



*sparebanken  
sogn og fjordane*

# Investor presentation

Q2 2023

# Headlines Q2 2023

(Figures in brackets are for the same period last year)



**Solid growth in loans : 6.0% over the past year**



**Increase in net interest income: NOK 356 mill. (NOK 268 mill.)**



**Results from financial instruments: NOK 60 mill (NOK -11 mill.)**



**Loan losses: Reversals recognised as income NOK 11 mill. (income NOK 13 mill.)**



**Solid liquidity and solidity:**

- **LCR 182 % (166 %)**
- **Core Tier 1 Capital adequacy ratio: 17.0 % (17.1 %)**



**Profit per equity certificate (consolidated): kr 12.03 (kr 6.41)**



**Return on equity: 17.3 % p.a. (9.8 % p.a.)**



# Entering the Sparebank 1- alliance

Sparebanken Sogn og Fjordane will invest NOK 630 millions and become a co-owner of the Sparebank 1-alliance, by buying 13 % ownership interest in SamSpar.

During 2024 the bank will become Sparebank 1 Sogn og Fjordane.

The bank expects an increase in cost as a result of the conversion project, but believe the bank will realize cost synergies and improve the bank's revenue over time.

The bank strongly believes that the partnership will benefit its customers, owners, employees and the Sogn og Fjordane region.







## Rising interest rates and inflation

The outlook for our customers, both in the retail and corporate markets, has become more uncertain in the last year due to a strong rise in interest rates and a high price inflation

Our customers are in a strong position to cope with higher interest rates and higher prices.

The unemployment is low, and the number of non-performing loans due is relatively low.







## Installment exemption

There has been a slight increase in interest-only exemptions in the past year to the retail market.

92 % of retail customers pay ordinary installments on their loans as of the second quarter of 2023, compared to 93 % in June 2022.

For the corporate market the situation has improved. There, 90 % pay ordinary installments compared to 89 % as of June 2022.





# Market shares in Sogn og Fjordane

Retail Market\* **49.1 %**

Corporate Market\* **36.4 %**

Estate Agency\*\* **39.0 %**

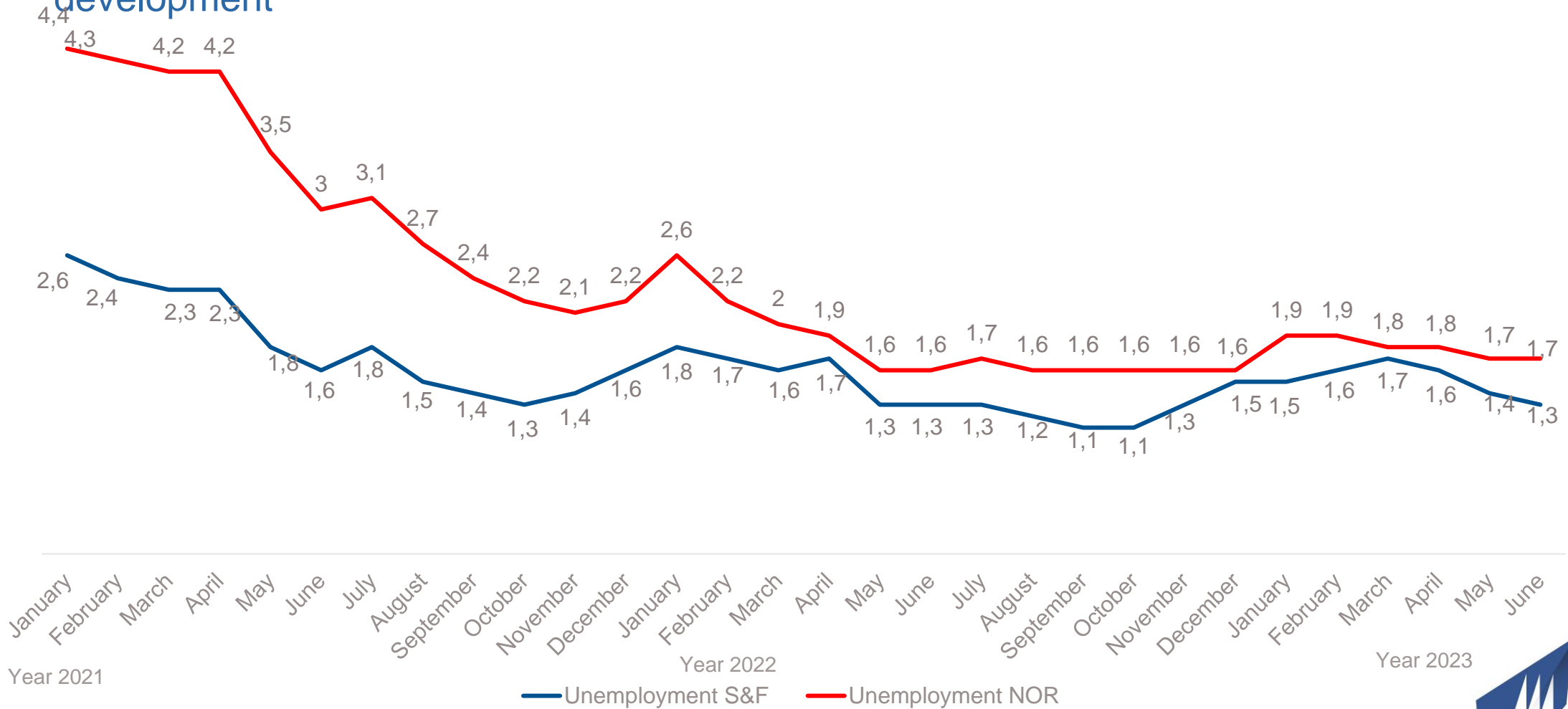
\*Market share : Figures as of Q1 2023

\*\*Market share : Figures as Q4-2022

Source: \*SSB, Early Warning \*\* Eiendomsverdi,

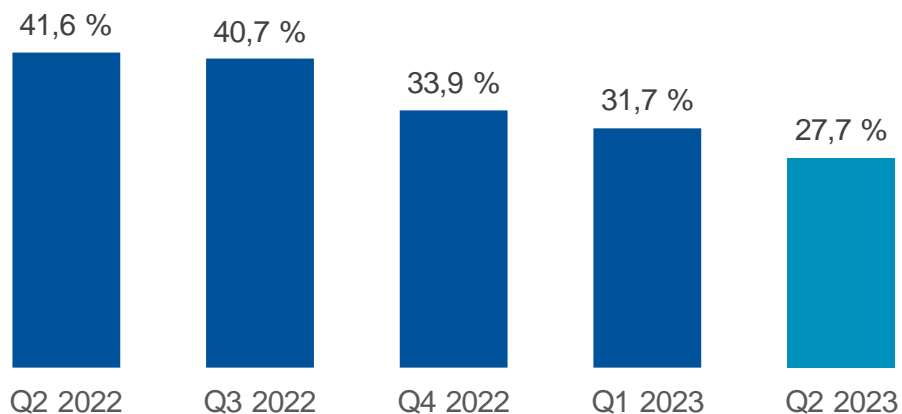
# The unemployment rate in Sogn og Fjordane is at a historically low level

Most unemployed in building and construction. Most other industries have a positive development

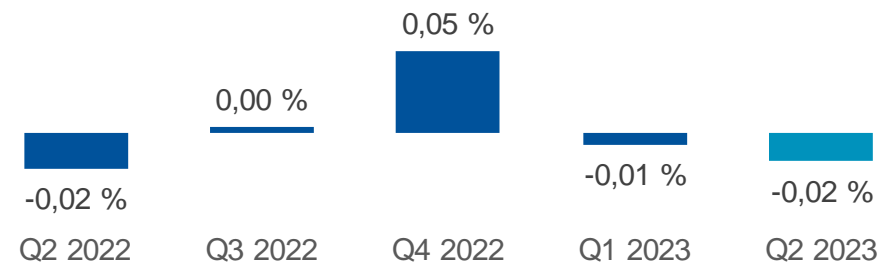


# Development important key figures

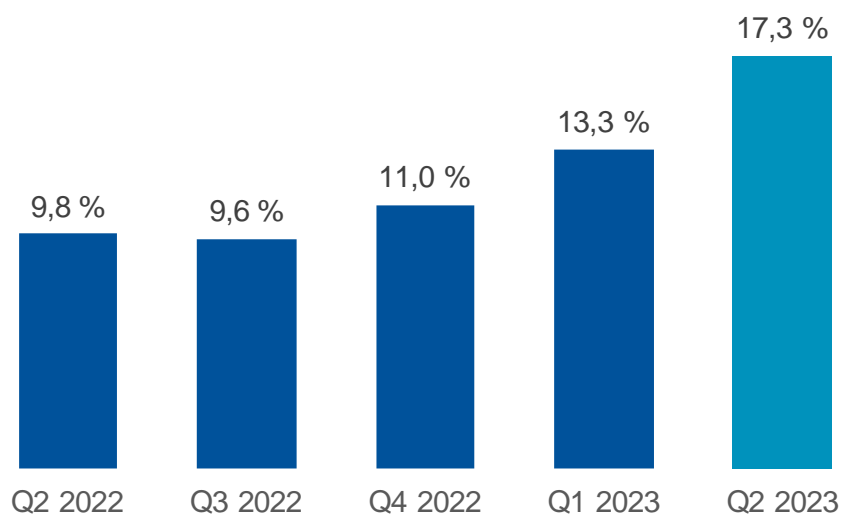
## Cost/income ratio



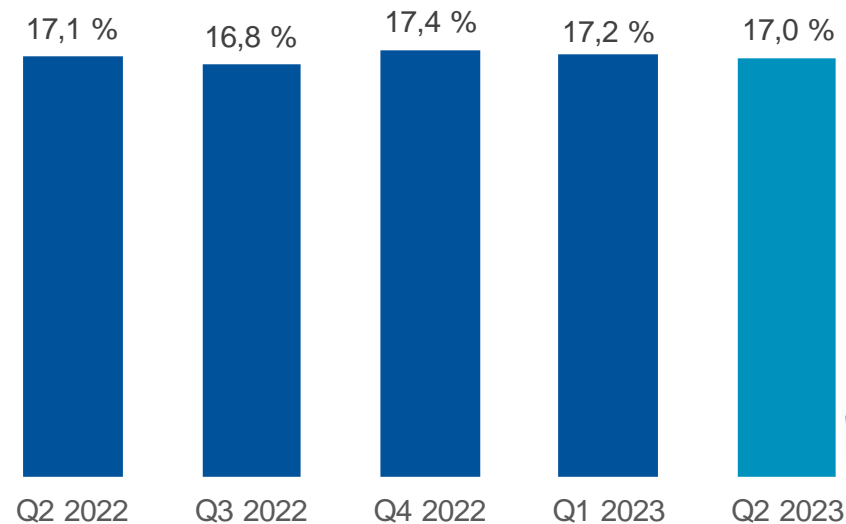
## Impairment loss



## Return on equity



## Core Tier 1 capital adequacy ratio

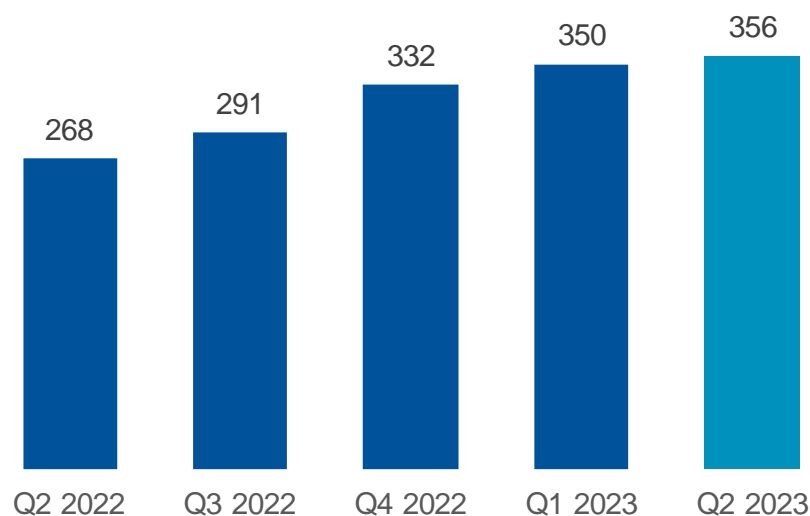




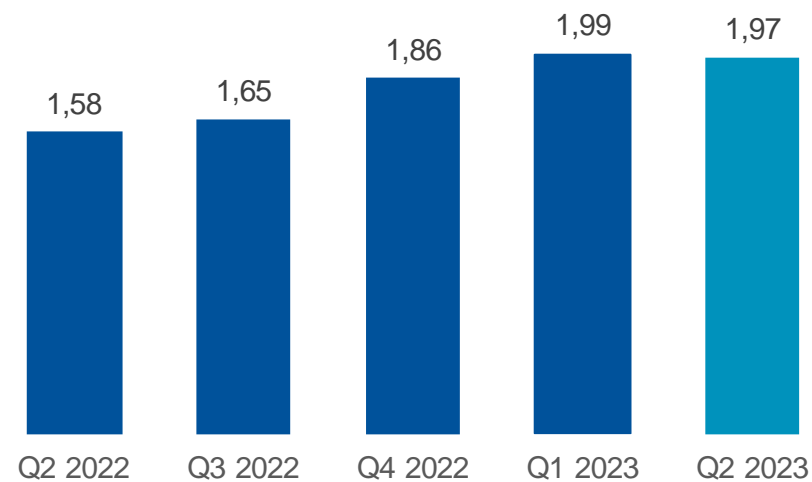
# Strong growth in net interest income

Increase in customer margins and solid volume growth results in a strong net interest income

Net interest income



Net interest income as a percentage of average assets

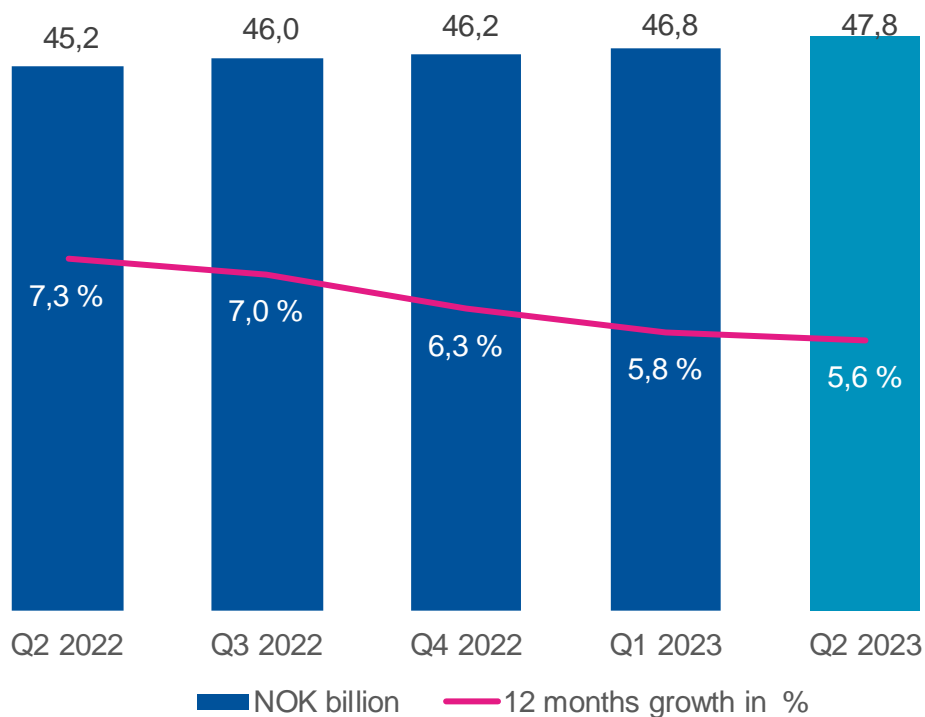


Net interest income in NOK million and as a percentage of average total assets

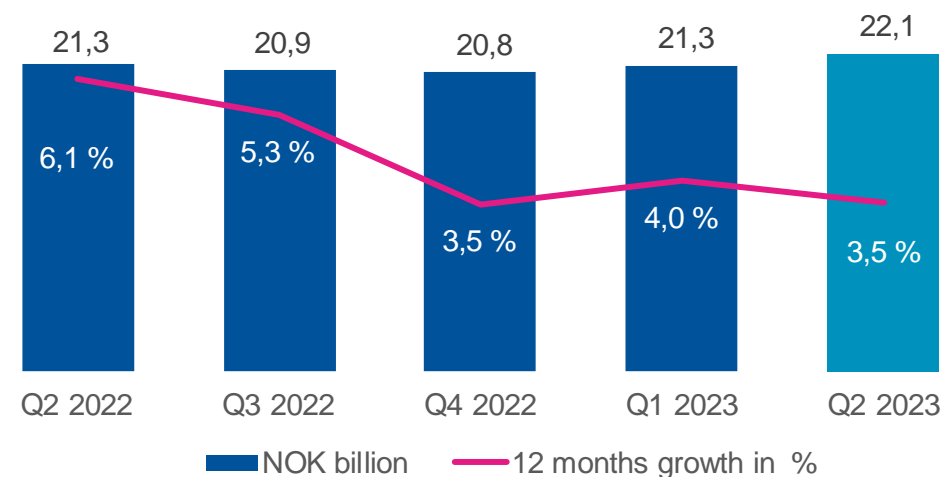
# Solid loan growth over the past 12 months

Increase especially in the last quarter

## Loans retail market



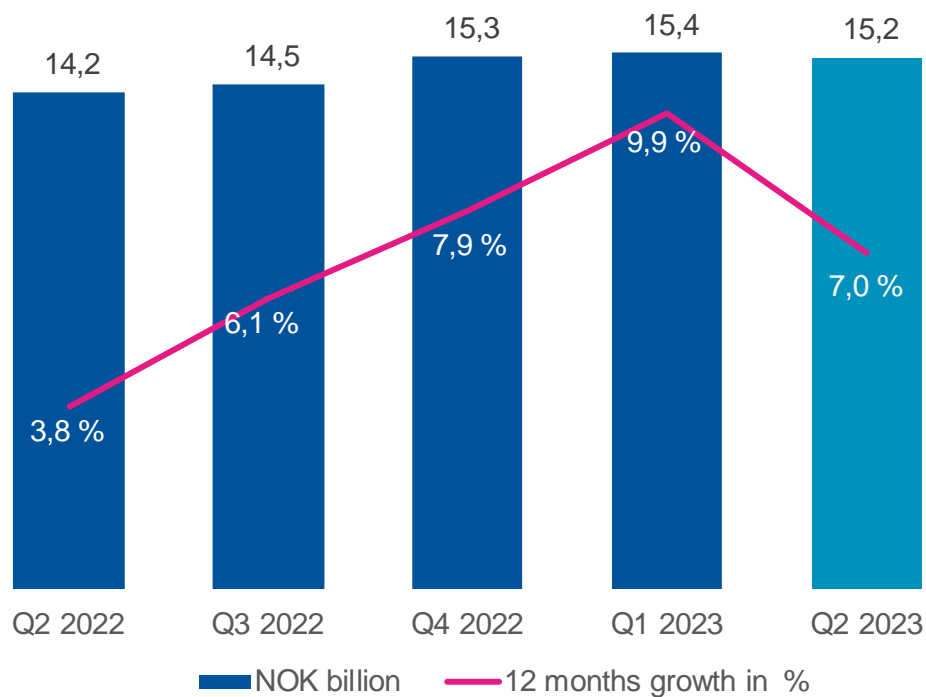
## Deposits retail market



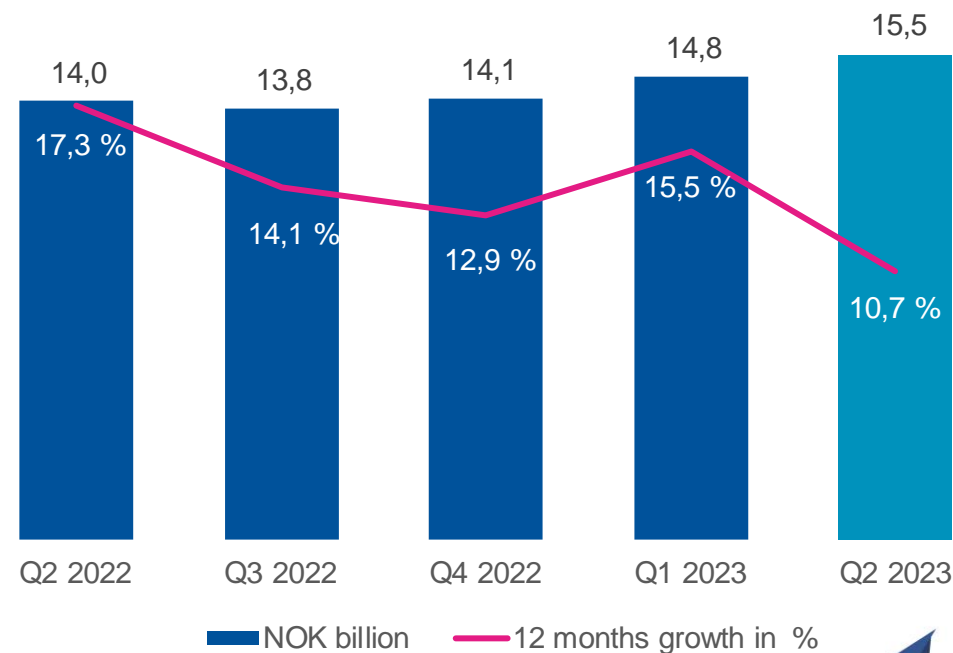


# Still good deposit growth for the Corporate Market

## Loans Corporate Market



## Deposits Corporate Market



# Customer margin

The bank has announced a new rise in interest rates for loans and deposits that have not yet taken effect. The change will have a positive effect on the customer margins

## Lending margins



## Deposit margins



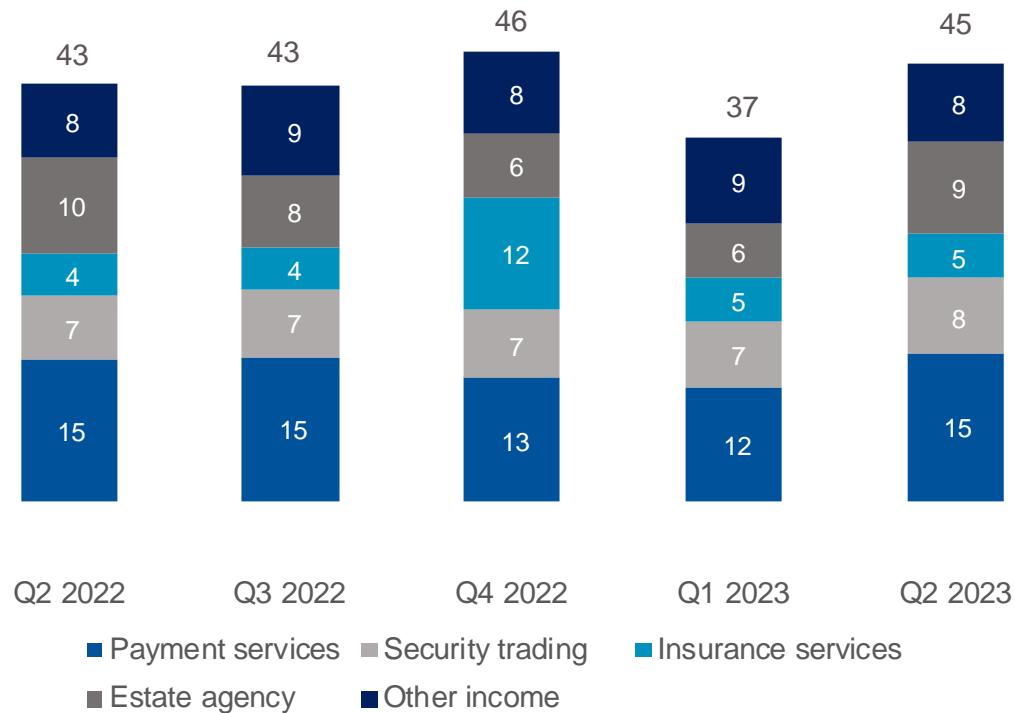
Shows deposit and lending rates for deposits and loans from customers measured against 3 month Nibor. The graph includes both deposit and loans with floating and fixed interest rates. Deposits and loans in foreign currency are not included.



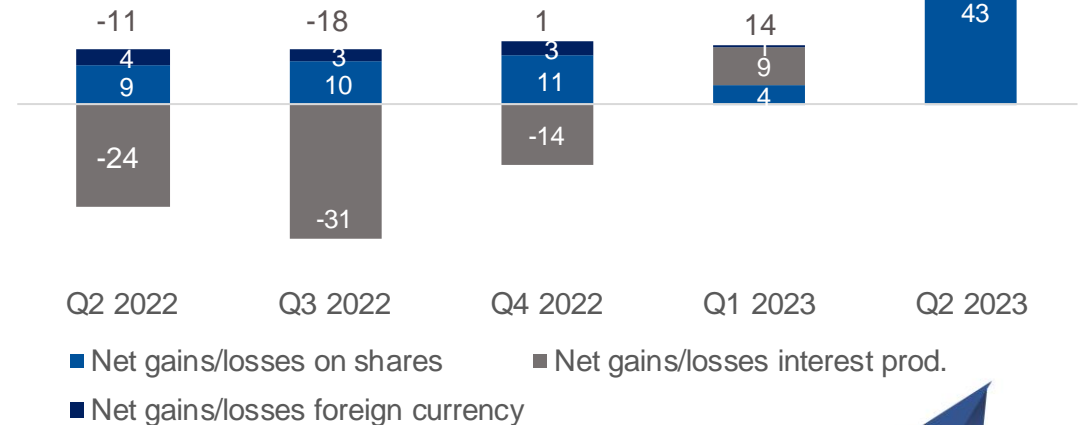
# Good result from financial instruments

The result comes primarily from shares and unrealized value changes on interest items. Good increase in income from the sale of savings products and insurance on an annual basis, estate agency activity picked up again in the 2<sup>nd</sup> quarter.

## Other income



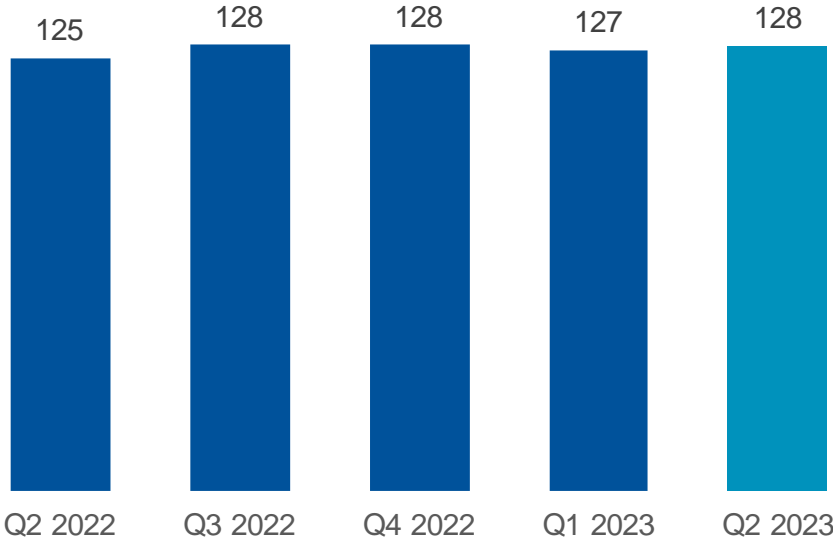
## Result financial instruments



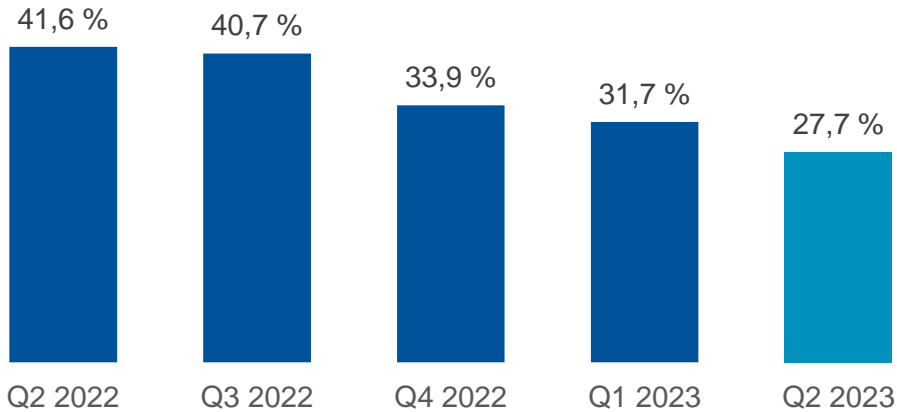
Figures per quarter in mill. NOK.

# Cost-effective operation

### Operating expenses



### Cost/income ratio



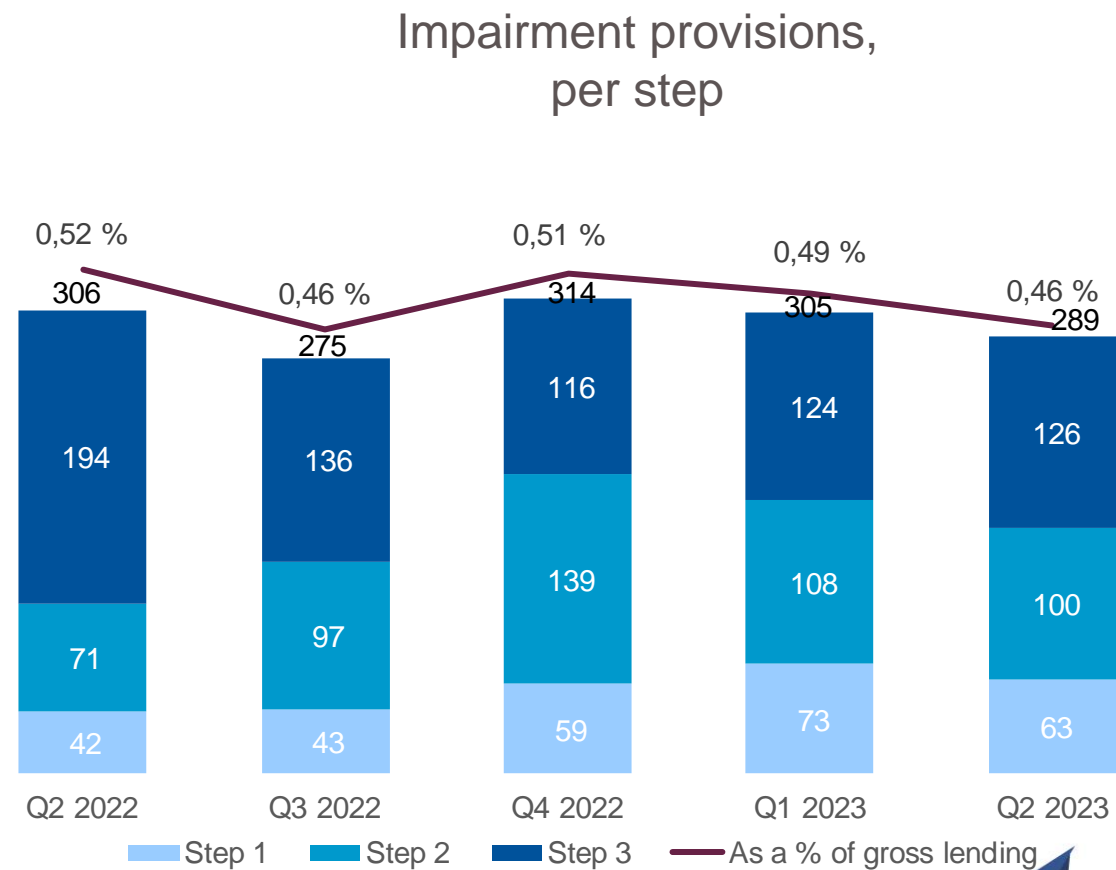
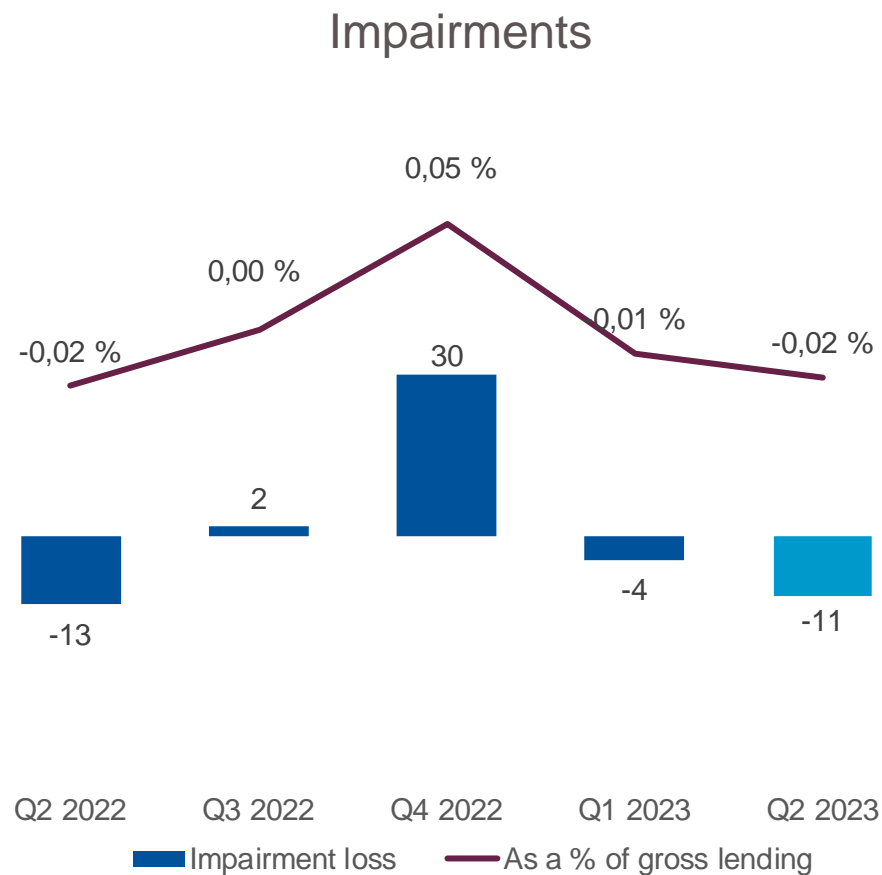
Figures per quarter in mill. NOK.



# Net income recognition of loan losses

The reduction in losses is mainly linked to the reduction in model-based losses.

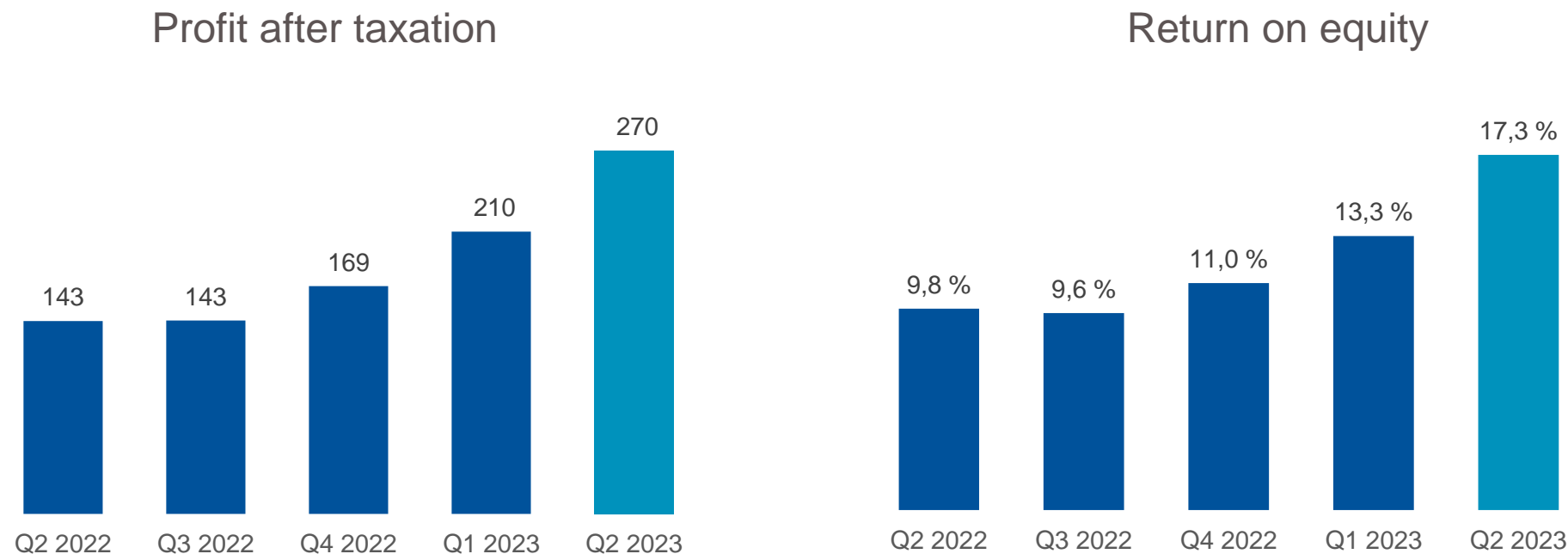
Lower expected credit losses in the corporate banking market.



Figures per quarter in mill. NOK.

# Very good result

Good development in the underlying banking business. The progress is mainly due to a strong increase in net interest and a good result from financial instrument.

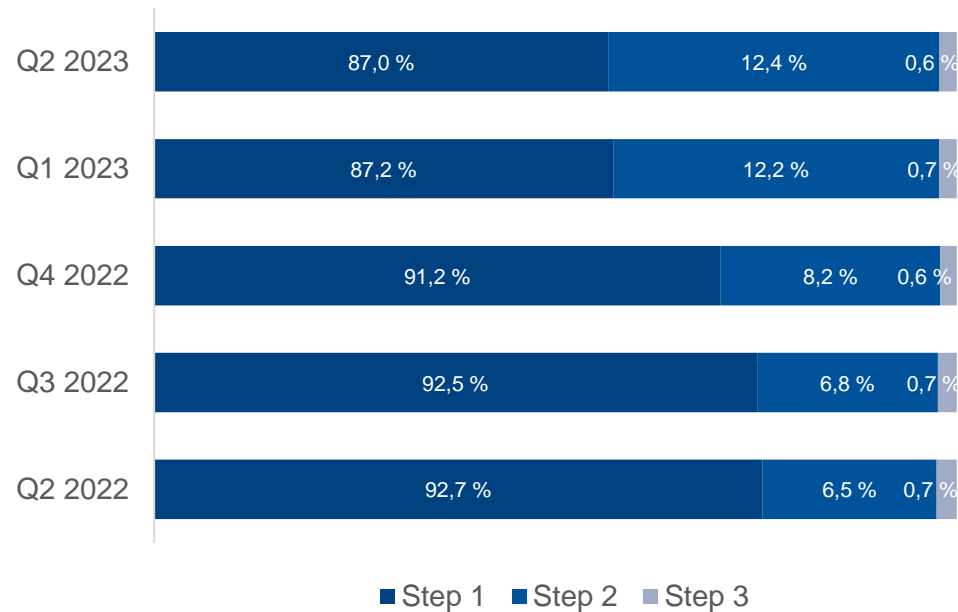


Figures for the quarters in NOK mill. Return on equity is calculated based on the opening equity excl. hybrid capital.

# The credit risk in the private market is stable

Our assessment is that the Bank's customers are generally in a position to adjust their spending in the face of rising costs.

Gross lending RM in % distributed per step



Loans to the RM in default >90 days



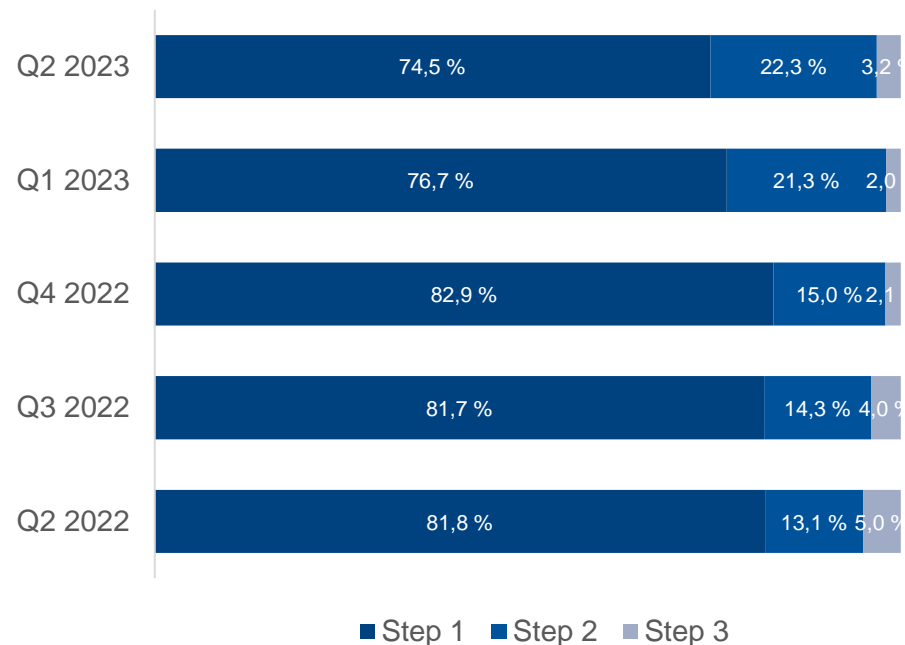
Increase in step 2 loans is mainly due to change in rule set, see note 6 in interim report for more information



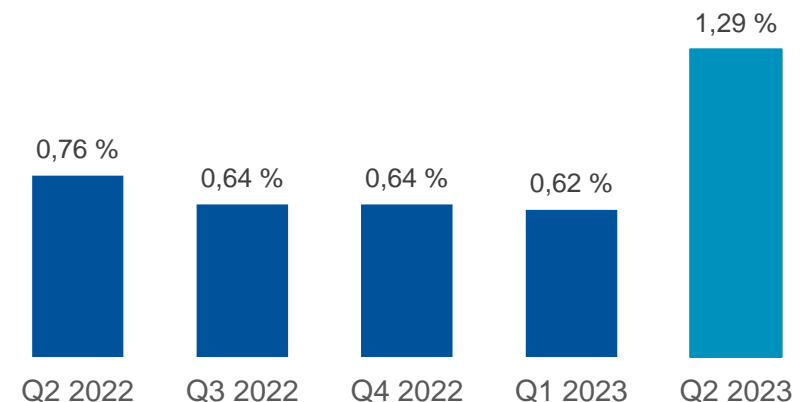
# Credit risk to Corporate Market is moderate

The increase in payment defaults over 90 days is related to one loan where the bank is in discussions with the customer to find a long-term plan for keeping the business going. The risk of losses in relation to the loan is considered to be low.

Gross lending CM in % distributed per step



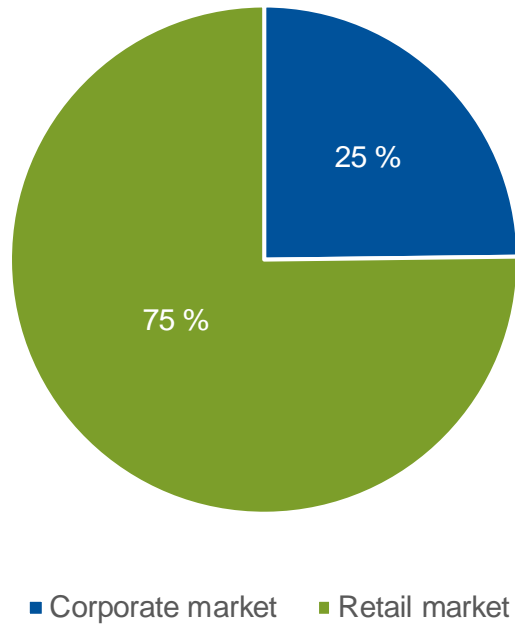
Loans to the corporate market in default > 90 days



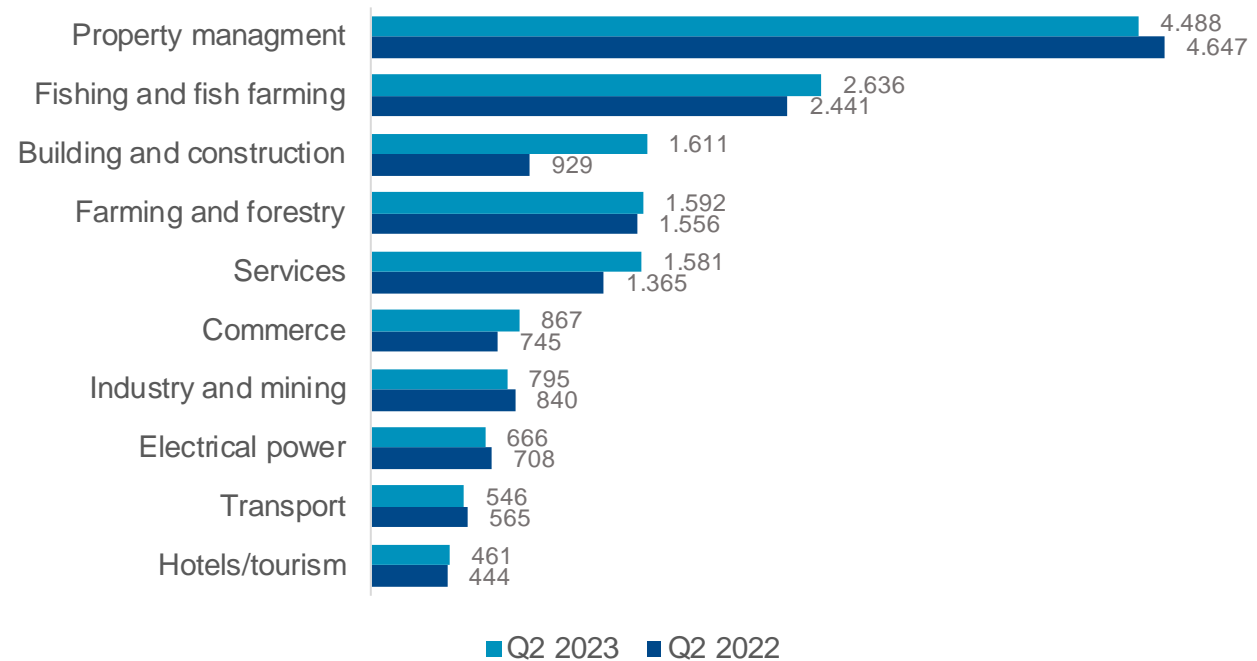
Increase in step 2 loans is mainly due to change in rule set, see note 6 in interim report for more information

# Segments and industries

Lending segments

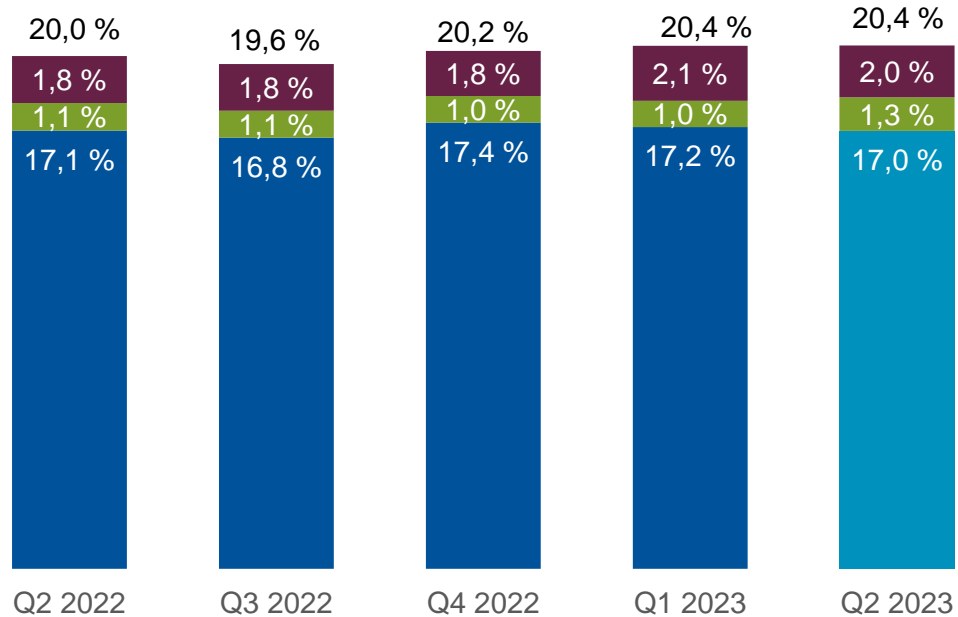


Lendings to the corporate market in NOK mill.

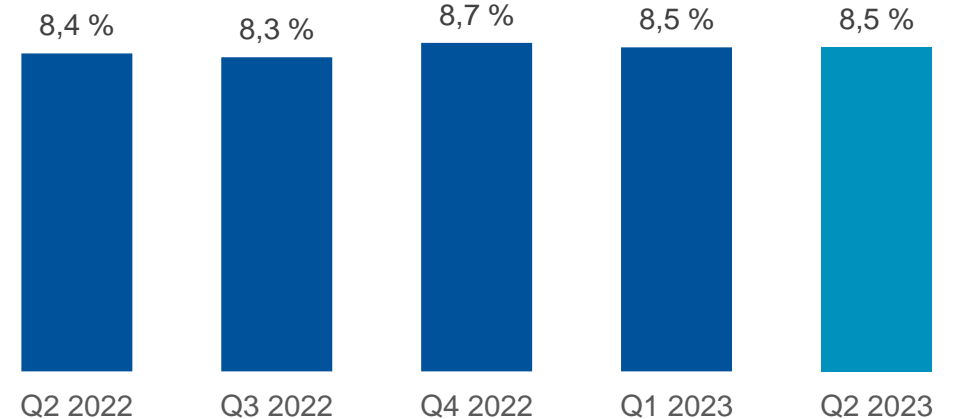


# Solid capital adequacy ratio

## Capital adequacy ratio



## Leverage ratio

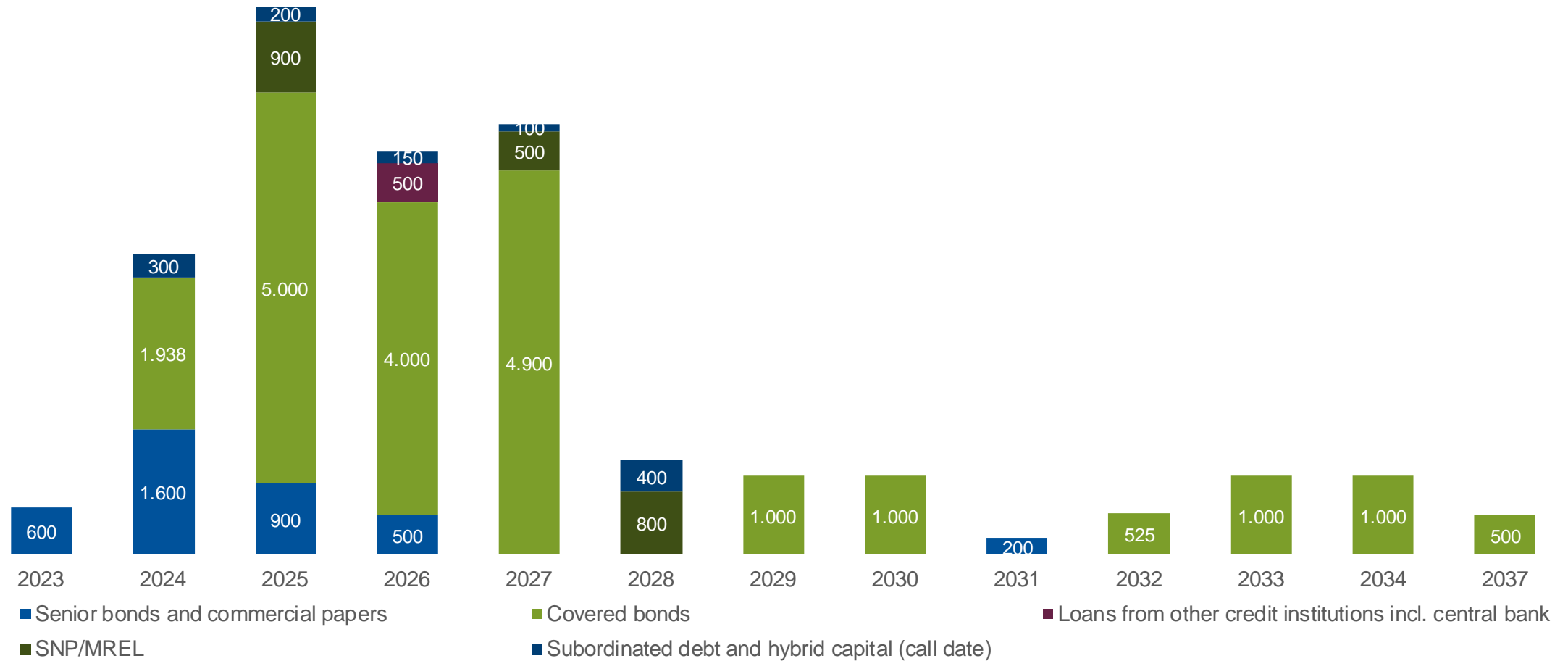


■ Tier 1 capital adequacy ratio   ■ Hybrid capital   ■ Supplementary capital

Including the result per 30.06.23, and less a proportionate share of expected dividends and gifts, core capital coverage is estimated at 18,1% per 30.06.23.



# Maturity structure of funding



Figures in NOK mill.



The bank and the community

## Surprise gifts on the Norwegian national day

On May 17th, after singing beautifully at Førdehuset community centre, 15-year-old Amanda Kvammen was presented with a surprise Furore grant worth NOK 50,000.

Later that day, Erik Flataker (18) from Allmenning, who plays for Sogndal football club, received the same pleasant surprise.

In the autumn, more Furore grants will be handed out by the foundation Sparebankstiftinga Sogn og Fjordane.





## Improving digital skills

The Sogn og Fjordane branch of the Norwegian Pensioners' Association wants to improve the digital skills of seniors by means of courses and other training activities.

To help them do this, they have been allocated some of the bank's profit through the foundation Sparebankstiftinga Sogn og Fjordane.

Pictured: Håkon Thuland, a team leader at the bank's customer service centre, presents the gift to Britt Tjønneland of the Pensioners' Association.







In Sandane, this team has now moved into newly refurbished, modern bank premises in the centre of Sandane.





## Unique film screening

The documentary *Fedrelandet* (“Fatherland”) was pre-screened at ten different locations in Norway this summer. They included Oldedalen, Jostedalen and Trivelsskogen in Sandane.

The bank had supported the film project, which involved director Margareth Olin following her 85-year-old father, who guided viewers through the changing seasons in the Oldedalen valley.







With over 20,000 visitors, the Malakoff Festival 2023 was a great success. We are proud to be one of Malakoff's general sponsors, and this festival is one of around 20 events in Sogn og Fjordane we were involved with this summer.



# Contact information

## Sparebanken Sogn og Fjordane

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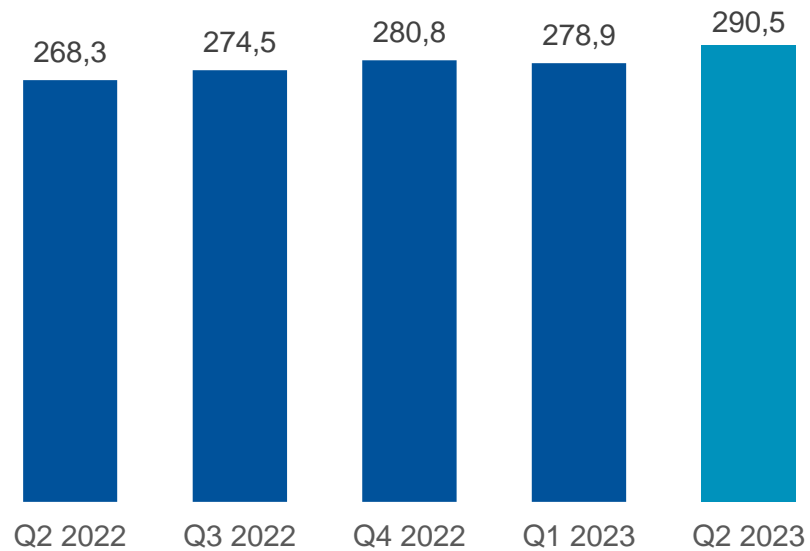


*sparebanken  
sogn og fjordane*

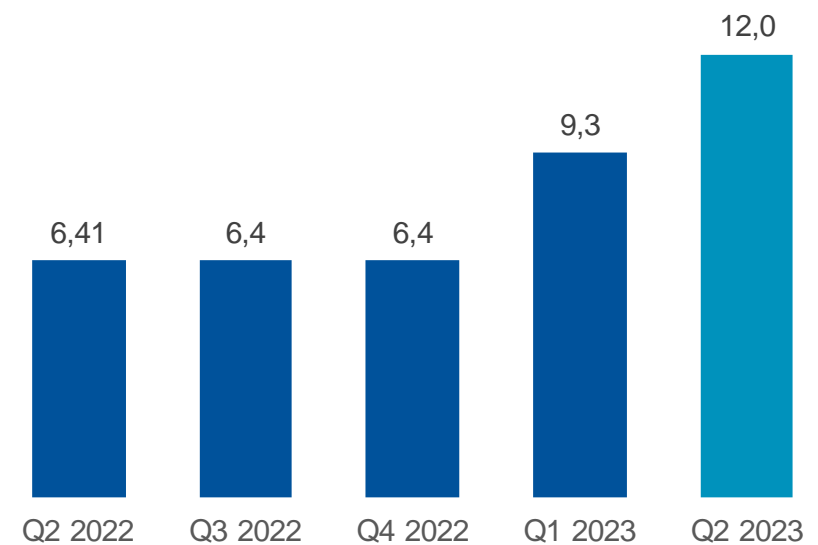
Attachments

# Equity certificate

Book value per equity certificate



Profit before taxation per equity certificate per quarter



Figures in NOK per quarter

# Consolidated financial results by quarter

	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
<b>Net interest income</b>	<b>356</b>	<b>350</b>	<b>332</b>	<b>291</b>	<b>268</b>
Other operating income	45	37	46	43	43
Dividends and gains/losses on financial instruments	60	14	1	- 18	- 11
<b>Net other operating income</b>	<b>105</b>	<b>51</b>	<b>47</b>	<b>25</b>	<b>32</b>
<b>Total revenues</b>	<b>462</b>	<b>401</b>	<b>379</b>	<b>315</b>	<b>300</b>
Operating expenses	128	127	128	128	125
<b>Profit/loss before impairment loss</b>	<b>334</b>	<b>274</b>	<b>250</b>	<b>187</b>	<b>175</b>
Impairment loss	- 11	- 4	30	2	- 13
<b>Profit/loss before taxation</b>	<b>345</b>	<b>278</b>	<b>220</b>	<b>185</b>	<b>188</b>
Tax expense	75	69	51	42	45
<b>Profit/loss after taxation</b>	<b>270</b>	<b>210</b>	<b>169</b>	<b>143</b>	<b>143</b>
Remeasurements, pensions	0	0	0	0	0
<b>COMPREHENSIVE INCOME</b>	<b>270</b>	<b>210</b>	<b>169</b>	<b>143</b>	<b>143</b>



# Consolidated financial results by quarter

	Q1 2022	Q4 2021	Q3 2021	Q2 2021
<b>Net interest income</b>	<b>257</b>	<b>250</b>	<b>235</b>	<b>231</b>
Other operating income	34	42	38	40
Dividends and gains/losses on financial instruments	29	63	36	60
<b>Net other operating income</b>	<b>63</b>	<b>105</b>	<b>74</b>	<b>100</b>
<b>Total revenues</b>	<b>320</b>	<b>355</b>	<b>309</b>	<b>331</b>
Operating expenses	118	123	117	114
<b>Profit/loss before impairment loss</b>	<b>203</b>	<b>232</b>	<b>192</b>	<b>217</b>
Impairment loss	17	1	- 37	9
<b>Profit/loss before taxation</b>	<b>186</b>	<b>231</b>	<b>229</b>	<b>208</b>
Tax expense	39	35	53	37
<b>Profit/loss after taxation</b>	<b>147</b>	<b>196</b>	<b>176</b>	<b>171</b>
Remeasurements, pensions	0	0	0	0
<b>COMPREHENSIVE INCOME</b>	<b>147</b>	<b>196</b>	<b>176</b>	<b>171</b>

# Key figures, consolidated

AMOUNTS IN MILLIONS OF NOK

INCOME STATEMENT	30.06.2023/ H1 2023	30.06.2022/ H1 2022	31.12.2022/ Full-year 2022
Net interest income	706	525	1 148
Dividends and gains/losses on financial instruments	74	18	0
Other operating income	83	77	166
Operating expenses	255	242	499
<b>Profit/loss before impairment loss (incl. securities)</b>	<b>607</b>	<b>378</b>	<b>815</b>
<b>Profit/loss before impairment loss (excl. securities)</b>	<b>533</b>	<b>360</b>	<b>815</b>
Impairment loss	- 16	4	36
<b>Profit/loss before taxation</b>	<b>623</b>	<b>374</b>	<b>779</b>
Tax expense	144	84	177
<b>Profit/loss after taxation</b>	<b>479</b>	<b>290</b>	<b>602</b>
Other comprehensive income	0	0	0
<b>Comprehensive income</b>	<b>479</b>	<b>290</b>	<b>602</b>
<b>BALANCE SHEET</b>			
<b>Assets</b>			
Gross loans and advances to customers	63 013	59 468	61 498
Loss allowance	- 289	- 306	- 314
Security investments (shares, fixed income funds, commercial paper and bonds)	9 085	8 973	8 225
<b>Debt and equity</b>			
Deposits from and debt to customers	37 587	35 335	34 846
Debt securities and debt to credit institutions	26 964	26 327	27 673
Equity	6 963	6 340	6 645
Total assets	73 527	69 582	70 824
Average total assets	71 806	67 123	68 515

	30.06.2023/ H1 2023	30.06.2022/ H1 2022	31.12.2022/ Full-year 2022
<b>KEY FIGURES</b>			
<b>Profitability</b>			
Net interest margin	1,98 %	1,58 %	1,67 %
Other operating income (excl. inc. from fin. instr.) as a % of average total assets	0,23 %	0,23 %	0,24 %
Operating expenses as a % of average total assets	0,71 %	0,72 %	0,73 %
Profit/loss before impairment loss as a % of average total assets	1,69 %	1,13 %	1,19 %
Profit/loss before tax as a % of average total assets	1,74 %	1,11 %	1,14 %
Profit/loss after tax as a % of average total assets	1,33 %	0,86 %	0,88 %
Comprehensive income as a % of average total assets	1,33 %	0,86 %	0,88 %
Oper. exp. as a % of oper. income excl. inc. from fin. instr.	32,35 %	40,25 %	37,99 %
Oper. exp. as a % of oper. income incl. inc. from fin. instr.	29,57 %	39,08 %	37,98 %
Impairment loss as a % of gross loans	- 0,02 %	0,01 %	0,06 %
Return on equity before tax 1)	19,80 %	12,67 %	13,21 %
Return on equity after tax 1)	15,23 %	9,83 %	10,21 %
Pre-tax return on equity (comprehensive income) 1)	15,23 %	9,83 %	10,21 %
Consolidated comprehensive income per equity certificate, in NOK	21,38	12,98	26,98
Dividend payable per equity certificate, in NOK			12,00
<i>1) Return on equity is calculated based on opening equity excl. hybrid capital</i>			
<b>Capital and liquidity position</b>			
Capital adequacy ratio	20,36 %	19,95 %	20,15 %
Core capital adequacy ratio	18,34 %	18,12 %	18,39 %
Core Tier 1 capital adequacy ratio	17,04 %	17,05 %	17,36 %
Leverage ratio	8,45 %	8,37 %	8,65 %
Liquidity Coverage Ratio (LCR)	182 %	166 %	165 %
NSFR, consolidated	125 %	127 %	122 %
NSFR, parent company	136 %	144 %	140 %
<b>Balance sheet history</b>			
Growth in total assets (year-on-year)	5,67 %	5,92 %	7,62 %
Growth in gross customer lending (year-on-year)	5,96 %	6,46 %	6,67 %
Growth in customer deposits (year-on-year)	6,37 %	10,30 %	7,10 %
Deposits as a % of consolidated gross lending	59,65 %	59,42 %	56,66 %
Deposits as a % of parent company's gross lending	100,90 %	104,17 %	104,80 %
<b>Employees</b>			
Full-time equivalent employees	287	276	283