

Investor presentation Second Quarter 2024

Per Halvorsen (CEO)
Roar Snippen (CFO)



Agenda

- Financial targets and ambitions
- Results Q2 2024
- Growth, solvency and capital
- Summary



The growth is back in a challenging market



SpareBank 1 Sør-Norge is the largest Norwegian bank merger in recent times, and we are fully on track with the merger plans



SpareBank 1 Sørøst-Norge maintains focus on “business as usual” and delivers on targets as communicated to the market



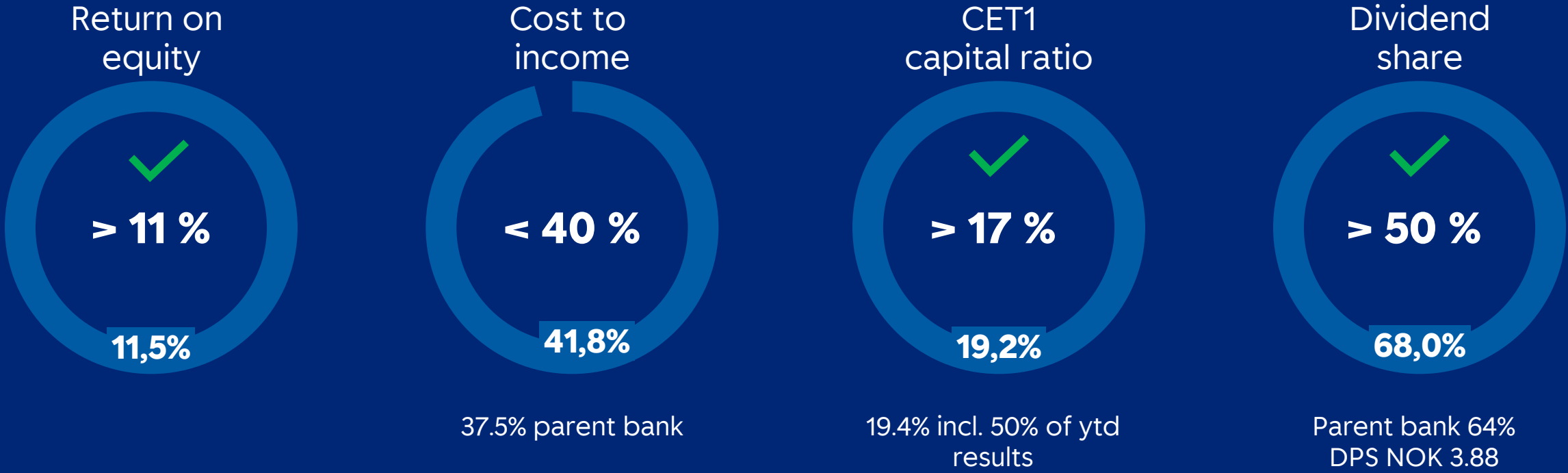
Systematic efforts are paying off, and the consolidation following the mergers between BV, Telemark and Modum is complete. We can once again report growth in a challenging market



Our strategy of making transactions in good times, driven by proactivity and not necessity, applies this time as well

The profitability and solvency targets are achieved

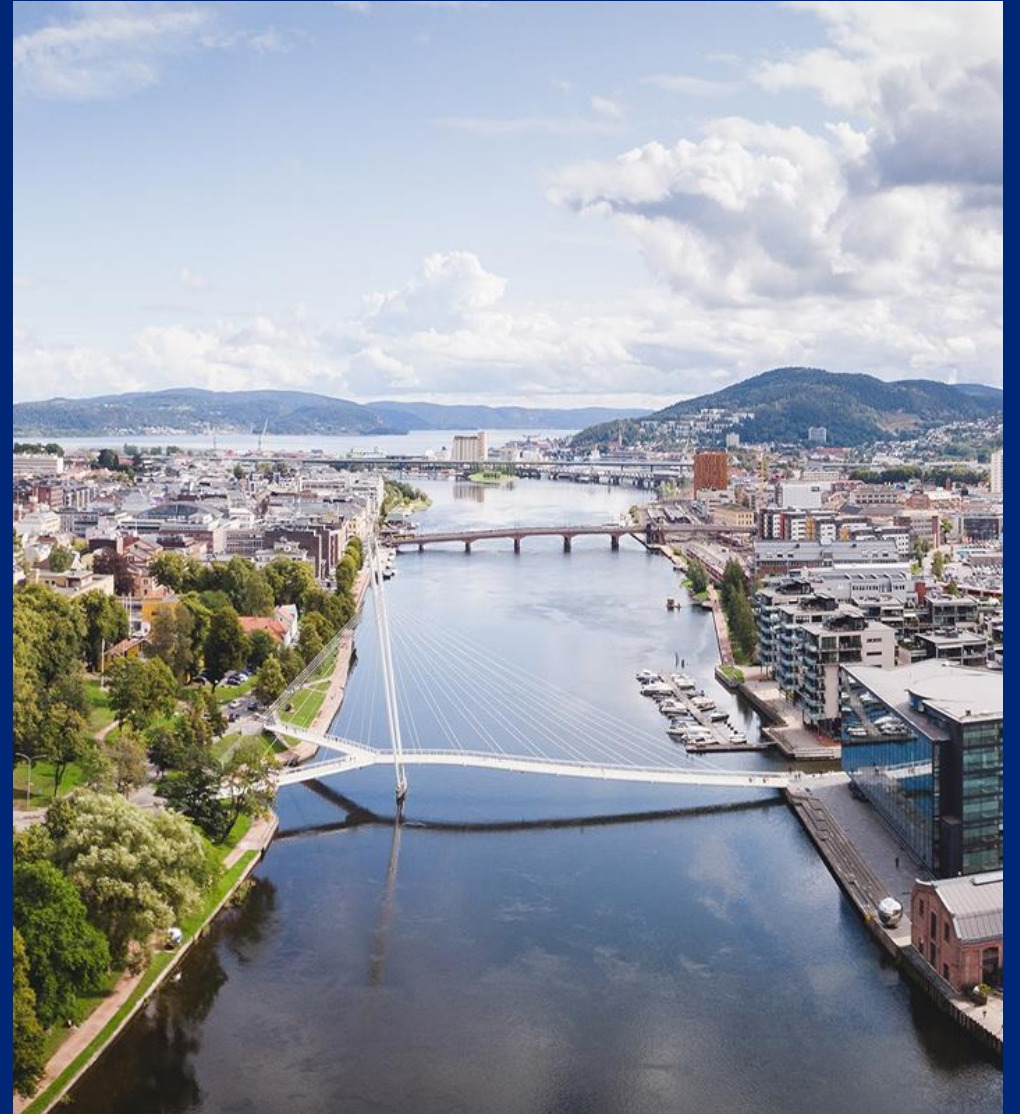
Financial targets



Note; 31 percent of the ytd results are included in the calculation of CET1 capital ratio

Second quarter highlights

- Profit before loss and tax NOK 451 million
(year-to-date NOK 954 million)
- Net interest income incl. KF NOK 571 million
(year-to-date NOK 1,129 million)
- Net other commission and other income NOK 204 million
(year-to-date NOK 368 million)
- Loan growth of NOK 1,130 million or 1.1 percent
(year-to-date NOK 1,419 million or 1.3 percent)
- Loan losses: Income recognition of NOK 5 million
(year-to-date cost NOK 19 million)
- CET1 capital ratio 19.4 percent and LR 8.6 percent

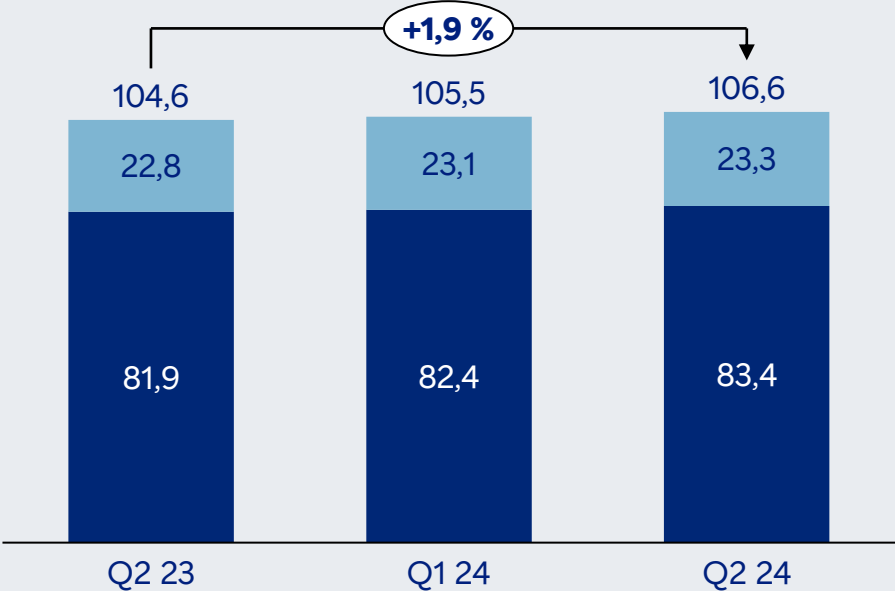


Increased customer activity in both Corporate and Retail Market

Loans

Numbers in NOK million

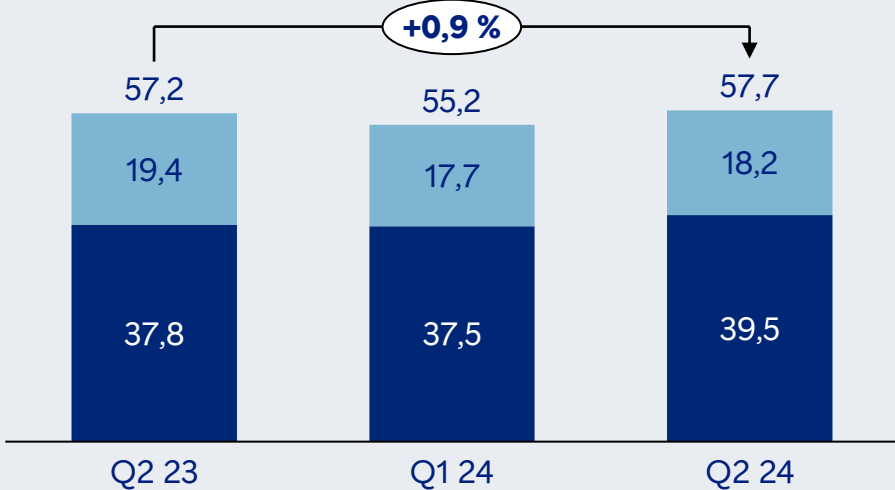
- Corporate market
- Retail market



Deposits

Numbers in NOK million

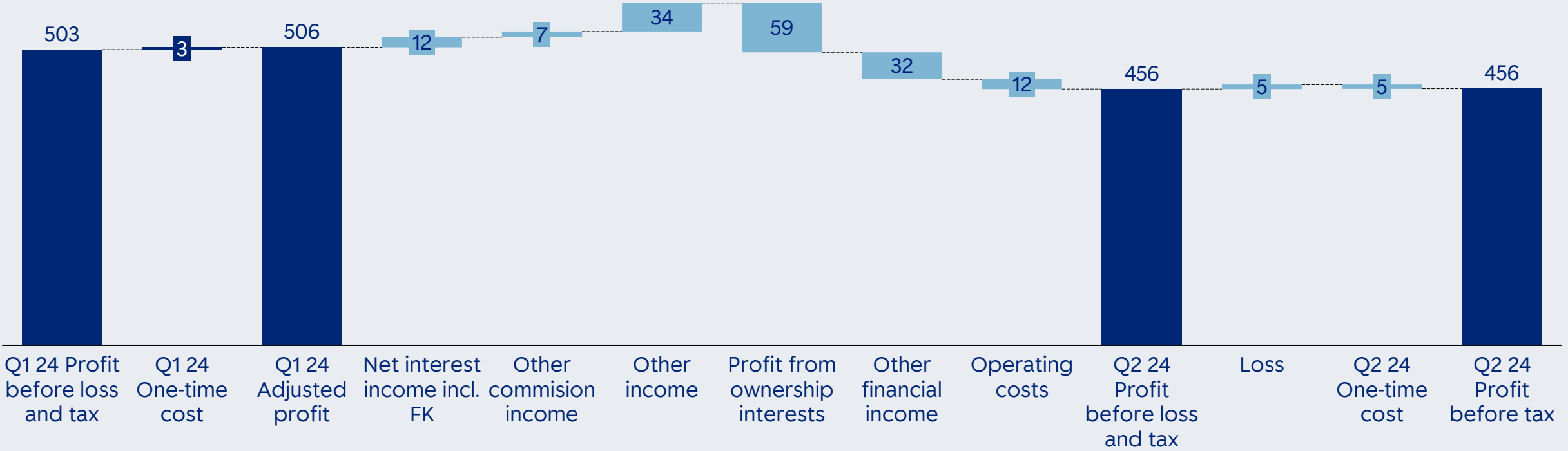
- Corporate market
- Retail market



Strong and steady underlying operations

Results Q2 compared to Q1

Numbers in NOK million

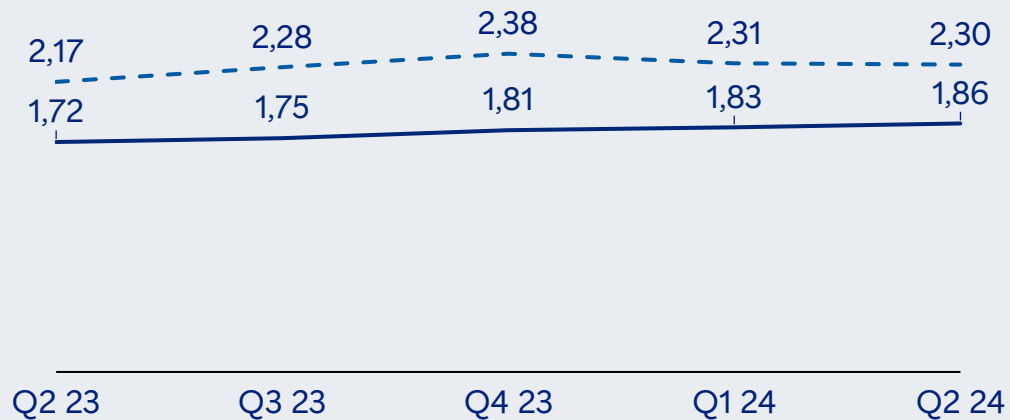


Improved net interest and strong interest margin

Net interest

Numbers in percent

- - Net interest on the balance sheet
- Net interest incl. mortgage company



Margins

Numbers in percent¹

- - Lending rate vs. Nibor
- Deposit rate vs. Nibor
- Volume-weighted interest margin

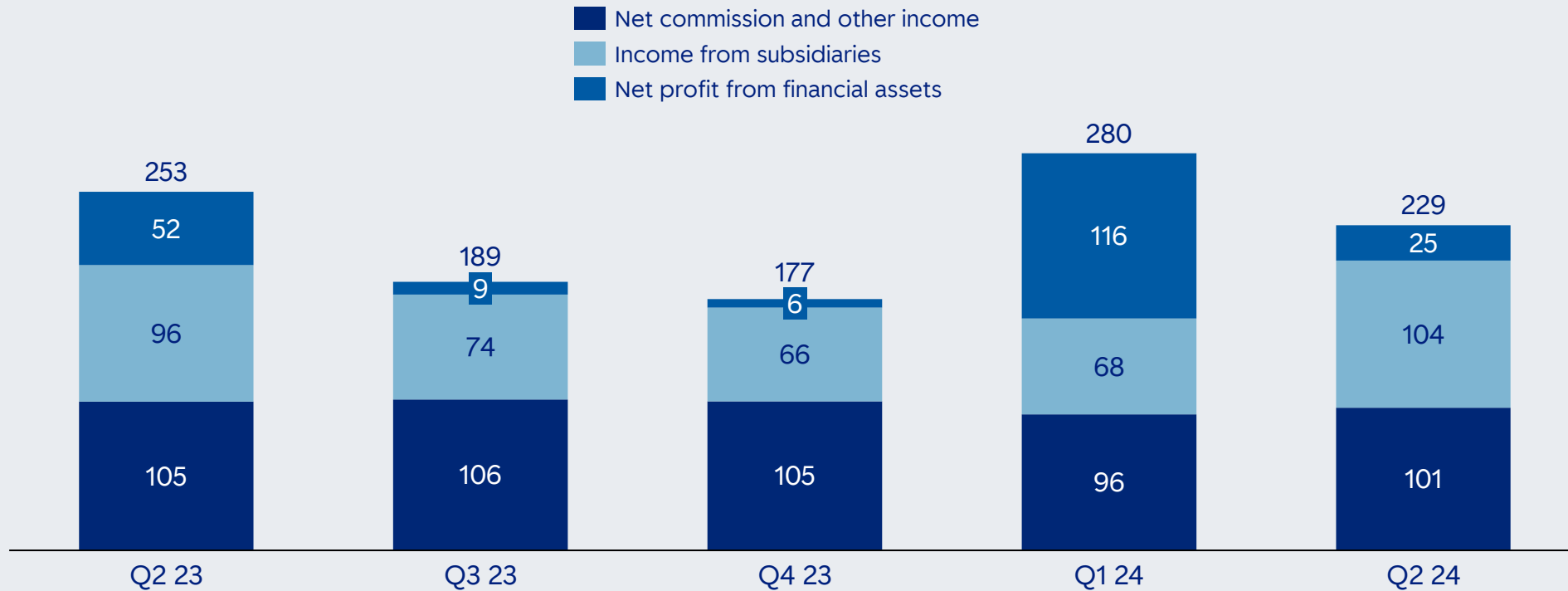


1) Interest on lending includes loans transferred to mortgage co. Interest in the quarter

Growth in income from subsidiaries

Other income

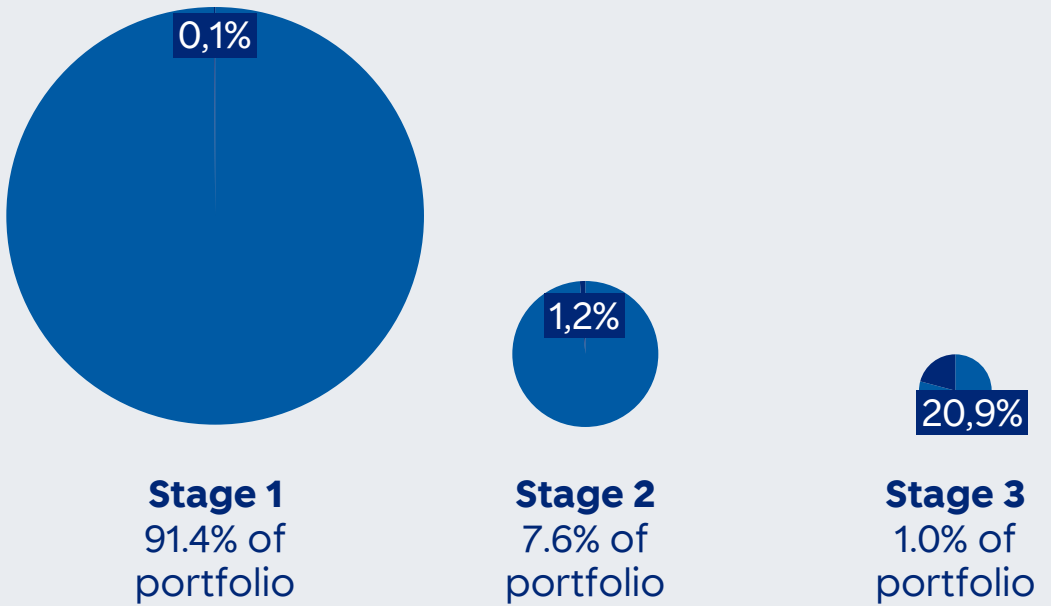
Numbers in NOK million



High quality in the portfolio and the loss provisions continue to decrease

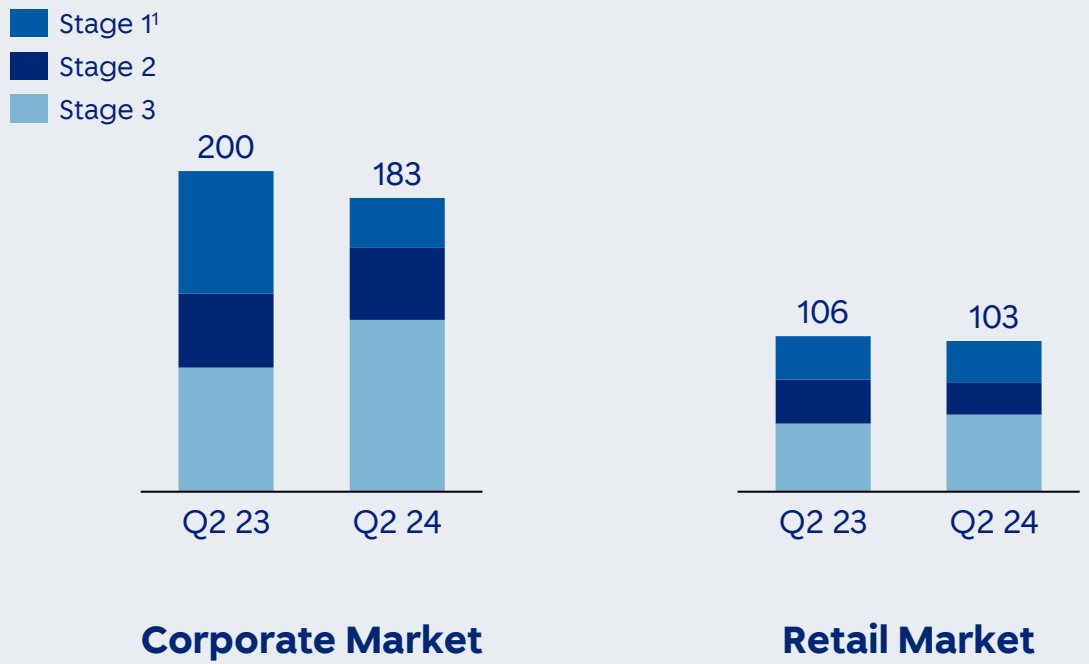
High quality in the portfolio

Numbers are loss provisions in % of gross lending per stage



Reduced loss provisions

Numbers in NOK million



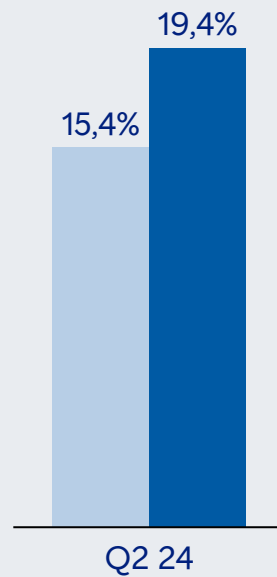
1) Stage 1 in included reversal of loss provisions related to fair value through comprehensive income

Comfortable margin to capital requirements

Stable high solvency ¹⁾

Numbers in percentage

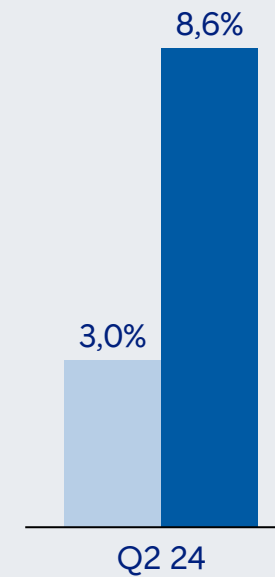
Regulatory requirement
CET1 capital ratio



Leverage ratio (LR)

Numbers in percentage

Regulatory requirement
Leverage ratio

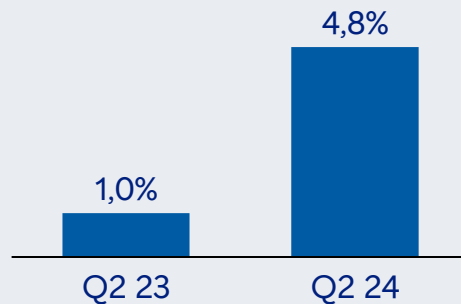


1) 50 % of ytd results included in CET1 capital ratio

Profitable growth in Retail Market through competence, cooperation and partnerships

New competence fuels growth

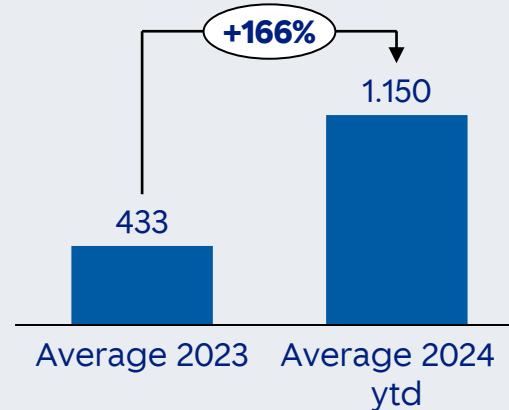
Annualized growth¹ loans RM



- Targeted Recruitment and Talent Development
- 30 new authorized advisors
- Streamlining processes

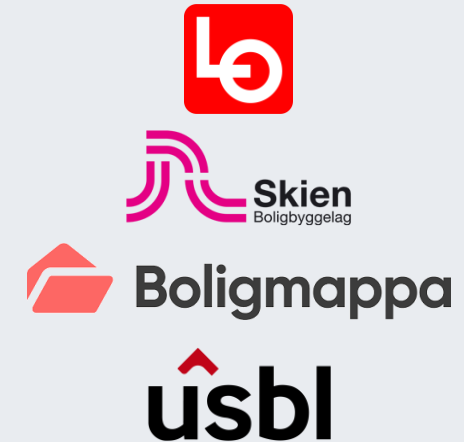
Systematic cooperation

Number of Leads/Referrals RM p.m.



- Training program for collaboration
- Shared tools and tailored methodology
- Systematic evaluation and monitoring

Local and strategic partnerships



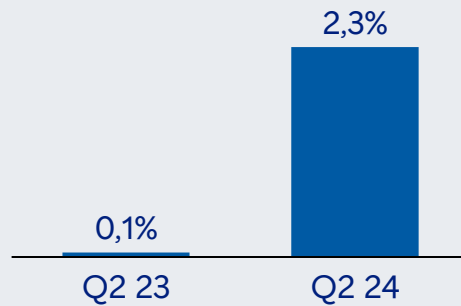
- Partnerships strengthening local position
- Strategic agreement with Boligmappa
- Strong development in the LO-segment in the region

1) The figure is derived from an annualization of Q2 growth figures

Profitable growth in Corporate Market through quality, breadth and local collaboration

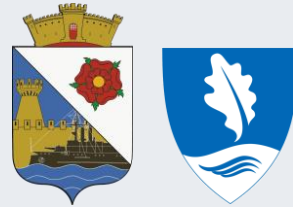
Growth

Annualized growth¹ loans CM

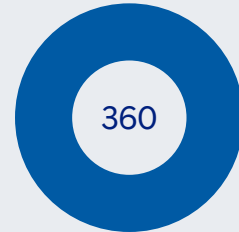


- CM portfolio cleanup completed
- Good quality results in lower losses
- The credit growth is back

New broad-based customers



Key Accounts: Winning bids, including **Horten** and **Holmestrand** municipality



SMB: 360 new customers through **SMB direct**

- Focus on securing new broad-based customers
- Increased emphasis on public sector
- Dedicated and customized service per segment

Local collaboration



- Visibility in the local community
- Putting sustainability on the agenda
- Active collaboration with business associations

1) The figure is derived from an annualization of Q2 growth figures

SpareBank 1 Sørøst-Norge – a bank of high quality and solvency in an exciting growth region



The Group

A solid Q2, stable operations, strong growth and high solvency



The Region

An attractive market area with great potential for further growth

Together
we create
value

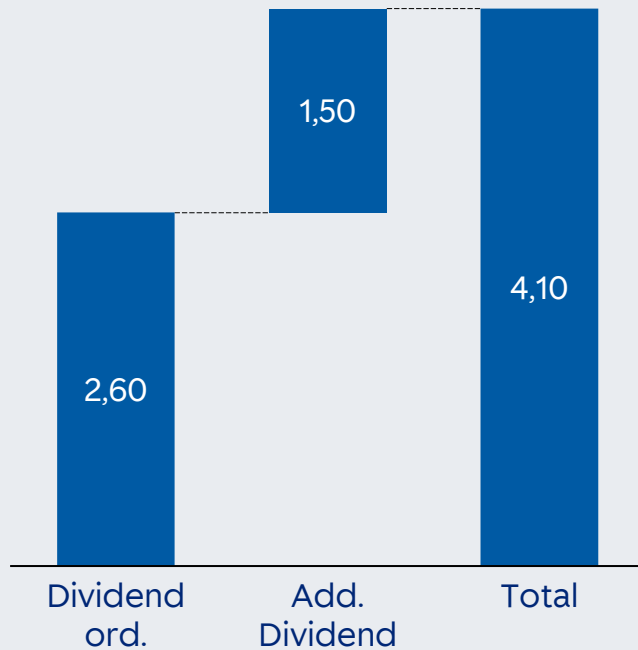


Attachment

Dividend last two years and price performance SOON

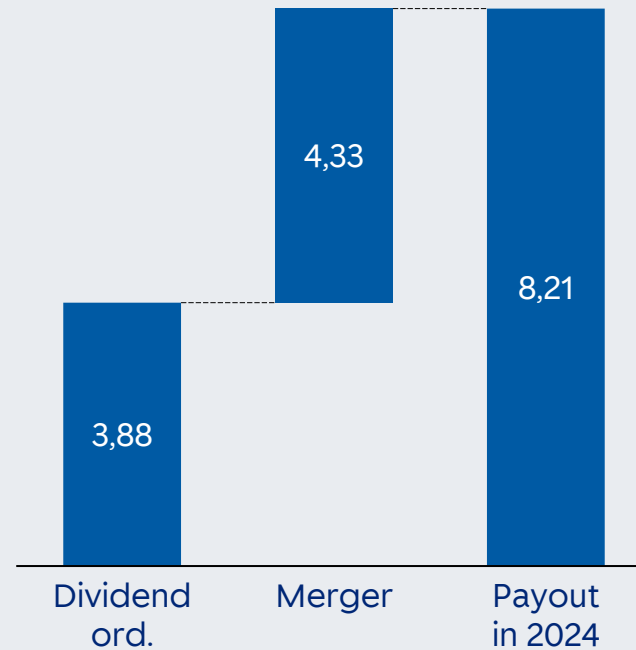
Dividend 2022 – payout in 2023

Numbers in NOK



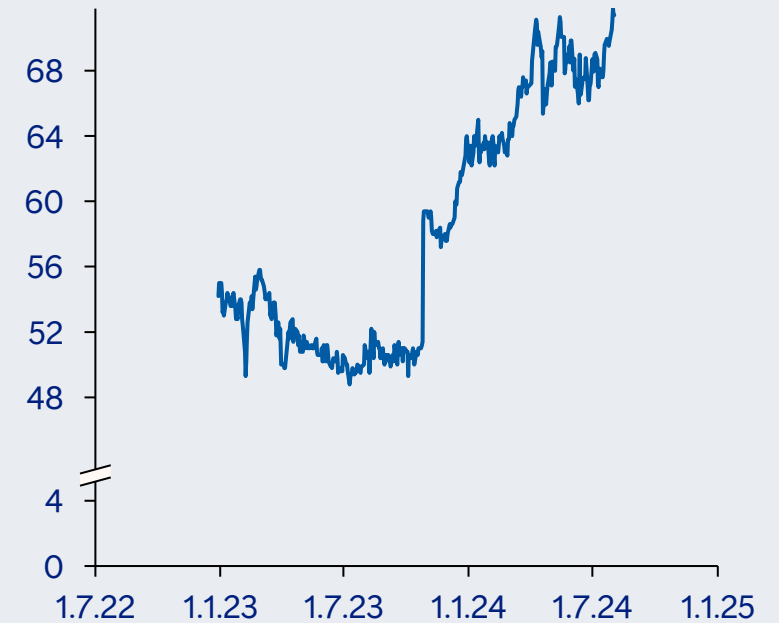
Dividend 2023 – payout in 2024

Numbers in NOK



Price performance SOON 2023-24

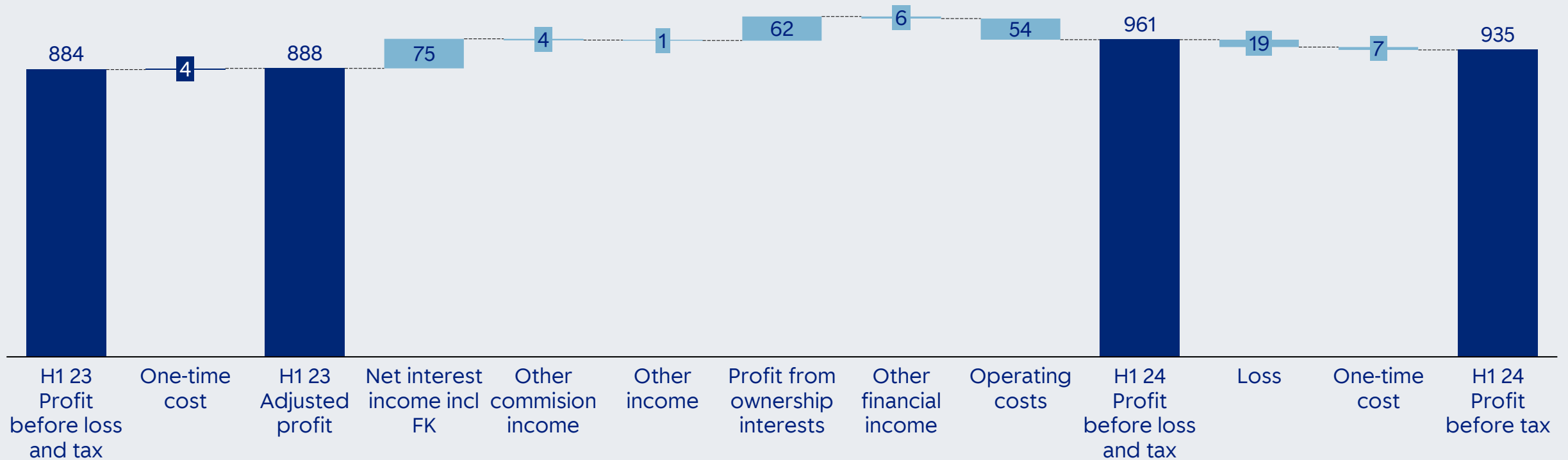
Numbers in NOK



Increased revenues and dividends from H1 2023

Profit before tax from H1 2023

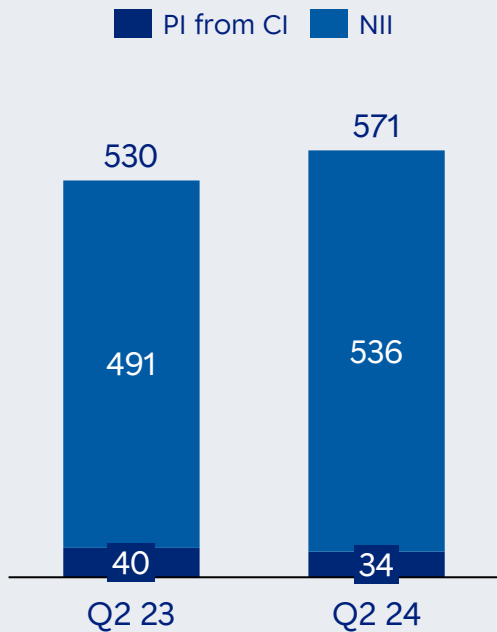
Numbers in NOK million



Improved operational performance and stable high solvency

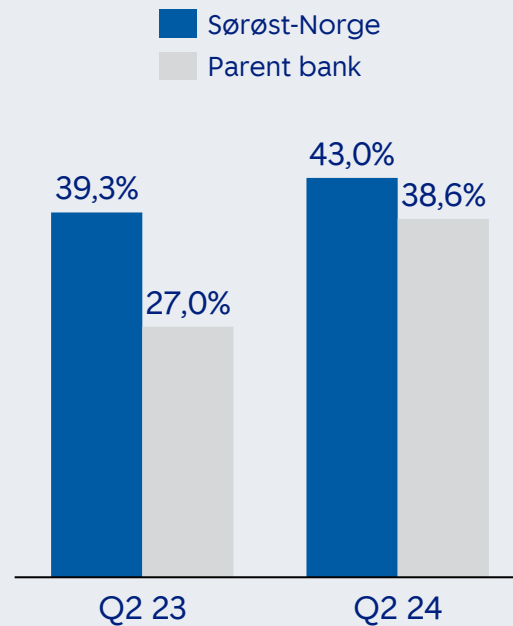
Improved top-line

Numbers in NOK million



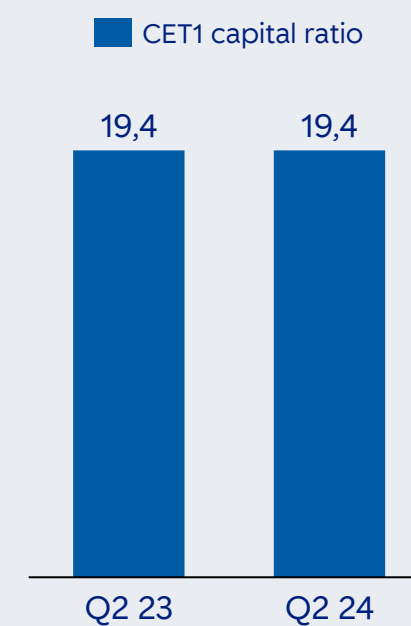
Increased cost-ratio ¹⁾

Numbers in percent



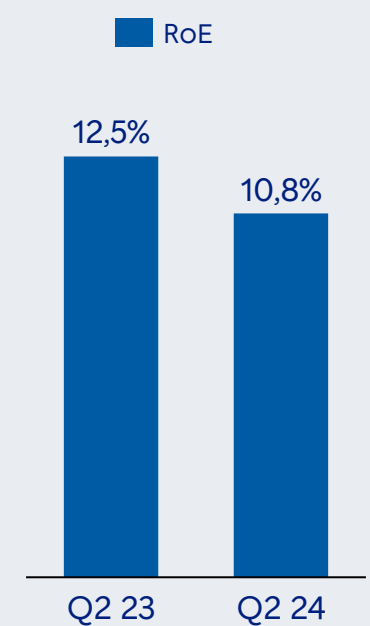
Stable high solvency ²⁾

Numbers in percent



RoE ¹⁾

Numbers in percent



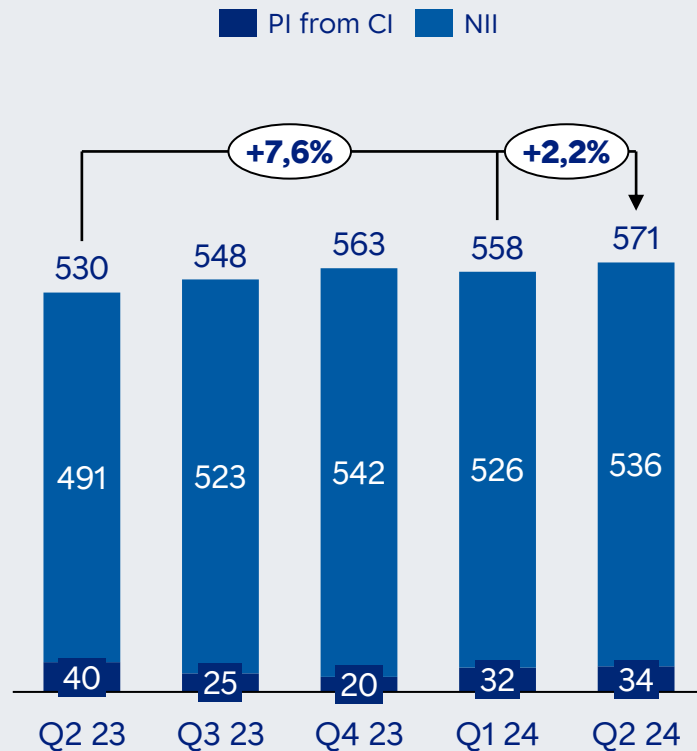
1) Excl. one-time cost in the calculation of cost ratio and RoE

2) 50 % of ytd results included in CET1 capital ratio

Improved net interest income compared to the previous quarter

Improved top-line

Numbers in NOK million



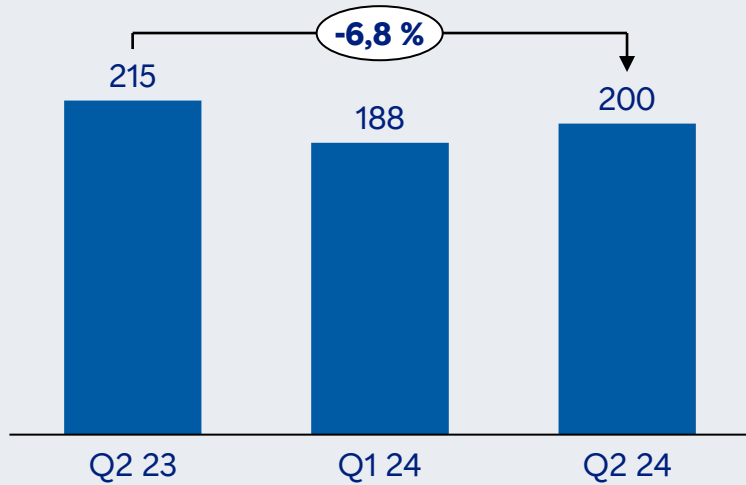
Comments

- Increased net interest income of 7.6 percent from the same quarter in 2023, and 2.2 compared to the previous quarter.
- Full effect of the interest rate change from December in the quarter as well as the growth contributes to improved net interest.

Profit development in the Corporate and Retail Market

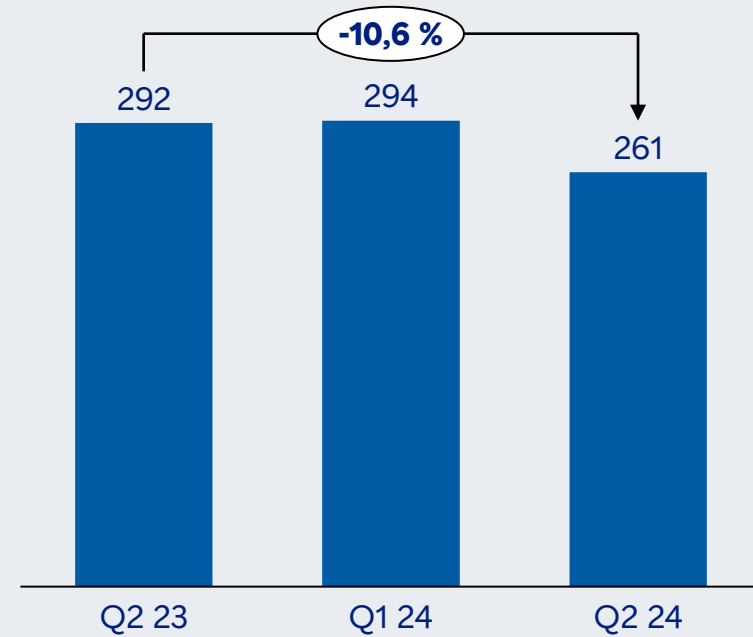
Profit Corporate Market

Numbers in NOK million before tax and excl. one-off cost



Profit Retail market

Numbers in NOK million before tax and excl. one-off cost



Stable interest margin in both segments, reduces deposit rate

Interest margin Corporate Market

Numbers in percentage points

- - Lending rate corporate market vs. NIBOR
- Deposit rate corporate market vs. NIBOR
- Volume-weighted interest margin



Interest margin Retail Market

Numbers in percentage points

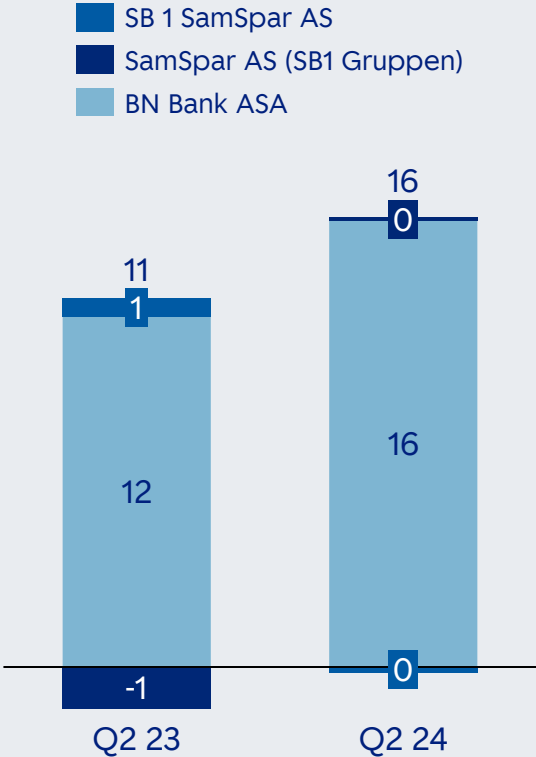
- - Lending rate retail market vs. NIBOR
- Deposit rate retail market vs. NIBOR
- Volume-weighted interest margin



Strong quarter for BN Bank, but week results from SB1 Gruppen due to write-down of shares in Kredinor

Profit in the quarter

Numbers in NOK million



Comments

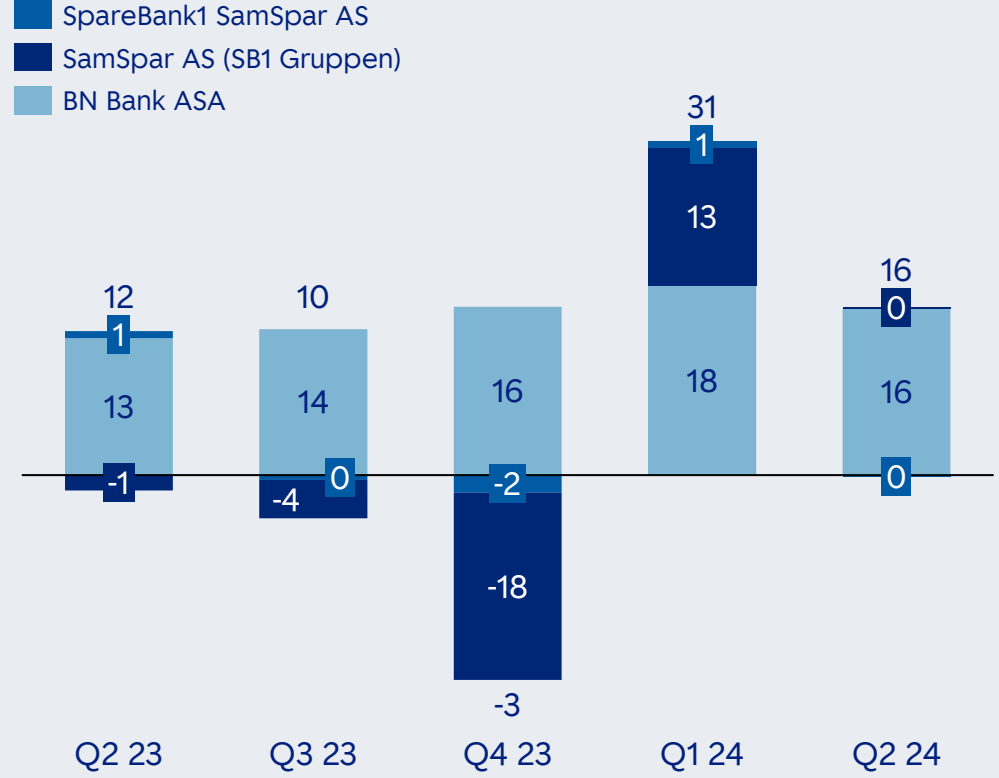
- SpareBank 1 Gruppen group achieved a post-tax result of NOK 145 (-21) million in the second quarter. The majority's share of the group's post-tax result was NOK 5,6 (-19) million.
- BN Bank has a good quarter with NOK 220 (172) million, contributing with NOK 16 million to Sørøst-Norge which is up from NOK 12 million from the same period last year.

Strong quarter for BN Bank. Results from SB1 Gruppen impacted by write-down of shares in Kredinor

Profit

Comments

Numbers in NOK million



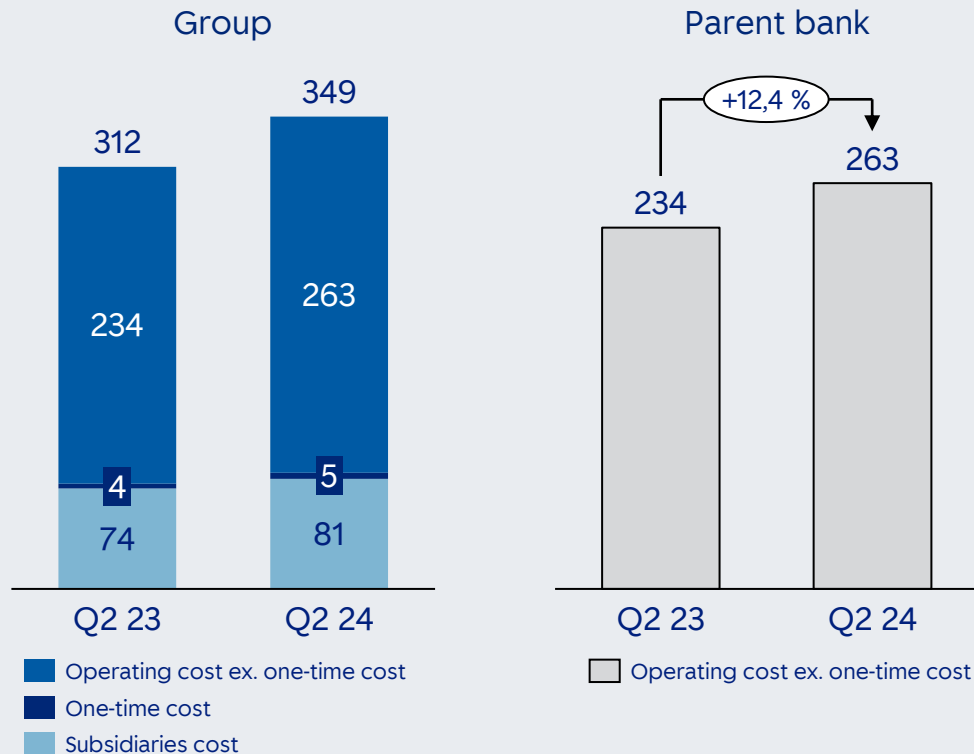
- Positive underlying result from SpareBank 1 Gruppen, but the write-down of the shareholding in Kredinor has a negative impact. Gruppen has good financial returns and strong insurance results from Fremtind and SB1 Forsikring, with a positive development in the loss ratio compared to the same period last year.

Increased operating cost in parent bank as a result of an increased number of FTEs

Operating cost

Comments

Numbers in NOK million

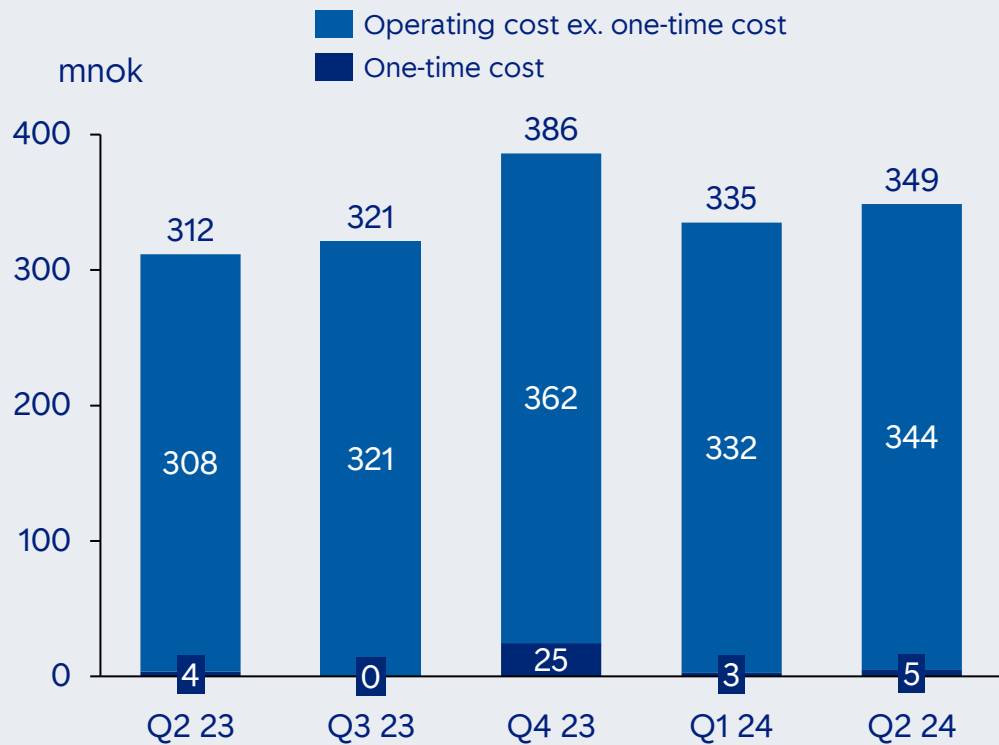


- The increased costs in the parent bank are mainly due to an increased number of full-time equivalents (net increase of 35 FTEs), merger, alliance and IT costs, as well as underlying wage and price growth.
- The operating expenses in the subsidiaries are up by NOK 7 million compared to the same quarter in 2023.

Cost growth adjusted for one-time costs

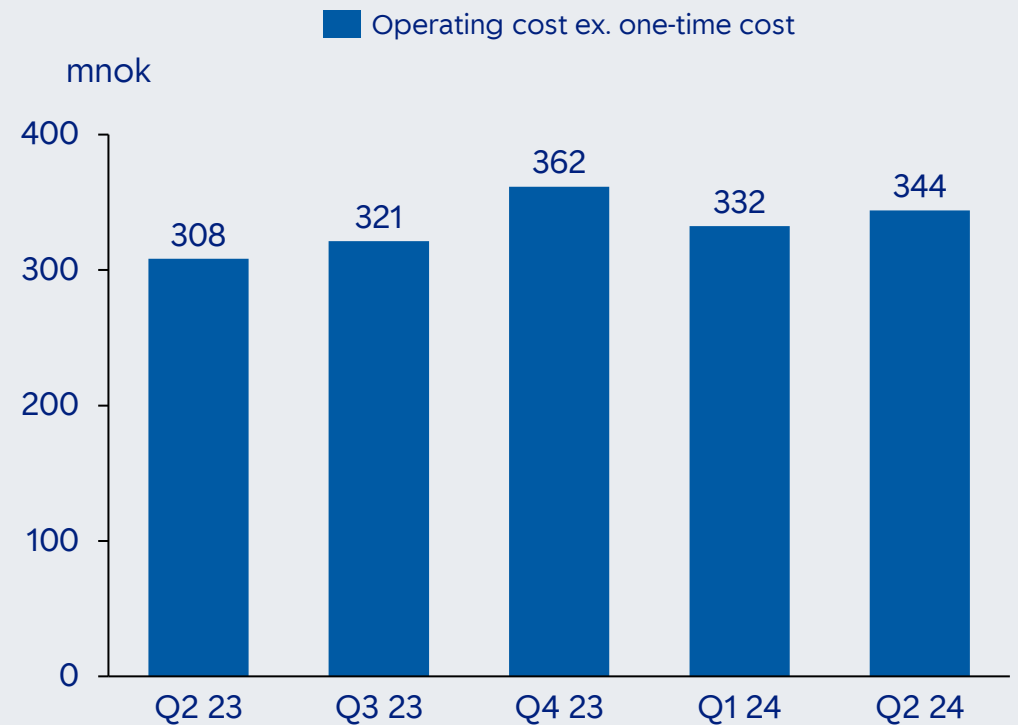
Operating cost

Numbers in NOK million



Operating cost excl. one-time costs

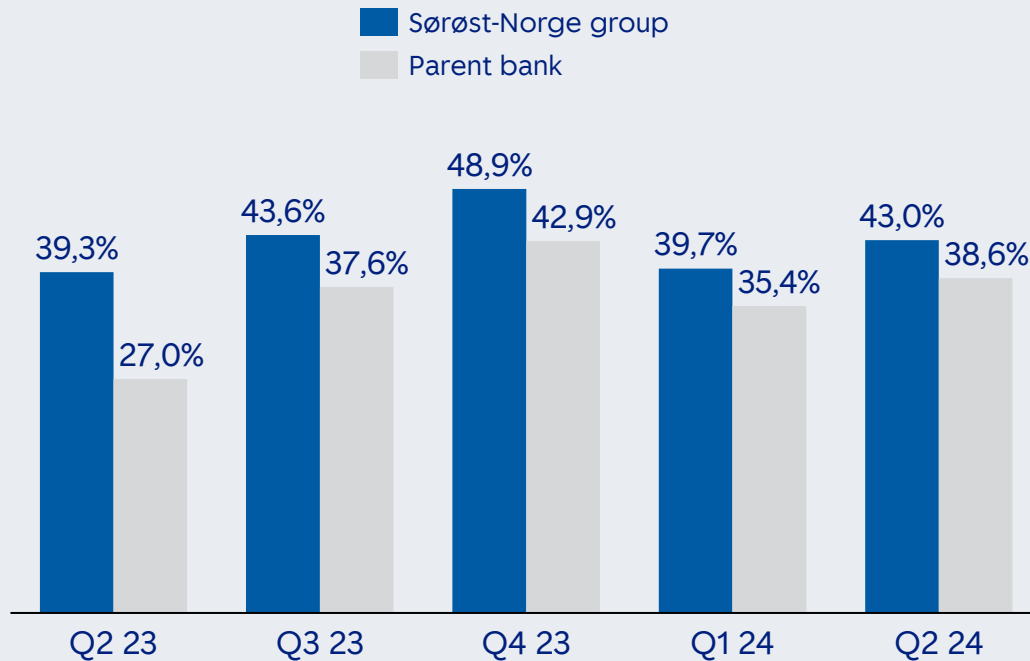
Numbers in NOK million



Increased cost ratio

Cost ratio (excl. one-time cost)

Numbers in percent



Comments

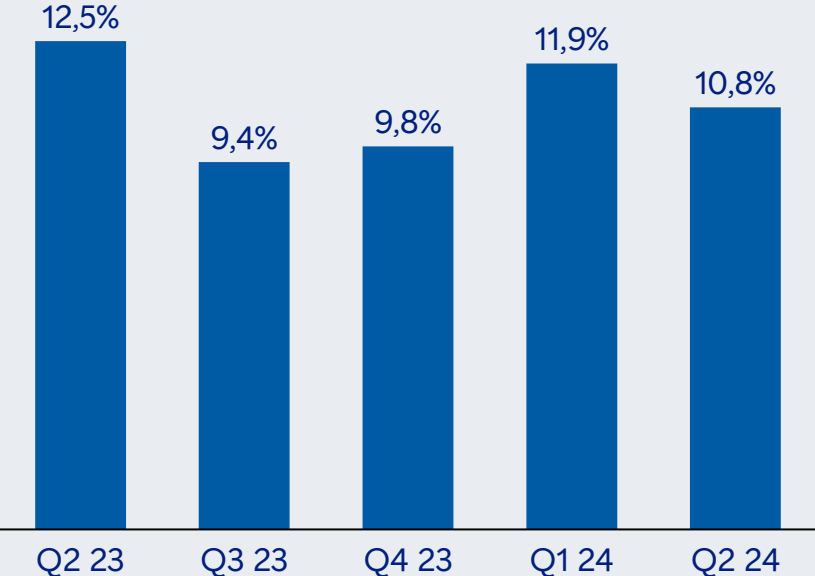
- The cost ratio in the parent bank is 38.6 percent for the quarter, while for the group it is 43.0 percent.

Reduced return on equity compared to previous quarter

Return on Equity (annualized)

Numbers in percent

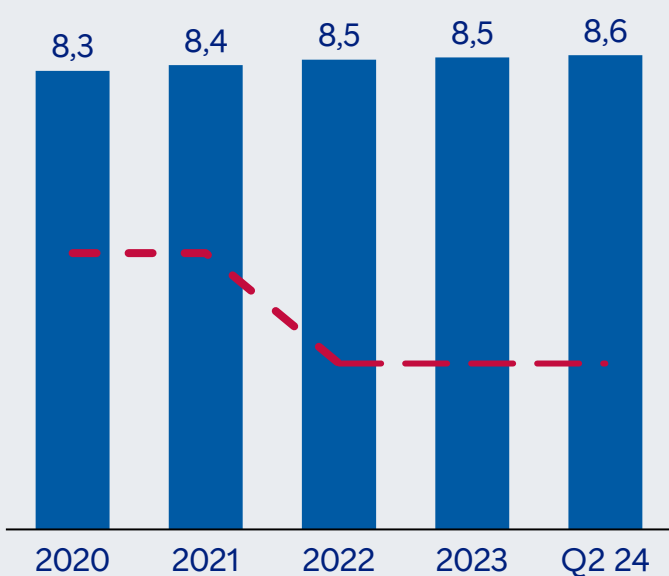
■ RoE adj. for one-time effects



Leverage ratio (LR)

Numbers in percent

■ Leverage ratio
- - Regulatory requirement



Lending and deposit volumes with pt-, fixed and NIBOR rates

Loans

Numbers in NOK billion

- Loans with pt rate
- Loans with Nibor rate
- Loans with fixed rate



Deposits

Numbers in NOK billion

- Deposits with pt rate
- Deposits with Nibor rate
- Deposits with fixed rate



High proportion of loans to the retail market

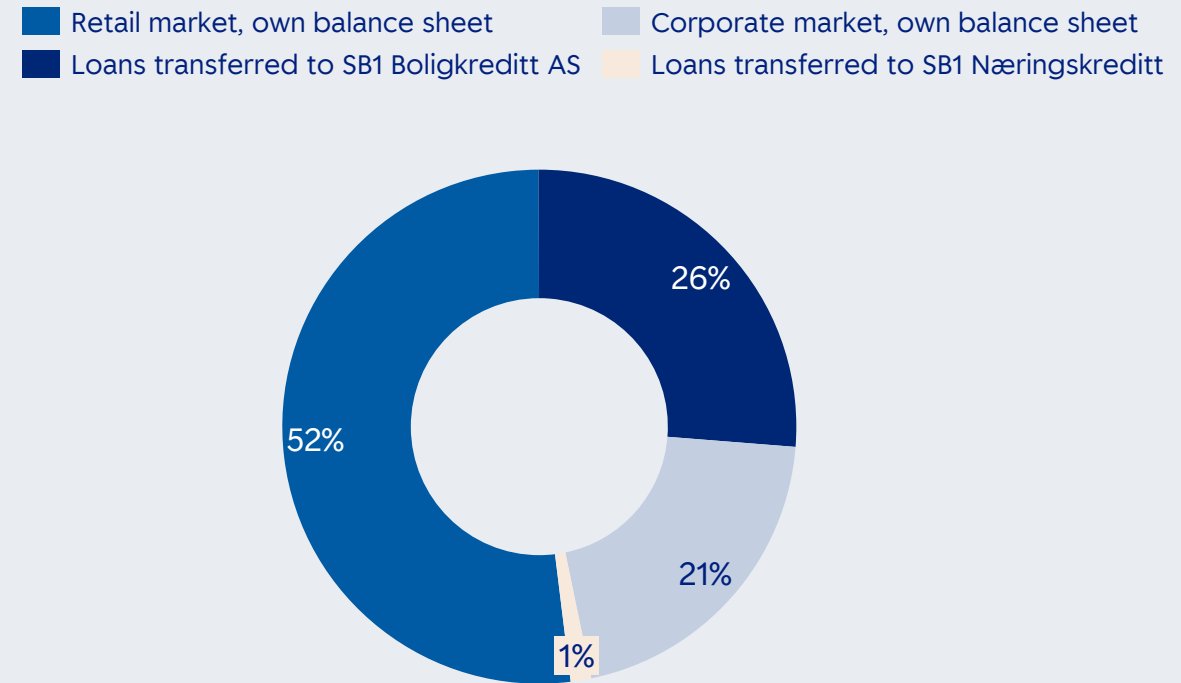
Loans

Numbers in NOK billion



Lending portfolio 2nd quarter

Numbers in percent

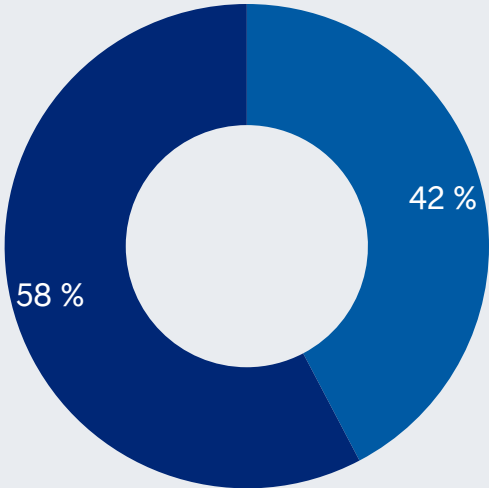


No major change from previous quarter in distribution of the corporate market by sector and geography

Corporate market

Numbers in percent

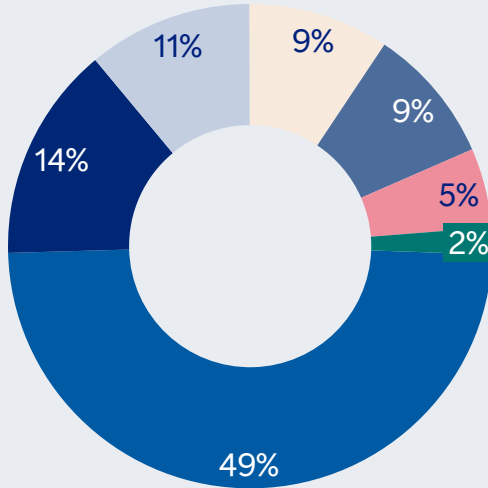
- Commercial real estate
- Other sectors



Other industries

Numbers in percent

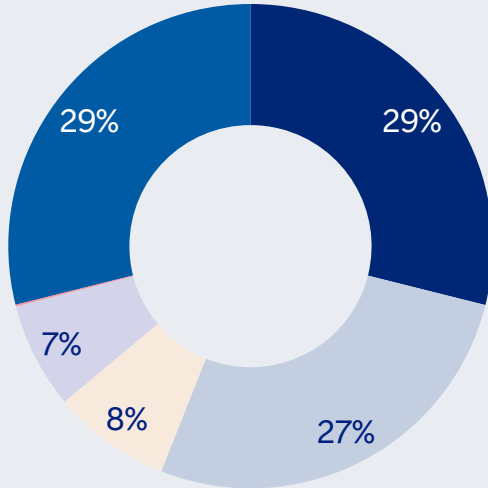
- Housing cooperatives
- Wholesale and retail trade/hotels and restaurants
- Agriculture/forestry
- Building and construction
- Transport and service industries
- Production (manufacturing)
- Other



Geography

Numbers in percent

- Telemark
- Vestfold
- Buskerud
- Oslo
- Landet for øvrig
- Utlandet

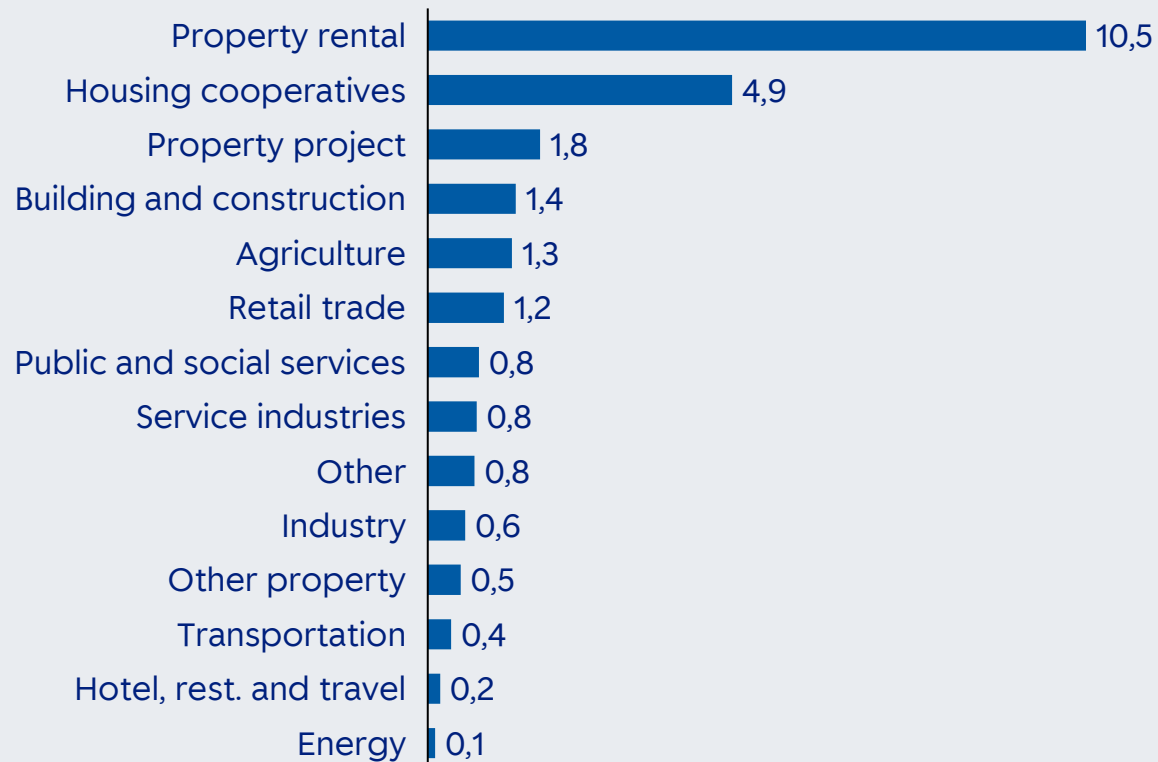


No material changes in the composition of the Corporate Market portfolio

Volume (engagement) per 2nd quarter

Comments

Numbers in NOK billion



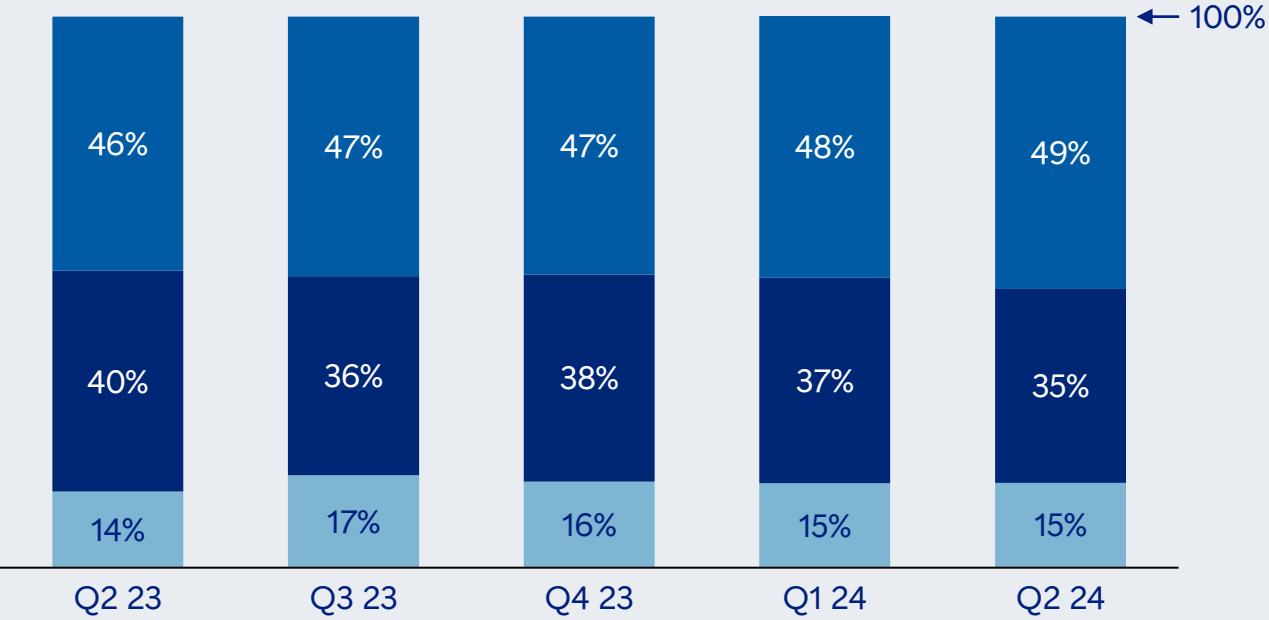
- The Corporate market portfolio is at the same level as previous quarter at NOK 25.4 billion.
- Marginal changes within the various sectors.
- A small increase in new construction projects – both residential and commercial.
- No significant change in loans with deferred repayments, but still need for some extended financing related to development properties due to delayed commencement of planned projects.
- Gross non-performing loans shows a marginal increase from previous quarter.
- Weighted PD on fresh engagements are marginally lower (better) than the previous quarter.

The bank has a solid overweight position in favorable risk class within the corporate portfolio

Risk profile – loans in corporate market

Numbers in percent per risk class

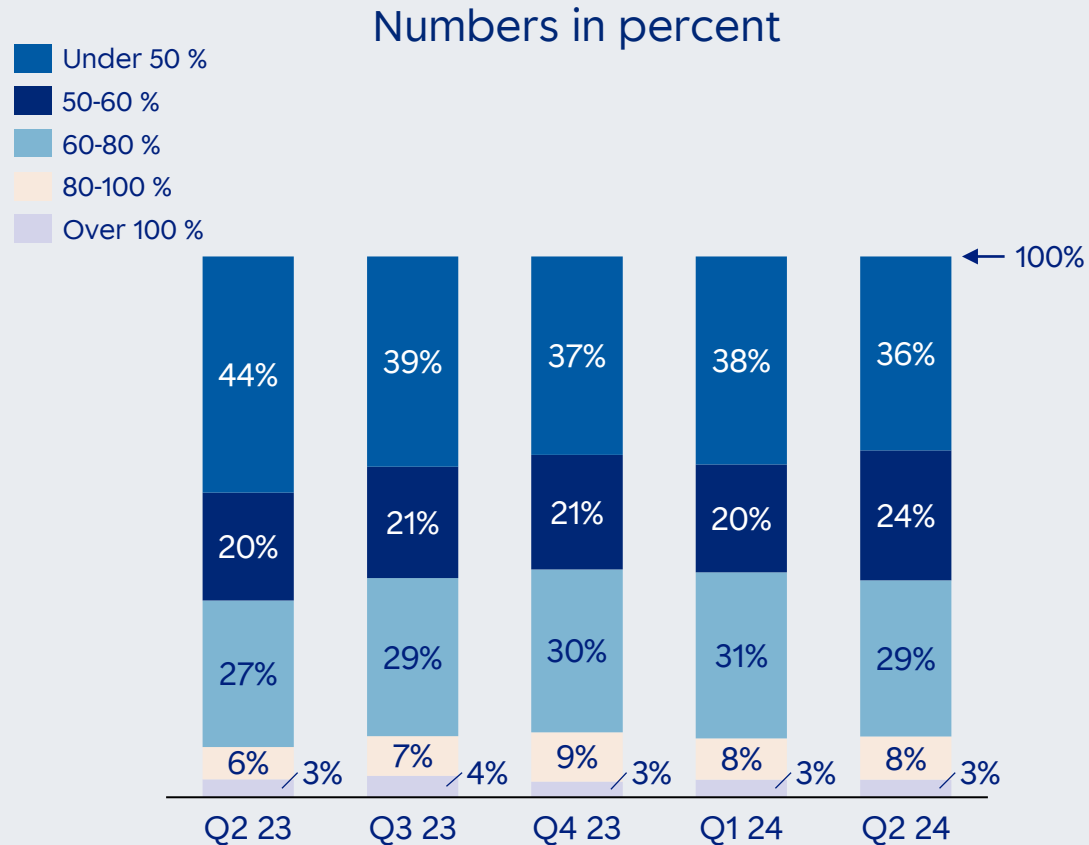
- PD < 0,5 % (risk class A-C)
- PD 0.5 -2,5 % (risk class D-F)
- PD > 2,5 % (risk class G-K)



Low leverage on commercial loans secured on property (total-distributed)

LTV total-distributed¹

Comments



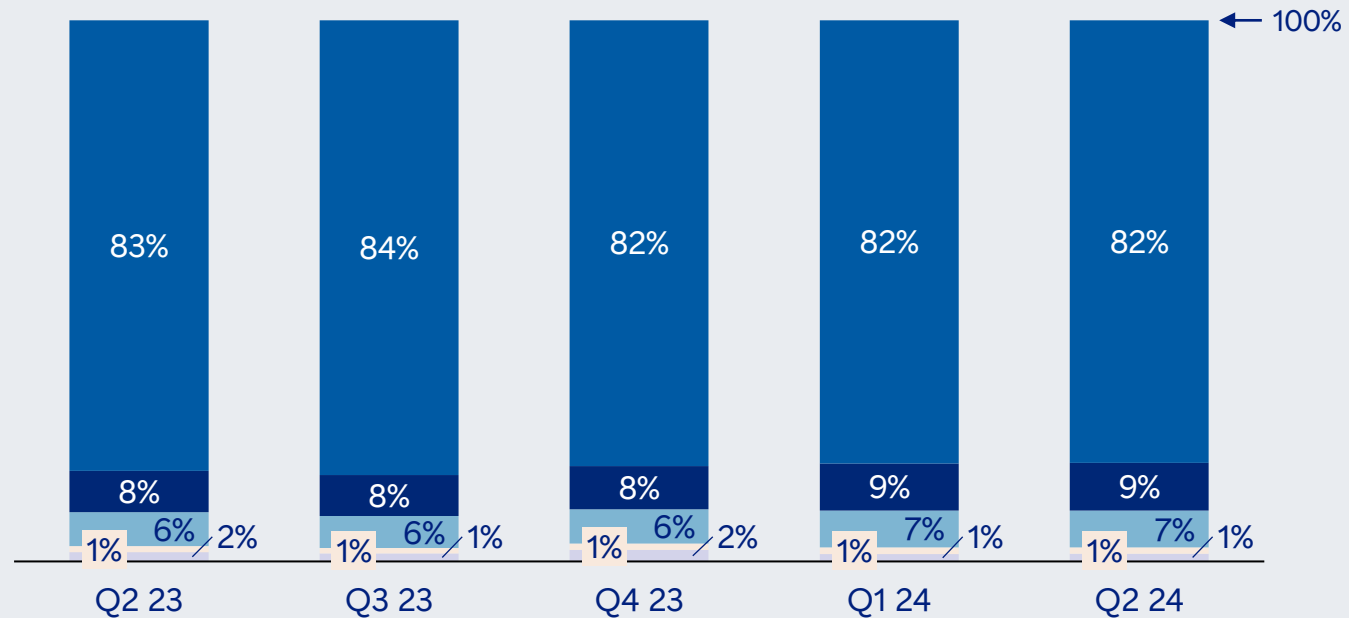
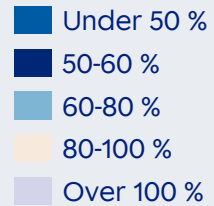
- The average LTV on commercial loans secured on property including loans transferred to SB1 Næringskreditt and housing cooperatives is 40.7 percent, while LTV on own balance sheet is 41.4 percent LTV ex. Housing cooperatives is 54.3 percent.
- Commercial loans secured on property inc. housing cooperatives is approx. NOK 17 billion and NOK 12 billion ex. Housing cooperatives.

1) The calculation of LTV is based on the market value of the collateral. With total-distributed LTV, the whole of the loan is assigned to the same interval. The figures include portfolio transferred to SpareBank 1 Næringskreditt AS.

Low leverage on commercial loans secured on property (interval-distributed)

LTV interval-distributed¹

Numbers in percent

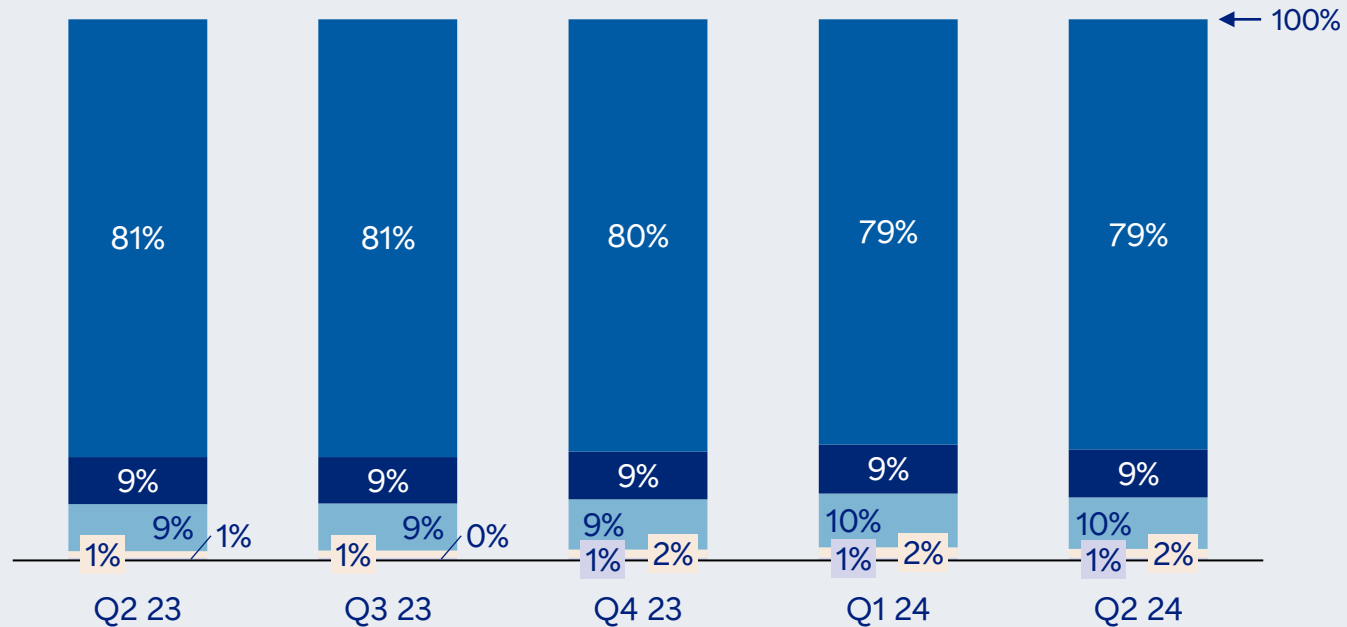
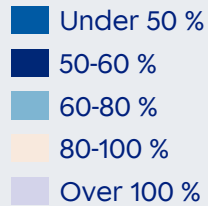


1) LTV interval-distributed: The calculation of LTV is based on the market value of the collateral. In the case of interval-distributed LTV, the loan will be distributed / split within the specific intervals in the graph interval. The figures include portfolio transferred to SpareBank 1 Næringskreditt AS

Low risk in the mortgage portfolio (interval-distributed)

LTV interval-distributed¹

Numbers in percent



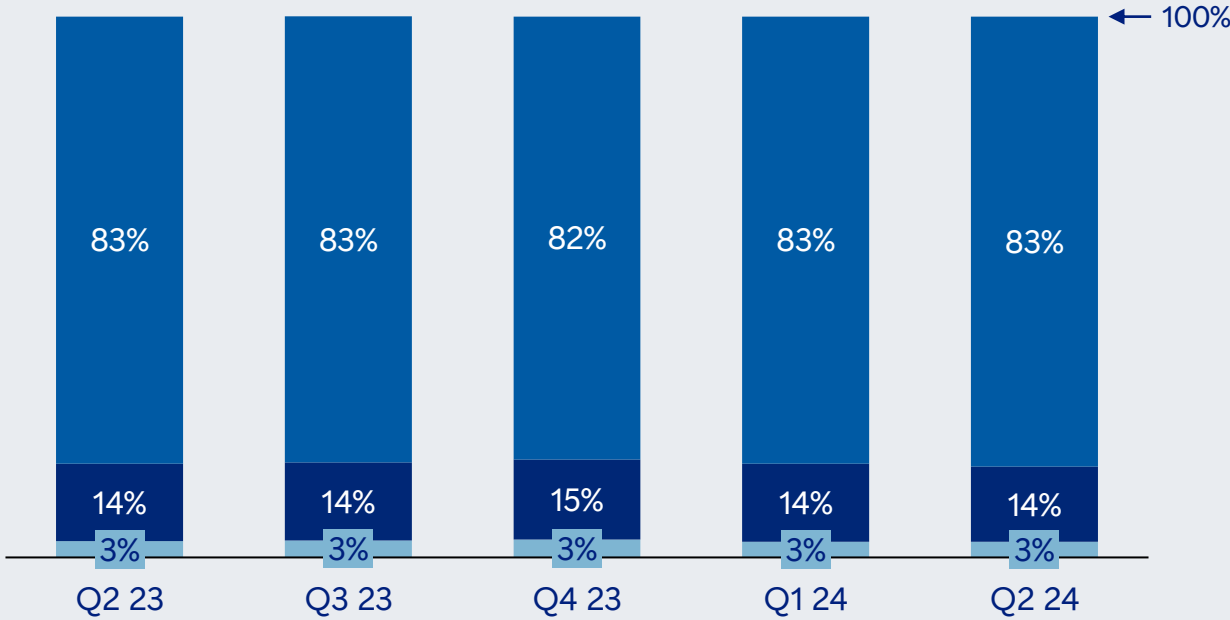
1) Loan-to-value ratio for mortgages incl. BK – LTV interval-distributed. Retail customers with a mortgage on property; lending volume as a percentage of total collateral. LTV is interval-distributed by distributing/splitting individual loans within the specific intervals in the graph

Retail market portfolio is stable over time, has a solid overweight and positive trend in good risk classes

Risk profile – loans in retail market

Numbers in percent per risk class

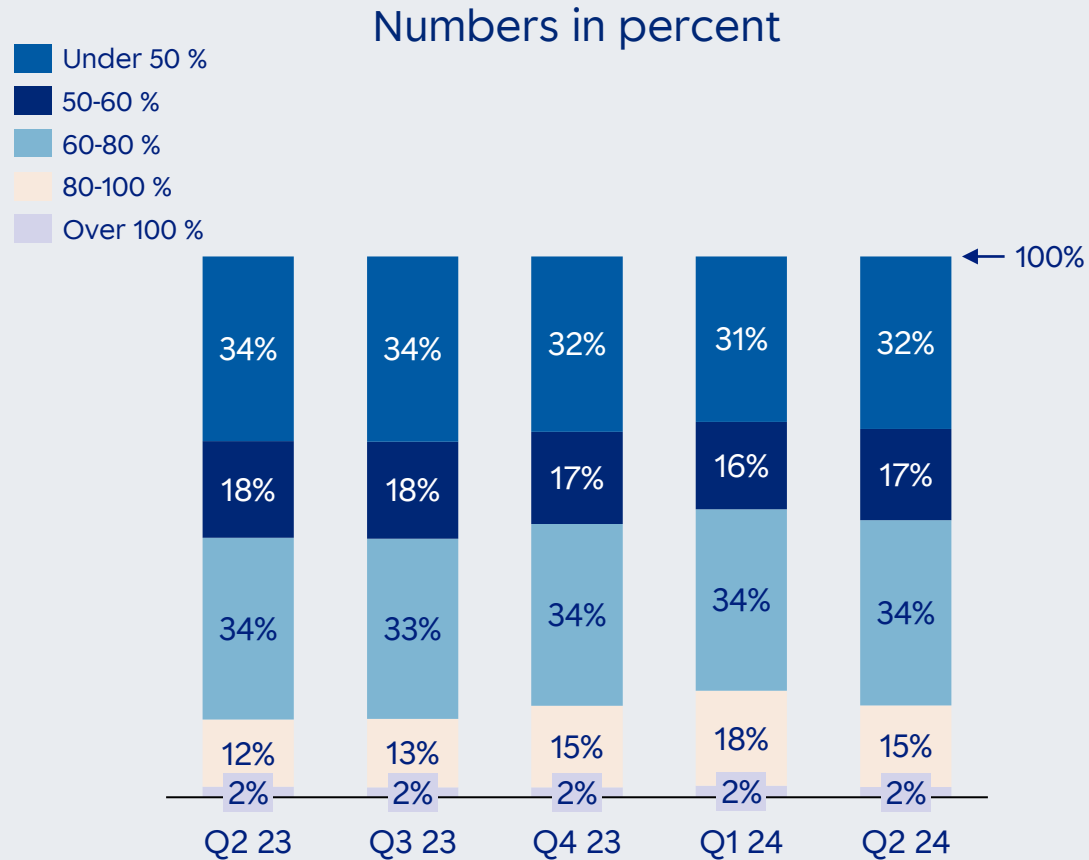
- PD < 0,5 % (risk class A-C)
- PD 0.5 -2,5 % (risk class D-F)
- PD > 2,5 % (risk class G-K)



Low risk in the mortgage portfolio (total-distribution)

LTV total-distributed¹

Comments



- The average LTV on the mortgage portfolio incl. loans transferred to SB1 Boligkreditt is 48.8 percent which is a reduction of under 0.7 percentage points compared to previous quarter (49.5 percent).
- Similarly, LTV on own balance sheet has decreased from 52.7 percent at the end of last quarter to 53.7 percent at the end of this quarter.

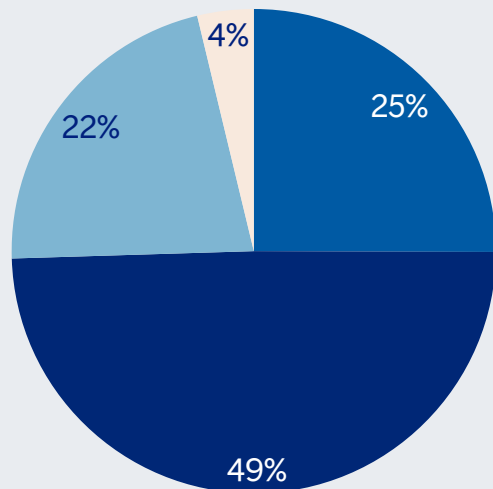
1) Loan-to-value ratio for mortgages incl. BK – LTV total-distributed: The calculation of LTV is based on the market value of the collateral. With total-distributed LTV, the whole of the loan is assigned to the same interval. The figures include portfolio transferred to SpareBank 1 Boligkreditt AS

LCR portfolio 30.06.2024

Investment class

Numbers in percent

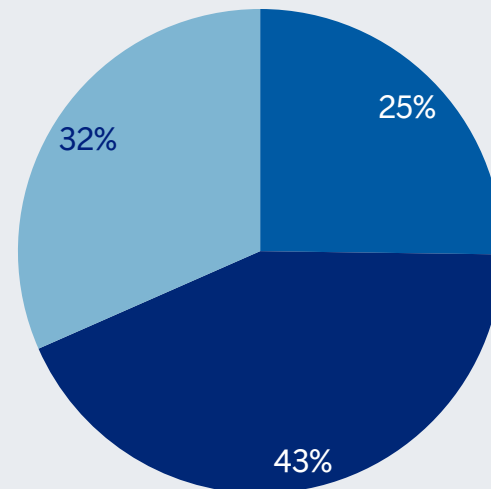
- State and state-guaranteed
- Covered bonds
- Municipal and county administrations
- Other



LCR category

Numbers in percent

- Level 1 A
- Level 1 B
- Level 2 A



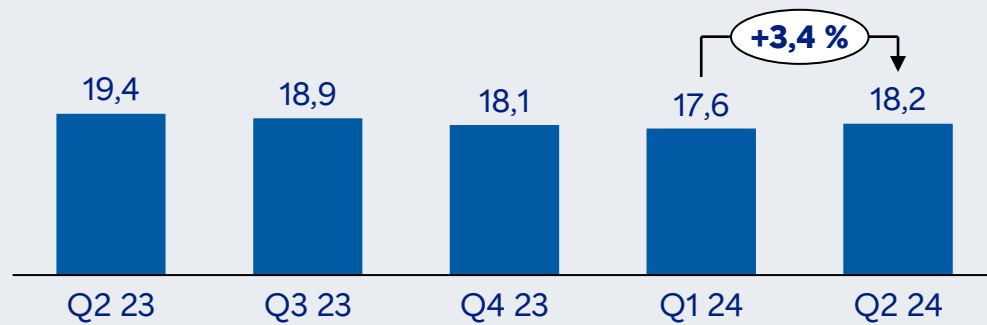
Comments

- The LCR portfolio at the end of the quarter was of NOK 9.6 billion with a credit duration of 2.4 years.
- LCR of 225 (295) percent in June.
- The bank's liquidity position at the end of the quarter is very strong.

Good development in deposits compared to previous quarter

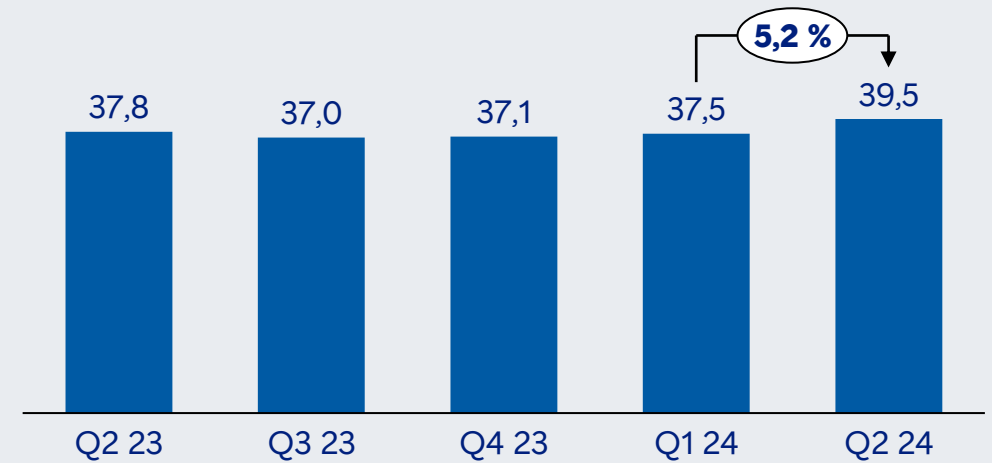
Deposits Corporate Market

Numbers in NOK billion



Deposits Retail Market

Numbers in NOK billion

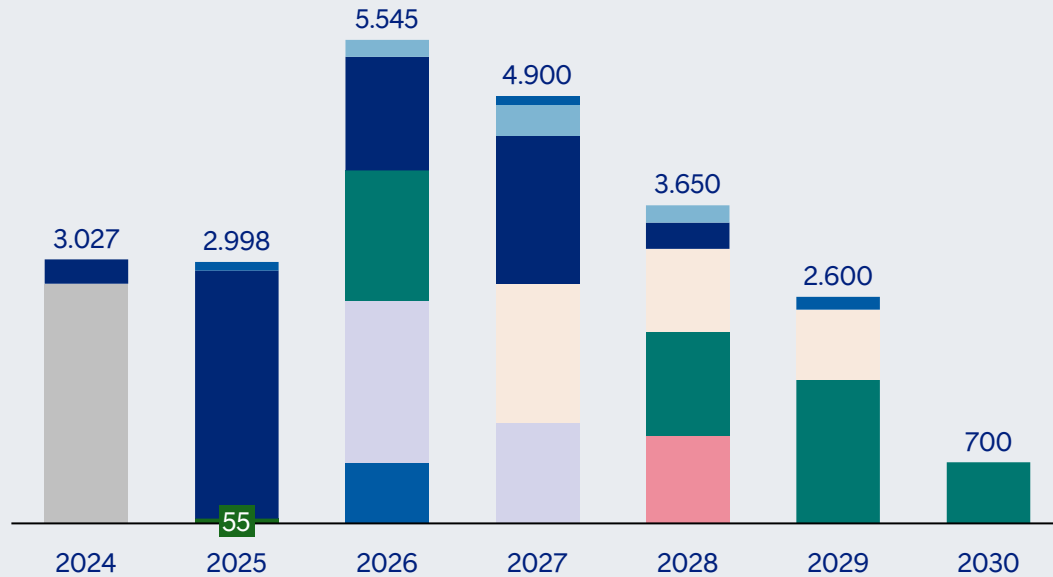
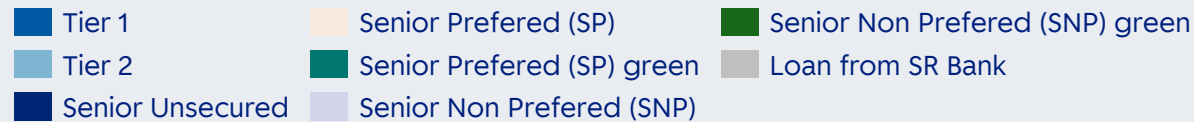


**74 percent of the bank's deposits are within the Deposit Guarantee Scheme –
39 percent in CM and 90 percent in RM**

Good spread in the banks funding

Funding per 30.06.2024

Numbers in NOK million



Comments

- Total outstanding funding as of 30.06.24 amounts to NOK 23,420 million comprising
 - Senior debt NOK 14,820 million
 - SNP NOK 4,755 million
 - Tier NOK 2 745 million
 - Tier NOK 1 350 million
 - Loan from SR Bank NOK 2,750 million
- Average duration outstanding funding end of year is 2.9 (3.2) years, of which approx. 25 percent of the funding matures within the next 18 months.
- The bank has a risk-weighted MREL at 47.6 percent as of 30.06.2024 which is inside the requirement of 37.5 percent.

Development in Equity Certificates of SOON

Share price

Numbers in NOK



Development

NOK	30.06.24	31.12.23	30.06.23	31.12.22
Share price	67,22	64,00	50,60	55,00
Market value (MNOK)	9.417	8.966	7.089	7.411
Book equity per equity certificate (group)	54,27	55,00	54,03	53,80
Earnings per equity certificate (group ytd)	3,12	5,47	3,01	4,27
Price/book equity (group)	1,24x	1,16x	0,94x	1,03x
Dividend per EC		3,88		2,60
Additional dividend per EC				1,50
Div. yield incl. additional dividend		5,7%		7,5%

20 largest owners of equity certificates

20 largest owners of equity certificates

Comments

	Number	% of total number of EC's
SPAREBANK 1 STIFTELSEN BV	24.141.356	17,2 %
SPAREBANKSTIFTELSEN TELEMARK	18.910.174	13,5 %
SPAREBANKSTIFTELSEN SPAREBANK 1 MODUM	18.444.646	13,2 %
SPAREBANKSTIFTELSEN NØTTERØY-TØNSBERG	10.925.503	7,8 %
SPAREBANKSTIFTELSEN NOME	10.273.723	7,3 %
SPECIALFONDET BOREA UTBYTTE	3.789.758	2,7 %
VPF EIKA EGENKAPITALBEVIS	3.153.678	2,3 %
PARETO INVEST NORGE AS	2.871.322	2,0 %
BRANNKASSESTIFTELSEN MIDT-BUSKERUD	2.149.541	1,5 %
KOMMUNAL LANDSPENSJONSKASSE GJENSIDIGE	1.608.606	1,1 %
WENAASGRUPPEN AS	1.087.931	0,8 %
CATILINA INVEST AS	1.062.032	0,8 %
MELESIO INVEST AS	952.259	0,7 %
LANDKREDITT UTBYTTE	903.455	0,6 %
SANDEN EQUITY AS	707.494	0,5 %
FORETAKSKONSULENTER AS	621.230	0,4 %
SKOGEN INVESTERING AS	605.000	0,4 %
LAMHOLMEN INVEST AS	556.159	0,4 %
TROVÅG AS	418.792	0,3 %
JAG HOLDING AS	417.367	0,3 %
Sum 20 largest owners	103.600.026	73,9 %

- At the end of the quarter, the number of equity certificate holders in # 5 893 (5 814).
- The 20 largest owners are listed with 73.9 percent of the ownership capital. Of this, the five savings bank foundations own 59.0 percent.
- At the end of the quarter, the price of the bank's equity certificate was NOK 67.22.

Corporate social responsibility and sustainability

SpareBank 1 Sørøst-Norge will be responsible by preventing and detecting financial crime, be climate proactive and help customers be the same and be socially engaged



Monthly meetings in the sustainability council

Updates and next steps per department



Green portfolio

Green bonds of NOK 5.8 billion¹
Green investments of NOK 1.4 billion²
Green mortgages of NOK 3.1 billion³



Responsible business

Preventing financial crime
All employees are involved in the group ESG effort and takes actions for sustainability in own house
Competence enhancement
The Group's property strategy takes sustainability into account



Equality, diversity and inclusion

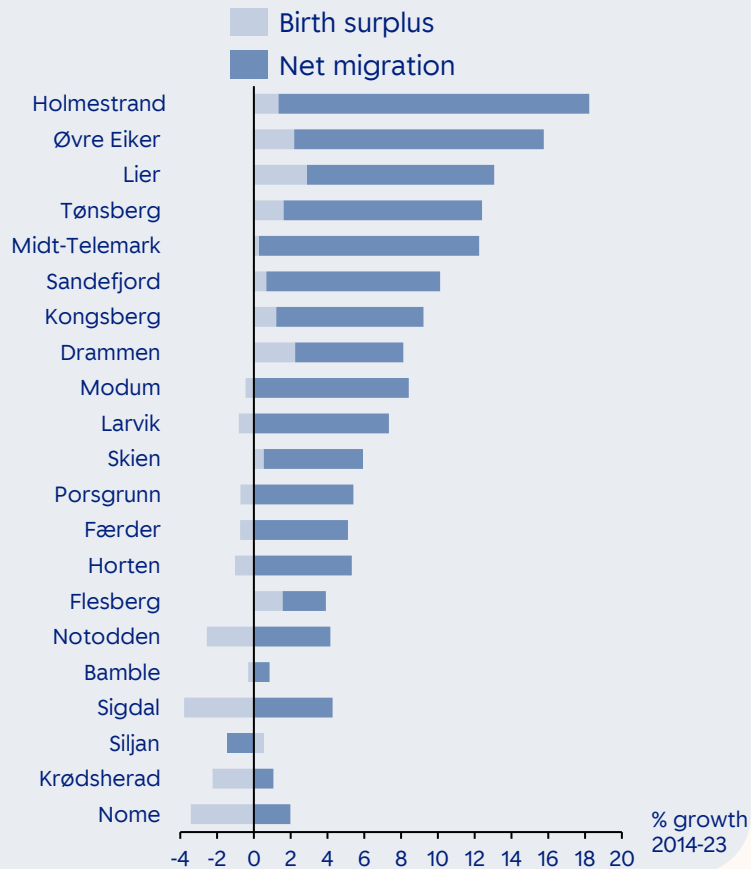
Adopted a separate policy for Equality, Diversity and Inclusion

- 1) Per end of quarter (25 percent of outstanding funding)
- 2) 14.4 percent of portfolio
- 3) 4.0 percent of total lending portfolio on own balance sheet

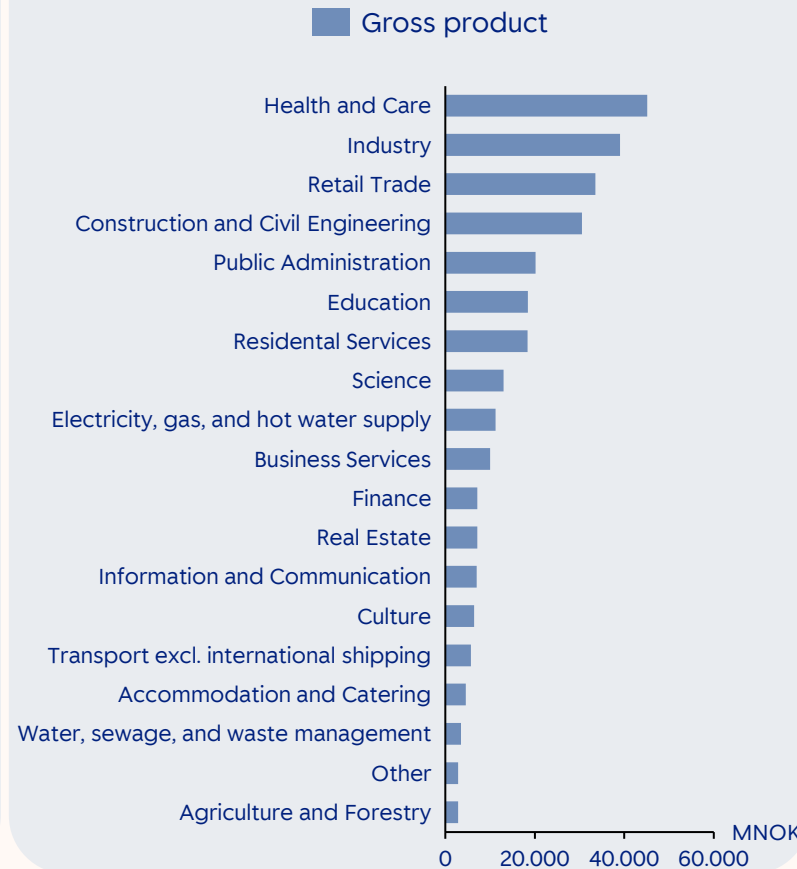


Well positioned in an attractive region

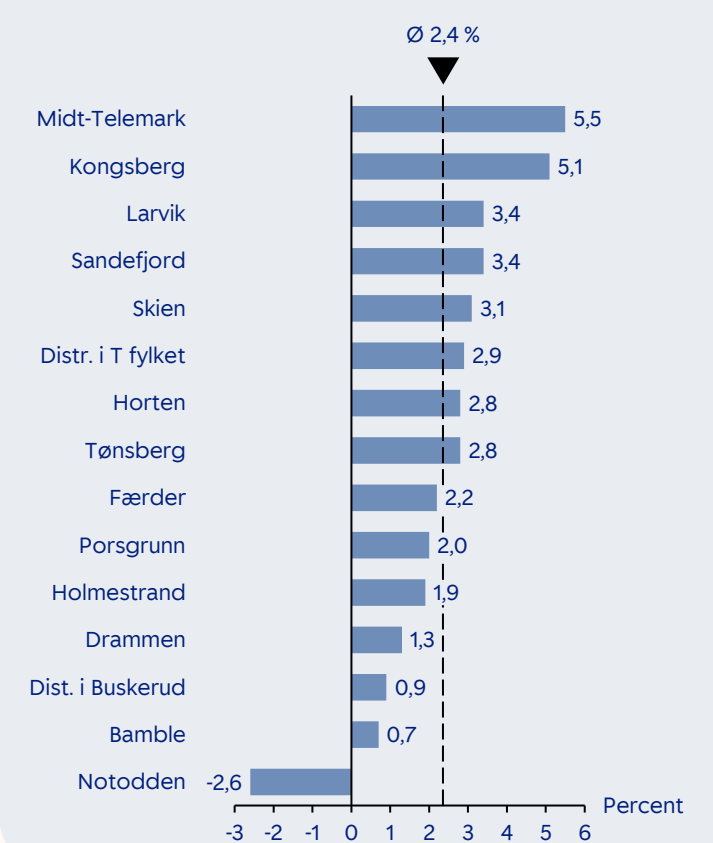
Net migration to the region¹



Diversified economy²



Housing prices Q2³

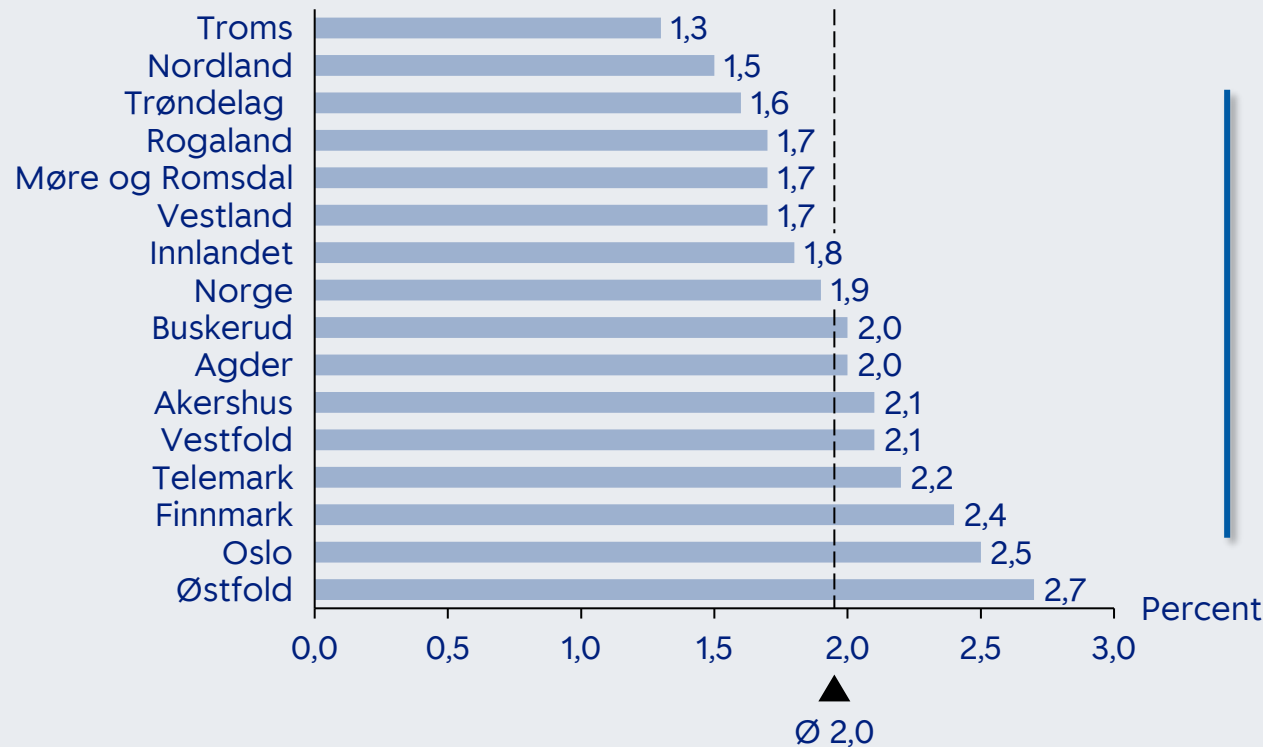


1) Source: Telemarksforskning, K. Vareide. Regional analysis Sørøst-Norge. Buskerud, Telemark, Vestfold. Population growth. Percentage 2014-2023. Table 1.1.8
 2) Source: SSB. County-level national accounts. Gross product at base value. 2019. Current prices. Vestfold and Telemark. Table 11713
 3) Source: Eiendomsverdi. Regionsrapport Østlandet. Second quarter 2024

Low and declining unemployment the past half year

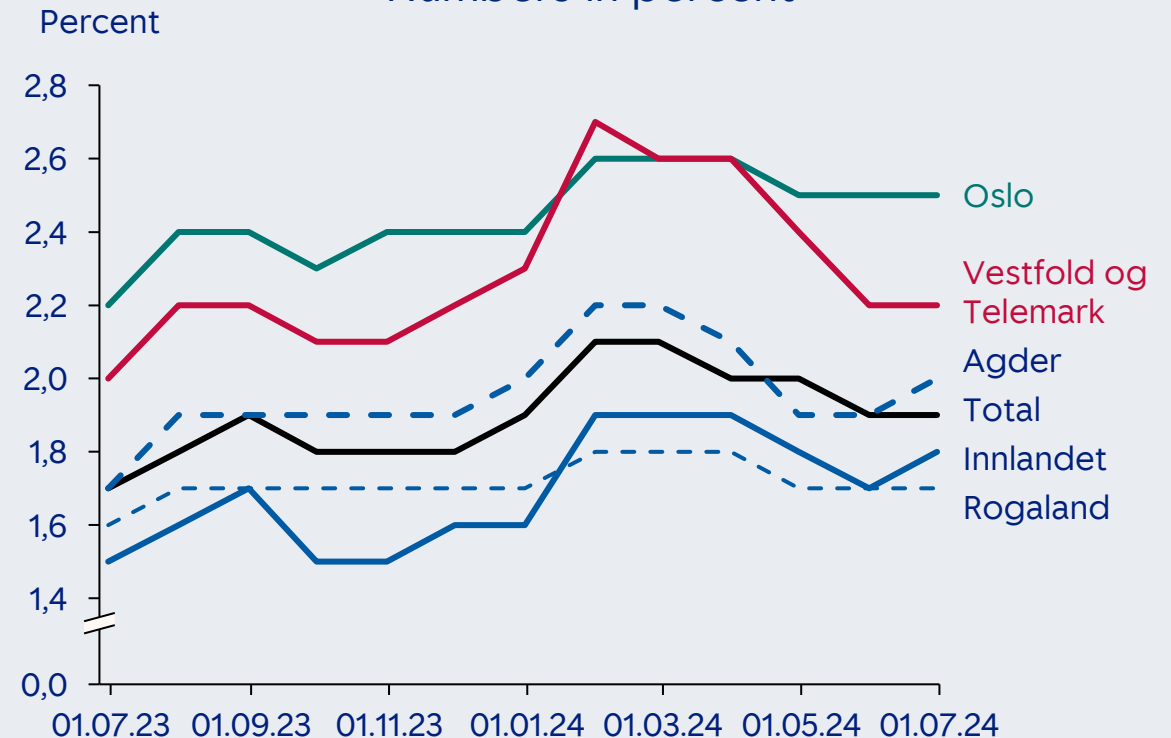
Unemployment per 30.06.24

Numbers in percent



The development of unemployment

Numbers in percent



Contact details

Address

Fokserødveien 12
Postboks 216
3201 Sandefjord

sb1sorost.no



Per Halvorsen
CEO

Tel +47 934 07 441

E-mail; Per.Halvorsen@sb1sorost.no



Roar Snippen
CFO/IR

Tel +47 976 10 360

E-mail; Roar.Snippen@sb1sorost.no



Mona Storbrua
Head of treasury (IR)

Tel +47 916 39 833

E-mail; Mona.Storbrua@sb1sorost.no