

Our road towards increased profitability

Geir-Egil Bolstad, CFO



Photo: Ola Matsson/Trysil

SpareBank 1
ØSTLANDET



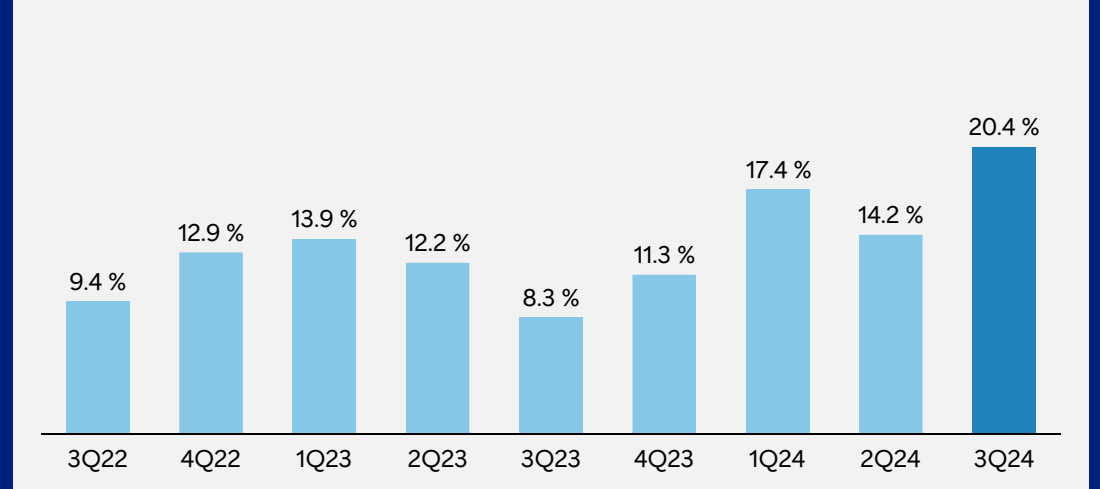
Totens
Sparebank

– en del av SpareBank 1 Østlandet

Starting point: Already high profitability

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

Return on equity (%)



Earnings/ECC

6.24
NOK

Loan growth

4.6 %

NIM

2.15 %

Cost/income

30.0 %

Loss provisions

106 NOK
mill.

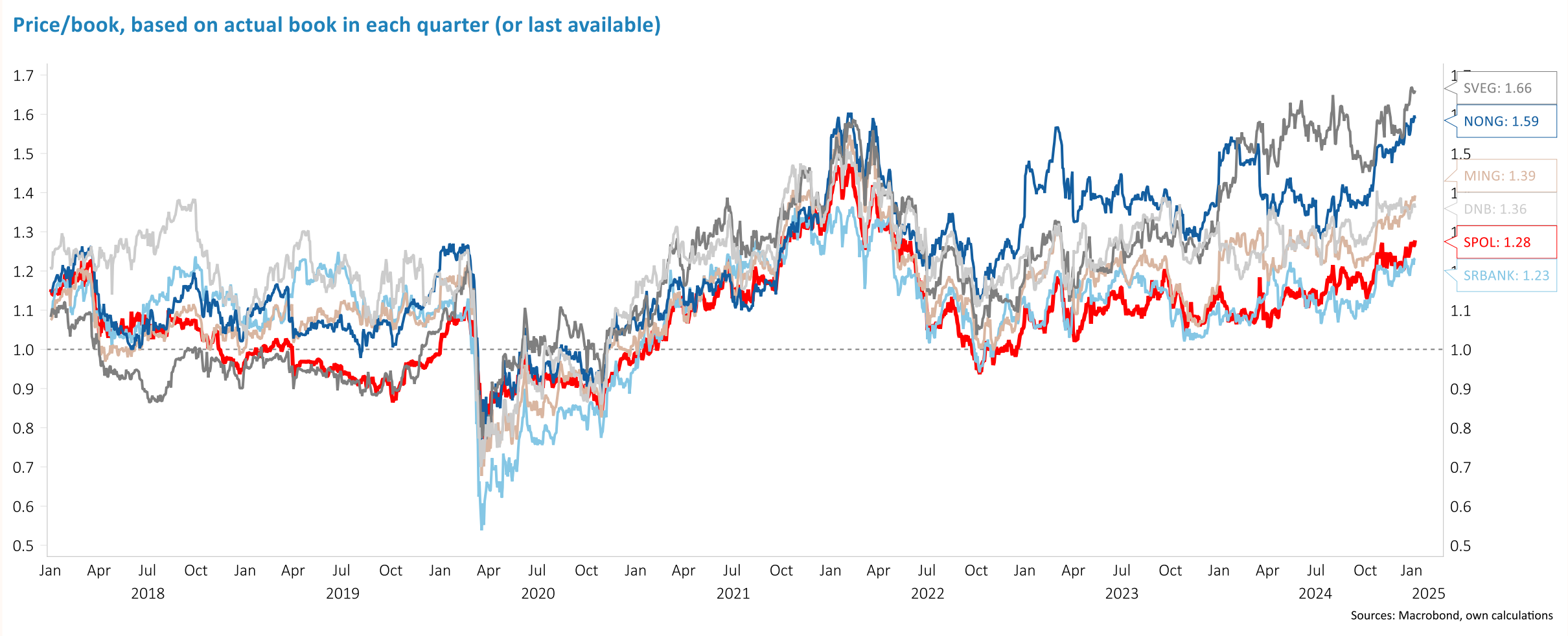
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16.9 %

Our ambition is to have an
attractive equity capital certificate

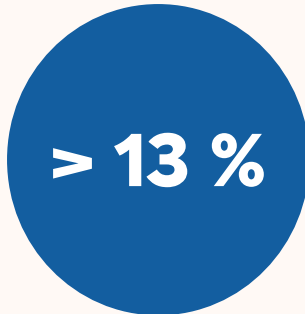
We compare ourselves with the best

SPOL has been lower valued in the past years relative to our target of «top 3 attractive ECCs».

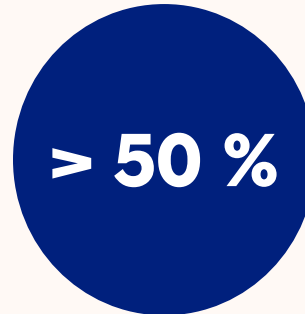


Profitability target lifted to 13 %

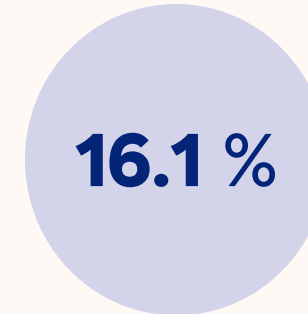
And dividend policy was adjusted



Profitability



Dividends



Solidity

Achievements year-to-date

17.3 %

60 %

16.9 %

Several dimensions when increasing profitability



> 13 %



Clarifying our strategic tools

SIMPLIFY

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

REDESIGNE

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 based on the alliance project “Savings bank of the future”, 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.

A market strategy for all of Eastern Norway



Inland region

Bank's original home market
Market leader

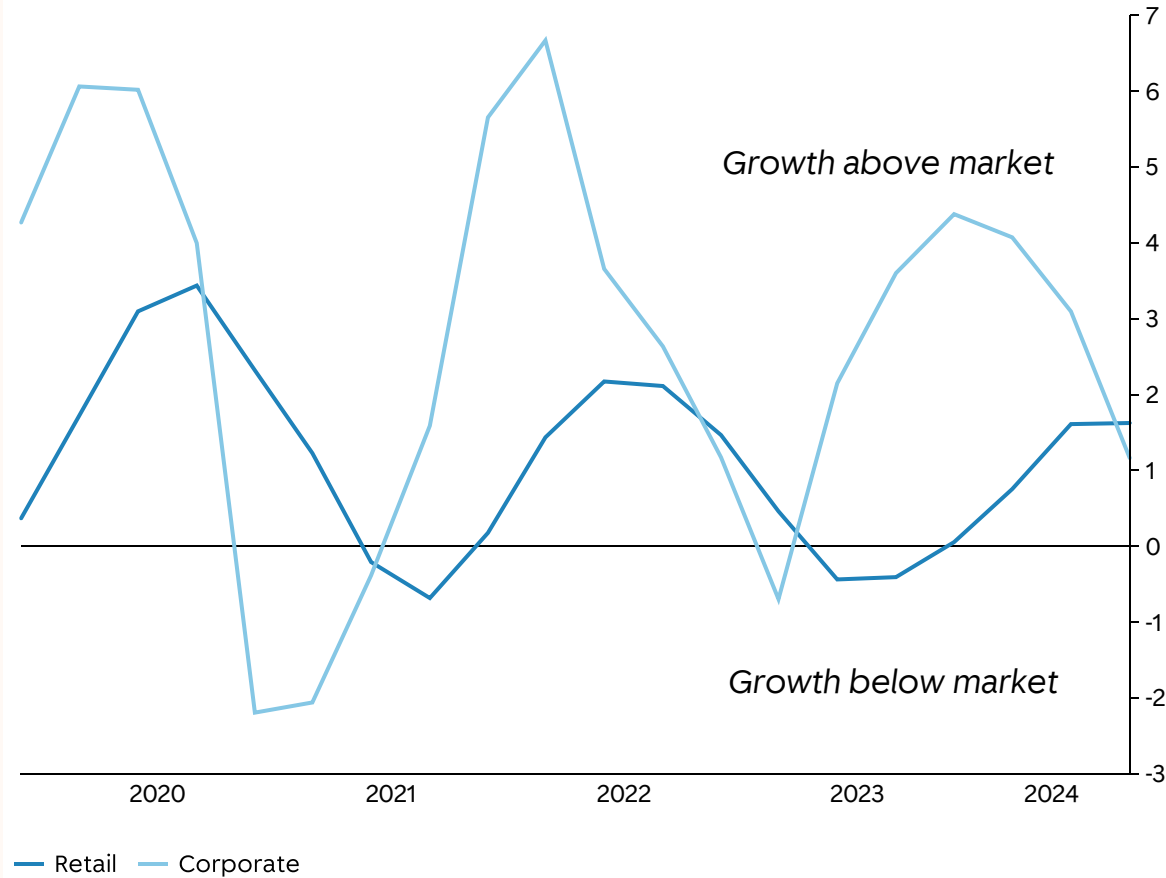


Rest of Eastern Norway

Present with 125 years experience
Growth opportunities

Powerful initiatives to increase income

Loan growth in SPOL relative to market area, %-points



Source: earlyWarning and own quarterly reports.

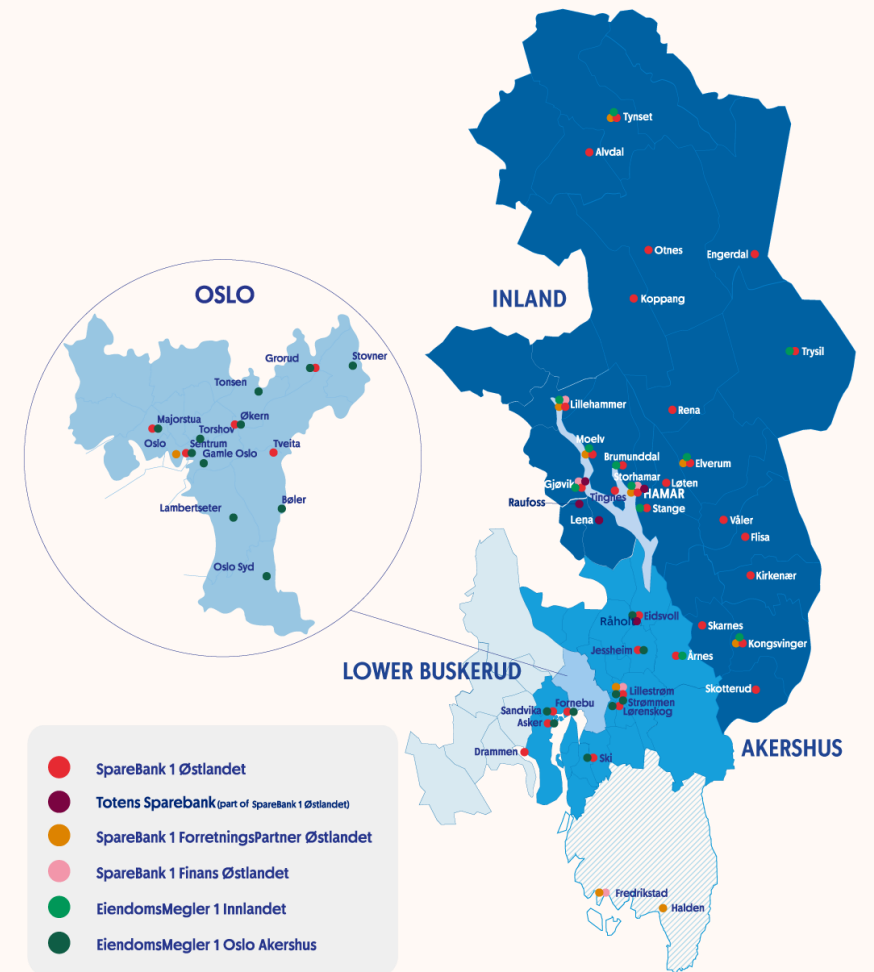


Illustration by Vitreo

Merger with Totens gives opportunities

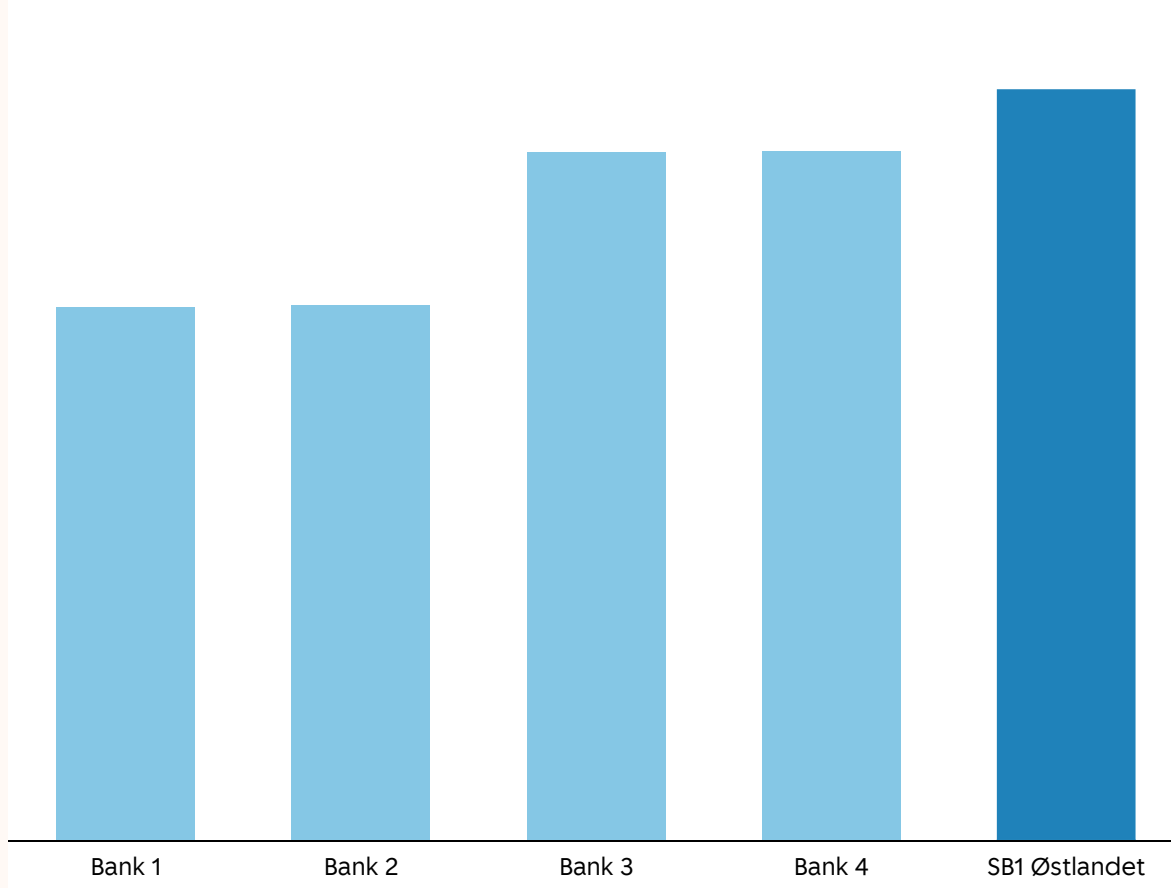
Two banks with similar values, business concepts, and culture join forces to create an even better bank for the Inland region

- We have made good progress with the **integration** of employees, offices, and products.
- Expect **capital** synergies of approximately NOK 300 million, of which some occur already on through CRR3.
- There will be integration **costs**. Appr. NOK 32 million so far, while an additional NOK 60 million is expected in 4Q.
 - *Appr. NOK 40 million of merger costs in 4Q will be booked directly on the **balance sheet** through acquisition accounting.*
- Totens has had a solid position with close customer relations and competent employees: Good starting point for increased **income**.

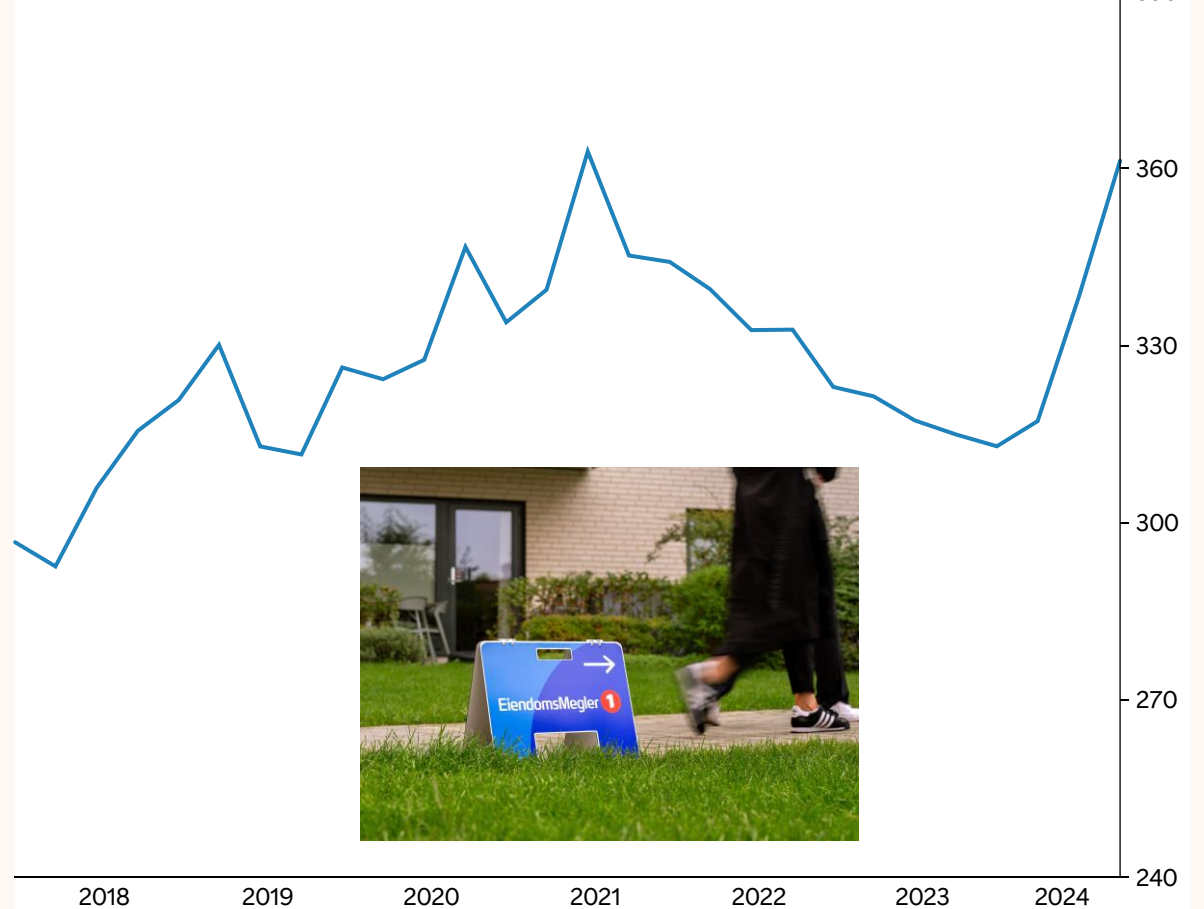


Lower interest rates sharpens focus on commissions

Portfolio and sales commissions Fremtind, per Nov-24, % of business capital



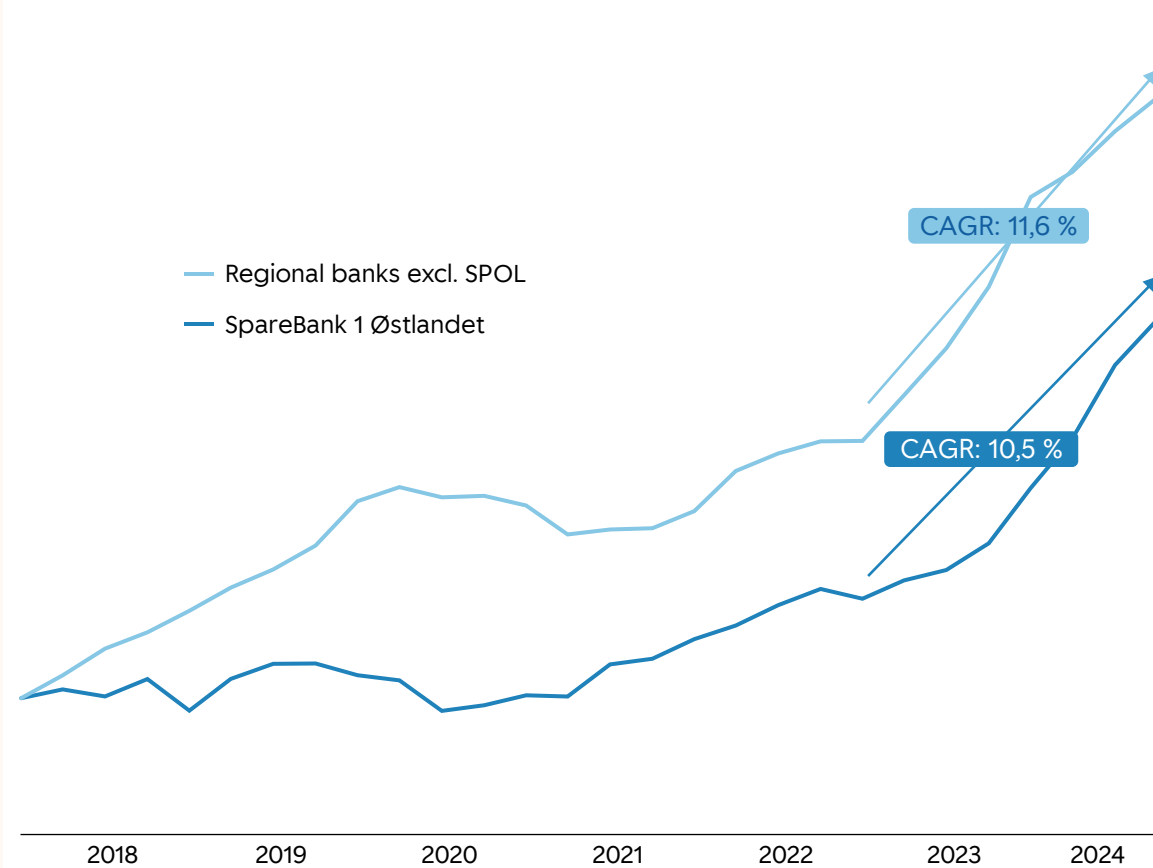
Real estate commission, 4Q rolling sum, NOK million



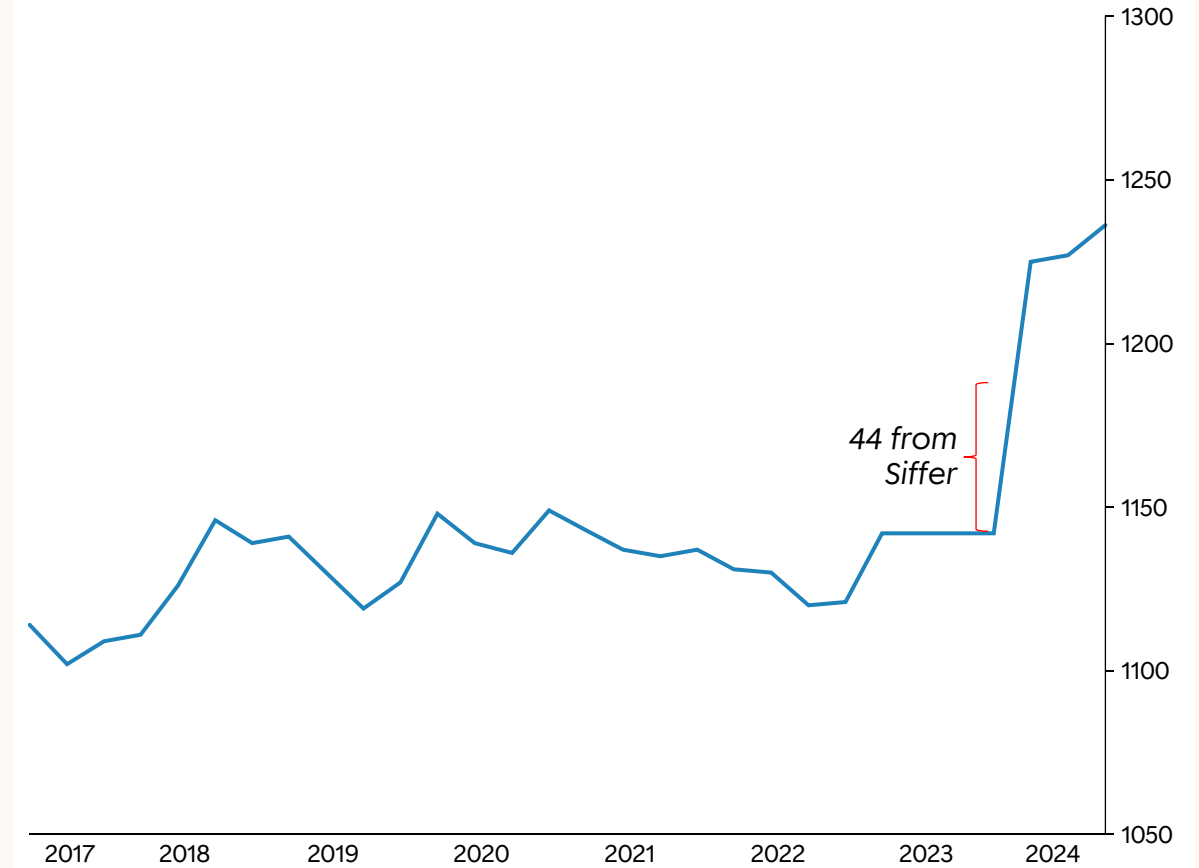
Focus on underlying cost developments

High inflation, but also need for defensive and growth-oriented investments, has affected cost growth. Merger with Totens will affect costs in 2025, which contributes to reinforcing the focus on cost control.

Operating costs, Group, 4Q cum. sum, index = 100 in 2017



FTEs, Group



Other regional banks: SB1 Nord-Norge, SB1 Sør-Norge, SB1 SMN and Sparebanken Vest.

Building the organisation for the future

Adjusting to further develop the financial group of the future, with a focus on simplification, redesign, efficient collaboration within the alliance, and modernization of the group – **creating a dynamic organization with resilience to change**



Stine Haugseth (37)
Technology and Development



Johan Ø. Røstøen (49)
Operations and Integration

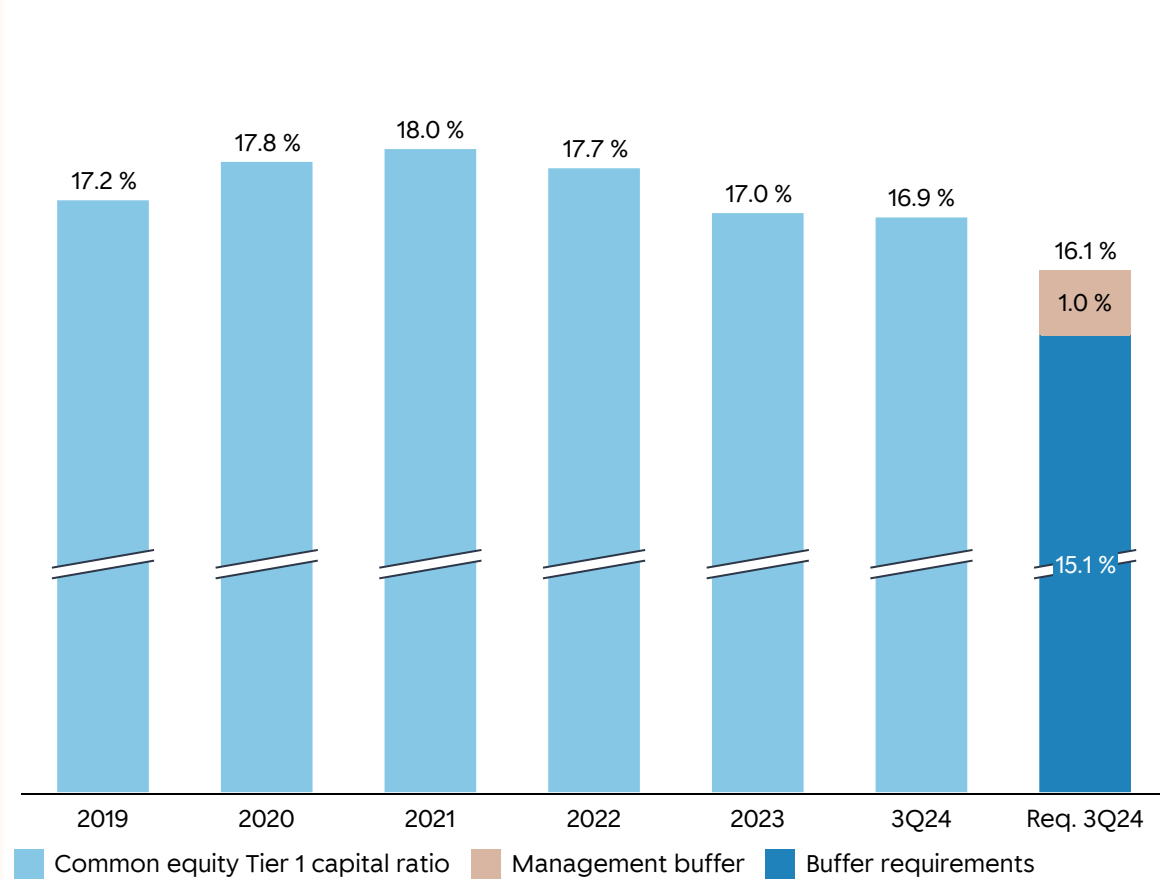


Bård Skjørtorp (45)
Communication, Market and Brand

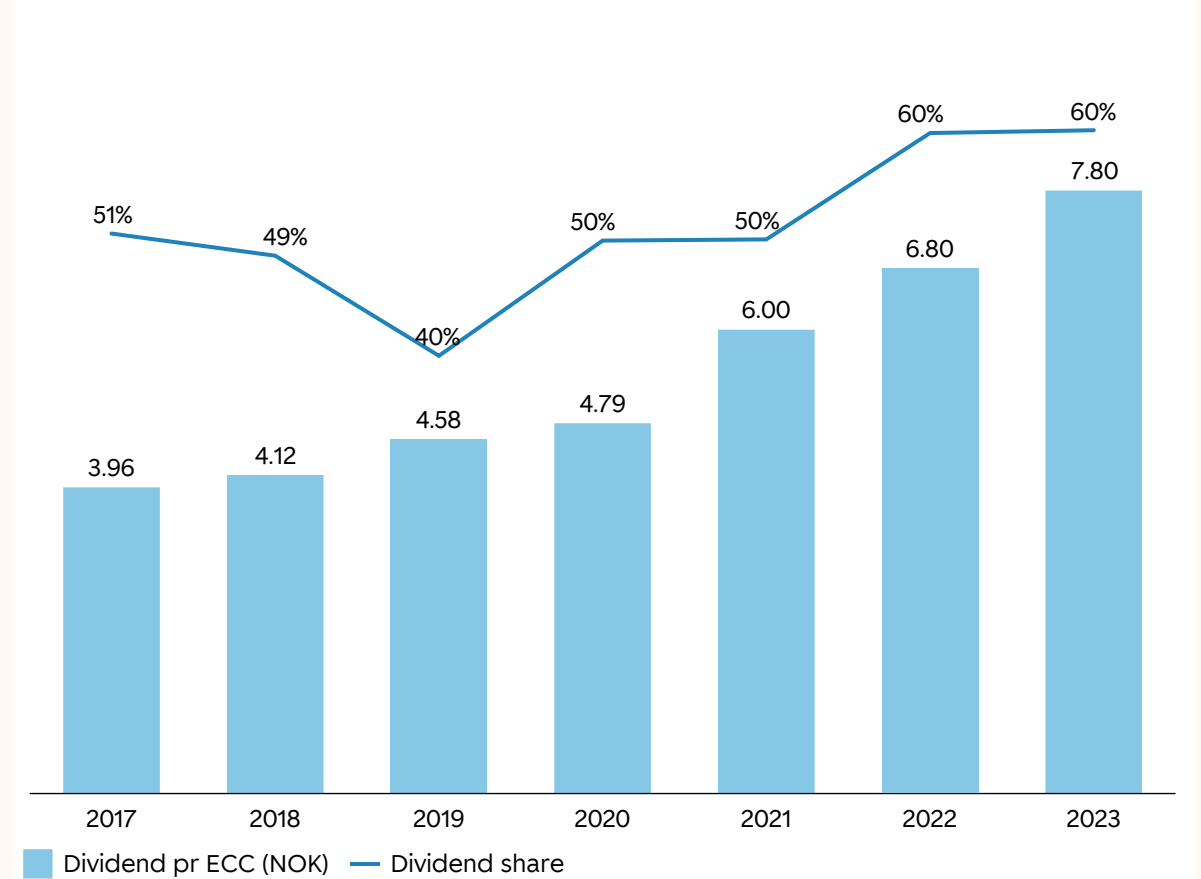
Efficient capital utilisation and healthy dividends

Bank's dividend policy shall be competitive, with a focus on flexibility in light of expected development in results and capital adequacy.

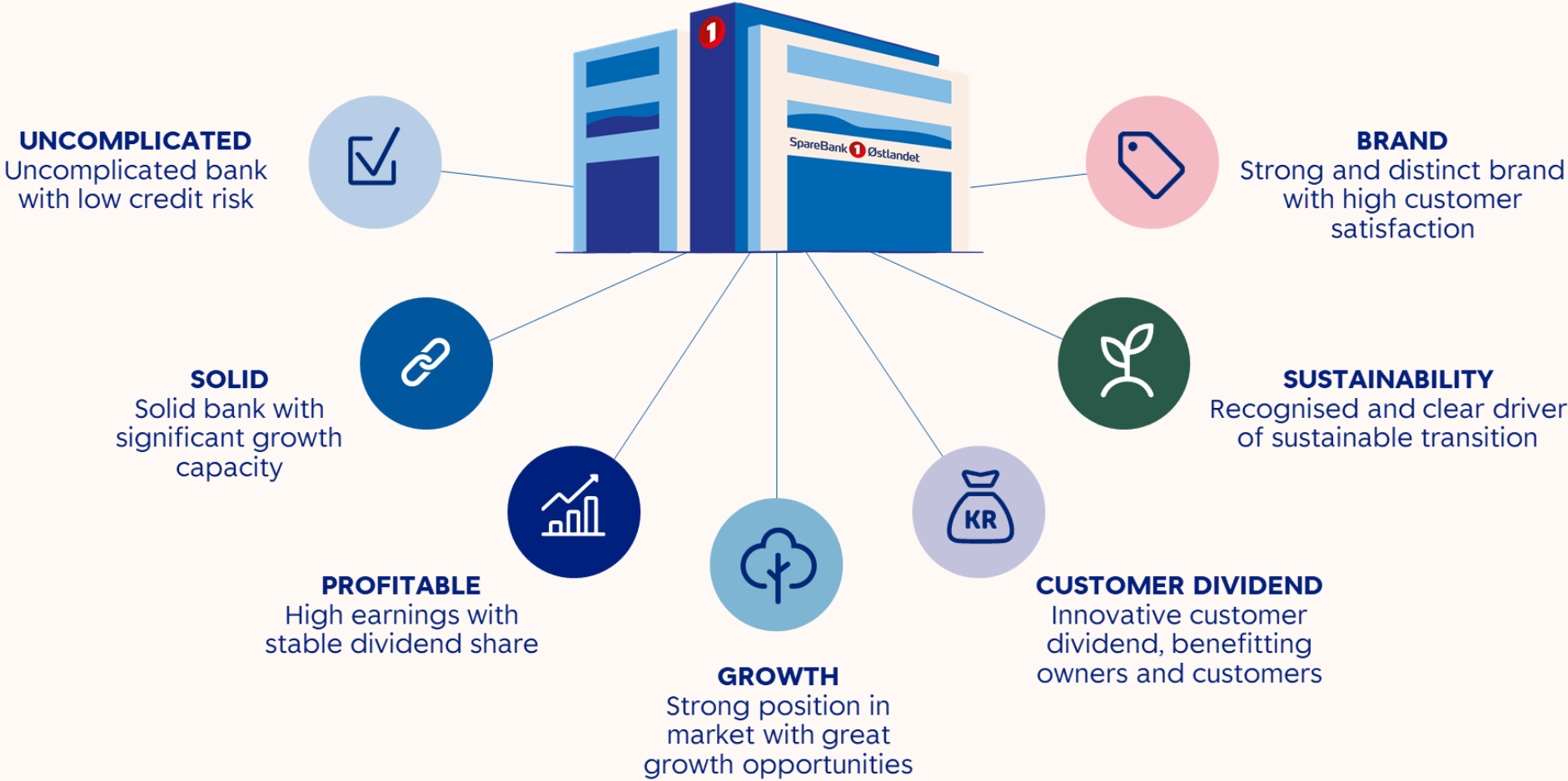
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Dividends (NOK/ECC) and dividend share



Why invest in SPOL?



A photograph of three people from behind, standing on a balcony or rooftop. They are looking out at a sunset over a city. The sun is low on the horizon, creating a warm, golden glow. The people have their arms raised in the air, some making peace signs. The overall mood is joyful and celebratory.

Creating together

Proficient | Near | Engaged

We have worked for almost 180 years for
people and businesses to succeed

Our work continues

SpareBank 
ØSTLANDET