

Capital Markets Day

November 2021



Content:

Status & Strategy

Key Figures

Credit Quality and Solidity

Local macro

Liquidity





Photo: Kenneth McDow

Sandnes Sparebank skifter navn

Not translated



– Det er en profilendring og vi vil bruke Den Gule Banken aktivt. Dette er første gang vi endrer på profilen på 21 år, sier hun.

– Samtidig er det viktig å påpeke at det juridiske navnet fortsatt er Sandnes Sparebank. Vårt hovedsete er Sandnes, det vil det alltid være, men vi ønsker å tydeliggjøre at vi er en bank for hele regionen, avslutter Stangeland.

1 / 2

GODE TALL: Adm. direktør Trine Stangeland i Sandnes Sparebank kan glede seg over gode resultater. Foto: Trond Eirik Olsen



Dette tenker Sandnes- profilene om navneendringen til Sandnes Sparebank

Stanley Wirak (Ap)

(Ordfører i Sandnes)

– Nå er jo ikke min jobb å ha så mye meninger om slike ting. Jeg ser at de fortsatt har Sandnes med i logoen, i hvert fall den som ble vist i går. Det er kjekt at Sandnes har en egen bank, så får de velge selv hva de vil hete. De har sikkert hatt noen dyktige markedsføringsfolk som synes dette er en god idé. De har til nå gjort stor suksess og de vet nok hva de gjør, sier en mer dempet Wirak til Sandnesposten.



Karl Jørgen Otteren

(Tidligere styreformann i Sandnes Sparebank, 1982-1988)

– Jeg forstår hvorfor de gjør det. Det er jo en type annonse utad, men Sandnes Sparebank vil jo fortsatt stå registrert. Skal de ut å skaffe kunder i Stavanger kan dette være lurt. Det er nok noen fra den eldre garde som nok mener at Sandnesnavnet fortsatt burde stå.

– Jeg har veldig tro på det de driver med i banken. Både Trine Stangeland (administrerende direktør) og Harald Espedal (styreleder) virker som veldig dyktige folk. Bankene har hatt en formidabel utvikling og hatt en sterk økning på aksjesiden.

Sandnes Sparebank blir nå den Gule Banken. Foto: Mikkjell Lønning

Not translated

Dette svarer Sandnes-patriotene

Pål Morten Borgli (Frp)

(Varaordfører i Sandnes)

– Nå er ikke jobben til oss politikere å skulle kommentere eller mene så mye om navnevalg til private bedrifter. Det blander ikke vi oss inn i. Jeg har likevel et inntrykk av at Sandnes sparebank er et godt varemerke utover regionen i Sandnes. Det kan jo tenkes at banken ser for seg nye markeder og at navnet i den sammenhengen spiller en rolle, sier Pål Morten Borgli.

Martin Gjesdal

(Sandnes-patriot og tidligere leder i Gaukereiret):

– Jeg synes det er kult! De tar steget ut i verden. Sandnes Sparebank er mer enn bare en sparebank, jeg synes det er bra at de tør å løfte det ut. Det banken gjør er å fremheve en allerede sterk merkevare. De ble jo tidligere kalt en tegneseriebank av andre banker. Dette er ikke en tradisjonell bank, men vil fortsatt være en Sandnes-bank, forteller Gjesdal som for ordens skyld tidligere jobbet i markedsavdelingen i Sandnes Sparebank.

Gunnar Vigedal

(Sandnes Ulf-legende og investor i Sandnes)

– Som en eldre Sandnes-patriot synes jeg dette er på grensen til useriøst. Jeg synes den gule bank er en dårlig idé, det hvisker ut Sandnesnavnet. Jeg håper de har fått god hjelp av folk som jobber med dette. Det er ikke for sent å ombestemme seg, sier en mer skeptisk Vigedal.



PODKASTEPISEDE

Bransjenytt - Navnebonanza og spareboom

Under lupen - ufiltrert og nedpå om bank & finans

Not translated

Episodebeskrivelse

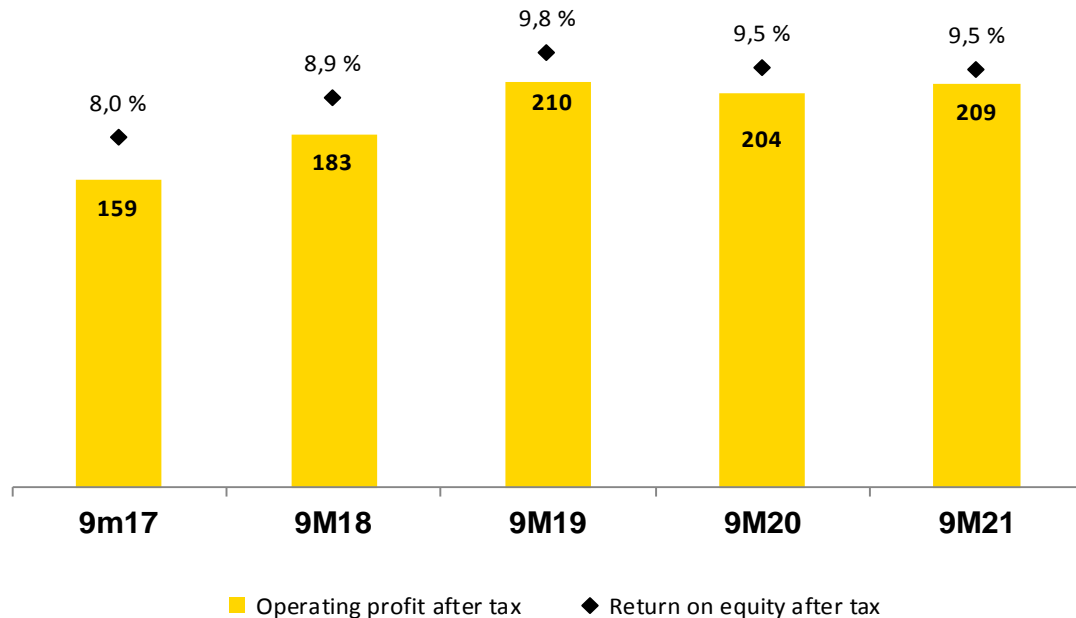
Sandnes Sparebank blir den gule banken, mens Lillestrømbanken skifter navn til Romerike Sparebank. Vi diskuterer om dette er starten på en navnebonanza blant norske banker, og hva årsakene til endringene er. I tillegg setter nordmenn stadig nye rekorder for fondssparing. Vil de gode sparevanene fortsette nå som samfunnet åpner opp... **se mer**

- Sandnes Sparebank har tatt et spennende valg som faktisk skiller de ut i en mengde av banknavn som er ganske generisk og kjedelige. - Kanskje dette er genialt?

- Kommer vi til å se flere som går i "Den gule bankens fotspor"? - Tror flere kommer til lå vurdere det for å vise et større geografisk nedslagsfelt. Kan være et strategisk viktig valg.

Sandnes Sparebank continues the good trend

ROE

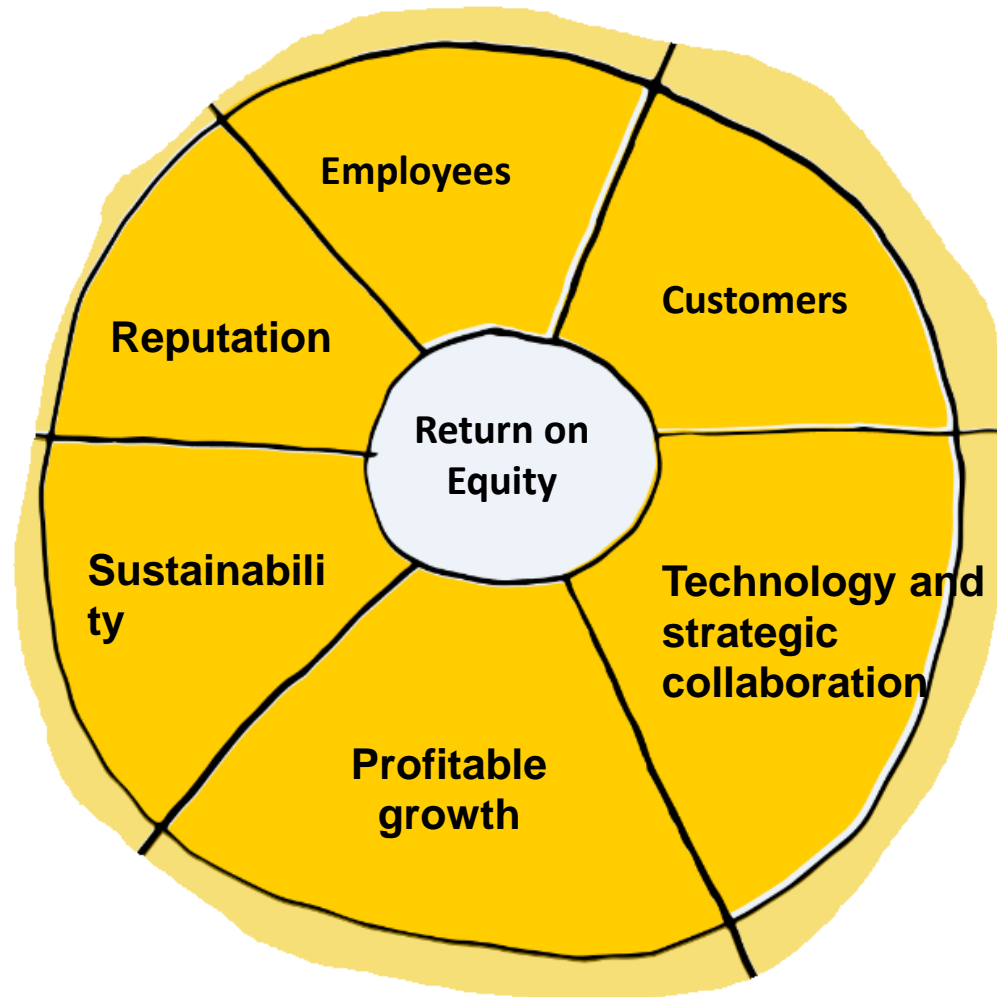


YTD Summary:

- Profit after tax MNOK 209 (204)
- Return on equity after tax 9.5% (9.5%)
- EPS NOK 6.4 (6.2)
- Lending growth 4.1 % (4.8 %)
- Net interest margin 1.55 % (1.63 %)
- Dividend from Eika Gruppen MNOK 30.5 (41.3)
- Net reversal of losses of MNOK -29 (25). Good credit quality
- Good cost control – Conversion costs of MNOK 27
- Solid bank with 17.1% CET1 (incl. YTD results, after dividend payout)

Strategic Map 2021 - 2024

Best in class on good and personal customer experiences

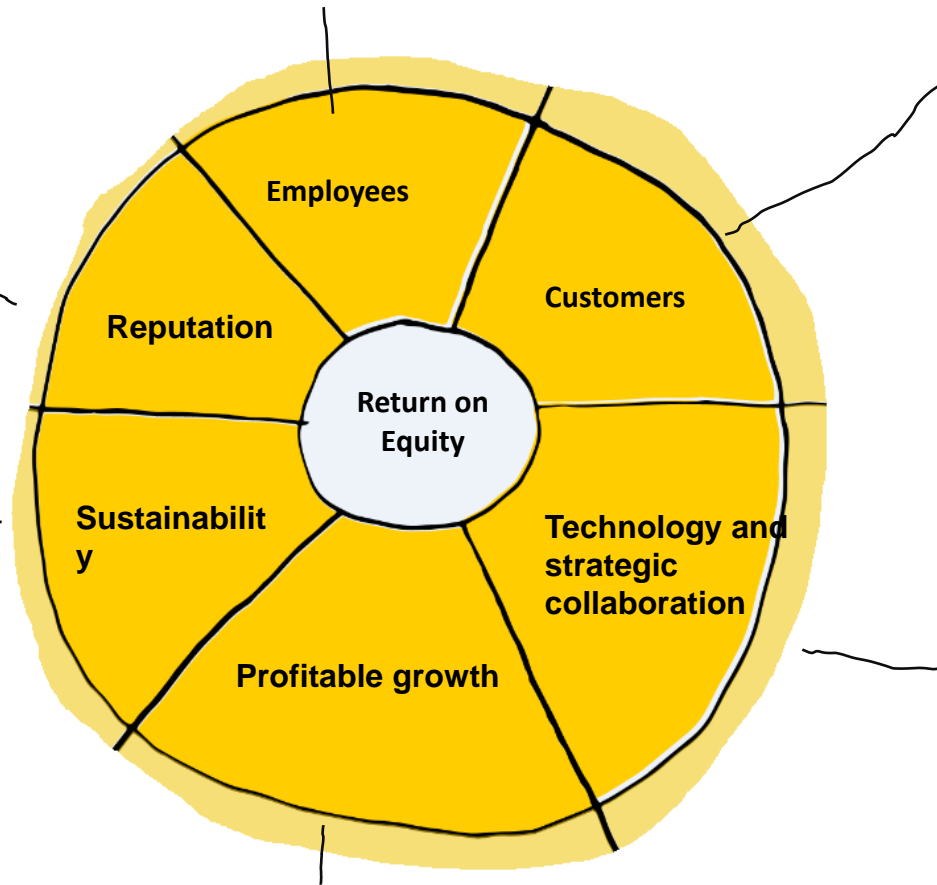


Regulatory Framework

We must have, take care of and be relevant to the most committed, competent and performance-oriented team players

We will be aware and work to further develop and strengthen the bank's reputation towards the bank's stakeholders.

We will differentiate ourselves from our competitors by offering the best customer experiences for the right customers

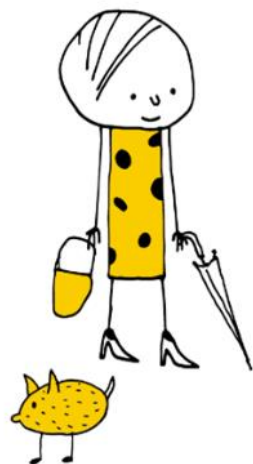


We are committed to contributing to a better and more sustainable future for our employees, our customers and our environment.

We will ensure value creation in existing and new partnerships, and ensure technology development that makes us attractive to customers, and that provides efficient internal operations

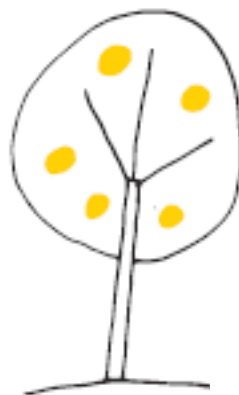
We will grow more than the market and we will balance growth against price and risk.
We are committed to creating profitability in what we do

Sustainability in Sandnes Sparebank



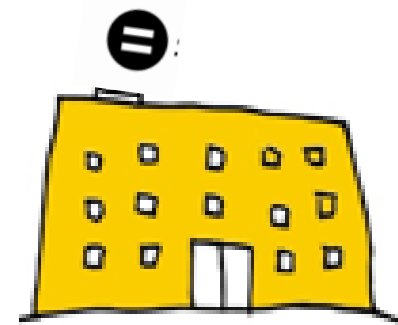
Retail

- Green transition loans
 - Growth in green lending
 - Competence development
-
- Adjustment loans from 1.12
 - Green mortgage 48 MNOK
 - Sustainability integrated in training



Corporate

- System support
 - Energy labelling of CRE
 - Competence development
-
- ESG assessment
 - Green loan
 - Events with customers
 - Sustainability integrated in courses & webinars



The Bank

- Ambitious reduction targets
 - Follow-up of suppliers
-
- Climate-neutral bank
 - Ongoing work with suppliers,
 - Public transport subsidies and electric bike leasing to employees



**Det Gule
Gavefondet**
Sandnes Sparebank

CSR

- Dedicated 10% for green purposes
 - The Sustainability Games
-
- Will probably not reach 10% for 2021, but will still be an annual target
 - The Sustainability Games

2021 - mål

2021 - status

Team Yellow



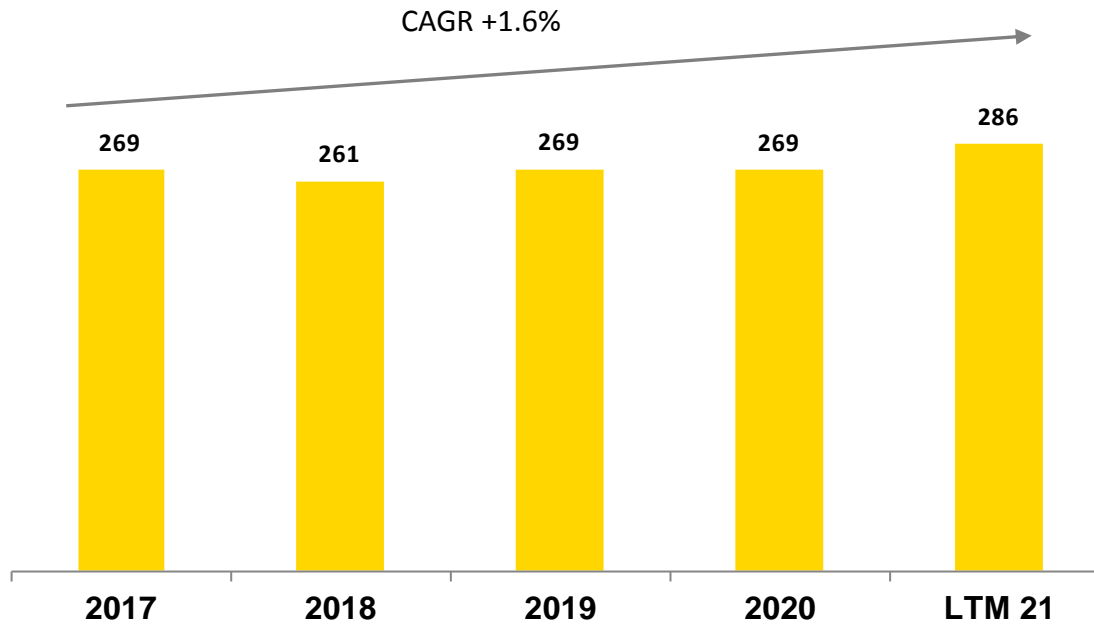
Employee Satisfaction, October 2021

88



Total costs increased by 1.6% per year in the period against an annual inflation growth of 2.1%

Total costs per year, group level

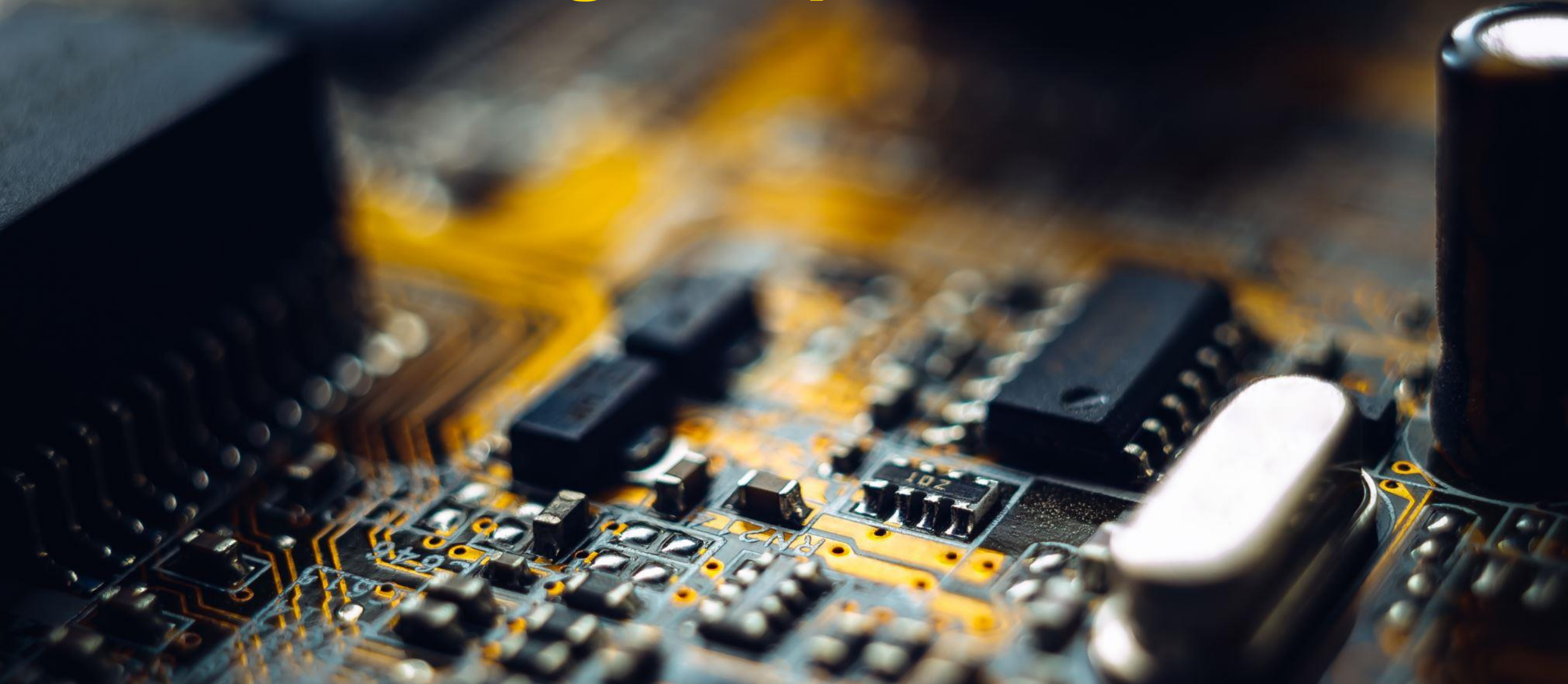


Efficiency measures

- Growth while costs are reduced
- Proper competence
- Digitization and process simplification
- Culture - continuous focus on working 10% smarter

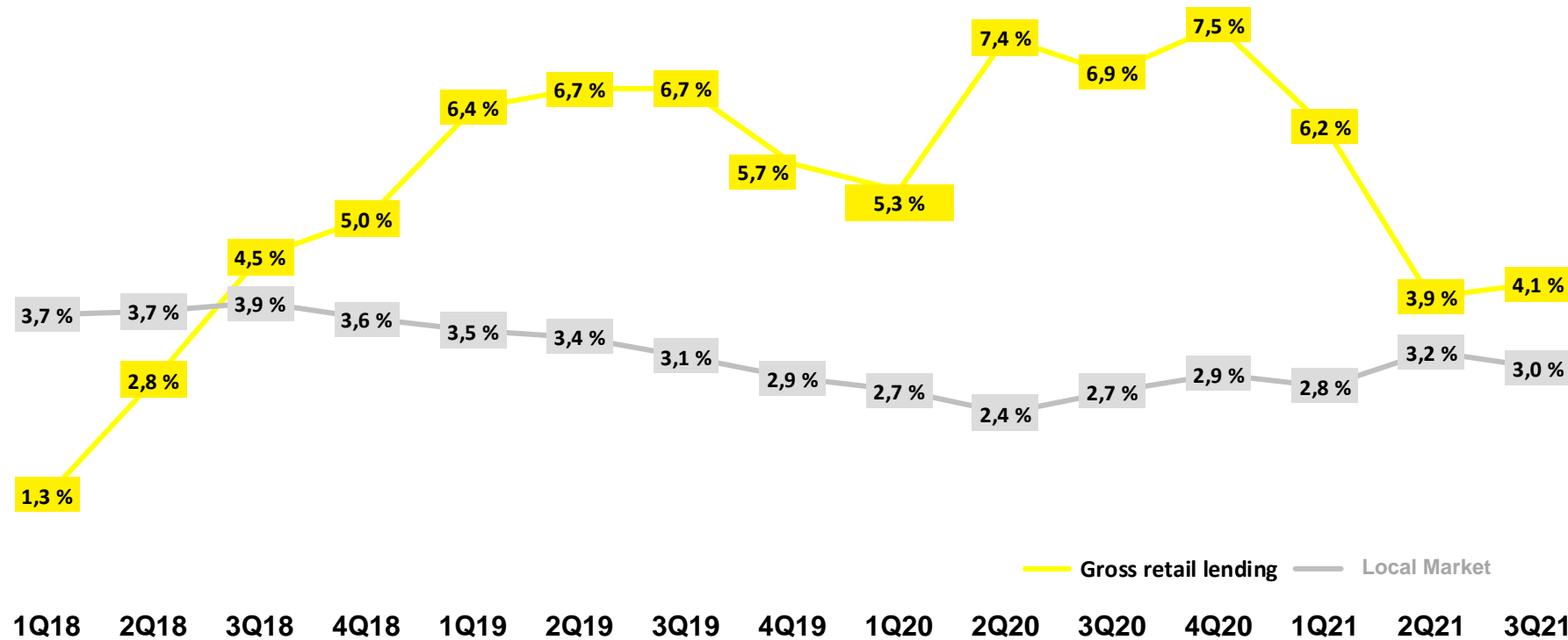
- LTM - last 12 months (1.10.20-30.09.21)
- Costs LTM 21 excludes conversion costs of NOK 27.2 million

Converting in April 2023



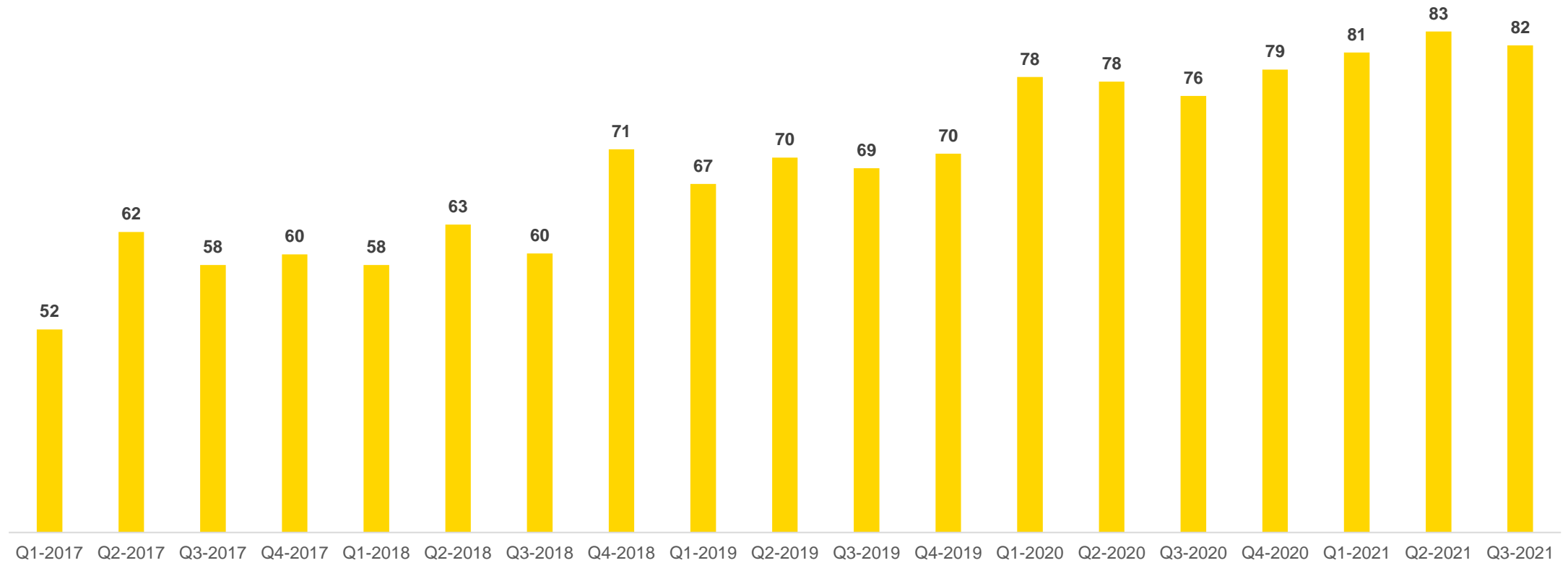


Last 12 months, lending growth PM above market growth



- The following municipalities in Rogaland constitute the bank's market area: Stavanger, Sandnes, Sola, Time, Klepp, Hå, Randaberg, Gjesdal, Bjerkeim
- Source market figures: Early Warning

Development in Customer Experience Index - Retail



On the offence in Stavanger

- Strong momentum
- Great market potential
- Known market for the bank
- 11 new and certified advisors



New Name and Activities

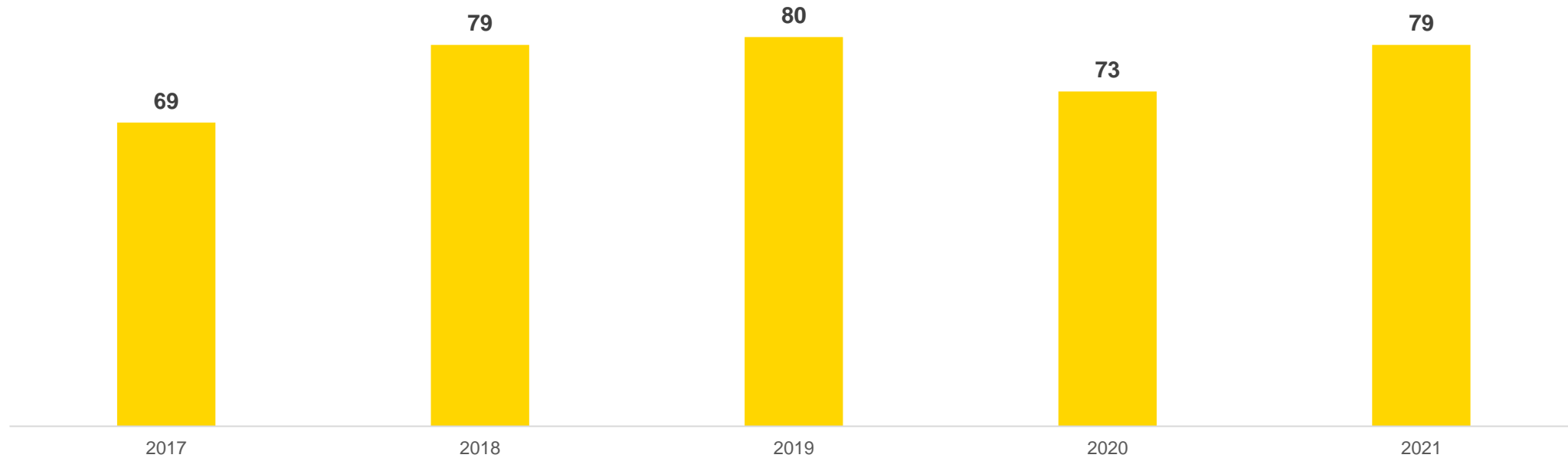


SME-Concept

- Quick response
- Close dialogue
- Own advisor
- Local expertise
- Great customer service
- Short decision paths



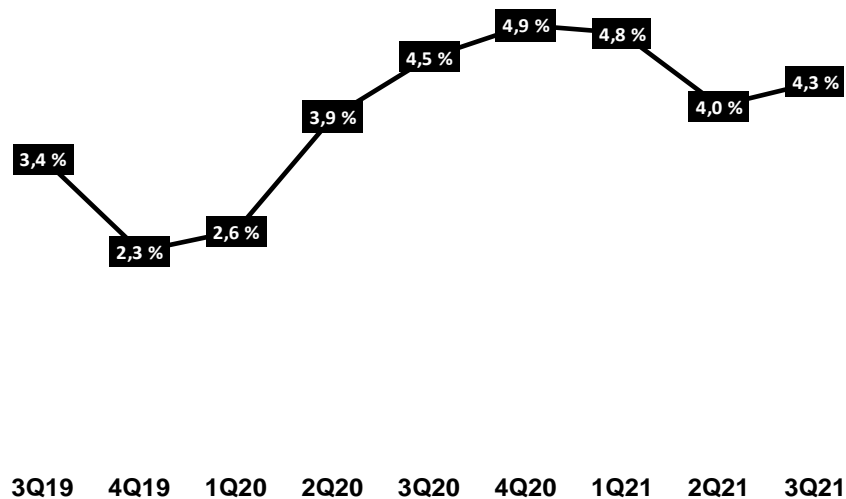
Development in Customer Experience Index - Corporate Customers



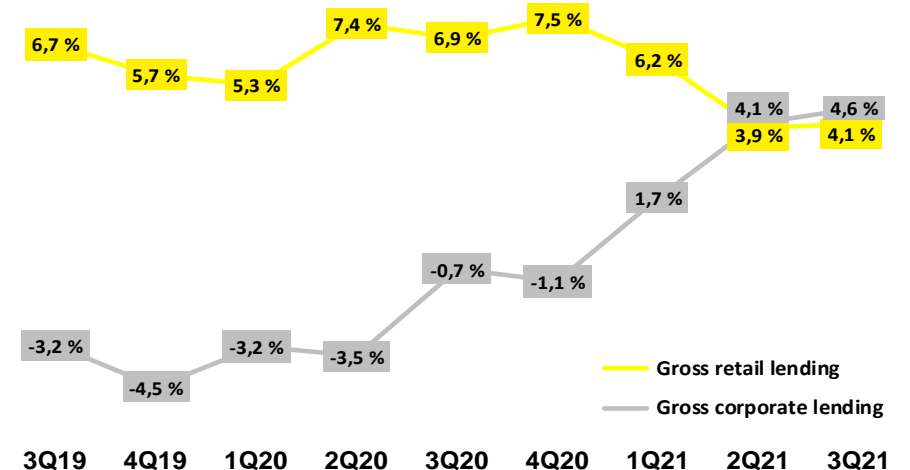
4.3% Loan Growth YOY

Good lending growth in both the corporate market and the private market

Lending Growth (12mth)



Lending Growth by Division (12mth)



- Total lending has increased by NOK 1 billion (4.3%) in the last 12 months.
- Last quarter, lending to customers increased by MNOK 322 (1.3%)

- Lending to private individuals is up MNOK 694 (4.1%) in the last 12 months against market growth 3.2% *.
- In the last quarter, lending increased by NOK 221 million (1.3%).
- Gross lending volume for the corporate market is up MNOK 332 (4.6%) last 12 months, and up MNOK 101 (1.4%) last quarter

*Source: Early Warning



Not translated

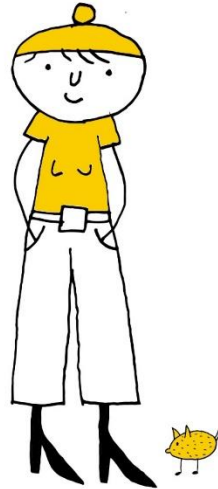


Customer Dividend for The Fourth Year - a Differentiator

Not translated

**Kunde uten bolig, men med
kr 1 million i innskudd.**

2020	2 600
2019	2 250
2018	2 500
2017	1 000
Totalt	kr 8 350



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

2020	10 530
2019	9 113
2018	10 125
2017	4 050
Totalt	kr 33 818

*medlåntaker på lånet.

Anna sin bit.



Kundeutbytte

for fjerde år på rad

Snart deler vi overskuddet med kundene våre.



Steinar sin bit.



Kundeutbytte

for fjerde år på rad

Snart deler vi overskuddet med kundene våre.



Solveig og Hans sin bit.



Kundeutbytte

for fjerde år på rad

Snart deler vi overskuddet med kundene våre.



Leya sin bit.



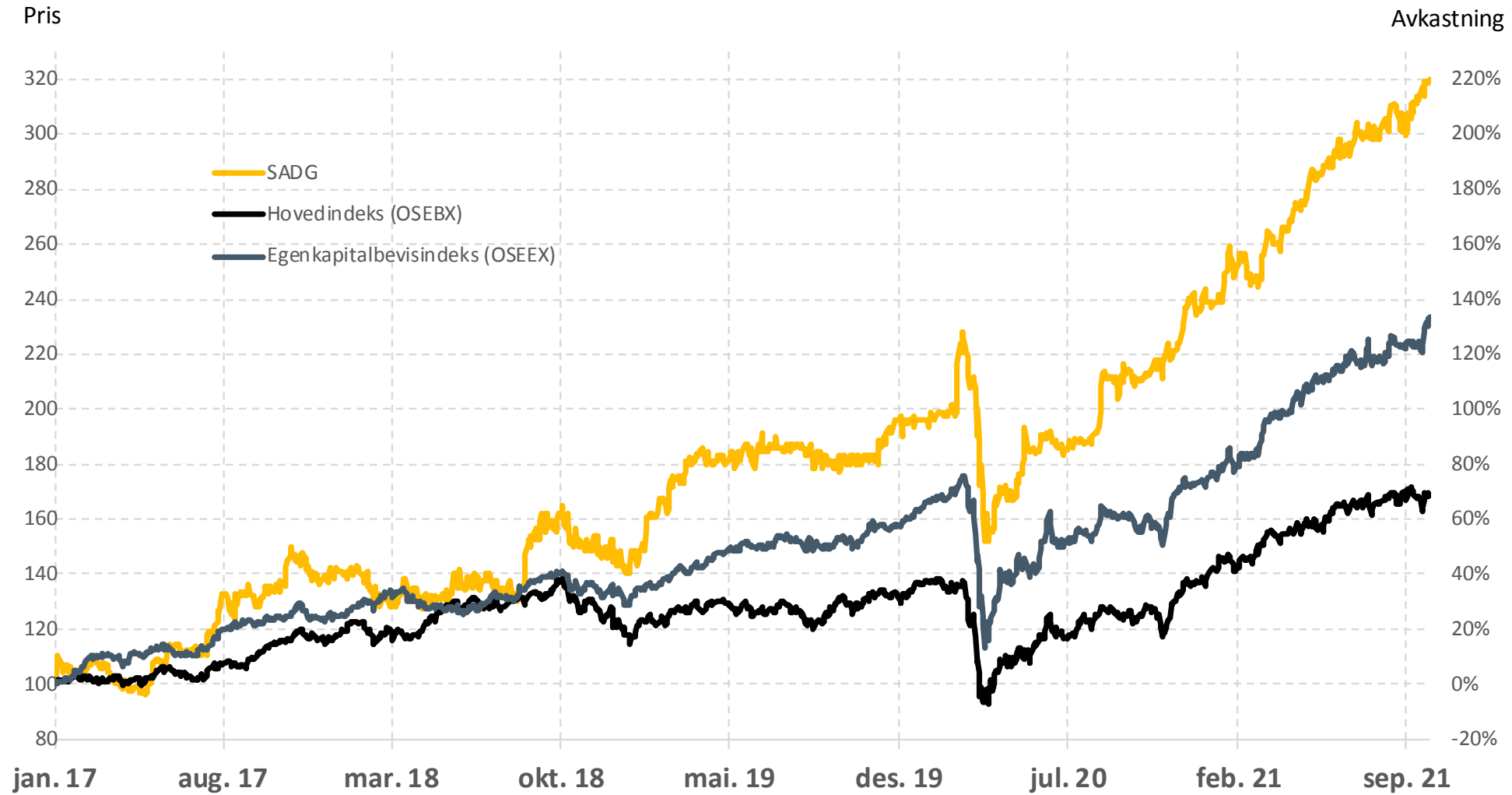
Kundeutbytte

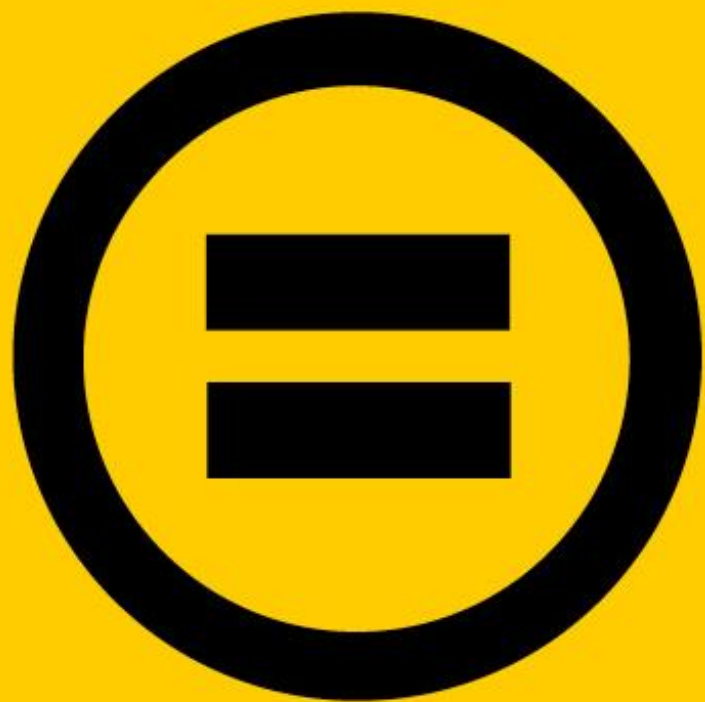
for fjerde år på rad

Snart deler vi overskuddet med kundene våre.



Developments in The ECC





**Den
Gule
Banken**
Sandnes Sparebank

Content:

Status & Strategy

Key Figures

Credit Quality and Solidity

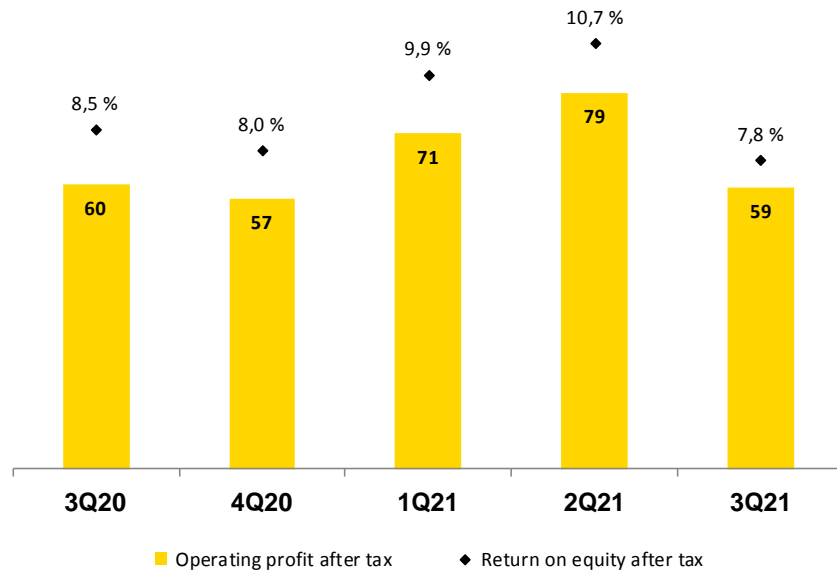
Local macro

Liquidity

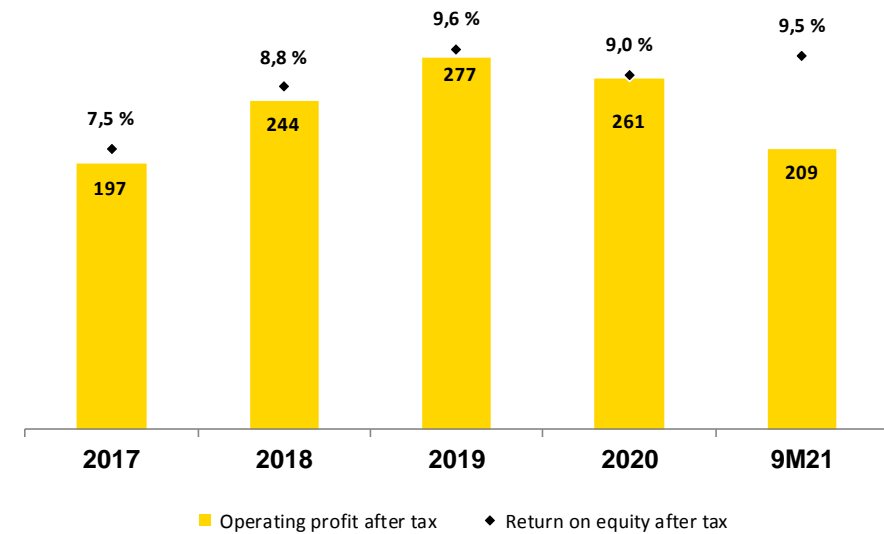


Profitability

ROE, Quarterly



ROE, YOY/YTD

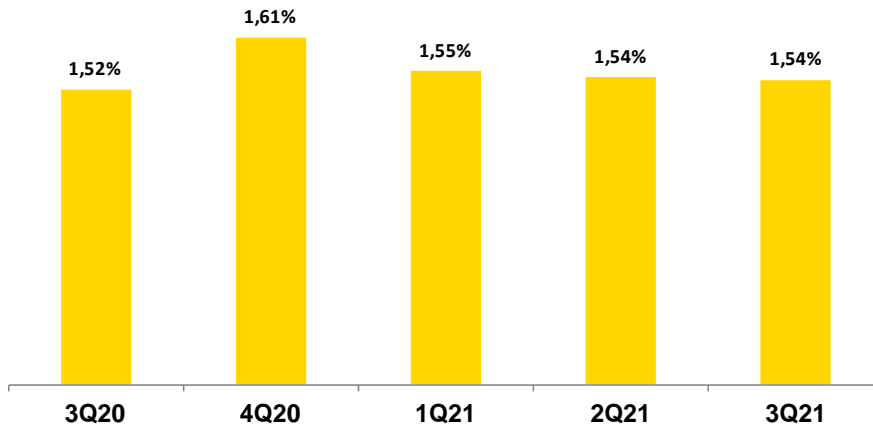


- The tax deduction for paid customer dividends for 2020 amounts to a total of NOK 15.3 million
- 7.6 MNOK is booked in the 3rd quarter and the remainder is deducted in the 4th quarter

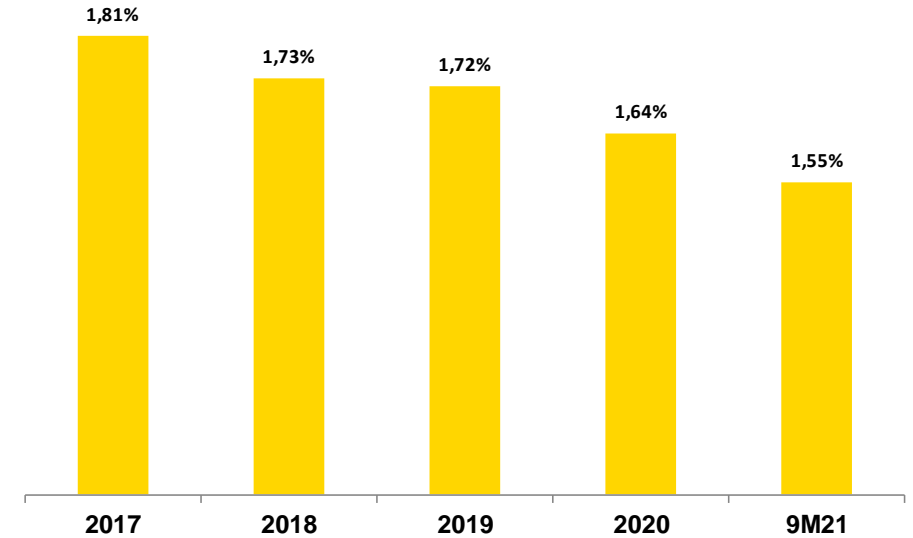
Net Interest Margin

Solid interest margin despite low key interest rates

Net Interest Margin, quarterly



Net Interest Margin, EOY/YTD

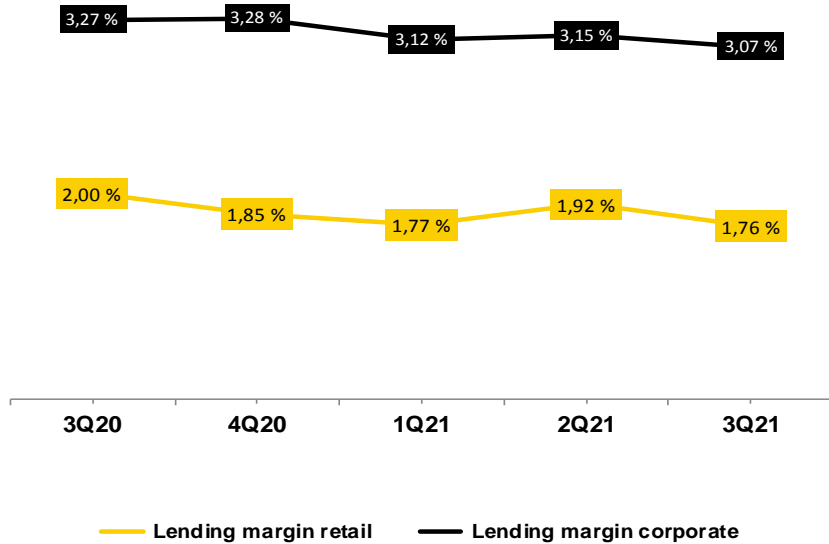


- Interest rate changes will take effect from mid-November for private customers

Margins on Loans and Deposits

Strong competition and low policy rate influences margins

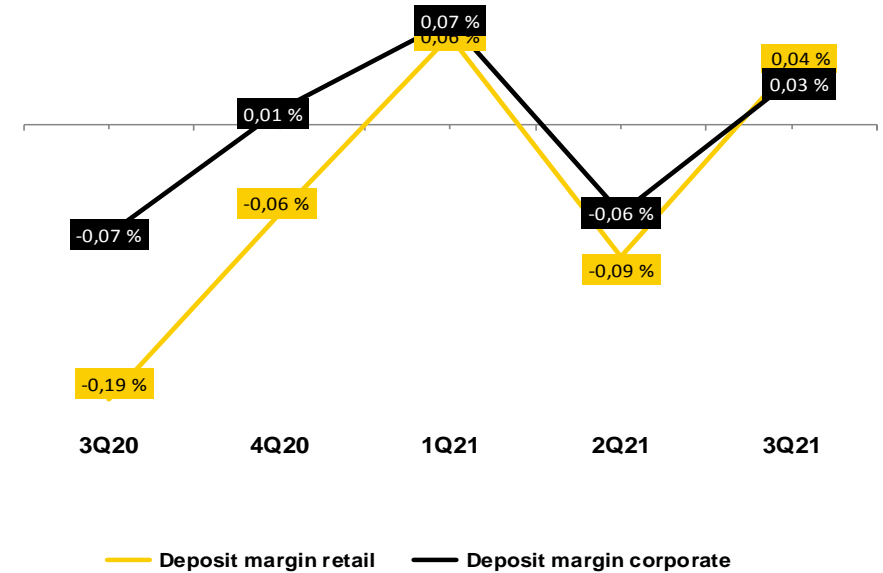
Lending Margins



- Stable customer interest rates, higher Nibor interest rates result in a weaker lending margin in PM
- Average Nibor was 12 bp higher in the last quarter compared to the previous quarter
- The corporate market is less sensitive to Nibor fluctuations

The margin is calculated as the difference between the average customer interest rate and the average Nibor3m.

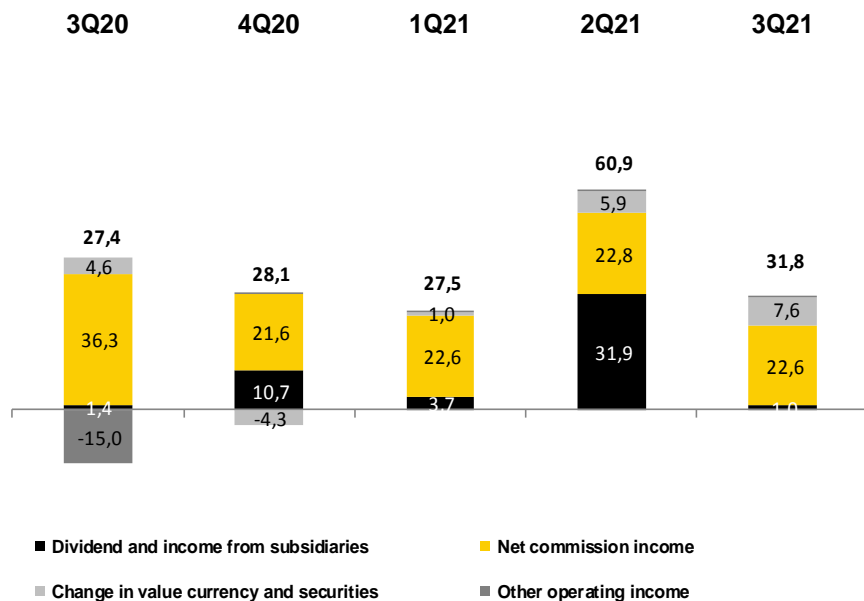
Deposit Margins



- Higher Nibor strengthens the deposit margin

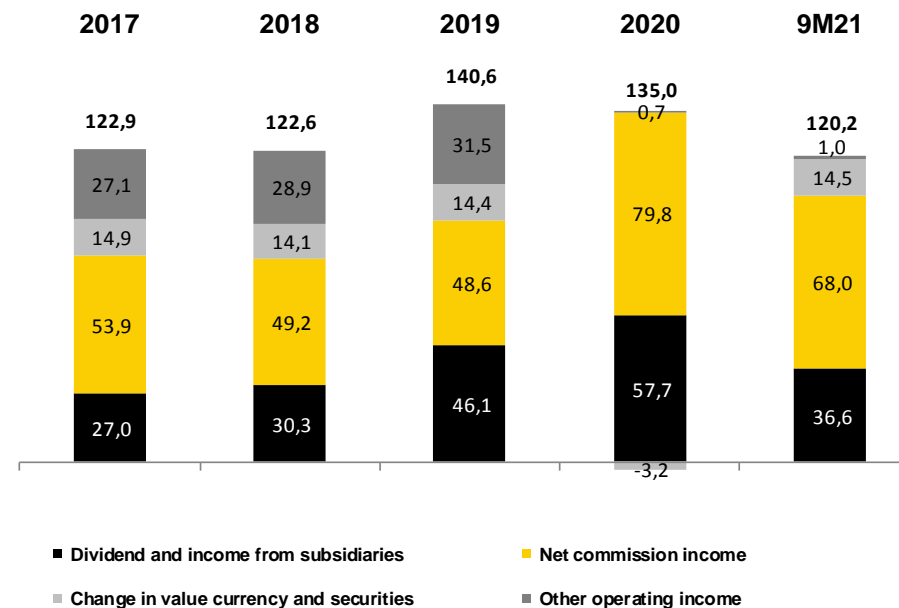
Other Income

Other Income, quarterly



- Increase in net commission income, primarily driven by better results from Aktiv Eiendomsmegling

Other Income, EOY/YTD

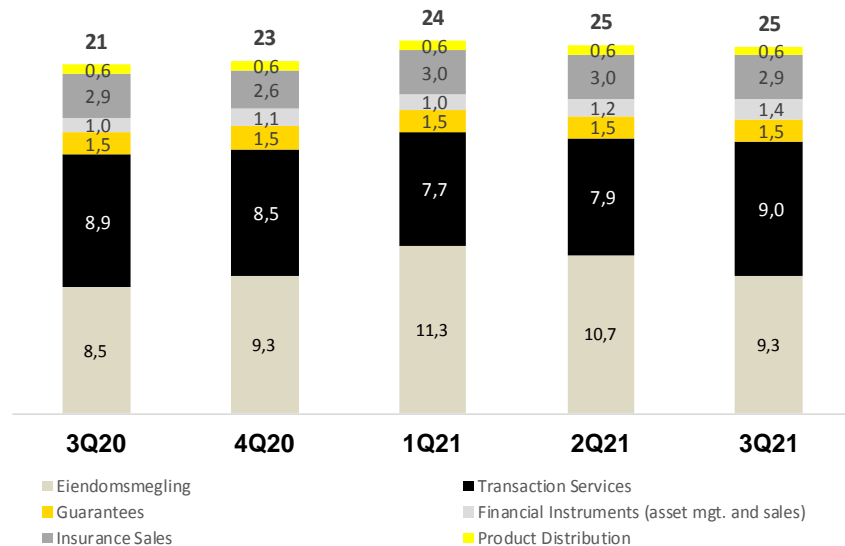


- Dividend from the Eika Group amounts to MNOK 30.5 (41.3)
- Eika Gruppen has approved part two of the dividend for 2020. The dividend amounts to MNOK 10 and will be booked in the fourth quarter

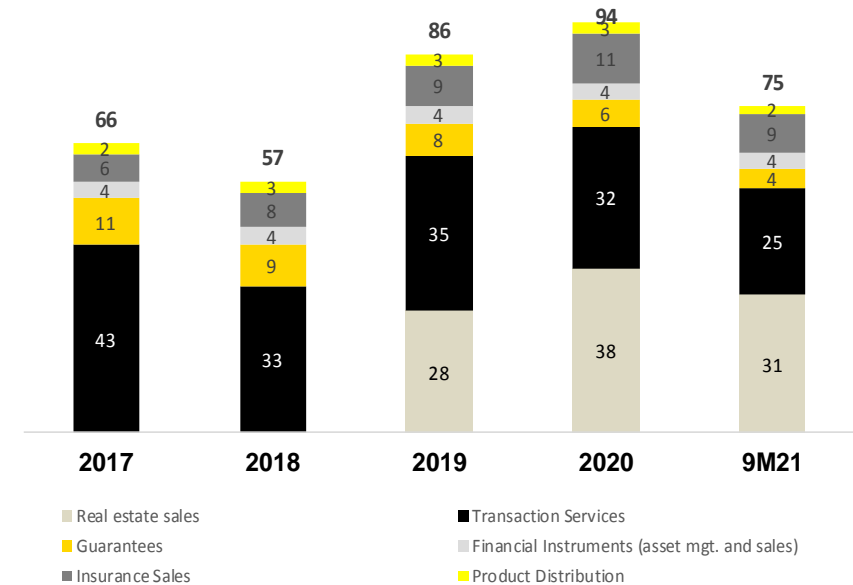
Gross Commission Income

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

Gross commission, quarterly



Gross commissions, EOY/YTD.



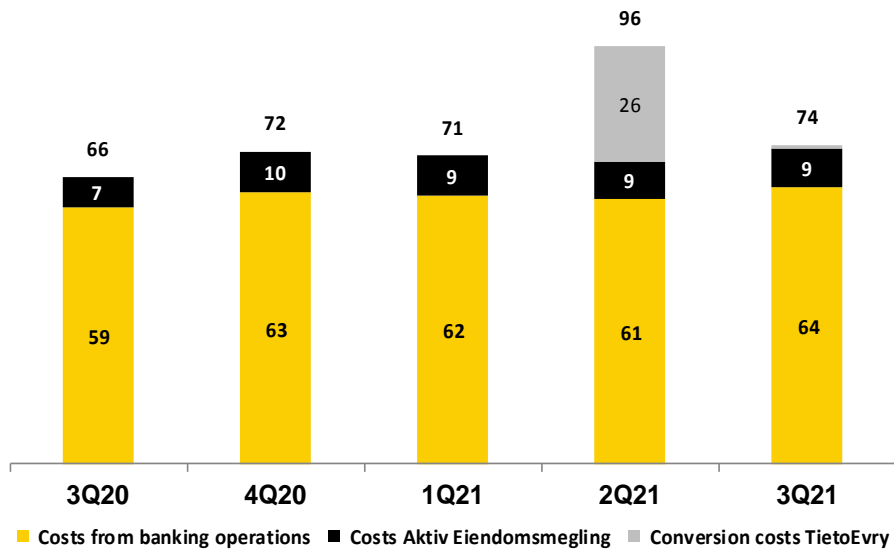
- Good growth in Aktiv Eiendom
- Decline in payment processing revenues due to less travel activity
- Increasing income from insurance sales and savings

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

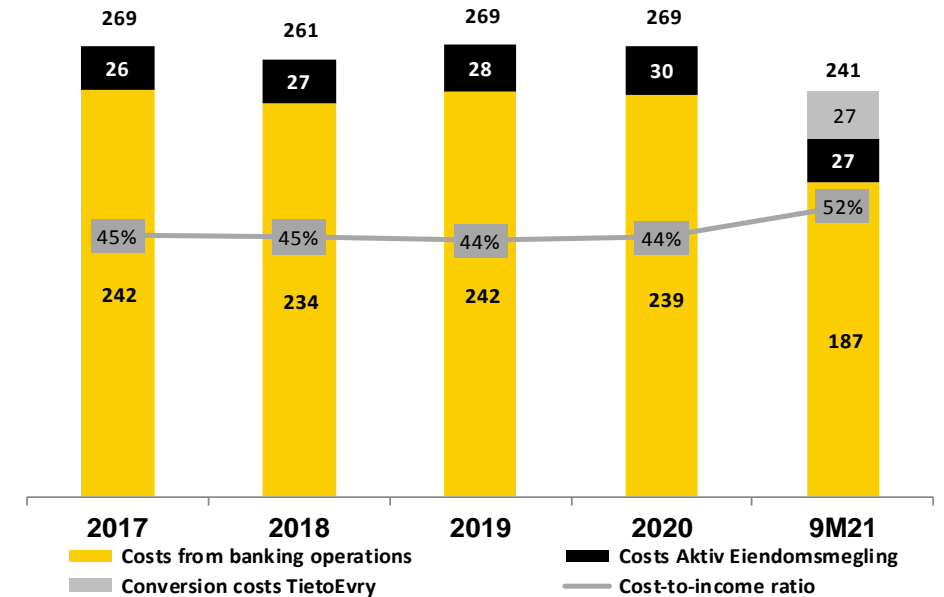
Operating Costs

Strong cost control | Increased activity in Aktiv Eiendom (real estate agent)

Other Operating Costs, quarterly



Other Operating Costs, EOY / YTD

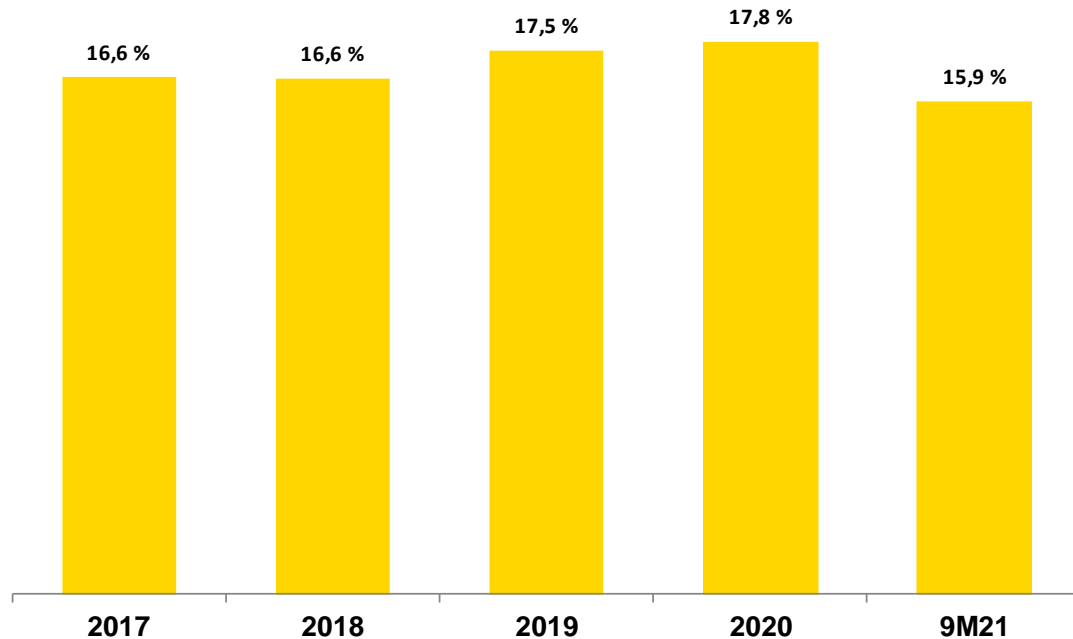


- Improving the operations of Aktiv Eiendom entails higher costs, for ordinary banking operations the costs are stable
- Replacement of core system from SDC to TietoEvry entails investments of between 50-60 MNOK which will be expensed in 2021 and 2022

Well Capitalized and Equipped for Further Growth

Common equity tier 1 capital ratio of 17.1% including profit YTD

Common Equity Tier 1 Ratio (CET1)

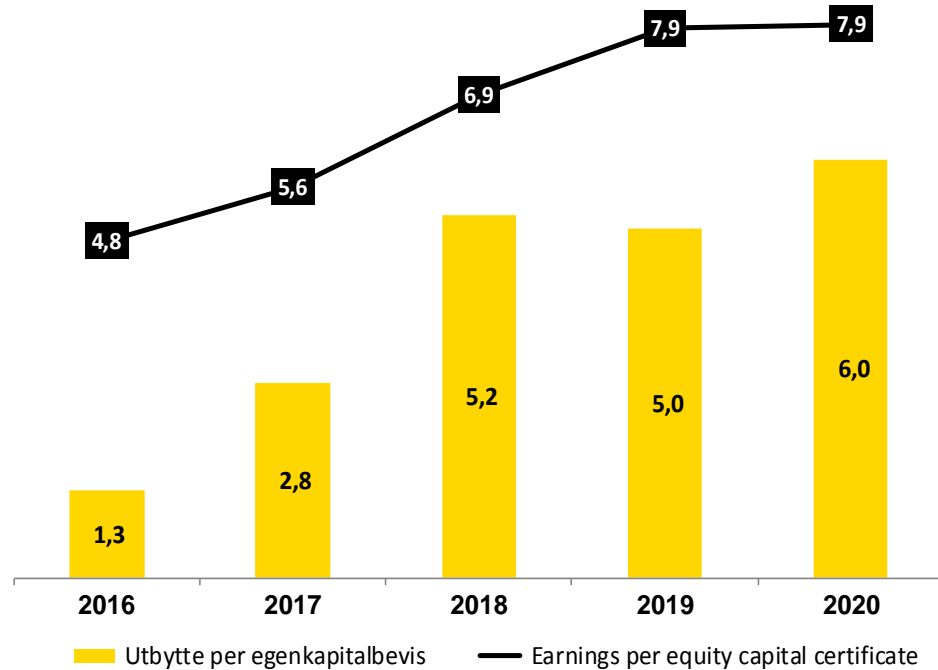


A well-capitalized bank

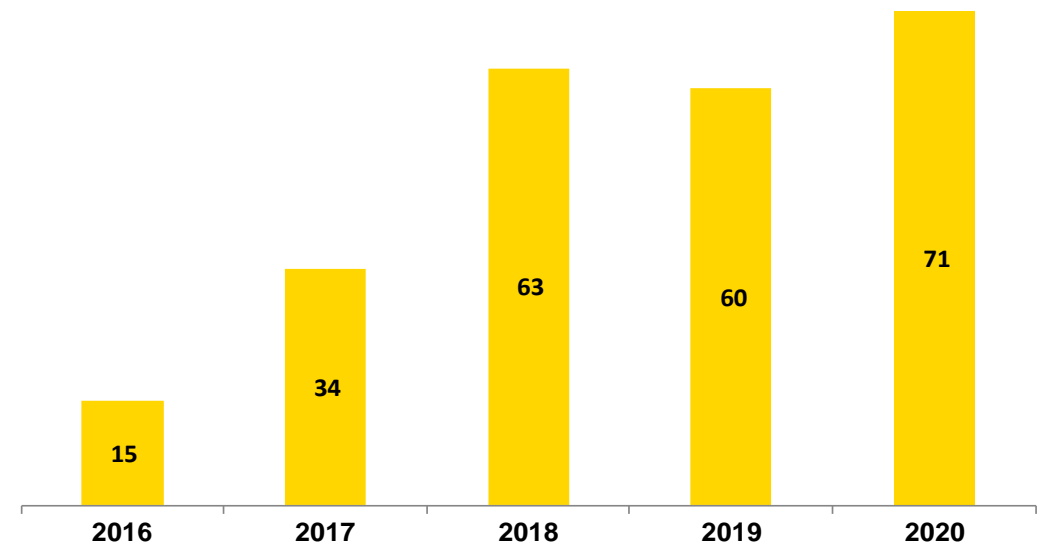
- FSA minimum CET 1 requirement of 13.1%
- Pillar-2 requirement of 2.1%,
- **Target for Common Equity Tier 1 capital (CET1) > 14.1%**
- Dividends for 2020 of 5.95 per equity certificate (75% dividend rate) are taken into account as of the end of Q3
- The Counter-Cyclical-Buffer increases from 1.0% to 1.5% from 30.06.2022
- Leverage ratio (equity/total assets) at 9.2%

Dividend for 2020 Distbursed in October

EPS and Dividend per ECC



Dividend to Customers and Gift Fund



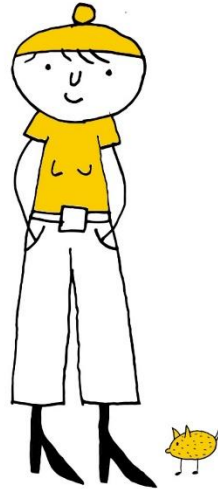
- Total earnings during the period amount to NOK 33.2 per equity certificate
- Total dividend during the period NOK 22.6 per equity certificate

Customer Dividend for The Fourth Year - a Differentiator

Not translated

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

2020	10 530
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Totalt	kr 33 818

*medlåntaker på lånet.

Development in The Strategy Period 2017-2020, Incl. Goals Towards 2024

	2017	2018	2019	2020	Target 2024
ROE	7,5 %	8,8 %	9,6 %	9,0 %	> 10 %
Dividends	50 %	75 %	63 %	75 %	50-75 %
CET-1	16,6 %	16,6 %	17,4 %	17,8 %*	>14,1 %**
Profitable Growth	-0,1 %	2,7 %	2,5 %	4,9 %	> 5 %***
Customer Experience (KOI)	BM: 69 PM: 52	BM: 79 PM: 56	BM: 80 PM: 69	BM: 73 PM: 79	Corporate (BM): 80 Retail (PM): 80

** includes the entire profit for 2020. Dividend of 75% resulted in a reduction in CET1 of 1.2%

** will be adjusted as the countercyclical buffer and systemic risk buffer increase*

** Will depend on credit growth in the market area

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Credit Quality and Solidity

Local macro

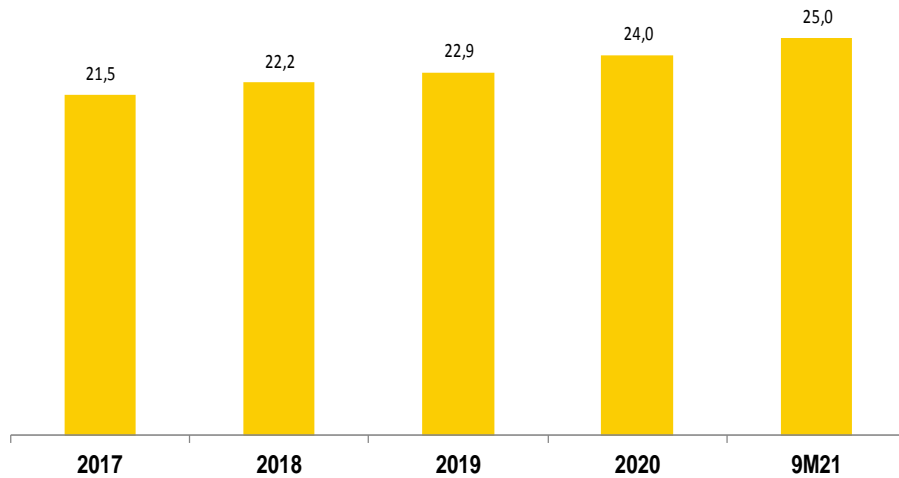
Liquidity



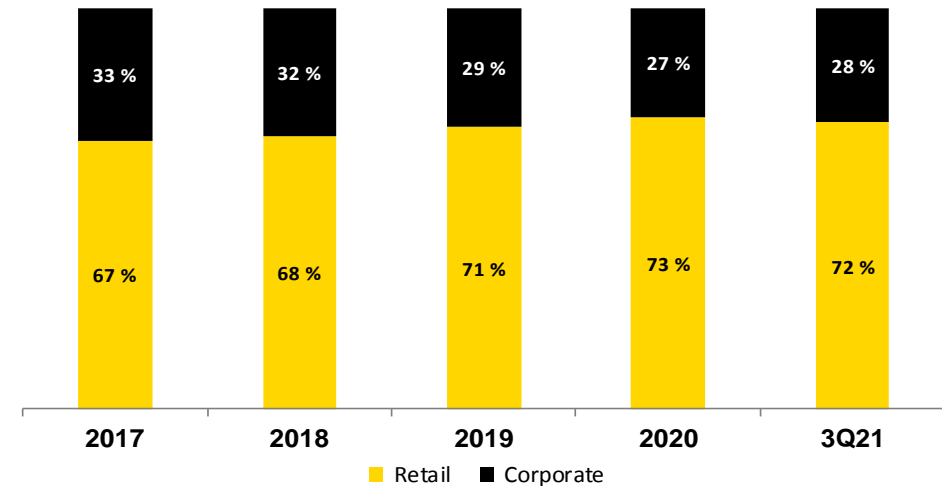
Lending to Customers by Division

Low regional credit growth | Solid growth the last few years

Loans to customers



Loans to customers, by division



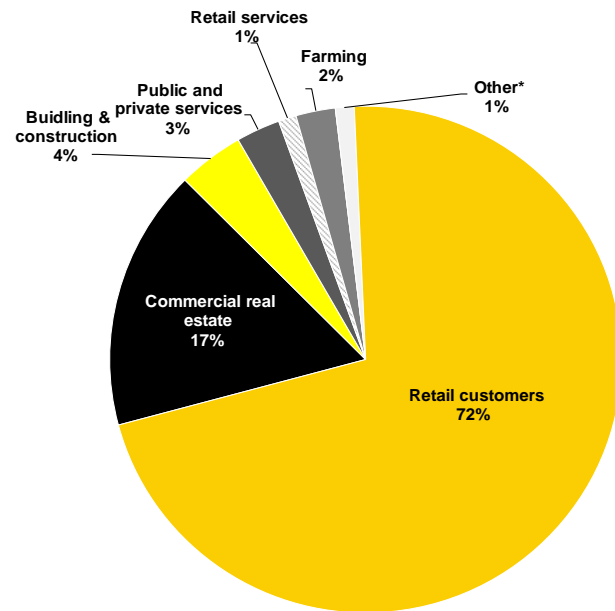
- Net lending to customers of NOK 25 billion at the end of Q3
- Largest growth in the retail market

- Increasing retail market share

The Loan Portfolio Composition

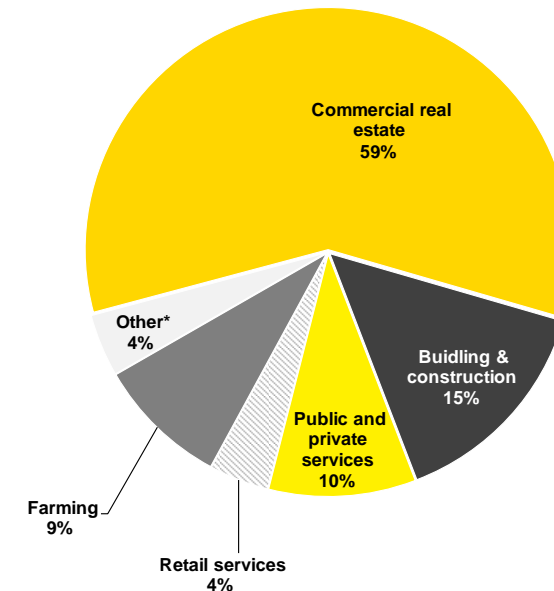
Retail has increased relative to Corporate in recent years | Growth in SME and in agriculture

Composition



- Lending to households accounts for 72% of total lending volume
- Low exposure to cyclical industries
- Growth in agriculture.
- Agriculture will continue to be an important focus area in the future

Industry distribution corporate market



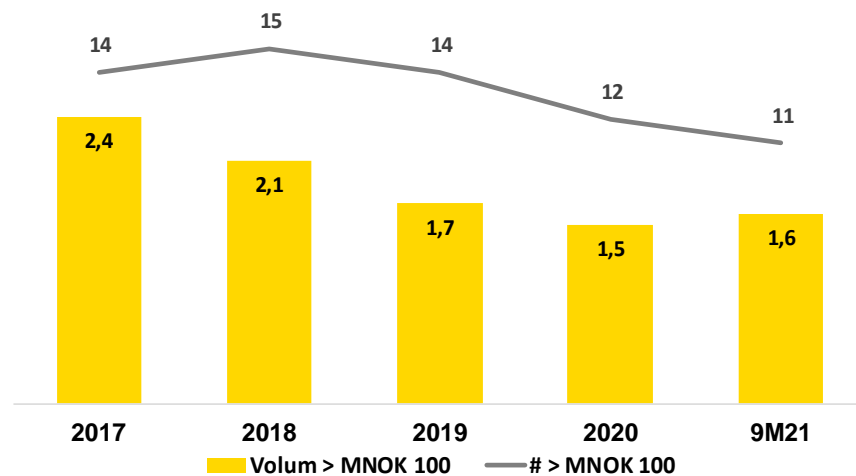
- Total lending to corporates amounts to NOK 7.4 billion, while total exposure (EAD) amounts to NOK 8.1 billion.
- Oil-related activities and tourism are sectors with almost zero exposure

of loans and volume based on individual commitment, not Basel II grouping

Focus on Reduced Portfolio Risk

Growth in SME | Reduction in loans above MNOK 100

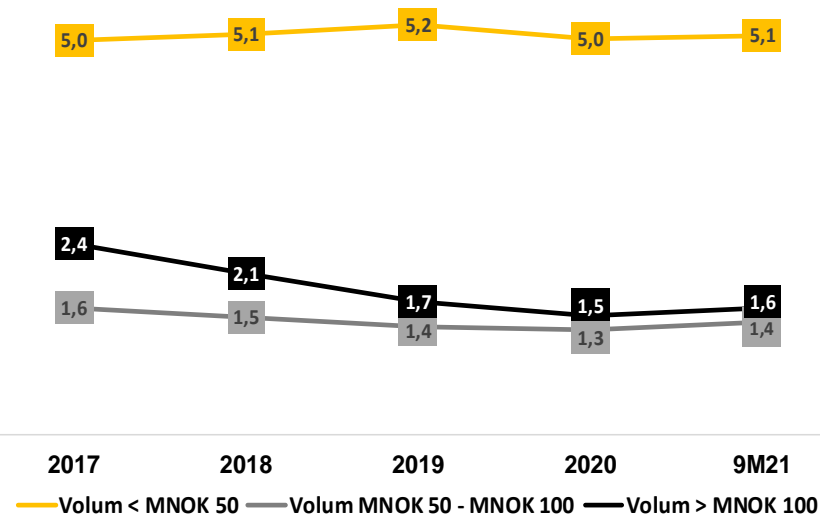
Loan balance > MNOK 100, volume and # customers



- Total volume of commitments over MNOK 100 stable over the last two years
- The average amount of new loans has halved compared to the first half of 2017
- The number of new customers has almost doubled in the last two years

lån og volum basert på enkeltstående engasjement, ikke Basel II-gruppering

Loan size distribution, volume

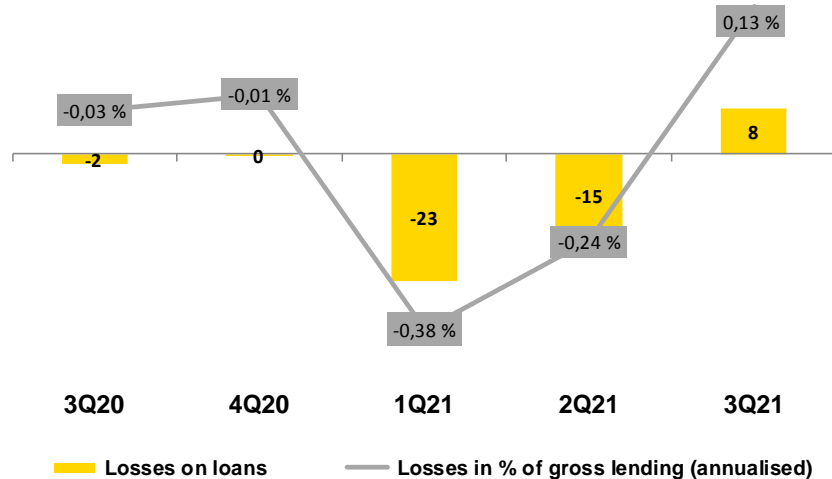


- The bank continues the strategy of reducing concentration in the corporate market

Losses on Loans and Guarantees

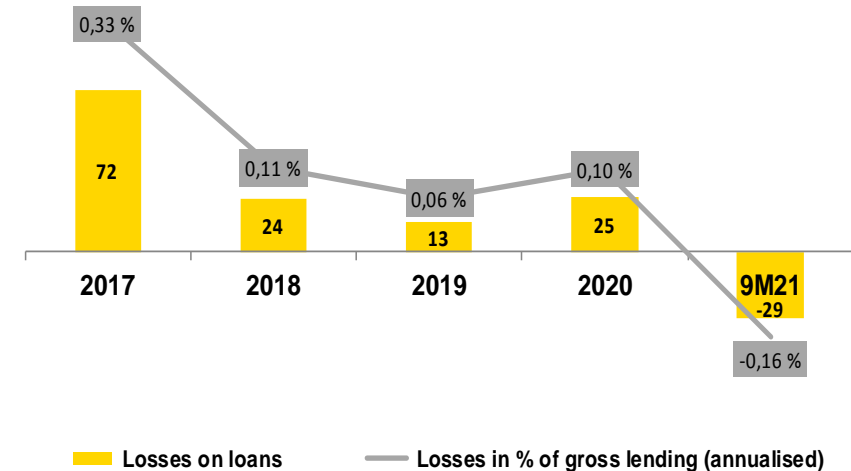
Positive development in loss provisions

Losses on loans and guarantees, quarterly



- Distribution of provisions increased last quarter - a total of MNOK 8.3, of which MNOK 4 is due to calibrations in connection with change of credit model
 - 3.4 MNOK Step 1
 - 5.8 MNOK Step 2
 - 0.8 MNOK Step 3

Losses on loans and guarantees, EOY/YTD

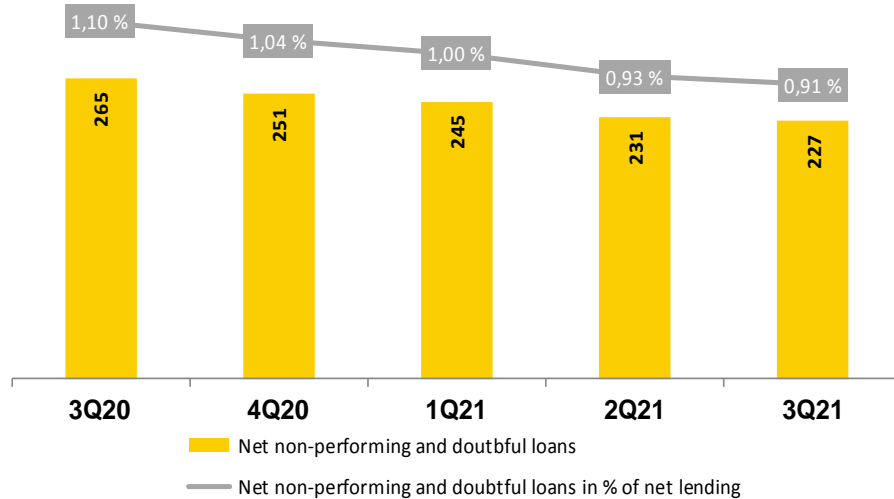


- Distribution of provisions – a total of MNOK 29.3 reversed, of which MNOK 12.3 of reversed provisions is due to a change in credit model
 - 6.2 MNOK Step 1
 - 7.6 MNOK Step 2
 - 15.5 MNOK Step 3

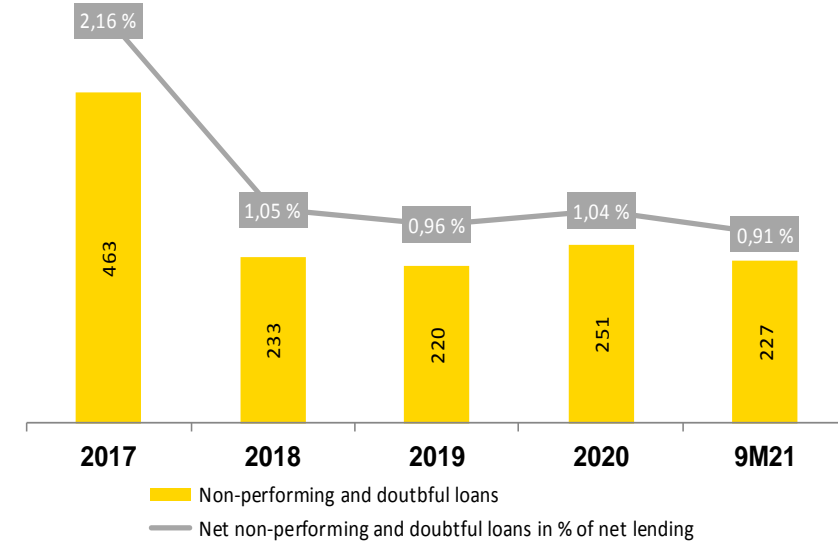
Non-Performing and Doubtful Loans

Stable and declining levels

Non-performing and doubtful loans, quarterly



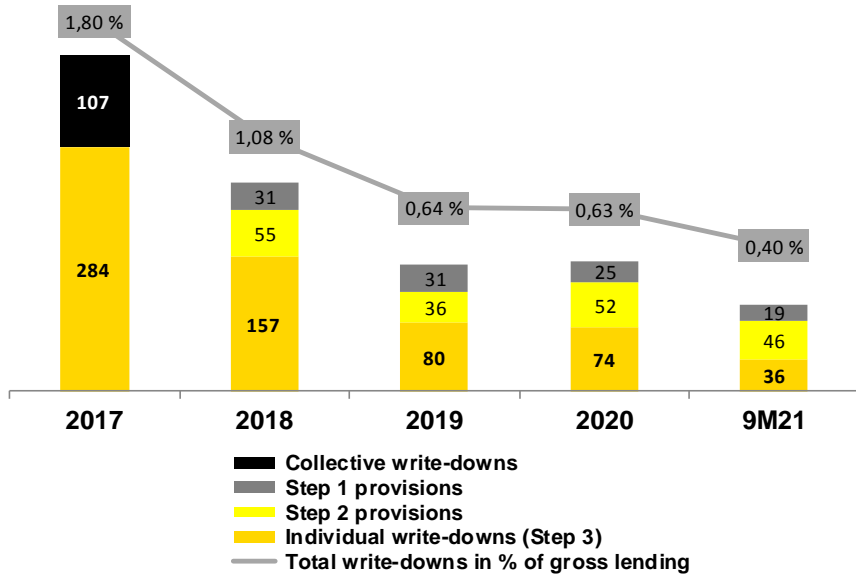
Non-performing and doubtful loans, quarterly



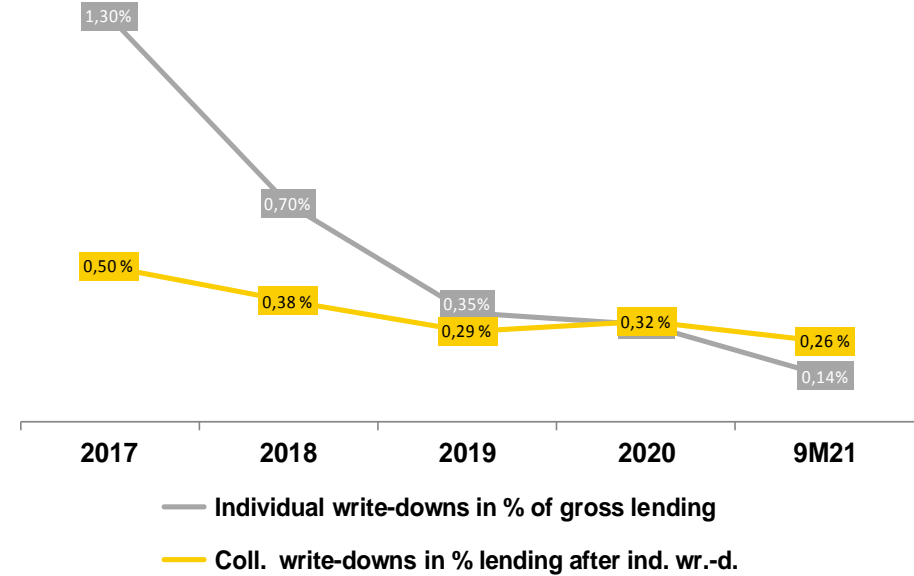
Write-downs on Loans

Increased provisions for future losses in 2020 as a result of the market situation

Write-downs, quarterly



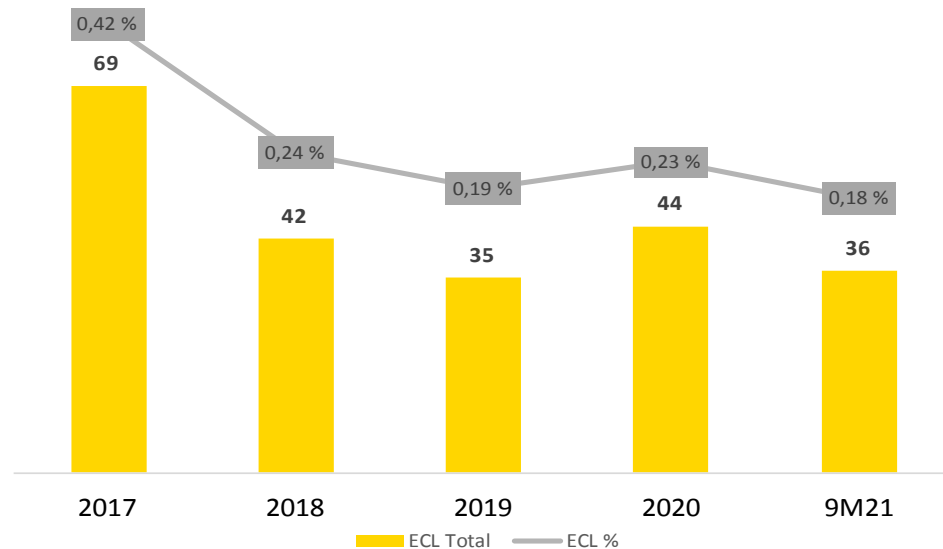
Nedskrivninger, årlig / hiå



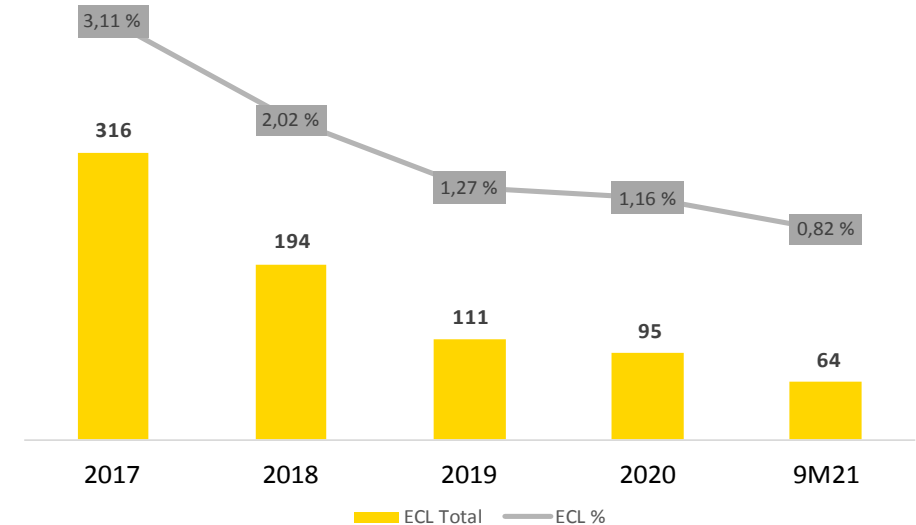
Loans to Customers by Division, Credit Risk

- Risk expressed by expected credit loss (ECL)

Retail

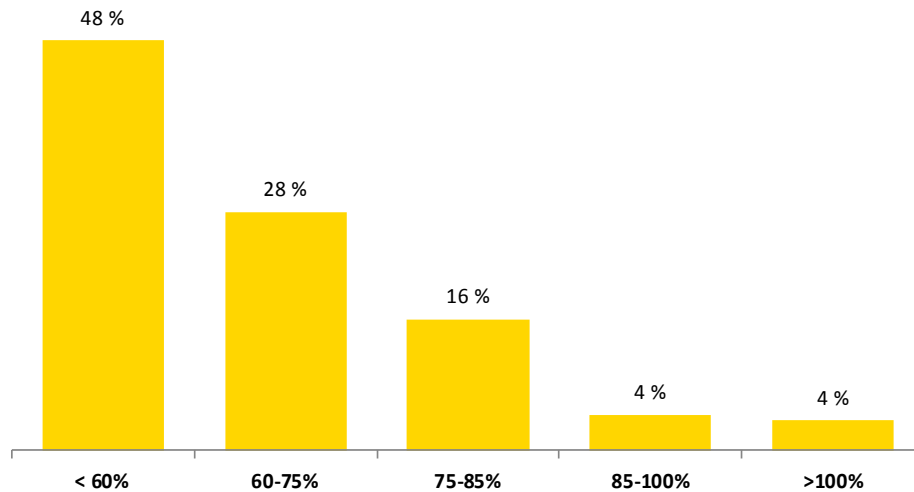


Corporate



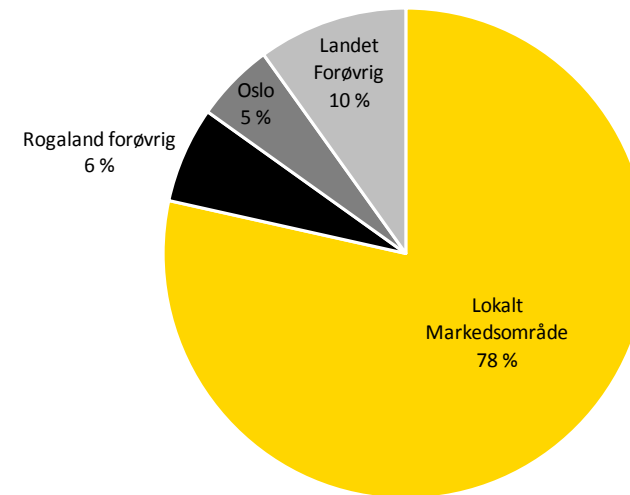
Retail Loan Portfolio

LTV distribution



- 76% of the portfolio has LTV below 75%
- Average volume weighted LTV is 60%
- Customers with LTV > 100% are mostly customers with additional security in the form of guarantors with customer relationships in another bank

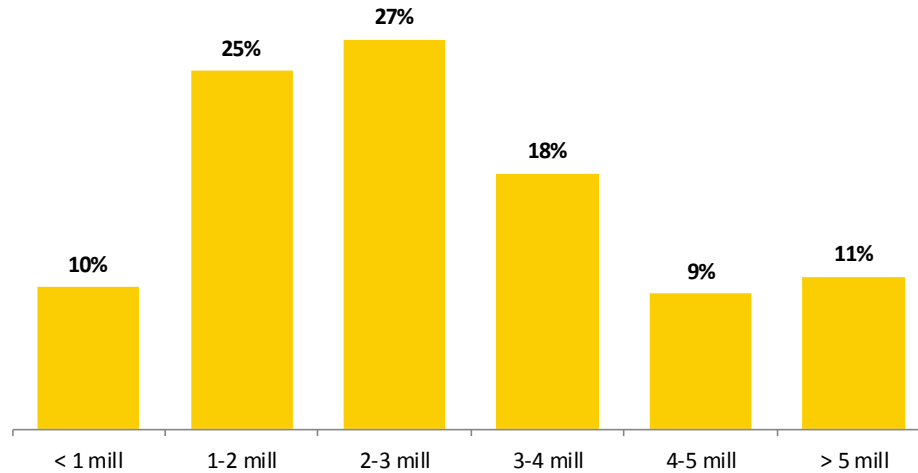
Volume by geography



- 81% of the number of customers and 78% of the volume are within the bank's primary market area
- 85% of Balansebank's customers are located outside the bank's primary market area (Oslo, Viken, Innlandet, Vestland)

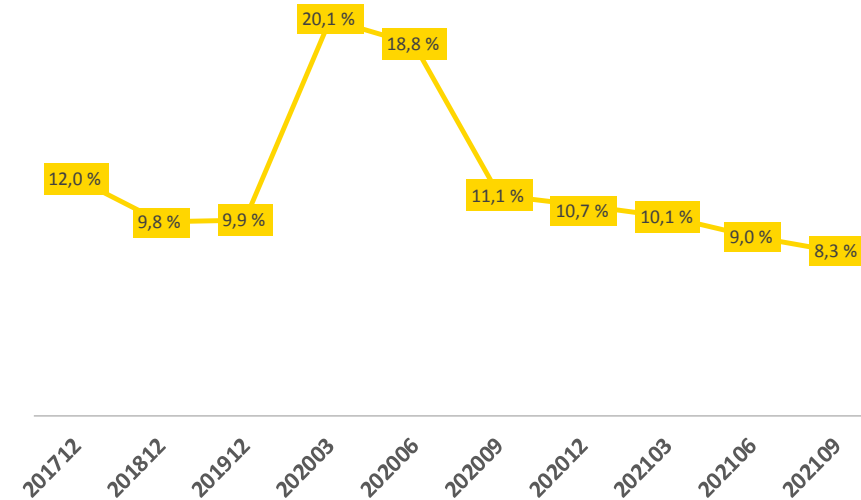
Retail Loan Portfolio

Loan size distribution



- A limited amount of large loans reduces vulnerability in the event of a temporary loss of income
- Average loan size MNOK 2.1 per customer

Interest-only loans

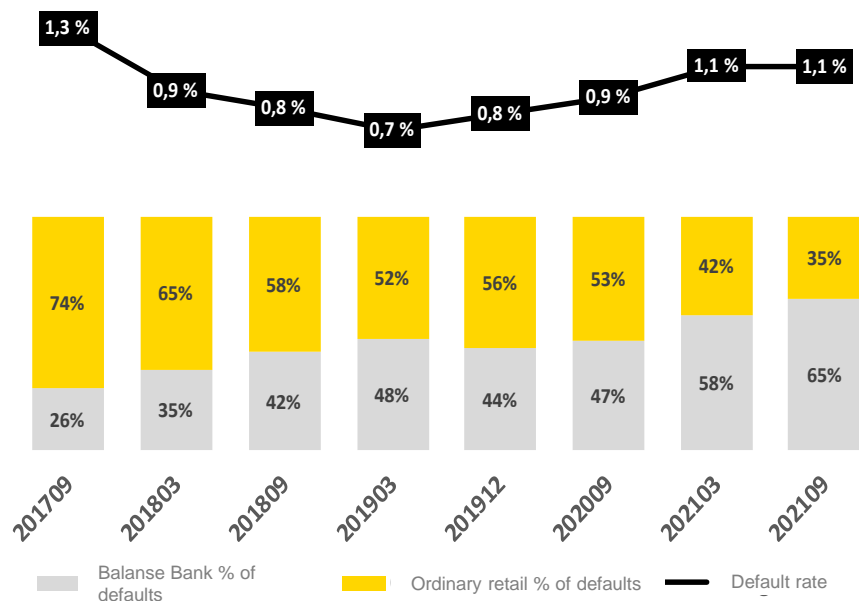


- The proportion of interest-only loans at their lowest level in several years

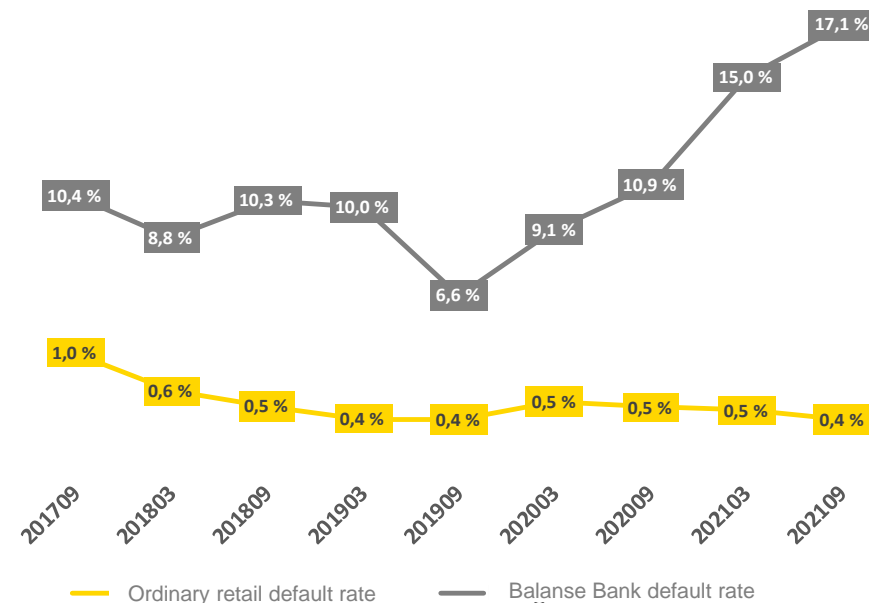
Credit Risk Retail – 90 Days Arrears

Balance Bank and ordinary retail are different customer segments with different customer behavior

90 days arrears, total



90 days arrears, ordinary retail and Balance Bank

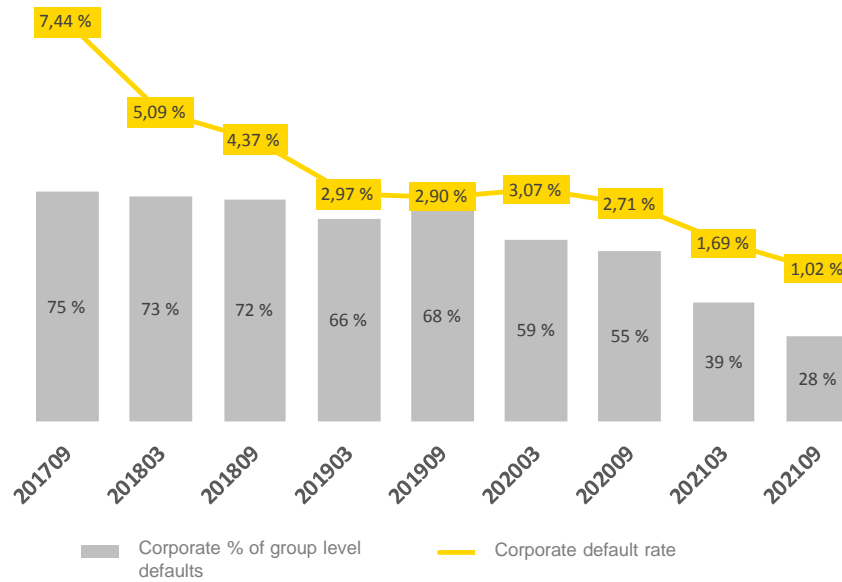


- Balance Bank amounts to <5% of retail in volume, approximately 750 MNOK
- Balance Bank has a naturally higher default than ordinary retail
- The average loan per customer in Balance Bank is MNOK 2.4 against 2.1 for other customers

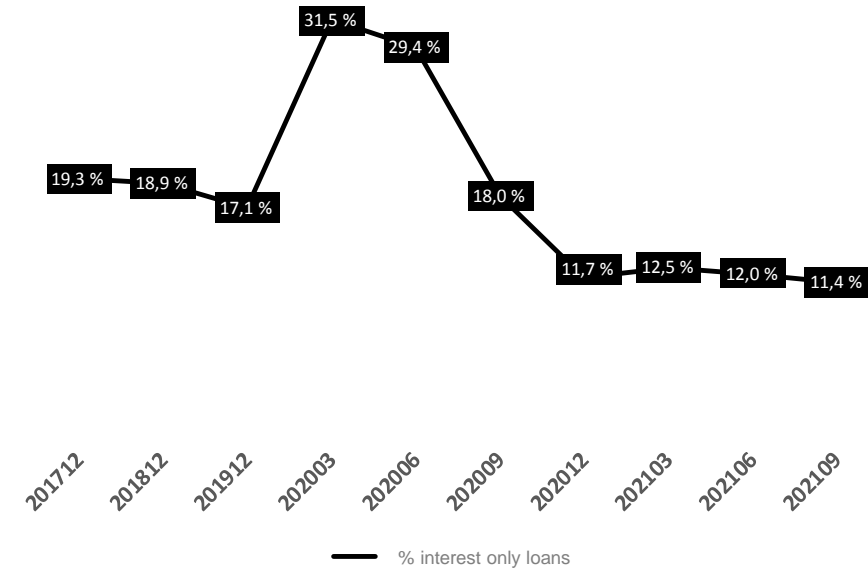
- Reduction in default in ordinary retail
- Increase in Balance Bank is within risk parameters. Approx. 10% default is normal, the remainder is related to pending sale of dwellings securing outstanding mortgages

Credit Risk Corporate – Defaults and Payment Holidays

90 days arrears



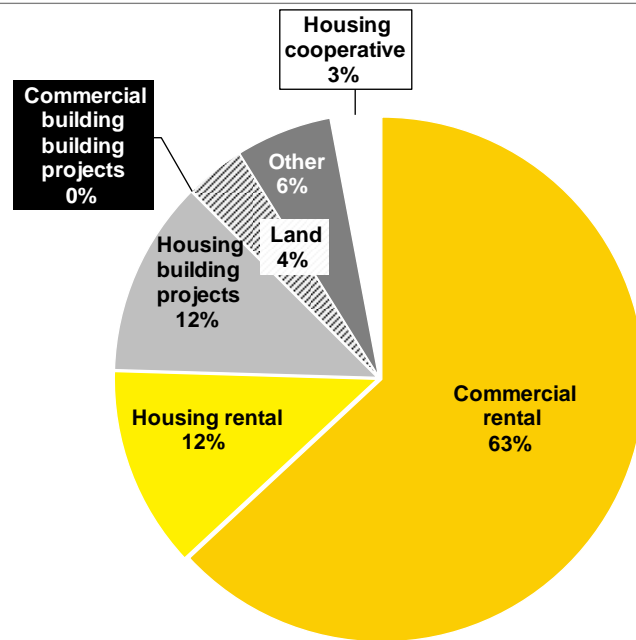
Share of interest only loans



Lending to Real Estate

67% of total corporate exposure | Relatively stable composition last 5 years

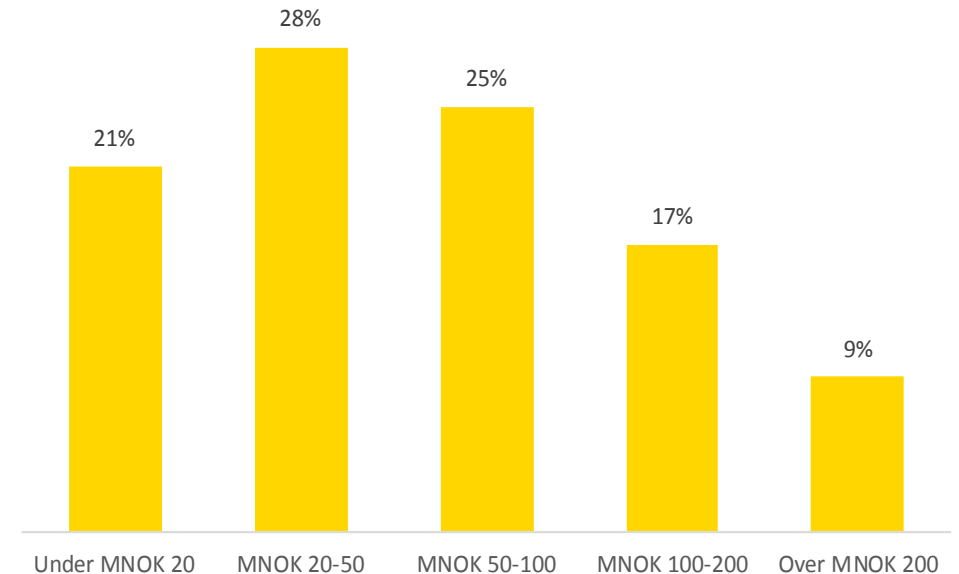
Loans secured on real estate



- Total NOK 5.4 billion in exposure (EAD) Many small businesses own their own production facilities.
- Operating commitments secured on real estate are categorized under real estate.

EAD – exposure at default

Loans secured on real estate, by loan size

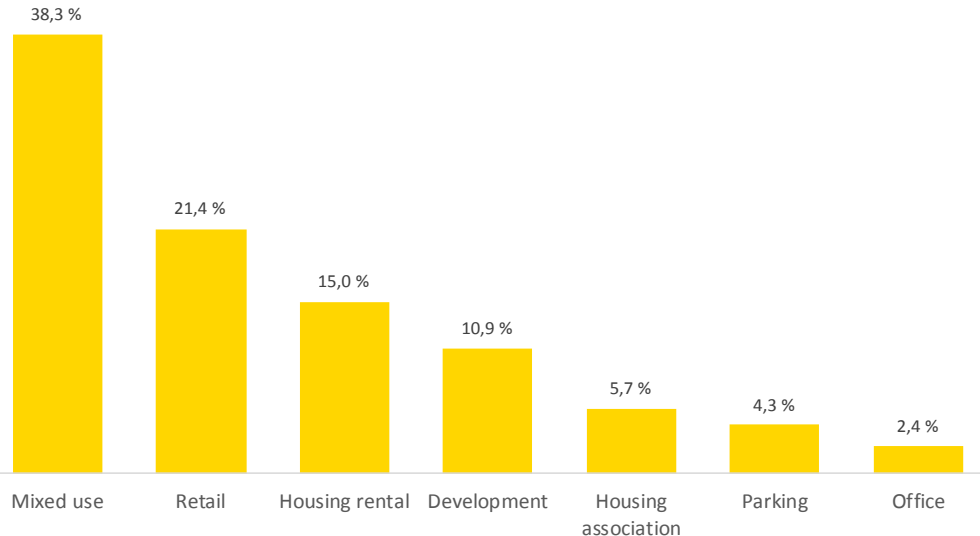


- 50% of volume and 90% of the number of loans are below MNOK 50
- Loans under MNOK 20 make up 21% of volume, but over 70% of the number of loans (208 loans)
- Loans over MNOK 100 make up 25% of volume and 3% of the number of loans (9 loans)

Lending to Real Estate > MNOK 30

32 loans | EAD NOK 2,7 bn | 33% of corporate loan book | 50% of real estate loans

Property type



- 100% 1st lien
- 78% 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 eiendom	EAD (MNOK)	WA lease length	WA occupancy	WA LTV
Mixed use	1.040	8,4	96 %	78 %
Retail	580	7,5	92 %	77 %
Housing rental	408	1,6	87 %	78 %
Development	297	2,7	72 %	73 %
Housing association	154	n.a.	n.a.	64 %
Parking	116	3,0	1,0	54 %
Office	64	0,5	0,8	102 %
Other	56	7,3	100 %	62 %
Total	2.715	6,0	91 %	76 %

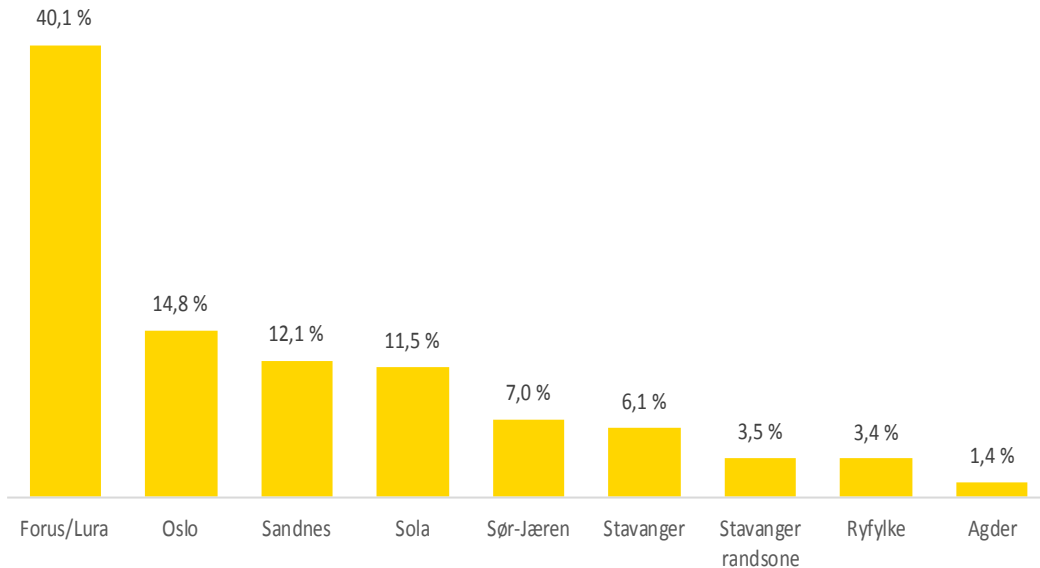
LTV	EAD (MNOK)	WA lease	WA occupancy	WA LTV
<60%	157	4,4	100 %	52 %
60-80%	1.957	6,3	89 %	72 %
80-100%	436	5,6	100 %	90 %
>100%	166	4,6	84 %	109 %
Total	2.715	6,0	91 %	76 %

- WA occupancy rate is 76%
- WA remaining term of occupancies is 6 years
- The largest commitment in the sample is MNOK 275. Mixed-use, 100% leased with 9.3 years remaining term and 63% LTV

Lending to Real Estate > MNOK 30

32 loans | EAD NOK 2,7 bn | 33% of corporate loan book | 50% of real estate loans

Property location



- 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/Lura	1.088	5,3	91 %	75 %
Oslo	403	3,6	85 %	77 %
Sandnes	330	5,7	87 %	83 %
Sola	312	10,6	91 %	71 %
Sør-Jæren	189	9,5	98 %	72 %
Stavanger	166	3,9	96 %	69 %
Stavanger randsone	96	11,5	89 %	90 %
Ryfylke	93	0,5	100 %	79 %
Agder	37	6,3	100 %	82 %
Total	2.715	6,0	91 %	76 %

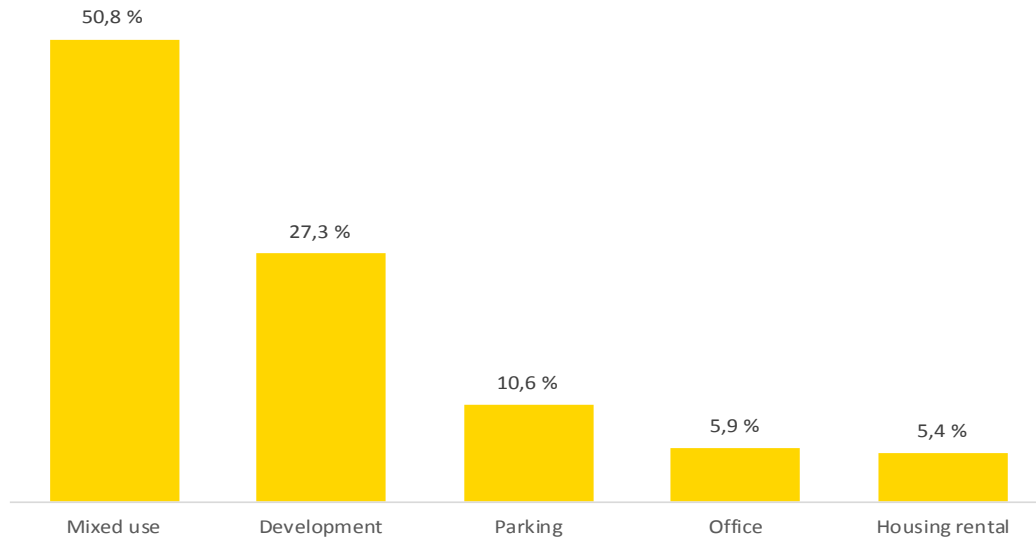
Location	EAD (MNOK)	WA lease		
		length	WA occupancy	WA LTV
Partial bullet, straight line	2.123	6,1	94 %	77 %
Bullet	398	5,7	79 %	72 %
Annuity, interest only	154	6,0	91 %	64 %
Amortising, straight line	40	3,5	31 %	78 %
Total	2.715	6,0	91 %	76 %

- Commercial real estate loans are largely granted as partial bullet, ie. bullet loans with a 5–7-year maturity with an underlying repayment profile of 20–30 years (straight line)
- Annuity loans are loans to housing associations (common debt)

Lending to Real Estate > MNOK 30 – Forus/Lura

EAD NOK 1.1bn of total 2.7bn

Forus/Lura by property type



- Properties in Forus / Lura are mainly mixed-use, total of 4 loans, average loan size MNOK 140
- Development is a combination of plots to be developed, as well as older industry / warehouses with leases, but which are defined as development properties pending re-regulation to housing

Property type	EAD (MNOK)	WA lease		
		length	WA occupancy	WA LTV
Mixed use	553	7,4	100 %	77 %
Development	297	2,7	72 %	73 %
Parking	116	3,0	100 %	54 %
Office	64	0,5	76 %	102 %
Housing rental	59	8,4	100 %	76 %
Total	1.088	5,3	91 %	75 %

LTV	EAD (MNOK)	WA lease		
		length	WA occupancy	WA LTV
<60%	116	3,0	100 %	54 %
60-80%	697	6,5	88 %	69 %
80-100%	212	4,3	100 %	95 %
>100%	64	0,5	76 %	102 %
Total	1.088	5,3	91 %	75 %

- Residential rental at Forus / Lura is an apartment hotel with a long lease and satisfactory LTV
- Loan with LTV > 100% is office premises with short-term lease contracts, many small tenants

Content:

Status & Strategy

Key Figures

Credit Quality and Solidity

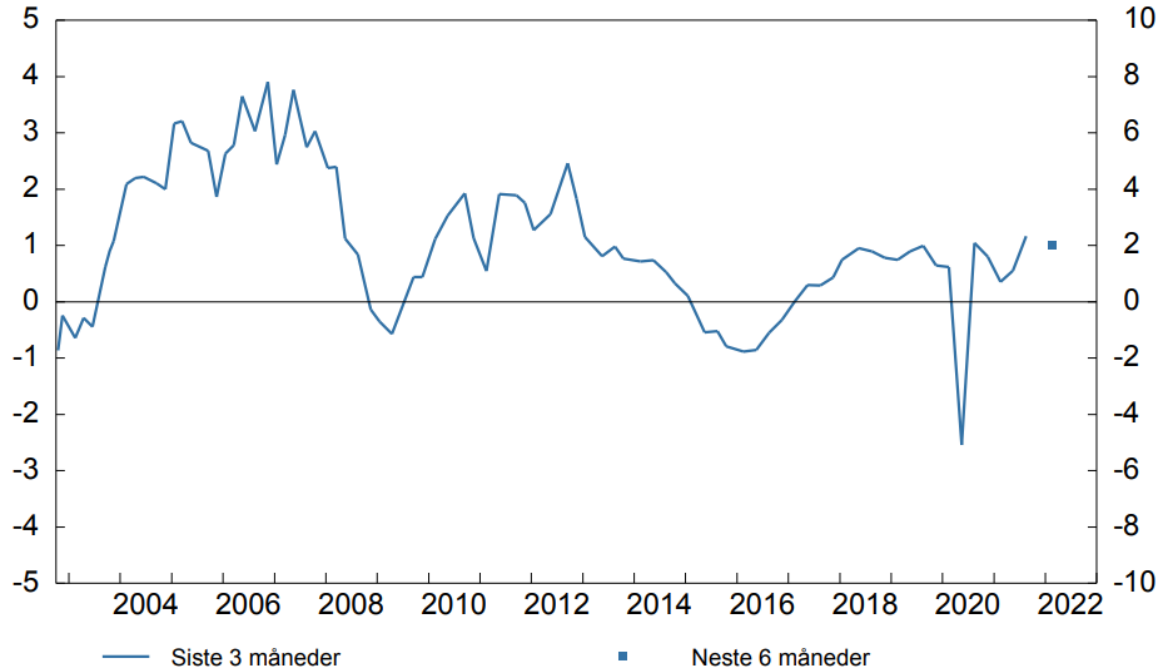
Local macro

Liquidity



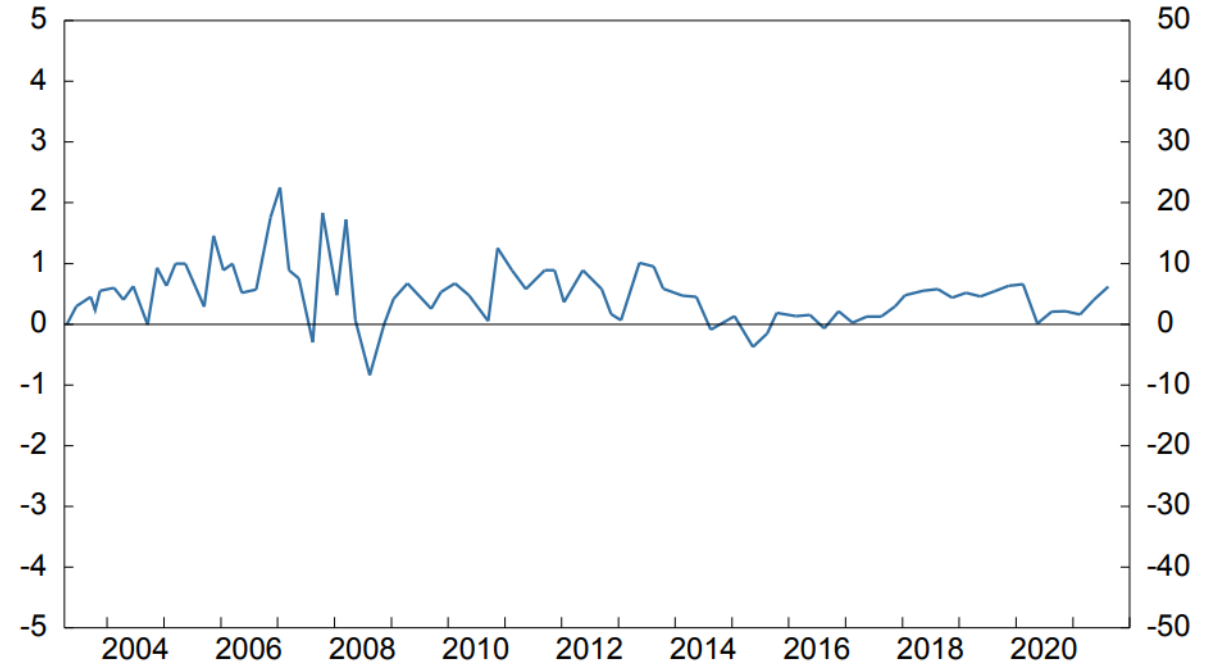
Norges Bank's Regional Network – South West

Growth in production



- Increased optimism going forward

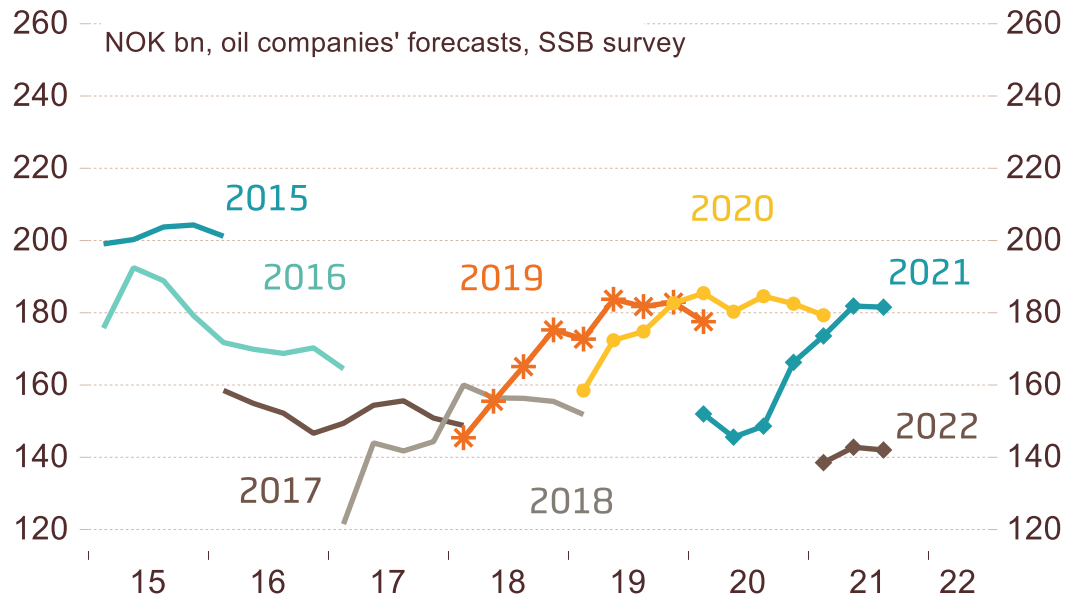
Growth in investments



- Increasing investments in line with the reopening of the economy

Oil investments remain important for the local economy

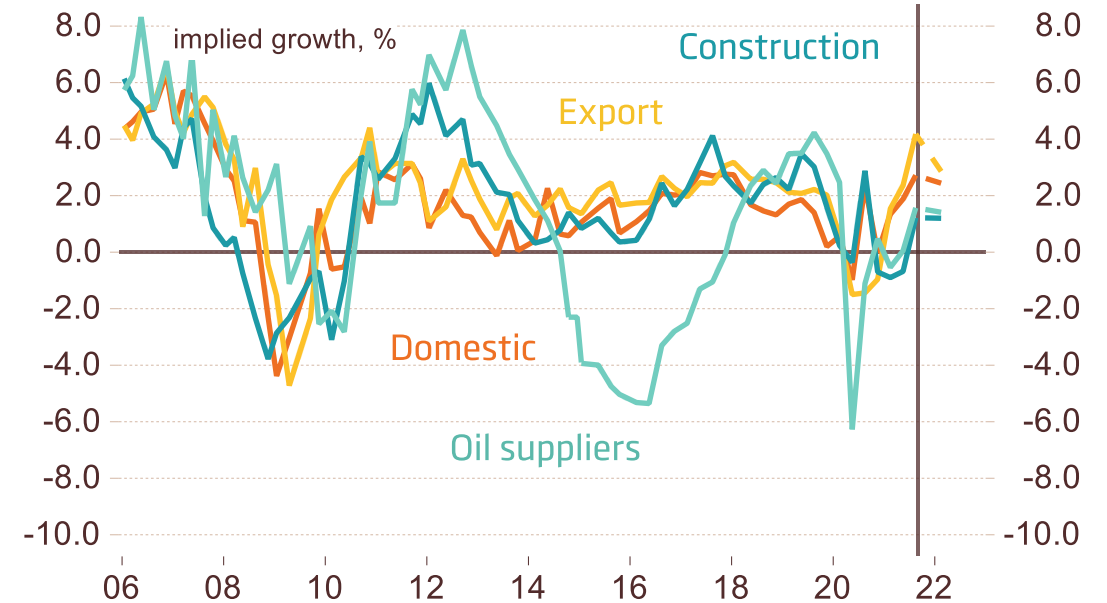
Norway: Oil investment estimates



Sources: Swedbank & Macrobor

- The estimates for oil investments were first adjusted downwards when the corona crisis hit, then revised up again after the gov't adopted a favorable tax package for the oil industry.
- Oil investments have leveled off this year compared to last year. In 2022, however, we will have a sharp fall, before a recovery is expected in 2023, largely due to the tax package

Norway: Regional Network - Industries

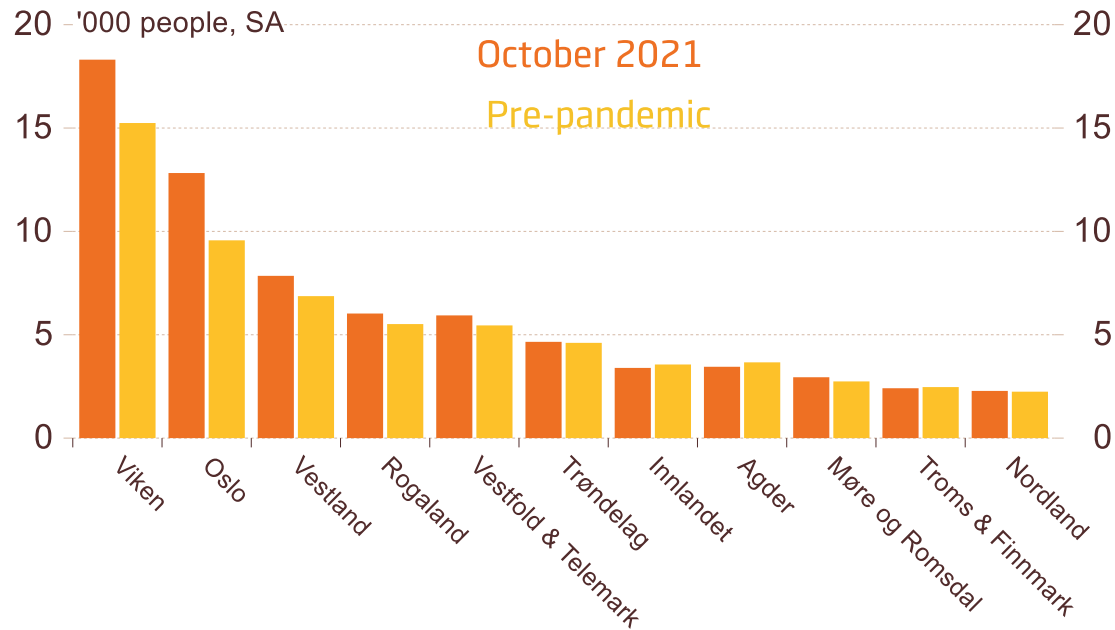


Sources: Swedbank & Macrobor

- Regional network expects some growth in activity in the oil sector over the next 6 months

Normalised Unemployment

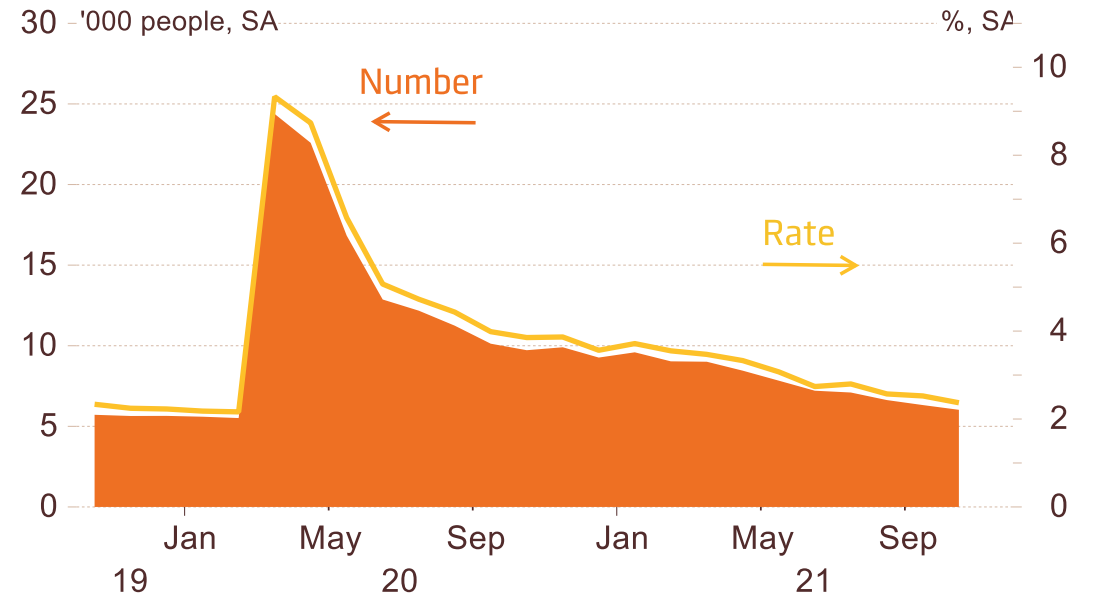
Norway: Number of fully unemployed by region



Sources: Swedbank & Macrobor

Unemployment is beginning to approach a normal level in all counties

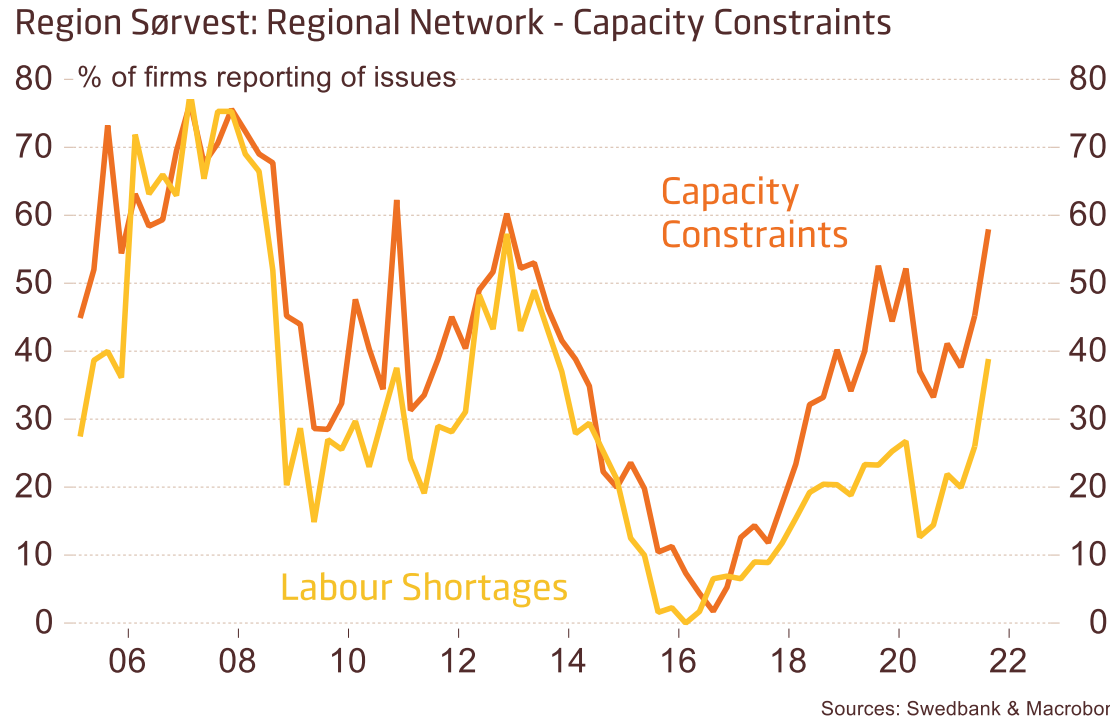
Rogaland: Unemployment



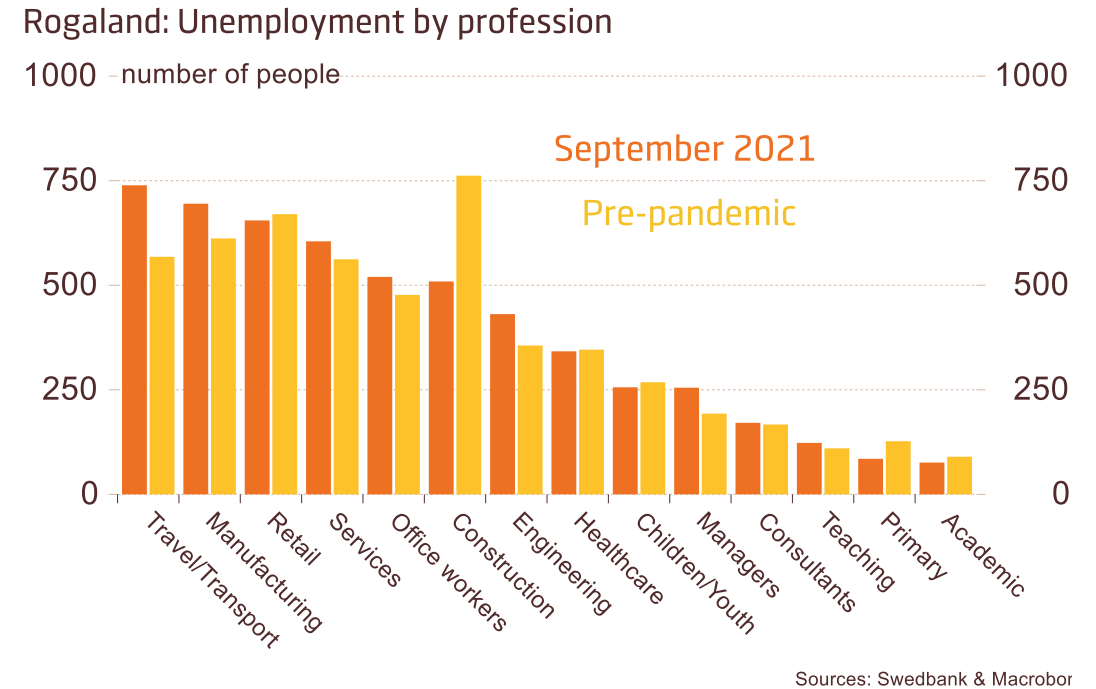
Sources: Swedbank & Macrobor

- Unemployment in Rogaland is beginning to approach pre-pandemic levels

Shortage of labor in some sectors in Rogaland



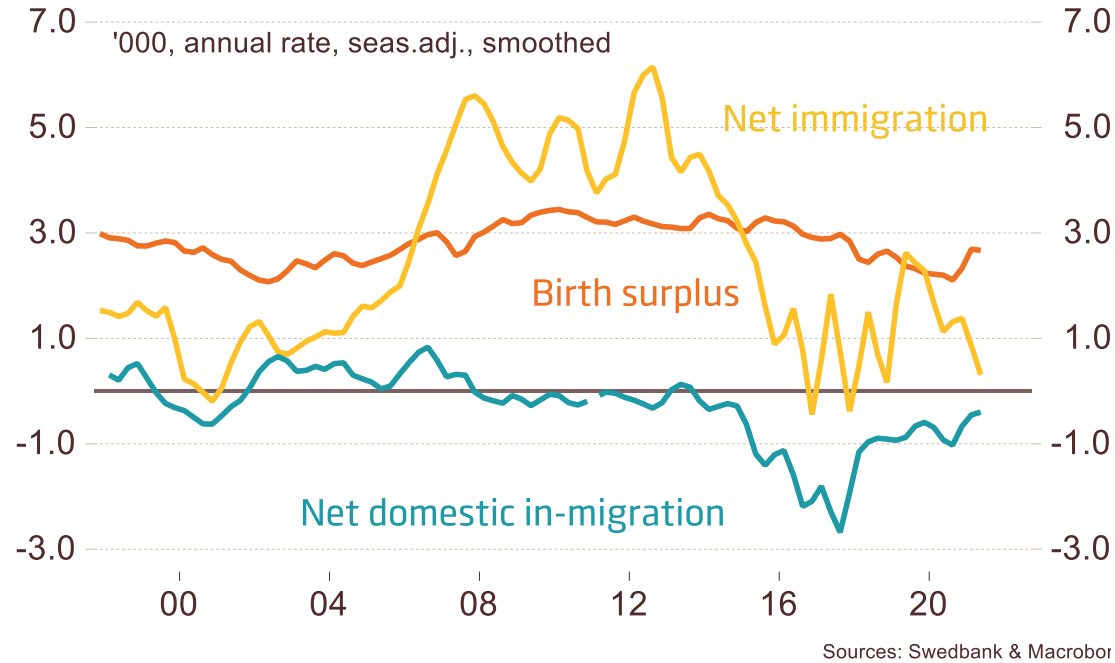
- 40% of the companies in Rogaland report a shortage of qualified labor, compared to 30% on a national basis



- Unemployment is higher than normal in tourism and industry. High demand for labor in the construction sector.

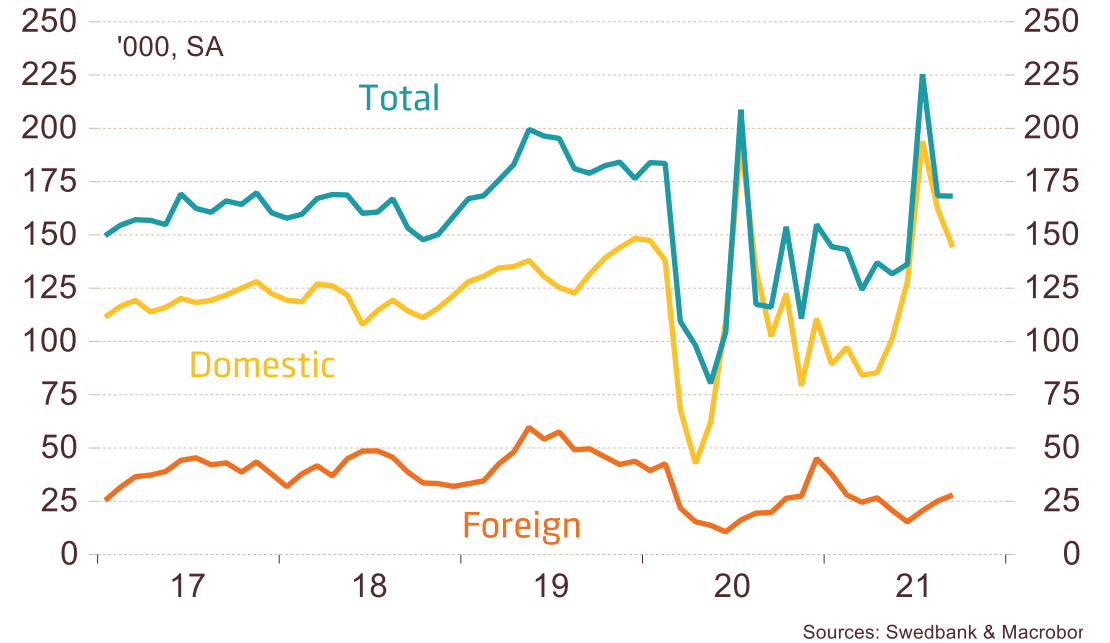
Low immigration, but increased guest night

Rogaland: Population growth



- Stable birth surplus
- Low migration, both domestic and foreign

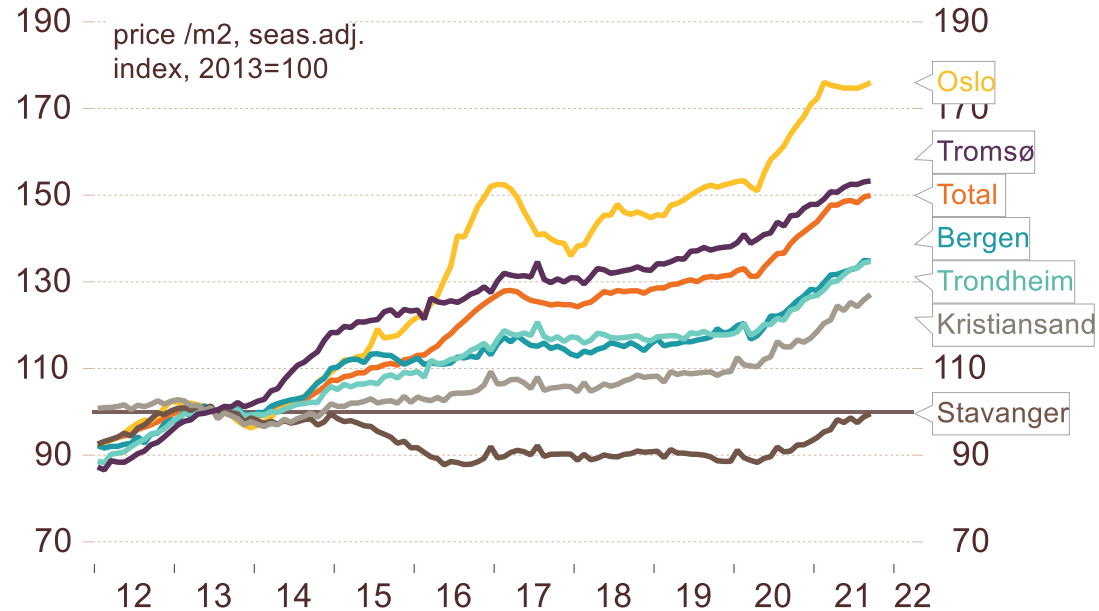
Rogaland: Guest nights



- The number of overnight stays is back to a normal level, but fewer foreign tourists than normal
- Travel activity on the way up. Both summer tourists and business trips

House Prices

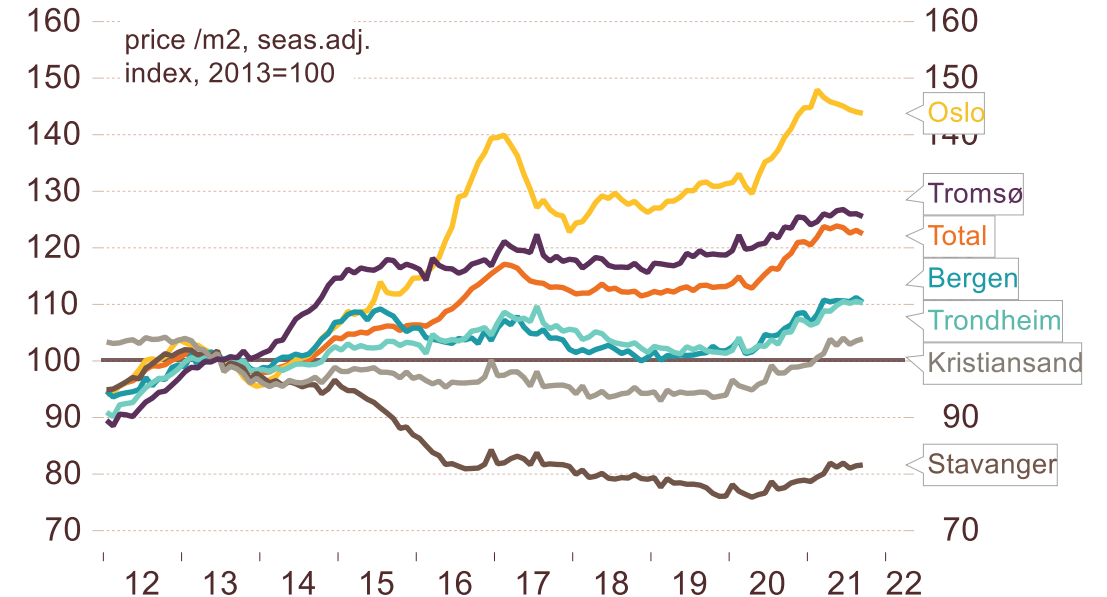
Norway: Nominal house prices



Sources: Swedbank & Macrobor

- Increase in nominal prices increases flexibility in the real estate market, reduced lock-in effect

Norway: Real house prices



Sources: Swedbank & Macrobor

- Real prices continue to show a decline of almost 20% from the top level

Low house prices in the region increase accessibility to own housing

Sted	Siste år	Siste ti år	Pris per kvadratmeter	Gjennomsnittspris
Oslo	7,2 %	95,1 %	86 024	6 338 201
Tromsø	5,6 %	77,7 %	53 632	4 643 085
Trondheim	9,2 %	55,4 %	52 569	4 157 234
Bergen	8,6 %	51,7 %	50 506	4 119 671
Stavanger m/omegn	9,4 %	10,7 %	39 263	4 268 945
Kristiansand	10,4 %	26,8 %	34 378	3 425 835
Norge	8,0 %	65,4 %	48 785	4 403 761

DN
Dagens
Næringsliv

Sier nei til Røkke

– De må komme til forhandlingsbordet og gi oss noe mer, sier Ocean Yield-långiver Tom Hestnes.

NYHETER → SIDE 20-21

Gassbonanza skaper elleville verdier for norske selskaper.

NYHETER → SIDE 14-16

Nytt spørsmål mot SAS → S.9

Plastselskapet Pryme til værs på Børsen → S.10

«Drastiske prisforskjeller»:

- Oslo nesten doblet på ti år
- Stavanger bare opp 11 prosent

– Et langt tøffere boligmarked

Hanne R. Sanne (40) og familien leter etter et mindre hus når de flytter fra Stavanger til Oslo. → S.4–6

Foto: Elin Høyland

UKK 40
NR. 231
ÅRG. 132

LØSSALG
KR. 49,-
BLI ABONNENT
PÅ NÆRARE

TORS DAG

07
10
21

Dollar
8,61
8 øre

Euro
9,93
4 øre

Pund
11,68
6 øre

100 SEK
97,66
19 øre

Oslo Børs
1154,81
-1,64 %

Nordisjoolje
80,95

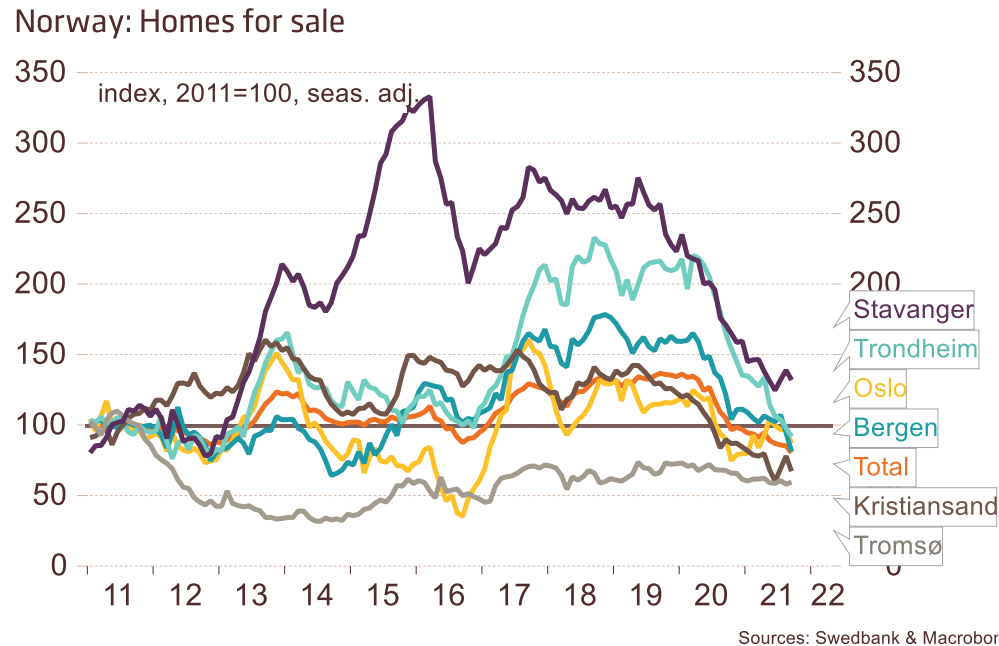
-1,81 USD

DN Investor

Oppgjør kvartalsvis
på investor.dn.no

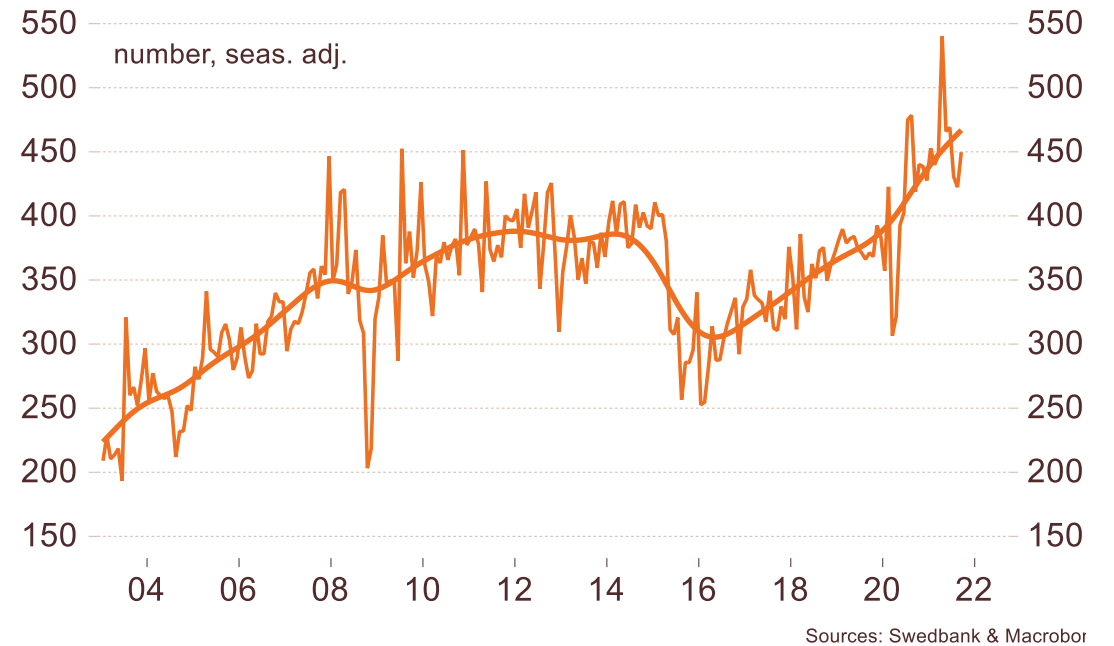
Improvements in the residential property market

No of days to sell dwellings



- Significant improvement in the transaction market

No. of dwellings sold

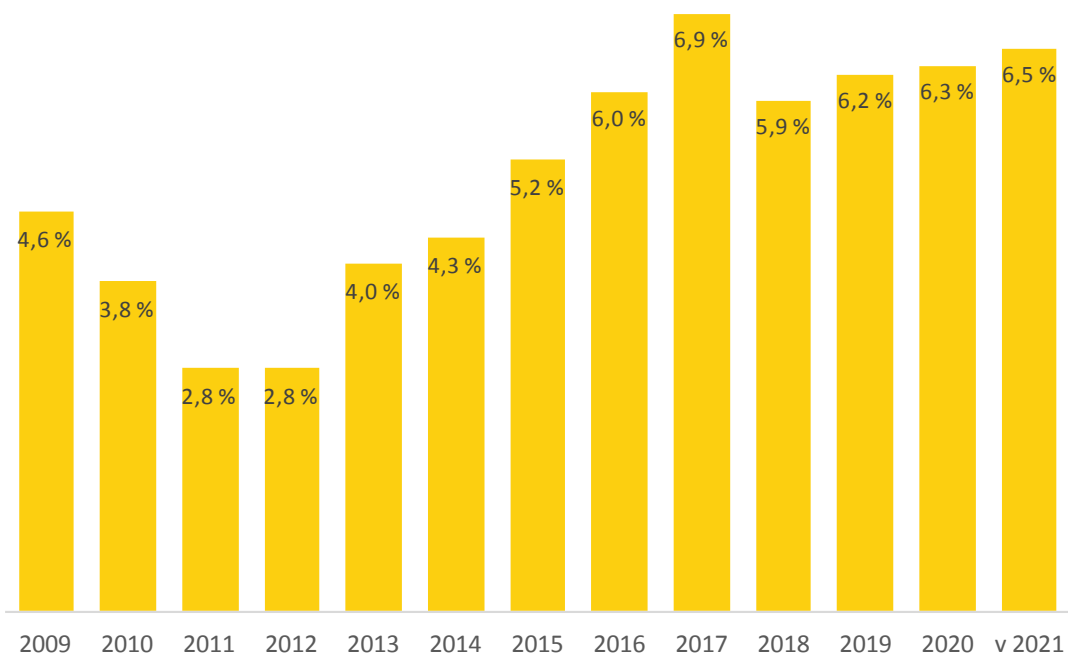


- Housing demand is still rising in Stavanger and the surrounding area

The Local CRE Market

Challenges through the oil downturn - stable from 2018 onwards

Total vacancy commercial properties



Source: Eiendomsmegler 1 Næringseiendom Stavanger

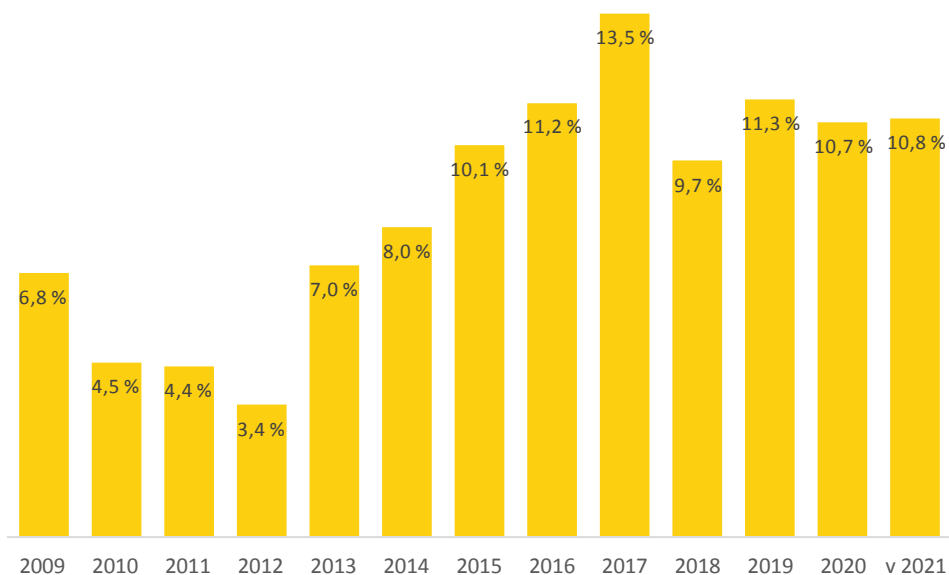
Details



The Local CRE Market

Office properties still challenging, but positive development in Forus and Jåttåvågen

Vacancies office



- Stable rental prices in the region
- Almost no new office buildings are being built in the region - very low supply of new office space.
- Unemployment overweighted towards older properties that do not meet current standards

Source: Eiendomsmegler 1 Næringsseiendom Stavanger

Details

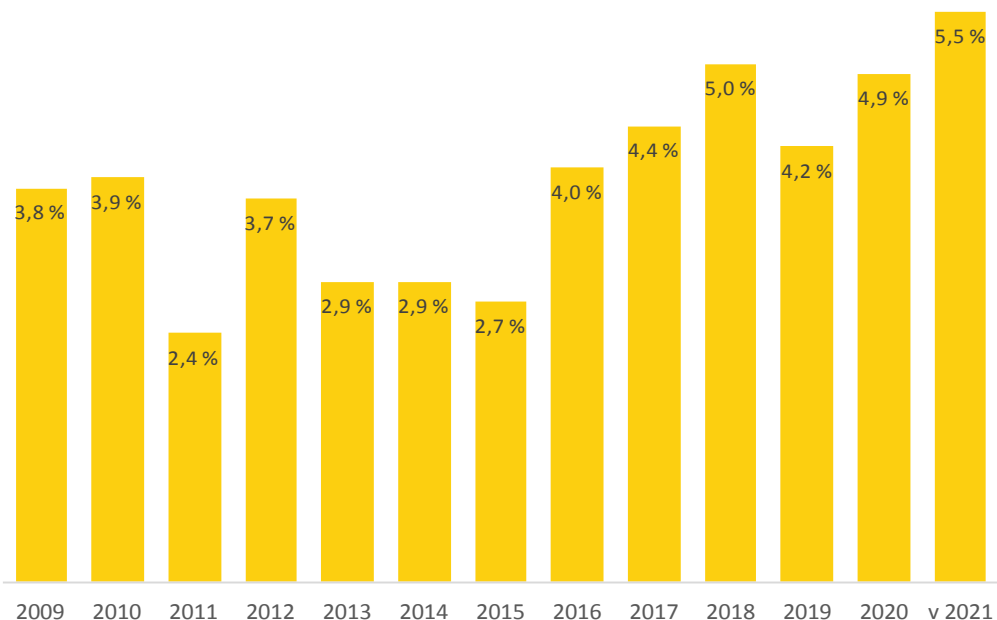


- The vacancy rate for office space in the region is 10.8%, corresponding to 260,000 sqm.
- Stavanger city center accounts for 53,000 sqm. Several vacant properties are larger buildings of more than 5,000 sqm.

The Local CRE market

Mixed-use and retail have the lowest vacancy

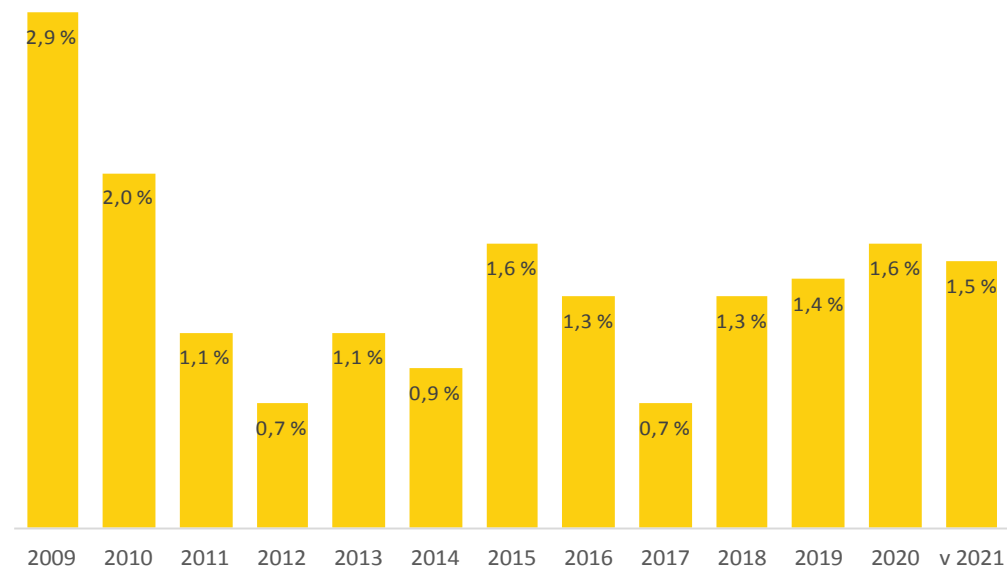
Vacancies mixed-use



- A total of 145,000 sqm of space is vacant, still within what is normal in the industry
- The increase in unemployment is mainly related to the base areas Dusavik and Risavika
- It normally takes some time to re-rent mixed-use property – tailored buildings with regards to the mix between office, warehouse / workshop and outdoor area.

Source: Eiendomsmegler 1 Næringsseiendom Stavanger

Vacancies retail



- Stable and low vacancy in retail buildings
- Large differences within this segment. Groceries and building supplies with strong growth, while other segments were strongly affected by the covid-restrictions.

Content:

Status & Strategy

Key Figures

Credit Quality and Solidity

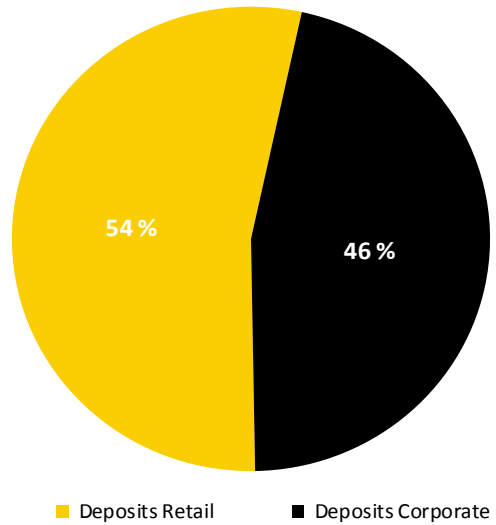
Local macro

Liquidity

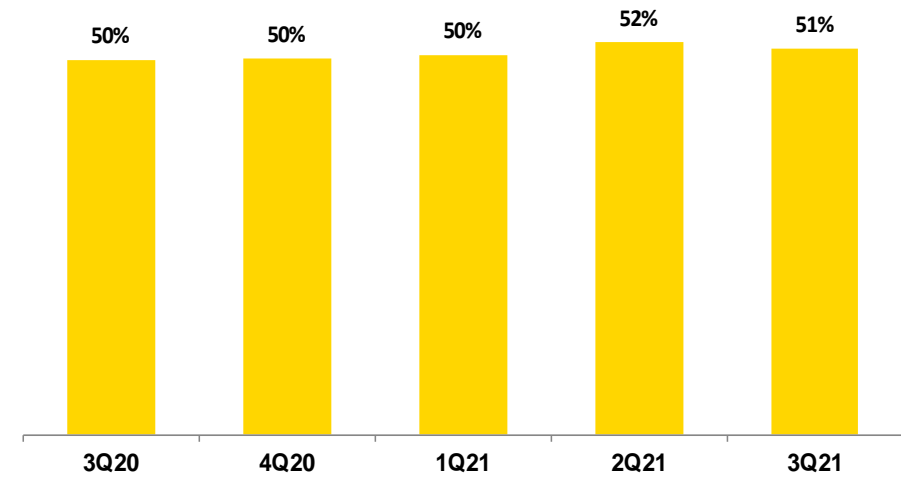


Deposits

Volume distributed by division



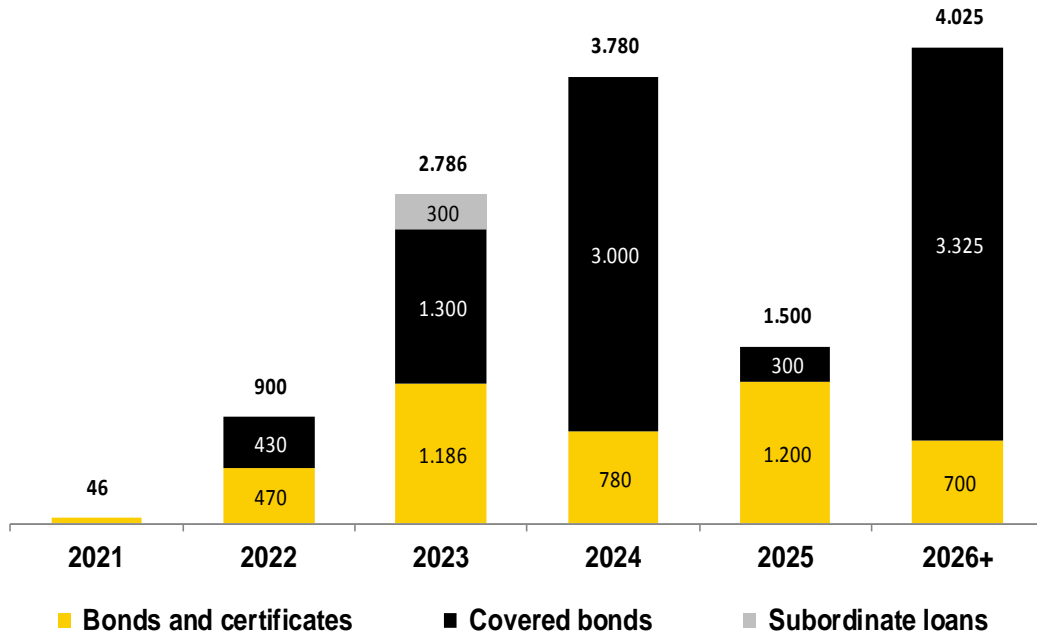
Deposit-to-loan ratio



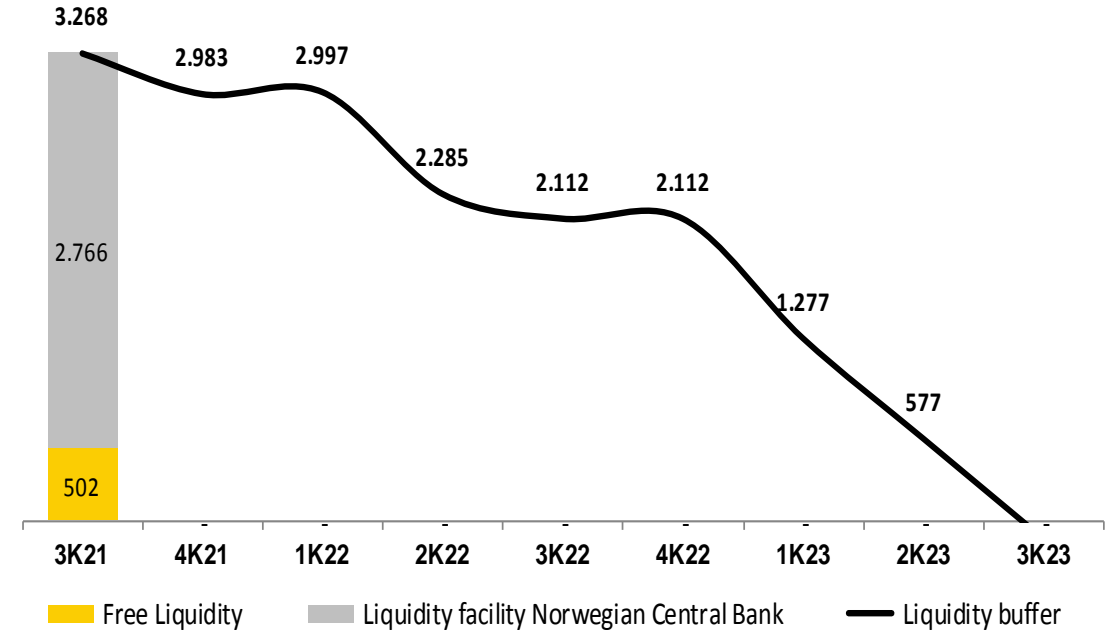
Liquidity

LCR at 251 % | NSFR at 128 %

Markedsfinansiering og netto forfall (MNOK)



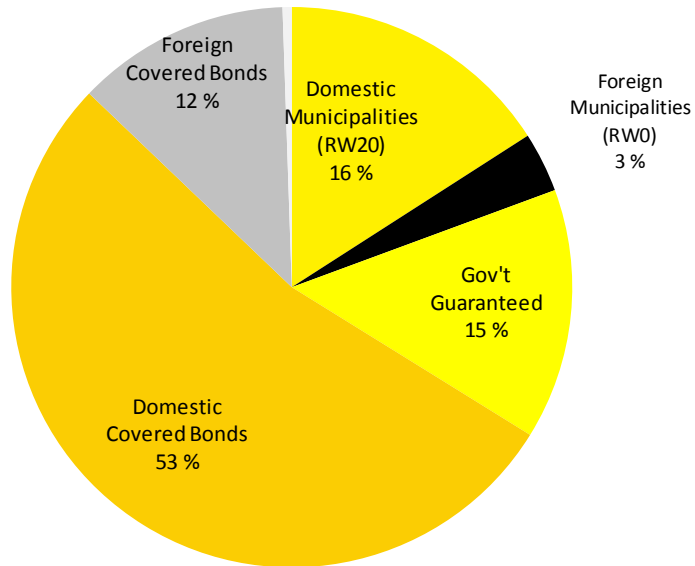
Likviditetsreserve, (MNOK)



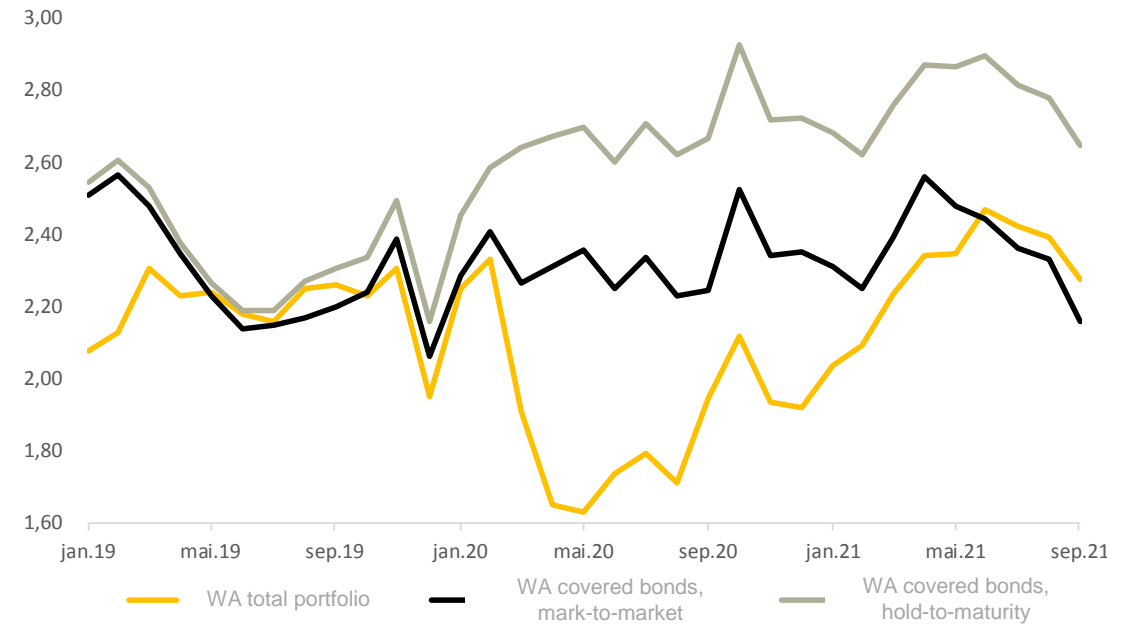
Liquidity Reserve

NOK 3.4bn ex. cash | AA-rating or above

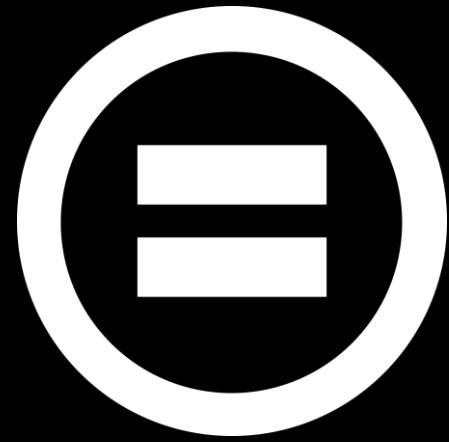
Composition



Credit duration

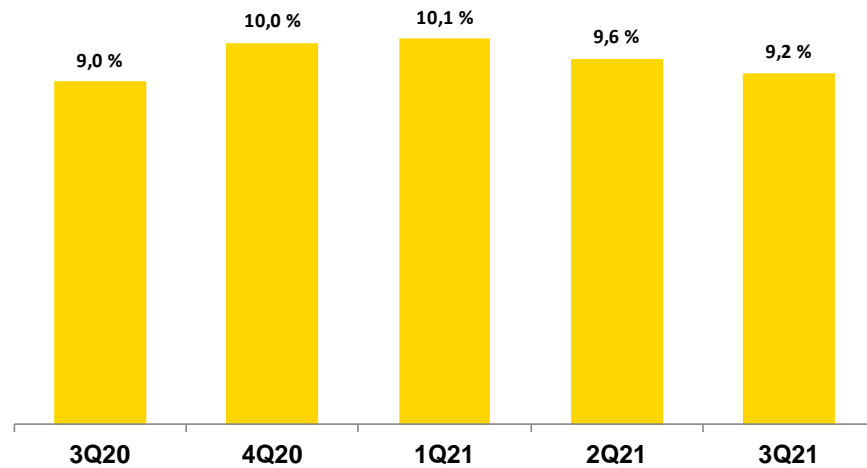


TAKK.

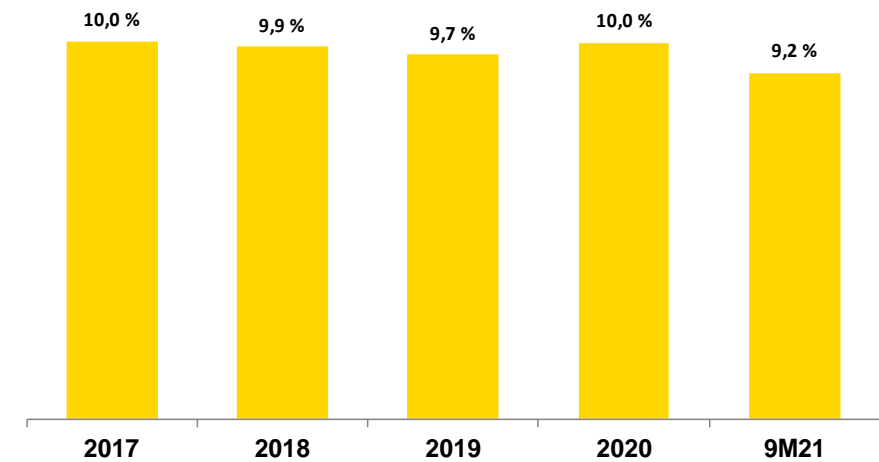


Solidity – Leverage

Leverage (Equity/Total assets), quarterly



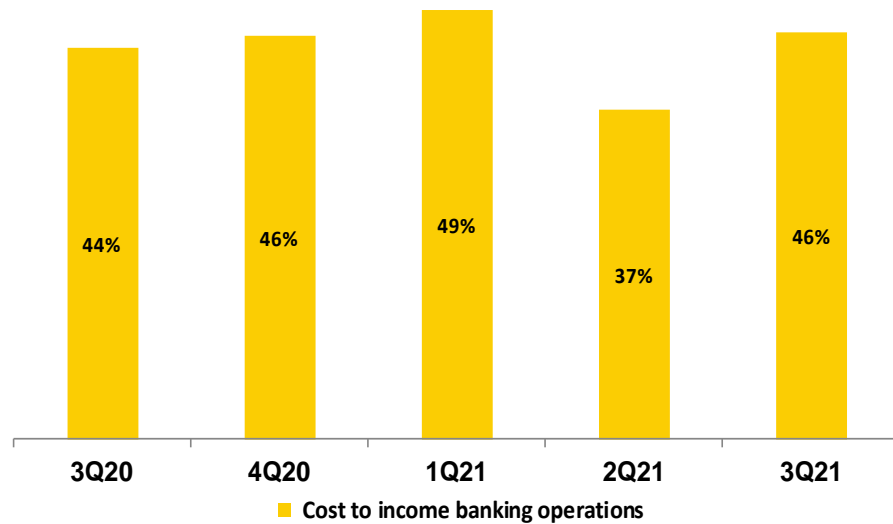
Leverage (Equity/Total assets), EOY / YTD



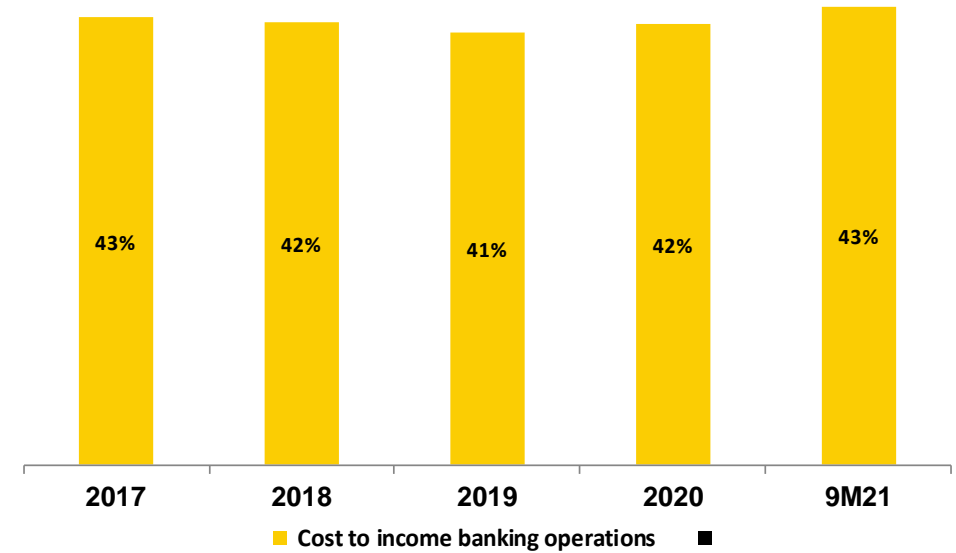
Cost to Income Underlying Banking Operations

Cost to income ratio without real estate brokerage and conversion costs related core IT-systems

Cost to income, quarterly



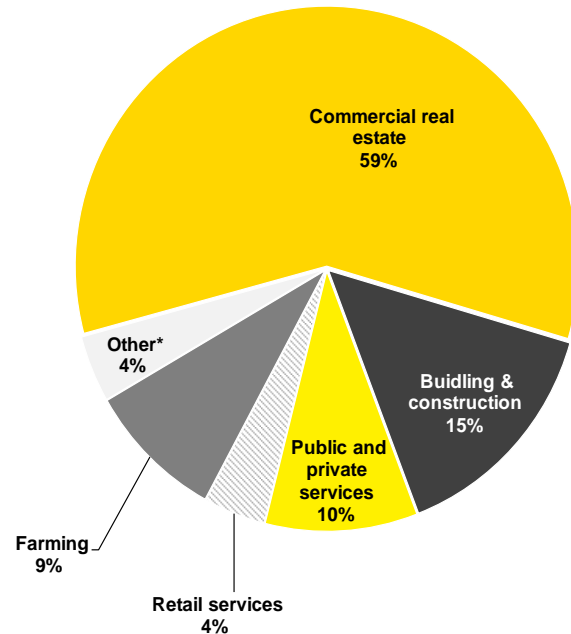
Cost to income, EOY/YTD



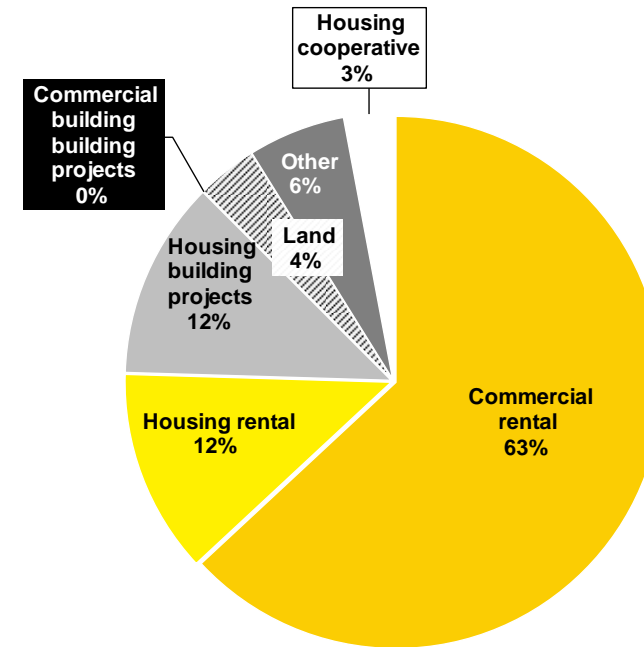
Loans to Corporate Customers by Sector

Focus on reducing risk over time | Strongest growth in farming and SME

Distribution by sector



Corporate loans to real estate



Transition to common Eika credit model

Switching from in-house model to common credit model for all Eika-banks from 01.04.2021

- Common Eika credit model provides better statistical basis and less vulnerable operations
- In-house developed model was based on 12-15 year old data and thus outdated and less accurate against the current loan portfolio

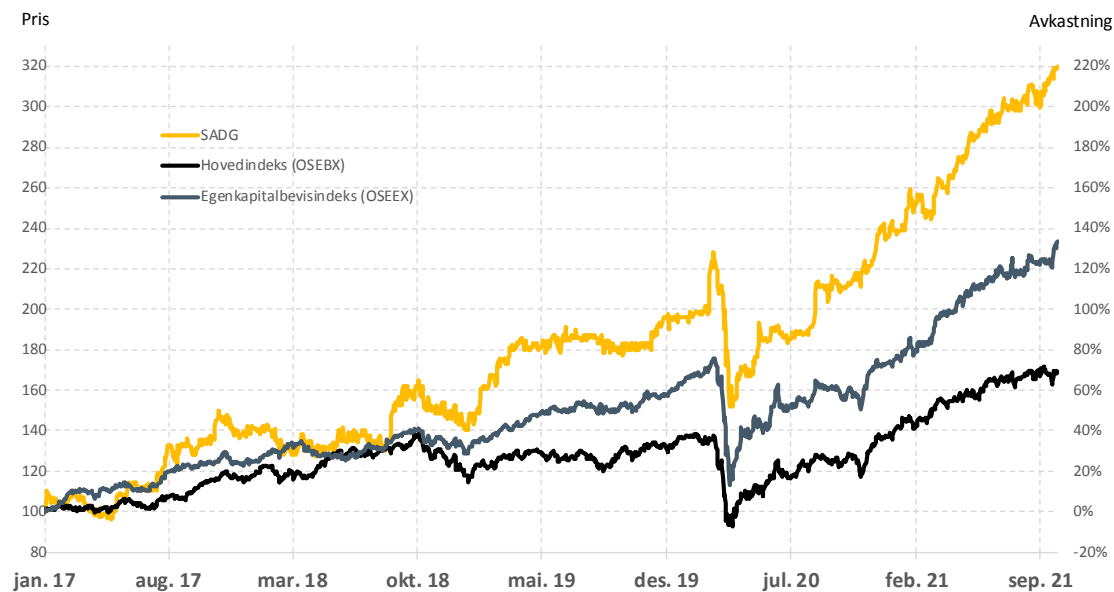
Share of write-downs of total loans as per 30.09.21

Step 1:	0,1 %	0,2 %	0,0 %
Step 2:	1,0 %	1,4 %	0,7 %
Step 3:	14,0 %	30,0 %	7,7 %

Steg	Tapsavsetninger per 30.09.21	Tapsavsetninger per 31.03.21 (før modellendring)	Totale endringer i tapsavsetninger	Endringer som skyldes endret modell	Endringer som skyldes endringer i porteføljen
1	19 114	24 722	-5 608	-11 126	5 518
2	45 705	44 077	1 628	-7	1 621
3	36 393	61 324	-24 932	-1 153	-23 779
Totalt	101 212	130 123	-28 911	-12 286	-16 625

The Equity Capital Certificate

SADG development on OSE



ECC-ownership

20 largest owners of equity certificates as at 30.09.2021	No. of equity certificates	Share
1. Sparebank 1 SR-Bank C/O SR-Investering	3.485.009	15,14 %
2. Sandnes Sparebank	2.083.847	9,05 %
3. Holmen Spesialfond	1.359.823	5,91 %
4. VPF EIKA Egenkapital C/O Eika Kapitalforvaltning	1.115.589	4,85 %
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	283.668	1,23 %
12. Meteva AS	261.881	1,14 %
13. Hausta Investor AS	220.000	0,96 %
14. Innovemus AS	185.000	0,80 %
15. Nordhaug Invest AS	184.374	0,80 %
16. Kristian Falnes AS	160.068	0,70 %
17. Barque AS	159.651	0,69 %
18. Tirna Holding AS	156.255	0,68 %
19. Elgar Kapital AS	129.600	0,56 %
20. Catilina Invest AS	124.000	0,54 %
Sum	14.085.023	61,2 %
Totalt	23.014.902	100,00 %

Key Figures

	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	9M20	9M21
Growth assets	1,8 %	4,5 %	5,8 %	-6,2 %	0,1 %	-0,9 %	5,2 %	-2,6 %	5,6 %	1,6 %
Growth lending (net)	-0,2 %	1,6 %	2,0 %	1,0 %	0,1 %	1,5 %	1,2 %	1,3 %	4,5 %	4,3 %
Growth deposits	0,0 %	-1,2 %	6,2 %	-4,3 %	0,4 %	2,7 %	4,7 %	-0,3 %	0,4 %	7,7 %
Net interest margin	1,87 %	1,73 %	1,48 %	1,52 %	1,61 %	1,55 %	1,54 %	1,54 %	1,63 %	1,55 %
Other income % of total income	16,4 %	-3,5 %	42,8 %	19,2 %	19,2 %	19,8 %	34,8 %	21,5 %	23,3 %	26,0 %
Cost-to-income ratio	45,5 %	55,5 %	32,7 %	46,4 %	49,4 %	51,3 %	55,2 %	49,7 %	42,9 %	52,3 %
Costs as % of av. total assets	1,0 %	0,9 %	0,8 %	0,9 %	1,0 %	1,0 %	1,3 %	1,0 %	0,9 %	1,1 %
Return on equity before tax	12,1 %	4,8 %	18,6 %	11,2 %	10,5 %	12,7 %	12,6 %	8,7 %	11,0 %	11,3 %
Return on equity after tax	9,2 %	4,7 %	16,6 %	8,5 %	8,0 %	9,9 %	10,7 %	7,8 %	9,5 %	9,5 %
Capital adequacy ratio	19,6 %	18,1 %	18,0 %	18,4 %	19,8 %	19,2 %	18,9 %	17,8 %	18,4 %	17,8 %
Tier 1 capital ratio	18,2 %	16,8 %	16,7 %	17,1 %	18,5 %	17,9 %	17,6 %	16,5 %	17,1 %	16,5 %
CET1	17,5 %	16,1 %	16,0 %	16,4 %	17,8 %	17,3 %	17,0 %	15,9 %	16,4 %	15,9 %
Risk-weighted assets	15.094	15.665	16.055	15.709	15.982	16.460	16.706	16.706	15.709	16.706
Number of man-years	133	132	133	132	132	134	132	133	132	133
Stock exchange price	67	57	58	66	74	83	95	100	66	100
Equity capital certificate % of equity	65,4	63,3	63,4	63,4	63,6	63,7	63,7	63,8	63,4	63,8
Earnings per equity capital certificate	1,9	1,0	3,4	1,8	1,7	2,1	2,4	1,8	6,2	6,4
Book value per equity capital certificate	83,0	79,9	83,3	85,1	86,8	88,9	91,3	93,1	85,1	93,1
Individual write-downs in % of gross lending	0,35 %	0,35 %	0,35 %	0,31 %	0,31 %	0,25 %	0,18 %	0,14 %	0,31 %	0,14 %
Coll. write-downs in % lending after ind. wr.-d.	0,29 %	0,36 %	0,34 %	0,33 %	0,32 %	0,28 %	0,22 %	0,26 %	0,33 %	0,26 %
Deposits to loans ratio	51,7 %	50,3 %	52,4 %	49,6 %	49,7 %	50,2 %	51,9 %	51,1 %	49,6 %	51,1 %
Deposits to loans ratio parent bank	79,0 %	79,2 %	84,4 %	79,8 %	79,1 %	81,1 %	86,0 %	84,5 %	79,8 %	84,5 %

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

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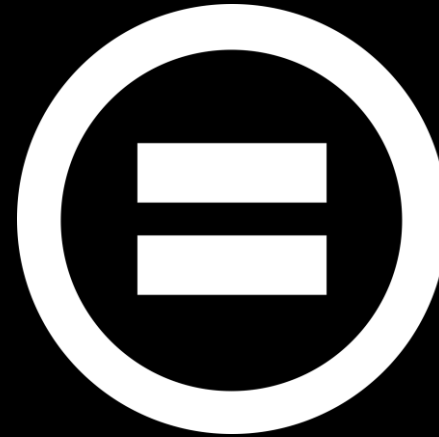
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