

2Q

Company presentation

Second quarter 2024

SpareBank
ØSTLANDET 

SpareBank
ØSTLANDET 



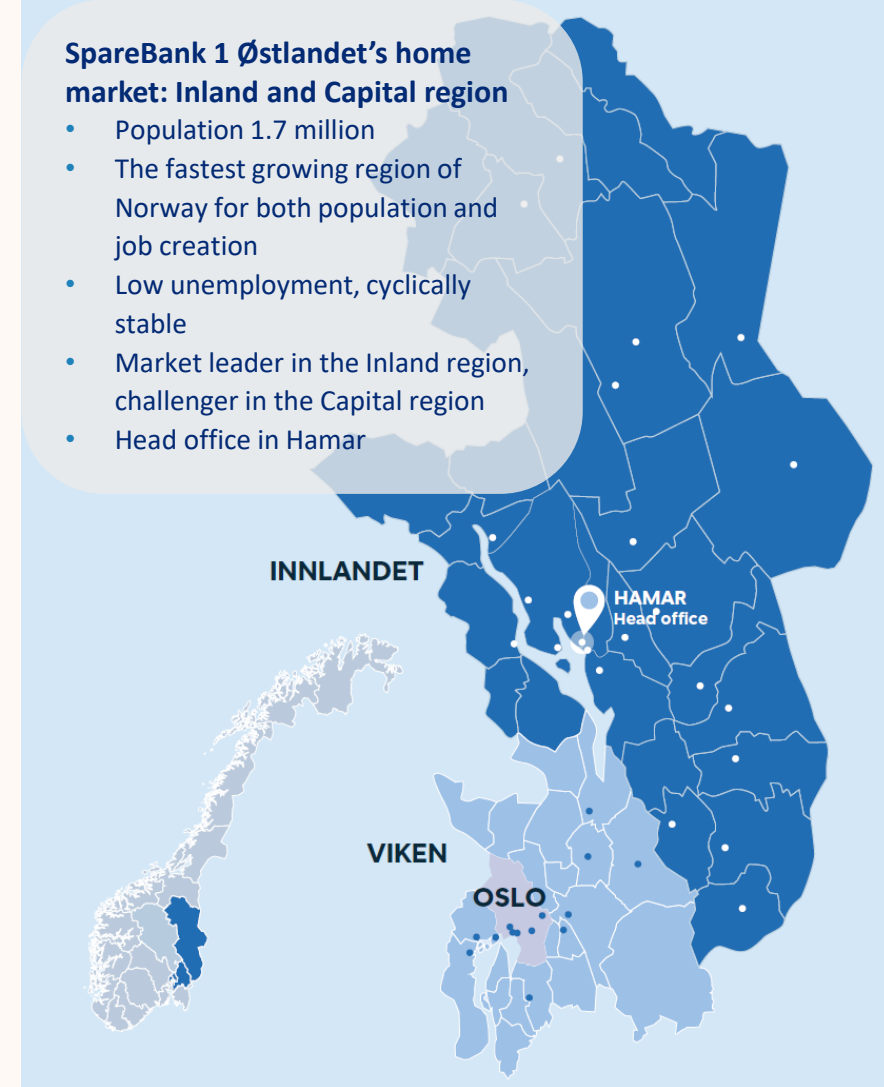
- 1 Introduction
- 2 Macroeconomic backdrop and main financials
- 3 Asset quality and funding plans
- 4 Appendix



SpareBank 1 Østlandet

- the 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 a 70.9 % 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



Straightforward banking, diversified income stream

SpareBank 1
ØSTLANDET

Core banking



Subsidiaries

SpareBank 1
ØSTLANDET

ForretningsPartner

SpareBank 1
FINANS ØSTLANDET

EiendomsMegler 1

Alliance and brands

SpareBank 1



Fremtind

v:pps

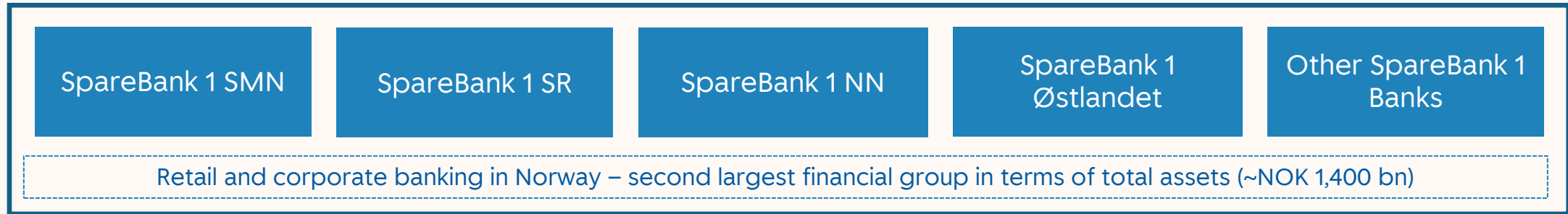
Kredinor

favør

BN Bank

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 (18.91 %)
- BN Bank (retail bank) (9.99 %)
- Asset Management
 - SpareBank 1 Forvaltning (3.57 %)

* SpareBank 1 Østlandet percentage ownership

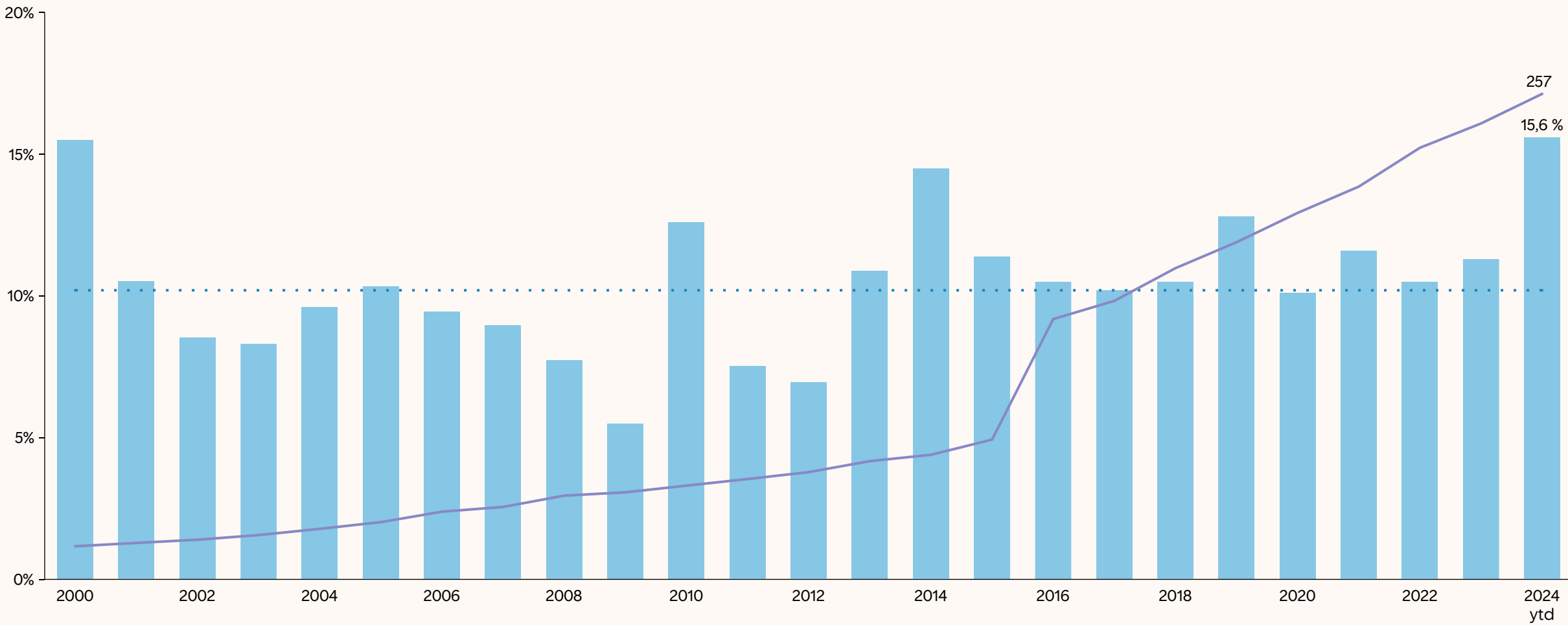
** DNB ownership ratio 35 %

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

- 
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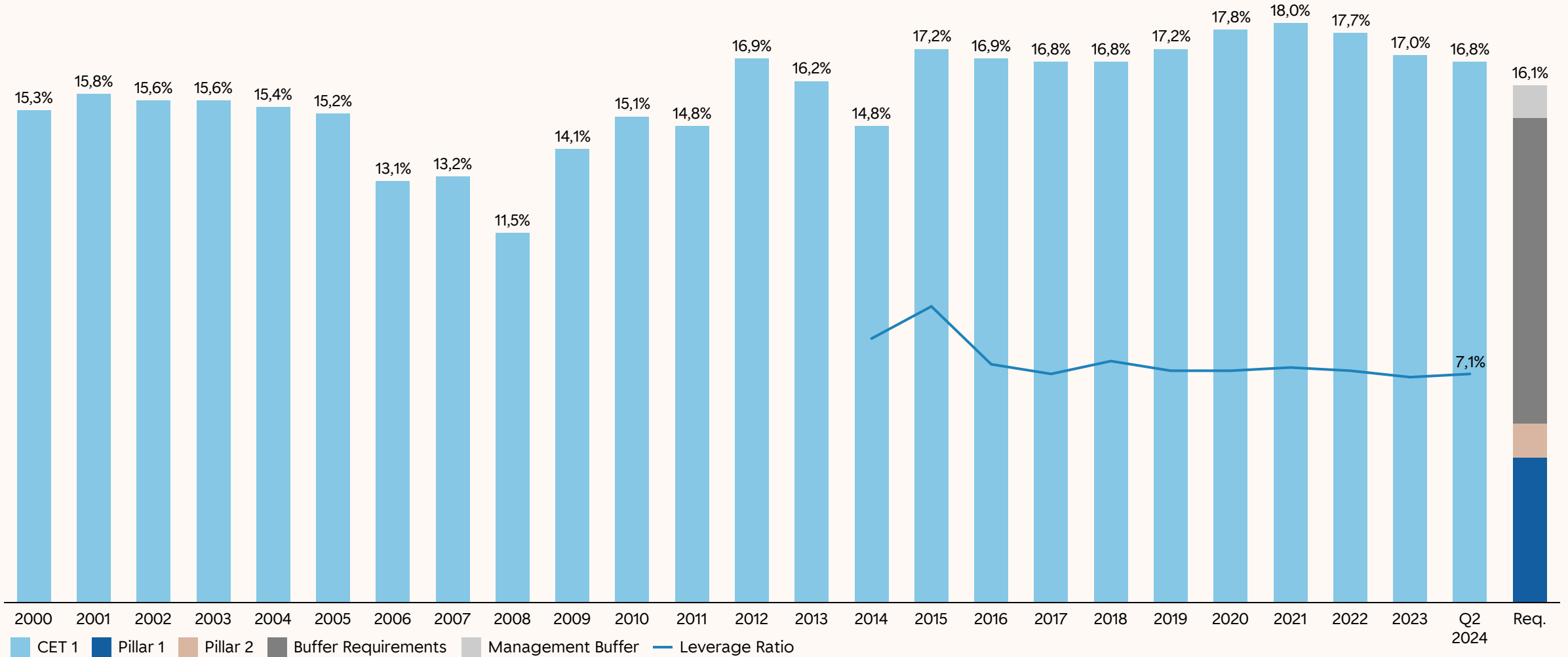
Long history of solid returns...

Return on equity (%) and total assets (NOK bn)



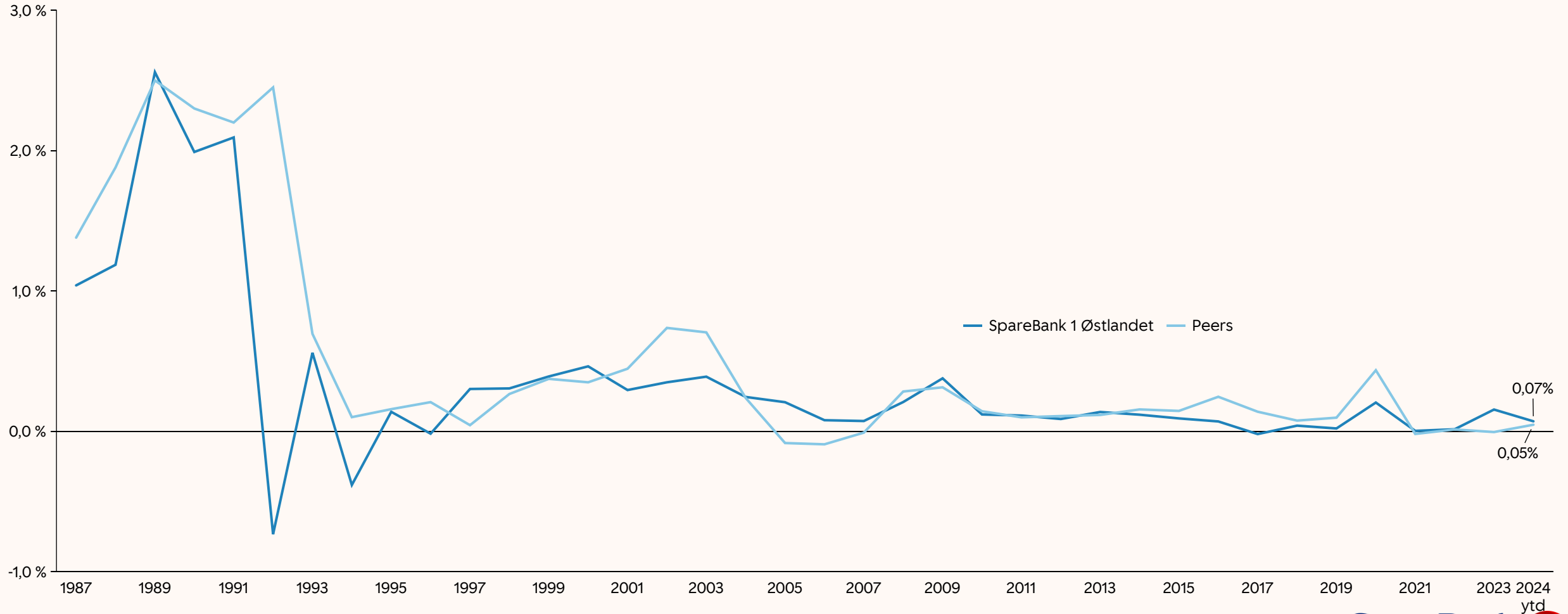
... high capital levels...

Capital adequacy, %



... and low loan losses

Impairments on loans as a percentage of gross loans *

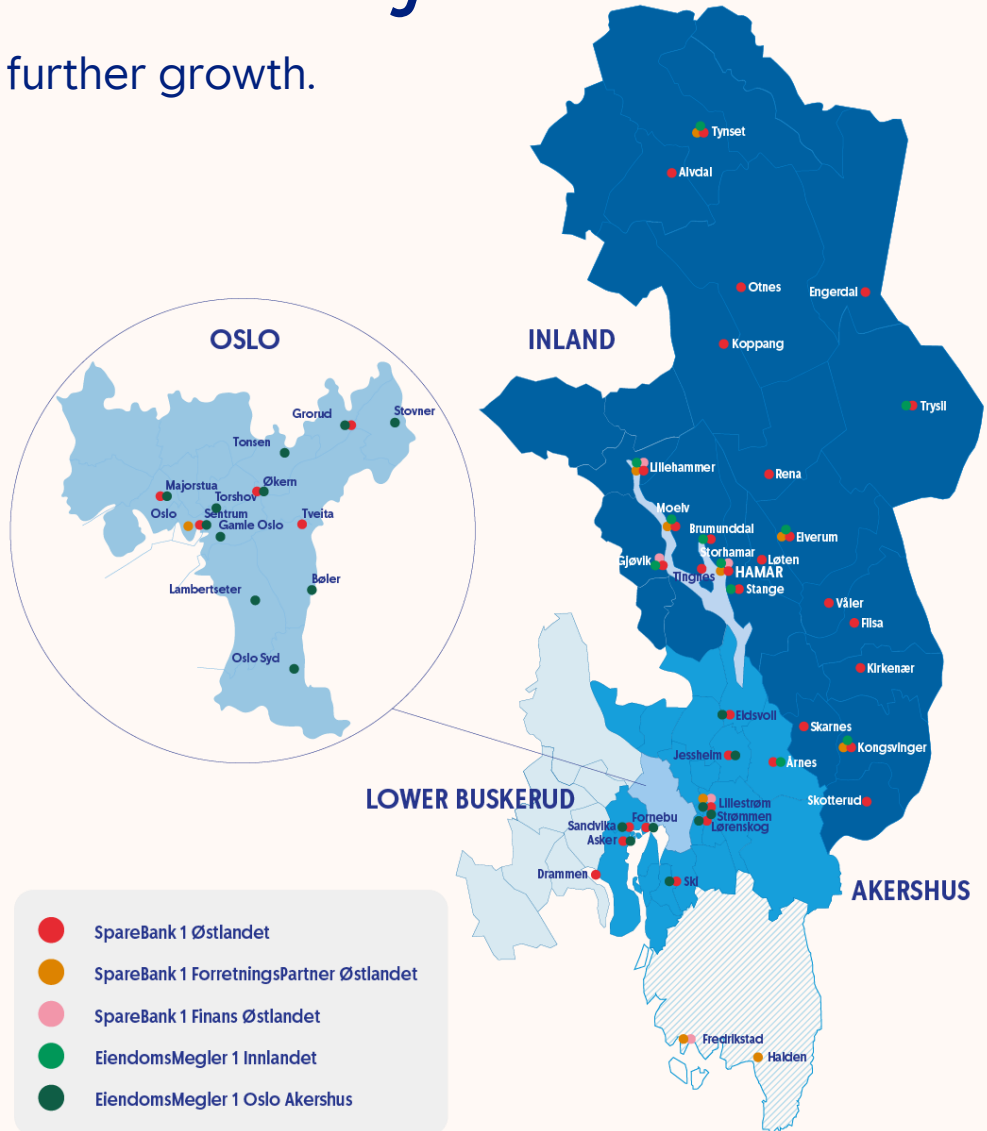


Source: Bank reports and SpareBank 1 Markets 4Q 2023. Peers: NONG, SRBANK, MING, MORG, SVEG

(*) Included loans transferred to covered bond companies

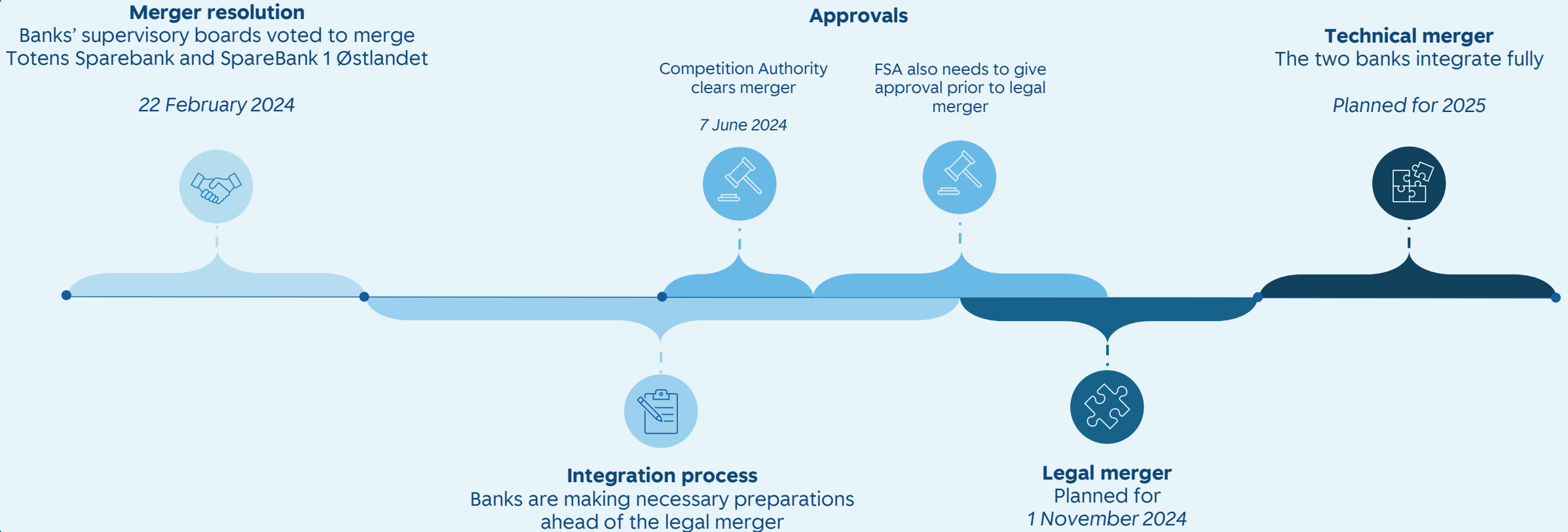
A market strategy for all of Eastern Norway

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



Merger with Totens strengthens market position

Expected merger to happen on 1 November 2024, pending approval from FSA. Integration process is well underway.

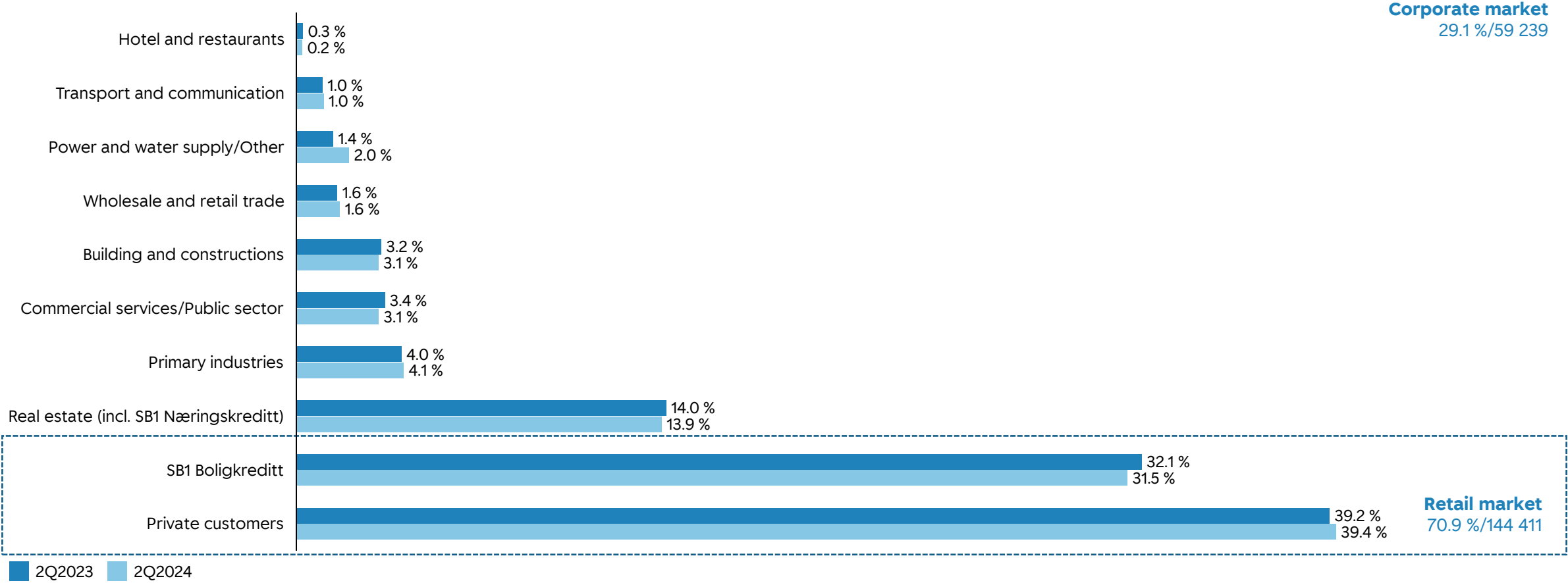


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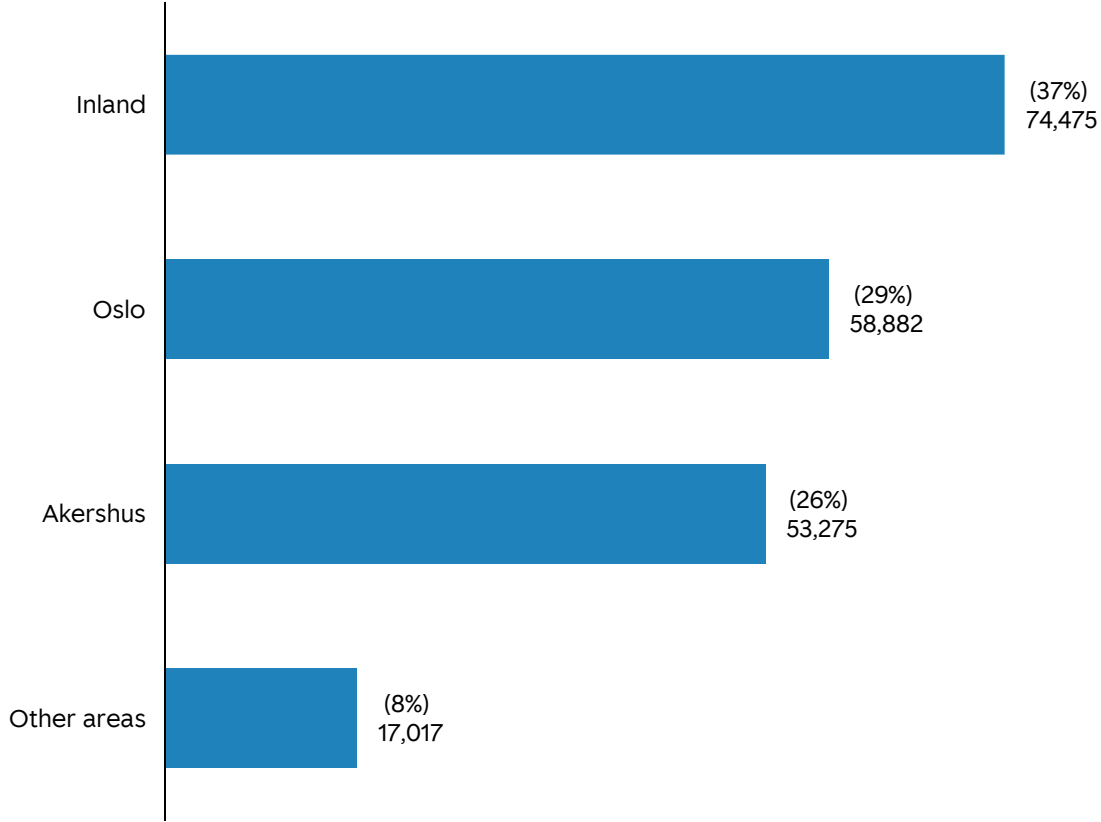
Well diversified loan portfolio

Lending to customers per sector (in %)

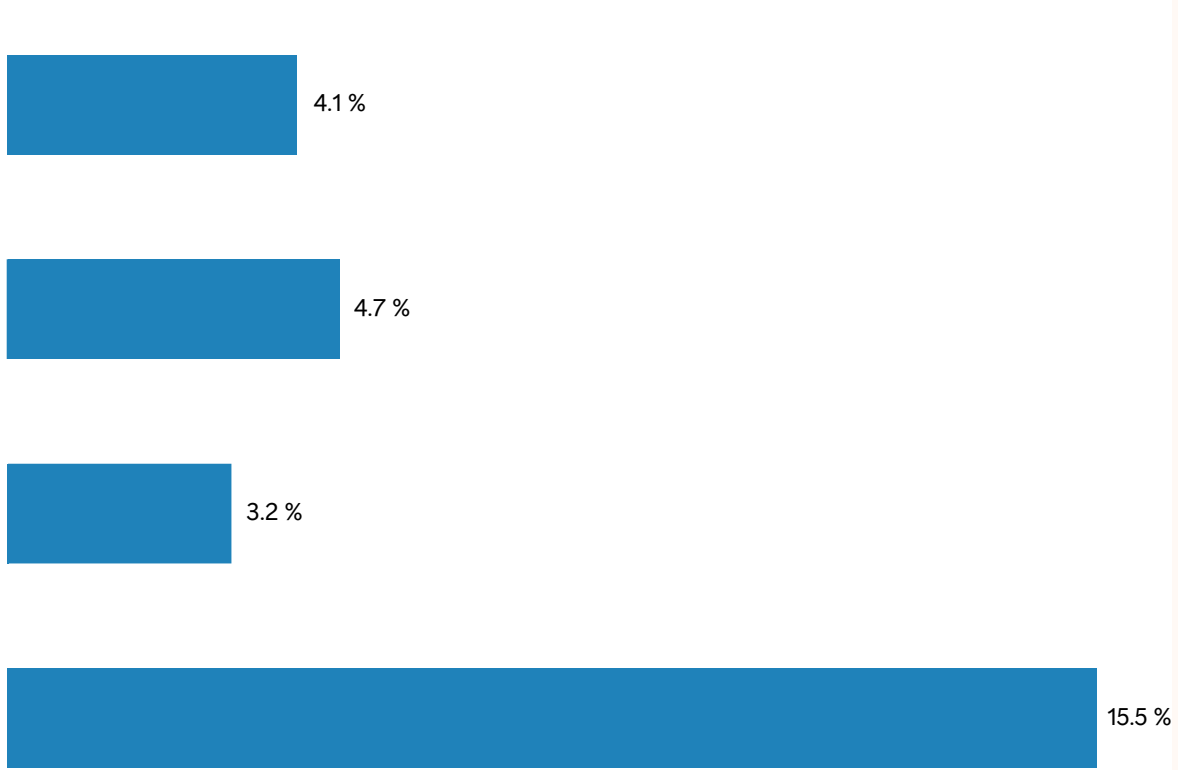


The Group's lending by geography

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

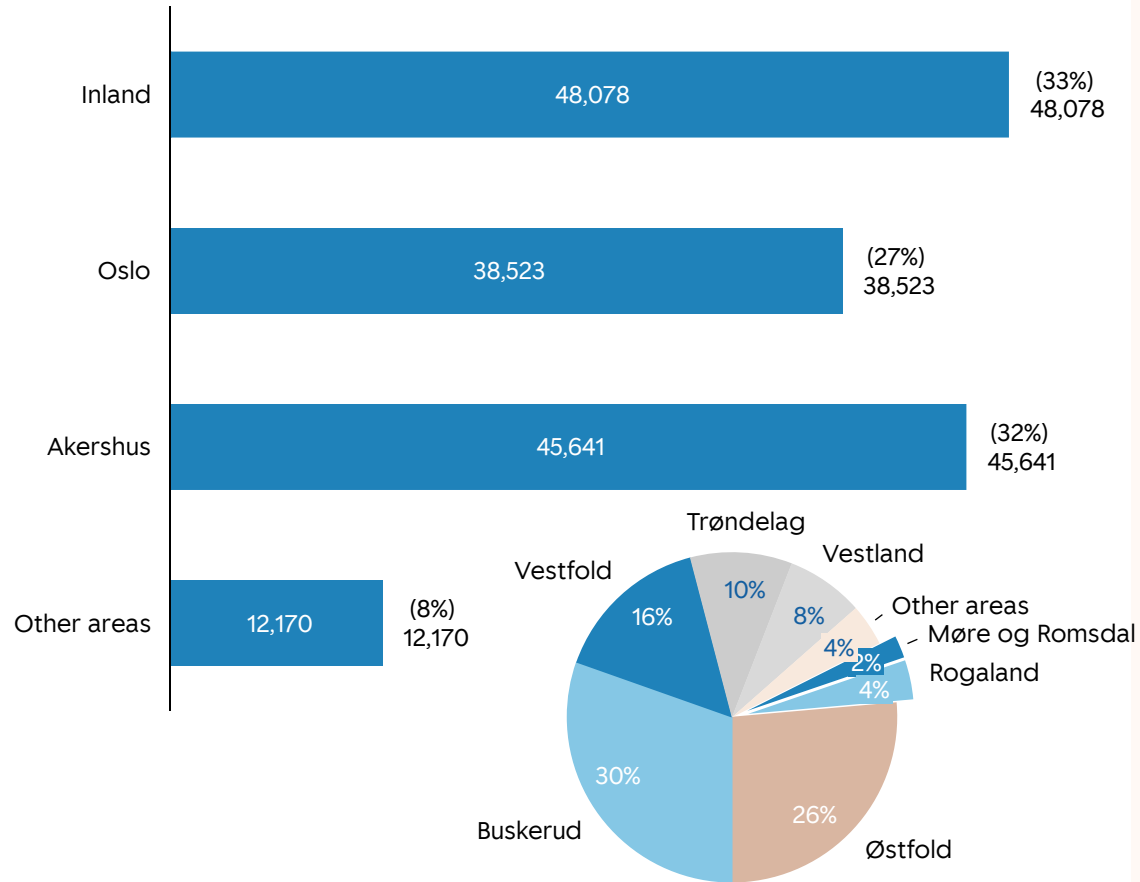


Change last 12 months (%)

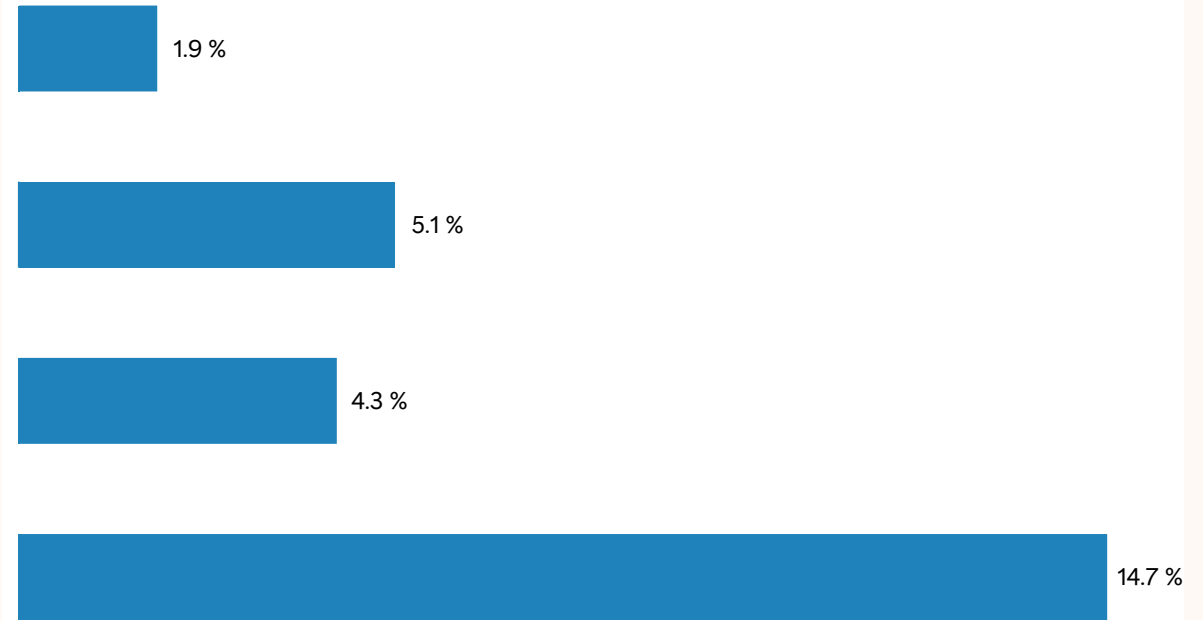


Mortgage loans by geography

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

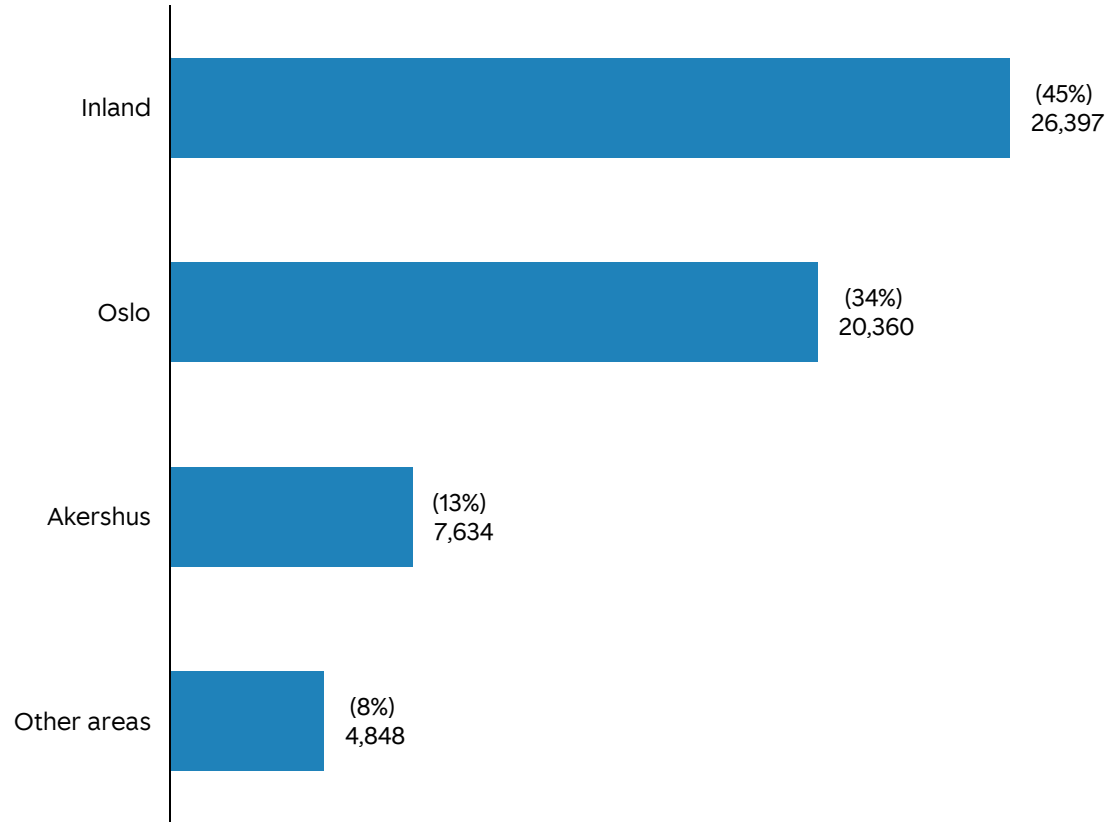


Change last 12 months (%)

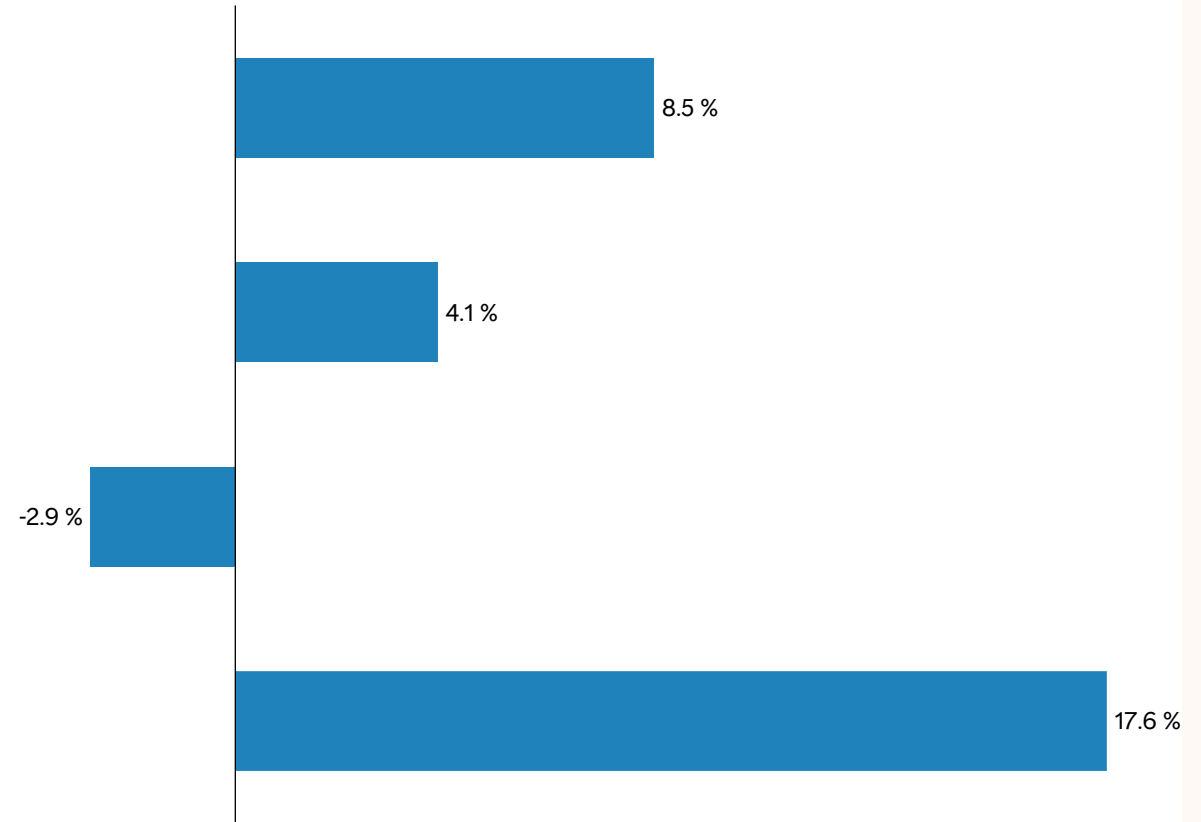


Corporate market lending by geography

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

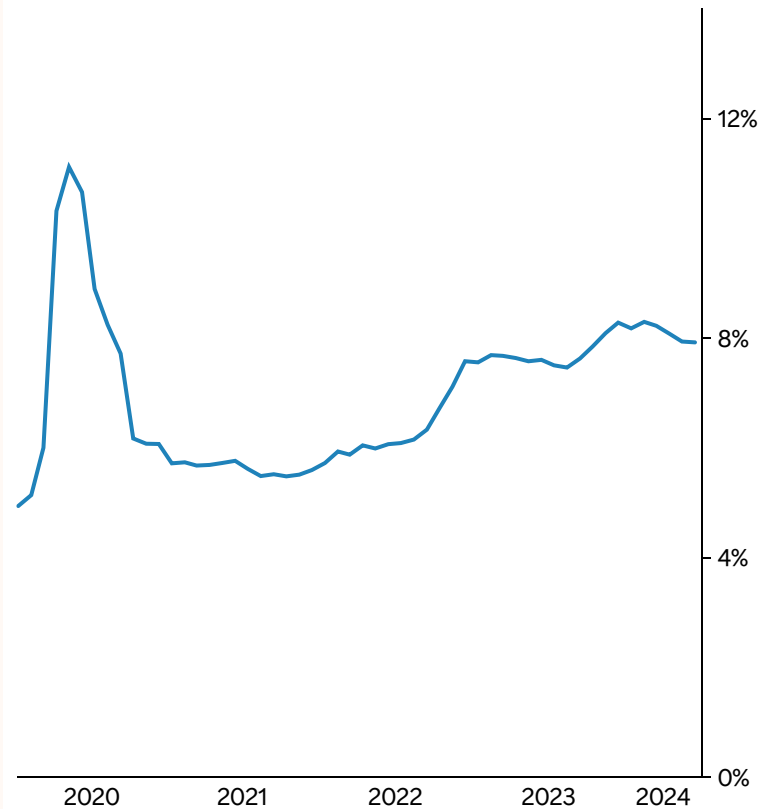


Change last 12 months (%)

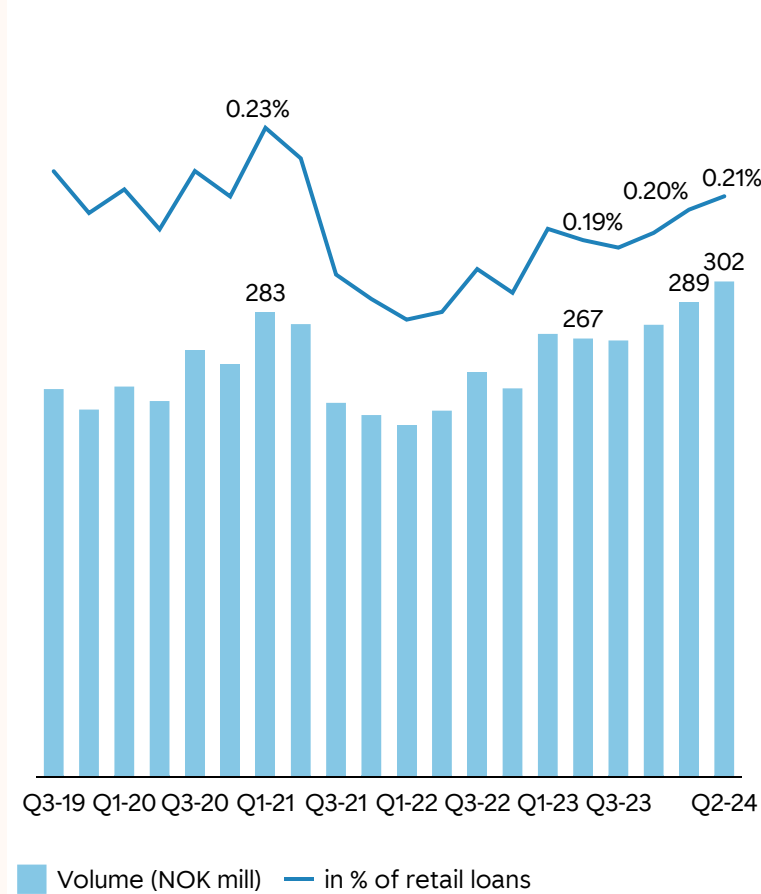


Retail: Indicators of underlying credit quality

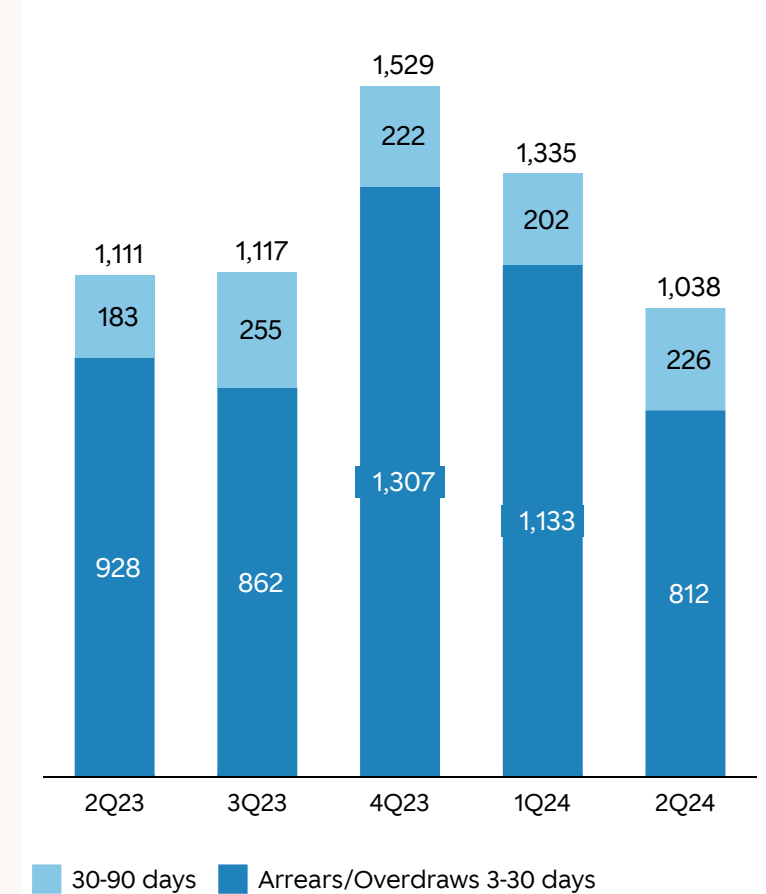
Retail customers with interest-only mortgage



Mortgages to debt collection (volume)



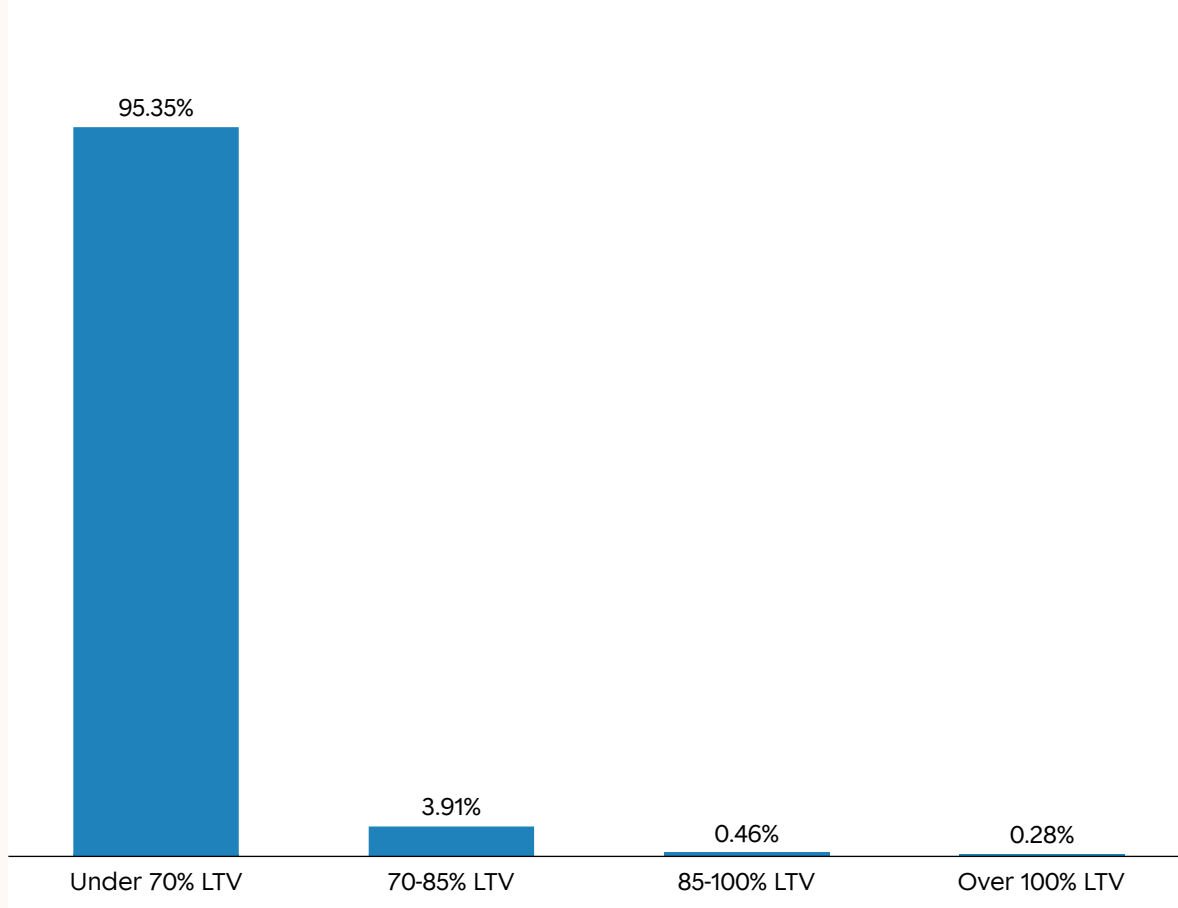
Arrears retail market, NOK mill.*



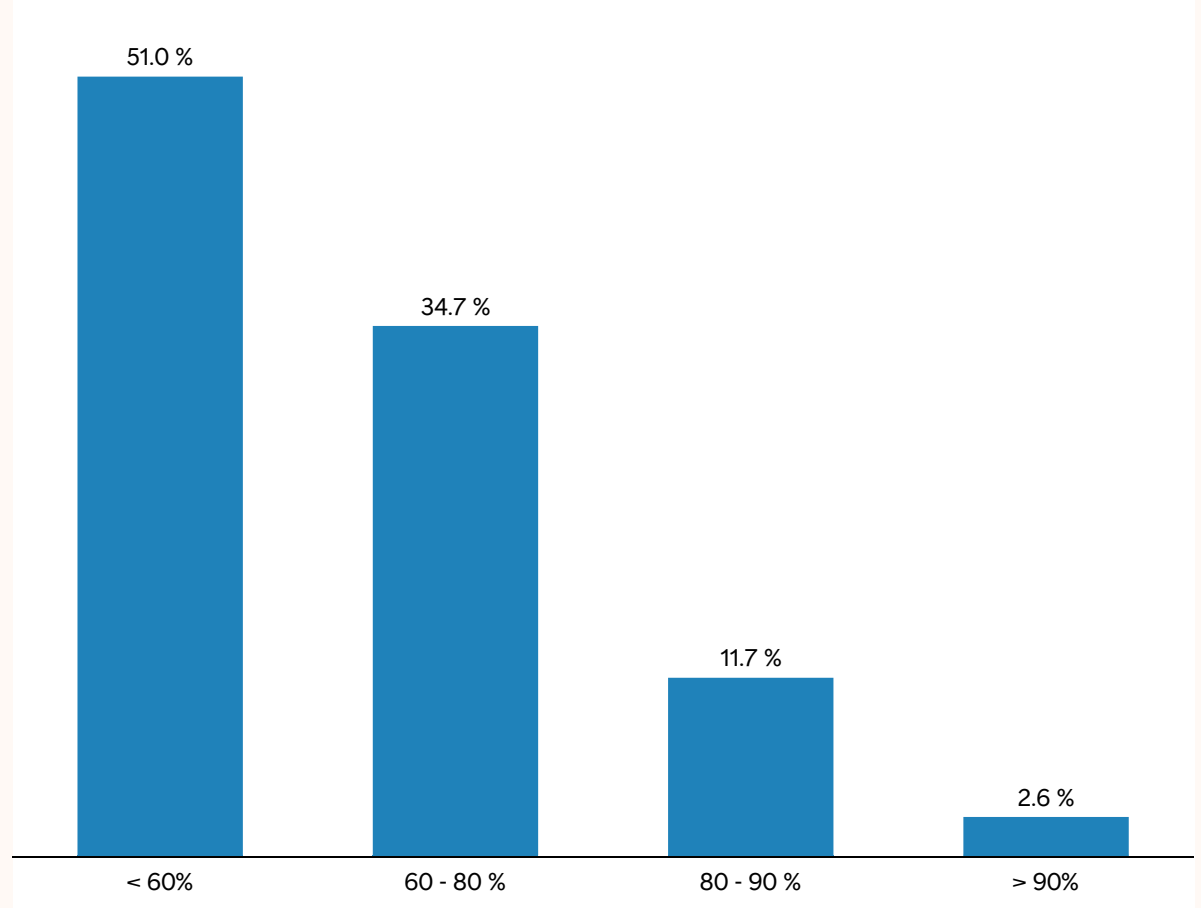
* Does not include loans transferred to SpareBank 1 Boligkreditt.

Retail: Mortgage collateral

Share of LTV by exposure – retail mortgages*



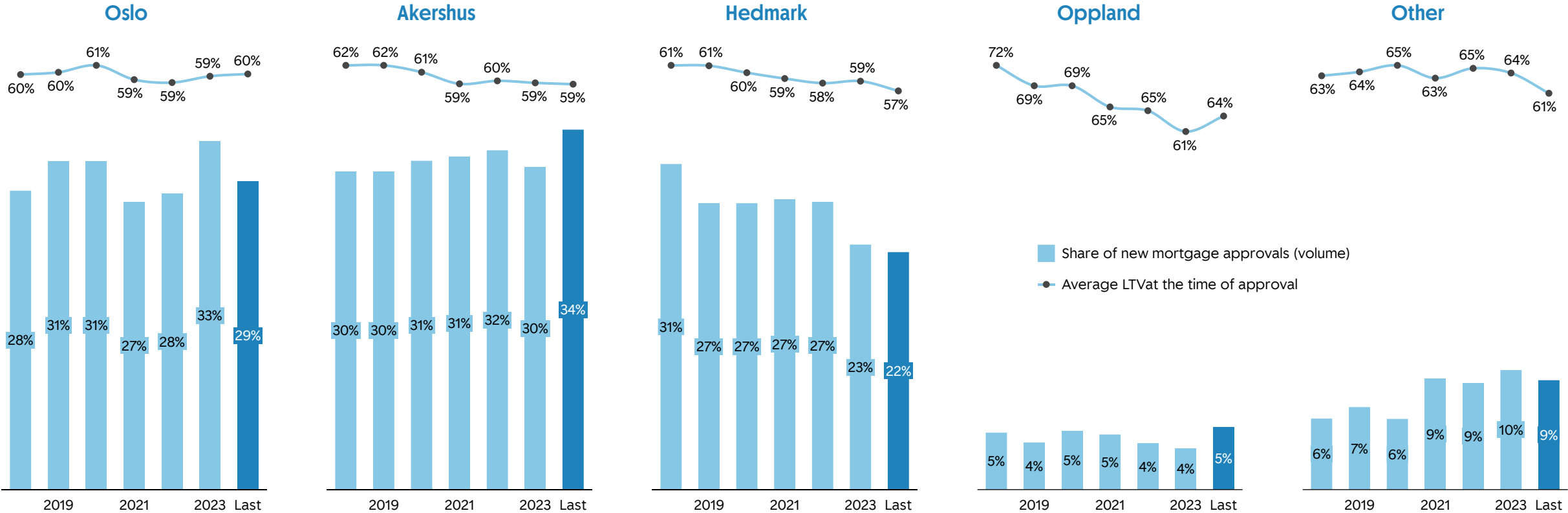
Share of lending according to LTV - retail mortgages*



* Including loans transferred to SpareBank 1 Boligkreditt.

Stable low LTVs in new mortgage approvals

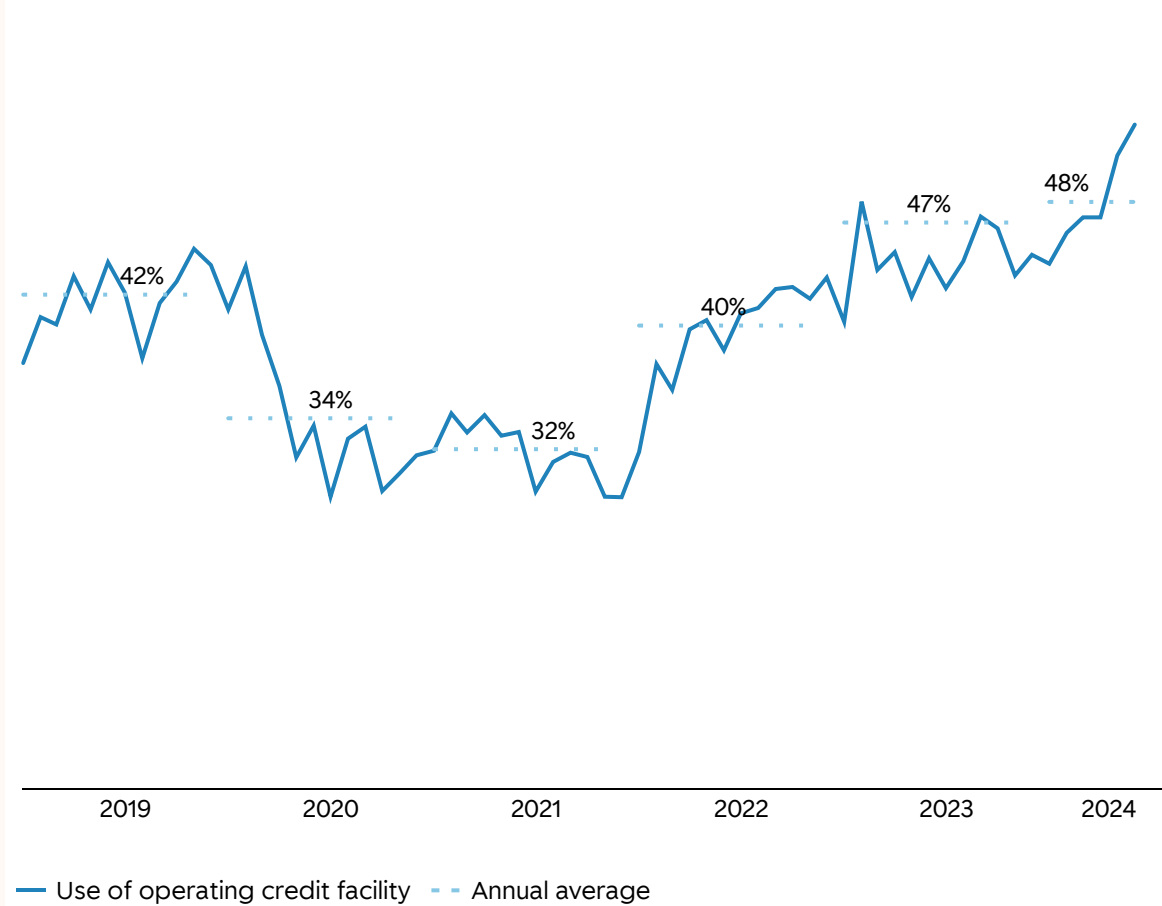
Share of new mortgage approvals and average LTV per period and county (Inland county divided b/w old Hedmark and Oppland counties)



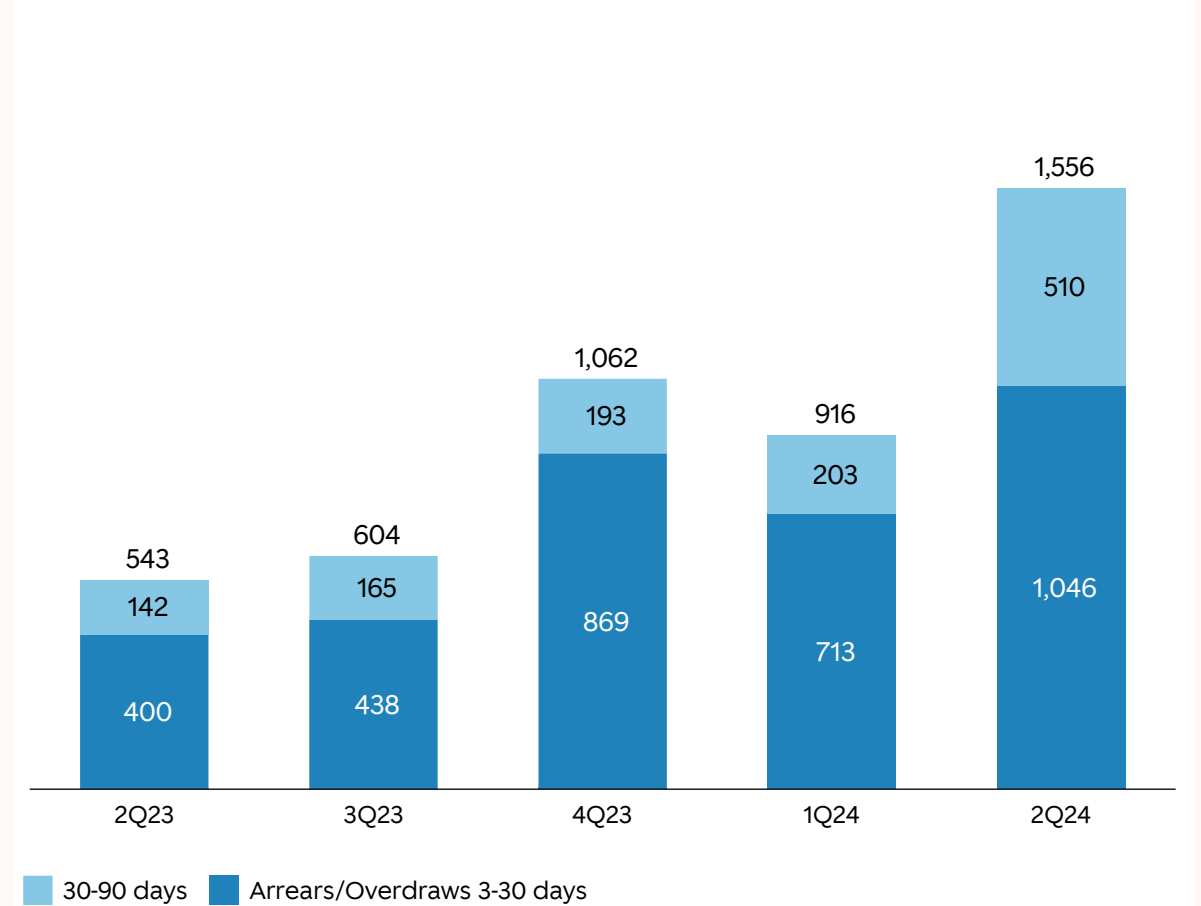
Corporate: Indicators of underlying credit quality

Short-term increases in arrears are driven by natural fluctuations, while increases in arrears 30-90 days are mainly linked to two individual commitments, both of which are covered in July.

Use of corporate credit facilities (parent bank)



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

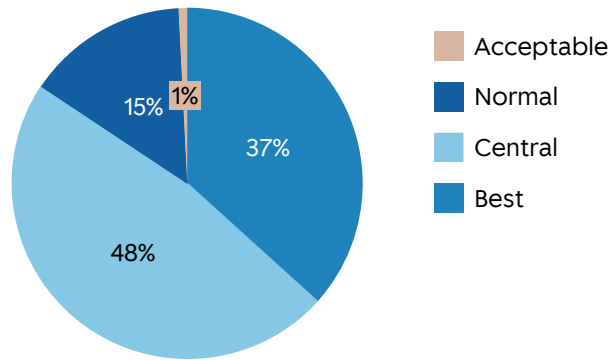


* Does not include loans transferred to SpareBank 1 Næringskreditt.

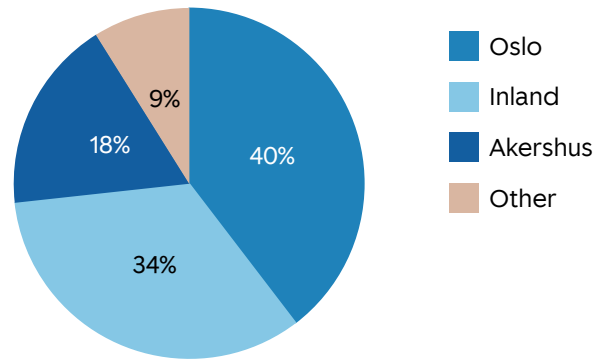
CRE: Attractive, diversified portfolio

96 % of tenants have contracts that are 100 % indexed (to CPI).

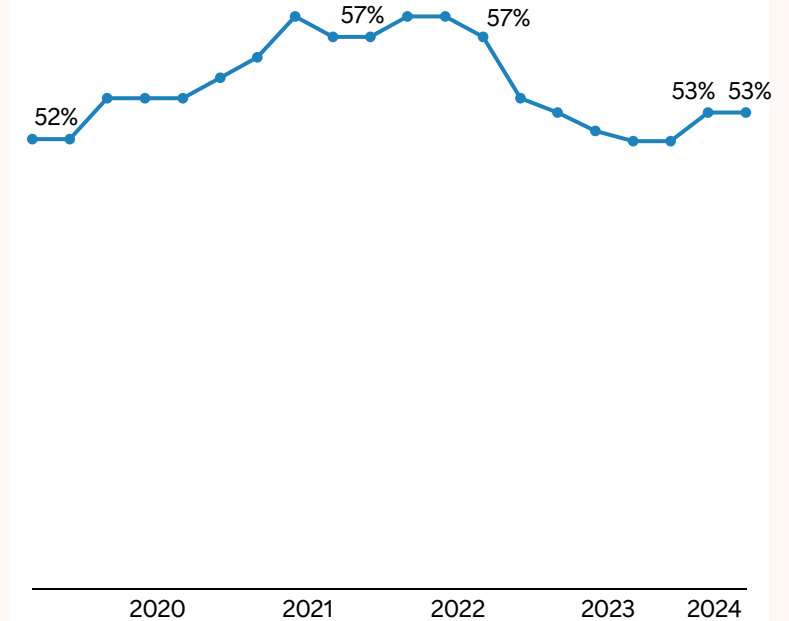
Rental space attractiveness



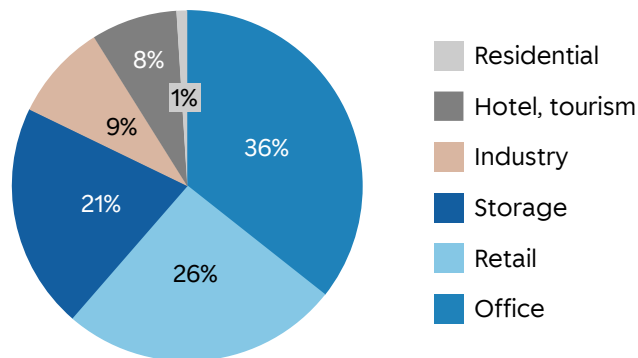
Geographical distribution of rental space



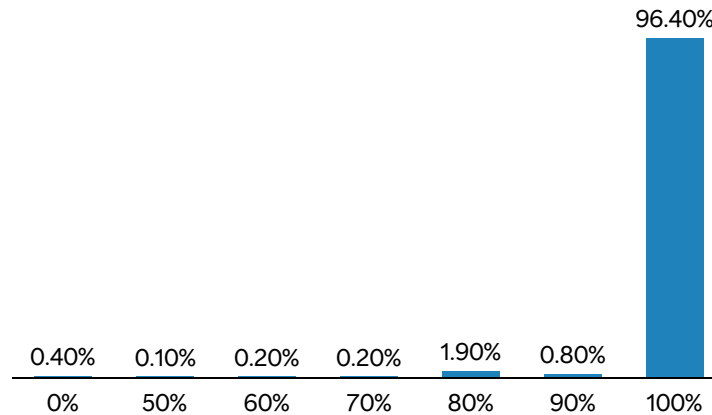
LTV for CRE portfolio



Share of rental space according to type



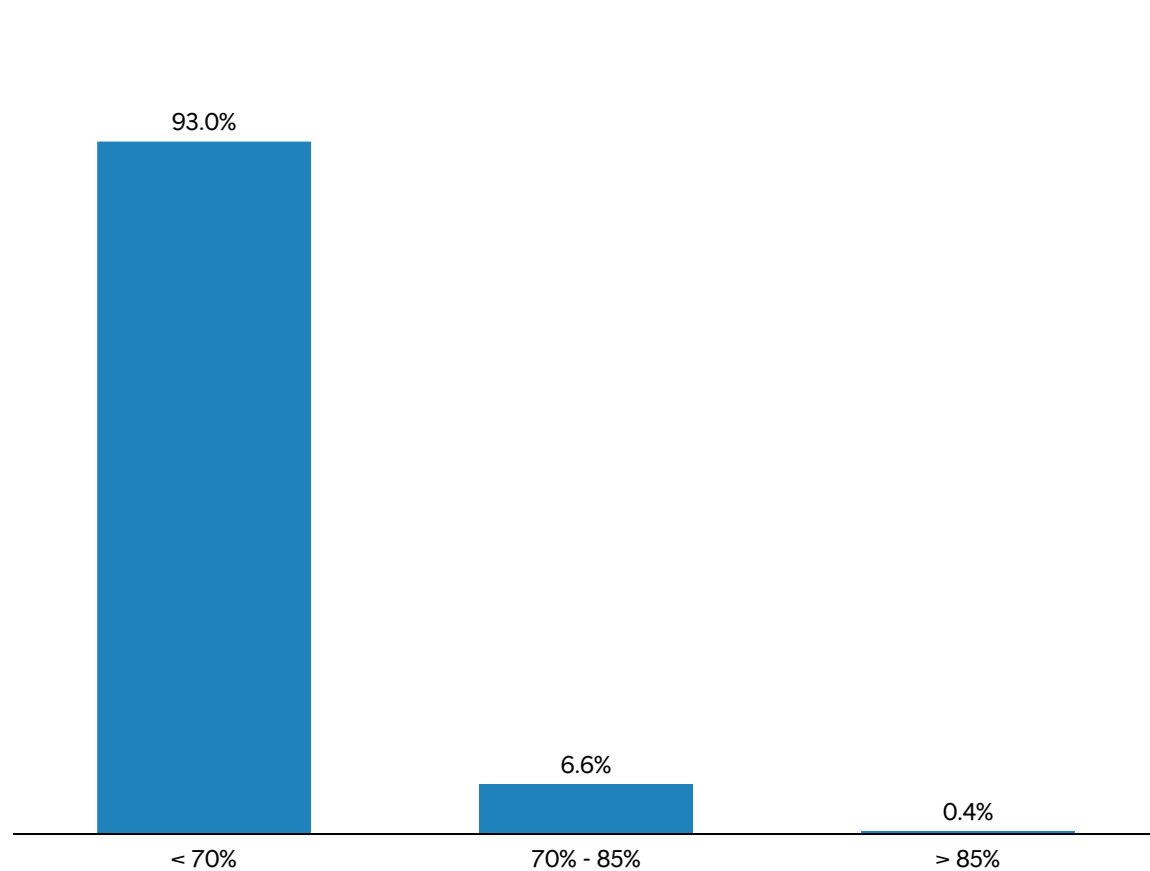
Share of rental space at different indexation



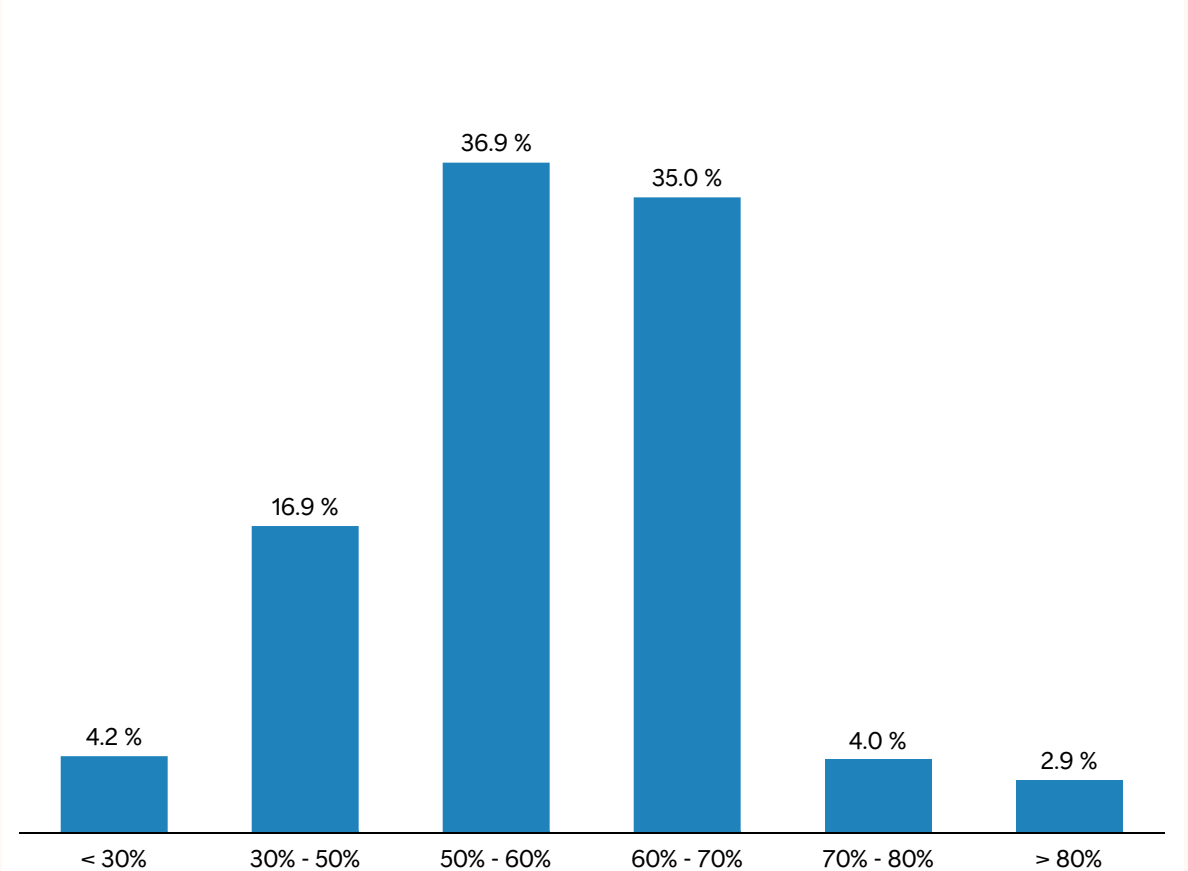
CRE: Solid collateral

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*

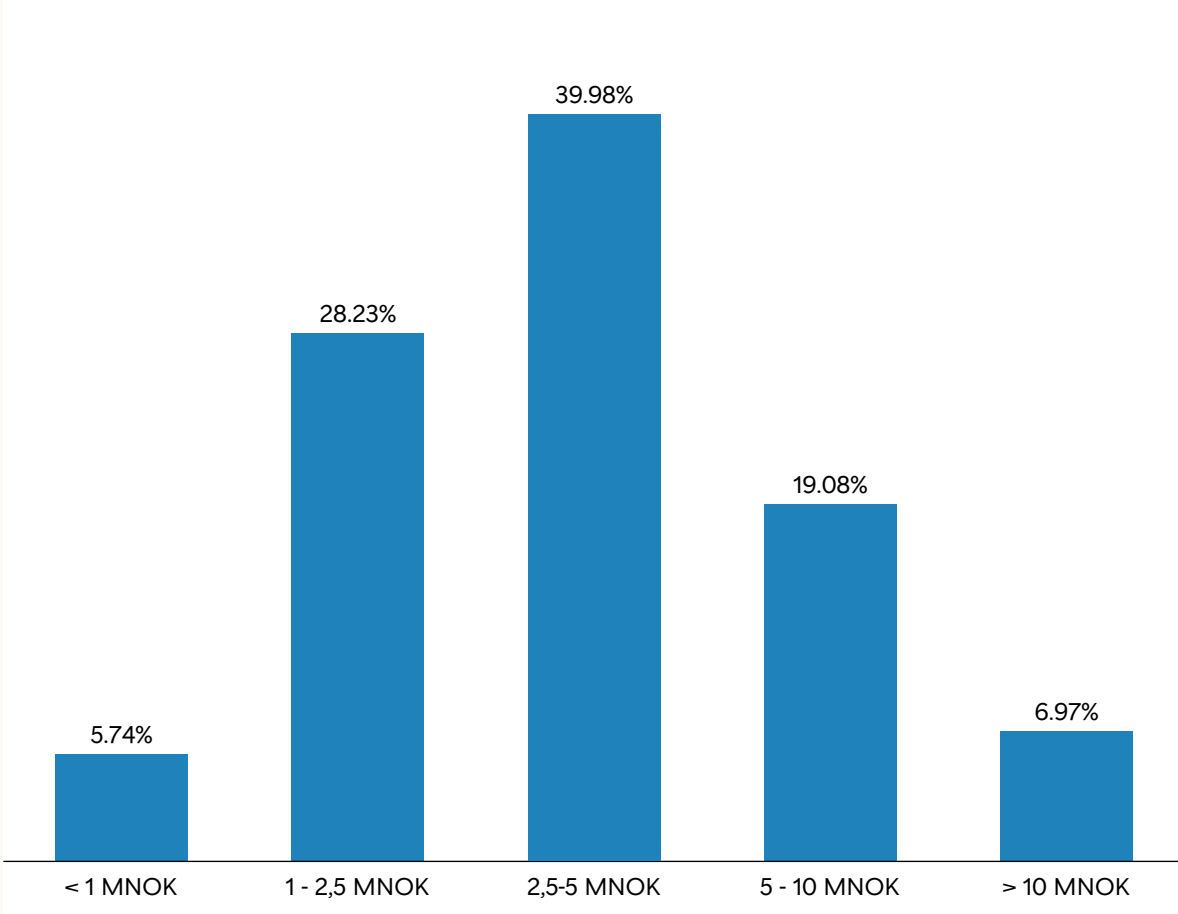


* Based on numbers for parent bank and exposures of at least NOK 10 mill.

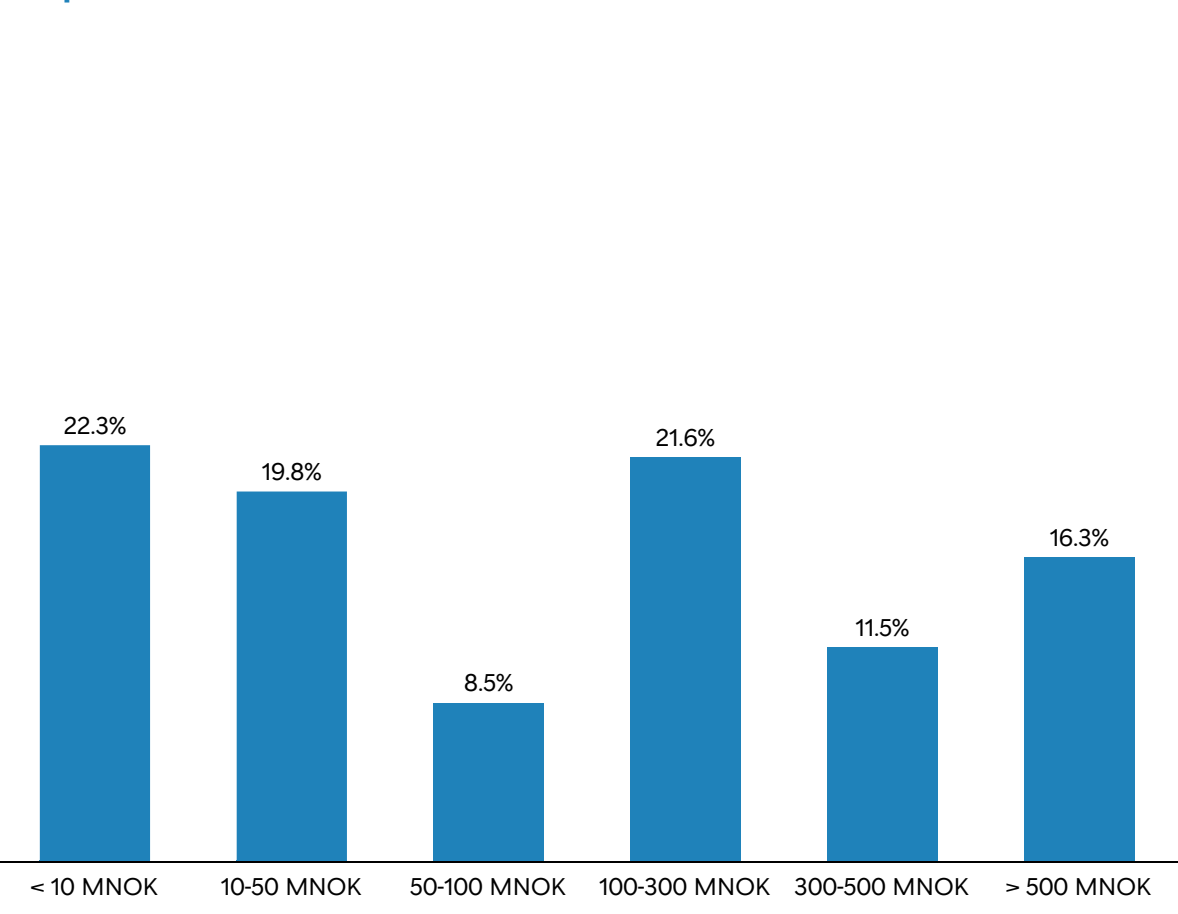
Size concentration risk in the lending book is low

Retail and corporate loans by size (% share)*

Retail market



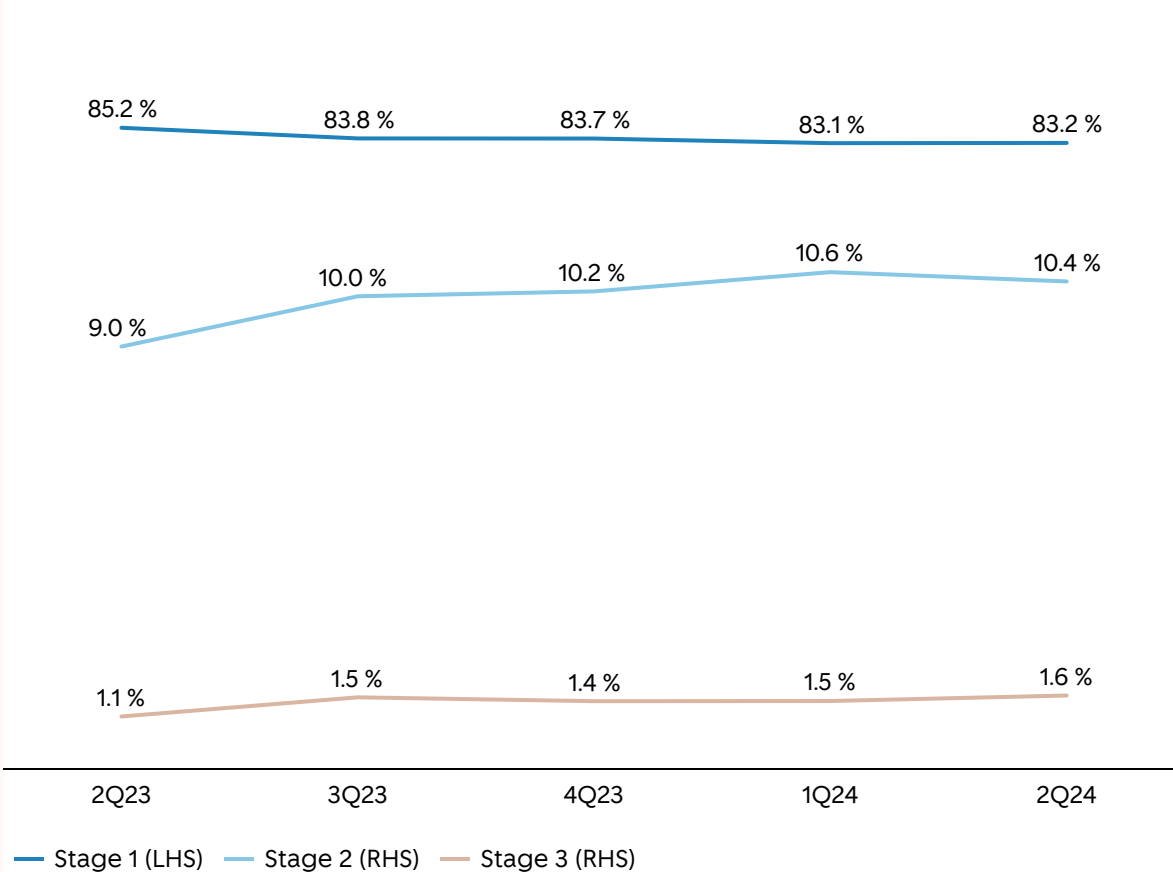
Corporate market



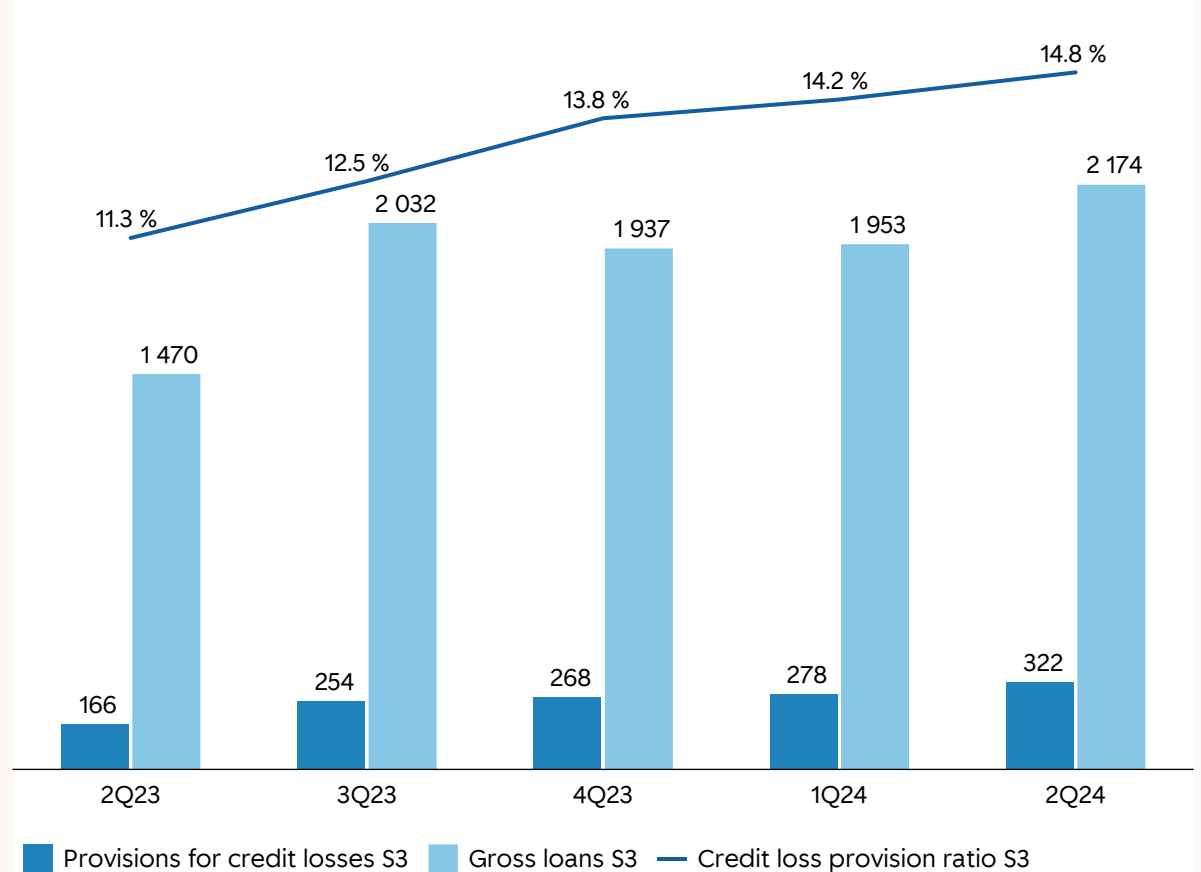
* Including loans transferred to the covered bond companies.

Exposures per stage and credit loss provision ratio in stage 3

Exposure by stages (% of gross loans)*



Loans in Stage 3 (NOK mill.)



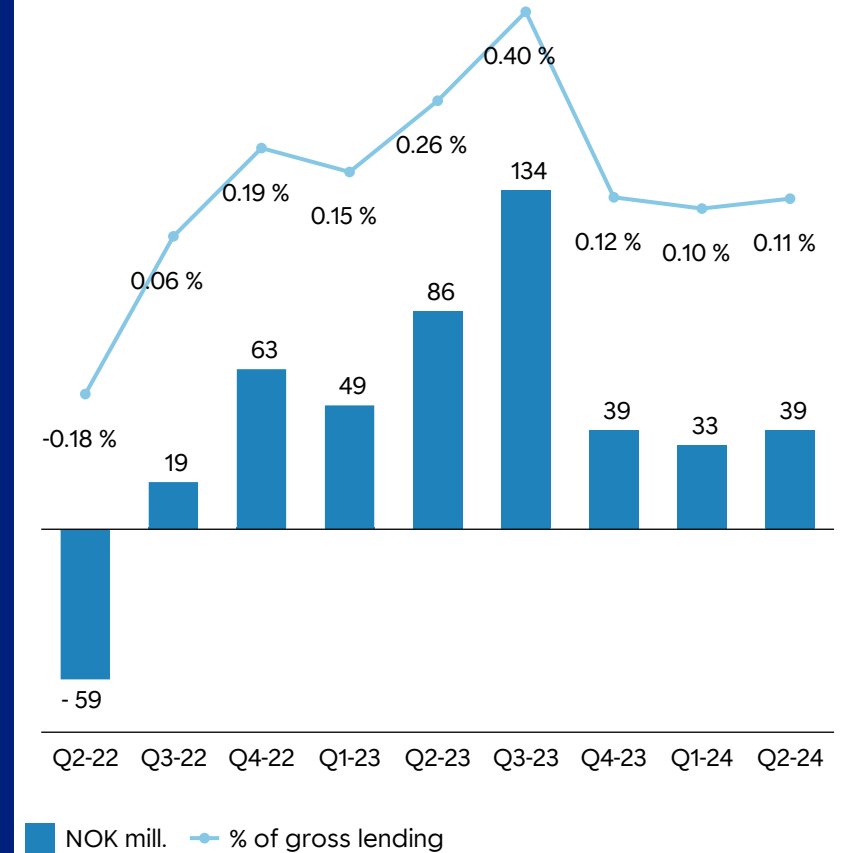
* Excluding loans transferred to covered bond companies. Residual up to 100 per cent is due to loans at fair value over profit.

Loan loss provisions

Loan loss provisions (NOK million)	2Q24	1Q24	2Q23
Retail market	4.8	2.5	7.7
Corporate market	25.1	15.0	68.9
SpareBank 1 Finans Østlandet	9.2	15.7	9.5
Group	39.0	33.2	85.9

Loan loss provisions (NOK million)	2Q24	1Q24	2Q23
Change in model-based loss provisions	-31.7	1.2	25.2
Change individual loss provisions	44.3	9.8	54.8
Net write-offs	26.4	22.2	5.9
Group	39.0	33.2	85.9

Quarterly loan loss provisions



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:

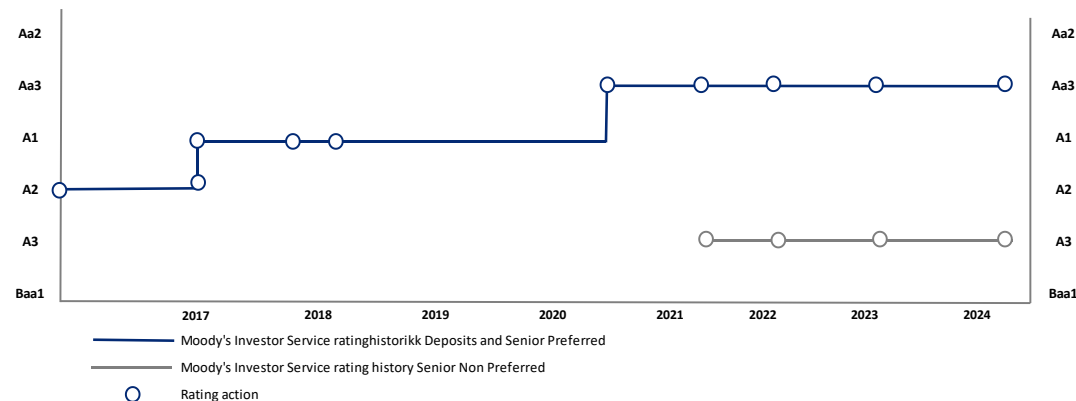
- Moody's has upgraded the BCAs and deposit/debt ratings with stable outlook for SpareBank 1 Østlandet and SpareBank 1 Nord-Norge.

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:

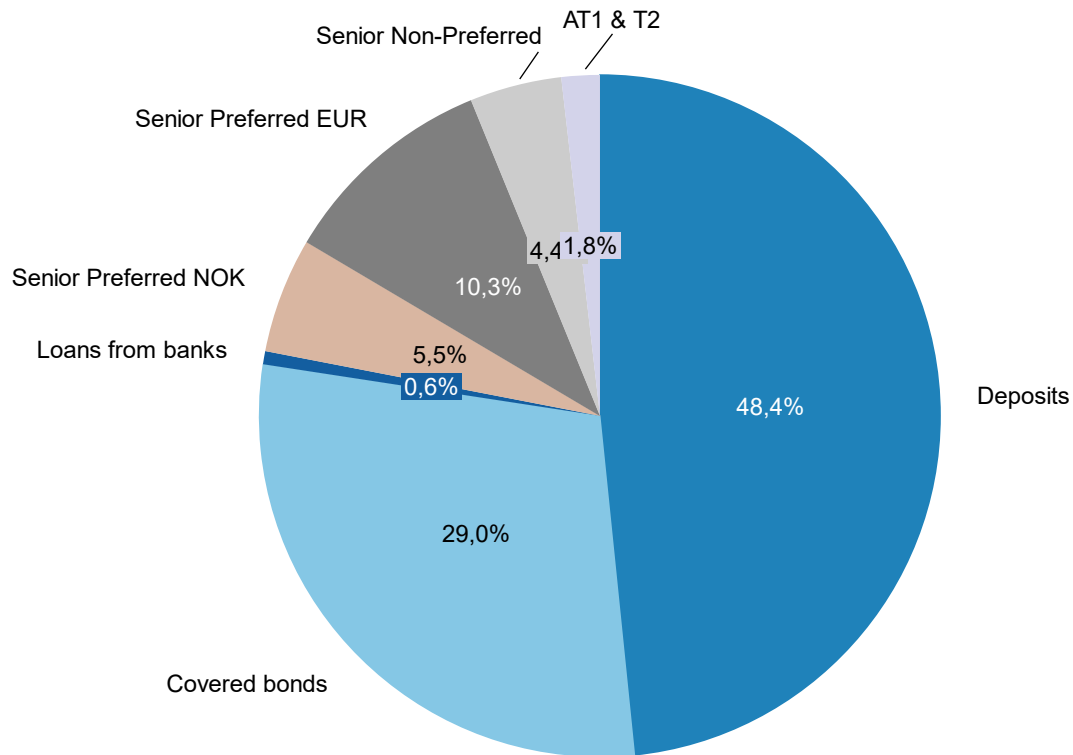
- Affirmed the Bank's rating with stable outlook.



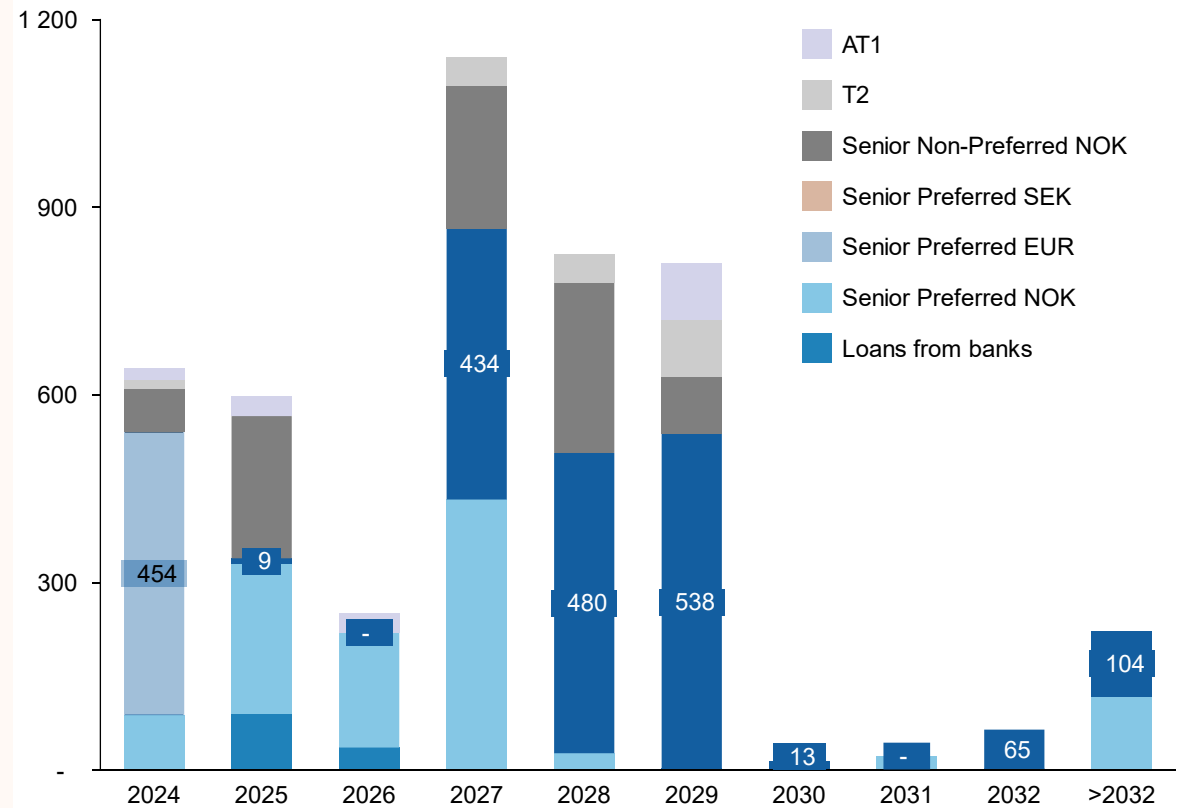
Source: Moody's Investors Service

Funding

Funding mix

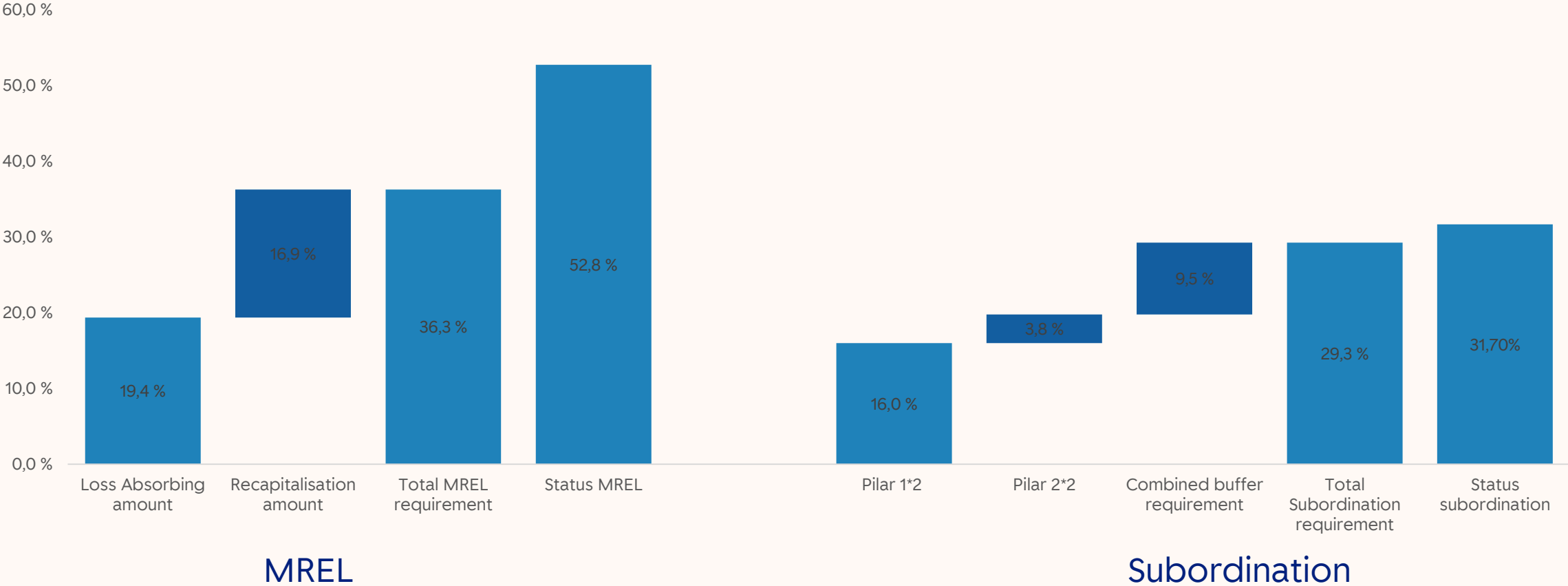


Funding profile excl. covered bonds












Subordination cap also in Norway

MREL and Subordination Requirement



Good feedback on our work on ESG

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	

The Path to Net Zero

Specific ESG and climate targets

Retail Division

- Net Zero lending portfolio by 2050
- KPI established – green ratio in residential buildings 20 % by 2025.
 - Status 1Q 2024: 20.7 %

Corporate Division

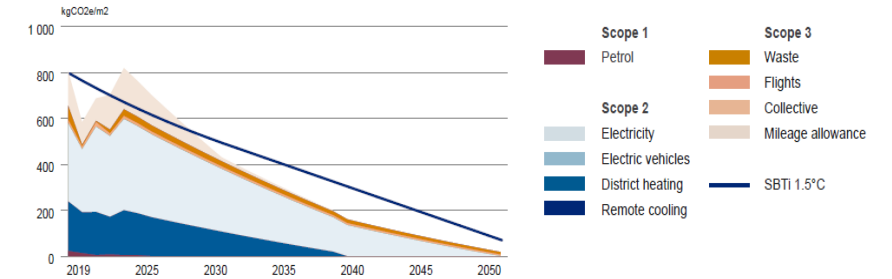
- Net Zero lending portfolio by 2050
- Commercial buildings:
 - KPI established – green ratio 40 % by 2025, 50 % by 2030.
 - Status 1Q 2024: 42.3 %
 - From 2025 demanding GHG accounting for real estate projects
- Renewable Energy:
 - By 2025, 50 % growth in lending to renewable energy
 - Status 1Q 2024: 63.8 % growth
- Agriculture:
 - KPI established – green ratio 1 % by 2025
 - Status 1Q 2024: 1.4 %
 - By 2025, 80 % of agricultural customers have used the “Agricultural Climate Calculator” – a methodical way of defining the carbon footprint of every agricultural customer.
 - By 2025, 80 % of agricultural customers have established plans for reductions in GHG emissions.

SpareBank 1 Finans Østlandet (leasing company)

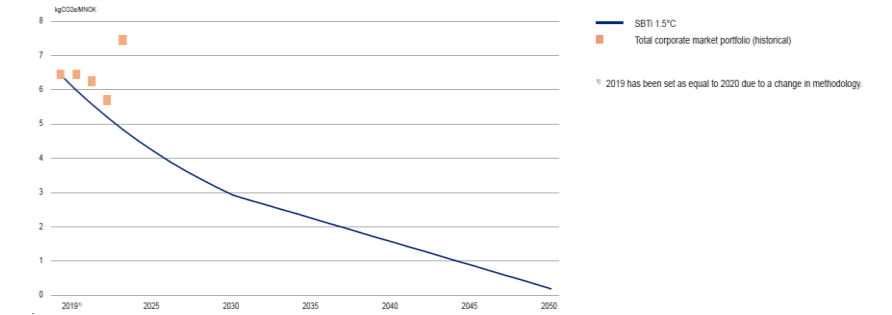
- Clean transportation
 - KPI established – green ratio of 25 % by 2025
 - Status 1Q 2024: 12.9 %



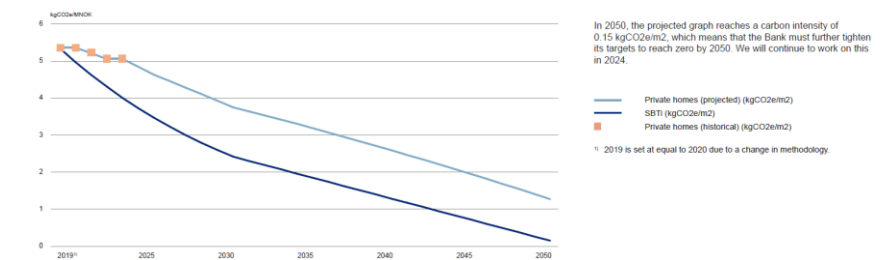
Energy and Climate in our business operations*



The path to Net Zero in the Corporate portfolio*



The path to Net Zero in the Retail portfolio*

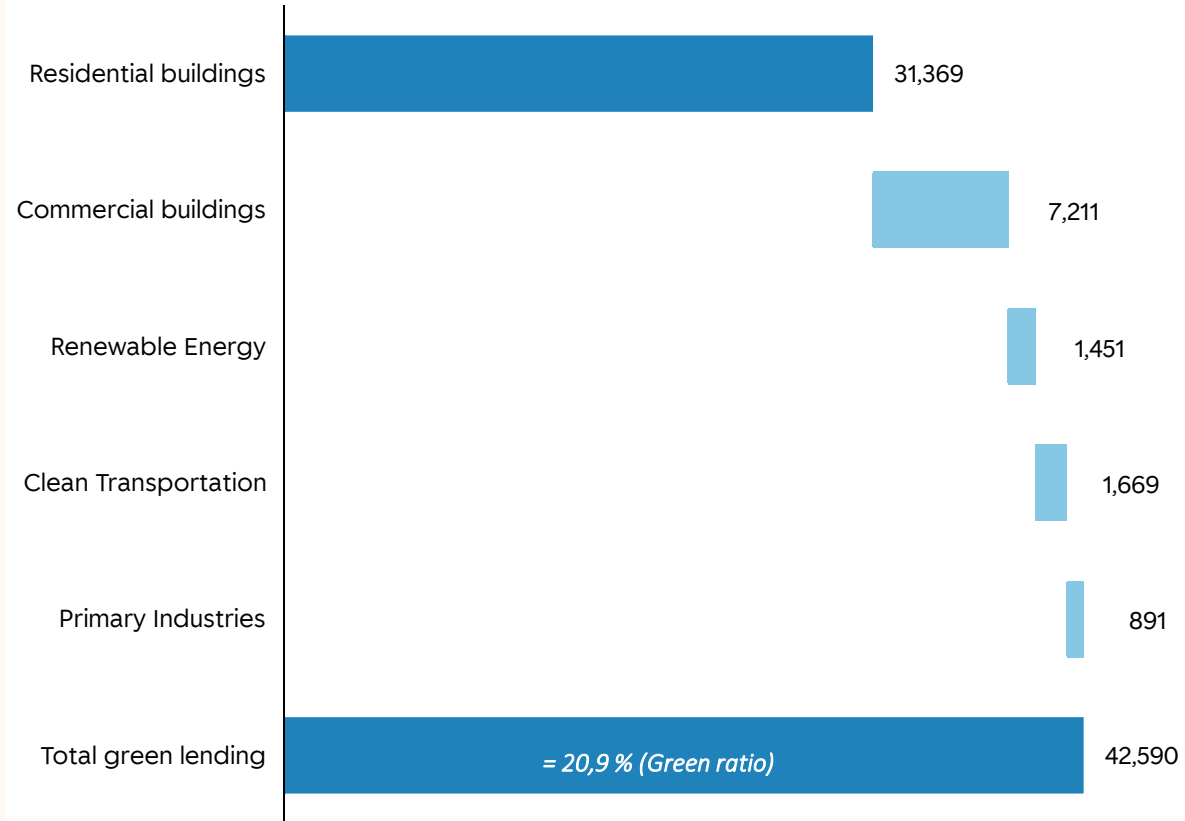


* Methods for emission calculation and target setting: Partnership for Carbon Accounting Financials (PCAF) and Science Based Target initiative (SBTi)

Green lending

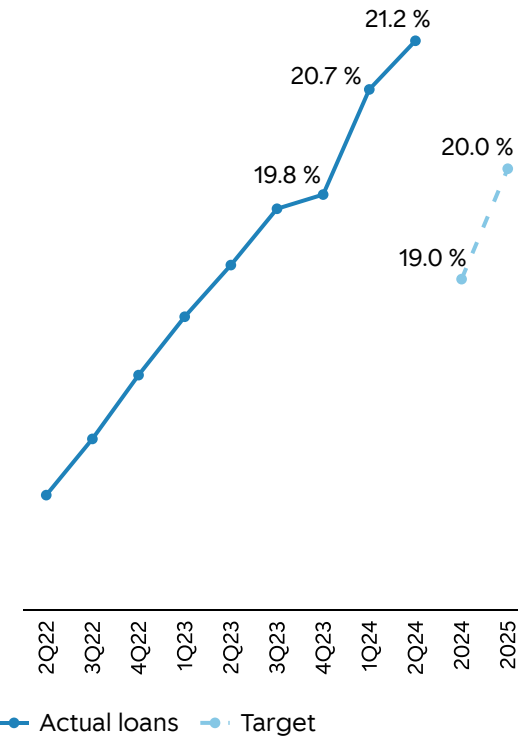
Green share of lending is important to reach our net zero emissions objective.*

Green loans per 30 June 2024, MNOK

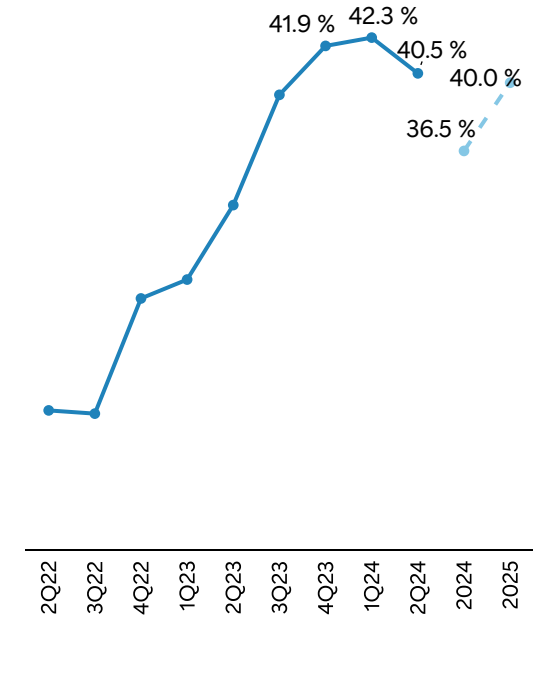


Share of green lending, %

Residential mortgages



Commercial real estate



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

Allocation Report 1Q2024

Portfolio date 30 June 2024

Eligible Green Loan Portfolio		
	Amount (NOK million)	Portfolio Growth 2Q 2024
Residential buildings (Top 15 % and EPC A for buildings buildt after 1.1.2021)	16 519	947
Commercial buildings	5 048	(74)
Grandfathered renovated buildings as of 31.12.2023	2 163	(24)
Agriculture	94	10
Forestry	797	(24)
Renewable energy	1 451	271
Clean Transportation	1 669	99
Total (a)	27 741	1 204

Green Financing					
Instrument (ISIN)	Rank	Currency	Issue Date	Due Date	Amount (NOK million)
XS2308586911	Green Senior Preferred	EUR	24-02-21	03-03-28	5 139
XS2472845911	Green Senior Preferred	EUR	20-04-22	27-04-27	4 770
NO0012702606	Green Senior Preferred	NOK	13-09-22	22-09-27	500
NO0012702614	Green Senior Preferred	NOK	13-09-22	22-09-27	1 500
NO0012940404	Green Senior Non Preferred	NOK	09-06-23	15-06-28	500
NO0012940396	Green Senior Non Preferred	NOK	09-06-23	15-06-28	500
XS2828914767	Green Senior Preferred	EUR	23-05-24	30-05-29	5 775
	Green Deposits	NOK			91
Total (b)					18 775

Green Senior Bond eligible assets	a	27 741
Percentage of Eligible Green Loan Portfolio allocated	b/a	67,7%
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	8 966
New loans added to the portfolio 2Q 2024		1 204
New loans added to the portfolio since 2Q 2023		7 002
New loans added to the portfolio since inception (12/31/2020)		10 832
Residential buildings built after 2021 (TEK17/EPC B) - not included in the allocation report ²		6 784

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.

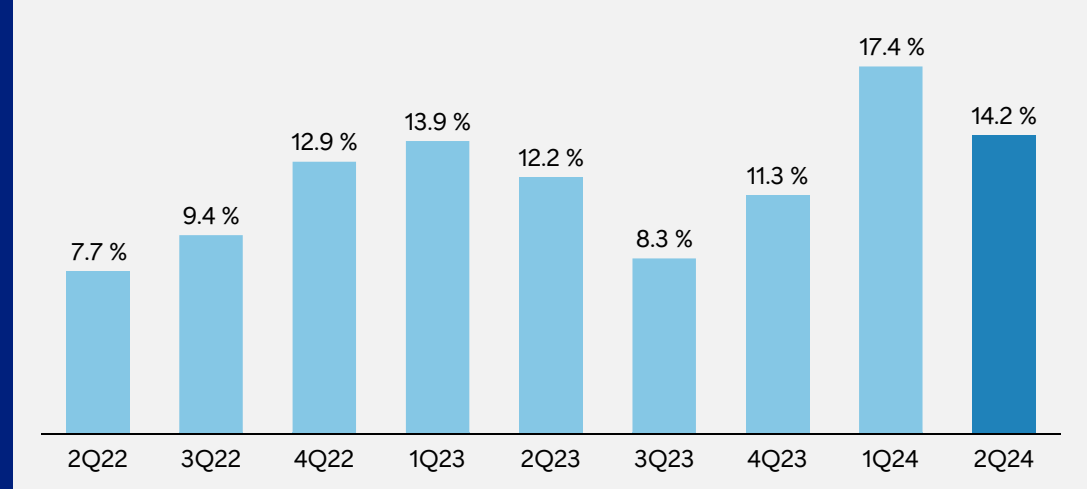
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2Q: Solid quarter

- **Return on equity** of 14.2 %, driven especially by good development in core banking operations, but subsidiaries also contributed positively.
- **Net interest income** up 1.8 % q/q (incl. covered bond commissions). Solid **loan growth** in both retail and corporate market. Loan portfolio reaches milestone of NOK 200 billion.
- Good development for **commission income**, also when adjusted for Siffer. High activity levels for real estate agents, and bank's customer advisors delivers strongly on insurance-related income.
- **Cost growth** of 19.0 % is significantly higher than desired, although a large part is due to an administrative fine, Siffer, and customer-focused initiatives.
- Another quarter of moderate **impairment charges**, of 39 NOK mill.
- Revised and more ambitious **financial targets**, incl. target of at least 13 % return on equity.

Return on equity (%)



Earnings/ECC

4.09
NOK

Loan growth

4.9 %

NIM

2.18 %

Cost/income

39.9 %

Loss provisions

39 NOK
mill.

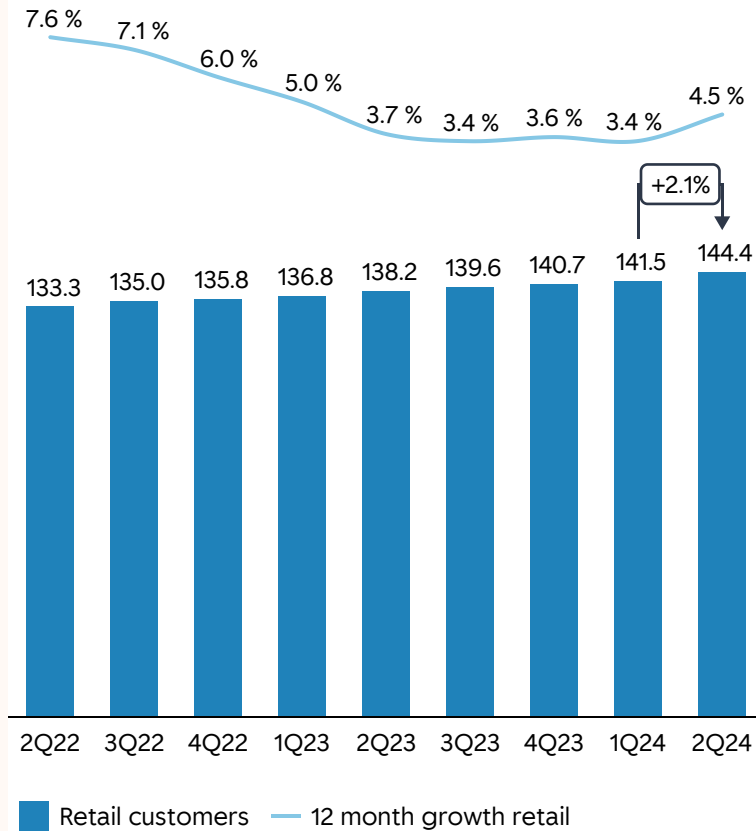
CET-1

16.8 %

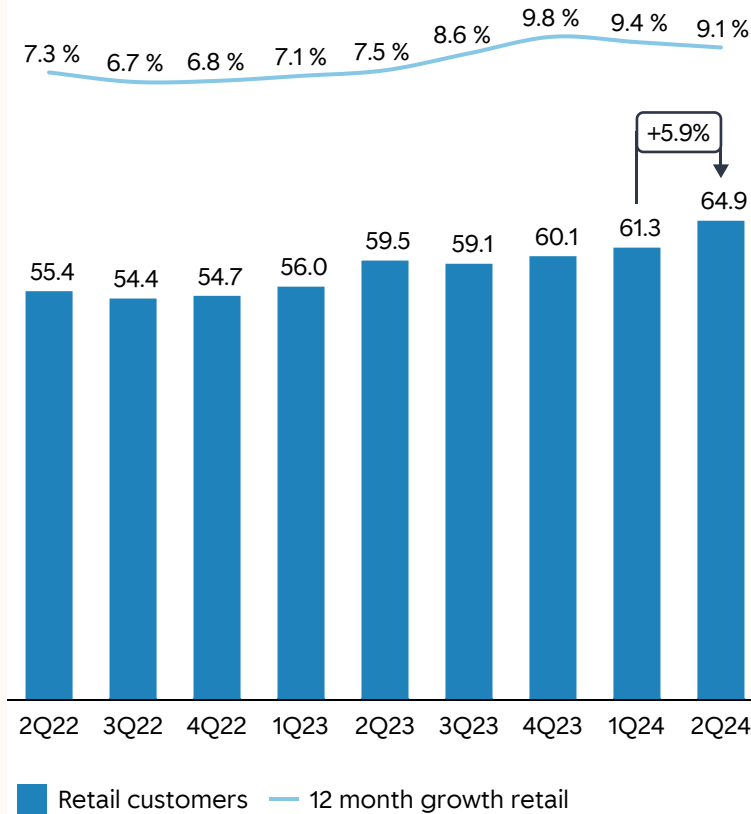
Retail market: Increased activity level

Strong lending growth throughout the quarter, despite fierce competition. We defend our high market share in the Inland region, and we experience good growth in the capital region.

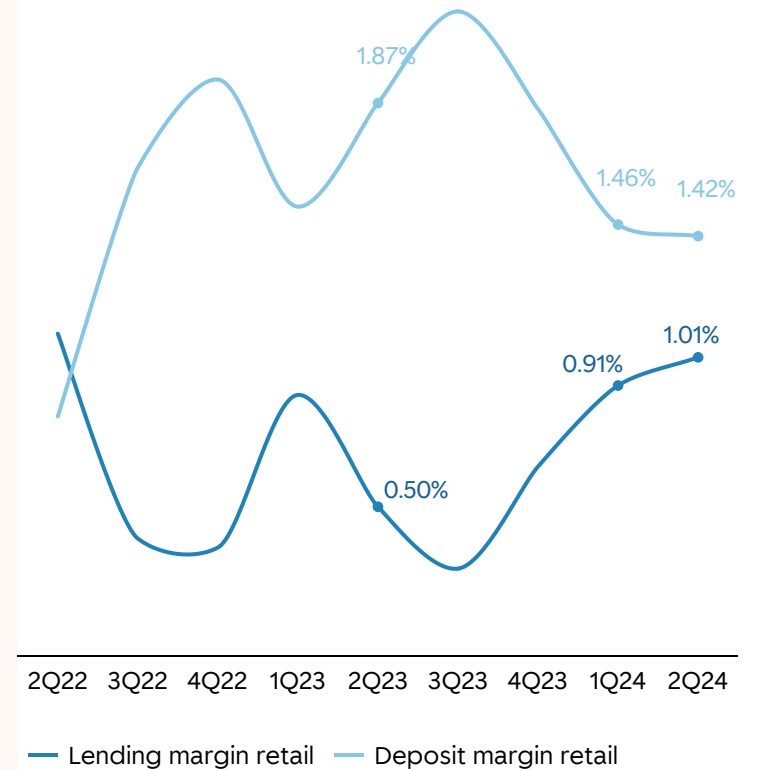
Loan volume and growth (NOK bill. and %)*



Deposit volume and growth (NOK bill. and %)



Margins, parent bank (%)**

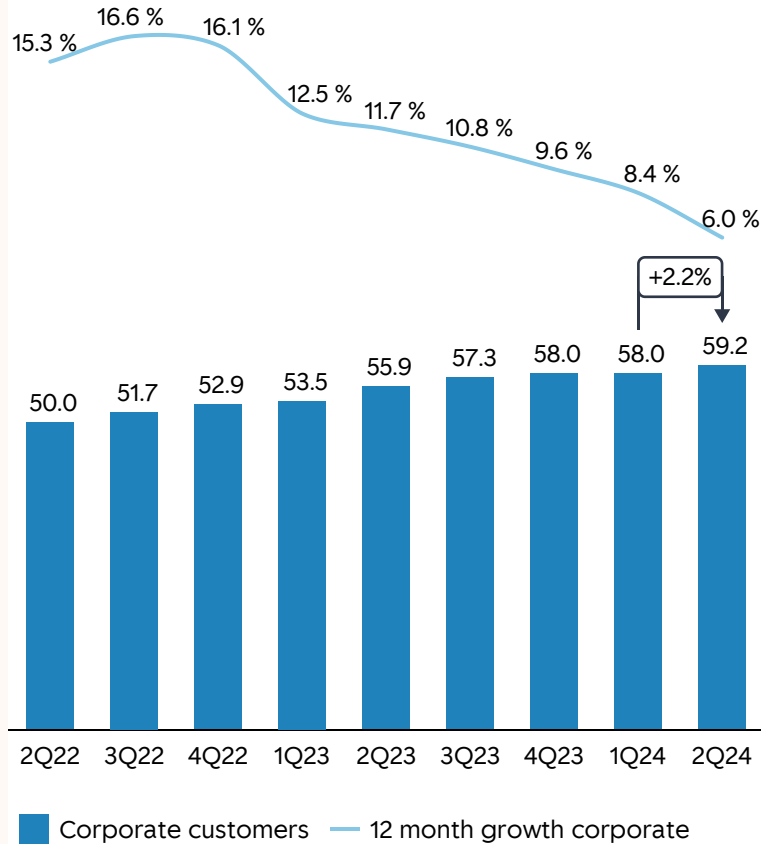


* Includes loans transferred to the covered bond companies. ** Based on allocation of customer loans between retail and corporate divisions.

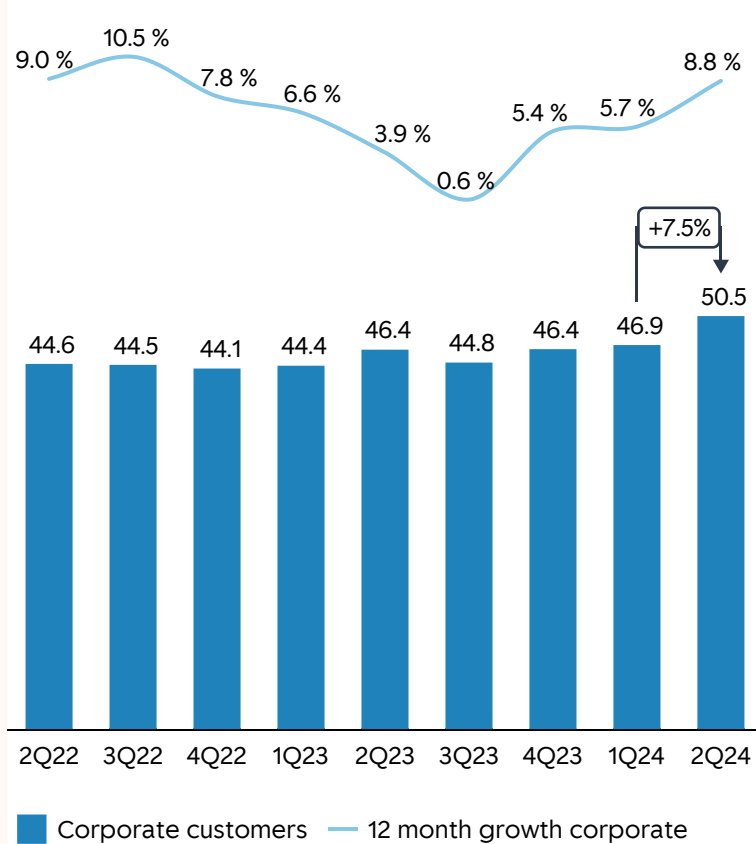
Corporate market: Good volume growth

Good growth in the bank's lending portfolio in the second quarter, particularly due to larger companies. More modest demand from smaller companies, but signs of improvement in the project market, including higher sales of new homes.

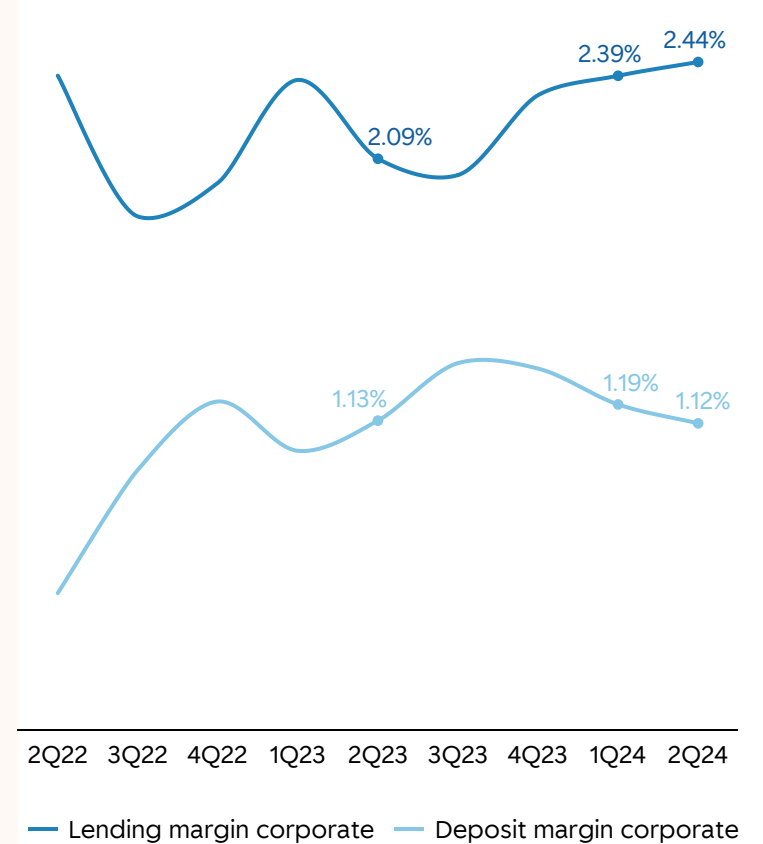
Loan volume and growth (NOK bill. and %)*



Deposit volume and growth (NOK bill. and %)



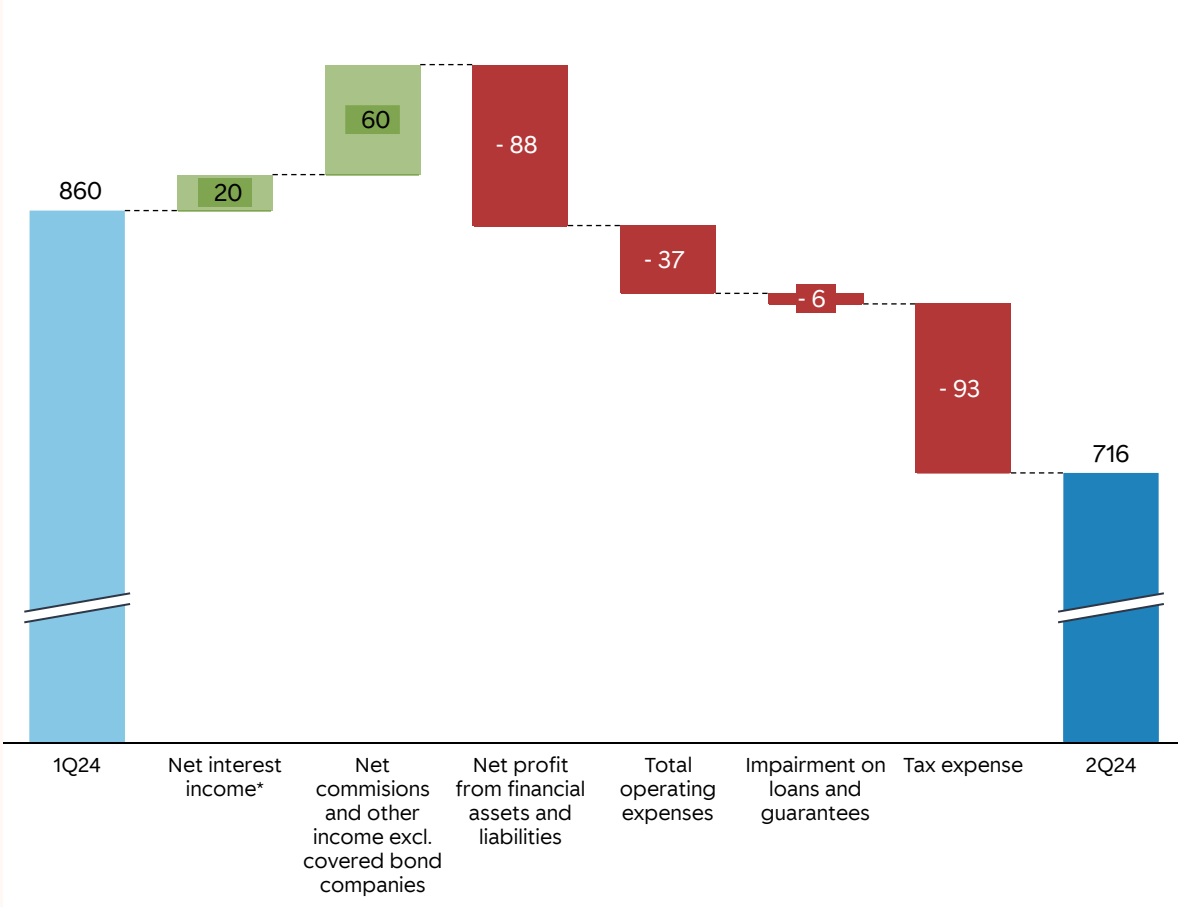
Margins, parent bank (%)**



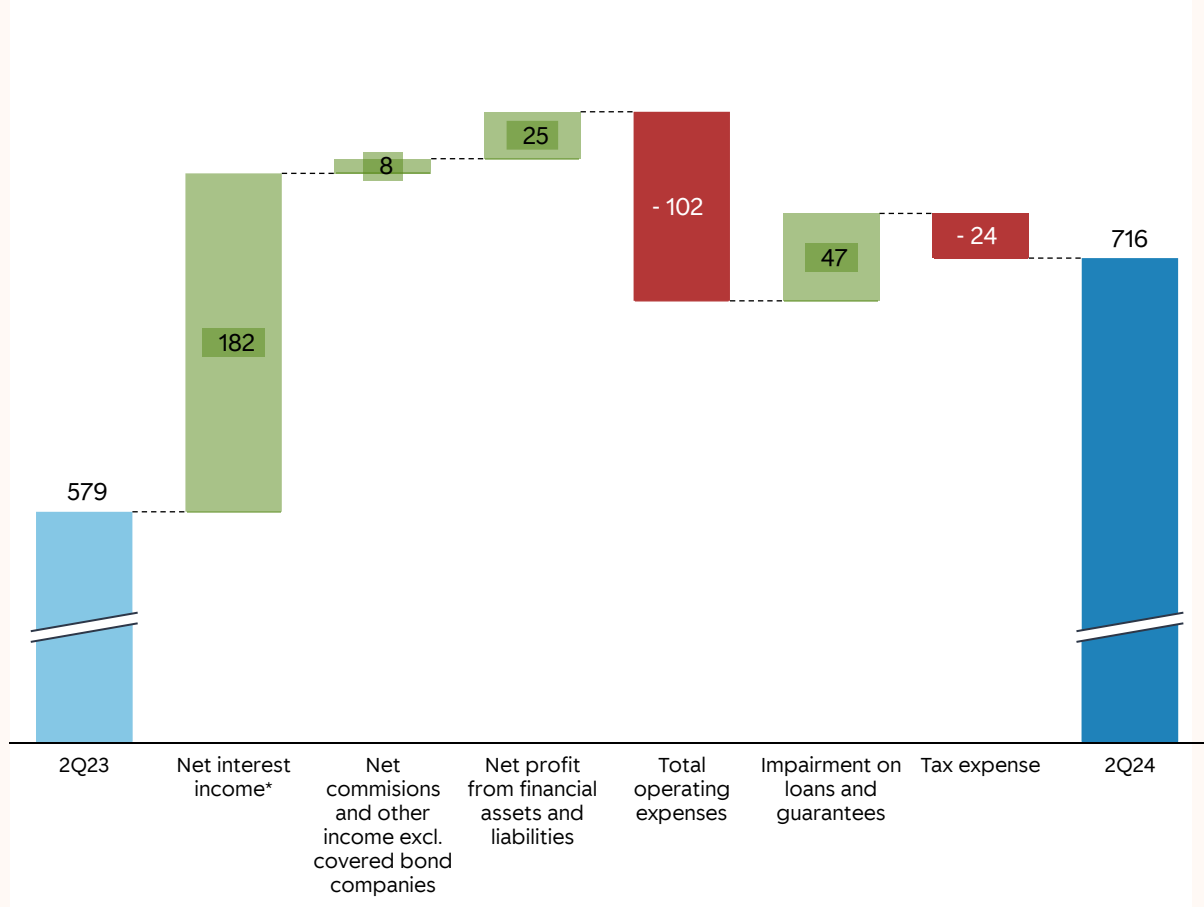
* Includes loans transferred to the covered bond companies. ** Based on allocation of customer loans between retail and corporate divisions.

Income statement

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



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

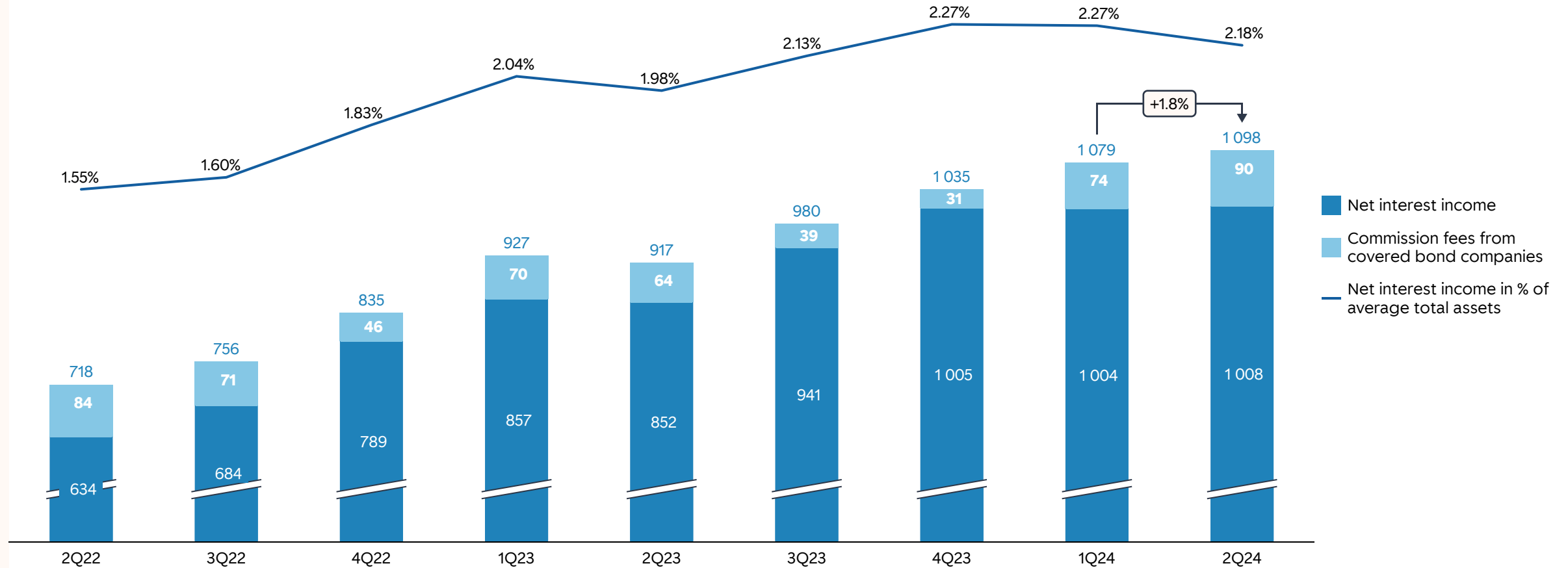


* Net interest income includes commission fees from covered bond companies.

Net interest income

Good growth in net interest income (incl. commission income from covered bond companies). Large senior and subordinated loan issuance ahead of maturity contribute to reducing net interest margin.

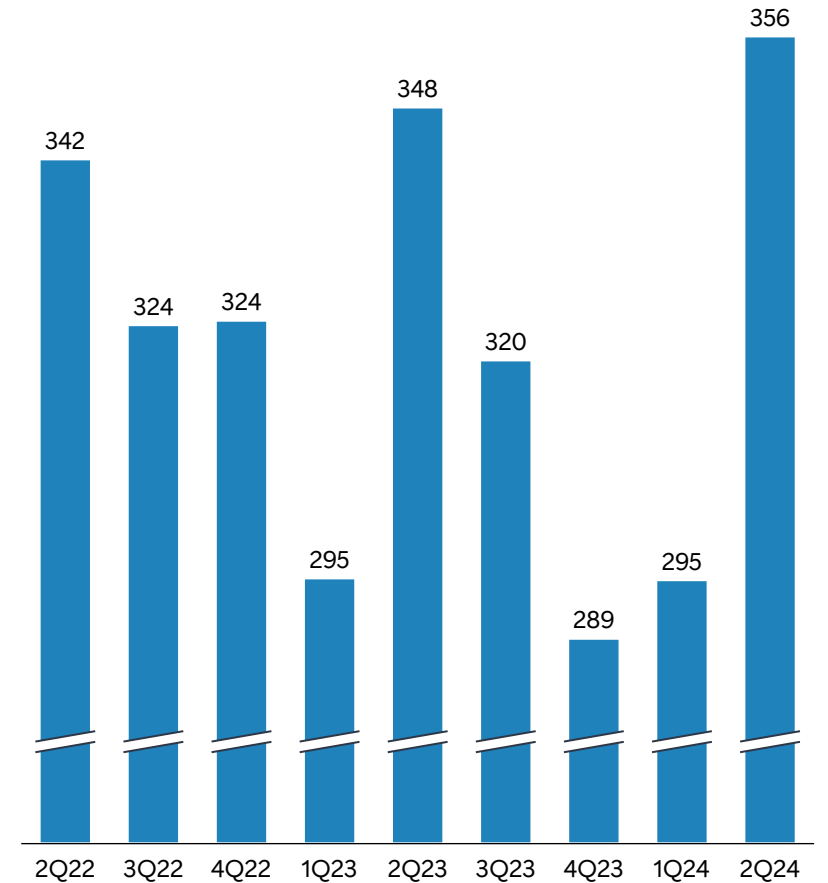
Net interest income incl. commissions from covered bond companies (MNOK and %)



Commission income

(NOK million)	2Q24	1Q24	2Q23
Commission income from credit cards	17.3	17.8	16.2
Payment services	73.4	57.9	89.1
Commissions from insurance	65.8	64.1	68.6
Commissions from savings	9.9	10.5	7.9
Commission from real estate brokerage	116.1	77.5	95.1
Income from accounting services	51.7	48.1	34.1
Other operating income / -commissions	21.2	19.3	36.7
Commission and other income *	355.5	295.2	347.7

Net commissions and other income (NOK million)

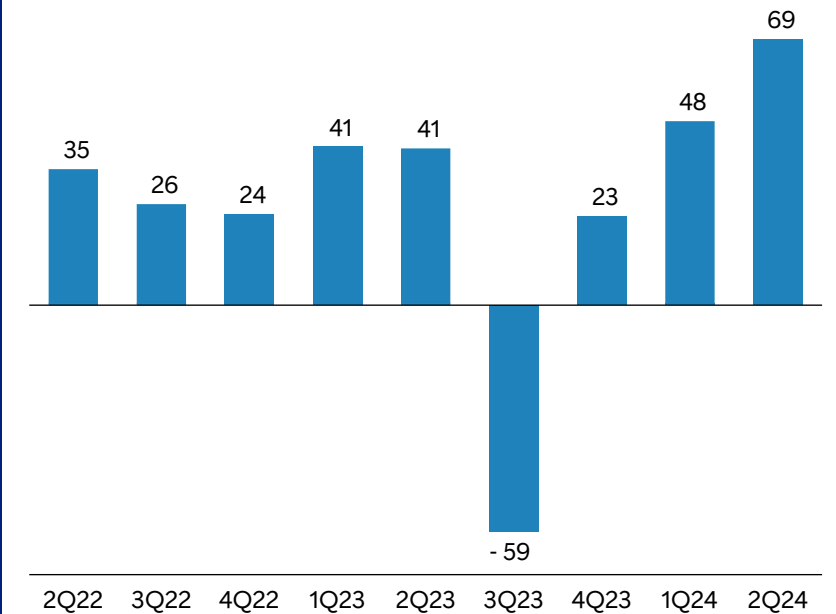


* Excluding commission income from the covered bond companies.

Profits in subsidiaries

(NOK million, after taxes)	2Q24	1Q24	2Q23
Sparebank 1 Finans Østlandet AS - Group	50.8	49.5	32.6
EiendomsMegler 1 Innlandet AS	5.9	- 3.0	1.2
EiendomsMegler 1 Oslo Akershus AS - Group	7.5	- 0.9	4.2
SpareBank 1 ForretningsPartner Østlandet AS - Group *	4.8	2.2	2.8
Subsidiaries	69.0	47.8	40.7

Profits after tax in subsidiaries (NOK million)

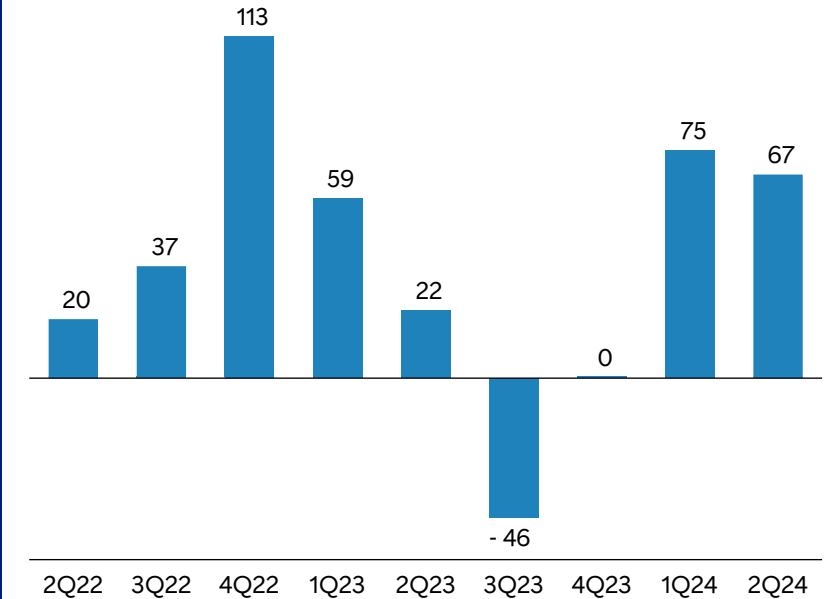


* Financial accounts for 2024 include Siffer Norge AS as subsidiary.

Profits in joint ventures

(NOK million, after taxes)	Ownership	Result share		
		2Q24	1Q24	2Q23
SpareBank 1 Gruppen AS - Group	12.4%	0.4	24.8	- 2.9
SpareBank 1 Forvaltning AS	6.3%	3.8	2.9	2.5
SpareBank 1 Boligkreditt AS	23.5%	35.0	32.7	21.1
SpareBank 1 Næringskreditt AS	12.8%	2.9	3.4	2.5
SpareBank 1 Kreditt ASA	19.4%	1.1	- 3.7	- 1.5
SpareBank 1 Betaling AS	18.1%	0.1	- 9.8	- 9.6
BN Bank ASA	10.0%	20.9	24.0	16.4
Other ventures		3.1	0.8	- 6.1
Joint ventures		67.3	75.2	22.3

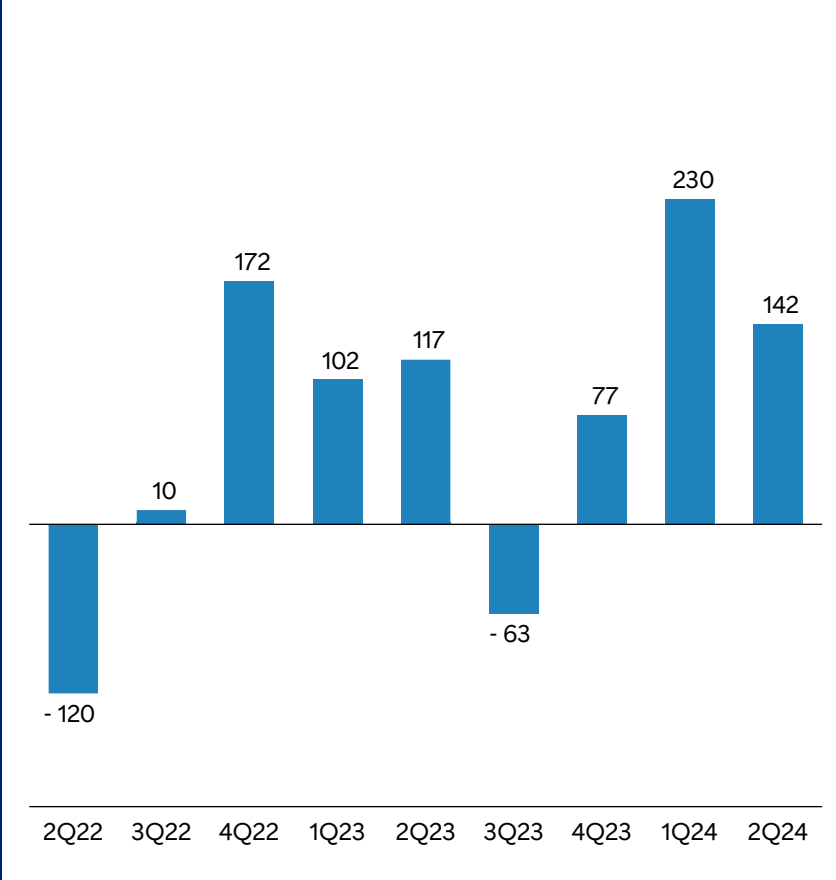
Profits after tax in joint ventures (NOK million)



Net income from financial assets and liabilities

(NOK million)	2Q24	1Q24	2Q23
Dividends from shares and other equity instruments	19.4	27.1	10.3
Share of profit or loss of associates and joint ventures	67.3	75.2	22.3
Net profit from other financial assets and liabilities	55.2	127.8	84.0
Net profit from financial assets and liabilities	141.9	230.1	116.6

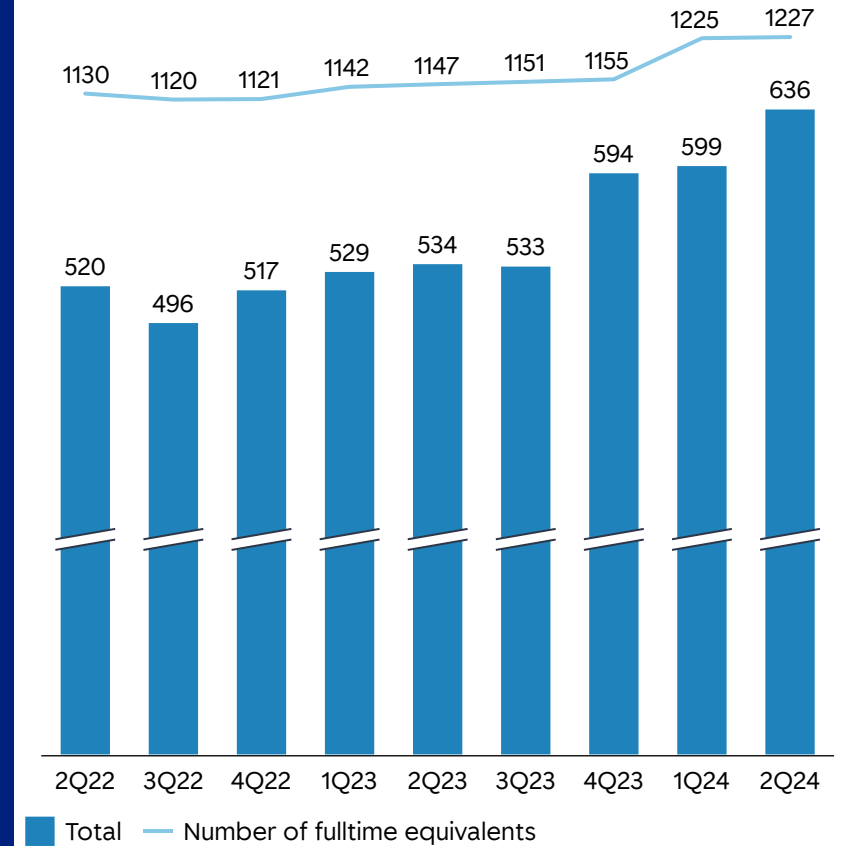
Net income from finance (NOK million)



Operating expenses

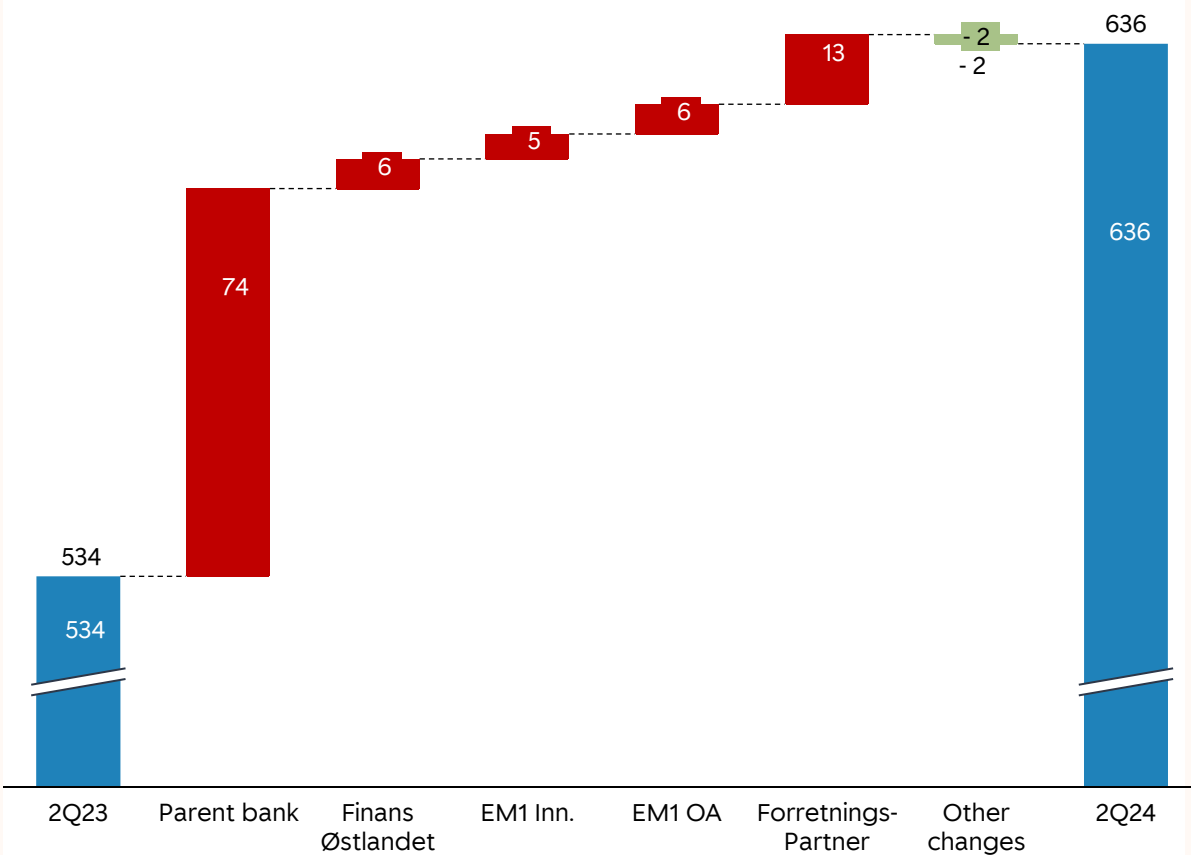
(NOK million)	2Q24	1Q24	2Q23
Personnel expenses	340.7	326.9	296.9
Depreciation/amortisation	29.4	29.8	29.4
ICT expenses	105.6	100.0	87.5
Marketing expenses	30.3	22.5	27.5
Operating expenses real estate	18.1	19.6	18.7
Merger costs	1.5	25.9	0.0
Other expenses	110.6	74.2	74.5
Total	636.1	598.9	534.4

Operating expenses (NOK million)

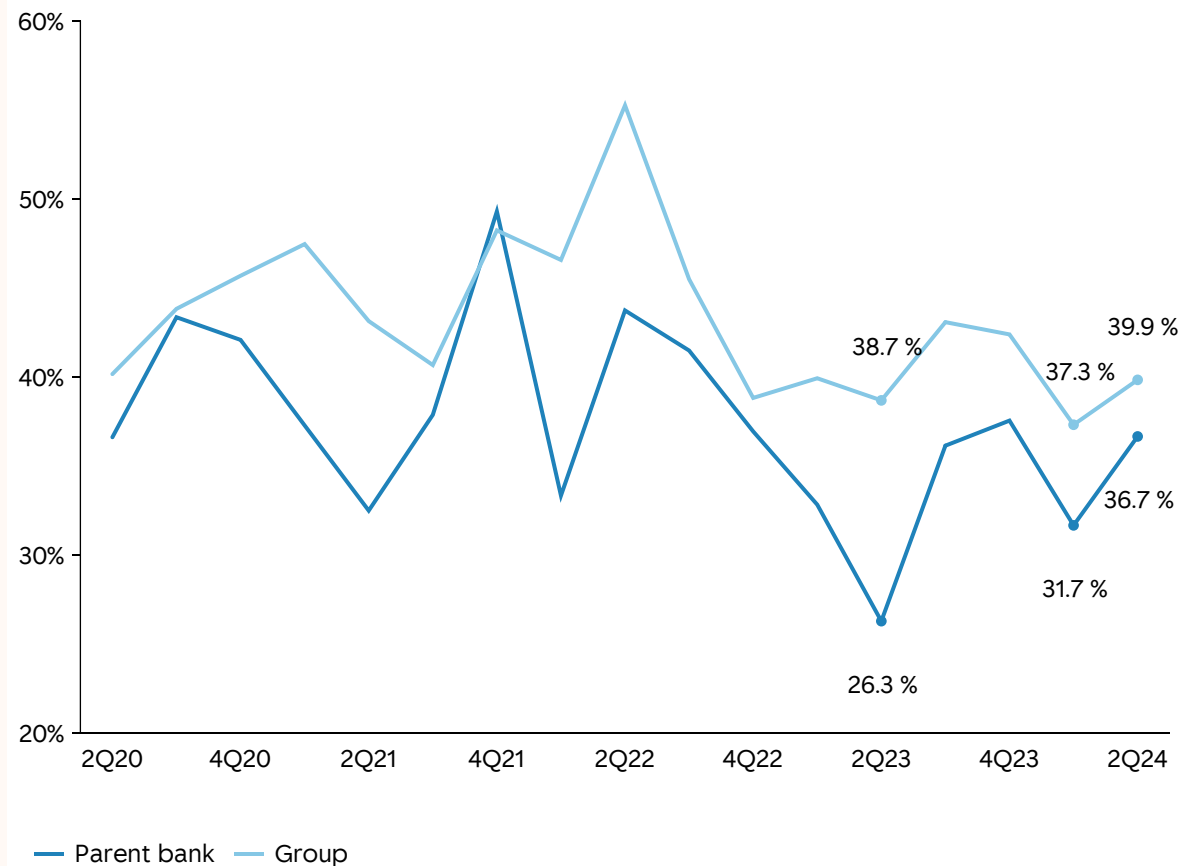


Operating expenses

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



Quarterly cost income ratios





Cathrine Mordal
Head of Treasury
+47 480 02 537
cathrine.mordal@sb1ostlandet.no



Randi Nordstad
Portfolio Manager Treasury
+47 453 92 808
randi.nordstad@sb1ostlandet.no



Geir-Egil Bolstad
CFO
+47 918 82 071
geir-egil.bolstad@sb1ostlandet.no



Bjørn-Erik R. Orskaug
Head of Investor Relations
+47 922 39 185
bjorn-erik.orskaug@sb1ostlandet.no

<https://www.sparebank1.no/en/ostlandet/about-us/investor.html>

Contact details

investor@sb1ostlandet.no