

SpareBank 1 Nordmore Issuer Rating Report



A- STABLE

Scope's credit view (summary)

The **A- issuer rating** reflects SpareBank 1 Nordmore's (SB1 Nordmore) sound credit fundamentals and well-established savings bank franchise in central Norway. The business model is characterized by a focus on retail customers and mortgage lending as well as close ties to the local community. Due to its membership in the SpareBank 1 Alliance, the bank can meet the broader financial needs of clients and benefits from important economies of scale, particularly in digital capabilities. Collectively, the alliance represents the second largest provider of financial services in the country.

In May 2021, the bank successfully completed the merger with Surnadal Sparebank which entailed about NOK 120m in integration costs. An enlarged market presence is providing growth opportunities and the bank generated its best annual result in 2022. The bank's solid profitability is underpinned by good cost efficiency and low credit losses. While the more uncertain economic environment has had a limited impact on the loan book to date, management continues to hold discretionary credit provisions.

SB1 Nordmore maintains a reassuring solvency profile, with a policy to manage growth to preserve sound prudential metrics and meet regulatory requirements. Minimum solvency requirements for Norwegian banks are comparatively high and are set to rise following announced increases in the countercyclical buffer rate and the systemic risk buffer for banks using standardised models such as SB1 Nordmore.

While the primary source of funding remains customer deposits, SB1 Nordmore relies to some extent on market funding, including covered bonds.

Outlook and rating-change drivers

The **Stable Outlook** reflects our expectation for the bank's business and operating performance to remain resilient despite a more challenging macroenvironment.

What could move the rating up:

- Sustained and profitable growth with greater geographic diversification of the loan portfolio

What could move the rating down:

- A deterioration in the operating environment which impacts earnings
- A change in strategic direction which increases the bank's risk profile

Ratings & Outlook

Issuer rating	A-
Senior unsecured debt rating	A-
Senior unsecured debt (subordinated) rating – non-preferred senior	BBB+
Outlook	Stable

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Bloomberg: RESP SCOP

Issuer profile

SpareBank 1 Nordmore (SB1 Nordmore) is a savings bank formed from the merger of SpareBank 1 Nordvest and Surnadal Sparebank in May 2021. The two former savings banks had roots going back more than 180 years. SpareBank 1 Nordvest traces its origins to the founding of Christiansunds Sparebank in 1835, the first bank between Bergen and Trondheim, while Surnadal Sparebank was established in 1842.

The bank's primary market is More og Romsdal in north-western Norway. With twelve bank branches spanning from Trondheim in the north to Alesund in the south, the bank serves approximately 45,000 personal and 5,000 business customers. In Kristiansund and Surnadal, the historical bases of the former banks, SB1 Nordmore enjoys leading market positions.

SB1 Nordmore holds a 69% stake in SpareBank 1 Okonomipartner Nordmore AS, a provider of accounting and payroll services. The bank has been a member of the SpareBank 1 Alliance since 1999.

The former SpareBank 1 Nordvest first issued equity capital certificates (ECC) in 2013 and has been listed on the Oslo Stock Exchange since 2017 (Ticker: SNOR). Additional capital was raised in 2021 to facilitate the merger with Surnadal Sparebank. As of year-end 2022, the ECC holders' ownership share was around 40%.

The SB1 Nordmore group had total assets of NOK 27bn and 230 employees as of year-end 2022.

Recent events

- For 2022, the group reported a net profit of NOK 333m and a return on equity of 9.9%. Performance was supported by historically high loan growth of more than 8% and low credit losses as well as the absence of NOK 120m in merger costs incurred in the prior year. Results included a NOK 48m gain related to the sale of the group's stake in Eika Gruppen¹. The group's solvency position remained sound, with the CET1 capital ratio increasing to 17.9% from 17.7% as of year-end 2021.
- In December 2022, the group's two former accounting firms, SpareBank 1 Regnskapshuset Nordvest AS and Trio Regnskapsservice AS, merged to become Sparebank 1 Okonomipartner Nordmore AS.

¹ The Eika Gruppen stake was held by the former Surnadal Sparebank as the bank was a member of the Eika Alliance before the merger with SpareBank 1 Nordvest.

Summary rationale for the rating construct

Step		Assessment	Summary rationale
STEP 1	Operating environment	Very supportive	<ul style="list-style-type: none"> Norway is a wealthy economy with well-developed capital markets and a strong track record of economic resilience Supportive operating environment for banks Relatively stringent and active financial regulator
		Supportive	
		Moderately supportive	
		Constraining	
		Very constraining	
	Business model	Very resilient	<ul style="list-style-type: none"> Savings bank with a focus on personal customers Membership in an alliance brings significant benefits Operations are concentrated in one region in Norway
		Resilient	
		Consistent	
		Focused	
	Mapping refinement	High	<ul style="list-style-type: none"> Strong market position in local area with resilient operating performance
Low			
Initial mapping	bbb/bbb+		
Long-term sustainability	Best in class	<ul style="list-style-type: none"> Digital capabilities at an advanced level in line with domestic peers Ongoing efforts to more closely integrate sustainability considerations in business and credit processes Strong social commitment to its local area 	
	Advanced		
	Developing		
	Constrained		
	Lagging		
Adjusted anchor	bbb		
STEP 2	Earnings capacity & risk exposures	Very supportive	<ul style="list-style-type: none"> Solid earnings generation with a relatively high level of fee income Sound asset quality and low credit losses
		Supportive	
		Neutral'	
		Constraining	
	Financial viability management	Very constraining	<ul style="list-style-type: none"> Sound solvency and liquidity positions Customers deposits are main source of funding. Benefits from wholesale market access, including covered bond funding
		Ample	
		Comfortable	
		Adequate	
		Limited	
	Additional factors	Stretched	<ul style="list-style-type: none"> No further considerations
At risk			
Significant support factor			
Material support factor			
	Neutral		
	Material downside factor		
	Significant downside factor		
Standalone	a-		
STEP 3	External support	Not applicable	
Issuer rating		A-	

Well-established local savings bank operating in north-western Norway

The “focused” business model assessment reflects SB1 Nordmore’s focus on retail customers in its local market where it holds leading market shares. The bank’s competitive position is further enhanced by its membership in the SpareBank 1 Alliance.

The “very supportive” operating environment assessment reflects Norway’s wealthy and resilient economy as well as the supportive operating environment for banking activities. The bank’s operations are concentrated in More og Romsdal, a county characterised by more moderate business cycles and lower unemployment rates.

Activities concentrated in one region

SB1 Nordmore is a well-established savings bank with activities focused in its local area of More og Romsdal, where the maritime sector, fishing, and oil and gas are important industries (Figure 1). The bank’s branch network spans the county and a branch in Trondheim provides business opportunities in a neighbouring region.

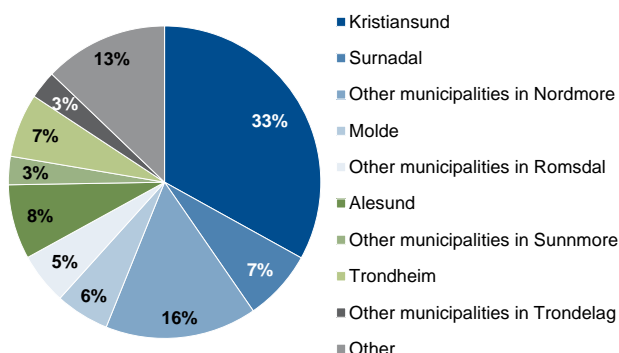
The bank benefits from in-depth knowledge of the local market. For more than ten years, SB1 Nordmore along with two other banks have performed comprehensive annual assessments of the business conditions in the region. This entails analysing the financial accounts of thousands of companies, detailed industry studies, and surveys of CEOs and individuals.

In the latest study published in November 2022², the outlook for five out of seven industries had been revised downwards, with business confidence being at low levels. At the same time, three out of four consumers surveyed were not particularly concerned about their personal finances. Unemployment in More og Romsdal remains low and below the national average (Figure 2).

Focused on personal customers

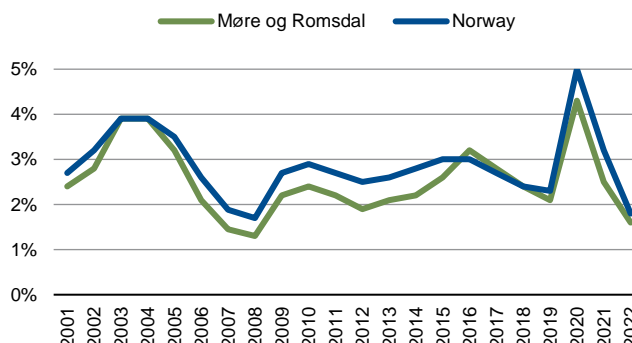
As a savings bank, SB1 Nordmore’s business is centred on serving personal customers and mortgage lending. Including the loans transferred to the covered bond issuing vehicles of the SpareBank 1 Alliance, nearly 75% of the bank’s lending is to individuals. For the 2022-2025 strategic period, the key objectives are (a) being a profitable and local financial institution, (b) providing amazing customer experiences, (c) being an attractive employer and (d) continuing active community engagement.

Figure 1: Lending is focused in More og Romsdal



Notes: Data as of YE 2022. Excludes loans transferred to covered bond issuing vehicles. More og Romsdal comprises the districts of Nordmore, Romsdal and Sunnmore. Source: Company data

Figure 2: Unemployment in More og Romsdal tends to be lower than national average



Notes: SB1 Nordmore operates primarily in Møre og Romsdal. Source: NAV, Scope Ratings.

² SpareBank 1 SMN, Konjunkturbarometer 2022.

Box A: Focus on SB1 Nordmore's country of domicile: Norway

Macroeconomic assessment

- With a population of 5.4m and a GDP of USD 482bn, Norway is a relatively small open economy with one of the world's highest per capita income levels.
- The Norwegian economy proved relatively resilient to the pandemic shock, with a limited GDP contraction in 2020 and a strong rebound from 2021.
- Due to robust growth, low unemployment and higher than targeted inflation, the central bank has been increasing the policy rate since September 2021.
- Very strong government fiscal position provides ample capacity to support the economy as needed. Savings are accumulated through the world's largest sovereign wealth fund, the Government Pension Fund Global (GPFG).
- High home ownership rate of around 80% is a driver for high levels of household debt, both in historical terms and in comparison to other countries. Macroprudential measures concerning mortgages and consumer debt are in place to manage risks. Mortgage debt is primarily floating rate.
- Property prices are elevated. House prices have risen over a long period and remain higher than prior to the pandemic although price growth is moderating. Commercial property prices have also risen over many years.
- Reliance on the oil and gas sector exposes the country to long-term transition challenges.

Soundness of banking sector

- The Norwegian banking system is dominated by DNB Bank with about 25% market share. Nordea and other foreign banks account for about 20% of the retail market and 35% of the corporate market. There are also nearly 90 savings banks with their size ranging from NOK 3bn to NOK 350bn in assets. Savings banks tend to operate locally or regionally and are part of alliances.
- Smaller savings banks are consolidating due to increasing competitive and regulatory pressures.
- Residential mortgages account for nearly 50% of total lending while the commercial real estate sector accounts for around 45% of corporate lending.
- Digitalisation is high and the use of cash is amongst the lowest in the world.
- A comparatively rigorous regulatory framework, with some of the highest solvency requirements amongst European banks.
- Norwegian banks are generally profitable, cost efficient and exhibit sound asset quality and solvency metrics.
- Use of market funding is material, with covered bonds being an important funding source.

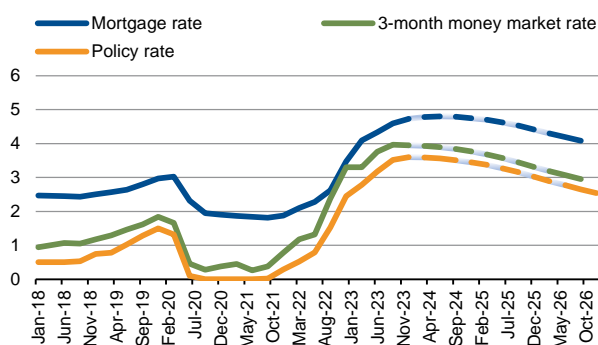
Key economic indicators	2019	2020	2021	2022F	2023F
GDP per capita (USD'000s)	76.5	68.0	90.0	NF	NF
Real GDP, % change	1.1	-1.9	4.0	3.4	2.0
Unemployment rate, %	3.7	4.6	4.4	3.2	3.4
CPI, % change	2.2	1.3	3.5	NF	NF
Policy rate, %	1.5	0.0	0.5	2.75	2.75
General government debt, % of GDP	40	47	43	39	38

Note: NF = not forecasted.
Source: SNL, Scope Macroeconomic Board forecasts.

Banking system indicators	2017	2018	2019	2020	2021
ROAA, %	0.9	1.0	1.1	0.8	1.0
ROAE, %	10.1	11.0	11.3	8.6	10.3
Net interest margin, %	1.6	1.8	1.8	1.7	1.7
CET1 ratio, %	16.2	16.4	17.4	17.9	18.1
Problem loans % Gross customer loans	1.1	1.4	1.4	1.7	1.5
Loan-to-deposit ratio, %	152.6	154.4	151.4	139.9	130.8

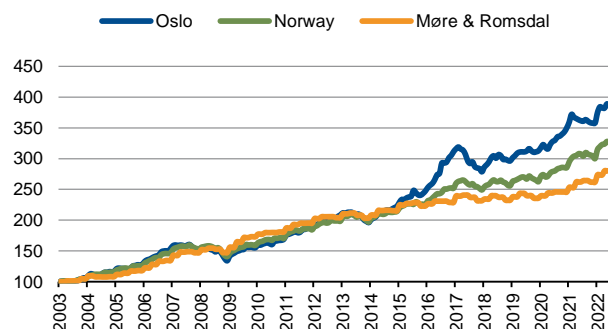
Source: SNL.

Figure A: Interest rates (%)



Source: Norges Bank, Mar 2023 Monetary Policy Report.

Figure B: House price index (Jan 2003 = 100)



Source: Eiendom Norge, Macrobond, Scope Ratings.

Membership in an alliance is key to competitive position

SB1 Nordmore enjoys significant advantages as a member of the SpareBank 1 Alliance. These include the ability to meet the broad financial needs of customers, economies of scale, and enhanced digital capabilities as well as competence development. Further, the bank's ownership share in the alliance and its various product companies is a source of income.

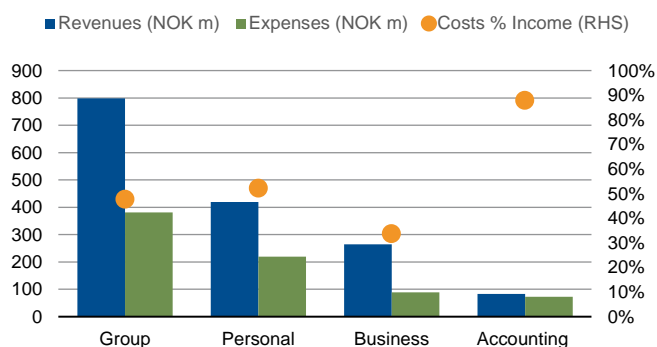
The thirteen banks in the alliance collectively represent the second largest player in the Norwegian banking market, with shares of 22% and 18% in retail and corporate lending, respectively³. The member banks collaborate in key areas such as branding, risk management, and IT operations. One of the key goals of the alliance is to ensure that member banks are at the forefront of digital developments to meet evolving customer demands.

Balanced revenue profile

Compared to many peers, SB1 Nordmore benefits from a greater proportion of non-interest income (Figure 4). This is due to the bank's 69% stake in an accounting firm and as well to the commissions earned from distributing products for the various companies of the SpareBank 1 Alliance (e.g., insurance, asset management, factoring).

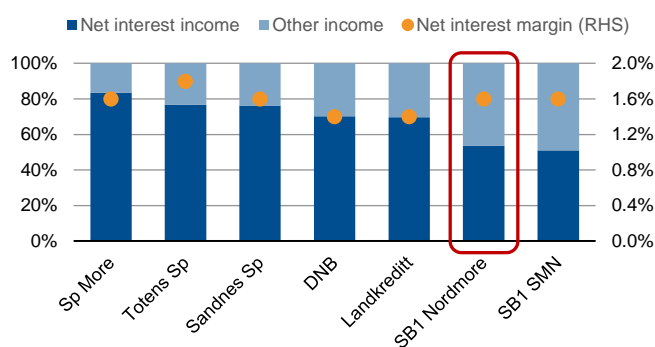
While the accounting firm has a higher cost structure than the bank, it generates more than a third of the group's net fee and commission income. The bank manages expenses by sharing premises with the accounting firm and certain branches are only open by appointment.

Figure 3: Revenues and expenses by segment (FY 2022)



Source: Company data, Scope Ratings.

Figure 4: Revenues and net interest margin – peer comparison



Note: Average for 2020-2022 period.
Source: SNL, Scope Ratings

³ Norges Bank, Financial Stability Report, December 2022. Data as of 30 June 2022.

Actively embracing ESG-related risks and opportunities

The “developing” long-term sustainability assessment reflects the bank’s active management of ESG-related risks and opportunities. Strong digital capabilities are in line with the Norwegian banking sector. The bank’s efforts in the ESG area are tangible but do not warrant further credit differentiation.

Figure 5: Exposure and management of key ESG-D factors⁴

	Industry level			Issuer level						
	Materiality			Exposure			Management			
	Low	Medium	High	Low	Neutral	High	Weak	Needs attention	Adequate	Strong
E Factor		◆			◆				◆	
S Factor	◆					◆			◆	
G Factor			◆		◆				◆	
D Factor			◆		◆				◆	

Source: Scope Ratings

Close ties to local community

SB1 Nordmore maintains close ties to the local area where it operates and its various stakeholders. This is reinforced by the governance structure, where the general assembly, the bank’s highest body is comprised of 32 members, including fourteen representing customers and eight representing employees. The general assembly elects the board which in turn elects the bank’s CEO.

Inherent to its savings bank roots, SB1 Nordmore is an active participant and supporter of the local community. The bank makes annual distributions from its gift fund, provides numerous sponsorships and promotes the development of local businesses.

Strong awareness of ESG risks

SB1 Nordmore is increasingly focused on addressing sustainability-related risks and opportunities. Using models developed by the SpareBank 1 Alliance, the bank started assessing climate risk by industry level in its loan portfolio. Last year, ESG risks were integrated into the credit process for loans above NOK 5m. In addition, the bank carried out a climate risk stress test in line with TCFD recommendations.

Further, the Partnership for Carbon Accounting Financials (PCAF) methodology is used to calculate emissions in the corporate loan portfolio. Going forward, the bank aims to further develop its expertise to advise clients on making sustainable choices as well as reduce ESG related risks.

Through policies for managing operational risks, SB1 Nordmore is also addressing potential risks stemming from a failure to comply with regulatory requirements or market expectations related to employee rights and good business practices.

A focus area is complying with sustainability reporting requirements such as the Norwegian Transparency Act. The bank already reports according to TCFD and GRI standards. As well, SB1 Nordmore has voluntarily classified its loan portfolio along the lines of the EU Taxonomy although its corporate clients are not subject to the EU Taxonomy Regulation.

⁴ The overview table illustrates how each factor informs our overall long-term sustainability assessment. The materiality table shows how we view the credit relevance of each factor for the industry at large. The exposure table shows how we view the issuer’s degree of exposure to each ESG-D factor. The management table shows how we view the issuer’s management of these exposures.

... as well as a focus on impact

SB1 Nordmore's approach to sustainability is anchored in the bank's strategy. Last year, the bank performed a new materiality analysis to identify priorities important for internal and external stakeholders. In 2021, the bank also completed an impact analysis which supplements the materiality analysis.

After establishing a green bond framework, the bank issued its first green bond in November 2021. The framework has been externally assessed by CICERO.

Strong digital capabilities in line with sector

SB1 Nordmore maintains strong digital capabilities in line with the Norwegian banking sector. As a member of the SpareBank 1 Alliance, the bank benefits from the collective resources and investments made in technology, an important consideration given the high level of digitalisation in the country.

Merged bank has established foundation for achieving continued solid earnings

The "supportive" earnings capacity and risk exposure assessment reflects the bank's solid operating performance through economic cycles and sound asset quality. The loan book is dominated by relatively low risk residential mortgages.

Integration has been completed

The year 2022 was the first full year of operation for the merged bank. SB1 Nordmore achieved its best result, reporting a return on equity of 9.9%. Performance was supported by market share gains, synergies from the merger as well as a renewed focus on customers and growth. All merger costs were incurred in 2020 and 2021. Further, the move of the former Surnadal Sparebank onto the SpareBank 1 Alliance platform yields ongoing cost benefits.

Management continues to see attractive opportunities in the region and is focused on achieving growth with the existing cost base. The bank has also worked on developing internal competence and improving processes to sustain further growth. SB1 Nordmore targets a return of 10%.

Figure 6: Pro forma performance (NOK m)

	2021Y *	2022Y
Net interest income	378	467
Net fee and other income	248	237
Net result from financial instruments	58	95
Total income	684	799
Personnel costs	190	203
Other operating expenses	165	177
Merger costs	118	0
Credit costs	34	28
Operating profit before tax	177	390
Tax	29	58
Profit after tax	148	332

Note: 2021 figures assume that the merger happened in January 2021 instead of May 2021.
Source: Company data, Scope Ratings.

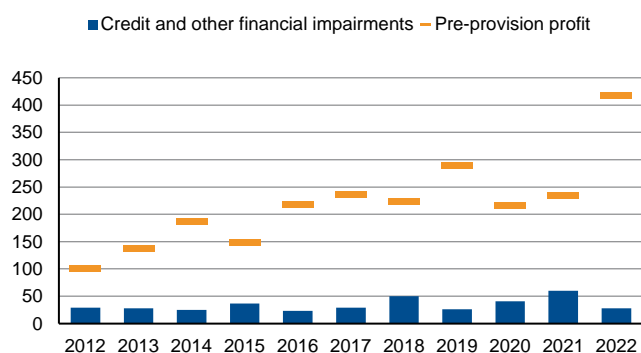
SB1 Nordmore's asset quality remains sound and there have been limited signs of deterioration (Figure 9). Management, nevertheless, continues to maintain additional discretionary credit provisions given the economic uncertainty, especially for sectors that were impacted by the pandemic. As of year-end 2022, the Stage 3 ratio was 2%, with about half of credit provisions being held for loans classified as Stage 1 and 2.

High proportion of mortgages supports asset quality

Over 65% of the on-balance sheet loan portfolio is comprised of residential mortgages (Figure 11). About 80% of these loans have loan-to-values below 60%. As price increases in the region have been more moderate than in other parts of Norway, management does see the same downside risks for home prices (Figure B).

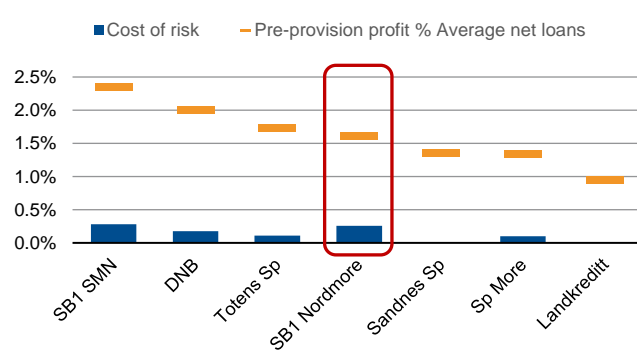
As with other Norwegian banks, SB1 Nordmore has exposure to the commercial real estate sector. This sector has so far proven to be resilient. The fisheries sector also tends to be quite stable due to the high level of regulation involving licenses and quotas as well as sustainable management practices. There is no direct exposure to the oil industry and only limited indirect exposure via tenants from the oil servicing industry.

Figure 7: Pre-provision income vs impairments (NOK m)



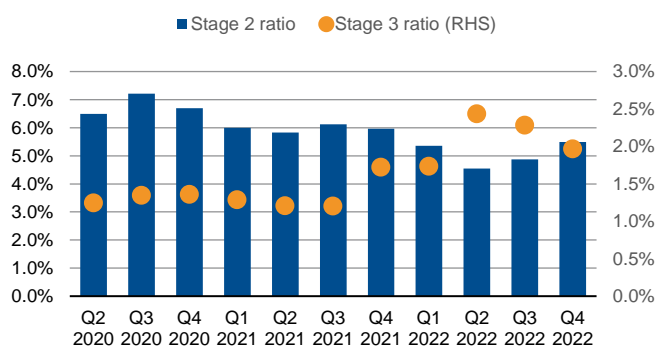
Note: Figures reflect merged bank from May 2021, Source: Company data, Scope Ratings

Figure 8: Pre-provision income vs impairments – peer comparison



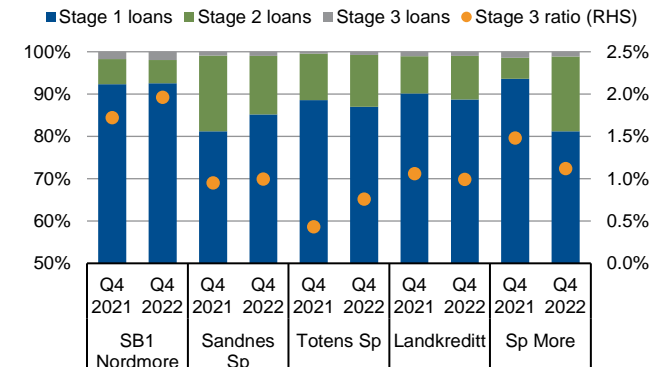
Note: Averages for 2020-2022 period. Source: SNL, Scope Ratings.

Figure 9: Stage 2 and Stage 3 ratio development (%)



Note: Figures reflect merged bank from May 2021, Source: Company data, Scope Ratings.

Figure 10: Asset quality profile – selected peer comparison



Source: SNL, Scope Ratings.

Figure 11: Loan book composition (YE 2022)

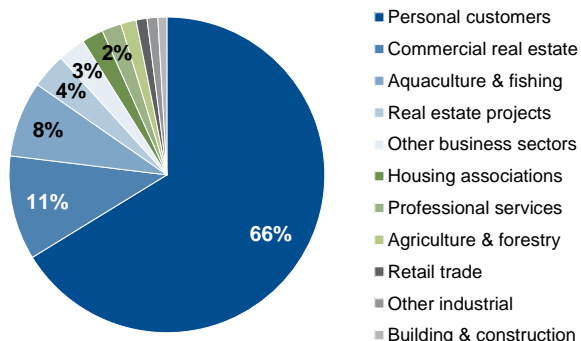
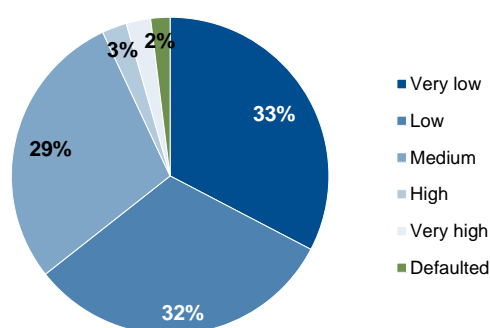


Figure 12: Internal risk classification of credit exposures (YE 2022)



Note: On-balance sheet loans of NOK 22.2bn as of YE 2022. Excludes NOK 8bn in loans transferred to covered bond issuing entities of SpareBank 1 Alliance, Source: Company data, Scope Ratings.

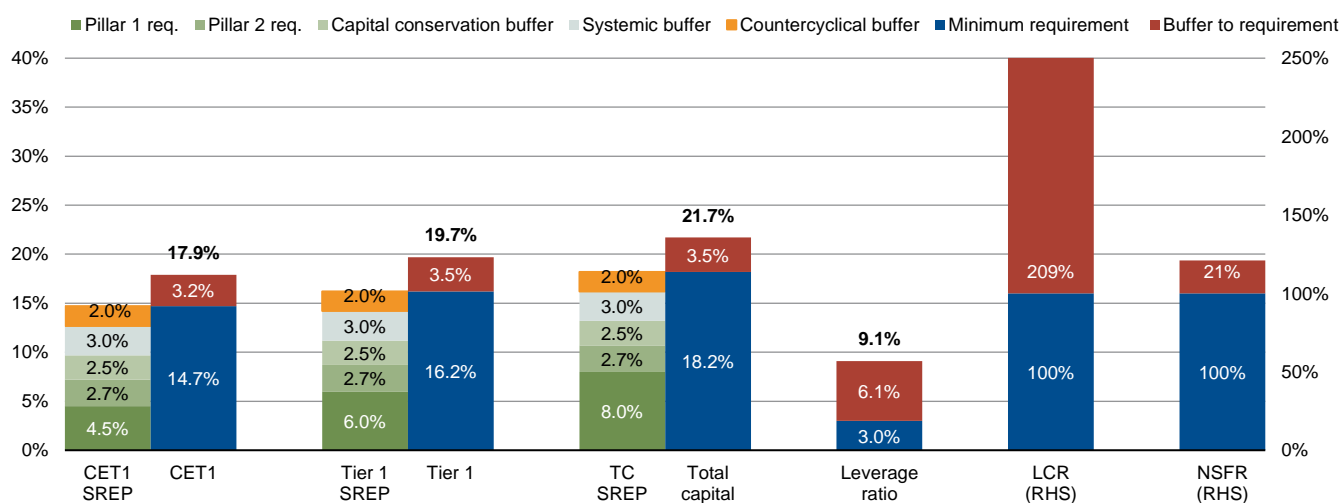
Source: Company data, Scope Ratings.

Sound solvency, liquidity and funding profile

The “comfortable” financial viability management assessment reflects the bank’s sound positioning against relatively stringent regulatory requirements. Further, the quality of solvency metrics is high given the bank’s use of the standardised approach for credit risks. Customer deposits remain the primary source of funding although there is some reliance on market funding.

As part of its strategic planning, SB1 Nordmore manages growth to preserve sound solvency metrics and to meet regulatory requirements. As of year-end 2022, the group’s CET1 ratio was 17.9% while the leverage ratio was 9.1% (proportional consolidation basis). These figures sit comfortably above the current requirements of 14.7% and 3%, respectively.

Figure 13: Positioning against requirements as of year-end 2022



Note: SB1 Nordmore’s solvency figures are on a proportional consolidation basis. Source: Company data, Scope Ratings.

The CET1 requirement of 14.2% as of year-end 2022 includes a 3% systemic risk buffer, a 2.0% countercyclical buffer, and a 2.7% Pillar 2 requirement. Due to operational risks related to the merger, the Norwegian FSA had increased the Pillar 2 requirement to 2.7% from 2.4% in 2021. SB1 Nordmore expects an updated Pillar 2 requirement this year.

Capital planning includes increases in requirements

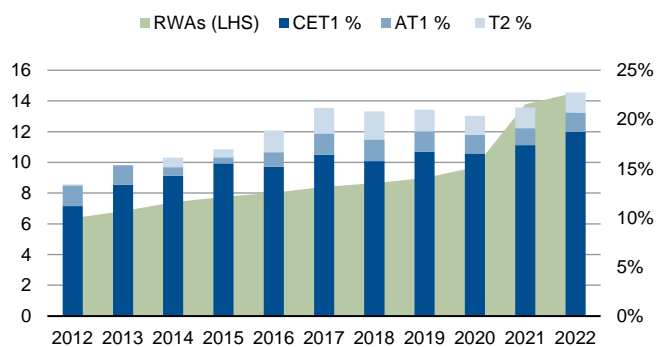
By year-end, CET1 capital requirements are expected to increase by 2%. The countercyclical buffer rate in Norway will revert to 2.5% at the end of March. The systemic risk buffer which had been scheduled to increase to 4.5% from 3% at year-end 2022 for banks like SB1 Nordmore using the standardised approach for credit risk has been postponed until year-end 2023. The bank currently targets a management buffer of at least 1% but is aware that the Norwegian FSA may become more demanding about the level of the buffer.

SB1 Nordmore's primary source of funding is customer deposits, of which over 60% are from personal customers and of which 68% are covered by the national deposit guarantee scheme. While the focus remains on smaller, more stable deposits, the bank in recent years has also gathered a limited volume of deposits from a marketplace platform catering to corporate and institutional customers.

Covered bonds are an important funding source

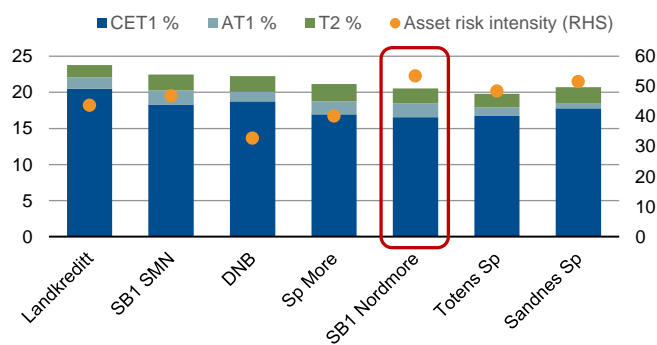
Like with other Norwegian banks, the use of market funding is meaningful, with SB1 Nordmore being a regular issuer in the domestic market. Another important funding source is the covered bond issuing vehicles of the SpareBank 1 Alliance. Management maintains a portion of loans which can be readily transferred for funding purposes if needed. As of year-end 2022, NOK 7.9bn in loans had been transferred, equivalent to about 25% of total lending.

Figure 14: RWA (NOK bn) and capital (%) development



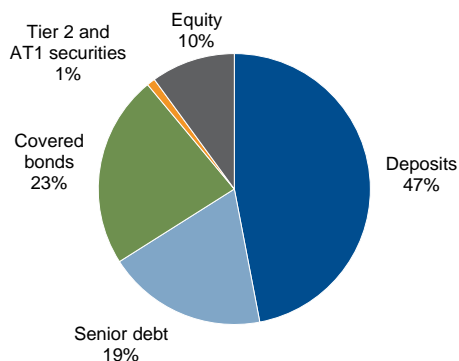
Note: RWA reflect the merged bank from 2021.
Source: SNL, Scope Ratings.

Figure 15: Capital profile – peer comparison



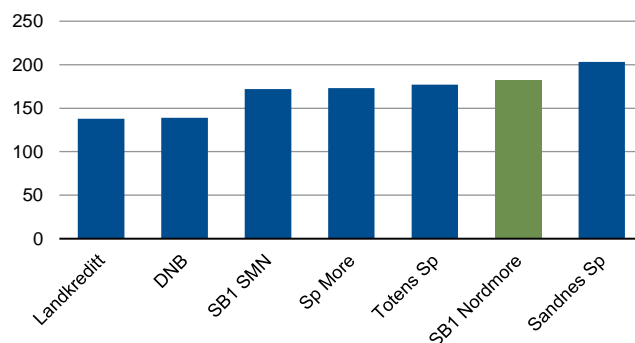
Note: Data as of YE 2022.
Source: SNL, Scope Ratings.

Figure 16: Funding profile (YE 2022)



Source: Company data, Scope Ratings.

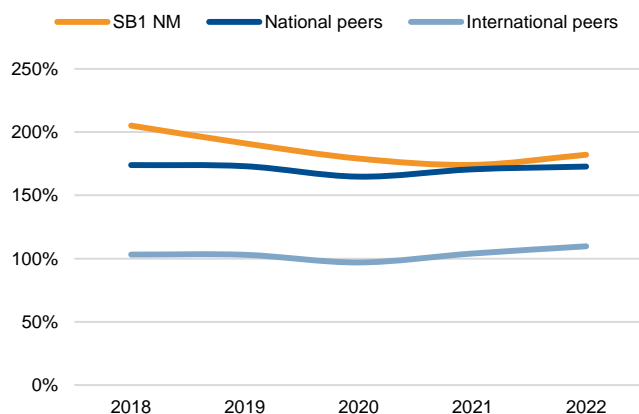
Figure 17: Loans % Deposits – peer comparison



Notes: Data as of YE 2022. Figures include loans transferred to covered bond issuing entities. Source: Company data, Scope Ratings.

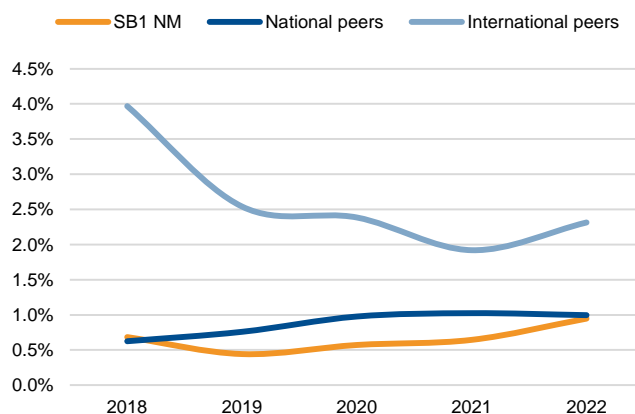
I. Appendix: Peer comparison

Net customer loans % Deposits

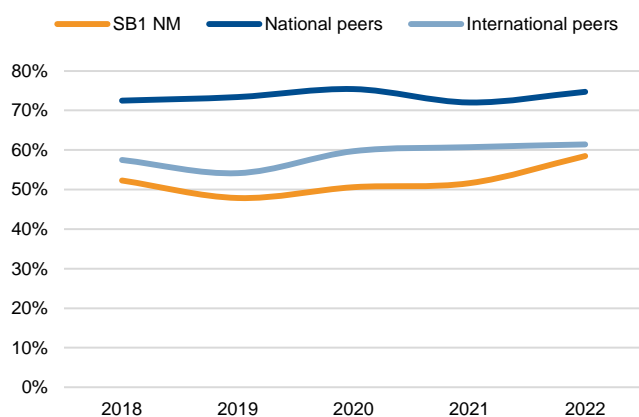


Note: Loans include those transferred to covered bond issuing vehicles.

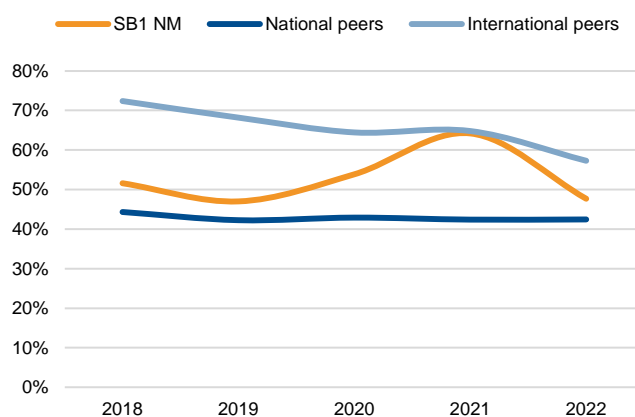
Problem loans % Gross customer loans



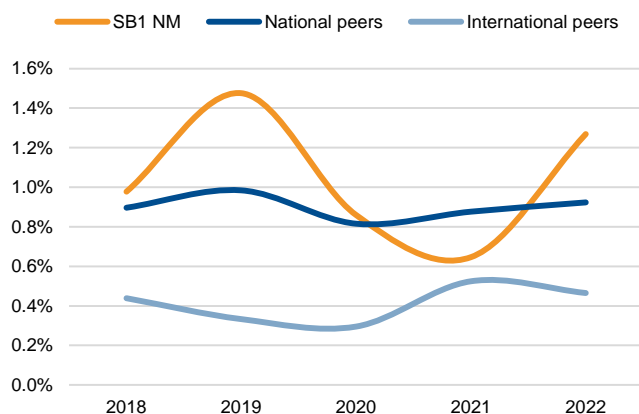
Net interest income % Operating income



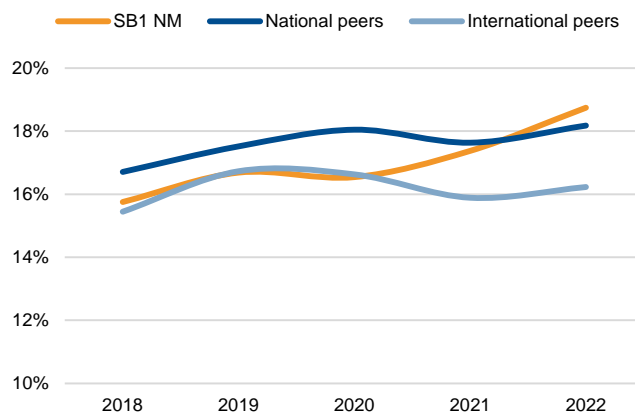
Costs % Income



Return on average assets (%)



CET1 capital ratio (%)



Notes: SB1 Nordmore's figures have not been restated for the years 2018-2021. 2022 data is unavailable for Bausparkasse Wustenrot.
 National peers: Landkreditt, Sandnes Sparebank, Totens Sparebank, Sparebanken More, SpareBank 1 SMN, DNB Bank.
 International peers: Bausparkasse Wustenrot AG, Banca Popolare di Sondrio SpA, Credito Emiliano SpA, Kutxabank SA, Unicaja Banco SA, TSB Banking Group plc, Sparbanken Sjuharad AB.
 Source: SNL.



SpareBank 1 Nordmore

Issuer Rating Report

II. Appendix: Selected financial information – SpareBank 1 Nordmore

	2018*	2019*	2020*	2021*	2022
Balance sheet summary (NOK m)					
Assets					
Cash and interbank assets	473	832	1,208	1,119	1,873
Total securities	1,484	1,634	1,586	2,573	2,549
of which, derivatives	1	4	0	2	33
Net loans to customers	12,122	13,068	14,153	21,311	22,098
Other assets	412	405	444	580	649
Total assets	14,490	15,940	17,391	25,583	27,169
Liabilities					
Interbank liabilities	0	0	0	0	0
Senior debt	3,995	4,079	4,119	5,822	6,494
Derivatives	0	0	24	18	46
Deposits from customers	8,086	9,333	10,609	15,950	16,508
Subordinated debt	273	224	223	301	303
Other liabilities	101	117	109	161	188
Total liabilities	12,455	13,753	15,084	22,252	23,539
Ordinary equity	1,840	1,990	2,109	3,081	3,340
Equity hybrids	185	185	185	245	285
Minority interests	10	11	13	5	5
Total liabilities and equity	14,490	15,940	17,391	25,583	27,169
<i>Core tier 1/ common equity tier 1 capital</i>	<i>1,361</i>	<i>1,498</i>	<i>1,603</i>	<i>2,392</i>	<i>2,726</i>
Income statement summary (NOK m)					
Net interest income	242	261	236	339	467
Net fee & commission income	106	99	110	154	152
Net trading income	25	67	18	12	49
Other income	89	119	104	152	131
Operating income	462	546	467	657	799
Operating expenses	238	257	252	422	381
Pre-provision income	224	289	216	235	418
Credit and other financial impairments	50	26	41	60	28
Other impairments	0	0	0	0	0
Non-recurring income	NA	NA	NA	NA	NA
Non-recurring expense	NA	NA	NA	NA	NA
Pre-tax profit	173	263	175	175	390
Income from discontinued operations	0	0	0	0	0
Income tax expense	34	32	30	29	58
Other after-tax items	0	0	0	0	0
Net profit attributable to minority interests	2	1	2	4	2
Net profit attributable to parent	138	230	143	142	331

Note: In May 2021, the former SpareBank 1 Nordvest and Surnadal Sparebank merged. Figures for 2021 reflect the merged bank from May while from January to April they only reflect the former SpareBank 1 Nordvest. Figures for 2018-2020 have not been restated and are only for SpareBank 1 Nordvest. Source: SNL



SpareBank 1 Nordmore

Issuer Rating Report

III. Appendix: Selected financial information – SpareBank 1 Nordmore

	2018*	2019*	2020*	2021*	2022
Funding and liquidity					
Net loans/ deposits (%)	150%	140%	133%	134%	134%
Liquidity coverage ratio (%)	147%	286%	267%	219%	309%
Net stable funding ratio (%)	144%	145%	148%	135%	120%
Asset mix, quality and growth					
Net loans/ assets (%)	83.7%	82.0%	81.4%	83.3%	81.3%
Problem loans/ gross customer loans (%)	0.7%	0.4%	0.6%	0.6%	0.9%
Loan loss reserves/ problem loans (%)	81.2%	92.2%	63.9%	58.0%	38.6%
Net loan growth (%)	9.7%	7.8%	8.3%	50.6%	3.7%
Problem loans/ tangible equity & reserves (%)	4.0%	2.6%	3.5%	4.1%	5.8%
Asset growth (%)	6.5%	10.0%	9.1%	47.1%	6.2%
Earnings and profitability					
Net interest margin (%)	1.7%	1.7%	1.4%	1.5%	1.8%
Net interest income/ average RWAs (%)	2.8%	2.9%	2.6%	2.7%	3.3%
Net interest income/ operating income (%)	52.3%	47.9%	50.6%	51.6%	58.4%
Net fees & commissions/ operating income (%)	23.0%	18.2%	23.5%	23.4%	19.0%
Cost/ income ratio (%)	51.6%	47.0%	53.9%	64.2%	47.7%
Operating expenses/ average RWAs (%)	2.8%	2.8%	2.7%	3.4%	2.7%
Pre-impairment operating profit/ average RWAs (%)	2.6%	3.2%	2.3%	1.9%	3.0%
Impairment on financial assets / pre-impairment income (%)	22.4%	9.0%	18.8%	25.5%	6.7%
Loan loss provision/ average gross loans (%)	0.2%	0.2%	0.1%	0.2%	0.1%
Pre-tax profit/ average RWAs (%)	2.0%	2.9%	1.9%	1.4%	2.8%
Return on average assets (%)	1.0%	1.5%	0.9%	0.6%	1.3%
Return on average RWAs (%)	1.6%	2.6%	1.6%	1.2%	2.4%
Return on average equity (%)	7.0%	10.9%	6.4%	4.9%	9.5%
Capital and risk protection *					
Common equity tier 1 ratio (% , fully loaded)	15.7%	16.7%	16.5%	17.4%	18.7%
Common equity tier 1 ratio (% , transitional)	15.7%	16.7%	16.5%	17.4%	18.7%
Tier 1 capital ratio (% , transitional)	18.0%	18.8%	18.5%	19.1%	20.7%
Total capital ratio (% , transitional)	20.8%	21.0%	20.4%	21.2%	22.7%
Leverage ratio (%)	10.8%	10.7%	10.3%	10.3%	11.1%
Asset risk intensity (RWAs/ total assets, %)	59.6%	56.4%	55.7%	53.8%	53.5%

Notes: (1) In May 2021, the former SpareBank 1 Nordvest and Surnadal Sparebank merged. Figures for 2021 reflect the merged bank from May while from January to April they only reflect the former SpareBank 1 Nordvest. Figures for 2018-2020 have not been restated and are only for SpareBank 1 Nordvest.

(2) Capital and risk protection figures are not on a proportional consolidation basis.
Source: SNL



SpareBank 1 Nordmore

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