

# Quarterly presentation 2024

# Q2



# 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 SR-Bank 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 SR-Bank include, 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 SR-Bank 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.



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**Appendix**

# SpareBank 1 SR-Bank at a glance

SpareBank 1 SR-Bank was established in 1839

Second largest Norwegian owned bank

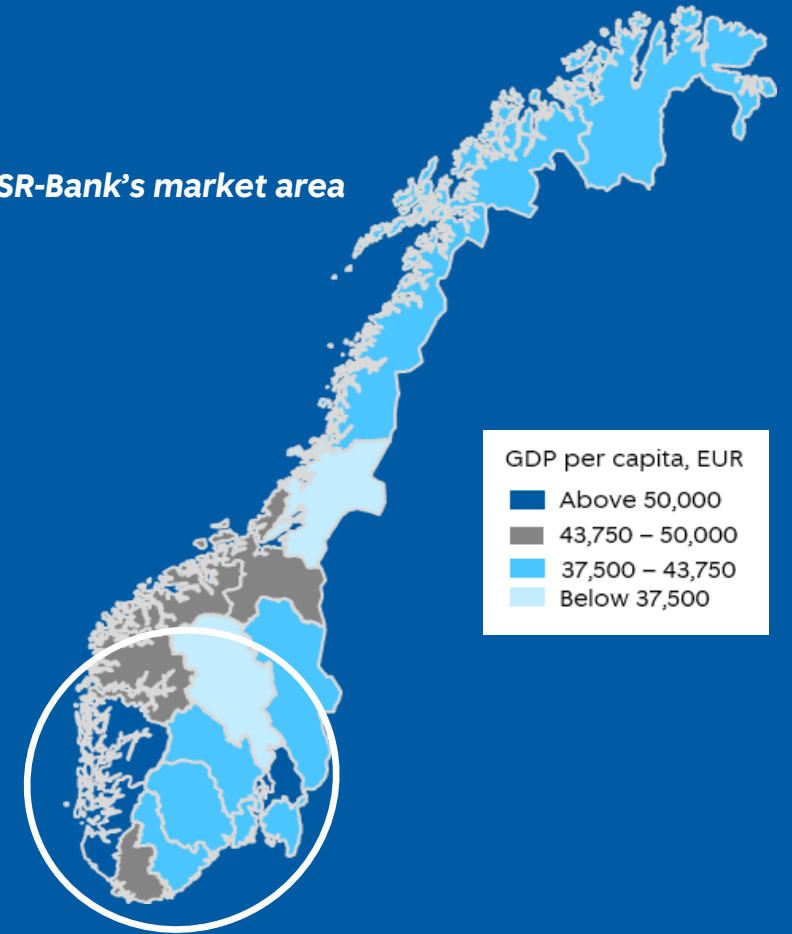
One of two SIFI-banks in Norway

A solid public limited company with high returns over time

Moody's rating Aa3 (outlook stable)

SR-Bank merging with 7<sup>th</sup> largest SpareBank to form SpareBank 1 Sør-Norge 1 october 2024

SR-Bank's market area



# We come together to create SpareBank 1 Sør-Norge

## SpareBank 1 Sør-Norge the second largest Norwegian owned bank

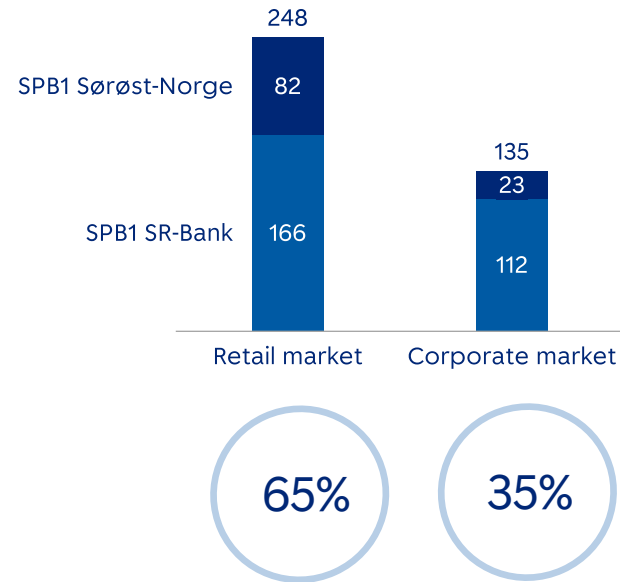
### A solid platform for further growth

The bank expects to realize capital synergies of NOK 2,5 billion and synergies related to operations and funding of NOK 150 million. There is a clear ambition to achieve income synergies in the long term.

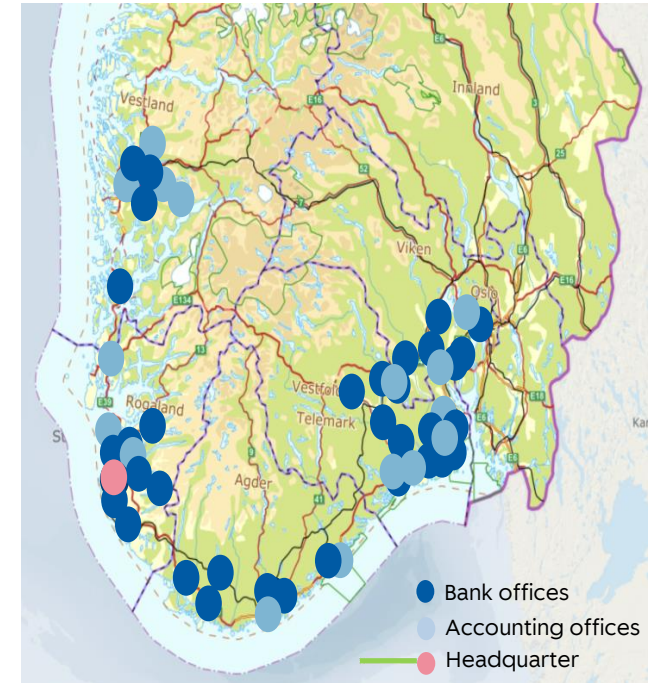
The Norwegian FSA/Ministry of Finance has on 20 June 2024 cleared the transaction.

**The planned date for the merger is 1st October 2024**

## Lending volume per customer Segment\* (BNOK)



## Norway's largest savings bank covering the south of Norway



\*Numbers from first quarter 2024

# Market overview

## Banks in Norway

### → Savings bank

- Multiple alliances and independent banks

SpareBank 1 Alliance,  
12 independent banks

Eika Alliance,  
49 independent banks

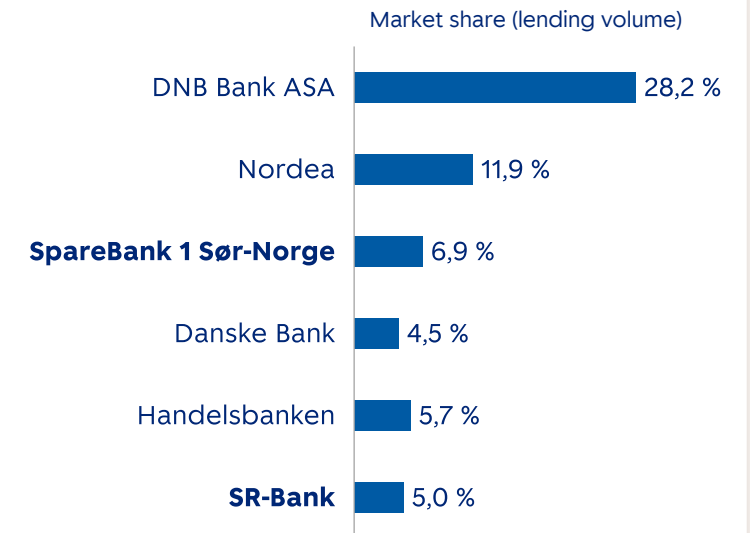
### → Commercial banks

- Larger Nordic banking Groups

## Alliances

- All credit decisions are made at the local banks, no cross guarantees
- Economies of scale related to expenses, IT solutions, marketing and branding
- Shared product companies

## Largest banks by lending volume (2023)



Source: Norges Bank and annual reports (2023)

# Good underlying operations, increased income and high lending growth in Q2

## Result 2. quarter 2024

14.6%

Return on equity after tax

MNOK 1,472

Pre-tax profit

## Result 30 June 2024

14.7%

Return on equity after tax

Pre-tax profit MNOK 2,971

MNOK 138

Impairments on lending and financial commitments

0.10% of gross lending

7.5%

12 months lending growth

Retail market	7.1%
Corporate market	7.6%
SME and Agriculture	13.0%

2.8%

12 months deposit growth\*

Retail market	5.8%
Corporate market	-1.7%
SME and Agriculture	-0.9%

17.7%

CET 1 capital ratio

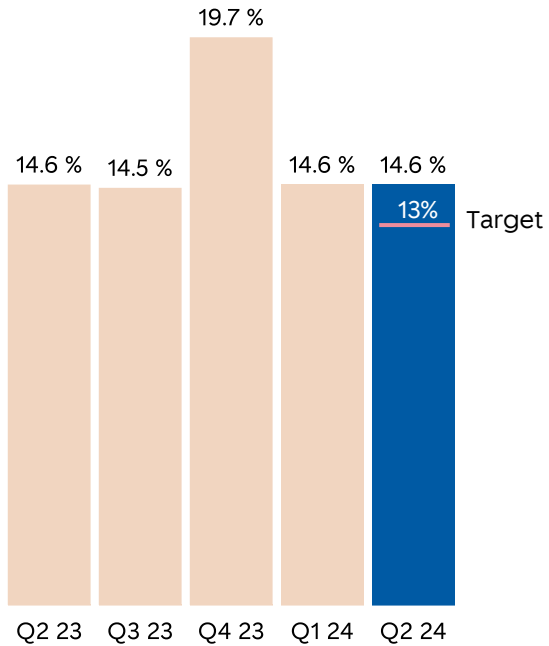
34.9%

Cost to income ratio

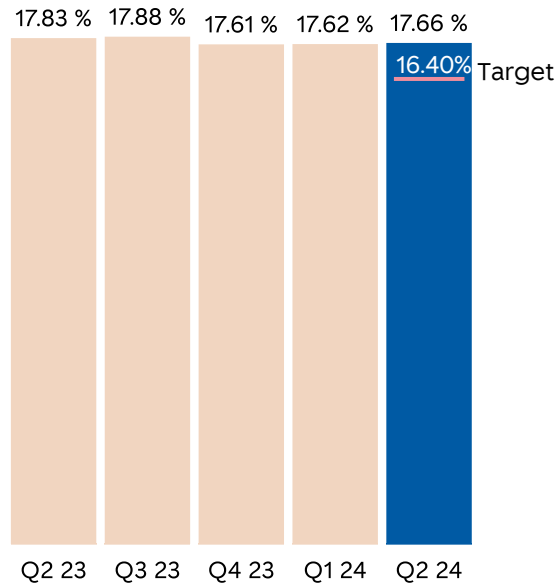
\*The 12 months deposit growth excluding deposits from customers in the public sector is for the Group 5.1% and for the Corporate market 4.0%.

# Key figures – quarterly development

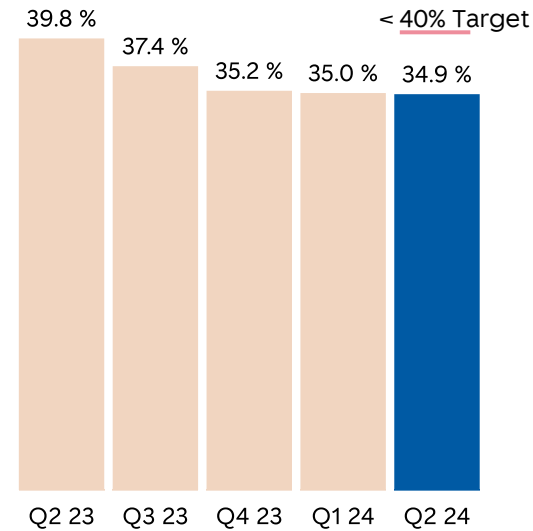
## Return on equity



## CET 1 capital ratio

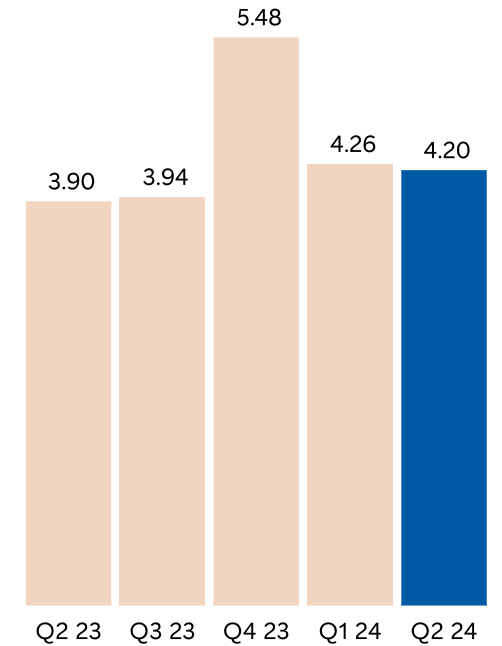


## Cost to income ratio



## Earnings per share (NOK)

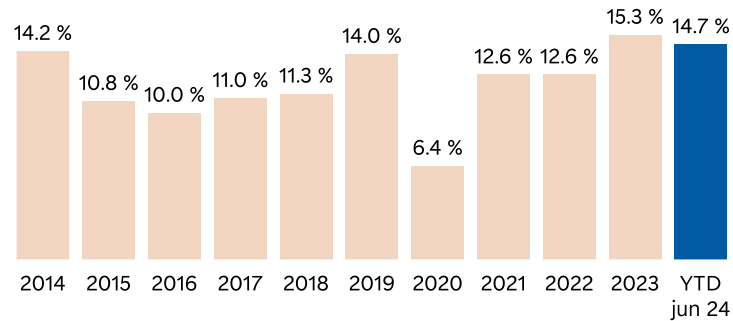
Target: 50% dividend share



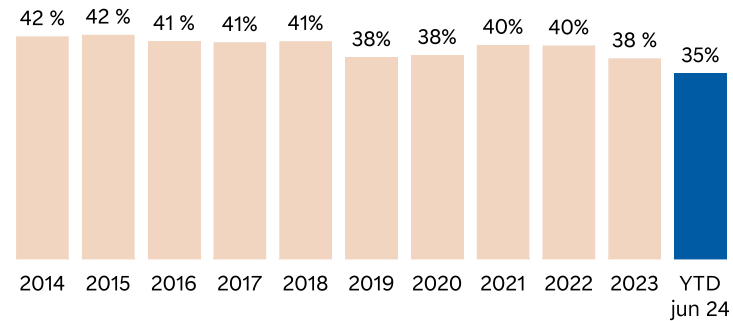


# Key figures – yearly development

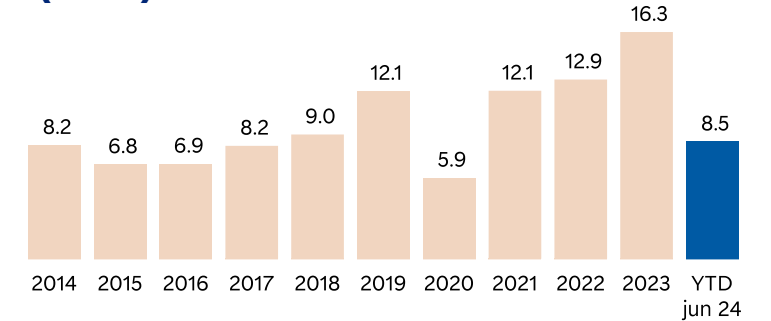
## Return on equity



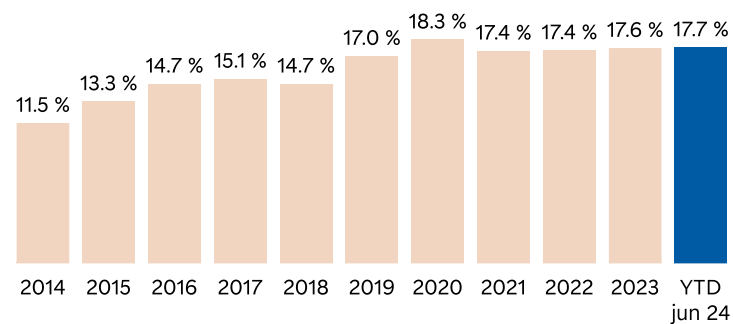
## Cost to income ratio



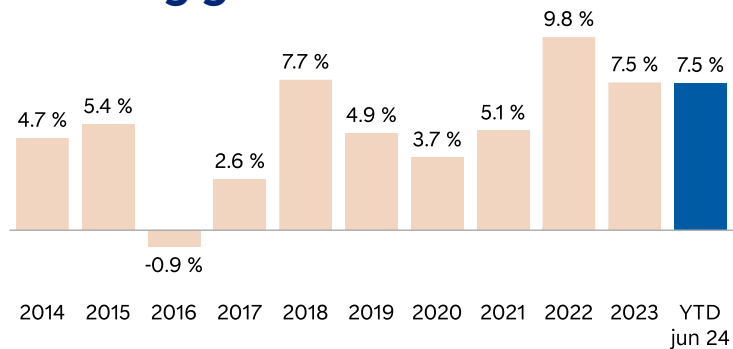
## Earnings per share (NOK)



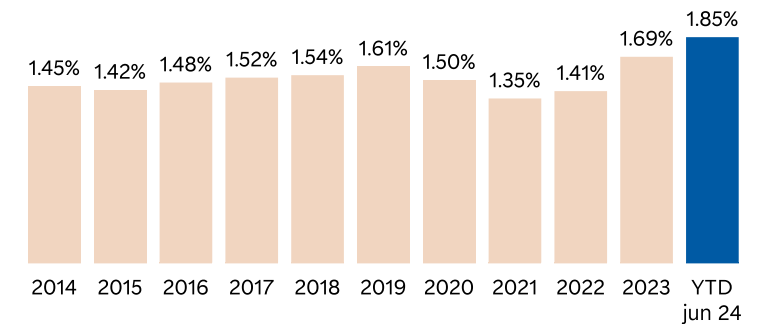
## CET 1 Capital



## Lending growth



## Net interest margin



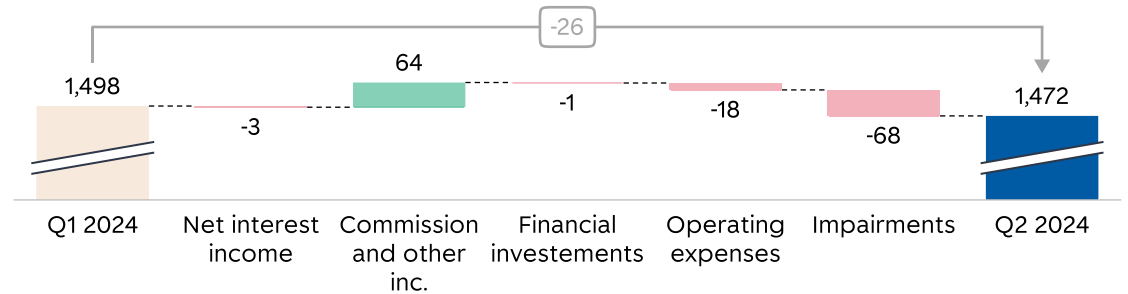
# Good underlying operations, increased income and high lending growth

## Group Income statement

(MNOK)	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023
Net interest income	1,726	1,729	1,715	1,596	1,424
Net commission and other income	544	480	465	496	522
Net income on financial investments	148	149	478	11	109
<b>Total income</b>	<b>2,419</b>	<b>2,359</b>	<b>2,659</b>	<b>2,103</b>	<b>2,055</b>
<b>Total operating expenses</b>	<b>844</b>	<b>826</b>	<b>935</b>	<b>786</b>	<b>817</b>
Operating profit before impairments	1,575	1,533	1,724	1,317	1,238
Impairments on loans and financial commitments	103	35	-91	-78	-98
<b>Pre-tax profit</b>	<b>1,472</b>	<b>1,498</b>	<b>1,815</b>	<b>1,396</b>	<b>1,336</b>
Tax expense	311	307	311	334	308
<b>Profit after tax</b>	<b>1,162</b>	<b>1,191</b>	<b>1,503</b>	<b>1,062</b>	<b>1,028</b>

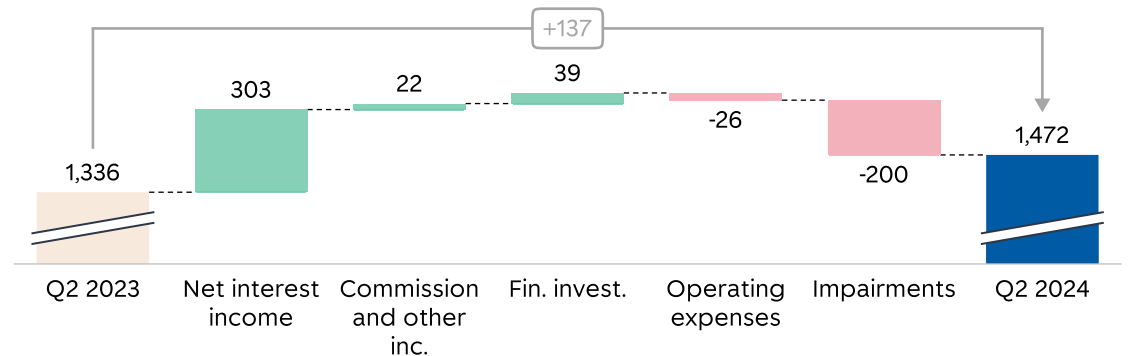
## Change from last quarter

(MNOK)



## Change from Q2 2023

(MNOK)



# Operating expenses

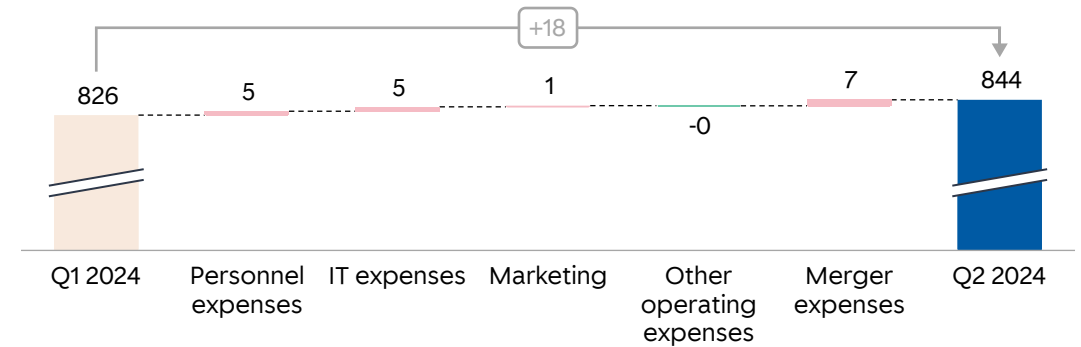
## Operating expenses

- Cost increase driven by inflation, wage growth and higher activity as a result of growth strategy

MNOK	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023
<b>Total personnel expenses</b>	<b>513</b>	<b>508</b>	<b>570</b>	<b>513</b>	<b>488</b>
IT expenses	122	117	123	111	114
Consulting	37	30	32	28	34
Marketing	24	22	24	21	23
Operating expenses from real estate	18	19	18	19	22
Administrative expenses	16	19	22	21	20
Travel and meeting	13	13	14	7	13
Other operating expenses	45	48	71	25	63
Merger expenses	13	6	19	0	0
<b>Total operating expenses</b>	<b>289</b>	<b>275</b>	<b>322</b>	<b>231</b>	<b>289</b>
Depreciation and impairments	42	43	43	41	41
<b>Total operating expenses</b>	<b>844</b>	<b>826</b>	<b>935</b>	<b>786</b>	<b>817</b>

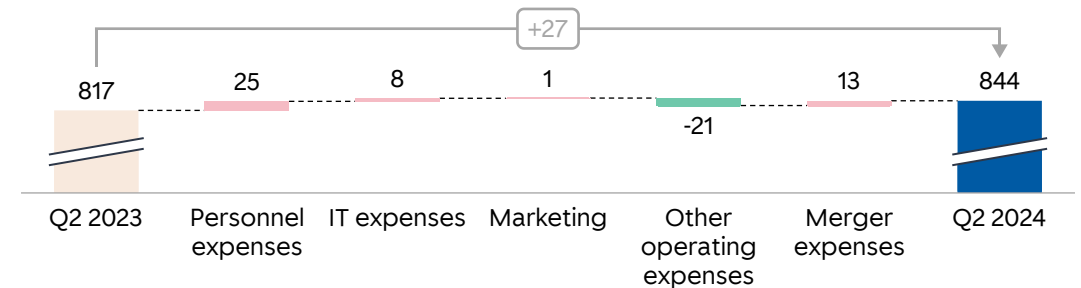
## Change from previous quarter

(MNOK)



## Change from previous quarter last year

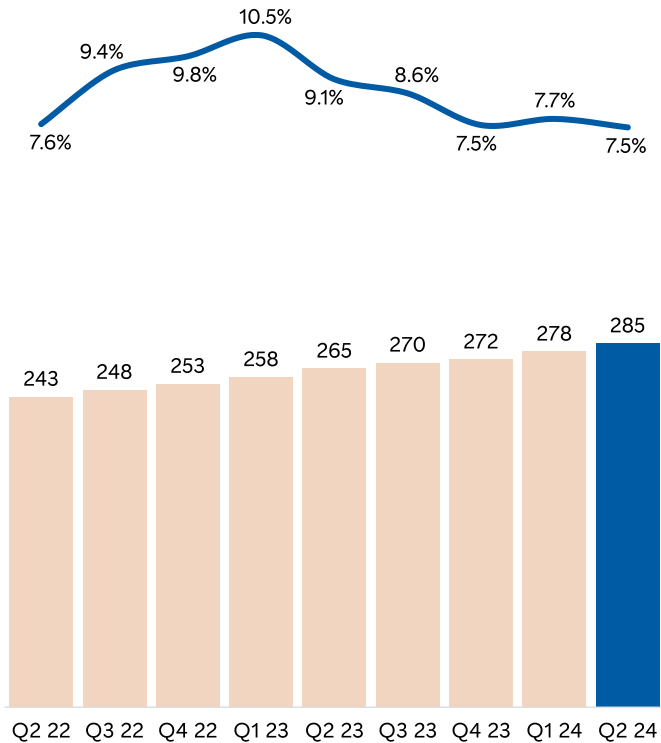
(MNOK)



# Group

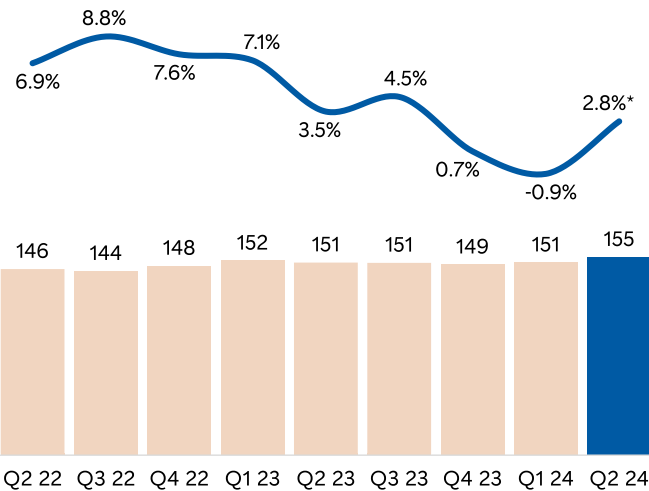
## Lending volume

Volume in NOK billion  
12 months growth %



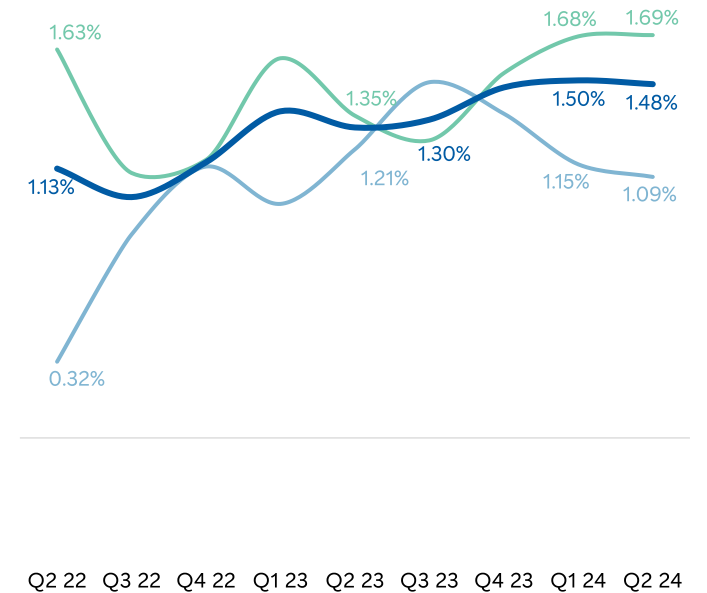
## Deposit volume

Volume in NOK billion  
12 months growth %



## Margins in customer-segments

Lending margin  
Deposit margin  
Combined

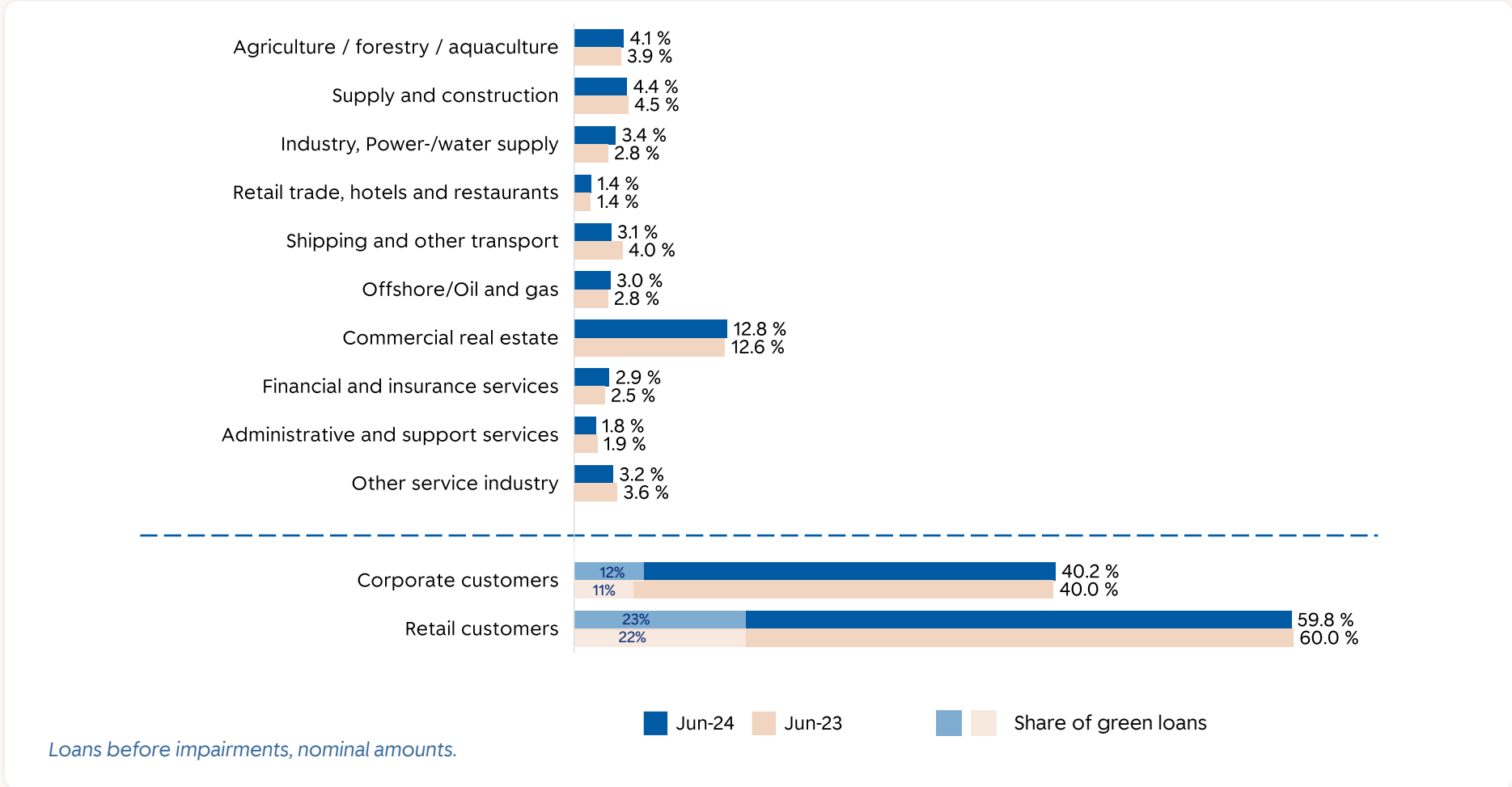


Definition margins: Average customer rate measured against money market rates.

\*The 12 months deposit growth excluding deposits from customers in the public sector is 5.1%.

# Well-diversified lending portfolio

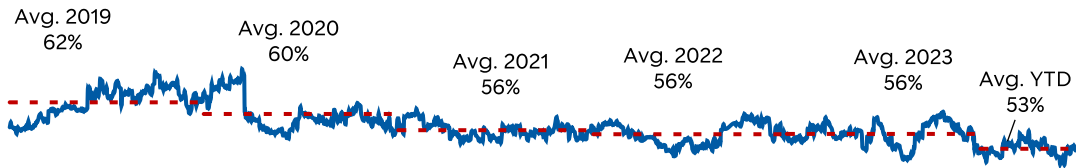
- Gross loans increased to NOK 285 billion from NOK 265 billion year over year
- Low offshore, oil and gas exposure
- Commercial real estate – low concentration risk and good credit quality



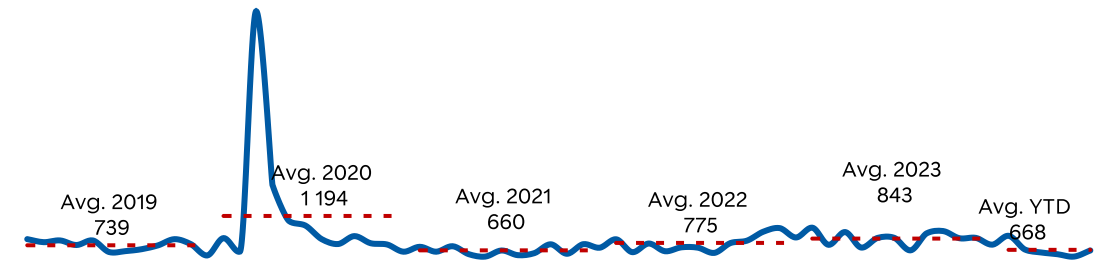
Industry distribution based on standard division from Statistics Norway (SSB).

# Early warning indicators: Our customers are doing well

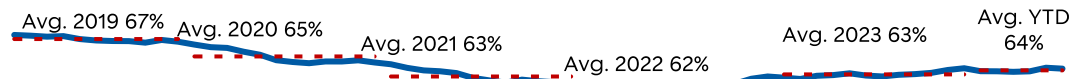
## Corporate market - Drawn amount on credit facilities



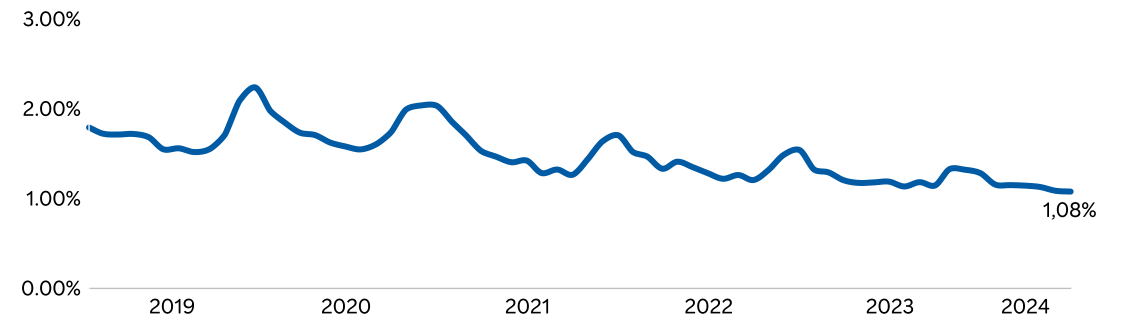
## Retail market – Avg. number of applications for interest-only per month



## Retail market – Drawn amount on interest only loans



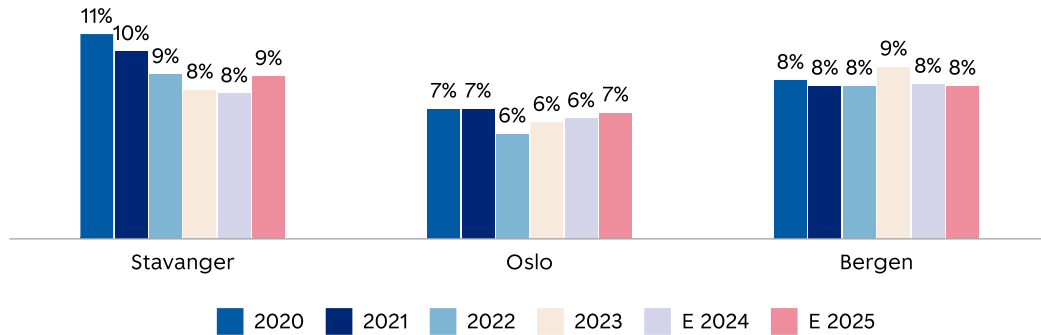
## Retail market – Share of exposure (EAD)\* with payment remarks



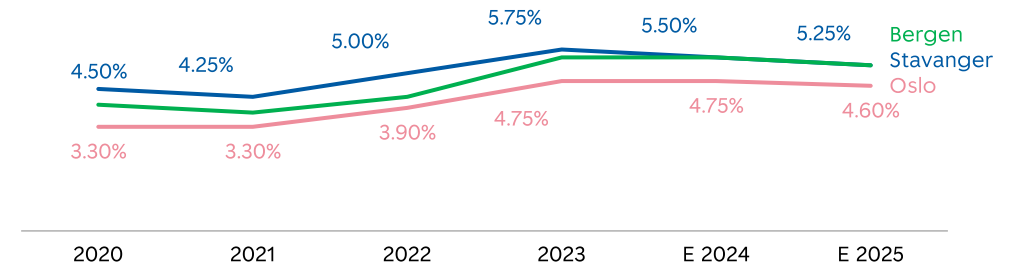
\*Proportion of Exposure of default that has payment notice externally/Bisnode.

# Market – Commercial real estate

## Office vacancy

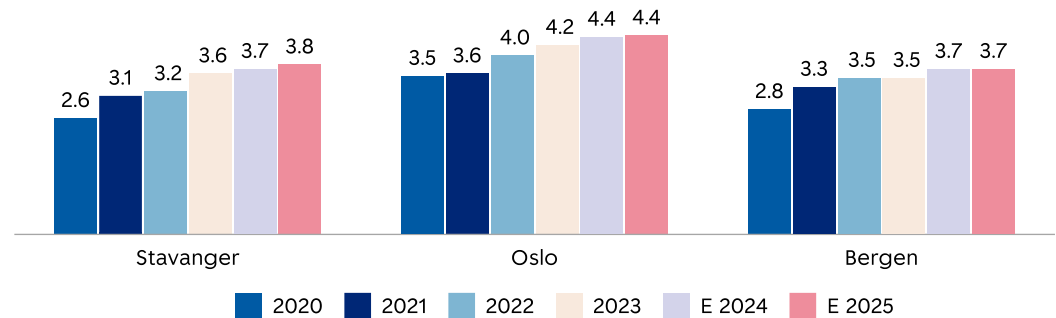


## Prime yield



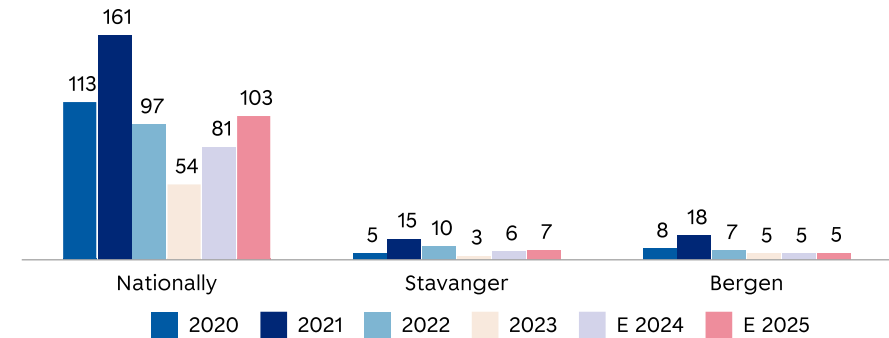
## Rental prices

(TNOK per sq.m)



## Transaction volume

(NOK billion)



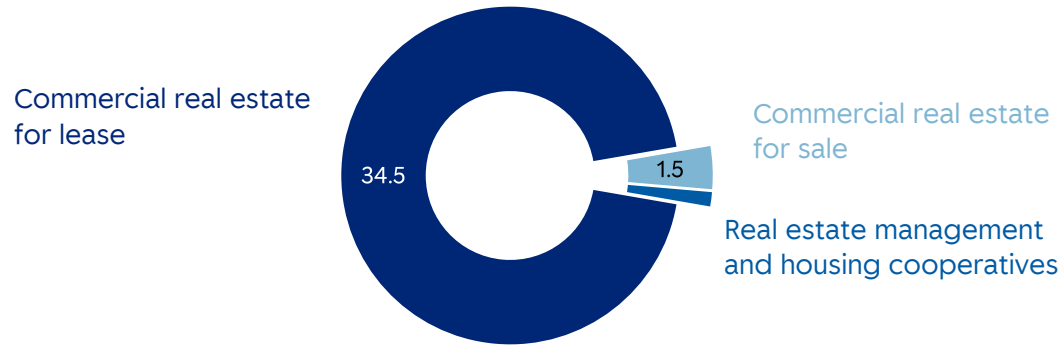
Source: Entra, WPS, og EM1 SR-Bank

# Lending to commercial real estate

12.8% (NOK 36 billion) of total lending volum is related to commercial real estate

## Commercial real estate portfolio

(NOK billion)

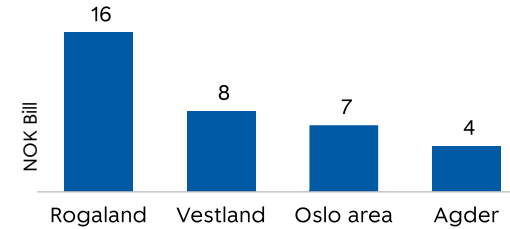


Lending volume for commercial real estate for lease is NOK 34.5 billion, 12.1% of the bank's total lending volume

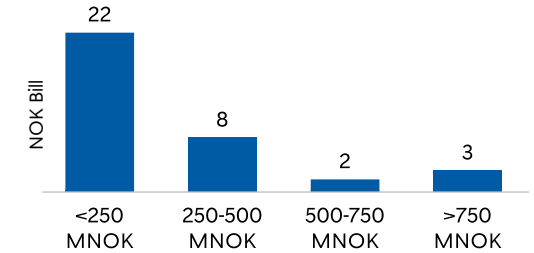
The portfolio is characterized by lending to commercial properties for lease with long-term contracts and financially solid tenants.

## Commercial real estate for lease

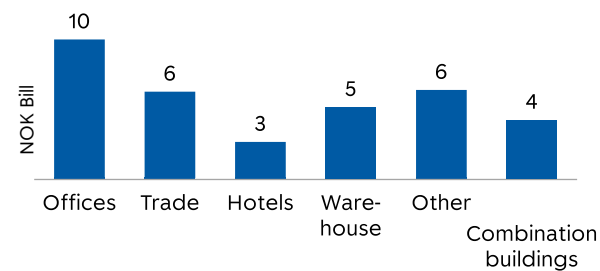
Well differentiated across regions



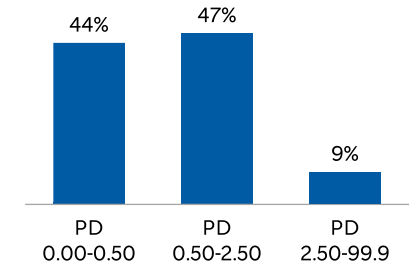
Low concentration risk



Differentiated segments



91% of volume has a PD under 2.5%

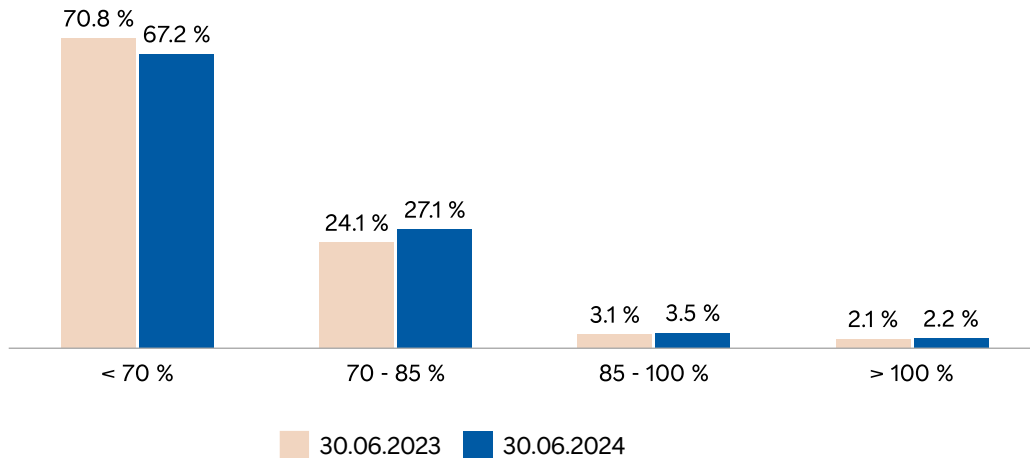




# Loan to value ratio and RWA on home mortgage loans

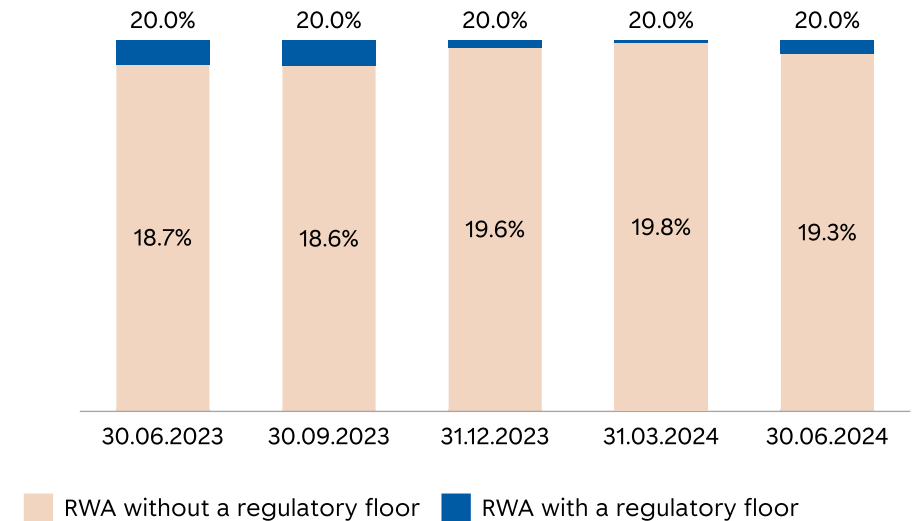
## Loan to value ratio on home mortgage loans

- 94.3% of the exposure is within 85% of the assessed value of collateral.



## Risk weight home mortgages

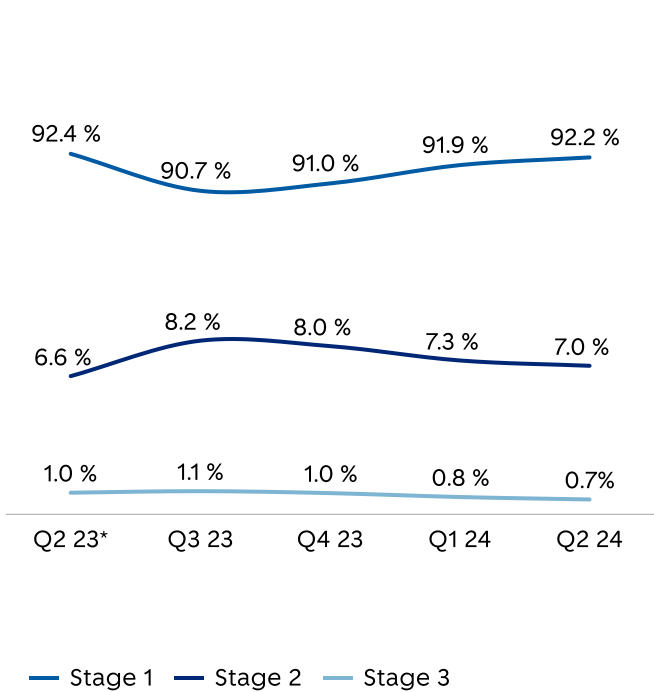
- RWA on home mortgages reflects a solid portfolio with a moderate loan-to-value ratio and low potential loss.
- Risk weights on home mortgage loans are subject to a regulatory floor of 20%.



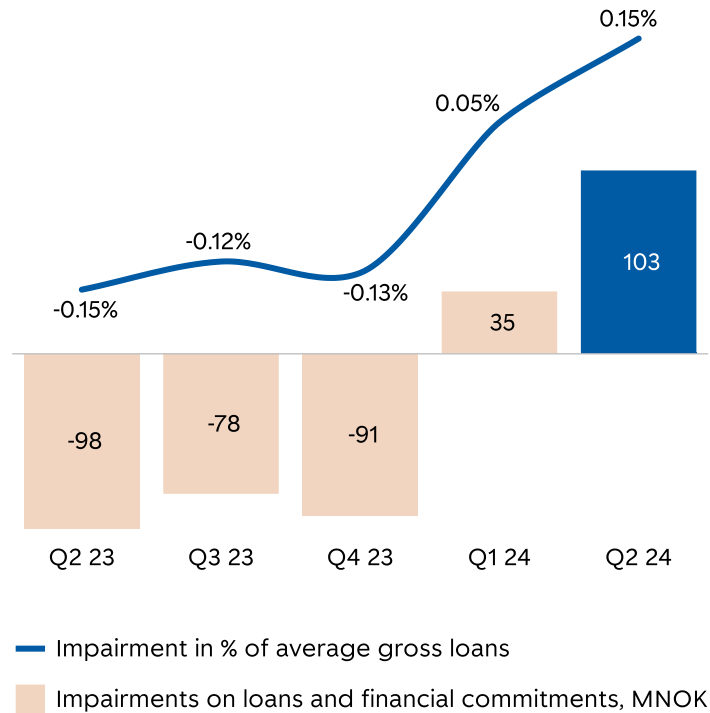
*In a total-distributed loan to value ratio, the entire loan is allocated to one and the same interval.  
Home mortgages as defined in the Norwegian IRB framework; the value of the residential property must be at least 30% of a loan's security.*

# Loans and financial commitments

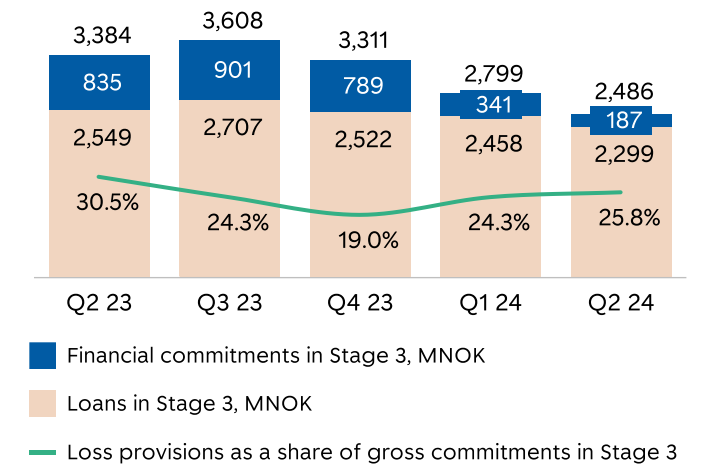
## Change in gross loans and financial commitments



## Impairments on loans and financial commitments



## Changes in gross loans and financial commitments defined as Stage 3



\*An upgraded model for calculating the provisions for expected losses on engagements that are not individually impaired was implemented in Q2 2023.

# Impairments on loans and financial commitments

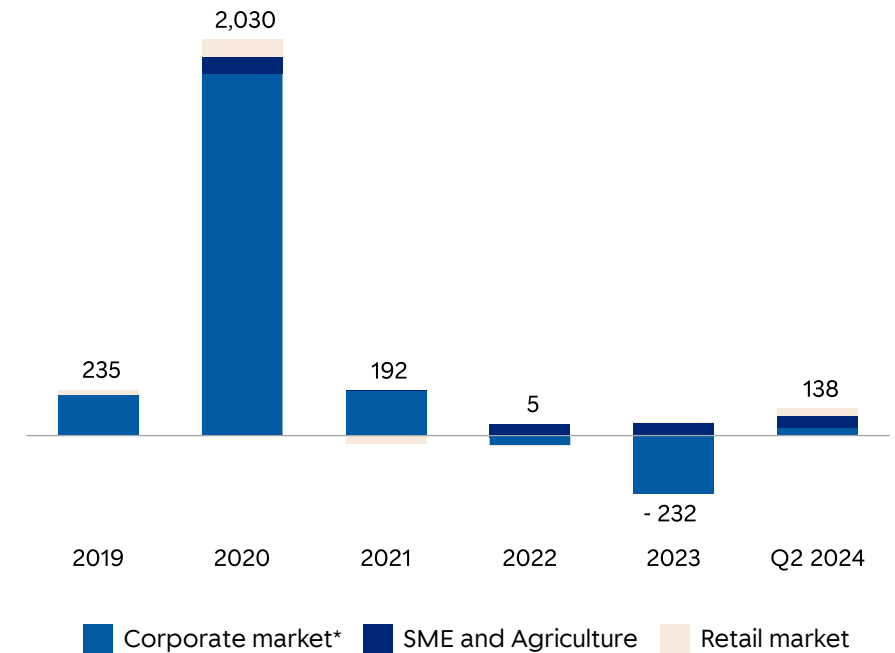
## Impairments on loans and financial commitments in the income statement (MNOK)

	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023
Corporate market	85	-43	-107	-121	-85
SME and Agriculture	-7	66	20	40	-15
Retail market	25	12	-3	3	2
<b>Total impairments</b>	<b>103</b>	<b>35</b>	<b>-91</b>	<b>-78</b>	<b>-98</b>

## Impairments on loans and financial commitments in the balance sheet (MNOK)

	30.06.2024	31.03.2024	31.12.2023	30.09.2023	30.06.2023
Corporate market	863	883	967	1,147	1,277
SME and Agriculture	294	327	261	264	235
Retail market	177	155	145	152	152
<b>Total impairments</b>	<b>1,335</b>	<b>1,364</b>	<b>1,373</b>	<b>1,563</b>	<b>1,664</b>

## Impairments on loans and financial commitments in the income statement (MNOK)

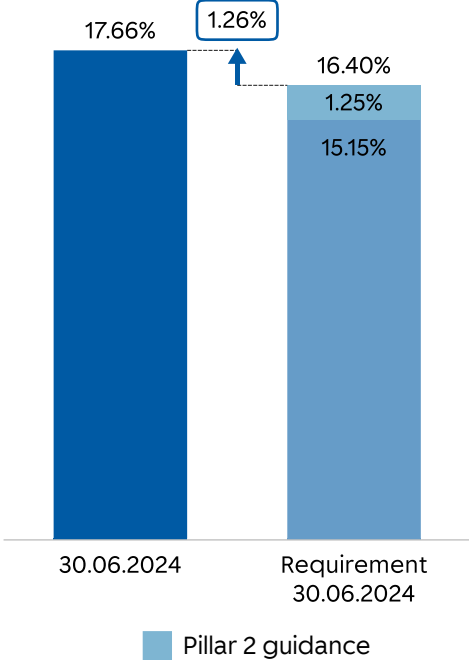


\*SME and Agriculture is included in the Corporate market division in 2019.

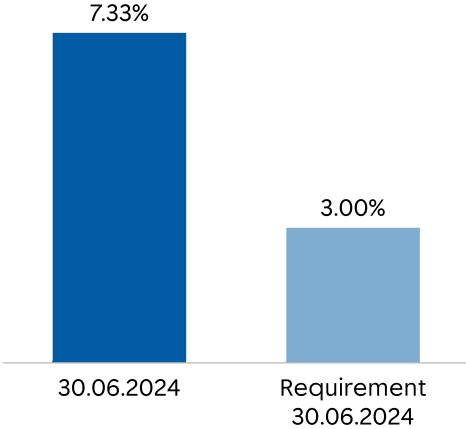
# Solid capital ratio

- The minimum requirement for the CET 1 capital ratio is 16.40% including a temporary Pillar 2 requirement of 0.28% and a Pillar 2 guidance requirement of 1.25%
- The leverage ratio is 7.33% as at 30 June 2024, well above the minimum requirement at 3.0%
- The Ministry of Finance has decided that SpareBank 1 SR-Bank ASA should be considered a systemically important financial institution (SIFI). This will result in an increased CET 1 requirement of 1.0 % to 17.40 % with effect from 30 September 2024.
- In connection with the approval from the Norwegian FSA of the merger between SpareBank 1 SR-Bank ASA and SpareBank 1 Sørøst-Norge, the merged bank (SpareBank 1 Sør-Norge ASA) received an increased Pillar 2-requirement to 1.9 %. The CET 1 requirement will then increase to 17.57% in the fourth quarter.

## CET 1 Capital ratio

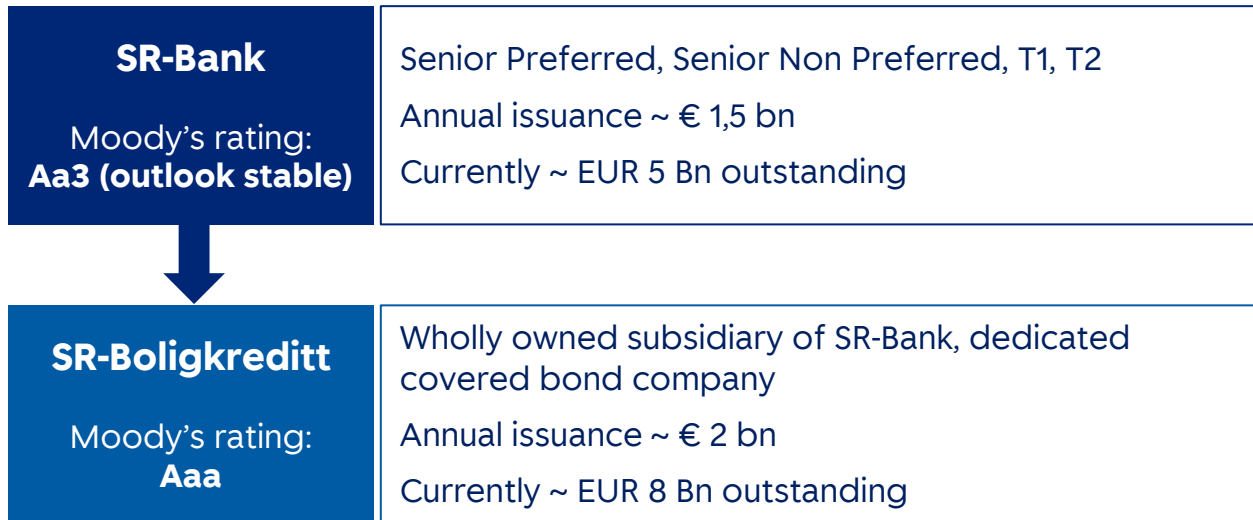


## Leverage ratio



# Funding

- LCR 204%, NSFR 136%
- NOK 19.1 billion net refinancing need over the next 12 months
- Deposit to loan ratio 54.4%
- MREL-requirement 36.6%, MREL-subordination requirement 29.7%
  - As of 30 June 2024, SR-Bank has issued NOK 17,1 billion in senior non-preferred. The requirement is approx. NOK 11 billion.



## EUR Benchmarks

	ISIN	Coupon	Amt	Issue date	Maturity	Rating	
Sr Pref	XS2534276808	2.875	500	20 Sep 2022	20 Sep 2025	Aa3	
Sr Pref	XS2406010285	0.375	500	9 Nov 2021	9 Nov 2026	Aa3	
Sr Pref	XS2579319513	3.75	1000	1 Jan 2023	23 Nov 2027	Aa3	
Sr Pref	XS2781419424	3.625	500	12 Mar 2024	12 Mar 2029	Aa3	
Sr Pref	XS2820438401	mar-09	500	14 May 2024	14 Nov 29	Aa3	
Sr Non Pref	XS2363982344	0.375	500	15 Jul 2023	15 Jul 2027	A3	
Sr Non Pref	XS2671251127	4.875	500	24 Aug 2023	24 Aug 2028	A3	
Cov Bond	XS1692489583	0.375	500	3 Oct 2017	3 Oct 2024	Aaa	
Cov Bond	XS1894534343	0.75	750	17 Oct 2018	17 Oct 2025	Aaa	
Cov Bond	XS2063288190	0.01	500	8 Oct 2019	8 Oct 2026	Aaa	
Cov Bond	XS2194373077	0.01	750	26 Jun 2020	26 Jun 2027	Aaa	
Cov Bond	XS2524675050	1.625	1000	15 Mar 2021	15 Mar 2028	Aaa	
Cov Bond	XS2384580218	0.01	500	8 Sep 2021	8 Sep 2028	Aaa	
Cov Bond	XS2464091029	1.00	750	1 Apr 2022	1 Apr 2029	Aaa	
Cov Bond	XS2124046678	0.01	500	25 Feb 2020	25 Feb 2030	Aaa	
Cov Bond	XS2312584779	0.01	1000	10 Mar 2021	10 Mar 2031	Aaa	
Cov Bond	XS2768185030	3.125	500	19 Feb 2024	19 Feb 2032	Aaa	

**1**

**SR-Bank**

**2**

**SR-Boligkreditt**

**3**

**Norwegian economy**

**4**

**Sustainability and Green Bond framework**

**5**

**Appendix**

# Overview SR-Boligkreditt



- SR-Boligkreditt is a wholly owned subsidiary of SR-Bank and a dedicated covered bond company. Its objective is to purchase mortgages and to finance these by issuing covered bonds (European Covered Bond Premium).
- Loans are transferred to SR-Boligkreditt as true sale on a non-recourse basis.
- **Rated Aaa by Moody's**
  - Cover Bond anchor: SR-Boligkreditt issuer rating of Aa3
  - CR assessment: Aa3, TPI leeway of 4 notches
  - Minimum OC-requirement 0.0%
  - 5.0% minimum level of over-collateralization in SR-Boligkreditt's Covered Bond Programme\*
- SR-Boligkreditt has implemented the common Harmonised Transparency Template of the European Covered Bond Council which is available on website: [www.sr-bank.no/sr-boligkreditt](http://www.sr-bank.no/sr-boligkreditt)

\* Changes in "Finansforetaksloven" and "Finansforetaksforskriften", with effect from 8 July 2022. Statutory minimum OC-level set to 5.0% for European Covered Bonds Premium.

# Eligibility criteria



Type of properties	<ul style="list-style-type: none"><li>• Primary residential property in Norway (including detached houses, terraced houses, apartments and cooperative housing units)</li><li>• The mortgage property shall not be "buy-to-let" (mortgages to individuals owning more than 3 properties)</li></ul>
Collateral	<ul style="list-style-type: none"><li>• LTV-limits at time of transfer:<ul style="list-style-type: none"><li>- Max 80% LTV for amortising loans secured on residential properties</li><li>- Max 60% LTV for flexible loans/revolving credits</li><li>- Max 60% LTV for loans secured on holiday homes</li></ul></li><li>• The valuation of the mortgage property must be no less than 36 months old and carried out by an independent third party</li><li>• Quarterly valuation of the mortgages in the pool from an independent source</li></ul>
Credit criteria	<ul style="list-style-type: none"><li>• No adverse credit history the previous year</li><li>• Probability of default max 2.5%</li></ul>
Type of products	<ul style="list-style-type: none"><li>• Amortising loans (straight line or annuity)</li><li>• Non-amortising loans (flexible loans/revolving credits)</li></ul>

*\* Changes in "Finansforetaksloven" and "Finansforetaksforskriften", regulation European Covered Bonds Premium, with effect from 8 July 2022.*



# Cover pool characteristics

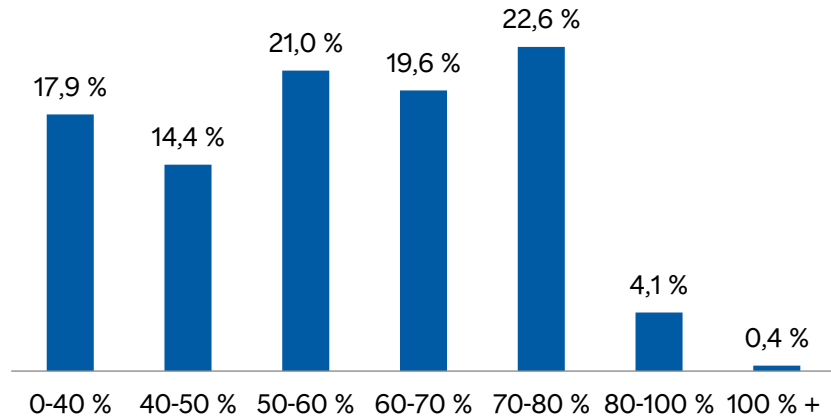


<b>Assets/status</b>	<ul style="list-style-type: none"><li>• 100 % mortgages on Norwegian private residential properties</li><li>• 100 % performing loans</li></ul>
<b>Cover pool</b>	<ul style="list-style-type: none"><li>• NOK 110.5 bn: Residential mortgages 108,0 (97.8%), Substitute assets 2.5 bn (2.2%)</li></ul>
<b>Mortgages and rate</b>	<ul style="list-style-type: none"><li>• 52,430 loans at a weighted average interest rate of 5.7%</li></ul>
<b>Average loan balance</b>	<ul style="list-style-type: none"><li>• 2 063 111</li></ul>
<b>Weighted average original LTV</b>	<ul style="list-style-type: none"><li>• 63.4%</li></ul>
<b>Weighted average current LTV</b>	<ul style="list-style-type: none"><li>• 57.3%</li></ul>
<b>Weighted average seasoning</b>	<ul style="list-style-type: none"><li>• 7.3 years</li></ul>
<b>Weighted average life</b>	<ul style="list-style-type: none"><li>• 17.6 years</li></ul>
<b>Principal payment frequency</b>	<ul style="list-style-type: none"><li>• Amortising 78,2 %, non-amortising 21,8 %</li></ul>
<b>Rate type</b>	<ul style="list-style-type: none"><li>• 100 % variable rate</li></ul>
<b>OC-level</b>	<ul style="list-style-type: none"><li>• 18.3%</li></ul>
<b>OC-level if house prices drop 20 %</b>	<ul style="list-style-type: none"><li>• 12.8%</li></ul>

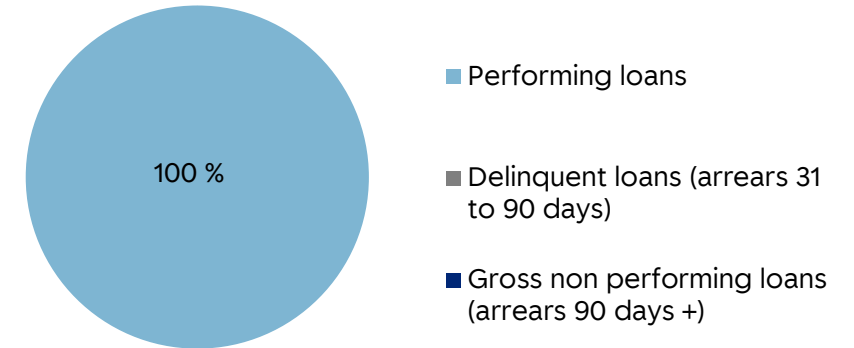
# Cover pool characteristics



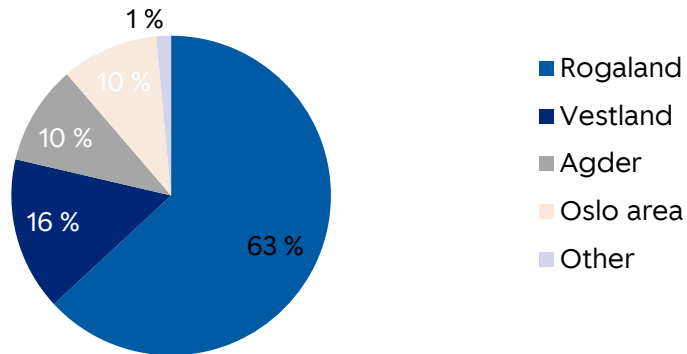
## Current LTV



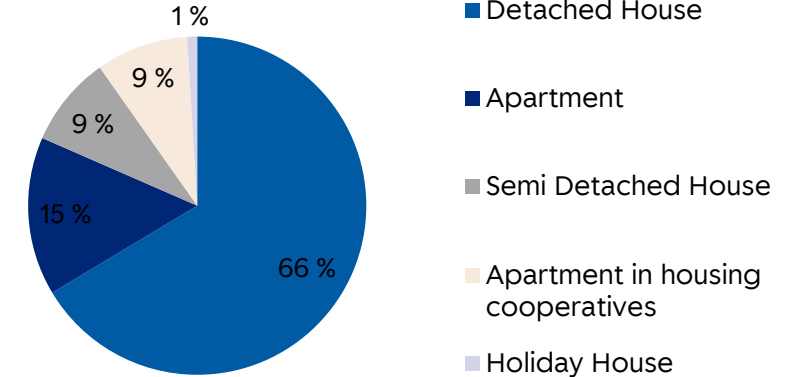
## Loan performance



## Geography



## Property type



**1**

**SR-Bank**

**2**

**SR-Boligkreditt**

**3**

**Norwegian economy**

**4**

**Sustainability and Green Bond framework**

**5**

**Appendix**

# Key economic indicators

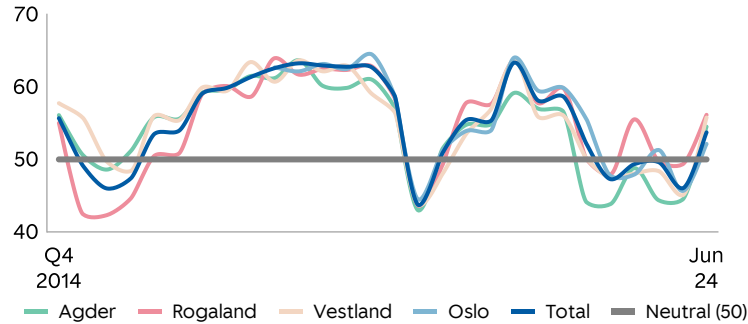
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024P	2025P	2026P	2027P
GDP mainland, annual change (%)	2.3	2.2	1.4	0.9	2.0	1.9	2.3	-2.8	4.5	3.7	0.7	0.5	2.4	2.9	2.9
Household consumption, annual change (%)	2.8	2.1	2.7	1.1	2.2	1.4	1.0	-6.2	5.1	6.2	-0.8	0.2	2.7	3.8	3.8
Public consumption, annual change (%)	1.0	2.7	2.4	2.3	1.9	0.6	1.1	-0.5	3.6	1.1	3.4	2.2	1.8	1.9	2.4
Investment mainland, annual change (%)	2.9	0.4	-0.2	9.0	6.8	1.5	6.3	-3.1	1.6	7.6	-1.2	-6.7	1.9	4.6	3.9
Investment public sector, annual change (%)	11.8	4.5	0.2	6.4	2.6	8.1	7.5	-1.1	-2.5	1.3	3.0	3.2	4.0	4.1	3.9
Investment offshore oil and gas, annual change (%)	19.0	-1.8	-12.2	-16.0	-5.4	0.7	14.3	-3.3	-0.9	-7.1	10.6	10.0	-2.0	-4.0	-2.1
Housing prices, annual change (%)	4.0	2.7	6.1	7.0	5.0	1.4	2.5	4.3	10.5	5.2	-0.5	2.6	3.7	3.7	3.6
Oil price, USD/bbl	109	100	53	45	55	72	64	43	71	99	82	81	78	75	73
Inflation rate (CPI) %	2.1	2.0	2.1	3.6	1.8	2.7	2.2	1.3	3.5	5.8	5.5	3.8	3.0	2.3	2.1
Mortgage rate %	4.0	3.9	3.2	2.6	2.6	2.7	3.0	2.6	2.1	2.9	5.0	6.0	5.6	5.0	4.8
Household savings ratio	7.2	7.7	9.8	6.9	6.6	5.9	7.1	12.9	13.8	4.9	4.1	5.7	7.0	7.2	6.7
Unemployment rate (registered at labour office)*	2.7	2.7	3.0	3.0	2.7	2.5	2.3	4.9	3.1	1.8	1.8	2.0	2.2	2.3	2.3
HH sector real disposable income, annual change (%)	4.0	2.3	5.4	-1.6	2.0	0.9	2.0	1.1	4.1	-3.3	-2.5	2.2	4.0	4.2	3.2
Current account surplus, share of GDP (%)	10.3	10.8	8.0	4.5	5.5	9.0	3.8	1.1	14.9	30.2	17.9	15.9	17.1	14.8	12.5
Sovereign Wealth Fund, share of GDP-mainland (%). Actual*	190	230	270	270	290	290	310	350	360	340	400	440			

Sources: Statistics Norway and Norges Bank  
Norges Bank 14 June 2024 & Statistics Norway 20 June 2024.

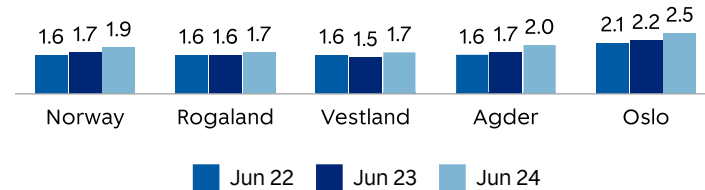
# Macro in Southern Norway

## SpareBank 1 SR-Bank's business survey

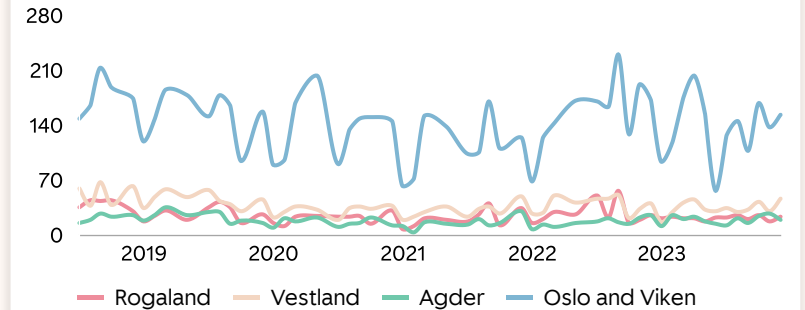
Main index of 54 per cent as of the 2 quarter of 2024



## Unemployment rate

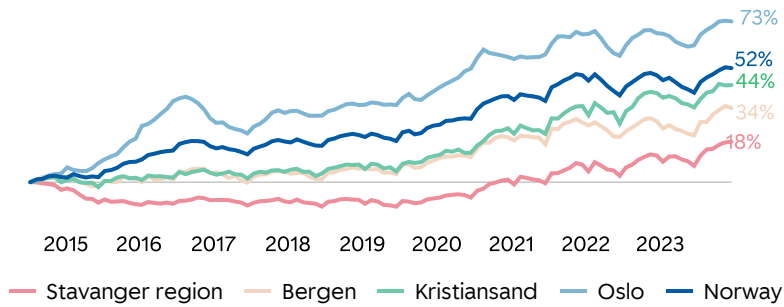


## Number of bankruptcies

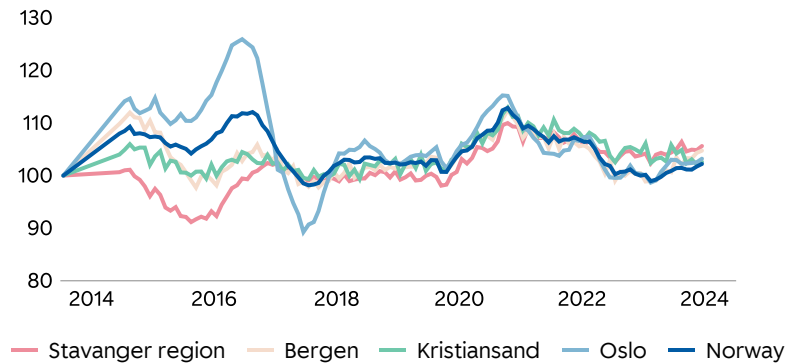


## House price development

Norwegian house prices have increased by 2.2 % the last 12 months

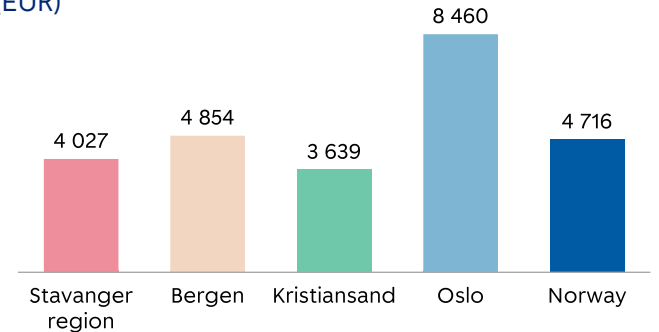


## Index change 12 month (%)



## Prices by city per square meter

(EUR)



Sources: Eiendom Norge, Eiendomsverdi, NAV, Brønnøysundregisteret, SP1 SR-Bank Business survey.

- 1** **SR-Bank**
- 2** **SR-Boligkreditt**
- 3** **Norwegian economy**
- 4** **Sustainability and Green Bond framework**
- 5** **Appendix**

# Sustainability goals for SpareBank 1 SR-Bank

– a proactive ally for our customers in the transition to a sustainable society.

## Emission reduction

- **Climate-neutral** group from 2022
- **Net zero emissions** by 2050 for our financing and investment activities

## Transition

- Financing and facilitation of **50 billion in sustainable activities** by 2030
- Financing of **15 billion in green property** by 2025
- Facilitate **new jobs** through entrepreneurship and innovation

## Equality and diversity

- **Gender balance** (40/60) at all management levels and heavier professional positions in the group by 2025
- **Equal pay** between genders - equal pay for equal work
- Through our counseling, products and services, we will **strengthen economic equality**

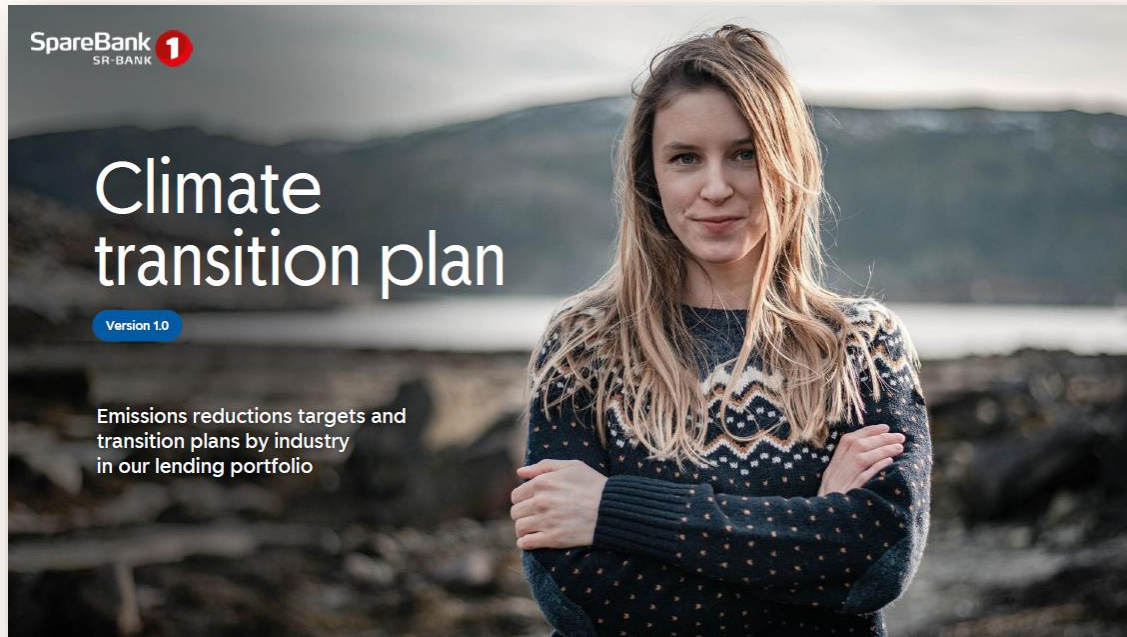
## Combat economic crime

- Have **zero tolerance** for all forms of economic crime
- **Uphold human rights** by contributing to transparency in supply chains
- Characterized by **high ethical standards**

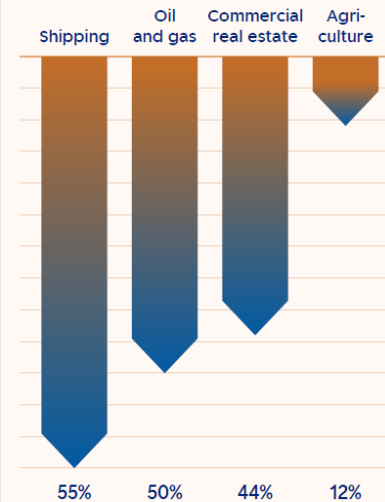
# Climate Transition Plan

The first climate transition plan of SpareBank 1 SR-Bank launched in Q1-2024 ([link](#))

The plan includes industry targets and trajectories for commercial real estate, shipping, oil and gas and agriculture



## Overview of our interim targets for 2030



Industry	Target 2030	Target scenario
Shipping	55-65% from 2008-level*	Poseidon Principles
Oil and gas	50% from 2005-level	Offshore Norge
Commercial real estate	44% from 2021-level **	CREEM
Agriculture	11,5% from 2020-level	Landbrukets klimaavtale

For details for each industry, see further back in the plan.

- The minimum of the pathway is 55% and ambition in line with 1.5C is 65%
- \*\*There are different goals according to building category, here are the goals for office property specifically



# Lending volume and financing sustainable activities

## Sustainable lending volume is 18.2% of total lending volume



### Retail market

- Green residential buildings
- Green car loans

### Corporate market

- Green commercial buildings
- Clean transportation
- Renewable energy
- Waste management
- Sustainability-linked lending

## Target: Finance NOK 50 billion in sustainable activities by the end of 2030



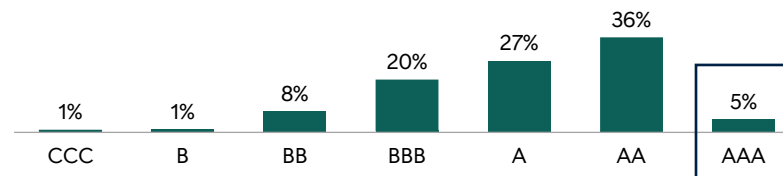
### Sustainable activities

- Green residential mortgages (EPC A and B green products)
- Green car loans
- Green corporate lending
- Sustainability-linked lending

## SpareBank 1 SR-Bank among top 5% with AAA rating



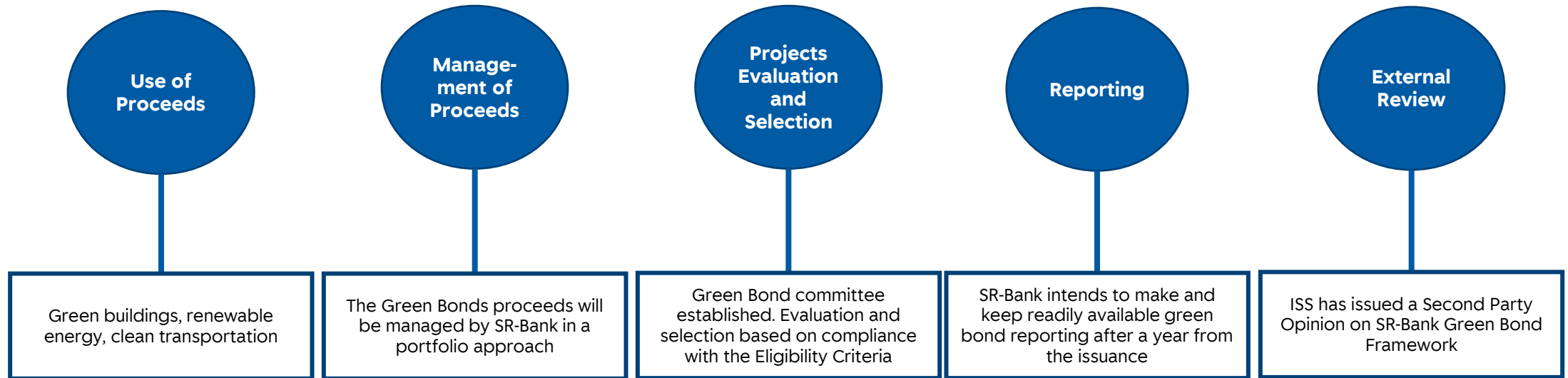
MSCI has upgraded SpareBank 1 SR-Bank's ESG rating from AA to AAA.



(MSCI ACWI Index constituents, Banks, n=201)

Sustainable lending and activities according to the internal sustainable product framework

# Green Bond Framework Highlights



- ✓ Aligned with the ICMA Green Bond Principles
- ✓ Contribution to the EU Environmental Objectives & UN Sustainable Development Goals
- ✓ EU Taxonomy Assessment performed by ISS-ESG – 67% Alignment



**1**

**SR-Bank**

**2**

**SR-Boligkreditt**

**3**

**Norwegian economy**

**4**

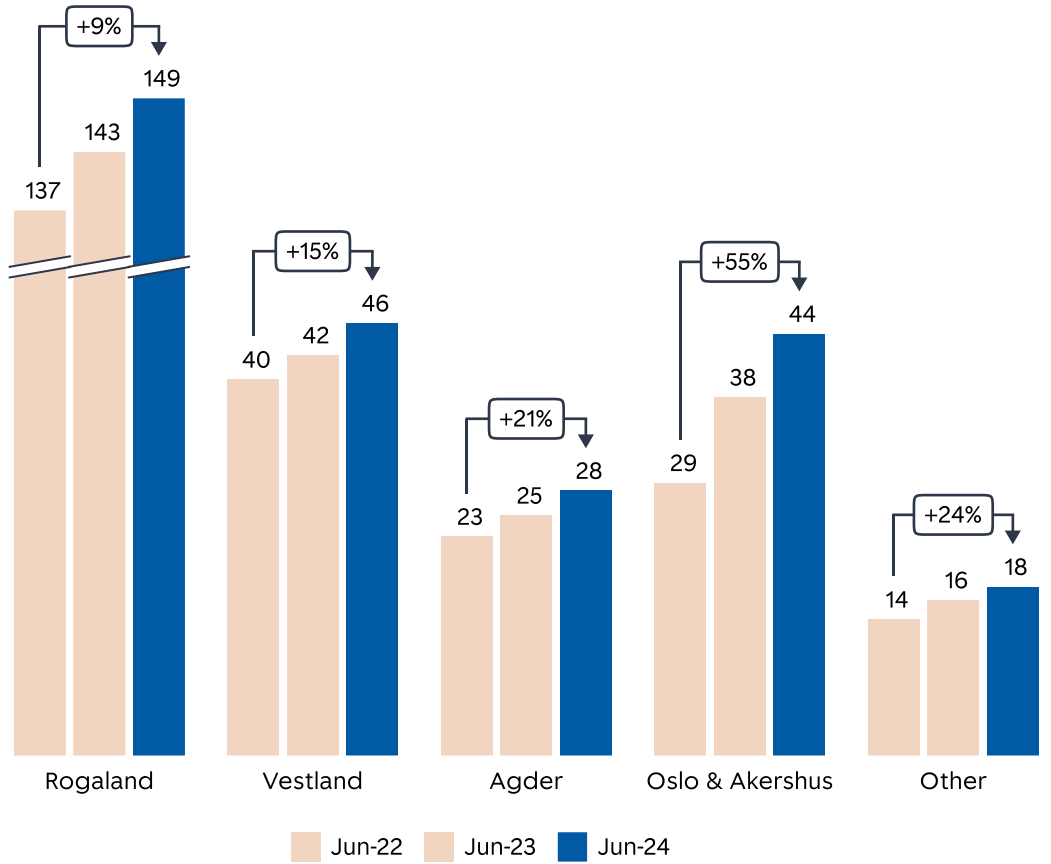
**Sustainability and Green Bond framework**

**5**

**Appendix**

# Finance group for South of Norway

Lending volume in NOK billion

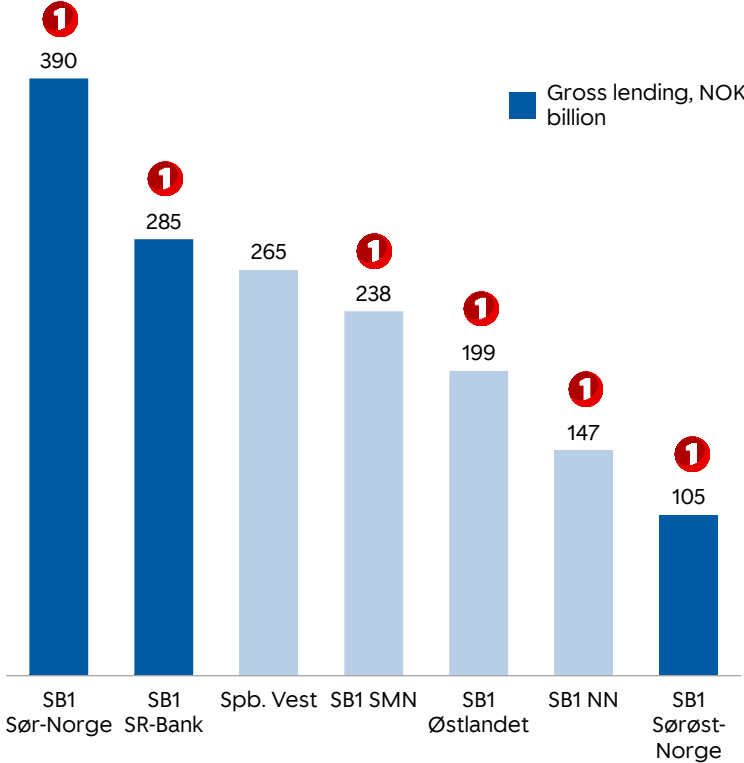


# SpareBank 1 Sør-Norge

We solidify our position as Norway's **largest** savings bank and the second-largest Norwegian owned bank.

We become a **powerful** player with our headquarters located outside the capital.

## Norway's largest savings bank



## Covering the south of Norway



Source: Gross loans to customers, including credit institutions, as of 1Q24 from the company's quarterly reports

# A strong challenger in the Norwegian banking market

The integration of SpareBank 1 Sør-Norge is proceeding as planned



**Planning the integration**

*March – October 2024*



**Approval received from  
The Norwegian  
Competition Authority**

*17 April 2024*



**Approval received from  
The Norwegian FSA and  
Ministry of Finance**

*June 2024*



**Day 1 of the  
merger**

*1 October 2024*

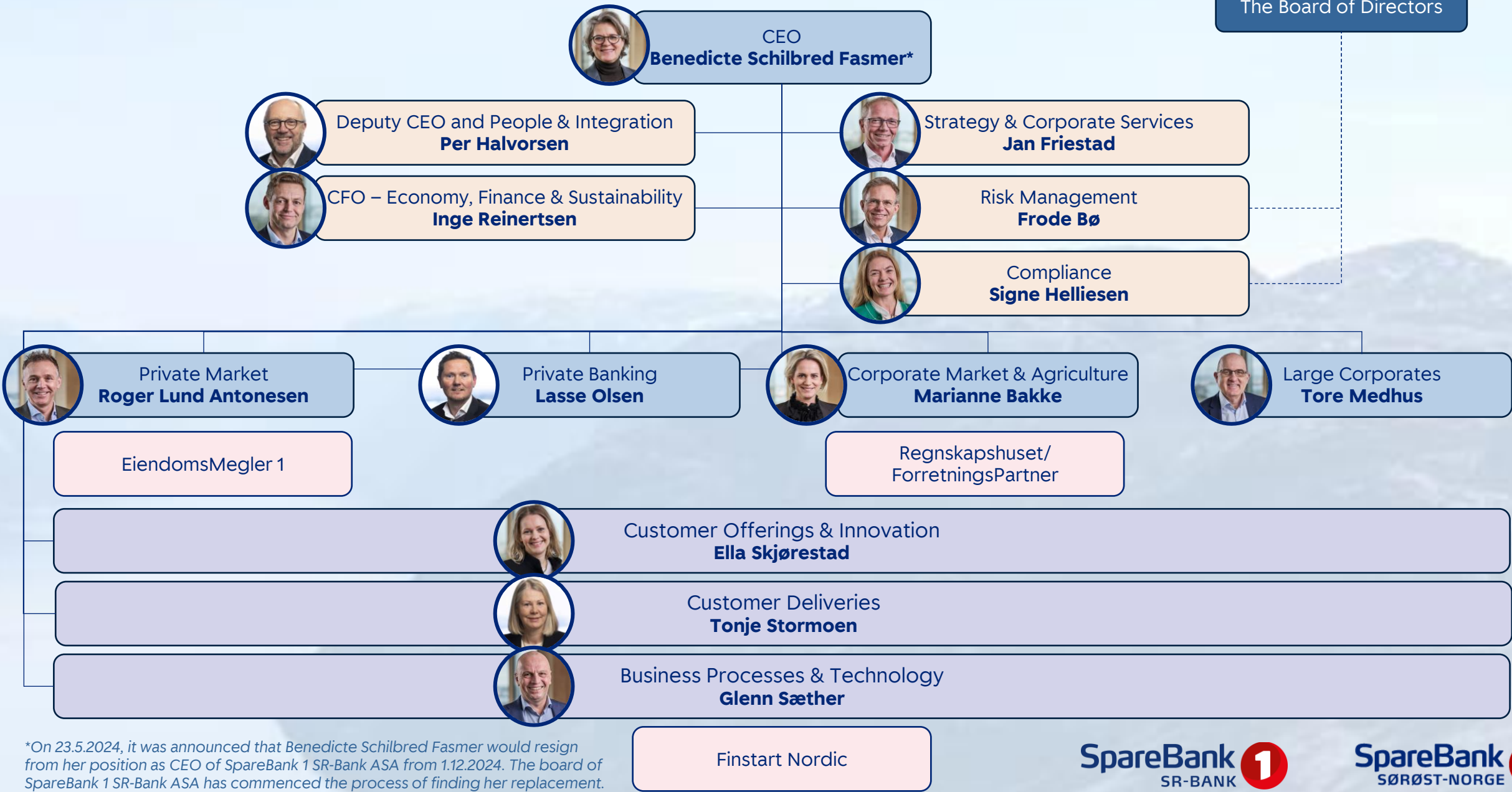


**Fully integrated**

*Medio 2025*

# The Executive Management Team of SpareBank 1 Sør-Norge

The Board of Directors



\*On 23.5.2024, it was announced that Benedicte Schilbred Fasmer would resign from her position as CEO of SpareBank 1 SR-Bank ASA from 1.12.2024. The board of SpareBank 1 SR-Bank ASA has commenced the process of finding her replacement.

# Good underlying operations, increased income and high lending growth in Q2

ROE  
**14.6%**

12 mth lending growth  
**7.5%**

Cost to income ratio  
**34.9%**

CET 1 capital ratio  
**17.7%**

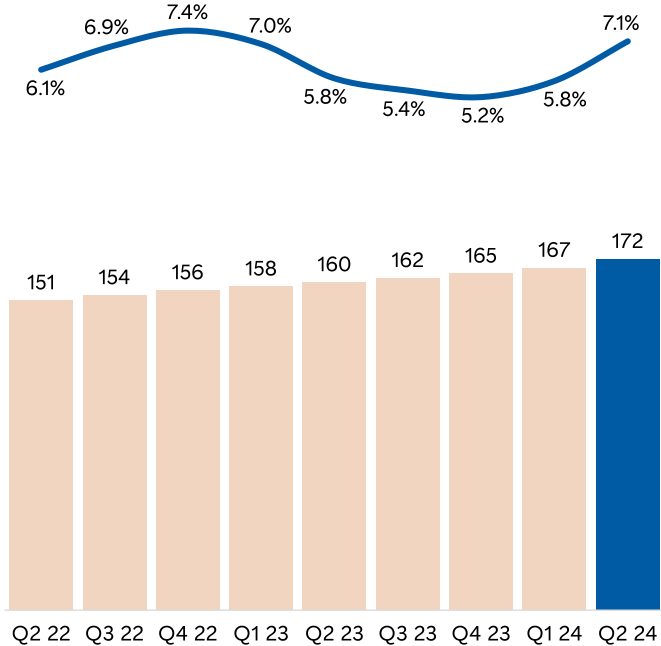
- **ROE** well above financial target of 13 %
- **Stable high net interest income** as a result of strong lending growth
- **Low losses** of 0,15 % of gross lending
- **High lending growth** despite moderate credit growth in Norwegian households and businesses. The bank's lending growth in the quarter was 2.3% and 2.6% for the retail market.
- **Cost to income ratio** well below target of 40%, despite high activity and strategic investments
- **Solid Capital ratio** CET 1 capital ratio above requirements as of 30 September including SIFI-buffer of 1,0 percentage-points.
- **Well-diversified portfolio** and positioned for further growth in Southern Norway



# Retail market

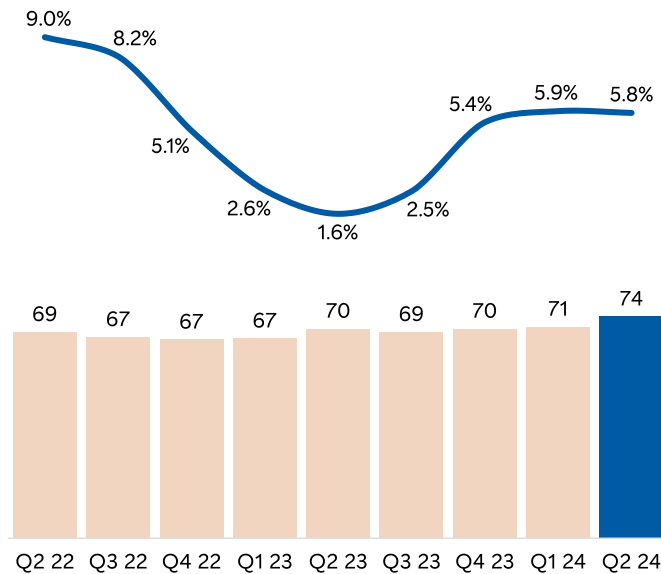
## Lending volume\*

Volume in NOK billion  
12 months growth %



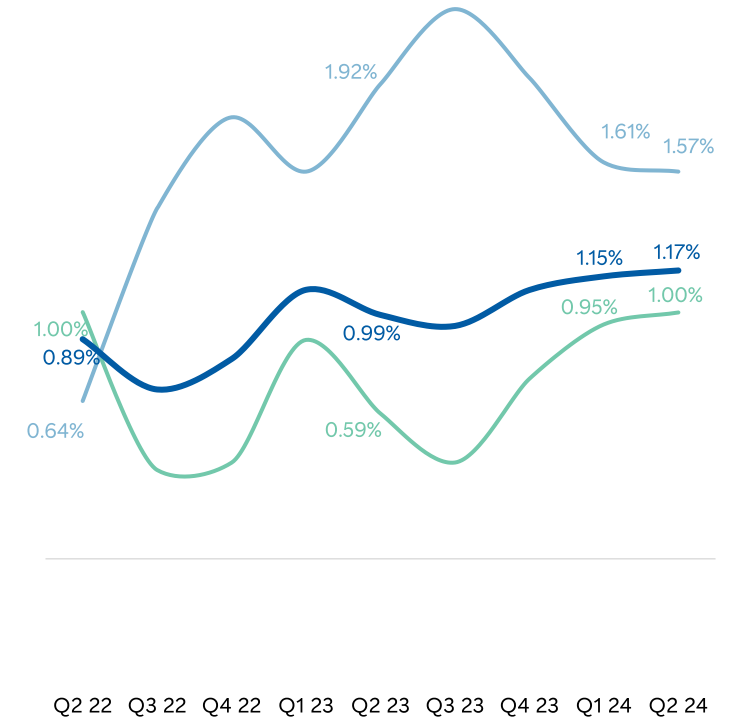
## Deposit volume

Volume in NOK billion  
12 months growth %



## Margins

Lending margin  
Deposit margin  
Combined

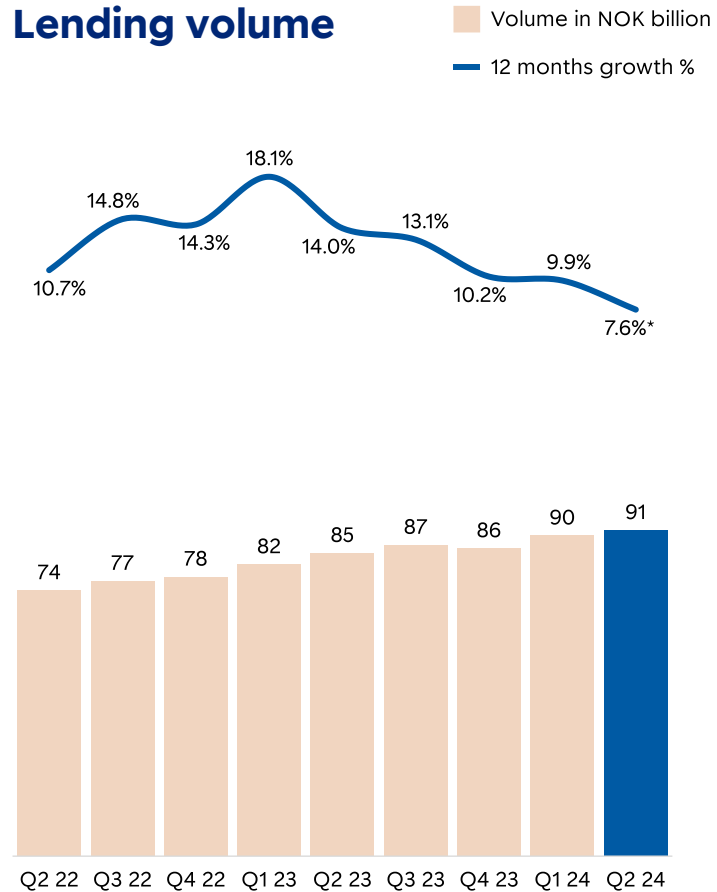


Definition margins: Average customer rate measured against money market rates.

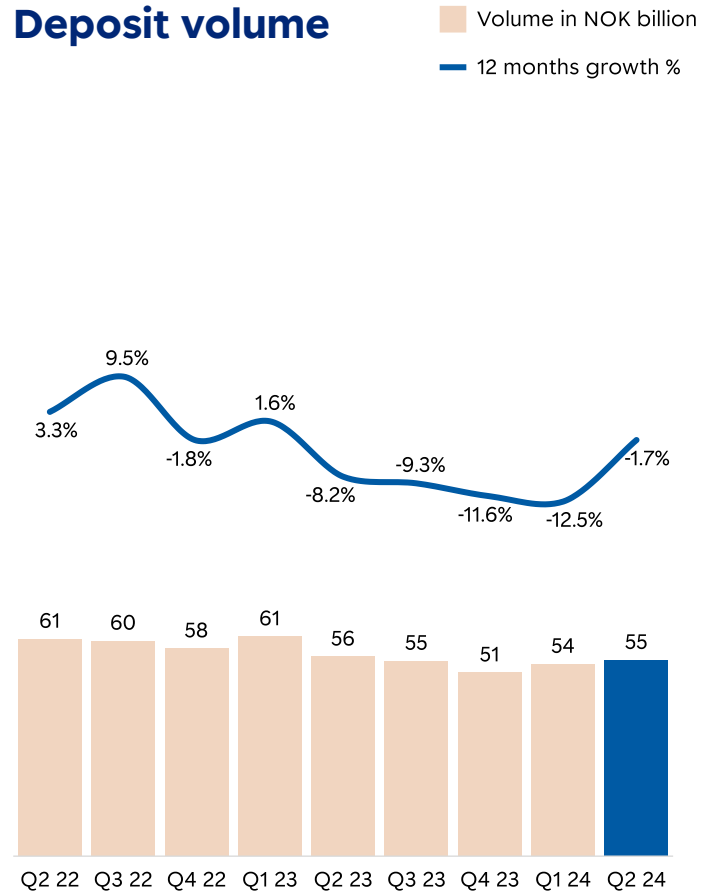
\*Including loans to employees.

# Corporate market

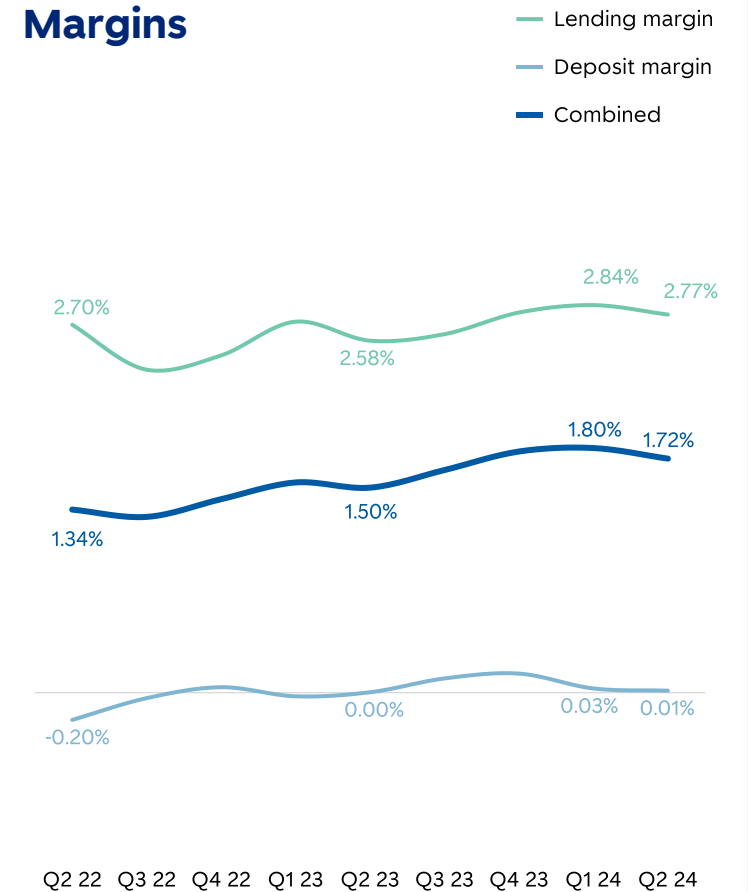
## Lending volume



## Deposit volume



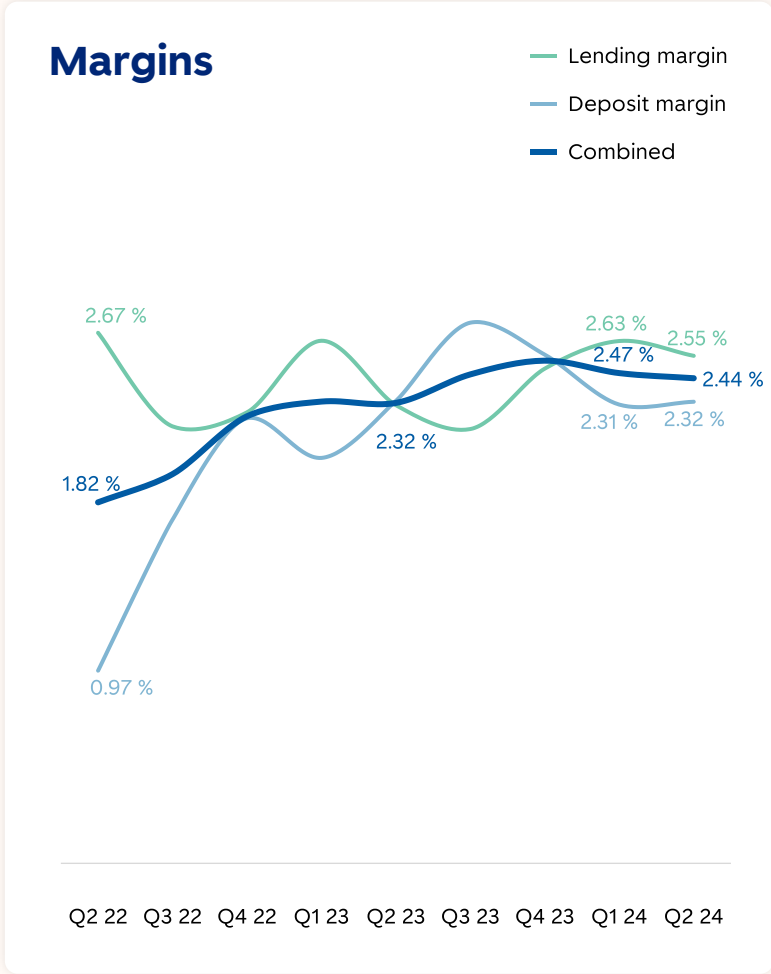
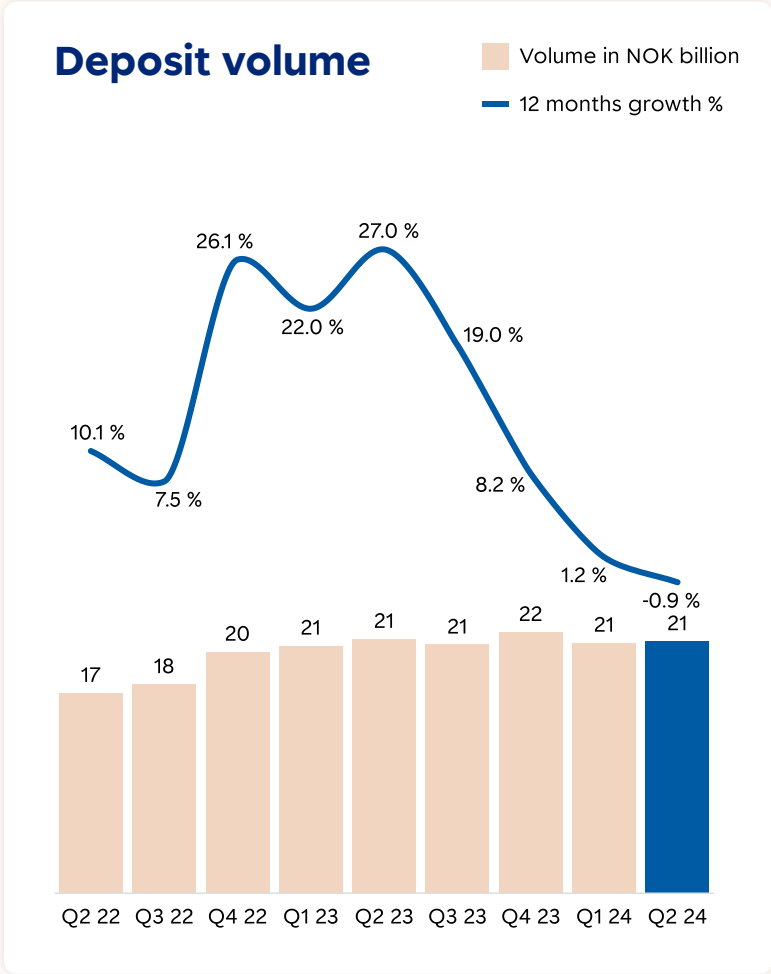
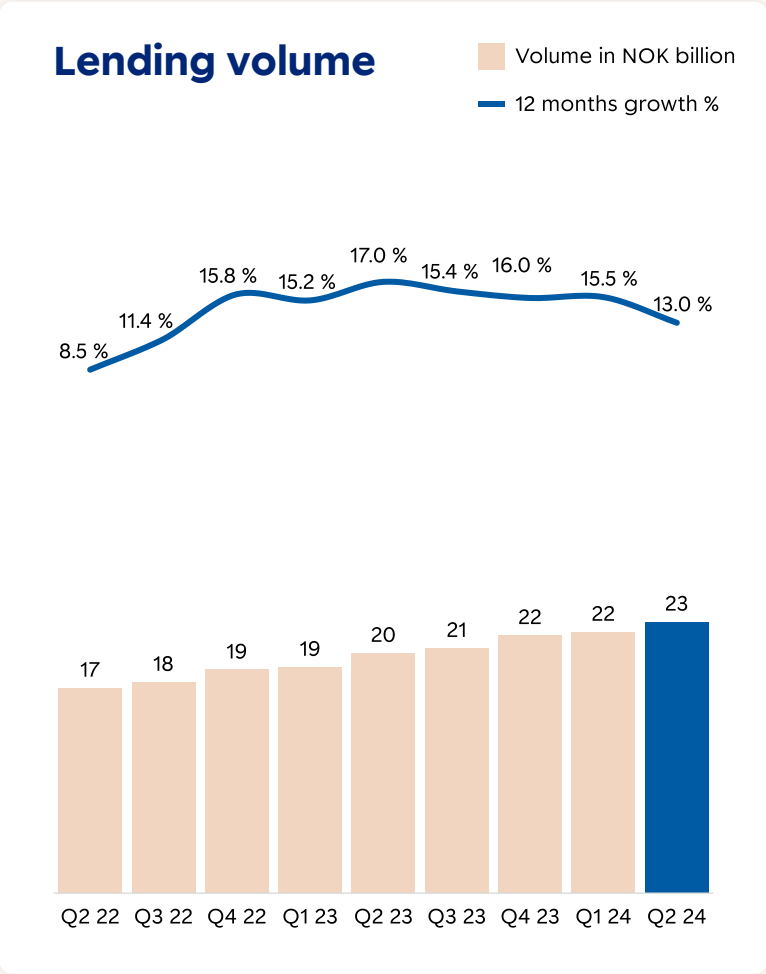
## Margins



Definition margins: Average customer rate measured against money market rates.

\*12 months lending growth in Corporate market excluding currency effect is 7.7%.

# SME and Agriculture



Definition margins: Average customer rate measured against money market rates.

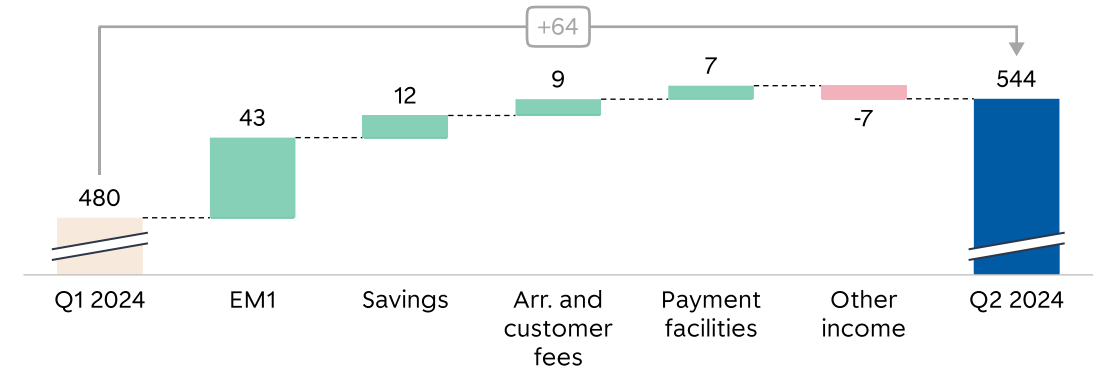
# Net commission and other income

## Net commission and other income

MNOK	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023
Payment facilities	88	81	105	96	82
Savings/placements	47	35	36	35	49
Insurance products	65	64	61	66	64
Commission income EiendomsMegler 1	134	91	89	92	120
Guarantee commission	24	30	30	28	29
Arrangement- and customer fees	63	54	48	88	64
Commission income ForretningsPartner	116	114	102	82	108
Other	6	10	-5	8	7
<b>Net commission and other income</b>	<b>544</b>	<b>480</b>	<b>465</b>	<b>496</b>	<b>522</b>

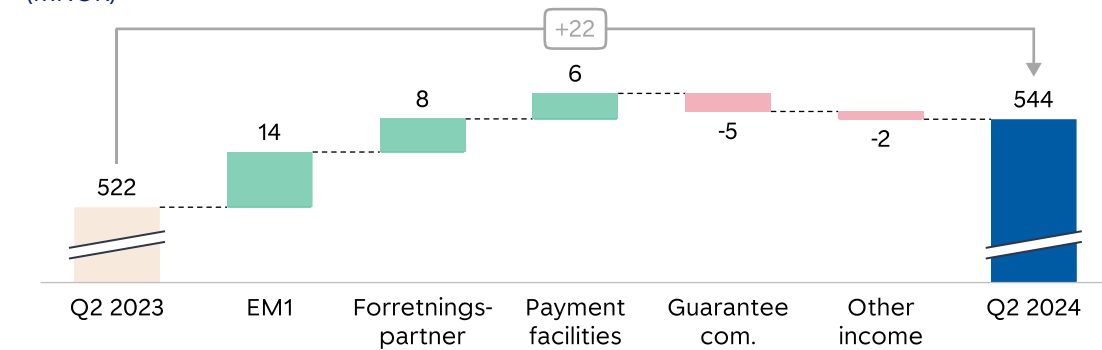
## Change from previous quarter

(MNOK)



## Change from Q1 2023

(MNOK)



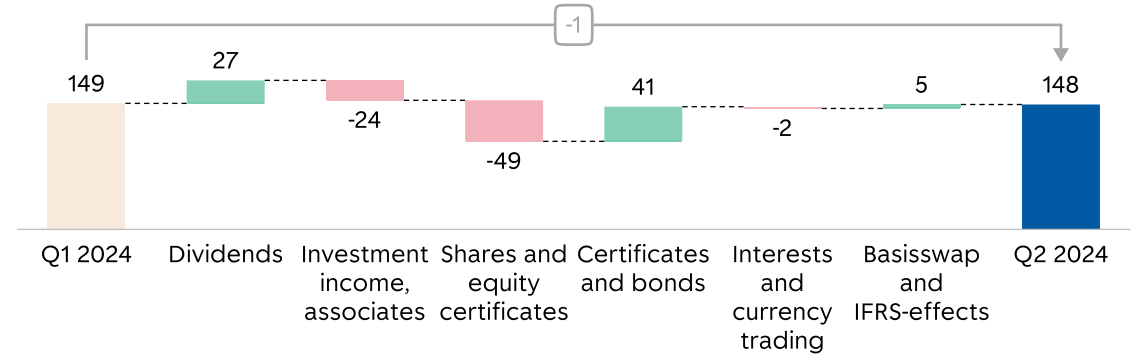
# Net income on financial investments

## Net income on financial investments

MNOK	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023
<b>Dividends</b>	<b>33</b>	<b>6</b>	<b>8</b>	<b>1</b>	<b>25</b>
<b>Investment income, associates</b>	<b>120</b>	<b>143</b>	<b>93</b>	<b>47</b>	<b>53</b>
<b>Net income on financial instruments</b>	<b>-4</b>	<b>1</b>	<b>377</b>	<b>-37</b>	<b>32</b>
• Shares and equity certificates	-24	24	393	-49	-25
• Certificates and bonds	34	-7	-47	19	-20
• Interests and currency trading	32	34	71	54	54
• Basisswap and IFRS-effects	-46	-51	-40	-62	22
<b>Net income on financial investments</b>	<b>148</b>	<b>149</b>	<b>478</b>	<b>11</b>	<b>109</b>

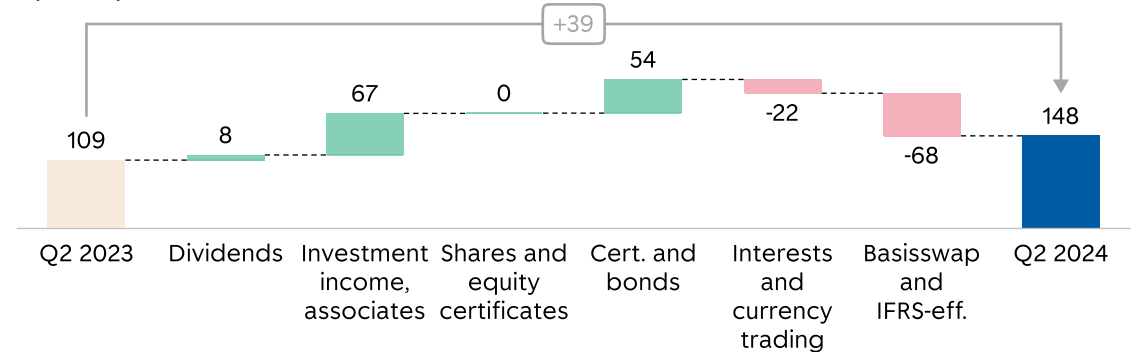
## Change from previous quarter

(MNOK)



## Change from previous quarter last year

(MNOK)



When a basisswap is defined as a hedging instrument, changes in "basis spread" is recognized through other comprehensive income.

# Ownership interests

Company (ownership share), MNOK	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023
SpareBank 1 Gruppen AS (19,5%)	1	40	-51	-13	-5
BN Bank AS (35 %)	73	84	73	64	58
SpareBank 1 Forvaltning AS (35,8%)	22	17	21	11	14
SpareBank 1 Markets AS (33,3%)	22	21	51		
SpareBank 1 Kreditt AS (16,8%)	1	-3	-3	-3	-1
SpareBank Betaling AS (19,1%)	-2	-10	-7	-9	-10
Others	0	-3	6	1	1
<b>Total ownership interests</b>	<b>117</b>	<b>145</b>	<b>92</b>	<b>51</b>	<b>56</b>
Finstart Nordic AS*	2	-2	1	-3	-3
<b>Total ownership in the group</b>	<b>120</b>	<b>143</b>	<b>93</b>	<b>47</b>	<b>53</b>

## Ownership interests



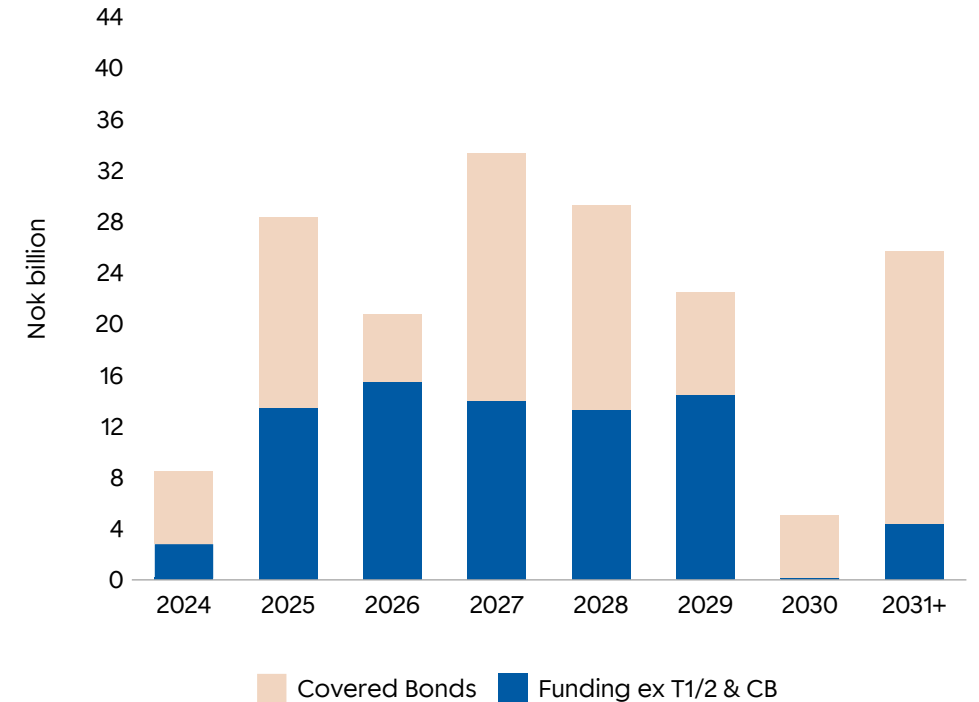
\*Companies in which FinStart Nordic AS owns stakes of between 20-50% must, because of accounting rules, be measured as associated companies in the consolidated financial statements. The profit contribution here is included in the company's results on the previous page.

# Funding

## Strong liquidity

- LCR 204%
- NSFR 136%
- NOK 19.1 billion net refinancing need over the next 12 months
- Deposit to loan ratio 54.4%
- MREL-requirement 36.6%, MREL-subordination requirement 29.7%
  - As of 30 June 2024, SR-Bank has issued NOK 17.1 billion in senior non-preferred. The requirement is approx. NOK 10 billion.

## Annual funding maturity



# Outlook

- Increasing optimism among businesses
- Expect subdued housing price growth in the autumn
- SR-Bank has strong growth and is increasing its markets share
- Integration of SpareBank 1 Sør-Norge is going as planned





# Lending to oil and offshore

3.0% (NOK 8.6 billion) of total lending volume is related to oil operations

## Offshore

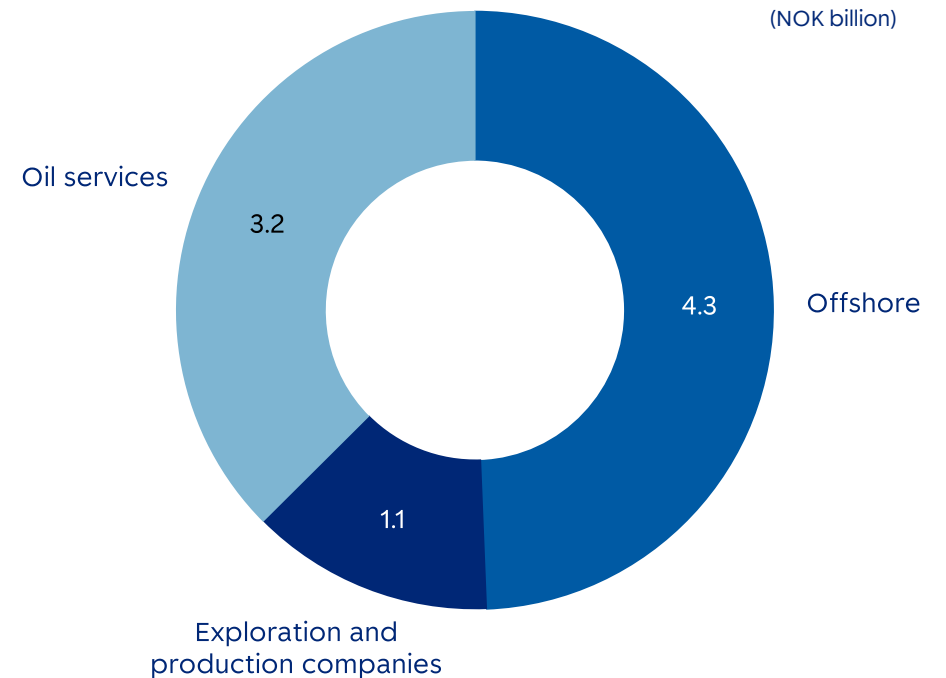
- Lending volume NOK 4.3 billion, 1.5% of the bank's total lending
- Exposure primarily to industrial-oriented shipping companies with integrated organization (Offshore service vessels, Rig and Seismic vessels)

## Oil services

- Lending volume NOK 3.2 billion, 1.1% of the bank's total lending
- Funding of operating capital through current and fixed assets, as well as guarantees

## Exploration and production companies

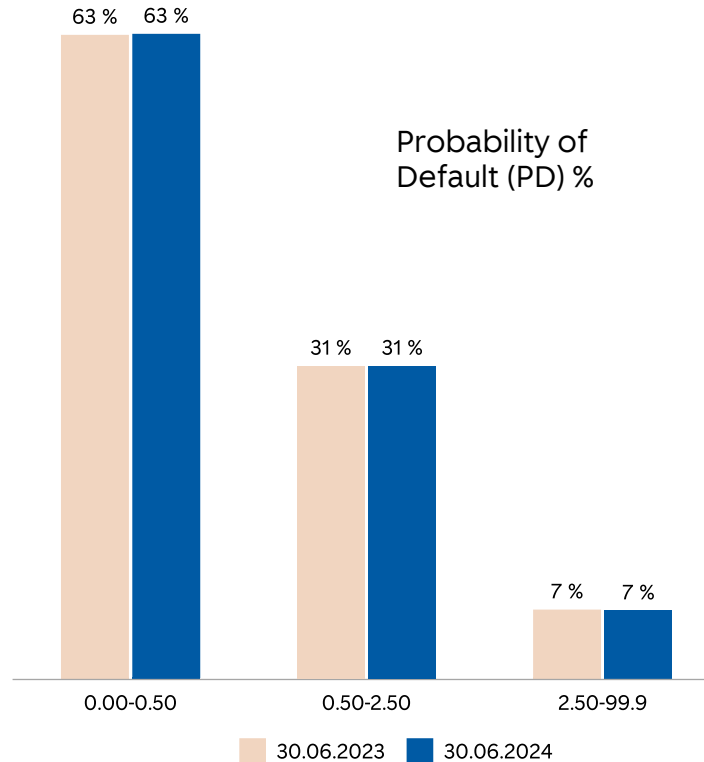
- Lending volume NOK 1.1 billion, 0.4% of the bank's total lending
- Exposure primarily to companies with activities on the Norwegian continental shelf



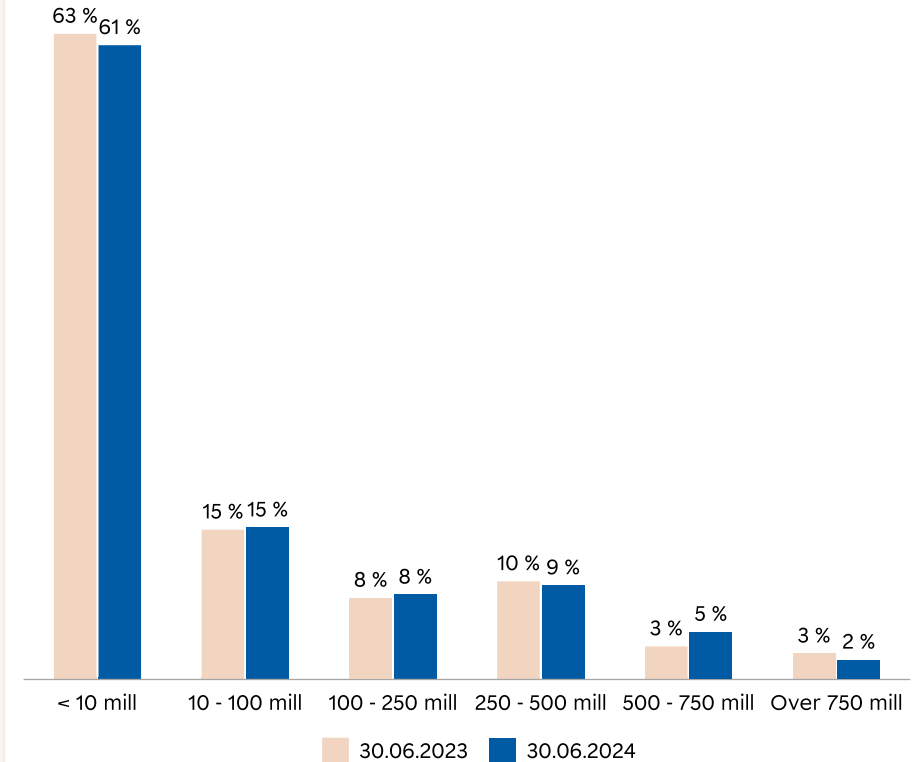
# Risk Profile - loan portfolio

- SpareBank 1 SR-Bank has a solid loan portfolio.
- The loan portfolio consists mainly of small and medium-sized loans.

### Loan portfolio distributed by risk class



### Loan portfolio distributed by size of loan

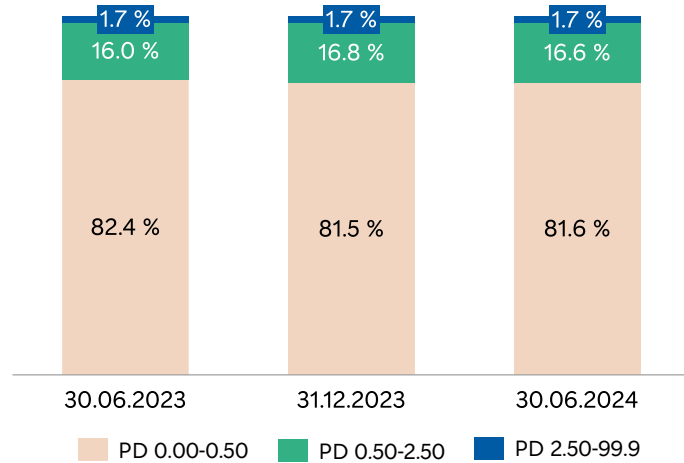


Probability of default (PD) through a full cycle of loss.

# Risk Profile - loan portfolio

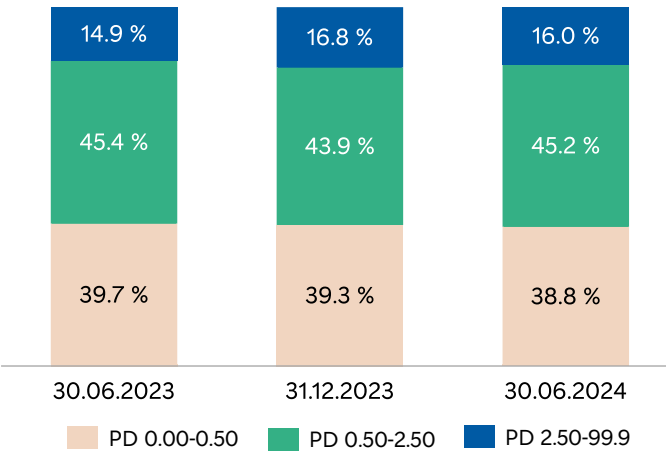
- Portfolio distributed by risk class

## Retail



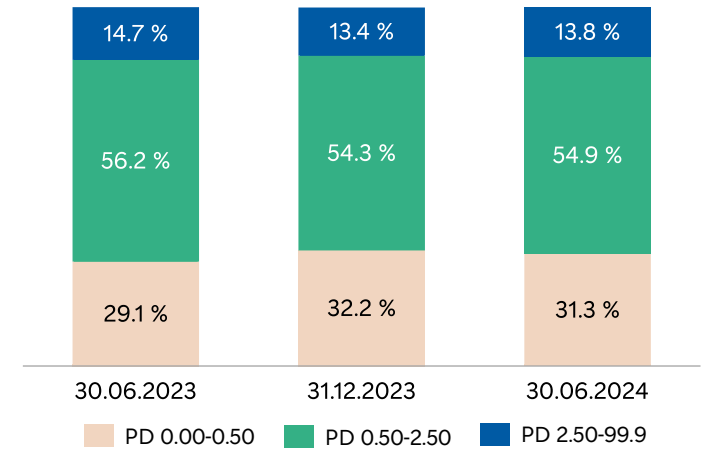
- The quality of the retail market portfolio is considered to be very good and has low potential losses.
- The low risk profile is achieved through prudent customer selection and requirements for moderate LTV. Most of the portfolio is secured against a mortgage on real estate, and lending is overall moderate compared to asset value.

## SME & Agriculture



- The quality of the SME and Agriculture market portfolio is considered to be good.

## Corporate



- The quality of the corporate market portfolio is good.
- There is a clearly defined framework that sets limits on what is funded and conditions for particular funding purposes. This ensures a robust portfolio.

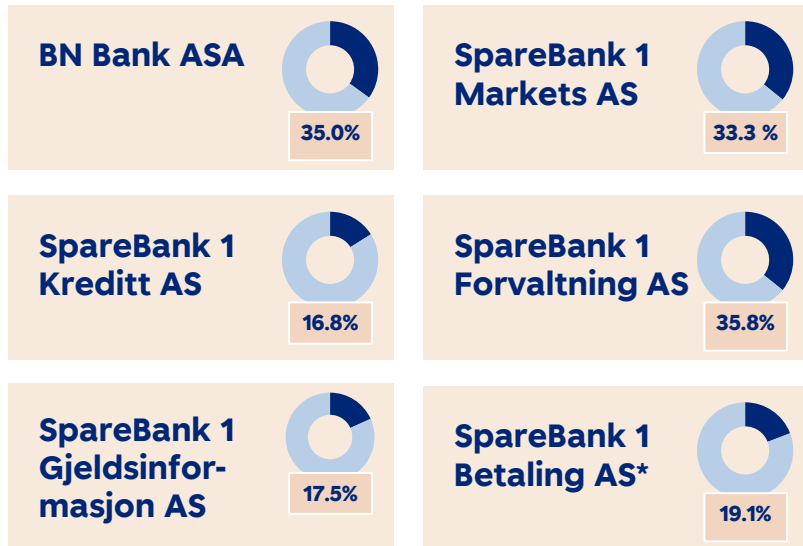
Probability of default (PD) through a full cycle of loss.

# SpareBank 1 Alliance



Products, commissions, dividends  Sales, loan portfolios, capital

## Companies where SR-Bank has direct ownership



\*Owns 23.9% in Vipps AS.

## SpareBank 1 Gruppen AS



SpareBank 1 Utvikling DA

### Owners of the alliance

- All credit decisions are made at the local banks
- Economies of scale related to expenses, IT solutions, marketing and branding

# Key figures

	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023
Return on equity after tax (%)	14.6	14.6	19.7	14.5	14.6
Average net interest margin (%)	1.82	1.88	1.87	1.74	1.56
Impairments on loans in % of gross loans	0.15	0.05	-0.13	-0.12	-0.15
Loans and financial commitments in Stage 3 in % of gross loans and financial commitments	0.70	0.82	1.01	1.10	1.02
Cost to income ratio	34.9	35	35.2	37.4	39.8
Annual growth in loans to customers gross incl. covered bond company (%)	7.5	7.7	7.5	8.6	9.1
Annual growth in deposit from customers (%)	2.8	-0.9	0.7	4.5	3.5
Total assets (BNOK)	382.7	377.0	362.2	362.8	361.8
Loans to customers, gross (BNOK)	284.6	278.2	272.0	269.6	264.9
Risk weighted assets (BNOK)	153.2	151.4	146.4	138.3	137.2
Liquidity Coverage Ratio (LCR) (%)	204	216	207	191	215
Earnings per share (NOK)	4.20	4.26	5.48	3.94	3.90
Book value per share (NOK)	115.81	119.30	115.07	109.57	105.73

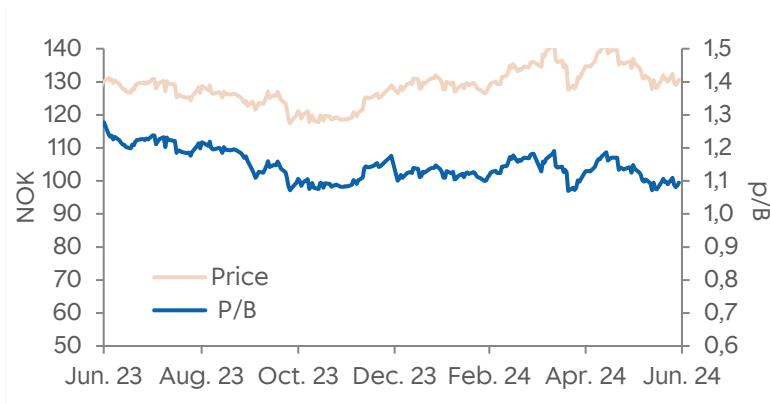
# Balance sheet

Balance sheet (MNOK)	30.06.2024	30.06.2023
Cash and balances with central banks	101	93
Balances with credit institutions	10,783	8,871
Loans to customers	283,403	263,357
Certificates and bonds	60,991	59,957
Financial derivatives	15,049	19,846
Shares, ownership stakes and other securities	699	790
Investment in associates	6,210	4,989
Other	5,508	3,861
<b>Total assets</b>	<b>382,744</b>	<b>361,765</b>
Balances with credit institutions	775	662
Deposits from customers	154,975	150,758
Listed debt securities	156,187	147,335
Financial derivatives	12,569	17,547
Other liabilities	2,746	2,117
Senior non-preferred bonds	17,143	10,747
Subordinated loan capital	4,225	2,857
<b>Total liabilities</b>	<b>348,620</b>	<b>332,025</b>
<b>Total equity</b>	<b>34,124</b>	<b>29,740</b>
<b>Total liabilities and equity</b>	<b>382,744</b>	<b>361,765</b>

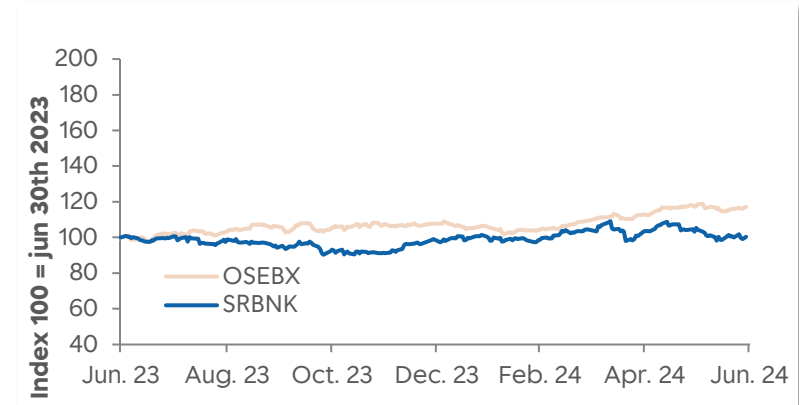
# SRBNK share

- International ownership is 20.7% per 2. quarter 2024
- Total market value at 2. quarter 2024 is NOK 34.5 billion

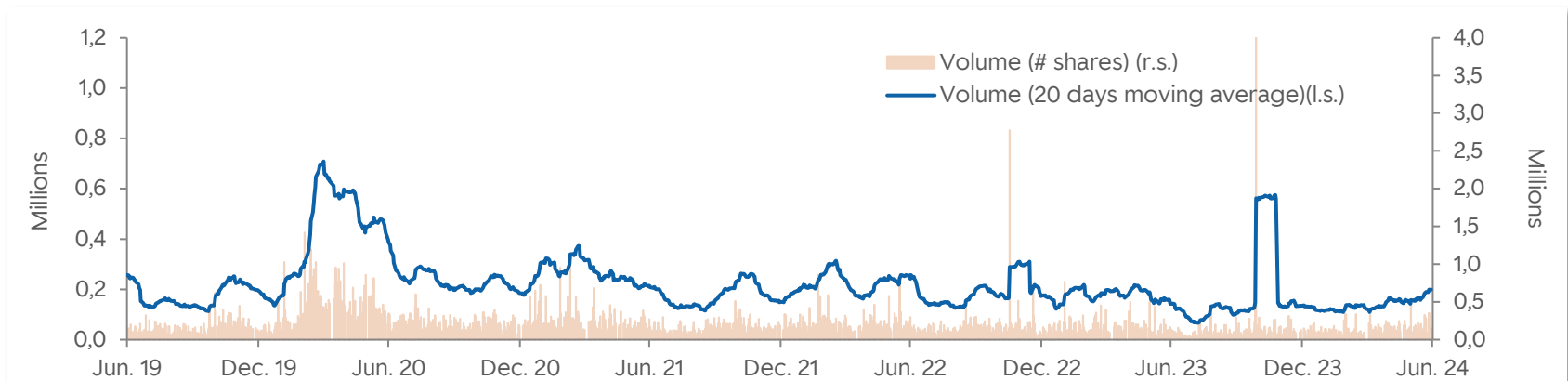
### Development in Price/Book



### Relative share price development



### Trading volume development



# SR-Bank as at 30 June 2024

- Number of shares issued 264.27 million
- Trading volume in Q2 2024: 4.0% (4.0%)

SpareBank 1 SR-Bank share	30.06.2024	2023	2022	2021	2020
Share price	130.60	128.90	120.70	133.20	91.00
Stock value (MNOK)	34,514	34,064	30,869	34,066	23,273
Book value per share (incl. Dividends) (group)	115.81	115.07	106.32	99.05	95.97
Earnings per share	8.45	16.27	12.88	12.08	5.87
Dividend per share	-	7.50	7.00	6.00	3.10
P/E	7.68	7.92	9.37	11.03	15.50
P/BV	1.13	1.12	1.14	1.34	0.95

Figures in parentheses as at 30 June 2023.



# 20 largest shareholders as at 30 June 2024

- Ownership interests:
  - From Rogaland, Agder, Vestland, Oslo and Akershus: 63.3% (65.0%)
  - International: 20.7% (21.2%)
  - 10 largest: 50.2% (49.2%)
  - 20 largest: 58.4% (57.5%)
- Number of shareholders: 18.943 (18.526)
- Employees owning 1.8% (1.8%) as at 30 June 2024

Investor	Shares (1000)	Stake
Sparebankstiftelsen SR-Bank	78,677	29.8%
Folketrygdfondet	19,570	7.4%
SpareBank 1-stiftinga Kvinnherad	6,527	2.5%
State Street Bank and Trust Co, U.S.A.	5,359	2.0%
Pareto Aksje Norge	4,236	1.6%
JPMorgan Chase Bank NA, U.S.A.	3,994	1.5%
Brown Brothers Harriman & Co, U.S.A.	3,858	1.5%
Odin Norge	3,736	1.4%
Swedbank AB	3,401	1.3%
Verdipapirfondet Alfred Berg Gambak	3,302	1.2%
J.P.Morgan SE, Luxembourg	2,983	1.1%
Danske Invest Norske Instit. II	2,566	1.0%
Pareto Invest Norge AS	2,502	0.9%
State Street Bank and Trust Co, U.S.A.	2,272	0.9%
AS Clipper	2,234	0.8%
KLP AksjeNorge Indeks	2,065	0.8%
Westco AS	1,957	0.7%
Vpf Nordea Norge Verdi	1,893	0.7%
Verdipapirfondet Alfred Berg Norge	1,654	0.6%
J.P.Morgan SE, Luxembourg	1,603	0.6%
<b>Top 5</b>	<b>114,368</b>	<b>43.3%</b>
<b>Top 10</b>	<b>132,659</b>	<b>50.2%</b>
<b>Top 20</b>	<b>154,388</b>	<b>58.4%</b>

Figures in parentheses as at 30 June 2023.

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SR-Bank

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## Investor Relations



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SR-Boligkreditt