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As a founding member, SpareBank 1 SR-Bank ASA (SR-Bank) is part 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 with market leadership in its home market Rogaland. With 1,332 employees in 34 branches (Q4/2020), the bank offers a wide range of products to its more than 300,000 retail and 20,000 corporate customers. The focus is on the savings and mortgage business. As of the reporting date of December 31, 2020, the loan portfolio was predominantly made up of retail customers at 62.5%, followed by Commercial Real Estate (CRE) at 14.3%. Reporting is primarily divided between "Retail Market" (accounting for 88% of pre-tax profit as of December 31, 2020), "Corporate Market" and "Capital Market" as well as "Staff/Support". In addition, the institute holds several subsidiaries and investments. Refinancing by means of covered bonds takes place either via SpareBank 1 Boligkreditt or via the wholly owned subsidiary SR-Boligkreditt, which was established in 2015. In addition, deposits represent a significant share of the funding mix. The LCR (157% as of Dec. 31, 2020) and NSFR (123%) most recently met the minimum requirement of 100%. 2020 RoE decreased from 14% to 6.4% (RoE target 2021: 11%), with the highest RoE for 2020 of 9.7% reported in Q4/2020. The CET1 ratio was 18.3% in 2020 (CET1 target 2021: 16.7%).

## Ratings

	Rating	Outlook
Fitch	A-	Negative
Moody's	A1	Stable

## Homepage

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

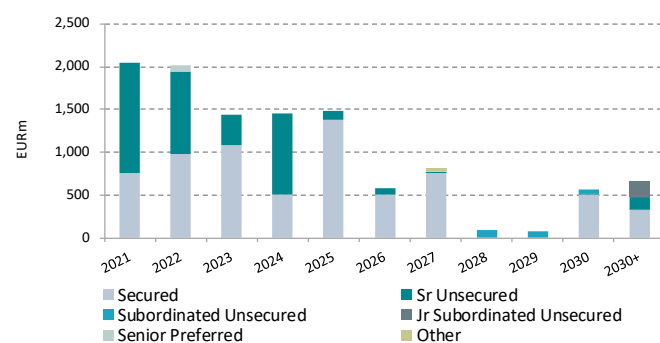
## Balance Sheet

(EURm)	2018Y	2019Y	2020Y
Net Loans to Customers	19,236	20,850	20,694
Total Securities	3,575	4,019	4,721
Total Deposits	9,958	10,452	11,271
Tier 1 Common Capital	1,942	2,093	2,115
Total Assets	23,588	25,940	27,378
Total Risk-weighted Assets	12,287	12,341	11,566

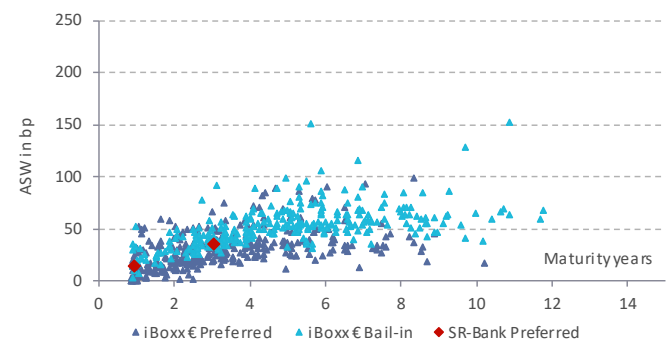
## Income Statement

(EURm)	2018Y	2019Y	2020Y
Net Interest Income	358	405	387
Net Fee & Commission Income	149	143	130
Net Trading Income	12	22	-2
Operating Expense	231	251	223
Credit Commitments Impairment	34	24	190
Pre-tax Profit	301	388	170

## Redemption Profile



## Senior Unsecured Bonds



## Company Ratios

	2018Y	2019Y	2020Y	2018Y	2019Y	2020Y	
Net Interest Margin	1.58	1.66	1.54	Liquidity Coverage Ratio	167.00	155.00	157.00
ROAE	11.19	13.43	6.26	IFRS Tier 1 Leverage Ratio	8.37	8.22	7.92
Cost-to-Income	41.22	41.48	40.46	NPL/ Loans at Amortised Cost	1.17	1.19	1.80
Core Tier 1 Ratio	15.80	16.96	18.29	Reserves/NPLs	0.67	0.72	1.06

As of: 02.03.2021; Source: Bloomberg, S&P Global Market Intelligence, NORD/LB Markets Strategy & Floor Research

## Strengths / Opportunities

- Capitalisation
- Positioning in domestic market

## Risks / Weaknesses

- Relative dependency on volatile oil sector
- Relevance of market based funding

# Covered Bonds

Author: Henning Walten, CIIA

## EUR 6.57bn in outstanding covered bonds

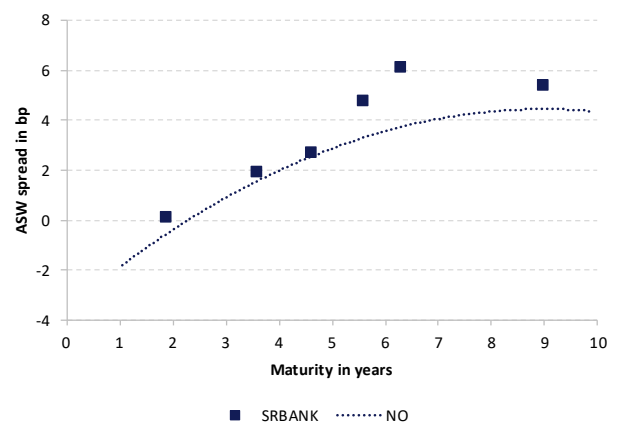
SR-Boligkreditt has outstanding covered bonds with a volume equivalent to EUR 6.57bn, which are matched by cover assets with a volume equivalent to EUR 8.24bn. The overcollateralisation ratio is reported at 25.4%. SR-Boligkreditt is represented in the iBoxx EUR Covered with a total of six issues with a total volume of EUR 3.6bn. In addition to outstanding EUR issues (20% of the outstanding volume), SR-Boligkreditt has more outstanding bonds in domestic currency (77.4%) and a small volume in USD (2.6%).

### Programme data

31 December 2020	Mortgage
Covered bonds outstanding	NOK 68.860bn (EUR 6.570bn)
Cover pool volume	NOK 86.367bn (EUR 8.240bn)
Current OC (nominal / legal)	25.4% / 2.0%
Type	98.4% Residential
Main country	100% Norway
Main region	71.0% Rogaland
Number of loans	47,052
Share of 10 largest exposures	0.2%
Fixed interest (Cover Pool / CBs)	0.0% / 75.8%
WAL (Cover Pool / CBs)	15.0y / 4.6y
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) – Norway



### Cover pool with exclusively Norwegian assets

The cover pool of SR-Boligkreditt consists of 98.4% mortgage assets and 1.6% substitute cover assets. Within the primary cover assets, all assets are residential cover assets. 6.1% of the primary cover assets are in the category "multi-family assets". In total, the cover pool comprised 47,052 loans against more than 46,690 borrowers as at 31 December 2020. The average loan volume was the equivalent of around EUR 173,200. Geographically, all assets are located in Norway. Regionally, the region of Rogaland (71.0%) dominates, in which Stavanger is located, among others. Vestland, which borders Rogaland in the north, accounts for another 13.9%. The regional focus on the southwest and south of Norway is evident in the share of the Agder region (9.9%), which borders Rogaland in the east. All loans were used to finance owner-occupied housing, of which 73.2% were houses and 26.6% flats. 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 preferential risk weighting of 10% according to CRR. In our assessment, bonds in benchmark format also benefit from classification as a Level 1 asset in the LCR context. Due to their membership in the European Economic Area, EUR bonds can also be pledged as collateral with the ECB. As issues from a non-euro country, however, the SR bonds are not eligible for purchase under the existing covered bond purchase programme CBPP3. The same applies to the temporary PEPP.

# Appendix

## Contacts at NORD/LB

### Markets Strategy & Floor Research



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Sales MM/FX	+49 511 9818-9460
Sales Europe	+352 452211-515

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Origination Corporates	+49 511 361-2911

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Collat. Management/Repos	+49 511 9818-9200
Liquidity Management	+49 511 9818-9620 +49 511 9818-9650

### Trading

Covereds/SSA	+49 511 9818-8040
Financials	+49 511 9818-9490
Governments	+49 511 9818-9660
Länder/Regionen	+49 511 9818-9550
Frequent Issuers	+49 511 9818-9640

### Corporate Sales

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Immobilien/Strukturierte Finanzierung	+49 511 9818-8150
Firmenkunden 1	+49 511 9818-4006
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