

# 2Q

## Quarterly presentation

Second quarter 2024

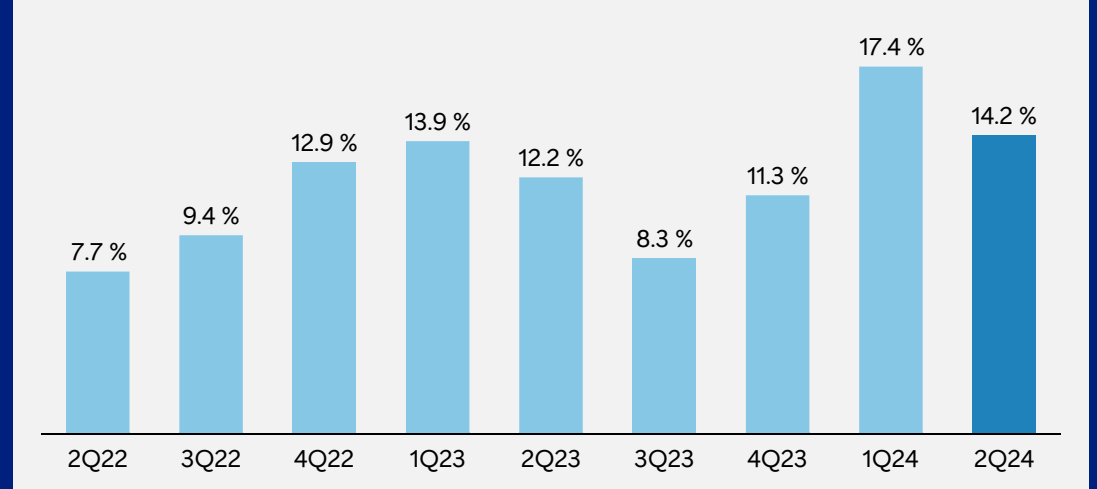
SpareBank  
ØSTLANDET 



# 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 %

# Macroeconomic backdrop is challenging

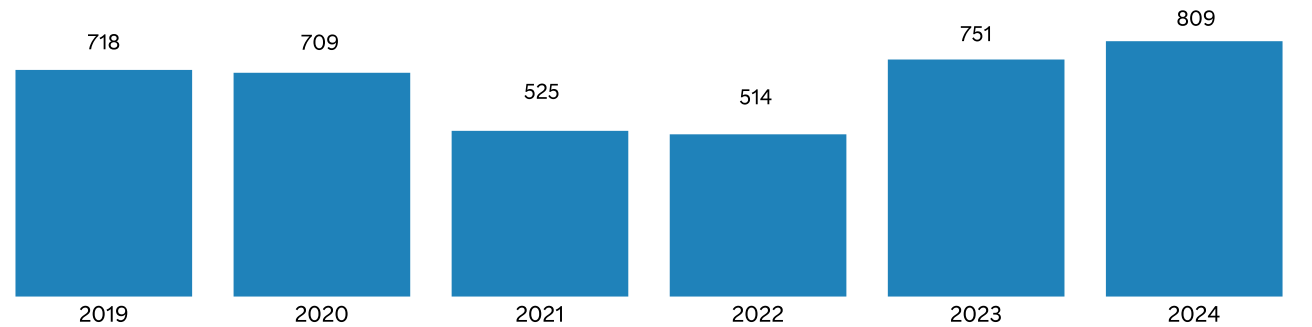
But companies and consumers are becoming less pessimistic than previously. Although bankruptcies and unemployment has increased, levels are still moderate.

### SpareBank 1 Østlandet expectations survey



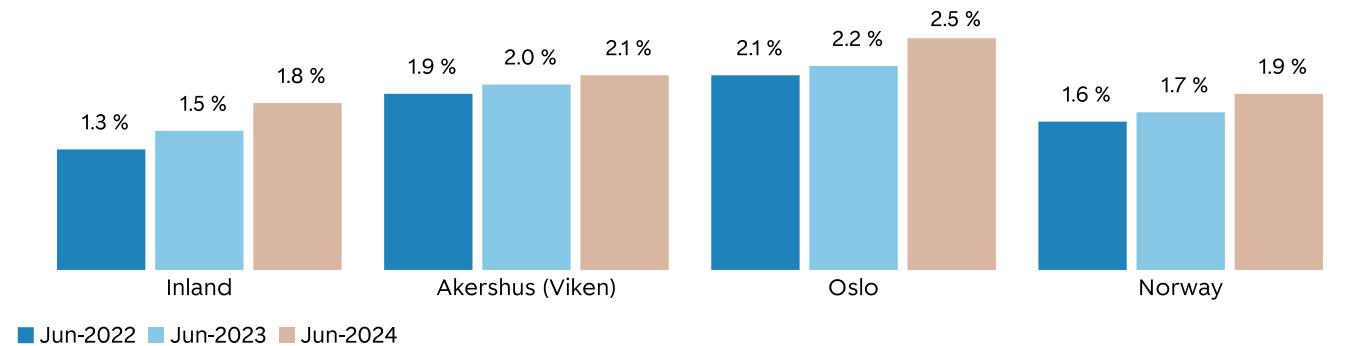
Source: Kantar, SpareBank 1 Østlandet

### Number of bankruptcies, year-to-date (wk 26 each year), market area



Sources: Macrobond, Statistics Norway, own calculations

### Unemployment (registered), %



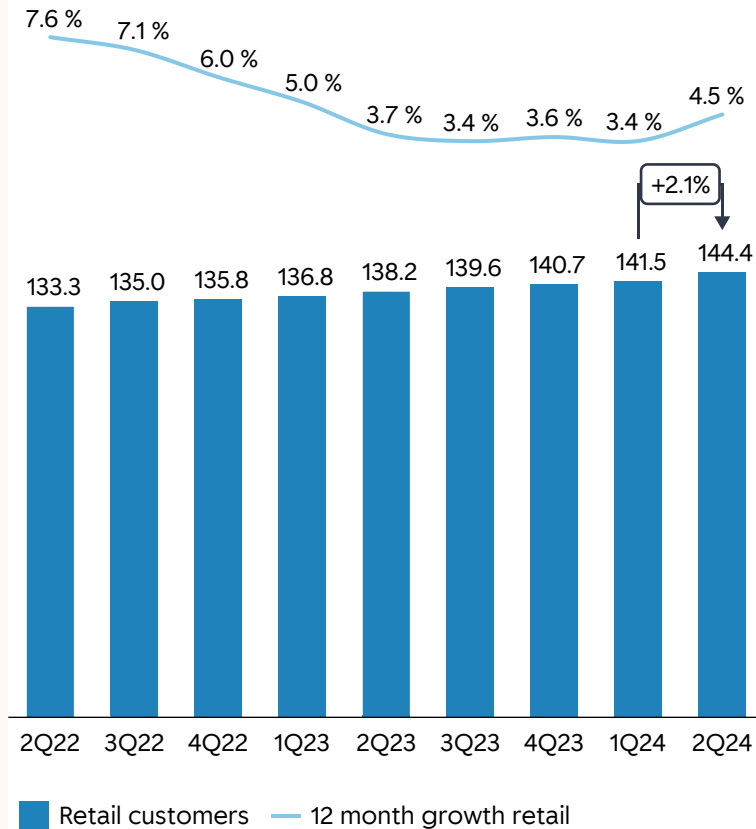
Sources: Macrobond, Norwegian Labour and Welfare Administration



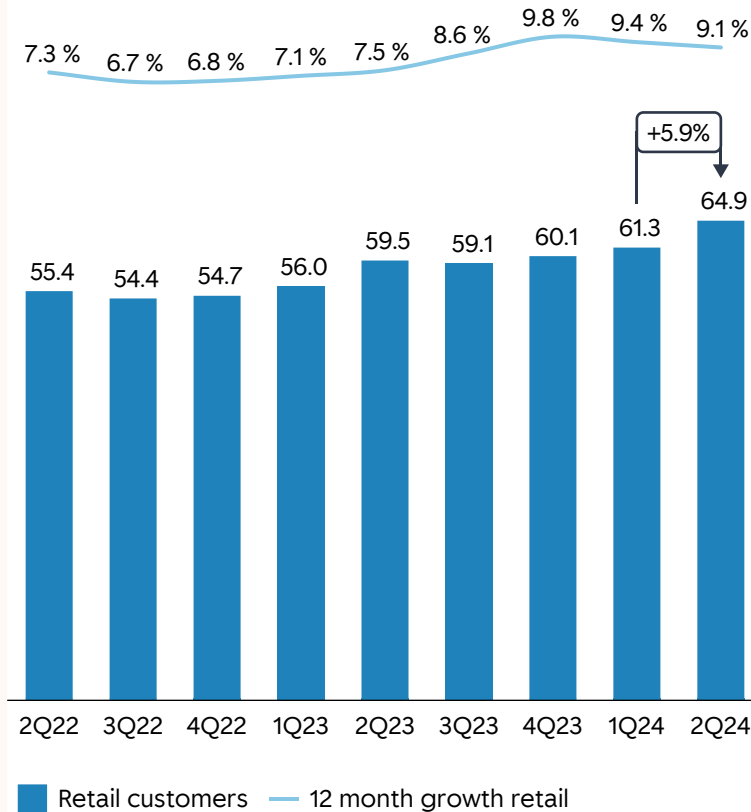
# Retail market: Increased activity level

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.

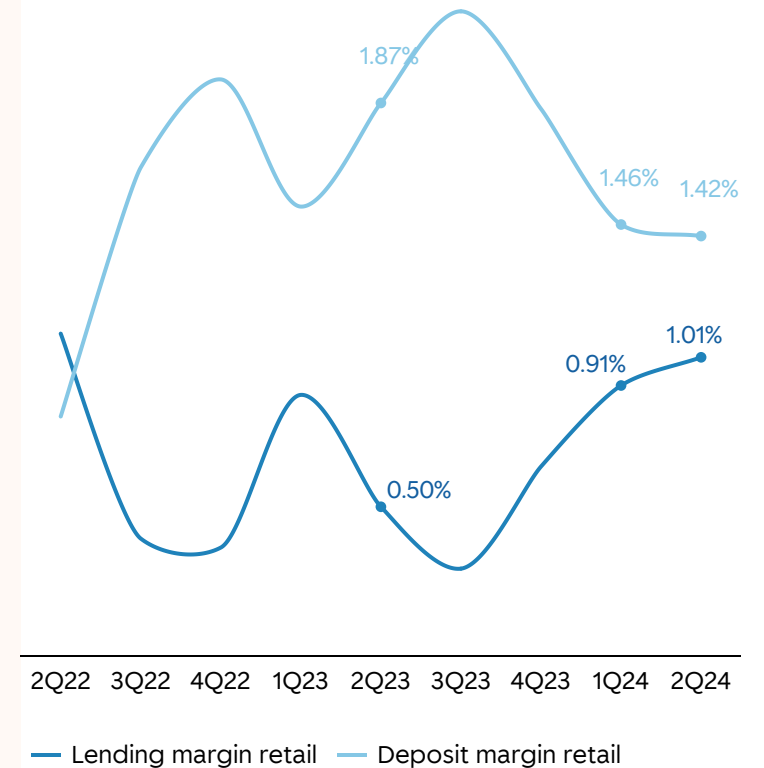
Loan volume and growth (NOK bill. and %)\*



Deposit volume and growth (NOK bill. and %)



Margins, parent bank (%)\*\*

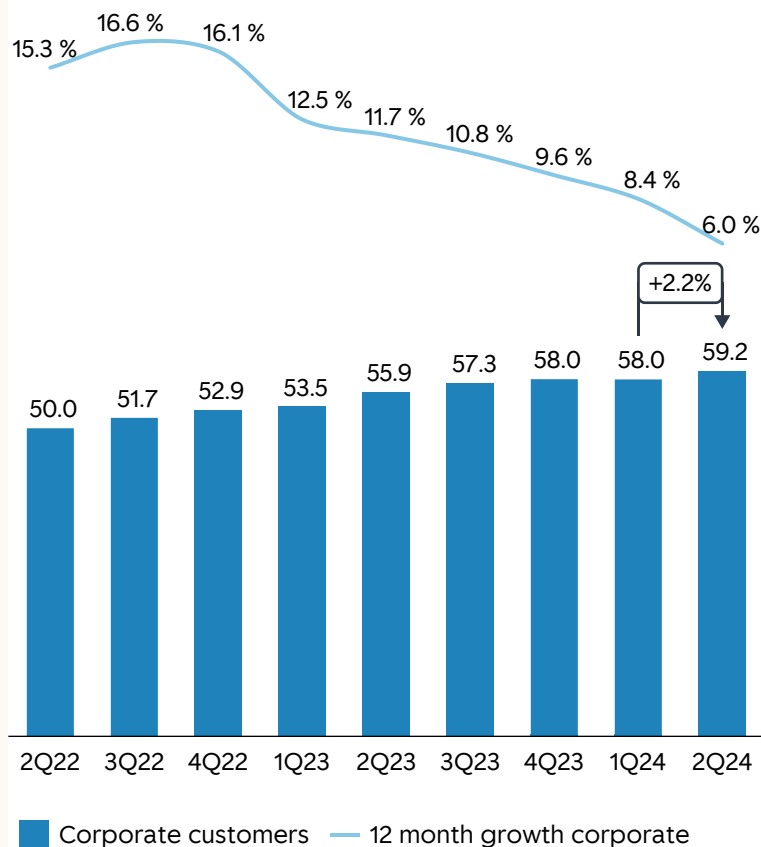


\* Includes loans transferred to the covered bond companies. \*\* Based on allocation of customer loans between retail and corporate divisions.

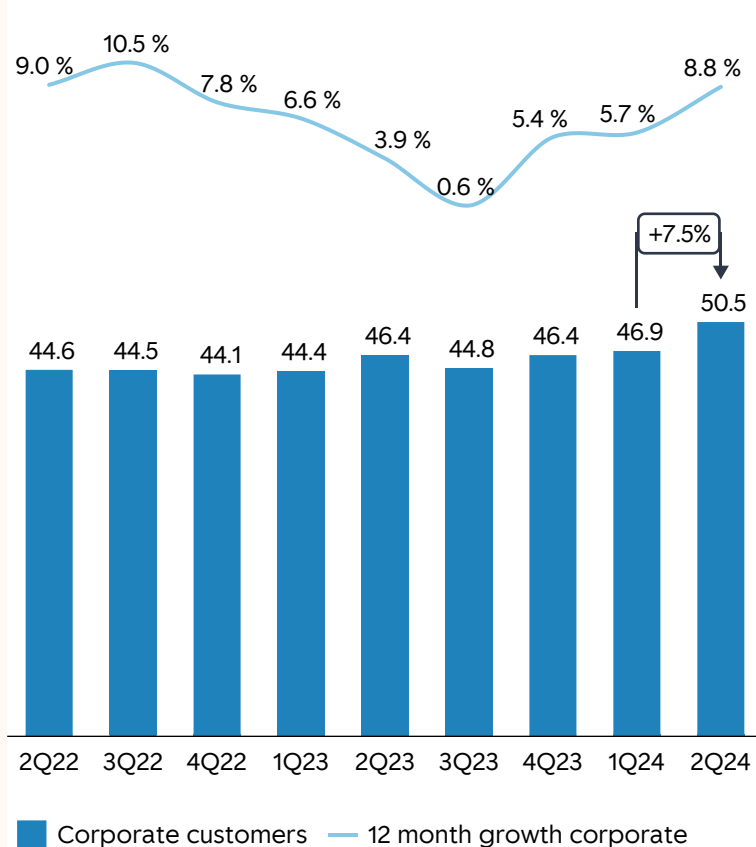
# Corporate market: Good volume growth

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.

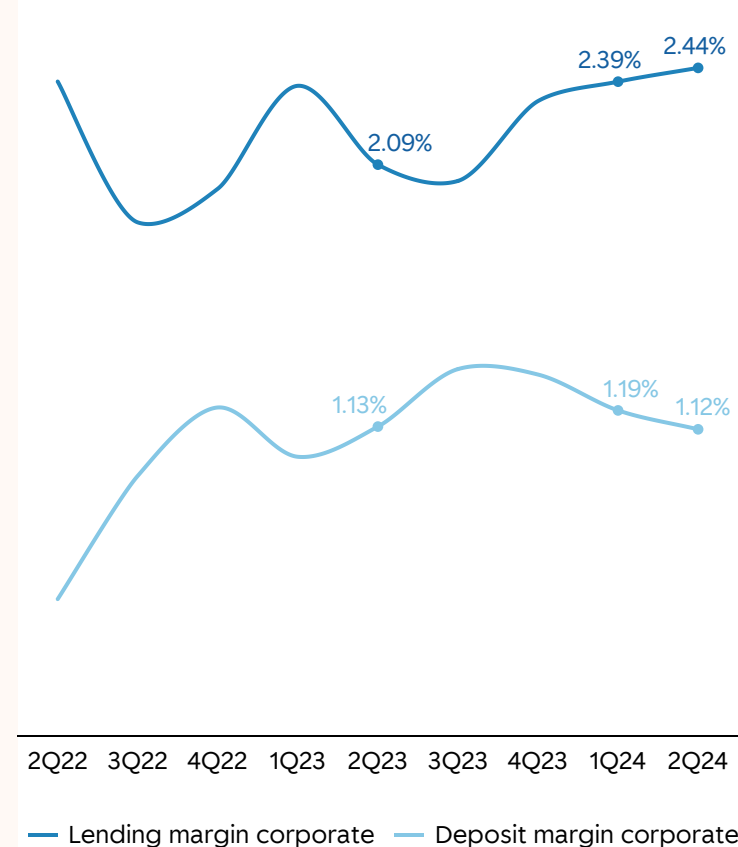
Loan volume and growth (NOK bill. and %)\*



Deposit volume and growth (NOK bill. and %)



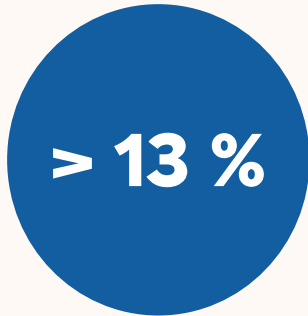
Margins, parent bank (%)\*\*



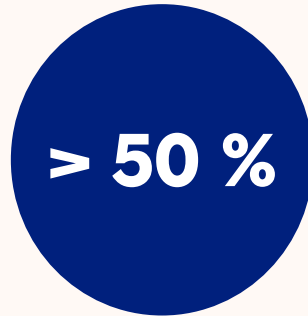
\* Includes loans transferred to the covered bond companies. \*\* Based on allocation of customer loans between retail and corporate divisions.

# Financial targets: Higher profitability target

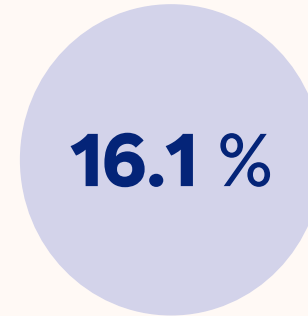
And dividend policy is adjusted to emphasize capital discipline.



Profitability



Dividends



Solidity

*Achievements year-to-date*

15.7 %

60 %

16.8 %

# Our strategic tools



We know our customers and create the best customer experience



We create tomorrow's relationship bank in an open and engaging working environment



We are a clear driver of the sustainable transition



We have one of the most attractive equity capital certificates on Oslo Stock Exchange

## SpareBank 1 Østlandet into the future – together with our customers

### SIMPLIFY

We will improve implementation by simplifying processes and using technology to reduce time spent on manual tasks.

### REDESIGN

We will redesign customer journeys by tailoring solutions and technology to our customers and the structure of customer service.

### ALLIANCE

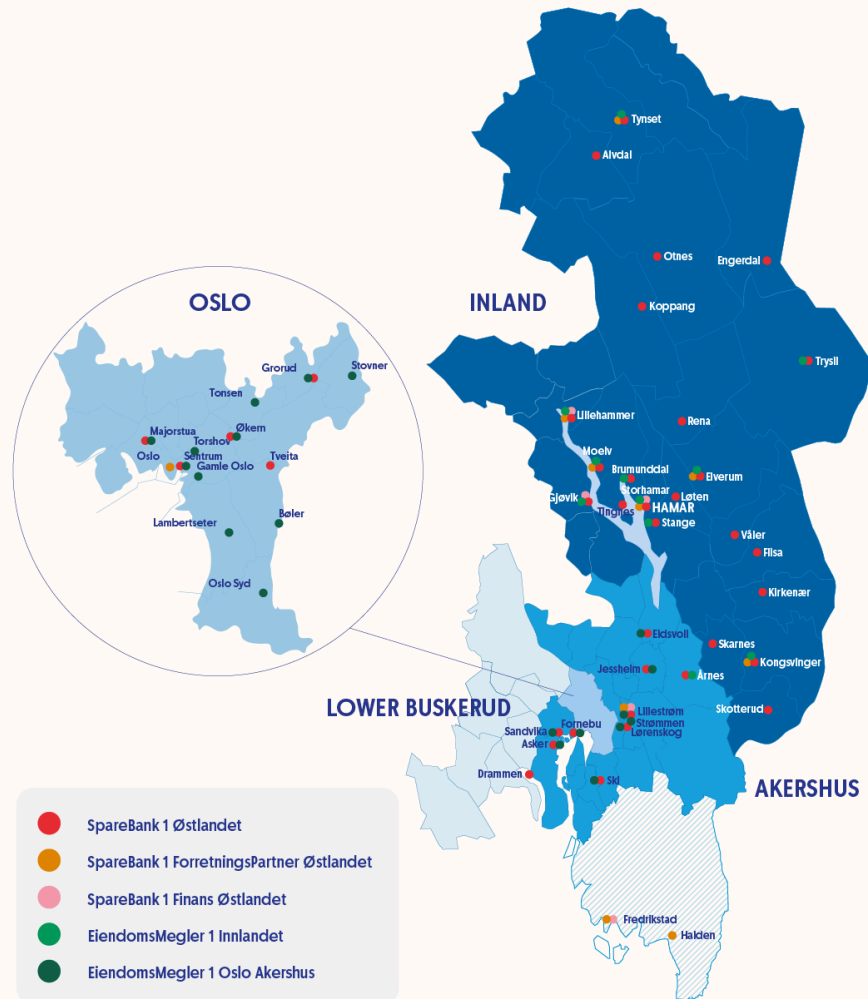
We will organize and tune SpareBank 1 Østlandet to strengthen our role in the alliance.

### MODERNIZE

We will modernize the organization for clear ownership and efficiency in processes and projects, while ensuring a strong cost focus to optimize resource use.

# Physical presence and leading customer service

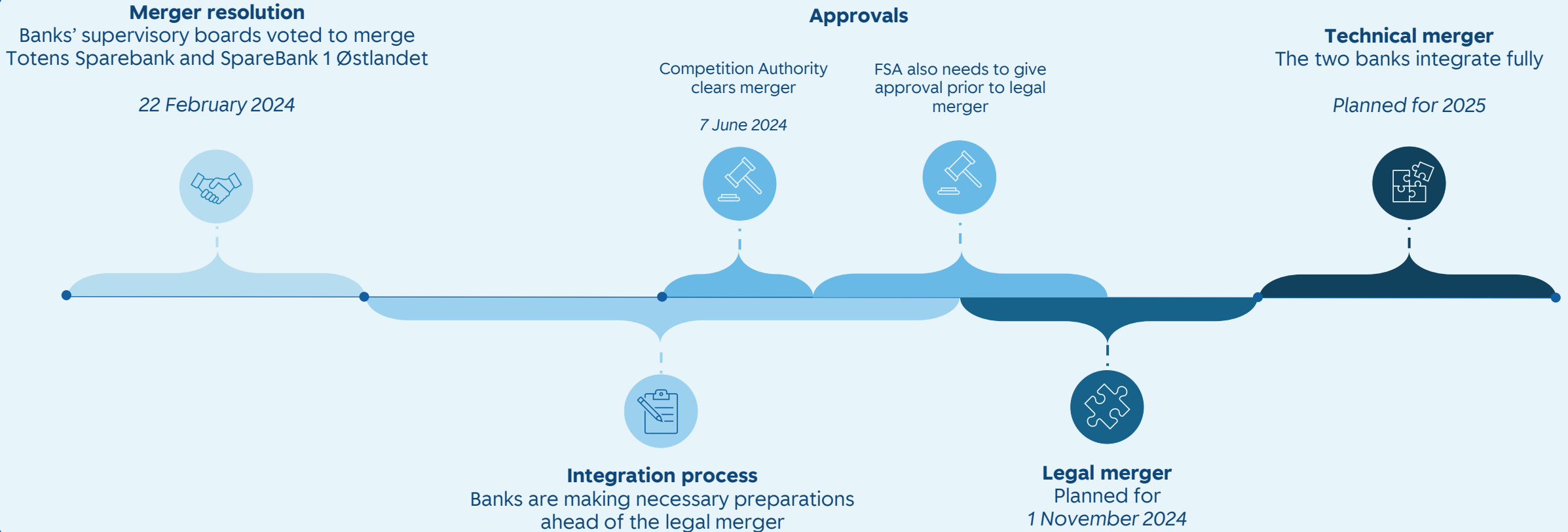
Very good results from the initiative at Økern. On 1 October, the bank will establish a branch in Drammen. And the bank's customer service center was recently ranked among the top 3 for best customer service in banking.





# Merger with Totens strengthens market position

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





# 2Q



## Financial accounts

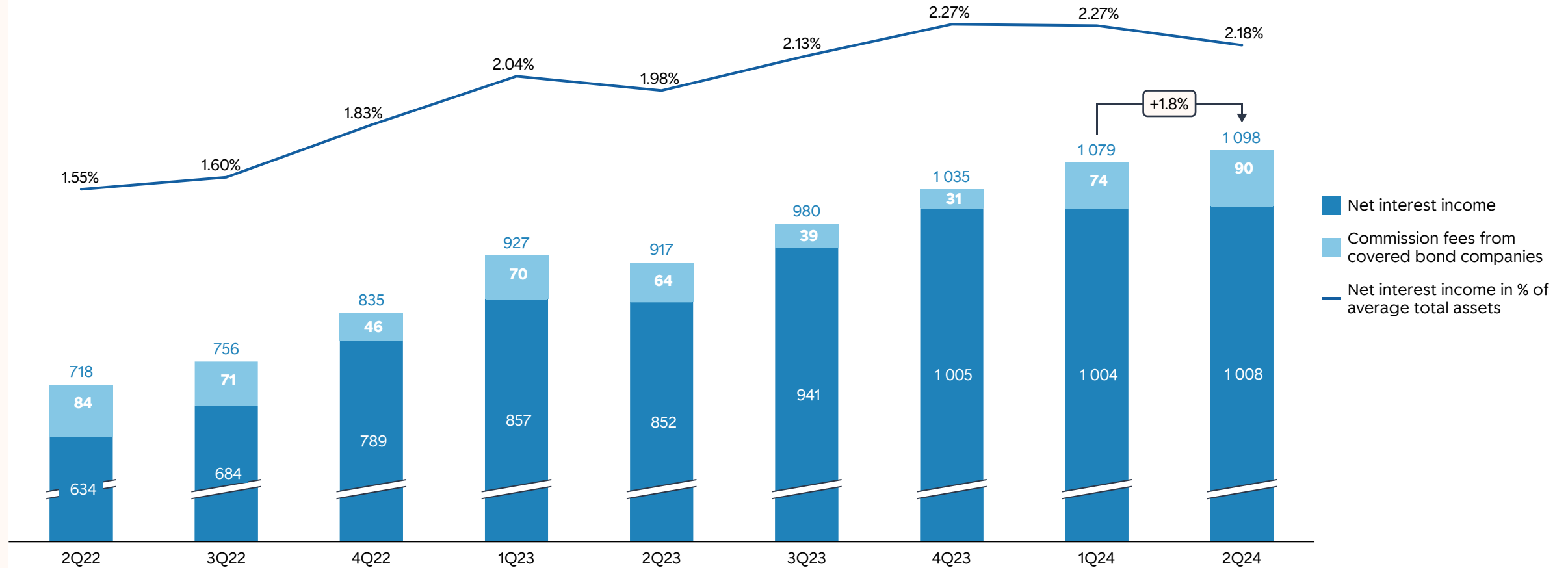
Second quarter 2024



# 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 %)

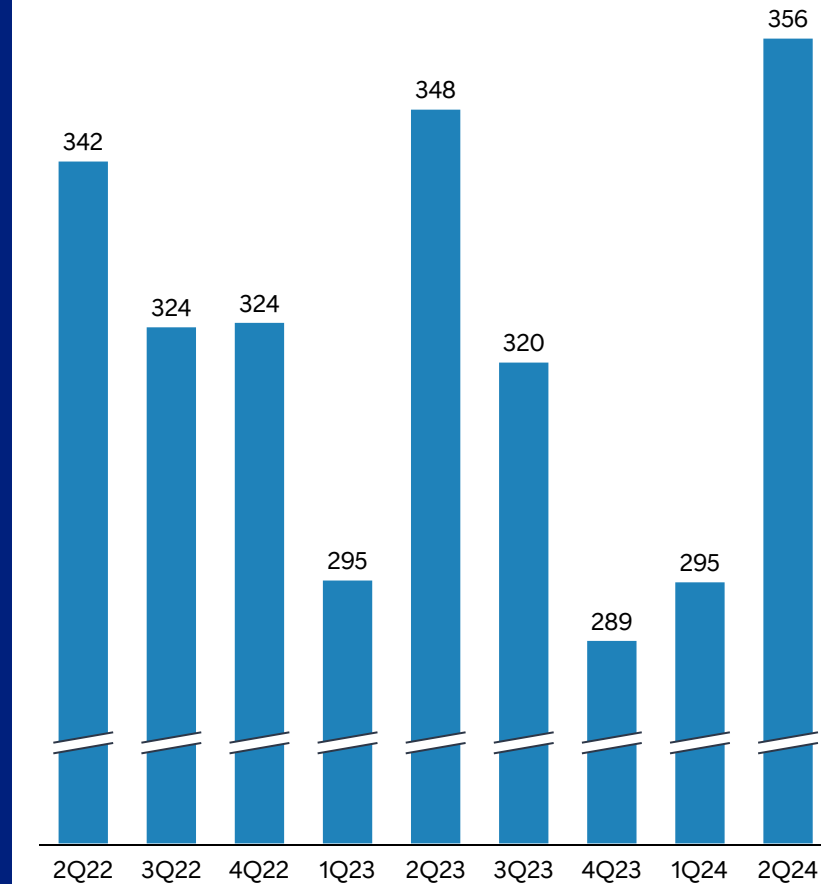


# Commission income

(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
<b>Commission and other income *</b>	<b>355.5</b>	<b>295.2</b>	<b>347.7</b>

\* Excluding commission income from the covered bond companies.

Net commissions and other income (NOK million)

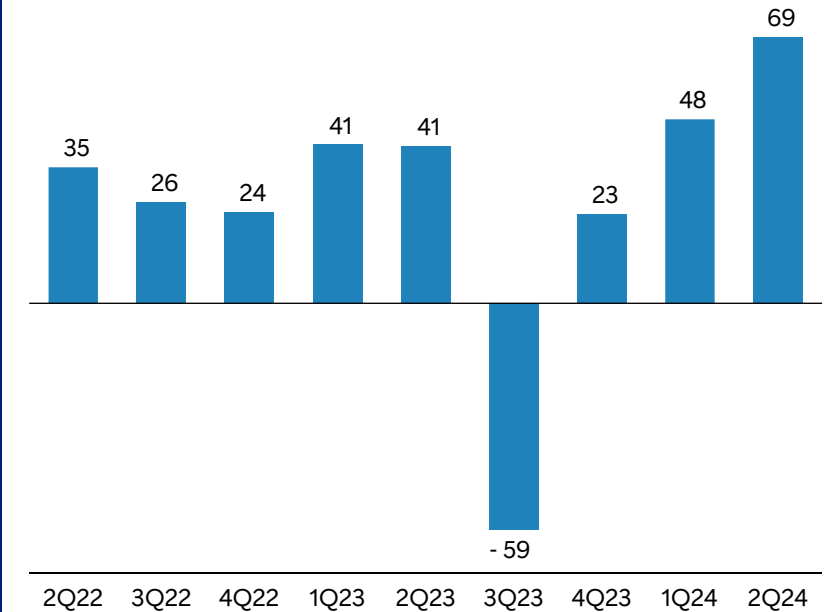




# Profits in subsidiaries

(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
<b>Subsidiaries</b>	<b>69.0</b>	<b>47.8</b>	<b>40.7</b>

Profits after tax in subsidiaries (NOK million)

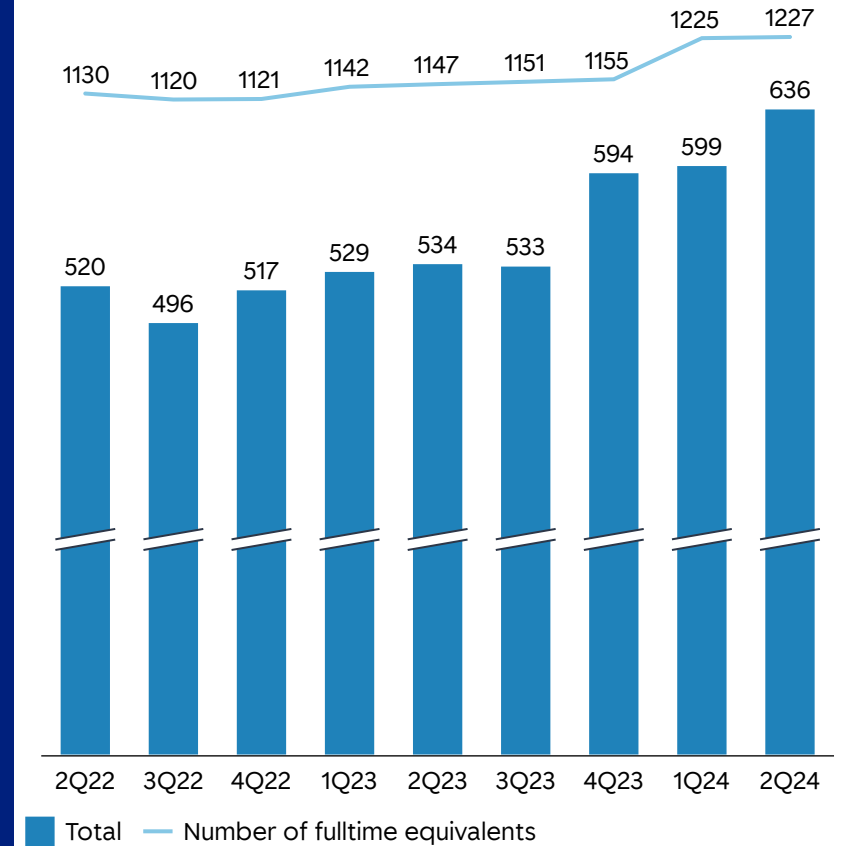


\* Financial accounts for 2024 include Siffer Norge AS as subsidiary.

# 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
<b>Total</b>	<b>636.1</b>	<b>598.9</b>	<b>534.4</b>

Operating expenses (NOK million)

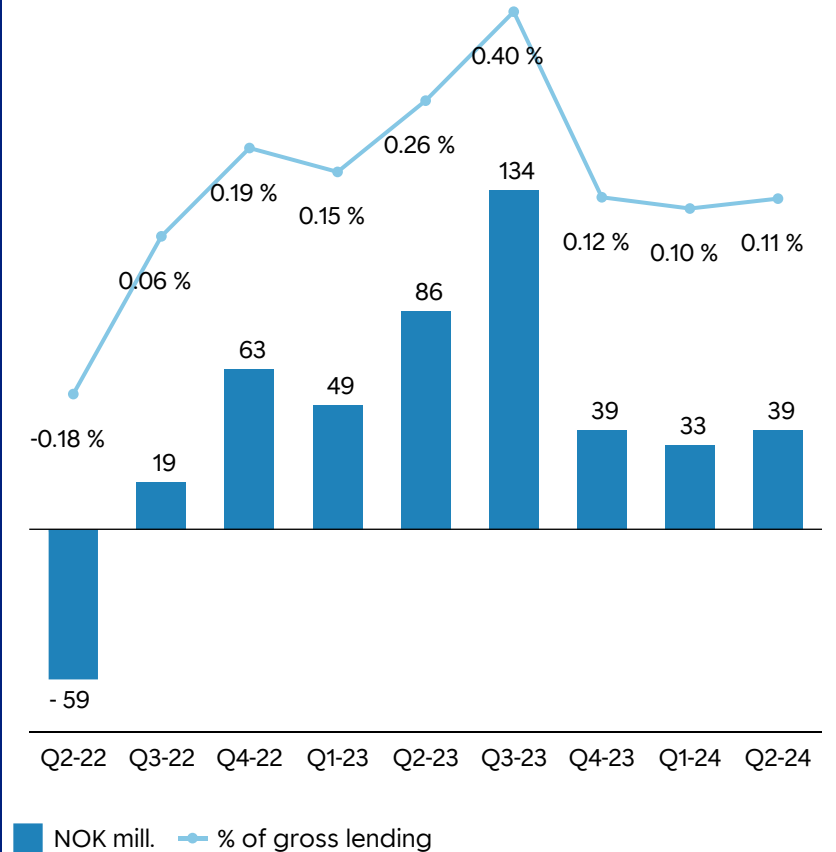


# Loan loss provisions

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
<b>Group</b>	<b>39.0</b>	<b>33.2</b>	<b>85.9</b>

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
<b>Group</b>	<b>39.0</b>	<b>33.2</b>	<b>85.9</b>

Quarterly loan loss provisions

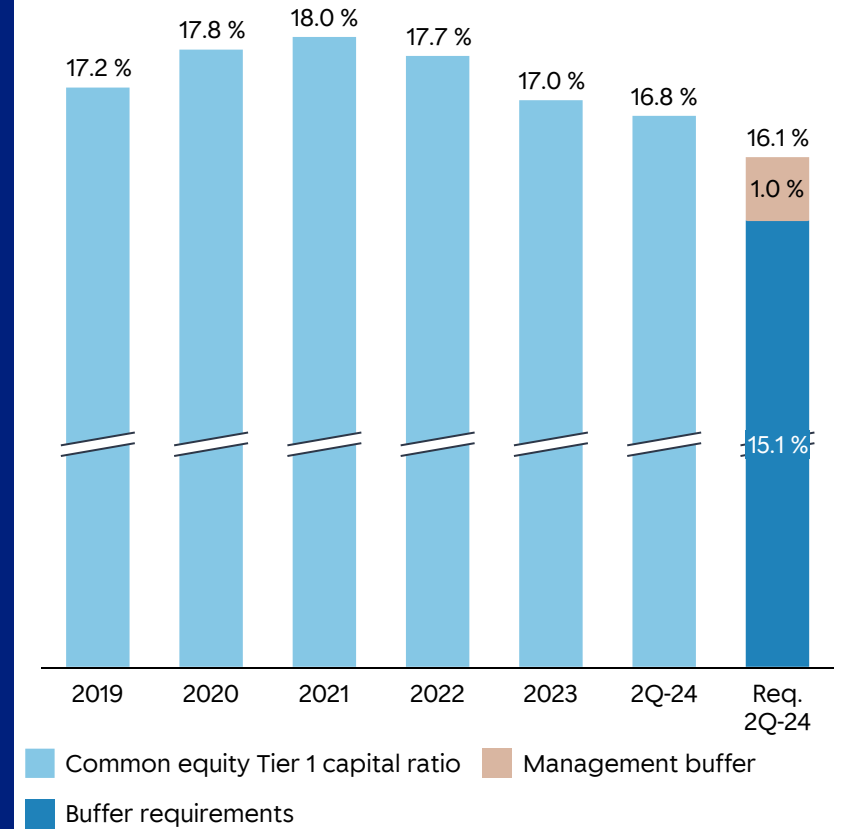


# Capital levels

Well above regulatory requirements.

	2Q24	1Q24	2Q23
CET 1 capital ratio	16.8 %	17.0 %	17.9 %
Tier 1 capital ratio	18.8 %	18.7 %	19.2 %
Capital adequacy ratio	21.2 %	20.9 %	20.9 %
Leverage Ratio	7.1 %	7.2 %	7.3 %

## Common equity Tier 1 capital ratio

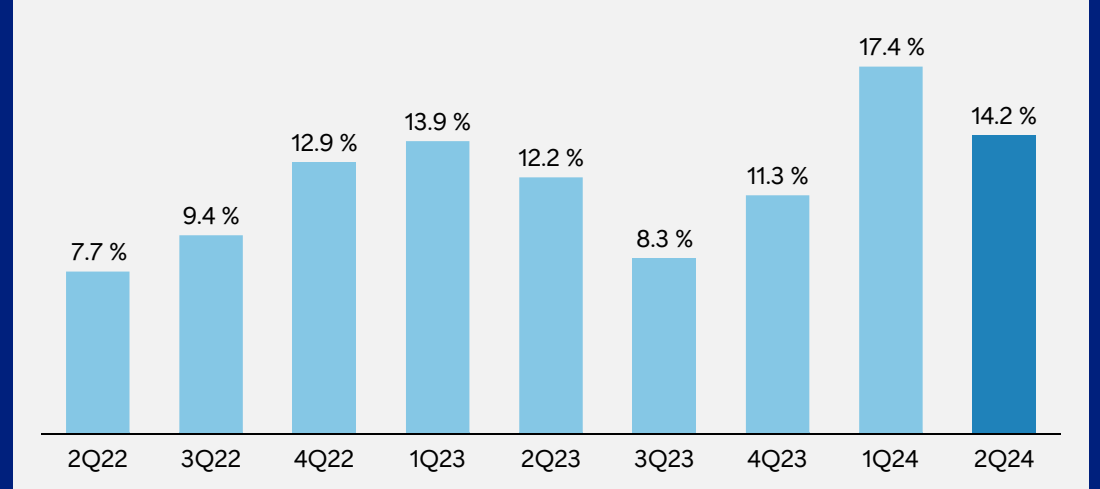




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Return on equity (%)



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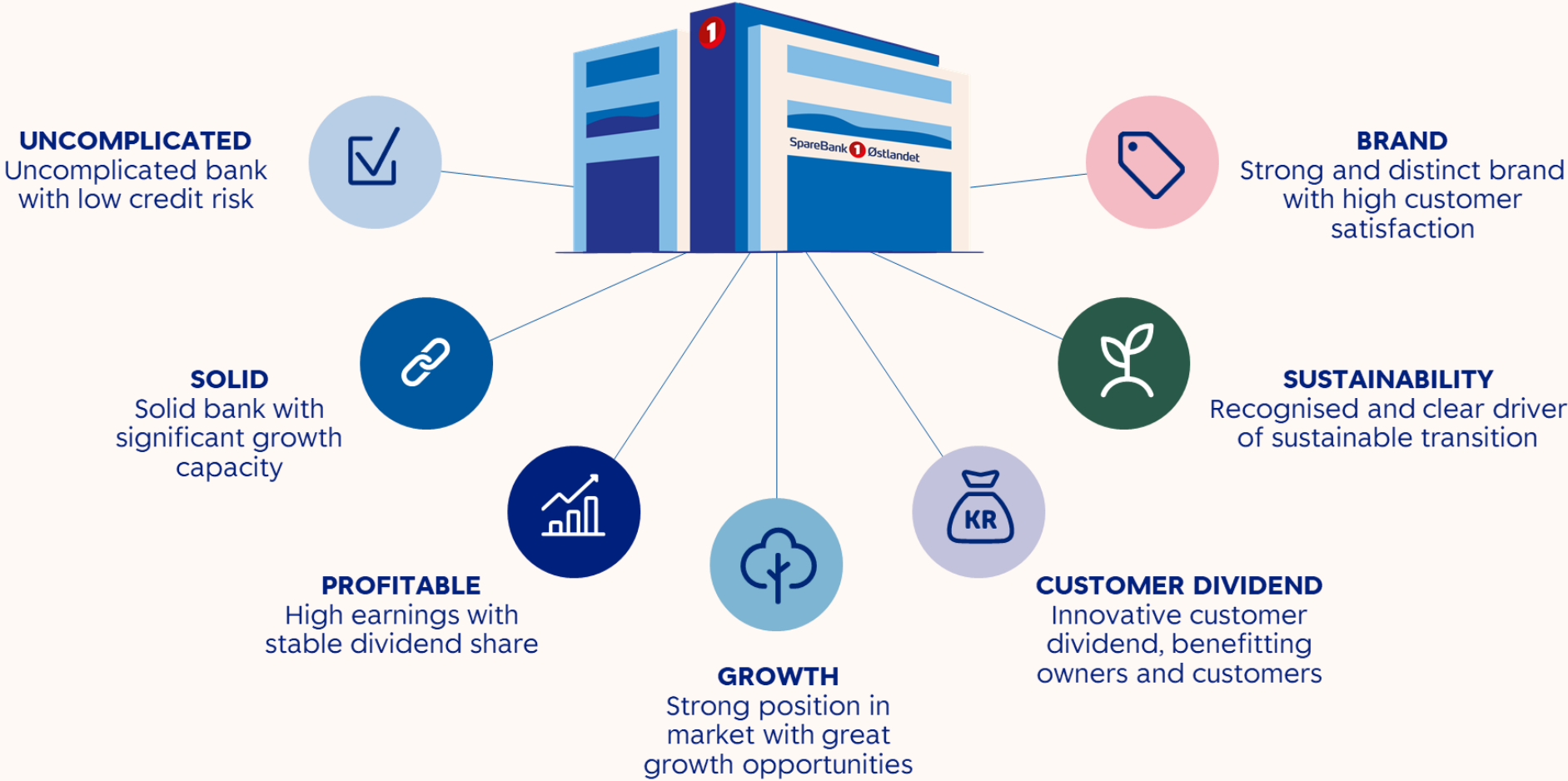
## Loss provisions

39 NOK  
mill.

## CET-1

16.8 %

# Why invest in SPOL?



# Contact details



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# Disclaimer

This presentation contains forward-looking statements that reflect management's current views with respect to certain future events and potential financial performance.

Although SpareBank 1 Østlandet believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of various factors.

Important factors that may cause such a difference for SpareBank 1 Østlandet are, but are not limited to: (i) the macroeconomic development, (ii) change in the competitive climate, (iii) change in the regulatory environment and other government actions and (iv) change in interest rate and foreign exchange rate levels.

This presentation does not imply that SpareBank 1 Østlandet has undertaken to revise these forward-looking statements, beyond what is required by applicable law or applicable stock exchange regulations if and when circumstances arise that will lead to changes compared to the date when these statements were provided.



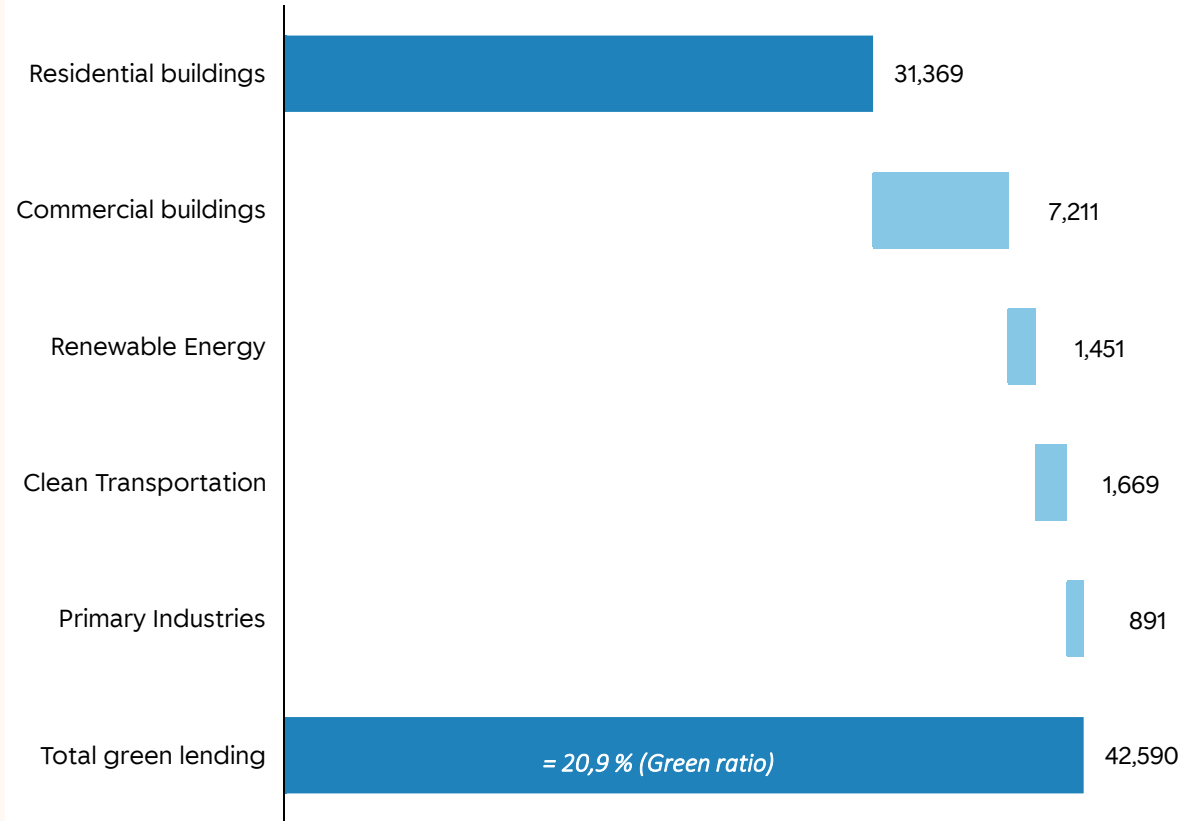
# Appendix



# Green lending

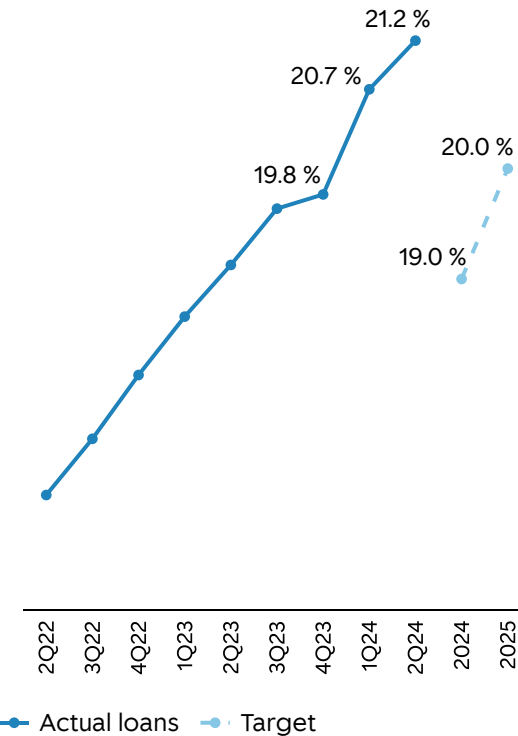
Green share of lending is important to reach our net zero emissions objective.\*

Green loans per 30 June 2024, MNOK

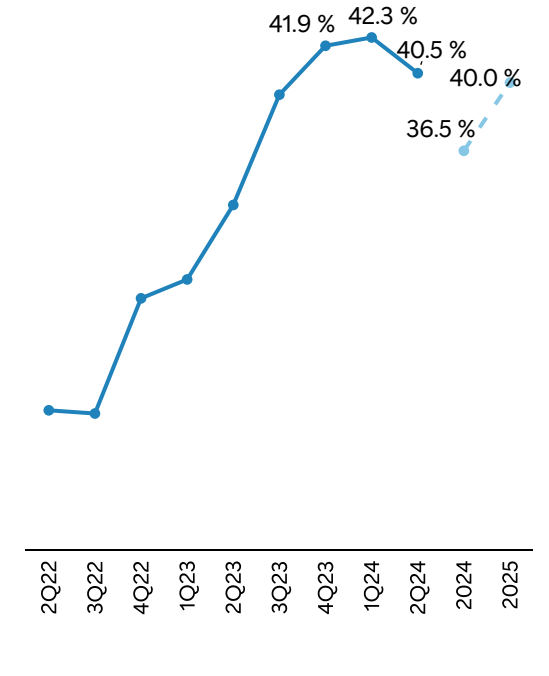


Share of green lending, %

Residential mortgages










Commercial real estate



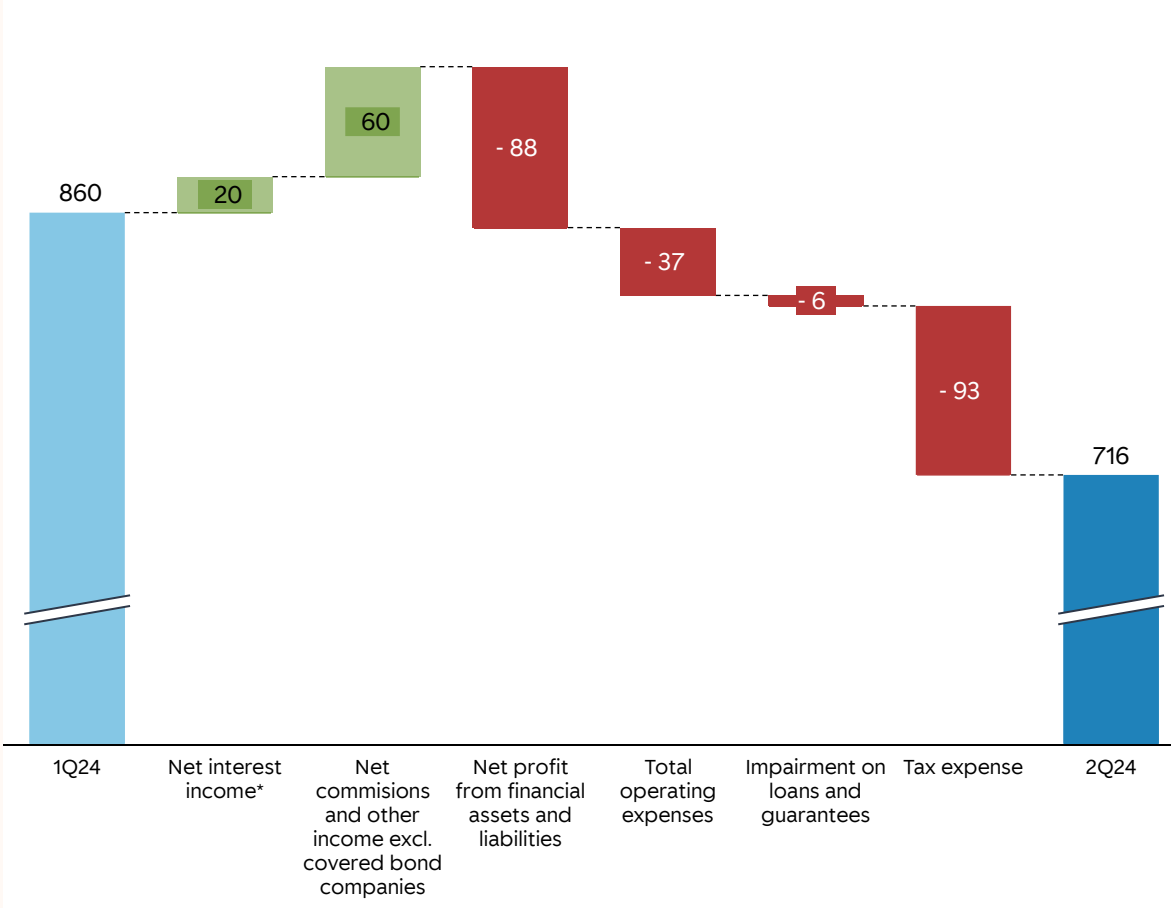
\* Green loans are defined on pages 76-84 in [2023 Annual report](#).

# Good feedback on our work on CSR

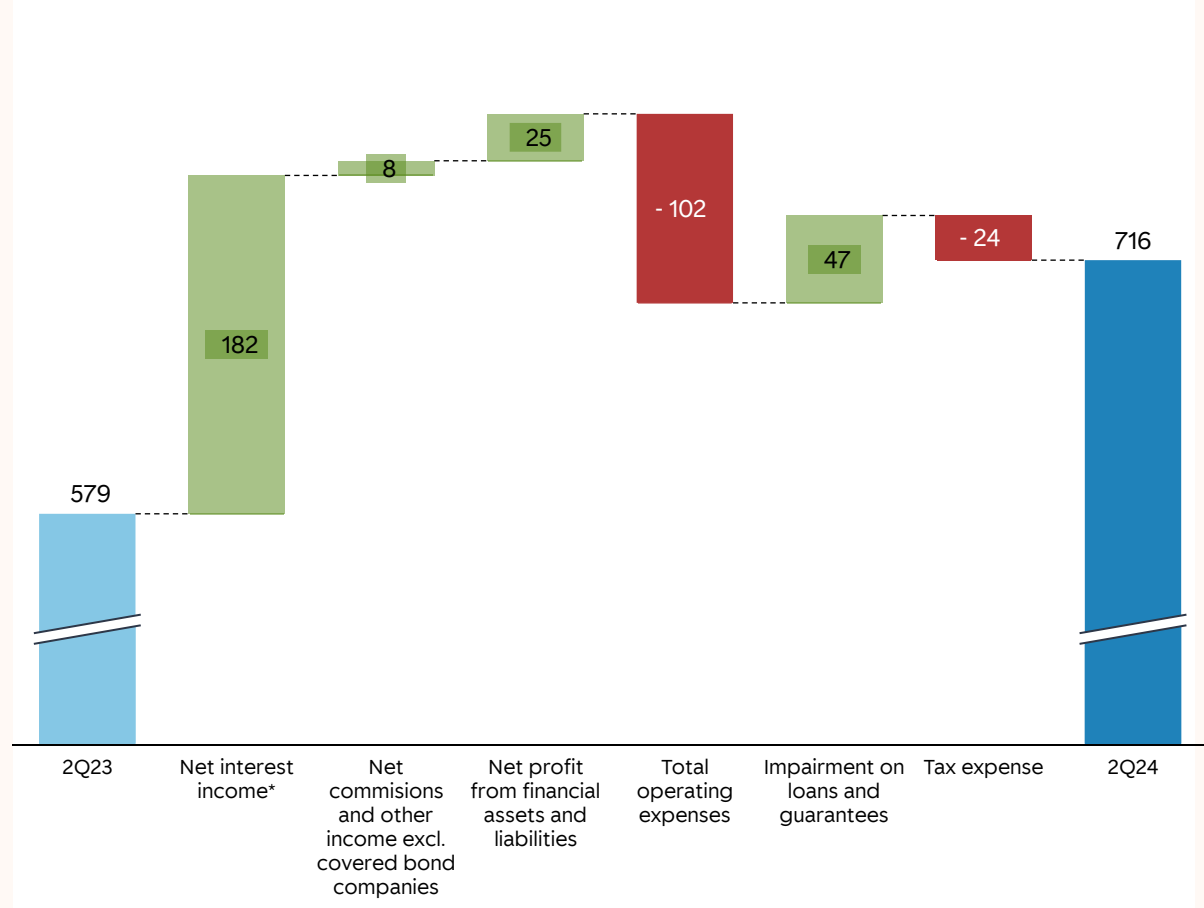
Company	In brief	Score	Scale
	Internationally recognised non-profit organisation that assesses the climate work of companies (2023).	<b>A</b> "Leadership"	A - F
	Assessment of companies' work with forests.	<b>A-</b>	A - F
	Ranking that assesses the sustainability reporting of Norway's 100 largest listed companies.	<b>B+</b> in 2023	A+ - F
	Ranking that assesses the Bank's policies for sustainability and corporate social responsibility.	<b>2.</b> place in 2023.	0% - 100%
	Ranking that examines the Bank's compliance with its own policies.	<b>1.</b> place in 2023 (85%)	
	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.	<b>3.</b> place	Not available
	ESG rating that assesses environmental, social and governance data (published in 2024).	<b>AAA</b>	AAA - CCC
	Sustainalytics - ESG rating that assesses environmental, social and governance data.	<b>9,2</b> "Negligible 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."	<b>1.</b> place in 2023	

# Income statement

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



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



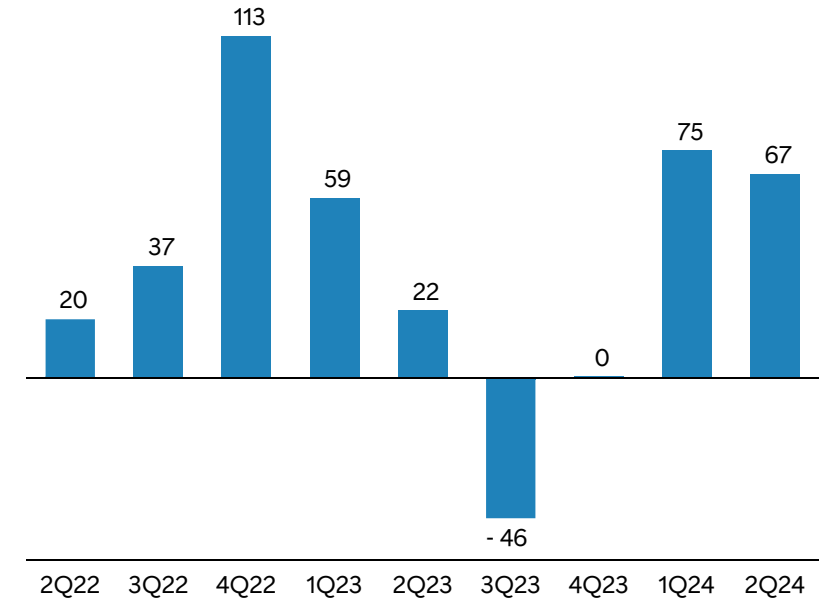
\* Net interest income includes commission fees from covered bond companies.



# 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
<b>Joint ventures</b>		<b>67.3</b>	<b>75.2</b>	<b>22.3</b>

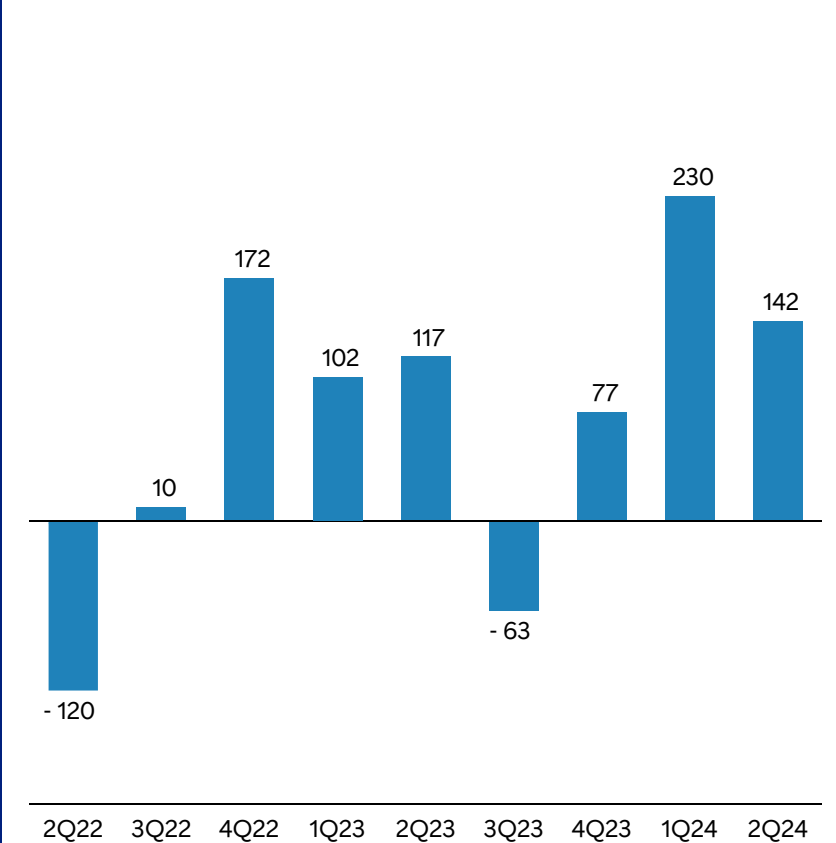
Profits after tax in joint ventures (NOK million)



# Net income from financial assets and liabilities

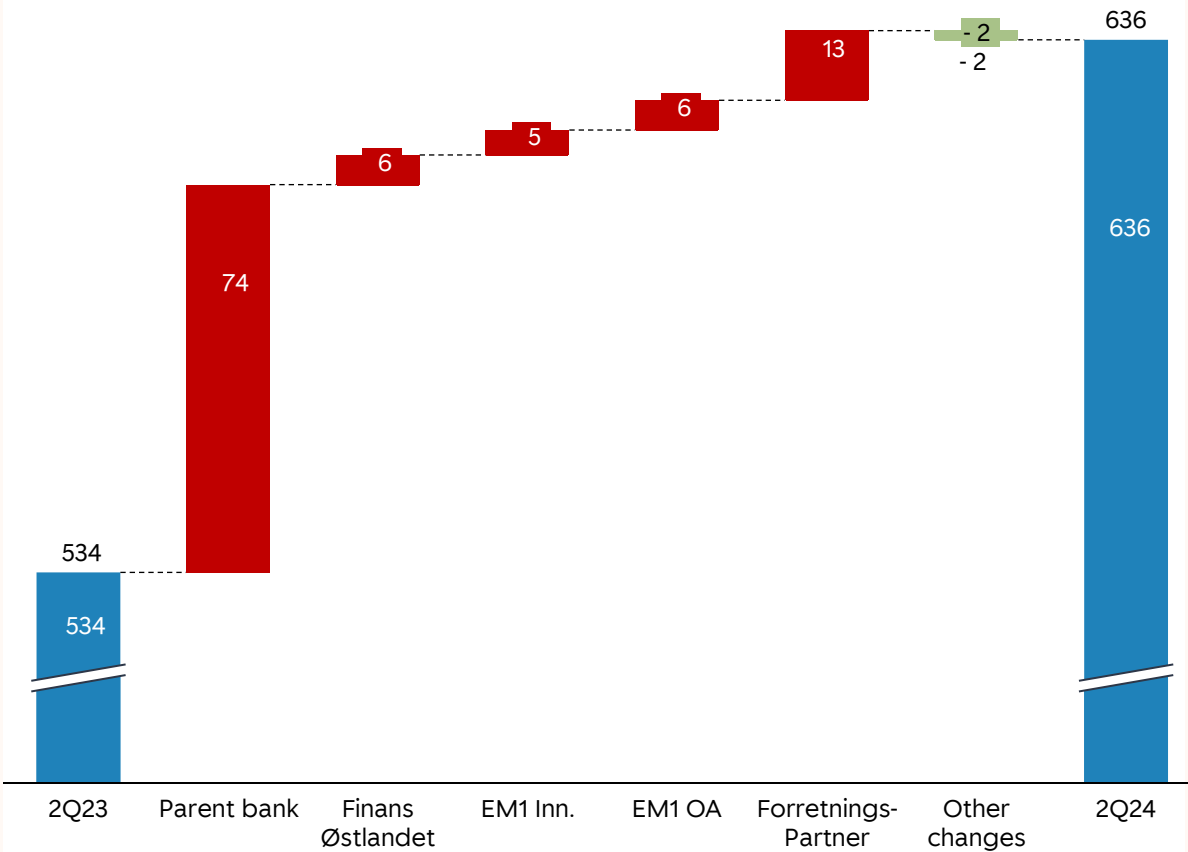
(NOK million)	2Q24	1Q24	2Q23
Dividends from shares and other equity instruments	19.4	27.1	10.3
Share of profit or loss of associates and joint ventures	67.3	75.2	22.3
Net profit from other financial assets and liabilities	55.2	127.8	84.0
<b>Net profit from financial assets and liabilities</b>	<b>141.9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

Net income from finance (NOK million)



# Operating expenses

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

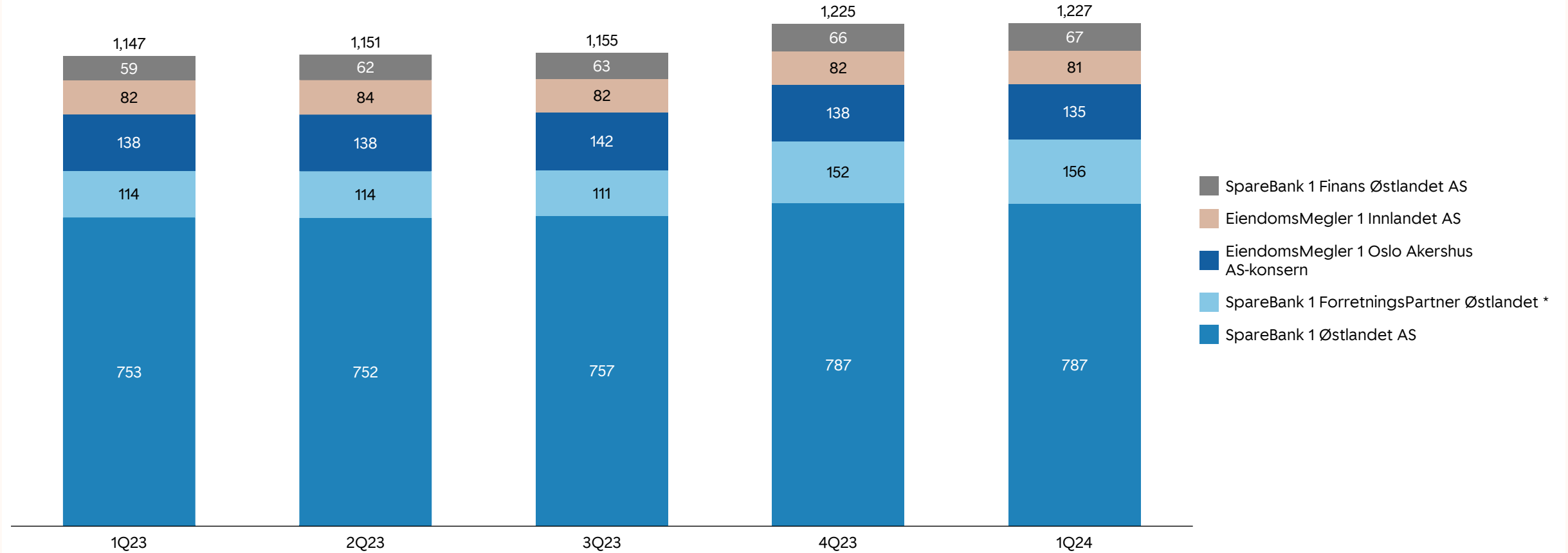


Quarterly cost income ratios



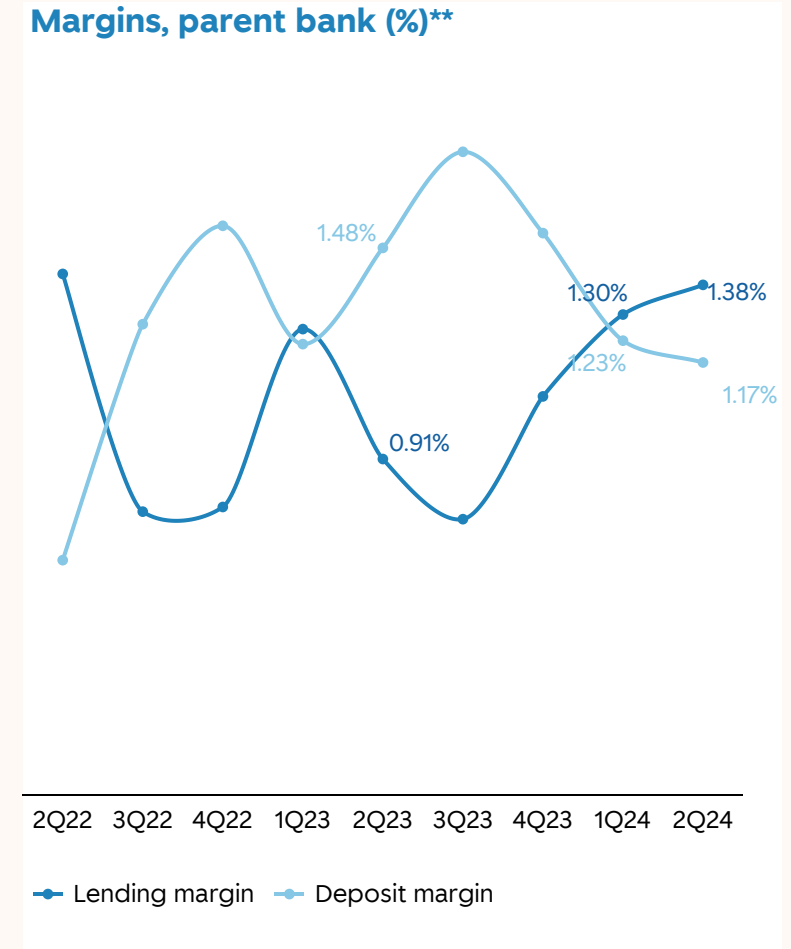
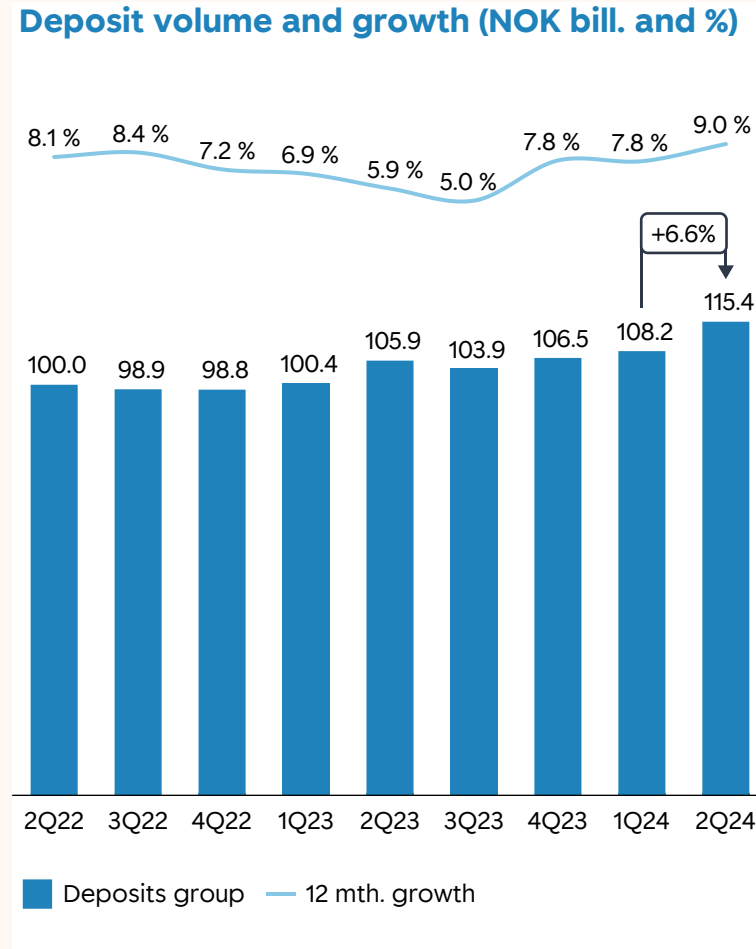
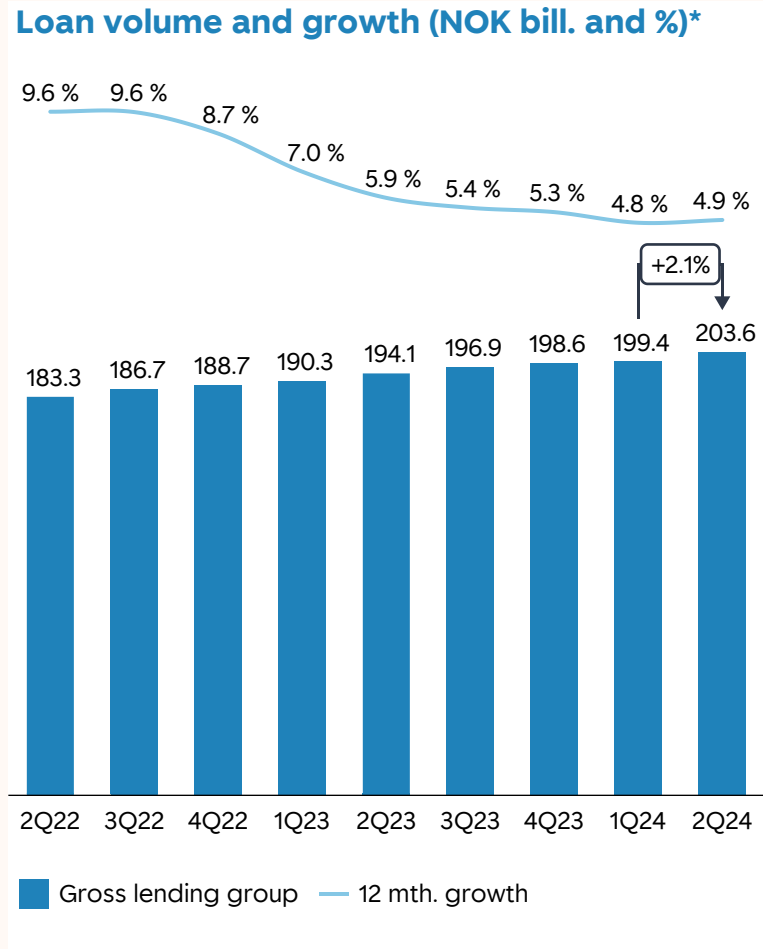
# Headcount

## Full-time equivalents in parent bank and subsidiaries



\* Includes Siffer Norge AS with subsidiaries from 1Q-2024

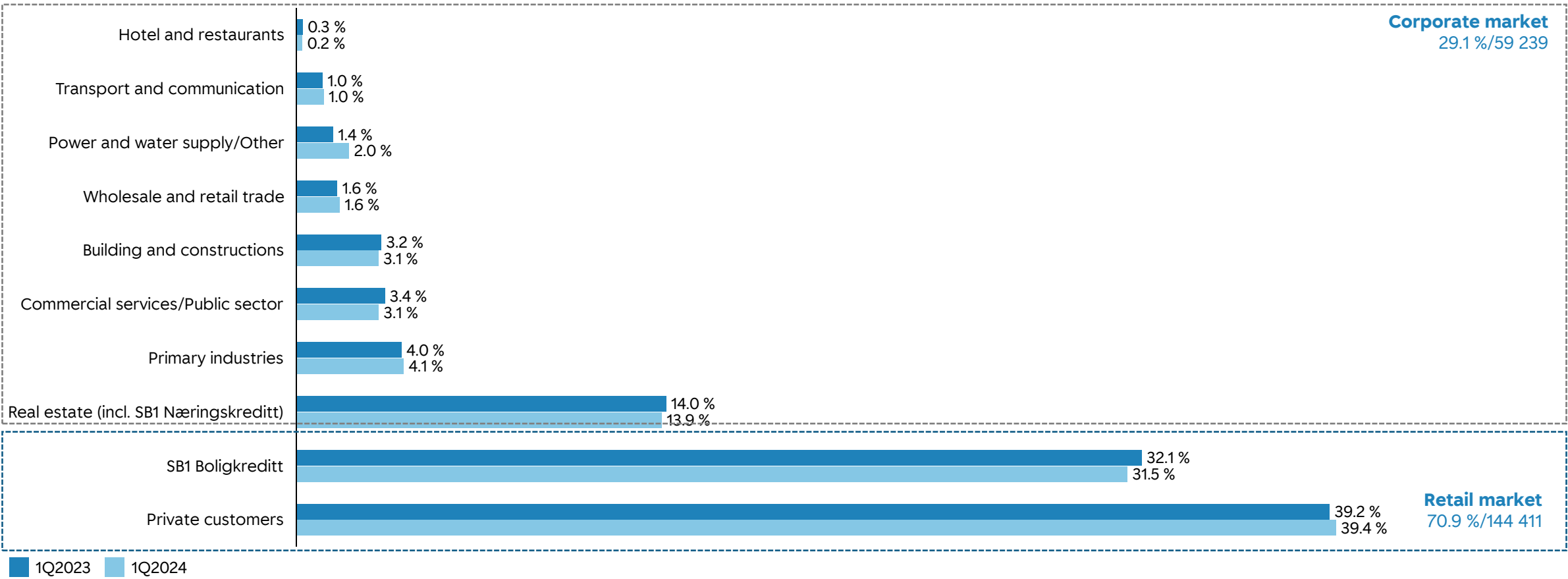
# Group volume growth and margin development



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

# Well diversified loan portfolio

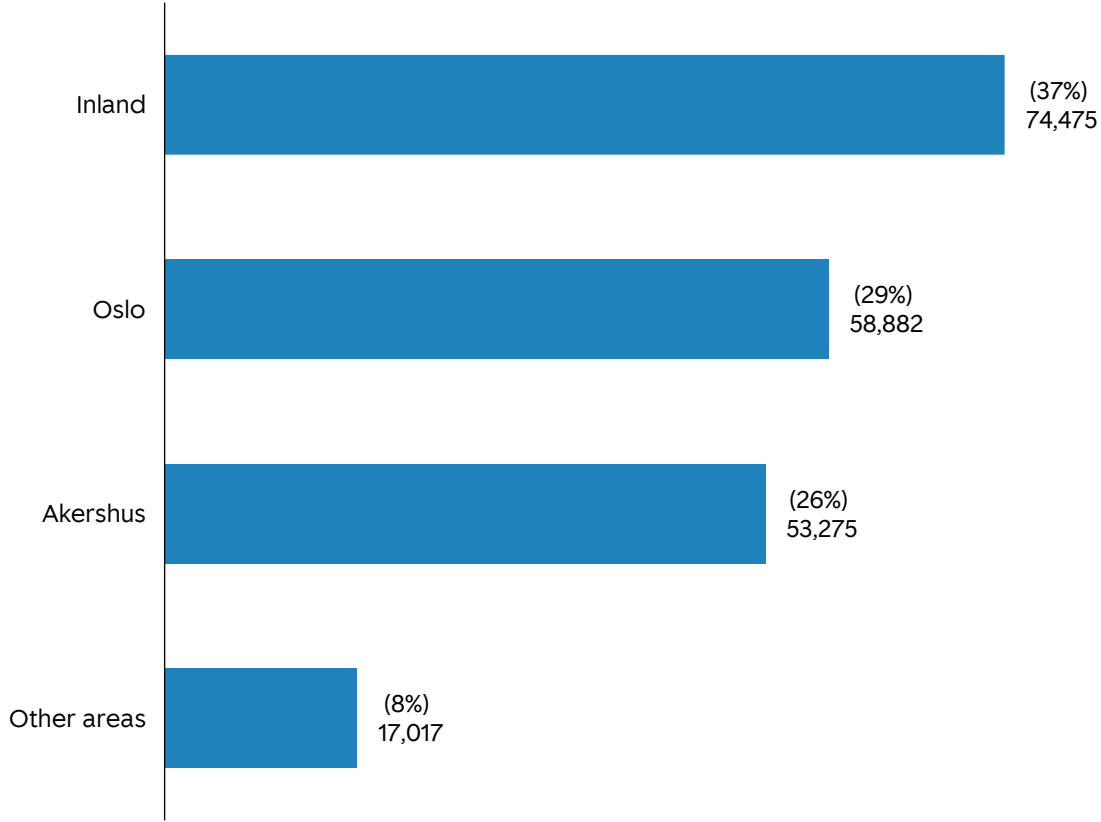
Lending to customers per sector (in %)



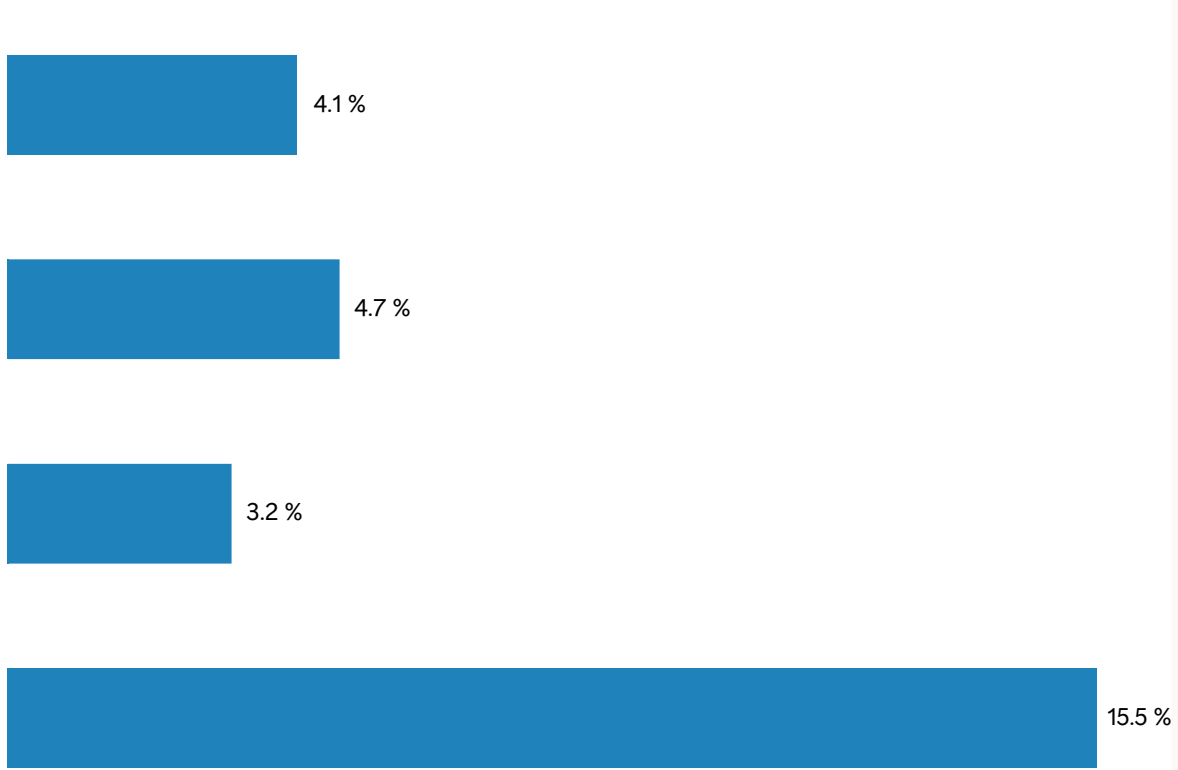


# The Group's lending by geography

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

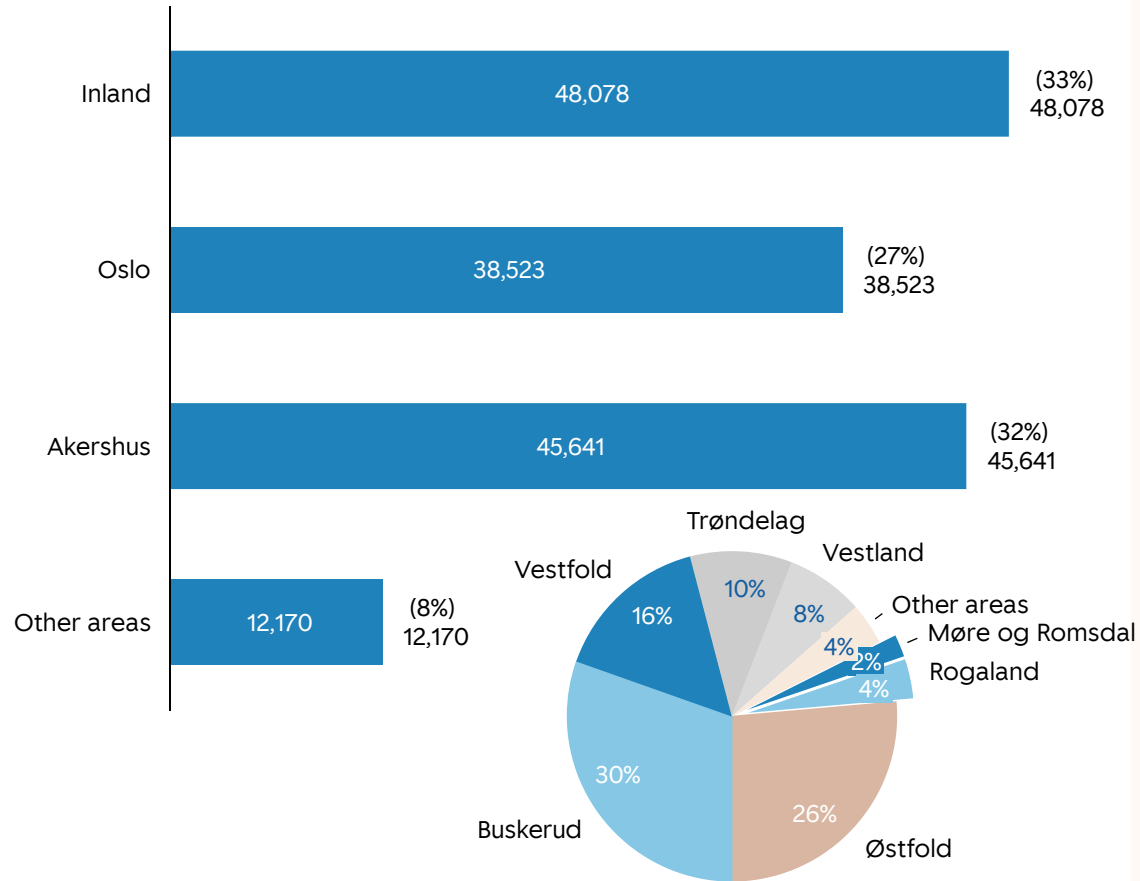


Change last 12 months (%)

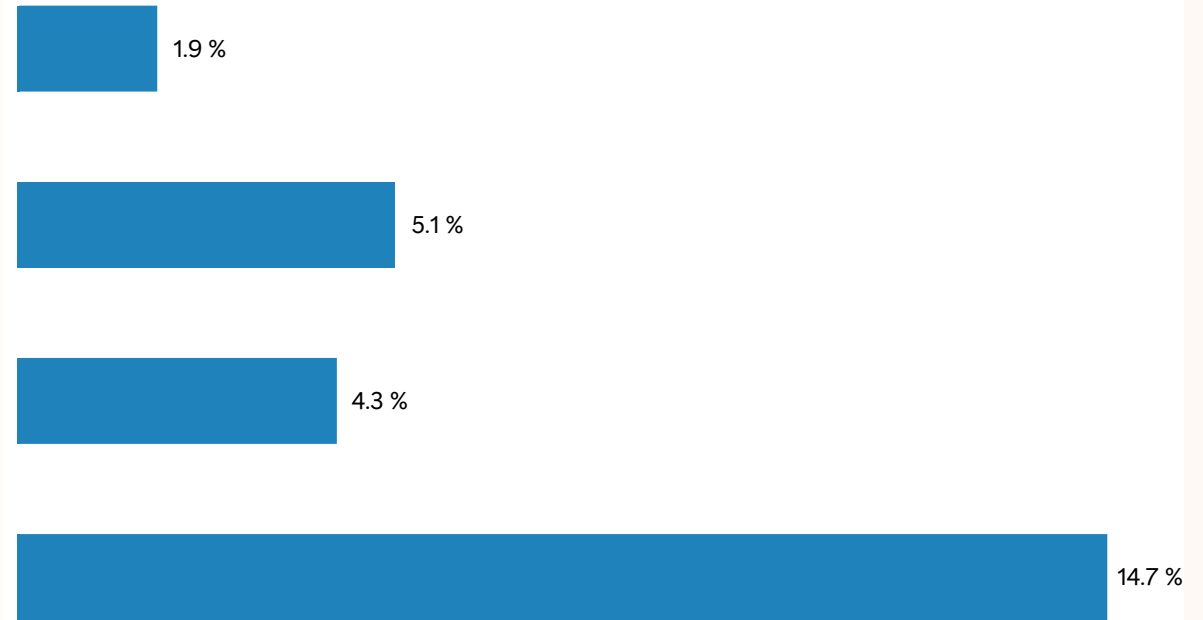


# Mortgage loans by geography

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

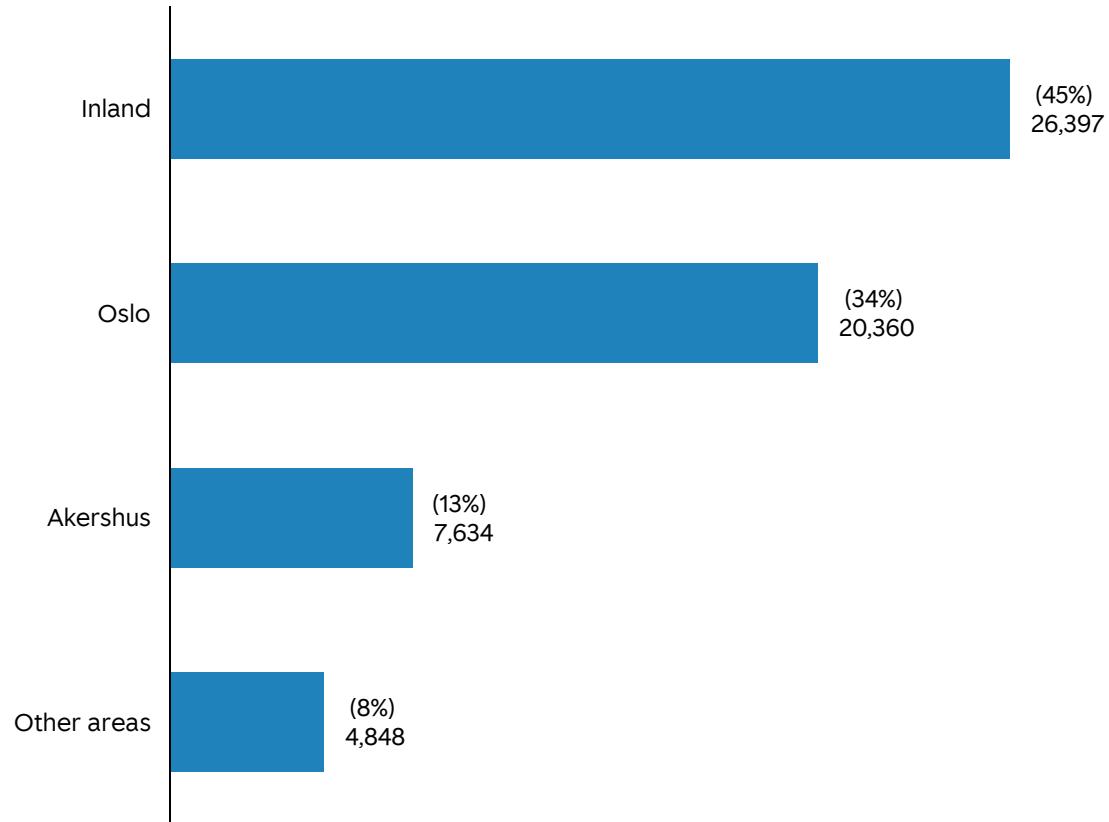


Change last 12 months (%)

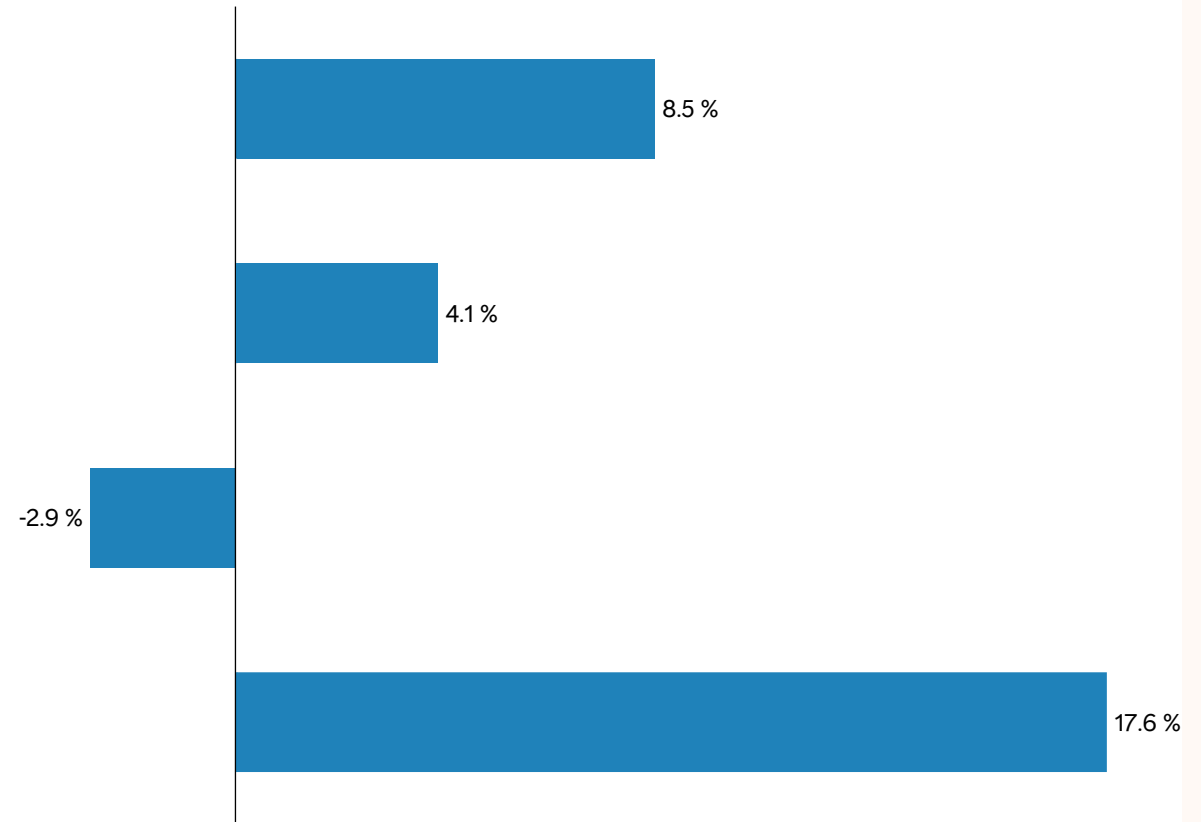


# Corporate market lending by geography

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



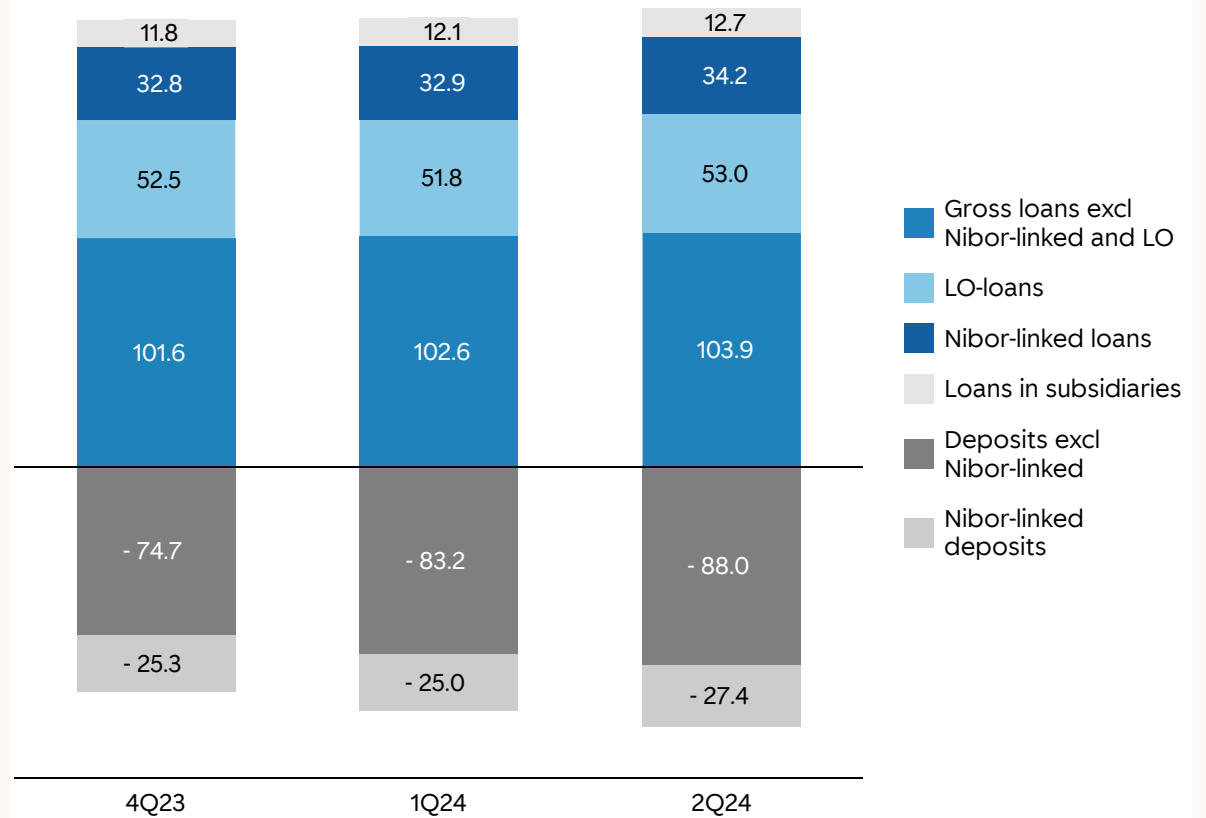
Change last 12 months (%)



# Bank customer rates and rate-sensitive volumes

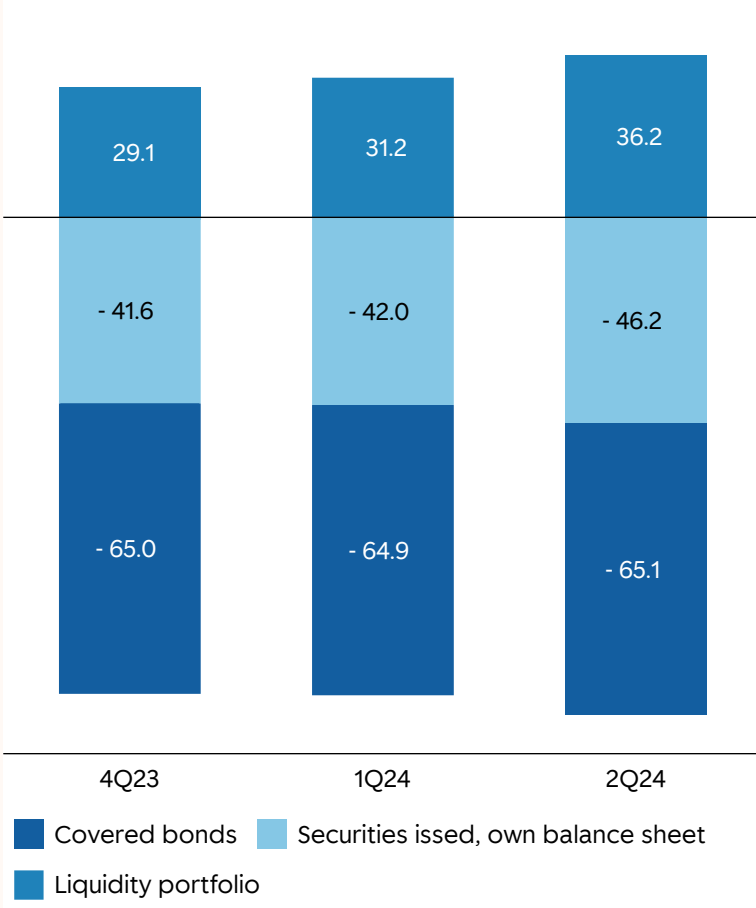
<b>Norges Bank</b>	<b>17 Aug-23 (0.25%)</b>	<b>21 Sep-23 (0.25%)</b>	<b>14 Dec-23 (0.25%)</b>
Effective dates new loans and deposits	21 Sep-23	28 Nov-23	21 Feb-24
Existing CM loans and deposits	6 Sep-23	6 Oct-23	3 Jan-24
Existing RM loans and deposits	24 Oct-23	28 Nov-23	21 Feb-24

Loans and deposits, NOK bill.

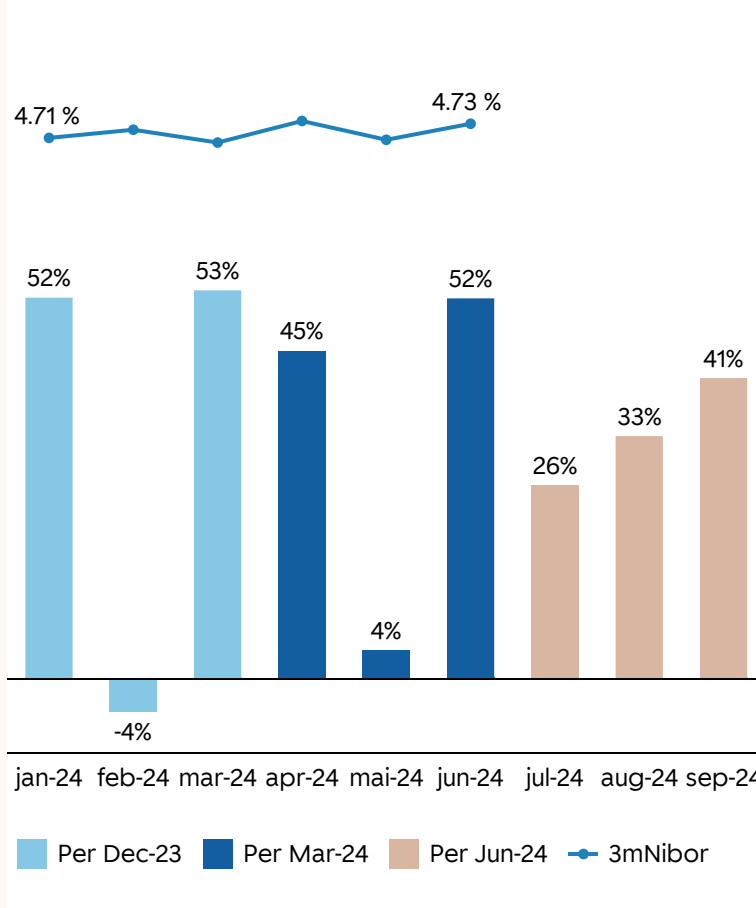


# Structure and rate fixings of funding and security holdings

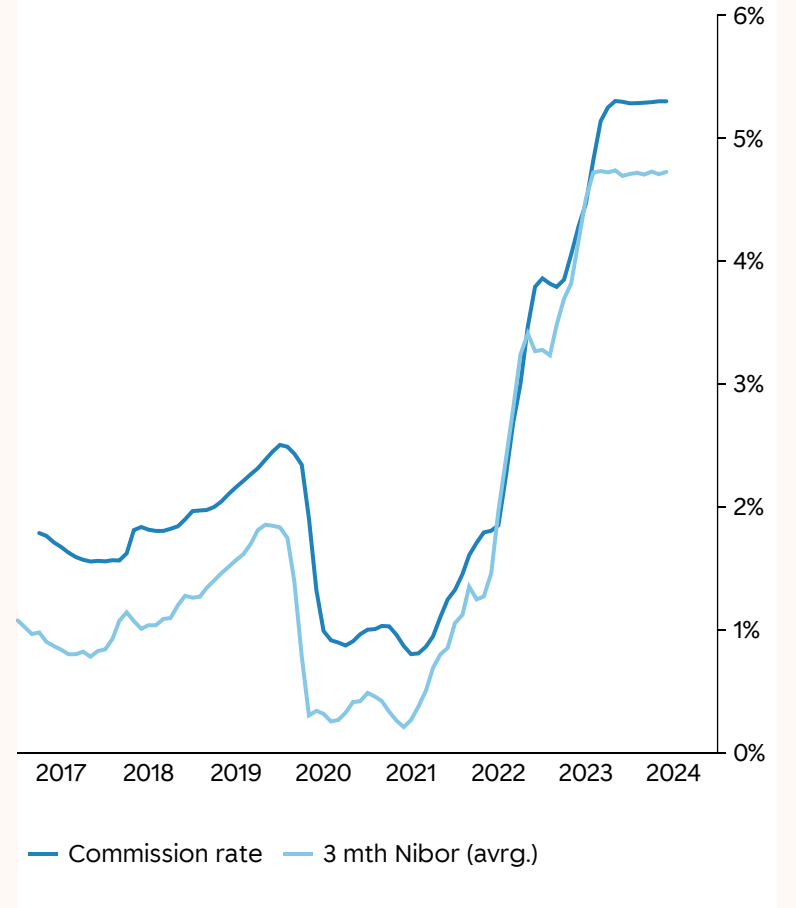
Securities, NOK bill.\*



Net rate fixings per month, share of quarter\*\*



NIBOR and commission rate SB1 Boligkreditt, %

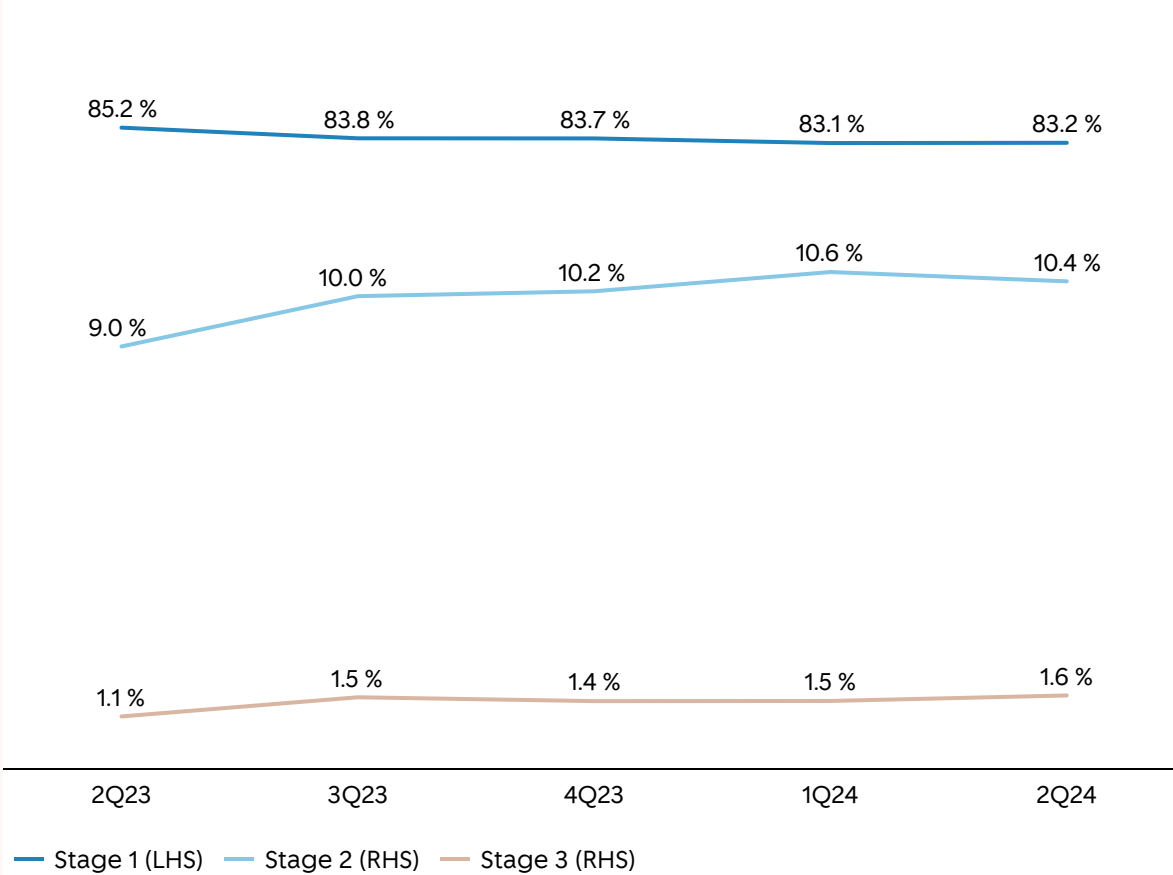


\* Covered bonds refer to loans transferred to covered bond companies. \*\* Includes rate fixings on liquidity portfolio, debt securities issued on own balance, and interest rate/cross currency basis swaps.

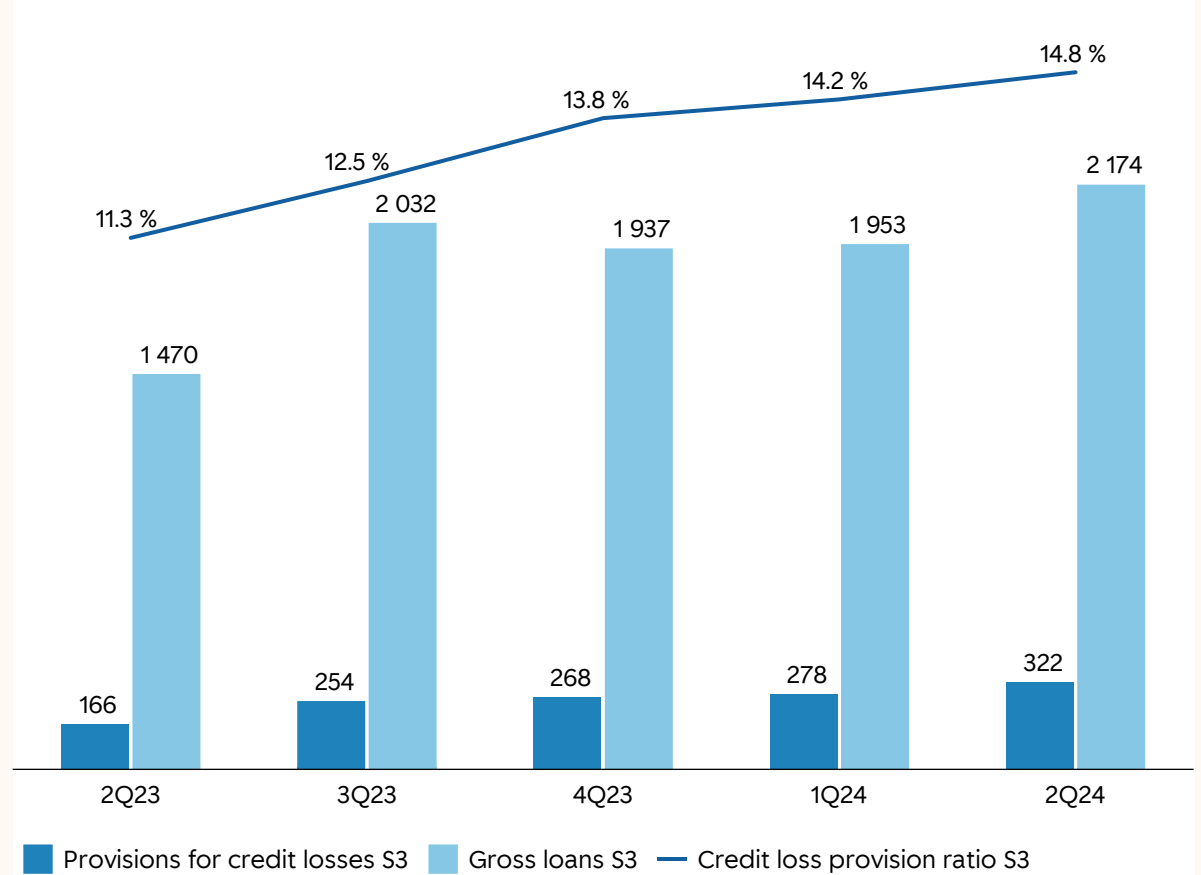


# Exposures per stage and credit loss provision ratio in stage 3

Exposure by stages (% of gross loans)\*



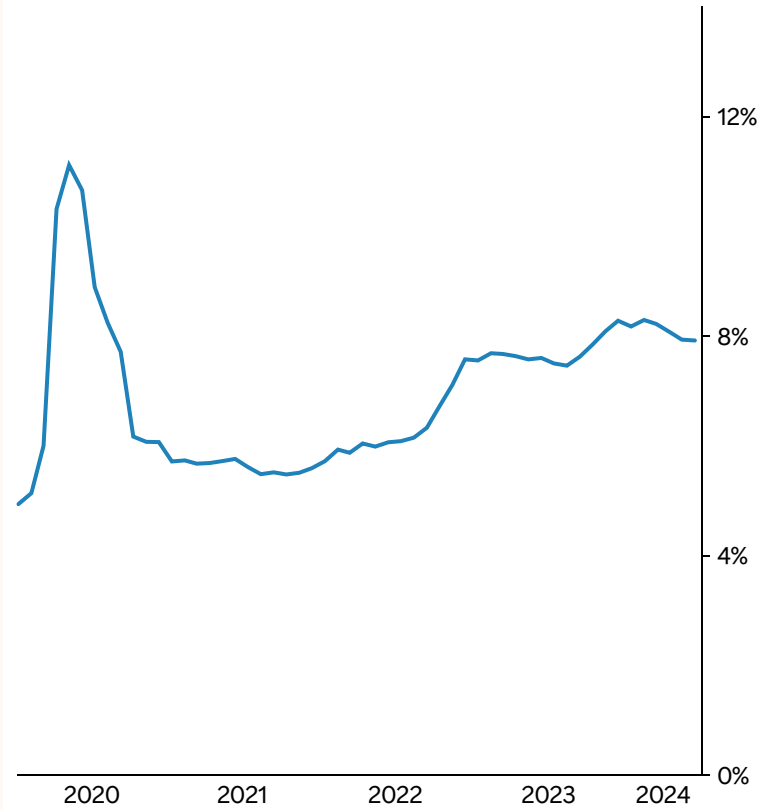
Loans in Stage 3 (NOK mill.)



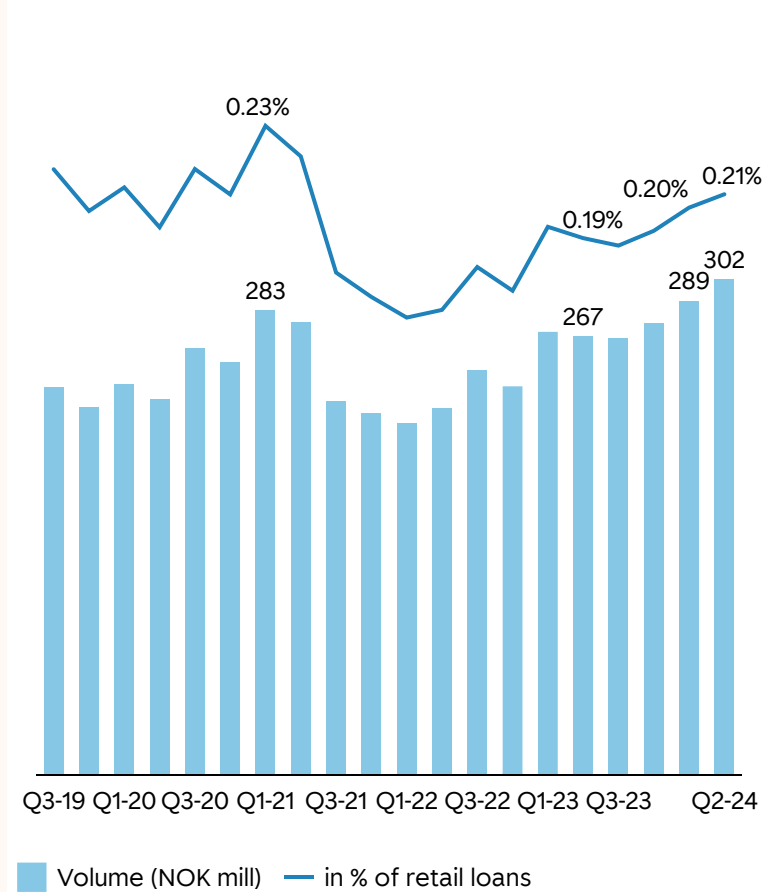
\* Excluding loans transferred to covered bond companies. Residual up to 100 per cent is due to loans at fair value over profit.

# Retail: Indicators of underlying credit quality

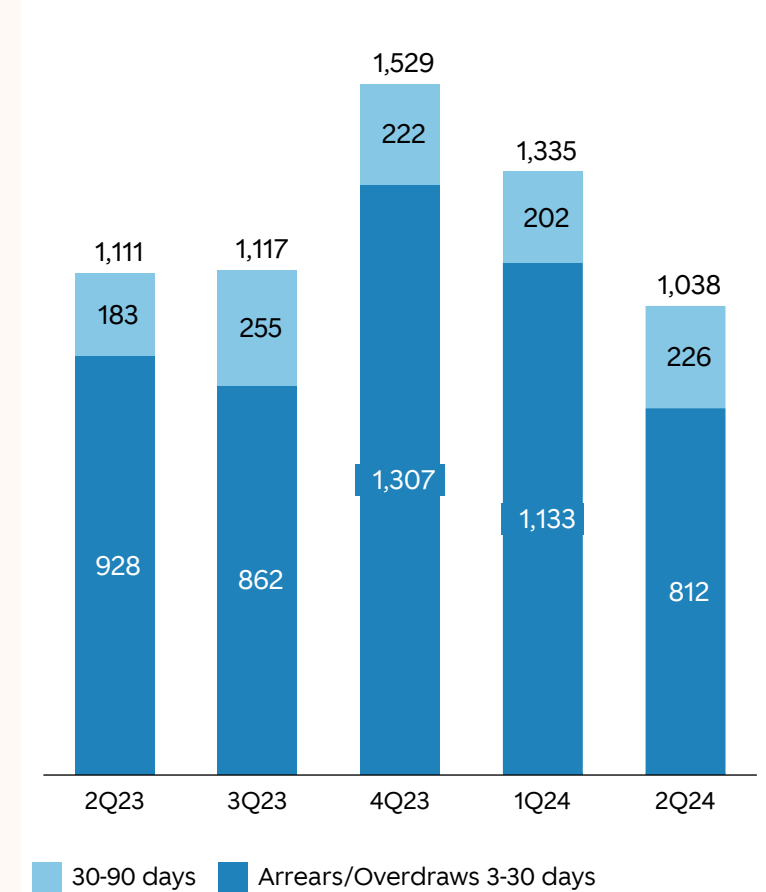
Retail customers with interest-only mortgage



Mortgages to debt collection (volume)



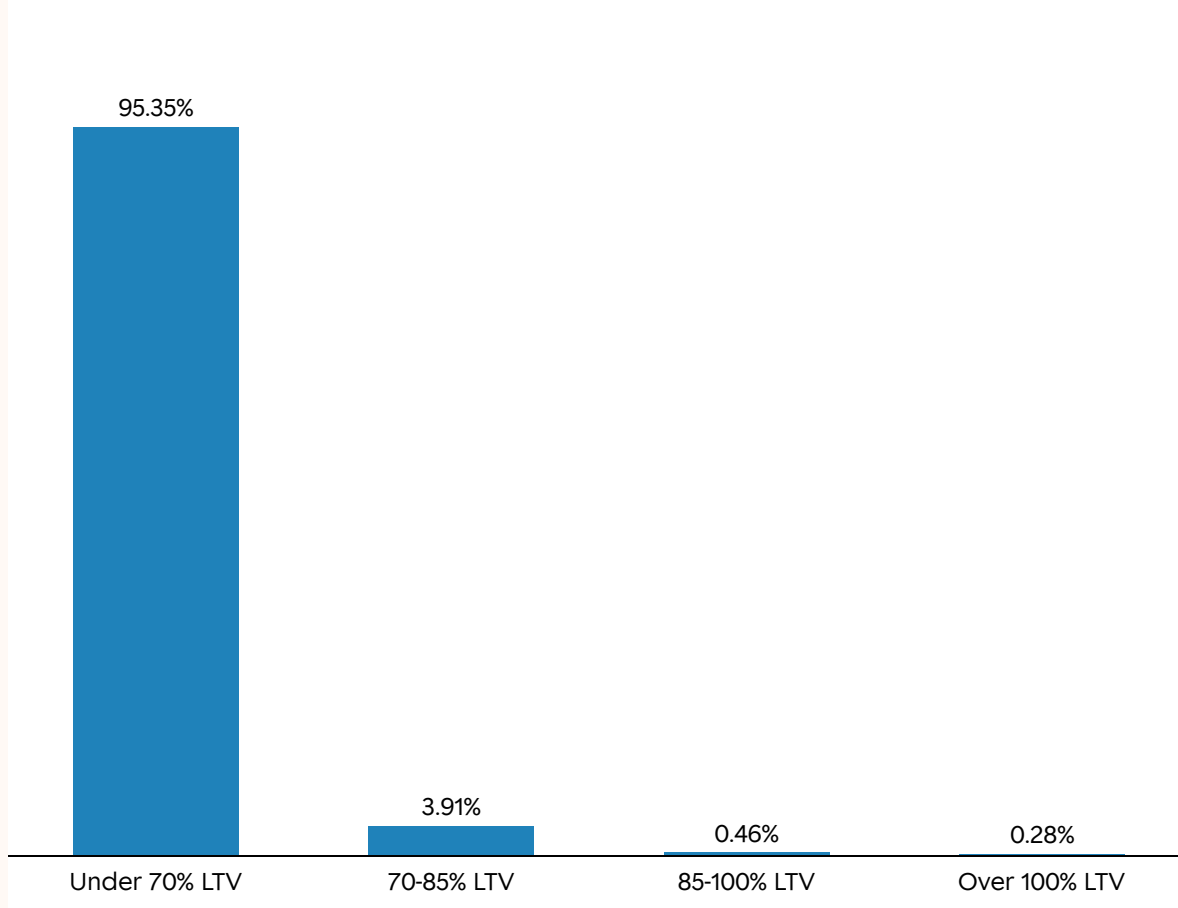
Arrears retail market, NOK mill.\*



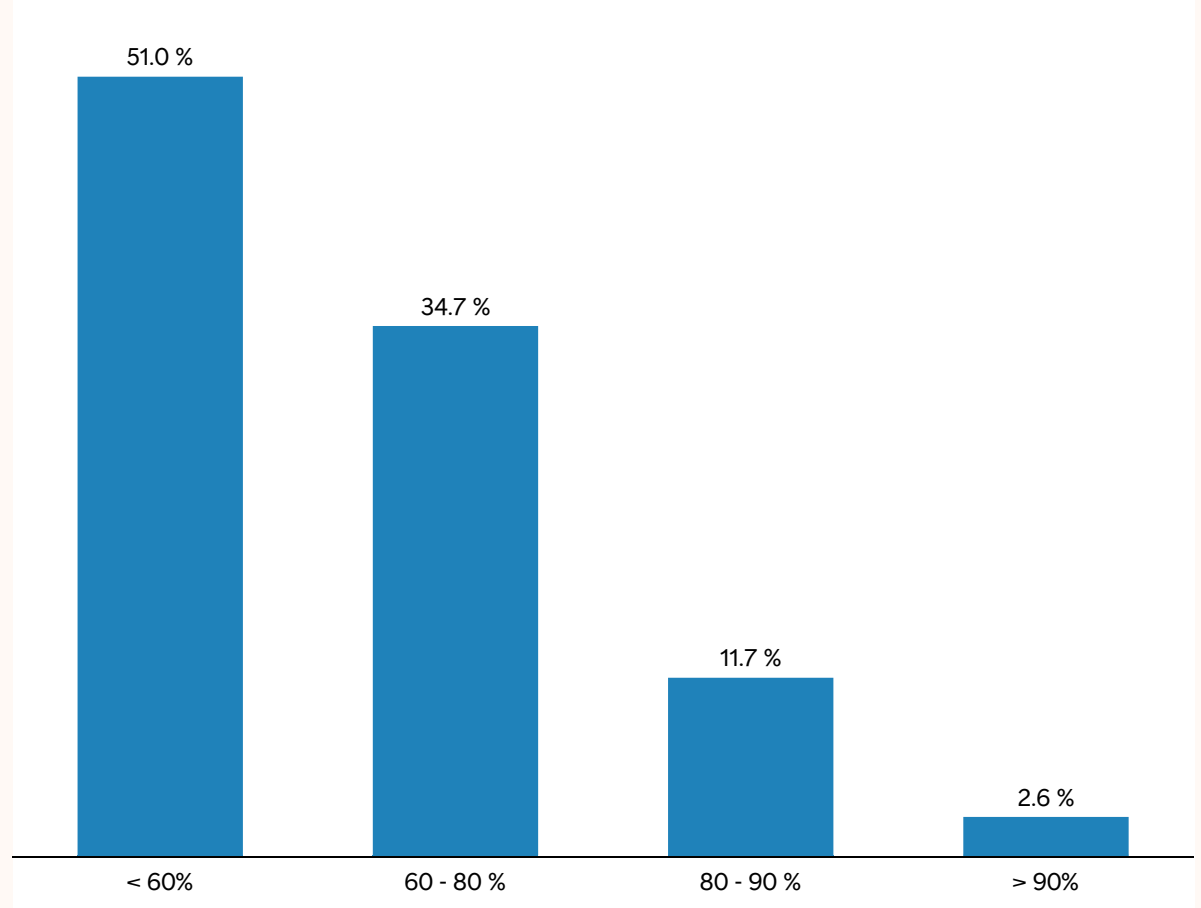
\* Does not include loans transferred to SpareBank 1 Boligkreditt.

# Retail: Mortgage collateral

Share of LTV by exposure – retail mortgages\*



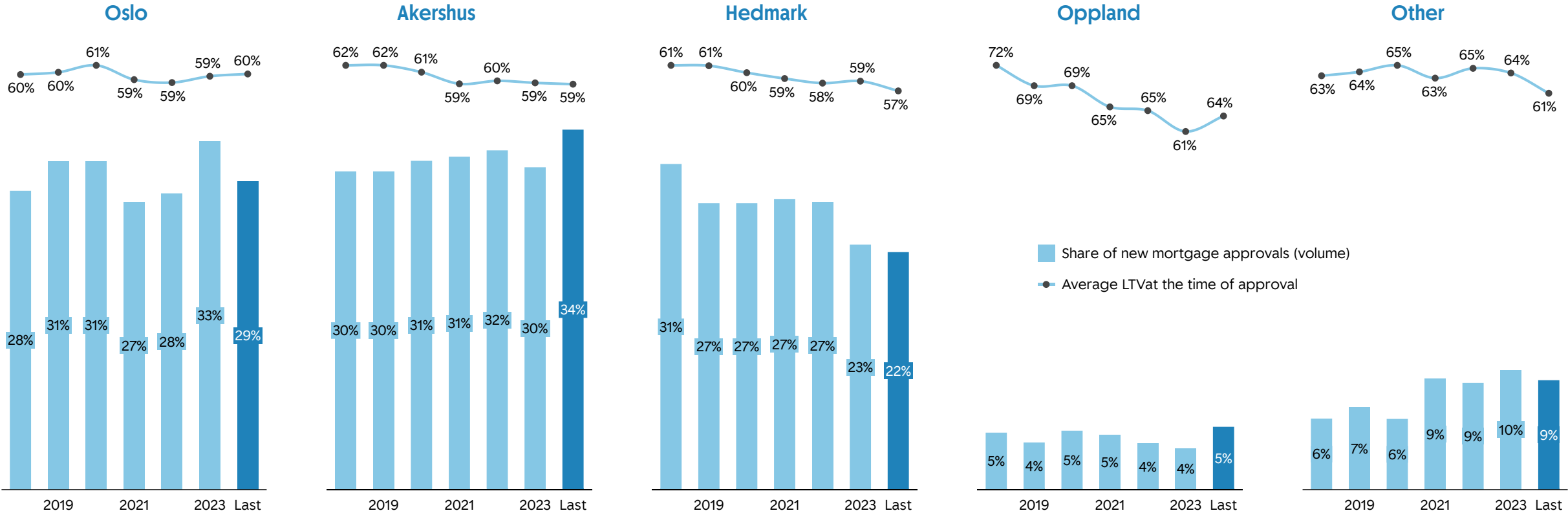
Share of lending according to LTV - retail mortgages\*



\* Including loans transferred to SpareBank 1 Boligkreditt.

# Stable low LTVs in new mortgage approvals

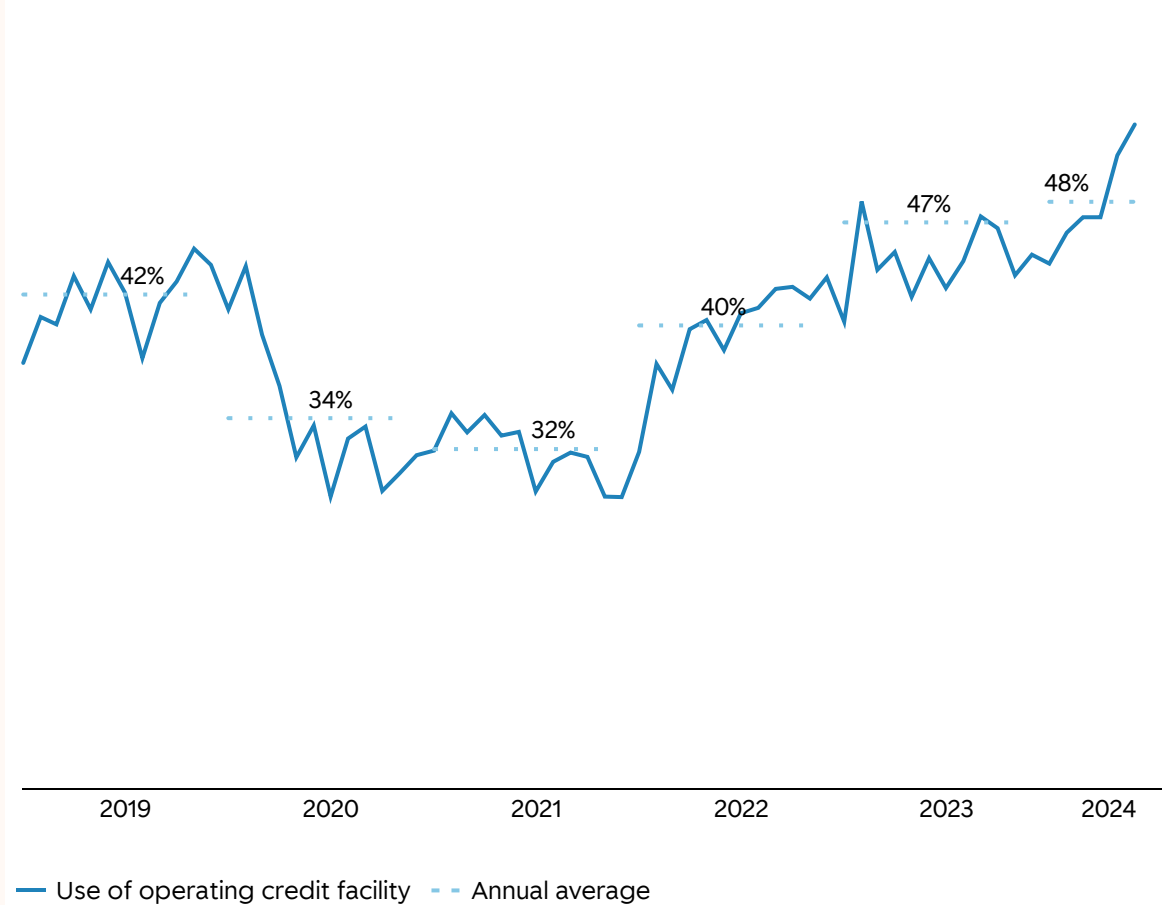
Share of new mortgage approvals and average LTV per period and county (Inland county divided b/w old Hedmark and Oppland counties)



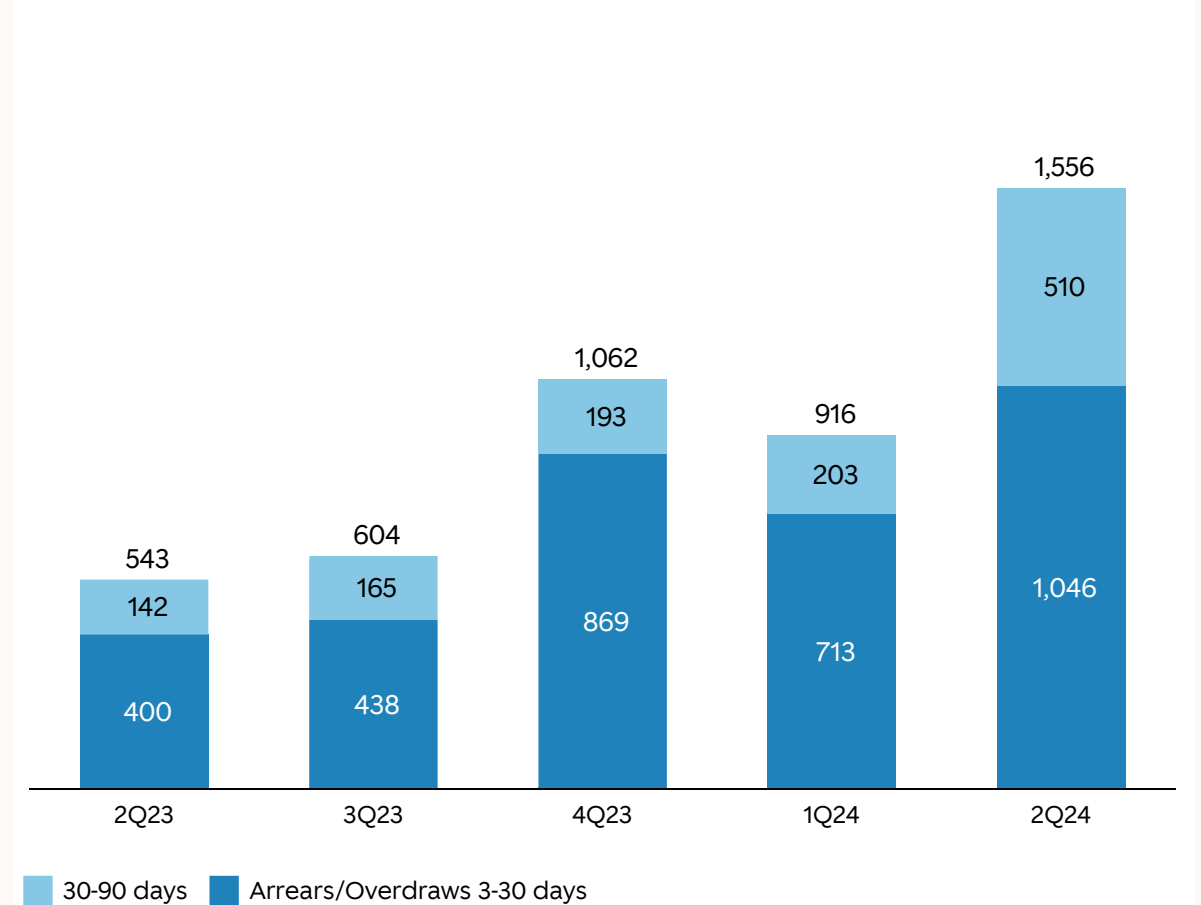
# Corporate: Indicators of underlying credit quality

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.)\*



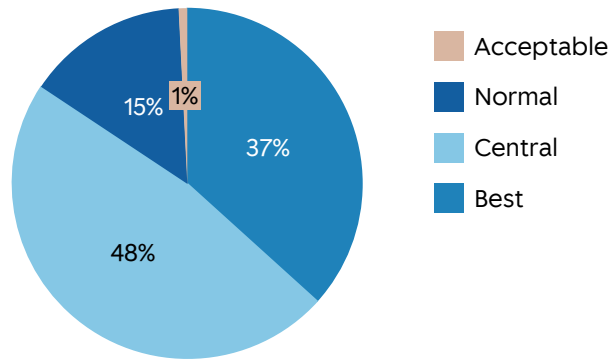
\* Does not include loans transferred to SpareBank 1 Næringskreditt.



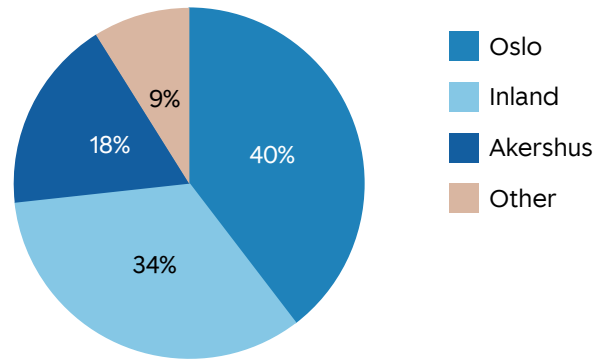
# CRE: Attractive, diversified portfolio

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

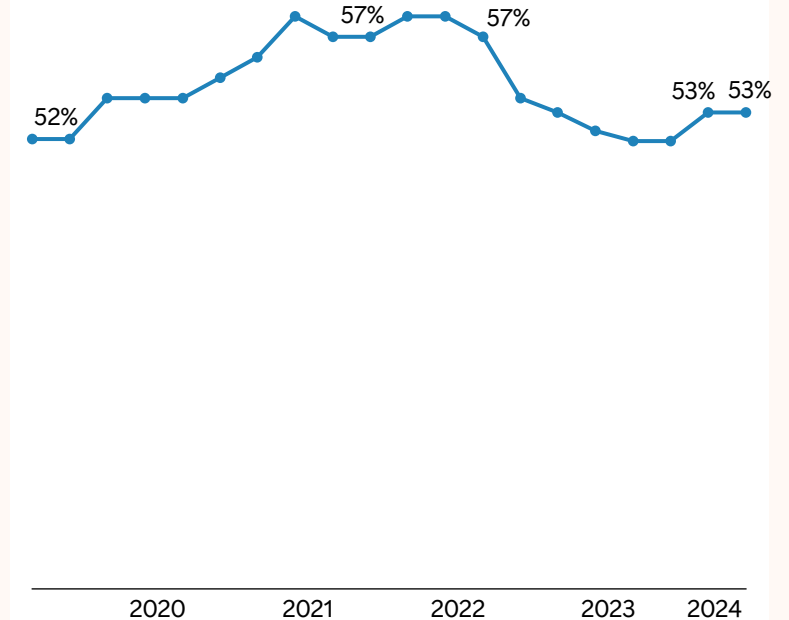
### Rental space attractiveness



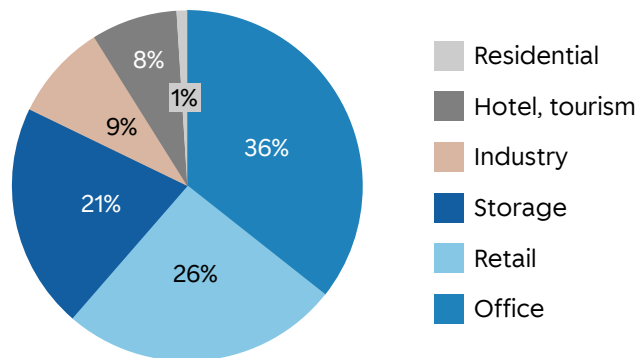
### Geographical distribution of rental space



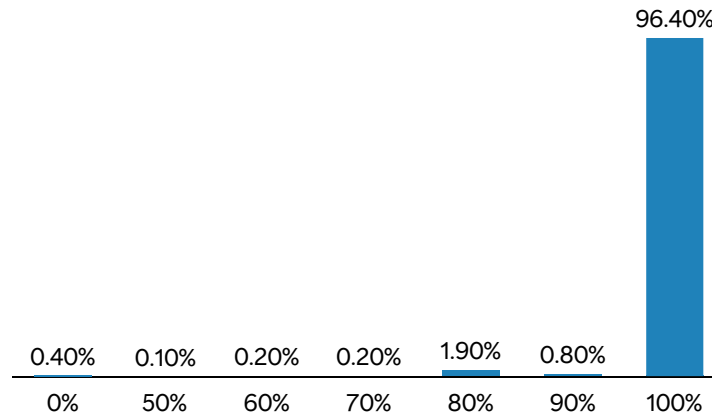
### LTV for CRE portfolio



### Share of rental space according to type



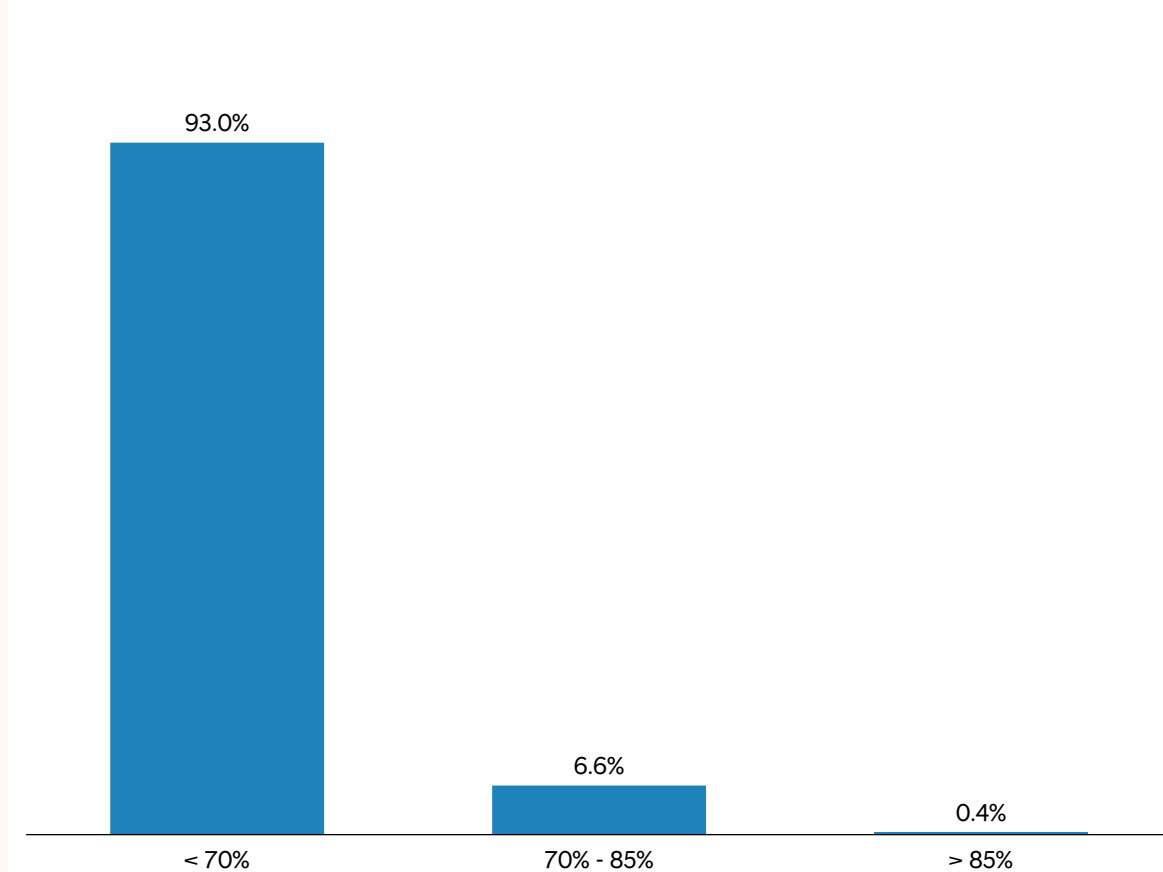
### Share of rental space at different indexation



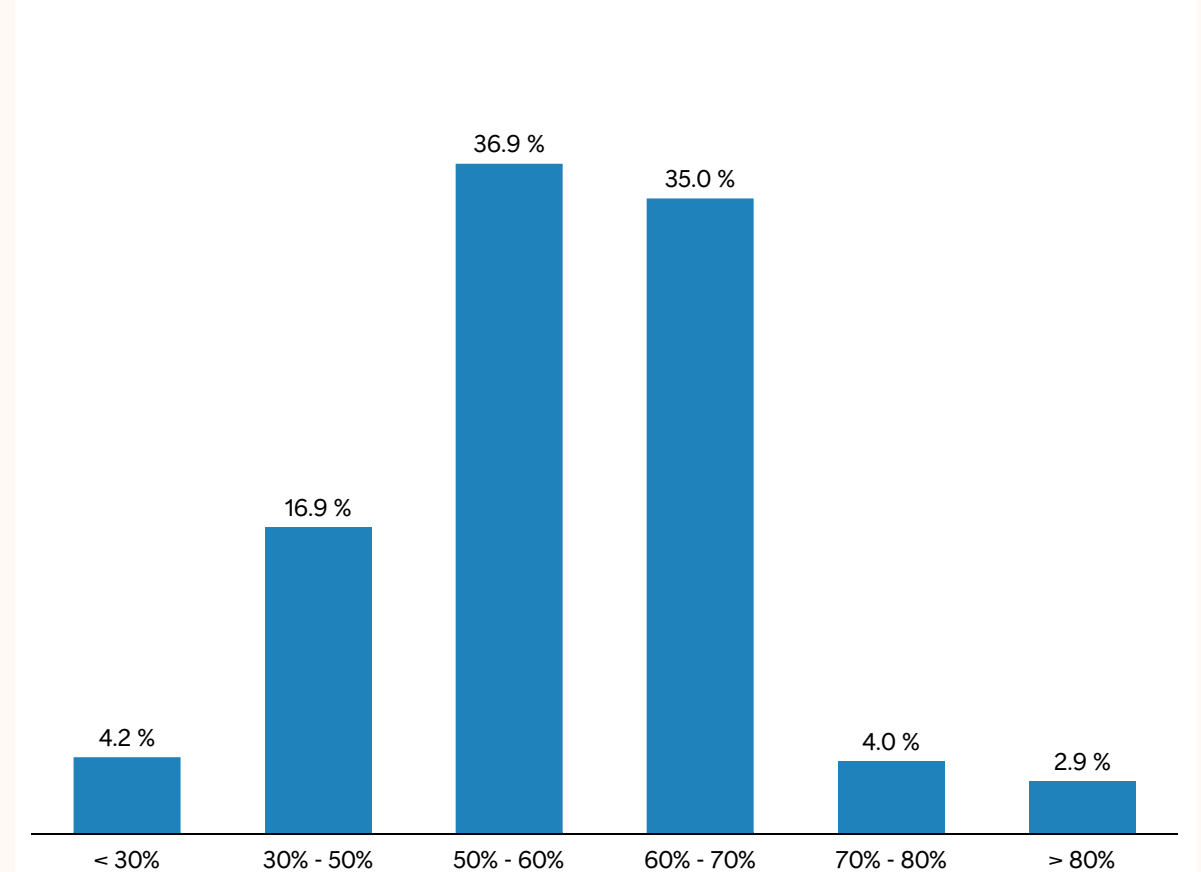
# CRE: Solid collateral

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\*

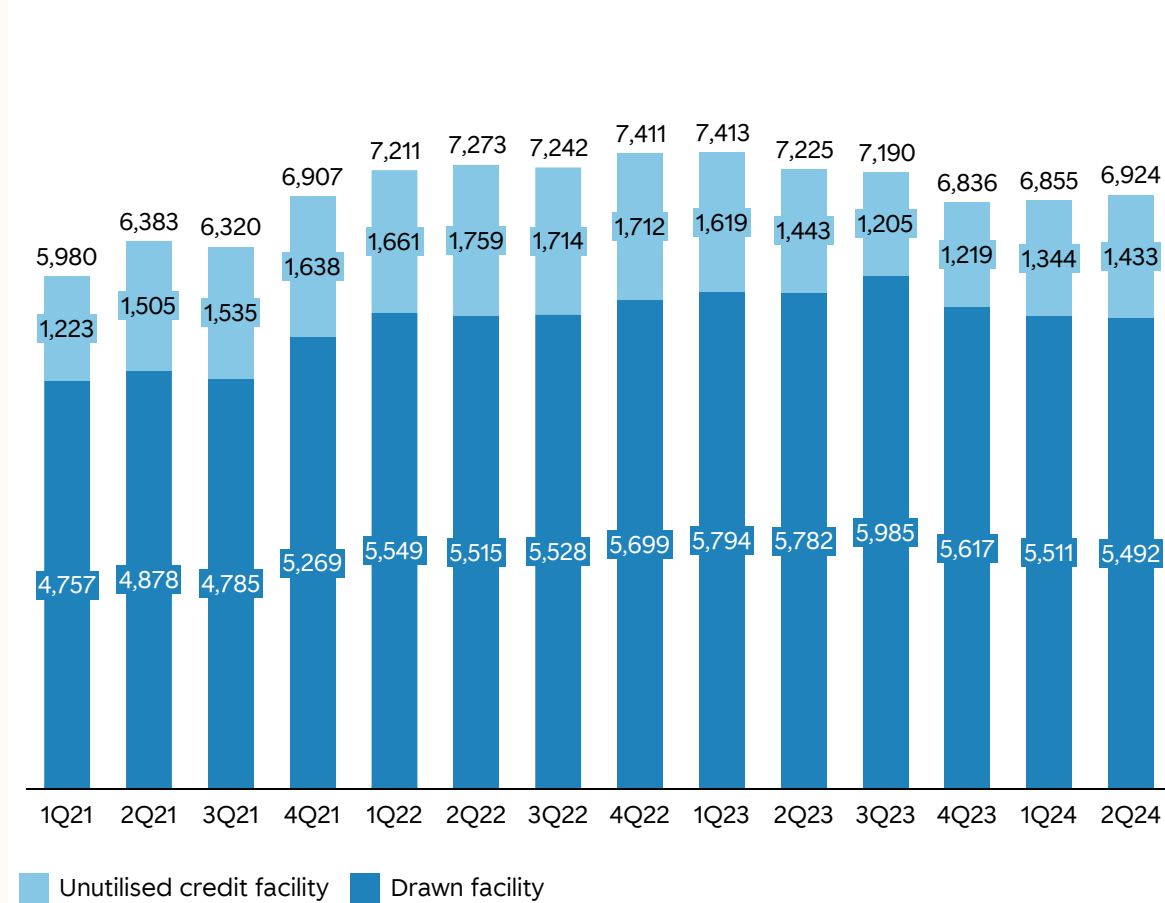


\* Based on numbers for parent bank and exposures of at least NOK 10 mill.

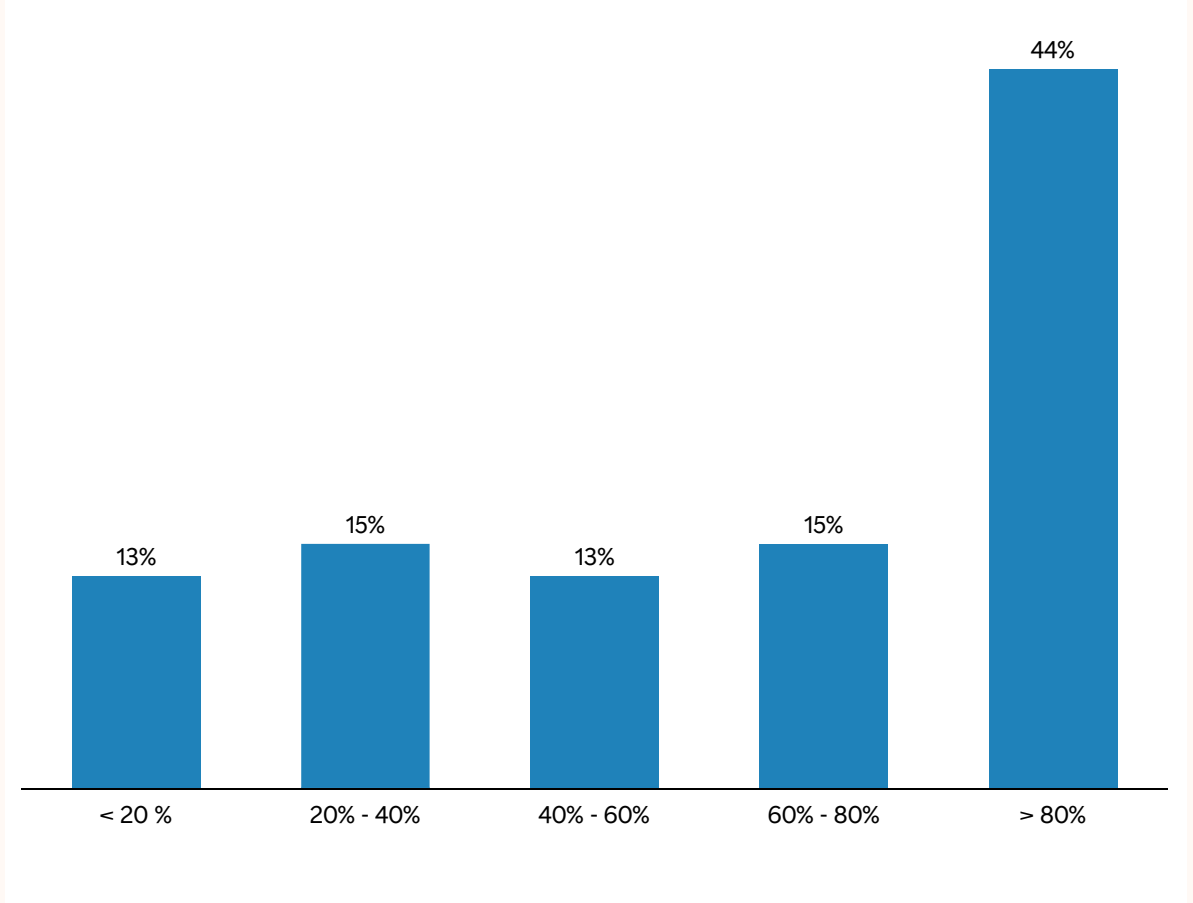
# Projects: More new building projects are initiated

Required pre-sales normally 60 %, depending for example on equity, experience and complexity.

Loans to real estate projects, building and construction, NOK bill.\*



Draw on construction loans, volume-weighted, share in %, \*



\* Based on numbers for parent bank.

# SPOL

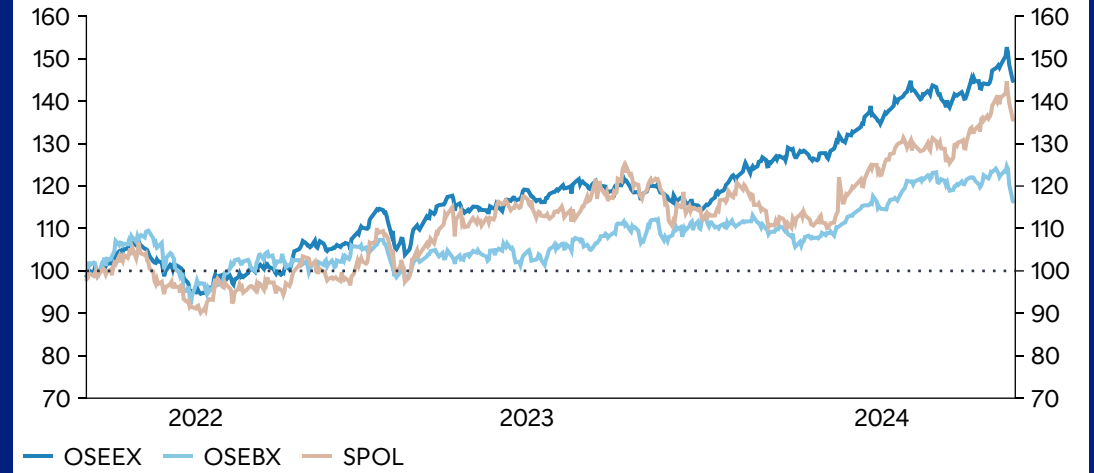
	30.06.2024	30.06.2023	2023
ECC ratio	70.0 %	69.9 %	69.9 %
ECC issued	115,829,789	115,829,789	115,829,789
Market price (NOK)	135.74	130.00	132.60
Market capitalisation (NOK million)	15,723	15,058	15,359
Book equity per ECC <sup>2)</sup>	117.88	112.23	117.11
Earnings per ECC, NOK <sup>3)</sup>	9.13	7.17	12.99
Price/Earnings per ECC <sup>2)</sup>	7.40	8.99	10.21
Price/book equity <sup>2)</sup>	1.15	1.16	1.13

1) SpareBank 1 Østlandet was listed on 13 June 2017.

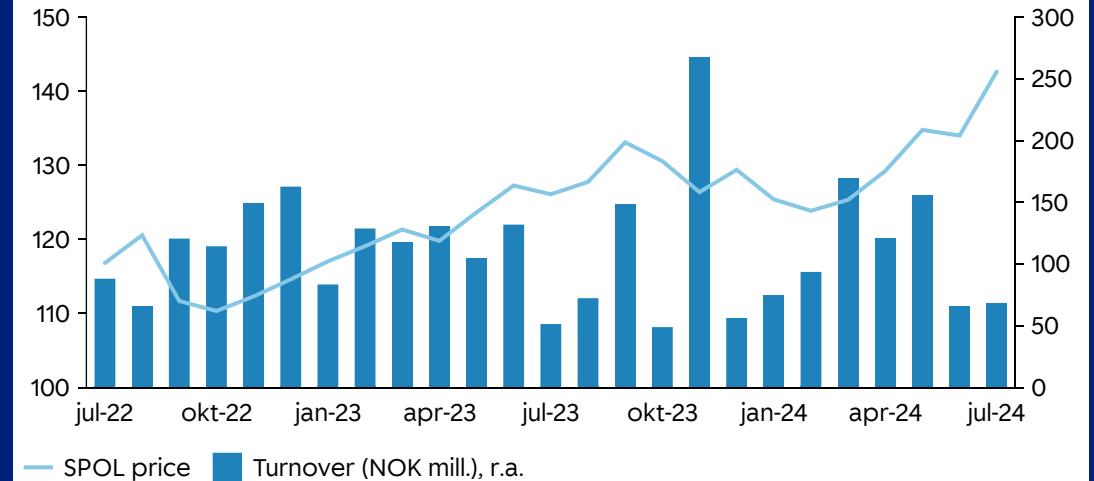
2) APMs are defined in the quarterly report and the factbook.

3) Profit after tax for controlling interests x Equity capital certificate ratio\*/ number of ECC's.

Price development (dividend adjusted), index = 100 pr 30 Jun-22



Turnover and SPOL price, monthly



# Creating together

Proficient | Near | Engaged

We have worked for more than 175  
years for people and businesses to  
succeed

Our work continues

SpareBank   
ØSTLANDET

