

# Sandnes Sparebank

Norne Investor Seminar

Vilnius, Sept. 15th 2017

Tomas Nordbø Middelthon / CFO



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Our Bank

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Strategy 2020

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Key figures

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



# Sandnes Sparebank



2nd largest savings bank in Rogaland | Strong position in local market | 140 years of operations

## Market

- Local relationships and close proximity to key markets are essential traits in any ambitious savings bank
- SADG covers 9 municipalities in Rogaland: Gjesdal, Time, Klepp, Sola, Sandnes, Stavanger, Randaberg, Hå and Bjerkreim
- Key markets measure almost 300,000 people and 26,000 businesses

## Organization

- 140 years of banking operations
- 132 man years
- SSB Boligkreditt was established in 2008 as a wholly owned subsidiary of SADG. The goal is to secure long-term funding for the bank by issuing covered bonds
- Sandnes Sparebank eier 60% av AKTIV Eiendomsmebling Jæren

## Locations



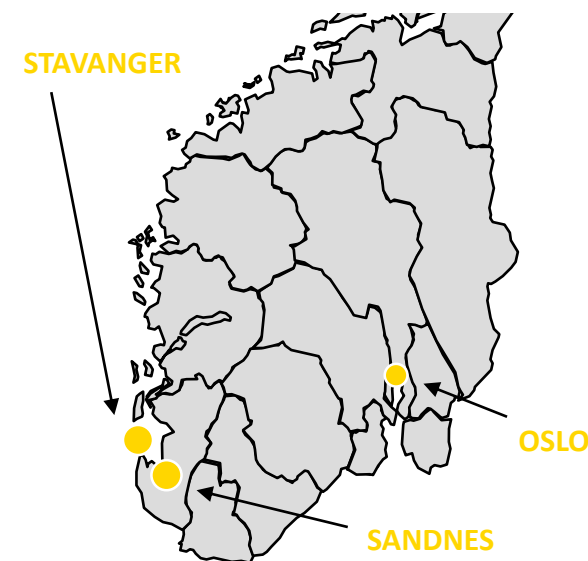
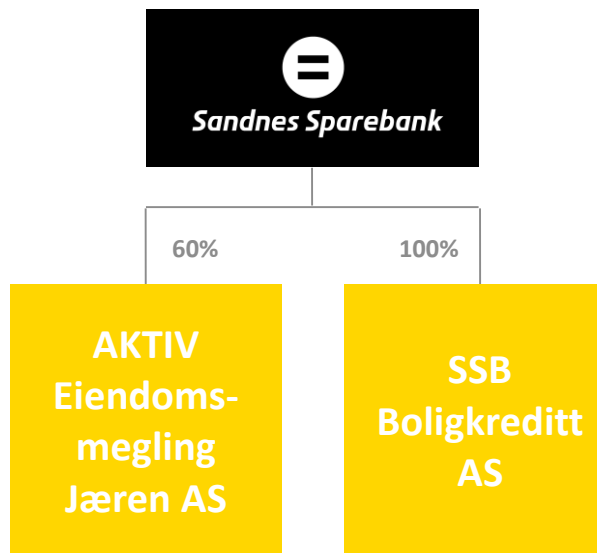
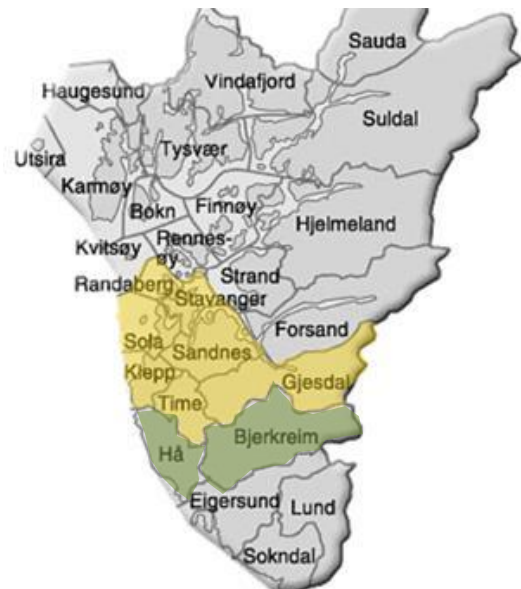
**Sandnes:** Rådhusgata 3



**Stavanger:** Haakon VII's gate 7



**Oslo:** Dronning Mauds gate 10





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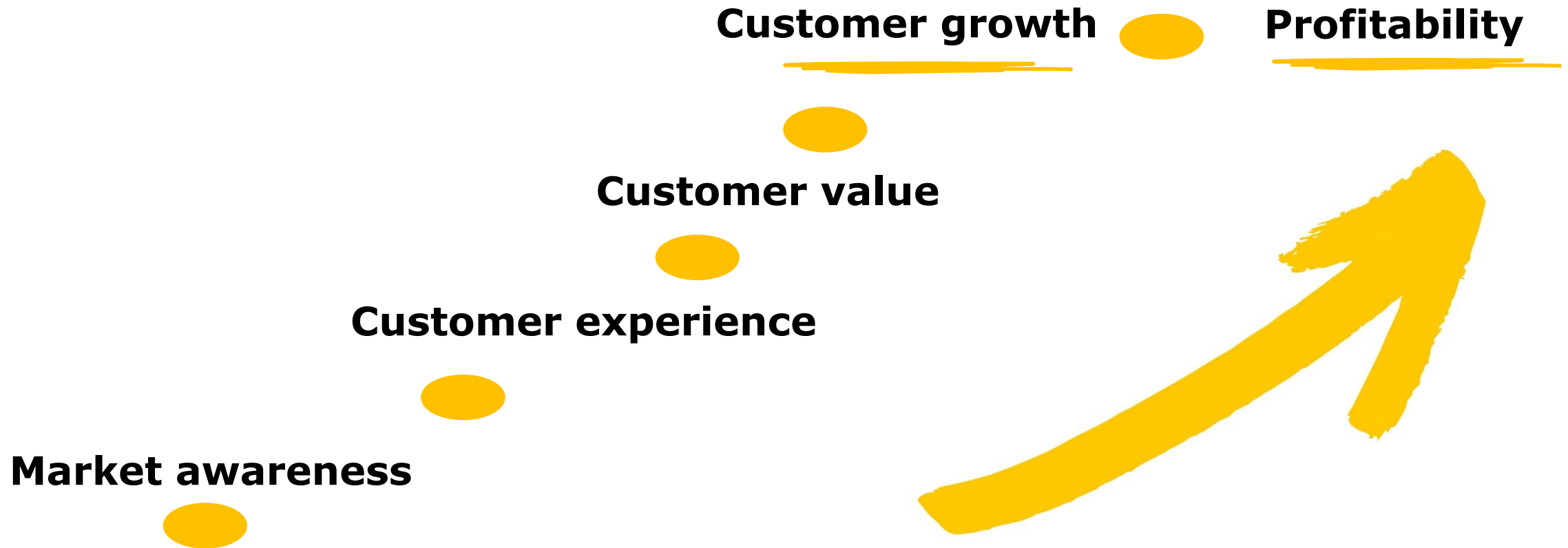
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# It's all about increasing customer value

2nd largest savings bank in Rogaland | Strong position in local market | 140 years of operations





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





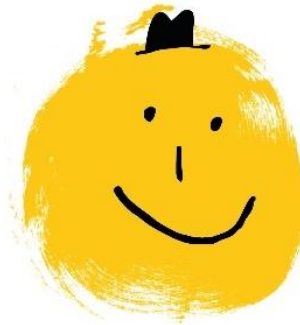
# Enklere valg



(Simple choices)

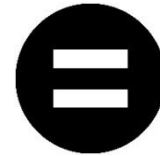


**Very satisfied customers  
and a strong reputation**



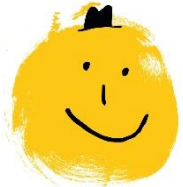
**Profitable growth**

**Competent, committed  
and performance focused  
employees**



**Return on equity  
above average**





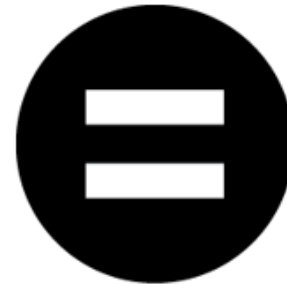
## Very satisfied customers and a strong reputation

- KOI better than peer banks by 2020
- Strong brand. Awareness above 60%
- Market confidence (funding cost. Gr3)



## Profitable growth

- Volume growth in lending
- Share of income from other products
- Net interest income
- Total expense ratio
- Losses/total assets



## Competent, committed and performance focused employees

- Employee commitment over 80 p
- Attractive place to work
- Absence due to illness below 3.5%
- Right person, right skills, right role
- Systematic management by objectives



## ROE above average

- Benchmark over a 3 year period, estimated to 9% by 2020
- Peer banks





- Good and personal customer experiences – will provide us with positive ambassadors and loyal customers
- More active marketing, also to strengthen the associations for which we wish to be known
- An active sponsor
- Create involvement and enthusiasm for the Sandnes Sparebank Gift Fund
- Presence in local media
- Active in social medias

**Sandnes Sparebank**  
Lagt ut av Heidi Elin Nupen [?] · 16. mai kl. 16:08 · 🌐

Fordi vi ikke kan tenke oss en 17. mai uten korpsene! 🎵 😊 Og fordi vi vet at instrumenter og uniformer er kostbart. 😊 Vi gir 50.000 kr hver til Sandnes skolekorps, Austrått skolekorps, Hommersåk skolekorps, Bogafjell skolekorps, Lura skolekorps, Hana skolekorps, Sandved skolekorps, Stangeland skolekorps og Ganddal skolekorps! 😊 På forhånd takk for at dere spiller i morgen! 😊

168 736 people reached

74 060 Video Views

4 949 Reactions, Comments & Shares

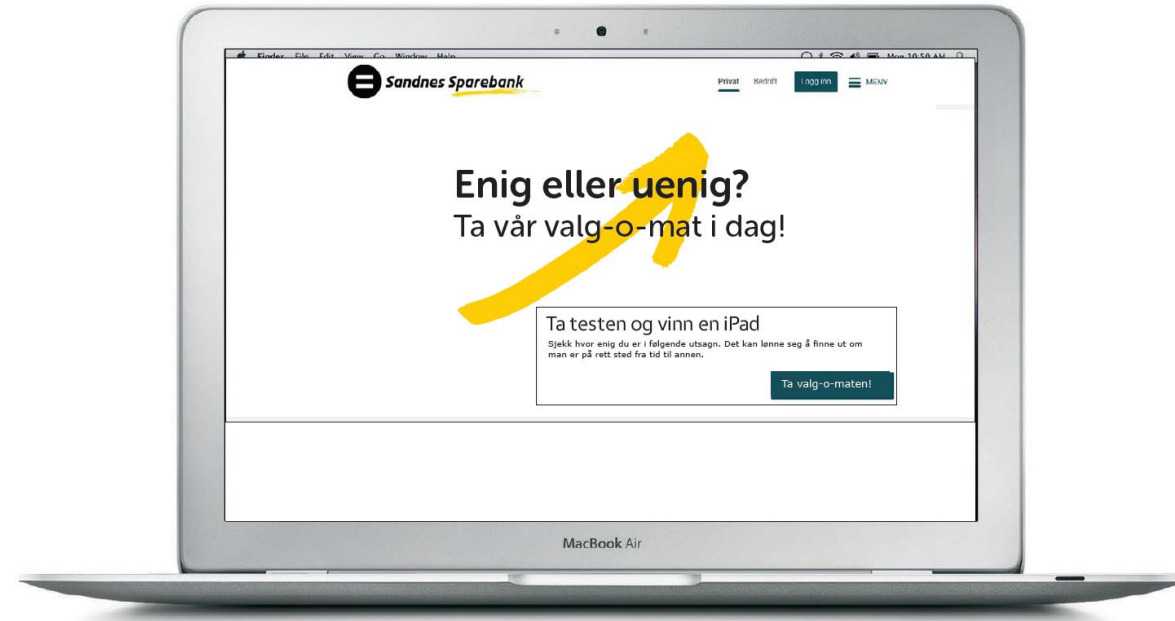
4 049 👍 Lik dette	2 391 📄 On Post	1 658 🔄 On Shares
262 ❤️ Hjarte	177 📄 On Post	85 🔄 On Shares
2 😂 Haha	0 📄 On Post	2 🔄 On Shares
67 🤪 Gurimalla	51 📄 On Post	16 🔄 On Shares
1 😞 Trist	1 📄 On Post	0 🔄 On Shares
1 😡 Sint	1 📄 On Post	0 🔄 On Shares
363 💬 Comments	264 📄 On Post	99 🔄 On Shares
208 🗨️ delingar	205 📄 On Post	3 🔄 On Shares

168 736 people reached [View Results](#)

👍❤️😂 2,6 tusen    186 kommentarar    205 delingar

# Brand Building – Out of the Box Marketing

## Election campaign





# Brand Building – Out of the Box Marketing

Ida (102) – Our Oldest Client



Ida (102) har teke nettet med storm

Ein vill idè. Ein sporty 102-åring. Og snart vert Ida å sjå som kinoreklame!



- Alliance bank since October 19, 2015
- Largest bank in the alliance, largest shareholder
- Collaboration on new and innovative technological solutions
- Improved development power, future oriented bank
- Independent bank with local affiliation and local significance
- Economies of scale (common IT platform) (common customer service center)
- Our CEO, Trine Stangeland, is the vice-chairman of the board of the Eika Gruppen

# The Eika Alliance – « We make the local banks stronger»



100 %  
Sales, portfolio, know-how and capital

▼ ▲

100 %  
Products, commissions, dividends, services, system and skill set

## Eika Gruppen

### Products

- Insurance
- Financing
- Savings and investments
- Real estate brokerage

### Services

- Concepts
- Customer Dialogue (call-center)
- Technology / IT-operations and development
- Political lobbying

100 %  
Portfolio and capital

▼ ▲

100 %  
Commissions, dividends and funding

## Eika Boligkreditt

Secure long-term funding at attractive prices

### Covered Bonds

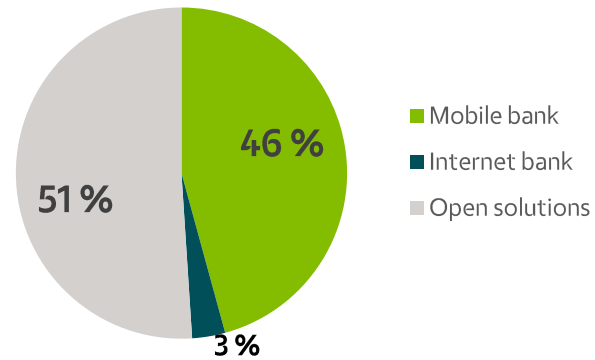
Lokalbankene i Eika Alliansen har blant Norges høyeste kundetilfredshet både for personkunder og bedrifter og er en drivkraft for vekst og utvikling for sine lokalsamfunn. Nær og personlig kundefrådgiving og fortsatt lokal tilstedeværelse der kundene er, skiller lokalbankene fra konkurrentene. Konsernet leverer komplette kundeløsninger og er av de største aktørene i det norske finansmarkedet og den viktigste aktøren for mange norske lokalsamfunn.



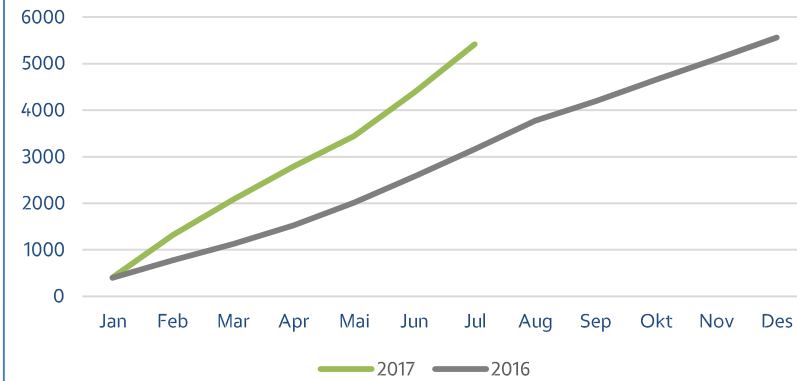
## Strong Growth in Digital Users | Mobile Banking Platform Increasingly Important

### Utvalgte hovedtrekk

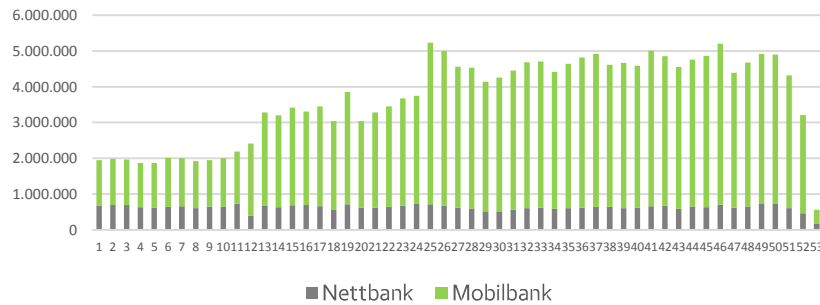
Digital Sales and Requests Distributed by Channel



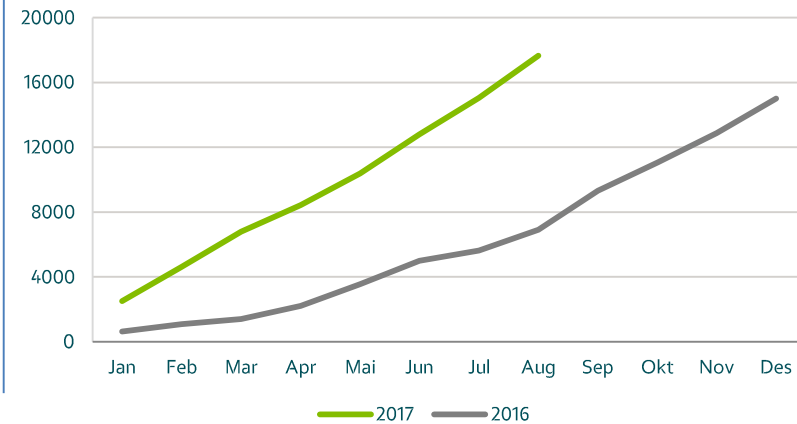
Digital Insurance Sales Retail



Number of Logins on Internet and Mobile Bank



Number of Purchases on Digital Platform



Kilde: Eika Gruppen AS, tall per august



# Easy-to-Understand Sales Application Available on Mobile Bank Solution



**Fond**

### Endre mnd sparing i Eika Norden

Mnd. sparing:     Trekkdag:

Velg kontonummer:  - Lønnskonto (14 634)

Avbryt    Neste

**Fond**

### Øk ditt innskudd i Eika Norden

Verdi:	99 068.69
Innskudd:	79 500.00
Urealisert gevinst:	19 568.69

Øk ditt innskudd i fondet:

Velg kontonummer:  - Lønnskonto (14 634)

Avbryt    Neste



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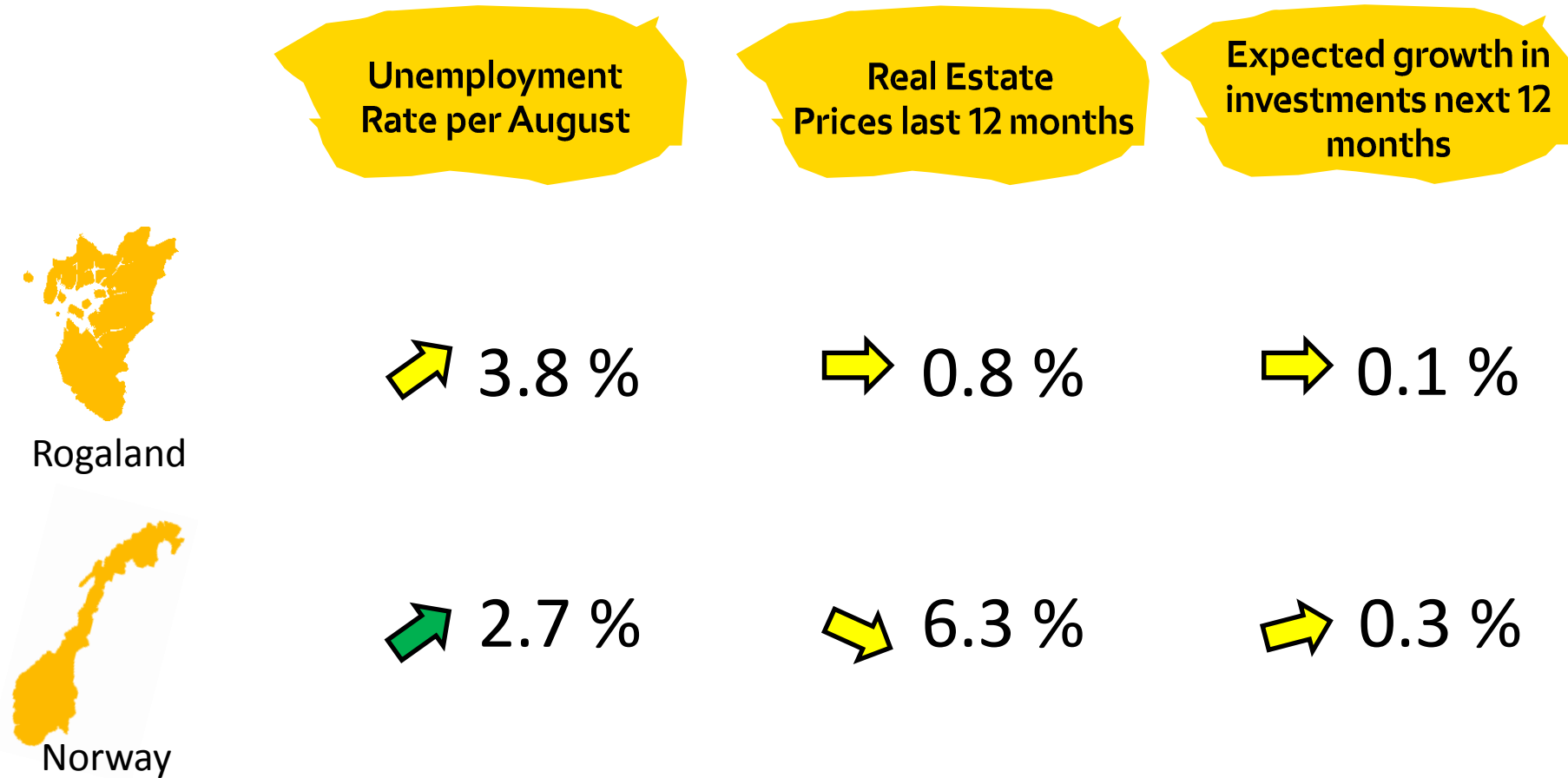
"VI SKAL VÆRE BEST I KLASSEN PÅ GODE  
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# Regional Economic Development



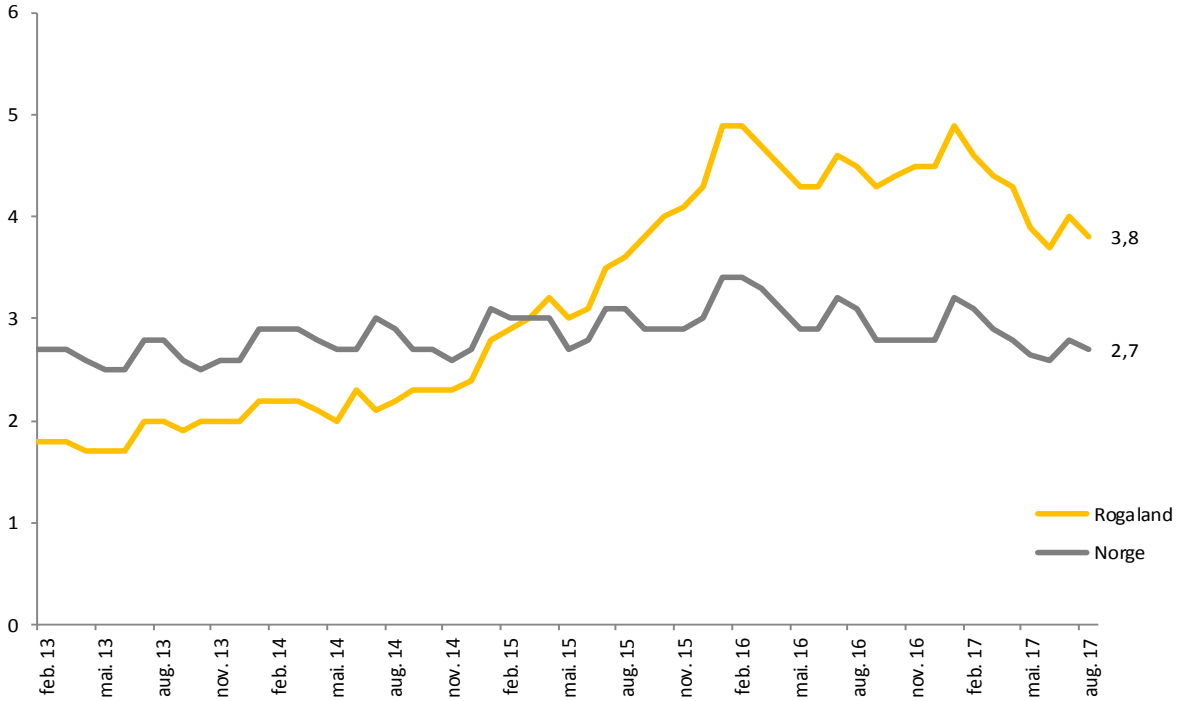
Positive trend in Rogaland, after two challenging years



# Unemployment Rate



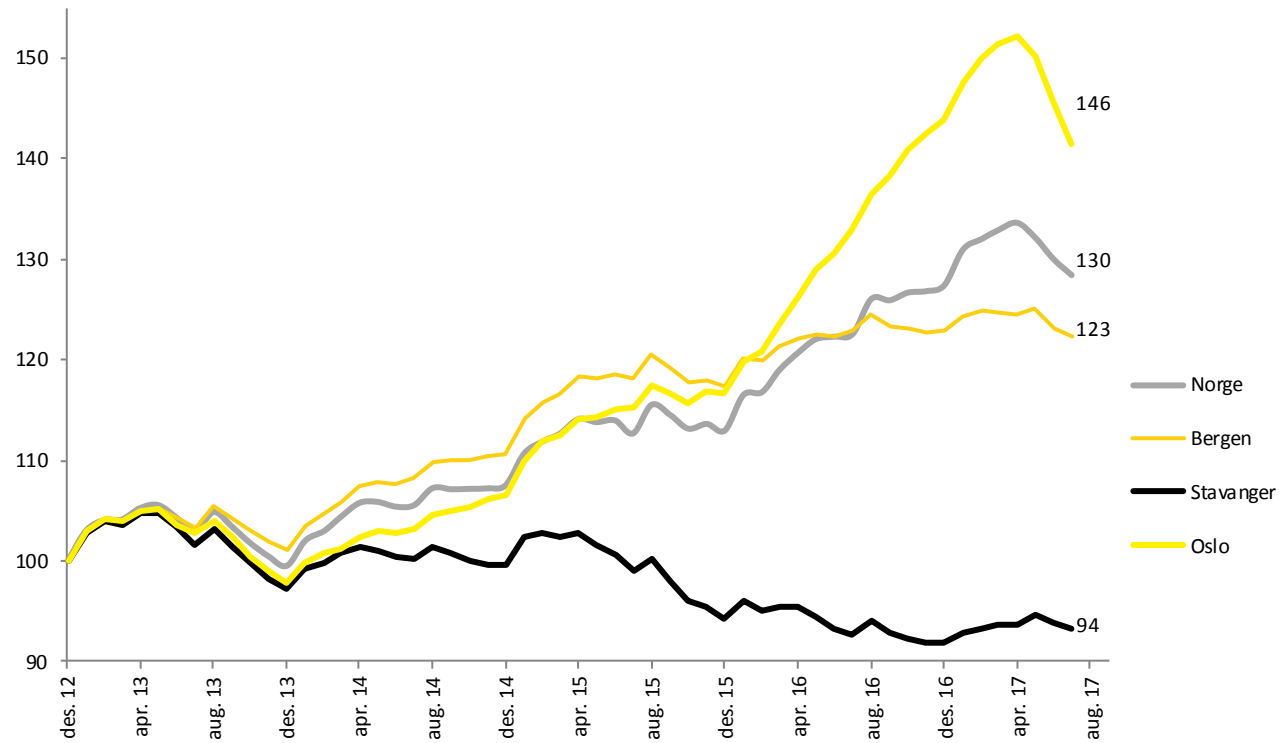
## Unemployment decreased in Rogaland last quarter



# Residential Real Estate Prices



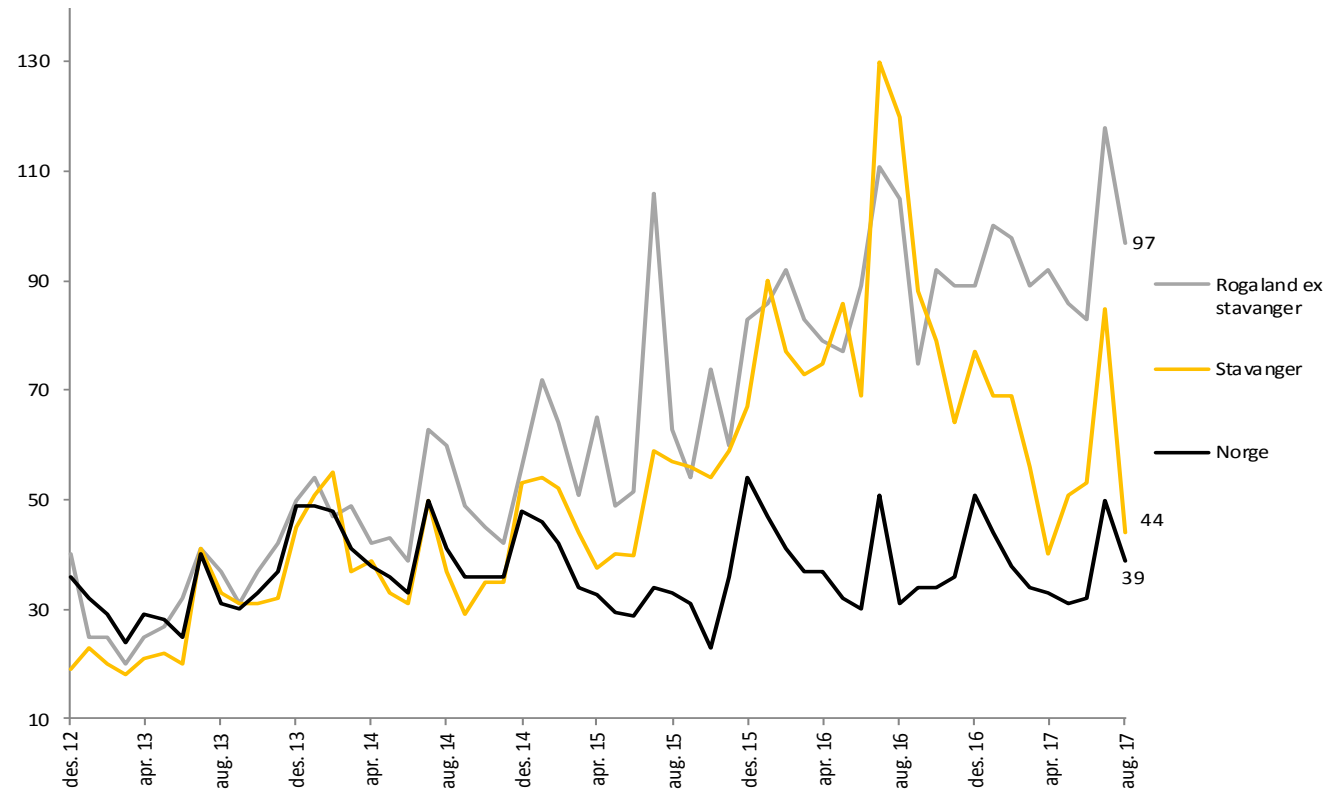
Price development weakening on national level | Rogaland slightly positive



# Residential Real Estate Prices



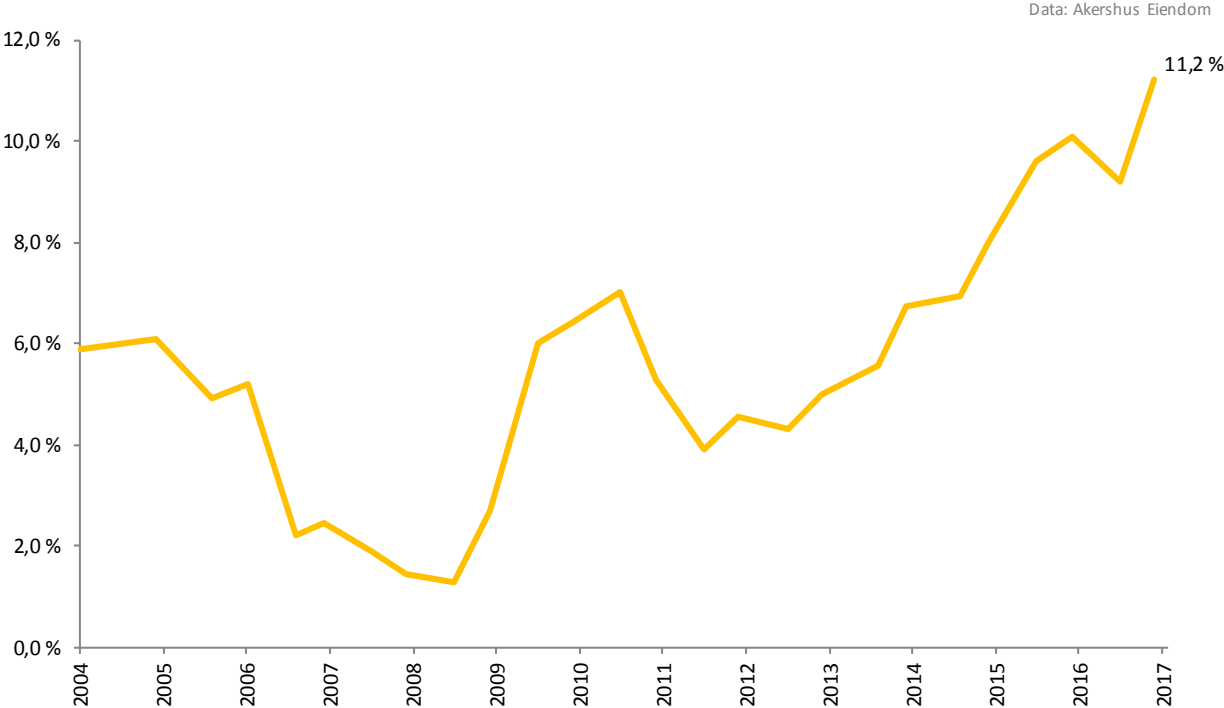
Avg. number of days to to conduct a sale is improving



# Commercial Real Estate, Office Space



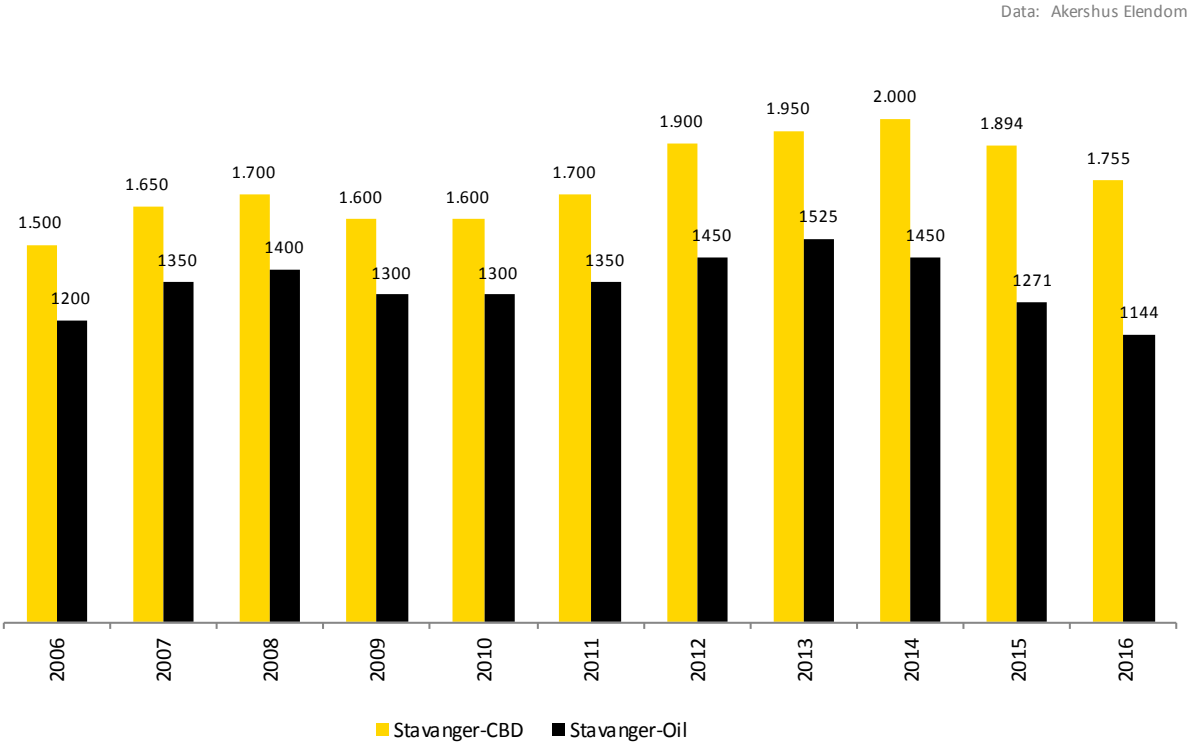
Available space is up | Further increase expected in Stavanger Oil | CBD more stable



# Commercial Real Estate, Office Space



## Rental prices down YOY | Increased spread between CBD and Stavanger Oil

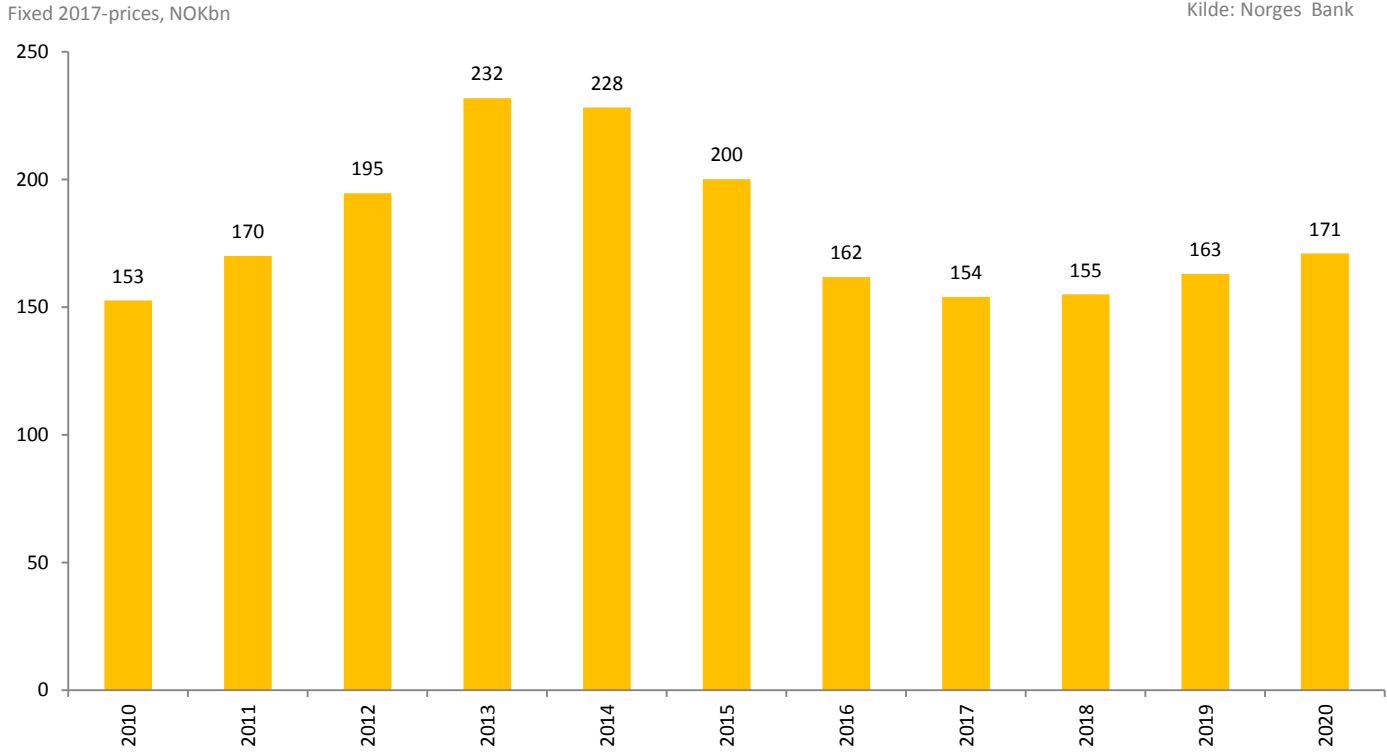




# Oil Investments



Positive trend expected from 2018 and forward | 2020 projection at 2011-level





## Media

TIRSDAG 12. SEPTEMBER 2017 | LØSSALG KR 40,- | ARGANG 26 | NR. 210

# Finansavisen

**HEGNARE**  
**Mer jobb-skaping nå?**  
LEDER SIDE 2

Såkornfondet Sarsia Seed:  
**Skal satse 300 millioner**  
Først ut: Smart strøm  
SIDE 6

## Bedrifter vil investere:

# Låne-RUSH

**- DRAMATISK ENDRING:**  
**- Vi har problemer med å ta unna alle forespørslene, sier Thorodd Bakken i Nordea.**  
SIDE 4 OG 5

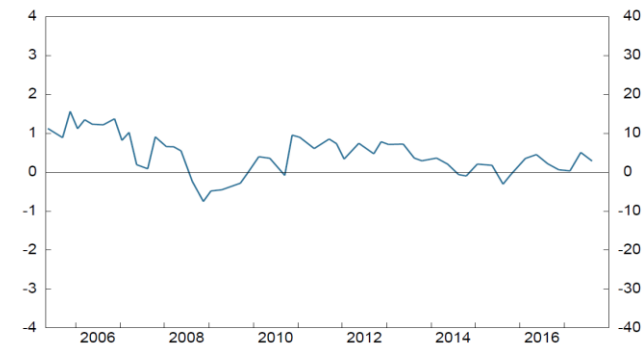
**Nytt Tesla-søksmål i Norge**  
SIDE 9

Clarksons Platou:  
**Oppgangen har startet**  
SIDE 16 OG 17

Børs	100	100	100	100	100
Dow Jones	18,12	18,12	18,12	18,12	18,12
NASDAQ	18,12	18,12	18,12	18,12	18,12
FTSE 100	18,12	18,12	18,12	18,12	18,12
DAX	18,12	18,12	18,12	18,12	18,12
Stavanger	18,12	18,12	18,12	18,12	18,12
Oslo	18,12	18,12	18,12	18,12	18,12
Norway	18,12	18,12	18,12	18,12	18,12
USD	0,00	0,00	0,00	0,00	0,00
EUR	-0,51	-0,51	-0,51	-0,51	-0,51
GBP	-0,84%	-0,84%	-0,84%	-0,84%	-0,84%
JPY	-0,07	-0,07	-0,07	-0,07	-0,07

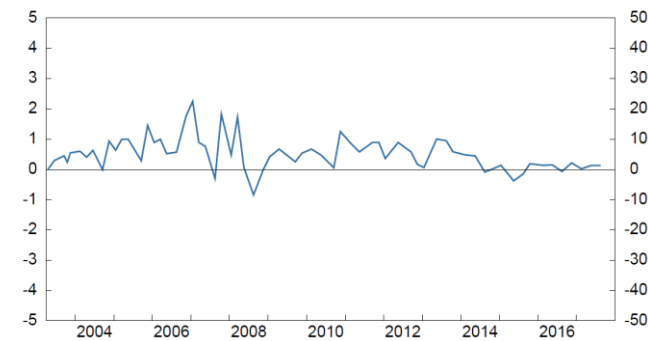
## Norges Bank's Regional Network Survey

9 Vekst i investeringer. Aggregert  
Forventet endring i investeringer neste 12 måneder  
Indeks - venstre akse, prosent - høyre akse



Region Sørvest

6.2 Vekst i investeringer  
Forventet endring i investeringer neste 12 måneder  
Indeks<sup>1</sup> - venstre akse, prosent - høyre akse





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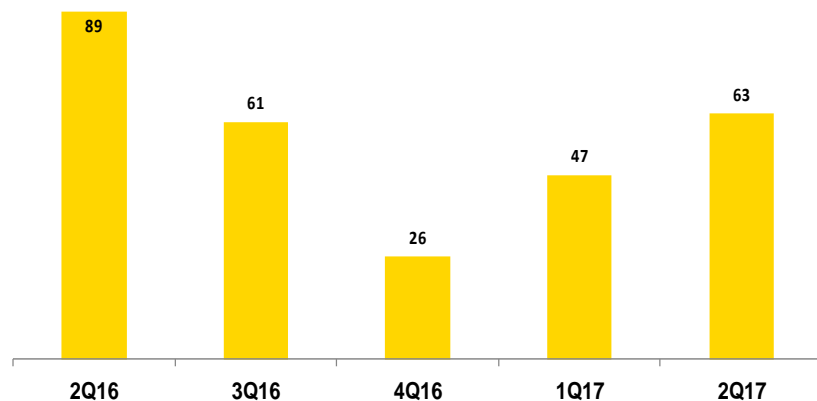


# Financial Results



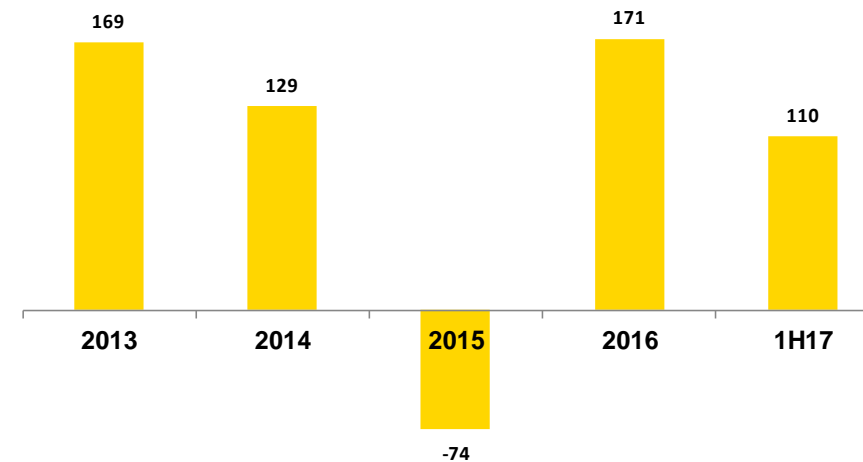
Positive development last 12 months | Stable underlying operations

Profit after tax, quarterly



- EPS last quarter NOK 1.8
- NOK 24.5mn in dividends from Eika in 2Q17 vs. 14.5 in 2Q16. Sale of Visa Norge in 2Q16 accounted for 17.9 mill
- MTM on financial instruments og MNOK 3.5 ~ 23,5 mill i 2Q16

Profit after tax, EOY / YTD



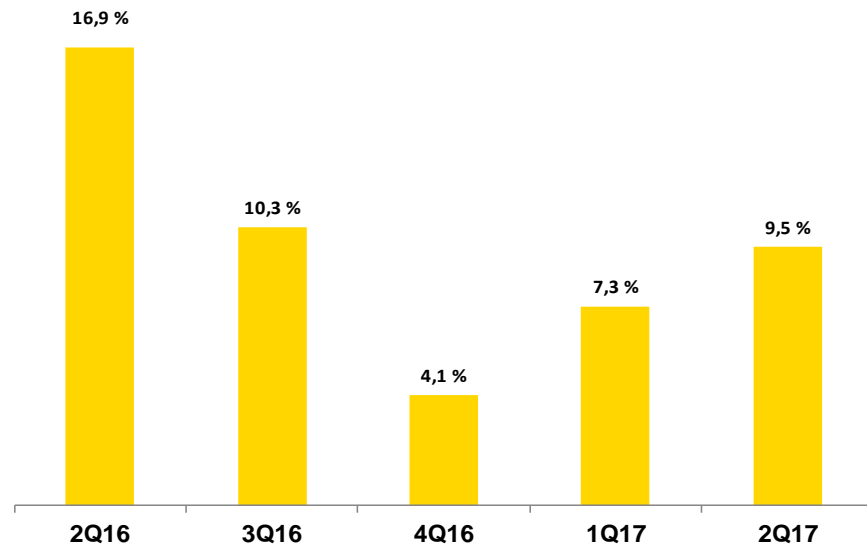
- EPS of NOK 3.1 YTD

# Return on Equity

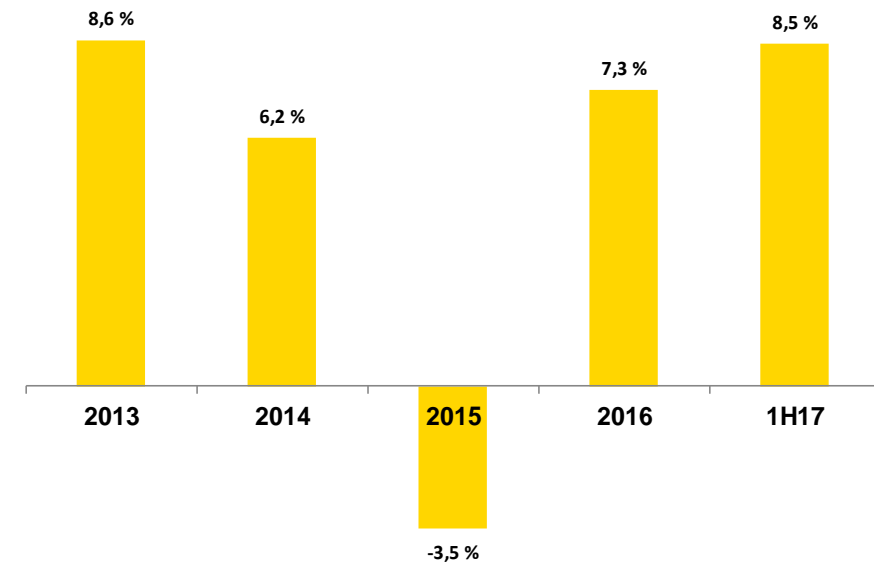


Positive development last 12 months | Stable underlying operations

ROE, quarterly



ROE, EOY/YTD

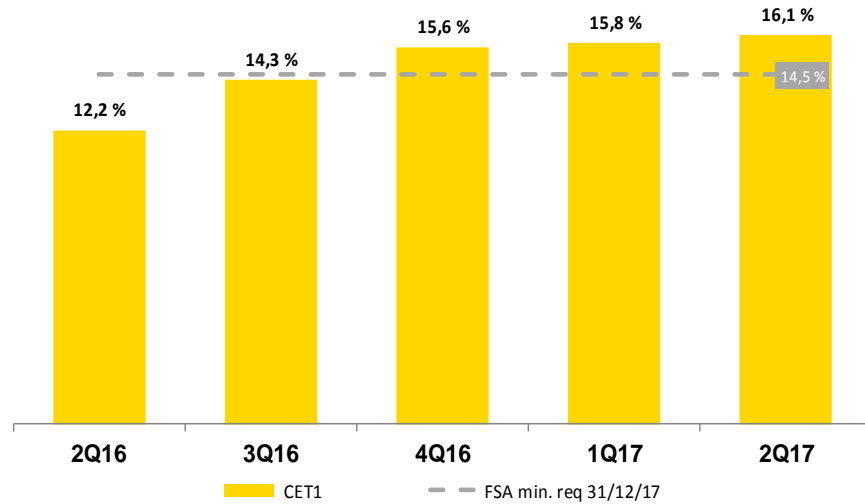


# Solidity

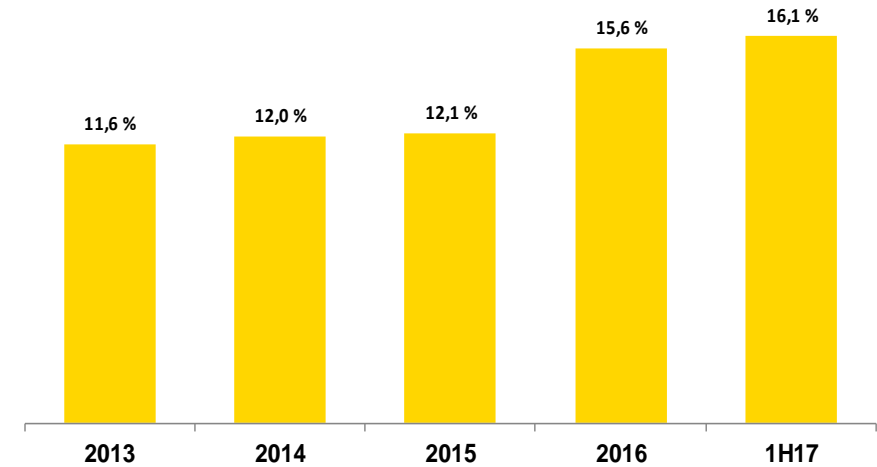
Compliant with all regulatory requirements | CET1 at 16.9% incl. YTD results

Target:  
> 15.2 %

CET1, quarterly



CET1, EOY / YTD

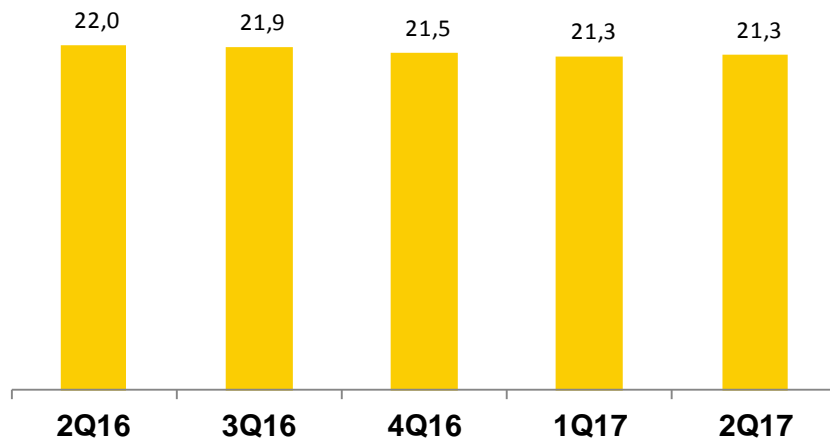


# Lending to Customers



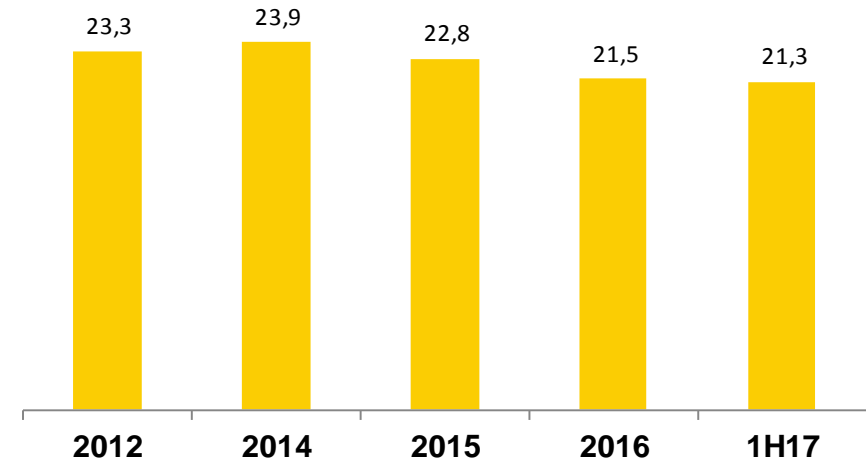
Unchanged last quarter, focus on implementing growth creating measures

Net lending, quarterly



- Lending growth of 0.2% in 2Q17

Net lending, EOY / YTD



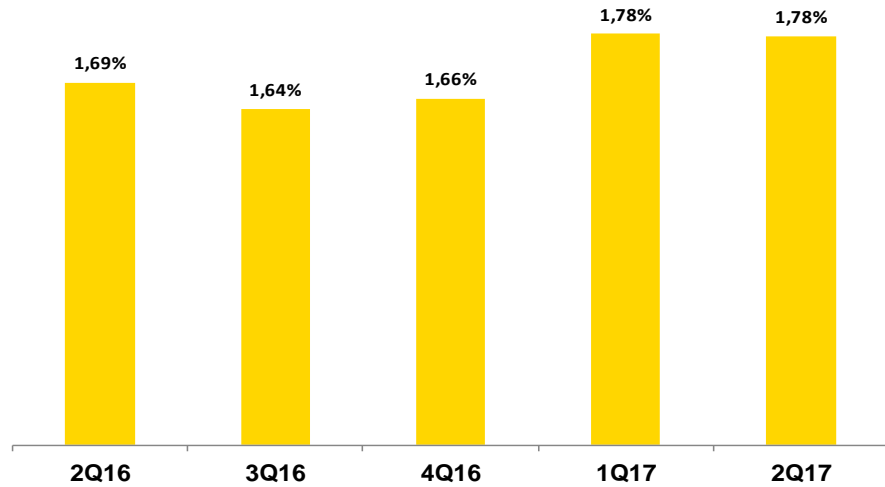
- YTD lending growth of -0.8%

# Net Interest Margin

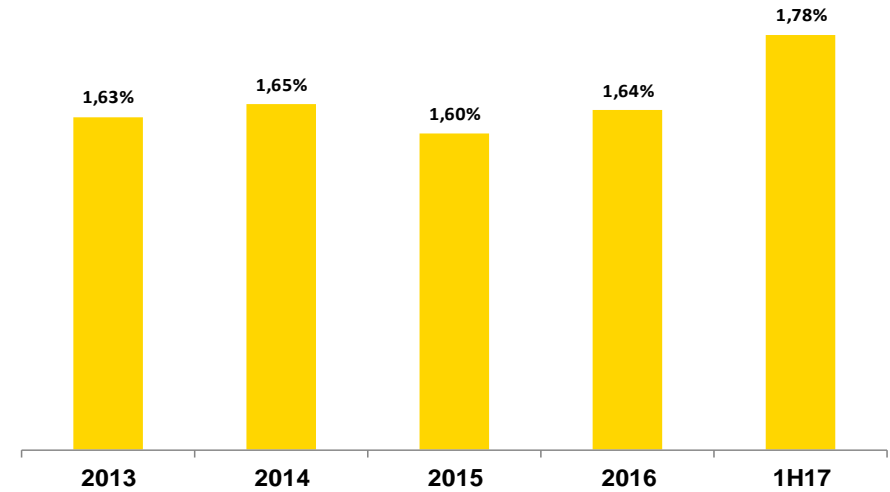
Stable margins – higher than peers



Net interest margin, quarterly



Net interest margin, EOY / YTD



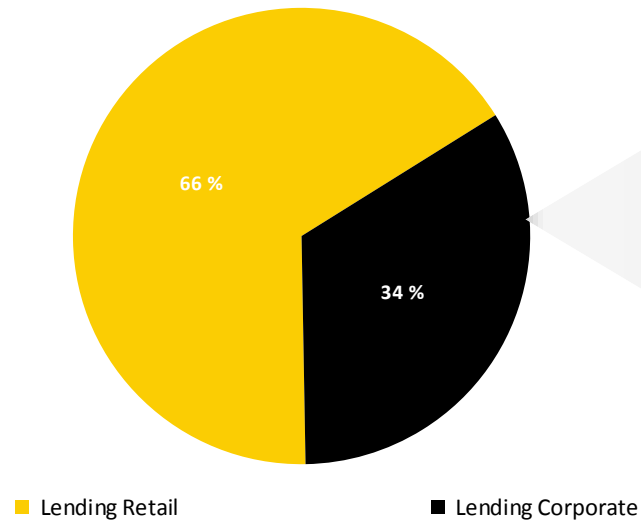


# Diversified Loan Book

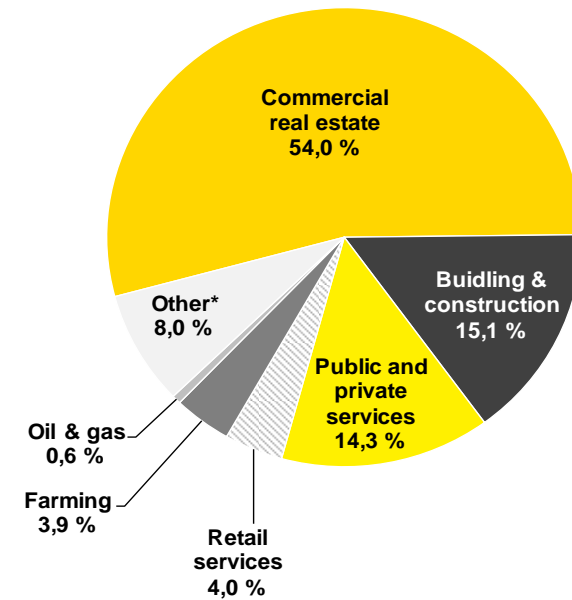


67% to retail segment | Stable composition | No direct exposure to oil & gas segment

Net lending to customers



Details corporate lending



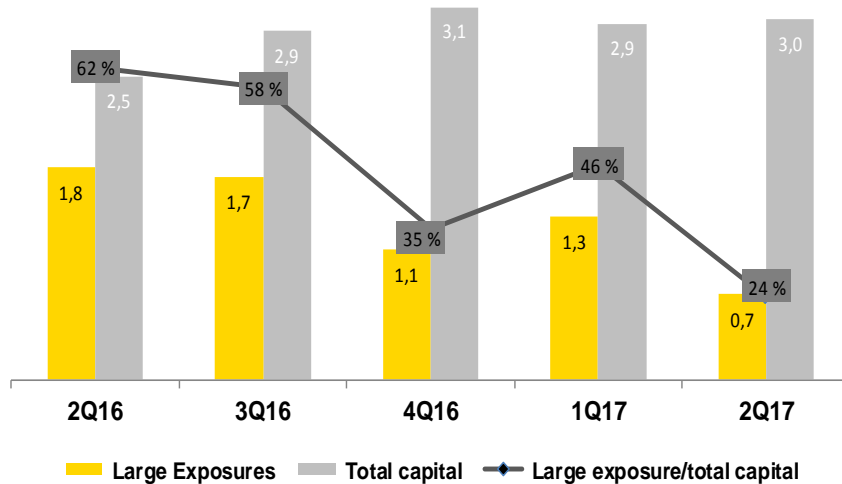
Note(\*): other sectors = ( industrial + hotel & restaurant + transportation)

# Large Exposures

Significant reduction last few years | Positive development in YTD | Basel II-grouping

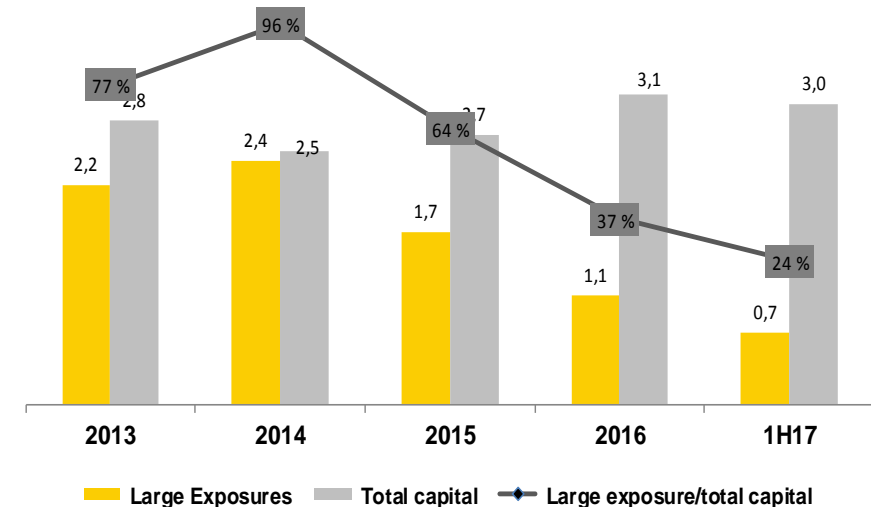


Large exposures, quarterly



- Large exposures are regulatory defined as exposures > 10 % of total capital (MNOK ~ 300). As per 2Q17 two customers are defined as large, in total MNOK 700

Large exposures, EOY / YTD



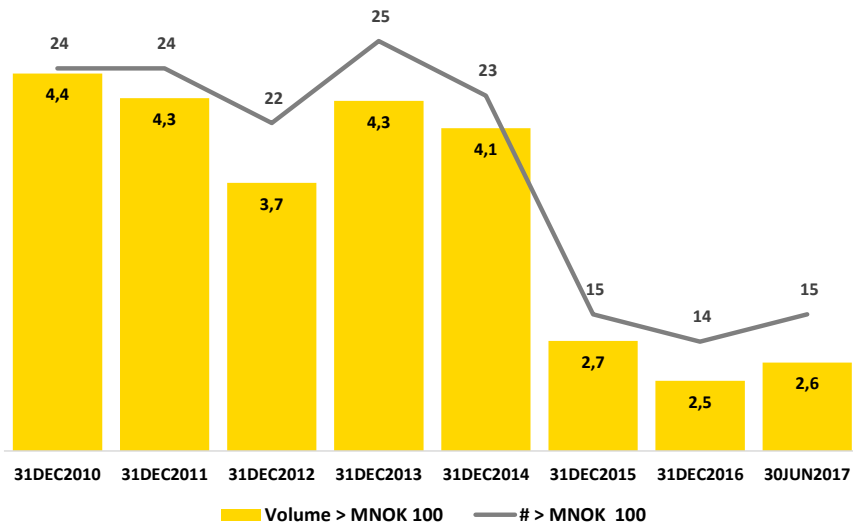
- 5 years ago (2Q17) Sandnes Sparebank had 7 customers defined as large exposures, in total NOK 2.5bn

# Large Exposures

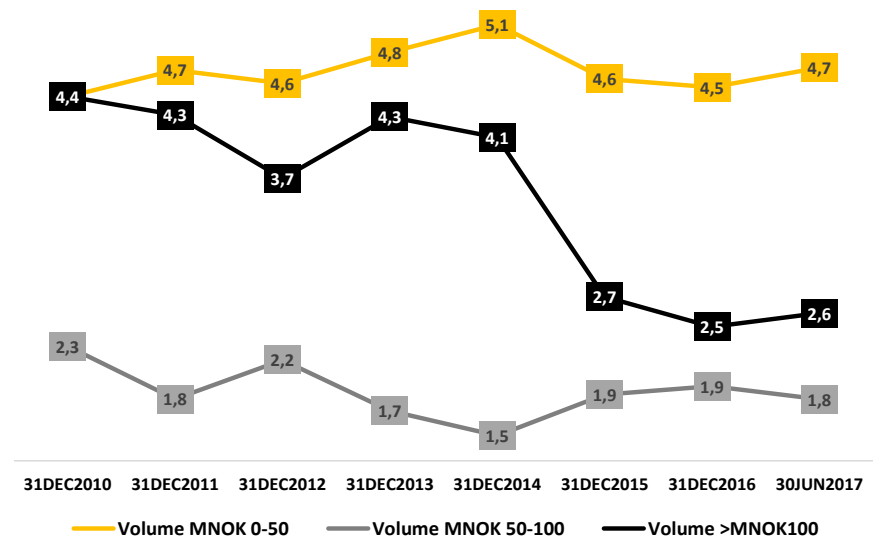


## Corporate customers distributed by lending exposure | Ungrouped, single exposures

Loan size > MNOK 100, volume and # of customers

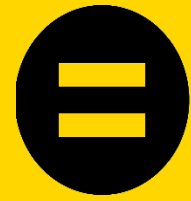


Loan size distribution, volume





Operation Cost	< 290 NOKm
Loan Losses	60-100 NOKm
CET1	> 15,2 %
Dividend Payout Ratio	25-50 %



***Sandnes Sparebank***

**Thank you**

# Contacts

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