



sparebanken  
sogn og fjordane

# Investor presentation

Q4 –2023

## Our journey

Carry out the migration required to join the SpareBank 1-alliance.

Become a visible and active alliance-bank.

## Our growth

Aim for a 5.0 percent growth in corporate lending and reach 50 billion in retail lending.

Ensure good sales of all our products.

Return on equity above 11 percent.

## Our customer

Keep the great customer experience in focus throughout 2024.

## Our role

Be a good and attractive workplace, and to be a sustainable organization in the community, while operating the bank within the current regulatory requirements.

Continuously developing our societal role, taking responsibility in our local community, and contributing to the green shift.

# Strategic direction in 2024

## Financial target figures

Return on equity	> 11 %
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Cost/income ratio	< 40 %
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Core tier 1 capital ratio*	> 17 %
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Dividend payout ratio	≥ 50 %
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\*Core tier 1 capital ratio including period results







## 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 NOK 630 millions to become an owner in the SpareBank 1-alliance and SamSpar

The bank, SamSpar and SpareBank 1 Utvikling are currently working together to prepare for the entry into the alliance, that are scheduled to take place at the end of 2024

As of January 2024, 160 persons are involved in the project.





# Market shares in Sogn og Fjordane

Retail Market\* **50.0 %**

Corporate Market\* **37.0 %**

Estate Agency\*\* **40.0 %**

*\*Market share : Figures as of Q3-2023*

*\*\*Market share : Figures as 2023*

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

# Headlines Q4 2023

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



**Solid growth in loans : 4.5% last 12 months**



**Increase in net interest income: NOK 381 mill. (NOK 332 mill.)**



**Results from financial instruments: NOK -11 mill (NOK +1 mill.)**



**Loan losses: NOK -1 mill. (Against NOK 30 mill.)**



**Solid liquidity and solidity:**

- **LCR 165 % (165 %)**
- **Core Tier 1 Capital adequacy ratio: 17.8 % (17.4 %)**



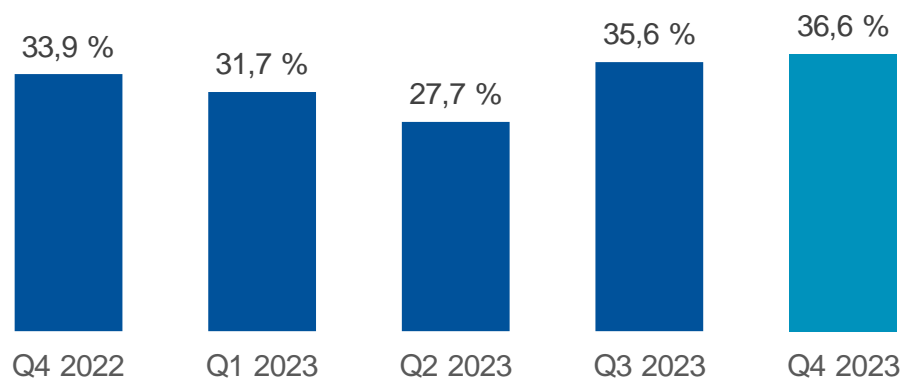
**Profit per equity certificate (consolidated): kr 8.98 (kr 7.57)**



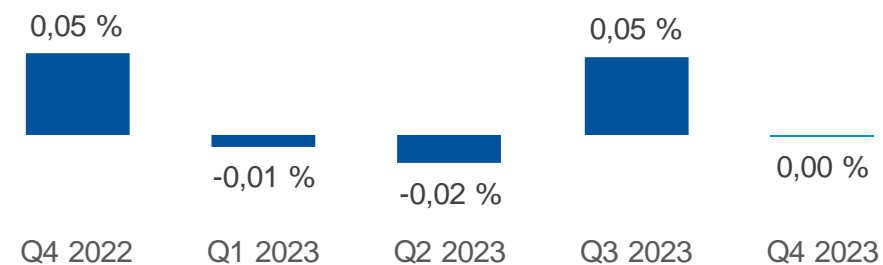
**Return on equity: 12.1 % p.a. (11.0 % p.a.)**

# Development important key figures

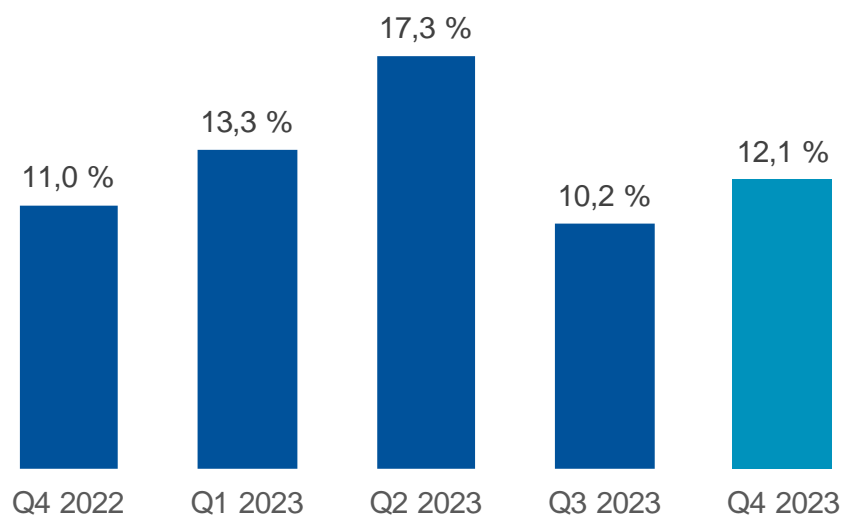
## Cost/income ratio



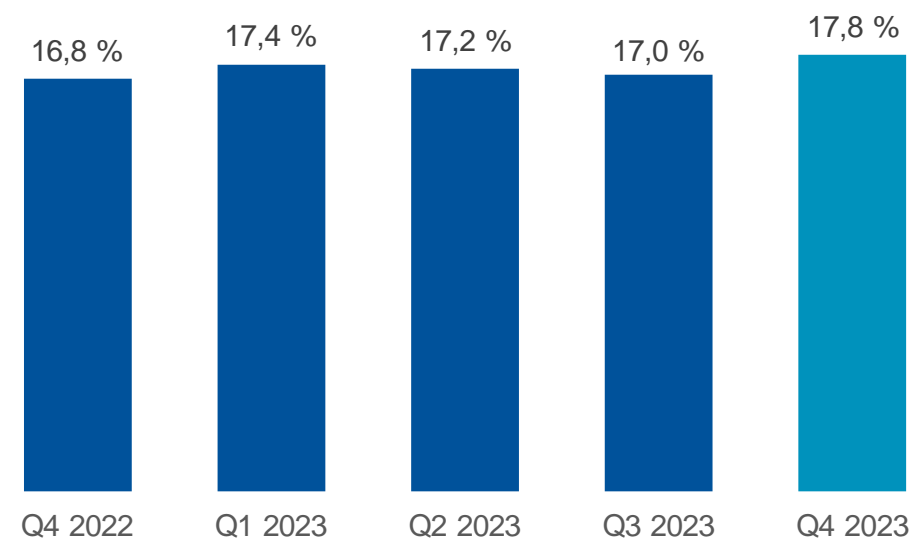
## Impairment loss



## Return on equity



## Core Tier 1 capital adequacy ratio

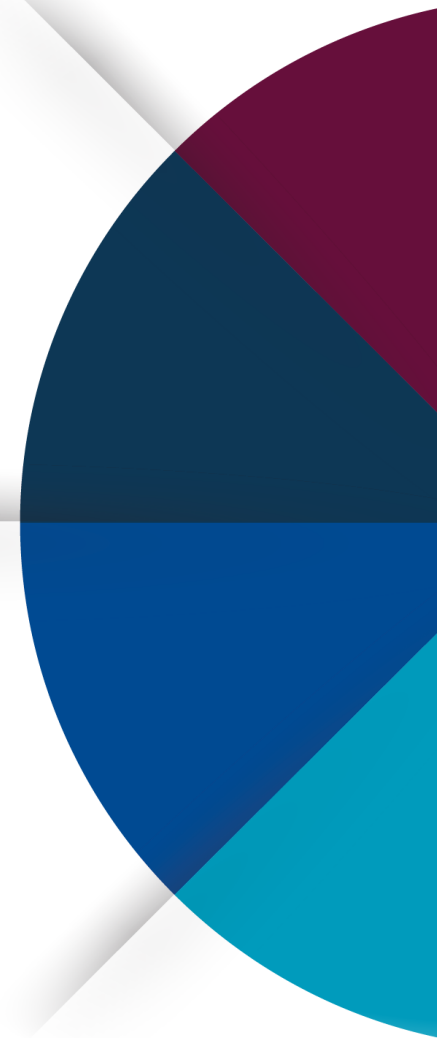


# Financial target figures

Target figures   Status as of Q4

Return on equity	> 11 %	13,5 % ✓
Cost/income ratio	< 40 %	32,7 % ✓
Core tier 1 capital ratio*	> 17 %	17,8 % ✓
Dividend payout ratio	≥ 50 %	60 % ✓

\*Core tier 1 capital ratio including period results

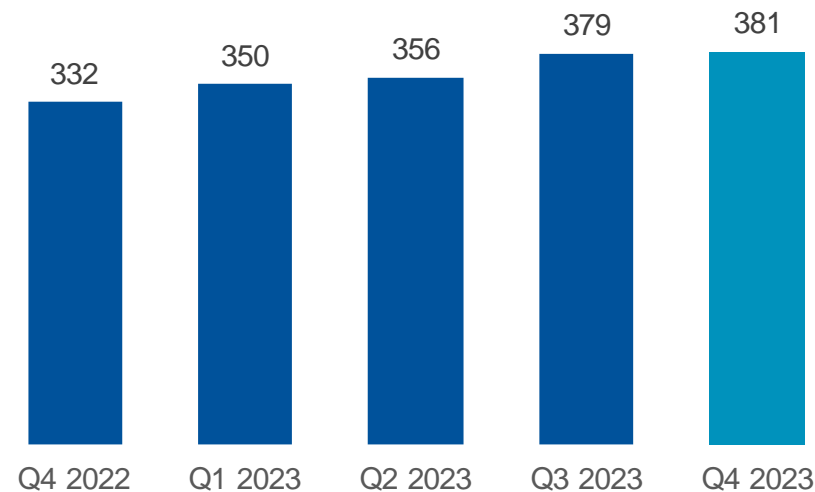




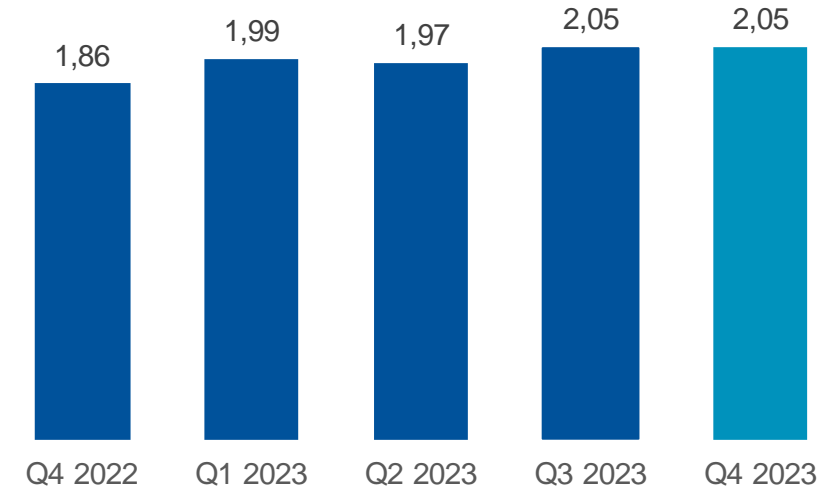
# Stronger net interest income

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

Net interest income



Net interest income as a percentage of average assets

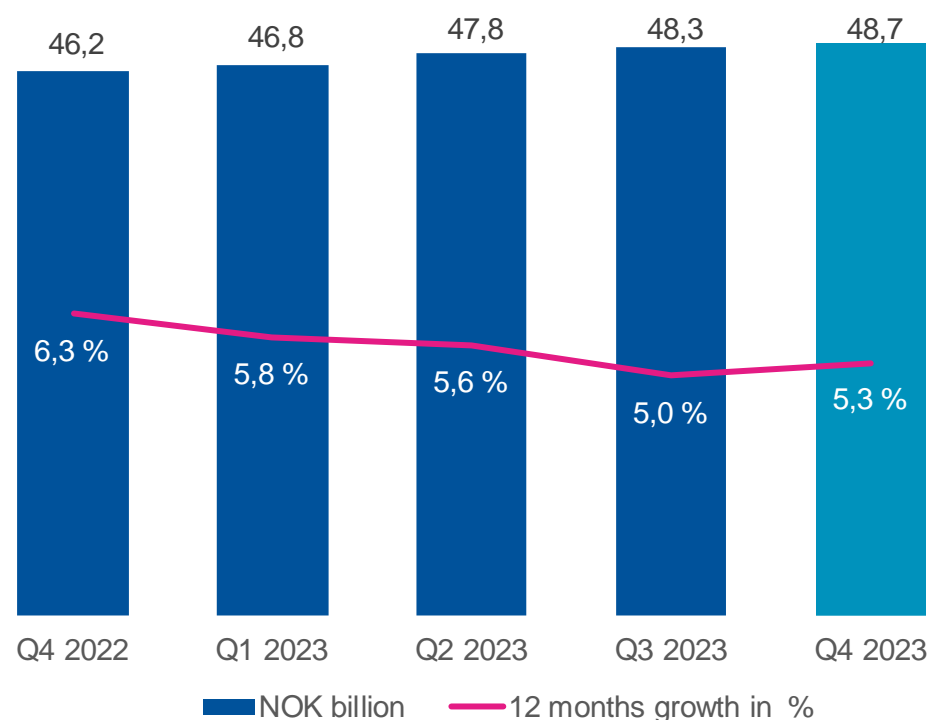


Net interest income in NOK million and as a percentage of average total assets

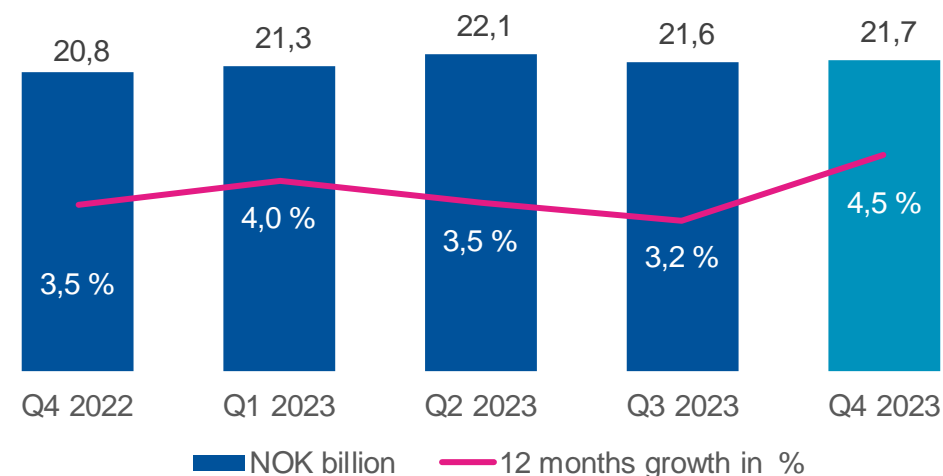
# Good lending growth in the Retail Market

The bank has a solid market position in Sogn og Fjordane, but it is also achieving healthy growth in the Retail Market outside Sogn og Fjordane

## Loans Retail Market



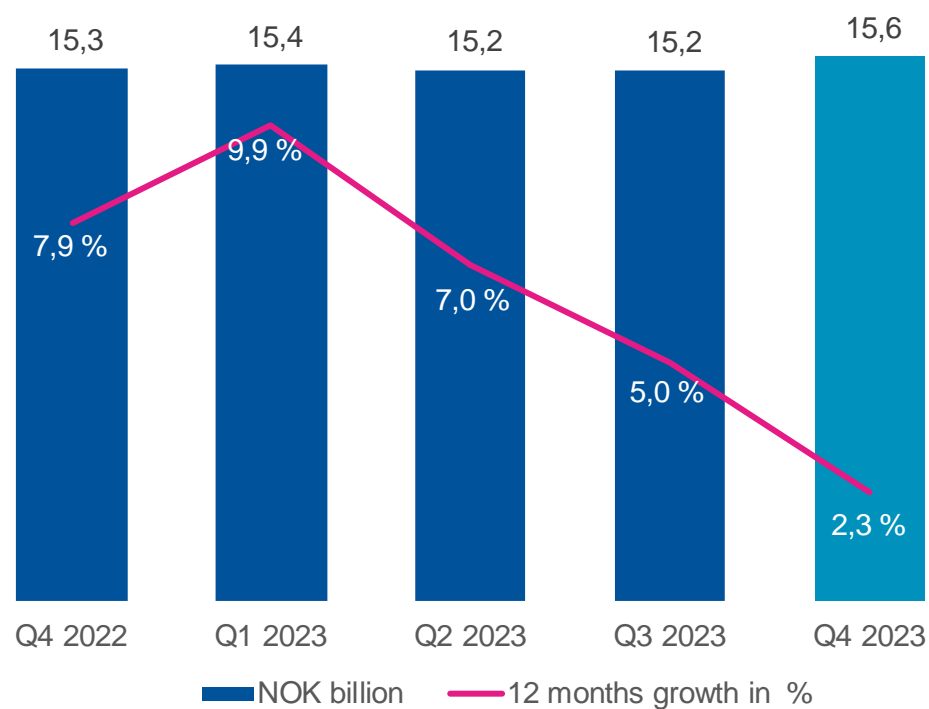
## Deposits Retail Market



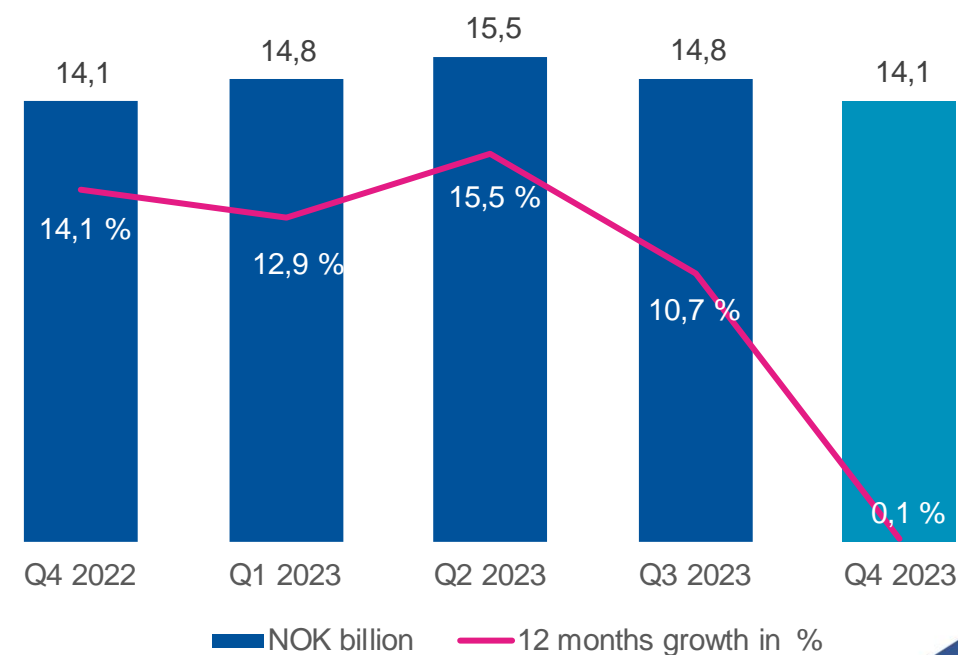
# Reduced loan demand contributes to lower growth

Positive development in lending in the last quarter

## Loans Corporate Market



## Deposits Corporate Market

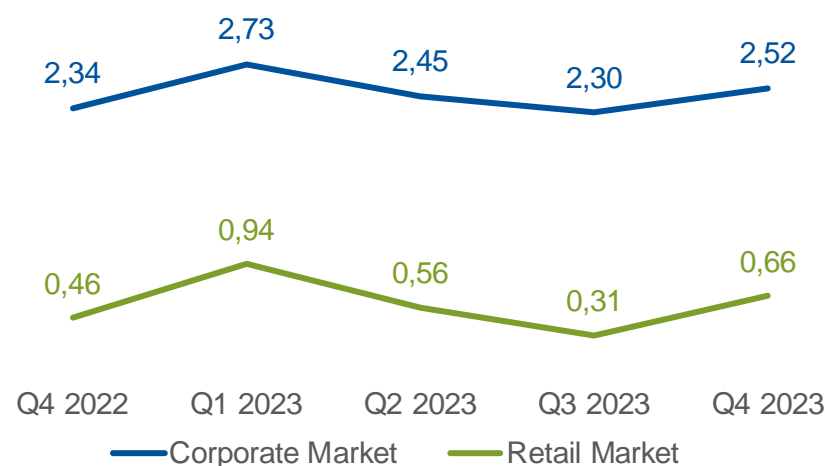




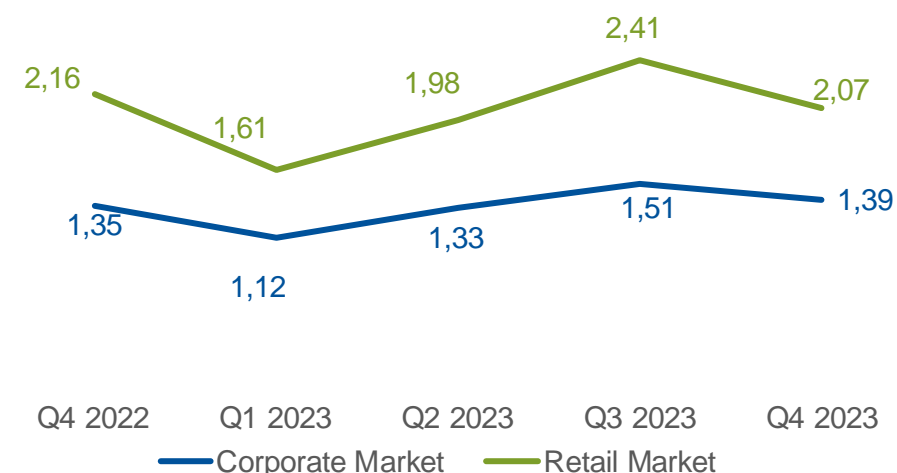
# Customer margin

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



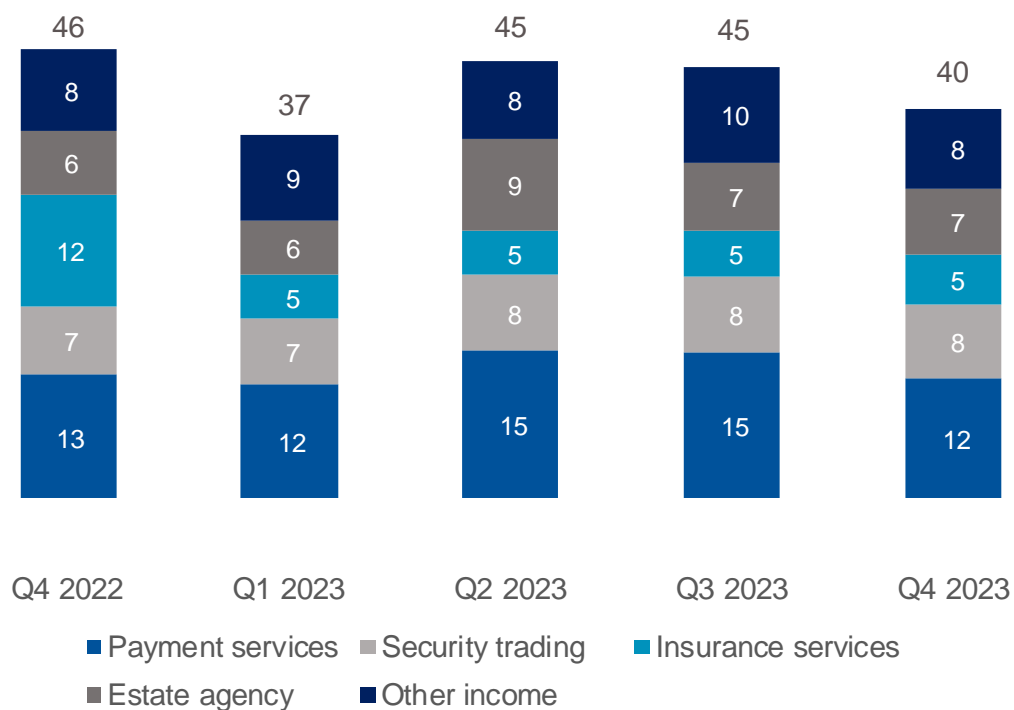
## Deposit margins



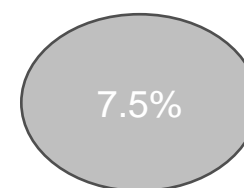
Shows deposit and lending rates for deposits and loans from customers measured against 3 month Nibor. The graph includes both deposit and loans with floating and fixed interest rates. Deposits and loans in foreign currency are not included.

# Good development in savings and insurance

## Other income



## Change towards Q4-2022

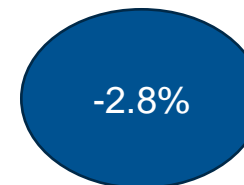


Security trading



Insurance services

Lower profit commission compared to Q4-22. Good development in insurance commission throughout the year

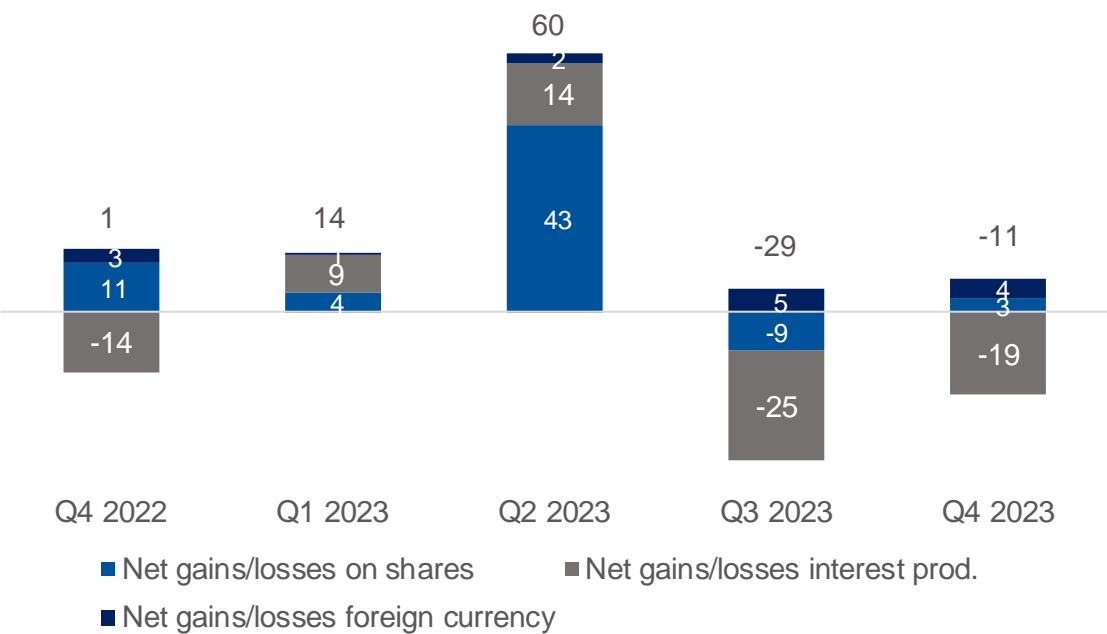


Payment services

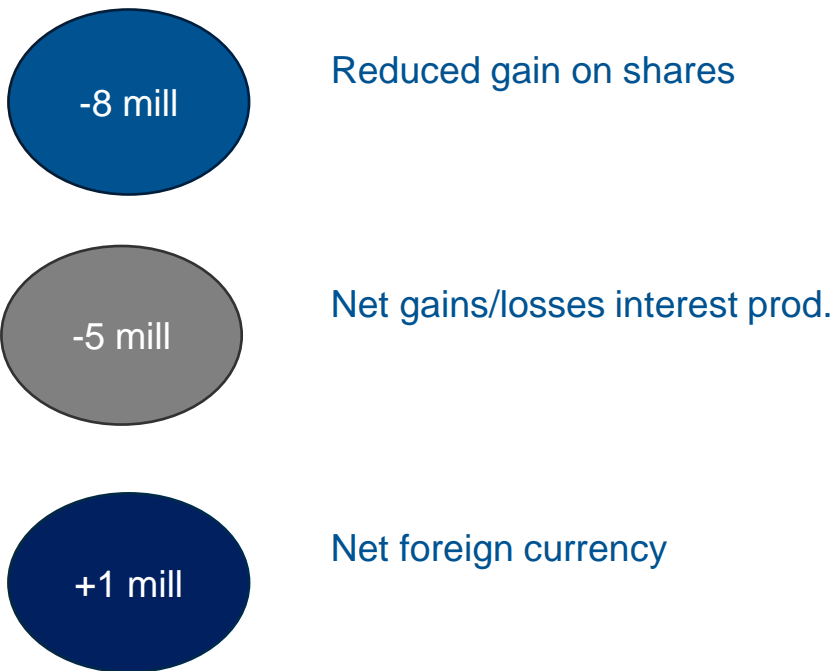
The number is shown net and the decrease is due to an increase in commission costs. Gross income shows a nice increase.

# Result financial instruments

Result financial instruments



Change towards Q4-2022

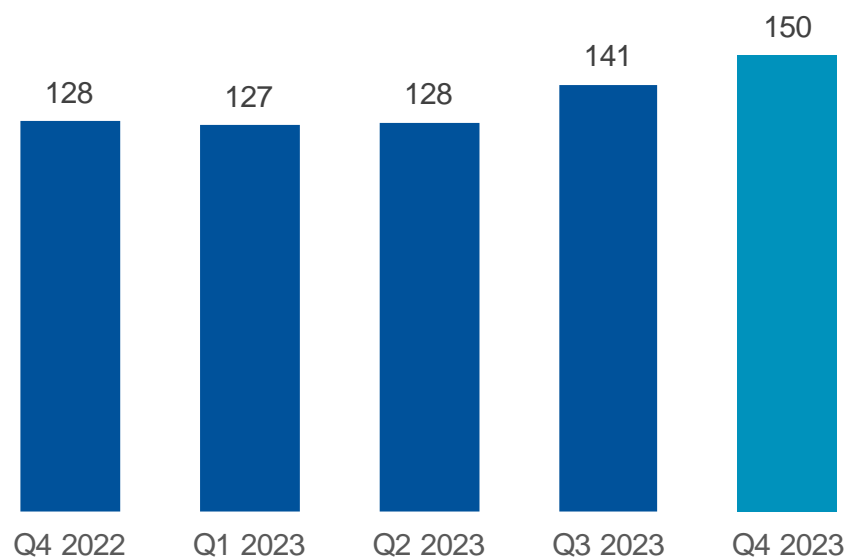




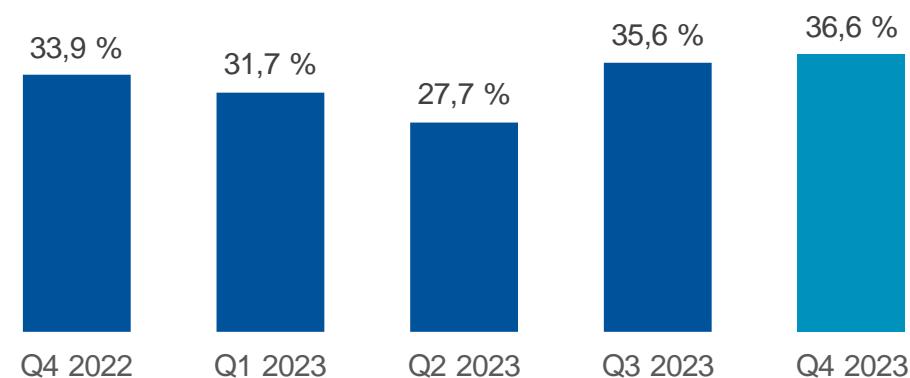
# Cost-effective operation

The increase in costs last quarter is primarily due to higher fees for external consultants due to several ongoing projects, increased wage costs and generally high price growth

## Operating expenses



## Cost/income ratio

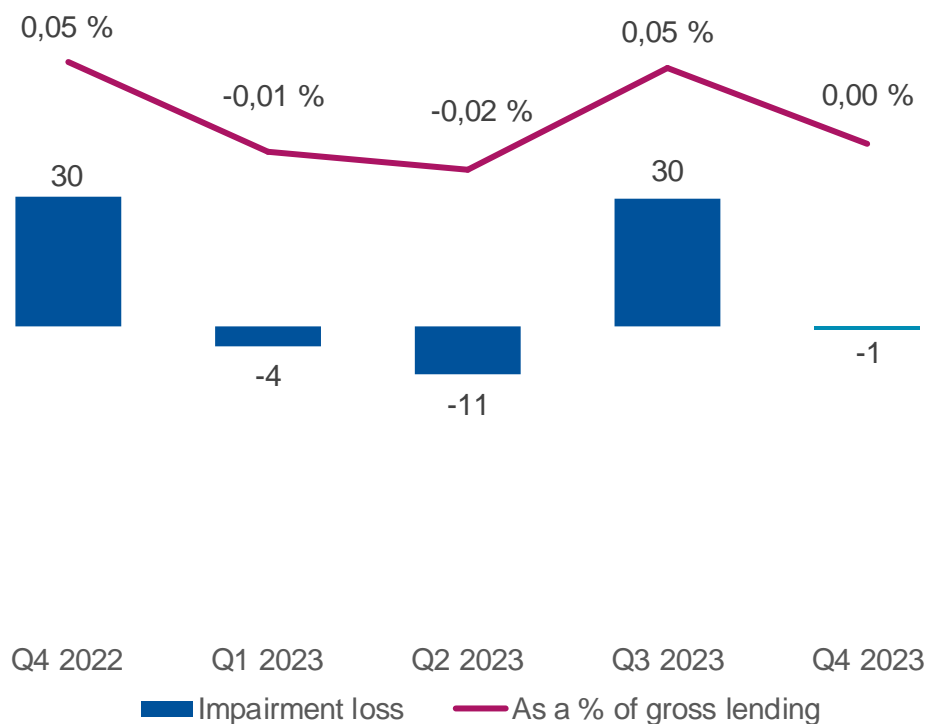


Figures per quarter in mill. NOK.

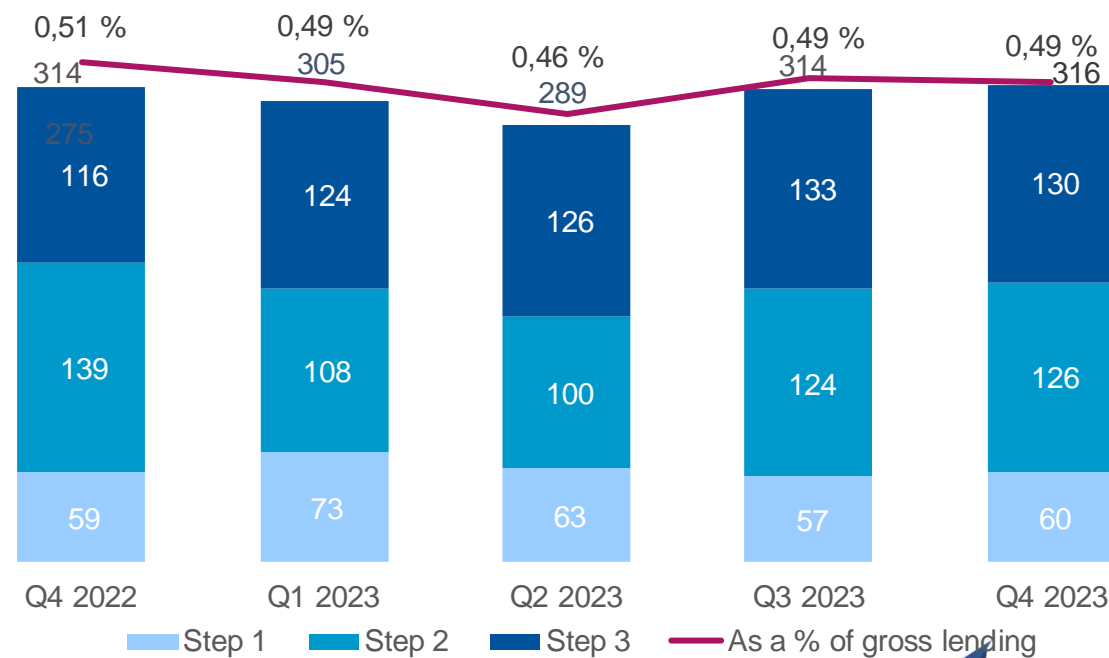
# Low impairment loss

A reduction in model-based losses and an increase in losses on individually assessed commitment gives a net income effect of NOK 1 million

## Impairments



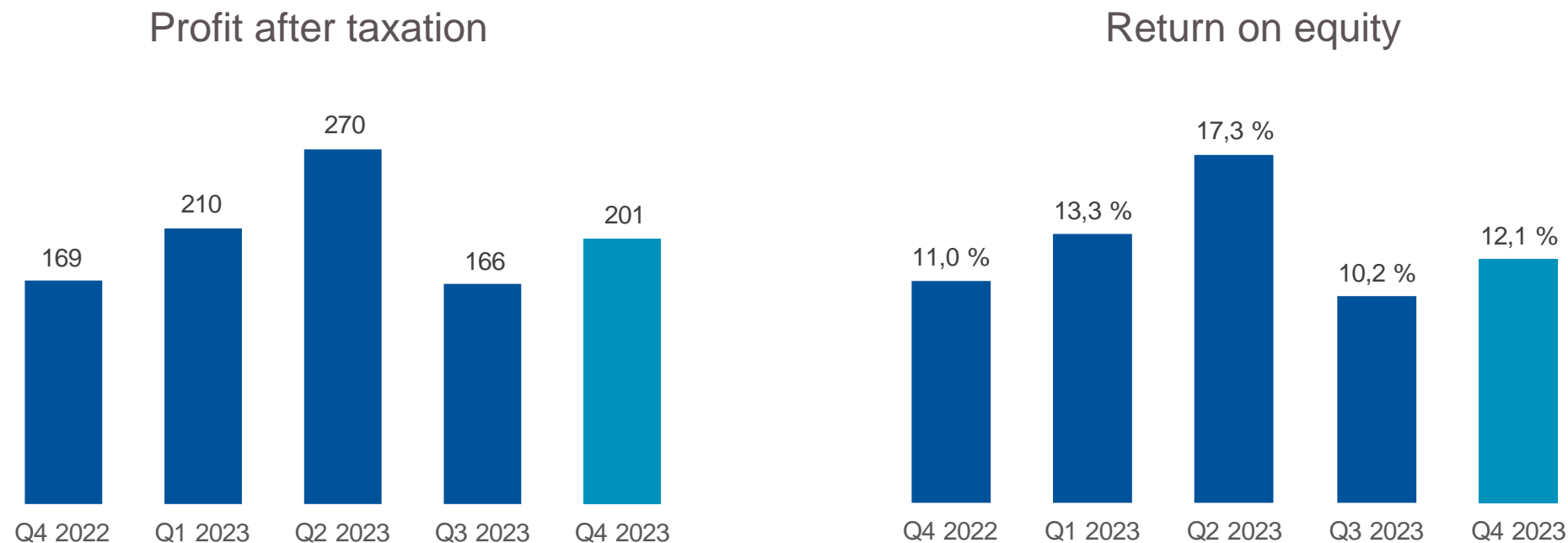
## Impairment provisions, per step



Figures per quarter in mill. NOK.

# Good result

Profit progress of NOK 32 million compared to the 4<sup>th</sup> quarter last year. The improvement was due to strong growth in net interest income and a impairment gain



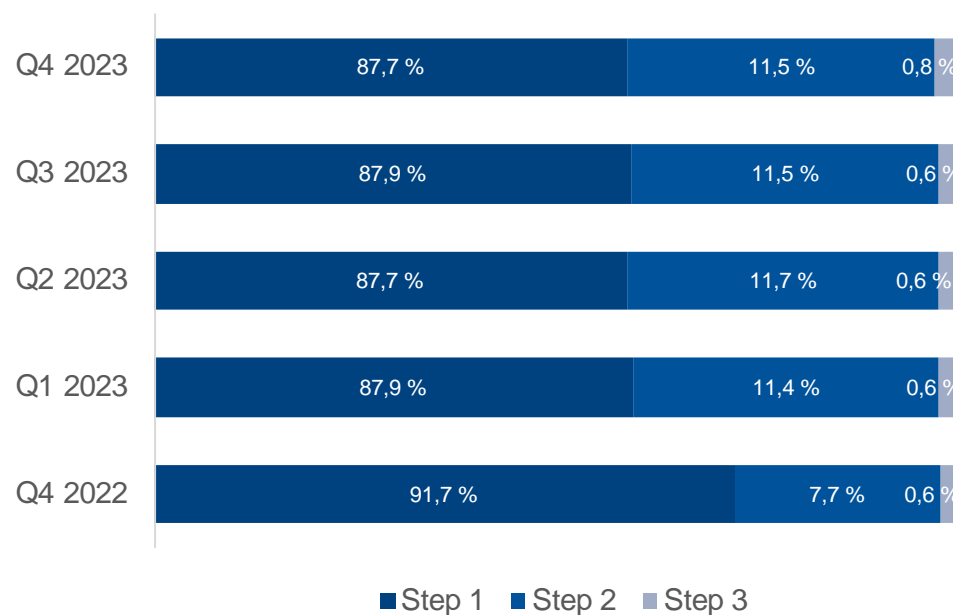
Figures for the quarters in NOK mill. Return on equity is calculated based on the opening equity excl. hybrid capital.



# The credit risk in the retail market is assessed as low

Over 99% of the lending to the Retail Market is secured by mortgage on housing

Gross commitments RM in % distributed per step



Commitments to the RM in default >90 days

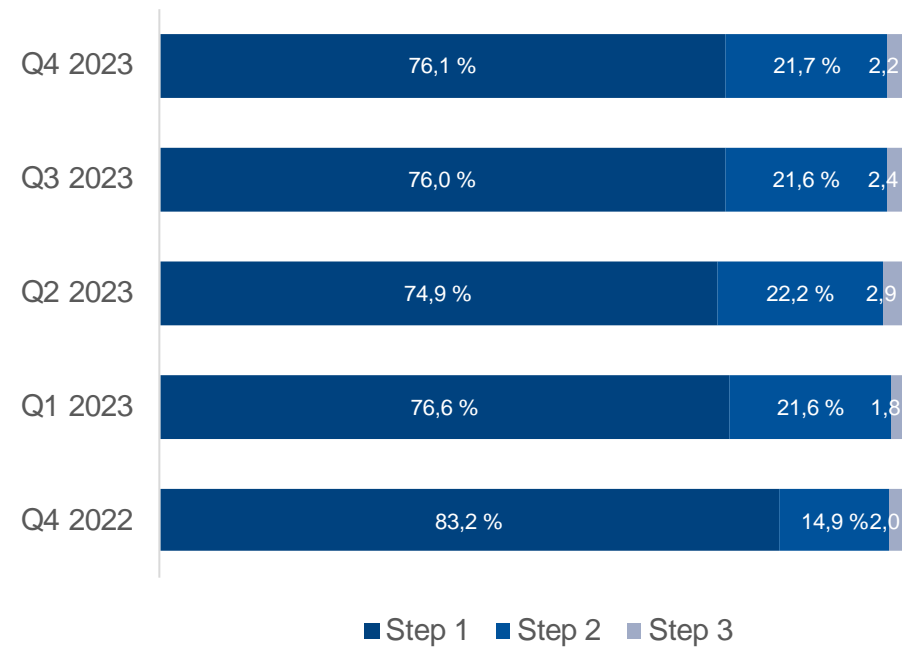


Increase in step 2 loans is mainly due to change in rule set, see note 6 in interim report for more information

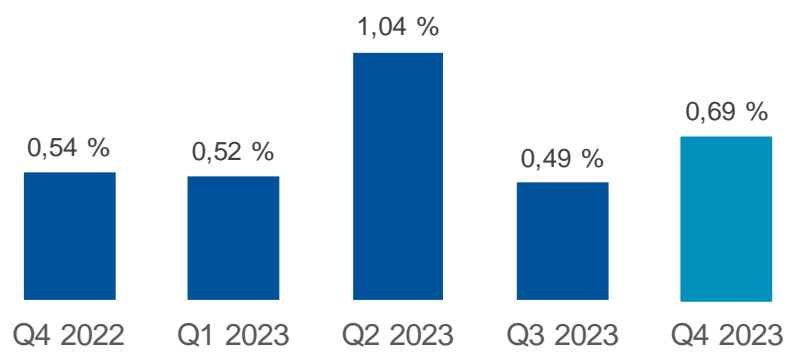
# Credit risk to the Corporate Market is moderate

The bank closely monitors the business community in Sogn og Fjordane. For the time being, the activity in the Corporate Market is good, but the bank expects a reduction in activity and in investments in certain industries going forward.

Gross commitments CM in % distributed per step



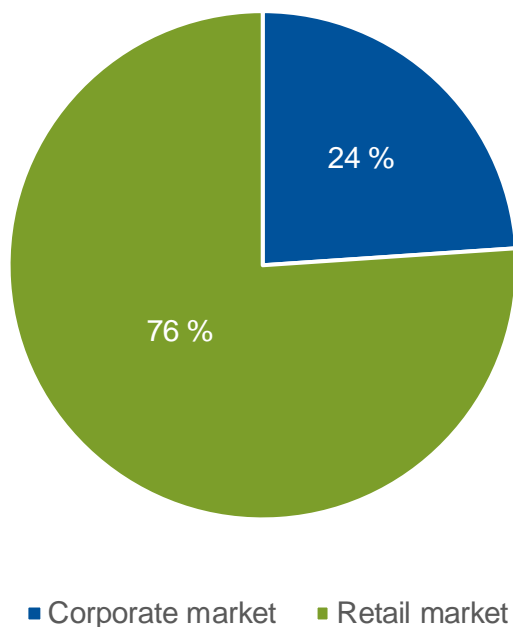
Commitments to the CM in default > 90 days



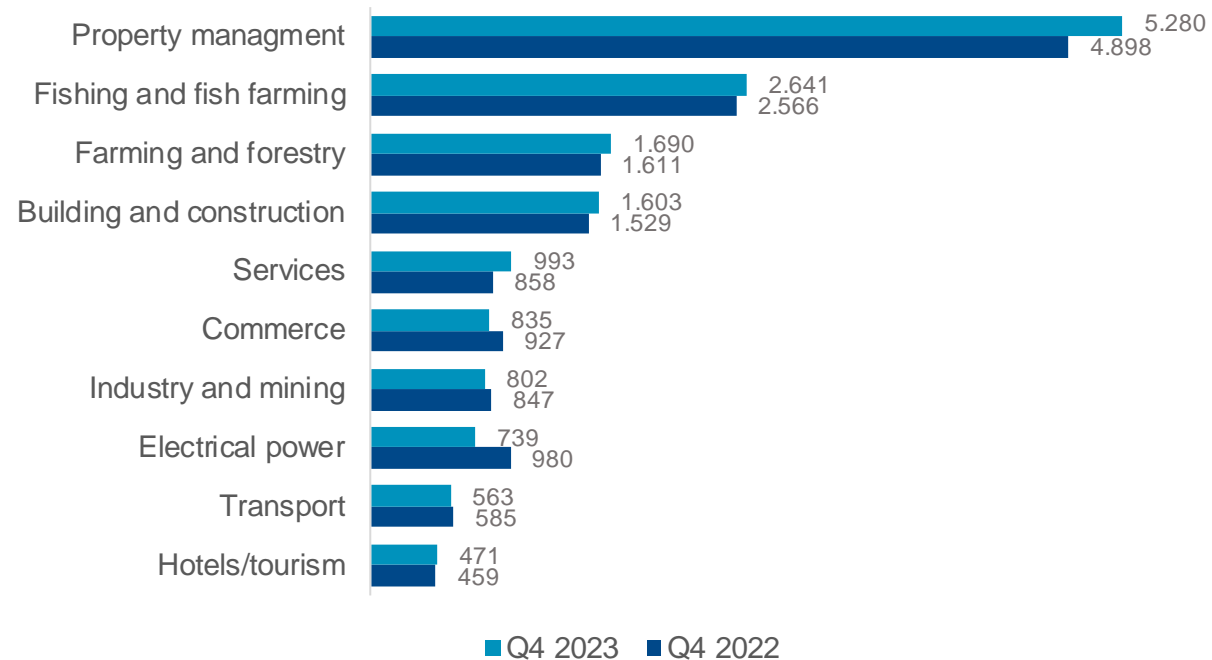
Increase in step 2 loans is mainly due to change in rule set, see note 6 in interim report for more information

# Segments and industries

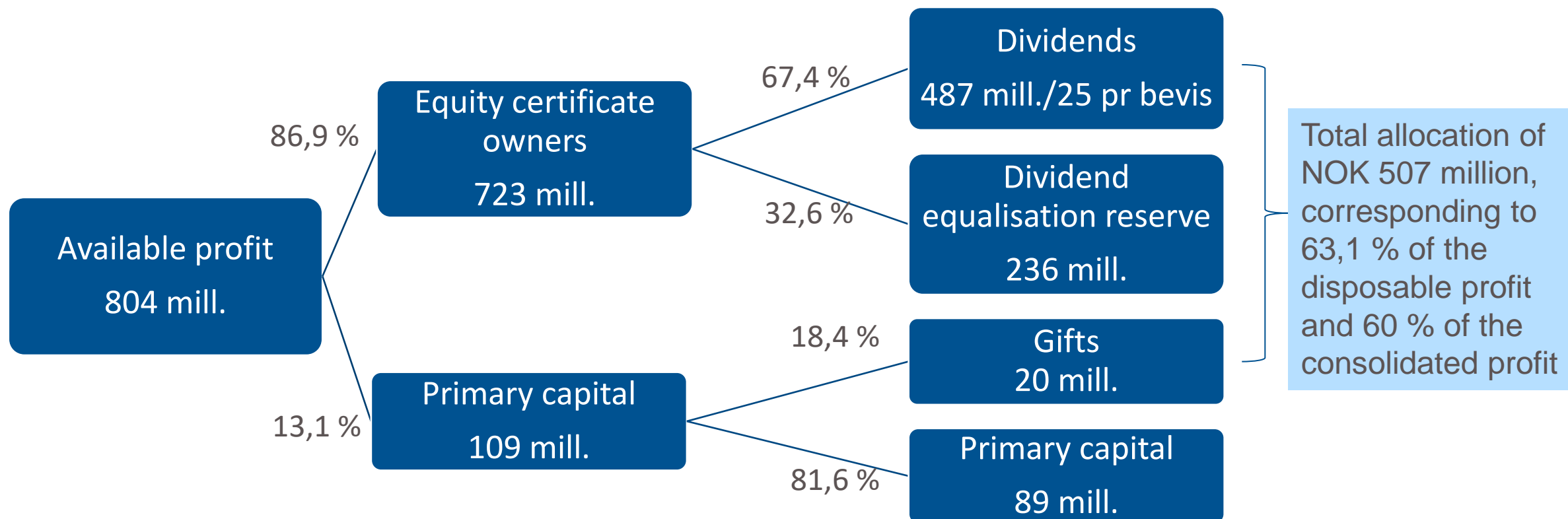
Lending segments



Lendings to the Corporate Market in NOK mill.



# Proposal for allocation of the profits

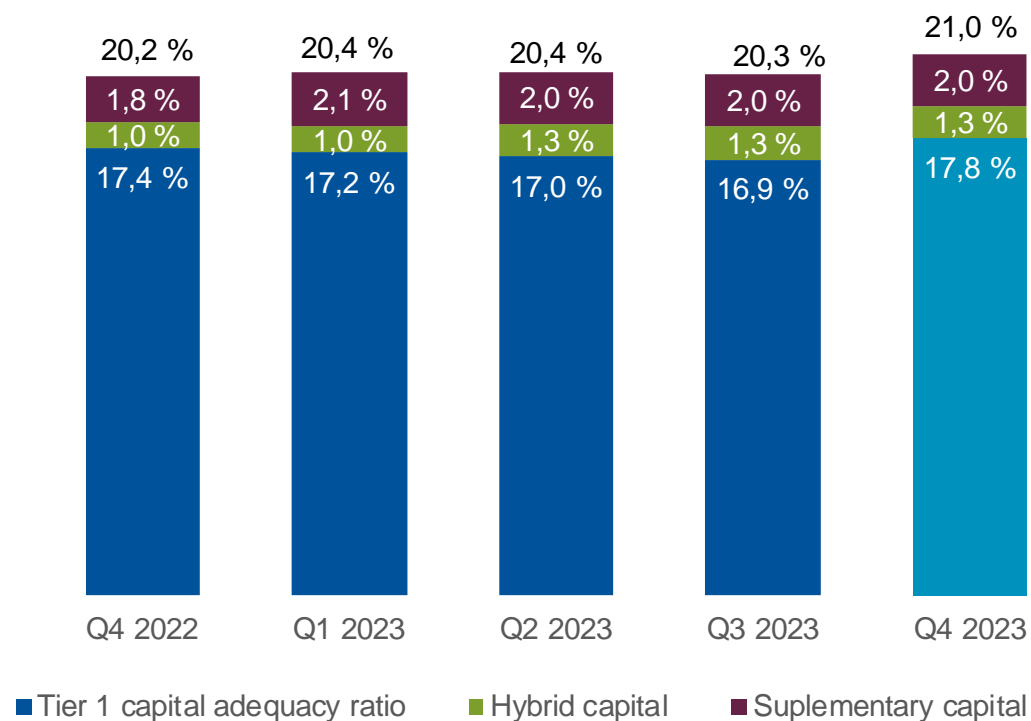


99 % of the dividends goes to our owner foundations, which in turn use this for gifts and non-profit purposes

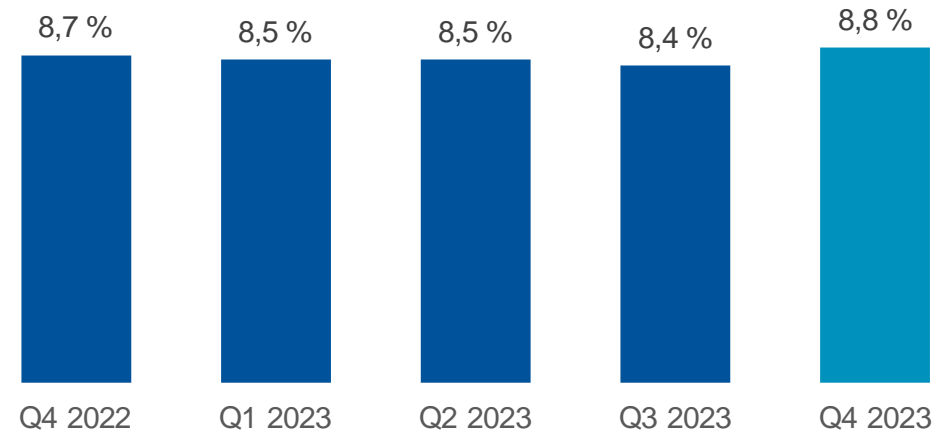


# Solid capital adequacy ratio

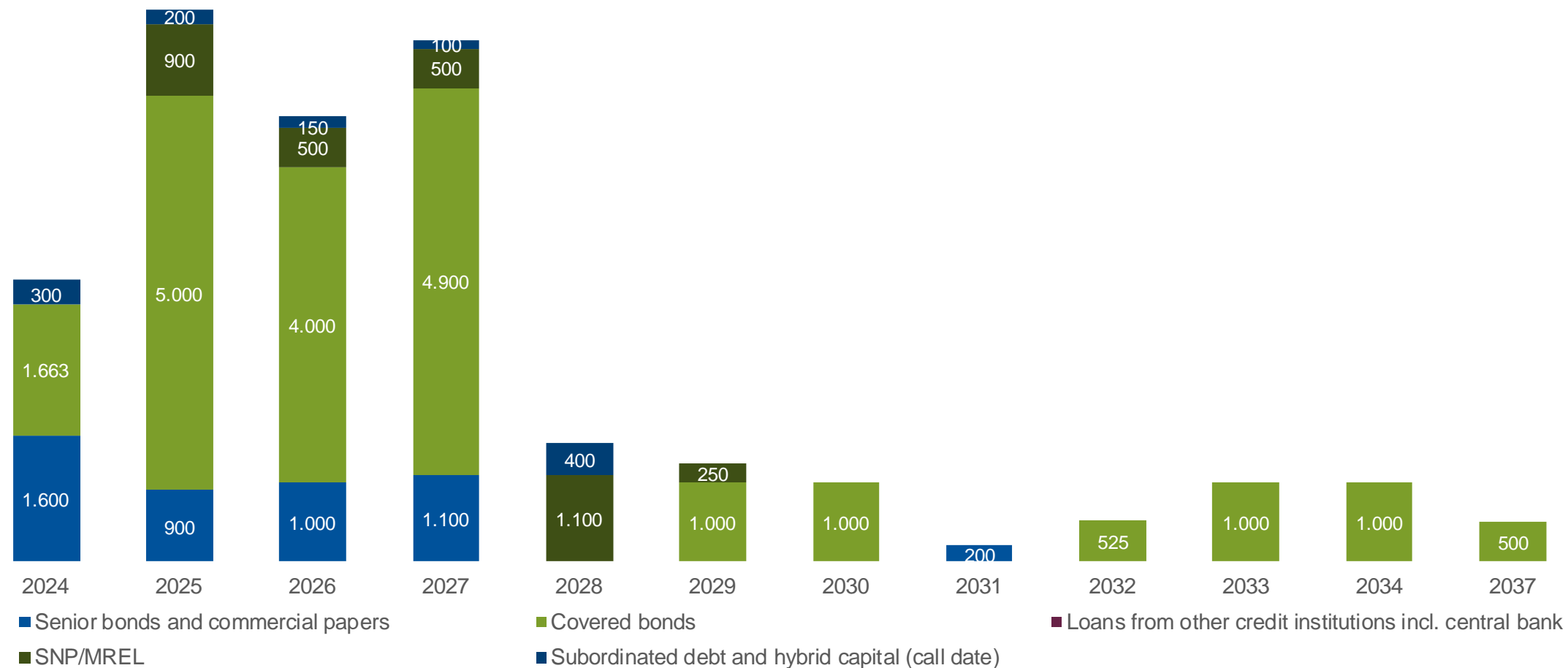
## Capital adequacy ratio



## Leverage ratio



# Maturity structure of funding



Figures in NOK mill.

# Headlines 2023

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



**Still good lending growth: 4.5% (6.7 %)**



**Increase in income: NOK 1.667 mill. (NOK 1.314 mill)**



**Costs increase: NOK 546 mill (NOK 499 mill)**



**Loan losses: NOK 13 mill ( against NOK 36 mill.)**



**Strong liquidity and solidity:**

- LCR: 165% (165%)
- Core Tier 1 capital adequacy ratio: 17.8 % (17.4 %)



**Profit per equity certificate (consolidated): kr 37.79 (kr 26.98)**

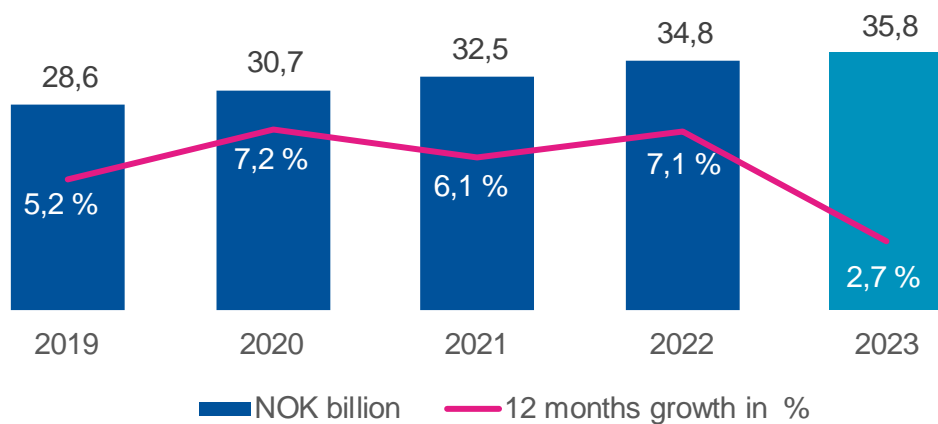


**Strong return on equity: 13.5% (10.2%)**

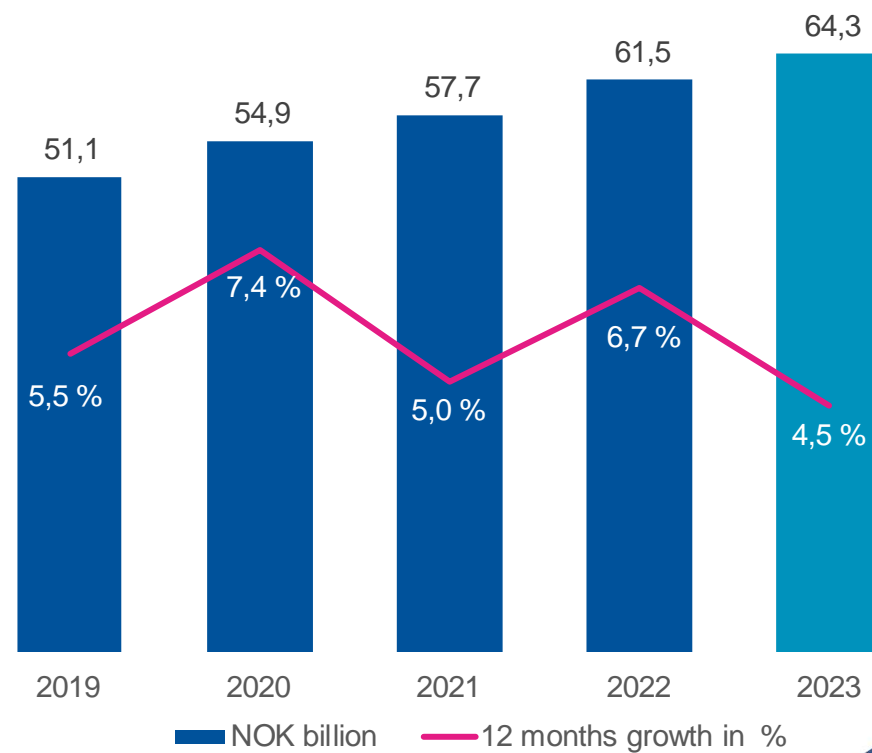
# Good long-term development in deposits and lending

The growth in 2023 is good considering a year marked by turbulence and a significant change in the interest rates

## Deposits last 5 years



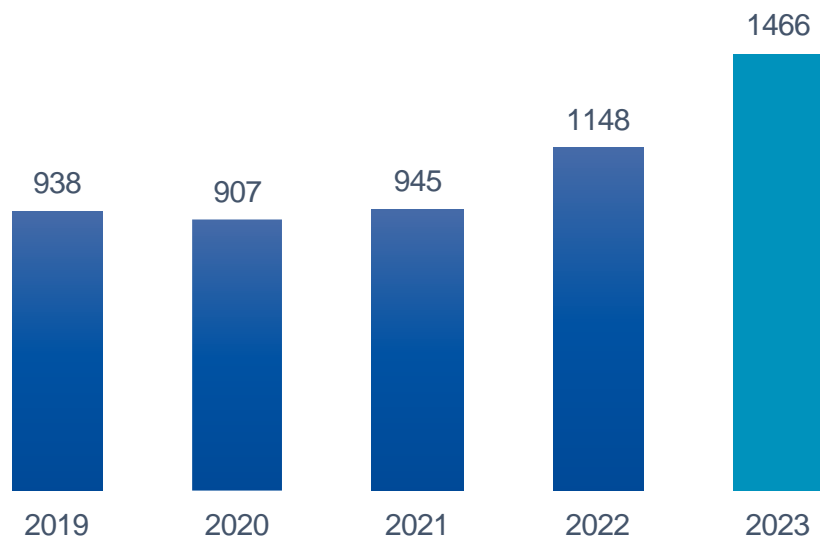
## Lending last 5 years



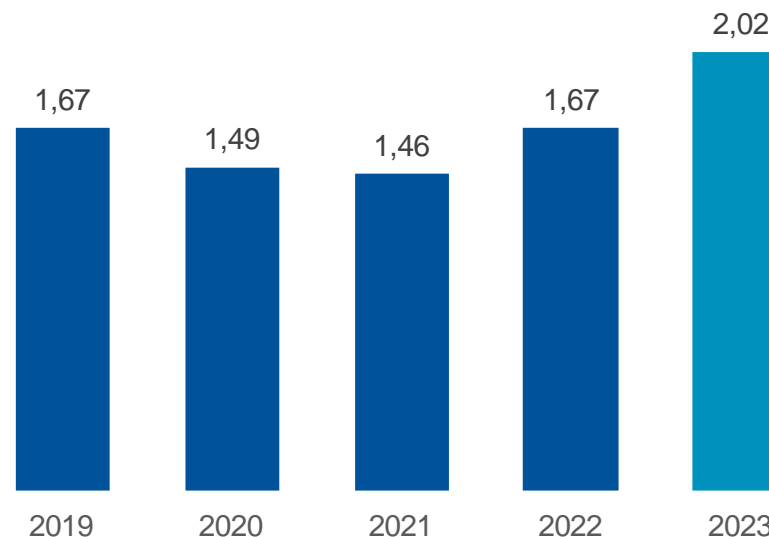
# Strong net interest income in 2023

Net interest income increased by 27.7 % in the past year, primarily due to higher customer margins and growth in deposits and loans. The bank has carried out 6 interest rate changes in 2023

Net interest income



Net interest income in % of average total assets

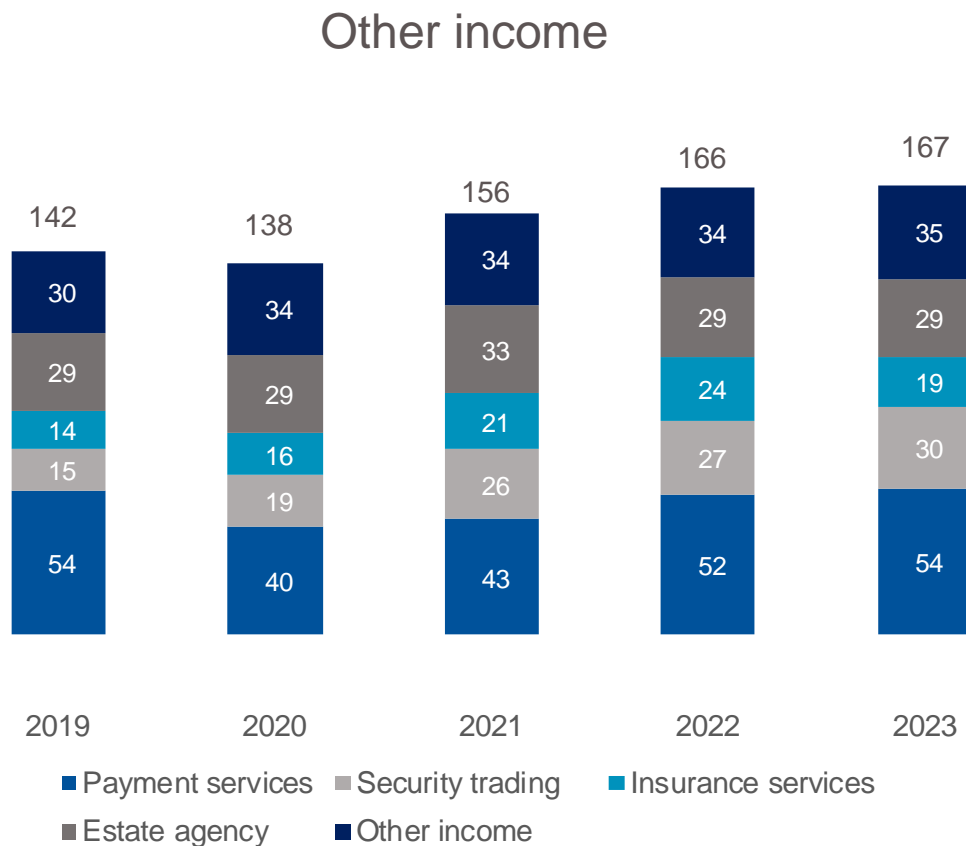


Figures in NOK mill.

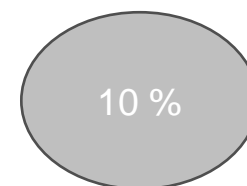


# Good development in savings and insurance

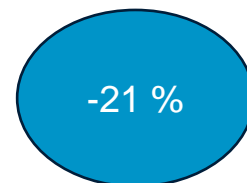
Targeted activity has had a good impact on other income



Change towards 2022

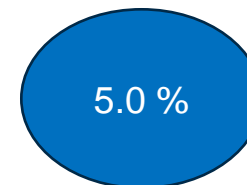


Security trading



Insurance services

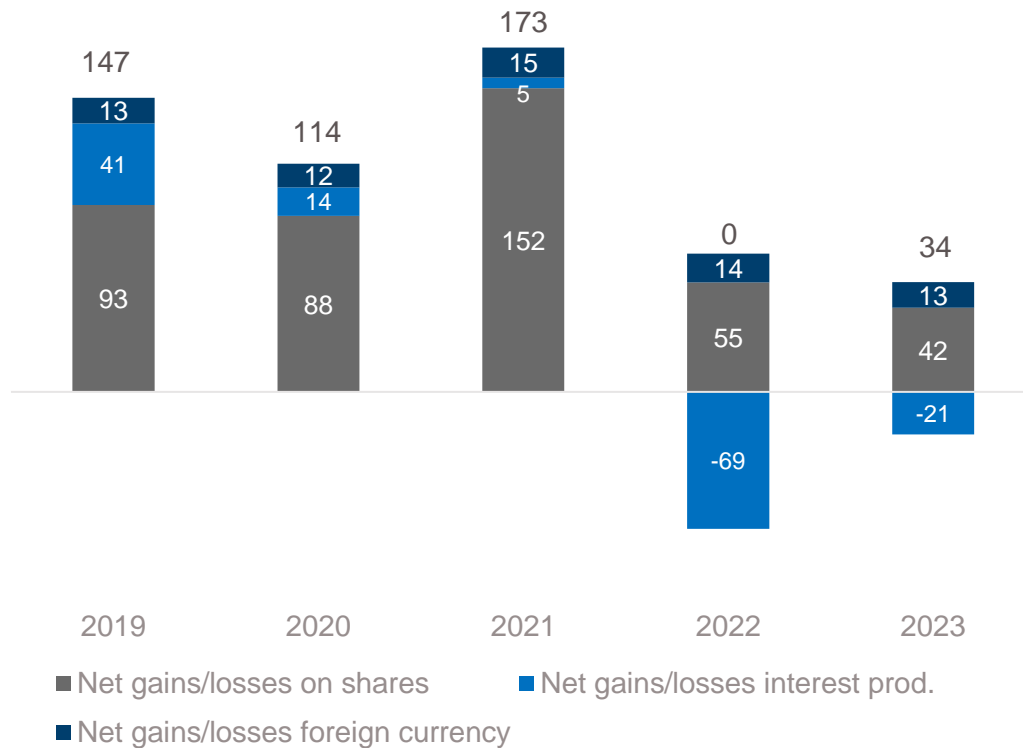
Lower profit commission compared to Q4-22. Good development in insurance commission throughout the year



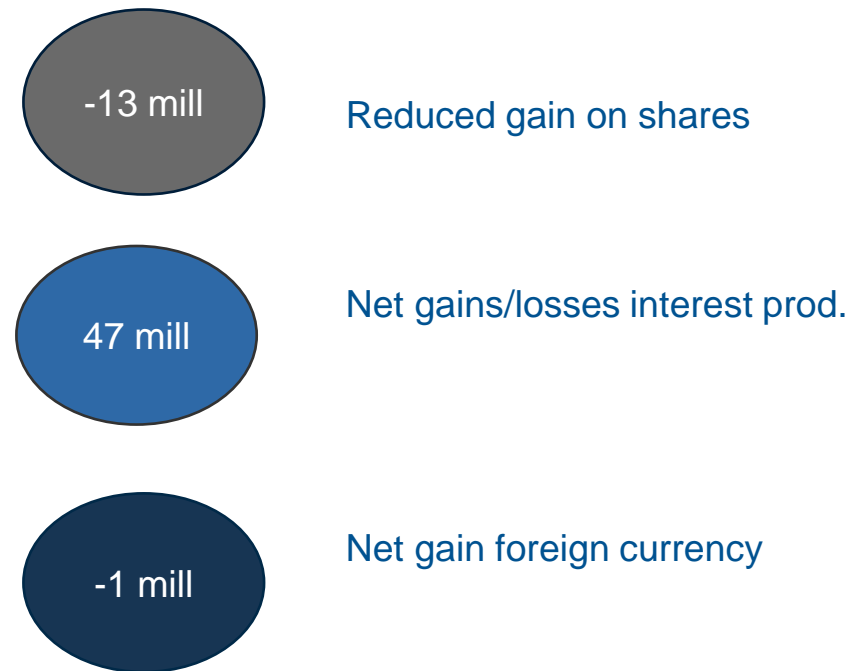
Payment services

# Results financial instruments

## Result financial instruments



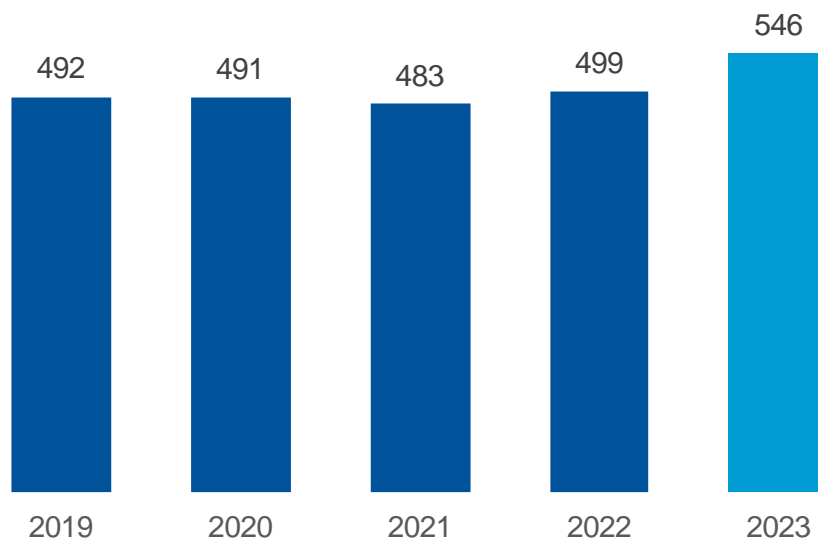
## Change towards Q4-2022



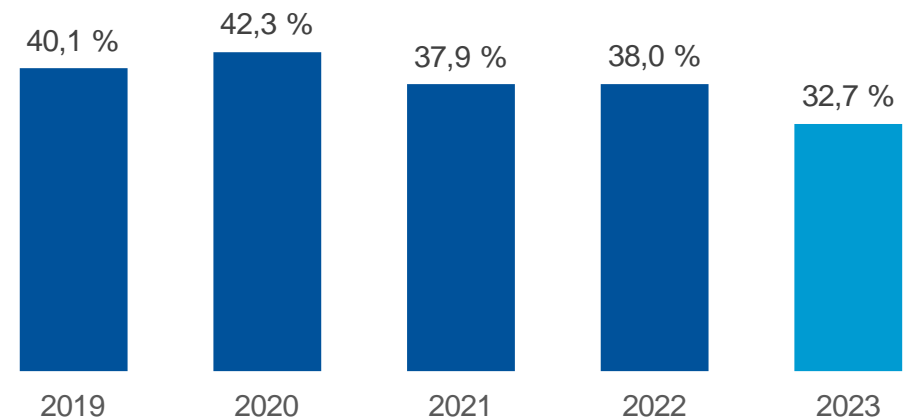
# Increase in operating costs last year

Mainly due to fees to external consultants, more employees and wage growth

Operating expenses in NOK mill.

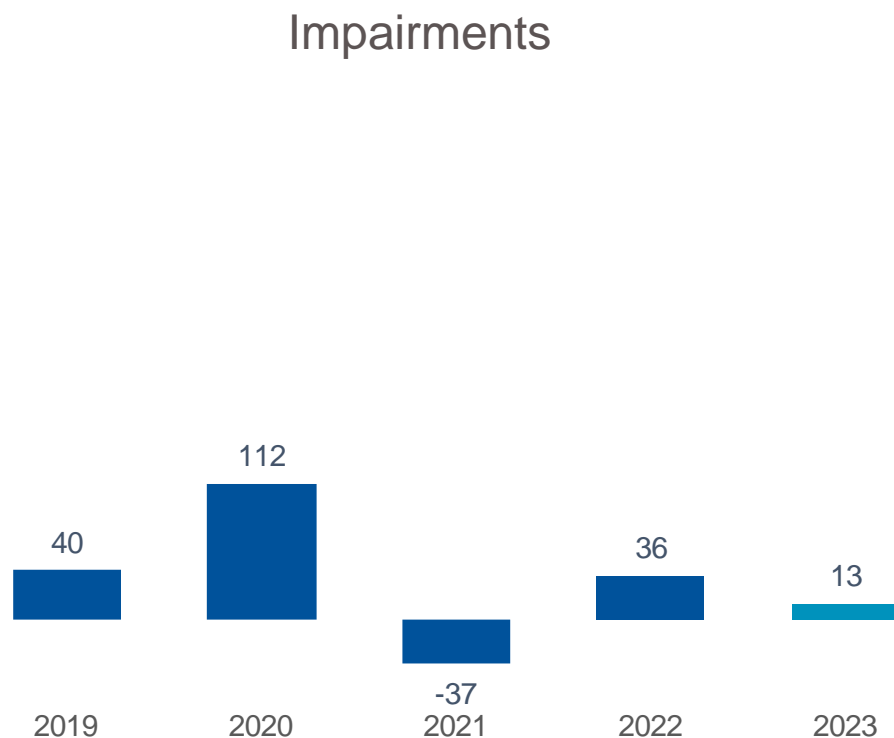


Cost/income ratio

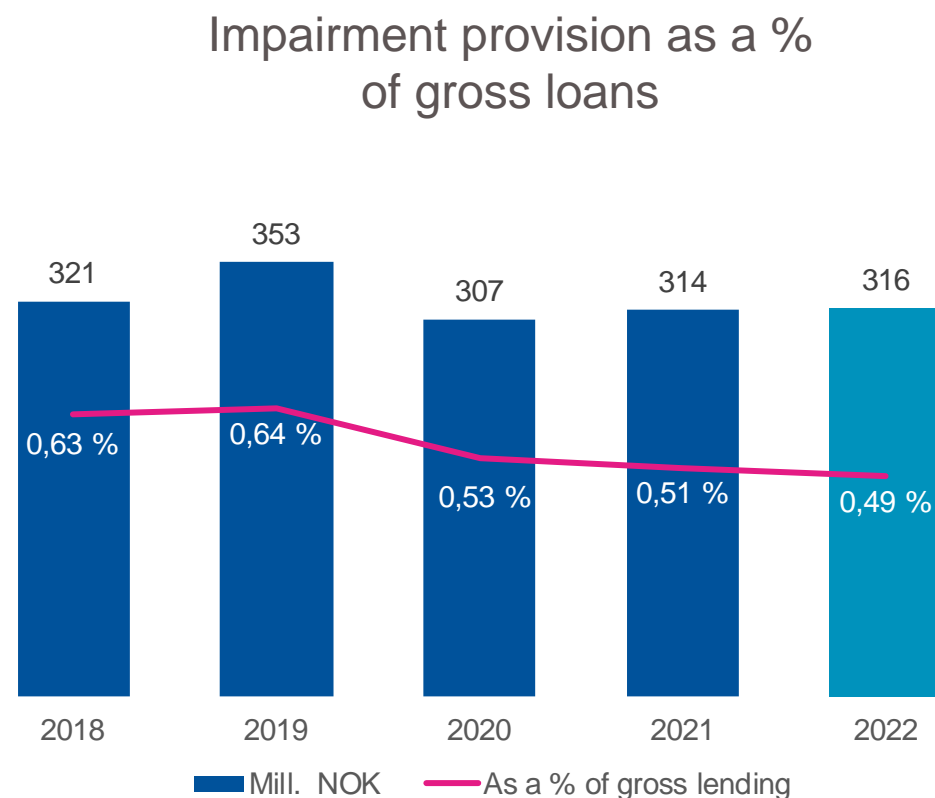


# Low loan losses

The increase in impairments is primarily due to higher losses on individually assessed commitments. The model-based losses have been reduced in the past year



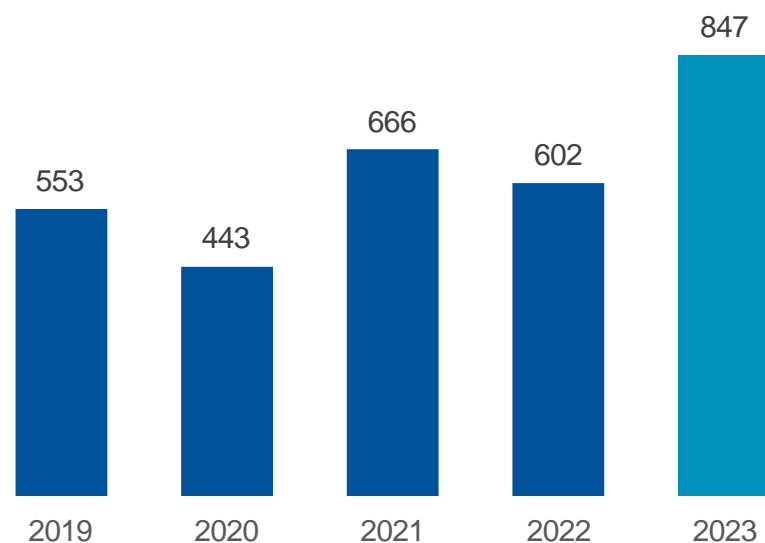
Figures in NOK mill



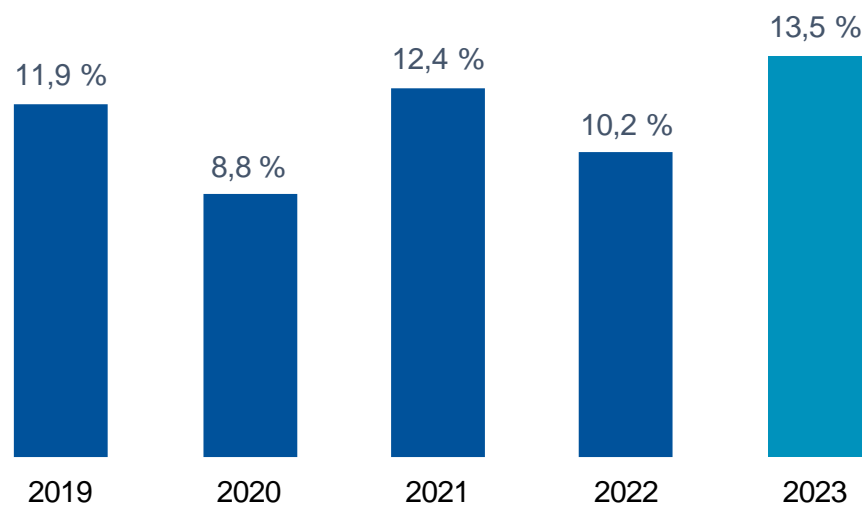
# Good results for 2023

The improvement was due to a strong development in net interest income. Good results from other income and low losses on lending

## Comprehensive income



## Return on equity

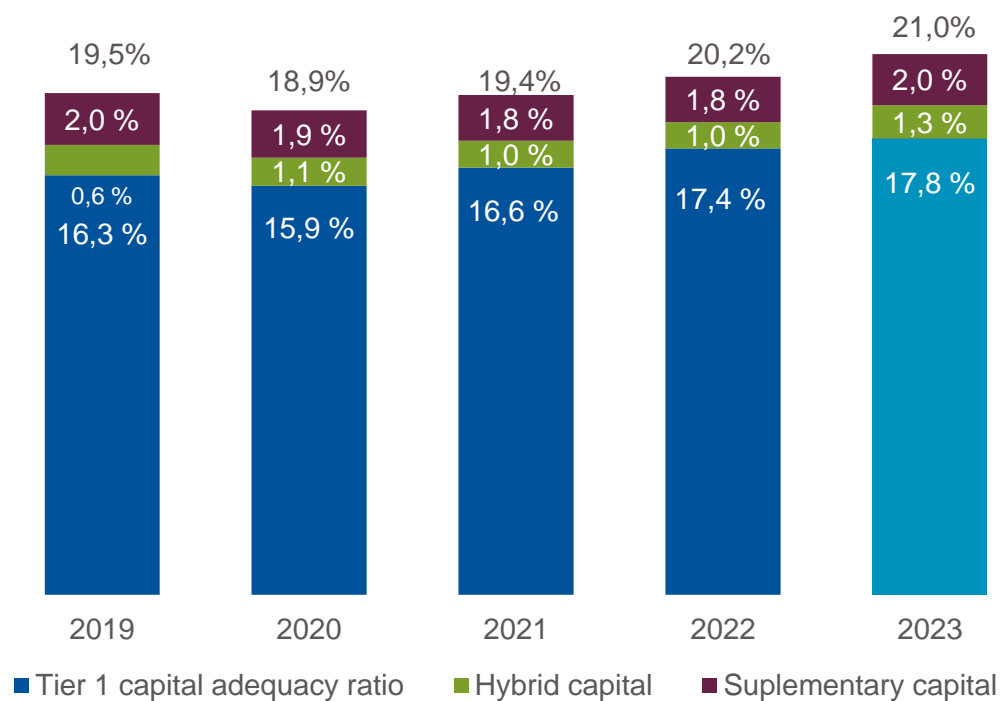


Figures in NOK mill

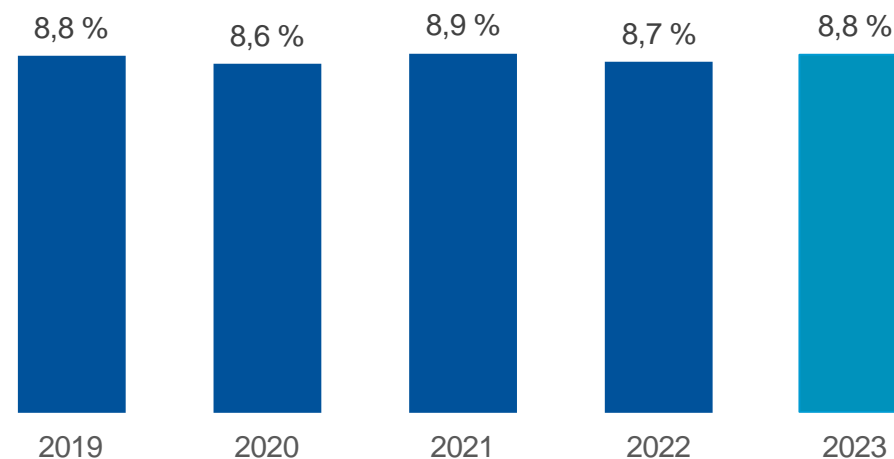


# Solid capital adequacy ratio

## Capital adequacy ratio



## Leverage ratio



Capital adequacy is calculated on the assumption of a dividend og 60% Consolidated accounts





sparebanken  
sogn og fjordane

The bank in the community



# One out of two is a customer with us

In the fourth quarter of 2023, the bank reached a milestone in the Retail Market. The bank's market share in Sogn og Fjordane has passed 50 percent.

That means that one out of two mortgage customers i Sogn og Fjordane has their loans with us.







In 2023, the bank acquired 533 new business customers, and the total lending in the Corporate Market increased by 2,3 percent. We have 40 employees closely involved with the business community in Sogn og Fjordane.



# Has handled the price increase well so far

The prospects for our customers, both in the private and corporate markets, have been more uncertain in 2023, but the peak in interest rates is likely reached.

Our customers have generally coped well with both increased interest rates and higher prices.

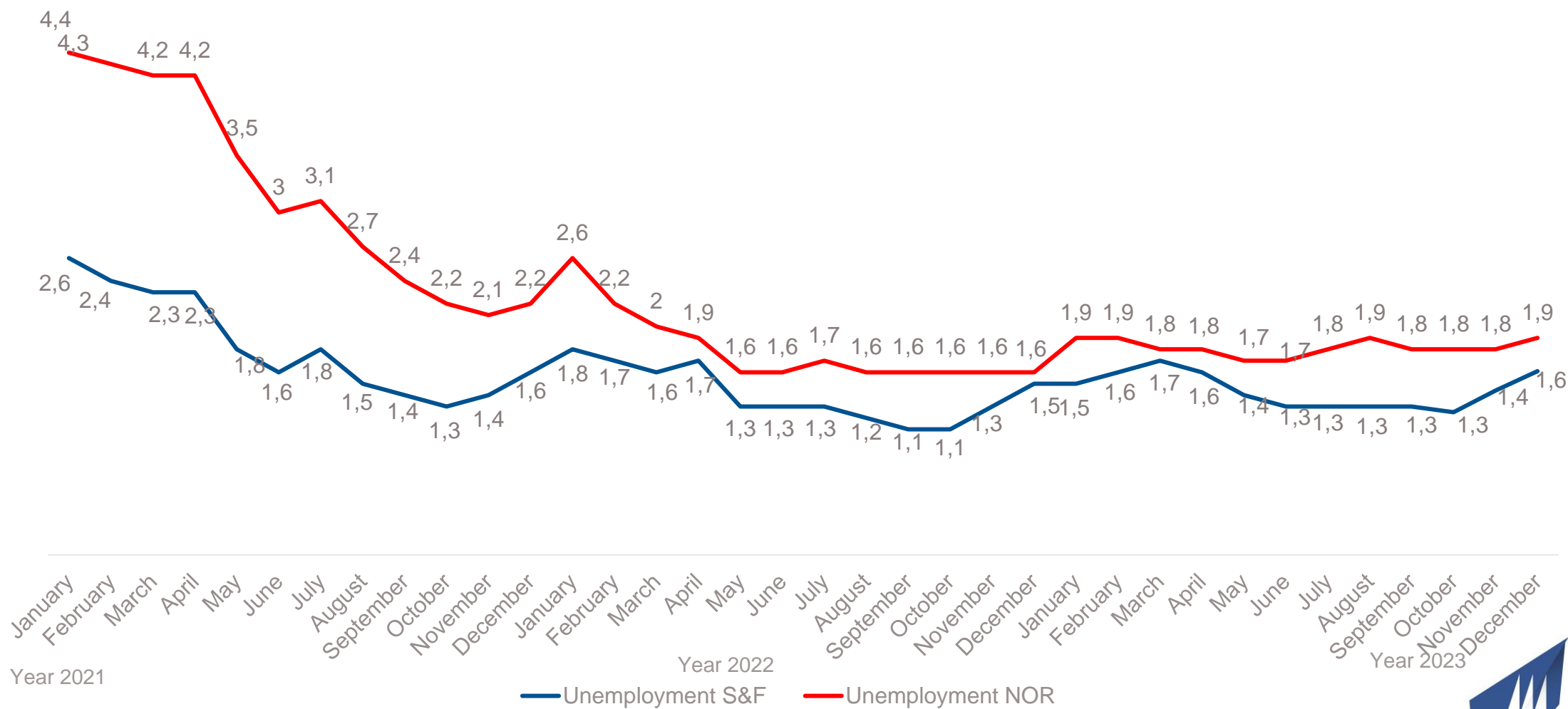
91,2 percent of private customers are repaying back their loans without deferment, compared to 92 percent a year ago.

The bank closely monitors customers and urges everyone who feels uncertain about their own financial situation to get in touch.





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



# One of four pays with the mobile phone or watch

Every fourth payment among  
our customers is made with  
the mobile phone or watch.

Just two years ago, it was  
every tenth payment.





Fixed-rate deposits are becoming more and more popular. Today, approximately 10 percent of our customers' deposits are fixed-rate deposits.



# Ownership structure and social responsibility



sparebankstiftinga  
sogn og fjordane



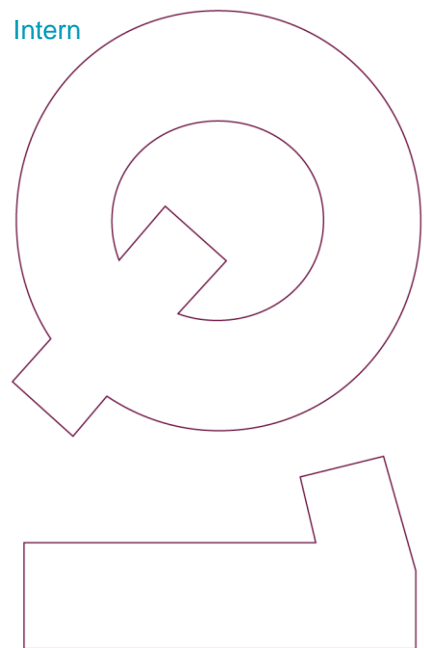
skape og dele  
Sparebankstiftinga **FJALER**



*sparebanken*  
sogn og fjordane



I 2023, we have given  
**80,3 million kr**  
In donations back to the local  
community



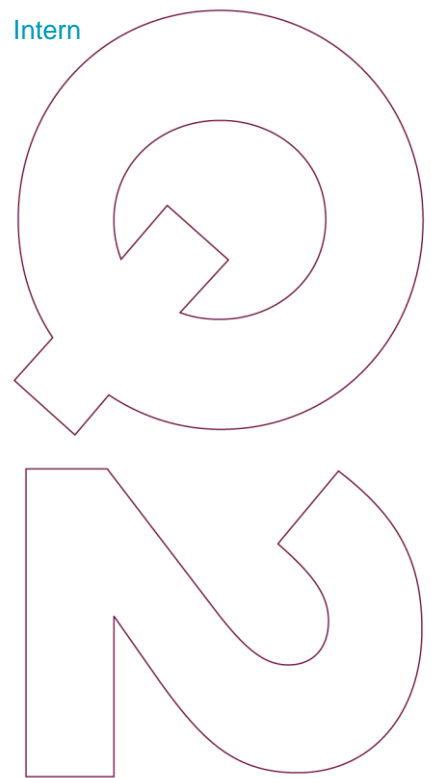
We presented our profit for 2022, which was **NOK 779 million before tax**

The biggest single gift of the year was presented by Sparebankstiftinga Sogn og Fjordane. The **NOK 7.5 million** award went to the new research and innovation centre **HVL Robotics Lab**. This robotics centre is based at the Western Norway University of Applied Science's campus in Førde.

Our live webinars for retail customers have been a great success. In March we held our first webinar for our business customers – on investment funds.

In Nordfjordeid, 60 students from six different courses at the Stryn and Eid worked together to build Norway's greenest smart house, the Nordfjord Smarthus. The project received a **NOK 750,000** gift from the Bank's profit.





In April, Lise Mari Haugen was elected as the new Chair of the Bank's Board of Directors. Haugen, who replaced Sindre Kvalheim as Chair, is the Deputy Chief Executive of Sunnfjord Municipality and has been in the Board since 2015.

On 26 April it was announced that Sparebanken Sogn og Fjordane would become a joint owner of the SpareBank 1-alliance. As a result, Sparebanken Sogn og Fjordane will change its name to SpareBank 1 Sogn og Fjordane during 2024.

A total of NOK 5.2 million of the Bank's profit was distributed through Sparebankstiftinga Fjaler. This money went to worthy projects in Fjaler Sparebank's old heartland in the Fjaler and Holmedal area.

In June we celebrated the opening of our brand new premises in the bank building at Sandane.

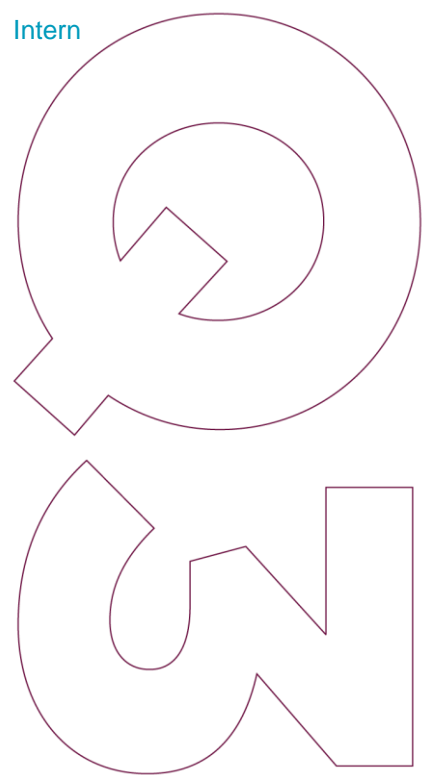


Lise Mari Haugen



Våre tilsette på Sandane



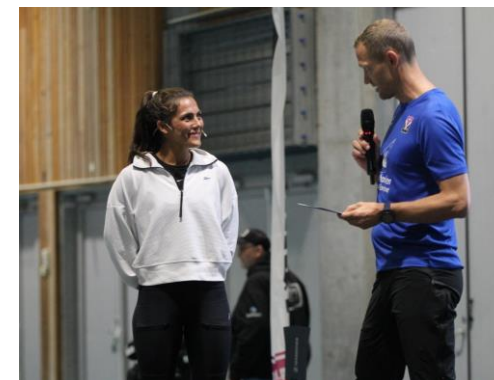


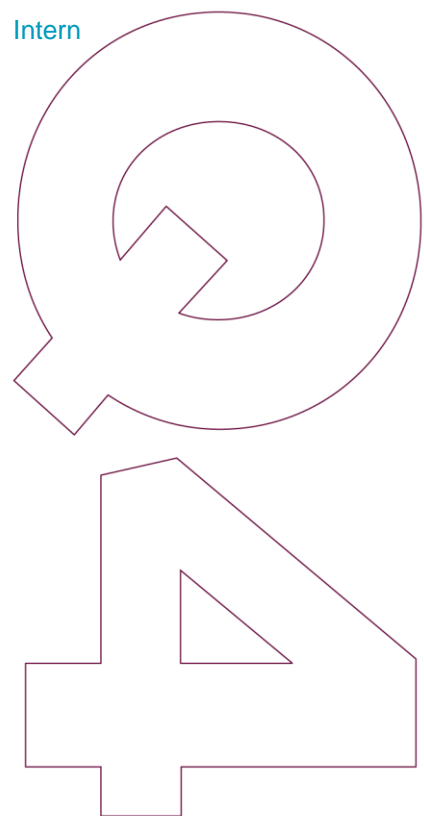
Over the summer we supported 20 events in Sogn og Fjordane. These included Skjærgårdstreffet, Måløydagane Malakoff and Havblikk.

We organised free fitness training sessions with Funkygine in Førde and Sogndal. In total, 1,100 energetic people joined in these sessions with the fitness influencer.

We contributed to conferences like Heilekonferansen and Kraft i Vest. At the latter, the Drivprisen prize was awarded, with our CEO Trond Teigene on the jury. The 2023 prize went to Renasys from Førde.

In October, 1,600 students and parents in Sunnfjord attended a talk about the potential consequences of drug and alcohol abuse. We helped to organise the talk, which more people in Sogn og Fjordane will have a chance to hear in 2024.



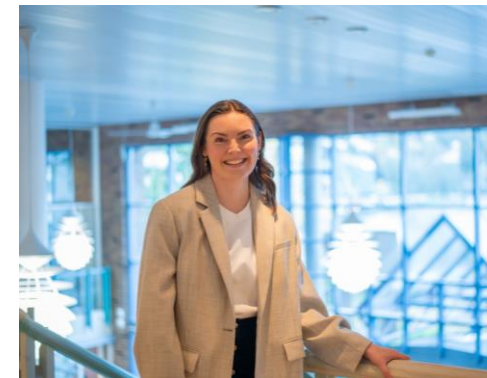


In November, Jill Aasen Hole took up the role of **Acting Technology Director**. Reiel Haugland, who normally occupies the post, has been given responsibility for leading the project to integrate the Bank in the SpareBank 1-alliance.

**2,400** people of all ages enjoyed free Christmas films with us. In total, there were 15 showings of *Christmas on Cobbler Street* across Sogn og Fjordane

At the end of 2023 we signed **new agreements** with the Førde Festival, Florø football club and Sogn og Fjordane skiing association, which is celebrating its 100th anniversary

At the end of the year, a number of large gifts were made from our profit. These included **NOK three million** for a center to promote the use of the *Nynorsk* language in the performing arts, two millions for the Red Cross's new emergency shelter at Hodlekve and one million to the Norwegian Fjordhorse Centre in Norfjordeid



Jill Aasen Hole



# Contact information

## Sparebanken Sogn og Fjordane

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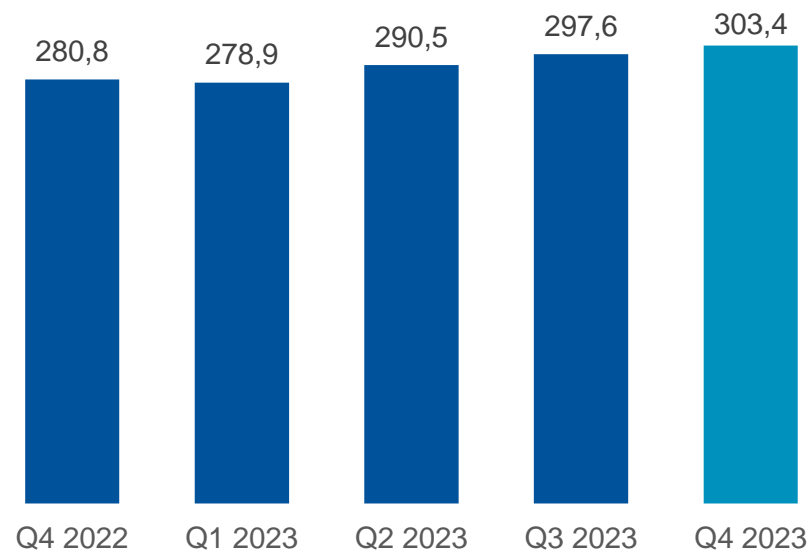


*sparebanken*  
*sogn og fjordane*

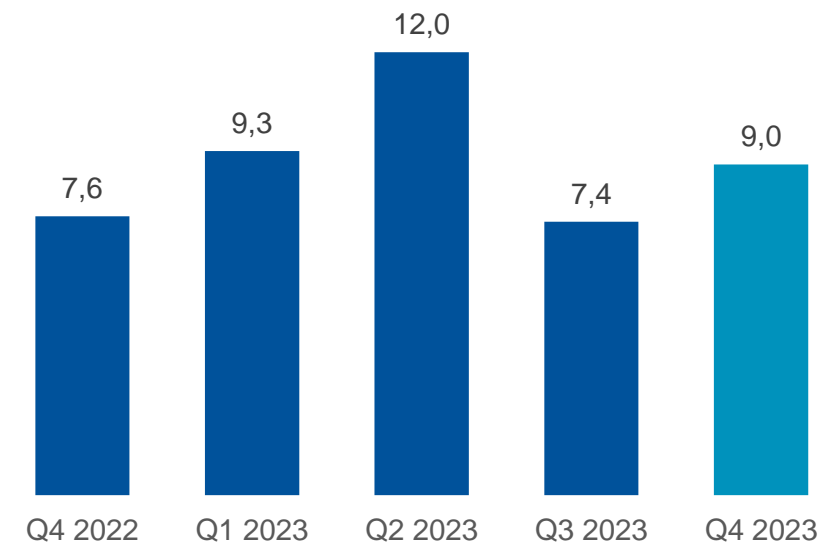
Attachments

# Equity certificate

Book value per equity certificate



Profit per equity certificate per quarter



Figures in NOK per quarter

# Key figures, consolidated

AMOUNTS IN MILLIONS OF NOK

	31 Dec. 2023 / Full-year 2023	31 Dec. 2022 / Full-year 2022
<b>INCOME STATEMENT</b>		
Net interest income	1 466	1 148
Dividends and gains/losses on financial instruments	34	0
Other operating income	167	166
Operating expenses	546	499
<b>Profit/loss before impairment loss (incl. securities)</b>	<b>1 121</b>	<b>815</b>
<b>Profit/loss before impairment loss (excl. securities)</b>	<b>1 088</b>	<b>815</b>
Impairment loss	13	36
<b>Profit/loss before taxation</b>	<b>1 108</b>	<b>779</b>
Tax expense	261	177
<b>Profit/loss after taxation</b>	<b>847</b>	<b>602</b>
Other comprehensive income	0	0
<b>Comprehensive income</b>	<b>847</b>	<b>602</b>
<b>BALANCE SHEET</b>		
<b>Assets</b>		
Gross loans and advances to customers	64 286	61 498
Loss allowance	- 316	- 314
Security investments (shares, fixed income funds, commercial paper and bonds)	8 361	8 225
<b>Debt and equity</b>		
Deposits from and debt to customers	35 796	34 846
Debt securities and debt to credit institutions	28 542	27 673
Equity	7 316	6 645
Total assets	73 556	70 824
Average total assets	72 573	68 515



	31 Dec. 2023 / Full-year 2023	31 Dec. 2022 / Full-year 2022
<b>KEY FIGURES</b>		
<b><i>Profitability</i></b>		
Net interest margin	2,02 %	1,67 %
Other operating income (excl. inc. from fin. instr.) as a % of average total assets	0,23 %	0,24 %
Operating expenses as a % of average total assets	0,75 %	0,73 %
Profit/loss before impairment loss as a % of average total assets	1,55 %	1,19 %
Profit/loss before tax as a % of average total assets	1,53 %	1,14 %
Profit/loss after tax as a % of average total assets	1,17 %	0,88 %
Comprehensive income as a % of average total assets	1,17 %	0,88 %
Oper. exp. as a % of oper. income excl. inc. from fin. instr.	33,41 %	37,99 %
Oper. exp. as a % of oper. income incl. inc. from fin. instr.	32,73 %	37,98 %
Impairment loss as a % of gross loans	0,02 %	0,06 %
Return on equity before tax 1)	17,60 %	13,21 %
Return on equity after tax 1)	13,46 %	10,21 %
Pre-tax return on equity (comprehensive income) 1)	13,46 %	10,21 %
Consolidated comprehensive income per equity certificate, in NOK	37,79	26,98
Dividend payable per equity certificate, in NOK	25,00	12,00
<i>1) Return on equity is calculated based on opening equity excl. hybrid capital</i>		
<b><i>Capital and liquidity position</i></b>		
Capital adequacy ratio	20,99 %	20,15 %
Core capital adequacy ratio	19,00 %	18,39 %
Core Tier 1 capital adequacy ratio	17,72 %	17,36 %
Leverage ratio	8,83 %	8,65 %
Liquidity Coverage Ratio (LCR)	165 %	165 %
NSFR, consolidated	122 %	122 %
NSFR, parent company	135 %	140 %
<b><i>Balance sheet history</i></b>		
Growth in total assets (year-on-year)	3,86 %	7,62 %
Growth in gross customer lending (year-on-year)	4,53 %	6,67 %
Growth in customer deposits (year-on-year)	2,72 %	7,10 %
Deposits as a % of consolidated gross lending	55,68 %	56,66 %
Deposits as a % of parent company's gross lending	91,49 %	104,80 %
<b><i>Employees</i></b>		
Full-time equivalent employees	286	283