

Investor update, June 2021

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Sandnes Sparebank

- enklere valg

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Sandnes Sparebank at a glance

AUM NOK 29 Billion

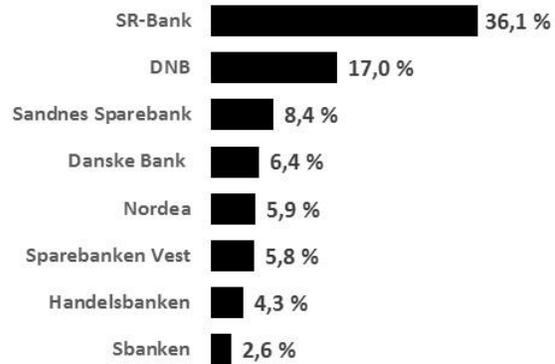
ECC-ownership 65%

Market cap NOK 2.1 Billion

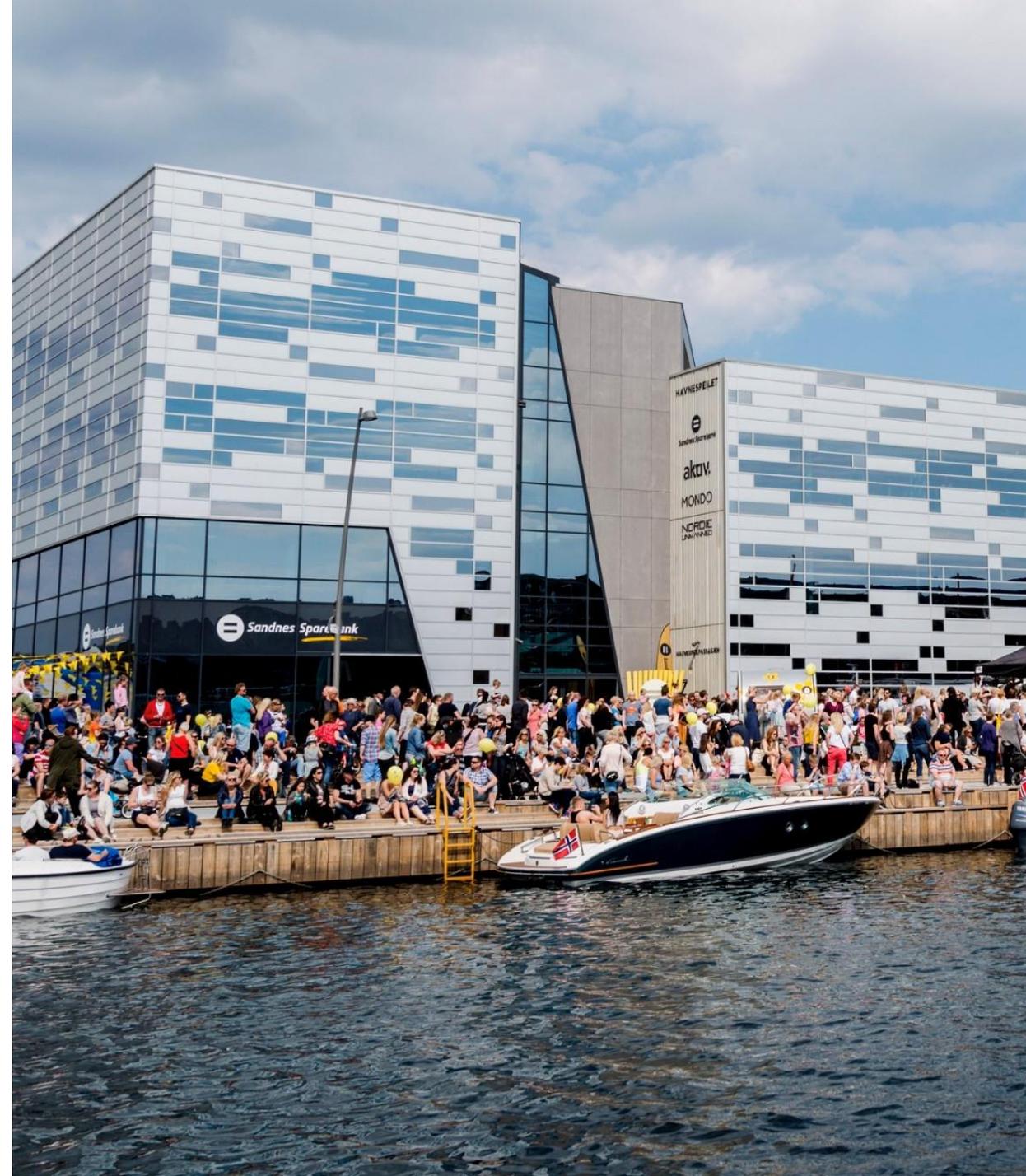
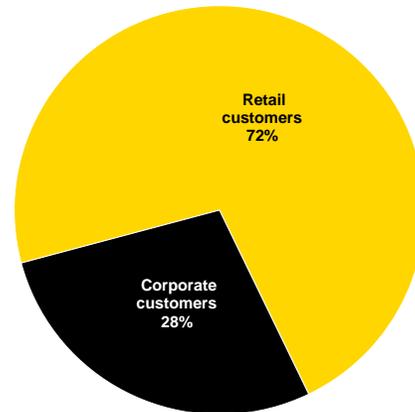
Ratings & Outlook

Issuer rating	A-
Senior unsecured debt rating	BBB+
Outlook	Stable
SSB Boligkredit covered bond rating	AAA
Outlook	Stable

3rd largest regional retail bank



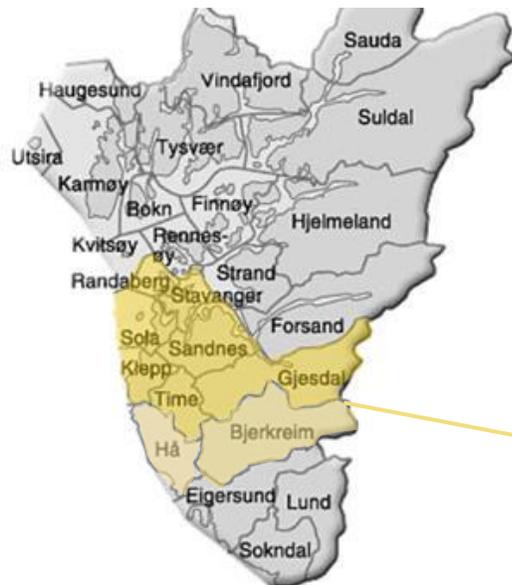
Loan Book



Second largest savings bank in Rogaland

Market and Customers

- Customer base of 35.000 retail customers and 3,500 businesses
- Our home market consists of nine municipalities in Rogaland: Sandnes, Gjesdal, Stavanger, Time, Klepp, Sola, Randaberg, Hå and Bjerkreim
- The home market covers more than 300,000 people and 25,000 businesses



The Largest Bank in the Eika Alliance

- Cost efficiency
- Modern, safe and profitable payment solutions
- Asset management, insurance, credit cards, car loans and leasing
- IT and infrastructure
- Converting core bank system in 2022



3rd largest banking group in Norway

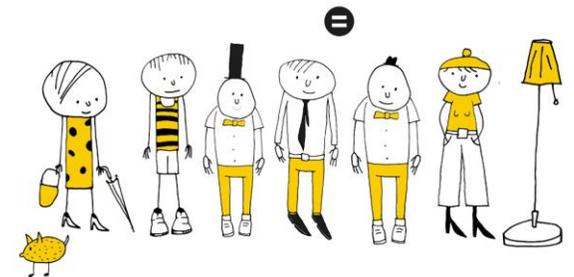
50+ local banks

Over 750 000 customers

AUM approx. NOK 350bn

Organization

- 146 years of banking operations
- SSB Boligkreditt (covered bond issuer) a wholly owned subsidiary of SADG.
- 60% ownership of AKTIV Eiendomsmegling Jæren (realtor)
- 50 % ownership of Kjell Haver Regnskapservice (accounting firm)



Rogaland – a dynamic and prosperous region

Key stats

- 23 municipalities
- 475.000 inhabitants
- GDP per capita above national average

Demographics

- Young population
- Large share with higher education
- High productivity

Economy

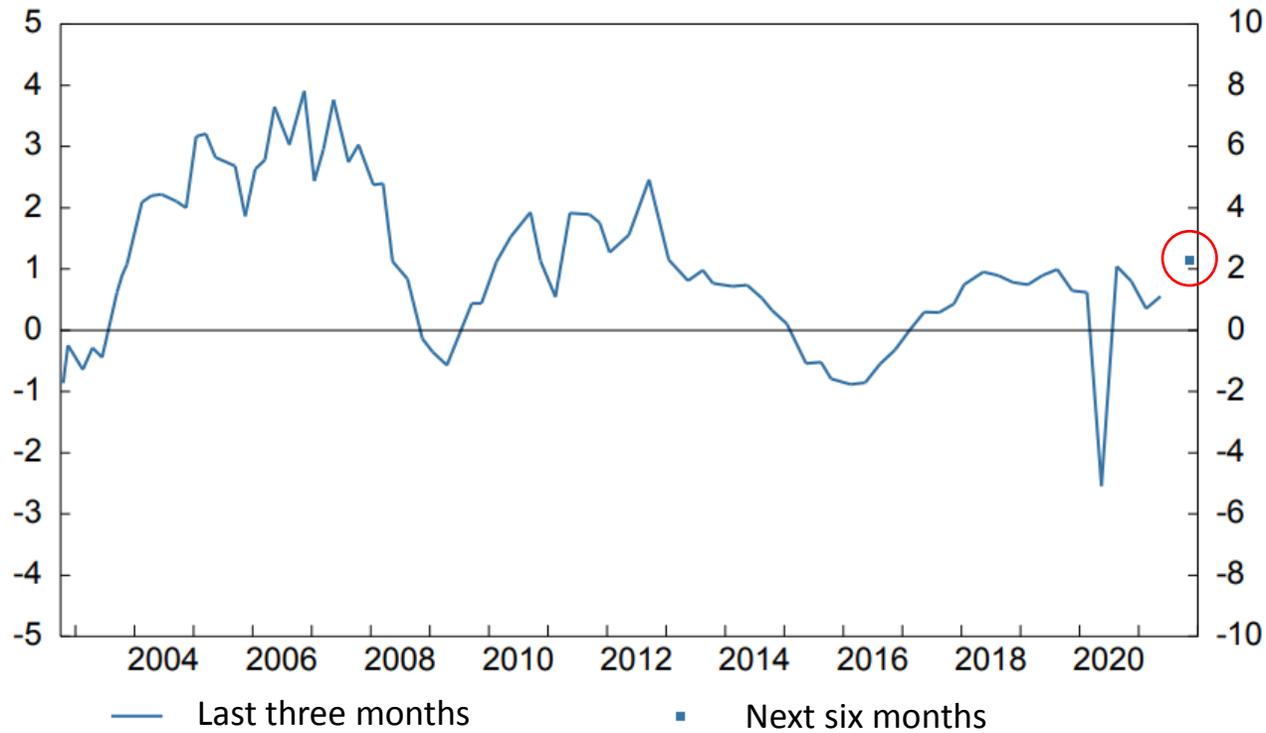
- The energy capital of Norway
- Important agricultural region
- Cluster for innovation
- Significant investments to reduced dependance on oil & gas - transitioning towards renewable energy
- Limited Covid-19 effects



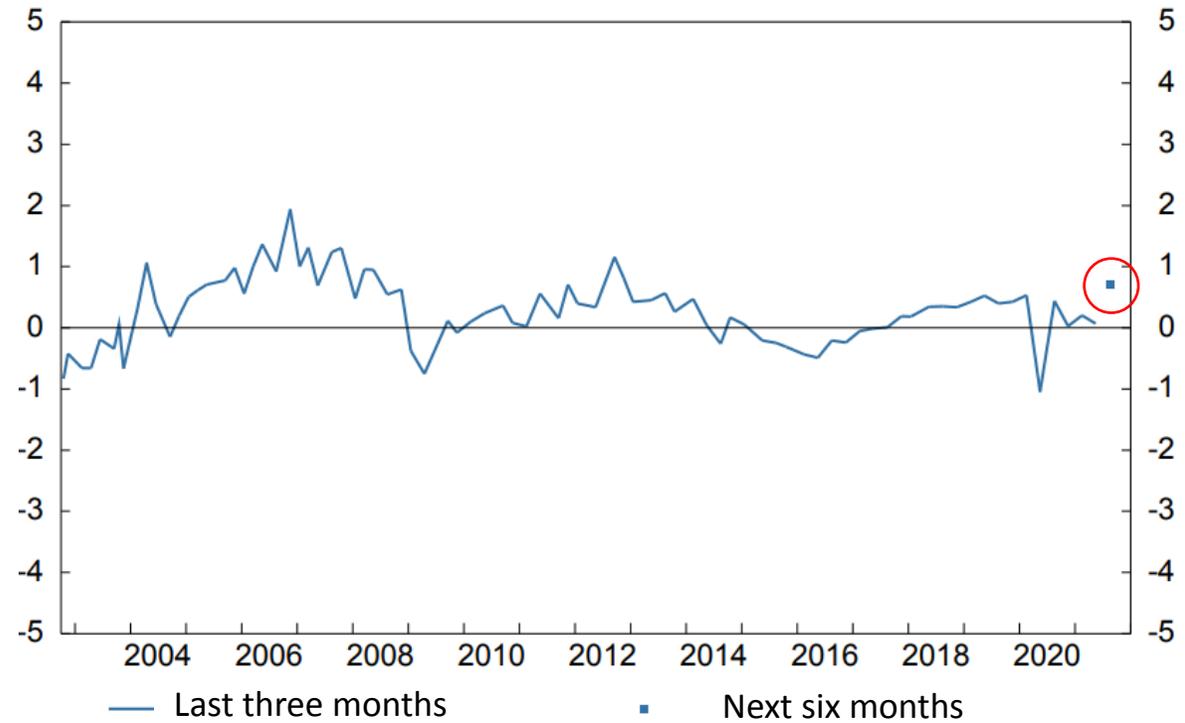
Regional positivity to fast recovery

Norges Bank survey among corporates in South West Norway, June 2021

Growth in production

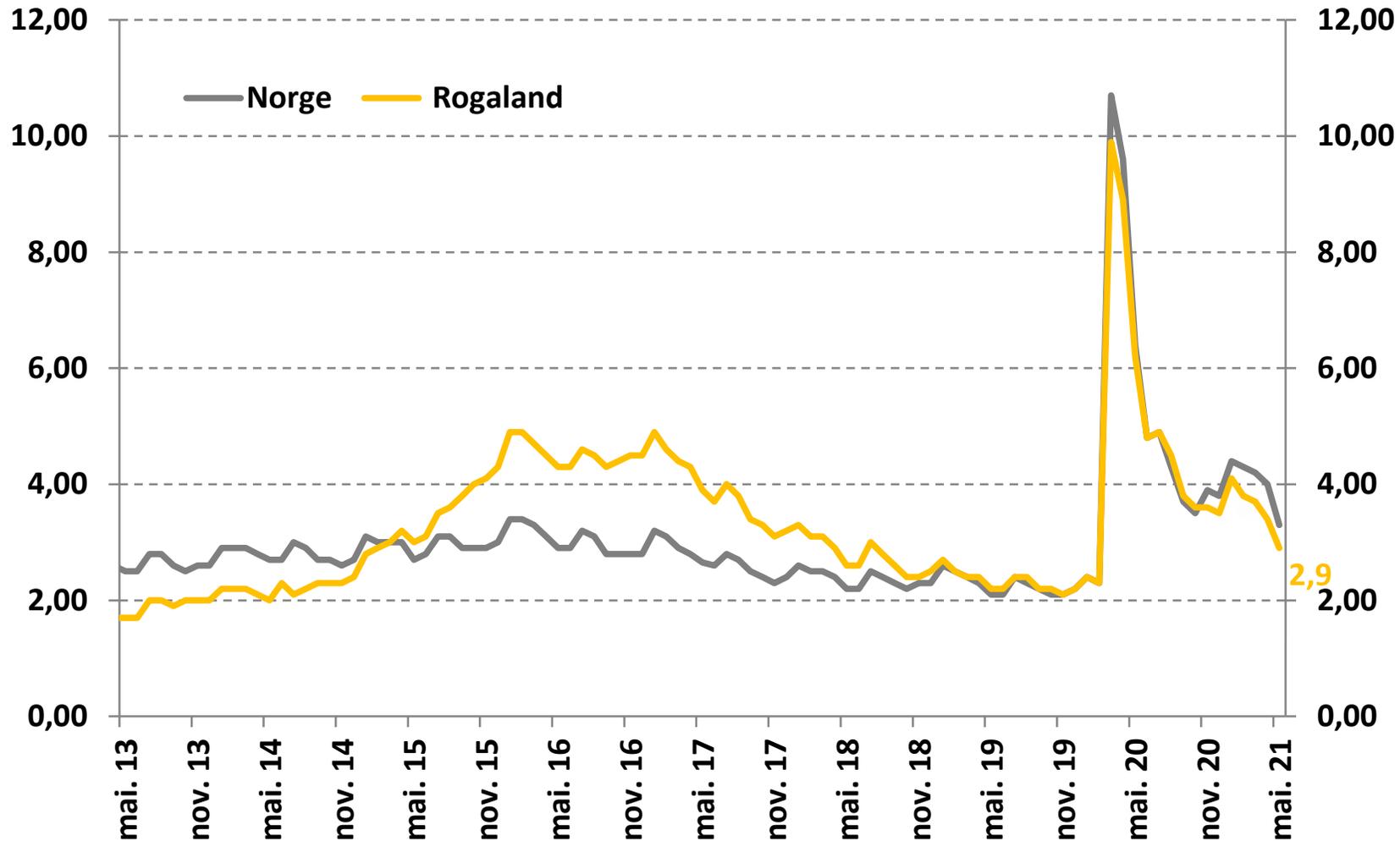


Growth in Employment



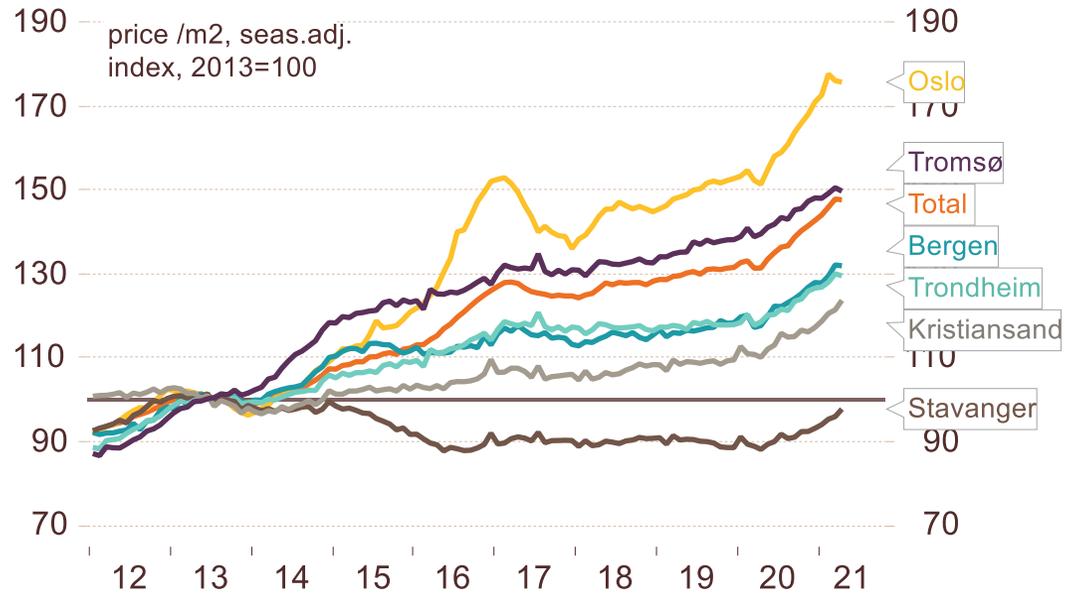
Unemployment Rate in Rogaland at 2.9%

Slightly lower than the national average, no signs of abnormal unemployment in the energy industry



Nominal house prices are improving - back to 2014 level

Norway: Nominal house prices



Sources: Swedbank & Macrobor

In Stavanger and the surrounding area, prices are up 9,1% last 12 months

House prices Norwegian cities (NOK)

Area	Average price m2	Average unit price
Oslo	86 371	6 022 272
Bergen	48 821	3 842 060
Trondheim	52 271	4 052 592
Stavanger m/omegn	38 307	4 066 162
Tromsø	52 738	4 382 254
Kristiansand	34 968	3 399 587
Norge	49 359	4 307 663

Source: Eiendom Norge April 2021



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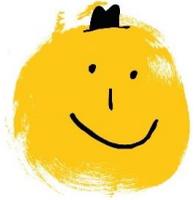
Strategy

Financials

Credit & Capital



Strategy 2017 - 2020



Very satisfied customers and a strong reputation

- KOI (Customer Satisfaction Index)
- Strong brand
- Market confidence - funding levels equal to peers



Profitable growth

- Volume growth
- Growth in other income
- Net interest income
- Cost to income
- Losses/total assets



Competent, committed and performance focused employees

- Employee engagement
- Attractive workplace
- Low absence
- Right person, right skills, right role
- Systematic implementation of KPI's (management by objectives)



Return on equity above average

- At least equal to peers
- 9% ROE by 2020

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 %	50-75 %*	50-75 %
CET-1	16,6 %	16,6 %	17,4 %	17,9 %**	>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

* The group is solid and is well capitalized within all capital requirements. The board plans to pay a dividend to owners, customer dividends and gift funds for the financial year 2020 within the adopted dividend policy (50% -75%) in the fourth quarter of 2021, subject to market conditions and approval from the authorities

** includes the entire profit for 2020. Dividends within 50% -75% will result in a reduction in CET1 of between 0.8% - 1.2%

*** Will depend on credit growth in the market area

Return throughout the strategy period 2017-2020



Return 2017-2020 :

SADG (incl. dividends):	139%
Sparebankindeksen(OSEEX):	77%
Oslo Børs hovedindeks (OSEBX):	42%

Strategic map 2021 - 2024

Best in class at good and personal customer experiences

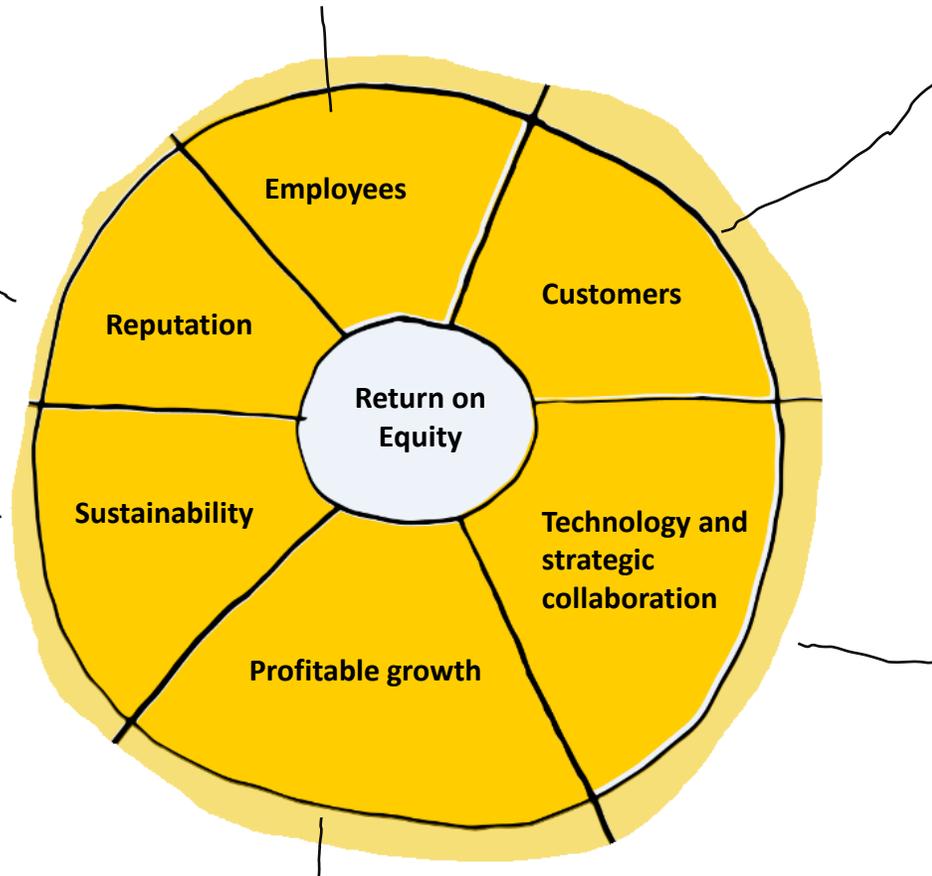


Regulatory Framework

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.**

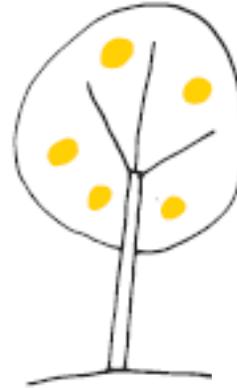
Sustainability in Sandnes Sparebank



Retail

- Green mortgage
- Green car loan 40% share
- Responsible savings
- Balansebank

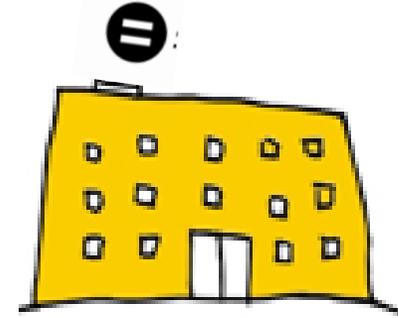
- Green transition loans
- Growth in green lending
- Competence development



Corporate

- Green agricultural loan
- ESG risk in credit
- Assistance - Covid-19

- System support
- Energy labelling of CRE
- Competence development



The Bank

- Climate-neutral bank
- Reduction target achieved
- Electric car and electric bike leasing
- Certified reporting

- Ambitious reduction targets
- Follow-up of suppliers



SANDNES
SPAREBANKS
GAVEFOND

CSR

- Fulfilled goals - green gift fund purposes
- Yellow Christmas presents

- Dedicated 10% for green purposes
- The Sustainability Games

2020

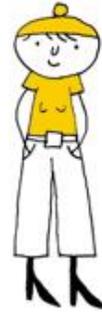
2021

Customer Dividends 4 Years Running

Not translated



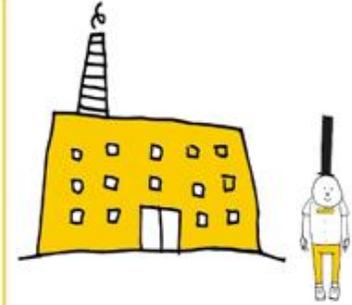
Lån: kr 2 millioner
Innskudd: kr 500 000



Innskudd: kr 1 million



Lån: kr 4 millioner *
Innskudd: kr 50 000



Lån: kr 20 millioner
Innskudd: kr 1,5 million

2020

Customer Dividend will be distributed in Q4 according to temporary regulations

2019

ca. 5 625 kr

ca. 2 250 kr

ca. 9 112 kr

ca. 7 875 kr

2018

ca. 6 281 kr

ca. 2 513 kr

ca. 10 176 kr

ca. 8 794 kr

2017

ca. 2 500 kr

ca. 1 000 kr

ca. 4 050 kr

ca. 3 500 kr



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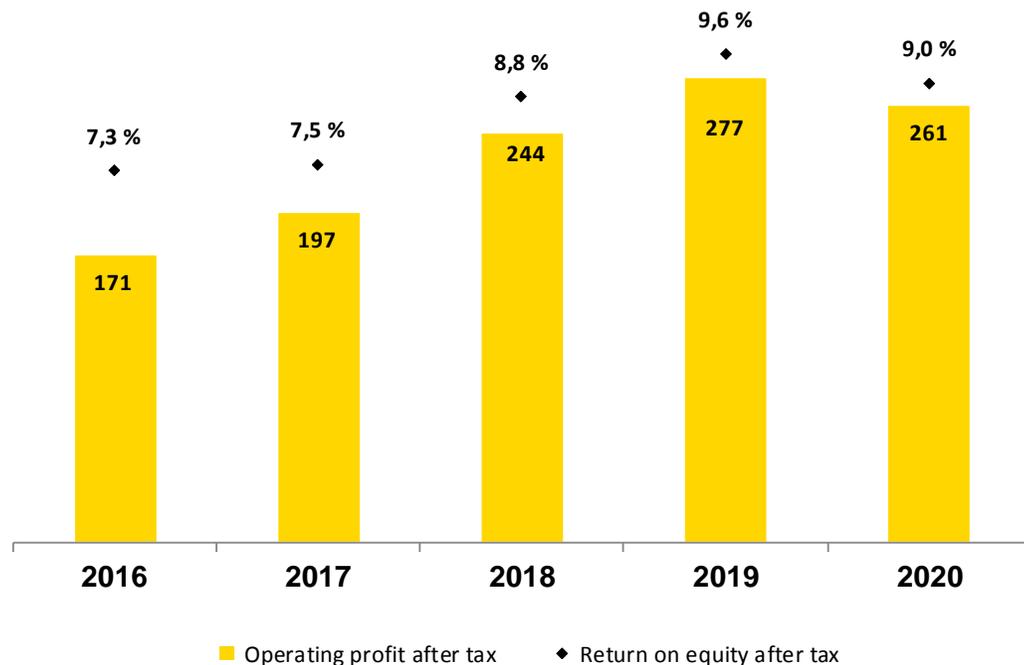
Credit & Capital



Solid start to 2021 – following the trend

We are constantly striving to create good customer experiences - creating results over time

ROE



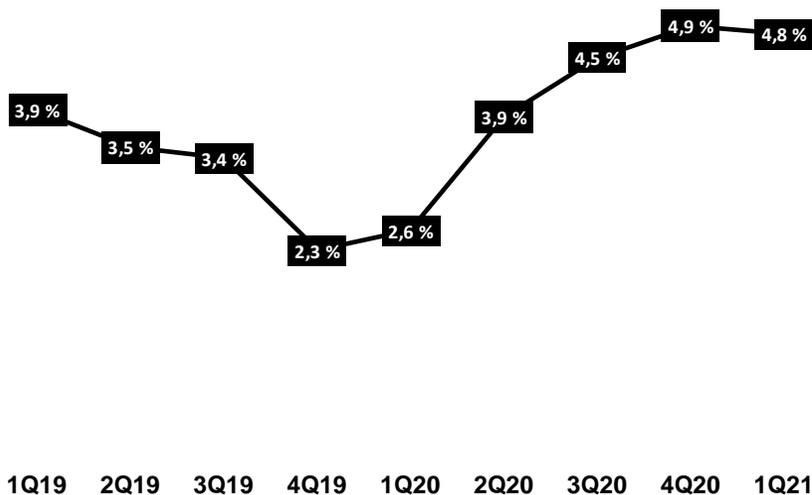
Summary 1Q 2021

- Profit after tax MNOK 71 (33)
- Return on equity after tax of 9.9% (4.7%)
- Profit per ECC (EPS) of NOK 2.1 (1.0)
- Lending growth of 4.8% (2.6%)
- Net interest margin of 1.55% (1.73%)
- Net reversal of losses of MNOK -23 (13). Good credit quality
- Good cost control
- Solid bank with 17.7% CET1 (incl. YTD results)
- Leverage ratio on 10,1%

4,8 % Loan Growth YOY

Continued increase in retail market share

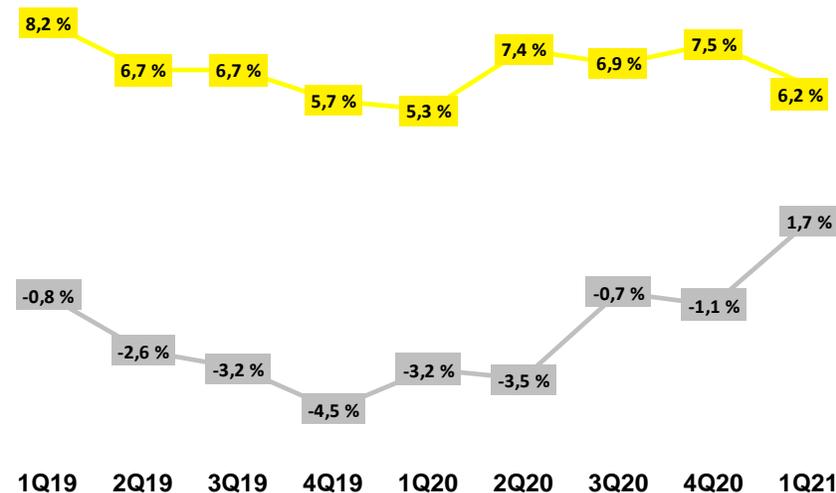
Lending Growth (12mth)



- Total lending has increased by NOK 1 billion (4.8%) in the last 12 months.
- Last quarter, lending to customers increased by MNOK 373 (1.5%)
- Retail credit growth in the market area was 2.8% last 12 months *

*Soure: Early Warning

Lending Growth by Division (12mth)

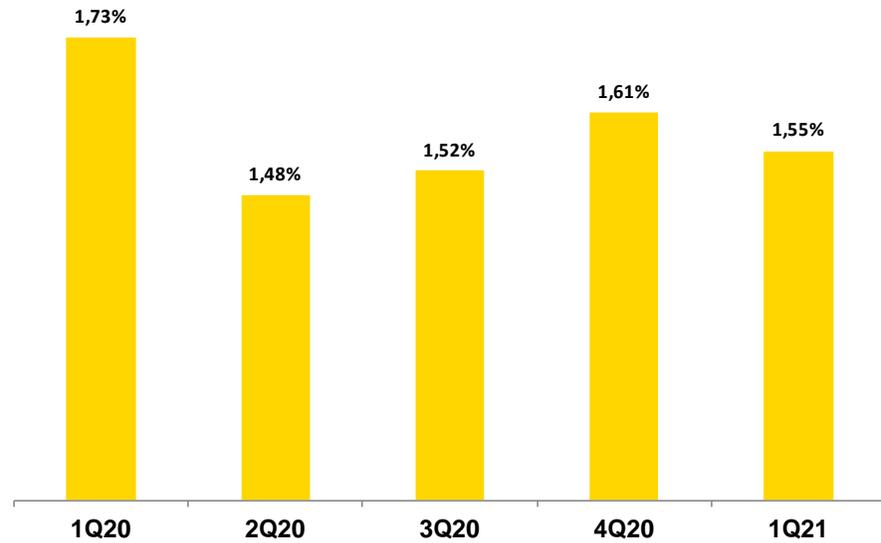


- Lending to private individuals is up NOK 1 billion (6.2%) in the last 12 months. and MNOK 40 (0.2%) last quarter
- Gross lending volume for the corporate market is up MNOK 120 (1.7%) in the last 12 months.
- Last quarter, lending to corporate customers was up MNOK 333 (4.8%)

Net Interest Margin

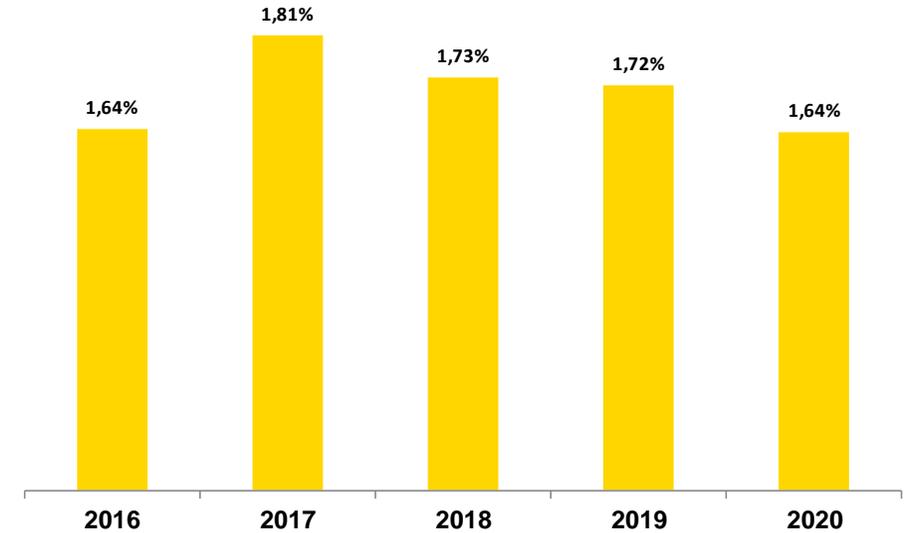
Solid interest margin despite low key interest rates

Net Interest Margin, quarterly



- Refinancing of covered bonds results in a temporary drop in the interest margin
- Higher Nibor rates put pressure on interest margins
- Stable customer interest rates

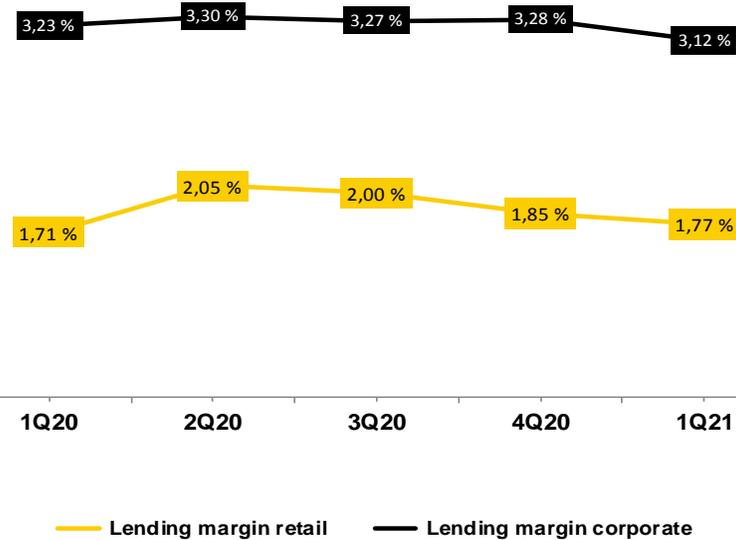
Net Interest Margin, EOY/YTD



Margins on Loans and Deposits

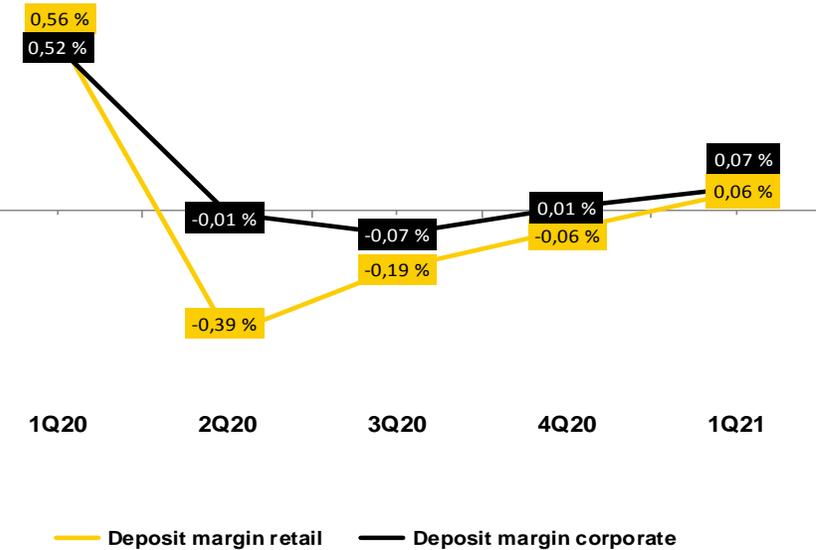
Strong competition for mortgage customers, stable margin in the corporate market

Ledning Margins



- Stable customer interest rates, but higher Nibor interest rates put pressure on the lending margin
- Average Nibor was about 7 bp higher in Q1-21 compared to Q4-20

Deposit Margins

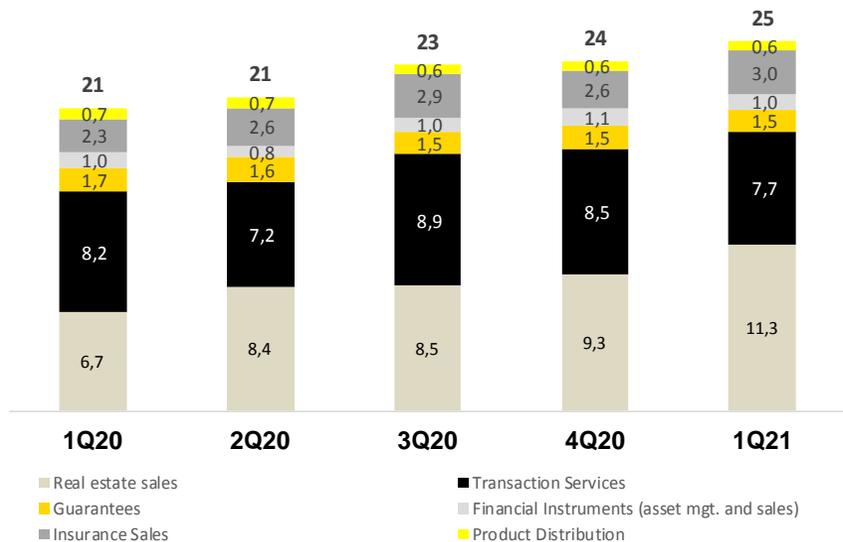


- Bedret innskuddsmargin som følge av høyere Nibor-rente

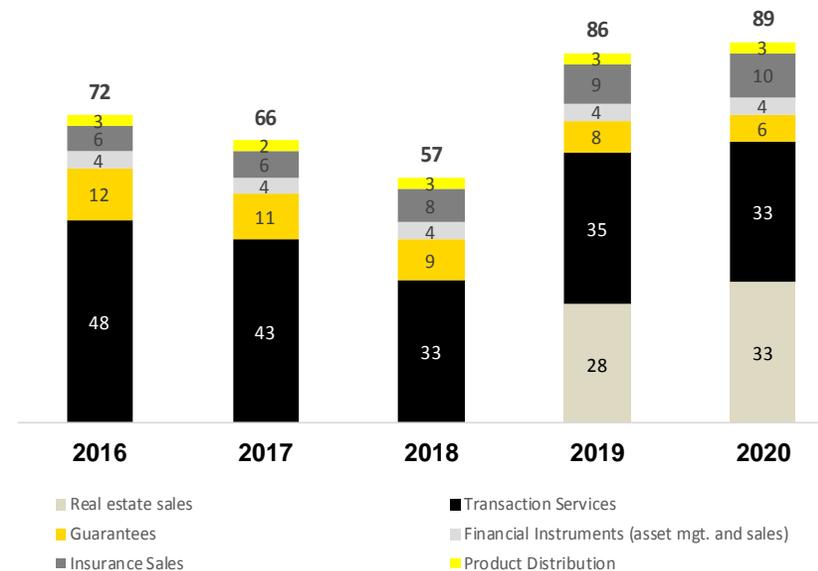
Gross Commission Income

Increased activity in Aktiv Eiendom, some reduction in transaction related revenues

Gross commission, quarterly



Gross commissions, EOY/YTD.



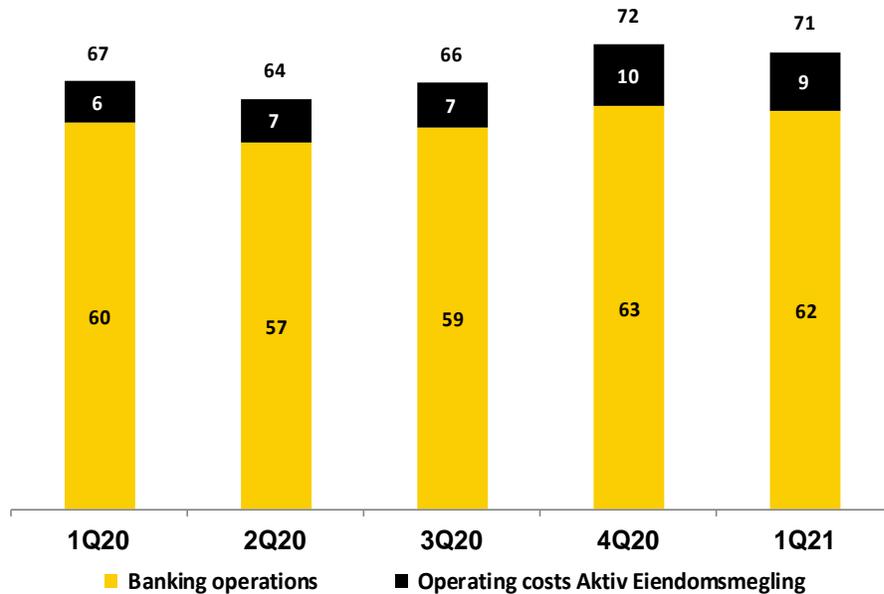
- Good growth in Aktiv Eiendom
- Decline in payment processing revenues due to less travel activity
- Increasing income from insurance sales

- The change in principle for bookkeeping of the real estate business has not been made for 2016-2018.

Operating Costs

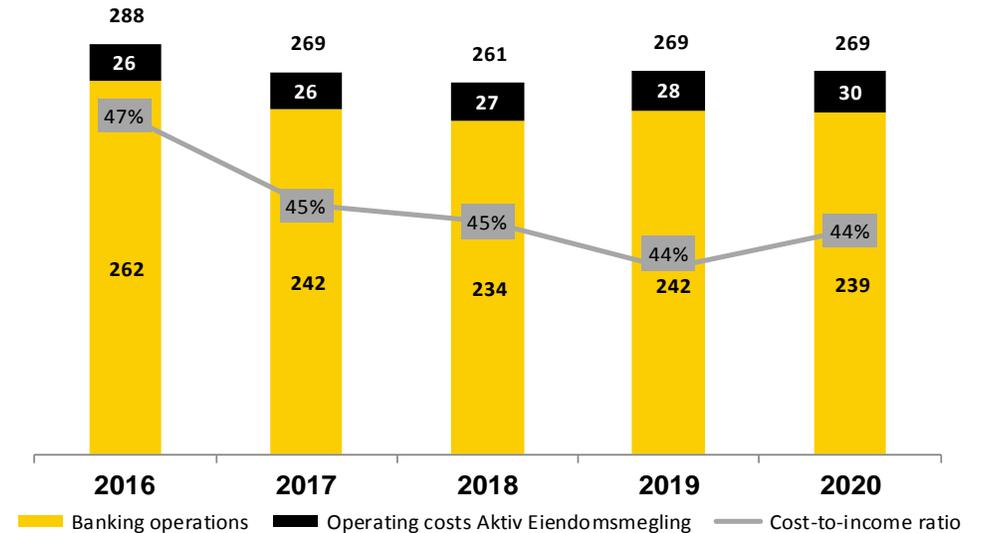
Strong cost control | Increased activity in Aktiv Eiendom (real estate agent)

Other Operating Costs, quarterly



- Improving the operations of Aktiv Eiendom entails higher costs, for ordinary banking operations the costs are stable

Other Operating Costs, EOY / YTD



- Expect moderate cost development in ordinary operations in 2021
- Changing the core banking system from SDC to TietoEvry entails investments of between 50-60 MNOK which will be expensed in 2021 and 2022



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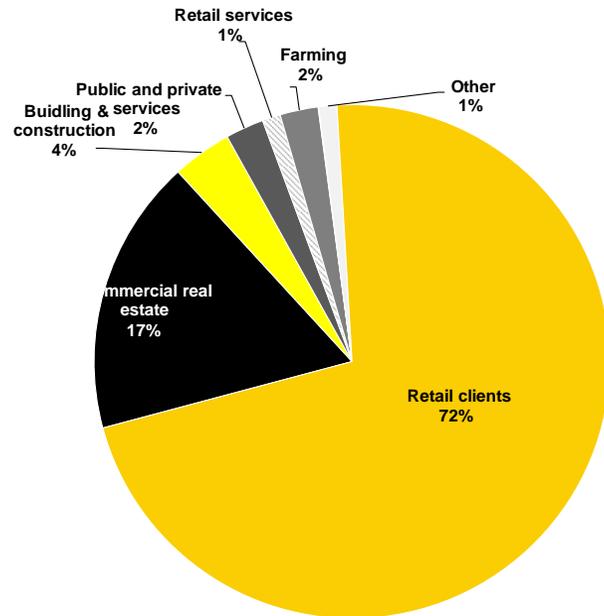
Credit & Capital



Lending to Customers

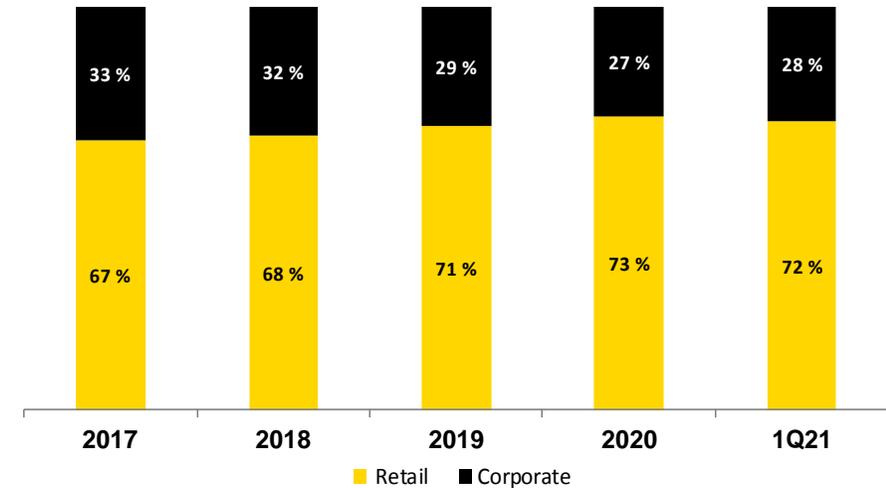
- The share of lending to the retail market has increased significantly in the last 5 years
- Focus on reducing risk over time | Strongest growth within agriculture and SME

Loans to customers, by sector



- 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

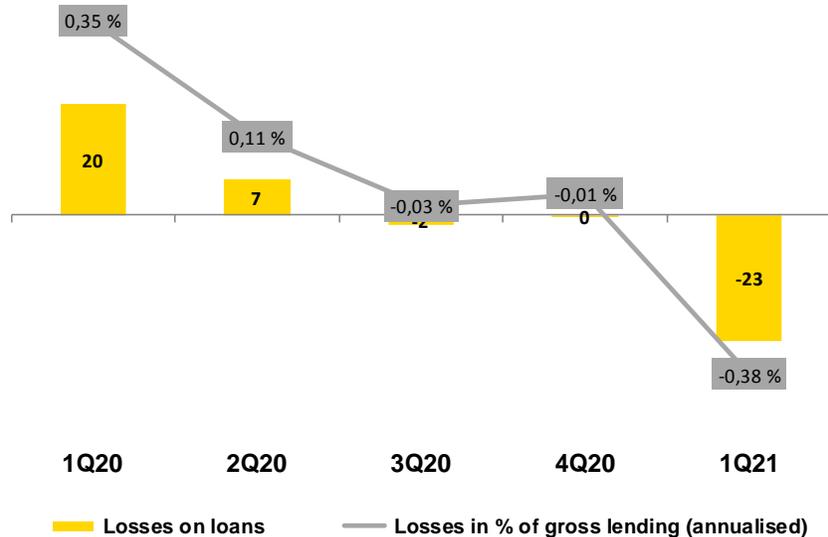
Loans to customers, by division



Losses on Loans and Guarantees

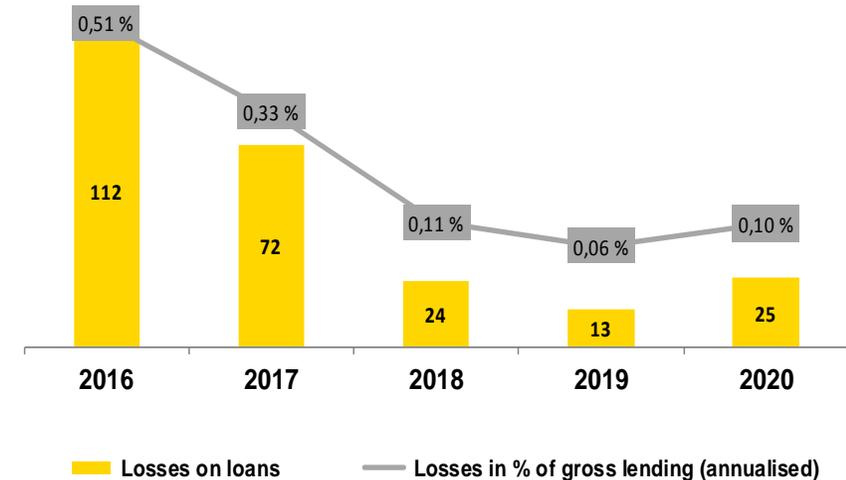
Positive development in loss provisions

Losses on loans and guarantees, quarterly



- Change in loss provisions per step in 1Q21 – MNOK +23
 - + 0,6 MNOK Step 1
 - + 8,4 MNOK Step 2
 - + 14,0 MNOK Step 3
- Reversal is mainly due to termination of a client and better macro environment

Losses on loans and guarantees, EOY/YTD

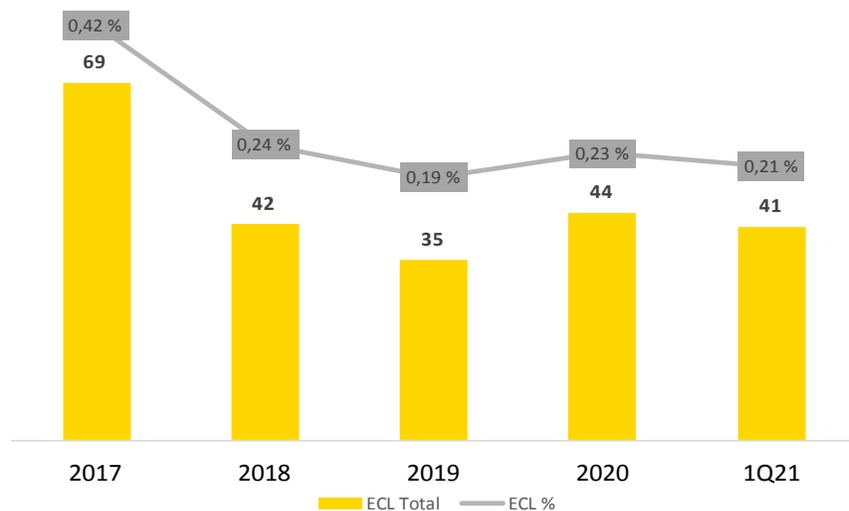


- Change in loss provisions per step in 2020 – MNOK -25
 - + 5,7 MNOK Steg 1
 - 23,5 MNOK Steg 2
 - 6,9 MNOK Steg 3

Loans to Customers by Division, Credit Risk

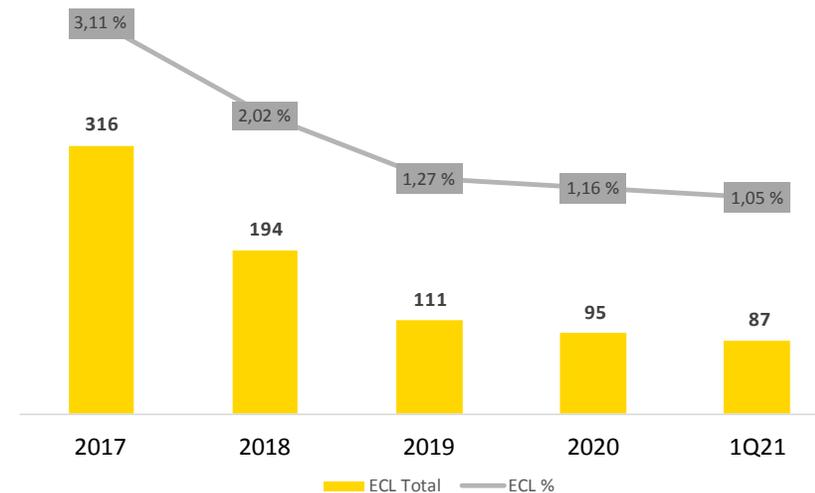
Risk expressed by expected credit loss (ECL)

Retail



- Added macro factor in 1Q20 which increases ECL by stressing customer PD
- Adjustment gives a relative increase in individual PD's of 40 %
- Expected increase in unemployment increases ECL

Corporate

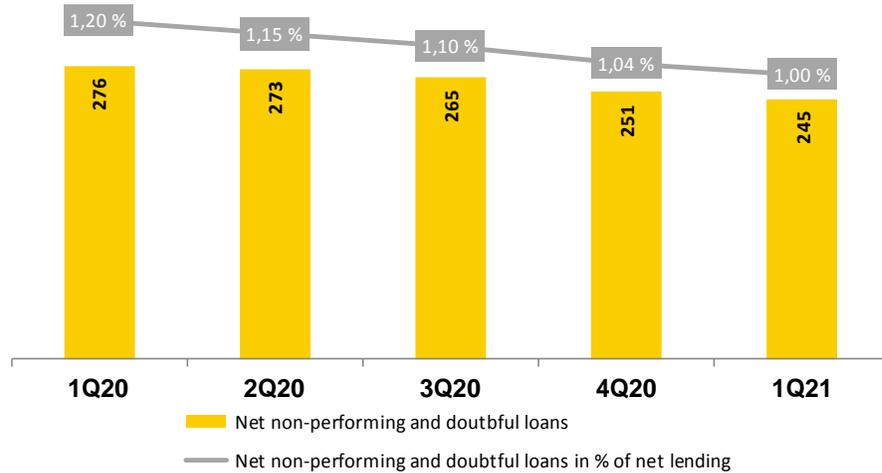


- Added macro factor in 1Q20 which increases ECL by stressing customer PD
- Adjustment based on sector
- Adjustment gives a relative increase in individual PD's of 12 %

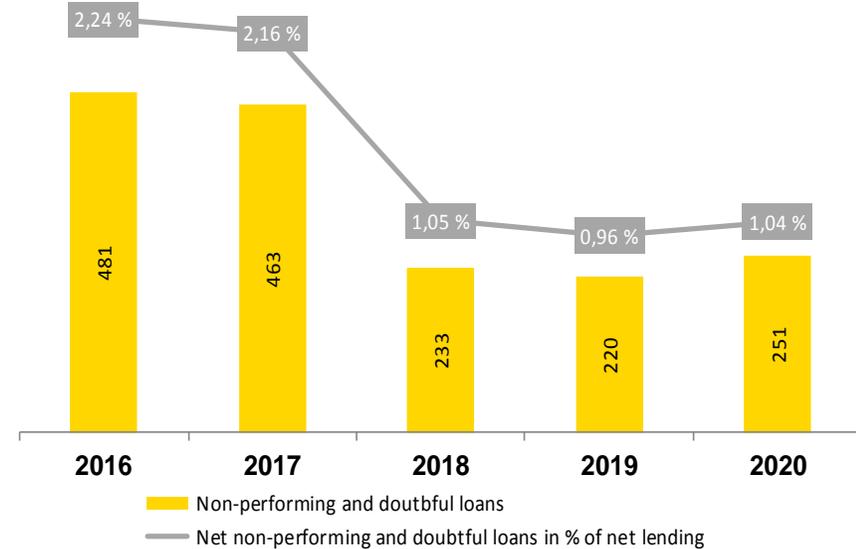
Non-Performing and Doubtful Loans

Stable levels, somewhat increase in 2020 due to market conditions

Non-performing and doubtful loans, quarterly



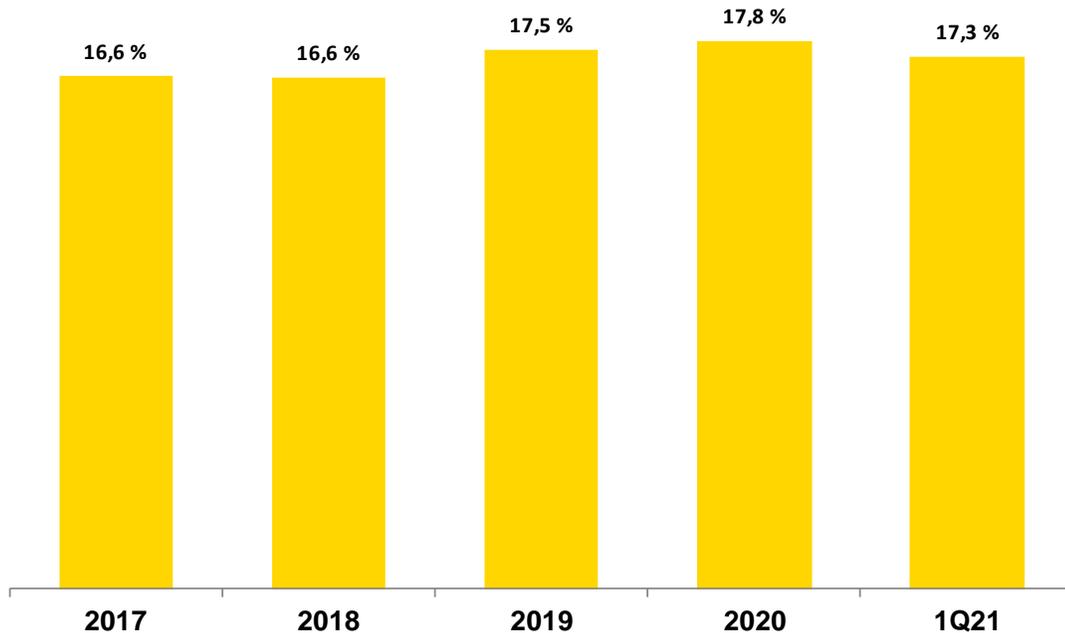
Non-performing and doubtful loans, quarterly



Well Capitalized and Equipped for further growth

Common equity tier 1 capital ratio of 17.7% 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%
- Dividend for 2020 within 50% -75% will lead to a reduction in CET1 of between 0.8% - 1.2%
- Leverage ratio 10,1 %
- The bank successfully repurchased equity certificates in February 2020. The repurchase reduced CET1 by \approx 1%



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