

ISSUER PROFILE

23 October 2017

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SpareBank 1 Nord-Norge

Key Facts and Statistics - H1 June 2017

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 2017, its consolidated assets totalled NOK95.8 billion (€10.0 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 2017, the 10 largest holders of SpareBank 1 Nord-Norge's equity certificates (ECs) accounted for 22.5% of its ECs. As of that date, the largest holder was Pareto Aksje Norge, with a 3.11% stake. The bank's ECs are listed on the Oslo Stock Exchange (stock code: NONG).

Note: Currency converted using exchange rate of NOK–€0.10426, as of 30 June 2017

Source: Company reports (annual report Dec 2016, Dec 2014 and Dec 2007, Q2 presentation June 2016, quarterly report Q2 June 2017), 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-16	31-Dec-15	31-Dec-14	% Change 16/15	% Change 15/14
NOK/€, Period end	0.11005	0.10452	0.11040	-	-
Total Assets	90,501	85,403	83,188	5.97	2.66
Total Shareholders' Equity	11,011	9,961	9,343	10.54	6.61
Shareholders' Equity excluding Minority Interest	11,011	9,961	9,328	10.54	6.79
Regulatory Capital	11,229	10,358	9,680	8.41	7.00
Tier 1 Ratio (%)	16.30	15.10	13.60	120 bps	150 bps
Net Income	1,253	865	1,095	44.86	(21.00)
Net Income Attributable to Equity Holders	1,253	872	1,096	43.69	(20.44)

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-17	30-Jun-16	% Change 17/16
NOK/€, Period end	0.10426	0.10686	-
Total Assets	95,822	92,038	4.11
Total Shareholders' Equity	11,281	10,353	8.96
Shareholders' Equity excluding Minority Interest	11,281	10,353	8.96
Regulatory Capital	12,039	10,674	12.79
Tier 1 Ratio (%)	16.22	14.98	124 bps
Net Income	669	628	6.53
Net Income Attributable to Equity Holders	665	628	6.53

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 Unallocated. For the financial year ending 31 December 2016 (2016), the largest contributor to the bank's total income was the Retail Banking segment (46.1%).

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. As of 31 December 2016, 59.9% 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 2016, 40.1% 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.

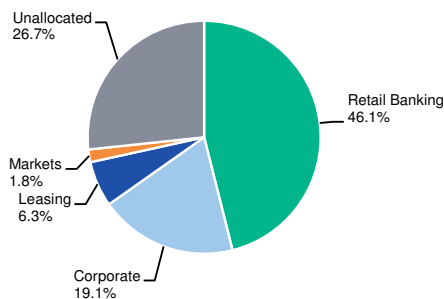
Unallocated: This segment comprises the bank's own investment activities and other activities that cannot be allocated to other segments.

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

Exhibit 3

Business segment

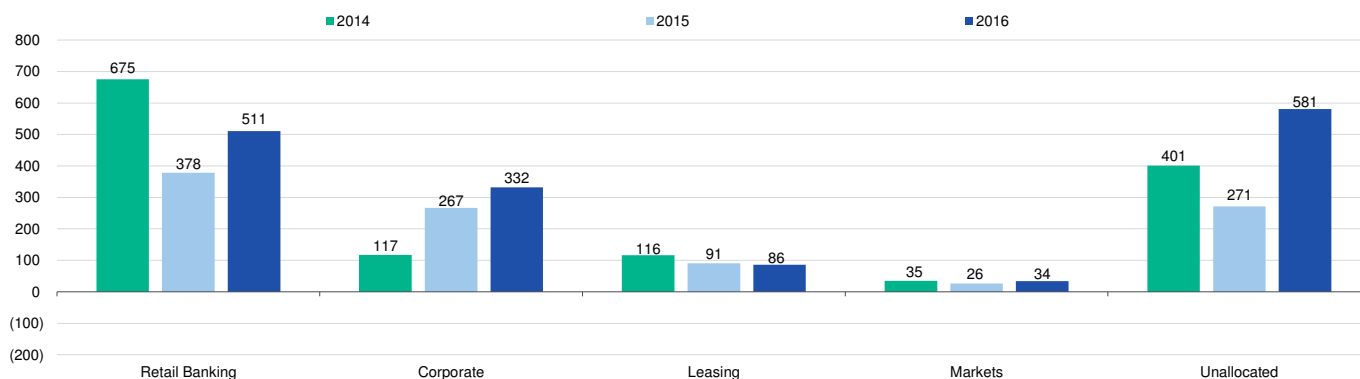
(% of Total Income, consolidated, for 2016)



Source: Company report (annual report Dec 2016, Pg: 50)

Exhibit 4

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



Source: Company reports (annual report Dec 2016, Pg 50 and Dec 2015, Pg: 56)

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-16	31-Dec-15
Real estate activities	10.90	10.83
Transportation and storage	4.64	4.96
Fishing	4.60	3.52
Manufacturing	3.14	3.43
Construction	1.86	2.13
Wholesale and retail trade; repair of motor vehicles and motorcycles	1.80	1.90
Crop and animal production	1.60	1.58
Activities auxiliary to financial services and insurance activities	1.58	1.33
Other service industries	1.19	1.43
Electricity, gas, steam and air conditioning supply	1.19	1.54
Professional, scientific and technical activities	1.12	1.16
International shipping and pipeline transport	1.07	1.35
County municipalities and municipalities	1.06	1.71
Marine aquaculture	1.02	1.01
Development of building projects	0.96	1.61
Other business support activities	0.92	1.08
Accommodation and food service activities	0.75	0.77
Water supply; sewerage, waste management and remediation activities	0.41	0.44
Information and communication	0.13	0.12
Mining and quarrying	0.04	0.09
Building of ships and boats	0.03	0.03
Forestry and logging	0.02	0.02
Support activities for petroleum and natural gas extraction	0.02	0.02
Total Corporate	40.05	42.05
Retail banking market - domestic and international	59.95	57.95
Total	100.00	100.00

Note: Excluding loans transferred to SpareBank 1 Boligkreditt and SpareBank 1 Naeringskreditt, and excluding "Central government and social security fund" due to its nil contribution

Source: Company report (annual report Dec 2016)

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 2017, SpareBank 1 Nord-Norge operated through a network of 38 local branches (30 June 2016: 42).

SpareBank 1 Nord-Norge benefits from the nationwide distribution network of the SpareBank 1 Alliance, which comprises around 300 branches throughout Norway. In addition, the bank distributes its offerings through a number of alternative channels, including ATMs and telephone and internet banking.

Moody's estimates that SpareBank 1 Nord-Norge held market shares of approximately 33% in terms of deposits and 26% in terms of loans in the three northernmost counties of Norway as of December 2016 (based on year-end 2016 data from Statistics Norway). Furthermore, as of the same date, the bank's shares of the national market were around 2.5% in terms of total deposits and 2.2% in terms of total lending.

Source: Company reports (annual report Dec 2016, quarterly report Q2 June 2017), Company data, Norwegian Financial Services Association, Moody's research

Ownership structure

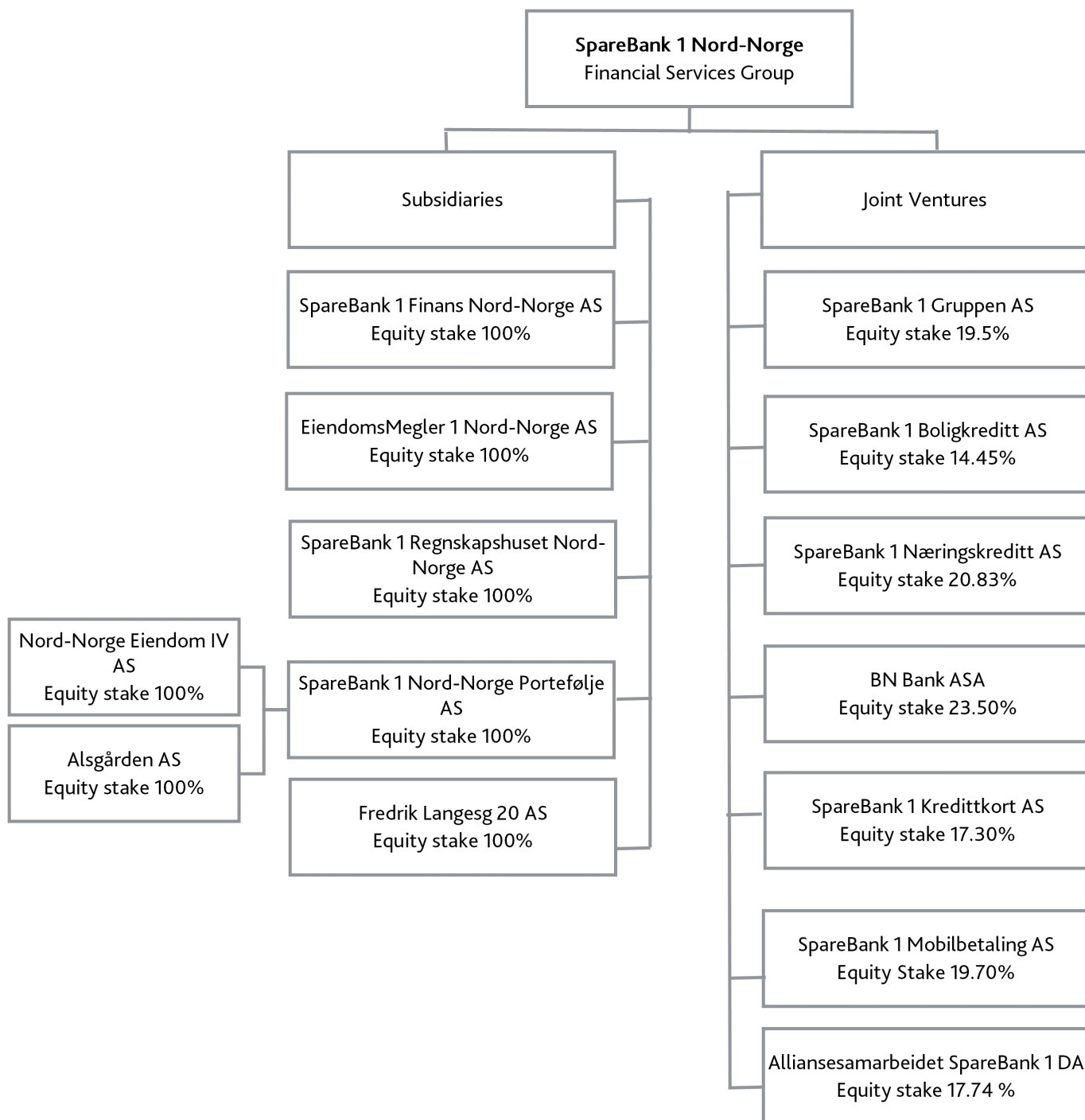
As a Norwegian savings bank, SpareBank 1 Nord-Norge has a specific ownership structure with two ownership groups: The Bank's equity certificate holders (EC-holders) owned 46.4% (equity certificate fraction) of the Bank's equity capital as of 30 June 2017, while 53.6% was community-owned. The main difference 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 2017, SpareBank 1 Nord-Norge had 100,398,016 ECs in issue. Its largest holder, Pareto Aksje Norge, held a 3.11% stake. As of that date, the 10 largest EC holders jointly accounted for 22.5% of the ECs issued by the bank, while the top 20 accounted for 31.69%.

Source: Company reports (annual report Dec 2016 and Dec 2009, quarterly report Q2 June 2017, presentation Q2 June 2017), www.finanstilsynet.no, Oslo Stock Exchange, Moody's research

Exhibit 6

Organisational Chart as of 30 June 2017



Source: Company report (Q2 presentation June 2017)

As of 30 June 2017, 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	3,119,081	3.11
Verdipapirfondet Dnb Norge (IV)	2,821,219	2.81
Mp Pensjon PK	2,697,811	2.69
The Northern Trust Comp, Non-Treaty Account	2,597,236	2.59
Flps - Princ All Sec	2,459,900	2.45
State Street Bank And Trust A/C Client Omnibus	2,172,755	2.16
Msip Equity Morgan Stanley & Co. International	2,034,412	2.03
Meteva AS	1,614,670	1.61
Forsvarets Personellservice	1,561,630	1.56
Merrill Lynch Prof. Mlpro Seg For Exclsve	1,498,187	1.49

Source: Company report (quarterly presentation Q2 June 2017)

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: Senior Group General Manager, Credit and Production
Geir Andreassen	SpareBank 1 Nord-Norge: Senior Group General Manager, Risk Management and IT
Rolf Eigil Bygdnes	SpareBank 1 Nord-Norge: Chief Financial Officer
Ronni Møller Pettersen	SpareBank 1 Nord-Norge: Senior Group General Manager, Sales and Customer Relations
Petter Høiseth	SpareBank 1 Nord-Norge: Senior Group General Manager, Group Functions
Trond Hanssen	SpareBank 1 Nord-Norge: Senior Group General Manager (Finnmark)
Christian Overvaag	SpareBank 1 Nord-Norge: Senior Group General Manager (Troms)
Trude Glad	SpareBank 1 Nord-Norge: Regional Senior Group General Manager (Helgeland and Salten)
Lasse Hagerupsen	SpareBank 1 Nord-Norge: Senior Group General Manager (Hålogaland)

As of Oct 2017

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 Dønne	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); Financial Advisor, Private Market Tromsø; Union representative Finansforbundet Troms

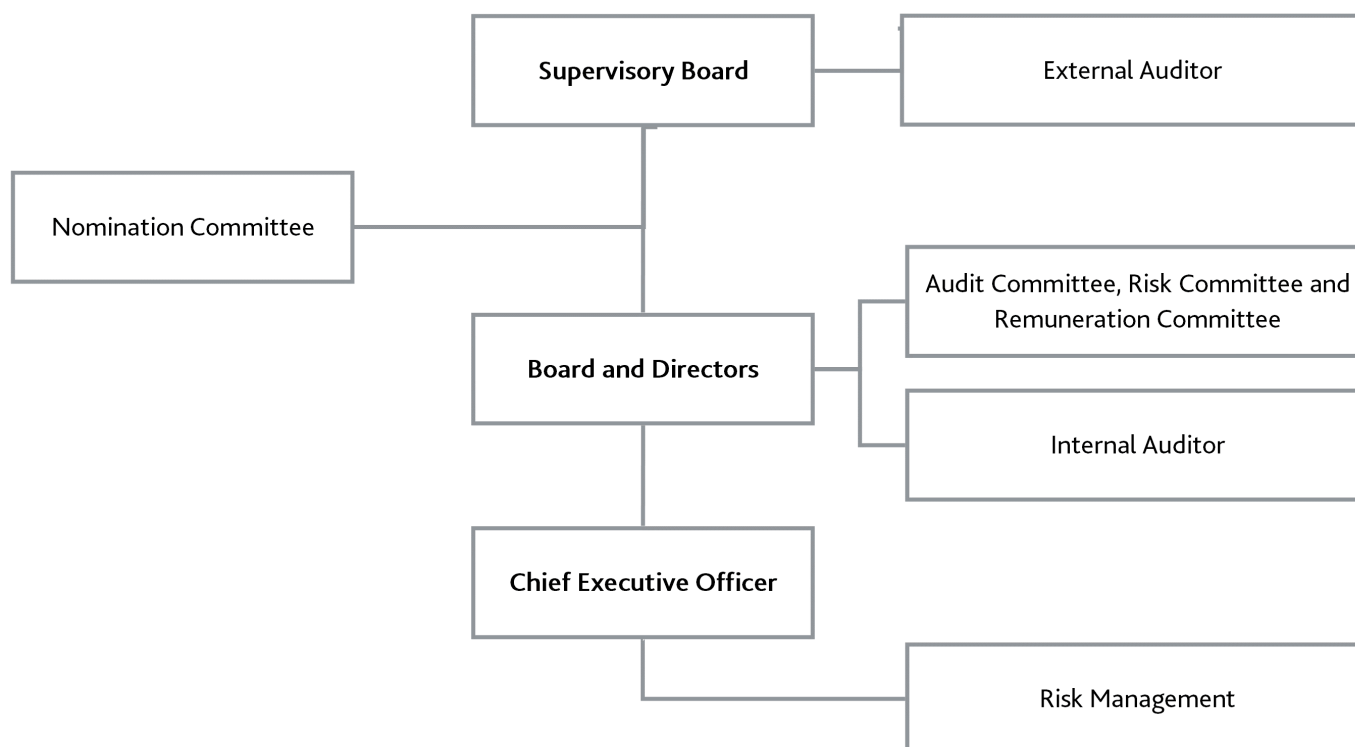
Vivi Ann Pedersen

SpareBank 1 Nord-Norge: Member of the Board of Directors and Union Representative (Employee Representative)

As of Oct 2017
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 26 substitute members, who represent EC holders (16 members and eight substitute members), county councils (four members and four substitute members), depositors (12 members and six substitute members) and employees (eight members and eight substitute members).

Exhibit 10

Corporate Governance Chart

Source: Company report (annual report Dec 2016)

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 alliance is coordinated through SpareBank 1 Gruppen AS, which 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 is now directly owned by the SpareBank 1 banks and the Norwegian Confederation of Trade Unions. SpareBank 1 Nord-Norge acquired 19.5% of the shares in Bank 1 Oslo Akershus AS (currently SpareBank 1 Østlandet).

In January 2013, the bank agreed to sell its stake in Bank 1 Oslo Akershus AS to Sparebanken Hedmark, reducing its stake in Bank 1 Oslo Akershus AS to 4.8% from 19.5%. The transaction was approved by the Norwegian Ministry of Finance in March 2013.

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

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 Tavrishesky 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.

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 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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Issuer Page on Moodys.com

» [SpareBank 1 Nord-Norge](#)

Credit Opinion

» [SpareBank 1 Nord-Norge](#)

Industry Outlook

» [Norway, August 2017 \(1076131\)](#)

Rating Methodology

» [Banks, September 2017 \(1065675\)](#)

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