



**Rogaland
Sparebank**



Den Gule Banken, Sandnes Sparebank

Financial Reporting 2nd Quarter 2024

Agenda

- Rogaland Sparebank from 1st of August
- Historically good first 6 months for Sandnes Sparebank
- Solid credit quality in stable market area



Almost 150 years of history..

Sandnes Sparebank (1875) and Hjelmeland Sparebank (1907) becomes Rogaland Sparebank



Market area Ryfylke and Nord-Jæren

- ✓ 39,7 bn AUM (including EBK)
- ✓ 34 bn lending
- ✓ 17 bn deposits
- ✓ 74 % retail market share
- ✓ 85% of lending in Rogaland
- ✓ Number of employees (bank): 150
- ✓ CET1 17,9% (requirement 16,8%)

New bank and new name = high activity

- New branding strategy
- New profile, but still yellow and familiar
- Increased visibility in our market area
- Building a unified culture
- Rogaland Sparebank Gift fund
- Sponsorships as a part of our branding strategy



Du er Rogaland
Vi er Rogaland Sparebank

DU KJENNER OSS FRA FØR

Nå slår Den Gule Banken, Sandnes Sparebank og Hjelmeland Sparebank seg sammen og blir banken for Rogaland. Enten du flytter inn eller ut – velkommen til Rogaland Sparebank.

Du finner oss på rogalandsparebank.no



Rogaland
Sparebank

Agenda

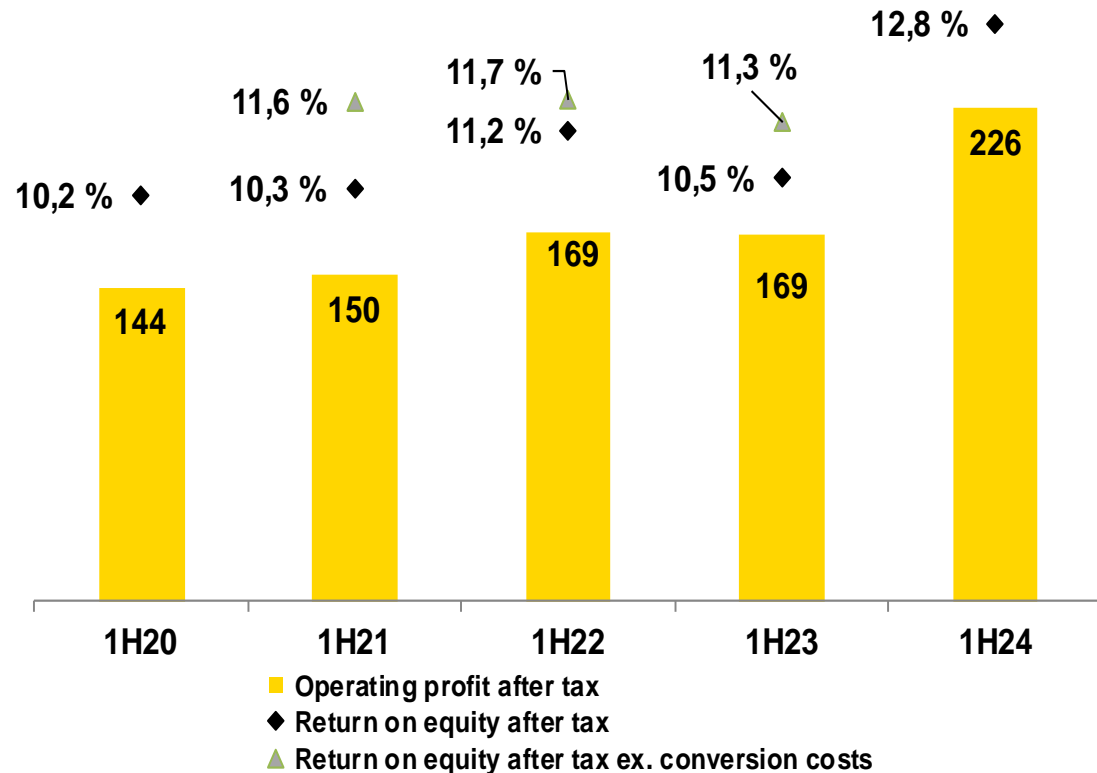
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Den Gule Banken, Sandnes Sparebank

A solid result for the bank, strong development in underlying banking operations

ROE



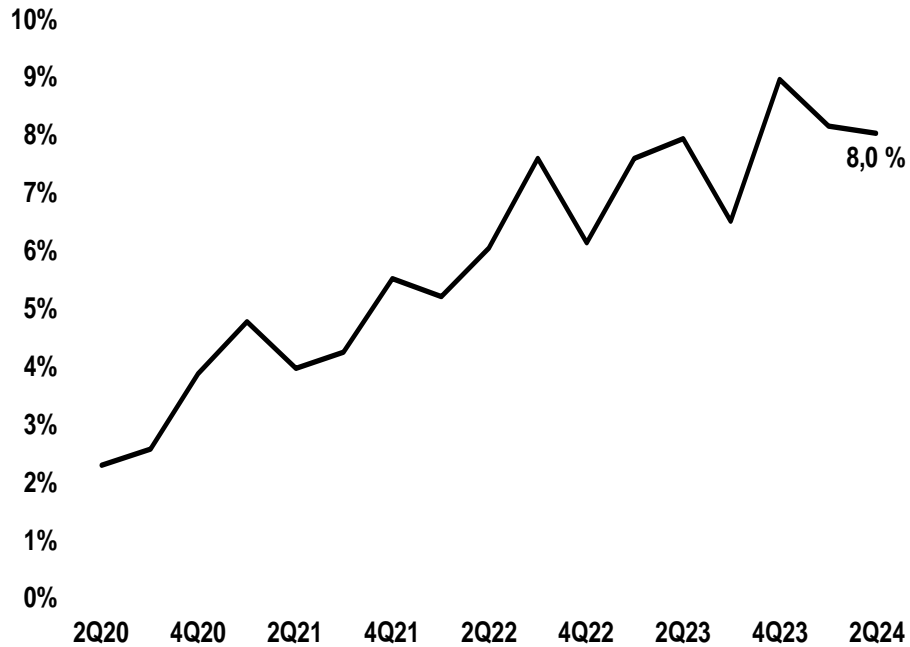
Summary First Half of 2024

- Profit after tax MNOK 226,0 (168,7)
- ROE on equity after tax 12,8 % (10,5 %)
- ROE on equity after tax 6,8 (5,1)
- Lending growth last 12 months of 8,0 % (8,0 %)
- Net interest margin of 1,94 % (1,75 %)
- Net interest margin of 20,2 (12,8)
- Solid bank with CET1 17,5 % (17,1 %)
- Costs MNOK 169,6 (187,0)

Loan growth at 8,0 % YoY

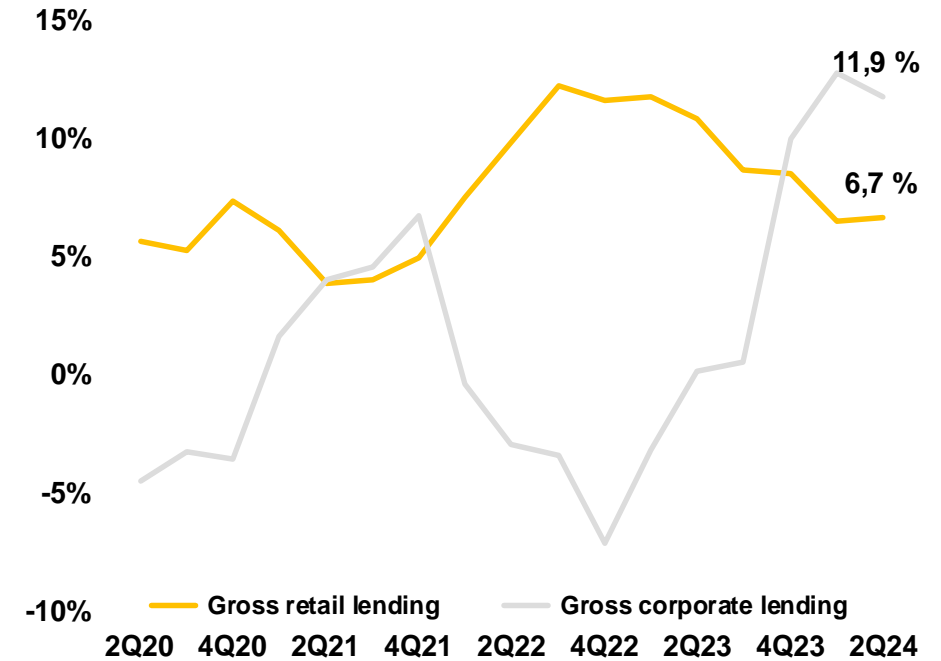
Solid growth, Increasing market share in both segments

Group level YoY



- Total lending increased by NOK 2,3 mrd (8,0 %) YoY.
- Total lending increased by MNOK 672 (2,2 %) QoQ

Growth by Division YoY

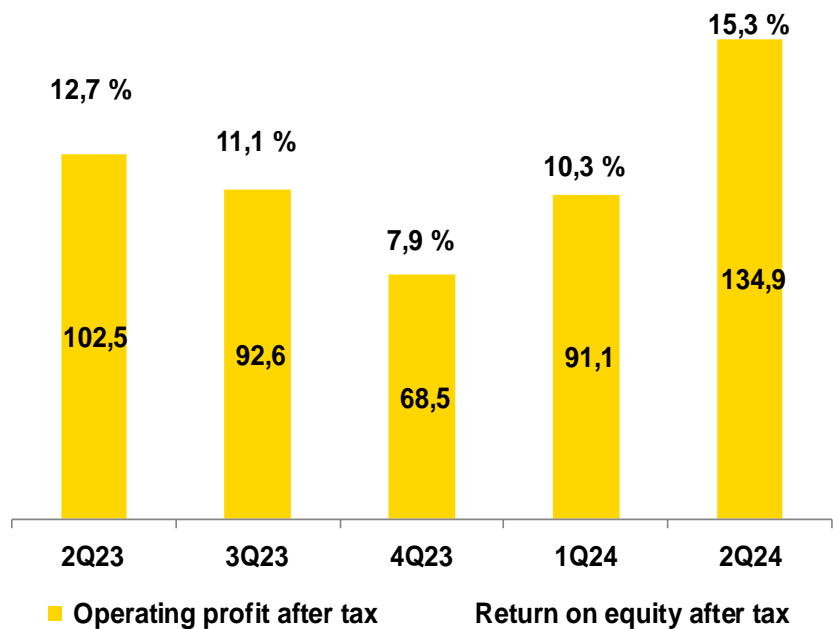


- Retail lending increased by NOK 1,4 mrd (6,7 %) YoY. And by MNOK 556 (2,5 %) QoQ.
- Corporate lending increased by MNOK 857 (11,9%) YoY, and by MNOK 116 (1,5 %) QoQ

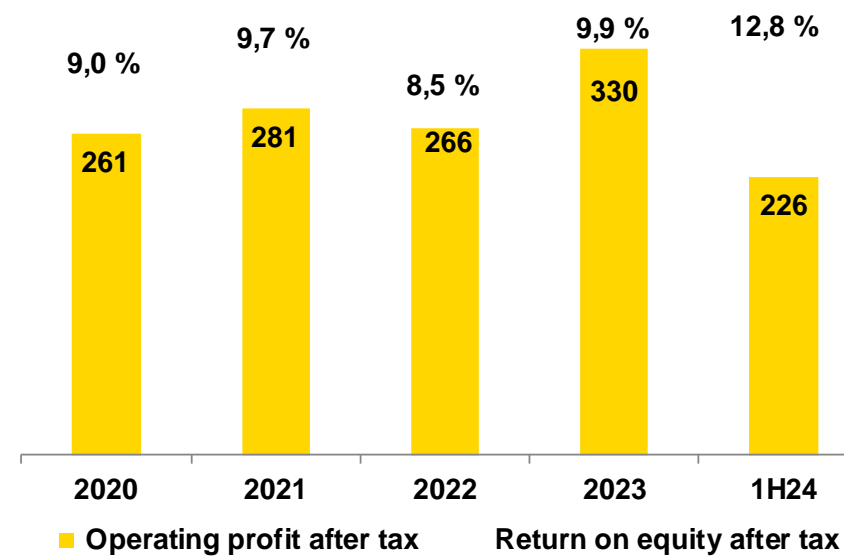
Profitability

Improvement in underlying banking

ROE, Quarterly



ROE, Yearly

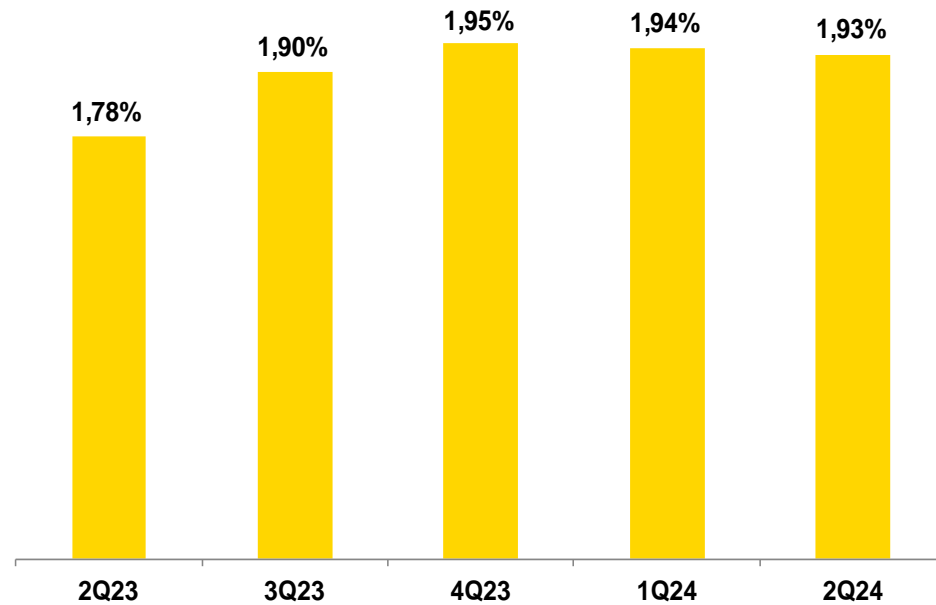


- ROE 2023 without conversion costs 10,5%, 8,7 % for 2022

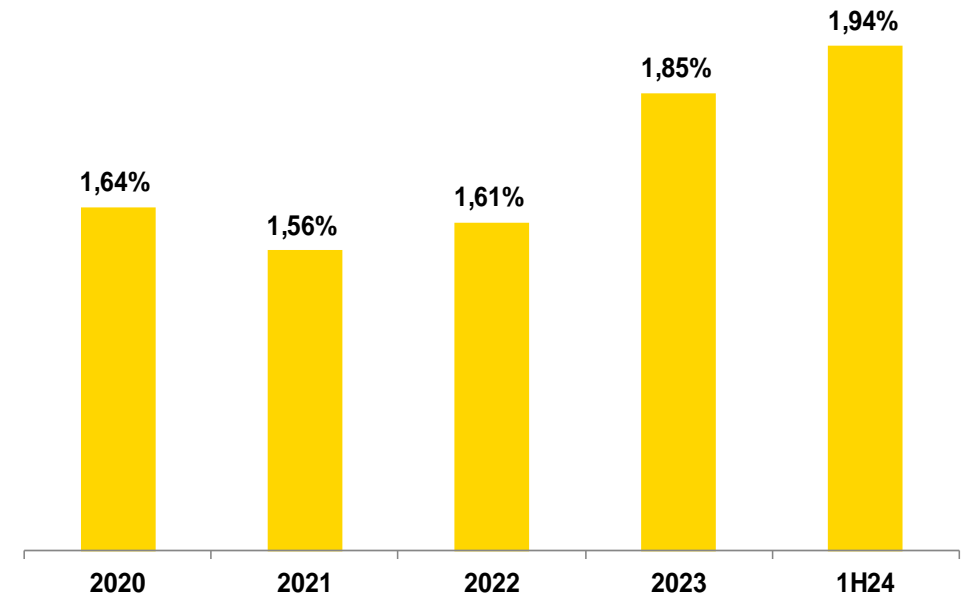
Net Interest Margin

Stabile Net Interest Margin – The last interest rate hike took effect in March for the retail market

Net Interest Margin, QoQ



Net Interest Margin, YoY



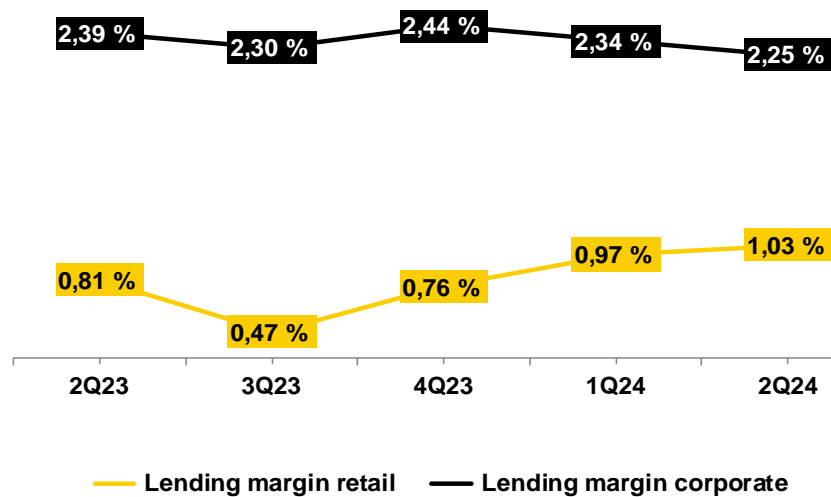
- The interest rate change in the retail market entails some time lag (8 weeks notice period)
- The interest rate change in the corporate market has a rapid effect (2 weeks notice period)
- 48% deposit coverage

- Net Interest Margin parent bank 2,49 % (2,20 %)

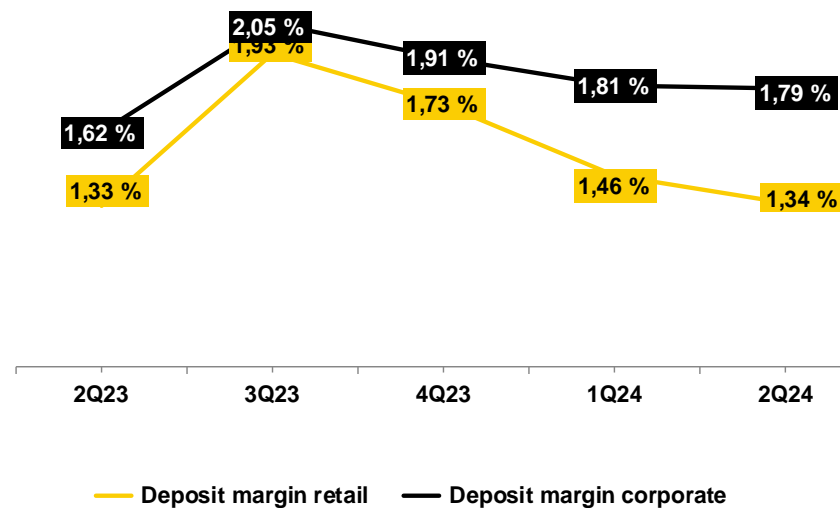
Margin on Loans and Deposits

Stabile Nibor increases lending margin and reduces deposit margins in the retail market

Lending margins

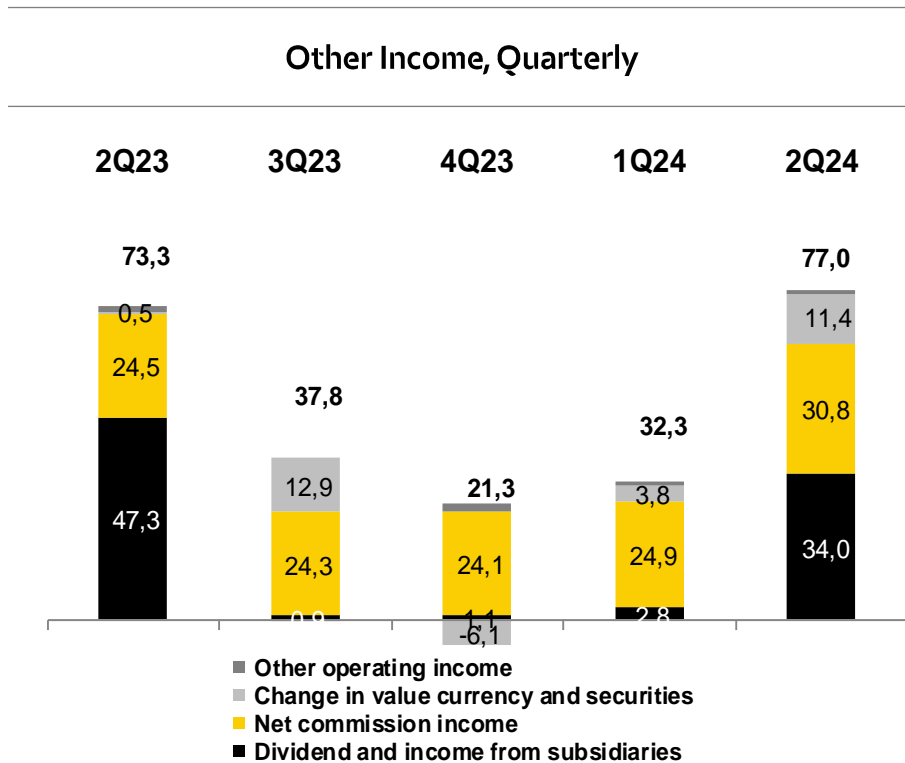


Deposit margins

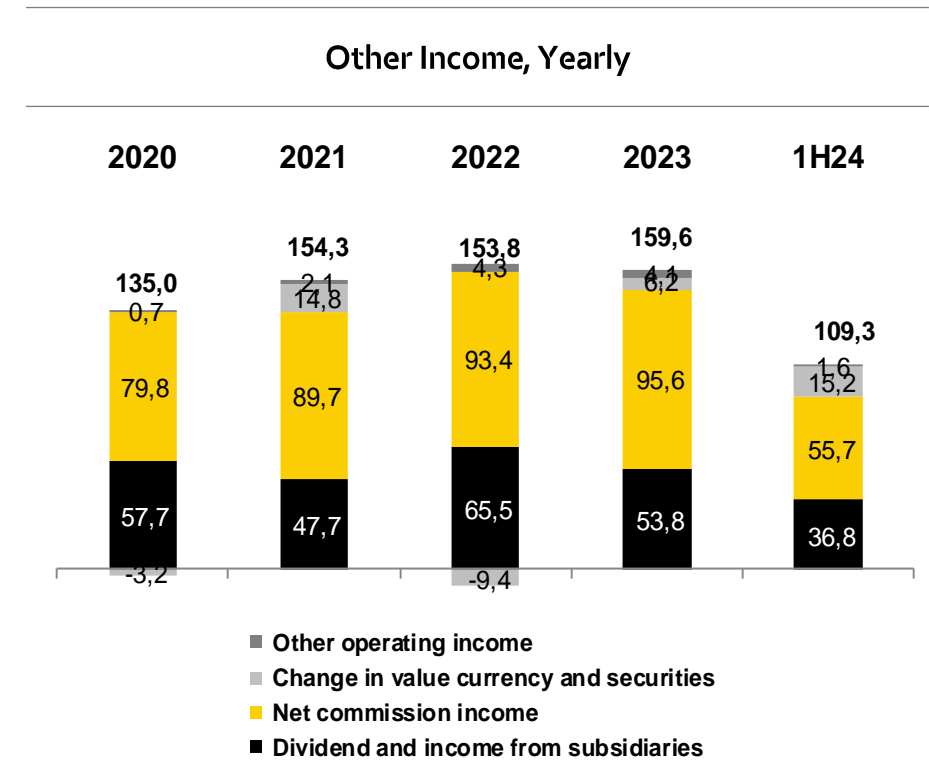


Other Income

Improvement in other income for the quarter



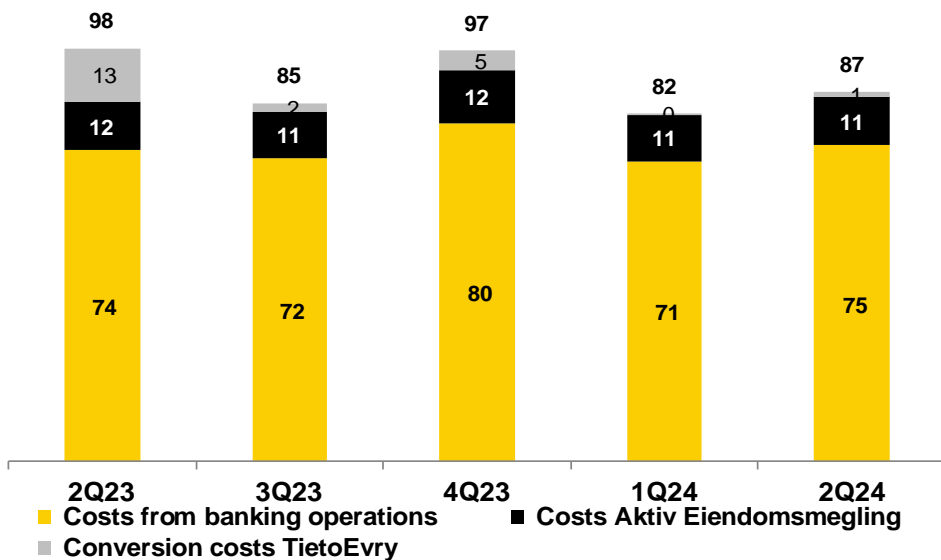
- Dividend from Eika Gruppen for 2023 MNOK 28,4 (44,8) booked in the 2nd quarter
- Improvement in net commission income



Operating Costs

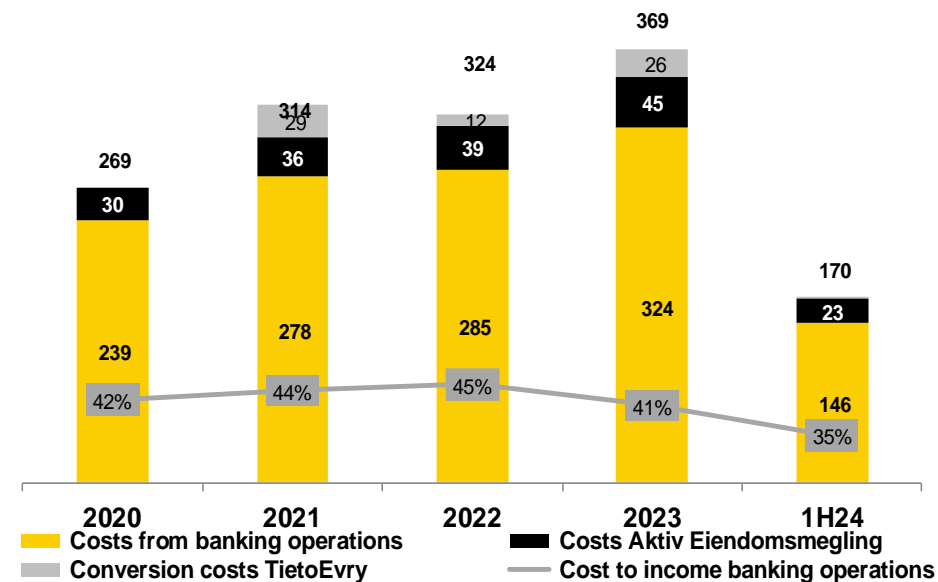
Stabile operating costs

Operating Costs, Quarterly



- The number of employees in the parent bank is stabile around 125 employees
- Merging costs with Hjelmeland sparebank will mainly be booked in the second half of 2024, 2 MNOK is booked in the second quarter
- Costs related to the merger will be charged in the second half of the year and are estimated to be approximately NOK 35 million. The recognition of badwill is expected to fully cover the merger costs.

Operating Costs, Yearly



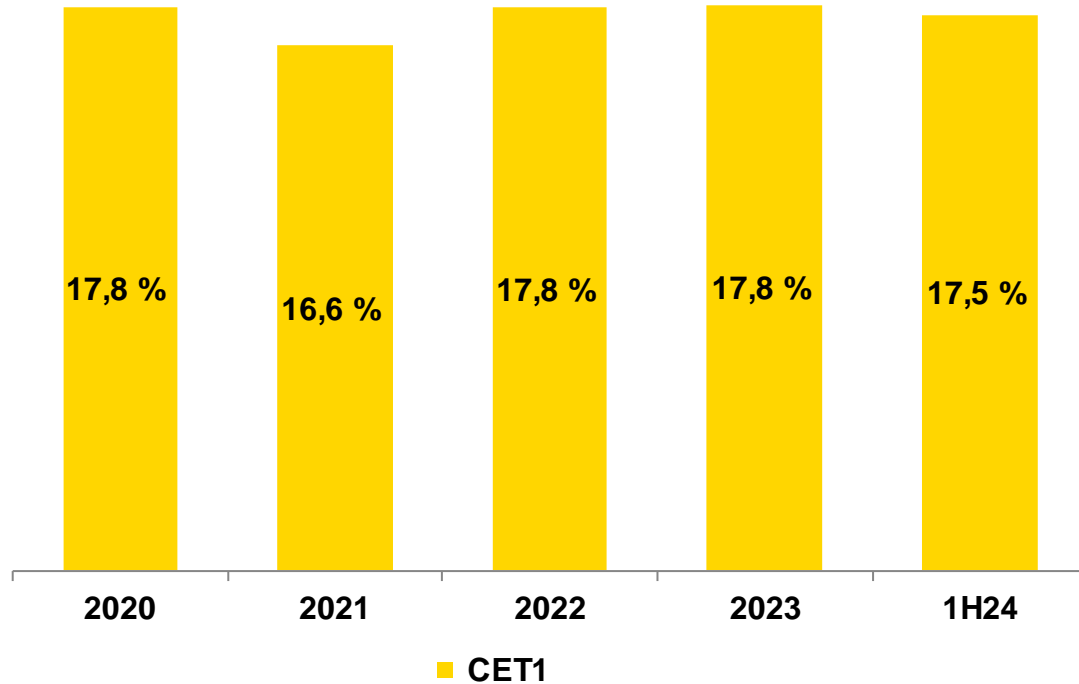
- Operating costs underlying banking is 35 % for the first half of 2024
- Changing the core system from SDC to TietoEvry is expensed at 67 MNOK in the period 2021-2023. Conversion completed in April 2023 and is in fully booked

Underliggende bankdrift inkluderer drift morbank og boligkreditselskap

Well Capitalized and Equipped for Further Growth

Common Equity capital ratio of 18,6 % including this year's result. Leverage ratio of 9,1 %

CET-1



A Well Capitalized Bank

- CET-1 requirement of 15,2 % from 31.12.23
- CET-1 requirement of 15,3 % from 1.8.24
- Internal target of + 1.0 % management buffer above the regulatory requirements (increases to 1,5% from 1.8.24)
- Internal target of 16,8% from 1.08.24
- Preliminary estimates of new standard method (Basel IV) increases CET-1 by ca 2,6%

Agenda

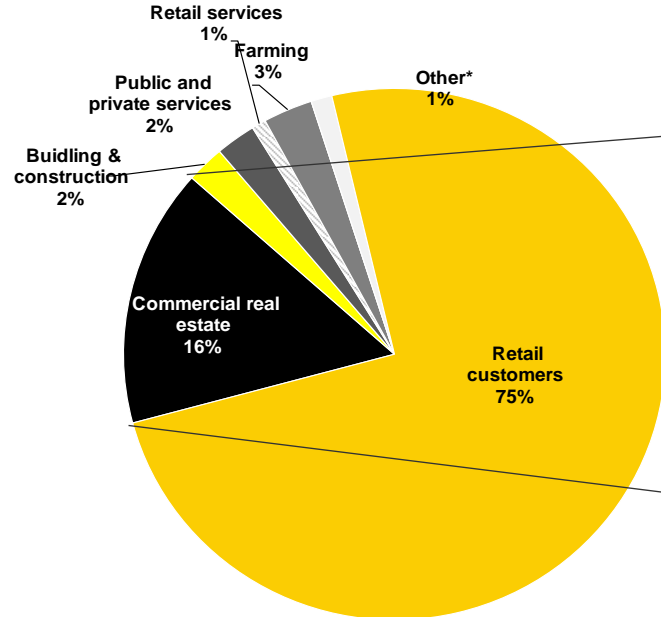
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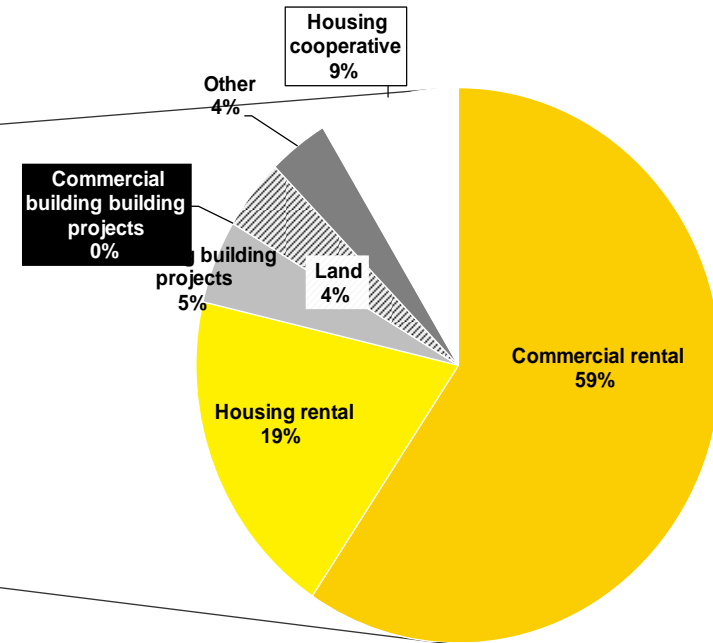
Loans to customers

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

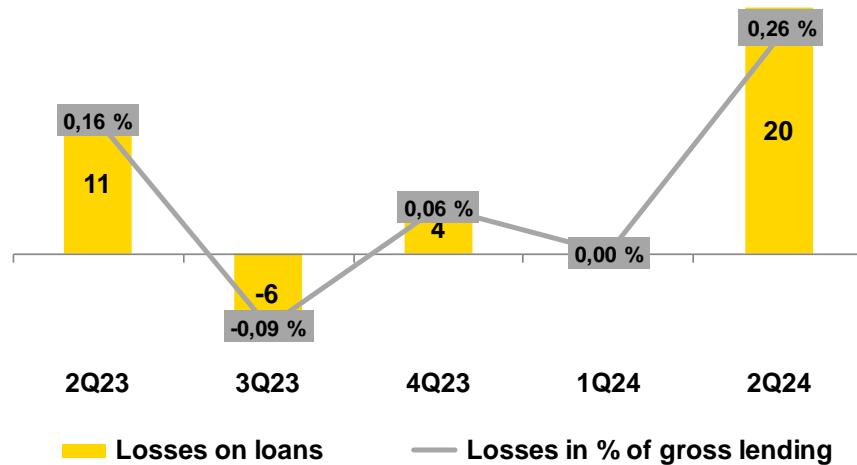


- Low exposure to cyclical industries
- Insignificant direct exposure to the oil industry
- Stable exposure towards commercial real estate

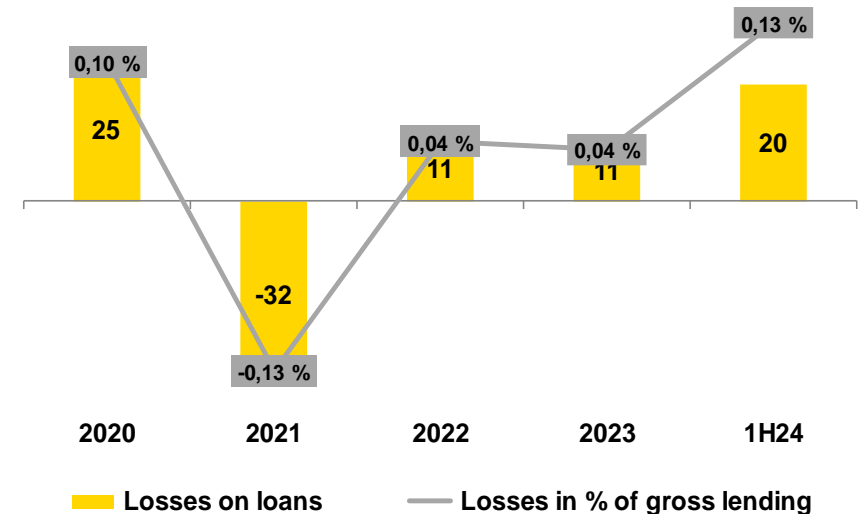
Losses on Loans and Guarantees

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

Losses on loans and guarantees, QoQ



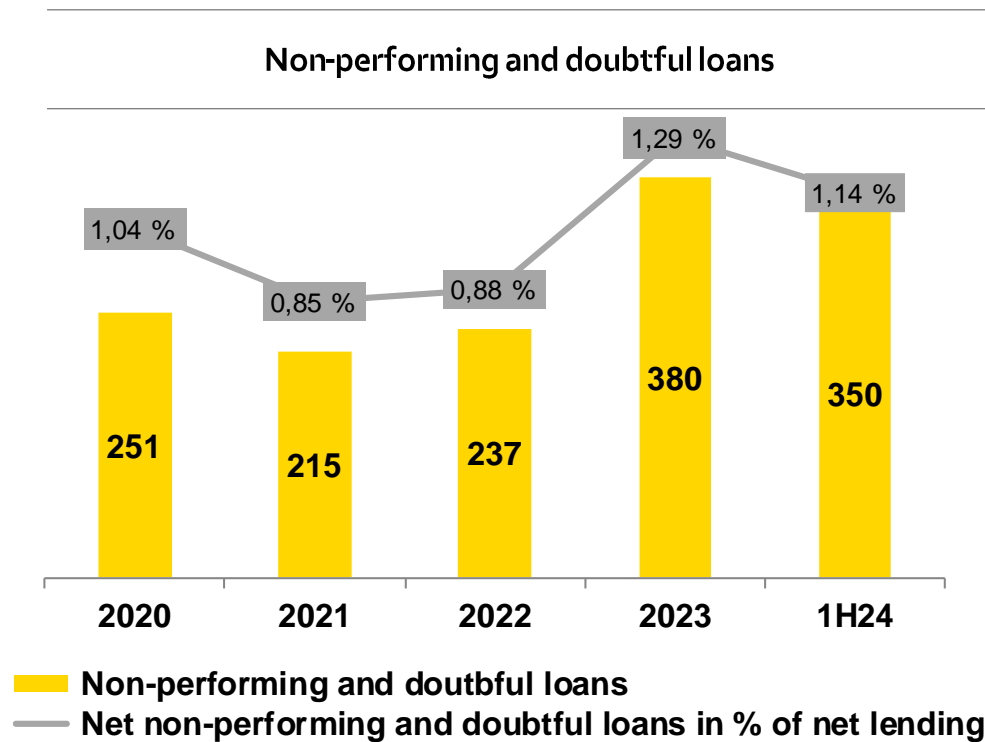
Losses on loans and guarantees, YoY



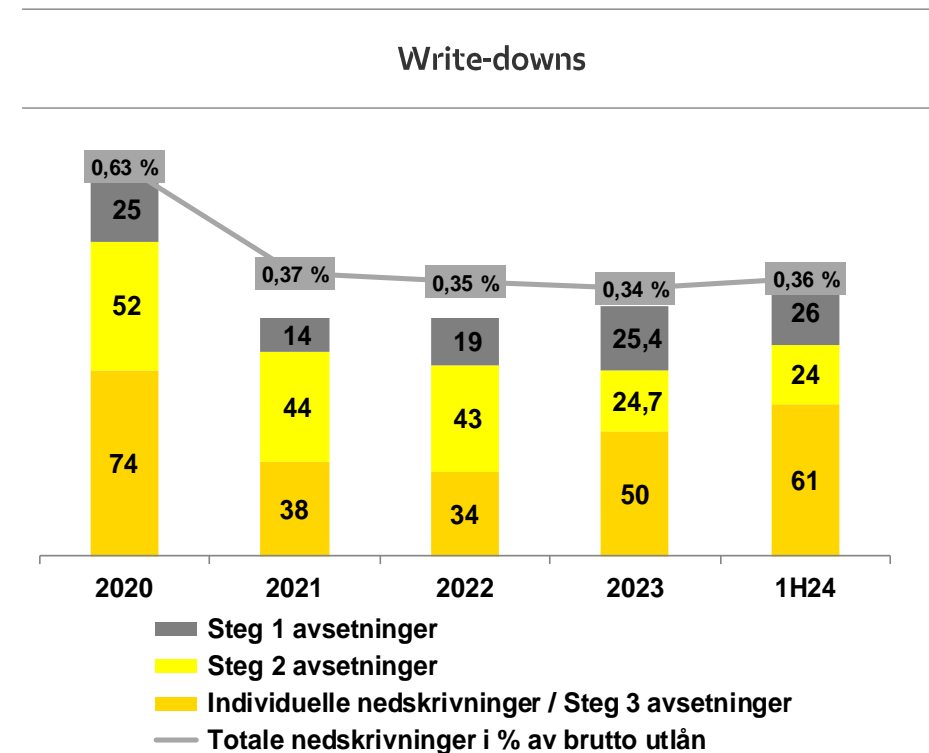
- Some increase in losses on loans for the quarter
- Mainly due to delinquent interest and a couple single commitments

Non-Performing and Doubtful Loans

Some improvement in non-Performing loans, stabile development



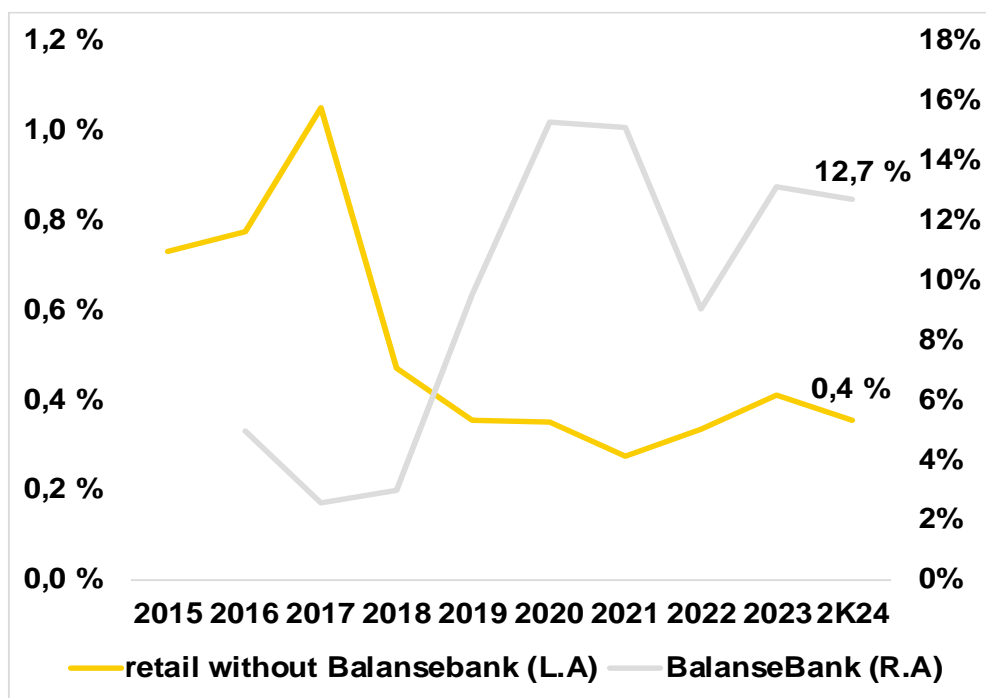
- The increase in non-performing and doubtful loans is mainly linked to the restart bank, Balansebank, which is in line with its mandate



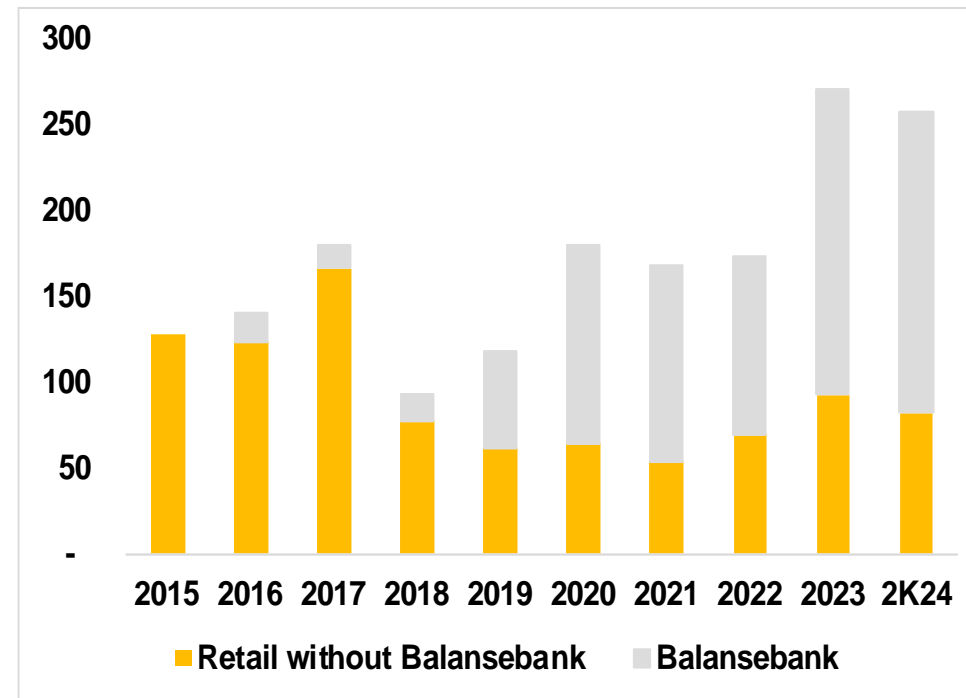
Non-Performing and Doubtful Loans Retail

Stabile and low Non-Performing Loans in ordinary retail. Somewhat higher in Balansebank than normal

Gross default rate retail



Gross default rate retail

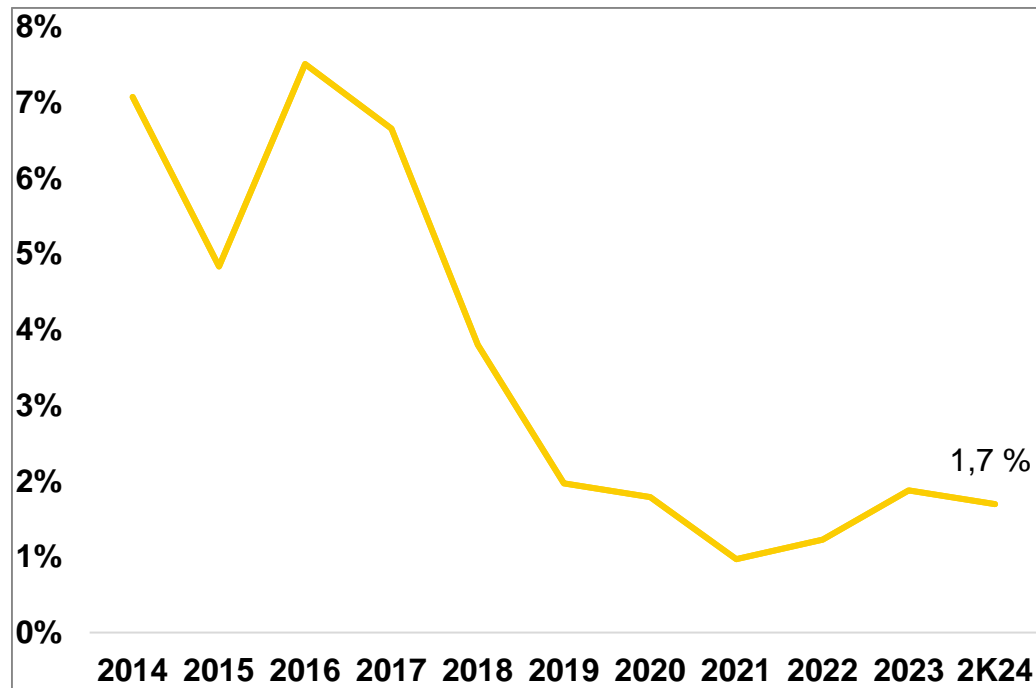


Expected Non-Performing and Doubtful loans in Balanse Bank is 10%. All loans in Balansebank is secured with residential buildings within 85% LTV

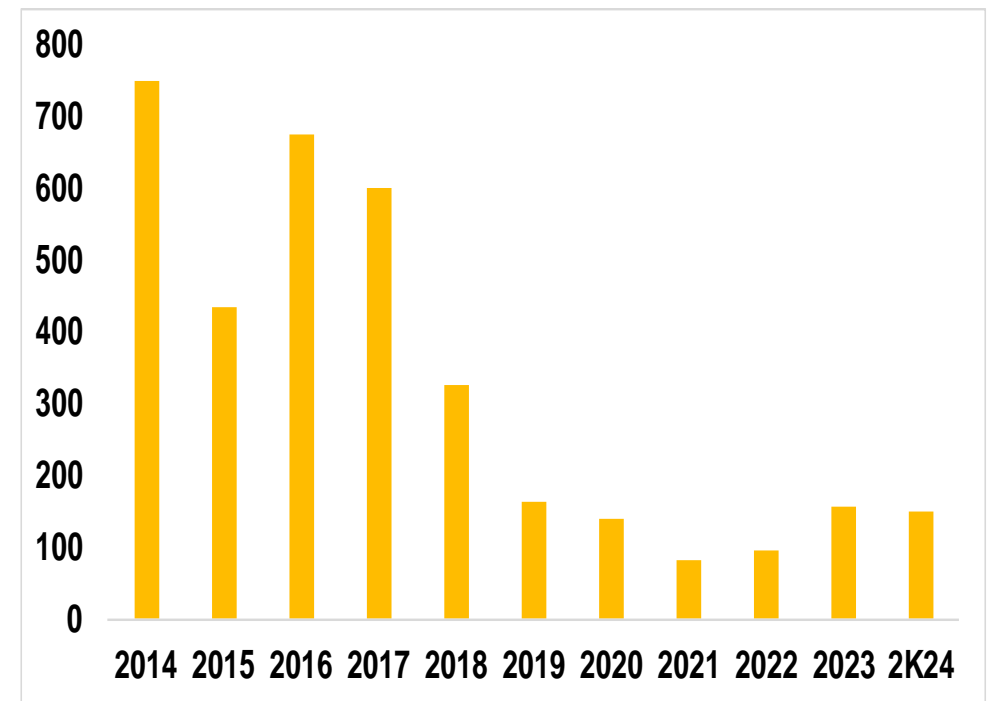
Non-Performing and Doubtful Loans Corporate

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

Gross default rate Corporate

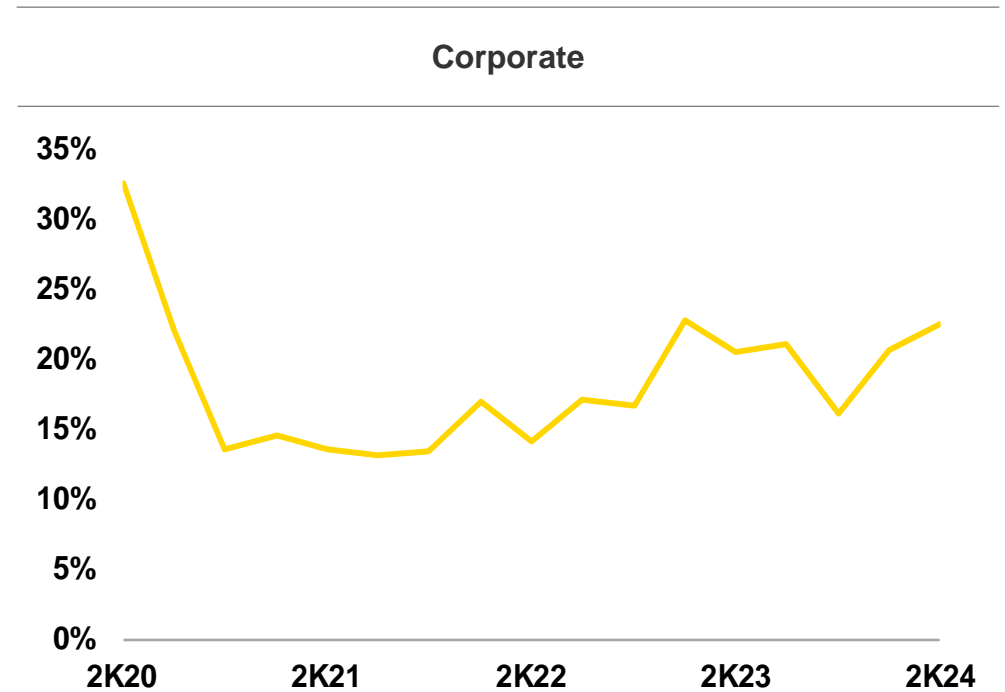
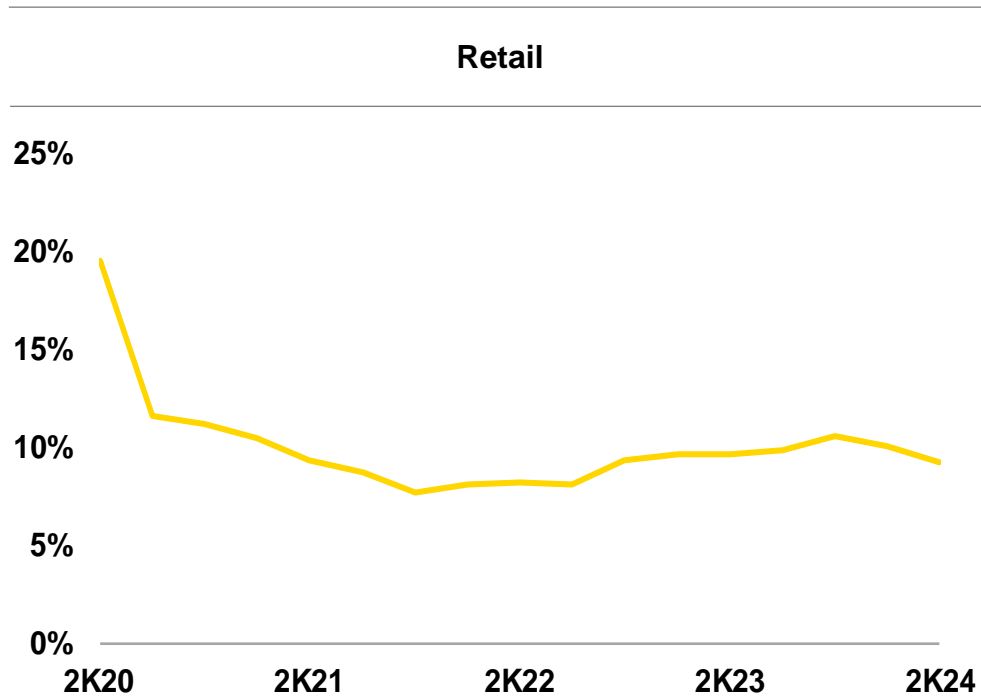


Gross default rate Corporate



Interest only loans

Low increase in interest only loans in spite of challenging times

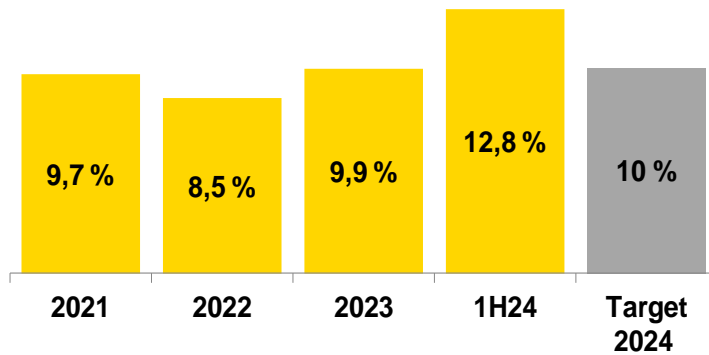


Customers with LTV < 60% can choose themselves if they want interest only loans

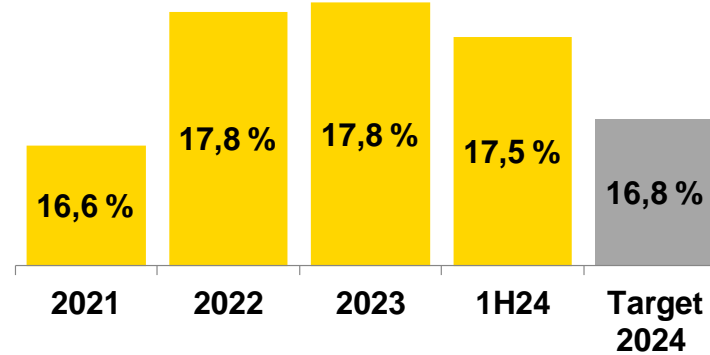
Land loans normally have installment-free repayments

Financial targets for the strategy period 2021-2024

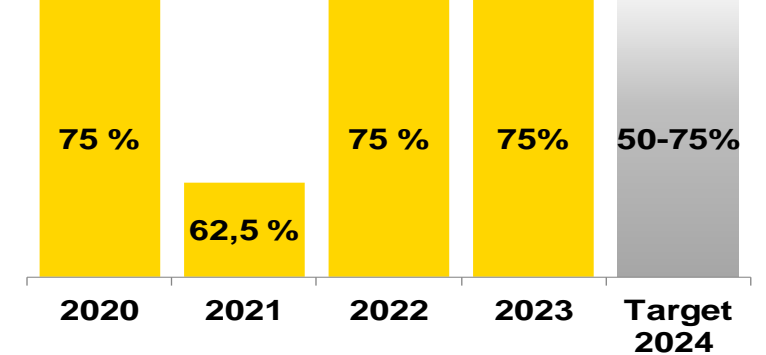
ROE



CET1

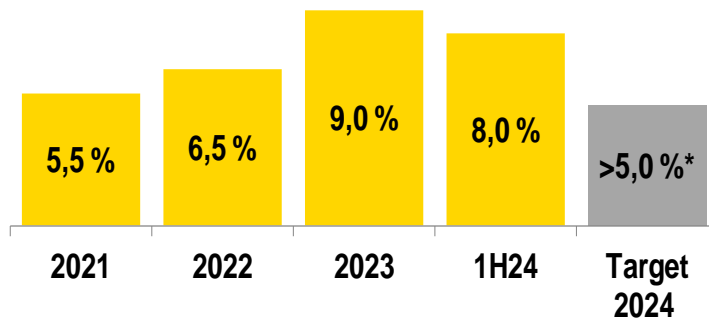


Dividends

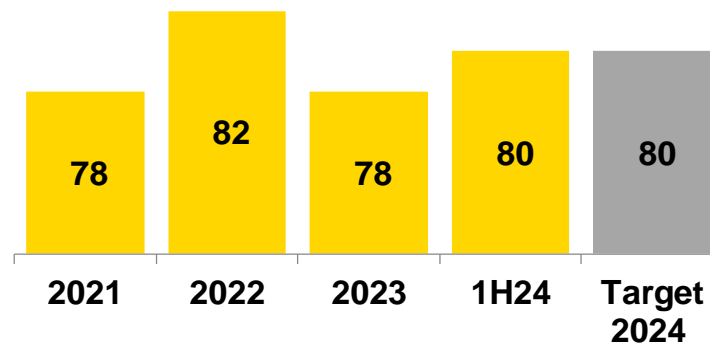


* Internal target of + 1% management buffer above the applicable authority requirement at all times (1,5% from 1.8.24)

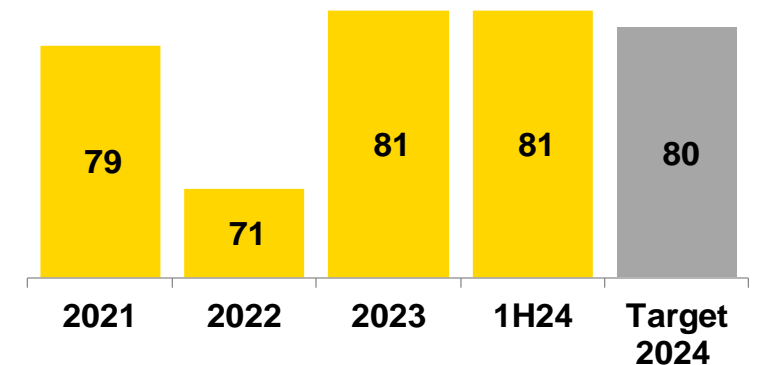
Profitable Growth



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



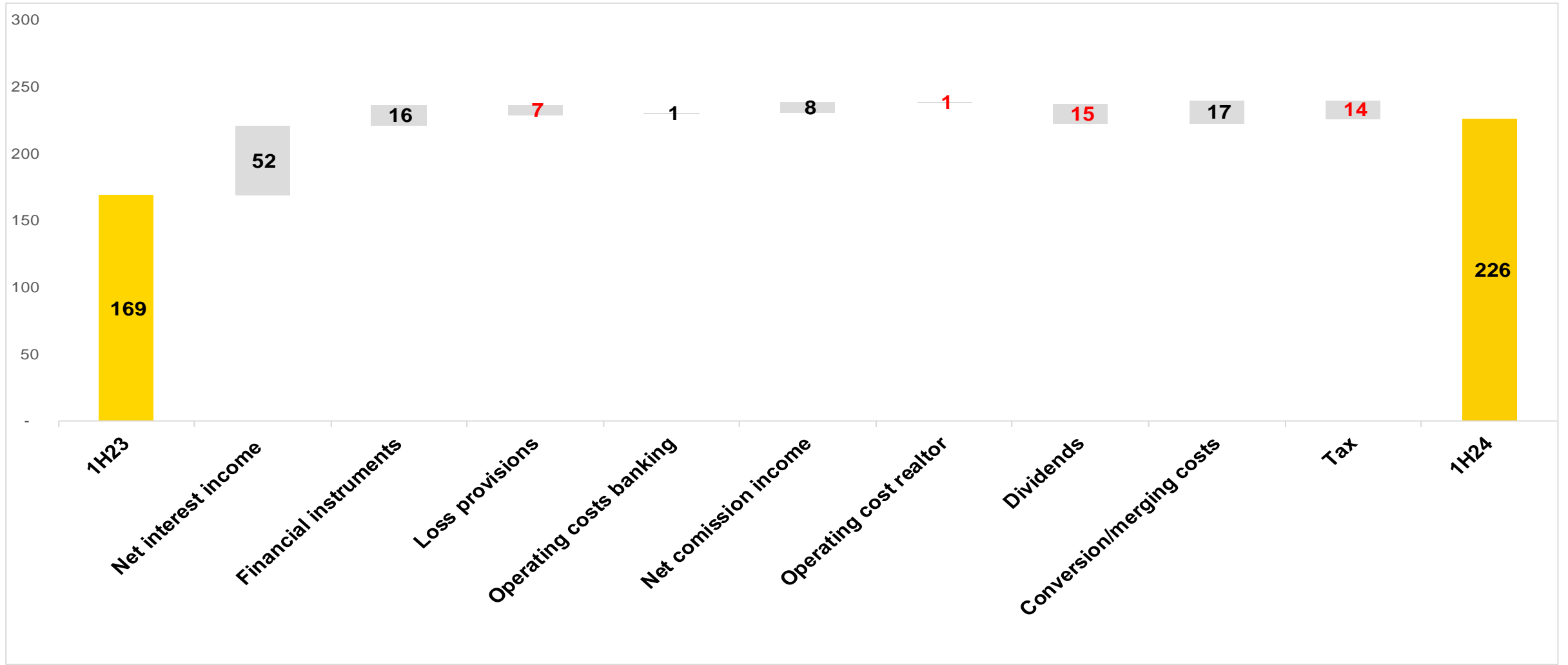
Questions?



**Rogaland
Sparebank**

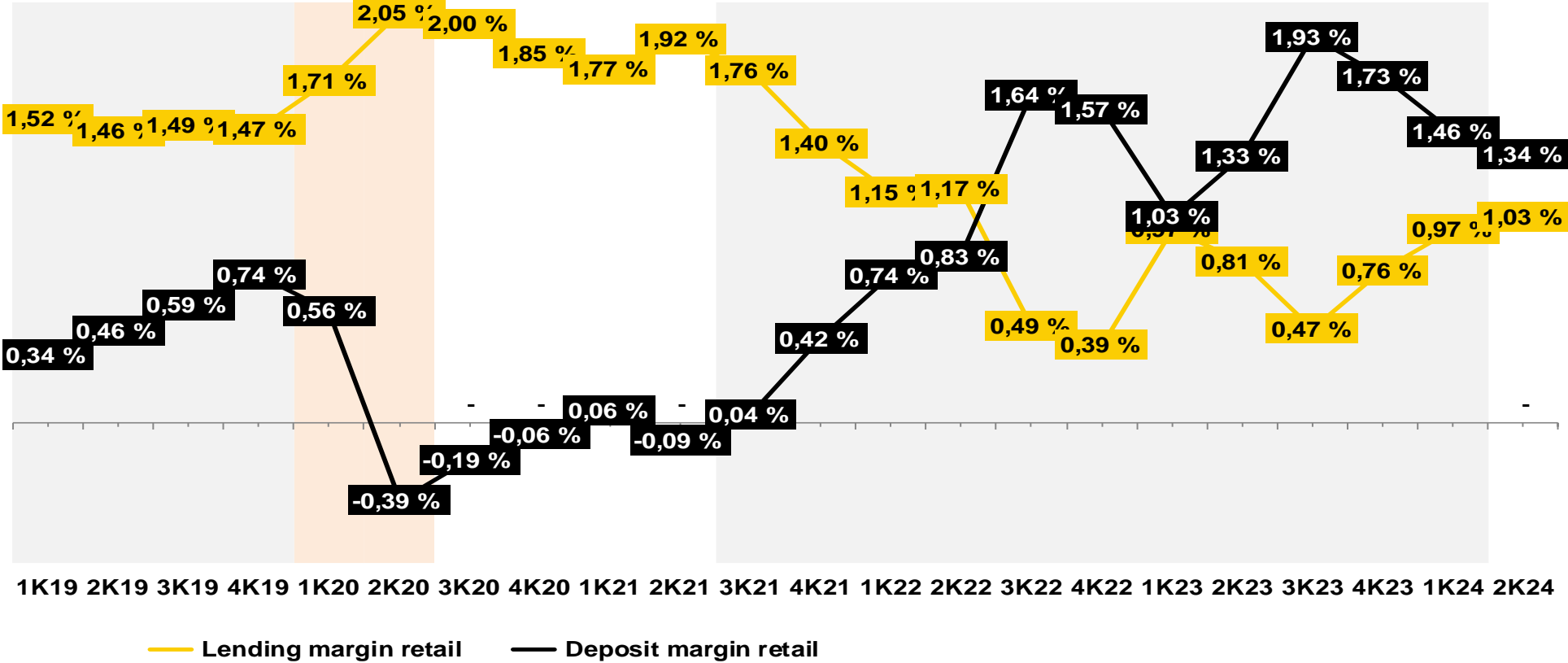
Performance Development

Continued improvement in underlying banking



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

Deposit coverage retail ca 37 % , Retail accounts for 75 % of the banks total lending

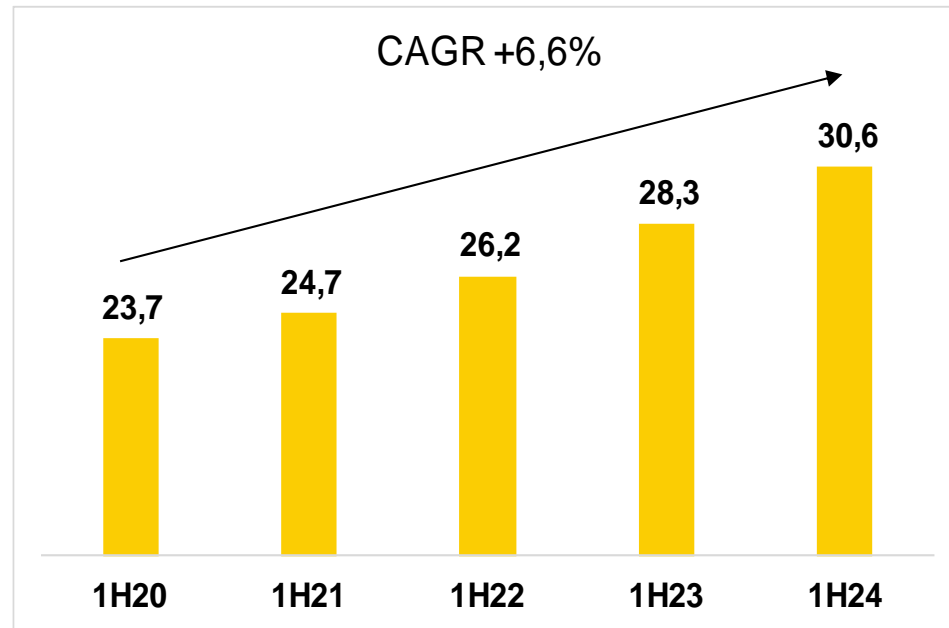


Norges Bank increasing rates in grey, decreasing in red and unchanged in white

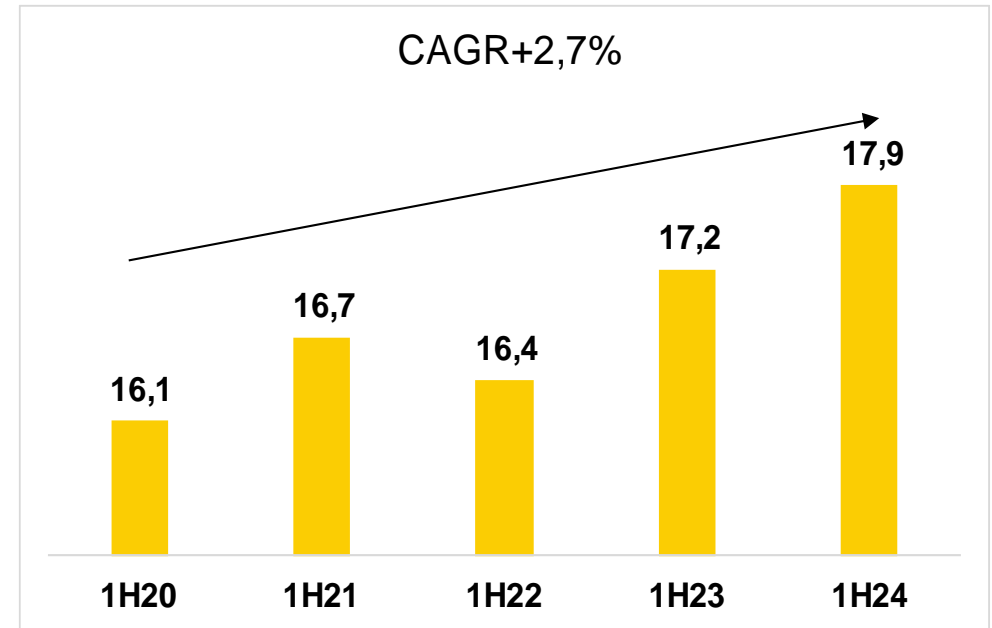
The increase in lending volume has lower capital tie-up

Volume growth within the retail and SME companies requires less capital

Net Lending



Risk weighted assets

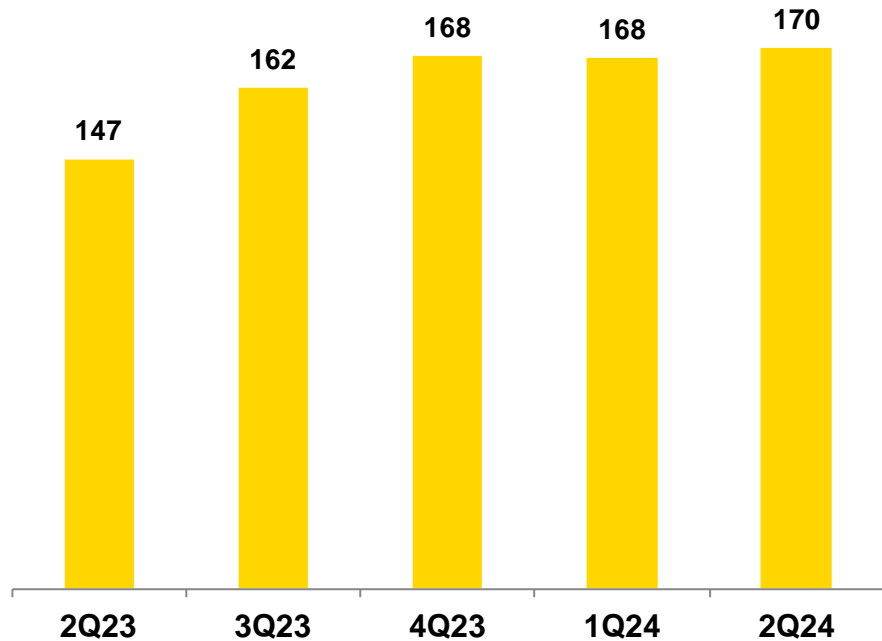


- Risk-weighted assets is risk-adjusted lending volume and is used for capital calculation (capital tie-up)

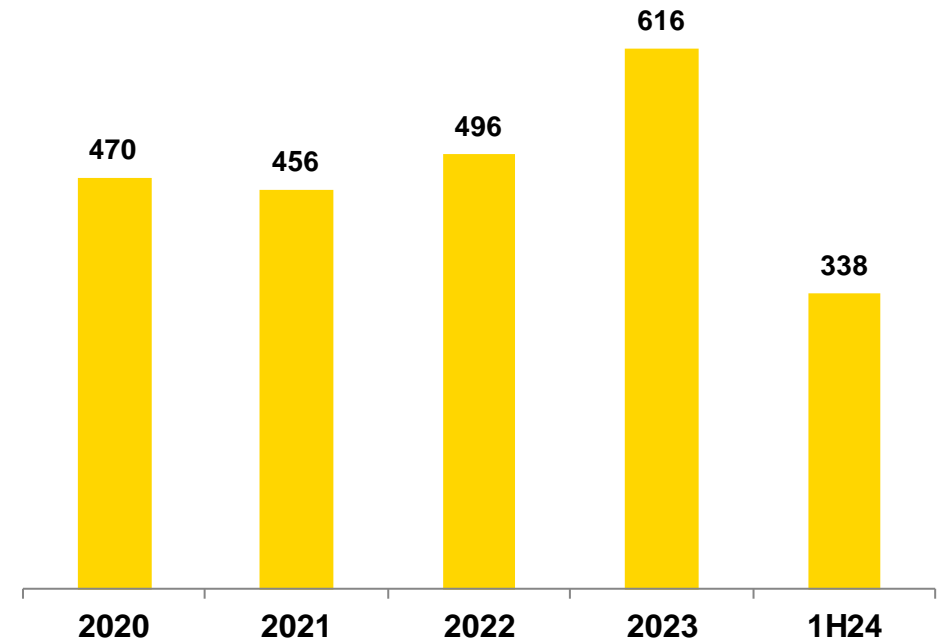
Net Interest Margin

Stable growth and full effect of increased interest rates increases NIM

Net Interest Margin, Quarterly



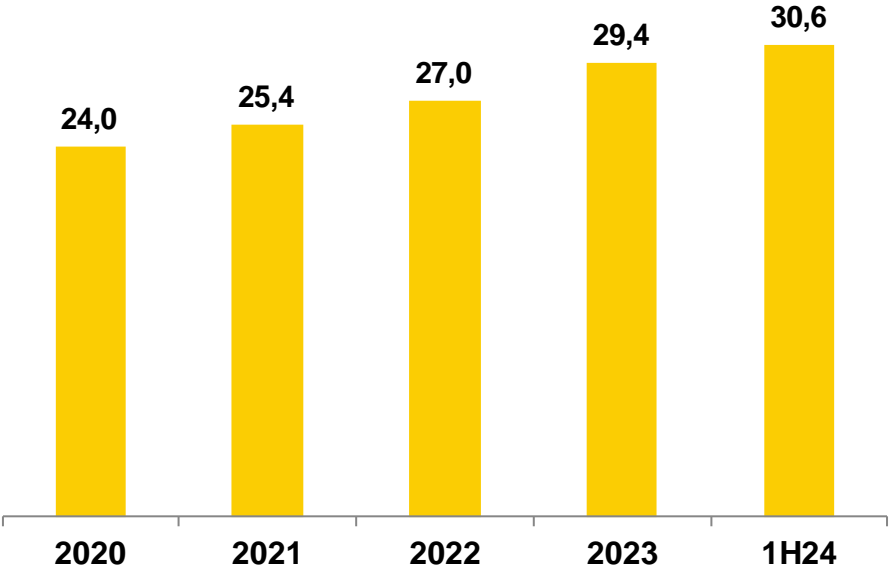
Net Interest Margin, Yearly



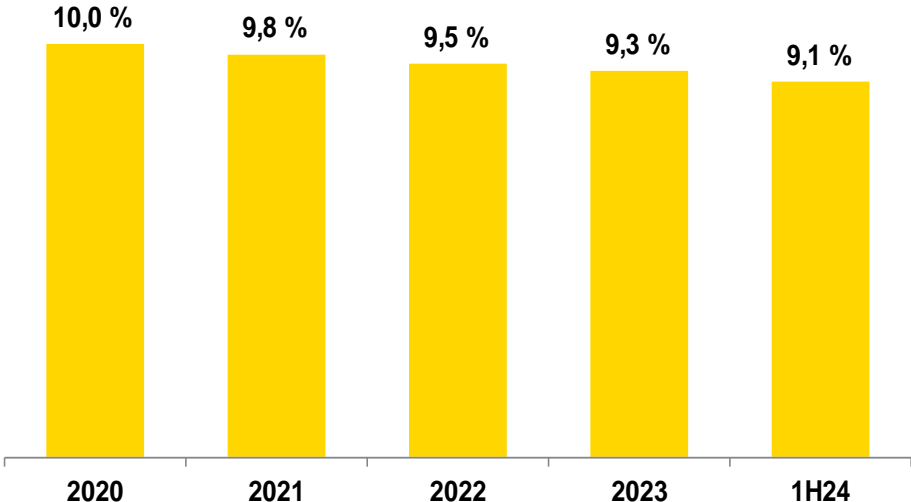
Increase in lending volume and continued strong CET1

Volume growth in retail and SME requires less capital (Leverage ratio 9,1%)

Loans to customers



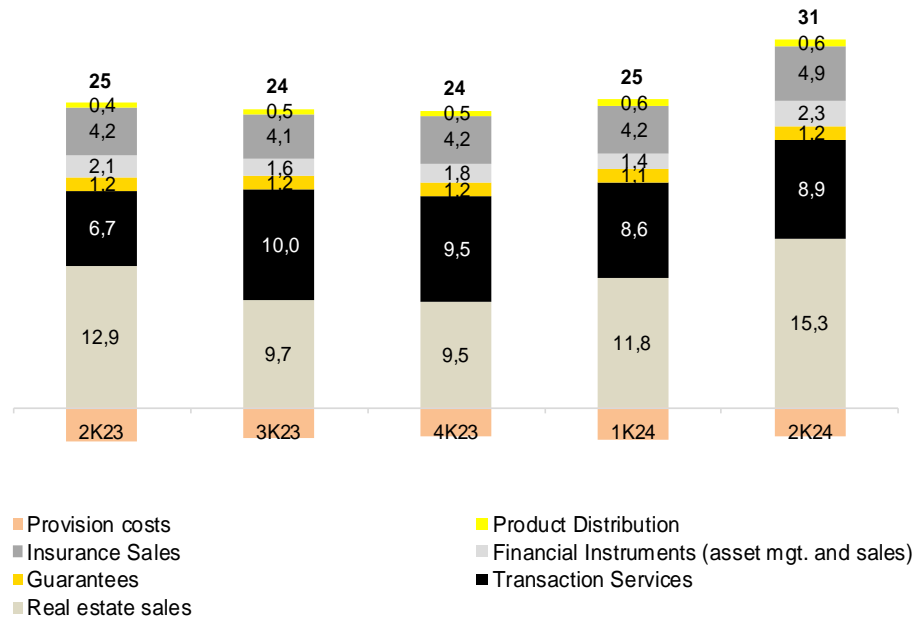
Leverage (Equity/Total assets), Yearly



Net Commission Income

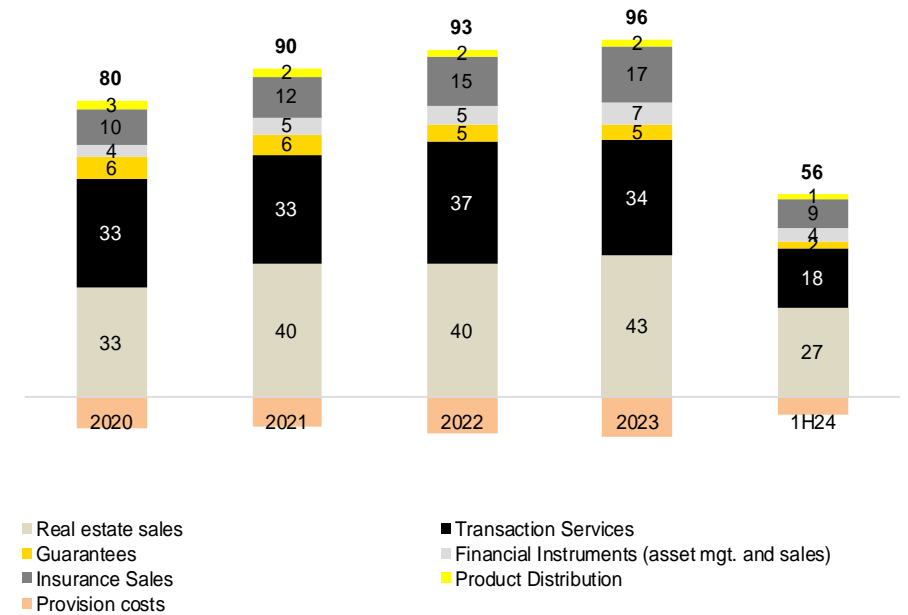
Steady increase in all types of commission income – High internal focus over time creates results

Provisjonsinntekter, siste 5 kvartaler



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

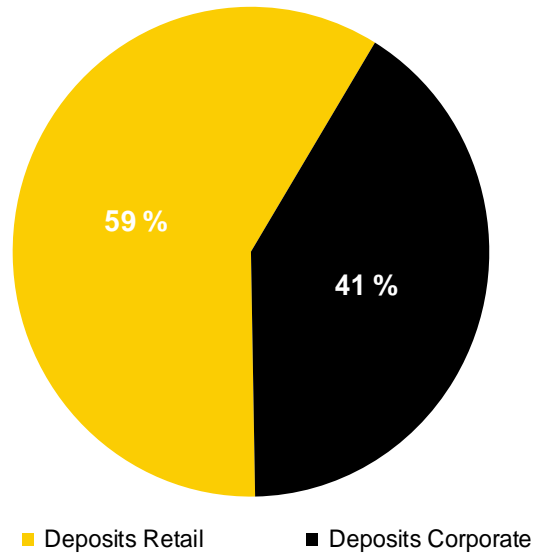
Provisjonsinntekter, årlig / hiå.



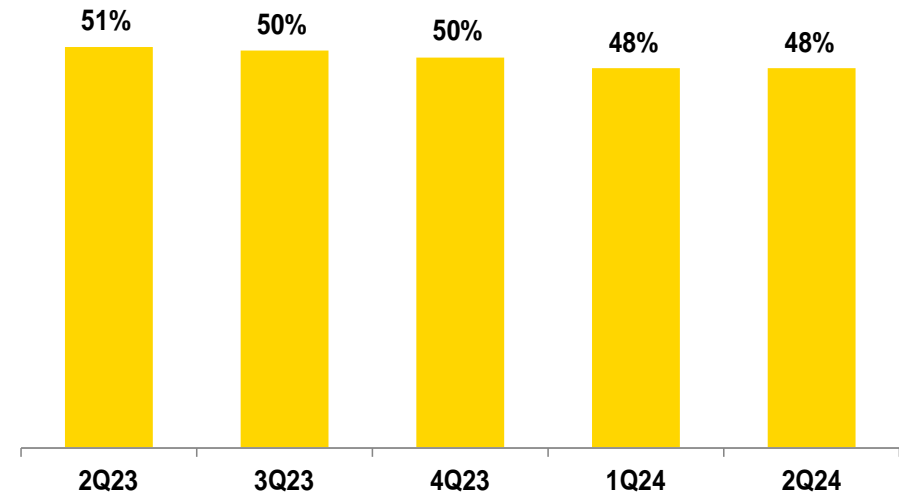
- Steady increase in all types of commission income

Deposits From Customers

By division



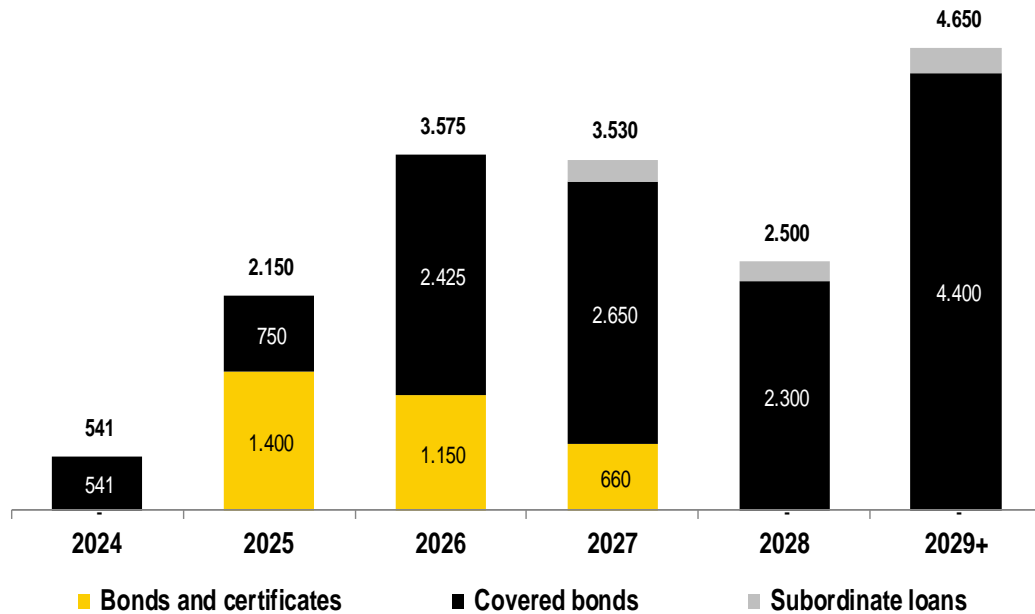
Deposit-to-loan ratio



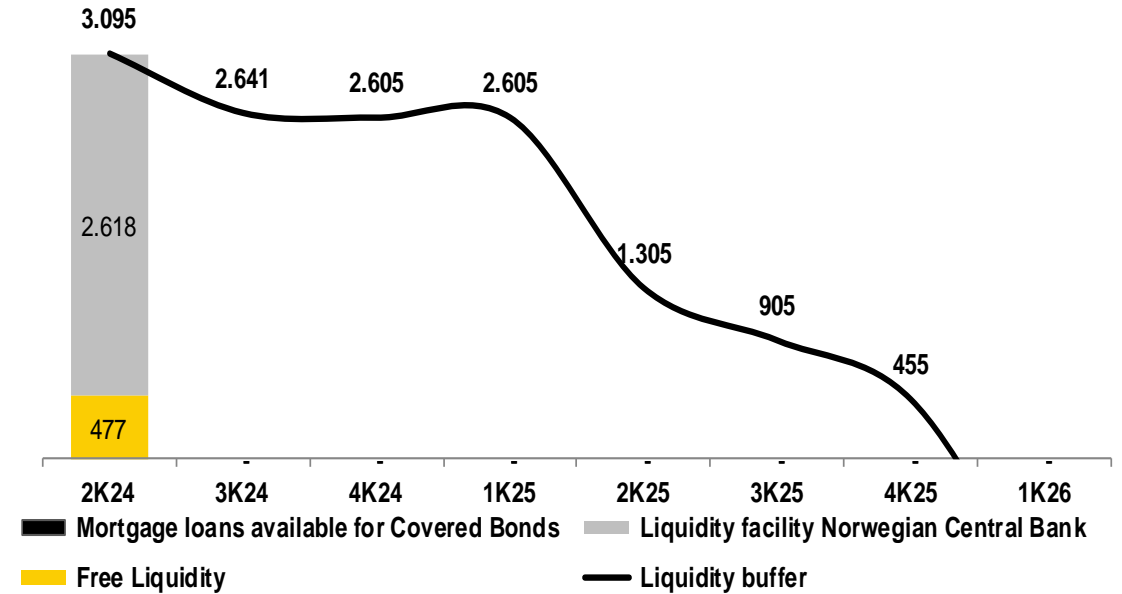
Liquidity

LCR at 311 % | NSFR at 129 %

Funding (MNOK)



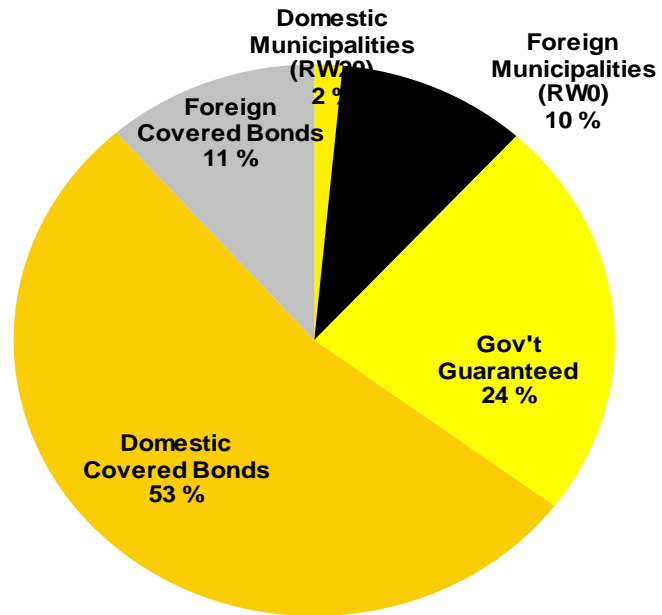
Liquidity reserve, (MNOK)



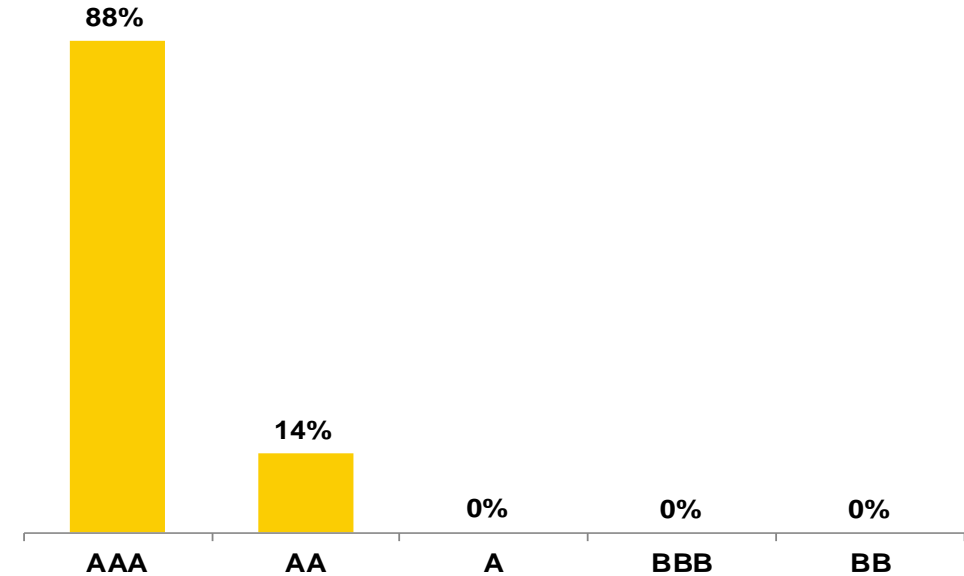
Liquidity

NOK 3,4 bn. ex. cash

Composition liquidity portfolio



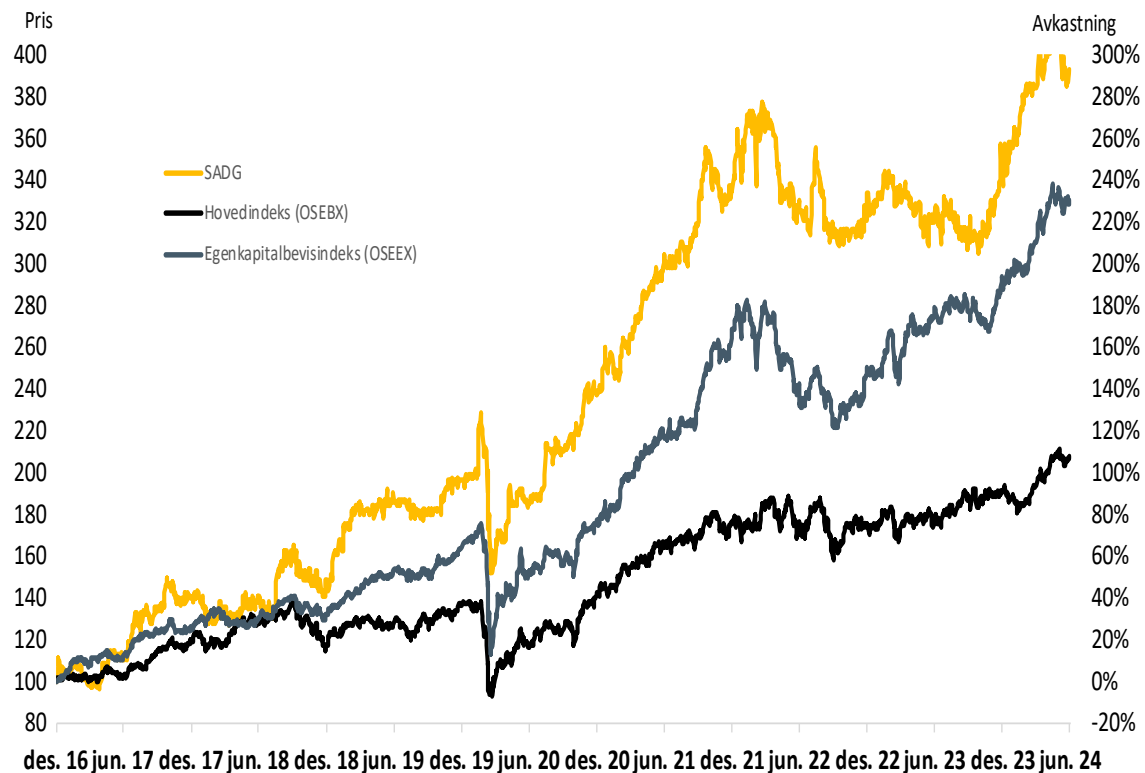
Rating distribution



- Domestic municipalities has an internal rating of AA

The Equity Certificate

SADG: Development in price and volume on OSE



The Equity Certificate Holders

20 largest owners of equity certificates as at 30.06.2024	No. of equity certificates	Share
1. SPAREBANK 1 SR-BANK ASA	3.485.009	15,14 %
2. SANDNES SPAREBANK	1.960.062	8,52 %
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. SPAREBANKEN VEST	913.322	3,97 %
7. ESPEDAL & CO AS	886.861	3,85 %
8. SALT VALUE AS	680.000	2,95 %
9. WENAASGRUPPEN AS	650.000	2,82 %
10. SKAGENKAIEN INVESTERING AS	500.000	2,17 %
11. KOMMUNAL LANDSPENSJONSKASSE GJENSI	359.311	1,56 %
12. INNOVEMUS AS	318.542	1,38 %
13. SPESIALFONDET BOREA UTBYTTE	206.283	0,90 %
14. CORNELIUSSEN INVEST AS	205.574	0,89 %
15. HAUSTA INVESTOR AS	186.500	0,81 %
16. NORDHAUG INVEST AS	184.374	0,80 %
17. TIRNA HOLDING AS	156.255	0,68 %
18. KRISTIAN FALNES AS	145.000	0,63 %
19. METEVA AS	131.881	0,57 %
20. CATILINA INVEST AS	124.000	0,54 %
Sum	15.363.373	66,8 %
Totalt	23.014.902	100,00 %

Key Figures

	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	1H23	1H24
Growth assets	2,5 %	0,2 %	2,2 %	2,0 %	1,5 %	1,1 %	2,1 %	1,6 %	7,0 %	6,3 %
Growth lending (net)	2,8 %	0,0 %	2,6 %	2,4 %	1,4 %	2,3 %	1,9 %	2,2 %	8,0 %	8,0 %
Growth deposits	-4,0 %	0,5 %	1,5 %	6,2 %	0,3 %	0,9 %	-1,2 %	2,1 %	3,9 %	2,1 %
Net interest margin	1,62 %	1,60 %	1,72 %	1,78 %	1,90 %	1,95 %	1,94 %	1,93 %	1,75 %	1,94 %
Other income % of total income	10,6 %	15,5 %	16,4 %	33,2 %	19,0 %	11,2 %	16,2 %	31,2 %	26,0 %	24,5 %
Cost-to-income ratio	54,8 %	53,7 %	53,9 %	44,3 %	42,4 %	51,2 %	41,1 %	35,4 %	48,4 %	37,9 %
Costs as % of av. total assets	1,0 %	1,0 %	1,1 %	1,2 %	1,0 %	1,1 %	1,0 %	1,0 %	1,1 %	1,0 %
Return on equity before tax	8,1 %	7,9 %	9,4 %	13,9 %	14,5 %	10,2 %	13,3 %	15,8 %	11,6 %	14,6 %
Return on equity after tax	6,1 %	5,9 %	8,3 %	12,7 %	11,1 %	7,9 %	10,3 %	15,3 %	10,5 %	12,8 %
Capital adequacy ratio	19,7 %	20,7 %	20,2 %	20,1 %	20,1 %	20,4 %	20,7 %	21,4 %	20,1 %	21,4 %
Tier 1 capital ratio	17,4 %	18,4 %	18,2 %	18,2 %	18,2 %	18,5 %	18,0 %	18,7 %	18,2 %	18,7 %
CET1	16,8 %	17,8 %	17,5 %	17,1 %	17,5 %	17,8 %	17,4 %	17,5 %	17,1 %	17,5 %
Risk-weighted assets	16.452	16.638	16.841	17.236	16.868	17.410	17.898	17.889	17.236	17.889
Number of man-years	147	151	155	155	155	154	152	150	155	150
Stock exchange price	89	94	87	85	83	91	101	96	85	96
Equity capital certificate % of equity	63,5	63,8	63,5	63,6	63,6	63,6	63,6	63,7	63,6	63,7
Earnings per equity capital certificate	1,5	1,5	2,0	3,1	2,8	2,1	2,8	4,1	5,1	6,8
Book value per equity capital certificate	96,1	100,4	96,2	99,3	102,0	106,6	109,3	105,4	99,3	105,4
Individual write-downs in % of gross lending	0,12 %	0,12 %	0,11 %	0,11 %	0,11 %	0,17 %	0,17 %	0,16 %	0,11 %	0,16 %
Coll. write-downs in % lending after ind. wr.-d.	0,23 %	0,23 %	0,22 %	0,24 %	0,23 %	0,17 %	0,15 %	0,20 %	0,24 %	0,20 %
Deposits to loans ratio	49,3 %	49,6 %	49,0 %	50,8 %	50,2 %	49,5 %	48,1 %	48,0 %	50,8 %	48,0 %
Deposits to loans ratio parent bank	84,7 %	88,8 %	93,7 %	95,0 %	95,5 %	96,0 %	94,4 %	95,4 %	95,0 %	95,4 %

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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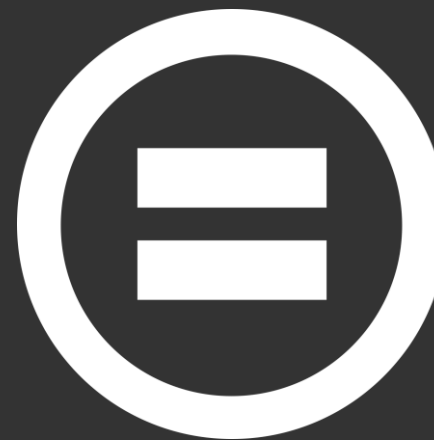
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