

## ISSUER PROFILE

21 September 2018

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## SpareBank 1 Nord-Norge

### Key Facts and Statistics - H1 June 2018

#### Company overview

SpareBank 1 Nord-Norge is a regional savings bank in northern Norway that provides retail and corporate customers with a range of banking products and services, including finance, savings, insurance and payment transmission services. As of 30 June 2018, its consolidated assets<sup>1</sup> totalled NOK103.9 billion (€10.9 billion).

SpareBank 1 Nord-Norge is one of the founding members of the SpareBank 1 Alliance. The financial holding company SpareBank 1 Gruppen AS is collectively owned by SpareBank 1 SR-Bank ASA, SpareBank 1 SMN, SpareBank 1 Nord-Norge, SpareBank 1 Østlandet, Samarbeidende Sparebanker AS and the Norwegian Confederation of Trade Unions (Federation of Trade Unions). SpareBank 1 Gruppen AS encompasses joint product companies (including fund management, and life and non-life insurance businesses), and provides for joint marketing and the development of common IT and internet platforms.

The bank was established via a series of mergers over 1989–92, starting with the 1989 merger of Sparebanken Nord and Tromsø Sparebank.

As of 30 June 2018, the 10 largest holders of SpareBank 1 Nord-Norge's equity certificates (ECs) accounted for 22.6% of its ECs. As of that date, the largest holder was Pareto Aksje Norge, with a 3.04% stake. The bank's ECs are listed on the Oslo Stock Exchange (stock code: NONG).

Note: Currency converted using exchange rate of NOK–€0.10522, as of 30 June 2018

Source: Company reports (annual report Dec 2017, Dec 2014 and Dec 2007, Q2 presentation June 2018, quarterly report Q2 June 2018), Company data, www.oanda.com, Moody's research, Oslo Stock Exchange

## Financial highlights

Note: The financials presented below are those reported by the entity and are not adjusted for Moody's analytic purposes. For Moody's generated ratios on SpareBank 1 Nord-Norge, please see <[SpareBank 1 Nord-Norge](#) page on moodys.com>

Exhibit 1

### Latest full-year results

#### SpareBank 1 Nord-Norge

(in NOK Million)	31-Dec-17	31-Dec-16	31-Dec-15	% Change 17/16	% Change 16/15
NOK/€ Period end	0.10157	0.11005	0.10452	-	-
Total Assets	97,186	90,501	85,403	7.39	5.97
Total Shareholders' Equity	12,299	11,011	9,961	11.70	10.54
Shareholders' Equity excluding Minority Interest	12,299	11,011	9,961	11.70	10.54
Total Regulatory Capital	12,141	11,229	10,358	8.12	8.41
Tier 1 Ratio (%)	16.20	16.30	15.10	(10) bps	120 bps
Net Income	1,440	1,253	865	14.92	44.86
Net Income Attributable to Equity Holders	1,431	1,253	872	14.21	43.69

Note: Based on consolidated financial data

Source: Moody's Research, [www.oanda.com](#)

Exhibit 2

### Latest first-half results

#### SpareBank 1 Nord-Norge

(in NOK Million)	30-Jun-18	30-Jun-17	% Change 18/17
NOK/€ Period end	0.10522	0.10426	-
Total Assets	103,890	95,822	8.42
Total Shareholders' Equity	12,113	11,281	7.38
Shareholders' Equity excluding Minority Interest	12,113	11,281	7.38
Total Regulatory Capital	12,231	12,039	1.59
Tier 1 Ratio (%)	15.40	16.22	(82) bps
Net Income	773	669	15.55
Net Income Attributable to Equity Holders	767	665	15.34

Note: Based on consolidated financial data

Source: Moody's research, [www.oanda.com](#)

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on [www.moodys.com](#) for the most updated credit rating action information and rating history.

## Business description

SpareBank 1 Nord-Norge is a regional savings bank that provides both retail and corporate customers with a range of banking products and services. It also provides various products and services through both its subsidiaries and the product companies within SpareBank 1 Gruppen AS. These include asset management services, leasing and secured financing facilities (SpareBank 1 Finans Nord-Norge AS) and real estate brokerage (EiendomsMegler 1 Nord-Norge AS).

The bank organises its business activities through the following five segments: Retail Banking; Corporate; Leasing; Markets; and Other. For the financial year ending 31 December 2017 (2017), the largest contributor to the bank's total income was the Retail Banking segment (46.2%).

**Retail Banking:** This segment provides its retail customers with financing products and services, including deposit-taking, loans, credit cards and payment transmission services. In addition, it offers savings and insurance products (life and non-life). SpareBank 1 Nord-Norge is a savings bank and its core business is the retail market. SpareBank 1 Nord-Norge is one of the leading players in the northern Norway retail market, with 350,000 private customers, as of 31 December 2017. As of the same date, 58.5% of its total on balance sheet loans were to retail customers.

**Corporate:** This segment mainly provides services to corporates, primarily small and medium-size enterprises, and public-sector clients. It provides a range of financial solutions, such as deposit-taking and finance activities, remittance facilities, factoring, foreign exchange, pensions, credit cards, point-of-sale and payment terminals, leasing facilities, operating credit and insurance products. As of 31 December 2017, 41.5% of the bank's total on balance sheet loans were to corporates.

**Leasing:** This segment includes leasing operations and secured loan financing.

**Markets:** This segment comprises the customer-oriented business of the bank's former capital markets section, SpareBank 1 Nord-Norge Securities, and the bank's savings and investment advisers. The services offered include trading in securities, bonds and derivatives. It also offers currency and fixed-income products and services, including currency hedging, spot trading, currency trading, currency financing, commercial papers and bonds.

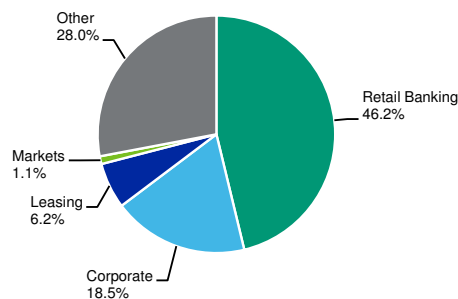
**Other:** This segment comprises the bank's own investment activities and other activities that cannot be allocated to other segments.

Source: Company reports (annual report Dec 2017, Dec 2016 and Dec 2014, quarterly report Q2 June 2018, Q2 presentation June 2018), Company data, Moody's research

Exhibit 3

### Business segment

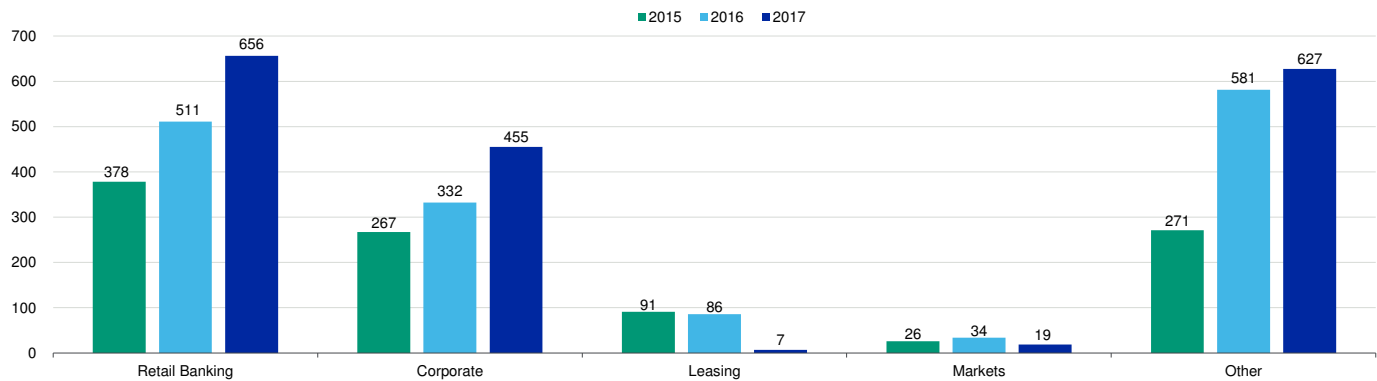
(% of Total income, consolidated, for 2017)



Source: Company report (annual report Dec 2017, Pg: 56)

Exhibit 4

**Pre-tax profit per business segment**  
(consolidated, in NOK Million)



Source: Company reports (annual report Dec 2017, pg 56 and Dec 2016, Pg 50)

SpareBank 1 Nord-Norge's gross loan portfolio according to sector was as follows:

Exhibit 5

**SpareBank 1 Nord-Norge**

Gross Loans By Sector (%)	31-Dec-17	31-Dec-16
Retail market	58.53	60.09
Real estate activities	14.25	11.66
Fishing and aquaculture	5.66	5.63
Transportation	5.33	6.18
Power and water supply and construction	3.11	3.49
Manufacturing	3.01	3.20
Service industries	2.94	2.24
Commodity trade, hotel and restaurant industry	2.78	2.55
Financial and insurance activities	2.05	2.28
Agriculture and forestry	1.58	1.62
Government	0.76	1.06
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

Source: Company report (annual report Dec 2017)

## Distribution channels

SpareBank 1 Nord-Norge is a regional savings bank that operates mainly in northern Norway, principally in the regions of Finnmark, Troms, Nordland and Svalbard. As of 30 June 2018, SpareBank 1 Nord-Norge operated through a network of 38 local branches (30 June 2017: 38).

SpareBank 1 Nord-Norge benefits from the nationwide distribution network of the SpareBank 1 Alliance, which comprises around 225 branches throughout Norway. In addition, the bank distributes its offerings through a number of alternative channels, including ATMs and telephone and internet banking. In January 2018, the bank expanded its distribution network with a new direct bank.

SpareBank 1 Nord-Norge's retail market share in North-Norway is around 34% and it commanded a market share in the SME segment of 41% as of 30 June 2018.

*Source: Company reports (annual report Dec 2017, quarterly report Q2 June 2018), Company data, Norwegian Financial Services Association, Moody's research*

## Ownership structure

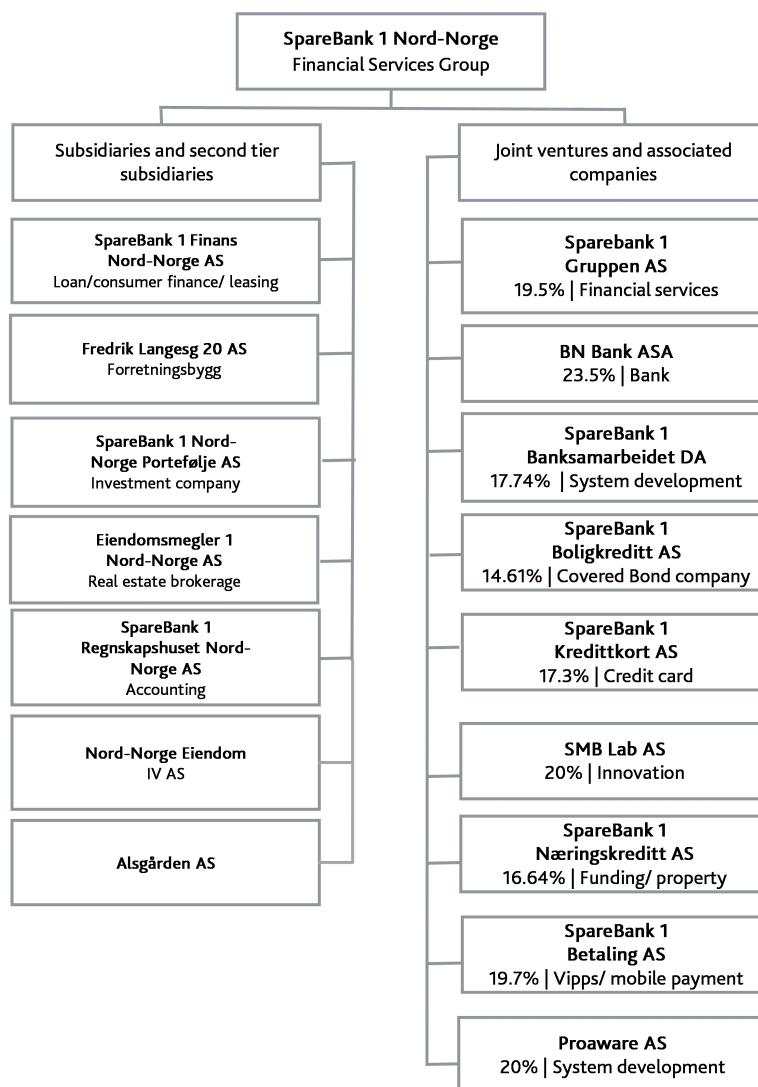
As a Norwegian savings bank, SpareBank 1 Nord-Norge has a specific ownership structure with two ownership groups: The Bank's equity certificate holders (EC-holders) owned 46.4% (equity certificate fraction) of the Bank's equity capital, as of 30 June 2018, while 53.6% was community-owned. The main difference between ECs and shares is that ECs give ownership rights to specific components of a bank's capital. In addition, the governing bodies of a savings bank have a broader representation than those of a commercial bank. In July 2009, however, certain amendments to legislation reduced the differences between ECs and shares.

The bank's ECs are traded on the Oslo Stock Exchange, which is regulated by Finanstilsynet (stock code: NONG). As of 30 June 2018, SpareBank 1 Nord-Norge had 100,398,016 ECs in issue. Its largest holder, Pareto Aksje Norge, held a 3.04% stake. As of that date, the 10 largest EC holders jointly accounted for 22.6% of the ECs issued by the bank, while the top 20 accounted for 33.04%.

*Source: Company reports (annual report Dec 2017 and Dec 2009, quarterly report Q2 June 2018, presentation Q2 June 2018), [www.finanstilsynet.no](http://www.finanstilsynet.no), Oslo Stock Exchange, Moody's research*

Exhibit 6

## Organisational Chart as of 30 June 2018



Source: Company report (quarterly report June 2018)

As of 30 June 2018, SpareBank 1 Nord-Norge's top 10 EC holders were as follows:

Exhibit 7

## SpareBank 1 Nord-Norge

Top 10 EC Holders	Number of ECs	% Held
Pareto Aksje Norge	3,053,156	3.04
State Street Bank And Trust Comp A/C Client Omnibus F	2,977,898	2.97
The Northern Trust Comp. London BR non-treaty account	2,883,711	2.87
MP Pensjon Pk	2,697,811	2.69
Geveran Trading Co Ltd	2,693,280	2.68
Flps - Princ All Sec Stock Sub	2,320,163	2.31
Meteva AS	1,614,670	1.61
Vpf Eika Egenkapitalbevis C/O Eika Kapitalforvaltning AS	1,545,176	1.54
Morgan Stanley And Co Intl Plc Bny Mellon Sa/Nv	1,512,747	1.51
Sparebankstiftelsen Sparebank 1 Nord-Norge	1,411,606	1.41

Source: Company report (quarterly presentation Q2 June 2018)

## Company management

Exhibit 8

### SpareBank 1 Nord-Norge

Company Directors	Current Title
Jan-Frode Janson	SpareBank 1 Nord-Norge: Chief Executive Officer
Liv B. Ulriksen	SpareBank 1 Nord-Norge: Chief Risk Officer
Geir Andreassen	SpareBank 1 Nord-Norge: Chief Technology Officer
Rolf Eigil Bygdnes	SpareBank 1 Nord-Norge: Chief Financial Officer
Ronni Møller Pettersen	SpareBank 1 Nord-Norge: Chief Commercial Officer
Petter Høiseth	SpareBank 1 Nord-Norge: Chief of staff
Trond Hanssen	SpareBank 1 Nord-Norge: Chief Regional Officer Finnmark
Christian Overvaag	SpareBank 1 Nord-Norge: Chief Regional Officer Troms
Trude Glad	SpareBank 1 Nord-Norge: Chief Regional Officer Helgeland and Salten
Lasse Hagerupsen	SpareBank 1 Nord-Norge: Chief Regional Officer Hålogaland

As of 12 Sep 2018

Exhibit 9

### SpareBank 1 Nord-Norge

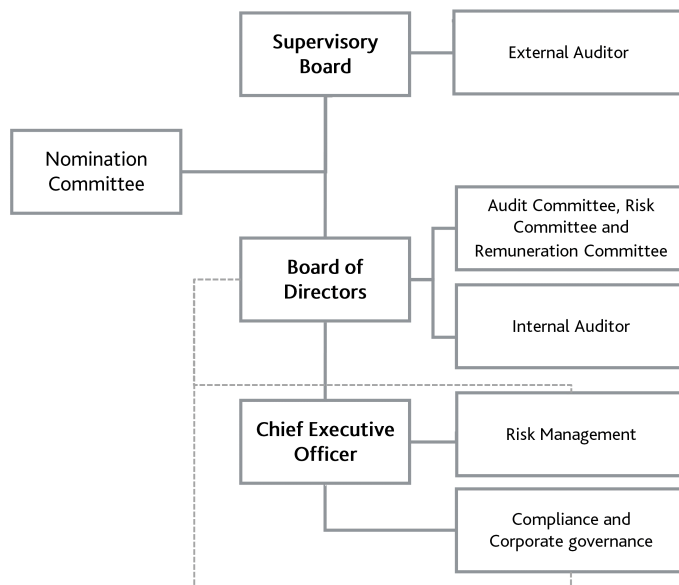
Board of Directors	Affiliation
Karl Eirik Schjøtt-Pedersen	SpareBank 1 Nord-Norge: Chairman of the Board of Directors; Norwegian Oil and Gas Association: Chief Executive Officer
Hans-Tore Bjerkaas	SpareBank 1 Nord-Norge: Deputy Chairman of the Board of Directors
Kjersti Terese Stormo	SpareBank 1 Nord-Norge: Member of the Board of Directors; BE Kraftsalg AS: Director; Bodø Energi Group: Finance Manager
Sonja Djønn	SpareBank 1 Nord-Norge: Member of the Board of Directors; IT Partner Helgeland: General Manager
Bengt Olsen	SpareBank 1 Nord-Norge: Member of the Board of Directors; DIPS ASA: CFO
Ingvild Myhre	SpareBank 1 Nord-Norge: Member of the Board of Directors; Rådgiverne Los: Partner
Greger Mannsverk	SpareBank 1 Nord-Norge: Member of the Board of Directors; Kimek Holding AS: Chief Executive Officer
Kjetil Berntsen	SpareBank 1 Nord-Norge: Member of the Board of Directors (Employee Representative); Finansforbundet Troms: Financial Advisor, Private Market Tromsø and Union representative
Vivi Ann Pedersen	SpareBank 1 Nord-Norge: Member of the Board of Directors and Union Representative (Employee Representative)

As of 12 Sep 2018

Source: Company data

As a savings bank, SpareBank 1 Nord-Norge is required to have a supervisory board, an audit committee and a board of directors. Its statutory supervisory board comprises 40 members and 20 substitute members, who represent EC holders (16 members and six substitute members), county councils (four members and four substitute members), depositors (10 members and five substitute members) and employees (10 members and five substitute members).

Exhibit 10

**Corporate Governance Chart**

Source: Company report (annual report Dec 2017)

## Company history

SpareBank 1 Nord-Norge was created via a series of mergers and acquisitions over 1989–92, starting with the merger of Sparebanken Nord and Tromsø Sparebank in 1989, followed by the acquisitions of Nordkapp Sparebank in 1991 and Sparebanken Nordland in 1992. The bank's roots, however, can be traced back to 1836 and the establishment of Tromsø Sparebank.

In 1996, SpareBank 1 Nord-Norge cofounded the SpareBank 1 Alliance with three other Norwegian savings banks in response to increasing competitive pressures within the Norwegian banking sector. The alliance was later extended to include other members. The financial holding company SpareBank 1 Gruppen AS is collectively owned by SpareBank 1 SR-Bank ASA, SpareBank 1 SMN, SpareBank 1 Nord-Norge, Samarbeidende Sparebanker AS, SpareBank 1 Østlandet and the Norwegian Confederation of Trade Unions and affiliated trade unions.

While there are no legally binding joint or several liability guarantees among the members of the alliance, the members have both commercial and moral obligations if another member is in distress. However, these are complex, with any member able to veto any decision concerning SpareBank 1 Gruppen AS, a jointly owned financial company of SpareBank 1 members. Nevertheless, the founding members had preferred an alliance to a merger, in light of the strong local ties of each member savings bank.

In January 2004, one of the founding members, Sparebanken Vest, left the alliance.

In 2000, SpareBank 1 Gruppen acquired Vår Bank. Each member bank integrated operations with the Vår Bank units within its own region, while Vår Bank's operations in Oslo were maintained as part of a group branch, currently known as SpareBank 1 Østlandet. In January 2010, Bank 1 Oslo Akershus AS was separated from SpareBank 1 Gruppen AS, and became directly owned by the SpareBank 1 banks and the Norwegian Confederation of Trade Unions. In December 2015, SpareBank 1 Østlandet (former Sparebanken Hedmark) agreed with the remaining SpareBank 1 banks and the Norwegian Confederation of Trade Unions (LO) to acquire the remaining shares in Bank 1 Oslo Akershus AS.

In May 2008, SpareBank 1 Nord-Norge acquired 10% of Russia-based Bank Tavrichesky.

In October 2008, SpareBank 1 Nord-Norge and other banks in the SpareBank 1 Alliance acquired Glitnir Bank ASA (renamed BN Bank ASA in January 2009), a Norway-based mortgage lender, along with its subsidiary Glitnir Factoring (now part of SpareBank 1 Factoring AS) for a total of NOK300 million (€34.9 million). SpareBank 1 Nord-Norge acquired a 20% stake in Glitnir Bank ASA. The acquisition was approved by the authorities in December 2008. In September 2009, it increased its ownership interest by 3.5%.



In the fourth quarter of 2008, the bank entered into an agreement to sell its factoring business to SpareBank 1 Gruppen AS for up to NOK40 million (€4.0 million). The transaction was completed in March 2009, and its factoring subsidiary, SpareBank 1 Nord-Norge Factoring AS, was merged into SpareBank 1 Factoring AS.

In February 2009, SpareBank 1 Nord-Norge increased its stake in the Norwegian travel industry company Hurtigruten ASA to 15.3% from 8.7%, by subscribing for 50.0 million shares in a share issue. Following Hurtigruten ASA's subsequent share issue in March 2009 – in which SpareBank 1 Nord-Norge did not participate – the bank's stake was reduced to 12.5%. In November 2009, the bank's stake in Hurtigruten ASA was further reduced to 7.5% and, in the first quarter of 2010, the remaining shares were sold.

Based on the agreement signed with Bank Tavrichesky in May 2008, SpareBank 1 Nord-Norge completed the acquisition of a 75% stake in NW1AB in September 2010.

In November 2011, the bank established the wholly owned subsidiary SNN Økonomihus Holding AS, which owns 60% of SNN Økonomipartner Alta AS (the former Consis Alta AS), an authorised accounting company in Alta. The remaining 40% stake was acquired by SNN Økonomihus Holding AS in September 2012.

In June 2012, SNN Økonomihus Holding AS acquired Merkantilservice AS (Tromsø). In January 2013, SNN Økonomipartner Alta AS, SNN Økonomihus Holding AS and Merkantilservice AS were merged to form SpareBank 1 Regnskapshuset Nord-Norge AS, a company that provides bookkeeping services.

In the first quarter of 2014, SpareBank 1 Nord-Norge sold the shares in SpareBank 1 Kundesenter AS and SpareBank 1 Verdipapirservice AS to Alliansesamarbeidet SpareBank 1 DA. In the beginning of 2014, the bank also acquired Fredrik Langesg 20 AS, which owned a commercial property in Storgata in Tromsø.

In fourth quarter of 2016, SpareBank 1 Nord-Norge sold its entire stake in NW1AB to a Russian group of investors. As a result of the sale, SpareBank 1 Nord-Norge has no banking operations of its own in Russia.

In July 2016, SpareBank 1 Regnskapshuset Nord-Norge AS (RH) acquired 100% of the stake in KS Finans AS (KSF) and as of 10 November 2016, the former merged into latter.

In February 2017, SpareBank 1 Nord-Norge forged an alliance with more than 100 other banks in the new Vipps partnership. SpareBank 1's mCASH and DNB's Vipps were merged to create a single Norwegian platform for mobile phone payments. Vipps was spun off as a separate entity with SpareBank 1 as the second largest owner.

In March 2017, SpareBank 1 RH acquired 100% of the shares in Exacto AS. As of June 2017, Exacto was merged into SpareBank 1 RH. In December 2017, SpareBank 1 RH strengthened its presence in Nordland with the acquisition of four companies: Bluecon Brønnøysund, Bluecon Sandnessjøen, Bluecon Mosjøen and Bluecon Rana.

Note: Currency converted using exchange rate of NOK–€0.11618, as of 31 Oct 2008, and NOK–€0.10087, as of 31 Dec 2008

Source: Company reports (annual report Dec 2017, Dec 2016, Dec 2015, Dec 2014, Dec 2012, Dec 2011, Dec 2009 and Dec 2007, investor presentation Dec 2008, quarterly report Q1 Mar 2013 and Q1 Mar 2014), Moody's research, www.oanda.com, Company data

## Peer group

- » [Aktia Bank plc](#)
- » [Länsförsäkringar Bank AB \(publ\)](#)
- » [Ringkjøbing Landbobank AS](#)
- » [SpareBank 1 SMN](#)
- » [SpareBank 1 SR-Bank ASA](#)
- » [SpareBank 1 Ostlandet](#)
- » [Sparebanken Møre](#)
- » [Sparebanken Øst](#)
- » [Sparebanken Sogn og Fjordane](#)
- » [Sparebanken Sør](#)
- » [Sparebanken Vest](#)
- » [Fana Sparebank](#)
- » [Sydbank AS](#)

## Related websites and information sources

For additional information, please see:

### The company's website

- » [SpareBank 1 Nord-Norge](#)

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## Moody's related research

### Issuer page on Moodys.com

- » [SpareBank 1 Nord-Norge](#)

### Credit opinion

- » [SpareBank 1 Nord-Norge](#)

### Industry outlook

- » [Norway, August 2018 \(1135814\)](#)

### Rating methodology

- » [Banks, August 2018 \(1128883\)](#)

*To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available on the issuer's page. All research may not be available to all clients.*

## Endnotes

[1](#) Consolidated assets excluding loans transferred to SpareBank 1 Boligkreditt and SpareBank 1 Naeringskreditt

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