



*sparebanken  
sogn og fjordane*

# Investor presentation

Q3 2023

# Headlines Q3 2023

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



**Solid growth in loans : 5.0% over the past year**



**Increase in net interest income: NOK 379 mill. (NOK 291 mill.)**



**Results from financial instruments: NOK -29 mill (NOK -18 mill.)**



**Loan losses: NOK 30 mill. (NOK 2 mill.)**



**Solid liquidity and solidity:**

- **LCR 158 % (135 %)**
- **Core Tier 1 Capital adequacy ratio: 16.9 % (16.8 %)**



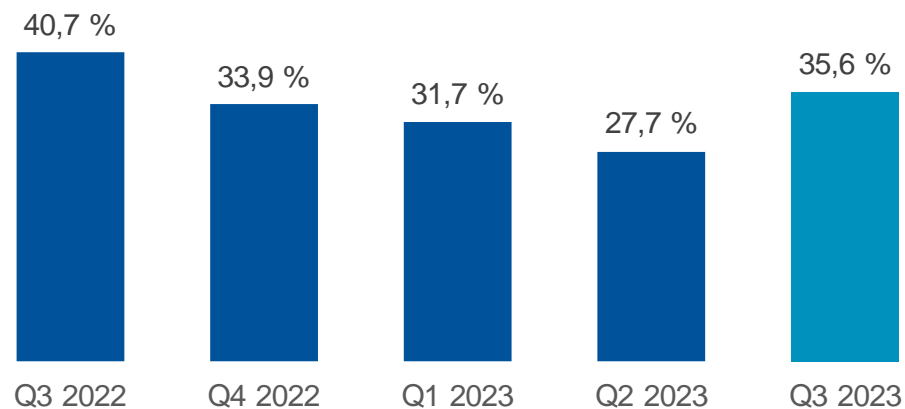
**Profit per equity certificate (consolidated): kr 7.43 (kr 6.42)**



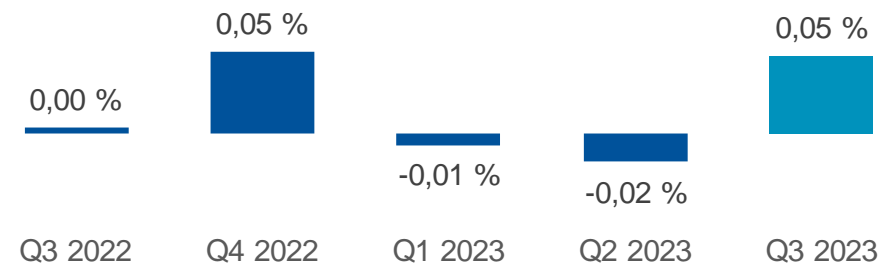
**Return on equity: 10.2 % p.a. (9.6 % p.a.)**

# Development important key figures

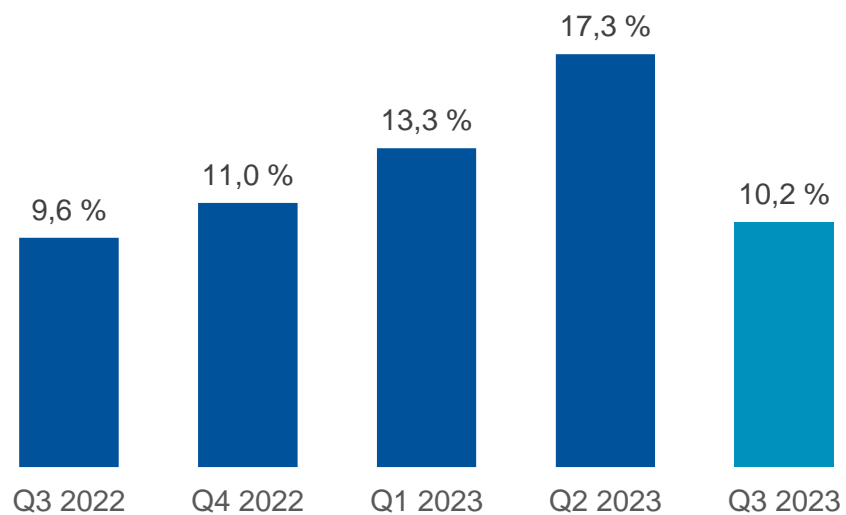
## Cost/income ratio



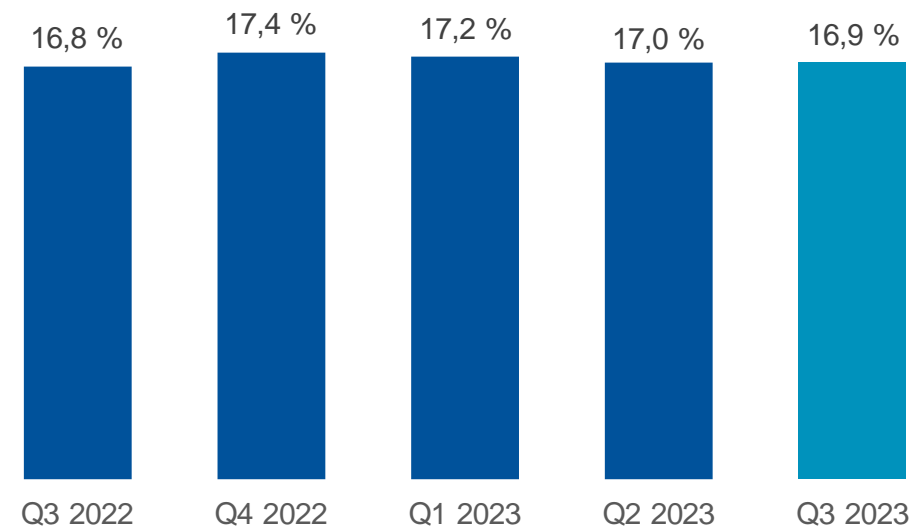
## Impairment loss



## Return on equity



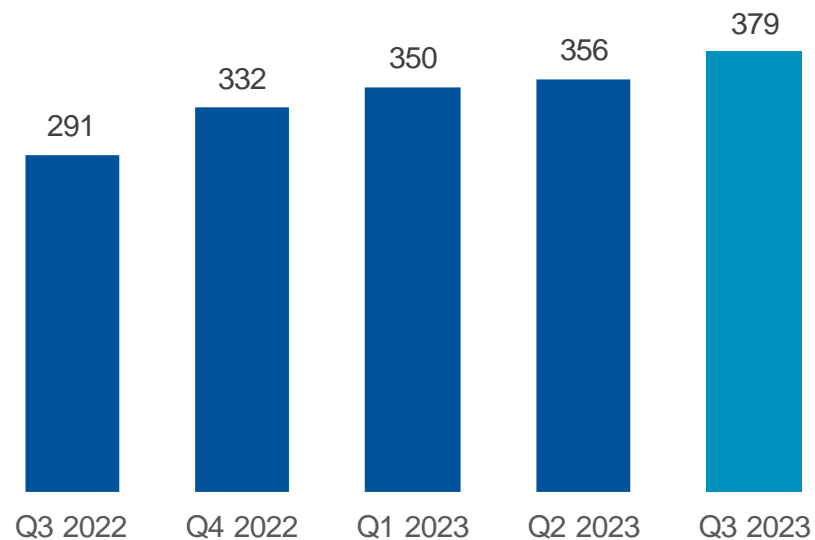
## Core Tier 1 capital adequacy ratio



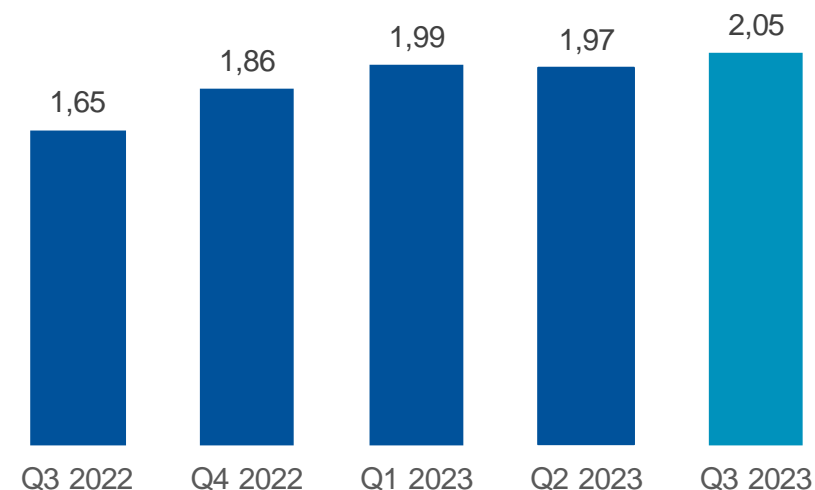
# Increasing net interest income

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

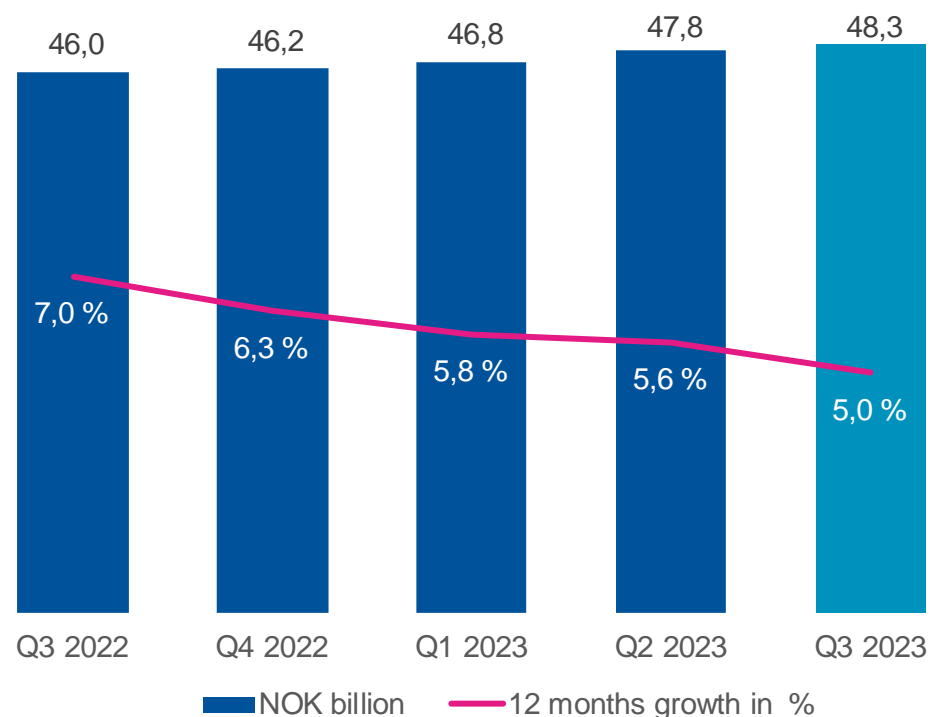


Net interest income in NOK million and as a percentage of average total assets

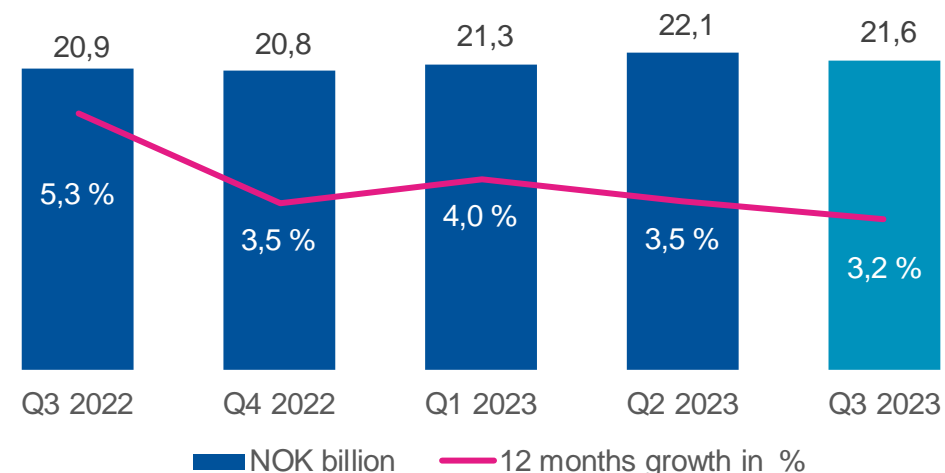
# Reduced loan demand contributed to reduced growth

The growth is still well ahead of the national credit growth

## Loans retail market



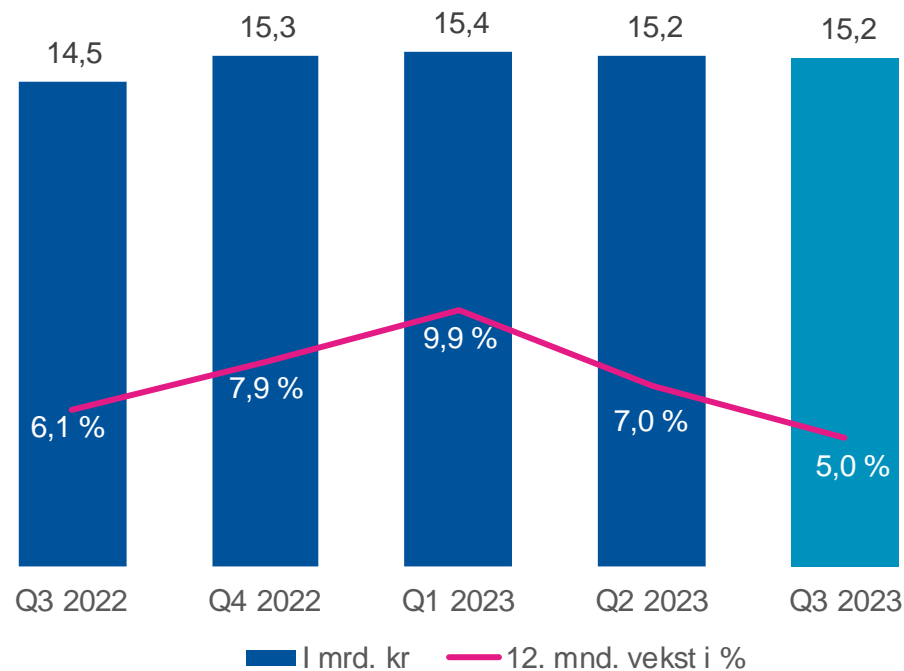
## Deposits retail market



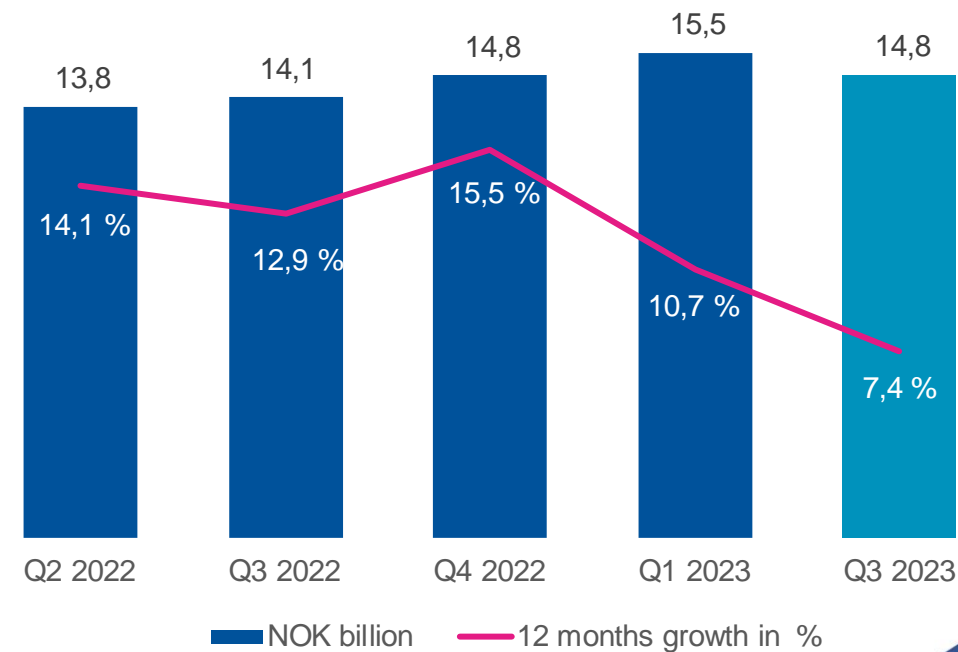
# Reduced loan demand contributes to lower growth

Falling trend for deposits as well, but still a solid 12-month growth

## Loans Corporate Market



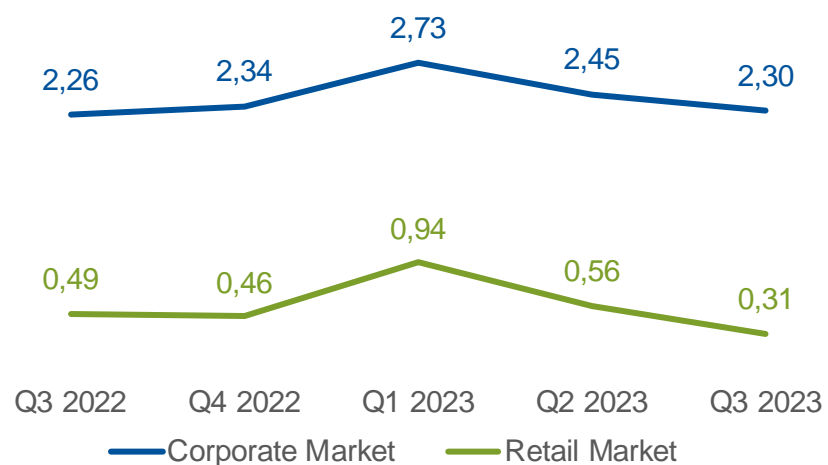
## Deposits Corporate Market



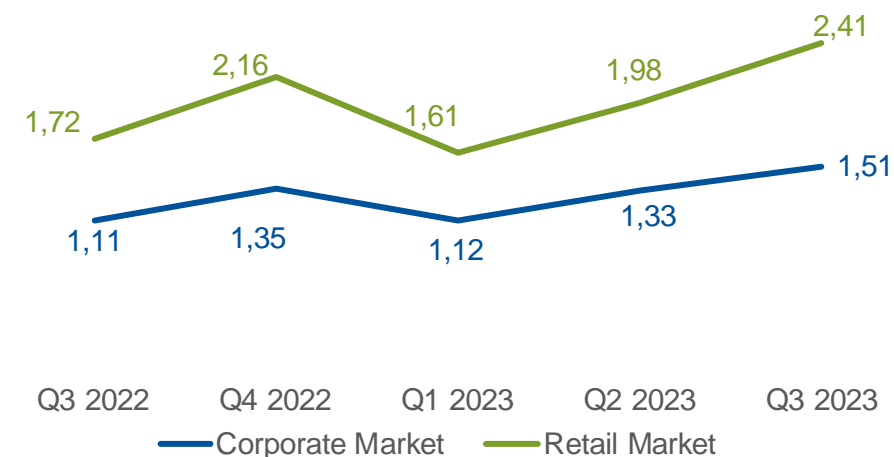
# Customer margin

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

## Lending margins



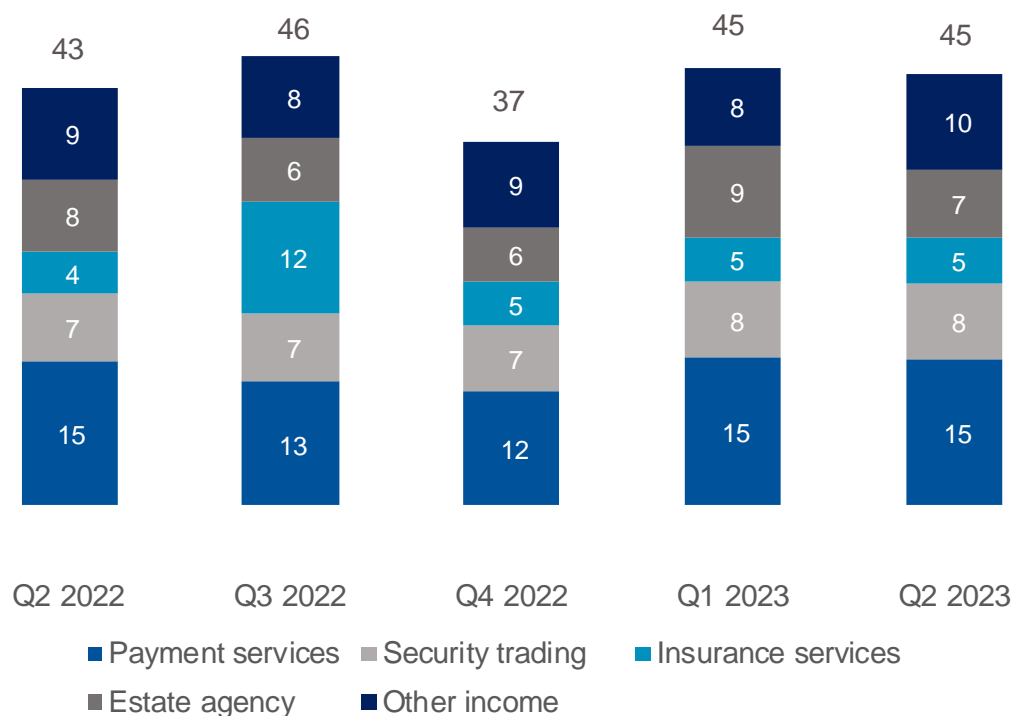
## Deposit margins



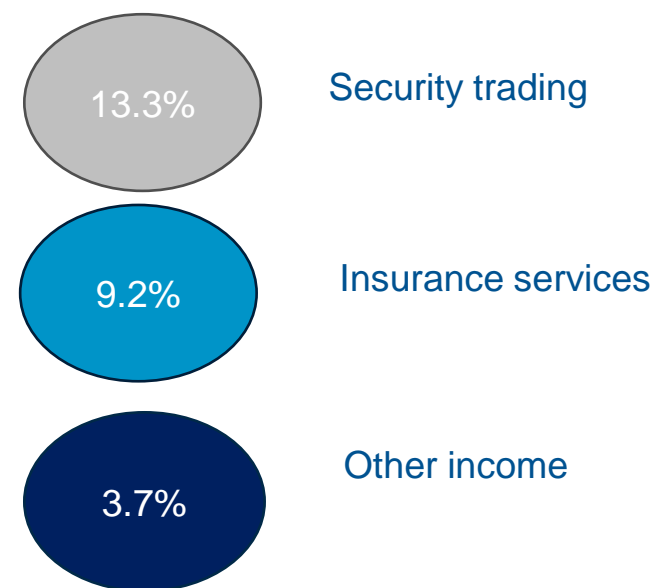
Shows deposit and lending rates for deposits and loans from customers measured against 3 month Nibor. The graph includes both deposit and loans with floating and fixed interest rates. Deposits and loans in foreign currency are not included.

# Good development in savings and insurance

## Other income



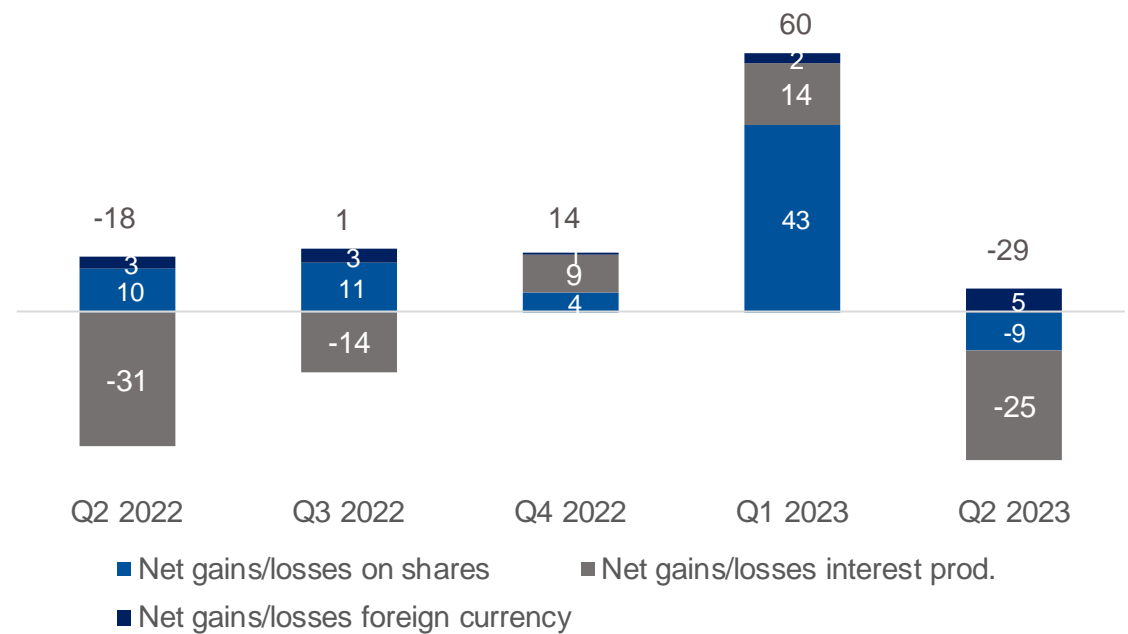
## Change towards Q3-2022



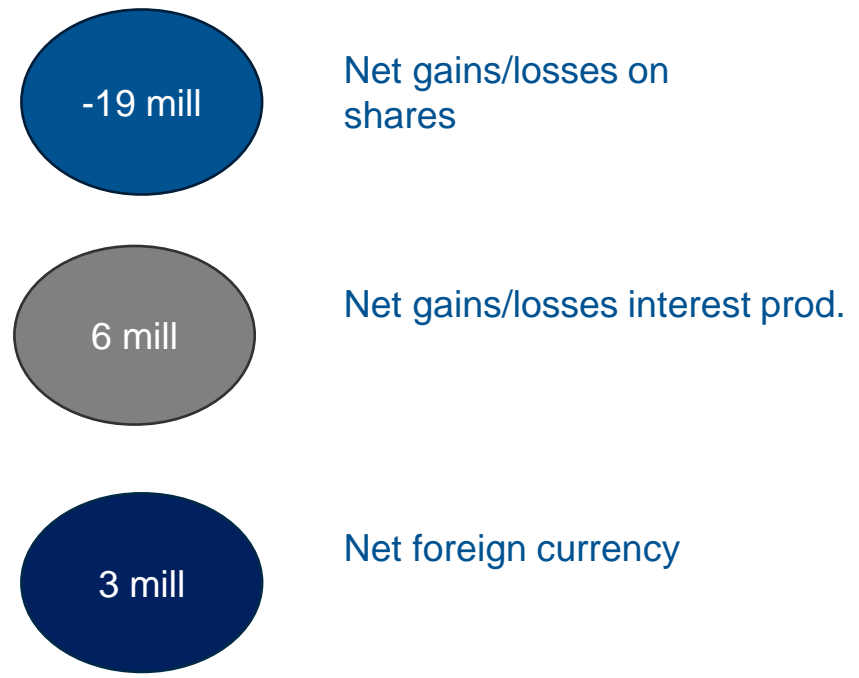


# Reduced result from financial instruments

Result financial instruments



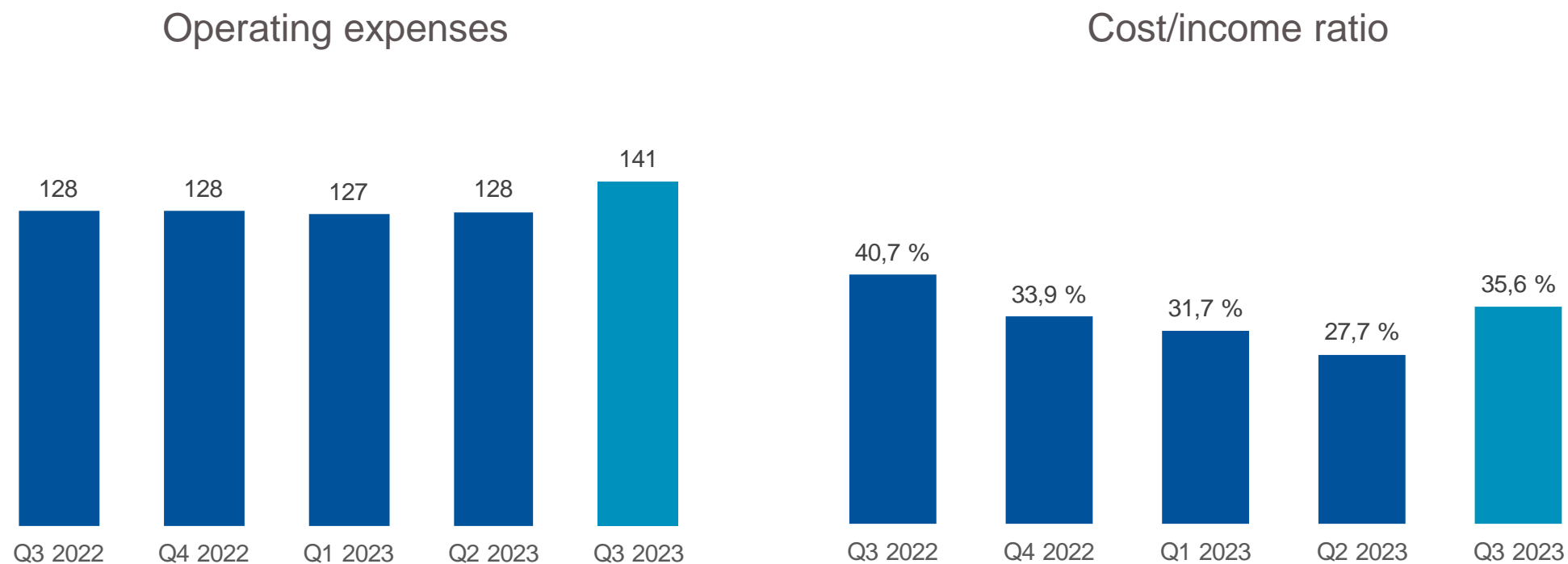
Change towards Q3-2022



Tal pr. kvartal i mill. kr

# Cost-effective operation

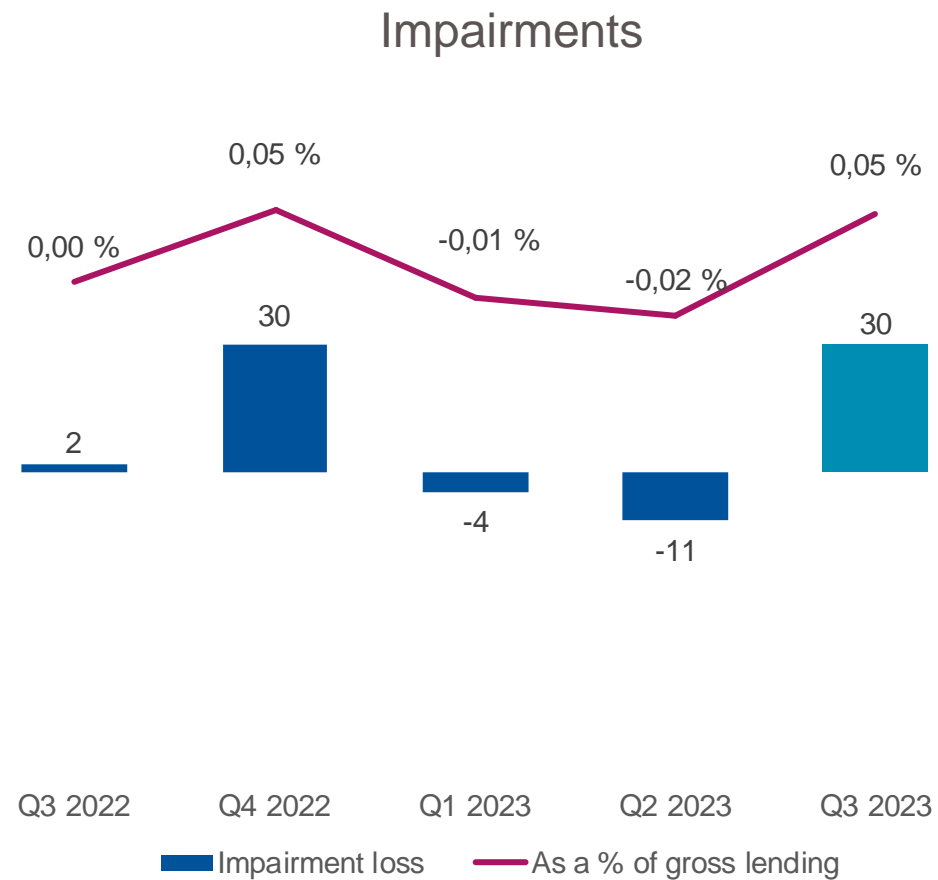
The increase in costs last quarter is due to fees for external consultants, more employees and wage growth



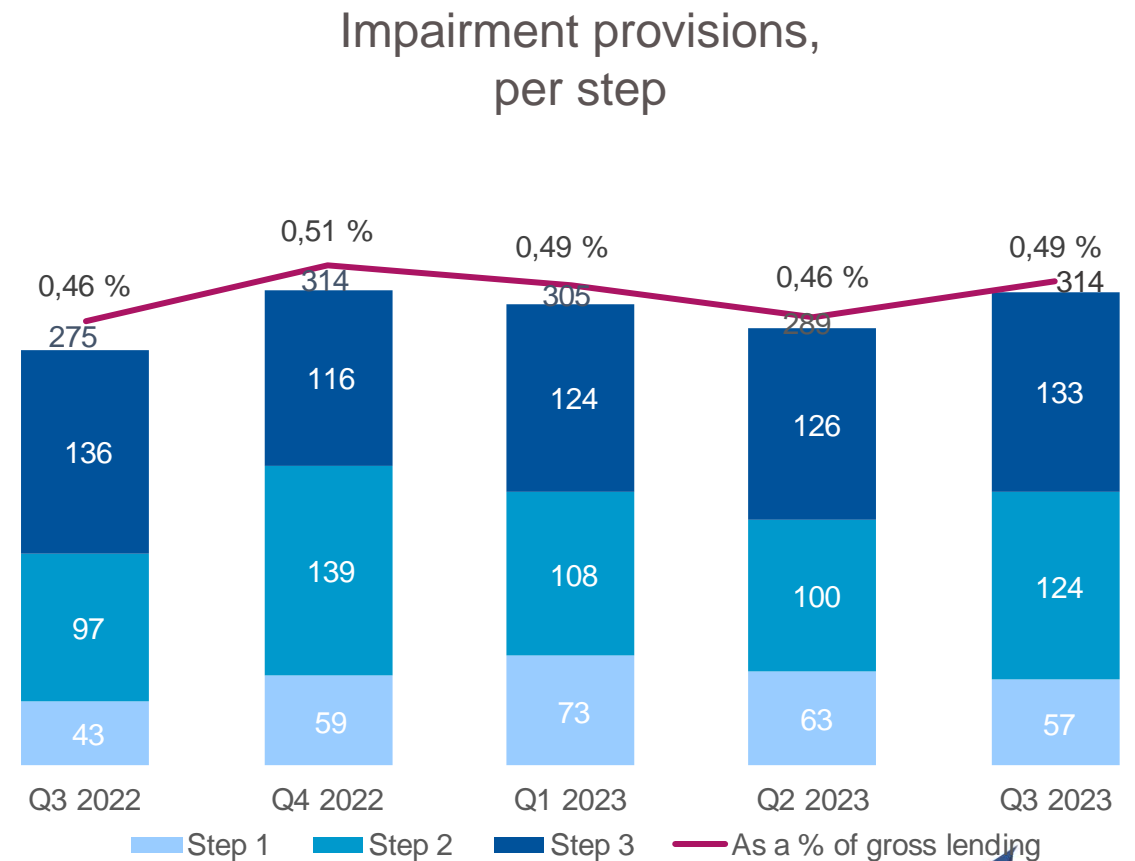
Figures per quarter in mill. NOK.

# Increase in impairments

Allowance for expected credit losses rose both to the Retail market and the Corporate market in the last quarter

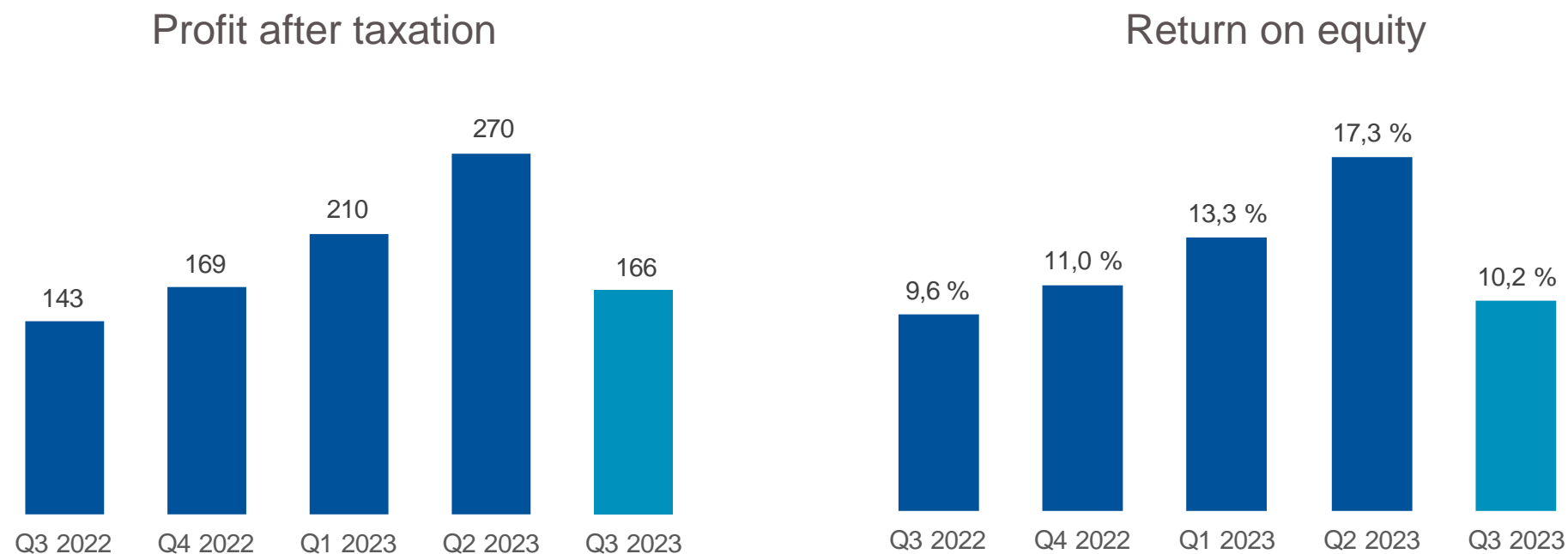


Figures per quarter in mill. NOK.



# Good result

Negative financial result and increase in impairment losses result in a lower profit than the previous quarter, but underlying earnings are still good

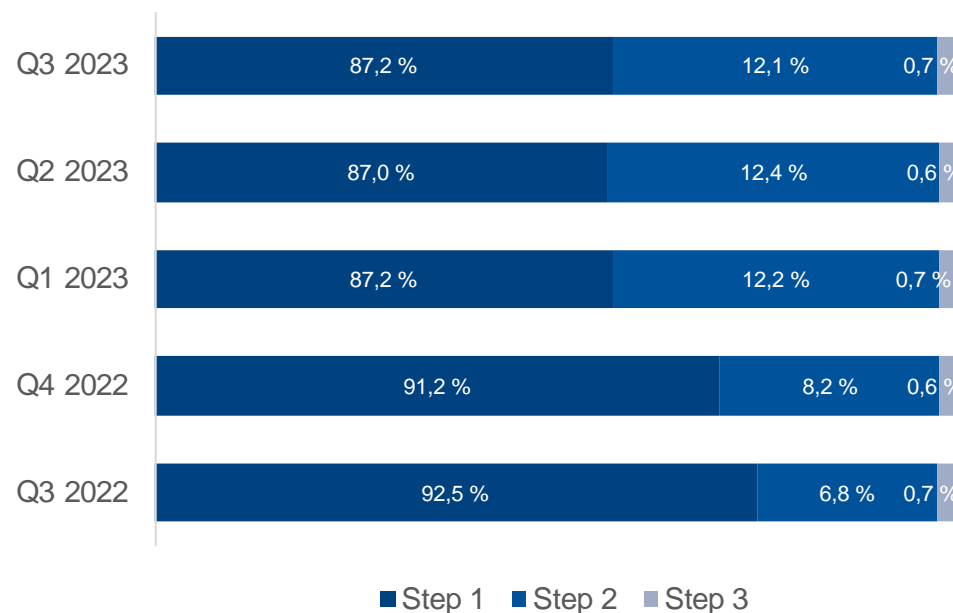


Figures for the quarters in NOK mill. Return on equity is calculated based on the opening equity excl. hybrid capital.

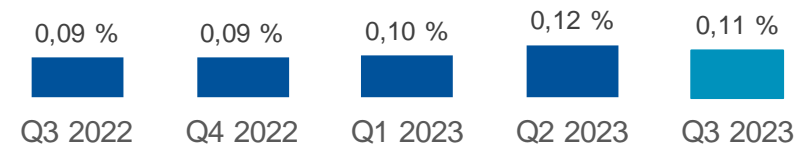
# The credit risk in the private market is rising slightly, but is still low

The number of customers converting to interest-only payments or extending their mortgage terms has risen in comparison to previous years

Gross lending RM in % distributed per step



Loans to the RM in default >90 days

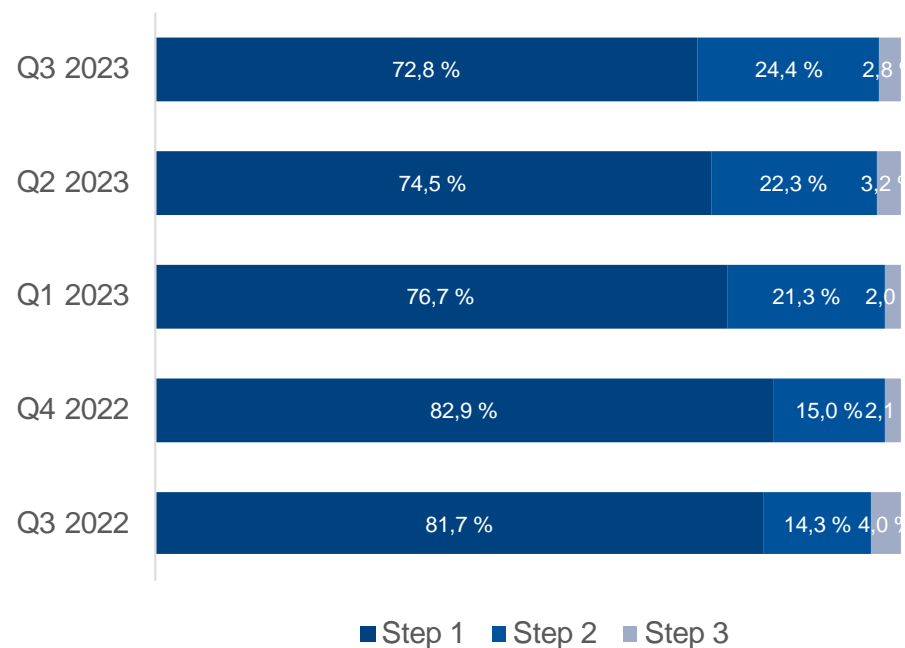


Increase in step 2 loans is mainly due to change in rule set, see note 6 in interim report for more information

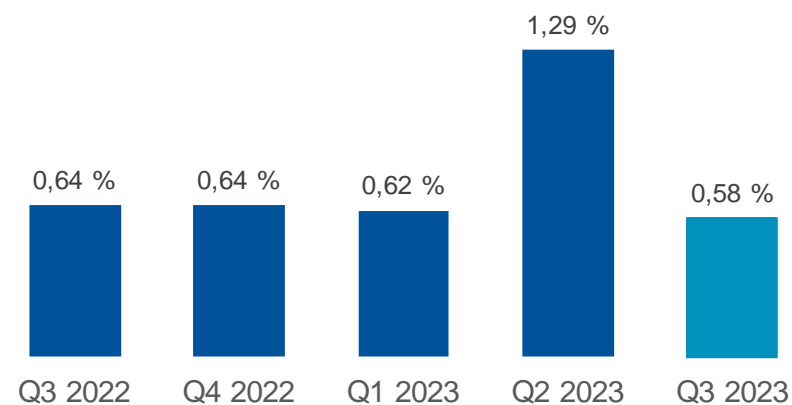
# Credit risk to corporate market is moderate

The bank closely monitor the business community in Sogn og Fjordane, and our assessment is that, overall, local businesses, are in a strong position to deal with a more uncertain macroeconomic environment

Gross lending CM in % distributed per step



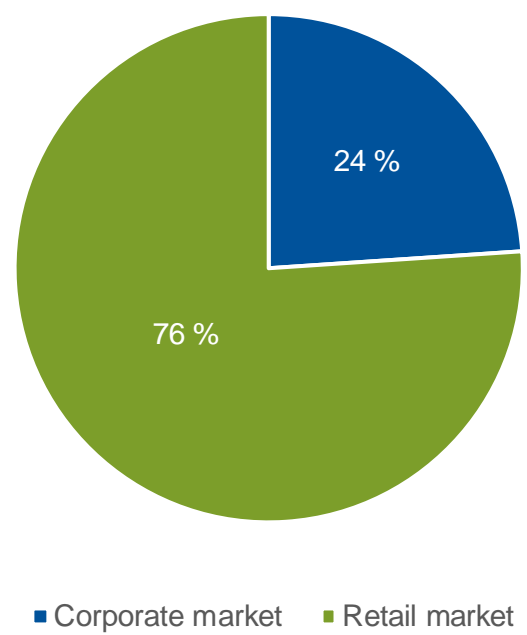
Loans to the corporate market in default > 90 days



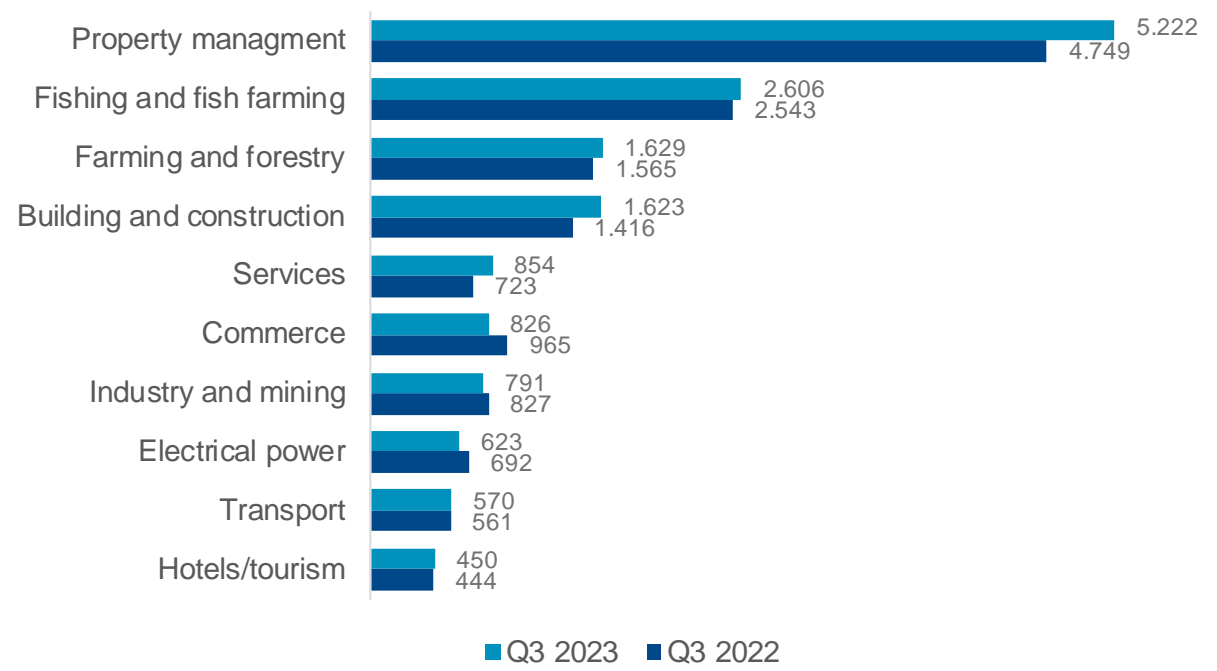
Increase in step 2 loans is mainly due to change in rule set, see note 6 in interim report for more information

# Segments and industries

### Lending segments

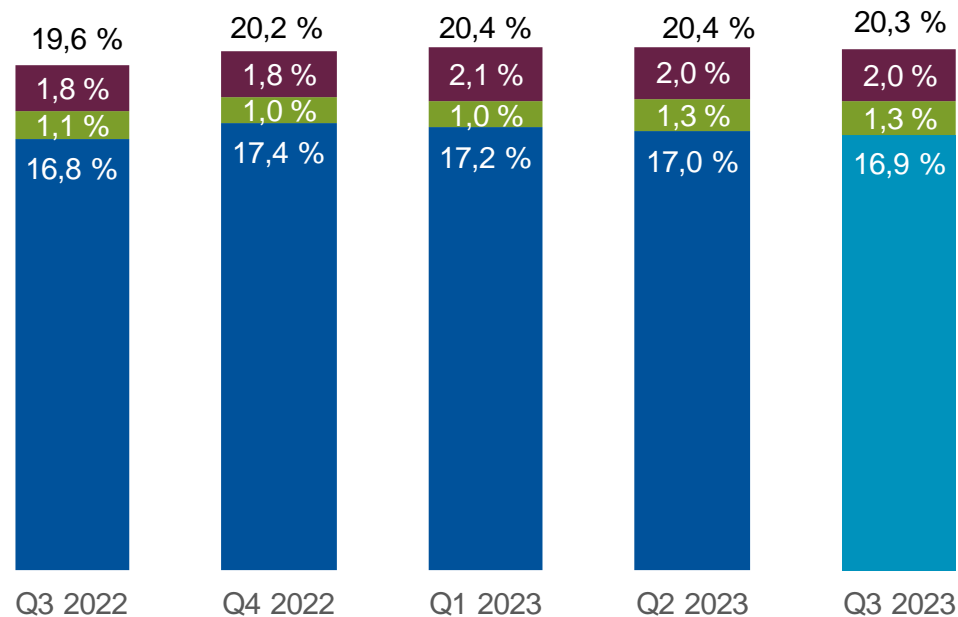


### Lendings to the corporate market in NOK mill.



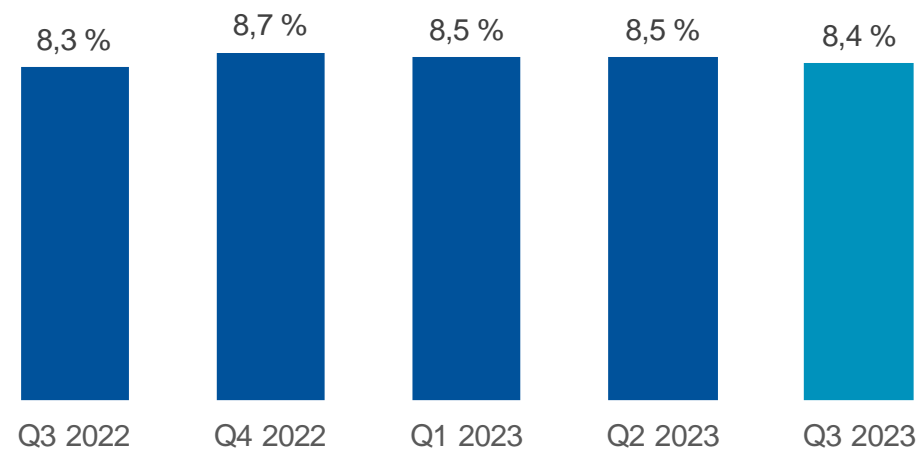
# Solid capital adequacy ratio

## Capital adequacy ratio



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

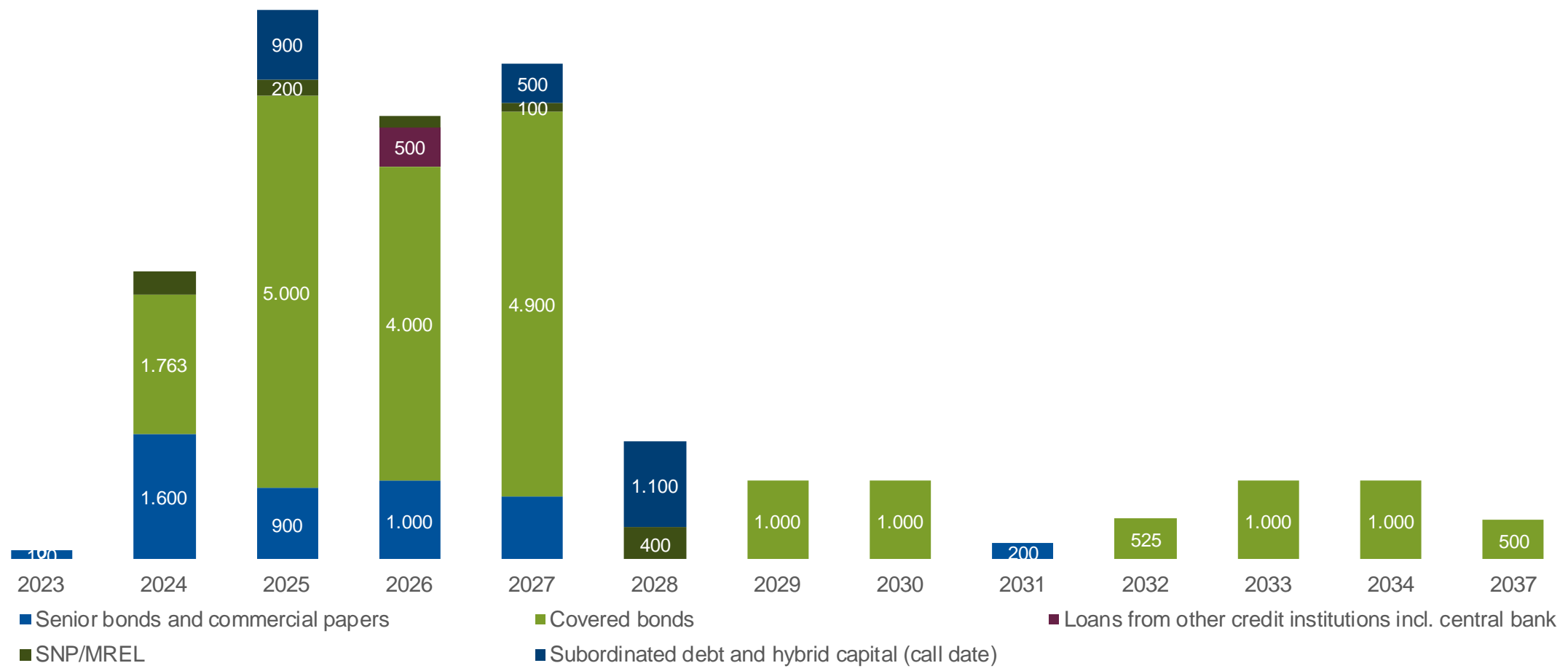
## Leverage ratio



Including the result per 30.09.23, and less a proportionate share of expected dividends and gifts, core capital coverage is estimated to have been 17,9% per 30.09.23.



# Maturity structure of funding



Figures in NOK mill.



# The bank and the community

Q3-2023



## Entering the Sparebank 1-alliance

In April 2023 Sparebanken Sogn og Fjordane announced an agreement for a strategic banking collaboration with the SpareBank 1-alliance, investing 630 millions to become an owner in the SpareBank-1 alliance.

The bank intends to sell shares in product companies that it currently owns, while simultaneously purchasing shares and stakes in product companies within the SpareBank 1-alliance

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



# The project work is underway

The plan is that Sparebanken Sogn og Fjordane will become part of the SpareBank 1-alliance during 2024. The project to migrate and adapt to the SpareBank 1-alliance began at the end of August 2023.

It has not been resolved when the technical conversion process will be completed.

There will be various expenses involved, particularly for IT-systems and the use of external consultants, but it is not yet clear how much they will amount to.

As of 30 September 2023, NOK 3,3 million of external project costs have been incurred. No provision has been made for future project expenses.



# Market shares in Sogn og Fjordane

Retail Market\* **49.8 %**

Corporate Market\* **37.0 %**

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

\*Market share : Figures as of Q2-2023

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

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

A photograph of a man with a beard, wearing a blue jacket, holding a child in a yellow and orange rain suit on the deck of a boat. The child is wearing a blue hat and green boots. The background shows a building and a cloudy sky.

## Rising interest rates and inflation

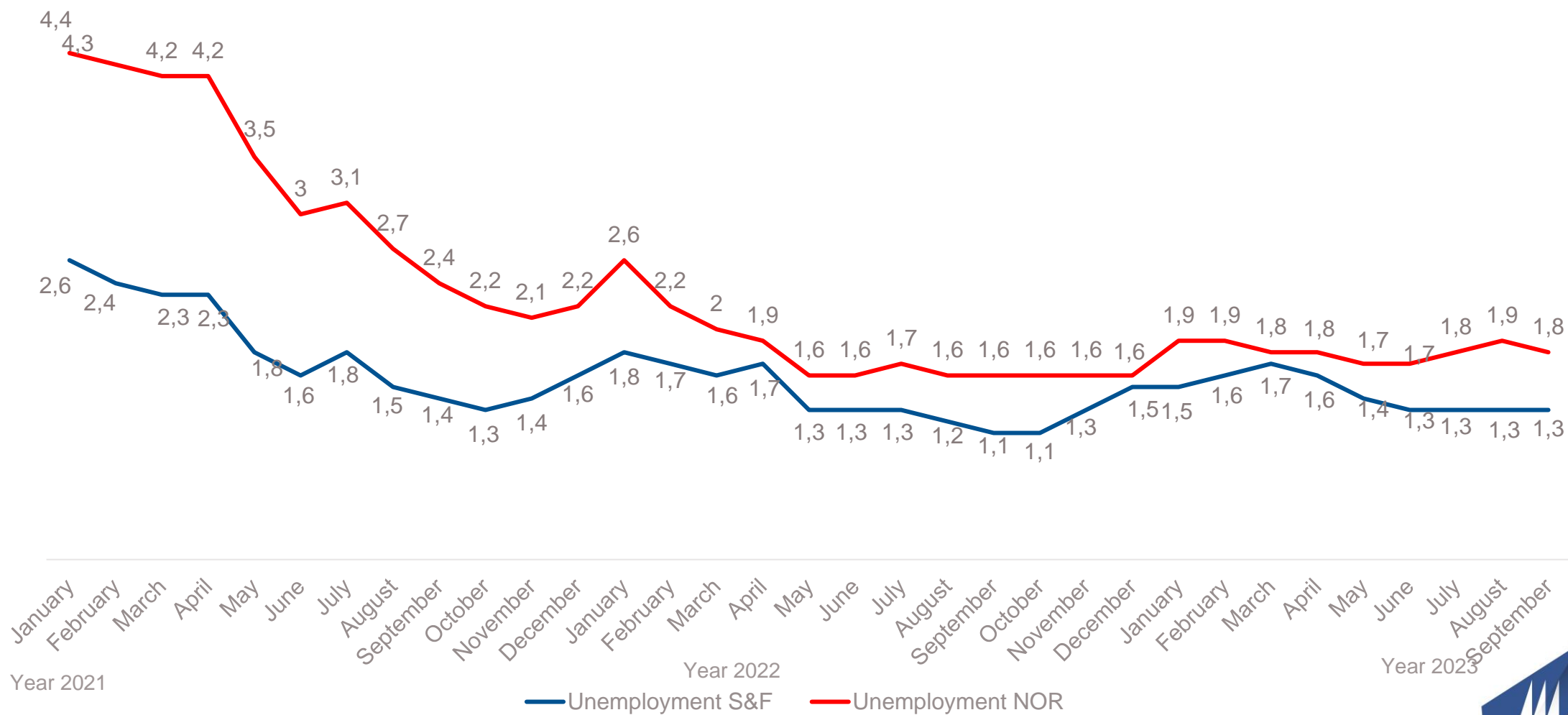
The outlook for our customers, both in the retail and corporate markets, has become more uncertain due to a significant increase in interest rates and a high price inflation.

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

92 percent of our retail customers repay their loans without loan installment exemption, which is the same figures as in Q2 this year.

The bank is closely monitoring customers and asks anyone who feel uncertain about their own financial situation to get in touch.

# The unemployment rate in Sogn og Fjordane remained stable at a low level





After seven years in the planning phase, the realization of the viewpoint «Vidsyn» is finally within reach for Førde and the surrounding regions. Both Sparebanken Sogn og Fjordane and Sparebanken Vest have contributed significant amounts to the project.



## Lecture targeting the youth

900 students and nearly 600 parents in Sunnfjord have experienced the impactful lecture «Midt i trynet».

Torbjørn Gran og Richard Prøsch provided the young people with an honest and real insight into the consequences of substance abuse.

The goal is to make the youth aware of the choices they make.



# Contact information

## Sparebanken Sogn og Fjordane

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6801 Førde

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Organisation no: 946 670 081  
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### **Contact:**

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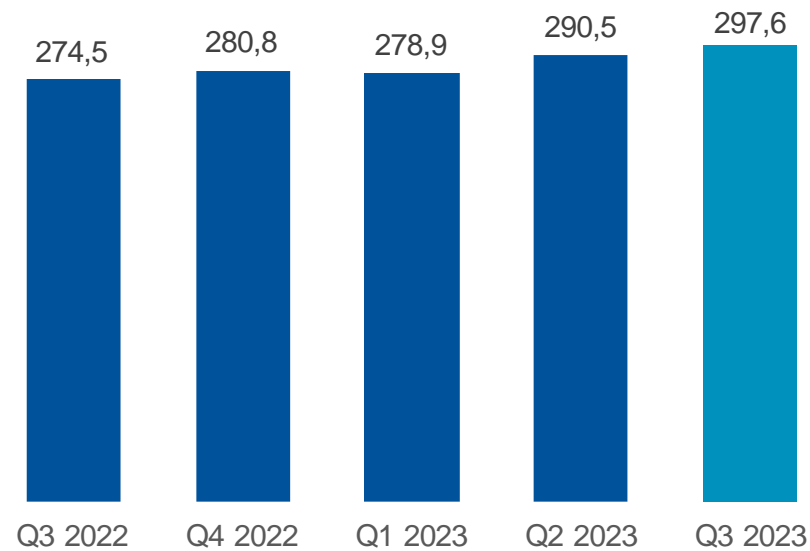


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sogn og fjordane*

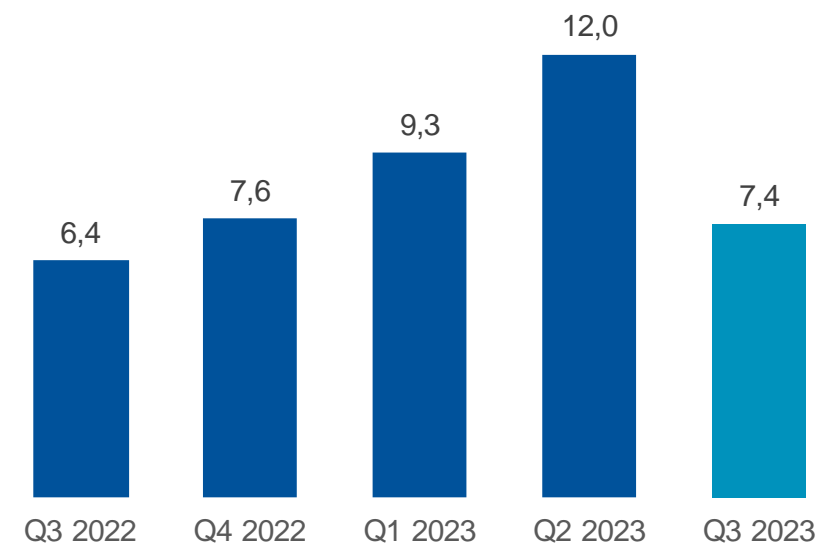
# Attachments

# 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

	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
<b>Net interest income</b>	<b>379</b>	<b>356</b>	<b>350</b>	<b>332</b>	<b>291</b>
Other operating income	45	45	37	46	43
Dividends and gains/losses on financial instruments	- 29	60	14	1	- 18
<b>Net other operating income</b>	<b>15</b>	<b>105</b>	<b>51</b>	<b>47</b>	<b>25</b>
<b>Total revenues</b>	<b>395</b>	<b>462</b>	<b>401</b>	<b>379</b>	<b>315</b>
Operating expenses	141	128	127	128	128
<b>Profit/loss before impairment loss</b>	<b>254</b>	<b>334</b>	<b>274</b>	<b>250</b>	<b>187</b>
Impairment loss	30	- 11	- 4	30	2
<b>Profit/loss before taxation</b>	<b>225</b>	<b>345</b>	<b>278</b>	<b>220</b>	<b>185</b>
Tax expense	58	75	69	51	42
<b>Profit/loss after taxation</b>	<b>166</b>	<b>270</b>	<b>210</b>	<b>169</b>	<b>143</b>
Remeasurements, pensions	0	0	0	0	0
<b>COMPREHENSIVE INCOME</b>	<b>166</b>	<b>270</b>	<b>210</b>	<b>169</b>	<b>143</b>

# Consolidated financial results by quarter

	Q2 2022	Q1 2022	Q4 2021	Q3 2021
<b>Net interest income</b>	<b>268</b>	<b>257</b>	<b>250</b>	<b>235</b>
Other operating income	43	34	42	38
Dividends and gains/losses on financial instruments	- 11	29	63	36
<b>Net other operating income</b>	<b>32</b>	<b>63</b>	<b>105</b>	<b>74</b>
<b>Total revenues</b>	<b>300</b>	<b>320</b>	<b>355</b>	<b>309</b>
Operating expenses	125	118	123	117
<b>Profit/loss before impairment loss</b>	<b>175</b>	<b>203</b>	<b>232</b>	<b>192</b>
Impairment loss	- 13	17	1	- 37
<b>Profit/loss before taxation</b>	<b>188</b>	<b>186</b>	<b>231</b>	<b>229</b>
Tax expense	45	39	35	53
<b>Profit/loss after taxation</b>	<b>143</b>	<b>147</b>	<b>196</b>	<b>176</b>
Remeasurements, pensions	0	0	0	0
<b>COMPREHENSIVE INCOME</b>	<b>143</b>	<b>147</b>	<b>196</b>	<b>176</b>

# Key figures, consolidated

AMOUNTS IN MILLIONS OF NOK

## INCOME STATEMENT

	30 Sept. 2023/ Q1-Q3 2023	30 Sept. 2022/ Q1-Q3 2022	31 Dec. 2022/ Full-year 2022
Net interest income	1 085	816	1 148
Dividends and gains/losses on financial instruments	45	0	0
Other operating income	127	120	166
Operating expenses	396	371	499
<b>Profit/loss before impairment loss (incl. securities)</b>	<b>862</b>	<b>565</b>	<b>815</b>
<b>Profit/loss before impairment loss (excl. securities)</b>	<b>817</b>	<b>565</b>	<b>815</b>
Impairment loss	14	6	36
<b>Profit/loss before taxation</b>	<b>848</b>	<b>559</b>	<b>779</b>
Tax expense	202	126	177
<b>Profit/loss after taxation</b>	<b>646</b>	<b>433</b>	<b>602</b>
Other comprehensive income	0	0	0
<b>Comprehensive income</b>	<b>646</b>	<b>433</b>	<b>602</b>

## BALANCE SHEET

### Assets

Gross loans and advances to customers	63 482	60 467	61 498
Loss allowance	- 314	- 275	- 314
Security investments (shares, fixed income funds, commercial paper and bonds)	8 744	8 335	8 225
<b>Debt and equity</b>			
Deposits from and debt to customers	36 359	34 675	34 846
Debt securities and debt to credit institutions	27 793	27 570	27 673
Equity	7 122	6 480	6 645
Total assets	73 485	70 486	70 824
Average total assets	72 307	67 900	68 515

30 Sept. 2023/ 30 Sept. 2022/ 31 Dec. 2022/  
Q1-Q3 2023 Q1-Q3 2022 Full-year 2022

## KEY FIGURES

### **Profitability**

Net interest margin	2,01 %	1,61 %	1,67 %
Other operating income (excl. inc. from fin. instr.) as a % of average total assets	0,23 %	0,24 %	0,24 %
Operating expenses as a % of average total assets	0,73 %	0,73 %	0,73 %
Profit/loss before impairment loss as a % of average total assets	1,59 %	1,11 %	1,19 %
Profit/loss before tax as a % of average total assets	1,56 %	1,10 %	1,14 %
Profit/loss after tax as a % of average total assets	1,19 %	0,85 %	0,88 %
Comprehensive income as a % of average total assets	1,19 %	0,85 %	0,88 %
Oper. exp. as a % of oper. income excl. inc. from fin. instr.	32,63 %	39,60 %	37,99 %
Oper. exp. as a % of oper. income incl. inc. from fin. instr.	31,46 %	39,62 %	37,98 %
Impairment loss as a % of gross loans	0,02 %	0,01 %	0,06 %
Return on equity before tax 1)	17,96 %	12,64 %	13,21 %
Return on equity after tax 1)	13,68 %	9,80 %	10,21 %
Pre-tax return on equity (comprehensive income) 1)	13,68 %	9,80 %	10,21 %
Consolidated comprehensive income per equity certificate, in NOK	28,81	19,41	26,98
Dividend payable per equity certificate, in NOK			12,00

1) Return on equity is calculated based on opening equity excl. hybrid capital

### **Capital and liquidity position**

Capital adequacy ratio	20,25 %	19,63 %	20,15 %
Core capital adequacy ratio	18,24 %	17,82 %	18,39 %
Core Tier 1 capital adequacy ratio	16,94 %	16,77 %	17,36 %
Leverage ratio	8,38 %	8,27 %	8,65 %
Liquidity Coverage Ratio (LCR)	158 %	135 %	165 %
NSFR, consolidated	122 %	124 %	122 %
NSFR, parent company	134 %	139 %	140 %

### **Balance sheet history**

Growth in total assets (year-on-year)	4,25 %	8,37 %	7,62 %
Growth in gross customer lending (year-on-year)	4,98 %	6,77 %	6,67 %
Growth in customer deposits (year-on-year)	4,86 %	8,64 %	7,10 %
Deposits as a % of consolidated gross lending	57,28 %	57,34 %	56,66 %
Deposits as a % of parent company's gross lending	95,22 %	100,69 %	104,80 %

### **Employees**

Full-time equivalent employees	289	279	283
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