

## **1Q 2021**

Tromsø, 12 May 2021

Liv B. Ulriksen, CEO

Bengt Olsen, CFO

## 1 Highlights

## 2 Outlook

## 3 Financial status

## A Appendix



# Highlights in 1Q

Pre-tax profit	ROE	
597 MNOK (448)	13,0 % (11,4 %)	
CET-1 ratio	C/I ratio	Loan losses
17,4 % (16,7 %)	41,6 % (41,6 %)	-53 MNOK (119)

## The obvious choice for people and businesses

*«Better than anyone else,  
we shall understand and do  
what's important for people  
and businesses in Northern  
Norway»*

Main bank retail **35 %**

Main bank SME **36 %**

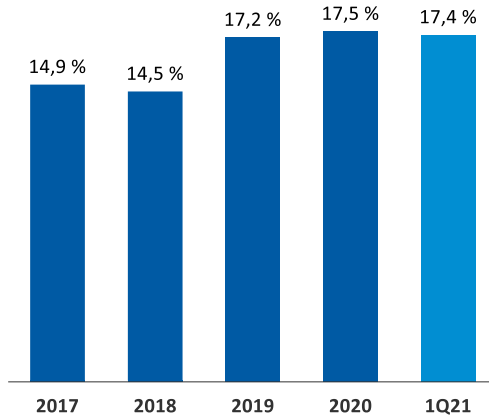
Real estate agency **36 %**

Accounting **20 %**

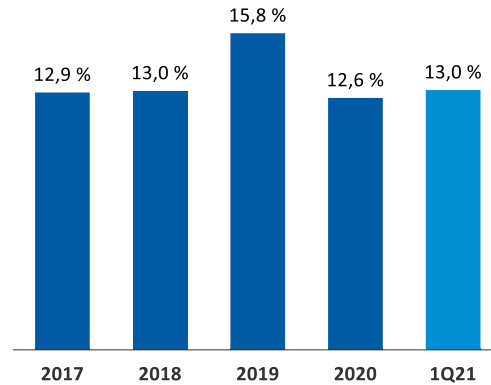
Secured financing **21,5 %**

# A good first quarter

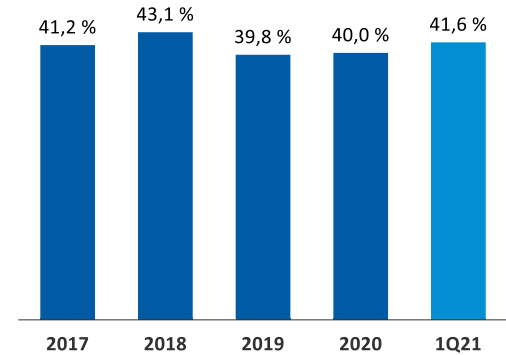
CET 1



Return on equity capital



Cost/income Group



# Subsidiaries – results before tax

	31.03.2021	31.03.2020
SpareBank 1 Finans Nord-Norge AS	54 802	21 751
SpareBank 1 Regnskapshuset Nord-Norge AS	16 610	12 427
EiendomsMegler 1 Nord-Norge AS	11 042	3 074
<b>Subsidiaries core operations</b>	<b>82 454</b>	<b>37 252</b>
Other subsidiaries	- 231	2 072
<b>Total</b>	<b>82 223</b>	<b>39 324</b>

# Data-driven innovation and business development

Insight into customers behavior and needs, coupled with opportunities, trends and partnership, will create tomorrow's customer experiences

## SpareBank 1 Nord-Norge tar grep – forener to forretningsområder med ny leder

Liv Bortne Ulriksen og resten av banken ønsker å satse tyngre på datadreven forretningsutvikling og innovasjon. Derfor har banken ansatt Bjørn Tore Markussen, som blir ny konserndirektør for et nytt og større forretningsområde.



Konsernsjef Liv Bortne Ulriksen i SpareBank 1 Nord-Norge | Foto: Marius Fiskum

**AV JOHN SELJEHAUG**

Publisert: 07.05.21 kl. 14:07

– Det er et operasjonelt grep, men også en konsekvens av hvordan bankmarkedet endrer seg, samt fokus på hvordan vi ønsker å ta ut vekst på både bunn- og topplinje med forretning på innovasjon. Det handler også om økt digitalisering, sier konsernsjef Liv Bortne Ulriksen i SpareBank 1 Nord-Norge, til FinansWatch.



### Les også

Gjensidige kjøper Vegamots Autoparkering  
kunder: - En brikke i en større satsing

Skatteetaten kan pålegge arbeidsgivere å opprette pensjonsordning

Marjamaa om kryptohandel: – Vi sier ikke kontant nei

SpareBank 1 Nord-Norge

# A driving force for the development of the region

182 companies receive support through the project

«Another day»

91 experiences will be piloted this summer

10 of them will get another NOK 200 000 after the summer to make the test a permanent solution

*Vi kan jobbe sammen for at dette ikke blir sjansen som glipper*

**an.no** MENY

REISELIVET

**Nye kroner til reiselivet: - Vil ikke skytes ned i svevet en gang til**

**– Støtte i disse tider er gull verdt**

Trasti & Trine AS har fått 60000 kroner i støtte gjennom SpareBank 1 Nord-Norges prosjekt «En dag til».

© og. Johnny Trasti har fått tilskudd til å utvikle og gjennomføre sitt nye produkt med samarbeid og markedsføring. FOTO: MAG LARSEN



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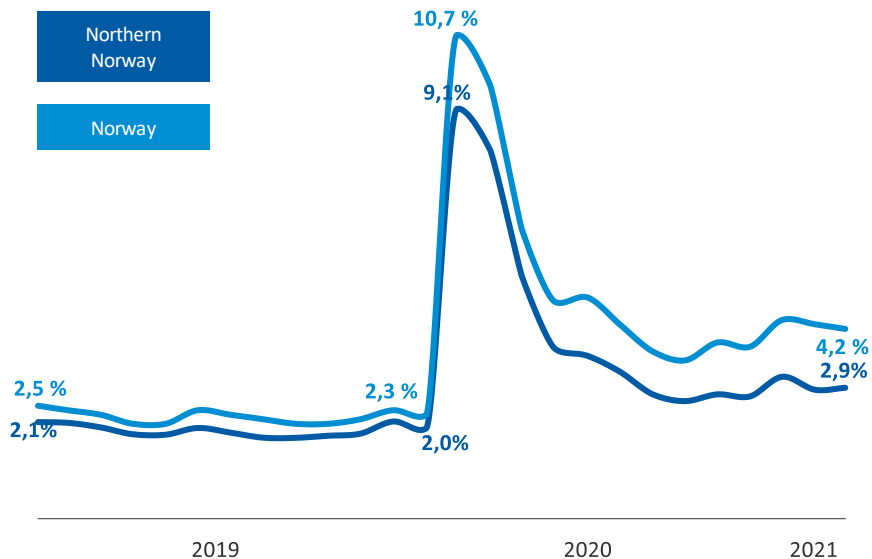
A Appendix



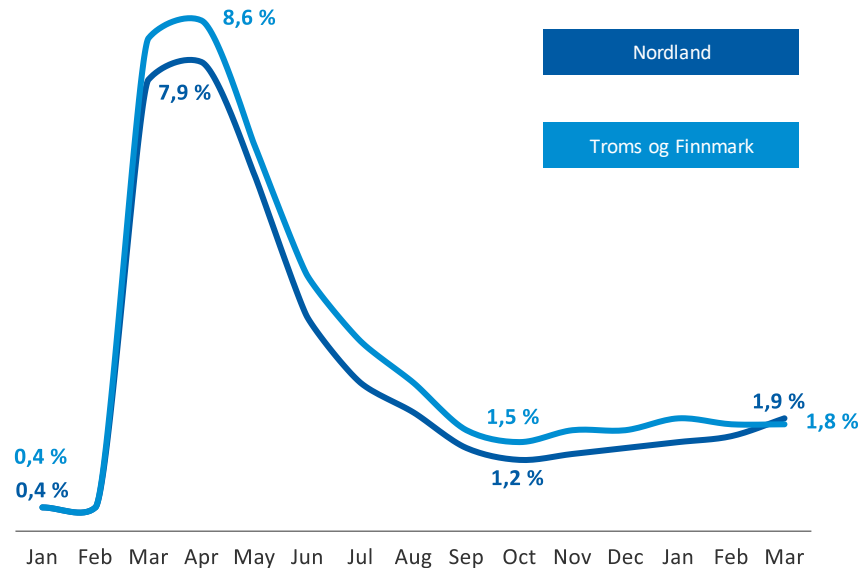


# Unemployment

## Unemployment

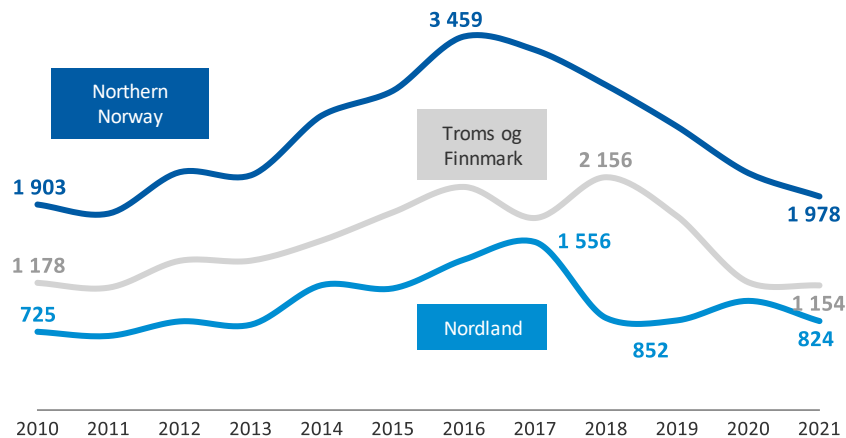


## Layed-off, share of work force, Northern Norway

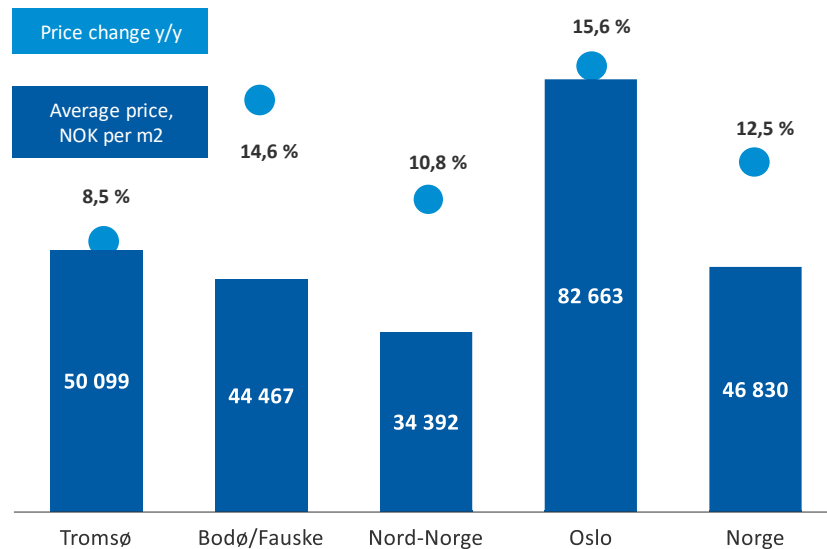


# Housing market

Housing starts, last 12 months

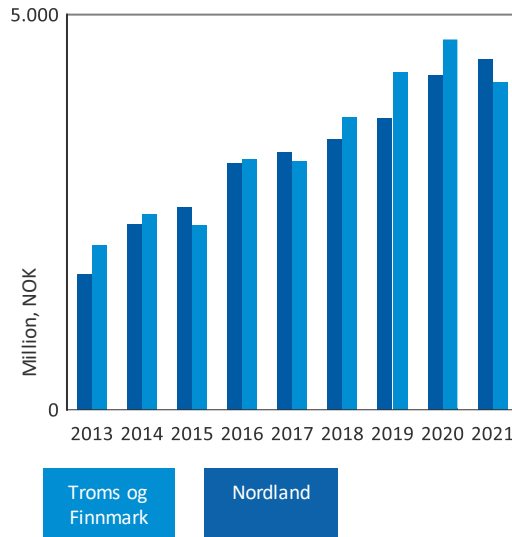


House prices, March 2021 (Av.price all units)

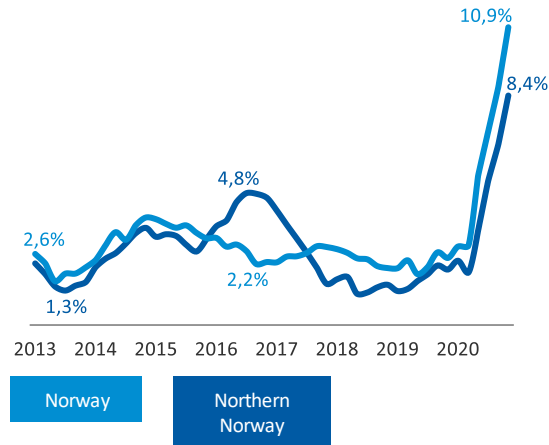


# Northern Norway - selected industries

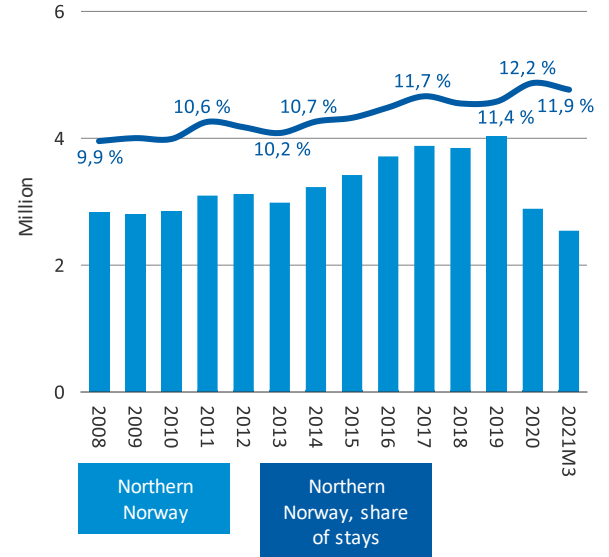
Export value of fish from Northern Norway, million NOK Q1



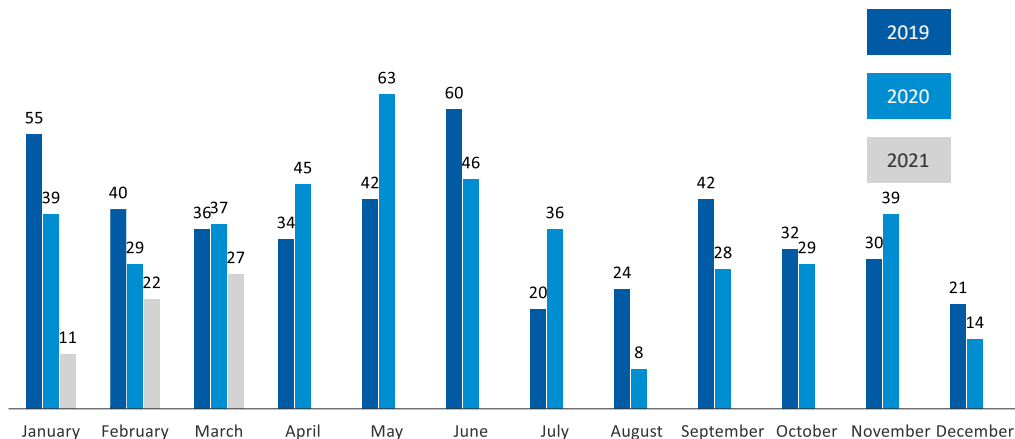
Retail sales 12 month growth



Overnight stays, total and share of total overnight stays in Norway



# Bankruptcies in Northern Norway



Number of bankruptcies in Northern Norway are still at low levels

These industries have seen the greatest number of bankruptcies:















- Construction
- Accommodation
- Catering
- Retail sales

Number of bankruptcies are expected to increase going forward

## Total number of bankruptcies



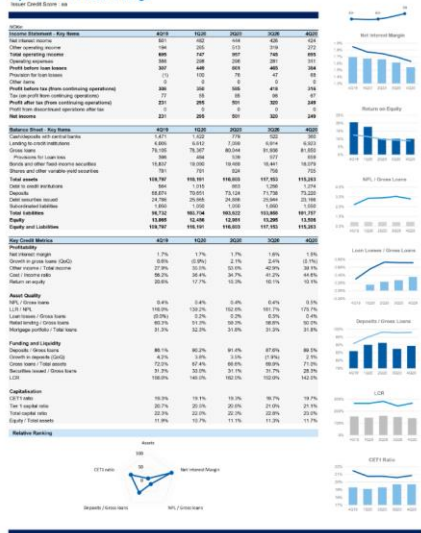
# Status and outlook in Northern Norway

Segment	Status	Outlook
Macro		
Commercial real estate		
Fisheries		
Fish farming		
Construction		
Retail sales		
Tourism		

# Exciting future in the north for «the best bank in Norway»

#1 out of 117 bankers!

## SpareBank 1 Nord-Norge



## - Vi må jo få brukt all vinden vi har her til noe

Mens vindkraftutbygging møter stadig mer motstand rundt om i landet, er verledes i Berlevåg i Finnmark. Her gir vindkraften håp om mer arbeidsplasser i et samfunn der innbyggertallet er halvert.

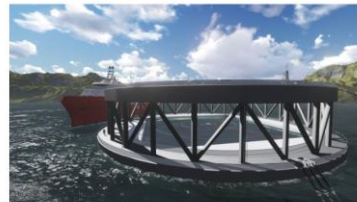
### Milliongaranti til innovativt oppdrettsanlegg i Nord-Norge

10.12.2020 08:00:00 CET / GSK

De



Nye arbeidsplasser og positive ringvirkninger i Nord-Norge blir en del av gevinsten når selskapet Norway Royal Salmon ASA bygger offshore oppdrettsanlegg utenfor Kvaløya i Tromsø og smoltanlegg i Dølford i Karlsøy.



Bilustrasjon av Arctic Offshore Farming, Norway Royal Salmons habt nedrederbare offshore oppdrettsanlegg, som skal installeres utenfor Kvaløya i Tromsø.

## Forsker tror batterier kan gi titusener av nye arbeidsplasser i Norge

Les om hvordan batteriselskapet Freyr tok «bakdra» inn på børsen for å realisere milliardprosjekt som kan markere starten på nytt norsk industrieventyr.



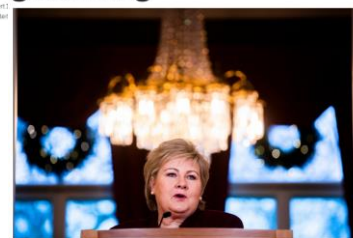
INDUSTRIEVENTYR. Grafikken viser hvor det blir batterifabrikk i Mo i Rana, som er et industrieventyr.



Isas beste vindkraft. Nå ønsker Berlevågsamfunnet å utnytte vinden til å produsere grønt.

RANA FLYPLASS NTP NASJONAL TRANSPORTPLAN 2022 - 2033

## Gir 1,8 milliarder kroner til ny flyplass i Rana: - Dette er en gledens dag



## Ny by – ny flyplass

# Ambitions for growth and increased market share

Expected growth for SpareBank 1 Nord-Norge in 2021

**Retail market:            2-5 %**

**Corporate market:    4-6 %**

Corporate growth within companies and industries with an expected low negative impact of Corona



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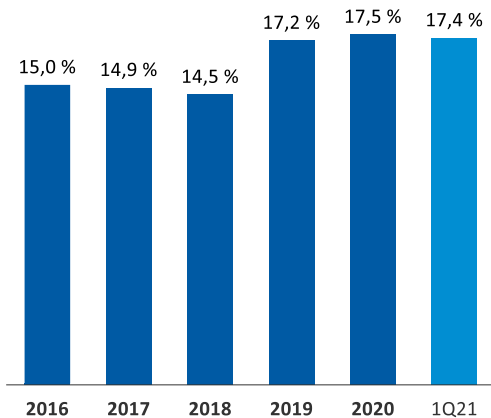
# Group financial highlights and key figures

(Amounts in NOK million and in % of average assets)

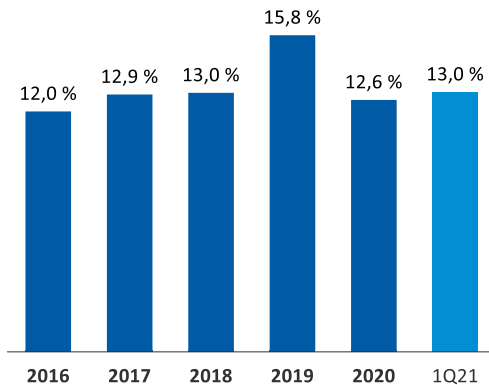
	31.03.2021	%	31.03.2020	%	31.12.2020	%
Net interest income	473	1,6 %	552	2,0 %	2 068	1,8 %
Net fee- and other operating income	350	1,2 %	293	1,0 %	1 299	1,1 %
Net income from financial investments	109	0,4 %	126	0,4 %	693	0,6 %
Total income	932	3,2 %	971	3,5 %	4 060	3,5 %
Total costs	388	1,3 %	404	1,4 %	1 626	1,4 %
<b>Result before losses</b>	<b>544</b>	<b>1,8 %</b>	<b>567</b>	<b>2,0 %</b>	<b>2 434</b>	<b>2,1 %</b>
Losses	- 53	-0,2 %	119	0,4 %	332	0,3 %
<b>Result before tax</b>	<b>597</b>	<b>2,0 %</b>	<b>448</b>	<b>1,6 %</b>	<b>2 102</b>	<b>1,8 %</b>
Tax	124	0,4 %	64	0,2 %	360	0,3 %
Defecit non-current assets held for sale	0	0,0 %	0	0,0 %	0	0,0 %
<b>Result after tax</b>	<b>473</b>	<b>1,6 %</b>	<b>384</b>	<b>1,4 %</b>	<b>1 742</b>	<b>1,5 %</b>
Interest hybrid capital	7		10		33	
<b>Result after tax ex. interest hybrid capital</b>	<b>466</b>		<b>374</b>		<b>1 709</b>	
<b>Profitability</b>						
Return on equity capital	13,0 %		11,4 %		12,6 %	
Interest margin	1,6 %		2,0 %		1,8 %	
Cost/income	41,6 %		41,6 %		40,0 %	

# Quarterly development

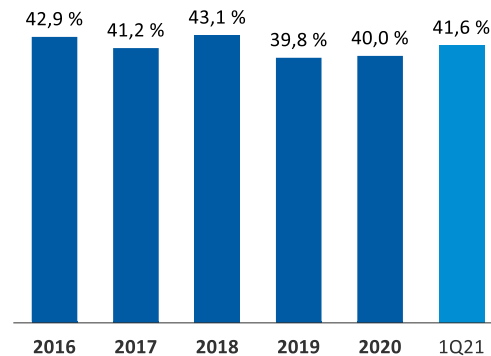
CET 1



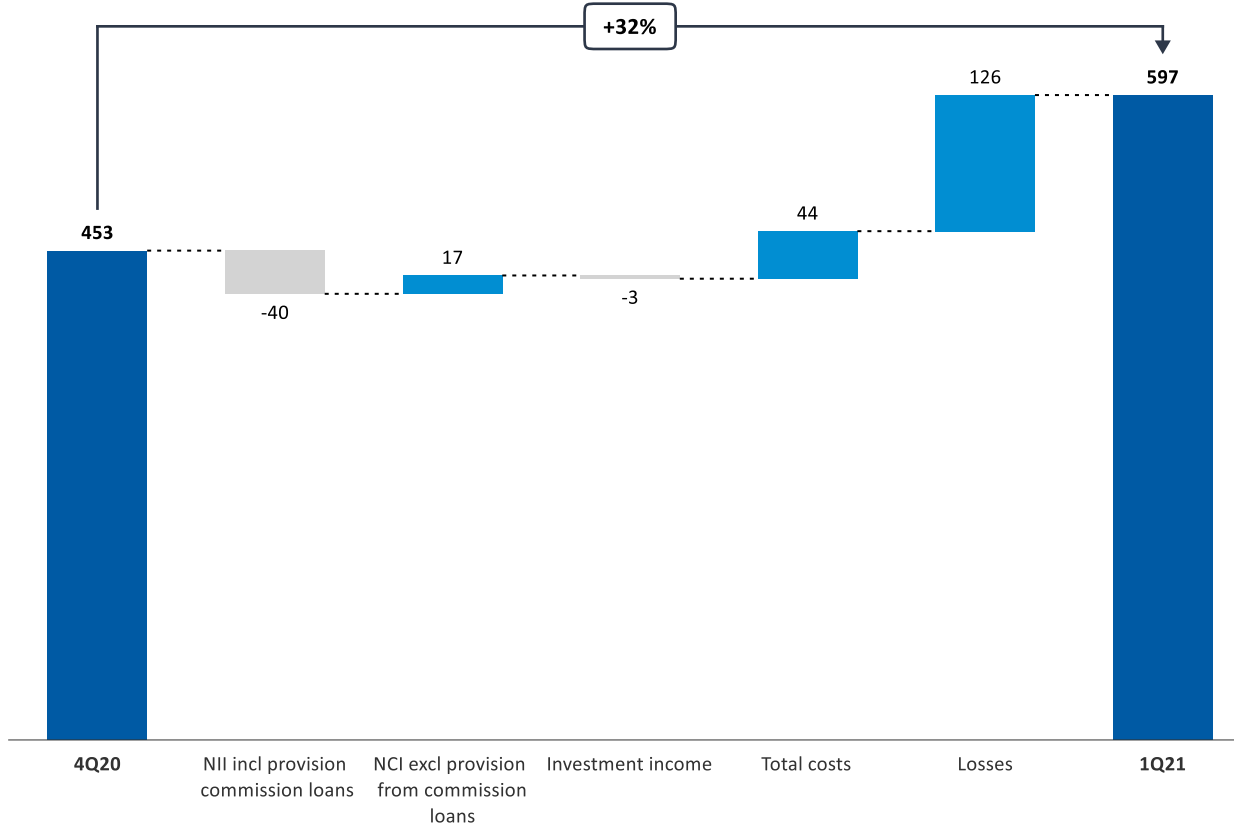
Return on equity capital



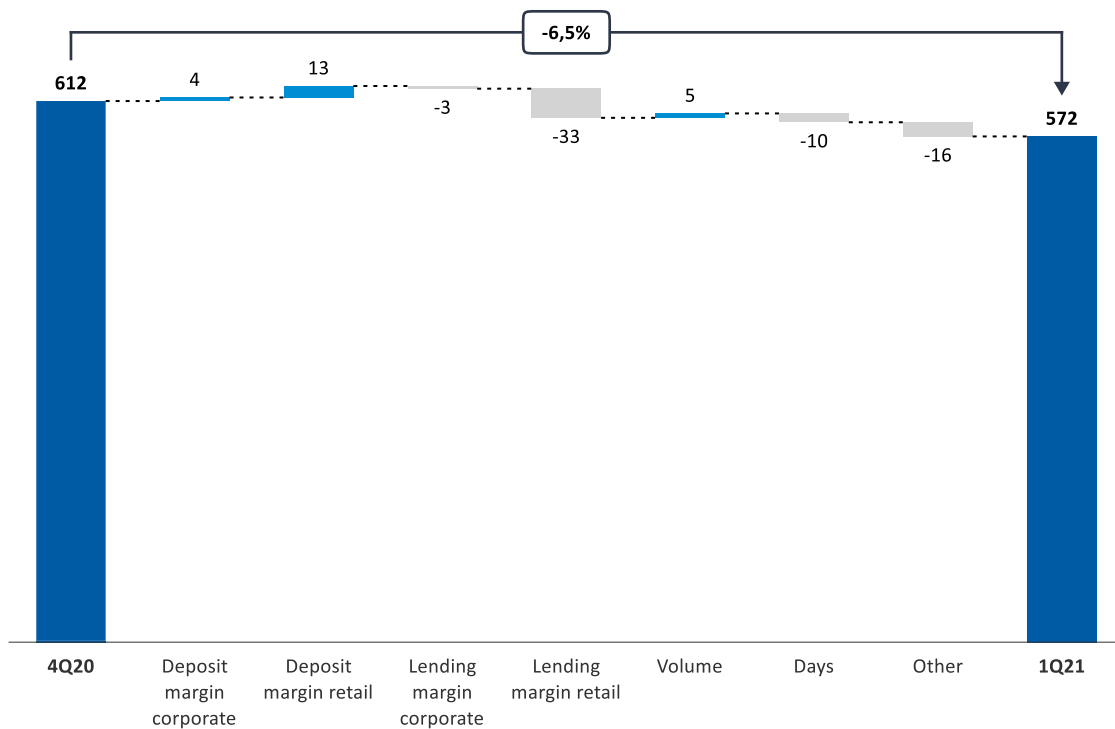
Cost/income Group



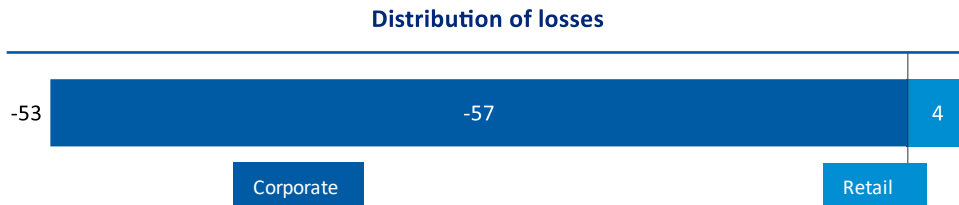
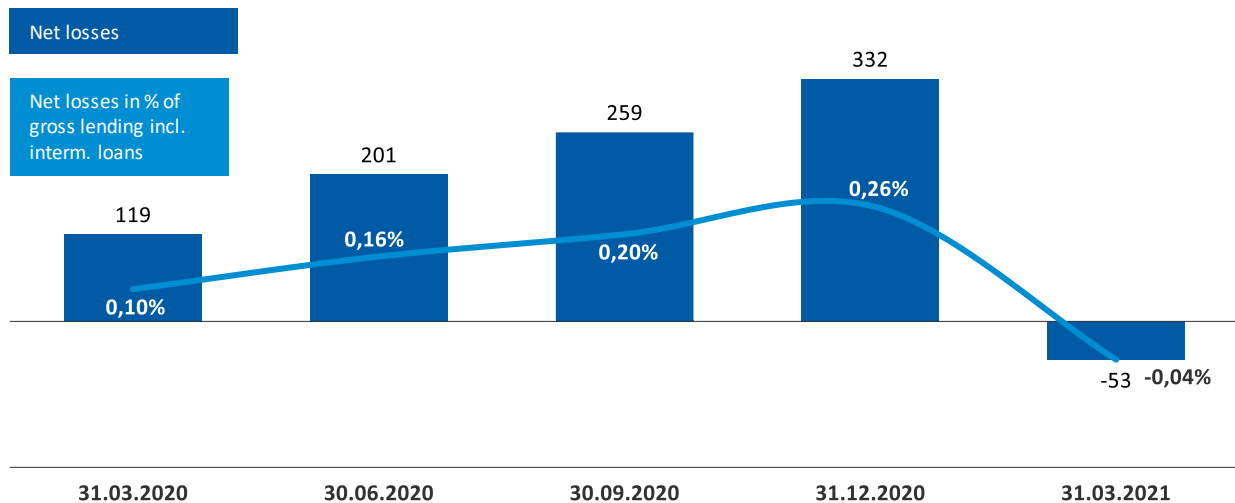
# Result before tax - last quarter



# Net interest income - Group

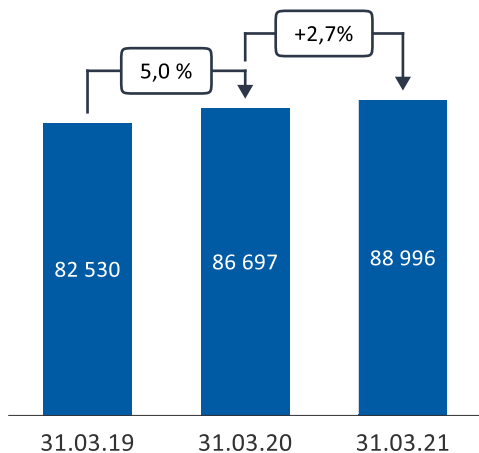


# Low losses

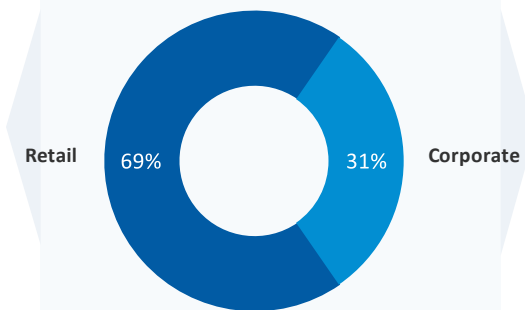


# Lending growth

**Retail marked** (incl.commission loans)



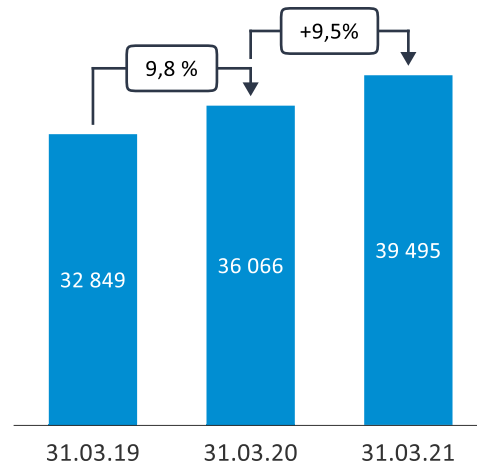
**Gross lending** (incl.commission loans)



**Gross lending** (excl.commission loans)



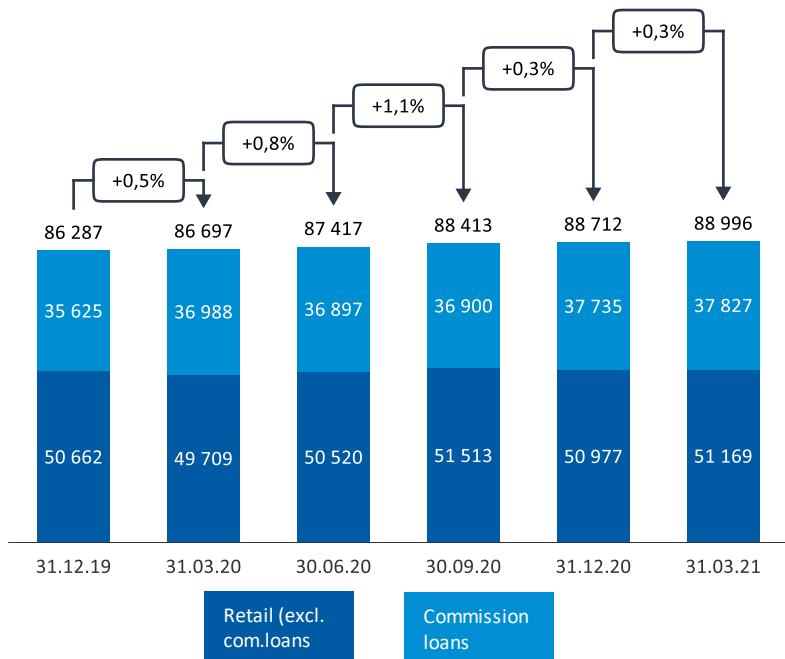
**Corporate Banking** (incl.commission loans)



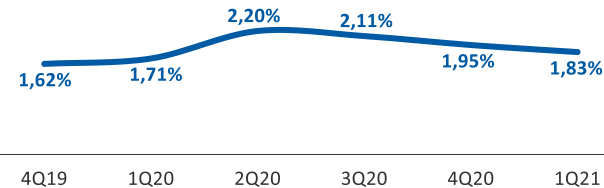


# Retail Market

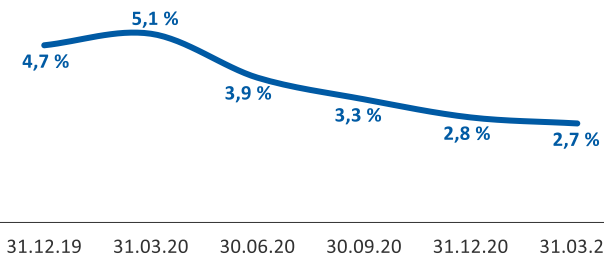
Lending growth



Development in lending margin (ISO)

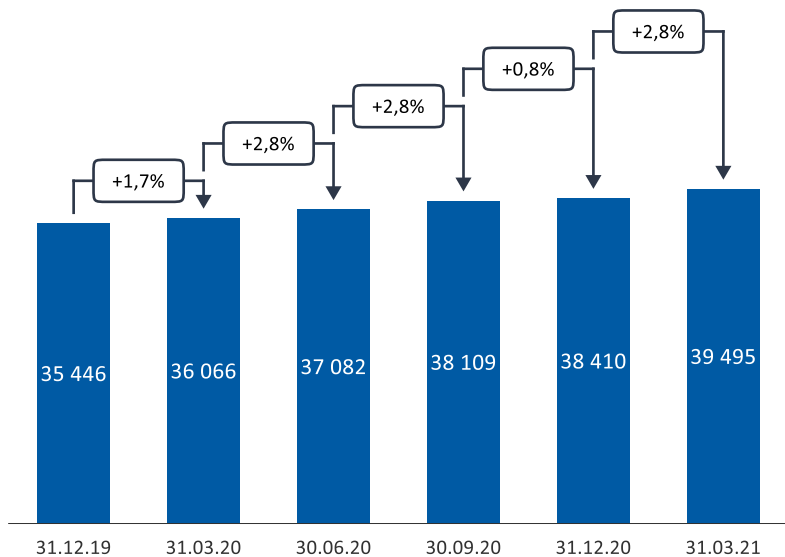


Lending growth (YTD)

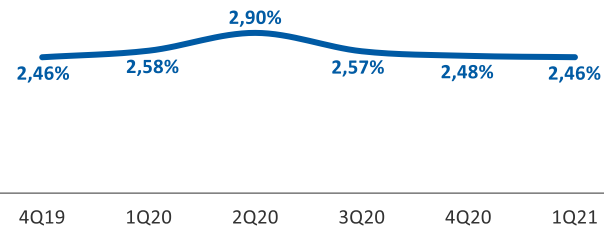


# Corporate Banking

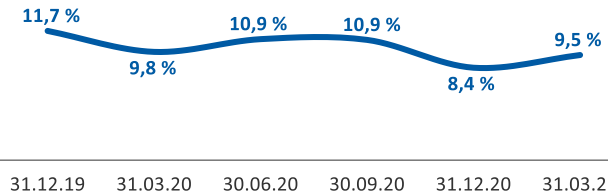
Lending growth



Development in lending margin (ISO)

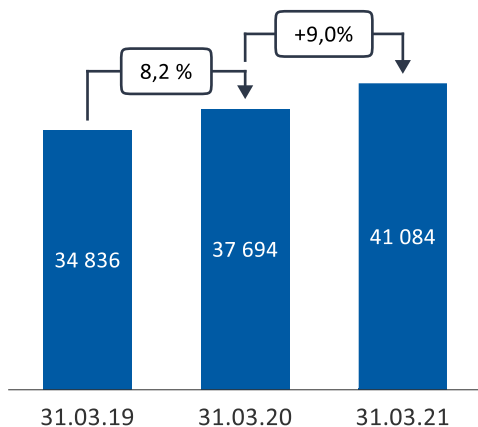


Lending growth (YTD)

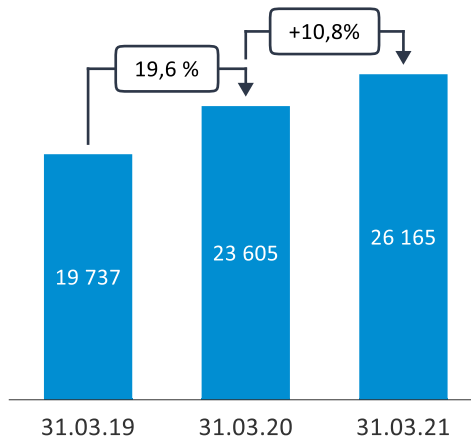


# Deposit growth

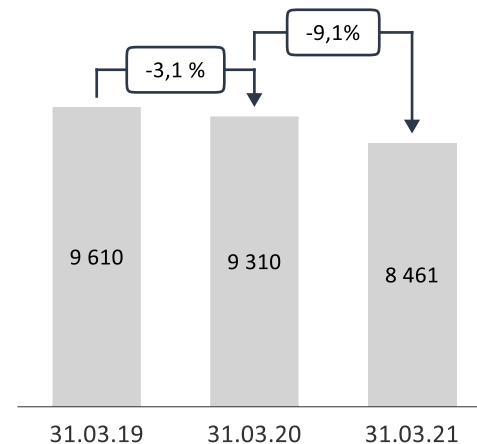
Retail Market



Corporate Banking



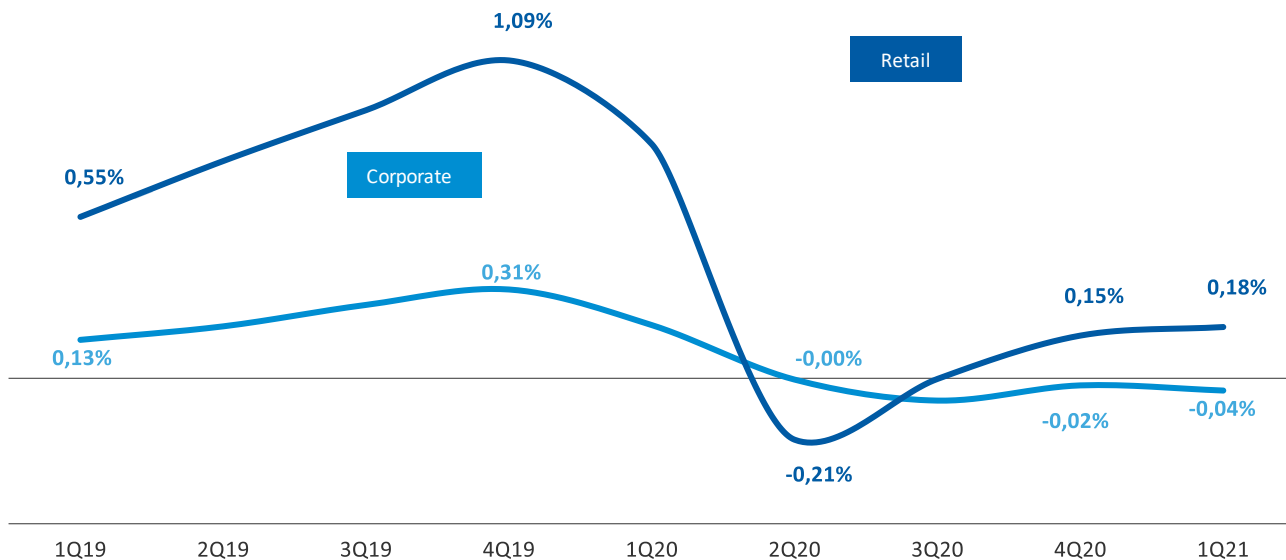
Public Market



Deposits gross



# Development in deposit margins



# Long term financial targets

> 12 %  
ROE

< 40 %  
C/I ratio

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> 50 %  
Dividend payout ratio

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15 %  
CET-1

# Financial outlook

## NRI

- Some decrease in net interest income over the last quarter based on a rising Nibor and fewer businessdays
- The competition in the retail market is still tough and put a pressure on the margins

## ROE >12 %

- The competition and the overall banking environment puts a pressure on the ROE
- Other income and cost measures will make a positive contribution
- Achieving the targeted ROE in 2021 will be tough

## CET-1 Ratio: 15 %

- Targeted CET-1 ratio is one percentage point above the regulatory minimum requirement
- The bank is very well capitalized, and any changes/tightening of regulatory requirements will not be a challenge for the bank

## C/I < 40 %

- C/I a bit weaker in the years first quarter at 41.6 %
- Still demanding to achieve our long term goal

## Pay out ratio > 50 %

- The targeted dividend pay out ratio of > 50 % still stands
- The authorities have imposed temporary restrictions on the industry, but a good solvency and strong earnings provide a good basis for future dividends

# Why invest in SpareBank 1 Nord-Norge

#1

- Market leader in a resourceful region

ROE

- Ambitious, top class financial targets
- Implements new KPI measures to maintain top class ROE



- Owner friendly dividend policy and strong capitalization
- High relative ownership in SpareBank 1 Group, other alliance companies and Norwegian banking infrastructure



# Contacts

## Management



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## Investor Relations



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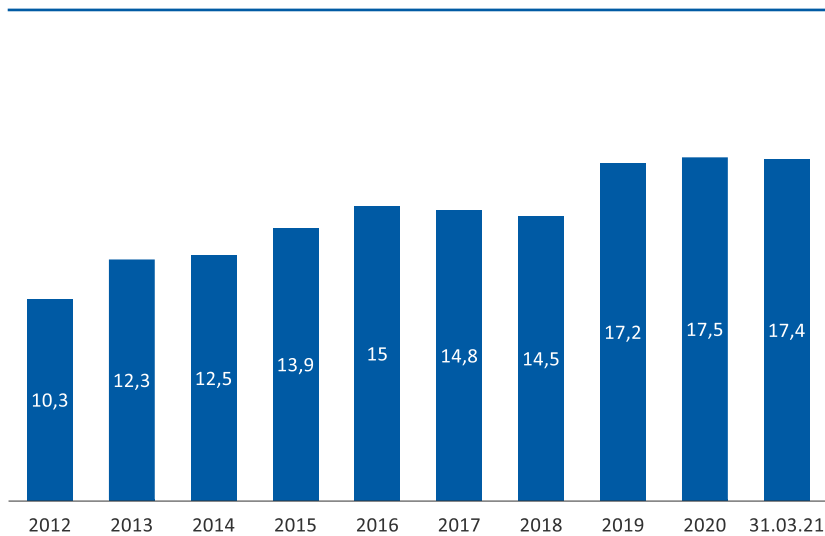
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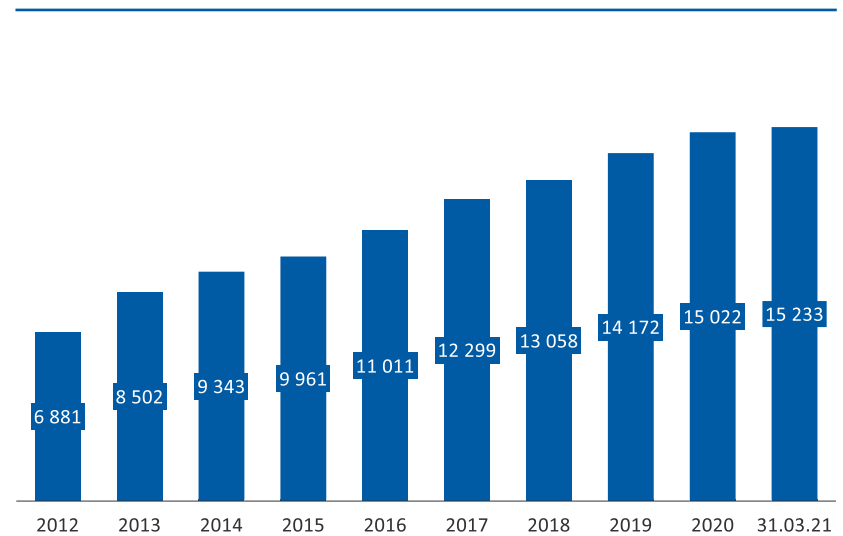


# A solid bank for Northern Norway

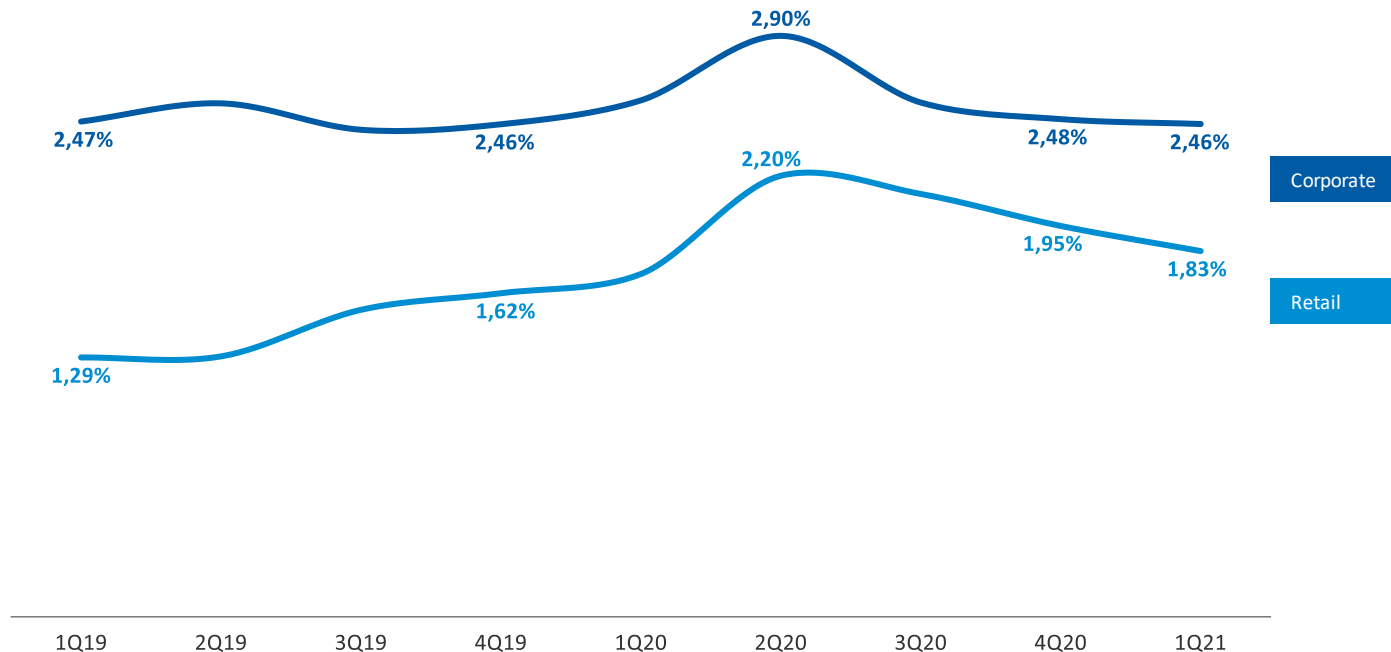
CET-1 (%)



Total equity (mNOK)



# Development in lending margins



# Company structure

## Associated companies and joint ventures

### SpareBank 1 Gruppen AS

19,5 % | Financial services

### SpareBank 1 Boligkreditt AS

18,14 % | Covered Bond company

### SpareBank 1 Næringskreditt AS

8,45 % | Funding/property

### SpareBank 1 Utvikling

17,74 % | System development

### SpareBank 1 Kreditt AS

18,37 % | Credit card

### SpareBank 1 Betaling AS

18,57 % | Vipps/mobile payment

### SpareBank 1 Gjeldsinformasjon AS

14,53 % | Investment company

### SpareBank 1 Bank og Regnskap AS

25 % | Innovation

### SpareBank 1 Mobilitet AS

33,33 % | System development

## Subsidiaries

### SpareBank 1 Finans Nord-Norge AS

Loan/consumer finance/leasing

### Eiendomsmegler 1 Nord-Norge AS

Real estate brokerage

### Fredrik Langesgt 20 AS

Commercial building

### SpareBank 1 Regnskaps- huset Nord-Norge AS

Accounting

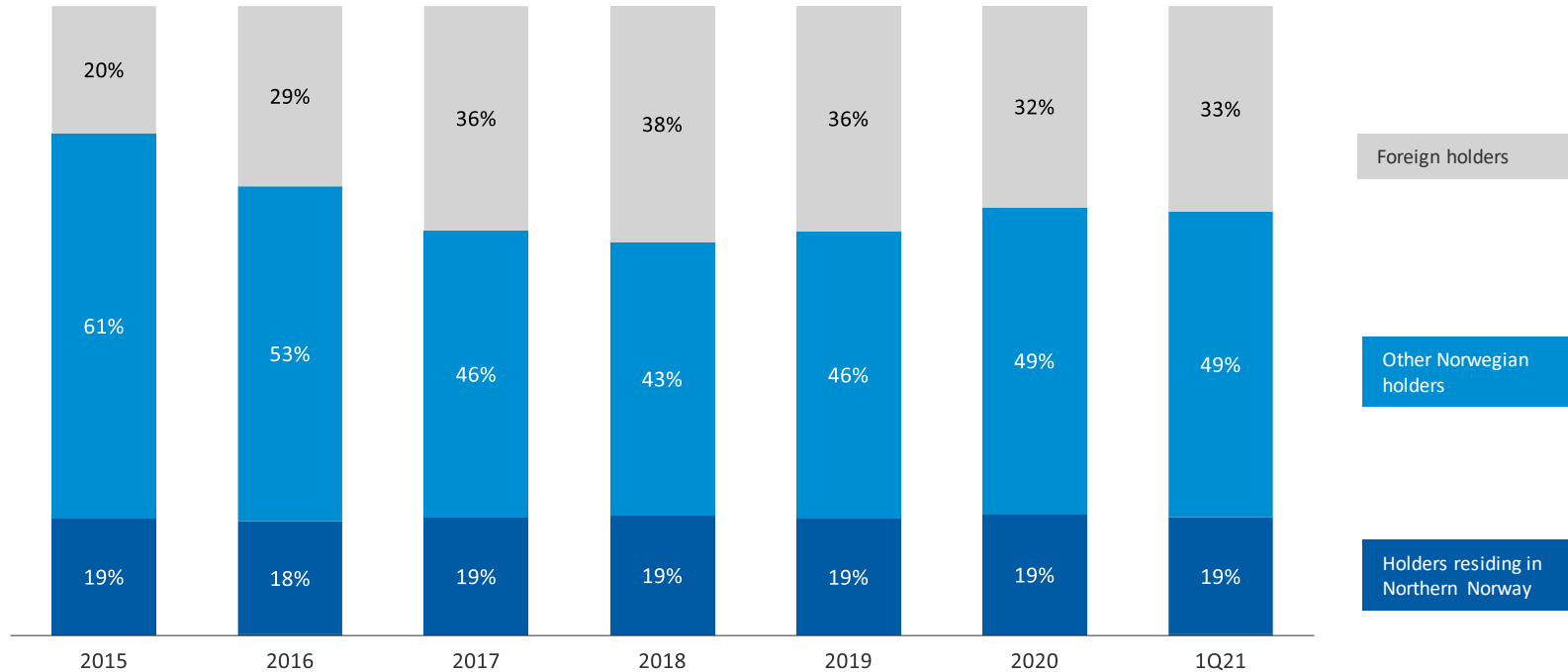
### SpareBank 1 Nord-Norge Portefølje AS

Investment company

### Rødbanken Holding AS\*

Investment company

# Geographical distribution of ownership

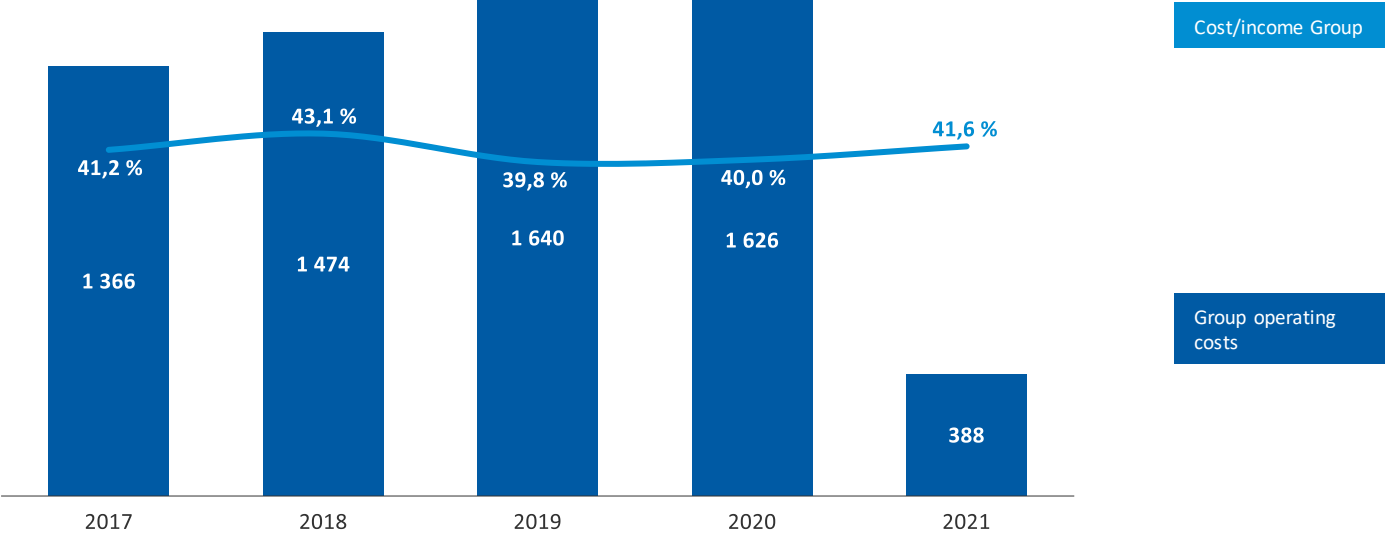


# The 20 largest EC holders

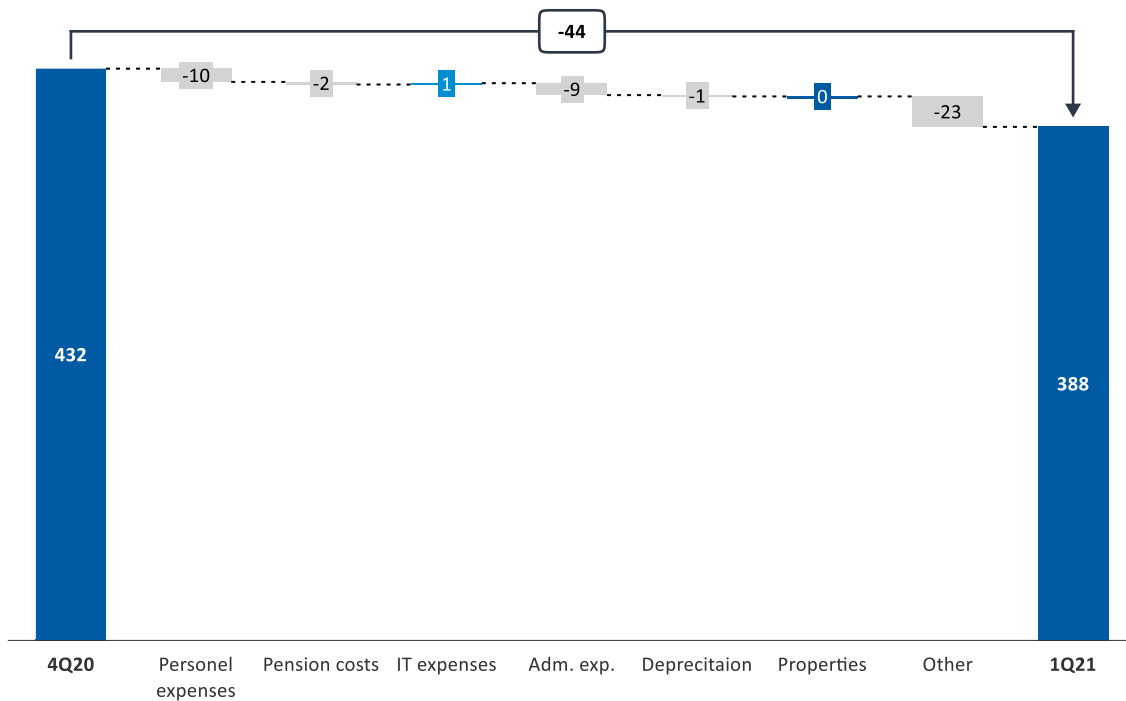
EC Holders	Number of Ecs	Share of EC Capital
PARETO INVEST AS	3,5M	3,4 %
PARETO AKSJE NORGE VERDIPAPIRFOND	3,3M	3,3 %
The Northern Trust Comp, London Br	3,1M	3,1 %
State Street Bank and Trust Comp	2,8M	2,8 %
GEVERAN TRADING CO LTD	2,8M	2,8 %
VPF EIKA EGENKAPITALBEVIS	2,6M	2,6 %
MP PENSJON PK	2,4M	2,4 %
Brown Brothers Harriman & Co.	2,2M	2,2 %
FORSVARETS PERSONELLSERVICE	1,7M	1,7 %
Morgan Stanley & Co. International	1,6M	1,6 %
SPAREBANKSTIFTELSEN SPAREBANK 1 NO	1,4M	1,4 %
Landkreditt Utbytte	1,3M	1,3 %
State Street Bank and Trust Comp	1,2M	1,2 %
Euroclear Bank S.A./N.V.	918K	0,9 %
J.P. Morgan Bank Luxembourg S.A.	904K	0,9 %
CLEARSTREAM BANKING S.A.	785K	0,8 %
Brown Brothers Harriman & Co.	735K	0,7 %
The Bank of New York Mellon SA/NV	649K	0,6 %
VERDIPAPIRFONDET SR-BANK UTBYTTE	613K	0,6 %
J.P. Morgan Bank Luxembourg S.A.	578K	0,6 %
Total	35.080.079	34,9 %



# Cost development - Group



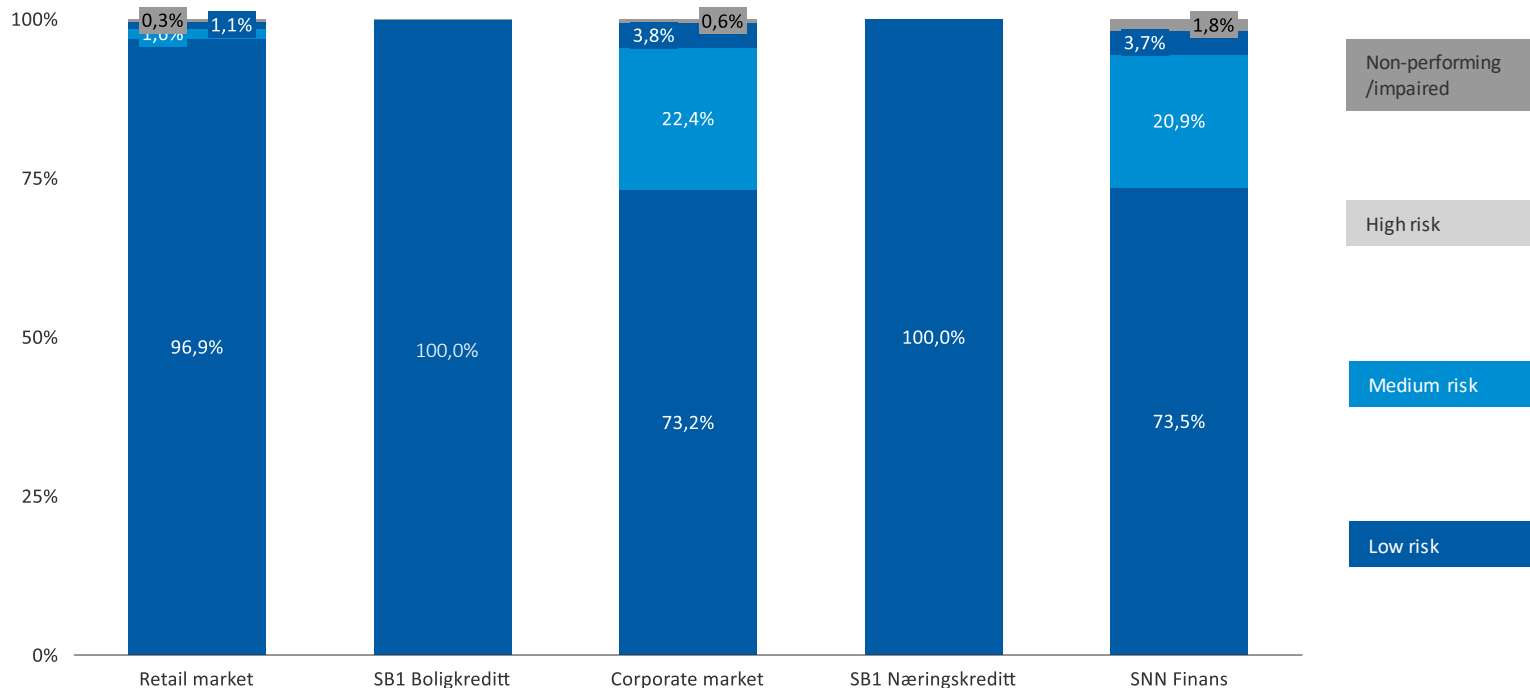
# Operating expenses - Group



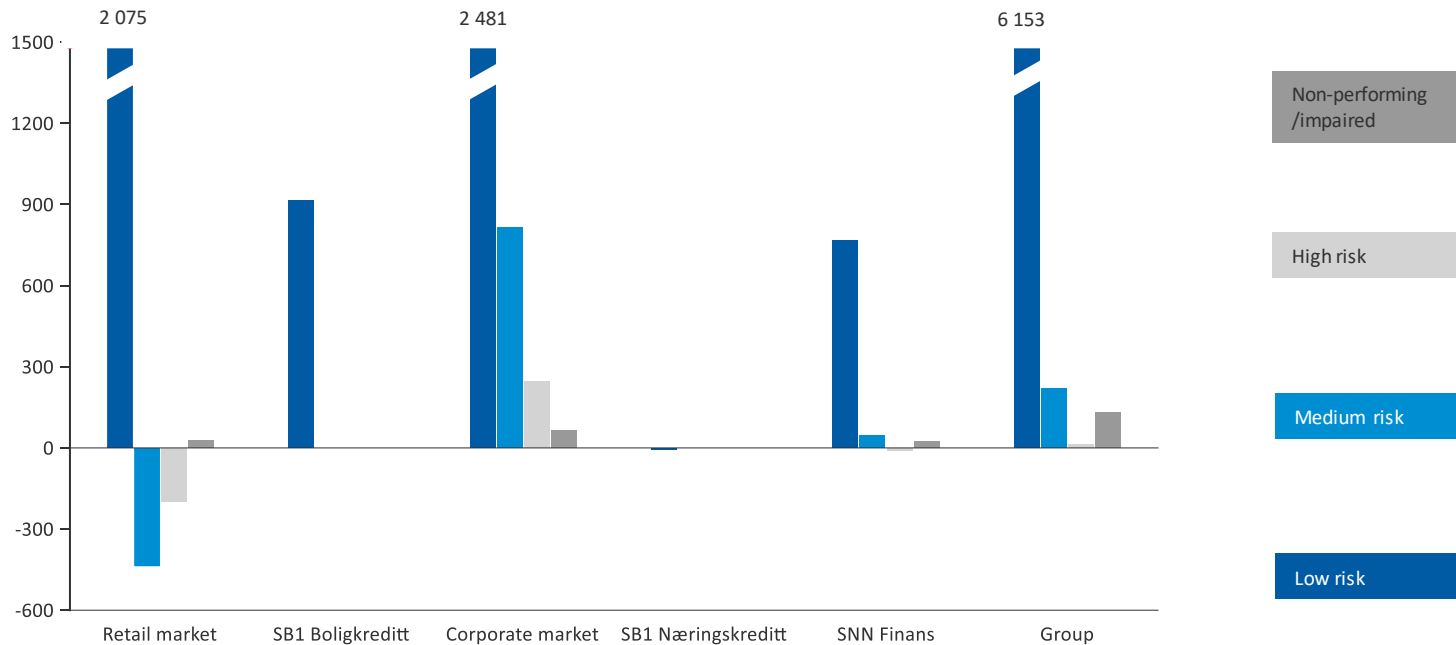
# Net fee- and other operating income - Group

(Amounts in NOK million)	1Q21	4Q20	3Q20	2Q20	1Q20
Payment facilities	61	73	74	68	73
Sales provision insurance products	49	46	47	44	43
Guarantee commissions	7	9	9	8	7
Real estate broking	40	53	49	40	30
Portfolio commissions	14	17	14	11	12
Other commissions	29	11	27	27	22
<b>Commissions excl. commission loan</b>	<b>200</b>	<b>209</b>	<b>220</b>	<b>198</b>	<b>187</b>
Commission loans	99	114	113	52	68
<b>Total commission income</b>	<b>299</b>	<b>323</b>	<b>333</b>	<b>250</b>	<b>255</b>
Commission costs	21	29	14	17	22
Accounting services	64	42	55	50	60
Other operating income	8	12	0	1	0
<b>Total commissions and other income</b>	<b>72</b>	<b>54</b>	<b>55</b>	<b>51</b>	<b>60</b>
<b>Net fee- and other operating income</b>	<b>350</b>	<b>348</b>	<b>374</b>	<b>284</b>	<b>293</b>

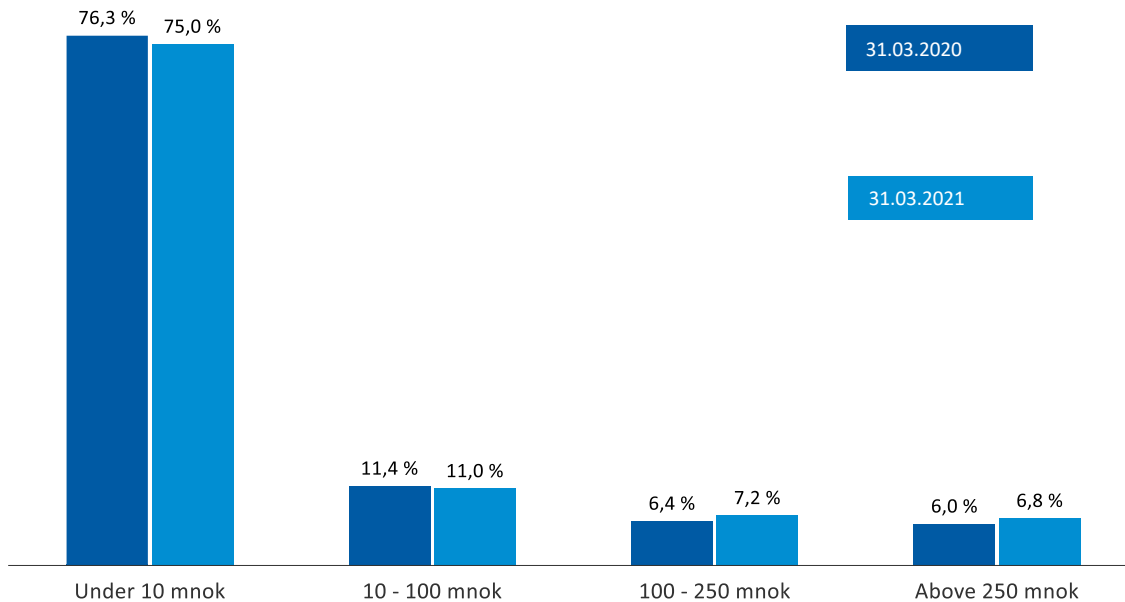
# Risk exposure as of 31.03.2021 - Group



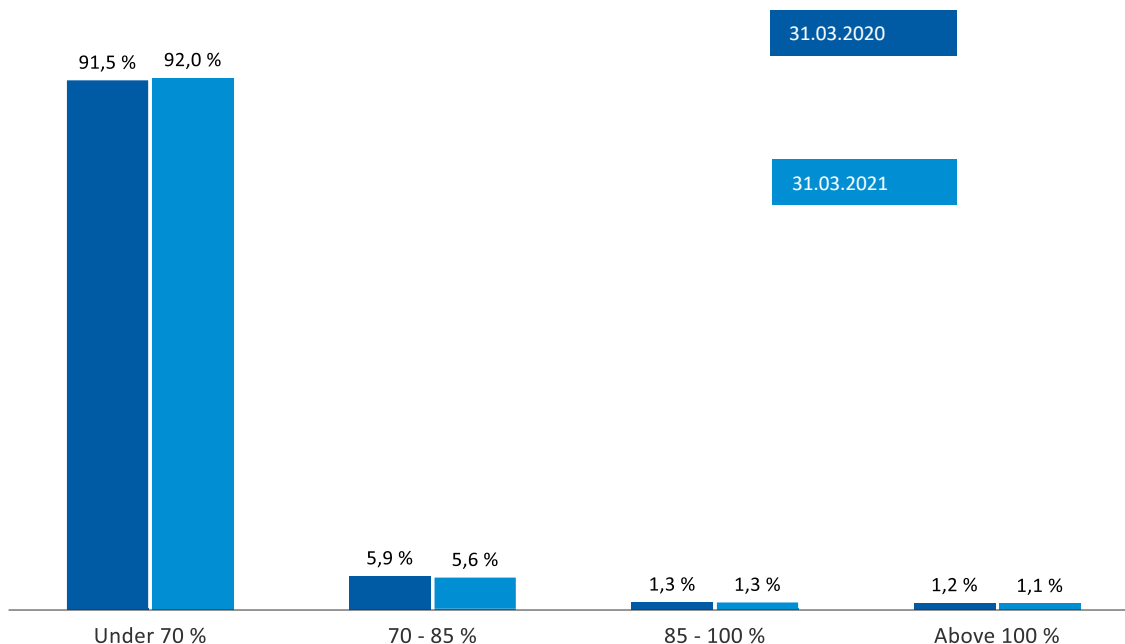
# Changes in exposure last 12 months - Group



# Exposure distributed by size\*



# LTV mortgage loans

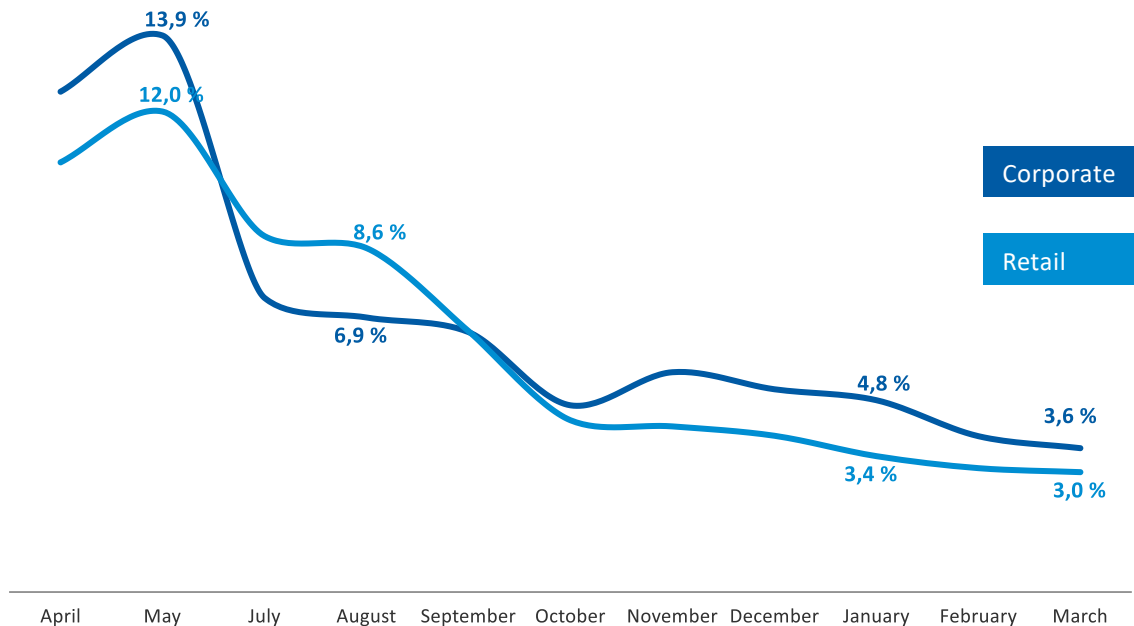


LTV is distributed by balance and is based on the market value of the collateral:

- 97.6 % of the gross exposure is within 85 % of the collateral market value
- Only 1.1 % of the gross exposure is higher than 100 % of the collateral market value
- Very small changes in LTV last 12 months
- The figures include the portfolio in SB1 Boligkreditt

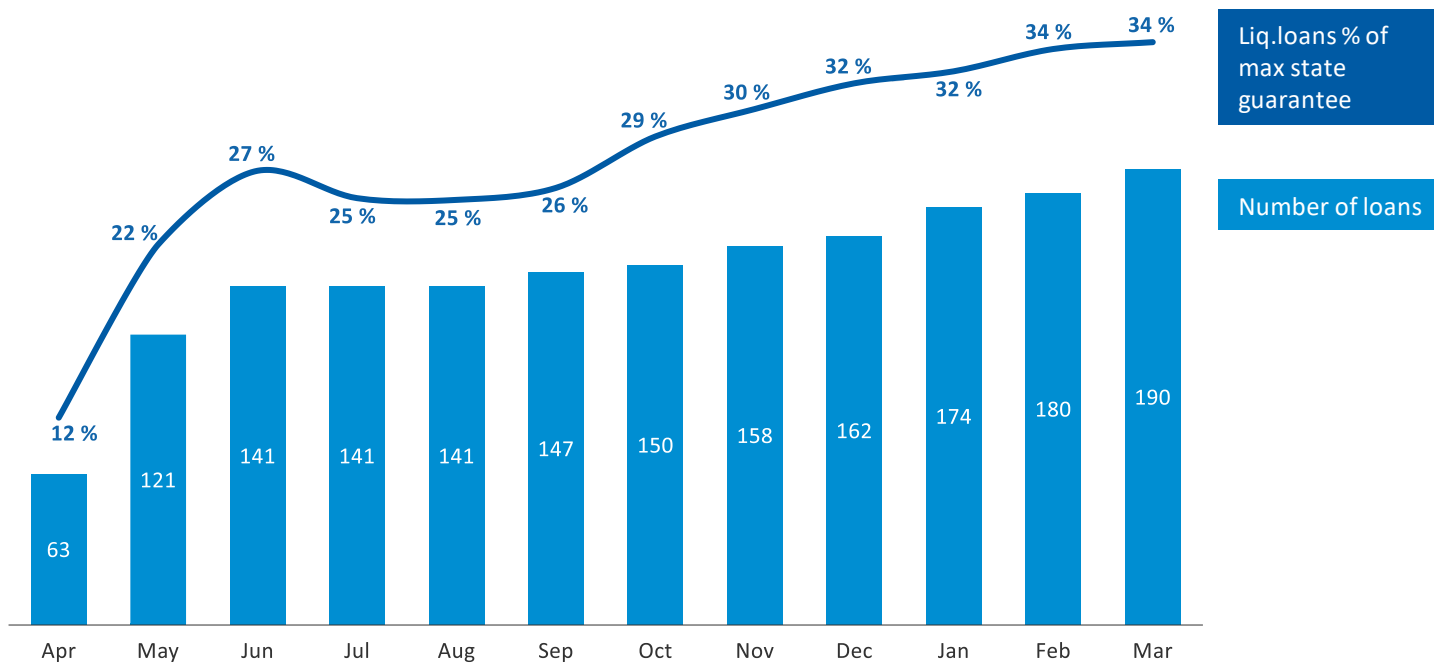
# Reduced use of interest-only loans

Share of interest-only loans due to Covid-19



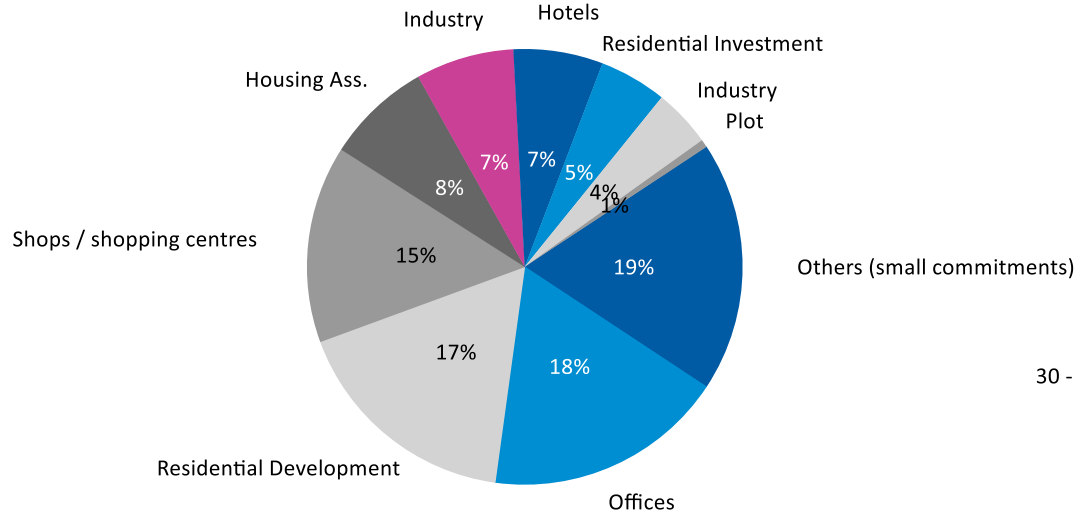


# Declining demand for liquidity loans with state guarantee

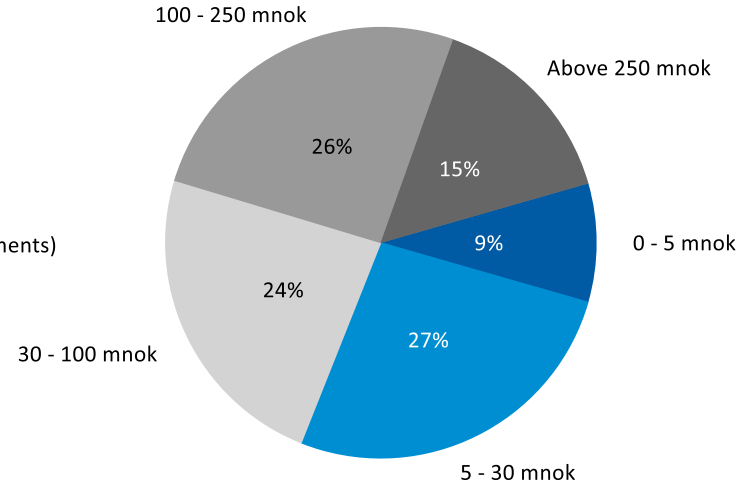


# Diversified portfolio in commercial real estate

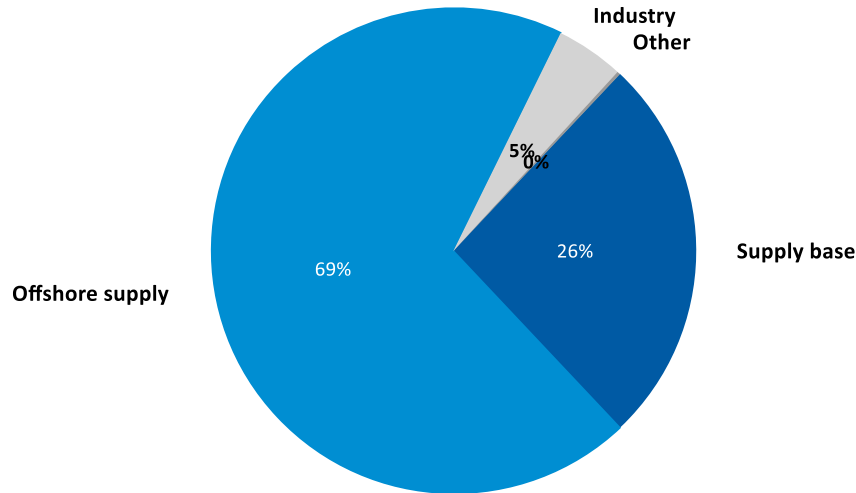
Portfolio distribution



Size of commitments



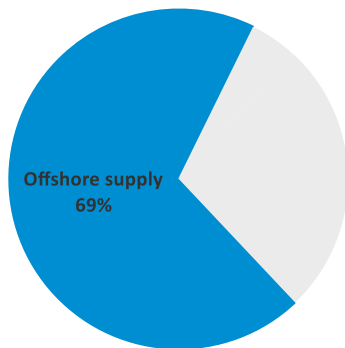
# Still low oil related exposure



Oil related exposure amounts to NOK 893 mill

- The exposure represents 0.64 % of total exposure including covered bond companies
- Average weighted probability of default 0.92 %
- A total of NOK 43 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

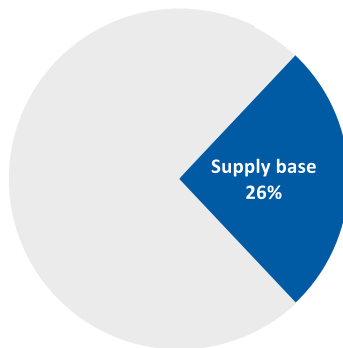
# Oil related portfolio



**Offshore Supply Vessels**

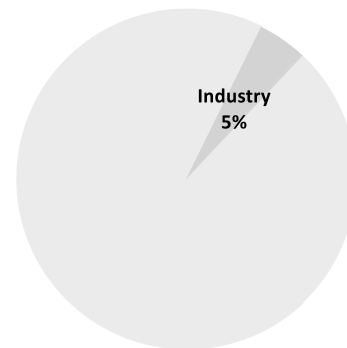
- Exposure amounts to NOK 579 mill
- Average weighted probability of default 1.13 %
- Total amount of 7 vessels\*
- Weighted age 9.5 years\*
- Average weighted contract length 2.9 years\*
- SNN is participant in syndicates on 6 vessels

\*Exclusive of barges



**Supply base**

- Exposure amounts to NOK 265 mill
- Average weighted probability of default is 0.25%
- Customers with long term contracts with solid and strong partners gives good cash flows in the short and long term



**Industry and other**

- Exposure amounts to NOK 48 mill. including Industry NOK 46 mill and Other NOK 2 mill
- Average weighted probability of default:
  - “Industry” 1.01 %
  - “Other” 1.81 %
- A total of NOK 43.3 mill non-performing or impaired commitments

# Loan losses - Group

	1Q21	31.12.2020	4Q20	3Q20	2Q20	1Q20	31.12.2019
Individual losses Corporate market	(1,1)	32,4	7,5	9,9	10,5	4,5	17,5
Individual losses Retail market	0,2	5,4	0,0	0,7	1,5	3,3	10,0
Collective losses and other value change items	(51,7)	286,6	58,2	47,1	70,1	111,1	(16,1)
<b>Total losses on loans and guarantees</b>	<b>(52,6)</b>	<b>324,4</b>	<b>65,7</b>	<b>57,7</b>	<b>82,1</b>	<b>118,9</b>	<b>11,3</b>

The Group's annualized losses is -0.16 % (annualized) of gross lending including loans transferred to covered bond companies

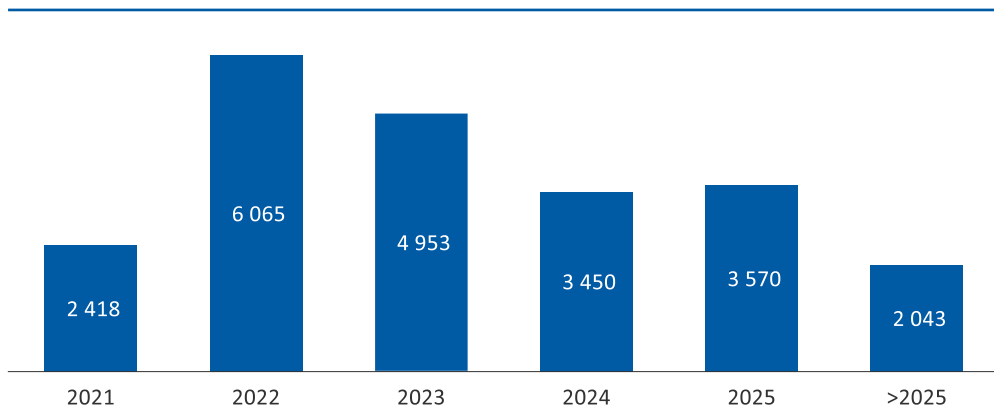
Commitments in step 3: 0.54 % of total exposure, Expected loss share: 37.19 %

Commitments in step 2: 8.09 % of total exposure, Expected loss share: 3.52 %

Commitments in step 1: 90.39 % of total exposure, Expected loss share: 0.37 %

# Funding

**Maturity profile** (mNOK)

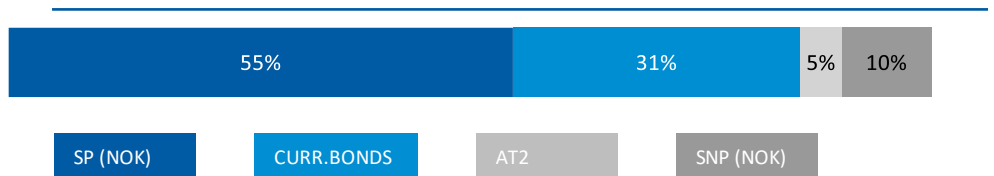


NOK 23 248 mill in capital market funding exclusive of SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt

SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt is important funding sources. In total NOK 37 827 mill had been transferred as of 31.03.21

Amount of gross maturities of capital market funding next 12 months is NOK 4 048 mill

**Distribution of capital market funding** (mNOK)



# Ambitious goals for climate risk and sustainability



Sustainability and climate risk are included in our business- and risk strategy

A framework for the link between green lending and green capital market funding has been developed. The framework is based on important business sectors in the north, including fisheries, aquaculture, real estate, transport and renewable energy

The group aims for a total reduction in greenhouse gas emission by 40 % by 2026

Green loan products and ESG labeling of funds are some of the ways we are making it easier for customers to make sustainable choices

The group reports on its work on sustainability according to internationally recognized standards such as GRI, TCFD, UNEP FI and the Global Compact

# SpareBank 1 Alliance

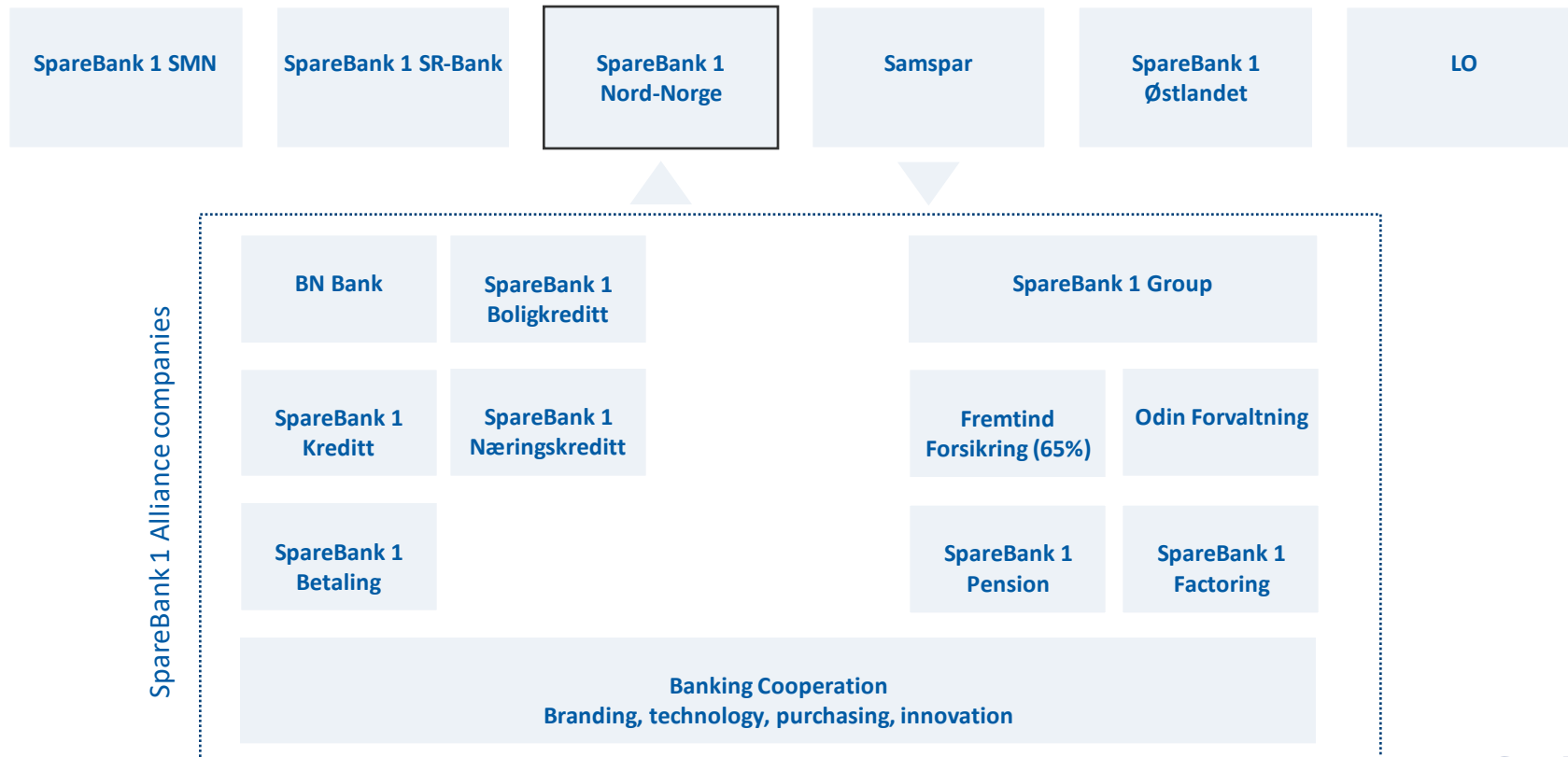


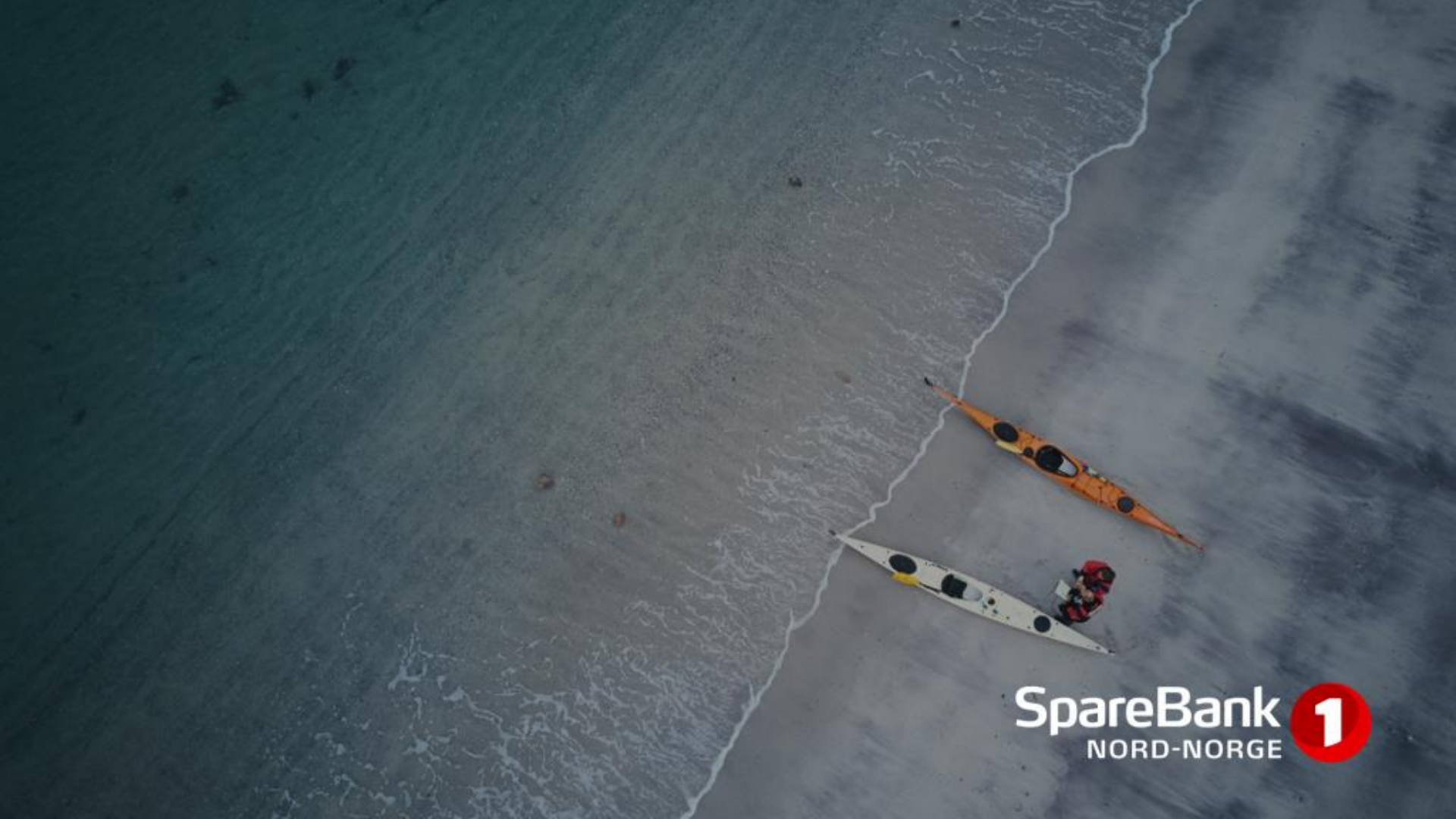
- The SpareBank 1-alliance consists of 14 banks
- Operate exclusively in Norway – Norway's most extensive branch network with approx. 350 branches
- The alliance are in the forefront of incorporating technological innovation into its distribution channels. Best rated mobile banking in Norway
- Market leaders in their core regional markets
- The largest banks (approx. 80 % of total assets) have the following rating:

Sr. Unsec. Ratings	Moody's
SpareBank 1 Nord-Norge	Aa3 / P-1
SpareBank 1 SMN	A1 / P-1
SpareBank 1 SR	A1 / P-1
SpareBank 1 Østlandet	Aa3 / P-1



# SpareBank 1 Alliance





SpareBank  
NORD-NORGE

