



# Quartely presentation Q3 2017

Tromsø/Oslo, October 27 2017

SpareBank  
NORD-NORGE



# Interim report Q3 2017 – Group

PRE-TAX PROFIT

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NOK 1 254 mill (NOK 1 199 mill)

RETURN ON EQUITY

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12.2 % (12.8 %). 2Q ISO: 12.1 %

COSTS

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+ 1.2 % compared with average total cost level for 2016 (exclusive of restructuring costs and financial activity tax)

MODERATE LOAN LOSSES

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NOK 147 mill (NOK 149 mill). 3Q ISO: NOK 59 mill

CET-1 RATIO

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15.4 % (15.1 %)

# Strategic measures have been effective



Core business cultivated



Streamlined and renewed staffing



Adjustment of physical presence



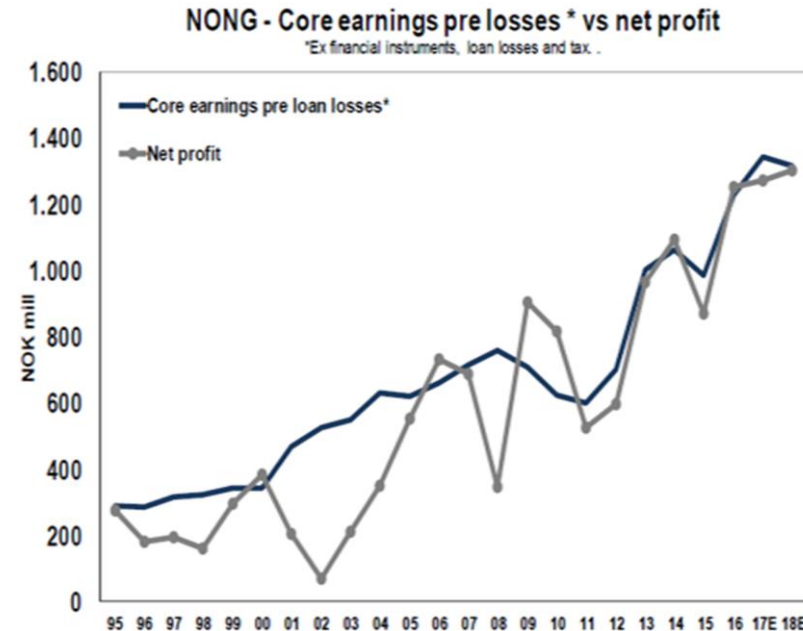
New digitized services and processes



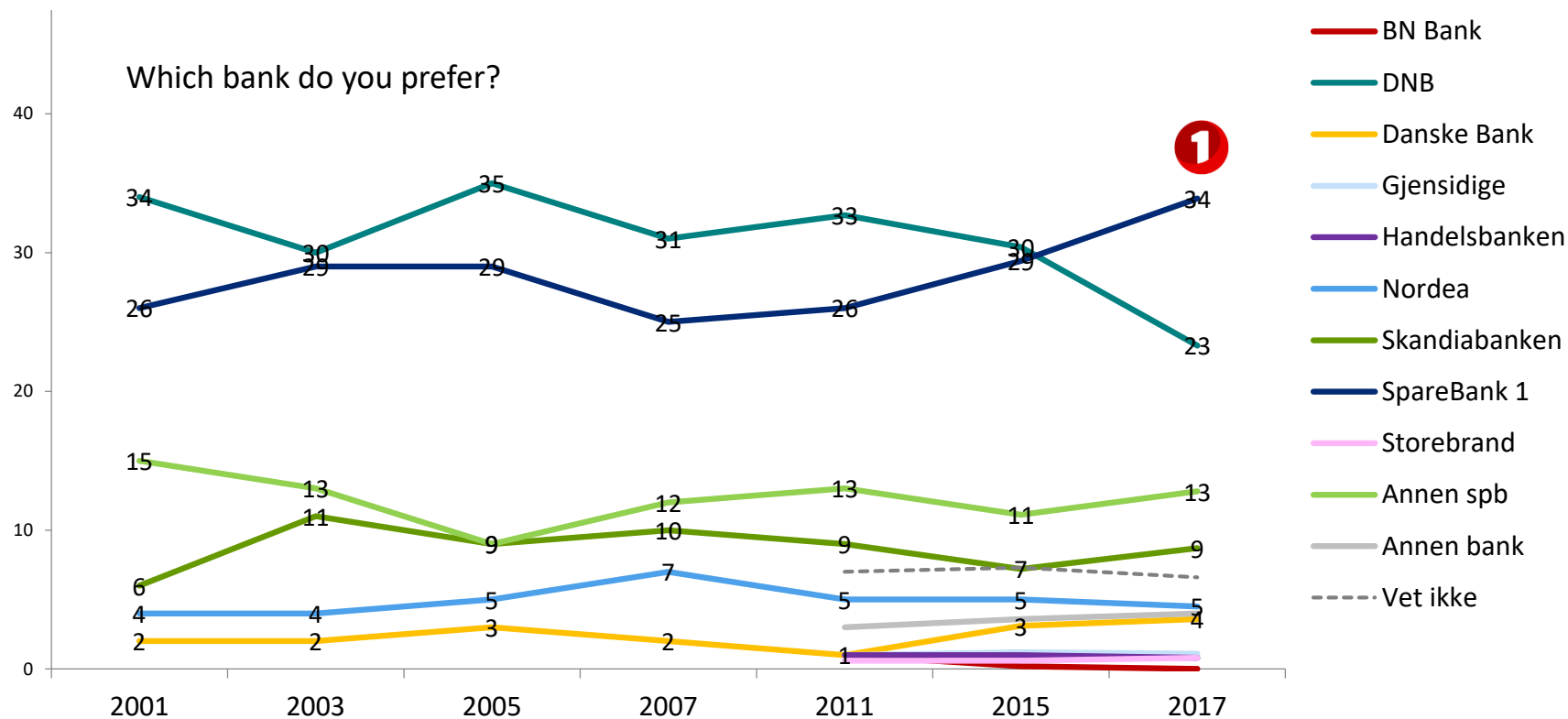
New models for innovation



Ambitious market and sales measures for profitable growth






# Number 1 position in northern Norway












# Corporate sector development

How is the profitability within seafood, tourism and other important sectors?

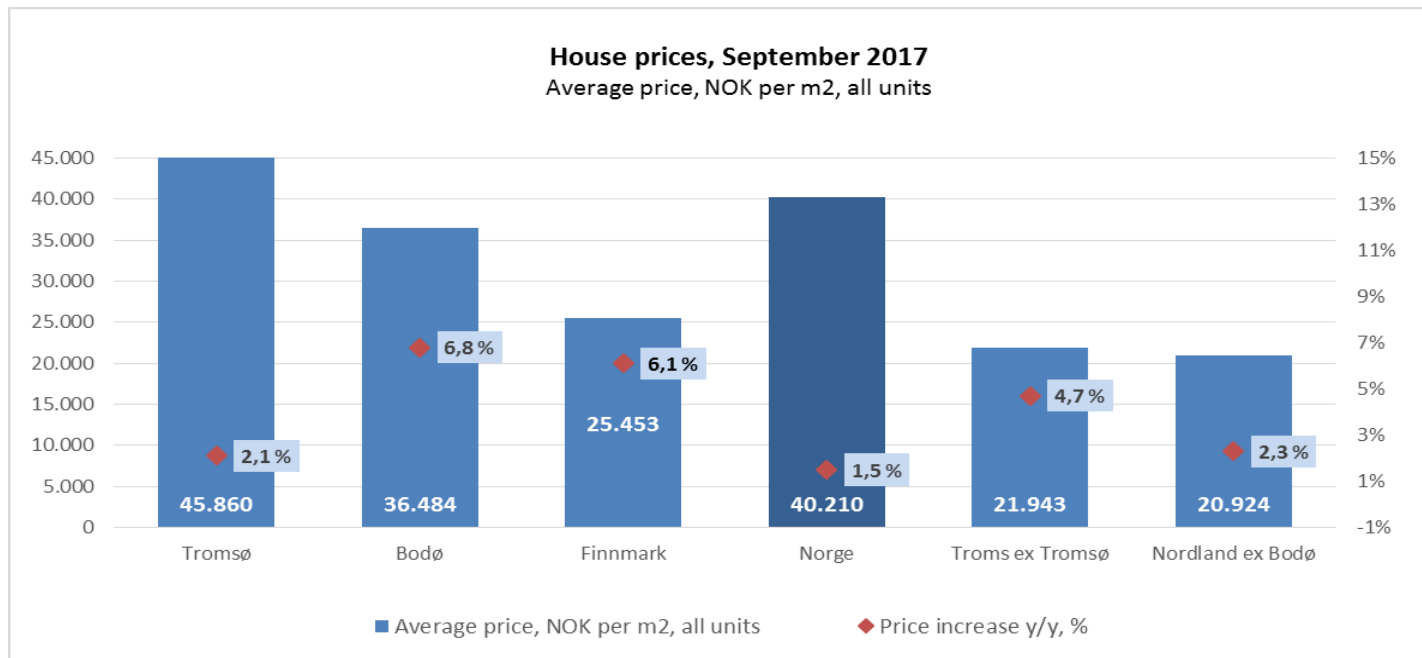


Area	Status	Views
Macro		
Seafood		
Tourism		



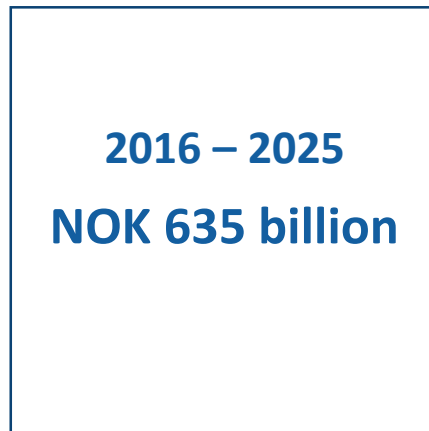
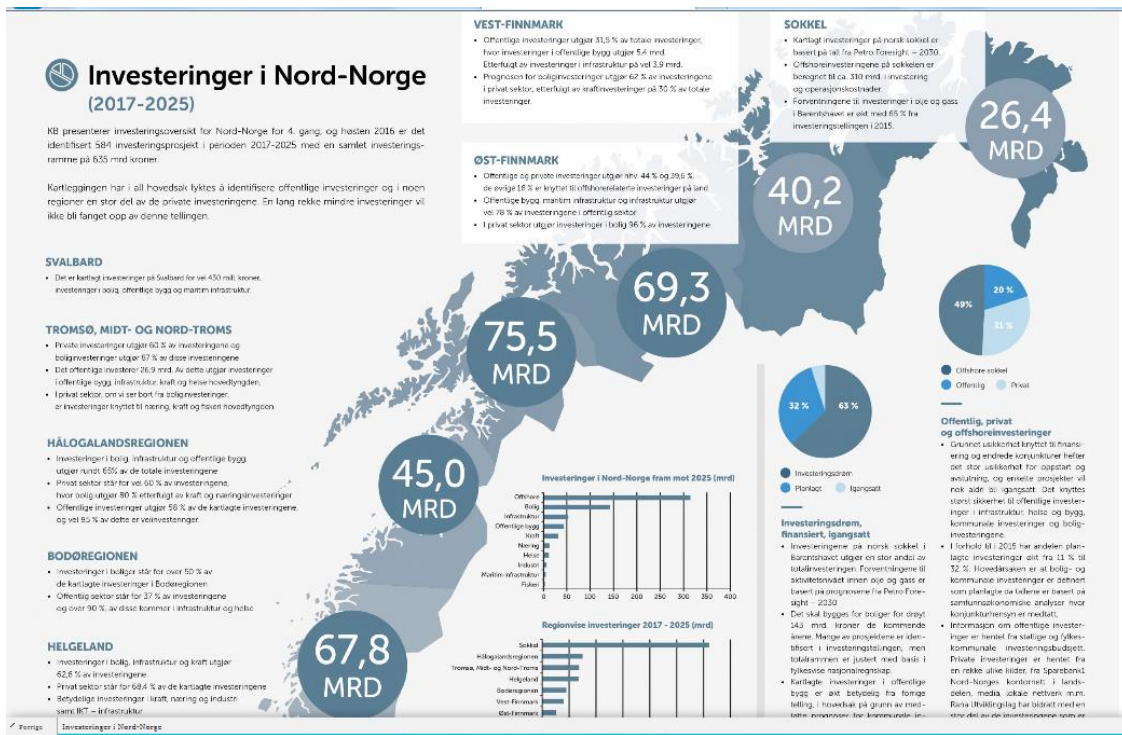
Area	Status	Views
Construction		
Retail		
Oil and gas		

# Regional house prices lower than the Norwegian average, but growth is higher





# High level of private and public infrastructure investments



# Taking a digital position through innovation..



New processes



New digital assistants



New sales methods



New channels



New products



New departments



...while at the same time strenghtening the position as #superlocal



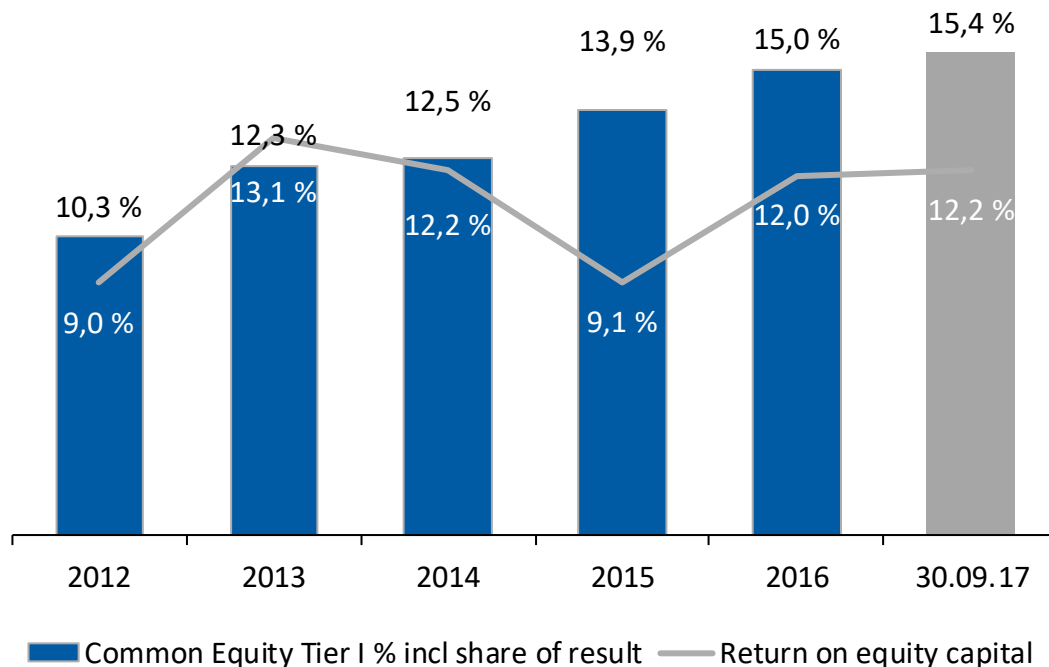
**VELG NORDNORSK**

#mittnordnorge



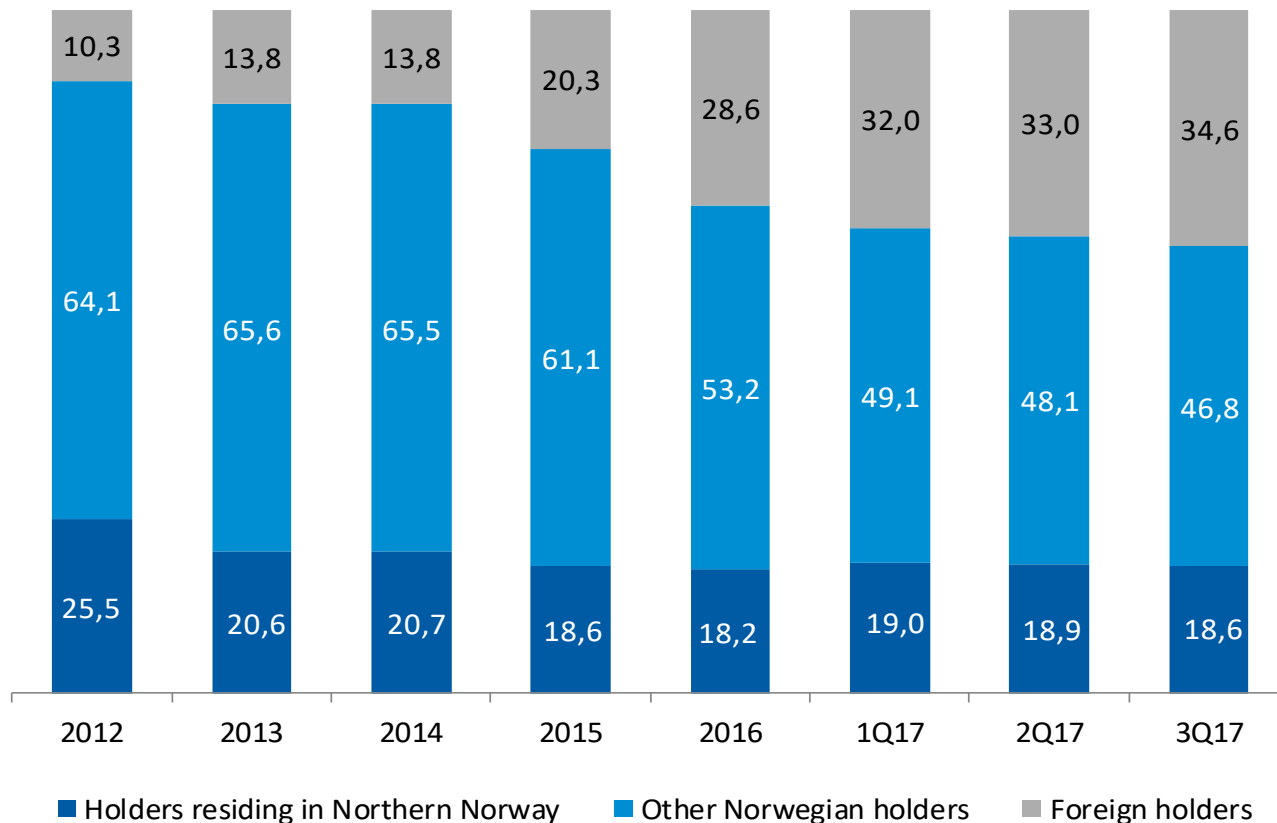
# Solidity is built – rate of return sustained

Return on equity / Common Equity Tier I % incl share of result



Leverage ratio: 7,7 %

# Equity Certificates (EC) – geographic holder structure



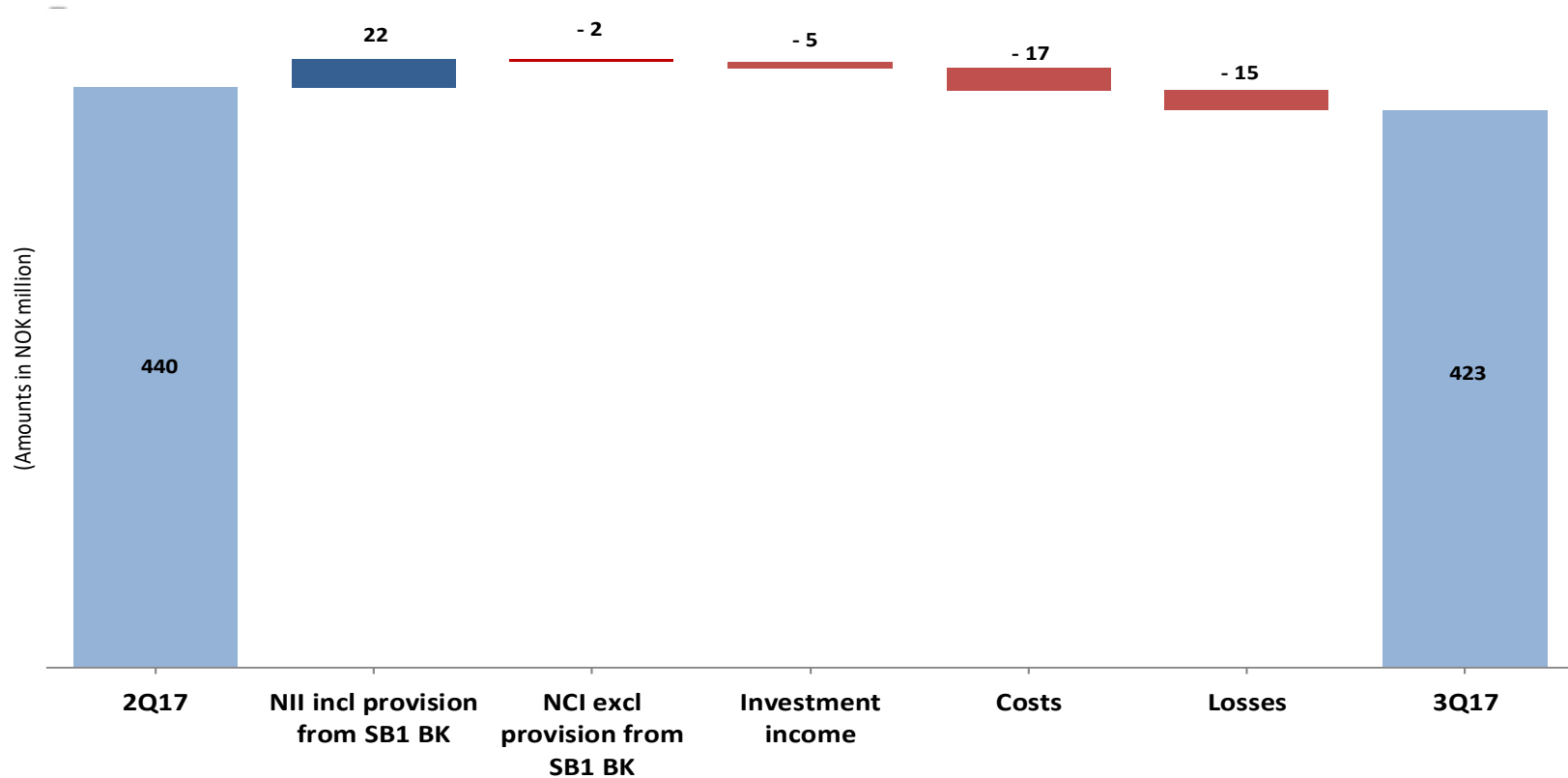
Investor John Fredriksen  
acquires a major stake in  
SpareBank 1 Nord-Norge

# Quarterly summary – Profit and loss account figures

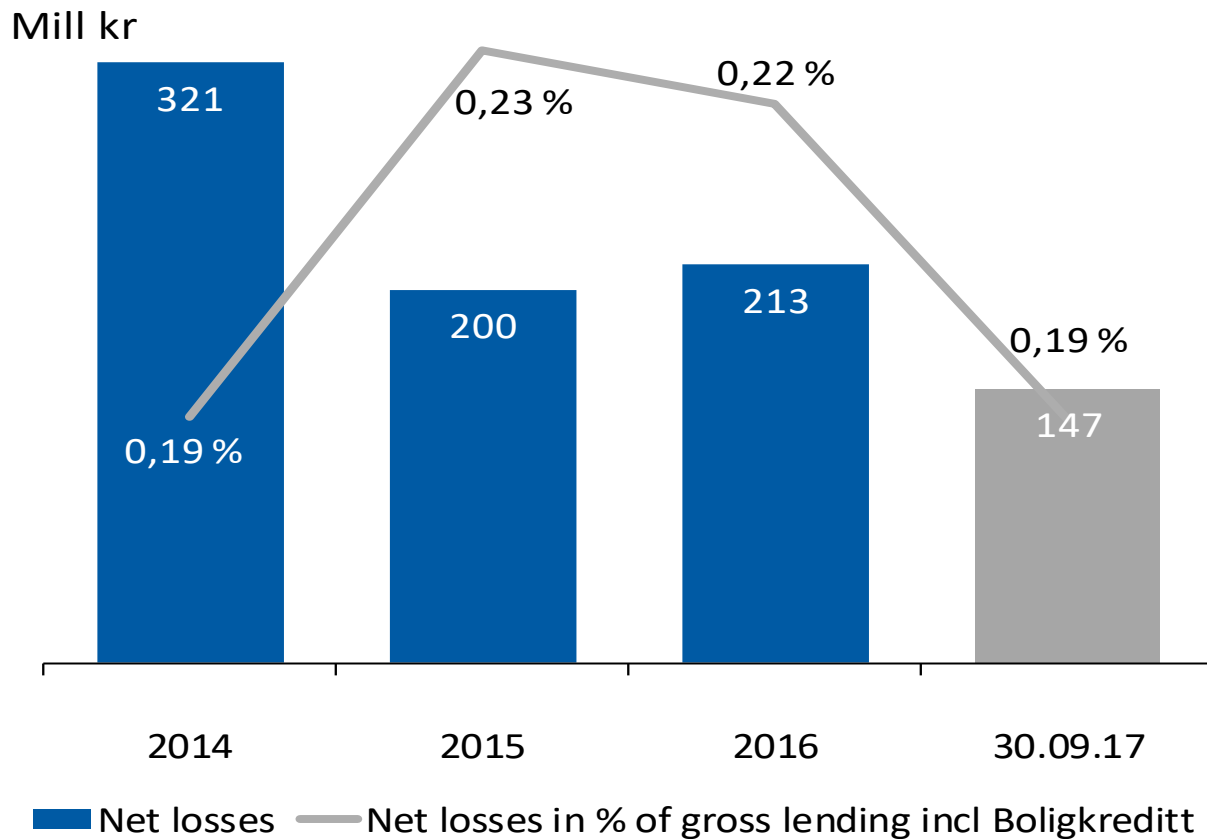
(Amounts in NOK million)

	3Q17	2Q17	1Q17	4Q16	3Q16
Net interest income	450	437	422	434	423
Net fee-, commision and other operating income	255	248	224	234	228
Net income from financial investments	119	124	115	116	157
<b>Total net income</b>	<b>824</b>	<b>809</b>	<b>761</b>	<b>784</b>	<b>808</b>
<b>Total costs</b>	<b>342</b>	<b>325</b>	<b>326</b>	<b>375</b>	<b>316</b>
<b>Result before losses and write-downs</b>	<b>482</b>	<b>484</b>	<b>435</b>	<b>409</b>	<b>492</b>
Net losses and write-downs	59	44	44	64	61
<b>Result before tax</b>	<b>423</b>	<b>440</b>	<b>391</b>	<b>345</b>	<b>431</b>
Return on equity capital	12,1 %	13,0 %	11,6 %	9,9 %	13,6 %
Cost/income	41,5 %	40,2 %	42,8 %	47,8 %	39,1 %

# Changes in P & L last quarter



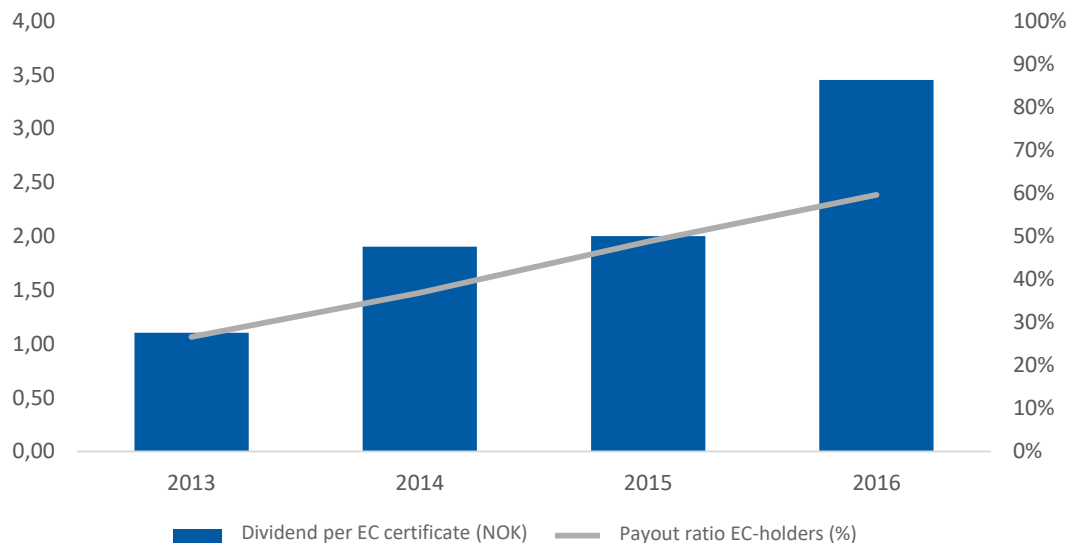
# Net loan losses, customer loans and guarantees





# Dividend: Target and historical figures

- Targeted equal treatment of ownership groups
- Limitation on dividend rate of max. 50% is removed
- Dividend payout ratio of 60% for 2016 was considered to be extraordinary high
- Future yields will depend on solidity and prospects for profitable growth



**Targeted  
payout ratio;  
minimum 50 %**

# Financial targets and outlook – adjusted ROE target

ROE:

Top international level

CET-1 ratio:

14.5 %

Cost increase:  $\leq 0$  %

(ex. restructuring costs, business expansions and financial activity tax)

Dividend payout ratio:

$\geq 50$  %

## Future prospects:

- Good growth in all product areas
- Increased net interest income.  
Assuming stable capital markets, reduced borrowing costs are expected to contribute positively over the next 12 months
- Continued moderate loan losses
- Capital target is achieved. Satisfactory growth capacity
- Comprehensive restructuring measures implemented. Further measures are planned

# Contact information:

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Homepage and internet bank: [www.snn.no](http://www.snn.no)

Equity capital certificates in general: [www.egenkapitalbevis.no](http://www.egenkapitalbevis.no)

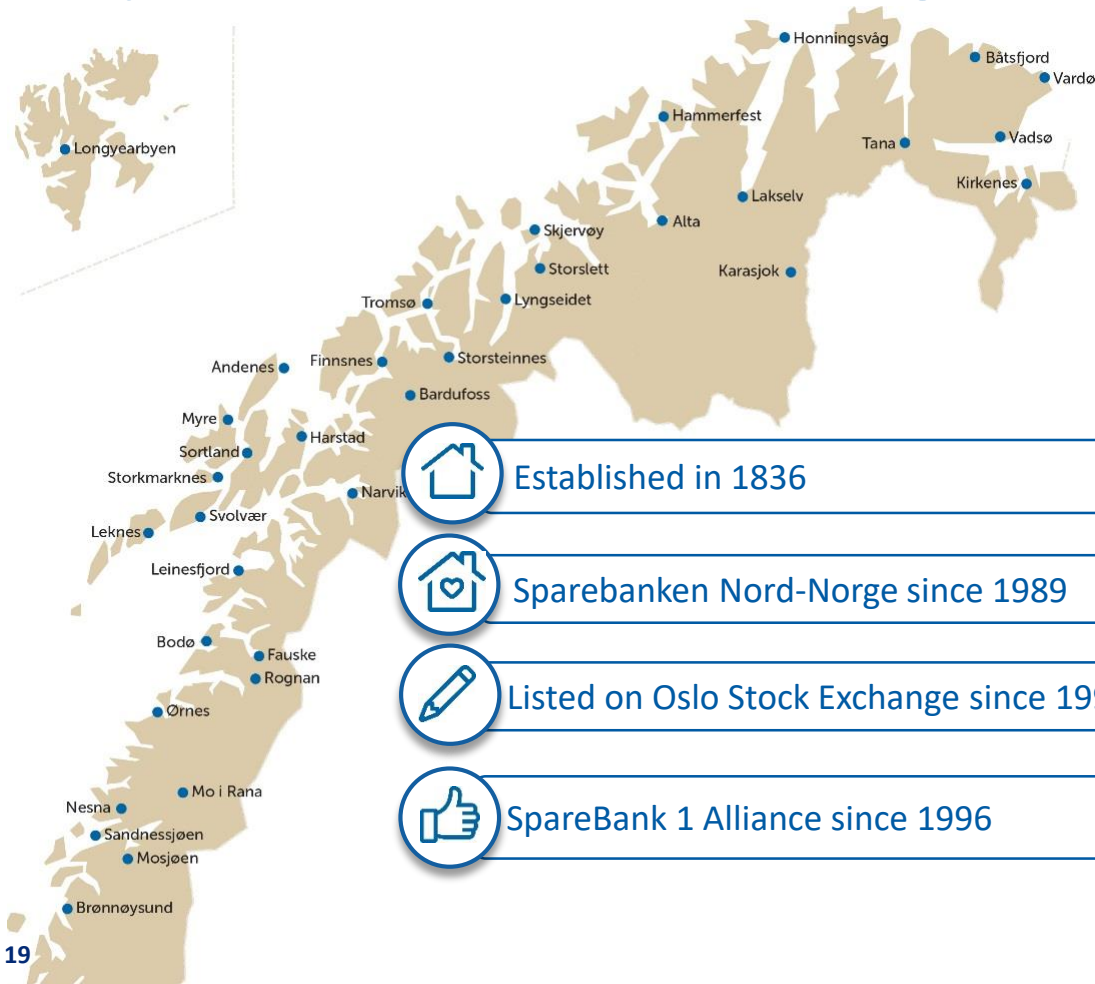




# Appendix

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



354 900 retail customers



25 336 corporate customers



14 844 Clubs and associations



Lending volume NOK 101,8 bill



Financial group offering a complete product range



Established in 1836



Sparebanken Nord-Norge since 1989



Listed on Oslo Stock Exchange since 1994



SpareBank 1 Alliance since 1996

# Facts about northern Norway



34.9% of Norway's area  
3 counties, 87 municipalities

- **Nordland:** 242 866 residents
- **Troms:** 163 453 residents
- **Finnmark:** 75 605 residents

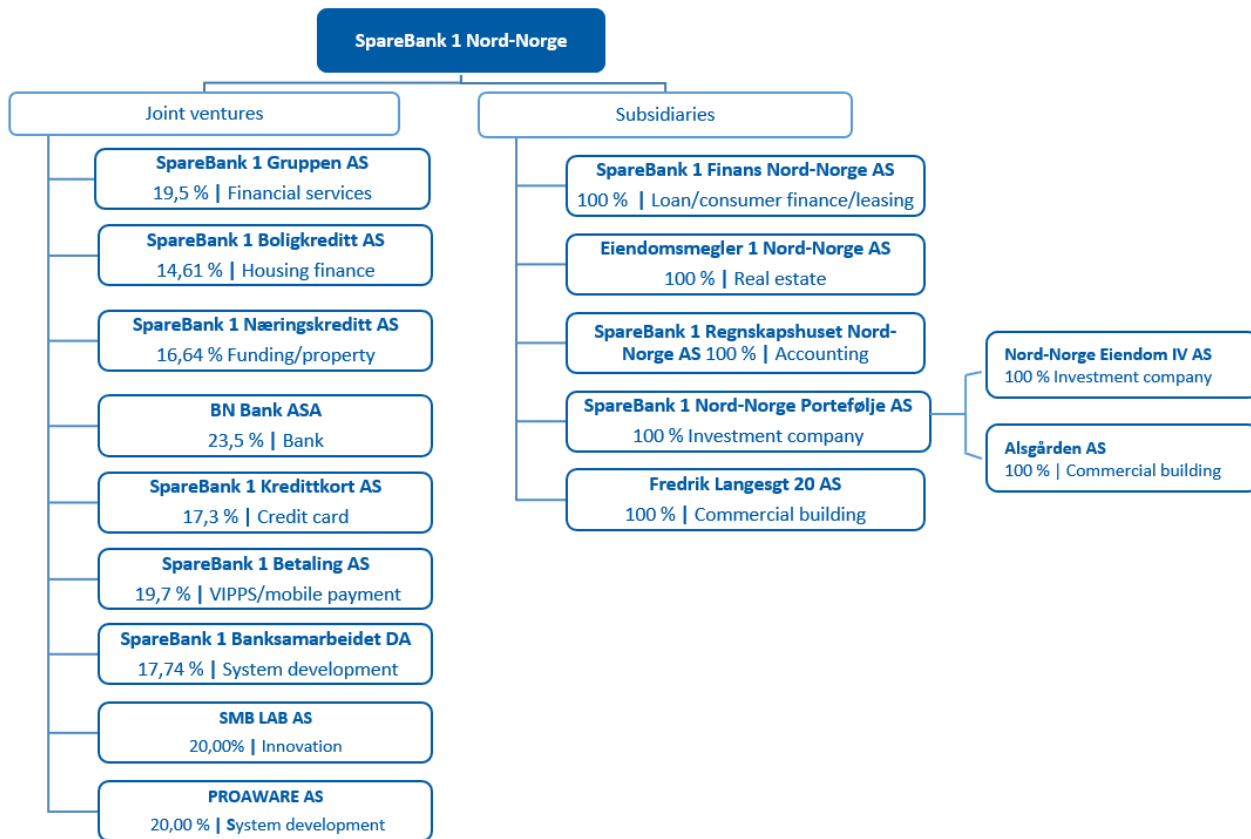
**Key industries:** Seafood, tourism, agriculture, industry, energy, oil

Employees public sector North Norway: 41 %  
Employees public sector Norway: 32 %





















Annual economic growth 2008-2013: Nearly one percentage point higher than Norway as a whole



# Company structure



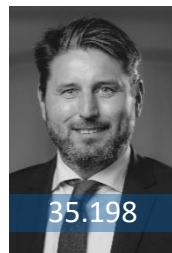
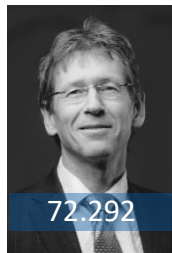
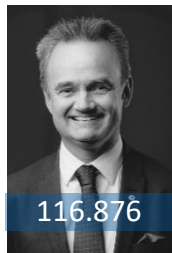
# The 20 largest EC holders

Equity Certificate holders	Number of Equity Certificates	Share of total Equity Certificate capital
PARETO AKSJE NORGE	3.126.881 	3,11 %
MP PENSJON PK	2.697.811 	2,69 %
THE NORTHERN TRUST COMP, NON-TREATY ACCOUNT	2.585.681 	2,58 %
FLPS - PRINC ALL SEC	2.428.400 	2,42 %
VERDIPAPIRFONDET DNB NORGE (IV) V/DNB ASSET MANAGEMENT	2.380.839 	2,37 %
STATE STREET BANK AND TRUST COMP A/C CLIENT OMNIBUS F	2.327.220 	2,32 %
MORGAN STANLEY AND CO INTL PLC BNY MELLON SA/NV	1.921.394 	1,91 %
GEVERAN TRADING CO LTD	1.793.280 	1,79 %
METEVA AS	1.614.670 	1,61 %
POPE ASSET MANAGEMENT, LLC BNY MELLON SA/NV	1.428.577 	1,42 %
SPAREBANKSTIFTELSEN SPAREBANK 1 NORD-NORGE	1.411.606 	1,41 %
FORSVARETS PERSONELLSERVICE	1.391.630 	1,39 %
SKANDINAVISKA ENSKILDA BANKEN AB SEB AB, UCITS V	1.304.248 	1,30 %
VPF EIKA EGENKAPITALBEVIS C/O EIKA KAPITALFORVALTNING AS	1.114.924 	1,11 %
PARETO AS	970.659 	0,97 %
STATE STREET BANK AND TRUST COMP A/C WEST NON-TREATY ACC	896.954 	0,89 %
STATE STREET BANK AND TRUST COMP A/C CLIENT OMNIBUS D	846.994 	0,84 %
J.P. MORGAN BANK LUXEMBOURG	769.593 	0,77 %
STATE STREET BANK AND TRUST COMP S/A SSB CLIENT OMNI E	749.097 	0,75 %
STATE STREET BANK AND TRUST COMP A/C CLIENT OM80	724.646 	0,72 %
<b>The 20 largest EC holders</b>	<b>32 485 104</b>	<b>32,36 %</b>

# 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 NORD-NORGE	1.411.606	1,41 %
KARL DITLEFSEN	547.543	0,55 %
NORGES RÅFISKLAG	418.375	0,42 %
ODD ERIK HANSEN INVEST AS	356.680	0,36 %
LARS WORKINN	294.180	0,29 %
SPAREBANKSTIFTELSEN HELGELAND	284.491	0,28 %
DAHL FISKERI AS	224.883	0,22 %
TOR OVESEN	206.556	0,21 %
OLE ALFRED ROLF OVESEN	205.554	0,20 %
GADD HOLDING AS	176.619	0,18 %
TROMSØ SKOTØIMAGASIN A/S	170.000	0,17 %
ENTREPRENØRCOMPANIET NORD AS	169.596	0,17 %
RIGAMONTI A/S	156.005	0,16 %
BRØDRENE KARLSEN HOLDING AS	119.705	0,12 %
JAN-FRODE JANSON	116.876	0,12 %
HEMMING LEONHARTH ANDERSEN	115.500	0,12 %
CHRISTIAN OVERVAAG	102.563	0,10 %
COOP NORD BA	97.848	0,10 %
AS FERDIGHUS	95.765	0,10 %
THORODD BERNT JAMES VONKA	88.816	0,09 %
<b>The 20 largest EC holders residing in Northern Norway <sup>1)</sup></b>	<b>5 359 161</b>	<b>5,34 %</b>

# Broad ownership of equity certificates by management and employees



Number of EC certificates as of 31 July 2017



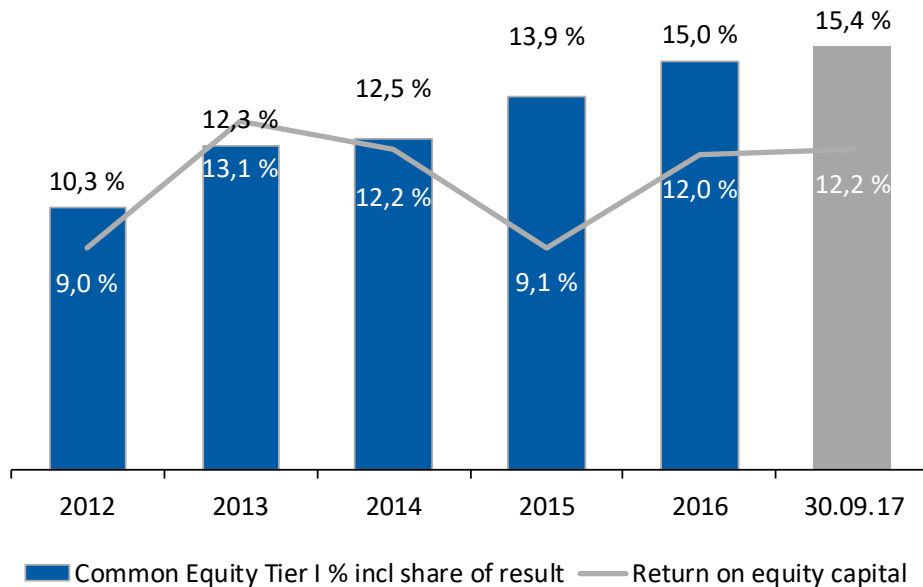
More than 90 %  
of all employees  
in The Group  
own EC certificates

2

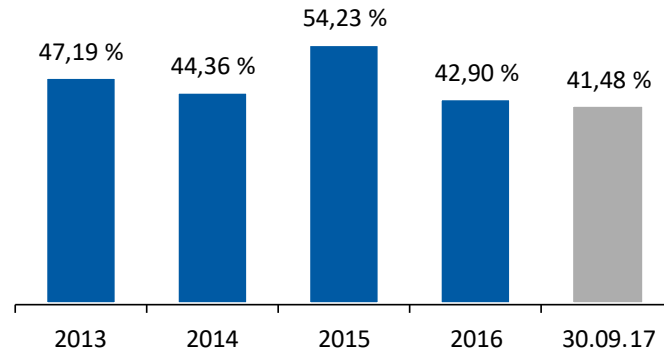
## Financial figures – additional information

# Key figures

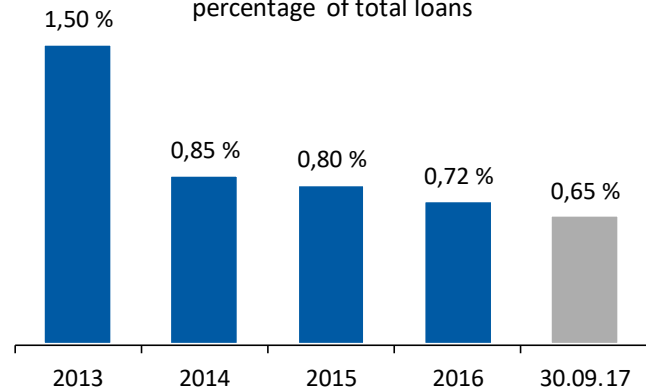
Return on equity / Common Equity Tier I % incl share of result



Cost/income ratio



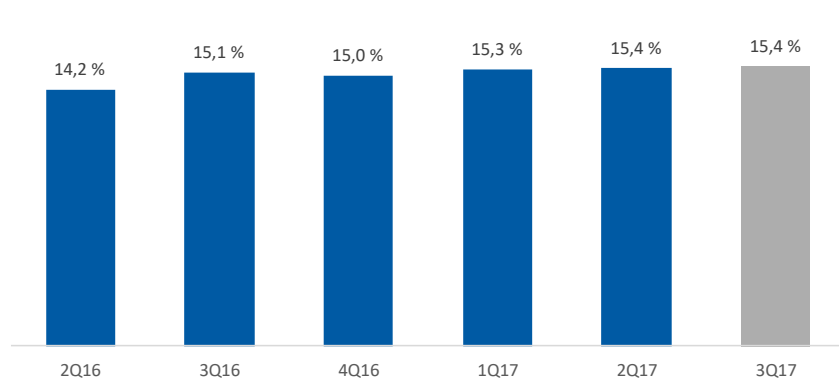
Loans in default and other problem loans as a percentage of total loans



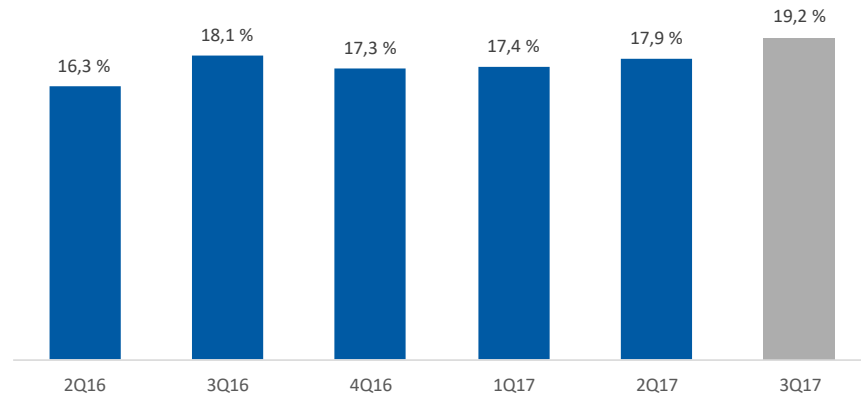


# Capital adequacy ratio - Group

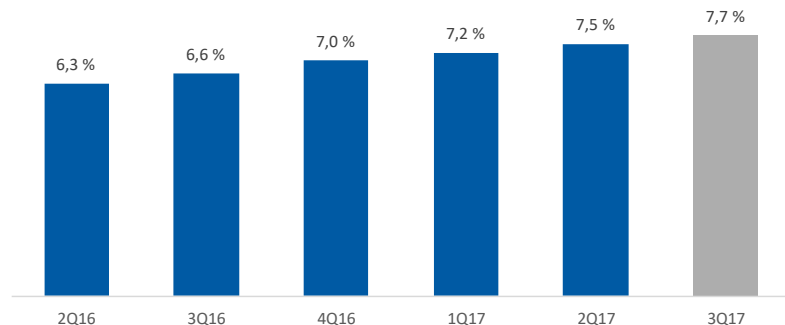
CET 1 incl floor



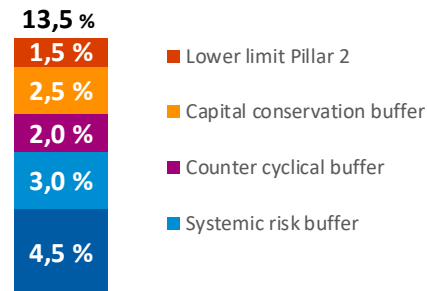
CET 1 excl floor



Leverage ratio - LR incl result



Minimum regulatory CET 1 level  
31.12.17



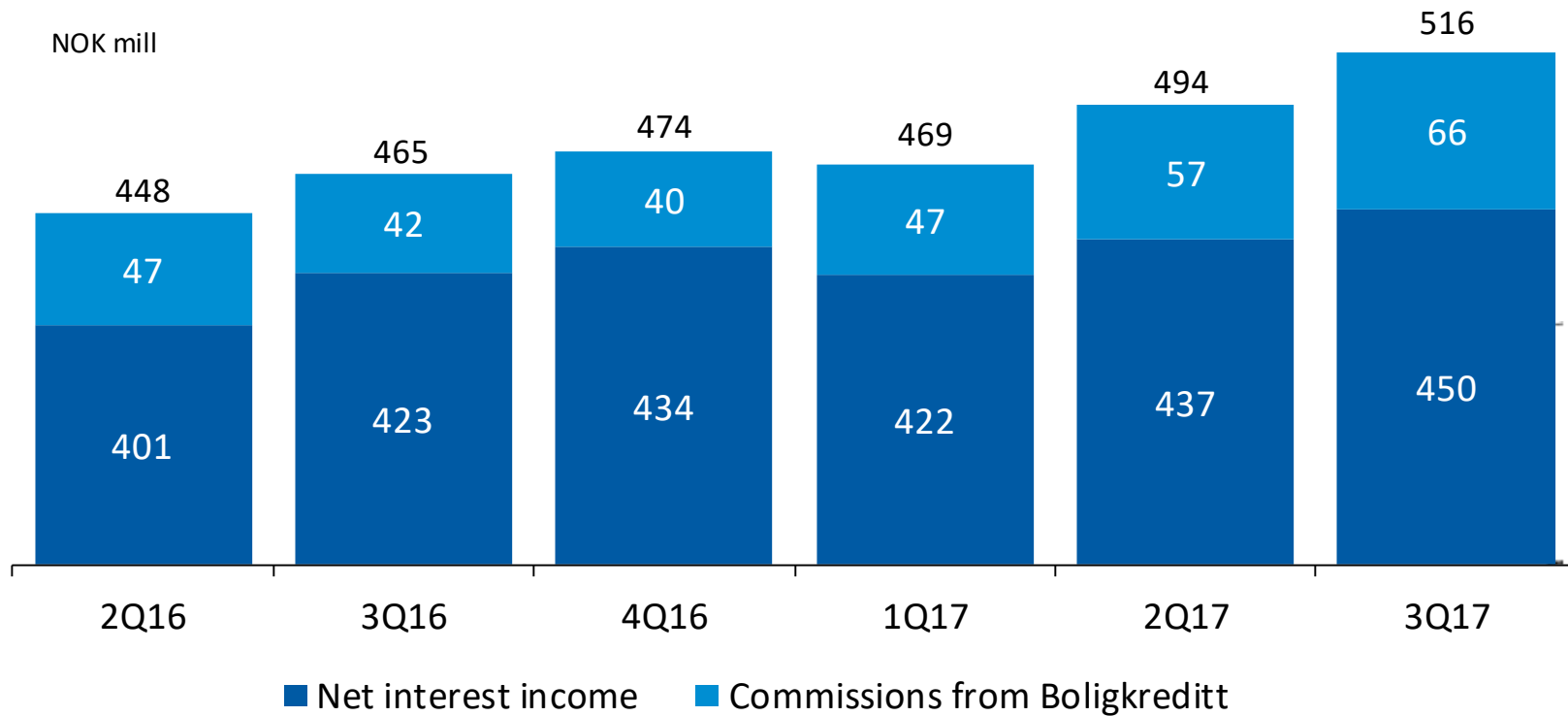
\*Incl 50% of result. 4Q after allocation of dividend.

# Profit and loss account - Group

(Amounts in NOK million)

	30.09.17	30.09.16	31.12.16
Net interest income	1 309	1 210	1 644
Net fee-, commision and other operating income	727	690	924
Net income from financial investments	358	393	509
<b>Total net income</b>	<b>2 394</b>	<b>2 293</b>	<b>3 077</b>
Total costs	993	945	1 320
<b>Result before losses and write-downs</b>	<b>1 401</b>	<b>1 348</b>	<b>1 757</b>
Net losses and write-downs	147	149	213
<b>Result before tax</b>	<b>1 254</b>	<b>1 199</b>	<b>1 544</b>
Tax	238	214	291
Result non-current assets held for sale	0	0	0
Minority interests	0	0	0
<b>Result for the period</b>	<b>1 016</b>	<b>985</b>	<b>1 253</b>
Return on equity capital	12,2 %	12,8 %	12,0 %

# Net interest income - Group

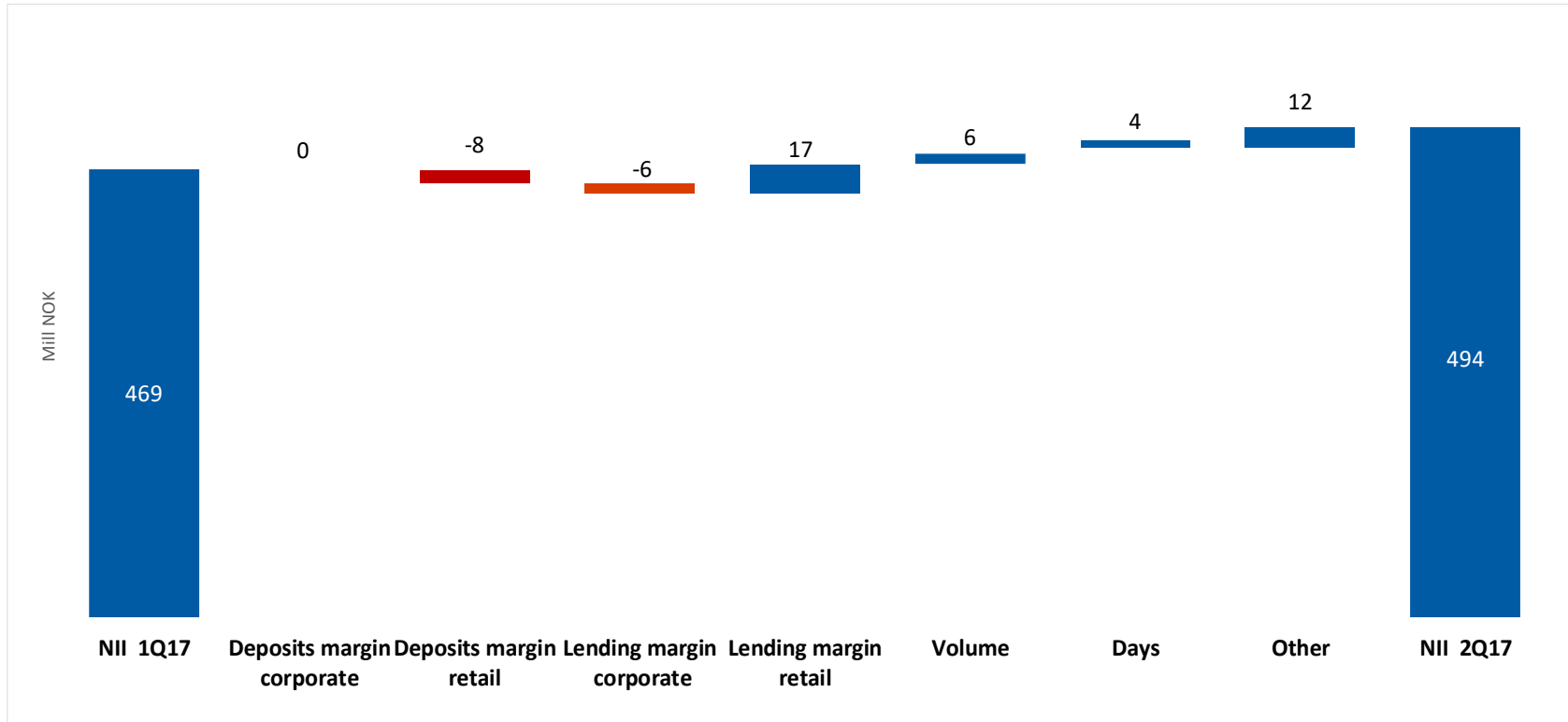


# Quarterly results – net interest income

(Amounts in NOK million)

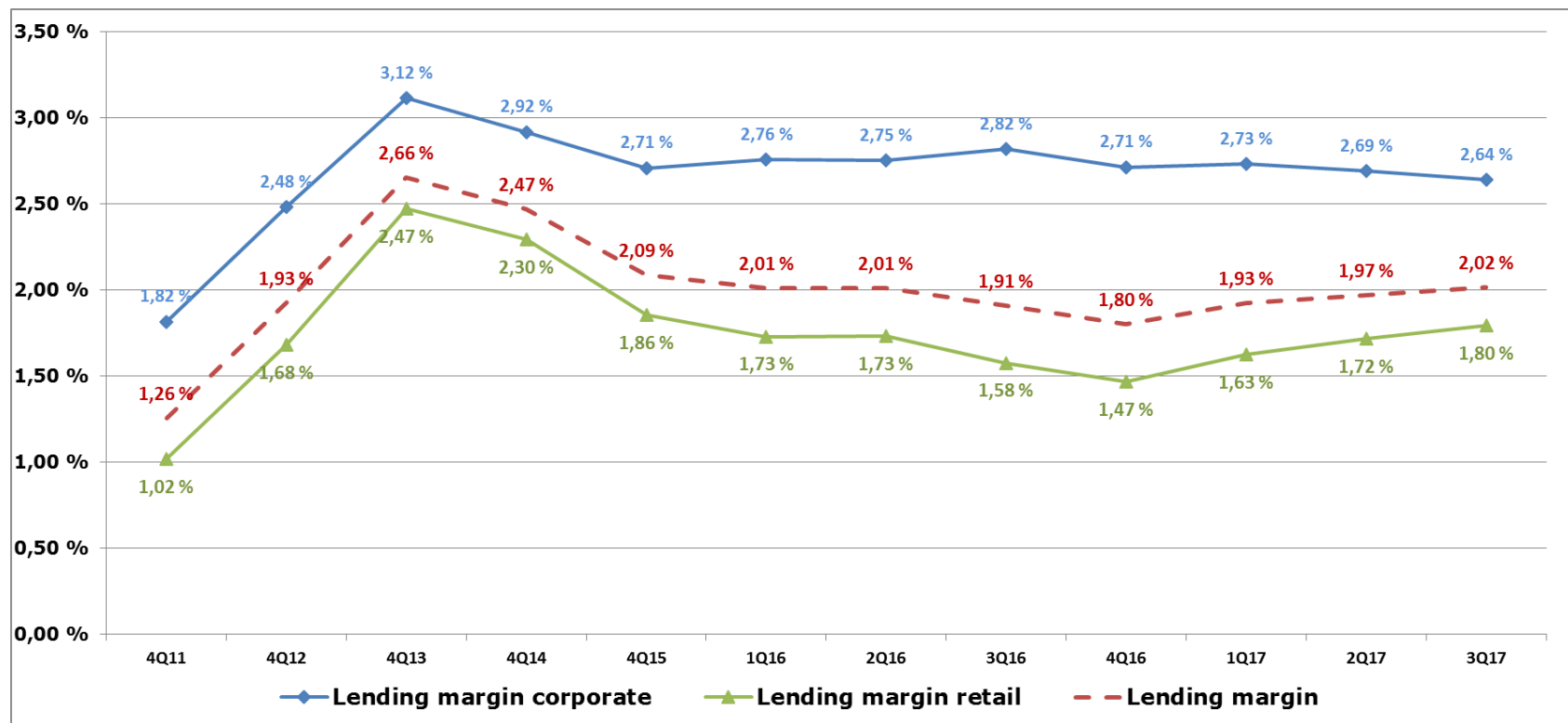
	3Q17	2Q17	1Q17	4Q16	3Q16
Interest and similar income from loans to and claims on credit institutions	1	2	2	-2	4
Interest and similar income from loans to and claims on customers	612	602	600	616	593
Interest and similar income from certificates, bonds and other interest-bearing securities	37	36	43	39	44
<b>Interest and similar income</b>	<b>650</b>	<b>641</b>	<b>645</b>	<b>653</b>	<b>641</b>
Interest and similar costs on liabilities to credit institutions	13	15	17	13	20
Interest and similar costs relating to deposits from and liabilities to customers	91	89	95	97	91
Interest and similar costs related to the issuance of securities	78	80	88	84	84
Interest and similar costs on subordinated loan capital	9	10	14	15	14
Payments made to The Norwegian Banks' Guarantee Fund	9	10	9	10	9
<b>Total interest costs</b>	<b>200</b>	<b>204</b>	<b>223</b>	<b>219</b>	<b>218</b>
<b>Net interest income</b>	<b>450</b>	<b>437</b>	<b>422</b>	<b>434</b>	<b>423</b>

# Changes in net interest income



Including commissions from Boligkreditt. Measured against average funding cost

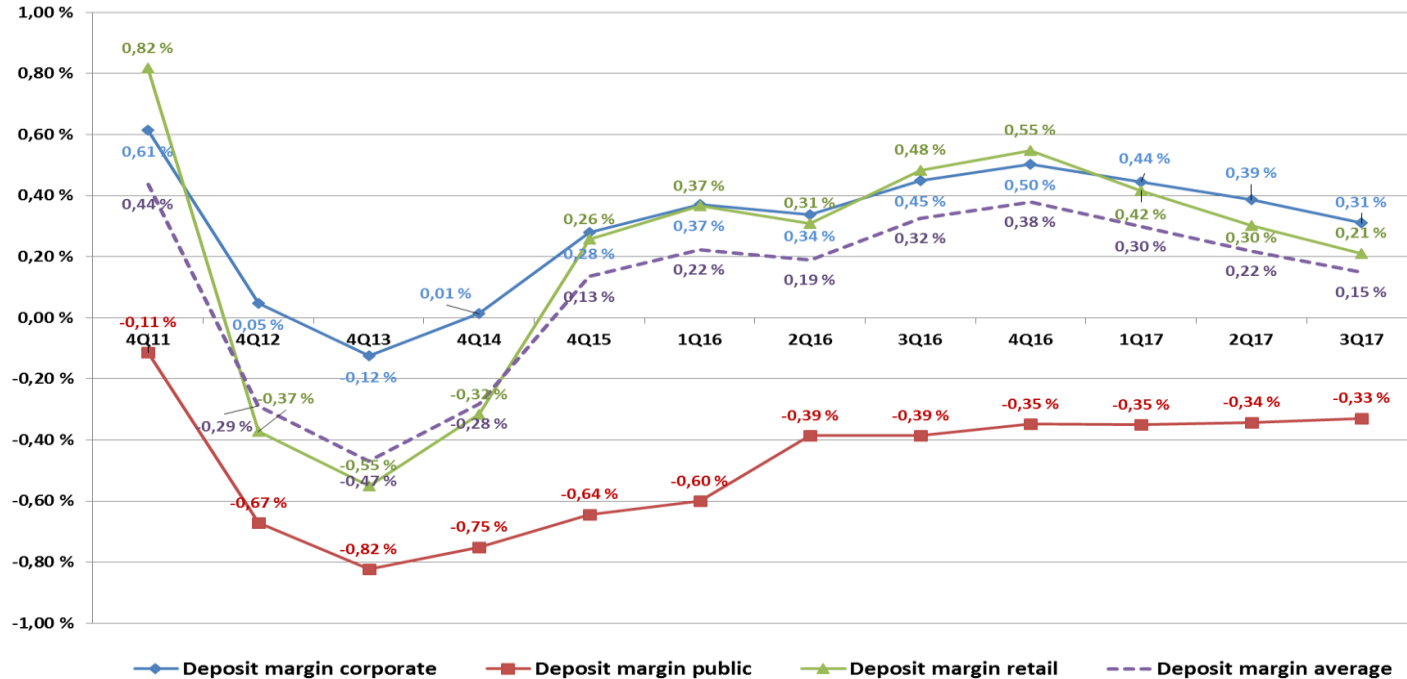
# Lending margin, Parent bank



The interest margin is defined as the difference between the customer lending interest rate and average 3 month NIBOR



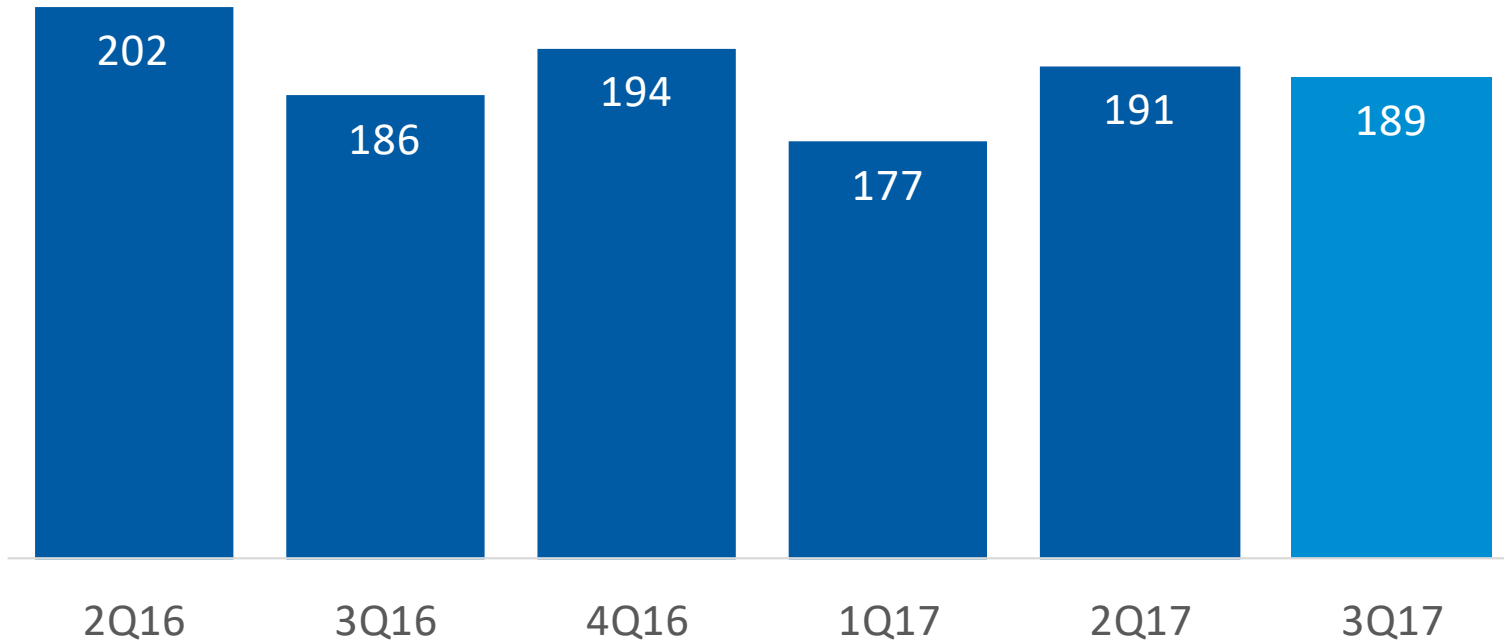
# Customer deposit, Parent bank



The interest margin is defined as the difference between average 3 month NIBOR and the customer deposit interest rate

# Net fee-, commission- and other operating income

NOK mill



# Net fee- and other operating income

	3Q17	2Q17	1Q17	4Q16	3Q16
(Amounts in NOK million)					
Payment facilities	74	64	63	63	76
Insurance products	41	42	41	44	37
Guarantee commissions	4	4	4	4	5
Real estate broking	32	34	26	33	35
Portefolio commission	11	12	14	13	12
Other commissions	23	22	16	16	21
<b>Commissions excl. Boligkreditt</b>	<b>185</b>	<b>178</b>	<b>164</b>	<b>173</b>	<b>186</b>
Commission income SB1 Boligkreditt	66	57	47	40	42
<b>Total commision income</b>	<b>251</b>	<b>235</b>	<b>211</b>	<b>213</b>	<b>228</b>
Commission costs	23	20	21	22	22
Accounting services	25	30	32	33	20
Other income	2	3	2	10	2
<b>Total other income</b>	<b>27</b>	<b>33</b>	<b>34</b>	<b>43</b>	<b>22</b>
<b>Total commission- and other income</b>	<b>255</b>	<b>248</b>	<b>224</b>	<b>234</b>	<b>228</b>

# Income from financial investments

## Group

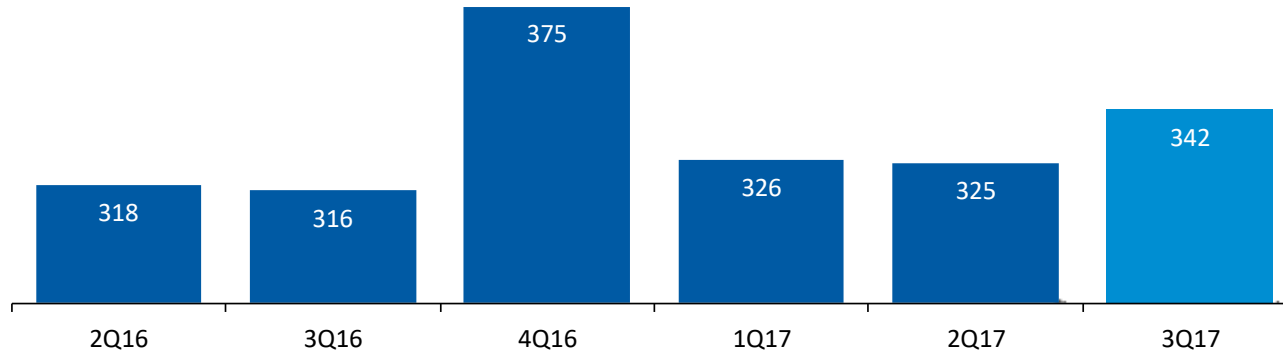
(Amounts in NOK million)

	3Q17	2Q17	1Q17	4Q16	3Q16
Dividends	0	4	0	1	0
Income from joint ventures	109	78	65	76	94
Gains/losses from shares in subsidiaries	0	15	0	0	0
Gains/losses and net value changes on shares	7	23	13	14	20
Net value changes on bonds, foreign exchange and fin.derivatives	6	4	35	26	46
Gains/losses and net value changes on loans	-3	0	2	-1	-3
<b>Income from financial investments</b>	<b>119</b>	<b>124</b>	<b>115</b>	<b>116</b>	<b>157</b>

# Group operating costs

NOK mill.

Total costs



# Group operating costs

(Amounts in NOK million)

	30.09.17	30.09.16	Change
Wages and salaries	403	404	- 1
Pension costs	39	29	10
Social costs	83	61	22
<b>Total personnel costs</b>	<b>525</b>	<b>494</b>	<b>31</b>
Administration costs	290	277	13
<b>Total personnel- and general administration costs</b>	<b>815</b>	<b>771</b>	<b>44</b>
Depreciation and write-downs of fixed assets	46	45	1
Operating costs buildings	16	21	- 5
Other operating costs	116	108	8
<b>Total operating costs</b>	<b>178</b>	<b>174</b>	<b>4</b>
<b>Total costs</b>	<b>993</b>	<b>945</b>	<b>48</b>

# Operating expenses

(Amounts in NOK million)	3Q17	2Q17	1Q17	4Q16	3Q16
Wages and salaries	143	127	133	136	139
Pension costs	13	14	12	24	12
Social costs	28	28	27	35	19
<b>Total personnel costs</b>	<b>184</b>	<b>169</b>	<b>172</b>	<b>195</b>	<b>170</b>
Development costs	33	31	32	25	31
Electronic data processing costs	21	19	19	18	19
Marketing costs	16	17	15	23	14
Travel - and training costs	6	9	9	8	4
Communication- and office costs	8	6	8	9	6
Consultancy services	13	12	12	14	9
Ordinary depreciation	15	16	15	15	15
Operating costs - premises/buildings	4	7	5	16	8
Other operating costs incl rent	41	39	39	51	39
<b>Other costs</b>	<b>158</b>	<b>156</b>	<b>154</b>	<b>180</b>	<b>146</b>
<b>Total operating expenses</b>	<b>342</b>	<b>325</b>	<b>326</b>	<b>375</b>	<b>316</b>

# Core banking operations (excl. income from financial investments)

## Group

(Amounts in NOK million)	3Q17	2Q17	1Q17	4Q16	3Q16
Net interest income	450	437	422	434	423
Net fee- and commission income	227	215	190	191	206
Other operating income	28	33	34	43	22
Total costs excl restructuring and financial activity costs	336	320	321	343	316
<b>Underlying banking operations</b>	<b>369</b>	<b>365</b>	<b>325</b>	<b>325</b>	<b>335</b>
Restructuring and financial activity costs	6	5	5	32	0
Net losses and write-downs	59	44	44	64	61
<b>Underlying banking operations after losses</b>	<b>304</b>	<b>316</b>	<b>276</b>	<b>229</b>	<b>274</b>



# Group companies result before tax

(Amounts in NOK 1000)	30.09.17	30.09.16
SpareBank 1 Finans Nord-Norge AS	54 659	70 757
SpareBank 1 Regnskapshuset Nord-Norge AS	15 312	11 361
EiendomsMegler 1 Nord-Norge AS	14 757	25 301
SpareBank 1 Nord-Norge Forvaltning ASA	1 656	1 732
<b>Subsidiaries core operations</b>	<b>86 384</b>	<b>109 151</b>
Other subsidiaries	-2 032	-45 974
<b>Total</b>	<b>84 352</b>	<b>63 177</b>

# Good development within subsidiaries



## **Eiendomsmegler 1 Nord-Norge:**

Pre-tax profit NOK 14 757 mill (NOK 25 301 mill)

Market leader in North Norway

Strong synergies with the bank



## **SpareBank 1 Finans Nord-Norge:**

Pre-tax profit NOK 54 659 mill (NOK 70 757 mill)

Considerable future potential. Complementary business to banking.



## **SpareBank 1 Regnskapshuset Nord-Norge:**

Pre-tax profit NOK 15 312 mill (NOK 11 361 mill)

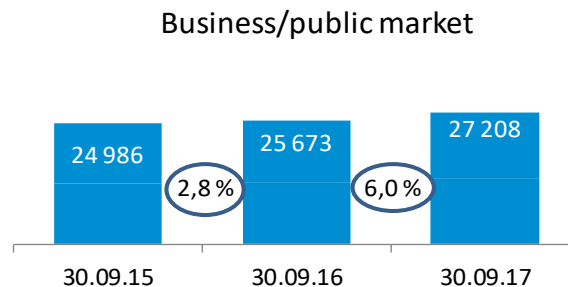
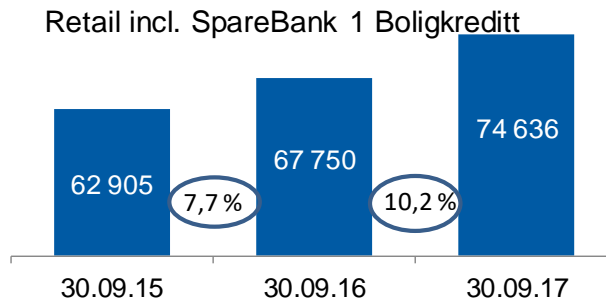
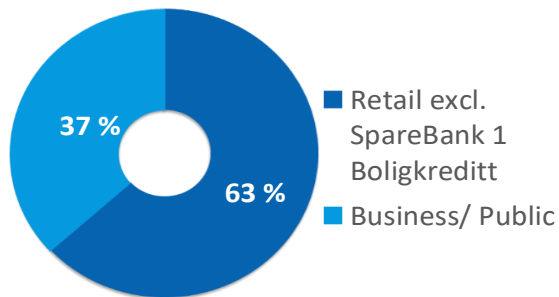
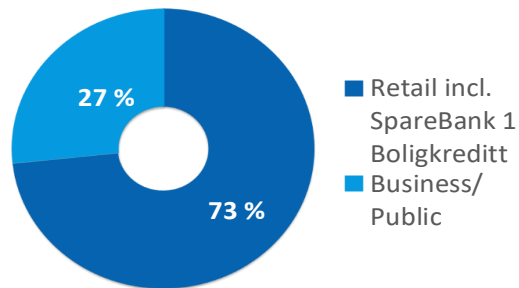
Market leader in North Norway

Consolidation, and digitalization. Strong synergies with the bank

# Key figures balance sheet

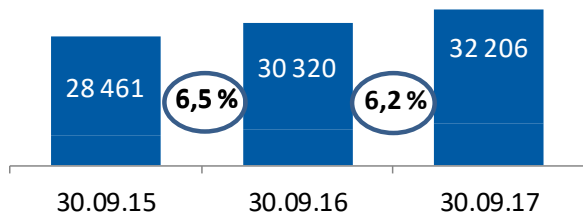
(Amounts in NOK million)	30.09.17	30.09.16	Change	Change %
Total assets	93 542	89 210	4 332	4,9%
Gross lending	73 902	68 905	4 997	7,3%
Loans and advances to customers incl SpareBank 1	101 844	93 423	8 421	9,0%
Deposits from customers	57 163	53 637	3 526	6,6%

# Lending volume

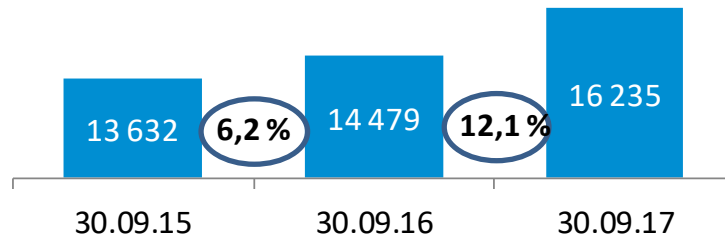


# Deposit volume

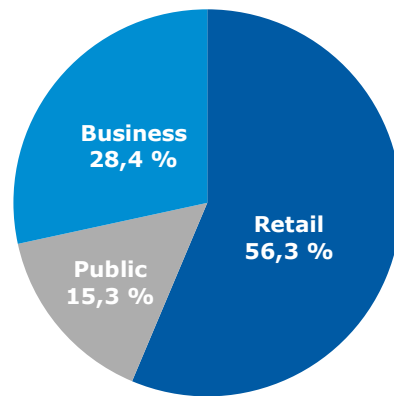
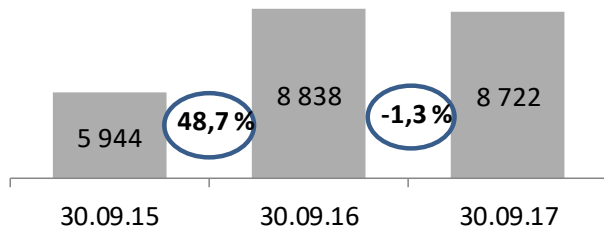
Retail banking market



Business



Public



3

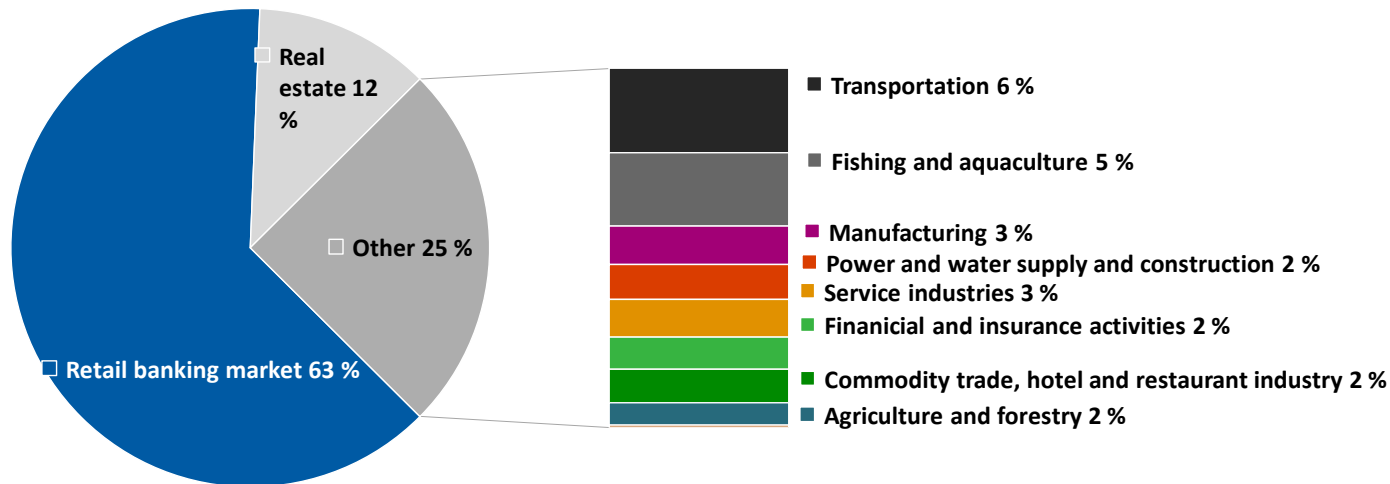
Credit area

# Lending portfolio - comments

- Good growth in retail lending, with focus on commitments qualifying for SpareBank 1 Boligkreditt (covered bond company)
- Moderate growth in corporate market lending last 12 months
- The portfolio and new commitments in corporate sector lending are diversified
- Reduced exposure in non-performing/impaired commitments
- Increased collective write-downs based on macro economic outlook in certain sectors
- Moderate loan losses

# Distribution on segments shows good diversification

Loan portfolio including Boligkreditt



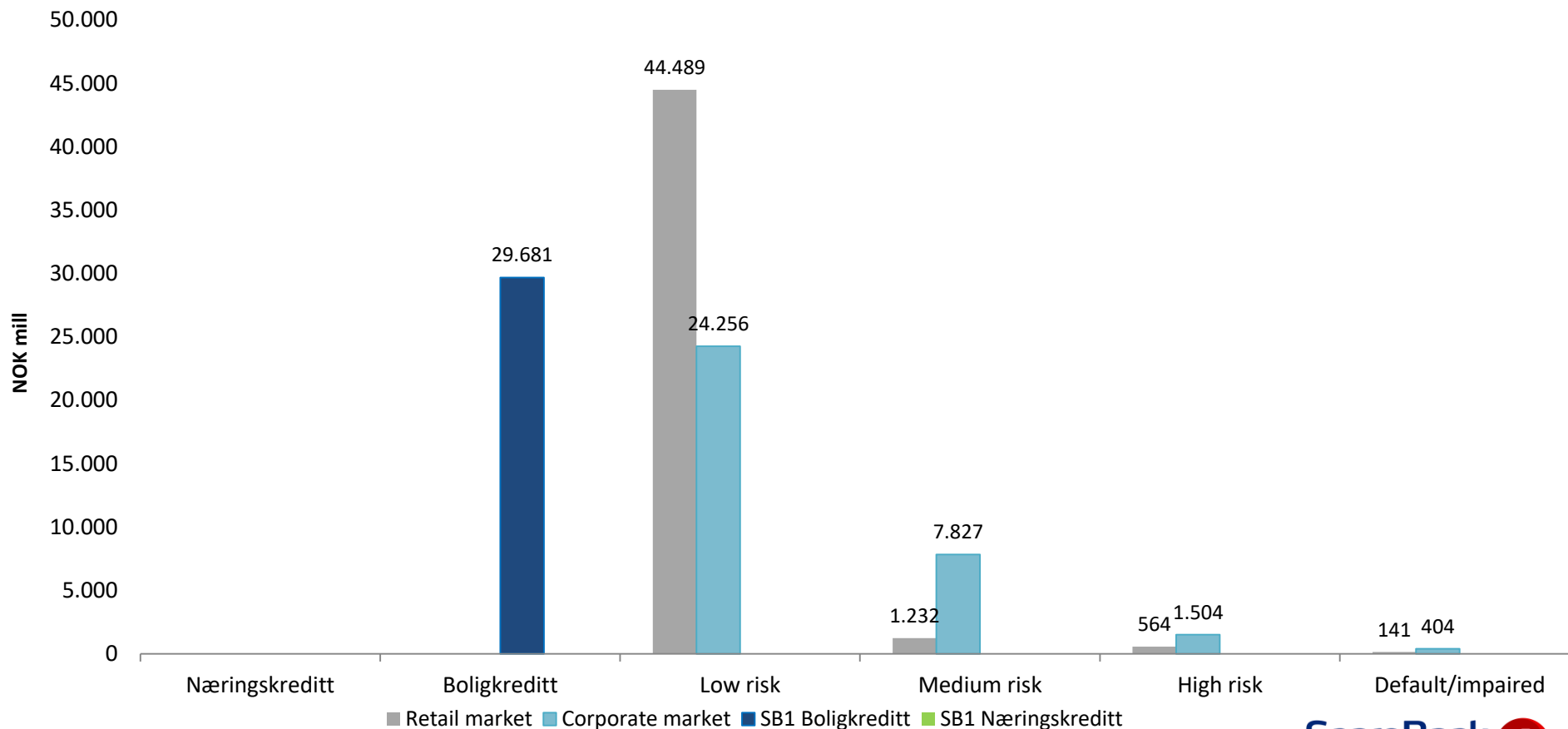
A high share of retail- and primary industry lending represent a risk mitigating factor.

The Group has a well diversified corporate market lending portfolio.

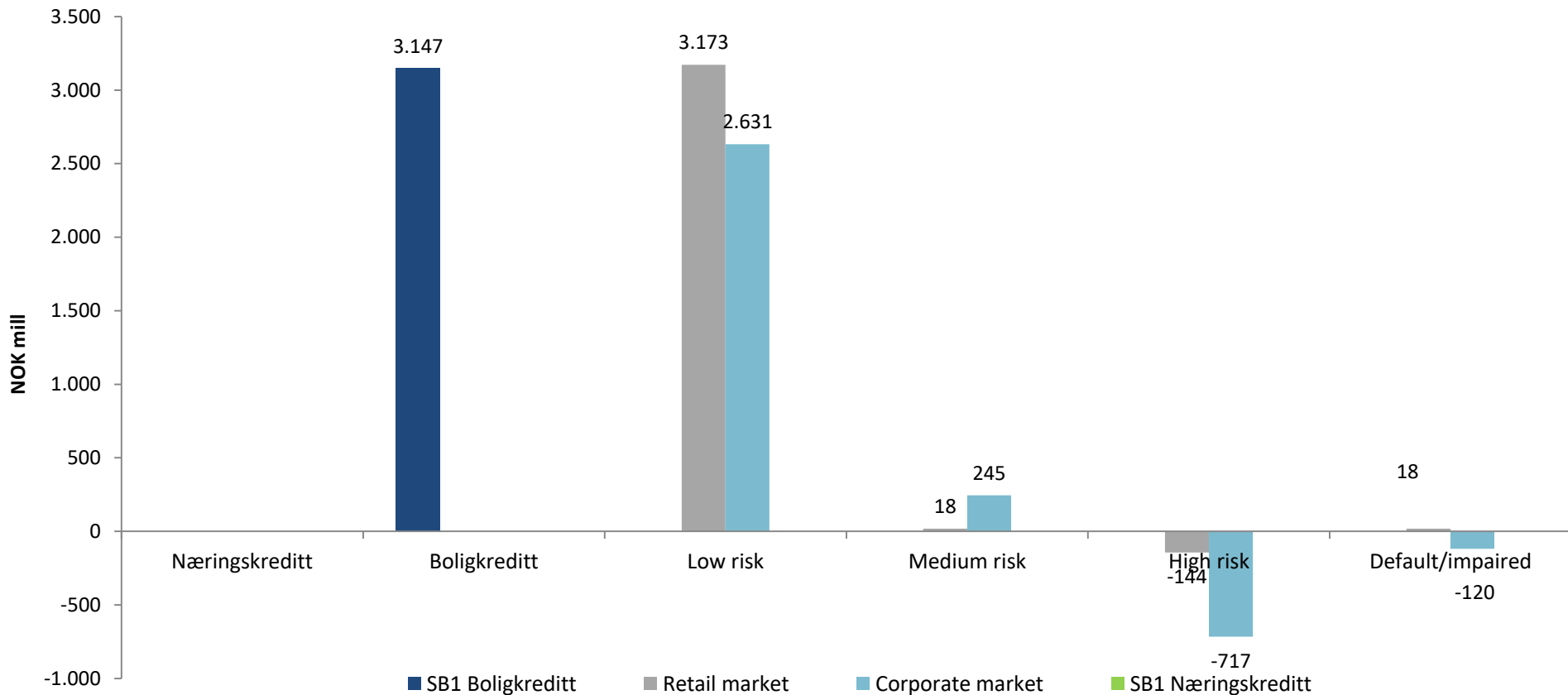
No specific concerns related to the bank's loans to commercial property due to low interest rates and good occupancy rates in the bank's market area.



# Portfolio - exposure as of 30.09.17, parent bank

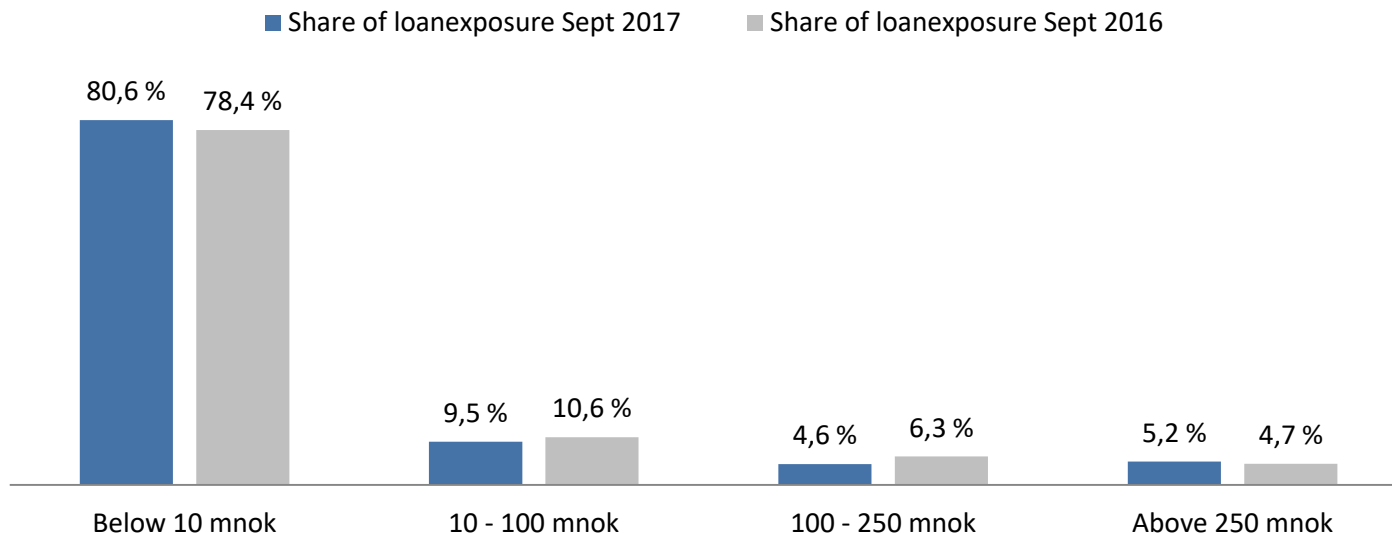


# Portfolio – changes last 12 months, parent bank



# Portfolio - exposure distributed by size

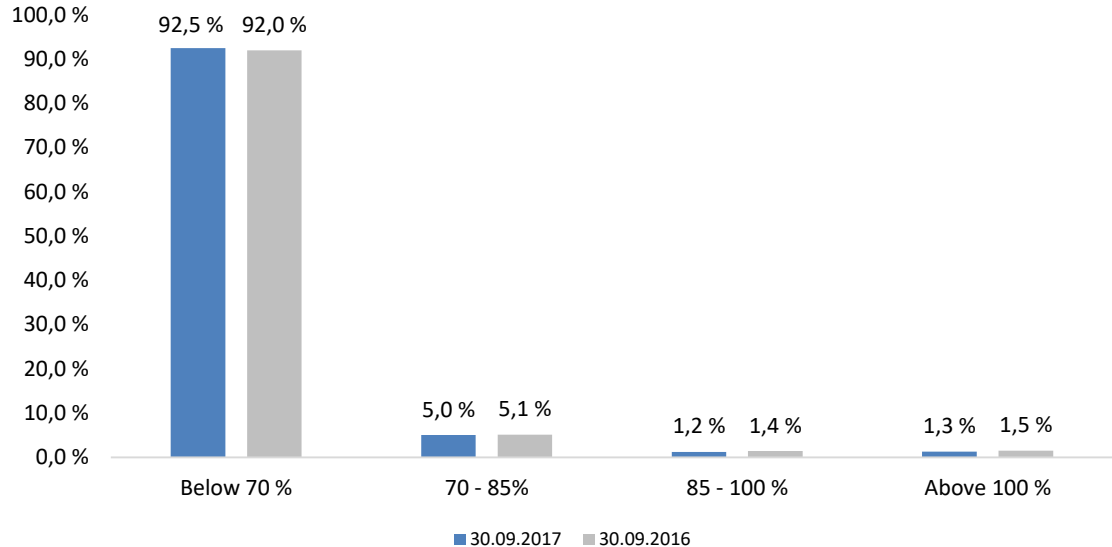
Loans distributed by size of exposure and share of total exposure



Numbers include SB 1 Bolig- and Næringskreditt

# Portfolio – LTV mortgage loans

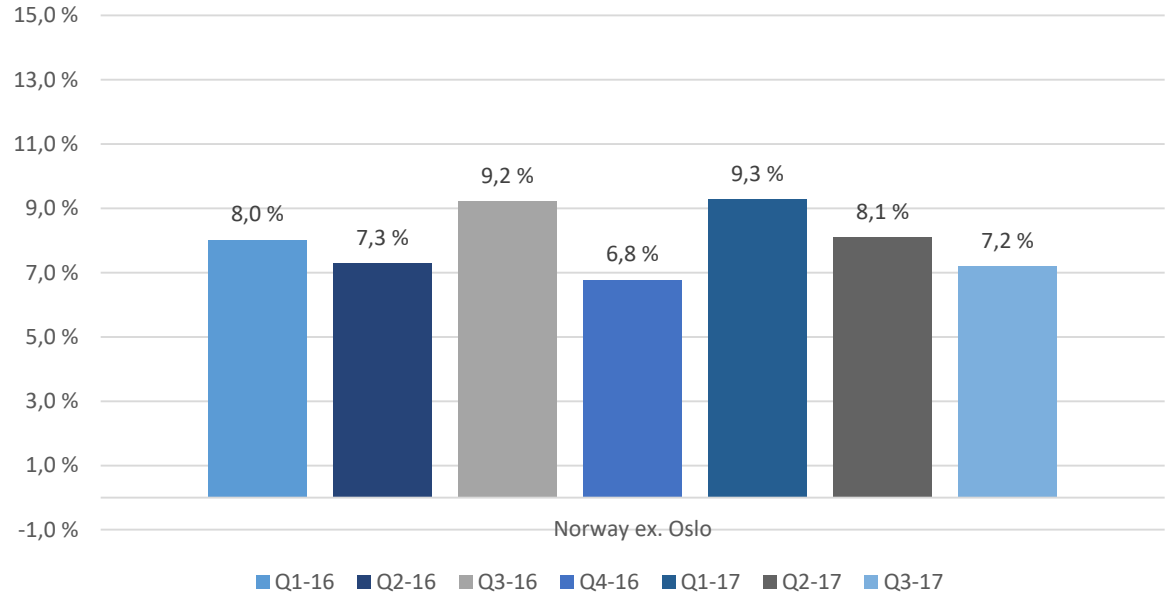
- 97.5 % of exposures are within 85 % of the collateral market value
- Exposures above 85 % are 2.5 %



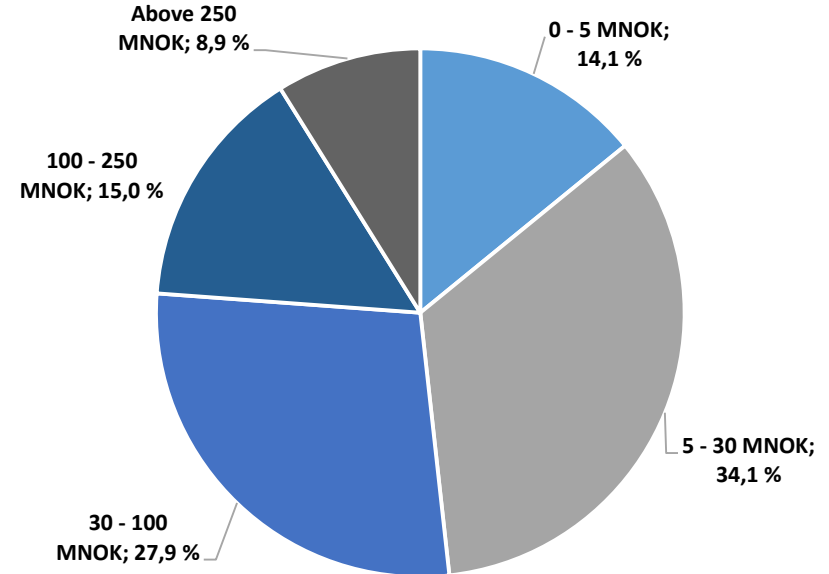
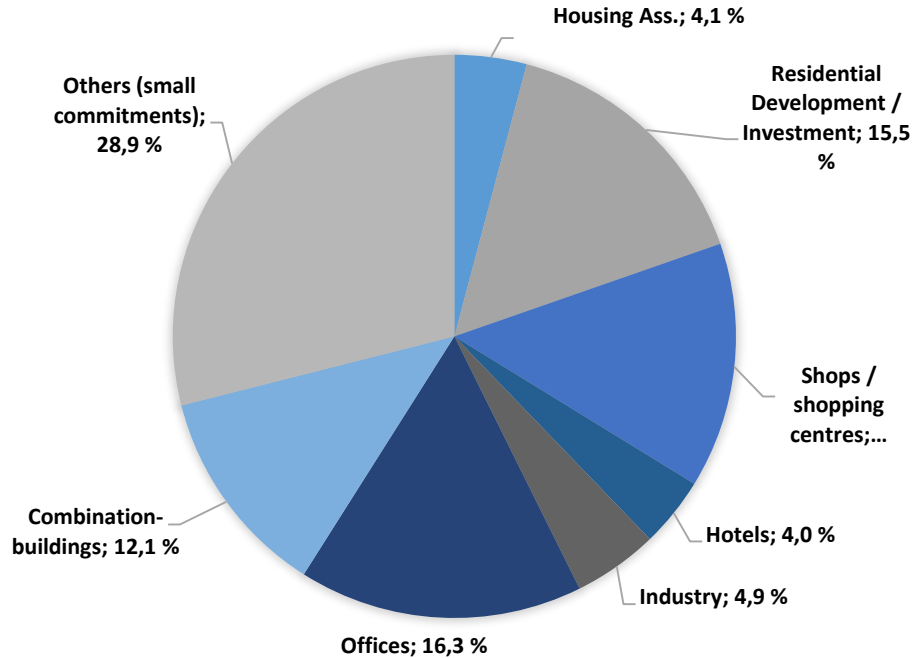
Each loan is distributed in the different intervals. The numbers include the Group's share of SB1 Boligkreditt portfolio.

# Loan approvals – mortgage regulation

- Within the mortgage regulation limit of 10 % for Norway excl. Oslo and 8 % for Oslo
- New regulations from 01.01.2017 has resulted in a tightening of the loan approval process



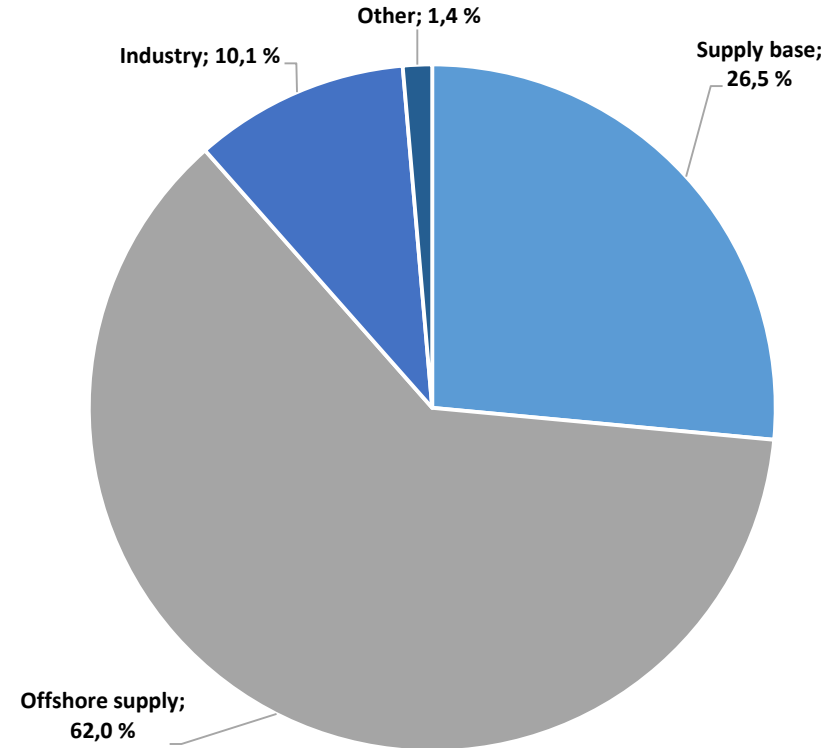
# Portfolio – Commercial Real Estate



- About 50 % of portfolio is rental involving own operations
- 76.2 % of the portfolio are commitments smaller than NOK 100 mill
- No significant commitments where tenants have significant oil related business

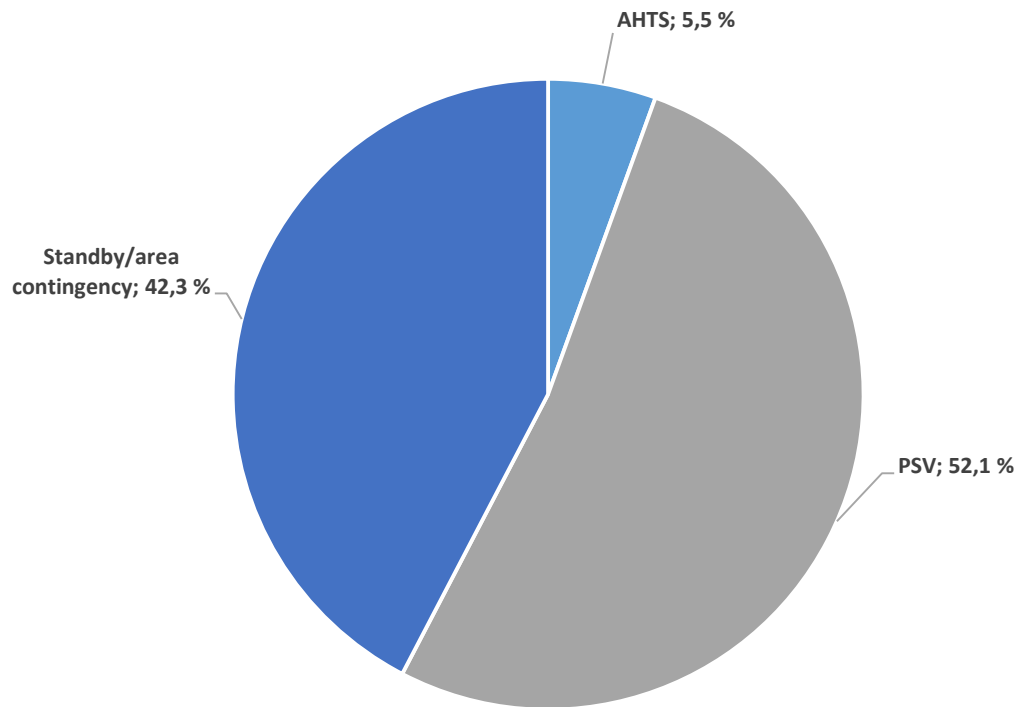
# Portfolio – Oil related exposure

- Oil related exposure amounts to NOK 1,306 mill
- The exposure represents 1.3 % of total lending incl. Næring- and Boligkreditt
- Average weighted probability of default 1.46 %
- A total of NOK 51 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



# Portfolio – Offshore Supply Vessels (OSV)

- OSV amounts to NOK 810 mill
- Average weighted probability of default 1.06 %
- Total amount of 8 vessels\*
- Weighted age 6.4 years\*
- Average weighted contract length 5.4 years\*
- SNN is participant in syndicates on 6 vessels\*

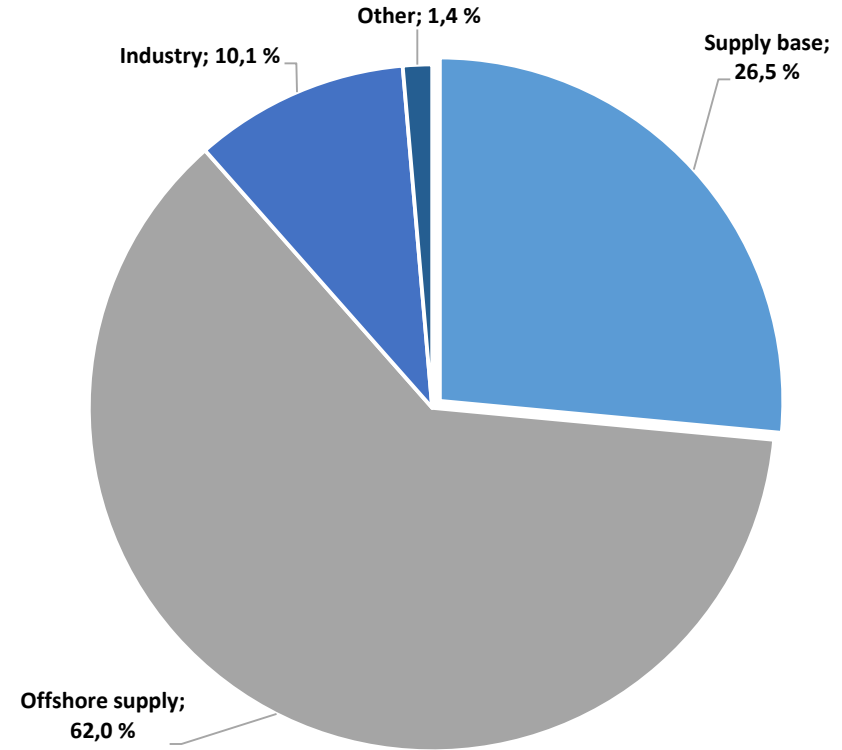


\*Exclusive of barges



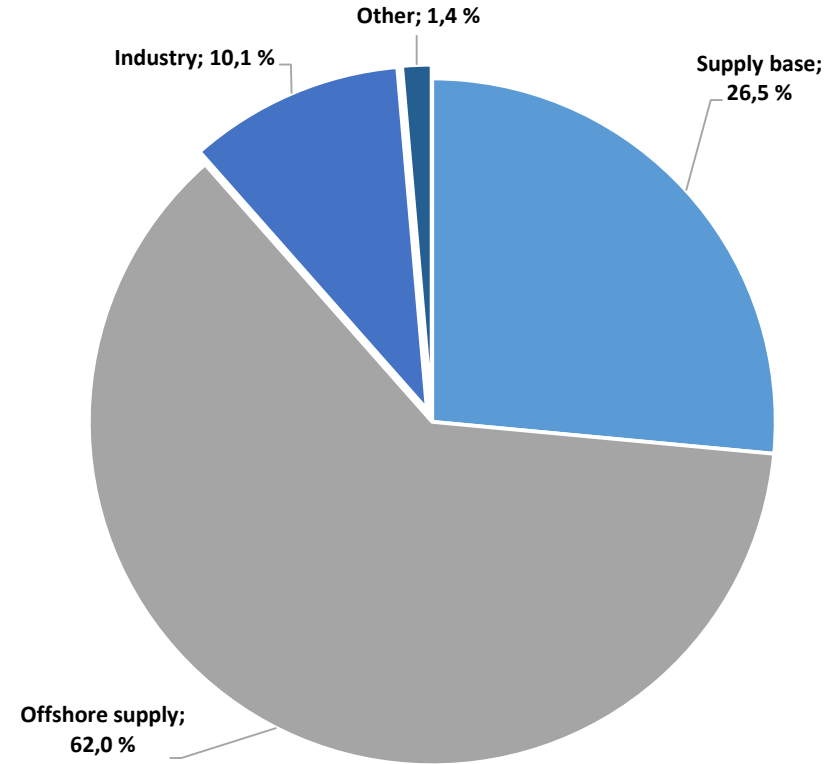
# Portfolio – Supply bases

- Supply base exposure amounts to NOK 346 mill
- Average weighted probability of default 2.01 %
- Customers with long term contracts with solid and strong partners bring about good cash flows in the short and long term

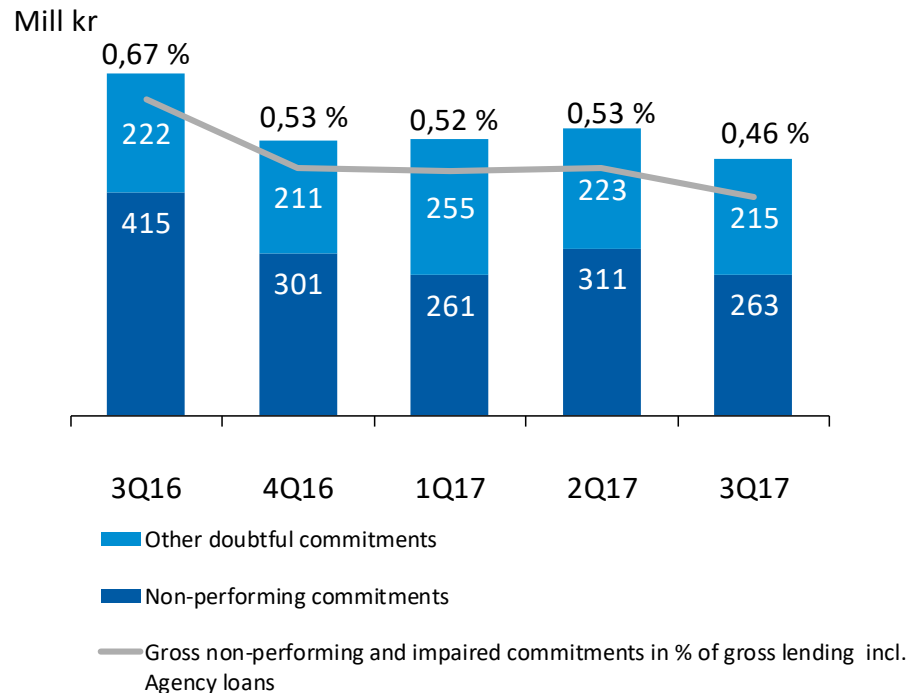
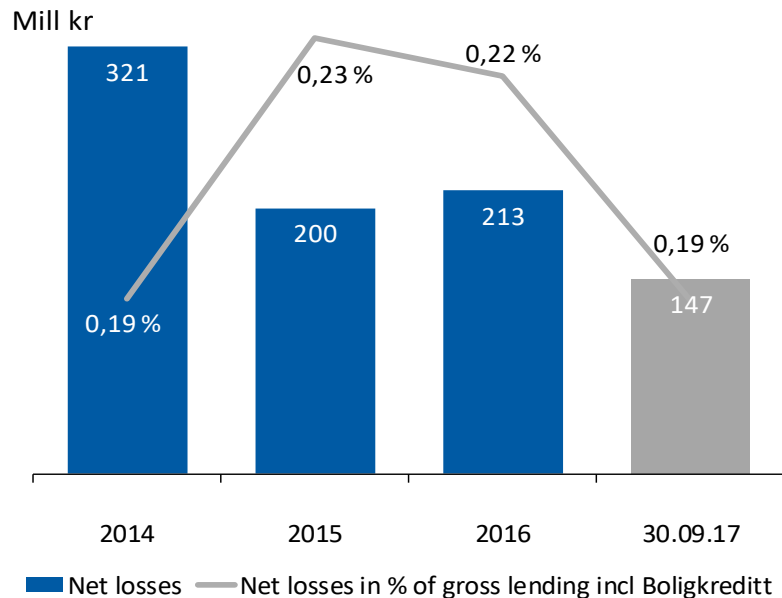


# Portfolio – Industry and Other

- The sector “Industry and Other” amounts to NOK 150 mill, divided into Industry NOK 133 mill and Other NOK 18 mill
- Average weighted probability of default: Industry 2.66 % and Other 3.86 %
- A total of NOK 51 mill non-performing or impaired commitments
- The exposure consists of financing of real estate, transport equipment and working capital



# Losses on loans and guarantees and non-performing commitments



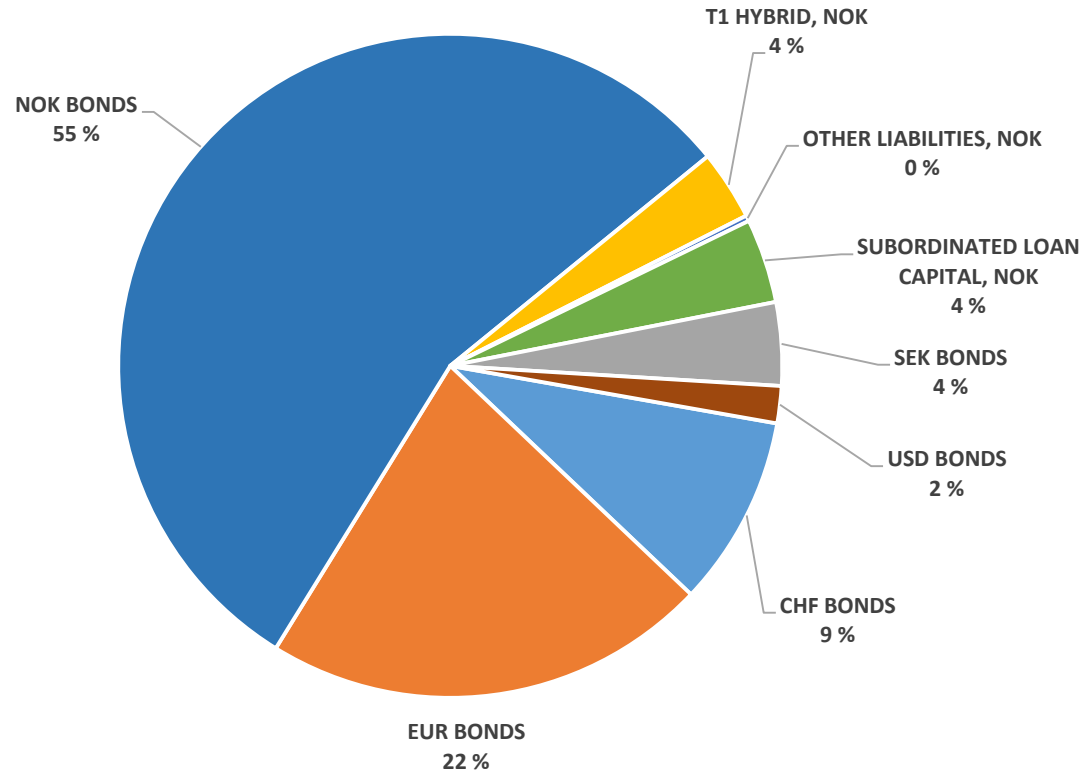
# Loan losses: The Group's write-downs

Write-downs	3rd quarter 2017	3rd quarter 2016	3rd quarter 2017 (iso)	2016
Individual write-downs				
<i>Retail market</i>	<b>-2</b>	<b>4</b>	<b>-1</b>	<b>4</b>
<i>Corporate market</i>	<b>22</b>	<b>34</b>	<b>2</b>	<b>32</b>
<i>SpareBank 1 Finans Nord-Norge</i>	<b>49</b>	<b>36</b>	<b>25</b>	<b>53</b>
<i>Other group units</i>	<b>-</b>	<b>-</b>	<b>0</b>	<b>0</b>
Total individual write-downs	<b>69</b>	<b>74</b>	<b>26</b>	<b>89</b>
Collective write downs and other value change items	<b>78</b>	<b>75</b>	<b>33</b>	<b>125</b>
Effects from consolidations	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total write-down on loans and guarantees	<b>147</b>	<b>149</b>	<b>59</b>	<b>213</b>

4

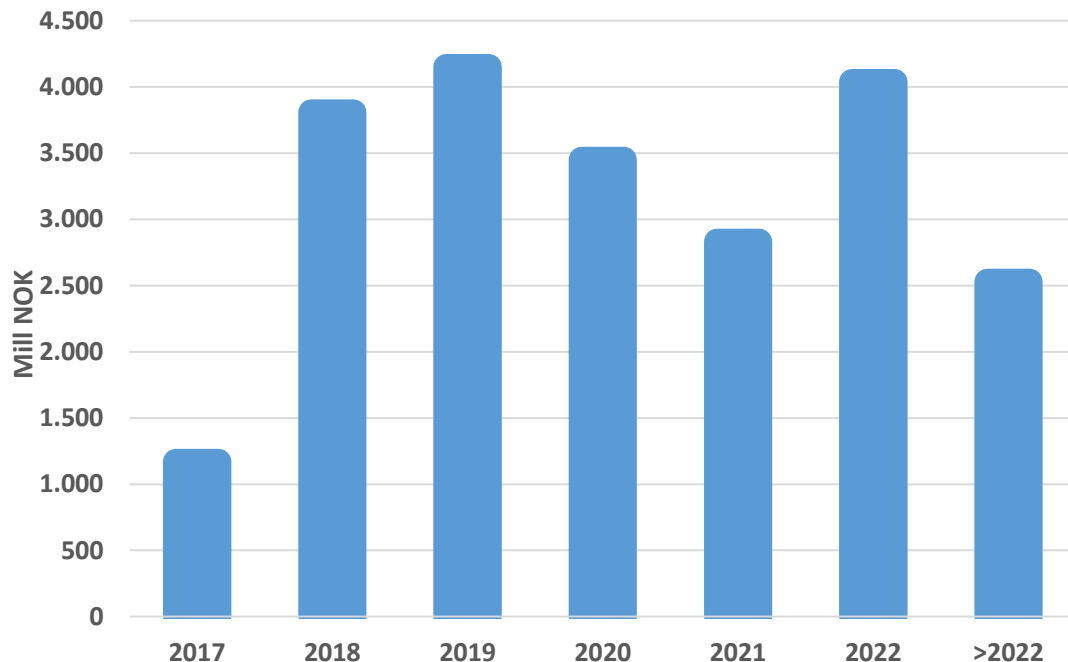
# Liquidity

# Funding instruments 30.09.2017



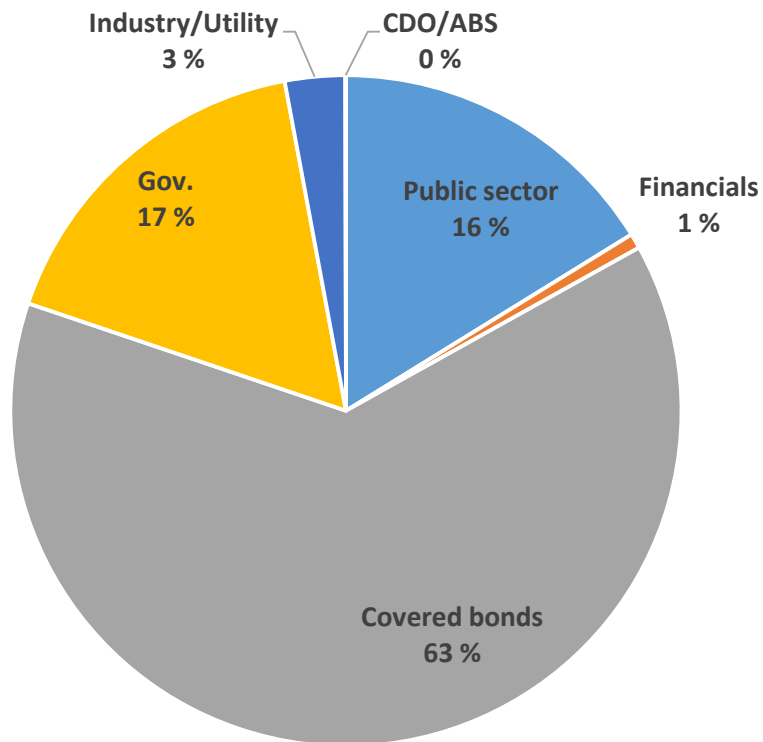
# Maturity profile 30.09.2017

## Capital markets funding (excl. SPABOL)



- Good diversification in terms of maturities
- NOK 21 979 mill in capital market funding exclusive of SB1 Boligkreditt
- SpareBank 1 Boligkreditt is an important funding source. Mortgage loans of NOK 27 945 mill transferred as at 30.09.17
- Amount of gross maturities of capital market funding next 12 months is NOK 3 560 mill

# Liquidity portfolio 30.09.2017





5

# Macro and Economic trends

# The northern Norwegian economy is still growing



Higher growth in the north, compared to Norway as a whole



Relatively small oil sector. Increased estimates for oil and gas resources in the Barents sea.



Seafood export continues to grow (5.8 %). Increased prices, but lower volume for salmon. White fish has growth in volume and prices.



Substantively lower growth in Norway, but the growth is higher in the north.



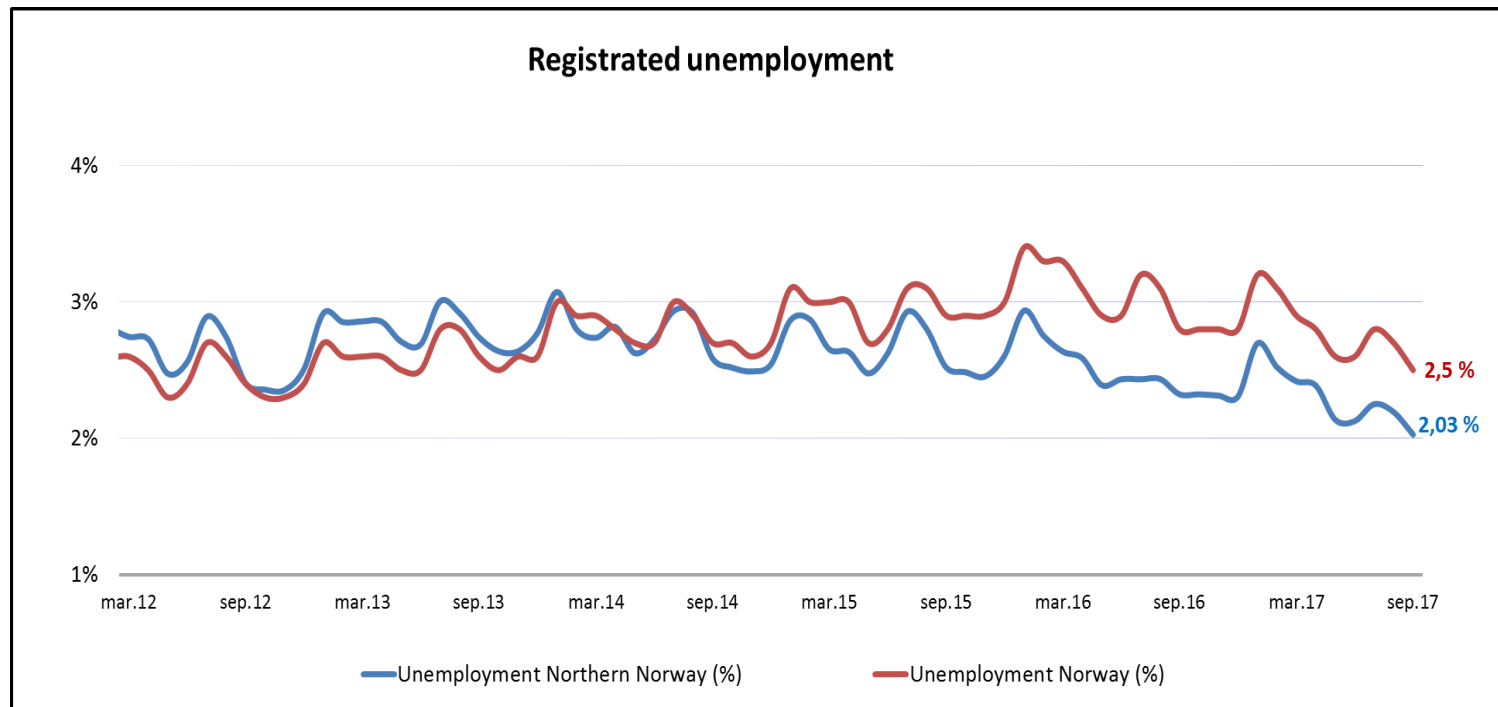
Continued growth in tourism, with increase in foreign overnight stays in the region. Winter tourism is on the rise.



Stable, low unemployment: 2.0 % as of September 2017.

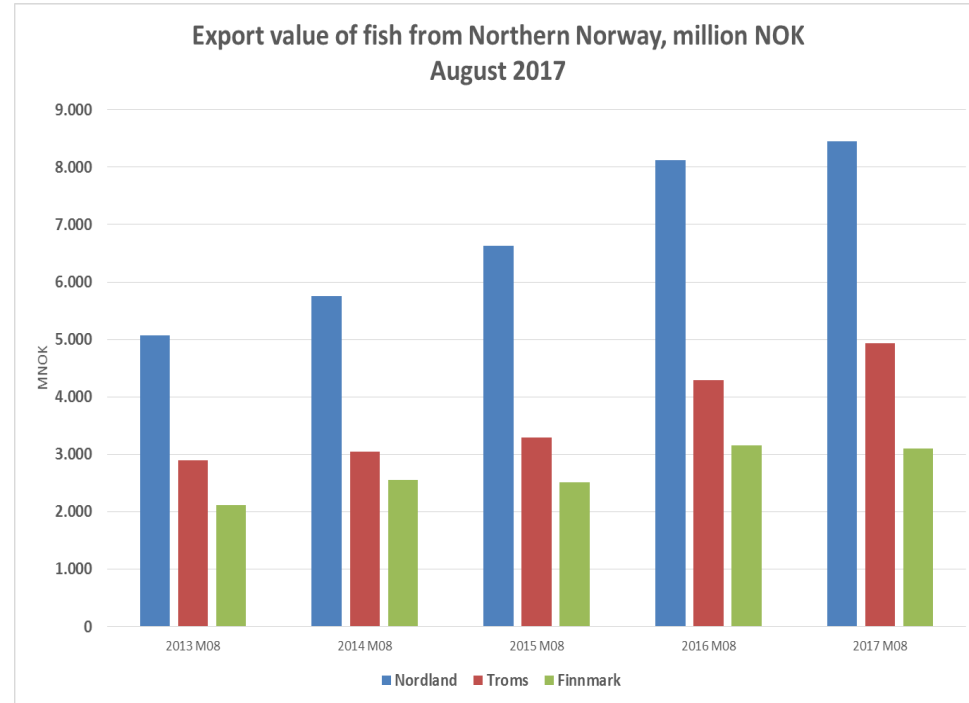
**Going forward:** Prospects of moderate growth in 2017. A strengthened NOK is not positive for the regional export industry. A small slowdown in the house market is positive, after a period of strong growth.

# Stable, low unemployment



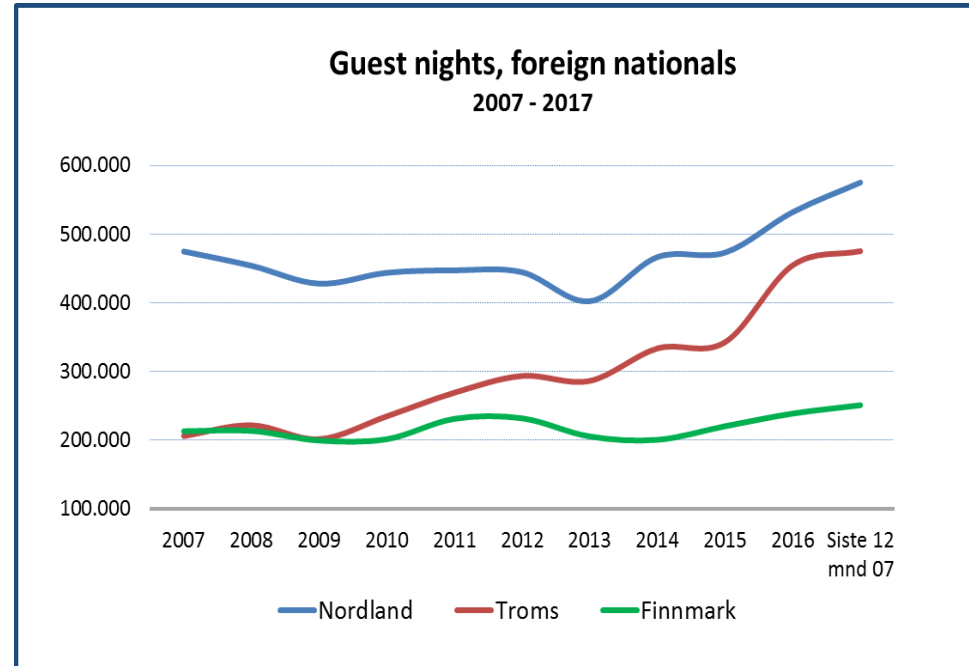
# Seafood – export growth

- Still growth in seafood export value from Northern Norway in 2017 – 3,8 % growth year/today vs. 2016.
- Salmon contribute for around 70 % of total export of seafood, prices are higher for less volume.
- Good development for white fish, both prices and volume is growing.



# Tourism – growth in overnight stays

- Strong growth in number of overnight stays.
- Firm growth in foreign overnight stays, and strong contribution from winter tourism.
- 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 og Polarled
  - Polarled – pipeline completed in 2015
  - Production start-up in 2018
- Several promising discovery in Barents Sea
  - Johan Castberg – investment decision in 2017
  - Alta/Gotha
  - Wisting
- 2017 is a promising year for discovering
  - Several prospects in the Barents Sea
  - New fields in Norwegian Sea
- The Norwegian Petroleum Directorate has increased their estimates for oil and gas deposits in the Barents Sea.

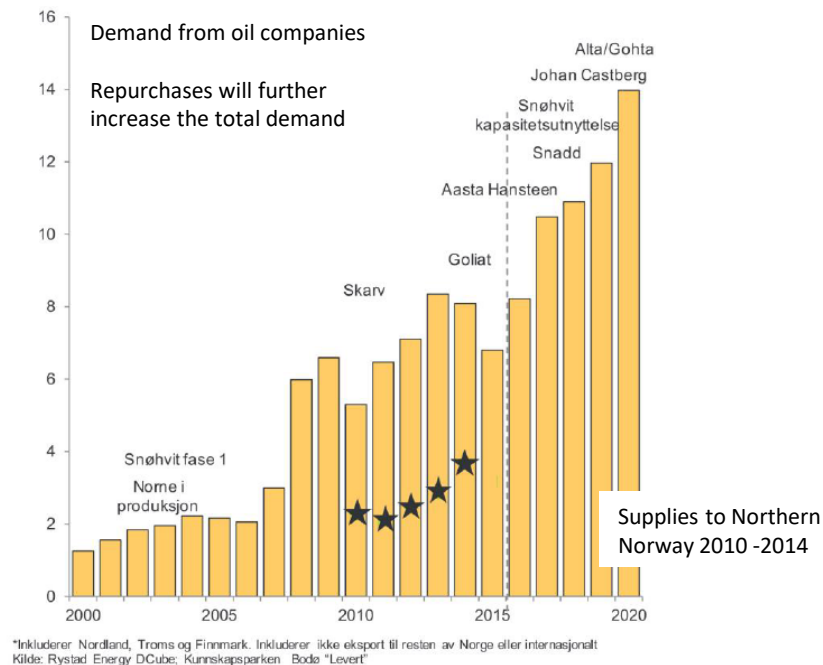
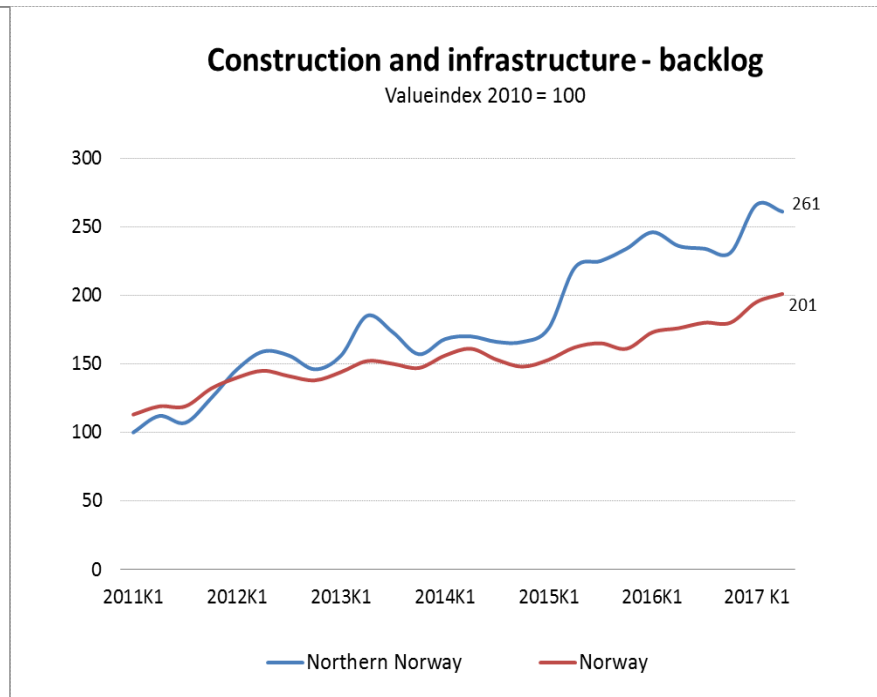
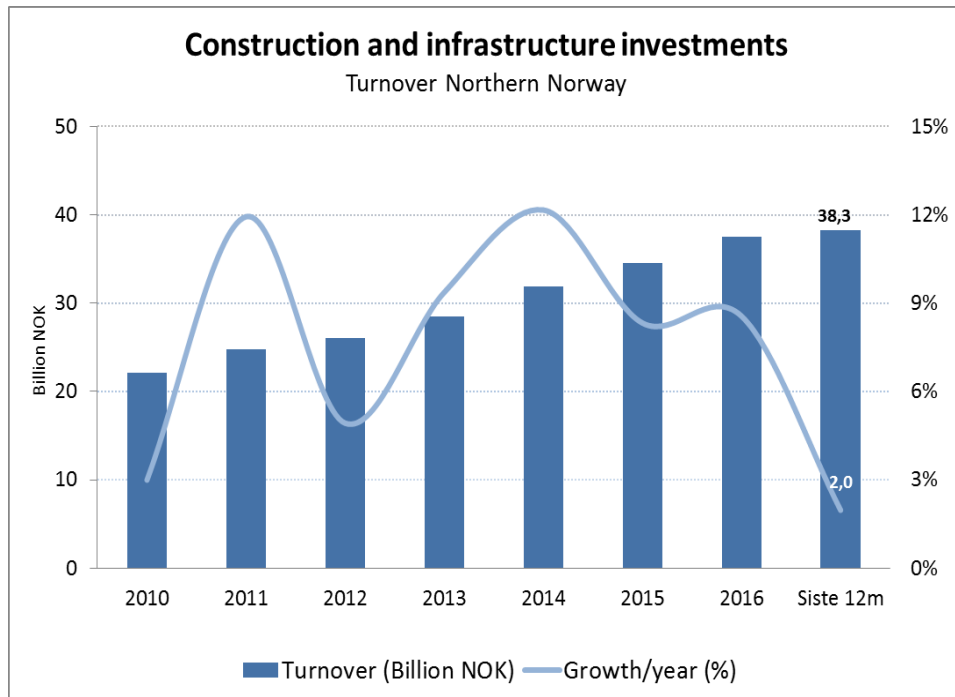
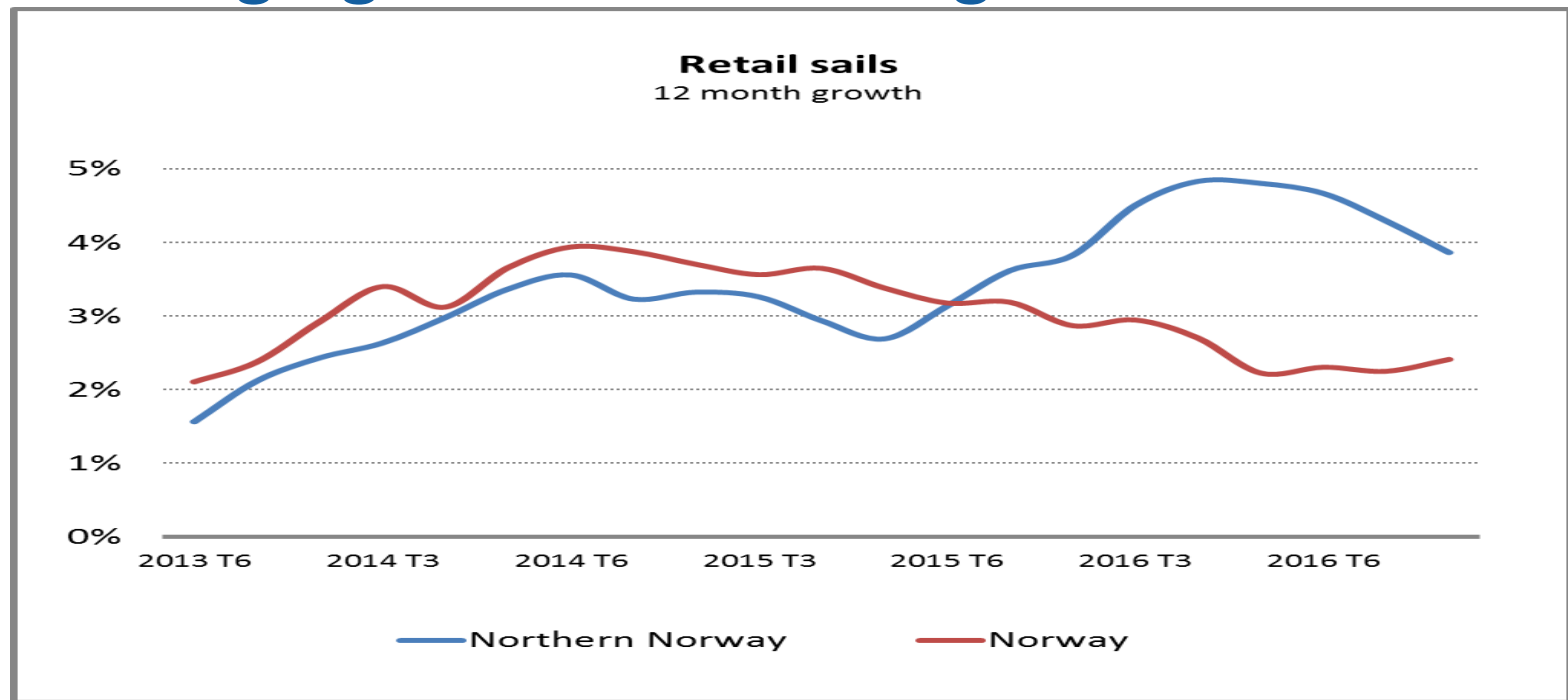


Figure: Petro Foresight 2030, February 2016

# The activity in construction is solid, but growth is lower. Firm backlog



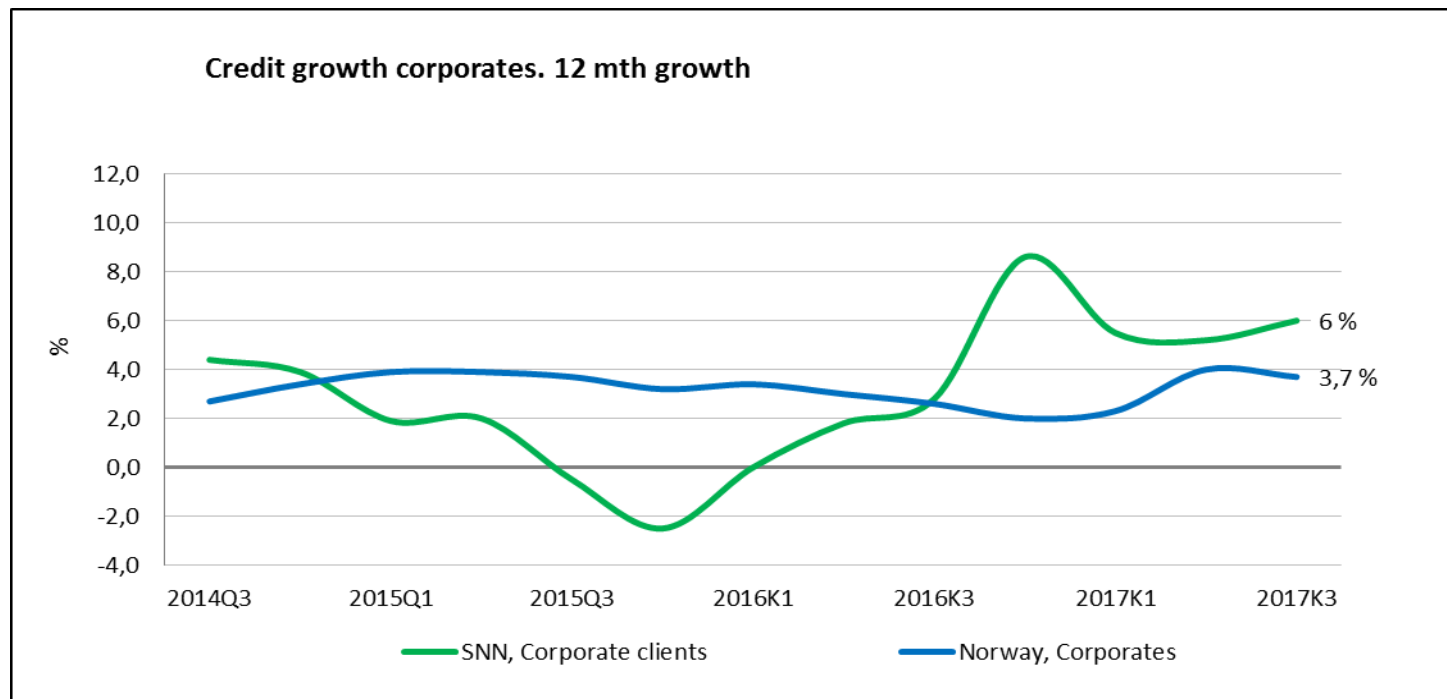
# Retail sales grows more in Northern Norway, although growth is declining



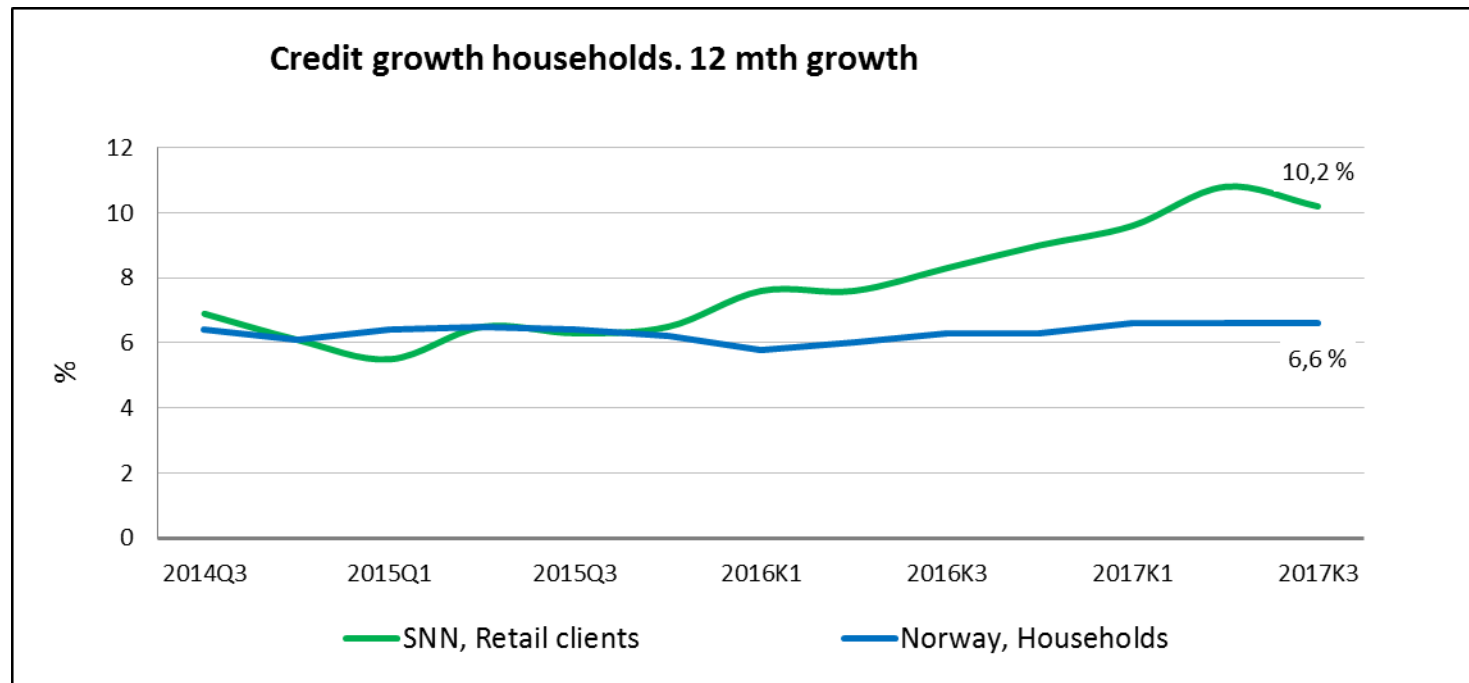
Kilde: SSB, retail sales



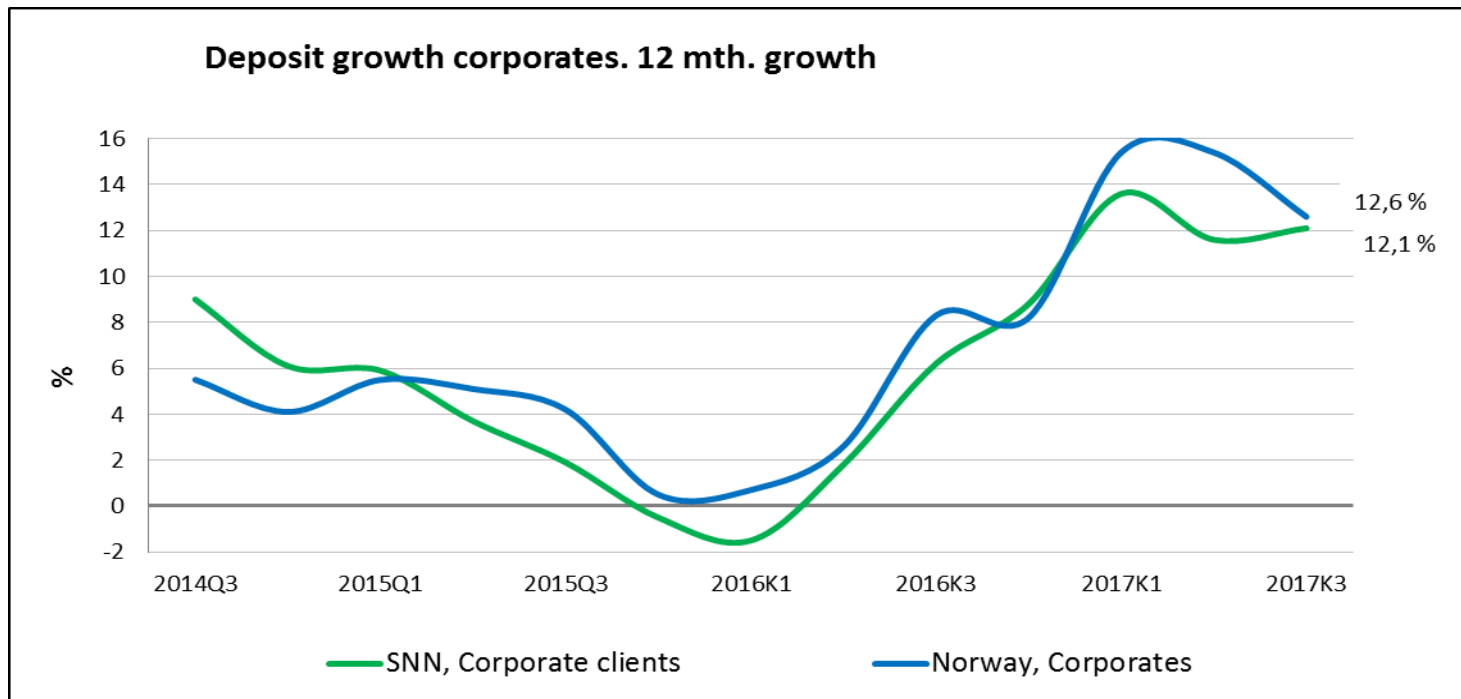
# Credit growth corporates



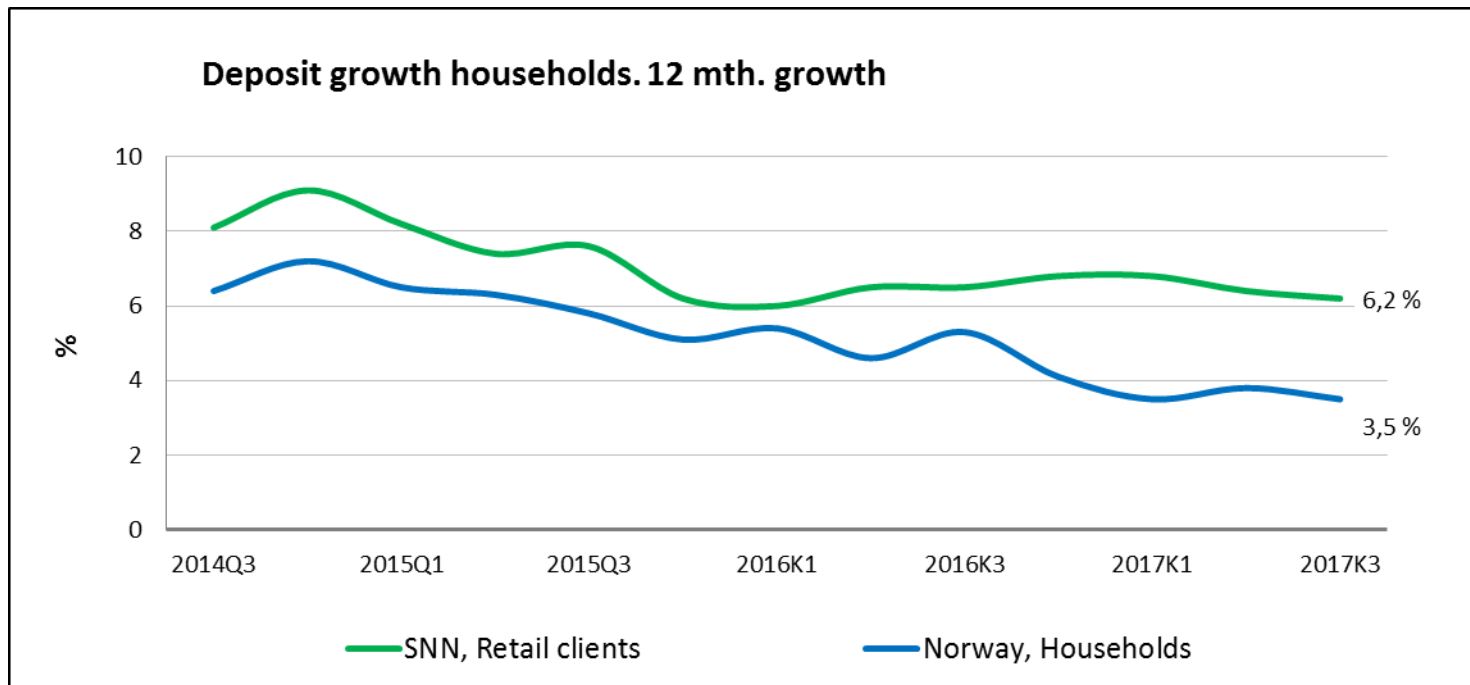
# Credit growth households



# Deposit growth corporates



# Deposit growth households



6

# SpareBank 1 Group and Alliance

# The idea behind the SpareBank 1 Alliance

## The banks in the alliance want to:



Achieve  
critical level  
of  
competence



Share  
development  
costs



Achieve  
economies  
of scale



Retain their own  
name and continue  
as independent  
legal entities



Still be able to exploit  
each bank's proximity to  
their local market

# The SpareBank 1 Alliance



**SpareBank 1 Mobilbetaling AS**  
(mCASH)

**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 (SB1G)

**SpareBank 1 Forsikring AS**  
(Life insurance)

**SpareBank 1 Skadeforsikring AS**  
(Non-life insurance)

**ODIN Forvaltning AS**  
(Fund management)

**SpareBank 1 Medlemskort AS**  
(LOfavør)

**Conecto AS**  
(Debt collection)

**SpareBank 1 Gruppen Finans AS**  
(Factoring – Portfolio)

## Banksamarbeidet DA (BS)

**EiendomsMegler 1 Norge AS**

**SpareBank 1 Kundesenter AS**

**SpareBank 1 Verdipapirservice AS**

**SpareBank 1 ID AS**

**SpareBank 1 Asept AS**

# Strong results from jointly owned companies in SpareBank 1

SpareBank 1  
Gruppen

**Product companies:** Forsikring (Insurance), Odin,  
Conecto, Finans, Medlemskort

As of Q2 2017: Pre-tax profit MNOK 904 (MNOK 912)

Significant underlying values and high innovation rate

Other joint  
product  
companies

Kredittkort, Boligkreditt, Næringskreditt,  
SB1 Markets, BN Bank

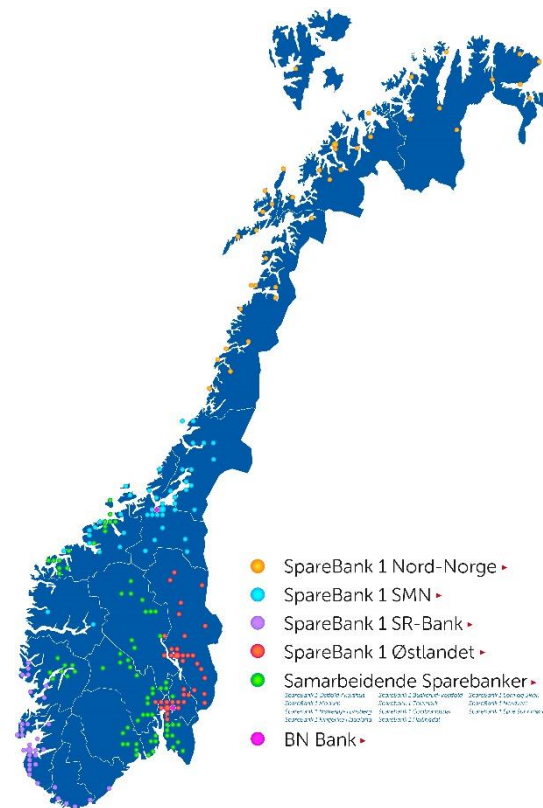
SpareBank 1  
Bank-  
samarbeidet

Joint business platform and development within:  
IT, credit, marketing and employee skills  
Joint customer center

Common  
ownership

Ownership in Norwegian infrastructure: Vipps, Bank Asept,  
BankID

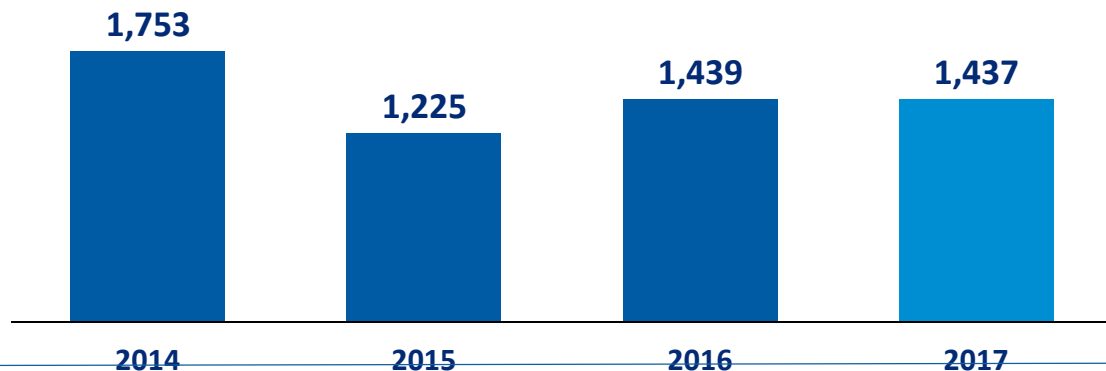
Gives considerable national strength





# Pre-tax operating profit. SpareBank 1 Gruppen

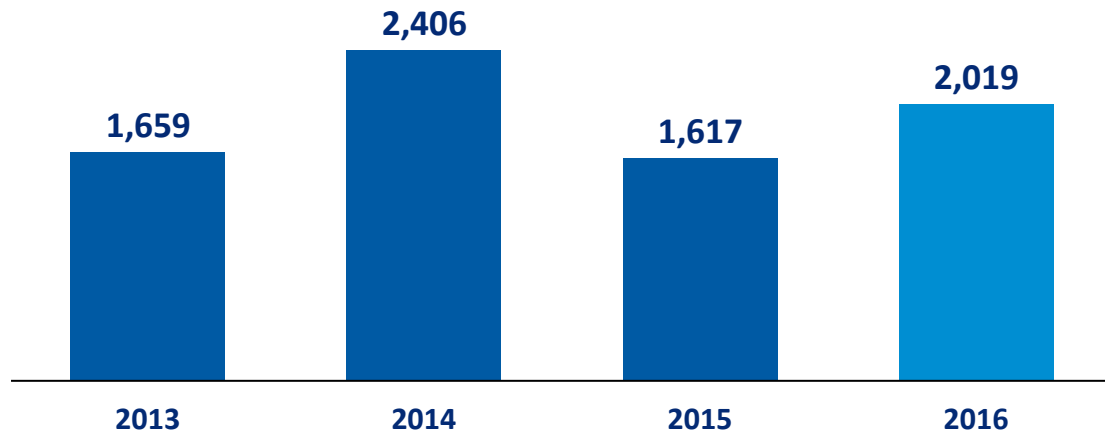
As per 3rd quarter (MNOK)



- Return on equity as per 3rd quarter:

2017	19.4 %
2016	17.1 %

For the full year (MNOK)

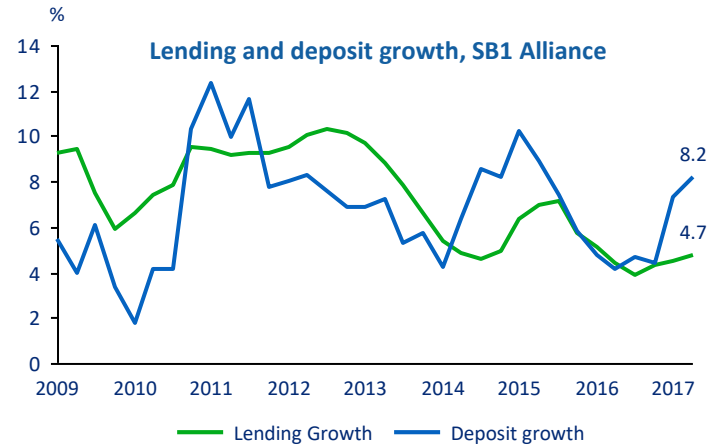
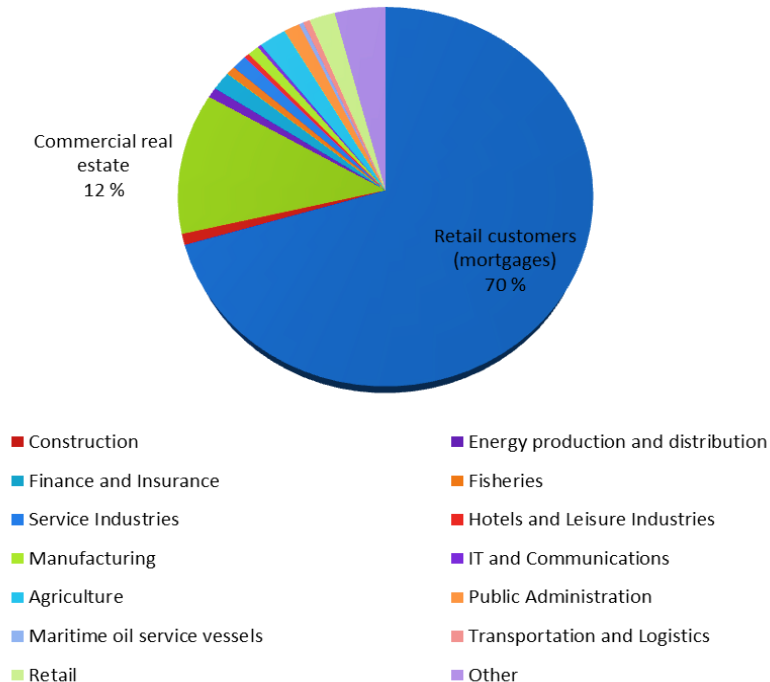


- Return on equity for the full year:

2016	19.1 %
2015	17.2 %
2014	28.0 %
2013	20.3 %

# SpareBank 1 Alliance – lending composition

## As per Q2 2017

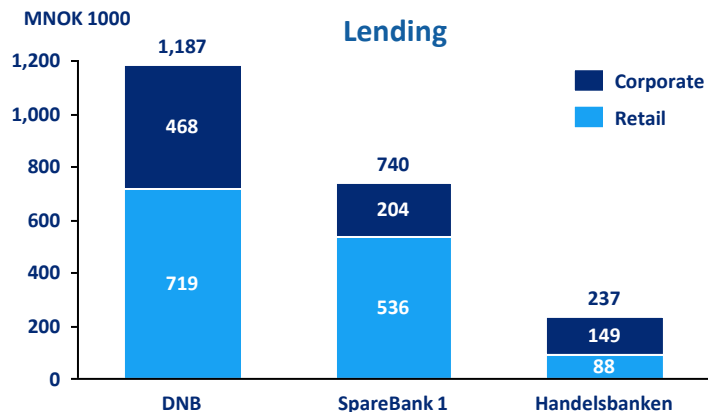


- **Total lending: approx. NOK 760 bn.**
- **Mortgages: approx. NOK 535 bn.**
- **Share of mortgages bought by Boligkreditt: approx. 33 %**

# SpareBank 1 Alliance – market position

## As per Q2 2017

- 2nd largest banking group in the market.
- Regional market share leader with 30-50% shares.



\*) DNB's corporate loans are not including large international customers.

\*\*) Nordea does not specify volumes in Norway and is hence not included here.

