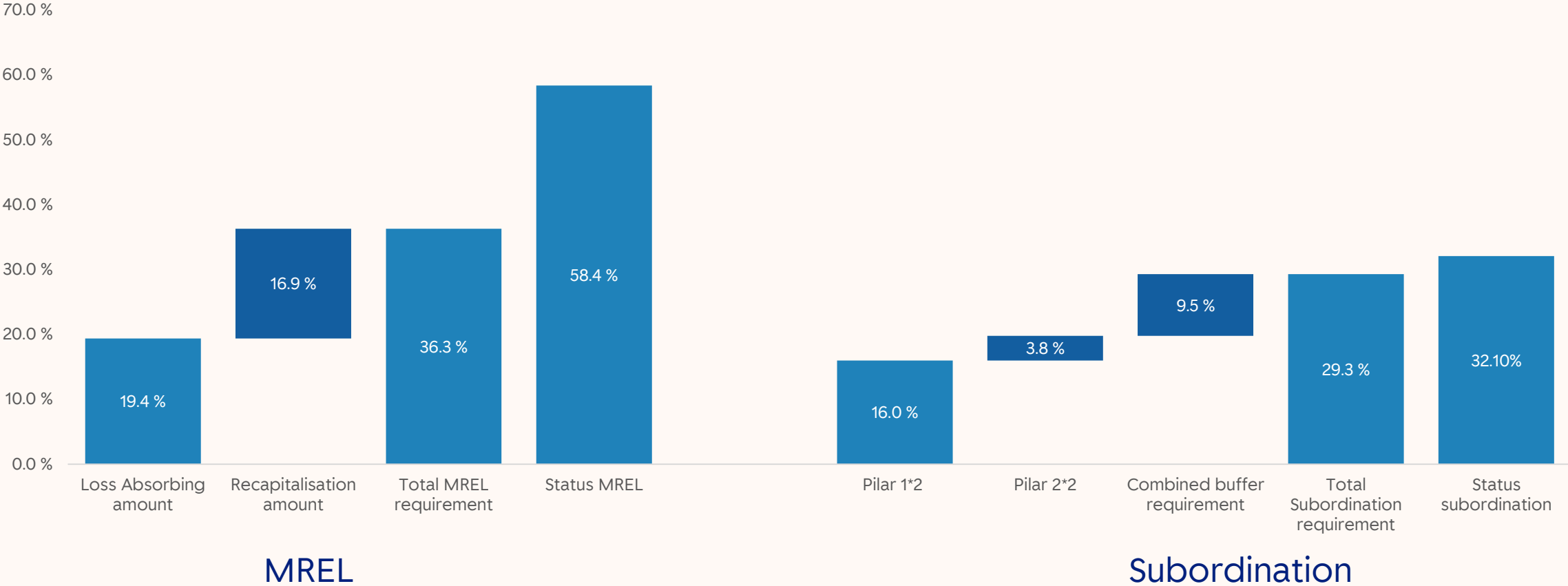


Funding profile excl. covered bonds












Subordination cap also in Norway

MREL and Subordination Requirement



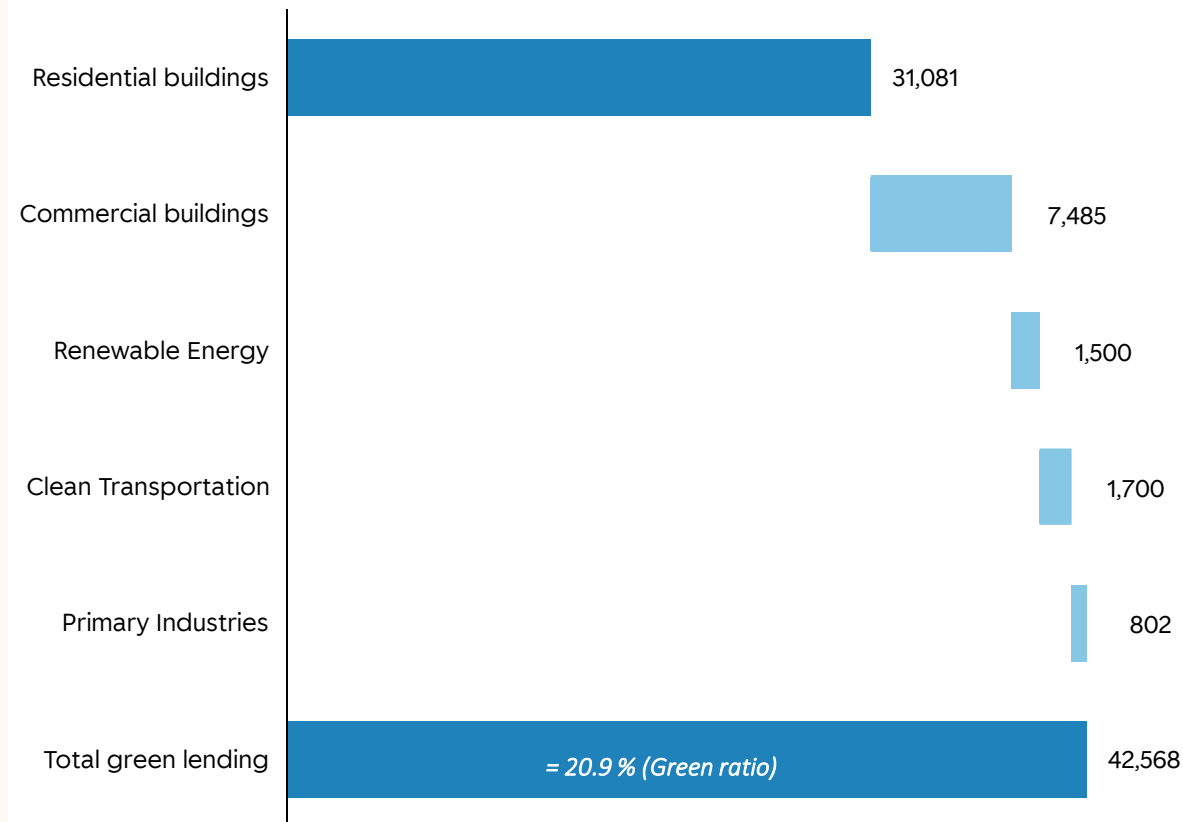
Good feedback on our work on CSR

Company	In brief	Score	Scale
	Internationally recognised non-profit organisation that assesses the climate work of companies (2023).	A "Leadership"	A - F
	Assessment of companies' work with forests.	A- in 2023	A - F
	The assessment of our green bond framework resulted in a rating of CICERO Medium Green. The framework's management structure was rated 'Excellent'.	Medium Green/ Excellent	 Excellent Good Fair
	Ranking that assesses the sustainability reporting of Norway's 100 largest listed companies.	B+ in 2023	A+ - F
	Ranking that assesses the Bank's policies for sustainability and corporate social responsibility.	2nd place in 2023. 85%	0% - 100%
	Ranking that examines the Bank's compliance with its own policies.	1st place in 2023	
	Farmandprisen – - Ranking of Norway's best annual reports in 2022 (published in 2023). Sustainability reporting is an important component of the evaluation. The bank participates in the category for listed companies.	3rd place	Not available
	ESG rating that assesses environmental, social and governance data (published in 2024).	AAA	AAA - CCC
	Sustainalytics - ESG rating that assesses environmental, social and governance data.	10,1 "Low risk"	0 - 100
	Sustainable Brand Index - The largest independent study in Europe on sustainable branding, measuring consumer perception of well-known and established brands' sustainable image. SpareBank 1 ranked 1st in category "Banks."	1st place in 2023	

Green lending

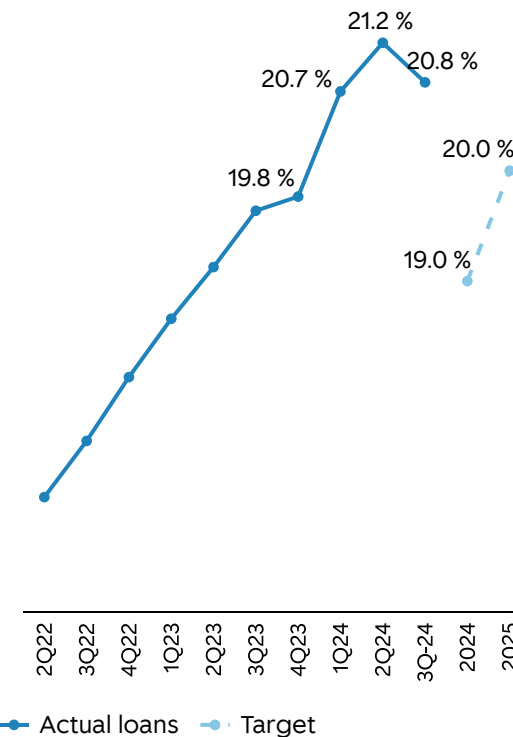
Green share of lending is important to reach our net zero emissions objective.*

Green loans per 30 September 2024, MNOK

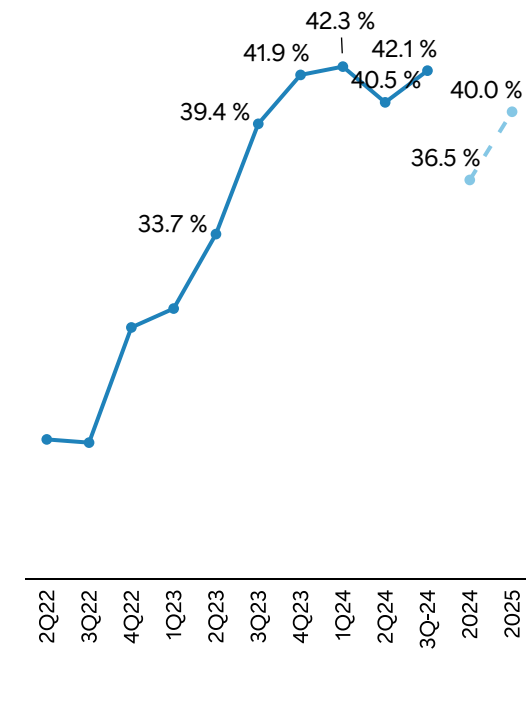


Share of green lending, %

Residential mortgages



Commercial real estate



* Green loans are defined on pages 76-84 in [2023 Annual report](#).

Allocation Report 3Q2024

Portfolio date 30 September 2024

Eligible Green Loan Portfolio		
	Amount (NOK million)	Portfolio Growth 3Q 2024
Residential buildings (Top 15 % and EPC A for buildings buildt after 1.1.2021)	17.029	509
Commercial buildings	5.658	610
Grandfathered renovated buildings as of 31.12.2023	1.828	(336)
Agriculture	103	9
Forestry	802	6
Renewable energy	1.500	49
Clean Transportation	1.700	31
Total (a)	28.619	878

Green Financing						Amount (NOK million)
Instrument (ISIN)	Rank	Currency	Issue Date	Due Date		
XS2308586911	Green Senior Preferred	EUR	24.02.2021	03.03.2028		5.139
XS2472845911	Green Senior Preferred	EUR	20.04.2022	27.04.2027		4.770
NO0012702606	Green Senior Preferred	NOK	13.09.2022	22.09.2027		500
NO0012702614	Green Senior Preferred	NOK	13.09.2022	22.09.2027		1.500
NO0012940404	Green Senior Non Preferred	NOK	09.06.2023	15.06.2028		500
NO0012940396	Green Senior Non Preferred	NOK	09.06.2023	15.06.2028		500
XS2828914767	Green Senior Preferred	EUR	23.05.2024	30.05.2029		5.775
	Green Deposits	NOK				48
Total (b)						18.732

Green Senior Bond eligible assets	a	28.619
Percentage of Eligible Green Loan Porfolio allocated	b/a	65,5%
Percentage of Net Proceeds of Green Funding allocated to Eligible Green Loan Portfolio		100,0%
Eligible Green Loan Portfolio - Unallocated Senior Preferred (NOK million)	a-b	9.887
New loans added to the portfolio 3Q 2024		878
New loans added to the portfolio since 3Q 2023		5.182
New loans added to the portfolio since inception (12/31/2020)		11.710
Residential buildings built after 2021 (TEK17/EPC B) - not included in the allocation report ²		7.115

¹Green covered bonds are allocated solely to green residential buildings within SpareBank 1 Boligkreditt and green senior bonds are allocated to all Use of Proceeds categories (minus green residential buildings already allocated to green covered bonds). Allocations are in line with the ICMA Green Bond Principles 2021.

²The EU Taxonomy definition of energy performance of at least 10 % lower than NZEB is currently not defined in Norwegian building standards. Residential buildings built after 2021 are therefore not included in the report.

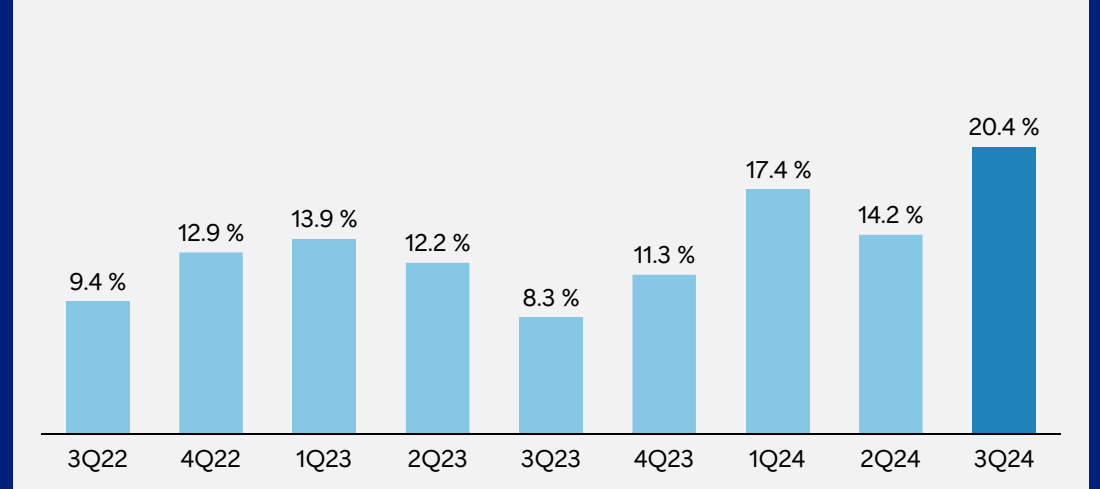
- 1 Introduction
- 2 Macroeconomic backdrop and main financials
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3Q: High profitability

- **Return on equity** of 20.4 %. Merger of Fremtind/Eika contributed positively, but profitability in core banking operations was also good.
- **Net interest income** up 0.6 % q/q (incl. covered bond commissions). Healthy **loan growth** in both retail and corporate market through the quarter. Higher credit demand but also increasing competition. The bank defends its market share in the Inland and grows in the capital region.
- Another strong quarter for **commission income**, across areas. High activity levels for real estate agents, and also good numbers for savings and insurance.
- **Cost growth** of 11.9 % is higher than desired, also when adjusted for Siffer. Integration with Totens will lead to higher costs going forward, but the bank is working to achieve other efficiency gains.
- Higher than normal **impairment charges**, of NOK 106 mill., where the increase from the previous quarter is due to continued challenges for one customer.

Return on equity (%)



Earnings/ECC

6.24
NOK

Loan growth

4.6 %

NIM

2.15 %

Cost/income

30.0 %

Loss provisions

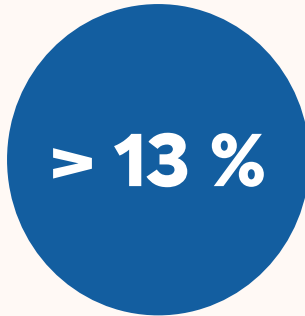
106 NOK
mill.

CET-1

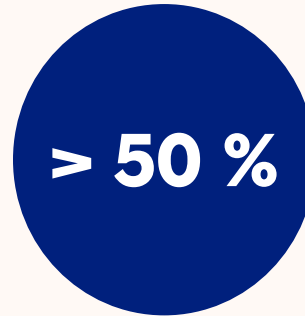
16.9 %

Financial targets

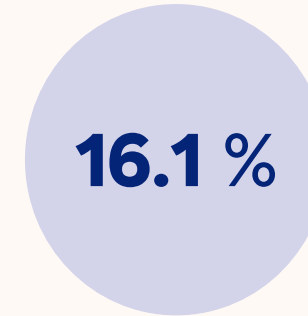
And achievements so far this year



Profitability



Dividends



Solidity

Achievements year-to-date

17.3 %

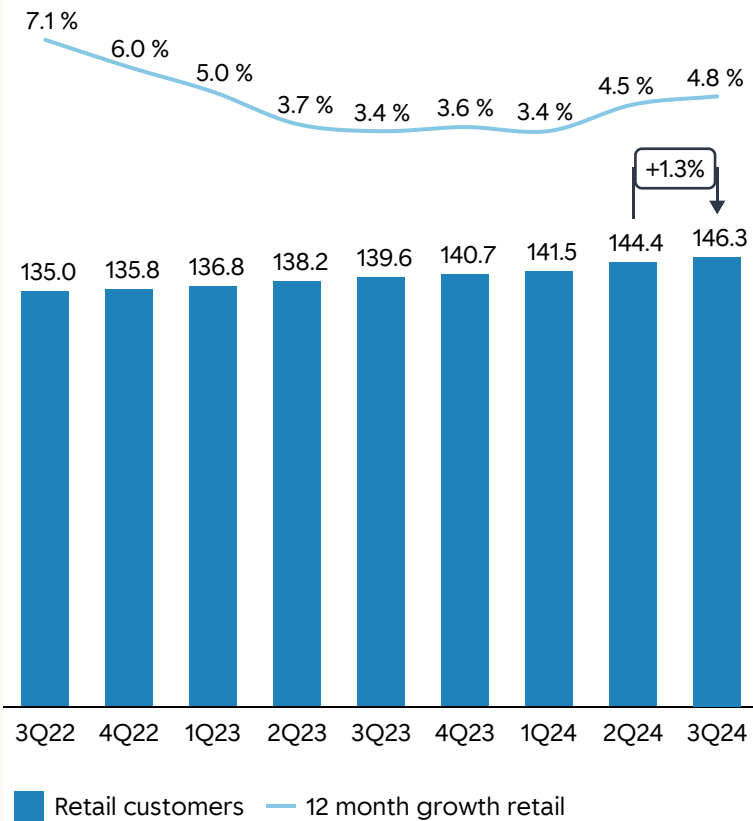
60 %

16.9 %

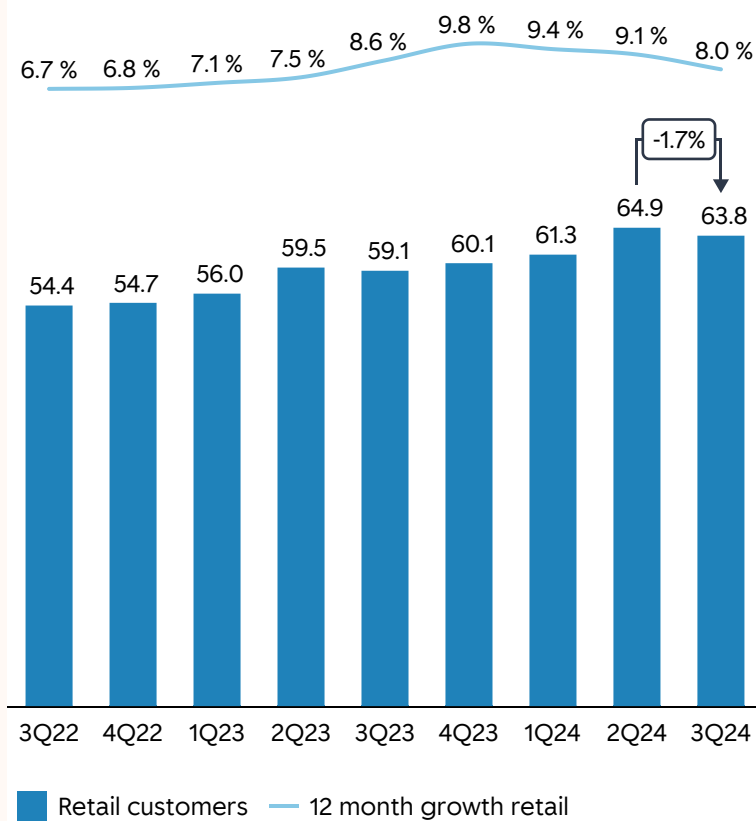
Retail market: High activity level

Unusually high activity in 3Q, but also very strong competition. Net growth in primary borrowers comes primarily outside Hedmark. Still strong development in cross-selling, especially in mutual fund savings and non-life insurance.

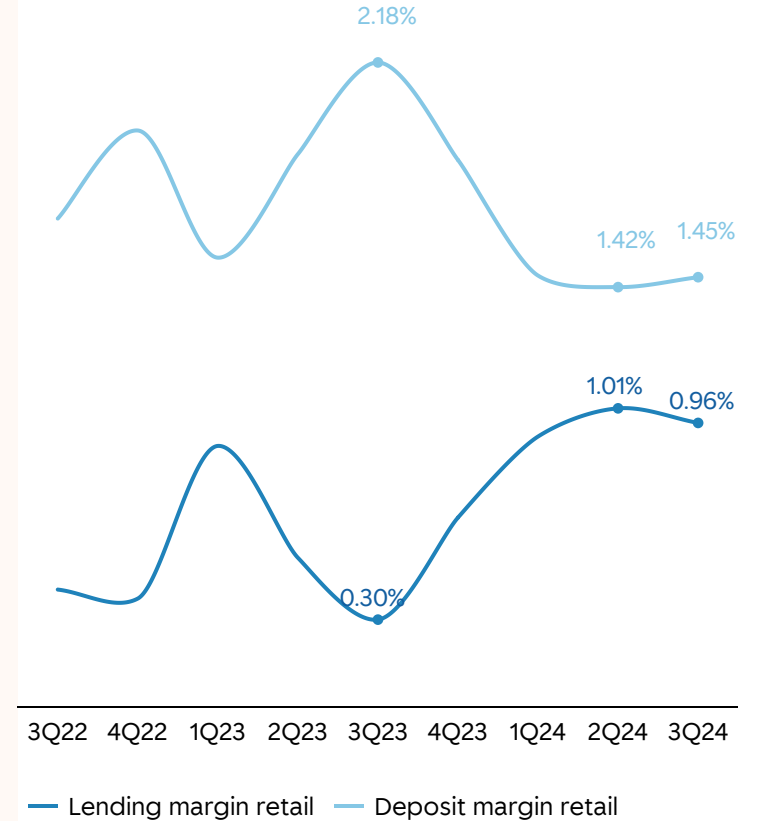
Loan volume and growth (NOK bill. and %)*



Deposit volume and growth (NOK bill. and %)



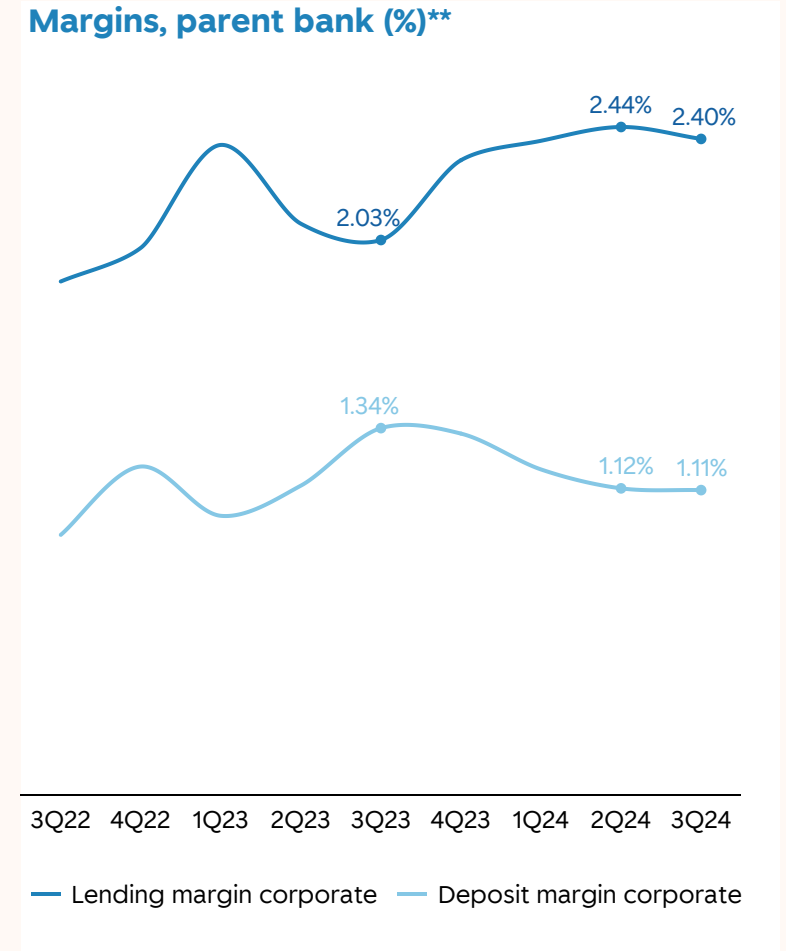
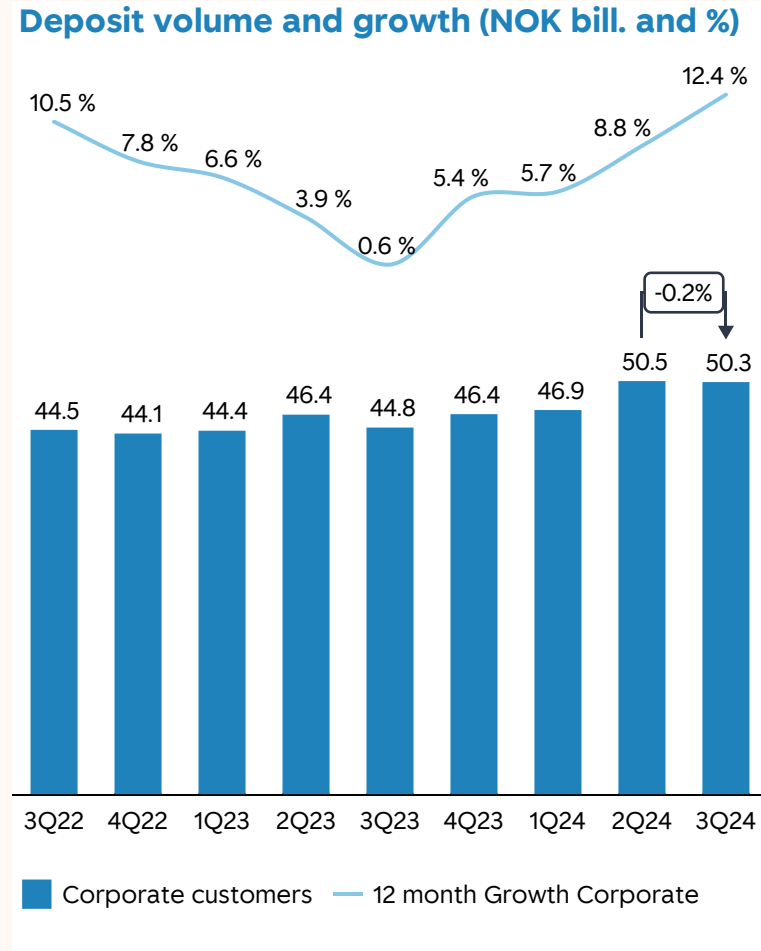
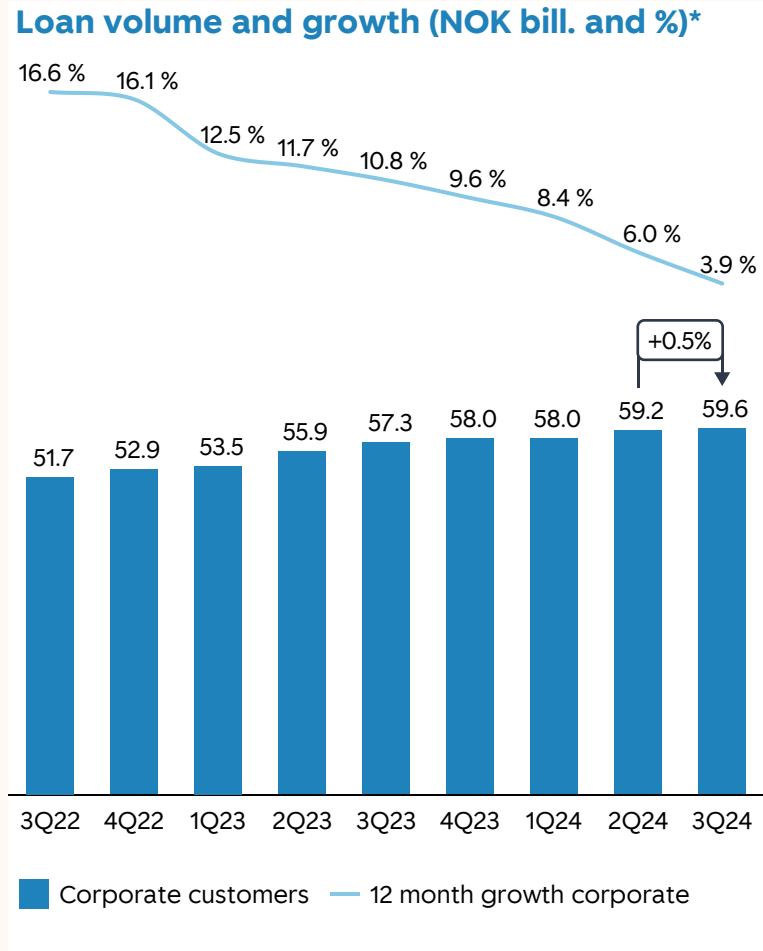
Margins, parent bank (%)**



* Includes loans transferred to the covered bond companies. ** Based on allocation of customer loans between retail and corporate divisions.

Corporate market: Signals of stronger growth ahead

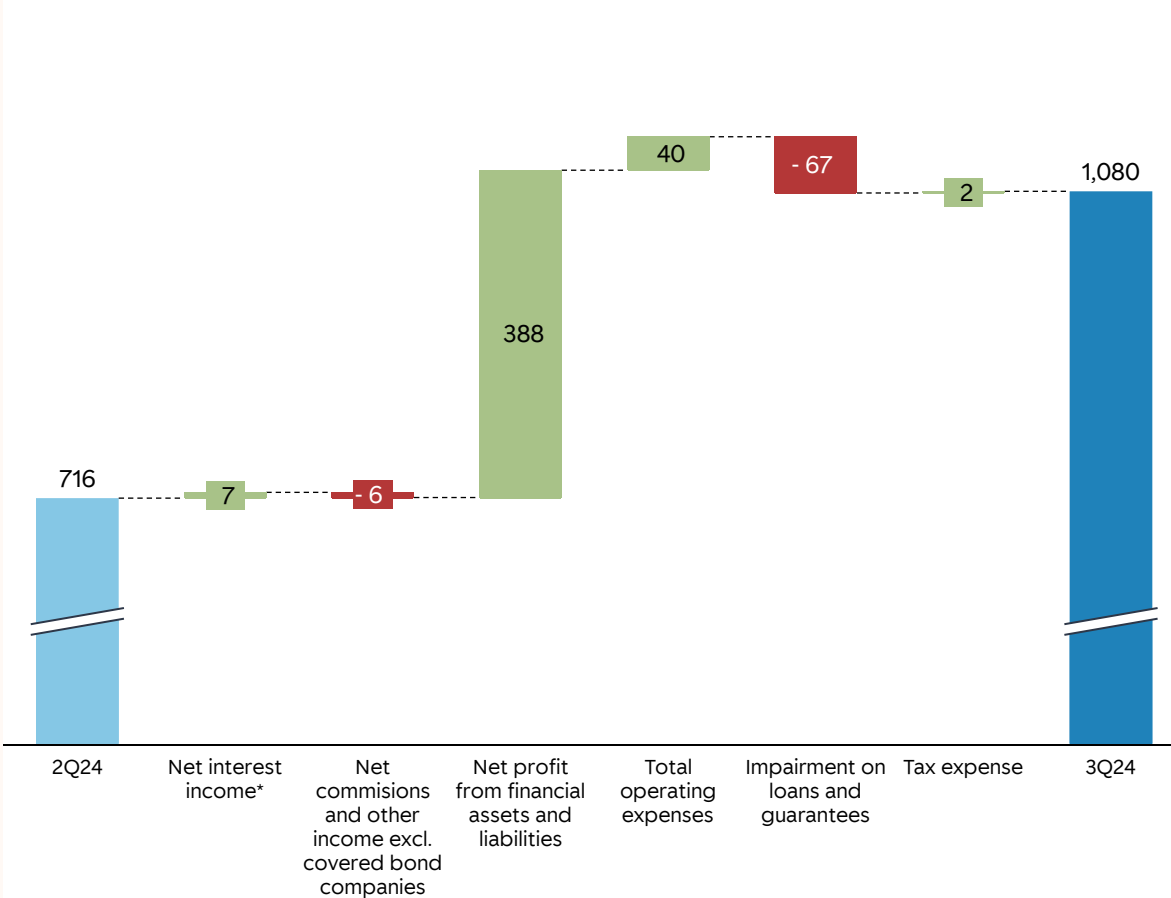
Lower market growth and high competition in 3Q, especially for green buildings. Good activity in CRE, still low activity in the housing and cabin market. Experiencing good activity in the market for energy production and supply.



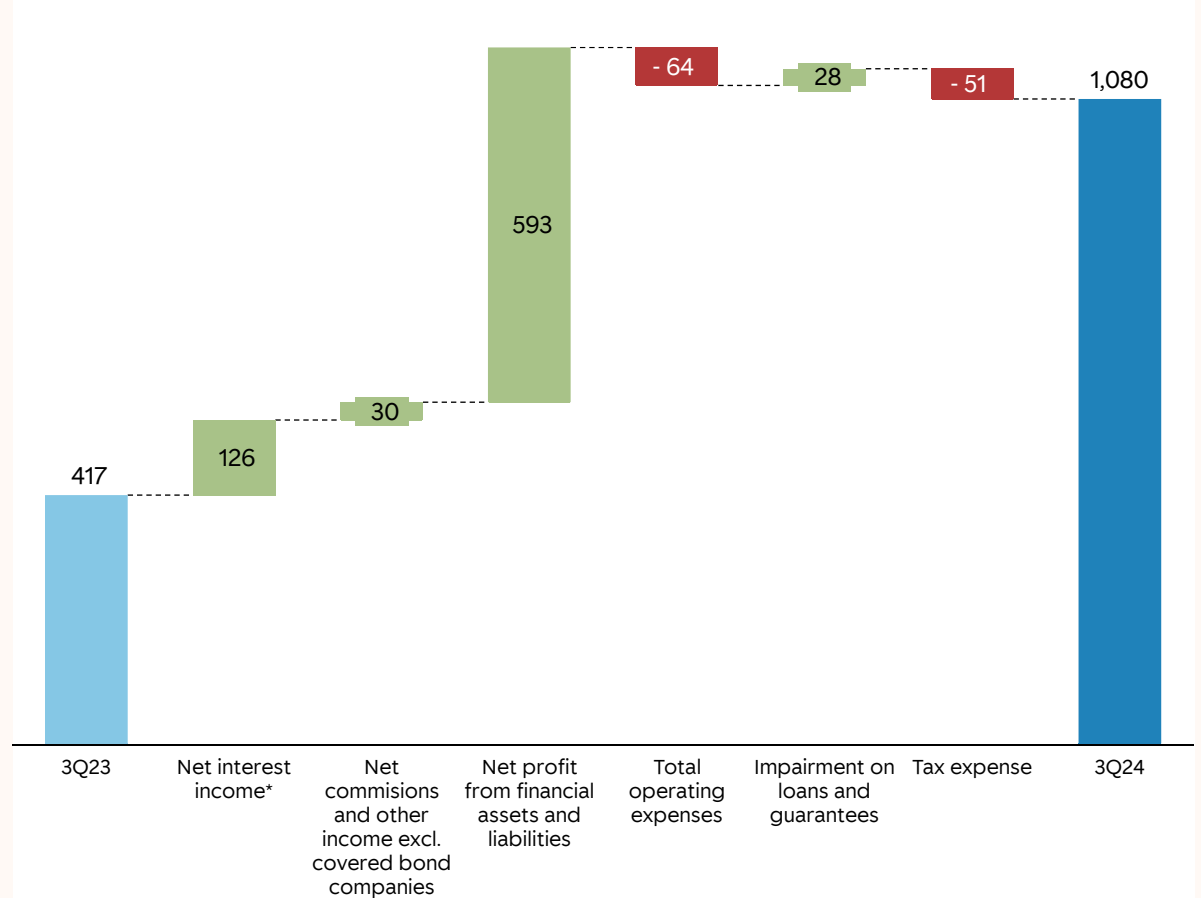
* Includes loans transferred to the covered bond companies. ** Based on allocation of customer loans between retail and corporate divisions.

Income statement

Chg. in operating profit after tax (NOK mill.), from previous quarter



Chg. in operating profit after tax (NOK mill.), from last year

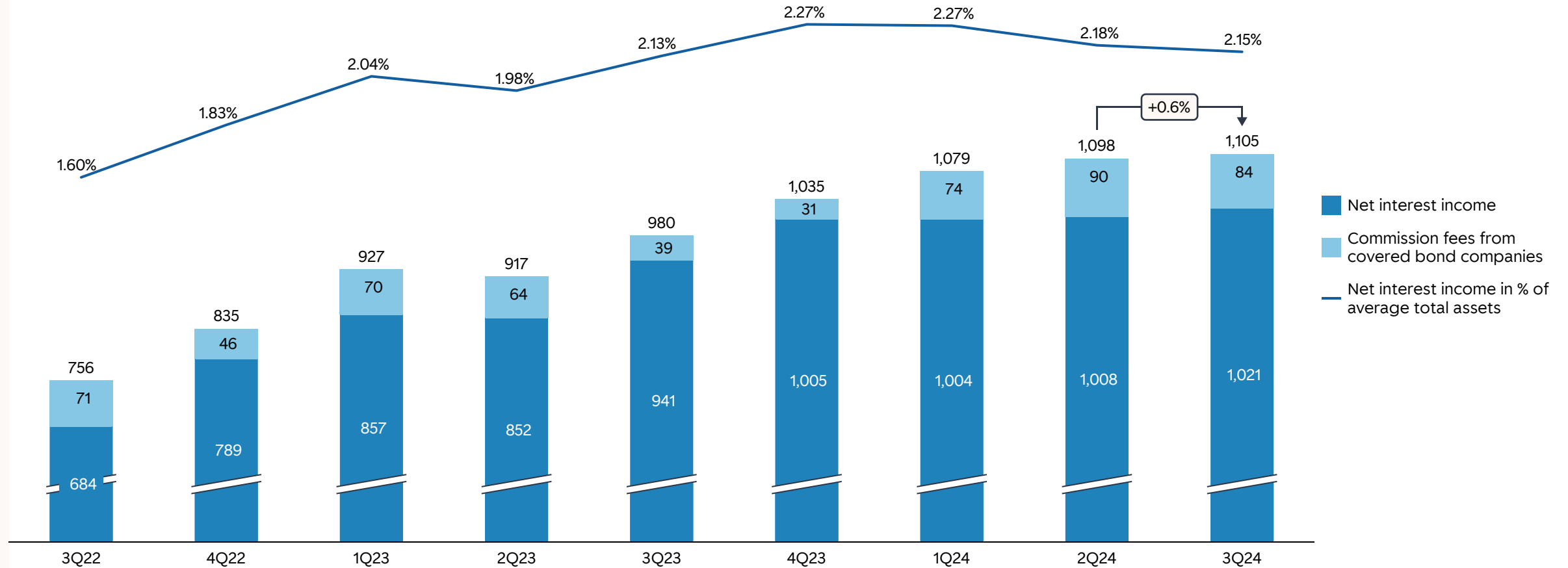


* Net interest income includes commission fees from covered bond companies.

Net interest income

Good growth in net interest income although high competition leads to margin pressure.

Net interest income incl. commissions from covered bond companies (MNOK and %)

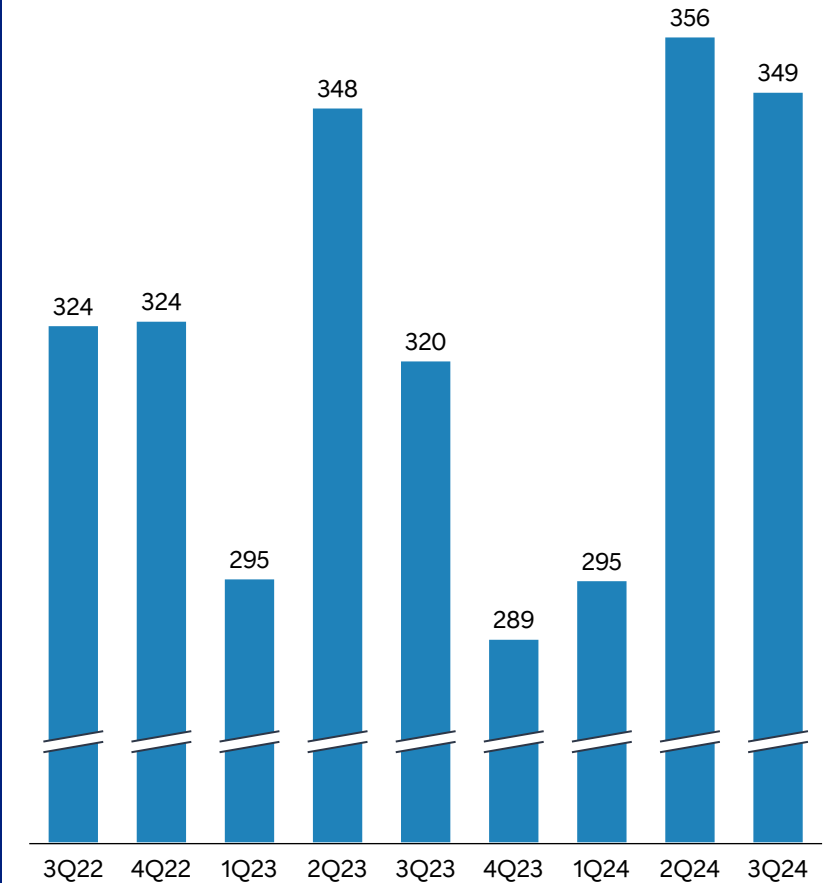


Commission income

(NOK million)	3Q24	2Q24	3Q23
Commission income from credit cards	18.2	17.3	15.4
Payment services	89.2	73.4	86.2
Commissions from insurance	68.4	65.8	66.1
Commissions from savings	11.6	9.9	8.1
Commission from real estate brokerage	103.8	116.1	80.8
Income from accounting services	34.4	51.7	26.0
Other operating income / -commissions	23.8	21.2	37.0
Commission income and other income *	349.4	355.5	319.6

* Excluding commission income from the covered bond companies.

Net commissions and other income (NOK million)

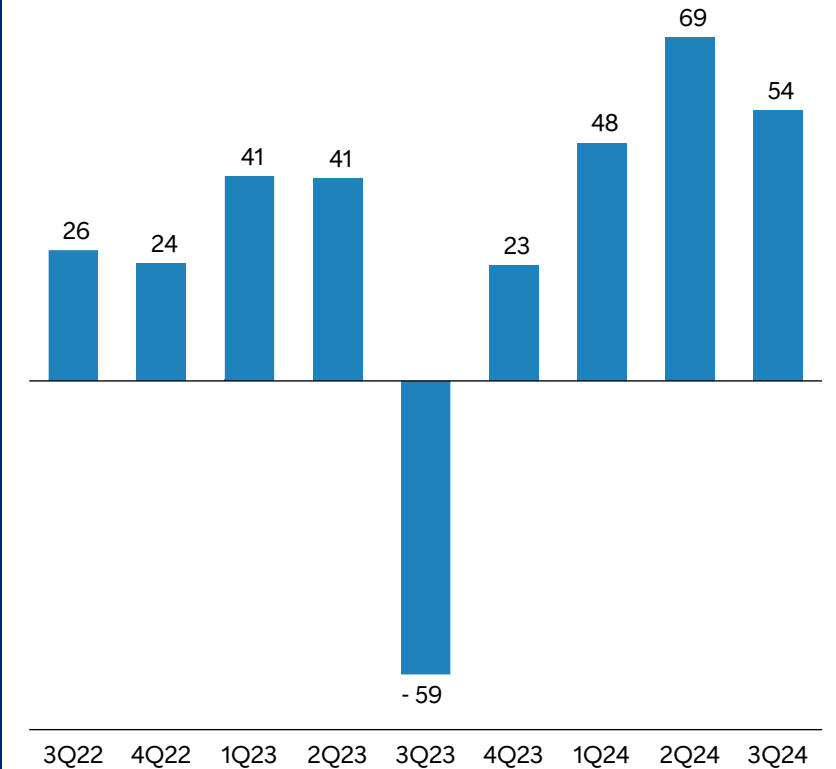


Profits in subsidiaries

(NOK million, after taxes)	3Q24	2Q24	3Q23
Sparebank 1 Finans Østlandet AS - Group	53.4	50.8	- 52.7
EiendomsMegler 1 Innlandet AS	2.4	5.9	- 3.6
EiendomsMegler 1 Oslo Akershus AS - Group	4.0	7.5	- 1.1
SpareBank 1 ForretningsPartner Østlandet AS - Group *	- 5.4	4.8	- 1.5
Subsidiaries	54.4	69.0	- 58.9

* Financial accounts for 2024 include Siffer Norge AS as subsidiary.

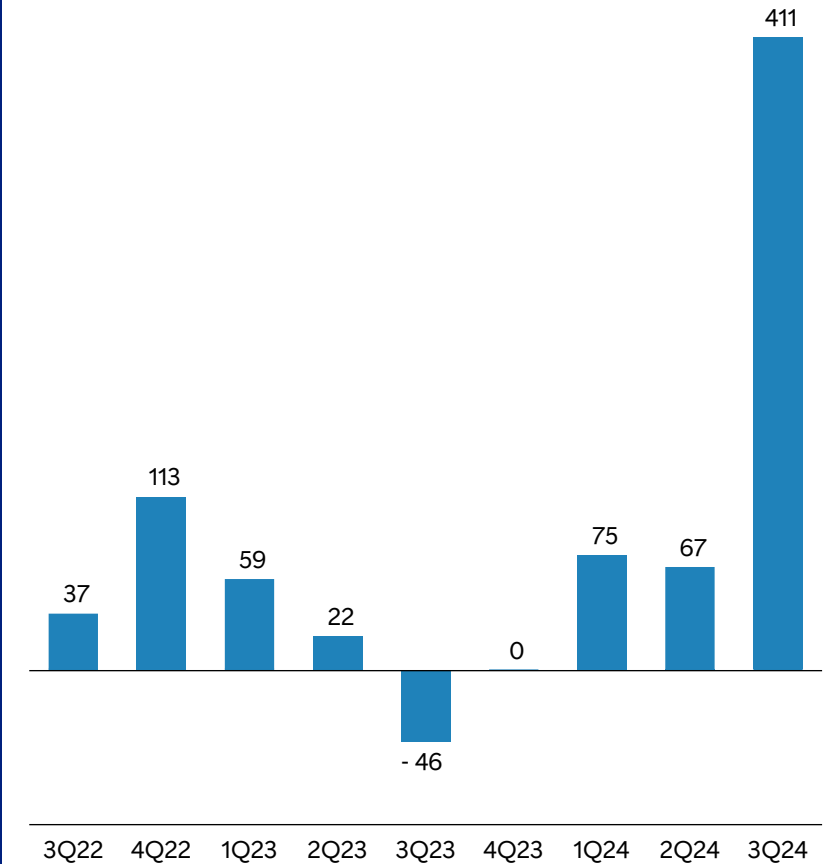
Profits after tax in subsidiaries (NOK million)



Profits in joint ventures

(NOK million, after taxes)	Ownership	Result share		
		3Q24	2Q24	3Q23
SpareBank 1 Gruppen AS - Group	12.4%	344.3	0.4	- 8.2
SpareBank 1 Forvaltning AS	6.3%	3.9	3.8	1.9
SpareBank 1 Boligkreditt AS	23.5%	36.1	35.0	11.2
SpareBank 1 Næringskreditt AS	12.8%	2.4	2.9	3.1
SpareBank 1 Kreditt ASA	19.4%	- 3.0	1.1	- 3.9
SpareBank 1 Betaling AS	18.1%	- 1.1	0.1	- 8.5
BN Bank ASA	10.0%	21.9	20.9	18.3
Other ventures		6.7	3.1	- 60.3
Joint ventures		411.3	67.3	- 46.3

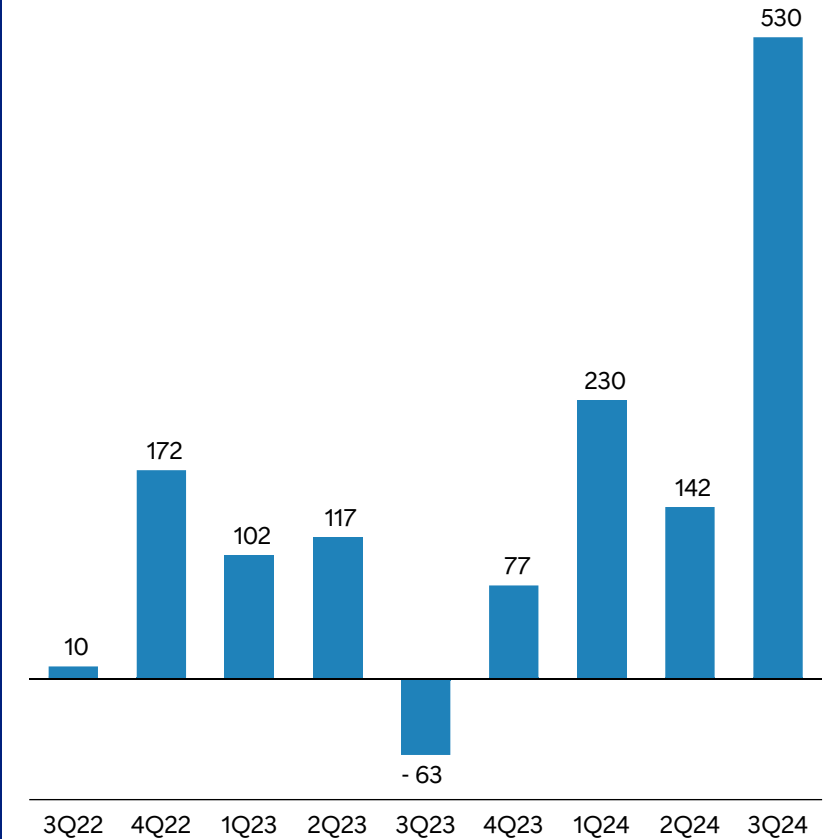
Profits after tax in joint ventures (NOK million)



Net income from financial assets and liabilities

(NOK million)	3Q24	2Q24	3Q23
Dividends from shares and other equity instruments	0.4	19.4	0.3
Share of profit or loss of associates and joint ventures	411.3	67.3	- 46.3
Net profit from other financial assets and liabilities	118.4	55.2	- 17.1
Net profit from financial assets and liabilities	530.1	141.9	- 63.1

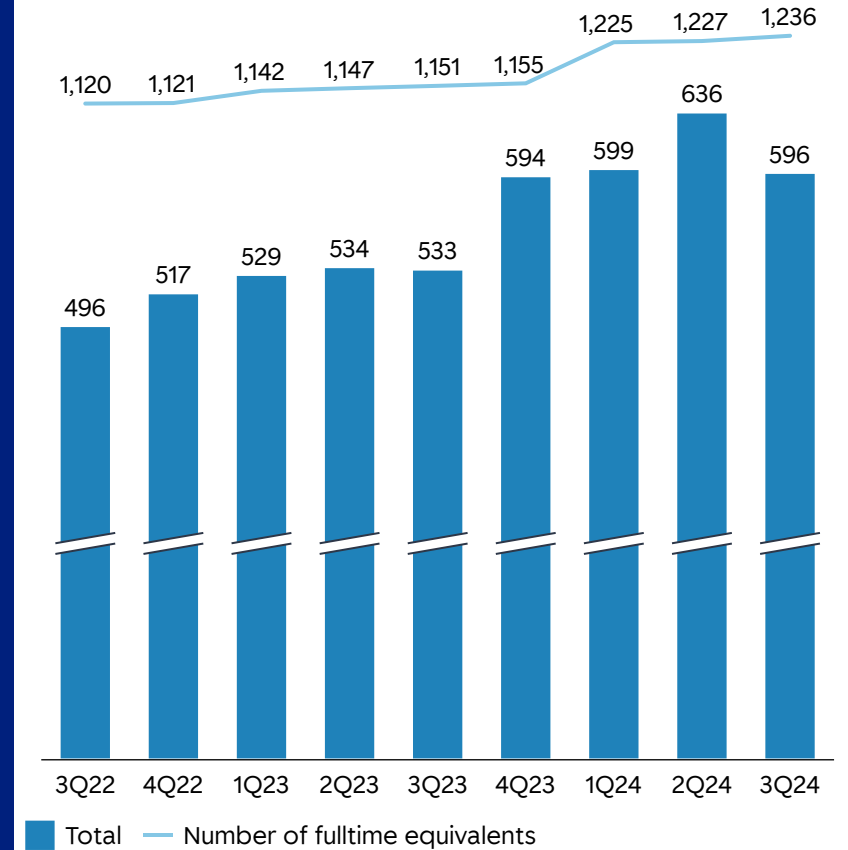
Net income from finance (NOK million)



Operating expenses

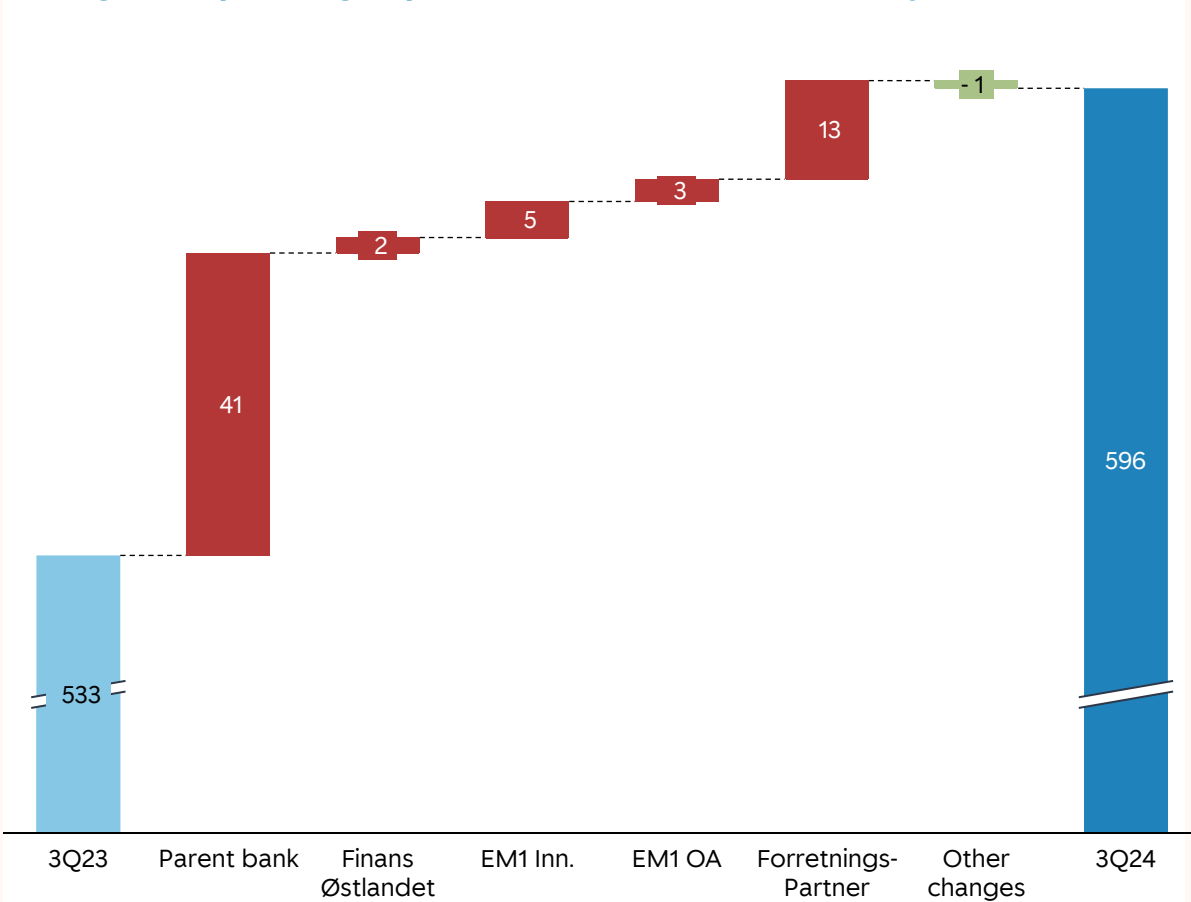
(NOK million)	3Q24	2Q24	3Q23
Personnel expenses	343.2	340.7	305.4
Depreciation/amortisation	29.6	29.4	29.6
ICT expenses	101.3	105.6	90.1
Marketing expenses	23.2	30.3	20.7
Operating expenses real estate	14.5	18.1	15.7
Merger costs	4.3	1.5	0.0
Other expenses	80.2	110.6	71.3
Total	596.4	636.1	532.8

Operating expenses (NOK million)

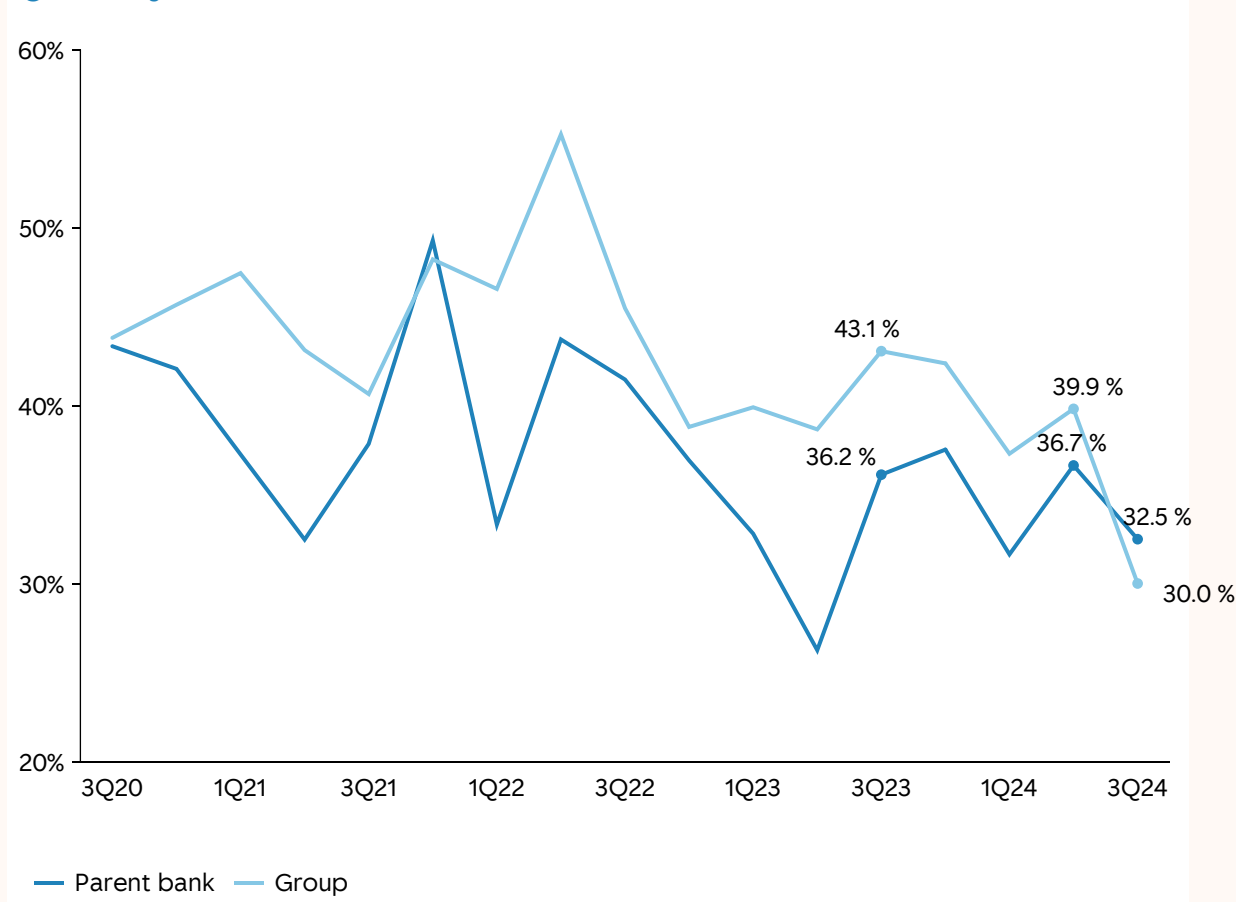


Operating expenses

Changes in operating expenses (NOK million), from last year



Quarterly cost income ratios

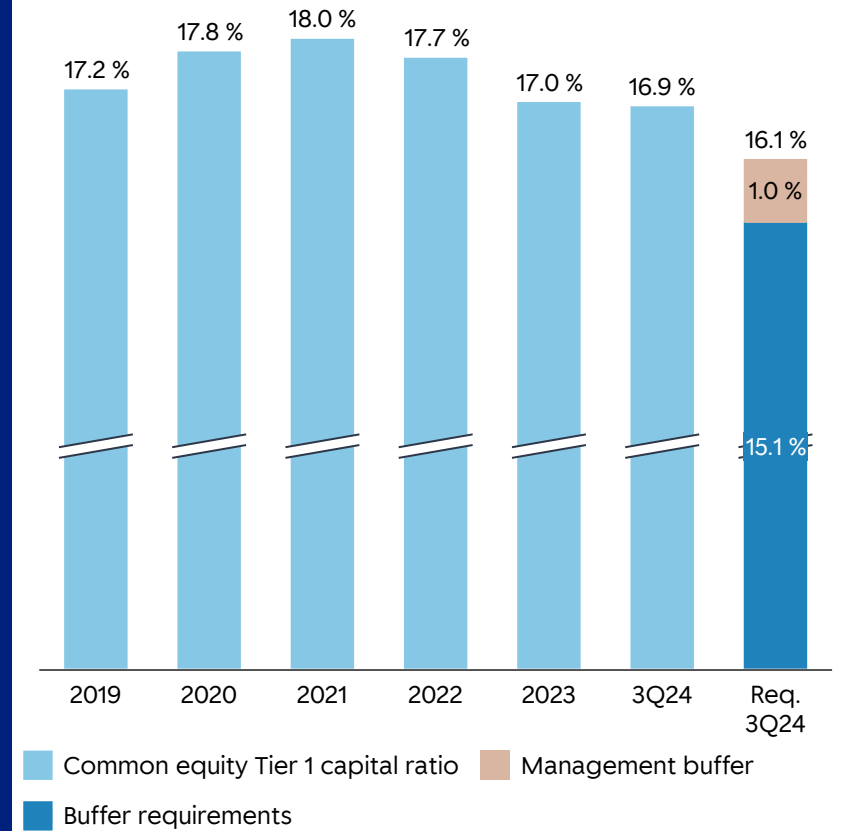


Capital levels

Well above regulatory requirements.

	3Q24	2Q24	3Q23
CET 1 capital ratio	16.9 %	16.8 %	17.7 %
Tier 1 capital ratio	18.8 %	18.8 %	18.9 %
Capital adequacy ratio	21.0 %	21.2 %	20.6 %
Leverage Ratio	7.2 %	7.1 %	7.3 %

Common equity Tier 1 capital ratio



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