



Quarterly report as at 30.06.18

High return, clear strategy and
underlying values made visible

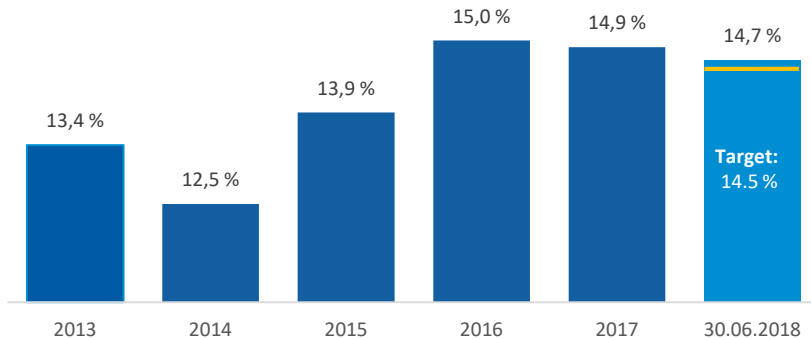
Tromsø/Oslo 8. august 2018

Accounts first half-year 2018

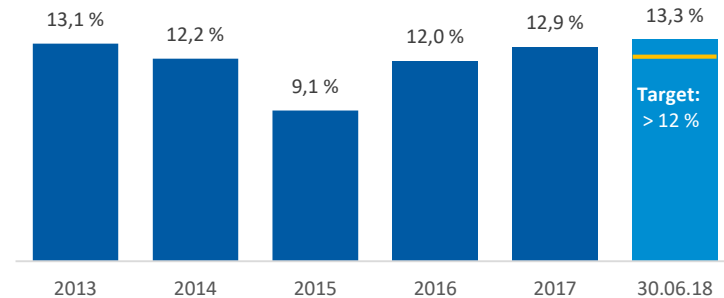
PRE-TAX PROFIT	953 mill kr (831 mill kr)
RETURN ON EQUITY	13.3 % (12.3 %). 2Q ISO: 15.6%
C/I-RATIO	41.9 % (41.5 %)
LOAN LOSSES	36 mill kr (88 mill kr)
CET-1 RATIO	14.7 % (15.4 %)

Key financial figures - development

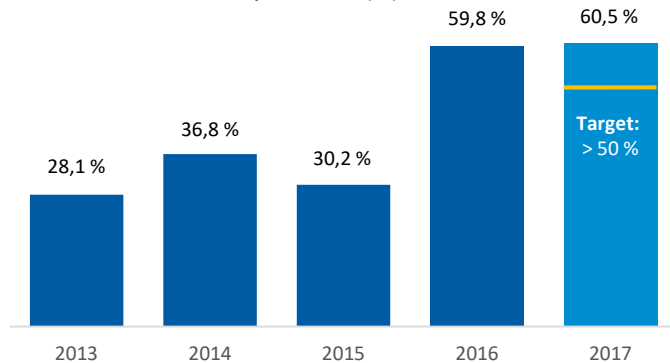
CET 1 incl floor



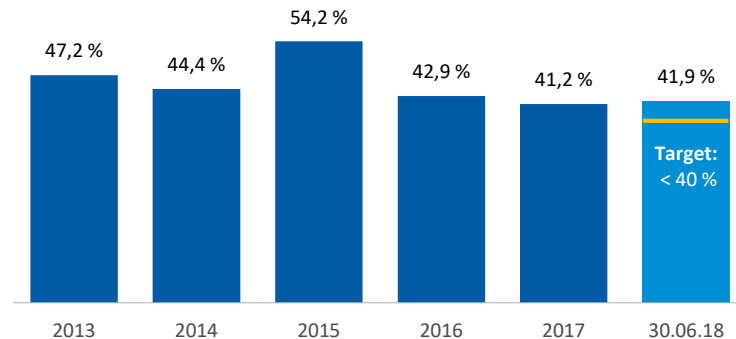
Return on equity capital



Payout ratio (%)

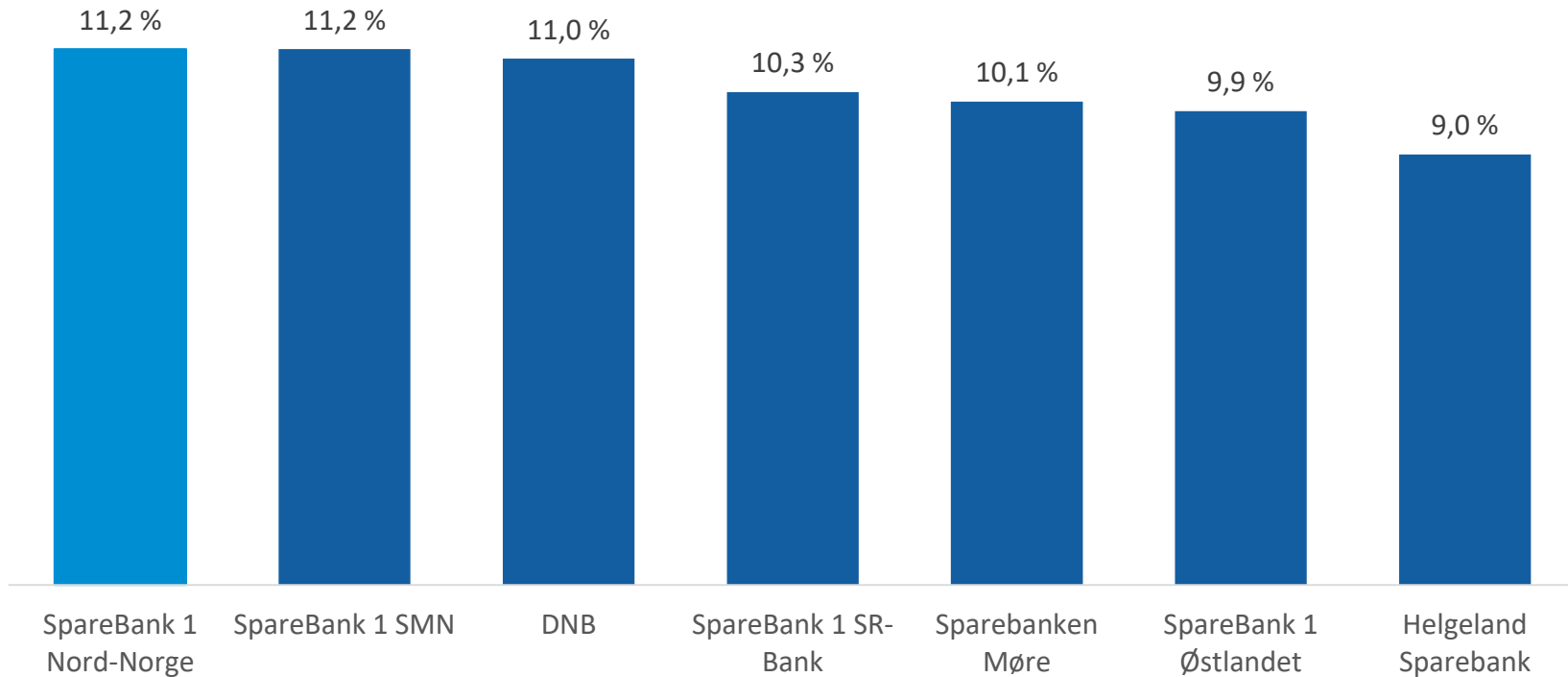


Cost/income Group












Benchmark ROE

Return on equity Q1 2018 (ROE)

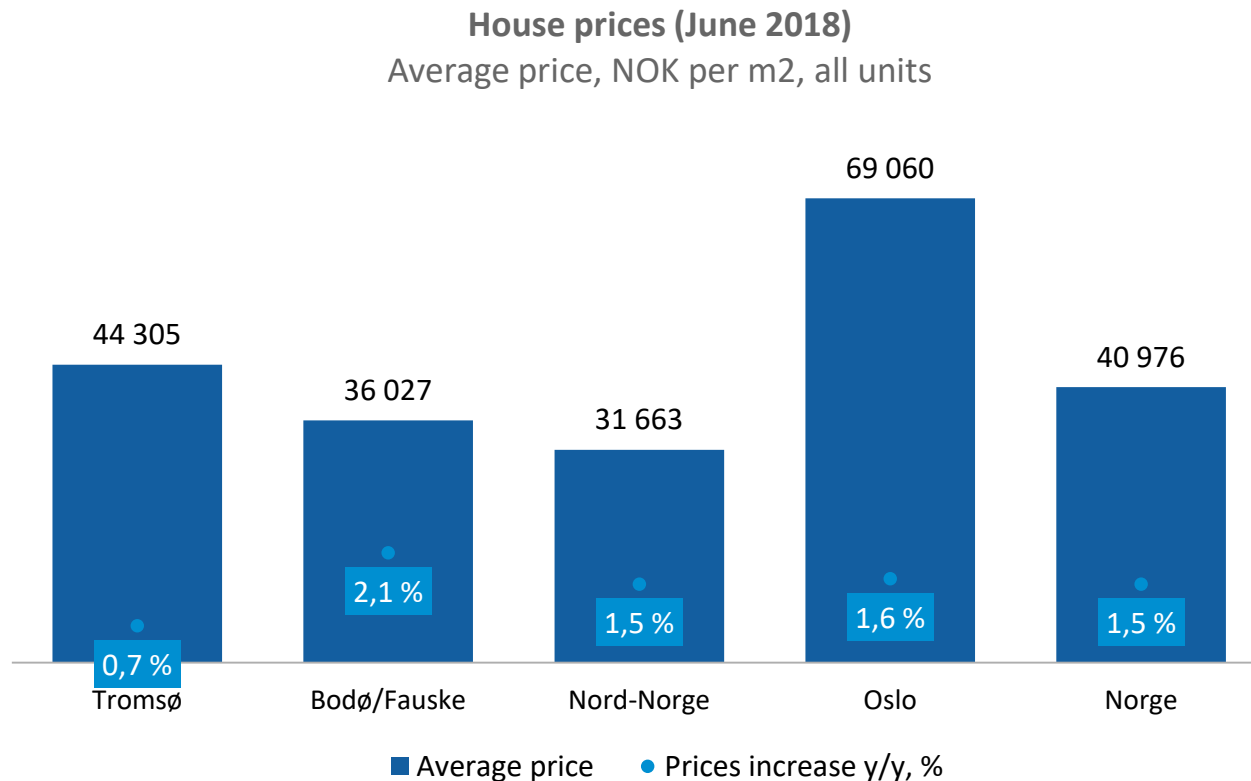


Northern Norwegian economy: Low unemployment and high growth

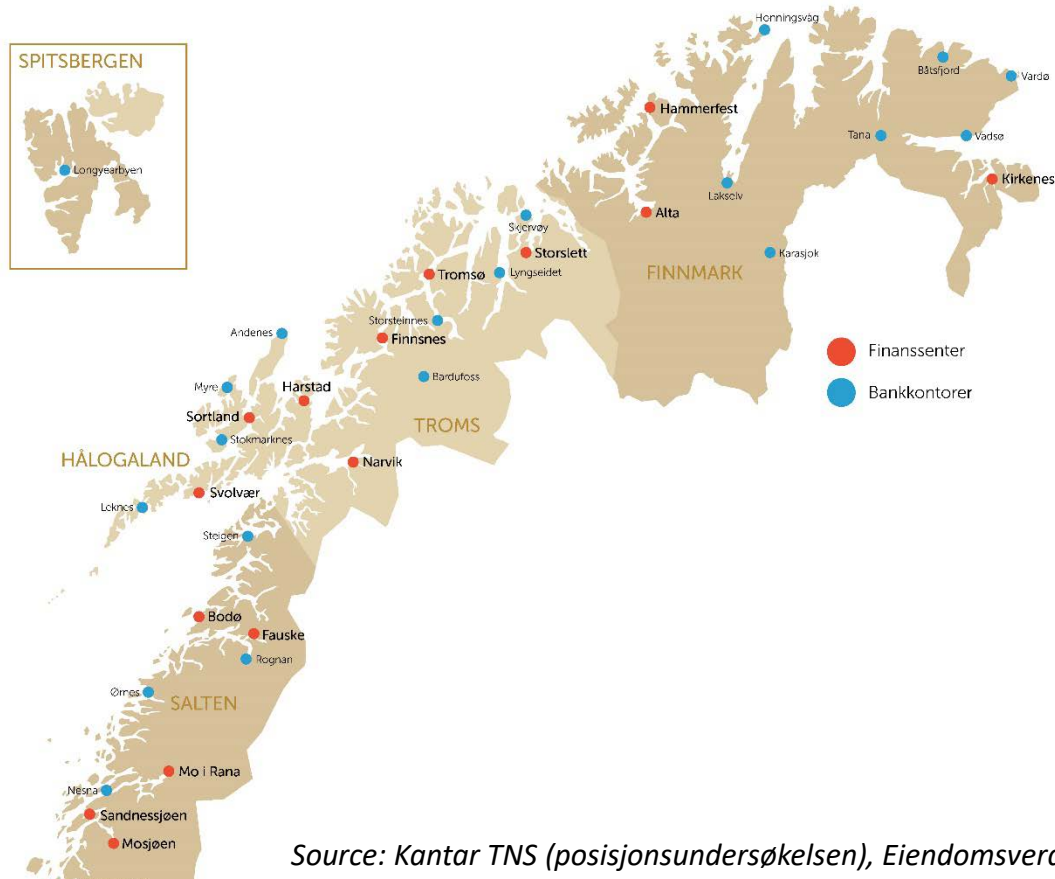
	Area	Status	Views
	Macro		
	Seafood		
	Tourism		

	Area	Status	Views
	Construction		
	Retail		
	Oil and gas		

Lower housing prices in northern Norway - lower downside



SpareBank 1 Nord-Norge Group – number 1 in the north



1

PM Bank

- Main bank: 34 %

1

SMB Bank

- Main bank: 41 %

2

Large corporates - Bank

1

Real estate

- Market share: 36 %

1

Accounting services

- Market share: 15 %

3

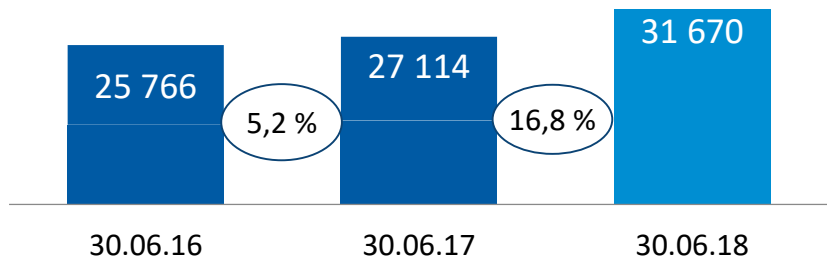
Secured financing/leasing

- Market share: 19 %

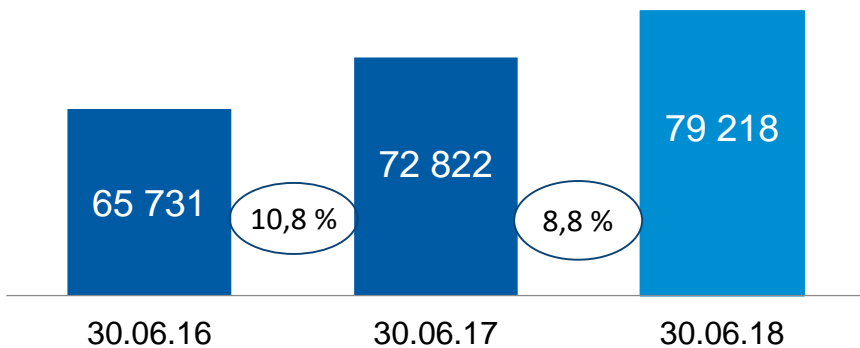
Source: Kantar TNS (posisjonsundersøkelsen), Eiendomsverdi

Increased markets shares, especially within the SME segment

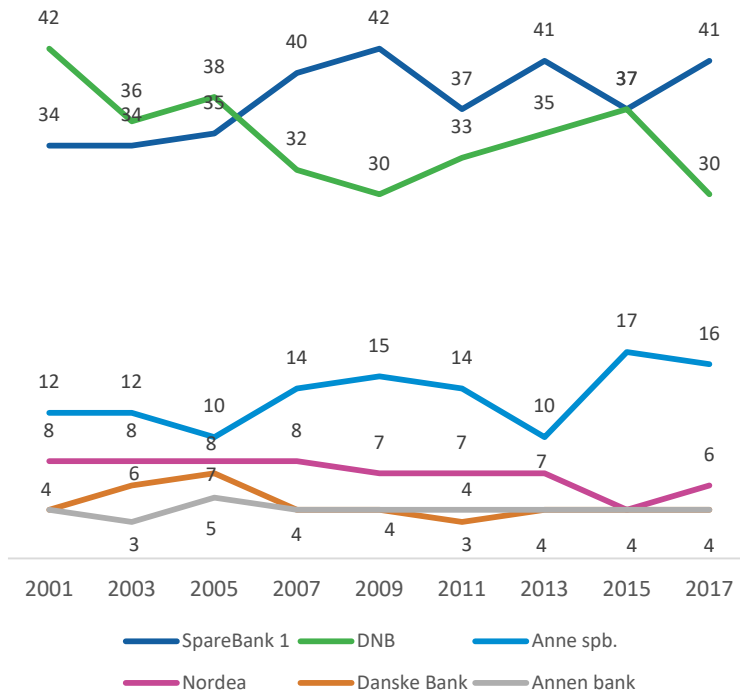
Corporate/public market



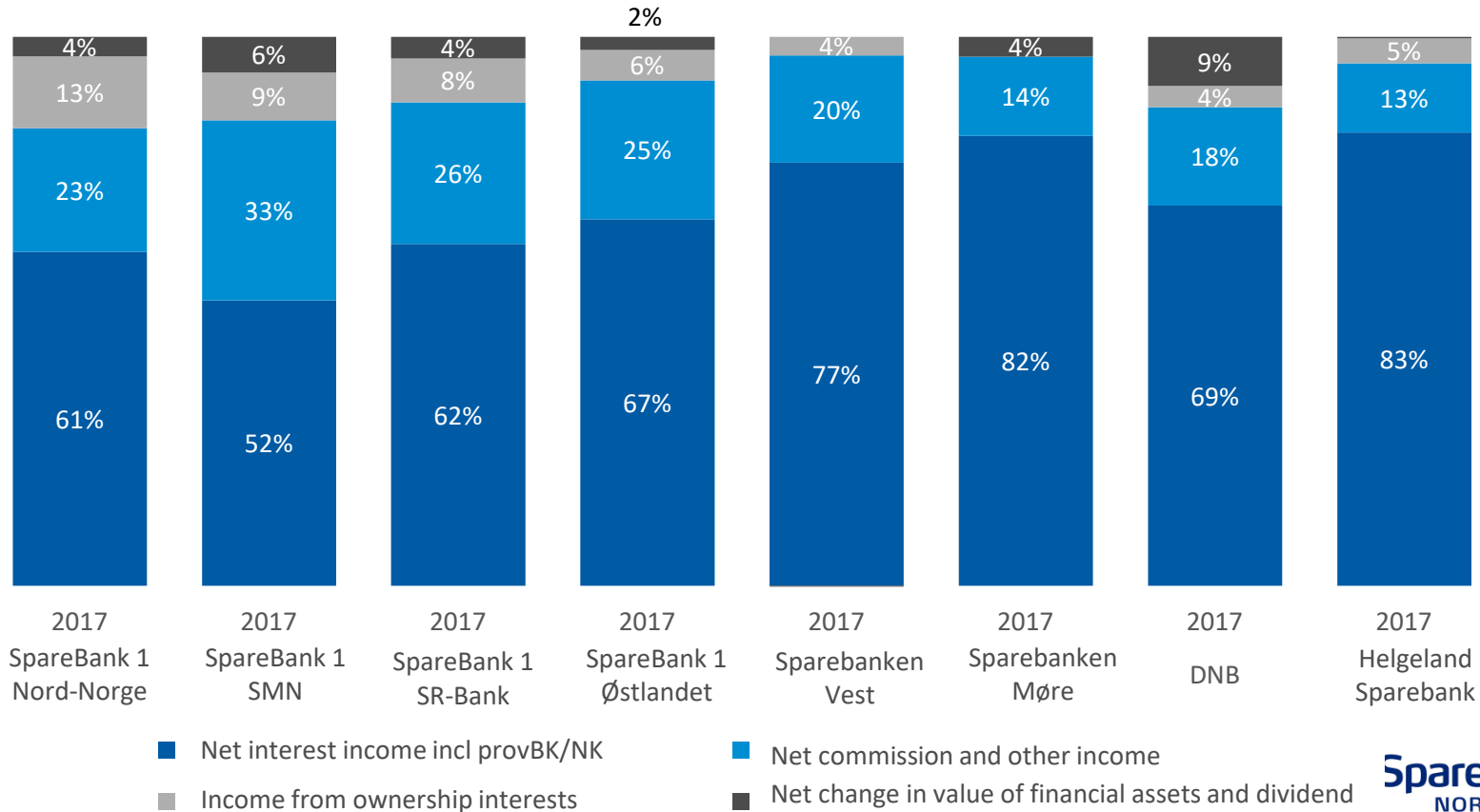
Retail incl. commission loans



Main bank in SMB (%)



Diversified income – less dependency on interest income



Subsidiaries – high investments and good results



SpareBank 1 Finans Nord-Norge

- ✓ Pre-tax profit 78 MNOK (51.4 MNOK)
 - ✓ Good growth and increased profitability over time
 - ✓ Total assets 6 000 (5 215 MNOK)
-



SpareBank 1 Regnskapshuset Nord-Norge

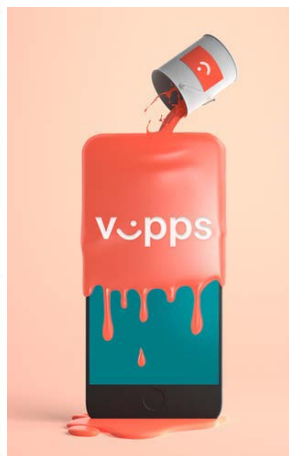
- ✓ Pre-tax profit 16.7 MNOK (13.4 MNOK)
 - ✓ Organic growth and acquisitions
 - ✓ Active participation in consolidation in the sector. Builds synergy with the parent bank
-



EiendomsMegler 1 Nord-Norge

- ✓ Pre-tax profit 13.8 MNOK (10.8 MNOK)
- ✓ Market leader in Northern Norway
- ✓ Good synergies with the parent bank

Jointly owned companies – underlying values made visible



– Skadeforsikring er viktig for kundene våre. Sparebank 1 har vært flinke i dette markedet, sier Rune Bjerke, konsernsjef i DNB. Foto: Per Thrana

Nyheter Finans

Sparebank 1 og DNB vil danne forsikringsgigant

SpareBank 1 Gruppen AS

Pre-tax profit 1Q 18: 278 MNOK (447 MNOK)

Ownership 19,5 %

Underlying companies

- ✓ SpareBank 1 Forsikring
- ✓ SpareBank 1 Skadeforsikring
- ✓ ODIN Forvaltning
- ✓ SpareBank 1 Medlemskort
- ✓ Conecto
- ✓ SpareBank 1 Factoring
- ✓ SpareBank 1 Portefølje
- ✓ SpareBank 1 Spleis

Strategic measures are effective



Promoting character and brand

Strengthened branding
Community dividend



Investments for the future

Enhanced commitment to physical presence
Digitalization of processes
Self-service solutions



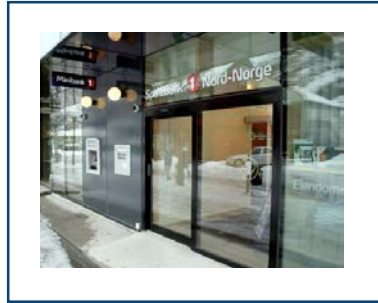
Innovation through cooperation

SpareBank 1 Alliance
Norwegian banking infrastructure

A local bank's proximity – the strength of a regional bank



Presence



Full service branches



Specialists



Analysis



Culture



Community dividend



Digital solutions



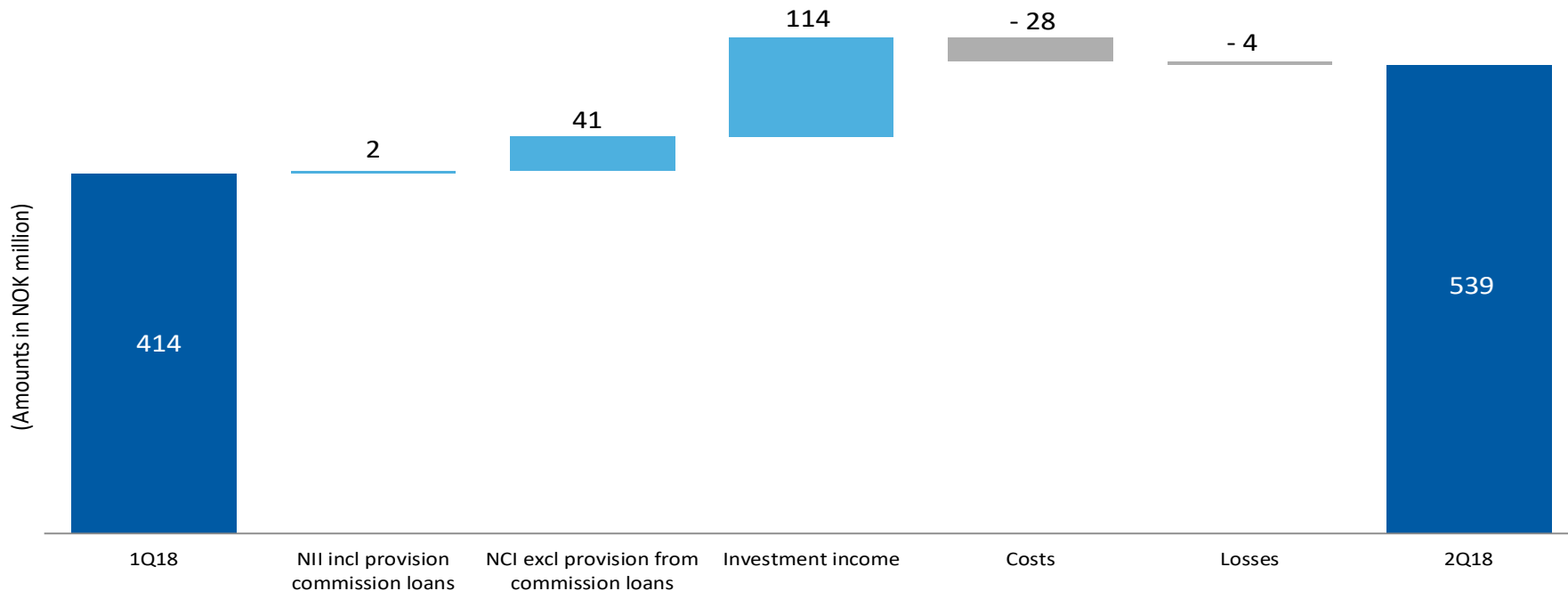
Innovation

Quarterly earnings

(Amounts in NOK million)

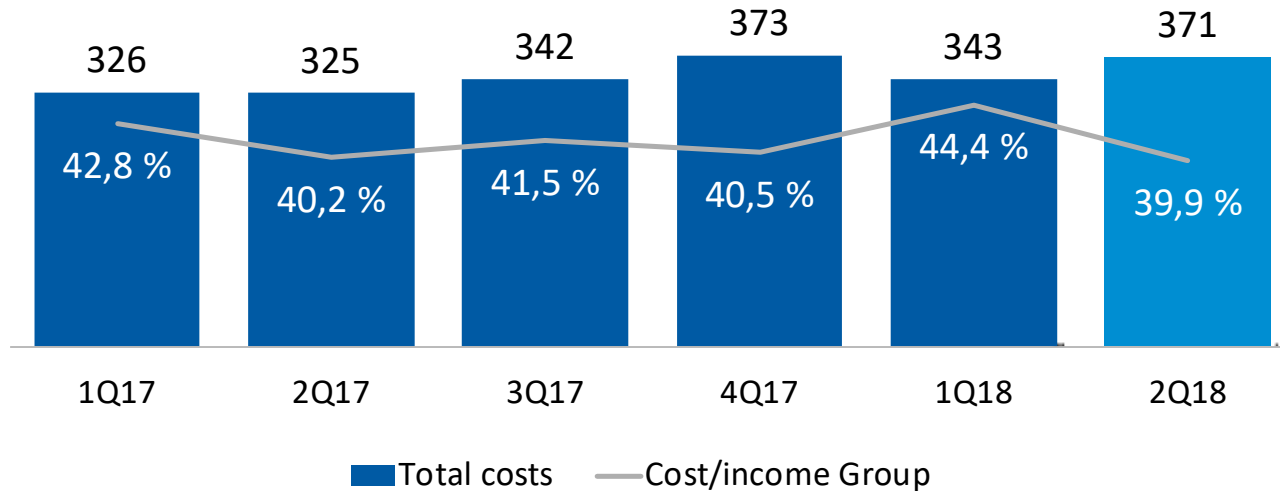
	2Q18	1Q18	4Q17	3Q17	2Q17
Net interest income	467	449	461	450	437
Net fee-, commision and other operating income	275	250	265	255	248
Net income from financial investments	188	74	194	119	124
Total net income	930	773	920	824	809
Total costs	371	343	373	342	325
Result before losses and write-downs	559	430	547	482	484
Net losses and write-downs	20	16	37	59	44
Result before tax	539	414	510	423	440
Return on equity capital	15,6 %	11,2 %	14,6 %	12,4 %	13,1 %
Cost/income	39,9 %	44,4 %	40,5 %	41,5 %	40,2 %

Changes in profit and loss last quarter

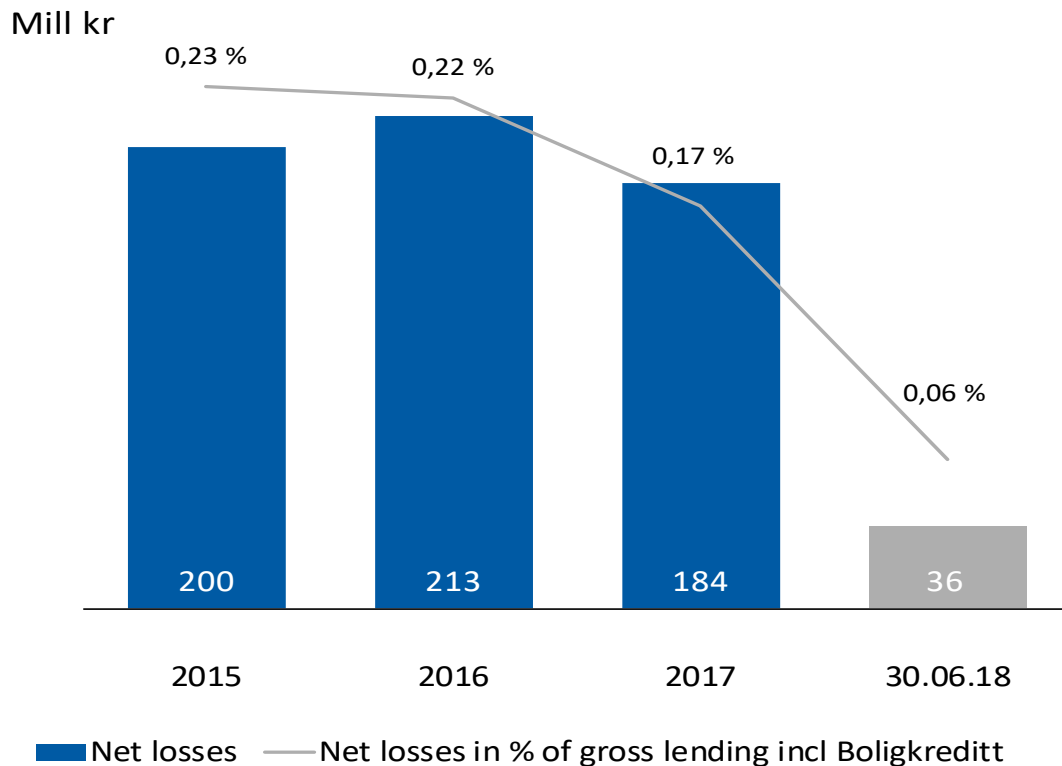


Ambitious long-term cost target: C/I < 40 %

NOK mill.

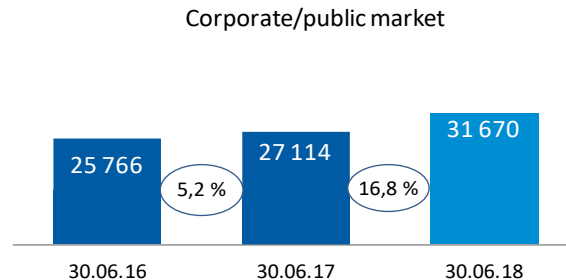
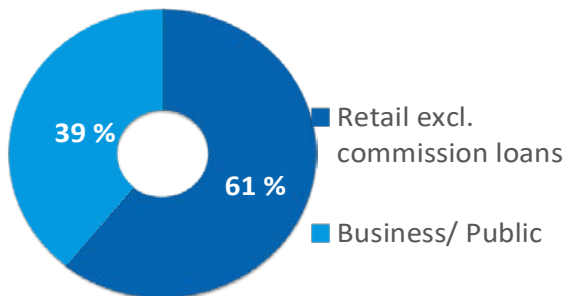
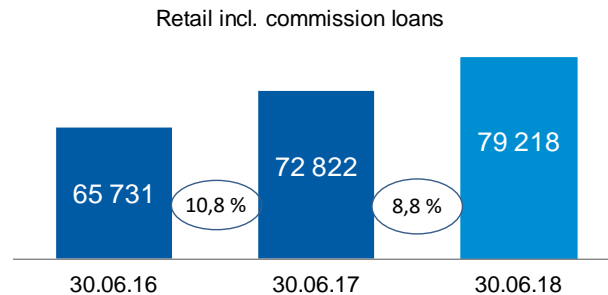
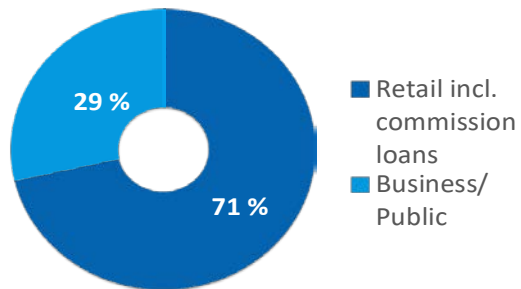


Net losses on loans and guarantees

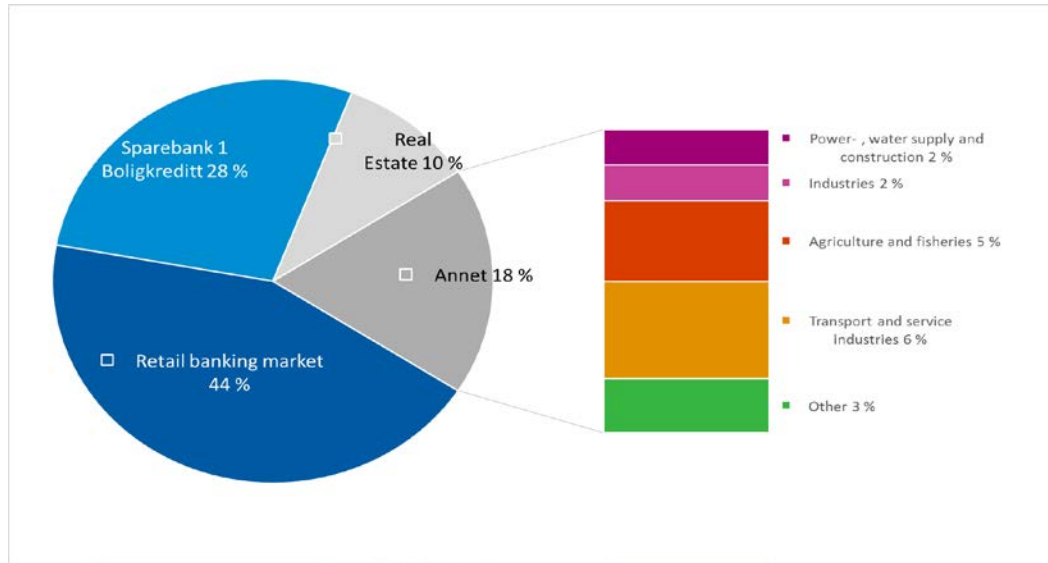


- ✓ Good quality in loan portfolio
- ✓ Positive risk migration in underlying portfolio
- ✓ 2Q 2018: very low loan losses
- ✓ Low loan losses expected in the near future

Lending volume



Distribution on segments shows good diversification



- ✓ A high share of retail- and primary industry lending represent a risk mitigating factor
- ✓ The Group has a well diversified corporate market lending portofolio
- ✓ No specific concerns related to the bank's loans to commercial property due to low interest rates and good occupancy rates in the bank's market area.

Financial targets

> 12 % ROE



CET-1 ratio
14,5 %

C/I ratio
< 40 %



Payout ratio
> 50 %

Financial outlook

NRI

Higher interest rates are expected to provide the basis for re-pricing deposits and loans. No significant changes in funding costs are expected during second half-year 2018.

ROE > 12 %

Targeted top-level profitability among comparable banks, currently > 12%.

CET-1 RATIO 14,5 %

Targeted core capital coverage ratio one percentage point above regulatory minimum requirements. Current target: 14.5%.

C/I RATIO < 40 %

Status 1H 18: 41.9 %. Total costs are expected to rise somewhat in 2018 due to increased automation, digitization etc. Income and cost effects are expected from 2019.

PAYOUT RATIO > 50 %

Cash dividend 2016 og 2017: 59.6 % and 60.5%.

SpareBank 1 Nord-Norge

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URLs

Website and netbanking: www.snn.no
Equity certificate in general: www.egenkapitalbevis.no

Financial calendar:

Q1 2018: 9. mai 2018
Q2 2018: 8. august 2018
Q3 2018: 26. oktober 2018



Appendix

1. About SpareBank 1 Nord-Norge
2. Financial figures – additional information
3. Credit area
4. Liquidity
5. Northern Norway: Macro and economic trends
6. SpareBank 1 Group and alliance

Company structure

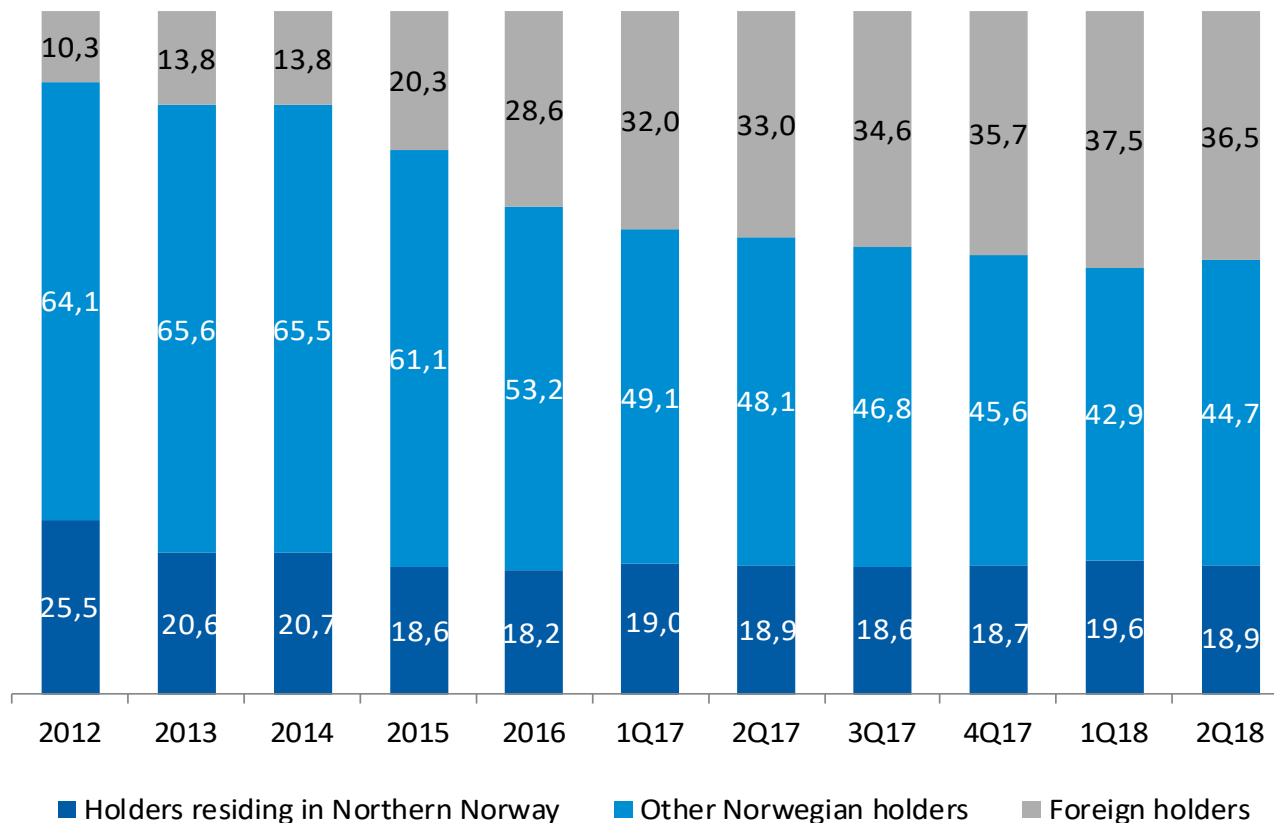
Associated companies and jointed ventures

Sparebank 1 Gruppen AS 19,5 % Financial services	SpareBank 1 Boligkreditt AS 14,61 % Covered Bond company	SpareBank 1 Næringskreditt AS 16,64 % Funding/ property
BN Bank ASA 23,5 % Bank	SpareBank 1 Kredittkort AS 17,3 % Credit card	SpareBank 1 Betaling AS 19,7 % Vipps/ mobile payment
SpareBank 1 Banksamarbeidet DA 17,74 % System development	SMB Lab AS 20 % Innovation	Proaware AS 20 % System development

Subsidiaries and second tier subsidiaries

SpareBank 1 Finans Nord-Norge AS Loan/consumer finance/ leasing	Eiendomsmegler 1 Nord-Norge AS Real estate brokerage
Fredrik Langesg 20 AS Forretningsbygg	SpareBank 1 Regnskapshuset Nord-Norge AS Accounting
SpareBank 1 Nord-Norge Portefølje AS Investment company	Nord-Norge Eiendom IV AS
	Alsgården AS

Equity Certificates (EC) – geographic holder structure



The 20 largest EC holders

EC Holders	Number of ECs	Share of EC Capital
PARETO AKSJIE NORGE	3.053.156	3,04%
STATE STREET BANK AND TRUST COMP A/C CLIENT OMNIBUS F	2.977.898	2,97%
THE NORTHERN TRUST COMP, LONDON BR NON-TREATY ACCOUNT	2.883.711	2,87%
MP PENSJON PK	2.697.811	2,69%
GEVERAN TRADING CO LTD	2.693.280	2,68%
FLPS - PRINC ALL SEC STOCK SUB	2.320.163	2,31%
METEVA AS	1.614.670	1,61%
VPF EIKA EGENKAPITALBEVIS C/O EIKA KAPITALFORVALTNING AS	1.545.176	1,54%
MORGAN STANLEY AND CO INTL PLC BNY MELLON SA/NV	1.512.747	1,51%
SPAREBANKSTIFTELSEN SPAREBANK 1 NORD-NORGE	1.411.606	1,41%
FORSVARETS PERSONELLSERVICE	1.391.630	1,39%
J.P. MORGAN SECURITIES PLC	1.343.769	1,34%
LANDKREDITT UTBYTTE	1.250.000	1,25%
EUROCLEAR BANK S.A./N.V. 25% CLIENTS	1.239.855	1,23%
STATE STREET BANK AND TRUST COMP A/C CLIENT OMNIBUS D	1.001.205	1,00%
LANNEBO EUROPA SMÅBOLAG SKANDINAVISKA ENSKILDA BANKEN AB	985.377	0,98%
PARETO AS	970.659	0,97%
STATE STREET BANK AND TRUST COMP A/C WEST NON-TREATY ACCOUNT	874.982	0,87%
SEB EUROPAFOND SMÅBOLAG SKANDINAVISKA ENSKILDA BANKEN AB	781.284	0,78%
EIKA SPAR C/O EIKA KAPITALFORVALTNING AS	621.781	0,62%
The 20 largest EC holders	33 170 760	33,04%

The 20 largest EC holders residing in Northern Norway

Equity Certificate holders	Number of Equity Certificates	Share of total Equity Certificate capital
SPAREBANKSTIFTELSEN SPAREBANK 1 NORD-NORGE	1.411.606	1,41 %
KARL DITLEFSEN	547.543	0,55 %
SJØTRANSPORT ROTSTUND HOLDING AS	437.956	0,44 %
ODD ERIK HANSEN INVEST AS	350.000	0,35 %
LARS WORKINN	294.180	0,29 %
SPAREBANKSTIFTELSEN HELGELAND	284.491	0,28 %
ALTA INVEST AS	270.000	0,27 %
DAHL FISKERI AS	224.883	0,22 %
TOR OVESEN	206.556	0,21 %
OLE ALFRED ROLF OVESEN	205.554	0,20 %
B.H.DAHL EIENDOM AS	170.000	0,17 %
TROMSØ SKOTØIMAGASIN A/S	170.000	0,17 %
NBK AS	169.596	0,17 %
GADD HOLDING AS	162.924	0,16 %
RIGAMONTI A/S	158.581	0,16 %
HEMMING LEONHARTH ANDERSEN	126.600	0,13 %
BRØDRENE KARLSEN HOLDING AS	119.705	0,12 %
JAN-FRODE JANSON	116.876	0,12 %
CHRISTIAN OVERVAAG	102.665	0,10 %
BARBARA ANNE GASIOR-CHRZAN	98.489	0,10 %
The 20 largest EC holders residing in Northern Norway ¹⁾	5 628 205	5,61 %

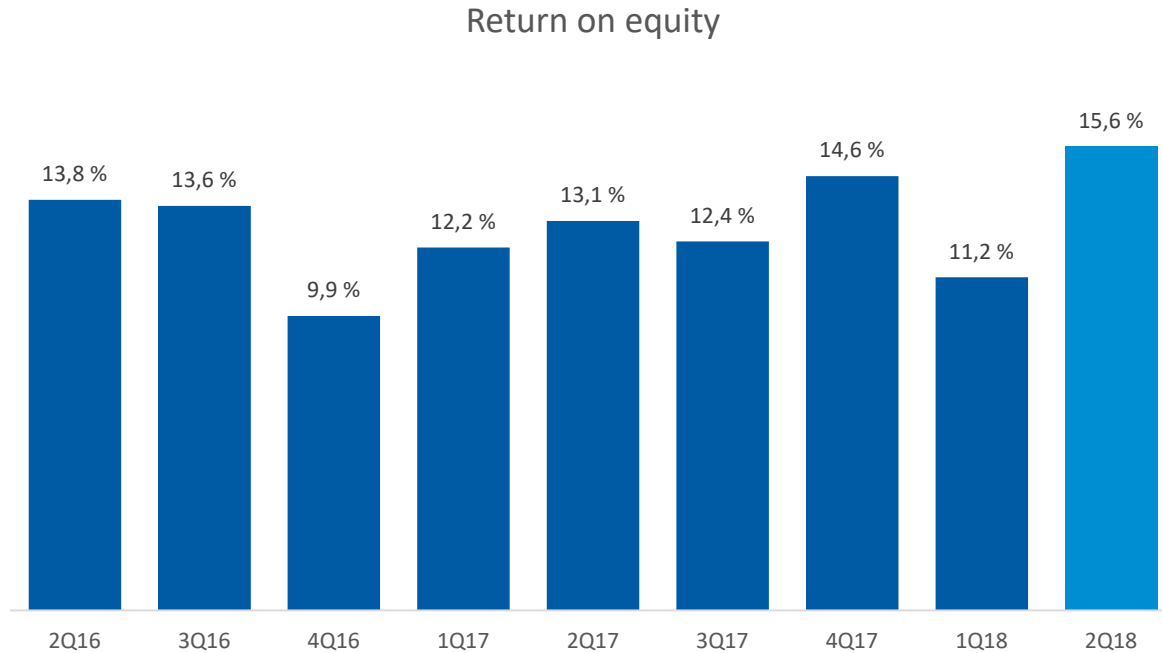
Why invest in SpareBank 1 Nord-Norge?

- 1** Number 1-position in an attractive growth region
- 2** Ambitious cost and modernization measures provide profitable operations
- 3** Focus on core business has implied reduced risk
- 4** Considerable underlying values through high relative ownership in SpareBank 1 Gruppen, other alliance companies and Norwegian infrastructure (including Vipps)
- 5** Very good solidity and ownership-friendly dividend policy

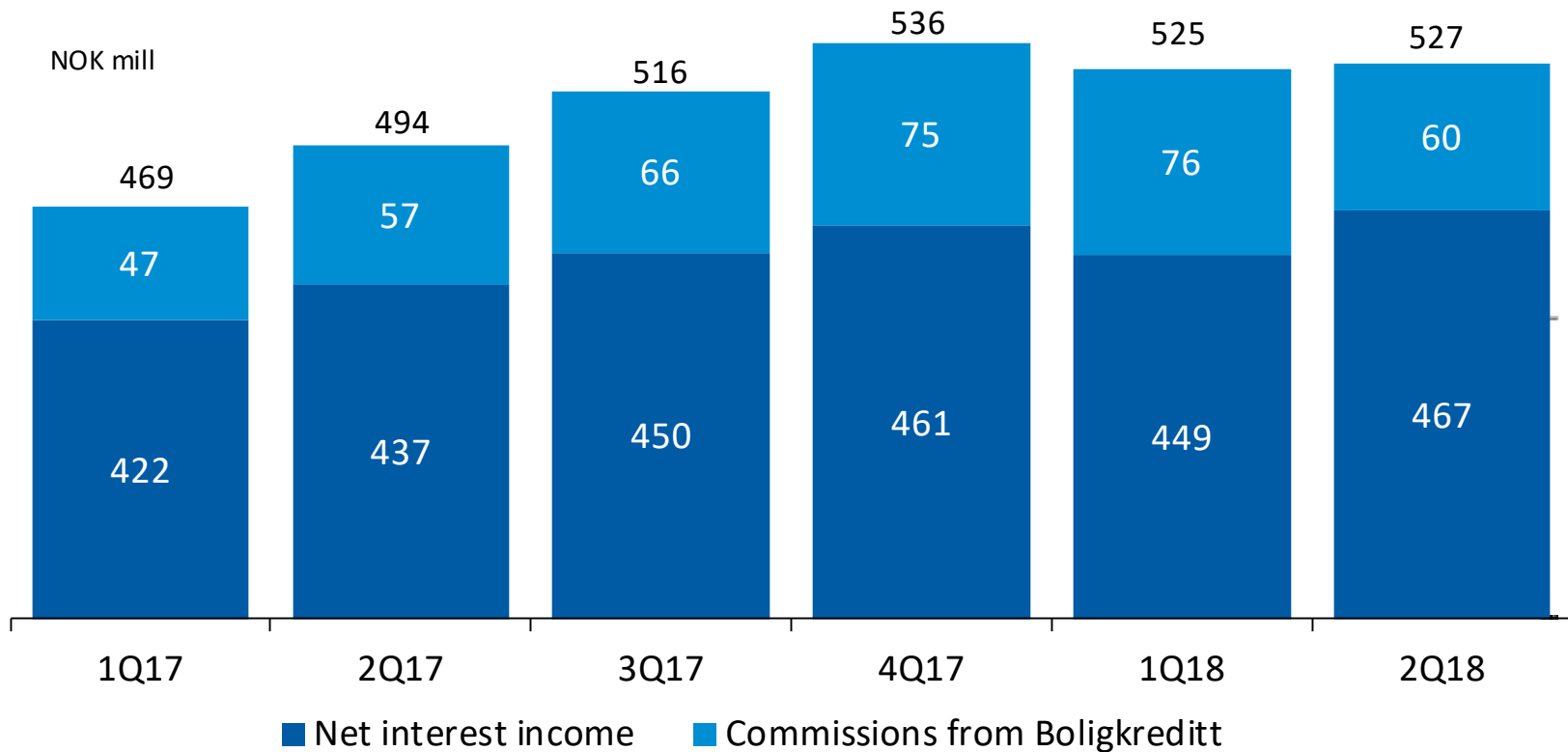
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Financial figures – additional information

Good ROE over time



Net interest income - Group



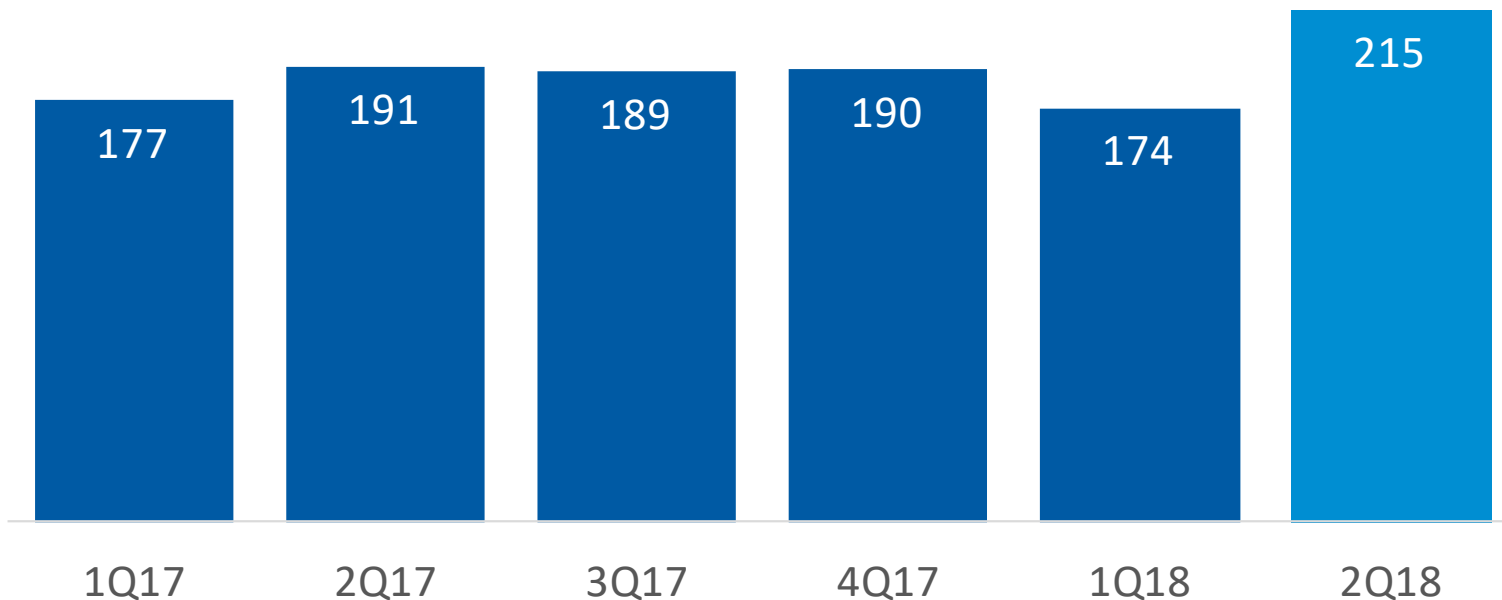
Quarterly results – net interest income

(Amounts in NOK million)

	2Q18	1Q18	4Q17	3Q17	2Q17
Interest and similar income from loans to and claims on credit institutions	3	3	21	1	2
Interest and similar income from loans to and claims on customers	646	611	619	612	602
Interest and similar income from certificates, bonds and other interest-bearing securities	42	34	35	37	36
Interest and similar income	691	648	675	650	641
Interest and similar costs on liabilities to credit institutions	20	15	37	13	15
Interest and similar costs relating to deposits from and liabilities to customers	107	97	91	91	89
Interest and similar costs related to the issuance of securities	82	72	68	78	80
Interest and similar costs on subordinated loan capital	6	5	9	9	10
Payments made to The Norwegian Banks'	9	10	9	9	10
Total interest costs	224	199	214	200	204
Net interest income	467	449	461	450	437

Net fee-, commission- and other operating income

NOK mill



Net fee- and other operating income

	2Q18	1Q18	4Q17	3Q17	2Q17
(Amounts in NOK million)					
Payment facilities	61	60	60	74	64
Insurance products	36	40	35	41	42
Guarantee commissions	3	4	3	4	4
Real estate broking	41	26	29	32	34
Portefolio commission	11	12	11	11	12
Other commissions	26	18	21	23	22
Commissions excl. commission loans	178	160	159	185	178
Commission income SB1 Boligkreditt	60	76	75	66	57
Total commision income	238	236	234	251	235
Commission costs	21	21	21	23	20
Accounting services	54	33	29	25	30
Other income	4	2	23	2	3
Total other income	58	35	52	27	33
Total commission- and other income	275	250	265	255	248

Income from financial investments

Group

(Amounts in NOK million)

	2Q18	1Q18	4Q17	3Q17	2Q17
Dividends	2	1	0	0	4
Income from joint ventures	100	63	167	109	78
Gains/losses from shares in subsidiaries	0	0	0	0	15
Gains/losses and net value changes on shares	81	-1	30	7	23
Net value changes on bonds, foreign exchange and fin.derivatives	5	19	-3	6	4
Gains/losses and net value changes on loans	0	-8	0	-3	0
Income from financial investments	188	74	194	119	124

Operating expenses

(Amounts in NOK million)	2Q18	1Q18	4Q17	3Q17	2Q17
Wages and salaries	146	139	150	143	127
Pension costs	12	11	3	13	14
Social costs	27	28	30	28	28
Total personnel costs	185	178	183	184	169
Development costs	39	33	19	33	31
Electronic data processing costs	31	24	31	21	19
Marketing costs	16	20	13	16	17
Travel - and training costs	9	9	14	6	9
Communications and office-related costs	7	7	9	8	6
Consultancy services	18	14	15	13	12
Ordinary depreciation	14	18	19	15	16
Operating costs - premises/buildings	3	5	6	4	7
Other operating costs incl rent	49	35	65	41	39
Other costs	186	165	190	158	156
Total operating expenses	371	343	373	342	325

Group companies result before tax

(Amounts in NOK 1000)	30.06.18	30.06.17
SpareBank 1 Finans Nord-Norge AS	77 966	51 412
SpareBank 1 Regnskapshuset Nord-Norge AS	16 716	13 443
EiendomsMegler 1 Nord-Norge AS	13 775	10 819
Subsidiaries core operations	108 457	75 674
Other subsidiaries	- 392	562
Total	108 065	76 236

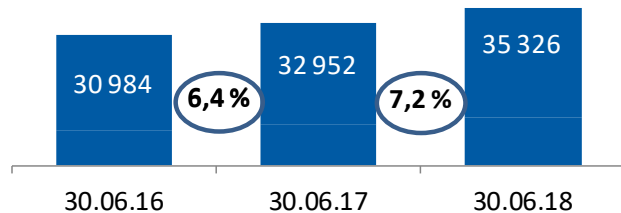
Key figures balance sheet

(Amounts in NOK million)

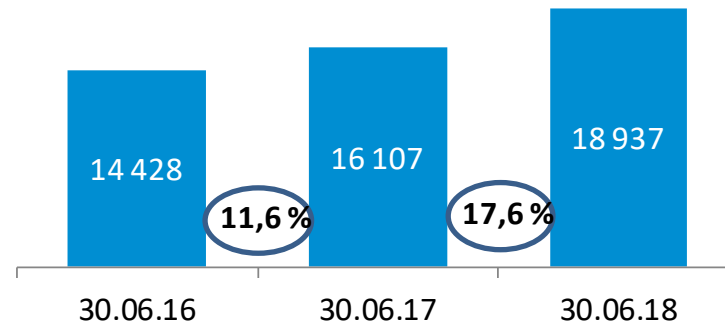
	30.06.18	30.06.17	Change	Change %
Total assets	103 890	95 822	8 068	8,4%
Gross lending	79 588	73 471	6 117	8,3%
Loans and advances to customers incl commission	110 888	99 936	10 952	11,0%
Deposits from customers	63 773	58 634	5 139	8,8%

Deposit volume

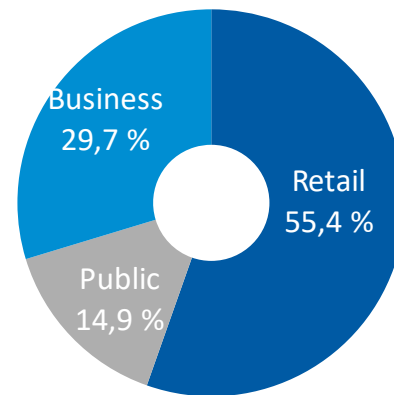
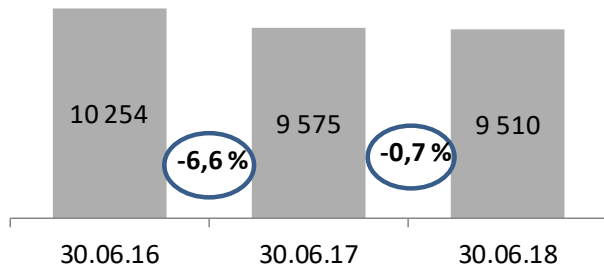
Retail banking market



Business



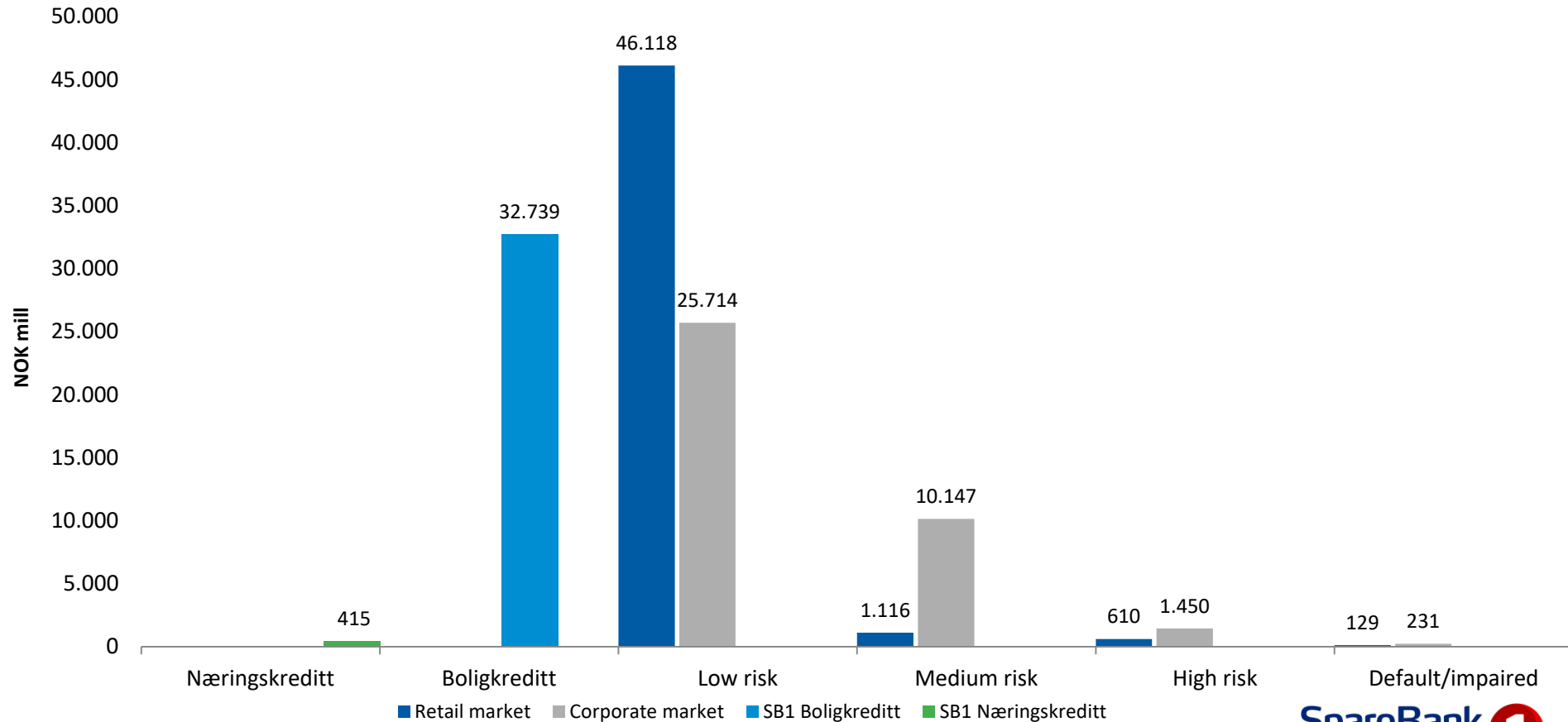
Public



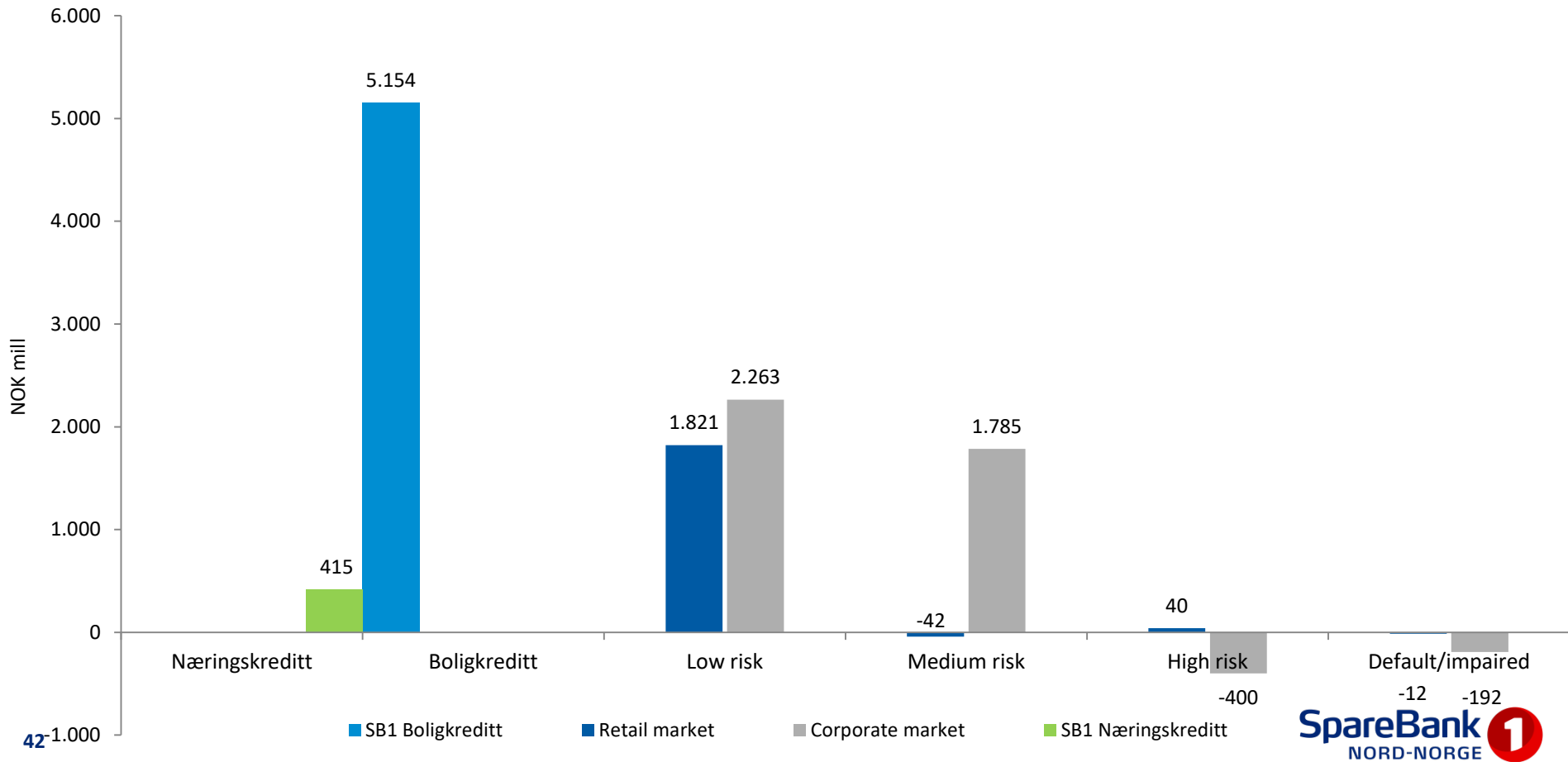
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Credit area

Portfolio - exposure as of 30.06.18, parent bank

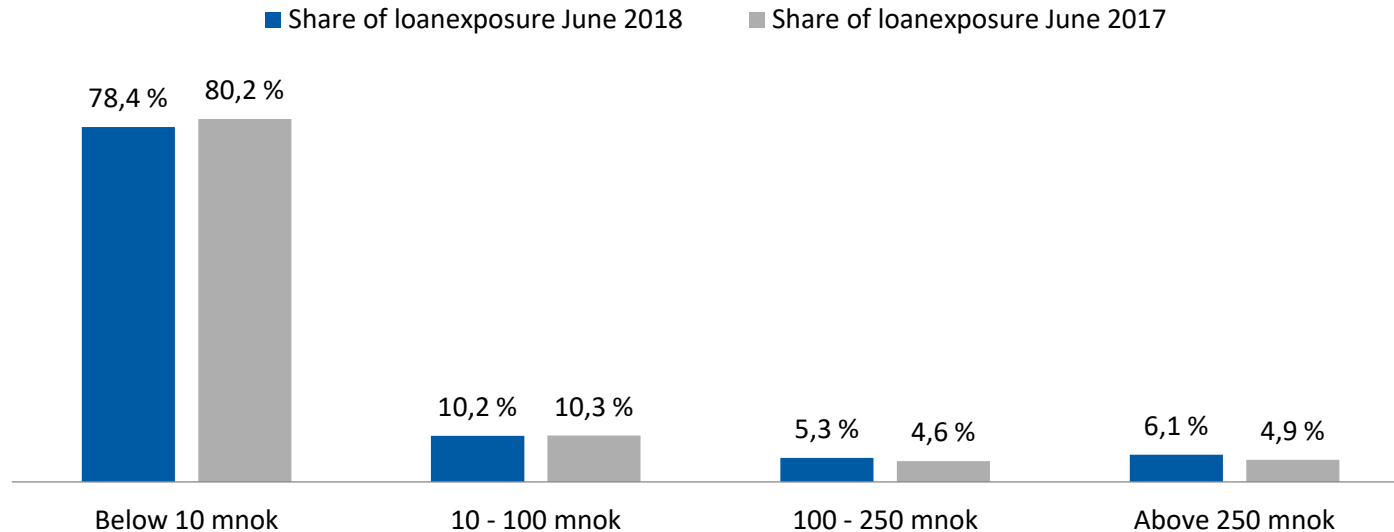


Portfolio – changes last 12 months, parent bank



Portfolio - exposure distributed by size

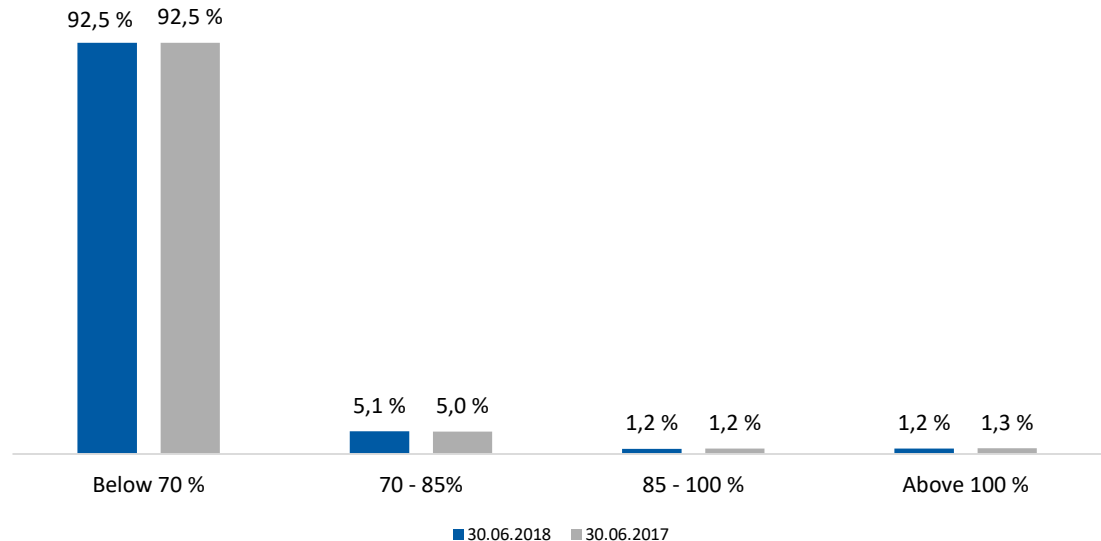
Loans distributed by size of exposure and share of total exposure



Numbers include SB 1 Bolig- and Næringskreditt

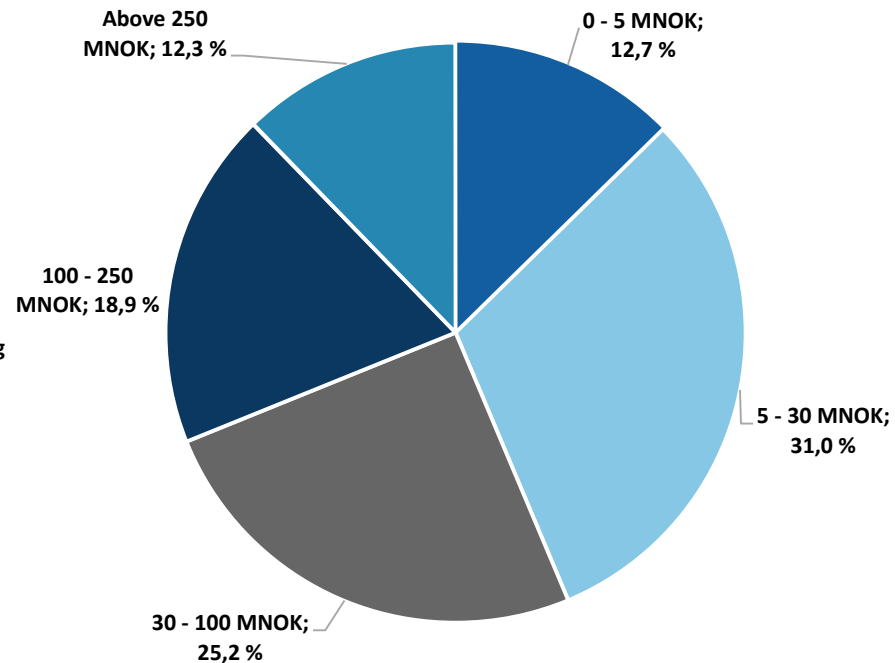
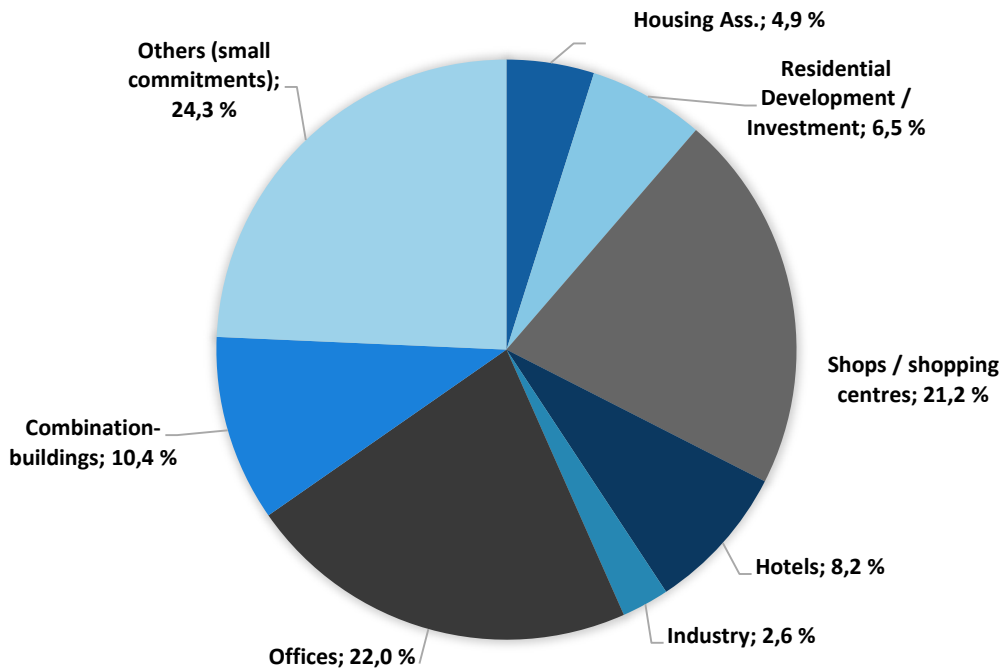
Portfolio – LTV mortgage loans

- 97.6 % of exposures are within 85 % of the collaterals market value
- Exposures above 85 % are 2.4 %



Each loan is distributed in the different intervals. The numbers include the Group's share of SB1 Boligkreditt portfolio.

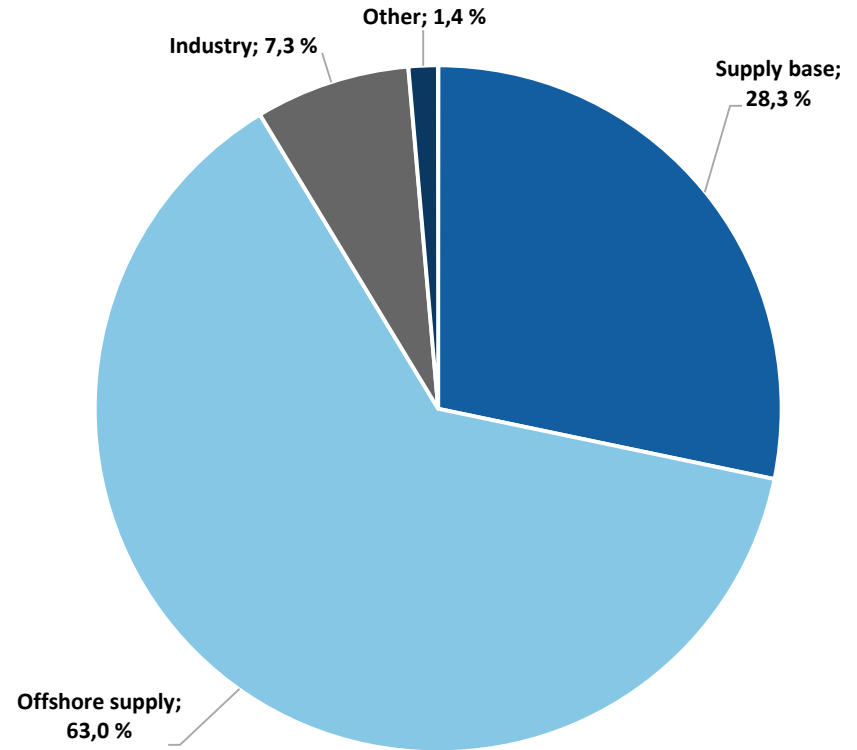
Portfolio – Commercial Real Estate



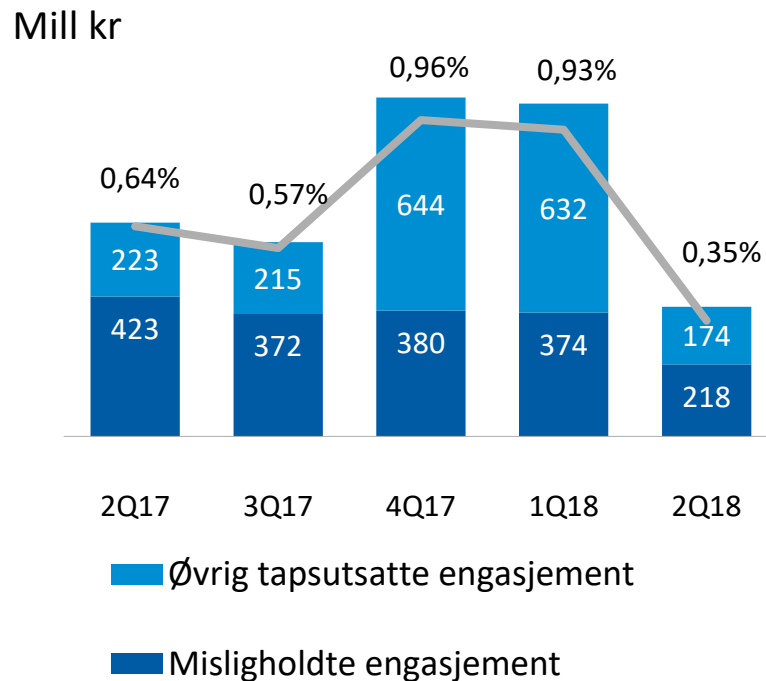
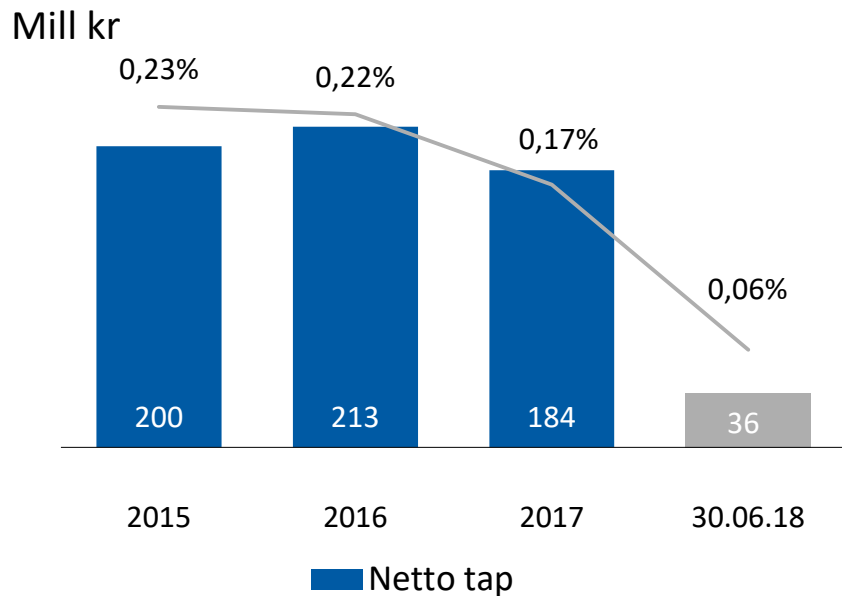
- About 50 % of portfolio is rental involving own operations
- 68.9 % of the portfolio are commitments smaller than NOK 100 mill
- No significant commitments where tenants have significant oil related business

Portfolio – Oil related exposure

- Oil related exposure amounts to NOK 1,208 mill
- The exposure represents 1.08 % of total lending incl. Næring- and Boligkredditt
- Average weighted probability of default 1.09 %
- A total of NOK 30 mill are non-performing or impaired commitments
- The activity within oil and offshore consists of a small customer portfolio handled by a small group of advisors



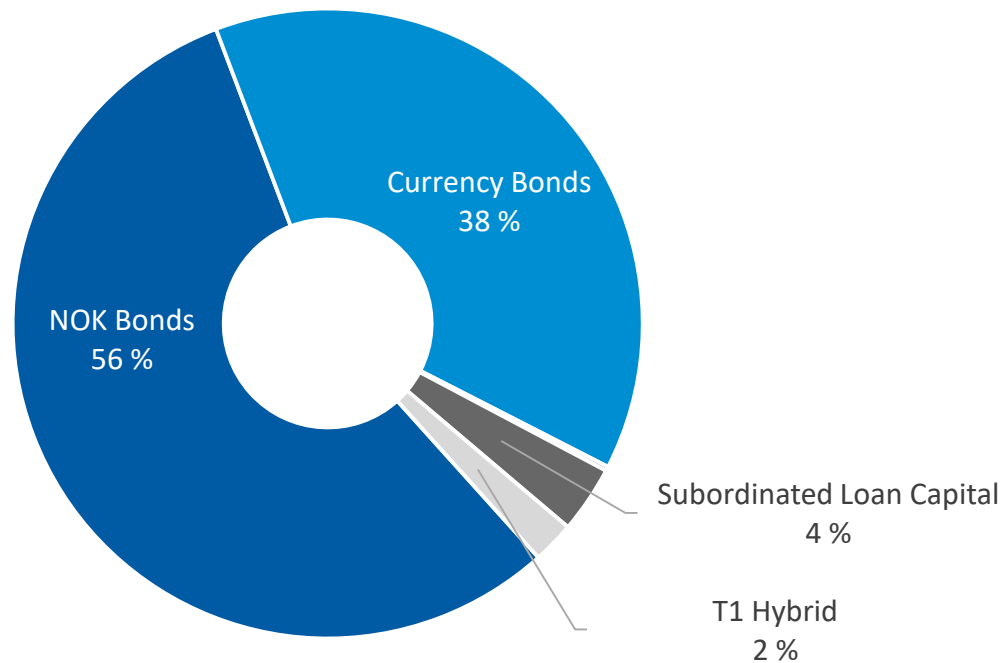
Tap på utlån og misligholdte engasjement



4

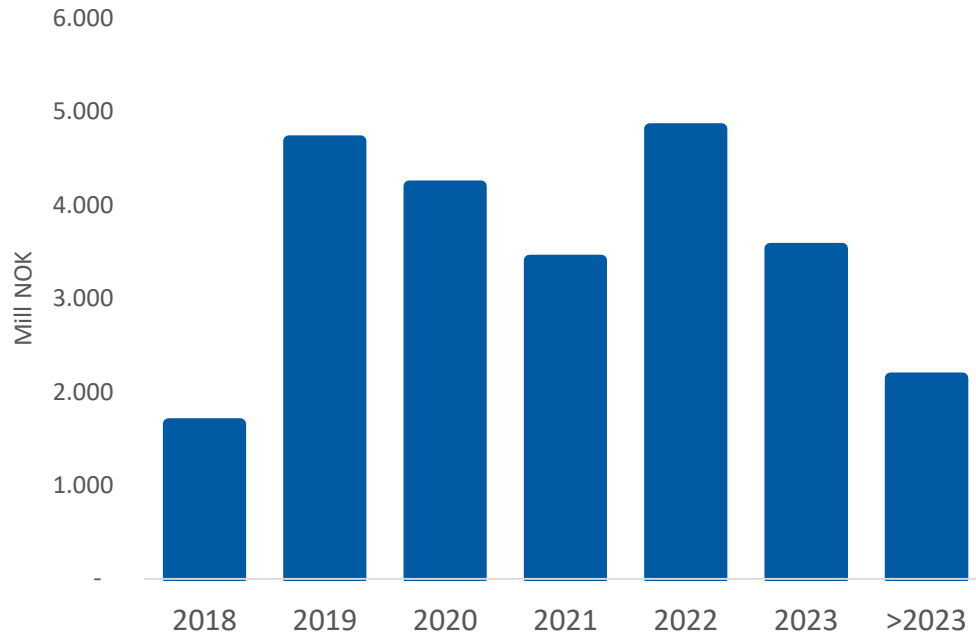
Liquidity

Funding instruments 30.06.2018



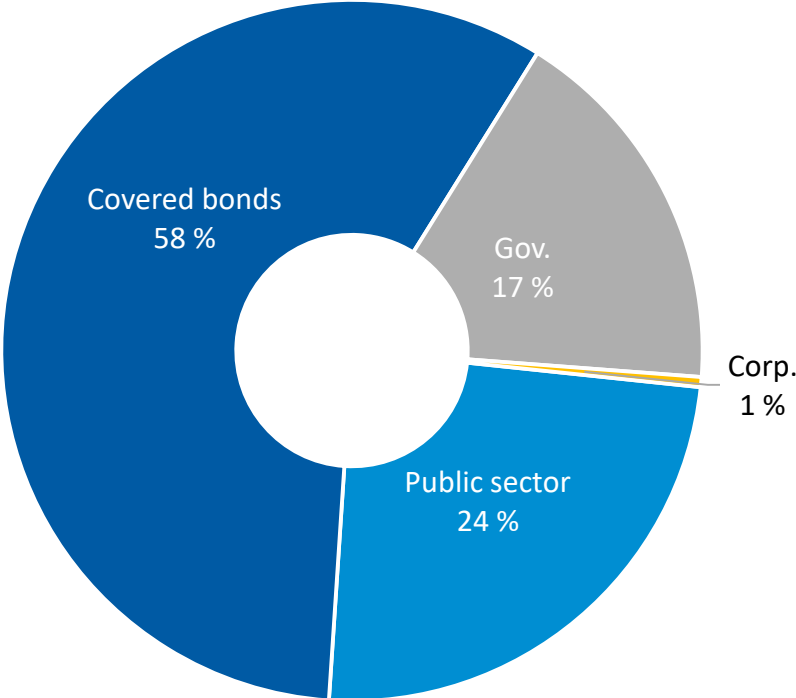
Maturity profile 30.06.2018

Capital markets funding (excl. SPABOL)



- Good diversification in terms of maturities
- NOK 24 465 mill in capital market funding exclusive of SB1 Boligkredditt
- SpareBank 1 Boligkredditt is an important funding source. Mortgage loans of NOK 30 884 mill transferred as at 30.06.18
- Amount of gross maturities of capital market funding next 12 months is NOK 4 561 mill

Liquidity portfolio 30.06.2018

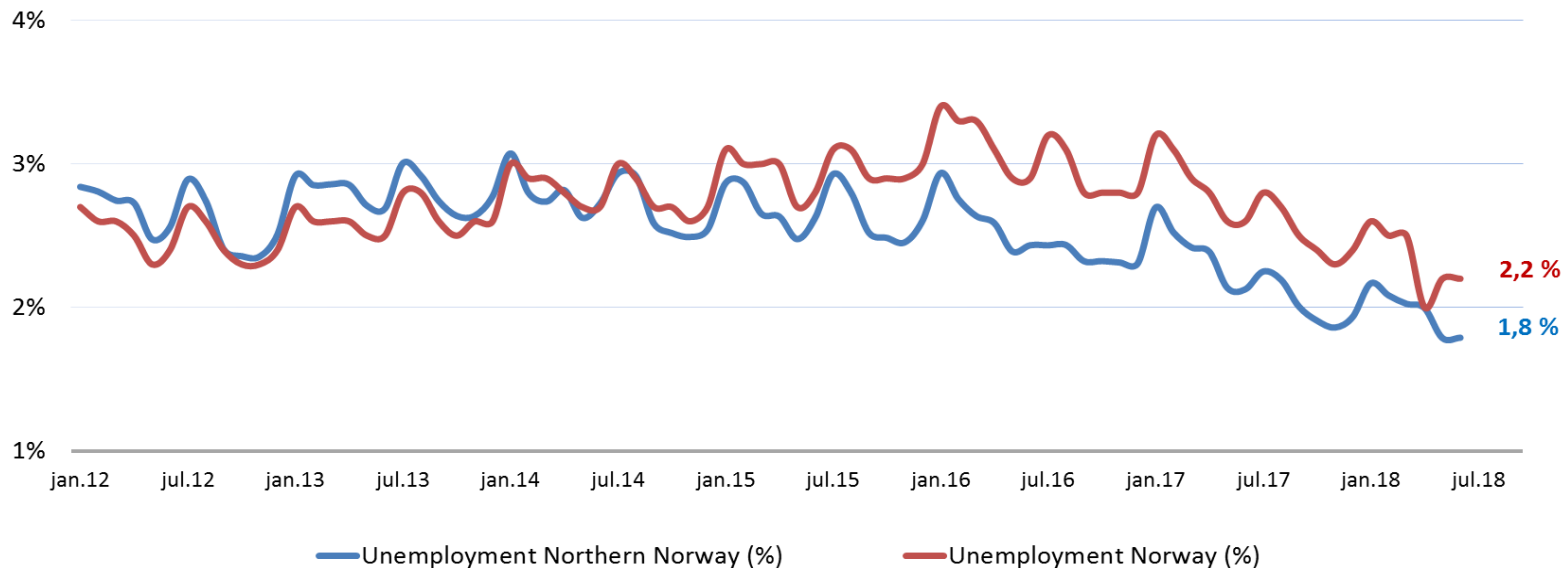


5

Macro and Economic trends

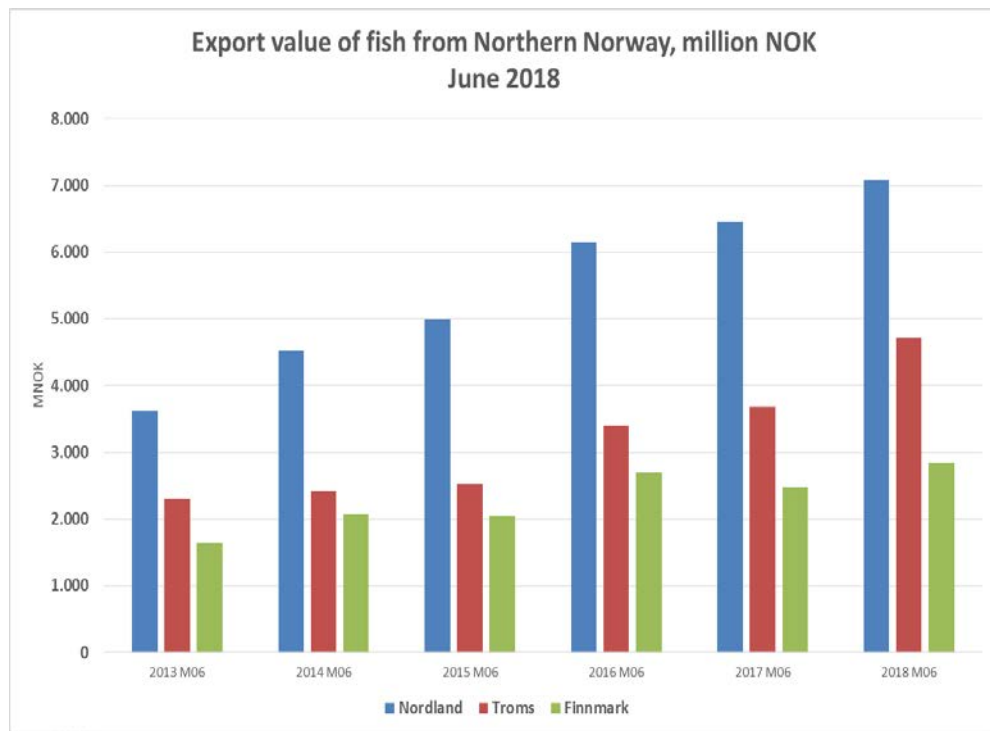
Stable low unemployment - lower than the rest of the country

Registered unemployment



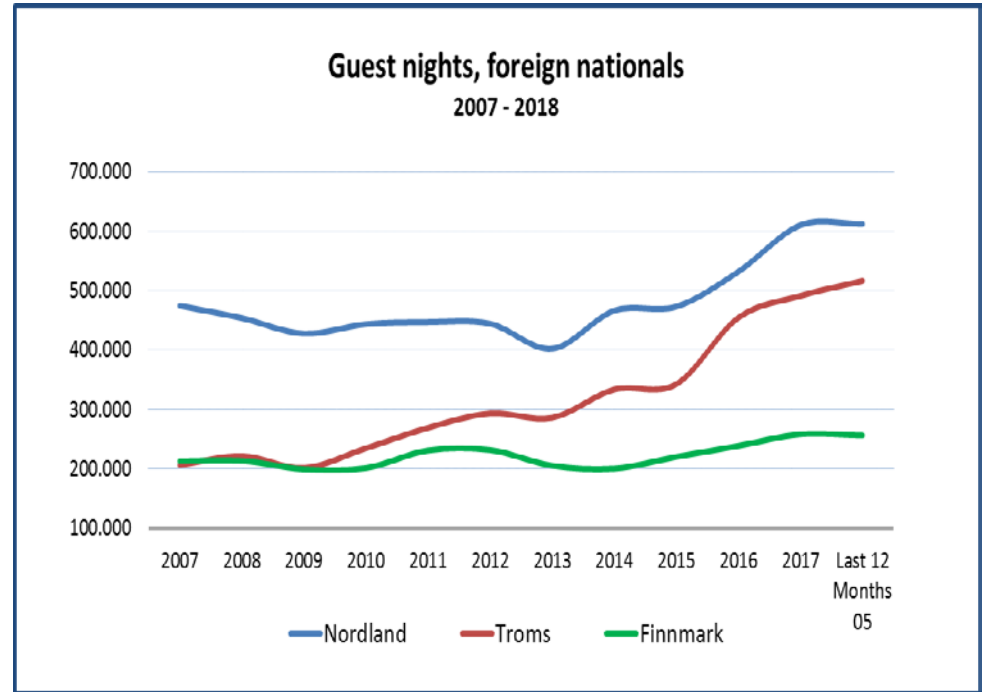
Seafood – export growth

- 1H 2018: 16 % growth in seafood export value from Northern Norway compared to 2017
- Good prices and weak Norwegian kroner contribute.
- 1st half 2018 was the best ever for cod fisheries. Cod is important for northern Norway.



Tourism – growth in overnight stays

- Good development in level of overnight stays.
- Foreign overnight stays play a more important role, but the growth is now slowing down in Finnmark and Nordland. Still increased growth in Troms, especially from winter tourism.
- Optimistic prospects for world economy and weak Norwegian krone is positive for the tourism industry.



Oil and gas – increased activity from new fields

- Four fields in production: Norne, Snøhvit, Skarv and Goliat
 - First oil field open in the Barents Sea.
- Aasta Hansteen
 - Production start-up in 2018
- Alta/Gotha
 - Test production summer 2018
- Johan Castberg
 - Final investment decision is in progress
- 2018/2019 are promising years for discoveries
 - Several prospects in the Barents Sea
 - New fields in the Norwegian Sea

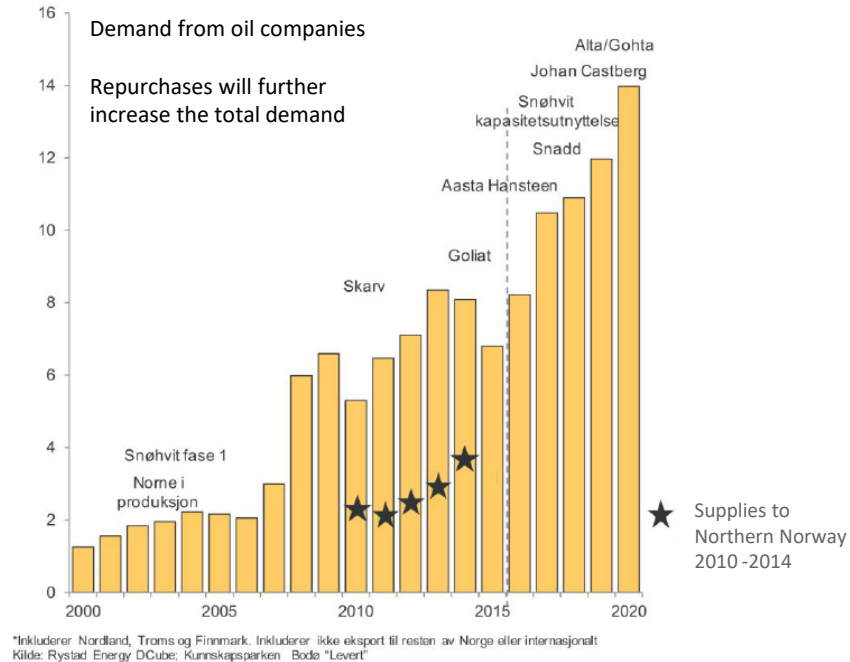
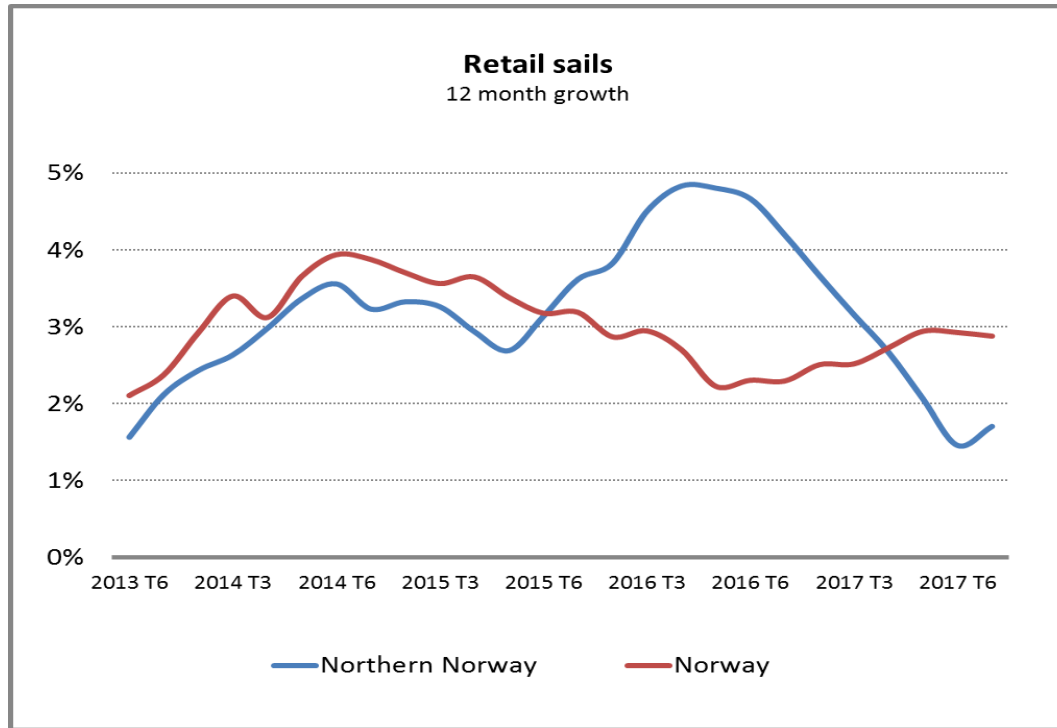


Figure: Petro Foresight 2030, February 2016

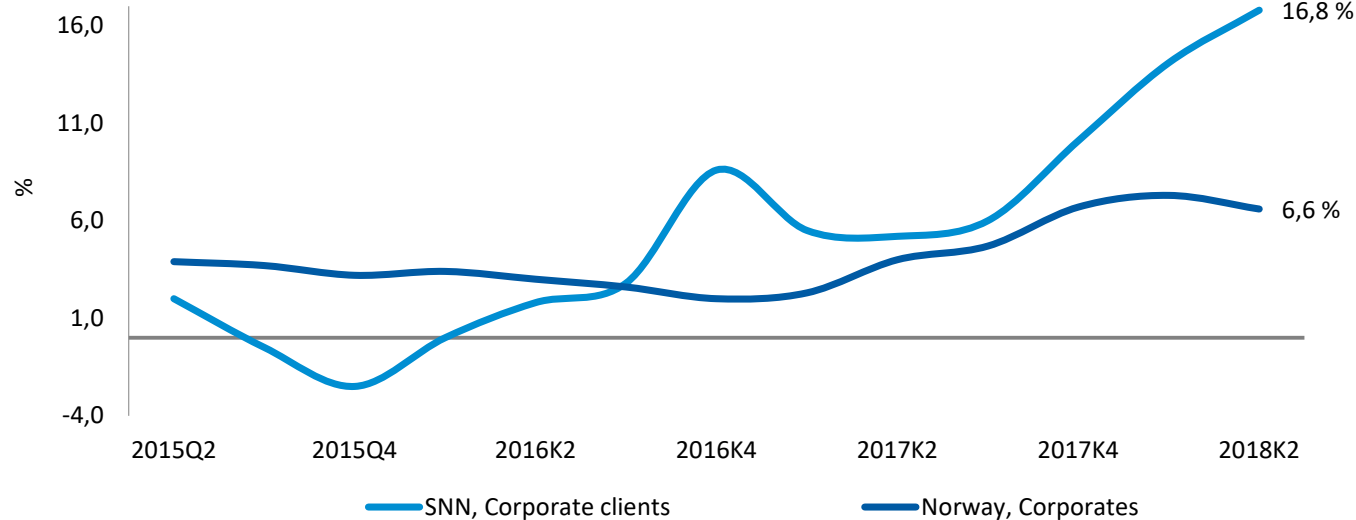
Reduced growth in retail sales. Growth is now lower than the Norwegian average



Source: SSB, retail sales

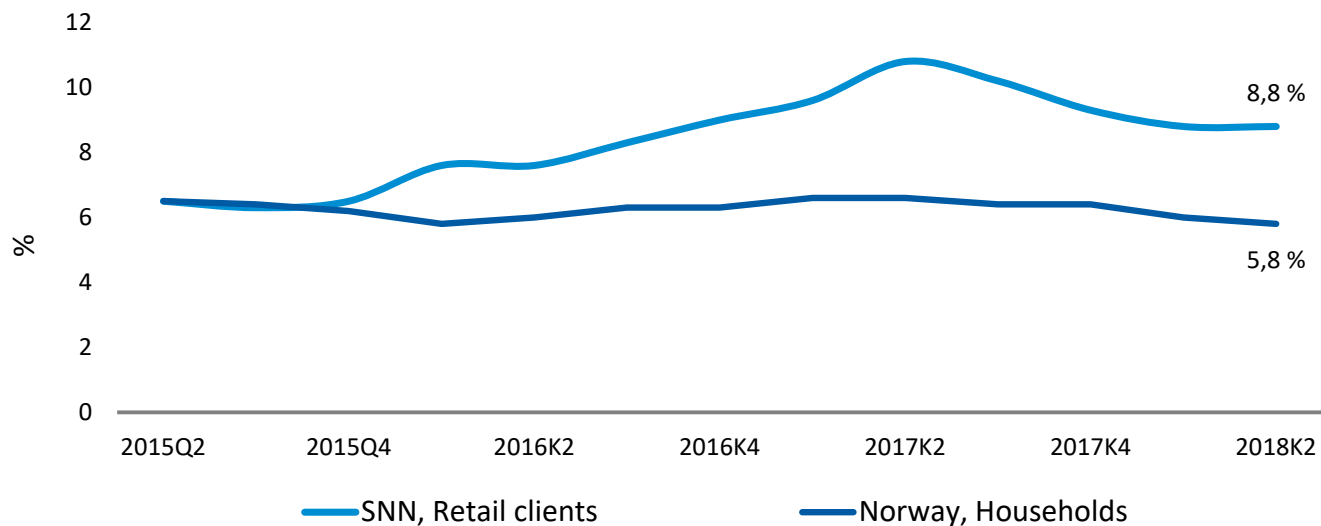
Higher credit growth than the national average

Credit growth corporates. 12 mth growth



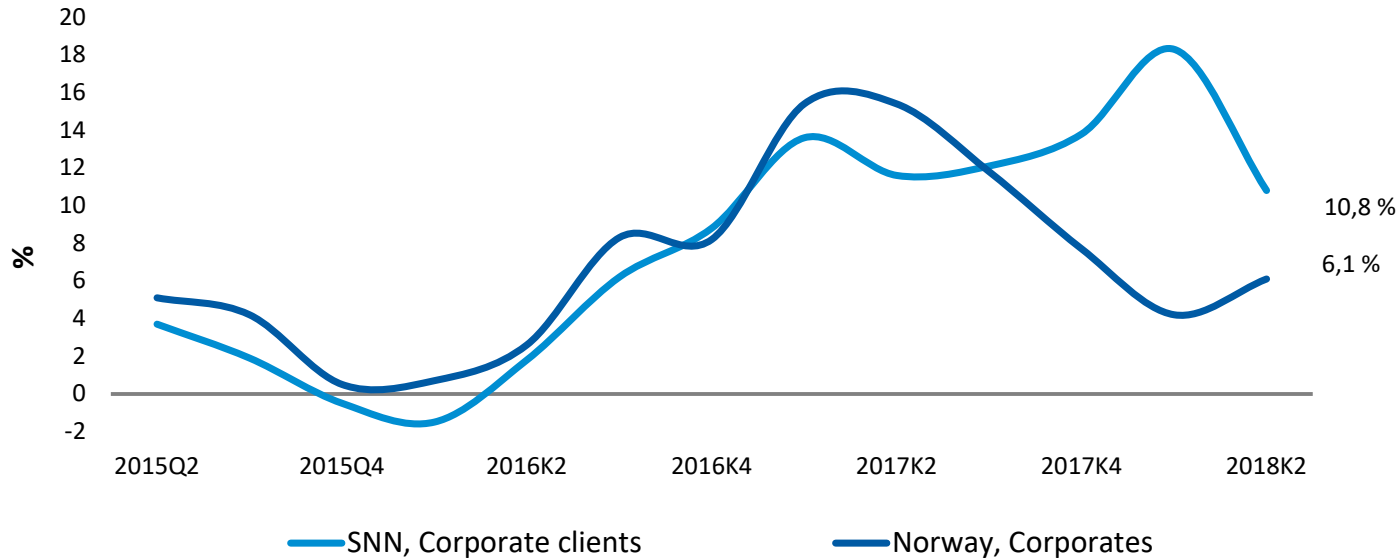
Slightly higher credit growth in households

Credit growth households. 12 mth growth



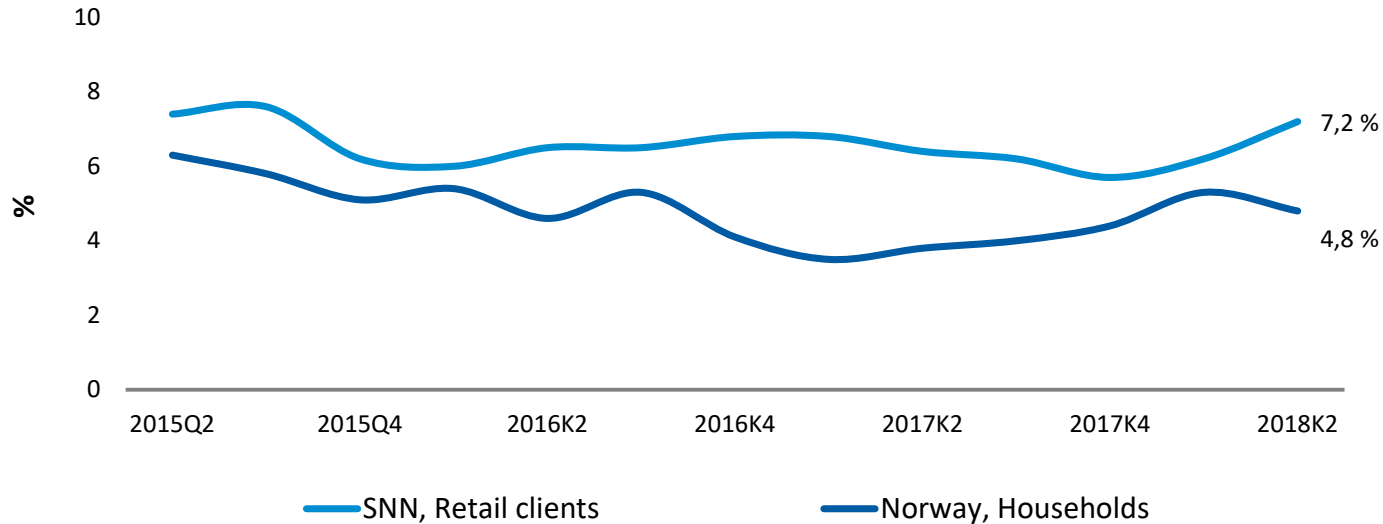
Deposit growth corporates

Deposit growth corporates. 12 mth. growth



Deposit growth households

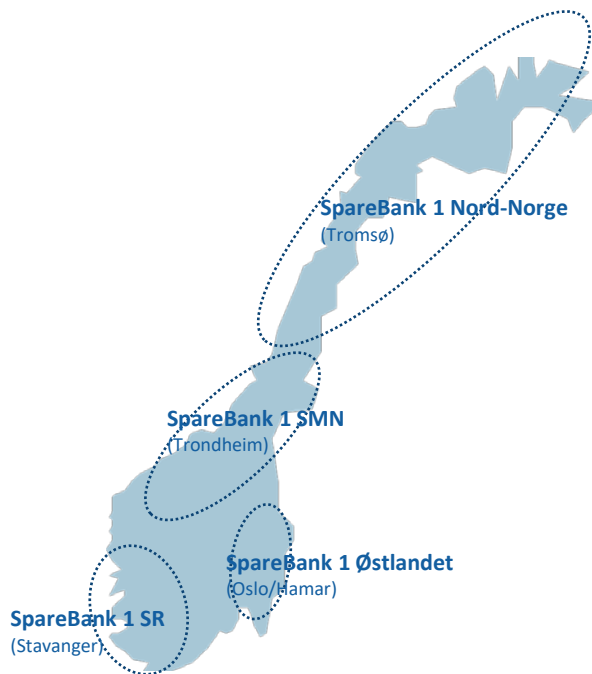
Deposit growth households. 12 mth. growth







6

SpareBank 1 Group and the alliance

SpareBank 1 Alliance: National champion, regional focus

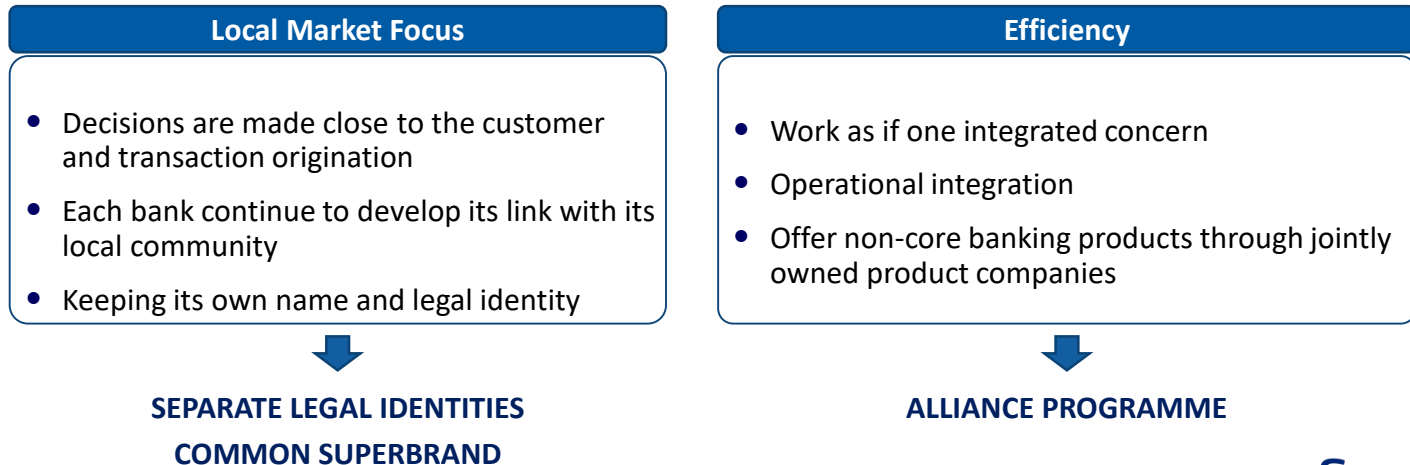


- The SpareBank 1 Alliance consists of 14 banks; independent in each region
- Operate exclusively in Norway – with Norway’s most extensive branch network
 - Physical branch structure is changing and SpareBank 1 banks are at the forefront of incorporating technological innovation into its distribution channels
- Market leaders in their core regional markets; 30-50% market share
- The largest banks (~ 80% of total assets) have the following ratings:

Sr. Unsecured	Fitch	Moody's
SpareBank  SMN	A- / F2	A1 / P-1
SpareBank  SR-BANK	A- / F2	A1 / P-1
SpareBank  NORD-NORGE	A / F1	A1 / P-1
SpareBank  ØSTLANDET	n/a	A1 / P-1

SpareBank 1 Alliance: Achieving benefits of scale, while being local

- The saving banks are independent banks with very strong regional focus, and operate solely in the regions where they have been active for almost 200 years
- The largest Norwegian Savings banks established the SpareBank 1 Alliance in 1996 to address efficiency in banking operations and realize the benefits of size, among other things by creating jointly owned product companies



The SpareBank 1 Alliance

SpareBank 1
SR-BANK

SpareBank 1
SMN

SpareBank 1
NORD-NORGE

SpareBank 1
SAM-SPAR

SpareBank 1
ØSTLANDET



SpareBank 1 Betaling AS

SpareBank 1 Kredittkort AS
(Credit card)

SpareBank 1 Boligkreditt AS
(Covered bond issuer)

SpareBank 1 Næringskreditt AS
(Covered bond issuer)

SpareBank 1 Markets AS

BN Bank ASA

SpareBank 1 Gruppen AS (SB1G)

SpareBank 1 Forsikring AS
(Life insurance)

SpareBank 1 Skadeforsikring AS
(Non-life insurance)

ODIN Forvaltning AS
(Fund management)

SpareBank 1 Medlemskort AS
(LOfavør)

Conecto AS
(Debt collection)

SpareBank 1 Factoring AS
(Factoring)

SpareBank 1 Portefølje AS
(Portfolio)

Banksamarbeidet DA (BS)

EiendomsMegler 1
Norge AS

SpareBank 1
Kundesenter AS

SpareBank 1
Verdipapirservice AS

SpareBank 1 ID AS

SpareBank 1 Asept
AS