

# SpareBank 1 SR-Bank / SR-Boligkreditt

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SpareBank 1 SR-Bank ASA (SR-Bank) is a founding member of the SpareBank 1 Alliance, Norway's second largest financial group, in which it holds a 19.5% stake. SpareBank 1 Alliance consists of 14 independent savings banks that have joined forces to leverage synergies in areas such as IT infrastructure and joint branding. SR-Bank focuses on the south and west of Norway and is mainly active in the regions of Rogaland, Vestland, Agder as well as Oslo and Viken. SR-Bank serves over 300,000 customers and has 36 branches. The focus is on the savings and mortgage business. The business areas are divided into Retail Market, Corporate Market, SME and Agriculture, Capital Market, as well as Administration and Support. At 62.2%, the loan portfolio has the largest share in the Retail Customers category. Commercial Real Estate (CRE) accounts for 13.5%. SR-Bank has a strong focus on sustainability, which is also reflected in the share of Green Home Mortgages (22.7%) in loans in the Retail Customers category. The institution holds several subsidiaries and investments. SR-Boligkreditt, a wholly owned subsidiary established in 2015, serves to refinance operations through the issuance of covered bonds. In addition to secured funding, deposits represent a significant portion of the funding mix. SR-Bank reported a RoE of 12.6% for 2021 (2020: 6.4%; target: >12%). The CET1 ratio was 17.4% in 2021 and thus also above the bank's own target (16.7%). Regulatory liquidity requirements are also met (LCR: 168%; NSFR 124%).

## Ratings

	Rating	Outlook
Fitch	A	Stable
Moody's	A1	Stable
S&P	-	-

## Homepage

[www.sparebank1.no](http://www.sparebank1.no)

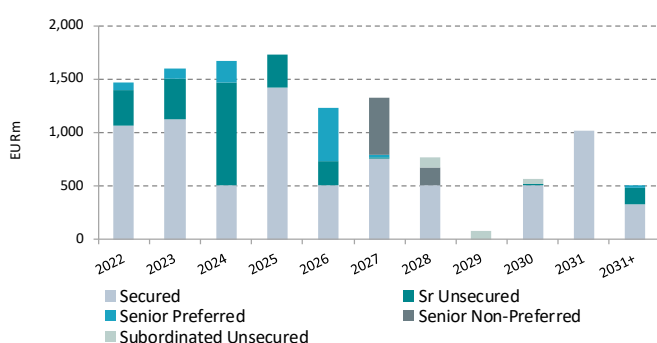
## Balance Sheet

(EURm)	2019Y	2020Y	2021Y
Net Loans to Customers	20,850	20,694	22,814
Total Securities	4,019	4,721	6,220
Total Deposits	10,452	11,271	13,740
Tier 1 Common Capital	2,093	2,115	2,222
Total Assets	25,940	27,378	30,382
Total Risk-weighted Assets	12,341	11,566	12,773

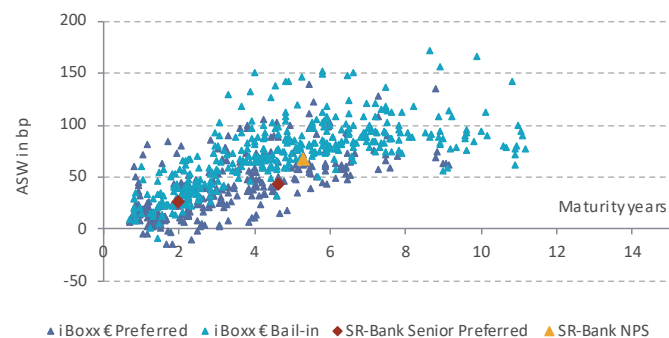
## Income Statement

(EURm)	2019Y	2020Y	2021Y
Net Interest Income	405	387	393
Net Fee & Commission Inc.	143	130	168
Net Trading Income	22	-2	33
Operating Expense	251	222	267
Credit Commit. Impairment	24	190	19
Pre-tax Profit	388	170	378

## Redemption Profile



## Senior Unsecured Bonds (EUR BMK)



## Company Ratios

	2019Y	2020Y	2021Y		2019Y	2020Y	2021Y
Net Interest Margin	1.66	1.54	1.38	Liquidity Coverage Ratio	155.00	157.00	168.00
ROAE	13.43	6.26	12.00	IFRS Tier 1 Leverage Ratio	8.22	7.92	7.40
Cost-to-Income	41.48	40.27	40.24	NPL/Loans at Amortised Cost	1.19	1.80	1.32
Core Tier 1 Ratio	16.96	18.29	17.39	Reserves/Loans at Amort. Cost	0.72	1.06	0.78

As of: 25.03.2022; Source: Bloomberg, S&P Global Market Intelligence, NORD/LB Markets Strategy & Floor Research

## Strengths / Opportunities

- Capitalization
- Profitability

## Risks / Weaknesses

- Exposure in oil and CRE sector (reduction in progress)
- Dependence on wholesale funding

# Covered Bonds

Author: Dr Frederik Kunze

## EUR 7.78bn in outstanding covered bonds

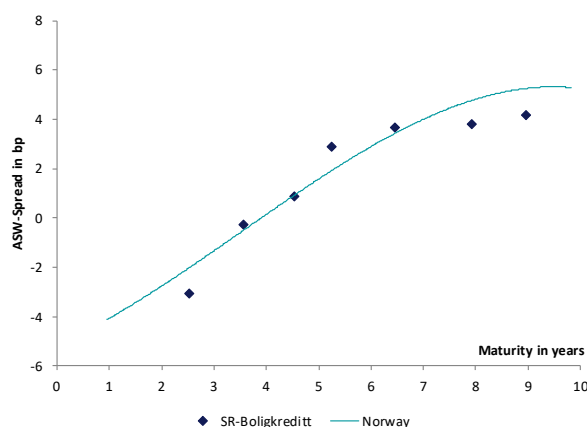
SR-Boligkreditt has outstanding covered bonds with a volume equivalent to EUR 7.78bn (reporting date December 31, 2021), which are matched by cover assets with a volume equivalent to EUR 9.14bn. The overcollateralization ratio is reported at 17.2%. In the iBoxx EUR Covered, SR-Boligkreditt is represented with a total of seven issues with a total volume of EUR 4.5bn. In addition to outstanding EUR issues (23.2% of outstanding volume), SR-Boligkreditt has most outstanding bonds in domestic currency (74.8%) and a small volume in USD (2.5%).

### Programme data

31 December 2021	Mortgage
Covered bonds outstanding	NOK 77.832bn (EUR 7.783bn)
Cover pool volume	NOK 91.356bn (EUR 9.136bn)
Current OC (nominal / legal)	17.2% / 2.0%
Type primary cover	100% Residential
Main country	100% Norway
Main region	68.8% Rogaland
Number of loans	47,965
Share of 10 largest exposures	0.2%
Fixed interest (Cover Pool / CBs)	0.0% / 78.6%
WAL (Cover Pool / CBs)	15.2y / 5.0y
NPL	0.0%
CB Rating (Fitch / Moody's / S&P)	- / Aaa / -

Source: Issuer, rating agencies, Bloomberg, NORD/LB Markets Strategy & Floor Research

### Spread overview (BMK >1y) – Norway



### Cover pool with exclusively Norwegian assets

The cover pool of SR-Boligkreditt consists of 97.9% mortgage assets and 2.1% substitute cover. Within the primary cover assets, again all assets are residential cover assets. In total, the cover pool comprised 47,965 loans with 47,657 borrowers as of the December 31, 2021. The average loan volume was the equivalent of around EUR 186,640. Geographically, all assets are located in Norway. Within the country, the region of Rogaland (68.8%) dominates, including Stavanger. Vestland, which borders Rogaland in the north, accounts for another 14.7%. The regional focus on the southwest and south of Norway is reflected in the share of the Agder region (9.9%), which borders Rogaland to the east. All loans were used to finance owner-occupied housing, of which 76.6% were houses and 22.3% apartments. All cover assets are denominated in NOK.

### Rating and regulatory treatment

The issues of SR-Boligkreditt are rated Aaa by Moody's. Accordingly, they benefit from a preferred risk weight under CRR of 10%. Bonds in benchmark format also benefit from a classification as a Level 1 asset in the LCR context, according to our assessment. Moreover, due to their membership in the European Economic Area (EEA), EUR bonds can be pledged as collateral to the ECB. As issues from a non-euro country, however, SR bonds are not eligible for purchase under the existing covered bond purchase program CBPP3. The same applies to the PEPP, which is due to expire soon.

# Appendix

## Contacts at NORD/LB

### Markets Strategy & Floor Research



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Governments	+49 511 9818-9660
Laender/Regionen	+49 511 9818-9550
Frequent Issuers	+49 511 9818-9640

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