



Den Gule Banken, Sandnes Sparebank Financial Reporting 4th Quarter 2023

Sandnes 13.02.2024

Agenda

- Rogaland Sparebank – new possibilities
- Key figures continue to improve
- Solid creditquality in a stable region





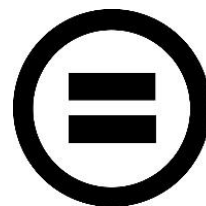
Rogaland Sparebank

- Superlokalbanken din



Hjelmeland
Sparebank

+



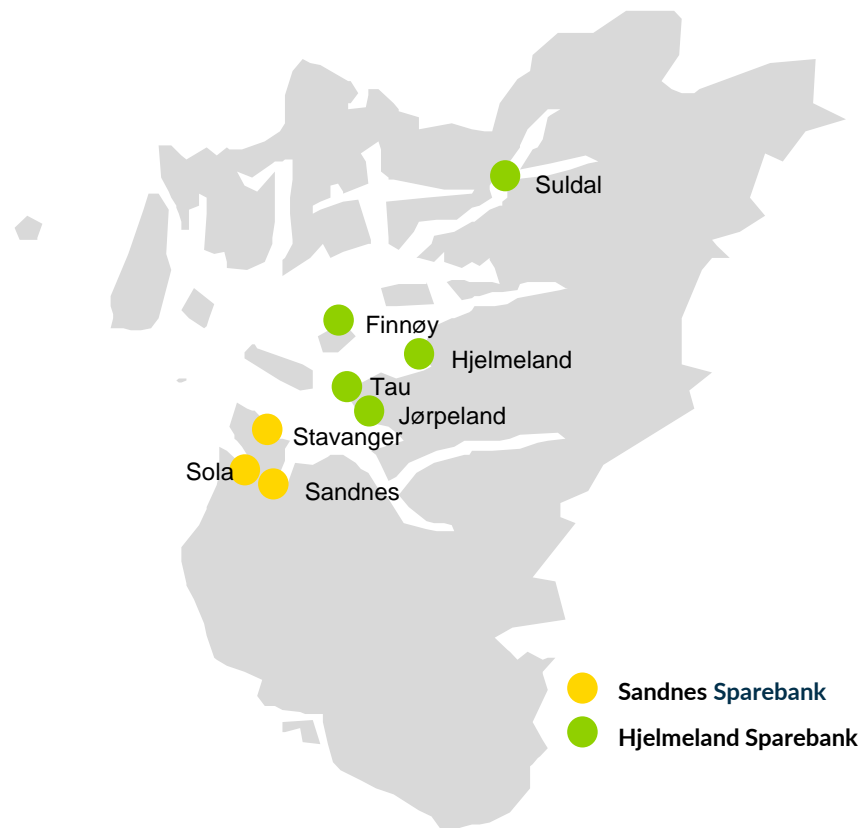
Den
Gule
Banken
Sandnes Sparebank



Rogaland Sparebank – Together we are stronger

A local bank with strong presence in Rogaland

Market area Ryfylke and Nord-Jæren



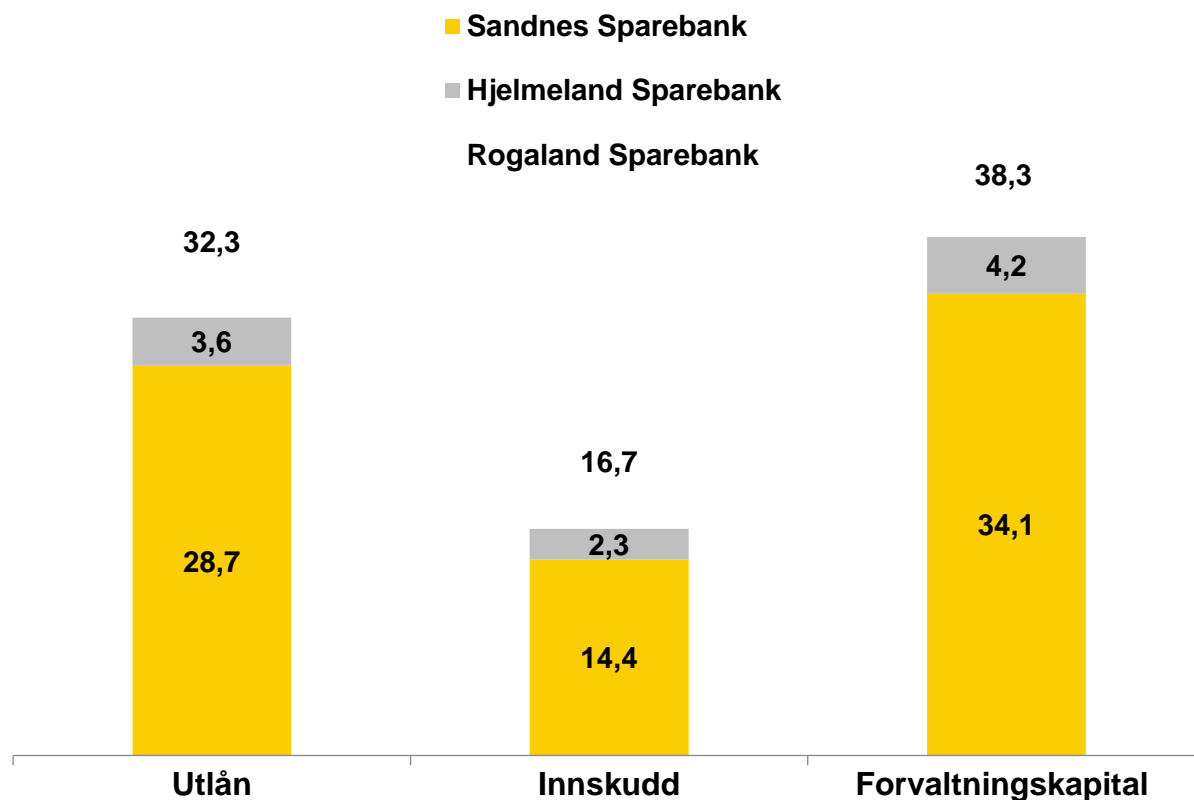
Nøkkeltall Rogaland Sparebank

Key figures	Rogaland Sparebank
Loans	32,3 Mrd
Deposits	16,7 Mrd
Retail share	75 %
CET-1	17,6 %
Equity capital	3,78 Mrd
Equity share	62,8 %
Deposit rate	52 %
Employees mother bank	152
ownership Eika Gruppen	9,84 %

Rogaland Sparebank – Together we are stronger

Volum og synergies

Volum



Volum er inkludert overførte lån til Eika Boligkreditt (ca 800 Mnok)

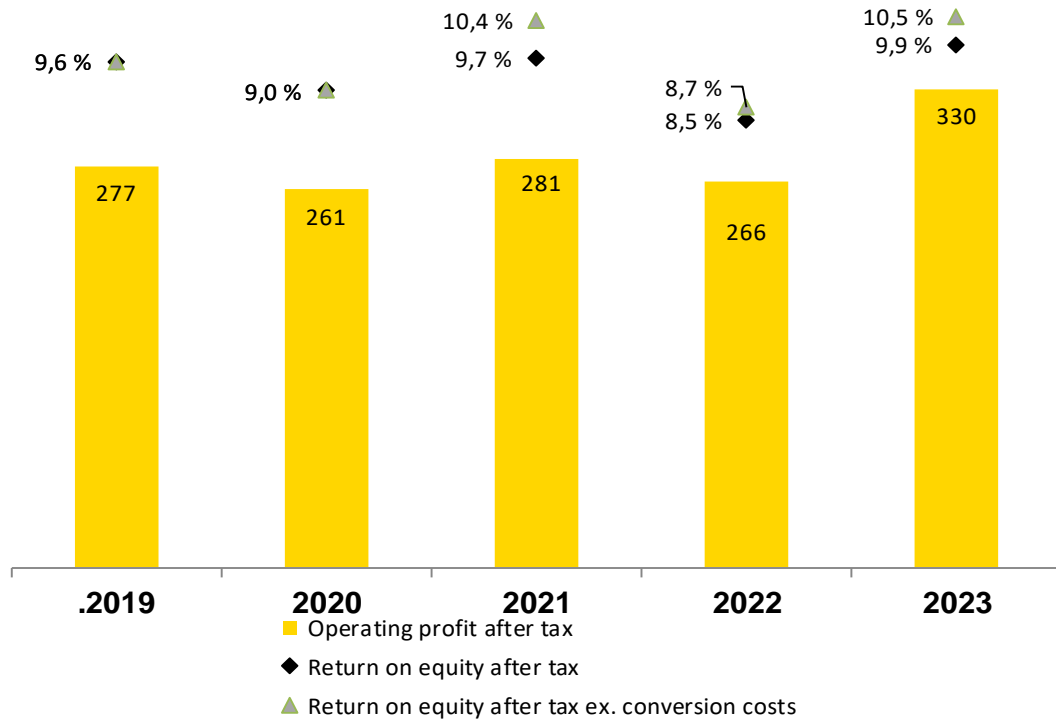
Synergies

- We have identified synergies with a total of 30 MNOK that will be fully implemented by 2026
- More efficient operations, cheaper funding and better utilization of the market will be the main contributors to the synergies
- The merger is expected to be completed in the second half of 2024.
- Bigger opportunities for Aktiv Jæren Eiendomsmegling (60 %), Ryfylke Eiendomsmegling (70 %) og Kjell Haver Regnskapsservice (49%)

Den Gule Banken, Sandnes Sparebank

Solid results for the bank, strong improvement in underlying banking

ROE



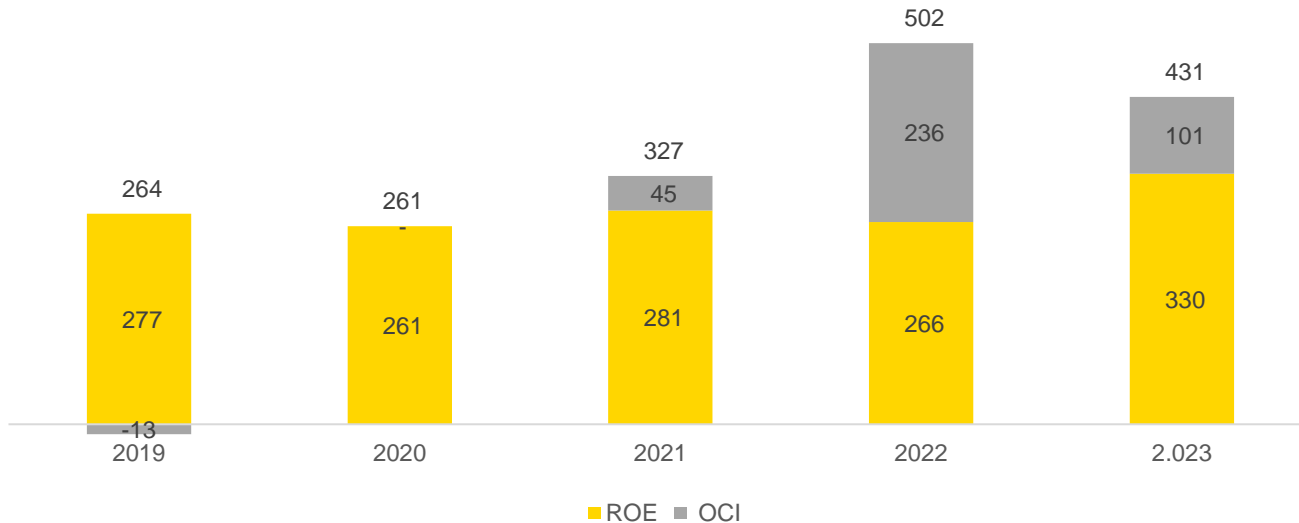
Summary 2023

- Profit after tax MNOK 329,9 (266,2)
- ROE on equity after tax 9,9 % (8,5 %)
- ROE on equity, without conversion costs, 10,5 % (8,7 %)
- Profit per ECC (EPS) of NOK 10,0 (8,1)
- Proposed dividend 74,8 % (75%), 7,5 kr (8,1) per ECC
- Lending growth last 12 months of 9,0 % (6,2 %)
- Net interest margin of 1,85 % (1,61 %)
- Net loss of MNOK 10,6 (11,3)
- Costs MNOK 368,7 (324,1)
- Solid bank with CET1 17,8 % (17,8 %)

Value change of Eika affects the banks results

The value change is made visible OCI and is added to the Equity directly

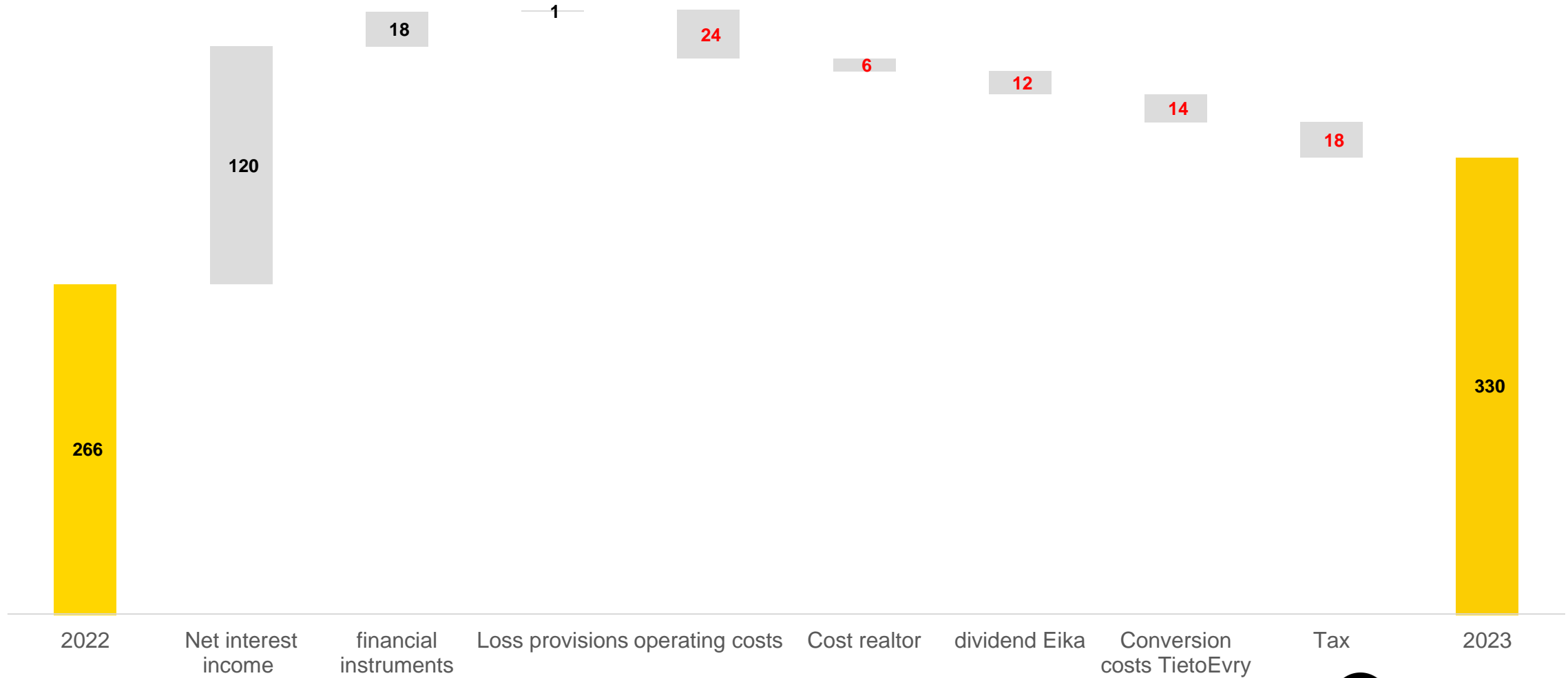
Ordinary result + OCI



- In connection with the merger between Eika forsikring and Fremtind, The shares in Eika gruppen was reevaluated
- The value pr share was increased fomr kr 260 to kr 306 kr
- Den Gule Banken, Sandnes Sparebank, owns 8,8% of Eika Gruppen. These shares are valuated at 670 MNOK
- The valuechange is 101 MNOK for 2023
- This increases CET1 with 0,3 % by 2023
- This increases CET1, possibilities for grwoth and future dividend
- Roe over OCI is 13 % for 2023

Performance development

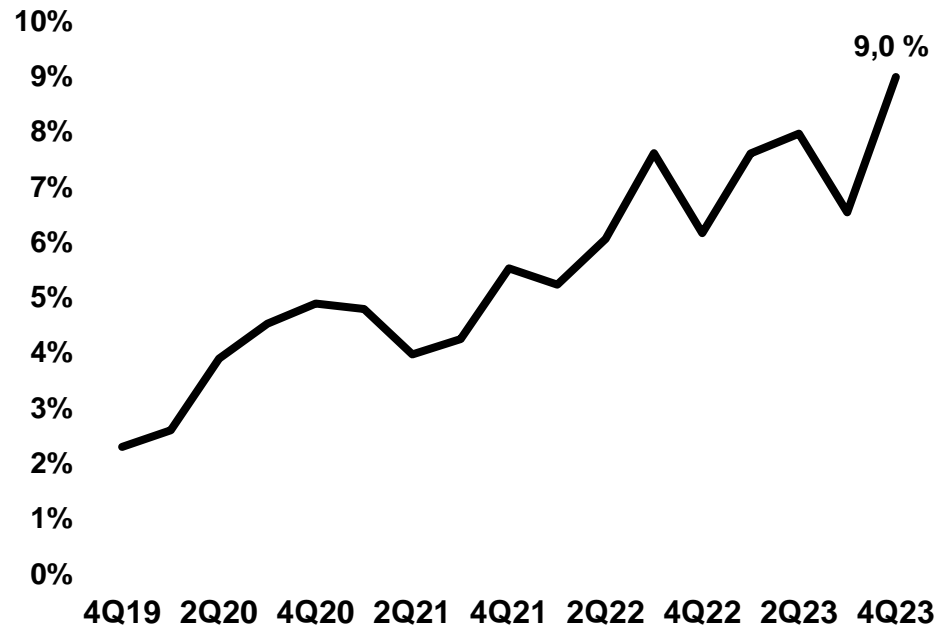
Improvement in underlying banking



Loan growth at 9,0 % YoY

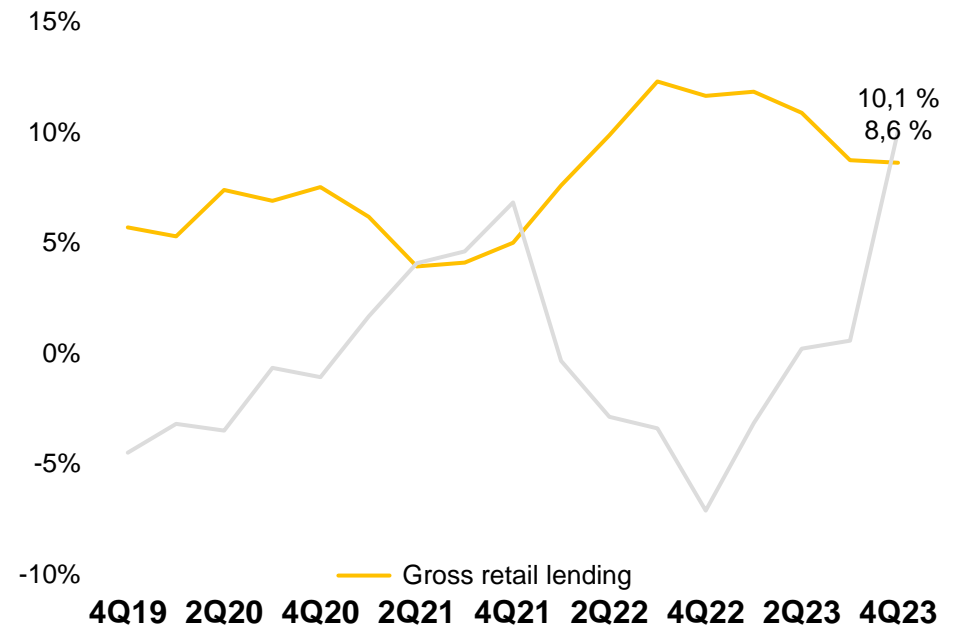
Solid growth, Increasing market share in both segments

Group level YoY



- Total lending increased by NOK 2,4 mrd (9,0 %) YoY
- Total lending increased by MNOK 658 (2,3 %) QoQ

Growth by Division YoY



- Retail lending increased by NOK 1,7 mrd (8,6 %) YoY, and by NOK 348 (1,6 %) QoQ
- Corporate lending increased by MNOK 696 (10,1%) YoY, and by MNOK 310 (4,2 %) QoQ

Agenda

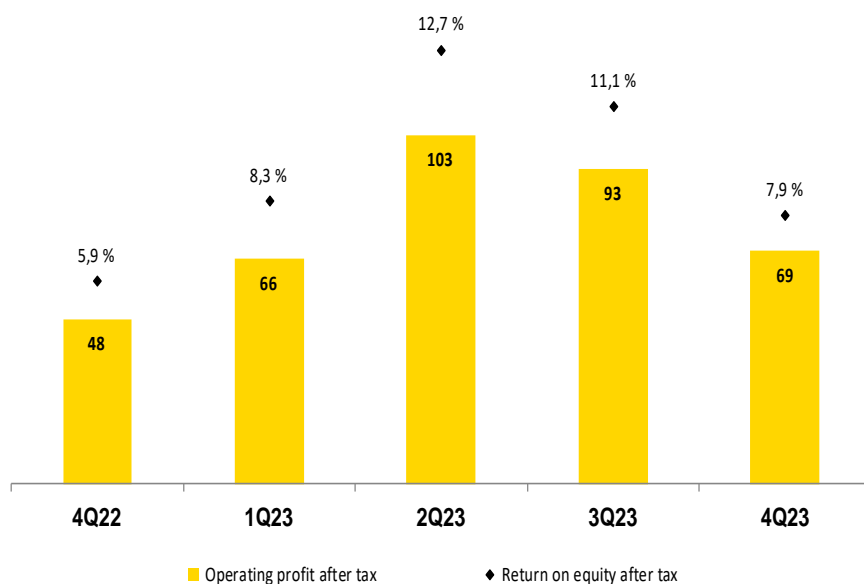
- Rogaland Sparebank – new possibilities
- Key figures continue to improve
- Solid creditquality in a stable region



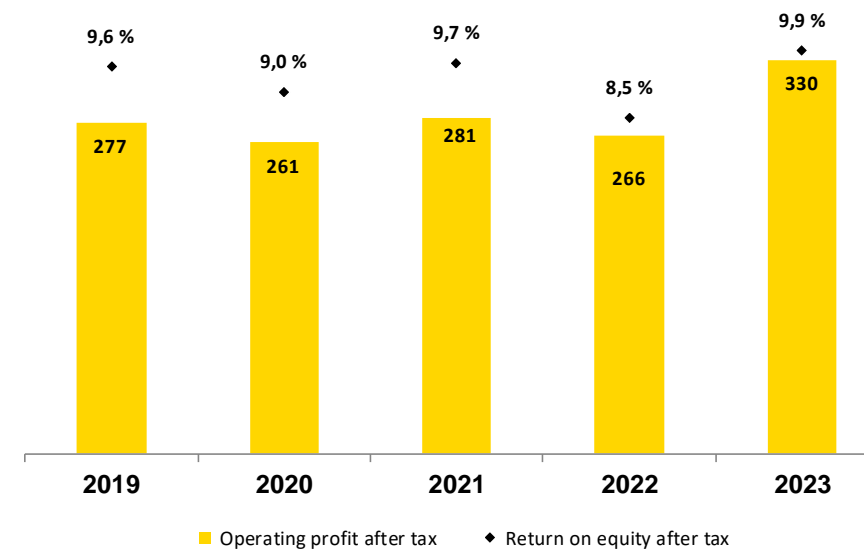
Profitability

Improvement in underlying banking

ROE, Quarterly



ROE, Yearly

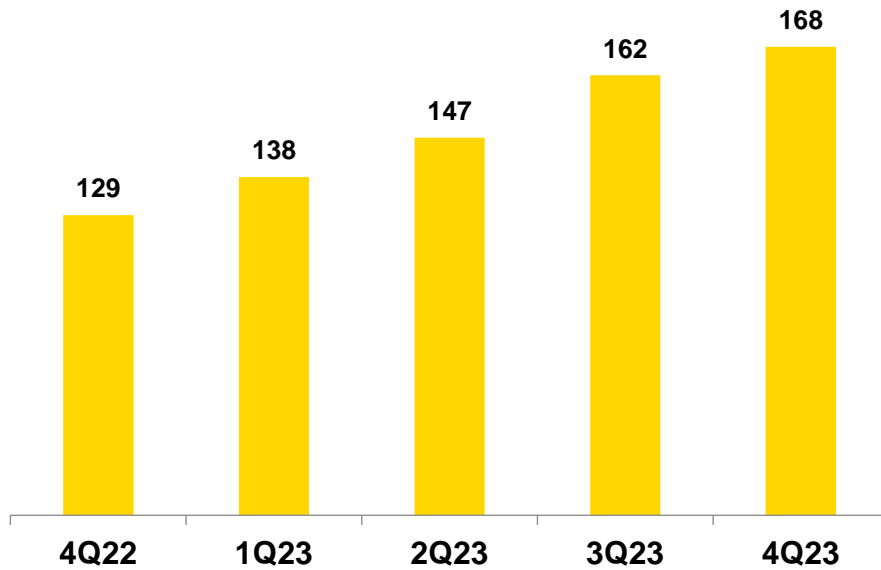


- ROE without conversion costs 10,5% (8,7%)

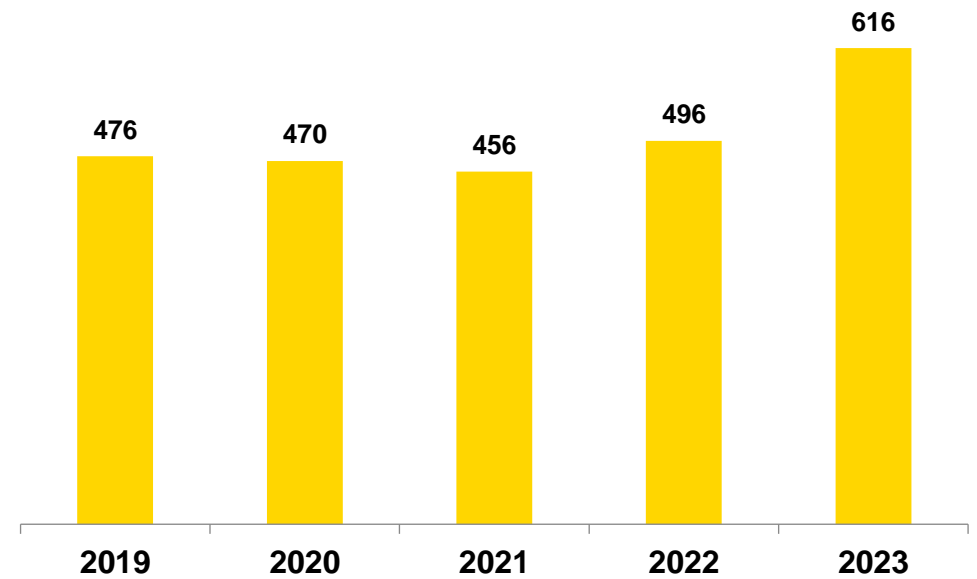
Net Interest Margin

High growth and increasing interest rates

Net Interest Margin, Quarterly



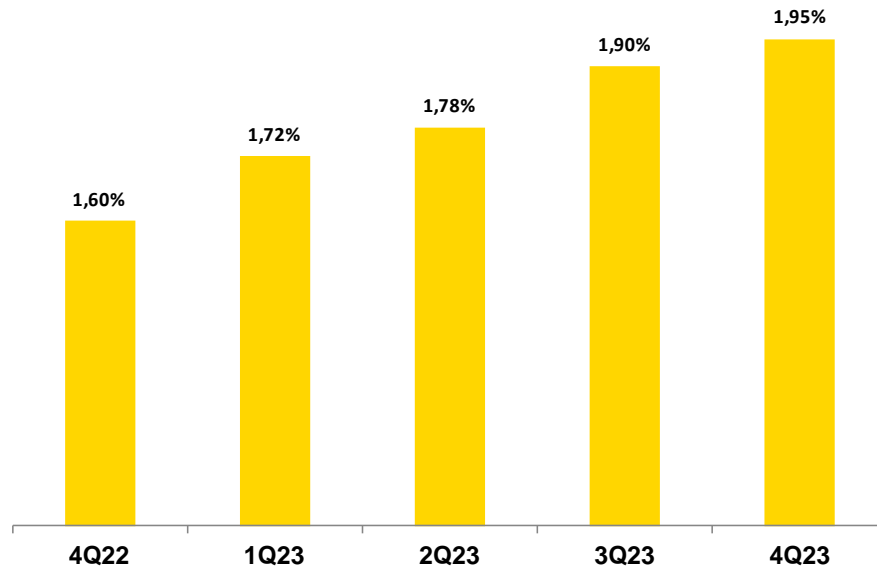
Net Interest Margin, Yearly



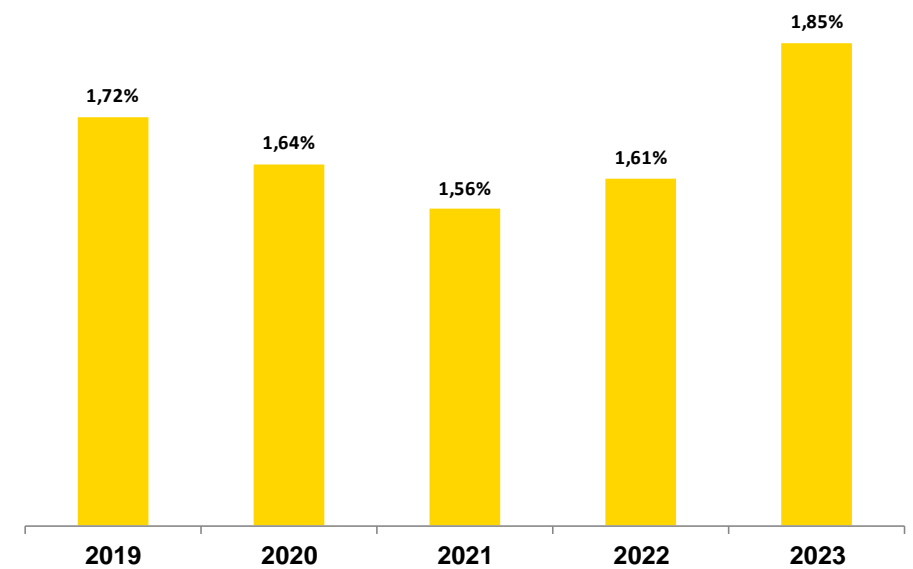
Net Interest Margin

Positive development. Still some lag on Net Interest Margin due to increased Nibor

Netto rentemargin, siste 5 kvartaler



Netto rentemargin, årlig



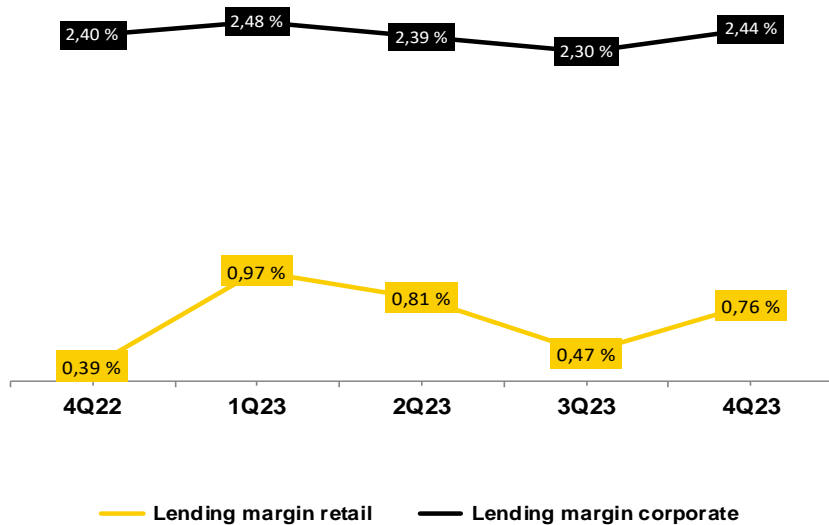
- The interest rate change in the retail market entails some time lag (8 weeks notice period)
- The interest rate change in the corporate market has a rapid effect (2 weeks notice period)
- 50% deposit coverage

- Net Interest Margin parent bank 2,41 % (1,98%)

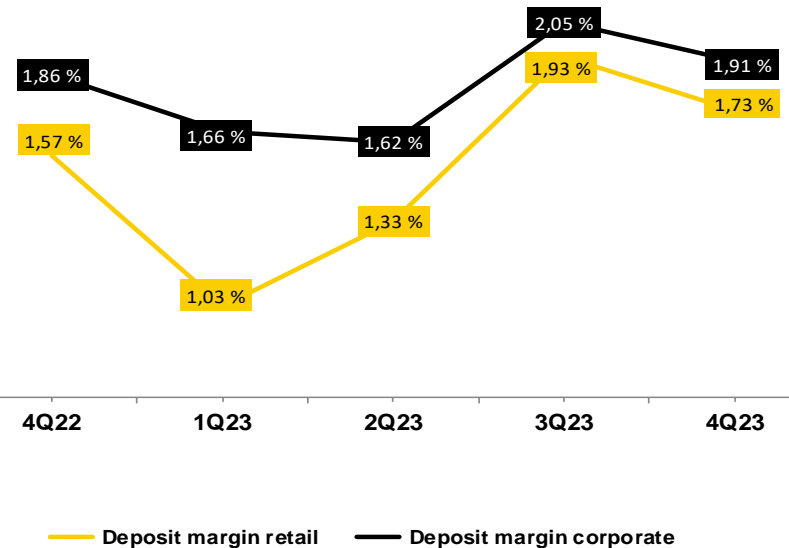
Margin on Loans and Deposits

Strong competition and rising NIBOR-rates affects margins

Lending margins

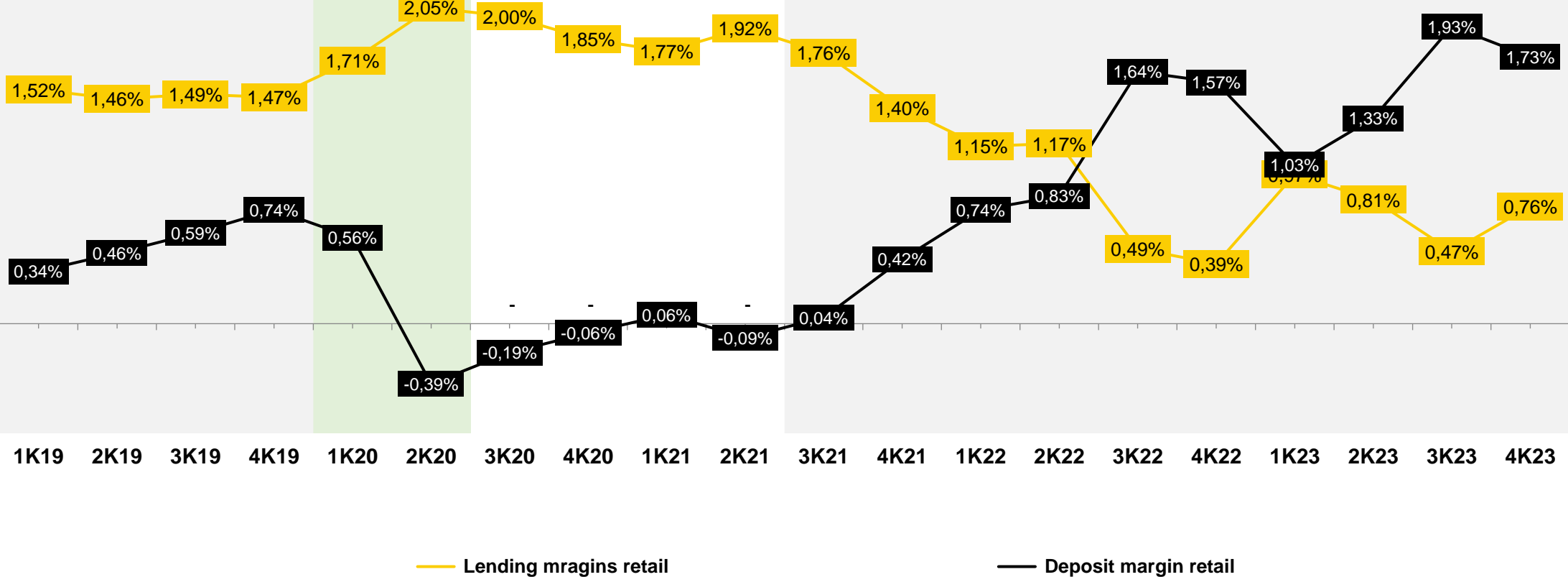


Deposit margins



Margins Retail – Low lending margins due to increasing interest rates from Norges Bank

Deposit coverage retail, ca 40 % , Retail accounts for 75 % of the banks total lending

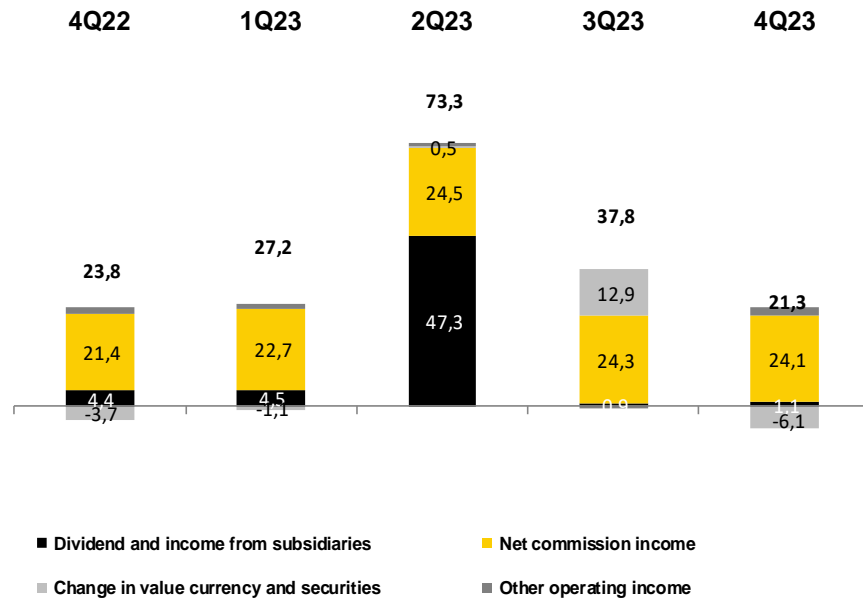


Norges Bank increasing rates in grey, decreasing in green and unchanged in white

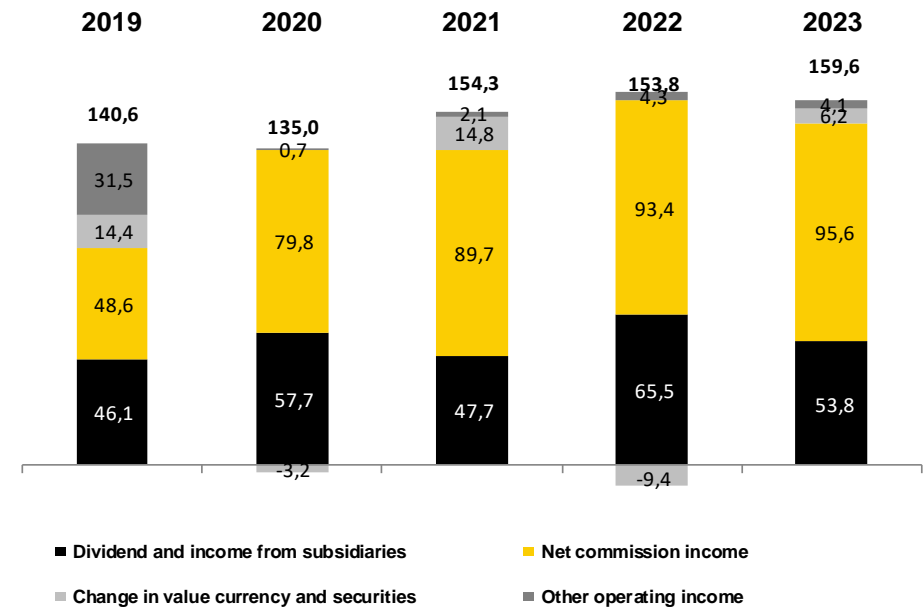
Other Income

Dividend from Eika Gruppen booked in the 2nd quarter of 44,8 MNOK

Other Income, Quarterly



Other Income, Yearly

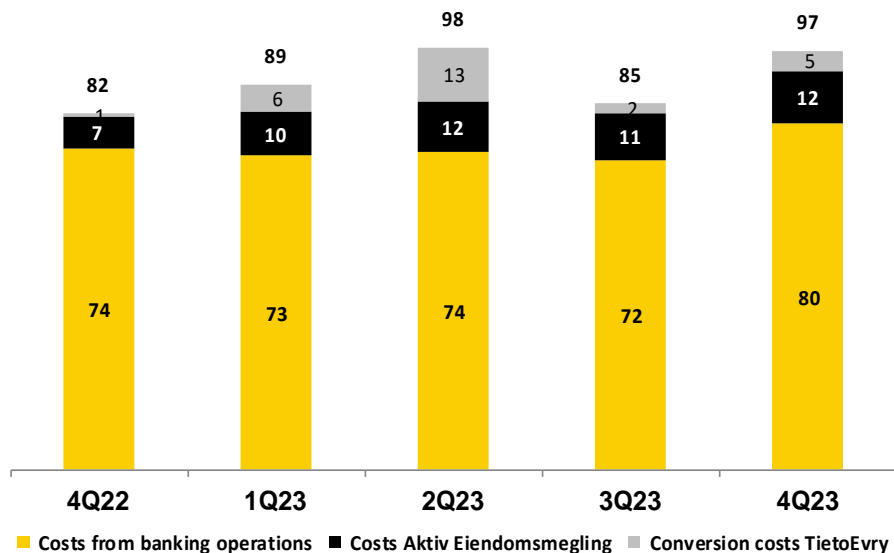


- Dividend from Eika Gruppen for 2022 MNOK 44,8 (54,1) booked in the 2nd quarter
- Stable provision income, some decrease in net commission income due to conversion i April

Operating Costs

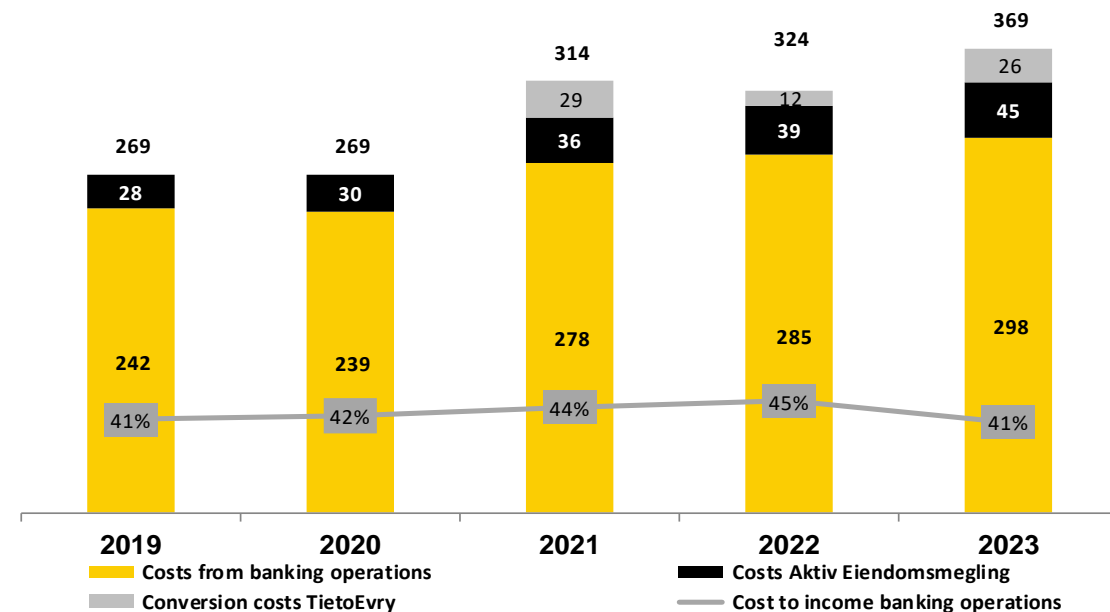
Some increase in costs, primarily due to conversion

Operating Costs, Quarterly



- The number of employees in the parent bank has increased from 125 to 127 recent year
- Operating costs is somewhat up as a result of a generally higher price level
- 3 MNOK in costs is booked in the quarter due to the merger with Hjelmeland Sparebank

Operating Costs, Yearly



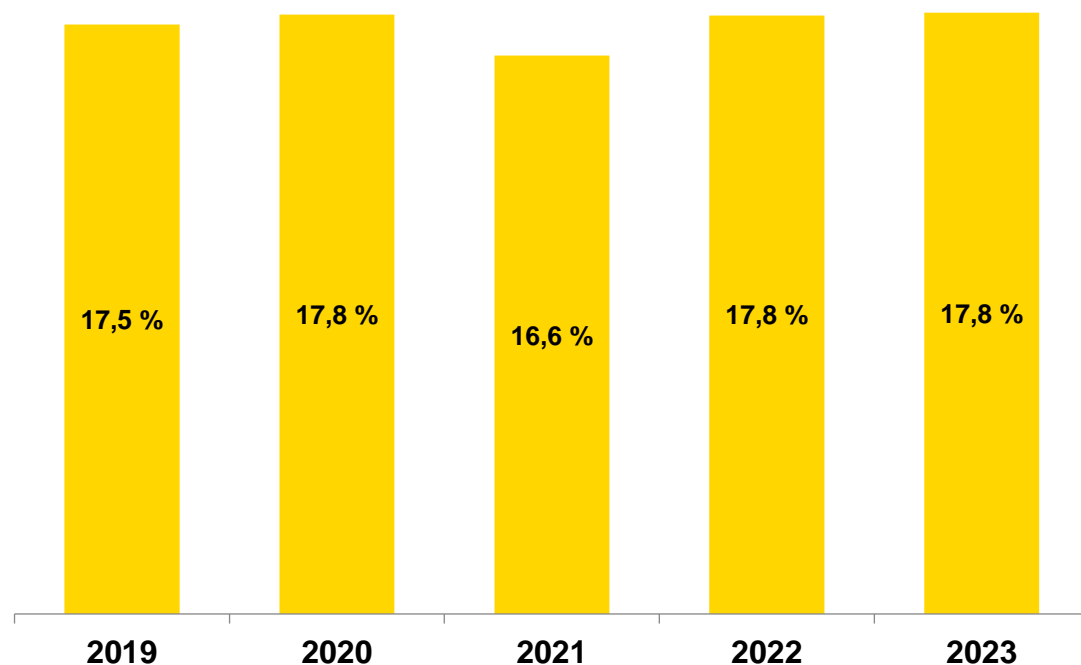
- The cost ratio in the parent bank is 41% for 2023*
- Changing the core system from SDC to TietoEvry is expensed 67 MNOK in the periode 2021-2023. Conversion completed in April 2023 and is in full booked

Cost ratio include parent bank and SSBB

Well Capitalized and Equipped for Furter Growth

Common Equity capital ratio of 17,8 % after dividend payment. Leverage ratio of 9,3 %

CET-1



A Well Capitalized Bank

- Systemic Risk Buffer increased from 3 % to 4,5 % 31.12.23
- Updated Pillar-2 composure reduced CET-1 requirement by 0,9%
- CET-1 requirement of 15,2 % from 31.12.23
- **Internal target of + 1.0 % management buffer above the regulatory requirements**
- Preliminary estimates of new standard method (Basel IV) increases CET-1 by ca 2,6%

Agenda

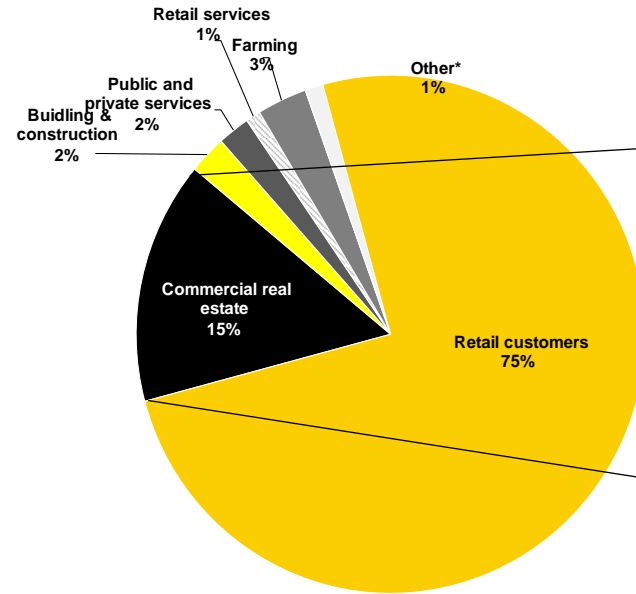
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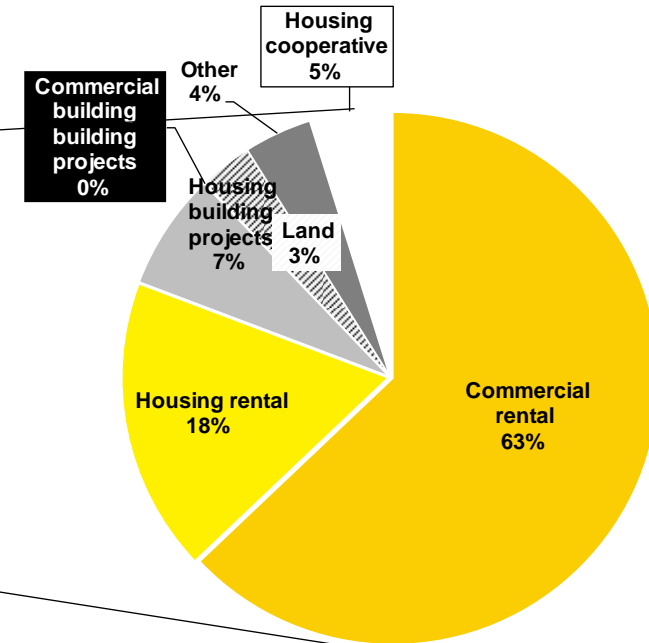
Loans to customers

The share of retail loans has increased significantly over the last 5 years. Low exposure towards real estate development

Distribution by sector



Corporate loans to real estate

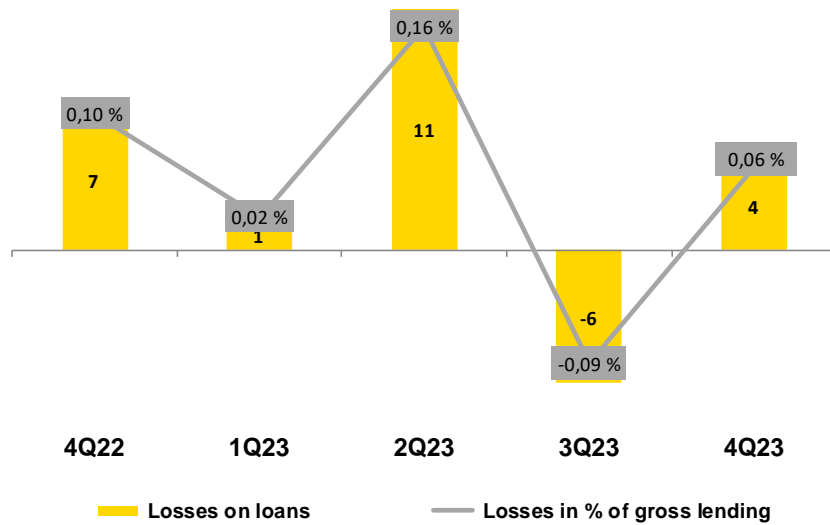


- Low exposure to cyclical industries
- Insignificant direct exposure to the oil industry
- Stable exposure towards real estate

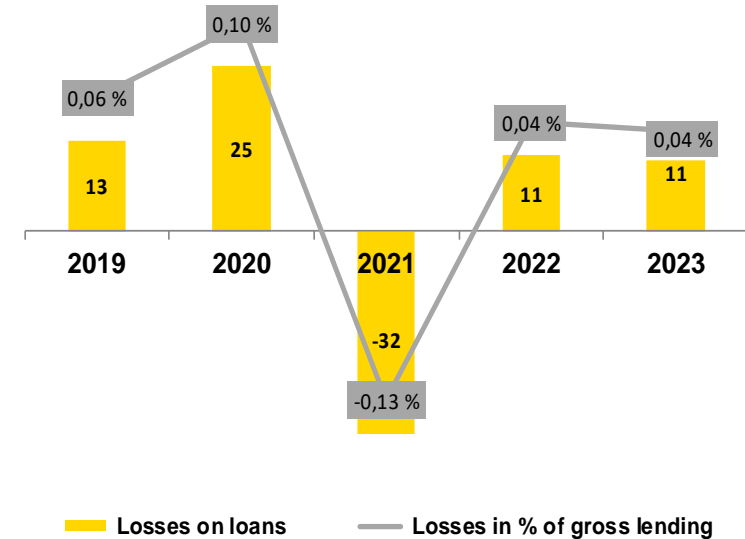
Losses on Loans and Guarantees

Stable low losses in spite of troubled financial markets and macroeconomic uncertainty

Losses on loans and guarantees, QoQ



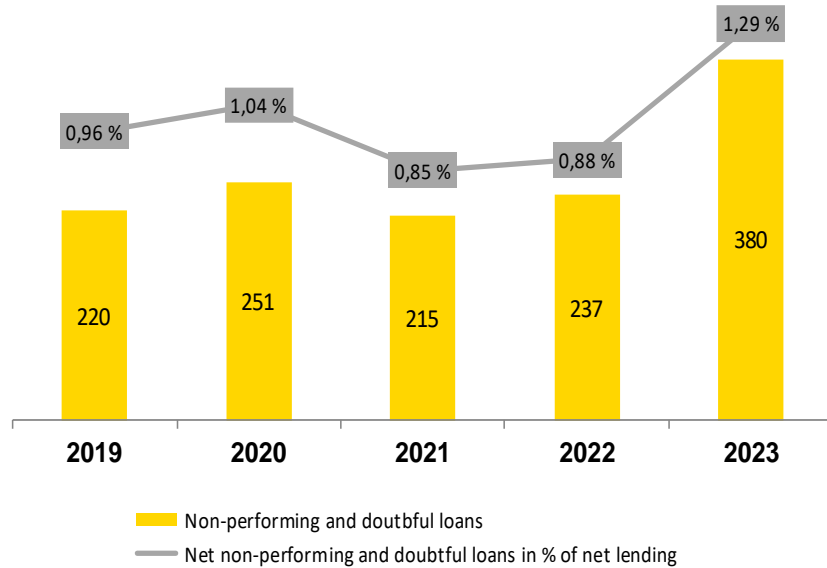
Losses on loans and guarantees, YoY



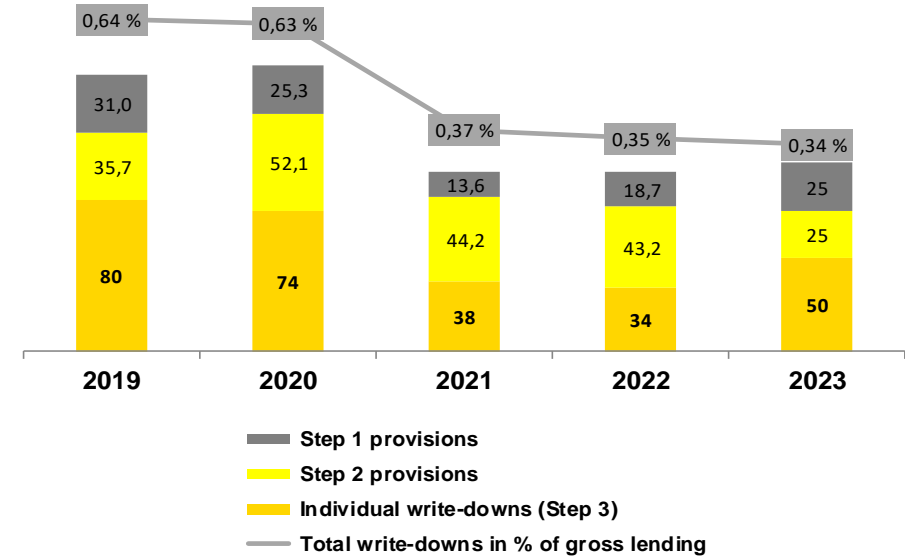
Non-Performing and Doubtful Loans

Some increase in Non-Performing Loans within the segment Balanse Bank

Non-performing and doubtful loans



Write-downs EOY

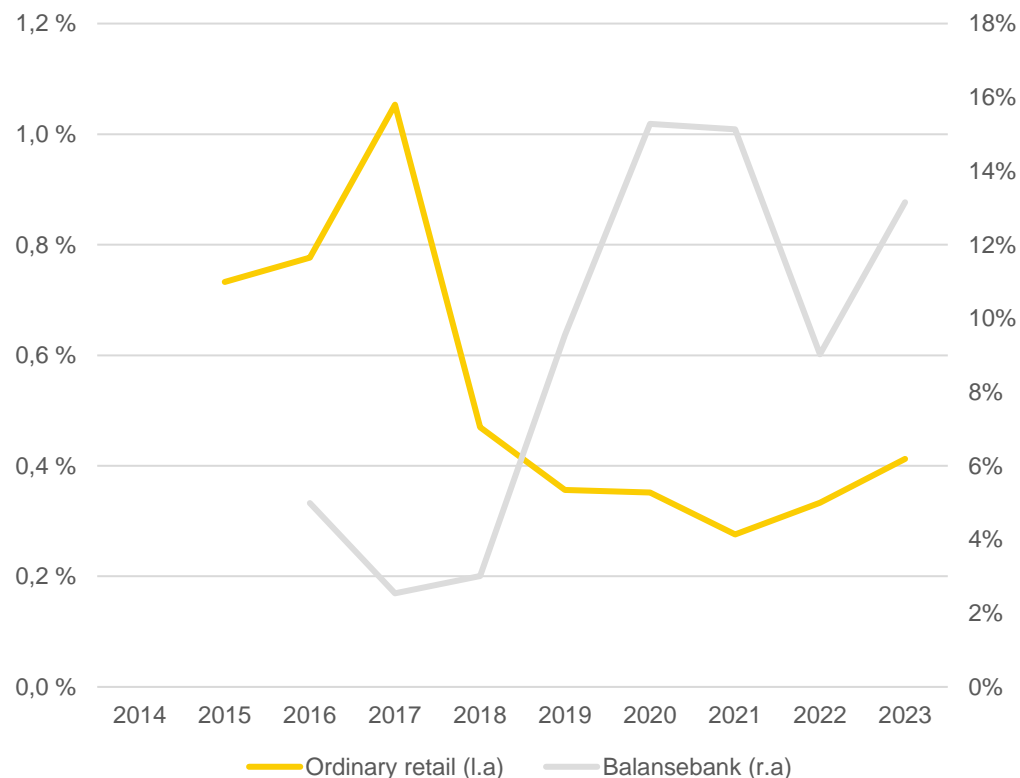


- The increase in Non-performing and doubtful loans is mainly in Balanse Bank, and in line with their mandate. All loans in Balansebank is secured with residential buildings within 85% LTV

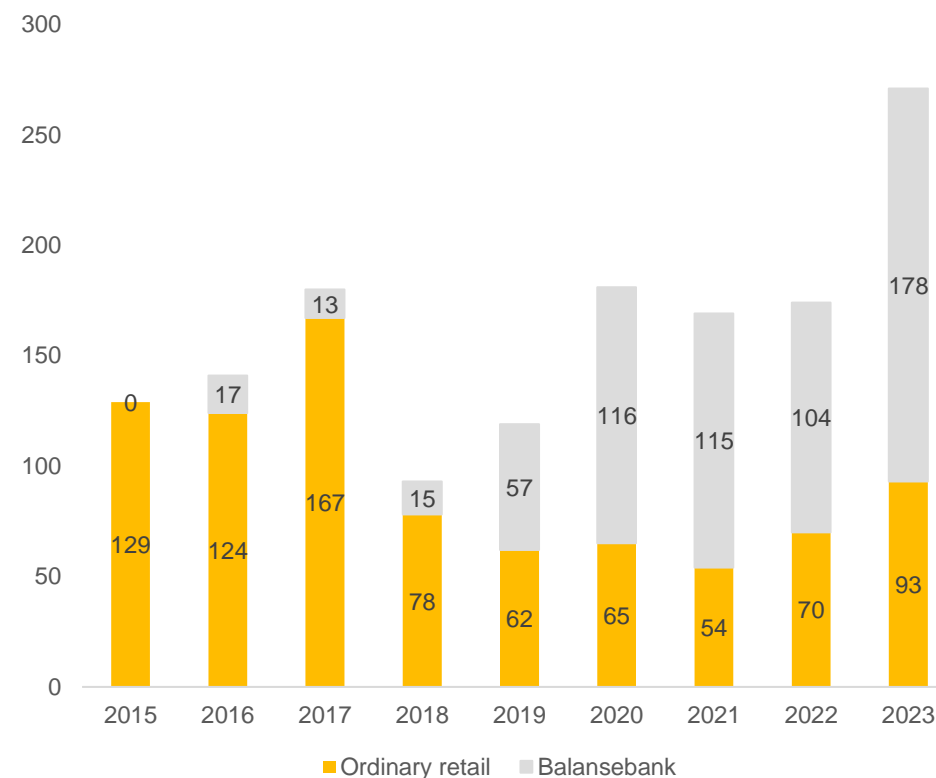
Non-Performing and Doubtful Loans Retail

Stabile and low Non-Performing Loans in ordinary retail. Some increase in Balanse Bank

Non-Performing and Doubtful loans Retail (over 90 days)



Non-Performing and Doubtful loans Retail (over 90 days)

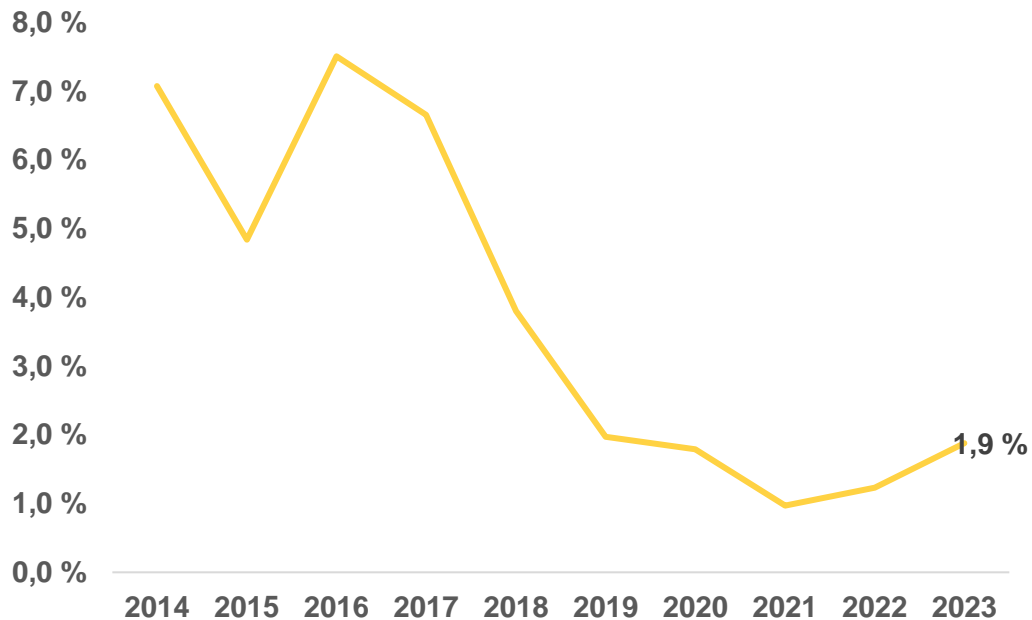


Expected Non-Performing and Doubtful loans in Balanse Bank is 10%. All loans in Balansebank is secured with residential buildings within 85% LTV

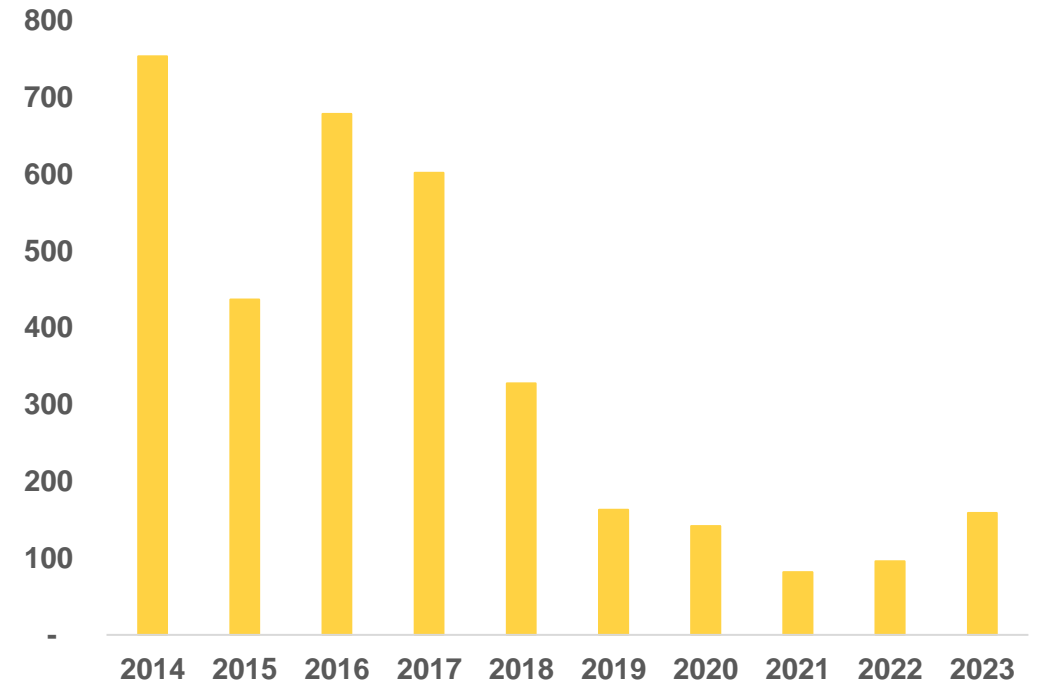
Non-Performing and Doubtful Loans Corporate

Reduction in risk for corporate loans over several years entail less pressure in the portfolio given today's market situation

Non-Performing and Doubtful loans Corporate (over 90 days)

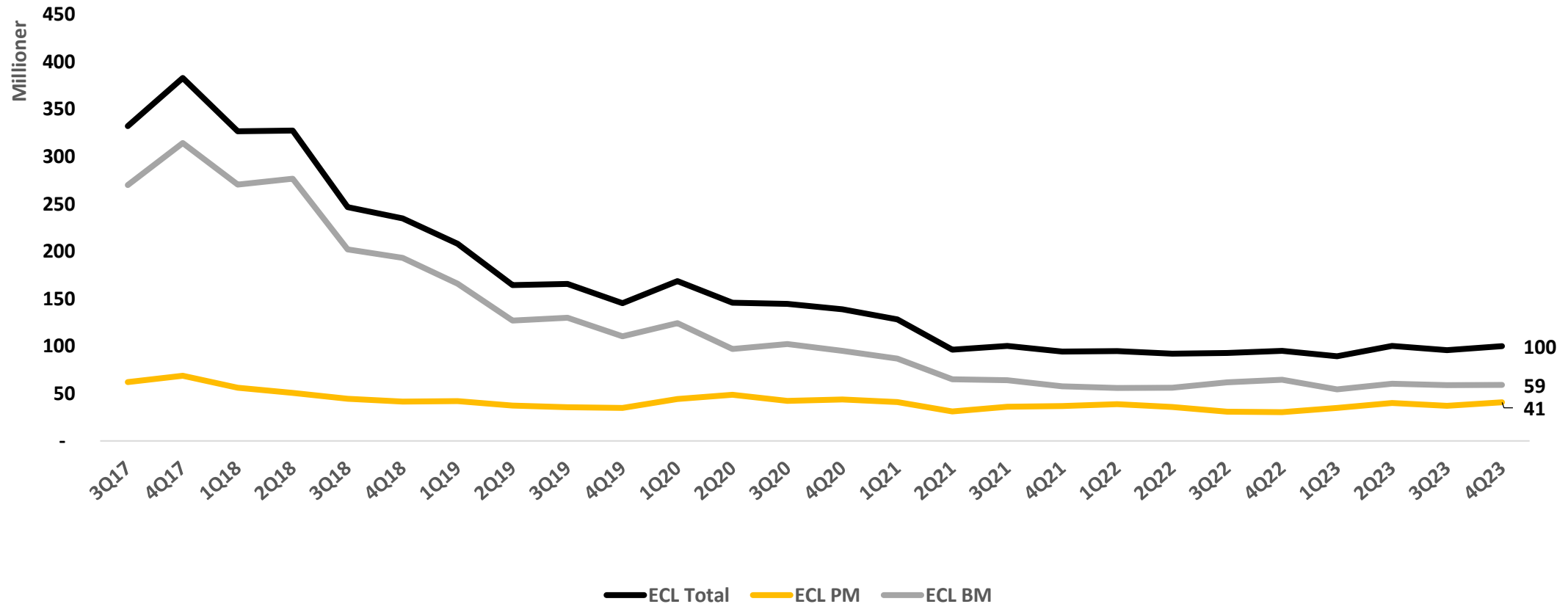


Non-Performing and Doubtful loans Corporate (over 90 days)



Loans to customers , ECL

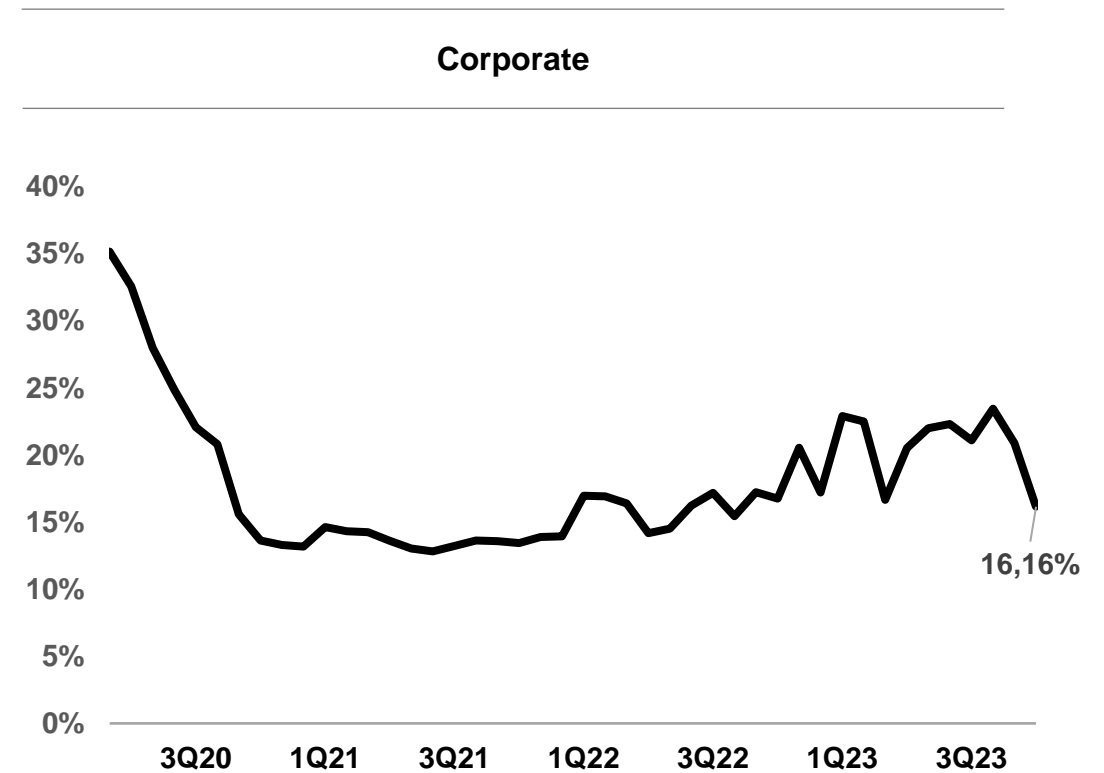
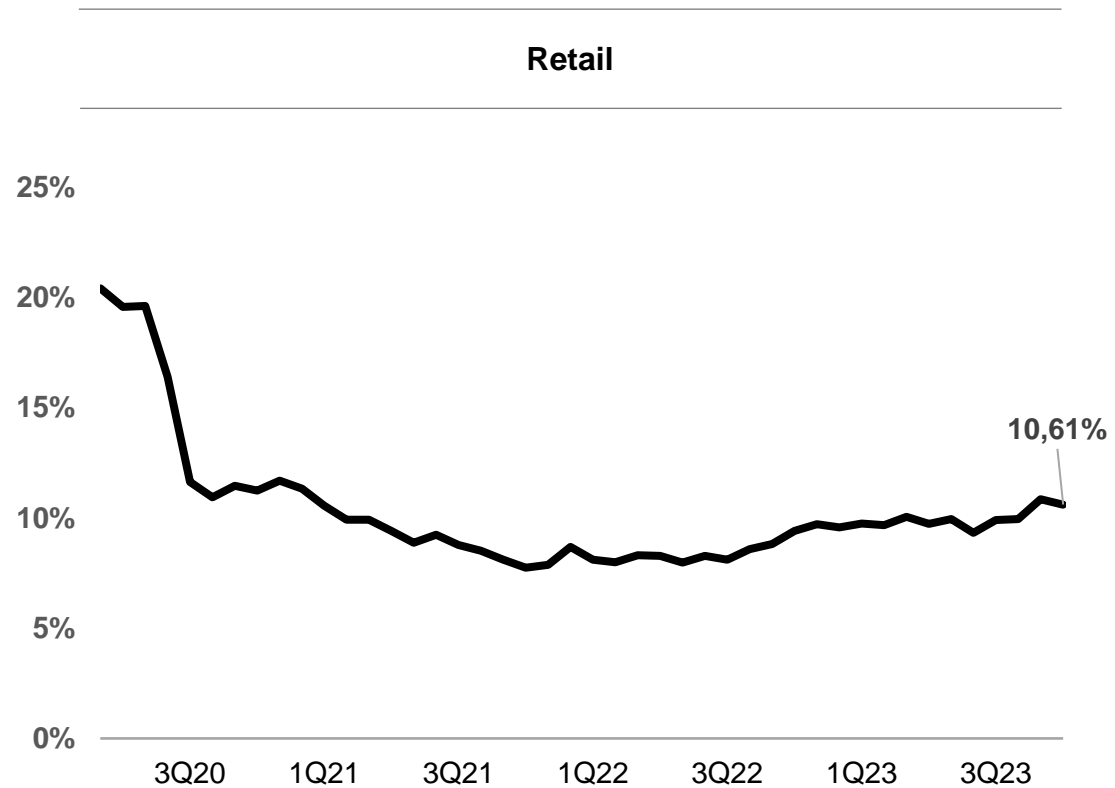
ECL (PDxLGD)



- Expected credit loss is significantly reduced due to strategic focus on reducing the risk in the corporate segment over several years
- Some increase in risk due to increased interest rates and global uncertainty

Interest only loans

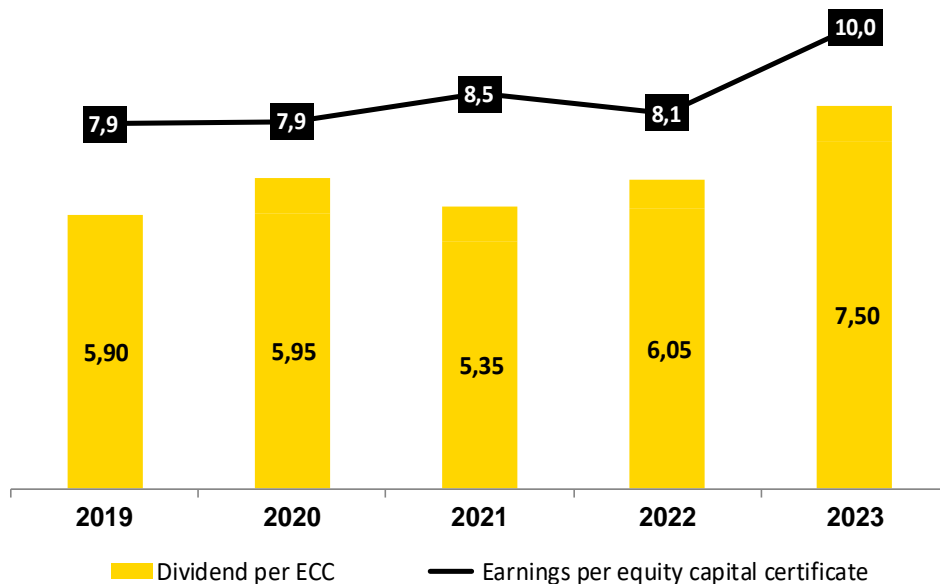
Low increase in interest only loans in spite of challenging times



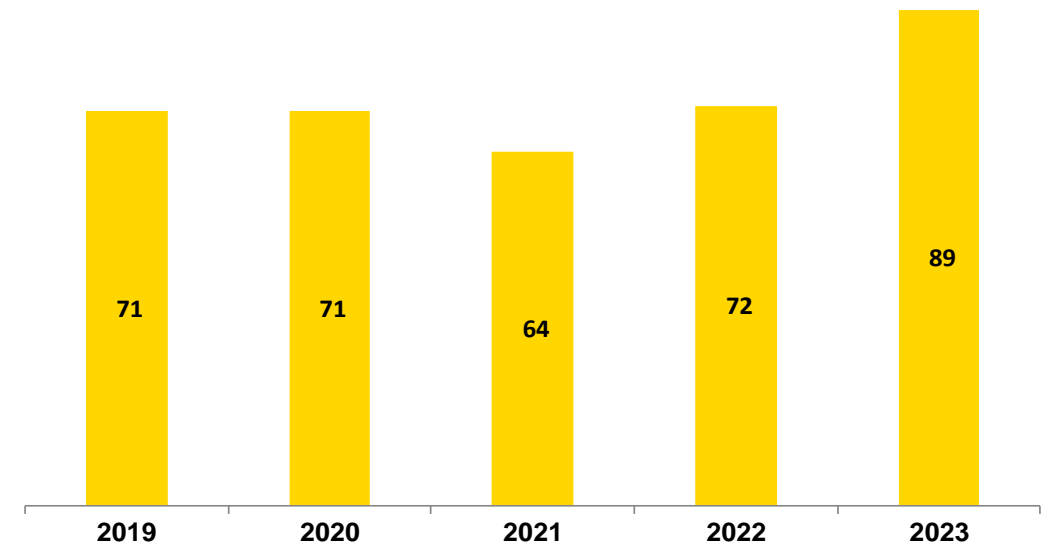
Customers with LTV < 60% can choose themselves if they want interest only loans

Dividens to Investors and Customers – Proposed dividend rate of 74,8%

Earnings and dividend (kr)



Dividend to customers and gifts



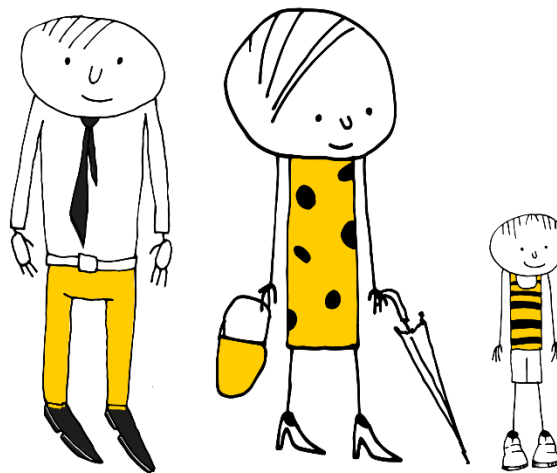
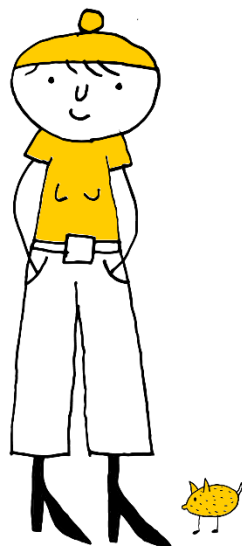
- Total earnings during the period amounts to 42,4 kr per ECC
- Total dividend during the period amounts to 30,75 kr per ECC

- A total of 462 MNOK is transferred to the society's capital during the period divided between customer dividends and endowment funds

Customers dividend seven years in a row!

Kunde uten boliglån, men med kr 1 million i innskudd.

2023	ca 2 600
2022	2 336
2021	2 150
2020	2 600
2019	2 250
2018	2 500
2017	1 000
Totalt	kr 15 436



Familie med kr 4 millioner i lån* og kr 50 000 i innskudd.

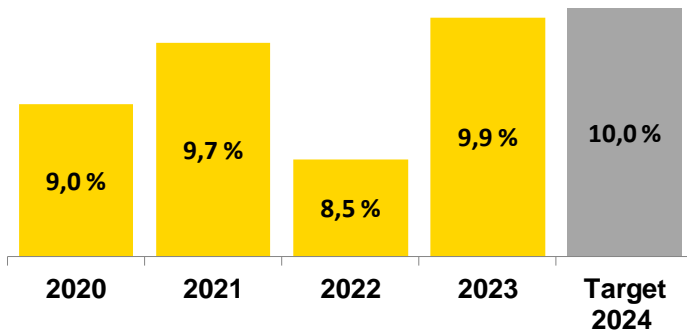
2023	ca 10 530
2022	9 460
2021	8 707
2020	10 530
2019	9 113
2018	10 125
2017	4 050
Totalt	kr 62 515

*medlåntaker på lånet.

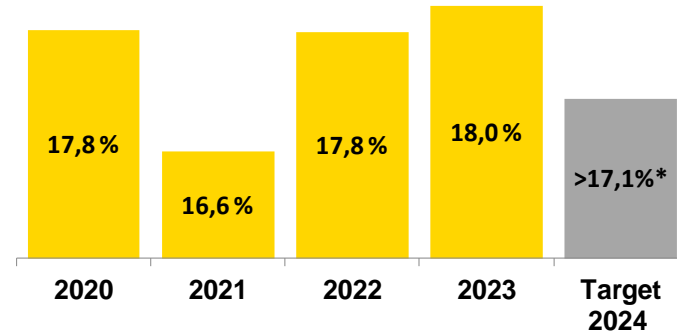
Innskudd og utlån opptil 2 MNOK kvalifiserer til beregning av kundeutbytte.
Kundeutbytte vil variere fra år til år som følge av resultatutviklingen i banken og utbyttegrad
Utbytte for 2023 er et estimat, endelig utbytte for blir vedtatt av bankens forstanderskap 10. april 2023.

Financial targets for the strategy period 2021-2024

ROE

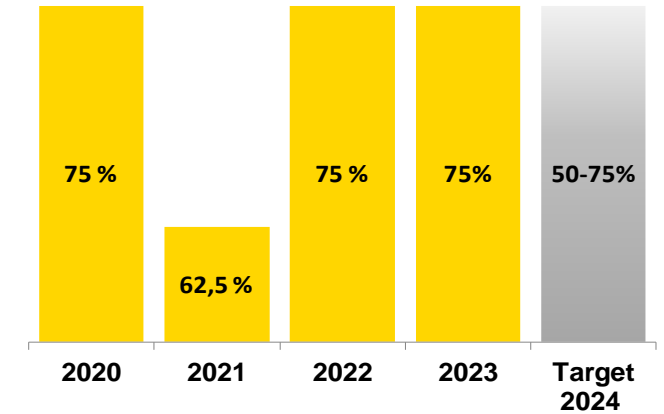


CET1

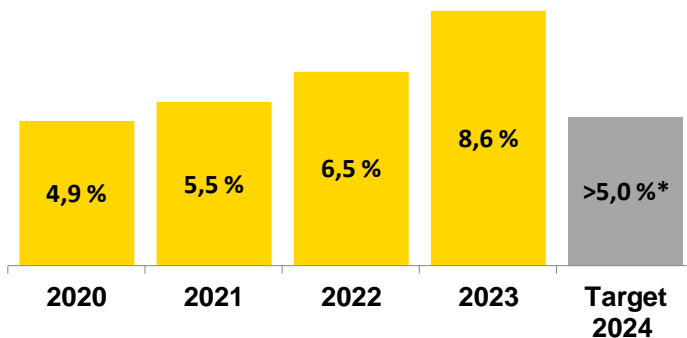


* Internt mål om + 1 % management buffer over det til enhver tid gjeldende myndighetskrav

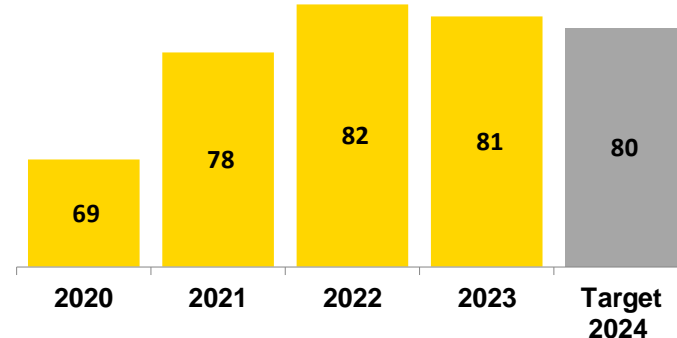
Dividends



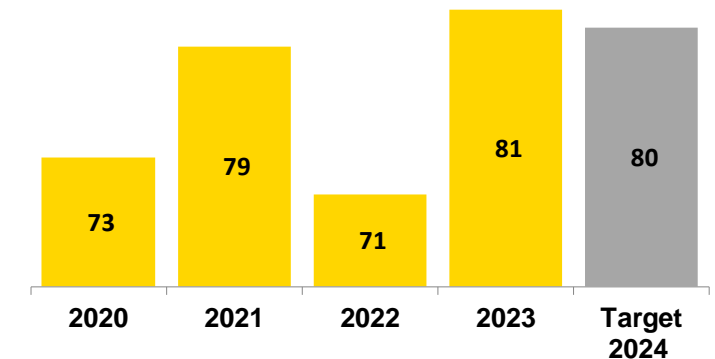
Profitable Growth



Customer Satisfaction Retail



Customer Satisfaction Corporate



*Will be dependent on credit growth in the market area
 *Increased investment in Stavanger will lead to higher growth



Questions?

Contacts

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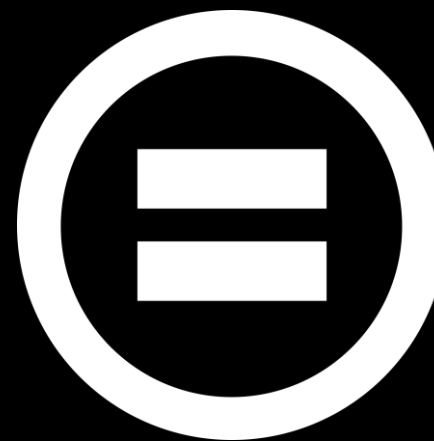
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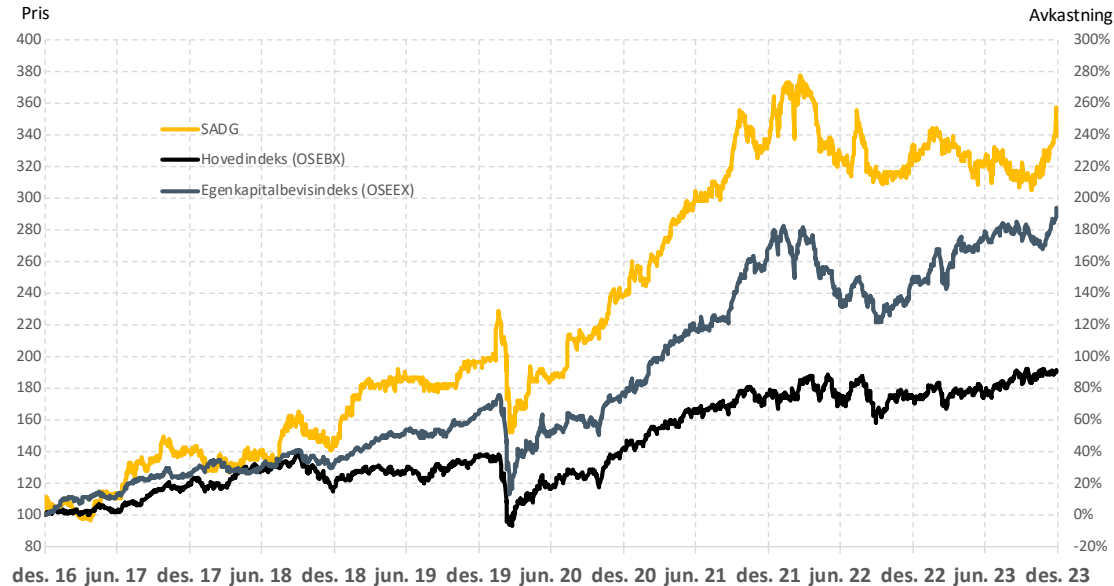
E-mail: joef@sandnes-sparebank.no



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The Equity Certificate

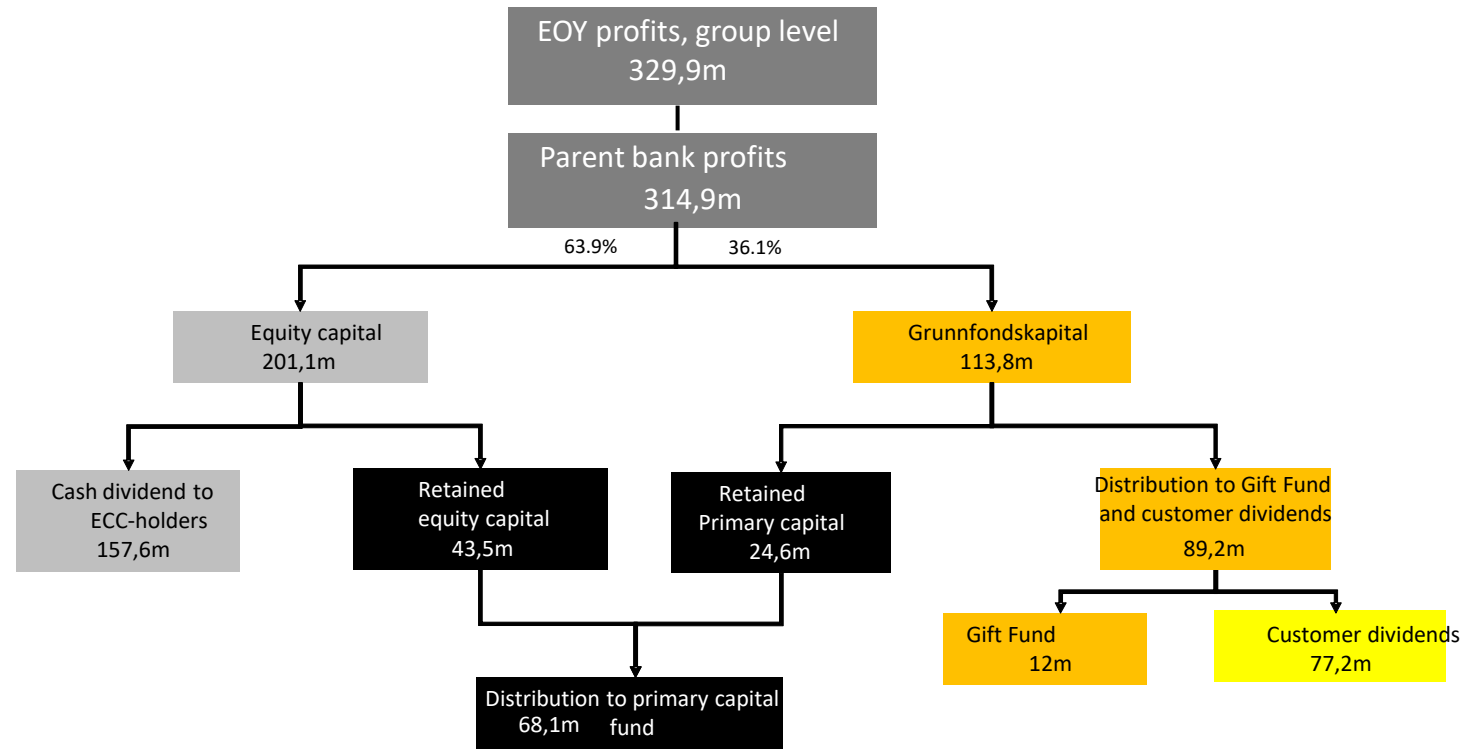
SADG: Development in price and volume on OSE



The Equity Certificate Holders

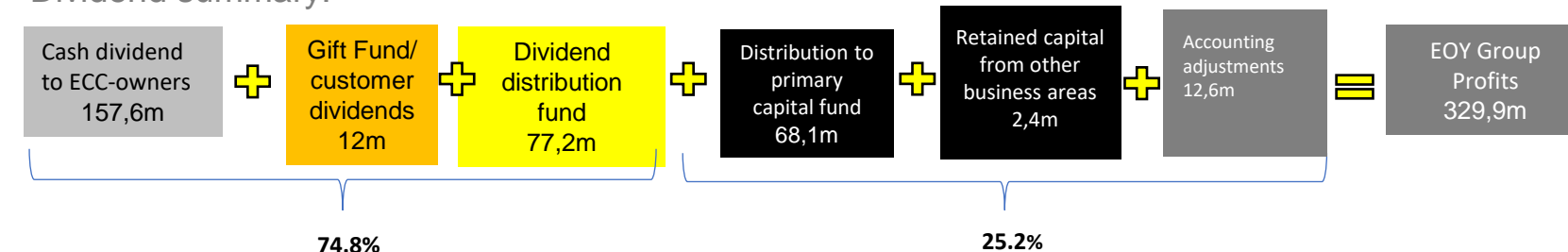
20 largest owners of equity certificates as at 31.12.2023	No. of equity certificates	Share
1. SPAREBANK 1 SR-BANK ASA	3.485.009	15,14 %
2. SANDNES SPAREBANK	2.002.950	8,70 %
3. HOLMEN SPESIALFOND	1.883.101	8,18 %
4. AS CLIPPER	1.248.389	5,42 %
5. VPF EIKA EGENKAPITALBEVIS	1.138.909	4,95 %
6. ESPEDAL & CO AS	886.861	3,85 %
7. SALT VALUE AS	680.000	2,95 %
8. WENAASGRUPPEN AS	625.000	2,72 %
9. SPESIALFONDET BOREA UTBYTTE	506.283	2,20 %
10. SKAGENKAIEN INVESTERING AS	500.000	2,17 %
11. SPAREBANKEN VEST	370.659	1,61 %
12. INNOVEMUS AS	318.542	1,38 %
13. KOMMUNAL LANDSPENSJONSKASSE GJENSI	304.311	1,32 %
14. HAUSTA INVESTOR AS	260.000	1,13 %
15. CORNELIUSSEN INVEST AS	205.574	0,89 %
16. NORDHAUG INVEST AS	184.374	0,80 %
17. TIRNA HOLDING AS	156.255	0,68 %
18. KRISTIAN FALNES AS	150.000	0,65 %
19. METEVA AS	131.881	0,57 %
20. CATILINA INVEST AS	124.000	0,54 %
Sum	15.162.098	65,9 %
Totalt	23.014.902	100,00 %

Distribution of profits



- Dividend policy allows for a dividend rate of up to 75% of the groups profit after tax
- The groups profit after tax was 329,9 mill, of which profit in the parent bank amounts to 327,5 mill and 2,4 mill in net contributions from other subsidiaries
- Of the groups's profit 246,8 mill (74,8%) is allocated to dividends and gift funds/customer dividends, while the remaining 83,1 mill (25,2%) is retained in the business
- As a result of the allocation, the equity holders' share was reduced from 63,9% to 63,6%.

Dividend summary:



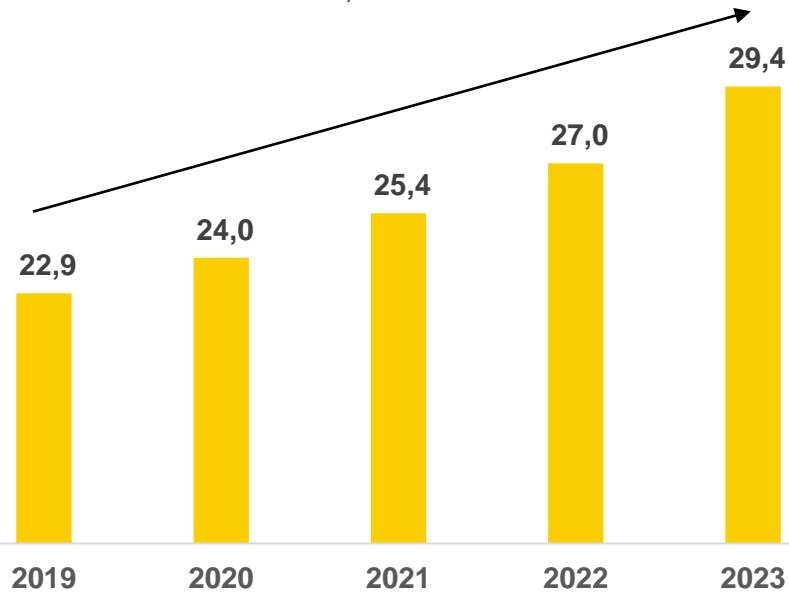
The final dividend for 2023 will be approved by the board of trustees on the 10th of April 2024
Please note that Finanstilsynet may order not to distribute dividends, or distribute less than proposed

The increase in lending volume has lower capital tie-up

Volume growth within the retail and SME companies requires less capital

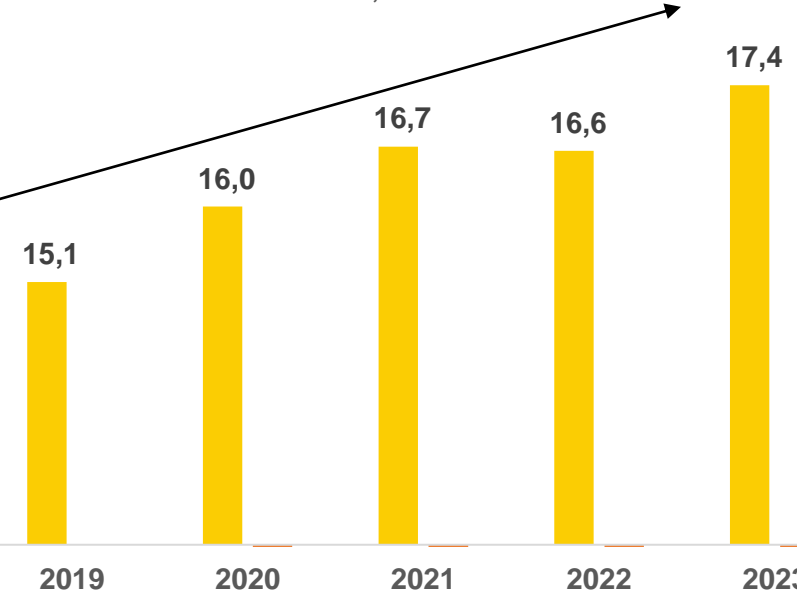
Lending

CAGR +6,5%



Risk weighted assets

CAGR +3,6%

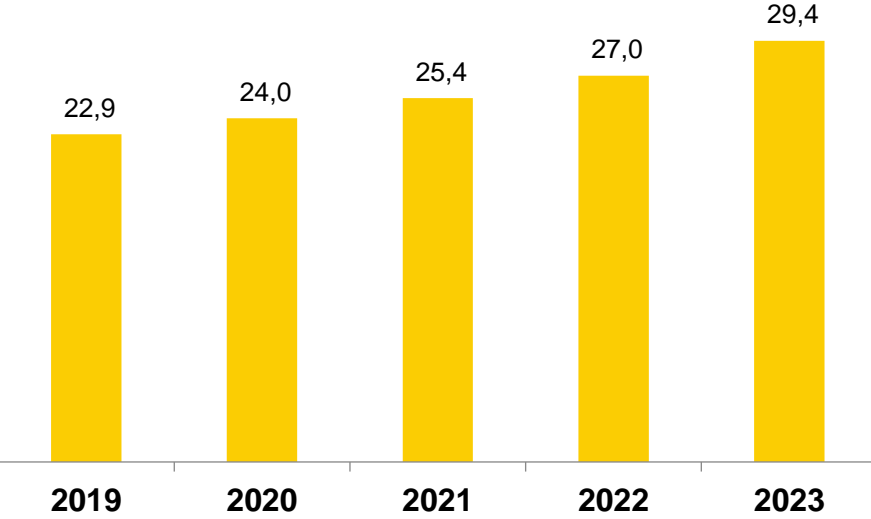


- Risk-weighted assets is risk-adjusted lending volume and is used for capital calculation (capital tie-up)

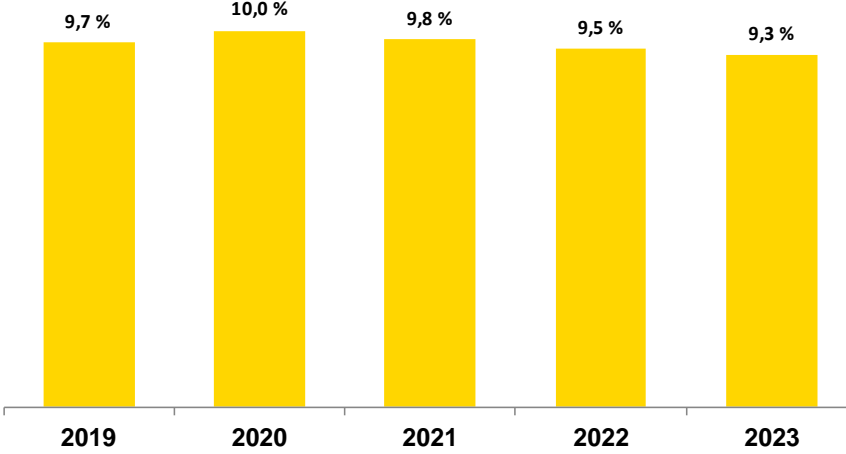
Increase in lending volume and still strong CET1

Volume growth in retail and SME requires less capital (Leverageratio 9,3%)

Loans to customers



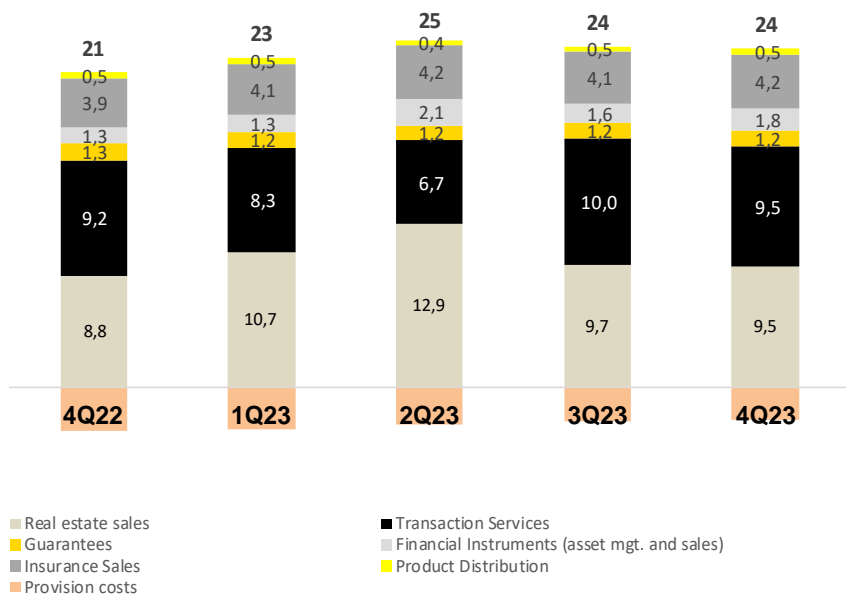
Leverage (Equity/Total assets), Yearly



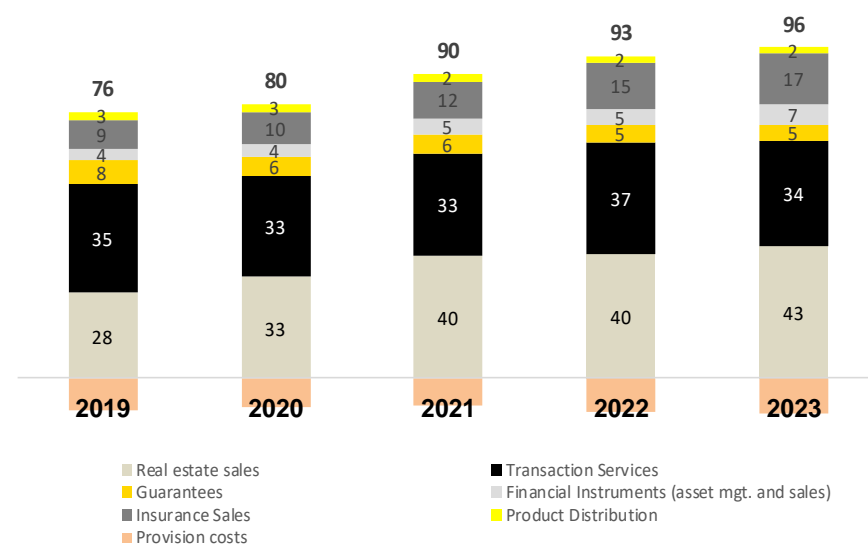
Gross Commission Income

Steady increase in all types of commission income – High internal focus over time creates results

Gross commission, quarterly



Gross commission, Yearly

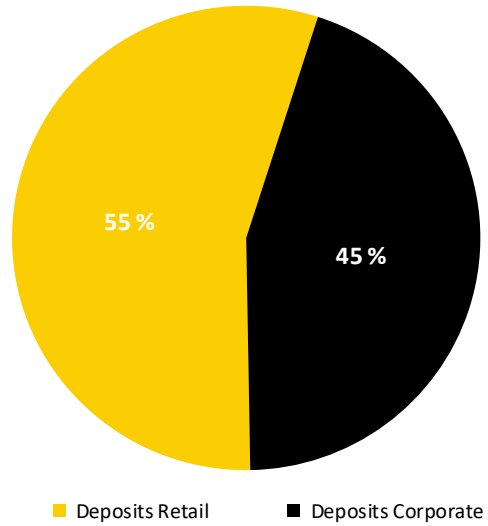


- Some backlog on gross commission due to conversion in april 2023

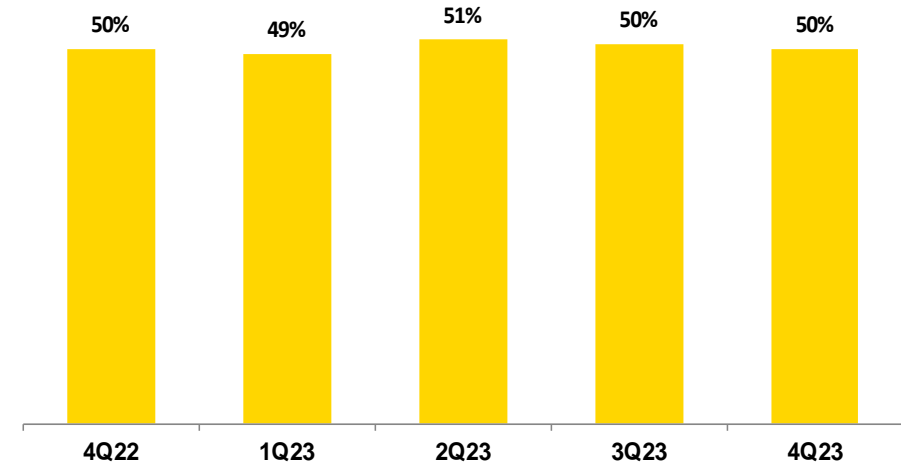
- Steady increase in all types of commission income

Deposits From Customers

By division



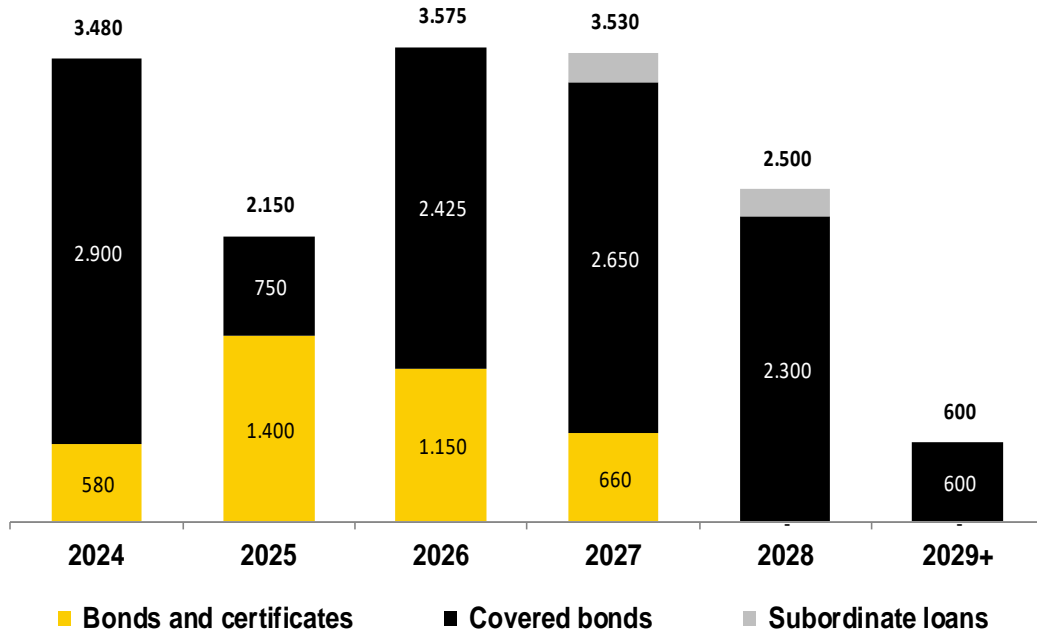
Deposit-to-loan ratio



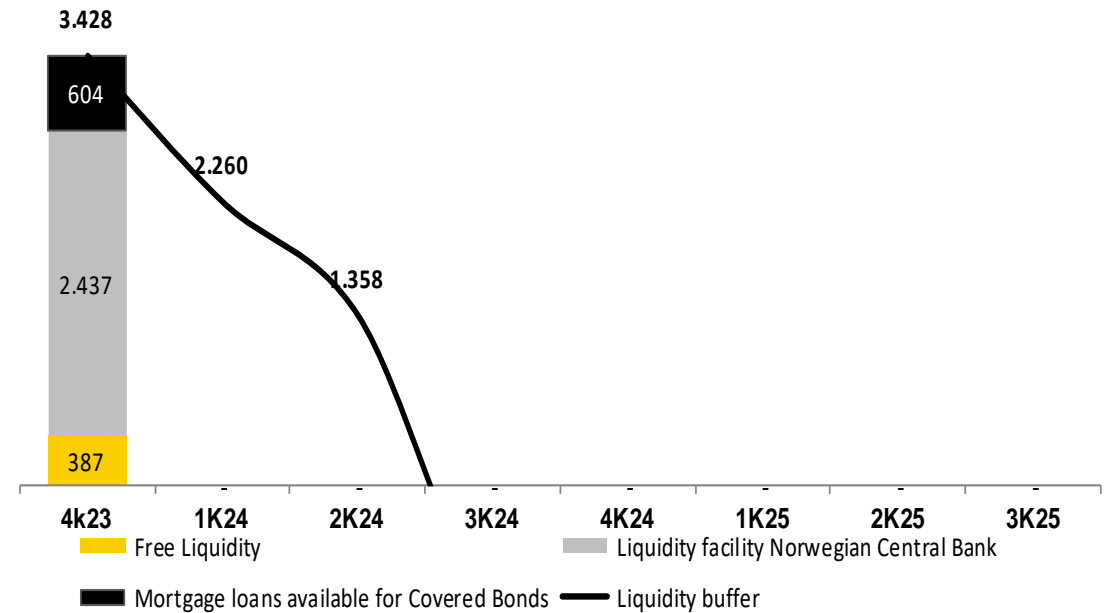
Liquidity

LCR at 265 % | NSFR at 126 %

Funding (MNOK)



Liquidity reserve, (MNOK)

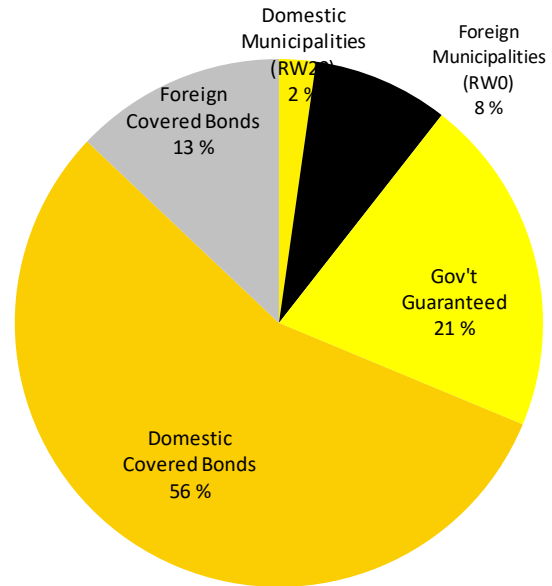


- Refinanced 2bn of the covered bonds maturing in 2024 in January

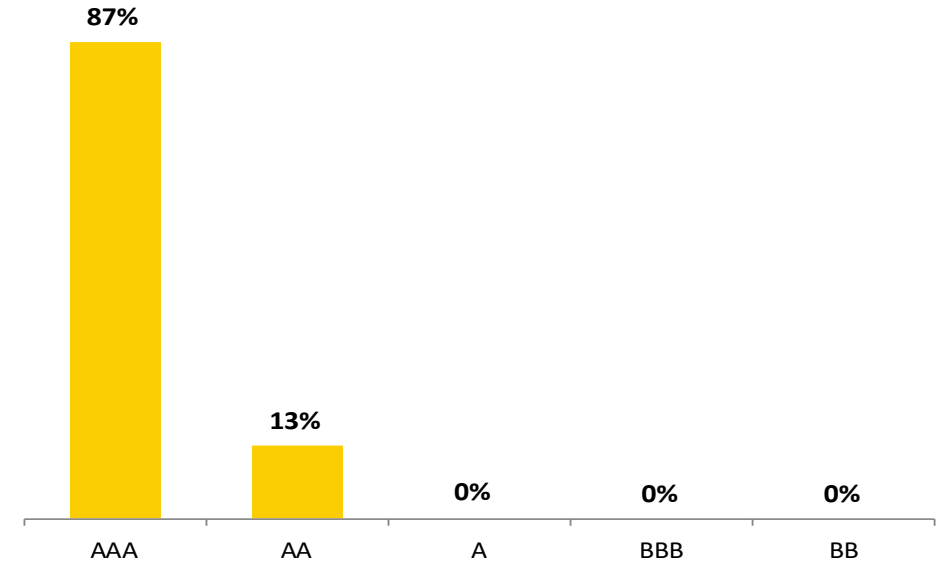
Liquidity

NOK 3,5 bn. ex. cash

Composition liquidity portfolio



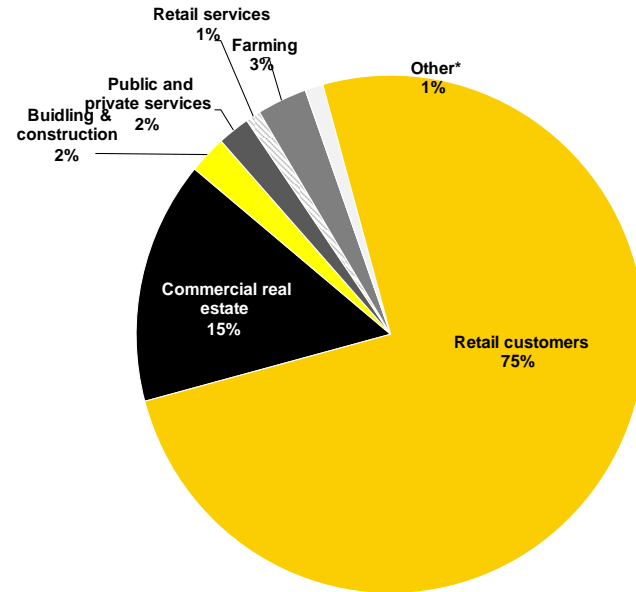
Rating distribution



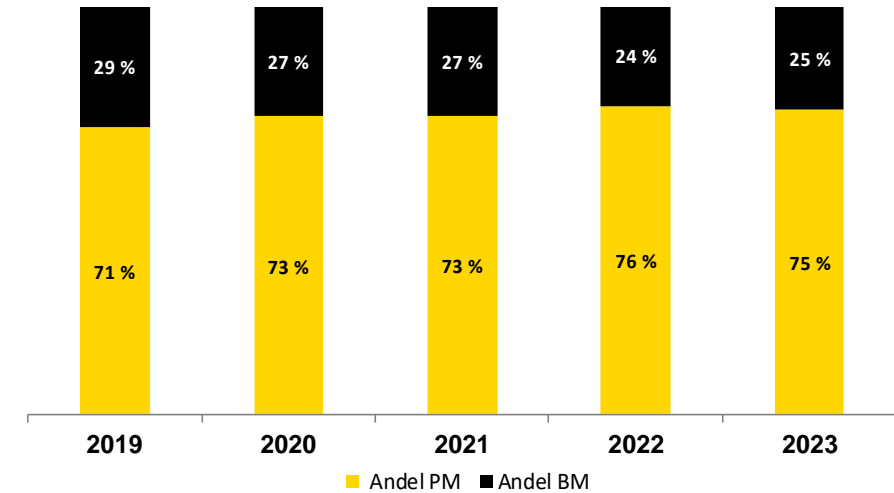
Loans to customers

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

Distribution by sector



Distribution by division

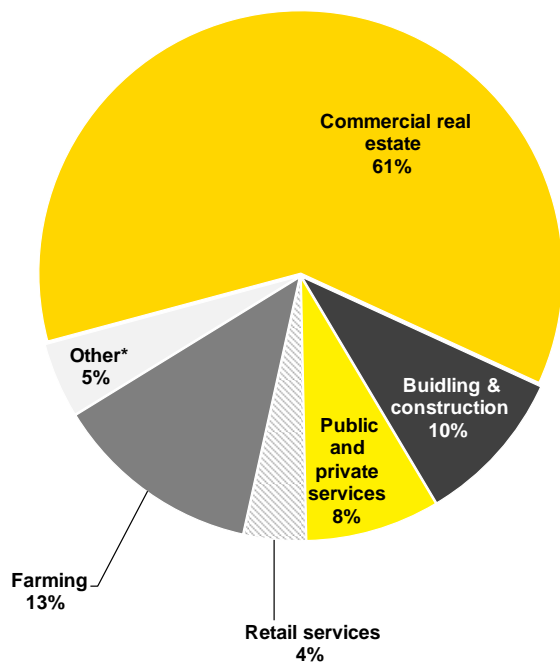


- Low exposure to cyclical industries
- Insignificant direct exposure to oil-related activities
- Stable in commercial real estate

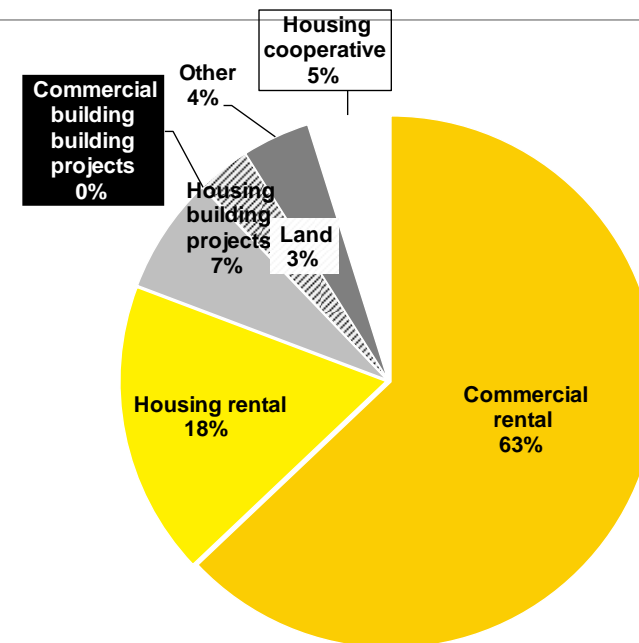
Loans to Corporate Customers by Sector-25% of total lending

Largest growth in SME

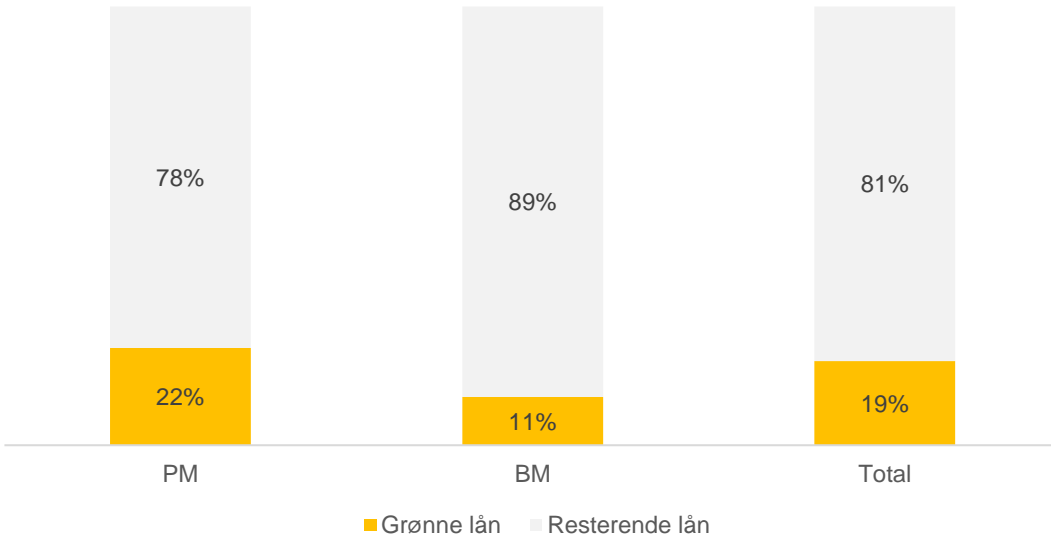
Distribution by sector



Corporate loans to real estate



Green fraction - lending



4.900 MNOK qualifies as green loans in retail
900 MNOK qualifies as green loans in corporate
Outstanding green coveredbonds amount to 3.300 MNOK



Key Figures

	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	2022	2023
Growth assets	5,7 %	1,1 %	2,5 %	0,2 %	2,2 %	2,0 %	1,5 %	1,1 %	9,7 %	6,8 %
Growth lending (net)	1,3 %	2,0 %	2,8 %	0,0 %	2,6 %	2,4 %	1,4 %	2,3 %	6,2 %	9,0 %
Growth deposits	2,7 %	5,0 %	-4,0 %	0,5 %	1,5 %	6,2 %	0,3 %	0,9 %	4,1 %	9,0 %
Net interest margin	1,52 %	1,58 %	1,62 %	1,60 %	1,72 %	1,78 %	1,90 %	1,95 %	1,61 %	1,85 %
Other income % of total income	25,6 %	38,1 %	10,6 %	15,5 %	16,4 %	33,2 %	19,0 %	11,2 %	23,7 %	20,6 %
Cost-to-income ratio	50,2 %	43,1 %	54,8 %	53,7 %	53,9 %	44,3 %	42,4 %	51,2 %	49,9 %	47,6 %
Costs as % of av. total assets	1,0 %	1,1 %	1,0 %	1,0 %	1,1 %	1,2 %	1,0 %	1,1 %	1,1 %	1,1 %
Return on equity before tax	10,1 %	14,6 %	8,1 %	7,9 %	9,4 %	13,9 %	14,5 %	10,2 %	10,0 %	11,9 %
Return on equity after tax	9,0 %	13,5 %	6,1 %	5,9 %	8,3 %	12,7 %	11,1 %	7,9 %	8,5 %	9,9 %
Capital adequacy ratio	18,2 %	18,8 %	19,7 %	20,7 %	20,2 %	20,1 %	20,1 %	20,4 %	20,7 %	20,4 %
Tier 1 capital ratio	17,0 %	17,5 %	17,4 %	18,4 %	18,2 %	18,2 %	18,2 %	18,5 %	18,4 %	18,5 %
CET1	16,3 %	16,9 %	16,8 %	17,8 %	17,5 %	17,1 %	17,5 %	17,8 %	17,8 %	17,8 %
Risk-weighted assets	16.944	16.369	16.452	16.638	16.841	17.236	16.868	17.410	16.638	17.410
Number of man-years	140	147	147	151	155	155	155	154	151	154
Stock exchange price	103	92	89	94	87	85	83	91	94	91
Equity capital certificate % of equity	63,5	63,5	63,5	63,8	63,5	63,6	63,6	63,6	63,8	63,6
Earnings per equity capital certificate	2,0	3,1	1,5	1,5	2,0	3,1	2,8	2,1	8,1	10,0
Book value per equity capital certificate	91,6	94,7	96,1	100,4	96,2	99,3	102,0	106,6	100,4	106,6
Individual write-downs in % of gross lending	0,15 %	0,12 %	0,12 %	0,12 %	0,11 %	0,11 %	0,11 %	0,17 %	0,12 %	0,17 %
Coll. write-downs in % lending after ind. wr.-d.	0,22 %	0,23 %	0,23 %	0,23 %	0,22 %	0,24 %	0,23 %	0,17 %	0,23 %	0,17 %
Deposits to loans ratio	51,3 %	52,8 %	49,3 %	49,6 %	49,0 %	50,8 %	50,2 %	49,5 %	49,6 %	49,5 %
Deposits to loans ratio parent bank	83,3 %	90,0 %	84,7 %	88,8 %	93,7 %	95,0 %	95,5 %	96,0 %	88,8 %	96,0 %

Definition of Key Figures

Rate of deposits to loans

OB net loans to customers / OB deposits from customers

Liquidity coverage ratio (LCR)

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

Net Interest Income (NII)

Interest income – interest expenses

Interest margin

$((\text{Net interest income} / \text{days in the period}) \times \text{days in a year}) / \text{average total assets}$

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

$((\text{Total operating costs} / \text{days in the period}) \times \text{days in a year}) / \text{average total assets}$

Return on equity before tax

$(\text{Operating profit before taxes} / \text{days in the period} \times \text{days in a year}) / ((\text{OB total equity} + \text{IB total equity}) / 2)$ [excl. T1 hybrid instruments]

Return on equity after tax

$(\text{Operating profit after taxes} / \text{days in the period} \times \text{days in a year}) / ((\text{OB total equity} + \text{IB total equity}) / 2)$ [excl. T1 hybrid instruments]

Equity certificate capital in % of equity

$(\text{Equity certificate capital} + \text{own equity certificate} + \text{share premium} + \text{dividend equalisation reserve}) / (\text{Equity certificate capital} + \text{own equity certificate} + \text{share premium} + \text{dividend equalisation reserve} + \text{savings bank`s fund} + \text{gift fund})$

Earnings per equity certificate

$(\text{Operating profit after taxes} \times \text{equity certificate capital in \% of equity}) / \text{number of equity certificates}$ **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