# Quarterly presentation 2024

# Q4

SpareBank 1 SØR-NORGE

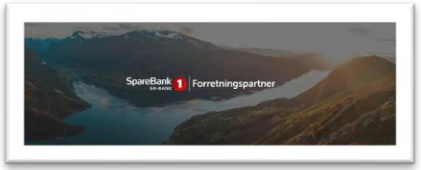
# Strategic measures strengthened our position in 2024

## 1H

**We are sharpening our climate targets** to reduce emissions from the group's portfolio.

The national savings campaign by SpareBank 1 contributes to **increased savings among customers.**

EM1 SR-Eiendom **strengthens it's position** by acquiring Kaland & Partners and Ullevaal Eiendomsmegling.




**Tveit Regnskap** and **SpareBank 1 SR-Bank Forretningspartner** merges.

## 2H

**Inge Reinertsen** assumes the position as CEO of SpareBank 1 SR-Bank september 2024.

In October, we opened our **first new office as SpareBank 1 Sør-Norge**, in Sandvika.

**Tapping in Vipps is launched** and quickly adopted by our customers.

**SpareBank 1 Sør-Norge** is formed when SpareBank 1 SR-Bank and SpareBank 1 Sørøst-Norge merge on October 1.

Cicero names SpareBank 1's **mobile banking app** the **best in Norway**.

SpareBank 1 SØR-NORGE

# A strong challenger in the Norwegian banking market

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

**SpareBank 1 Sør-Norge is formed**

*1 October 2024*

**Day 1 – merger of Forretningspartner and Regnskaphuset**

*1 April 2025*

**Merger of real estate brokers**

*Autumn 2025*

**Technical integration SpareBank 1 Sør-Norge**

*September 2025*

SpareBank 1 SØR-NORGE

# Financial targets

Long-term target ROE

# > 14%

| Cost- and capital effective | Customer growth in South of Norway | Growth in other income | Joint effort in the SpareBank 1 alliance | Diversified portfolio |
|---|---|---|---|---|
| > 17,6% | < 40% | ~ 50% | > NOK 300 million | |
| CET 1 Capital ratio | Cost to income | Dividend share | Operational synergies | |

SpareBank 1 SØR-NORGE

# Synergies

## Capital synergies

The introduction of new capital requirements in 2025 for A-IRB banks has reduced the previously assumed capital synergies from around NOK 2.5 billion to NOK 1.7 billion.

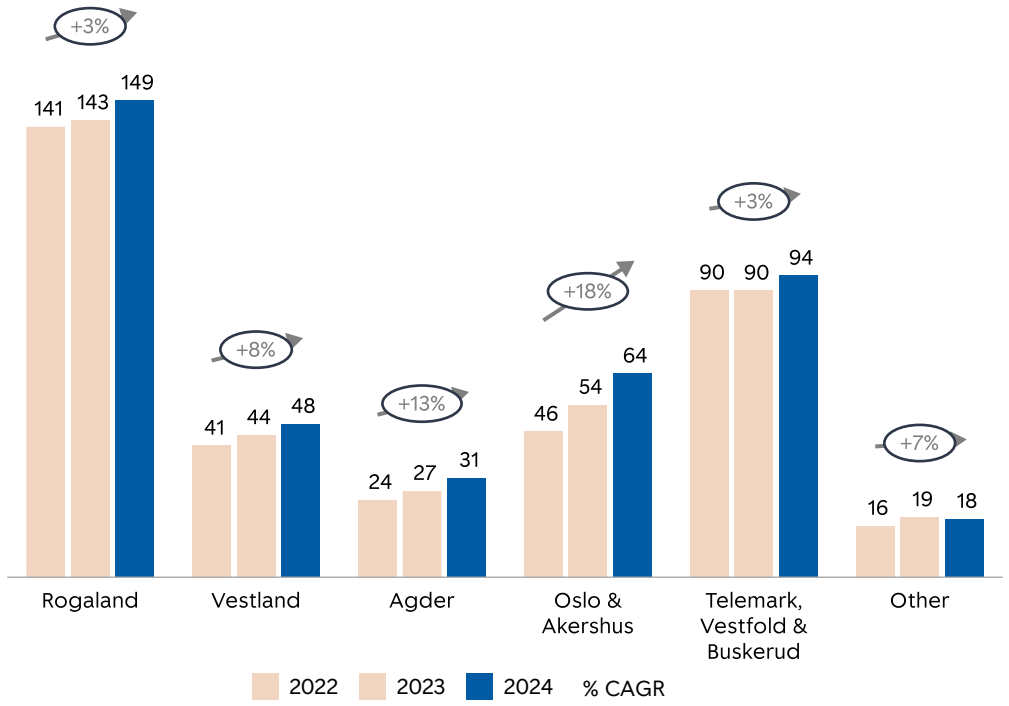
## Operational synergies

The estimated synergies is increased from NOK 150 million to NOK  300 million a year from 2027. Synergies are related to operations, costs and funding.

# SpareBank 1 Sør-Norge

Pro forma

## Lending volume in NOK billion

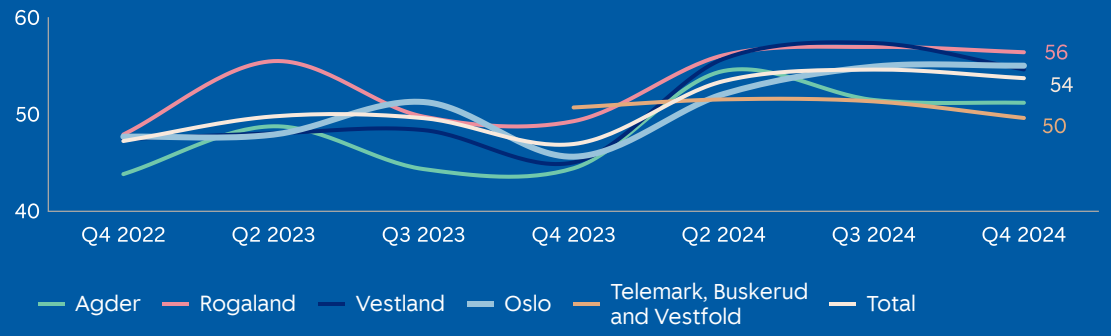


# A solid platform for further growth

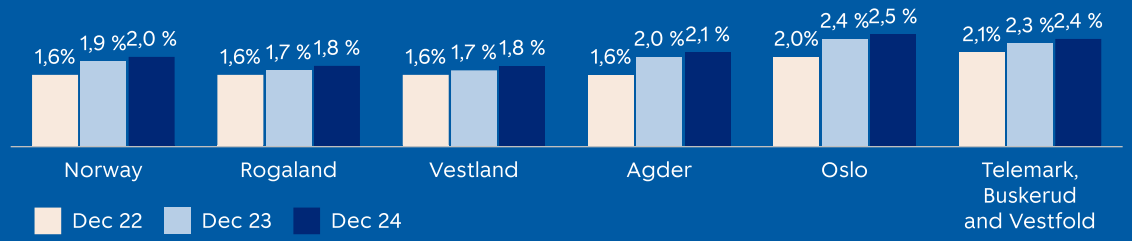
- Strong position in Southern Norway with growth opportunities
- Stable earnings and profitable growth
- Strong prospects for the Group and the region

## Corporates expect growth and more employees in 2025

SpareBank 1 Sør-Norges's business survey




## Unemployment remains low



# Increased ROE-target after a new quarter with high lending growth and good underlying operations

Pro forma

## Result 31 December 2024

**13.4%**

**13.5% excl. one-off effects and GW***
**Return on equity after tax**

**7.4%**

**12 months lending growth**

## Result 4. quarter 2024

**10.9%**

**12.3% excl. one-off effects and GW ****
**Return on equity after tax**

**18.0%**

**CET 1 capital ratio**

**42.9%**

**40.1% excl. one-off effects****
**Cost to income ratio**

**2.0%**

**Quarterly lending growth**

| | |
|---|---|
| Retail market | 1.9% |
| Corporate market | -1.1% |
| SME and Agriculture | 9.0% |

**MNOK 90**

**Impairments on lending and financial commitments**

0.11% of gross lending

**NOK 8.50**

**Proposed dividend per share**

** Adjusted for gain from merger between Eika Forsikring and Fremtind Forsikring (MNOK 577), merger costs (MNOK 212) and goodwill from merger (3.6 NOK billiion)*
*** Adjusted for merger costs (MNOK 89) and goodwill from merger*

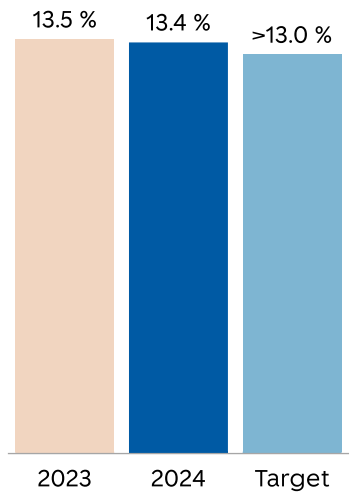


SpareBank 1 SØR-NORGE

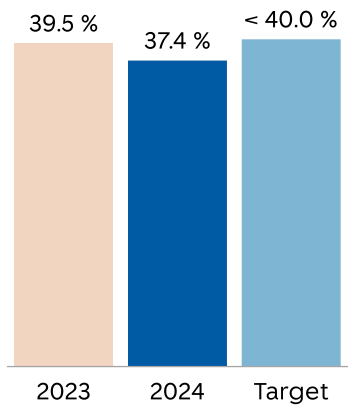
# SpareBank 1 Sør-Norge: Key figures

Pro forma

## Return on equity

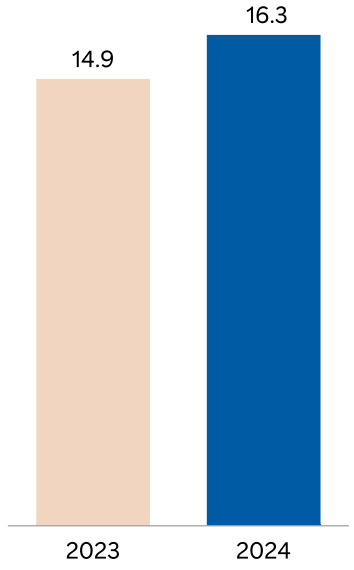



## Cost to income ratio




## CET 1

## Earnings per share




## Dividend share

**Non pro forma dividend share in 2024 is 65.0%*

# Strong lending growth and good underlying operations

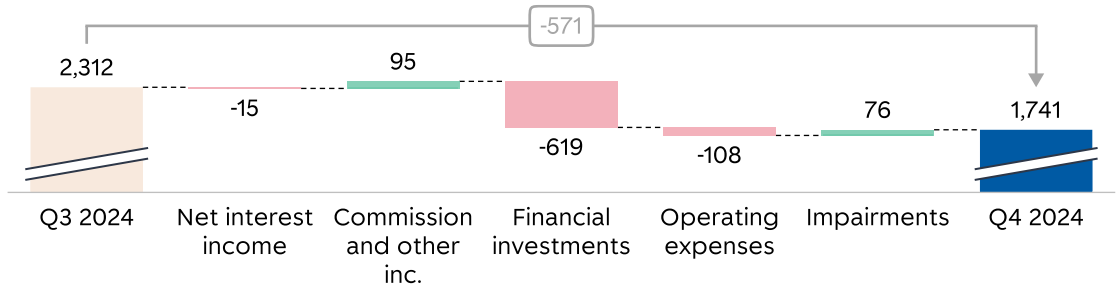
Pro forma

## Group Income statement

| (MNOK) | Q4 2024 | Q3 2024 | Q2 2024 | Q1 2024 | Q4 2023 |
|---|---|---|---|---|---|
| Net interest income | 2,293 | 2,308 | 2,262 | 2,256 | 2,258 |
| Net commission and other income | 789 | 694 | 782 | 676 | 656 |
| Net income on financial investments | 125 | 743 | 173 | 266 | 484 |
| **Total income** | **3,206** | **3,745** | **3,217** | **3,198** | **3,399** |
| **Total operating expenses** | **1,376** | **1,268** | **1,193** | **1,161** | **1,321** |
| Operating profit before impairments | 1,830 | 2,478 | 2,025 | 2,037 | 2,077 |
| Impairments on loans and financial commitments | 90 | 166 | 98 | 59 | -132 |
| **Pre-tax profit** | **1,741** | **2,312** | **1,927** | **1,977** | **2,209** |
| Tax expense | 350 | 353 | 417 | 398 | 405 |
| **Profit after tax** | **1,390** | **1,959** | **1,510** | **1,580** | **1,804** |

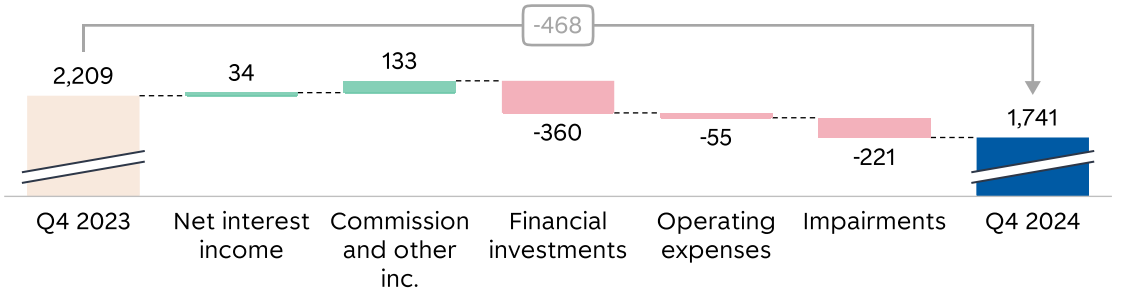
## Change from last quarter

(MNOK)




## Change from Q4 2023

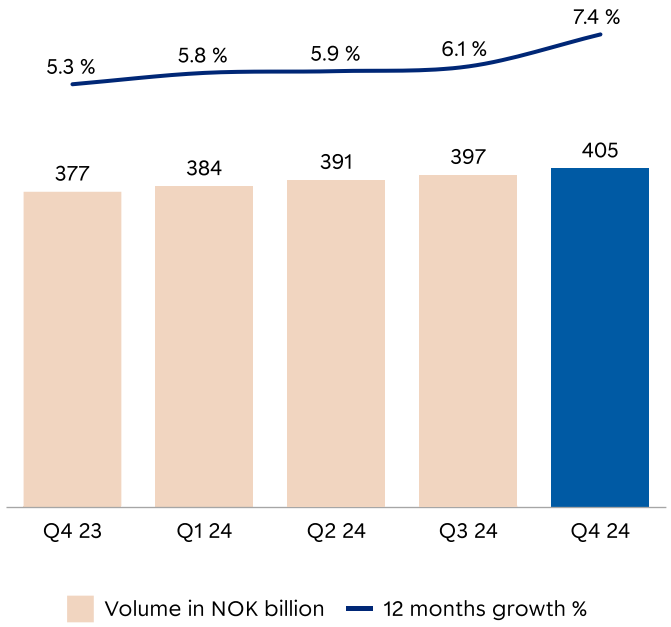
(MNOK)



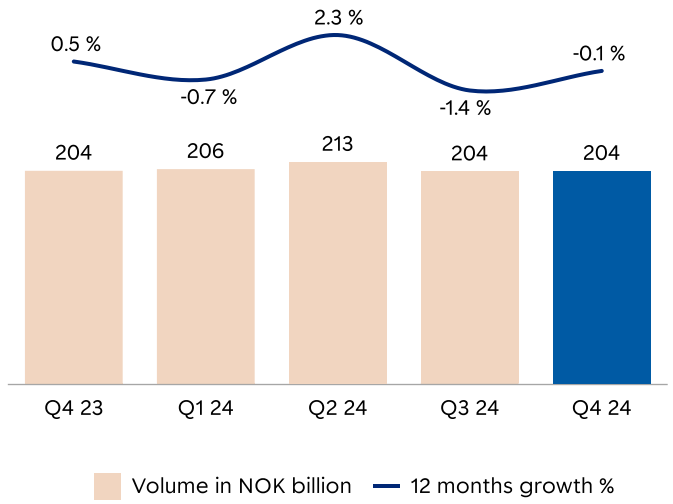
# Group

Pro forma

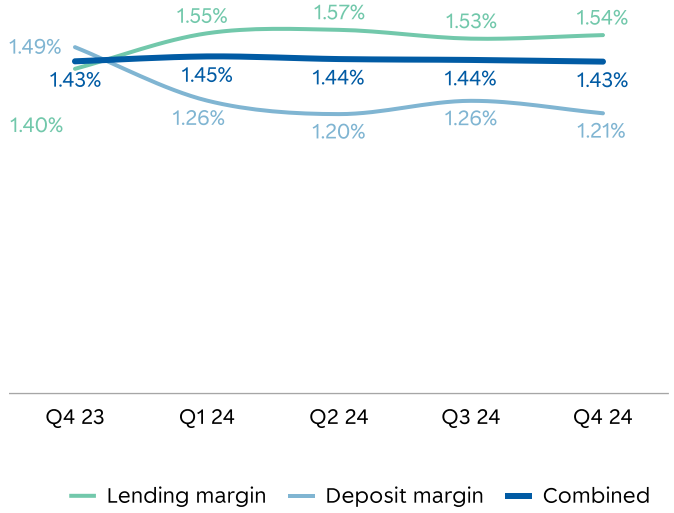
## Lending volume




## Deposit volume




## Margins in customer-segments




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

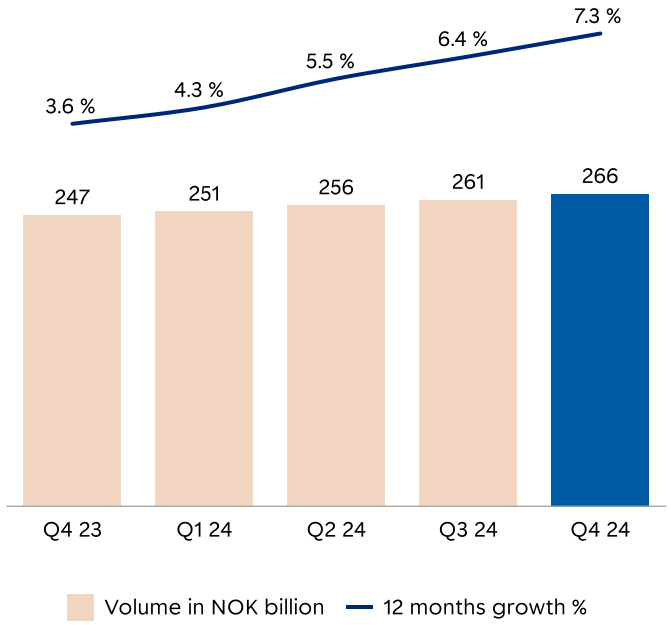


SpareBank 1 SØR-NORGE

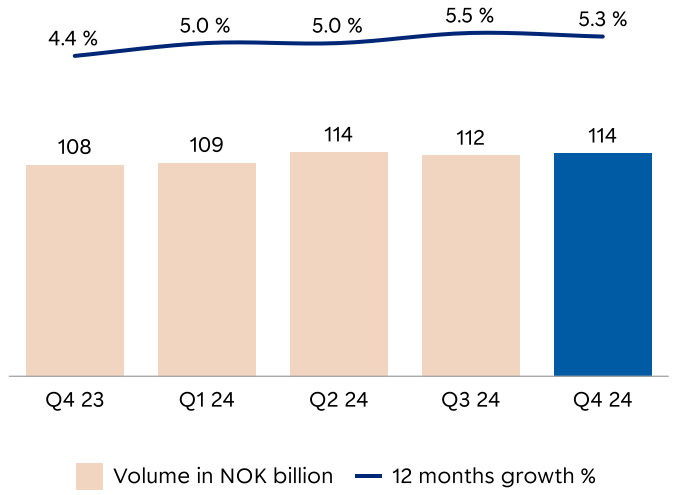
# Retail market

Pro forma

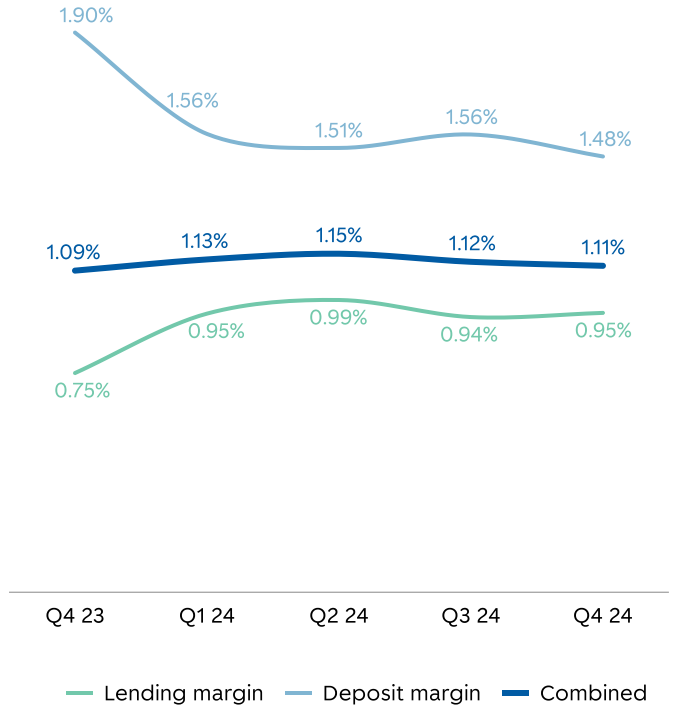
## Lending volume*




## Deposit volume*




## Margins




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

**Including loans and deposits to employees.*

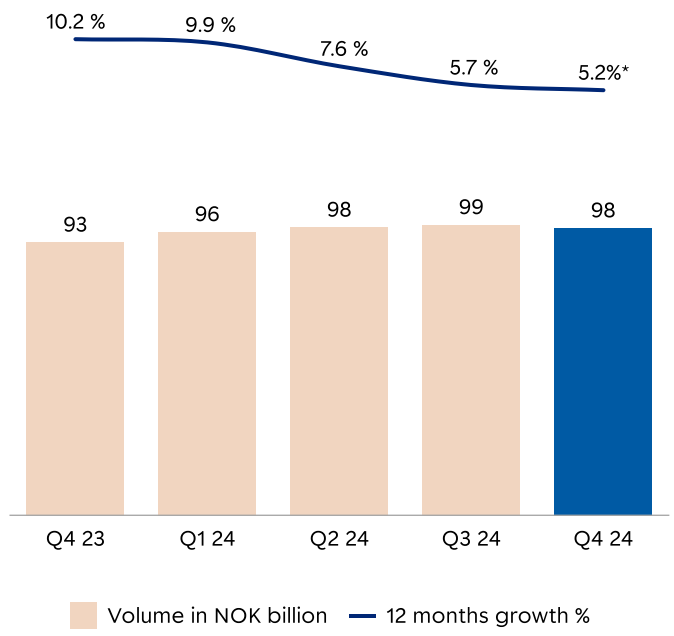


SpareBank 1 SØR-NORGE

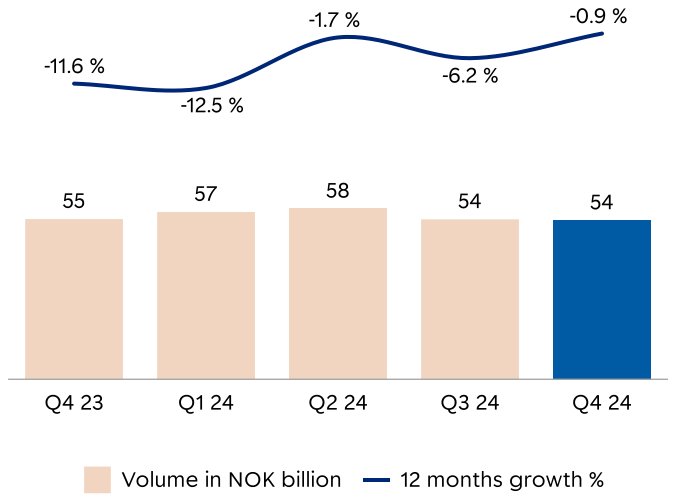
# Corporate market

Pro forma

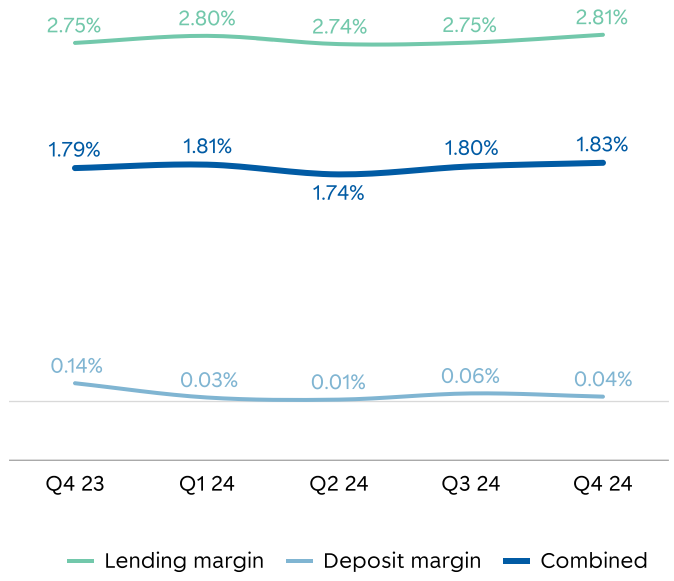
## Lending volume




## Deposit volume




## Margins




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

**12 months lending growth in Corporate market excluding currency effect is 3.7%.*

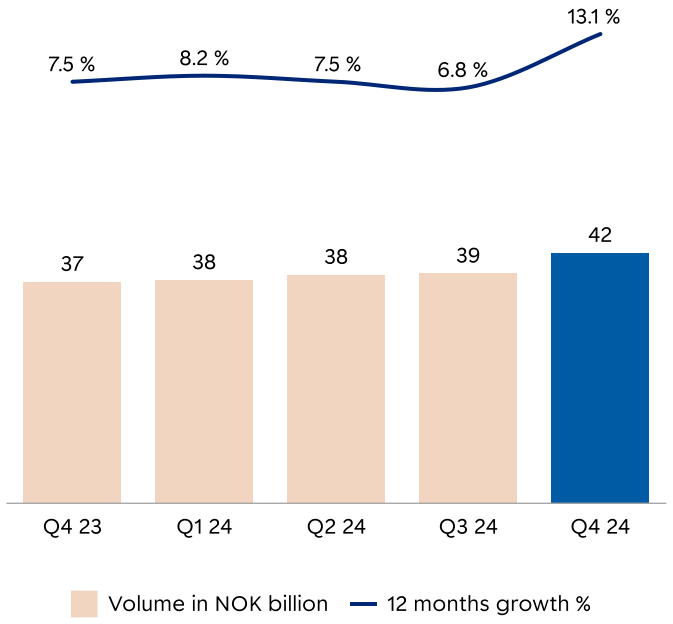


SpareBank 1 SØR-NORGE

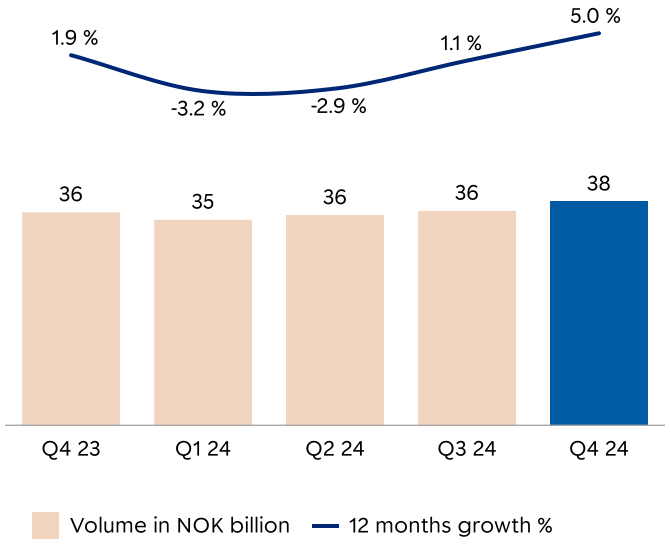
# SME and Agriculture

Pro forma

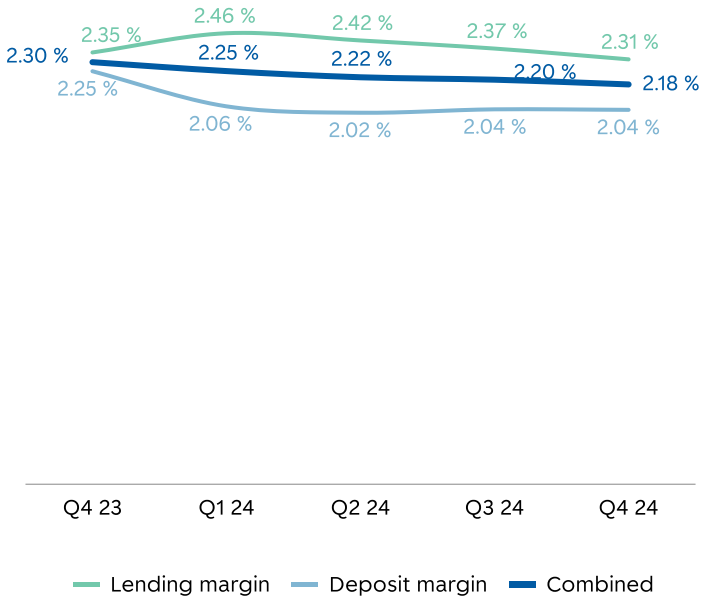
## Lending volume




## Deposit volume




## Margins




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

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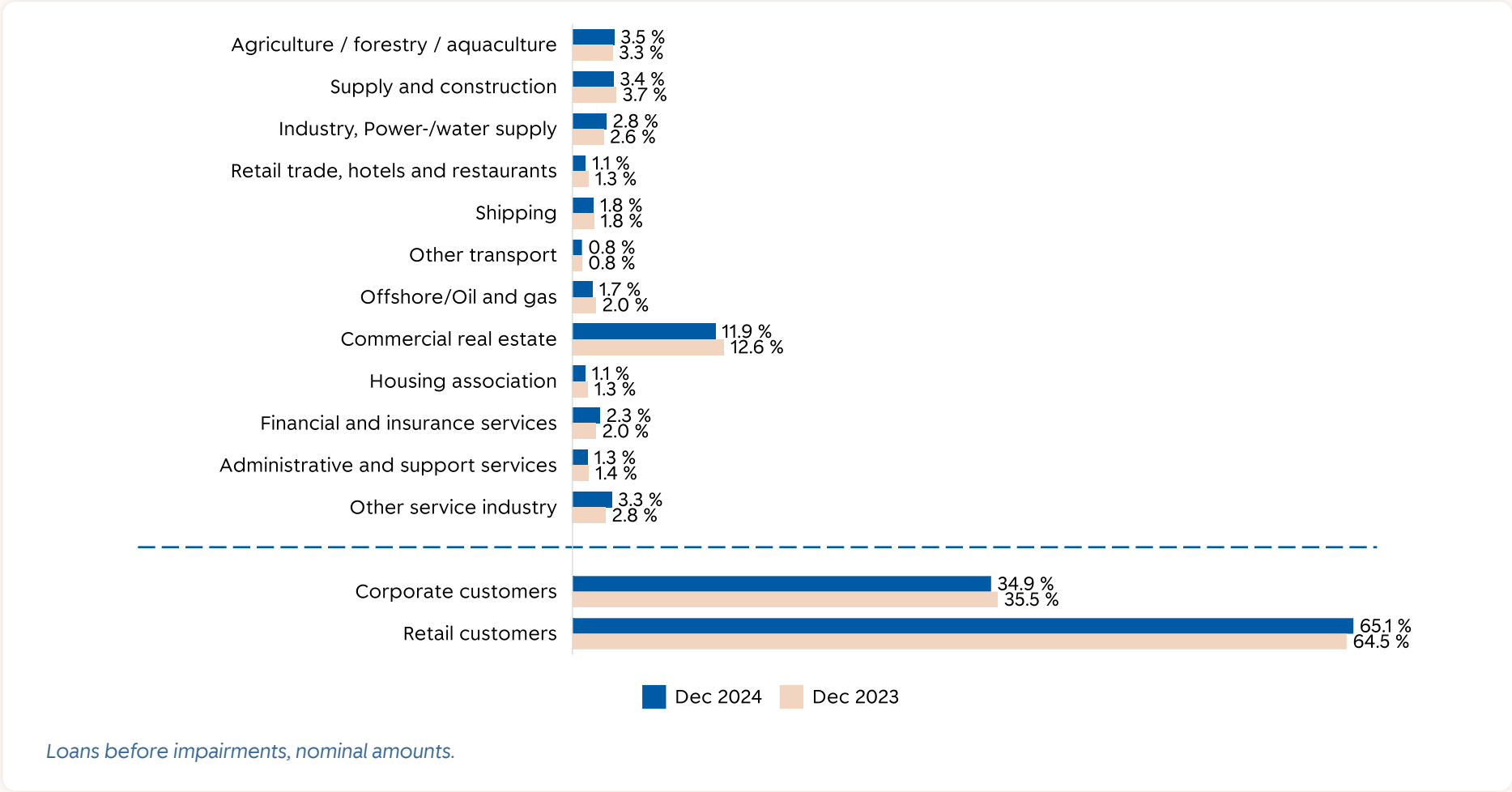
# Well-diversified lending portfolio

Pro forma

- Gross loans increased to NOK 405 billion from NOK 377 billion year over year
- 12 month lending growth is 7.4%
- Low offshore, oil and gas exposure
- Commercial real estate – low concentration risk and good credit quality




*Loans before impairments, nominal amounts.*

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

# Net commission and other income

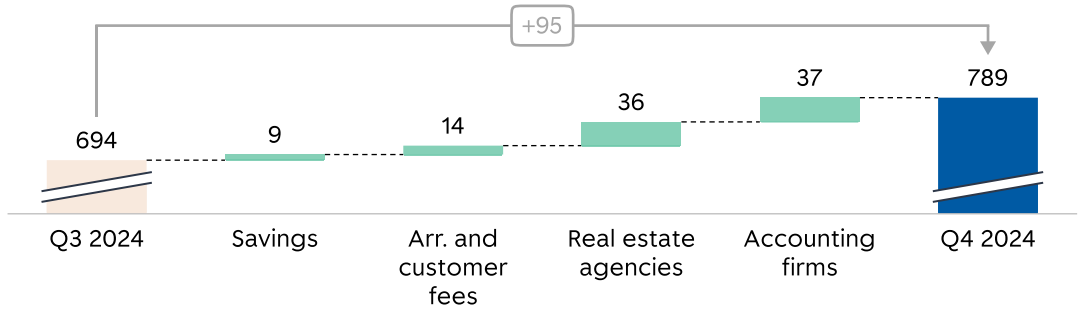
Pro forma

## Net commission and other income

| (MNOK) | Q4 2024 | Q3 2024 | Q2 2024 | Q1 2024 | Q4 2023 |
|---|---|---|---|---|---|
| Payment facilities | 161 | 153 | 135 | 125 | 158 |
| Insurance products | 104 | 103 | 99 | 97 | 95 |
| Savings/placements | 45 | 37 | 56 | 43 | 43 |
| Guarantee commission | 32 | 32 | 27 | 32 | 32 |
| Arrangement- and customer fees | 70 | 57 | 63 | 54 | 48 |
| Commission income - Real estate agencies | 207 | 171 | 212 | 137 | 137 |
| Commission income - Accounting firms | 128 | 91 | 142 | 138 | 121 |
| Commission income - Credit institutions | 29 | 31 | 34 | 32 | 20 |
| Other | 12 | 19 | 15 | 17 | 3 |
| **Net commission and other income** | **789** | **694** | **782** | **676** | **656** |

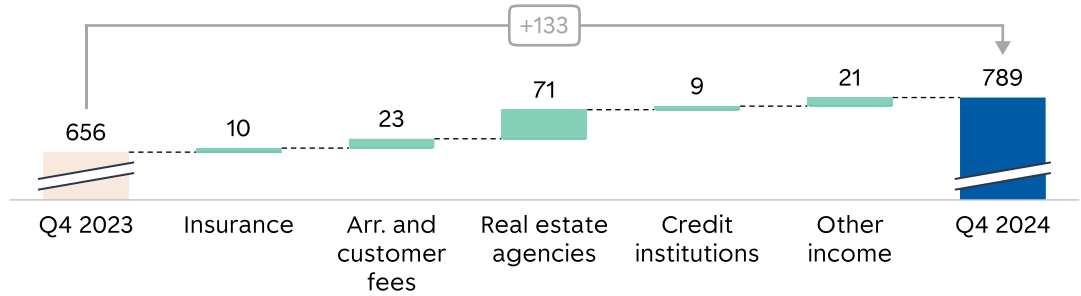
## Change from previous quarter

(MNOK)




## Change from Q4 2023

(MNOK)



# Net income on financial investments

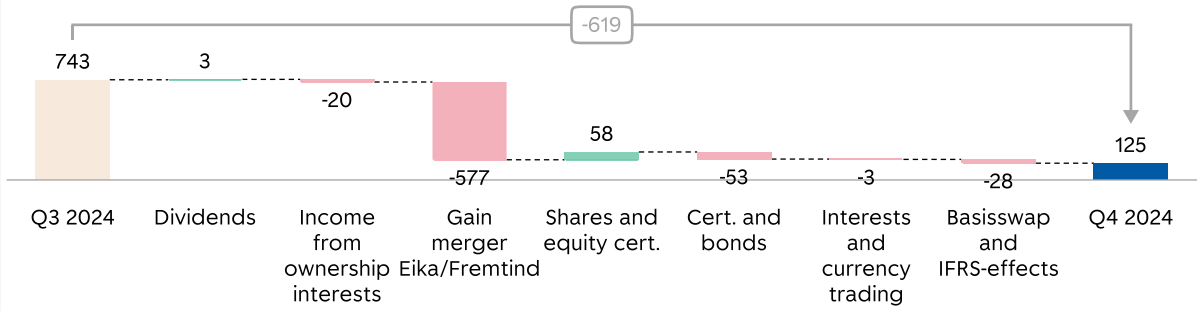
Pro forma

## Net income on financial investments

| (MNOK) | Q4 2024 | Q3 2024 | Q2 2024 | Q1 2024 | Q4 2023 |
|---|---|---|---|---|---|
| **Dividends** | **26** | **23** | **46** | **63** | **27** |
| **Income from ownership interests** | **223** | **242** | **135** | **174** | **90** |
| **Gain merger Eika/Fremtind** | | **577** | | | |
| **Total securities gains/losses** | **-124** | **-99** | **-9** | **29** | **367** |
| • Shares and equity certificates | 16 | -42 | -24 | 34 | 392 |
| • Certificates and bonds | -97 | -44 | 24 | 8 | -60 |
| • Interests and currency trading | 35 | 37 | 37 | 38 | 75 |
| • Basisswap and IFRS-effects | -78 | -50 | -46 | -51 | -40 |
| **Net income on financial investments** | **125** | **743** | **172** | **266** | **484** |

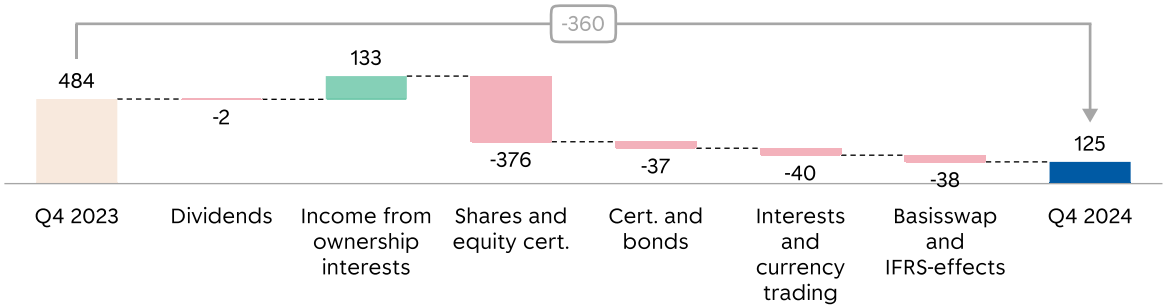
## Change from previous quarter

(MNOK)




## Change from Q4 2023

(MNOK)




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

# Income from ownership interests

Pro forma

| (MNOK) | Q4 2024 | Q3 2024 | Q2 2024 | Q1 2024 | Q4 2024 |
|---|---|---|---|---|---|
| SpareBank 1 Gruppen AS | 99 | 686 | 1 | 53 | -70 |
| BN Bank AS | 83 | 93 | 89 | 102 | 89 |
| SpareBank 1 Forvaltning AS | 34 | 22 | 22 | 17 | 21 |
| SpareBank 1 Markets AS | 16 | 17 | 22 | 21 | 51 |
| SpareBank 1 Kreditt AS* | -7 | -3 | 1 | -3 | -3 |
| SpareBank 1 Betaling AS | -5 | -1 | -2 | -10 | -7 |
| Others | 2 | 4 | 2 | -5 | 8 |
| **Total income from ownership interests** | **223** | **819** | **135** | **174** | **90** |

## Ownership interests

** Changed name to Kredittbanken ASA from 7 January 2025*



SpareBank 1 SØR-NORGE

# Operating expenses

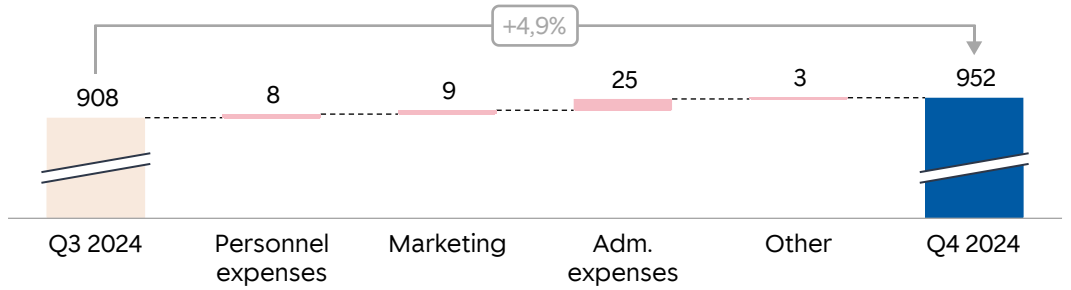
Pro forma

## Operating expenses

| (MNOK) | Q4 2024 | Q3 2024 | Q2 2024 | Q1 2024 | Q4 2023 |
|---|---|---|---|---|---|
| Personnel expenses | 546 | 538 | 496 | 498 | 581 |
| IT expenses | 164 | 165 | 174 | 166 | 170 |
| Marketing | 41 | 32 | 36 | 35 | 37 |
| Administrative expenses | 101 | 76 | 83 | 78 | 88 |
| Operating expenses | 51 | 49 | 63 | 52 | 57 |
| Depreciation and impairments | 49 | 47 | 45 | 46 | 45 |
| **Sum operating expenses** | **952** | **908** | **895** | **874** | **978** |
| Merger expenses | 89 | 97 | 18 | 9 | 31 |
| **Total operating expenses parent bank** | **1,042** | **1,005** | **913** | **882** | **1,009** |
| **Total operating expenses group** | **1,376** | **1,268** | **1,193** | **1,161** | **1,321** |

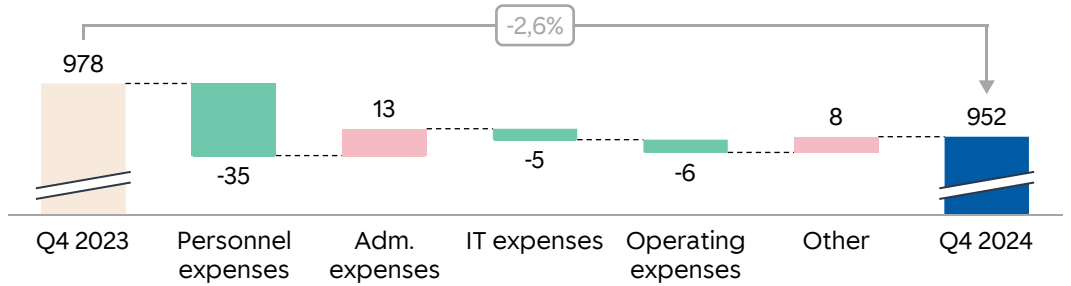
## Change from previous quarter (parent bank)

(MNOK)




## Change from Q4 2023 (parent bank)

(MNOK)



# Merger expenses

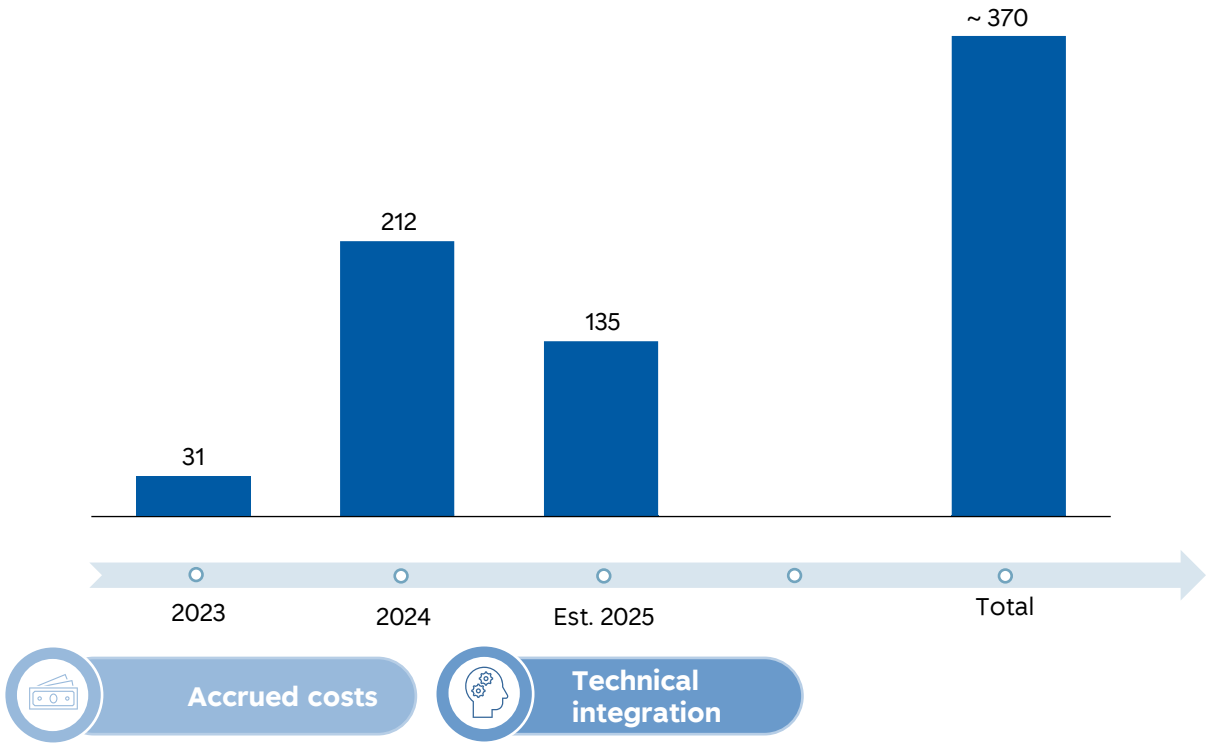
Pro forma

**Accrued merger expenses 2023 - 2024**

- Facilitation fees
- Consultancy costs
- Technical integration

**Estimated merger expenses 2025**

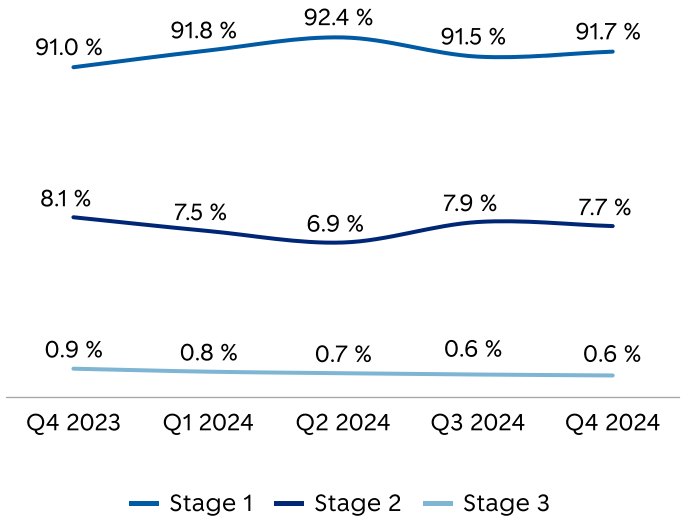
- Technical integration
- Harmonization of processes



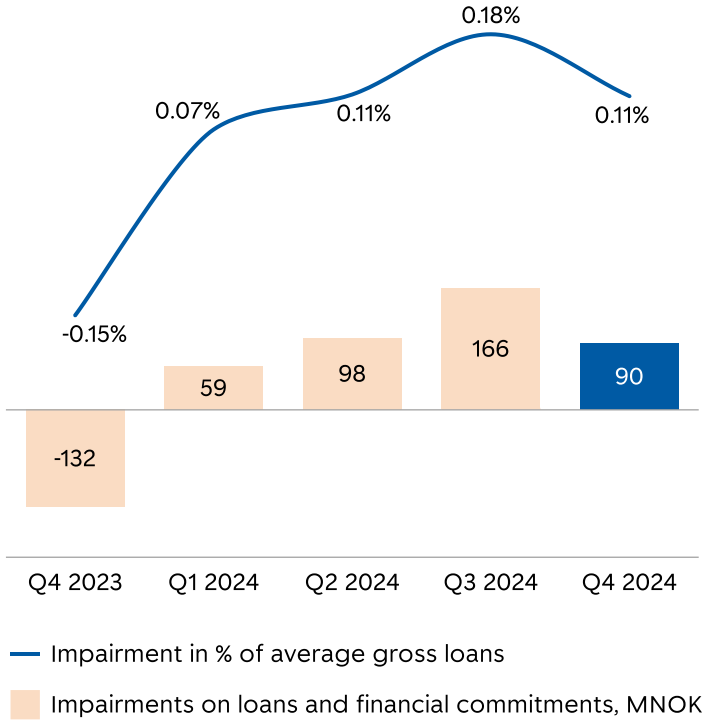
# Loans and financial commitments

Pro forma

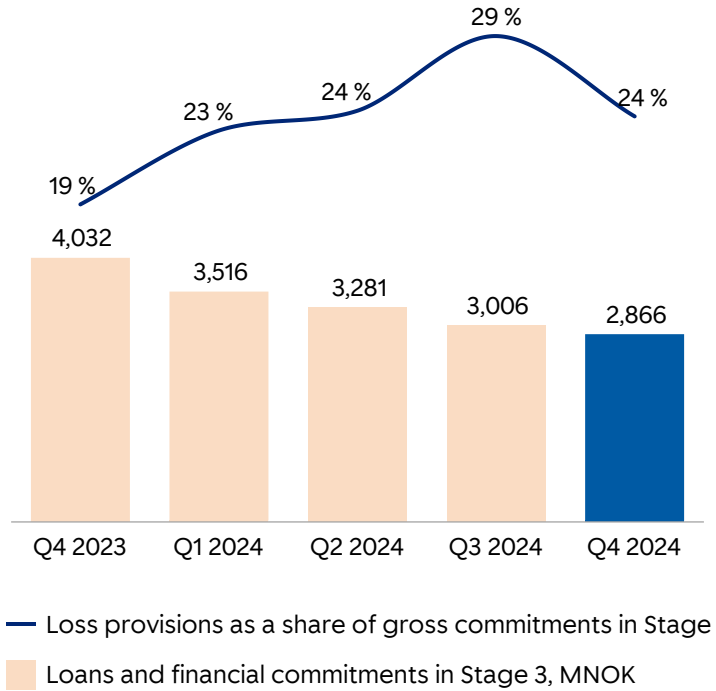
## Change in gross loans and financial commitments




## Impairments on loans and financial commitments




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



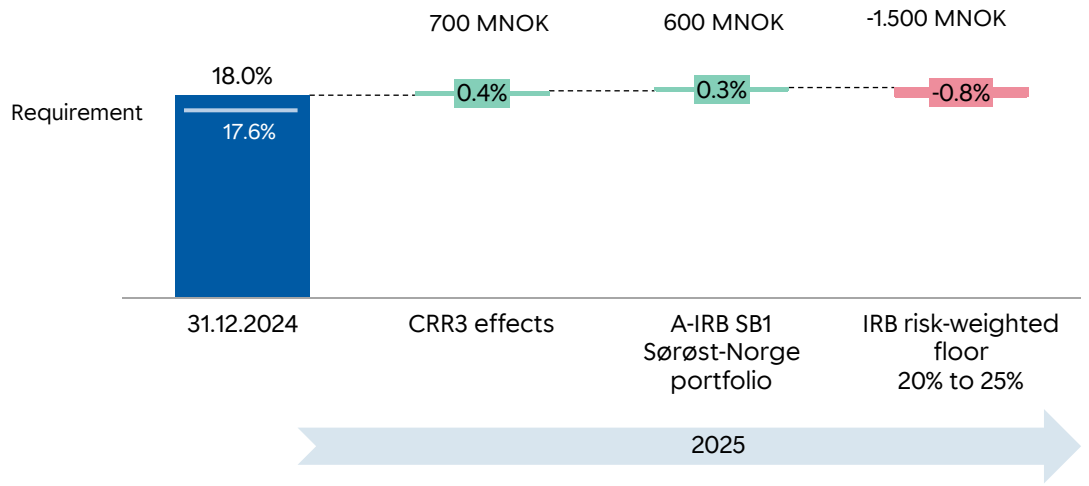
# Capital adequacy

Pro forma

### Solid capital ratio

- The CET 1 capital ratio is 18.01% as of 31 December 2024
- The minimum requirement for the CET 1 capital ratio is 17.56% as of 31 December 2024, including a temporary Pillar 2 requirement of 0.28% and a Pillar 2 guidance requirement of 1.25%
- The Ministry of Finance has adopted CRR3 into Norwegian law, however this will not enter into force until CRR3 is implemented into the EEA Agreement.
- The Ministry of Finance have decided to increase the IRB risk weight floor for mortgage loans from 20 to 25 percent with effect from 1 July 2025.
- The leverage ratio is 7.67% as of 31 December 2024, well above the minimum requirement at 3.0%

### CET 1

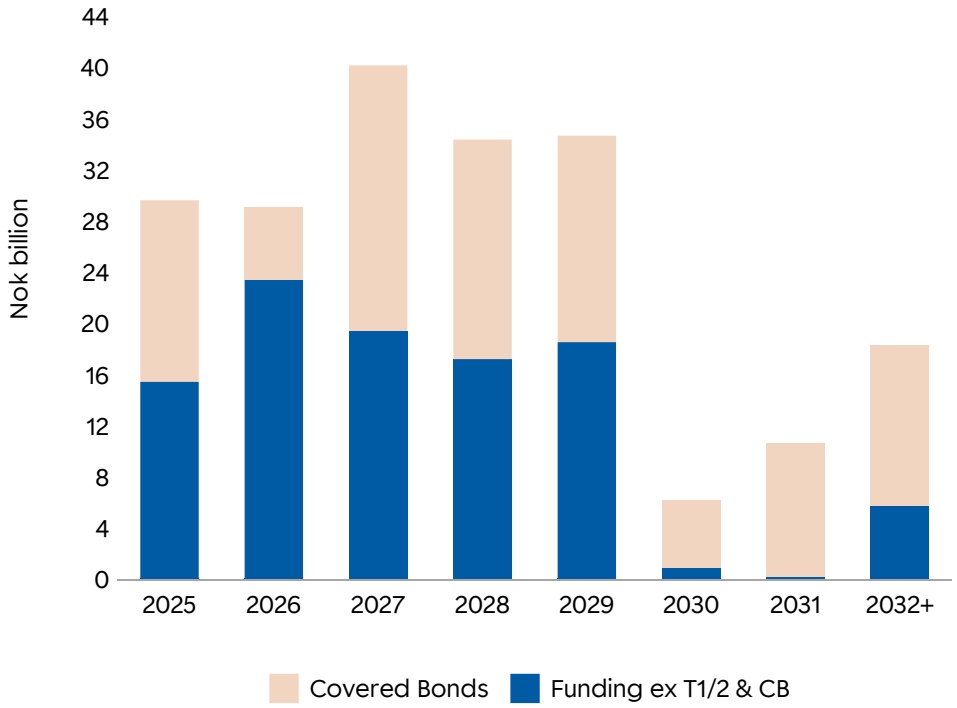


# Funding

## Strong liquidity

- LCR 189%
- NSFR 134 %
- NOK 31.0 billion net refinancing need over the next 12 months
- Deposit to loan ratio 50.4%
- MREL-requirement 39.2%, MREL-subordination requirement 31.3%
    - As of 31 December 2024, SpareBank 1 Sør-Norge has issued NOK 22.6 billion in senior non-preferred. The requirement is approx. NOK 15 billion.

## Annual funding maturity



# Outlook

- Strong position in Southern Norway with growth opportunities
- A majority of the companies in Southern Norway expect increased activity, although there are large regional differences
- Industry, IT, oil and exports are the most positive sectors
- Expects job growth and low unemployment

# APPENDIX

1) **Macro**
2) Loan portfolio
3) Risk
4) SB1NO

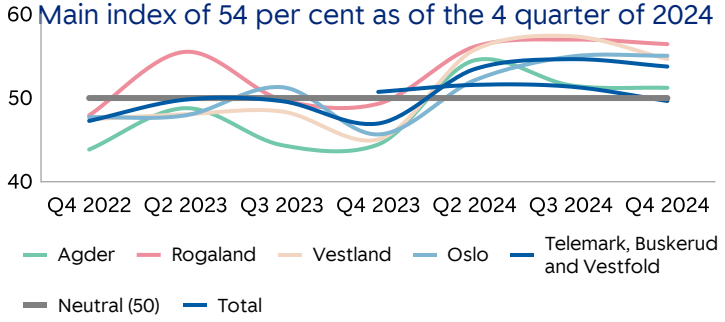


SpareBank 1 SØR-NORGE

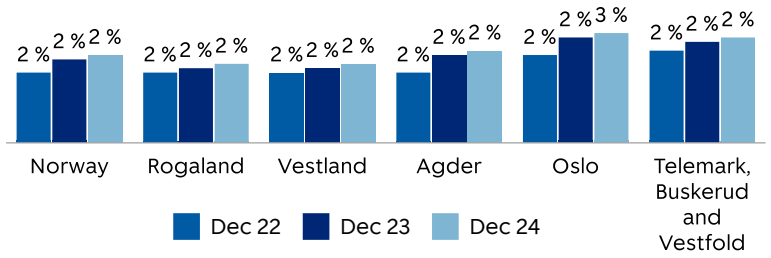
# Macro in Southern Norway

## SpareBank 1 Sør-Norges's business survey

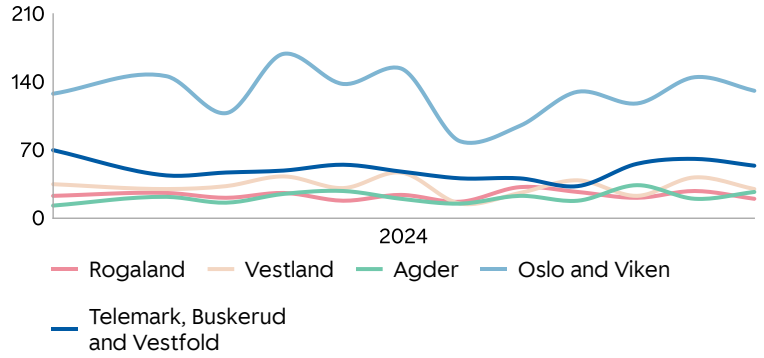
Main index of 54 per cent as of the 4 quarter of 2024




## Unemployment rate

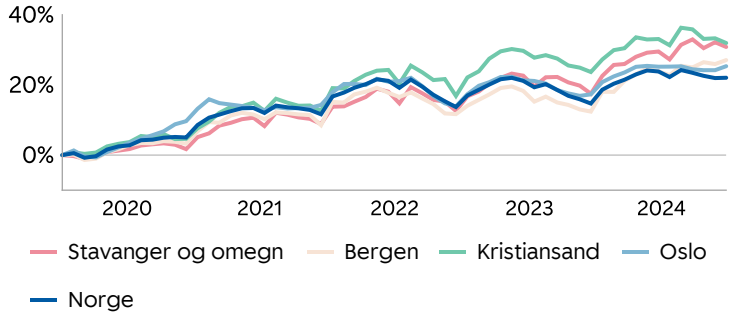



## Number of bankruptcies

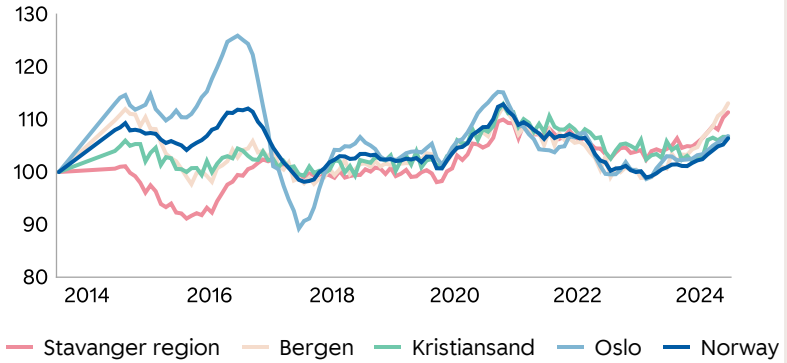



## House price development

Norwegian house prices have increased by 6.4 % the last 12 months

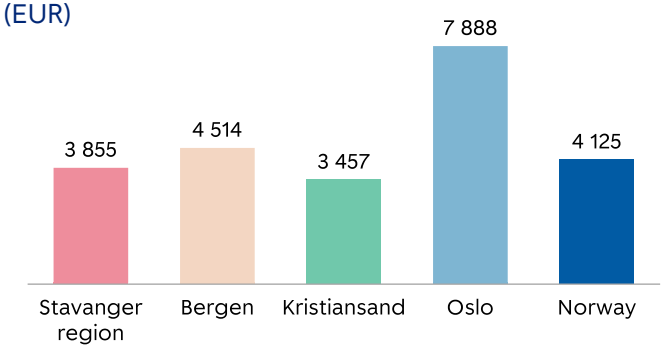



## Index change 12 month (%)




## Prices by city per square meter

(EUR)




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

# APPENDIX

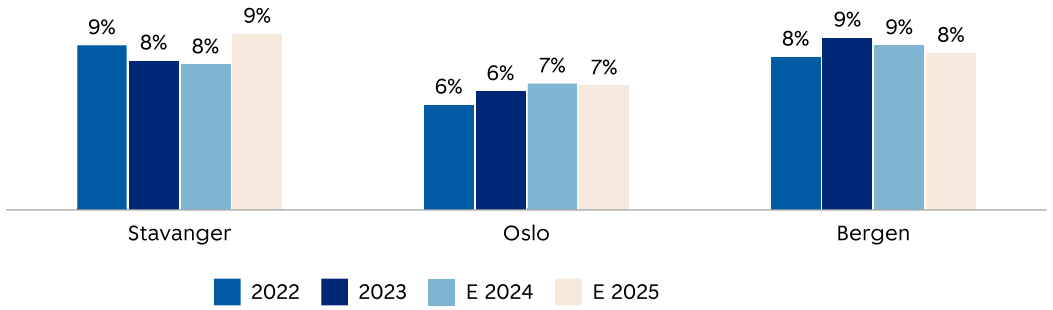
1) Macro
2) **Loan portfolio**
3) Risk
4) SB1NO



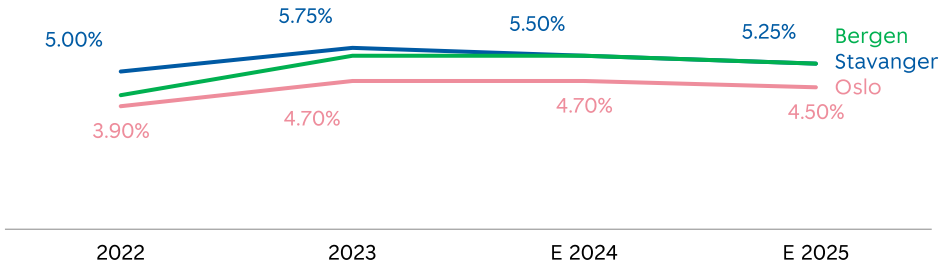
SpareBank 1 SØR-NORGE

# Market – Commercial real estate

## Office vacancy

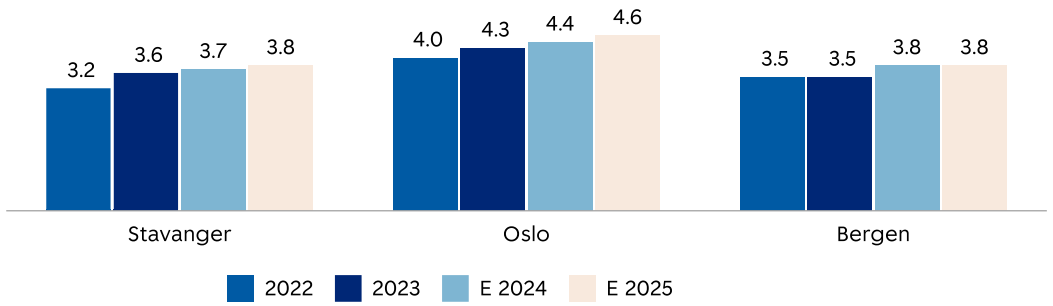



## Prime yield



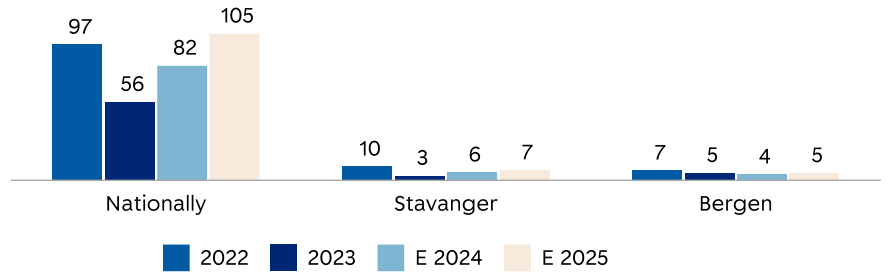

## Rental prices

(TNOK per sq.m)




## Transaction volume

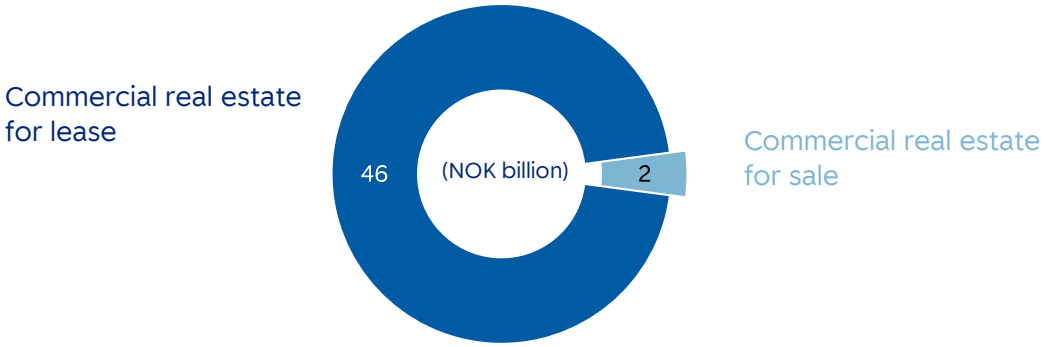
(NOK billion)




*Source: Entra, WPS, og EM1 SR-Bank*

# Lending to commercial real estate

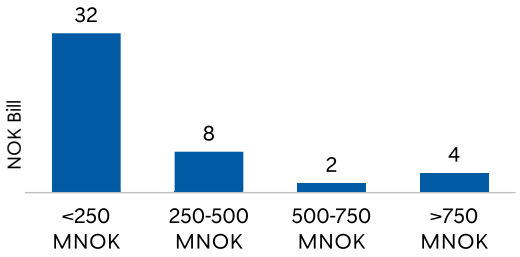
## Commercial real estate portfolio 11.8% of total lending volum



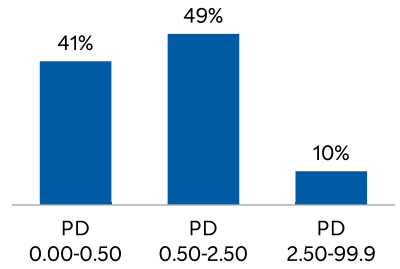

- Lending volume for commercial real estate for lease is NOK 45.7 billion, 11.3% of the bank's total lending volume
- The portfolio is characterized by lending to commercial properties for lease with long-term conctracts and financially solid tenants.

## Commercial real estate for lease

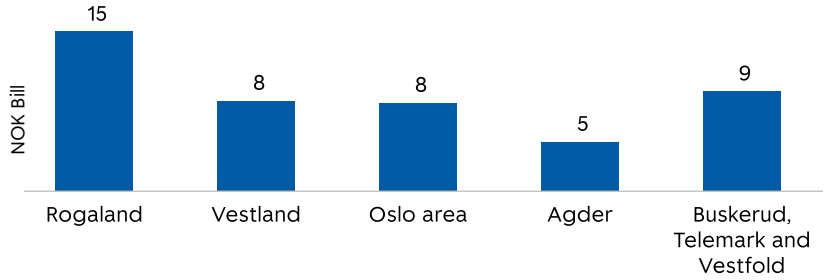
### Low concentration risk




### 90% of volume has a PD under 2.5%




### Well differentiated across regions



# APPENDIX

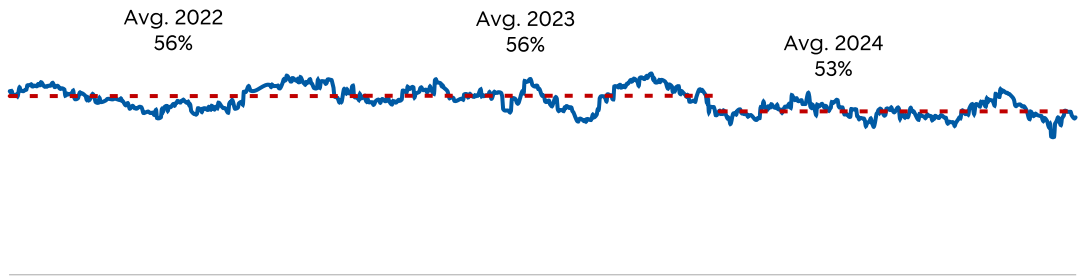
1) Macro
2) Loan portfolio
3) **Risk**
4) SB1NO



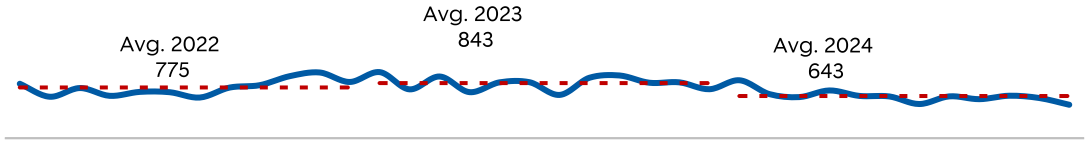
SpareBank 1 SØR-NORGE

# Our customers are doing well

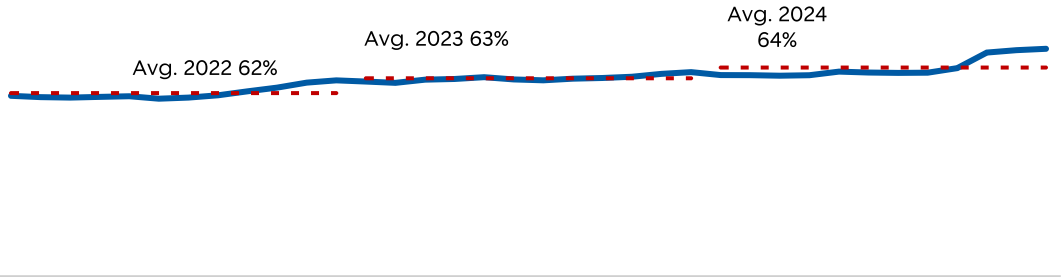
## Corporate market - Drawn amount on credit facilities



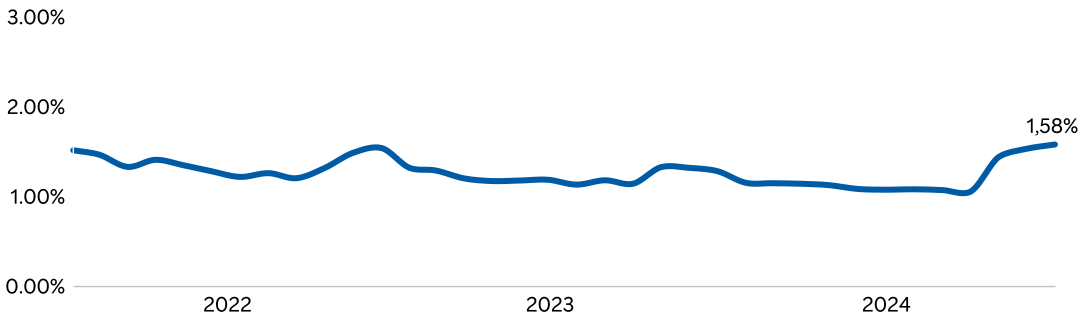

## Retail market – Avg. number of applications for interest-only per month




## 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.



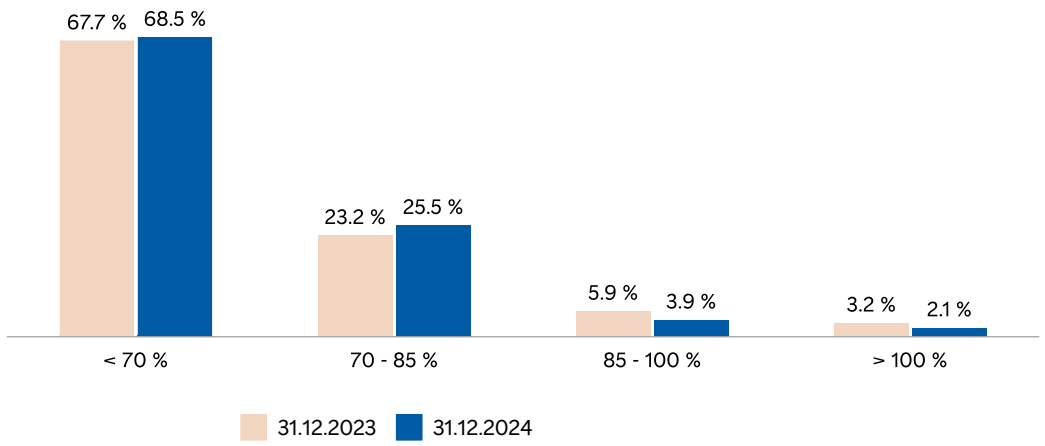
SpareBank 1 SØR-NORGE

# Loan to value ratio and RWA on home mortgage loans

Pro forma

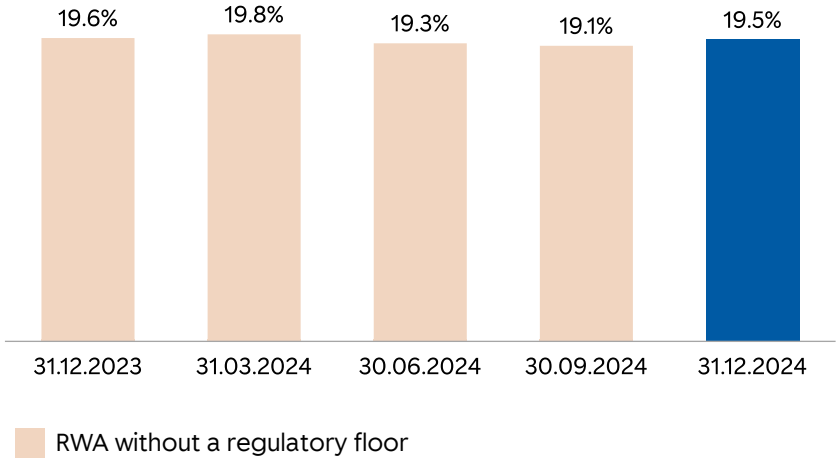
## Loan to value ratio on home mortgage loans

- The proforma figures for SpareBank 1 Sør-Norge show that 94.0% 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%.



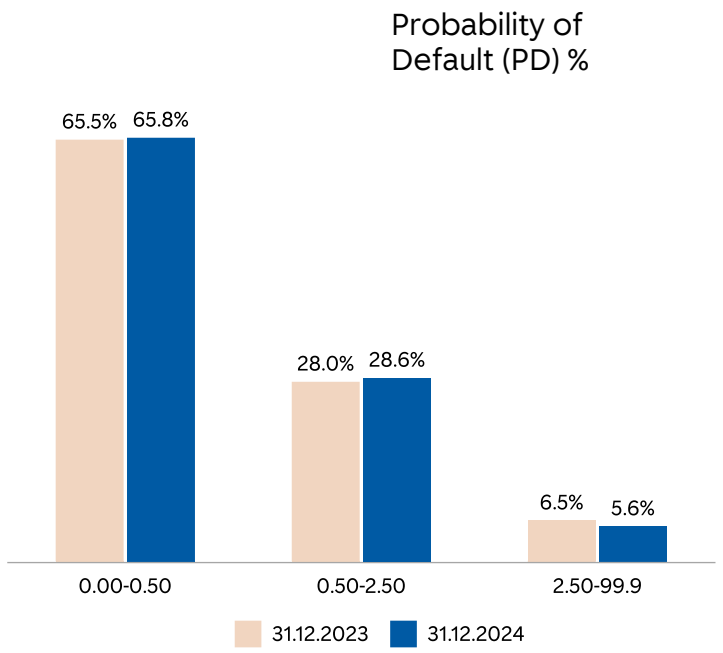

**IRB framework only applied to former SB1 SR-Bank and SR-Boligkreditts loan portfolio, the former portfolio of SB1 Sørøst-Norge is based on the standard method*
*In a total-distributed loan to value ratio, the entire loan is allocated to one and the same interval.*
*Home mortgages as defined in the Norwegian IRB framework; the value of the residential property must be at least 30% of a loan's security.*

# Profile of the loan portfolio

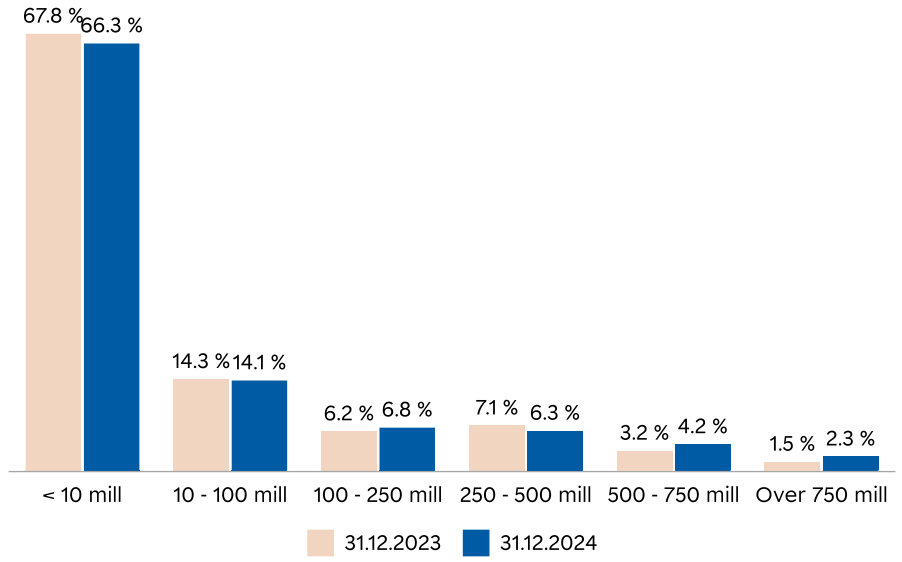
Pro forma

- 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



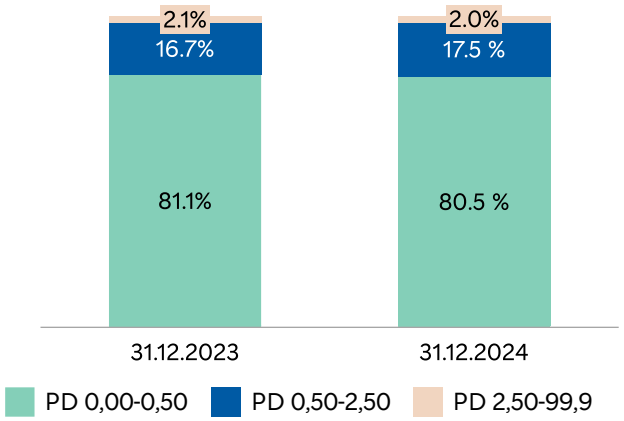

*Probability of default (PD) through a full cycle of loss.*

# Risk profile – Loan portfolio

Pro forma

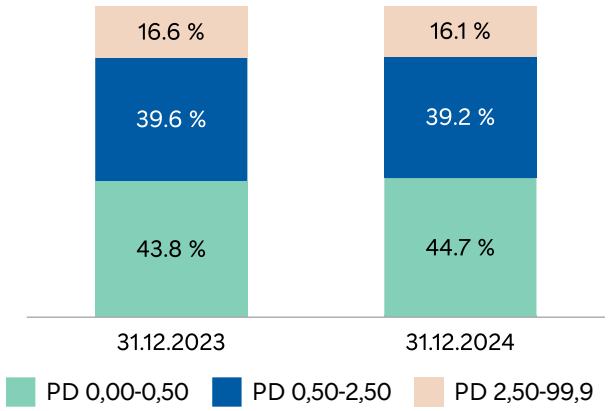
## - Portfolio distributed by risk class

### Retail



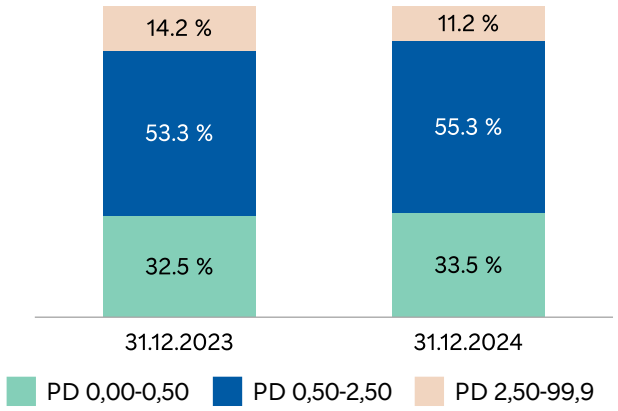

- The quality of the retail market portfolio is considered to be very good and has low potential losses.
- The low risk profile is achieved through prudent costumer selection and requirements for moderate LTV. Most of the portfolio is secured against a mortgage on real estate, and lending is overall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

### SME & Agriculture




- The quality of the SME and Agriculture market portfolio is 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.

### Corporate market




- 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.*

# Impairments on loans and financial commitments

Pro forma

## Impairments on loans and financial commitments in the income statement

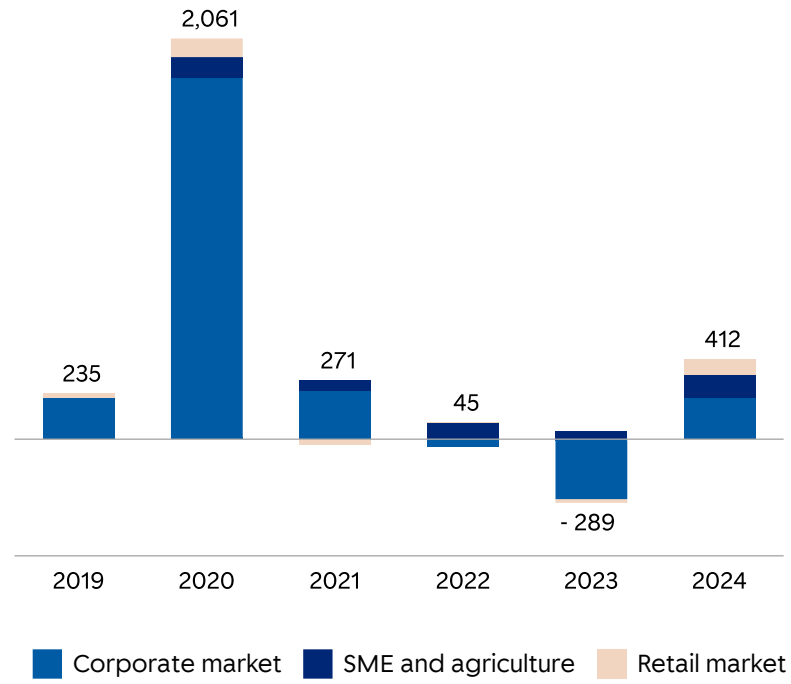
| (MNOK) | Q4 2024 | Q3 2024 | Q2 2024 | Q1 2024 | Q4 2023 |
|---|---|---|---|---|---|
| Corporate Market | 85 | 86 | 83 | - 38 | - 118 |
| SME and agriculture | - 35 | 85 | - 12 | 78 | - 5 |
| Retail market | 41 | - 6 | 27 | 19 | - 9 |
| **Total impairments** | **90** | **166** | **98** | **59** | **- 132** |

## Impairments on loans and financial commitments in the balance sheet

| (MNOK) | Q4 2024 | Q3 2024 | Q2 2024 | Q1 2024 | Q4 2023 |
|---|---|---|---|---|---|
| Corporate Market | 873 | 923 | 918 | 938 | 1,022 |
| SME and agriculture | 495 | 503 | 422 | 456 | 389 |
| Retail market | 313 | 254 | 266 | 237 | 218 |
| **Total impairments** | **1,681** | **1,680** | **1,606** | **1,630** | **1,629** |

## Impairments on loans and financial commitments in the income statement

(MNOK)



# APPENDIX

1) Macro
2) Loan portfolio
3) Risk
4) **SB1NO**



SpareBank 1 SØR-NORGE

# SpareBank 1 Sør-Norge ASA

Pro forma

## Fully owned companies

**EiendomsMegler 1 SR-Eiendom**
*Real estate agency*

**SpareBank 1 Sør-Norge ForretningsPartner**
*Accounting and advisory*

**SR-Boligkreditt**
*Covered Bond Funding*

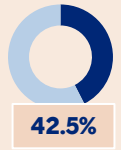
**EiendomsMegler 1 Sørøst-Norge**
*Real estate agency*

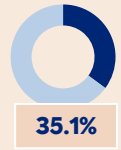
**SpareBank 1 Regnskapshuset Sørøst-Norge**
*Accounting and advisory*

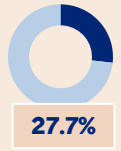
**FinStart Nordic**
*Investmentportfolio FinTec*

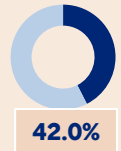
**EiendomsMegler 1 Telemark (51%)**
*Real estate agency*

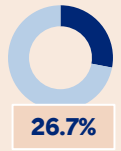
## Partly owned companies

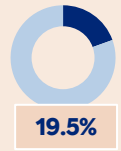
**BN Bank**



**SpareBank 1 Markets**



**SpareBank 1 Kreditt***



**SpareBank 1 Forvaltning**



**SpareBank 1 Betaling****



**SpareBank 1 Gruppen**



**Changed name to Kredittbanken ASA from 7 January 2025, new ownership 23.3%*
***Owns 25 % in Vipps AS*

# Balance sheet

## Pro forma

| Balance sheet (MNOK) | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Cash and balances with central banks | 119 | 193 |
| Balances with credit institutions | 12,711 | 7,985 |
| Loans to customers | 374,119 | 343,382 |
| Certificates and bonds | 60,825 | 67,464 |
| Financial derivatives | 11,444 | 16,179 |
| Shares, ownership stakes and other securities | 2,643 | 3,128 |
| Investment in associates | 8,144 | 7,411 |
| Other | 9,330 | 6,447 |
| **Total assets** | **479,336** | **452,189** |
| Balances with credit institutions | 695 | 3,204 |
| Deposits from customers | 204,006 | 204,260 |
| Listed debt securities | 180,850 | 153,369 |
| Financial derivatives | 9,339 | 13,697 |
| Other liabilities | 3,494 | 5,747 |
| Senior non-preferred bonds | 22,539 | 21,767 |
| Subordinated loan capital | 5,776 | 3,535 |
| **Total liabilities** | **426,699** | **405,580** |
| **Total equity** | **52,637** | **46,610** |
| **Total liabilities and equity** | **479,336** | **452,189** |

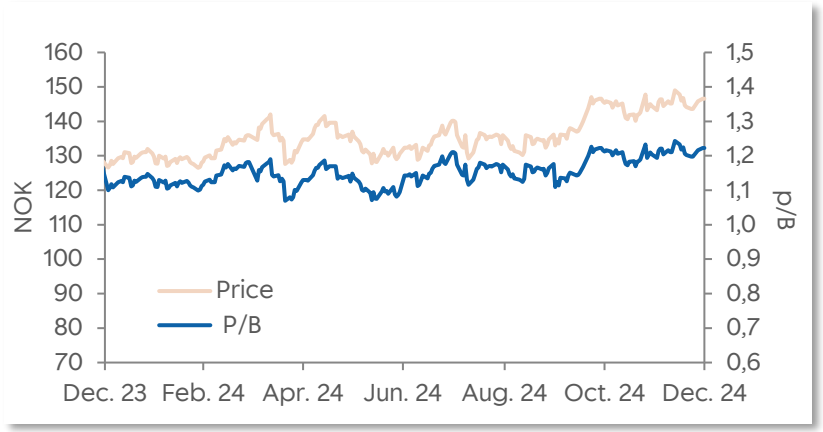


SpareBank 1 SØR-NORGE

# SB1NO

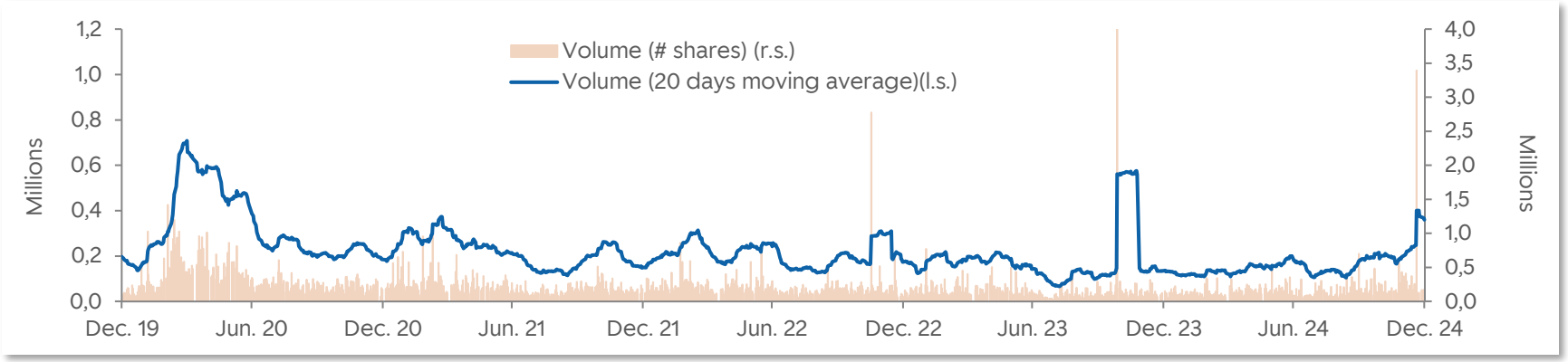
- International ownership is 17.4% per 4. quarter 2024
- Total market value at 4. quarter 2024 is NOK 55 billion

## Development in Price/Book




## Relative share price development

## Trading volume development



# SB1NO

- Number of shares issued 375.46 million
- Trading volume in Q4 2024: 4.2% (6.7%)

| SB1NO | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| Share price | 146.60 | 128.90 | 120.70 | 133.20 | 91.00 |
| Stock value (MNOK) | 55,042 | 34,064 | 30,869 | 34,066 | 23,273 |
| Book value per share (incl. Dividends) (group) | 128.77 | 115.07 | 106.32 | 99.05 | 95.97 |
| Earnings per share | 13.08 | 16.27 | 12.88 | 12.08 | 5.87 |
| Dividend per share | 8.50 | 7.50 | 7.00 | 6.00 | 3.10 |
| P/E | 11.21 | 7.92 | 9.37 | 11.03 | 15.50 |
| P/BV | 1.14 | 1.12 | 1.14 | 1.34 | 0.95 |

## Cash dividend - Key information:

| | |
|---|---|
| Last day incl. right | 24.04.2025 |
| Ex-date | 25.04.2025 |
| Record date | 28.04.2025 |
| Payment date | 05.05.2025 |
| Date of approval | 24.04.2025 |

*Figures in parentheses as at 31 December 2023.*



SpareBank 1 SØR-NORGE

# 20 largest shareholders as at 31 December 2024

- Ownership interests:
  - International: 17.4% (21.6%)
  - 10 largest: 53.1% (49.8%)
  - 20 largest: 62.4% (57.9%)
- Number of shareholders: 23.524 (18.693)
- Employees owning 1.5% (1.8%) as at 31 December 2024

| Investor | Number | Stake |
|---|---|---|
| Sparebankstiftelsen SR-Bank | 78,677 | 21.0% |
| SpareBank 1 Stiftelsen BV | 32,667 | 8.7% |
| Sparebankstiftelsen Telemark | 25,034 | 6.7% |
| Folketrygdfondet | 19,802 | 5.3% |
| Sparebankstiftelsen Modum | 15,624 | 4.2% |
| SpareBank 1-stiftinga Kvinnherad | 6,527 | 1.7% |
| State Street Bank and Trust Co, U.S.A. | 6,218 | 1.7% |
| Sparebankstiftelsen Nøtterøy-Tønsberg | 5,263 | 1.4% |
| Sparebankstiftelsen Nome | 4,949 | 1.3% |
| JPMorgan Chase Bank, N.A., London | 4,731 | 1.3% |
| J.P.Morgan SE, Luxembourg | 4,209 | 1.1% |
| Skandinaviska Enskilda Banken AB | 4,040 | 1.1% |
| Pareto Aksje Norge Verdipapirfond | 3,992 | 1.1% |
| Verdipapirfond Odin Norge | 3,736 | 1.0% |
| Verdipapirfondet Alfred Berg Gambak | 3,598 | 1.0% |
| J.P.Morgan SE, Luxembourg | 3,561 | 0.9% |
| Brown Brothers Harriman & Co, U.S.A. | 3,476 | 0.9% |
| Swedbank AB | 3,399 | 0.9% |
| State Street Bank and Trust Co, U.S.A. | 2,466 | 0.7% |
| J.P.Morgan SE, Luxembourg | 2,299 | 0.6% |
| Top 5 | 171,803 | 45.8% |
| Top 10 | 199,490 | 53.1% |
| Top 20 | 234,264 | 62.4% |

*Figures in parentheses as at 31 December 2023.*



SpareBank 1 SØR-NORGE

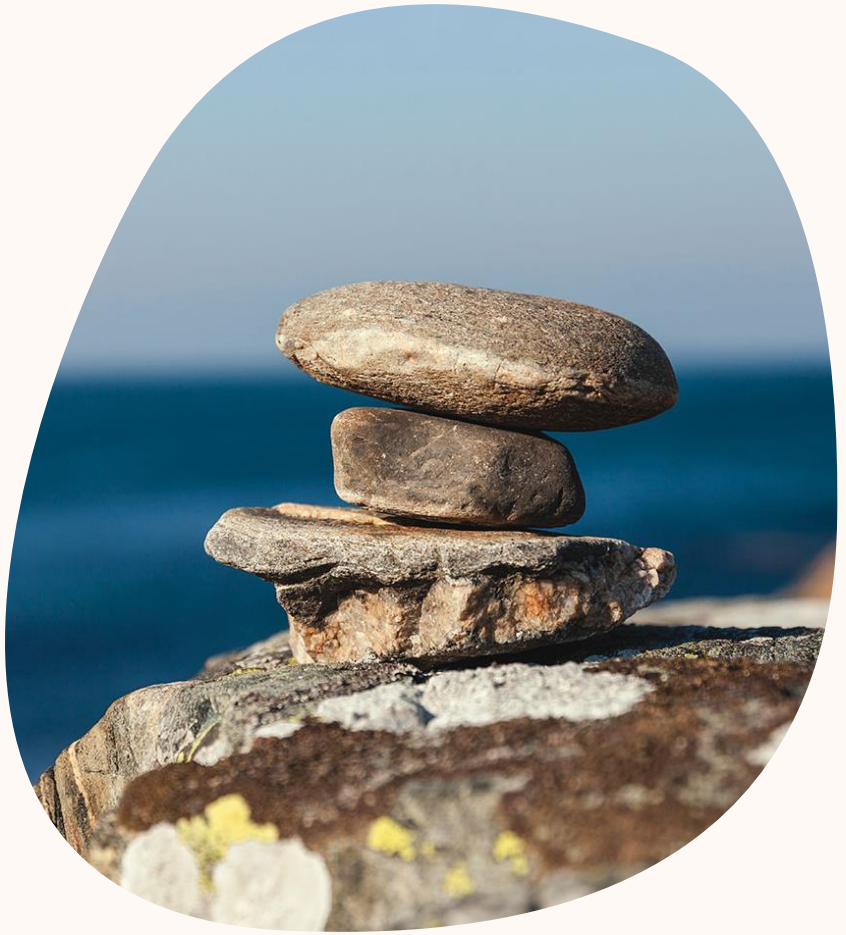
# Disclaimer

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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