



**2Q 2022**

Oslo, 11 August 2022

Liv B. Ulriksen, CEO

Bengt Olsen, CFO

1 Highlights

2 Outlook

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3 Financial status

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A Appendix



# Highlights YTD

<b>Pre-tax profit</b>	<b>ROE</b>	
<b>995 MNOK (1 293)</b>	<b>10,2 % (14,2 %)</b>	
<b>CET1 ratio</b>	<b>C/I ratio</b>	<b>Losses</b>
<b>19,3 % (18,0 %)</b>	<b>44,7 % (39,1 %)</b>	<b>-15 MNOK (-76)</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	41,2 %
Real estate agency	34,5 %
Accounting services	20 %
Secured financing	24,1 %

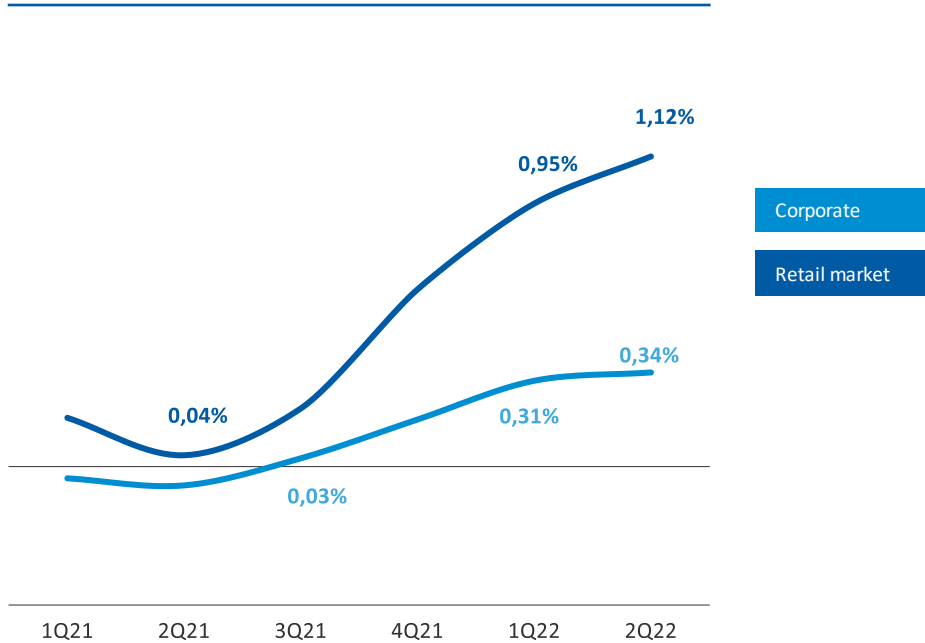
# Subsidiaries – results before tax

(Amounts in NOK million)	30.06.2022	30.06.2021
SpareBank 1 Finans Nord-Norge AS	106,7	107,8
SpareBank 1 Regnskapshuset Nord-Norge AS	26,0	25,6
EiendomsMegler 1 Nord-Norge AS	13,2	30,1
<b>Subsidiaries core operations</b>	<b>145,9</b>	<b>163,5</b>
Other subsidiaries	4,0	0,8
<b>Total</b>	<b>149,9</b>	<b>164,3</b>

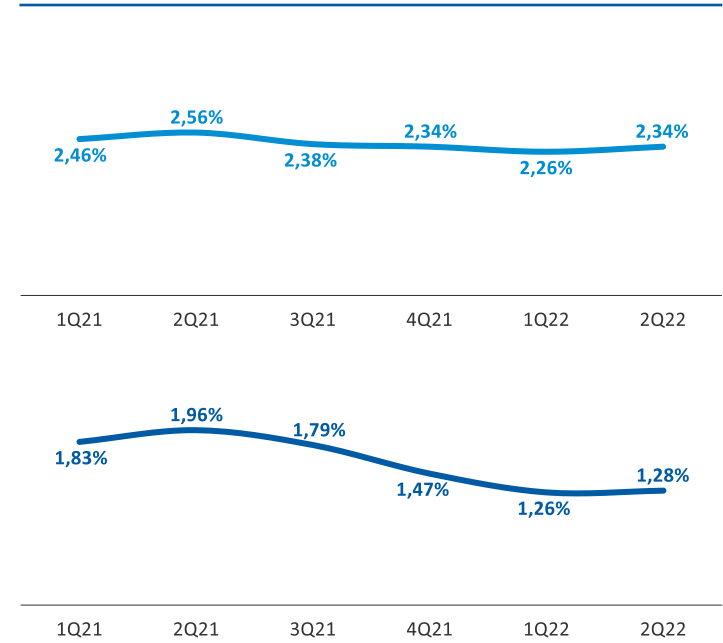


# Development in margins

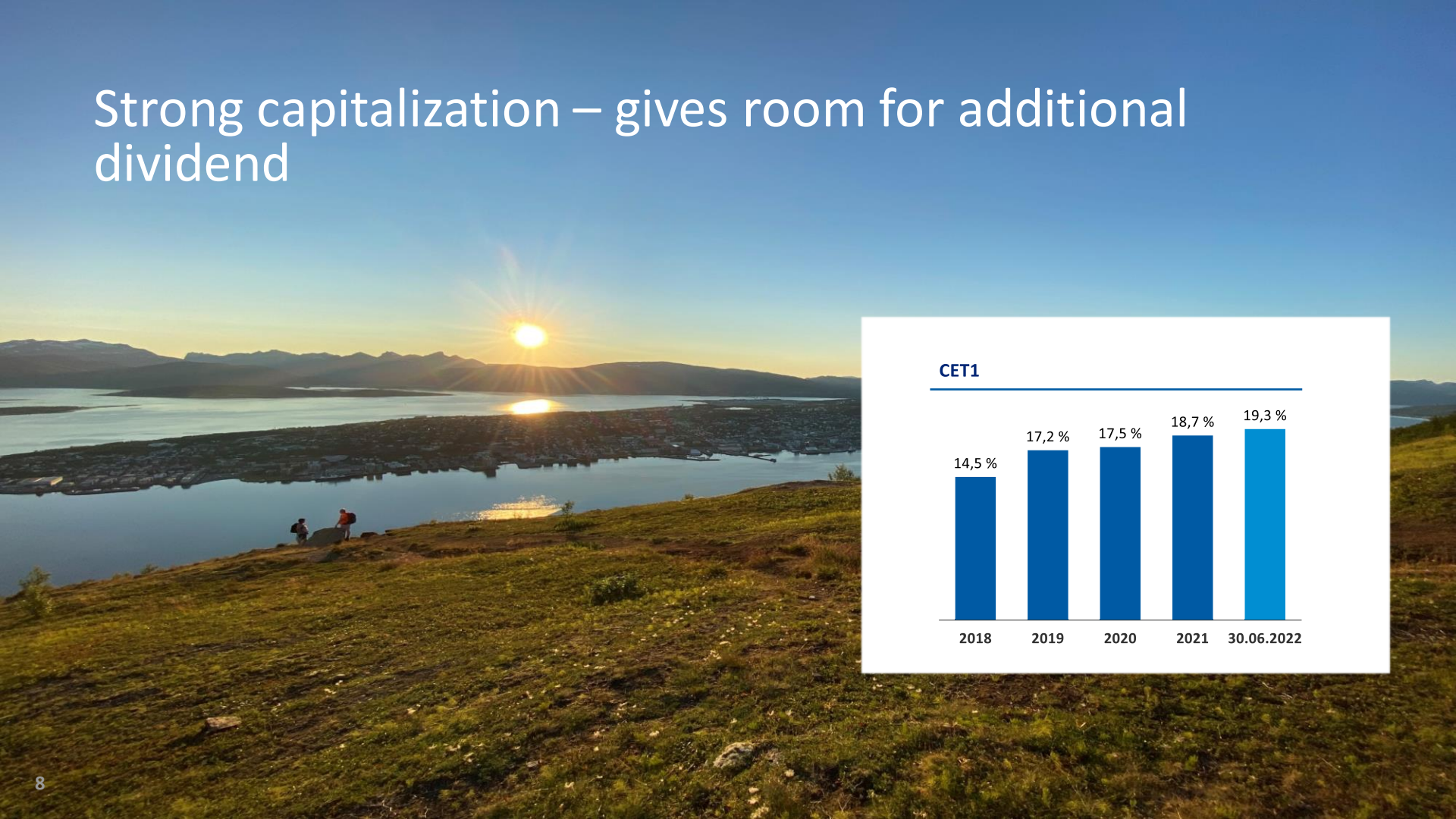
## Deposits



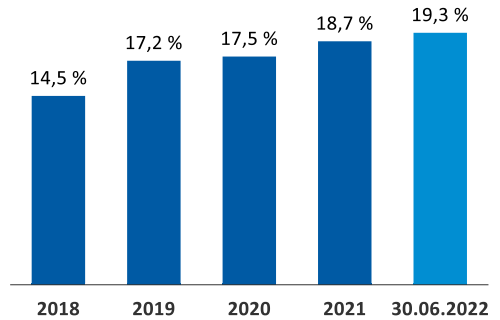
## Lending



# Strong capitalization – gives room for additional dividend



**CET1**



1 Highlights

2 Outlook

3 Financial status

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A Appendix





# Investments in Northern-Norway: 1 036 billions



Foto: Michael Ulriksen

# Tourism: The tourists are returning!



# Ambitions for growth and increased market share

Expected growth for SpareBank 1 Nord-Norge in 2022

**Retail market: 4-6 %**

**Corporate market: 6-9 %**

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

1 Highlights

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2 Outlook

**3 Financial status**

A Appendix



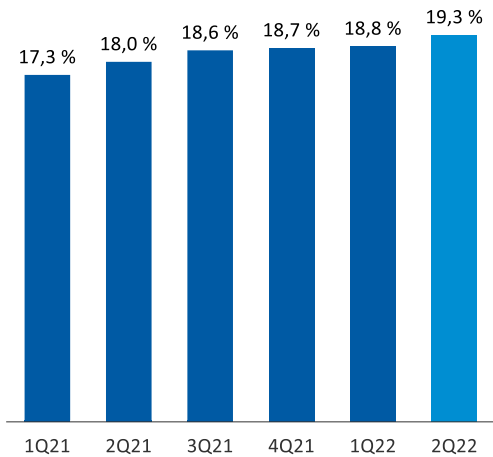
# Group financial highlights and key figures

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

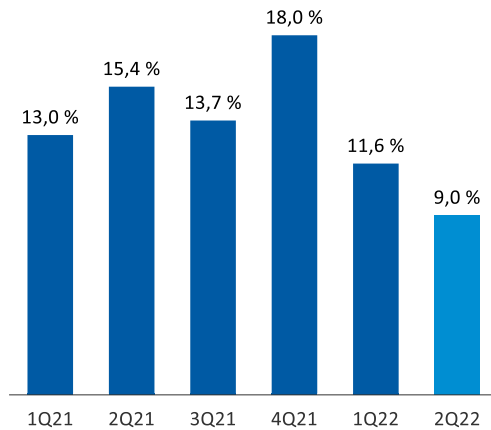
	2Q22	1Q22	2Q21	31.12.21
Net interest income	594	541	502	2 014
Net fee- and other operating income	316	311	364	1 499
Net income from financial investments	- 66	76	200	794
Total income	844	928	1 066	4 307
Total costs	396	396	393	1 748
<b>Result before losses</b>	<b>448</b>	<b>532</b>	<b>673</b>	<b>2 559</b>
Losses	17	- 32	- 23	- 235
<b>Result before tax</b>	<b>431</b>	<b>564</b>	<b>696</b>	<b>2 794</b>
Tax	86	110	121	499
<b>Result after tax</b>	<b>345</b>	<b>454</b>	<b>575</b>	<b>2 295</b>
Interest hybrid capital	8	10	7	29
<b>Result after tax ex. interest hybrid capital</b>	<b>337</b>	<b>444</b>	<b>568</b>	<b>2 266</b>
<b>Profitability</b>				
Return on equity capital	9,0 %	11,6 %	15,4 %	15,1 %
Interest margin	1,86 %	1,80 %	1,65 %	1,67 %
Cost/income	46,9 %	42,7 %	36,9 %	40,6 %

# Quarterly development

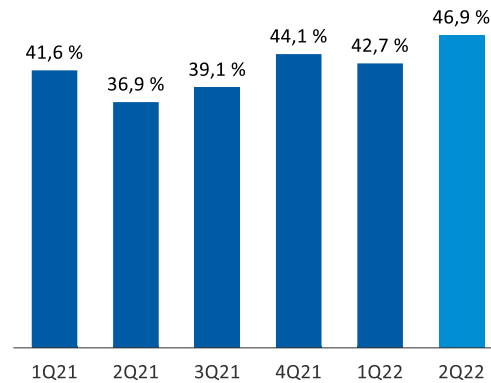
## CET1 ratio



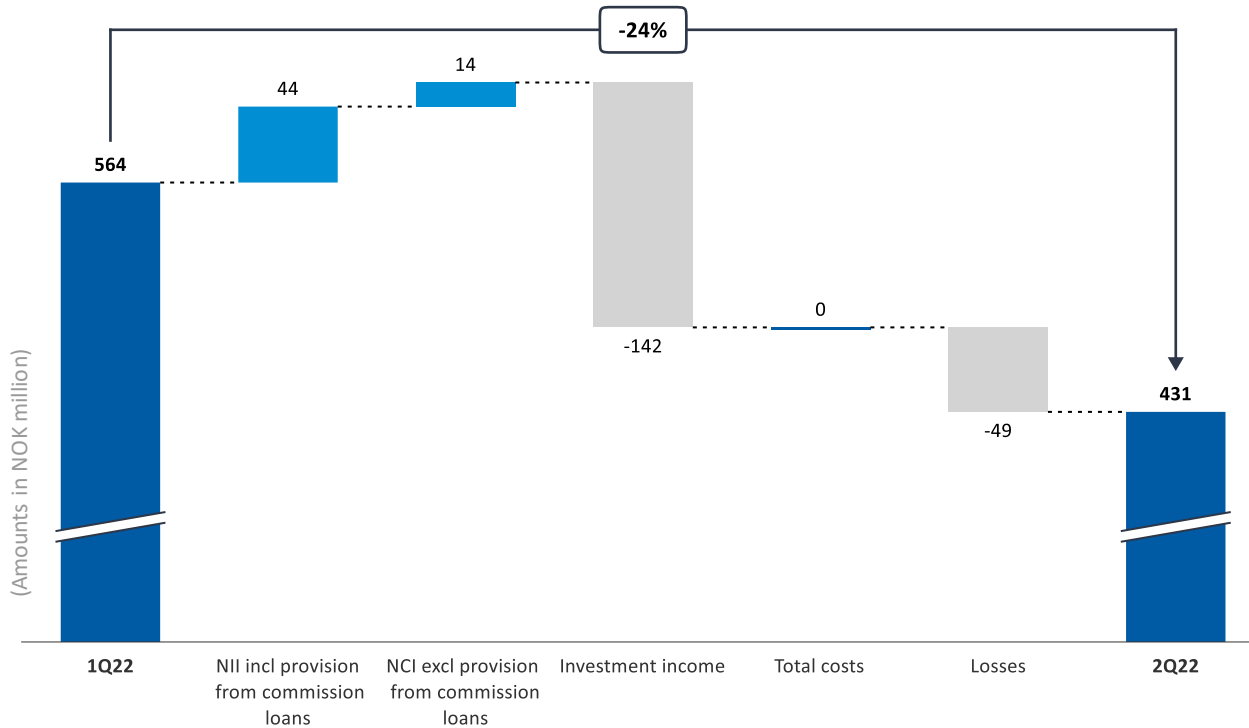
## Return on equity capital



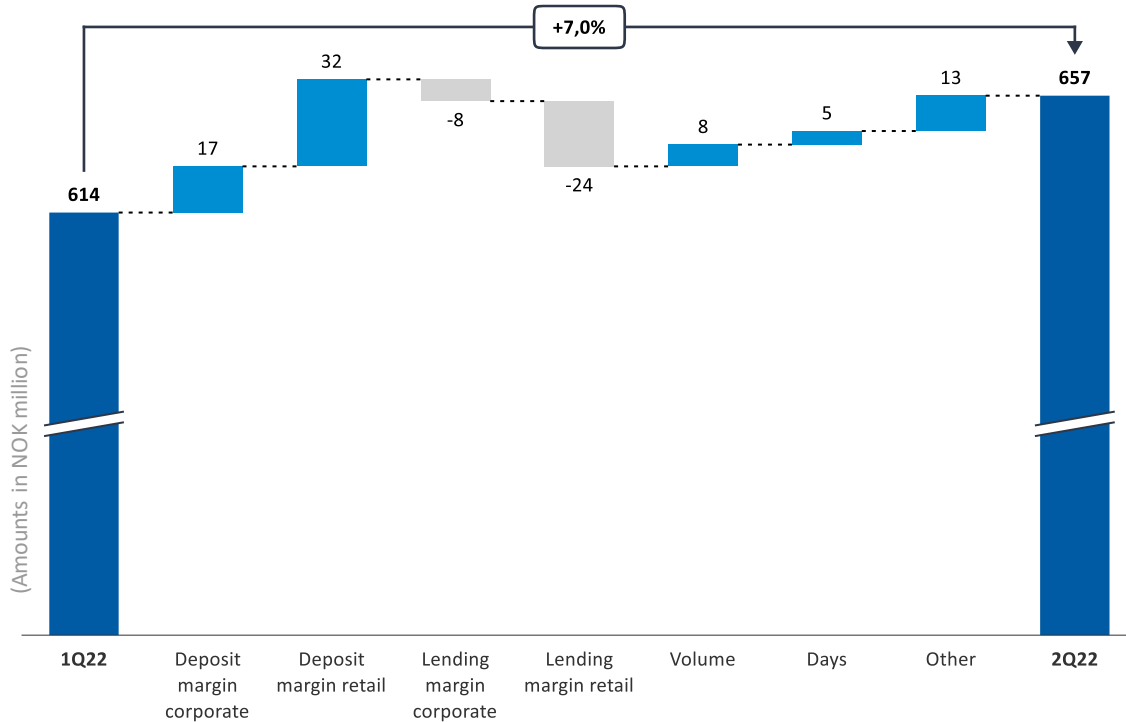
## Cost/income Group



# Result before tax - last quarter

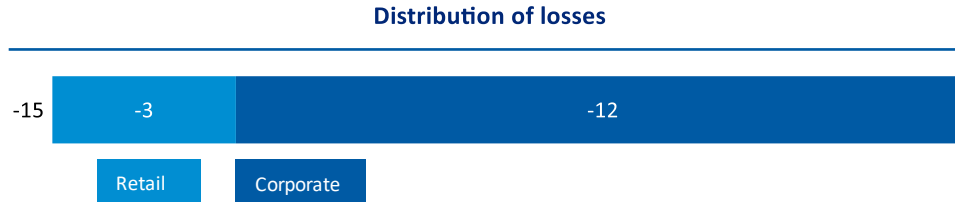
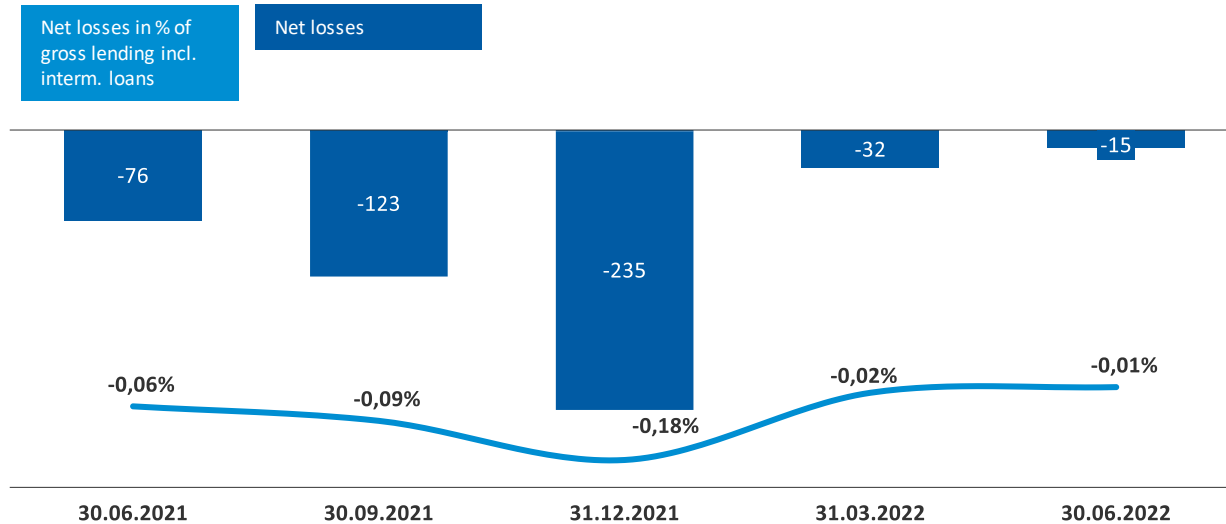


# Net interest income - Group



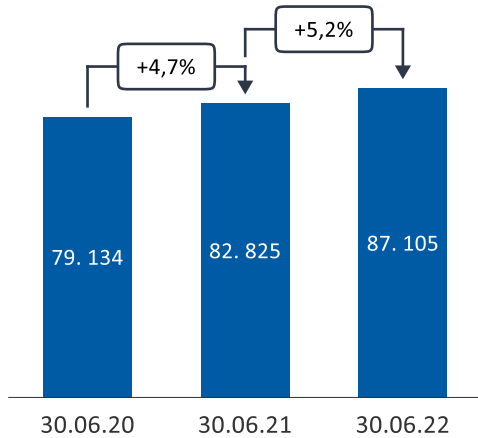


# Low losses and net reversals

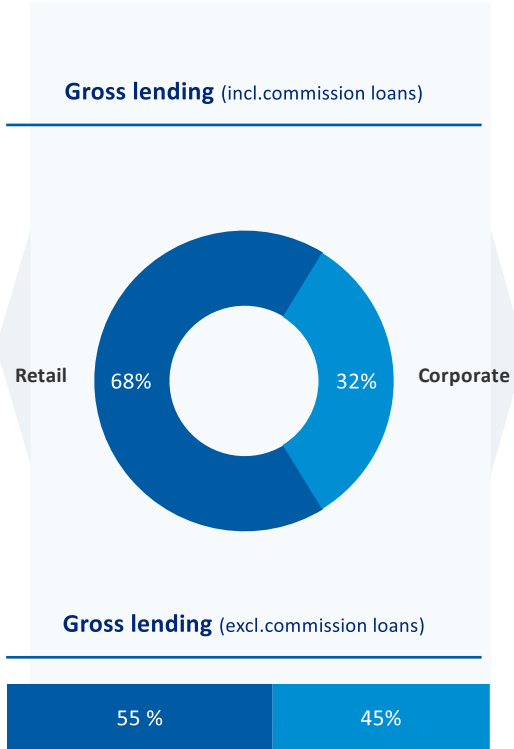


# Lending growth

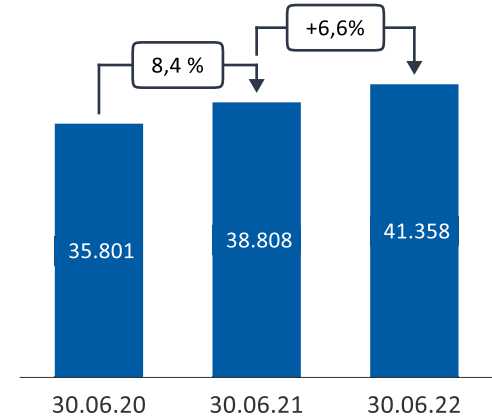
**Retail marked** (incl.commission loans)



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

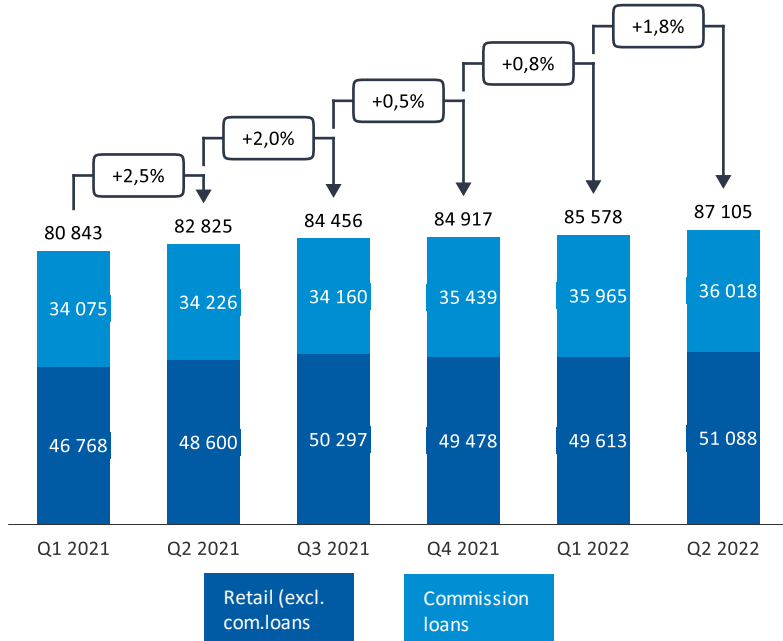


**Corporate Banking** (incl.commission loans)

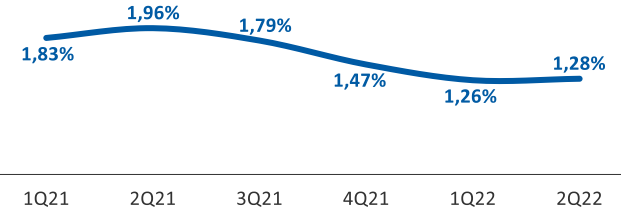


# Retail Market

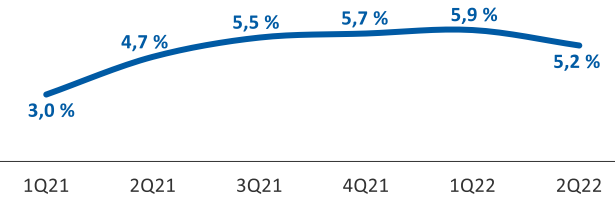
## Lending growth



## Development in lending margin (ISO)

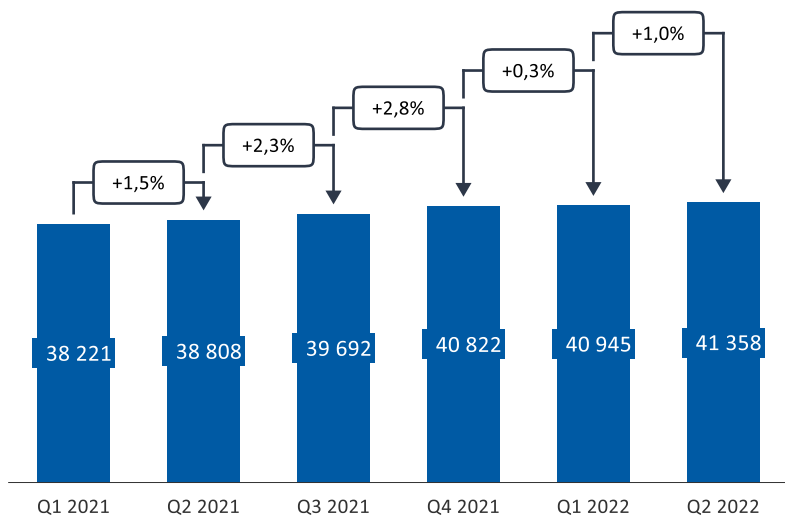


## Lending growth (12 mth)

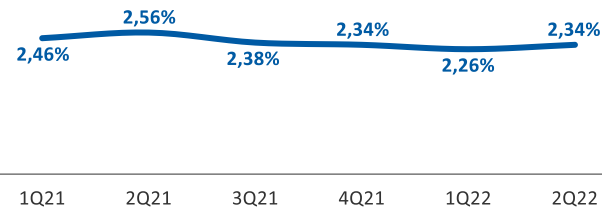


# Corporate Banking

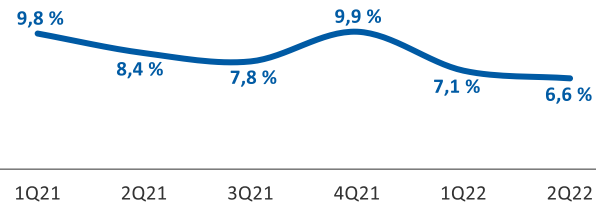
## Lending growth



## Development in lending margin (ISO)

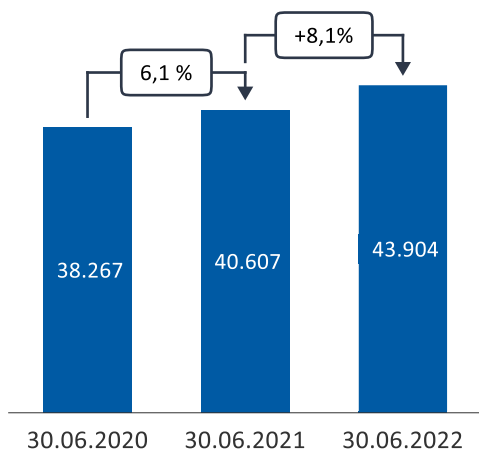


## Lending growth (12 mth)

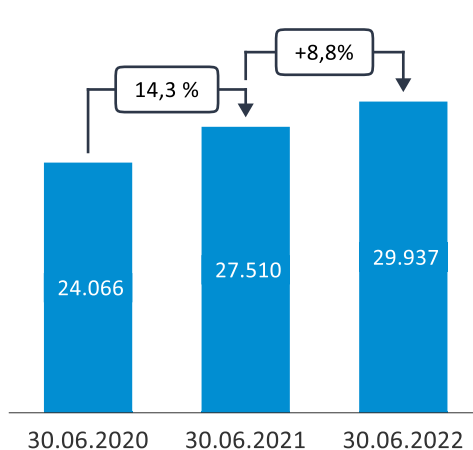


# Deposit growth

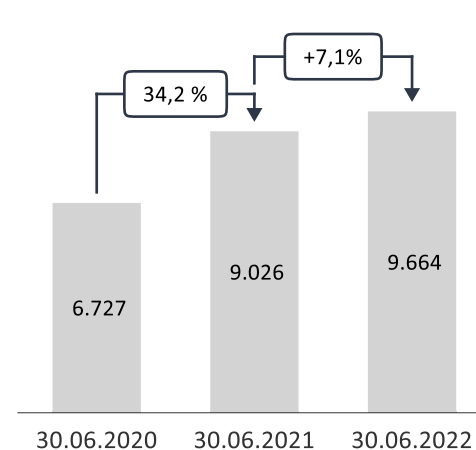
## Retail Market



## Corporate Banking



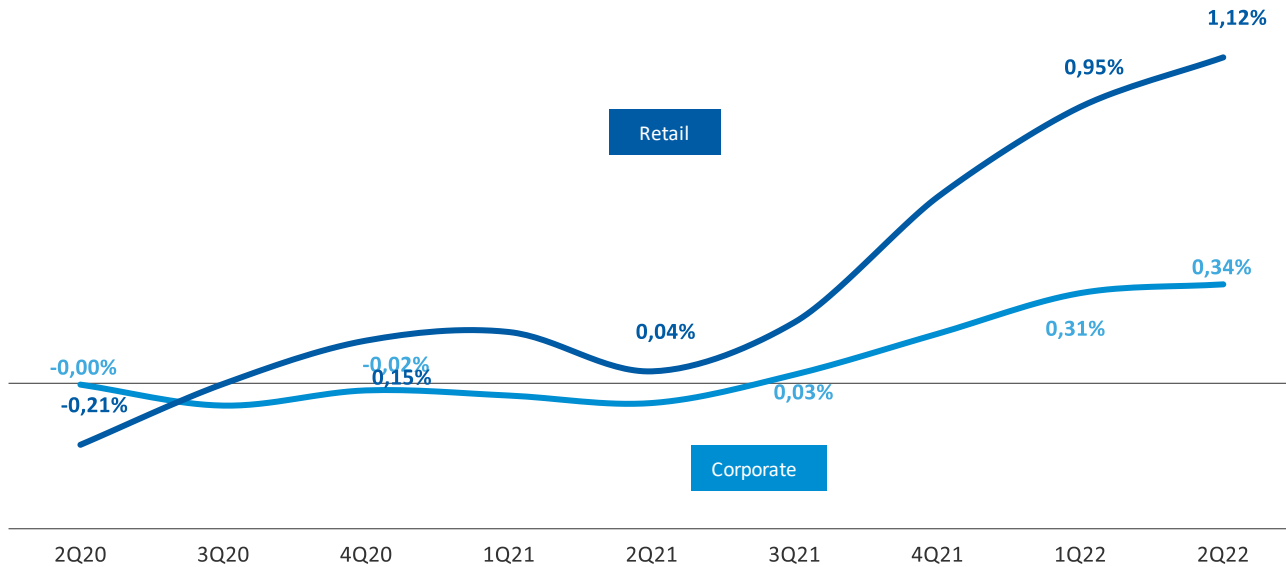
## Public Sector



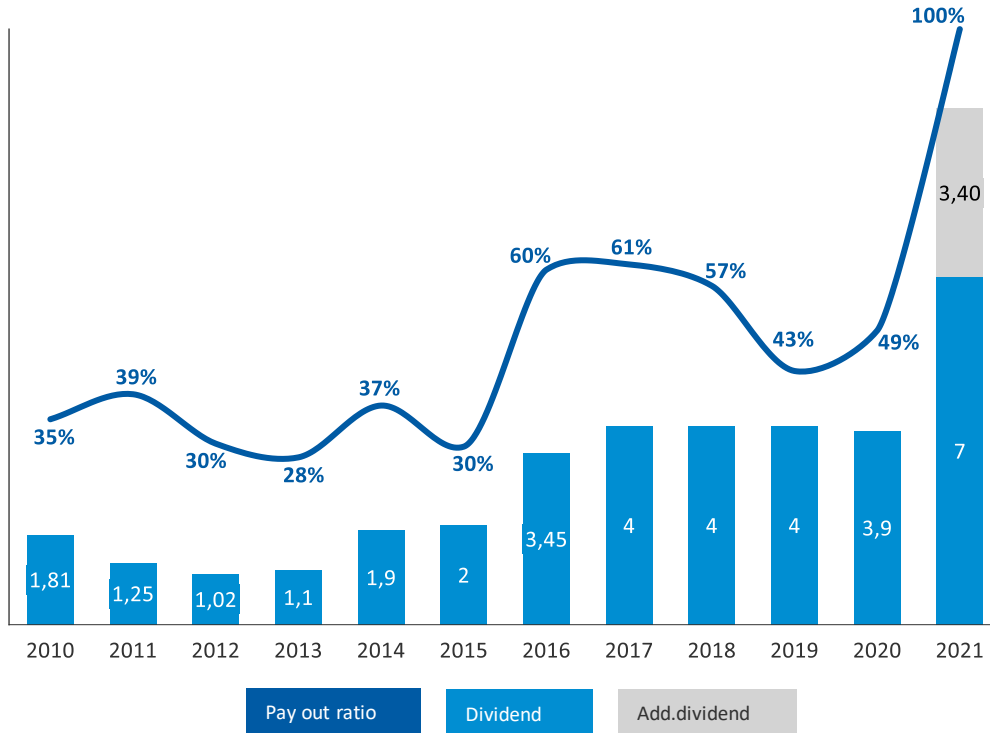
## Deposits gross



# Development in deposit margins



# Proposed additional dividend for 2021



**Total dividend for 2021**      **NOK 10,40/EC (7,00 + 3,40)**

An additional dividend of NOK 3,40 means that the northern Norwegian society will receive an extra **NOK 395 million**. In total the society will receive a total of **NOK 1,2 billion** for the fiscal year 2021.

# Long term financial targets

> 12 %  
ROE

< 40 %  
C/I ratio

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> 50 %  
Dividend payout ratio

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15 %  
CET1 ratio



# Financial outlook

NRI

- Lending margins and provisions from SpareBank 1 Boligkreditt is 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, a development that is expected to continue for the rest of the year.

ROE >12 %

- Lower than expected figures from the SpareBank 1 Gruppen and the above mentioned effect on SpareBank 1 Boligkreditt combined with a CET1 ratio at 19.3 per cent resulted in a ROE for the first quarter at 9.0 per cent. The underlying operations are solid and we expect to deliver on our long term ROE target for the fiscal year 2022.

CET1 Ratio: 15.5 %

- Targeted CET1 ratio is one percentage point above the regulatory minimum requirement.
- The bank is very well capitalized, and the Board has proposed a additional dividend of 3.4 NOK/EC, witch all else equal will reduce the CET1 ratio by around 1pp.

C/I < 40 %

- In spite of some cost increase in affiliated companies in the first half, the group as a whole has a solid cost control. The parent bank has a zero cost growth in the first half. The main reason for a somewhat weakened C/I is a lower income in SpareBank 1 Gruppen, unrealized losses on securities based on the turmoil in the market and the already mentioned lower provisions from SpareBank 1 Boligkreditt. We maintain our targeted level for the C/I ratio

Pay out ratio > 50 %

- The targeted dividend pay out ratio of > 50 % still stands .
- The Bank is overcapitalized and based on this the Board is proposing to exploit the regulatory room of action to pay-out up towards 100 % of last years result in dividends. By doing this the bank is action on whats been communicated, excess capital will be payed out.

# 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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1 Highlights

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2 Outlook

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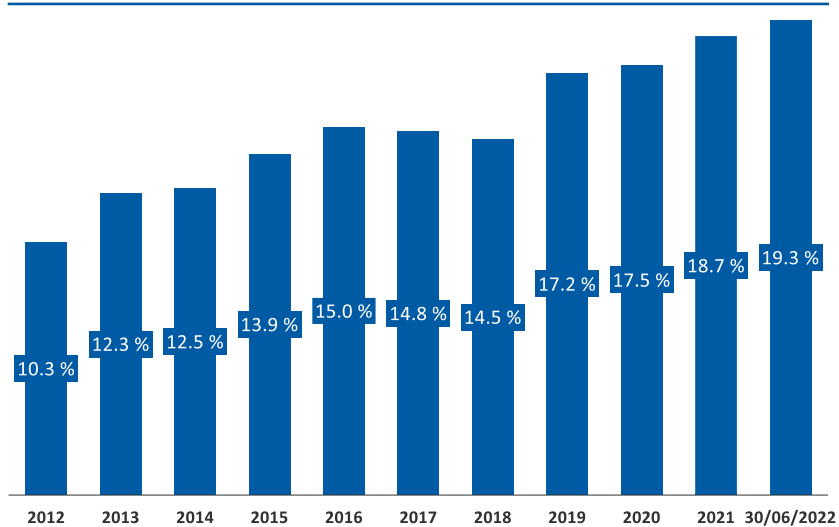
3 Financial status

A Appendix

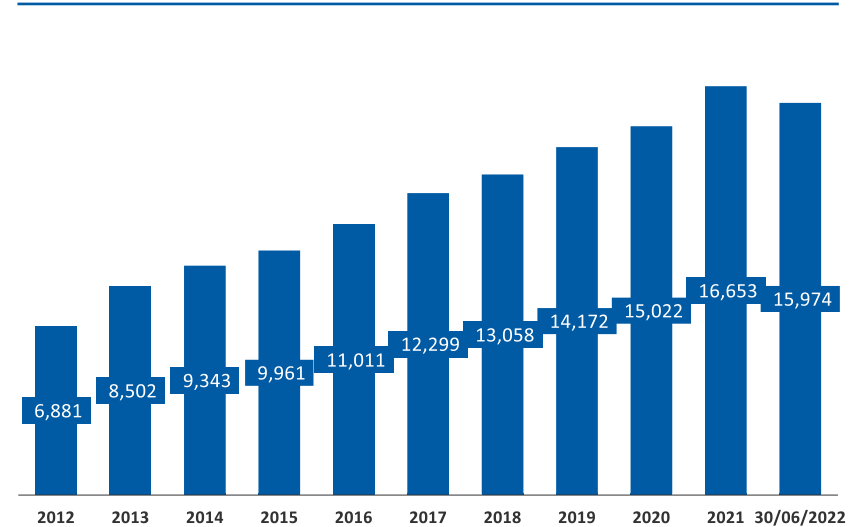


# A solid bank for Northern Norway

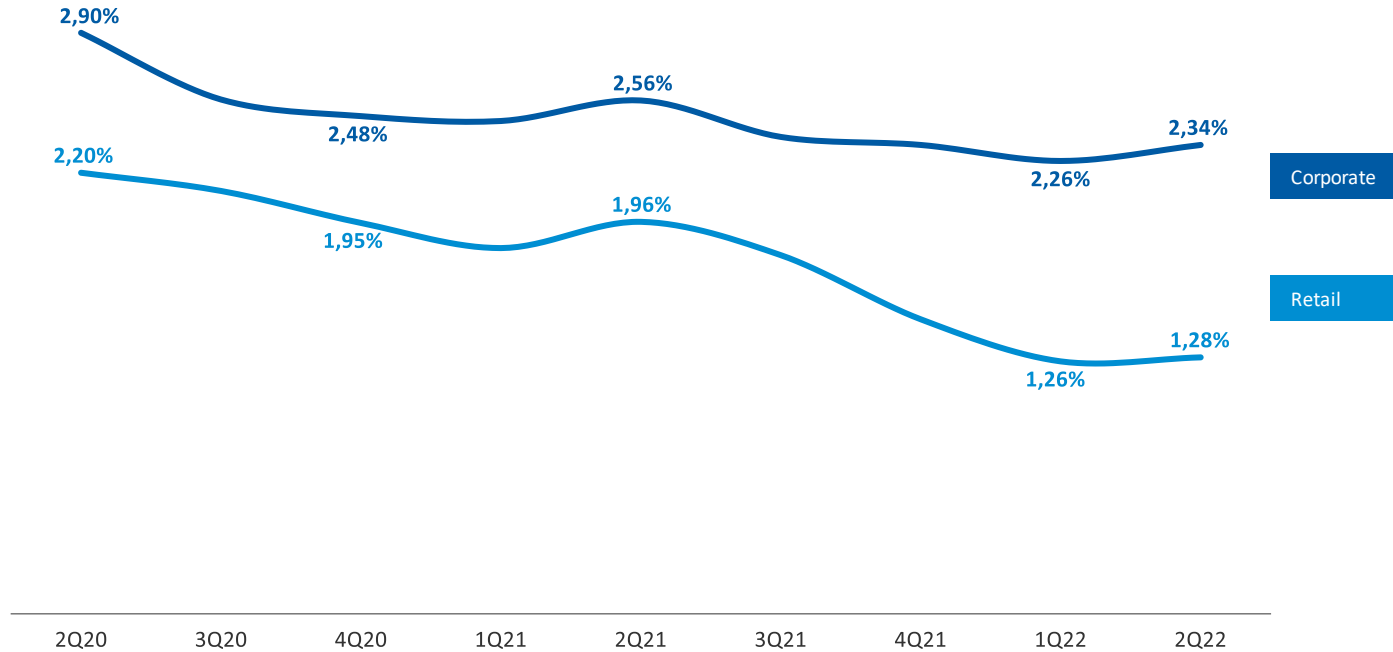
CET1 ratio



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**  
15,92 % | Mortgage company

**SpareBank 1  
Næringskreditt AS**  
3,09 % | 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**  
14,53 % | 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

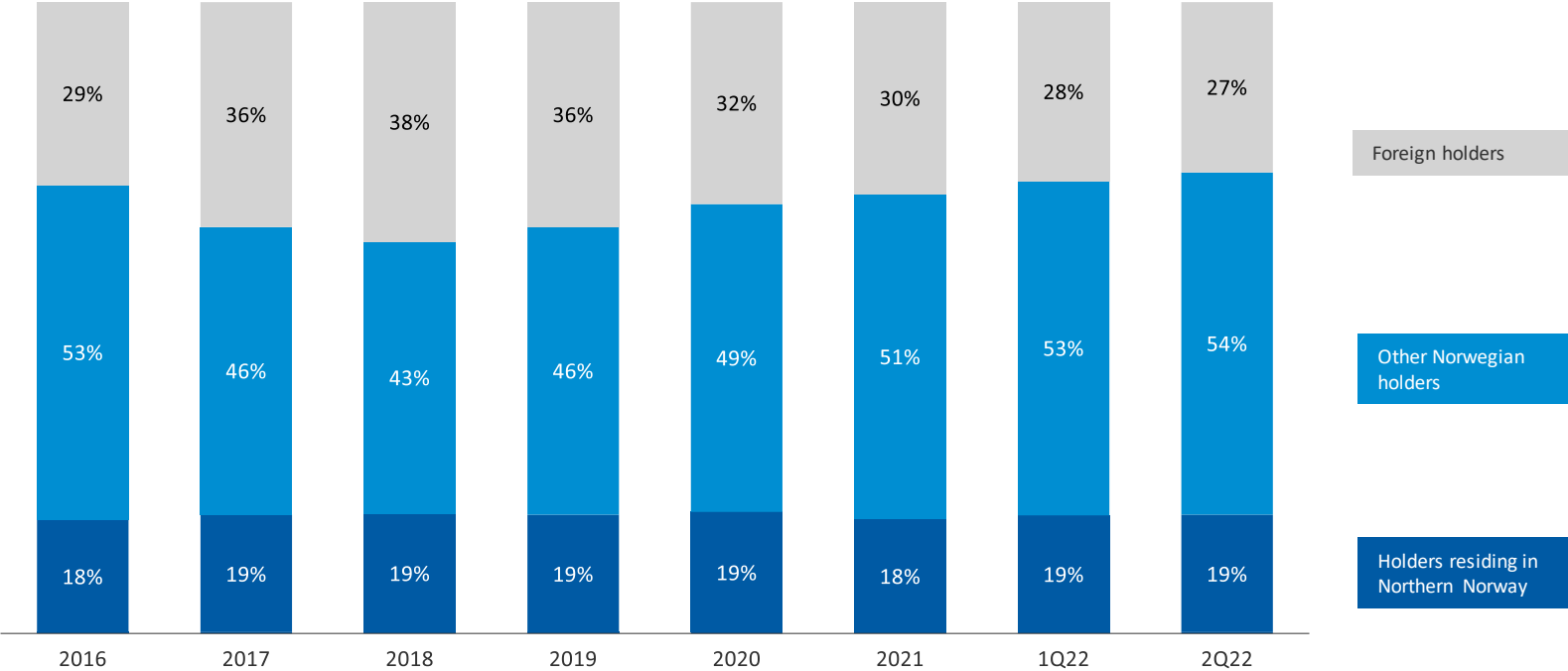
**Fredrik Langesgt 20 AS**  
100 % | Commercial building

**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

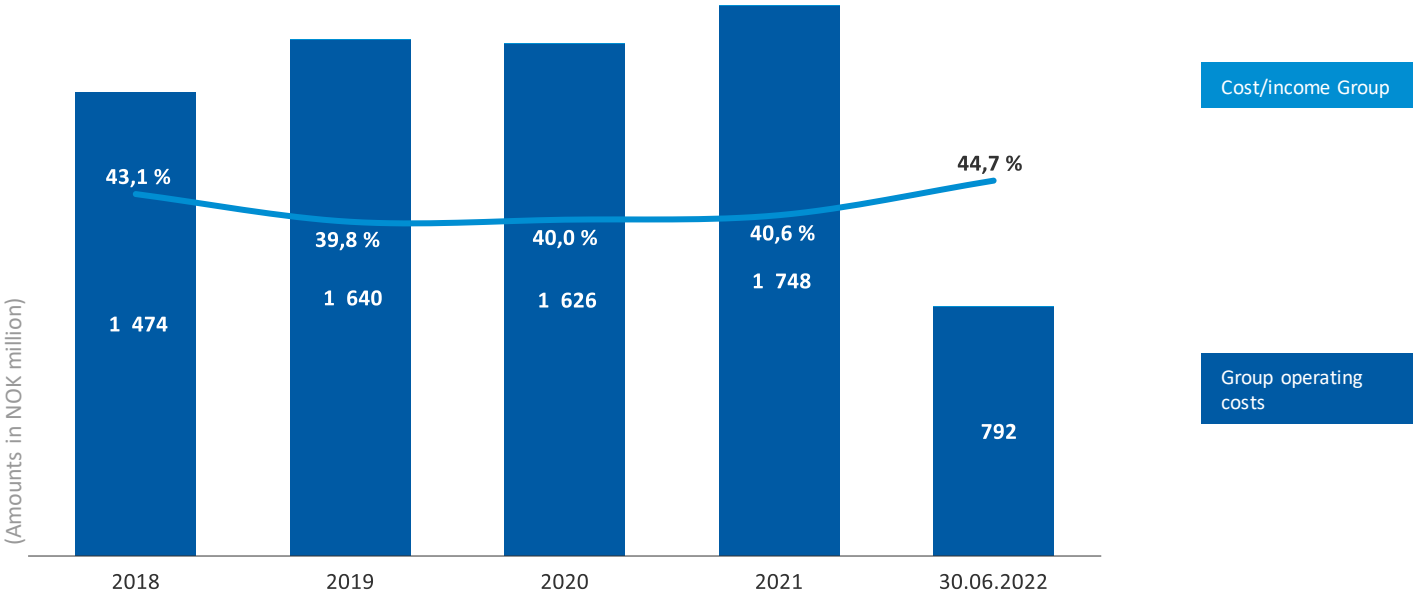




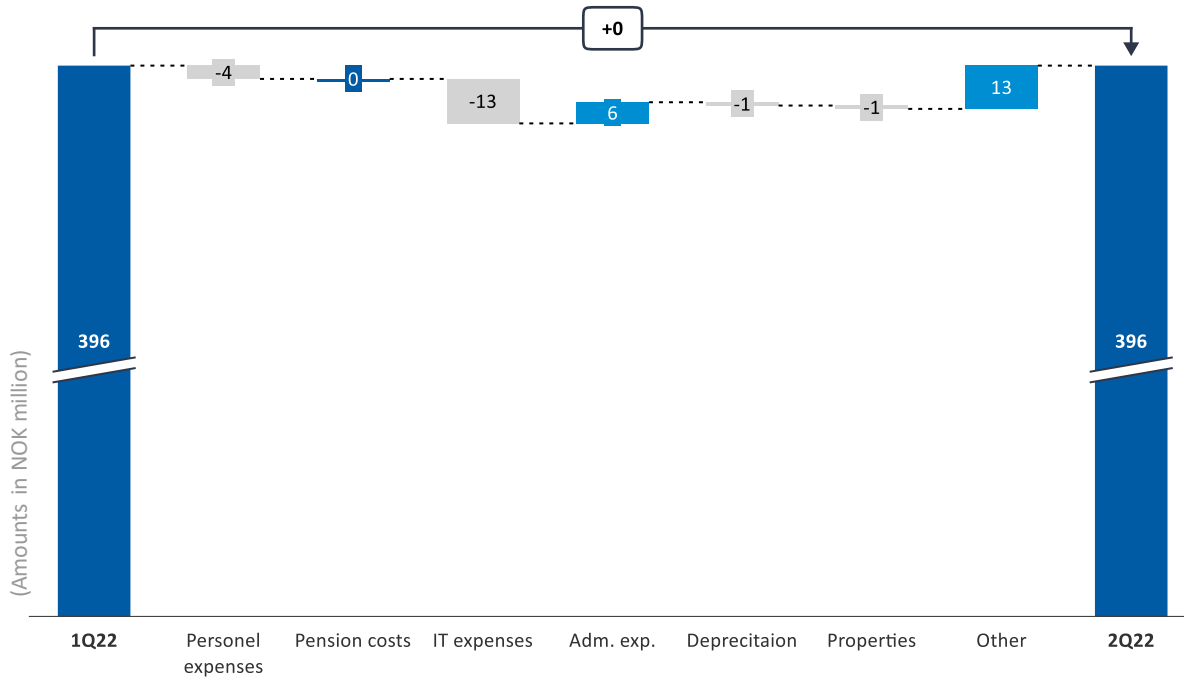
# The 20 largest EC holders

EC Holders	Number of ECs	Share of EC Capital
PARETO INVEST AS	4,0M	4,0 %
VPF EIKA EGENKAPITALBEVIS	3,6M	3,6 %
PARETO AKSJE NORGE VERDIPAPIRFOND	3,1M	3,0 %
GEVERAN TRADING CO LTD	2,8M	2,8 %
MP PENSJON PK	2,4M	2,4 %
The Bank of New York Mellon SA/NV	2,0M	2,0 %
Brown Brothers Harriman & Co.	2,0M	2,0 %
The Northern Trust Comp, London Br	1,9M	1,9 %
FORSVARETS PERSONELLSERVICE	1,8M	1,7 %
State Street Bank and Trust Comp	1,7M	1,6 %
SPECIALFONDET BOREA UTBYTTE	1,5M	1,5 %
SPAREBANKSTIFTELSEN SPAREBANK 1 NO	1,4M	1,4 %
Landkreditt Utbytte	1,3M	1,3 %
J.P. Morgan SE	1,1M	1,1 %
KOMMUNAL LANDSPENSJONSKASSE GJENSI	1,1M	1,1 %
The Bank of New York Mellon SA/NV	1,1M	1,1 %
Euroclear Bank S.A./N.V.	797K	0,8 %
J.P. Morgan SE	794K	0,8 %
State Street Bank and Trust Comp	772K	0,8 %
Brown Brothers Harriman & Co.	735K	0,7 %
Total	35.762.453	35,6 %

# Cost development - Group



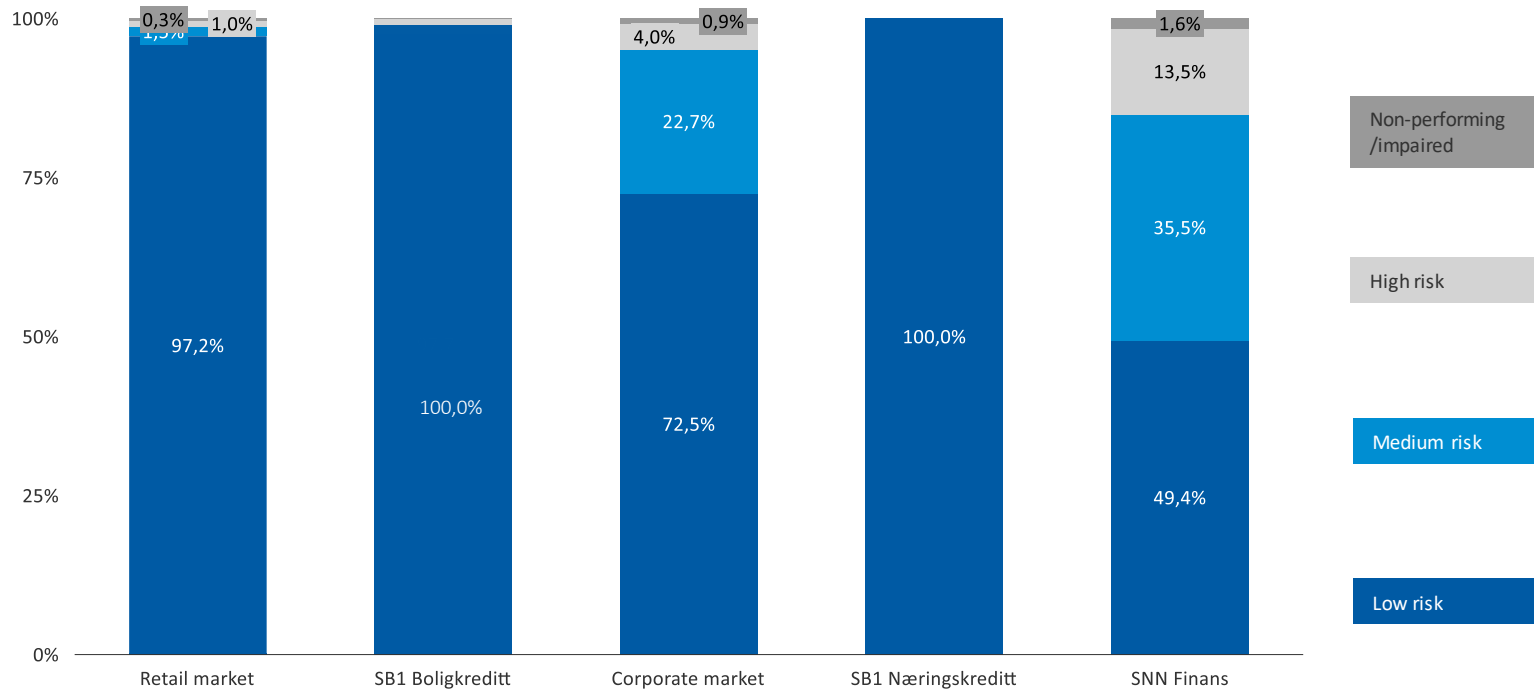
# Operating expenses - Group



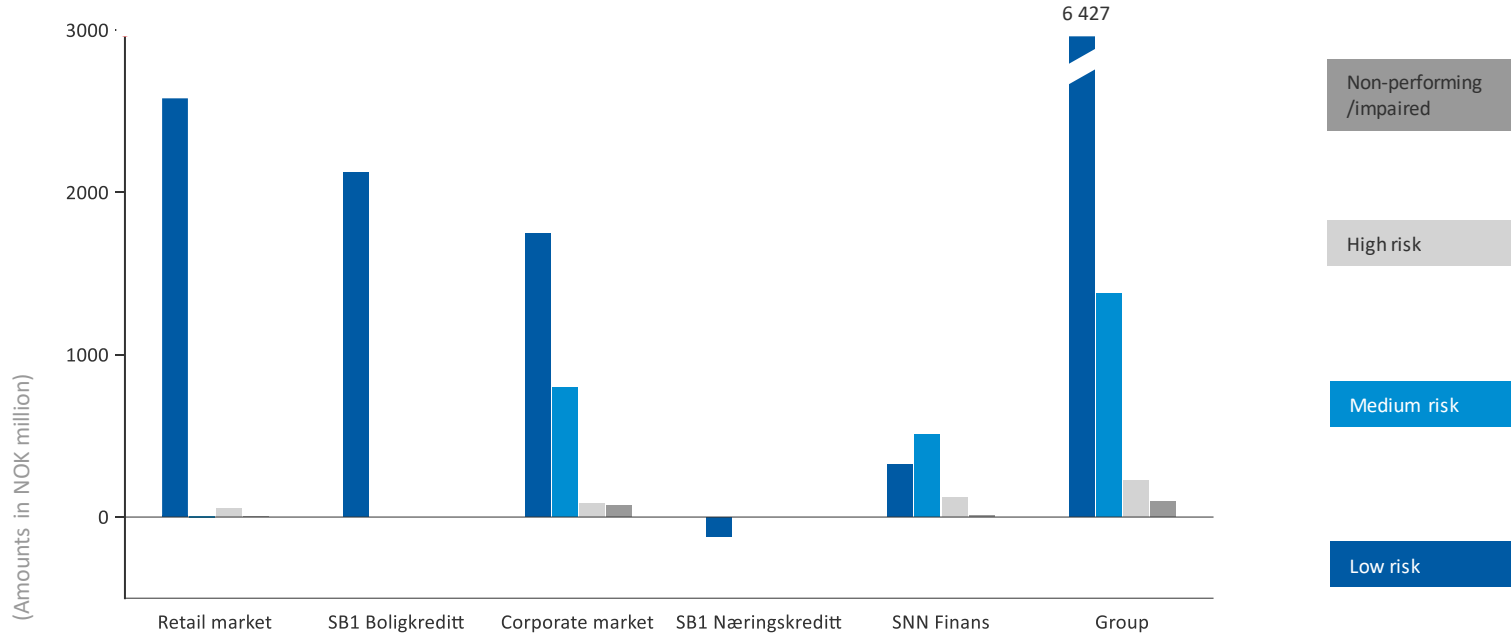
# Net fee- and other operating income - Group

(Amounts in NOK million)	2Q22	1Q22	4Q21	3Q21	2Q21
Payment facilities	57	55	63	62	53
Sales provision insurance products	49	49	49	50	51
Guarantee commissions	8	6	9	8	8
Real estate broking	34	22	29	32	29
Portfolio commissions	12	12	15	18	17
Other commissions	57	44	49	53	71
<b>Commissions excl. commission loan</b>	<b>217</b>	<b>188</b>	<b>214</b>	<b>223</b>	<b>229</b>
Commission loans	63	73	87	112	103
<b>Total commission income</b>	<b>280</b>	<b>261</b>	<b>301</b>	<b>335</b>	<b>332</b>
Commission costs	21	17	30	21	24
Accounting services	57	66	47	47	54
Other operating income	0	1	101	5	2
<b>Total commissions and other income</b>	<b>57</b>	<b>67</b>	<b>148</b>	<b>52</b>	<b>56</b>
<b>Net fee- and other operating income</b>	<b>316</b>	<b>311</b>	<b>419</b>	<b>366</b>	<b>364</b>

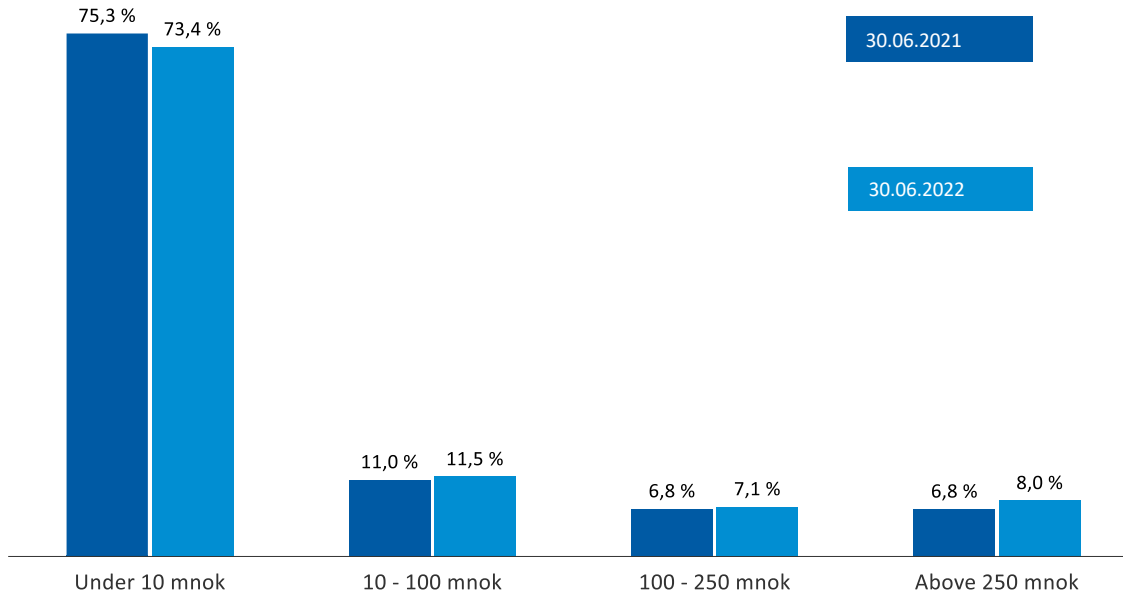
# Risk exposure - Group



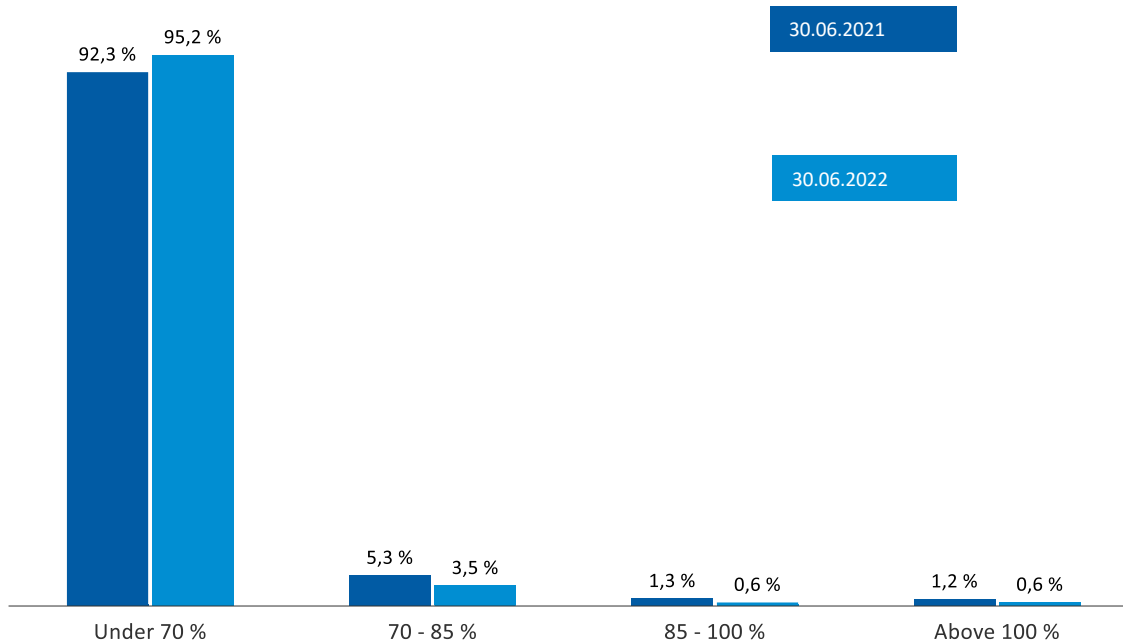
# Changes in exposure last 12 months - Group



# Exposure distributed by size\*



# LTV mortgage loans



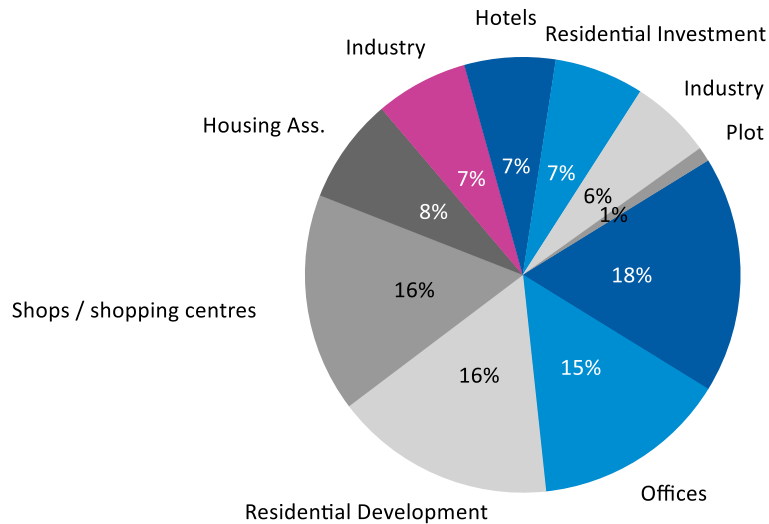
LTV is distributed by balance and is based on the market value of the collateral:

- 98.7 % of the gross exposure is within 85 % of the collateral market value
- Only 0.6 % of the gross exposure is higher than 100 % of the collateral market value
  
- The figures include the portfolio in SB1 Boligkreditt

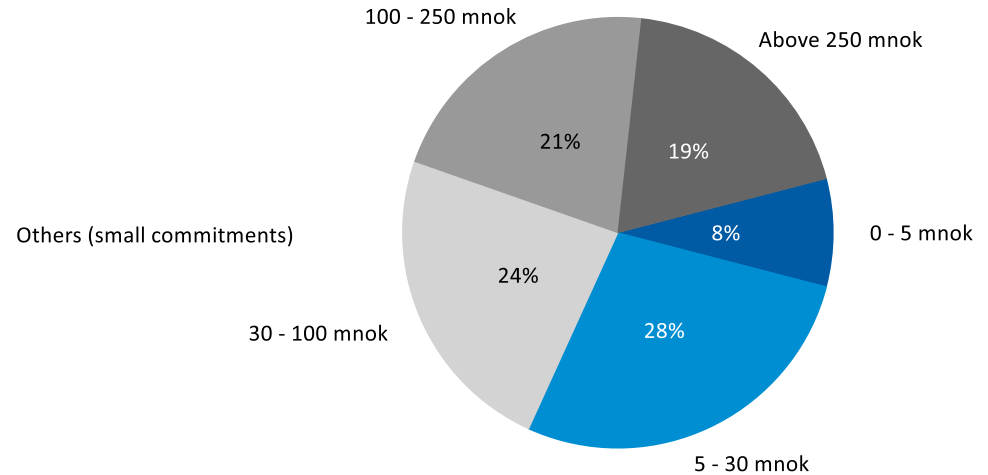


# Diversified portfolio in commercial real estate

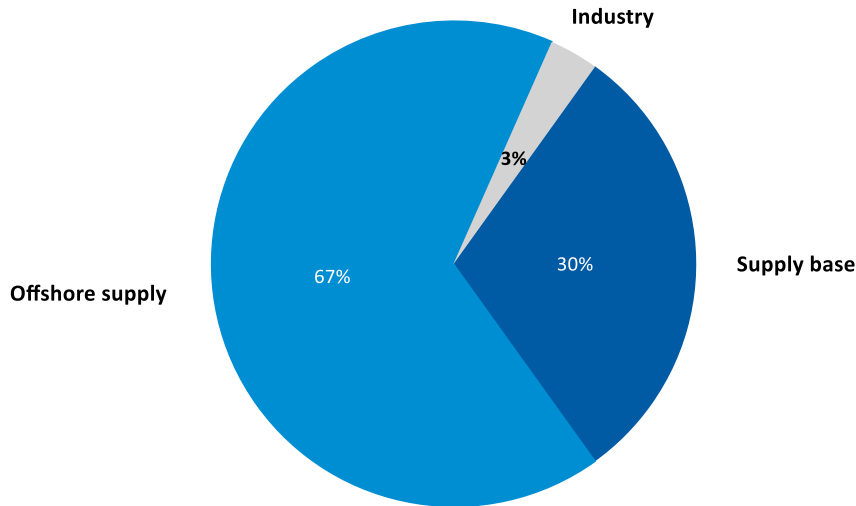
Portfolio distribution



Size of commitments



# Still low oil related exposure



Oil related exposure amounts to NOK 799 mill

- The exposure represents 0.58 % of total exposure including covered bond companies
- Average weighted probability of default 0.97 %
- A total of NOK 26 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)	2Q22	1Q22	31.12.2021	4Q21	3Q21	2Q21	1Q21
Individual losses Corporate market	3,1	43,0	-126,9	-153,1	19,9	7,3	-1,1
Individual losses Retail market	0,1	0,2	1,6	3,8	1,2	-3,5	0,2
Collective losses and other value change items	13,8	-75,6	-110,0	36,6	-68,0	-26,8	-51,7
<b>Total losses on loans and guarantees</b>	<b>17,0</b>	<b>-32,4</b>	<b>-235,3</b>	<b>-112,8</b>	<b>-47,0</b>	<b>-23,0</b>	<b>-52,6</b>

The Group's annualized losses is -0.02 % (annualized) of gross lending including loans transferred to covered bond companies

Commitments in step 3: 0.75 % of total exposure. Expected loss share: 34.41 %

Commitments in step 2: 7.10 % of total exposure. Expected loss share: 4.05 %

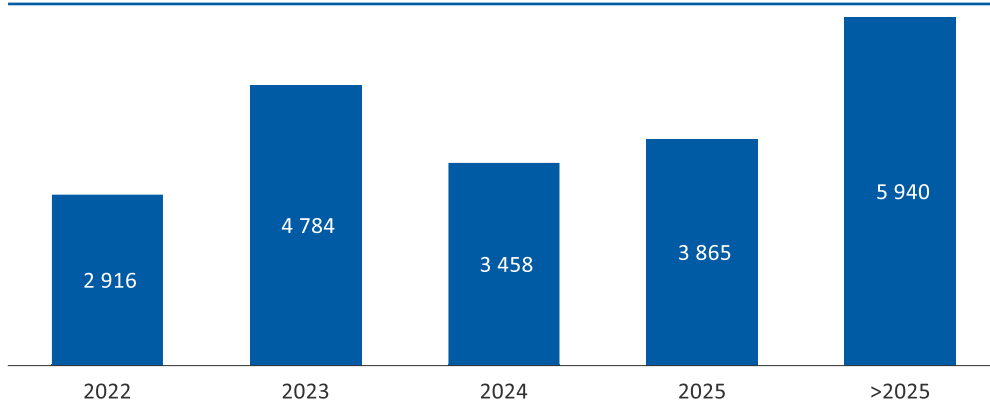
Commitments in step 1: 92.15 % of total exposure. Expected loss share: 0.25 %

# The lending portfolio\*

Sector	Share of total loans	Lending mNOK
Retail market	39,0 %	51 002
SpareBank 1 Boligkreditt	29,0 %	37 900
Real estate	11,3 %	14 784
Fishing and aquaculture	6,5 %	8 463
Financial and insurance activities	3,0 %	3 951
Power and water supply and construction	3,0 %	3 930
Transportation	2,3 %	3 029
Service industries	2,1 %	2 768
Commodity trade, hotel and restaurant industry	1,6 %	2 060
Manufacturing	1,4 %	1 848
Agriculture and forestry	0,8 %	1 083
Government	0,1 %	86
<b>Total loans Retail market</b>	<b>67,9 %</b>	<b>88 902</b>
<b>Total loans Corporate market</b>	<b>32,1 %</b>	<b>42 002</b>
<b>Total loans to customers</b>		<b>130 904</b>

# Funding

Maturity profile (mNOK)

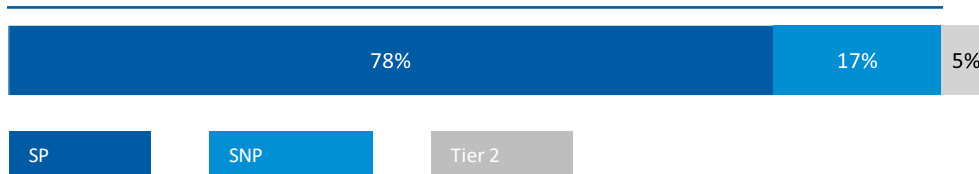


NOK 20 963 mill in capital market funding exclusive of SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt

SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt is important funding sources. In total NOK 38 183 mill had been transferred as of 30.06.22

Amount of gross maturities of capital market funding next 12 months is NOK 4 750 mill

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



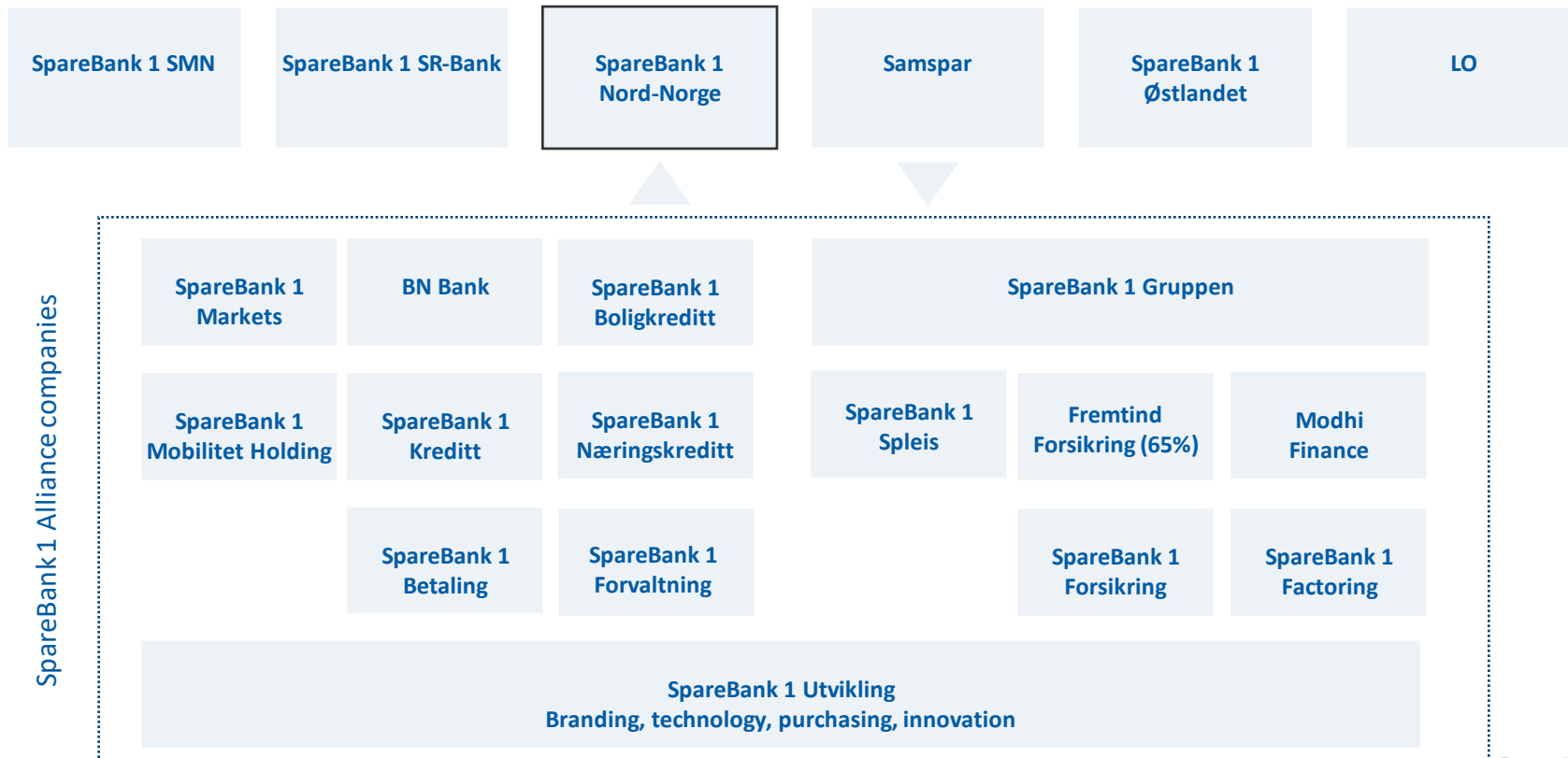
# SpareBank 1 Alliance



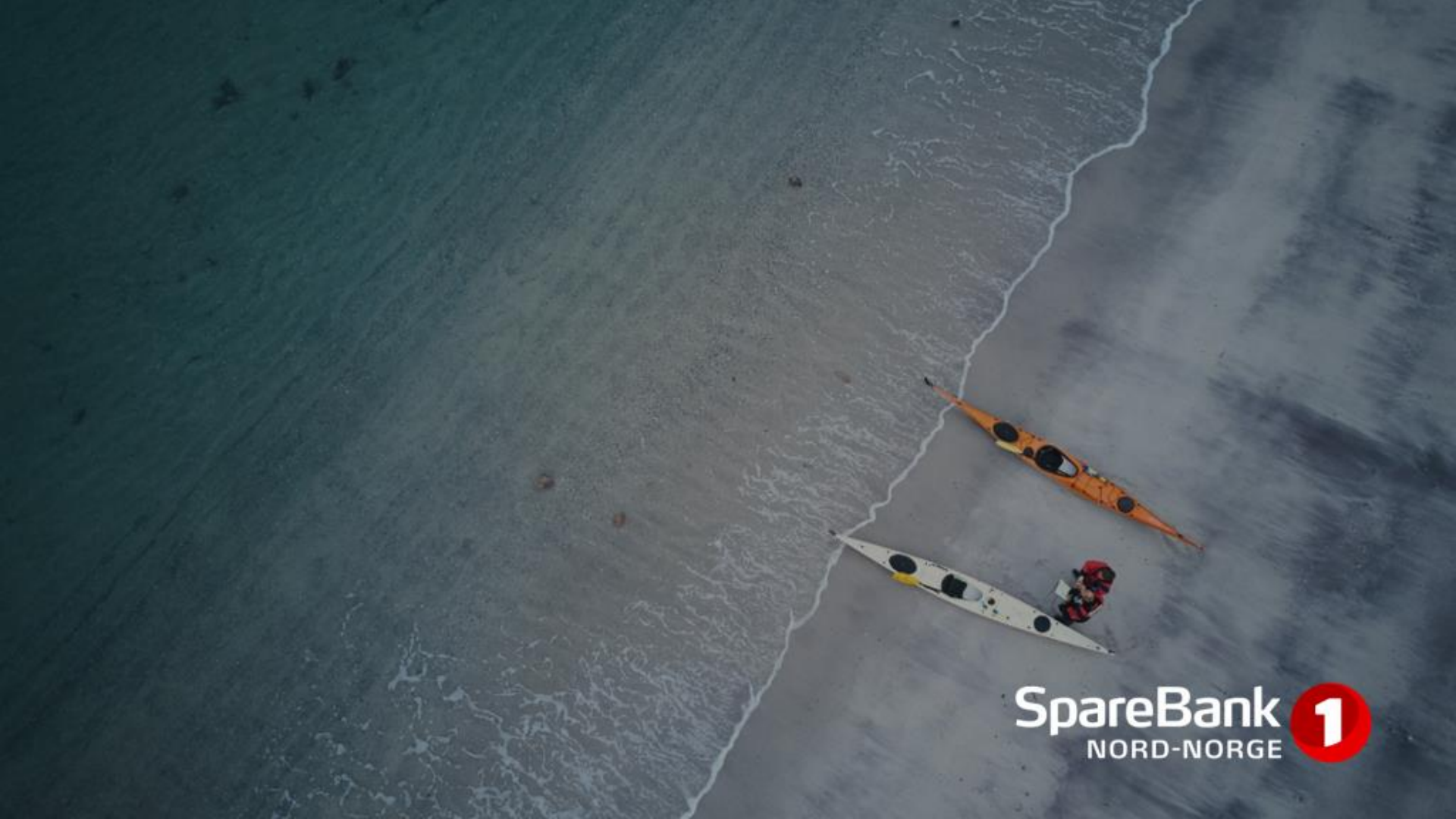
- The SpareBank 1-alliance consists of 14 banks
- Operate exclusively in Norway
- Norway's most extensive branch network with approx. 350 branches
- The alliance is in the forefront of incorporating technological innovation into its distribution channels. Best rated mobile banking in Norway
- Market 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

