SpareBank 1 Nordmore

Issuer rating report

Issuer rating

A-

Outlook

Stable

Lead Analyst

Pauline Lambert

p.lambert@scoperatings.com

Associate Analyst

Andre Hansen

a.hansen@scoperatings.com

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Summary and Outlook

Scope's credit view (summary)

SpareBank 1 Nordmore's **A- issuer rating** reflects its local savings bank business model and sound credit fundamentals. The bank is a well-established medium-sized savings bank operating in Mid-Norway with a focus on personal customers and mortgage lending. As a member of the SpareBank 1 Alliance, the bank can meet the broad 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 products and services in the country.

SpareBank 1 Nordmore generates solid profitability and has a record of sound asset quality. Management is currently developing a profitability program aimed at achieving more ambitious targets, a return on equity of 10-12% and a cost income ratio of 40%.

The bank's operations are concentrated in More & Romsdal, a region characterised by more moderate business cycles and lower unemployment. Asset quality continues to be resilient despite a weakening macroeconomic outlook. The bank has revised its loss models to incorporate more negative economic assumptions, resulting in increased model-based provisions. Relatively low risk residential mortgages accounting for about 65% of on-balance sheet gross loans support the bank's asset quality.

SpareBank 1 Nordmore maintains a reassuring solvency position. As of Q3 2023, the bank's CET1 ratio was 17.5% while the leverage ratio was 9% (proportional consolidation basis), above current supervisory expectations.

The bank's liquidity and funding profile continues to be sound, with liquidity metrics comfortably above requirements. Retail customer deposits remain the primary funding source although market funding continues to be important, including covered bonds issued by the funding vehicles of the SpareBank 1 Alliance.

Outlook

The Stable Outlook reflects our expectation for the bank's credit fundamentals to remain robust despite a softer economic environment.

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 material deterioration in asset quality and earnings, potentially stemming from a weaker operating environment

Table of contents

Rating drivers overview table

Step		Assessment	Summary rationale
STEP 1	Operating environment	**Very supportive** Supportive Moderately supportive Constraining Very constraining	• Norway is a wealthy economy with well-developed capital markets and a strong record of economic resilience • Supportive operating environment for banking activities • Relatively stringent and active financial regulator
	Business model	Very resilient Resilient Consistent **Focused** Narrow	• Savings bank with a focus on personal customers and mortgage lending • Membership in an alliance brings significant benefits and strengthens business franchise • Operations are concentrated in one region of Norway
	Mapping refinement	**High** Low	Strong market position in target market with resilient operating performance
	Initial mapping	**bbb/bbb+**	
	Long-term sustainability	Best in class Advanced **Developing** Constrained Lagging	• Business model is based on maintaining close ties to the local community • Ongoing efforts to more closely integrate sustainability considerations in business and credit processes • Digital capabilities at an advanced level in line with domestic peers
	Adjusted anchor	**bbb**	
STEP 2	Earnings capacity & risk exposures	Very supportive **Supportive** Neutral Constraining Very constraining	• Solid earnings generation with a relatively high level of fee income • Sound asset quality underpinned by relatively low risk mortgage book
	Financial viability management	Ample **Comfortable** Adequate Limited Stretched At risk	• Comfortably meets regulatory requirements • Customers deposits are main source of funding, with market funding also being important, including covered bonds through the issuance vehicles of the SpareBank 1 Alliance
	Additional factors	Significant upside factor Material upside factor **Neutral** Material downside factor Significant downside factor	• No further considerations
	Standalone	**a-**	
STEP 3	External support	Not applicable	
Issuer rating		**A-**	

Issuer profile

SpareBank 1 Nordmore (SB1 Nordmore) is a Norwegian 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 ten 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. SB1 Nordmore enjoys leading market positions in Kristiansund and Surnadal, the historic bases of the former banks. 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 Q3 2023, the ECC holders' ownership share was around 38%.

SB1 Nordmore holds a 69% stake in SpareBank 1 Okonomipartner Nordmore AS, a provider of accounting and payroll services. As of Q3 2023, the SB1 Nordmore group had total on-balance sheet assets of NOK 26.9bn and 230 employees.

Recent events

- **January 2024, alliance insurance companies to merge**. The property & casualty insurance companies of the SpareBank 1 and Eika Alliances, Fremtind Forsikring and Eika Forsikring, signed a transaction agreement to facilitate a merger. Following the merger, the SpareBank 1 Group will hold 51.44% of the new entity. With a 1.6% stake in the SpareBank 1 Group, the bank expects to book a one off gain of ca. NOK 39m (based on figures as of 30 June 2023) when the transaction is completed (summer 2024 at the earliest).
- **Q3 2023 results**. SB1 Nordmore reported a profit after tax of NOK 79m for Q3 2023 and NOK 221m for 9M 2023. The reported return on equity was 8.1% (8.5%, 9M 2022). Profits were positively impacted by the higher interest rate environment and good loan growth. Impairments in the quarter amounted to NOK 8m, down from NOK 10m in Q2 2023. The CET1 ratio remained stable in the quarter and stood at 17.5% (proportionally consolidated basis).

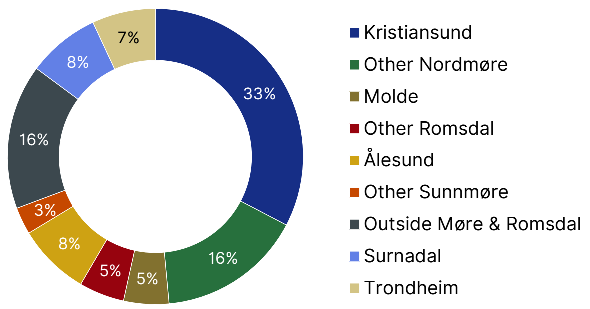
Rating drivers

Well established savings bank operating in Central 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.

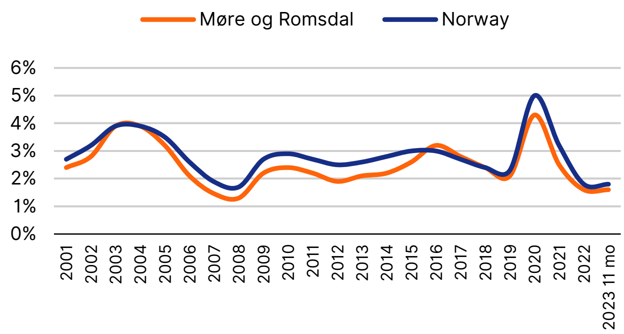
The "very supportive" operating environment assessment reflects Norway's wealthy and resilient economy as well as the supportive operating environment for banking activities. The bank's operations are concentrated in More og Romsdal, a county characterised by more moderate business cycles and lower unemployment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

Figure 1: Loans by geography (Q3 2023)



Note: Excludes loans transferred to covered bond issuing vehicles. More og Romsdal comprises the districts of Nordmore, Romsdal and Sunnmore.
Source: Bank, Scope Ratings

Figure 2: Unemployment rates



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

Activities focused in More og Romsdal

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. The bank's branch network spans across 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 hundreds of companies, detailed industry studies, and surveys of CEOs and individuals.

In the latest study[1], the expectations of businesses are low and lie close to pandemic levels as higher rates are having an impact. The outlook for three of seven industries (retail, building and construction, commercial real estate) is negative with the overall view that prospects will remain challenging in 2024. The offshore sector is the exception and continues to develop positively. Nevertheless, unemployment in More og Romsdal remains low, and the unemployment rate is below the national average (Figure 2).

Membership in SpareBank 1 Alliance supports market position

SB1 Nordmore enjoys significant advantages from being 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, respectively[2]. The

[1] SpareBank 1 SMN, Konjunkturbarometer 2023.
[2] Norges Bank, data as of 31 December 2022.

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.

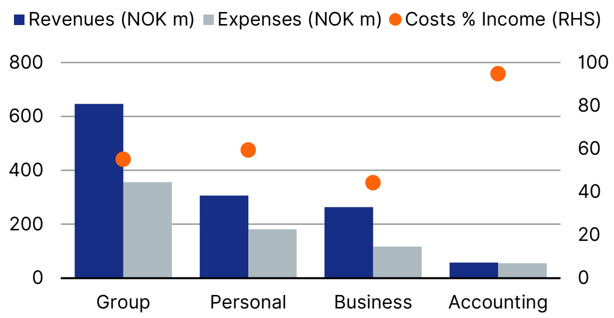
More diversified revenue profile compared to many peers

Compared to many peers, SB1 Nordmore benefits from a greater proportion of non-interest income (Figure 3.2). 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. In some cases, only the accounting firm is present in an area but plays a role in representing the entire SB1 Nordmore group.

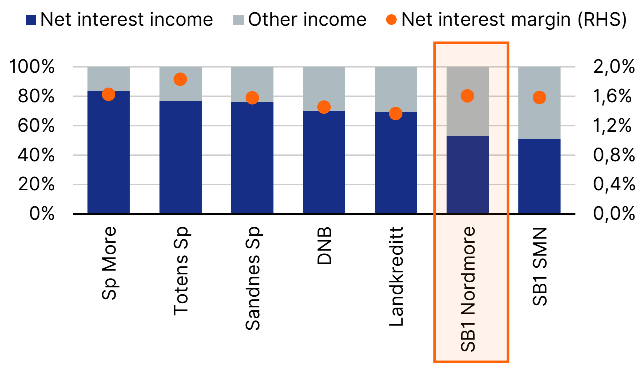
Figure 3: Diversification of operating revenue

3.1 Revenue and expenses by segment (9M 2023)



Source: Bank, Scope Ratings.

3.2 Revenue profile – peer comparison



Note: Three-year averages for 2020-2022 period.
Source: SNL, Scope Ratings.

Box A: Focus on SpareBank 1 Nordmore's country of domicile: Norway

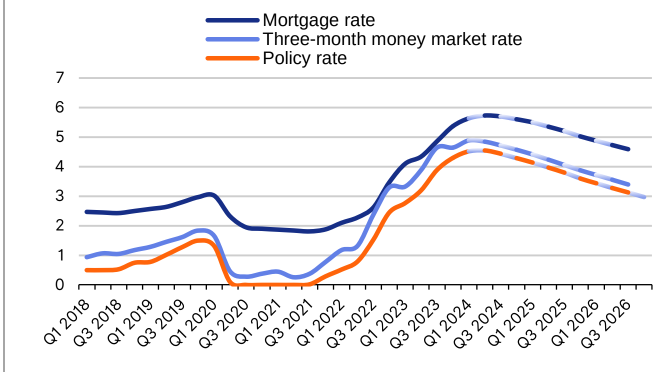
Economic assessment:

- With a population of 5.4m and a GDP of USD 375bn (2023 est), Norway is a relatively small open economy with one of the world's highest per capita incomes.
- The Norwegian economy demonstrated significant resilience during the Covid-19 pandemic and the energy crisis following the escalation of the Russia-Ukraine war.
- While we expect a gradual recovery in household consumption and investment, the combination of high private sector debt and higher rates will moderate economic activity. Economic growth is expected to stay below potential in 2024 at 0.9%.
- A 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. The strength of the oil and gas sector is expected to help sustain large current-account surpluses in 2024 and 2025.
- The 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.
- Commercial property prices have risen substantially for many years, constituting a vulnerability for the financial system.
- The country's reliance on the oil and gas sector exposes it to long-term transition risks.

Key economic indicators	2020	2021	2022	2023F	2024F
GDP per capita (USD'000s)	68.4	90.8	106.3	NF	NF
Real GDP, % change	-1.3	4.0	3.4	1.7	0.9
Unemployment rate, %	4.4	4.4	3.2	3.6	3.8
Headline inflation, % change	1.3	3.5	5.8	5.5	4.0
Policy rate, %	0.0	0.50	2.75	4.25	4.00
Public debt, % of GDP	46	43	37	38	37

NF: Not forecasted. Source: SNL, Scope Ratings forecasts

Figure A: Interest rates (%)



Source: Norges Bank, Dec 2023 MPR

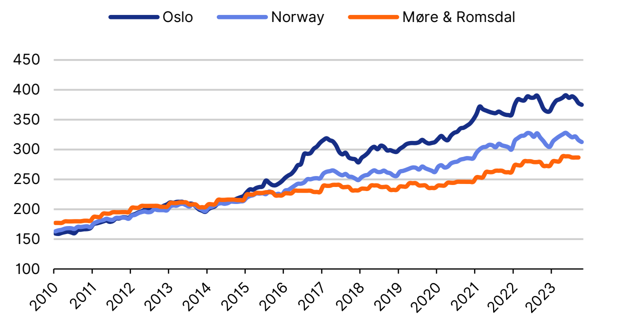
Soundness of the banking sector:

- The Norwegian banking system is dominated by DNB Bank, with a market share of around 30%. Nordea and other foreign banks account for about 20% of the retail market and 30% of the corporate market. There are also nearly 90 savings banks, with their size ranging from less than NOK 5bn to NOK 365bn in assets. Savings banks tend to operate locally or regionally and are part of alliances (SpareBank 1, Eika, DSS).
- Smaller savings banks are consolidating due to increasing competitive and regulatory pressures.
- Residential mortgages account for more than half of total lending while the commercial real estate sector accounts for 15% of total lending (or nearly half of corporate lending).
- Digitalisation is high and the use of cash is amongst the lowest in the world.
- A 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.
- While customer deposits are the primary source of funding, the use of market funding is material, especially covered bonds.

Banking system indicators	2018	2019	2020	2021	2022
ROAA, %	1.0	1.1	0.8	1.0	1.0
ROAE, %	10.8	11.2	8.5	10.1	11.0
Net interest margin, %	1.7	1.8	1.7	1.6	1.8
CET1 ratio, %	16.6	17.8	18.2	18.4	18.3
Problem loans/gross customer loans, %	1.3	1.3	1.6	1.4	1.3
Loan-to-deposit ratio, %	160.2	163.2	151.7	143.1	143.6

Source: SNL, Scope Ratings

Figure B: House price index



Source: Macrobond, Eiendom Norge, Scope Ratings.

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 to cement ties with local communities are tangible, a common feature among Norwegian savings banks.

Figure 4: Long-term sustainability overview table[3]

	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

SB1 Nordmore's approach to sustainability is anchored in its strategy. The bank has performed a materiality analysis to identify priorities important for internal and external stakeholders. Further, the bank has completed a supplementary impact analysis.

The bank continues to address risks and opportunities related to sustainability. Work is ongoing to establish a framework for effectively dealing with ESG risks. In the coming year, SB1 Nordmore plans to continue developing the ESG competence of its employees, encourage customers to make sustainable choices and reduce ESG-related risks.

A focus area is complying with sustainability reporting requirements such as the Norwegian Transparency Act. The bank has begun working with the SpareBank 1 Alliance and auditors to prepare for future ESG requirements and disclosures. 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.

Governance: employees, customers and the local community are important stakeholders

SB1 Nordmore maintains close ties to the local area where it operates and its various stakeholders. This is reinforced by its 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.

Digital: strong capabilities underpinned by resources of SpareBank 1 Alliance

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.

[3] The ESG-D heatmap is not a scorecard but illustrates how each factor informs our overall assessment. The Materiality table shows how we assess the credit relevance of each factor for the entire European banking industry. The Exposure table shows to what extent the bank is exposed to risks or benefits from opportunities compared to peers, given its business model and countries of operation. The Management table shows how we view the bank's navigation through transitions.

Social: key factor for sustaining business franchise

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. These efforts are important for sustaining the bank's market position.

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

Environment: assessing risks and supporting the transition

Using models developed by the SpareBank 1 Alliance, the bank has started assessing climate risk by industry level in its loan portfolio. ESG risks are integrated into the credit process for loans above NOK 5m. Corporate customers are assigned a score when loans are originated. The bank has also begun requiring Energy Performance Certificates (EPC) for new clients and monitors this actively. Further, the Partnership for Carbon Accounting Financials (PCAF) methodology is used to calculate emissions in the corporate loan portfolio.

Between 2023-2025 the bank has a number of targets, including: increasing the amount of corporate loans that qualify under the green loan framework/EU taxonomy by 7% annually and doubling green housing loans. The bank is demonstrating good progress on its targets. In the twelve months ending 30 September 2023, eligible corporate loans increased by 20% to NOK 1.1bn. As of Q3 2023, the bank had already reached its 2023 target for green housing loans (target: NOK 471m, actual: NOK 553m).

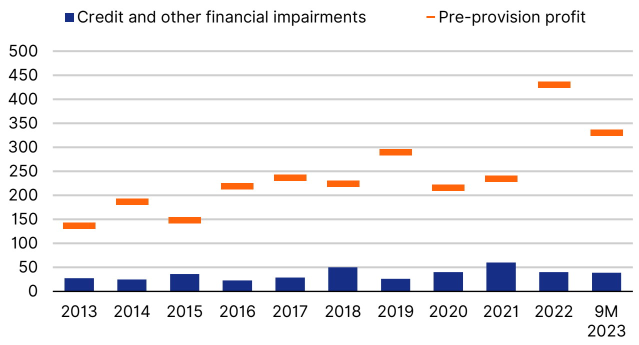
SB1 Nordmore has had an independently certified green bond framework since 2021. As of end-2023, the bank had issued NOK 900m in green bonds.

Solid earnings capabilities and sound asset quality

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.

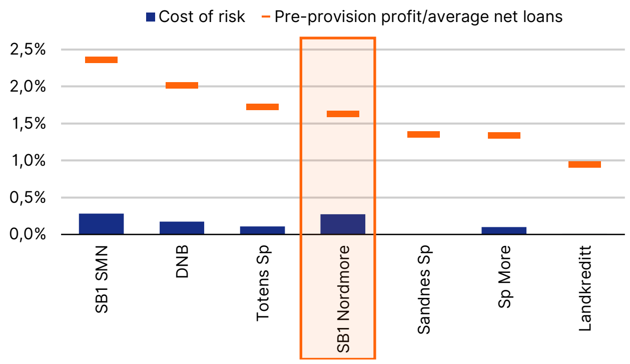
Figure 5: Capacity to absorb credit costs

5.1 Pre-provision income vs impairments (NOK m)



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

5.2 Pre-provision income vs impairments – peer comparison



Note: Three-year averages for period 2020-2022
Source: SNL, Scope Ratings

For 9M 2023, SB1 Nordmore reported a net profit of NOK 221m and a return on equity of 8.1%, which is high given the equity base. Results were supported by strong net interest income and loan growth. Over the last twelve months, total lending has increased by 8%. Following the 25 bp hike in the policy rate in September 2023, the bank increased its lending rates, with the higher rates applicable from November 2023 for existing customers. The latest 25 bp increase in the policy rate in December 2023 will further support net interest income.

Aiming to achieve more ambitious return targets

Costs have moderately risen due to general price inflation and increased employee headcount as well as investments in digital solutions. Management is in the process of establishing a profitability program, aimed at achieving more ambitious targets. SB1 Nordmore targets a return on equity between 10% and 12% over time and a cost income ratio of 40%. Previously, the bank targeted a 10% return and a cost income ratio of 45%.

In addition to the estimated one-off NOK 39m gain from the planned merger of the insurance companies mentioned above, SB1 Nordmore expects another one-off gain of approximately NOK 28-32m this year when Sparebanken Sogn og Fjordane joins the SpareBank 1 Alliance. The gain will arise as Sparebanken Sogn og Fjordane acquires a stake in the alliance.

Asset quality remains sound

SB1 Nordmore's asset quality remains sound despite a weaker economic outlook. There has been a limited increase in Stage 2 loans driven by corporate exposures. The overall level compares well to peers (Figure 6.2). Management continues to revise the macroeconomic assumptions in its IFRS 9 models and maintains additional discretionary provisions for macro-economic uncertainty, high inflation and the ongoing war in Ukraine. The bank has also increased monitoring of loans in more vulnerable industries.

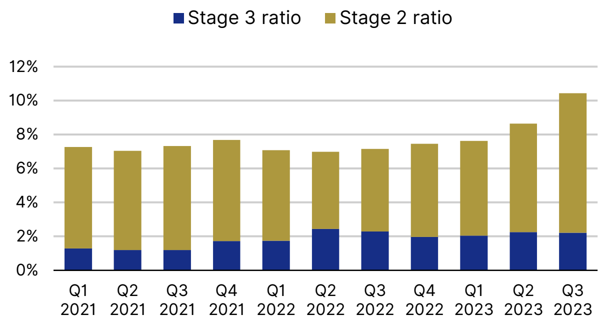
Mortgage focused loan book

Relatively low risk residential mortgages account for 65% of the bank's on-balance sheet loan portfolio. 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 not see the same downside risks for home prices (Figure B). The bank has not seen a material increase in personal customers requesting payment deferrals.

As with other Norwegian savings banks, SB1 Nordmore has a material exposure to the commercial real estate sector (Figure 7.1). 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.

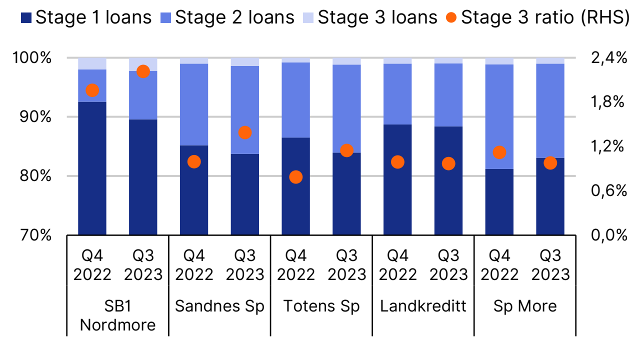
Figure 6: Asset quality metrics

6.1 Stage 2 and Stage 3 ratio development



Source: Bank, SNL, Scope Ratings

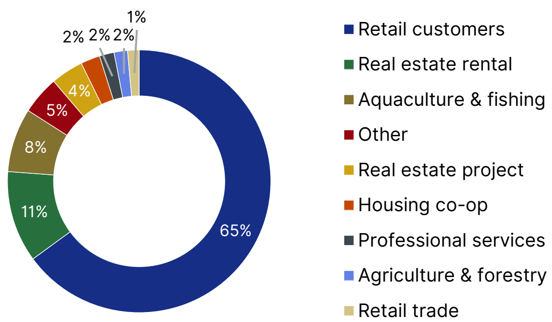
6.2 IFRS 9 loan staging – selected peer comparison



Source: SNL, Scope Ratings

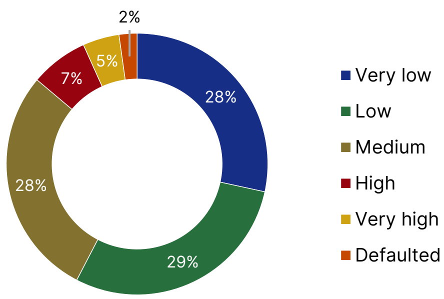
Figure 7: Loan book profile

7.1 Breakdown of customer loans (Q3 2023)



Note: On-balance sheet loans of NOK 22.5bn as of Q3 2023. Excludes NOK 8.9bn in loans transferred to covered bond issuing entities of SpareBank 1 Alliance
Source: Bank, Scope Ratings

7.2 Internal risk classification of credit exposures (Q3 2023)

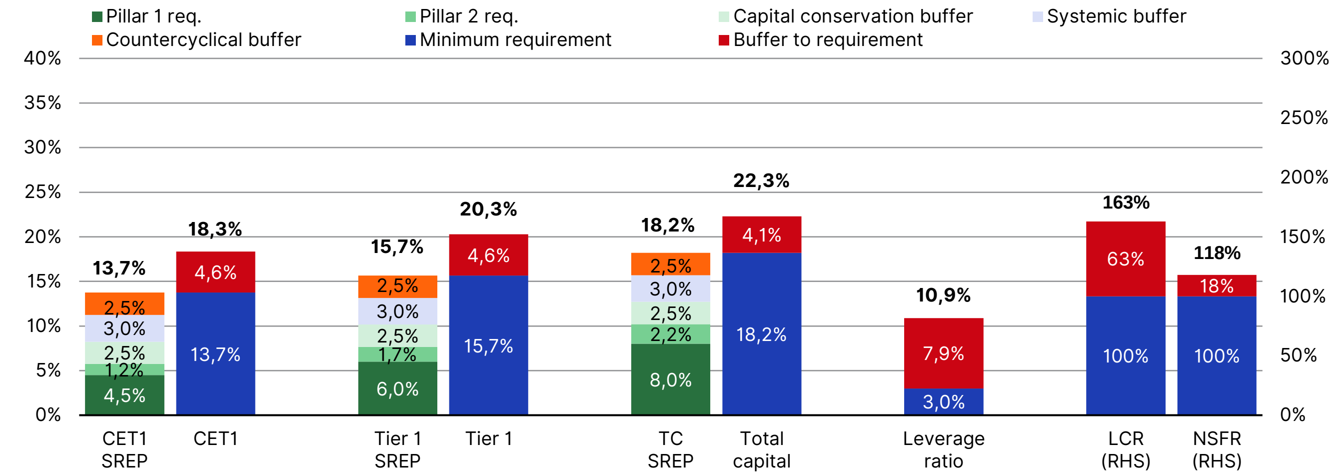


Source: Bank, Scope Ratings

Comfortable buffers to regulatory requirements

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. Customer deposits remain the primary source of funding although there is some reliance on market funding as with other Norwegian banks.

Figure 8: Overview of distance to requirements, as of Q3 2023



Source: Bank, SNL, Scope Ratings
Note: Capital figures are not on a proportionally consolidated basis

As part of its strategic planning, SB1 Nordmore manages growth to preserve sound solvency metrics and to meet regulatory requirements. Given a satisfactory solvency position, the bank aims for a 50-70% dividend payout ratio. As of Q3 2023, the group's CET1 ratio was 17.5% while the leverage ratio was 9% (proportional consolidation basis). These figures sit comfortably above the current requirements of 13.7% and 3%, respectively.

The bank received an updated Pillar 2 requirement in June 2023 of 2.2%, down from 2.7% previously. Following the update, the bank has been able to meet its Pillar 2 requirement with a mix of capital instead of just CET1 capital. Furthermore, the Norwegian FSA assigned a Pillar 2 guidance of 1.5%.

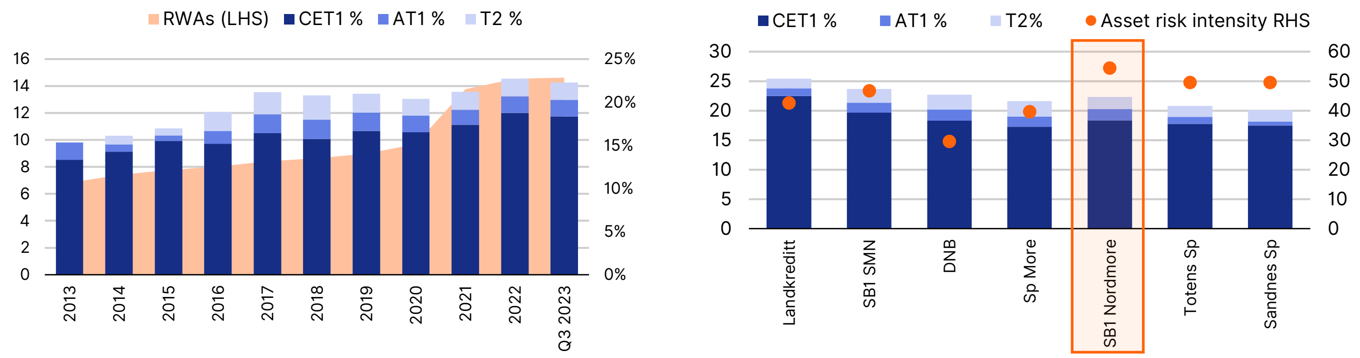
Comfortably meets increased systemic risk buffer requirement

At year-end 2023, the systemic risk buffer increased to 4.5% from 3% for banks like SB1 Nordmore using the standardised approach for credit risk. The systemic risk buffer must be met entirely with CET1 capital.

Figure 9: Key capital metrics

9.1 RWA (NOK bn) and capital (%) development

9.2 Capital profile – peer comparison



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

Note: Data as of Q3 2023
Source: SNL, Scope Ratings

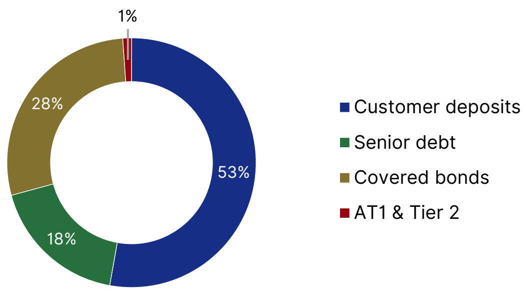
SB1 Nordmore's primary source of funding is customer deposits, of which more than 60% are from personal customers. While the focus remains on smaller, more stable deposits, the bank in recent years has also gathered a limited volume of deposits from a marketplace platform catering to corporate and institutional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

Primarily deposit funded

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. The bank has set a limit on the share of loans which can be transferred to the covered bond funding vehicles, maintaining a portion which can be readily used for funding purposes if needed. As of Q3 2023, NOK 8.9bn in loans had been transferred, equivalent to just under 30% of total lending.

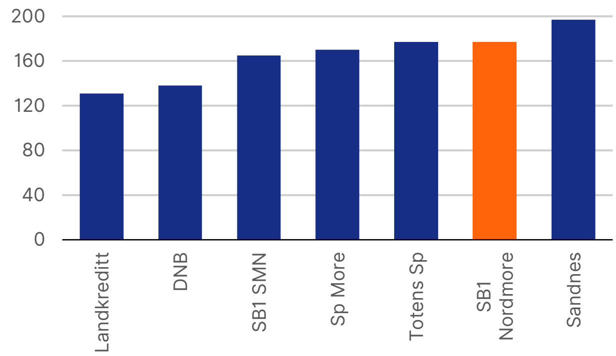
Regular issuer in the Norwegian market

Figure 10: Funding profile (Q3 2023)



Source: Bank, Scope Ratings

Figure 11: Loans % Deposits – peer comparison



Notes: Data as of H1 2023. Figures include loans transferred to covered bond issuing entities. Source: Banks, Scope Ratings

Debt ratings

Senior unsecured debt

The senior unsecured debt rating of A- is aligned with the issuer rating.

Senior unsecured (subordinated) debt

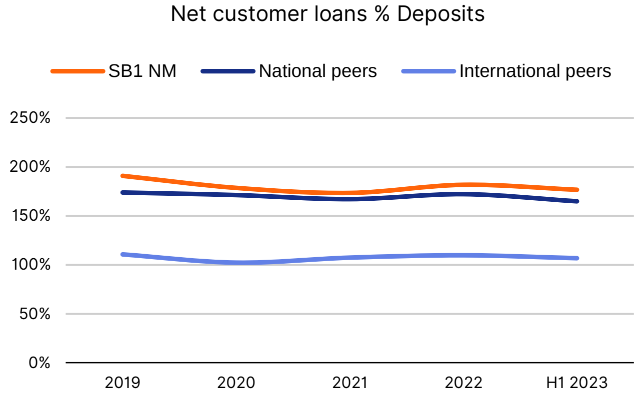
The senior unsecured (subordinated) debt rating of BBB+ is one notch below the senior unsecured rating reflecting its subordinated status.

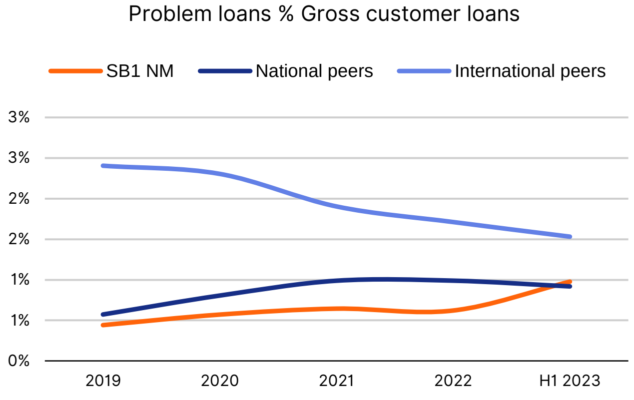
Credit rating list

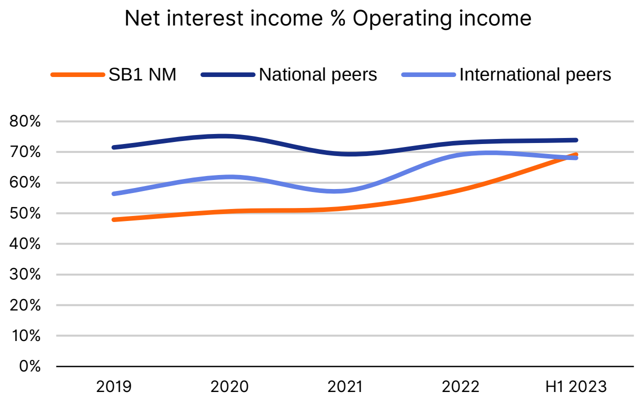
		Credit rating	Outlook
Issuer	**SpareBank 1 Nordmore**		
	Issuer rating	A-	Stable
	Senior unsecured debt rating	A-	Stable
	Senior unsecured (subordinated) debt rating	BBB+	Stable

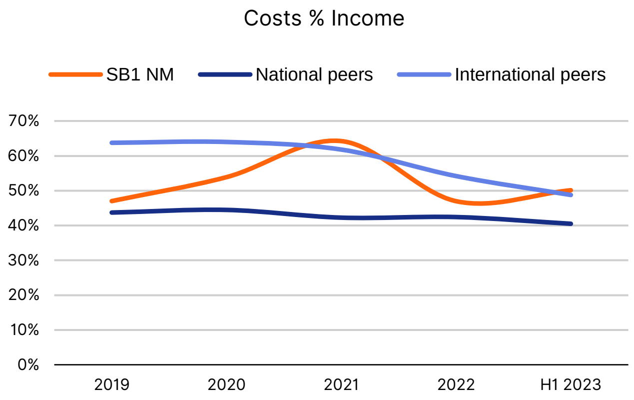
Financial appendix

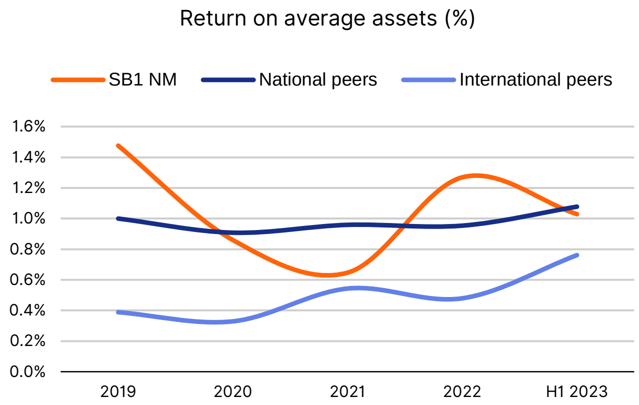
I. Appendix: Peer comparison

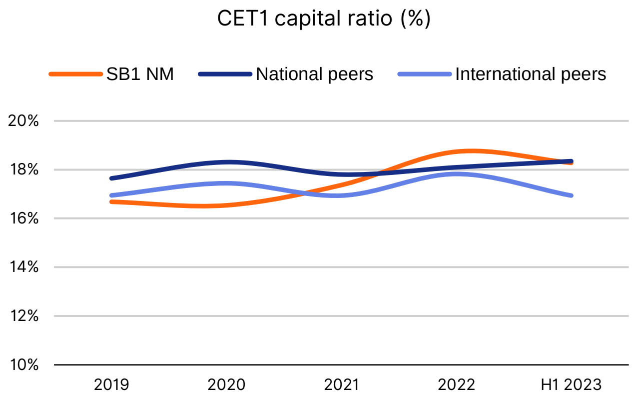












Notes: SB1 Nordmore's figures have not been restated for the years 2018-2021. 2023H1 data is unavailable for Bausparkasse Wustenrot. Figures for national peers include loans transferred to covered bond issuing entities
National peers: Landkreditt, Sandnes Sparebank, Totens Sparebank, Sparebanken More, SpareBank 1 SMN, DNB Bank
International peers: Bausparkasse Wustenrot AG, Banca Popolare di Sondrio SpA, Credito Emiliano SpA, Kutxabank SA, Unicaja Banco SA, Sparbanken Sjuharad AB, Oberbank AG, Principality Building Society
Source: SNL

II. Appendix: Selected financial information – SpareBank 1 Nordmore

	2019	2020	2021	2022	9M 2023
Balance sheet summary (NOK m)					
Assets					
Cash and interbank assets	832	1,208	1,119	1,873	1,192
Total securities	1,634	1,586	2,573	2,549	2,597
of which, derivatives	4	0	2	33	44
Net loans to customers	13,068	14,153	21,311	22,098	22,460
Other assets	405	444	580	649	645
Total assets	**15,940**	**17,391**	**25,583**	**27,169**	**26,894**
Liabilities					
Interbank liabilities	0	0	0	0	0
Senior debt	4,079	4,119	5,822	6,494	5,753
Derivatives	0	24	18	46	58
Deposits from customers	9,333	10,609	15,950	16,508	16,861
Subordinated debt	224	223	301	303	304
Other liabilities	117	109	161	188	196
Total liabilities	**13,753**	**15,084**	**22,252**	**23,539**	**23,172**
Ordinary equity	1,990	2,109	3,081	3,340	3,431
Equity hybrids	185	185	245	285	285
Minority interests	11	13	5	5	6
Total liabilities and equity	**15,940**	**17,391**	**25,583**	**27,169**	**26,894**
Core tier 1/ common equity tier 1 capital	*1,498*	*1,603*	*2,392*	*2,726*	*2,682*
Income statement summary (NOK m)					
Net interest income	261	236	339	467	458
Net fee & commission income	99	110	154	152	105
Net trading income	67	18	12	61	NA
Other income	119	104	152	131	NA
Operating income	**546**	**467**	**657**	**811**	**646**
Operating expenses	257	252	422	381	317
Pre-provision income	**289**	**216**	**235**	**430**	**330**
Credit and other financial impairments	26	41	60	40	39
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	**263**	**175**	**175**	**390**	**291**
Income from discontinued operations	0	0	0	0	0
Income tax expense	32	30	29	58	70
Other after-tax Items	0	0	0	0	0
Net profit attributable to minority interests	1	2	4	2	0
Net profit attributable to parent	**230**	**143**	**142**	**331**	**221**

Source: SNL

III. Appendix: Selected financial information – SpareBank 1 Nordmore

	2019	2020	2021	2022	9M 2023
Funding and liquidity					
Net loans/ deposits (%)	140%	133%	134%	134%	133%
Liquidity coverage ratio (%)	286%	267%	219%	219%	163%
Net stable funding ratio (%)	128%	134%	114%	120%	118%
Asset mix, quality and growth					
Net loans/ assets (%)	82.0%	81.4%	83.3%	81.3%	83.5%
Problem loans/ gross customer loans (%)	0.4%	0.6%	0.6%	0.6%	0.8%
Loan loss reserves/ problem loans (%)	92.2%	63.9%	58.0%	58.7%	51.6%
Net loan growth (%)	7.8%	8.3%	50.6%	3.7%	2.2%
Problem loans/ tangible equity & reserves (%)	2.6%	3.5%	4.1%	3.8%	4.9%
Asset growth (%)	10.0%	9.1%	47.1%	6.2%	-1.3%
Earnings and profitability					
Net interest margin (%)	1.7%	1.4%	1.5%	1.8%	2.3%
Net interest income/ average RWAs (%)	2.9%	2.6%	2.7%	3.3%	4.2%
Net interest income/ operating income (%)	47.9%	50.6%	51.6%	57.6%	70.9%
Net fees & commissions/ operating income (%)	18.2%	23.5%	23.4%	18.7%	16.3%
Cost/ income ratio (%)	47.0%	53.9%	64.2%	47.0%	49.1%
Operating expenses/ average RWAs (%)	2.8%	2.7%	3.4%	2.7%	2.9%
Pre-impairment operating profit/ average RWAs (%)	3.2%	2.3%	1.9%	3.1%	3.0%
Impairment on financial assets / pre-impairment income (%)	9.0%	18.8%	25.5%	9.3%	11.8%
Loan loss provision/ average gross loans (%)	0.2%	0.1%	0.2%	0.1%	0.2%
Pre-tax profit/ average RWAs (%)	2.9%	1.9%	1.4%	2.8%	2.6%
Return on average assets (%)	1.5%	0.9%	0.6%	1.3%	1.1%
Return on average RWAs (%)	2.6%	1.6%	1.2%	2.4%	2.0%
Return on average equity (%)	10.9%	6.4%	4.9%	9.5%	8.0%
Capital and risk protection					
Common equity tier 1 ratio (%, fully loaded)	NA	NA	NA	NA	NA
Common equity tier 1 ratio (%, transitional)	16.7%	16.5%	17.4%	18.7%	18.3%
Tier 1 capital ratio (%, transitional)	18.8%	18.5%	19.1%	20.7%	20.3%
Total capital ratio (%, transitional)	21.0%	20.4%	21.2%	22.7%	22.3%
Leverage ratio (%)	10.7%	10.3%	10.3%	11.1%	10.9%
Asset risk intensity (RWAs/ total assets, %)	56.4%	55.7%	53.8%	53.5%	54.4%

Source: SNL

Analyst

Pauline Lambert
p.lambert@scoperatings.com

Associate Analyst

Andre Hansen
a.hansen@scoperatings.com

Team Leader

Marco Troiano, CFA
m.troiano@scoperatings.com

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Scope Ratings UK Limited

52 Grosvenor Gardens
London SW1W 0AU
Phone: +44 20 7824 5180
scoperatings.com

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info@scoperatings.com
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