

Q3 2024

Unaudited



SPAREBANKEN
SØR



Table of Contents

Key figures Group.....	4
Board of Director's report.....	5
General	5
Highlights in Q3 2024	5
Highlights 30.09.2024.....	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.....	16
Dividend policy	17
Subsidiaries and associated companies	17
Outlook.....	19
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	48
Quarterly trends in results.....	50
Key figures Group 2019-2023.....	52
Calculations.....	54
Alternative performance measures – APM.....	55

Key figures Group

NOK million	Q3 2024	Q3 2023	30.09. 2024	30.09. 2023	31.12. 2023
Income statement					
Net interest income	838	783	2 486	2 227	3 043
Net commission income	104	101	305	295	400
Net income from financial instruments	10	20	70	16	3
Income from associated companies	42	6	92	66	99
Other operating income	3	23	7	26	29
Total net income	997	935	2 960	2 630	3 573
Total operating expenses before losses	338	298	1 013	928	1 297
Operating profit before losses	660	637	1 947	1 702	2 276
Losses on loans, guarantees and unused credit	23	32	43	18	49
Profit before taxes	637	605	1 905	1 684	2 227
Tax expenses	150	148	341	338	454
Profit for the period	487	457	1 564	1 346	1 773
Key figures, income statement					
Return on equity after tax (adjusted for hybrid capital)	11.7 %	11.5 %	12.6 %	11.6 %	11.3 %
Costs as % of income	33.9 %	31.9 %	34.2 %	35.3 %	36.3 %
Costs as % of income, excl. net income from financial instruments	34.2 %	32.6 %	35.0 %	35.5 %	36.3 %
Net interest income as % of average assets	1.96 %	1.95 %	2.02 %	1.87 %	1.91 %
Key figures, balance sheet					
Total assets	170 282	158 238	170 282	158 238	157 407
Average total assets	170 000	159 000	166 000	159 000	159 000
Net loans to customers			132 257	126 098	127 532
Growth in loans as % last 12 mths.			4.9 %	2.8 %	3.0 %
Customer deposits			72 413	68 698	69 272
Growth in loans as % last 12 mths.			5.4 %	5.1 %	5.6 %
Deposits as % of net loans			54.8 %	54.5 %	54.3 %
Equity (incl. hybrid capital)			17 808	16 466	16 752
Losses on loans as % of net loans, Annualised			0.04 %	0.01 %	0.04 %
Other key figures					
Liquidity reserve (LCR) Group			173 %	155 %	156 %
Liquidity reserve (LCR) Group- Euro			434 %	243 %	310 %
Liquidity reserve (LCR) Parent Bank			144 %	141 %	146 %
Common equity tier 1 capital ratio			16.7 %	17.2 %	16.8 %
Tier 1 capital ratio			18.9 %	18.6 %	18.1 %
Total capital ratio			21.9 %	20.8 %	20.3 %
Total common equity tier 1 capital ratio			14 774	14 207	14 178
Tier 1 capital ratio			16 648	15 376	15 346
Net subordinated capital			19 294	17 252	17 193
Leverage ratio			9.3 %	9.1 %	9.0 %
Number of branches			31	31	31
Number of FTEs in banking operations			531	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)	3.5	3.5	8.2	6.5	15.7
Profit/diluted earnings per equity certificate (Group)	4.4	4.2	14.4	12.5	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			154.1	146.5	149.9
Price/book equity per equity certificate			1.14	0.87	0.96
Listed price on Oslo Stock Exchange at end of period			175.0	128.0	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, Sørmeglere. 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 Q3 2024

- Good development in net interest income
- Very good profit contribution from associated companies
- Positive result from financial assets
- Very low cost-income ratio
- Continued low losses on loans and defaults
- Return on equity after tax for the quarter at 11.7 percent.
- Profit per equity certificate at NOK 4.4
- Solid common equity tier 1 (CET1) ratio at 16.7 percent and a leverage ratio at 9.3 percent



Return on equity
11.7 %
Q3 2024



Cost-income ratio
33.9 %
Q3 2024



Net interest income
838
NOK million

Highlights 30.09.2024

- 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
- Return on equity at 12.6 percent.

- Profit per equity certificate at NOK 14.4 NOK
- Growth in loans last 12 months at 4.9 percent
- Growth in deposits last 12 months at 5.4 percent



Return on equity
12.6 %
30.09.2024



Cost-income ratio
34.2 %
30.09.2024



Net interest income
2 486
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. However, the development in Norway is somewhat weaker compared to our trading partners.

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 reduced household purchasing power and dampened 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 throughout the first three quarters of 2024. Price growth remained steadily above the target of 2 percent during the third quarter and reached 3.0 percent by the end of the third quarter.

Credit spreads in the bond markets declined further in the third quarter of 2024, following a decrease in the first half of the year. For several types of debts, spreads have now reached their lowest levels since before the market turbulence related to the invasion of Ukraine in 2022. During the quarter, Sparebanken Sør issued NOK 2 billion in new senior bonds, NOK 600 billion in new subordinated loan, and NOK 300 billion in new fund bonds.

The year-on-year growth in domestic gross debt to the public, K2, was 3.7 percent at the end of September 2024. The growth in credit to households and businesses was 3.5 percent and 2.4 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 integrated part of the financial reporting.

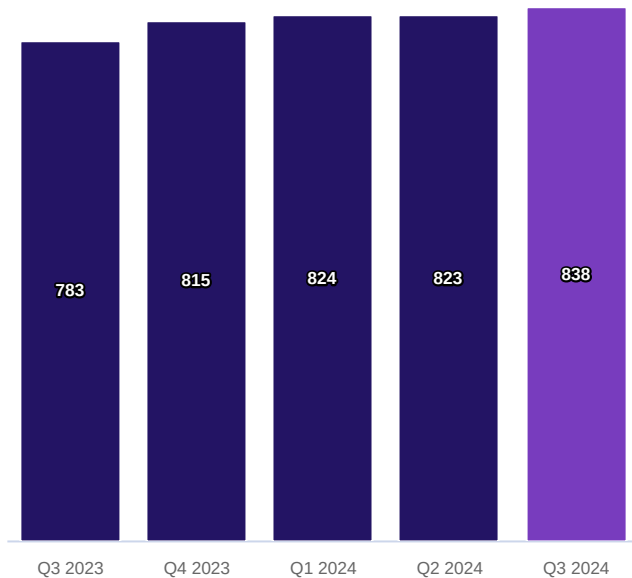
Earnings

Profit before tax amounted to NOK 637 million in Q3 2024, compared with NOK 605 million in the same period in 2023. Return on equity after tax amounted to 11.7 percent in Q3 2024, compared with 11.5 percent in the same period in 2023.

After the third quarter of 2024, profit before tax amounted to NOK 1 905 million compared with NOK 1 684 million in the same period in 2023. Return on equity after tax amounted to 12.6 percent at 30.09.2024, compared with 11.6 percent in the same period in 2023.

Net Interest Income

Quarterly net interest income (NOK million)

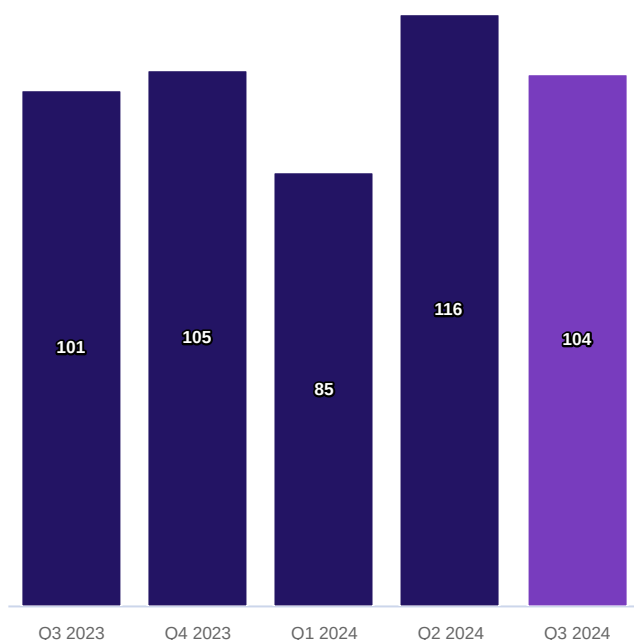


Net interest income totaled NOK 838 million in Q3 2024, compared with NOK 783 million in Q3 2023, an increase of NOK 55 million. Net interest income also increased from Q2 2024 by NOK 15 million.

The key policy rate has remained stable during 2024, and the latest rate hike, which follows changes from Norges Bank, had full effect from February 21st 2024. Strong competition for mortgage and deposit customers has led to pressure on margins this quarter. Strong loan growth during the period has, however, compensated for this. The bank expects continued pressure on margins, but strong growth means that the bank expects a stable development in net interest income over the next quarters.

Commission Income

Quarterly net commission income (NOK million)



Net commission income totaled NOK 104 million in Q3 2024, compared with NOK 101 million in Q3 2023, an increase of NOK 3 million.

Gross commission income in Q3 2024 totaled NOK 135 million, compared with NOK 127 million in Q3 2023.

Commission income	Q3 2024	Q3 2023	Change	30.09 2024	30.09 2023	Change
Payment services	61	56	5	168	153	15
Real estate brokerage	39	37	2	123	120	3
Mutual fund	8	10	-2	27	27	-0
Insurance	16	13	3	46	39	7
Credit procurement and leasing	2	2	-0	5	5	0
Other commission income	10	10	0	27	27	-0
Total	135	127	8	395	371	24

There has been a positive development in commission income from both payment services, insurance (Frende) and real estate brokerage (Sørmegleren). Credit brokerage (Brage) and other commission income are at the same level as last year, while mutual funds (Norne) have seen a slight decline compared to the same period in 2023.

In the second quarter of 2024, Sparebanken Sør, together with Sparebanken Vest (as a part of Frendebankene), entered into an agreement to purchase 70 percent of the asset management company Borea. The transaction was completed in the third quarter with the establishment of Frende Kapitalforvaltning AS. A subsequent share issue and distribution to the other Frende banks is planned to be completed during the fourth quarter of 2024. The main purpose of the transaction is to strengthen the bank's focus on mutual funds, to offer a broader range of good products to the bank's customers.

Financial instruments

Net income from financial instruments totaled NOK 10 million in Q3 2024, compared with NOK 20 million in Q3 2023.

The largest movements at 30.09.2024 are related to marked fluctuations and a positive contribution from the liquidity portfolio by the end of 2023 and continuing into 2024. In comparison, the same period in 2023 was characterized by increased credit spreads, leading to a loss on the bank's liquidity portfolio. The liquidity portfolio amounted to NOK 29.4 billion as of September 30, 2024, and consists of highly liquid covered bonds and certificates issued by the government and municipalities. There has also been a net positive profit contribution from the share investments so far in 2024. However, increased spreads on fixed rate loans in the third quarter of 2024 resulted in a net loss on fixed rate lending of NOK 6 million so far this year.

Net income from financial instruments	Q3 2024	Q3 2023	Change	30.09 2024	30.09 2023	Change
Bonds and certificates	1	26	-25	31	-22	53
Shares incl. dividends	-2	1	-3	12	-3	15
Fixed rate loans	-8	0	-8	-6	2	-8
Securities issued - hedge accounting	0	-19	19	0	10	-10
Repurchase of issued bonds	0	1	-1	-5	0	-5
Payment services (agio)	10	7	2	24	24	0
Other financial instruments	9	4	5	14	5	9
Total	10	20	-11	70	16	54

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 better solutions to our customers. It has also been important for diversifying the Group's sources of income.

Associated companies		Q3 2024	Q3 2023	Change	30.09 2024	30.09 2023	Change
Frende Holding AS - 22,5 %	Share of profit	23	-8	30	47	10	37
	Amortisation	-6	-6	0	-17	-17	0
Brage Finans - 27,6 %	Share of profit	25	19	5	62	61	1
Balder Betaling - 26,8 %	Share of profit	0	0	0	0	11	-11
Total		42	6	35	92	66	26

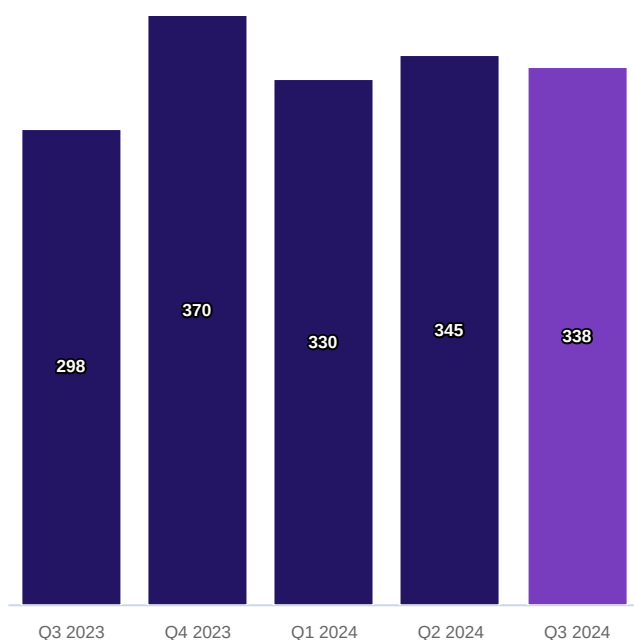
Sparebanken Sør has so far in 2024 increased its ownership stakes in Frende Holding AS, Brage Finans AS and Balder Betaling AS by 2.6 percentage points, 2.7 percentage points and 3.8 percentage points, respectively. In the third quarter of 2024, Sparebanken Sør became owner of a newly established holding company, Frende Kapitalforvaltning AS, which, from October, holds a 70 percent ownership stake in the asset management company Borea. This new investment and the increase in ownership are a result of the strategic focus in this area.

The share of results from Frende in the third quarter of 2024 has remained at approximately the same level as the previous quarter and is significantly better compared to the same period in 2023. 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 third quarter of 2024 shows a very positive growth and good results. However, the first quarter of 2024 was strongly impacted by an impairment loss related to a single engagement, but otherwise the company can point to strong growth, both in revenue and portfolio at September 30, 2024.

Operating expenses

Quarterly operating expenses (NOK million)



Operating expenses totaled NOK 338 million in Q3 2024, compared with NOK 298 million in Q3 2023, an increase of NOK 40 million.

Operating expenses	Q3 2024	Q3 2023	Change	30.09 2024	30.09 2023	Change
Wages and fees	147	132	15	437	407	31
Payroll tax	25	24	1	70	64	5
Financial tax	8	6	2	22	18	4
Pension costs	17	16	1	46	37	8
Other personnel costs	6	6	0	22	20	2
Total personnel costs	203	183	19	598	547	51
Depreciation, amortization and impairment of non-current assets	9	10	-1	29	30	-2
Marketing	12	11	1	38	34	3
IT costs	66	58	8	206	191	15
Operating cost - real estate	7	5	2	23	20	3
External fees	13	5	8	25	20	6
Wealth tax	8	8	0	24	23	1
Other operating expenses	20	19	2	70	62	8
Total other operating expenses	126	105	21	387	351	36
Total Operating expenses	338	298	40	1 013	928	85

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 42 FTEs. The bank has significantly strengthened its capabilities in analysis, risk management (IRB), compliance, and IT (business development), while also expanding its corporate customer service center. In connection with the upcoming merger, hiring in staff and support functions is being slowed down. The bank continues to maintain a strong focus on sustaining activity in customer lines regardless of the merger.

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. As of 30.09.2024, a total of NOK 9,3 million has been recognized as an expense in connection with the merger with Sparebanken Vest. Additionally, there was a cost of NOK 3.9 million in the first quarter of 2024 related to an annual savings scheme for employees in the bank.

In the third quarter of 2024, costs as a percentage of income were 33.9 percent (31.9 percent). Costs as a percentage of income, excluding financial instruments, were 34.2 percent (32.6 percent).

Losses on non-performing loans

Net losses on loans amounted to NOK 23 million in Q3 2024, compared to a net loss of NOK 32 million in Q3 2023.

So far in 2024, there has been a slight positive change in macroeconomic conditions affecting the framework for both corporate and retail customers. Lending rates have stagnated, and inflation is on a downward trend. 2024 has so far seen a decline in new home sales and a continued reduction in construction activity. However, there has been a positive price development in the housing market in the bank's main market area during the same period. Housing prices in the Group's main markets have shown a positive but moderate trend over several years. As of the third quarter of 2024, the statistics showed continued strong growth, with Agder and Rogaland performing above the national average over the past 12 months, while Telemark is slightly below the national average.

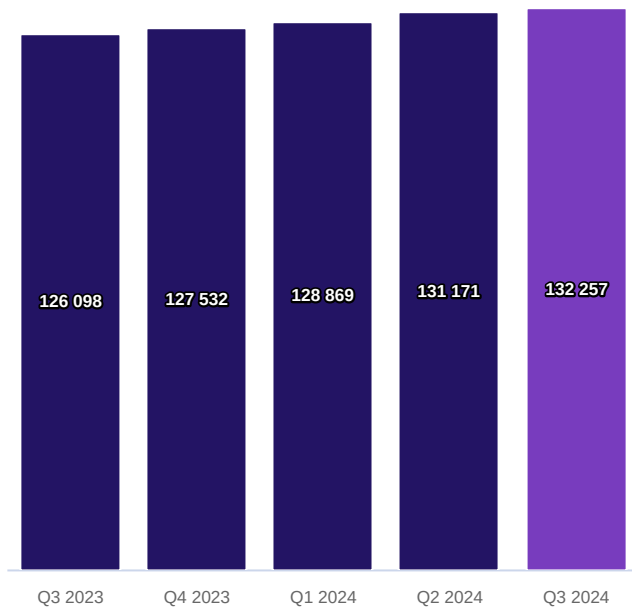
The loss expenses in the third quarter increased due to changes in individual loss provisions. The increase in individual loss provisions is related to a single engagement. Other than that, there have been no significant events leading to increased loss provisions.

Total impairments for the Group amounted to NOK 502 million at the end of the third quarter of 2024, representing 0.38 percent of gross loans. The corresponding figures in the third quarter of 2023 were NOK 446 million and 0.35 percent of gross loans.

Non-performing commitments were at NOK 993 million at the end of the third quarter of 2024, up from NOK 919 million the previous year. Non-performing commitments have remained stable over an extended period and are back to pre-pandemic levels in 2019. The level of non-performing commitments remains low. Non-performing commitments accounted for 0.75 percent of gross loans (0.73 percent in the same period in 2023).

Loans

Loans in NOK million



Over the past 12 months net loans increased by NOK 6.2 billion to a total of NOK 132.3 billion, representing a growth of 4.9 percent. Growth in lending in Q3 2024 was NOK 1.1 billion, representing an annualized growth of 3.3 percent. The bank is well-positioned for further profitable growth.

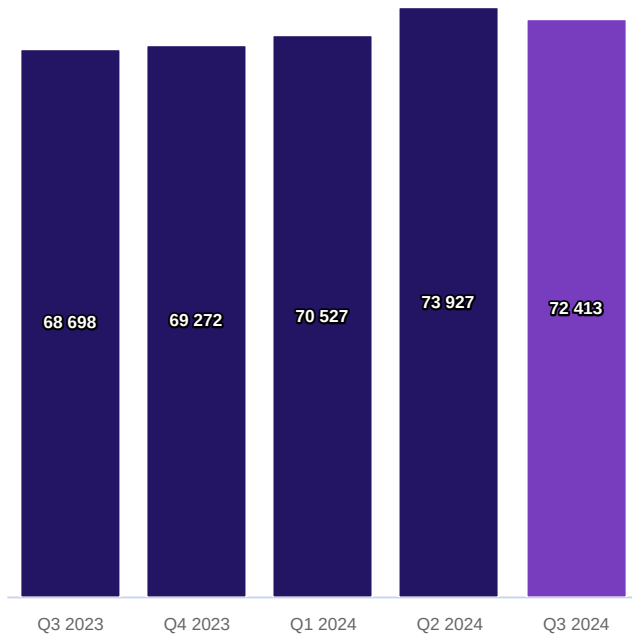
Gross loans to retail customers have increased by NOK 3.1 billion in the last twelve months to NOK 85.2 billion, a growth of 3.7 percent. The annualized lending growth in the third quarter of 2024 was 5.6 percent. The bank has an ambition to increase market share in the retail market and has a stated 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 3.1 billion over the past twelve months to NOK 47.5 billion, representing a growth of 7.1 percent. The annualized lending growth in the third quarter of 2024 was -0.5 percent. Growth within the corporate market is focused on profitability and will vary somewhat throughout the year. In the third quarter of 2024, retail customer growth was prioritized over corporate customer growth.

Loans to retail customers accounted for 64.2 percent (64.9 percent) of total lending at the end of the third quarter of 2024.

Deposits

Deposits in NOK million



Over the past 12 months, customer deposits including accrued interest have increased by NOK 3.7 billion to NOK 72.4 billion, a growth of 5.4 percent. Annualized deposit growth in Q3 2024 amounted to -8.2 percent.

Deposits from retail customers (excluding accrued interest) has increased by NOK 1.5 billion to NOK 34.2 billion in the last twelve months, representing a growth of 4.5 percent.

Deposits from corporate customers (excluding accrued interest) has increased by NOK 1.9 billion to NOK 36.9 billion in the last twelve months, representing a growth of 5.3 percent.

The deposit coverage ratio in Sparebanken Sør was 54.8 percent at the end of the third quarter of 2024, up from 54.5 percent at the same time in 2023.

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 63.2 billion at the end of the third quarter of 2024, of which 87 percent was in the form of OMF. Long-term financing (maturity over 1 year) had an average maturity of 2.9 years at the end of the quarter.

In the third quarter of 2024, the bank successfully issued a subordinated loan amounting to NOK 600 million, a senior bond amounting to NOK 2 billion, and hybrid capital (Additional Tier-1) with a nominal value of NOK 300 million. Additionally, earlier this year, the Group issued a subordinated loan amounting to NOK 250 million, covered bonds (OMF) amounting to NOK 6 billion, and new hybrid capital (Additional Tier-1), with a

total nominal value of NOK 500 million. 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 29.4 billion as of September 30, 2024. The Group's LCR (Liquidity Coverage Ratio) was 173 percent as of September 30, 2024 (144 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 120.4 percent for the Group (115.0 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 rating result itself having value for the bank, the Board considers that the rating process and the maintenance of the rating also provide value in the form of quality improvements to various processes and procedures.

At the end of the third quarter of 2024, Sparebanken Sør had a long-term rating of A1 with a "Positive 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 Q3 2024, net subordinated capital totaled at NOK 19.3 billion. Total tier 1 capital totaled at NOK 16.6 billion and common tier 1 capital totaled at NOK 14.8 billion. The total capital ratio for the Sparebanken Sør Group was 21.9 percent, the tier 1 capital ratio was 18.9 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 26.4 percent, a tier 1 capital ratio of 22.5 percent and a CET1 capital ratio of 19.9 percent at the end of Q3 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 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 September 30, 2024, as Norges Bank decided in August 2024 to maintain this requirement. The purpose of the countercyclical capital buffer is to strengthen banks and prevent their 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 has an ambition to maintain a quality of risk management that is on par with comparable banks.

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 has conducted a consultation with response deadline in September.

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 Group's leverage ratio was 9.3 percent at the end of the third quarter of 2024, compared to 9.1 percent at the end of the third 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 September 30, 2024, the subordinated MREL requirement has been set at 35.7 percent and amounted to NOK 23.3 billion. The subordinated MREL requirement has been set at 28.7 percent and amounted to NOK 18.7 billion. By the end of the third 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 September 30, 2024, the bank had issued 41 703 057 equity certificates.

The result (Group) per equity certificate amounted to NOK 4.4 per certificate in the third quarter of 2024, compared to NOK 4.2 per certificate in the same period in 2023.

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 equity certificate holders 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 (equity certificate holders) 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 September 30, 2024, the Bank had transferred NOK 56.2 billion to Sparebanken Sør Boligkreditt AS, equivalent to 66.0 percent of all loans to the retail market.

The Bank's own real estate business, **Sørmeglere**, is the absolute leader in Southern Norway. At the end of the third quarter, the company had 95 employees in 17 locations. Sørmeglere has had a challenging start in 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 Sørmeglere has seen a significant improvement in results during this period. Sørmeglere has maintained its market share throughout 2024 and is still considered the region's leading real estate agent.

The profit before tax for the third quarter of 2024 was positive at NOK 8.1 million, compared to NOK 8.0 million in 2023. As of 30.09.2024, the result was NOK 8.3 million compared to NOK 9.9 million in the same period in 2023. The decline in profit is primarily due to a loss of income resulting from reduced activity in the total market where the broker operates its core business. While the market has improved, there remains some uncertainty regarding its development for the remainder of 2024.

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 are fully consolidated from 2024. The companies own property in the city center of Arendal.

Frende Holding AS (ownership stake 22.5 percent) is the parent company of Frende Skadeforsikring AS and Frende Livsforsikring AS, which offers both non-life and life insurance to individuals and businesses.

In the third quarter of 2024, Frende Holding AS reported a pre-tax profit of NOK 126 million, up from NOK -46 million in the previous year. As of September 30, 2024, the company had a pre-tax profit of NOK 266 million, up from NOK 42 million in the same period of 2023.

The investment portfolio delivered strong returns during the quarter, with a financial result of NOK 127 million, compared to NOK -38 million in the same period in 2023. As of September 30, 2024, the financial result was NOK 288 million, up from NOK 79 million in the same period of 2023.

Frende Skadeforsikring reported a profit before tax of NOK 77 million in the third quarter, up from NOK -35 million in the same period the previous year. Profit before tax, as of September 30, 2024, was NOK 117 million, up from NOK 60 million in the same period in 2023.

In the third quarter of 2024 the loss ratio was 80.8 percent (83.9 percent), and the combined ratio was 99.5 percent (102.1 percent). As of September 30, 2024, the loss ratio was 84.5 percent (82.5 percent) and the combined ratio was 102.5 percent (100.3 percent).

The last two months of the third quarter showed positive development, with isolated loss ratios below expected levels. However, the technical result for the quarter was still impacted by a very challenging July, with several large claims and one significant individual claim. The number of large property claims year-to-date was significantly higher than in previous years, while the frequency and average size of car claims exceeded expectations. As of the third quarter, the results continued to be affected by the tough start to the year, which saw extreme weather and severe cold.

Frende Livsforsikring reported a profit before tax of NOK 50 million in the third quarter of 2024, up from NOK -3 million in the same period in 2023. Profit before tax as of September 30, 2024, was NOK 155 million, compared to NOK 5 million for the same period in 2023. The risk result for the life insurance company was slightly below expectations for the quarter, but significantly better than the same period last year as of September 30, 2024. The weaker risk result in the quarter was primarily due to developments in the disability product towards the end of the quarter, while the death risk product contributed positively to the risk performance. The portfolio premium for Frende Liv as of September 30, 2024 was NOK 759 million, compared to NOK 667 million in the same period 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 third quarter of 2024 was a strong 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 August 2024, Brage Finans successfully executed the issuance of senior unsecured bonds totaling NOK 1.8 billion under competitive terms.

Profit before tax for the third quarter of 2024 amounted to NOK 130.6 million, compared to NOK 108.4 million in the same quarter of the previous year. The result yielded a return on equity (RoE) of 9.4 percent for the quarter, compared to 10.7 percent for the third quarter of 2023. Net interest income amounted to NOK 223.7 million for the quarter, compared to NOK 195.3 million in the third quarter of 2023, an increase of 15 percent.

As of September 30, 2024 Brage Finans reported a profit before tax of NOK 330.6 million, compared to NOK 335.9 million in the corresponding period in 2023. The result yielded a return on equity (RoE) of 8.3 percent for the period, compared to 11.7 percent in the corresponding period in 2023. The decline in return on equity can be explained by an impairment provision in the first quarter related to an individual commitment.

As of September 30, 2024, Brage Finans had a gross loan portfolio of NOK 25.4 billion. This is an increase of NOK 2.3 billion (10 percent) compared to September 30, 2023. Balance sheet provisions amounted to NOK 210.7 million as of September 30, 2024, which was equivalent to 0.83 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.

In the third quarter of 2024, Norne had a profit before tax of NOK 8.1 million, compared to a loss before tax of NOK 1,7 million in the same quarter in 2023.

The third quarter is typically a period with lower transaction activity due to holidays in July and August. Despite this, there has been a strong pipeline and several transactions have been completed within Investment Banking so far this year. 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 26.8 percent) is owned by Sparebanken Sør along with 18 other savings banks. The company has an ownership stake of 9.09 percent in Vipps Holding AS, which again owns 72.2 percent of the shares in Vipps MobilePay AS, and aims to develop Vipps further together with the other owners. Thus, Sparebanken Sør has an indirect ownership in Vipps MobilePay AS of 1.76 percent.

Frende Kapitalforvaltning AS (ownership stake 35.0 percent) was established in the third quarter in 2024 and, as of October, will own 70 percent of the shares in the asset management company Borea. This investment is part of the strategic initiative within the Frende Group and is important for offering a broader range of high-quality fund products to the bank's customers.

Outlook

The key policy rate is expected to remain at a high level throughout 2024. We are now seeing the effects of the high interest rate, with price growth trending down toward the inflation target, and many businesses anticipating a decline in activity going forward.

We observe a divided economy, where the energy sector (including the petroleum supply industry and renewable energy industries) is benefiting from strong prices and high activity levels, while other sectors are struggling with high cost for prices, interest rates, and wages. The construction industry has experienced a significant downturn in activity, which has now stabilized at a low level. However, there are now indications

that activity in construction is gradually picking up. In the bank's primary area, the energy sector plays a significant role, contributing to a more optimistic outlook in the region's business community compared to the rest of the country.

There is more uncertainty than usual regarding the consequences for the 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 imply further price pressure. These favorable wage settlements, combined with low unemployment, have resulted in strong income growth and high net financial investments among households. However, the high level of net financial investments is largely driven by a record low level of real investments by households, which poses a negative impact on the Norwegian economy.

Despite these challenges, the Board believes that the Group is well-positioned for continued growth and profitability. The Group has strong earnings, low losses, solid capitalization, and is well-prepared to withstand any potentially more challenging developments in the Norwegian economy.

The Group operates under board-approved guidelines that ensure refinancing in the bond market is completed well in advance of debt maturity. This has contributed to a solid financing situation. The Group maintains a low-risk lending portfolio and has a high loss-absorbing capacity due to its strong equity ratio. The Group is managed with exceptional cost-efficiency and demonstrates solid underlying operations.

Housing prices in the Group's core markets have shown a positive but moderate trend over several years. As of the third quarter of 2024, the trend remains strong, with Agder and Rogaland performing above the national average over the past 12 months, while Telemark is slightly below the national average.

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 our intended will contribute to cost-effective operations, as well as enable streamlining of the office structure. Along with good quality credit work, this will contribute to continued profitable growth and development.

On October 2, 2024, The Board of Directors resolved to merge Sparebanken Sør and Sparebanken Vest. This planned merger represents a strategic initiative aimed at strengthening our position as one of the leading regional banks in Norway. The merged entity will gain significantly enhanced competitive strength, while offering a broader range of products and services to our customers. The legal merger is scheduled for completion on May 1, 2025, and we anticipate that this consolidation will drive increased efficiency, solid earnings, and improved customer experience. Additionally, the merger will fortify the bank's financial stability and position us well to meet future regulatory requirements.

Events after the reporting period

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

Kristiansand, 4 November 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



Geir Bergskaug
konsernsjef



Income statement

PARENT BANK					NOK million		GROUP					
31.12. 2023	30.09. 2023	30.09. 2024	Q3 2023	Q3 2024		Notes	Q3 2024	Q3 2023	30.09. 2024	30.09. 2023	31.12. 2023	
4 406	3 163	3 811	1 182	1 308	Interest income effective interest method	4	2 087	1 835	6 117	4 944	6 913	
1 008	690	1 040	268	353	Other interest income	4	404	315	1 152	827	1 178	
2 843	1 976	2 816	778	972	Interest expenses	4	1 653	1 366	4 783	3 544	5 048	
2 572	1 877	2 035	672	688	Net interest income	4	838	783	2 486	2 227	3 043	
459	329	354	116	123	Commission income		135	127	395	371	509	
123	88	102	30	35	Commission expenses		31	26	89	76	109	
336	241	252	86	89	Net commission income		104	101	305	295	400	
252	2	26	0	4	Dividend		4	0	26	2	2	
-7	2	56	32	9	Net income from other financial instruments		6	20	44	14	0	
245	4	82	32	13	Net income from financial instruments		10	20	70	16	3	
99	66	92	6	42	Income from associated companies		42	6	92	66	99	
14	11	7	7	2	Other operating income		3	23	7	26	29	
113	77	99	14	44	Total other income		45	30	99	92	128	
694	322	433	132	146	Total net other income		159	151	474	403	530	
3 266	2 199	2 468	804	834	Total net income		997	935	2 960	2 630	3 573	
613	443	492	156	172	Wages and other personnel expenses		203	183	598	547	757	
38	29	27	10	9	Depreciation, amortization and impairment of non-current assets		9	10	29	30	47	
472	335	366	103	121	Other operating expenses		126	105	387	351	493	
1 123	807	885	268	302	Total operation expenses before losses		338	298	1 013	928	1 297	
2 143	1 391	1 583	536	532	Operating profit before losses		660	637	1 947	1 702	2 276	
53	21	43	28	27	Losses on loans, guarantees and undrawn credit	5	23	32	43	18	49	
2 089	1 370	1 540	509	505	Profit before taxes	2	637	605	1 905	1 684	2 227	
388	276	258	127	120	Tax expenses		150	148	341	338	454	
1 701	1 093	1 282	382	385	Profit for the period		487	457	1 564	1 346	1 773	
-	-	-	-	-	Minority interests		1	0	1	1	1	
1 701	1 093	1 282	382	385	Majority interests		486	456	1 563	1 345	1 772	
61	45	63	14	22	Attributable to additional Tier 1 capital holders		22	14	63	45	61	
1 640	1 049	1 219	367	362	Attributable to ECC-holders and to the primary capital		464	442	1 500	1 300	1 711	
1 701	1 093	1 282	382	385	Profit for the period		486	456	1 563	1 345	1 772	
15.7	6.5	8.2	3.5	3.5	Profit/diluted earnings per equity certificate (in whole NOK)		4.4	4.2	14.4	12.5	16.4	

Statement of comprehensive income

PARENT BANK					NOK million		GROUP					
31.12. 2023	30.09. 2023	30.09. 2024	Q3 2023	Q3 2024		Notes	Q3 2024	Q3 2023	30.09. 2024	30.09. 2023	31.12. 2023	
1 701	1 093	1 282	382	385	Profit for the period		486	456	1 563	1 345	1 772	
					Change in value, basis swaps		-20	-49	-54	-58	-119	
-0	-2	0	-0	0	Change in the value of residential mortgages							
-	-	0	0	-0	Tax effect		5	11	12	13	26	
-0	-2	0	-0	0	Total other comprehensive income		-16	-38	-42	-45	-93	
1 701	1 091	1 283	381	385	Comprehensive income for the period		471	419	1 522	1 301	1 680	
					Minority interests		1	0	1	1	1	
					Majority interests		470	418	1 521	1 300	1 679	
15.7	10.1	11.7	3.5	3.5	Comprehensive income/diluted earnings per equity certificate		4.3	3.9	14.0	12.0	15.5	

Balance sheet

PARENT BANK			NOK million		GROUP		
31.12. 2023	30.09. 2023	30.09. 2024	ASSETS	Notes	30.09. 2024	30.09. 2023	31.12. 2023
604	610	340	Cash and receivables from central banks	11	340	610	604
5 012	4 560	6 551	Loans to credit institutions	11	1 822	2 037	468
71 815	73 552	76 164	Net loans to customers	2,6,7,8,10,11	132 257	126 098	127 532
21 998	20 544	23 757	Bonds and certificates	11	29 376	24 495	24 156
235	233	269	Shares	11	273	234	235
931	1 398	862	Financial derivatives	11,12	3 413	2 304	2 002
2 823	2 817	3 237	Shareholding in group companies		-0	-0	0
1 537	1 433	1 890	Shareholding in associated companies		1 890	1 433	1 537
102	92	122	Intangible assets		134	103	114
451	453	445	Property, plant and equipment		513	481	527
375	323	143	Other assets		264	443	233
105 882	106 017	113 780	TOTAL ASSETS	2,11	170 282	158 238	157 407
LIABILITIES AND EQUITY CAPITAL							
3 643	3 763	5 700	Liabilities to credit institutions	11	5 078	3 628	3 530
69 289	68 718	72 443	Deposits from customers	2,9,11	72 413	68 698	69 272
6 991	7 761	8 038	Liabilities related to issue of securities	11,13	63 192	57 468	56 724
783	1 173	759	Financial derivatives	11,12	759	1 818	922
391	292	251	Payable taxes		342	370	496
1 635	829	789	Other liabilities		858	780	610
138	132	148	Provisions for commitments		148	132	138
40	44	50	Deferred tax		11	54	23
7 177	7 042	7 134	Senior non-preferred	11,13	7 134	7 042	7 177
1 763	1 783	2 539	Subordinated loan capital	11,13	2 539	1 783	1 763
91 850	91 536	97 850	Total liabilities		152 474	141 772	140 655
5 179	4 940	5 186	Equity certificate capital	14	5 186	4 940	5 596
1 085	1 085	1 747	Hybrid capital		1 747	1 085	1 085
7 768	8 456	8 997	Other equity		10 876	10 441	10 071
14 032	14 481	15 930	Total equity	3,14	17 808	16 466	16 752
105 882	106 017	113 780	TOTAL LIABILITIES AND EQUITY	2,11	170 282	158 238	157 407

Kristiansand, 4 November 2024



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Hans Arthur Frigstad



Tina Maria Kvale



Geir Bergskaug
konsernsjef

Cash flow statement

PARENT BANK		NOK million		GROUP		
31.12. 2023	30.09. 2023	30.09. 2024		30.09. 2024	30.09. 2023	31.12. 2023
5 163	3 597	4 755	Interest received	7 097	5 422	7 891
-2 672	-1 039	-1 633	Interest paid	-3 528	-2 508	-4 946
320	233	273	Other payments received	312	301	389
-1 031	-763	-853	Operating expenditure	-956	-846	-1 187
-10	6	5	Loan recoveries	5	6	-10
-317	-296	-392	Tax paid for the period	-498	-339	-360
-117	-72	-281	Gift expenditure	-281	-72	-117
-5	-4	-2	Fraud cases paid	-2	-4	-5
-4	-5	-35	Change in other assets	-36	-5	-4
3 596	2 272	2 038	Change in customer deposits	2 026	2 244	3 571
-4 352	-6 202	-4 364	Change in loans to customers	-4 756	-2 206	-3 507
808	928	2 057	Change in deposits from credit institutions	1 548	870	772
1 379	-1 343	1 569	Net cash flow from operating activities	930	2 863	2 487
17 737	15 222	6 617	Payments received, securities	6 917	15 222	17 737
-23 210	-19 260	-8 278	Payments made, securities	-12 023	-16 760	-18 917
15	15	1	Payments received, sale of property, plant and equipment	1	15	15
-101	-72	-34	Payments made, purchase of property, plant and equipment	-44	-75	-102
70	70	279	Payments received, investments in subsidiaries and associates	29	70	70
-75	-4	-673	Payments made, investments in subsidiaries and associates	-260	0	-71
22	-188	-1	Change in other assets	-18	-162	3
5 200	5 652	-1 539	Change in loans to credit institutions	-1 354	4 161	5 730
-342	1 433	-3 627	Net cash flow from investing activities	-6 751	2 471	4 467
-750	-750	0	Change in deposits from credit institutions	0	-750	-750
-	-	2 000	Payments received, bond debt	8 000	-	-
-2 500	-1 688	-1 040	Payments made, bond debt	-3 280	-6 908	-8 420
-558	-536	-917	Payments made, dividends and interest on hybrid capital	-917	-536	-558
2 600	2 600	0	Issue of senior non-preferred	0	2 600	2 600
700	700	850	Issue of subordinated loan capital	850	700	700
-600	-582	-85	Deduction of subordinated loan capital	-85	-582	-600
75	286	264	Change in other liabilities	252	251	53
125	125	760	Issue of hybrid capital	760	125	125
45	-451	140	Change in financial derivative assets	283	791	1 819
-9	374	-86	Change in financial derivative debt	-215	-857	-1 758
-125	-125	-98	Buyback of hybrid capital	-98	-125	-125
-12	-9	-10	Payments of rental obligations	-10	-9	-12
-	-	17	Payments received of own equity certificates	16	-	-
-14	-14	-	Payments of own equity certificates	-	-13	-13
-1 023	-70	1 794	Net cash flow from financing activities	5 557	-5 313	-6 939
14	20	-264	Net change in liquid assets	-264	21	14
590	590	604	Cash and cash equivalents as at 1 Jan	604	590	590
604	610	340	Cash and cash equivalents at end of period	340	610	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				60			1 286		1 346
Interest paid, hybrid capital				-60					-60
Calculated tax on interest hybridcapital							15		15
Issuance of hybrid capital				125					125
Buyback of hybrid capital				-125					-125
Other comprehensive income							-45		-45
Allocated gift fund						-306			-306
Purchase of own equity certificates	-5		-		-8				-13
Other changes							1	-1	0
Balance 30.09.2023	2 079	2 068	793	1 085	7 409	109	2 920	3	16 466
Profit Q4 2023			648	22	346	625	-1 214		427
Interest paid, hybrid capital				-22					-22
Calculated tax on interest hybridcapital			8		12		-15		5
Other comprehensive income							-48		-48
Allocated gift fund						-72			-72
Other changes							-3	-0	-4
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				84			1 480		1 564
Allocated gift fund				-84					-84
Profit Ytd 2024							21		21
Interest paid, hybrid capital				760					760
Calculated tax on interest hybridcapital				-98					-98
Issuance of hybrid capital							-42		-42
Other comprehensive income*						-662			-662
Purchase of own equity certificates	6		1		10				16
Other changes			0		0		-7	4	-3
Balance 30.09.2024	2 084	2 068	1 033	1 747	7 778	0	3 091	6	17 808

* Basic adjustments to interest and currency swaps were NOK -29.1 million as of 1.1.2024 and NOK -71.3 million as of 30.09.2024. 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				60			1 034		1 093
Interest paid, hybrid capital				-60					-60
Calculated tax on interest hybridcapital							15		15
Issuance of hybrid capital				125					125
Buyback of hybrid capital				-125					-125
Purchase of own equity certificates	-5		-0		-8				-13
Other comprehensive income					-2				-2
Balance 30.09.2023	2 079	2 068	793	1 085	7 407		1 049		14 481
Profit Q4 2023			648	22	972		-1 034		609
Interest paid, hybrid capital				-22					-22
Calculated tax on interest hybridcapital			8		12		-15		5
Allocated dividends **			-417		-417				-834
Allocated gifts					-208				-208
Other comprehensive income			-		8				8
Purchase of own equity certificates			0		-6				-6
Balance 31.12.2023	2 079	2 068	1 032	1 085	7 768		-0		14 032
Profit Ytd 2024				84			1 198		1 282
Interest paid, hybrid capital				-84					-84
Calculated tax on interest hybridcapital							21		21
Issuance of hybrid capital				760					760
Buyback of hybrid capital				-98					-98
Other comprehensive income						0	0		1
Purchase of own equity certificates	6		1		10				16
Other changes			0		0				0
Balance 30.09.2024	2 084	2 068	1 033	1 747	7 778		1 219		15 930

** 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 financial reporting standards (IFRS), including IAS 34. The accounting principles are the same as those applied in the annual financial statements for 2023 unless otherwise specified. There are no new standards applicable for 2024 that have had a significant impact on the financial statements.

A tax rate of 25 percent has been applied in preparing the quarterly financial statements for the parent bank and the subsidiary Sørlandets Forsikringscenter AS. For other subsidiaries, a tax rate of 22 percent has been applied.

Discretionary assessments, estimates and assumptions

The preparation of the quarterly financial statements involves management making estimates and exercising judgment and assumptions that affect the application of accounting principles, and thus the recorded amounts. For a detailed description, see the 2023 annual financial statements, note 2.

The accounting item for determining losses is subject to a high degree of judgment. As of the end of Q3 2024, there remains uncertainty in the market due to the war in Ukraine, unrest in the Middle East, the upcoming US elections, and tensions between the US and China. High inflation and rising interest rates have dampened household purchasing power and reduced activity in the Norwegian economy.

Housing prices in the Group's main markets have shown a positive but moderate development over several years. Statistics as of the third quarter of 2024 indicated a development in the bank's primary area that was above the national average over the past 12 months.

The model for calculating losses includes data on macroeconomic conditions and is forward-looking, taking into account future market effects. Should there be changes in economic conditions or macroeconomic factors, the relevant parameters in the model must be adjusted accordingly. The macroeconomic parameters and figures used as input in the loss model are presented in Note 5.

2. Segment reporting

Report per segment Income statement (NOK million)	BANKING BUSINESS					30.09.2024
	RM	CM	Undistrib. and elimin.	Total banking business	Sørmegleren	Total
Net interest and commission income	1 090	963	432	2 486	-1	2 486
Net other operating income	148	78	121	347	127	474
Operating expenses	493	171	231	895	118	1 013
Profit before losses per segment	745	871	323	1 939	8	1 947
Losses on loans and guarantees	-8	53	-2	43		43
Profit before tax per segment	753	818	325	1 896	8	1 905
Gross loans to customers	88 235	44 665	-180	132 721		132 721
Impairment losses	-49	-415	0	-465		-465
Net loans to customers	88 186	44 250	-180	132 257		132 257
Other assets			37 898	37 898	128	38 026
Total assets per segment	88 186	44 250	37 718	170 154	128	170 282
Deposits from customers	35 994	28 342	8 077	72 413		72 413
Other liabilities	52 192	15 908	11 832	79 932	128	80 060
Total liabilities per segment	88 186	44 250	19 910	152 346	128	152 474
Equity			17 808	17 808		17 808
Total liabilities and equity per segment	88 186	44 250	37 718	170 154	128	170 282

Report per segment Income statement (NOK million)	BANKING BUSINESS					30.09.2023
	RM	CM	Undistrib. and elimin.	Total banking business	Sørmegleren	Totalt
Net interest and commission income	962	888	377	2 227	-	2 227
Net other operating income	136	66	77	279	123	403
Operating expenses	347	108	359	813	114	928
Profit before losses per segment	751	847	95	1 693	9	1 702
Losses on loans and guarantees	5	9	4	18		18
Profit before tax per segment	746	839	91	1 675	9	1 684
Gross loans to customers	84 967	41 822	-282	126 508		126 508
Impairment losses	-61	-347	-1	-410		-410
Net loans to customers	84 907	41 475	-284	126 098		126 098
Other assets			32 036	32 036	105	32 141
Total assets per segment	84 907	41 475	31 752	158 134	105	158 238
Deposits from customers	34 948	27 126	6 624	68 698		68 698
Other liabilities	49 959	14 349	8 662	72 970	105	73 074
Total liabilities per segment	84 907	41 475	15 286	141 668	105	141 772
Equity			16 466	16 466		16 466
Total liabilities and equity per segment	84 907	41 475	31 752	158 134	105	158 238

3. Subordinated capital and capital adequacy

PARENT BANK			NOK million	GROUP		
31.12.2023	30.09.2023	30.09.2024		30.09.2024	30.09.2023	31.12.2023
14 032	14 481	15 930	Total equity	17 808	16 466	16 752
Tier 1 capital						
-1 085	-1 085	-1 747	Equity not eligible as common equity tier 1 capital	-1 874	-1 168	-1 168
0	-662	-780	Share of profit not eligible as common equity tier 1 capital	-850	-792	-1 079
-102	-92	-122	Deductions for intangible assets and deferred tax assets	-134	-103	-113
-47	-49	-51	Deductions for additional value adjustments	-38	-33	-32
-237	-212	-234	Other deductions	-138	-162	-182
12 561	12 381	12 995	Total common equity tier 1 capital	14 774	14 207	14 178
Other tier 1 capital						
1 085	1 085	1 747	Hybrid capital	1 874	1 168	1 168
13 646	13 466	14 742	Total tier 1 capital	16 648	15 376	15 346
Additional capital supplementary to tier 1 capital						
1 750	1 780	2 515	Subordinated loan capital	2 646	1 877	1 847
1 750	1 780	2 515	Total additional capital	2 646	1 877	1 847
15 396	15 246	17 257	Net subordinated capital	19 294	17 252	17 193
Minimum requirement for subordinated capital Basel II calculated according to standard method						
48	67	17	Engagements with local and regional authorities	18	69	49
1 029	1 088	1 286	Engagements with institutions	343	763	326
3 645	5 464	3 866	Engagements with enterprises	6 423	7 601	5 839
8 140	8 747	7 064	Engagements with mass market	11 181	11 931	11 568
34 102	32 715	36 976	Engagements secured in property	56 725	51 337	53 810
847	700	732	Engagements which have fallen due	985	947	1 046
1 854	1 678	1 962	Engagements which are high risk	1 963	1 678	1 855
1 313	1 337	1 455	Engagements in covered bonds	1 844	1 592	1 445
5 045	5 344	5 980	Engagements in collective investment funds	1 785	1 411	1 431
969	528	742	Engagements other	825	565	1 054
56 991	57 670	60 079	Capital requirements for credit and counterparty risk	82 093	77 896	78 423
4 974	4 364	5 130	Capital requirements for operational risk	5 672	4 937	5 642
141	5	182	CVA addition	496	5	575
62 106	62 040	65 391	Risk-weighted balance (calculation basis)	88 260	82 839	84 641
20.2 %	20.0 %	19.9 %	Common equity tier 1 capital ratio. %	16.7 %	17.2 %	16.8 %
22.0 %	21.7 %	22.5 %	Tier 1 capital ratio. %	18.9 %	18.6 %	18.1 %
24.8 %	24.6 %	26.4 %	Total capital ratio. %	21.9 %	20.8 %	20.3 %
12.3 %	12.3 %	12.7 %	Leverage ratio	9.3 %	9.1 %	9.0 %

PARENT BANK			NOK million		GROUP		
31.12.2023	30.09.2023	30.09.2024			30.09.2024	30.09.2023	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 %	Pillar 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	8 810	9 743	CET1 requirements, incl. Pilar 2		13 151	11 677	12 662
10 421	9 740	10 920	Tier1 Capital requirements, incl. Pilar 2		14 739	12 911	14 203
11 924	10 981	12 490	Total capital requirements, incl. Pilar 2		16 858	14 555	16 251
3 270	3 572	3 252	Above CET1 requirements, incl. Pilar 2		1 623	2 407	1 516
3 224	3 726	3 822	Above Tier1 Capital requirements, incl. Pilar 2		1 908	2 304	1 144
3 471	4 265	4 768	Above total capital requirements, incl. Pilar 2		2 436	2 716	942

* of which 0.90% CET1 requirements

4. Interest income and interest expenses

PARENT BANK					NOK million		GROUP				
31.12.2023	30.09.2023	30.09.2024	Q3 2023	Q3 2024			Q3 2024	Q3 2023	30.09.2024	30.09.2023	31.12.2023
Interest income											
<i>Interest income from financial instruments at amortised cost:</i>											
268	208	273	72	94	Interest on receivables from credit institutions		39	48	72	114	137
3 206	2 292	2 903	872	1 065	Interest on loans given to customers		2 048	1 786	6 045	4 831	6 776
3 474	2 500	3 176	944	1 159	Total interest from financial instruments at amortised cost		2 087	1 835	6 117	4 944	6 913
<i>Interest income from financial instruments at fair value through OCI:</i>											
933	663	634	238	148	Interest on loans given to customers (mortgages)		-	-	-	-	-
933	663	634	238	148	Total interest from financial instruments at fair value through OCI		-	-	-	-	-
4 406	3 163	3 811	1 182	1 308	Total interest income effective interest method		2 087	1 835	6 117	4 944	6 913
<i>Interest income from financial instruments at fair value:</i>											
130	97	101	32	35	Interest on loans given to customers (fixed rate loans)		35	32	101	97	130
878	593	939	235	318	Interest on certificates and bonds		369	283	1 051	730	1 048
1 008	690	1 040	268	353	Total interest from financial instruments at fair value through profit or loss		404	315	1 152	827	1 178
1 008	690	1 040	268	353	Total other interest income		404	315	1 152	827	1 178
5 414	3 853	4 851	1 450	1 660	Total interest income		2 492	2 150	7 269	5 771	8 091

PARENT BANK					NOK million		GROUP				
31.12.2023	30.09.2023	30.09.2024	Q3 2023	Q3 2024			Q3 2024	Q3 2023	30.09.2024	30.09.2023	31.12.2023
Interest expenses											
<i>Interest expenses from financial instruments at amortised cost:</i>											
157	101	171	39	59	Interest on liabilities to credit institutions		53	38	154	99	154
1 795	1 243	1 898	490	659	Interest on customer deposits		659	490	1 897	1 243	1 795
428	318	298	117	100	Interest on issued securities		786	704	2 276	1 880	2 626
104	75	95	30	33	Interest on subordinated loans		33	30	95	75	104
304	198	316	89	106	Interest on senior non-perferred loans		106	89	316	198	304
55	41	39	13	13	Fees to the Norwegian Banks Guarantee Fund and other interest expenses		16	16	46	49	65
2 843	1 976	2 816	778	972	Interest expenses from financial instruments at amortised cost		1 653	1 366	4 783	3 544	5 048
2 843	1 976	2 816	778	972	Total interest expenses		1 653	1 366	4 783	3 544	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 third quarter of 2024 is based on new assumptions as of September 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.

Throughout 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, and inflation has eased. This year has also 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 September 30, 2024:

	2024	2025	2026	2027	2028
Housing price %	2.9	4.6	6.0	5.2	5.2
Housing price region %	5.0	4.6	6.0	5.2	5.2
Unemployment %	4.1	4.1	4.1	4.0	4.0
Oil prices, USD	80.0	70.0	69.0	69.0	69.0
Key policy rate	4.5	4.1	3.3	2.8	2.8
Import-weighted exchange rate	120.2	120.9	120.7	120.6	120.6
USD	10.4	10.4	10.4	10.4	10.4
CPI	3.2	3.2	2.8	2.4	2.4
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	10 percent reduction in collateral	20 percent reduction in collateral	30 percent reduction in collateral	30.09.2024 1 percent increase in unemployment
Loan loss provisions NOK million				
Loan loss provisions, CM	80	179	299	-3
Loan loss provisions, RM	21	49	83	2
Total	101	229	382	-1

PARENT BANK				30.09.2024
Loan loss provisions NOK million	10 percent reduction in collateral	20 percent reduction in collateral	30 percent reduction in collateral	1 percent increase in unemployment
Loan loss provisions, CM	79	178	296	-3
Loan loss provisions, RM	9	20	34	1
Total	88	198	330	-2

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

PARENT BANK					NOK million		GROUP			
31.12. 2023	30.09. 2023	30.09. 2024	Q3 2023	Q3 2024	Loss expense on loans during the period	Q3 2024	Q3 2023	30.09. 2024	30.09. 2023	31.12. 2023
19	18	-26	-4	-16	Period's change in write-downs stage 1	-19	-4	-28	15	16
22	2	15	22	5	+Period's change in write-downs stage 2	3	26	16	-0	21
-3	1	51	9	40	+Period's change in write-downs stage 3	39	10	51	3	-4
6	1	4	0	-0	+ Period's confirmed loss	-0	0	4	1	6
14	0	2	0	0	+ Periodic amortization expense	0	0	2	0	14
10	6	5	2	2	- Period's recoveries relating to previous losses	2	2	5	6	10
5	4	2	2	1	+ Losses from fraud cases	1	2	2	4	5
53	21	43	28	27	Loss expenses during the period	23	32	43	18	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	-29	-12	-
Transferred to stage 2	-12	33	-21	0
Transferred to stage 3	-2	-18	20	-0
Losses on new loans	22	29	8	60
Losses on deducted loans *	-26	-26	-18	-70
Losses on older loans and other changes	-52	29	66	43
Provisions for loan losses as at 30.09.2024	96	238	168	502
Provisions for loan losses	84	225	156	465
Provisions for losses on guarantees and undrawn credits	12	13	12	37
Total provision for losses as at 30.09.2024	96	238	168	502

*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	-27	-11	-0
Transferred to stage 2	-11	32	-21	0
Transferred to stage 3	-2	-18	20	-0
Losses on new loans	20	27	8	56
Losses on deducted loans *	-24	-24	-17	-65
Losses on older loans and other changes	-48	25	65	41
Provisions for loan losses as at 30.09.2024	89	224	164	478
Provisions for loan losses	78	211	152	441
Provisions for losses on guarantees and undrawn credits	11	13	12	37
Total provision for losses as at 30.09.2024	89	224	164	478

*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	82	-73	-9	-
Transferred to stage 2	-8	12	-4	-
Transferred to stage 3	-1	-2	3	-0
Losses on new loans	39	42	4	85
Losses on deducted loans *	-17	-30	-19	-66
Losses on older loans and other changes	-81	51	22	-7
Provisions for loan losses as at 30.09.2023	123	200	123	446
Provisions for loan losses	109	183	118	410
Provisions for losses on guarantees and undrawn credits	14	17	5	36
Total provision for losses as at 30.09.2023	123	200	123	446

*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	78	-70	-8	-
Transferred to stage 2	-8	11	-3	-
Transferred to stage 3	-1	-2	3	-
Losses on new loans	37	41	4	82
Losses on deducted loans *	-15	-26	-18	-60
Losses on older loans and other changes	-74	49	21	-5
Provisions for loan losses as at 30.09.2023	114	190	119	423
Provisions for loan losses	100	173	114	387
Provisions for losses on guarantees and undrawn credits	14	17	5	36
Total provision for losses as at 30.09.2023	114	190	119	423

*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	30.09.2023	30.09.2024		30.09.2024	30.09.2023	31.12.2023	
949	736	880	Total non-performing loans (step 3)	993	919	1 071	
121	119	164	Impairment losses in stage 3	168	123	124	
828	617	716	Net non-performing loans	825	796	946	
12.7 %	16.1 %	18.7 %	Provisioning non-performing loans	16.9 %	13.4 %	11.6 %	
1.31%	1.00%	1.15%	Total non-performing loans in % of gross loans	0.75%	0.73%	0.84%	

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	Loss allowances as of 30.09.2024		Loss allowances as of 30.09.2024	Stage 3	Stage 2	Stage 1	
5	12	10	27	Retail customers	50	13	24	12	
3	1	-	4	Public administration	4	-	1	3	
1	5	3	9	Primary Industry	9	3	5	1	
3	5	26	34	Manufacturing industry	34	26	5	3	
20	34	37	90	Real estate development	90	37	34	20	
2	18	42	62	Building and construction industry	62	42	18	2	
40	111	26	177	Property management	177	26	111	40	
1	0	0	2	Transport	2	0	0	1	
5	7	6	18	Retail trade	18	6	7	5	
1	6	1	7	Hotel and restaurants	7	1	6	1	
3	7	4	14	Housing cooperatives	14	4	7	3	
2	8	1	10	Financial/commercial services	11	1	8	2	
5	13	7	25	Social services	26	7	13	5	
89	224	164	478	Total impairment losses on loans, guarantees and undrawn credit	502	168	238	96	
78	211	152	441	<i>Impairment losses on lending</i>	465	156	225	84	
11	13	12	37	<i>Impairment losses on unused credits and guarantees</i>	37	12	13	12	
89	224	164	478	Total impairment losses	502	168	238	96	

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

8. Migration of gross loans

									30.09.2024
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
2 096	-2 005	-91	-	Transferd to stage 1		-	-131	-3 003	3 134
-4 492	4 804	-312	-0	Transferd to stage 2		-0	-342	7 081	-6 739
-154	-242	396	-	Transferd to stage 3		-	443	-269	-174
316	103	16	436	Net change on present loans		-767	9	59	-835
17 680	2 698	27	20 406	New loans		31 977	30	3 161	28 786
-13 873	-2 474	-132	-16 479	Derecognised loans		-26 473	-161	-3 336	-22 976
25			25	Change in value during the period		25	-	-	25
61 759	14 028	817	76 604	Gross loans as at 30.09		132 721	905	18 515	113 301
			51 173	Of which loan at amortised cost		128 150			
			20 860	Of which loan at fair value through OCI					
			4 571	Of which loan at fair value		4 571			
78	211	152	441	Impairment losses on lending		465	156	225	84
0.13 %	1.50 %	18.60 %	0.58 %	Impairments in % of gross loans		0.35 %	17.22 %	1.21 %	0.07 %
72 563	15 660	880	89 103	Commitments		151 343	993	20 207	130 143
89	224	164	478	Impairment losses on commitments		502	168	238	96
0.12 %	1.43 %	18.67 %	0.54 %	Impairments in % of commitments		0.33 %	16.91 %	1.18 %	0.07 %

									30.09.2023
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
2 749	-2 703	-46	-0	Transferd to stage 1		-0	-89	-3 634	3 722
-2 700	2 732	-32	-0	Transferd to stage 2		-	-55	4 420	-4 365
-342	-54	396	-	Transferd to stage 3		-	508	-116	-392
-313	-457	-28	-799	Net change on present loans		-2 779	-34	-529	-2 215
19 156	3 031	38	22 225	New loans		30 838	33	3 209	27 596
-12 814	-2 213	-56	-15 083	Derecognised loans		-25 696	-96	-2 932	-22 668
-92				Change in value during the period		-92	-	-	-92
63 089	10 137	713	73 940	Gross loans as at 30.09		126 508	904	13 144	112 460
			48 406	Of which loan at amortised cost		122 235			
			21 260	Of which loan at fair value through OCI					
			4 273	Of which loan at fair value		4 273			
100	173	114	387	Impairment losses on lending		410	118	183	109
0.16 %	1.71 %	16.01 %	0.52 %	Impairments in % of gross loans		0.32 %	13.10 %	1.39 %	0.10 %
73 907	11 059	736	85 702	Commitments		144 509	919	14 120	129 469
114	190	119	423	Impairment losses on commitments		446	123	200	123
0.15 %	1.71 %	15.79 %	0.49 %	Impairments in % of commitments		0.31 %	13.39 %	1.41 %	0.09 %

30.09.2023					30.09.2024				
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	
2 344	-2 307	-37	-	Transferd to stage 1	-	-85	-1 629	1 714	
-2 201	2 231	-30	-	Transferd to stage 2	-0	-297	4 152	-3 854	
-329	-50	378	-	Transferd to stage 3	-	381	-227	-154	
82	-441	-23	-381	Net change on present loans	671	14	98	559	
7 271	1 489	30	8 790	New loans	7 058	17	1 324	5 717	
-6 412	-1 155	-37	-7 604	Derecognised loans	-5 987	-104	-1 122	-4 761	
40 394	7 356	656	48 406	Gross loan assessed at amortised cost 30.09	51 173	753	11 056	39 363	

30.09.2023					30.09.2024				
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	
405	-396	-9	-0	Transferd to stage 1	-	-6	-377	382	
-500	501	-1	-	Transferd to stage 2	-	-15	652	-638	
-13	-5	18	-	Transferd to stage 3	-0	15	-15	-0	
-132	-17	-5	-154	Net change on present loans	18	2	6	10	
11 417	1 542	6	12 965	New loans	12 454	7	1 374	11 072	
-6 026	-1 057	-19	-7 102	Derecognised loans	-10 181	-28	-1 352	-8 801	
18 425	2 782	54	21 260	Gross loan through other comprehensive income 30.09	20 860	59	2 972	17 829	

9. Customer deposits by sector and industry

PARENT BANK		NOK million		GROUP		
31.12.2023	30.09.2023	30.09.2024		30.09.2024	30.09.2023	31.12.2023
33 024	32 721	34 209	Retail customers	34 211	32 733	33 027
13 058	12 840	15 934	Public administration	15 935	12 845	13 060
1 118	1 081	1 201	Primary industry	1 201	1 081	1 118
1 972	1 791	1 154	Manufacturing industry	1 154	1 792	1 972
709	775	604	Real estate development	604	775	709
1 877	1 626	1 661	Building and construction industry	1 661	1 626	1 877
3 173	3 357	2 843	Property management	2 809	3 313	3 149
665	621	575	Transport	575	621	665
1 590	1 534	1 484	Retail trade	1 484	1 535	1 591
249	311	309	Hotel and restaurant	309	311	249
176	173	196	Housing cooperatives	196	173	176
4 796	4 830	4 723	Financial/commercial services	4 723	4 832	4 797
6 745	6 169	6 299	Social services	6 300	6 172	6 746
136	890	1 252	Accrued interests	1 252	890	136
69 289	68 718	72 443	Total deposits from customers	72 413	68 698	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	30.09.2023	30.09.2024		30.09.2024	30.09.2023	31.12.2023
28 060	30 863	30 723	Retail customers	85 184	82 117	82 416
360	305	406	Public administration	406	305	360
1 560	1 508	1 618	Primary industry	1 759	1 621	1 683
915	941	1 099	Manufacturing industry	1 173	1 001	979
4 855	4 577	5 328	Real estate development	5 329	4 578	4 856
1 890	1 972	2 154	Building and construction industry	2 461	2 247	2 196
22 715	22 380	23 174	Property management	23 122	22 357	22 644
563	453	536	Transport	631	528	647
1 354	1 332	1 408	Retail trade	1 565	1 453	1 501
396	417	396	Hotel and restaurant	426	436	422
2 382	2 130	2 717	Housing cooperatives	2 717	2 130	2 382
1 309	1 335	1 329	Financial/commercial services	1 698	1 606	1 594
5 859	5 724	5 716	Social services	6 248	6 127	6 280
72 218	73 940	76 604	Total gross loans	132 721	126 508	127 959
403	387	441	Impairment losses on lending*	465	410	426
71 815	73 552	76 164	Total net loans	132 257	126 098	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				30.09.2024		GROUP			
Recognized value	Fair value			NOK million	Recognized value	Fair value			
	Level 1	Level 2	Level 3			Level 1	Level 2	Level 3	
<i>Assets recognized at amortised cost</i>									
340		340		Cash and receivables from central banks	340		340		
6 551		6 551		Loans to credit institutions	1 822		1 822		
50 732			50 732	Net loans to customers (floating interest rate)	127 686				127 686
<i>Assets recognized at fair value</i>									
4 571			4 571	Net loans to customers (fixed interest rate)	4 571				4 571
20 860			20 860	Net loans to customers (mortgages)					
23 757		23 757		Bonds and certificates	29 376		29 376		
269	37		233	Shares	273	37			237
862		862		Financial derivatives	3 413		3 413		
107 943	37	31 510	76 396	Total financial assets	167 482	37	34 952		132 493
<i>Liabilities recognized at amortised cost</i>									
5 700		5 700		Liabilities to credit institutions	5 078		5 078		
72 443			72 443	Deposits from customers	72 413				72 413
8 038		8 096		Liabilities from issue of securities	63 192		63 312		
7 134		7 219		Senior non-preferred	7 134		7 219		
2 539		2 565		Subordinated loan capital	2 539		2 565		
<i>Liabilities recognized at fair value</i>									
759		759		Financial derivatives	759		759		
96 613	-	24 339	72 443	Total financial liabilities	151 116	-	78 932		72 413

PARENT BANK				30.09.2023		GROUP			
Recognized value	Fair value			NOK million	Recognized value	Fair value			
	Level 1	Level 2	Level 3			Level 1	Level 2	Level 3	
<i>Assets recognized at amortised cost</i>									
610		610		Cash and receivables from central banks	610		610		
4 560		4 560		Loans to credit institutions	2 037		2 037		
48 019			48 019	Net loans to customers (floating interest rate)	121 824				121 824
<i>Assets recognized at fair value</i>									
4 273			4 273	Net loans to customers (fixed interest rate)	4 273				4 273
21 260			21 260	Net loans to customers (mortgages)					
20 544		20 544		Bonds and certificates	24 495		24 495		
233	33		200	Shares	234	33			200
1 398		1 398		Financial derivatives	2 304		2 304		
100 898	33	27 113	73 752	Total financial assets	155 778	33	29 447		126 298
<i>Liabilities recognized at amortised cost</i>									
3 763		3 763		Liabilities to credit institutions	3 628		3 628		
68 718			68 718	Deposits from customers	68 698				68 698
7 761		7 777		Liabilities from issue of securities	57 468		57 463		
7 042		7 008		Senior non-preferred	7 042		7 008		
1 783		1 775		Subordinated loan capital	1 783		1 775		
<i>Liabilities recognized at fair value</i>									
1 173		1 173		Financial derivatives	1 818		1 818		
90 239	-	21 496	68 718	Total financial liabilities	140 437	-	71 692		68 698

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	
<i>Assets recognized at amortised cost</i>									
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
<i>Assets recognized at fair value</i>									
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
<i>Liabilities recognized at amortised cost</i>									
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		
<i>Liabilities recognized at fair value</i>									
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-Q3	477		5
Change in value recognized during the period	-92	-5	-2
Disposals Q1-Q3	-647		-
Recognized value as at 30.09.2023	4 273	-2	200
Acquisitions Q4	87		7
Change in value recognized during the period	123	-0	-6
Disposals Q4	-266		-
Recognized value as at 31.12.2023	4 217	-2	201
Acquisitions Q1-Q3	1 118		43
Change in value recognized during the period	25	-9	-7
Disposals Q1-Q3	-789		0
Recognized value as at 30.09.2024	4 571	-11	237

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-Q3	6 192		5
Change in value recognized during the period	-92	-4	-2
Disposals Q1-Q3	-648		-
Recognized value as at 30.09.2023	25 533	-2	200
Acquisitions Q4	-2 603		7
Change in value recognized during the period	123	-1	-6
Disposals Q4	-266		-
Recognized value as at 31.12.2023	22 787	-2	201
Acquisitions Q1-Q3	3 408		43
Change in value recognized during the period	25	-9	-11
Disposals Q1-Q3	-789		0
Recognized value as at 30.09.2024	25 431	-11	233

Sensitivity analysis

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

GROUP / PARENT BANK			
NOK million	30.09.2024	30.09.2023	31.12.2023
Loans to customers	16	17	16
- of which loans to corporate market (CM)	-	1	1
- of which loans to retail market (RM)	16	16	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 in the table below can be offset.

GROUP						30.09.2024	
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	
Derivatived - assets	3 413	-	3 413	288	2 935	190	
Derivatived - liabilities	-759	-	-759	-288	5	-476	
Net	2 654	-	2 654	-	2 940	-286	

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

GROUP						30.09.2023	
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	
Derivatived - assets	2 304	-	2 304	749	1 471	84	
Derivatived - liabilities	-1 818	-	-1 818	-749	14	-1 083	
Net	486	-	486	-	1 484	-998	

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

PARENT BANK						30.09.2024	
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	
Derivatived - assets	862	-	862	288	435	139	
Derivatived - liabilities	-759	-	-759	-288	5	-476	
Net	103	-	103	-	440	-337	

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

PARENT BANK						30.09.2023	
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	
Derivatives - assets	1 398	-	1 398	389	924	85	
Derivatives - liabilities	-1 173	-	-1 173	-389	14	-797	
Net	226	-	226	-	938	-712	

* 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	30.09.2024	30.09.2023	31.12.2023
Bonds, nominal value	64 116	59 907	58 320
Value adjustments	-1 300	-2 789	-1 784
Accrued interest	377	350	188
Debt incurred due to issuance of securities	63 192	57 468	56 724

Change in debt securities – Group

NOK million	31.12.2023	Issued	Matured/Redeemed	Other changes during the period	30.09.2024
Bonds, nominal value	58 320	8 000	-3 280	1 076	64 116
Value adjustments	-1 784			484	-1 300
Accrued interest	188			188	377
Debt incurred due to issuance of securities	56 724	8 000	-3 280	1 748	63 192

Debt securities – Parent bank

NOK million	30.09.2024	30.09.2023	31.12.2023
Bonds, nominal value	8 010	7 862	7 050
Value adjustments	-64	-192	-111
Accrued interest	92	91	52
Debt incurred due to issuance of securities	8 038	7 761	6 991

Change in debt securities – Parent bank

NOK million	31.12.2023	Issued	Matured/Redeemed	Other changes during the period	30.09.2024
Bonds, nominal value	7 050	2 000	-1 040	-	8 010
Value adjustments	-111			46	-64
Accrued interest	52			40	92
Debt incurred due to issuance of securities	6 991	2 000	-1 040	87	8 038

Change in subordinated capital – Parent bank and Group

NOK million	31.12.2023	Issued	Matured/ Redeemed	Other changes during the period	30.09.2024
Subordinated loans	1 750	850	-85		2 515
Value adjustments	0			-1	-1
Accrued interest	12			12	25
Total subordinated loan capital	1 763	850	-85	11	2 539

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

NOK million	31.12.2023	Issued	Matured/ Redeemed	Other changes during the period	30.09.2024
Non-preferred senior debt	7 100	-	-	-	7 100
Value adjustments	2			-10	-8
Accrued interest	75			-33	42
Total non-preferred senior debt	7 177	-	-	-43	7 134

14. Equity certificate holders

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

NAME	Number of EC	Share of EC-CAP. %
1. Sparebankstiftelsen Sparebanken Sør	10 925 765	26.20
2. Sparebanken Vest	2 400 000	5.75
3. J.P. Morgan Securities LLC	2 337 641	5.61
4. Geveran Trading Company LTd	1 800 000	4.32
5. Spesialfondet Borea Utbytte	1 725 809	4.14
6. EIKA utbytte VPF c/o Eika kapitalforv.	1 531 995	3.67
7. Pershing LLC	1 020 000	2.45
8. KLP Gjensidige Forsikring	953 013	2.29
9. Verdipapirfondet Holberg Norge	636 501	1.53
10. J.P. Morgan SE	507 153	1.22
11. AF Capital AS	504 000	1.21
12. Skandinaviska Enskilda Banken AB	480 000	1.15
13. Vpf Fondsfinans Utbytte	400 000	0.96
14. J.P. Morgan SE	395 979	0.95
15. Verdipapirfondet Fondsfinans Norge	349 585	0.84
16. U.S. Bank National Association	343 200	0.82
17. Drangslund Kapital AS	302 107	0.72
18. State Street Bank and Trust Comp	262 188	0.63
19. J.P. Morgan SE	246 663	0.59
20. Hjellegjerde Invest AS	243 507	0.58
Total - 20 largest certificate holders	27 365 106	65.62

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 September 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	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023
Profit (NOK million)					
Net interest income	838	823	824	815	783
Net commission income	104	116	85	105	101
Net income from financial instruments	10	21	39	-13	20
Income from associated companies	42	46	5	33	6
Other operating income	3	1	3	3	23
Total net income	997	1 007	956	943	935
Total operating expenses before losses	338	345	330	370	298
Operating profit before losses	660	662	626	573	637
Losses on loans, guarantees and undrawn credits	23	13	6	31	32
Profit before taxes	637	648	620	543	605
Tax expenses	150	144	47	116	148
Profit for the period	487	504	573	426	457
Profit as % of average assets					
Net interest income	1.96 %	1.98 %	2.07 %	2.03 %	1.95 %
Net commission income	0.24 %	0.28 %	0.21 %	0.26 %	0.25 %
Net income from financial instruments	0.02 %	0.05 %	0.10 %	-0.03 %	0.05 %
Income from associated companies	0.10 %	0.11 %	0.01 %	0.08 %	0.02 %
Other operating income	0.01 %	0.00 %	0.01 %	0.01 %	0.06 %
Total net income	2.33 %	2.43 %	2.40 %	2.35 %	2.33 %
Total operating expenses before losses	0.79 %	0.83 %	0.83 %	0.92 %	0.74 %
Operating profit before losses	1.54 %	1.59 %	1.57 %	1.43 %	1.59 %
Losses on loans, guarantees and undrawn credit	0.05 %	0.03 %	0.02 %	0.08 %	0.08 %
Profit before taxes	1.49 %	1.56 %	1.56 %	1.35 %	1.51 %
Tax expenses	0.35 %	0.35 %	0.12 %	0.29 %	0.37 %
Profit for the period	1.14 %	1.21 %	1.44 %	1.06 %	1.14 %
Key figures, income statement					
Return on equity after tax (adjusted for hybrid capital)	11.7 %	12.5 %	14.4 %	10.5 %	11.5 %
Costs as % of income	33.9 %	34.3 %	34.5 %	39.2 %	31.9 %
Costs as % of income, excl. net income from financial instruments	34.2 %	35.0 %	36.0 %	38.7 %	32.6 %
Key figures, balance sheet					
Total assets	170 282	167 881	161 902	157 407	158 238
Average total assets	170 000	167 000	160 000	159 000	159 000
Net loans to customers	132 257	131 171	128 869	127 532	126 098
Growth in loans as %, last 12 mths.	4.9 %	4.6 %	3.5 %	3.0 %	2.8 %
Customer deposits	72 413	73 927	70 527	69 272	68 698
Growth in deposits as %, last 12 mths.	5.4 %	6.6 %	5.5 %	5.6 %	5.1 %
Deposits as % of net loans	54.8 %	56.4 %	54.7 %	54.3 %	54.5 %
Equity (incl. hybrid capital)	17 808	17 158	16 862	16 752	16 466
Losses on loans as % of net loans, Annualised	0.07 %	0.04 %	0.02 %	0.10 %	0.10 %
Other key figures					
Liquidity reserves (LCR), Group	173 %	170 %	150 %	156 %	155 %
Liquidity reserves (LCR), Group- EUR	434 %	210 %	239 %	310 %	243 %
Liquidity reserves (LCR), Parent Bank	144 %	155 %	134 %	146 %	141 %
Common equity tier 1 capital ratio	16.7 %	16.7 %	16.6 %	16.8 %	17.2 %
Tier 1 capital ratio	18.9 %	18.6 %	18.6 %	18.1 %	18.6 %
Total capital ratio	21.9 %	21.1 %	20.7 %	20.3 %	20.8 %
Common equity tier 1 capital	14 774	14 603	14 428	14 178	14 207
Tier 1 capital	16 648	16 275	16 110	15 346	15 376
Net subordinated capital	19 294	18 406	17 967	17 193	17 252
Leverage ratio	9.3 %	9.2 %	9.3 %	9.0 %	9.1 %

NOK million	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023
Number of branches	31	31	31	31	31
Number of FTEs in banking operations	531	519	511	505	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)	3.5	3.6	4.6	5.7	3.5
Profit per equity certificate (Group)	4.4	4.6	5.3	3.9	4.2
Book equity per equity certificate	154.1	149.8	145.2	149.9	146.5
Price/book value per equity certificate	1.14	0.99	0.96	0.96	0.87
Listed price on Oslo Stock Exchange at end of period	175.0	148.6	139.0	144.0	128.0

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	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	30.09. 2024	30.09. 2023	31.12. 2023
Return on equity adjusted for hybrid capital								
Profit after tax	486	503	574	427	456	1 563	1 346	1 773
Interest on hybrid capital	-30	-30	-25	-22	-19	-84	-60	-82
Tax on hybrid capital	7	7	6	5	5	21	15	20
Profit after tax, incl. interest on hybrid capital	464	481	555	410	442	1 500	1 301	1 711
Opening balance, equity	17 158	16 862	16 752	16 466	16 095	16 752	15 779	15 779
Opening balance, hybrid capital	-1 545	-1 545	-1 085	-1 085	-1 085	-1 085	-1 085	-1 085
Opening balance, equity excl. hybrid capital	15 613	15 317	15 667	15 381	15 010	15 667	14 694	14 694
Closing balance, equity	17 808	17 158	16 862	16 752	16 466	17 808	16 466	16 752
Closing balance, hybrid capital	-1 747	-1 545	-1 545	-1 085	-1 085	-1 747	-1 085	-1 085
Closing balance, equity excl. hybrid capital	16 061	15 613	15 317	15 667	15 381	16 061	15 381	15 668
Average equity	17 483	17 010	16 807	16 609	16 280	17 280	16 123	16 266
Average equity excl. Hybrid capital	15 837	15 465	15 492	15 524	15 195	15 864	15 038	15 181
Return on equity	11.1 %	11.9 %	14.0 %	10.2 %	11.1 %	12.1 %	11.2 %	10.9 %
Return on equity, excl. hybrid capital	11.7 %	12.5 %	14.4 %	10.5 %	11.5 %	12.6 %	11.6 %	11.3 %
Net interest income, incl. interest on hybrid capital								
Net interest income, incl. interest on hybrid capital	838	823	824	815	783	2 486	2 227	3 043
Interest on hybrid capital	-22	-22	-18	-16	-14	-63	-45	-61
Net interest income, incl. interest on hybrid capital	816	801	806	799	769	2 423	2 182	2 982
Average total assets	170 000	167 000	160 000	159 000	159 000	166 000	157 293	159 000
As percentage of total assets	1.91 %	1.93 %	2.03 %	1.99 %	1.92 %	1.95 %	1.86 %	1.88 %
Profit from ordinary operations (adjusted earnings)								
Net interest income, incl. interest on hybrid capital	816	801	806	799	769	2 423	2 182	2 982
Net commission income	104	116	85	105	101	305	295	400
Share of profit from associated companies	42	46	5	33	6	92	66	99
Other operating income	3	1	3	3	4	7	7	9
Operating expenses	328	345	330	348	298	1 004	928	1 276
Profit from ordinary operations (adjusted earnings), before tax	637	618	569	592	582	1 824	1 622	2 214
Losses on loans, guarantees and undrawn credits	23	13	6	31	32	43	18	49
Profit excl. finance and adjusted for non-recurring items	614	605	562	561	550	1 781	1 604	2 164
Tax (25 %) adjusted for tax, share of profit associated companies	115	112	114	112	114	339	323	440
Ordinary operations /adjusted earnings after losses and tax	499	493	449	448	436	1 442	1 281	1 725
Average equity, excl. hybrid capital	15 837	15 465	15 492	15 524	15 195	15 864	15 038	15 181
Return on equity, profit excl. finance and adjusted for non-recurring items	12.5 %	12.8 %	11.6 %	11.5 %	11.4 %	12.1 %	11.4 %	11.4 %
Average interest rates/margins								
Average lending rate RM (return)	5.70 %	5.72 %	5.68 %	5.48 %	5.07 %			
Average lending rate CM (return)	7.16 %	7.19 %	7.24 %	7.18 %	6.78 %			
Average deposit rate RM	2.91 %	2.91 %	2.87 %	2.47 %	2.09 %			
Average deposit rate CM	3.94 %	4.01 %	3.86 %	3.74 %	3.44 %			
Average 3-month NIBOR	4.74 %	4.72 %	4.71 %	4.72 %	4.64 %			
Lending margin RM (lending rate - 3-month NIBOR)	0.96 %	1.00 %	0.97 %	0.76 %	0.43 %			
Lending margin CM (lending rate - 3-month NIBOR)	2.42 %	2.47 %	2.53 %	2.47 %	2.14 %			
Deposit margin RM (3-month NIBOR - deposit rate)	1.83 %	1.81 %	1.84 %	2.24 %	2.55 %			
Deposit margin CM (3-month NIBOR - deposit rate)	0.80 %	0.71 %	0.85 %	0.98 %	1.21 %			
Interest-rate margin (lending rate – deposit rate)								
Interest-rate margin RM	2.79 %	2.81 %	2.82 %	3.01 %	2.98 %			
Interest-rate margin CM	3.22 %	3.18 %	3.38 %	3.44 %	3.34 %			

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.