

A photograph of the Aurora Borealis (Northern Lights) in shades of green and blue, dancing over a range of snow-capped mountains. The sky is dark with visible stars. The foreground shows a calm body of water reflecting the lights and the rocky shoreline.

**4Q 2022**

February 2023  
Liv B. Ulriksen, CEO  
Bengt Olsen, CFO

**SpareBank**   
NORD-NORGE

1 Highlights

2 Outlook

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# Highlights YTD

<b>Pre-tax profit</b>	<b>ROE</b>	
<b>2 364 MNOK (2 794)</b>	<b>11,9 % (15,1 %)</b>	
<b>CET1 ratio</b>	<b>C/I ratio</b>	<b>Losses</b>
<b>17,3 % (18,7 %)</b>	<b>40,3 % (40,6 %)</b>	<b>63 MNOK (-235)</b>



# 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	38 %
Main bank SME	41 %
Real estate agency	35 %
Accounting services	17 %
Secured financing	20 %

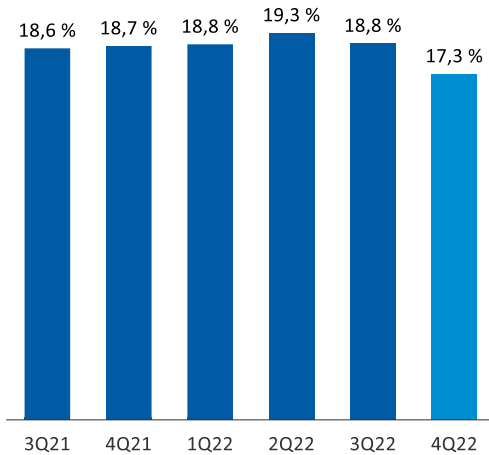
# Subsidiaries – results before tax

(Amounts in NOK million)	31.12.2022	31.12.2021
SpareBank 1 Finans Nord-Norge AS	207,3	366,5
SpareBank 1 Regnskapshuset Nord-Norge AS	17,5	24,2
EiendomsMegler 1 Nord-Norge AS	15,8	34,7
<b>Subsidiaries within core operations</b>	<b>240,7</b>	<b>425,3</b>
Other subsidiaries	3,7	6,8
<b>Total</b>	<b>244,4</b>	<b>432,1</b>

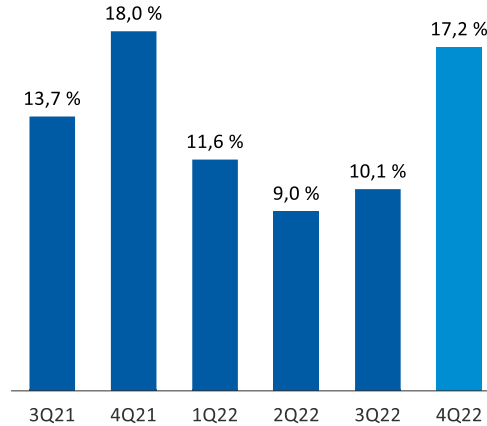


# Quarterly development

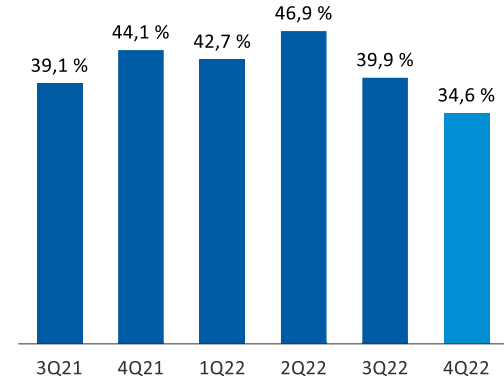
## CET1 ratio



## Return on equity capital



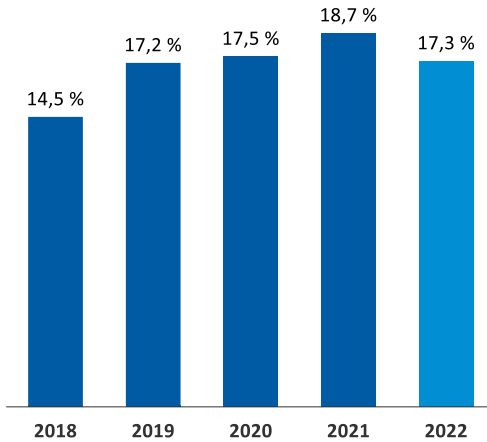
## Cost/income Group



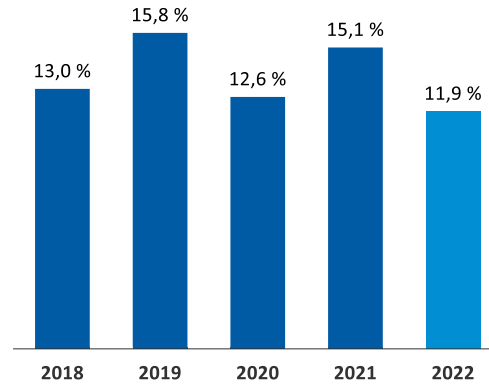
SpareBank 1 Nord-Norge has a financial target of delivering a ROE on top compared with peers. This goal still stands, and the Board has concluded that this means a ROE goal of above 13 %.

# Satisfying financial results

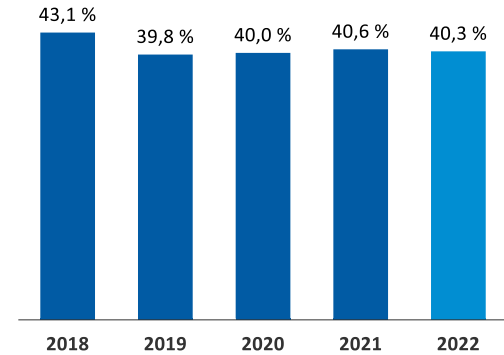
CET1 ratio



Return on equity capital



Cost/income Group



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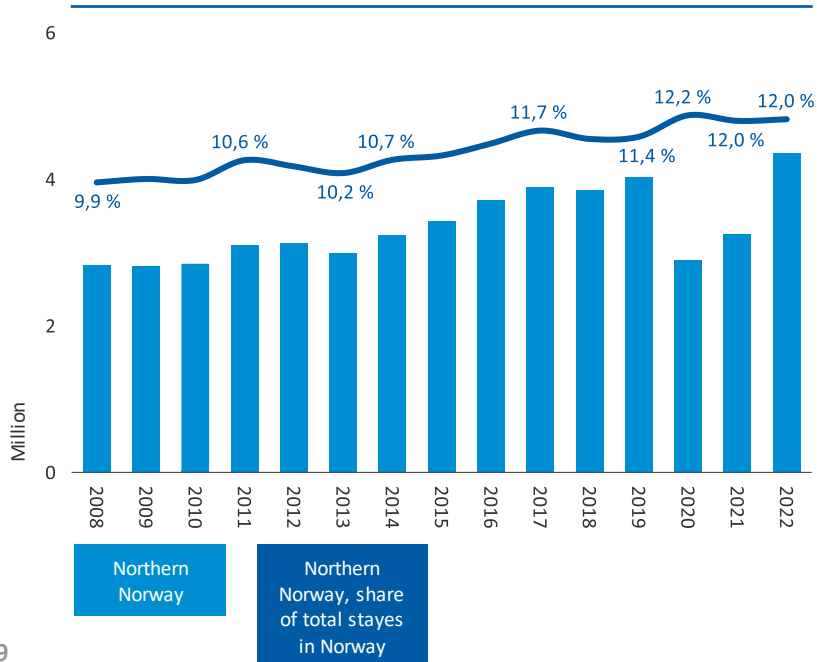
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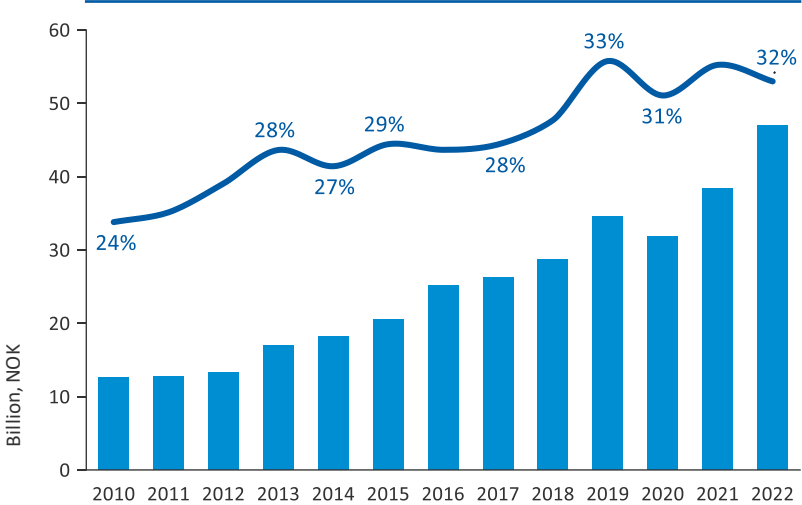
# Tourists are returning

Tourism, guest nights, total



# Record high seafood exports

Value of seafood exports from Northern-Norway



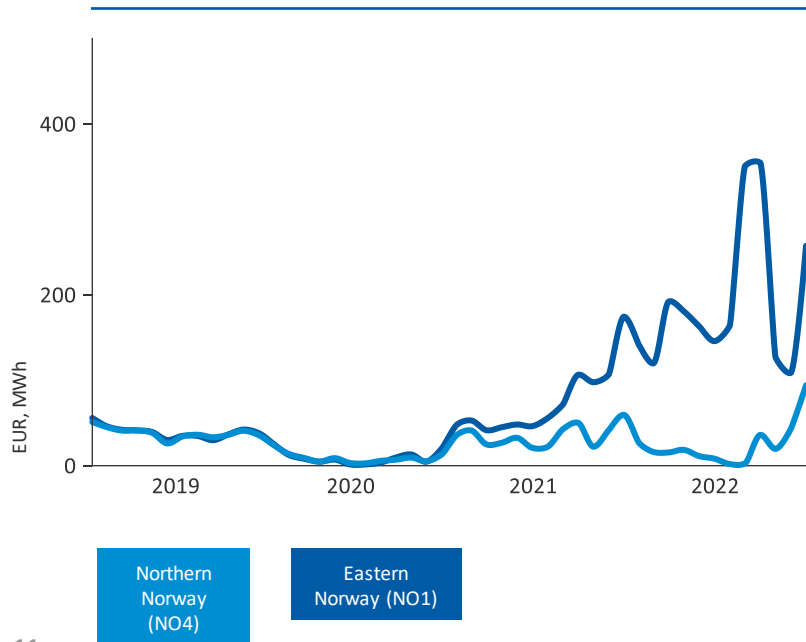
Northern Norway

Northern Norway, share of Norwegian exports



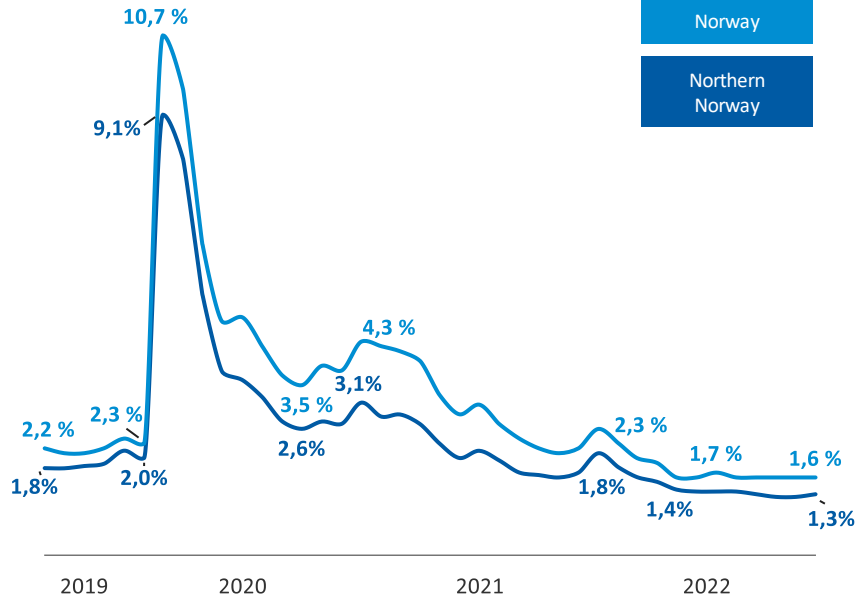
# Power prices

Power prices the last 4 years

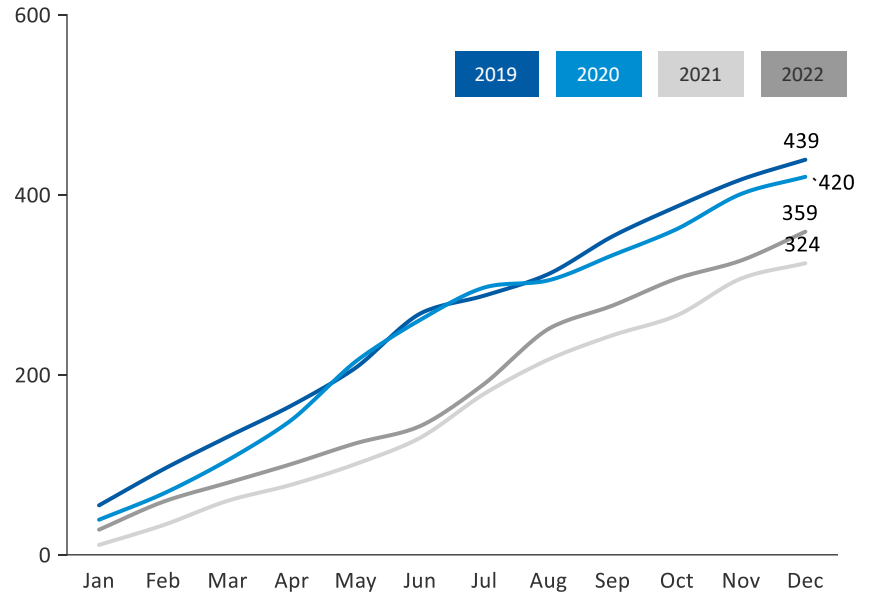


# Sound economical growth















## Unemployment



## Bankruptcies in Northern Norway



# Status and outlook in Northern Norway

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

# Ambitions for growth and increased market share

Expected growth for SpareBank 1 Nord-Norge in 2022

**Retail market: 2-5 %**

**Corporate market: 4-7 %**

The bank is strongly capitalized, and the region is well positioned for further economic growth.

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# Group financial highlights and key figures

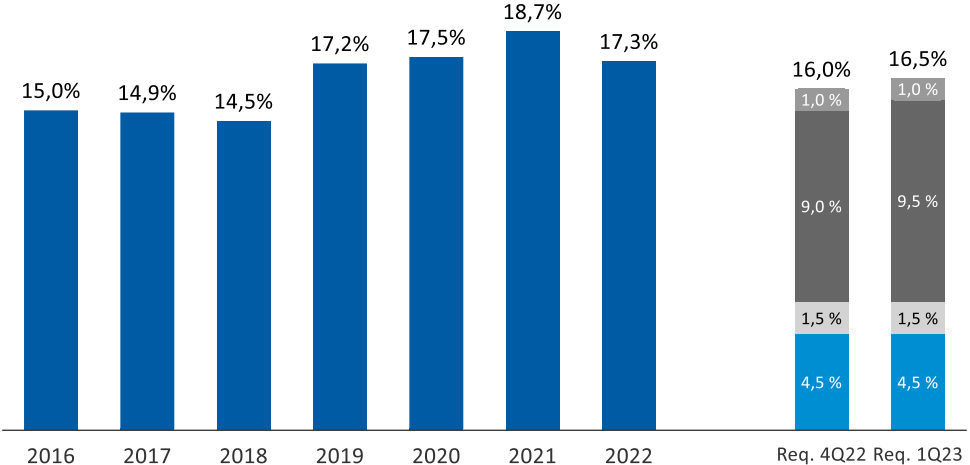
(Amounts in NOK million and in % of average assets)

	4Q22	3Q22	31.12.22	31.12.21
Net interest income	767	654	2 556	2 014
Net fee- and other operating income	295	312	1 234	1 499
Net income from financial investments	258	6	274	794
Total income	1 320	972	4 064	4 307
Total costs	457	388	1 637	1 748
<b>Result before losses</b>	<b>863</b>	<b>584</b>	<b>2 427</b>	<b>2 559</b>
Losses	22	56	63	- 235
<b>Result before tax</b>	<b>841</b>	<b>528</b>	<b>2 364</b>	<b>2 794</b>
Tax	178	139	513	499
<b>Result after tax</b>	<b>663</b>	<b>389</b>	<b>1 851</b>	<b>2 295</b>
Interest hybrid capital	10	9	37	29
<b>Result after tax ex. interest hybrid capital</b>	<b>653</b>	<b>380</b>	<b>1 814</b>	<b>2 266</b>
<b>Profitability</b>				
Return on equity capital	17,2 %	10,1 %	11,9 %	15,1 %
Interest margin	2,09 %	1,95 %	2,09 %	1,67 %
Cost/income	34,6 %	39,9 %	40,3 %	40,6 %

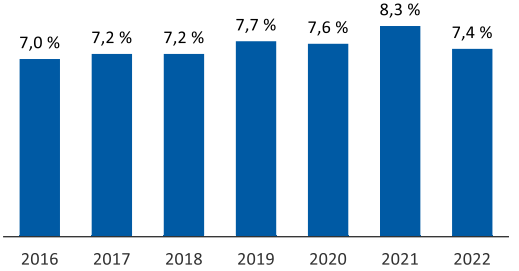


# Strong capital base

CET1

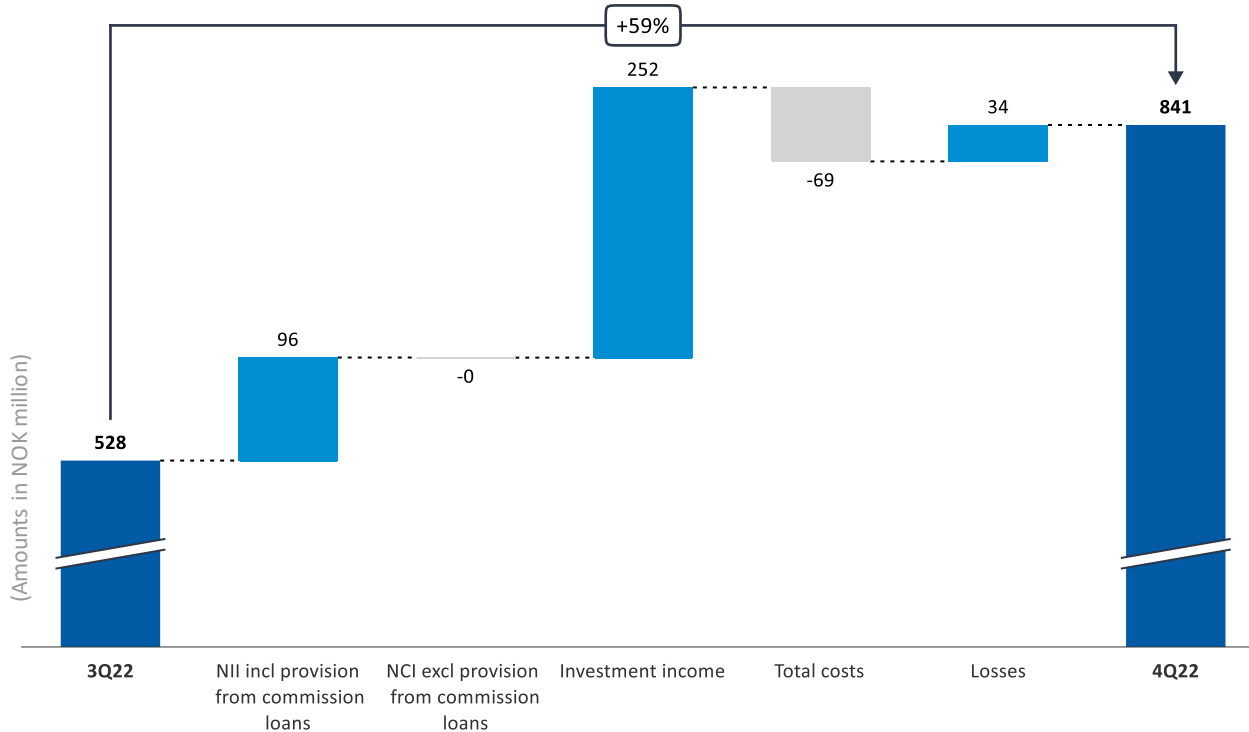


Level ratio

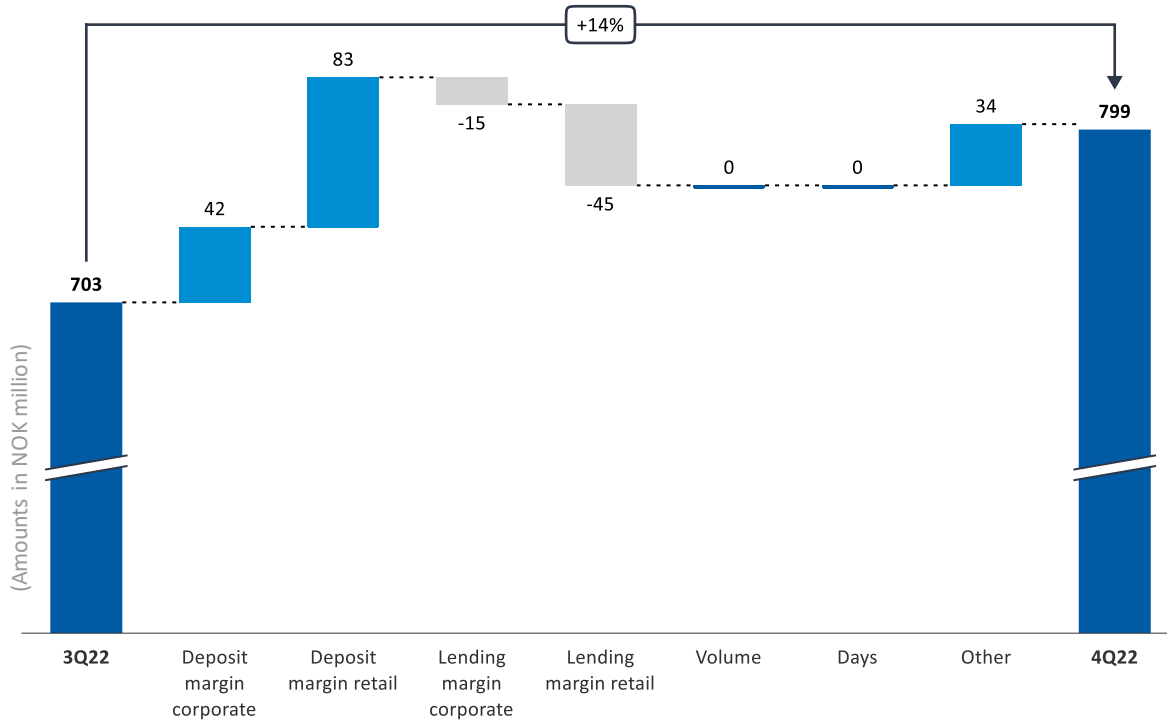


CET1
Pillar 1 min.requirement
P2R
Buffer req
P2G

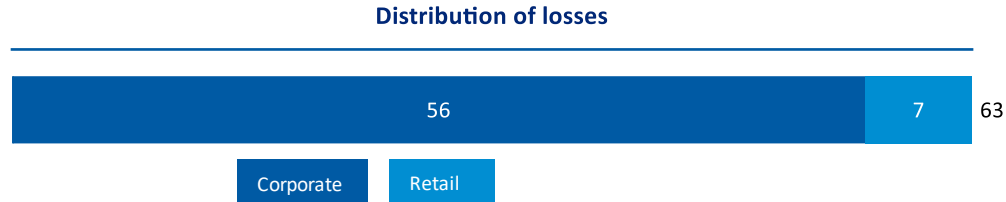
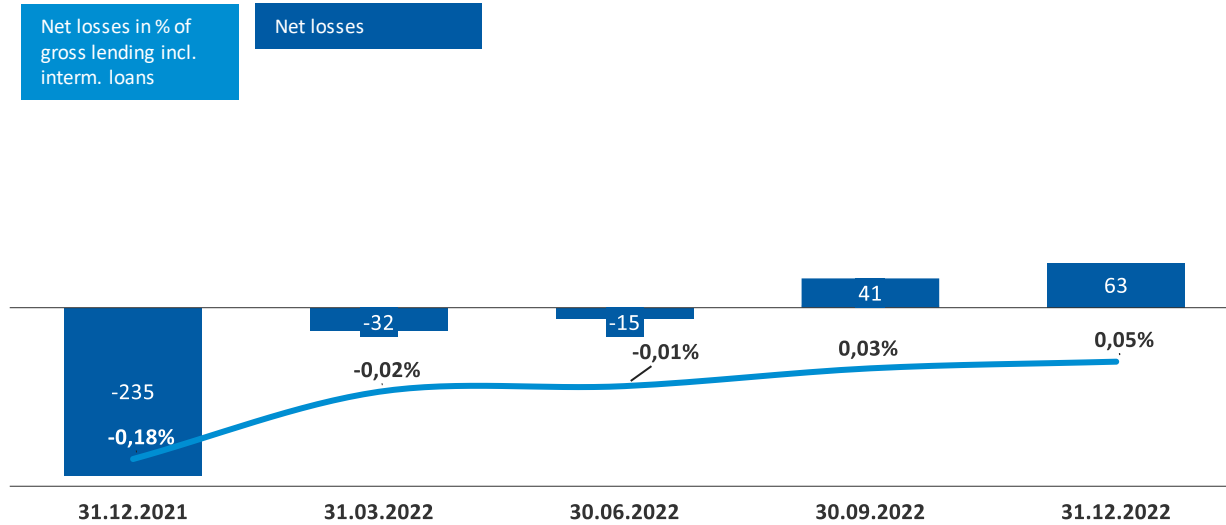
# Result before tax - last quarter



# Net interest income - Group

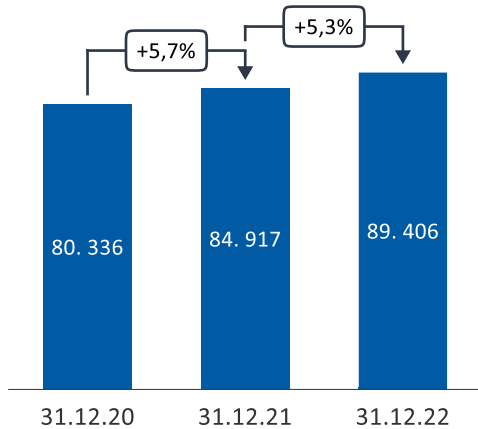


# Low losses

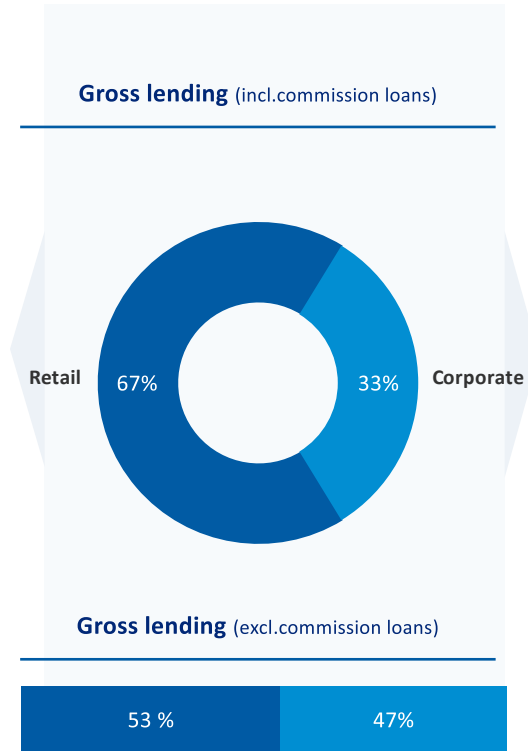


# Lending growth

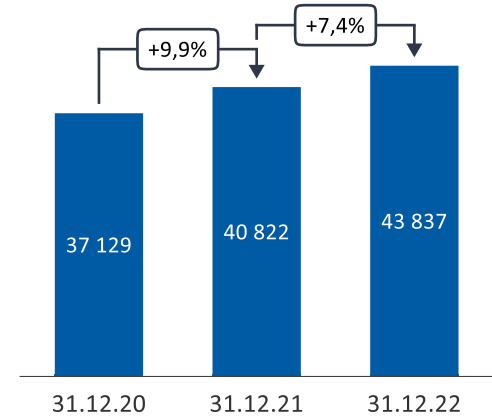
**Retail marked** (incl.commission loans)



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

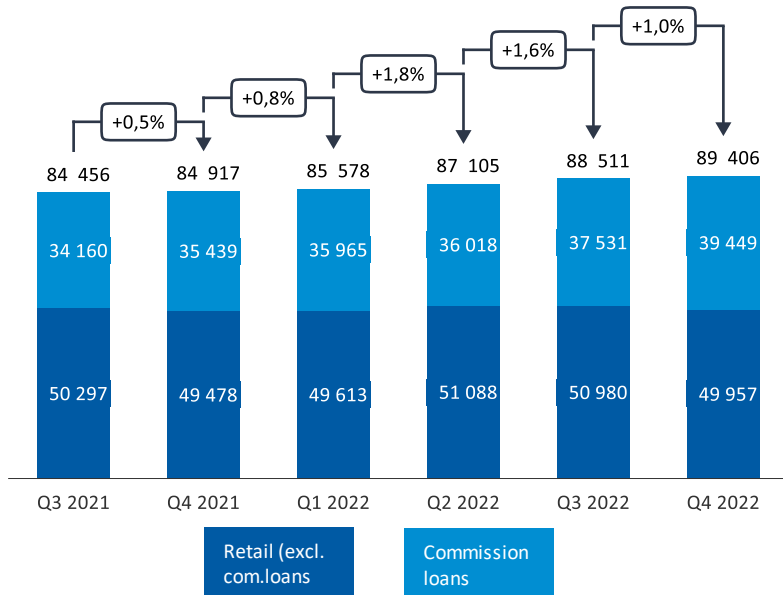


**Corporate Banking** (incl.commission loans)

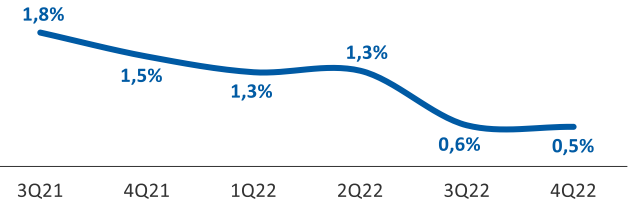


# Retail Market

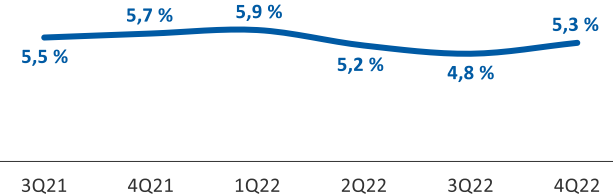
## Lending growth



## Development in lending margin (ISO)

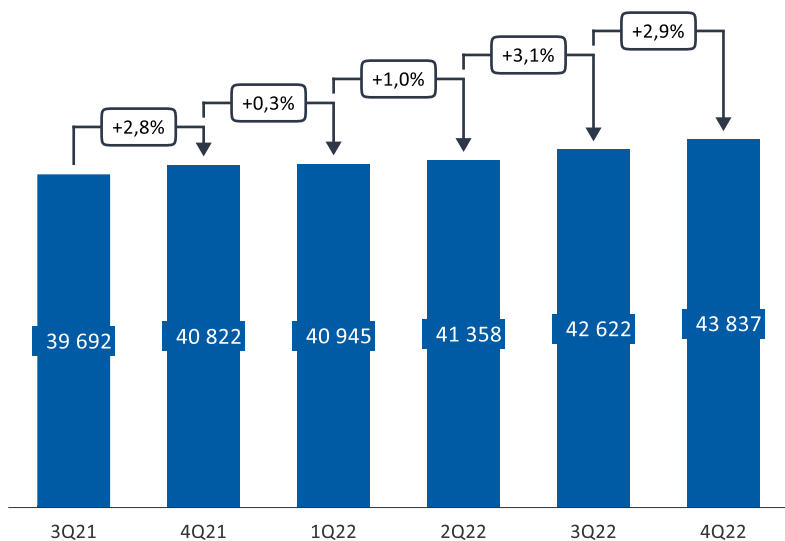


## Lending growth (12 mth)

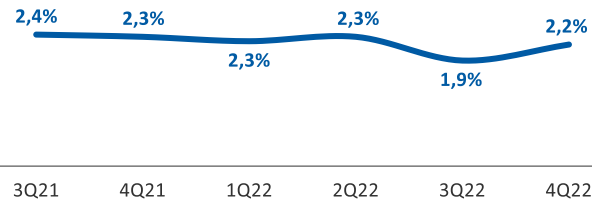


# Corporate Banking

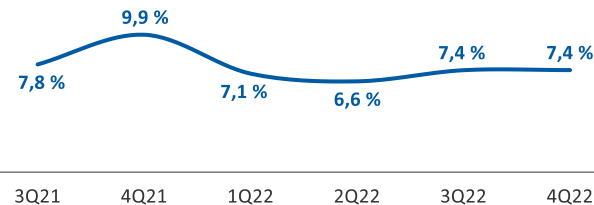
## Lending growth



## Development in lending margin (ISO)

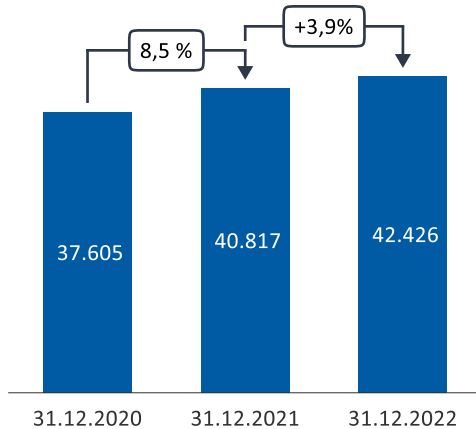


## Lending growth (12 mth)

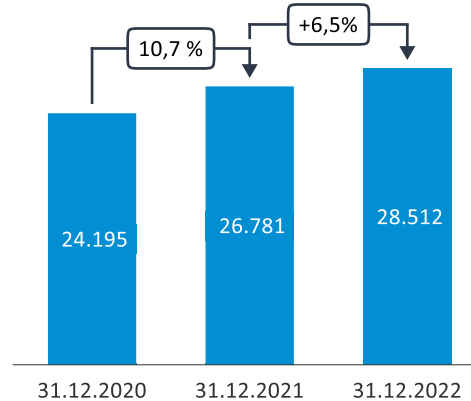


# Deposit growth

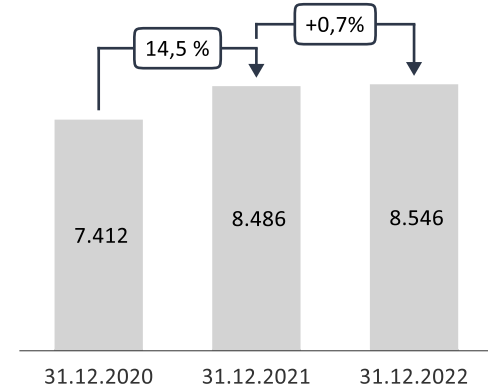
## Retail Market



## Corporate Banking



## Public Sector

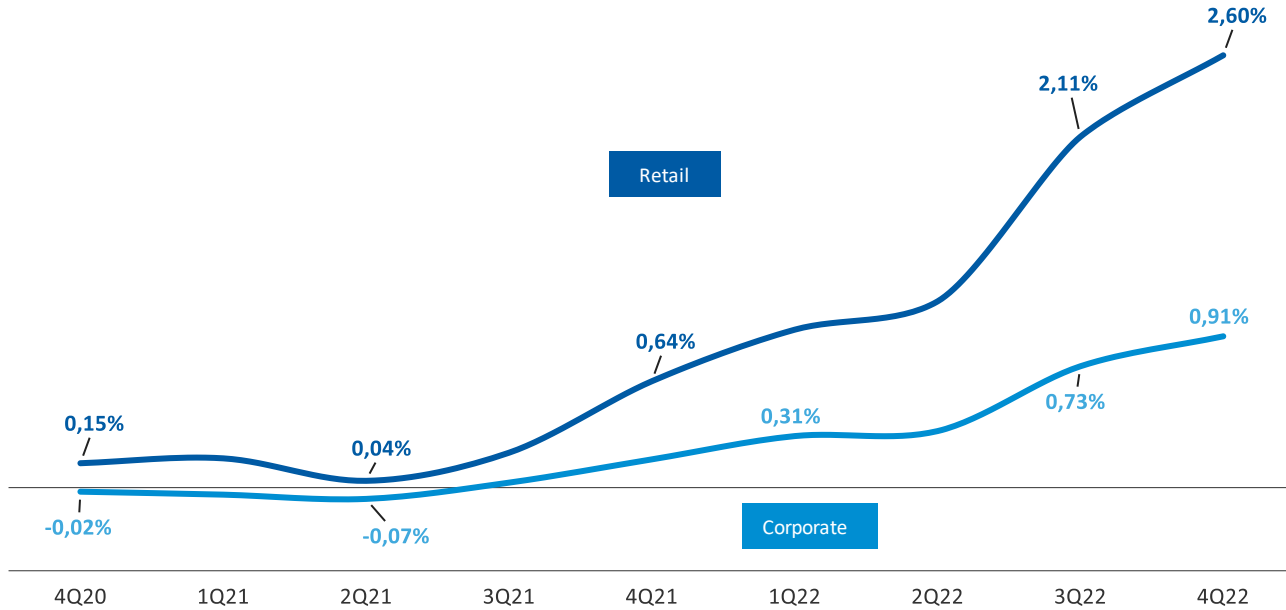


## Deposits gross

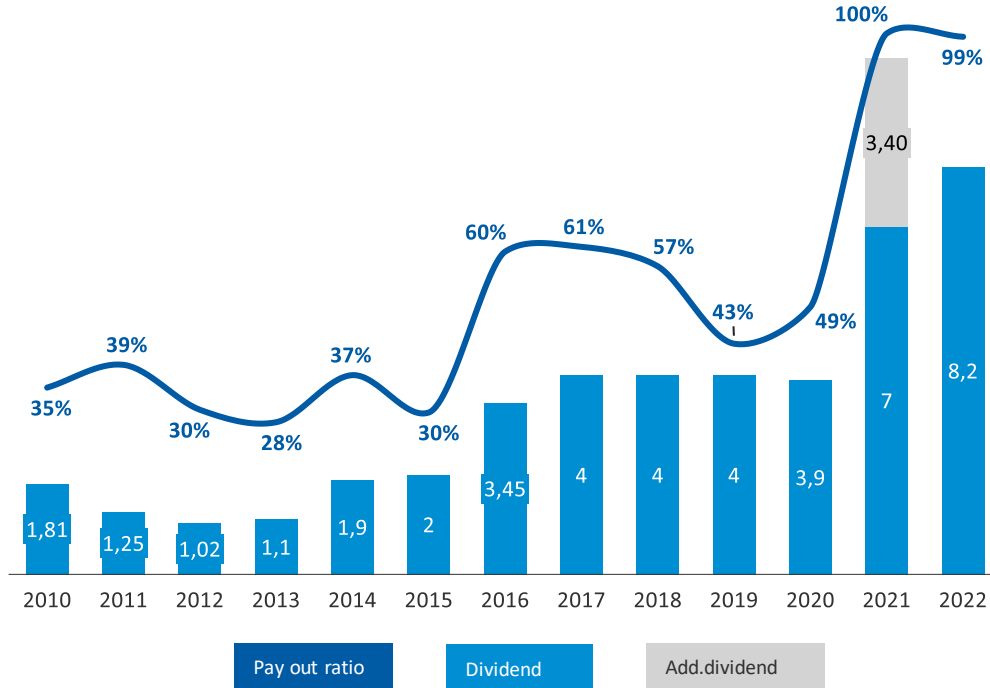




# Development in deposit margins



# Proposed dividend for 2022



**Total dividend for 2022 NOK 8,20/EC**

Ex date March 31th 2023

A pay out ratio of 99,3 % mean **that the northern Norwegian society will receive NOK 959 million**

# Long term financial targets

> 13 %  
ROE

< 40 %  
C/I ratio

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> 50 %  
Dividend payout ratio

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16,5 %  
CET1 ratio

# Financial outlook

NRI

- Lending margins and provisions from SpareBank 1 Boligkreditt is, like in the previous quarter, negatively effected by the increase of Nibor, which is outperforming both the central bank rate and mortgage rates. This is as expected with a steepening of the yield curve, and the effect will balance over time. On the positive side we see an increased deposit margin, and this will effect the results in 2023 as well.

ROE >13 %

- Solid underlying operation, a tightening of spreads on the bond portfolio and better numbers from SB1 Gruppen has contributed to a ROE at 17,2% in 4Q22.
- The goal of delivering an ROE at a level of comparable companies stands, and we have lifted that level to 13 %.

CET1 Ratio: 16.5 %

- Targeted CET1 ratio is one percentage point above the regulatory minimum requirement.\*
- The bank is very well capitalized and despite the large dividend payments in 2021 and 2022 have the financial muscles needed for growth going forward.

C/I < 40 %

- Total costs in 2022 is NOK 111 mill lower than in 2021. Despite a high underlying inflation, increased IT costs, a degree of salary slippage and a potential demanding salary settlement in Norway this year, the cost control is tight and the targeted C/I level stands.

Pay out ratio > 50 %

- The targeted dividend pay out ratio of > 50 % still stands .
- The Bank is well capitalized and are well equipped to take growth without limiting the capacity to pay out dividends. SpareBank 1 Nord-Norge shall not, over time, have more capital than we need for growth and to maintain our solvency.

\*) Taken into account the planned adj. in buffers as of 31/3-23

# 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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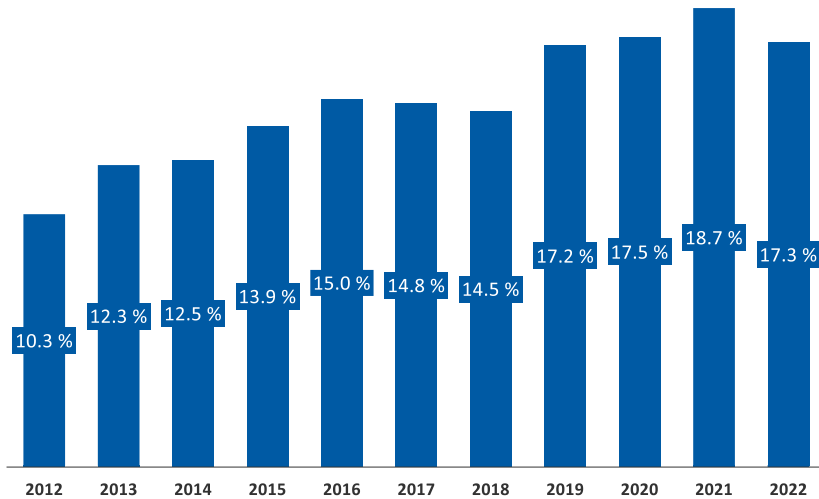
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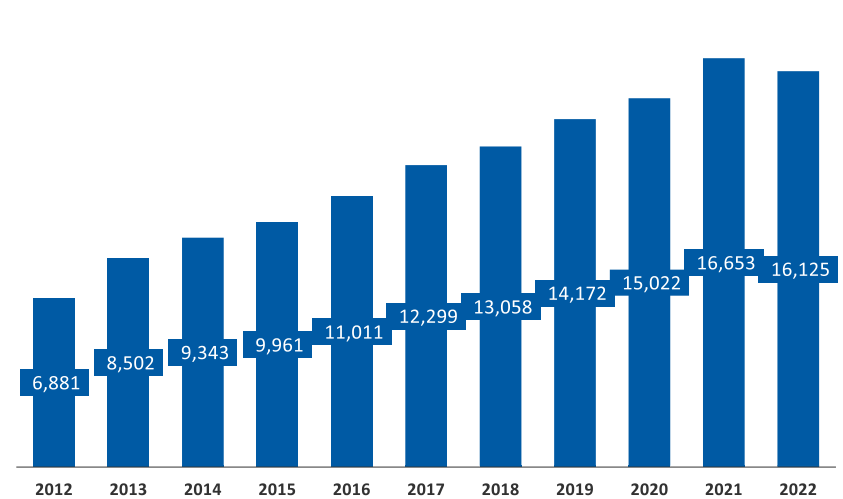


# A solid bank for Northern Norway

CET1 ratio

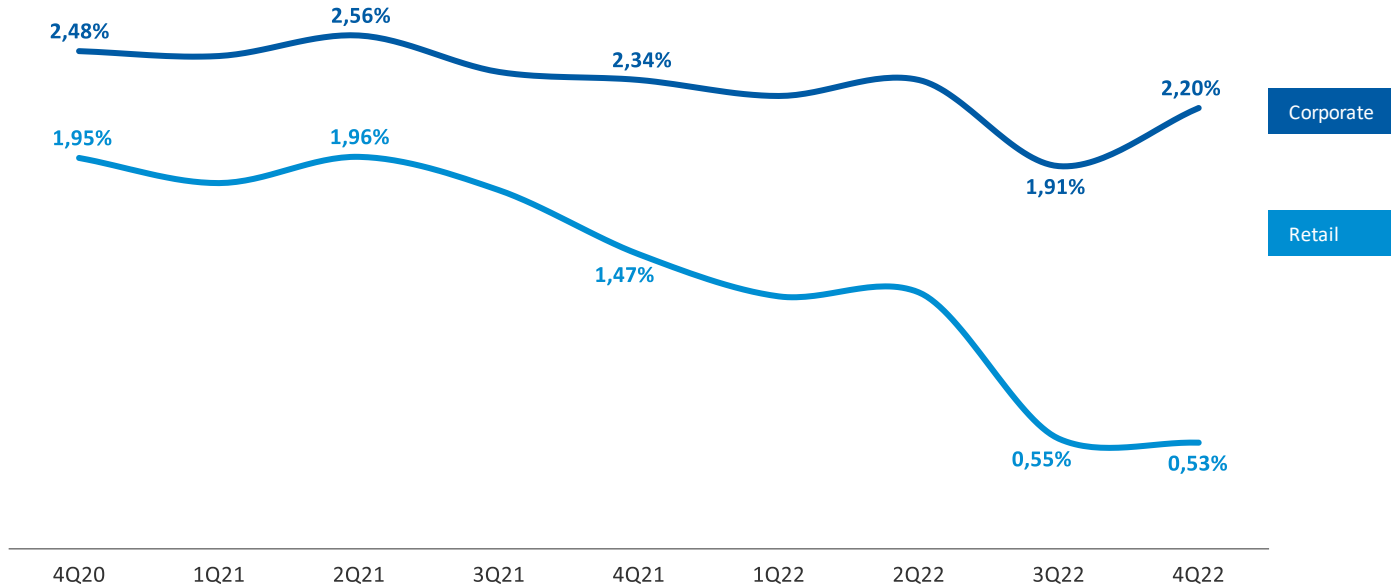


Total equity (mNOK)





# Development in lending margins



# Company structure

## Associated companies and joint ventures

**SpareBank 1 Gruppen AS**  
19,50 % | Financial services

**SpareBank 1 Boligkreditt AS**  
15,58 % | Mortgage company

**SpareBank 1  
Næringskreditt AS**  
2,71 % | Mortgage company

**SpareBank 1 Utvikling DA**  
18 % | System development

**SpareBank 1 Kreditt AS**  
19,22 % | Credit card

**SpareBank 1 Betaling AS**  
17,94 % | Vipps/mobile payment

**SpareBank 1  
Gjeldsinformasjon AS**  
14,44 % | Investment company

**SpareBank 1 Bank og  
Regnskap AS**  
25 % | Innovation

**SpareBank 1 Mobilitet AS**  
30,66 % | System development

**SpareBank 1 Forvaltning AS**  
13,27 % | Investment company

**SpareBank 1 Kundepleie AS**  
26,67 % | System development

## Subsidiaries

**SpareBank 1 Finans Nord-  
Norge AS**  
85 % | Loan/consumer finance/leasing

**EiendomsMegler 1 Nord-  
Norge AS**  
85 % | Real estate brokerage

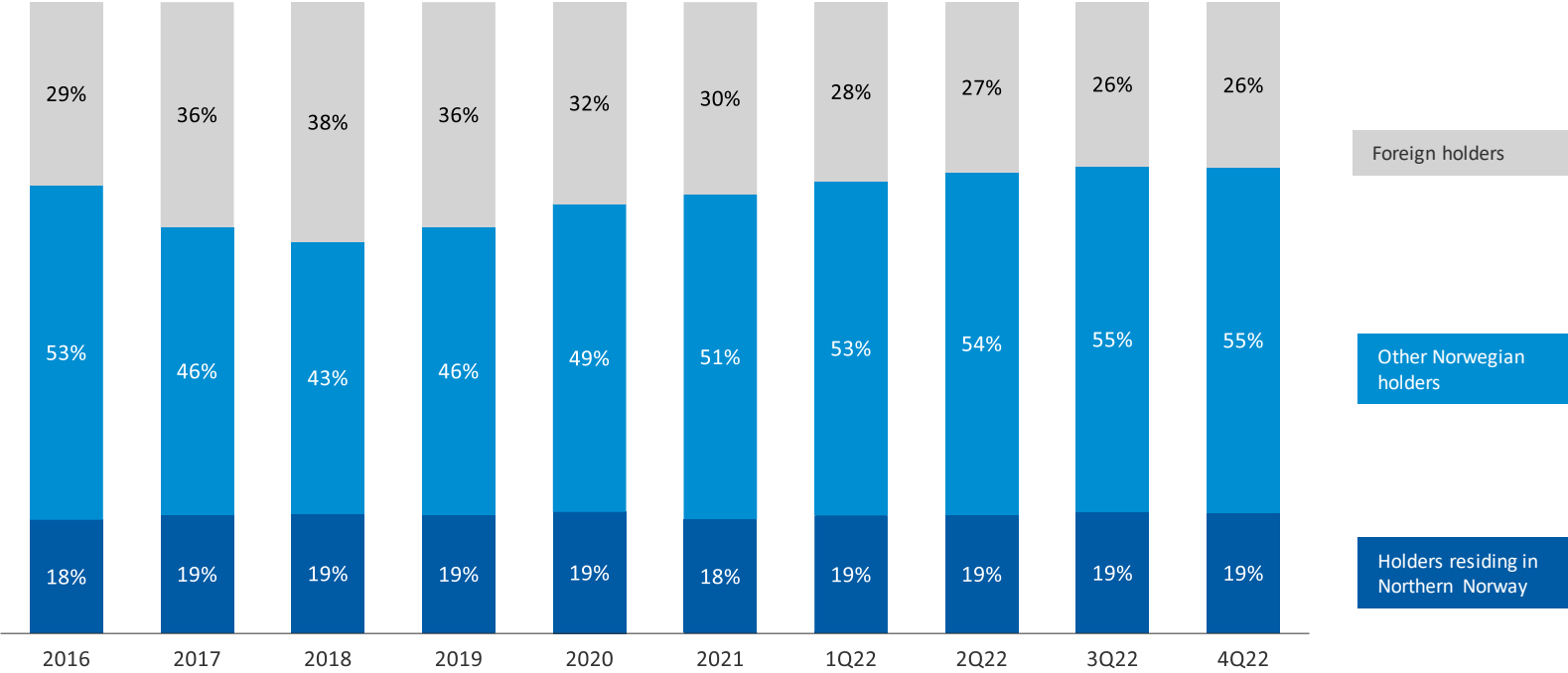
**Fredrik Langesgt 20 AS**  
100 % | Commercial building

**SpareBank 1 Regnskaps-  
huset Nord-Norge AS**  
85 % | Accounting

**SpareBank 1 Nord-Norge  
Portefølje AS**  
100 % | Investment company

**Rødbanken Holding AS\***  
100 % | Investment company

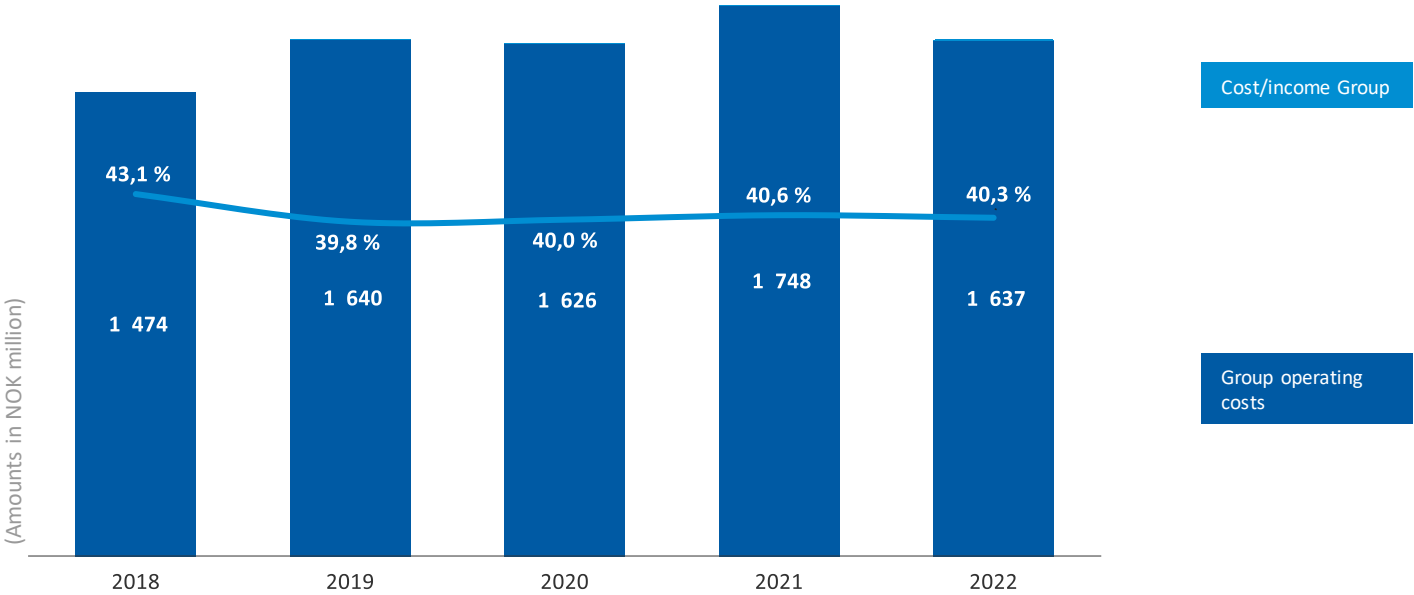
# Geographical distribution of ownership



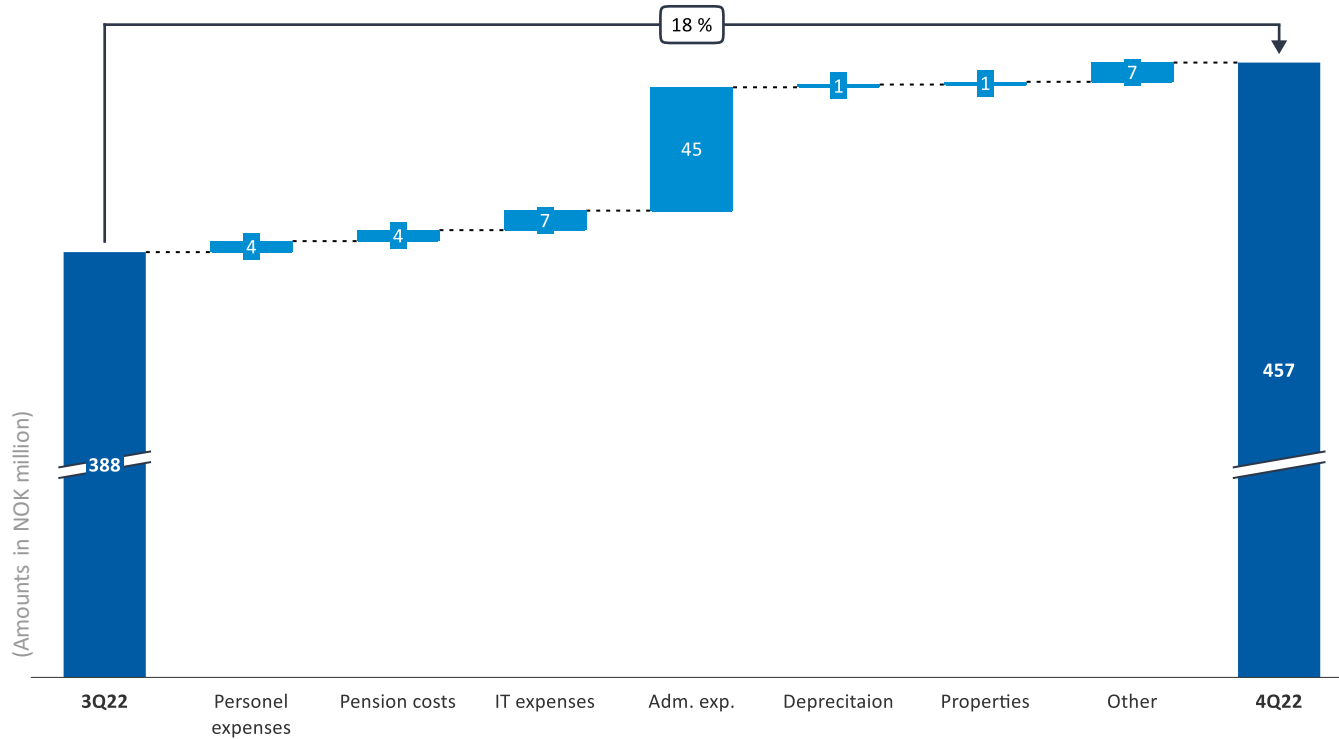
# The 20 largest EC holders

EC Holders	Number of Ecs	Share of EC Capital
PARETO INVEST NORGE AS	4,6M	4,6 %
PARETO AKSJE NORGE VERDIPAPIRFOND	3,7M	3,7 %
VPF EIKA EGENKAPITALBEVIS	3,3M	3,3 %
GEVERAN TRADING CO LTD	3,1M	3,1 %
MP PENSJON PK	2,4M	2,4 %
The Northern Trust Comp, London Br	2,4M	2,4 %
KOMMUNAL LANDSPENSJONSKASSE GJENSI	2,3M	2,3 %
Brown Brothers Harriman & Co.	2,0M	2,0 %
SPECIALFONDET BOREA UTBYTTE	1,8M	1,8 %
FORSVARETS PERSONELLSERVICE	1,8M	1,7 %
State Street Bank and Trust Comp	1,6M	1,6 %
SPAREBANKSTIFTELSEN SPAREBANK 1 NO	1,4M	1,4 %
Morgan Stanley & Co. Int. Plc.	1,2M	1,2 %
Landkreditt Utbytte	1,1M	1,1 %
J.P. Morgan SE	1,1M	1,0 %
Euroclear Bank S.A./N.V.	875K	0,9 %
J.P. Morgan SE	802K	0,8 %
Brown Brothers Harriman & Co.	735K	0,7 %
State Street Bank and Trust Comp	702K	0,7 %
The Bank of New York Mellon SA/NV	683K	0,7 %
Total	37.521.315	37,4 %

# Cost development - Group



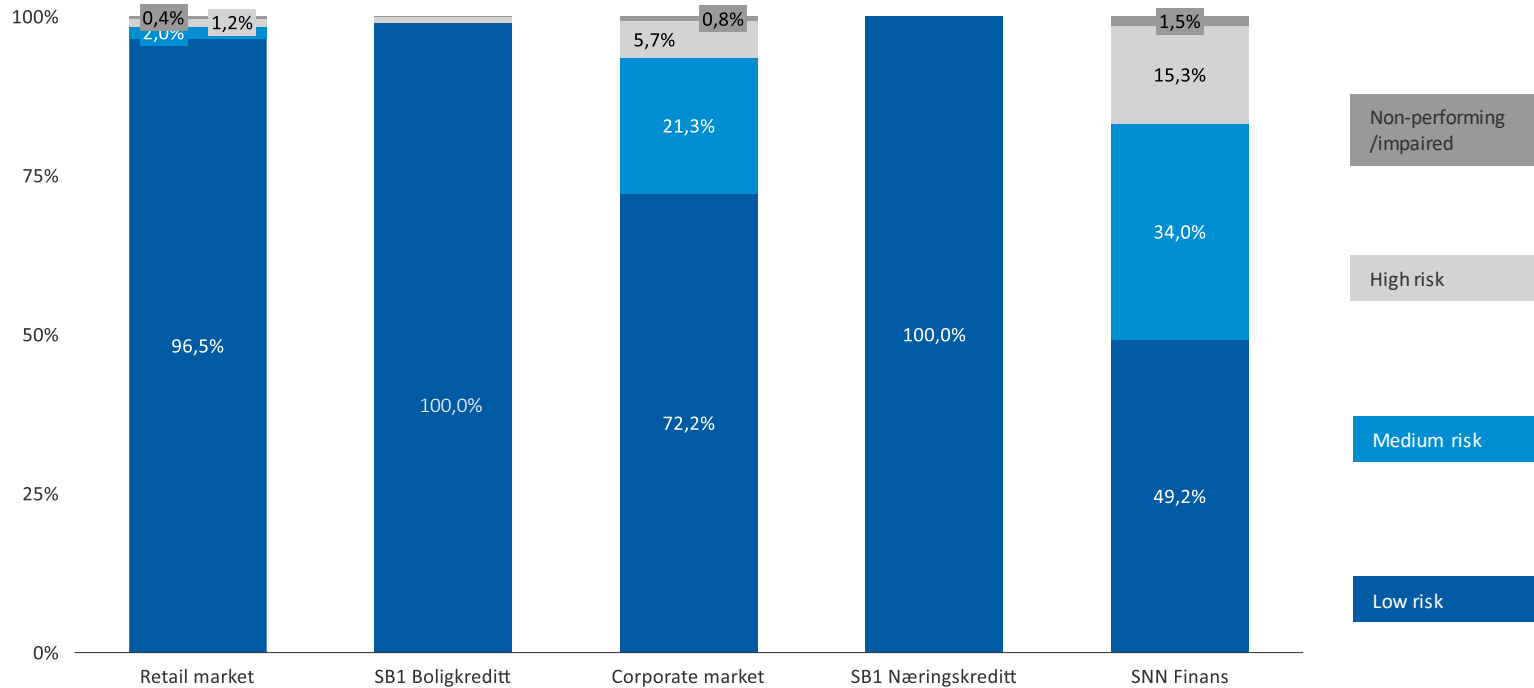
# Operating expenses - Group



# Net fee- and other operating income - Group

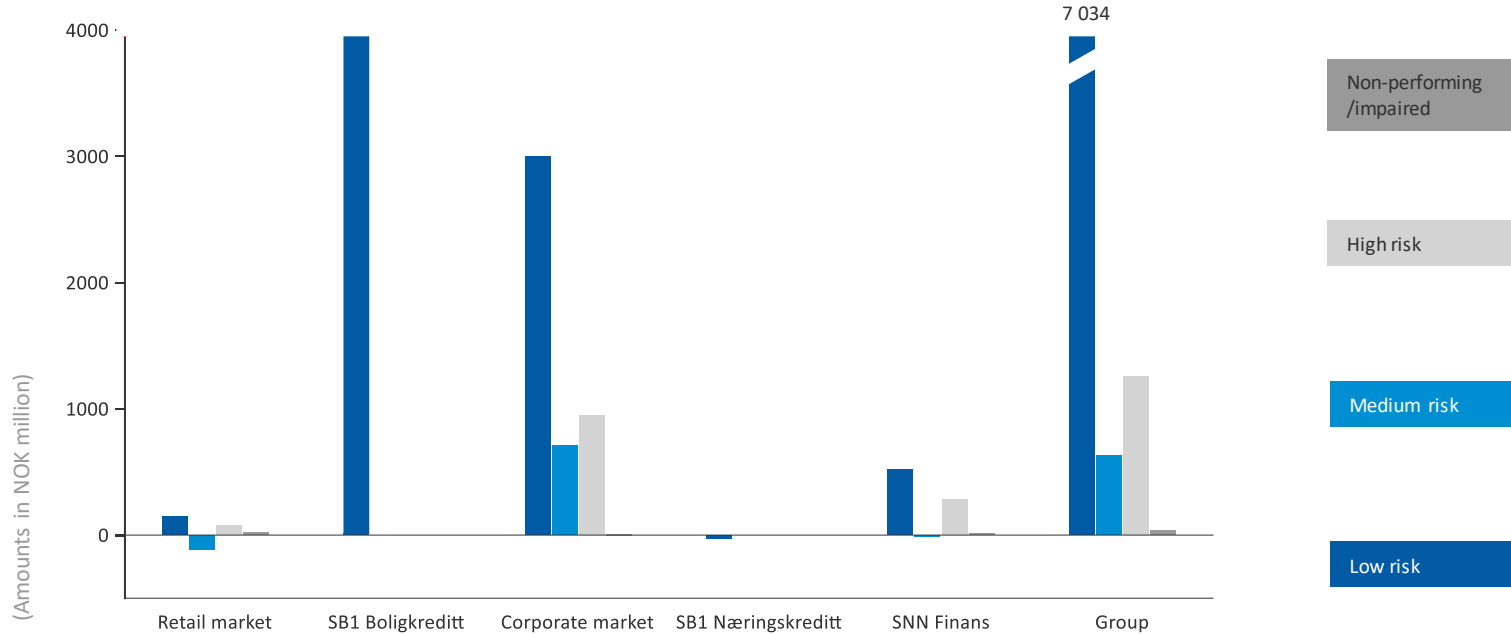
(Amounts in NOK million)	4Q22	3Q22	2Q22	1Q22	4Q21
Payment facilities	74	71	57	55	63
Sales provision insurance products	52	51	49	49	49
Guarantee commissions	8	10	8	6	9
Real estate broking	22	29	34	22	29
Portfolio commissions	12	20	12	12	15
Other commissions	66	51	57	44	49
<b>Commissions excl. commission loan</b>	<b>234</b>	<b>232</b>	<b>217</b>	<b>188</b>	<b>214</b>
Commission loans	32	49	63	73	87
<b>Total commission income</b>	<b>266</b>	<b>281</b>	<b>280</b>	<b>261</b>	<b>301</b>
Commission costs	21	20	21	17	30
Accounting services	48	47	57	66	47
Other operating income	2	4	0	1	101
<b>Total commissions and other income</b>	<b>50</b>	<b>51</b>	<b>57</b>	<b>67</b>	<b>148</b>
<b>Net fee- and other operating income</b>	<b>295</b>	<b>312</b>	<b>316</b>	<b>311</b>	<b>419</b>

# Risk exposure - Group

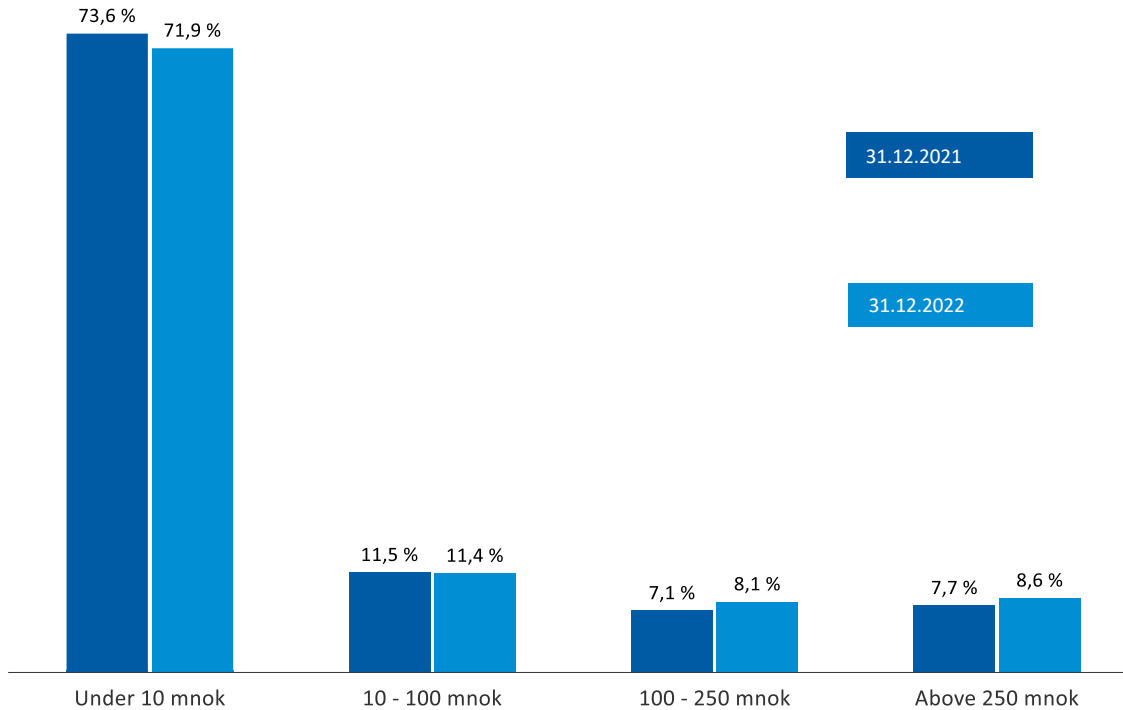




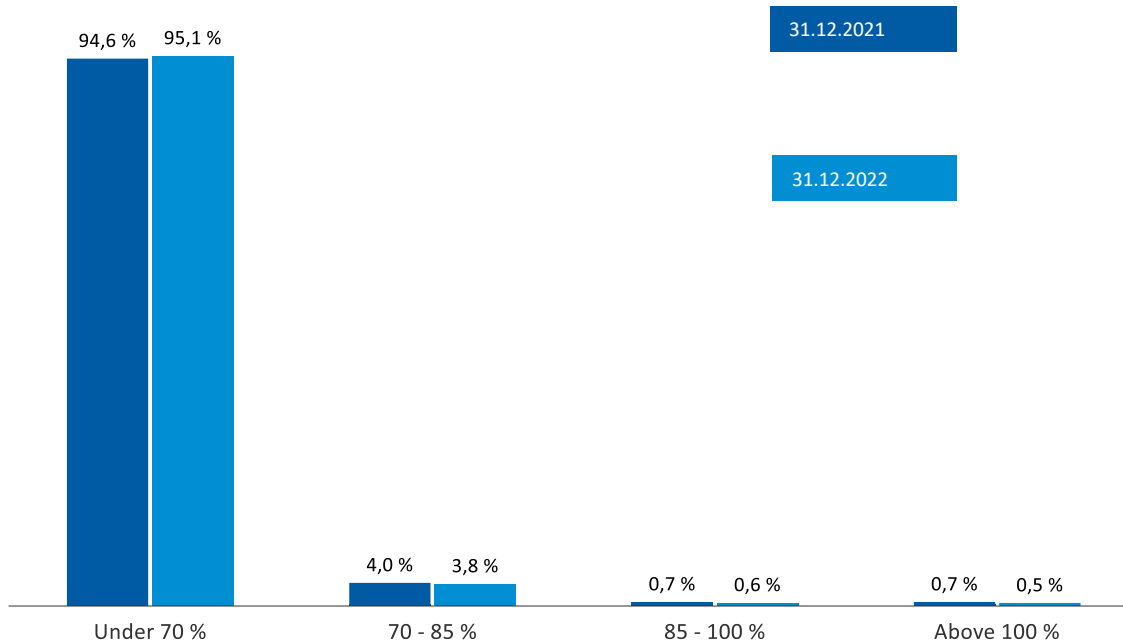
# Changes in exposure last 12 months - Group



# Exposure distributed by size\*



# LTV mortgage loans

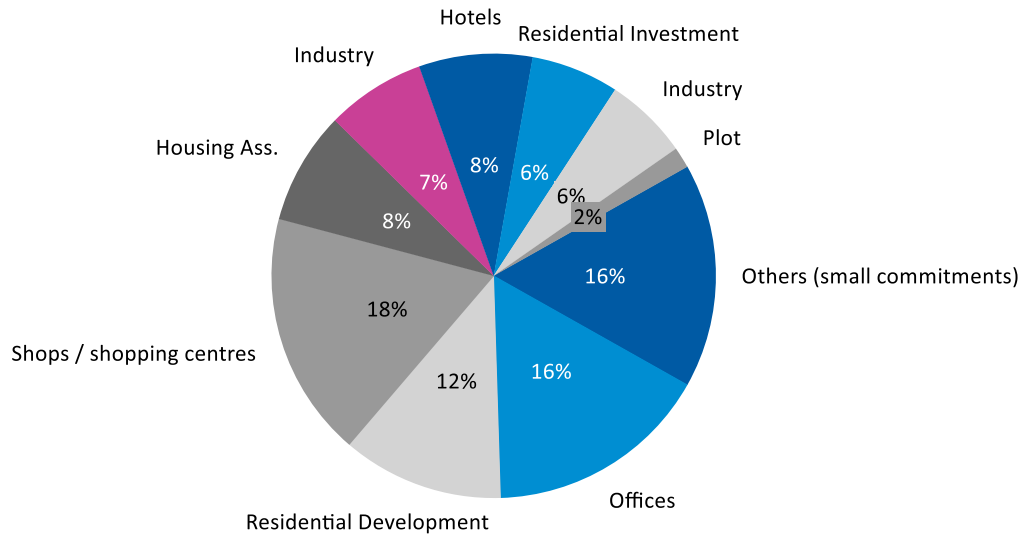


LTV is distributed by balance and is based on the market value of the collateral:

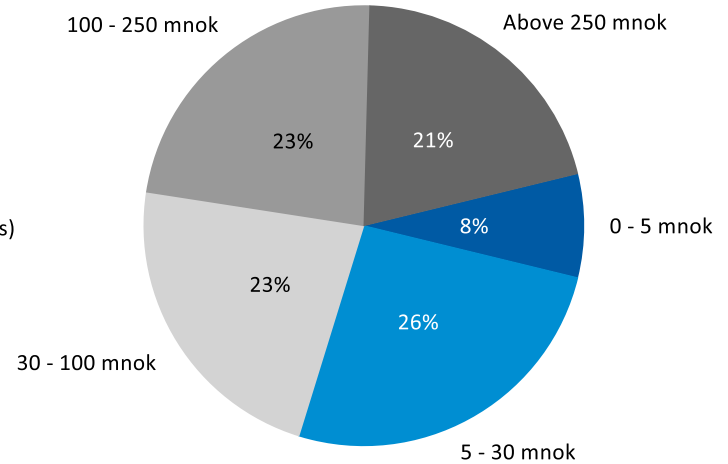
- 98.9 % of the gross exposure is within 85 % of the collateral market value
- Only 0.5 % of the gross exposure is higher than 100 % of the collateral market value
- The figures include the portfolio in SB1 Boligkreditt

# Diversified portfolio in commercial real estate

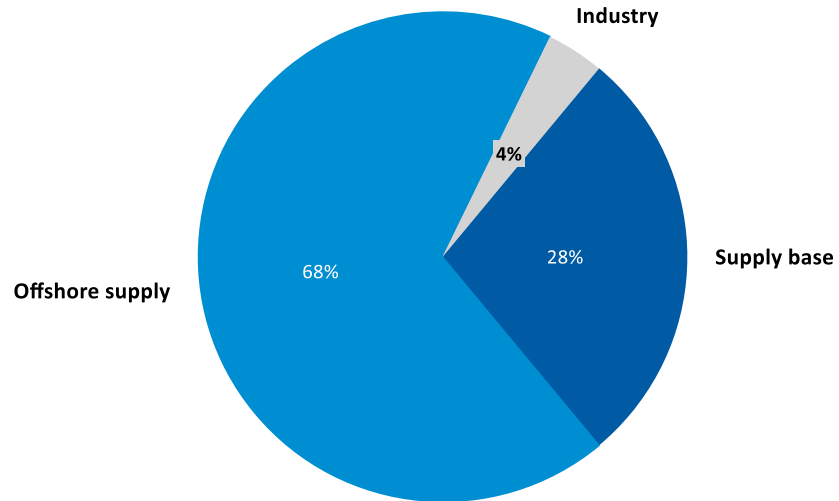
Portfolio distribution



Size of commitments



# Low oil related exposure



Oil related exposure amounts to NOK 833 mill

- The exposure represents 0.58 % of total exposure including covered bond companies
- Average weighted probability of default 0.94 %
- A total of NOK 32 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

# Loan losses - Group

(Amounts in NOK million)	31.12.2022	4Q22	3Q22	2Q22	1Q22	31.12.2021
Individual losses Corporate market	52,9	10,4	-3,6	3,1	43,0	-126,9
Individual losses Retail market	-2,9	-0,8	-2,4	0,1	0,2	1,6
Collective losses and other value change items	12,7	11,9	62,6	13,8	-75,6	-110,0
<b>Total losses on loans and guarantees</b>	<b>62,6</b>	<b>21,5</b>	<b>56,6</b>	<b>17,0</b>	<b>-32,4</b>	<b>-235,3</b>

The Group's annualized losses is 0.05 % (annualized) of gross lending including loans transferred to covered bond companies

Commitments in step 3: 0.70 % of total exposure. Expected loss share: 28.90 %

Commitments in step 2: 8.15 % of total exposure. Expected loss share: 4.13 %

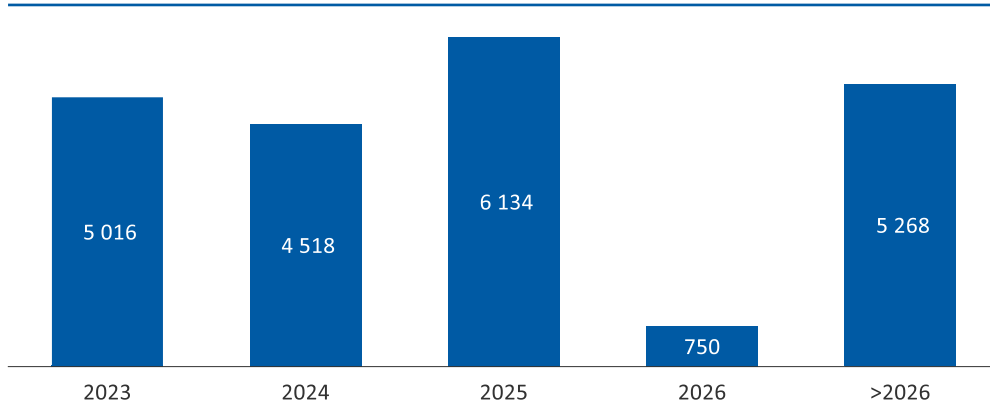
Commitments in step 1: 91.16 % of total exposure. Expected loss share: 0.26 %

# The lending portfolio\*

Sector	Share of total loans	Lending mNOK
Retail market	37,2 %	49 858
SpareBank 1 Boligkreditt	29,4 %	39 445
Real estate	11,6 %	15 542
Fishing and aquaculture	6,8 %	9 164
Financial and insurance activities	3,1 %	4 150
Power and water supply and construction	3,0 %	4 089
Service industries	2,3 %	3 108
Transportation	2,4 %	3 229
Commodity trade, hotel and restaurant industry	1,7 %	2 327
Manufacturing	1,3 %	1 806
Agriculture and forestry	0,9 %	1 176
Government	0,1 %	190
<b>Total loans Retail market</b>	<b>66,6 %</b>	<b>89 303</b>
<b>Total loans Corporate market</b>	<b>33,4 %</b>	<b>44 781</b>
<b>Total loans to customers</b>		<b>134 084</b>

# Funding

Maturity profile (mNOK)

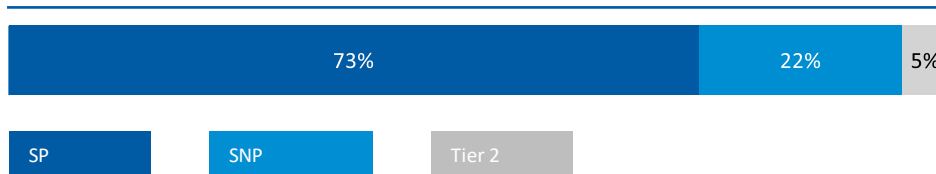


NOK 21 686 mill in capital market funding exclusive of SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt

SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt is important funding sources. In total NOK 39 449 mill had been transferred as of 31.12.22

Amount of gross maturities of capital market funding next 12 months is NOK 5 015mill

Distribution of capital market funding (mNOK)





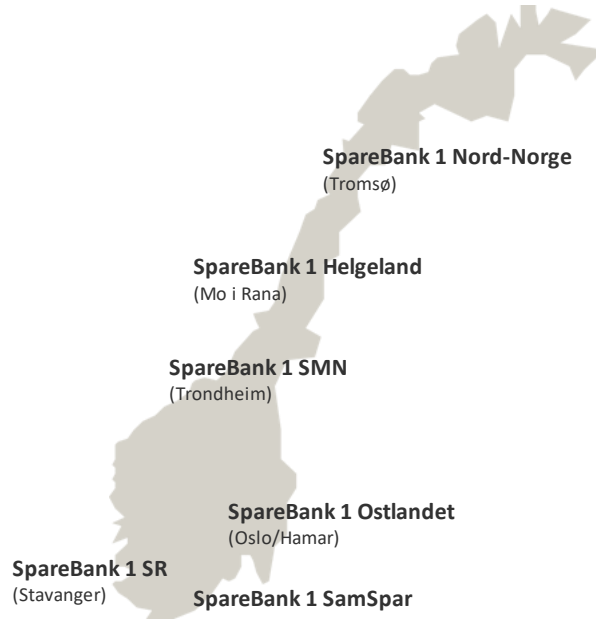
# Achieving goals for sustainability

- ESG-classified portfolio aligned with EUs taxonomy\*
- Major contribution to the SDGs (175 mill in 2021)
- Green product framework and Green Finance Framework established special for the Arctic region
- 41% women in leadership positions
- 24% reduction in greenhouse gas emissions
- ESG-strategy build on established principles in the Finance sector (UNEP FI, UNG Global Compact, GRI, TCFD)

\*Delegatet acts June 2021



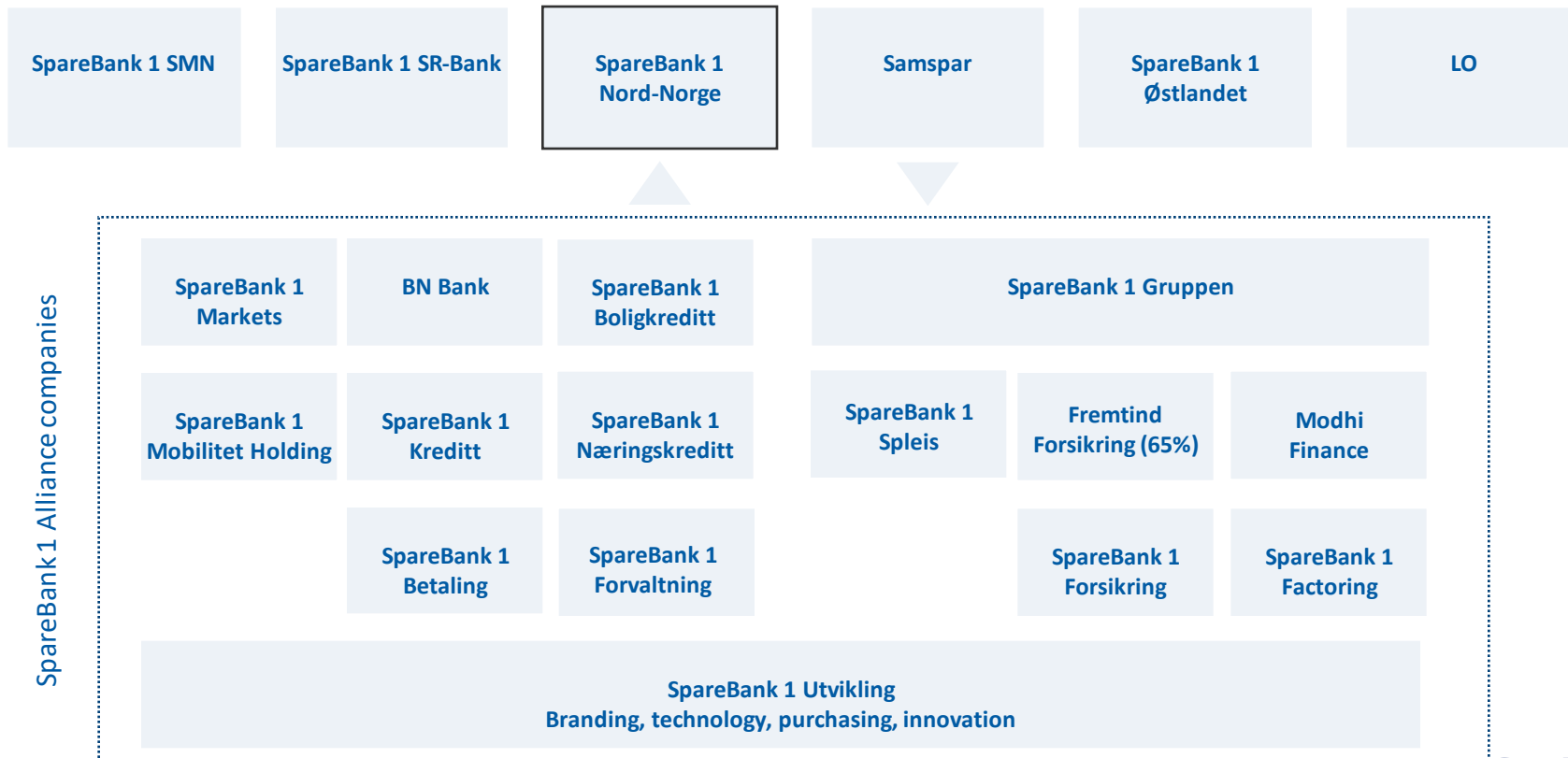
# SpareBank 1 Alliance

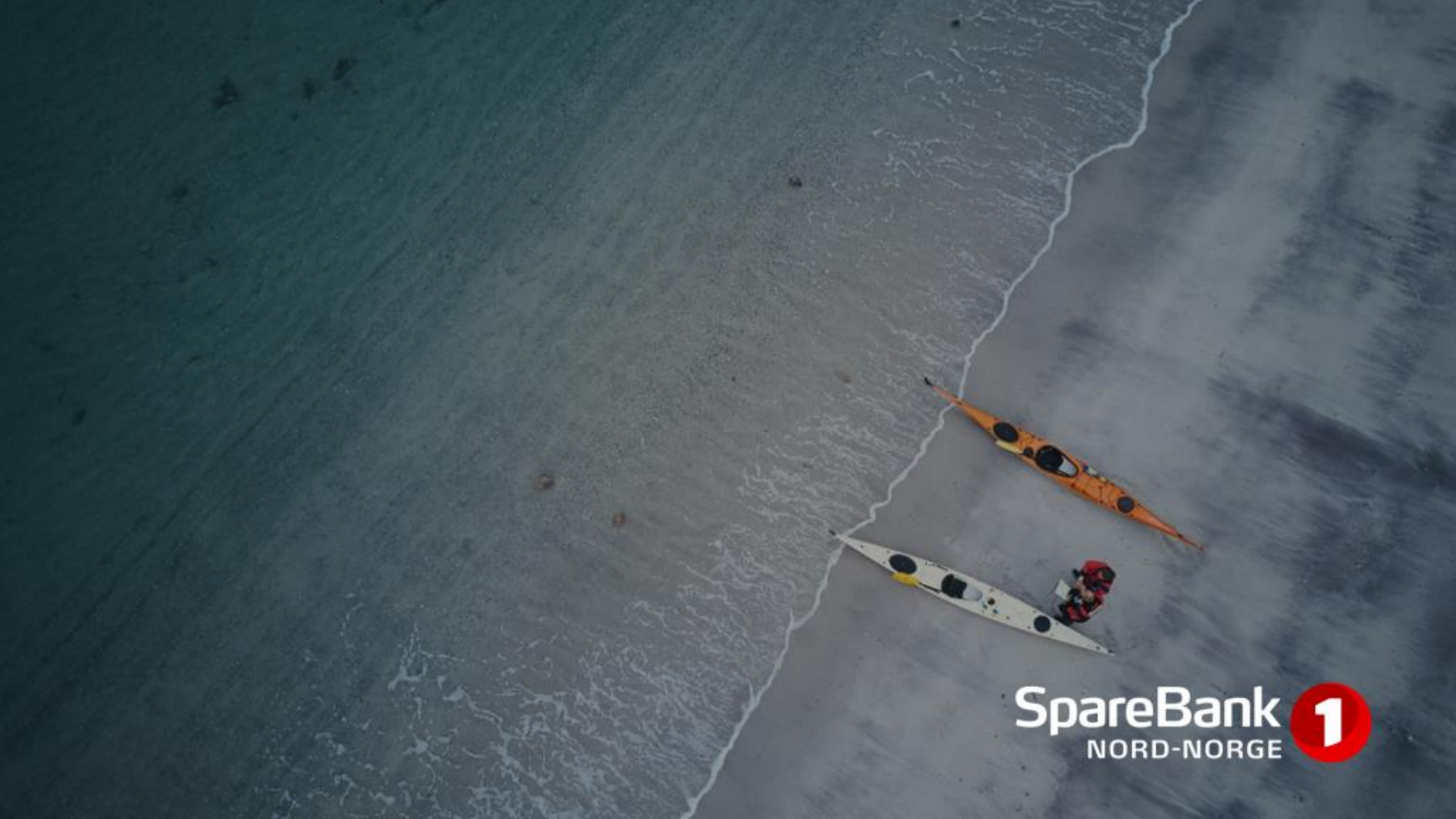


- The SpareBank 1-alliance consists of 14 banks
- Operate exclusively in Norway
- Norway's most extensive branch network with approx. 350 branches
- The alliance is in the forefront of incorporating technological innovation into its distribution channels. Best rated mobile banking in Norway
- Market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

<b>Sr. Unsec. Ratings</b>	<b>Moody's</b>
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 