

Q2 2024

Unaudited



SPAREBANKEN
SØR



Table of Contents

Key figures Group.....	4
Board of Director's report.....	5
General	5
Highlights in Q2 2024	5
Highlights in 1 st half 2024.....	5
Financial framework conditions.....	6
Sustainability (ESG)	6
Earnings.....	7
Net Interest Income	8
Commission Income.....	9
Financial instruments	10
Income from associated companies.....	10
Operating expenses	11
Losses on non-performing loans	12
Loans	13
Deposits	14
Wholesale funding and liquidity portfolio	14
Rating	15
Subordinated capital and capital adequacy.....	15
The bank's equity certificates.....	17
Dividend policy	17
Subsidiaries and associated companies	17
Outlook.....	20
Events after the reporting period	20
Income statement.....	23
Statement of comprehensive income	23
Balance sheet.....	24
Cash flow statement.....	26
Statement of change in equity	27
Notes.....	29
1. Accounting policies	29
2. Segment reporting	30
3. Subordinated capital and capital adequacy	31
4. Interest income and interest expenses	32

5. Losses on loans, guarantees and undrawn credits	33
6. Non-performing loans	37
7. Impairment losses by sector, industry and stage	37
8. Migration of gross loans	38
9. Customer deposits by sector and industry	40
10. Loans to customers by sector and industry	40
11. Fair values of financial instruments	41
12. Financial derivatives, collateral received and offsetting	44
13. Debt securities and subordinated loan capital	45
14. Equity certificate holders	46
Risk and capital management	47
Quarterly trends in results	49
Key figures Group 2019-2023	51
Calculations	53
Alternative performance measures – APM	54
Declaration in accordance with sections §5-6 of the Norwegian Securities Trading Act	56

Key figures Group

NOK million	Q2 2024	Q2 2023	30.06. 2024	30.06. 2023	31.12. 2023
Income statement					
Net interest income	823	732	1 647	1 444	3 043
Net commission income	116	108	201	194	400
Net income from financial instruments	21	-0	60	-4	3
Income from associated companies	46	25	50	59	99
Other operating income	1	2	4	3	29
Total net income	1 007	867	1 963	1 696	3 573
Total operating expenses before losses	345	326	675	630	1 297
Operating profit before losses	662	541	1 288	1 066	2 276
Losses on loans, guarantees and unused credit	13	-9	20	-14	49
Profit before taxes	648	550	1 268	1 079	2 227
Tax expenses	144	123	191	190	454
Profit for the period	504	427	1 077	889	1 773
Key figures, income statement					
Return on equity after tax (adjusted for hybrid capital)	12.5 %	11.0 %	13.3 %	11.5 %	11.3 %
Costs as % of income	34.3 %	37.6 %	34.4 %	37.1 %	36.3 %
Costs as % of income, excl. net income from financial instruments	35.0 %	37.6 %	35.5 %	37.0 %	36.3 %
Net interest income as % of average assets	1.98 %	1.85 %	2.02 %	1.83 %	1.91 %
Key figures, balance sheet					
Total assets	167 881	160 610	167 881	160 610	157 407
Average total assets	167 000	159 000	164 000	159 000	159 000
Net loans to customers			131 171	125 430	127 532
Growth in loans as % last 12 mths.			4.6 %	3.4 %	3.0 %
Customer deposits			73 927	69 343	69 272
Growth in loans as % last 12 mths.			6.6 %	3.2 %	5.6 %
Deposits as % of net loans			56.4 %	55.3 %	54.3 %
Equity (incl. hybrid capital)			17 158	16 095	16 752
Losses on loans as % of net loans. Annualised			0.01 %	-0.01 %	0.04 %
Other key figures					
Liquidity reserve (LCR) Group			170 %	154 %	156 %
Liquidity reserve (LCR) Group- Euro			210 %	231 %	310 %
Liquidity reserve (LCR) Parent Bank			155 %	141 %	146 %
Common equity tier 1 capital ratio			16.7 %	17.1 %	16.8 %
Tier 1 capital ratio			18.6 %	18.5 %	18.1 %
Total capital ratio			21.1 %	21.0 %	20.3 %
Total common equity tier 1 capital ratio			14 603	14 084	14 178
Tier 1 capital ratio			16 275	15 215	15 346
Net subordinated capital			18 406	17 272	17 193
Leverage ratio			9.2 %	9.2 %	9.0 %
Number of branches			31	31	31
Number of FTEs in banking operations			519	489	505
Key figures, equity certificates					
Equity certificate ratio, weighted average over the period			40.0 %	40.0 %	40.0 %
Number of equity certificates issued			41 703 057	41 703 057	41 703 057
Profit/diluted earnings per equity certificate (Parent bank)	3.6	3.0	8.2	6.5	15.7
Profit/diluted earnings per equity certificate (Group)	4.6	3.9	9.9	8.2	16.4
Proposed dividend last year per equity certificate					10.0
Paid out dividend last year per equity certificate			10.0	6.0	6.0
Book equity per equity certificate			149.8	143.1	149.9
Price/book equity per equity certificate			0.99	0.88	0.96
Listed price on Oslo Stock Exchange at end of period			148.6	126.0	144.0

Board of Director's report

General

Sparebanken Sør is an independent financial institution engaged in banking, securities trading and real estate brokerage in Agder, Rogaland, Vestfold and Telemark.

The real estate brokerage activities are conducted through the subsidiary, Sørmeqleren. General and personal insurance products are provided through Frende, an insurance company partly owned by the Bank. The Bank is also a part owner of Norne Securities, a security trading company, and Brage Finans, a provider of leasing products and vendor's lien.

Highlights in Q2 2024

- Continued positive development in net interest income
- Good growth in commission income
- Very good profit contribution from associated companies
- Positive result from financial assets
- Very low cost-income ratio
- Low losses on loans and continued low defaults
- Return on equity after tax for the quarter at 12.5 percent.
- Profit per equity certificate at NOK 4.6
- Common equity tier 1 (CET1) ratio at 16.7 percent and a leverage ratio at 9.2 percent



Return on equity
12.5 %
Q2 2024



Cost-income ratio
34.3 %
Q2 2024



Net interest income
823
NOK million

Highlights in 1st half 2024

- Very good growth in net interest income
- Good profit contribution from associated companies
- Positive result from financial assets
- Very low cost-income ratio
- Low losses on loans and continued low defaults

- Strong return on equity at 13.3 percent.
- Profit per equity certificate at NOK 9.9 NOK
- Growth in loans last 12 months at 4.6 percent
- Growth in deposits last 12 months at 6.6 percent



Return on equity
13.3 %
 1st half 2024



Cost-income ratio
34.4 %
 1st half 2024



Net interest income
1 647
 NOK million

Financial framework conditions

We are currently experiencing a period of high price and wage inflation, as well as high interest rates, and a weak exchange rate for the Norwegian krone. This is impacting the entire Norwegian economy. The reasons behind this are partly events abroad and partly trends that are common to Norway and other countries.

The entire Western world had a significant pent-up demand after the pandemic. The scarcity of important input factors, resulting from Russia's energy-war and later invasion of Ukraine, combined with strong demand, has led to sharp inflationary pressures that have spread to most parts of the economy and forced central banks to raise interest rates. At the same time, the geopolitical situation contributes to uncertainty about future developments: the war in Ukraine, turmoil in the Middle East, the election in the US and tensions between the US and China can cause economic instability.

High price growth and increased interest rates have dampened household purchasing power and suppressed activity in the Norwegian economy. At the same time, high energy prices and a weak exchange rate have led to significant activity in the energy sector, including the supplier industry. This has resulted in continued high employment and a tight labor market with high wage growth. The key policy rate was kept steady at 4.5 percent in the 1st half of 2024. Price growth has fallen throughout the second quarter and approached the target of 2 percent, reaching 2.6 percent by the end of the second quarter.

The development of credit spreads in the bond markets has decreased in the second quarter of 2024, following a decrease in the first quarter as well. For all types of bonds, the bank uses for financing, the spreads fell to their lowest levels in approximately two years. The market turmoil over the past week has led to somewhat increased credit spreads. However, the credit spreads are lower than at the beginning of the year. The group's liquidity situation is good.

The year-on-year growth in domestic gross debt to the public, K2, was 3.6 percent at the end of June 2024. The growth in credit to households and businesses was 3.3 percent and 2.3 percent, respectively.

Sustainability (ESG)

Sparebanken Sør has a long tradition as a responsible social actor. Sustainability is embedded and integrated in the Bank's strategy. Sparebanken Sør aims to integrate sustainability in all its operations and in all its business areas and contribute to solutions to the sustainability challenges that society is confronting.

This means that the Bank supports the Paris Agreement and other relevant global and national initiatives and contributes in various ways to ensure regional development and our collective social responsibility as a responsible bank.

In 2018, Sparebanken Sør was the first Norwegian bank to be certified in gender equality and diversity. The Bank has been re-certified every three years, with the latest re-certification completed in June 2024. In January 2019, Sparebanken Sør was one of the first banks in Norway to establish a framework for issuing green bonds. The Group issued its first green bonds in November the same year. Frameworks for green, social, and sustainable products were established in the summer of 2021. The Bank updated its bond framework in 2022 to ensure that financing under the framework is channeled to sustainable activities in accordance with the EU taxonomy.

The Bank offers green mortgages, and ESG risk is integrated in the Bank's credit processes. By offering sustainable products, digital services and consultancy for customers, the Bank contributes positively to social development through reduced greenhouse gas emissions. The Bank is rated by the renowned Sustainalytics and have a score of 10.8 (low risk). This positions Sparebanken Sør as one of the top-rated banks evaluated by Sustainalytics.

For more comprehensive information about the bank's sustainability efforts, please refer to the dedicated sustainability report for 2023, published on www.sor.no. Starting with the 2024 annual financial statements, sustainability will be an integral part of the financial reporting.

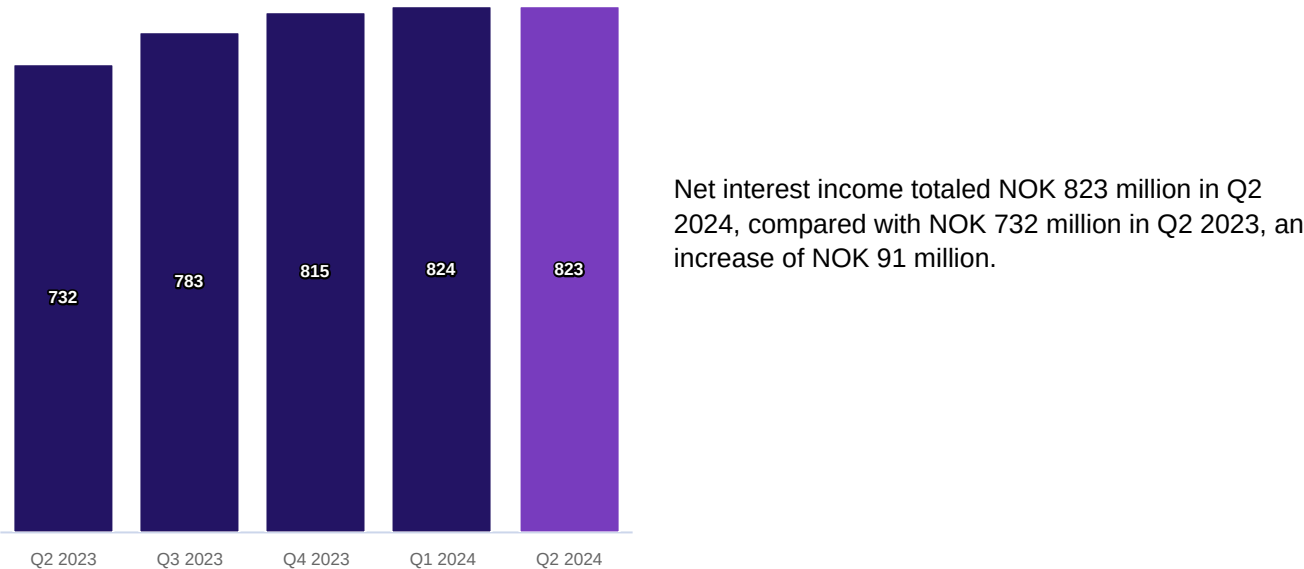
Earnings

Profit before tax amounted to NOK 648 million in Q2 2024, compared with NOK 550 million in the same period in 2023. Return on equity after tax amounted to 12.5 percent in Q2 2024, compared with 11.0 percent in the same period in 2023.

Profit before tax amounted to NOK 1 268 million in 1st half of 2024 compared with NOK 1 079 million in the same period in 2023. Return on equity after tax amounted to 13.3 percent in 1st half of 2024, compared with 11.5 percent in the same period in 2023.

Net Interest Income

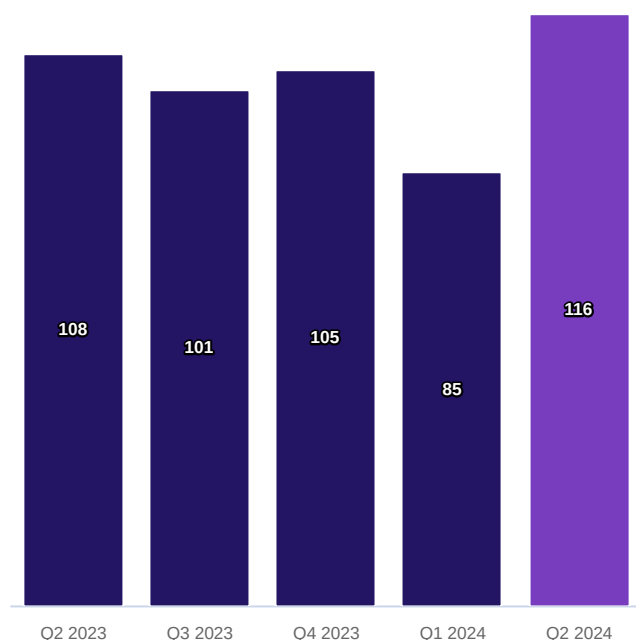
Quarterly net interest income (NOK million)



Net interest income remained approximately unchanged from the first quarter of 2024. The key policy rate has remained stable during the period, and the latest rate hike, which follows changes from Norges Bank, had full effect from February 21st 2024. However, strong competition for mortgage and deposit customers has led to pressure on margins this quarter. This has caused the bank's interest margin (loan interest rate - deposit interest rate) to decline somewhat. The bank expects continued pressure on margins, but strong growth means that the bank expects a more stable development in net interest income over the next quarters.

Commission Income

Quarterly net commission income (NOK million)



Net commission income totaled NOK 116 million in Q2 2024, compared with NOK 108 million in Q2 2023.

Gross commission income in Q2 2024 totaled NOK 148 million, compared with NOK 134 million in Q2 2023.

Commission income	Q2 2024	Q2 2023	Change	30.06 2024	30.06 2023	Change
Payment services	56	53	4	107	97	10
Real estate brokerage	57	49	8	84	83	1
Mutual fund	9	9	-0	19	18	1
Insurance	15	13	2	29	26	3
Credit procurement and leasing	2	2	0	4	3	0
Other commission income	9	9	1	17	17	0
Total	148	134	14	260	244	16

There has been a positive development in commission income from both payment services and insurance (Frende). Credit brokerage (Brage) and mutual fund (Norne) is at the same level as last year. The revenues from real estate brokerage (Sørmegleren) have significantly increased in the second quarter and are as of June 30 at a comparable level to the same period last year.

In the second quarter of 2024, Sparebanken Sør (as a part of Frendebankene) entered an agreement to purchase the asset management company Borea. Frendebankene will acquire 70 percent of the company, and the purchase is planned to be completed during the third quarter of 2024. The main purpose of the transaction is to increase the fund initiative and expertise, to offer more and better products to the bank's customers.

Financial instruments

Net income from financial instruments totaled NOK 21 million in Q2 2024, compared with NOK 0 million in Q2 2023.

The largest movements are related to marked fluctuations and a positive contribution from the liquidity portfolio by the end of 2023 and continuing into the 1st half of 2024. In comparison, the first half of 2023 was characterized by increased credit spreads, leading to a loss on the bank's liquidity portfolio. The liquidity portfolio amounted to NOK 28.1 billion as of June 30, 2024, and consists of highly liquid senior bonds and certificates issued by the government and municipalities. There has also been a net positive profit contribution from the share investments in Q2 2024 and 1st half of 2024 as whole.

Net income from financial instruments	Q2 2024	Q2 2023	Change	30.06 2024	30.06 2023	Change
Bonds and certificates	17	-11	28	30	-48	78
Shares incl. dividends	5	-4	9	14	-4	19
Fixed rate loans	1	2	-1	2	2	1
Securities issued - hedge accounting	-2	4	-7	0	29	-29
Repurchase of issued bonds	-5	0	-5	-5	-1	-5
Payment services (agio)	8	9	-1	14	17	-3
Other financial instruments	-2	-1	-2	5	1	3
Total	21	0	21	60	-4	64

The result effects related to hedge accounting mainly apply to value changes related to basis swaps. Basis swaps are used as instruments for interest and currency hedging of fixed-rate debt issued in euros. The value of basis swaps fluctuates due to market changes and is recognized continuously. These are hedging instruments, and over the instrument's maturity, market value changes are zero, assuming the bonds are held until maturity.

Income from associated companies

Sparebanken Sør has significant shareholdings in Frende Holding AS, Brage Finans AS and Balder Betaling AS. These investments are part of the bank's strategic focus aimed at offering more relevant, integrated, and sound solutions to our customers. It has also been important for diversifying the Group's sources of income.

Associated companies		Q2 2024	Q2 2023	Change	30.06 2024	30.06 2023	Change
Frende Holding AS - 20,3 %	Share of profit	26	7	18	24	18	6
	Amortisation	-6	-6	0	-11	-11	0
Brage Finans - 27,6 %	Share of profit	26	23	2	37	41	-4
Balder Betaling - 23,0 %	Share of profit	0		0	0	11	-11
Total		46	25	21	50	59	-9

Sparebanken Sør has during the 1st half of 2024 increased its ownership stakes in Frende Holding AS and Brage Finans AS by 0.4 percentage points and 2.7 percentage points. The increase in ownership stakes is a result of the strategic focus in this area.

The share of results from Frende in the second quarter of 2024 was positive again after a challenging first quarter. The second quarter provided a good technical result in life insurance operations and the risk result for the first half of the year was above expectations. The damage operations had a challenging year in 2023.

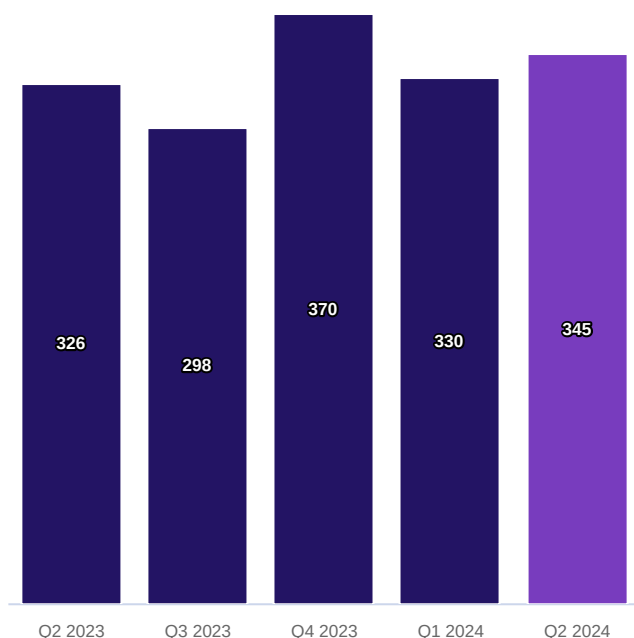
This continued at the start of 2024 with results characterized by large natural disasters and many major claims.

In connection with the gradual acquisition of shares in Frende Holding AS, goodwill has been identified and is being amortized over the expected lifetime as shown in the table above.

The share of results from Brage Finans in the second quarter of 2024 shows a very positive growth and good results. The 1st half of 2024 was strongly impacted by an impairment loss related to a single engagement, but otherwise the company can point to a strong quarter with growth in both revenue and portfolio.

Operating expenses

Quarterly operating expenses (NOK million)



Operating expenses totaled NOK 345 million in Q2 2024, an increase of NOK 19 million compared to the same period in 2023.

Operating expenses	Q2 2024	Q2 2023	Change	30.06 2024	30.06 2023	Change
Wages and fees	148	142	7	291	275	16
Payroll tax	22	21	2	45	40	5
Financial tax	7	6	1	14	12	2
Pension costs	16	10	7	29	22	7
Other personnel costs	6	9	-3	16	15	2
Total personnel costs	200	187	13	395	363	31
Depreciation, amortization and impairment of non-current assets	10	10	-1	19	20	-1
Marketing	16	13	3	25	23	2
IT costs	70	68	2	140	133	7
Operating cost - real estate	8	7	1	16	15	1
External fees	7	12	-5	12	15	-3
Wealth tax	8	9	-1	16	16	1
Other operating expenses	26	20	6	50	44	7
Total other operating expenses	136	129	7	261	246	15
Total Operating expenses	345	326	19	675	630	45

Personnel costs have increased over the past year. This is mainly due to higher wage growth, as well as the bank having increased the number of employees in the last 12 months by 30 FTEs. The bank has significantly strengthened its capabilities in analysis, risk management (IRB), compliance, and enhanced its salesforce in insurance. Additionally, there was a cost of NOK 3.9 million in the 1st half of 2024 related to an annual savings scheme for employees in the bank. In the second quarter of 2023, the bank received a repayment regarding the contribution pension of 2.7 million NOK, which reduced the pension costs accordingly.

Other operating expenses are increasing as a result of general price inflation in the market and are in line with the expectations for the period.

In the second quarter of 2024, costs as a percentage of income were 34.3 percent (37.6 percent). Costs as a percentage of income, excluding financial instruments, were 35.0 percent (37.6 percent).

Losses on non-performing loans

Net losses on loans amounted to NOK 13 million in Q2 2024, compared to an net entry in losses on loans of NOK 9 million in Q2 2023.

In the first half of 2024, there has been a slight positive change in macroeconomic conditions affecting the framework for both business and personal customers. Loan rates appear to have stabilized, and inflation is on the decline. 2024 has seen a continued decline in new home sales, as well as a decrease in construction activities. However, there has been a positive price development in the housing market in the bank's main market area during the same period. However, the market turmoil at the beginning of August may lead to the need to account for a slightly weaker economic development going forward.

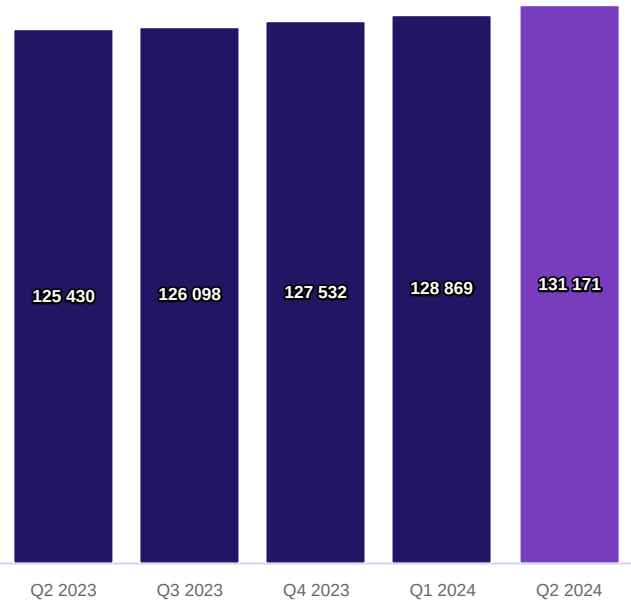
The loss expenses in the second quarter increased due to changes in model-based provisioning. There have been no significant individual events leading to reported losses.

Total impairments for the Group amounted to NOK 482 million at the end of the second quarter of 2024, representing 0.37 percent of gross loans. The corresponding figures in the second quarter of 2023 were NOK 414 million and 0.33 percent of gross loans.

Non-performing commitments were at NOK 1 053 million at the end of the second quarter of 2024, up from NOK 653 million the previous year. Non-performing commitments are almost unchanged from the end of 2023 and are back to pre-pandemic levels in 2019. The level of non-performing commitments remains low. Non-performing commitments accounted for 0.81 percent of gross loans (0.52 percent).

Loans

Loans in NOK million



Over the past 12 months net loans increased by NOK 5.7 billion to a total of NOK 131.2 billion, representing a growth of 4.6 percent. Growth in lending in Q2 2024 was NOK 2.3 billion, representing an annualized growth of 7.1 percent. The bank is well-positioned for further profitable growth.

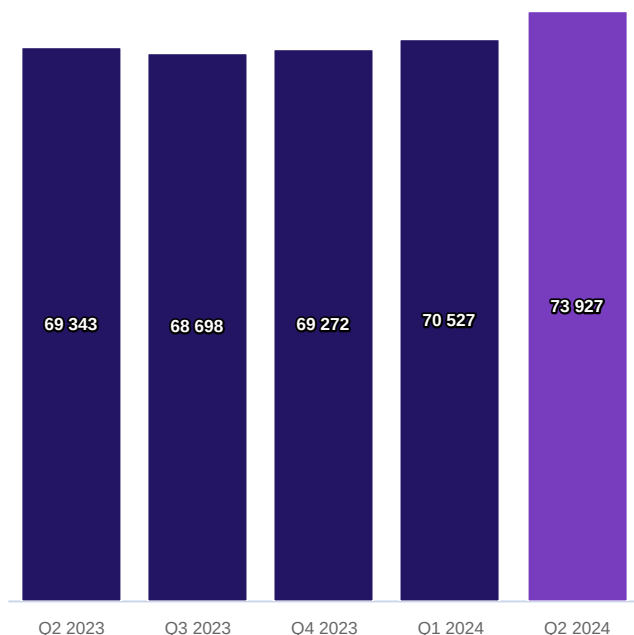
Gross loans to retail customers have increased by NOK 2.5 billion in the last twelve months to NOK 84.0 billion, a growth of 3.1 percent. The annualized lending growth in the second quarter of 2024 was 6.6 percent. The bank has an ambition to increase market share in the retail market and has a stated goal of achieving loan growth equivalent to credit growth in the region, plus 1 percentage point.

Gross loans to corporate customers have increased by NOK 3.3 billion over the past twelve months to NOK 47.6 billion, representing a growth of 7.4 percent. The annualized lending growth in the second quarter of 2024 was 8.1 percent. Growth within the corporate market is focused on profitability and will vary somewhat throughout the year.

Loans to retail customers accounted for 63.8 percent (64.8 percent) of total lending at the end of the second quarter of 2024.

Deposits

Deposits in NOK million



Over the past 12 months, customer deposits including accrued interest have increased by NOK 4.6 billion to NOK 73.9 billion, a growth of 6.6 percent. Annualized deposit growth in Q2 2024 amounted to 19.3 percent.

Deposits from retail customers (excluding accrued interest) has increased by NOK 1.6 billion to NOK 34.8 billion in the last twelve months, representing a growth of 4.9 percent.

Deposits from corporate customers (excluding accrued interest) has increased by NOK 2.7 billion to NOK 38.3 billion in the last twelve months, showing a growth of 7.5 percent.

The deposit coverage ratio in Sparebanken Sør was 56.4 percent at the end of the second quarter of 2024, up from 55.3 percent at the same time the previous year.

Wholesale funding and liquidity portfolio

The Group has a good liquidity position. The liquidity buffers are reassuring, and the maturity structure of the borrowings is well suited to the business. New long-term liquidity borrowings are taken up through the issuance of covered bonds (OMF), senior debt, and subordinated senior debt. The Group has facilitated long-term funding in the international market through established EMTN programs.

The Group's bond debt (debt incurred through the issuance of securities) amounted to NOK 60.8 billion at the end of the second quarter of 2024, of which 88 percent was in the form of OMF. Long-term financing (maturity over 1 year) had an average maturity of 3.0 years at the end of the quarter.

The group issued a subordinated loan amounting to NOK 250 million and covered bonds (OMF) amounting to NOK 6 billion in the second quarter. In addition, the Group issued new hybrid capital (Additional Tier-1), with a total nominal value of NOK 500 million in the first quarter of 2024. The decrease in spreads also positively

affected the liquidity portfolio, which is invested in covered bonds and other high-quality-liquid-assets (for example, bonds with 0 percent risk weight)

The Group's holdings of interest-bearing securities amounted to NOK 28.1 billion as of June 30, 2024. The Group's LCR (Liquidity Coverage Ratio) was 170 percent as of June 30, 2024 (155 percent in parent bank). The Group has a high proportion of long-term financing, and the NSFR (Net Stable Funding Ratio) at the end of the quarter was 124.4 percent for the Group (121.2 percent in parent bank), confirming a good liquidity position.

Rating

To be able to take advantage of financing opportunities, both internationally and from various investors, the bank has an international rating from Moody's, which is one of the world's most renowned rating agencies. In addition to the value of the rating result itself for the bank, the board considers that the rating process and maintenance of the rating also have value in terms of enhancing quality in various processes and procedures.

At the end of the second quarter of 2024, Sparebanken Sør had a long-term rating of A1 with a "Stable Outlook".

Sparebanken Sør Boligkreditt AS had an A1 rating, and the same rating outlook as the parent bank at the end of the quarter.

All senior preferred bonds issued by Sparebanken Sør Boligkreditt AS are rated by Moody's and have an AAA rating.

Subordinated capital and capital adequacy

At the end of Q2 2024, net subordinated capital totaled at NOK 18.4 billion. Total tier 1 capital totaled at NOK 16.3 billion and common tier 1 capital totaled at NOK 14.6 billion. The total capital ratio for the Sparebanken Sør Group was 21.1 percent, the tier 1 capital ratio was 18.6 percent, and the common equity tier 1 (CET) capital ratio was 16.7 percent. The calculations are based on the standard method in the Basel II regulations. Brage Finans AS is proportionally consolidated in accordance with the rules on cooperative groups.

The parent bank had a (total) capital ratio of 25.8 percent, a tier 1 capital ratio of 22.7 percent and a CET1 capital ratio of 20.2 percent at the end of Q2 2024.

The Group received the decision from Finanstilsynet (FSA) on April 30. regarding capital requirements under pillar 2 (SREP – Supervisory Review and Evaluation Process and Pillar 2). The decision is effective from May 31, 2024. The new pillar 2 requirement amounts to 1.6 percent of the pillar 1 calculation base, which is 0.1 percentage points lower than the current SREP decision from 2022 (1.7 percent). At least 56.25 percent must be covered by common equity tier 1 capital ratio, while 75 percent must be covered by tier 1 capital. Additionally, Finanstilsynet considers that the Group should have a capital requirement margin of 1.0 percent in form of total common equity tier 1 capital ratio above the total requirement for total common equity tier 1, tier 1 capital ratio, and total capital ratio.

The Group's internal target for common equity tier 1 capital ratio is now 16.2 percent.

The countercyclical capital buffer requirement amounted to 2.5 percent as of June 30, 2024. Norges Bank decided in May 2024 to maintain this requirement. The purpose of the countercyclical capital buffer is to make banks more resilient and prevent banks' credit practices from exacerbating an economic downturn.

An important part of the Group's key objectives is to keep the CET1 capital ratio at the same level as that of comparable banks. Sparebanken Sør is the only major regional bank that uses the standard method to calculate capital adequacy, and the Bank currently has a higher leverage ratio than the other regional banks. Sparebanken Sør also aims to have a quality of risk management on par with comparable banks. The Bank is working to develop the Bank's risk management framework and modelling in a way that makes it possible to apply to the FSA for approval of an internal rating-based (IRB).

The introduction of the revised Basel III framework ("CRR3 / Basel IV") was due to have been implemented in the EU from 2022 with transition rules up until 2027, but this has been postponed. In April 2024, the EU Parliament adopted the revised regulations (CRR3/CRD6 and BRRD3) which will enter into force in the EU from January 1, 2025. The Ministry of Finance announced in December that they are working to facilitate the implementation of corresponding EEA regulations in Norway simultaneously with the rules being adopted in the EU.

In the spring of 2024, the EU Parliament adopted several important regulations related to the capital requirements framework (CRR3 and CRD6) and crisis management framework (BRRD3). The revised regulation for capital requirements, also referred to as Basel IV, is set to come into effect in the EU from January 1, 2025. The Ministry of Finance announced in December 2023 that efforts are being made to facilitate the implementation of corresponding EEA rules in Norway at the same time as the rules are put into use in the EU.

A very central element in the new CRR3 / Basel IV regulations will be the introduction of a new and more risk-sensitive standard method for credit risk which will be beneficial for the Group. Basel IV also indicates that there may be some changes in the IRB regulations. Finanstilsynet has prepared a consultation paper for changes in the capital requirements regulation (CRR3) with associated proposals for national options. Finanstilsynet's proposal represents a tightening of the regulations in some areas, and the Ministry of Finance is now conducting a consultation where comments are requested by September 4th.

Based on the composition of the Group's loan portfolio, it is expected that the new standard framework for credit risk will have a very positive impact for the Group. Based on draft of consultation by Finanstilsynet from June 2024, the Bank has estimated that this could have a positive impact on the common equity tier 1 capital ratio of approximately 2.8 percentage points. There are still many details in the framework and its implementation in Norway that are not yet clarified, which could affect the final outcomes. If the proposed proposals for national adaptations are not fully implemented, this could provide further relief.

The bank considers that an IRB process with subsequent IRB approval of the risk models contains key elements that are important for the bank's development. This work is a top priority in the bank, and the process has progressed significantly, with the bank's ambition being to submit the IRB-F application during the 2nd half of 2024.

The Group's leverage ratio was 9.2 percent at the end of the second quarter of 2024, which is equivalent to the leverage ratio at the end of the second quarter of 2023. The bank's solvency is considered very satisfactory.

As a result of the Bank Recovery and Resolution Directive (BRRD), minimum requirements for the sum of subordinated capital and Minimum Requirement for own funds and Eligible Liabilities (MREL) have been introduced. This entails requirements for convertible and non-preferred debt for Sparebanken Sør. These

requirements are determined by Finanstilsynet based on capital requirements and calculated from the currently applicable adjusted calculation basis. Based on capital requirements and adjusted calculation basis as of June 30, 2024, the subordinated MREL requirement has been set at 35.7 percent and amounted to NOK 22.8 billion. The subordinated MREL requirement has been set at 28.7 percent and amounted to NOK 18.3 billion. By the end of the second quarter in 2024, the bank had issued a total of NOK 7.1 billion in senior non-preferred bonds (Tier 3).

The bank's equity certificates

As of June 30, 2024, the bank had issued 41 703 057 equity certificates.

The result (consolidated) per equity certificate amounted to NOK 4.6 per certificate in the second quarter of 2024, compared to NOK 3.9 per certificate in the same period the year before.

The ownership ratio was 40.0 percent at the end of the quarter and is to be maintained at 40.0 percent going forward. Hybrid capital (subordinated bonds), classified as equity, is excluded from the calculation of the ownership ratio.

Dividend policy

Sparebanken Sør aims to ensure that its shareholders achieve competitive returns through solid, stable, and profitable operations, in the form of dividends and capital appreciation on their equity certificates.

The profits will be distributed equally between equity capital holders (shareholders) and primary capital in proportion to their share of equity. The ownership ratio will be maintained at 40 percent going forward.

It is the goal that approximately 50 percent of the Group's net profit after tax will be distributed as dividends. Dividends will be distributed through cash dividends to equity certificate holders, customer dividends to the bank's customers, and gifts in the regions where primary capital has been built up. When determining dividends, consideration will be given to the potential for profitable growth, expected results in a normalized market situation, external conditions, future need for Common Equity Tier 1, and the bank's strategic plans.

Subsidiaries and associated companies

The Bank's wholly owned subsidiary, **Sparebanken Sør Boligkreditt AS**, is licensed to issue covered bonds (OMF) and are used as an instrument in the Bank's long-term funding strategy. As of June 30, 2024, the Bank had transferred NOK 59.4 billion to Sparebanken Sør Boligkreditt AS, equivalent to 70.7 percent of all loans to the retail market.

The Bank's own real estate business, **Sørmegleren**, is the absolute leader in Southern Norway. At the end of the first half of the year, the company had 97 employees in 17 locations. Sørmegleren has had a challenging start 2024. The total market declined significantly towards the end of 2023, and this trend continued into 2024. The market improved in the second quarter of 2024, and Sørmegleren has seen a significant improvement in results during this period. Sørmegleren has maintained its market share throughout the first half of the year and is still considered the region's leading real estate agent.

The result for the second quarter of 2024 was positive at NOK 10.8 million, compared to NOK 7.7 million in 2023. For the first half of 2024, the result was NOK 0.2 million compared to NOK 1.9 million in 2023. The

decline in results is mainly due to a loss of income as a result of reduced activity in the overall market where the company operates. There is a significant uncertainty regarding market developments for the rest of 2024. Sørmegløren is continuously monitoring the situation and implementing measures as needed.

Sørlandet Forsikringscenter AS is a wholly owned subsidiary of the bank. The company represents a significant part of the sales force in insurance and is important for the Group's focus in this area.

Transitt Eiendom AS is a real estate company, where the bank owns 100 percent of the shares. The company is the parent company of Arendal Brygge AS and the subsidiary St. Ybes AS. Arendal Brygge AS became a wholly owned company on December 31, 2023, and will be fully consolidated from 2024. The companies own property in the city center of Arendal.

Frende Holding AS (ownership interest 20.3 percent) is the parent company of Frende Skadeforsikring AS and Frende Livsforsikring AS, which offers non-life and life insurance to private customers and businesses.

Frende Holding AS reported a profit before tax of NOK 166 million in the second quarter of 2024, up from NOK 43 million the previous year. The first half of the year showed a profit before tax of NOK 140 million, up from NOK 88 million in the same period in 2023.

The quarter delivered a good technical insurance result in the life business, and the risk result for the second half of the year is above expectations. The non-life business had a significantly better technical insurance result in the quarter compared to the second quarter of 2023, but the average claim and frequency for car insurance are still above the desired level. The technical insurance result for the first half of the year is affected by the challenging start to the year with frost damage and extreme weather.

The financial result for the quarter, including interest expenses related to subordinated loans, was NOK 52 million in the second quarter of 2024, up from NOK 29 million in the same period in 2023. This represents a return of 3.1 percent on actively invested funds, compared to 2.2 percent in the same period last year.

Frende Skadeforsikring reported profit before tax of NOK 113 million in the second quarter of 2024, up from NOK 51 million in the same period the previous year. The profit before tax for the first half of the year was NOK 41 million, down from NOK 95 million in the first half of 2023.

In the second quarter, the loss ratio was 73.3 percent, down from 79.7 percent in the same period the previous year. The company's combined ratio was 89.0 percent, a reduction from 95.6 percent in the second quarter of 2023. The quarter included liquidation gains of NOK 20 million, down from NOK 31 million in the same period the previous year. Adjusted for this, the loss ratio was 76.3 percent, compared to 84.8 percent in the same period the previous year.

In the first half of the year, the loss ratio was 86.4 percent, up from 81.8 percent in the same period the previous year. The combined ratio was 104.0 percent, an increase from 99.4 percent in the same period the previous year. The total liquidation gain in the first half of the year was NOK 39 million, compared to a run-off loss of NOK 1 million in 2023. Adjusted for this, the loss ratio was 89.4 percent, up from 81.8 percent in the same period the previous year. The frequency and average claim for the car product were high, but overall, an underlying trend towards a lower loss ratio is observed.

Frende Livsforsikring reported a positive pre-tax profit of NOK 57 million in the second quarter, compared to a break-even result in the second quarter of 2023. The pre-tax profit for the first half of the year was NOK 105 million, compared to NOK 8 million in the first half of 2023. The risk result in the life insurance business is above expectations for the first half of the year, and the disability products show improvement from the

previous year. The premium reserve at the end of the first half of the year was NOK 748 million, up from NOK 670 million at the same time in 2023.

Brage Finans AS (ownership interest 27.6 percent) is a nationwide financial services group that offers leasing and vendor's lien to the corporate and consumer markets. The company operates from its headquarters in Bergen. Distribution of the company's products is done through owner banks, capital goods dealers, and its own sales force.

The second quarter of 2024 was a good quarter for Brage Finans, with strong growth in both portfolio and income. Business activity in Brage Finans' market areas has been good, and the company has continued to gain market share.

In June 2024, Brage Finans successfully completed a capital increase with its owner banks, strengthening equity by NOK 250 million.

Profit before tax for the second quarter of 2024 amounted to NOK 134.9 million, compared to NOK 128.96 million in the same quarter of the previous year. The result yielded a return on equity (RoE) of 10.3 percent for the quarter, compared to 13.5 percent for the second quarter of 2023. Net interest income amounted to NOK 215 million for the quarter, compared to NOK 196.8 million in the second quarter of 2023, an increase of 9 percent.

Brage Finans reported a profit before tax of NOK 200 million for the first half of 2024, compared to NOK 227.5 million in the first half of 2023. The result yielded a return on equity (RoE) of 7.6 percent for the quarter, compared to 12.2 percent for 2023. The half-year results were significantly impacted by an impairment provision in the first quarter related to an individual commitment. Excluding this extraordinary event, Brage Finans delivered a strong half-year performance.

As of June 30, 2024, Brage Finans had a gross loan portfolio of NOK 24.8 billion. This is an increase of NOK 2.2 billion (10 percent) compared to June 30, 2023. Balance sheet provisions amounted to NOK 211 million as of June 30, 2024, which was equivalent to 0.85 percent of the gross loan portfolio.

Norne Securities AS (owned by a 15.1 percent stake) is a securities firm owned by savings banks. The company offers investment services to corporate and private markets.

Norne reported a profit before tax of NOK 8.5 million in the first half of 2024, compared to NOK 0.5 million in the same period in 2023.

There has been a good volume of assignments and several transaction completions within Investment Banking in the second quarter. Particularly within the strategically important savings bank sector, where Norne has been a facilitator and advisor in several issuance and merger assignments. New and important projects have also been initiated, which are expected to be completed during the year. Customer activity towards private customers in stock and fund trading remains at a good level. In the retail market, Norne is developing its services in close collaboration with banks as distribution partners. Within the fund area, Norne offers a fund platform used by 24 banks, providing significant economies of scale for the banks.

Norne Securities is well positioned for further growth and has a high level of ambition. The company's strategic ambition is to be a leading provider of all relevant capital market services for savings banks and their customers. In collaboration with the company's owners, several opportunities are now being explored to further develop the company's business areas.

Balder Betaling AS (ownership stake 23.0 percent) is owned by Sparebanken Sør along with 20 other savings banks. The company has an ownership stake of 10.58 percent in Vipps Holding AS and aims to develop Vipps further together with the other owners. Sparebanken Sør has an indirect ownership in Vipps Holding AS of 2.43 percent.

Outlook

The key policy rate is expected to remain at a high level throughout 2024. We can now see the effects of the high interest rate starting to take hold. Price growth is moving towards the inflation target, and many companies are expecting a decline in activity going forward. In the construction sector, we are already witnessing a significant decline in activity levels, and it will take some time before new large-scale projects are initiated.

However, we are observing a divided business sector, with the energy sector (supply industry to the petroleum sector as well as renewable energy industries) experiencing good prices and high activity levels, while other sectors are struggling with high prices, interest rates, and wage costs. In the bank's main market area, we have a strong presence of the energy industry, which contributes to slightly more positive expectations compared to the rest of the country.

There is more uncertainty than usual regarding the consequences for customers, and how both individuals and companies will react to a sustained higher cost level. Wage growth in 2023 ended at 5.2 percent and has contributed to driving up price inflation. Wage growth in 2024 is also expected to end at the same level, which could add further price pressure.

Despite this, the board considers the Group to be well-positioned for continued growth and profitability. The Group has good earnings, low losses, is well-capitalized, and well-prepared to withstand any potentially more challenging developments in the Norwegian economy.

The Group has board-approved guidelines, which ensure that refinancing in the bond market is normally completed well before the final debt maturity. This has contributed to a solid financing situation. The Group has low risk profile in its loan portfolio, and a strong loss-absorbing capacity due to a high equity ratio. The Group operates very cost-effectively and has good underlying operations.

Housing prices in the Group's main markets have had a positive but moderate development over several years. Statistics for the second quarter of 2024 showed continued strong development, with Agder and Rogaland above the national average over the past 12 months, while Telemark lags somewhat behind.

The Group has a long-term ambition for loan growth to exceed credit growth, and an internal goal of a return on equity of over 12 percent by the end of 2025.

In line with the approved strategy, the Group will focus on cost development and long-term value creation. The Group's investments in technology will continue, and are intended will contribute to cost-effective operations, as well as enable streamlining of the office structure. Along with good quality in credit work, this will contribute to continued profitable growth and development.

Events after the reporting period

There have been no significant events after June 30, 2024, that affect the quarterly accounts.

Kristiansand, 12. August 2024



Knut Ruhaven Sæthre
styrets leder



Mette Ramfjord Harv
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Merete Steinvåg Østby



Erik Edvard Tønnesen



Trond Randøy



Eli Giske



Hans Arthur Frigstad



Tina Maria Kvale



Geir Bergskaug
konsernsjef



Income statement

PARENT BANK					NOK million		GROUP				
31.12. 2023	30.06. 2023	30.06. 2024	Q2 2023	Q2 2024		Notes	Q2 2024	Q2 2023	30.06. 2024	30.06. 2023	31.12. 2023
4 406	1 981	2 503	1 027	1 257	Interest income effective interest method	<u>4</u>	2 039	1 601	4 030	3 110	6 913
1 008	422	688	228	354	Other interest income	<u>4</u>	388	267	748	512	1 178
2 843	1 198	1 844	642	945	Interest expenses	<u>4</u>	1 604	1 135	3 130	2 178	5 048
2 572	1 205	1 347	613	666	Net interest income	<u>4</u>	823	732	1 647	1 444	3 043
459	214	231	111	121	Commission income		148	134	260	244	509
123	59	67	30	37	Commission expenses		32	26	59	50	109
336	155	164	81	84	Net commission income		116	108	201	194	400
252	2	22	2	2	Dividend		2	2	22	2	2
-7	-30	47	-5	28	Net income from other financial instruments		19	-2	37	-6	0
245	-28	69	-4	30	Net income from financial instruments		21	-0	60	-4	3
99	59	50	25	46	Income from associated companies		46	25	50	59	99
14	4	4	2	1	Other operating income		1	2	4	3	29
113	63	54	27	47	Total other income		47	27	55	62	128
694	190	287	104	161	Total net other income		184	135	315	252	530
3 266	1 395	1 634	717	827	Total net income		1 007	867	1 963	1 696	3 573
613	288	320	147	159	Wages and other personnel expenses		200	187	395	363	757
38	19	18	10	9	Depreciation, amortization and impairment of non-current assets		10	10	19	20	47
472	233	245	124	128	Other operating expenses		136	129	261	246	493
1 123	540	583	281	296	Total operation expenses before losses		345	326	675	630	1 297
2 143	855	1 051	436	532	Operating profit before losses		662	541	1 288	1 066	2 276
53	-6	15	-3	13	Losses on loans, guarantees and undrawn credit	<u>5</u>	13	-9	20	-14	49
2 089	861	1 036	439	518	Profit before taxes	<u>2</u>	648	550	1 268	1 079	2 227
388	149	138	107	117	Tax expenses		144	123	191	190	454
1 701	712	898	332	401	Profit for the period		504	427	1 077	889	1 773
-	-	-	-	-	Minority interests		1	1	0	1	1
1 701	712	898	332	401	Majority interests		503	426	1 077	889	1 772
61	32	41	20	22	Attributable to additional Tier 1 capital holders		22	20	41	32	61
1 640	680	857	312	378	Attributable to ECC-holders and to the primary capital		481	407	1 036	857	1 711
1 701	712	898	332	401	Profit for the period		503	426	1 077	889	1 772
15.7	6.5	8.2	3.0	3.6	Profit/diluted earnings per equity certificate (in whole NOK)		4.6	3.9	9.9	8.2	16.4

Statement of comprehensive income

PARENT BANK					NOK million		GROUP				
31.12. 2023	30.06. 2023	30.06. 2024	Q2 2023	Q2 2024		Notes	Q2 2024	Q2 2023	30.06. 2024	30.06. 2023	31.12. 2023
1 701	712	898	332	401	Profit for the period		503	426	1 077	889	1 772
		-		-	Change in value, basis swaps		-9	-6	-34	-9	-119
-0	-2	-0	-1	1	Change in the value of residential mortgages						
-	-1	-0	0	-0	Tax effect		2	2	8	2	26
-0	-3	-0	-1	0	Total other comprehensive income		-7	-5	-25	-7	-93
1 701	709	897	331	401	Comprehensive income for the period		497	423	1 052	882	1 680
					Minority interests		1	1	0	1	1
					Majority interests		496	422	1 052	882	1 679
15.7	6.5	8.2	3.0	3.6	Comprehensive income/diluted earnings per equity certificate		4.5	3.9	9.7	8.2	15.5

Balance sheet

PARENT BANK			NOK million		GROUP		
31.12. 2023	30.06. 2023	30.06. 2024	ASSETS	Notes	30.06. 2024	30.06. 2023	31.12. 2023
604	734	430	Cash and receivables from central banks	11	430	734	604
5 012	8 966	8 360	Loans to credit institutions	11	2 902	6 549	468
71 815	73 043	71 909	Net loans to customers	2,6,7,8,10,11	131 171	125 430	127 532
21 998	18 911	24 989	Bonds and certificates	11	28 057	22 750	24 156
235	232	237	Shares	11	240	232	235
931	1 355	1 074	Financial derivatives	11,12	2 380	2 658	2 002
2 823	2 817	3 237	Shareholding in group companies		-0	-0	0
1 537	1 427	1 730	Shareholding in associated companies		1 730	1 427	1 537
102	84	117	Intangible assets		128	95	114
451	462	448	Property, plant and equipment		516	490	527
375	108	182	Other assets		327	245	233
105 882	108 140	112 712	TOTAL ASSETS	2,11	167 881	160 610	157 407
LIABILITIES AND EQUITY CAPITAL							
3 643	5 093	5 498	Liabilities to credit institutions	11	4 891	4 919	3 530
69 289	69 333	73 946	Deposits from customers	2,9,11	73 927	69 343	69 272
6 991	9 436	7 026	Liabilities related to issue of securities	11,13	60 794	59 864	56 724
783	1 181	869	Financial derivatives	11,12	995	1 406	922
391	170	126	Payable taxes		183	207	496
1 635	623	539	Other liabilities		622	565	610
138	133	142	Provisions for commitments		142	133	138
40	36	53	Deferred tax		23	71	23
7 177	6 035	7 128	Senior non-preferred	11,13	7 128	6 035	7 177
1 763	1 972	2 018	Subordinated loan capital	11,13	2 018	1 972	1 763
91 850	94 013	97 347	Total liabilities		150 723	144 515	140 655
5 179	4 945	5 186	Equity certificate capital	14	5 186	4 945	5 596
1 085	1 085	1 545	Hybrid capital		1 545	1 085	1 085
7 768	8 097	8 634	Other equity		10 427	10 064	10 071
14 032	14 127	15 365	Total equity	3,14	17 158	16 095	16 752
105 882	108 140	112 712	TOTAL LIABILITIES AND EQUITY	2,11	167 881	160 610	157 407

Kristiansand, 12. August 2024



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Tina Maria Kvale



Geir Bergskaug
konsernsjef

Cash flow statement

PARENT BANK			NOK million	GROUP		
31.12. 2023	30.06. 2023	30.06. 2024		30.06. 2024	30.06. 2023	31.12. 2023
5 163	2 289	3 093	Interest received	4 613	3 508	7 891
-2 672	-616	-1 112	Interest paid	-2 335	-1 604	-4 946
320	140	163	Other payments received	188	177	389
-1 031	-532	-608	Operating expenditure	-670	-628	-1 187
-10	4	3	Loan recoveries	3	4	-10
-317	-181	-392	Tax paid for the period	-498	-396	-360
-117	-59	-270	Gift expenditure	-270	-59	-117
-5	-4	-1	Fraud cases paid	-1	-4	-5
-4	-2	22	Change in other assets	22	-4	-4
3 596	3 221	3 950	Change in customer deposits	3 947	3 223	3 571
-4 352	-5 754	-106	Change in loans to customers	-3 656	-1 615	-3 507
808	2 259	1 855	Change in deposits from credit institutions	1 361	2 162	772
1 379	765	6 597	Net cash flow from operating activities	2 705	4 764	2 487
17 737	12 756	3 280	Payments received, securities	-	12 756	17 737
-23 210	-15 227	-6 194	Payments made, securities	-3 818	-12 620	-18 917
15	-0	-	Payments received, sale of property, plant and equipment	-	-0	15
-101	-64	-24	Payments made, purchase of property, plant and equipment	-30	-65	-102
70	70	279	Payments received, investments in subsidiaries and associates	29	70	70
-75	-4	-554	Payments made, investments in subsidiaries and associates	-140	0	-71
22	57	-34	Change in other assets	-68	68	3
5 200	1 245	-3 348	Change in loans to credit institutions	-2 434	-350	5 730
-342	-1 167	-6 594	Net cash flow from investing activities	-6 462	-143	4 467
-750	-750	0	Change in deposits from credit institutions	0	-750	-750
-	-	-	Payments received, bond debt	6 000	-	-
-2 500	-0	-0	Payments made, bond debt	-2 240	-5 220	-8 420
-558	-517	-887	Payments made, dividends and interest on hybrid capital	-887	-517	-558
2 600	1 600	0	Issue of senior non-preferred	0	1 600	2 600
700	700	250	Issue of subordinated loan capital	250	700	700
-600	-390	-0	Deduction of subordinated loan capital	-0	-399	-600
75	-62	23	Change in other liabilities	13	129	53
125	125	460	Issue of hybrid capital	460	125	125
45	-440	-108	Change in financial derivative assets	-64	1 122	1 819
-9	411	75	Change in financial derivative debt	40	-1 136	-1 758
-125	-125	-	Buyback of hybrid capital	-	-125	-125
-12	-6	-7	Payments of rental obligations	-7	-6	-12
-	-	17	Payments received of own equity certificates	16	-	-
-14	-	-	Payments of own equity certificates	-	-	-13
-1 023	546	-177	Net cash flow from financing activities	3 582	-4 476	-6 939
14	144	-174	Net change in liquid assets	-174	144	14
590	590	604	Cash and cash equivalents as at 1 Jan	604	590	590
604	734	430	Cash and cash equivalents at end of period	430	734	604

Statement of change in equity

GROUP									
NOK million	Equity certificates	Premium Fund	Dividend equalization-fund	Hybrid capital	Primary capital	Gift fund	Other equity	Minority interests	TOTAL
Balance 31.12.2022	2 084	2 068	1 043	1 085	7 417	415	1 663	4	15 779
Dividend distributed for 2022			-250						-250
Profit Ytd 2023				41			848		889
Interest paid, hybrid capital				-41					-41
Calculated tax on interest hybridcapital							10		10
Issuance of hybrid capital				125					125
Buyback of hybrid capital				-125					-125
Other comprehensive income							-7		-7
Allocated gift fund						-286			-286
Other changes							2	-1	1
Balance 30.06.2023	2 083	2 068	793	1 085	7 417	129	2 515	4	16 095
Profit Q3-Q4 2023			648		346	625	-776		844
Interest paid, hybrid capital									-
Calculated tax on interest hybridcapital			8		12		-10		10
Buyback of hybrid capital									-
Other comprehensive income							-86		-86
Allocated gift fund						-92			-92
Distributed customer dividends									-
Purchase of own equity certificates	-5		-		-8				-13
Other changes							-5	-0	-5
Balance 31.12.2023	2 079	2 068	1 449	1 085	7 768	662	1 639	3	16 752
Dividend distributed			-417						-417
Allocated customer dividend						-418			-418
Allocated gift fund						-244			-244
Profit Ytd 2024				55			1 023		1 077
Interest paid, hybrid capital				-55					-55
Calculated tax on interest hybridcapital							14		14
Issuance of hybrid capital				460					460
Other comprehensive income*							-25		-25
Purchase of own equity certificates	6		1		10				16
Other changes			0		0		-6	3	-3
Balance 30.06.2024	2 084	2 068	1 033	1 545	7 778	-0	2 644	6	17 158

* Basic adjustments to interest and currency swaps were NOK -29.1 million as of 1.1.2024 and NOK -55.3 million as of 30.06.2024. The adjustment is included as part of other equity.

PARENT BANK									
NOK million	Equity certificates	Premium Fund	Dividend equalization-fund	Hybrid capital	Primary capital	Gift fund	Other equity	Minority interests	TOTAL
Balance 31.12.2022	2 084	2 068	793	1 085	7 417		-		13 448
Profit Ytd 2023				41			671		712
Interest paid, hybrid capital				-41					-41
Calculated tax on interest hybridcapital							10		10
Issuance of hybrid capital				125					125
Buyback of hybrid capital				-125					-125
Other comprehensive income					-2				-2
Balance 30.06.2023	2 084	2 068	793	1 085	7 414	-	681	-	14 127
Profit Q3-Q4 2023			648	41	972		-671		990
Interest paid, hybrid capital				-41					-41
Calculated tax on interest hybridcapital			8		12		-10		10
Allocated dividends **			-417		-417				-834
Allocated gifts					-208				-208
Buyback of hybrid capital									-
Other comprehensive income			0						0
Purchase of own equity certificates	-5				-6				-11
Balance 31.12.2023	2 079	2 068	1 032	1 085	7 768	-	-0	-	14 032
Profit Ytd 2024				55			843		898
Interest paid, hybrid capital				-55					-55
Calculated tax on interest hybridcapital							14		14
Issuance of hybrid capital				460					460
Other comprehensive income							-0		-0
Purchase of own equity certificates	6		1		10				16
Other changes			0		0				0
Balance 30.06.2024	2 084	2 068	1 033	1 545	7 778		856		15 365

** Cash dividends to the owners of equity certificates are entered in the equalization-fund, and customer dividends are entered in the primary capital.

Notes

1. Accounting policies

The consolidated financial statements have been prepared in accordance with International Standards for Financial Reporting (IFRS), including IAS 34. Unless otherwise specified, the accounting policies applied are the same as those applied in the annual financial statements for 2023. There are no new standards applicable for 2024 that have had a material impact on the financial statements.

A tax rate of 25 percent has been used when preparing the quarterly accounts for the parent bank and the subsidiary Sørlandets Forsikringssenter AS. For other subsidiaries, a 22 percent tax rate is applied.

Discretionary assessments, estimates and assumptions

With the preparation of the financial statements, the management makes discretionary assessments, estimates and assumptions that effects the accounting policies and financial records. Please refer to the annual financial statements for 2023 (Note 2 – Discretionary assessments, estimates and assumptions) for further details.

The financial item losses on loans and undrawn credit are subject to a significant degree of discretionary assessments. In 2023, there where major turmoil and fluctuations in the financial market. At the end of Q2 2024, there is still uncertainty in the market resulting from the war in Ukraine, unrest in the Middle East, the election in the US and the tensions between the US and China. High price growth and increased interest rates have suppressed household purchasing power and reduced activity in the Norwegian economy.

The model used to calculate future credit losses contains forward-looking macro data and must take future events into account. In the event of changes in business cycles or macro conditions, relevant parameters in the model must be changed accordingly.

Macro parameters and measures that have been used as input in the loss model is presented in [note 5](#).

2. Segment reporting

Report per segment	BANKING BUSINESS					30.06.2024
Income statement (NOK million)	RM	CM	Undistrib. and elimin.	Total banking business	Sørmegleren	Total
Net interest and commission income	721	637	290	1 647	-1	1 647
Net other operating income	90	52	88	230	86	315
Operating expenses	267	88	235	590	85	675
Profit before losses per segment	544	600	143	1 288	0	1 288
Losses on loans and guarantees	-4	25	-2	20		20
Profit before tax per segment	547	575	145	1 268	0	1 268
Gross loans to customers	87 044	44 815	-243	131 616		131 616
Impairment losses	-54	-390	-0	-445		-445
Net loans to customers	86 990	44 425	-243	131 171		131 171
Other assets			36 576	36 576	133	36 710
Total assets per segment	86 990	44 425	36 333	167 748	133	167 881
Deposits from customers	36 358	30 783	6 786	73 927		73 927
Other liabilities	50 631	13 642	12 390	76 663	133	76 797
Total liabilities per segment	86 990	44 425	19 176	150 590	133	150 723
Equity			17 158	17 158		17 158
Total liabilities and equity per segment	86 990	44 425	36 333	167 748	133	167 881

Report per segment	BANKING BUSINESS					30.06.2023
Income statement (NOK million)	RM	CM	Undistrib. and elimin.	Total banking business	Sørmegleren	Totalt
Net interest and commission income	645	585	214	1 444	-	1 444
Net other operating income	88	43	35	166	86	252
Operating expenses	237	74	235	546	84	630
Profit before losses per segment	496	554	14	1 064	2	1 066
Losses on loans and guarantees	-4	-14	4	-14		-14
Profit before tax per segment	500	567	10	1 078	2	1 079
Gross loans to customers	84 254	41 823	-274	125 803		125 803
Impairment losses	-51	-319	-1	-373		-373
Net loans to customers	84 202	41 504	-276	125 430		125 430
Other assets			35 074	35 074	106	35 179
Total assets per segment	84 202	41 504	34 798	160 504	106	160 610
Deposits from customers	35 564	28 025	5 755	69 343		69 343
Other liabilities	48 638	13 479	12 949	75 066	106	75 172
Total liabilities per segment	84 202	41 504	18 703	144 409	106	144 515
Equity			16 095	16 095		16 095
Total liabilities and equity per segment	84 202	41 504	34 798	160 504	106	160 610

3. Subordinated capital and capital adequacy

PARENT BANK			NOK million	GROUP		
31.12.2023	30.06.2023	30.06.2024		30.06.2024	30.06.2023	31.12.2023
14 032	14 127	15 365	Total equity	17 158	16 095	16 752
Tier 1 capital						
-1 085	-1 085	-1 545	Equity not eligible as common equity tier 1 capital	-1 672	-1 131	-1 168
0	-443	-539	Share of profit not eligible as common equity tier 1 capital	-581	-573	-1 079
-102	-84	-117	Deductions for intangible assets and deferred tax assets	-132	-95	-113
-47	-47	-48	Deductions for additional value adjustments	-36	-31	-32
-237	-214	-234	Other deductions	-132	-181	-182
12 561	12 255	12 883	Total common equity tier 1 capital	14 603	14 084	14 178
Other tier 1 capital						
1 085	1 085	1 545	Hybrid capital	1 672	1 131	1 168
13 646	13 340	14 428	Total tier 1 capital	16 275	15 215	15 346
Additional capital supplementary to tier 1 capital						
1 750	1 960	2 000	Subordinated loan capital	2 131	2 056	1 847
1 750	1 960	2 000	Total additional capital	2 131	2 056	1 847
15 396	15 300	16 428	Net subordinated capital	18 406	17 272	17 193
Minimum requirement for subordinated capital Basel II calculated according to standard method						
48	20	16	Engagements with local and regional authorities	17	21	49
1 029	878	1 397	Engagements with institutions	327	595	326
3 645	5 061	3 664	Engagements with enterprises	6 181	7 131	5 839
8 140	6 845	7 175	Engagements with mass market	11 365	9 971	11 568
34 102	35 136	35 554	Engagements secured in property	56 347	53 708	53 810
847	442	792	Engagements which have fallen due	1 038	665	1 046
1 854	1 523	1 819	Engagements which are high risk	1 820	1 523	1 855
1 313	1 332	1 559	Engagements in covered bonds	1 770	1 587	1 445
5 045	4 953	5 647	Engagements in collective investment funds	1 452	1 431	1 431
969	606	728	Engagements other	917	655	1 054
56 991	56 795	58 349	Capital requirements for credit and counterparty risk	81 235	77 287	78 423
4 974	4 364	5 130	Capital requirements for operational risk	5 672	4 937	5 642
141	10	190	CVA addition	512	10	575
62 106	61 169	63 669	Risk-weighted balance (calculation basis)	87 418	82 234	84 641
20.2 %	20.0 %	20.2 %	Common equity tier 1 capital ratio. %	16.7 %	17.1 %	16.8 %
22.0 %	21.8 %	22.7 %	Tier 1 capital ratio. %	18.6 %	18.5 %	18.1 %
24.8 %	25.0 %	25.8 %	Total capital ratio. %	21.1 %	21.0 %	20.3 %
12.3 %	12.5 %	12.7 %	Leverage ratio	9.2 %	9.2 %	9.0 %

PARENT BANK			NOK million	GROUP		
31.12.2023	30.06.2023	30.06.2024		30.06.2024	30.06.2023	31.12.2023
Minimum capital requirements						
4.50 %	4.50 %	4.50 %	Minimum Tier 1 capital requirements	4.50 %	4.50 %	4.50 %
2.50 %	2.50 %	2.50 %	Conservation buffer	2.50 %	2.50 %	2.50 %
4.50 %	3.00 %	4.50 %	Systemic risk buffer	4.50 %	3.00 %	4.50 %
2.50 %	2.50 %	2.50 %	Counter-cyclical buffer	2.50 %	2.50 %	2.50 %
1.70 %	1.70 %	1.60 %	Pilar 2 requirements *	1.60 %	1.70 %	1.70 %
14.96 %	14.20 %	14.90 %	CET1 requirements, incl. Pilar 2	14.90 %	14.20 %	14.96 %
16.78 %	15.70 %	16.70 %	Tier1 Capital requirements, incl. Pilar 2	16.70 %	15.70 %	16.78 %
19.20 %	17.70 %	19.10 %	Total capital requirements, incl. Pilar 2	19.10 %	17.70 %	19.20 %
9 291	8 686	9 487	CET1 requirements. incl. Pilar 2	13 025	11 677	12 662
10 421	9 604	10 633	Tier1 Capital requirements. incl. Pilar 2	14 599	12 911	14 203
11 924	10 827	12 161	Total capital requirements. incl. Pilar 2	16 697	14 555	16 251
3 270	3 569	3 396	Above CET1 requirements. incl. Pilar 2	1 578	2 407	1 516
3 224	3 736	3 795	Above Tier1 Capital requirements. incl. Pilar 2	1 676	2 305	1 144
3 471	4 473	4 267	Above total capital requirements. incl. Pilar 2	1 709	2 716	942
* of which 0.90% CET1 requirements						

4. Interest income and interest expenses

PARENT BANK					NOK million	GROUP					
31.12. 2023	30.06. 2023	30.06. 2024	Q2 2023	Q2 2024		Q2 2024	Q2 2023	30.06. 2024	30.06. 2023	31.12. 2023	
Interest income											
Interest income from financial instruments at amortised cost:											
268	136	179	61	116	Interest on receivables from credit institutions	24	30	33	65	137	
3 206	1 437	1 838	751	927	Interest on loans given to customers	2 015	1 571	3 997	3 044	6 776	
3 474	1 573	2 017	812	1 044	Total interest from financial instruments at amortised cost	2 039	1 601	4 030	3 110	6 913	
Interest income from financial instruments at fair value through OCI:											
933	408	486	215	213	Interest on loans given to customers (mortgages)	-	-	-	-	-	
933	408	486	215	213	Total interest from financial instruments at fair value through OCI	-	-	-	-	-	
4 406	1 981	2 503	1 027	1 257	Total interest income effective interest method	2 039	1 601	4 030	3 110	6 913	
Interest income from financial instruments at fair value:											
130	64	66	33	33	Interest on loans given to customers (fixed rate loans)	33	33	66	64	130	
878	358	622	195	322	Interest on certificates and bonds	355	234	682	447	1 048	
1 008	422	688	228	354	Total interest from financial instruments at fair value through profit or loss	388	267	748	512	1 178	
1 008	422	688	228	354	Total other interest income	388	267	748	512	1 178	
5 414	2 403	3 191	1 254	1 611	Total interest income	2 427	1 868	4 777	3 622	8 091	

PARENT BANK					NOK million	GROUP					
31.12.	30.06.	30.06.	Q2	Q2		Q2	Q2	30.06.	30.06.	31.12.	
2023	2023	2024	2023	2024		Interest expenses	2024	2023	2024	2023	2023
Interest expenses from financial instruments at amortised cost:											
157	61	112	29	60	Interest on liabilities to credit institutions	53	28	101	60	154	
1 795	753	1 238	407	637	Interest on customer deposits	637	407	1 238	753	1 795	
428	201	198	105	99	Interest on issued securities	762	596	1 490	1 176	2 626	
104	45	61	25	32	Interest on subordinated loans	32	25	61	45	104	
304	110	210	63	105	Interest on senior non-perferred loans	105	63	210	110	304	
55	28	25	14	13	Fees to the Norwegian Banks Guarantee Fund and other interest expenses	15	16	30	33	65	
2 843	1 198	1 844	642	945	Interest expenses from financial instruments at amortised cost	1 604	1 135	3 130	2 178	5 048	
2 843	1 198	1 844	642	945	Total interest expenses	1 604	1 135	3 130	2 178	5 048	

5. Losses on loans, guarantees and undrawn credits

Provisions for loss allowances and loss expenses for the period are calculated according to the accounting standard IFRS 9 and are based on expected credit loss (ECL) using the 3-stage model described in Note 7 of the 2023 financial statements.

The macro view in the recent years has undergone significant changes. The fluctuations have been greater and more frequently, with the corona pandemic followed by a more uncertain macro view due to increased geopolitical tensions, high inflation, and rising interest rates. The Group's provision for losses on loans in the second quarter of 2024 is based on new assumptions as of June 30, 2024.

Model-based losses on loans are based on the Bank's IFRS 9 model. Among others, this model includes variables in a macro model. The macro model looks at the current PD level and shows the expected development.

In the first half of 2024, there has been a slight positive change in macroeconomic conditions, which has implications for the conditions affecting both corporate customers and retail customers. Loan rates appear to have stabilized, with inflation on a downward trend. 2024 has seen a continued decline in new home sales, as well as a continued reduction in construction activities. However, there has been a positive price development in the housing market in the Bank's primary market area during the same period.

The following macro variables have been used when calculating impairment losses, as of June 30, 2024:

	2024	2025	2026	2027	2028
Housing price %	3.4	6.9	7.9	6.6	6.6
Housing price region %	4.2	6.9	7.9	6.6	6.6
Unemployment %	4.1	4.2	4.1	4.0	4.0
Oil prices, USD	81.7	77.4	74.2	72.2	72.2
Key policy rate	4.5	4.1	3.4	2.8	2.8
Import-weighted exchange rate	118.3	117.5	117.5	117.5	117.5
USD	10.6	10.5	10.5	10.5	10.5
CPI	3.7	3.2	2.6	2.3	2.3
Other collateral	0	0	0	0	0

The determination of macro variables is mainly based on figures from the Monetary Policy Report from Norges Bank and figures from Statistics Norway. Sparebanken Sør has to a large extent collateralized mortgages on real estate and the determination of these parameters for housing prices (including real estate) are considered to be the parameters that have the most significant effect on LGD (loss given default).

Sensitivity analyses related to the parameters that the Group considers to be most significant in today's situation, are reproduced in the table below.

GROUP				30.06.2024
				1 percent increase in unemployment
Loan loss provisions NOK million				
Loan loss provisions, CM				6
Loan loss provisions, RM				4
Total				9

PARENT BANK				30.06.2024
				1 percent increase in unemployment
Loan loss provisions NOK million				
Loan loss provisions, CM				6
Loan loss provisions, RM				2
Total				8

The bank's loss expenses are presented in the table below.

PARENT BANK					NOK million		GROUP			
31.12. 2023	30.06. 2023	30.06. 2024	Q2 2023	Q2 2024	Loss expense on loans during the period	Q2 2024	Q2 2023	30.06. 2024	30.06. 2023	31.12. 2023
19	22	-10	9	-11	Period's change in write-downs stage 1	-10	9	-9	19	16
22	-20	10	-0	-4	+Period's change in write-downs stage 2	-4	-5	13	-26	21
-3	-8	12	-12	24	+Period's change in write-downs stage 3	23	-12	12	-6	-4
6	1	4	1	4	+ Period's confirmed loss	4	1	4	1	6
14	0	2	0	2	+ Periodic amortization expense	2	0	2	0	14
10	4	3	1	2	- Period's recoveries relating to previous losses	2	1	3	4	10
5	3	1	1	0	+ Losses from fraud cases	0	1	1	3	5
53	-6	15	-3	13	Loss expenses during the period	13	-9	20	-14	49

GROUP	Stage 1	Stage 2	Stage 3	
NOK million	Expected losses in the next 12 months	Lifetime expected credit losses	Lifetime expected credit losses	Total
Provisions for loan losses as at 01.01.2024	124	221	124	470
Transfers				
Transferred to stage 1	41	-28	-13	-
Transferred to stage 2	-10	25	-15	-0
Transferred to stage 3	-0	-15	16	-0
Losses on new loans	25	21	1	47
Losses on deducted loans *	-16	-18	-12	-46
Losses on older loans and other changes	-48	29	31	12
Provisions for loan losses as at 30.06.2024	115	234	133	482
Provisions for loan losses	102	222	121	445
Provisions for losses on guarantees and undrawn credits	13	12	12	37
Total provision for losses as at 30.06.2024	115	234	133	482

*Losses on deducted loans relate to losses on loans redeemed.

The tables also include impairment losses on off-balance items (unused credit and guarantees). These are presented as other liabilities in the balance sheet.

PARENT BANK	Stage 1	Stage 2	Stage 3	
NOK million	Expected losses in the next 12 months	Lifetime expected credit losses	Lifetime expected credit losses	Total
Provisions for loan losses as at 01.01.2024	116	209	121	446
Transfers				
Transferred to stage 1	38	-25	-13	-
Transferred to stage 2	-9	24	-14	-
Transferred to stage 3	-0	-15	16	-
Losses on new loans	22	19	1	42
Losses on deducted loans *	-14	-17	-12	-43
Losses on older loans and other changes	-45	24	30	9
Provisions for loan losses as at 30.06.2024	106	219	129	453
Provisions for loan losses	93	207	117	417
Provisions for losses on guarantees and undrawn credits	13	12	12	36
Total provision for losses as at 30.06.2024	106	219	129	453

*Losses on deducted loans relate to losses on loans redeemed or transferred between the Bank and Sparebanken Sør Boligkreditt AS.

The tables also include impairment losses on off-balance items (unused credit and guarantees). These are presented as other liabilities in the balance sheet.

GROUP	Stage 1	Stage 2	Stage 3	
NOK million	Expected losses in the next 12 months	Lifetime expected credit losses	Lifetime expected credit losses	Total
Provisions for loan losses as at 01.01.2023	110	199	125	434
Transfers				
Transferred to stage 1	49	-43	-6	-0
Transferred to stage 2	-8	14	-6	-
Transferred to stage 3	-0	-2	2	-0
Losses on new loans	33	23	3	59
Losses on deducted loans *	-12	-23	-18	-53
Losses on older loans and other changes	-42	5	12	-25
Provisions for loan losses as at 30.06.2023	128	173	112	414
Provisions for loan losses	111	152	110	373
Provisions for losses on guarantees and undrawn credits	17	21	3	41
Total provision for losses as at 30.06.2023	128	173	112	414

*Losses on deducted loans relate to losses on loans redeemed.

The tables also include impairment losses on off-balance items (unused credit and guarantees). These are presented as other liabilities in the balance sheet.

PARENT BANK	Stage 1	Stage 2	Stage 3	
NOK million	Expected losses in the next 12 months	Lifetime expected credit losses	Lifetime expected credit losses	Total
Provisions for loan losses as at 01.01.2023	98	186	122	406
Transfers				
Transferred to stage 1	45	-39	-5	-0
Transferred to stage 2	-8	13	-5	-
Transferred to stage 3	-0	-2	2	-0
Losses on new loans	31	23	3	57
Losses on deducted loans *	-11	-21	-17	-49
Losses on older loans and other changes	-37	7	11	-19
Provisions for loan losses as at 30.06.2023	119	167	110	395
Provisions for loan losses	102	146	106	354
Provisions for losses on guarantees and undrawn credits	17	21	3	41
Total provision for losses as at 30.06.2023	119	167	110	395

*Losses on deducted loans relate to losses on loans redeemed or transferred between the Bank and Sparebanken Sør Boligkreditt AS.

The tables also include impairment losses on off-balance items (unused credit and guarantees). These are presented as other liabilities in the balance sheet.

6. Non-performing loans

All commitments in Stage 3 are defined as being in default. According to definition of default, payment default is based on a minimum amount of NOK 1 000 for retail customers and NOK 2 000 for corporate customers. However, a new relative limit of 1 percent of the customer's commitment has also been introduced. Both conditions must be met before a default can be said to exist.

In addition to direct payment default, default will also exist in the event of other objective causes or qualitative assessments and loss indications. Default will also exist in the following situations:

“Forbearance”: This may be defined as a combination of financial difficulties and concessions on the part of the bank, where the bank has granted terms that would not have been granted to a healthy customer.

“Unlikelihood to pay”: This may relate to breaches of covenant or other information about the customer whose impact on the probability of default must be evaluated.

Contagion and quarantine rules have also been introduced, which means that if a joint loan is defaulted, co-borrowers will be tainted, and there will be a quarantine period of 3 to 12 months from the date on which the default is cleared until the customer is declared healthy.

PARENT BANK			NOK million		GROUP	
31.12.2023	30.06.2023	30.06.2024		30.06.2024	30.06.2023	31.12.2023
949	476	939	Total non-performing loans (step 3)	1 053	653	1 071
121	110	129	Impairment losses in stage 3	133	113	124
828	367	810	Net non-performing loans	920	539	946
12.7 %	23.0 %	13.7 %	Provisioning non-performing loans	12.6 %	17.4 %	11.6 %
1.31%	0.65%	1.26%	Total non-performing loans in % of gross loans	0.81%	0.52%	0.80%

7. Impairment losses by sector, industry and stage

Impairment losses by sector and industry

PARENT BANK				NOK million		GROUP			
Stage 1	Stage 2	Stage 3	Total 30.06.2024			Total 30.06.2024	Stage 3	Stage 2	Stage 1
6	12	10	28	Retail customers		54	13	26	15
3	1	-	4	Public administration		4	-	1	3
2	4	3	8	Primary Industry		8	3	4	2
2	3	20	26	Manufacturing industry		26	20	3	2
28	36	23	87	Real estate development		87	23	36	28
2	14	32	49	Building and construction industry		49	32	15	2
42	114	23	178	Property management		178	23	114	42
1	1	0	2	Transport		2	0	1	1
6	8	5	19	Retail trade		19	5	8	6
1	6	0	7	Hotel and restaurants		7	0	6	1
3	3	4	11	Housing cooperatives		11	4	3	3
3	5	1	9	Financial/commercial services		9	1	5	3
7	12	8	28	Social services		28	8	12	7
106	219	129	453	Total impairment losses on loans, guarantees and undrawn credit		482	133	234	115
93	207	117	417	Impairment losses on lending		445	121	222	102
13	12	12	36	Impairment losses on unused credits and guarantees		37	12	12	13
106	219	129	453	Total impairment losses		482	133	234	115

Industries are presented based on official industrial codes and are grouped as the Group reports these internally.

8. Migration of gross loans

30.06.2024								
PARENT BANK				NOK million		GROUP		
Stage 1	Stage 2	Stage 3	Total	GROSS LOANS	Total	Stage 3	Stage 2	Stage 1
60 160	11 144	914	72 218	Gross loans as at 01.01	127 959	1 057	14 822	112 080
1 898	-1 808	-91	-	Transferd to stage 1	-	-120	-2 823	2 942
-3 453	3 566	-113	-0	Transferd to stage 2	-0	-154	5 577	-5 423
-75	-187	261	-	Transferd to stage 3	-	311	-218	-93
621	279	-40	860	Net change on present loans	-54	-49	236	-240
11 305	1 709	14	13 029	New loans	24 054	13	2 053	21 988
-11 739	-1 902	-110	-13 752	Derecognised loans	-20 315	-134	-2 444	-17 737
-28			-28	Change in value during the period	-28	-	-	-28
58 689	12 802	835	72 326	Gross loans as at 30.06	131 616	924	17 203	113 489
			51 390	Of which loan at amortised cost	127 568			
			16 888	Of which loan at fair value through OCI				
			4 048	Of which loan at fair value	4 048			
93	207	117	417	Impairment losses on lending	445	121	222	102
0.16 %	1.62 %	14.01 %	0.58 %	Impairments in % of gross loans	0.34 %	13.08 %	1.29 %	0.09 %
70 132	14 370	939	85 441	Commitments	150 867	1 053	18 838	130 976
106	219	129	453	Impairment losses on commitments	482	133	234	115
0.15 %	1.52 %	13.74 %	0.53 %	Impairments in % of commitments	0.32 %	12.59 %	1.24 %	0.09 %

30.06.2023								
PARENT BANK				NOK million		GROUP		
Stage 1	Stage 2	Stage 3	Total	GROSS LOANS	Total	Stage 3	Stage 2	Stage 1
57 445	9 802	442	67 689	Gross loans as at 01.01	124 237	637	12 726	110 874
1 997	-1 951	-46	-0	Transferd to stage 1	-0	-94	-2 928	3 022
-3 222	3 273	-51	-0	Transferd to stage 2	-0	-69	5 537	-5 468
-87	-53	140	-	Transferd to stage 3	-	238	-98	-140
41	-197	-30	-185	Net change on present loans	-1 659	-33	-259	-1 367
14 441	2 461	19	16 920	New loans	21 586	4	2 535	19 047
-9 134	-1 769	-28	-10 931	Derecognised loans	-18 264	-55	-2 248	-15 960
-95			-95	Change in value during the period	-97	-	-	-97
61 386	11 566	446	73 398	Gross loans as at 30.06	125 804	627	15 266	109 910
			48 452	Of which loan at amortised cost	121 423			
			20 565	Of which loan at fair value through OCI				
			4 381	Of which loan at fair value	4 381			
102	146	106	354	Impairment losses on lending	373	110	152	111
0.17 %	1.26 %	23.78 %	0.48 %	Impairments in % of gross loans	0.30 %	17.52 %	1.00 %	0.10 %
71 693	12 675	476	84 844	Commitments	143 492	653	16 465	126 374
119	167	110	395	Impairment losses on commitments	414	113	173	128
0.17 %	1.32 %	23.01 %	0.47 %	Impairments in % of commitments	0.29 %	17.36 %	1.05 %	0.10 %

30.06.2023									30.06.2024
PARENT BANK	NOK million								
	Stage 1	Stage 2	Stage 3	Total	Gross loan assessed at amortised cost	Total	Stage 3	Stage 2	Stage 1
	39 637	7 588	376	47 602	Gross loans assessed at amortised cost 01.01	49 431	828	8 461	40 142
	1 574	-1 545	-30	-0	Transferd to stage 1	-	-72	-1 419	1 491
	-2 427	2 477	-50	-0	Transferd to stage 2	-	-101	2 932	-2 831
	-75	-45	120	-	Transferd to stage 3	-	241	-166	-74
	275	-186	-24	65	Net change on present loans	1 013	-50	283	779
	4 999	1 150	16	6 165	New loans	5 321	1	852	4 468
	-4 376	-988	-17	-5 381	Derecognised loans	-4 375	-89	-722	-3 564
	39 608	8 451	392	48 452	Gross loan assessed at amortised cost 30.06	51 390	759	10 221	40 411

30.06.2023									30.06.2024
PARENT BANK	NOK million								
	Stage 1	Stage 2	Stage 3	Total	Gross loan through other comprehensive income	Total	Stage 3	Stage 2	Stage 1
	13 273	2 213	65	15 551	Gross loan through other comprehensive income 01.01	18 570	83	2 683	15 804
	423	-406	-17	-	Transferd to stage 1	-	-19	-389	407
	-794	796	-1	-0	Transferd to stage 2	-0	-13	634	-622
	-12	-8	20	-	Transferd to stage 3	-	20	-20	-0
	-25	-10	-5	-40	Net change on present loans	-7	9	-4	-12
	9 065	1 311	1	10 376	New loans	7 536	11	857	6 667
	-4 529	-781	-11	-5 322	Derecognised loans	-9 211	-21	-1 180	-8 010
	17 400	3 115	51	20 565	Gross loan through other comprehensive income 30.06	16 888	71	2 581	14 235

9. Customer deposits by sector and industry

PARENT BANK		NOK million		GROUP		
31.12.2023	30.06.2023	30.06.2024		30.06.2024	30.06.2023	31.12.2023
33 024	33 156	34 792	Retail customers	34 793	33 182	33 027
13 058	12 500	16 230	Public administration	16 230	12 510	13 060
1 118	1 082	1 251	Primary industry	1 251	1 083	1 118
1 972	1 855	1 565	Manufacturing industry	1 565	1 857	1 972
709	757	619	Real estate development	619	757	709
1 877	1 573	1 708	Building and construction industry	1 708	1 575	1 877
3 173	3 338	3 049	Property management	3 027	3 297	3 149
665	507	532	Transport	532	508	665
1 590	1 236	1 486	Retail trade	1 486	1 237	1 591
249	302	265	Hotel and restaurant	265	302	249
176	145	199	Housing cooperatives	199	146	176
4 796	5 486	4 654	Financial/commercial services	4 654	5 491	4 797
6 745	6 838	6 753	Social services	6 753	6 843	6 746
136	556	844	Accrued interests	844	556	136
69 289	69 333	73 946	Total deposits from customers	73 927	69 343	69 272

The breakdown is based on official industry codes and corresponds to the Groups internal reporting.

10. Loans to customers by sector and industry

PARENT BANK		NOK million		GROUP		
31.12.2023	30.06.2023	30.06.2024		30.06.2024	30.06.2023	31.12.2023
28 060	30 471	26 506	Retail customers	84 017	81 493	82 416
360	311	394	Public administration	394	311	360
1 560	1 520	1 582	Primary industry	1 732	1 637	1 683
915	957	1 046	Manufacturing industry	1 125	1 014	979
4 855	4 732	5 475	Real estate development	5 476	4 734	4 856
1 890	1 893	2 037	Building and construction industry	2 369	2 194	2 196
22 715	22 274	23 127	Property management	23 077	22 251	22 644
563	429	534	Transport	634	510	647
1 354	1 432	1 508	Retail trade	1 682	1 558	1 501
396	391	390	Hotel and restaurant	423	410	422
2 382	1 839	2 697	Housing cooperatives	2 697	1 839	2 382
1 309	1 248	1 300	Financial/commercial services	1 693	1 532	1 594
5 859	5 901	5 732	Social services	6 298	6 320	6 280
72 218	73 398	72 326	Total gross loans	131 616	125 803	127 959
403	354	417	Impairment losses on lending*	445	373	426
71 815	73 043	71 909	Total net loans	131 171	125 430	127 532

*Impairment losses on lending relate only to loans to customers and do not include impairment losses on unused credit and guarantees.

Impairment losses in this note are not comparable to other figures relating to losses.

The breakdown is based on official industry codes and corresponds to the Groups internal reporting.

11. Fair values of financial instruments

Classification of financial instruments

Financial instruments are classified at different levels.

Level 1:

Includes financial assets and liabilities measured using unadjusted observable market values. This includes listed shares, derivatives traded via active marketplaces and other securities with quoted market values.

Level 2:

Instruments measured using techniques in which all assumptions (all inputs) are based on directly or indirectly observable market data. Such values may be obtained from external market players or reconciled against external market players offering these types of services.

Level 3:

Instruments measured using techniques in which at least one essential assumption cannot be supported by observable market values. This category includes investments in unlisted companies and fixed-rate loans where no required market information is available.

For a more detailed description, see Note 22 Fair value of financial instruments in the 2023 Annual Financial Statements.

PARENT BANK				30.06.2024		GROUP			
Recognized value	Fair value			NOK million	Recognized value	Fair value			
	Level 1	Level 2	Level 3			Level 1	Level 2	Level 3	
Assets recognized at amortised cost									
430		430		Cash and receivables from central banks	430		430		
8 360		8 360		Loans to credit institutions	2 902		2 902		
50 973			50 973	Net loans to customers (floating interest rate)	127 124			127 124	
Assets recognized at fair value									
4 048			4 048	Net loans to customers (fixed interest rate)	4 048			4 048	
16 888			16 888	Net loans to customers (mortgages)					
24 989		24 989		Bonds and certificates	28 057		28 057		
237	36		202	Shares	240	36		204	
1 074		1 074		Financial derivatives	2 380		2 380		
106 999	36	34 853	72 110	Total financial assets	165 181	36	33 769	131 376	
Liabilities recognized at amortised cost									
5 498		5 498		Liabilities to credit institutions	4 891		4 891		
73 946			73 946	Deposits from customers	73 927			73 927	
7 026		7 081		Liabilities from issue of securities	60 794		60 909		
7 128		7 205		Senior non-preferred	7 128		7 205		
2 018		2 044		Subordinated loan capital	2 018		2 044		
Liabilities recognized at fair value									
869		869		Financial derivatives	995		995		
96 486	-	22 697	73 946	Total financial liabilities	149 753	-	76 044	73 927	

PARENT BANK				30.06.2023		GROUP			
Recognized value	Fair value			NOK million	Recognized value	Fair value			
	Level 1	Level 2	Level 3			Level 1	Level 2	Level 3	
Assets recognized at amortised cost									
734		734		Cash and receivables from central banks	734		734		
8 966		8 966		Loans to credit institutions	6 549		6 549		
48 097			48 097	Net loans to customers (floating interest rate)	121 050			121 050	
Assets recognized at fair value									
4 381			4 381	Net loans to customers (fixed interest rate)	4 381			4 381	
20 565			20 565	Net loans to customers (mortgages)					
18 911		18 911		Bonds and certificates	22 750		22 750		
232	33		199	Shares	232	33		199	
1 355		1 355		Financial derivatives	2 658		2 658		
103 241	33	29 966	73 242	Total financial assets	158 352	33	32 690	125 629	
Liabilities recognized at amortised cost									
5 093		5 093		Liabilities to credit institutions	4 919		4 919		
69 333			69 333	Deposits from customers	69 343			69 343	
9 436		9 424		Liabilities from issue of securities	59 864		59 733		
6 035		5 955		Senior non-preferred	6 035		5 955		
1 972		1 945		Subordinated loan capital	1 972		1 945		
Liabilities recognized at fair value									
1 181		1 181		Financial derivatives	1 406		1 406		
93 051	-	23 598	69 333	Total financial liabilities	143 540	-	73 957	69 343	

PARENT BANK				31.12.2023		GROUP			
Recognized value	Fair value			NOK million	Recognized value	Fair value			
	Level 1	Level 2	Level 3			Level 1	Level 2	Level 3	
Assets recognized at amortised cost									
604		604		Cash and receivables from central banks	604		604		
5 012		5 012		Loans to credit institutions	468		468		
49 028			49 028	Net loans to customers (floating interest rate)	123 315			123 315	
Assets recognized at fair value									
4 217			4 217	Net loans to customers (fixed interest rate)	4 217			4 217	
18 570			18 570	Net loans to customers (mortgages)	-				
21 998		21 998		Bonds and certificates	24 156		24 156		
235	33		201	Shares	235	33		201	
931		931		Financial derivatives	2 002		2 002		
100 594	33	28 544	72 016	Total financial assets	154 996	33	27 230	127 733	
Liabilities recognized at amortised cost									
3 643		3 643		Liabilities to credit institutions	3 530		3 530		
69 289			69 289	Deposits from customers	69 272			69 272	
6 991		7 031		Liabilities from issue of securities	56 724		56 712		
7 177		7 204		Senior non-preferred	7 177		7 204		
1 763		1 776		Subordinated loan capital	1 763		1 776		
Liabilities recognized at fair value									
783		783		Financial derivatives	922		922		
89 646	-	20 437	69 289	Total financial liabilities	139 387	-	70 143	69 272	

Movement level 3

GROUP			
NOK million	Net loans to customers	Of which credit risk	Shares
Recognized value as at 01.01.2023	4 535	3	197
Acquisitions Q1-Q2	384		5
Change in value recognized during the period	-97	-2	-2
Disposals Q1-Q2	-442		-
Recognized value as at 30.06.2023	4 381	0	199
Acquisitions Q2-Q4	180		7
Change in value recognized during the period	128	-3	-6
Disposals Q2-Q4	-471		-
Recognized value as at 31.12.2023	4 217	-2	201
Acquisitions Q1-Q2	396		7
Change in value recognized during the period	-28	-4	-4
Disposals Q1-Q2	-537		0
Recognized value as at 30.06.2024	4 048	-7	204

PARENT BANK			
NOK million	Net loans to customers	Of which credit risk	Shares
Recognized value as at 01.01.2023	20 081	3	197
Acquisitions Q1-Q2	5 384		5
Change in value recognized during the period	-97	-2	-2
Disposals Q1-Q2	-443		-
Recognized value as at 30.06.2023	24 925	0	199
Acquisitions Q2-Q4	-1 795		7
Change in value recognized during the period	128	-3	-6
Disposals Q2-Q4	-471		-
Recognized value as at 31.12.2023	22 787	-2	201
Acquisitions Q1-Q2	396		7
Change in value recognized during the period	-28	-4	-6
Disposals Q1-Q2	-2 219		0
Recognized value as at 30.06.2024	20 936	-7	202

Sensitivity analysis

Changes in value as a result of a change in credit spread of 10 basis points.

GROUP / PARENT BANK			
NOK million	30.06.2024	30.06.2023	31.12.2023
Loans to customers	15	18	16
- of which loans to corporate market (CM)	1	1	1
- of which loans to retail market (RM)	15	17	15

12. Financial derivatives, collateral received and offsetting

Sparebanken Sør and Sparebanken Sør Boligkreditt AS have agreements that regulate counterparty risk and netting of derivatives.

ISDA agreements have been concluded with financial counterparties where a supplementary agreement has been signed with regard to collateral (CSA). Through the agreements, the Group has the right to offset balances if certain events occur. The amounts are not offset in the balance sheet due to the fact that the transactions are normally a gross settlement. Sparebanken Sør (parent bank) has also entered into an agreement on clearing derivatives where the counterparty risk is transferred to a central counterparty (clearing house) that calculates the need of collateral. The assets and liabilities are presented in the table below.

GROUP		30.06.2024				
NOK million	Gross carrying amount	Amounts offset in the balance sheet* (net presented)	Net financial assets in the balance sheet	Related amounts not presented net		
				Financial instruments (net settlements)	Other collateral, received/pledged	Net amount
Derivativet - assets	2 380	-	2 380	309	1 835	236
Derivativet - liabilities	-995	-	-995	-309	4	-690
Net	1 385	-	1 385	-	1 838	-454

* Netting agreements are not offset in the balance sheet because the transactions are normally not settled on a net basis.

GROUP		30.06.2023				
NOK million	Gross carrying amount	Amounts offset in the balance sheet* (net presented)	Net financial assets in the balance sheet	Related amounts not presented net		
				Financial instruments (net settlements)	Other collateral, received/pledged	Net amount
Derivativet - assets	2 658	-	2 658	532	2 040	86
Derivativet - liabilities	-1 406	-	-1 406	-532	15	-889
Net	1 252	-	1 252	-	2 055	-804

* Netting agreements are not offset in the balance sheet because the transactions are normally not settled on a net basis.

PARENT BANK		30.06.2024				
NOK million	Gross carrying amount	Amounts offset in the balance sheet* (net presented)	Net financial assets in the balance sheet	Related amounts not presented net		
				Financial instruments (net settlements)	Other collateral, received/pledged	Net amount
Derivativet - assets	1 074	-	1 074	242	693	139
Derivativet - liabilities	-869	-	-869	-242	4	-631
Net	205	-	205	-	697	-492

* Netting agreements are not offset in the balance sheet because the transactions are normally not settled on a net basis.

PARENT BANK		30.06.2023				
NOK million	Gross carrying amount	Amounts offset in the balance sheet* (net presented)	Net financial assets in the balance sheet	Related amounts not presented net		
				Financial instruments (net settlements)	Other collateral, received/pledged	Net amount
Derivativet - assets	1 355	-	1 355	414	769	173
Derivativet - liabilities	-1 181	-	-1 181	-414	15	-782
Net	174	-	174	-	784	-610

* Netting agreements are not offset in the balance sheet because the transactions are normally not settled on a net basis.

13. Debt securities and subordinated loan capital

Debt securities – Group

NOK million	30.06.2024	30.06.2023	31.12.2023
Bonds, nominal value	62 407	62 599	58 320
Value adjustments	-1 914	-3 035	-1 784
Accrued interest	301	300	188
Debt incurred due to issuance of securities	60 794	59 864	56 724

Change in debt securities – Group

NOK million	31.12.2023	Issued	Matured/ Redeemed	Other changes during the period	30.06.2024
Bonds, nominal value	58 320	6 000	-2 240	327	62 407
Value adjustments	-1 784			-130	-1 914
Accrued interest	188			113	301
Debt incurred due to issuance of securities	56 724	6 000	-2 240	310	60 794

Debt securities – Parent bank

NOK million	30.06.2024	30.06.2023	31.12.2023
Bonds, nominal value	7 050	9 550	7 050
Value adjustments	-104	-218	-111
Accrued interest	80	104	52
Debt incurred due to issuance of securities	7 026	9 436	6 991

Change in debt securities – Parent bank

NOK million	31.12.2023	Issued	Matured/ Redeemed	Other changes during the period	30.06.2024
Bonds, nominal value	7 050	-	-	-	7 050
Value adjustments	-111			7	-104
Accrued interest	52			28	80
Debt incurred due to issuance of securities	6 991	-	-	35	7 026

Change in subordinated capital – Parent bank and Group

NOK million	31.12.2023	Issued	Matured/ Redeemed	Other changes during the period	30.06.2024
Subordinated loans	1 750	250	-		2 000
Value adjustments	0			-4	-3
Accrued interest	12			9	22
Total subordinated loan capital	1 763	250	-	6	2 018

Change in non-perferred senior debt – Parent bank and Group

NOK million	31.12.2023	Issued	Matured/ Redeemed	Other changes during the period	30.06.2024
Non-preferred senior debt	7 100	-	-	-	7 100
Value adjustments	2			-51	-49
Accrued interest	75			1	76
Total non-preferred senior debt	7 177	-	-	-49	7 128

14. Equity certificate holders

The 20 largest equity certificate holders as of June 30, 2024:

NAME	Number of EC	Share of EC-CAP. %
1. Sparebankstiftelsen Sparebanken Sør	10 925 765	26.20
2. J.P. Morgan Securities LLC	2 400 000	5.75
3. Sparebanken Vest	2 400 000	5.75
4. Geveran Trading Company LTd	1 800 000	4.32
5. EIKA utbytte VPF c/o Eika kapitalforv.	1 509 134	3.62
6. Spesialfondet Borea Utbytte	1 392 276	3.34
7. Pershing LLC	1 020 000	2.45
8. KLP Gjensidige Forsikring	869 013	2.08
9. Verdipapirfondet Holberg Norge	698 542	1.68
10. AF Capital AS	504 000	1.21
11. Vpf Fondsfinans Utbytte	450 000	1.08
12. J.P. Morgan SE	368 348	0.88
13. Verdipapirfondet Fondsfinans Norge	349 585	0.84
14. U.S. Bank National Association	345 800	0.83
15. Goldman Sachs & Co. LLC	340 654	0.82
16. Drangslund Kapital AS	302 107	0.72
17. Verdipapirfondet Nordea Norge Verd	280 902	0.67
18. State Street Bank and Trust Comp	264 030	0.63
19. J.P. Morgan SE	246 663	0.59
20. Hjellegjerde Invest AS	243 507	0.58
Total - 20 largest certificate holders	26 710 326	64.05

As of January 1st, 2024, the ownership ratio was 40.0 percent. Hybrid capital, classified as equity, has been excluded when calculating the ownership ratio. As of June 30, 2024, the ownership ratio was 40.0 percent.

The equity certificate capital amounted to NOK 2 085 152 850 distributed over 41 703 057 equity certificates, each with a nominal value of NOK 50. At the reporting date, Sparebanken Sør owned 18 921 of its own equity certificates.

Risk and capital management

The Group's risk management procedures ensure that the Group's risk exposure is known at all times and are instrumental in helping the Group to achieve its strategic objectives and comply with legal and regulatory requirements. Governing targets are established for the Group's overall risk level and each specific risk area, and systems are in place to calculate, manage and control risk. The aim of capital management is to ensure that the Group has an acceptable tier 1 capital ratio, is financially stable and achieves a satisfactory return commensurate with its risk profile. The Group's total capital ratio and risk exposure are monitored through periodic reports.

Credit risk

Credit risk is defined as the risk of loss due to customers or counterparties failing to meet their obligations. One of the key risk factors relating to Sparebanken Sør's operations is credit risk. Future changes in the Bank's losses will also be impacted by general economic trends. This makes the granting of credit and associated processes one of the most important areas for the Bank's risk management.

Credit risk is managed through the Group's strategy and policy documents, credit routines, credit processes, scoring models and authority mandates.

Market risk

Market risk generally arises from the Group's unhedged transactions in the interest rate, currency and equity markets. Such risk can be divided into interest rate risk, currency risk, share risk and spread risk, and relates to changes in results caused by fluctuations in interest rates, market prices and/or exchange rates. The Board of Directors establishes guidelines and limits for managing market risk.

Liquidity risk

Liquidity risk relates to Sparebanken Sør's ability to finance its lending growth and fulfil its loan obligations subject to market conditions. Liquidity risk also includes a risk of the financial markets that the Group wishes to use ceasing to function. The Board of Directors establishes guidelines and limits for the management of liquidity risk.

Operational risk

Operational risk is defined as the risk of losses resulting from inadequate or failing internal processes, procedures or systems, human error or malpractice, or external events. Examples of operational risk include undesirable actions and events such as IT systems failure, money laundering, corruption, embezzlement, insider dealing, fraud, robbery, threats against employees, breaches of authority and breaches of established routines, etc.

Business risk

Business risk is defined as the risk of unexpected fluctuations in revenue based on factors other than credit risk, liquidity risk, market risk and operational risk. This risk could, for example, derive from regulatory

amendments or financial or monetary policy measures, including changes in fiscal and currency legislation, which could have a negative impact on the business.

All risks at Sparebanken Sør must be subject to active and satisfactory management, based on objectives and limits for risk exposure and risk tolerance established by the Board of Directors.

Quarterly trends in results

NOK million	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023
Profit (NOK million)					
Net interest income	823	824	815	783	732
Net commission income	116	85	105	101	108
Net income from financial instruments	21	39	-13	20	-0
Income from associated companies	46	5	33	6	25
Other operating income	1	3	3	23	2
Total net income	1 007	956	943	935	867
Total operating expenses before losses	345	330	370	298	326
Operating profit before losses	662	626	573	637	541
Losses on loans, guarantees and undrawn credits	13	6	31	32	-9
Profit before taxes	648	620	543	605	550
Tax expenses	144	47	116	148	123
Profit for the period	504	573	426	457	427
Profit as % of average assets					
Net interest income	1.98 %	2.07 %	2.03 %	1.95 %	1.85 %
Net commission income	0.28 %	0.21 %	0.26 %	0.25 %	0.27 %
Net income from financial instruments	0.05 %	0.10 %	-0.03 %	0.05 %	0.00 %
Income from associated companies	0.11 %	0.01 %	0.08 %	0.02 %	0.06 %
Other operating income	0.00 %	0.01 %	0.01 %	0.06 %	0.00 %
Total net income	2.43 %	2.40 %	2.35 %	2.33 %	2.19 %
Total operating expenses before losses	0.83 %	0.83 %	0.92 %	0.74 %	0.82 %
Operating profit before losses	1.59 %	1.57 %	1.43 %	1.59 %	1.37 %
Losses on loans, guarantees and undrawn credit	0.03 %	0.02 %	0.08 %	0.08 %	-0.02 %
Profit before taxes	1.56 %	1.56 %	1.35 %	1.51 %	1.39 %
Tax expenses	0.35 %	0.12 %	0.29 %	0.37 %	0.31 %
Profit for the period	1.21 %	1.44 %	1.06 %	1.14 %	1.08 %
Key figures, income statement					
Return on equity after tax (adjusted for hybrid capital)	12.5 %	14.4 %	10.5 %	11.5 %	11.0 %
Costs as % of income	34.3 %	34.5 %	39.2 %	31.9 %	37.6 %
Costs as % of income, excl. net income from financial instruments	35.0 %	36.0 %	38.7 %	32.6 %	37.6 %
Key figures, balance sheet					
Total assets	167 881	161 902	157 407	158 238	160 610
Average total assets	167 000	160 000	159 000	159 000	159 000
Net loans to customers	131 171	128 869	127 532	126 098	125 430
Growth in loans as %, last 12 mths.	4.6 %	3.5 %	3.0 %	2.8 %	3.4 %
Customer deposits	73 927	70 527	69 272	68 698	69 343
Growth in deposits as %, last 12 mths.	6.6 %	5.5 %	5.6 %	5.1 %	3.2 %
Deposits as % of net loans	56.4 %	54.7 %	54.3 %	54.5 %	55.3 %
Equity (incl. hybrid capital)	17 158	16 862	16 752	16 466	16 095
Losses on loans as % of net loans, Annualised	0.04 %	0.02 %	0.10 %	0.10 %	-0.03 %
Other key figures					
Liquidity reserves (LCR). Group	170 %	150 %	156 %	155 %	154 %
Liquidity reserves (LCR). Group- EUR	210 %	239 %	310 %	243 %	231 %
Liquidity reserves (LCR). Parent Bank	155 %	134 %	146 %	141 %	141 %
Common equity tier 1 capital ratio	16.7 %	16.6 %	16.8 %	17.2 %	17.1 %
Tier 1 capital ratio	18.6 %	18.6 %	18.1 %	18.6 %	18.5 %
Total capital ratio	21.1 %	20.7 %	20.3 %	20.8 %	21.0 %
Common equity tier 1 capital	14 603	14 428	14 178	14 207	14 084
Tier 1 capital	16 275	16 110	15 346	15 376	15 215
Net subordinated capital	18 406	17 967	17 193	17 252	17 272
Leverage ratio	9.2 %	9.3 %	9.0 %	9.1 %	9.2 %

NOK million	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023
Number of branches	31	31	31	31	31
Number of FTEs in banking operations	519	511	505	489	489
Key figures. equity certificates					
Equity certificate ratio	40.0 %	40.0 %	40.0 %	40.0 %	40.0 %
Number of equity certificates issued	41 703 057	41 703 057	41 703 057	41 703 057	41 703 057
Profit per equity certificate (Parent Bank)	3.6	4.6	5.7	3.5	3.0
Profit per equity certificate (Group)	4.6	5.3	3.9	4.2	3.9
Book equity per equity certificate	149.8	145.2	149.9	146.5	143.1
Price/book value per equity certificate	0.99	0.96	0.96	0.87	0.88
Listed price on Oslo Stock Exchange at end of period	148.6	139.0	144.0	128.0	126.0

Key figures Group 2019-2023

NOK million	31.12.2023	31.12.2022	31.12.2021	31.12.2020	31.12.2019
Income statement (NOK million)					
Net interest income	3 043	2 368	1 939	1 914	1 926
Net commission income	400	417	419	347	344
Net income from financial instruments	3	-82	0	40	24
Other operating income	128	131	191	143	74
Total net income	3 573	2 834	2 549	2 444	2 368
Total operating expenses before losses	1 297	1 145	1 018	958	918
Operating profit before losses	2 276	1 690	1 531	1 486	1 450
Losses on loans and guarantees	49	74	-18	83	-17
Profit before taxes	2 227	1 615	1 549	1 403	1 467
Tax expenses	454	332	323	307	342
Profit for the period	1 773	1 283	1 226	1 096	1 125
Profit as a percentage of average assets					
Net interest income	1.91 %	1.58 %	1.35 %	1.36 %	1.53 %
Net commission income	0.25 %	0.28 %	0.29 %	0.25 %	0.27 %
Net income from financial instruments	0.00 %	-0.05 %	0.00 %	0.03 %	0.02 %
Other operating income	0.08 %	0.09 %	0.13 %	0.10 %	0.06 %
Total net income	2.25 %	1.89 %	1.78 %	1.74 %	1.88 %
Total operating expenses before losses	0.82 %	0.76 %	0.71 %	0.68 %	0.73 %
Operating profit before losses	1.43 %	1.13 %	1.07 %	1.06 %	1.15 %
Losses on loans and guarantees	0.03 %	0.05 %	-0.01 %	0.06 %	-0.01 %
Profit before taxes	1.40 %	1.08 %	1.08 %	1.00 %	1.17 %
Tax expenses	0.29 %	0.22 %	0.23 %	0.22 %	0.27 %
Profit for the period	1.11 %	0.86 %	0.86 %	0.78 %	0.89 %
Key figures. income statement					
Return on equity after tax (adjusted for hybrid capital)	11.3 %	8.7 %	9.0 %	8.4 %	9.5 %
Costs as % of income	36.3 %	40.4 %	39.9 %	39.2 %	38.8 %
Costs as % of income. excl. net income from financial instruments	36.3 %	39.3 %	40.0 %	39.9 %	39.2 %
Key figures. balance sheet					
Total assets	157 407	157 435	144 182	142 126	129 499
Average total assets	159 000	150 000	143 100	140 400	125 900
Net loans to customers	127 532	123 852	116 653	111 577	106 334
Grows in loans as %. last 12 mths.	3.0 %	6.2 %	4.5 %	4.9 %	3.3 %
Customer deposits	69 272	65 596	63 146	59 833	57 949
Growth in deposits as %. last 12 mths.	5.6 %	3.9 %	5.5 %	3.3 %	2.5 %
Deposits as % of net loans	54.3 %	53.0 %	54.1 %	53.6 %	54.5 %
Equity (incl. hybrid capital)	16 752	15 779	14 941	13 752	13 081
Losses on loans as % of net loans. annualised	0.04 %	0.05 %	-0.02 %	0.07 %	-0.01 %
Gross non-performing loans (over 90 days) as % of gross loans	0.84 %	0.54 %	0.67 %	0.90 %	0.79 %
Other key figures					
Liquidity reserves (LCR). Group	156 %	177 %	140 %	173 %	148 %
Liquidity reserves (LCR). Group- EUR	310 %	387 %	604 %	107 %	1168 %
Liquidity reserves (LCR). Parent Bank	146 %	169 %	127 %	154 %	140 %
Common equity tier 1 capital ratio	16.8 %	17.1 %	16.4 %	15.7 %	15.7 %
Tier 1 capital ratio	18.1 %	18.5 %	18.1 %	17.1 %	17.6 %
Total capital ratio	20.3 %	20.7 %	20.3 %	19.1 %	20.3 %
Common equity tier 1 capital	14 178	13 653	13 004	12 204	11 356
Tier 1 capital	15 346	14 784	14 376	13 315	12 767
Net total primary capital	17 193	16 518	16 074	14 864	14 686
Leverage ratio	9.0 %	9.1 %	9.4 %	8.9 %	9.3 %

NOK million	31.12.2023	31.12.2022	31.12.2021	31.12.2020	31.12.2019
Number of branches	31	35	35	35	34
Number of FTEs in banking operations	505	485	464	442	429
Key figures. equity certificates					
Equity certificate ratio before profit distribution	40.0 %	40.0 %	15.7 %	17.3 %	17.2 %
Number of equity certificates issued	41 703 057	41 703 057	15 663 944	15 663 944	15 663 944
Profit per equity certificate (Parent Bank)	15.7	12.6	11.8	10.5	9.3
Profit per equity certificate (Group)	16.4	11.9	12.2	11.3	11.7
Dividend last year per equity certificate (Parent Bank)	10.0	6.0	8.0	14.0	-
Book equity per equity certificate	149.9	141.0	136.4	140.0	128.5
Price/book value per equity certificate	0.96	0.92	1.07	0.82	0.86
Listed price on Oslo Stock Exchange at end of period	144.0	129.5	146.0	114.5	110.0

Calculations

NOK million	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	30.06. 2024	30.06. 2023	31.12. 2023
Return on equity adjusted for hybrid capital								
Profit after tax	503	574	427	456	426	1 077	889	1 773
Interest on hybrid capital	-30	-25	-22	-19	-26	-55	-42	-82
Tax on hybrid capital	7	6	5	5	7	14	10	20
Profit after tax, incl. interest on hybrid capital	481	555	410	442	407	1 036	858	1 711
Opening balance, equity	16 862	16 752	16 466	16 095	15 857	16 752	16 095	15 779
Opening balance, hybrid capital	-1 545	-1 085	-1 085	-1 085	-1 210	-1 085	-1 085	-1 085
Opening balance, equity excl. hybrid capital	15 317	15 667	15 381	15 010	14 647	15 667	15 010	14 694
Closing balance, equity	17 158	16 862	16 752	16 466	16 095	17 158	16 095	16 752
Closing balance, hybrid capital	-1 545	-1 545	-1 085	-1 085	-1 085	-1 545	-1 085	-1 085
Closing balance, equity excl. hybrid capital	15 613	15 317	15 667	15 381	15 010	15 613	15 010	15 668
Average equity	17 010	16 807	16 609	16 280	15 976	16 955	16 095	16 266
Average equity excl. Hybrid capital	15 465	15 492	15 524	15 195	14 828	15 640	15 010	15 181
Return on equity	11.9 %	14.0 %	10.2 %	11.1 %	10.7 %	12.8 %	11.1 %	10.9 %
Return on equity, excl. hybrid capital	12.5 %	14.4 %	10.5 %	11.5 %	11.0 %	13.3 %	11.5 %	11.3 %
Net interest income, incl. interest on hybrid capital								
Net interest income, incl. interest on hybrid capital	823	824	815	783	732	1 647	1 444	3 043
Interest on hybrid capital	-22	-18	-16	-14	-20	14	10	-61
Net interest income, incl. interest on hybrid capital	801	806	799	769	713	1 661	1 454	2 982
Average total assets	167 000	160 000	159 000	159 000	159 000	164 000	157 293	159 000
As percentage of total assets	1.93 %	2.03 %	1.99 %	1.92 %	1.80 %	2.04 %	1.86 %	1.88 %
Profit from ordinary operations (adjusted earnings)								
Net interest income, incl. interest on hybrid capital	801	806	799	769	713	1 661	1 454	2 982
Net commission income	116	85	105	101	108	201	194	400
Share of profit from associated companies	46	5	33	6	25	50	59	99
Other operating income	1	3	3	4	2	4	3	9
Operating expenses	345	330	348	298	326	675	630	1 276
Profit from ordinary operations (adjusted earnings), before tax	618	569	592	582	522	1 242	1 081	2 214
Losses on loans, guarantees and undrawn credits	13	6	31	32	-9	20	-14	49
Profit excl. finance and adjusted for non-recurring items	605	562	561	550	531	1 222	1 094	2 164
Tax (25 %) adjusted for tax, share of profit associated companies	112	114	112	114	106	236	259	440
Ordinary operations /adjusted earnings after losses and tax	493	449	448	436	425	987	836	1 725
Average equity, excl. hybrid capital	15 465	15 492	15 524	15 195	14 828	15 640	15 010	15 181
Return on equity, profit excl. finance and adjusted for non-recurring items	12.8 %	11.6 %	11.5 %	11.4 %	11.5 %	12.7 %	11.2 %	11.4 %
Average interest rates/margins								
Average lending rate RM (return)	5.72 %	5.68 %	5.48 %	5.07 %	4.54 %			
Average lending rate CM (return)	7.19 %	7.24 %	7.18 %	6.78 %	6.10 %			
Average deposit rate RM	2.91 %	2.87 %	2.47 %	2.09 %	1.78 %			
Average deposit rate CM	4.01 %	3.86 %	3.74 %	3.44 %	2.92 %			
Average 3-month NIBOR	4.72 %	4.71 %	4.72 %	4.64 %	3.89 %			
Lending margin RM (lending rate - 3-month NIBOR)	1.00 %	0.97 %	0.76 %	0.43 %	0.65 %			
Lending margin CM (lending rate - 3-month NIBOR)	2.47 %	2.53 %	2.47 %	2.14 %	2.21 %			
Deposit margin RM (3-month NIBOR - deposit rate)	1.81 %	1.84 %	2.24 %	2.55 %	2.11 %			
Deposit margin CM (3-month NIBOR - deposit rate)	0.71 %	0.85 %	0.98 %	1.21 %	0.97 %			
Interest-rate margin (lending rate – deposit rate)								
Interest-rate margin RM	2.81 %	2.82 %	3.01 %	2.98 %	2.76 %			
Interest-rate margin CM	3.18 %	3.38 %	3.44 %	3.34 %	3.18 %			

The Board of Directors' report and accounting presentations refer to certain adjusted figures, which are not defined by IFRS (Alternative Performance Measures – APM). For definitions of Sparebanken Sør's APM, please refer to next section.

Alternative performance measures – APM

Sparebanken Sør's alternative performance measures (APMs) provide useful information which supplements the financial statements. These measures are not defined under IFRS and may not be directly comparable with other companies' adjusted measures. The APMs are not intended to replace or overshadow any IFRS measures of performance, but have been included to provide a better picture of Sparebanken Sør's underlying operations.

Key financial ratios regulated by IFRS or other legislation are not considered APMs. The same is true of non-financial information. Sparebanken Sør's APMs are presented in the key figures for the Group, in the calculations and in the Board of Directors' report. APMs are shown with comparable figures for earlier periods. All APMs referred to below have been applied consistently over time.

Sparebanken Sør's APMs and definitions

Measure	Definition
Return on equity (ROE)	ROE provides relevant information on Sparebanken Sør's profitability by measuring the ability to generate profits from the shareholders' investments. ROE is one of the Group's most important financial APMs and is calculated as: Profit after tax for the period (adjusted for interest on hybrid capital) divided by average equity (adjusted for hybrid capital).
Book equity per equity certificate (including dividend)	This key figure provides information on the value of book equity per equity certificate. This enables the reader to assess the reasonableness of the market price of the equity certificate. Book equity per equity certificate is calculated as the equity certificate holders' share of the equity (excluding hybrid capital) at the end of the period divided by the total number of outstanding certificates.
Profit / diluted earnings per equity certificate	This key figure provides information on the profit/diluted earnings per equity certificate in the period. Profit per equity certificate is calculated by multiplying profit after tax by the equity certificate ratio, divided by the number of equity certificates issued. Diluted earnings per equity certificate is calculated by multiplying majority interests by the equity certificate ratio, divided by the number of equity certificates issued.
Growth in loans as %, last 12 months	Growth in lending over the last 12 months is a performance measure that provides information on the level of activity and growth in the bank's lending business. The bank uses Sparebanken Sør Boligkreditt (SSBK) as a source of funding, and this key figure includes loans transferred to SSBK since this better reflects the relevant comparable level of growth. Lending growth is calculated as gross loans incl. loans transferred to SSBK at period-end minus gross loans incl. loans transferred to SSBK as at the same date in the previous year, divided by gross loans incl. loans transferred to SSBK as at the same date.
Growth in deposits as %, last 12 months	Growth in deposits over the last 12 months provides information on the level of activity and growth in the bank's financing of lending activities that is not established in the financial market. Deposit growth is calculated as total deposits at period-end minus total deposits at the same date in the previous year, divided by total deposits at the same date in the previous year.
Cost/income ratio (Expenses as % of income)	This ratio is included to provide information on the correlation between income and expenses and is considered to be one of Sparebanken Sør's most important performance measures. It is calculated as total operating expenses divided by total income.

Price/book equity per equity certificate	This measure is used to compare the company's current market price to its book value. It is frequently used to compare banks and is calculated as Sparebanken Sør's closing equity certificate price at the end of the period divided by the book value per equity certificate.
Losses on loans as % of net loans (annualised)	This key figure indicates losses on loans as a percentage of net loans. It is calculated as losses on loans (including losses on loans transferred to SSBK) divided by net loans (including loans transferred to SSBK) at period-end. Where information is disclosed on loan-loss ratios for periods shorter than one year, the ratios are annualised.
Gross non-performing loans (over 90 days) as % of gross loans	This ratio provides relevant information on the bank's credit exposure. It is calculated as total non-performing exposure (over 90 days) divided by total loans, including loans transferred to SSBK, at period-end.
Lending margin (CM and RM)	Measures the group's average margin on loans, calculated as average lending rate in the period less average 3-month NIBOR for the period. The average lending rate is calculated as interest income from loans to customers divided by average loans to customers in the period.
Deposit margin (CM and RM)	Measures the group's average margin on deposits, calculated as the average 3-month NIBOR in the period less average deposit rate in the period. The average deposit rate is calculated as interest expense on customer deposits divided by average deposits from customers in the period.
Average lending rate	See Lending margin (CM and RM) above.
Average deposit rate	See Deposit margin (CM and RM) above.

Declaration in accordance with sections §5-6 of the Norwegian Securities Trading Act

The Board of Directors and CEO of Sparebaken Sør hereby confirm that the bank and the group's financial statements for the first half of 2024 have been prepared in accordance with applicable accounting standards, and that the information provided in the financial statements provides a true and fair view of the company's assets, liabilities, financial position and overall results.

In addition, we confirm that the half-year report provides a true and fair view of the company's development, results and financial position, as well as a description of the most significant risk and uncertainty factors facing the company.

Kristiansand, 30. Juni 2024 / 12. August 2024



Knut Ruhaven Sæthre
styrets leder



Mette Ramfjord Harv
nestleder



Merete Steinvåg Østby



Erik Edvard Tønnesen



Trond Randøy



Eli Giske



Hans Arthur Frigstad



Tina Maria Kvale



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