



**2Q 2023**

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

**SpareBank**  
NORD-NORGE 

1 Highlights

2 Outlook

3 Financial status

A Appendix



# Highlights YTD

<b>Pre-tax profit</b>	<b>ROE</b>	
<b>1 641 MNOK (995)</b>	<b>16,9 % (10,2 %)</b>	
<b>CET1 ratio</b>	<b>C/I ratio</b>	<b>Losses</b>
<b>17,5 % (19,3 %)</b>	<b>34,5 % (44,7 %)</b>	<b>-27 MNOK (-15)</b>



The obvious choice for people and businesses!

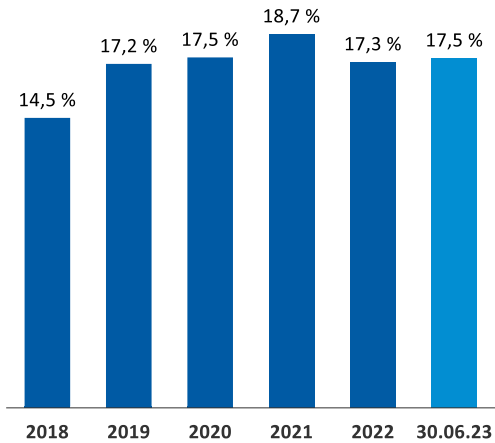


# Subsidiaries – results before tax

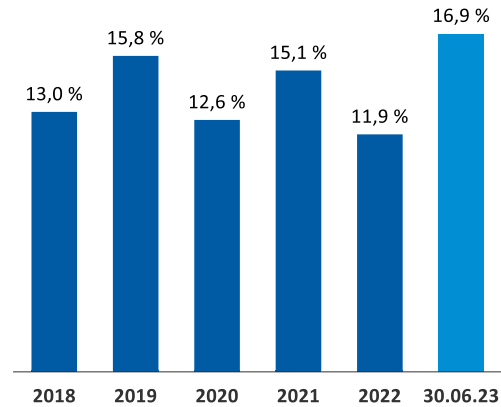
(Amounts in NOK million)	30.06.2023	30.06.2022
SpareBank 1 Finans Nord-Norge AS	136,2	106,7
SpareBank 1 Regnskapshuset Nord-Norge AS	29,6	26,0
EiendomsMegler 1 Nord-Norge AS	13,3	13,2
<b>Subsidiaries within core operations</b>	<b>179,1</b>	<b>145,9</b>
Other subsidiaries	0,6	4,0
<b>Total</b>	<b>179,7</b>	<b>149,9</b>

# Satisfying financial results

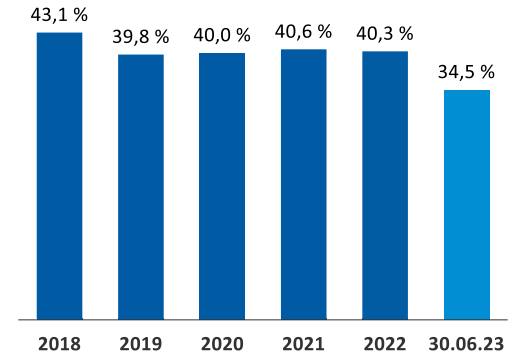
CET1 ratio



Return on equity capital



Cost/income Group



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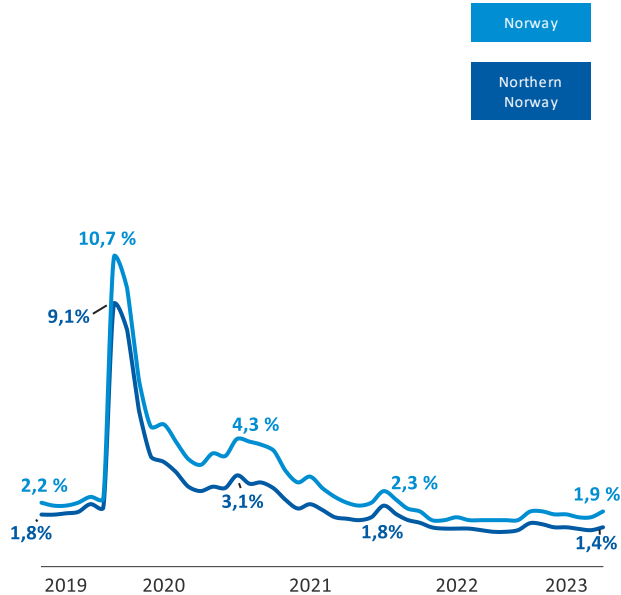
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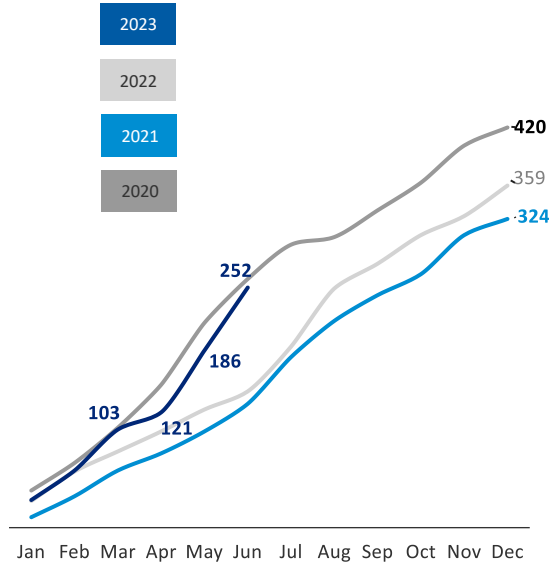


# High activity in the region

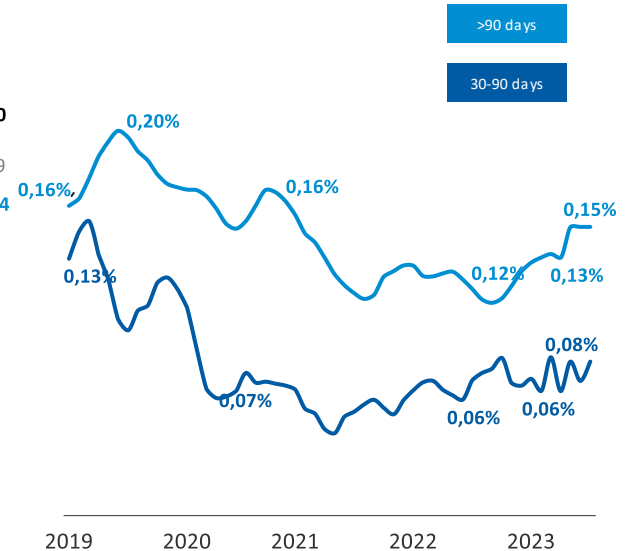
Unemployment rate



Bankrupcies in Northern Norway



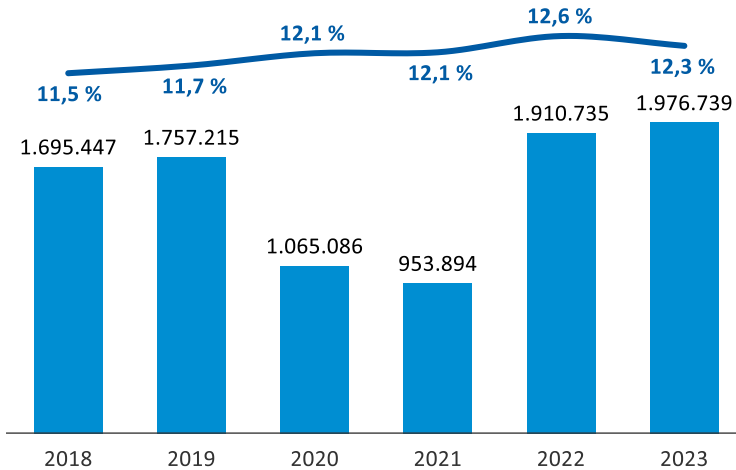
Payment defaults on mortgages





# Two important industries in the north

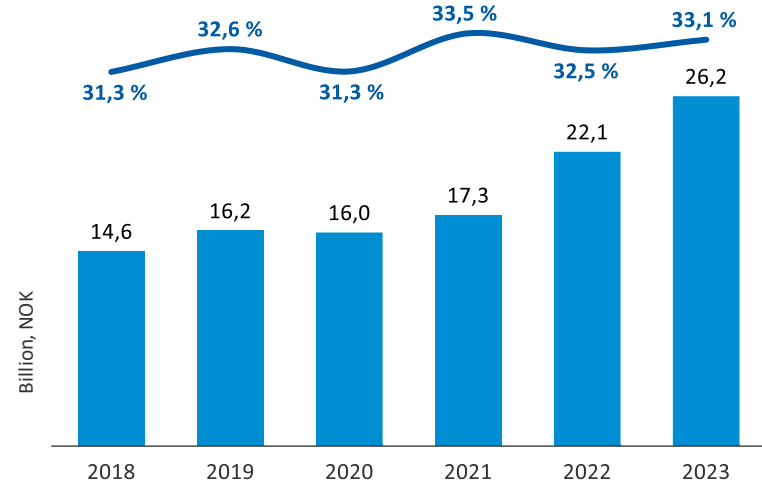
## Tourism, guest nights, first quarter



Northern Norway

N-N, share of total guest nights in Norway















## The value of seafood exports from Northern Norway, first quarter



Northern Norway

N-N, share of total seafood exports

# 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 2023

**Retail market: 2-5 %**

**Corporate market: 4-7 %**

The bank is strongly capitalized, and the region is well positioned for further economic growth. The turmoil in the capital markets leads to increased uncertainty, but there is still a good underlying situation in companies and households.

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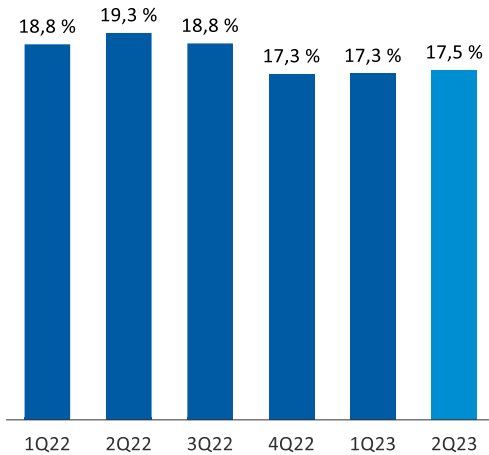


# Group financial highlights and key figures

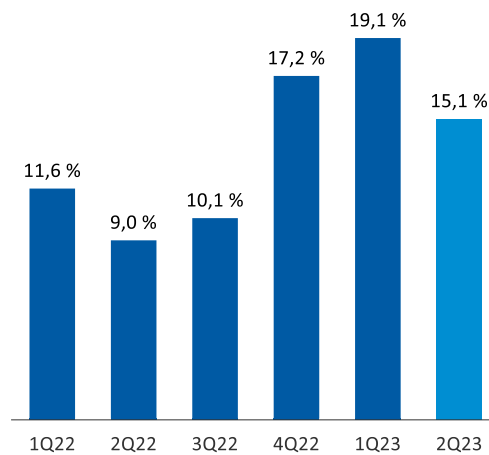
(Amounts in NOK million and in % of average assets)	2Q23	1Q23	2Q22	30.06.23	30.06.22
Net interest income	855	820	594	1 675	1 135
Net fee- and other operating income	338	309	316	647	627
Net income from financial investments	5	138	- 66	143	10
Total income	1 198	1 267	844	2 465	1 772
Total costs	430	421	396	851	792
<b>Result before losses</b>	<b>768</b>	<b>846</b>	<b>448</b>	<b>1 614</b>	<b>980</b>
Losses	30	- 57	17	- 27	- 15
<b>Result before tax</b>	<b>738</b>	<b>903</b>	<b>431</b>	<b>1 641</b>	<b>995</b>
Tax	179	182	86	361	196
<b>Result after tax</b>	<b>559</b>	<b>721</b>	<b>345</b>	<b>1 280</b>	<b>799</b>
Interest hybrid capital	13	11	8	24	18
<b>Result after tax ex. interest hybrid capital</b>	<b>546</b>	<b>710</b>	<b>337</b>	<b>1 256</b>	<b>781</b>
<b>Profitability</b>					
Return on equity capital	15,1 %	19,1 %	9,0 %	16,9 %	10,2 %
Interest margin	2,65 %	2,63 %	1,86 %	2,65 %	1,86 %
Cost/income	35,9 %	33,2 %	46,9 %	34,5 %	44,7 %

# Quarterly development

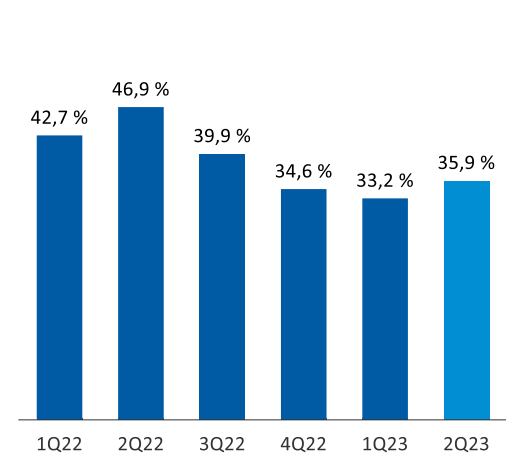
CET1 ratio



Return on equity capital

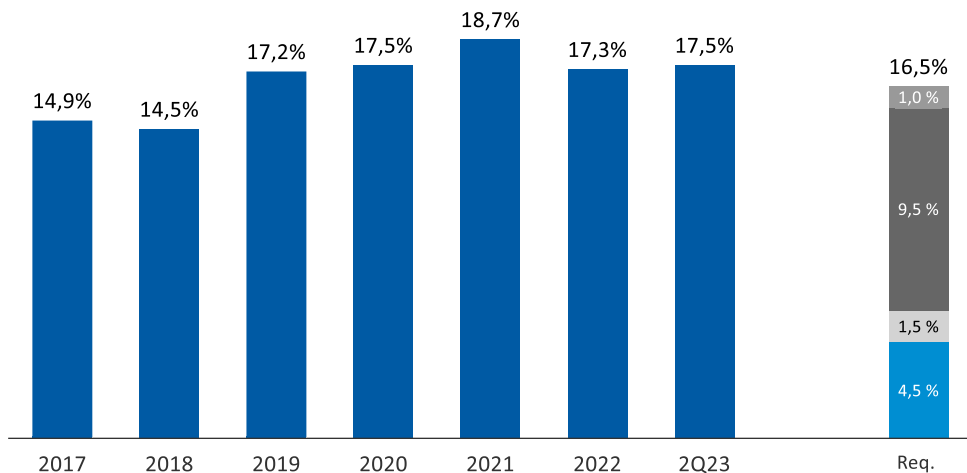


Cost/income Group

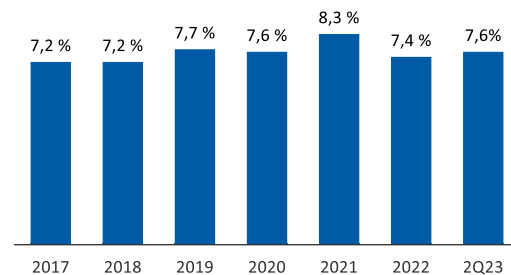


# Strong capital base

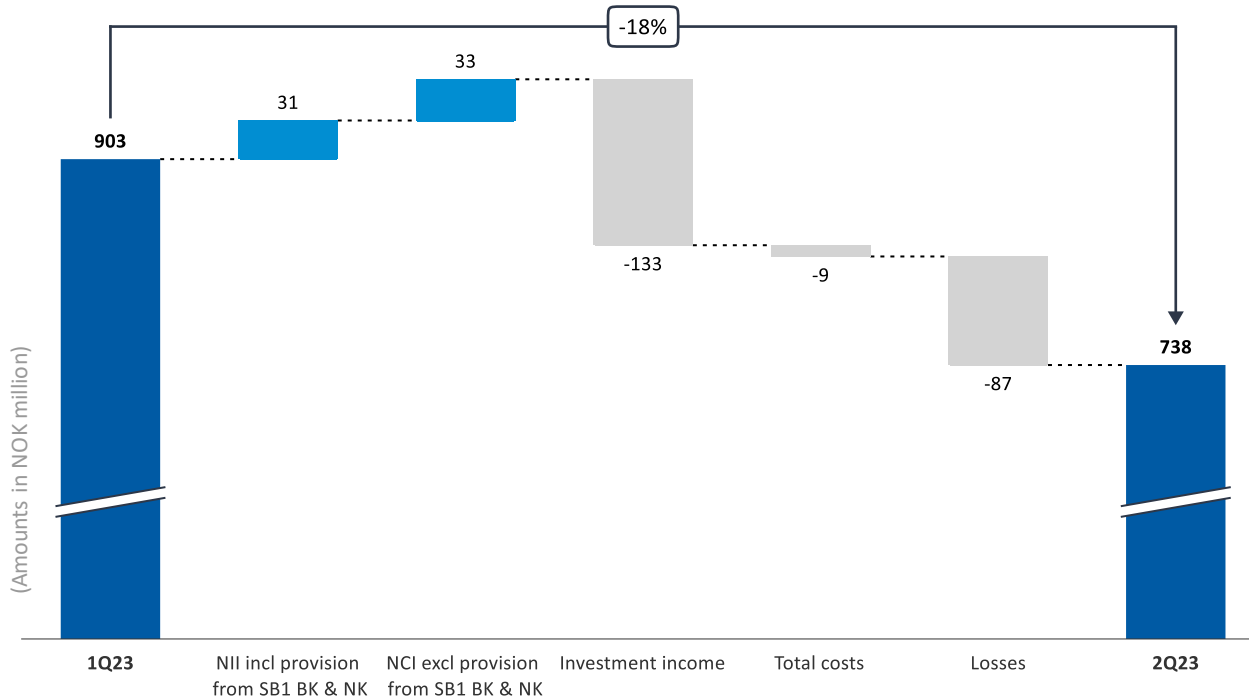
## CET1



## Leverage Ratio

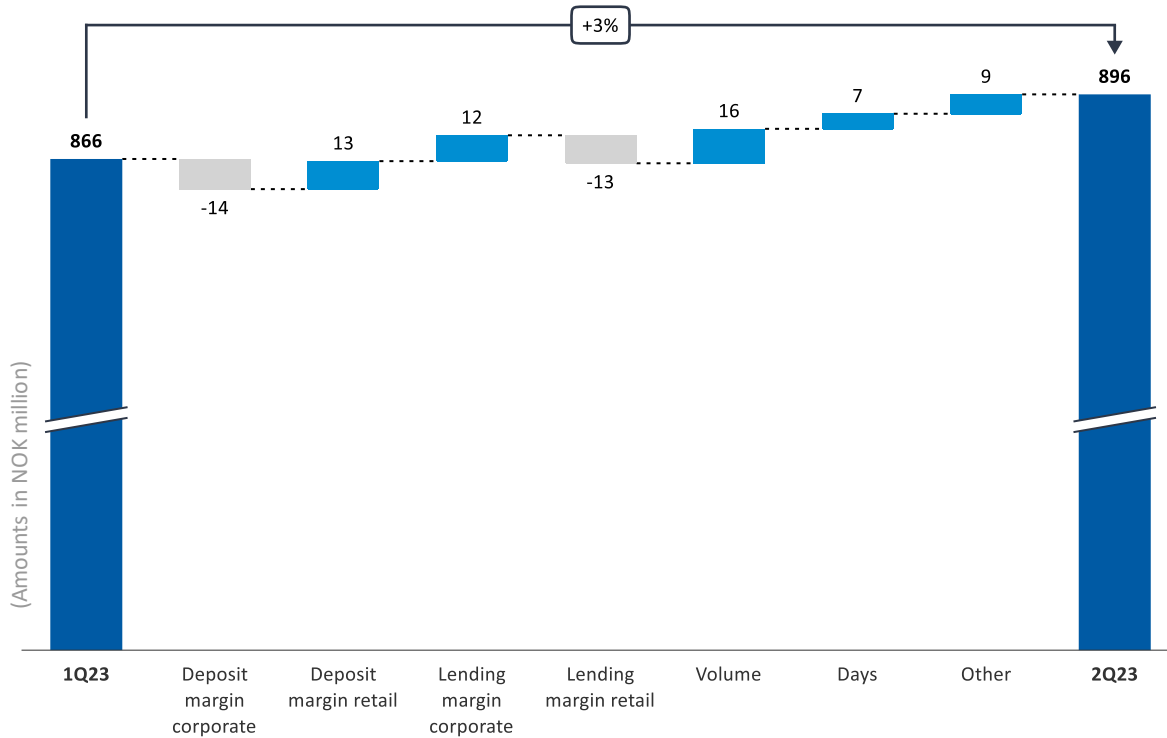


# Result before tax - last quarter

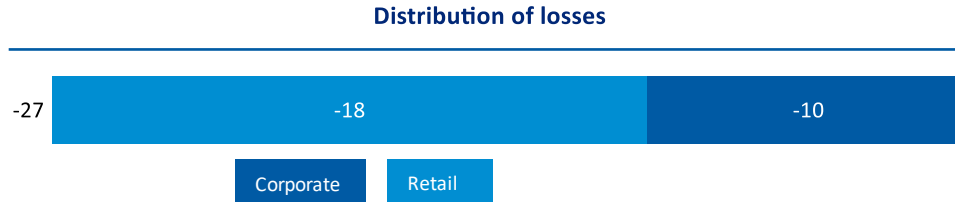
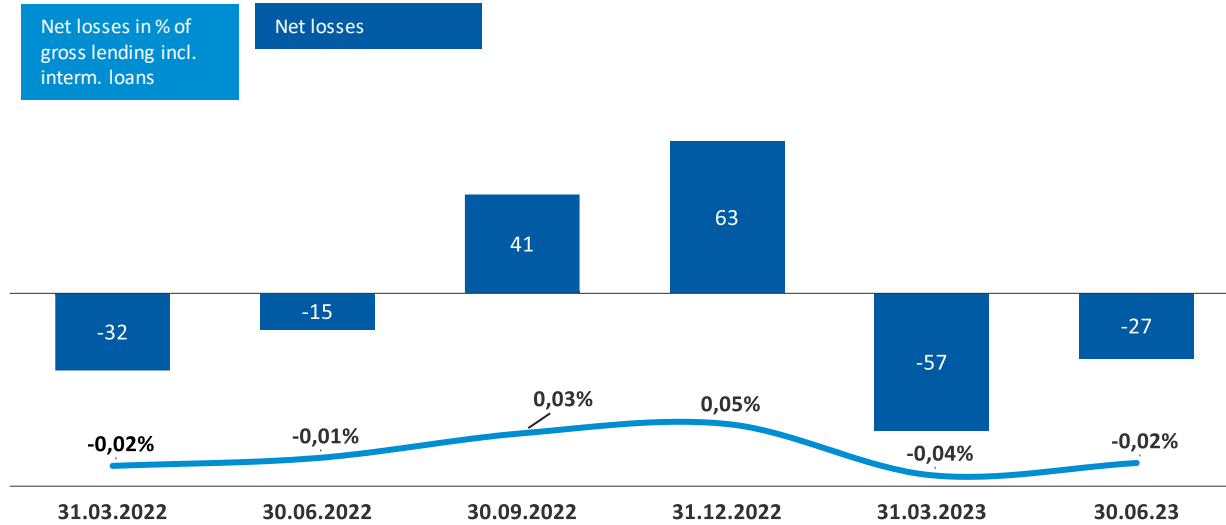




# Net interest income - Group

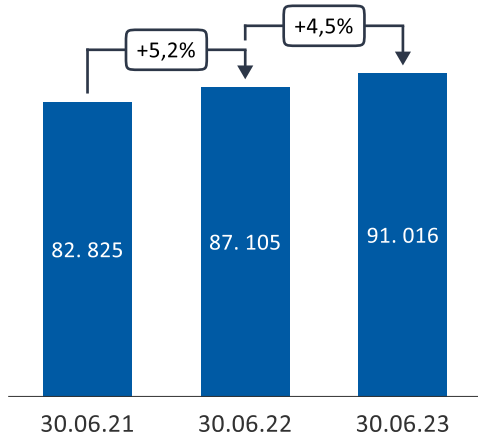


# Low losses

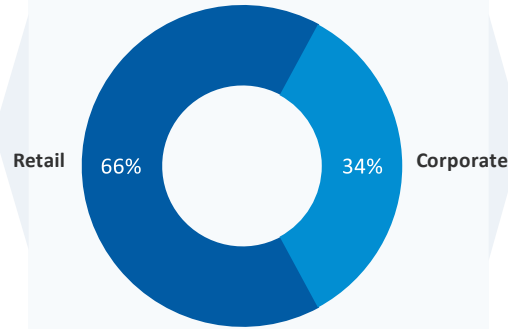


# Lending growth

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



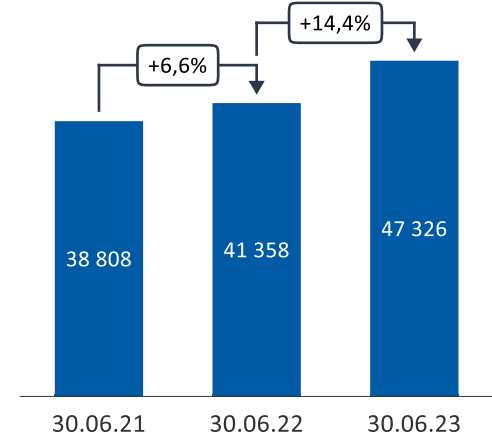
**Gross lending** (incl.commission loans)



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

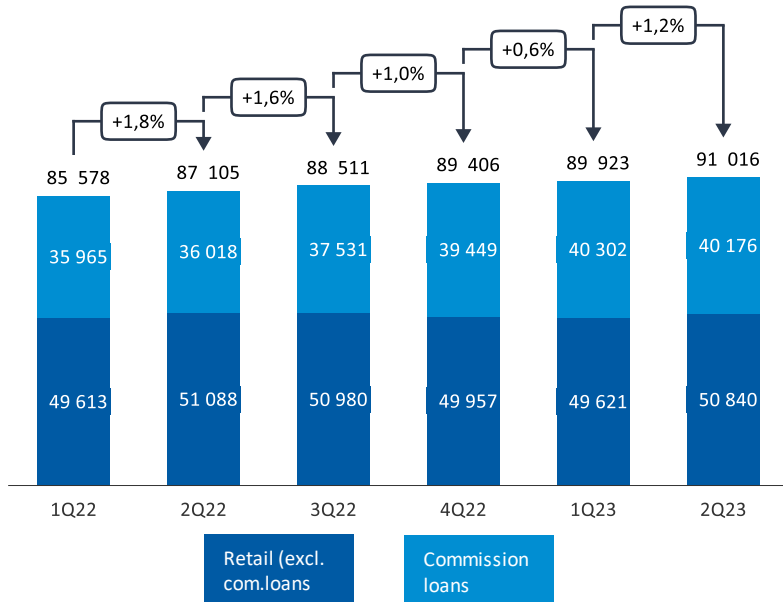


**Corporate Banking** (incl.commission loans)

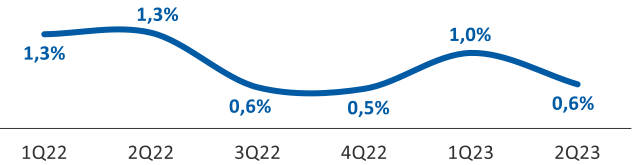


# Retail Market

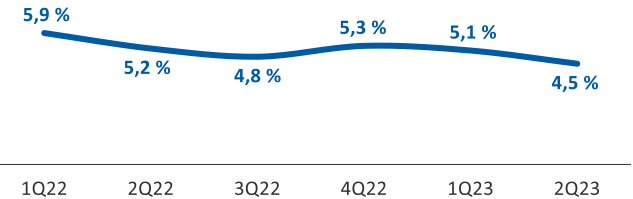
## Lending growth



## Development in lending margin (ISO)



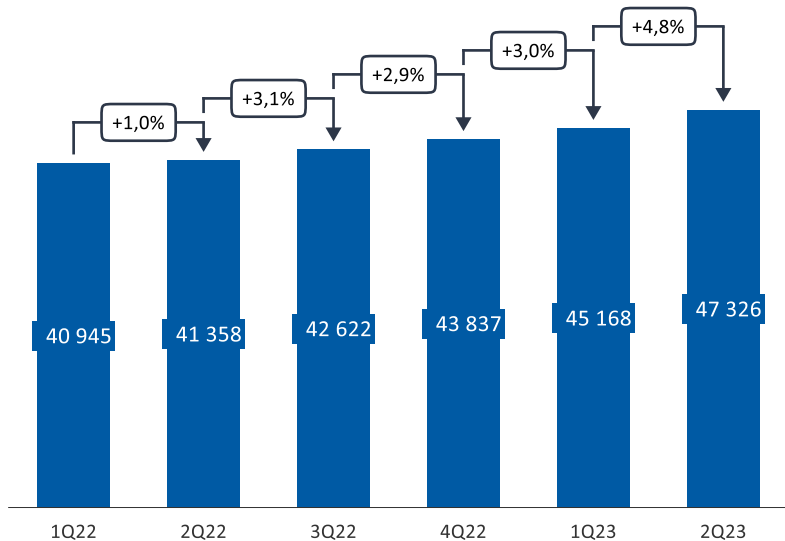
## Lending growth (12 mth)



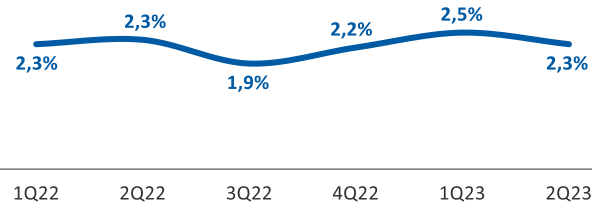
\*) All historical figures have been corrected for the portfolio sold to SpareBank 1 Helgeland

# Corporate Banking

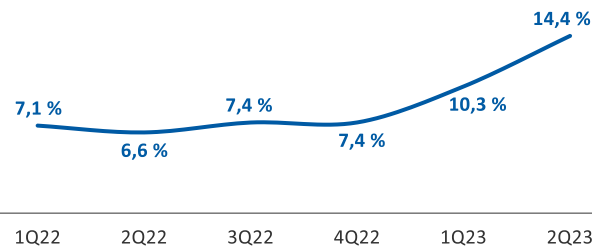
## Lending growth



## Development in lending margin (ISO)

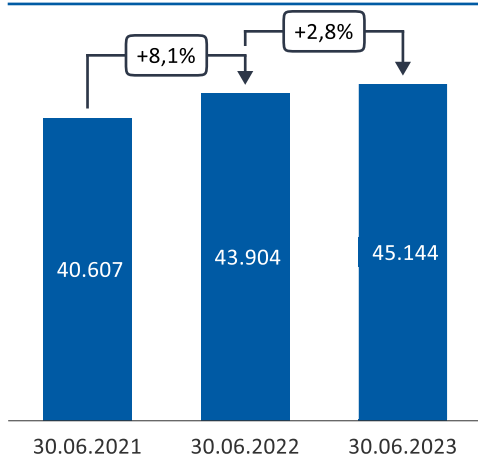


## Lending growth (12 mth)

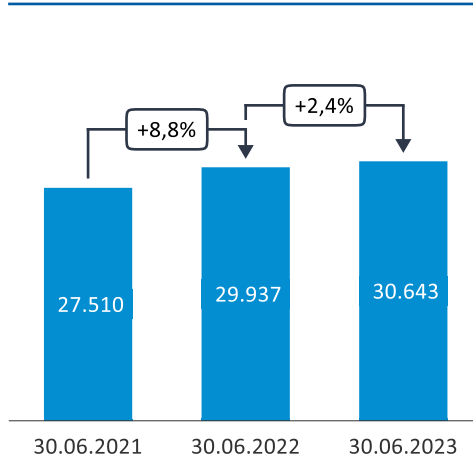


# Deposit growth

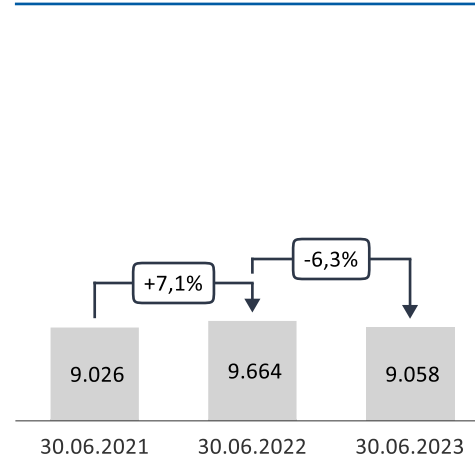
## Retail Market



## Corporate Banking



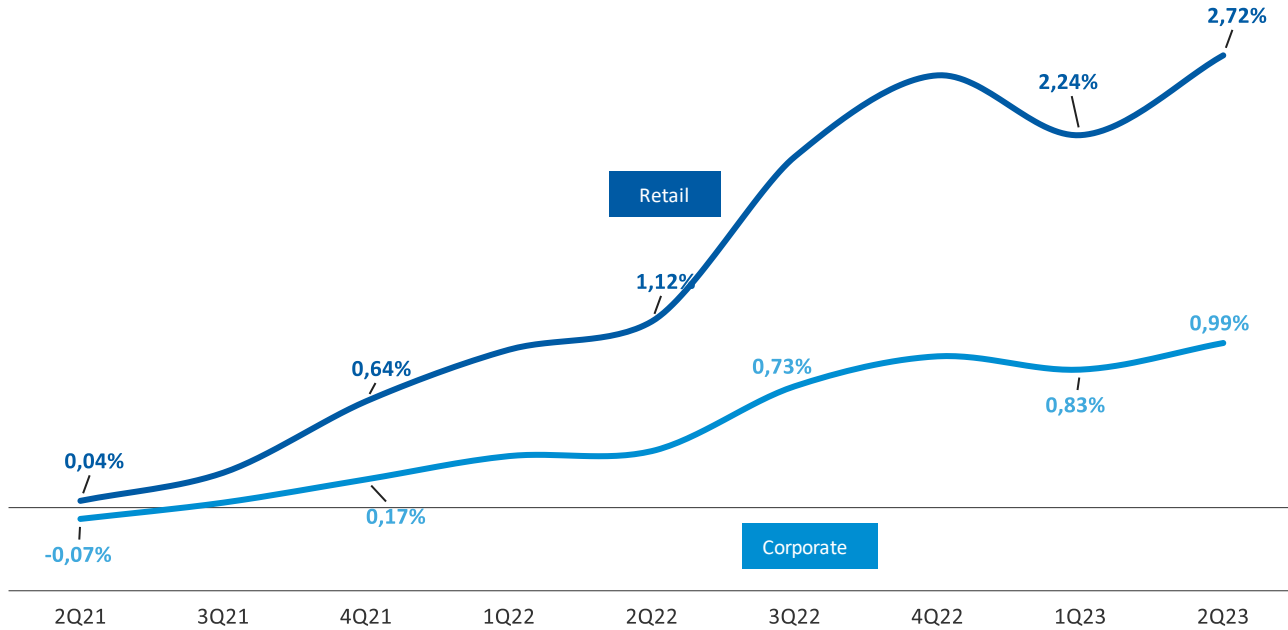
## Public Sector



## Deposits gross



# Development in deposit margins



# 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 have decreased in Q2 based on the steepening of the yield curve. The increase in NIBOR have had a positiv effect on deposit margins. This is as expected with the changes in the yield curve, and the effect will balance over time. As long as the centralbank continues its hike cycle, its to be expected that the interest margin will continue to increase.

ROE >13 %

- Solid underlying operation, and in combination with the effect from the high dividends and a more opmtimalized capital structure the bank is delivering a ROE in Q2 at 15,1 %. SNN is delivering above the targeted ROE, which is to deliver an ROE at a similar level of campareble companies, currently at 13 %. The outlook for the rest of the year is good and the goal stands.

CET1 Ratio: 16.5 %

- Targeted CET1 ratio is one percentage point above the regulatory minimum requirement, currently 15.5 %.
- The bank is, with a CET1 at 17,5 % in Q2, very well capitalized, and indisputably solid. Based on this the bank have the financial muscels needed for wanted growth going forward.

C/I < 40 %

- Total costs in Q2 is NOK 9 mill higher than in Q1. Compered to Q2-22 the cost has increased with NOK 34 mill, of which NOK 33 mill is related to the subsidiaries. The increase is mainly due to added manpower and an increased investment in subsidiaries. SNN has a targeted C/I below 40 %, and delivered a C/I in Q2 of 35,9 %. The target still stands despite a underlying inflation and new investments which will lead to some increase in total costs.

Pay out ratio > 50 %

- The targeted dividend pay out ratio of > 50 % still stands . Dividends for 2021 and 2022 were high, but the bank is still well capitalizes and have the capacity needed for growth without effecting the dividend capacity.
- SpareBank 1 Nord-Norge shall not, over time, have more capital than we need for growth and to maintain our solvency.

# 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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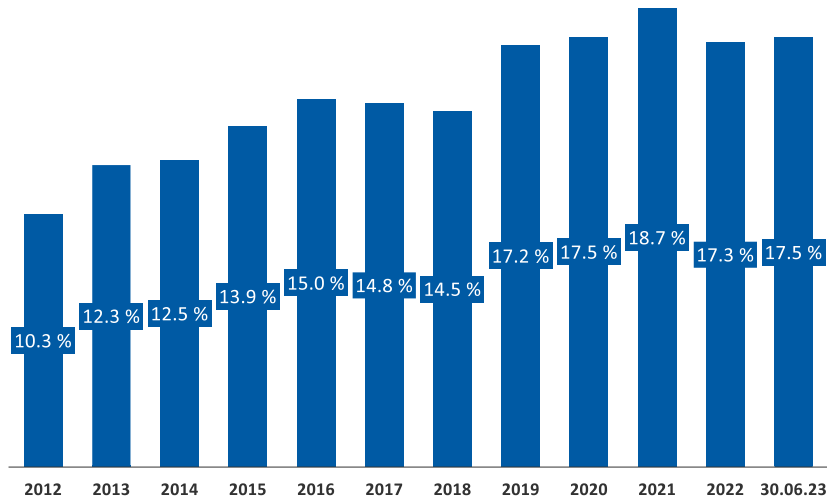
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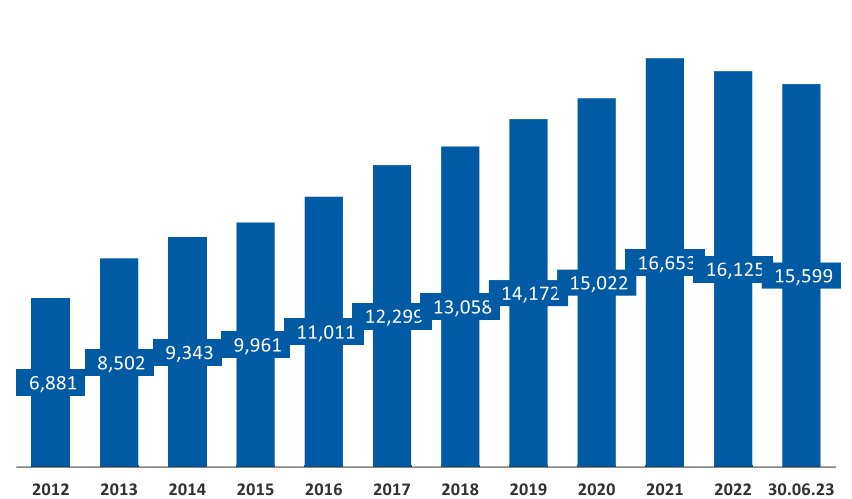


# A solid bank for Northern Norway

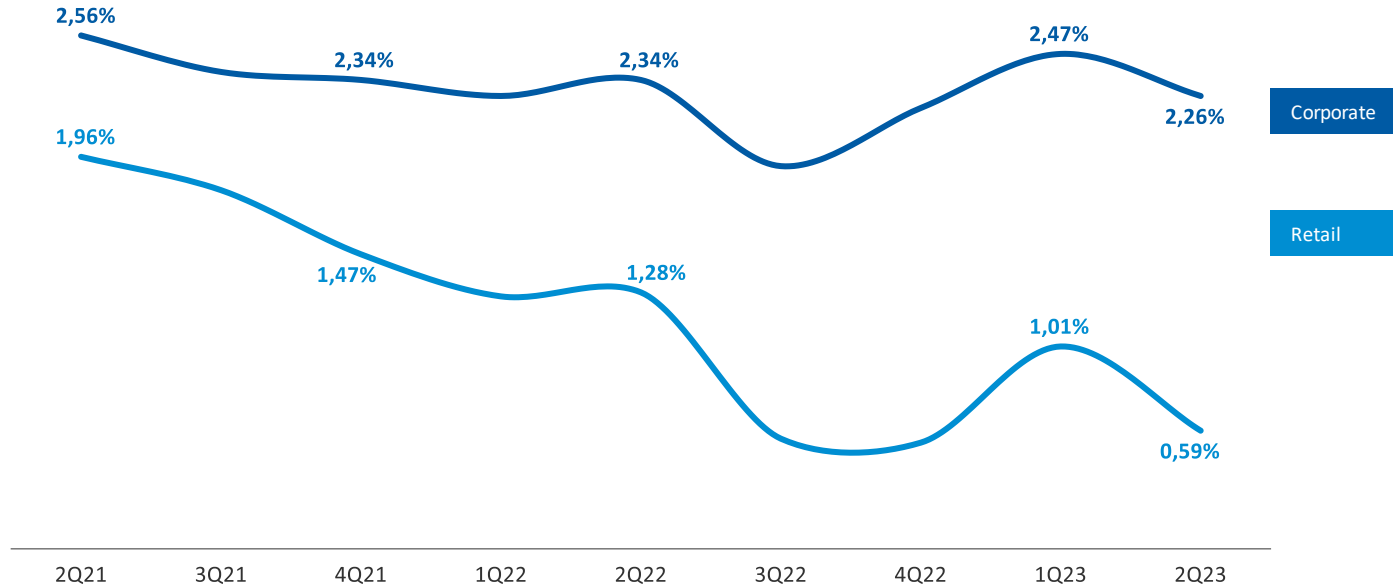
CET1 ratio



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**  
16,73 % | 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

## 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

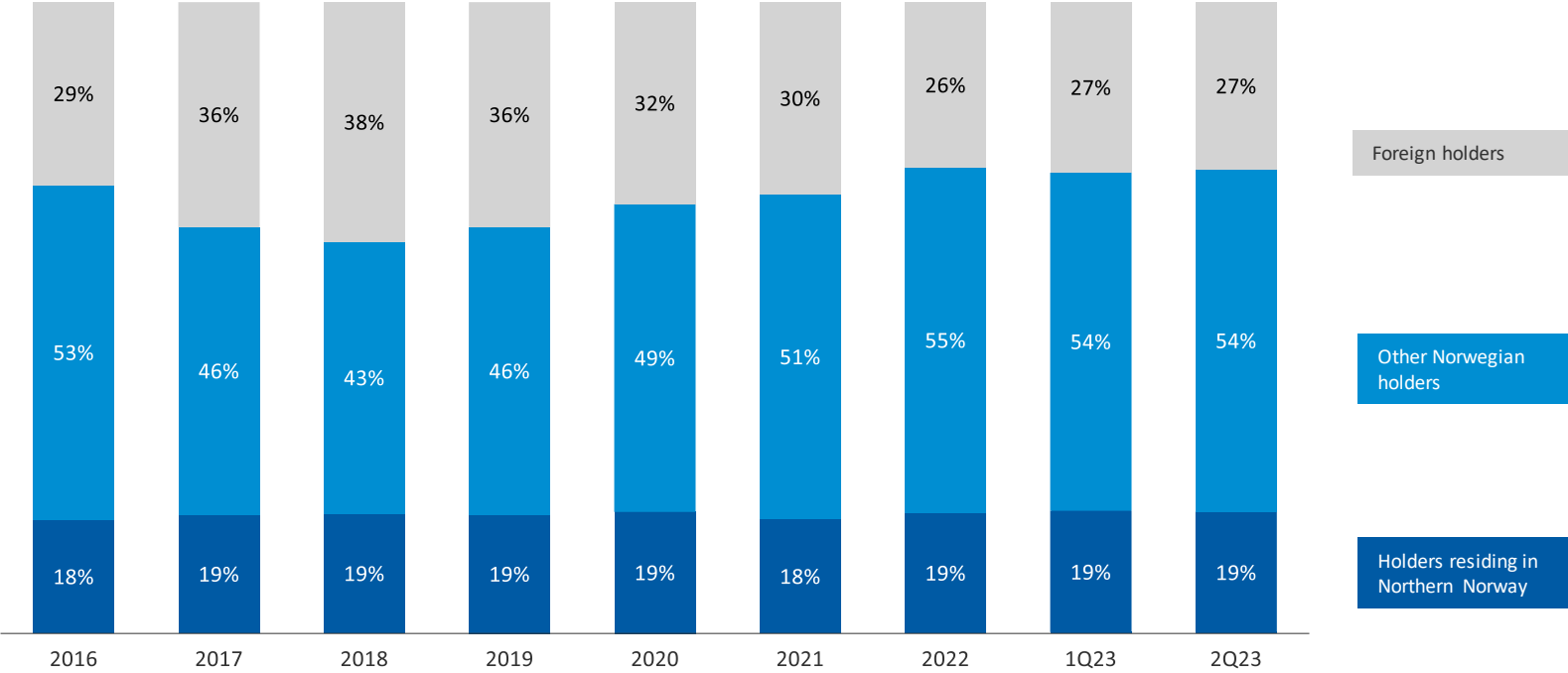
**SpareBank 1 Regnskaps-  
huset Nord-Norge AS**  
85 % | Accounting

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

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

**Adwice AS**  
100 % | Accounting

# Geographical distribution of ownership

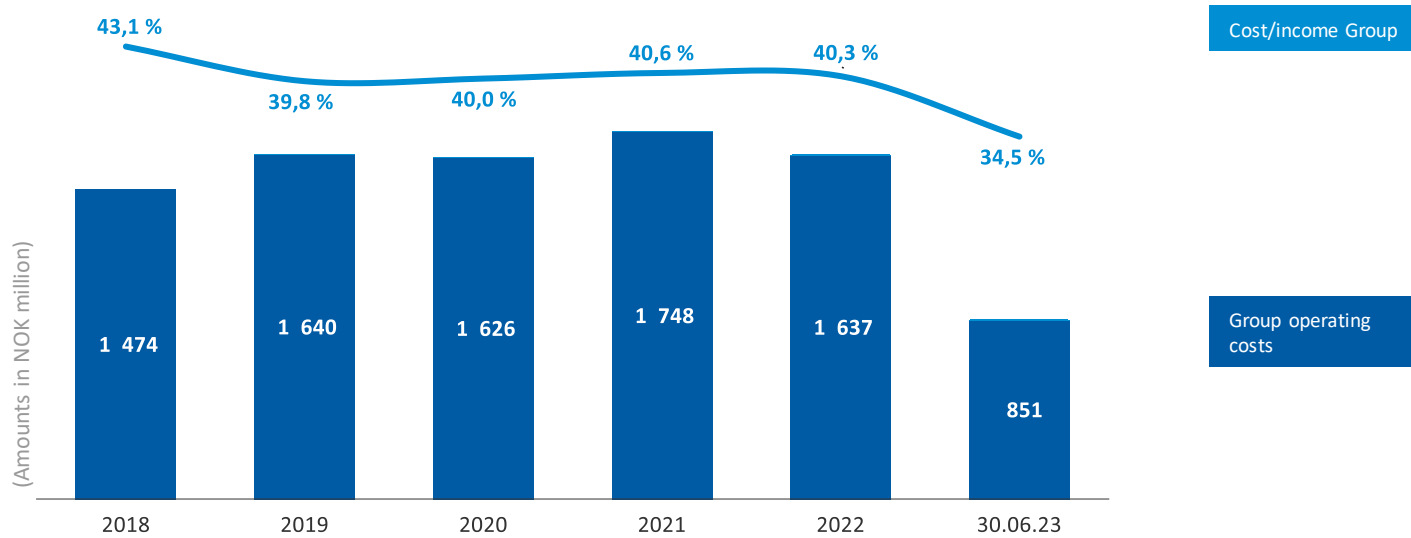




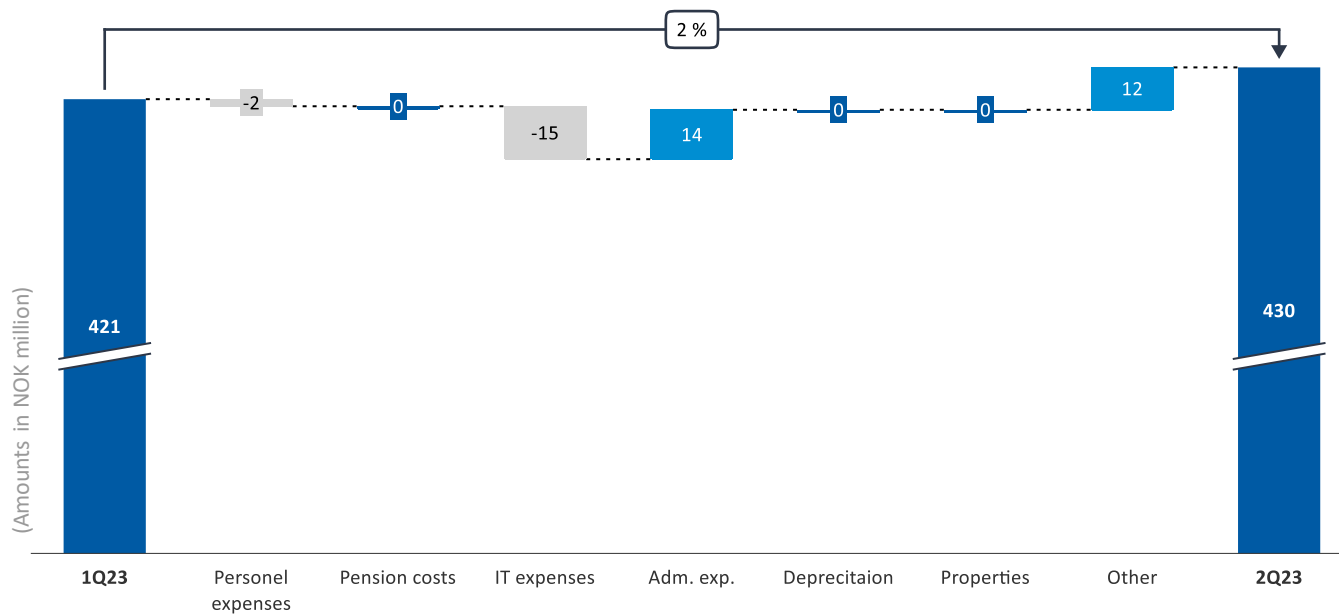
# The 20 largest EC holders

EC Holders	Number of ECs	Share of EC Capital
Pareto Invest Norge AS	4,6M	4,6 %
Pareto Aksje Norge Verdipapirfond	4,5M	4,5 %
Geveran Tradinf CO LTD	3,6M	3,6 %
VPF Eika Egenkapitalbevis	3,5M	3,5 %
Kommunal Landspensjonskasse Gjensidige	2,7M	2,7 %
MP Pensjon PK	2,5M	2,5 %
The Northern Trust Comp, London Br	2,3M	2,3 %
Brown Brothers Harriman & Co.	2,0M	1,9 %
Forsvarets Personellservice	1,8M	1,7 %
J.P. Morgan Securities PLC	1,7M	1,7 %
Euroclear Bank S.A./N.V.	1,6M	1,6 %
Morgan Stanley & Co. International	1,4M	1,4 %
Sparebankstiftelsen SpareBank 1 Nord-Norge	1,3M	1,3 %
Spesialfondet Borea Utbytte	950K	0,9 %
Landkreditt Utbytte	933K	0,9 %
J.P. Morgan SE	889K	0,9 %
State Street Bank and Trust Comp	811K	0,8 %
State Street Bank and Trust Comp	735K	0,7 %
Brown Brothers Harriman & Co.	723K	0,7 %
State Street Bank and Trust Comp	710K	0,7 %
Total	39 161 015	39,0 %

# Cost development - Group



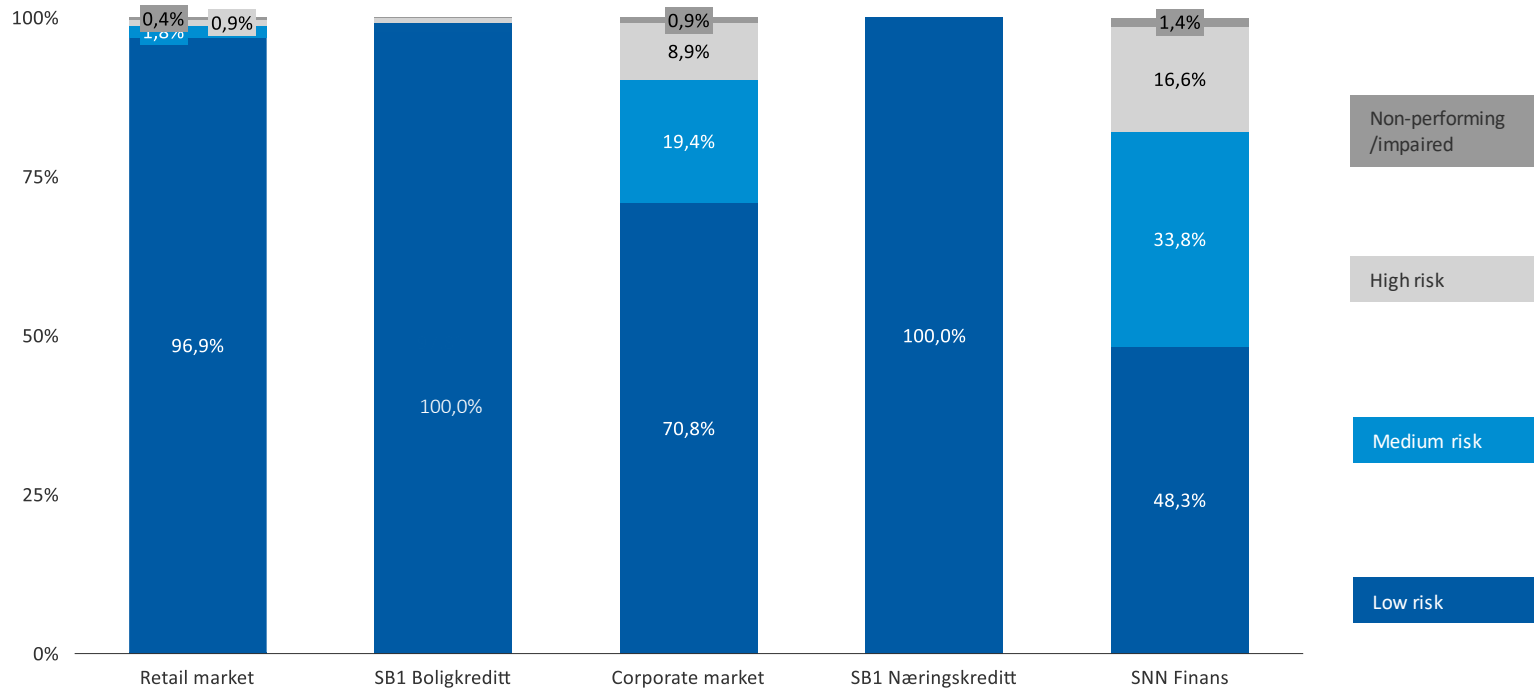
# Operating expenses - Group



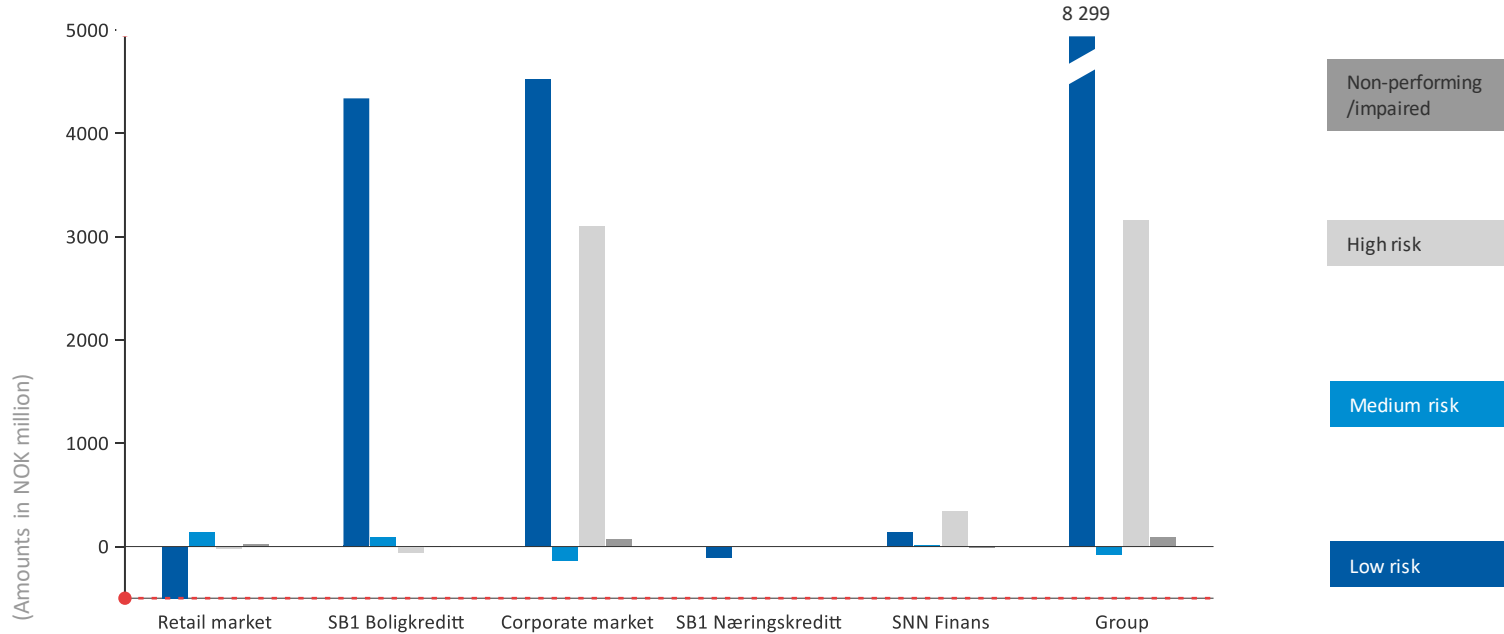
# Net fee- and other operating income - Group

(Amounts in NOK million)	2Q23	1Q23	4Q22	3Q22	2Q22
Payment facilities	68	60	74	71	57
Sales provision insurance products	52	52	52	51	49
Guarantee commissions	10	10	8	10	8
Real estate broking	33	26	22	29	34
Portfolio commissions	13	13	12	20	12
Other commissions	67	52	66	51	57
<b>Commissions excl. provision from SB1 BK &amp; NK</b>	<b>243</b>	<b>213</b>	<b>234</b>	<b>232</b>	<b>217</b>
Loans sold to SB1 BK & NK	41	46	32	49	63
<b>Total commission income</b>	<b>284</b>	<b>259</b>	<b>266</b>	<b>281</b>	<b>280</b>
Commission costs	24	23	21	20	21
Accounting services	78	72	48	47	57
Other operating income	0	1	2	4	0
<b>Total commissions and other income</b>	<b>78</b>	<b>73</b>	<b>50</b>	<b>51</b>	<b>57</b>
<b>Net fee- and other operating income</b>	<b>338</b>	<b>309</b>	<b>295</b>	<b>312</b>	<b>316</b>

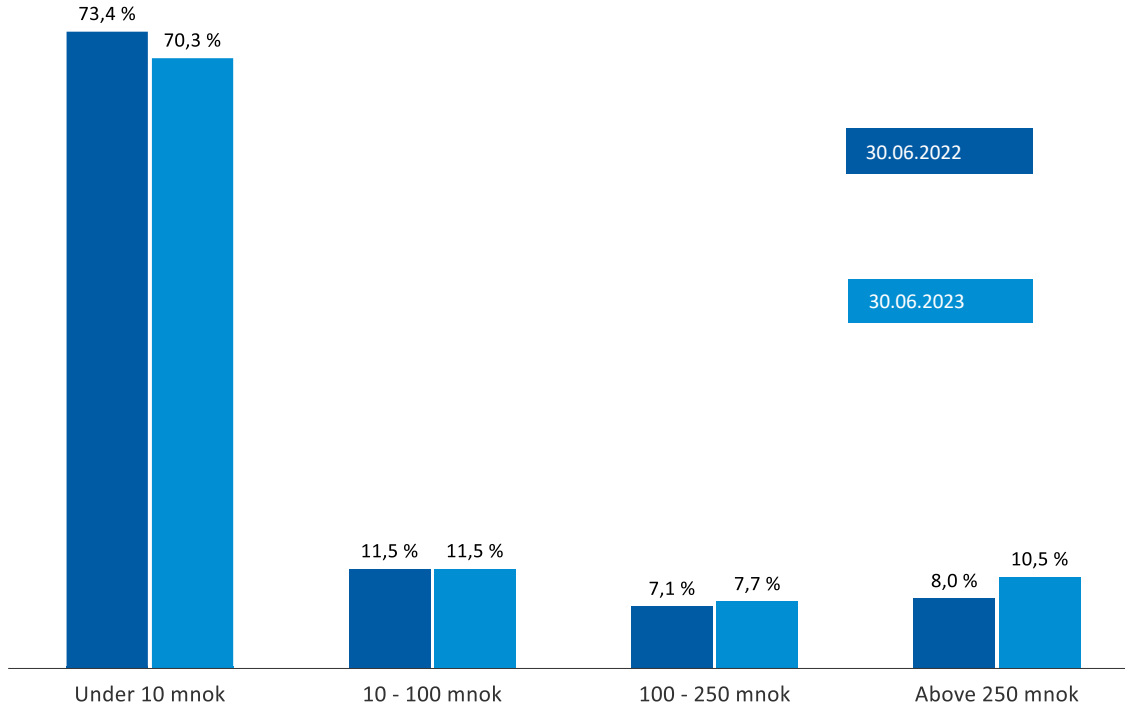
# Risk exposure - Group



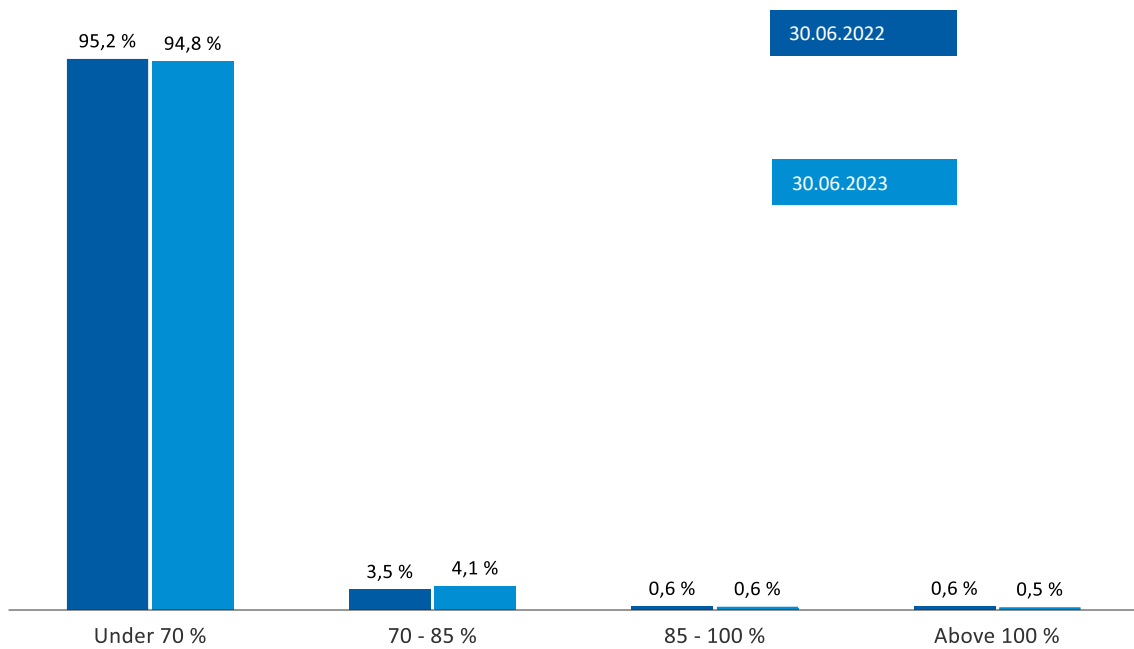
# Changes in exposure last 12 months - Group



# Exposure distributed by size\*



# LTV mortgage loans



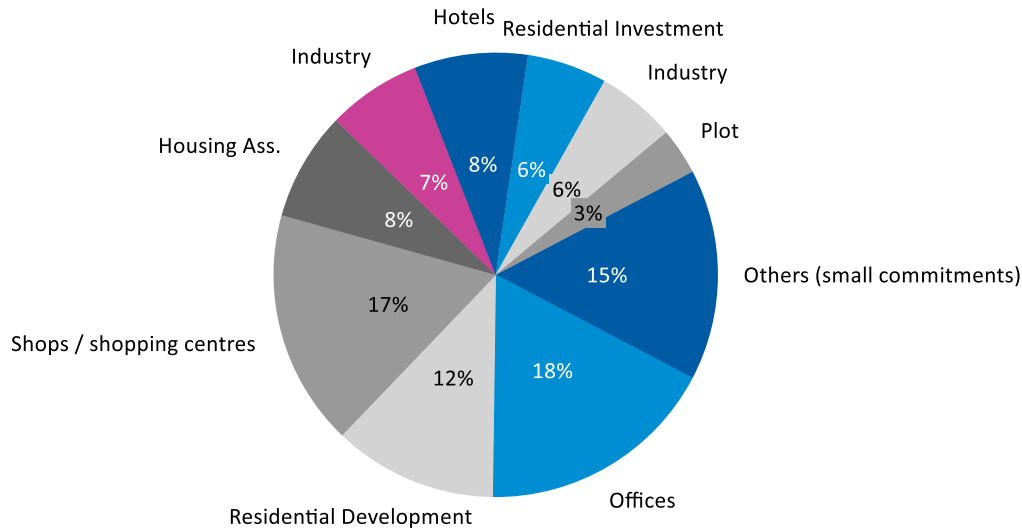
LTV is distributed by balance and is based on the market value of the collateral:

- 98.9 % of the gross exposure is within 85 % of the collateral market value
- Only 0.6 % of the gross exposure is higher than 100 % of the collateral market value
  
- The figures include the portfolio in SB1 Boligkreditt

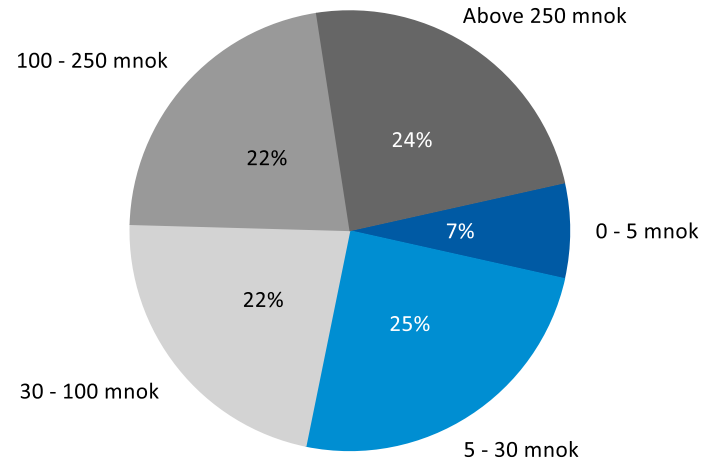


# Diversified portfolio in commercial real estate

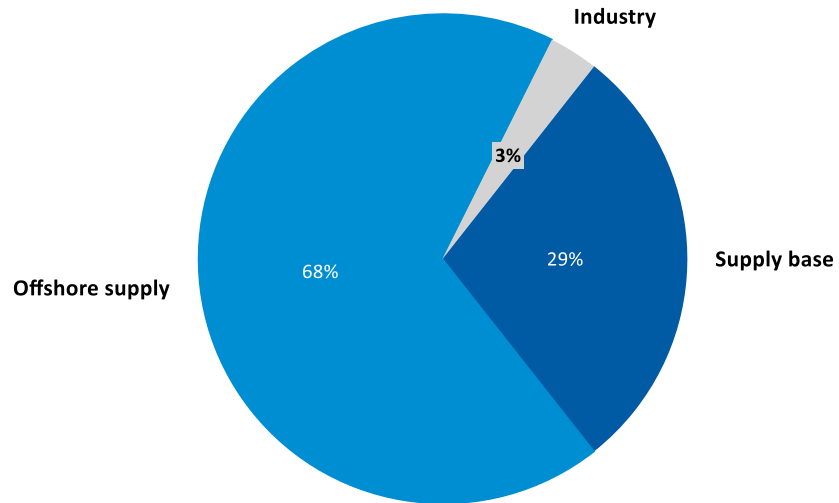
Portfolio distribution



Size of commitments



# Low oil related exposure



Oil related exposure amounts to NOK 778 mill

- The exposure represents 0.52 % of total exposure including covered bond companies
- Average weighted probability of default 1.42 %
- 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

# Loan losses - Group

(Amounts in NOK million)	2Q23	1Q23	31.12.2022	4Q22	3Q22	2Q22	1Q22
Individual losses Corporate market	0,5	6,2	52,9	10,4	-3,6	3,1	43,0
Individual losses Retail market	7,9	3,8	-2,9	-0,8	-2,4	0,1	0,2
Collective losses and other value change items	-28,3	-67,5	12,7	11,9	62,6	13,8	-75,6
<b>Total losses on loans and guarantees</b>	<b>-27,3</b>	<b>-57,4</b>	<b>62,6</b>	<b>21,5</b>	<b>56,6</b>	<b>17,0</b>	<b>-32,4</b>

The Group's annualized losses is -0.08 % (annualized) of gross lending including loans transferred to covered bond companies

Commitments in step 3: 0.69 % of total exposure. Expected loss share: 27.74 %

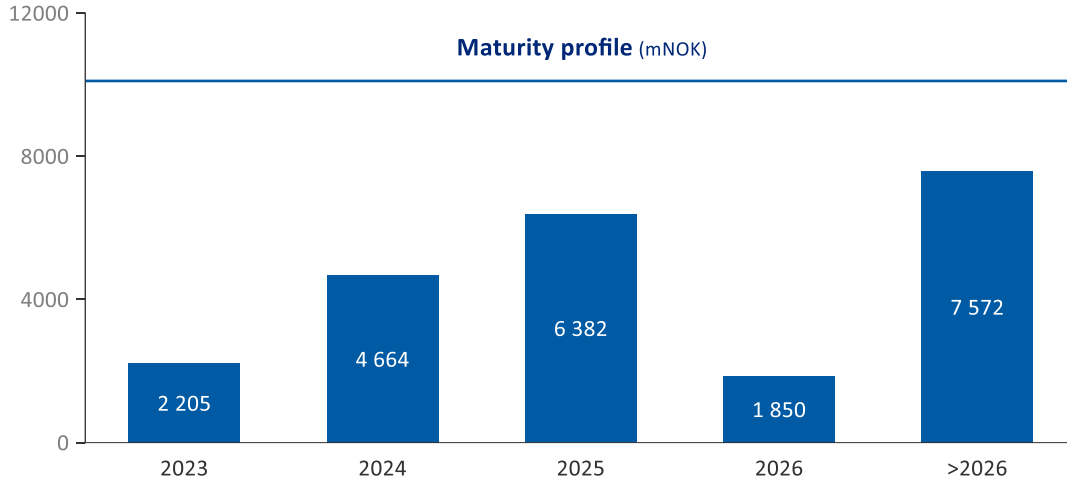
Commitments in step 2: 8.88 % of total exposure. Expected loss share: 3.28 %

Commitments in step 1: 90.43 % of total exposure. Expected loss share: 0.23 %

# The lending portfolio\*

Sector	Share of total loans	Lending mNOK
Retail market	35,8 %	50 840
Mortgages transferred to SpareBank 1 Boligkreditt	28,3 %	40 176
Real estate	11,9 %	16 863
Fishing and aquaculture	6,7 %	9 452
Financial and insurance activities	4,9 %	6 980
Power and water supply and construction	3,0 %	4 252
Service industries	2,6 %	3 673
Transportation	2,4 %	3 434
Commodity trade, hotel and restaurant industry	1,9 %	2 662
Manufacturing	1,4 %	2 049
Agriculture and forestry	0,8 %	1 190
Government	0,1 %	162
<b>Total loans Retail market</b>	<b>64,1 %</b>	<b>91 016</b>
<b>Total loans Corporate market</b>	<b>35,9 %</b>	<b>50 888</b>
<b>Total loans to customers</b>		<b>141 904</b>

# Funding

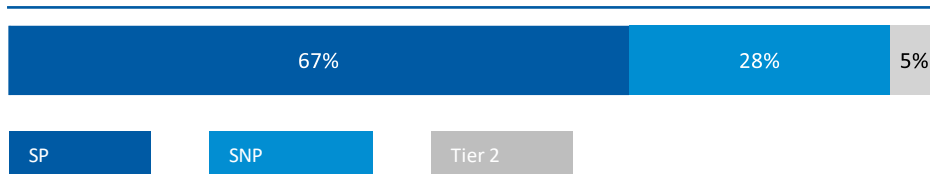


NOK 23 476 mill in capital market funding exclusive of SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt

SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt is important funding sources. In total NOK 40 348 mill had been transferred as of 30.06.23

Amount of gross maturities of capital market funding next 12 months is NOK 4 905 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



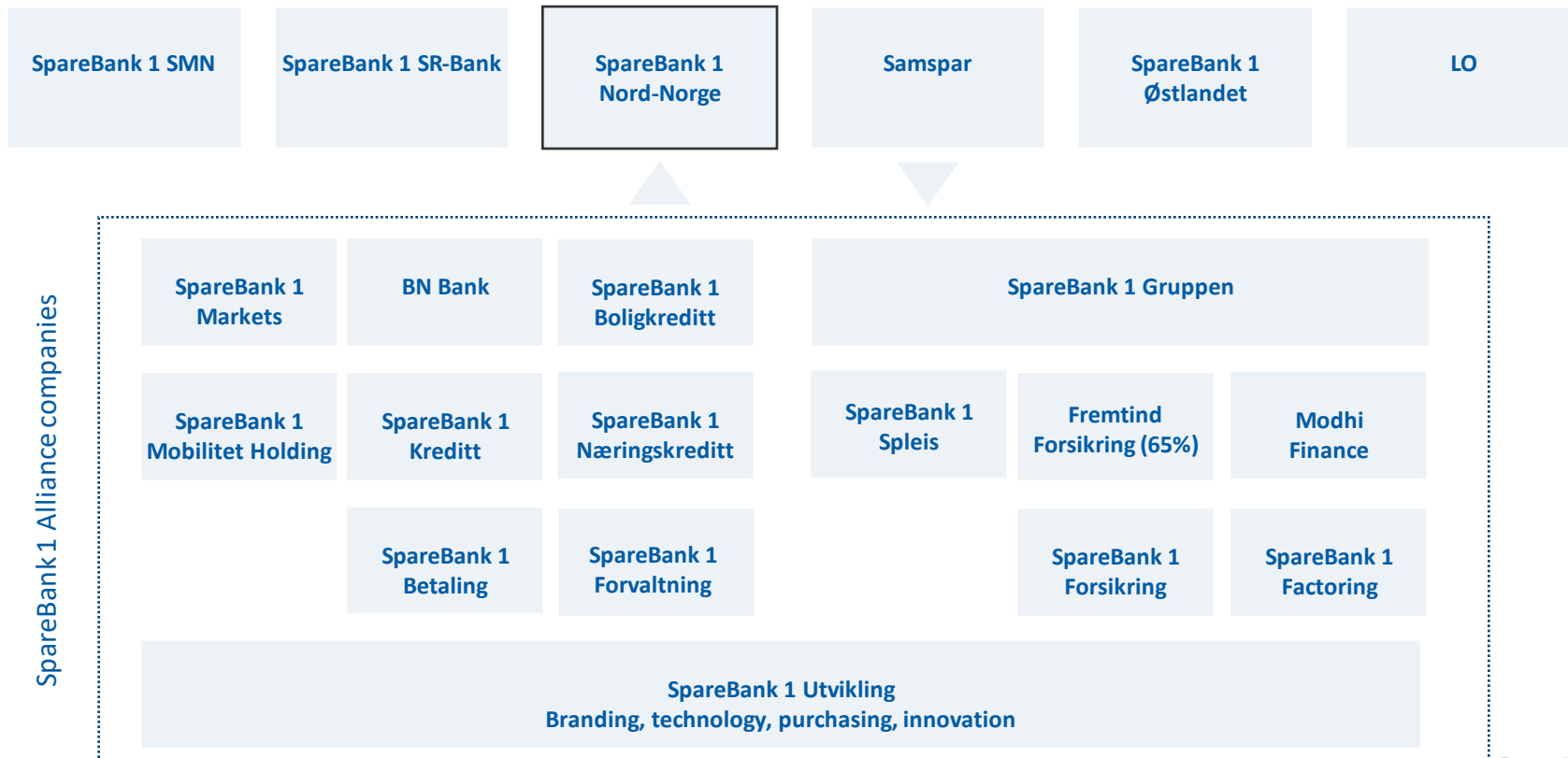
# SpareBank 1 Alliance



- 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:

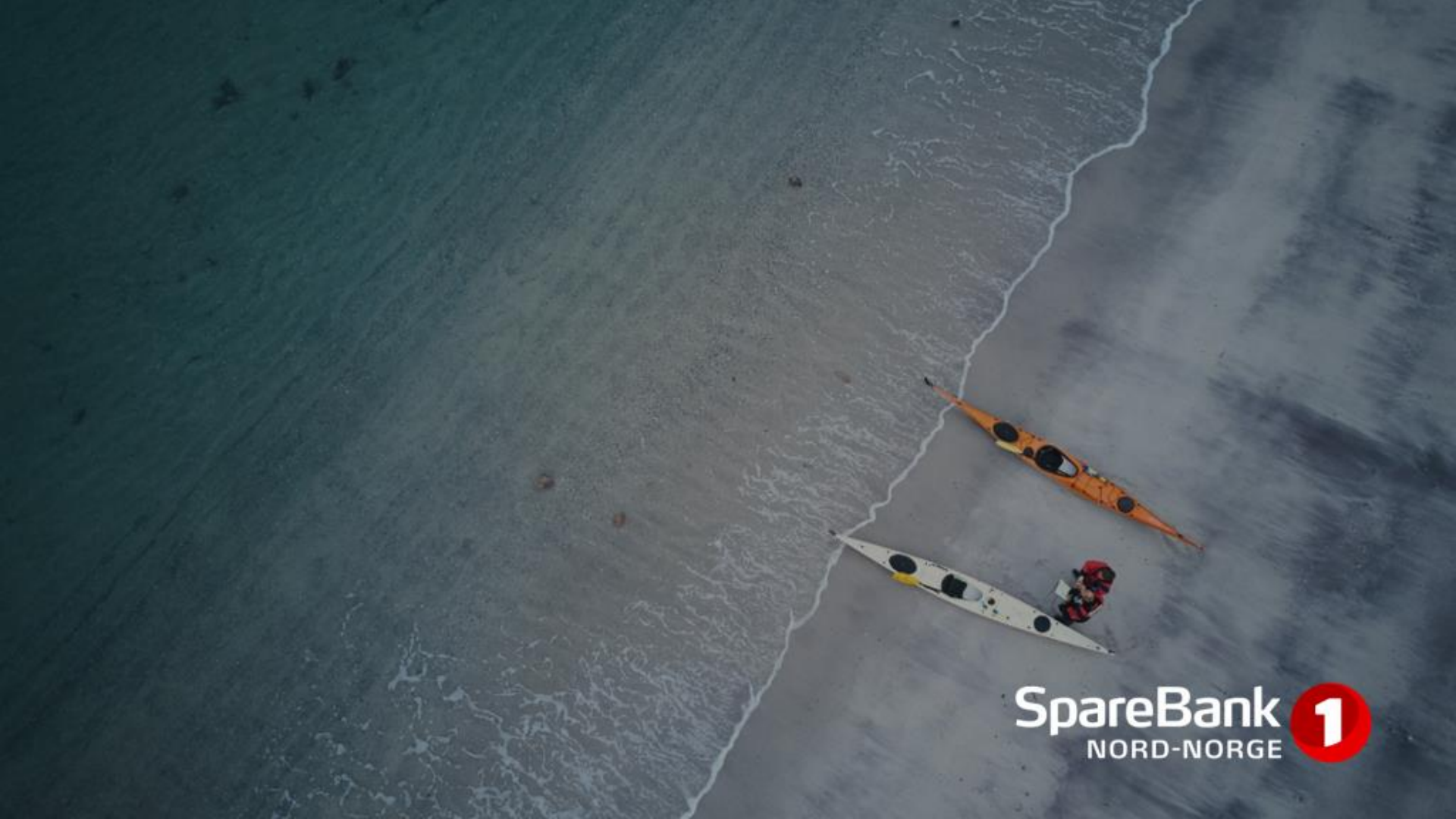
<b>Sr. Unsec. Ratings</b>	<b>Moody's</b>
SpareBank 1 Nord-Norge	Aa3 / P-1
SpareBank 1 SMN	A1 / P-1
SpareBank 1 SR	A1 / P-1
SpareBank 1 Østlandet	Aa3 / P-1

# SpareBank 1 Alliance



SpareBank 1 Alliance companies





SpareBank  
NORD-NORGE 