

# 1Q

## Quarterly presentation

First quarter 2024

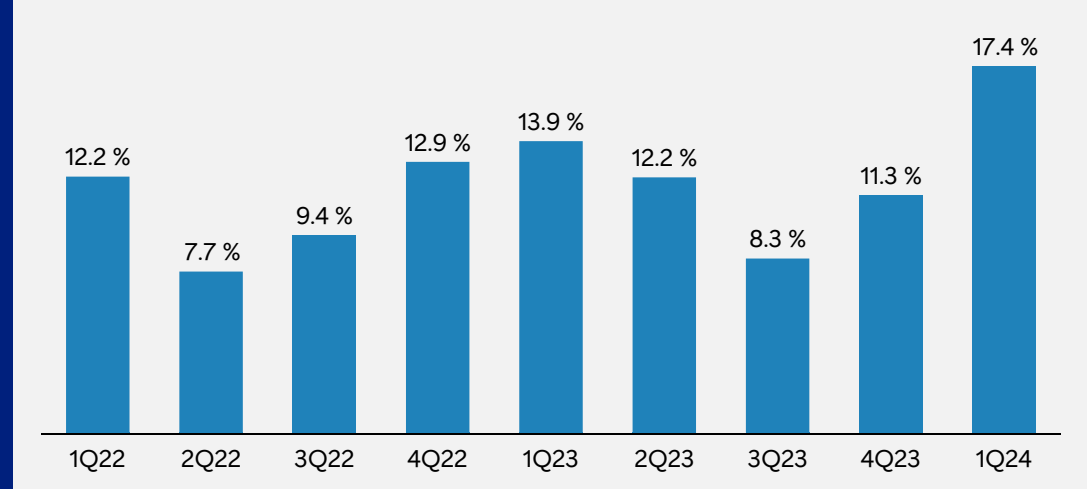
SpareBank  
ØSTLANDET 



# 1Q: Strong start to 2024

- Record high earnings. **Return on equity** of 17.4 %, due to solid development in core banking operations.
- Good development in **net interest income**, driven by repricing and volume growth. Somewhat more moderate **loan growth** in a market characterized by strong competition and lower demand
- **Cost growth** of 13.1 % is higher than wanted, although some of it is driven by merger costs, inclusion of Siffer, and customer-focused initiatives.
- Moderate **impairment charges**, at 33 NOK mill. Good underlying development in the credit quality of the portfolio.
- The bank distributed **dividends** to owners and customers in April. A payout ratio of 60% reflects a flexible dividend policy and a focus on capital efficiency.

Return on equity (%)



## Earnings/ECC

**5.03**  
NOK

## Loan growth

**4.8 %**

## NIM

**2.27 %**

## Cost/income

**37.3 %**

## Loss provisions

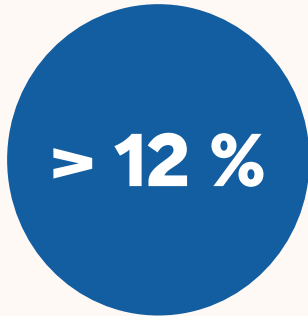
**33** NOK  
mill.

## CET-1

**17.0 %**

# Financial targets

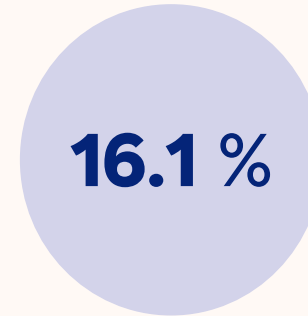
And achievements year-to-date.



Profitability



Dividends



Solidity

Achievements year-to-date

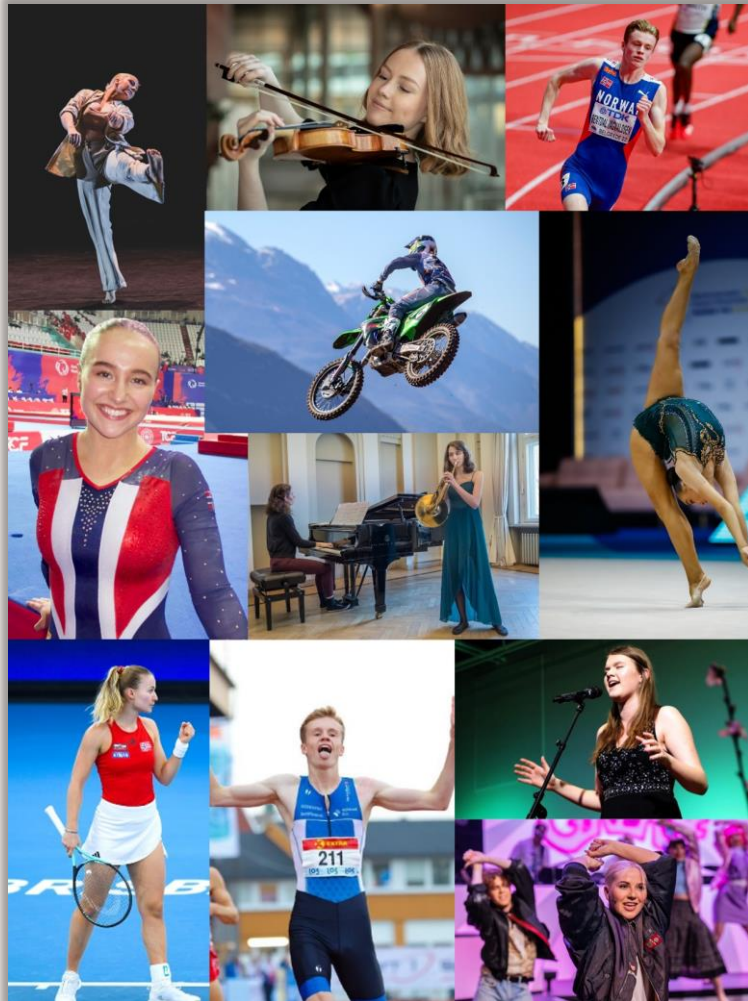
17.4 %

60 %

17.0 %

# The bank's work on social responsibility spans widely

## Gifts, sponsorships



## Sparebankstiftelsen Hedmark



## Customer dividends

Den nye sjefen delte ut litt av hvert

Banksjefen har gode nyheter:

### - Veldig hyggelig del av jobben

Torsdag var rekordsummen på kundenes kontoer

### Rekordutbetaling til kunder på Romerike

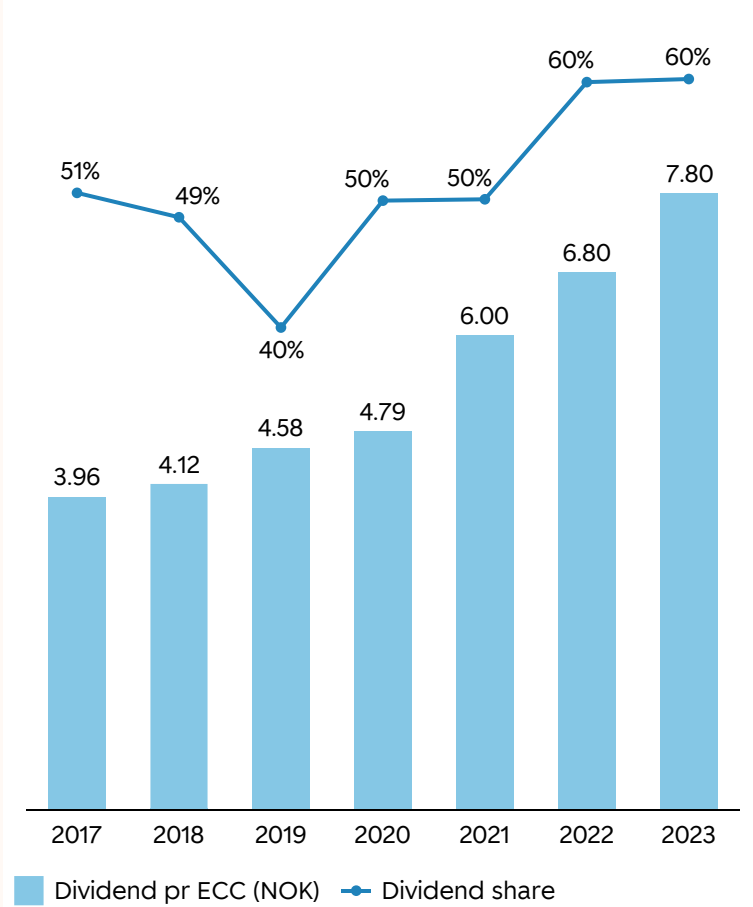
Delte ut rekordhøye 9,7 millioner til kundene

Sjekk kontoen din

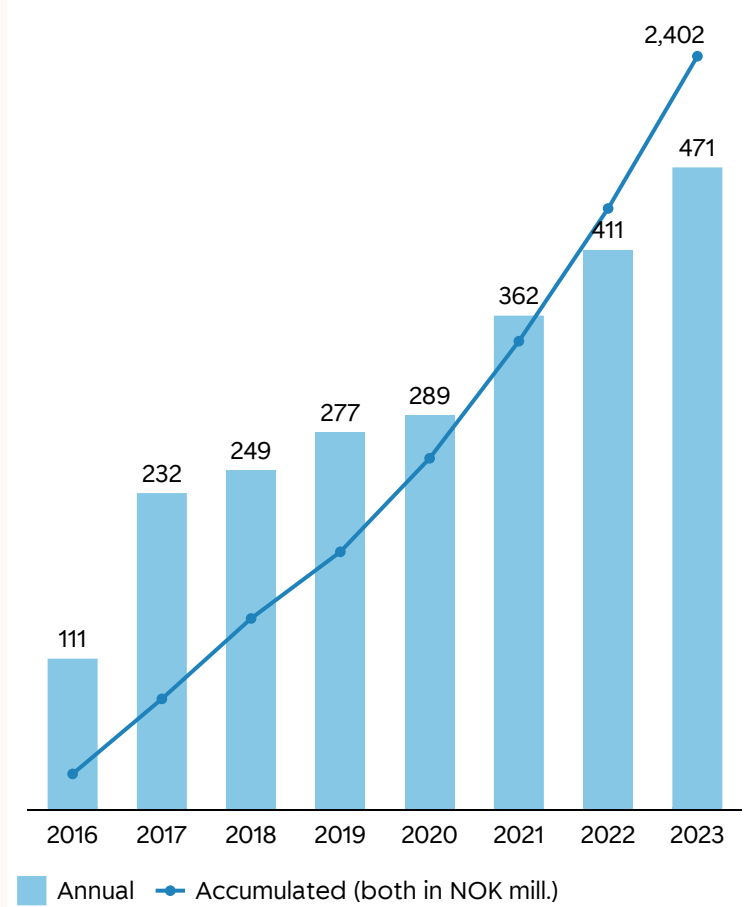
SpareBank ØSTLANDET 1

# Large distributions from the bank to the community

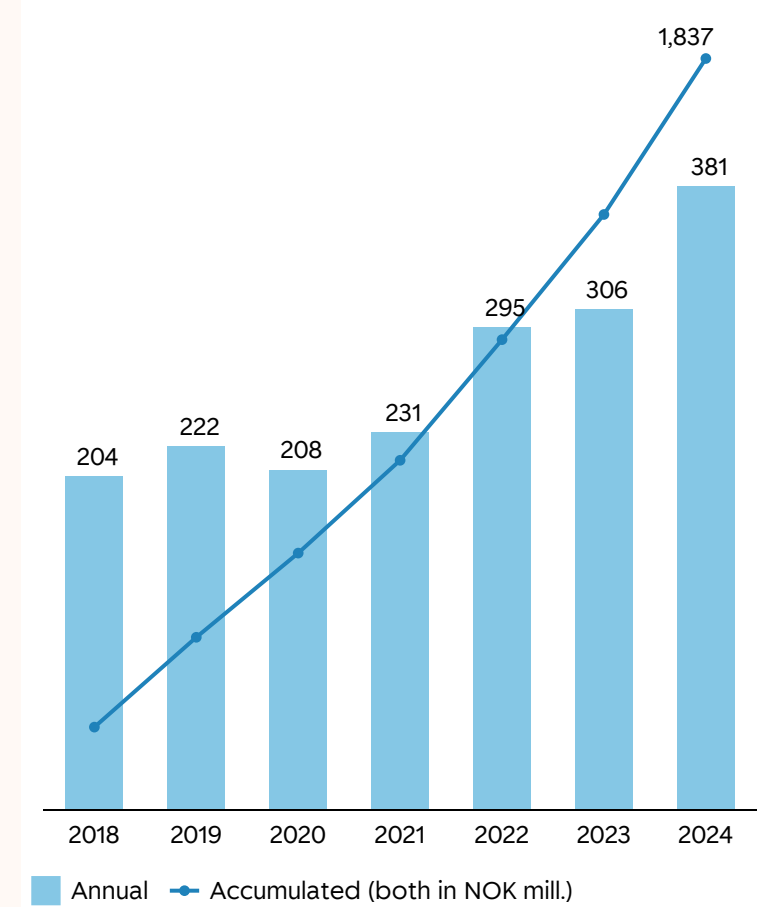
Dividends to owners of SPOL\*



Dividends to Sparebankstiftelsen Hedmark\*



Customer dividends

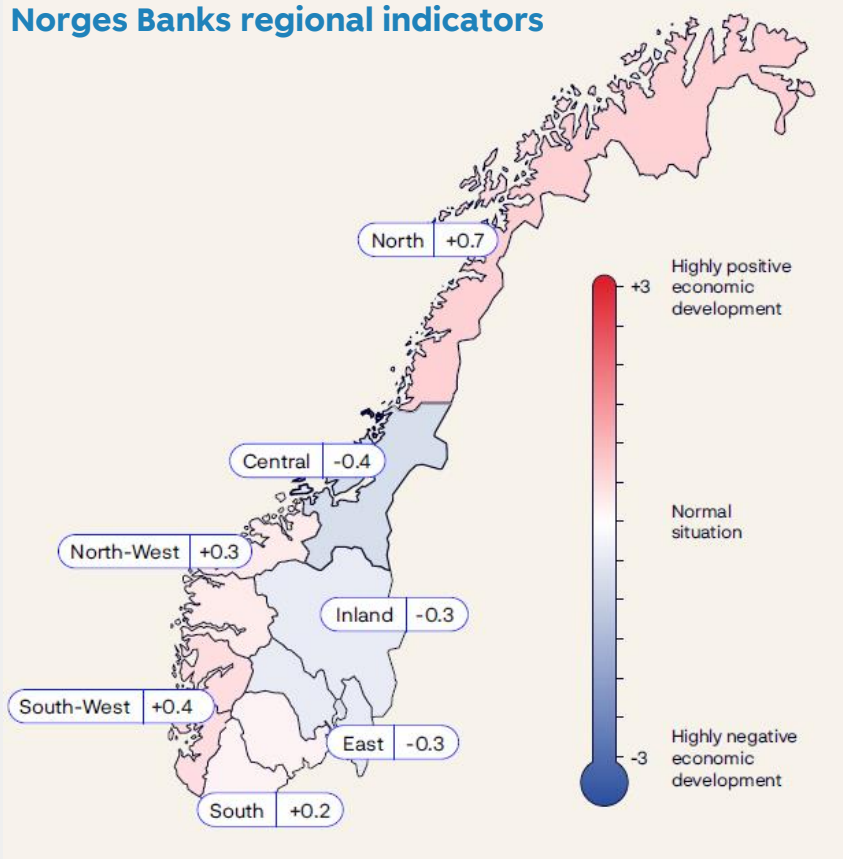


\* Payments made the following year.

# Macroeconomic backdrop is challenging

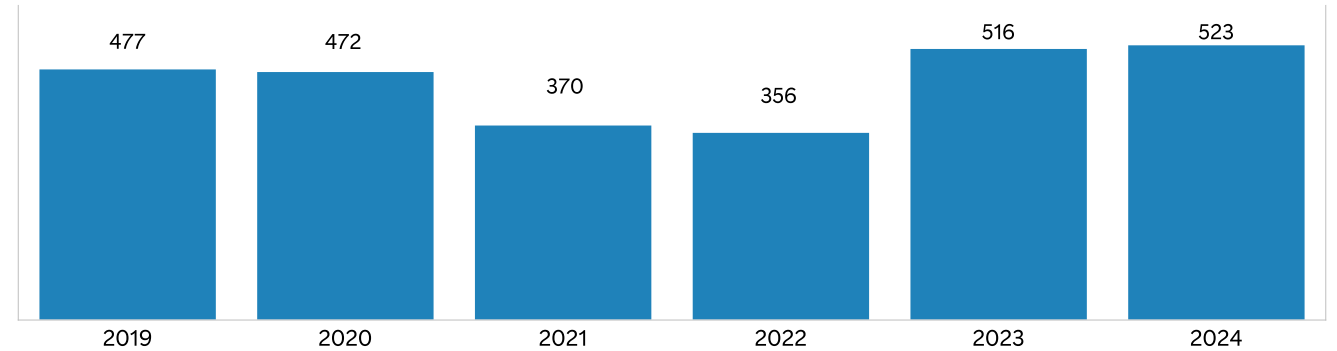
But the rise in bankruptcies and unemployment has been moderate.

## Norges Banks regional indicators



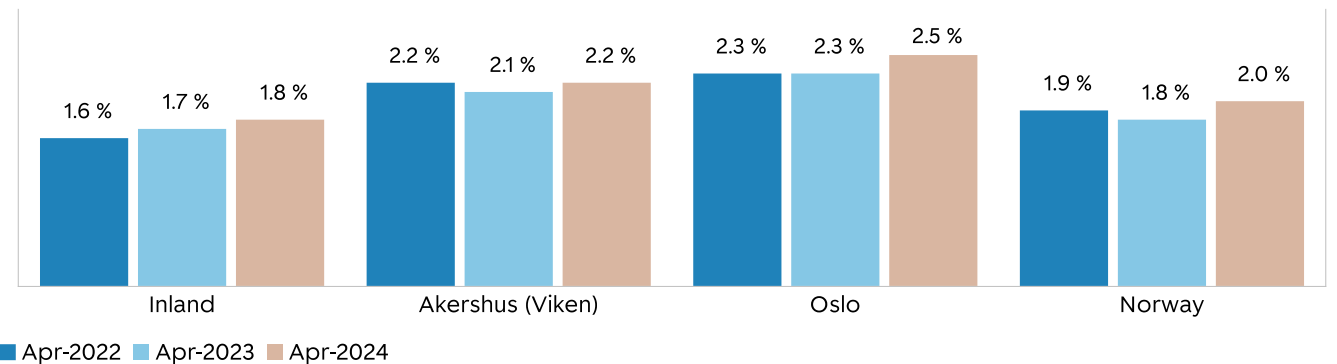
Source: Norges Bank's Regional Network report, no. 1 2024

## Number of bankruptcies, year-to-date (wk 18 each year), market area



Sources: Macrobond, Statistics Norway, own calculations

## Unemployment (registered), %

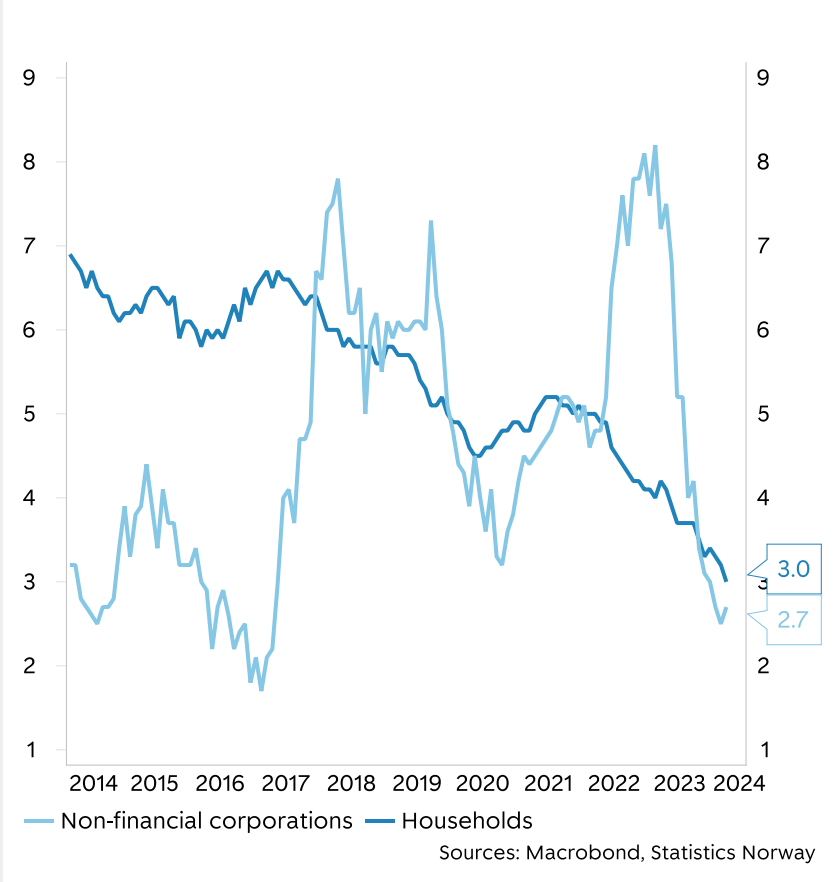


Sources: Macrobond, Norwegian Labour and Welfare Administration

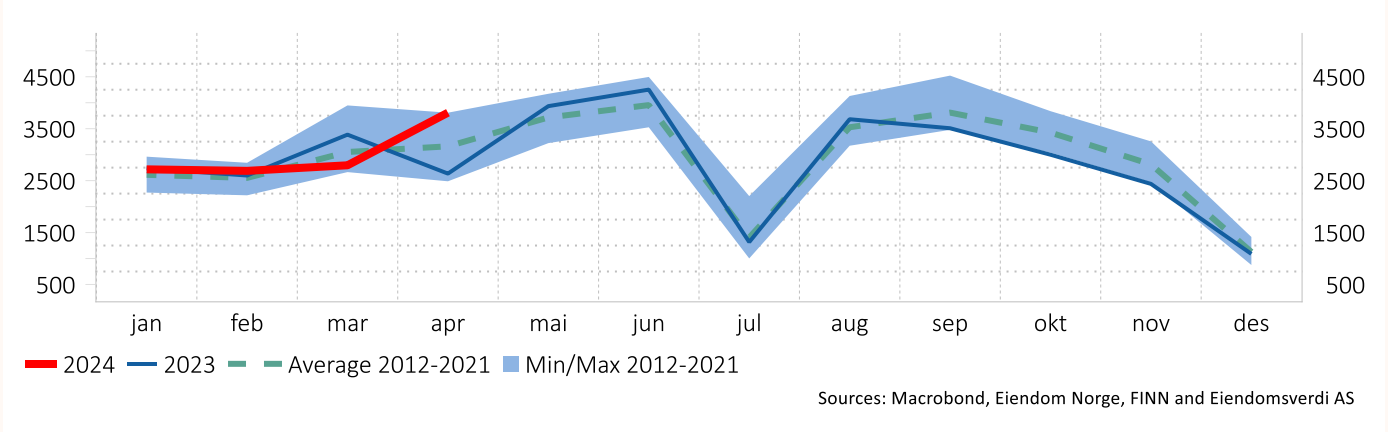
# Slowing credit growth

But activity in the housing market has significantly improved, especially in the capital region. The market balance appears to be improving, with fewer unsold homes and sales prices closer to asking prices.

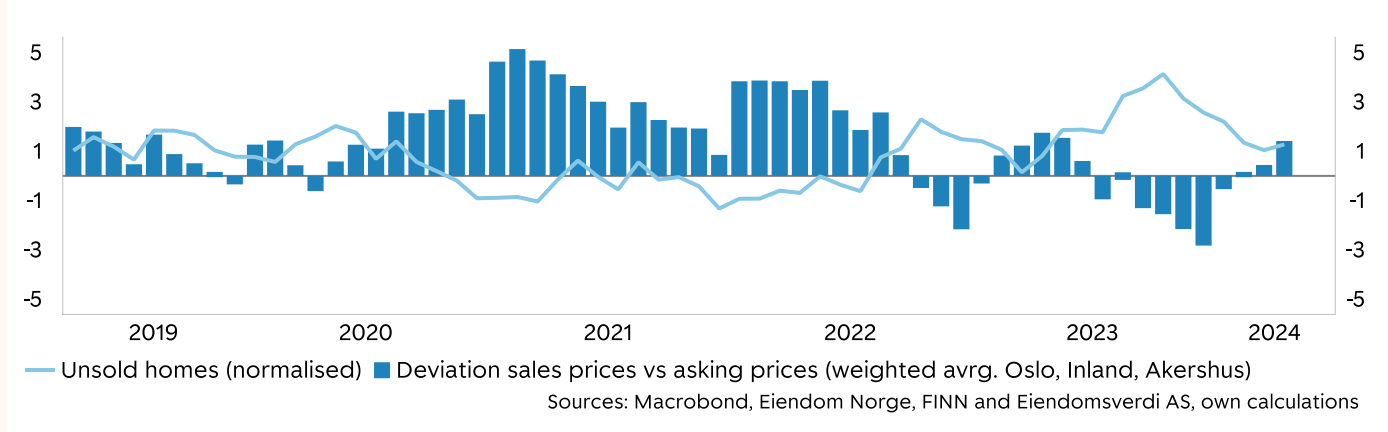
### Credit growth



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

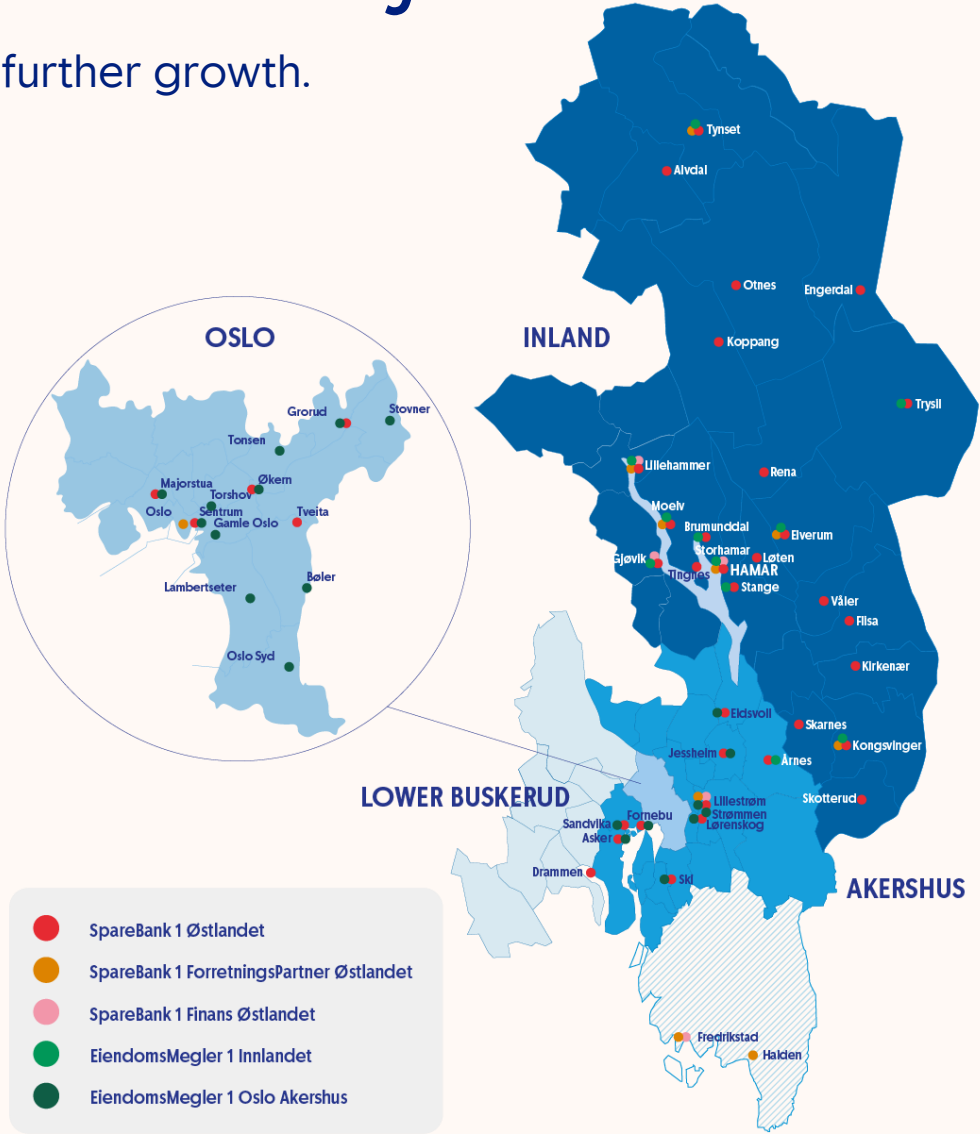


### Unsold homes (std. deviations) and sales prices vs asking prices (%), market area



# A market strategy for all of Eastern Norway

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

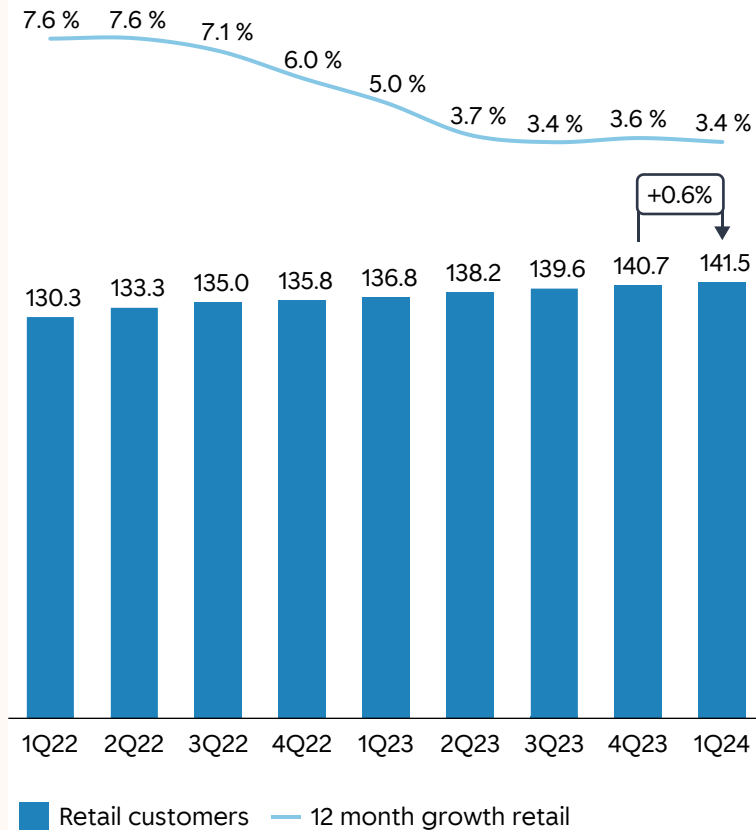




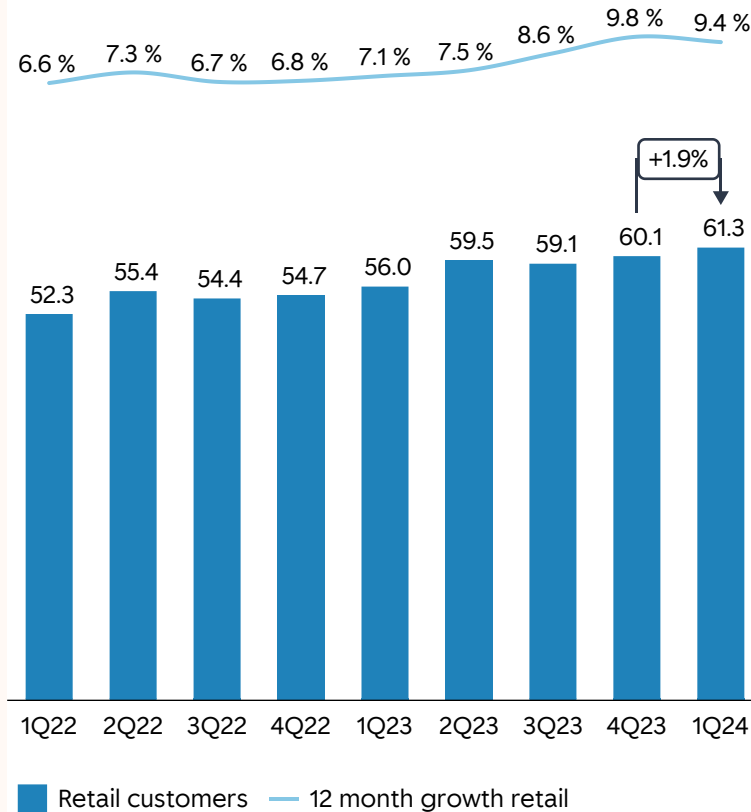
# Retail market: Strong competition

Somewhat more moderate growth in a market characterized by strong competition. We defend our strong market share in the Inland region, and we experience good growth in the capital region.

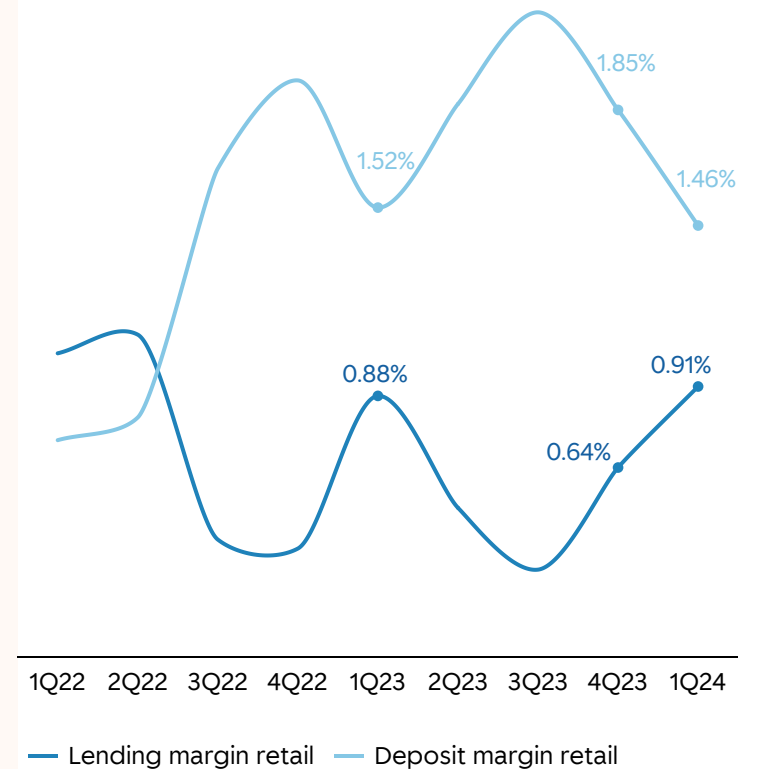
Loan volume and growth (NOK bill. and %)\*



Deposit volume and growth (NOK bill. and %)



Margins, parent bank (%)\*\*

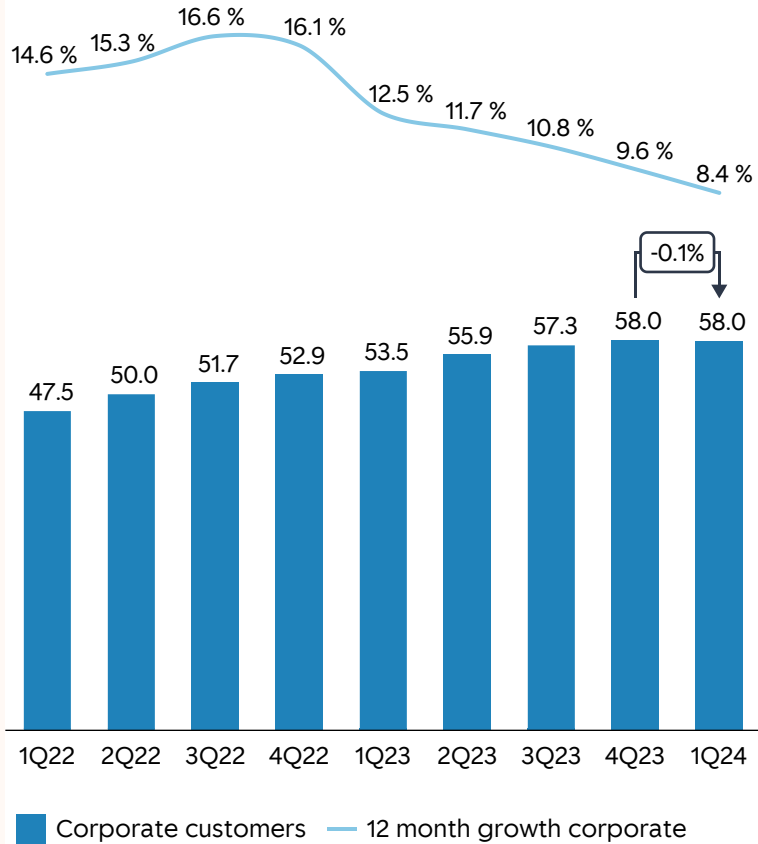


\* Includes loans transferred to the covered bond companies. \*\* Based on allocation of customer loans between retail and corporate divisions.

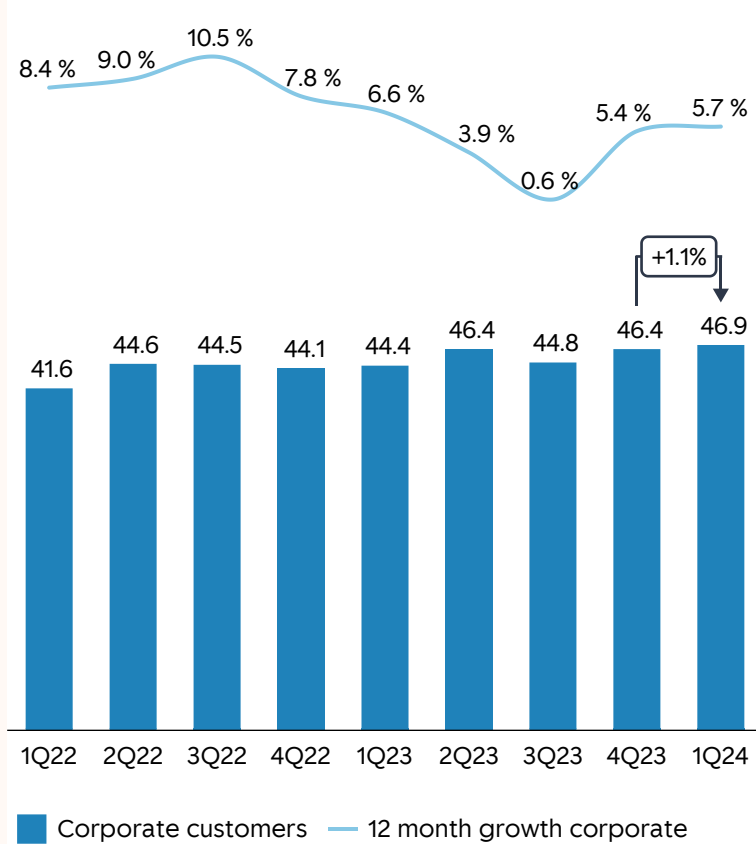
# Corporate market: Lower market growth

Signs of stronger competition, also in the business segment. At the same time, activity in the project market seems to be improving, including for new homes.

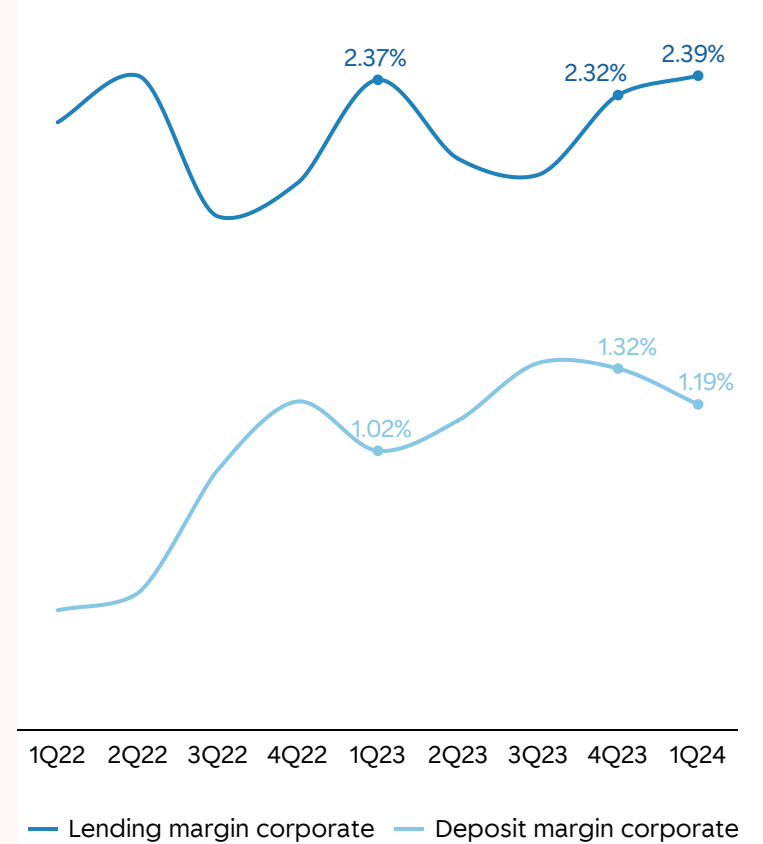
Loan volume and growth (NOK bill. and %)\*



Deposit volume and growth (NOK bill. and %)



Margins, parent bank (%)\*\*

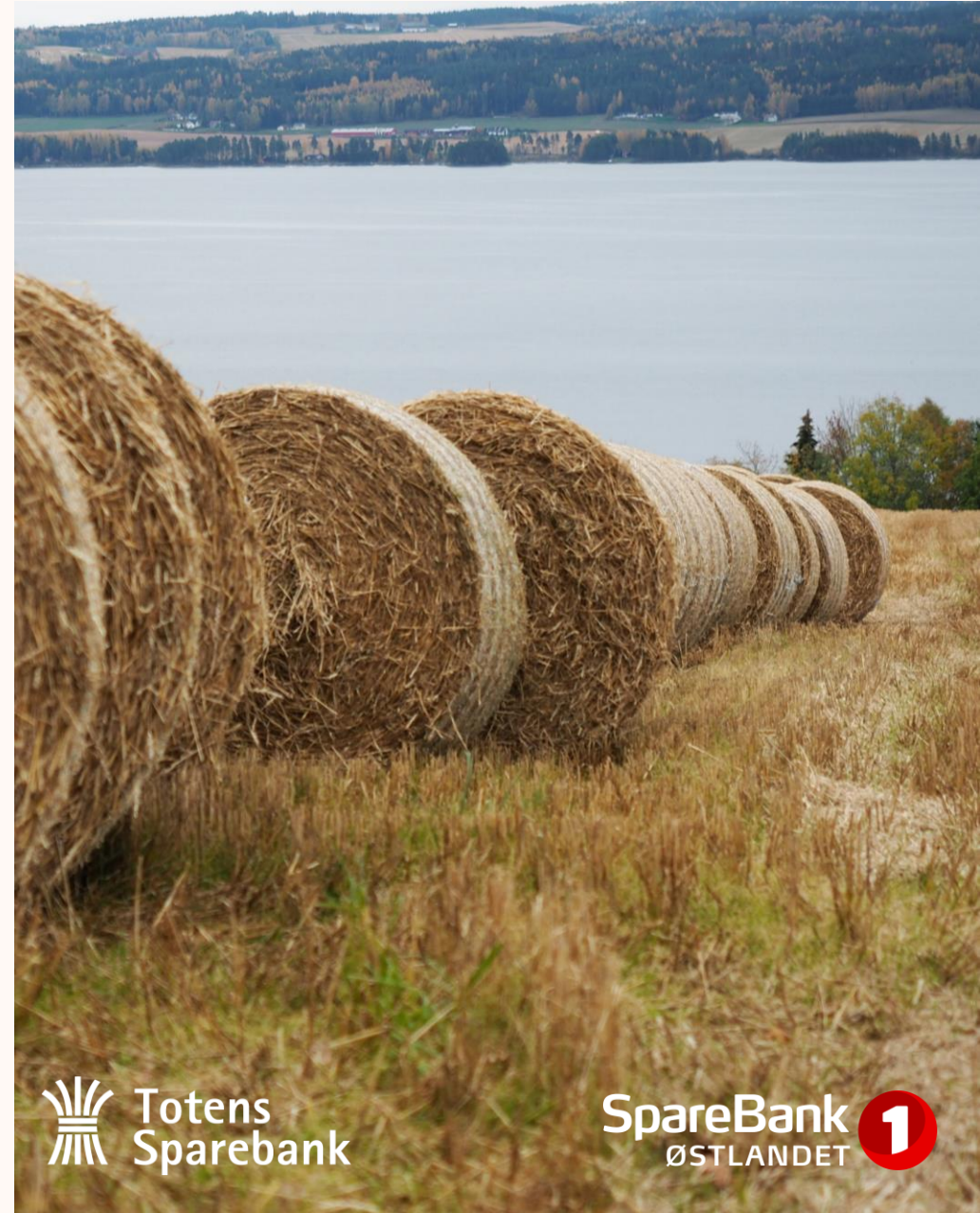


\* Includes loans transferred to the covered bond companies. \*\* Based on allocation of customer loans between retail and corporate divisions.

# Merger with Totens strengthens market position

Expected merger to happen by the fourth quarter of 2024, pending approvals from the authorities

- **Merger resolution:** On 22 February, the banks' supervisory boards voted to merge Totens Sparebank and SpareBank 1 Østlandet.
- **Integration process:** Banks are making necessary preparations ahead of the legal merger.
- **Approvals from authorities:** The Financial Supervisory Authority and Competition Authority must give their approval prior to the legal merger.
- **Legal merger:** Planned for the fourth quarter of 2024.
- **Technical merger:** The two banks integrate fully, planned for 2025.



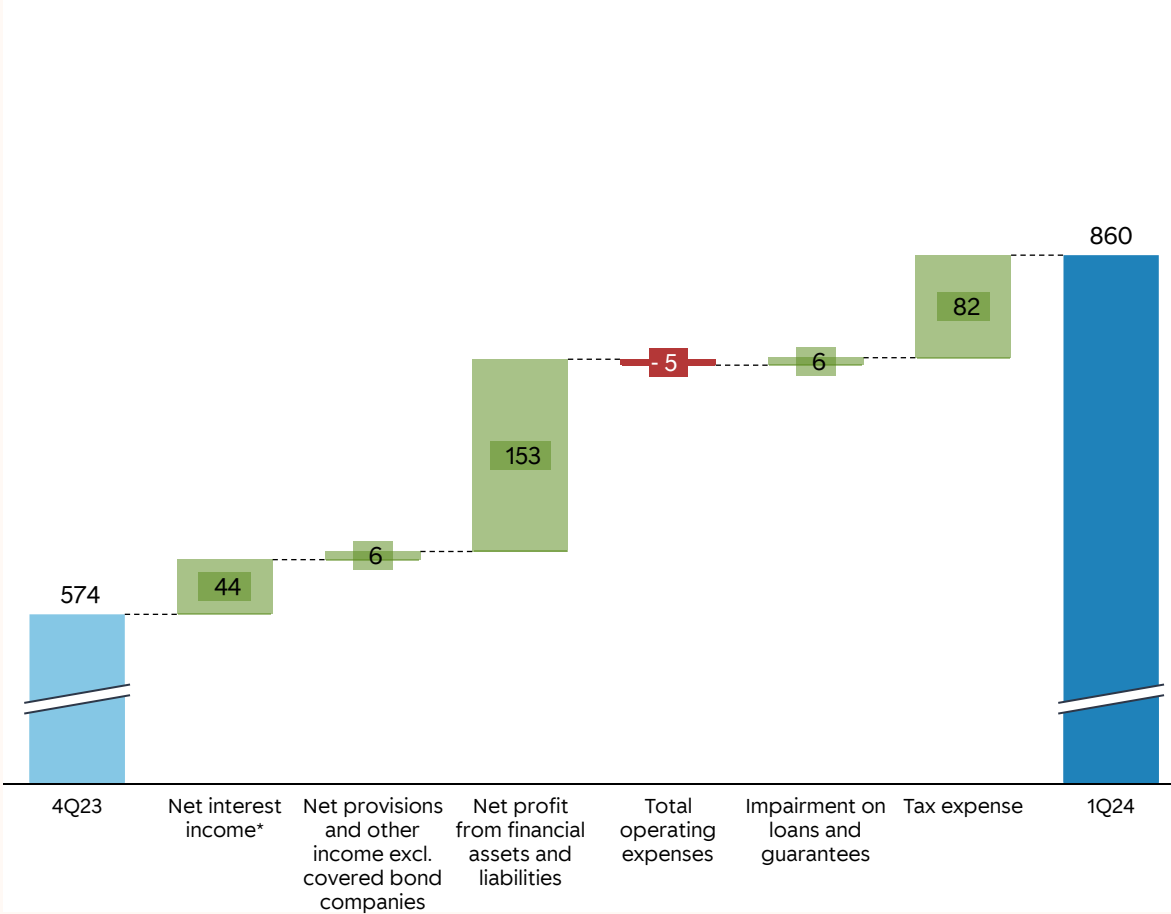
# 1Q

## Financial accounts

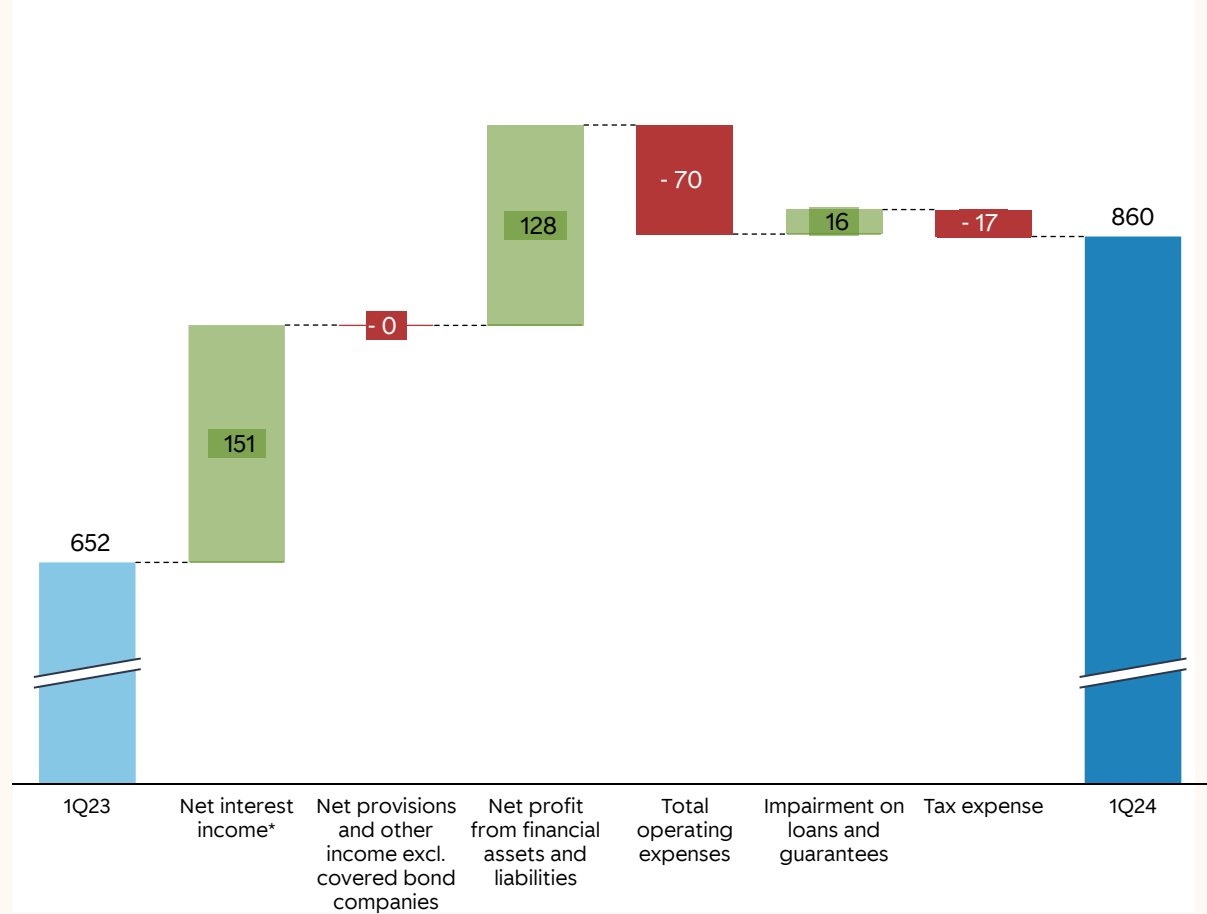
First quarter 2024

# Income statement

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



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

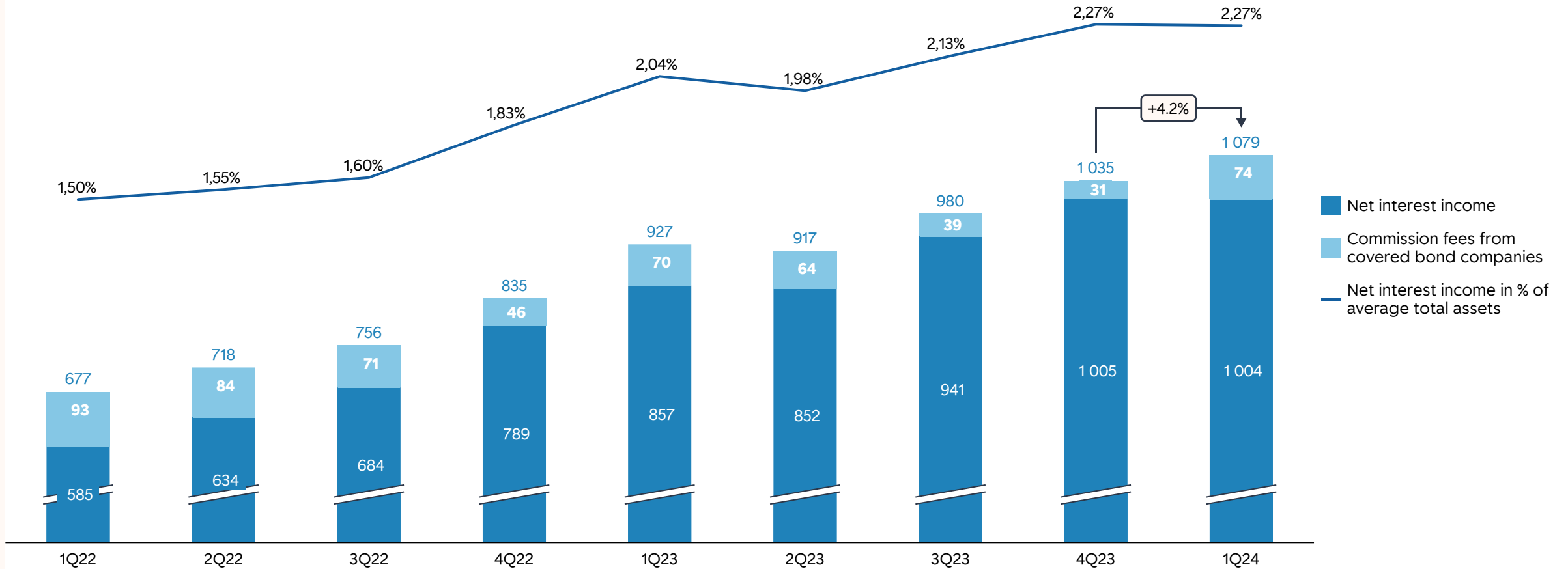


\* Net interest income includes commission fees from covered bond companies.

# Net interest income

Underlying growth in NII (incl. commission fees from covered bond companies) when adjusted for reclassifications was 2.2 % from 4Q23.

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

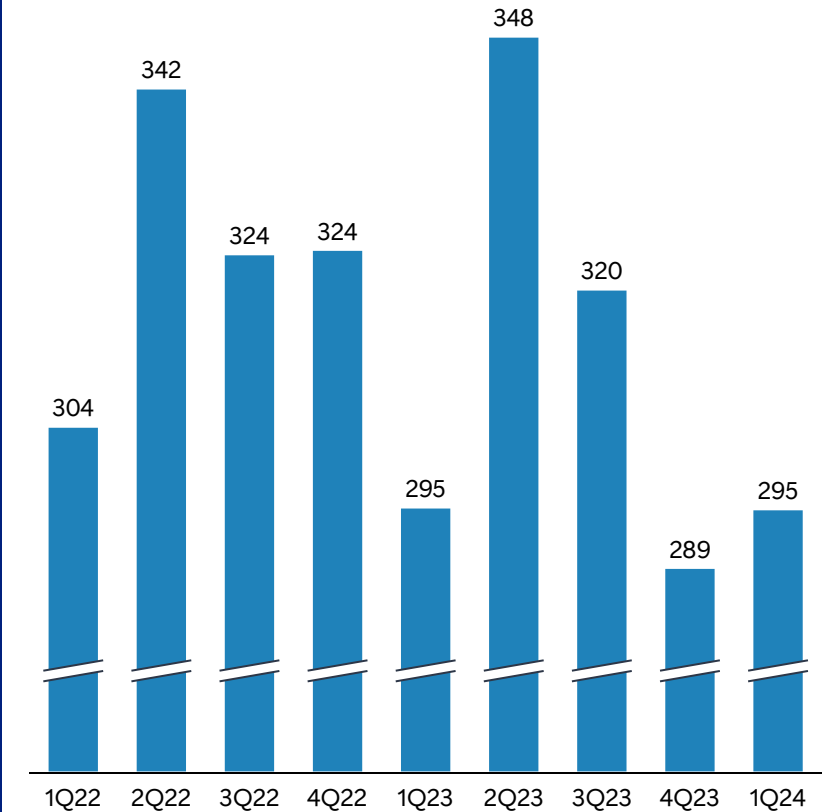


# Commission income

(NOK million)	1Q24	4Q23	1Q23
Commission income from credit cards	17.8	14.1	18.0
Payment services	57.9	75.3	49.2
Commissions from insurance	64.1	60.1	69.0
Commissions from savings	10.5	9.0	10.3
Commission from real estate brokerage	77.5	63.8	73.3
Income from accounting services	48.2	27.7	35.6
Other operating income / -commissions	19.2	38.7	40.0
<b>Commission and other income *</b>	<b>295.2</b>	<b>288.8</b>	<b>295.4</b>

\* Excluding commission income from the covered bond companies.

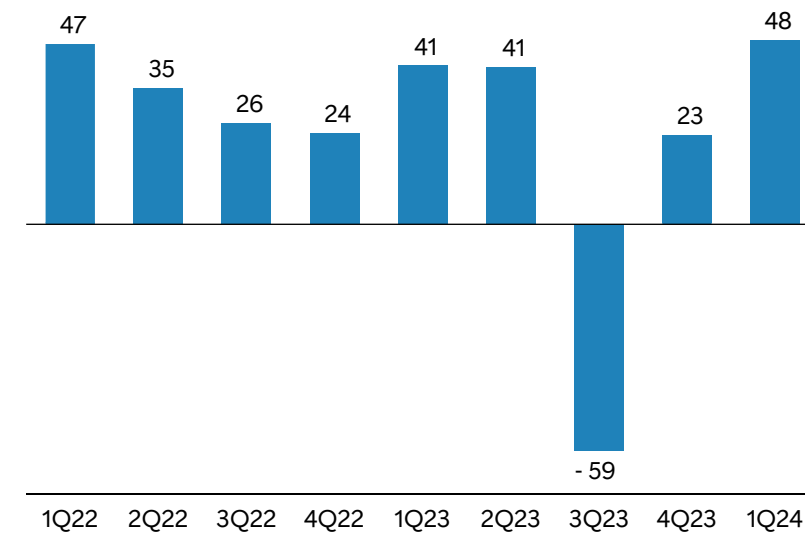
Net commissions and other income (NOK million)



# Profits in subsidiaries

(NOK million, after taxes)	1Q24	4Q23	1Q23
Sparebank 1 Finans Østlandet AS - Group	49.5	34.5	47.5
EiendomsMegler 1 Innlandet AS	- 3.0	- 0.4	- 3.5
EiendomsMegler 1 Oslo Akershus AS - Group	- 0.9	- 8.2	- 2.2
SpareBank 1 ForretningsPartner Østlandet AS - Group *	2.2	- 2.6	- 0.7
<b>Subsidiaries</b>	<b>47.8</b>	<b>23.2</b>	<b>41.1</b>

Profits after tax in subsidiaries (NOK million)



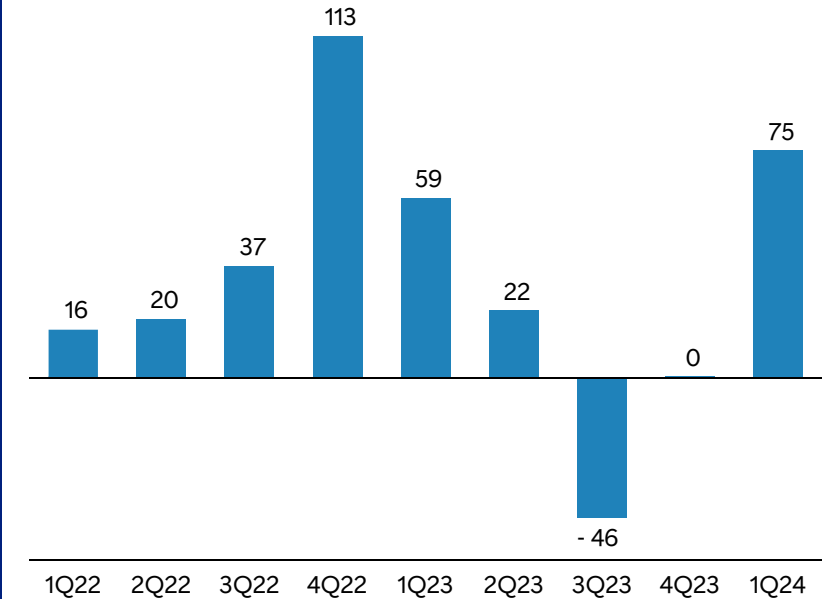
\* Financial accounts for 2024 include Siffer Norge AS as subsidiary.



# Profits in joint ventures

(NOK million, after taxes)	Ownership	Result share		
		1Q24	4Q23	1Q23
SpareBank 1 Gruppen AS - Group	12.4%	24.8	- 32.2	21.2
SpareBank 1 Forvaltning AS	6.3%	2.9	3.7	2.8
SpareBank 1 Boligkreditt AS	23.5%	32.7	28.1	33.0
SpareBank 1 Næringskreditt AS	12.8%	3.4	1.0	2.4
SpareBank 1 Kreditt ASA	19.4%	- 3.7	- 3.4	- 4.3
SpareBank 1 Betaling AS	18.1%	- 9.8	- 6.3	- 7.1
BN Bank ASA	10.0%	24.0	20.9	17.6
Other ventures		0.8	- 11.4	- 6.1
<b>Joint ventures</b>		<b>75.2</b>	<b>0.4</b>	<b>59.5</b>

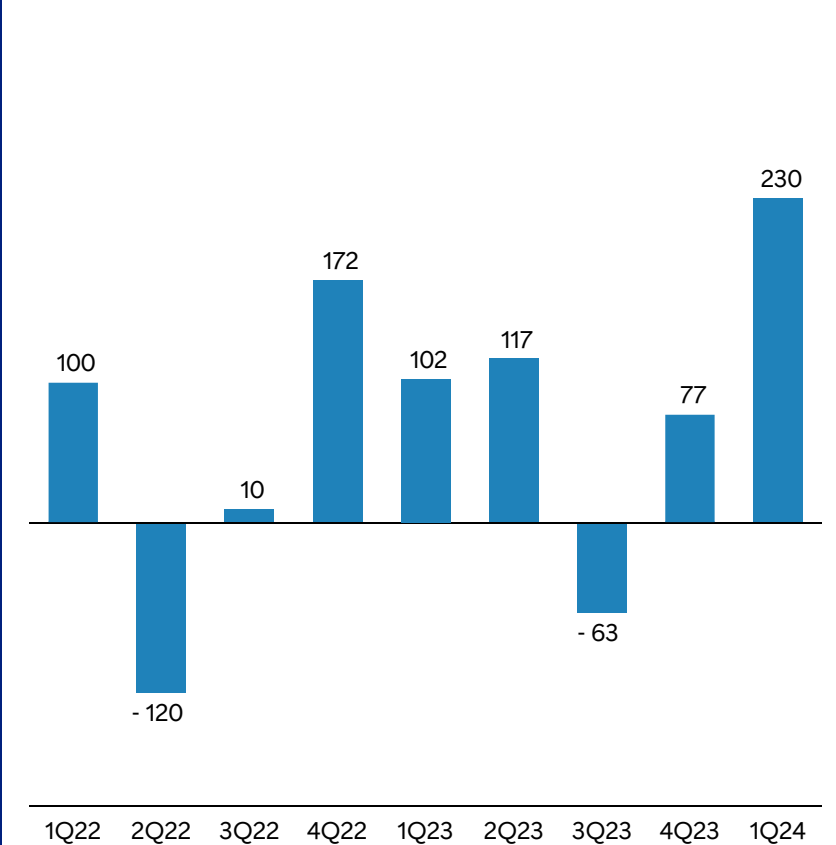
Profits after tax in joint ventures (NOK million)



# Net income from financial assets and liabilities

(NOK million)	1Q24	4Q23	1Q23
Dividends from shares and other equity instruments	27.1	0.6	17.4
Share of profit or loss of associates and joint ventures	75.2	0.4	59.5
Net profit from other financial assets and liabilities	127.8	76.0	25.4
<b>Net profit from financial assets and liabilities</b>	<b>230.1</b>	<b>77.0</b>	<b>102.3</b>

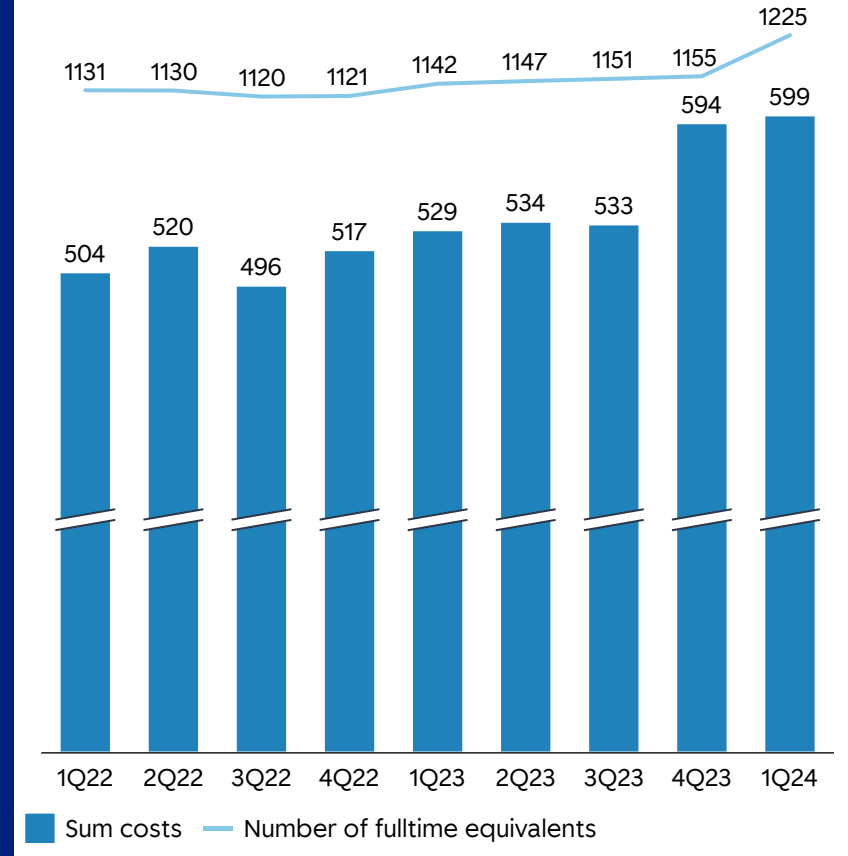
Net income from finance (NOK million)



# Operating expenses

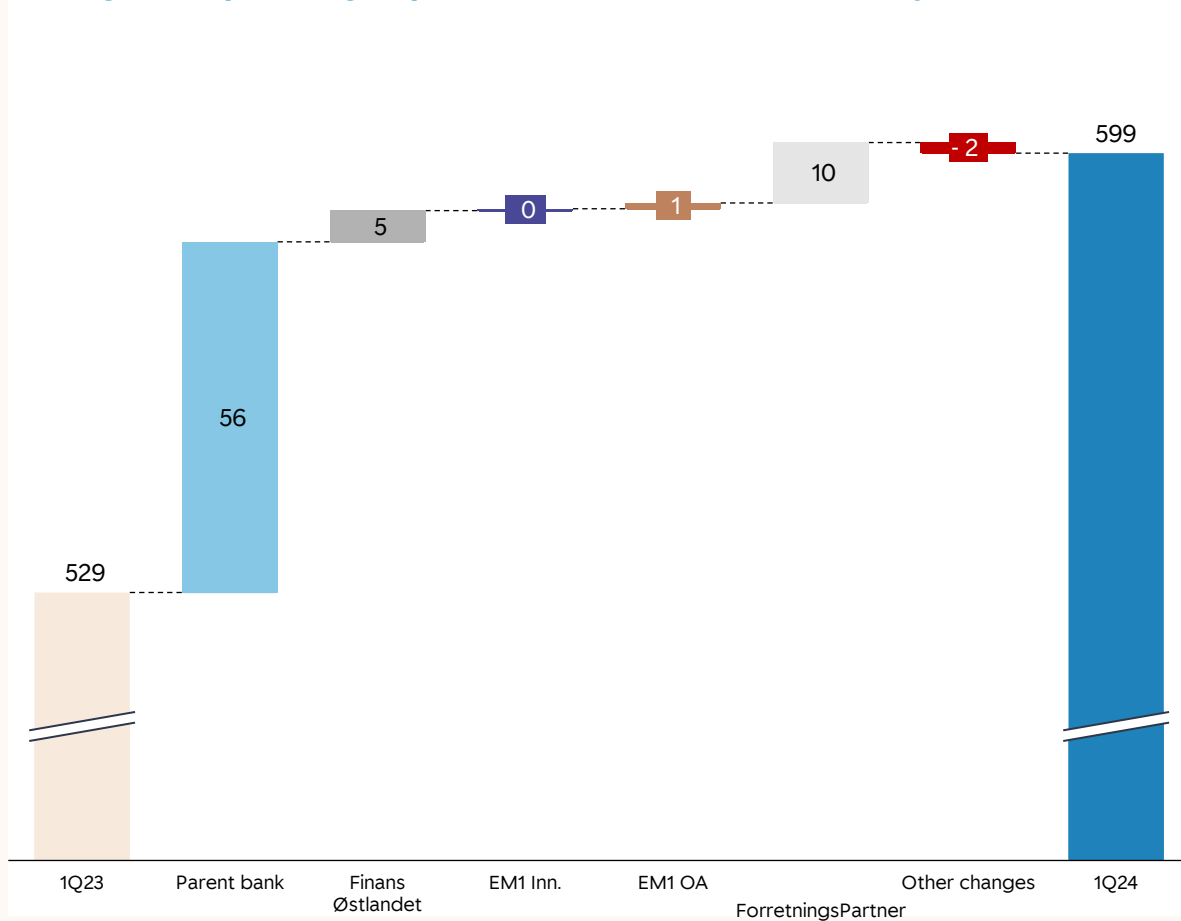
(NOK million)	1Q24	4Q23	1Q23
Personnel expenses	326.9	315.4	294.9
Depreciation/amortisation	34.9	37.5	34.0
ICT expenses	100.0	96.6	88.8
Marketing expenses	22.5	23.0	25.3
Operating expenses real estate	19.6	18.5	21.6
Merger costs	25.9	4.1	0.0
Other expenses	69.1	98.9	64.7
<b>Total</b>	<b>598.9</b>	<b>594.2</b>	<b>529.3</b>

Operating expenses (NOK million)

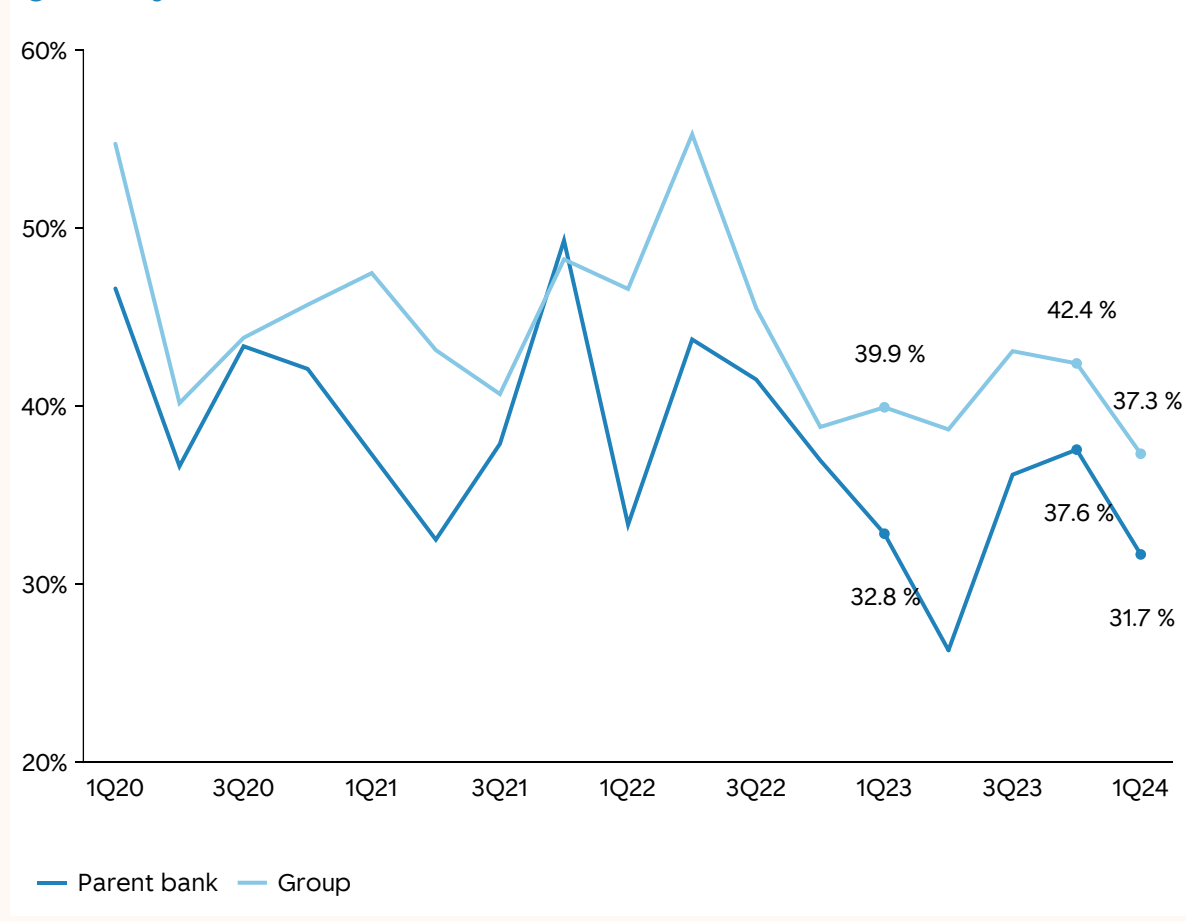


# Operating expenses, continued

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



Quarterly cost income ratio

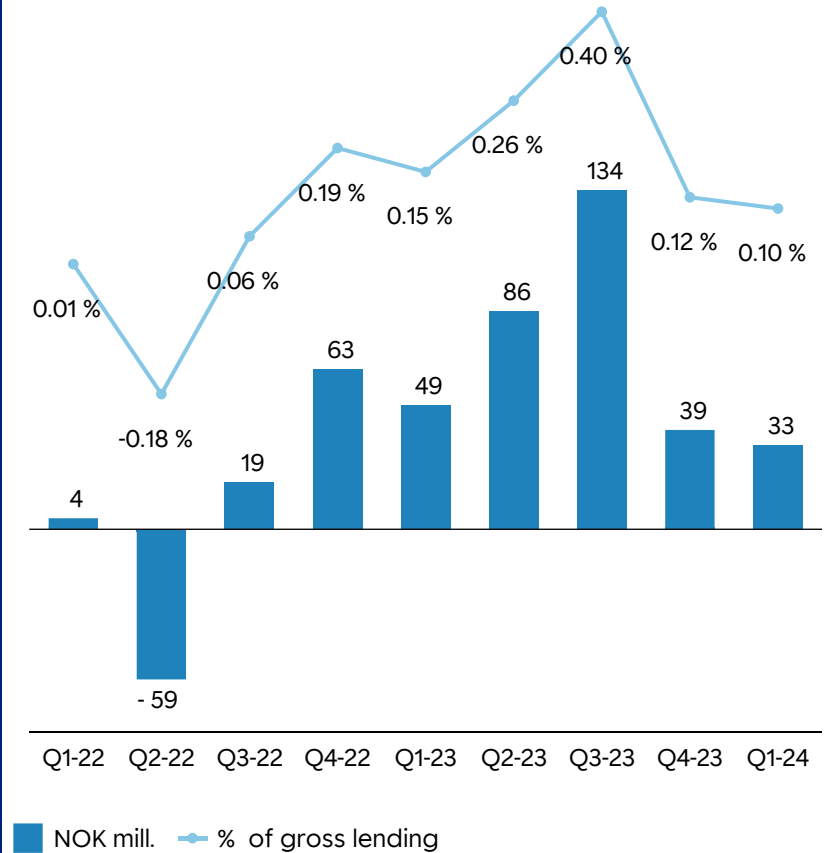


# Loan loss provisions

(NOK million)	1Q24	4Q23	1Q23
Retail market	2.5	- 4.0	11.9
Corporate market	15.0	30.5	29.9
SpareBank 1 Finans Østlandet	15.7	12.6	5.0
<b>Group</b>	<b>33.2</b>	<b>39.1</b>	<b>48.8</b>

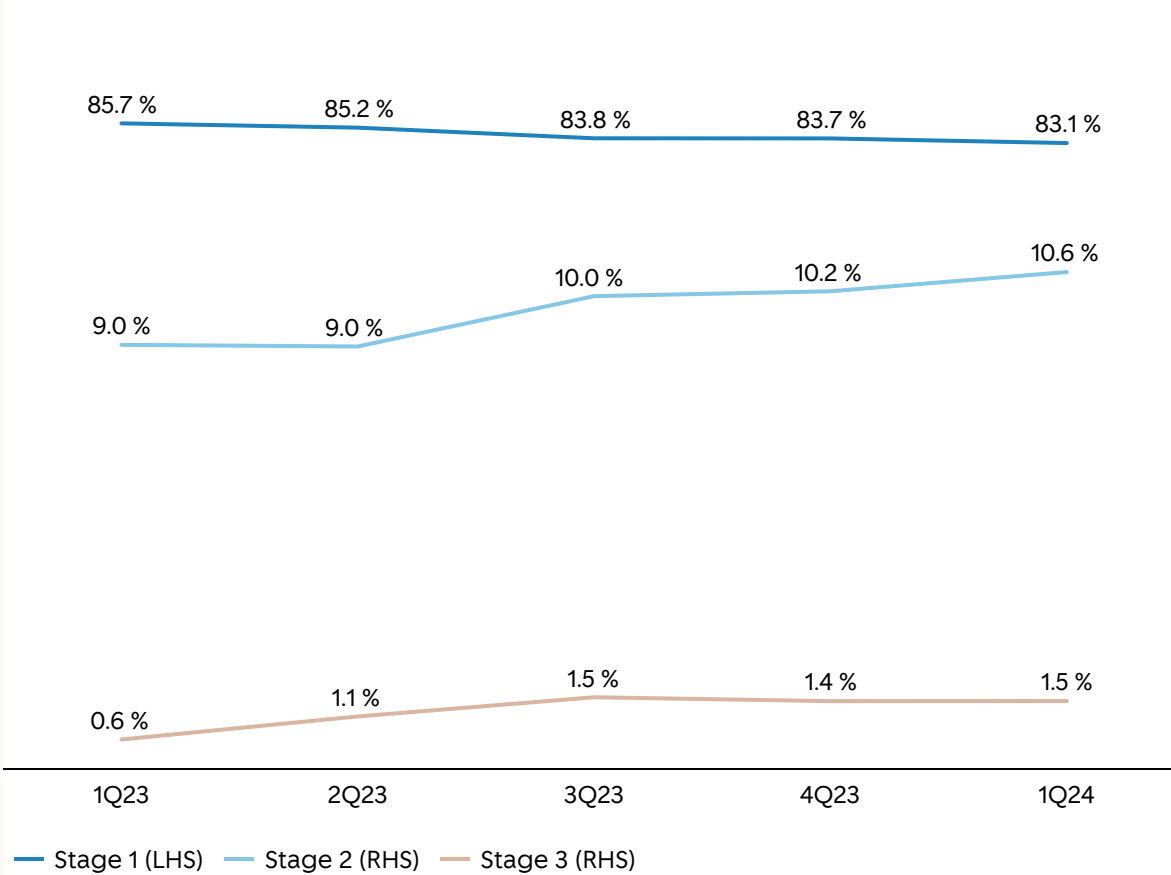
(NOK million)	1Q24	4Q23	1Q23
Change in model-based loss provisions	1.2	4.4	30.4
Change individual loss provisions	9.8	14.1	0.7
Net write-offs	22.2	20.6	17.7
<b>Group</b>	<b>33.2</b>	<b>39.1</b>	<b>48.8</b>

Quarterly loan loss provisions

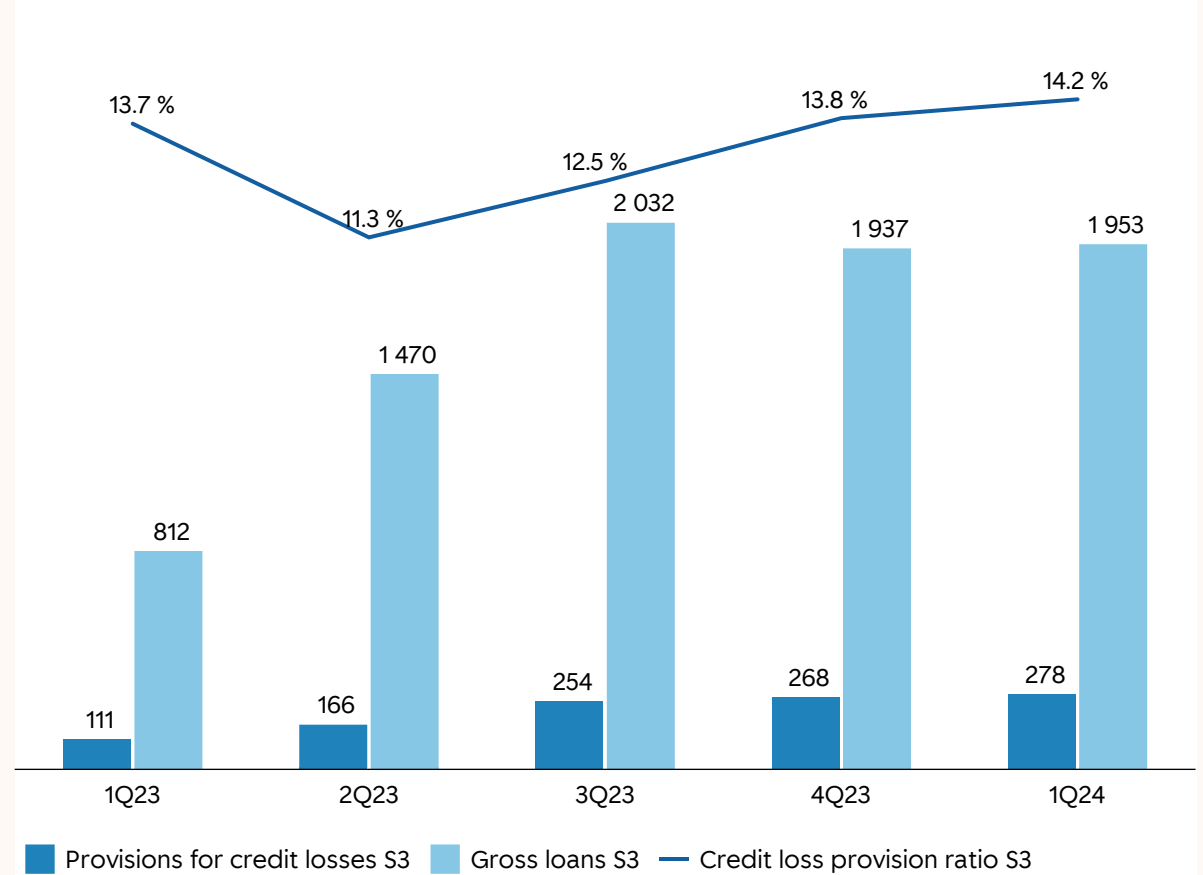


# Exposures per stage and credit loss provision ratio in stage 3

Exposure by stages (% of gross loans)\*



Loans in Stage 3 (NOK mill.)

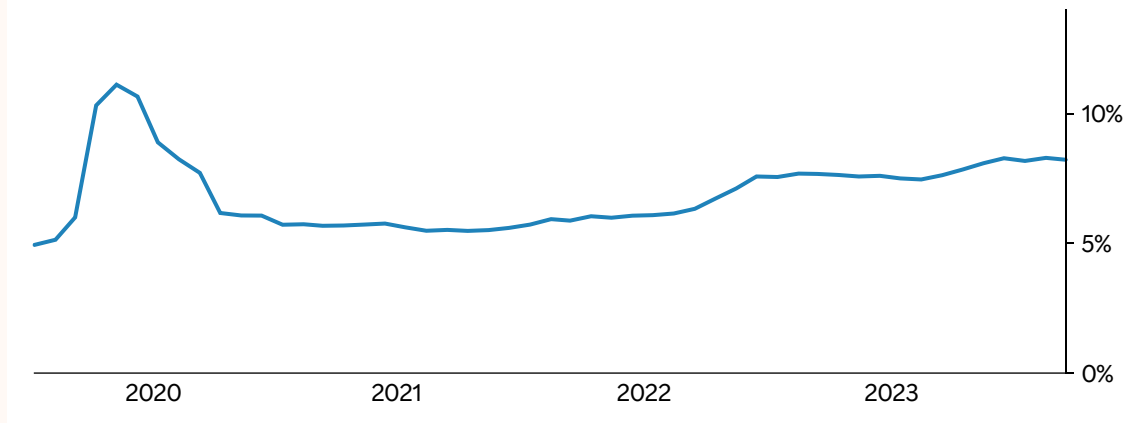


\* Excluding loans transferred to covered bond companies. Residual up to 100 per cent is due to loans at fair value over profit.

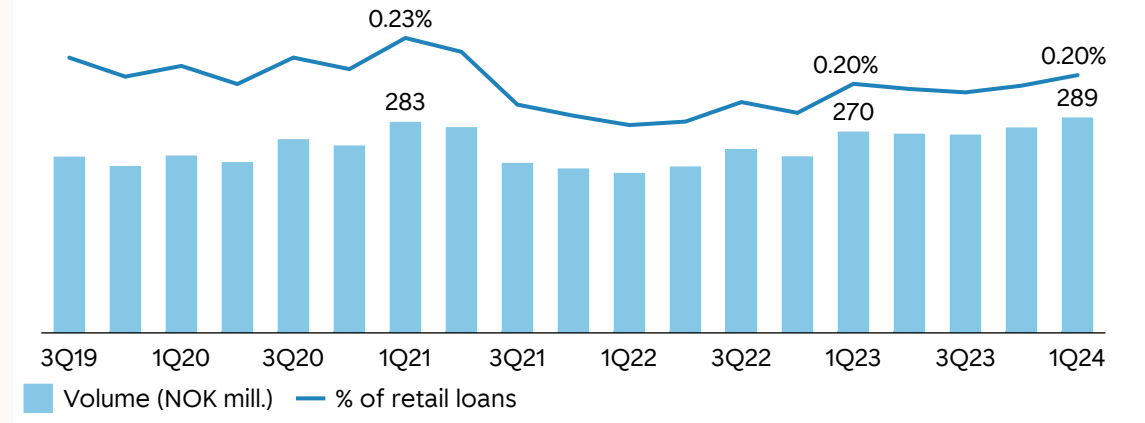
# A solid loan portfolio

Bank closely follows up payment problems, but far fewer customers than expected have problems.

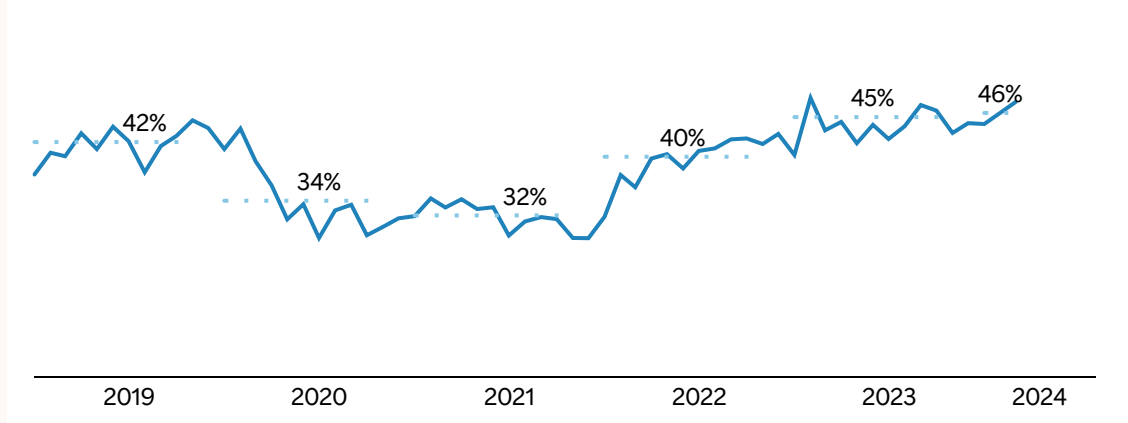
### Share of retail customers with interest-only mortgage, %



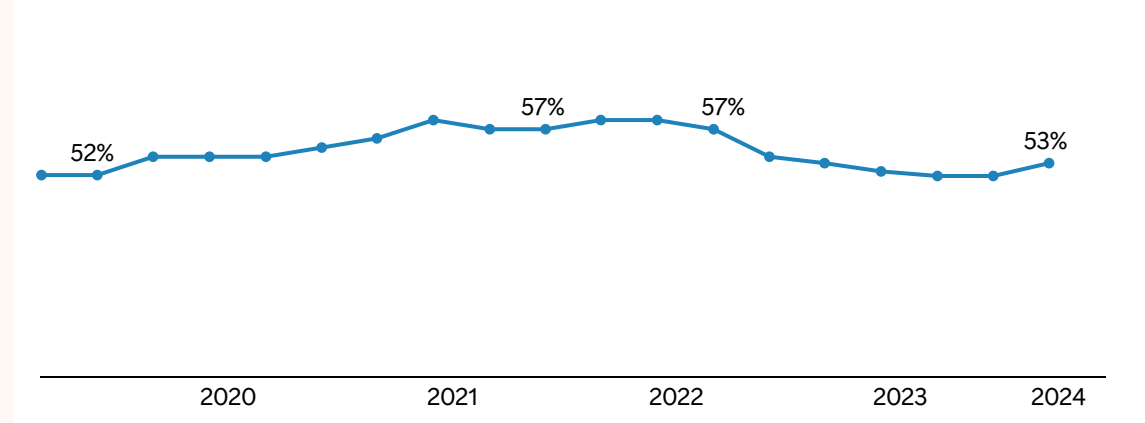
### Mortgages to debt collection (volume)



### Use of corporate credit facilities (parent bank)



### LTV commercial real estate

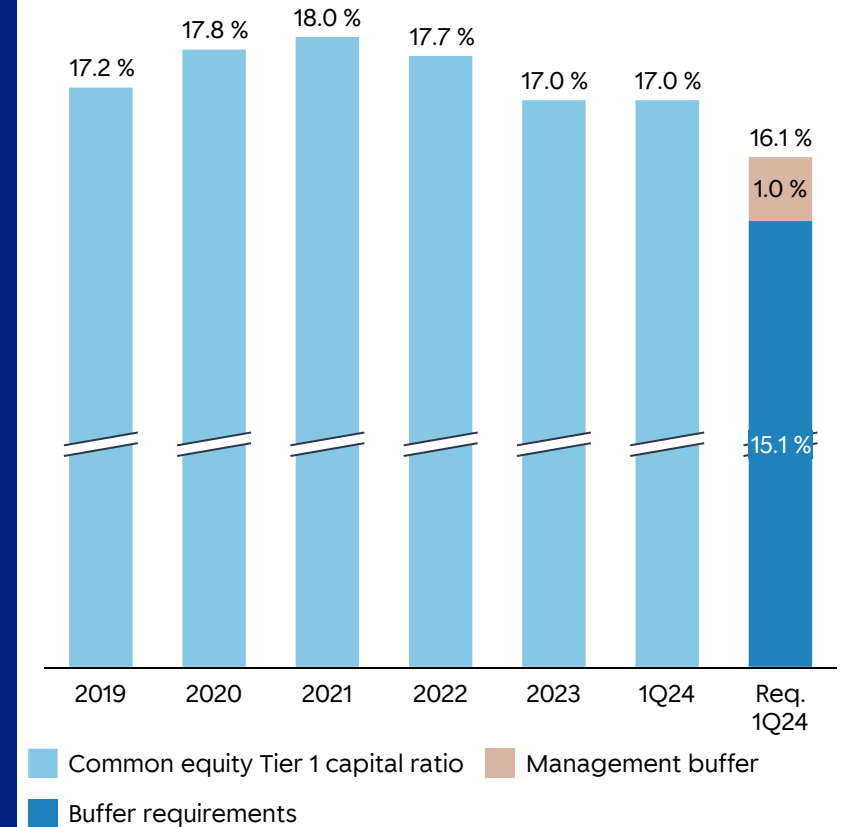


# Capital levels

Well above regulatory requirements.

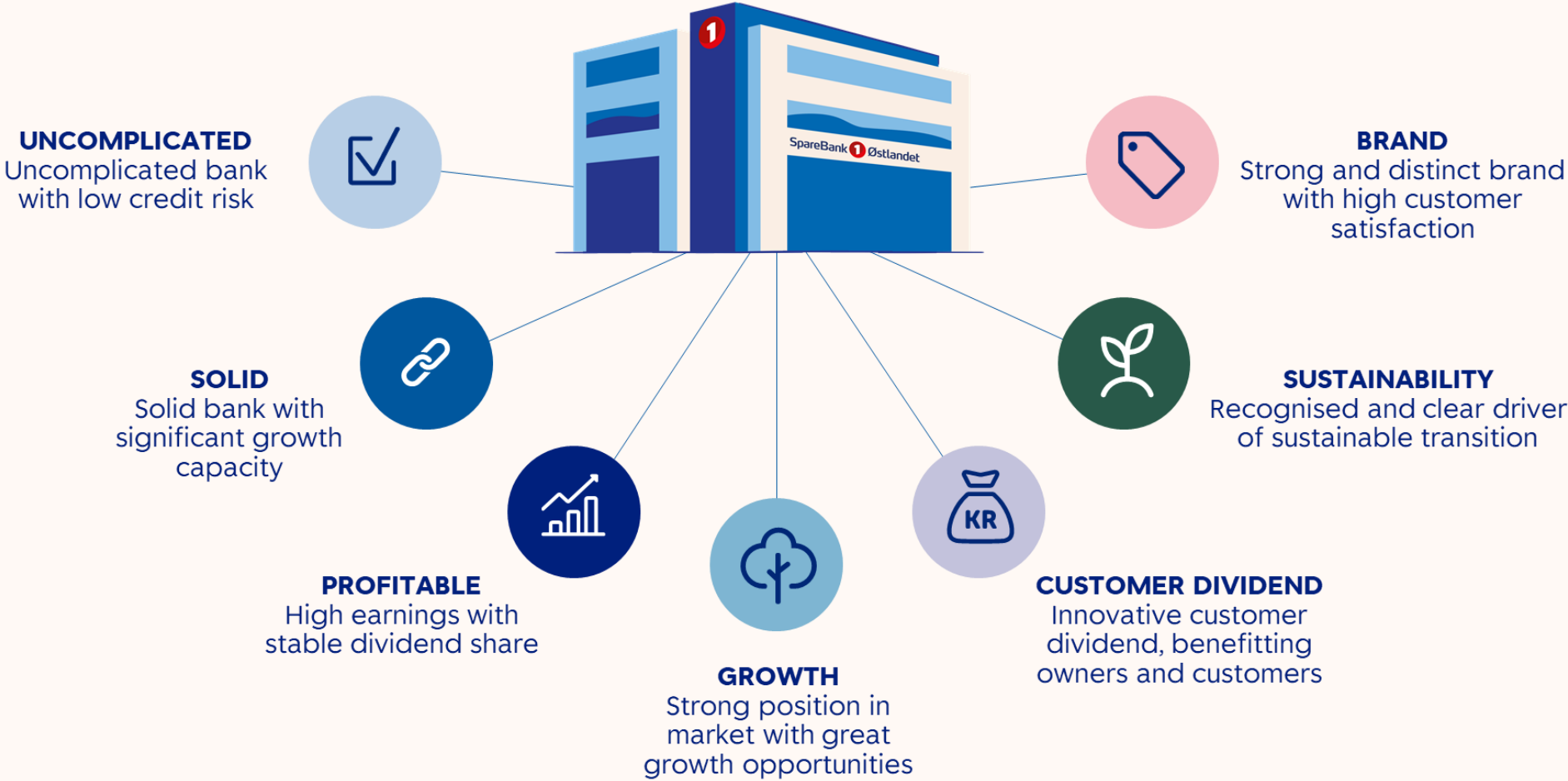
	1Q24	4Q23	1Q23
CET 1 capital ratio	17.0 %	17.0 %	17.7 %
Tier 1 capital ratio	18.7 %	18.2 %	19.0 %
Capital adequacy ratio	20.9 %	19.9 %	20.7 %
Leverage Ratio	7.2 %	7.0 %	7.2 %

## Common equity Tier 1 capital ratio





# Why invest in SPOL?



# Contact details



**Klara-Lise Aasen**

CEO

+47 476 35 583

[klara-lise.aasen@sb1ostlandet.no](mailto:klara-lise.aasen@sb1ostlandet.no)



**Geir-Egil Bolstad**

CFO

+47 918 82 071

[geir-egil.bolstad@sb1ostlandet.no](mailto:geir-egil.bolstad@sb1ostlandet.no)



**Bjørn-Erik R. Orskaug**

Head of Investor Relations

+47 922 39 185

[bjorn-erik.orskaug@sb1ostlandet.no](mailto:bjorn-erik.orskaug@sb1ostlandet.no)

*[investor@sb1ostlandet.no](mailto:investor@sb1ostlandet.no)*



# 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.

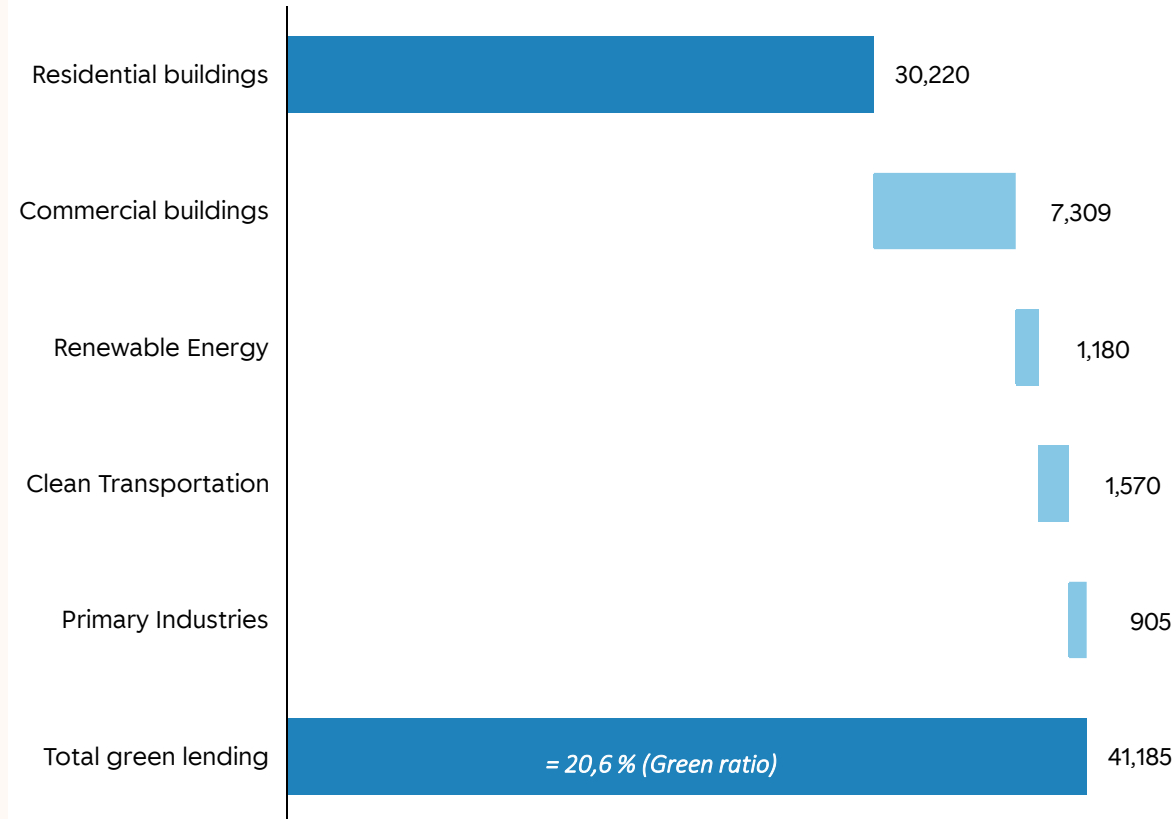
This presentation does not imply that SpareBank 1 Østlandet has undertaken to revise these forward-looking statements, beyond what is required by applicable law or applicable stock exchange regulations if and when circumstances arise that will lead to changes compared to the date when these statements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

# Appendix

# Green lending

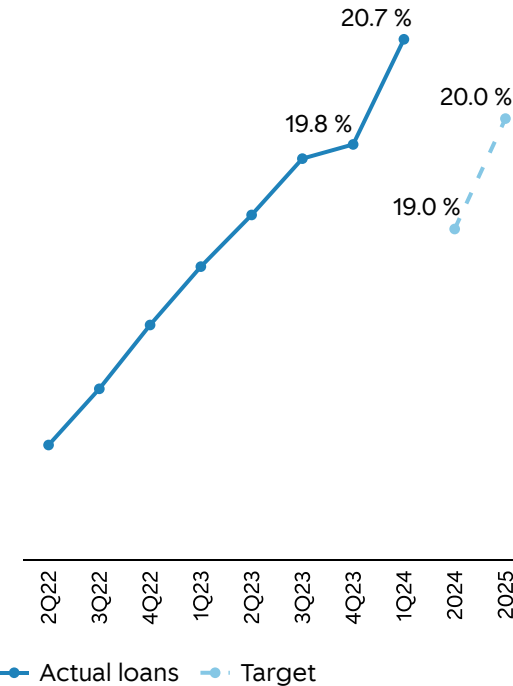
Higher green share of lending is important to reach our net zero emissions objective.\*

Green loans per 31 March 2024, MNOK

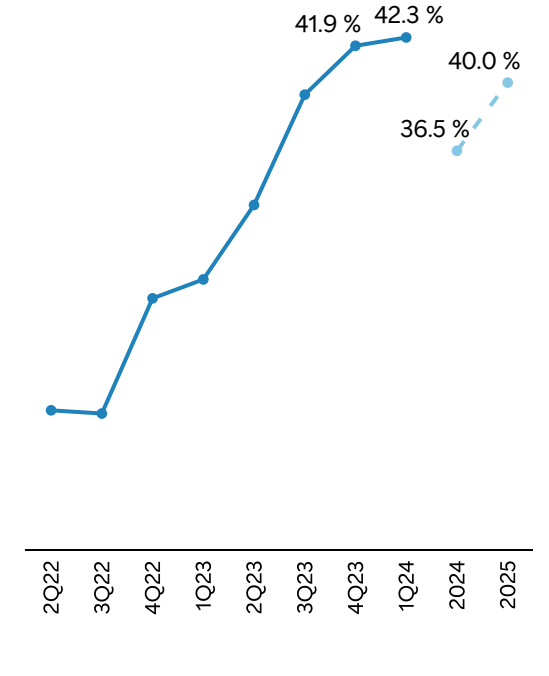


Share of green lending, %

Residential mortgages










Commercial real estate



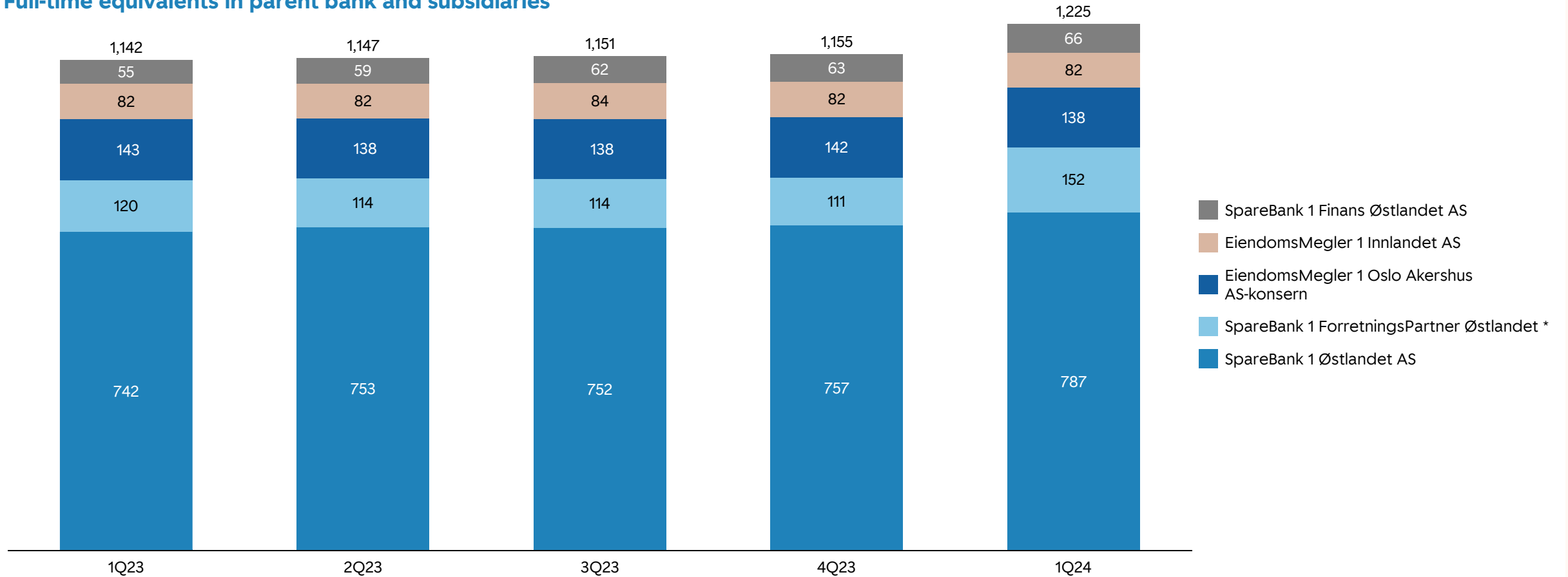
\* Green loans are defined on pages 76-84 in [2023 Annual report](#).

# 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	

# Headcount

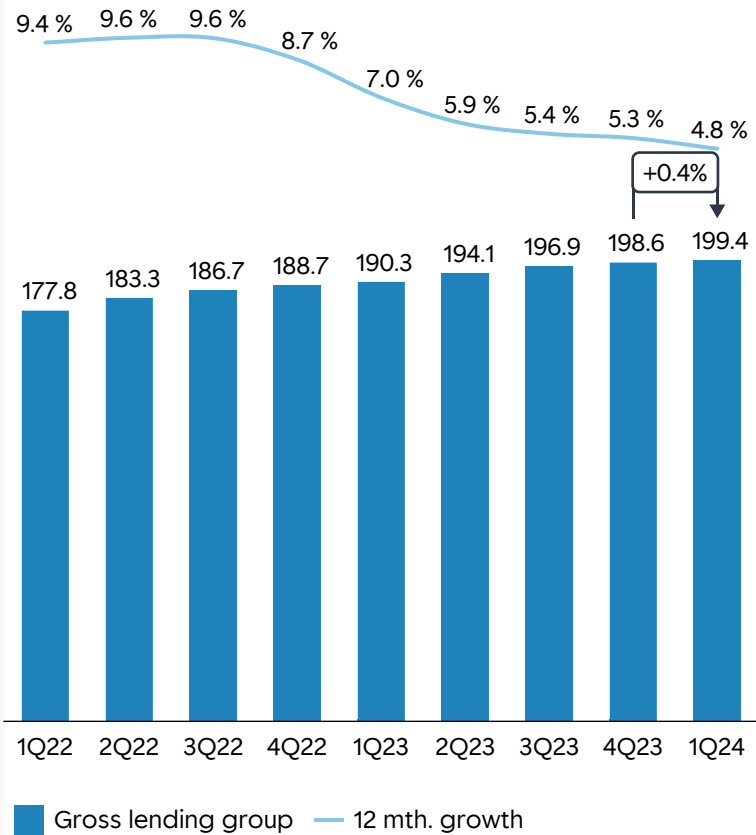
## Full-time equivalents in parent bank and subsidiaries



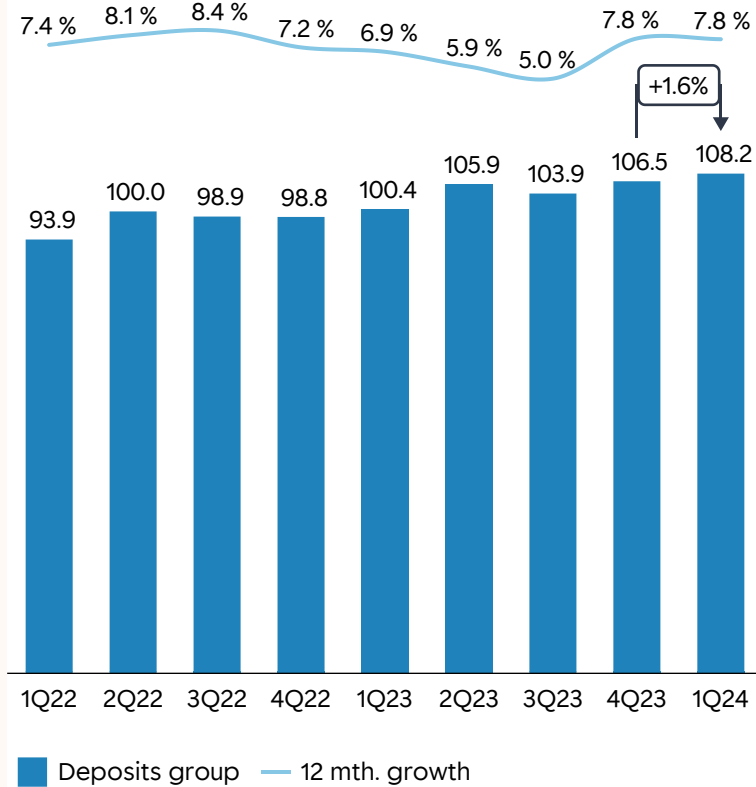
\* Includes Siffer Norge AS with subsidiaries from 1Q-2024

# Group volume growth and margin development

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



Deposit volume and growth (NOK bill. and %)



Margins, parent bank (%)\*\*

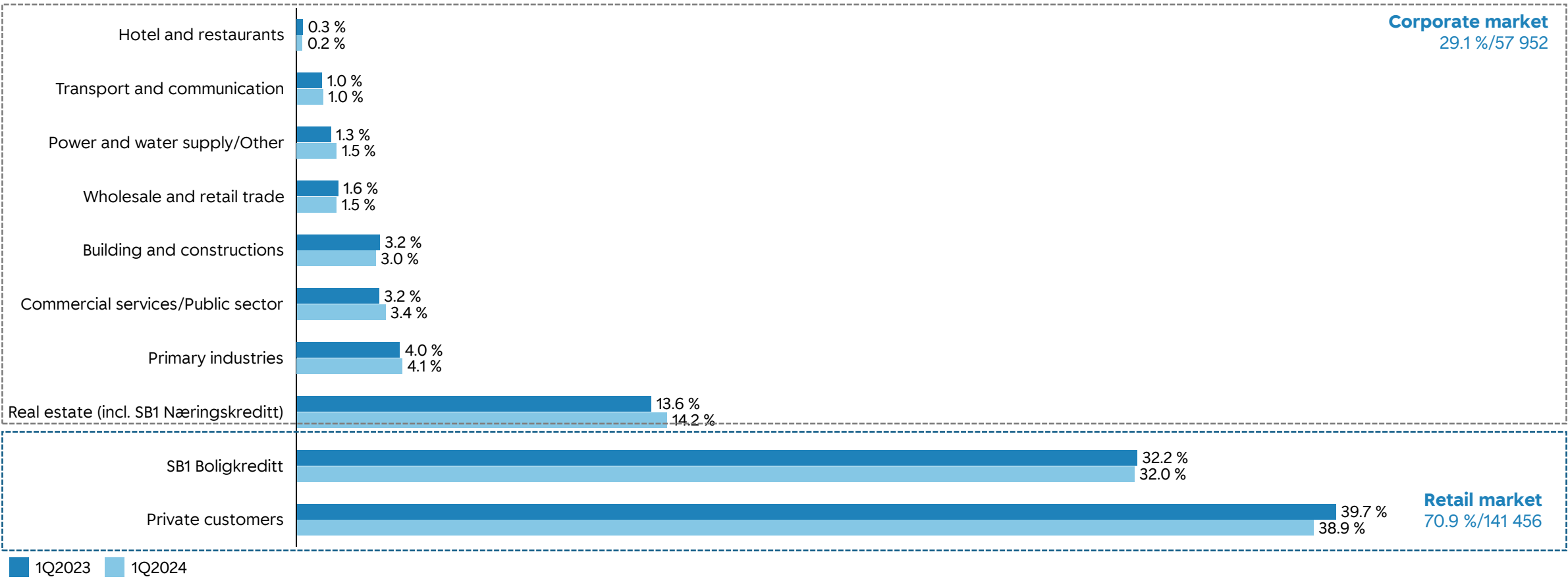


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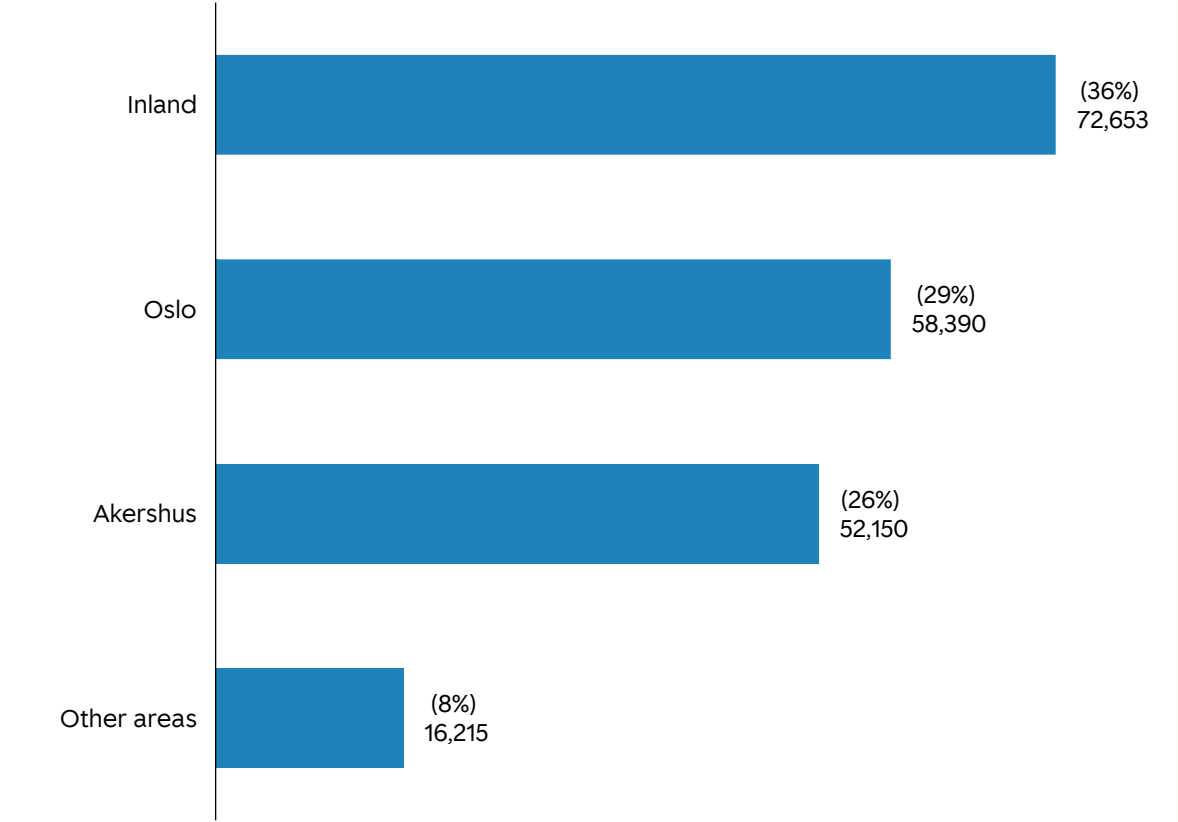
# Well diversified loan portfolio

Lending to customers per sector (in %)

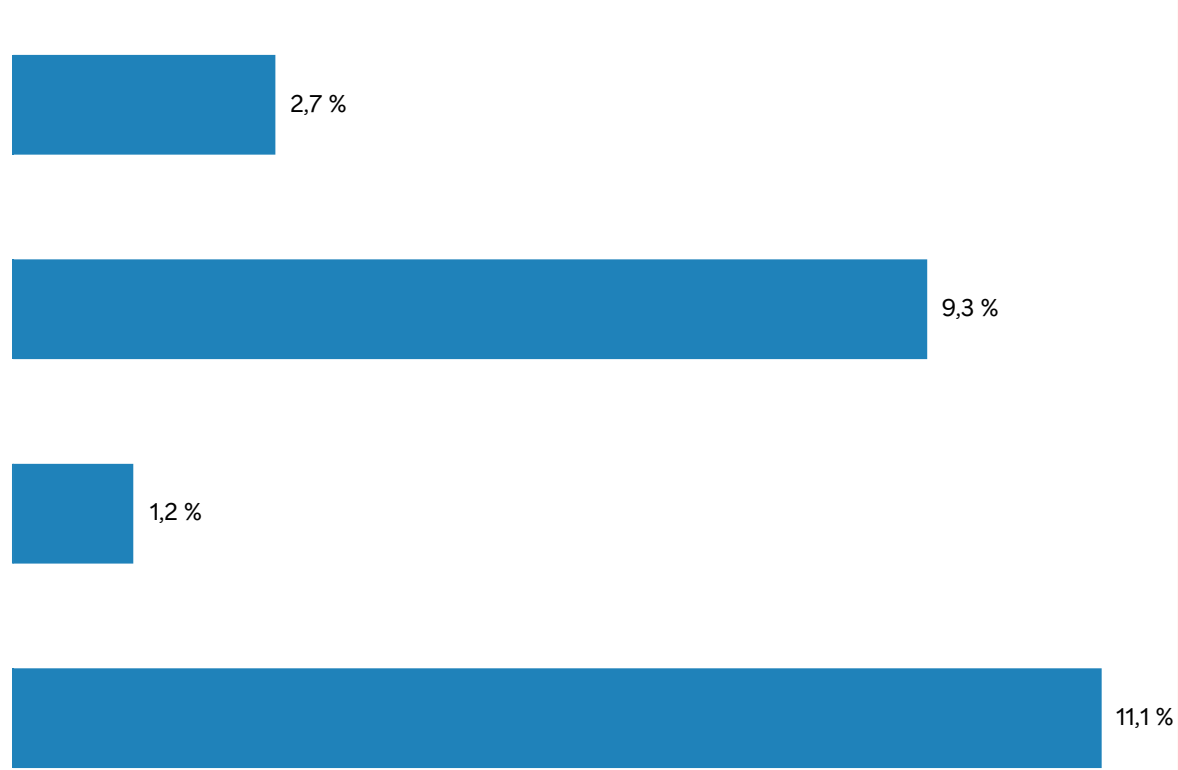


# The Group's lending by geography

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

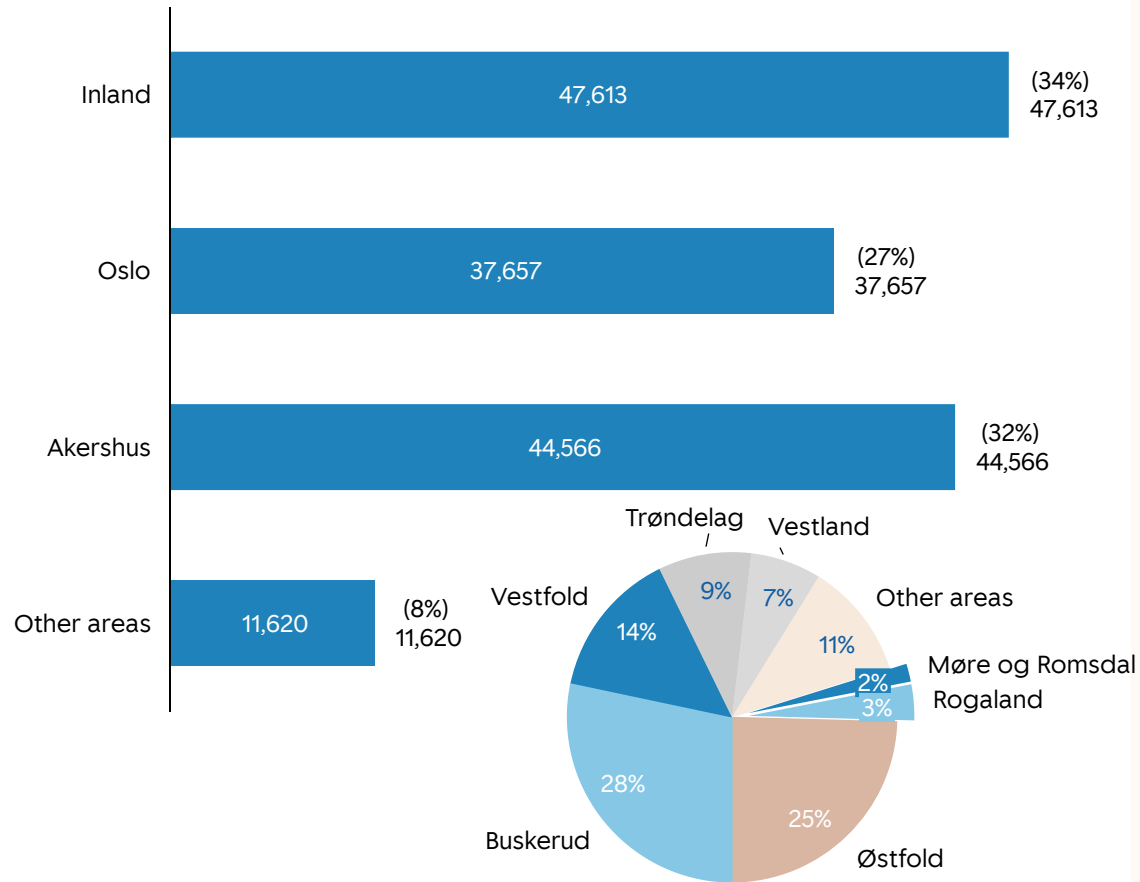


Change last 12 months (%)

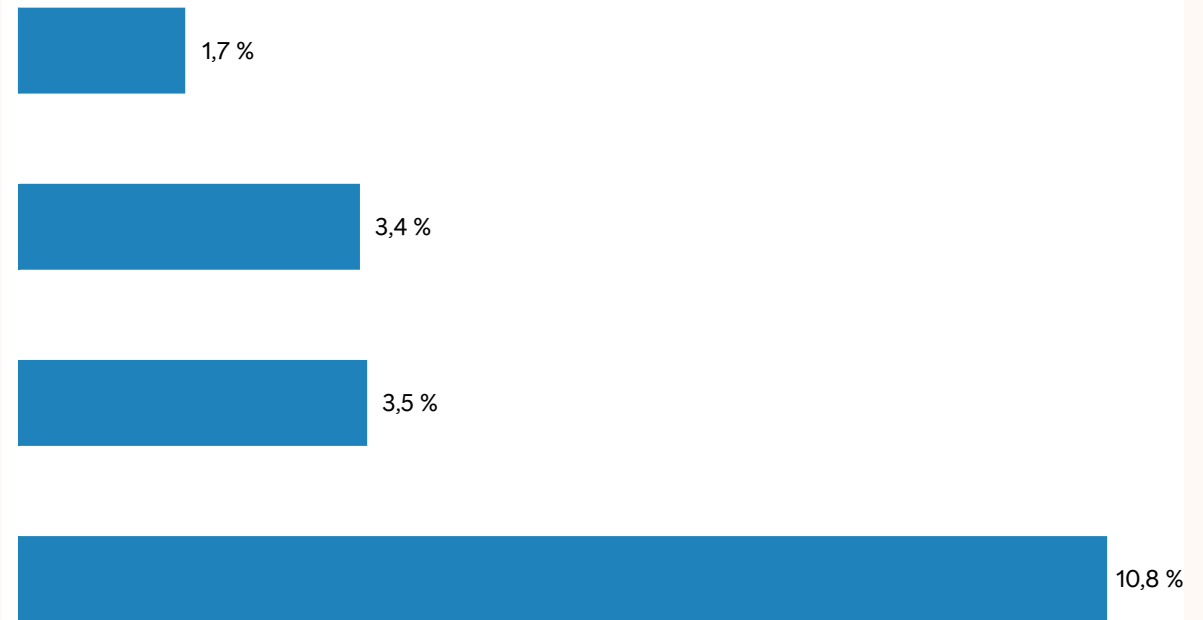


# Mortgage loans by geography

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

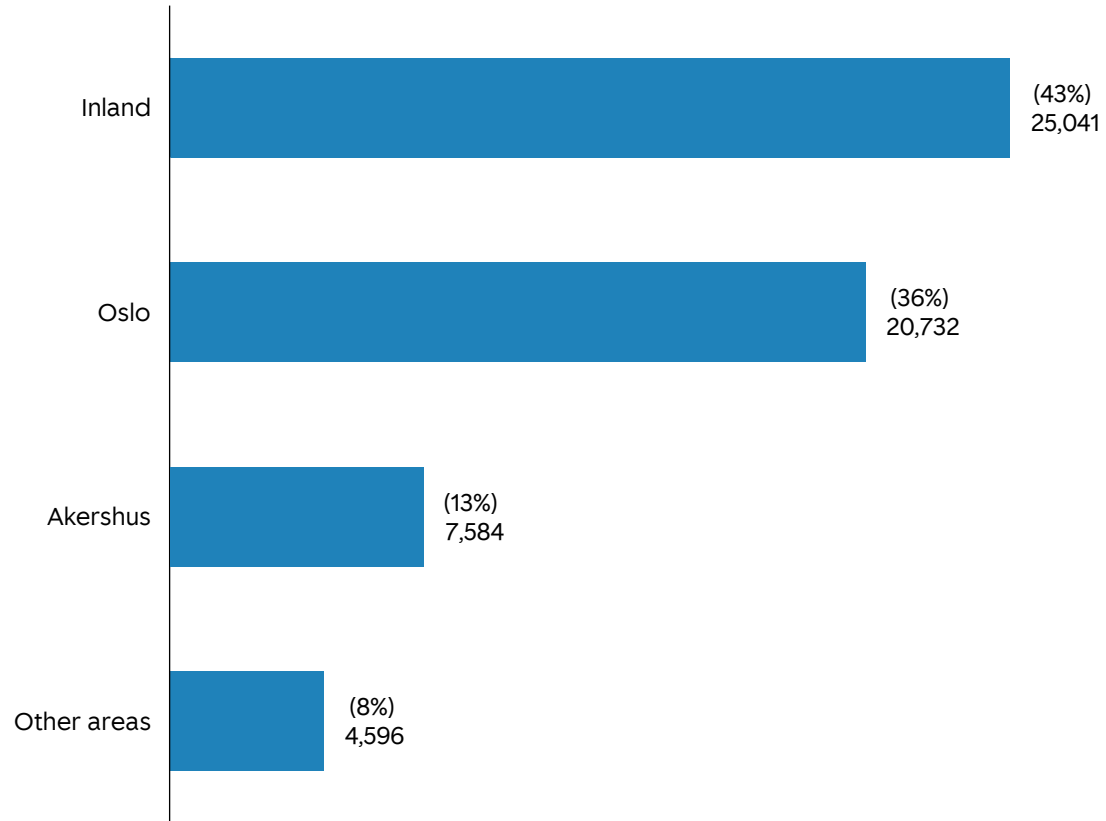


Change last 12 months (%)

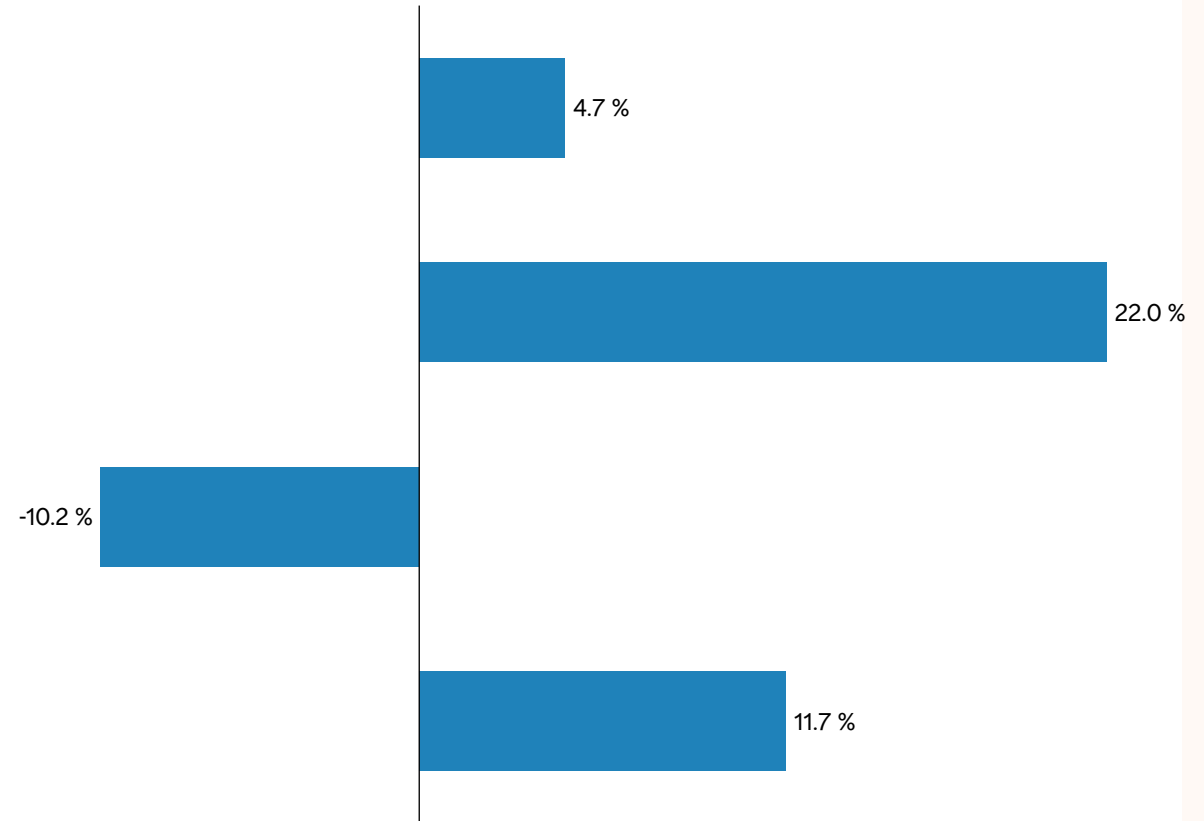


# Corporate market lending by geography

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



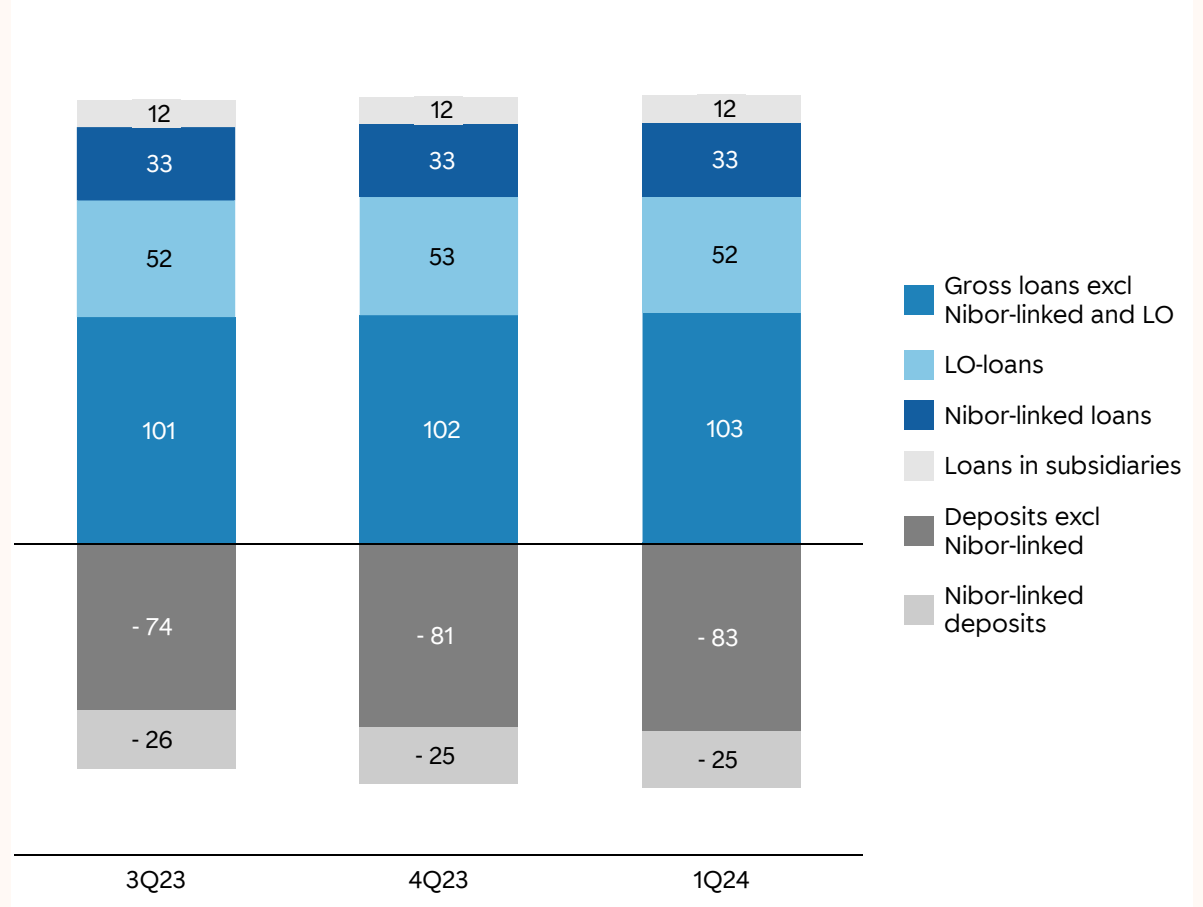
Change last 12 months (%)



# Bank customer rates and rate-sensitive volumes

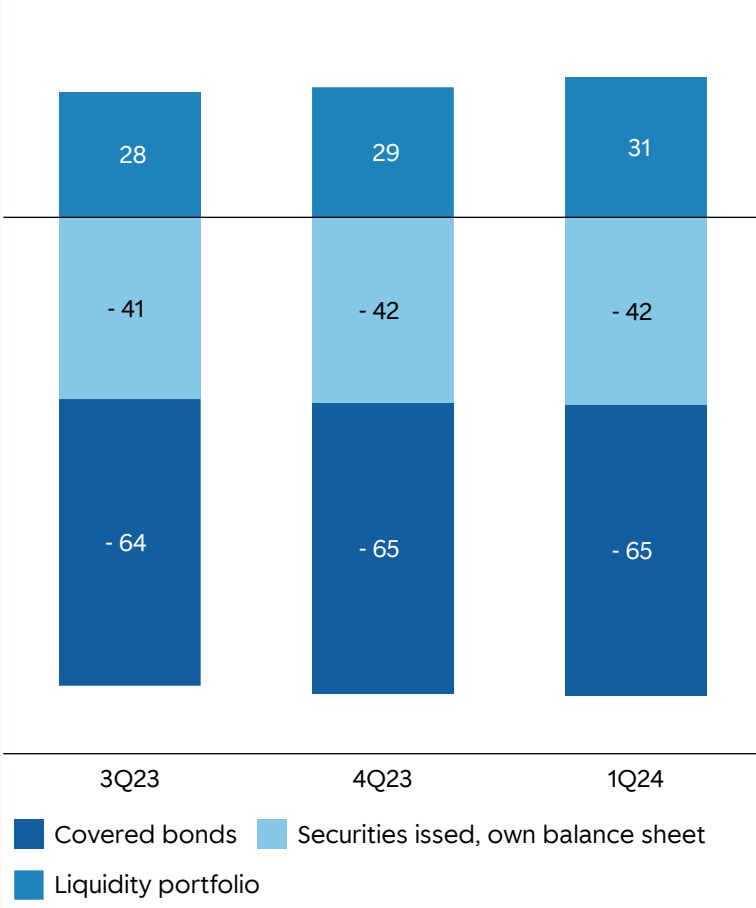
Norges Bank	17 Aug-23 (0.25%)	21 Sep-23 (0.25%)	14 Dec-23 (0.25%)
Effective dates new loans and deposits	21 Sep-23	28 Nov-23	21 Feb-24
Existing CM loans and deposits	6 Sep-23	6 Oct-23	3 Jan-24
Existing RM loans and deposits	24 Oct-23	28 Nov-23	21 Feb-24

Loans and deposits, NOK bill.

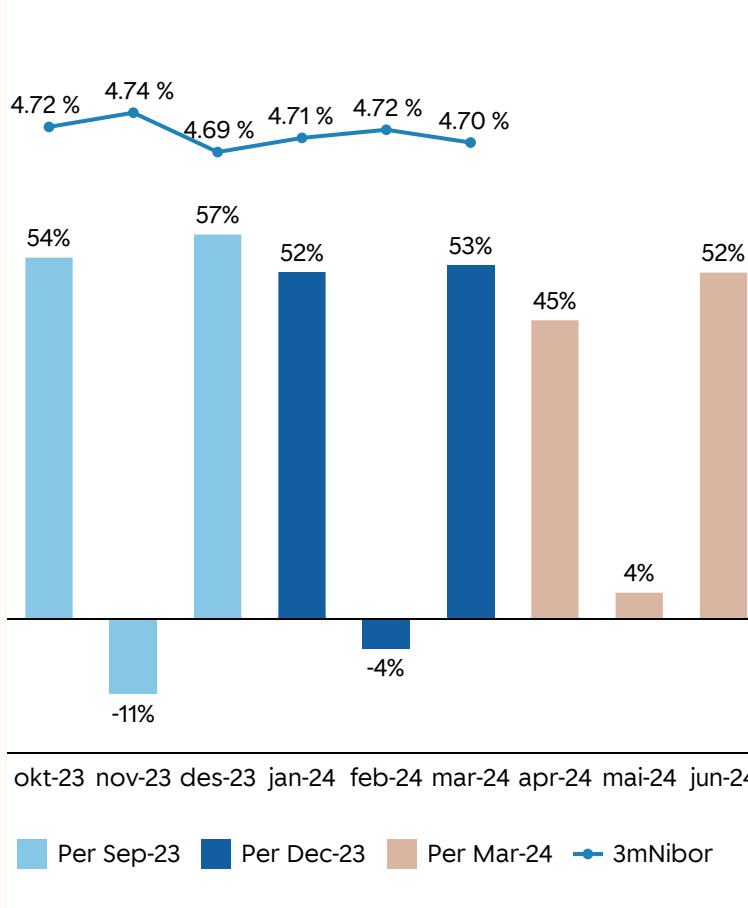


# Structure and rate fixings of funding and security holdings

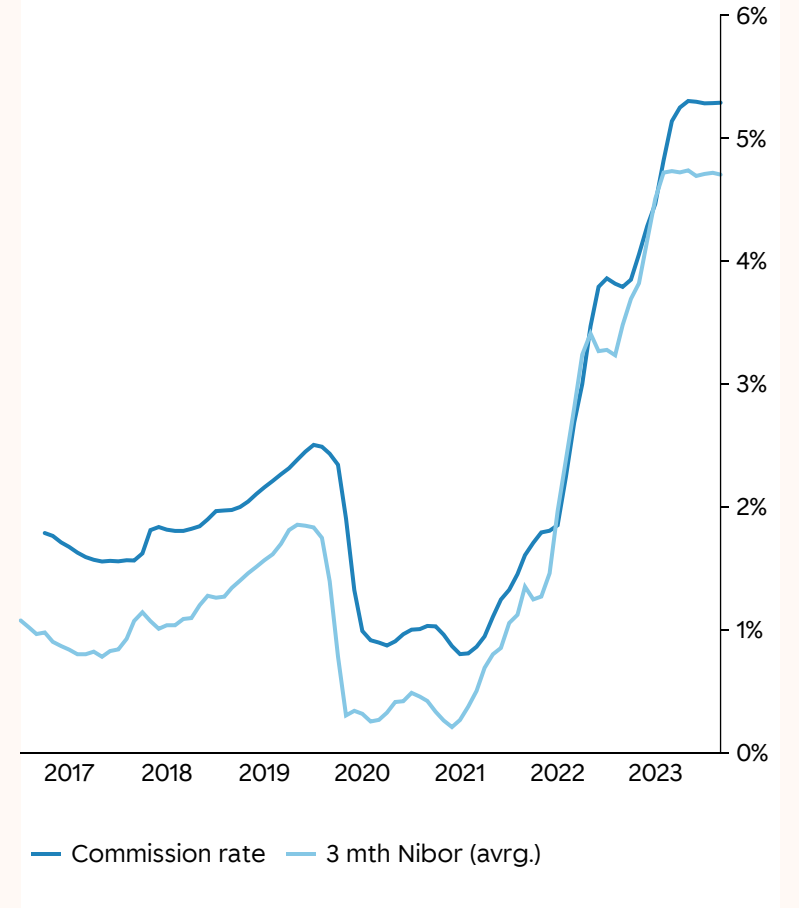
Securities, NOK bill.\*



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



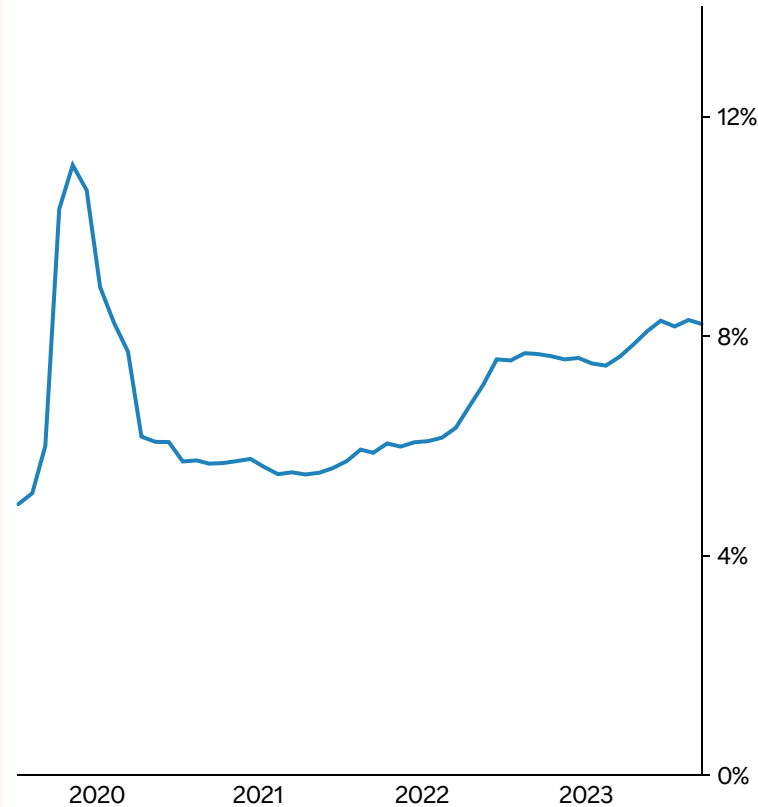
NIBOR and commission rate SB1 Boligkreditt, %



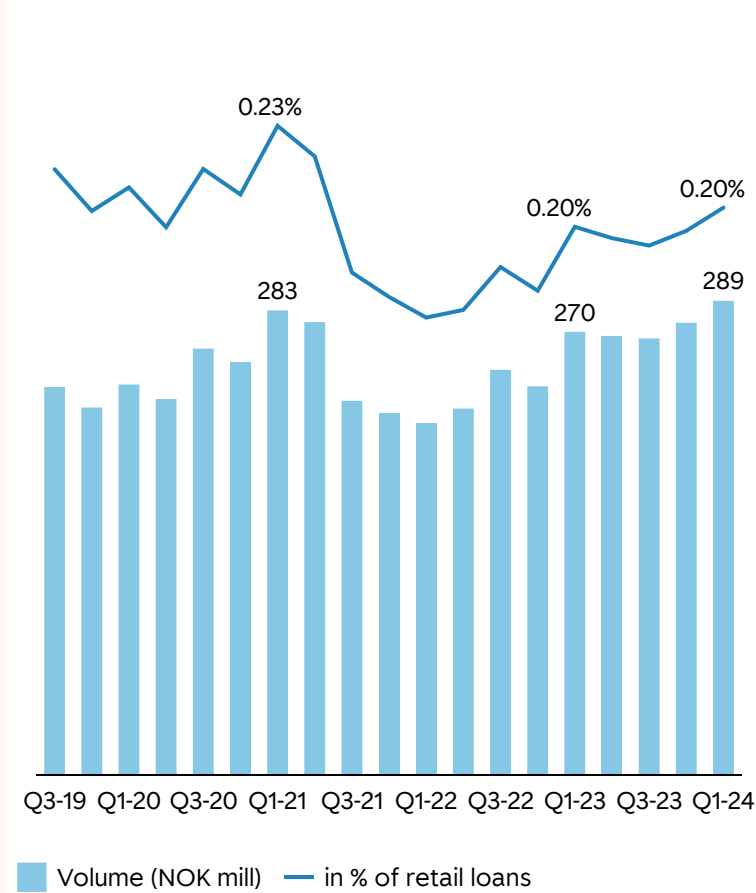
\* Covered bonds refer to loans transferred to covered bond companies. \*\* Includes rate fixings on liquidity portfolio, debt securities issued on own balance, and interest rate/cross currency basis swaps.

# Retail: Indicators of underlying credit quality

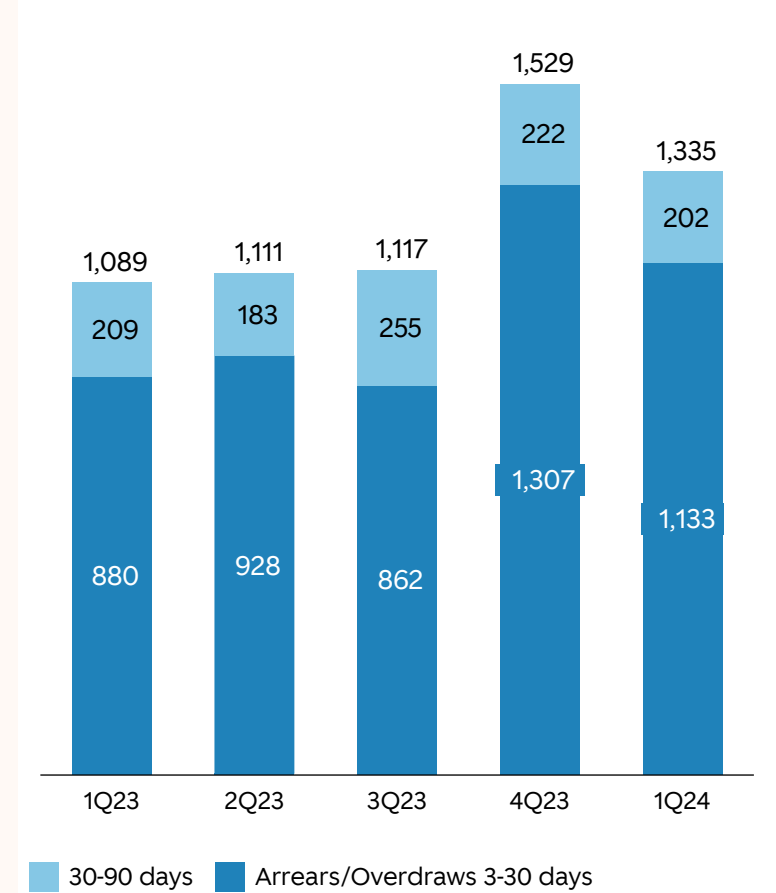
Retail customers with interest-only mortgage



Mortgages to debt collection (volume)



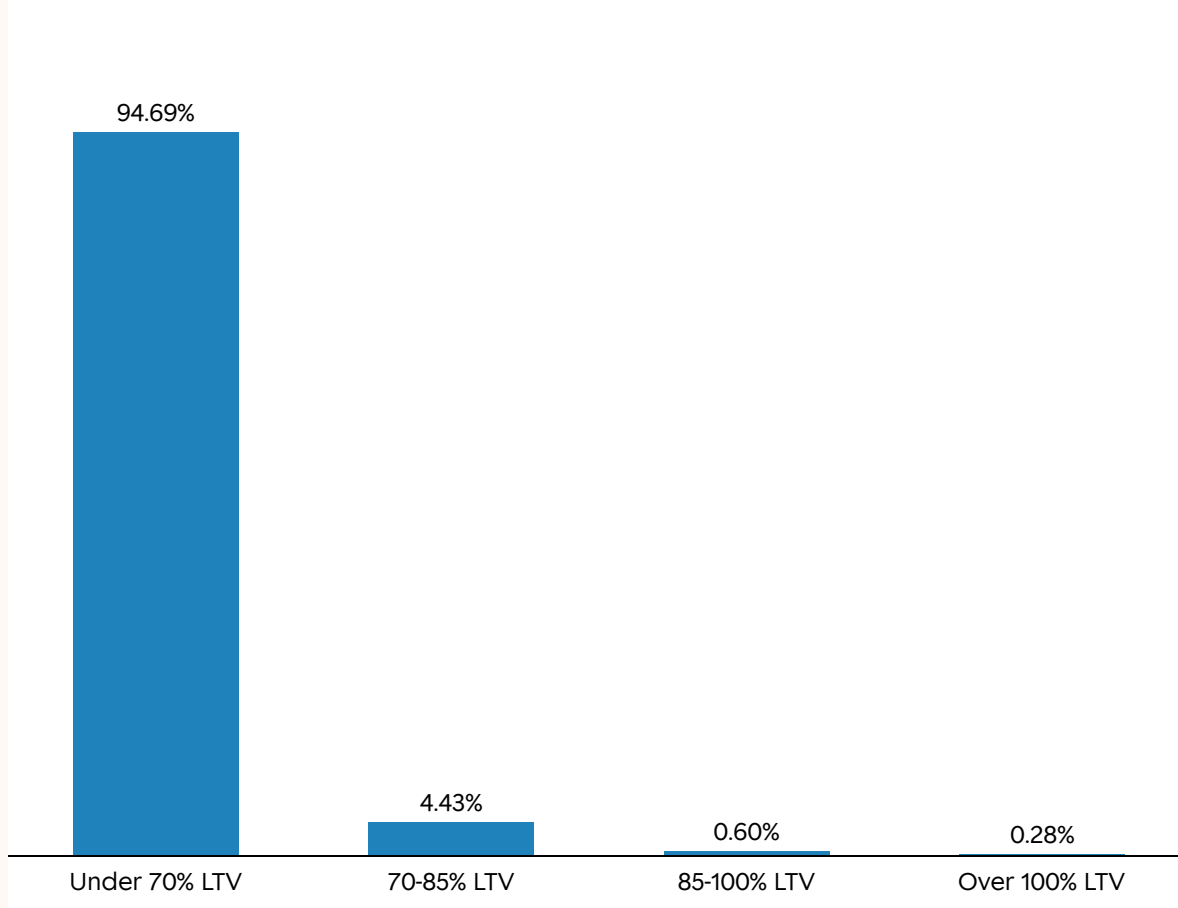
Arrears retail market, NOK mill.\*



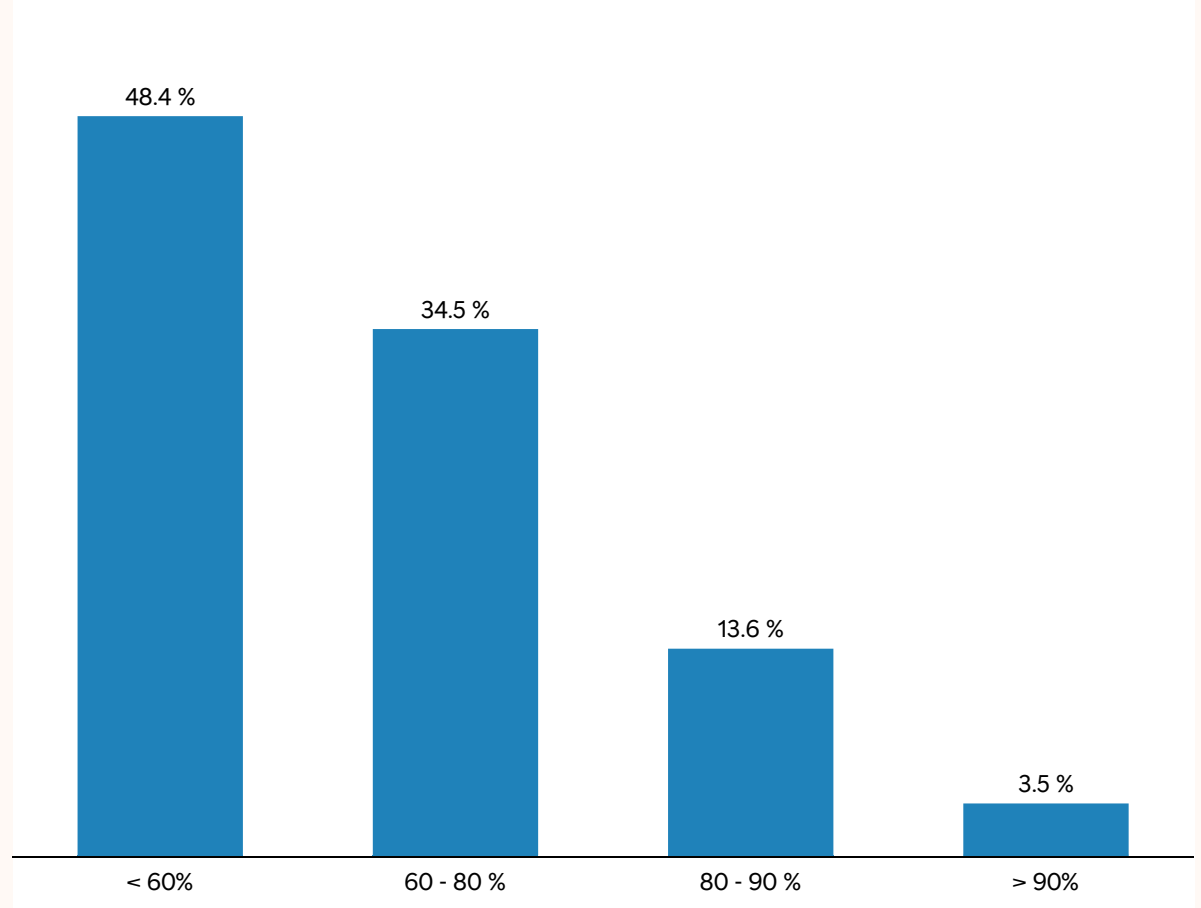
\* Does not include loans transferred to SpareBank 1 Boligkreditt.

# Retail: Mortgage collateral

Share of LTV by exposure – retail mortgages\*



Share of lending according to LTV - retail mortgages\*

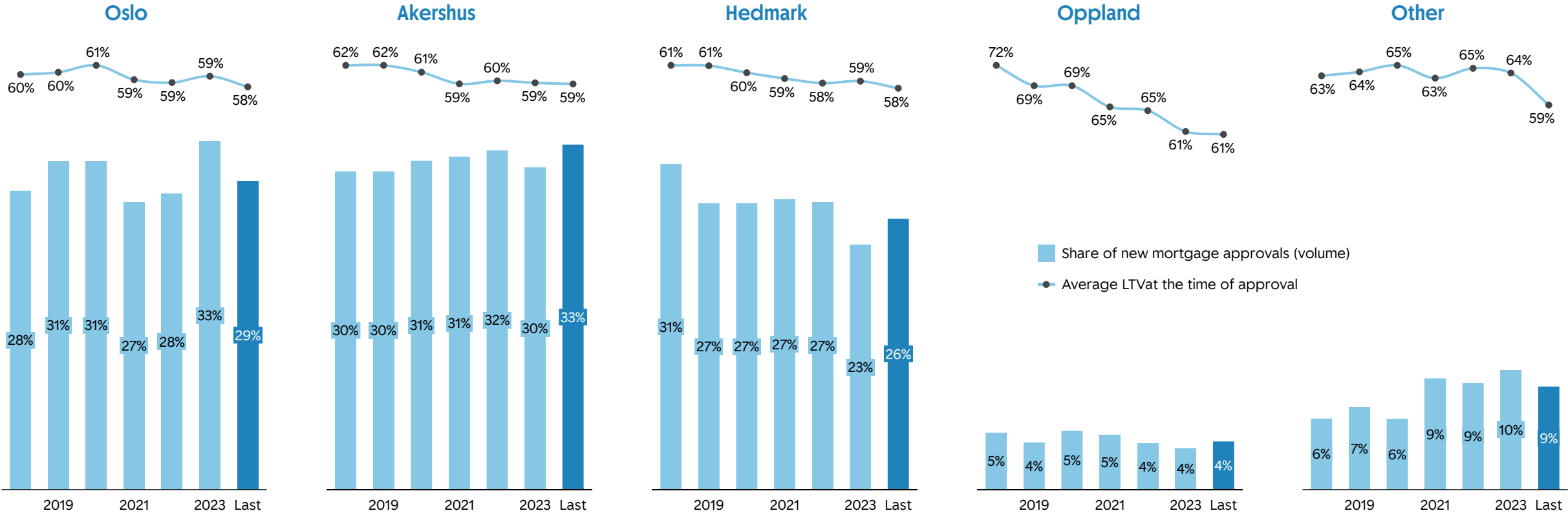


\* Including loans transferred to SpareBank 1 Boligkreditt.



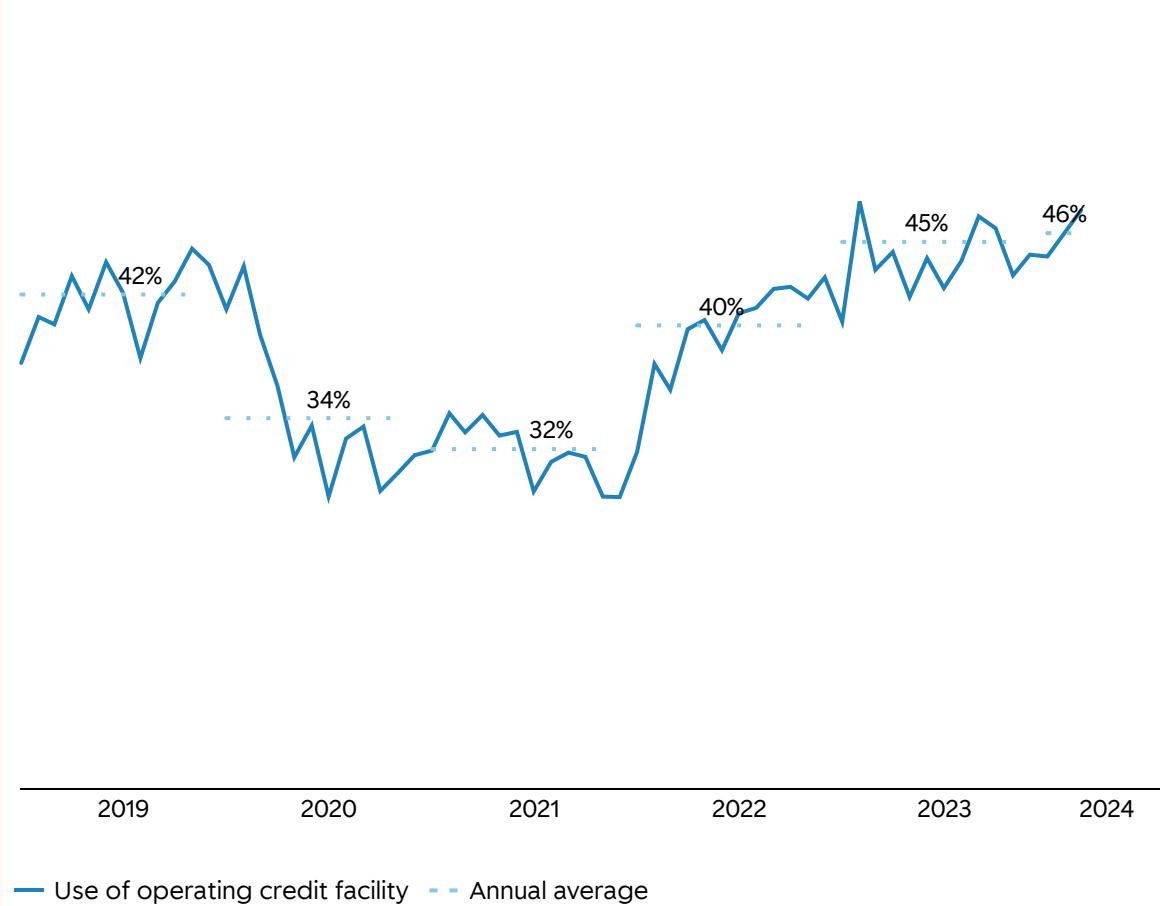
# Stable low LTVs in new mortgage approvals

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

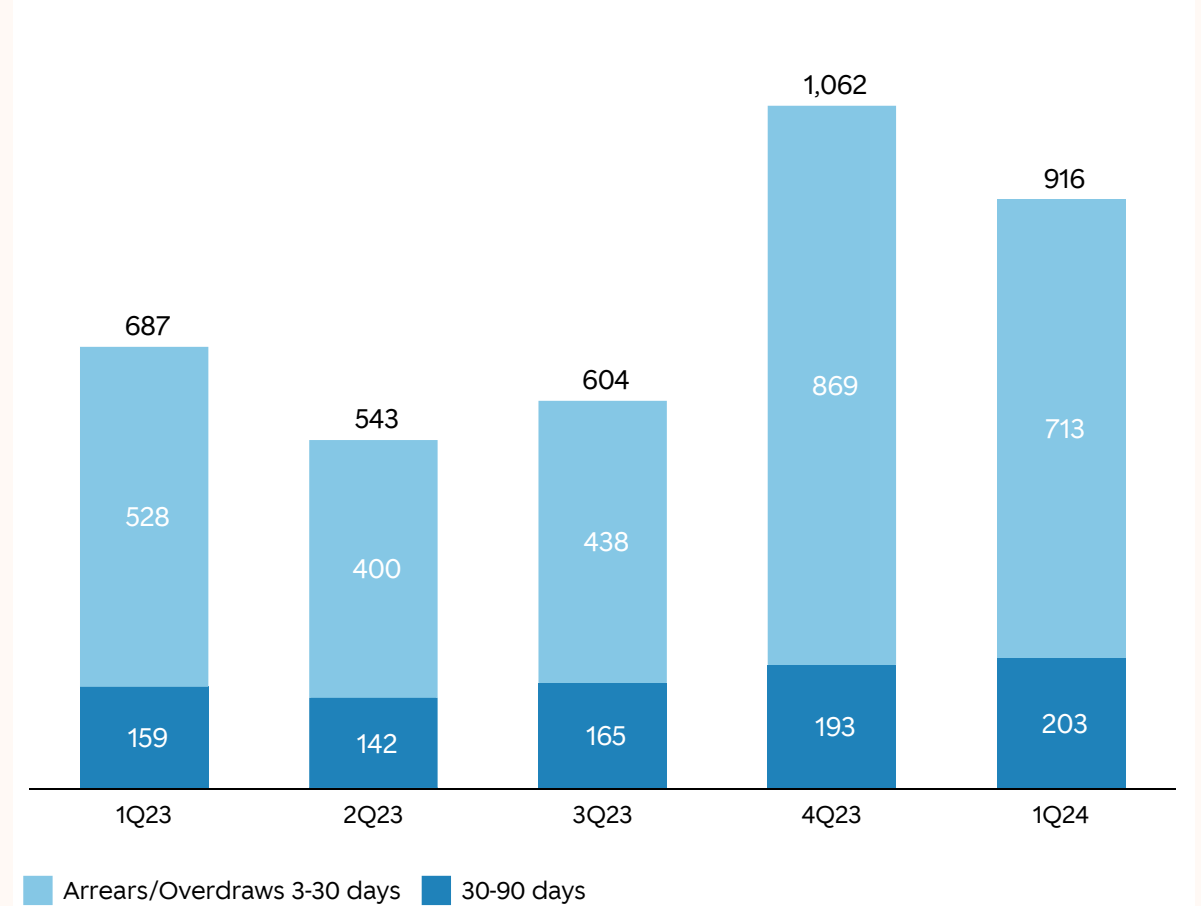


# Corporate: Indicators of underlying credit quality

Use of corporate credit facilities (parent bank)



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

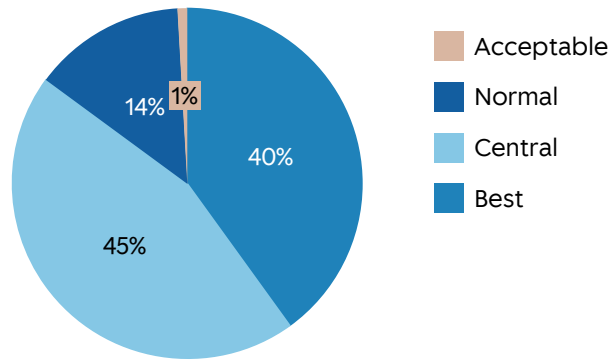


\* Does not include loans transferred to SpareBank 1 Næringskreditt.

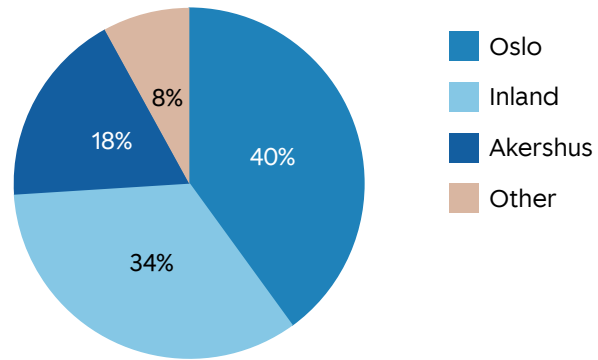
# CRE: Attractive, diversified portfolio

97 % of tenants have contracts that are 100 % indexed (to CPI).

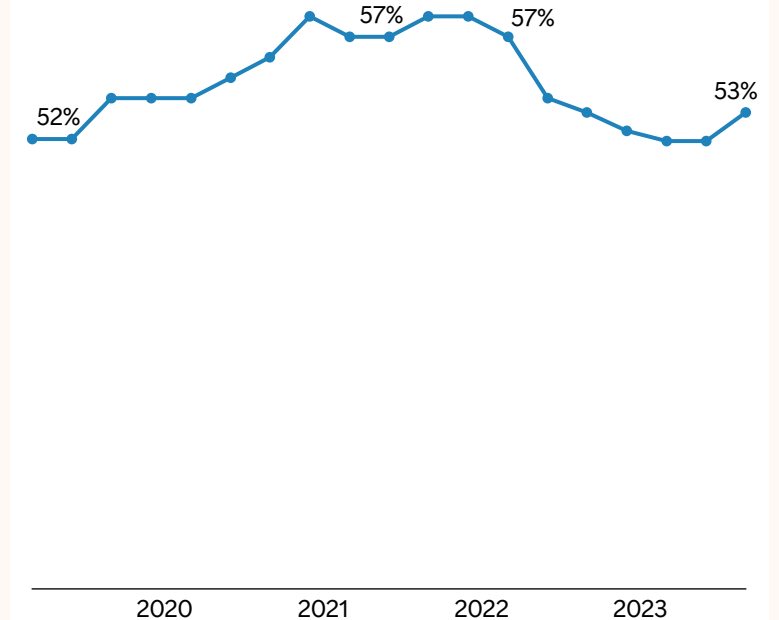
### Rental space attractiveness



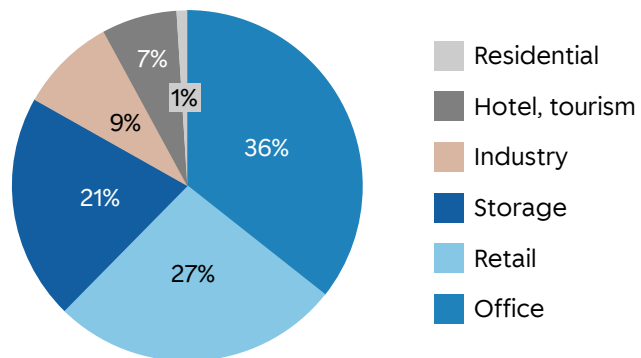
### Geographical distribution of rental space



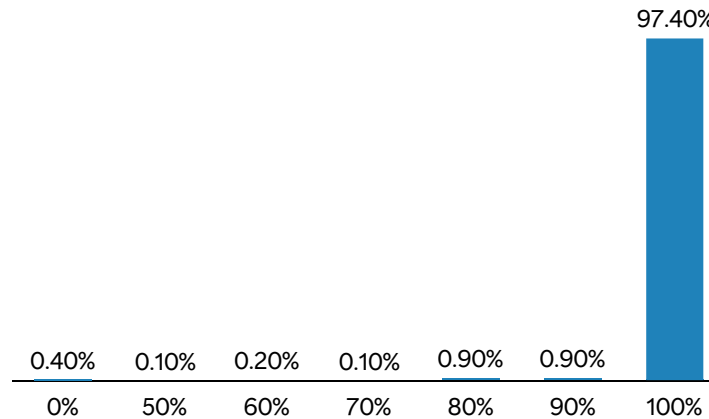
### LTV for CRE portfolio



### Share of rental space according to type



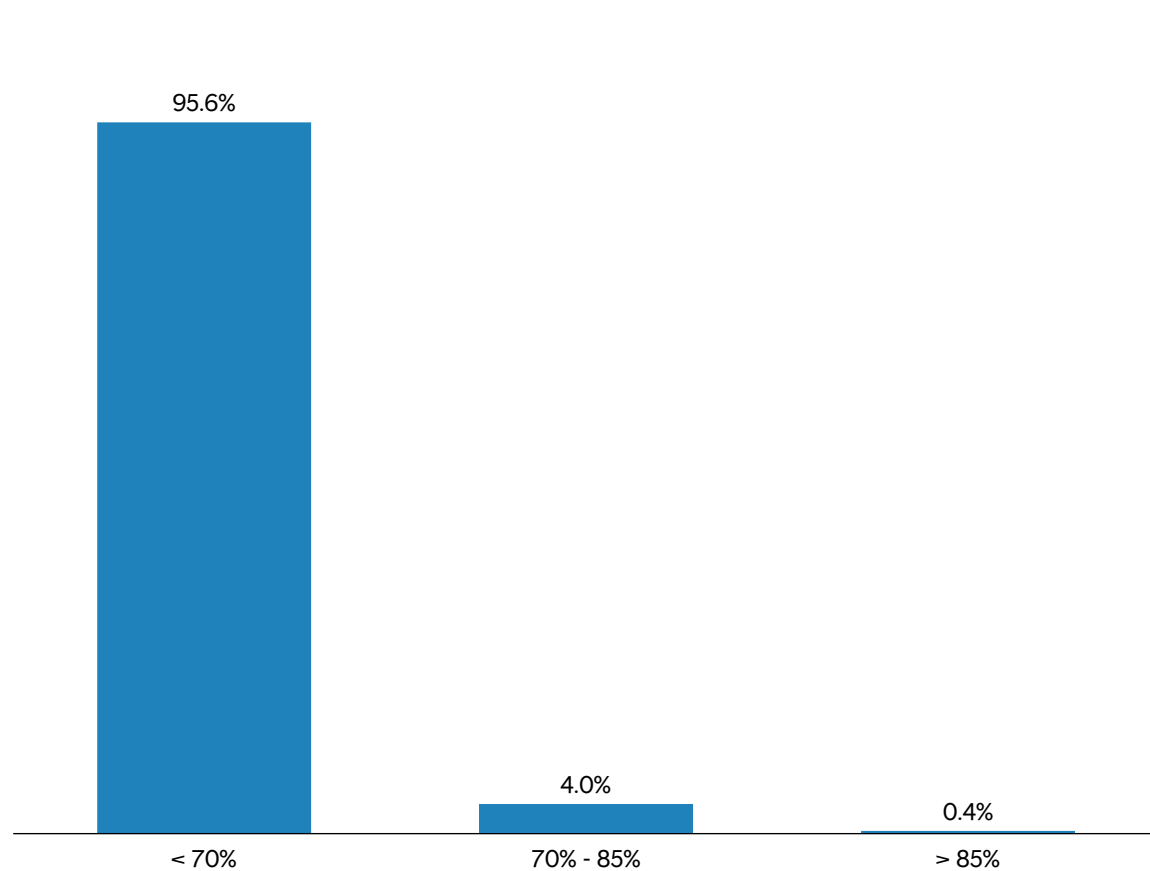
### Share of rental space at different indexation



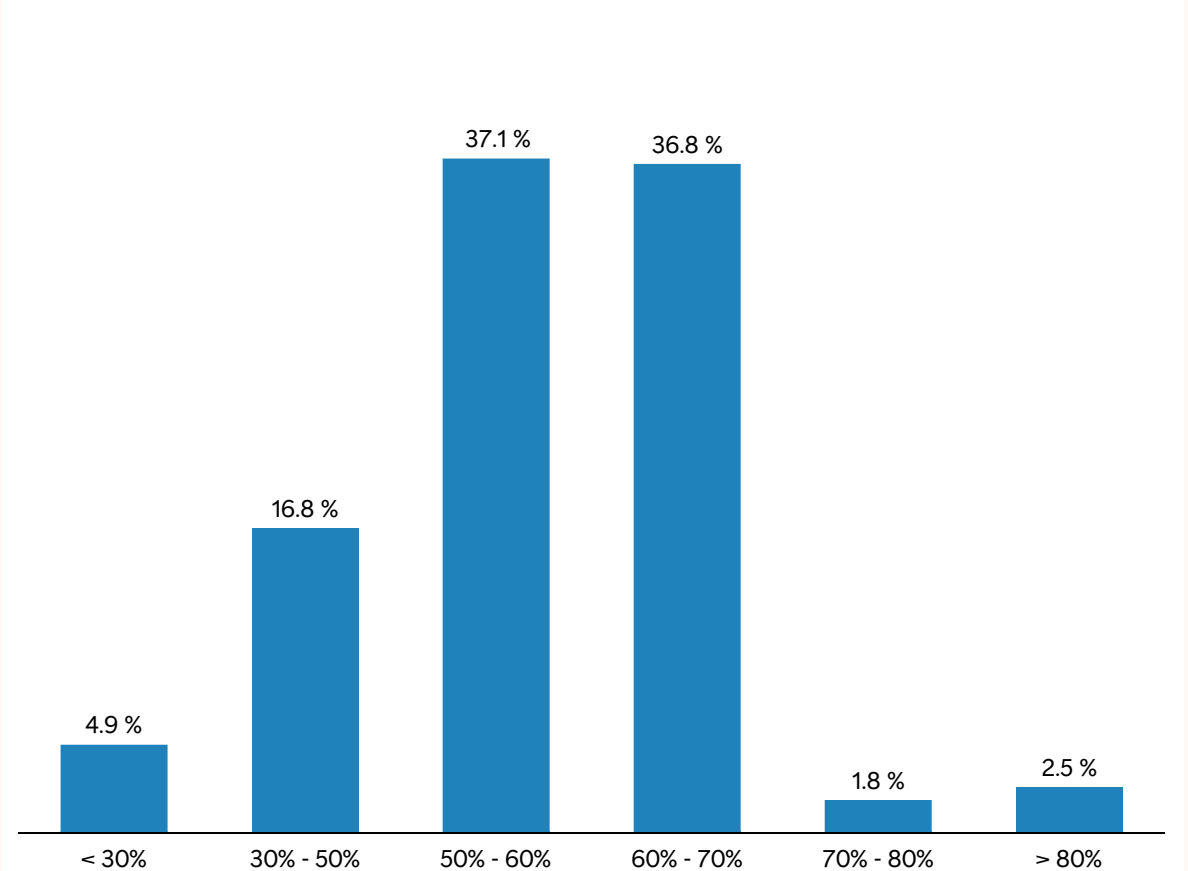
# CRE: Solid collateral

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\*

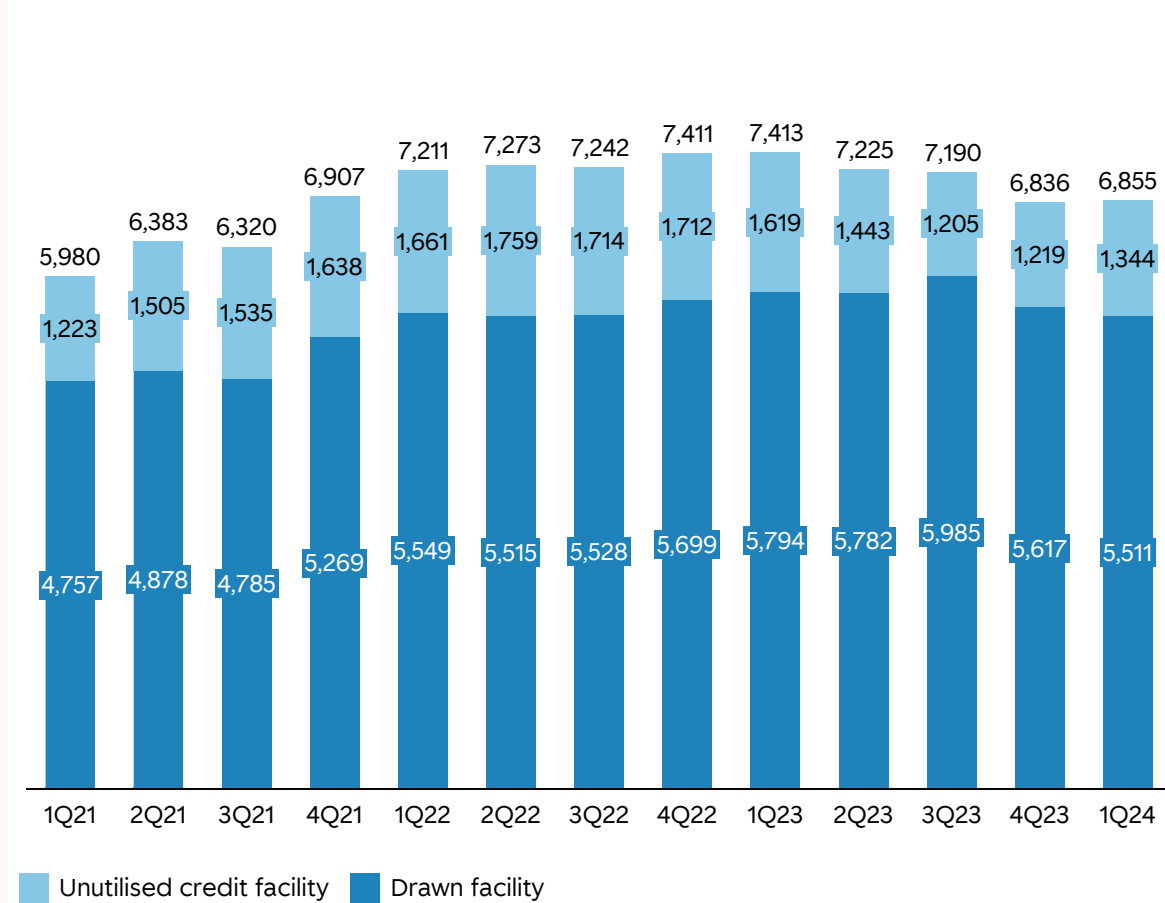


\* Based on numbers for parent bank and exposures of at least NOK 10 mill.

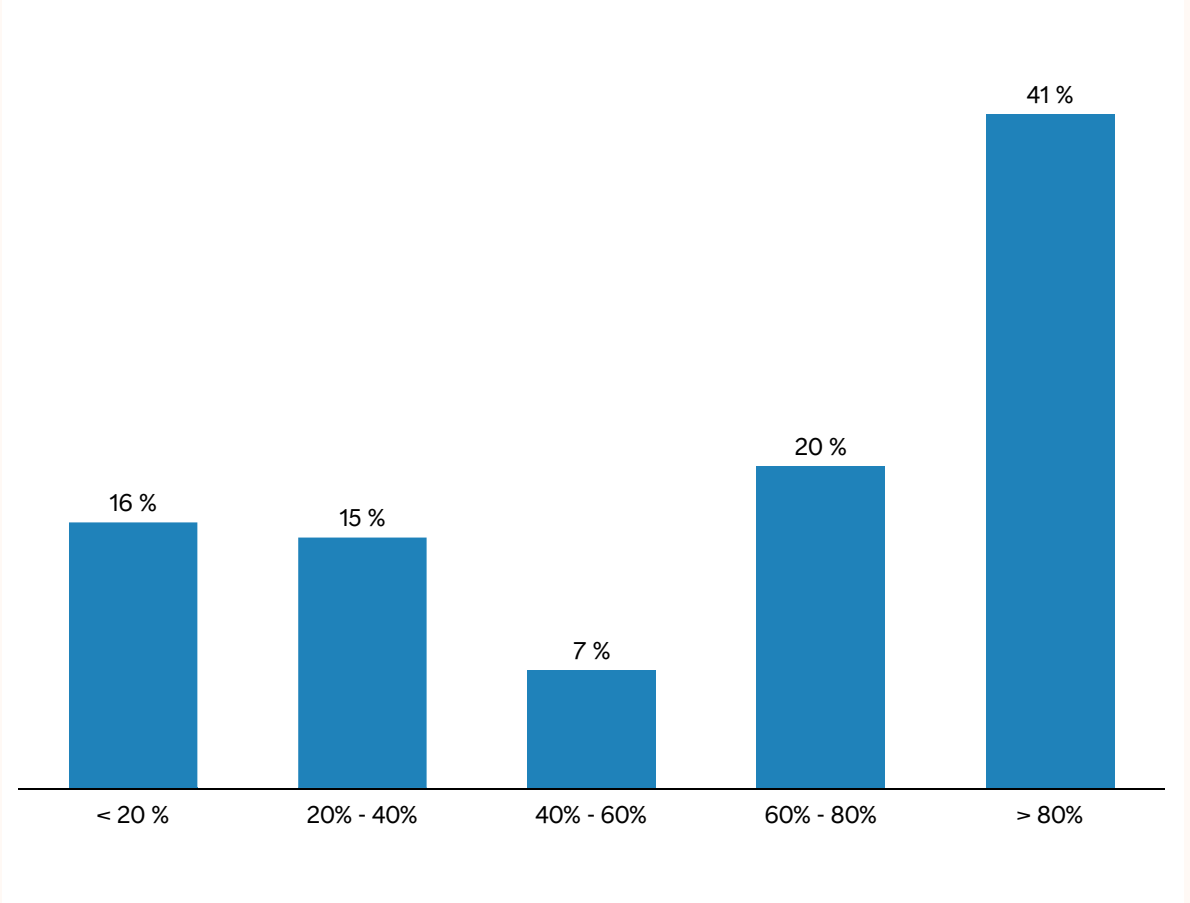
# Projects: More new building projects are initiated

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

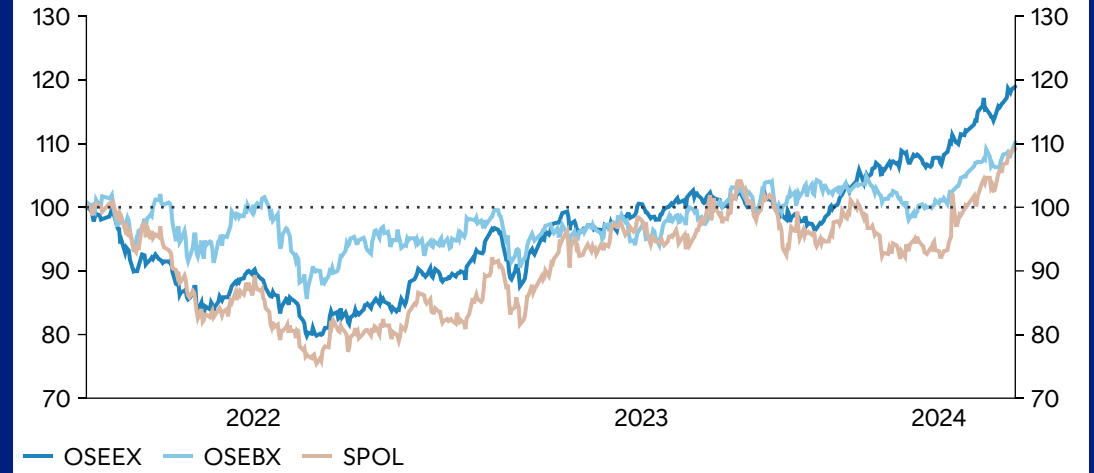
Equity Capital Certificates (ECC) <sup>1)</sup>	31.03.2024	31.03.2023	2023
ECC ratio	69.9 %	70.0 %	69.9 %
ECC issued	115,829,789	115,829,789	115,829,789
Market price (NOK)	124.40	113.80	132.60
Market capitalisation (NOK million)	14,409	13,181	15,359
Book equity per ECC <sup>2)</sup>	114.07	108.76	117.11
Earnings per ECC, NOK <sup>3)</sup>	5.03	3.80	12.99
Price/earnings per ECC <sup>2)</sup>	6.15	7.39	10.21
Price/book equity <sup>2)</sup>	1.09	1.05	1.13

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

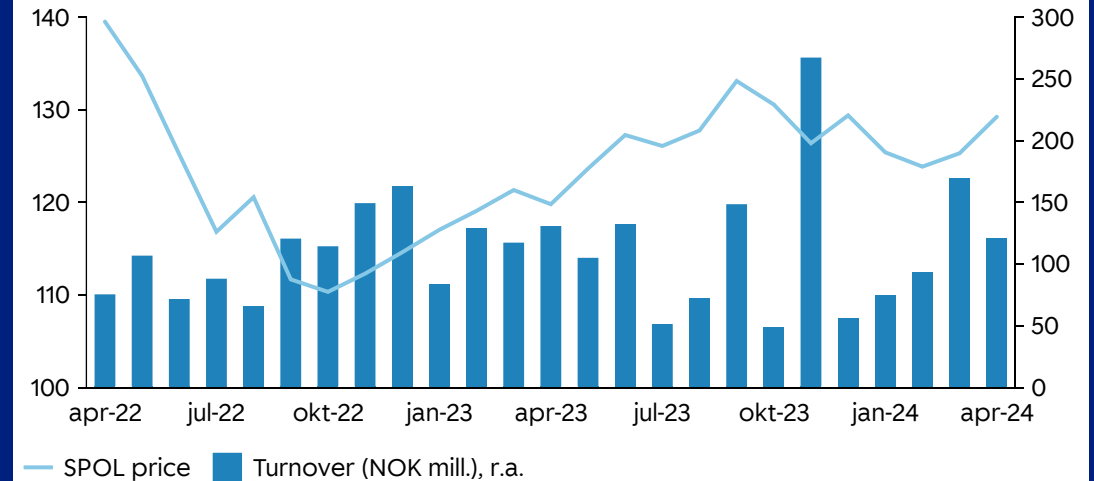
2) APMs are defined in the quarterly report and the factbook.

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

Price development (dividend adjusted), index = 100 pr 31 Mar-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

