



Quarterly presentation 30.09.18

Tromsø/Oslo
26 October 2018

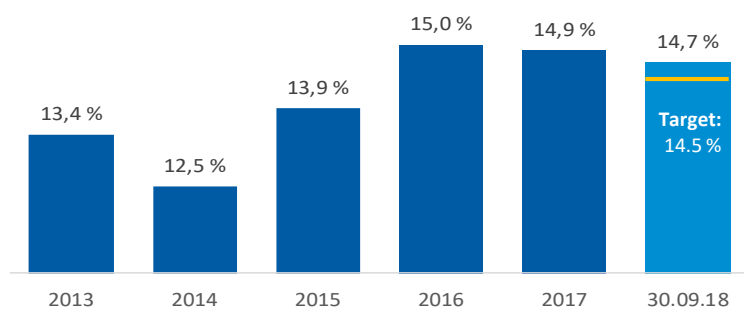
SpareBank 
NORD-NORGE

Interim report 30.09.18 - Group

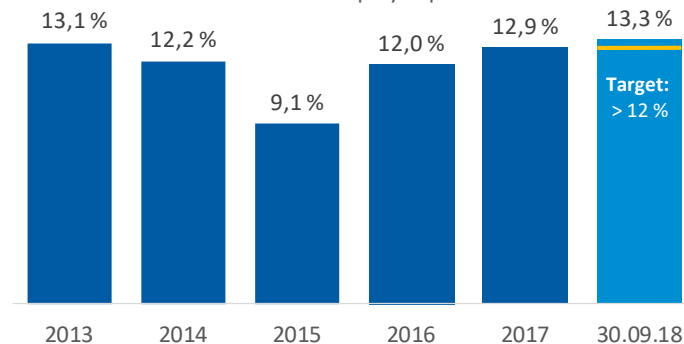
PRE-TAX PROFIT	1 447 MNOK (1 254 MNOK)
RETURN ON EQUITY	13.3 % (12.6 %). 3Q ISO: 13.3%
C/I-RATIO	42.4% (41.5 %)
LOAN LOSSES	28 MNOK (147 MNOK)
CET1 RATIO	14.7 % (15.4 %)

Key financial figures - development

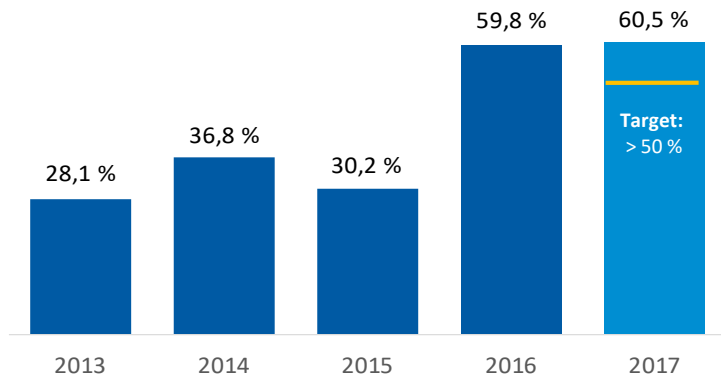
CET 1 incl floor



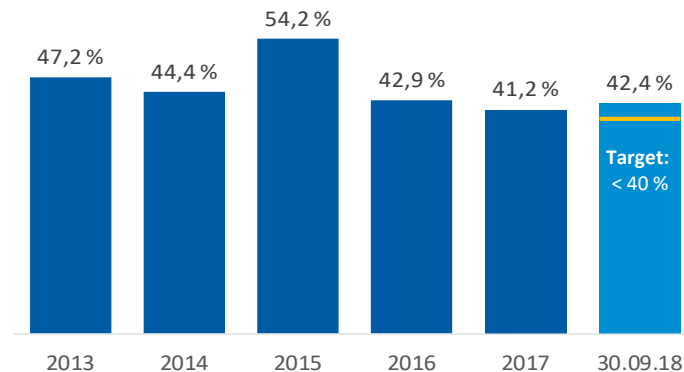
Return on equity capital





















Payout ratio (%)



Cost/income Group



Northern Norwegian economy: Record low unemployment and high growth

Sector	Status	Outlook
 Macro		
 Seafood		
 Tourism		
 Construction		
 Retail		
 Oil and gas		

LØRDAG 29. SEPTEMBER 2016 NOROYS



Ledigheten i september har ALDRI VÆRT LAVERE

BEKYMRET OG GLAD: - Vi ser med bekymring på at ledigheten viser en liten økning blant unge voksne, men det er selvfølgelig gledelig at trenden med historisk lav ledighet fortsetter, sier Grete Kristoffersen, NAVs fylkesdirektør i Troms. FOTO: JANHOLM SEVERIKSEN

Arbeidsledigheten i Troms er ved utgangen av september på 1,6 prosent.

Journalist STIAN SAUR
stian.saur@nordno.no

- Våre målinger går tilbake til 1961, og vi har aldri hatt lavere ledighet for september. Det skriver NAV i en pressemelding.

Ved utgangen av september måned har de registrert er det totalt 1407 helt ledige i Troms, derav 575 kvinner og 832 menn. Dette utgjør 1,6 prosent av arbeidsstyrken i fylket og er en nedgang på 7 prosent, eller 109 personer, sammenlignet med samme måned i fjor. For landet for øvrig er ledigheten på 2,3 prosent.

De melder videre at Troms deler andreplassen med Oppland av fylker med lavest ledighet i landet, kun slått av Sogn og Fjordane med 1,4 prosent.

Nabofylket Finnmark har en ledighet på 2,7 prosent, og Nordland har en ledighet på 1,9 prosent.

Svak økning blant unge

35 prosent av alle ledige i Troms er nå i aldersgruppen under 30 år. Vi ser en liten økning for gruppen mellom 25-29 år. Økningen er størst blant menn yngre enn 19 år, og den går opp 33 prosent for kvinner i aldersgruppen 25-29 år.

- Vi ser med bekymring på at ledigheten viser en liten økning blant unge voksne, men det er selvfølgelig gledelig at trenden med historisk lav ledighet fortsetter. For aldersgruppen 40-49 år har ledigheten gått ned 21 prosent. Det jobbes godt i NAV-kontorene med fokus på unge, personer med nedsatt funksjonsevne og innvandrere, sier fylkesdirektør i NAV Troms og Finnmark Grete Kristoffersen i pressemeldingen.

Ledighet fordelt på yrke og varighet

Av de 1407 arbeidsledige i fylket befinner 153 personer seg i helse, pleie og omsorgssektoren. Dette er en nedgang på 19 prosent sammenlignet med samme periode i fjor. 150 personer er ledige innen industriarbeid, dette er en nedgang på 12 prosent. Innen serviceyrker er det 115 ledige som er en nedgang på 32 prosent. 181 er ledige innen butikk og salgsarbeid som er en økning på 18 prosent. Innen reiseliv og transport er 159 personer ledige, som er likt med samme periode i fjor.

Ledigheten fordelt på varighet, viser en økning på 10 prosent for dem som har vært ledige under 4 uker, og en økning på 9 prosent for dem som har vært langtidslidende i over to år. 44,3 prosent av alle ledige i fylket har vært ledig i mer enn et halvt år.

God tilgang på stillinger

Det er registrert 1550 ledige stillinger i Troms. Dette er en økning på 38 prosent fra samme tid i fjor. Troms står alene for nærmere 64 prosent av disse med 674 ledige stillinger.

Av alle registrerte stillinger i fylket, finnes vi flest innen helse, pleie og omsorg med 228 ledige stillinger. Bygge og anlegg har en økning på 63 prosent med 132 ledige stillinger. For øvrig er det 106 ledige stillinger innen barne- og ungdomsarbeid, 97 innen serviceyrker og 76 ledige stillinger som ingeniører eller IKT-fag.

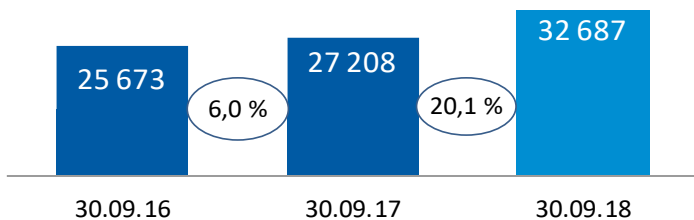
Lavest og høyest ledighet

Lavest ledighet har kommunene Bardu (0,6 %), Salangen/Storøyfjord (0,9 %) og Målselv (1,1 %). Høyest ledighet finner vi i Torsken (5,1 %), Kvamangen (3,5%) og Skånland (2,6%).

Fylkets to mest folkerike kommuner, Tromsø og Harstad, har en ledighet på henholdsvis 1,3 og 2,1 prosent.

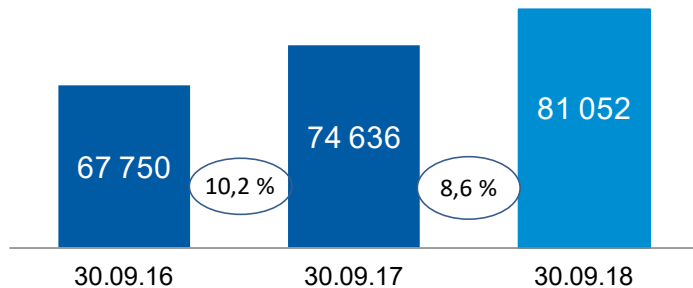
Continued increasing markets shares, but decreasing lending growth

Corporate/public market



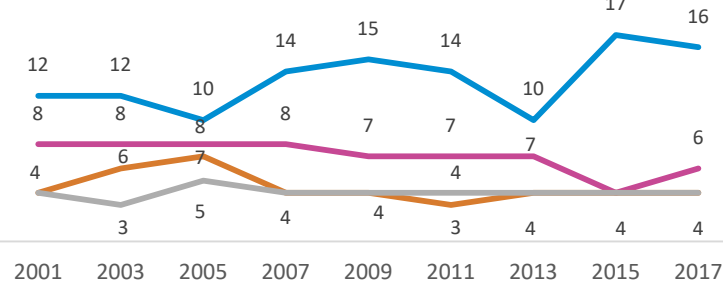
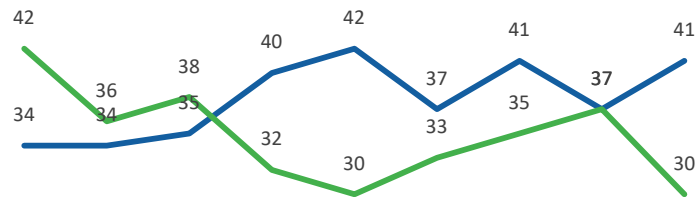
Lending growth corporate: 3Q ISO: 3.2 % (2Q: 5.2 %)

Retail incl. commission loans



Lending growth retail: 3Q ISO: 2.3 % (2Q: 2.7 %)




Main bank in SMB (%)



— SpareBank 1
 — DNB
 — Anne spb.
— Nordea
 — Danske Bank
 — Annen bank

(Source: KANTAR TNS, posisjonsundersøkelsen)

Subsidiaries – high investments and good results

	Company	Pre-tax profit	Change from 2017
	SpareBank 1 Finans Nord-Norge	121.3 MNOK	+ 66.7 MNOK
	SpareBank 1 Regnskapshuset Nord-Norge	22.2 MNOK	+ 6.9 MNOK
	Eiendomsmegler 1 Nord-Norge	16.6 MNOK	+ 1.9 MNOK

Non-life insurance merger – make underlying values visible and triggers market power

14. 1. 2018 | **REMARKS** | 17.00:00 | 21. SEPTEMBER 2018
SKADEFUSJON



DNB må kjøpe seg vekst

Får vist frem verdiene

FORSIKRING: Når DNB øker sin andel fra 20 til 35 prosent i det nye skadeforsikringselskapet, prises selskapet til nær 19,8 milliarder kroner.

KNAPP RESERVEN
DNB og SpareBank 1 Gruppen fremdeles er i en fase der de skal etablere seg i det nye skadeforsikringselskapet DNB Forsikring med SpareBank 1 Skadeforsikring, som ble startet i slutten av juni. Mens DNB og Hans Birknes og Tønsberg, som er ansvarlig for konsernet, vil bli deprimert med en kjøp som kan bli 100 millioner kroner på.

Offisielt er det en kjøp av konsernet i en omstilling med at DNB kjøper seg opp fra 20 til 35 prosent i skadeforsikringselskapet. Oppkjøpet hadde de forventede konsekvensene for konsernet, her på de skadeforsikringselskapet er et av de viktigste.

Skadeforsikring er en av de viktigste delene av DNBs virksomhet, og det er derfor viktig å sikre at selskapet har nok reserver til å dekke utbetalinger på skadeforsikring.

Skjuler sparebankene
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UTTALL I SPAREBANK 1-BANKENE
For 2018 ble det rapportert om en økning i uttallet av aksjer, noe som kan være et tegn på at selskapet er i en fase der de skal etablere seg i det nye skadeforsikringselskapet DNB Forsikring med SpareBank 1 Skadeforsikring, som ble startet i slutten av juni.

TIDSPUNKT DNBs INTEREST
DNB har en stor andel i skadeforsikringselskapet, og det er derfor viktig å sikre at selskapet har nok reserver til å dekke utbetalinger på skadeforsikring.

Måltid vekstaktivering
DNB har en stor andel i skadeforsikringselskapet, og det er derfor viktig å sikre at selskapet har nok reserver til å dekke utbetalinger på skadeforsikring.

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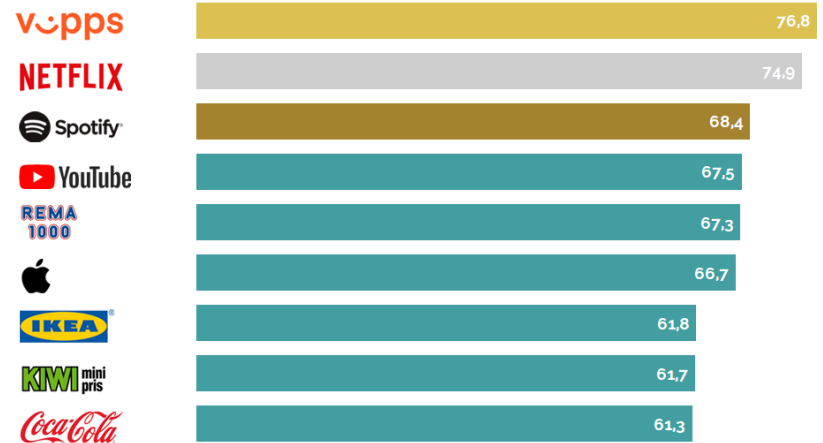
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- ✓ Conversion ratio 80/20 SpareBank 1/DNB
- ✓ Ownership distribution 65/35 after sale of shares to DNB. DNB has an option to increase its stake to 40 %
- ✓ SpareBank 1 Nord-Norges (SNN) share of increase in equity in SpareBank 1 Gruppen (SB1G); approx. 831 MNOK. Will be booked over P&L or directly to equity. Implies almost unchanged CET1 in SNN
- ✓ Gain on sale to DNB increases possible dividend from SB1G. SNN share of this; approx. 517 MNOK. Implies an estimated 0.6 – 0.7 percentage point increase in capital adequacy
- ✓ The merger represents a significant future business potential for both owners

Vipps – Norwegian payment system and identification with global potential

- ✓ The merger between Vipps, BankAxept og BankID was completed Q3 2018
- ✓ High innovation rate within all three brands, including a new Vipps-app
- ✓ Significant international potential
- ✓ SpareBank 1 Nord-Norge recognized 63 MNOK as income in Q2 after revaluation of the holdings in BankAxept and BankID

Brand recognition among young people (18-34 years)

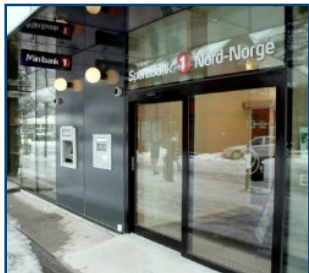


Source: YouGov's Brandindex

Business Strategy – regional proximity and national strength



Presence



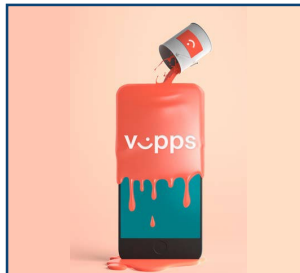
Full service branches



Specialists



Analysis



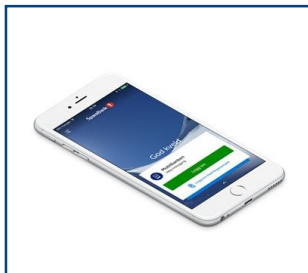
Payment and ID



Branding



Community dividend



Digital solutions



Innovation



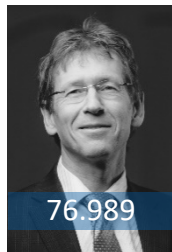
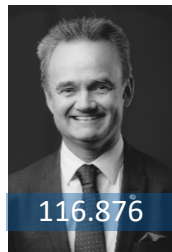
Insurance

Group

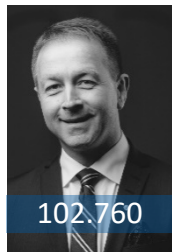
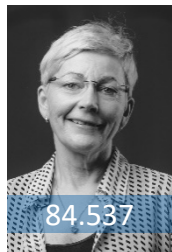
Alliance

Cooperation

Broad and growing ownership among members of the Supervisory Board, management and employees



Number of equity certificates as of 30.09.18



More than 90 % of the employees in the Group own equity certificates

Changes in Group Management – new CFO

Bengt Olsen (48) replaces Rolf Eigil Bygdnes (62)

Appointment during Q1 2019

Background:

- ✓ Master in international economics (Norway/Germany)
- ✓ Deputy Managing Director and CFO of DIPS AS
- ✓ Supervisory board member of SpareBank 1 Nord-Norge
- ✓ Banking experience

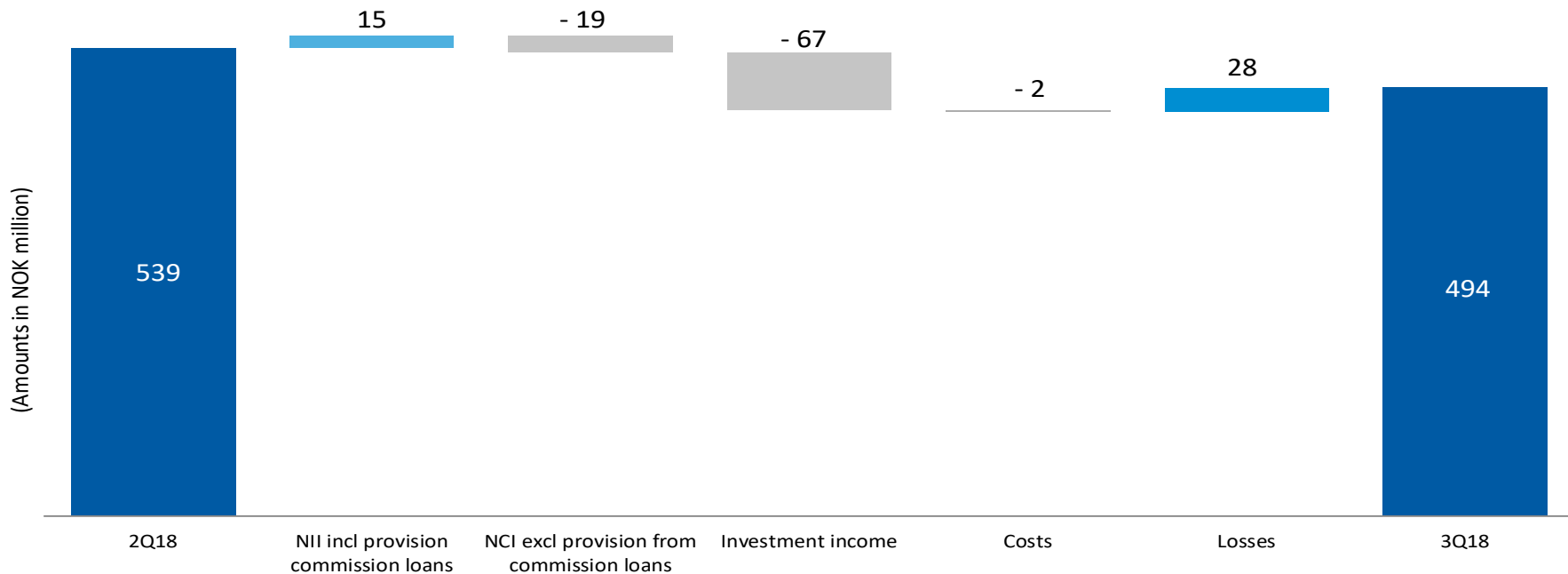


Quarterly summary – Profit and loss account figures

(Amounts in NOK million)

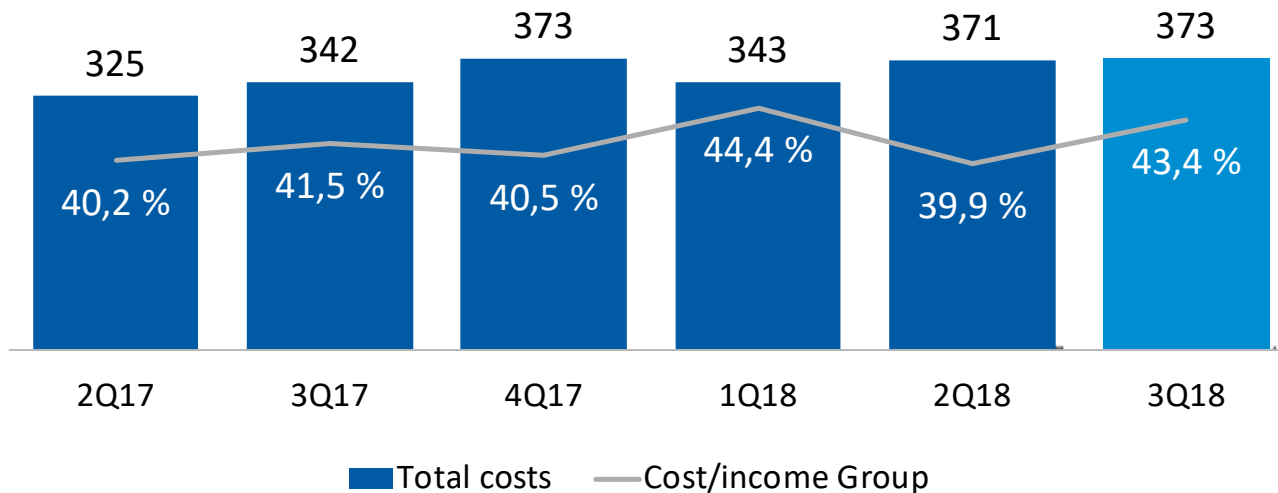
	3Q18	2Q18	1Q18	4Q17	3Q17
Net interest income	484	467	449	461	450
Net fee-, commision and other operating income	254	275	250	265	255
Net income from financial investments	121	188	74	194	119
Total net income	859	930	773	920	824
Total costs	373	371	343	373	342
Result before losses and write-downs	486	559	430	547	482
Net losses and write-downs	-8	20	16	37	59
Result before tax	494	539	414	510	423
Return on equity capital	13,3 %	15,6 %	11,2 %	14,6 %	12,4 %
Cost/income	43,4 %	39,9 %	44,4 %	40,5 %	41,5 %

Changes profit and loss last quarter



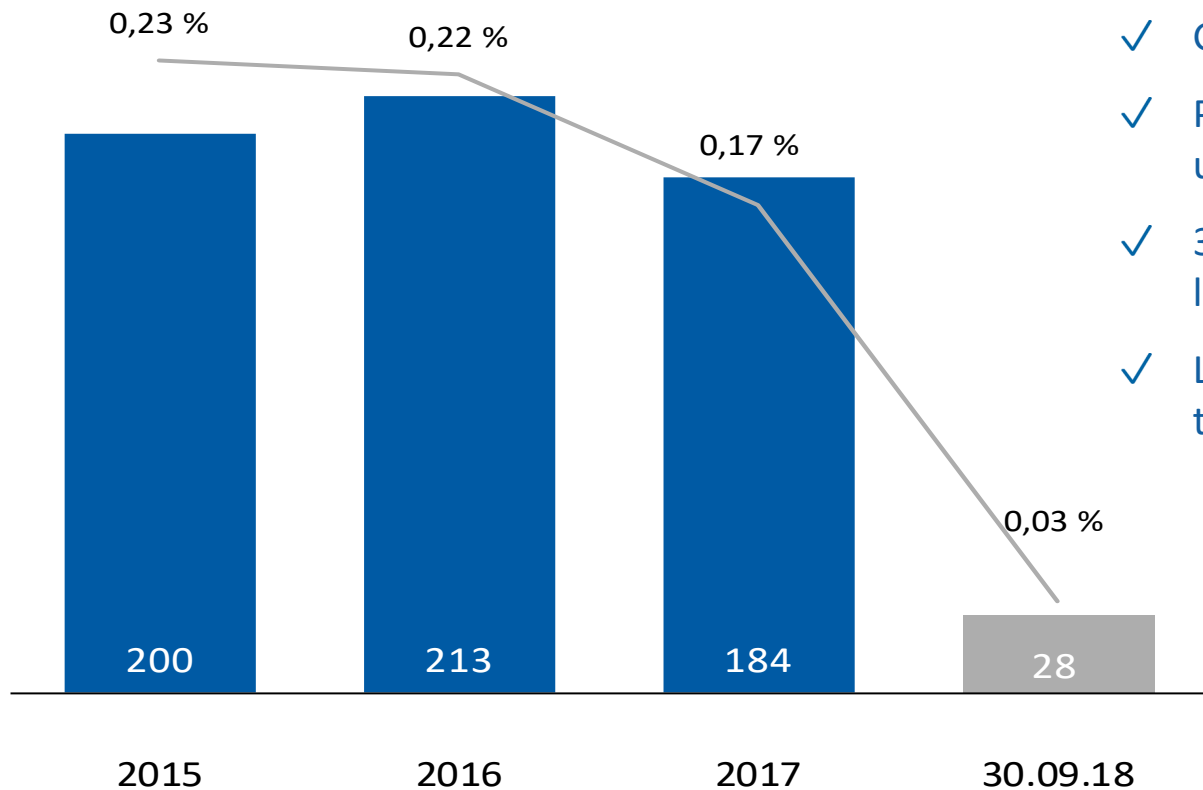
Ambitious long-term cost target: C/I < 40 %

NOK mill.



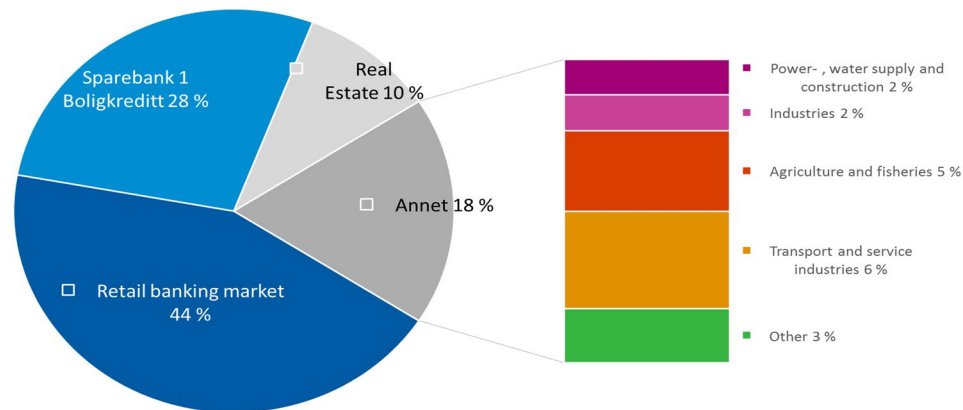
Losses on loans and guarantees - customers

Mill kr



- ✓ Good quality in loan portfolio
- ✓ Positive risk migration in underlying portfolio
- ✓ 3Q 18 ISO: Negative loan losses
- ✓ Low loan losses expected in the near future

Distribution on segments shows good diversification



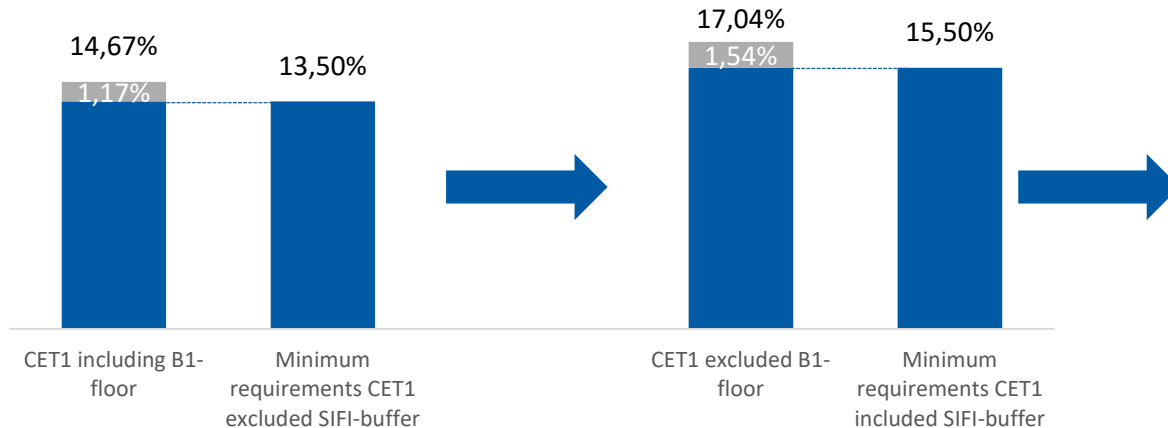
- ✓ A high share of retail- and primary industry lending represent a risk mitigating factor
- ✓ The Group has a well diversified corporate market loan portfolio
- ✓ No specific concerns related to the bank's loans to commercial property due to low interest rates and good occupancy rates in the bank's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

Regulatory uncertainty:

Dividend: The possibility for dividend based on interim financial reports is proposed to be removed

Capital requirements:

- ✓ The «Basel 1 floor» is expected to be removed and the “SME discount” will be implemented.
- ✓ The FSN has proposed changes in the identification of SIFI. The proposal implies that SpareBank 1 Nord-Norge will be SIFI with an increase in minimum CET1 and Leverage Ratio requirement of two and one percentage point, respectively



■ Buffer above CET1 minimum requirements

Financial targets

> 12 % ROE



CET1 ratio



14,5 %

C/I ratio



< 40 %

Payout ratio



> 50 %

Financial outlook

NRI

Increased deposit and lending rates from mid Q4 2018. Higher interest rates in 2019 is expected to provide a basis for further repricing of lending and deposit rates

ROE > 12 %

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

CET1 RATIO 14.5 %

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

C/I RATIO < 40 %

Status 3Q 18: 42.4 %. 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 %

Possible prohibition of dividend distribution based on interim accounts will delay the positive capital adequacy effect of the insurance merger. The latter implies normalized dividend for 2018 and in accordance with the targeted payout ratio

SpareBank 1 Nord-Norge

CEO Jan-Frode Janson

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Tel. + 47 909 75 183

CFO Rolf Eigil Bygdnes

E-mail: reb@snn.no
Tel. + 47 905 19 774

URLs

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

Financial calendar:

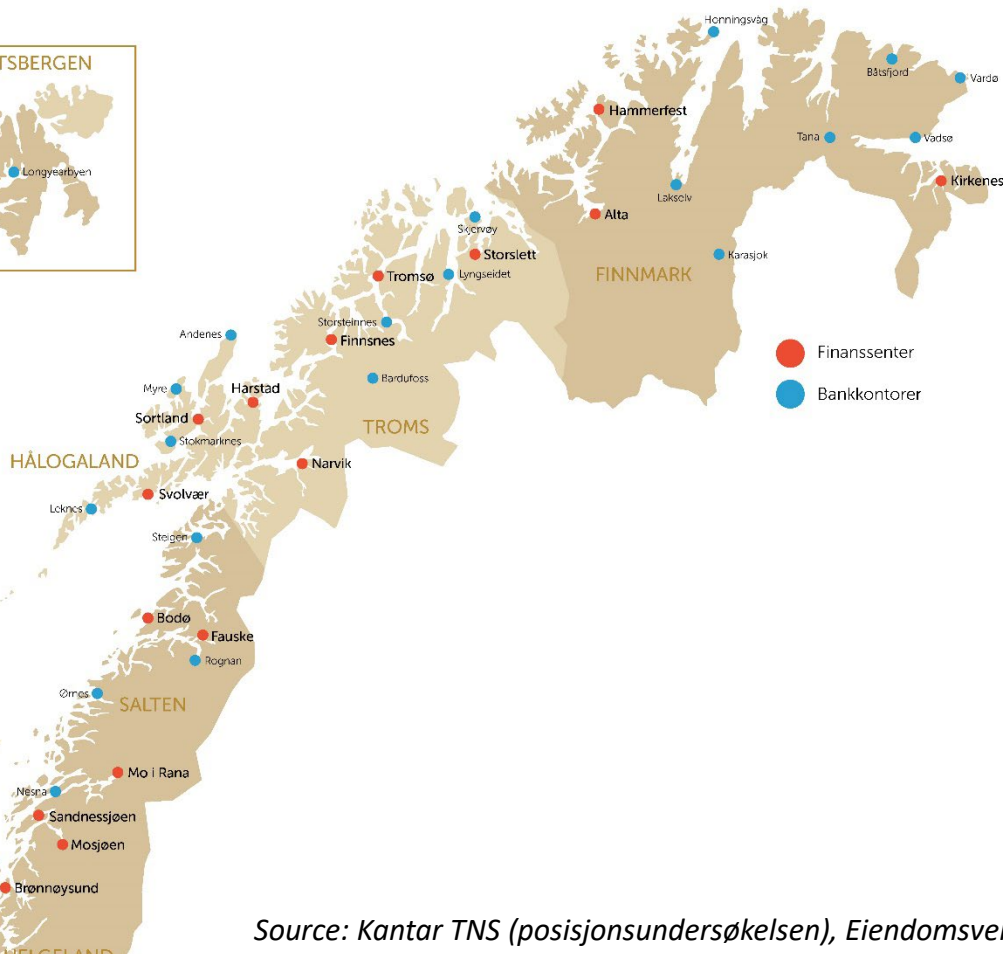
Preliminary annual accounts 2018: 6 February 2019
Q1 2019: 8 May 2019
Q2 2019: 7 August 2019
Q3 2019: 24 October 2019
Preliminary annual accounts 2019: 12 February 2020



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

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: 37 %

1

Accounting services

- Market share: 15 %

3

Secured financing/leasing

- Market share: 19 %

Company structure

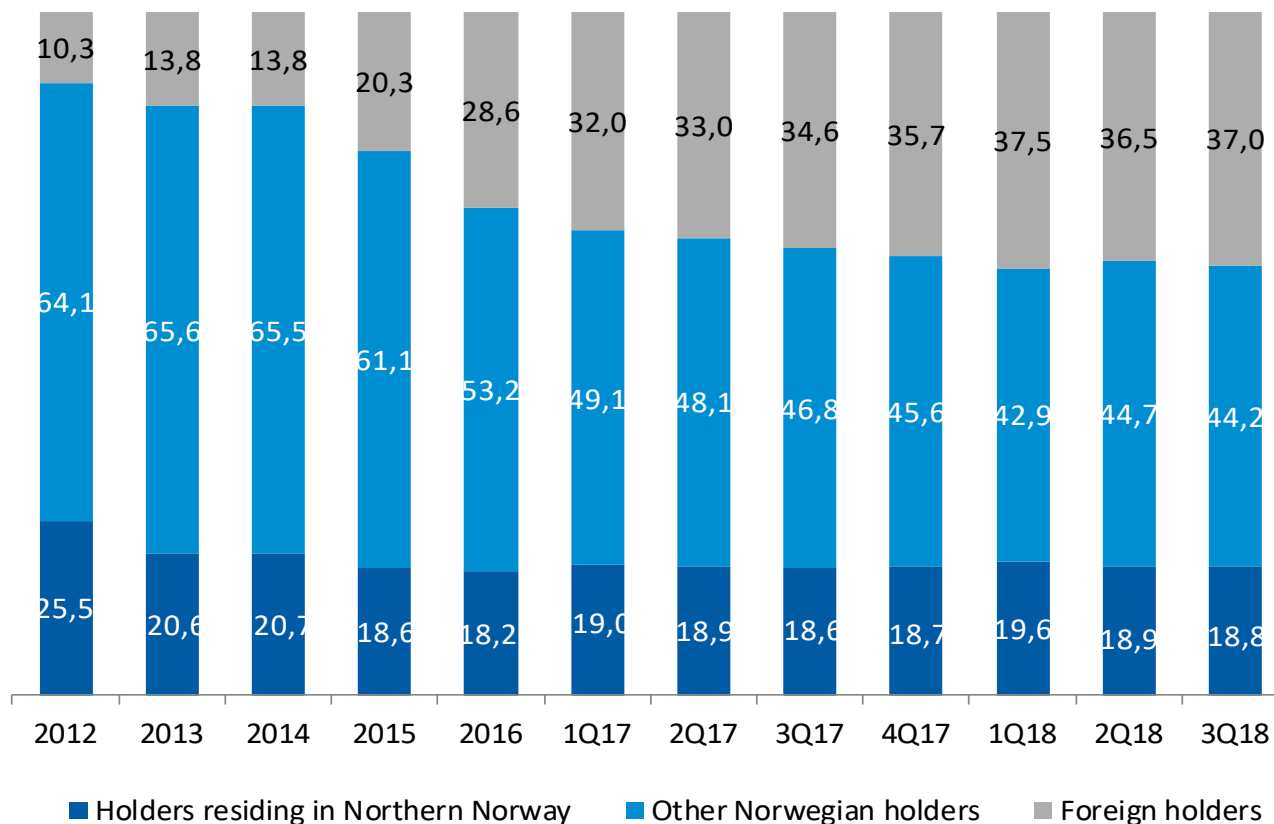
Associated companies and joint ventures

SpareBank 1 Gruppen AS 19.5 % Financial services	SpareBank 1 Boligkreditt AS 16.85 % Covered Bond company	SpareBank 1 Næringskreditt AS 14.48 % Funding/ property
BN Bank ASA 23.5 % Bank	SpareBank 1 Kredittkort AS 17 % Credit card	SpareBank 1 Betaling AS 19.7 % Vipps/ mobile payment
SpareBank 1 Banksamarbeidet DA 17.74 % System development	SMB Lab AS 20 % Innovation	Betr 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 Commercial buildings	SpareBank 1 Regnskaps- huset Nord-Norge AS Accounting
SpareBank 1 Nord-Norge Portefølje AS Investment company	Rødbanken Holding AS* Investment company
	Rødbanken AS* Commercial building

Equity Certificates (EC) – geographic holder structure



The 20 largest EC holders

EC Holders	Number of ECs	Share of EC Capital
PARETO AKSJE NORGE VERDIPAPIRFOND V/PARETO ASSET MANAGEMENT AS	3.144.433	3,13%
STATE STREET BANK AND TRUST COMP A/C CLIENT OMNIBUS F, REF: OM06	3.089.198	3,08%
GEVERAN TRADING CO LTD	2.693.280	2,68%
THE NORTHERN TRUST COMP, LONDON BR NON-TREATY ACCOUNT	2.606.513	2,60%
FLPS - PRINC ALL SEC STOCK SUB	2.315.482	2,31%
MP PENJON PK	2.299.322	2,29%
J.P. MORGAN SECURITIES PLC	1.713.798	1,71%
METEVA AS	1.614.670	1,61%
VPF EIKA EGENKAPITALBEVIS C/O EIKA KAPITALFORVALTNING AS	1.488.825	1,48%
SPAREBANKSTIFTELSEN SPAREBANK 1 NO ØKONOMIAVDELINGEN	1.411.606	1,41%
FORSVARETS PERSONELLSERVICE	1.391.630	1,39%
MORGAN STANLEY AND CO INTL PLC BNY MELLON SA/NV	1.202.050	1,20%
LANDKREDITT UTBYTTE	1.100.000	1,10%
EUROCLEAR BANK S.A./N.V. 25% CLIENTS	1.047.295	1,04%
STATE STREET BANK AND TRUST COMP A/C CLIENT OMNIBUS D, REF: OM04	961.069	0,96%
PARETO AS	907.380	0,90%
SEB EUROPAFOND SMÅBOLAG SKANDINAVISKA ENSKILDA BANKEN AB	885.023	0,88%
LANNEBO EUROPA SMÅBOLAG SKANDINAVISKA ENSKILDA BANKEN AB	804.230	0,80%
CLEARSTREAM BANKING S.A.	658.181	0,66%
STATE STREET BANK AND TRUST COMP A/C CLIENT FUND NUMBER: OM79	646.312	0,64%
Total	31 980 297	31,85%

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 NO	1.411.606	1,41 %
KARL DITLEFSEN	547.543	0,55 %
ODD ERIK HANSEN INVEST AS	400.000	0,40 %
LARS WORKINN	294.180	0,29 %
SPAREBANKSTIFTELSEN HELGELAND	284.491	0,28 %
DAHL FISKERI AS	224.883	0,22 %
SØRLIA HOLDING AS	218.978	0,22 %
BJJ HOLDING AS	218.978	0,22 %
TOR OVESEN	206.556	0,21 %
OLE ALFRED ROLF OVESEN	205.554	0,20 %
NBK AS	183.211	0,18 %
B.H.DAHL EIENDOM AS	170.000	0,17 %
TROMSØ SKOTØIMAGASIN A/S	170.000	0,17 %
GADD HOLDING AS	162.924	0,16 %
RIGAMONTI A/S	158.581	0,16 %
ALTA INVEST AS	150.000	0,15 %
HEMMING LEONHARTH ANDERSEN	126.600	0,13 %
BRØDRENE KARLSEN HOLDING AS	119.705	0,12 %
JAN-FRODE JANSON	116.876	0,12 %
CHRISTIAN OVERVAAG	102.760	0,10 %
The 20 largest EC holders residing in Northern Norway ¹⁾	5 473 426	5,45 %

¹⁾ Postal code > 7999

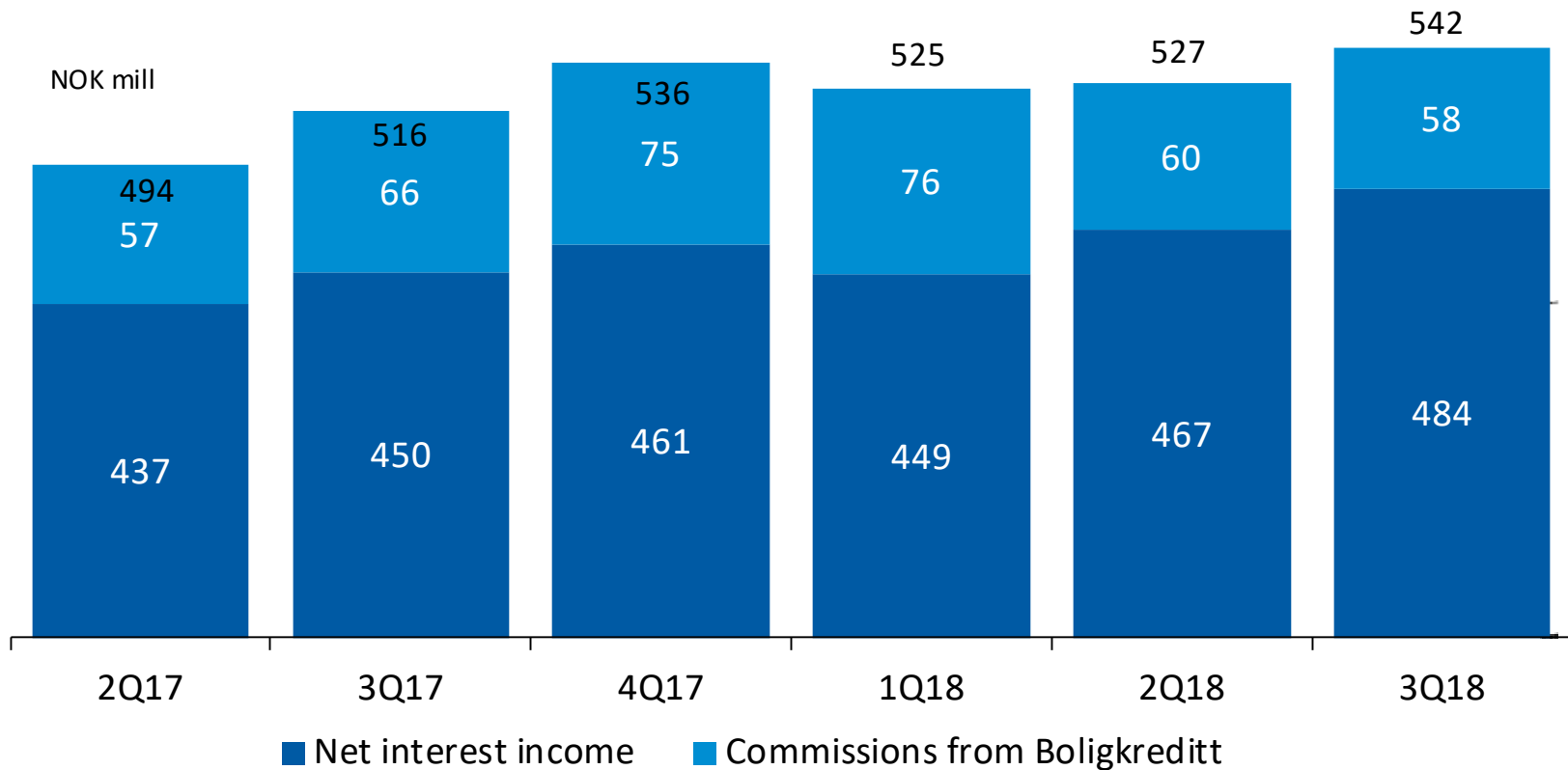
Why invest in SpareBank 1 Nord-Norge?

- 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

2

Financial figures – additional information

Net interest income - Group

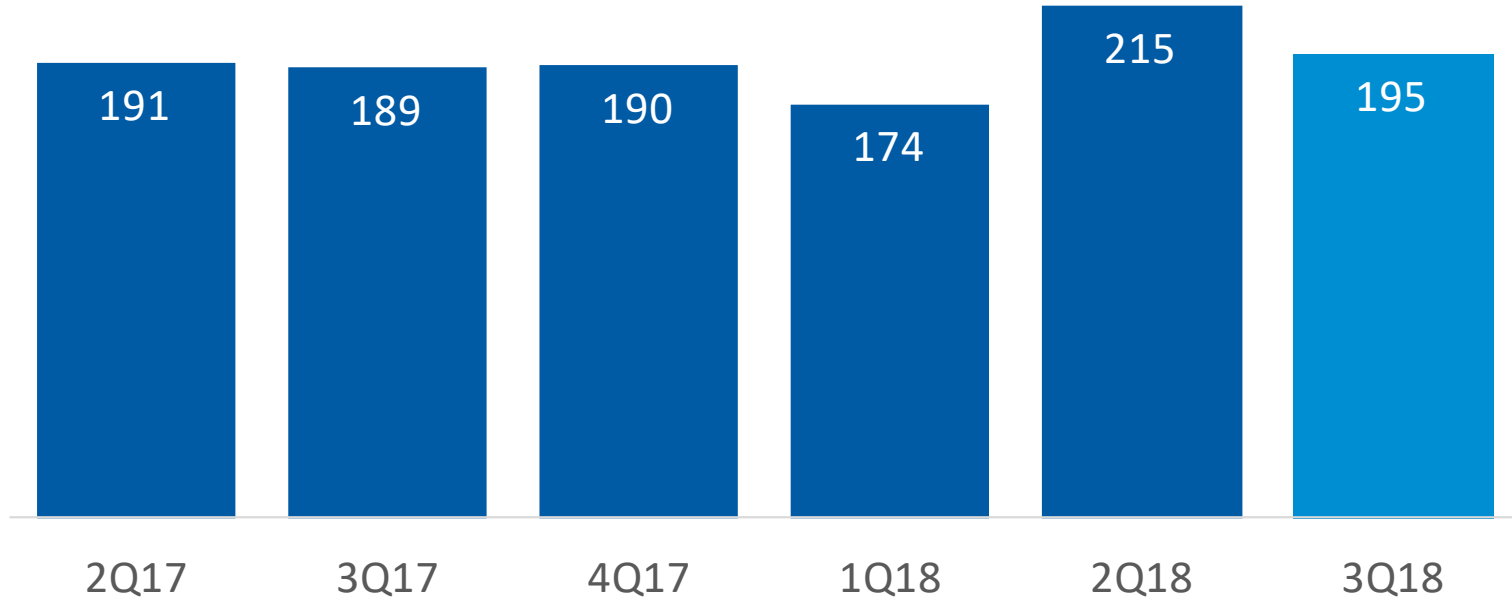


Quarterly results – net interest income

(Amounts in NOK million)	3Q18	2Q18	1Q18	4Q17	3Q17
Interest and similar income from loans to and claims on credit institutions	3	3	3	21	1
Interest and similar income from loans to and claims on customers	656	646	611	619	612
Interest and similar income from certificates, bonds and other interest-bearing securities	47	42	34	35	37
Interest and similar income	707	691	648	675	650
Interest and similar costs on liabilities to credit institutions	17	20	15	37	13
Interest and similar costs relating to deposits from and liabilities to customers	102	107	97	91	91
Interest and similar costs related to the issuance of securities	88	82	72	68	78
Interest and similar costs on subordinated loan capital	6	6	5	9	9
Payments made to The Norwegian Banks'	10	9	10	9	9
Total interest costs	223	224	199	214	200
Net interest income	484	467	449	461	450

Net fee-, commission- and other operating income

NOK mill



Net fee- and other operating income

	3Q18	2Q18	1Q18	4Q17	3Q17
(Amounts in NOK million)					
Payment facilities	77	61	60	60	74
Insurance products	42	36	40	35	41
Guarantee commissions	4	3	4	3	4
Real estate broking	34	41	26	29	32
Portefolio commission	8	11	12	11	11
Other commissions	23	26	18	21	23
Commissions excl. commission loans	188	178	160	159	185
Commission income SB1 Boligkreditt	59	60	76	75	66
Total commision income	247	238	236	234	251
Commission costs	27	21	21	21	23
Accounting services	33	54	33	29	25
Other income	1	4	2	23	2
Total other income	34	58	35	52	27
Total commission- and other income	254	275	250	265	255

Income from financial investments

Group

(Amounts in NOK million)

	3Q18	2Q18	1Q18	4Q17	3Q17
Dividends	2	2	1	0	0
Income from joint ventures	93	100	63	167	109
Gains/losses from shares in subsidiaries	6	0	0	0	0
Gains/losses and net value changes on shares	23	81	-1	30	7
Net value changes on bonds, foreign exchange and fin.derivatives	-4	5	19	-3	6
Gains/losses and net value changes on loans	1	0	-8	0	-3
Income from financial investments	121	188	74	194	119

Operating expenses

(Amounts in NOK million)	3Q18	2Q18	1Q18	4Q17	3Q17
Wages and salaries	144	146	139	150	143
Pension costs	12	12	11	3	13
Social costs	29	27	28	30	28
Total personnel costs	185	185	178	183	184
Development costs	30	39	33	19	33
Electronic data processing costs	25	31	24	31	21
Marketing costs	29	16	20	13	16
Travel - and training costs	7	9	9	14	6
Communications and office-related costs	7	7	7	9	8
Consultancy services	18	18	14	15	13
Ordinary depreciation	14	14	18	19	15
Operating costs - premises/buildings	7	3	5	6	4
Other operating costs incl rent	51	49	35	65	41
Other costs	188	186	165	190	158
Total operating expenses	373	371	343	373	342

Group companies result before tax

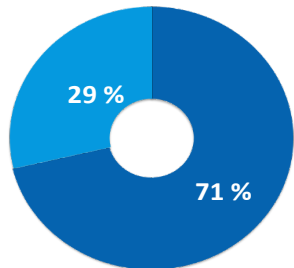
(Amounts in NOK 1000)	30.09.18	30.09.17
SpareBank 1 Finans Nord-Norge AS	121 293	54 659
SpareBank 1 Regnskapshuset Nord-Norge AS	22 240	15 312
EiendomsMegler 1 Nord-Norge AS	16 647	14 757
Subsidiaries core operations	160 180	84 728
Other subsidiaries	- 396	- 376
Total	159 784	84 352

Key figures balance sheet

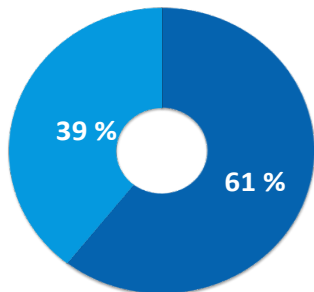
(Amounts in NOK million)

	30.09.18	30.09.17	Change	Change %
Total assets	103 672	93 542	10 130	10,8%
Gross lending	81 989	73 902	8 087	10,9%
Loans and advances to customers incl commission loans	113 739	101 844	11 895	11,7%
Deposits from customers	61 474	57 163	4 311	7,5%

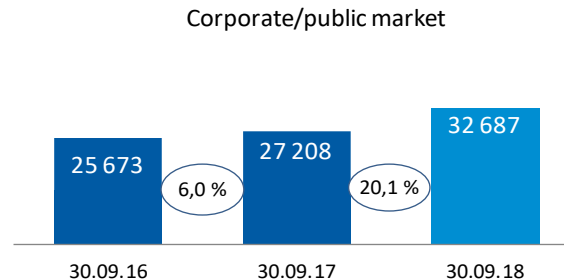
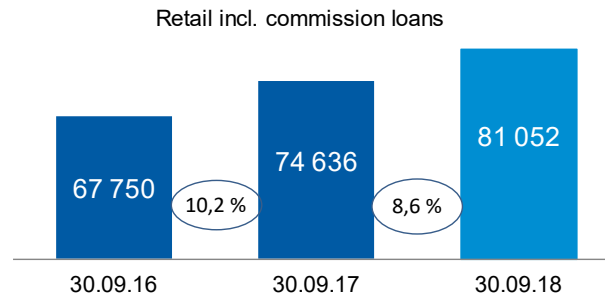
Lending volume



- Retail incl. commission loans
- Business/ incl. commission loans

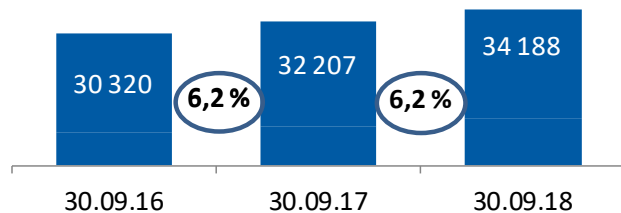


- Retail excl. commission loans
- Business excl. commission loans

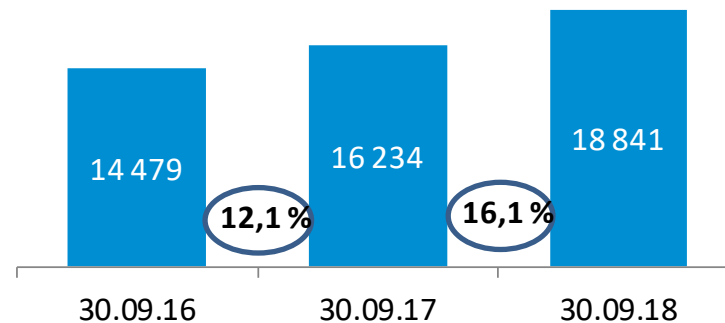


Deposit volume

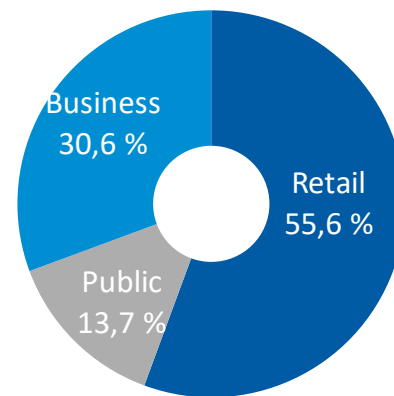
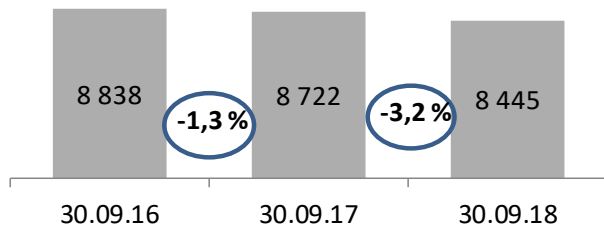
Retail banking market



Business



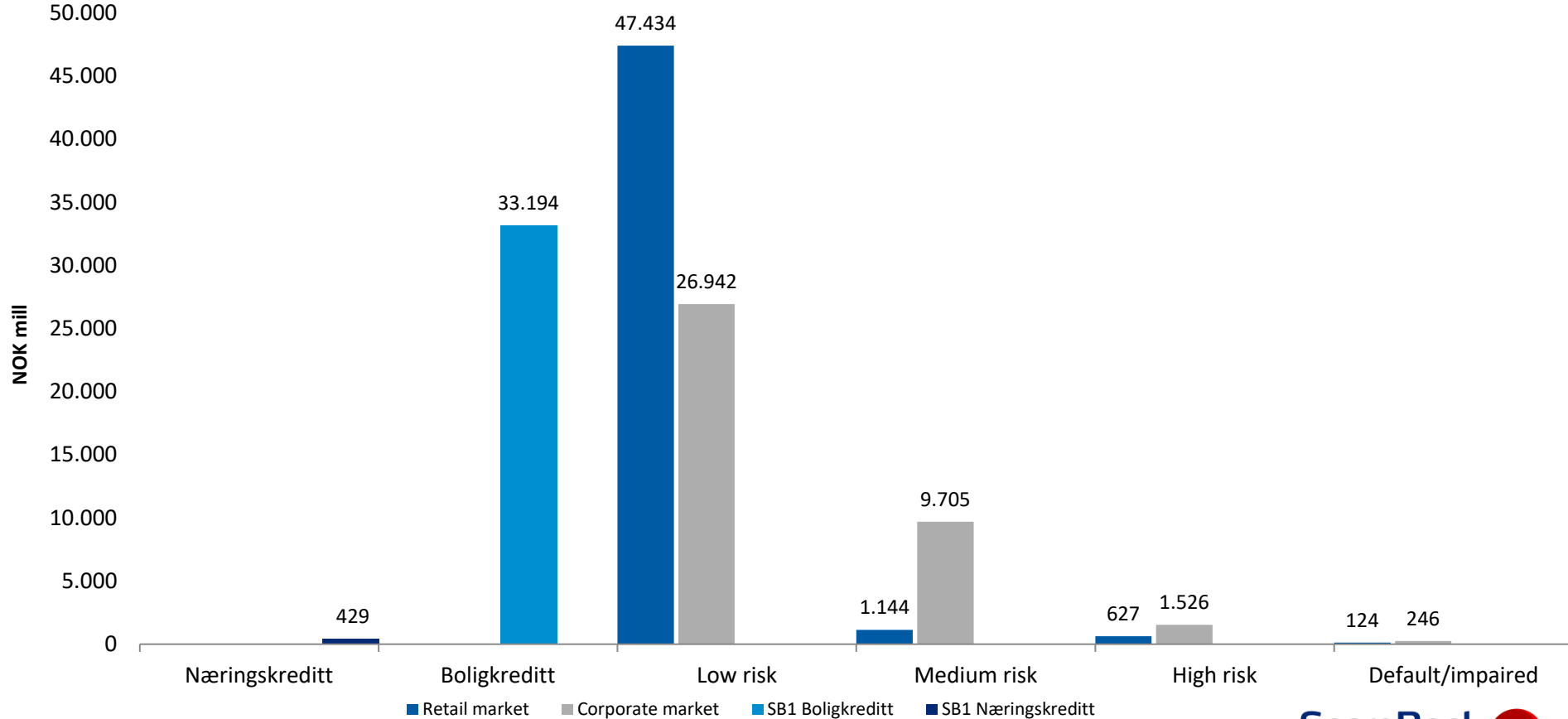
Public



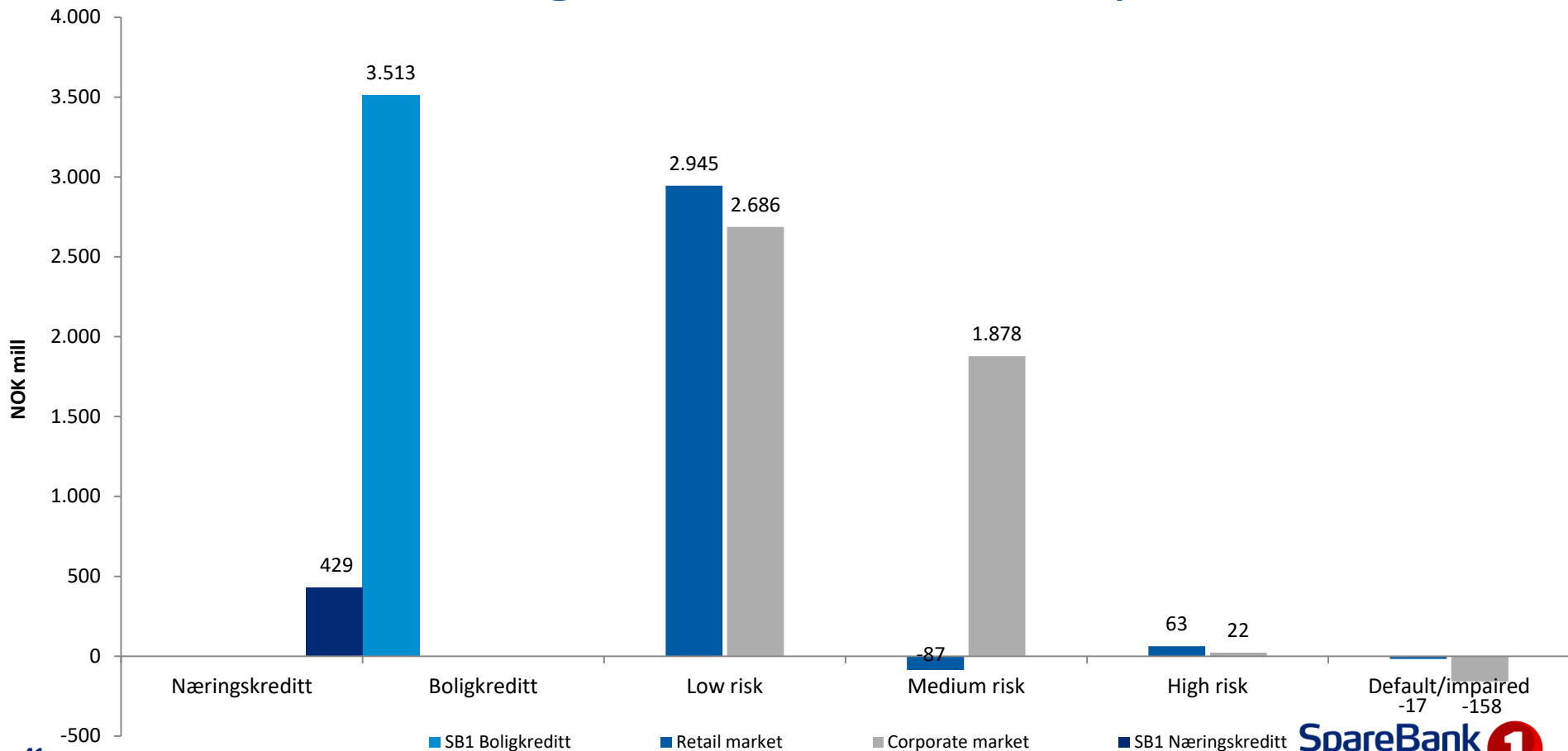
3

Credit area

Portfolio - exposure as of 30.09.18, parent bank

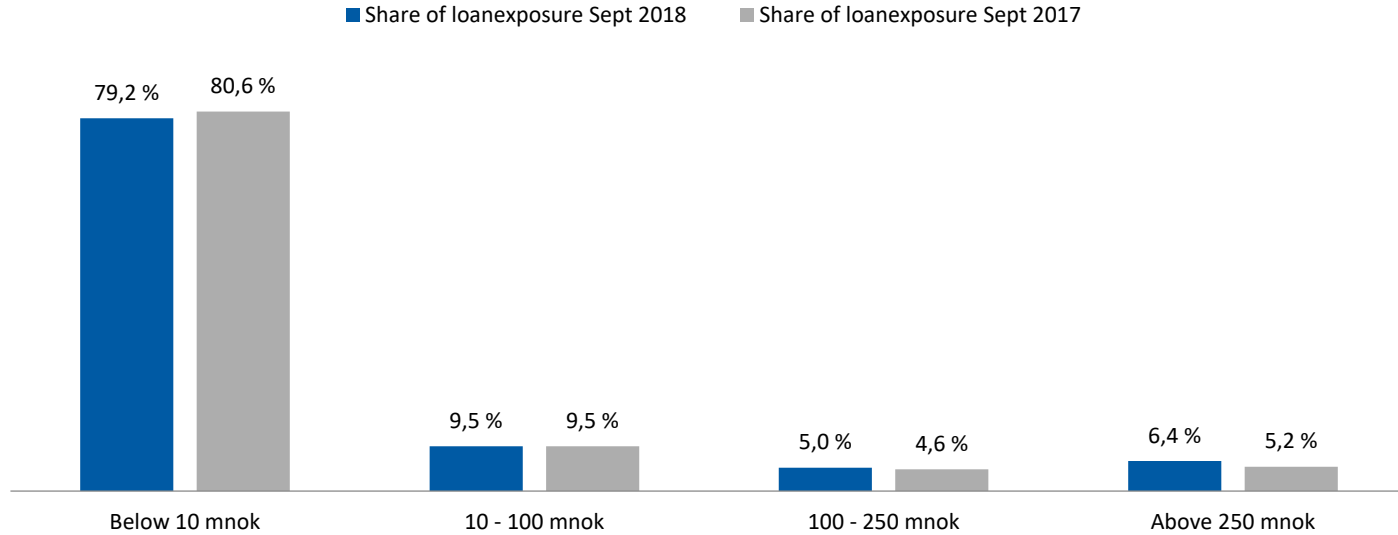


Portfolio – changes last 12 months, parent bank



Portfolio - exposure distributed by size

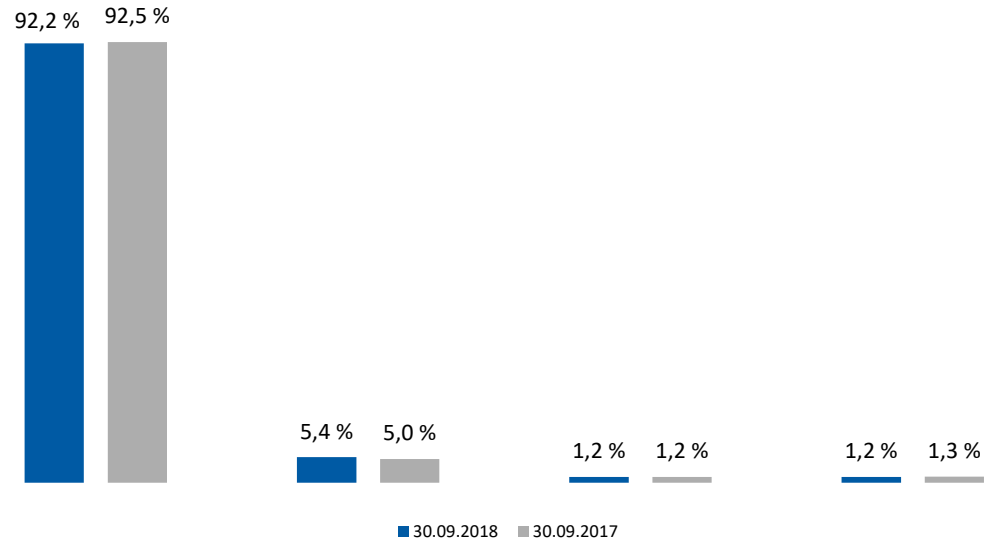
Loans distributed by size of exposure and share of total exposure



Numbers include SB 1 Bolig- and Næringskreditt

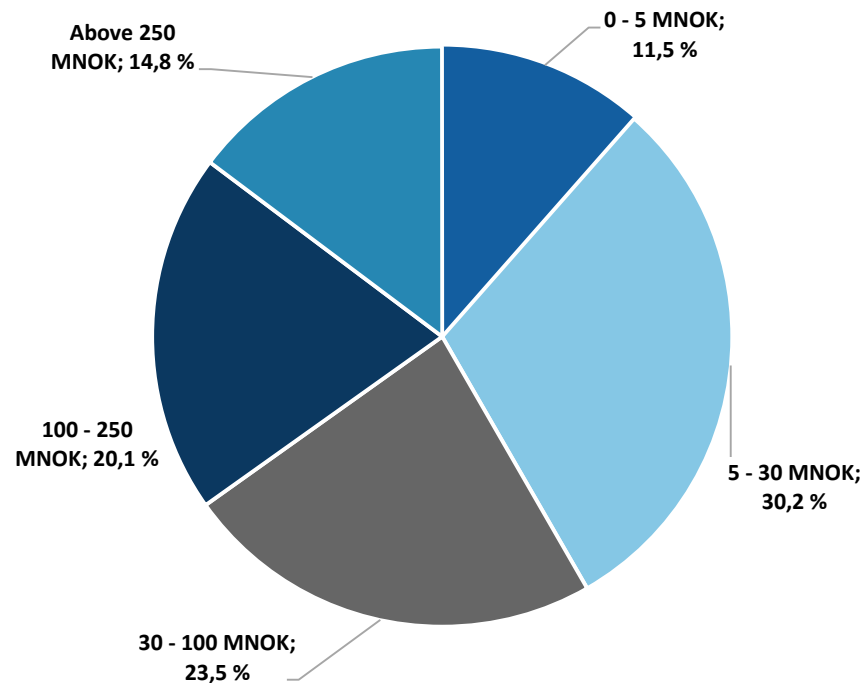
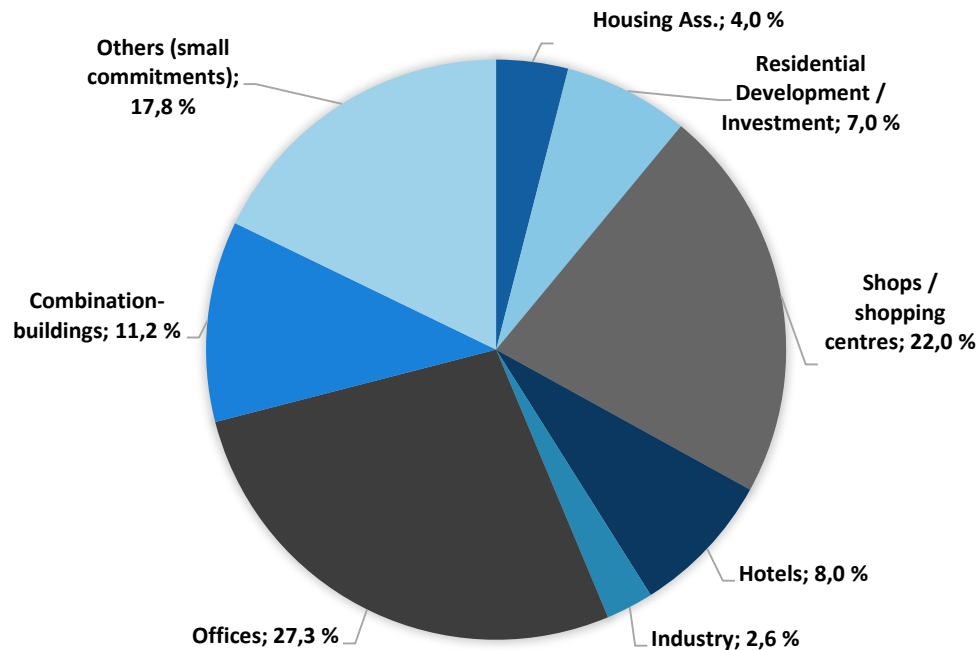
Portfolio – LTV mortgage loans

- 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.

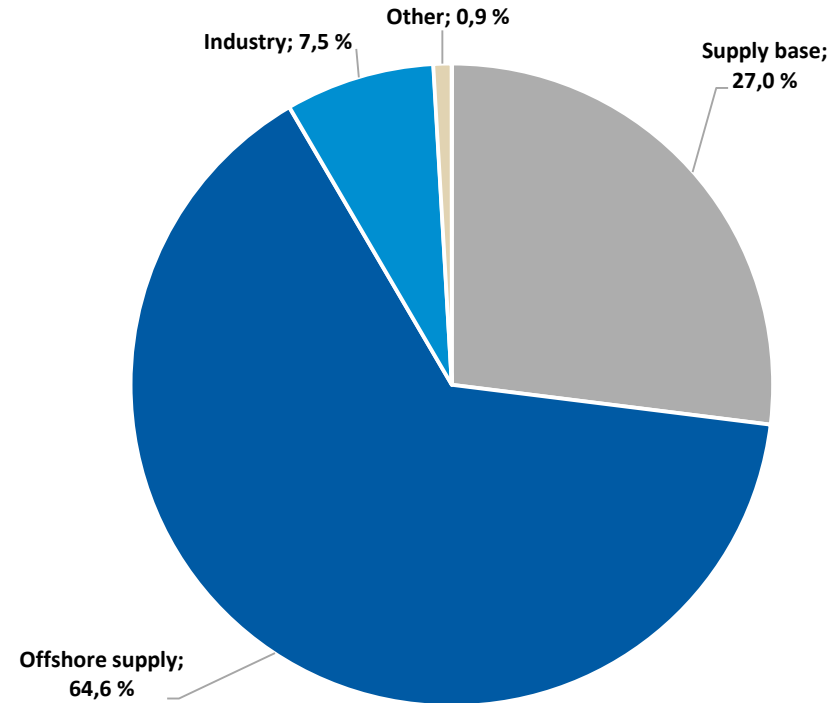
Portfolio – Commercial Real Estate



- About 50 % of portfolio is rental involving own operations
- 65.2 % of the portfolio are commitments smaller than NOK 100 mill

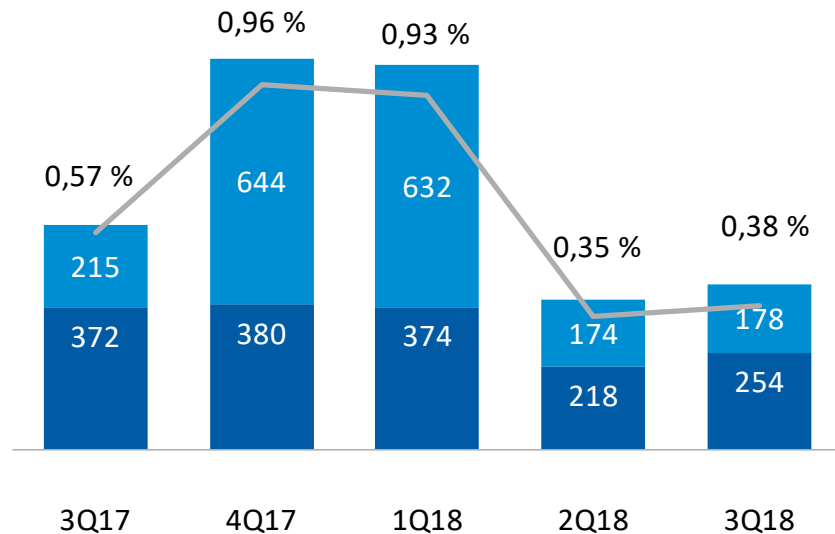
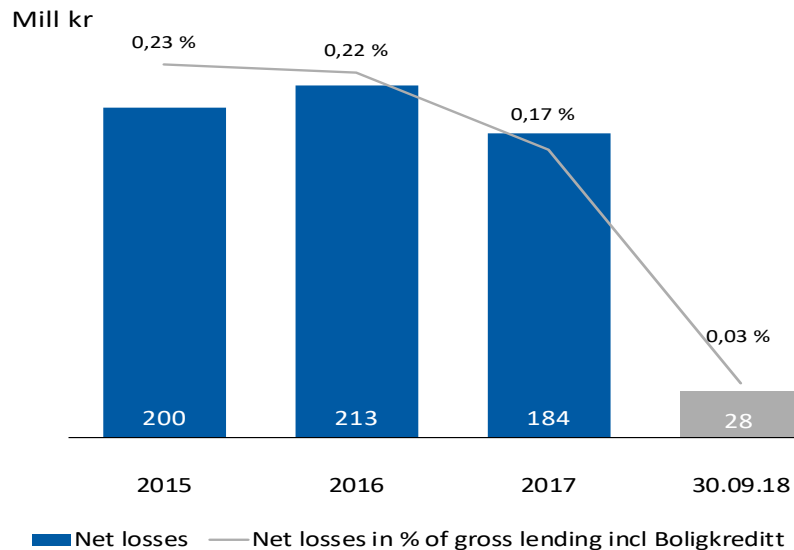
Portfolio – Oil related exposure

- Oil related exposure amounts to NOK 1,163 mill
- The exposure represents 1.02 % of total lending incl. Næring- and Boligkreditt
- Average weighted probability of default 1.28 %
- A total of NOK 25 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



Losses on loans and guarantees and non-performing commitments

Mill kr



Other doubtful commitments

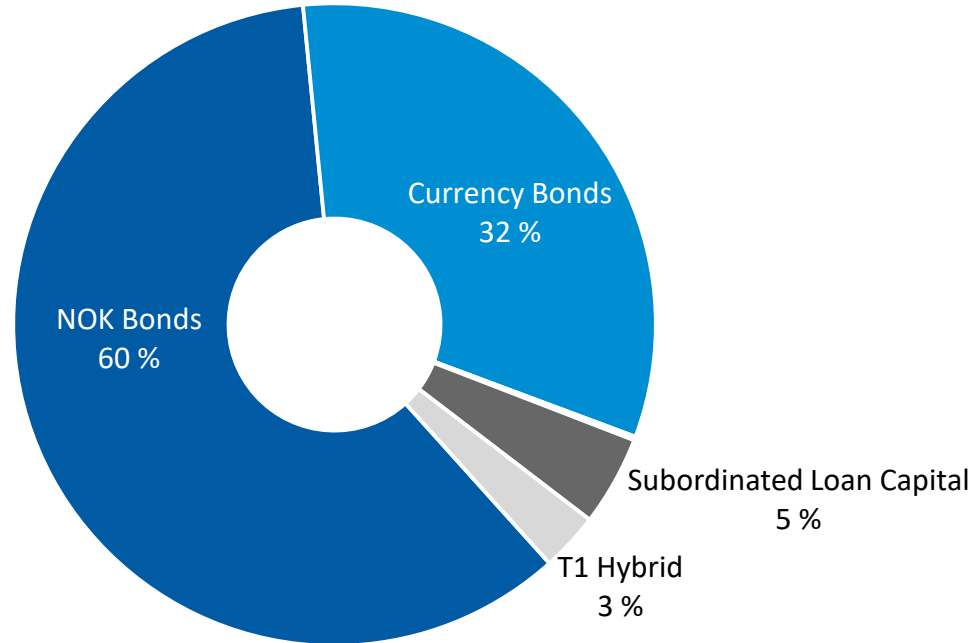
Non-performing commitments

Gross non-performing and impaired commitments in % of gross lending incl Agency loans

4

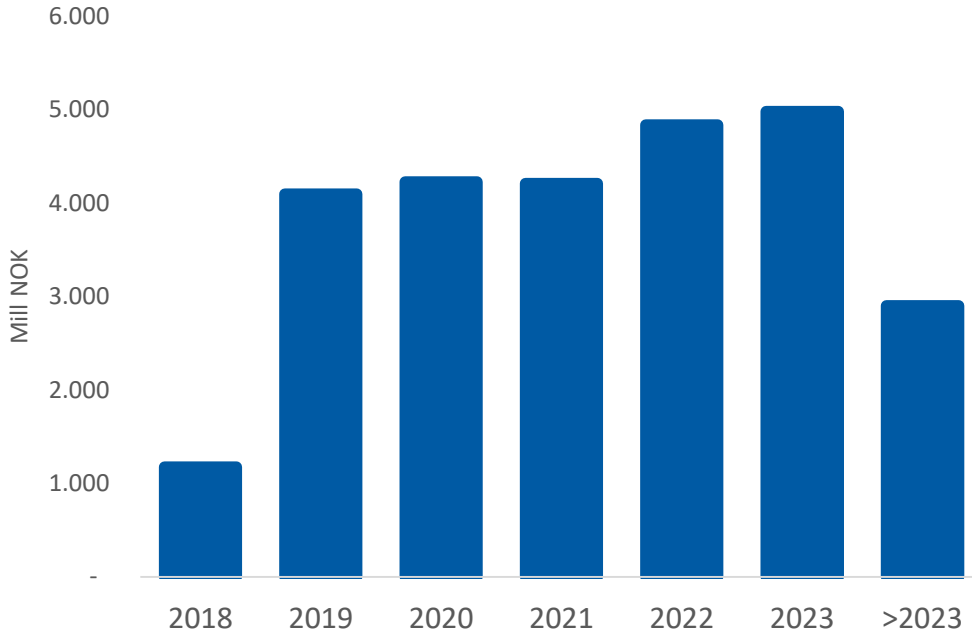
Liquidity

Funding instruments 30.09.2018



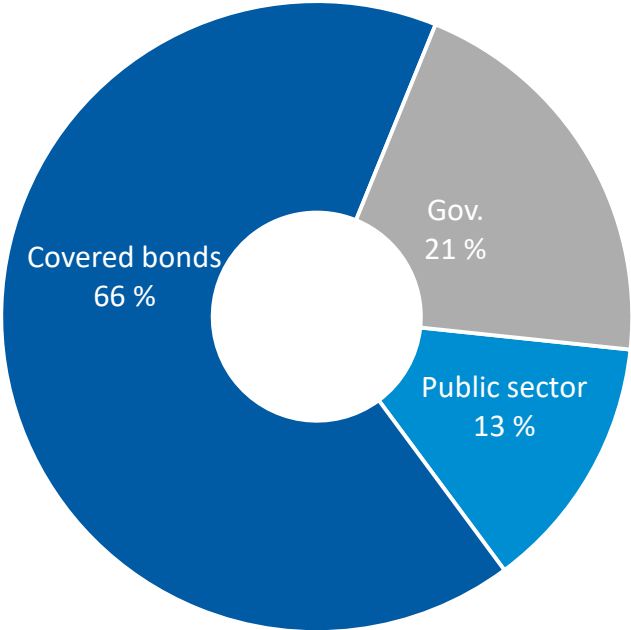
Maturity profile 30.09.2018

Capital markets funding (excl. SPABOL/SPACOM)



- NOK 26 439 mill in capital market funding exclusive of SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt
- SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt is important funding sources. Mortgage loans of NOK 31 749 mill transferred as at 30.09.18
- Amount of gross maturities of capital market funding next 12 months is NOK 4 988 mill

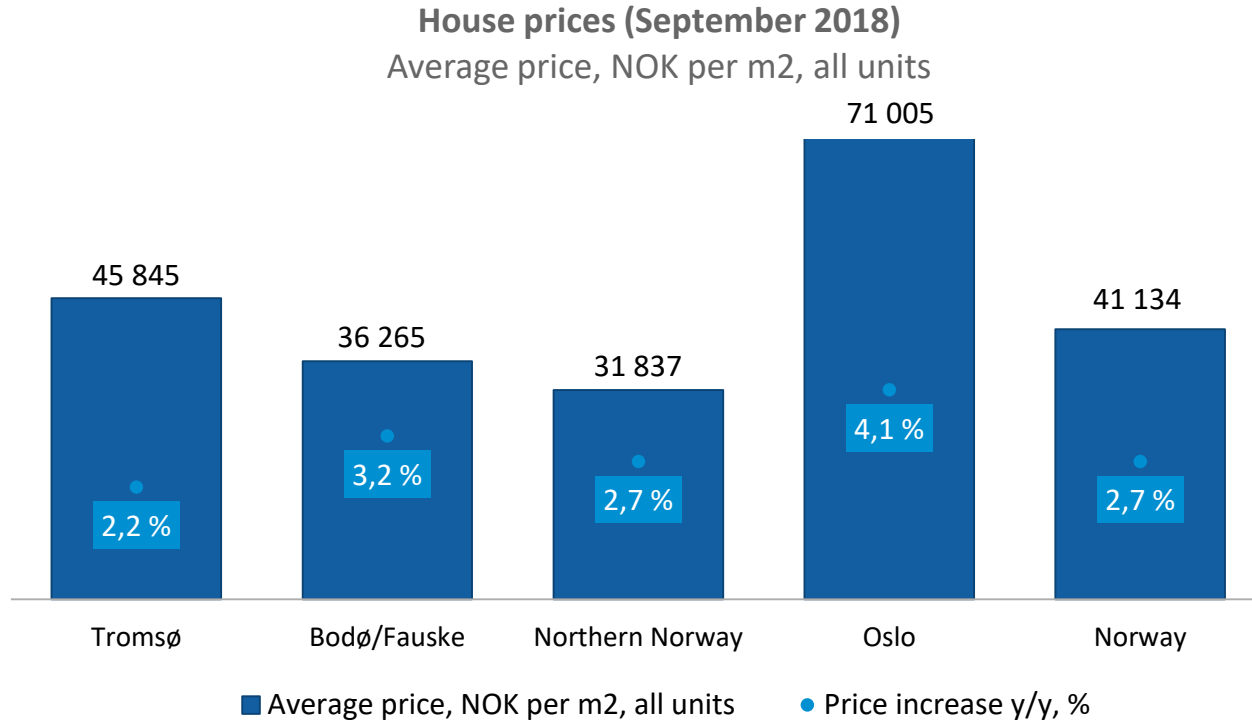
Liquidity portfolio 30.09.2018



5

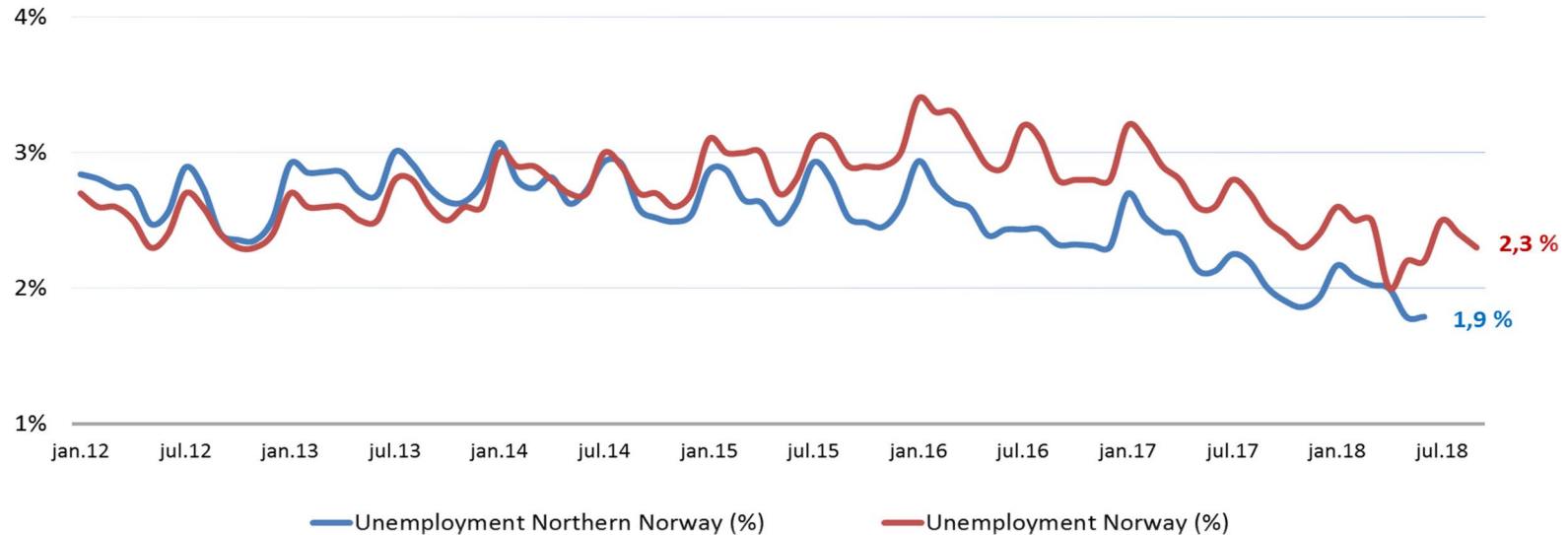
Macro and Economic trends

Lower housing prices in Northern Norway, and lower downside risk



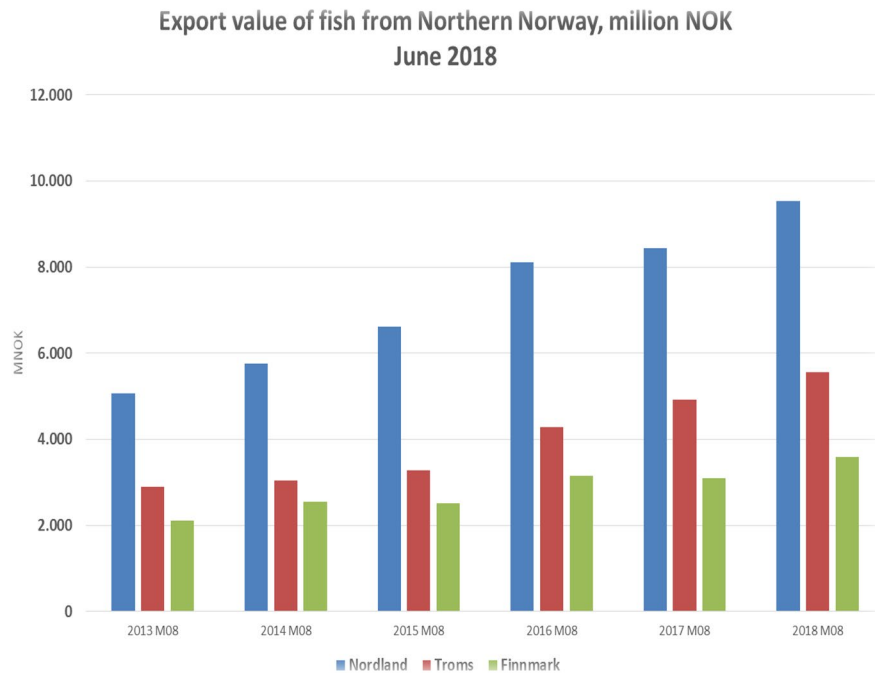
Stable, low unemployment

Registered unemployment



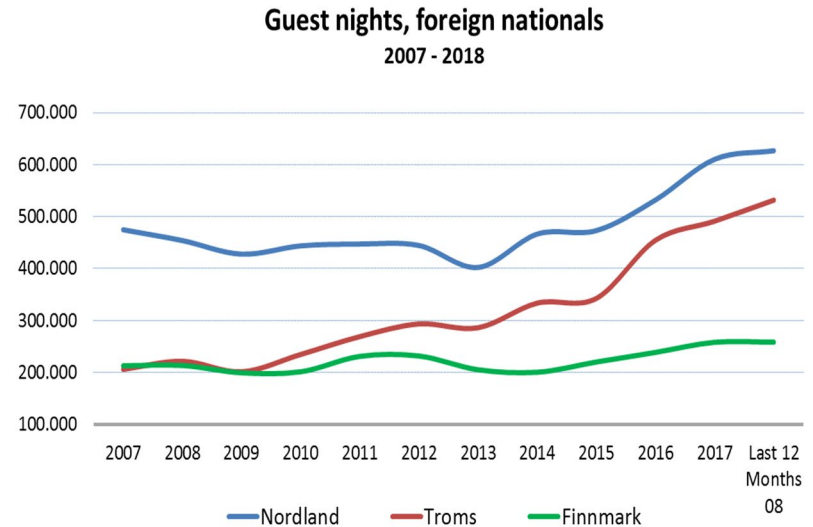
Seafood – export growth

- Growth in seafood export value from Northern Norway of 13,5 % per August.
- Good prices and weak norwegian kroner contribute.
- 1st half 2018 was the best ever for cod fisheries, and cod is important for Northern Norway.



Tourism – growth in overnight stays

- Number of overnight stays is on a high level.
- Foreign overnight stays plays a more important role, but the growth is now slowing down in Finnmark and Nordland. Still growth in Troms, especially from winter tourism.
- Optimistic prospects for world economy and weak norwegian kroner is positive for the tourism industry.



Oil and gas – new fields increase activity

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

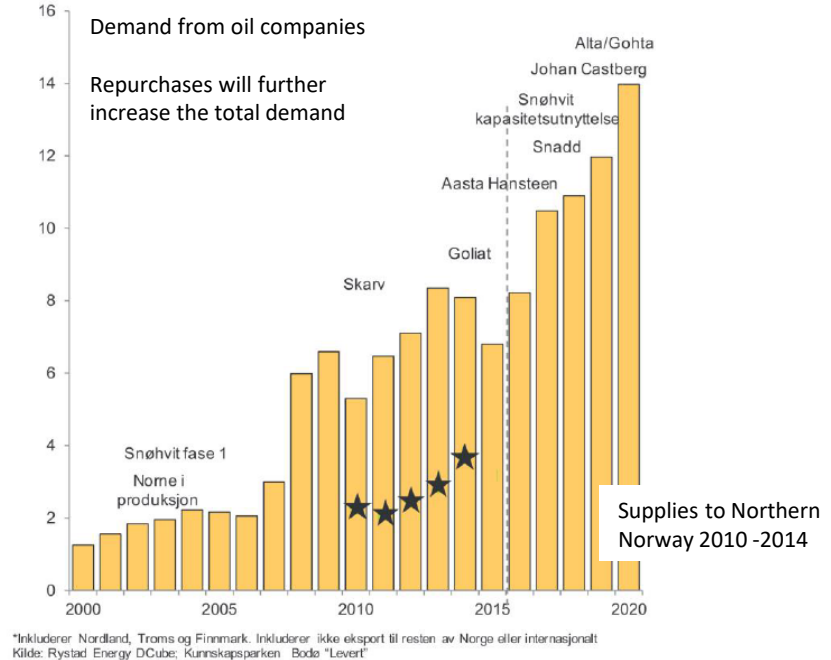
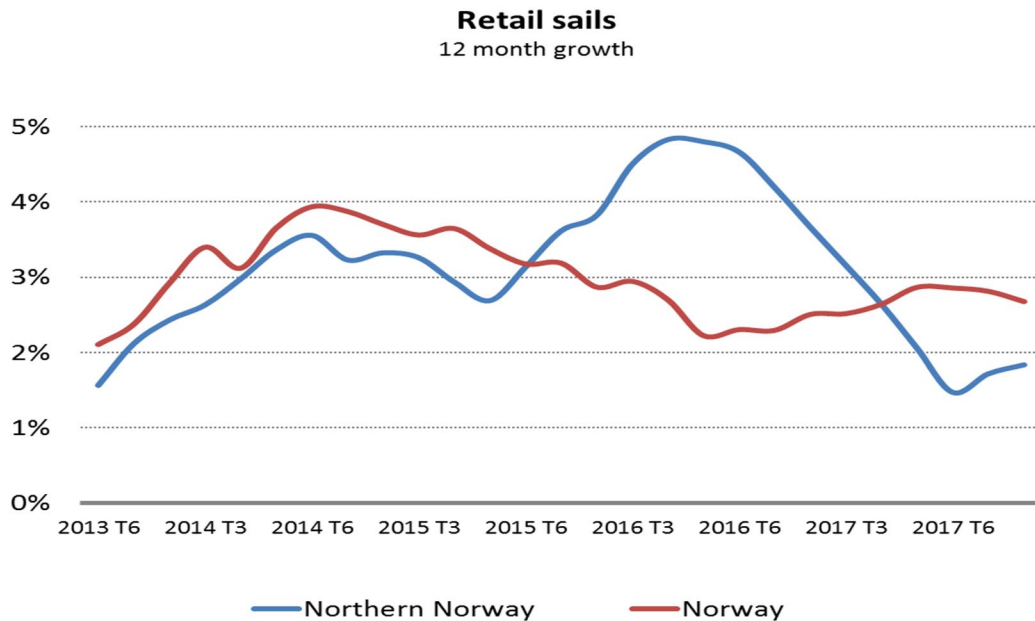


Figure: Petro Foresight 2030, February 2016

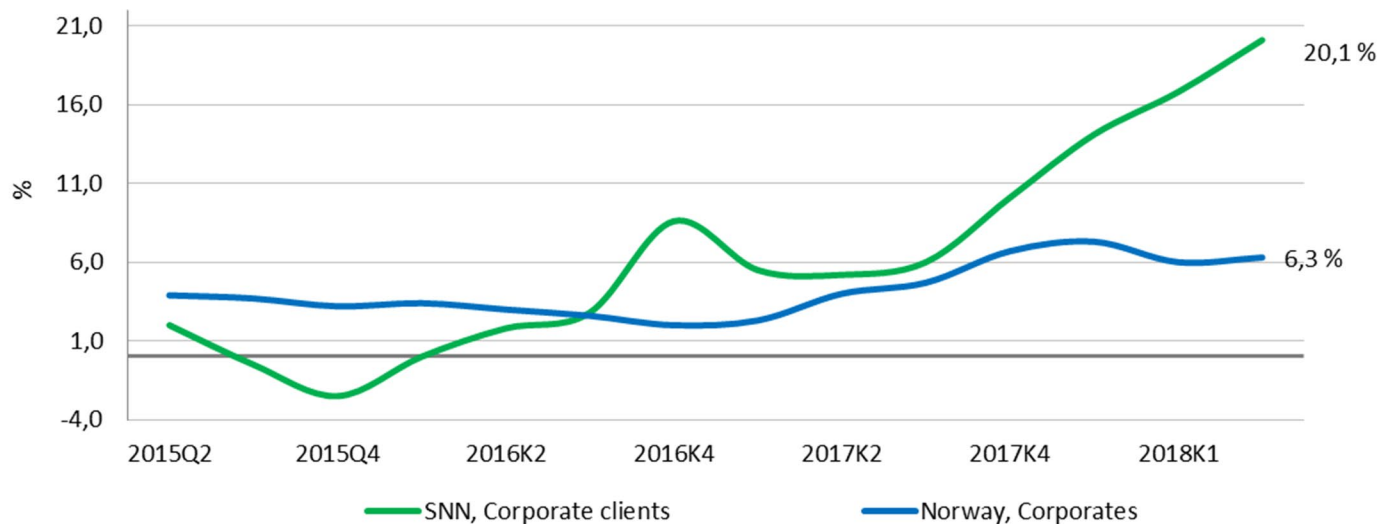
Lower growth in retail sales, and now growth is lower than Norwegian average



Source SSB, retail sales

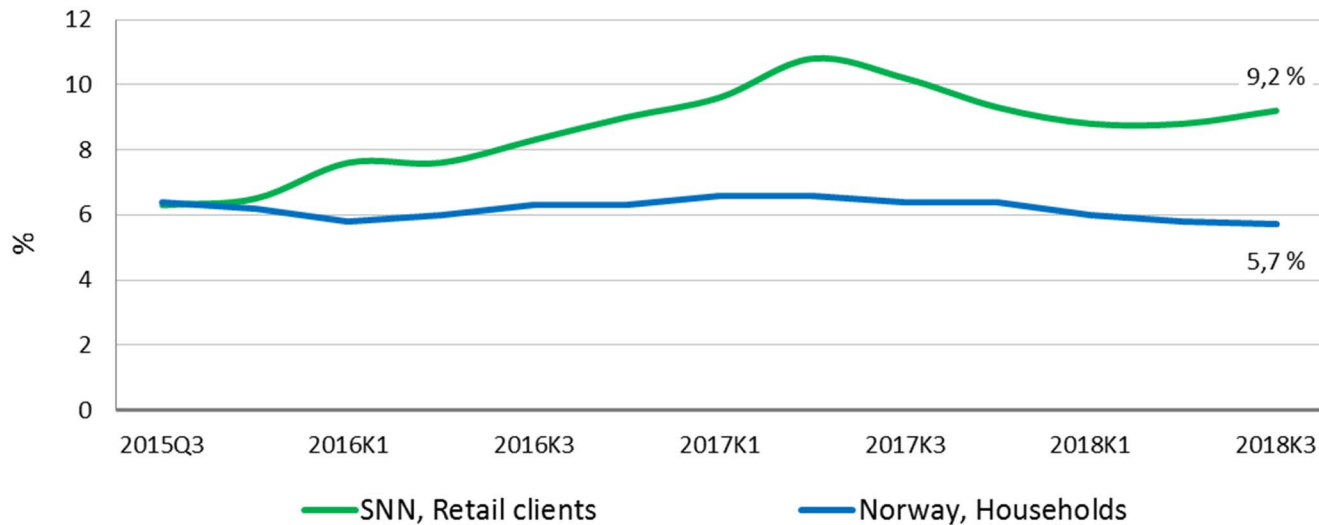
Credit growth corporates

Credit growth corporates. 12 mth growth



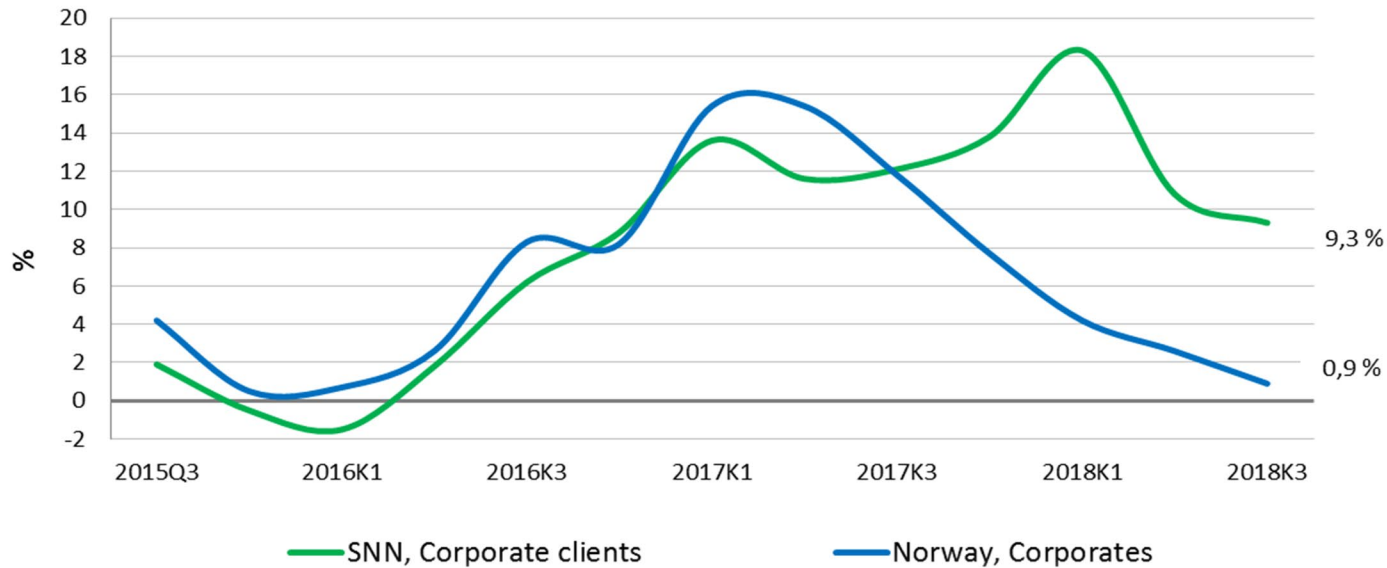
Credit growth households

Credit growth households. 12 mth growth



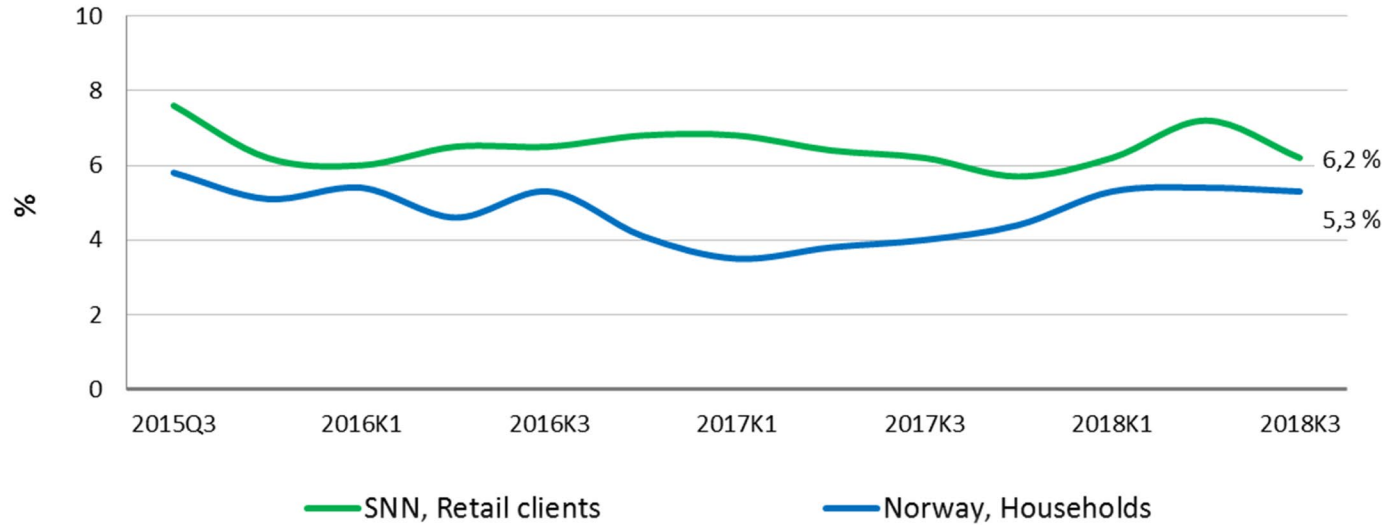
Deposit growth corporates

Deposit growth corporates. 12 mth. growth



Deposit growth households

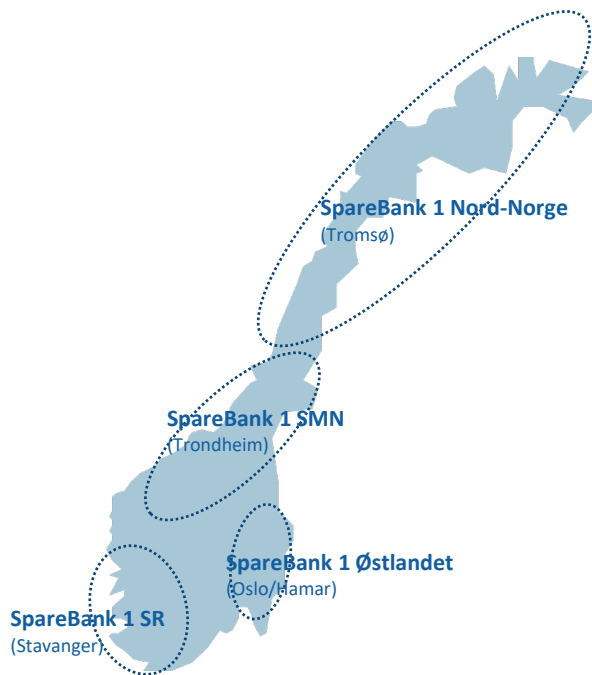
Deposit growth households. 12 mth. growth







6

SpareBank 1 Group and the alliance

SpareBank 1 Alliance: National champion with regional focus

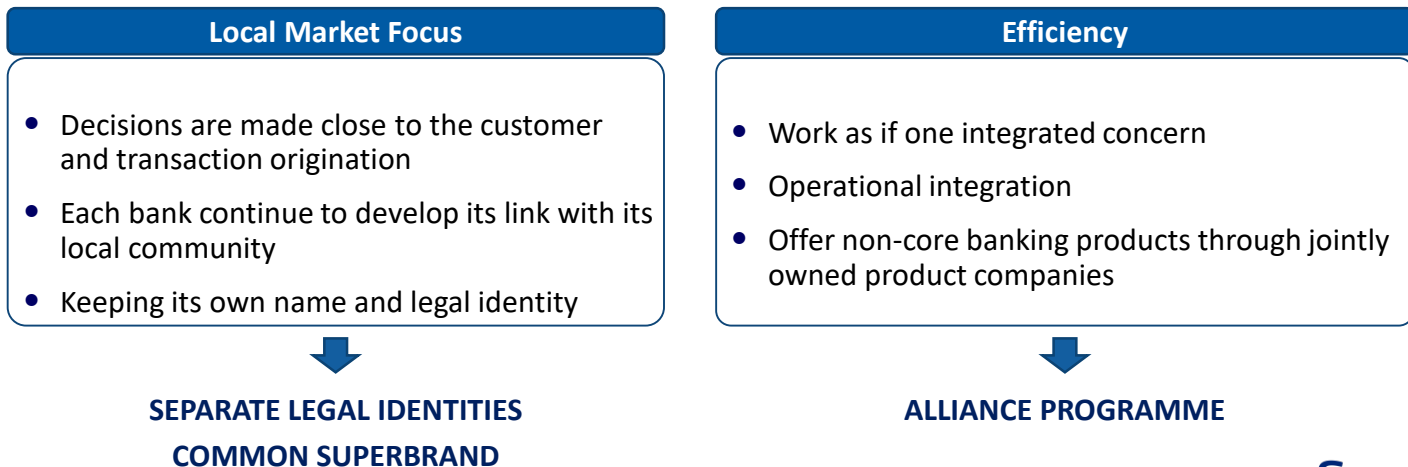


- ✓ The SpareBank 1 Alliance consists of 14 banks; independent in each region
- ✓ Operate exclusively in Norway – with Norway’s most extensive branch network
 - ✓ Physical branch structure is changing and SpareBank 1 banks are at the forefront of incorporating technological innovation into its distribution 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-	A1
SpareBank  SR-BANK	A-	A1
SpareBank  NORD-NORGE	A	A1
SpareBank  ØSTLANDET	n/a	A1

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

- ✓ The savings 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 scale, 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
SAMSPAR

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

SpareBank 1 Forsikring AS
(Life insurance)

SpareBank 1 Skadeforsikring AS
(Non-life insurance)

ODIN Forvaltning AS
(Fund management)

LOfavør AS
(LOfavør)

Conecto AS
(Debt collection)

SpareBank 1 Factoring AS
(Factoring)

SpareBank 1 Portefølje AS
(Portfolio)

SpareBank 1 Spleis AS
(Crowdfunding)

Banksamarbeidet DA

EiendomsMegler 1
Norge AS

SpareBank 1
Kundesenter AS

SpareBank 1
Verdipapirservice AS