

SpareBank 1 Naeringskreditt

SpareBank 1 Commercial Property Covered Bonds



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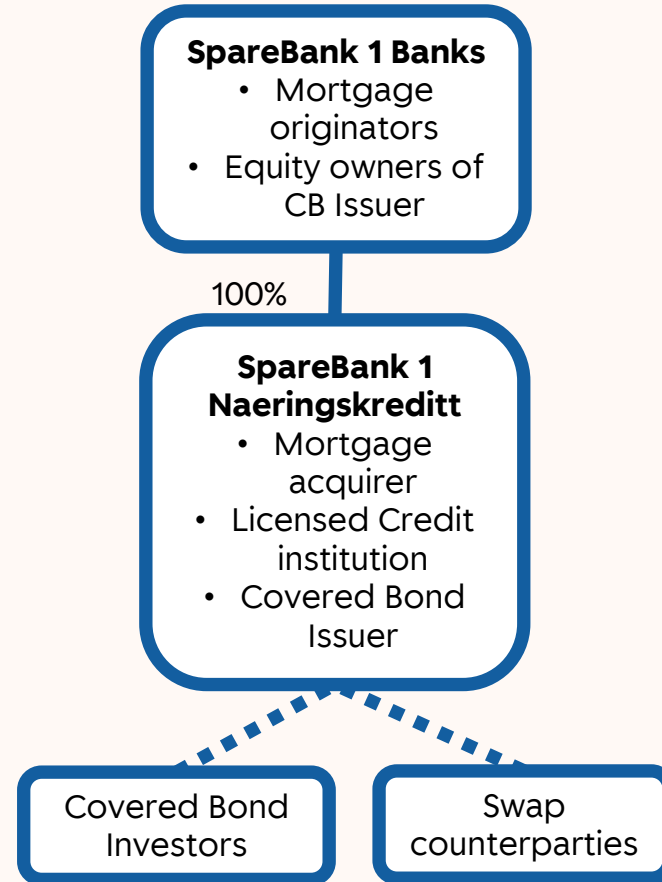
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SpareBank 1 Naeringskreditt

- Norway has specialized credit institutions issuing covered bonds under a CB law and regulations
- Issuers are called Boligkreditt or Naeringskreditt; Boligkreditt signals that cover bond collateral is residential mortgage loans only, whereas Naeringskreditt finance commercial properties
- Other issuing models (i.e. direct bank issuance or bank issuance guaranteed by an SPV) are not in existence
- Swaps hedge FX and interest rate risk which are limited by law

The SpareBank 1 banks covered bond issuing model:



- SpareBank 1 Naeringskreditt is an issuer of covered bonds backed by a cover pool of commercial real estate and multi-unit residential properties

Moody's credit ratings and cover pool overview

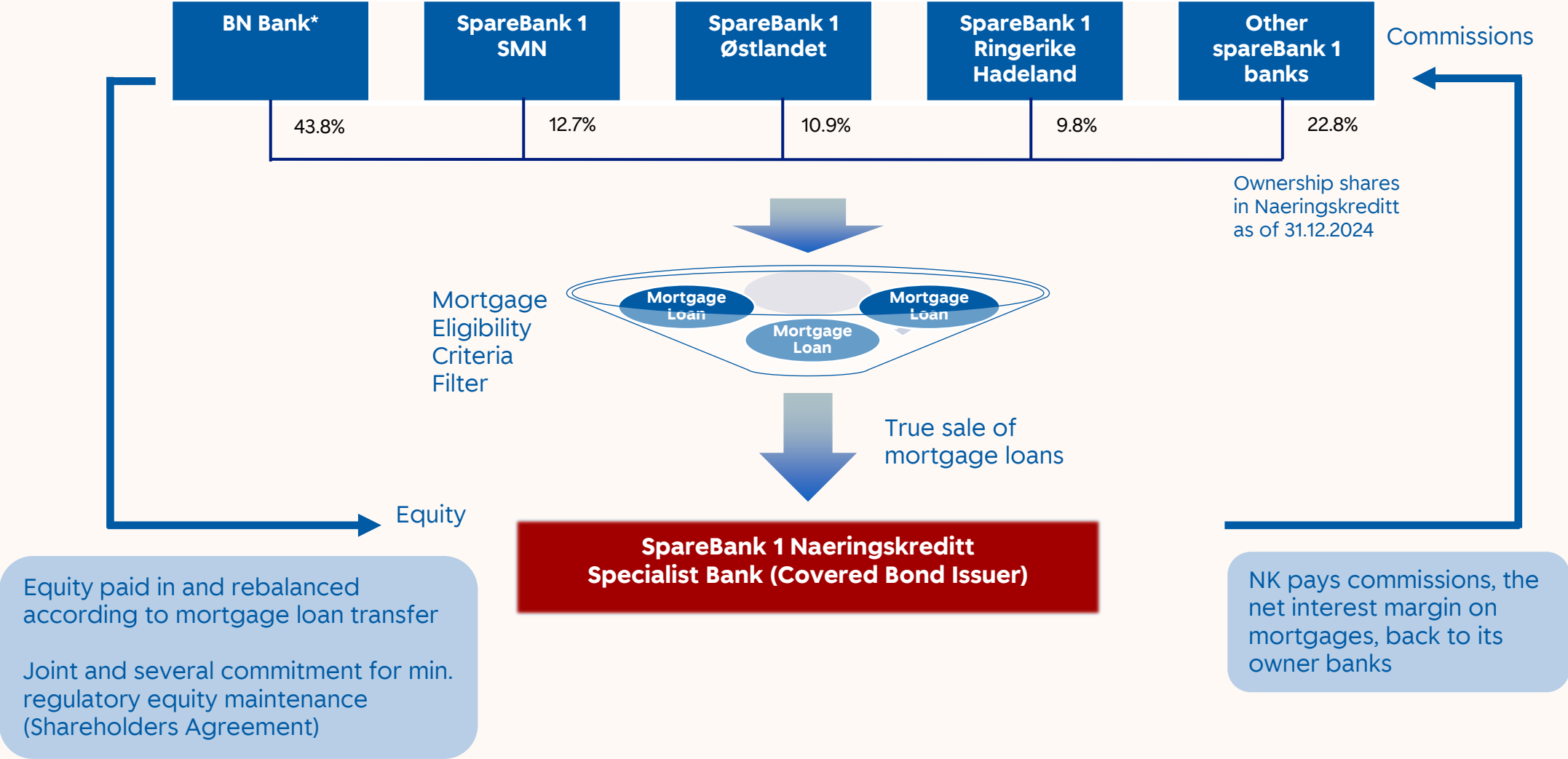
Covered Bond rating	Issuer Rating / CR Assessment	SpareBank 1 owner banks unsecured ratings	CB Anchor	Moody's Timely Payment Indicator (TPI)	TPI leeway	O/C requirement (Moody's)
Aaa	Not published	Aa3	CR Assessment +1 notch	Probable-High	4	0.5%

SpareBank 1 Naeringskreditt Cover Pool overview Q1 2024

Type	5 categories of commercial and residential properties: office, logistics/warehouse, retail, hotel and large residential
Number of mortgages	< 200 mortgages with a weighted average interest rate of 6.4%
Average mortgage balance	NOK 53 mill. kroner (EUR 4 to 4.5 mill.)
Total balance mortgages	Approx. NOK 10 billion
Weighted average current LTV	36% (property values are assessed at least every 12 months)
Cover pool	NOK 10.4 bn; mortgages 90%, liquid assets 10%

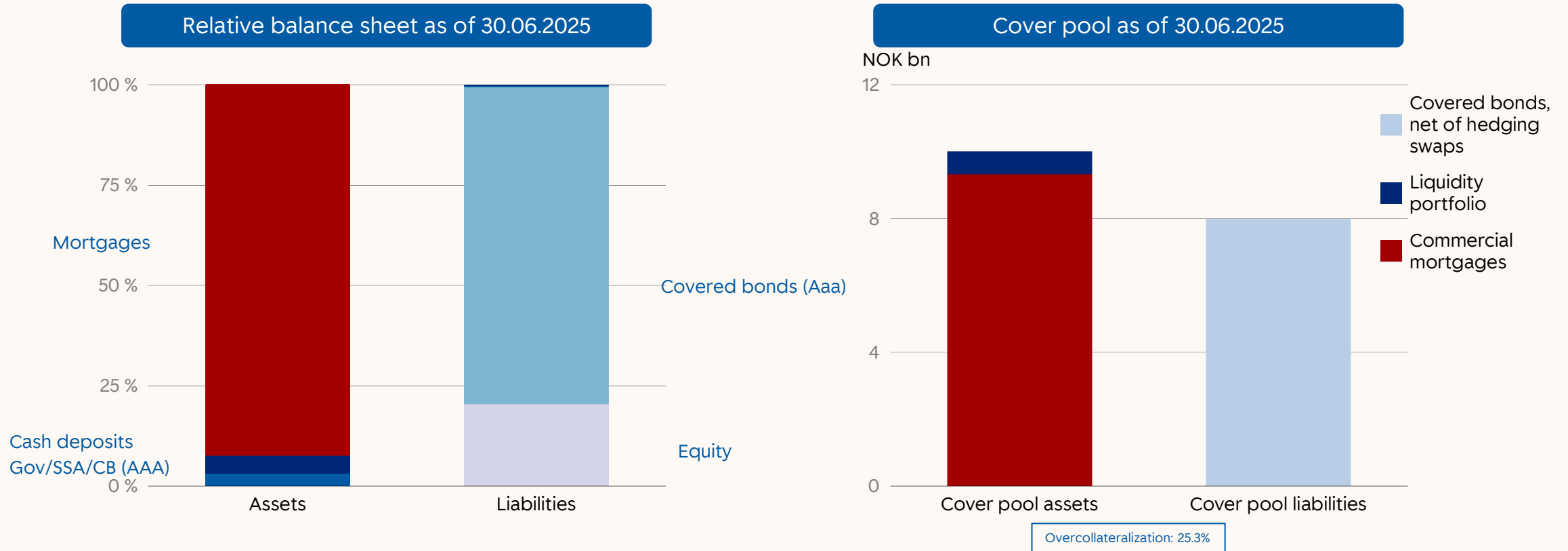
- SpareBank 1 banks senior ratings of Aa3 form the starting point for Naeringskreditt's Issuer rating at the same level, which determines the CB Anchor of Aa2
- The Timely Payment Indicator of "Probable-High" is determined by several factors, including type of assets, legal framework and type of risk mitigation (i.e swap agreements with external counterparties)

SpareBank 1 Naeringskreditt mortgage loans transfer



* BN Bank is wholly owned by the SpareBank 1 banks

SpaCom balance sheet and cover pool

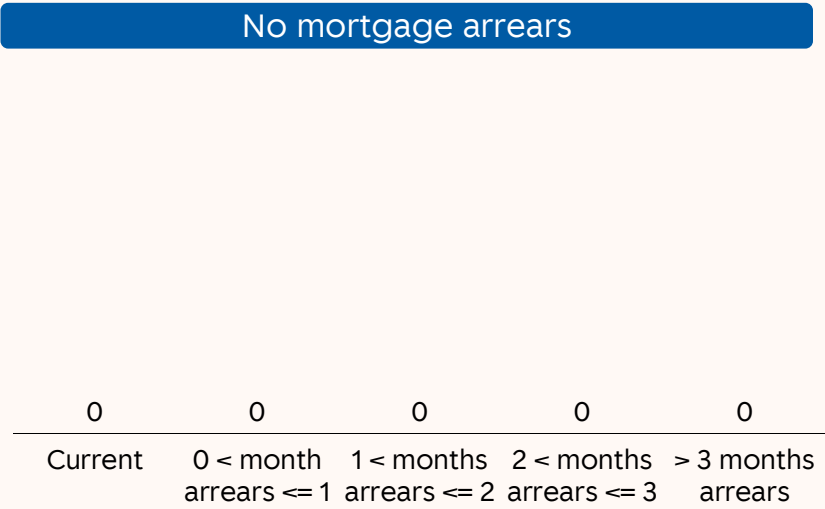
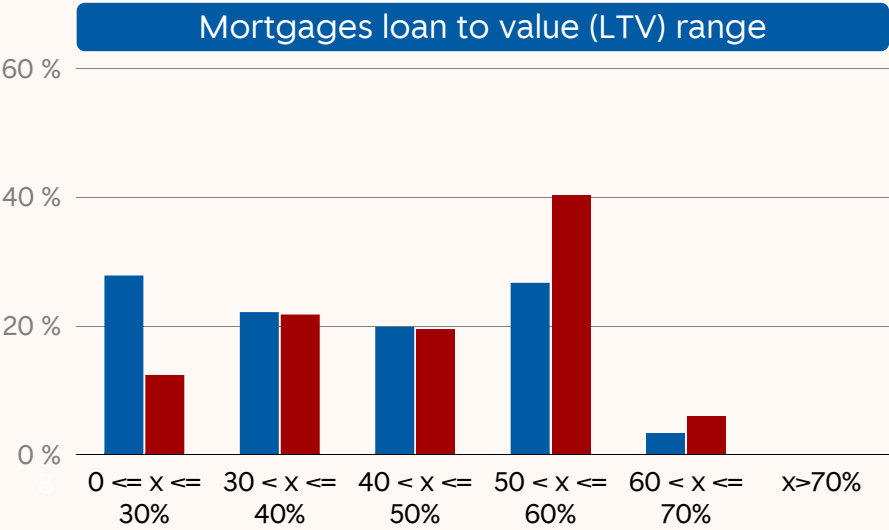
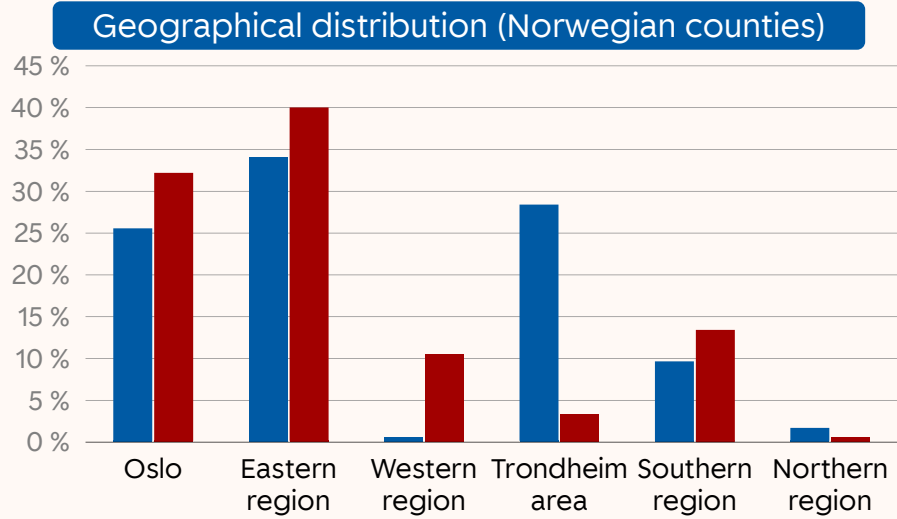
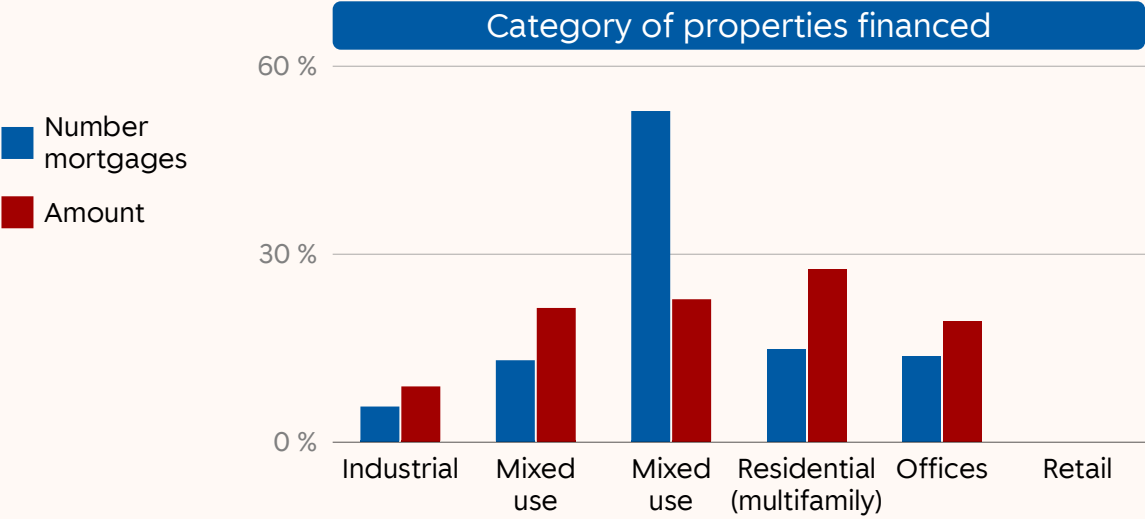


- The cover pool assets consist of mortgages and liquid assets
- Liquid assets are held according to the regulatory 180 days min. requirement
- Covered bonds are EU CBs (Premium) in compliance with CRR and the Covered Bond Directive (EU) 2019/2162.
- The minimum regulatory overcollateralization is 5%, while Moody's requirement is 0,5% (as of Q2 2025)

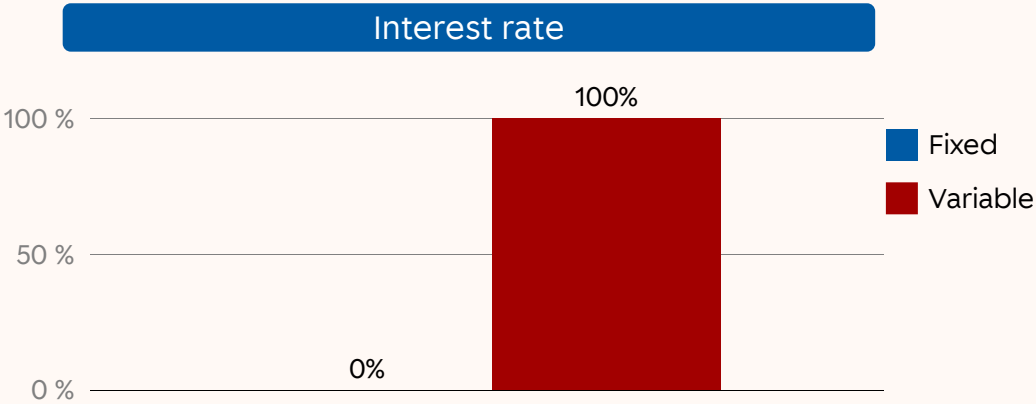
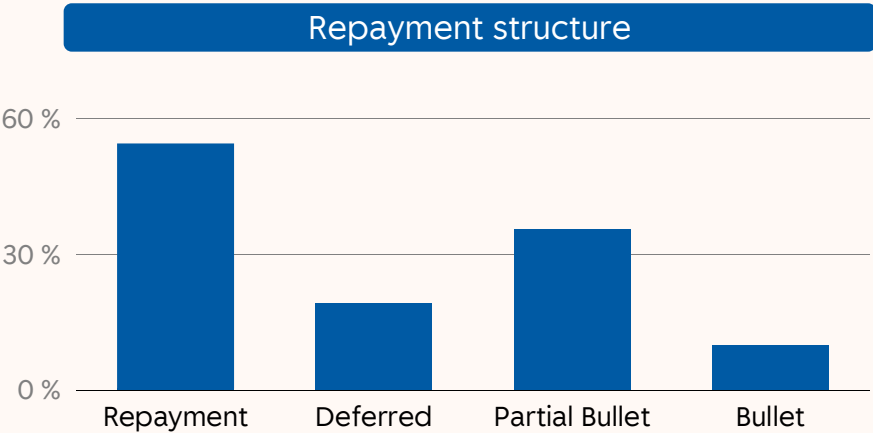
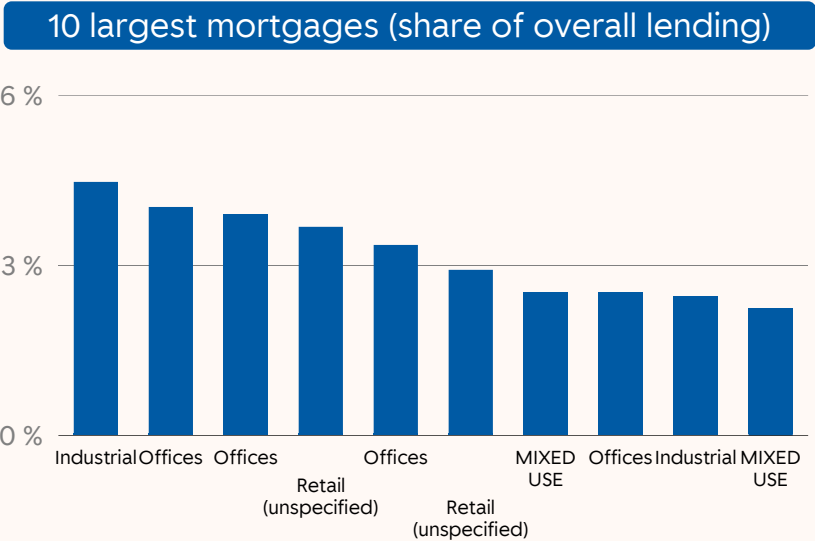
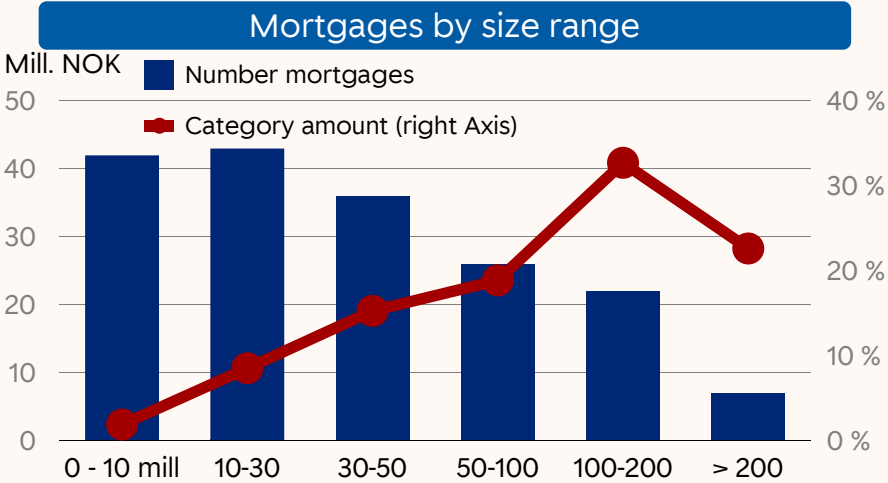
Selection criteria for the Spacom cover pool

Loans and properties	• Only commercial mortgages and large residential mortgages from SpareBank 1 banks • Properties located or linked to major Norwegian towns • Principle of alternative possible use of the building • Categories of property: office, retail, hotel, logistics/warehouse, mixed use and residential
Credit assessment	• Risk categories A to F (up to 2.5% probability of default - PD) • Total expected portfolio loss less than 0.2% • Credit committee to evaluate and approve larger exposures and exposures at the higher end of the PD range
Lending value	• Up to 60% LTV (also for residential multi-unit buildings) • Valuation by external valuer, sales price or by cash flow model • First security priority only
Interest rate	• Floating rate
Excluded Categories	• Loans outside the above criteria • Limit of a single loan exposure to 5% of portfolio • Largest 20% lending exposures must be less than 50% of the portfolio

SpaCom cover pool

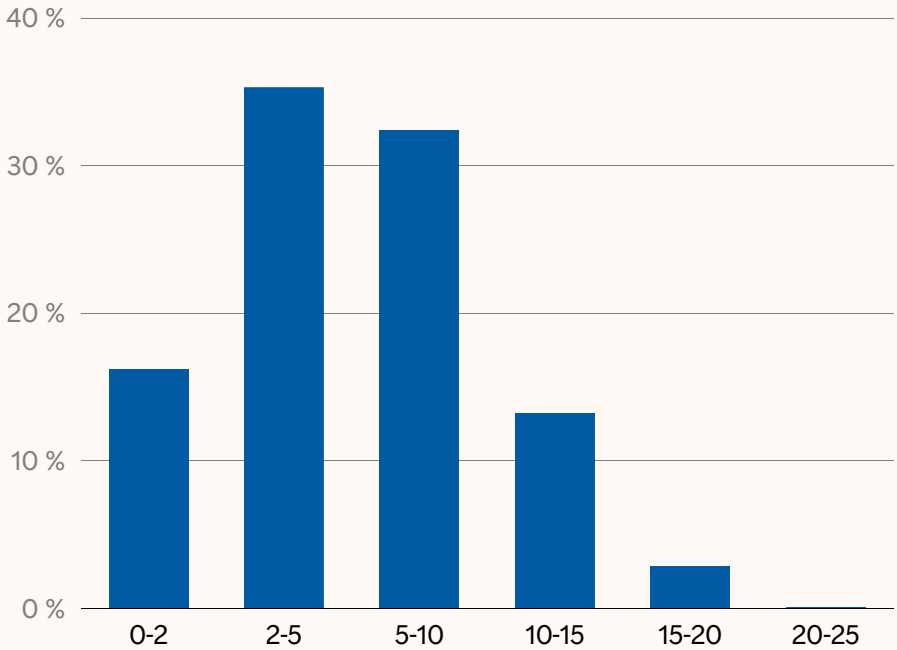


SpaCom cover pool

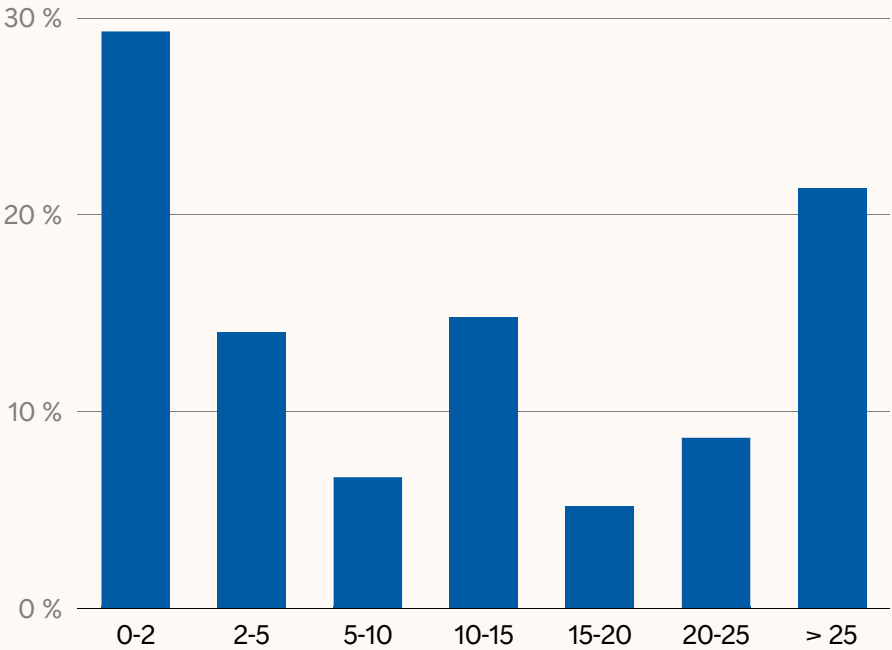


SpaCom cover pool

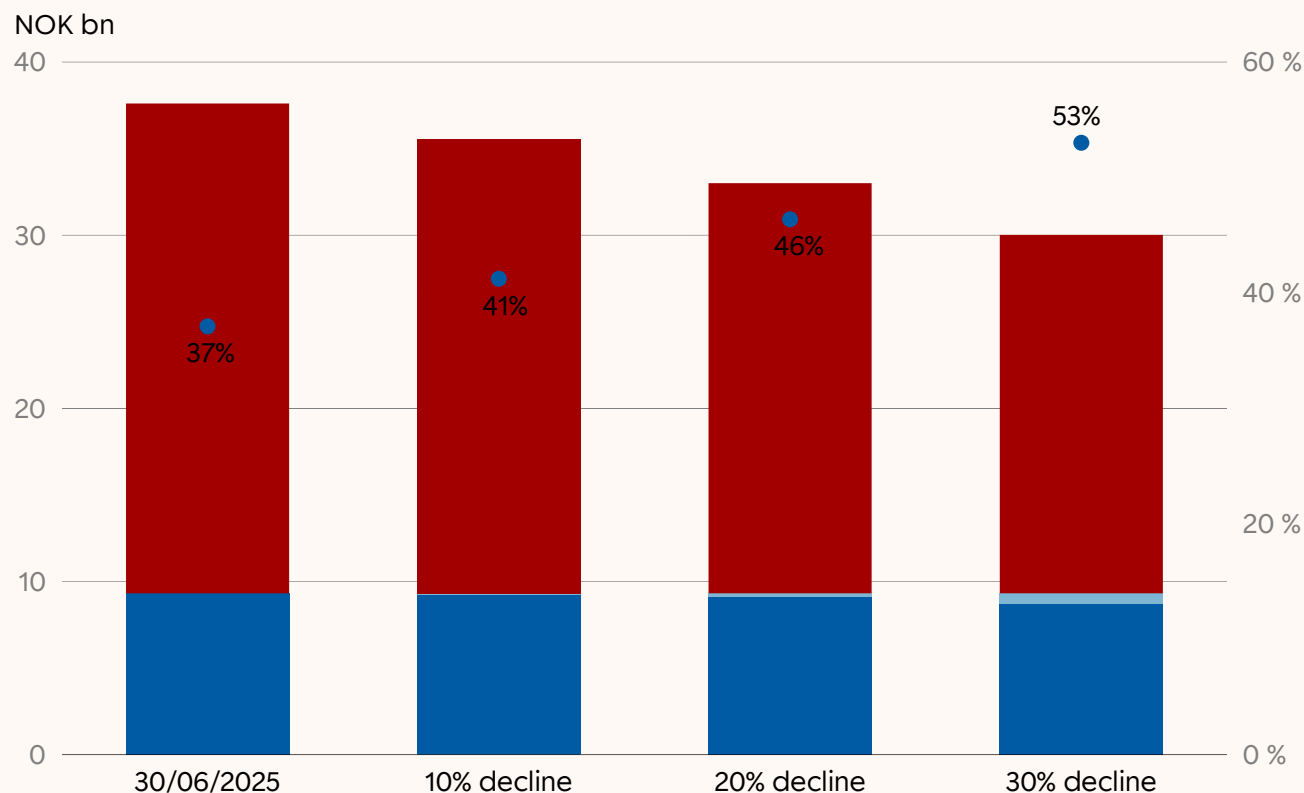
Mortgages seasoning (intervals in years)



Remaining term in years



Stress testing the cover pool – real estate valuation declines



- Mortgage amounts in the cover pool within 75% LTV
- Required Pool top-up (to keep constant o/c)
- Remaining mortgage reserves in SpareBank 1 banks (qualified for transfer)
- Weighted avg. LTV (assuming no top up of pool)

- In a scenario with declining real estate valuations, an increasing share of mortgages above the 60% legal limit become ineligible as cover assets
- Accordingly, mortgages need to be replaced, this is the 'required top-up' in the chart (light blue bars)
- Parts of the mortgages in the highest LTV brackets need replacing as properties prices decline
- The reserve mortgages (red bars) in the banks which could be used in the SpaCom cover pool (dark blue) decline as their LTV increase and as the required top-up is provided to the cover pool
- The w.a. pool LTV shown in the chart is prior to the top-up, only considering the price declines based on the current pool mortgage balance

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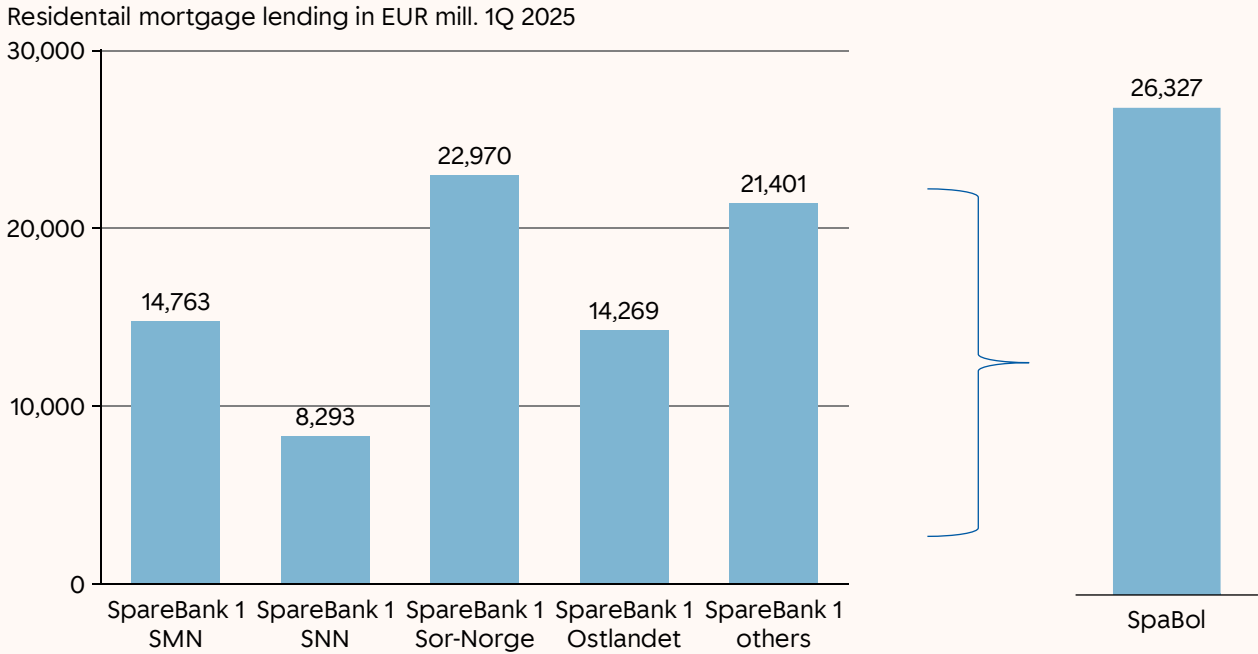
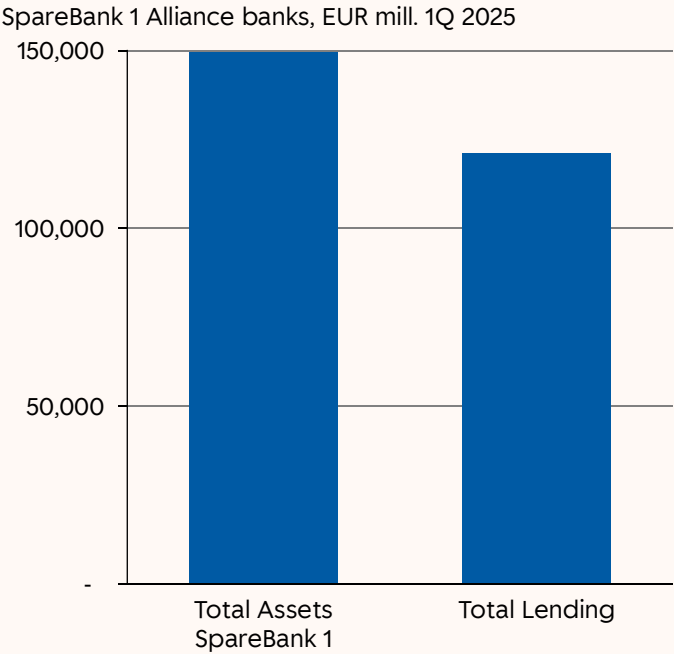
SpareBank 1 Alliance Banks

– local presence and national integration

The Alliance was founded in 1996
and consists today of 12 banks



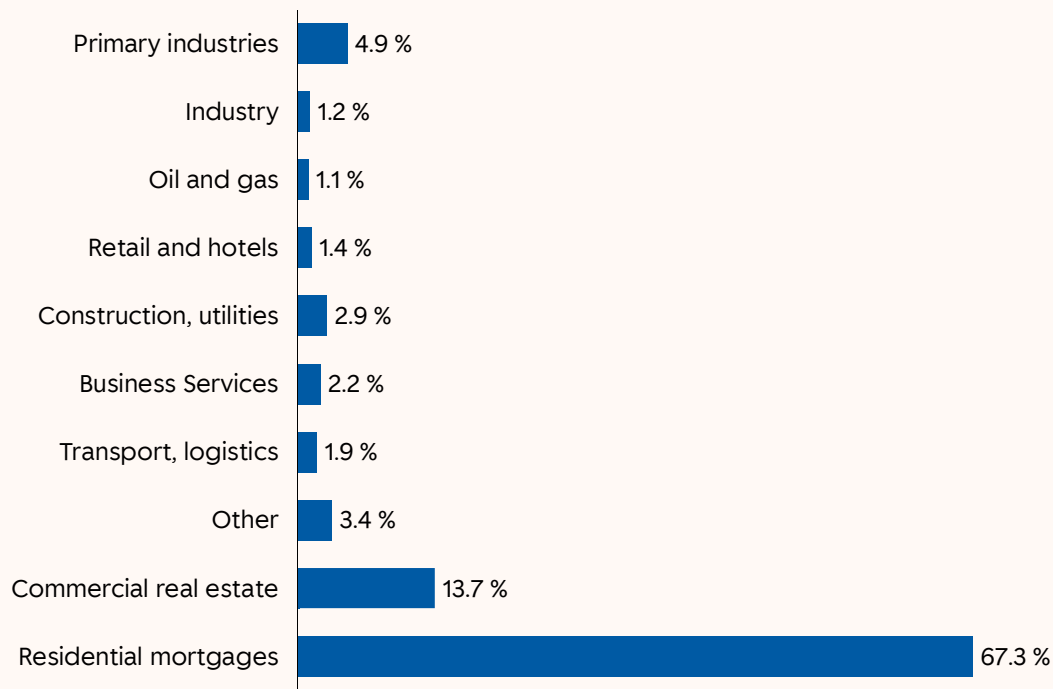
Size and volume residential mortgage lending



SPAREBANK 1 ALLIANCE BANKS

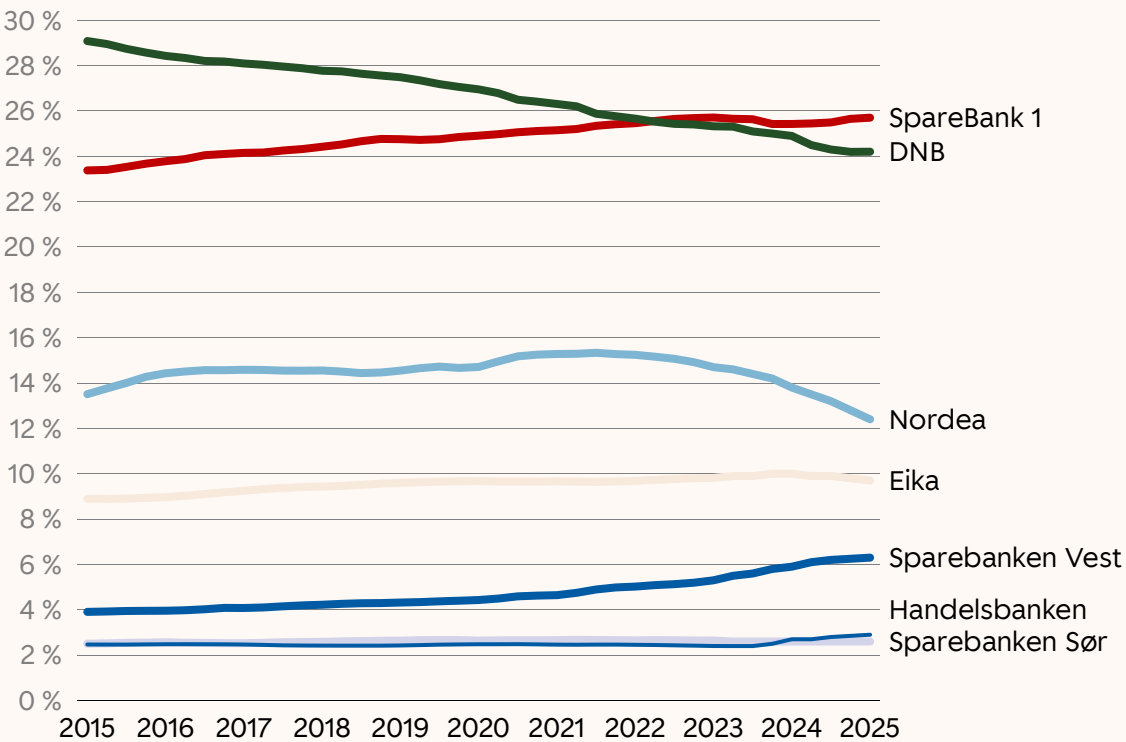
Balance Sheet and Market Share

Aggregated SpareBank 1 lending



Source: SpareBank 1 Banks financial reporting

Development market shares residential mortgages



Source: Eiendomsverdi:

- figures are based on the number of financed properties
- Figures are pro forma for additions/mergers for SpareBank 1 and DNB
- Danske Bank is in the process of selling its residential lending portfolio to Nordea

SPAREBANK 1 ALLIANCE BANKS

Banks in Norway



Savings banks (*Sparebank*)
78 Banks, incl. 3 alliances/groups
and independent banks

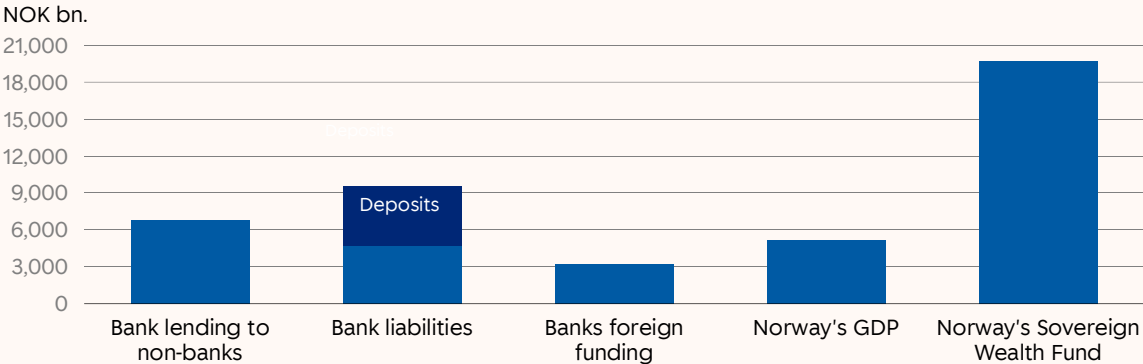


Commercial banks: larger Nordic banking
Groups but also smaller banks

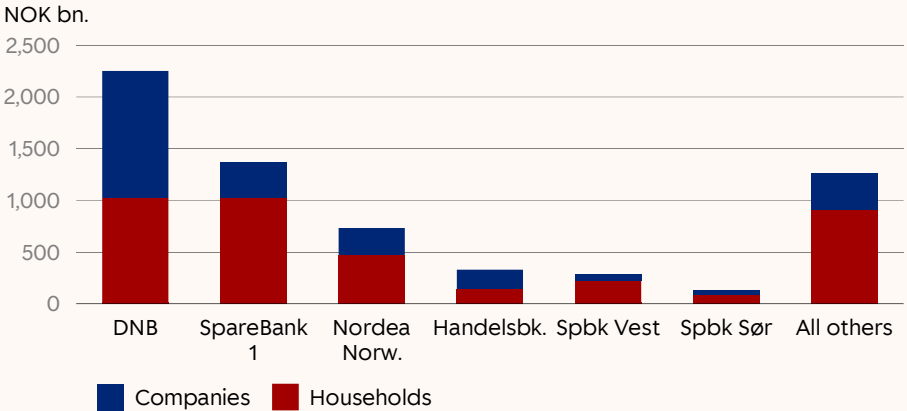


- Banks compete for the same customer base, but with larger commercial banks focusing on larger corporations
- A savings bank's strength sits in its local or regional market and in the household and SME sector

Banking sector relative size, (2024)



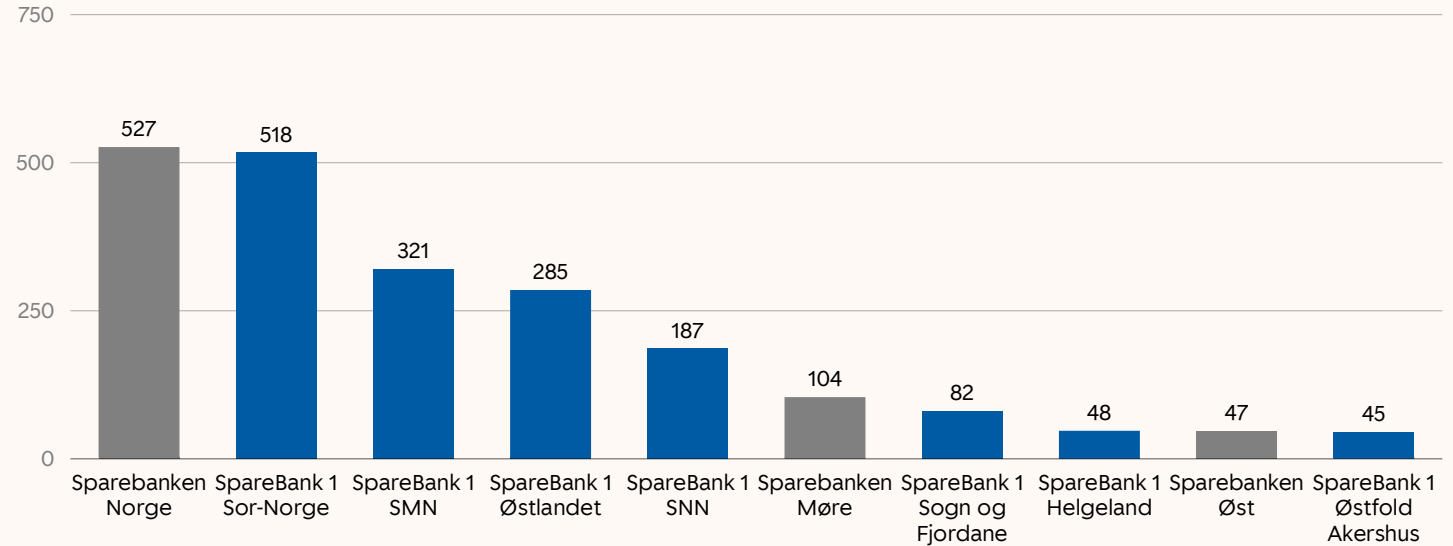
Largest banks by lending volume (2024)



Norwegian savings banks – characteristics

- Norway's first type of bank, founded in the 1820ies, retains local and regional character today
- Sparebanks are universal banks, but only domestic lending, focus on residential mortgage lending
- Savings banks are self-owned institutions, as well as investor owned
- All larger savings banks' equity (capital certificates) are listed on the Oslo stock exchange
- Share of profits provided as gift annually (society dividend) based on the bank's self-owned share of capital

10 largest Sparebanks, NOK bn total assets, columns in blue are SpareBank 1 Alliance banks



Niels Wulfsberg



Jacob Neumann



Jørgen Herman Vogt



SpareBank 1 Alliance overview

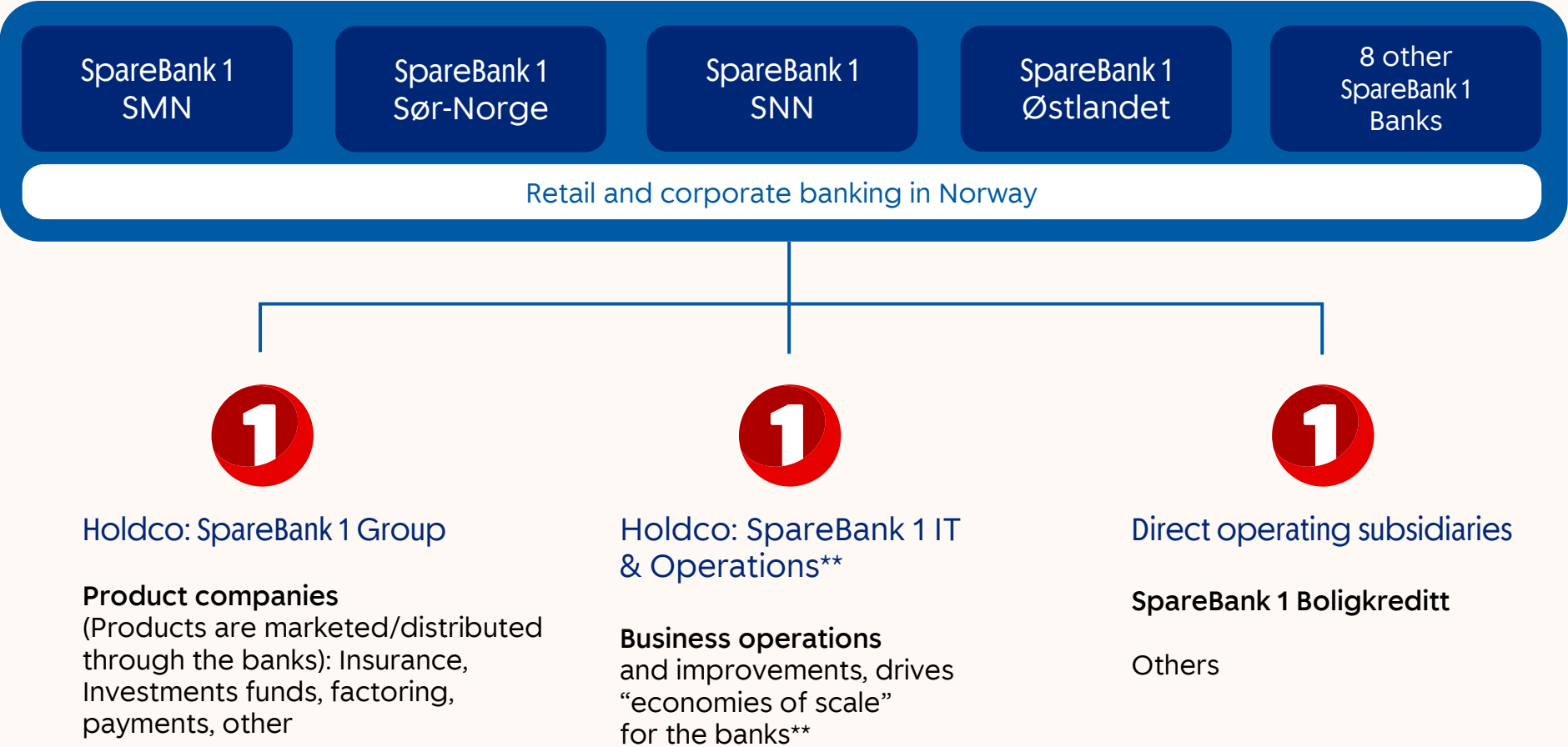
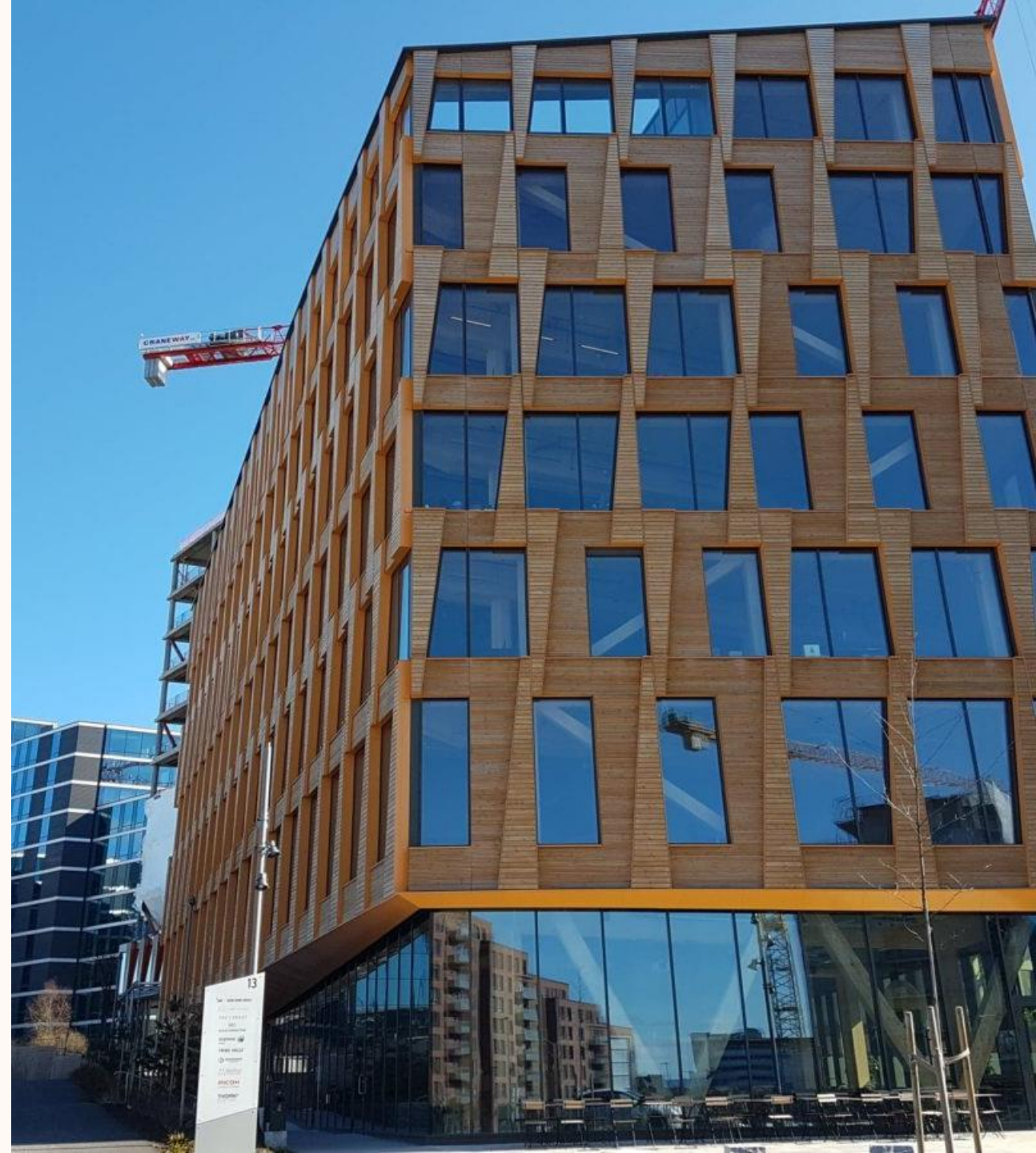
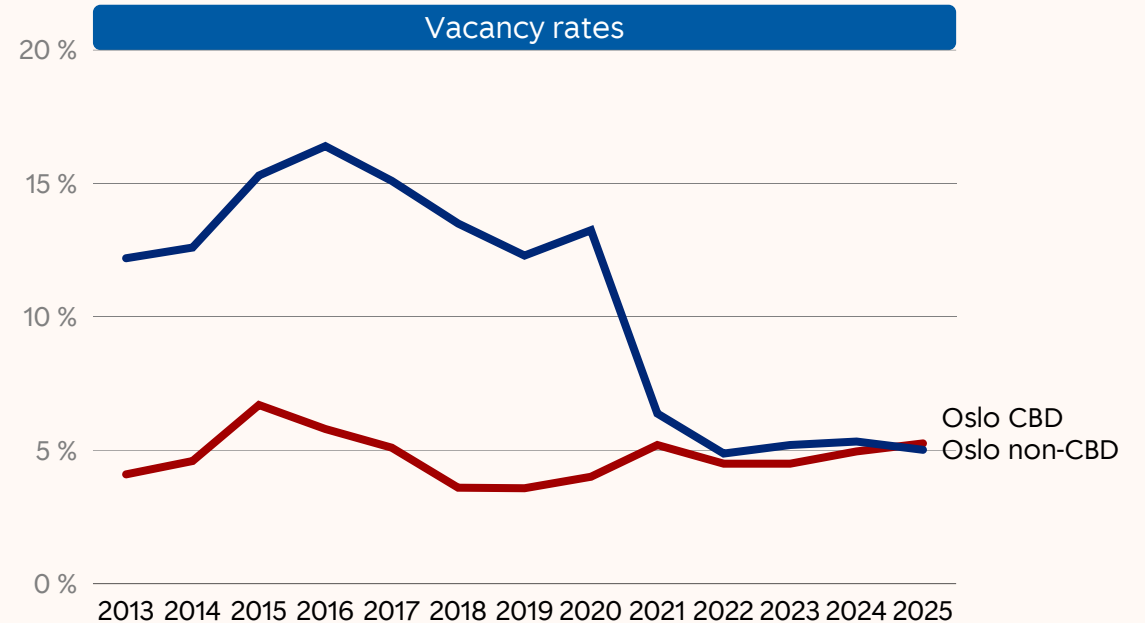
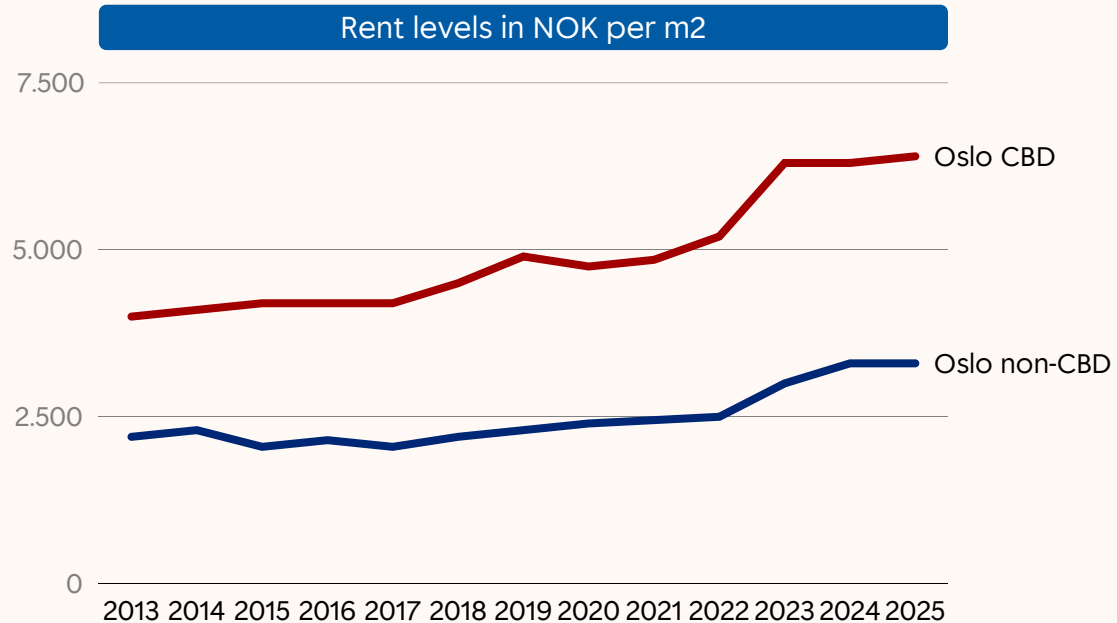


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Rent levels and vacancy in central office markets



- Oslo remains sought after with low vacancy rate and high rent levels, CBD = Central Business District
- The 2020-21 pandemic has not changed the strength of the Oslo market

Commercial property trends

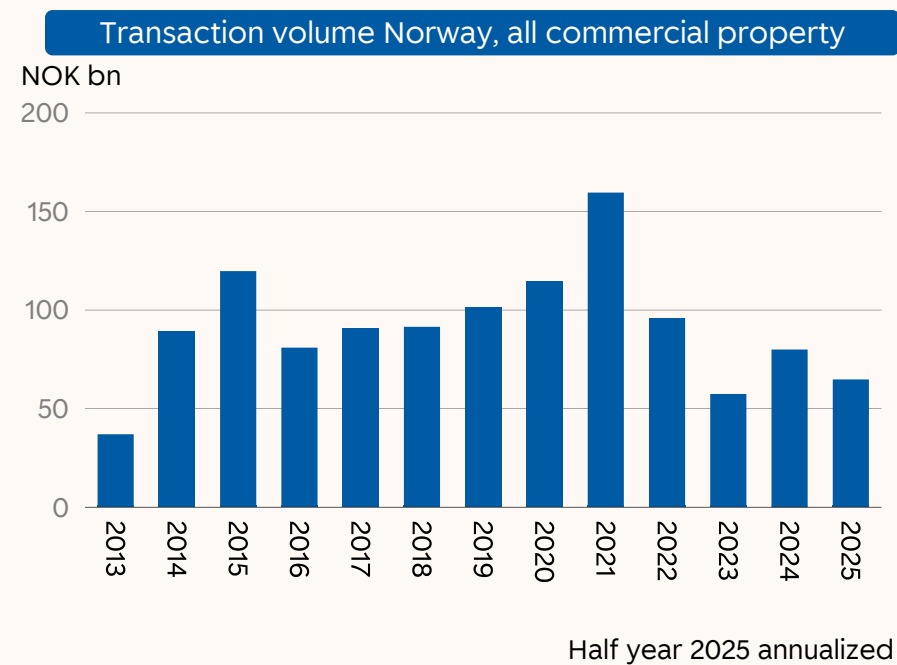
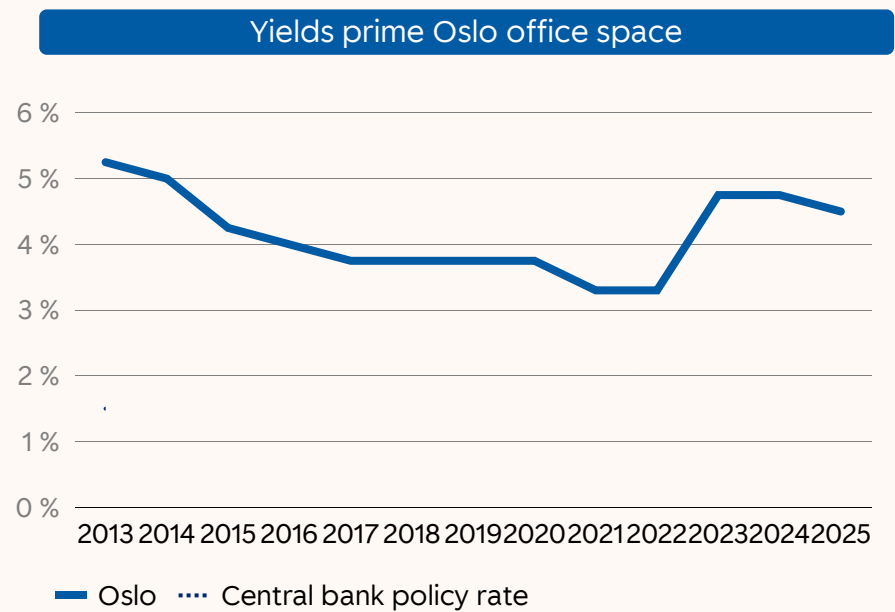
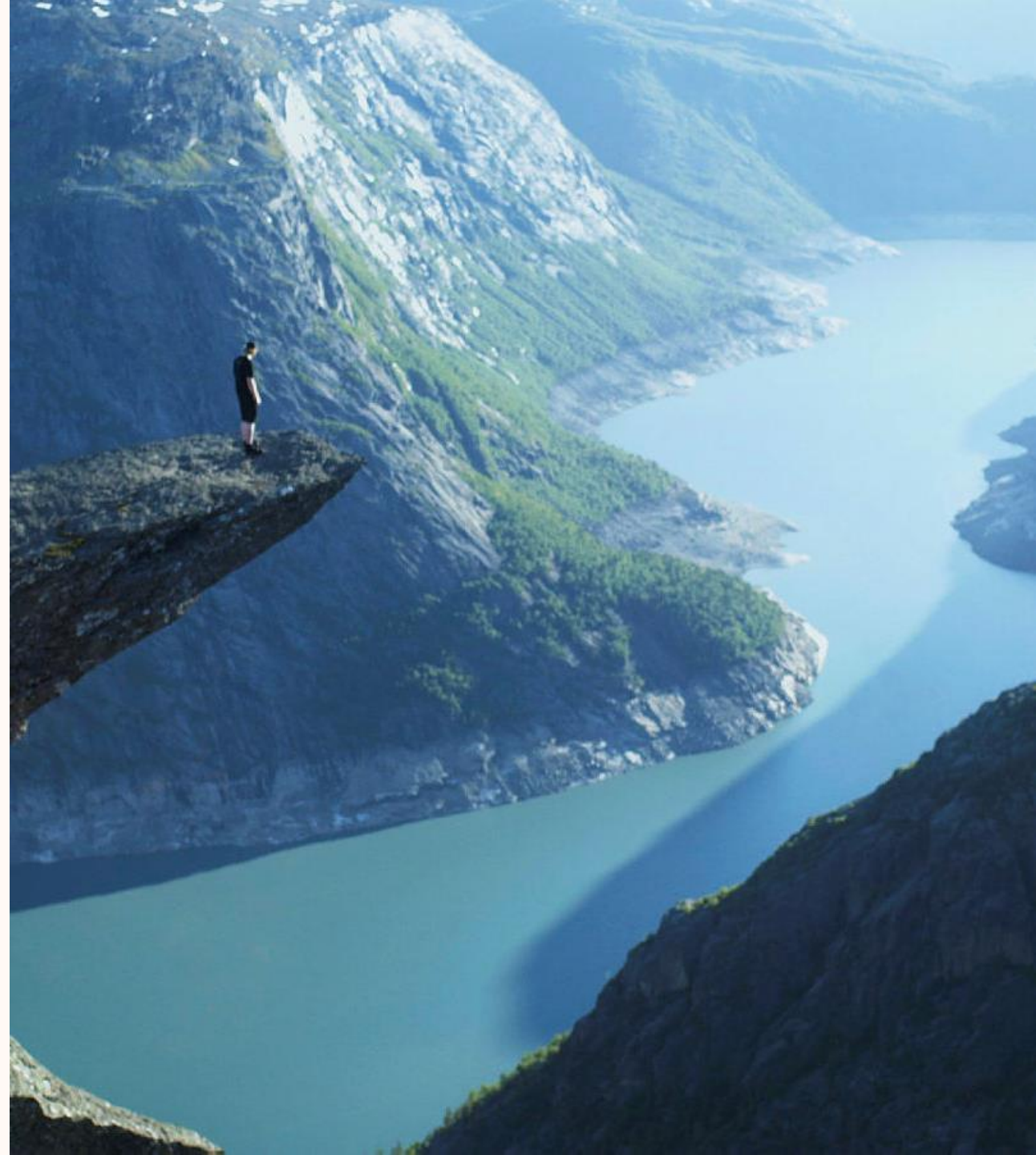


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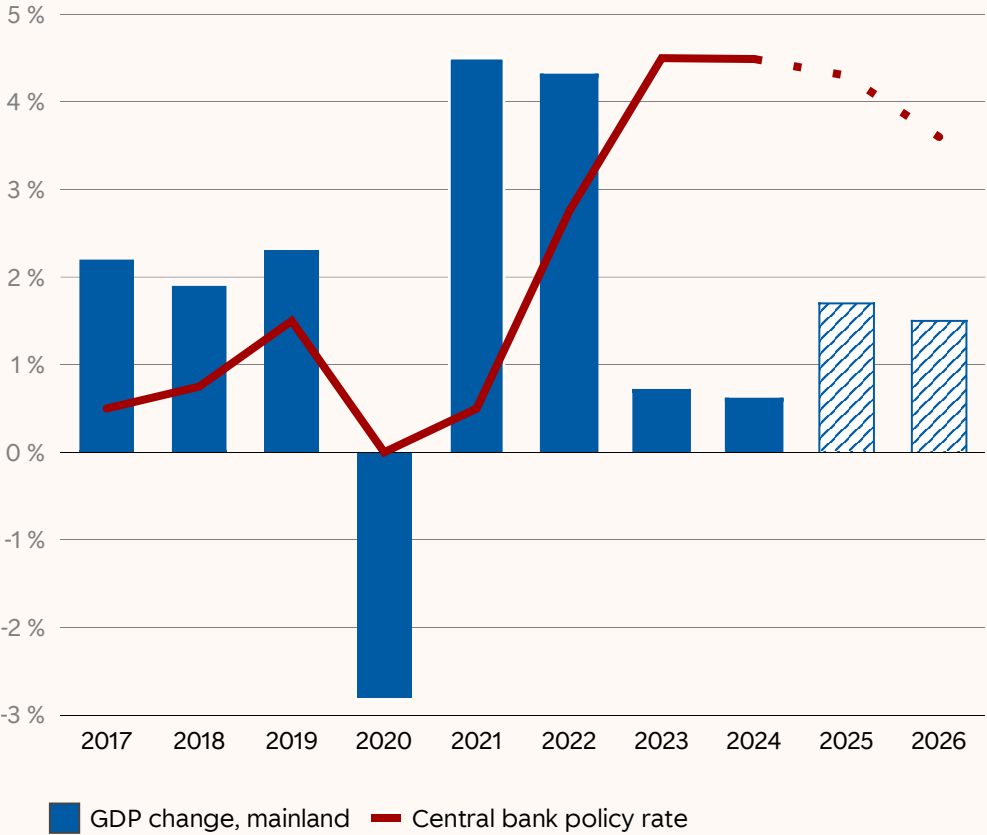


MACROECONOMIC OVERVIEW

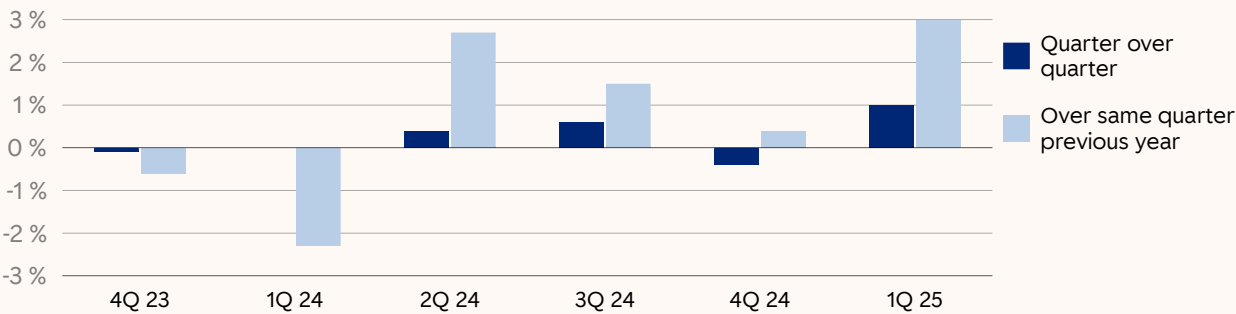
GDP Change



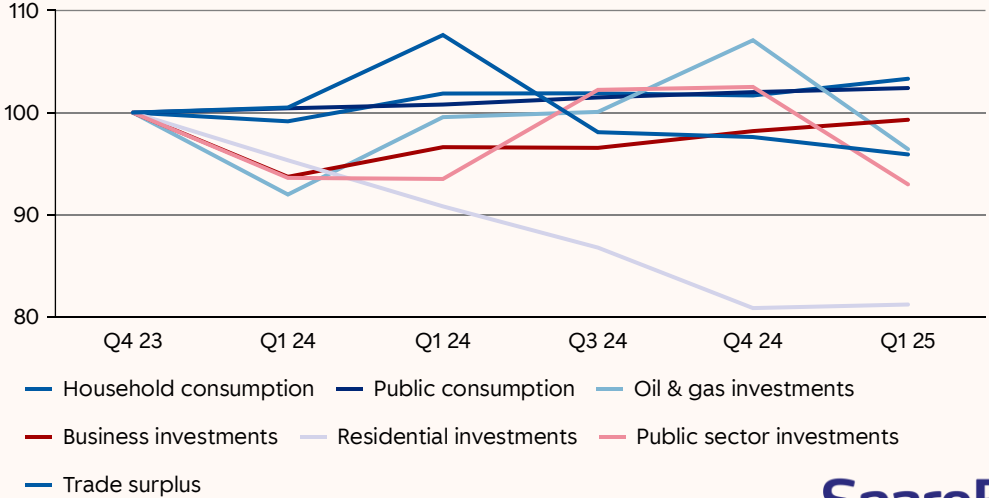
GDP change and central bank policy rate



GDP quarterly change



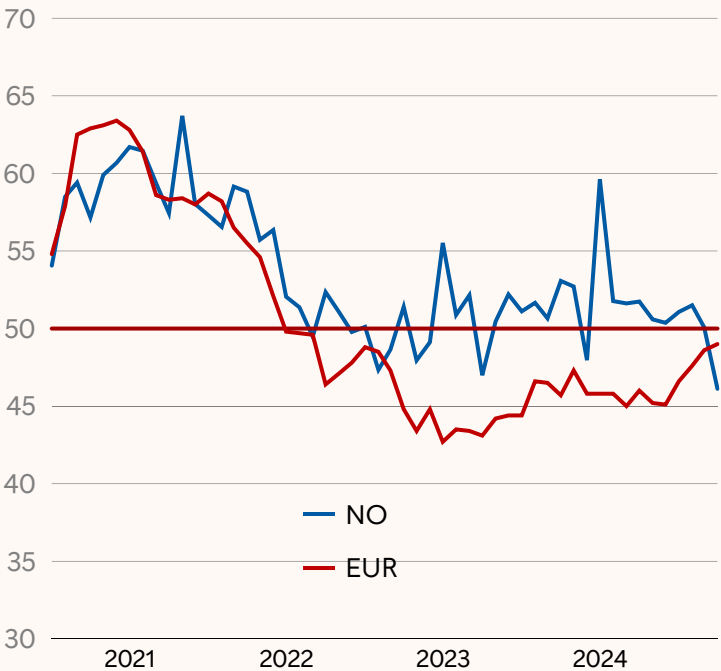
Indexes, seasonally adjusted, fixed prices



MACROECONOMIC OVERVIEW

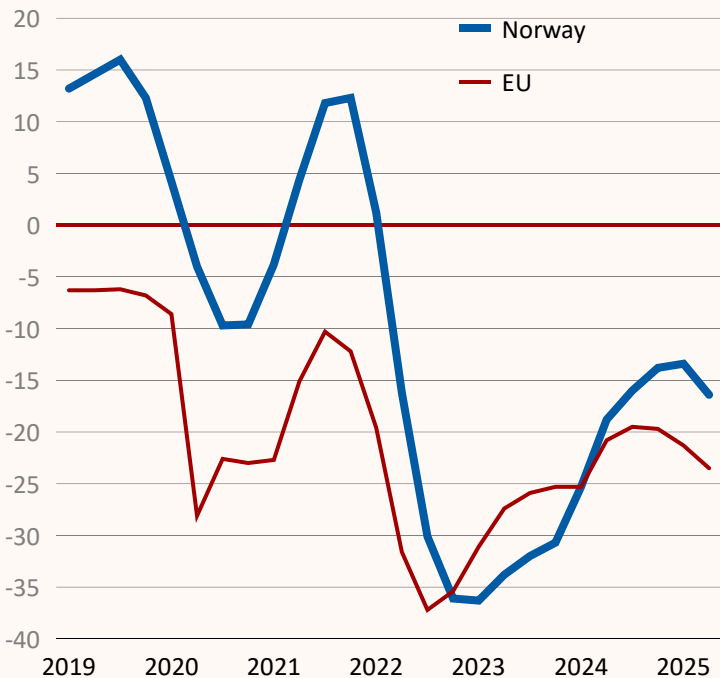
Outlook Indicators

Purchasing Manager Index



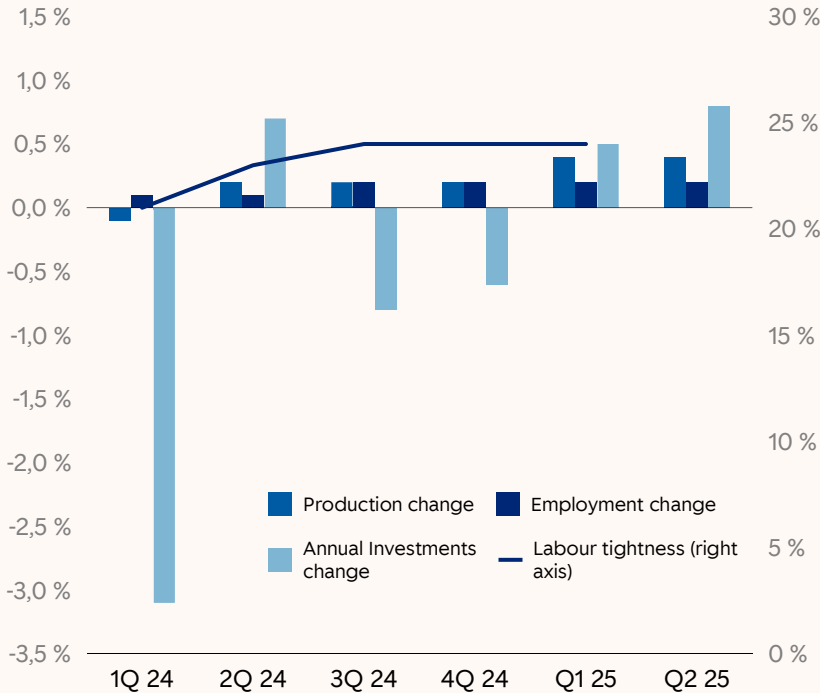
The PMI manufacturing index reflects current production, new orders, employment, delivery time and goods in storage

Consumer Confidence



Consumer confidence reflects quarterly household financial expectations (for themselves and the country) over the next 12 months

Central Bank Business Survey

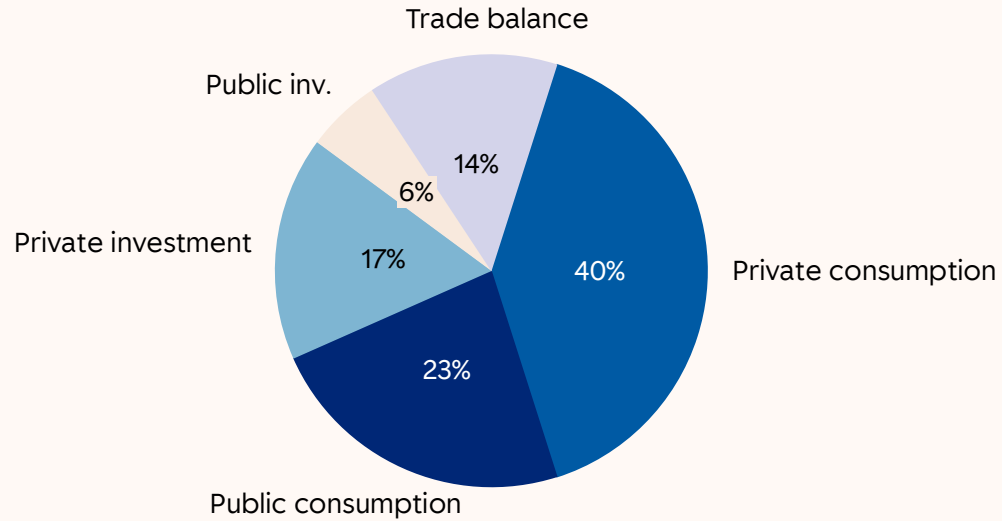


The Norwegian CB business survey reflects activity and expectations ahead. Labour tightness is share of companies reporting this. Other indicators are per cent change.

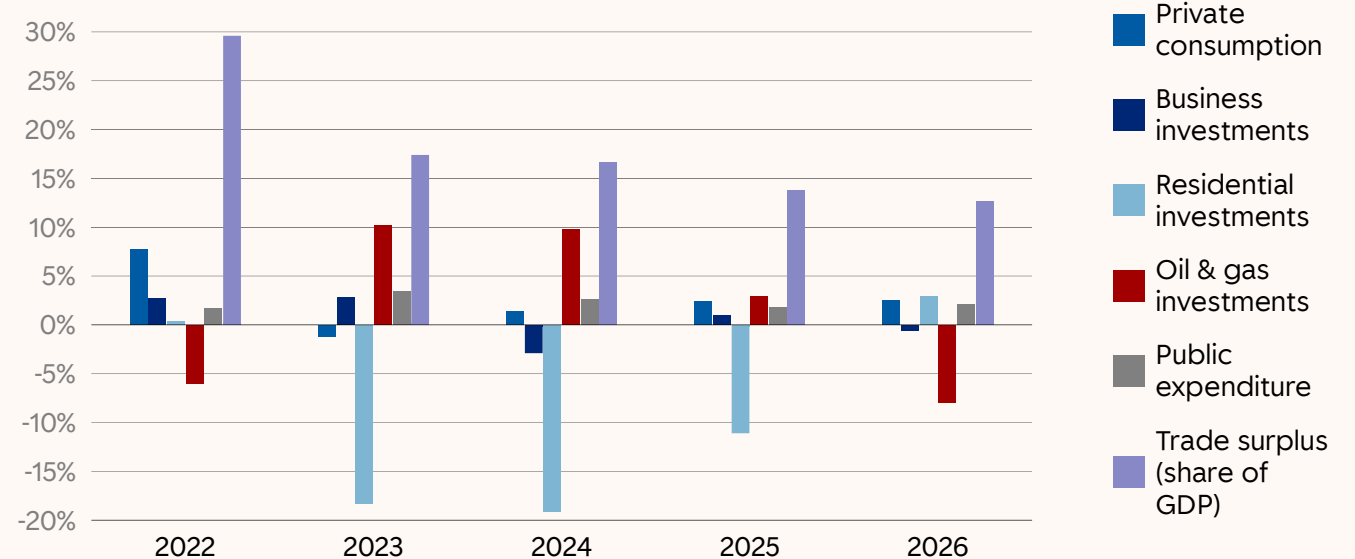
MACROECONOMIC OVERVIEW

GDP Components

GDP by expenditure, 2023



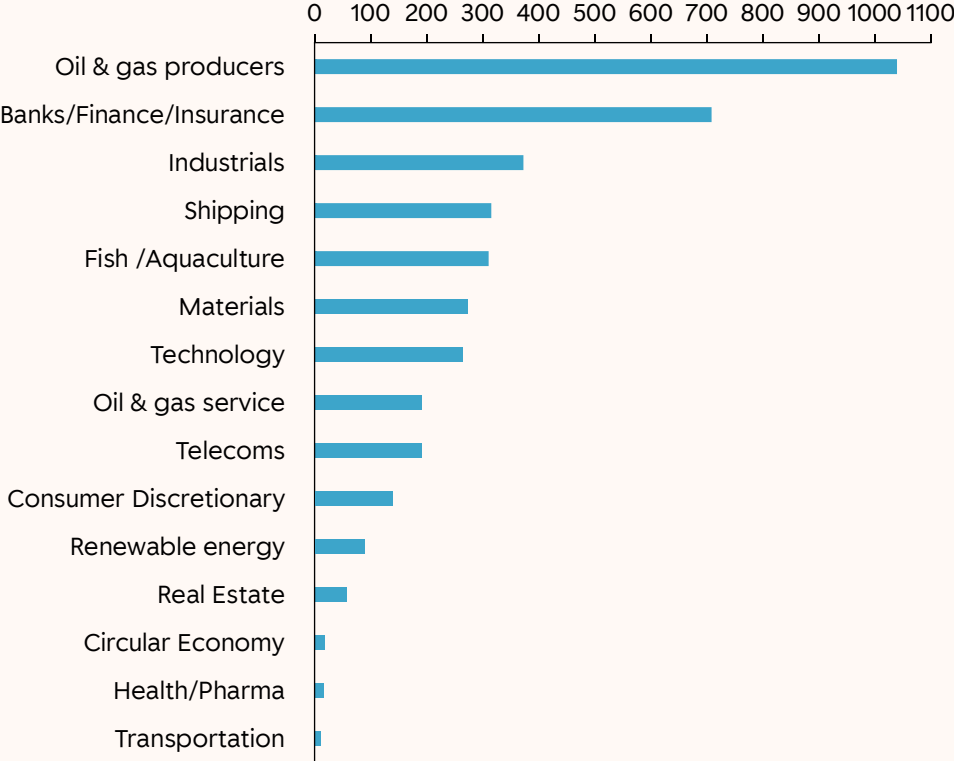
Per cent change in GDP components and forecast



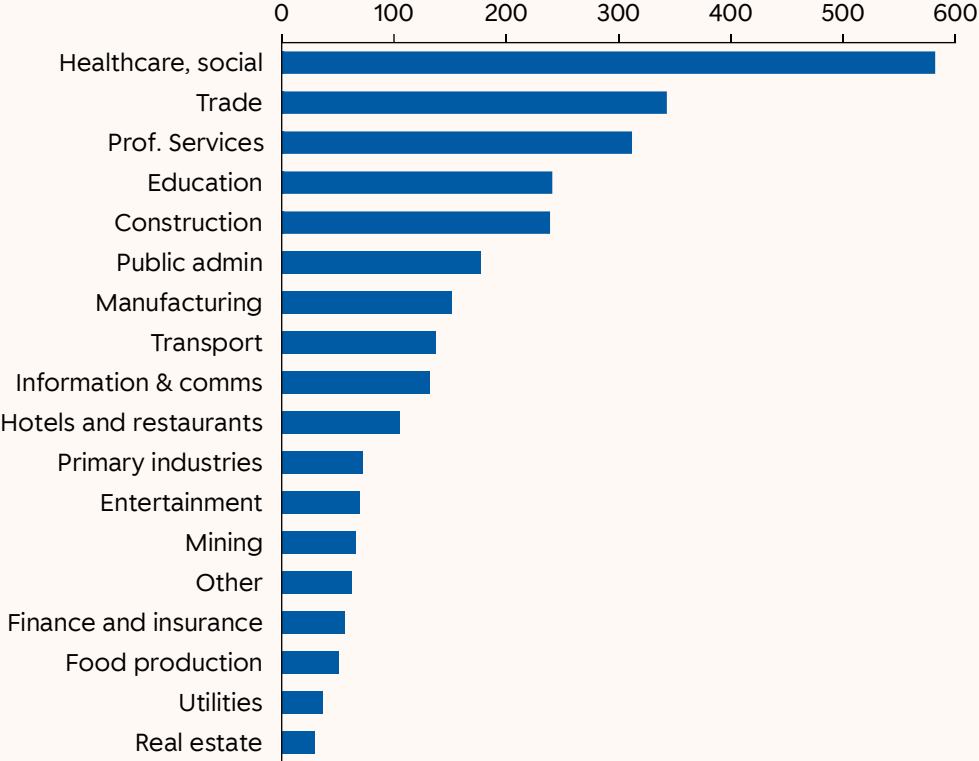
- Oil and gas investments at 15-20% of all investments have large swings which are related to energy markets dynamics and project pipelines as well as special sector tax rules. Investments are growing following the European energy crisis
- Gross capital formation in Norway is relatively high; important for productivity growth potential

Norwegian Exchange listed companies and employees by sector

Industries of firms listed on the Oslo exchange (NOK bn market value)



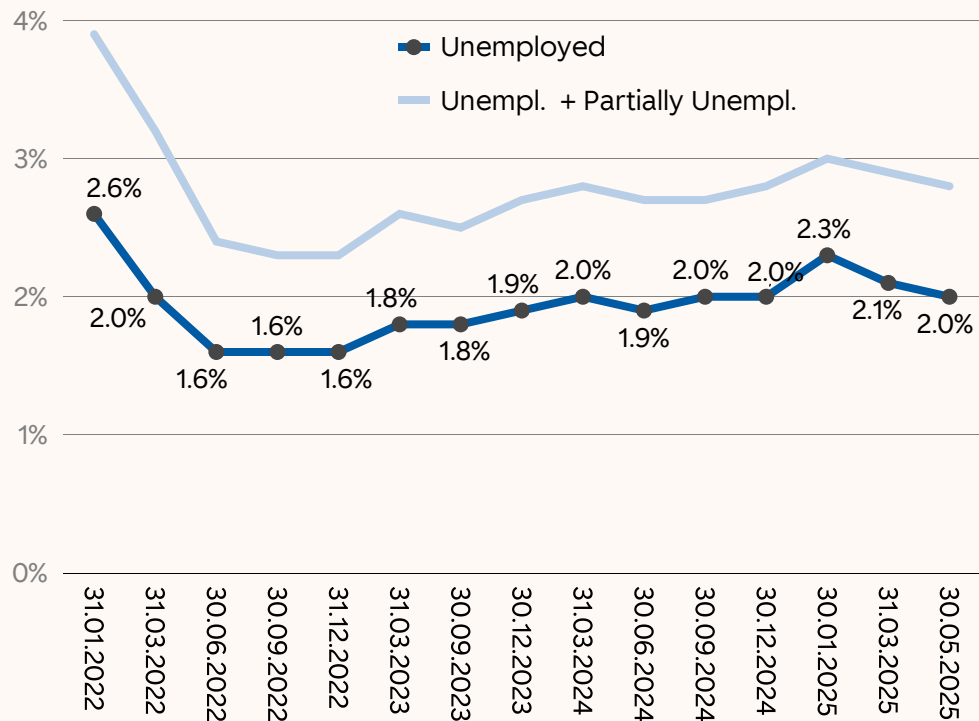
Employees in Norway by main sector (1000 persons)



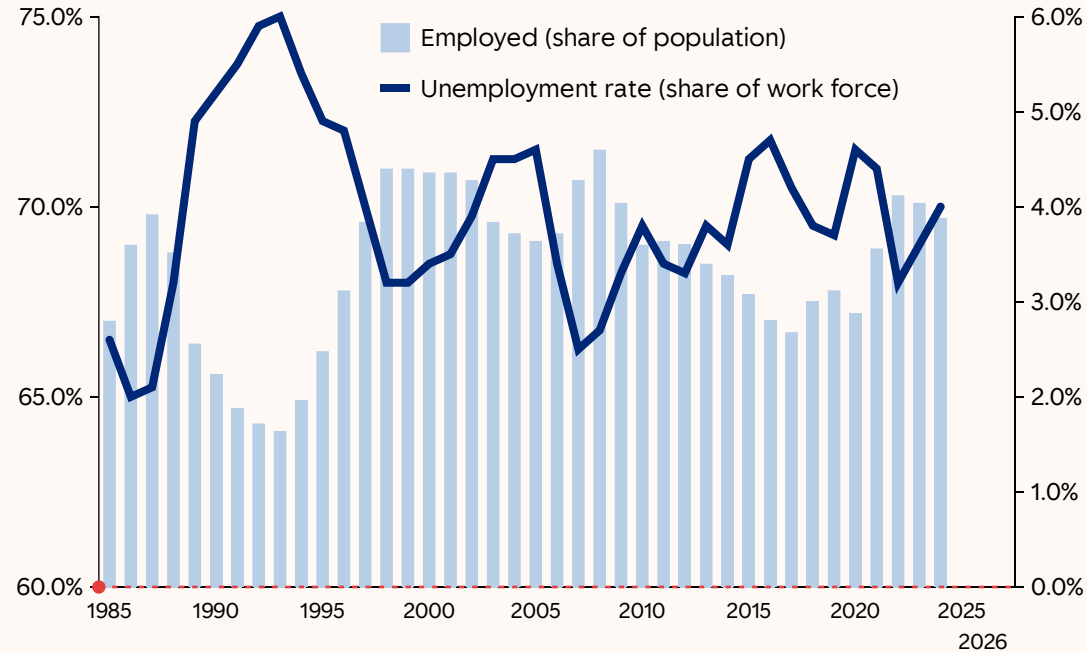
MACROECONOMIC OVERVIEW

Labour Market

Registered unemployment



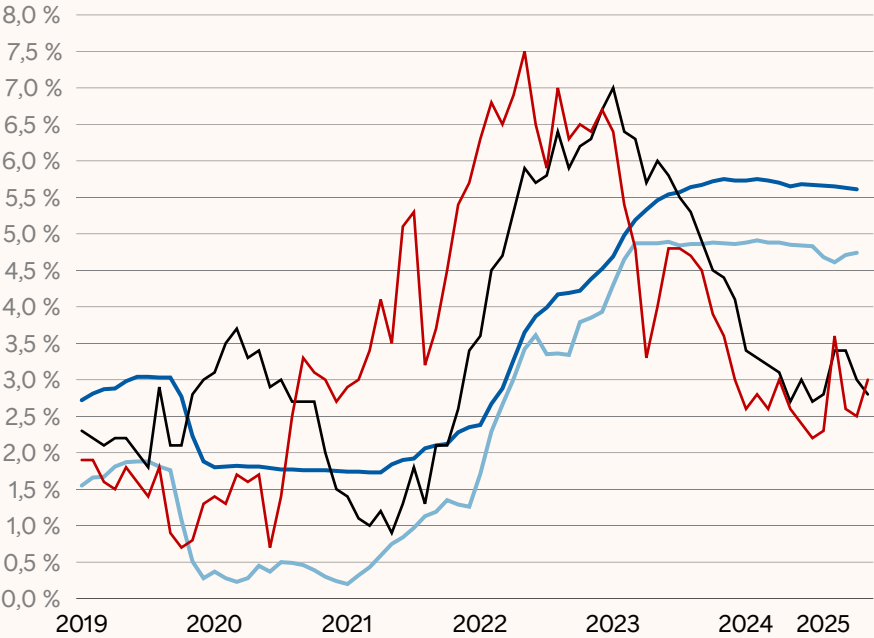
Long-term survey unemployment rate



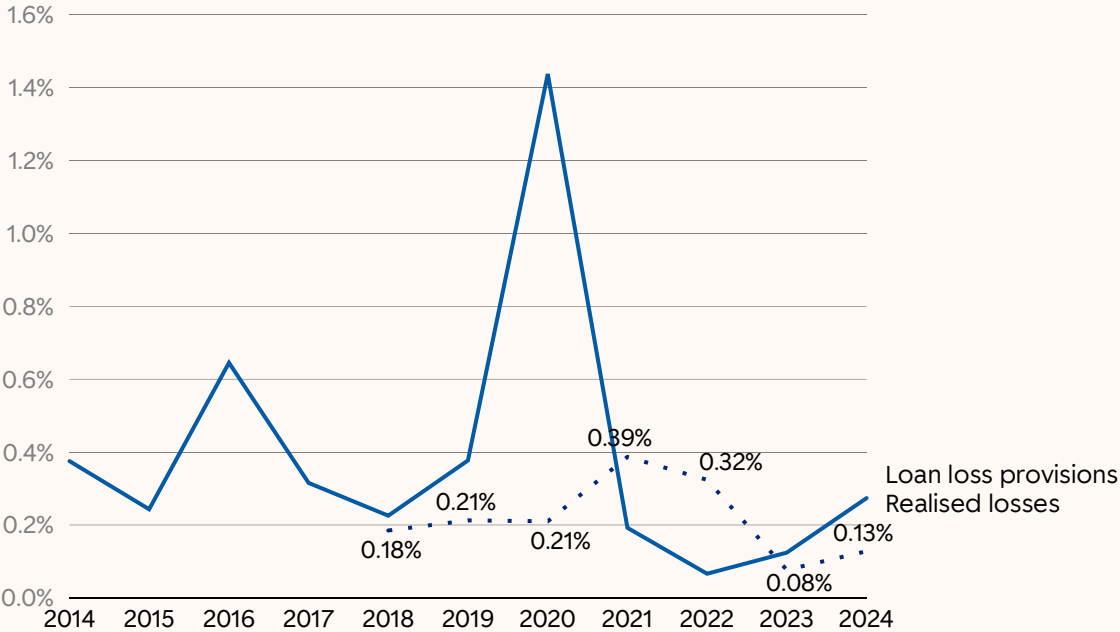
The peak in the survey unemployment rate happened during the recession of the early 1990ies, while the oil price decline in 2014-16 and the covid pandemic caused unemployment peaks

Interest rates, inflation and bank sector losses

Interest rates and inflation



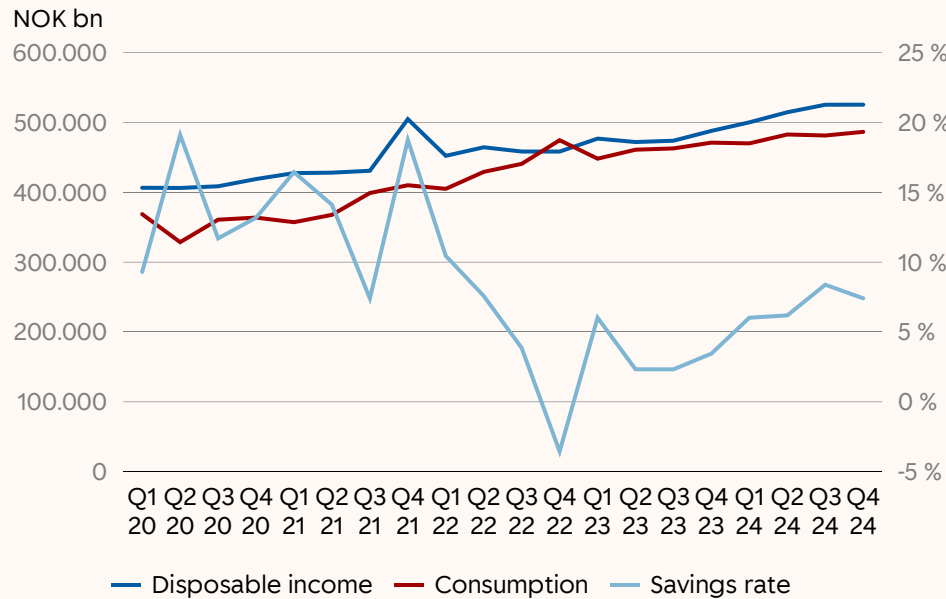
Loan provisions and losses aggregated banking sector



Part years are annualized

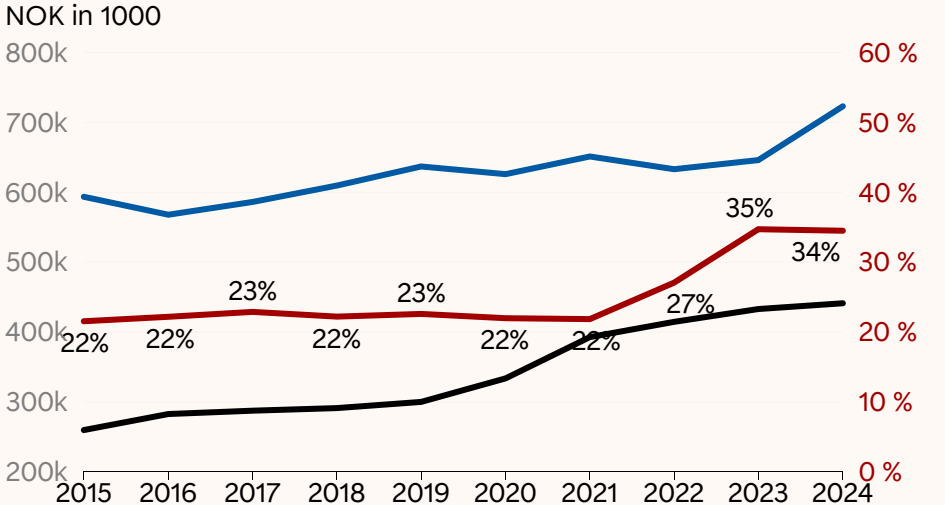
Household sector income, savings and mortgage affordability

Aggregate Household income, consumption and savings



- Savings is the difference in disposable income and consumption
- in addition occupational pension savings not in disp. income

Mortgage affordability

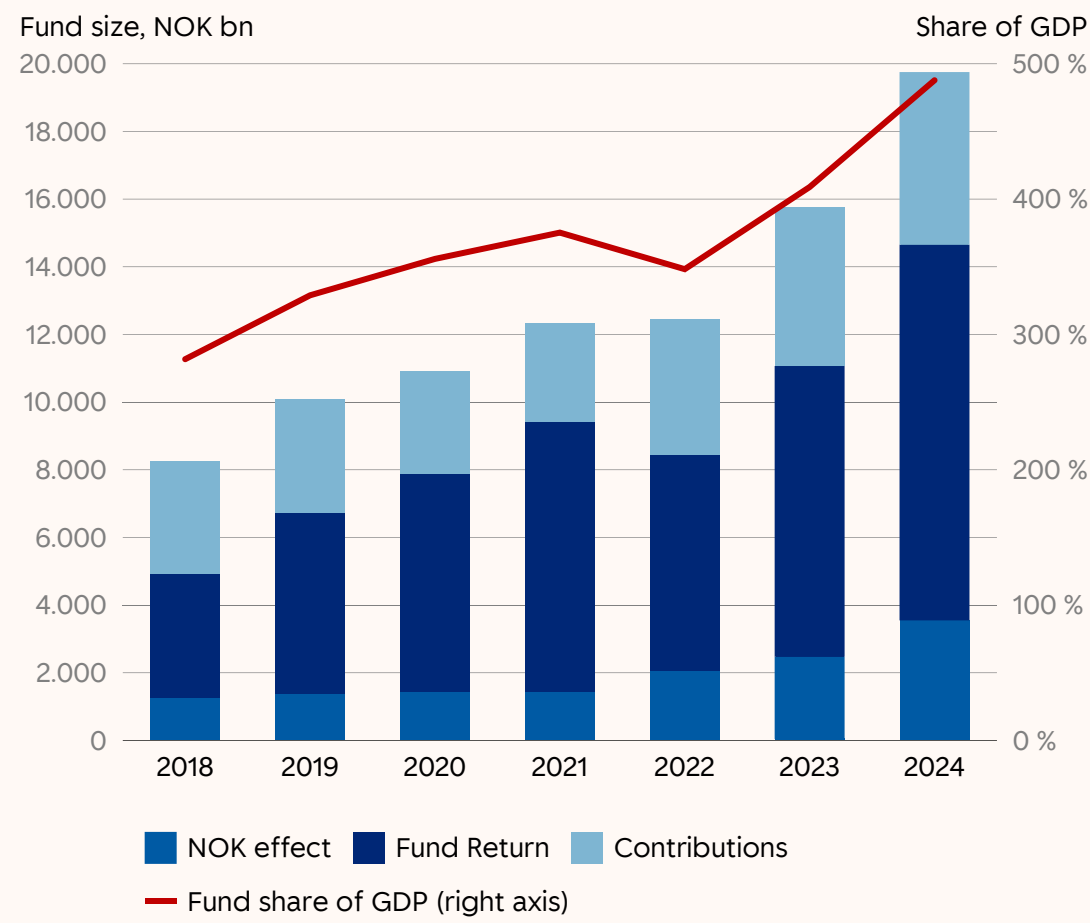


- Share of net disposable income for mortgage servicing (rhs)
- Average net disposable income (after tax and cost of necessities) (lhs)
- Cost of necessities (SIFO model family of 4) (lhs)

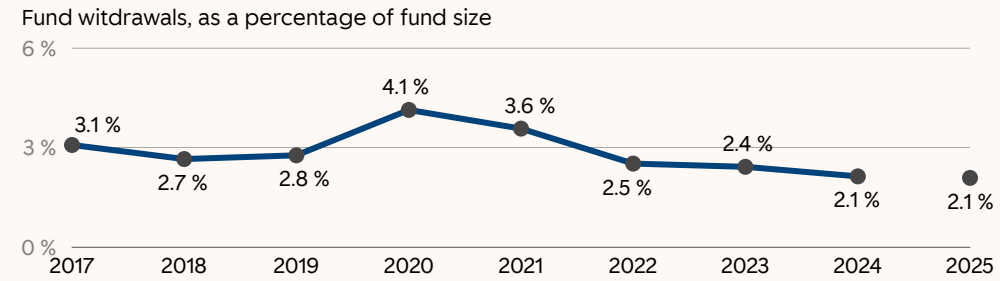
- Mortgage servicing is modelled based on 85% LTV of the median valued house, 30 years full repayment, with average annual variable mortgage rates

MACROECONOMIC OVERVIEW

Sovereign Wealth Fund



The spending rule: The gov. budget's non-oil & gas fiscal deficit may be max. 3% of the fund's size – financed by the fund



The combined government surplus + fund cash income is high due to recent high energy prices

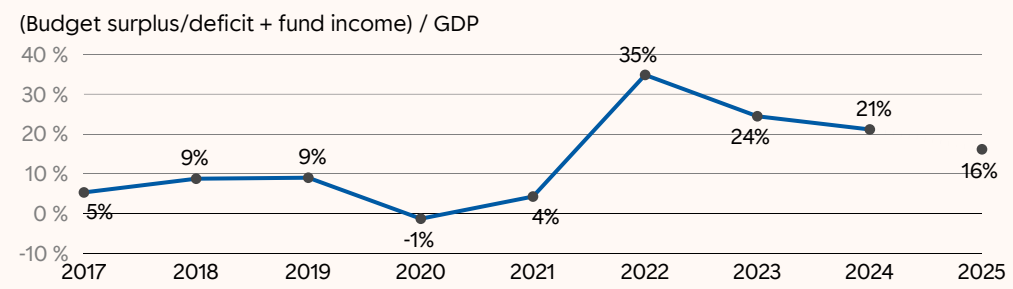
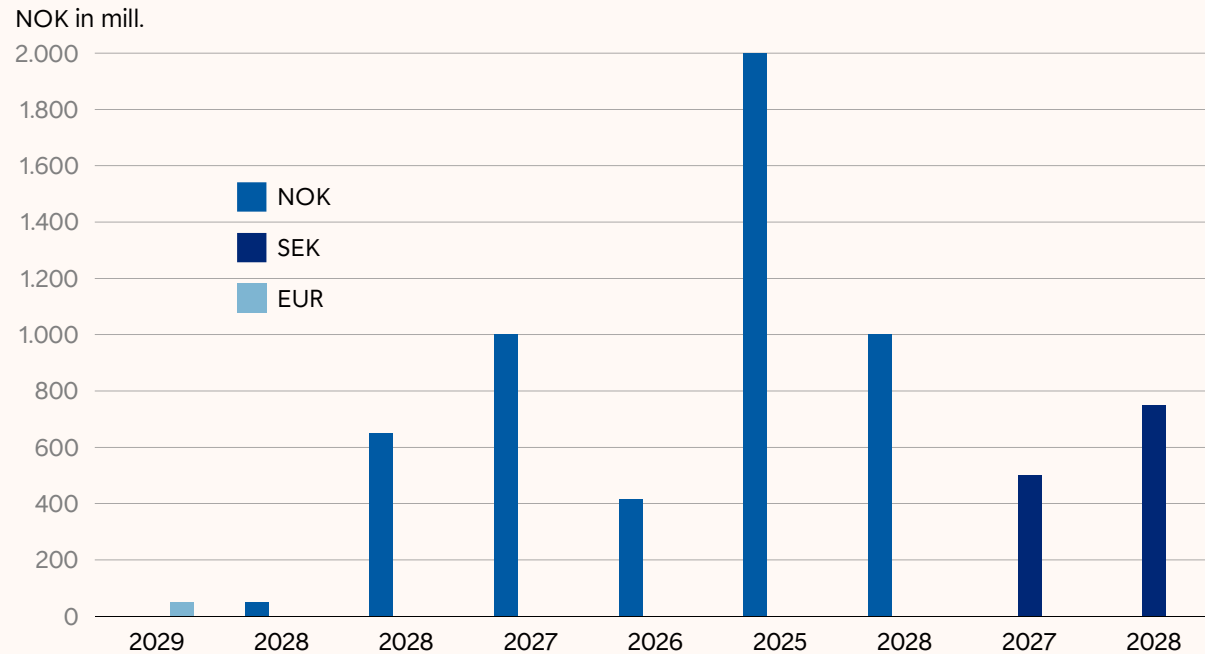


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Covered bonds outstanding



- SpareBank 1 Naeringskreditt has maintained a stable lending volume around NOK 10bn, which is financed largely in NOK
- NOK Series are LCR 2 due to the size of the portfolio and bond series spread out across maturities.

- Individual bond information and ISINs:

<https://spacom.sparebank1.no/bonds>

SpareBank 1 Naeringskreditt contact info



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Spacom website for bond issues, cover pool statistics <https://spacom.no>