

Capital Markets Day

Sandnes 8.11.2022



Content:

Status & Strategy

Local Macro

Retail market

Corporate market

Credit quality and solidity

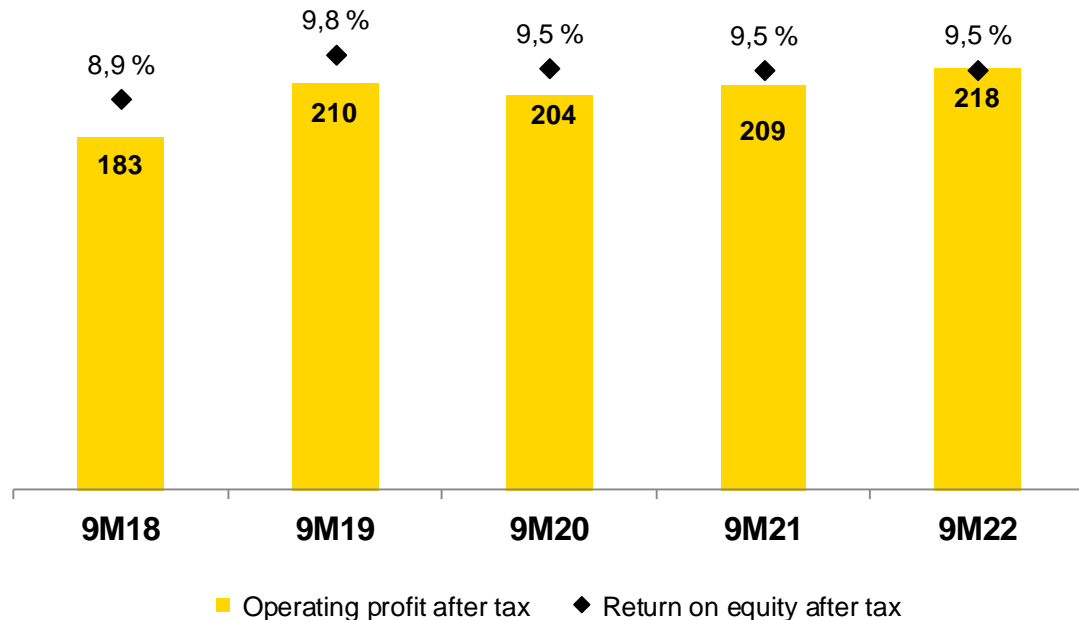
Liquidity



Den Gule Banken, Sandnes Sparebank

Stable good results through turbulent times

ROE



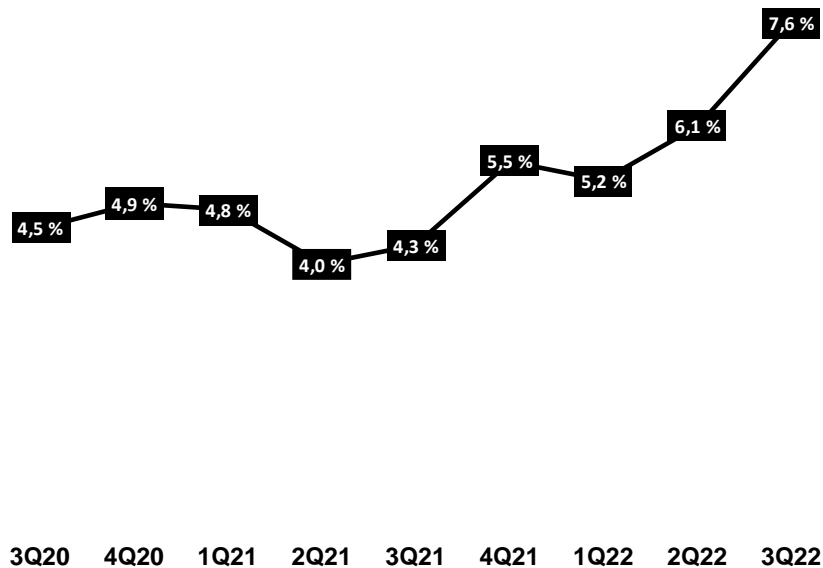
YTD Summary:

- Profit after tax MNOK 217,7 (208,8)
- Return on equity after tax 9,5 % (9,5 %)
- EPS NOK 6,6 (6,4)
- Lending growth 7,6 % (4,3 %)
- Net interest margin 1,59 % (1,55 %)
- Net losses of MNOK 4,8 (-29,3).
- Costs MNOK 241,8 (241,3)
- Solid bank with 16,8 % CET1 (15,9%)
- Dividends from Eika Gruppen MNOK 54,1 (40,8*)

Lending growth at 7,6 % YOY

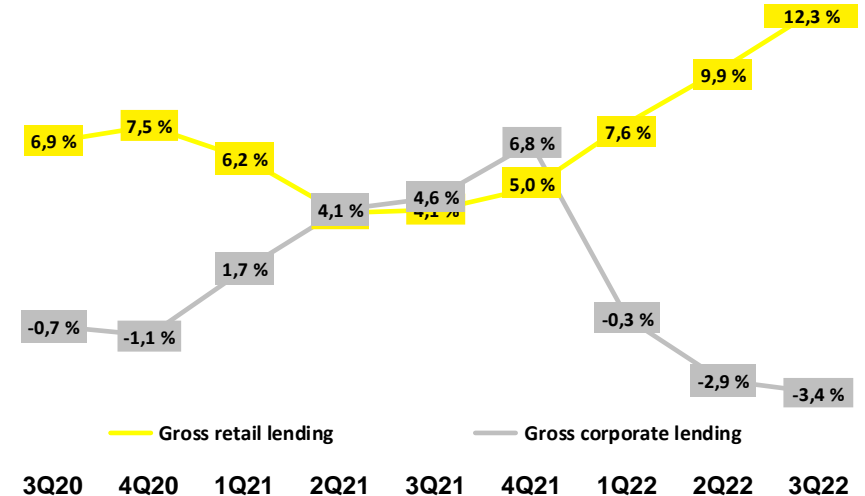
Solid growth in the retail market, restructuring of the corporate market

Group Level (12 mo.)



- Total lending increased by NOK 1,9 billion (7,6 %) YOY.
- Lending increased by MNOK 732 (2,8 %) QOQ.

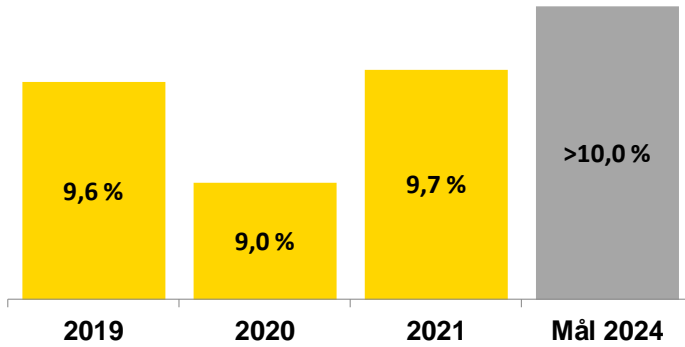
Growth by Division (12 mo.)



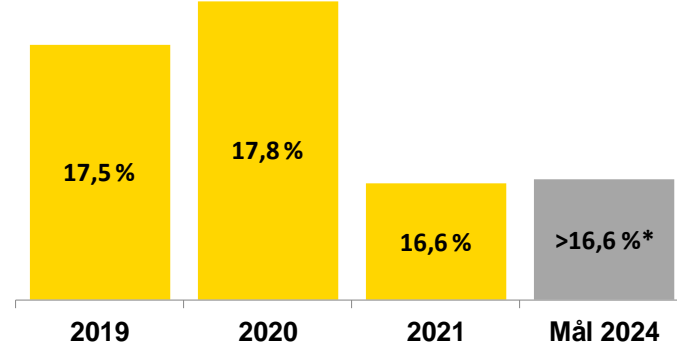
- Retail lending increased by NOK 2,2 billion (12,3 %) YOY vs. market growth of 1,3%*. Retail lending increased MNOK 673 (3,5 %) QOQ.
- Corporate lending decreased by MNOK 256 (-3,4 %) YOY. Last quarter lending volume increased by 0,8%.

Financial Goals in the Strategy Period 2021-2024

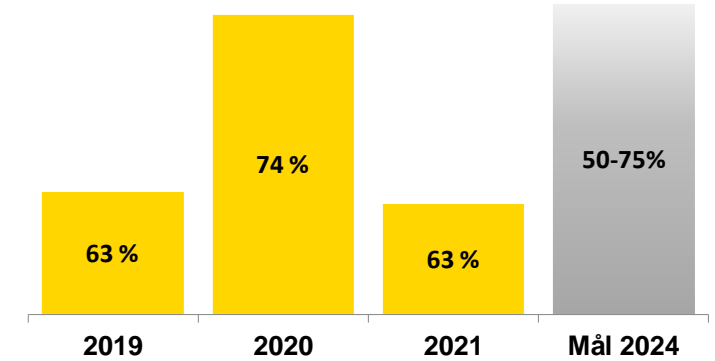
ROE



Solidity

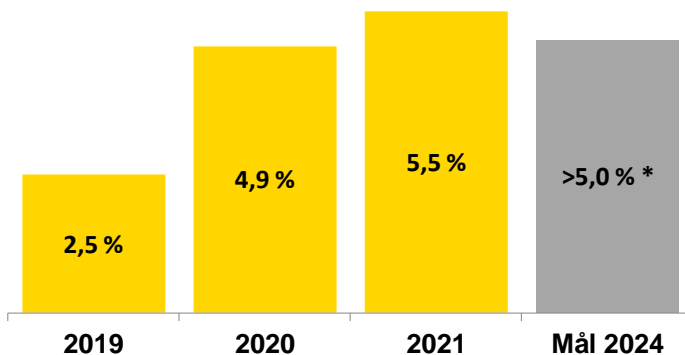


Dividends

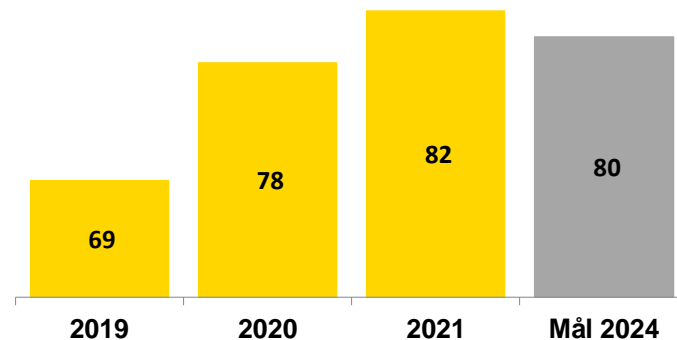


* Internt mål om + 1 % management buffer over det til enhver tid gjeldende myndighetskrav

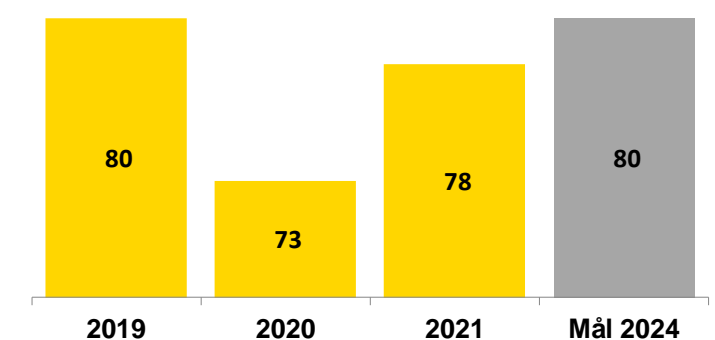
Profitable Growth



Customer Experience retail

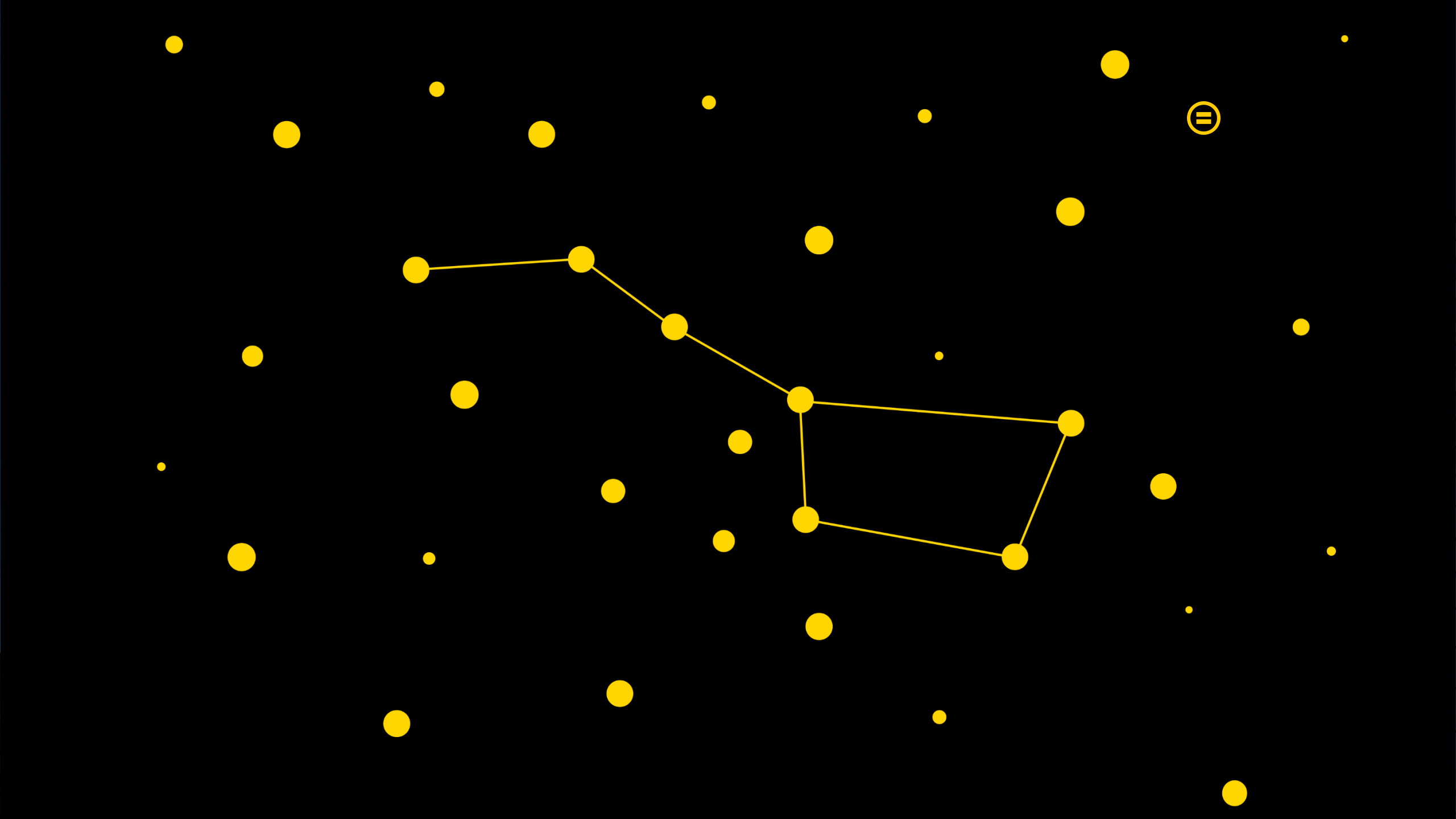


Customer Experience corporate

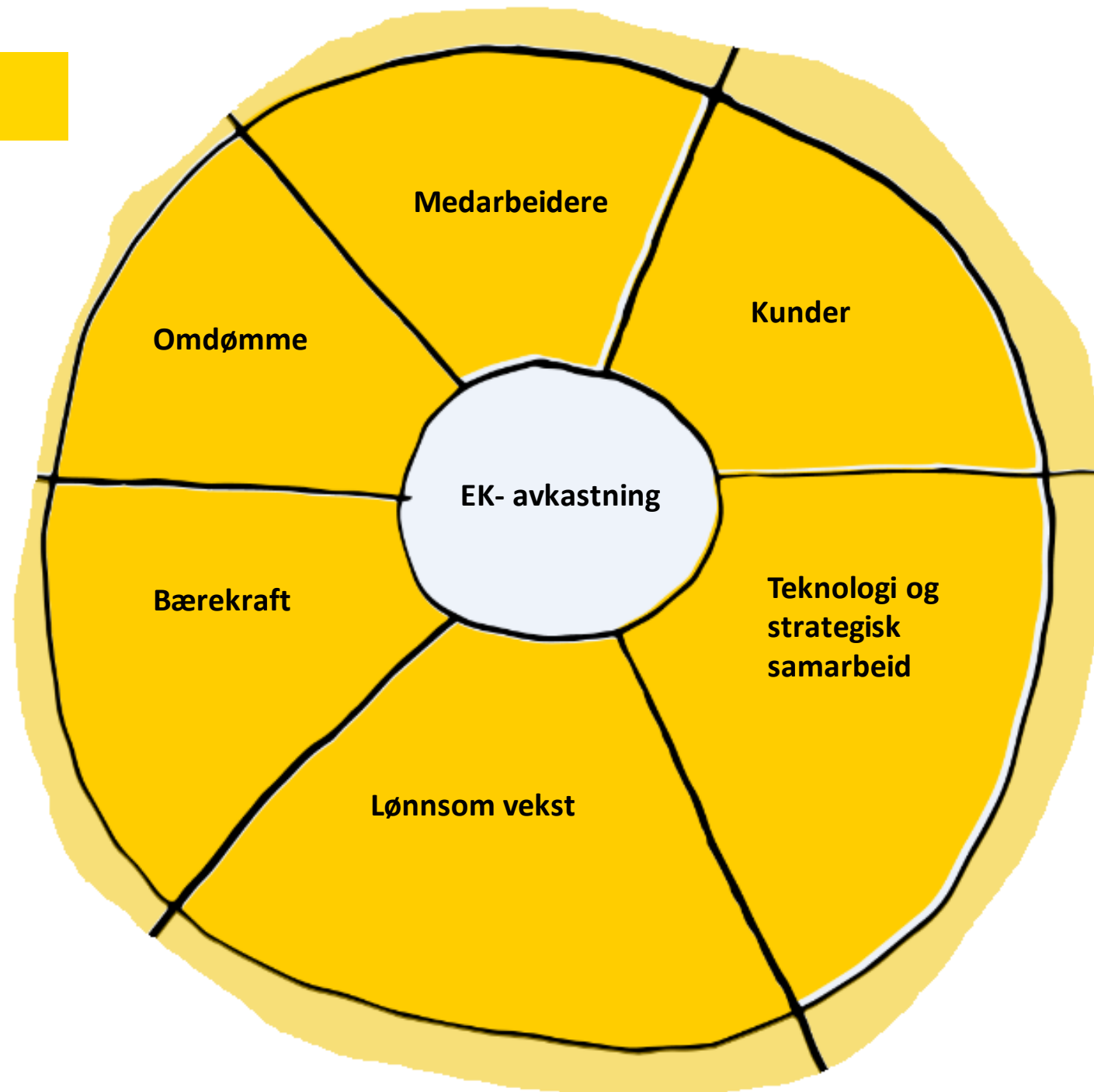


*Vil være avhengig i kredittveksten i markedsområdet

*Økt satsning i Stavanger vil medføre høyere vekst



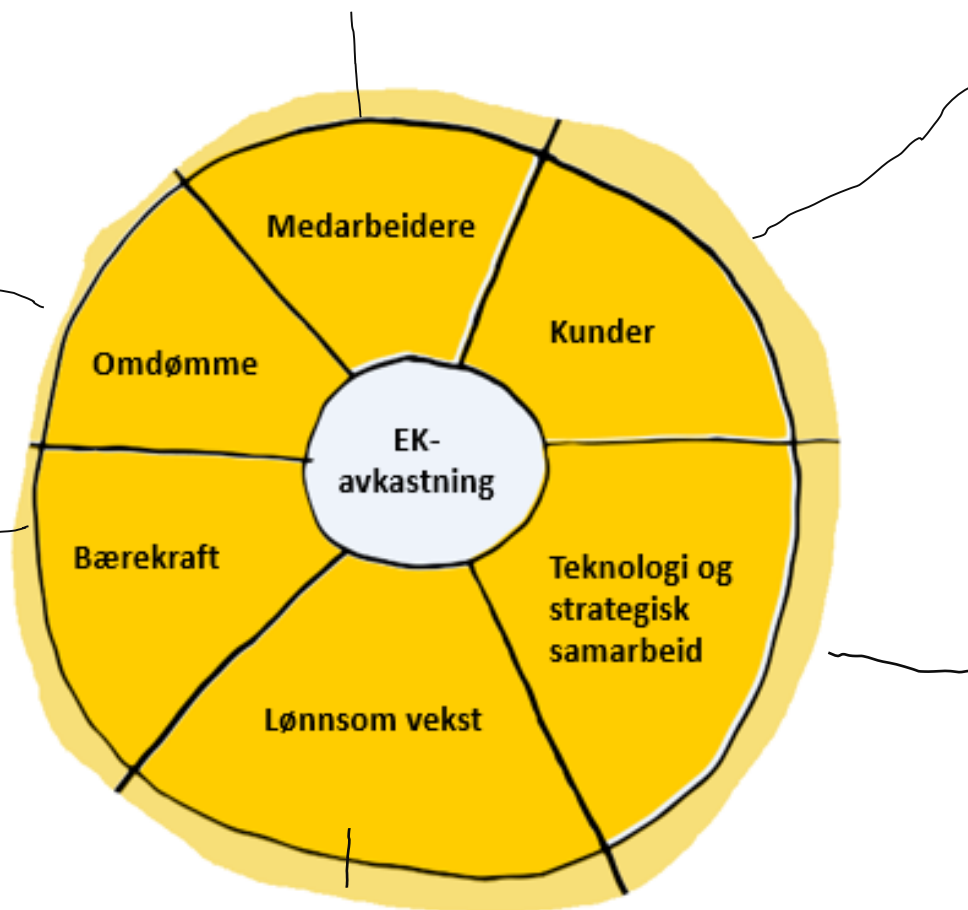
2021 - 2024



Vi skal ha, ivareta og være relevante for de mest engasjerte, kompetente og prestasjonsorienterte lagspillerne.

Vi skal være bevisste og jobbe for å videreutvikle og forsterke bankens omdømme mot bankens interessenter.

Vi skal differensiere oss mot våre konkurrenter ved å tilby de beste kundeopplevelser for de riktige kundene.



Vi forplikter oss til å bidra til en bedre og mer bærekraftig framtid for våre ansatte, våre kunder og våre omgivelser.

Vi skal sikre verdiskapning i eksisterende og nye partnerskap og sørge for teknologiutvikling som gjør oss attraktive for kundene og som gir effektiv intern drift.

Vi skal vokse mer enn markedet og vi skal balansere vekst mot pris og risiko.
Vi forplikter oss til å skape lønnsomhet i det vi gjør.

"VI SKAL VÆRE BEST I KLASSEN PÅ GODE
OG PERSONLIGE KUNDEOPLEVELSER."



Ett år med nytt navn

Den Gule Banken, Sandnes Sparebank

- Hvorfor
- Tilbakemeldinger
- Effekter
- Det tar tid



Three circular icons containing an equals sign (=) are arranged vertically on a yellow background. To the right of each icon is text. The bottom icon is followed by the bank's logo and name.

Lei av ventemusikk og chatbots?

Hos oss får du din egen rådgiver!

Den Gule Banken
Sandnes Sparebank



The screenshot shows a news article on the FINANSWATCH website. The article title is "Merker gode effekter av navnebytte: – Navnet fungerer godt utenfor vårt kjerneområde". The author is AV SEBASTIAN HOLSEN, published on 25.10.22 at 11:50. The article features a photo of Trine Stangeland, the administrative director of the bank. The article text discusses the bank's name change to Den Gule Banken and the positive effects observed, particularly in the core area.

FINANSWATCH

Bank Forsikring Pensjon Kapitalforvaltning Regulering Fintech

Merker gode effekter av navnebytte: – Navnet fungerer godt utenfor vårt kjerneområde

I fjor sommer byttet Sandnes Sparebank navn til et mer stedsneutralt navn. Administrerende direktør i banken, Trine Stangeland, sier at banken byttet navn for å synliggjøre at de er en bank for regionen. Hun forklarer at strategien har gitt god effekt.



Administrerende direktør i Den Gule Banken – Sandnes Sparebank, Trine Stangeland. | Foto: Sebastian Holsen

AV SEBASTIAN HOLSEN
Publisert: 25.10.22 kl. 11:50

Sandnes Sparebank byttet navn i fjor til Den Gule Banken – Sandnes Sparebank. Administrerende direktør i banken, Trine Stangeland, forklarer at de har hatt god effekt av navnebyttet, spesielt innen satsingen i Stavanger.

Les også

Sparebanken Vest er rigget for uroen: – De neste ti årene blir taffere

Større tap ga nedgang i resultat for Lea Bank – vil se om banken skal vurdere flytting

Sparebank 1 Østlandet: Vil uhvide i Oslo-området

Ett år med nytt navn



JCDecaux



Hos oss
er du nr. 1
i køen.



Bytt til en
bank det er
lett å få tak i!



Den
Gule
Banken
Sandnes Sparebank

Kompetansebygging

- Nye ansatte
- Utvikling av ansatte
- Sertifiseringer og kursing satt i system
- Lederutvikling

Trine Stangeland, Turid Hamre og brødrene Ingebrigtsen

Kultur

- Glede
- Stolthet
- Lagspill
- Endringskapasitet
- Høy medarbeidertilfredshet
- Lavt sykefravør

Lars Kristiansen, Tarjai Bore, Roald Hauland, Stig Figved

Kultur i praksis

PM Q3 2022

 1. sep. kl. 14:51

Det skapes gode kundeopplevelser!

Astrid fikk i går en fin blomst fra en særdeles fornøyd kunde. Det er kjekt å se at vi klarer å skape unike kundeopplevelser helt i tråd med visjonen vår! Astrid nevnes ofte i KOI-undersøkelser og fortjener en liten hyllest her! 🍷👏

Samspillet vi har i PM har æren for at vi sammen klarer å skape disse gode opplevelsene for kundene våre! En kudos sendes derfor til dere alle: Nykunde, Forvaltning, Kreditt PM og KS! 🌟

Sandnes - Team PM - DYNA

🍷 27 👏 3

 Fr 1. sep. kl. 14:52

Fantastisk, Astrid! 😊❤️

🍷 1

 Kri 1. sep. kl. 14:53

Så fortjent til deg Astrid 😊

🍷 1

 Moi 1. sep. kl. 14:54

Gode og flinke Astrid 😊

🍷 1

 1. sep. kl. 14:57

Vel fortjent Astrid 😊👏

🍷 1

 An 1. sep. kl. 15:01

Velfortjent, gode Astrid 😊

🍷 1

 1. sep. kl. 15:39

Fortjent 🍷👏

🍷 1

 Ei 1. sep. kl. 15:53

Flinke Astrid 🍷🍷🍷

🍷 1

 In 1. sep. kl. 15:55

Astrid 🍷👏🍷 Du e så god!

🍷 1

 An 1. sep. kl. 21:42

God som GULL 🍷 Velfortjent blomst og fine ord 🍷

🍷 1

 In 1. sep. kl. 23:07

Så fortjent Astrid 🍷🍷

🍷 1

 Ke 5. sep. kl. 07:48

Så kjekt Astrid - heldig er de kundene som har deg til rådgiver! 🍷

 Hi 7. sep. kl. 19:54

👏👏

Bærekraft

- Kunder og finansiering
- Kompetanse og kultur
- Drift og rapportering
- Lokalsamfunn

Har du en idé som kan redde miljøet litt?
SØK INNEN 10. APRIL
DENGULEBANKEN.NB

Vi deler ut over 1 million kroner til små og store grønne prosjekter
SØK INNEN 10. APRIL
DENGULEBANKEN.NB

FOR EKSEMPEL FLERE BIKUBER

Det Gule Gavefondet

Hei Nye vinduer
0 % ut 2023. Etter 2023 betingelser som ordinært boliglån. Pt. rente fra 3,69 %.
Eff. rente fra 3,83 %. Lån kr. 2 mill o/25 år. Totalpris 3.089.906.

Hei Varmepumpe
0 % ut 2023. Etter 2023 betingelser som ordinært boliglån. Pt. rente fra 3,69 %.
Eff. rente fra 3,83 %. Lån kr. 2 mill o/25 år. Totalpris 3.089.906.

Den Gule Banken Sandnes Sparebank

0% rente på Grønt Energilån

Converting to a new core system

April 2023

- Planning and preparation – April 2023
- Complicated and demanding, professionally driven by Eika, good project management in the bank.
- Standardization
- Lower costs, better solutions towards customers, specifically within the corporate market

Handwritten numbers: 2⁸, 6¹¹, 17, 19, 23, 26, 32, 43, 102, 369, 285, 22, 01, 106.00, 843.000

Increasing regulatory requirements

- AML
- GDPR
- New act on financial agreements
- The transparency act
- General reporting requirements
- Cyber security



«Skikkelighetskultur»

Compliance and AML

- Organization
- Reporting
- Building competence
- Culture
- Reward



Utsatt rettssak

PRESSEMELDING

19.10.2022

Påtalemyndighetene har i saken mellom PST og Sandnes Sparebank valgt å trekke seg og utsette saken.

En tidligere ansatt og leder av juridisk avdeling i Sandnes Sparebank våren 2020, er nå ansatt ved domstolen.

Denne tidligere ansatte er nevnt flere steder i saksdokumentene uten av PST har valgt å avhøre han. Da de ble kjent med at han nå arbeider ved domstolen, bestemte Påtalemyndigheten at de ville knytte skyldkravet også til han.

Dommeren måtte dermed utsette saken fordi domstolen ikke kan vurdere skyld til en av domstolens ansatte.

- Vi er uenige i utsettelsen fordi vedkommende ikke har noen relevant rolle i saken, sier bankens advokat Gunnar Holm Ringen. Vi stiller spørsmålsteget til hvorfor PST ikke har valgt å avhøre vedkommende ettersom de mener han har en relevant rolle, avslutter Ringen
- Dette er svært belastende for banken og de involverte ansatte, sier Trine Stangeland, adm. direktør i Sandnes Sparebank. – Banken har behov for en avklaring i denne omfattende og krevende saken og vi stiller oss uforstående til årsaken til utsettelsen. Nå må banken belage seg på å stille opp i en annen domstol og starte saken helt på nytt med nye forklaringer for en ny rett, sier Stangeland.

NRK

Nyheter Sport Kultur Humor Distrikt Mer

10:33:52 Rogaland TV Radio Tjeneste

PST og Sandnes Sparebank i retten: – Denne saken er veldig spesiell

Sandnes Sparebank nektet å vedta en millionbot fra PST for en bankkonto med mulla Krekars navn. Nå går saken i retten, som den første i sitt slag.

Lise Marit Kalstad
Journalist

Vi rapporterer fra Sandnes Ungdom
Publisert 18. okt. kl. 10:31

Advokat Gunnar Holm Ringen, administrerende direktør Trine Stangeland i Sandnes Sparebank og advokat Stig Rune Johnsen før rettssaken startet tirsdag morgen.
©2022 / HJ. SAKSØKT KREKAR I NØRRE

Stavanger Aftenblad

Meninger Sport Kultur Magasin

Lokalt

Sak om Krekar-konto utsatt

Saken om Krekar-kontoen i Sandnes Sparebank er utsatt. Det må avklares om bankens tidligere leder for juridisk avdeling, som nå er dommer i Sandnes, gjør retten inhabil.

Eika

Strategically important for Den Gule Banken

- Very satisfied with being an Eika bank
- Good products
- Good technological solutions
- Good competence and innovative power
- Low costs

eika. Ved din side



Vil du ha en bank som kjenner deg?



Hos oss får du din egen rådgiver!



Den Gule Banken
Sandnes Sparebank



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Retail market

Corporate market

Credit quality and solidity

Liquidity



Content:

Local Macro

Investments

The Labor Market

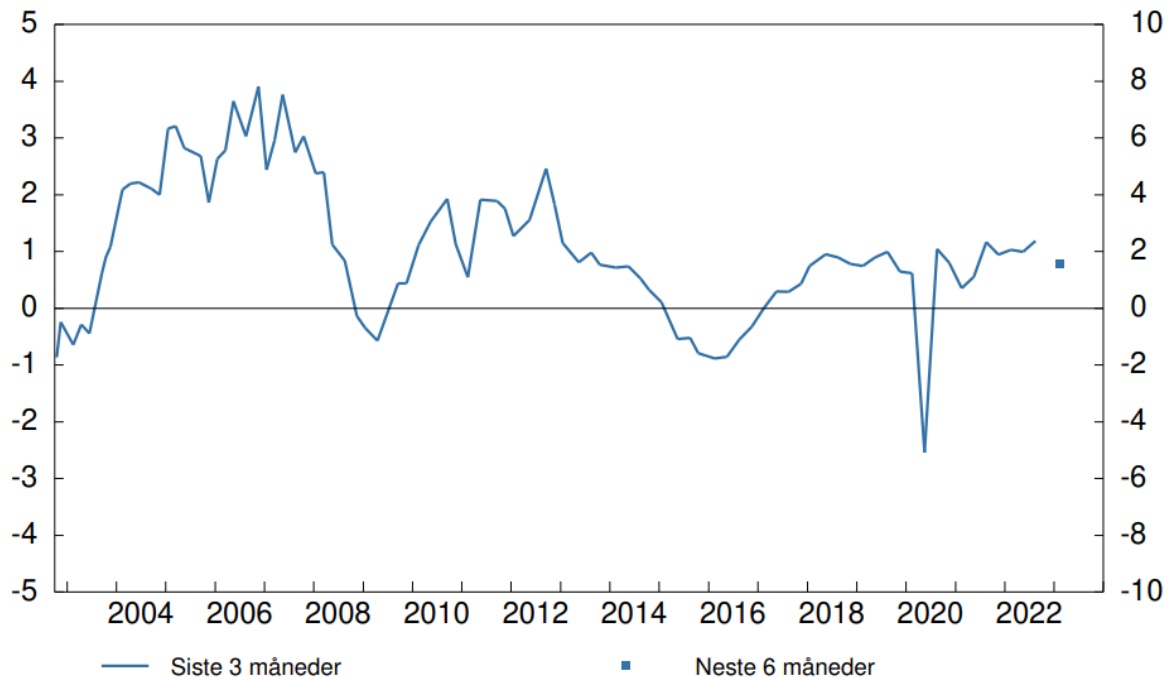
The Housing Market

Commercial Property

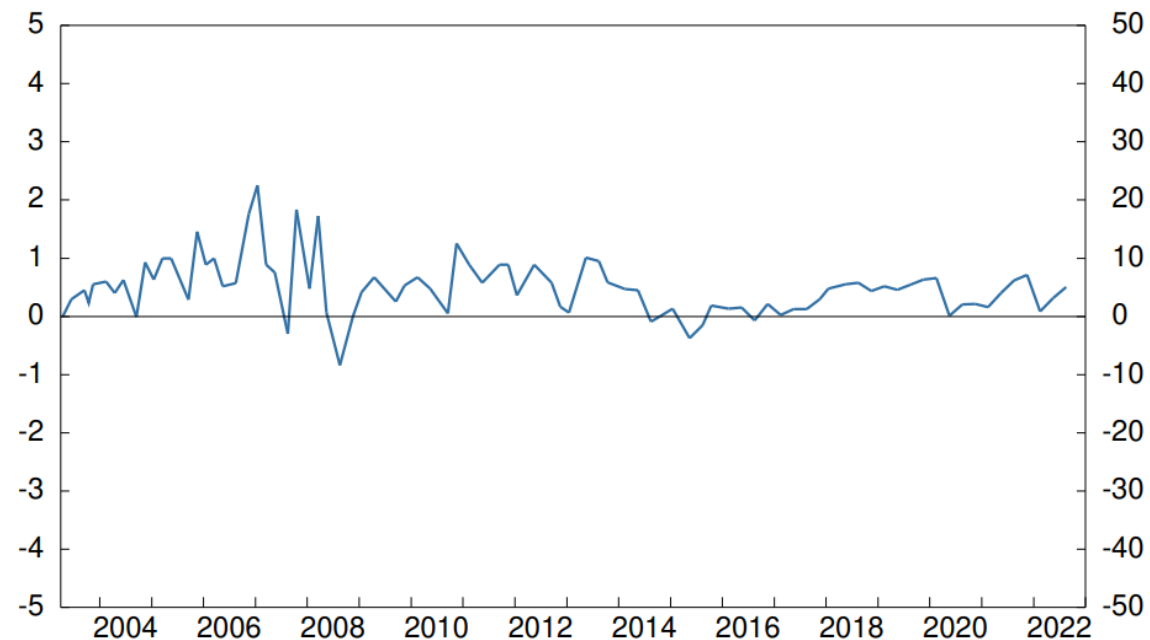


Norges Bank regional network –region Southwest

Production growth



Investment growth



Source: Norges Bank regionale nettverk 13.september 2022.

Oil investments face a solid increase in 2023

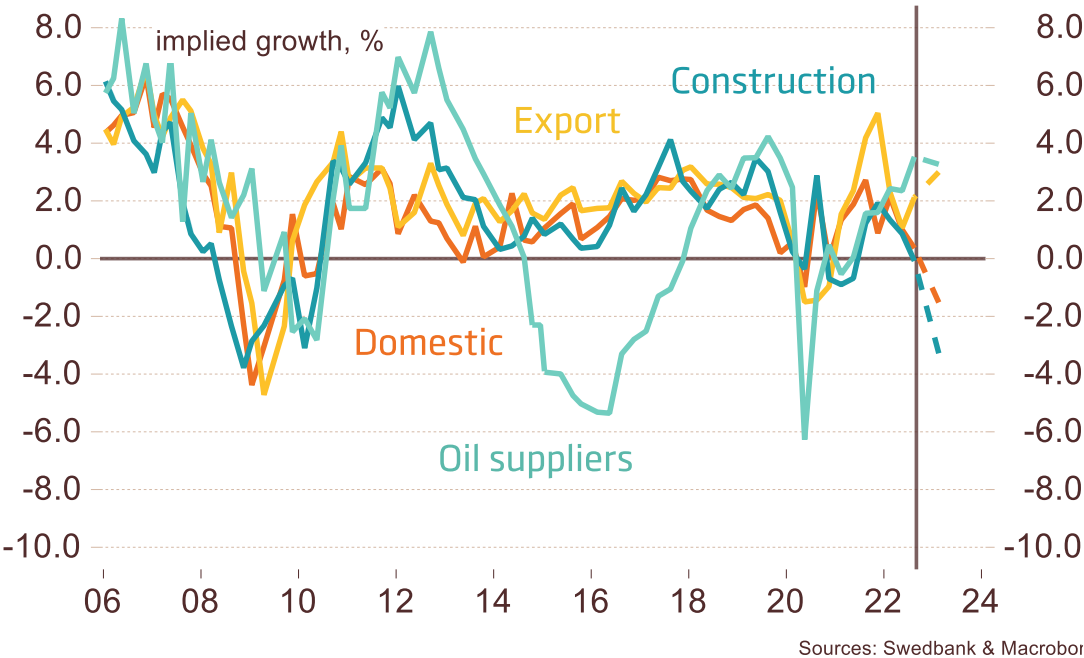
Oil investments face a solid increase in 2023

The regional network expects further growth within the oil sector

Norway: Oil investment estimates



Norway: Regional Network - Industries



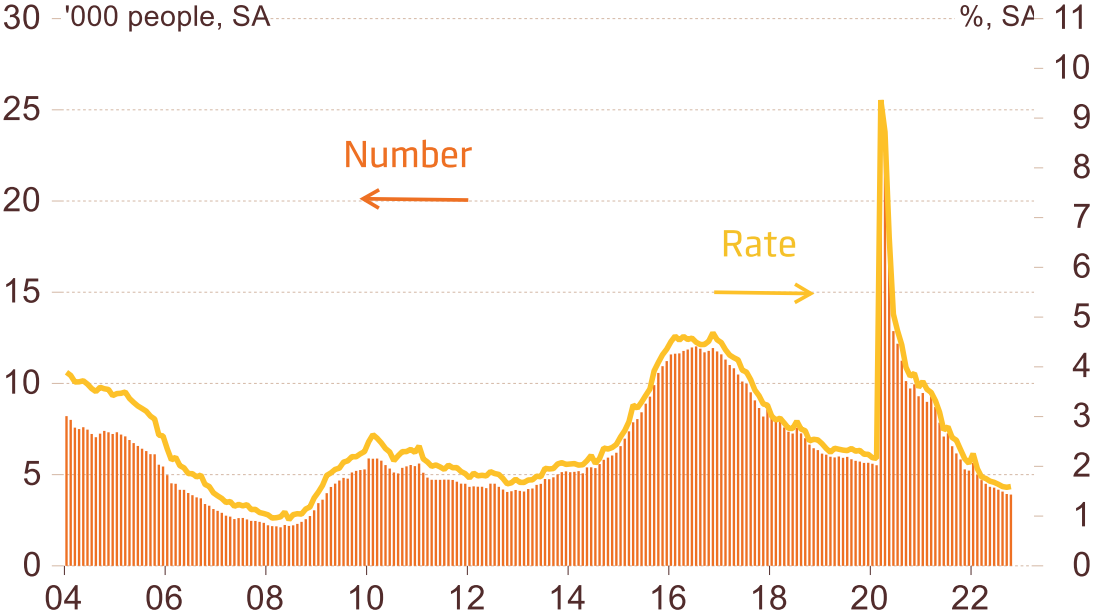
- Investments in the oil sector will be expected to fall before a solid recovery in 2023. The estimates for 2023 will be revised as new PUDs are presented to the Norwegian Petroleum Directorate.

The unemployment rate in Rogaland is at 1.6%, 0.6pp below pre-pandemic levels

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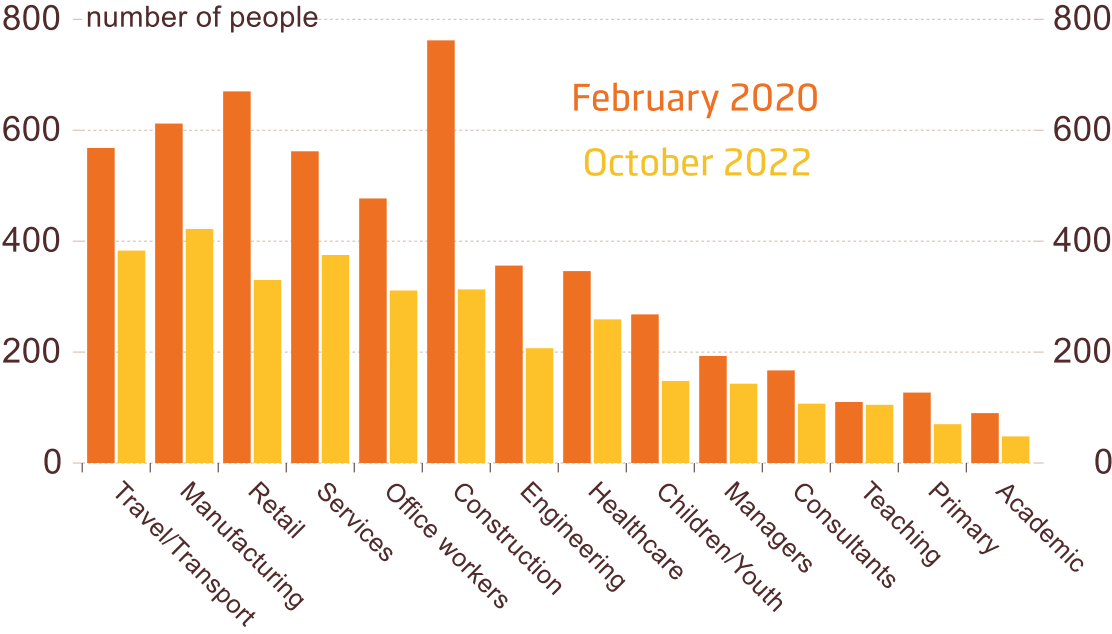
Unemployment is significantly lower than pre-pandemic levels in all professions.

Rogaland: Unemployment



Sources: Swedbank & Macrobor

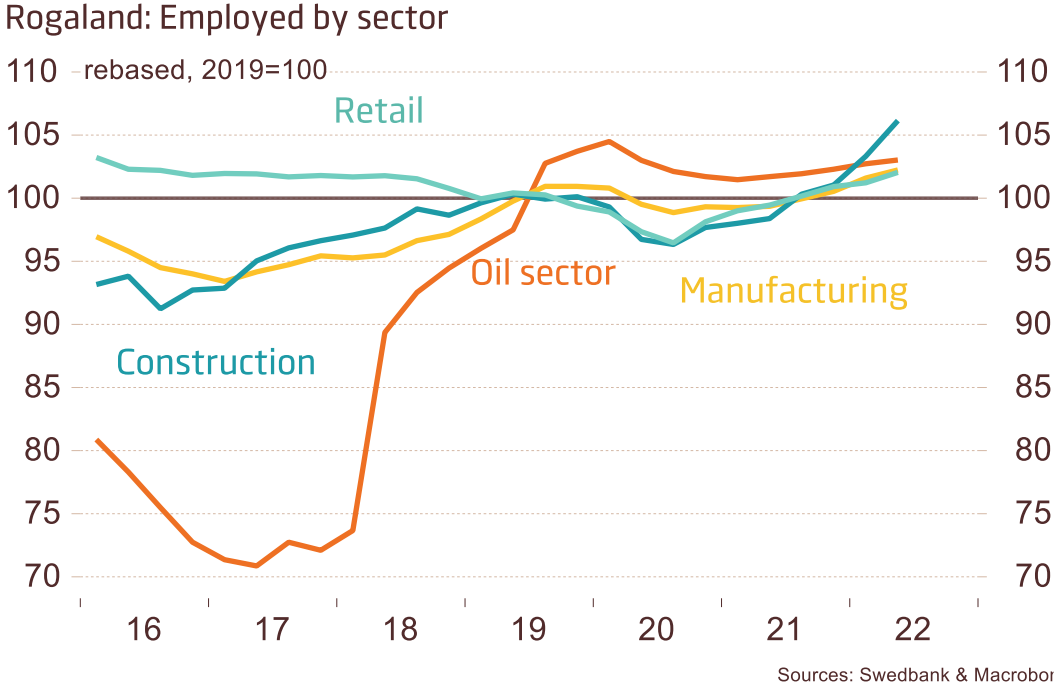
Rogaland: Unemployment by profession



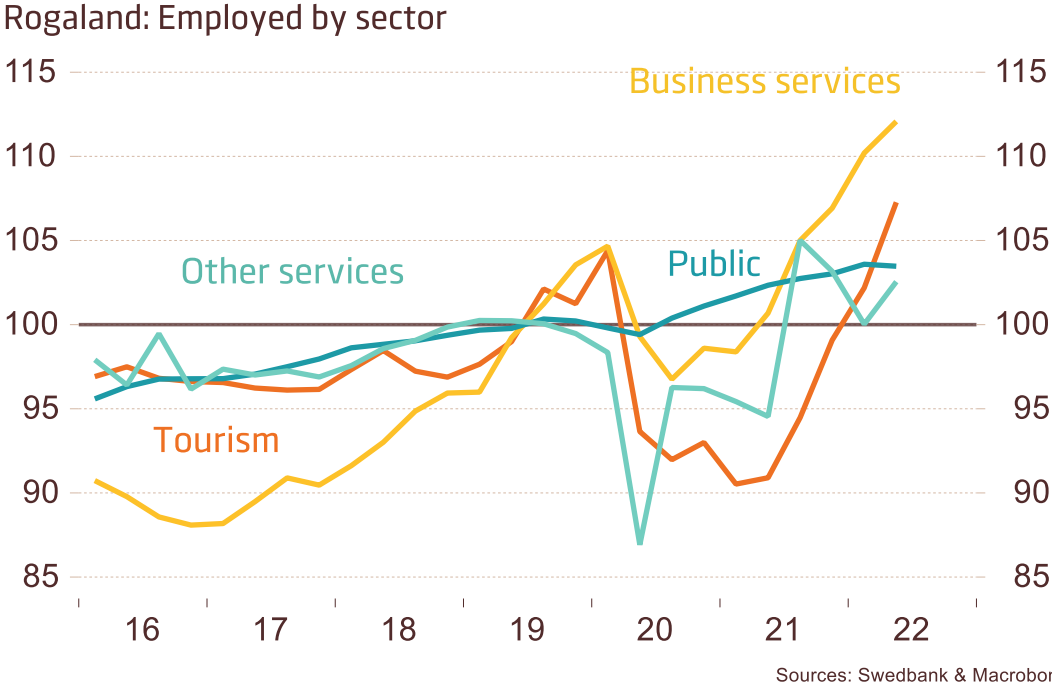
Sources: Swedbank & Macrobor

Strong growth in the number of employees in all sectors

All main sectors have more employees now compared to before the pandemic



Business services in particular have picked up since the pandemic

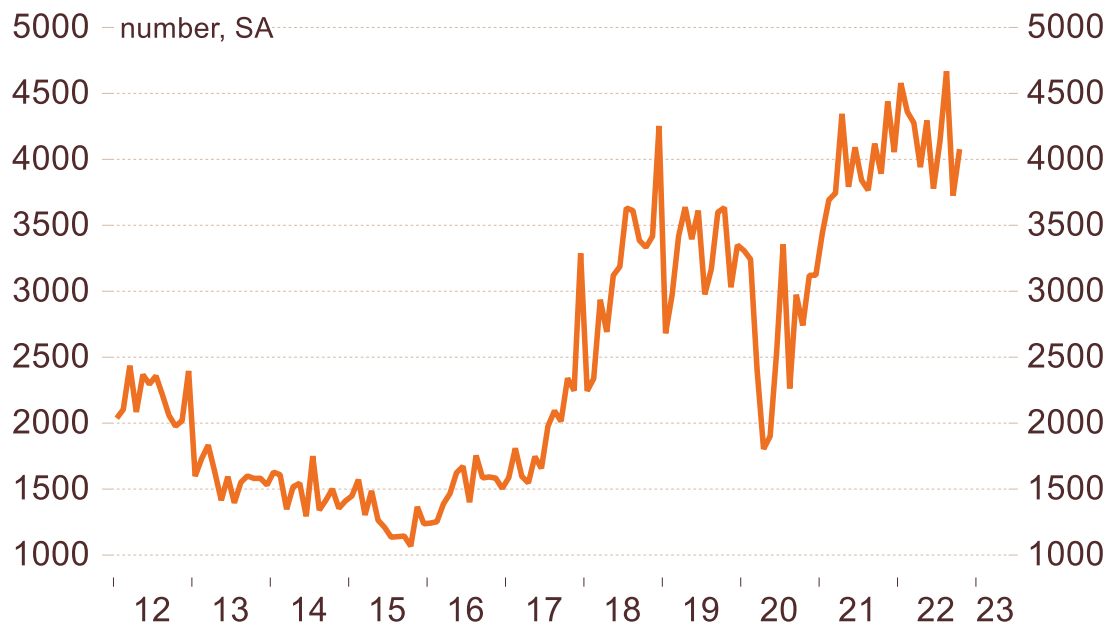


- Business services: Finance, real estate, communication, admin & support, scientific & technical activities
- Public: Healthcare, education, public admin, defence
- Tourism: Hotels, restaurants, transportation

The number of vacancies in Rogaland continues to be at a record high level and the number of employed people has increased rapidly

The number of vacancies in Rogaland is at record high levels, as is the rest of the country.

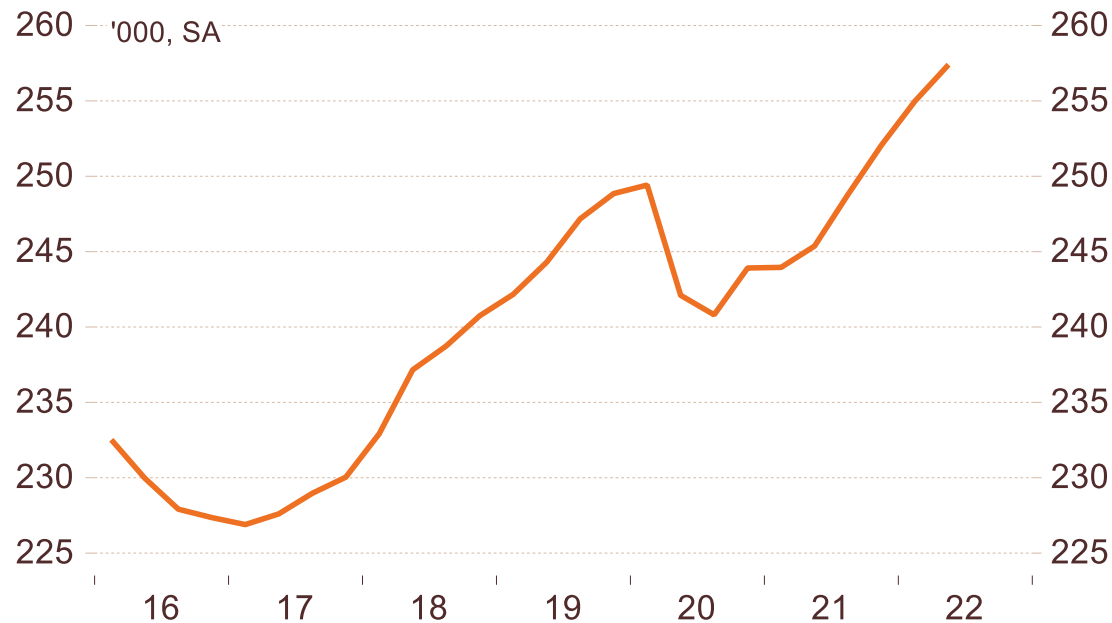
Rogaland: New Vacancies



Sources: Swedbank & Macrobor

The number of employed people in Rogaland was 3,2 % higher in Q3 than before the pandemic.

Norway: Number of employed



Sources: Swedbank & Macrobor

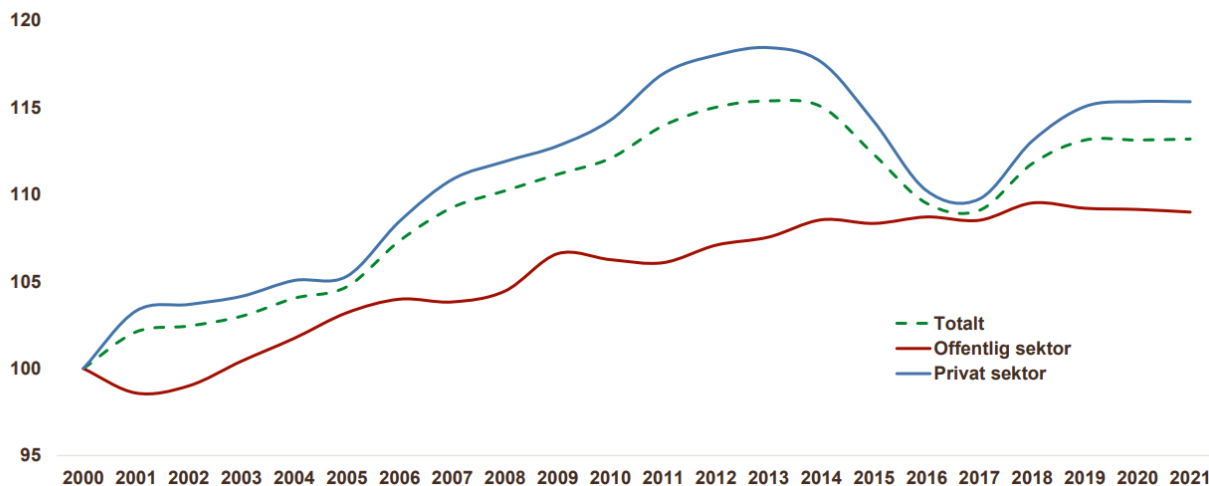
The labor market in Rogaland differs from the rest of the country

Rogaland is still exposed to the cyclical effects of the energy sector

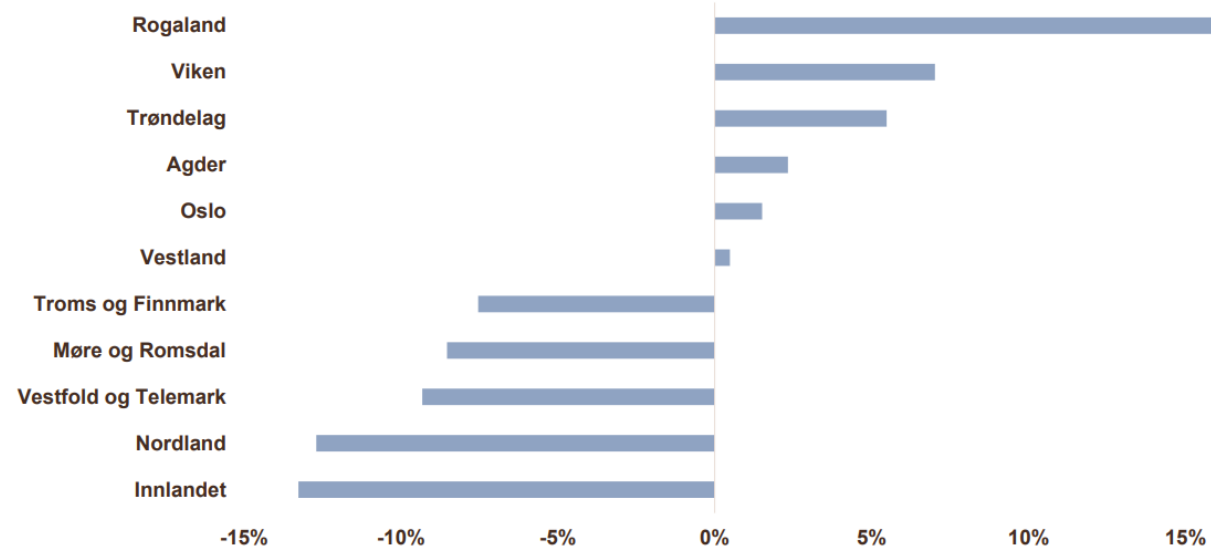
Strong growth in Rogaland in recent years



Arbeidsplassutvikling – Rogaland



Vekst i arbeidsplasser 2000 - 2021

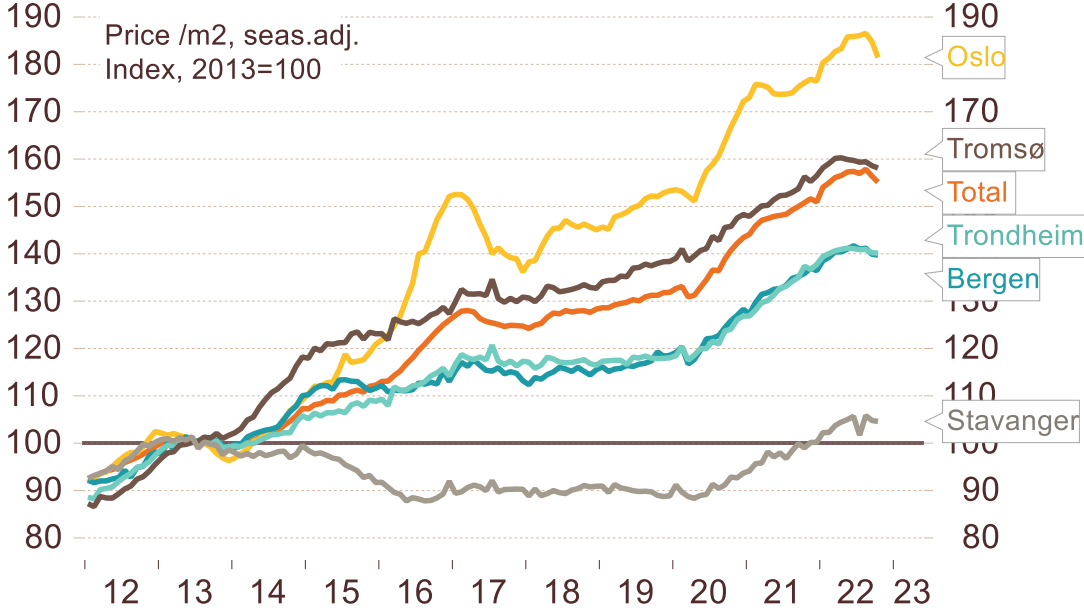


Housing prices are decreasing as a result of interest rate hikes and an increasing number of homes for sale

Housing prices are decreasing as a result of interest rate hikes and an increasing number of homes for sale

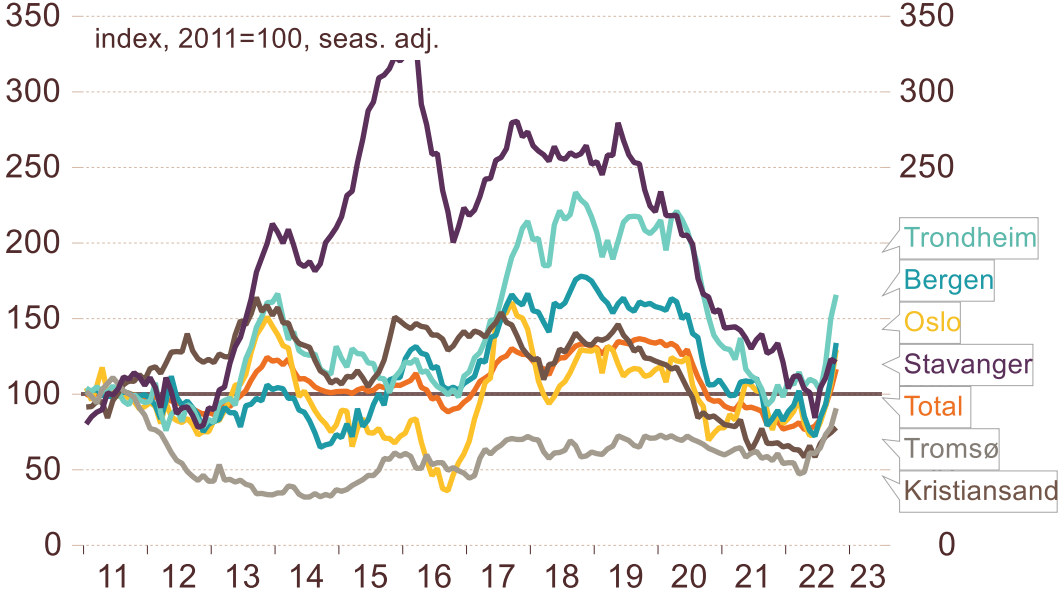
Increasing number of homes for sale

Norway: House prices



Sources: Swedbank & Macrobor

Norway: Homes for sale

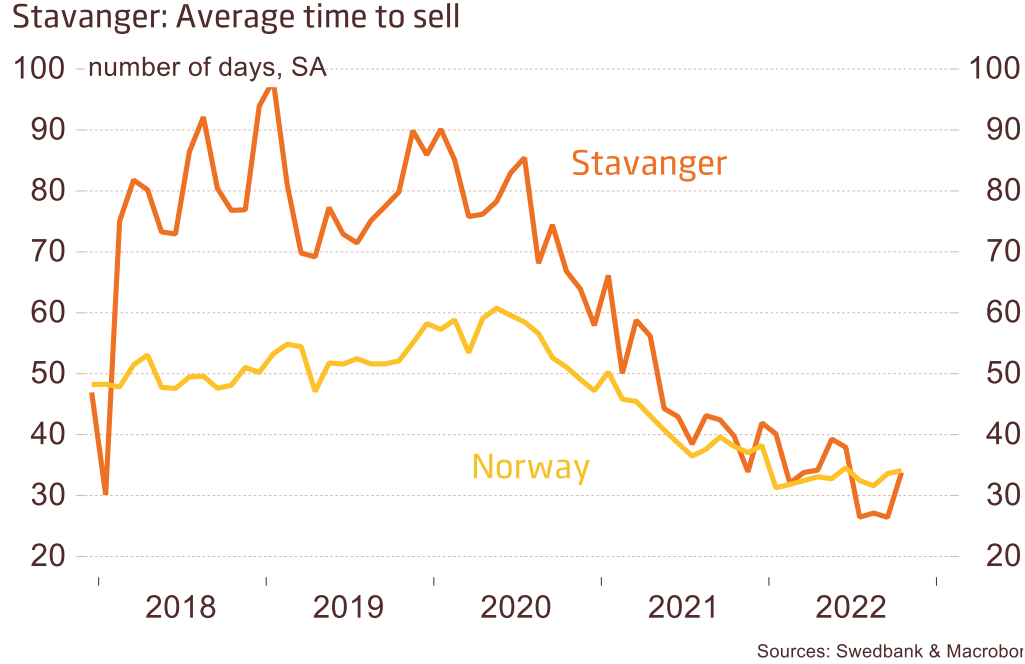


Sources: Swedbank & Macrobor

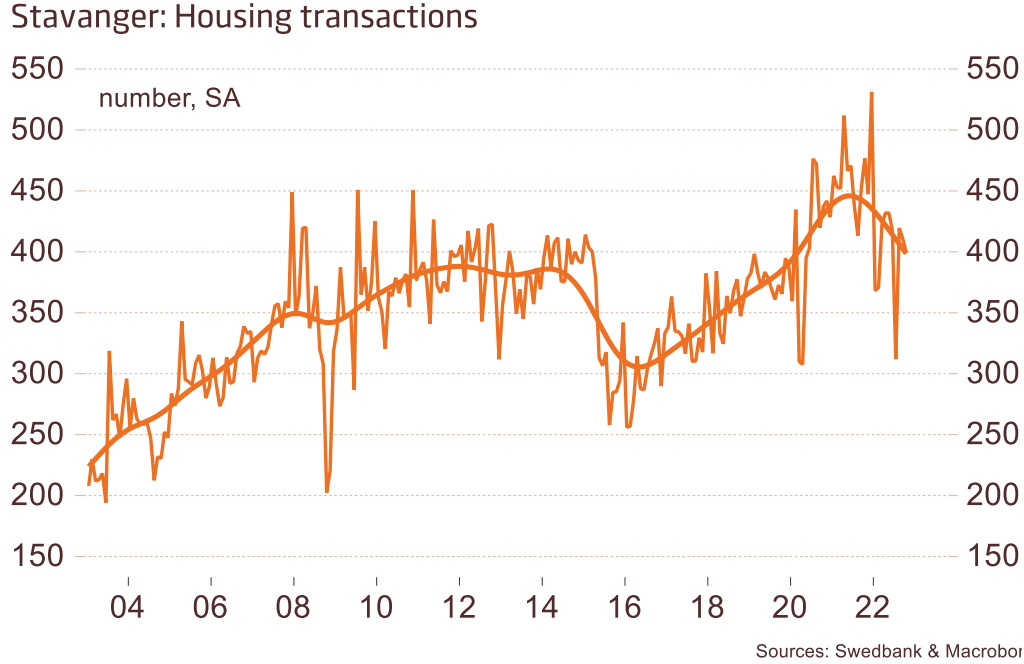
Price development in the Stavanger area: + 5,5 % YOY. (+ 7,8% YTD)

Decreasing activity in the housing market

The average time to sell a home has decreased in recent years



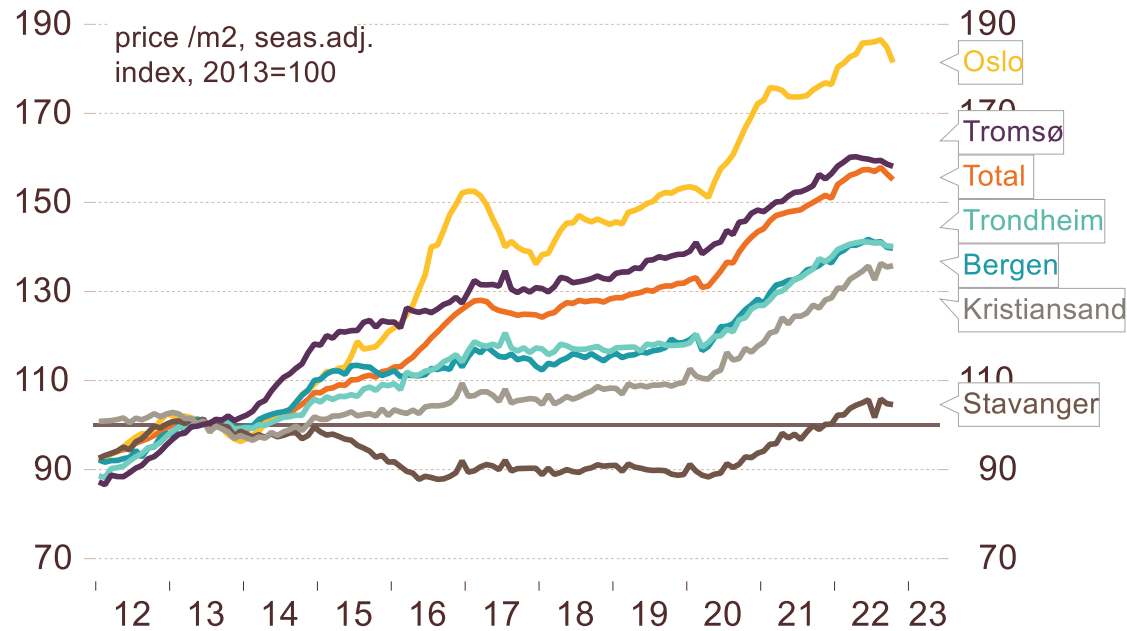
The trend in the number of transactions is falling, also in Stavanger



Price development: nominal vs real housing prices

Nominal price development (incl october 2022)

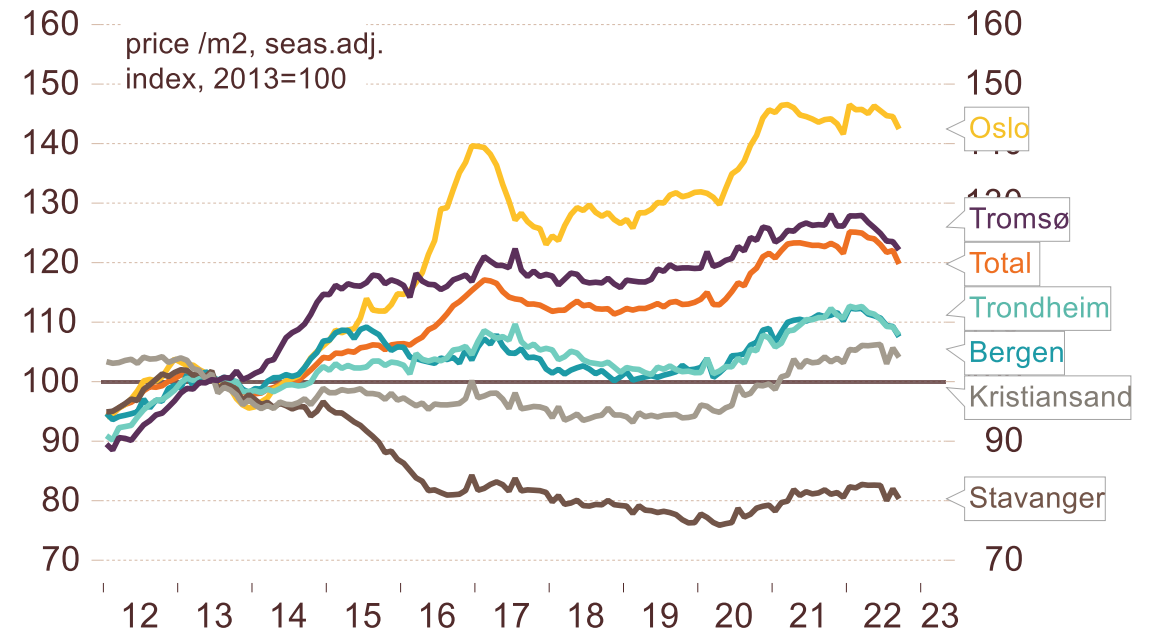
Norway: Nominal house prices



Sources: Swedbank & Macrobor

Price development adjusted for inflation (incl september 2022)

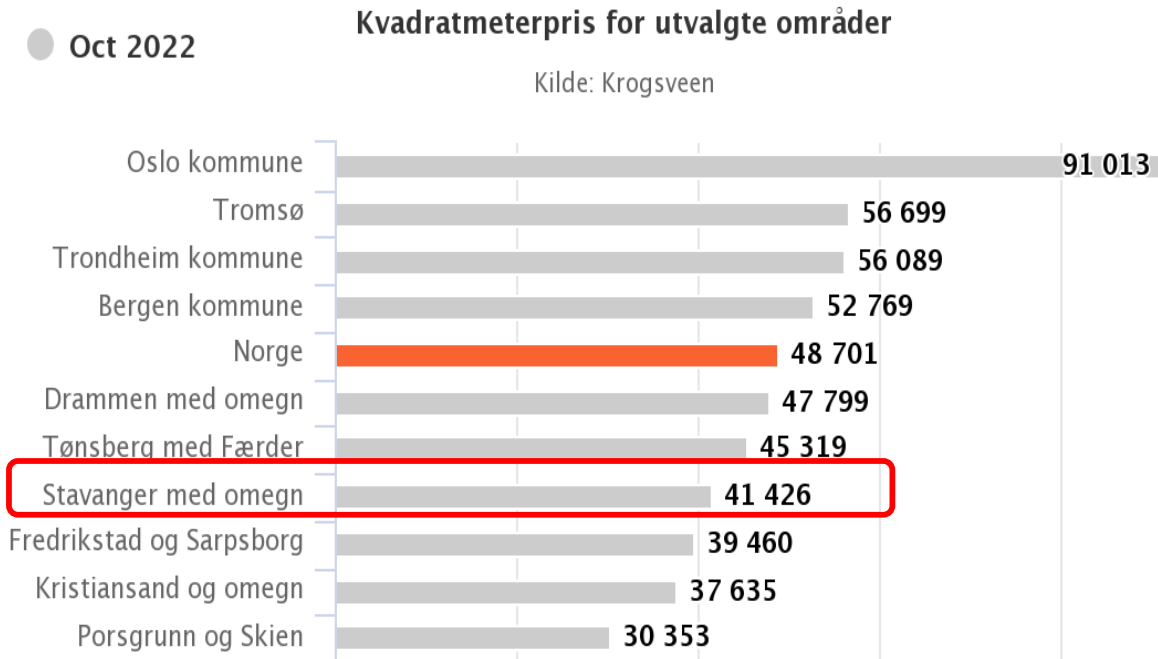
Norway: Real house prices



Sources: Swedbank & Macrobor

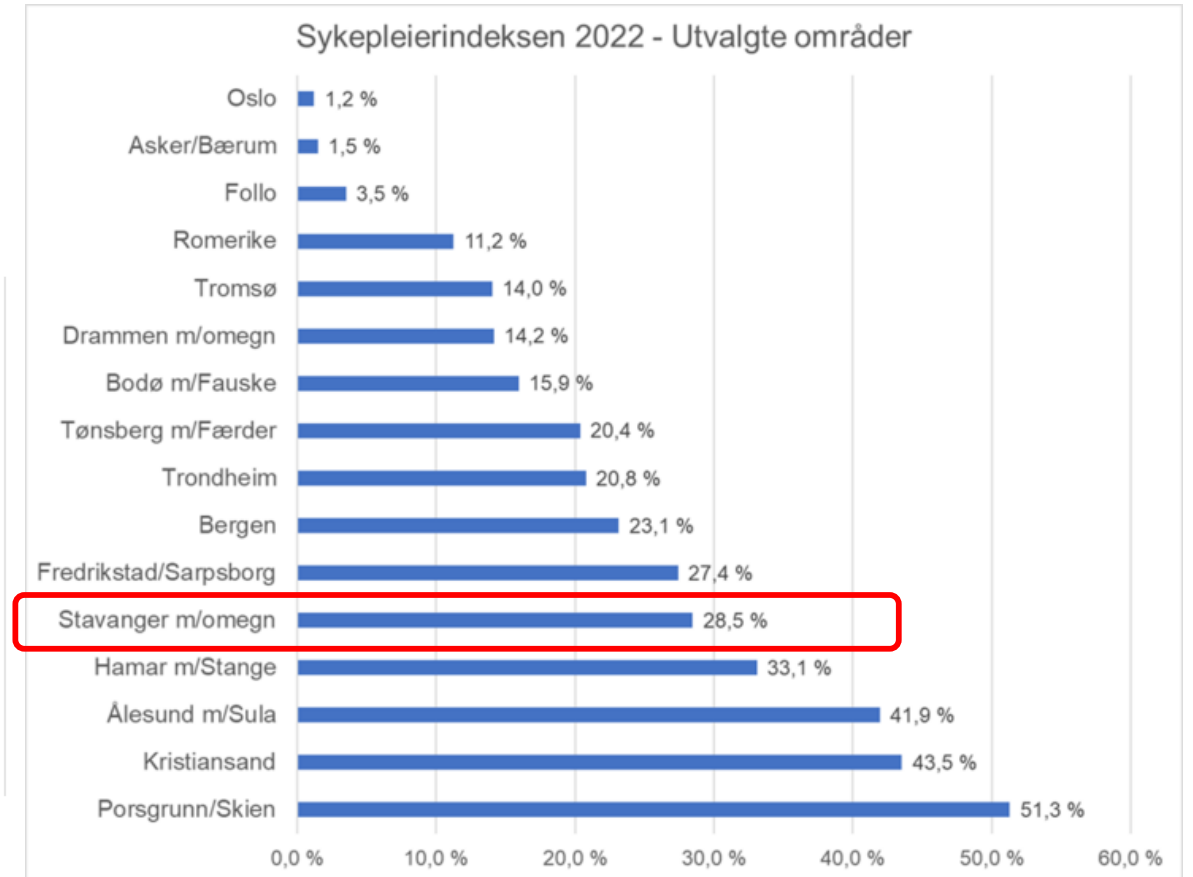
The region has a housing market most residents can parttake in

Price per square meter differs between cities



Source: Eiendom Norge (pr aug2022)

Share of the housing sales a single nurse can purchase in 2022



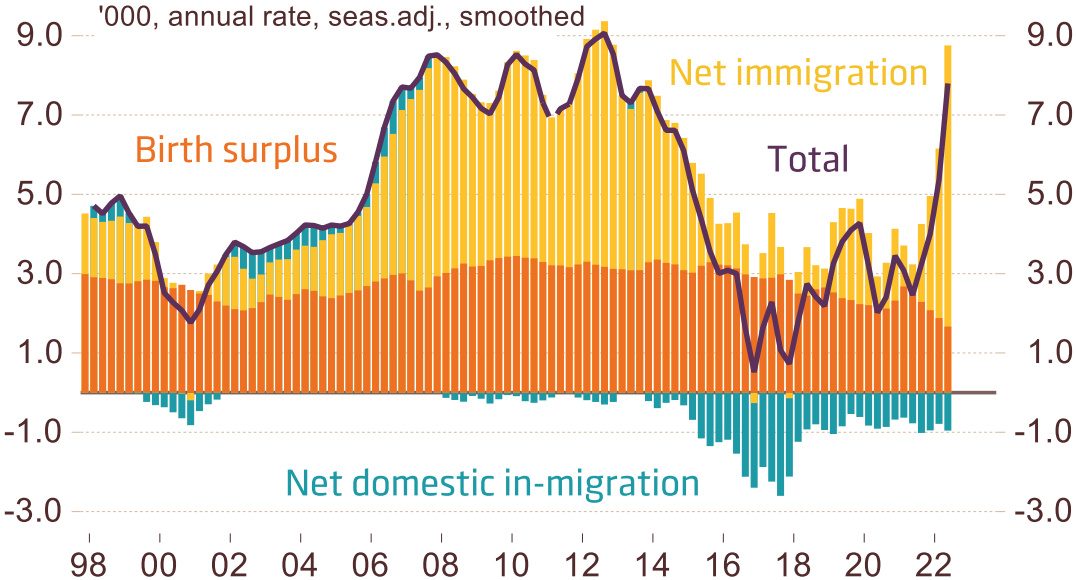
Source : Krogsvveen / Early Warning

Stong increase in population growth in 2022

The population growth in Rogaland in 2022 is related to immigration from Ukraine

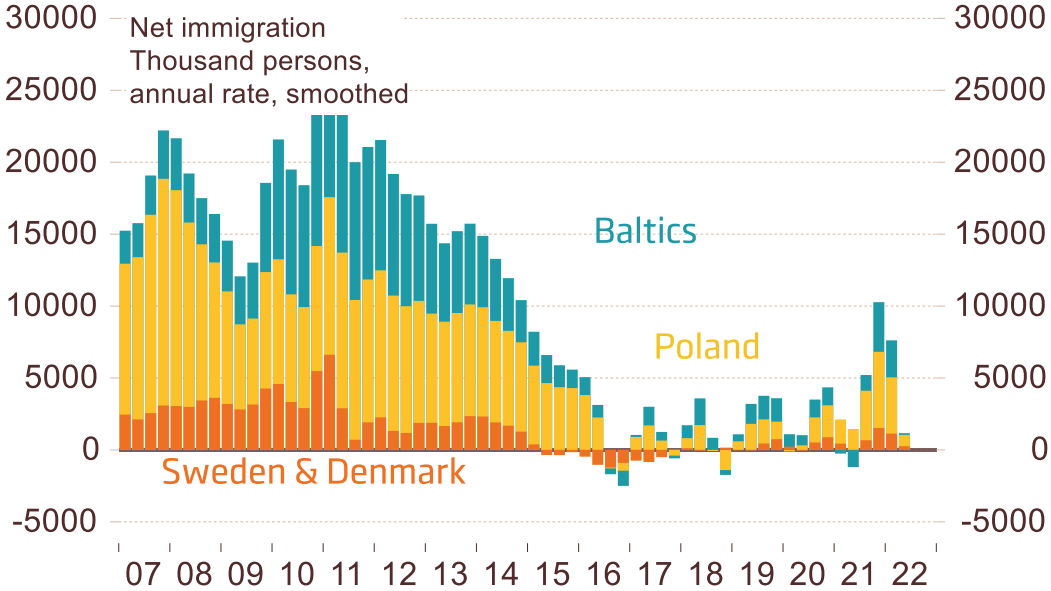
Labor immigration is increasing

Rogaland: Population growth



Sources: Swedbank & Macrobor

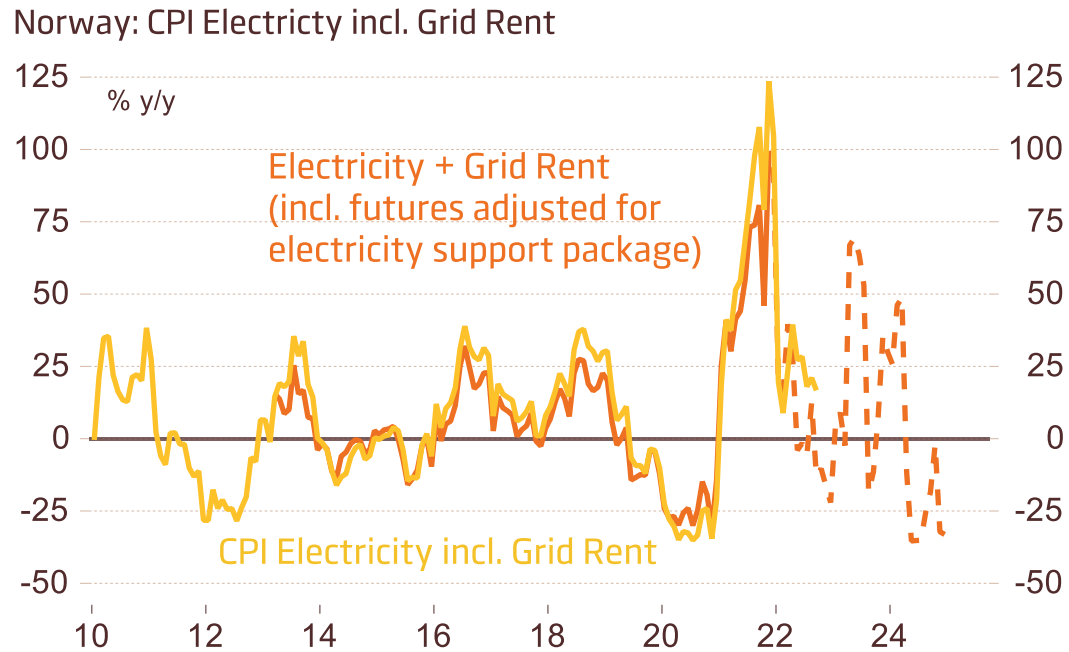
Norway Immigration by EU citizenship



Sources: Swedbank & Macrobor

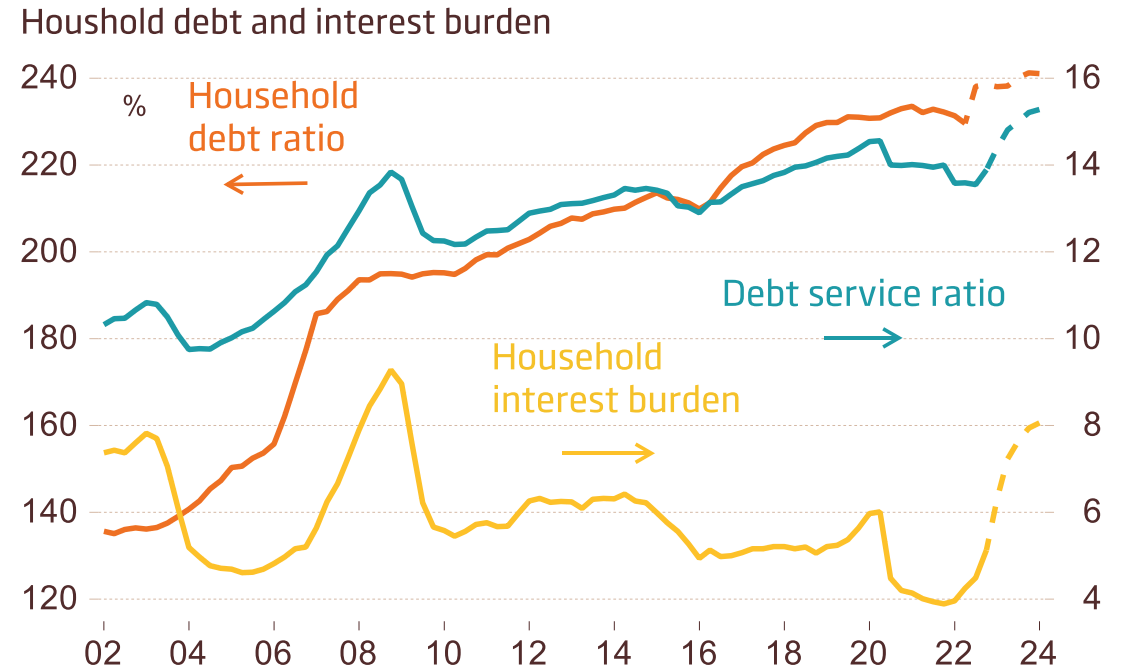
Increasing electricity prices and mortgage interest rates are decreasing purchasing power

Strong increase in electricity prices



Sources: Swedbank & Macrobor

The debt burden will increase in line with the increasing interest rate

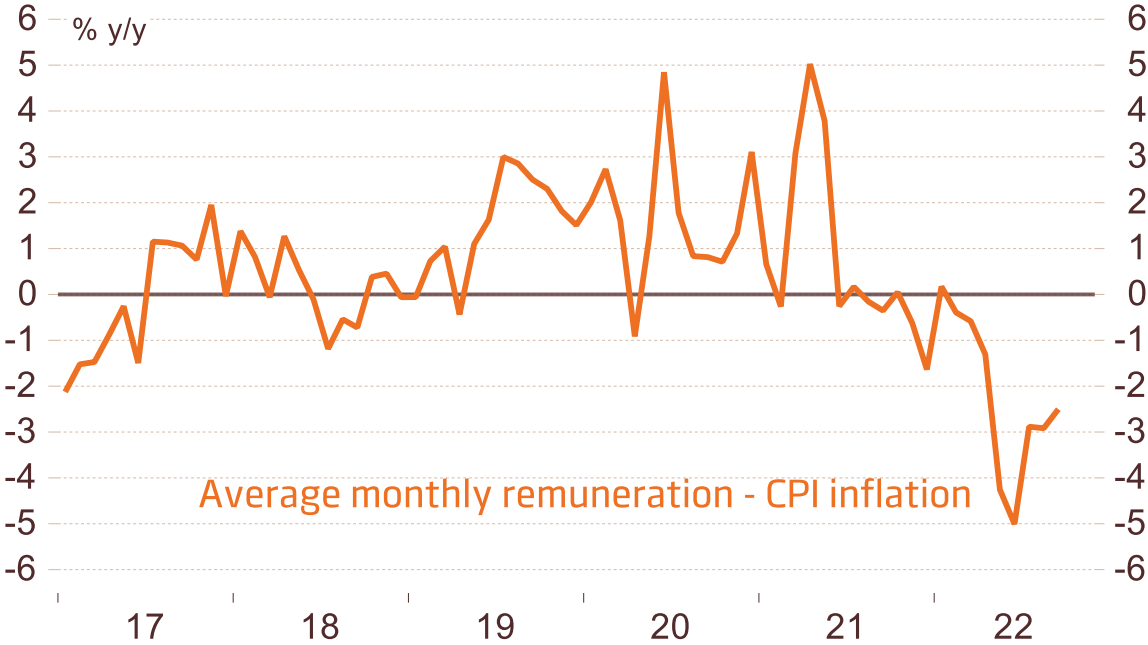


Sources: Swedbank & Macrobor

High inflation leads to a decrease in real wages

Zero or negative growth in real wages in recent years

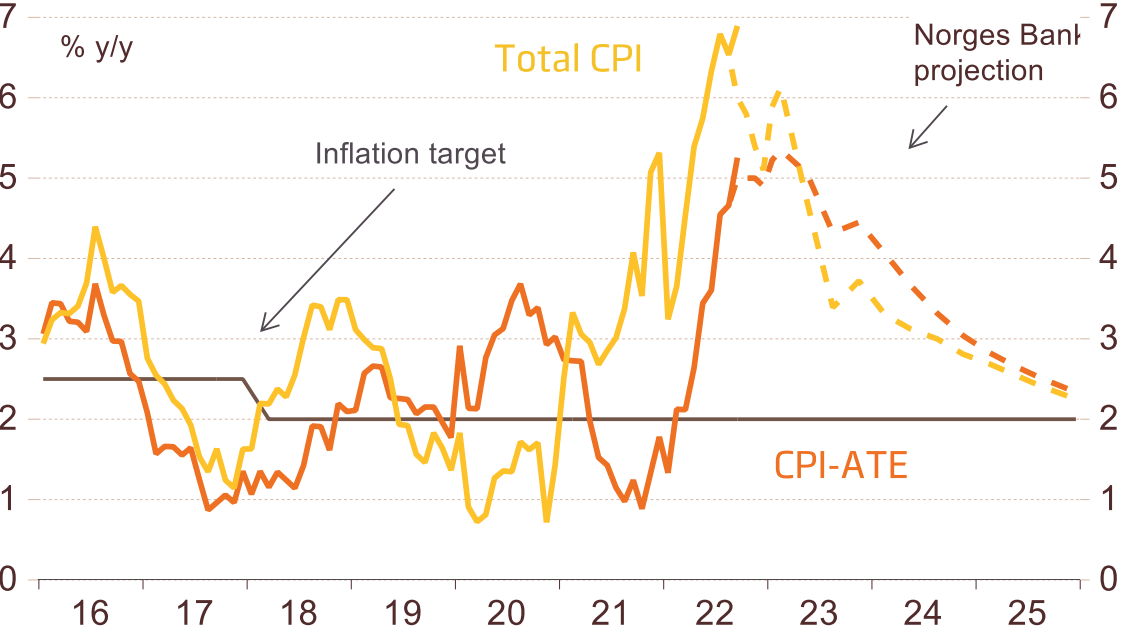
Norway: Average monthly remuneration - CPI inflation



Sources: Swedbank & Macrobor

Inflation is expected to exceed the 2%-target in upcoming years

Norway: Inflation Core vs. Total

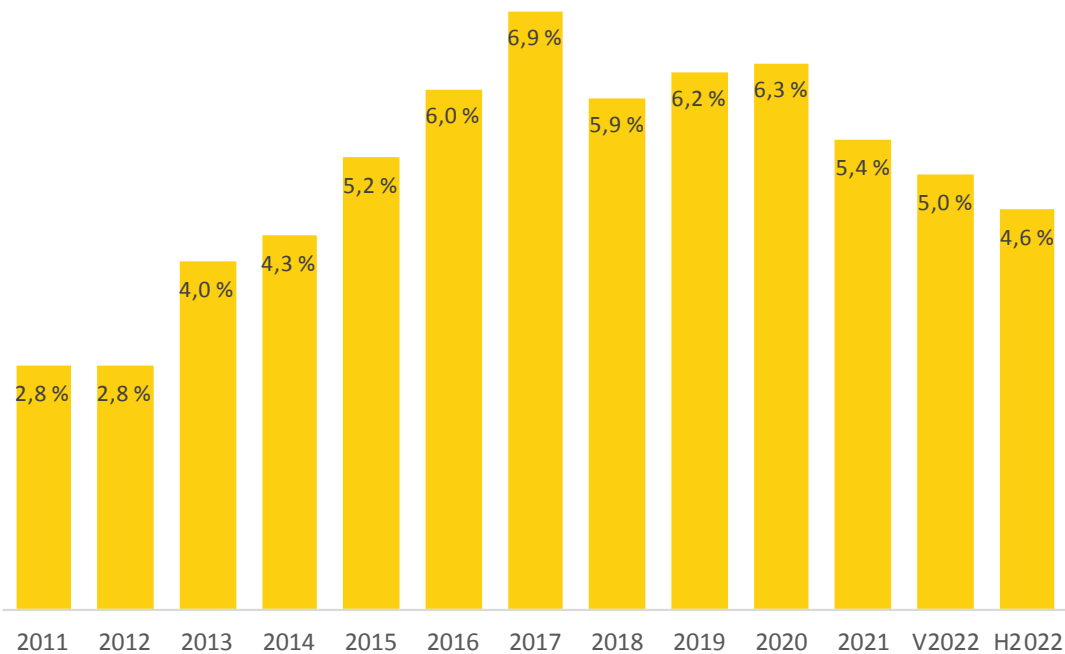


Sources: Swedbank & Macrobor

Commercial property – the local market

Challenges through the oil downturn – decrease from 2018

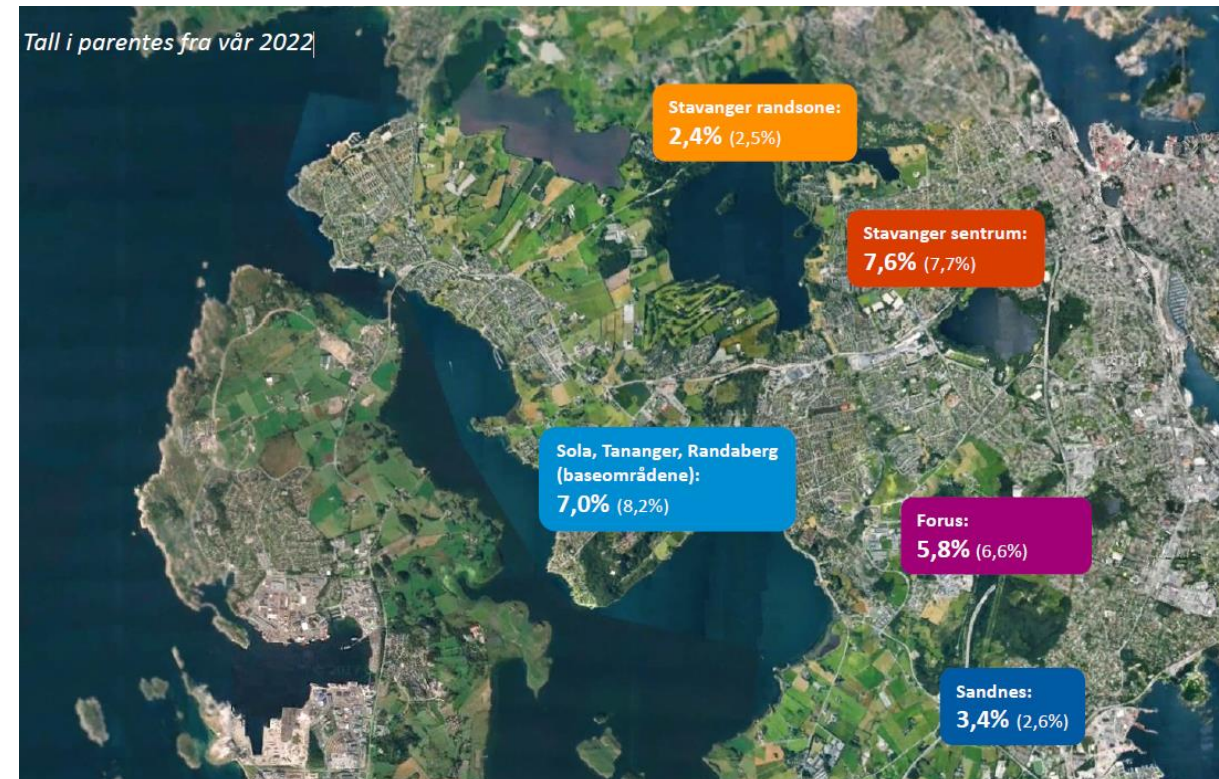
Total vacancies commercial property



- 310.000 sqm vacancies in the fall of 2022, a decrease of 42.000 sqm compared to fall 2021. The largest decrease is found in mixed use properties

Source: Eiendomsmegler 1 Næringsseiendom Stavanger

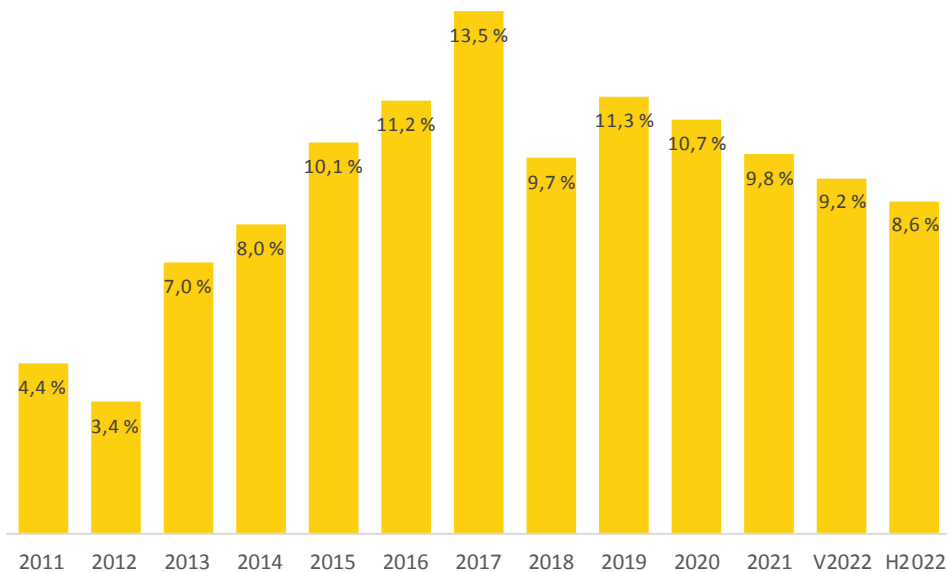
Detailed overview vacancies commercial properties



Commercial property – the local market

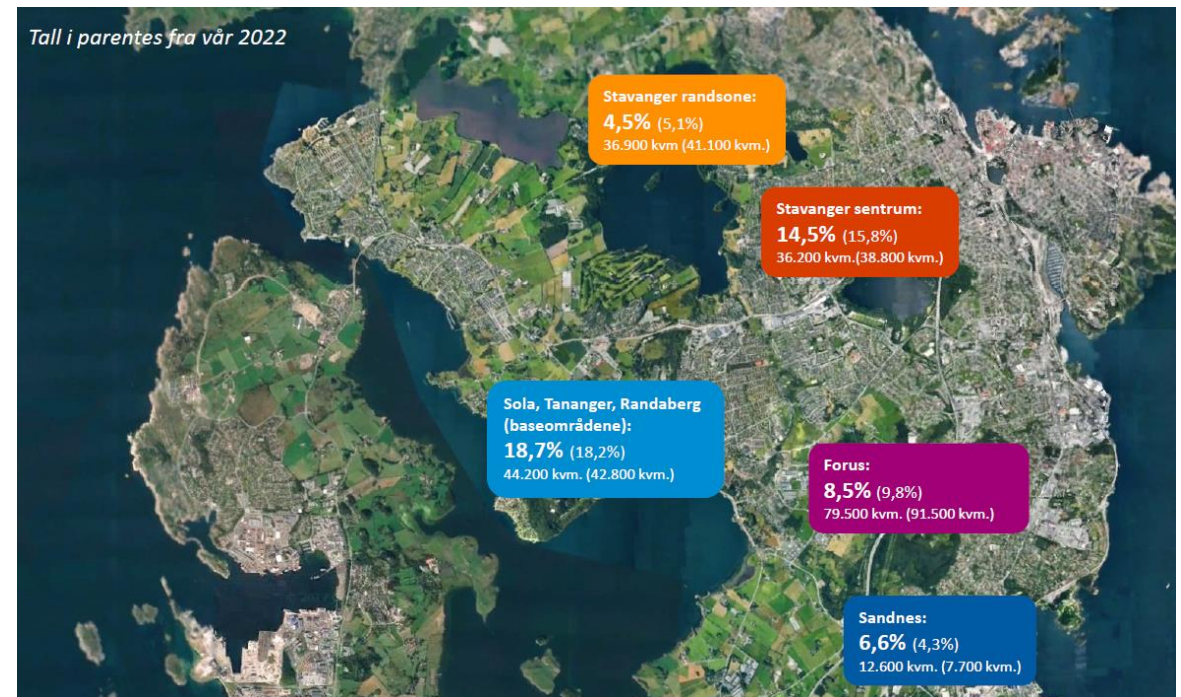
Offices are the segments with the most vacancies. Some variation between locations

Total vacancies offices



- Some new properties under construction and some under planning

Detailed overview vacancies offices

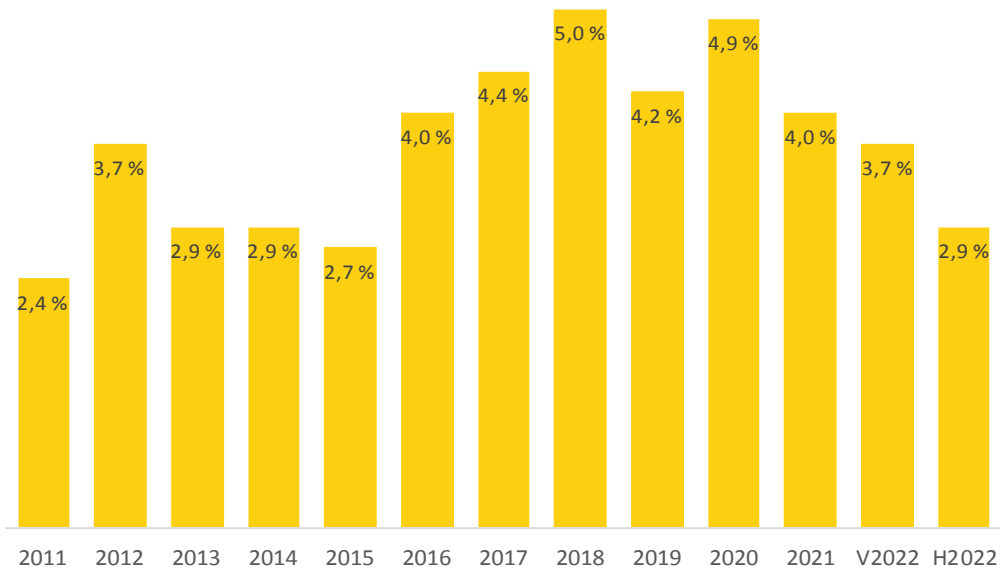


- Vacancies in offices in the region is at 8,6 %, corresponding to 209.000 m2, a decrease of 25.000 m2 since fall of 2021.
- Stavanger city center accounts for 36.000 sqm. Five larger buildings with over 3000 sqm contributes to higher vacancies.

Commercial property – the local market

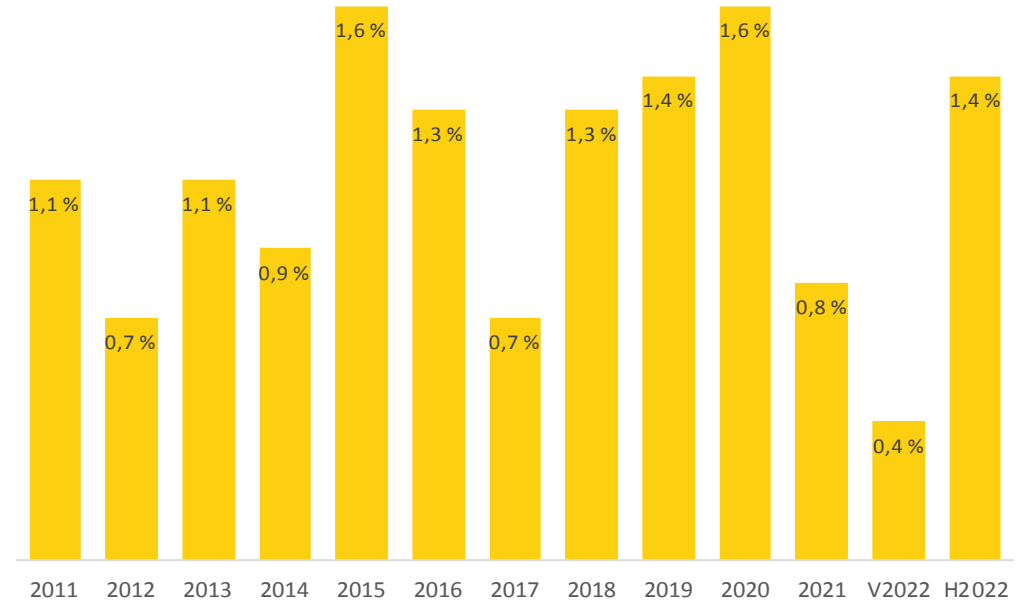
Mixed use properties and commercial buildings are the segments with the lowest vacancy rate

Total vacancies mixed use properties



- Demand is greater than supply, but there are still some vacancies due to the construction and age of the buildings

Total vacancies commercial buildings



- Generally little available space. Small changes affects the statistics and not all vacant buildings are equally attractive

Commercial property – the local market

Rental prices are increasing after years of decrease

Yield increasing – Stavanger city center at 4,75 %



- Yield is generally higher in Stavanger than in other large cities, but this vary by location
- Yield is increasing, but it is based on few transactions in 2022

Source: Akershus eiendom/ Eiendomsmeidler 1 Næringseiendom Stavanger

Rental prices vary by location



- Higher rental prices in the Stavanger city center compared to the rest of the region
- Areas with good public transportation, such as Stavanger, Sandnes and Hinna are popular
- Industrial areas such as Forus, Tananger and Dugavik are more affordable

Content:

Status & Strategy

Local Macro

Retail market

Corporate market

Credit quality and solidity

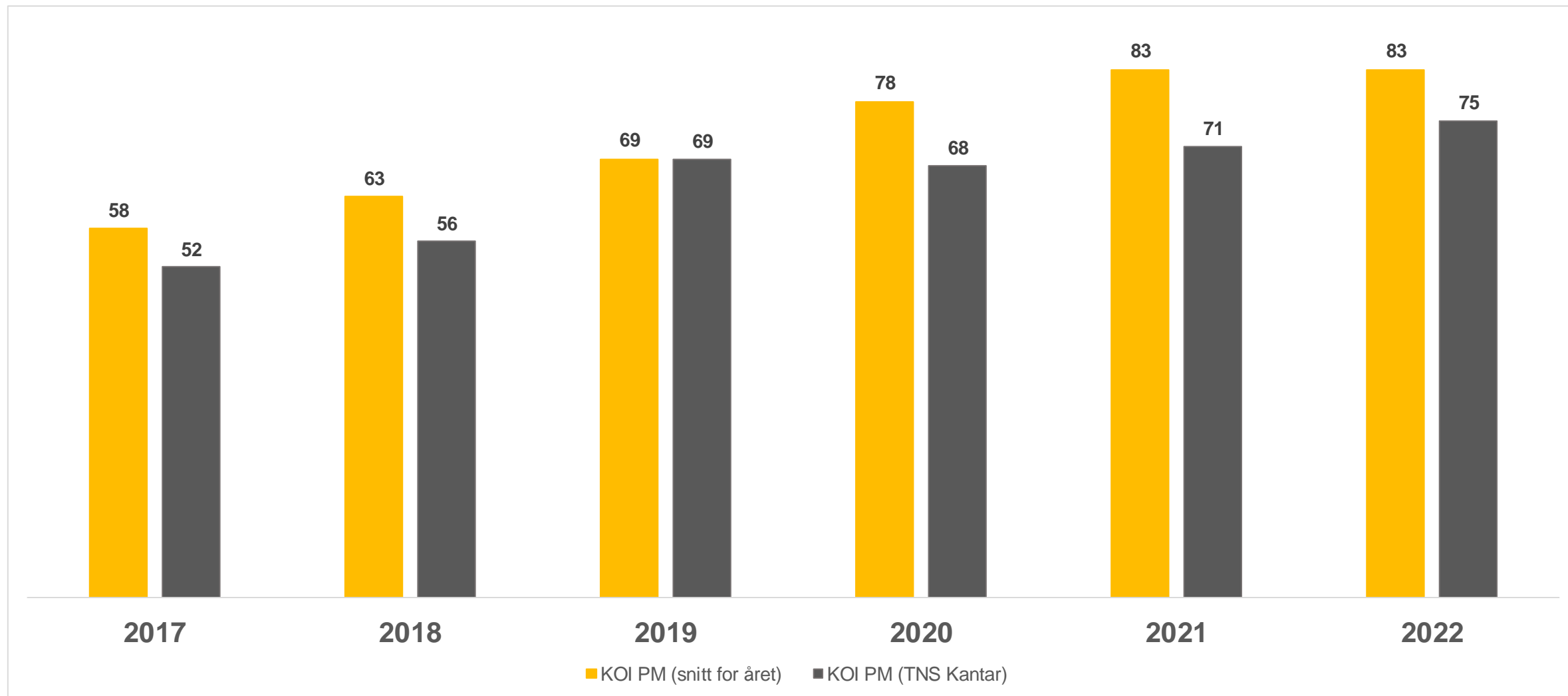
Liquidity



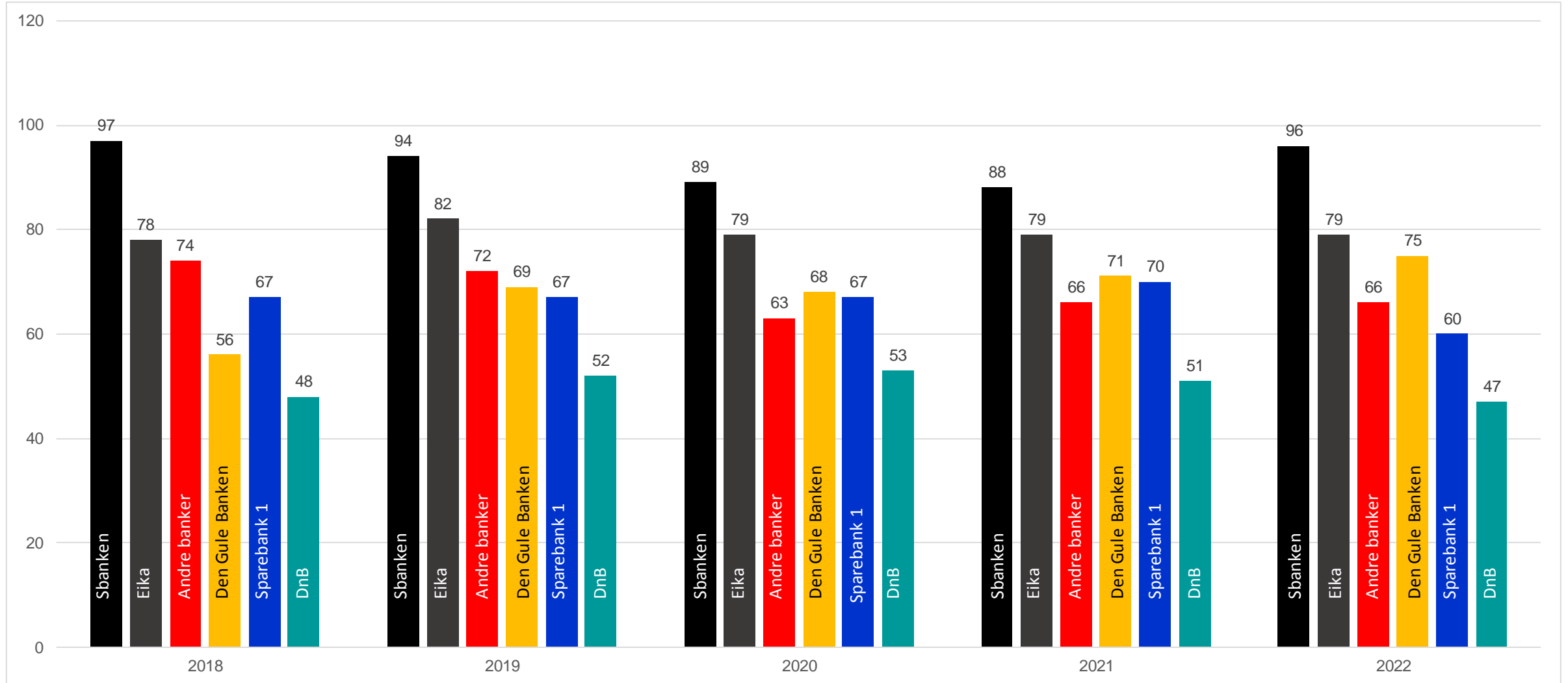
From Customer Flight to Growth Strategy → 2017 to 2022



Customer Satisfaction Retail – Development 2017-2022

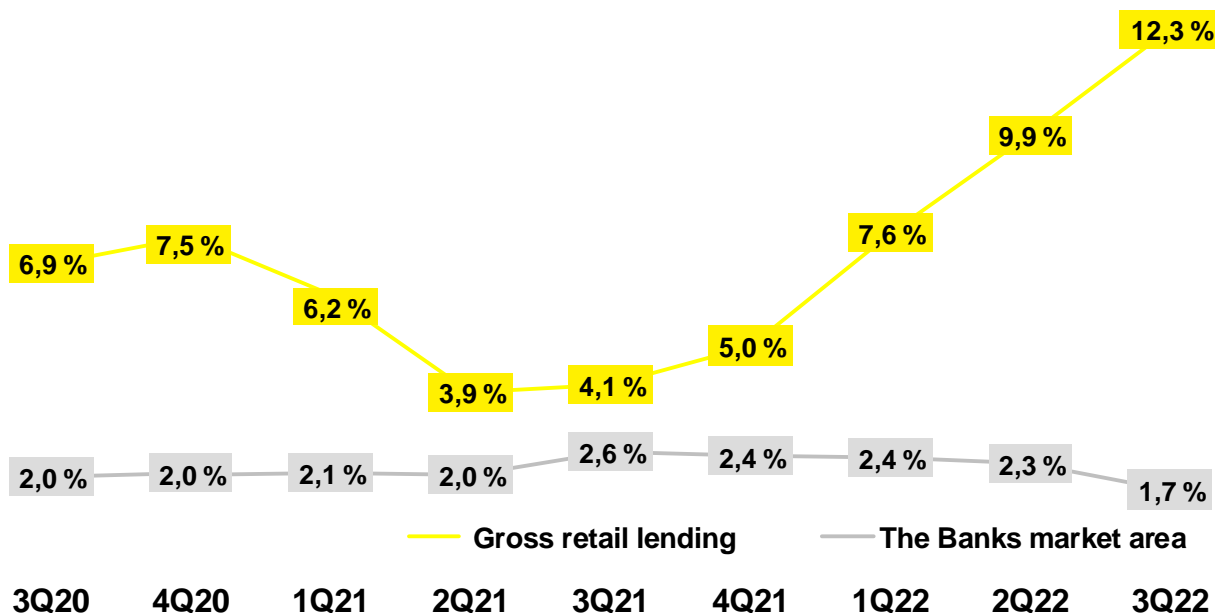


Customer Satisfaction Retail 2022– Competitors



Strategic investment in the retail market

Growth in retail lending (YOY)



- Customer experiences as a basis for growth
- An organization that wants something
- Retail lending increased by NOK 2,2 mrd (12,3 %) YOY.
- Retail lending increased by MNOK 673 (3,5 %) QoQ

Balansebank



balansebank

– en del av Sandnes Sparebank

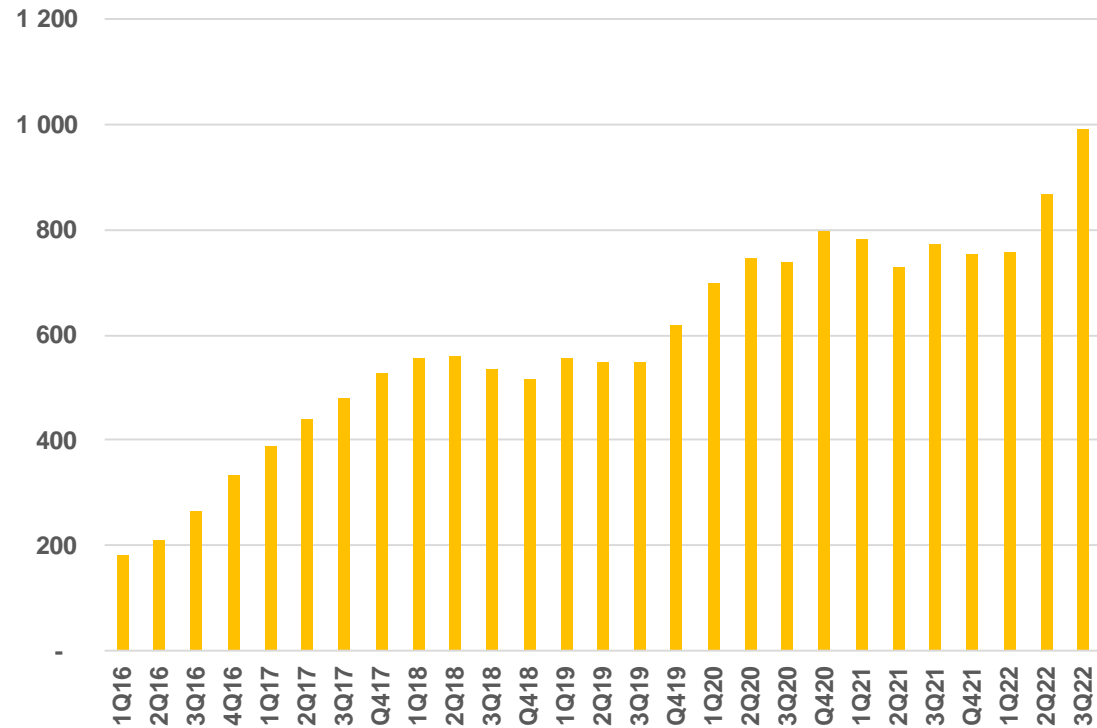
What is Balansebank?

- A Retail department, with 8 financial advisors and 1 leader
- A service from Den Gule Banken, Sandnes Sparebank with its own name, brand, logo and associated domain
- A department that operates in the special loan segment, for customers that do not normally get loans from ordinary banks
- Helps customers in a difficult situation, where unsecured or defaulted loans are refinanced and collected
- Real estate loans with the same framework as the lending regulation
- Has the whole of Norway as its market area, with a concentration in well-functioning housing markets
- Risk based pricing
- The aim is for the customers to be able to apply for «normal» mortgages
- Advantage with a customer-friendly approach in a cynical market

Balansebank

Stable growth over time

Lending volume MNOK



Key Figures YTD:

- Net interests of MNOK 22,2
- Loan losses in % of gross lending of 1,20%
- Where individual write downs amount to 0,8%
- Non-performing and doubtful loans is 9,8%
- The average time customers stay in Balansebank is about 3 years
- 5,2% of retail loans in Sandnes Sparebank is in Balansebank

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Outlook

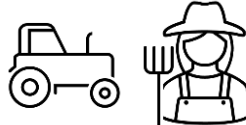
- Corporates in the region is split in two
 - Those that are directly affected by high energy prices, cost inflation and rising interest rates
 - Those with a significant increase in turnover and a high level of activity as a result of high energy prices
- Increased uncertainty and market unrest affect companies



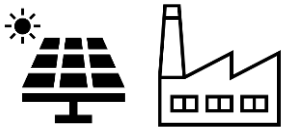
Næringsseiendom



Bygg & anlegg



Landbruk



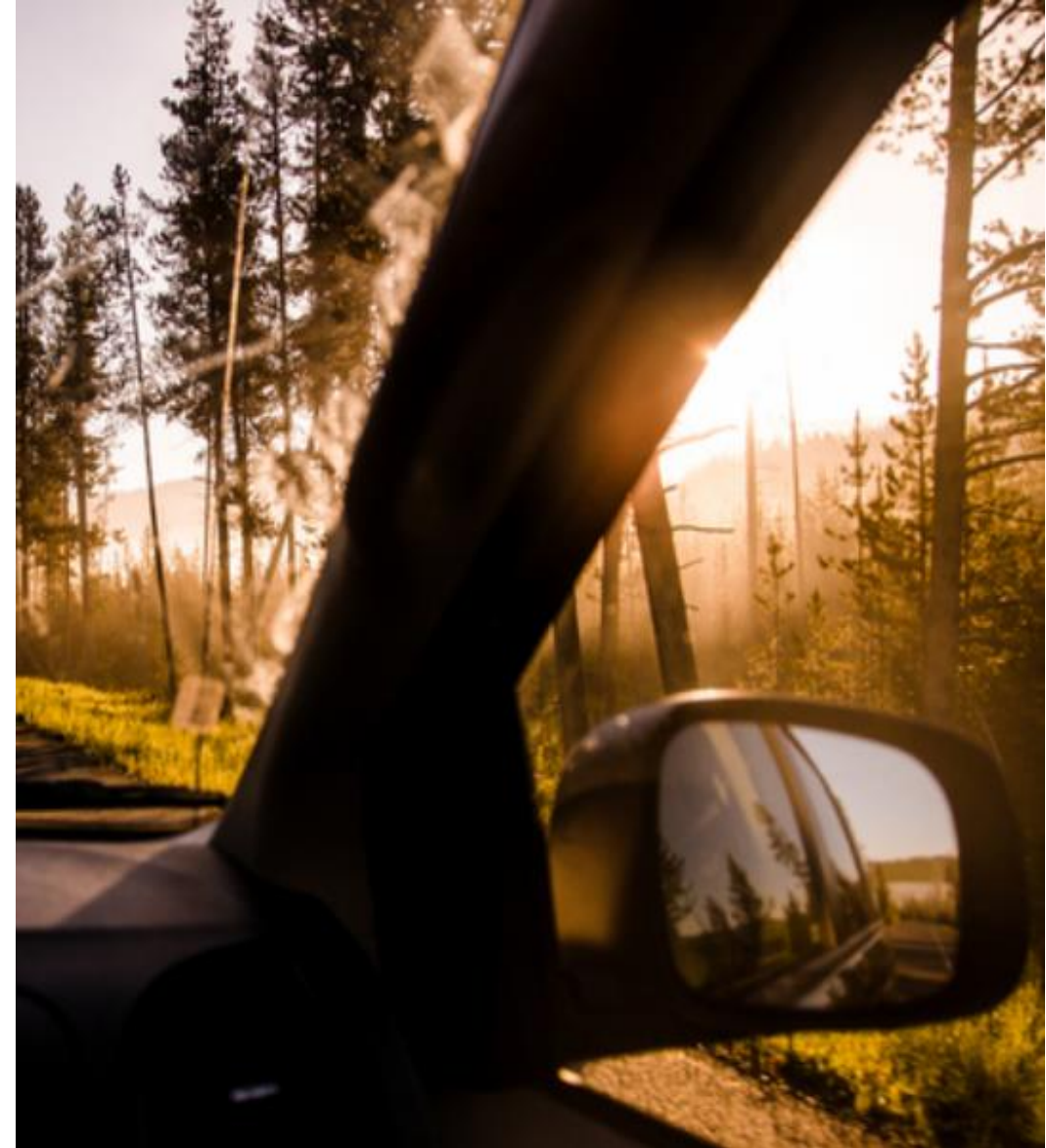
Industri



Tjenesteytende



Varehandel





Strategic agenda

- We are the local bank for small and medium-sized businesses in the region
- We must reflect the businesses in the region, which we are a part of
- Best in customer experiences
- Increased investment in SMEs
- Industry organization
- Increased competence
- Recruitment

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Credit quality and solidity

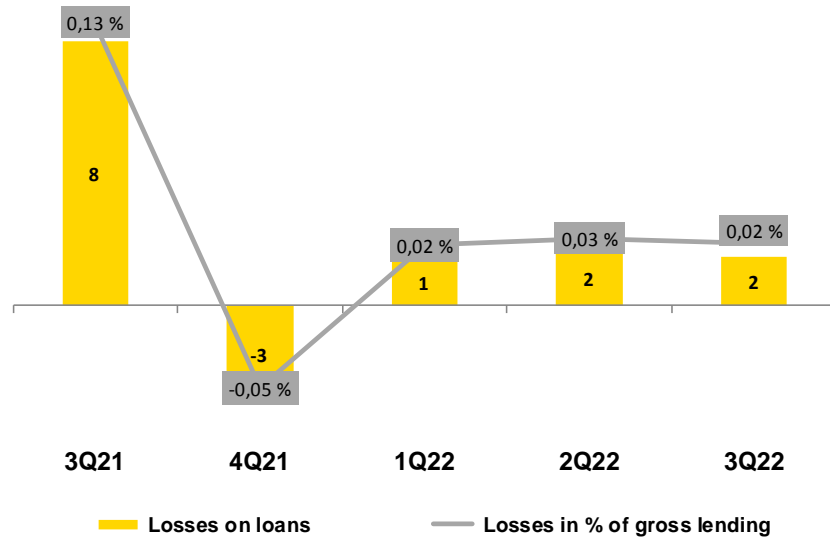
Liquidity



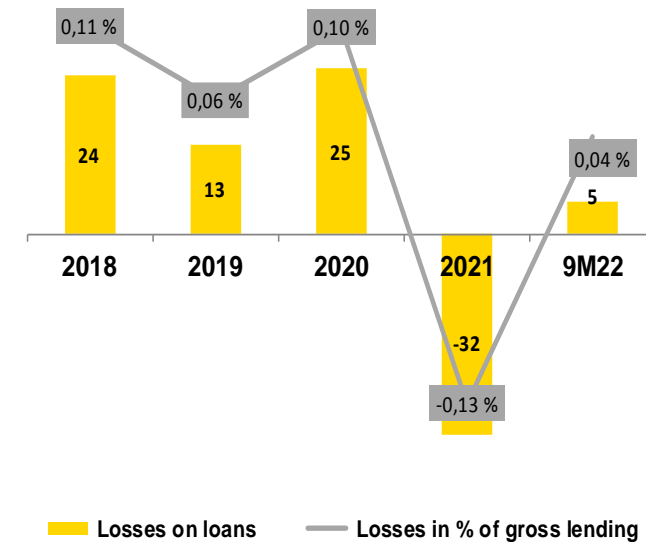
Losses on Loans and Guarantees

Low losses through the corona pandemic, consistently stable and good credit quality

Losses on loans and guarantees, quarterly



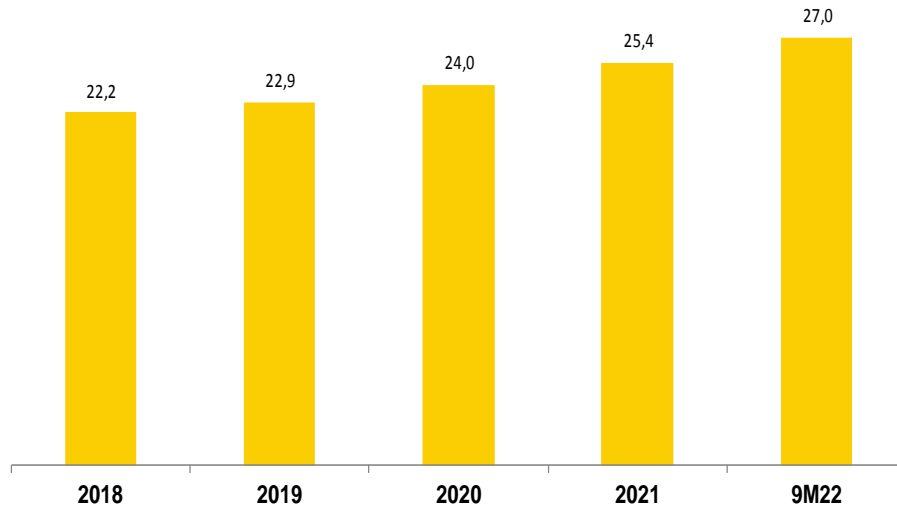
Losses on loans and guarantees, EOY



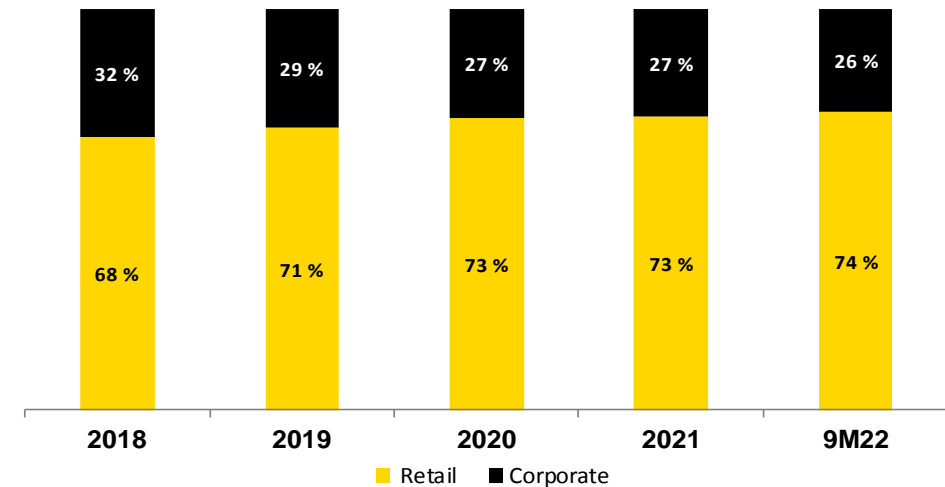
Lending to Customers by Division

Low regional credit growth | Solid growth the last few years

Loans to customers



Loans to customers, by division



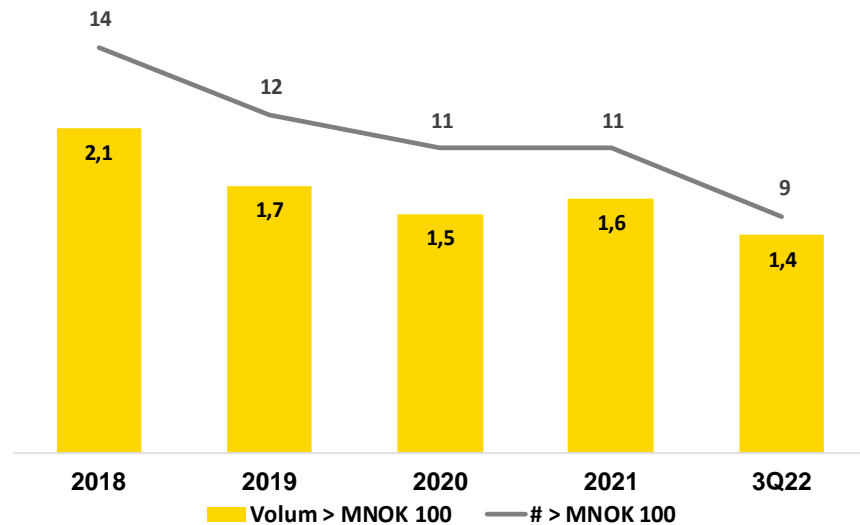
- Net lending to customers of NOK 27 billion at the end of Q3
- Largest growth in the retail market

- Increasing retail market share

Focus on reducing portfolio risk

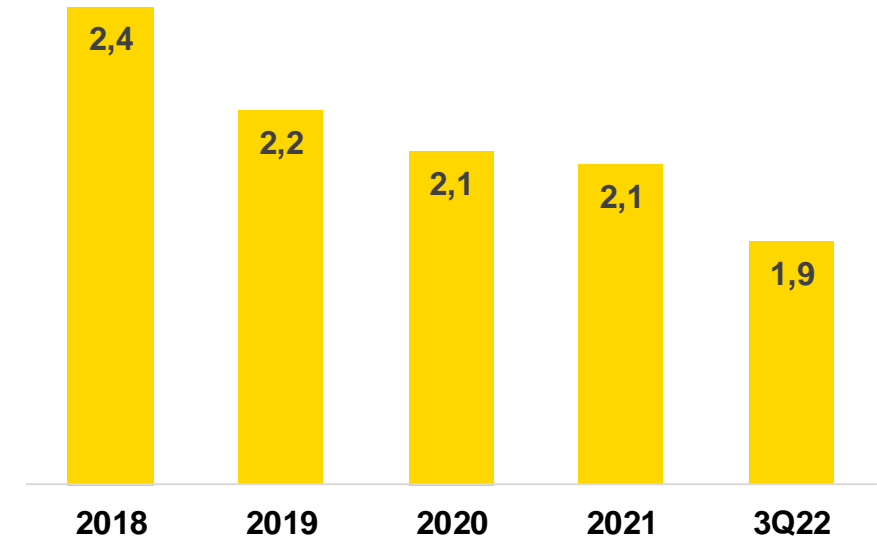
Growth in small businesses| Reduction in large corporates over MNOK 100

loans > MNOK 100, volume and # customers



- Reduction in numbers of loans above MNOK 100
- Volume of loans above MNOK 100 reduced by 1/3 the past 5 years

10 største engasjement

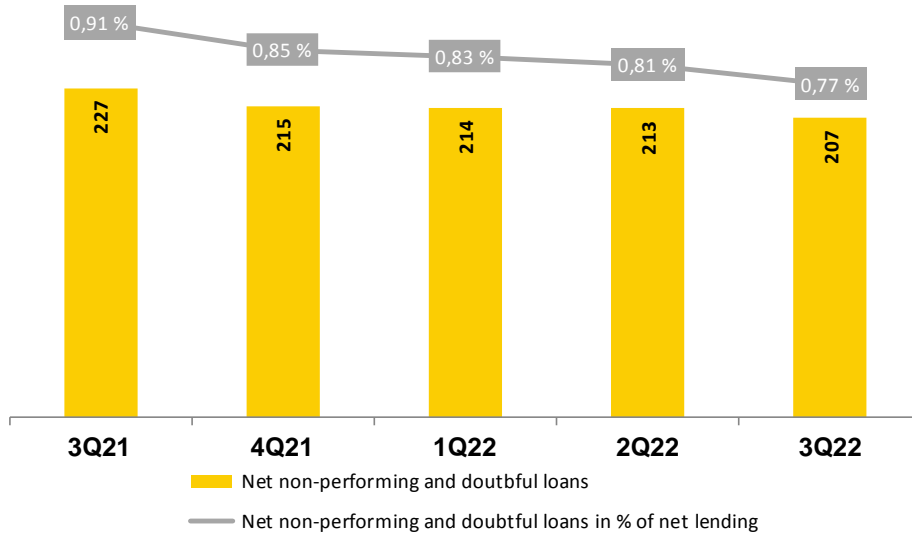


- Deliberate strategy to reduce concentration within the corporate market

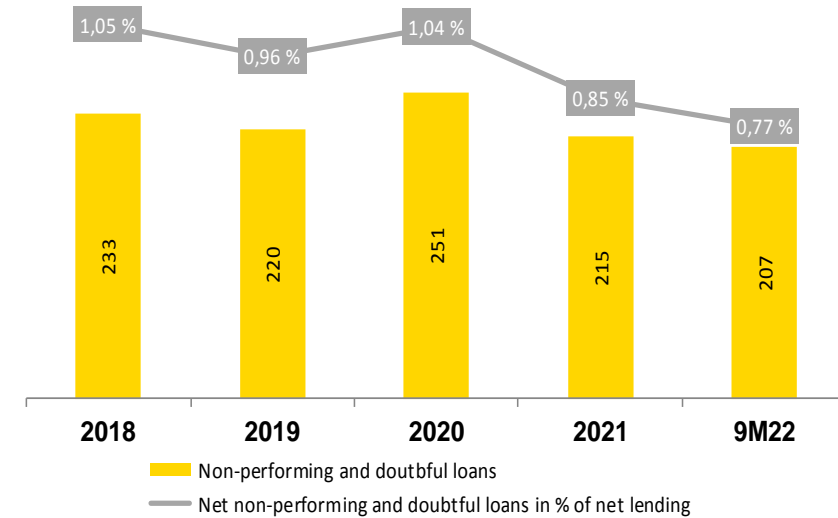
Non-Performing and Doubtful Loans

Stable and declining levels

Non-performing and doubtful loans, quarterly

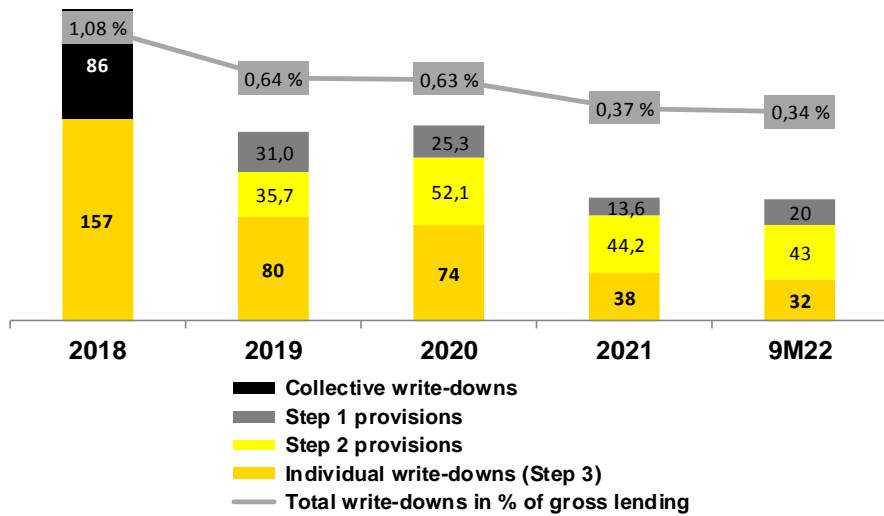


Non-performing and doubtful loans, quarterly

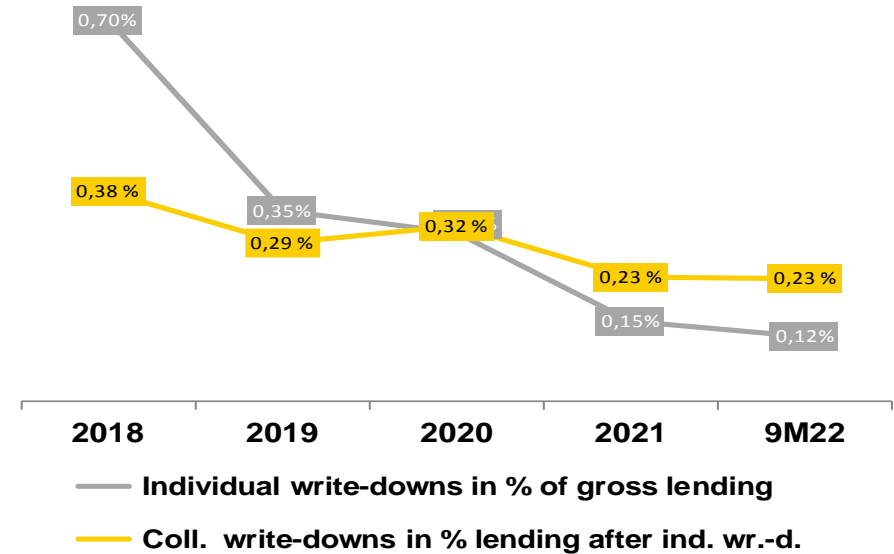


Write-downs on Loans

Write-downs, EOY



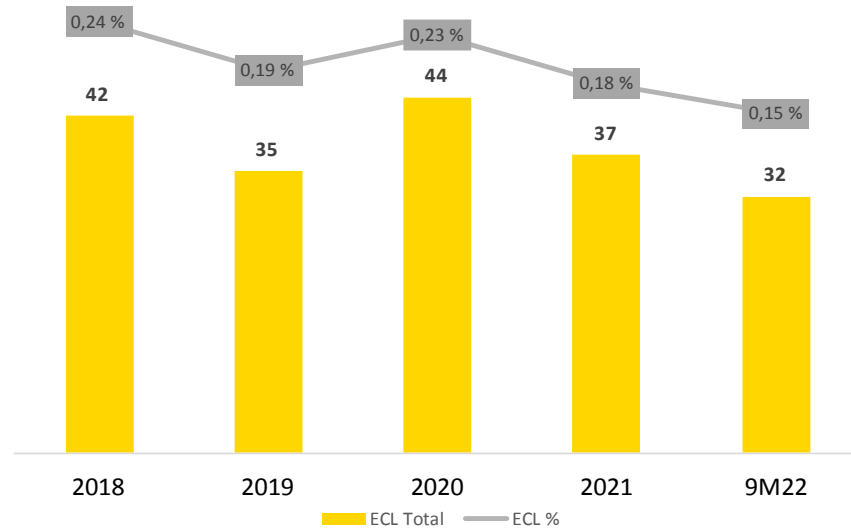
Write-downs, EOY



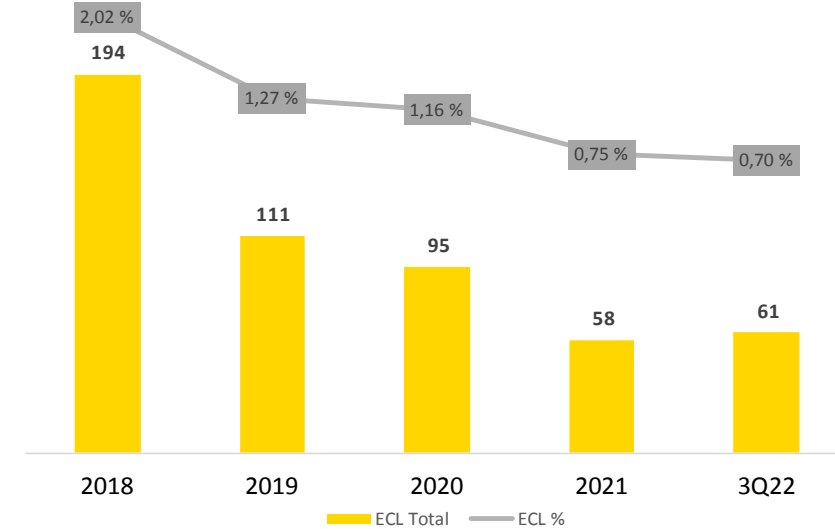
Loans to Customers by Division, Credit Risk

Risk expressed by expected creditloss (ECL, PDxLGD)

Retail



Corporate

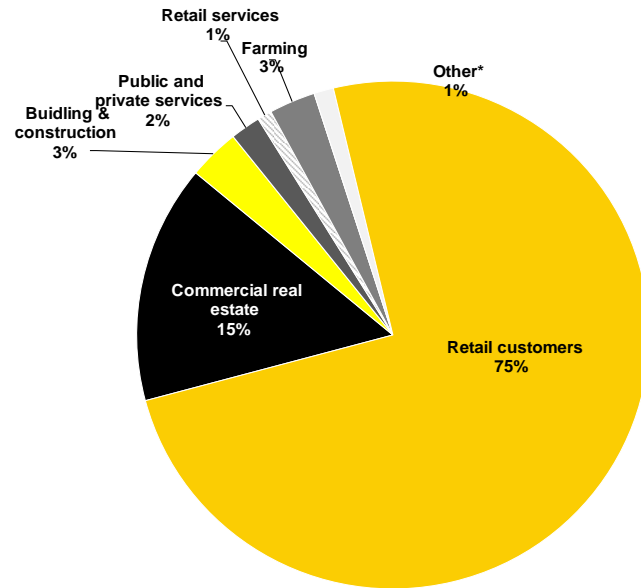


The Lending Portfolio

The share of lending to the retail market has increased significantly over the past years

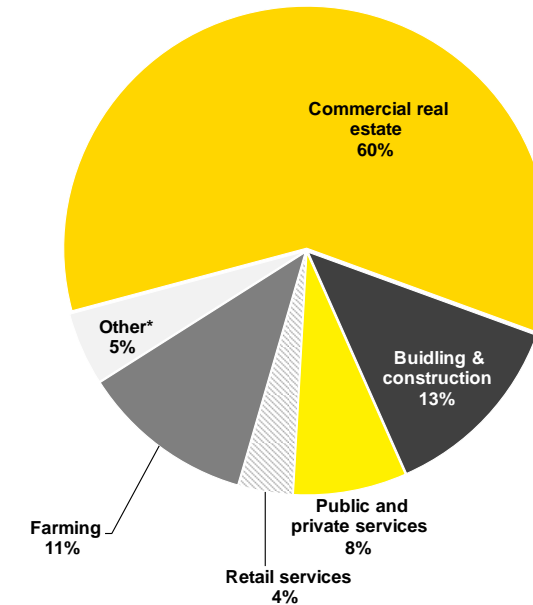
Growth in smaller corporate engagements and within agriculture

Total composition



- Lending to reatail constitutes 74 % of total lending
- Low exposure to cyclical industries
- Growth in agriculture
- Agriculture will continue to be an important focus area in the future

The corporate market by sector

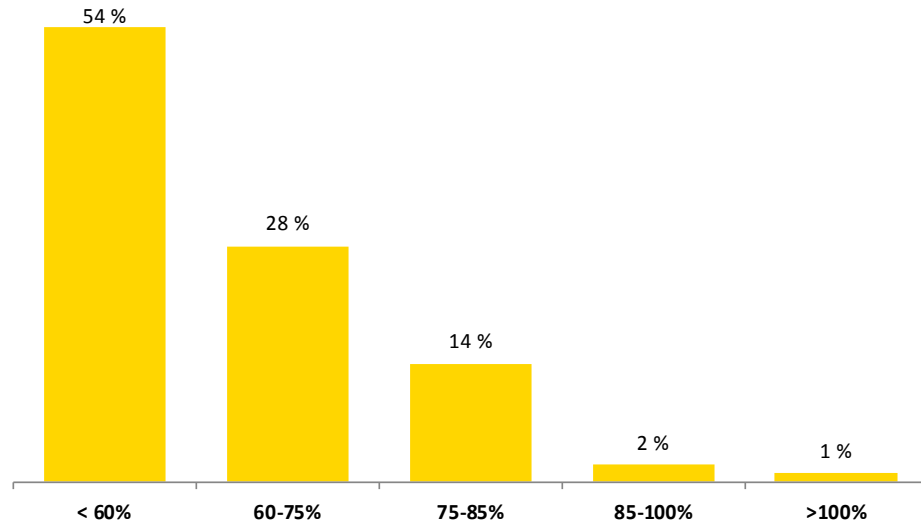


- Total lending to corporates constitutes NOK 7,2 bn, while total exposure (EAD) constitutes NOK 7,9 bn.
- Oil-related business and tourism are sectors with virtually zero exposure

* # lån og volumbasert på enkeltstående engasjement, ikke Basel II-gruppering

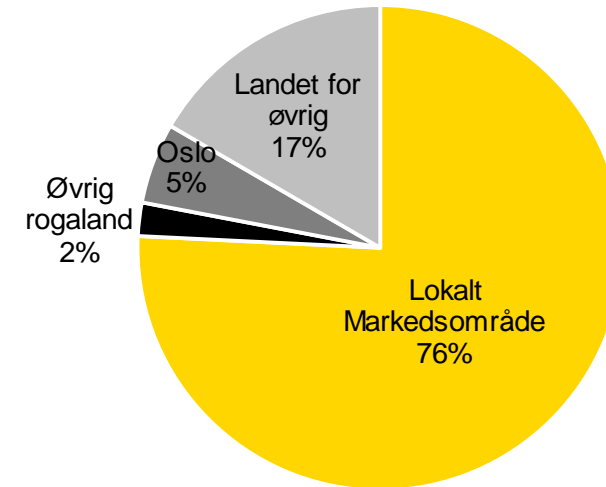
Retail Loan Portfolio

LTV distribution



- 82 % of the portfolio has LTV below 75%
- Average volume weighted LTV is 54,7 %
- Customers with LTV > 100% are mostly customers with additional security in the form of guarantors with customer relationships in another bank

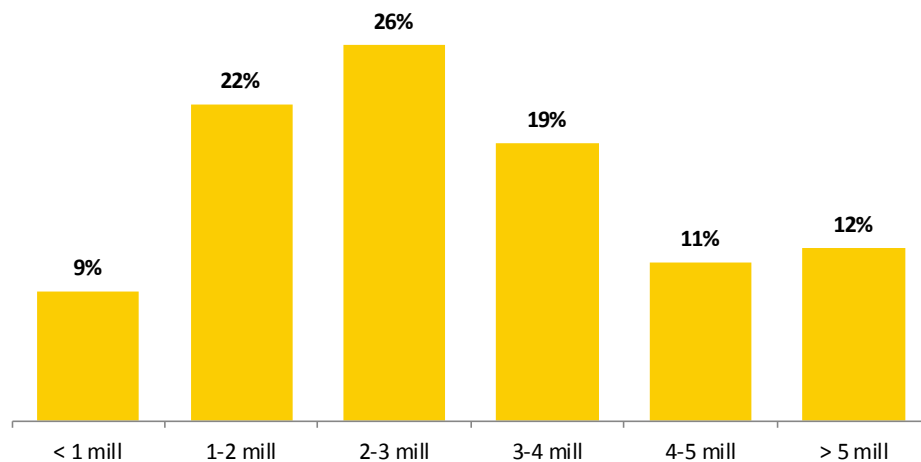
Volume by geography



- 78 % of the volume are within the bank's primary market area
- 90 % of Balansebank's customers are located outside the bank's primary market area (Oslo, Viken, Innlandet, Vestland)

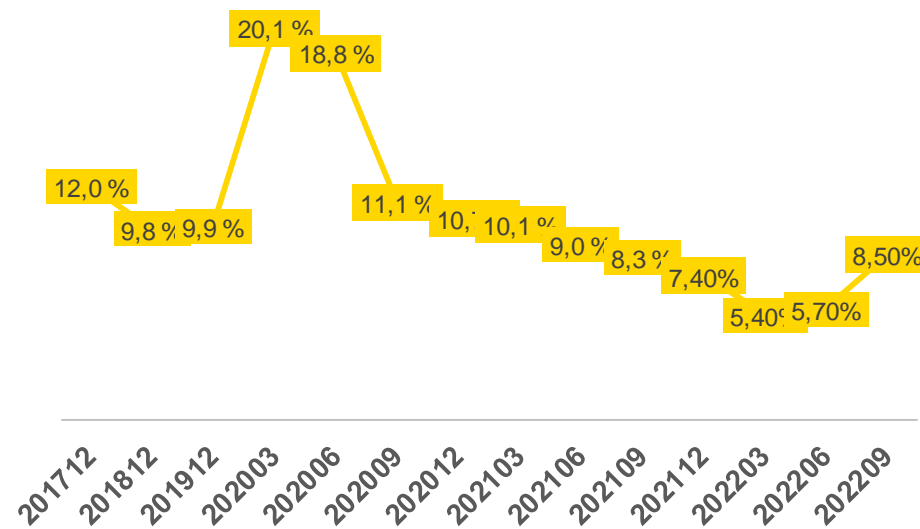
Retail Loan Portfolio

Loan size distribution



- A limited amount of large loans reduces vulnerability in the event of a temporary loss of income
- Average loan size MNOK 2.4 per customer

Interest-only loans

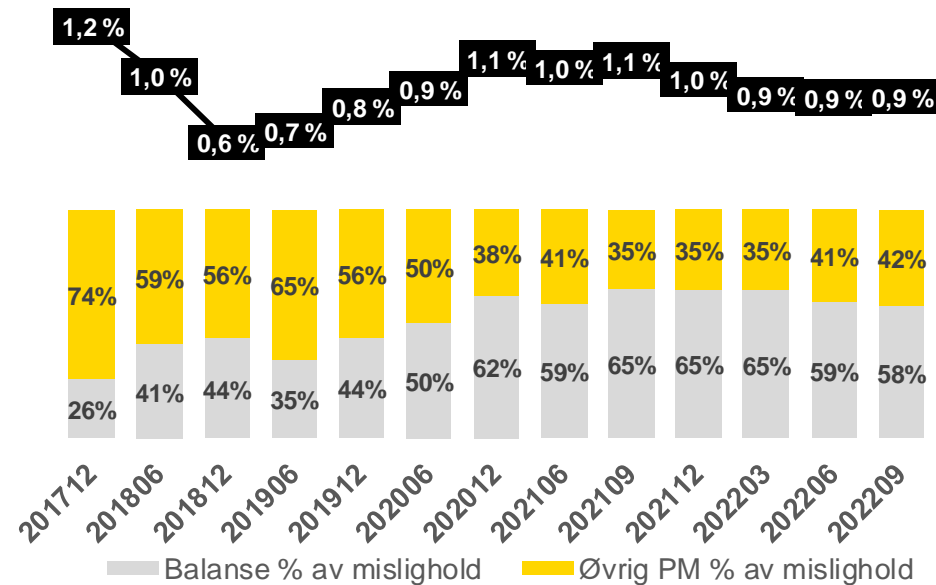


- The proportion of interest-only loans increased in Q3, but is still at low levels

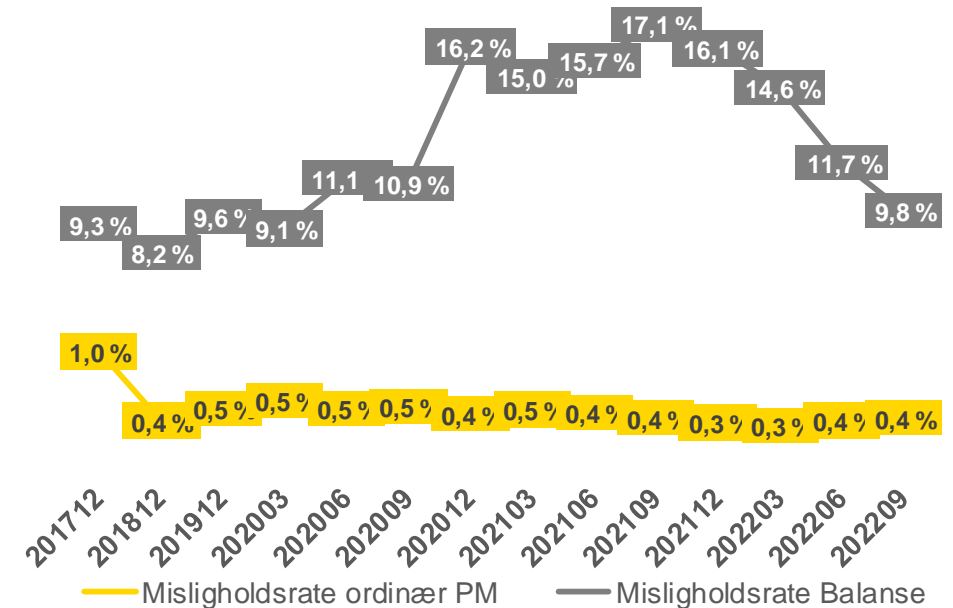
Credit Risk Retail – 90 Days Arrears

BalanseBank and ordinary retail are different customer segments with different customer behavior

90 days arrears, total



90 days arrears, ordinary retail and BalanseBank

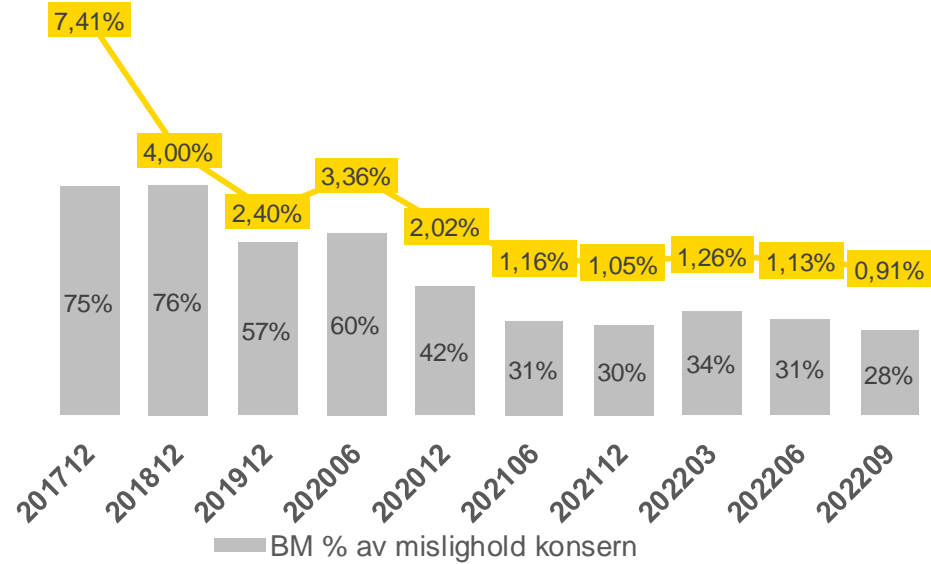


- BalanseBank amounts to <5% of retail in volume, approximately 1 000 MNOK
- BalanseBank has a naturally higher default than ordinary retail
- The average loan per customer in BalanseBank is MNOK 2.4 – the same as for the rest of retail

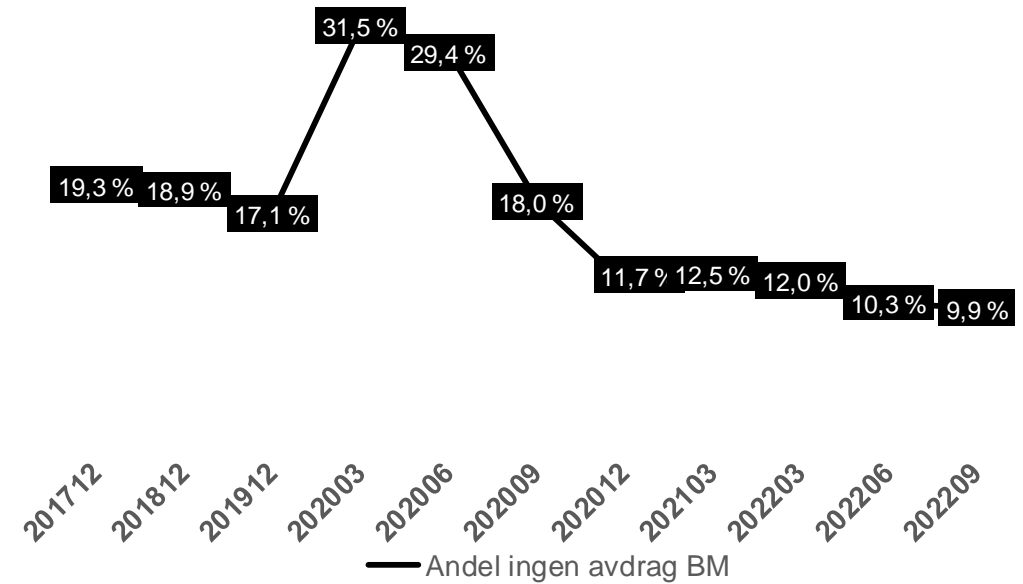
- Stable low default in ordinary retail
- Default in BalanseBank can be high. Approx. 10% default is normal, the remainder is related to pending sale of dwellings securing outstanding mortgages

Credit Risk Corporate – Defaults and Payment Holidays

90 days arrears



Share of interest only loans

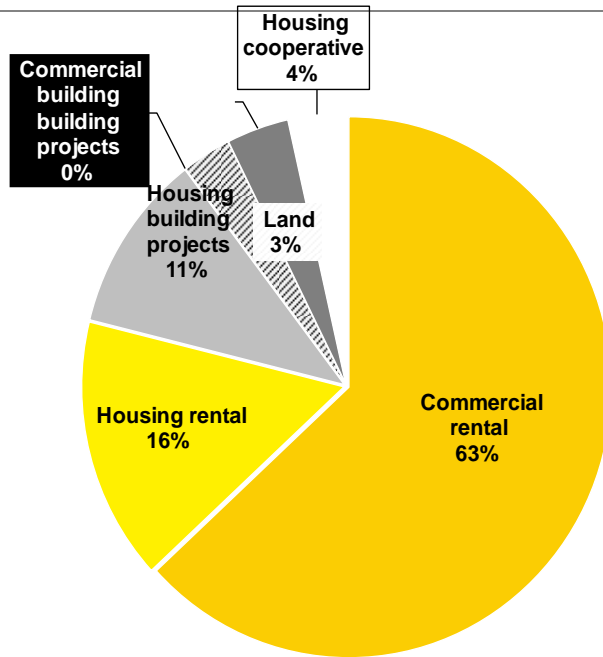


- Interest only loans within the corporate market are mainly linked to land development loans

Lending to Real Estate

72% of total corporate exposure

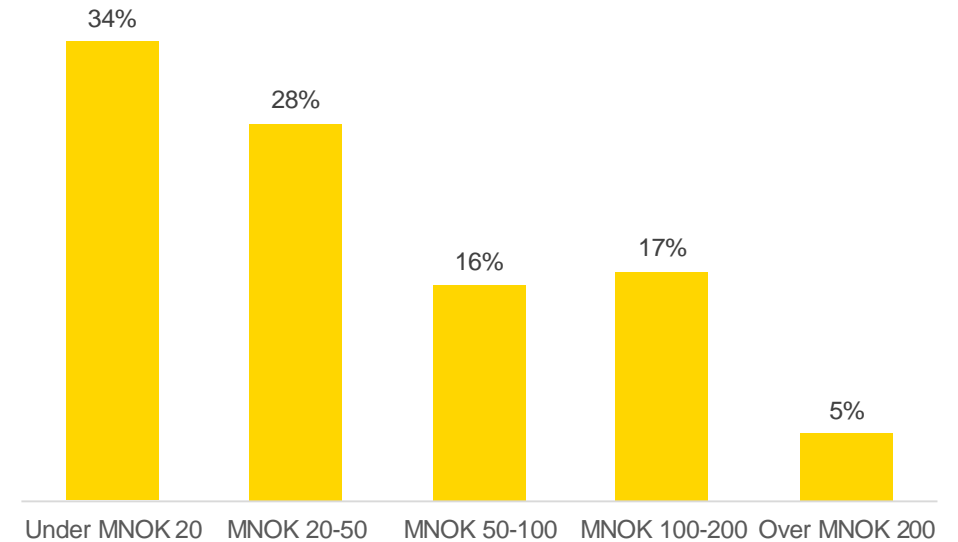
Loans secured on real estate



- Total NOK 5,0 bn in exposure
- Many small businesses own their own production facilities.
- Operating commitments secured on real estate are categorized under real estate..

EAD – exposure at default (risikabel eksponering)

Loans secured on real estate, by loan size

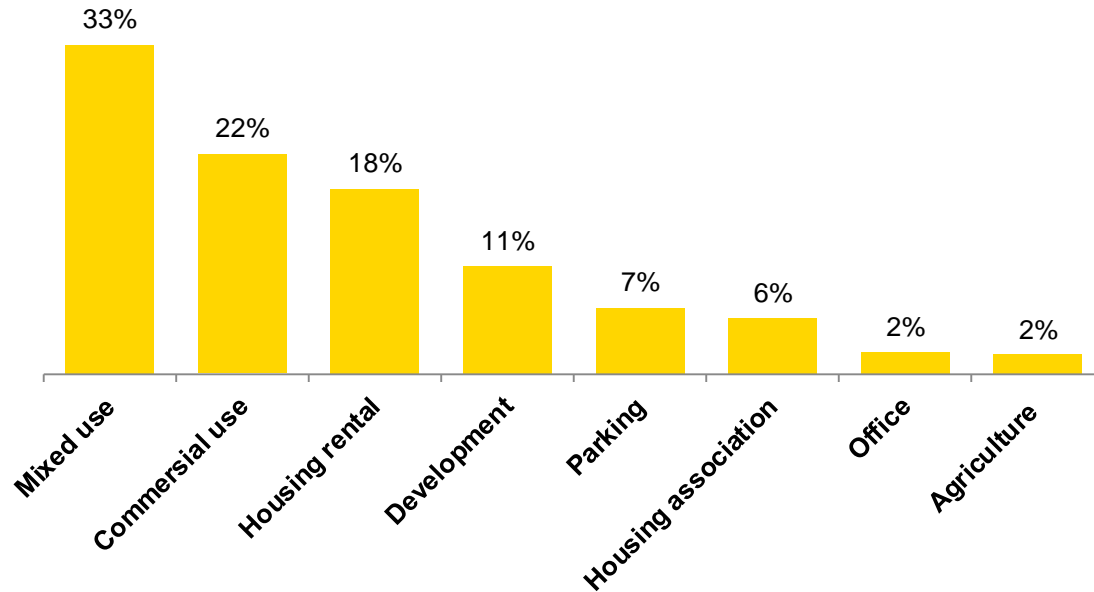


- 62% of volume and 92% of the number of loans are below MNOK 50
- Loans under MNOK 20 make up 25% of volume, but over 75% of the number of loans (192 loans)
- Loans over MNOK 100 make up 29% av volume and 3,5% of the number of loans (9 loans)

Lending to Real Estate > MNOK 30

34 engagements | EAD NOK 2,8 bn | 36% of corporate loan book | ca 50% of real estate loans

Property type



- 100% 1st lien
- 77% with LTV below 80%
- No loans considered to be at risk of loss - no defaults
- Trade is mainly financing of smaller buildings related to groceries, not financing of shopping centers

Type of property	EAD (MNOK)	WA lease length	WA occupancy	WA LTV
Mixed use	907	8,5	95 %	72 %
Commercial use	607	5,2	97 %	71 %
Housing rental	511	0,5	79 %	63 %
Development	297	1,2	68 %	73 %
Parking	184	4,1	100 %	61 %
Housing association	154	n.a.	n.a.	64 %
Office	61	1,0	80 %	73 %
Agriculture	53	6,3	100 %	61 %
Total	2.774	4,82	89 %	69 %

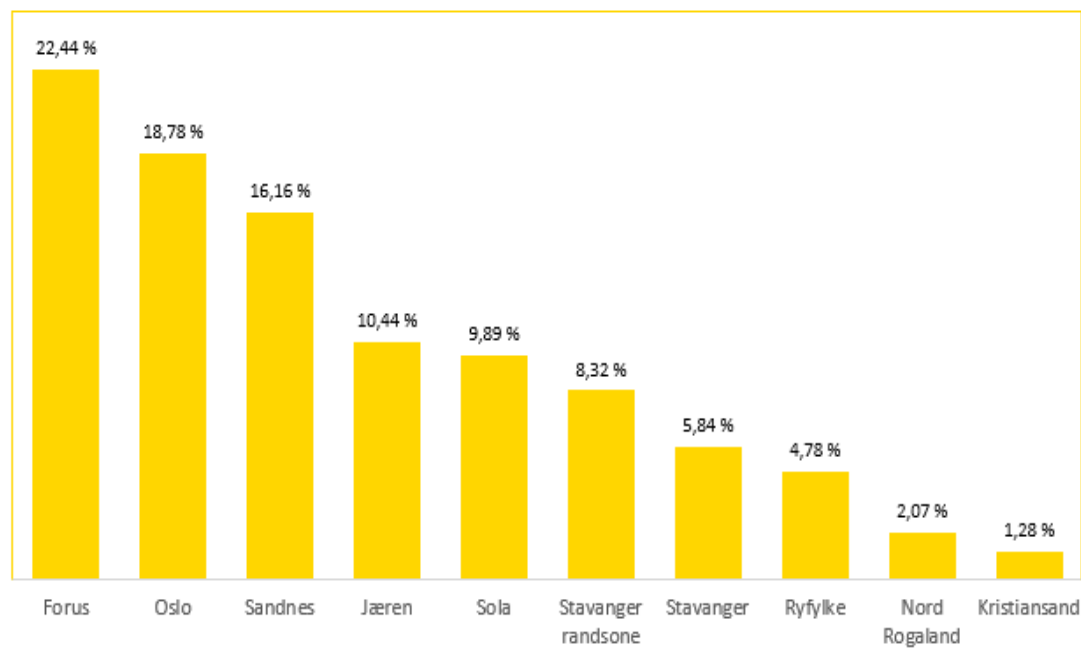
LTV	EAD (MNOK)	WA lease length	WA occupancy	WA LTV
<60%	402	5,6	98 %	53 %
60+80%	1.737	3,9	83 %	67 %
80+100%	600	6,5	100 %	83 %
>100%	34	10,0	100 %	117 %
Totalsum	2.774	4,8	89 %	69 %

- WA occupancy rate is 89 %
- WA remaining term of occupancies is 4,8 years
- WALTV is 69%

Lending to Real Estate > MNOK 30

34 engagements | EAD NOK 2,8 bn | 36% of corporate loan book | ca 50% of real estate loans

Location of collateral



- Properties on Forus / Lura are mainly mixed-use, but there are also elements of office, housing rental and development properties
- Exposure in Sandnes is overweight towards groceries and housing rentals with Sandnes Municipality as tenant
- Exposure in Oslo is to housing (rental and housing associations) and retail

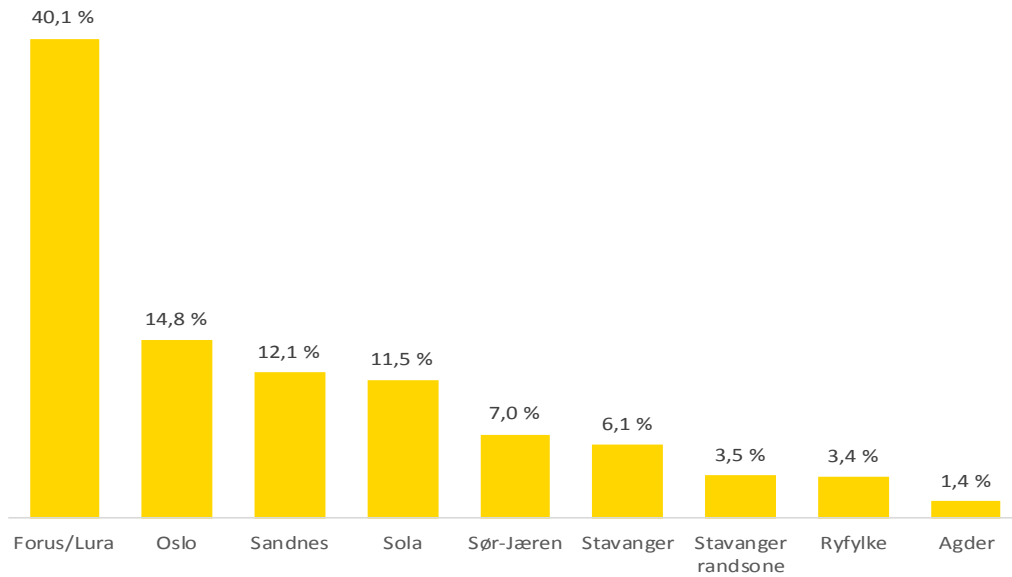
Location	EAD (MNOK)	WA lease length	WA occupancy	WA LTV
Forus	622	2,6	95 %	74 %
Oslo	521	2,4	78 %	67 %
Sandnes	448	3,9	81 %	65 %
Jæren	290	9,2	93 %	64 %
Sola	274	10,5	90 %	60 %
Stavanger randsone	231	9,2	95 %	82 %
Stavanger	162	2,9	95 %	76 %
Ryfylke	133	0,5	100 %	64 %
Nord Rogaland	58	6,3	100 %	69 %
Kristiansand	36	5,4	100 %	71 %
Totalsum	2.774	4,8	89 %	69 %

Location	EAD (MNOK)	WA lease length	WA occupancy	WA LTV
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Lending to Real Estate > MNOK 30

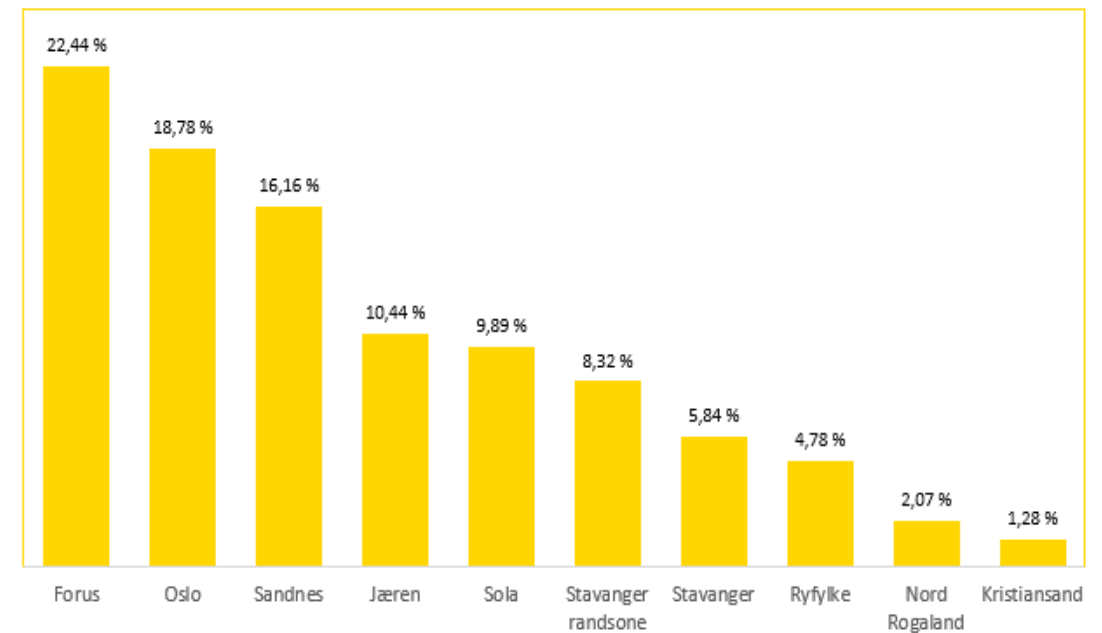
Development from 2021 to 2022

Property location 2021



- 2,7 bn in loans

Property location 2022



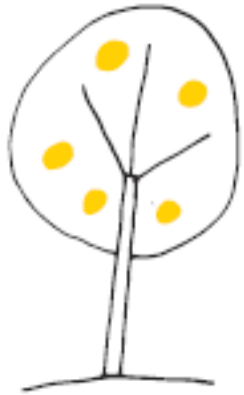
- 2,7 bn in loans
- Significant reduction in exposure to Forus
- Diversified portfolio

Sustainability Credit Portfolio

«We are committed to contributing to a better and more sustainable future for our employees, our customers and our surroundings»



Retail



Corporate

- **The bank's most important contribution to the green transition and «net zero» 2050 is via the allocation of credit**
- **Focus areas 2022-2023**
 - Conversion rather than exclusion (e.g. commercial property)
 - Green Energy loans and other relevant conversion products
 - Estimating Co2-intensity in the lending portfolio. PCAF is being investigated
 - Green framework
 - Identifying green fraction (taxonomy-reporting)
 - Option to obtain green financing (Covered Bonds, Senior, deposits)
 - ESG data on portfolio (e.g. energy rating)
 - Risk management/ pricing models
 - Probability of default (PD – CF effect/Stranded assets)
 - Loss given default (LGD – Value development collateral)

Energy Labeling

Working on collecting data

Retail

Energiklasse	Lån gitt siste 5 år	Eldre lån	Totalt
A	85.711.544	7.078.961	92.790.506
B	812.885.834	38.627.322	851.513.156
C	1.156.458.329	86.526.747	1.242.985.075
D	1.282.801.207	103.051.233	1.385.852.439
E	1.341.067.619	87.503.119	1.428.570.738
F	1.239.708.363	65.364.134	1.305.072.497
G	1.798.591.750	114.994.902	1.913.586.652
Mangler	9.539.626.582	1.482.628.819	11.022.255.401
	17.256.851.227	1.985.775.237	19.242.626.464

- Criteria for the green loan programme
 - Mortgages with energy labeling A or B
 - Loans built with TEK10 and TEK17
 - Green loans
 - Energy Efficiency measures that reduce consumption by at least 30%

Corporate

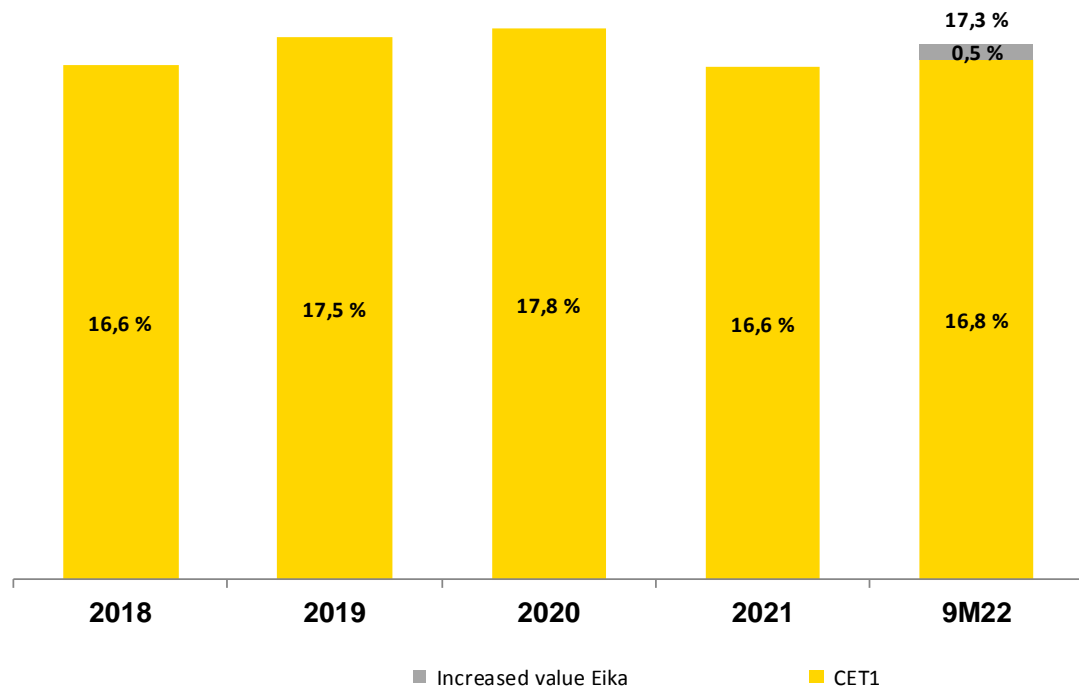
Energiklasse	Antall bygg	Markedsverdi	%
A	1	82.000.000,00	8 %
B	5	294.807.961,00	30 %
C	6	96.038.000,00	10 %
D	9	221.109.067,00	23 %
E	9	82.514.200,00	8 %
F	7	165.530.000,00	17 %
G	3	30.800.000,00	3 %
SUM	40	972.799.228,00	

- Source: Create Solutions
- We have an energy rating of 19% of the bank's property portfolio
- Of these 38% has energy label A or B (market value)

Well Capitalized and Equipped for Further Growth

Common equity tier 1 capital ratio of 18,1 % including profits YTD | Leverage ratio 8,5 %

Common Equity Tier 1 Ratio (CET1)

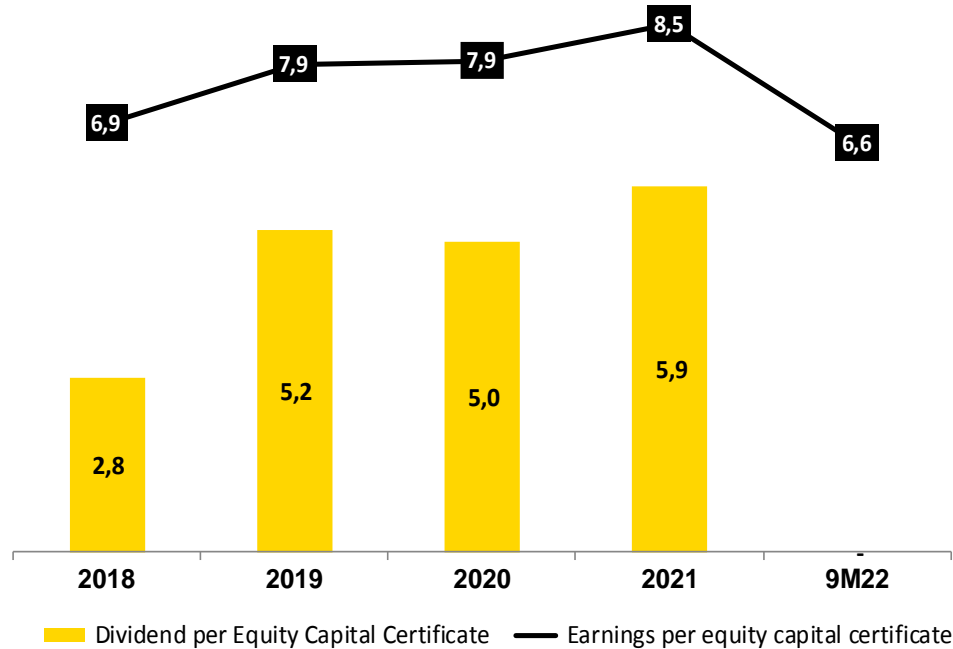


A well-capitalized bank

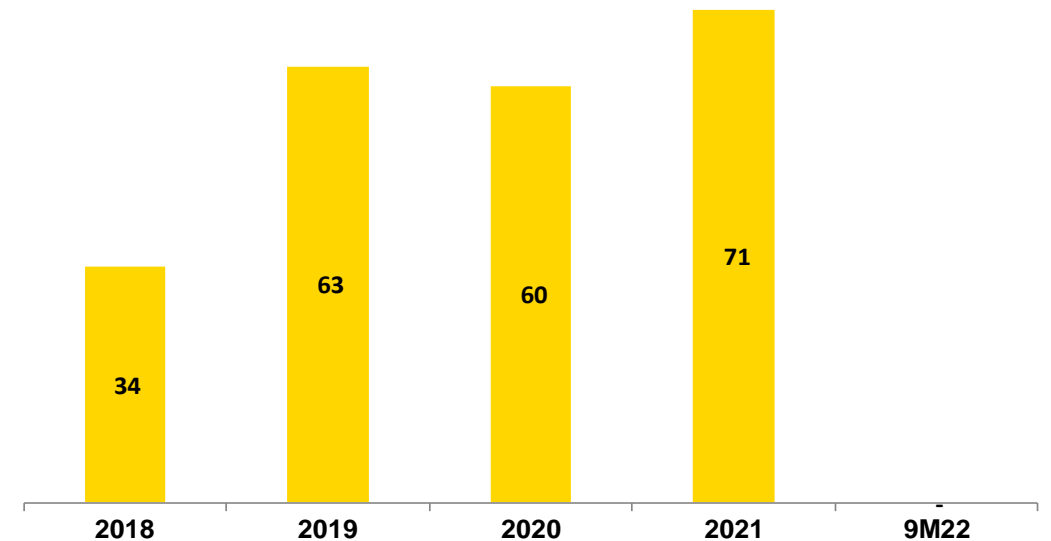
- Increased value of Eika increases CET-1 with 0,5%, valid from 31.12.2022
- The countercyclical buffer increases to 2,0% 31.12.2022 and to 2,5% 31.03.2023
- The systemic risk buffer increases from 3 % to 4,5 % 31.12.2022
- Authority requirements for CET1 is 13,6% pr 30.09.2022
- Expected authority requirements for CET1 is 15,6% 31.12.2022
- **Internal goal of + 1.0 % management buffer on top of the imposed authority requirements**

Dividend to Owners – Stable Ownership Fraction of 63,5% Equity Capital Certificate Owners and 36,5 % Social Capital

EPS and Dividend per ECC



Dividend to Customers and Gift Fund



- Total earnings during the period amount to 37,9 kr per equity certificate (inkl YTD 2022)
- Total dividend during the period NOK 18,9 kr per equity certificate (dividend for the year 2022 is not set)

- Total 228 MNOK transferred to Customers and Gift Fund during the period
- The result for the Social Capital is 79 MNOK YTD 2022

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Credit quality and solidity

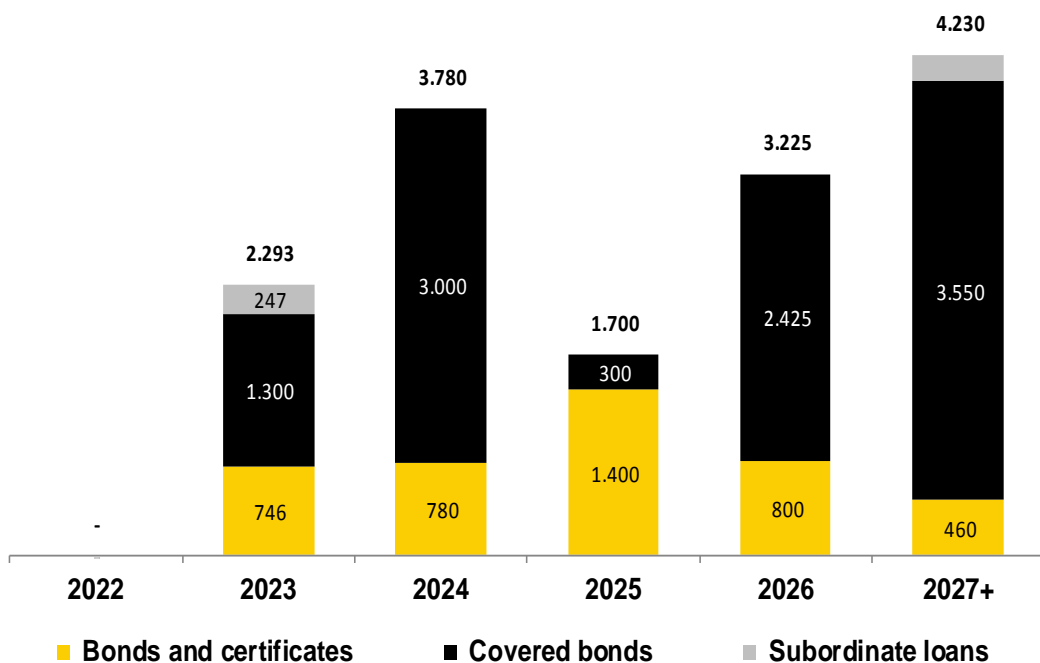
Liquidity



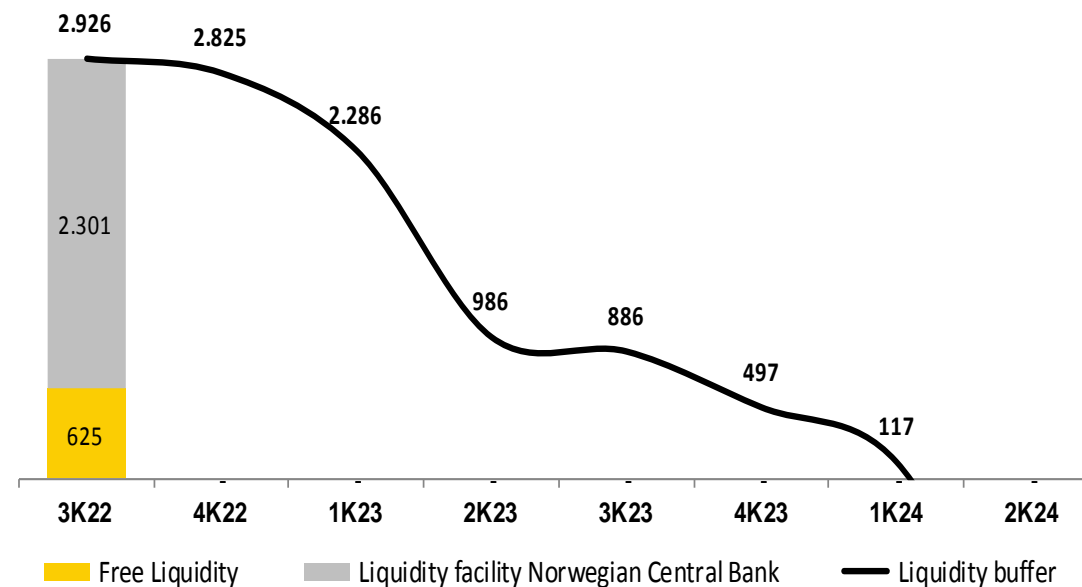
Liquidity

LCR at 313 % | NSFR at 131 %

Market funding (MNOK)



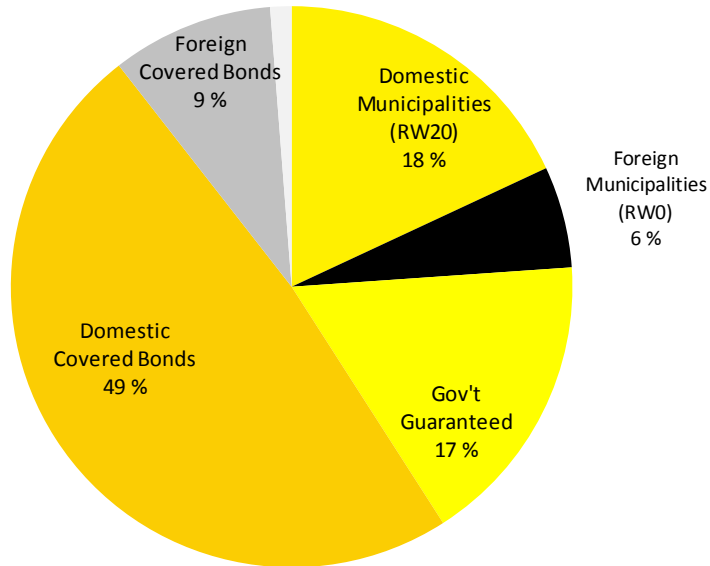
Liquidity reserve, (MNOK)



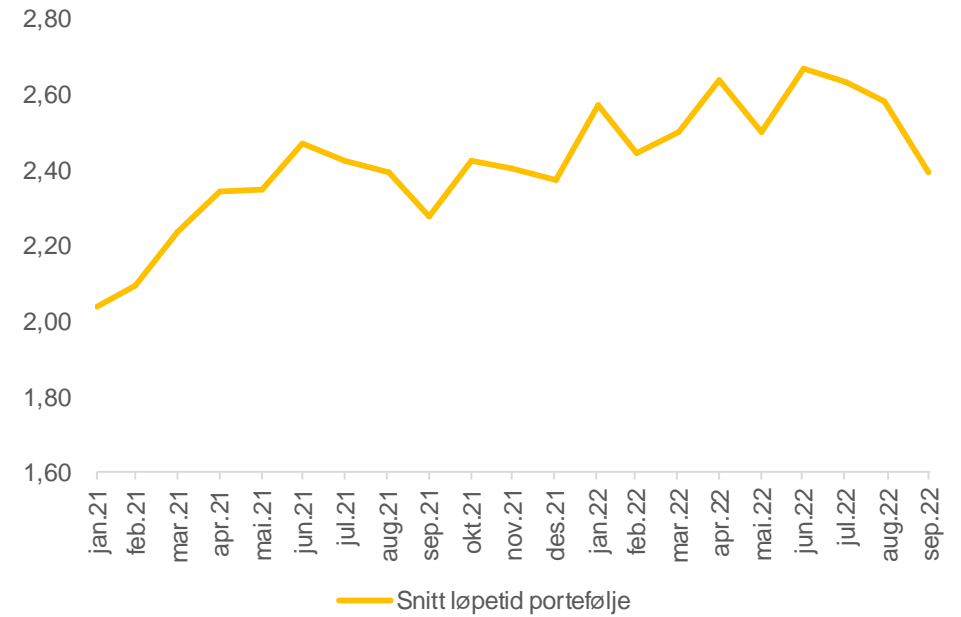
Liquidity

NOK 3,5 bn. ex. cash

Composition



Credit duration



- BB er fond

Updated Green Framework



- Update of 2020 framework
 - Tightening of green criteria in line with best market practice
 - Inclusion of wider Use of Proceeds categories:
 - Green residential and commercial buildings
 - Renewable Energy
 - Energy Efficiency
 - Sustainable management of living natural resources
 - Clean Transportation
 - More flexibility in bond formats
- Framework is aligned with the core components of the 2021 ICMA Green Bond Principles
- Reflects development in product offerings for our customers

Sustainalytics Second Party Opinion

- Sandnes Sparebank engaged Sustainalytics to provide an independent Second Party Opinion to confirm the validity of the updated Green Bond Framework.
- The four core components of the framework aligns with the 2021 ICMA Green Bond Principles



- Sustainalytics expects the bonds issued under the Sandnes Sparebank Green Bond Framework to deliver positive environmental impact and advance the UN Sustainable Development Goals, specifically the following SDGs

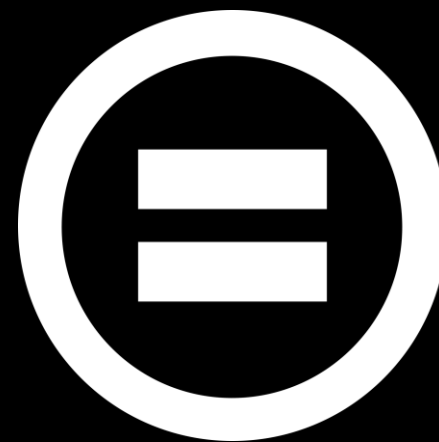


*“Sustainalytics expects the eligible projects to contribute to the **decarbonization of Sandnes Sparebank’s investment portfolio** and deliver a positive environmental impact in Norway”.*

*“Sustainalytics is of the opinion that Sandnes Sparebank’s financing of the construction and renovation of green buildings will **support Norway in meeting its climate-related goals**”.*

*“Sustainalytics is of the opinion that Sandnes Sparebank’s financing of energy-efficiency projects will contribute to reducing Norway’s overall energy intensity and **help improve energy efficiency in the country, thus contributing to the transition to a low-carbon economy**”.*

TAKK.

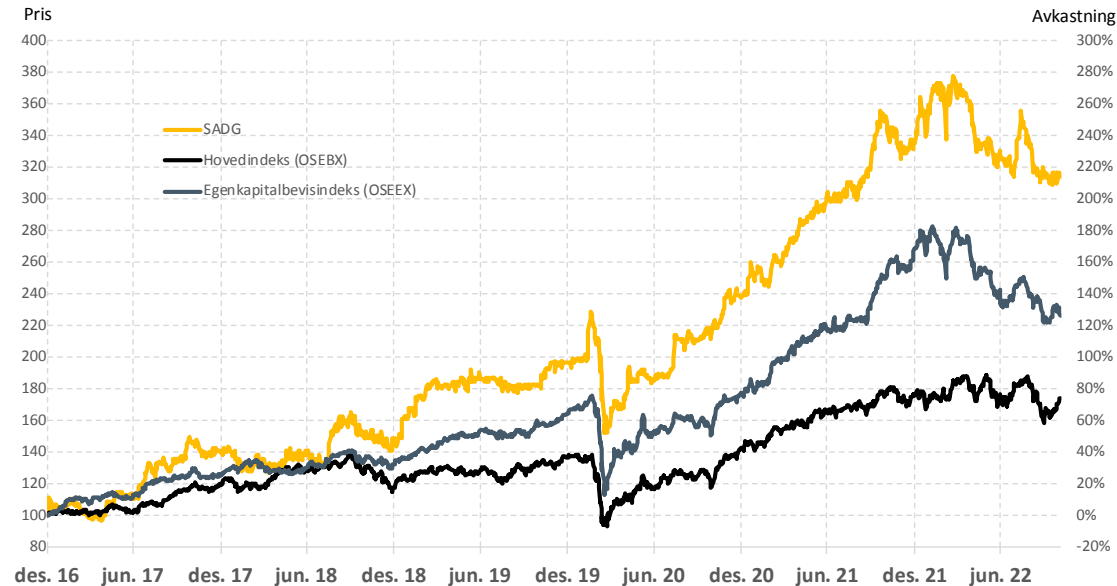


Appendix



The Equity Capital Certificate

SADG: Development in price and volume at OSE



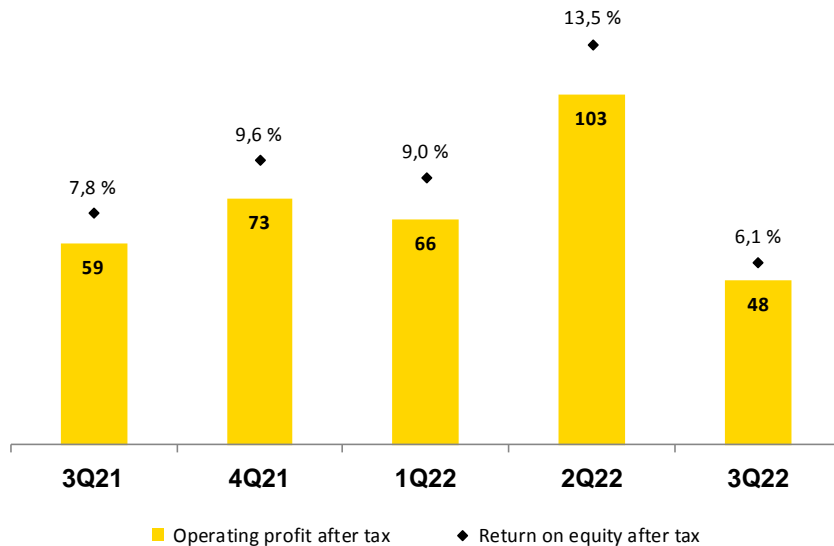
ECC-ownership

20 largest owners of equity certificates as at 30.09.2022	No. of equity certificates	Share
1. Sparebank 1 SR-Bank ASA, Finansavdelingen	3.485.009	15,14 %
2. Sandnes Sparebank	2.081.715	9,05 %
3. Holmen Spesialfond	1.284.823	5,58 %
4. AS Clipper	1.248.389	5,42 %
5. VPF EIKA Egenkapitalbevis C/O Eika Kapitalforvaltning AS	1.111.093	4,83 %
6. Espedal & Co AS	886.861	3,85 %
7. Salt Value AS	680.000	2,95 %
8. Wenaasgruppen AS	650.000	2,82 %
9. Skagenkaien Investering AS	500.000	2,17 %
10. Sparebanken Vest	370.659	1,61 %
11. Spesialfondet Borea Utbytte	290.117	1,26 %
12. Corneliussen Invest AS	205.574	0,89 %
13. Velde Holding AS	198.388	0,86 %
14. Hausta Investor AS	192.000	0,83 %
15. Innovemus AS	185.000	0,80 %
16. Nordhaug Invest AS	184.374	0,80 %
17. Elgar Kapital AS	174.100	0,76 %
18. Tirna Holding AS	156.255	0,68 %
19. Kristian Falnes AS	139.604	0,61 %
20. Kommunal Landspensjonskasse Gjensidige	133.013	0,58 %
Sum	14.156.974	61,5 %
Totalt	23.014.902	100,00 %

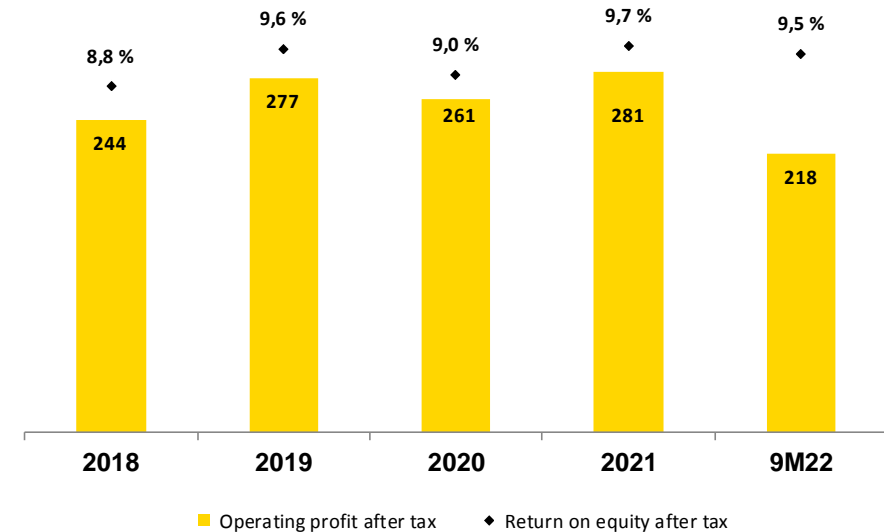
Profitability

Stable results despite a troubled macroeconomic period

ROE, Quarterly



ROE, Yearly



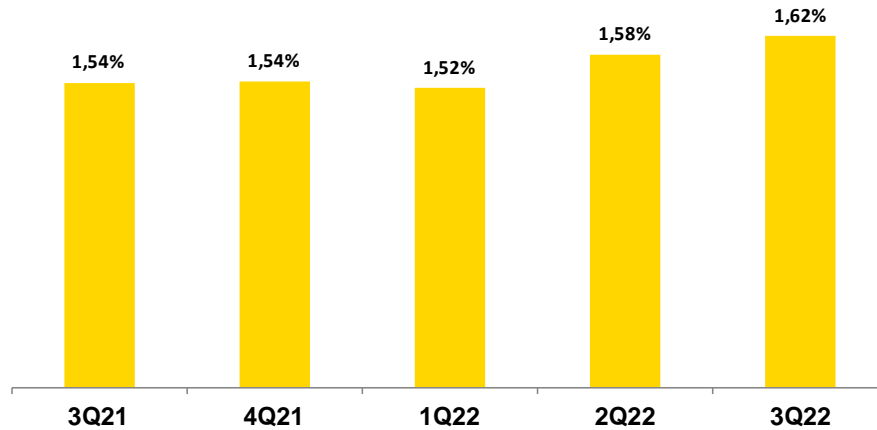
Main points 3rd quarter 2022

- Higher lending volume
- Higher net interest margin
- Lower costs related to conversion
- Lower tax cost

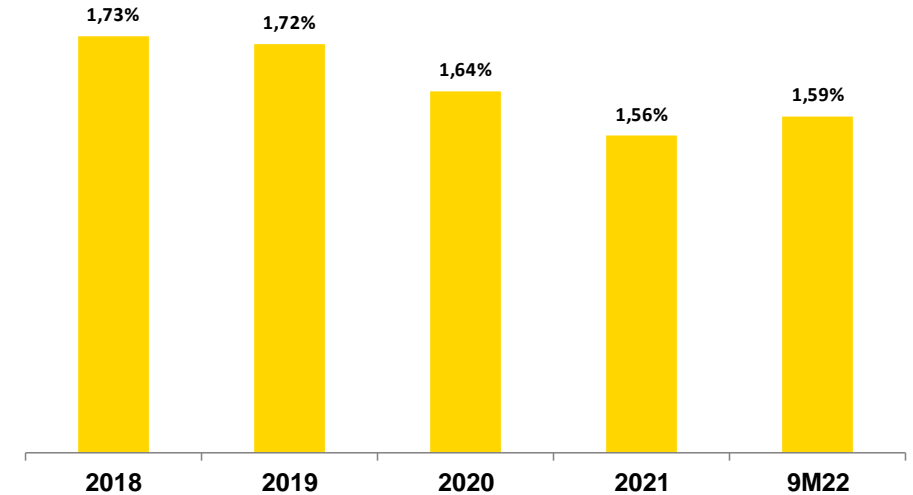
Net Interest Margin

Interest rate changes towards customers are beginning to take effect. Still some lag in interest margin as a result of an increase in Nibor

Net interest Margin, Quarterly



Net Interest Margin, Yearly

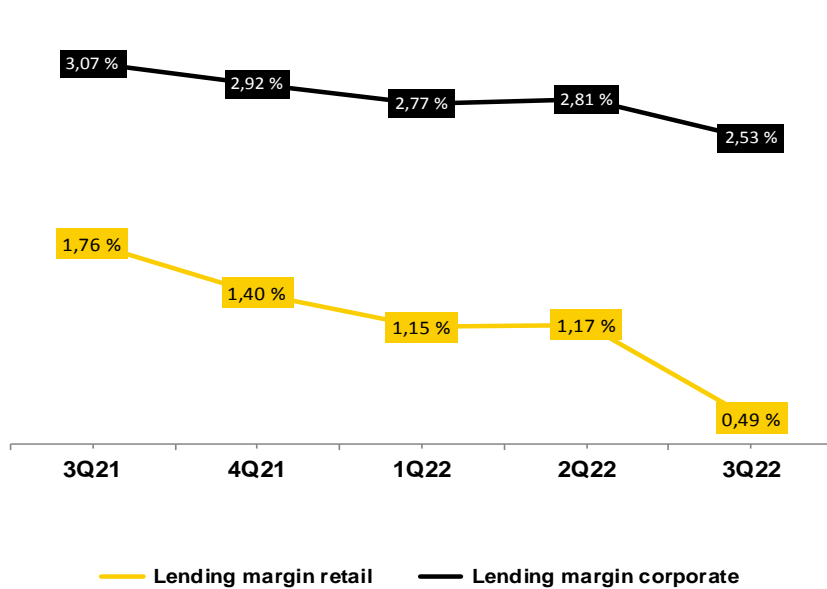


- Norges Bank har increased the policy rate from 0% to 2,25% since September 2021
- Previous interest rate changes have had an effect on retail customers from mid-Desember, February, May and August
- The interest rate change from August will take effect for retail customers in the first half of Oktober, while the change from September will take effect in the beginning of November

Margins on Loans and Deposits

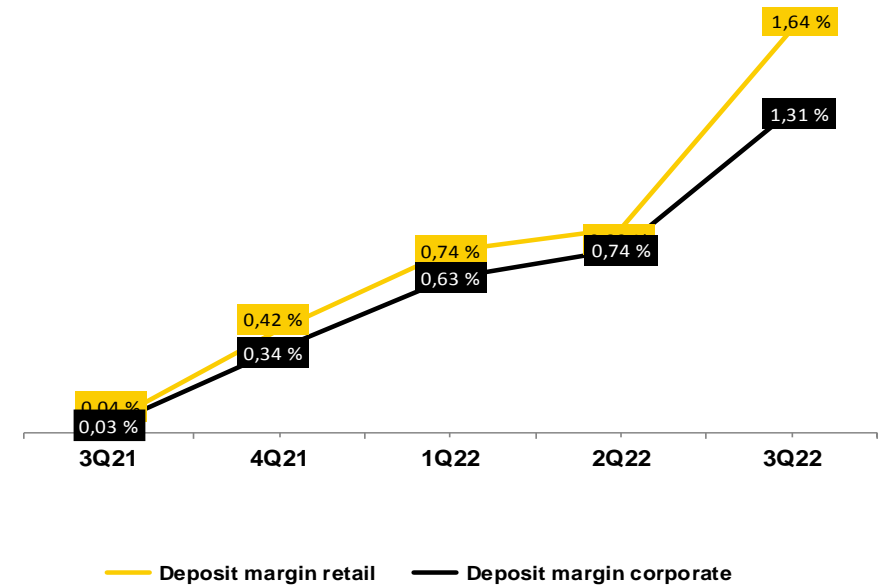
Tough competition and an increasing NIBOR-rate affects margins

Lending Margins



- Higher Nibor-rates results in weaker lending margins

Deposit Margins

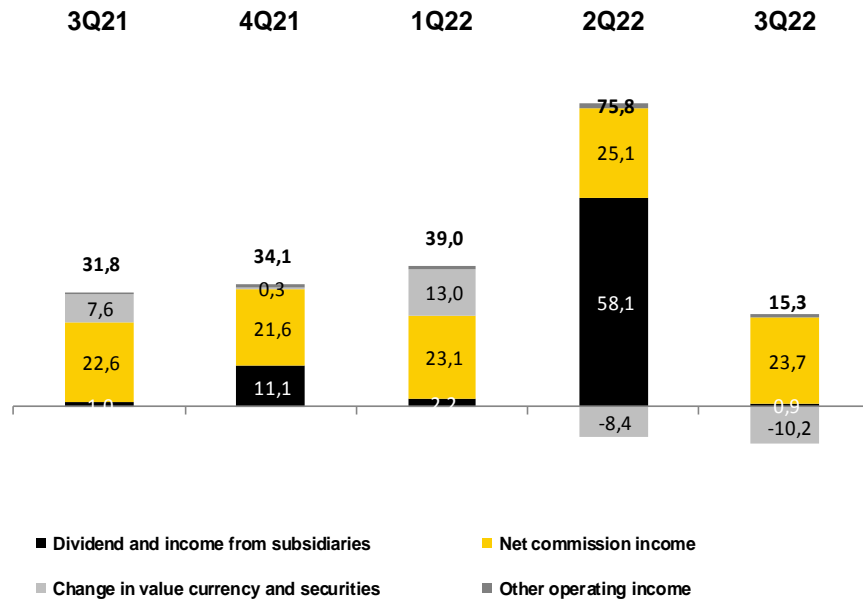


- Higher Nibor-rates strengthens the deposit margins

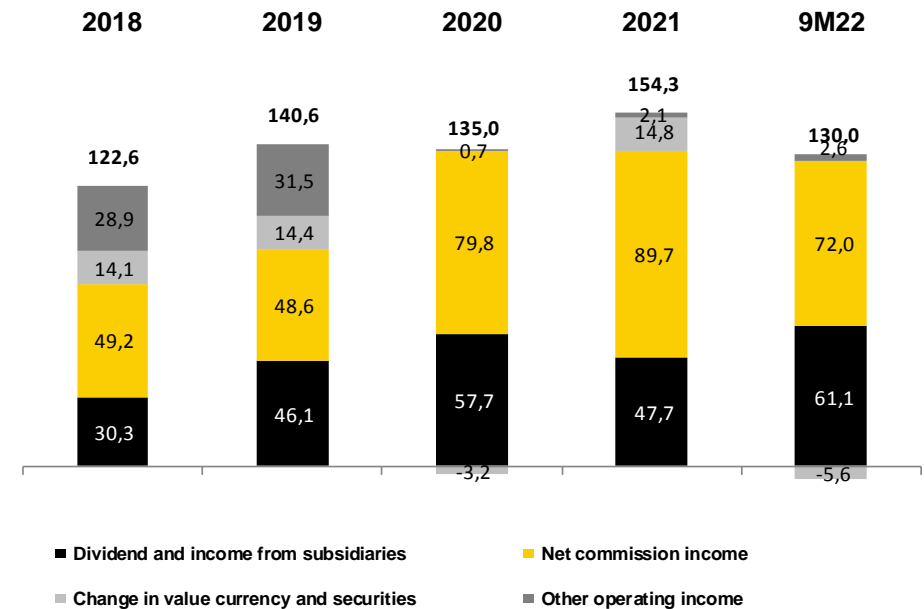
Other Income

Solid dividend from Eika Gruppen, turbulent equity and interest rate markets affect financial securities

Other Income, last 5 quarters



Other Income, EOY/YTD

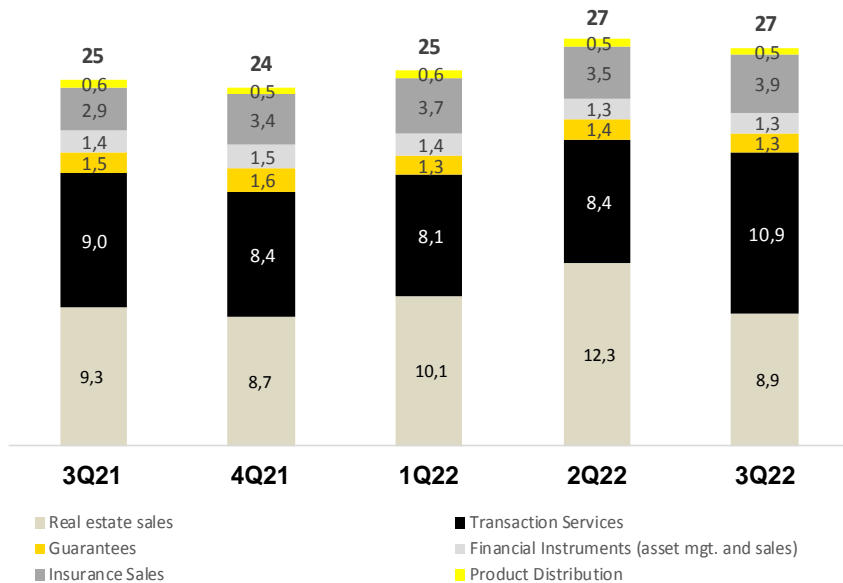


- Dividends from Eika Gruppen amounts to MNOK 54,1 (40,8) in 2Q22. Eika Gruppen paid dividends twice in 2021. MNOK 30,5 in Q2 and MNOK 10,3 in Q4
- Increased credit spreads lead to changes in the value of financial securities

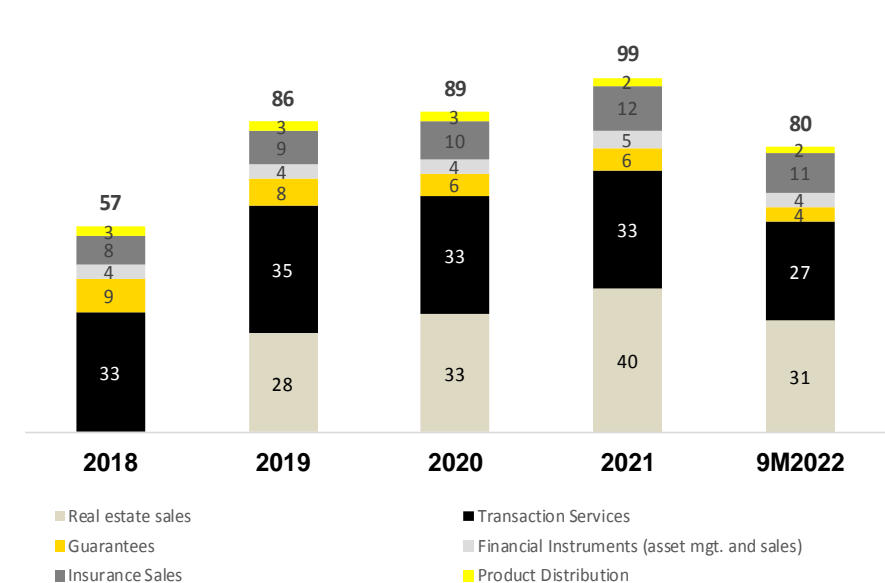
Gross Commission Income

Good activity in Aktiv Eiendom, inprovement in the sale of insurance and mutual funds

Gross commission, last 5 quarters



Gross commissions, EOY/YTD



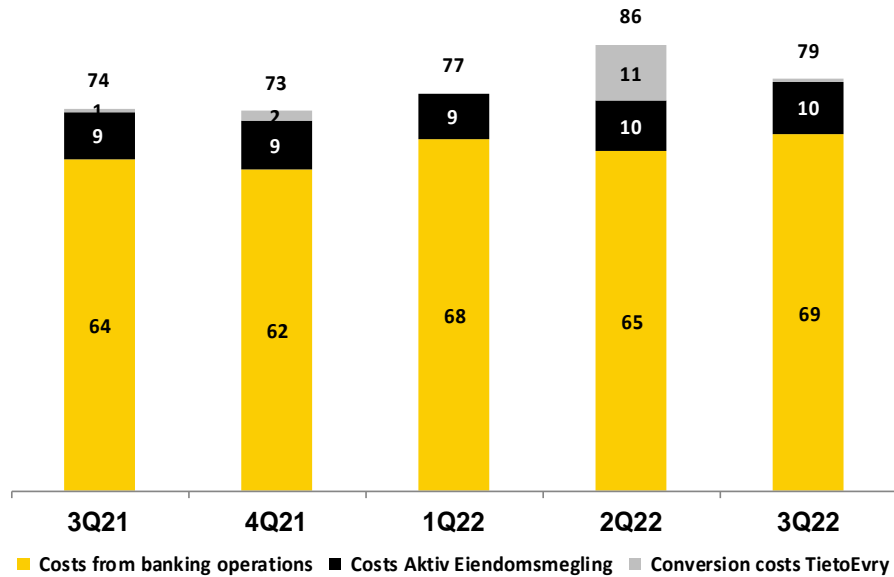
- Steady increase in income from insurance sales and savings
- Improvement in payment processing as a result of a higher level of activity (traveling habits)

- The change in principle for bookkeeping of the real estate business has not been made for 2017-2018.

Operating Costs

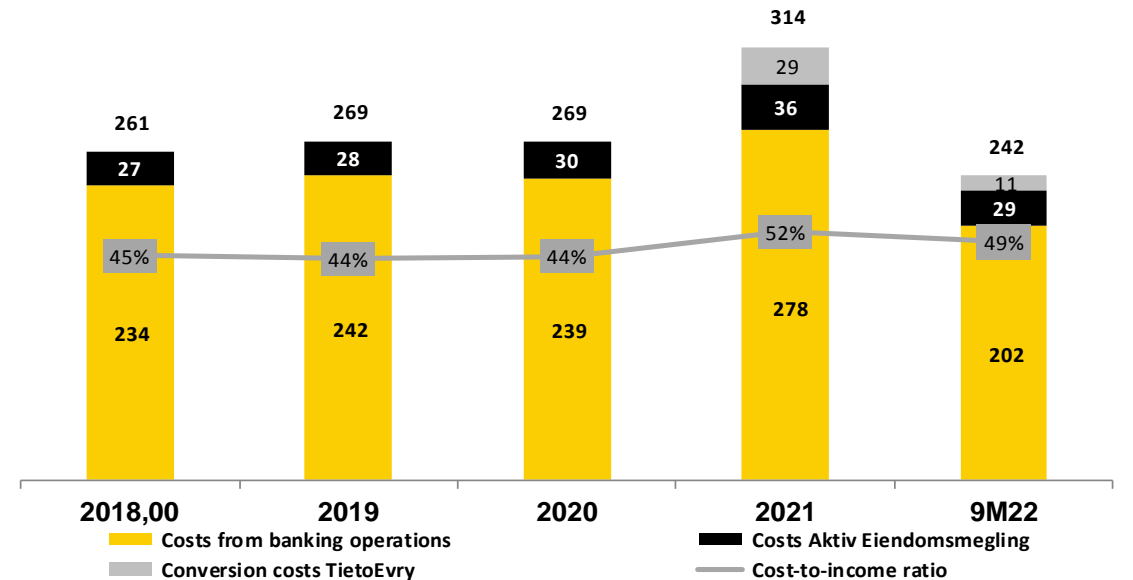
Some increase in personnel cost, replacement of core systems slightly below budget

Other Operating Costs, last 5 quarters



- Increased efforts the Stavanger market in the private market entails somewhat increased salary costs. The number of employees in the parent bank has been increased from 112 to 121 recent year
- Replacement of core systems from SDC to TietEvry entails investments of between 50-60 MNOK which will be expensed in 2021 and 2022.
- The replacement of core systems is on schedule and slightly below budget. The final cost will be expensed in 2022.

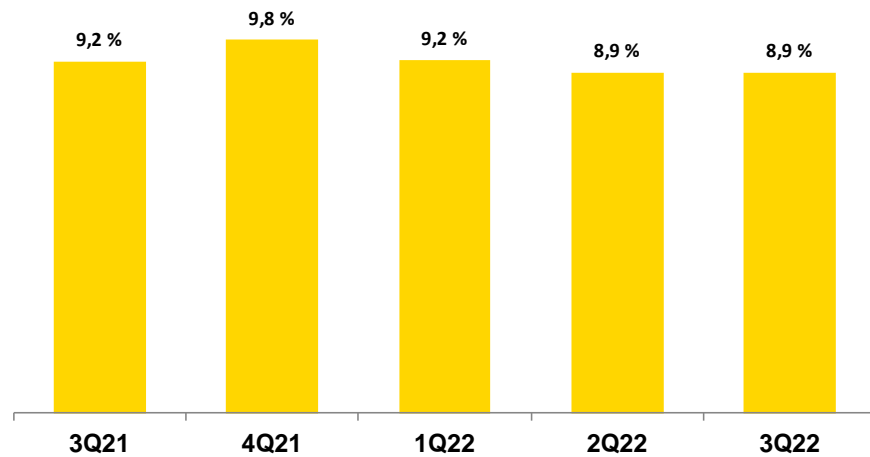
Other Operating Costs, EOY/YTD



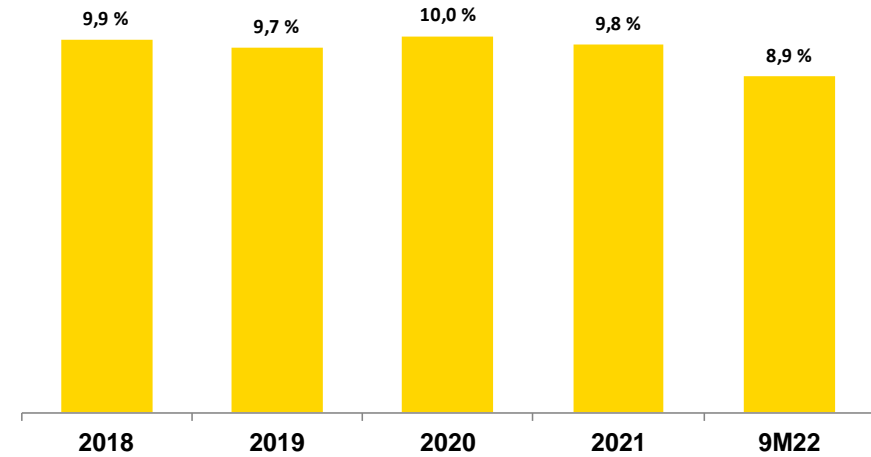
- The increase in costs within banking operations in 2021 is due to increased personnel costs, ie. salary settlements and an increased number of advisers in the private market.
- The increase in costs for AktivEiendomis due to record sales and record profit. Active Real Estate has a Cost / Income of 91%

Solidity – Leverage Ratio

Leverage (Equity/Total assets), quarterly



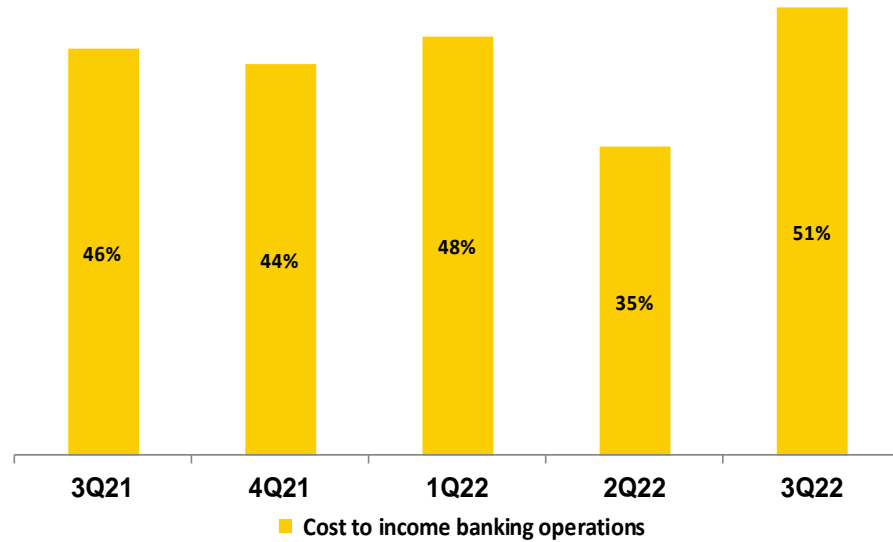
Leverage (Equity/Total assets), EOY / YTD



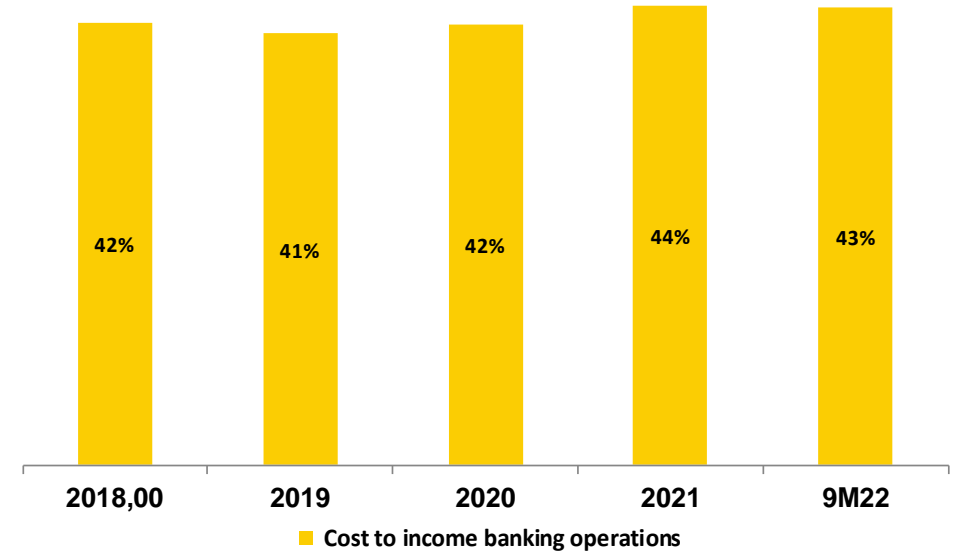
Cost to Income Banking Operations

Cost ratio without real estate and conversion costs related to core banking systems

Cost to income, quarterly



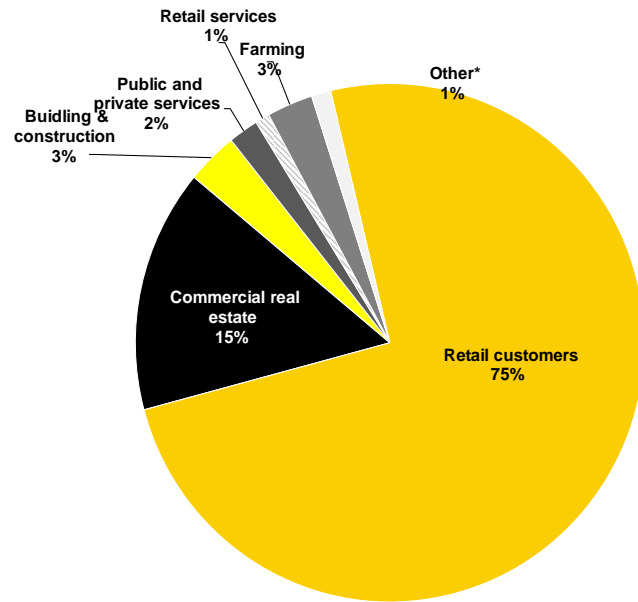
Cost to income, EOY/YTD



Loans to Customers by Division

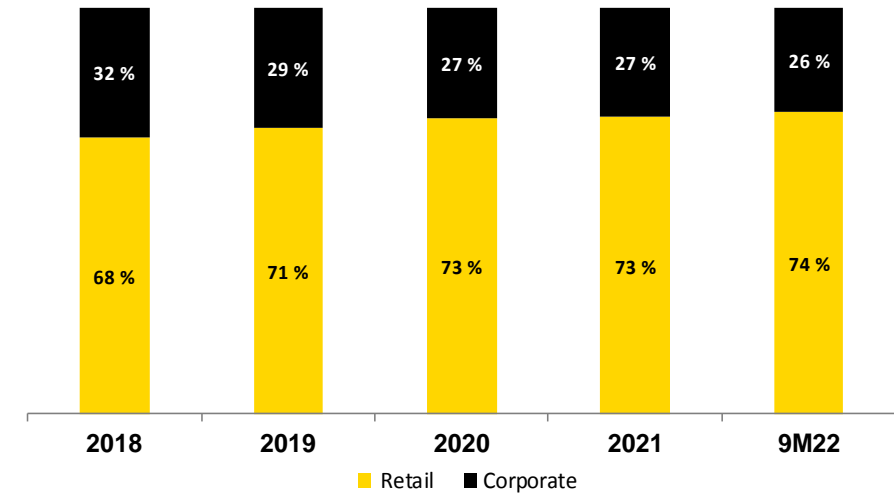
The share of lending to the retail market has increased significantly over the last 5 years

Distribution by sector



- Low exposure towards cyclical industries
- Largest growth in the agriculture sector, which will continue to serve as an important area for growth in the future
- Insignificant direct exposure towards oil-related businesses
- Insignificant exposure towards the tourism sector

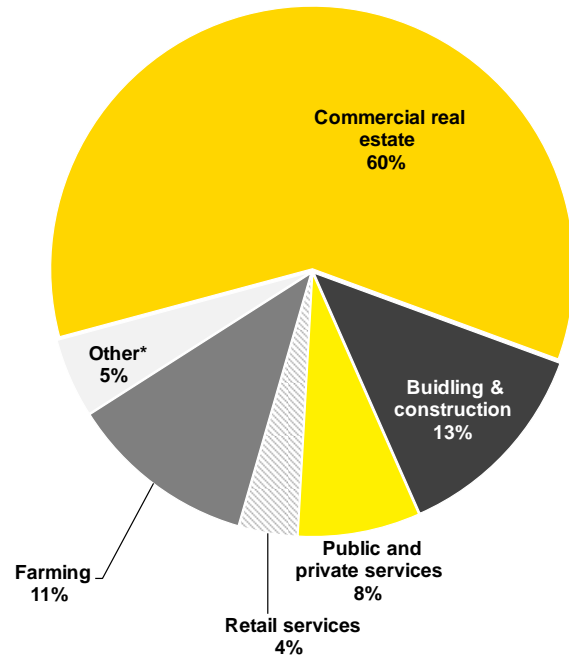
Distribution by division



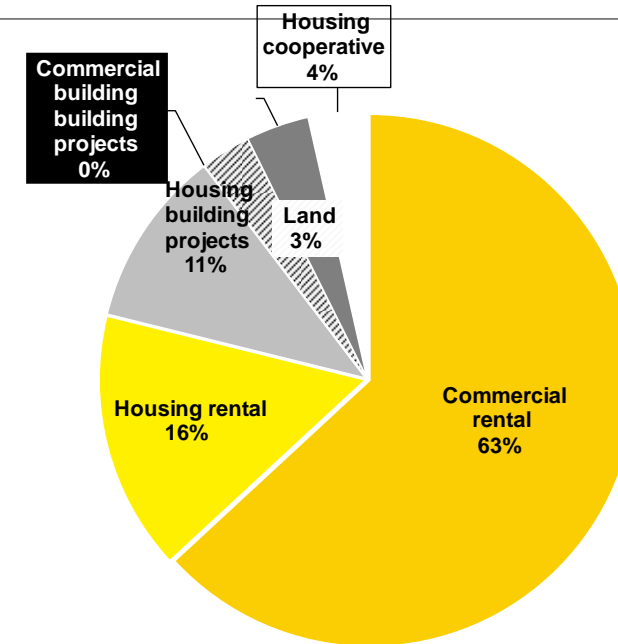
Loans to Corporate Customers - 26% of total lending

Largest growth in the agriculture sector and the SME-segment

Distribution by sector

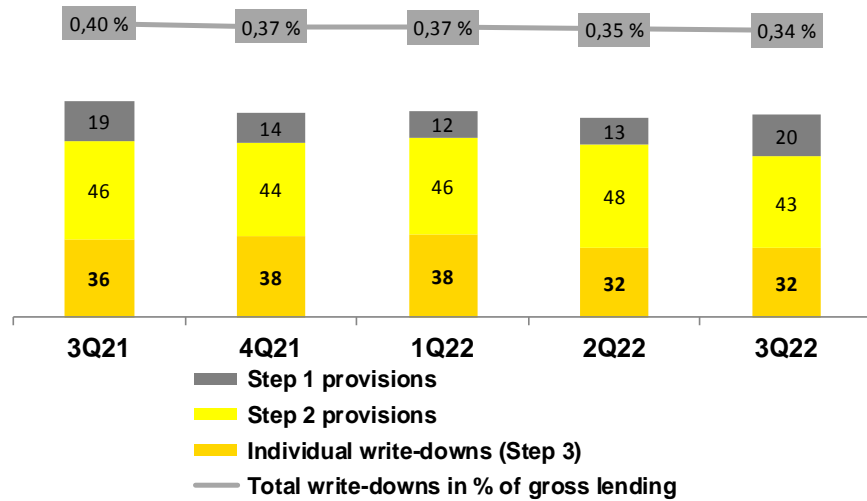


Corporate loans to real estate

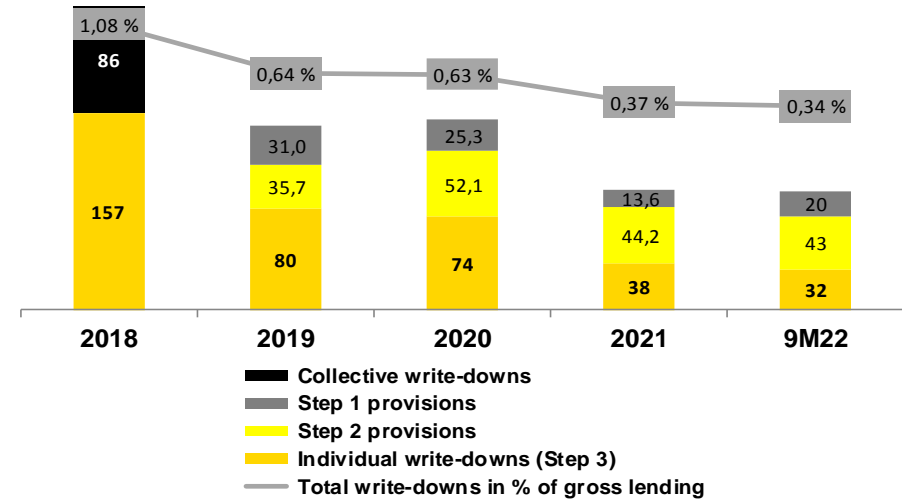


Write-downs on Loans

Write-downs, quarterly

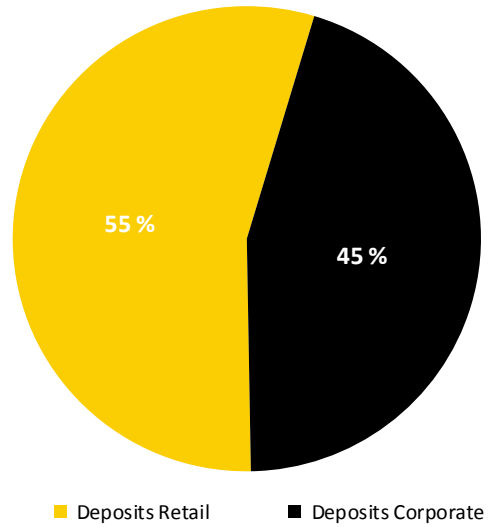


Write-downs, EOY/YTD

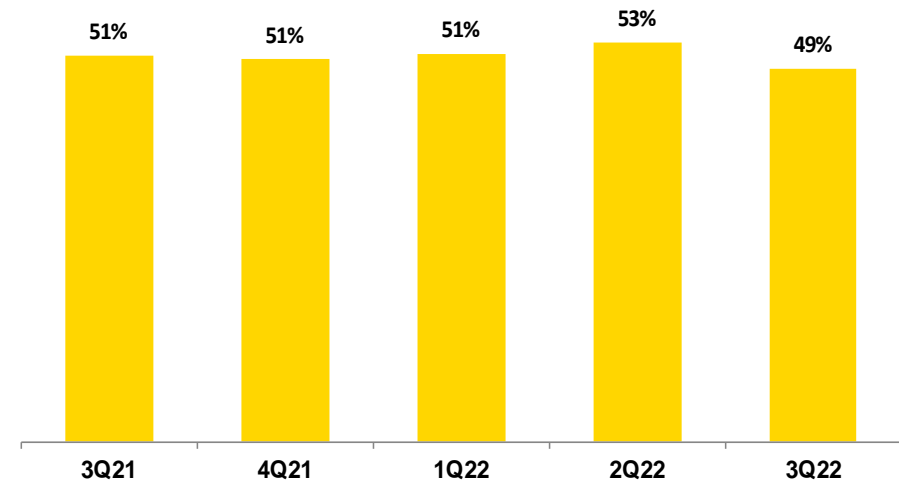


Deposit From Customers

By division



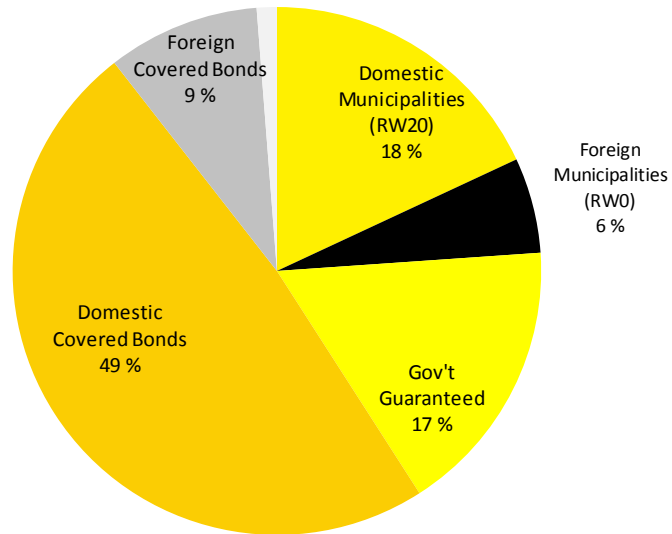
Deposit-to-loan ratio



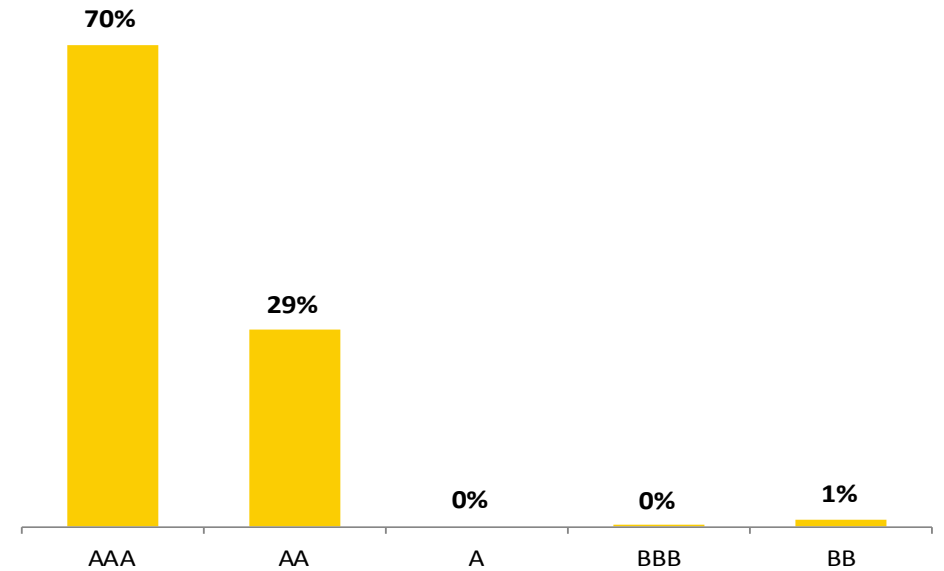
Liquidity

NOK 3,5 bln excl. cash

Composition of portfolio



Rating distribution



- BB is a nordic high yield fund
- AA is mainly Norwegian municipalities and corporations guaranteed by Norwegian municipalities (internal rating)

Key figures

	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	9M21	9M22
Growth assets	0,1 %	-0,9 %	5,2 %	-2,6 %	-1,1 %	5,7 %	1,1 %	2,5 %	1,6 %	8,3 %
Growth lending (net)	0,1 %	1,5 %	1,2 %	1,3 %	1,4 %	1,3 %	2,0 %	2,8 %	4,3 %	7,6 %
Growth deposits	0,4 %	2,7 %	4,7 %	-0,3 %	0,4 %	2,7 %	5,0 %	-4,0 %	7,7 %	4,0 %
Net interest margin	1,61 %	1,55 %	1,54 %	1,54 %	1,54 %	1,52 %	1,58 %	1,62 %	1,55 %	1,59 %
Other income % of total income	19,2 %	19,8 %	34,8 %	21,5 %	23,0 %	25,6 %	38,1 %	10,6 %	26,0 %	26,2 %
Cost-to-income ratio	49,4 %	51,3 %	55,2 %	49,7 %	49,2 %	50,2 %	43,1 %	54,8 %	52,3 %	48,7 %
Costs as % of av. total assets	1,0 %	1,0 %	1,3 %	1,0 %	1,0 %	1,0 %	1,1 %	1,0 %	1,1 %	1,1 %
Return on equity before tax	10,5 %	12,7 %	12,6 %	8,7 %	10,3 %	10,1 %	14,6 %	8,1 %	11,3 %	10,9 %
Return on equity after tax	8,0 %	9,9 %	10,7 %	7,8 %	9,6 %	9,0 %	13,5 %	6,1 %	9,5 %	9,5 %
Capital adequacy ratio	19,8 %	19,2 %	18,9 %	17,8 %	18,5 %	18,2 %	18,8 %	19,7 %	17,8 %	19,7 %
Tier 1 capital ratio	18,5 %	17,9 %	17,6 %	16,5 %	17,2 %	17,0 %	17,5 %	17,4 %	16,5 %	17,4 %
CET1	17,8 %	17,3 %	17,0 %	15,9 %	16,6 %	16,3 %	16,9 %	16,8 %	15,9 %	16,8 %
Risk-weighted assets	15.982	16.460	16.706	16.706	16.689	16.944	16.369	16.452	16.706	16.452
Number of man-years	132	134	132	133	138	140	147	147	133	147
Stock exchange price	74	83	95	100	99	103	92	89	100	89
Equity capital certificate % of equity	63,6	63,7	63,7	63,8	63,4	63,5	63,5	63,5	63,8	63,5
Earnings per equity capital certificate	1,7	2,1	2,4	1,8	2,2	2,0	3,1	1,5	6,4	6,6
Book value per equity capital certificate	86,8	88,9	91,3	93,1	90,2	91,6	94,7	96,1	93,1	96,1
Individual write-downs in % of gross lending	0,31 %	0,25 %	0,18 %	0,14 %	0,15 %	0,15 %	0,12 %	0,12 %	0,14 %	0,12 %
Coll. write-downs in % lending after ind. wr.-d.	0,32 %	0,28 %	0,22 %	0,26 %	0,23 %	0,22 %	0,23 %	0,23 %	0,26 %	0,23 %
Deposits to loans ratio	49,7 %	50,2 %	51,9 %	51,1 %	50,6 %	51,3 %	52,8 %	49,3 %	51,1 %	49,3 %
Deposits to loans ratio parent bank	79,1 %	81,1 %	86,0 %	84,5 %	82,5 %	83,3 %	90,0 %	84,7 %	84,5 %	84,7 %

Definition of Key Figures

Rate of deposits to loans

OB deposits from customers/OB net loans to customers

Liquidity coverage ratio (LCR)

Liquid assets / net liquidity output within 30 days in a stress scenario

Net Stable Funding Ratio (NSFR)

Available stable funding / required stable funding

Net Interest Income (NII)

Interest income – interest expenses

Interest margin

((Net interest income / days in the period) x days in a year) / average total assets

Lending margin

Average loan rate – rolling average of 3month NIBOR rate

Deposit Margin

Rolling average of 3month NIBOR rate – average deposit rate

Cost / income ratio

Total operating costs / (net interest income + total other operating revenues)

Costs as a percentage of average total assets

((Total operating costs / days in the period) x days in a year) / average total assets

Return on equity before tax

(Operating profit before taxes / days in the period x days in a year) / ((OB total equity + IB total equity) / 2 [excl. T1 hybrid instruments])

Return on equity after tax

(Operating profit after taxes / days in the period x days in a year) / ((OB total equity + IB total equity) / 2 [excl. T1 hybrid instruments])

Equity certificate capital in % of equity

(Equity certificate capital + own equity certificate + share premium + dividend equalisation reserve) / (Equity certificate capital + own equity certificate + share premium + dividend equalisation reserve + savings bank's fund + gift fund)

Earnings per equity certificate

(Operating profit after taxes x equity certificate capital in % of equity) / number of equity certificates

Book value per equity certificate

OB total equity x equity certificate capital in % of equity / number of equity certificates

Price / Book (P/B)

Market price / book value per equity certificate

Operating profit before write downs and taxes

Operating profit after tax + tax cost + write downs on lending and guarantees

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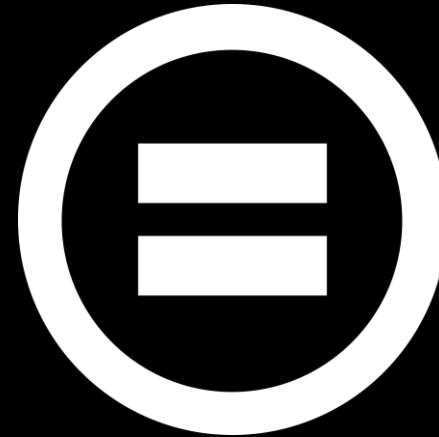
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