



Sparebanken Sør

Company presentation

5 October 2023

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Low risk and increasing ROE



Market Leading

Low risk loan book

Low complexity

Strong capitalisation

Increasing ROE



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1. Introduction
2. Attractive home region
3. Key financials
4. Loan book composition and quality
5. Capital
6. Strategic priorities
7. Financial ambitions and summary

Sparebanken Sør at a glance

The leading bank in Southern Norway



Established in 1824
636 employees



184,000 retail
customers



Financial group with banking,
insurance, securities brokerage and
real estate brokerage



23,000 corporate
customers



40% of equity listed
81.6% of ECCs owned by
Foundation

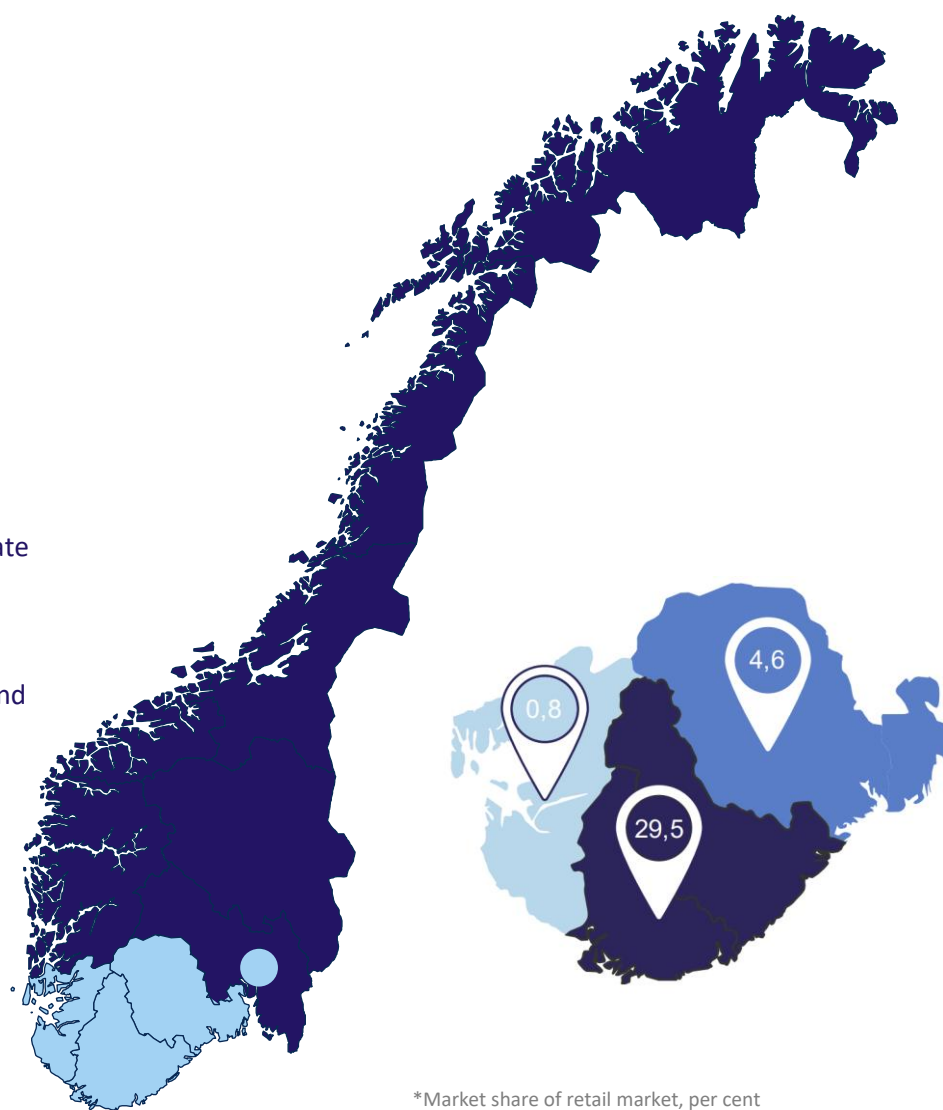


31 branches, and
digital banking

NOK 160 billion in total assets

11.5% ROE in 1H 2023

CET-1 at 17.1% and Leverage ratio 9.2%



*Market share of retail market, per cent
(Source: Eiendomsverdi AS, Markedsandelsrapporter)

Broad product offering to retail and corporate clients

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Retail banking
65% of total loan book

Sørmegleren (90.1%)
The leading real estate broker
in Southern Norway with a
market share of ~30%

Corporate banking
35% of total loan book

**Sparebanken Sør
Boligkreditt (100%)**
Mortgage funding vehicle, NOK
50bn in covered bond issuance



Frende Forsikring
(19.9% ownership)
Non-life insurance. Market share 3.3%.
ROE 2015-2022:



Brage Finans
(24.9% ownership)
Leasing and loans secured by purchased
assets to retail and corporate customers.
Lending NOK 22bn. ROE about 12%



Norne Securities
(14.8% ownership)
Securities firm offering investment
services to retail and corporate customers



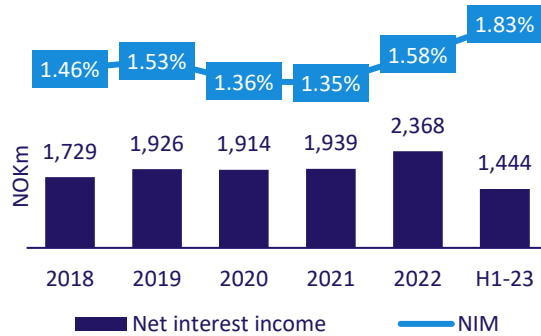
Balder Betaling
(23.0% ownership)
10.7% ownership in Vipps, Norway's
largest payment app used by over 4
million



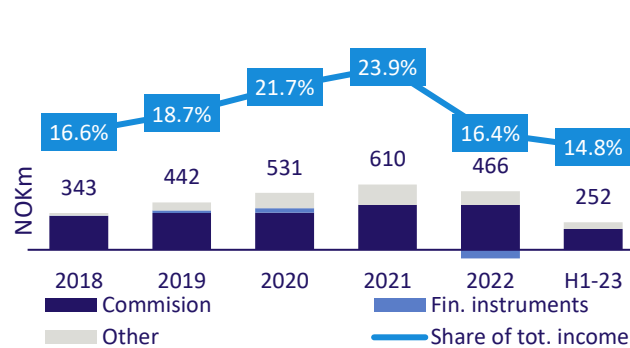
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Increasing ROE, growth in revenues and low loan losses

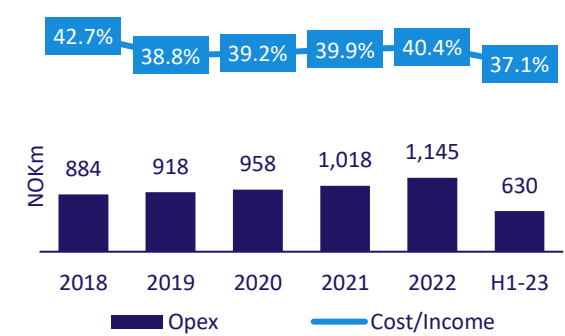
Net interest income



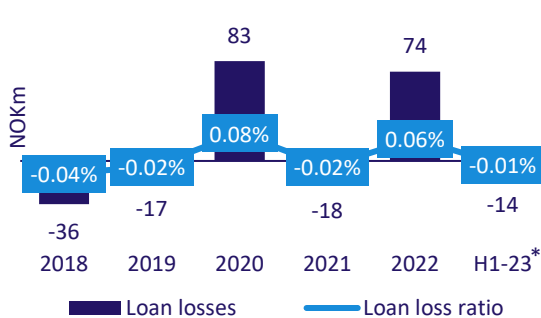
Net non-interest income



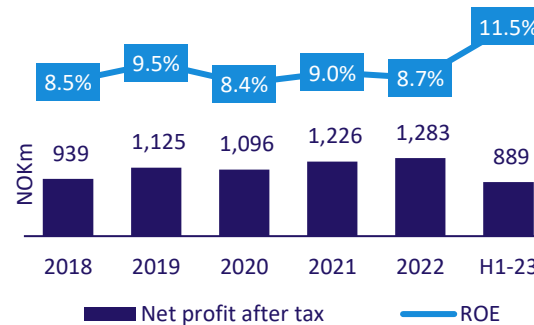
Operating costs



Loan losses



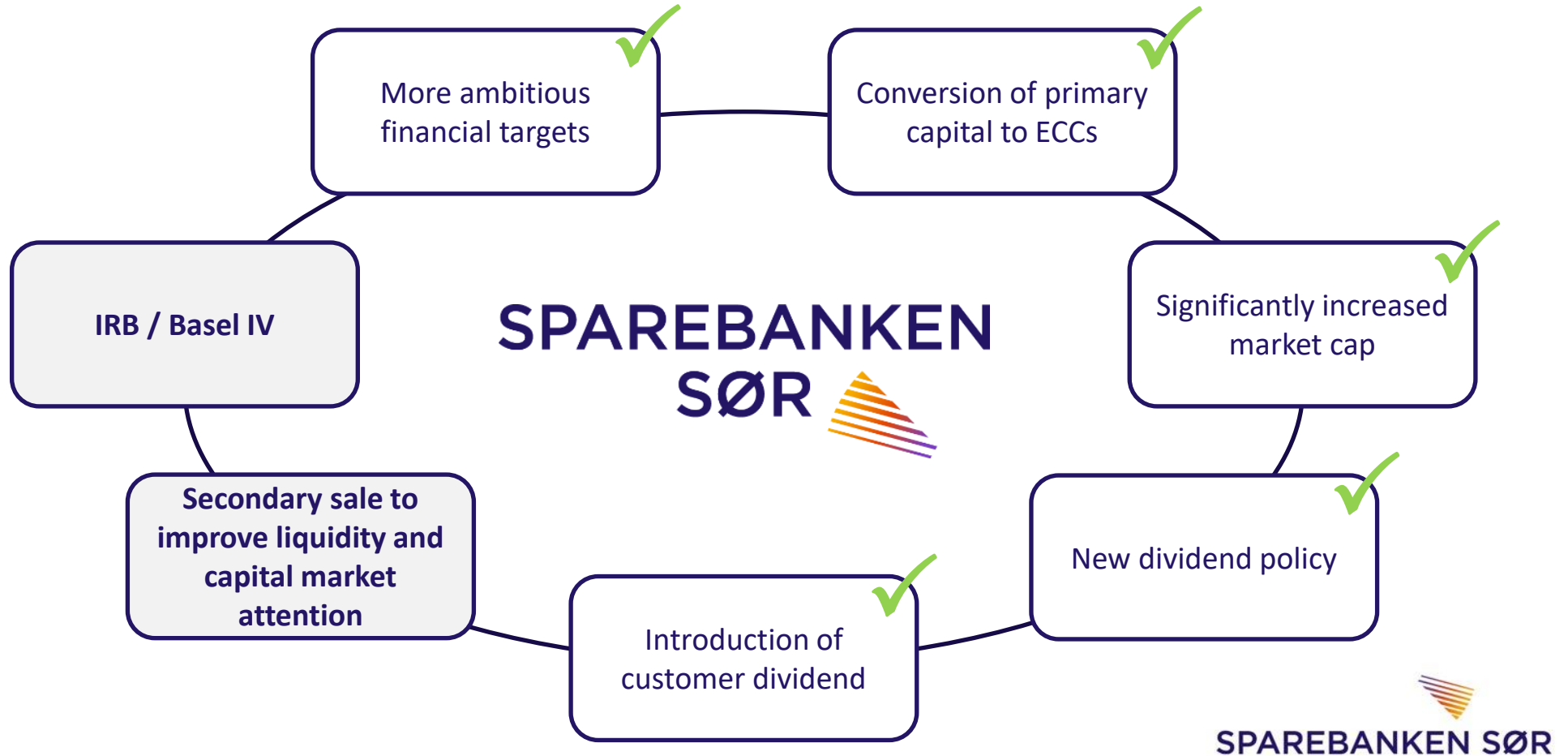
Net profit after tax



Key comments

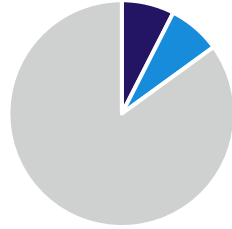
- Increasing interest margins
- Focus on increasing non-interest income
- Adverse effects from financial markets in 2022
- Continuous low cost/income
- Very low loan losses

Measures to strengthen ECC holders' value

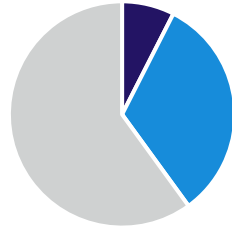


Increased ECCs share of equity and secondary sale

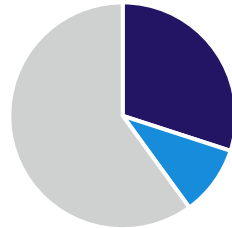
Pre conversion 2022



Post conversion pre secondary sale of ECCs



Post secondary sale*



■ Primary capital
■ ECCs - foundation
■ ECCs – free float

- ECC share of equity has increased from 15% to 40% (June 2022), with an increase in market cap from NOK ~2bn to NOK ~5.3bn
- The Foundation currently holds 81.6% of ECCs
- The Foundation has previously stated that they intend to sell a significant part of the newly issued ECCs through a structured process
- The Foundation has lowered the minimum required ownership threshold from 35% to 25%
- The “free-float” market cap will increase significantly, improve liquidity and secure a broad-based, strong ownership
- The Foundation will be highly liquid and a solid capital base for the bank
- All regulatory approvals have been received

Customer dividend – A success story

- Customer dividend distribution enabled by the bank's equity structure
- In line with the values of being a savings bank
- Paid directly from the bank
- Customer dividend will depend on the profit of the bank
- Dividends to be paid for loans and deposits up to NOK 2m
- Both retail and corporate customers are eligible
- Corresponding to ~0.20% of loans and deposits up to NOK 2m based on 2021 earnings
- Under current tax regulation, improves the ROE of Sparebanken Sør by an estimated 0.4%-points

Customer dividend 2022



- Very well received by the customers
- Strengthen loyalty and reduce churn



Customer with loan of NOK 1,000,000

The customer dividend would equal:
 $\text{NOK } 1.0\text{m} * 0.20\% = \text{NOK } 2,000$



Family with mortgage of NOK 4,000,000 and deposits of NOK 500,000

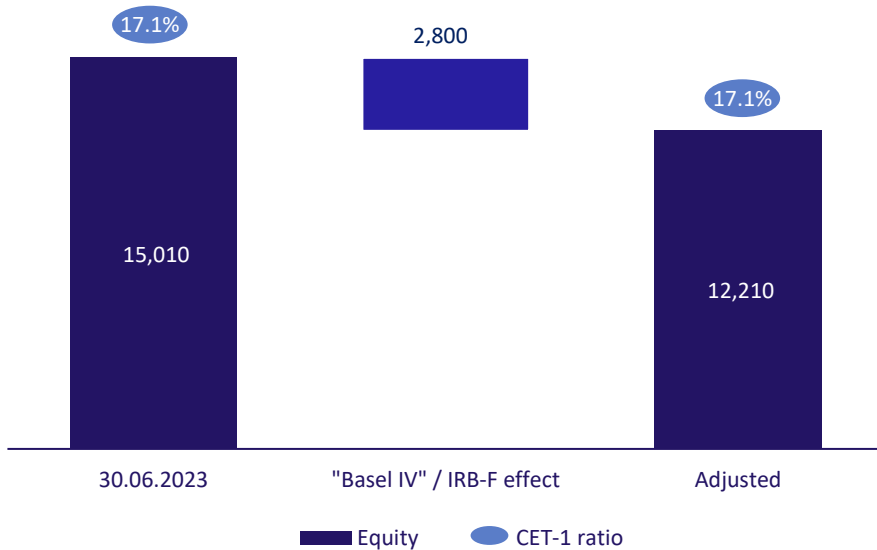
The customer dividend would equal:
 $(\text{NOK } 4.0\text{m} + \text{NOK } 0.5\text{m}) * 0.20\% = \text{NOK } 9,000^{**}$

*Based on 0.20% of loans and deposits up to NOK 2m

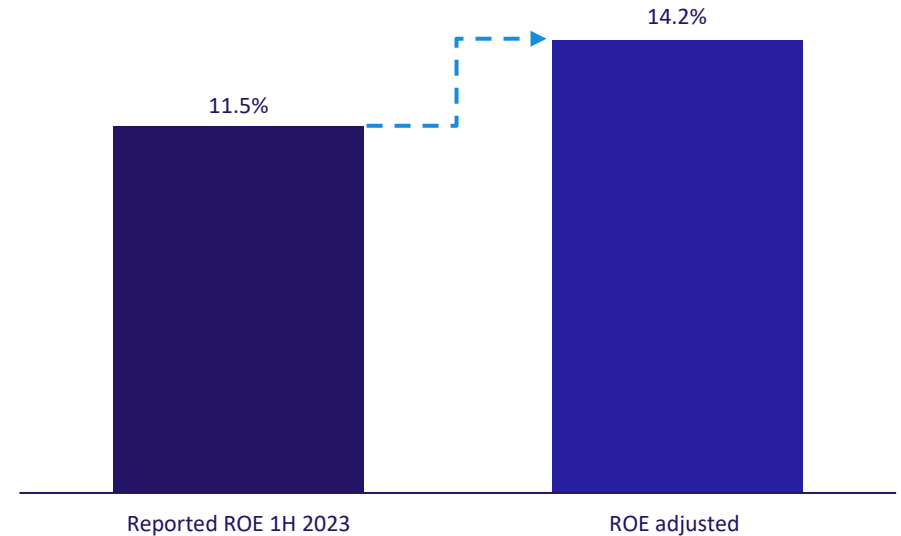
**Assuming the partners having NOK 2m in mortgage each

ROE will increase with “Basel IV” / IRB

Capital release from Basel IV / IRB (NOKm)



Higher ROE due to new capital regulations*



Financial targets



Increased ROE target:
>11% in 2023 and
>12% by end 2025



> 16.5%
CET1 capital ratio



Adjusted dividend
policy to ~50 percent



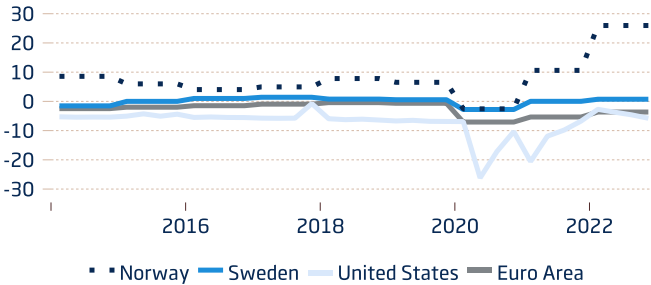
Cost/income <40%

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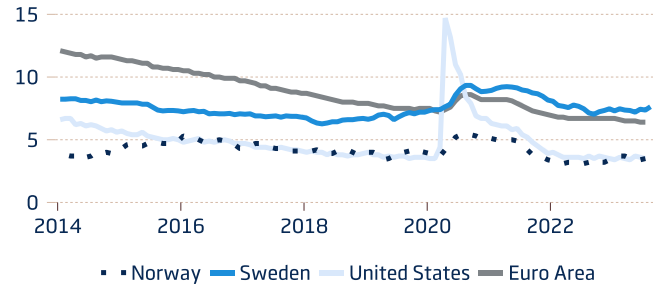
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Robust economy and Government financials

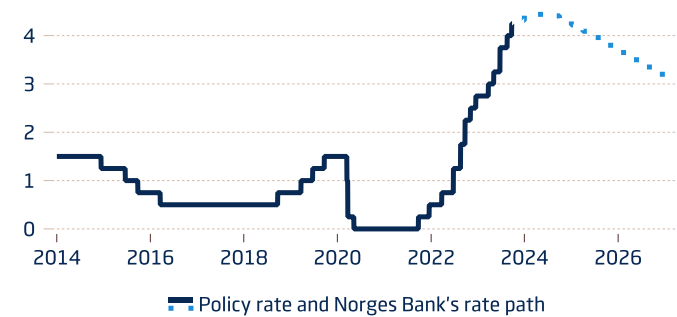
Government Net Annual Lending, Percentage of GDP



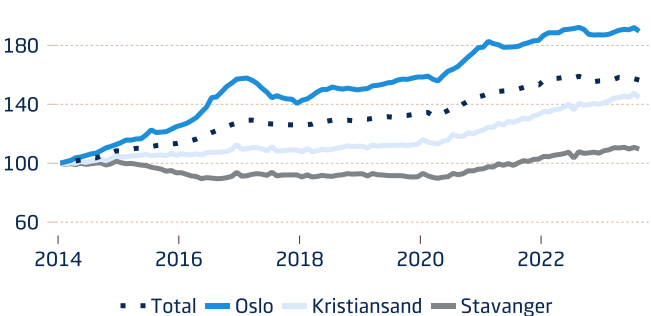
LFS Unemployment



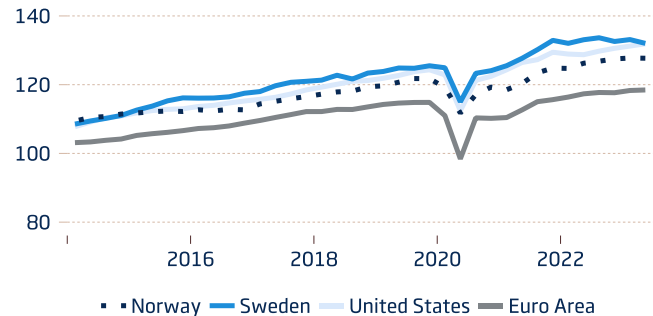
Norges Bank Policy Rate



House prices



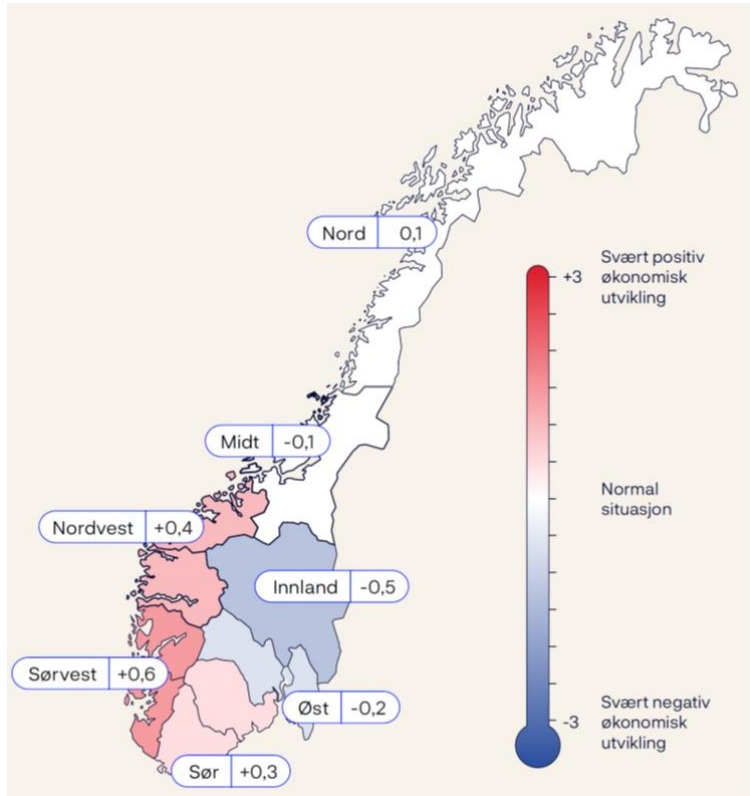
GDP



Macro comment

- Strong public finances for several decades
- Unemployment rate close to historical lows
- Key policy rate currently at 4.25% with one more rate hike expected going forward
- Moderate reduction in house prices
- GDP growth is moderating, but the level remains well above pre-pandemic levels

Positive economic development in the region



Source: Norges Banks regionale nettverk, Rapport 2/2023

Solid regional economy leads to house price growth in Kristiansand, though from moderate levels

The **“Nurse index”** shows that a single nurse can buy 46% of the homes sold in Kristiansand and 55% in Grenland (compared to 1% in Oslo region)

The **economy** is affected by high activity and investment in the energy sector

Expanding from a strong home region



Agder

- Population 310,000 (6% of national population)
- Positive housing price trend, Kristiansand reporting y/y growth rate of 9.4%.
- Diverse business sector, health and social sector also major employer
- Loan book exposure of 63%
- Initial home market with a #1 market position
- Head office in Kristiansand and 22 bank branches



Rogaland

- Population 485,000 (9% of national population)
- Stavanger is the main city: Stable growth in housing prices with y/y growth rate of 5.2%
- Leading position within energy industry
- Loan book exposure of 4%
- Targeted market with steadily increasing market share



Oslo

- Population 710,000 (13% of national population)
- Following steady increase in housing prices over many years prices are now declining somewhat
- Capital, public sector and services dominate
- Loan book exposure of 9%



Vestfold and Telemark

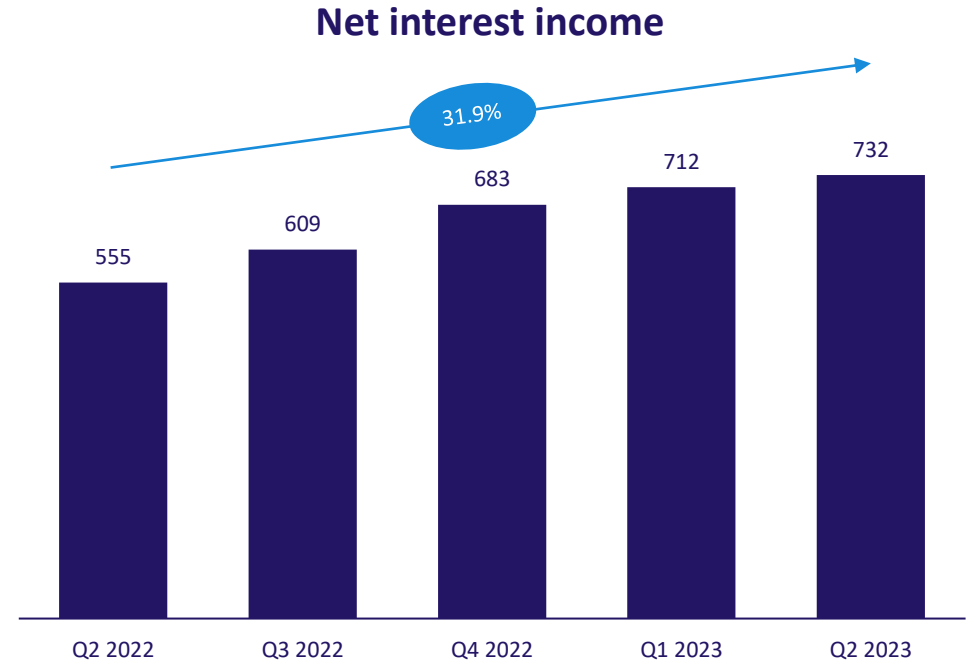
- Population 425,000 (8% of national population)
- Housing prices have recently declined slightly
- Diverse business sector, industry, agriculture
- Loan book exposure of 14%
- Eight bank branches

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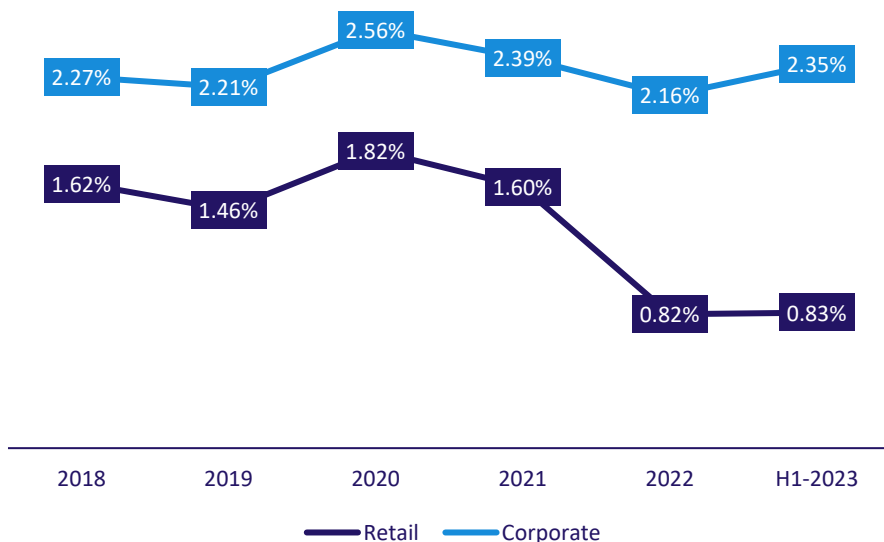
Strong growth in net interest income

- Increased interest margins for retail and corporate
- Moderate deposit and lending growth in the last 12 months
- Positive momentum into the second half of the year, the announced interest rate changes will further increase the net interest income

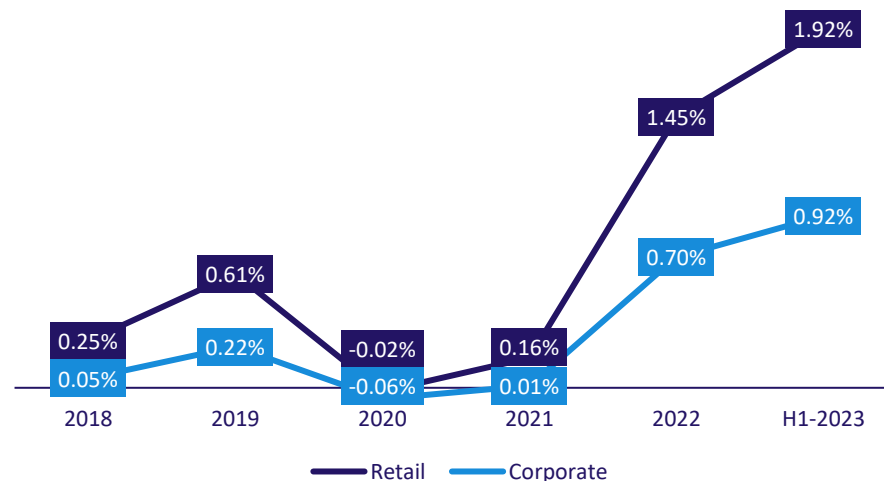


Increasing deposit margins more than offsetting lower retail lending margin

Loan margin development (over NIBOR 3M)

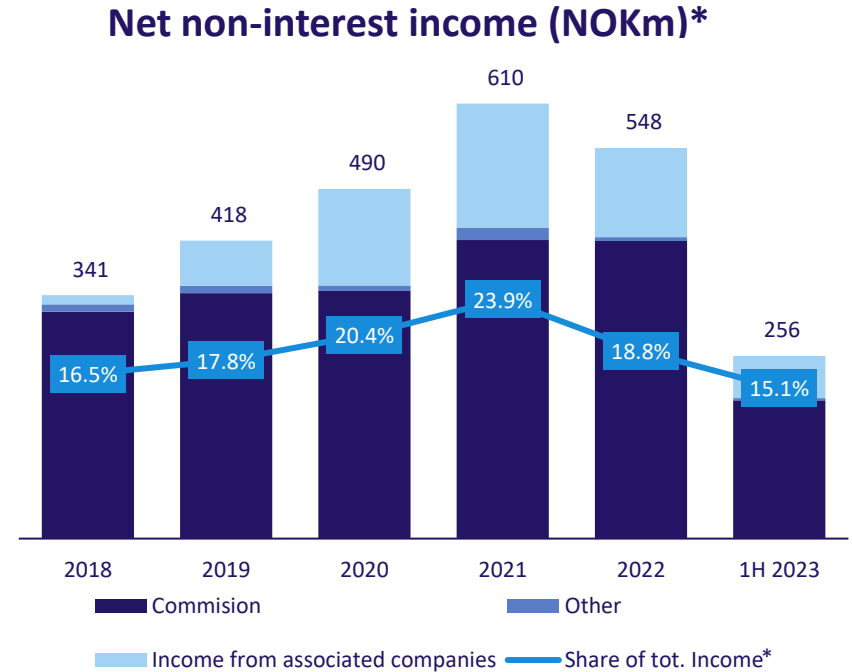


Deposit margin development (margin to NIBOR 3M)



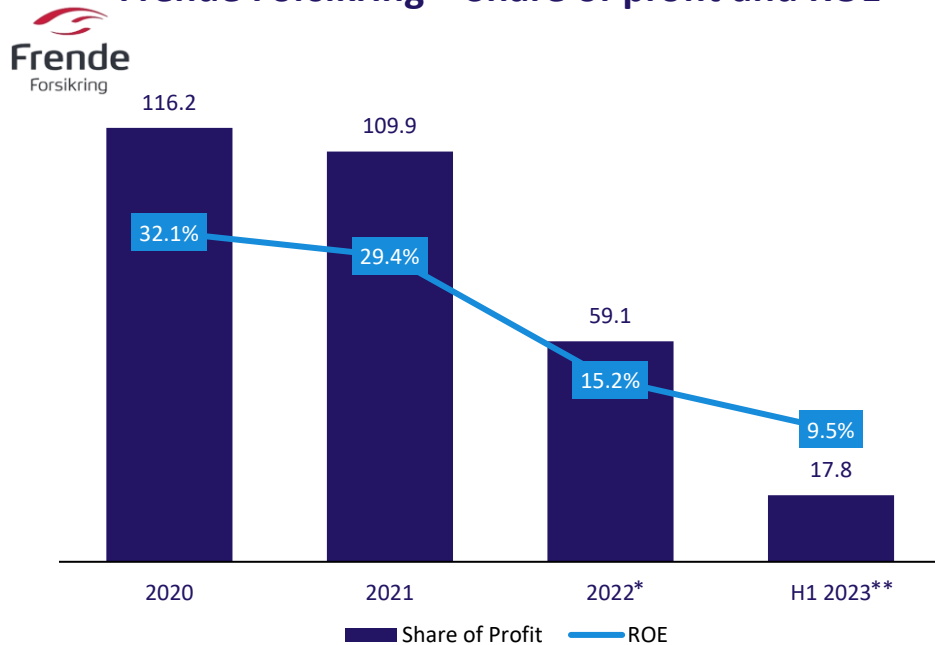
Non-interest income on a positive trend

- Growth in commissions
- Contribution from associated has been on a positive trend, but insurance was impacted by financial market volatility in 2022 and higher claims in 1H-23
- Strong focus on growth in revenues from insurance, savings products, leasing, and real estate brokerage

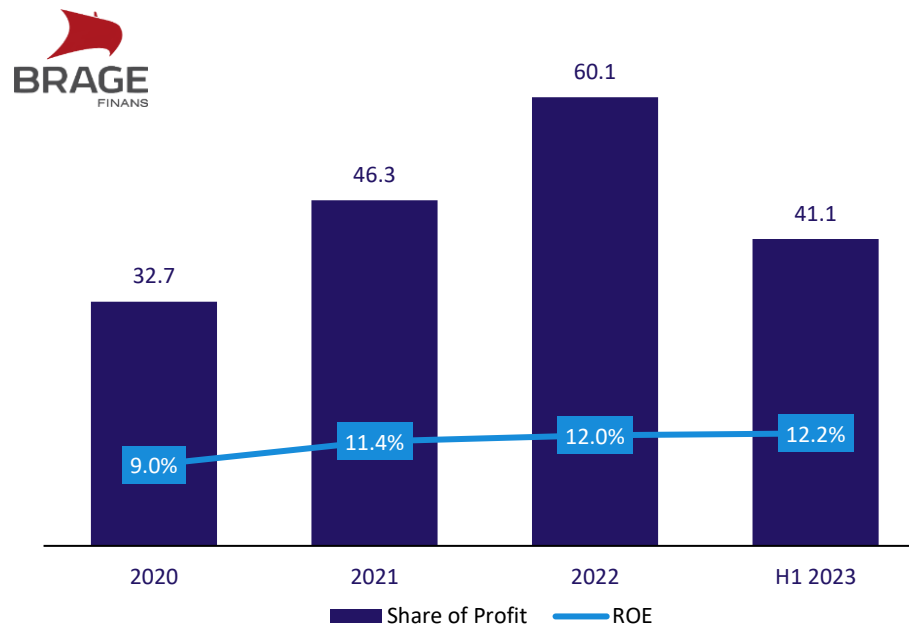


Strong return on equity from Frende and Brage

Frende Forsikring – Share of profit and ROE



Brage Finans – Share of profit and ROE



Share of ownership

21.0%

21.0%

19.9%

19.9%

20.8%

20.8%

24.9%

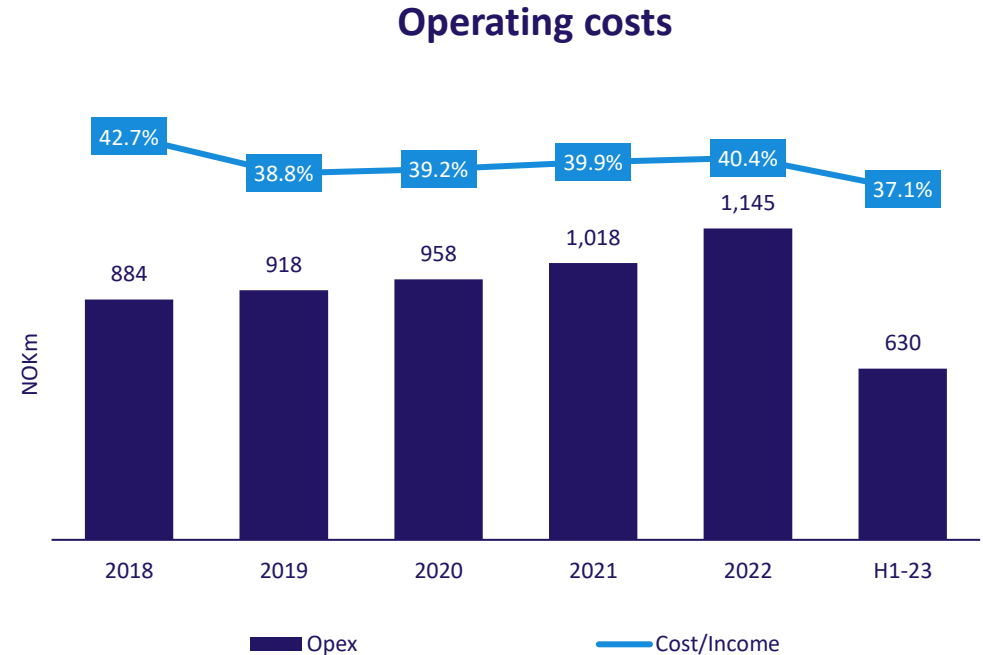
24.9%

*The share of profit from Frende in 2022 was strongly impacted by a negative financial return due to financial market volatility.

**1H 2023 impacted by increasing claims

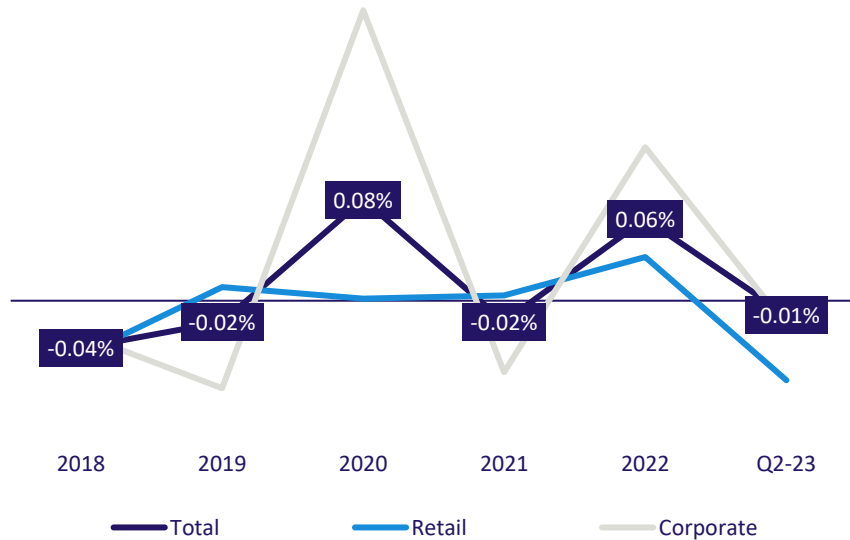
Positive development in cost-to-income

- Revenue growth outweighs upward pressure on costs
- Strong focus to reduce growth in nominal costs

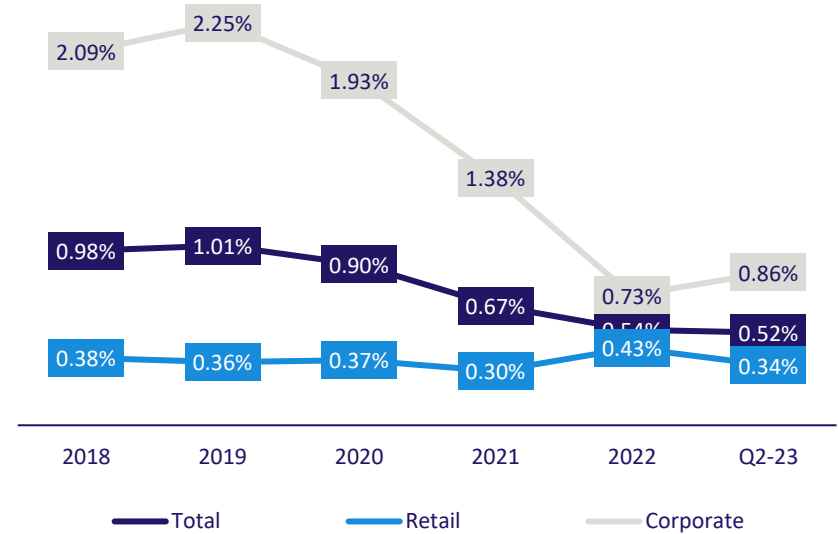


Continued very low loan losses

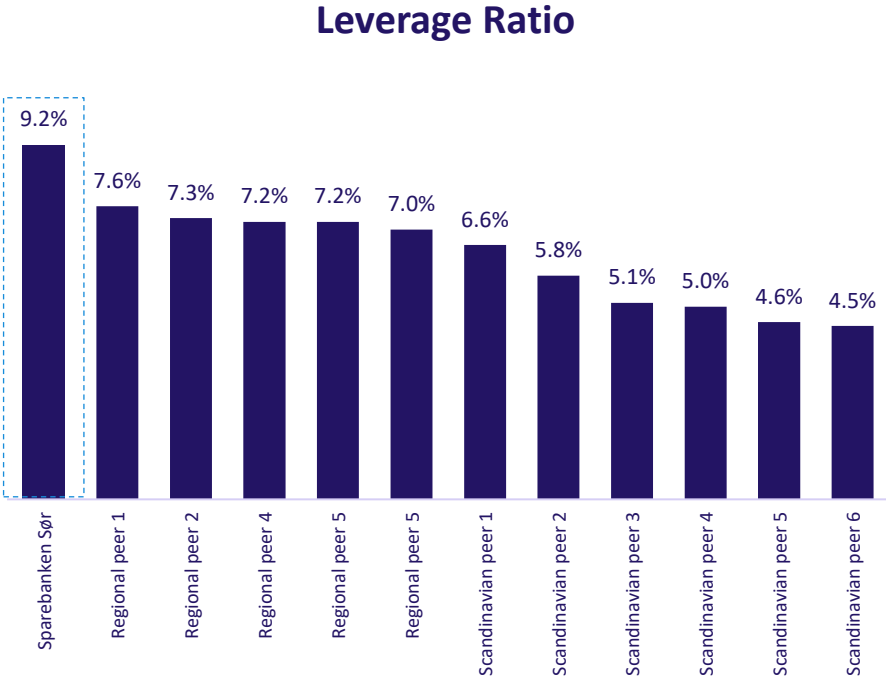
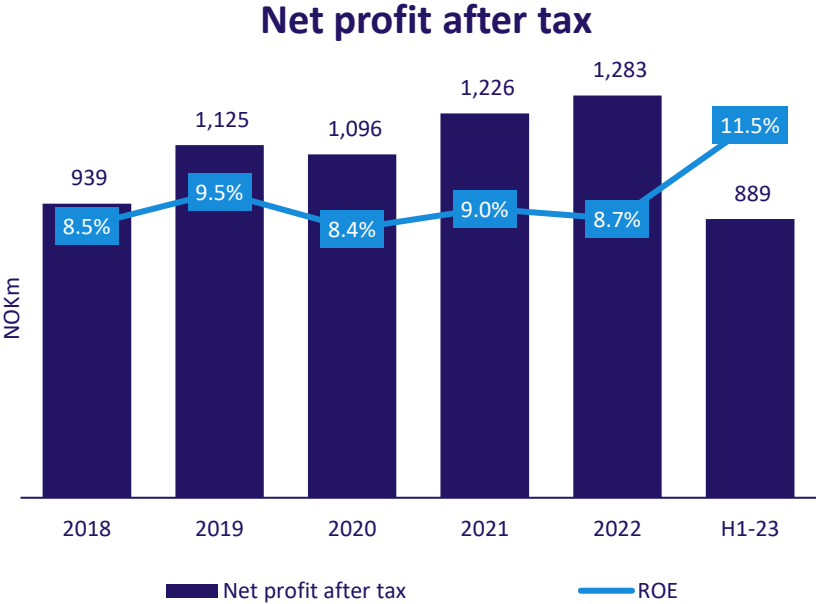
Loan losses ratios*



NPLs (stage 3)** / Gross loans



Growth in net profit, ROE and strong capitalisation



Detailed financial figures – P&L statement

NOK million	2018	2019	2020	2021	2022	Q2 2022	Q2 2023	30.06.2022	30.06.2023
Interest income effective interest method	2,778	3,305	2,833	2,494	3,999	856	807	1,607	3,110
Other interest income	367	487	434	326	581	116	1,061	219	512
Interest expenses	1,416	1,866	1,354	881	2,212	416	1,135	749	2,178
Net interest income	1,729	1,926	1,914	1,939	2,368	555	732	1,076	1,444
Commission income	380	403	409	484	501	130	134	238	244
Commission expenses	62	59	62	66	84	24	26	43	50
Net commission income	318	344	347	419	417	106	108	195	194
Dividend	7	6	25	7	13	2	2	2	2
Net income from other financial instruments	-5	18	15	-7	-95	-35	-2	-61	-6
Income from associated companies	13	64	136	174	125	24	25	51	59
Other operating income	10	10	7	17	5	1	2	2	3
Total other income	23	74	143	191	131	25	27	54	62
Total net income	2,072	2,368	2,444	2,549	2,834	654	867	1,266	1,696
Wages and other personnel expenses	499	533	552	606	659	163	187	309	363
Depreciation, amortization and impairment of non-current assets	30	37	43	44	43	11	10	22	20
Other operating expenses	355	348	363	368	443	119	129	222	246
Total operation expenses before losses	884	918	958	1,018	1,145	293	326	552	630
Operating profit before losses	1,188	1,450	1,486	1,531	1,690	361	541	714	1,066
Losses on loans, guarantees and unused credit	-36	-17	83	-18	74	11	-9	8	-14
Profit before taxes	1,224	1,467	1,403	1,549	1,615	351	550	705	1,079
Tax expenses	285	342	307	323	332	77	123	157	190
Profit for the period	939	1,125	1,096	1,226	1,283	273	427	549	889
Minority interests	1	0	2	3	1	0	1	0	1
Majority interests	938	1,125	1,094	1,223	1,283	273	426	548	889
Attributable to additional Tier 1 Capital holders	56	60	69	46	42	21	20	32	32
Attributable to ECC-holders and to the primary capital	883	1,064	1,026	1,177	1,241	252	407	516	857
Profit for the period	939	1,125	1,094	1,223	1,283	273	426	548	889

- Strong growth in net interest income
- Steady growth in net commission income over time
- Strong increase in contribution from associated income, but adverse effect from financial markets in 2022
- Several years with net reversals of loan loss provisions
- 12-month lending growth of 3.4%
- 12-month deposit growth of 3.2%
- Return on equity of 11.5% in 1H-2023



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Detailed financial figures – Balance sheet statement

NOK million	31.12. 2018	31.12. 2019	31.12. 2020	31.12. 2021	31.12. 2022	30.06. 2023
Assets						
Cash and receivables from central banks	1,288	462	1,148	437	590	734
Loans to credit institutions	119	182	2,460	1,789	6,198	6,549
Net loans to customers	102,942	106,334	111,577	116,653	123,852	125,430
Bonds and certificates	14,598	19,916	21,543	22,062	22,851	22,750
Shares	370	190	166	193	230	232
Financial derivatives	619	757	3,415	1,104	1,440	2,658
Shareholding in associated companies	584	968	1,134	1,201	1,437	1,427
Intangible assets	22	27	47	64	80	95
Property, plant and equipment	413	458	461	463	458	490
Other assets	171	205	174	218	298	245
TOTAL ASSETS	121,125	129,499	142,126	144,182	157,435	160,610

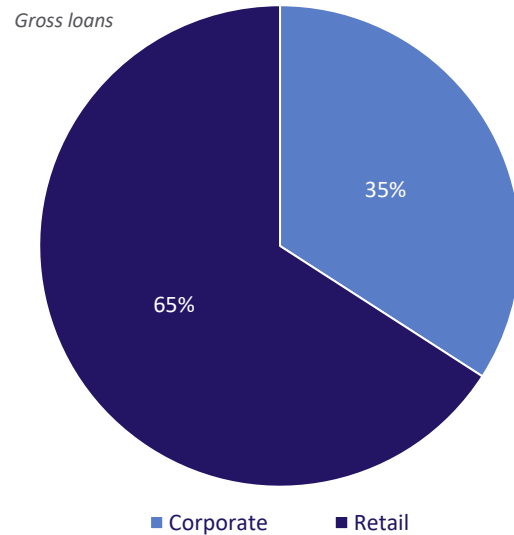
NOK million	31.12. 2018	31.12. 2019	31.12. 2020	31.12. 2021	31.12. 2022	30.06. 2023
Liabilities and equity						
Liabilities to credit institutions	1,918	1,793	6,435	2,627	3,507	4,919
Deposits from customers	56,537	57,949	59,833	63,146	65,596	69,343
Liabilities related to issue of securities	48,323	53,430	56,885	56,605	62,758	59,864
Financial derivatives	179	423	687	844	2,599	1,406
Payable taxes	309	361	373	310	358	207
Other liabilities	328	425	457	395	490	565
Provisions for commitments	61	43	38	135	129	133
Deferred tax	21	24	10	28	64	71
Senior non-preferred			2,002	3,499	4,491	6,035
Subordinated loan capital	1,604	1,971	1,653	1,654	1,662	1,972
Total liabilities	109,280	116,418	128,374	129,242	141,655	144,515
Equity certificate capital	1,603	1,623	1,694	1,575	5,196	4,945
Hybrid capital	1,075	1,375	1,075	1,335	1,085	1,085
Other equity	9,167	10,083	10,983	12,031	9,499	1,064
Total equity	11,845	13,081	13,752	14,941	15,779	16,095
TOTAL LIABILITIES AND EQUITY	121,125	129,499	142,126	144,182	157,435	160,610

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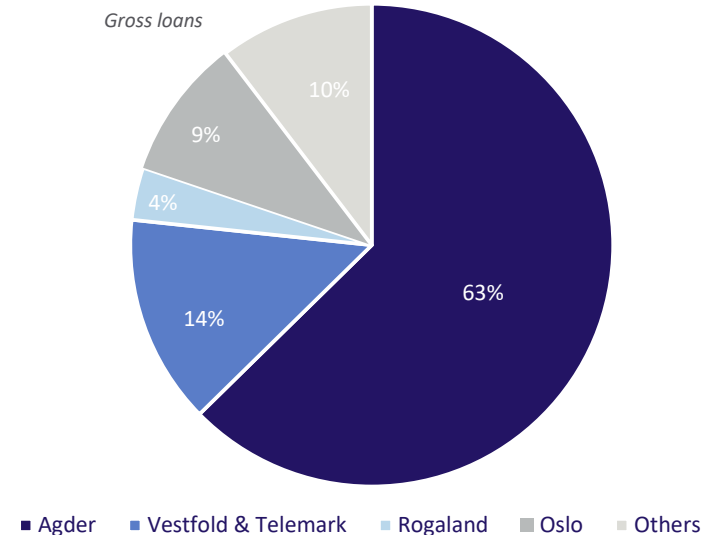
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A well-diversified loan portfolio with low risk

Corporate / retail distribution

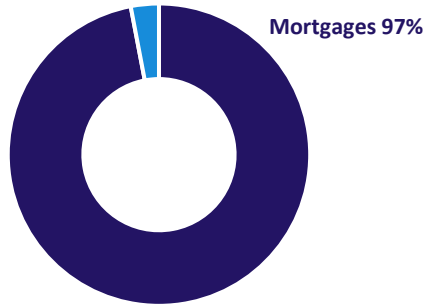


Geographical distribution

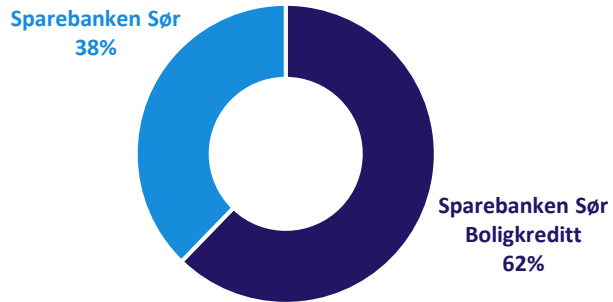


Retail loan book – 97% mortgages and low LTVs

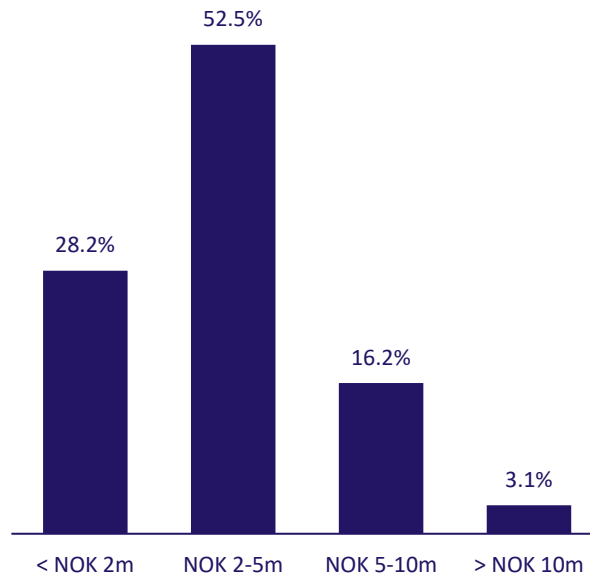
Share of mortgages



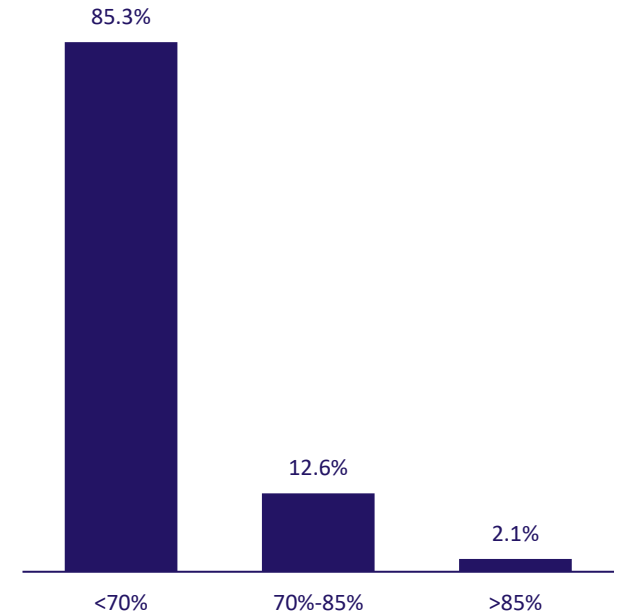
On balance vs. cov. bond transfers



Retail lending by size

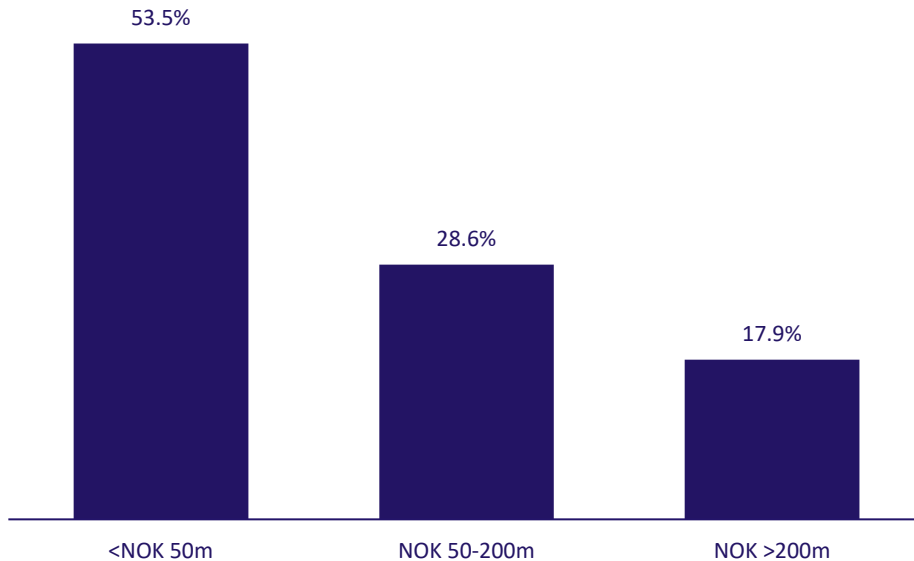


Retail lending by LTV*

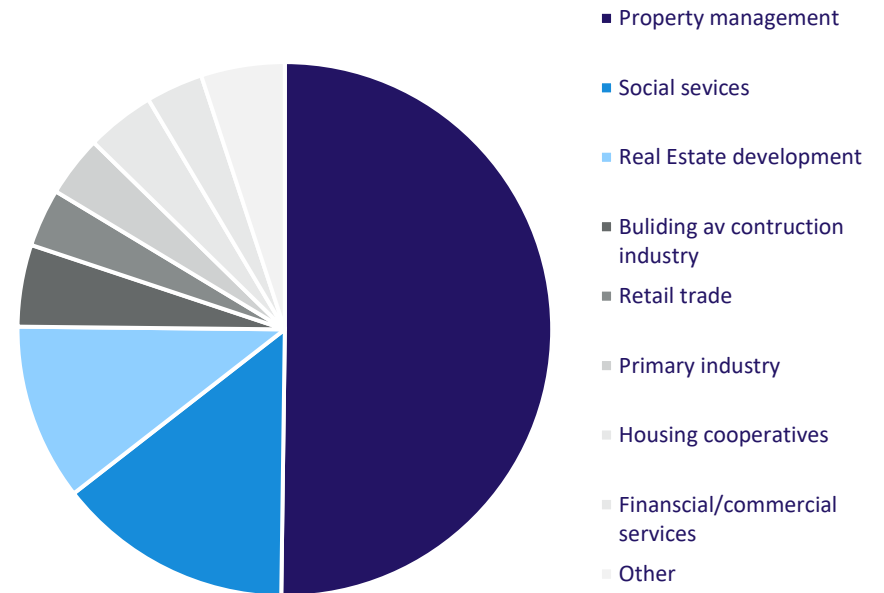


Corporate loan book – low single loan exposures

Corporate lending by size

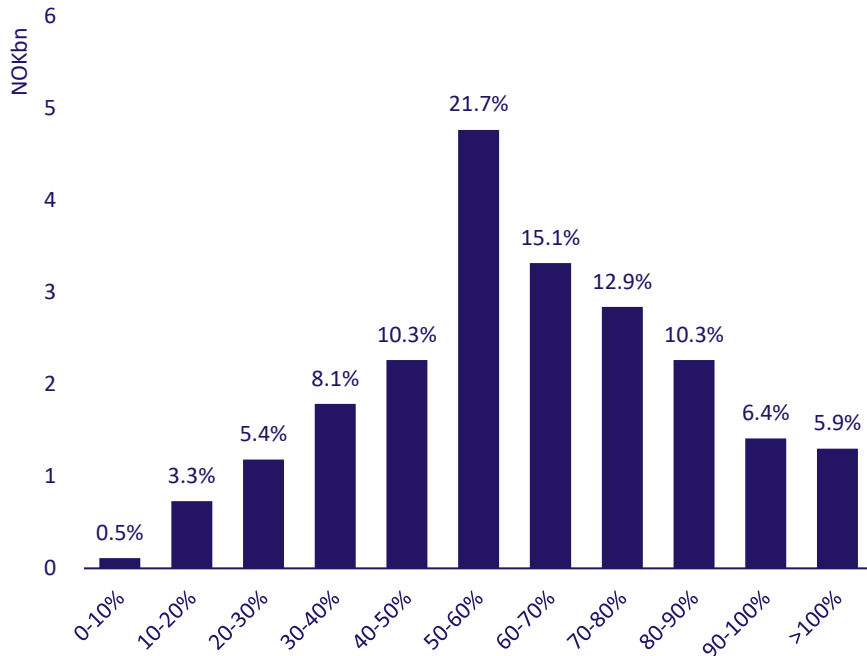


Sector distribution

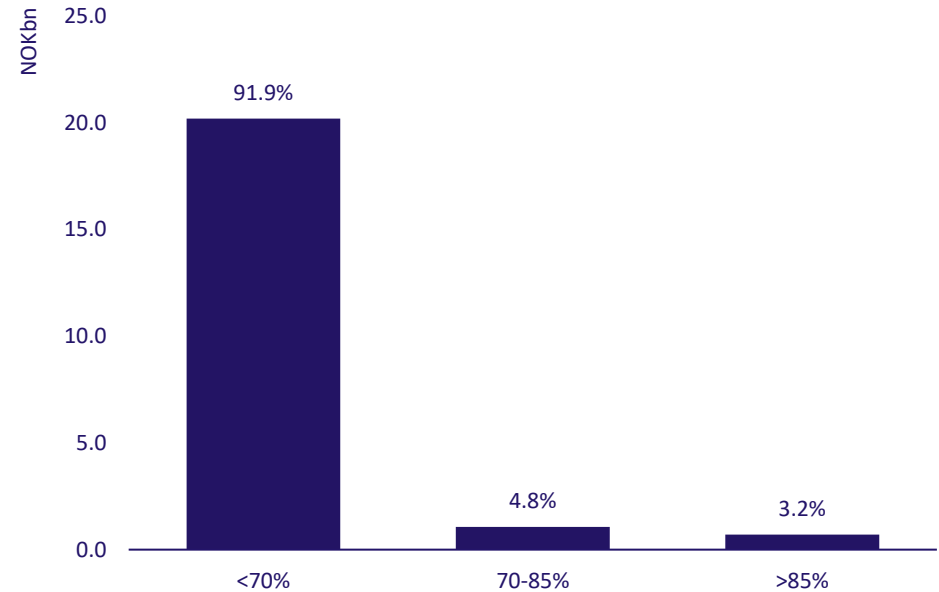


Solid asset backing in commercial real estate portfolio (property management)*

LTV distribution – whole-loan approach



LTV distribution – loan-splitting approach**

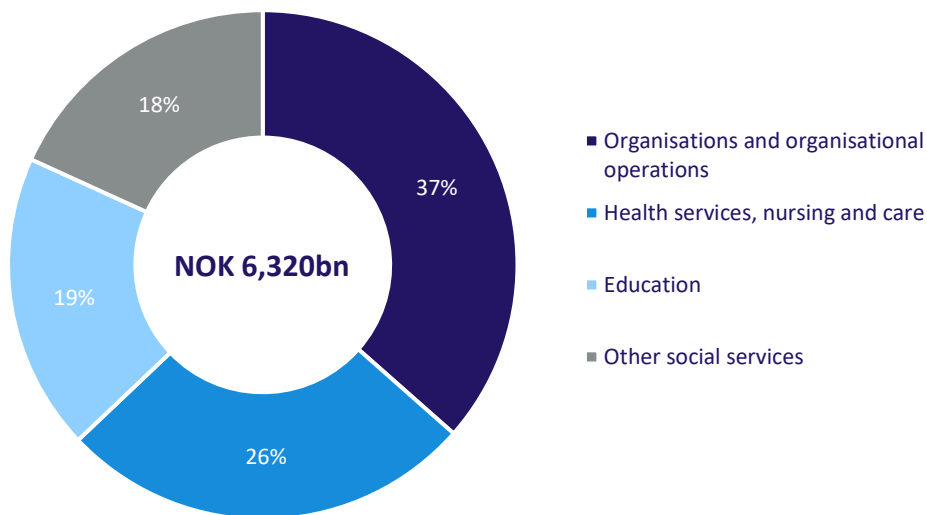


*Collateral in other types of pledged assets than real estate not taken into account (guarantees, equipment, receivables etc.)

**Only the part of a loan exceeding a certain threshold of LTV is included in the next bracket of higher LTV ratio

Social services portfolio – very limited risk

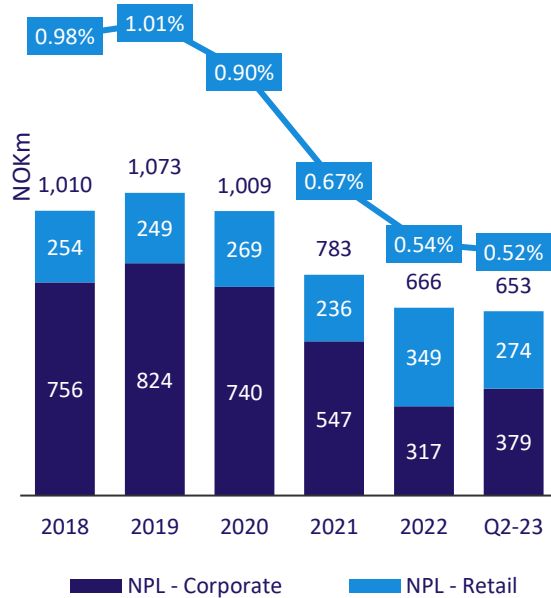
Split of social services segment



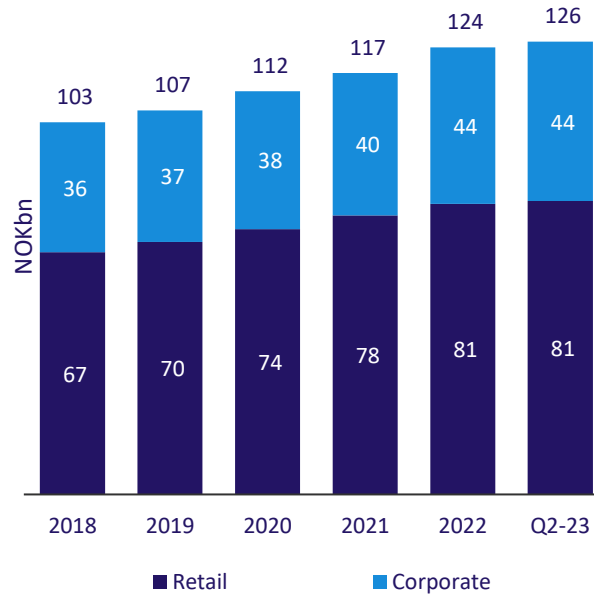
- “Organisations and organisational operations”, the majority of which are linked to nationwide and well-known organisations with a long history and solid finances
- “Health services, nursing and care” include private hospitals that are mainly financed by the public sector, rehabilitation, substance abuse care and retirement homes
- “Education” includes colleges, high schools, primary schools, folk high schools and Bible schools
- “Other social services” are services such as doctors, dentists, physiotherapists etc.

Reduction in non-performing loans

Loan book quality*



Gross lending

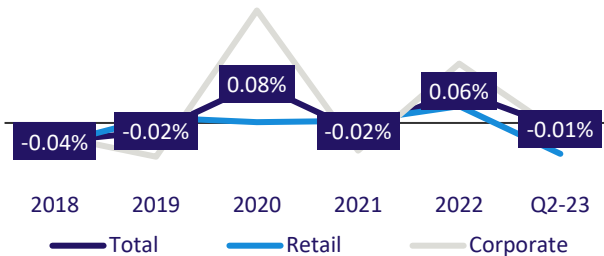


Key comments

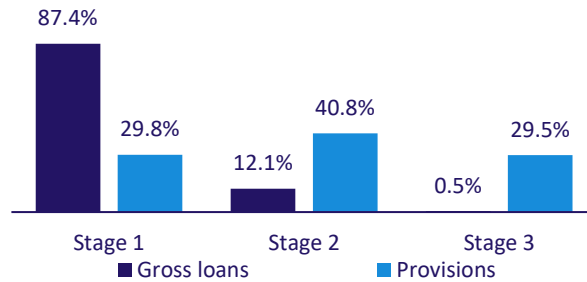
- Very solid loan book
- Low level of non-performing loans
- Large retail exposure

Robust provision levels and very low loan losses

Loan losses ratios*



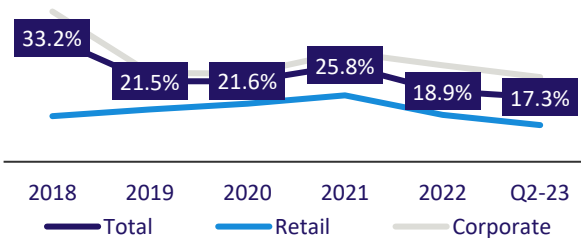
Split of gross loans and provisions



Key comments

- Very low loan loss levels over time – accumulated losses since 2018 of NOK ~73m
- Stage 3 loans and commitments only amount to 0.5% of gross loans
- ~17.3% provision coverage on stage 3 loans and commitments

Stage 3 provisions** / NPLs**



Total provisions** / Gross loans

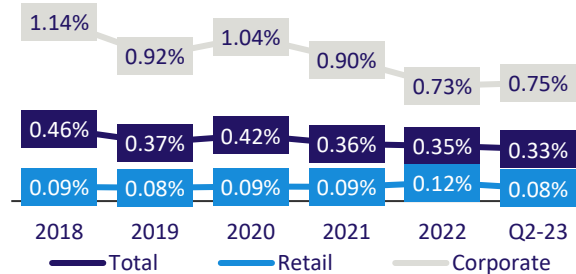
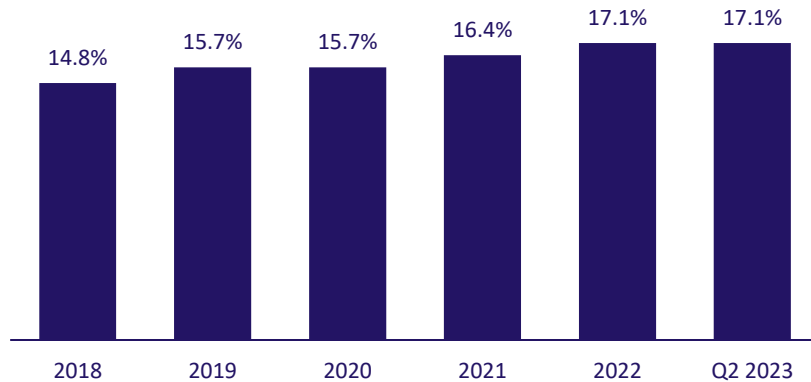


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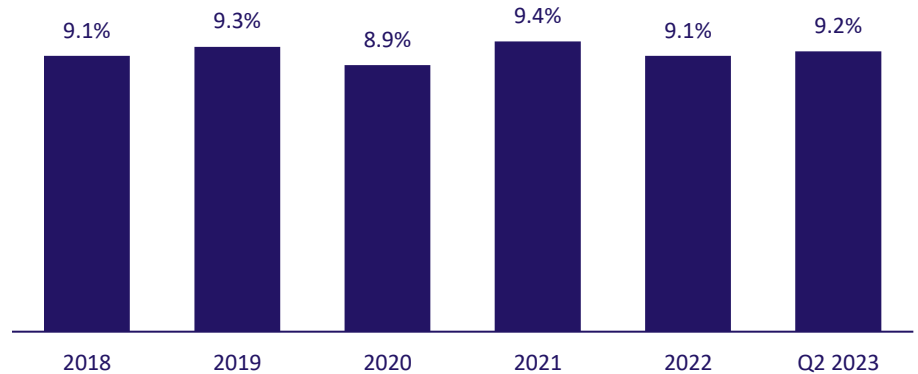
1. Introduction
2. Attractive home region
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- 5. Capital**
6. Strategic priorities
7. Financial ambitions and summary

The bank is well capitalised with high leverage ratio

Common equity tier 1 capital ratio



Leverage ratio



- Well above the current CET1 requirement of 14.2 percent
- Very strong leverage ratio compared to peers
- CET1 ratio of 17.1%, same level as last quarter

Well positioned for higher capital requirements

Capital requirements

	Applicable requirements	Requirements 31.12.2023
Minimum Tier 1 Capital Requirements	4.5%	4.5%
Conservation buffer	2.5%	2.5%
Systemic Risk Buffer*	3.0%	4.5%
Countercyclical Buffer	2.5%	2.5%
Pillar-2 requirements**	1.7%	1.0%
CET1 requirements	14.2%	15.0%
Pillar-2 Guidance	1.0%	1.0%
CET1 requirements incl. P2G	15.2%	16.0%

Capital adequacy and target figures



*The Ministry of Finance has decided on a transitional rule on capital requirements for banks that use the Standardized Approach, resulting in an increase in the Systemic Risk Buffer from 3 to 4.5% from December 31, 2023

**Current Pillar-2 requirements to be covered by total common equity tier 1 capital based on a split (56.25%)

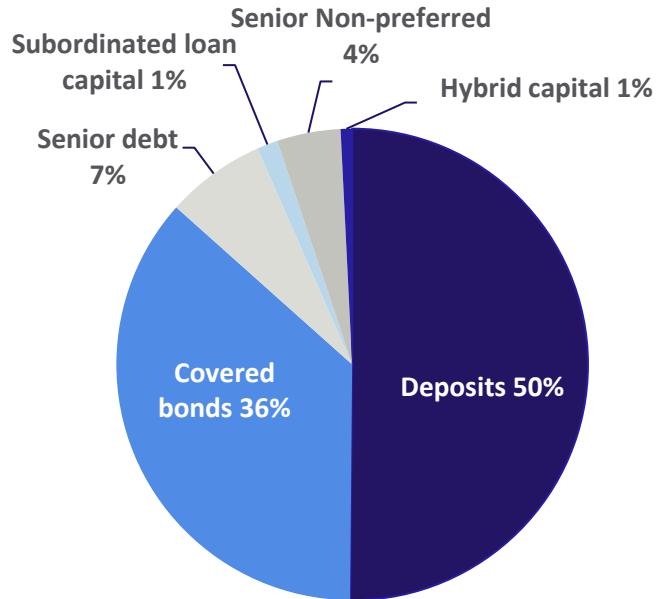
Issuer rating of A1 with positive outlook

Credit rating by Moody's

Long-term issuer rating	A1 (positive outlook)
Long-term bank deposits	A1 (positive outlook)
Senior unsecured bonds	A1 (positive outlook)
Senior Non-Preferred	A3
Sparebanken Sør Boligkreditt	A1 (positive outlook)
Sparebanken Sør Boligkreditt – Covered bonds	Aaa

- Sparebanken Sør has official credit rating from Moody's
- In their rating reports (September 2023) Moody's highlights the following credit strengths:
 - Resilient asset quality with two thirds of lending to private mortgage borrowers and close to zero exposure to oil and offshore sectors
 - Strong capital levels with a robust leverage ratio
 - Large volume of deposits and debt combined with upcoming MREL eligible securities, result in three notches uplift to the deposit and issuer ratings
- Sparebanken Sør Boligkreditt also has official credit rating from Moody's, and the covered bonds are rated Aaa

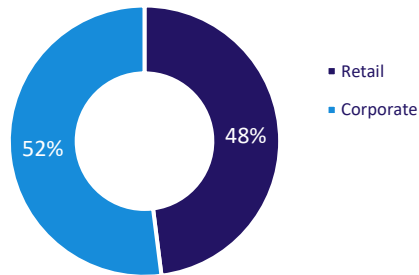
Solid and diversified financing structure



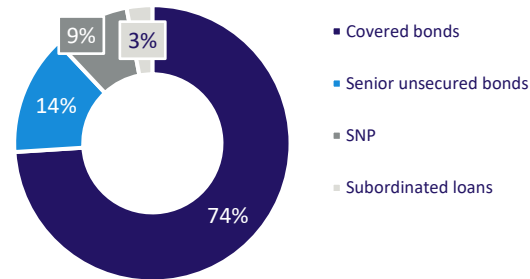
- Deposits/loans ratio at 55.3 percent
- Deposits represent a stable source of funding in the Norwegian market
- Good access to funding from domestic and international markets
- More than 50 percent of the covered bonds are issued in EUR
- Sparebanken Sør has issued a total of NOK 6.0 bn SNP
- Sparebanken Sør is rated A1 by Moody's
- Sparebanken Sør Boligkreditt's covered bonds are rated Aaa by Moody's

Diversified funding with long maturity

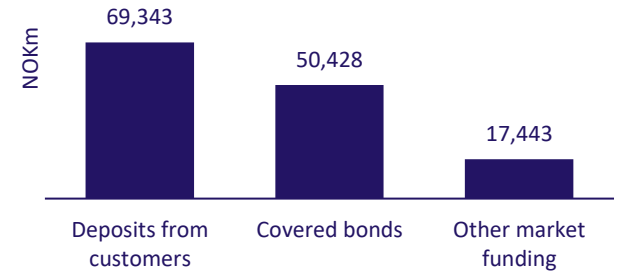
Deposits split



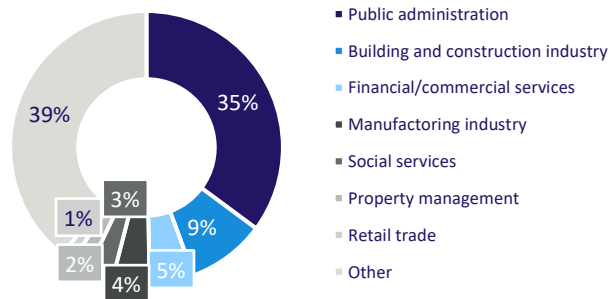
Capital market funding split



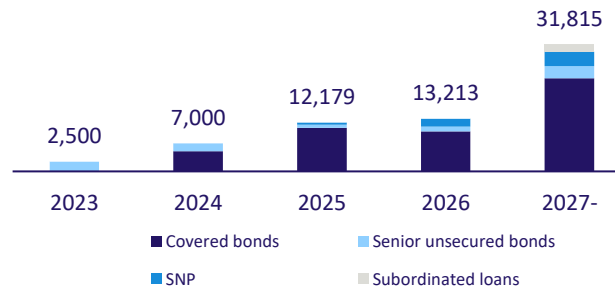
Funding split



Corporate deposits split



Capital market maturity profile*

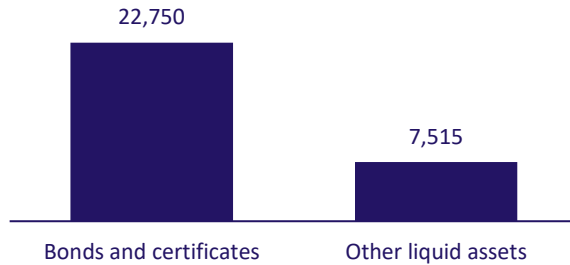


Key comments

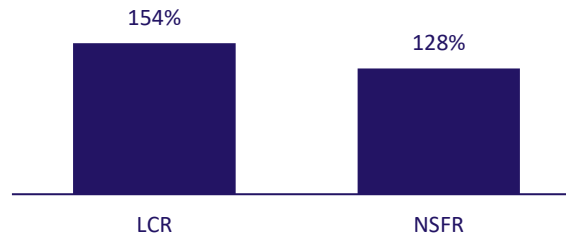
- Predominantly funded with customer deposits and covered bonds
- NOK 69.3bn in customer deposits – split 48/52 between retail and corporate
- NOK 67.0bn in capital market funding – ~48% maturing in 2027 and later

Strong liquidity position

Sources of liquidity



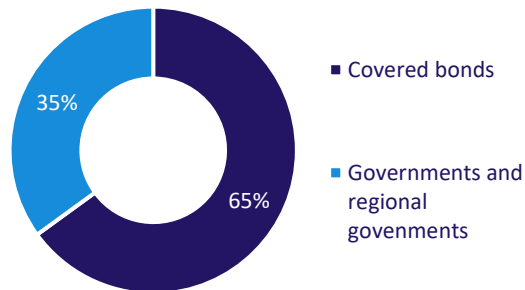
Liquidity ratios



Key comments

- Bonds and certificates constituting the main part of the liquidity portfolio
- Covered bonds make up for 65% of all bonds and certificates
- Satisfying liquidity ratios – LCR ratio of 154% and NSFR ratio of 128%

Bonds and certificates split



Other liquid assets split

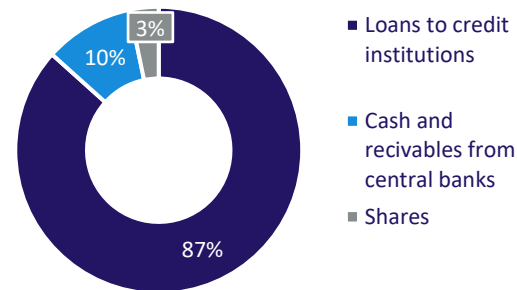


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Mission

Create sustainable growth and development in our region

Vision

Relationship bank for the future

Values

Reliable

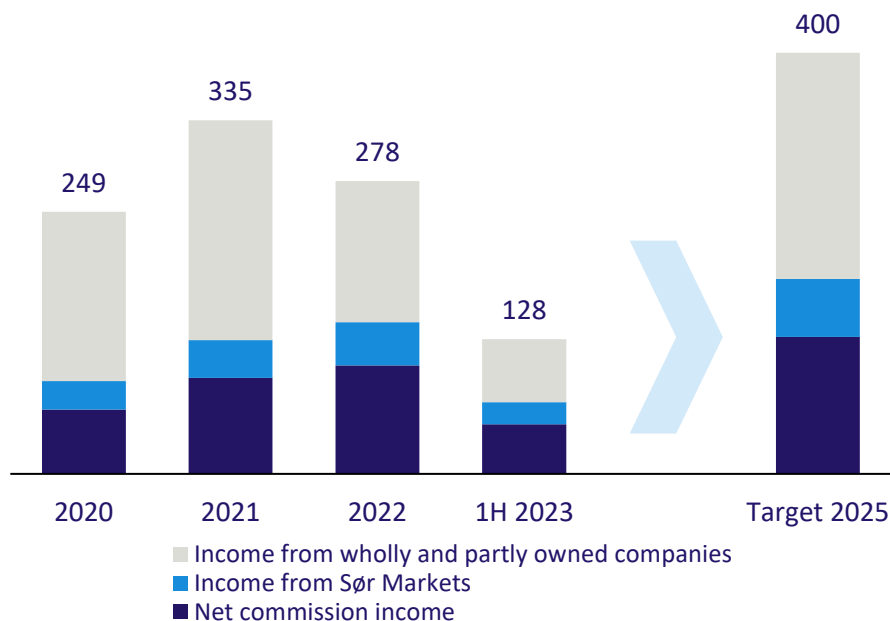
Committed

Future-oriented

Strategic priorities

1. Increase other income and share of wallet
2. Strengthen digital competence
3. Increase distribution efficiency and effectiveness
4. Improve capital efficiency – implementing IRB
5. Remain ESG leader and create sustainable development in region
6. Take part in structural changes in the saving bank sector

1. Increase other income and share of wallet



Implemented measures

- **Insurance:** Strengthened distribution channels of Frende products
- **Leasing:** Increase cross-selling on existing banking clients
- **Savings:** Digital savings portal, Norne Fondsportal
- **Real estate brokerage:** More branches, and extending to commercial property

Other income	2020	2021	2022	1H Target 2023	Target 2025
Net commission income	61	91	103	47	130
Income from Sør Markets	27	36	41	21	55
Income from wholly and partly owned companies	161	209	134	60	215
Sum	249	335	278	128	400

2. Strengthening digital competence and organisation








More employees with higher education

Increased number of data scientists and IT specialists

Strengthened regulatory/compliance competence

3. Strengthen distribution efficiency and effectiveness

Retail market

- Digital self-service loan portal 
- Digital platform for fund savings 
- Self-service in all daily banking services 
- Aiming for cashless banking 
- Modernised retail branches 

Corporate market

- Established a financial dashboard for corporate internet banking 
- Onboarding all customers to full-service online banking 
- New mobile bank launched in March 2022 
- Digitalised important customer processes 
- High-competence support centre 

Enhanced data platform and marketing automation system

4. Improve capital efficiency – implementing IRB

The plan to submit the IRB application is delayed. We will provide a revised date for the application in our Q3 2023 report (26 October 2023). Significant project deliveries are completed and implemented.



Next generation data warehouse

- SAS data warehouse and risk solution
- Data availability
- Baseline for model development



Enhancing credit processes

- Implemented new definition of default
- Developed algorithms for LTV and security coverage
- Improved internal guidelines for collaterals
- Completed gap analysis for the credit process



Building competence and structure

- Increased capability and competence through recruitment
- Internal upskilling in technology and financial regulations

Implement and apply IRB-F

5. Remain ESG leader (I/II)



Sparebanken Sør has been measured twice by renowned Sustainalytics, and the risk has now been reduced to the lowest category – “negligible risk”. We are the 7th best regional bank, and rank 34th out of a total of 1005 rated banks in the world.

Newsweek



Sparebanken Sør is in the 20th place out of the 175 banks rated in Newsweek’s survey of the **world’s most socially responsible banks**.

5. Aiming for zero carbon emissions (II/II)



Carbon footprint:

55% reduction in climate emissions by 2030
Zero climate emissions by 2050



Donations:

Regional donations for sustainable and socially beneficial purposes



ESG in the credit process:

ESG as an integral part of the credit process
Improved ESG credit system with TietoEvry



Green and social bonds:

Green & Sustainability Bond Framework (2019/2022)



Emissions in loan portfolios:

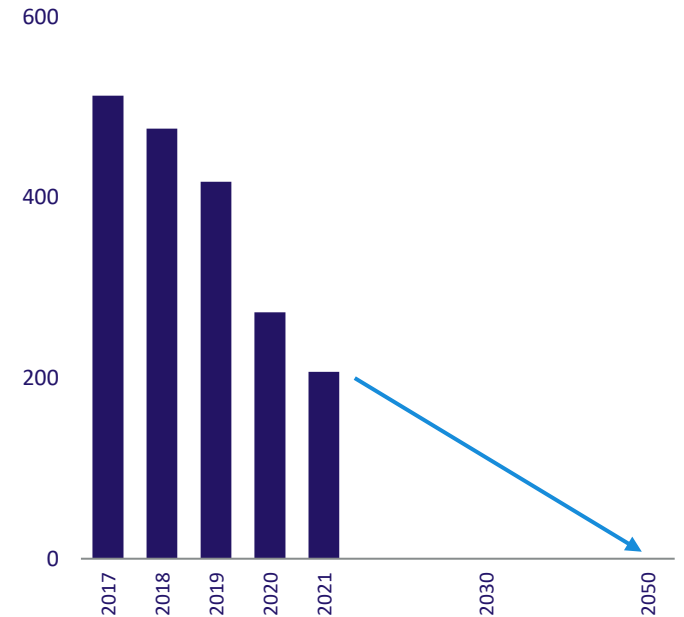
40% reduction in emissions from lending and investments by 2030



A global perspective:

Adherence to global initiatives, frameworks and principles

Carbon emissions in tons of CO2



6. History of structural changes

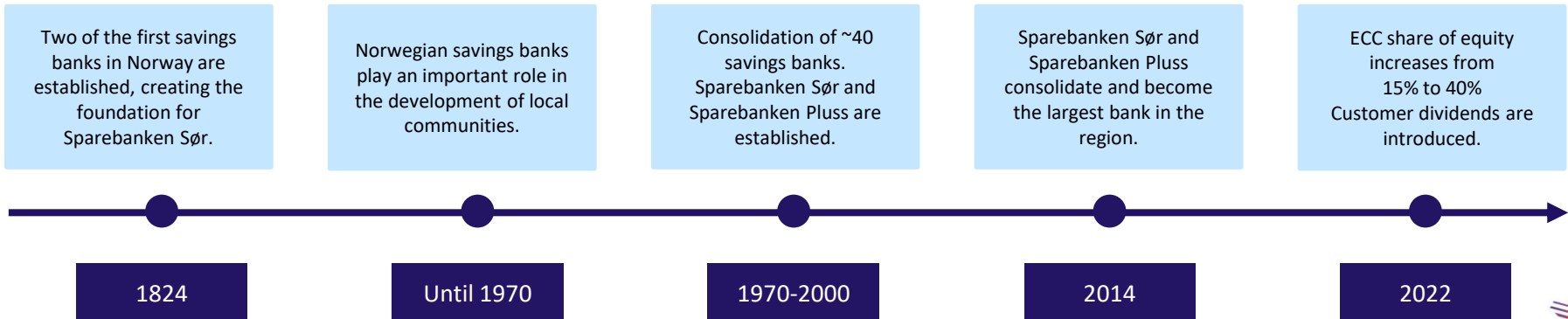


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Financial targets



Increased ROE target:
>11% in 2023 and
>12% by end 2025



> 16.5%
CET1 capital ratio



**Adjusted dividend
policy to ~50 percent**



Cost/income <40%

Why invest in Sparebanken Sør?

Market leader in Southern Norway

Low-risk loan portfolio

Low complexity

ESG leadership

Customer dividend to increase loyalty and reduce churn

Increasing ROE

Secondary sale to increase free-float and liquidity



Appendix

Group management



Geir Bergskaug

CEO in Sparebanken Sør from 2010. Executive Vice President in Gjensidige (1999-2010) and Board Chair Gjensidige Bank. General Manager and Director in DNB (1988-1999). Master of Business and Economics from Norwegian School of Economics and Business Administration, MBA from INSEAD (France), GMP from Harvard Business School (USA). Board Chair Finance Norway, Deputy Chair Frende Insurance, Board member Norwegian Savings Bank Association, Board member Vipps



Steinar Vigsnes

CFO Sparebanken Sør from June 2022. Joined the bank in 2009 and previously held the position as Controller (2009-2013) and Head of Finance and Reporting (2014-2022). Also experience as an authorised auditor. Master of Business and Administration from the University of Agder



Marianne Lofthus

Executive Vice President/ Capital Market from January 2014 and General Manager of Sparebanken Sør Boligkreditt. Previously CFO of Sparebanken Pluss (2003-2013) and has many years of experience from the financial operations at Sparebanken Pluss, Norsk Hydro and Sparebanken NOR. Master of Business and Economics from Norwegian School of Economics and Business Administration



Rolf H. Søraker

Executive Vice President/ Group Support from January 2014. Previously Group Support Director of the "old" Sparebanken Sør (2009-2013) and has a wide range of experience from various roles at Sparebanken Sør from 1986. Additional experience from the educational system and the Norwegian Armed Forces. Education from the Norwegian Armed Forces, Telemark University College and BI, Master in Management



Gry Moen

Executive Vice President/ Business Development from January 2014. Previously worked as Business Development Director at the "old" Sparebanken Sør (2011-2013). General Manager of ABCenter Holding (2009-2010) and Marketing Director of Sparebanken Sør (2006-2009). Has previous experience from Statoil, Telenor and LOS/Agder Energi. Education from Trondheim Business College/École Supérieure de Commerce Grenoble/Nantes



Pål Ekeberg

Executive Vice President/ Retail Market from September 2023. Previously worked in Nordea for the last 12 years, most recently as the director of the personal market. Experience from the board of Nordea Eiendoms kreditt, as well as previously roles in Orkla from 2006-2010. Graduated with a degree in Master of Business and Administration from the University of Agder, and a degree in Strategic management from London Business School.



Gunnar P. Thomassen

Executive Vice President/ Corporate Market from January 2014. Previously worked at Sparebanken Sør as Director, Regional Director and Bank Manager (1999-2013). Experience from Ernst & Young Management Consulting and the Industrial Fund/SND. Graduate engineer in Industrial Economics from the Norwegian University of Science and Technology



Bjørn A. Friestad

Executive Vice President/ Risk Management (CRO) from January 2014. Responsible for credit and business development at Sparebanken Pluss (2001-2013). Has a wide range of experience from various business areas at Sparebanken Agder/Sparebanken Pluss since 1986. Master in Business and Economics and aut. Financial analyst (AFA) from the Norwegian School of Economics and Business Administration



Bente Svendsen

Executive Vice President/ Process Improvement from September 1, 2023. Employed at the bank since 2006. Has held various roles, including financial advisor for personal banking, project manager and manager for Personal Banking. Graduated as a nurse from UiA, holds a bachelor's degree in management from BI, and completed a Master of Management from BI in 2023.



Eva Kvelland

Executive Vice President/ Market and Communication from August 2021. 20 years of experience from politics and organizations, as head of marketing and communication and communications adviser. Was political adviser to Agricultural Minister Lars Sponheim. Holds a Master's degree in public policy and management, UiA and a Bachelor's degree in political science, UiA



Steinar Breen

Director of Strategy and Compliance from April 2020. Previously an Associate Partner with EYs consulting business for banking and finance. Additional experience from Accenture. Holds a Master's degree in economics, Cand. Oecon. Authorized financial analyst from Norwegian School of Economics

Board of directors



Knut Ruhaven Sæthre (Chair)

Chair of the board since 1 April 2022, member since 2020. Former permanent deputy member from 2018. Member of the Risk Committee. Master of Business Administration from Friborg (Switzerland) with a master's degree in strategic management from Norwegian School of Economics. CFO of BW Energy Limited. Former CFO of BW Offshore Limited and CFO of APL ASA



Erik E. Tønnesen

Member since 2020. Member of the Audit Committee and member of the Technology Committee. Master of Business Administration from BI Norwegian Business School. Managing Partner in Skagerak Maturø AS, former Executive Vice President Gjensidige, Regional Director Acta Asset Management and Bank Manager Sparebanken Sør. Chair of the Board of Skandia Green Power AS and Chair of the Board of Tønnesen Sko AS. Board member of Efferø AS, Innoventus Sør AS, Mandal Utvikling AS, Malmø Utvikling AS



Eli Giske

Member since 1 April 2022. Master of Business and Marketing, Finance and management from BI Norwegian Business School, Examen philosophicum, Philosophy from the University of Oslo. CEO of Giske Consulting and former CFO in Posten. Deputy chair of the board of Nye Veier AS, board member of Oslobygg KF, board member of Spordrift AS, board member of Sykehusapotekene HF. Leader of the nomination committee in Itera



Trond Randøy

Board member since 1 April 2022. Former permanent deputy member from 2018. Dr. oec. from the Norwegian School of Economics. Professor at the University of Agder and at the Copenhagen Business School (CBS). Former researcher at Agderforskning AS. Associate professor at Agder University College. Chair of the board of MTI Investment SE, Stockholm, chair of the board of Agder Aviation Tech Team AS, Kristiansand, chair of the board of Sørlandsforskning AS, board member of African Construction AS, Kristiansand, board member of Ecohomes Ltd. Dar es Salaam, Tanzania, Deputy Member of African FinTech AB, Stockholm



Mette Harv

Deputy chair of the board since 1 April 2022, member since 2018. Chair of the Audit Committee and member of the Remuneration Committee. Master of Business Administration from the Norwegian School of Economics. Executive Vice President Renewables and Aquaculture at Nekkar ASA. Former Executive Vice President TTS Energy in TTS Group ASA and Vice President Global Supply Chain & Logistics of National Oilwell Varco, Rig Systems. Chair of the board of Intellilift AS, board member of GCE NODE and Mechatronics Innovation Lab (MIL) and deputy member of Agder Energi ASA



Merete Steinvåg Østby

Member since 2020. Chair of the Technology Committee. Master of Science, University of Tromsø. Digital Manager, Yara Porsgrunn. Former Business Development Manager, Yara Porsgrunn and Section Manager, Financial Services, EVRY. Board member of the Port of Grenland IKS



Jan Erling Tobiassen

Employee member since 2016. Member of the Audit Committee, member of the Risk Committee and member of the Remuneration Committee. Certified Internal Auditor from The Institute of Internal Auditors (IIA). Chief employee representative in Sparebanken Sør. Former consultant at Sparebanken Sør and internal auditor at Sparebanken Sør



Gunnhild Tveiten Gold

Employee member since 2017. Background: Bachelor of Economics, Buskerud University College, Kongsberg Department, Bachelor of Business Administration / Diploma in Economics and Bachelor of Real Estate from BI Norwegian Business School. Authorized financial advisor in Sparebanken Sør. Former authorized real estate agent in ABCenter Telemark AS and financial advisor in Storebrand Bank, Oslo



Tor Kim Steinsland

Permanent deputy member since 1 April 2022. Master of Science in Technical Cybernetics from NTH, Executive management Program, innovation and strategic management from INSEAD Kolding. Executive Vice President Industrial IoT Volue ASA. Former CEO of Scanmatic. Board member of Nortek AS

Equity capital certificates and the savings bank model

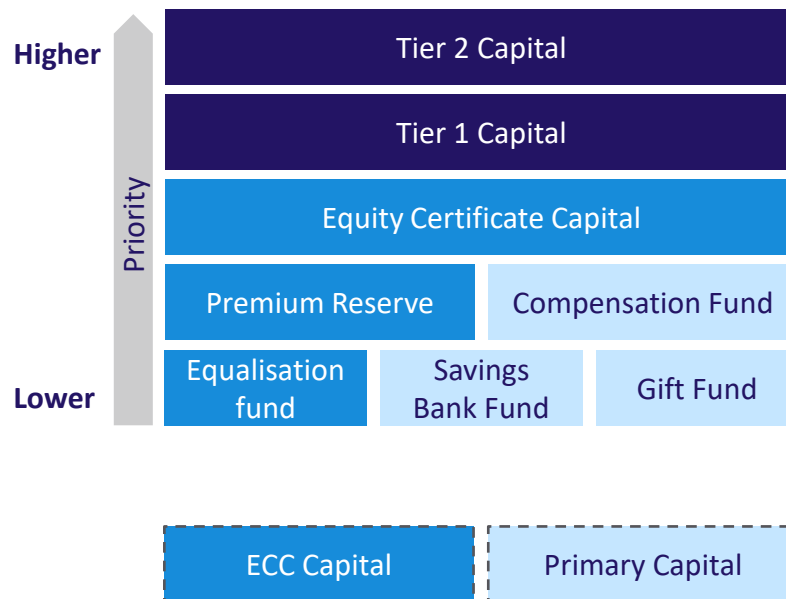
ECC banks have two types of equity capital:

- **Primary Capital (“ownerless”)**: Retained earnings built up over time
- **ECC Holders’ Equity**: Equity Certificate Capital and related equity reserves

Main ECC principles:

- Profits distributed proportionally based on total share of equity ownership
- Negative profits mainly absorbed by the Primary Capital
- Articles of Association predefine the influence of ECC owners in governing bodies
- A committee has been set to evaluate the capital structure in savings banks to secure that the banks have equity instruments of sufficient quality going forward

Equity structure and priority in ECC banks



Distribution of profits 2022

Group dividend base 2022 – NOK 1 241 mill.
(Group profit NOK 1 283 mill. – interests on hybrid capital NOK 42 mill.)

60%

40%

Social capital
NOK 745 mill.

Equity certificate holders
NOK 496 mill.

Customer dividends
NOK 226 mill.

Gifts
NOK 149 mill.

Increased equity
NOK 370 mill.

Dividends
NOK 250 mill.

Increased equity
NOK 246 mill.

- ✓ Introducing customer dividends and increase provision for gifts
- ✓ Profit per equity certificate (group) amounted to NOK 11.9.
- ✓ Proposed dividend amounts to 50.5 percent of the group's profit for 2022
- ✓ Proposed dividend of NOK 6.0 corresponds to 50.5 percent of profit per equity certificate (group).