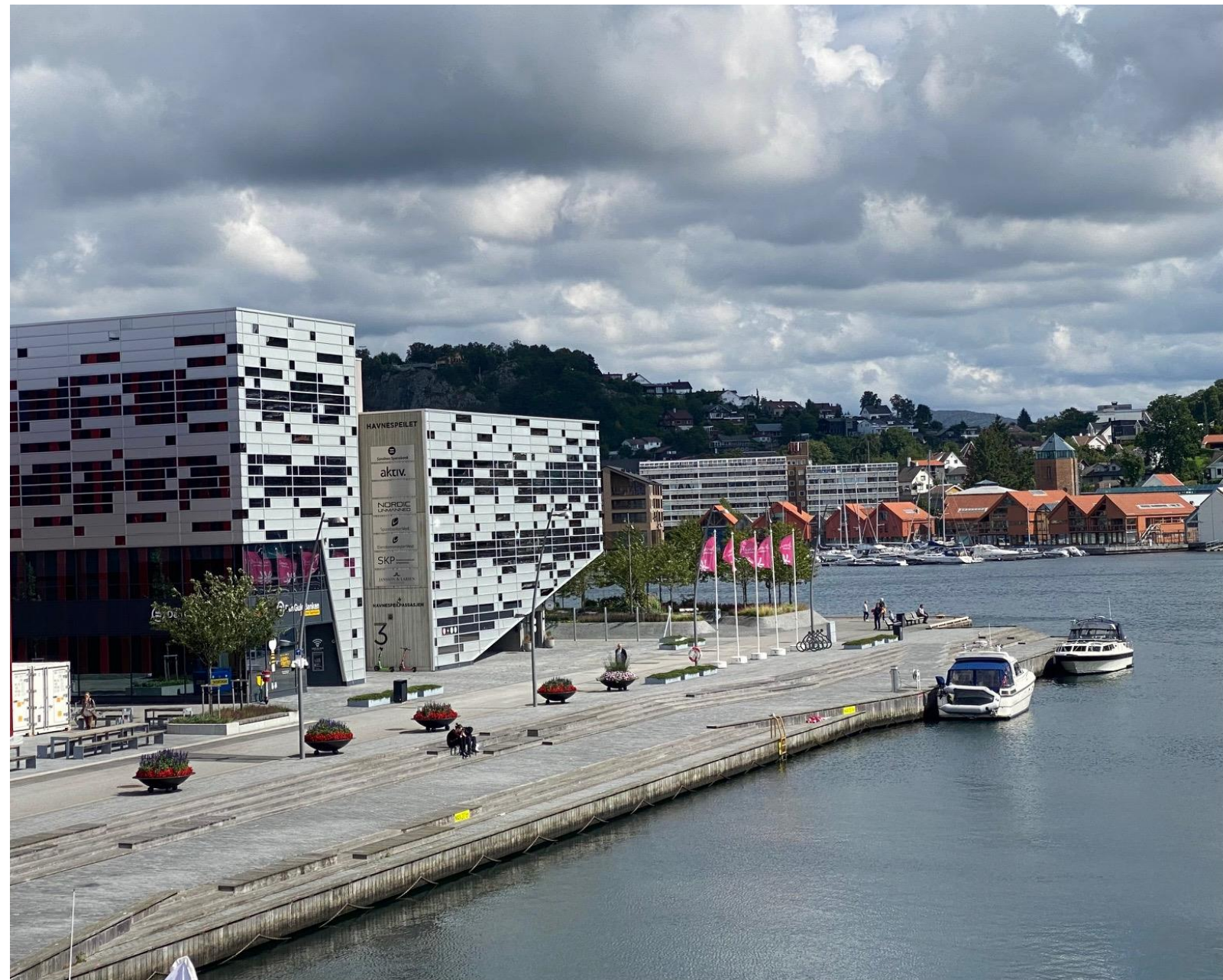


Financial Reporting

2nd Quarter 2022

Sandnes 08.11.2022



Content:

Q2 Summary

Customers and Market

Eika

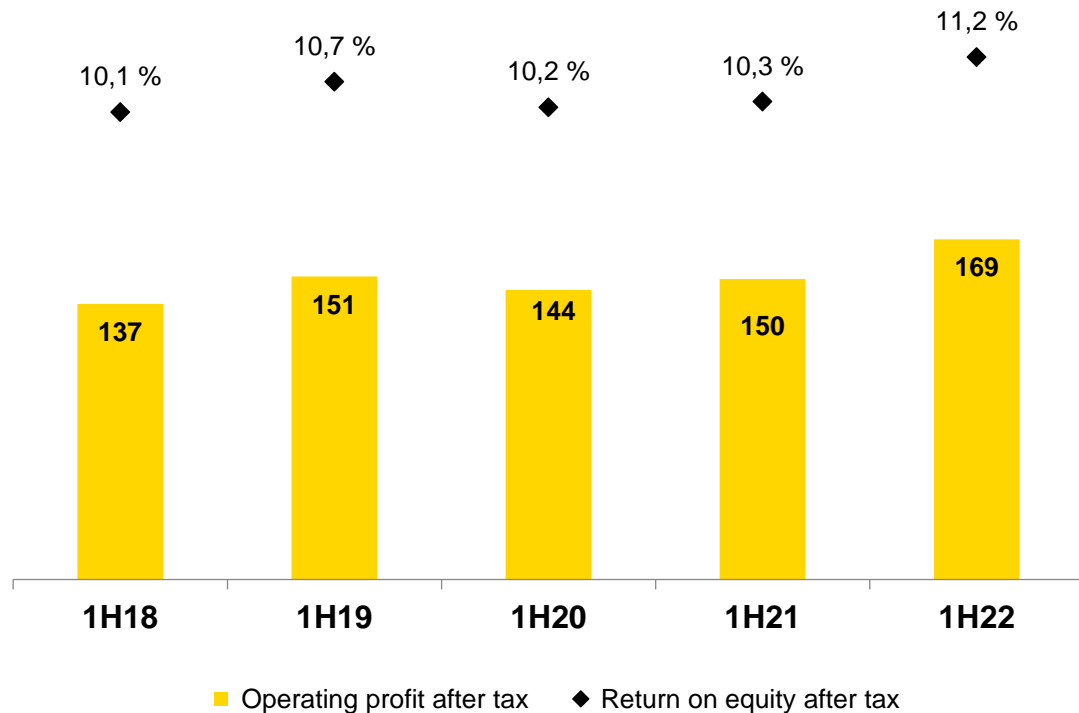
Key Figures



Den Gule Banken, Sandnes Sparebank

Stabile good results through turbulent times

ROE



Summary:

- Profit after tax MNOK 169,4 (149,6)
- ROE on equity after tax 11,2 % (10,3 %)
- Profit per ECC (EPS) of NOK 5,1 (4,6)
- Lending growth of 6,1 % (4,0 %)
- Net interest margin of 1,57 % (1,52 %)
- Net loss of MNOK 3,2 (-37,6).
- Costs MNOK 162,5 (167,6)
- Solid bank with CET1 16,9 % (17,0%)
- Dividend from Eika Gruppen amounts to MNOK 54,1 (40,8*)

Content:

Q2 Summary

Customers and Market

Eika

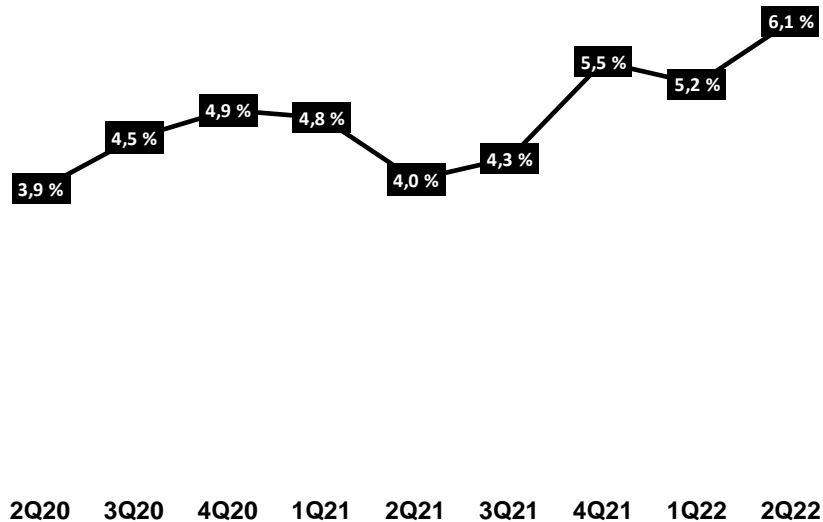
Key Figures



Loan growth at 6,1 % YoY

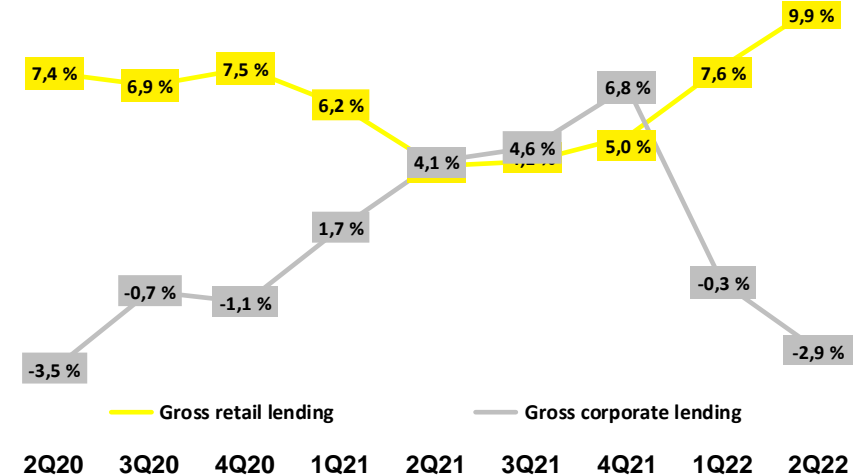
Solid growth in retail market

Group level (12 months)



- Total lending increased by NOK 1,5 bn (6,1 %) YoY
- Lending increased by MNOK 521 (2,0 %)

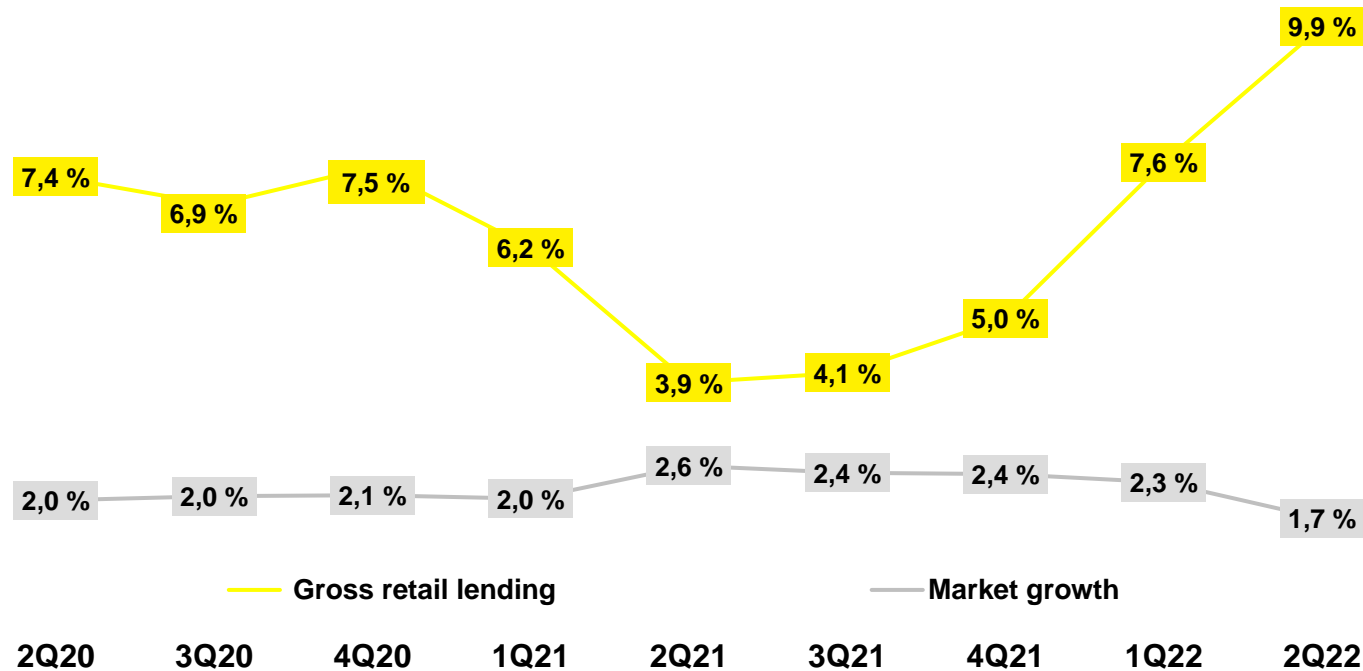
Growth by Division (12 months)



- Retail lending increased by NOK 1,7 bn (9,9 %) YoY. Vs. Market growth of 1,7 %*
Last quarter retail lending increased by MNOK 599 (3,2 %).
- Corporate lending decreased by MNOK 214 (-2,9 %) YoY. Last quarter lending volume decreased by MNOK 77 (-1,1 %)

Strategic organic growth in the retail market

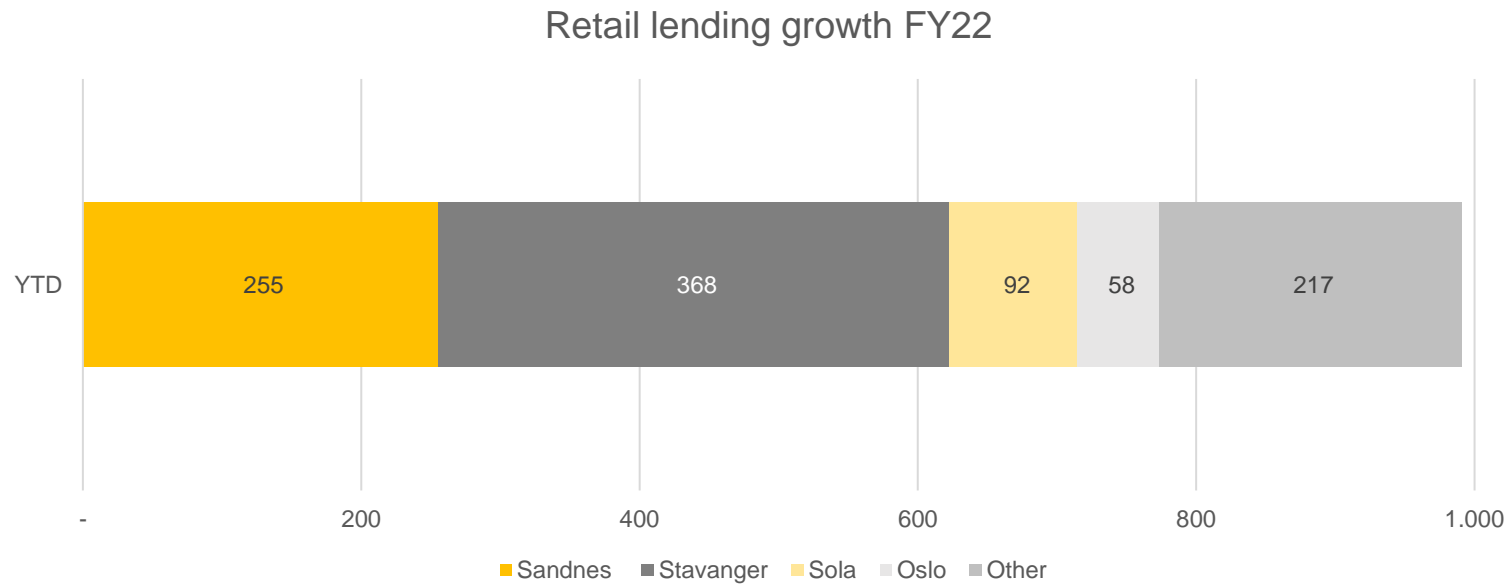
Growth retail lending YoY



- Customer experiences as a basis for growth
- An organization that wants something
- Retail lending increased by NOK 1,7 mrd (9,9 %) YoY
- Retail lending increased by MNOK 599 (3,2 %) QoQ

Strategic organic growth in the retail market

Geographical distribution of lending growth retail market



- Cost and growth in line with budget
- Positive economic contribution at the end of 2023
- 14 newly employed customer advisors

Et spennende program samlet næringslivet (not translated)

Næringslivsdag på Blink 22

- Omdømme, merkevare og kultur
- Næringslivsdagen er et samarbeid med Dagens Næringsliv, Sandnes kommune og Den Gule Banken, Sandnes Sparebank



BLINK 2022 – successful event - strengthens the brand



Content:

Q2 Summary

Customers and Market

Eika

Key Figures



Eika – Good products and improved solutions

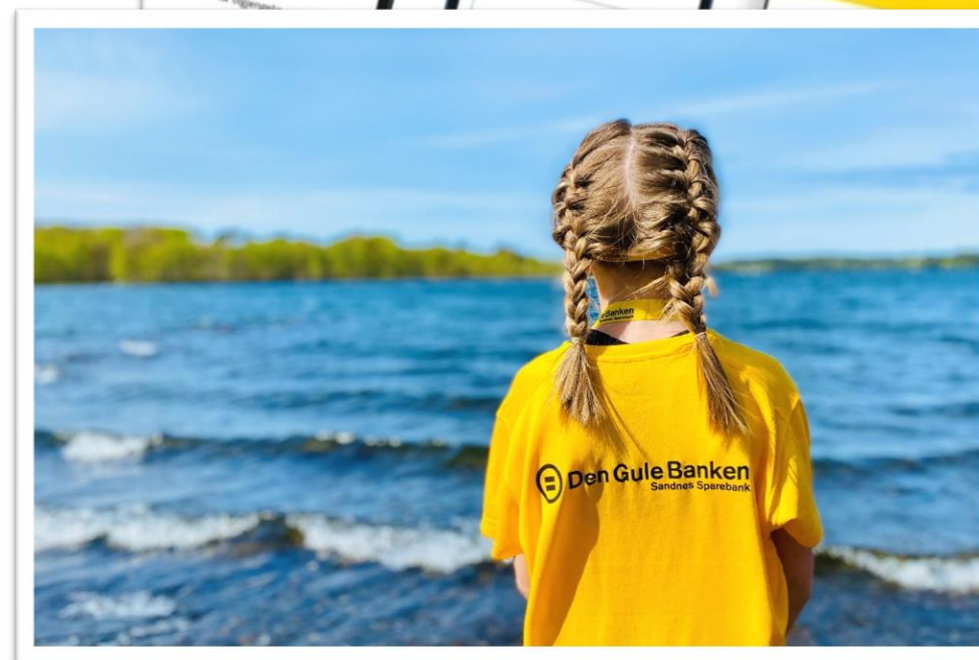
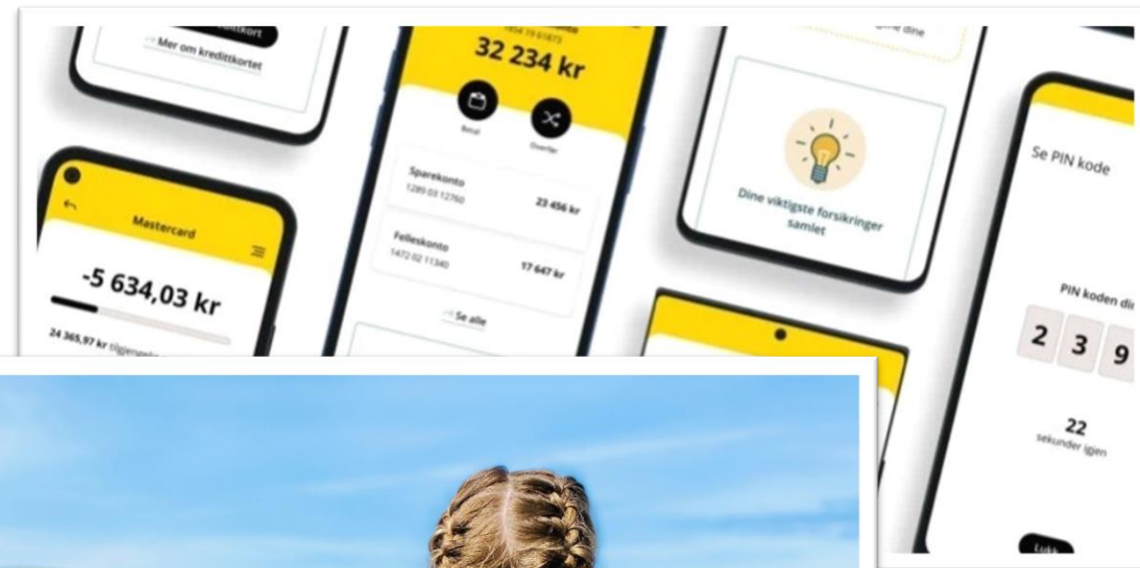
Competitive solutions

Good and competitive products

- Insurance
- Fund savings
- Creditcard

Digital products

- New and improved mobile banking in the retail market
- One of the best financial advisor solutions within the retail market in Norway, developed by Eika



Status converting to Tietoevry

Improved competetiveness

Reduced costs

- MNOK 50-60 in increased costs in 2021/2022, so far under budget
- Estimated annual savings of 15-20 MNOK for Sandnes Sparebank from 2024
- Estimated payback period between 3-4 years

Future-oriented customer solutions

- Forward-looking customer- and financial advisor solutions adapted to the Norwegian market
- More efficient banking operations with access to and use of relevant data
- More robust in meeting official requirements and compliance

Conversion – on schedule

- Conversion in groups in the periode May 22 - December 23
- First bank, Eika Kredittbank, successfully converted in May 22
- Den Gule Banken is in the 3rd group and will convert in April 23



A more robust strategy

For Den Gule Banken and for Eika Alliansen

A more robust strategy for Den Gule Banken

- Lower risk
 - Development based on regulatory requirements in Norway
 - Development based on customer needs in the Norwegian market
- Lower costs
 - To a greater extent, standardized solutions with less need for development in Eika
- Better standard solutions
 - For example, within the corporate market

A more robust strategy for Eika Alliansen

- Increased predictability of costs and solutions
- Joint technology platform with other banks in Norway



Hege Toft Karlsen, konsernsjef i Eika Gruppen

Foto: Eika gruppen

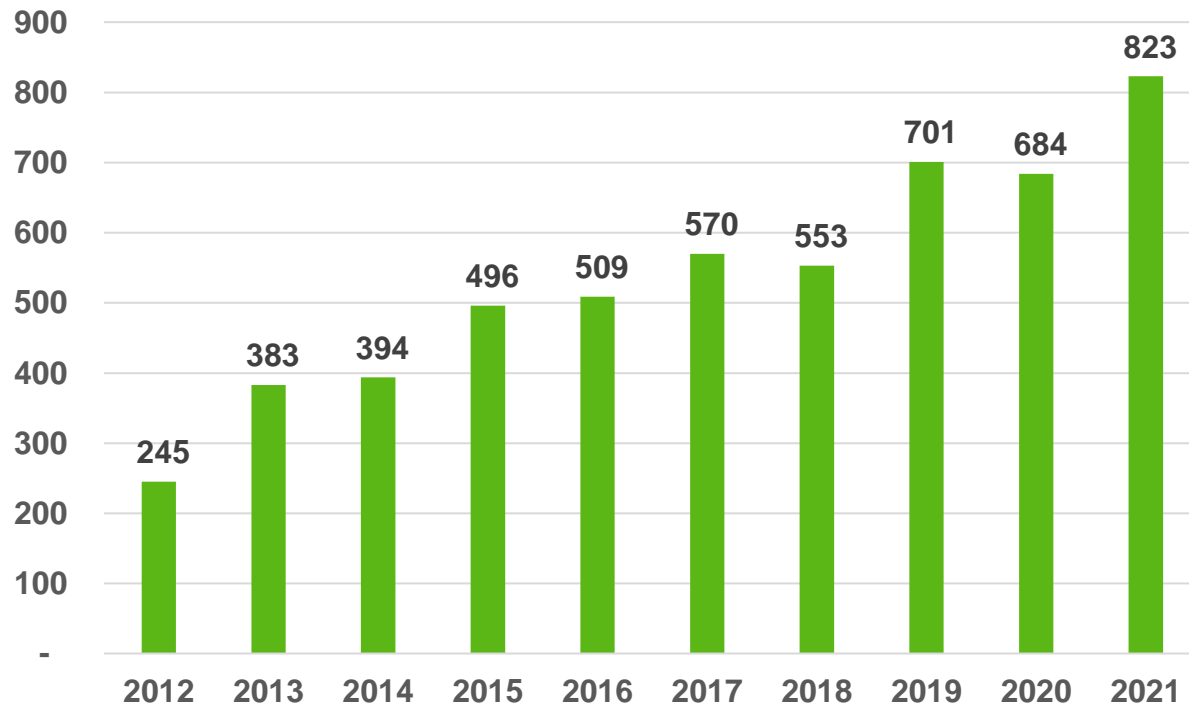
eika. Ved din side

 **Den Gule Banken**
Sandnes Sparebank

Eika – a good investment

Eika, a well-run and profitable alliance with good operations and good products

Result Eika Gruppen



Annual profit before tax. MNOK

Return Eika Gruppen

Den Gule Banken bought 8,0 % in 2014
Owns 8,75% as of 06.30.22

266 MNOK dividends received in the period
198 MNOK change in value during the period

464 MNOK total return

471 MNOK Bookvalue as of 06.30.2022

Annual return 23%

Total return 170%

Content:

Q2 Summary

Customers and Market

Eika

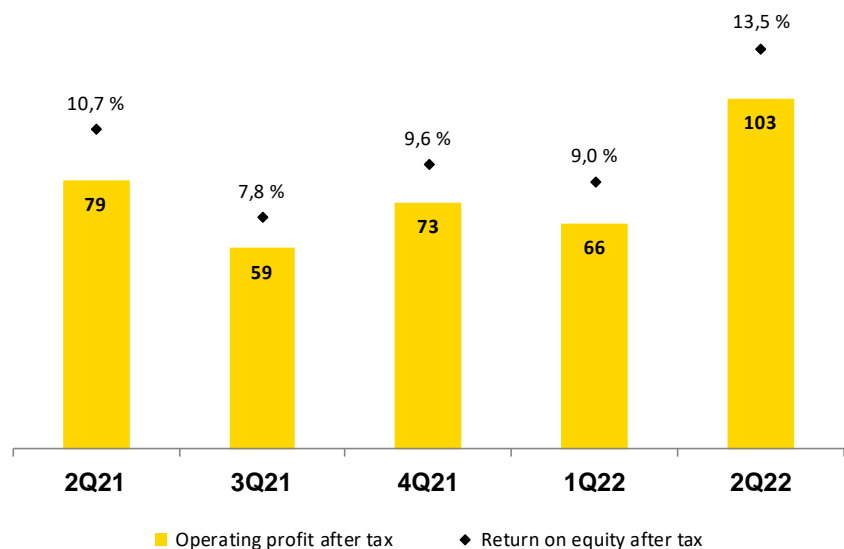
Key Figures



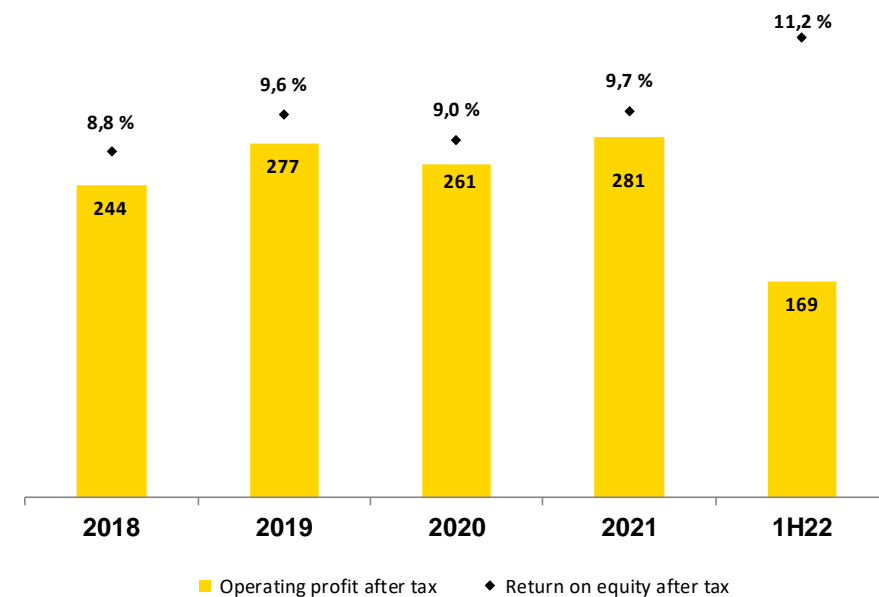
Profitability

Stable results despite a troubled macroeconomic period

ROE, Quarterly



ROE, Yearly



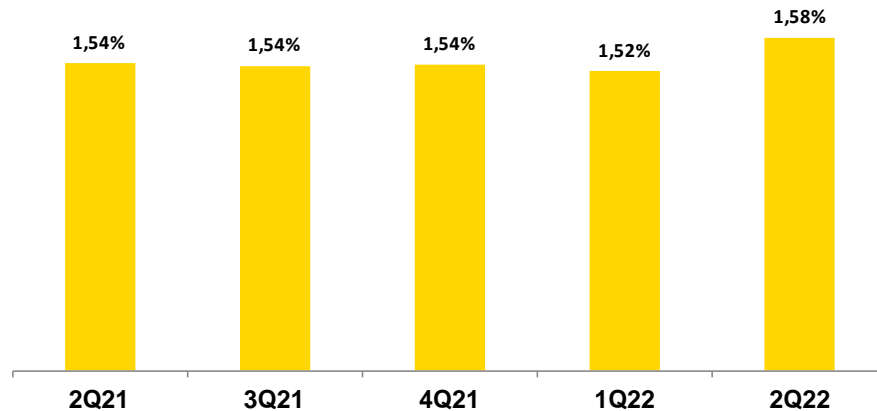
Main points 2nd quarter 2022

- Higher lending volume
- Higher income from dividends and commissions
- Lower costs related to conversion
- Lower tax cost

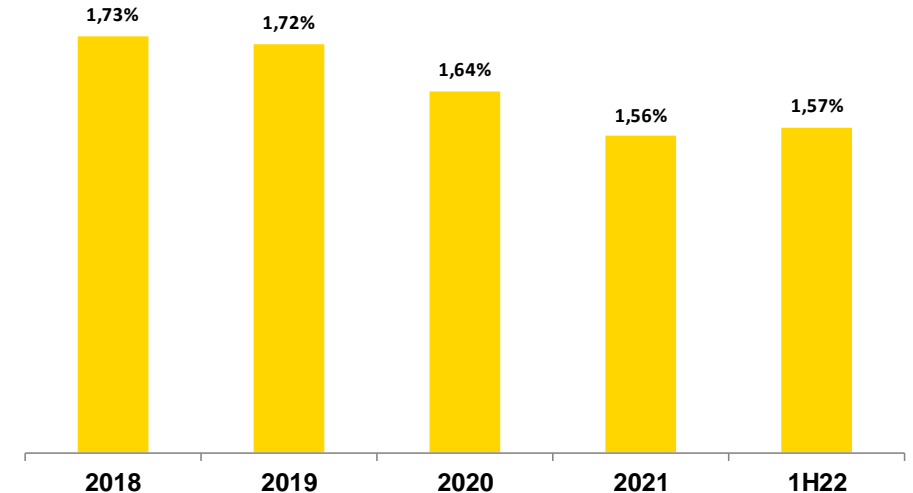
Net Interest Margin

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

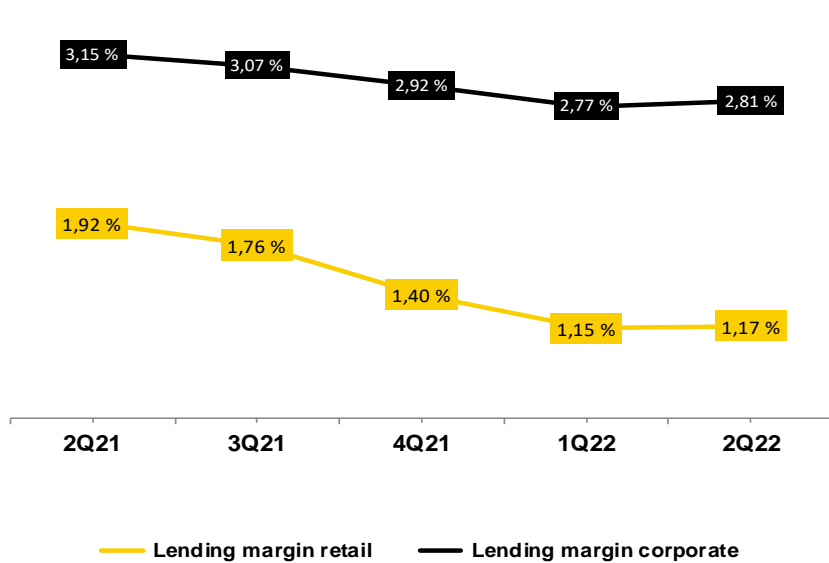


- Norges Bank har increased the policy rate from 0% to 1,25% since September 2021
- Previous interest rate changes have had an effect on retail customers from mid-Desember, February and early May
- The interest rate change from June will take effect for retail customers in August

Margins on Loans and Deposits

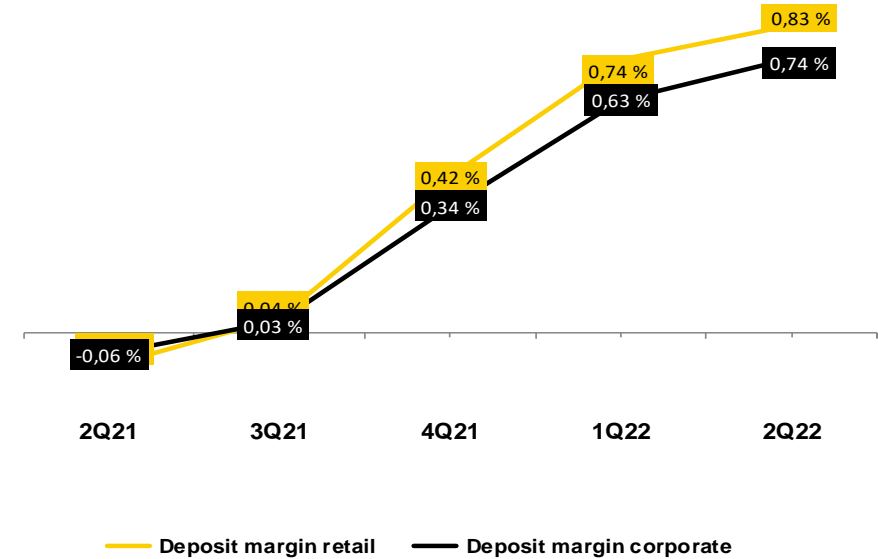
Strong competition and rising NIBOR-rates affects margins

Utlånsmarginer



- Higher Nibor lowers the lending margins

Innskuddsmarginer

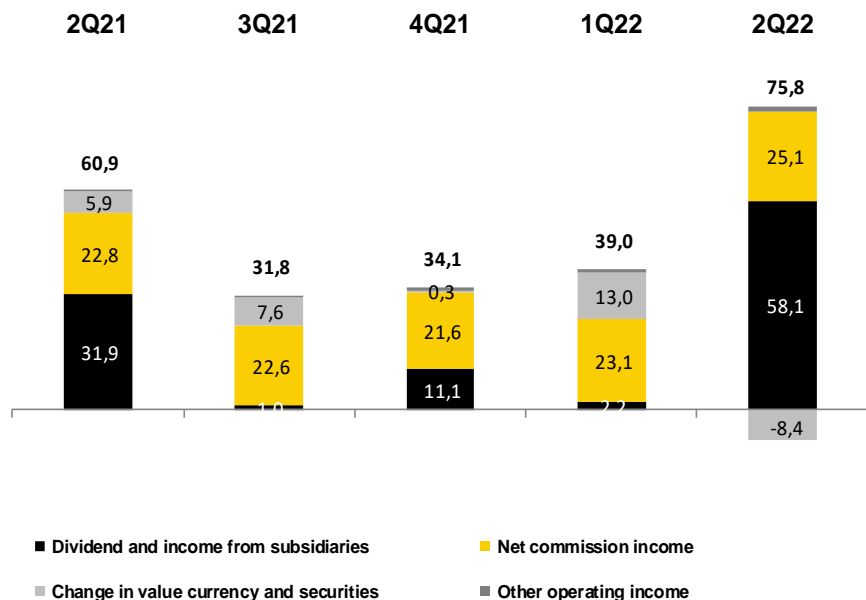


- Higher Nibor strengthens the deposit margins

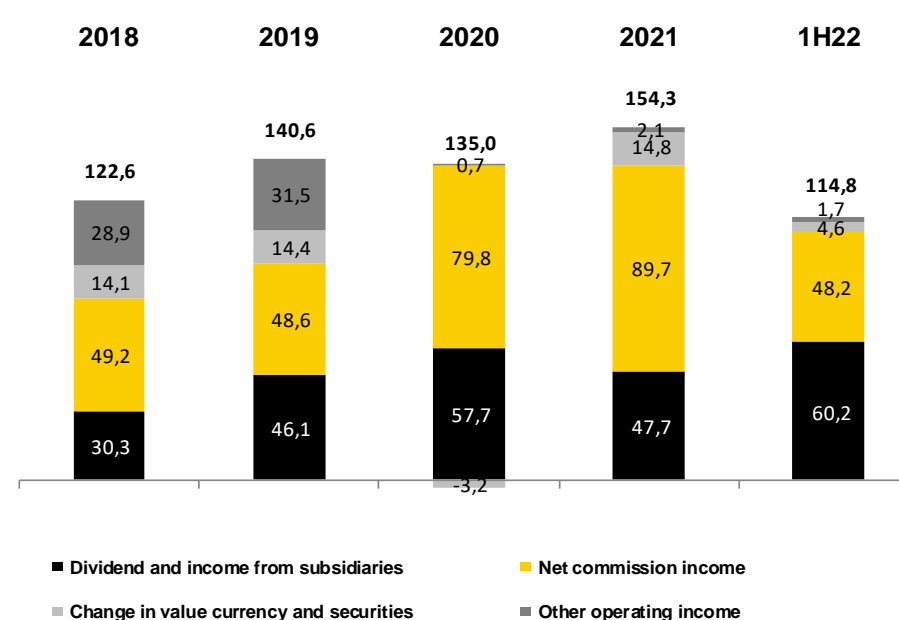
Other income

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

Andre inntekter, siste 5 kvartaler



Andre inntekter, årlig

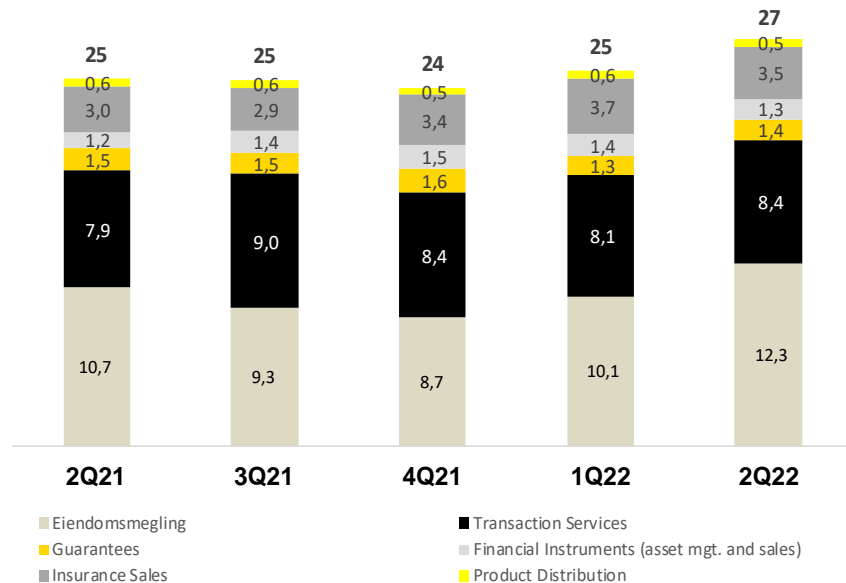


- Dividend from Eika Gruppen amount to MNOK 54,1 (40,8). Eika Gruppen paid dividends in two installments in 2021. MNOK 30,5 in the second quarter and MNOK 10,3 in the fourth quarter
- Increase in net commission income, primarily driven by better results from Aktiv Eiendomsmegling
- Increased credit spreads lead to changes in the value of financial securities

Gross Commission Income

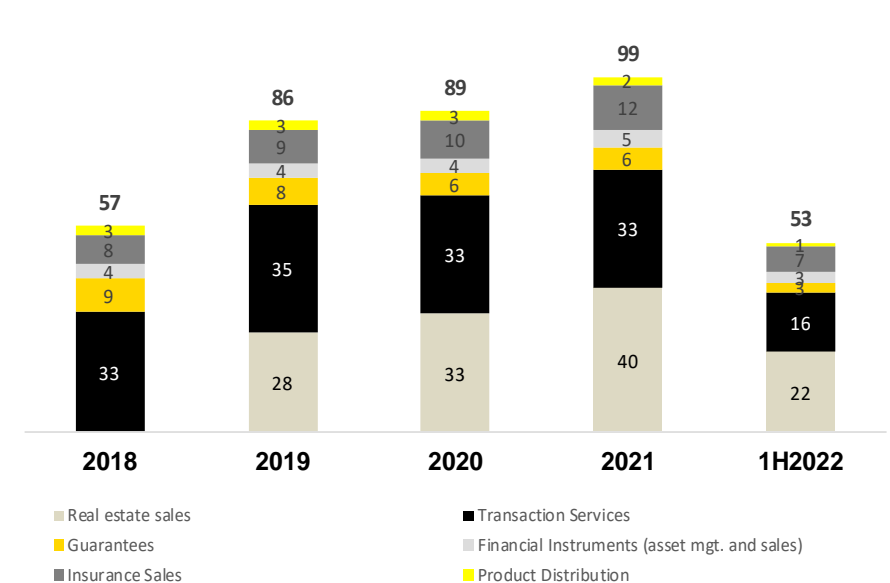
Increased activity in AktivEiendom, continuous improvement in the sale of insurance and mutual funds

Provisjonsinntekter, siste 5 kvartaler



- Steady increase in income related to insurance and mutual funds
- Improvement in payment processing as a result of a higher level of activity (travel habits)

Provisjonsinntekter, årlig / hiå.

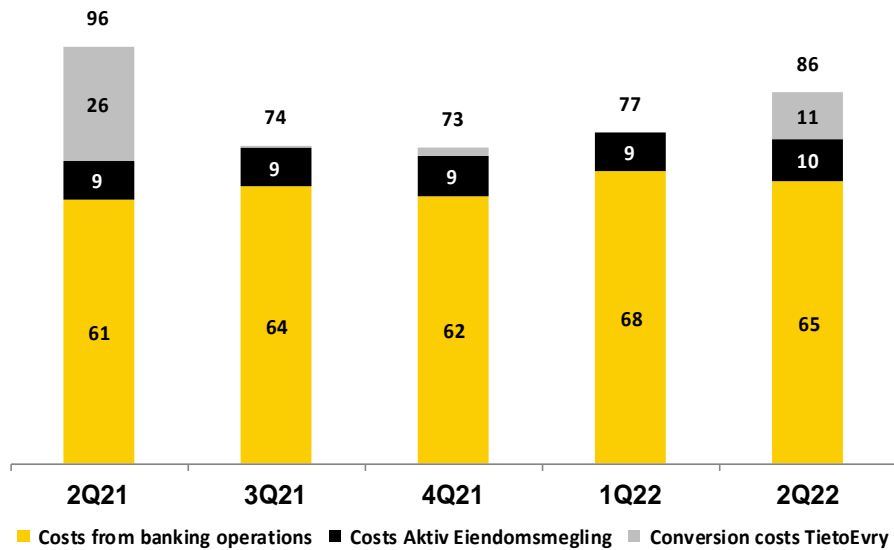


- The change in principle for bookkeeping of the real estate business has not been made for 2018.

Operating Costs

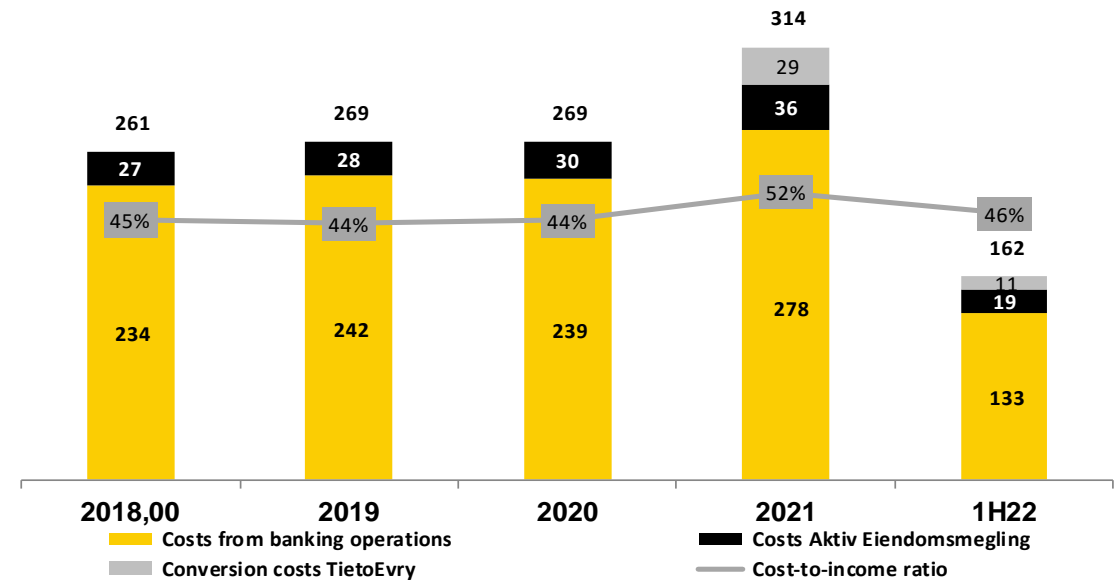
Some increase in personellcost, Conversion of the core bank system is a little under budget

Other Operating Costs, quarterly



- 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 109 to 124 recent year
- Replacement of core system from SDC to TietoEvry entails investments of between 50-60 MNOK which will be expensed in 2021 and 2022
- The core system project is on time and slightly under budget. Final cost will be entered during 2022

Other Operating Costs, EOY

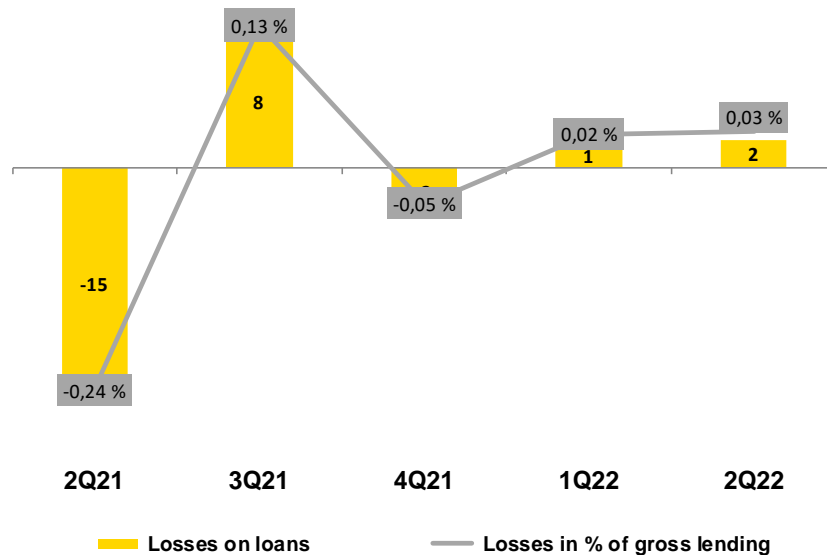


- The increase in costs within banking operations in 2021 is due to increased personnel costs, ie. salary settlements and an increased number of advisers in the private market.
- The increase in costs for AktivEiendomis due to record sales and record profit. Active Real Estate has a Cost / Income of 90%

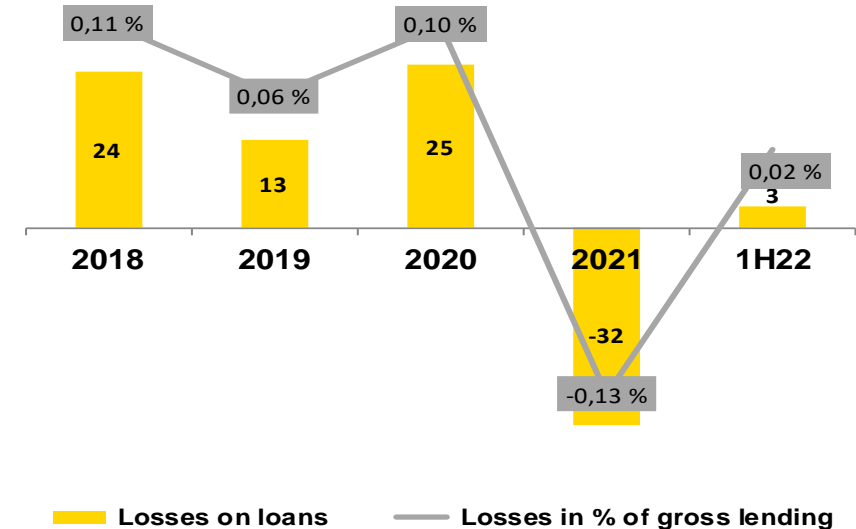
Losses on Loans and Guarantees

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

Losses on loans and guarantees, quarterly



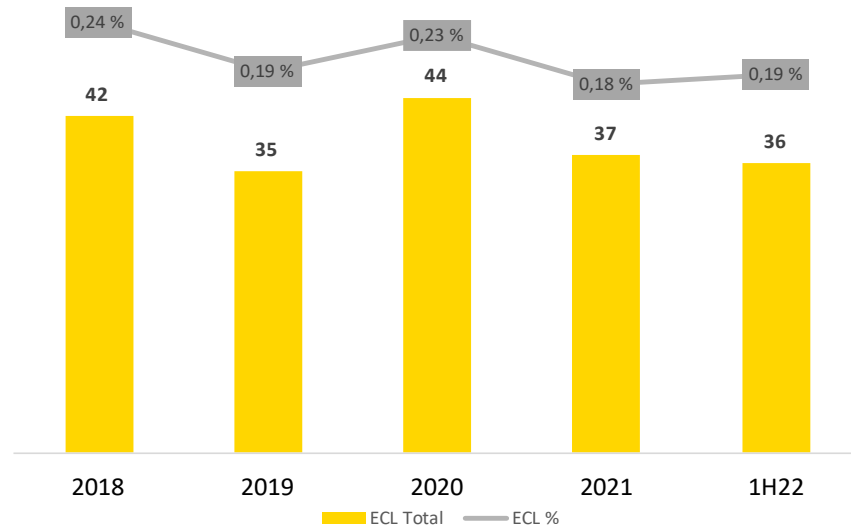
Losses on loans and guarantees, EOY



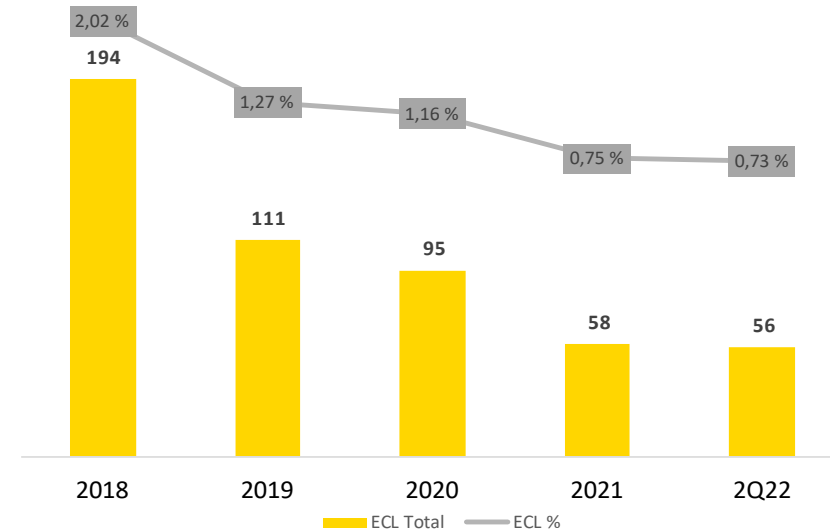
Loans to Customers by Division, Credit Risk

Risk expressed by expected creditloss (ECL, PDxLGD)

Retail



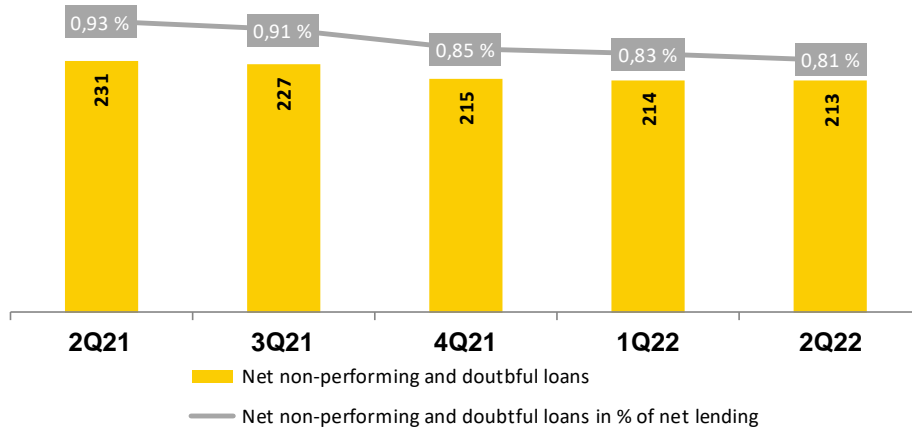
Corporate



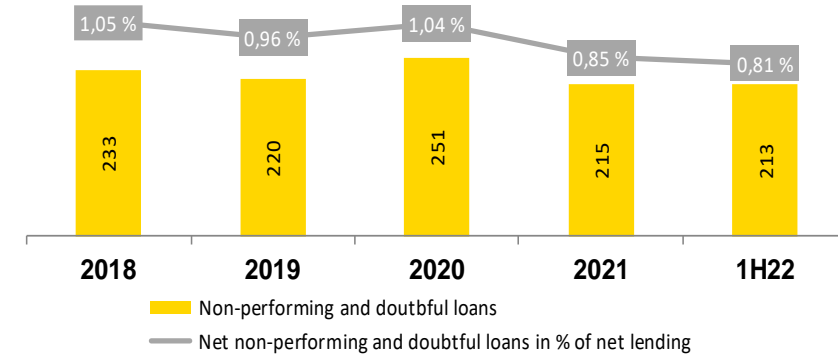
Non-Performing and Doubtful Loans

Stable and declining levels

Non-performing and doubtful loans, quarterly



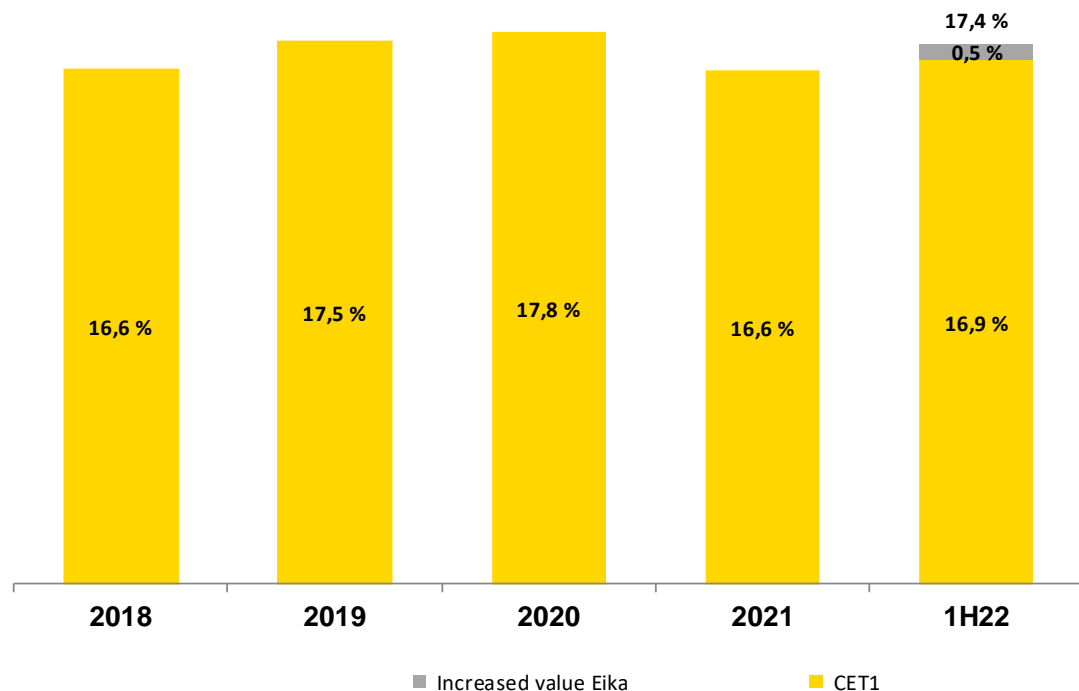
Non-performing and doubtful loans, quarterly



Well Capitalized and Equipped for Further Growth

CET 17,9 % including profit for the year | Leverage ratio 9,2 %

CET-1

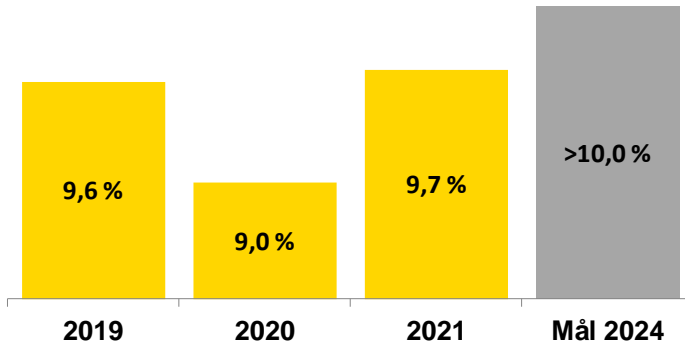


A well capitalized bank

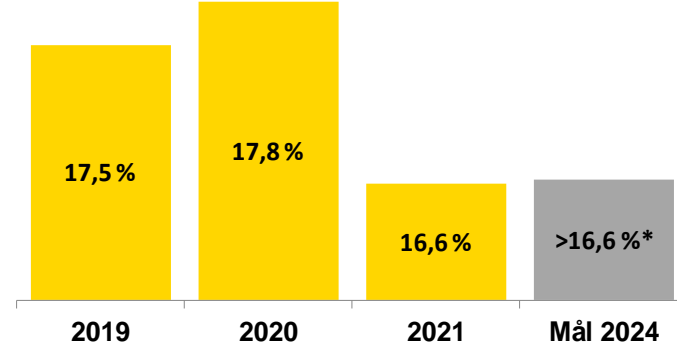
- Effect by implementation of SME-2 + 0,7% CET-1 is included
- Increased value of ownership in Eika increases CET-1 with 0,5% by year-end
- Counter-Cyclical Buffer increased from 1,0 % to 1,5 % 30.06.2022, and further to 2,0% from 31.12.2022 og further to 2,5% from 31.03.2023
- Systemic Risk Buffer increases from 3 % to 4,5 % from 31.12.2022
- Regulatory CET1-requirement at 13,6% as of 30.06.2022
- Expected CET1-requirement of 15,6% by year-end
- **Internal target of + 1.0 % management buffer above the regulatory requirements**

Financial Targets for 2021-2024

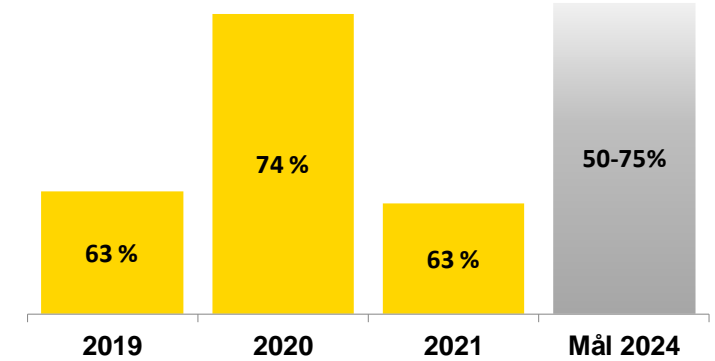
ROE



CET1

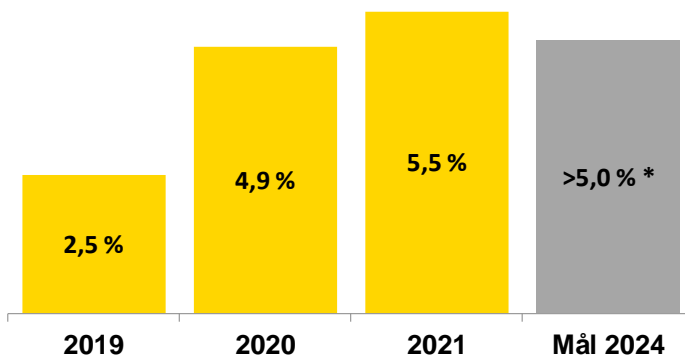


Dividends

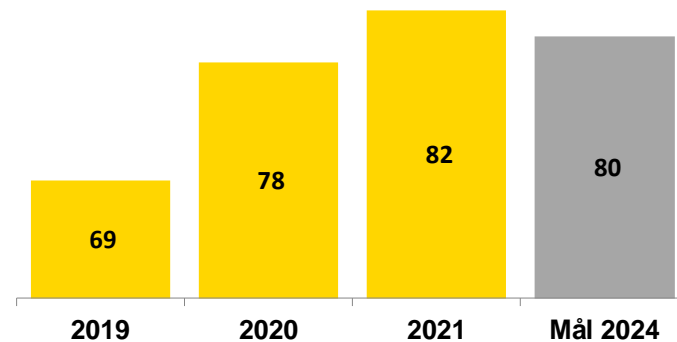


* Internt mål om + 1 % management buffer over det til enhver tid gjeldende myndighetskrav

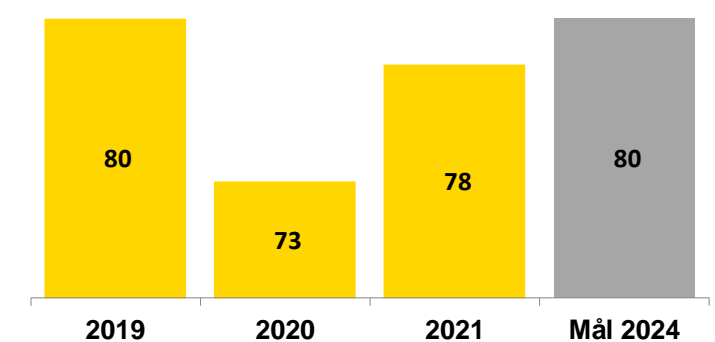
Profitable Growth



Customer Satisfaction Retail

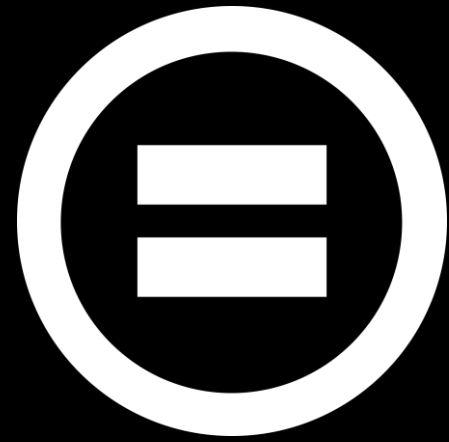


Customer Satisfaction Corporate



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

TAKK.

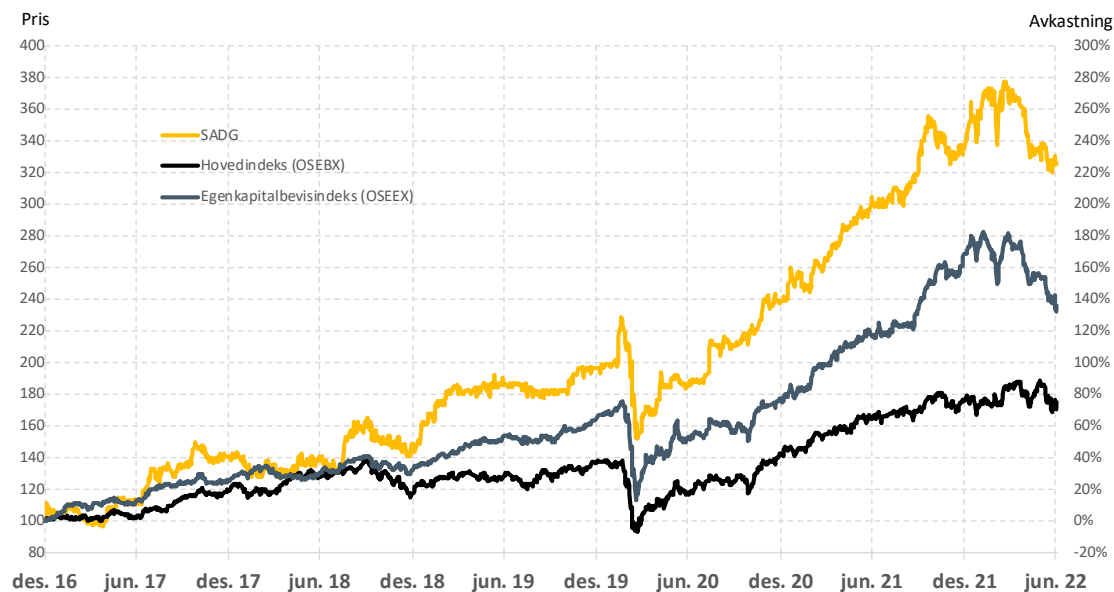


Appendix



The Equity Certificate

SADG: Development in price and volume on OSE

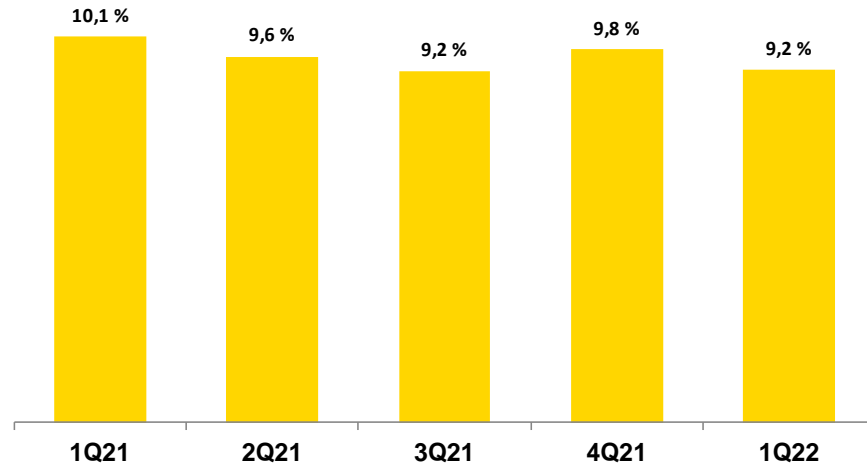


The Equity Certificate Holders

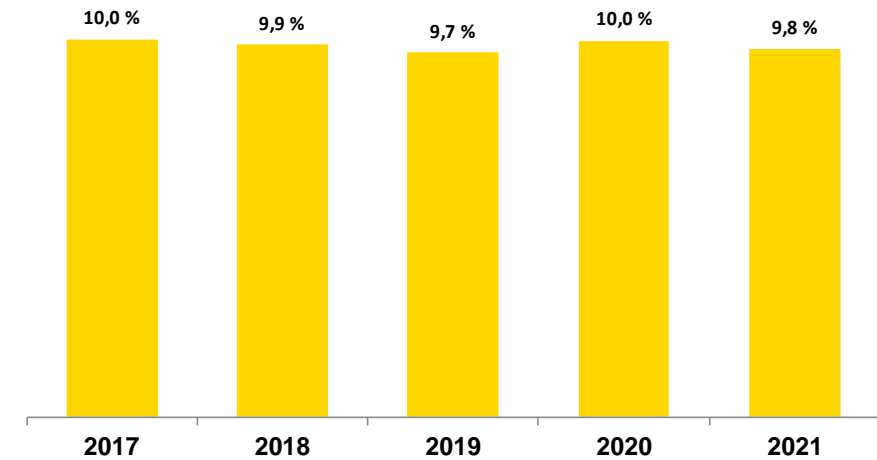
20 largest owners of equity certificates as at 30.06.2022	No. of equity certificates	Share
1. Sparebank 1 SR-Bank ASA, Finansavdelingen	3.485.009	15,14 %
2. Sandnes Sparebank	2.087.071	9,07 %
3. Holmen Spesialfond	1.259.823	5,47 %
4. VPF EIKA Egenkapitalbevis C/O Eika Kapitalforvaltning AS	1.123.093	4,88 %
5. AS Clipper	1.088.738	4,73 %
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	287.717	1,25 %
12. Hausta Investor AS	220.000	0,96 %
13. Corneliusen Invest AS	205.574	0,89 %
14. Velde Holding AS	198.388	0,86 %
15. Innovemus AS	185.000	0,80 %
16. Nordhaug Invest AS	184.374	0,80 %
17. Elgar Kapital AS	163.000	0,71 %
18. Barque AS	159.651	0,69 %
19. Tirna Holding AS	156.255	0,68 %
20. Kristian Falnes AS	145.000	0,63 %
Sum	14.036.213	61,0 %
Totalt	23.014.902	100,00 %

Solidity –Leverage Ratio

Leverage (Equity/Total assets), quarterly



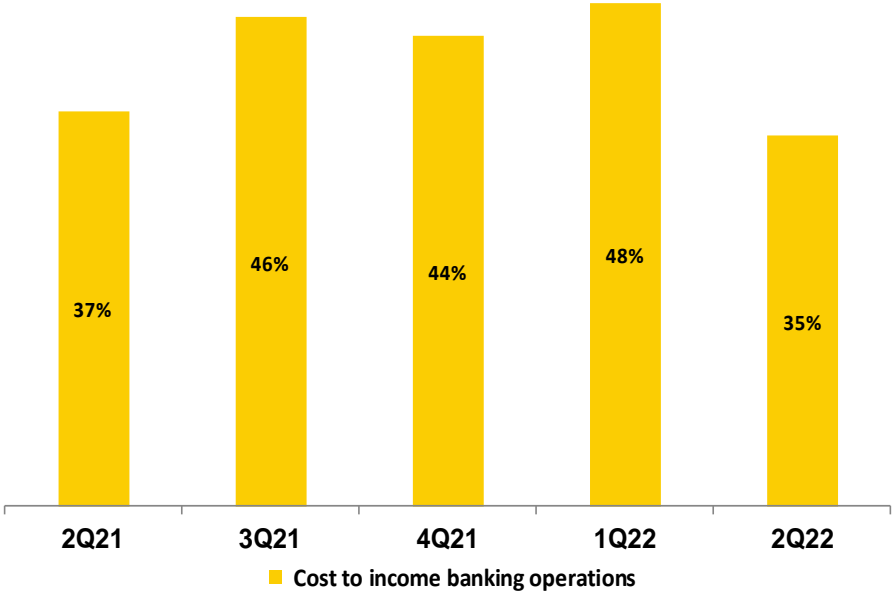
Leverage (Equity/Total assets), EOY



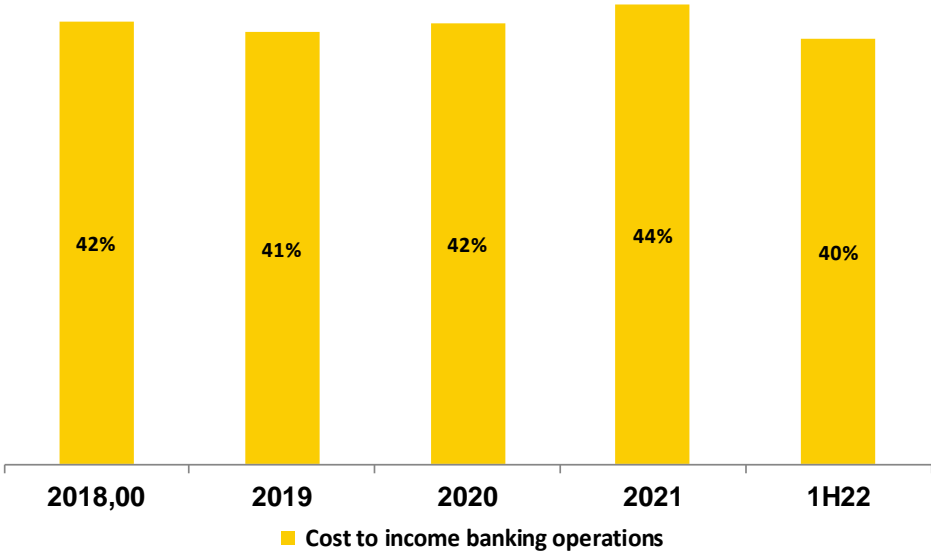
Cost to Income Banking Operations

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

Cost to income, quarterly



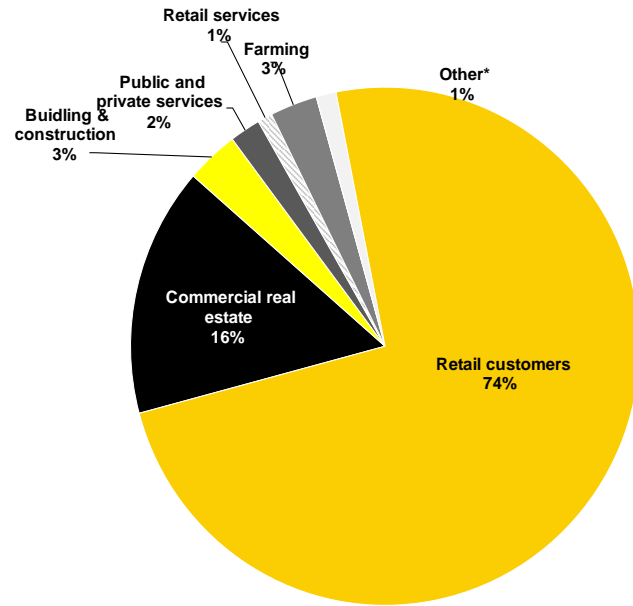
Cost to income, EOY



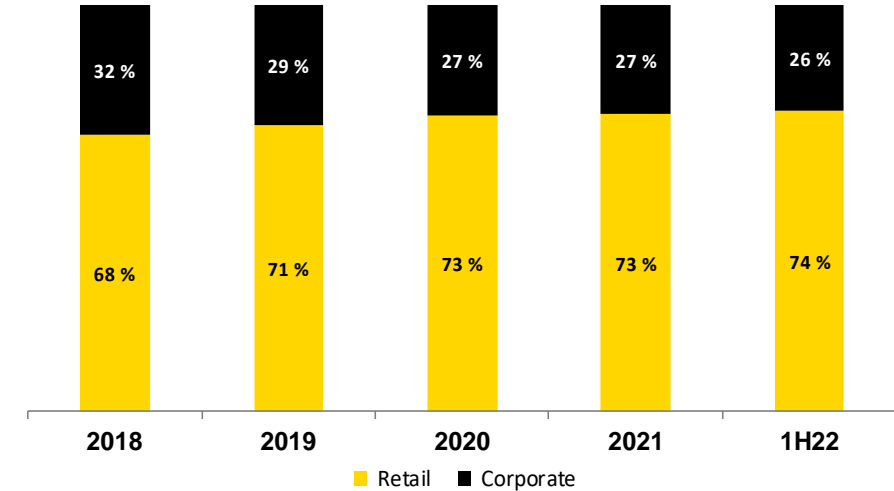
Loans to Customers by Division

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

Distribution by sector



Distribution by division

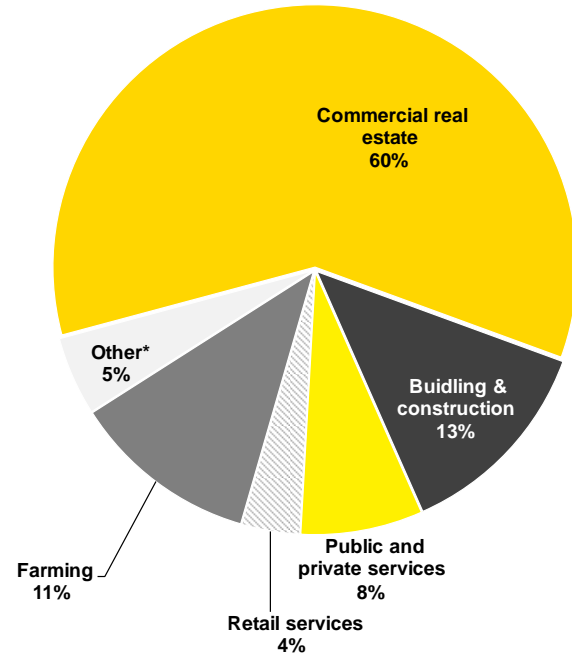


- Low exposure to cyclical industries
- Largest growth in agriculture.
- Agriculture will continue to be an important focus area in the future
- Insignificant direct exposure to oil-related activities
- Insignificant exposure to the tourism industry

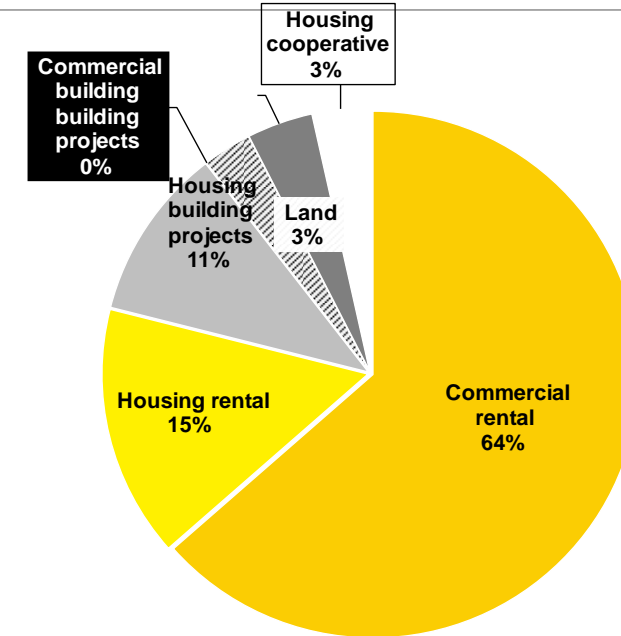
Loans to Corporate Customers by Sector-27% of total lending

Largest growth in agriculture and SME

Distribution by sector



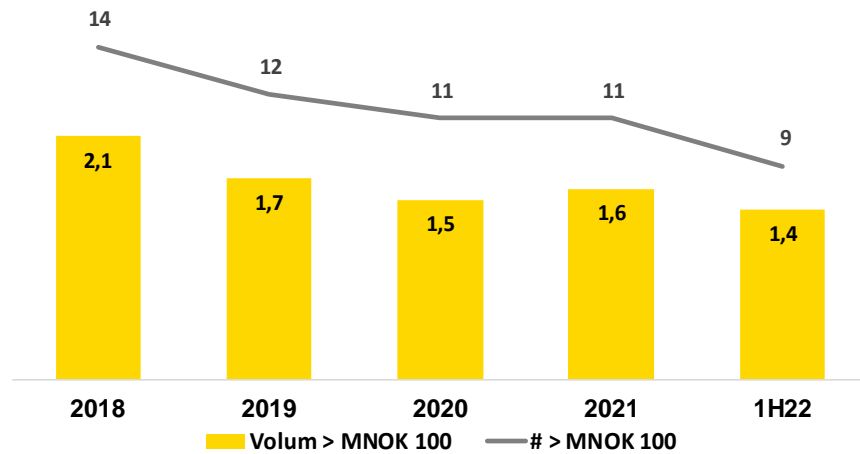
Corporate loans to real estate



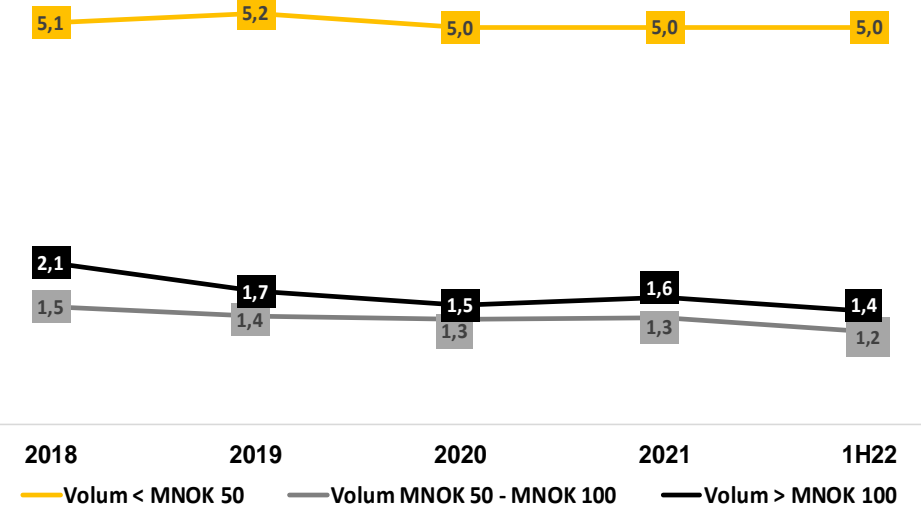
Lending to corporate customers by size

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

loans > MNOK 100, volume and # customers

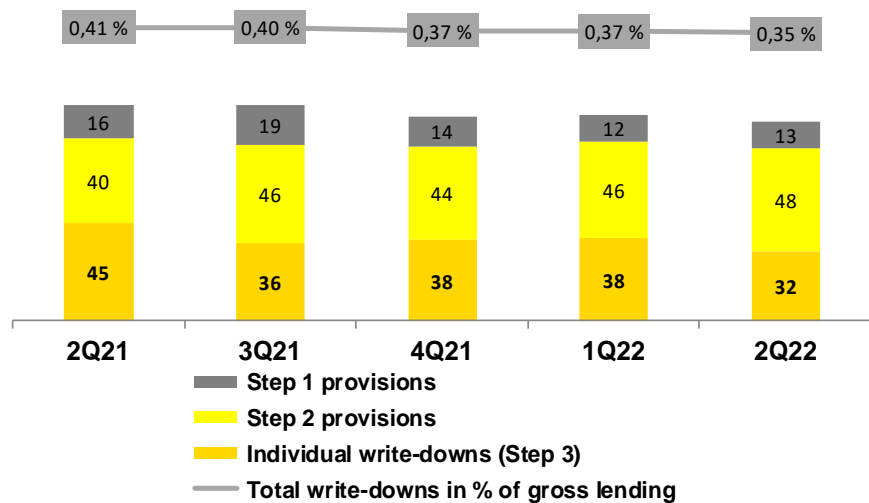


Distribution loan size, volume

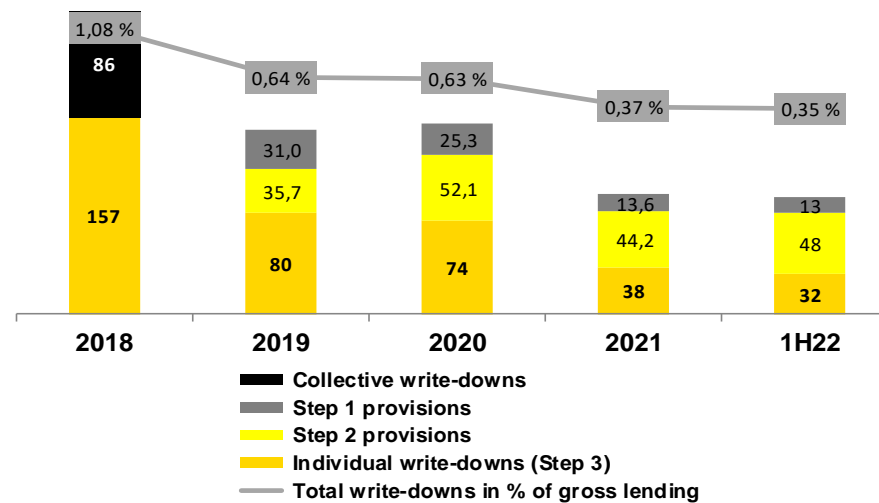


Write-downs on Loans

Write-downs, quarterly

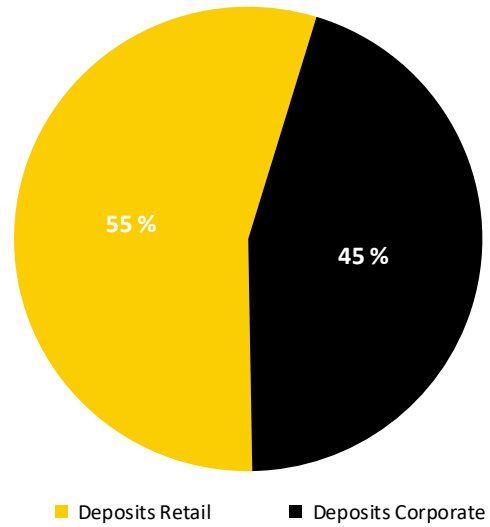


Write-downs, EOY

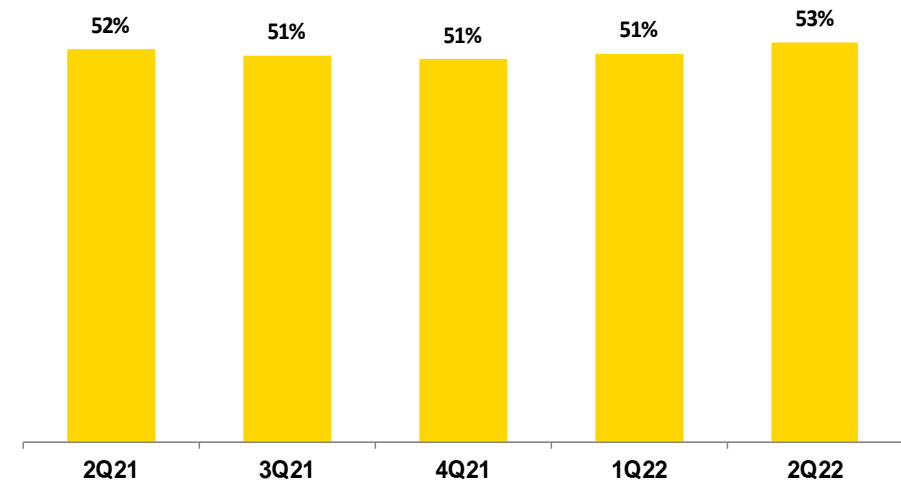


Deposits From Customers

By division



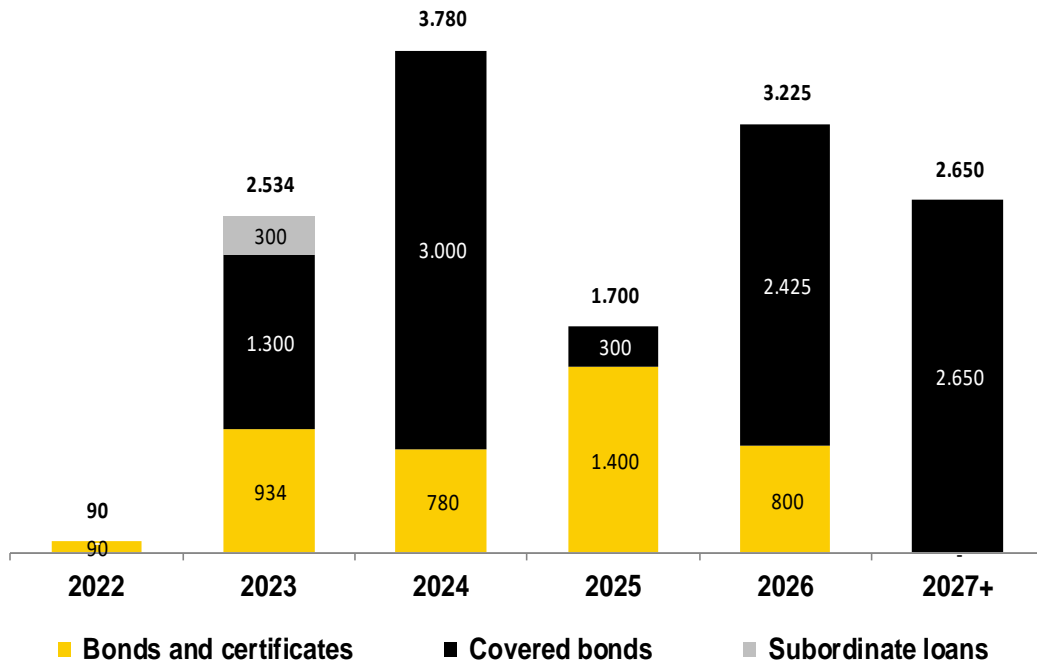
Deposit-to-loan ratio



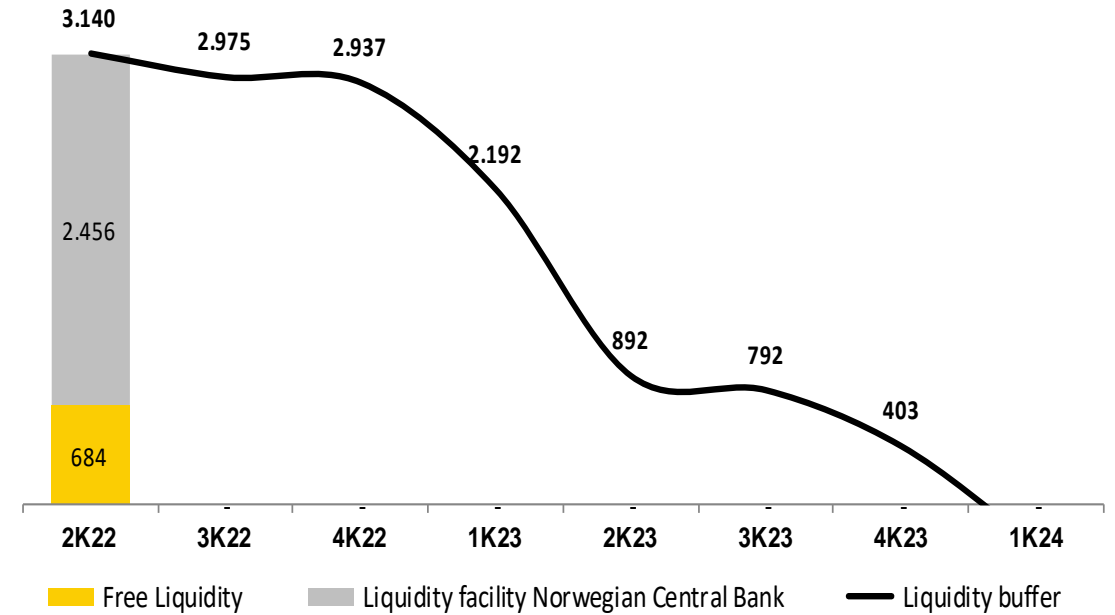
Liquidity

LCR at 252% | NSFR at 131 %

Funding (MNOK)



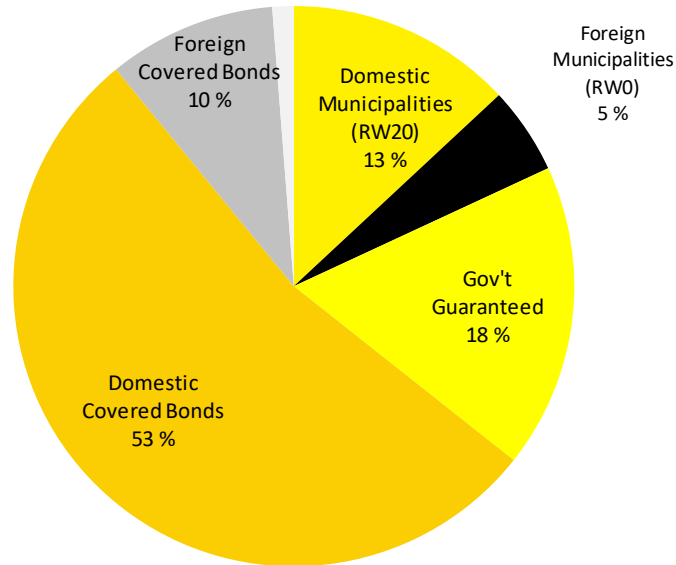
Liquidity reserve, (MNOK)



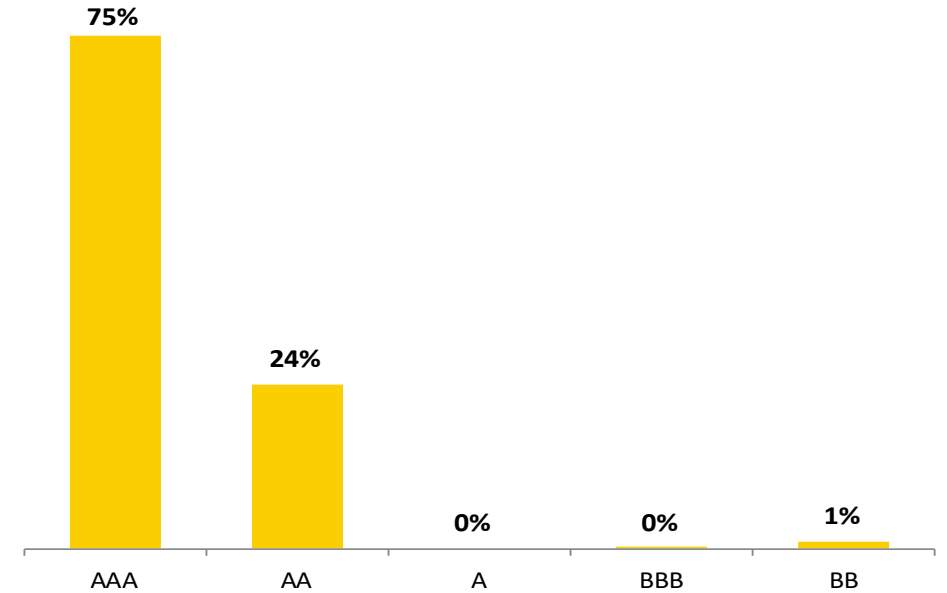
Liquidity

NOK 3,7 bn. ex. cash

Composition of portfolio



Rating distribution



- BB is an interest fund

Key Figures

	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	1H21	1H22
Growth assets	-6,2 %	0,1 %	-0,9 %	5,2 %	-2,6 %	-1,1 %	5,7 %	1,1 %	-2,1 %	2,9 %
Growth lending (net)	1,0 %	0,1 %	1,5 %	1,2 %	1,3 %	1,4 %	1,3 %	2,0 %	4,0 %	6,1 %
Growth deposits	-4,3 %	0,4 %	2,7 %	4,7 %	-0,3 %	0,4 %	2,7 %	5,0 %	3,3 %	8,0 %
Net interest margin	1,52 %	1,61 %	1,55 %	1,54 %	1,54 %	1,54 %	1,52 %	1,58 %	1,52 %	1,57 %
Other income % of total income	19,2 %	19,2 %	19,8 %	34,8 %	21,5 %	23,0 %	25,6 %	38,1 %	28,2 %	32,6 %
Cost-to-income ratio	46,4 %	49,4 %	51,3 %	55,2 %	49,7 %	49,2 %	50,2 %	43,1 %	53,5 %	46,2 %
Costs as % of av. total assets	0,9 %	1,0 %	1,0 %	1,3 %	1,0 %	1,0 %	1,0 %	1,1 %	1,1 %	1,1 %
Return on equity before tax	11,2 %	10,5 %	12,7 %	12,6 %	8,7 %	10,3 %	10,1 %	14,6 %	12,7 %	12,3 %
Return on equity after tax	8,5 %	8,0 %	9,9 %	10,7 %	7,8 %	9,6 %	9,0 %	13,5 %	10,3 %	11,2 %
Capital adequacy ratio	18,4 %	19,8 %	19,2 %	18,9 %	17,8 %	18,5 %	18,2 %	18,8 %	18,9 %	18,8 %
Tier 1 capital ratio	17,1 %	18,5 %	17,9 %	17,6 %	16,5 %	17,2 %	17,0 %	17,5 %	17,6 %	17,5 %
CET1	16,4 %	17,8 %	17,3 %	17,0 %	15,9 %	16,6 %	16,3 %	16,9 %	17,0 %	16,9 %
Risk-weighted assets	15.709	15.982	16.460	16.706	16.706	16.689	16.944	16.369	16.706	16.369
Number of man-years	132	132	134	132	133	138	140	147	132	147
Stock exchange price	66	74	83	95	100	99	103	92	95	92
Equity capital certificate % of equity	63,4	63,6	63,7	63,7	63,8	63,4	63,5	63,5	63,7	63,5
Earnings per equity capital certificate	1,8	1,7	2,1	2,4	1,8	2,2	2,0	3,1	4,6	5,1
Book value per equity capital certificate	85,1	86,8	88,9	91,3	93,1	90,2	91,6	94,7	91,3	94,7
Individual write-downs in % of gross lending	0,31 %	0,31 %	0,25 %	0,18 %	0,14 %	0,15 %	0,15 %	0,12 %	0,18 %	0,12 %
Coll. write-downs in % lending after ind. wr.-d.	0,33 %	0,32 %	0,28 %	0,22 %	0,26 %	0,23 %	0,22 %	0,23 %	0,22 %	0,23 %
Deposits to loans ratio	49,6 %	49,7 %	50,2 %	51,9 %	51,1 %	50,6 %	51,3 %	52,8 %	51,9 %	52,8 %
Deposits to loans ratio parent bank	79,8 %	79,1 %	81,1 %	86,0 %	84,5 %	82,5 %	83,3 %	90,0 %	86,0 %	90,0 %

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

((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

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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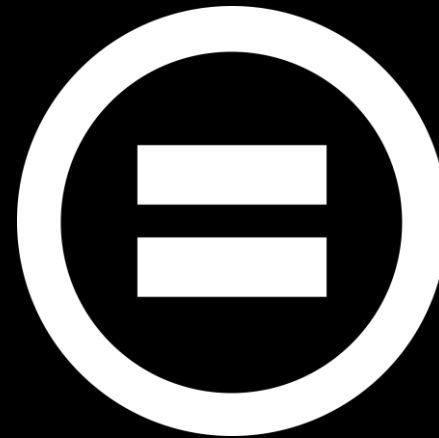
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