

Quarterly Report



Financial statement Q3 2015

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Key figures Group

<i>Amounts in NOK million and in % of average assets</i>		30.09.15	%	30.09.14	%	31.12.14	%
From the profit and loss account							
Net interest income		1 122	1.79 %	1 048	1.76 %	1 426	1.78 %
Net fee-, commission and other operating income		711	1.13 %	729	1.22 %	966	1.20 %
Net income from financial investments		203	0.32 %	551	0.92 %	602	0.75 %
Total income		2 036	3.24 %	2 328	3.91 %	2 994	3.73 %
Total costs		1 010	1.61 %	974	1.63 %	1 328	1.66 %
Result before losses		1 026	1.63 %	1 354	2.27 %	1 666	2.08 %
Losses		108	0.17 %	85	0.14 %	321	0.40 %
Result before tax		918	1.46 %	1 269	2.13 %	1 345	1.68 %
Tax		180	0.29 %	208	0.35 %	223	0.28 %
Result non-current assets held for sale		0	0.00 %	0	0.00 %	27	0.03 %
Minority interests		- 1	0.00 %	- 1	0.00 %	- 1	0.00 %
Result after tax		739	1.18 %	1 062	1.78 %	1 096	1.37 %
Profitability							
Return on equity capital	1	10.4 %		15.9 %		12.2 %	
Interest margin	2	1.79 %		1.76 %		1.78 %	
Cost/income	3	49.6 %		41.8 %		44.4 %	
Balance sheet figures and liquidity							
Gross lending		63 143		60 363		61 249	
Gross lending and advances to customers incl SpareBank 1 Boligkreditt and Næringskreditt		87 661		83 946		84 980	
Growth in loans and advances to customers past 12 months		4.6 %		6.6 %		6.9 %	
Growth in loans and advances to cust. incl. SpareBank 1 Boligkreditt and Næringskreditt past 12 months		4.4 %		6.1 %		5.5 %	
Share total lending transferred to Sp1 Boligkreditt of total retail loans		39.1 %		39.9 %		39.7 %	
Share total lending transferred to Sp1 Boligkreditt of total loans		28.0 %		28.1 %		27.9 %	
Deposits from customers		47 660		45 386		45 761	
Growth in deposits from customers past 12 months		5.0 %		3.3 %		1.8 %	
Deposits as a percentage of gross lending	4	75.5 %		75.2 %		74.7 %	
Deposits as a percentage of gross lending including SpareBank 1 Boligkreditt and Næringskreditt		54.4 %		54.1 %		53.8 %	
Average assets	5	83 698		79 442		80 191	
Total assets		84 495		80 621		83 188	
Leverage Ratio		6.0 %				5.9 %	
Losses on loans and commitments in default							
Losses on loans to customers as a percentage of gross loans incl.SpareBank 1 Boligkreditt and Næringskreditt		0.16 %		0.13 %		0.19 %	
Commitments in default as a percentage of gross loans incl.SpareBank 1 Boligkreditt and Næringskreditt		0.31 %		0.49 %		0.34 %	
Commitments at risk of loss as a percentage of gross loans incl.SpareBank 1 Boligkreditt and Næringskreditt		0.42 %		0.30 %		0.27 %	
Net comm. in default and at risk of loss as a per. of gross loans incl. SpareBank 1 Boligkreditt and Næringskreditt		0.44 %		0.50 %		0.41 %	
Loan loss provision ratio		39.97 %		36.21 %		32.82 %	
Solidity							
Total regulatory Capital %	6	16.3 %		15.5 %		15.6 %	
Tier I Capital %	7	14.2 %		13.2 %		13.6 %	
Common Equity Tier I - incl share of period result		13.5 %		13.2 %		12.5 %	
Tier I capital		8 462		7 741		8 439	
Equity and related capital resources		9 747		9 414		9 680	
Adjusted risk-weighted assets base		59 708		60 783		61 936	
Liquidity Coverage Ratio (LCR)		127 %					
Branches and full-time employees							
Branches		66		67		66	
Manyears		891		923		927	

Key figures ECC

	2006	2007	2008	2009	2010	2011	2012	2013	2014	3Q15 *
Quoted/market price as at 31.12 (adjusted) 1)	47.05	39.97	13.85	34.62	37.76	28.90	24.70	35.50	39.90	36.20
Number of Equity Certificates (EC) issued (mill) (2)	50.31	53.43	56.92	56.92	56.92	74.00	74.40	100.40	100.40	100.40
Quoted/market price EC issued (mill) (3)	2 367	2 135	788	1 970	2 149	2 139	1 837	3 564	4 006	3 634
Quoted/market price total equity (4)	7 283	6 494	2 282	5 704	6 223	5 083	4 418	7 530	8 464	7 679
Allocatde dividend per EC (5)	3.15	2.99	0.94	2.12	1.81	1.25	1.02	1.10	1.90	
Paid-out dividend per EC	3.15	3.15	2.99	0.94	2.12	5.14	1.25	1.15	1.10	1.90
Direct return (6)	6.7 %	7.5 %	6.8 %	6.1 %	4.8 %	4.3 %	4.1 %	3.1 %	4.8 %	
Return efficiency (7)	1.6 %	-8.4 %	-57.9 %	156.8 %	15.2 %	-9.8 %	-10.2 %	48.4 %	15.5 %	-4.5 %
Total equity capital Parent bank	3 185	3 566	3 656	4 247	4 547	5 264	5 589	7 200	7 735	8 118
Total equity capital Group, NOK mill	3 524	4 104	4 458	5 160	5 670	6 408	6 832	8 502	9 343	9 714
Equity capital per EC Parent bank (8)	27.13	29.43	27.87	31.09	34.59	29.93	31.24	33.94	36.46	38.27
Equity capital per EC Group (9)	22.76	25.26	27.05	31.31	34.41	36.43	38.19	40.08	44.05	45.79
Result per EC Parent bank (10)	5.15	4.39	2.08	5.41	4.93	2.28	2.91	3.91	3.50	4.90
Result per EC Group (11)	5.43	4.50	2.09	5.21	4.95	2.75	3.36	4.13	5.16	4.64
P/E (Price/Earnings per certificate Group)(12)	8.67	8.88	6.62	6.64	7.63	10.51	7.34	8.59	7.73	7.80
P/V (Price/Book Value per certificate Group)(13)	2.07	1.58	0.51	1.11	1.10	0.79	0.65	0.89	0.9	0.8
Pay-out ratio Group (14)	61.1 %	68.1 %	45.4 %	39.3 %	36.7 %	54.9 %	35.1 %	26.6 %	36.8 %	0.0 %
EC ratio overall as at 31.12 (15)	32.5 %	32.9 %	34.5 %	34.5 %	34.5 %	42.1 %	41.6 %	47.3 %	47.3 %	47.3 %
EC ratio overall as at 01.01 used for allocaton of result	35.6 %	34.2 %	34.2 %	34.5 %	34.5 %	38.7 %	42.1 %	42.9 %	47.3 %	47.3 %

* Calculation as of end of quarter

Comments/definitions:

1) Quoted/market price	Quoted/market price adjusted for equity issues, fund issues, dividend issues and splits
2) Number of Equity Certificates (EC) issued (mill)	All key figures are adjusted with the same factor as the quoted/market price
3) Quoted/market price EC issued (mill)	Number of certificates issued as of 31.12. adjusted as 1)
4) Quoted/market price total equity	Market price * number of ECs
5) Allocated dividend per EC	Market price * number of ECs/ EC ratio overall
6) Direct return	Allocated dividend adjusted as 1)
7) Return efficiency	Allocated dividend/Market price EC as at 31.12
8) Equity capital per EC Parent bank	(Market price EC 31.12 - market price 1.1 previous year + paid dividend)/Market price EC 1.1
9) Equity capital per EC Group	Book equity Parent bank*EC ratio overall/Number of EC 31.12
10) Result per EC Parent bank	Book equity Group*EC ratio overall/Number of EC 31.12
11) Result per EC Group	Annualised result after tax Parent bank*EC ratio overall 1.1/Number of EC 31.12
12) P/E (Price/Earnings per certificate Group)	Annualised result after tax Consern*EC ratio overall 1.1/Number of EC 31.12
13) P/V (Price/Book Value per certificate Group)	Marked price 31.12/Result per EC Group
14) Pay-out ratio per EC Group	Marked price 31.12/Book value per EC Group
15) EC ratio overall as at 31.12	Dividend per EC/Result per EC Group
16) EC ratio overall as at 01.01	EC-owners share of equity capital (Parent bank), calculated at year end
	EC-owners share of equity capital (Parent bank), used for allocation of result of the year

Interim report for Q3 2015 – Group

(Figures in brackets are for the same period in 2014)

Highlights:

- Profit before tax: NOK 918 million (NOK 1,269 million).
- Profit after tax: NOK 738 million (NOK 1,061 million).
- Return on equity after tax: 10.4 % (15.9 %).
 - Earnings per equity certificate: NOK 3.48 (NOK 5.01).
- Continued good underlying banking operations.
- Net change in value of financial assets in the third quarter (ISO) of NOK 84 million due to disquiet in the capital market.
- Net income from financial assets: NOK 203 million (NOK 551 million).
- Cost/income ratio: 49.6 % (41.8 %).
- Lending losses: NOK 108 million (NOK 85 million).
- Lending growth in the last 12 months: 4.4 % (6.1 %), including intermediary loans.
 - Retail market: 6.3 % (6.9 %).
 - Corporate market: 0.0 % (4.5 %).
- Growth in deposits in last 12 months: 5.0 % (3.3 %).
 - Retail market: 7.6 % (6.1 %).
 - Corporate market: 1.9 % (9.0 %).
 - Public sector market: 0.6 % (-21.5 %).
- Deposit coverage ratio: 75.5 % (75.2 %).
- Common equity tier 1 capital ratio, Group, including share of profit: 13.5 % (13.2 %).
- Satisfactory access to liquidity and key figures despite a tighter domestic funding market.
- Profitability improving measures are being implemented. This includes voluntary redundancy with a targeted net reduction in the number of employees in the Parent Bank of 10 % in 2016.
- The focus on core business continues. The Group's commitment in Russia has been further reduced.

Macroeconomic trends

The Norwegian economy is expected to slow down significantly in 2015 due to low oil prices and lower level of oil investments. GDP growth could drop towards 1 % and the unemployment rate could rise to 4 %. On 24.09.15, Norges Bank lowered the base rate to 0.75 % because the outlook for growth in the Norwegian economy had worsened and because it will probably remain low longer than previously assumed. Based on Norges Bank's assessment of the outlook, the base rate might be reduced further in the next 12 months.

The Norwegian economy continues to show only limited signs of weakness. The regional network report to Norges Bank from September 2015 shows that the growth in Northern Norway is still stronger than in the rest of the country. The report indicates fairly pronounced growth (2-3 %) in the next 6 months as well. The unemployment rate remains stably low, with 2.5 % completely without work as of September. The housing market continues to move ahead, with rising prices and short turnover times in the major towns. The growth in housing prices has gradually flattened out and the number of new build starts in the year to date is around 10 % lower than in 2014.

Northern Norway has probably been less affected by the slowdown in the Norwegian economy because the region is less dependent on the oil and gas sector, and because the weak NOK exchange rate has strengthened exports. As of September, seafood exports were around 7 % above the record year, 2014. As of August 2015, the tourism industry reported 4 % more overnight stays compared with last year. A third growth factor is high capital investment in the region. Northern Norwegian companies increased deliveries to the oil sector by 20 % to NOK 5.6 billion in 2014. The companies expect deliveries to decrease slightly in 2015. The planned production start-up of Goliat and the development of Aasta Hansteen and Polarled will make a positive contribution to the economy of the region in the coming years.

Northern Norwegian household finances are solid. Lasting low unemployment and lower interest rates have resulted in good growth in personal savings. Growth in private consumption has picked up and turnover in the retail trade increased by 3 % in 2014. Retail sector companies expect continued pronounced growth in 2015.

The macroeconomic outlook for Northern Norway therefore remains positive and better than for the rest of the country. However, the Bank is prepared for the slowdown in the Norwegian economy to have a greater impact on Northern Norway as households become more cautious and domestic demand slows.

Developments in the international economy may also have a noticeable impact on the regional economy, particularly falling growth in China and weaker commodities markets.

Overall, the Bank believes the outlook for the Northern Norwegian economy remains good. Current forecasts project economic growth of 3 % in 2015. A new forecast will be published in the Business Barometer for Northern Norway in November 2015.

Financial performance

The financial statements as of the third quarter of 2015 show an operating profit before tax of NOK 918 million (NOK 1,269 million). Underlying banking operations before losses remain good with a profit of NOK 823 million, compared with NOK 803 million for the same period last year.

The Group's return on equity after tax as of 30.09.15 was 10.4 % (15.9 %). Its earnings per equity certificate were NOK 3.48 (NOK 5.01).

The results for the third quarter in isolation were affected by significant changes in the value of financial assets due to increased credit margins in the capital market.

Net interest income

Net interest income as of the third quarter of 2015 was NOK 1,122 million (NOK 1,048 million).

Net interest income represented 1.79 % (1.76 %) of average total assets.

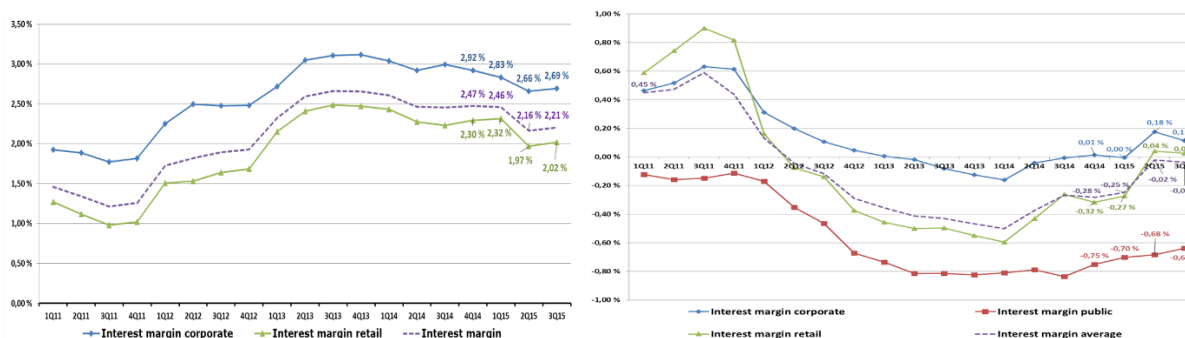
Income from the loan portfolio transferred to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt is recognised as commissions. These commissions totalled NOK 203 million at the end of the third quarter of 2015. The corresponding figure for the same period in 2014 was NOK 259 million. Net interest income including the above commissions shows an increase of NOK 18 million compared with the third quarter of 2014.

As of 30.09.15, home mortgages worth NOK 24.5 billion (NOK 24.0 billion) had been transferred to SpareBank 1 Boligkreditt. As of 30.09.15, no loans have been transferred to SpareBank 1 Næringskreditt (NOK 300 million).

Compared with the second quarter of 2015, net interest income, including commissions from the transferred loan portfolios but excluding charges for the Guarantee Fund, developed as follows:

<i>Figures in NOK million</i>	Q3 2015	Change	Q2 2015
Net interest income, incl. commissions from intermediary loans	446	+12	434
Lending and deposit volume		+8	
Lending and deposit margins		-3	
Effect of 2 fewer days		+4	
Other effects		+3	

Development of lending and deposit margins (measured against average 3-month NIBOR)



Norges Bank's base rate was reduced from 1.25 % to 1.00 % on 18.06.15. On 24.09.15, the base rate was reduced by a further 0.25 percentage points to 0.75 %. This is resulting in lower money market rates. The low interest rates in the money markets are expected to persist, which will in turn result in lower borrowing costs for the banks. Based on this, and continued strong competition in the market, the Bank decided to reduce its deposit and lending rates for new commitments from 28.09.15. For the existing portfolio, the interest rate change will take effect from 25.11.15. The net effect on the result of this change in customer rates for loans and deposits is calculated to be almost neutral.

Compared with the second quarter of 2015, the Bank's average borrowing costs from the capital markets fell slightly in the third quarter. Credit spreads for the banks' funding in the capital market increased significantly in the third quarter. Nonetheless, it will take time before this manifests itself in the Bank's average funding cost. Therefore, the Bank's average funding costs is, for the rest of the year, expected to fall further on the back of the reduced NIBOR. The development of the Bank's overall margins going forward will depend primarily on the competitive situation.

Net commissions and other operating income

Net commissions and other operating income totalled NOK 711 million as of the third quarter of 2015 (NOK 729 million).

<i>Figures in NOK million</i>	30.09.15	Change	30.09.14
Net commissions and other operating income	711	-18	729
Commissions from SpareBank 1 Boligkreditt	203	-59	262
Commissions from EiendomsMegler 1 Nord-Norge	37	+6	31
Income from accountancy firm SNN Regnskapshuset	65	+4	61
Other commissions and other operating income	406	+31	375

Income from financial investments

Total net income from financial investments as of the third quarter of 2015 amounts to NOK 203 million (NOK 551 million).

This has developed as follows:

<i>Figures in NOK million</i>	30.09.15	Change	30.09.14
Net income from financial investments	203	-348	551
Result from SpareBank 1 Gruppen	183	-79	262
Result from SpareBank 1 Boligkreditt	54	+36	18
Result from BN Bank	22	-34	56
Result from SpareBank 1 Næringskreditt	14	-4	18
Result from SpareBank 1 Kredittkort	15	+16	-1
Result from SpareBank 1 Markets	14	+35	-21
Share dividends	8	-8	16
Net change in value of equities	-34	-201	167
Net change in value of bonds, value of currency and financial derivatives	-73	-144	71
Net change in value of loans at fair value incl. hedging	0	-35	-35

The net change in value of the bond portfolio was strongly affected by a negative change in the value of bonds classified, and valued from an accounting perspective, at fair value (market value). The sharp widening of credit premiums (credit spreads) in this market entails an unrealised loss as of the third quarter of around NOK 93 million. In addition to this there is a recognised unrealised loss in the value of repurchased own bonded debt of NOK 12 million. The majority of the above-mentioned unrealised loss has been incurred in the third quarter of 2015.

The quality of the underlying portfolio indicates that the Bank expect that the write-downs in the bond portfolio to a little extent will be realised.

The profit contributions from some associated companies and joint ventures were also affected by the above-mentioned spread widening in the bond market.

The net change in the value of equities as of the third quarter of 2014 was characterised by the recognition as income of a gain of NOK 137 million from the sale of Nets.

Profit contributions from joint ventures

SpareBank 1 Gruppen

SpareBank 1 Gruppen's profit after tax as of the third quarter of 2015 totalled NOK 939 million (NOK 1,343 million). The SpareBank 1 Nord-Norge Group's 19.5 % share of the result, amounting to NOK 183 million (NOK 262 million), has been incorporated into the financial statements. SpareBank 1 Livsforsikring and SpareBank 1 Skadeforsikring made the greatest contributions to SpareBank 1 Gruppen's profit.

SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt

SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt were set up by the banks in the SpareBank 1 Alliance to benefit from capital market funding through the use of covered bonds. The banks transfer mortgages with very good security to these companies. This reduces funding costs and increases the competitiveness of the SpareBank 1 banks.

The Bank currently owns a 14.71 % stake in SpareBank 1 Boligkreditt and the share of its profit as of the third quarter of 2015 was NOK 54 million (NOK 18 million). The widening in the EUR basis swap spread has had a positive effect on the result so far this year (SNN share NOK 56 million). These are temporary accounting effects which will even out over time.

SpareBank 1 Nord-Norge currently owns a 20.83 % stake in SpareBank 1 Næringskreditt and the share of its profit as of the third quarter of 2015 was NOK 14 million (NOK 18 million).

BN Bank

SpareBank 1 Nord-Norge owned a 23.5 % stake in BN Bank as of 30.09.15. The share of the profit at the end of the third quarter of 2015 amounted to NOK 22 million (NOK 56 million).

As stated by the Group's interim report for the second quarter of 2015, in August the board of BN Bank decided to streamline the bank as a retail market bank and phase out up its corporate market business, which consists of loans for commercial property. The result as of 30.09.15 was affected by provisions for restructuring costs related to the phasing out of the corporate market, as well as negative changes in the value of the bond portfolio due to changes in credit spreads.

Other companies

The 17.80 % stake in SpareBank 1 Kredittkort and share of the profit as of the third quarter of 2015 amounting to NOK 15 million (NOK -1 million) has also been incorporated. The 27.03 % share of the profits from SpareBank 1 Markets, NOK 14 million in the year-to-date (NOK -21 million), has also been included. In the second quarter of 2015, the formal restructuring of SpareBank 1 Markets was completed with the integration of the market activities of SpareBank 1 SMN into SpareBank 1 Markets. As a result, SpareBank 1 Nord-Norge's stake in SpareBank 1 Markets was reduced to 9.9 %. The stake was reclassified on the Bank's balance sheet as of 30.09.15 from an investment in an associated company and joint venture to shares measured at fair value.

The Group's equities portfolio

The Group's equities portfolio as of 30.09.15 amounted to NOK 478 million (NOK 507 million). As of the third quarter of 2015, the Bank recognised a net loss/devaluation on this portfolio of NOK -34 million (NOK 167 million, of which NOK 137 million related to the sale of the stake in Nets AS). The portfolio in the subsidiary SpareBank 1 Nord-Norge Portefølje AS for the Nord II equity fund has in the year-to-date seen a negative change in value of NOK 44 million. This was mainly due to unrealised revaluations in the first half of 2015 of investments in companies with exposures in the oil and gas sector.

Certificates and bonds

As of 30.09.15, the Group's holdings of certificates and bonds amounted to NOK 11,262 million (NOK 9,474 million).

The total net change in value of this portfolio as of the third quarter of 2015 amounted to NOK -73 million (NOK 49 million).

Credit spreads in the Norwegian capital market, especially for covered bonds, have risen sharply so far this year risen, particularly in the third quarter. The higher risk premiums produced an unrealised, accounting loss on the Bank's interest-bearing portfolio. Please also refer to the comments in the section on income from financial investments above.

Currency and derivatives

The net change in value from currency and financial derivatives as of the third quarter of 2015 amounted to NOK 32 million (NOK 22 million). This amount consists of parts of the income from SNN Markets, as well as changes in the value of the Bank's own positions in currency and financial derivatives.

Subsidiaries

<i>(Amounts in whole NOK 1,000s)</i>	Stake in %	Profit before tax	
		30.09.2015	30.09.2014
SpareBank 1 Finans Nord-Norge AS	100	91,053	86,853
SpareBank 1 Nord-Norge Portefølje AS	100	-48,401	13,872
EiendomsMegler 1 Nord-Norge AS	100	23,874	14,054
EiendomsMegler 1 Lofoten AS	60	434	164
SpareBank 1 Nord-Norge Forvaltning ASA	100	1,703	1,809
SpareBank 1 Regnskapshuset Nord-Norge AS	100	6,865	5,914
North-West 1 Alliance Bank	75	-3,049	-2,910
Nord-Norge Eiendom IV AS	100	-966	890
Alsgården AS	100	859	1,087
Fredrik Langesgt 20 AS	100	1,830	862

The Group's subsidiaries had a combined profit before tax as of the third quarter of 2015 of NOK 74 million (NOK 123 million), which has been fully consolidated in the consolidated financial statements.

SpareBank 1 Finans Nord-Norge AS's profit before tax as of the end of the third quarter of 2015 was NOK 91 million (NOK 87 million). The company has a good earnings base and total earnings for the year-to-date amount to NOK 201 million (NOK 192 million). Losses on leasing and loan commitments as of the end of the third quarter of 2015 amounted to NOK 7 million (NOK 4 million). As of the end of the quarter, the company managed leasing, consumer loan and vendor's security agreements with a total value of NOK 4,276 million (NOK 3,859 million), of which leasing agreements represented NOK 2,268 million (NOK 2,077 million).

North West 1-Alliance Bank in St. Petersburg, Russia (75 % stake) had a result before tax for the third quarter of 2015 of NOK -3 million (NOK -2.9 million).

SpareBank 1 Nord Norge Portefølje AS has a portfolio of unlisted equities and investments in funds. The company's result before tax as of the third quarter of 2015 was NOK -48 million (NOK 14 million). The changes in value of the company's equities portfolio are commented on above in the section "The Group's equities portfolio".

EiendomsMegler 1 Nord-Norge AS had a profit before tax as of the third quarter of 2015 of NOK 24 million (NOK 14 million). The number of units sold to date in 2015 is 2,006 (1,604), representing a total sales value of NOK 89 million, an increase of 29 % compared with the same period in 2014. EiendomsMegler 1 Nord-Norge owned 60 % of the company EiendomsMegler 1 Lofoten AS as of 30 September 2015.

SpareBank 1 Nord-Norge Forvaltning ASA's profit before tax as of the third quarter of 2015 was NOK 1.7 million (NOK 1.8 million).

SpareBank 1 Regnskapshuset Nord-Norge AS's profit contribution before tax as of the third quarter of 2015 was NOK 6.8 million (NOK 5.9 million). The Group's balance sheet as of first half of 2015 also included NOK 10 million posted to equity as a result of adjusted accounts for 2014 arising from goodwill impairment.

Operating costs

Ordinary operating costs as of the third quarter of 2015 totalled NOK 1,010 million. Compared with the same period in 2014, this amounted to an increase of NOK 36 million.

The changes in costs were distributed as follows:

<i>Figures in NOK million</i>	Q3 2015	Change	Q3 2014
Operating costs	1,010	+36	974
Payroll costs	568	+54	514
Admin. costs	264	+3	261
Depreciation	42	-26	68
Other costs	136	+5	131

In relation to the average total assets, costs amounted to 1.61 % as of the end of the third quarter of 2015, a reduction of 0.02 percentage points compared with the same period in 2014.

The Group's cost/income ratio was 49.6 % as of the third quarter of 2015, compared with 47.3 % as of the second quarter of 2015 and 41.8 % as of the third quarter of 2014.

The higher costs compared with the same period in 2014 were mainly attributable to higher payroll costs, including general pay increases, an increased employers' National Insurance contribution rate in Northern Norway, and greater provisions for restructuring costs (see below).

Operating costs for the third quarter of 2015 were on a par with those for the second quarter of 2015.

The Group's goal is to hold average annual cost increases to a maximum of 1 %, excluding restructuring costs and possible business expansions.

In response to increased digitisation and changes in customer behaviour, SpareBank 1 Nord-Norge has decided to reorganise the business to improve profitability within the Group. Planned measures cover increased earnings, reduced costs and improved capital efficiency. The changes will result in over-staffing. The bank aim to address this by offering voluntary redundancy to the employees concerned and plan that around 100 staff will accept the voluntary severance package. As a minimum, the Bank expect to reduce the number of full time equivalents in the Parent Bank by a net 10 % in the course of 2015 and 2016. A provision totalling NOK 20 million was made in the income statement for the second half of 2014 for future restructuring costs. Further provisions of NOK 10 million have been made in each of the first three quarters of 2015: NOK 30 million in total. The total non-recurring costs due to the planned voluntary redundancy will be clarified and are expected to be recognised as costs in the fourth quarter of 2015.

The Parent Bank's costs amounted to NOK 799 million as of the third quarter of 2015, an increase of NOK 33 million compared with the same period last year.

At the end of the third quarter 2015, there were 32 fewer full time equivalents in the Group than at the same time last year: there were 14 fewer in subsidiaries and 18 fewer in the Parent Bank. The Group had 891 full time equivalents at the end of the third quarter of 2015, 624 of whom were accounted for by the Parent Bank.

Net losses and commitments in default

The Group's net loan losses as of the third quarter of 2015 amounted to NOK 108 million (NOK 85 million): NOK 96 million from the corporate market and NOK 11 million from the retail market.

Net non-performing and doubtful commitments as of 30.09.15 totalled NOK 389 million (NOK 428 million), which represents 0.4 % of gross lending including intermediary loans. This is 0.1 percentage points lower than as of 30.09.14.

The Group's total individual loss write-downs as of 30.09.15 were NOK 416 million (NOK 102 million), NOK 157 million of which involved financial institutions. Provisions increased by NOK 33 million in the last quarter.

Group write-downs as of 30.09.15 amounted to NOK 235 million (NOK 223 million) and they remain unchanged compared with the previous quarter. Group write-downs totalled 0.37 % of the Group's combined gross lending as of 30.09.15 (0.36 %), which represents 0.26 % of gross lending including intermediary loans.

No new commitments exposed to a significant risk of losses were uncovered in the third quarter of 2015. In the opinion of the Board of Directors, the quality of the Bank's loan portfolio remains good and the Bank is doing high quality work in connection with commitments in default and doubtful commitments in the Group. There will continue to be a strong focus on this work in the coming months. The general level of losses in the coming periods is expected to remain moderate.

The Group's venture in Russia - loss provisions

SpareBank 1 Nord-Norge is involved in banking operations in Russia through Tavrichesky Bank (TB) and North-West 1 Alliance Bank (NW1). Work is in hand to wind up the Group's commitments in Russia.

The Group's total exposure in Russia at the start of the year was NOK 615 mill kroner, including equity exposure of NOK 183 million: NOK 93 million in TB (9.3 % stake) and NOK 90 million in NW1 (75 % stake). Loss provisions of NOK 300 million were made in the 2014 financial statements to cover the Group's exposure in Russia.

The Group has reduced its total exposure in Russia by more than NOK 300 million since 2013. This exposure amounted to NOK 452 million as of 30.09.15. The reduction since the start of the year is due to repayments of commitments. The net exposure after remaining provisions for losses amounts to NOK 182 million. No further loss provisions for this area have been made in 2015.

Taxes

The Group's tax cost was estimated at NOK 180 million at the end of the third quarter of 2015. In the Parent Bank's accounts, the basis for tax has been reduced by permanent differences coupled with effects of the exemption model.

Total assets

The Group's total assets amounted to NOK 84,495 million as at 30.09.15. Total assets have increased by 4.8 %, or NOK 3,874 million, in the last 12 months.

Lending

As of 30.09.15, loans totalling NOK 24.5 billion (NOK 23 billion) had been transferred to SpareBank 1 Boligkreditt. As of 30.09.15, no loans (NOK 300 million) had been transferred to SpareBank 1 Næringskreditt. These loans do not appear as lending on the Bank's balance sheet. Comments regarding increases in lending include loans transferred to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt.

The Group's gross lending to customers including intermediary loans totalled NOK 87,661 million as of 30.09.15. Compared with 30.09.14, this amounts to an increase of 4.4 %. Retail loans grew by 6.3 % (6.9 %), while corporate and public sector loans grew by 0.0 % (4.5 %).

The Bank's portfolio of fixed-rate loans in NOK amounted to NOK 7.9 billion as of 30.09.15. This portfolio is measured at fair value in the financial statements. Changes in fair value can result in volatility in the income statement. Please also refer further information in note 16 to the interim financial statements.

The percentage of lending to the retail market constitutes 72 % of the total lending as of 30.09.15 (70 %).

In the case of new loans, particular emphasis is placed on customers' ability to service and repay their outstanding loans, and on a satisfactory level of collateral and other security to ensure that the credit risk is maintained at an acceptable level.

Net loans to customers are presented inclusive of accrued interest on the balance sheet as of 30.09.15.

Liquidity

Deposits from customers represent the Bank's main source of funding. At the end of the third quarter of 2015, the deposit coverage ratio (excluding intermediary loans) was 76 % (75 %). The Bank's remaining funding, apart from equity and other subordinated capital and deposits from customers, is mainly long-term funding from the capital markets. The Bank's access to liquidity and its key figures were satisfactory despite a tighter domestic funding market in the third quarter of 2015. The Bank's strategic aim is to keep liquidity risk at a low level. The LCR (liquidity coverage ratio) as of 30.09.15 has been calculated as 127 %.

The Group's deposits from customers, excluding accrued interest, totalled NOK 48,037 million as of 30.09.15. The increase over the past 12 months was NOK 2,120 million, or 5.0 %. Retail deposits showed growth of 7.6 % (8.1 %), corporate deposits 1.9 % (9.0 %), and public sector deposits 0.6 % (-21.5 %).

Deposits from customers are presented inclusive of accrued interest in the balance sheet as of 30.09.15.

The Board of SpareBank 1 Nord-Norge has decided to apply for a licence for a wholly owned home mortgage company. This company will be a supplement to SpareBank 1 Boligkreditt, which will remain the Alliance banks' main tool for raising loans through covered bonds. The Bank will be able to sell loans to the new home mortgage company that meet the criteria for sales of loans to SpareBank 1 Boligkreditt, including fixed-rate loans. The establishment of a wholly owned home mortgage company will also eliminate problems associated with the regulations that apply to large commitments and regulate the maximum outstanding account between SpareBank 1 Nord-Norge and SpareBank 1 Boligkreditt.

In May 2015, the Moody's rating agency improved SpareBank 1 Nord-Norge's rating from A2 to A1. The rating from Fitch is A.

Financial strength and capital adequacy

The Group's common equity tier 1 capital ratio at the end of the third quarter of 2015 was 12.9 % (12.0 %). The tier 1 capital ratio was 14.2 % (13.2 %) and the total capital adequacy ratio is 16.3 % (15.5 %). Including profit shares, the common equity tier 1 capital ratio was 13.5 % as of 30.09.15 (13.2 %).

The unweighted tier 1 capital ratio (leverage ratio) as of 30.09.15 was calculated at 5.5 %.

The Group uses proportional consolidation for its capital adequacy reporting for SpareBank 1 Boligkreditt, SpareBank 1 Næringskreditt and BN Bank.

SpareBank 1 Nord-Norge's goal is to maintain unquestionable financial strength and satisfy the statutory minimum equity requirements for capital adequacy. The Group's goal is to have an internal capital buffer of at least 1 percentage point above the statutory minimum requirement. The Group's long-term goal for common equity tier 1 capital ratio is currently 14.5 %.

The Group's financial strength is considered good in relation to the current regulatory requirements. The Board further consider that no equity issues will be necessary in the market in order to reach the Group's long term goal for solidity.

The Financial Supervisory Authority of Norway has, according to a circular dated 14.08.15, divided financial sector undertakings into five groups on the basis of size, complexity, and scope, as well as the degree of risk the undertaking represents for the financial system. SpareBank 1 Nord-Norge has been placed in group 2, which encompasses large or medium-sized undertakings that primarily operate domestically, but with high market shares nationally or regionally.

As of 30.09.15, SpareBank 1 Nord-Norge had a common equity tier 1 capital ratio that is significantly higher than the minimum statutory requirement and the Group is well capitalised to meet the stricter requirements for the countercyclical buffer and new Pillar 2 regulations in 2016. Please refer to the more detailed comments under new framework conditions.

The Bank's equity certificate holders

As of 30.09.15, the Parent Bank's equity certificate capital was NOK 1,807 million. The number of equity certificates as of 30.09.15 was 100,398,016 each with a nominal value of NOK 18, fully paid-up.

The equity certificate fraction as of 01.01.15 was 47.33 %. The number of holders of equity certificates at 30.09.15 was 7,676 (7,439).

The percentage of equity certificate holders from Northern Norway was 18 % (20 %). A summary of the Bank's 20 largest equity certificate holders is provided in the note 22 to the interim report.

The market price for the Bank's equity certificates was NOK 36.20 as of 30.09.15 (NOK 38.50). Based on this price, the market value of the Bank's equity was NOK 7,679 million (NOK 8,167 million). The earnings per equity certificate (Group) amounted to NOK 3.48 (NOK 5.01).

Within the prevailing dividend policy, with a payout ratio of up to 50 %, the Board plan a continued increase of the payout ratio. Regulatory Pillar 2 requirements may however influence on the future payout ratio.

New framework conditions**Counter-cyclical capital buffer will be increased in 2016**

In keeping with advice from Norges Bank, the Ministry of Finance has decided that the level of the counter-cyclical capital buffer requirement for banks will be increased to 1.5 % starting on 30.06.16. This requirement was previously set at 1 % from 30.06.15. The Ministry has particularly emphasised the debt burden in the household sector and the fact that greater capital strength will make Norwegian banks more robust against future loan losses.

The FSAN's practices for assessing risk and capital requirements (Pillar 2)

The Financial Supervisory Authority of Norway's methods for assessing undertakings' overall risk level and associated capital requirements are described in the circular dated 14.08.15. The Financial Supervisory Authority of Norway's methods are based on, among other things, guidelines from the European Banking Authority (EBA).

The requirements for undertakings' risk and capital assessments and the surveillance authority's assessment of the undertakings' overall risk level and associated capital requirements stand. Basel III of CRD IV affords Pillar 2 as much importance as before. The circular sheds light on some areas that are new or that will become more important in the assessment of risks and capital requirements in undertakings. In addition to covering the minimum requirement and various types of buffers in Pillar 1, undertakings must in their capital planning take account of risks that are not covered by Pillar 1.

The Financial Supervisory Authority of Norway will differentiate between the following two main elements in their risk and capital assessments when setting the additional capital requirement for Pillar 2:

- The capital requirement for inherent risks based on a risk level viewed from a 12-month perspective. This requirement will be assessed independent of the buffer requirements in Pillar 1; the Financial Supervisory Authority of Norway will expect undertakings to maintain this additional capital at all times.
- The capital requirement from a forward-looking perspective in a stress situation involving a serious financial setback where the capital preservation buffer in Pillar 1 is inadequate.

The two parts of the additional capital requirement in Pillar 2 must both be covered by common equity tier 1 capital. The capital used to cover the minimum requirement and the overall buffer requirement in Pillar 1 (including the effect of the applicable floor rules) cannot be used to cover the additional capital requirement in Pillar 2.

Regulation by law of requirements for home mortgages

As part of its strategy for the housing market, the government adopted regulations concerning requirements for new home mortgages. For home mortgages exceeding 70 % of the dwelling's value, requirements are specified in the regulations, some of which came into force on 01.07.15, concerning annual instalment payments of at least 2.5 % of the approved loan or of whatever the instalment payment would have been for annuity loan with a 30-year repayment period if that is lower. The general rule in previous guidelines that home mortgages should not exceed 85 % of the dwelling's value has been continued. The capital adequacy requirement can be met with additional collateral in the form of a mortgage on other real property or surety and/or a guarantee. Lines of credit shall still

not exceed 70 % of the dwelling's value. In the assessment of future capacity to service loans, the customers must be able to tolerate a 5 percentage point increase in interest rates as before.

In addition, a certain amount of flexibility (the so-called "speed limit") will be introduced on the granting of credit in the sense that a maximum of 10 % of the value of the approved loans per quarter can depart from one or more of the regulatory requirements related to the capacity to service each loan, the Loan-to-Value ratio and the instalment payment. In order to maintain competition in the market, loans that are transferred from one bank to another (refinancing) shall not be included in the 10 % quota. The regulations will also apply to foreign financial institutions that conduct business in Norway. There will thus be clear requirements for reporting, supervision and compliance that affect all banks equally and to a greater extent will give equal rules.

The authorities shall regularly evaluate the requirements in view of the developments in the housing market, the households' accumulation of debt and any impacts on the competition among the banks. The regulations shall be in force until year-end 2016 unless the evaluation shows that there is still a need for them thereafter.

New liquidity requirements starting in 2016

The Financial Supervisory Authority of Norway recommends that new liquidity requirements issued through the CRD IV regulations (which include the Liquidity Coverage Ratio, LCR) shall be met at a level of 60 % starting on 01.10.15 with gradual escalation up to 100 % by 2018. This is in keeping with the EU's schedule for phasing in the new liquidity requirements. The Financial Supervisory Authority of Norway further proposes a special Norwegian rule that Norwegian banks with assets exceeding NOK 20 billion must have an LCR of at least 100 % starting on 01.01.16.

As of 30.09.15, SpareBank 1 Nord-Norge meets the LCR requirements (please also refer to the section above concerning liquidity as well).

The CRD IV regulations also include a long-term liquidity requirement, the Net Stable Funding Ratio, NSFR. The Financial Supervisory Authority of Norway recommends waiting for the introduction of NSFR until this has been completely formulated by the EU, starting no later than in 2017.

Concluding remarks and future prospects

Although the results as of the third quarter are affected by write-downs due to the increased credit spreads in the securities market, the Bank's core business continues to show good earnings.

While the Norwegian economy is slowing down considerably as a result of low oil prices and lower investments in the oil sector, the economy of Northern Norway has so far shown few signs of weakening. One important reason for the better outlook for the Northern Norwegian macro-economy compared with the country as a whole, is the fact that the Northern Norwegian economy is less dependent on the oil and gas sector. The weaker Norwegian krone is also boosting export industries. 2015 has been a record year for seafood exports so far, and the tourism industry is reporting a continued increase in the number of overnight stays. There is also high capital investments in the region.

Although the macroeconomic outlook for Northern Norway still looks better than for the country as a whole, the Bank is nevertheless prepared for the slowdown in the Norwegian economy to have a possible greater impact on Northern Norway. This is because households are becoming more cautious, because of a decline in domestic demand, and because developments in the international economy could also affect the region's industries.

Overall, the Board considers the outlook for the economy of Northern Norway to be good. Current forecasts project economic growth of 3 % in 2015. A new forecast will be published in the Business Barometer for Northern Norway in November 2015.

A number of measures have been initiated to ensure future profitability in line with the Group's profitability targets. These will be continued and reinforced, and are expected to produce effects during 2015 and in 2016.

Tromsø, Norway, 28 October 2015

The Board of SpareBank 1 Nord-Norge

Kjell Olav Pettersen
(Chairman of the Board)

Pål Andreas Pedersen
(Deputy Chairman)

Sonja Djønne

Hans Tore Bjerås

Greger Mannsverk

Ingvild Myhre

Anita Persen

Vivi-Ann Pedersen
(Employee-elected)

Jan-Frode Janson
(CEO)

Statement of income

Parent Bank
Group

(Amounts in NOK million)

31.12.14	3Q14	3Q15	30.09.14	30.09.15		30.09.15	30.09.14	3Q15	3Q14	31.12.14
2 820	726	627	2 107	1 926	Interest income	2 058	2 243	672	773	2 998
1 578	392	289	1 200	946	Interest costs	936	1 195	287	395	1 572
1 242	334	338	907	980	Net interest income	1 122	1 048	385	378	1 426
801	202	188	607	564	Fee- and commission income	691	708	231	238	940
72	19	21	53	55	Fee- and commission costs	56	54	21	19	74
21	4	3	13	10	Other operating income	76	75	23	19	100
750	187	170	567	519	Net fee-, commission and other operating income	711	729	233	238	966
16	0	1	16	8	Dividend	8	16	1	0	16
134	0	0	244	406	Income from investments	301	332	75	142	453
105	-6	-81	182	-88	Net gain from investments in securities	-106	203	-84	-23	133
255	-6	-80	442	326	Net income from financial investments	203	551	-8	119	602
2 247	515	428	1 916	1 825	Total income	2 036	2 328	610	735	2 994
538	149	144	394	427	Personnel costs	561	514	190	193	704
311	77	77	232	237	Administration costs	264	261	84	85	349
50	12	13	37	36	Ordinary depreciation	42	68	14	14	97
140	26	33	103	99	Other operating costs	143	131	48	33	178
1 039	264	267	766	799	Total costs	1 010	974	336	325	1 328
1 208	251	161	1 150	1 026	Result before losses	1 026	1 354	274	410	1 666
290	35	37	93	104	Losses	108	85	40	38	321
918	216	124	1 057	922	Result before tax	918	1 269	234	372	1 345
175	57	33	179	142	Tax	180	208	46	65	223
0	0	0	0	0	Result non-current assets held for sale	0	0	0	0	27
743	159	91	878	780	Result after tax	738	1 061	188	307	1 095
					Majority interest	739	1 062	186	309	1 096
					Minority interests	-1	-1	2	-2	-1
					Result per Equity Certificate					
3.50	0.75	0.43	4.14	3.68	Result per Equity Certificate	3.48	5.01	0.88	1.46	5.17
3.50	0.75	0.43	4.14	3.68	Diluted result per Equity Certificate	3.48	5.01	0.88	1.46	5.17

Other comprehensive income

743	159	91	878	780	Result after tax	738	1 061	188	307	1 095
0	0	0	0	0	Recalculation differences	0	-11	-1	-8	-35
0	0	0	0	0	Value adjustment of property, plant and equipment	-10	0	0	0	0
4	2	1	4	6	Effective part of change in fair market value in cash flow hedging	6	4	1	2	4
0	0	0	0	0	Net change in fair market value of investment in joint ventures	35	0	5	0	-8
-80	0	0	-82	0	Actuarial gains (losses) on benefit-based pension schemes	0	-82	0	0	-85
21	0	-1	22	-2	Tax on other comprehensive income	-2	22	-1	0	22
-55	2	0	-56	4	Other comprehensive income for the period	29	-67	4	-6	-102
688	161	91	822	784	Total comprehensive income for the period	767	994	192	301	993
					Majority interest	767	994	767	302	1 001
					Minority interests	0	0	0	-1	-8
					Total result per Equity Certificate					
3.24	0.76	0.43	3.88	3.70	Total result per Equity Certificate	3.62	4.69	0.91	1.42	4.68
3.24	0.76	0.43	3.88	3.70	Diluted total result per Equity Certificate	3.62	4.69	0.91	1.42	4.68
					Tax on other comprehensive income:					
-1	0	-1	0	-2	Effective part of change in fair market value in cash flow hedging	-2	0	-1	0	-1
22	0	0	22	0	Actuarial gains (losses) on benefit-based pension schemes	0	22	0	0	23
21	0	-1	22	-2	Tax on other comprehensive income	-2	22	-1	0	22

Statement of financial position

Parent Bank

Group

(Amounts in NOK million)

31.12.14	30.09.14	30.09.15		30.09.15	30.09.14	31.12.14
Assets						
631	725	485	Cash and balances with central banks	530	757	685
7 280	6 305	5 620	Loans and advances to credit institutions	1 950	2 894	3 720
57 000	56 093	58 687	Net loans and advances to customers	62 879	60 037	60 977
241	319	286	Shares	478	507	473
9 720	9 474	11 262	Certificates and bonds	11 262	9 474	9 720
2 121	1 401	1 900	Financial derivatives	1 900	1 401	2 121
558	618	678	Investments in Group Companies	0	0	0
2 750	2 721	2 742	Investments in associated companies and joint ventures	4 233	4 045	4 187
464	465	439	Property, plant and equipment	551	600	594
0	0	0	Non current assets held for sale	35	0	35
0	0	0	Deduction for ntangible assets	51	79	61
520	723	511	Other assets	626	827	615
81 285	78 844	82 610	Total assets	84 495	80 621	83 188
Liabilities						
2 764	3 164	1 259	Deposits from credit institutions	1 247	3 154	2 758
45 736	45 858	48 039	Deposits from customers	48 037	45 917	45 763
21 312	18 575	21 531	Debt securities in issue	21 531	18 575	21 314
1 493	895	1 402	Financial derivatives	1 402	895	1 493
710	870	726	Other liabilities	953	1 081	914
0	0	0	Non current assets held for sale	0	0	0
185	165	185	Deferred tax liabilities	261	213	253
1 350	1 450	1 350	Subordinated loan capital	1 350	1 450	1 350
73 550	70 977	74 492	Total liabilities	74 781	71 285	73 845
Equity						
1 807	1 807	1 807	Equity Certificate capital	1 807	1 807	1 807
843	843	843	Equity Certificate premium reserve	843	843	843
1 020	668	832	Dividend Equalisation Fund	832	668	1 020
3 745	3 566	3 748	The Savings Bank's Fund	3 748	3 566	3 745
332	118	120	Donations	120	118	332
0	0	0	Fair value reserve	- 30	- 14	- 30
- 12	- 13	- 12	Other equity capital	1 631	1 267	1 611
0	878	780	Result after tax	739	1 062	0
			Minority interests	24	19	15
7 735	7 867	8 118	Total equity	9 714	9 336	9 343
81 285	78 844	82 610	Total liabilities and equity	84 495	80 621	83 188

Changes in equity

(Amounts in NOK million)

Group	PCC capital	Premium Fund	Dividend		Saving Bank's Fund	Donations Fund	Fair value reserve	Other equity	Period result	Total Majority interests	Minority interests	Total equity
			Equalisation Fund									
Equity at 01.01.14	1 807	843	776		3 565	163	- 2	1 327		8 479	23	8 502
Total comprehensive income for the period			352		179	212		353		1 096	- 1	1 095
<i>Other comprehensive income:</i>												
Recalculation differences							- 28			- 28	- 7	- 35
Net change in fair market value of investment in joint ventures								- 8		- 8		- 8
Effective part of change in fair market value in cash flow hedging			2		2					4		4
Actuarial gains (losses) on benefit-based pension schemes								- 85		- 85		- 85
Tax on other comprehensive income					- 1			23		22		22
Total other comprehensive income			2		1		- 28	- 70		- 95	- 7	- 102
Total comprehensive income for the period			354		180	212	- 28	283		1 001	- 8	993
Transactions with owners												
Equity issue												
Set aside for dividend payments			- 191							- 191		- 191
Reversal of dividend payments			191							191		191
Dividend paid			- 110							- 110		- 110
Other transactions								1		1		1
Payments from Donations Fund						- 43				- 43		- 43
Total transactions with owners			- 110			- 43		1		- 152		- 152
Equity at 31.12.2014	1 807	843	1 020		3 745	332	- 30	1 611		9 328	15	9 343
Equity at 01.01.15	1 807	843	1 020		3 745	332	- 30	1 611		9 328	15	9 343
Total comprehensive income for the period									739	739	- 1	738
<i>Other comprehensive income:</i>												
Recalculation differences								- 10		- 10		- 10
Value adjustment of property, plant and equipment									35	35		35
Net change in fair market value of investment in joint ventures												
Effective part of change in fair market value in cash flow hedging			2		4					6		6
Actuarial gains (losses) on benefit-based pension schemes												
Tax on other comprehensive income					- 2					- 2		- 2
Total other comprehensive income	0	0	2		2	0	0	25	0	29		29
Total comprehensive income for the period			2		2	0	0	25	739	768	- 1	767
Transactions with owners												
Equity issue												
Set aside for dividend payments												
Reversal of dividend payments												
Changes in minority interests												
Dividend paid			- 191							- 191		- 191
Other transactions			1		1			- 5		- 3	10	7
Payments from Donations Fund						- 212				- 212		- 212
Total transactions with owners			- 190		1	- 212		- 5		- 406	10	- 396
Equity at 30.09.15	1 807	843	832		3 748	120	- 30	1 631	739	9 690	24	9 714

ECC ratio overall

Parent Bank

(Amounts in NOK million)

	31.12.09	(01.01.11) 31.12.10	(01.01.12) 31.12.11	(01.01.13) 31.12.12	(adjusted) 01.01.13	31.12.13	31.12.14
Equity Certificate capital	896	1 275	1 655	1 655	1 681	1 807	1 807
Equity Certificate premium reserve	123	184	245	245	344	843	843
Dividend Equalisation Fund	471	408	319	453	380	685	1 011
Set aside dividend	- 121	- 103	- 93	- 76	0	0	- 191
Share Fund Fair Value Options	- 30	- 3	- 14	- 33	- 33	0	0
A. Equity attributable to Equity Certificate holders of the Bank	1 339	1 761	2 112	2 244	2 372	3 335	3 470
The Savings Bank's Fund	2 623	2 811	2 902	3 107	3 081	3 593	3 954
Allocated dividends to ownerless capital	- 161	- 154	- 107	- 30	0	0	- 212
Donations	133	133	133	120	120	119	119
Share Fund Fair Value Options	- 57	- 5	- 20	- 45	- 45	0	0
B. Total ownerless capital	2 538	2 785	2 908	3 152	3 156	3 712	3 861
Equity Certificate Ratio overall (A/(A+B))	34.54 %	38.74 %	42.07 %	41.59 %	42.91 %	47.33 %	47.33 %

Statement of cash flows

Parent Bank
Group
(Amounts in NOK million)

31.12.14	30.09.14	30.09.15		30.09.15	30.09.14	31.12.14
918	1 057	922	Result before tax	918	1 269	1 345
50	37	36	+ Ordinary depreciation	42	68	97
- 2	0	2	+ Write-downs, gains/losses fixed assets	2	0	- 2
290	93	104	+ Losses on loans and guarantees	108	85	321
175	179	142	- Tax/Result investment held for sale	180	208	250
156	156	403	- Dividends/donations	403	156	156
925	852	519	Provided from the year's operations	487	1 058	1 355
762	784	- 69	Change in sundry liabilities: + increase/ - decrease	- 43	793	754
- 357	152	230	Change in various claims: - increase/ + decrease	220	119	- 366
-3 956	-2 844	-1 791	Change in gross lending to and claims on customers: - increase/ + decrease	-2 010	-3 153	-4 334
1 802	1 970	-1 587	Change in short term-securities: - increase/ + decrease	-1 547	1 938	1 726
845	438	2 303	Change in deposits from and debt owed to customers: + increase/ - decrease	2 274	446	821
-1 528	-1 128	-1 505	Change in debt owed to credit institutions: + increase/ - decrease	-1 511	-1 130	-1 526
-1 507	224	-1 900	A. Net liquidity change from operations	-2 130	71	-1 570
- 25	- 13	- 11	- Investment in fixed assets (incl merger effects)	- 15	- 73	- 131
2	0	- 2	+ Sale of fixed assets	14	0	2
- 319	- 350	- 112	Change in holdings of long-term securities: - increase/ + decrease	- 11	- 481	- 623
- 342	- 363	- 125	B. Liquidity change from investments	- 12	- 554	- 752
4 778	2 087	219	Change in borrowings through the issuance of securities: + increase/ - decrease	217	2 087	4 780
- 100	0	0	Change in Equity Certificate/subordinated loan capital: + increase/ - decrease	0	0	- 100
4 678	2 087	219	C. Liquidity change from financing	217	2 087	4 680
2 829	1 948	-1 806	A + B + C. Total change in liquidity	-1 925	1 604	2 358
5 082	5 082	7 911	+ Liquid funds at the start of the period	4 405	2 047	2 047
7 911	7 030	6 105	= Liquid funds at the end of the period	2 480	3 651	4 405

Liquid funds are defined as cash-in-hand, claims on central banks,
plus loans to and claims on credit institutions.

Result from the Group's quarterly accounts

(Amounts in NOK million)	3Q15	2Q15	1Q15	4Q14	3Q14	2Q14	1Q14	4Q13	3Q13	2Q13	1Q13	4Q12
Interest income	672	682	704	755	773	721	749	839	740	717	694	706
Interest costs	287	314	335	377	395	379	421	484	399	408	414	399
Net interest income	385	368	369	378	378	342	328	355	341	309	280	307
Fee- and commission income	231	233	227	232	238	240	230	233	238	230	191	197
Fee- and commission costs	21	18	17	20	19	19	16	23	19	23	10	15
Other operating income	23	24	29	25	19	27	29	52	14	31	17	20
Net fee-, commission and other operating income	233	239	239	237	238	248	243	262	233	238	198	202
Dividend	1	7	0	0	0	5	11	0	4	22	1	-1
Income from investments	75	114	112	121	142	119	71	78	109	27	89	14
Net gain from investments in securities	-84	-28	6	-70	-23	65	161	7	-7	15	1	17
Net income from financial investments	-8	93	118	51	119	189	243	85	106	64	91	30
Total income	610	700	726	666	735	779	814	702	680	611	569	539
Personnel costs	190	182	189	190	193	159	162	174	151	162	151	153
Administration costs	84	90	90	88	85	87	89	87	83	83	84	83
Ordinary depreciation	14	14	14	29	14	40	14	16	13	13	14	16
Other operating costs	48	50	45	47	33	47	51	50	39	44	45	43
Total costs	336	336	338	354	325	333	316	327	286	302	294	295
Result before losses	274	364	388	312	410	446	498	375	394	309	275	244
Losses	40	36	32	236	38	22	25	50	35	47	40	32
Result before tax	234	328	356	76	372	424	473	325	359	262	235	212
Tax	46	68	66	15	65	71	72	50	69	56	39	54
Result non-current assets held for sale	0	0	0	27	0	0	0	0	0	0	0	0
Minority interests	2	-1	-2	0	-2	1	0	1	0	0	0	0
Result after tax	186	261	292	34	309	352	401	274	290	206	196	158
Profitability												
Return on equity capital	7.82 %	11.09 %	12.49 %	1.46 %	13.37 %	15.89 %	18.61 %	13.77 %	15.83 %	11.62 %	11.29 %	9.35 %
Interest margin	1.82 %	1.76 %	1.79 %	1.85 %	1.86 %	1.71 %	1.69 %	1.85 %	1.79 %	1.63 %	1.50 %	1.64 %
Cost/income	55.08 %	48.00 %	46.56 %	53.15 %	44.22 %	42.75 %	38.82 %	46.58 %	42.06 %	49.43 %	51.67 %	54.73 %
Balance sheet figures												
Loans and advances to customers	63 143	63 073	61 060	61 249	60 363	58 791	57 638	57 282	56 605	54 561	53 441	54 551
Growth in loans and advances to cust. incl. SpareBank 1 Boligkreditt and Næringskreditt past 12 months	4.4 %	5.2 %	4.4 %	5.5 %	6.1 %	6.7 %	7.3 %	6.1 %	5.9 %	6.8 %	8.5 %	11.6 %
Deposits from customers	47 660	49 977	46 211	45 761	45 386	46 949	43 635	44 940	43 938	46 006	43 232	43 588
Growth in deposits from customers past 12 months	5.0 %	6.4 %	5.9 %	1.8 %	3.3 %	2.0 %	0.9 %	3.1 %	1.6 %	5.2 %	9.0 %	-1.3 %
Deposits as a percentage of gross lending	75.5 %	79.2 %	75.7 %	74.7 %	75.2 %	79.9 %	75.7 %	78.5 %	77.6 %	84.3 %	80.9 %	75.6 %
Deposits as a percentage of gross lending including SpareBank 1 Boligkreditt and Næringskreditt	54.4 %	57.6 %	54.3 %	53.8 %	54.1 %	56.9 %	53.5 %	55.8 %	55.6 %	59.5 %	56.9 %	54.3 %
Average assets	83 698	83 432	82 658	80 191	79 442	79 048	77 581	75 952	75 561	75 524	74 907	72 921
Total assets	84 495	84 981	82 128	83 188	80 621	81 983	77 642	77 520	75 670	76 759	74 484	75 329
Losses on loans and commitments in default												
Losses on loans to customers as a percentage of gross loans incl. SpareBank 1 Boligkreditt and Næringskreditt	0.18 %	0.16 %	0.15 %	0.37 %	0.18 %	0.11 %	0.12 %	0.25 %	0.17 %	0.24 %	0.21 %	1.02 %
Commitments in default as a percentage of gross loans incl. SpareBank 1 Boligkreditt and Næringskreditt	0.31 %	0.41 %	0.39 %	0.34 %	0.49 %	0.55 %	0.36 %	0.60 %	0.70 %	0.76 %	0.78 %	0.52 %
Commitments at risk of loss as a percentage of gross loans incl. SpareBank 1 Boligkreditt and Næringskreditt	0.42 %	0.39 %	0.25 %	0.27 %	0.30 %	0.32 %	0.31 %	0.46 %	0.36 %	0.35 %	0.51 %	0.77 %
Net comm. in default and at risk of loss as a per. of gross loans incl. SpareBank 1 Boligkreditt and Næringskreditt	0.44 %	0.54 %	0.42 %	0.41 %	0.50 %	0.61 %	0.54 %	0.75 %	0.72 %	0.78 %	0.87 %	0.89 %
Solidity												
Total regulatory Capital %	16.3 %	16.1 %	16.1 %	15.6 %	15.5 %	14.2 %	14.3 %	13.9 %	11.7 %	12.4 %	12.6 %	13.2 %
Tier I Capital %	14.2 %	14.1 %	14.0 %	13.6 %	13.2 %	13.3 %	13.7 %	13.4 %	11.1 %	11.4 %	11.9 %	12.1 %
Tier I capital	9 526	9 261	8 344	8 439	8 000	7 828	7 741	7 783	6 431	6 478	6 586	6 672
Equity and related capital resources	9 526	9 261	9 610	9 680	9 414	8 382	8 158	8 069	6 765	7 052	7 005	7 270
Adjusted risk-weighted assets base	59 708	60 194	59 722	61 936	60 783	58 830	57 135	57 989	57 704	57 053	55 450	55 098

Notes

Note 1 - Accounting policies

The Group's interim financial statements in 2015 have been prepared in accordance with the International Financial Reporting Standards (IFRS) approved by EU, including IAS 34 relating to interim reporting.

The Group's accounting policies and calculation methods remain essentially unchanged from the accounting year 2014.

The interim financial statements do not cover all the information required in complete financial statements and should be read in conjunction with the annual financial statements for 2014.

In accordance with the regulations laid down by the Ministry of Finance of 16 October 2008, permission was given to reclassify securities in the trading portfolio from the category "at fair value through profit or loss" to categories "held to maturity" and "loans and receivables". The Group decided to reclassify large parts of the interest-bearing portfolio "held for sale" on 1 July 2008. Future measurements in these categories will be calculated at amortised cost, which means that earlier write-downs and interest will be amortised and recognised as interest income over the remaining term to maturity. Please see the separate note.

The interim financial statements have not been audited.

There is an ongoing technical discussion regarding interpretation of IFRIC 21, according accrual of the guarantee fund fee. The dissension is related to whether this fee should be accrued during the year or taken to account in total in the beginning of the financial year.

Most banks, including SpareBank 1 Nord-Norge, choose to continue the established practice and trade knowledge, which means currently accrual accounting of the fee over the financial year.

Note 2 - Important accounting estimates and discretionary judgements

In preparing the consolidated financial statements the management makes estimates, discretionary judgements and assumptions that influence the application of the accounting policies. These could thus affect the stated amounts for assets, liabilities, income and costs. Note 3 to last year's annual financial statements provides a fuller explanation of the items subject to important estimates and judgements.

Note 3 - Changes in group structure

There has been no changes in group structure in 3rd quarter 2015.

SNN Portefølje AS owns 100% of the shares in Bodo-Gruppen AS as a result of defaulted commitments. The investment is measured to fair value after IFRS 5 and presented as available for sale in the groups accounts as of 1 January 2014.

Changes in value during the year are presented on a separate line in the income statement and the tax effect is taken into account.

Note 4 - Business Areas

The management has made an assessment of which business areas are deemed reportable with respect to form of distribution, products and customers. The primary format of reporting takes as a starting point risk and yield profiles of various assets and reporting is divided into private customers (Retail Banking Market), Corporate / Public Market, leasing and Markets. Apart from what is included in this list, the Group does not have any companies or segments which are of significant importance. The Bank operates mainly in a limited geographical area and reporting along the lines of geographic segments provides little additional information.

Group

(Amounts in NOK million)

						30.09.15
	Retail Banking	Corporate Banking	Leasing	Markets	Unallocated	Total
Net interest income	522	340	137	5	118	1 122
Net fee- and commission income	354	17	0	0	264	635
Other operating income	184	61	0	50	- 16	279
Operating costs	685	115	36	23	151	1 010
Result before losses	375	303	101	32	215	1 026
Losses	7	97	10	1	- 7	108
Result before tax	368	206	91	31	222	918
Loans and advances to customers	38 363	20 727	4 283	0	0	63 373
Individual write-downs for impaired value on loans and advances to customers	- 26	- 219	- 14	0	0	- 259
Collective write-downs for impaired value on loans and advances to customers	- 39	- 169	- 11	0	- 16	- 235
Other assets	0	0	42	0	21 574	21 616
Total assets per business area	38 298	20 339	4 300	0	21 558	84 495
Deposits from customers	28 615	16 060	3 362	0	0	48 037
Other liabilities and equity capital	9 683	4 279	938	0	21 558	36 458
Total equity and liabilities per business area	38 298	20 339	4 300	0	21 558	84 495
						30.09.14
Net interest income	677	214	121	16	20	1 048
Net fee- and commission income	414	131	0	14	94	653
Other operating income	0	0	0	21	605	626
Operating costs	572	181	31	28	161	973
Result before losses	519	164	90	23	558	1 354
Losses	11	82	4	0	- 12	85
Result before tax	508	82	86	23	570	1 269
Loans and advances to customers	35 478	21 020	3 865	0	0	60 363
Individual write-downs for impaired value on loans and advances to customers	- 26	- 211	- 9	0	3	- 243
Collective write-downs for impaired value on loans and advances to customers	- 38	- 162	- 10	0	- 13	- 223
Other assets	0	0	0	0	20 724	20 724
Total assets per business area	35 414	20 647	3 846	0	20 714	80 621
Deposits from customers	26 255	19 131	0	0	0	45 386
Other liabilities and equity capital	9 159	1 516	3 846	0	20 714	35 235
Total equity and liabilities per business area	35 414	20 647	3 846	0	20 714	80 621

Note 5 - Capital Adequacy

In 2014, the Ministry of Finance stipulated amendments to the capital requirements regulations. The amendments are adjustments implemented to comply with the EU's new capital adequacy regulations for banks and securities undertakings (CRD IV/CRR) and entail the minimum requirement for common equity Tier 1 capital ratio gradually increasing in the run up to 1 July

From 2015, the Financial Supervisory Authority of Norway has given SpareBank 1 Nord-Norge permission to use Advanced IRB to calculate regulatory capital requirements for credit risk for the corporate market. This permission means that SpareBank 1 Nord-Norge can use internal models for calculating the necessary requirements for compulsory savings. This in turn means that the regulatory capital requirements will better suit the actual credit risk the Bank is bearing in its overall loan portfolio.

The adjustment of risk-adjusted calculation basis in relation to the old calculation (Basel I) continue to 2017. The calculation basis from 2009 therefore amounts to 80 per cent of the calculated basis according to the Basel I rules and regulations.

SpareBank 1 Nord-Norge's goal is to maintain unquestionable financial strength and satisfy the statutory minimum equity requirements for capital adequacy. The Group's goal is to have an internal capital buffer of at least 1 percentage point above the statutory minimum requirement. The Group's long-term goal for Core Tier 1 capital ratio is currently 14.5%.

(Amounts in NOK million)

31.12.14	30.09.14	30.09.15		30.09.15	30.09.14	31.12.14
1 807	1 807	1 807	Equity certificates	1 807	1 807	1 807
0	0	0	- Own equity certificates	0	0	0
843	843	843	Premium reserve	843	843	843
1 020	668	832	Equalisation reserve	832	668	1 020
3 745	3 566	3 748	Savings bank's reserve	3 748	3 566	3 745
332	118	120	Endowment fund	120	118	332
0	0	0	Deduction Fund for unrealised gains available for sale	- 30	- 14	- 30
- 12	- 13	- 12	Other equity	1 631	1 267	1 611
0	878	780	Period result	739	1 062	0
0	0	0	Minority interests	24	19	15
7 735	7 867	8 118	Total equity	9 714	9 336	9 343
0	- 878	- 780	Period result	- 738	- 1 061	0
			Additional Tier 1 Capital (AT 1 Capital)			
- 405	0	0	Deduction for allocated dividends	0	0	- 522
0	0	0	Adjusted Tier 1 Capital from consolidated financial institutions	- 3	- 15	75
0	0	0	Deduction for ntangible assets	- 55	- 82	- 82
- 20	- 19	- 23	Adjustments to CET 1 due to prudential filters	- 35	- 24	- 30
- 50	- 60	- 50	Deduction defined benefit pension fund assets gross amounts	- 50	- 65	- 50
- 150	- 185	- 163	IRB shortfall of credit risk adjustments to expected losses	- 317	- 248	- 385
0	0	0	50% deduction for expected losses on IRB, net of writedowns	0	0	0
0	0	0	50 % deduction for subordinated capital in other financial institutions	0	0	0
0	0	0	50 % Total regulatory capital reserve	0	0	0
0	- 80	0	significant investment	- 806	- 528	- 591
0	0	0	have significant investment	0	0	0
0	- 80	0	Deduction for subordinated capital in other financial institutions with a significant investment	0	0	0
0	0	- 164	Deduction for CET 1 instruments of financial sector institutions with a significant investment over 10 % treshold limit	0	0	0
7 110	6 645	6 938	Common equity Tier 1 Capital (CET 1 Capital)	7 710	7 313	7 758
500	500	500	Hybrid Tier 1 bonds	758	687	687
0	0	0	Own Hybrid Tier 1 bonds	- 6	0	- 6
0	0	0	Deduction for CET1 instruments of financial sector entities where the institution does not have significant investment, but over treshold limit	0	0	0
7 610	7 145	7 438	Additional Tier 1 Capital (AT 1 Capital)	8 462	8 000	8 439
			Tier 2 Capital (T2 Capital)			
850	950	850	Nonperpetual subordinated capital	1 345	1 340	1 284
0	0	0	50% deduction for expected losses on IRB, net of writedowns	0	0	0
- 43	- 5	- 60	Deduction for subordinated capital in other financial institutions with a significant investment	- 60	74	- 43
0	0	0	50% deduction for subordinated capital in other financial institutions	0	0	0
0	0	0	50% Total regulatory capital reserve	0	0	0
807	945	790	Tier 2 Capital (T2 Capital)	1 285	1 414	1 241
8 417	8 090	8 228	Equity and related capital resources	9 747	9 414	9 680
			Minimum requirements subordinated capital, Basel I I			
1 101	1 080	862	Specialised lending exposure	841	1 258	1 283
135	143	111	Other corporations exposure	166	176	163
420	457	444	SME exposure	487	464	469
674	617	862	Property retail mortgage exposure	1 172	955	976
30	31	4	Other retail exposure	4	32	28
364	383	377	Equity investments	12	12	12
2 724	2 711	2 531	Total credit risk	2 683	2 897	2 931
722	706	714	Credit risk standardised approach	1 506	1 538	1 644
19	21	16	Debt risk	16	20	19
9	13	3	Equity risk	18	53	40
11	18	0	Currency risk	0	18	11
250	250	274	Operational risk	283	254	254
19	19	18	Credit Value Adjustment	45	0	55
0	0	0	Transitional arrangements	225	0	0
0	0	0	Deductions	0	83	0
3 754	3 738	3 556	Minimum requirements subordinated capital	4 777	4 863	4 954
			Total regulatory Capital			
17.9 %	17.3 %	18.5 %	Total regulatory Capital	16.3 %	15.5 %	15.6 %
16.2 %	15.3 %	16.7 %	Tier 1 Capital	14.2 %	13.2 %	13.6 %
1.7 %	2.0 %	1.8 %	Tier 2 Capital	2.2 %	2.3 %	2.0 %
16.2 %	15.4 %	16.7 %	Common Equity Tier I - incl share of period result	13.5 %	13.2 %	12.5 %
8.2 %		7.9 %	Leverage Ratio	5.5 %		5.9 %

Note 6 - Net bad and doubtful commitments

(Amounts in NOK million)

Parent Bank				Group		
31.12.14	30.09.14	30.09.15		30.09.15	30.09.14	31.12.14
403	383	382	Non-performing commitments	271	418	290
356	342	466	+ Other doubtful commitments	377	253	231
759	725	848	+ Total commitments in default and doubtful commitments	648	671	521
198	191	202	- Individual write-downs in default	94	209	96
75	46	151	- Other doubtful individual write-downs	165	34	75
273	237	353	+ Total individual write-downs *	259	243	171
486	488	495	= Net commitments in default and doubtful commitments	389	428	350

*Individual write-downs for impaired value on guarantees are not included here, but as liabilities under 'Other liabilities'.

Note 7 - Losses incorporated in the accounts

31.12.14	30.09.14	30.09.15		30.09.15	30.09.14	31.12.14
52	22	80	+ Period's change in individual write-down for impaired value	88	8	30
28	13	- 1	+ Period's change in collective write-down for impaired value	- 3	16	30
92	56	26	+ Period's confirmed losses against which individual write-downs were previously made	26	59	109
5	7	6	+ Period's confirmed losses against which individual write-downs were previously not made	6	9	5
7	5	7	- Recoveries in respect of previously confirmed losses	9	7	10
170	93	104	= Total losses on loans	108	85	164
120			+ Other losses			157
290	93	104	= Total losses	108	85	321

Note 8 - Losses broken down by sector and industry

(Amounts in NOK million)

Parent Bank				Group		
31.12.14	30.09.14	30.09.15		30.09.15	30.09.14	31.12.14
0	0	0	Mining and quarrying	0	0	0
1	2	12	Construction	15	4	2
0	1	0	Building of ships and boats	0	4	2
0	0	0	Electricity, gas, steam an air conditioning supply	0	0	0
13	11	- 1	Professional, scientific and technical activities	- 1	11	13
0	0	0	Financial and insurance activities	0	0	0
0	1	1	Fishing	2	1	0
2	1	0	Marine aquaculture	0	2	2
4	1	- 4	Other business support activities	- 3	1	4
0	0	0	Activities auxiliary to financial services and insurance activities	0	0	0
0	0	0	County municipalities and municipalities	0	0	0
3	4	3	Manufacturing	6	4	3
0	0	1	Information and communication	1	0	0
6	0	4	Crop and animal production	5	0	5
0	0	0	Foreign industrial	0	0	27
58	55	9	Real estate activities	18	32	9
0	2	2	Accommodation and food service activities	2	2	0
0	0	0	Forestry and logging	4	0	0
0	0	0	Central government and social security funds	0	0	0
0	0	0	Support activities for petroleum and natural gas extraction	0	0	0
11	2	9	Other service industries	9	4	11
8	2	- 1	Transportation and storage	1	5	8
36	0	57	International shipping and pipeline transport	57	0	37
- 20	- 22	3	Development of building projects	3	- 22	- 20
0	0	0	Extraction of crude oil and natural gas	0	0	0
30	20	0	Unspecified	0	20	31
0	- 3	0	Water supply; sewerage, waste management and remediation activities	0	- 3	0
0	2	2	Wholesale and retail trade; repair of motor vehicles and motorcycles	2	4	0
25	19	6	Retail banking market - domestic	13	23	40
177	98	111	Losses on loans to customers	134	92	174
7	5	7	Recoveries from previously written off losses	26	7	10
170	93	104	Net losses	108	85	164
120	0	0	Other losses	0	0	157
290	93	104	Total losses	108	85	321

Note 9 - Loans broken down by sector and industry
(Amounts in NOK million)

Parent Bank				Group		
31.12.14	30.09.14	30.09.15		30.09.15	30.09.14	31.12.14
36	41	38	Mining and quarrying	73	68	72
606	537	749	Construction	1 127	882	972
115	71	1	Building of ships and boats	3	73	117
695	798	646	Electricity, gas, steam an air conditioning supply	649	801	698
635	515	714	Professional, scientific and technical activities	934	687	840
0	0	0	Financial and insurance activities	0	0	0
2 405	2 205	2 366	Fishing	2 386	2 220	2 421
343	344	379	Marine aquaculture	647	563	611
253	254	318	Other business support activities	732	577	603
733	919	766	Activities auxiliary to financial services and insurance activities	567	651	525
343	177	302	County municipalities and municipalities	317	194	359
1 541	1 559	1 816	Manufacturing	1 935	1 658	1 664
67	58	61	Information and communication	67	63	72
924	879	928	Crop and animal production	1 008	968	1 011
0	0	0	Foreign industrial	131	107	172
7 760	7 556	6 937	Real estate activities	6 807	7 591	7 614
396	376	474	Accommodation and food service activities	488	390	411
5	5	4	Forestry and logging	11	10	10
0	0	0	Central government and social security funds	0	0	0
0	0	0	Support activities for petroleum and natural gas extraction	16	19	18
701	715	742	Other service industries	818	794	701
2 827	2 924	3 165	Transportation and storage	3 780	3 537	3 427
758	773	286	International shipping and pipeline transport	288	773	758
793	921	877	Development of building projects	878	922	794
0	0	0	Extraction of crude oil and natural gas	0	0	0
0	0	0	Unspecified	0	0	0
200	204	199	Water supply; sewerage, waste management and remediation activities	277	274	270
807	811	768	Wholesale and retail trade; repair of motor vehicles and motorcycles	956	1 063	1 014
34 363	33 703	36 437	Retail banking market - domestic	38 094	35 153	35 830
50	45	53	Retail banking market - international	154	325	265
34 413	33 748	36 490	Total retail market	38 248	35 478	36 095
22 600	22 465	22 234	Total public market	24 578	24 691	24 795
343	177	302	Total government	317	194	359
57 356	56 390	59 026	Total gross lending to customers	63 143	60 363	61 249
273	237	353	Individual write-downs for impaired value	259	243	171
215	200	216	Collective write-downs for impaired value	235	223	236
56 868	55 953	58 457	Net loans to customers	62 649	59 897	60 842
132	140	230	Accrued interest	230	140	135
57 000	56 093	58 687	Net loans to customers	62 879	60 037	60 977

Note 10 - SpareBank 1 Boligkreditt

In the third quarter 2010, SpareBank 1 Nord-Norge agreed, together with the other shareholders of SpareBank 1 Boligkreditt, to provide a liquidity facility to SpareBank 1 Boligkreditt. This involves the banks committing themselves to buying residential mortgage bonds with a maximum net value of SpareBank 1 Boligkreditt's debt maturing over the next twelve months. The agreement means that each shareholder has principal responsibility for his share of the requirement, and secondary responsibility for double the value of his principal responsibility. The bonds can be deposited with Norges Bank, which means that they do not significantly increase the Bank's risk exposure.

The bank has concluded agreements concerning the sale of loans with good security and collateral in real estate to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS. For more information about the accounting treatment of the agreements see note 2 and note 13 to the annual financial statements.

Note 11 - Investment in bonds

As a result of extraordinary market conditions, parts of the Bank's ordinary securities portfolio became illiquid in 2008. Following the changes in international accounting standards in October 2008, the SNN Group decided to reclassify parts of the Bank's bond portfolio as at 01.07.08 from the category 'Market value with inclusion of value changes over the profit and loss account' to the categories 'Hold until maturity' and 'Loans and claims' as the securities in question no longer was expected to be sold before maturity. In the category 'Hold until maturity' the Bank includes quoted securities, whereas unquoted securities has been put into the category of 'Loans and claims.'

In the categories 'Hold until maturity' and 'Loans and claims' the securities are assessed at amortized cost. After the reclassification, the writedowns made earlier will be reversed over the portfolio's remaining life, which on average is 1.2 year as at 30.09.15, and included in the profit and loss account as interest income. For the period 01.01.15-30.09.15 such reversed writedowns has been included in the profit and loss account with NOK 0.4 million. Total inclusion of income are NOK 78.6 million for the period 01.07.08-31.12.14. If this reclassification had not been made, the Group would have charged NOK 212 million to the profit and loss account in the third and fourth quarter of 2008 due to increased credit spreads. This would have been an unrealised gain NOK 5.7 million as at 30.09.15. It was necessary to apply a NOK 88 million write-down due to the permanent impairment of value in this portfolio as at 31.12.14. Further NOK 1.3 million writedowns has been made in 2015, and a NOK 4.6 million exchange gain are included to the profit and loss account.

<i>(Amounts in NOK million)</i>	01.07.08	31.12.11	31.12.12	31.12.13	31.12.14	30.09.15
Hold until maturity						
Book value	3 109	858	355	111	108	102
Nominal value (nominal amount)	3 182	869	366	115	111	103
Theoretical market value	3 109	842	355	114	111	103
Loans and claims						
Book value	698	262	142	75	28	25
Nominal value (nominal amount)	737	279	156	90	29	25
Theoretical market value	698	250	134	74	26	24
Total book value	3 807	1 120	497	186	136	127

Note 12 - Financial derivatives

Parent Bank and Group

(Amounts in NOK million)

Interest rate swaps:

Commitments to exchange one set of cash flow for another over an agreed period.

Foreign exchange derivatives:

Agreements to buy or sell a fixed amount of currency at an agreed future date at a rate of exchange which has been agreed in advance

Currency swaps:

Agreements relating to the swapping of currency- and interest rate terms and conditions, periods and amounts having been agreed in advance.

Interest rate- and currency swap agreements:

Agreements involving the swapping of currency- and interest rate terms and conditions, periods and amounts having been agreed in advance.

Options:

Agreements where the seller gives the buyer a right, but not an obligation to either sell or buy a financial instrument or currency at an agreed date or before, and at an agreed amount.

SpareBank 1 Nord-Norge enters into hedging contracts with respected Norwegian and foreign banks in order to reduce its own risk. Financial derivatives transactions are related to ordinary banking operations and are done in order to reduce the risk relating to the Bank's funding loans from the financial markets, and in order to cover and reduce risk relating to customer-related activities. Only hedging transactions relating to the Bank's funding loan operations are defined as 'fair value hedging' in accordance with IFRS standard IAS 39. Other hedging transactions are defined as ordinary accounts-related hedging. The Bank does not use cash flow hedging.

	30.09.15	30.09.14	31.12.14
Net loss charged to the statement of comprehensive income in respect of hedging instruments in connection with actual value	69	51	226
Total gain from hedging objects relating to the hedged risk	- 60	- 49	- 224
Total fair value hedging transactions	9	2	2

The Bank's main Board of Directors has determined limits for maximum risk for the Bank's interest rate positions. Routines have been established to ensure that positions are maintained within these limits.

(Amounts in NOK million)

Fair value through statement of comprehensive income	30.09.15			30.09.14			31.12.14		
	Contract	Assets	Liabilities	Contract	Assets	Liabilities	Contract	Assets	Liabilities
Foreign currency instruments									
Foreign exchange financial derivatives (forwards)	2 406	63	48	2 280	13	27	4 198	113	87
Currency swaps	3 671	242	136	9 868	254	77	7 252	413	238
Currency options									
Total non-standardised contracts	6 077	305	184	12 148	267	104	11 450	526	325
Standardised foreign currency contracts (futures)									
Total foreign currency instruments	6 077	305	184	12 148	267	104	11 450	526	325
Interest rate instruments									
Interest rate swaps (including cross currency)	27 454	856	1 186	25 245	515	787	24 971	793	1 155
Short-term interest rate swaps (FRA)									
Other interest rate contracts	336	33	32	431	4	4	333	12	13
Total non-standardised contracts	27 790	889	1 218	25 676	519	791	25 304	805	1 168
Standardised interest rate contracts (futures)									
Total interest rate instruments	27 790	889	1 218	25 676	519	791	25 304	805	1 168
Hedging of funding loans									
Foreign currency instruments									
Foreign exchange financial derivatives (forwards)									
Currency swaps									
Total, non-standardised contracts									
Standardised foreign currency contracts (futures)									
Total foreign currency instruments									
Interest rate instruments									
Interest rate swaps (including cross currency)	10 284	704		9 658	615		10 752	790	
Short-term interest rate swaps (FRA)									
Other interest rate contracts									
Total, non-standardised contracts	10 284	704		9 658	615		10 752	790	
Standardised interest rate contracts (futures)									
Total interest rate instruments	10 284	704		9 658	615		10 752	790	
Total interest rate instruments	38 074	1 593	1 218	35 334	1 134	791	36 056	1 595	1 168
Total foreign currency instruments	6 077	305	184	12 148	267	104	11 450	526	325
Total	44 151	1 900	1 402	47 482	1 401	895	47 506	2 121	1 493

Note 13 - Net accounting of financial derivatives and related set-off agreements.

Financial derivatives are presented as gross on the balance sheet. As a result of ISDA agreements that have been entered into with contracting parties with regard to financial derivatives transactions, set-off rights are obtained if the contracting party defaults on the cash flow.

At 30.09.15 the net figures were:

Category/counterpart	Gross amount	Offset amount	Net amount	Net amount to be posted at bankruptcy or default	Net credit exposure
<i>(Amounts in NOK million)</i>	A	B	C=A+B	D	E=C-D
Financial derivatives - assets	19 093	18 625	468	0	468
Financial derivatives - liabilities	15 727	15 029	698	0	698

Note 14 - Liquidity risk

Liquidity risk is the risk that the bank will be unable to meet its payment obligations, and/or the risk of not being able to fund a desired growth in assets. SpareBank 1 Nord-Norge prepares an annual liquidity strategy that encompasses, for example, the bank's liquidity risk.

The Group's liquidity risk is revealed through the bank's liquidity reserve/buffer.

The principal objective for SpareBank 1 Nord-Norge is to maintain the bank's ability to survive in a normal situation without any external funding for a period of 12 months. In addition, the bank should be able to survive for a minimum of 90 days in a "major stress" situation, where no funding is available from the capital markets. The bank's day-to-day management is guided by the above goal.

The average remaining maturity of the bank's borrowings in senior unsecured bond issues and covered bonds was at 30.09.15 2,8 years .

The short-term liquidity risk measure, Liquidity Coverage Ratio (LCR) remained stable over 100 % during the quarter. At the end of the first quarter LCR was 123 % in Norwegian kroner (NOK).

Note 15 Pensions

The SpareBank 1 Nord-Norge Group has two types of pension agreements for its employees: defined benefit-based and defined contribution-based plans. The plans are described in more detail in the note 25 to the annual financial statements.

From 1 January 2013 IAS 10 "Employee Benefits" was revised with respect to the basis for calculating pension liabilities and pension costs. The Group has previously used the corridor method for recognising unamortised estimate deviations.

The corridor method is no longer permitted and all estimate deviations must be recorded in the statement covering other operating income and costs under comprehensive income items, so-called OCI (Other Comprehensive Income). The corridor, which amounted to NOK 89 million for groups, was zeroed as of 1 January 2012.

The period's net interest cost is now calculated by applying the discount rate for the liabilities at the beginning of the period to the net liabilities. Therefore, net interest costs consist of the interest on liabilities and the return on assets, both calculated using the discount rate. Changes in net pension liabilities due to premium payments and pension payments are taken into account. The difference between the actual return on pension assets and the recorded return is recognised immediately against OCI.

The following assumptions were made for defined benefit-based plans:

Assumptions	3Q15	3Q14	31.12.14
Discount rate	2.30 %	3.25 %	2.30 %
Expected return on pension assets	2.30 %	3.25 %	2.30 %
Future salary growth rate	2.50 %	3.50 %	2.50 %
Adjustment of NI basic amount (G)	2.50 %	3.50 %	2.50 %
Pension adjustment	0.00 %	0.60 %	0.00 %
Employer's NI liability	14.10 %	14.10 %	14.10 %
Employer's NI cost	14.10 %	14.10 %	14.10 %
Voluntary leaving over 50 years old	0.00 %	0.00 %	0.00 %
Voluntary leaving up to 50 years old	2.00 %	2.00 %	2.00 %
Expected statutory early retirement pension (AFP) acceptance from age 62	60.00 %	60.00 %	60.00 %
Mortality, marriage probability, etc.	K2013BE IR2003	K2013BE IR2003	K2013BE IR2003

Group

Amounts in NOK million

	30.09.15	30.09.14	31.12.14
Net pension liabilities in the balance sheet			
Present value of future pension liabilities	829	788	829
Estimated value of pension assets	880	851	880
Net pension liabilities in fund-based plans	-51	-63	-51
Unrecognised estimate deviations (possible actuarial gains and losses)	0	0	0
Employer's NI contributions	1	1	1
Net pension liabilities/assets in the balance sheet	-50	-62	-50
Pension costs for the period	3Q15	3Q14	2014
Accrued defined benefit-based pensions	5	6	14
Interest costs on pension liabilities	8	13	26
Expected return on pension assets	-8	-16	-30
Estimate deviations recognised in the period			
Effect of changed pension plan			
Net defined benefit-based pension costs without employer's NI contributions	5	3	10
Accrued employer's NI contributions	1	1	1
Net defined benefit-based pension costs recognised through profit or loss	6	4	11
Curtailement/settlement			
Other pension costs	20	20	26
Total pension costs including employer's NI Insurance contribution	26	24	37
Movement in net pension liabilities from benefit-based plan recognised in balance	30.09.15	30.09.14	31.12.14
Net pension liabilities in the balance sheet as of 01.01	-50	-136	-136
Correction against equity OB		-22	-22
Correction against equity CB		114	119
Net defined benefit-based pension costs recognised through profit or loss		4	11
Curtailement/settlement			
Paid directly from operations	-4	-2	-2
Receipts - pension premiums defined benefit-based plans		-20	-20
Net pension liabilities/assets in the balance sheet	-54	-62	-50
Other pension liabilities (early retirement pensions)	48	50	56
Net total pension liabilities	-6	-12	6

Note 16 Classification of financial instruments stated at fair value

Financial instruments at fair value are classified at different levels:

Level 1 covers financial instruments that are valued using listed prices in active markets for identical assets and liabilities. This level includes listed equities, units, commercial paper and bonds that are traded in active markets.

Level 2 covers instruments that are valued using information that is not listed prices, but where prices are directly or indirectly observable for assets and liabilities, and which also include listed prices in inactive markets. This level includes instruments for which Reuters or Bloomberg publish prices.

Level 3 covers instruments that are valued in manner other than on the basis of observable market data. This includes instruments in which credit margins constitute a material part of the basis for adjusting market value.

Group

<i>(Amounts in NOK million)</i>	Level 1	Level 2	Level 3	Total
Assets 30.09.15				
Loans to and receivables from customers at fair value (fixed-rate loans)			7 918	7 918
Shares	94		184	278
Bonds	4 092	7 170		11 262
Financial derivatives		1 900		1 900
Total assets	4 186	9 070	8 102	21 358

Liabilities as of 30.09.15

Financial derivatives		1 406		1 406
Total liabilities		1 406		1 406

Assets 30.09.14

Loans to and receivables from customers at fair value (fixed-rate loans)			6 645	6 645
Shares	82		137	219
Bonds	2 815	6 524		9 339
Financial derivatives		1 401		1 401
Total assets	2 897	7 925	6 782	17 604

Liabilities as of 30.09.14

Financial derivatives		897		897
Total liabilities	0	897	0	897

Changes in instruments at fair value, level 3:

<i>(Amounts in NOK million)</i>	Financial assets				Financial liabilities Financial derivatives
	Fixed-rate loans	Shares	Bonds	Financial derivatives	
Carrying amount as of 30.09.14	6 645	137			0
Net gains on financial instruments	- 54	9			
Additions/acquisitions	3 512	40			
Disposals	-2 185	- 2			
Transferred from level 1 or level 2					
Carrying amount as of 30.09.15	7 918	184	0	0	0

The Bank's portfolio of fixed-rate loans in NOK amounted to NOK 7,9 billion as of 30.09.15. This portfolio is measured at fair value in the financial statements. Fair value is measured by discounting the loans' cash flows by a discount factor based on a swap rate plus a margin requirement. The determination of the discounting factor is based on an assessment of market conditions, and factors which an external investor would have considered in relation to a possible investment in an equivalent portfolio. Furthermore, an assessment is being made with regard to a possible difference between the discounting factor and observable rates for equivalent loans in the market. Should this difference be material, the bank will make an evaluation of possible reasons for such difference and evaluate a possible change in the discounting rate.

Note 17 - Subsidiaries
 (Amounts in NOK 1 000)

	Share of Eq.%	Profit from ordinary operations before tax			Equity		
		30.09.15	30.09.14	31.12.14	30.09.15	30.09.14	31.12.14
SpareBank 1 Finans Nord-Norge AS	100	91 053	86 853	116 438	607 329	501 382	521 604
SpareBank 1 Nord-Norge Portefølje AS	100	-48 401	13 872	19 906	65 541	46 200	104 208
Eiendomsdrift AS	0	0	0	0	0	0	0
EiendomsMegler 1 Nord-Norge AS	100	23 874	14 054	15 208	43 364	36 912	36 761
SpareBank 1 Nord-Norge Forvaltning ASA	100	1 703	1 809	2 509	8 573	6 563	7 073
SpareBank 1 Regnskapshuset Nord-Norge AS	100	6 862	5 914	3 839	23 846	16 090	14 630
North-West 1 Alliance Bank	75	-3 049	-2 910	-3 245	67 692	54 488	42 518
EiendomsMegler 1 Lofoten AS (owned by EM1 60%)	60	434	164	344	1 483	1 036	1 167
Nord-Norge Eiendom IV AS	100	- 966	890	1 230	-13 727	-2 269	-2 022
Alsgården AS	100	859	1 087	- 335	10 350	9 864	8 827
Fredrik Langesg 20 AS	100	1 830	862	1 406	7 217	5 523	5 921
Total		74 199	122 595	157 300	821 668	675 788	740 687

Note 18 - Other assets
 (Amounts in NOK million)

Parent Bank				Group		
31.12.14	30.09.14	30.09.15		30.09.15	30.09.14	31.12.14
21	20	21	Reposessed assets	21	20	21
104	63	- 271	Accrued income	- 237	97	135
138	126	152	Prepayments	146	141	144
125	380	250	Other assets	329	433	180
520	723	511	Total other assets	626	827	615

Note 19 - Other liabilities

31.12.14	30.09.14	30.09.15		30.09.15	30.09.14	31.12.14
110	- 151	- 129	Costs incurred	30	- 8	258
0	0	0	Provisioning against incurred liabilities and costs	15	12	13
400	552	425	Other liabilities	478	608	443
710	870	726	Total other liabilities	953	1 081	914

Note 20 - Deposits broken down by sector and industry

(Amounts in NOK million)

Parent Bank				Group		
31.12.14	30.09.14	30.09.15		30.09.15	30.09.14	31.12.14
32	34	65	Mining and quarrying	65	34	32
1 162	1 150	927	Construction	927	1 150	1 162
4	6	4	Building of ships and boats	4	6	4
823	898	1 096	Electricity, gas, steam an air conditioning supply	1 096	898	823
1 133	1 238	1 142	Professional, scientific and technical activities	1 129	1 236	1 130
0	0	0	Financial and insurance activities	0	0	0
746	617	640	Fishing	640	617	746
45	20	18	Marine aquaculture	18	20	45
420	368	364	Other business support activities	364	368	420
382	351	347	Activities auxiliary to financial services and insurance activities	326	342	372
5 058	5 547	5 580	County municipalities and municipalities	5 580	5 547	5 058
446	399	536	Manufacturing	536	399	446
244	219	258	Information and communication	258	219	244
368	378	392	Crop and animal production	392	378	368
6	5	7	Foreign industrial	30	55	26
1 847	1 927	2 060	Real estate activities	2 048	1 921	1 841
240	265	301	Accommodation and food service activities	301	265	240
14	13	14	Forestry and logging	14	13	14
314	313	317	Central government and social security funds	317	313	314
0	0	0	Support activities for petroleum and natural gas extraction	0	0	0
2 376	2 459	2 632	Other service industries	2 631	2 459	2 376
863	852	1 011	Transportation and storage	1 011	852	863
6	12	5	International shipping and pipeline transport	5	12	6
226	197	203	Development of building projects	203	197	226
459	456	0	Extraction of crude oil and natural gas	0	456	459
0	0	0	Unspecified	0	0	0
160	144	131	Water supply; sewerage, waste management and remediation activities	131	144	160
1 379	1 230	1 396	Wholesale and retail trade; repair of motor vehicles and motorcycles	1 396	1 230	1 379
26 621	25 878	27 823	Retail banking market - domestic	27 823	25 878	26 621
360	351	393	Retail banking market - international	415	377	386
26 981	26 229	28 216	Total retail market	28 238	26 255	27 007
13 381	13 238	13 549	Total public market	13 525	13 271	13 382
5 372	5 860	5 897	Total government	5 897	5 860	5 372
45 734	45 327	47 662	Total deposits	47 660	45 386	45 761
2	531	377	Accrued interest	377	531	2
45 736	45 858	48 039	Total deposits	48 037	45 917	45 763

Note 21 - Securities issued and subordinated loan capital ex. accrued interests.
Parent Bank and Group
(Amounts in NOK million)
Securities issued

	31.12.14	30.09.14	30.09.15
Certificates and other short-term borrowings			
Bond debt	21 314	18 575	21 531
Total debt securities in issue	21 314	18 575	21 531

	Statement of financial position 31.12.14	Issued 30.09.15	Matured/ redeemed 30.09.15	Exchange rate movements 30.09.15	Other adjustments 30.09.15	Statement of financial position 30.09.15
Changes in securities issued						
Certificates and other short-term borrowings						
Bond debt	21 314	2 733	-2 662	57	89	21 531
Total debt securities issued	21 314	2 733	-2 662	57	89	21 531

Subordinated loan capital and hybrid Tier 1 instruments

	31.12.14	30.09.14	30.09.15
Hybrid Tier 1 instruments			
2033 6 mnd Nibor + 2,30 (USD 60 mill.) (Call opsj 2013)			
2099 3 mnd Nibor + 4,75 (Call opsjon 2017)	500	500	500
Hybrid Tier 1 instruments - foreign currency			
Total hybrid Tier 1 instruments	500	500	500
Subordinated loan capital			
Subordinated loan capital with definite maturities	850	950	850
Total subordinated loan capital	850	950	850
Total subordinated loan capital and hybrid Tier 1 instruments	1 350	1 450	1 350

	Statement of financial position 31.12.14	Issued 30.09.15	Matured/ redeemed 30.09.15	Exchange rate movements 30.09.15	Other adjustments 30.09.15	Statement of financial position 30.09.15
Changes in subordinated loan capital and hybrid Tier 1 instruments						
Subordinated loan capital with definite maturities	850					850
Hybrid Tier 1 instruments	500					500
Total subordinated loan capital and hybrid Tier 1 instruments	1 350					1 350

Note 22 - Equity Certificates (ECs)

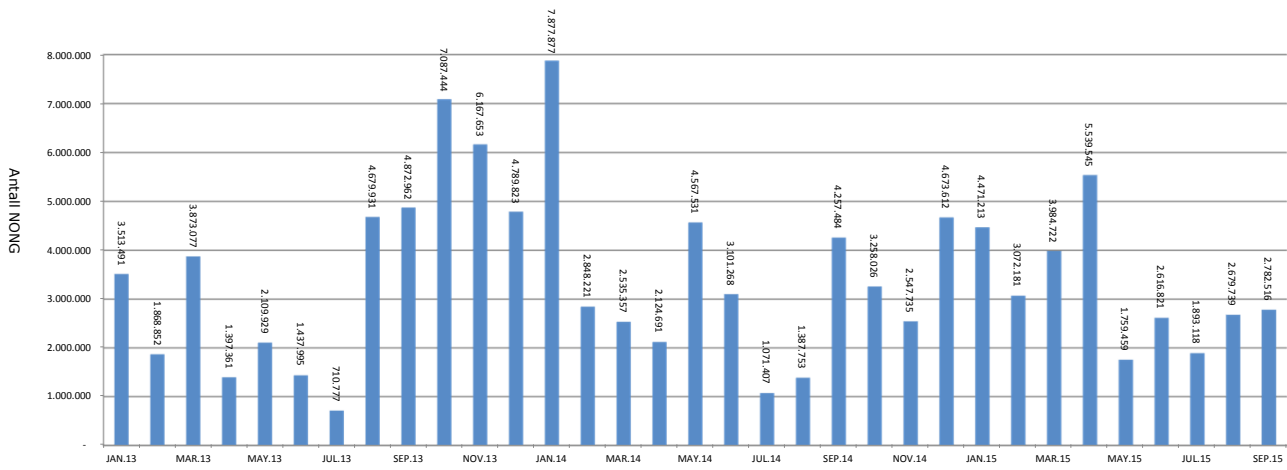
The 20 largest EC holders as at 30.09.15

EC Holders	Number of ECs	Share of EC Capital
PARETO AKSJE NORGE	5 150 257	5.13%
VERDIPAPIRFONDET DNB NORGE (IV)	3 799 911	3.78%
MP PENSJON PK	2 690 503	2.68%
FLPS - PRINC ALL SEC STOCK SUB	2 164 000	2.16%
STATE STREET BANK AND TRUST CO CLIENT OMNIBUS	1 989 744	1.98%
WIMOH INVEST AS	1 614 670	1.61%
SPAREBANKSTIFTELSEN SPAREBANK 1 NORD-NORGE	1 411 606	1.41%
FORSVARETS PERSONELLSERVICE	1 367 930	1.36%
PARETO AS	1 270 659	1.27%
BNY MELLON SA/NV BNYM SA/NV US BANK	1 252 491	1.25%
SANLAM UNIVERSAL FUNDS PLC	1 171 036	1.17%
EIKA UTBYTTE C/O EIKA KAPITALFORVALTNING AS	995 721	0.99%
DNB LIVSFORSIKRING ASA	982 911	0.98%
BERGEN KOMMUNALE PENSJONSKASSE	950 000	0.95%
PROTECTOR FORSIKRING ASA	903 600	0.90%
MERRILL LYNCH PROF. CLEARING CORP MLPRO SEG	898 438	0.89%
BNP PARIBAS SEC SERVICES PARIS	839 776	0.84%
LARRE EIENDOM 2 AS	835 659	0.83%
STATE STREET BANK AND TRUST CO A/C WEST	637 733	0.64%
CITIBANK, N.A. S/A NATIONAL FINANCIAL SERVICES	634 584	0.63%
TOTAL	31 561 229	31.44%

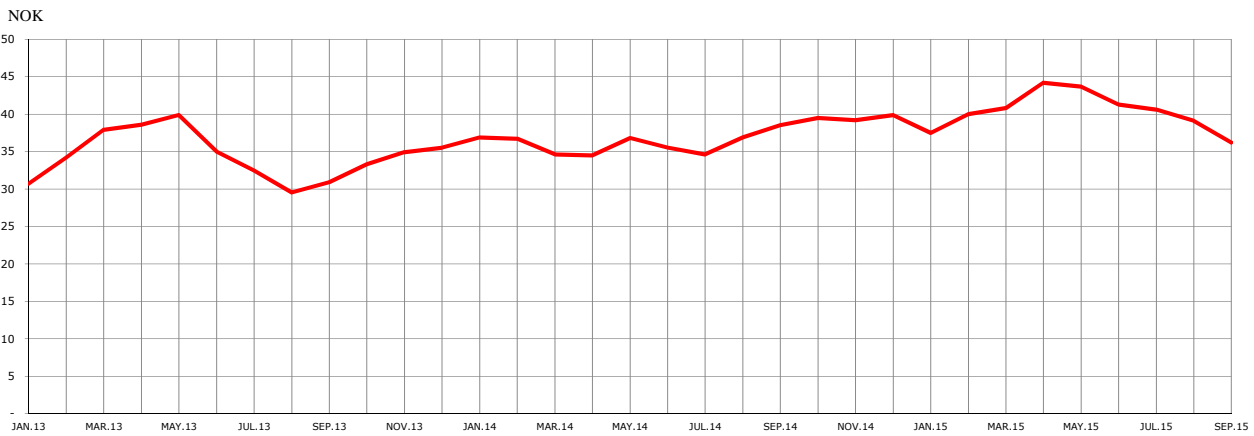
Dividend policy

The Bank's dividend policy states that the Bank aims to distribute up to 50% of the profit for the year as a dividend (cash dividends and donations for socially beneficial purposes), the Bank's financial strength permitting. After a period with a lower dividend yield, the bank has called for a faster adjustment to a normalised dividend yield. Any further increase in the dividend yield and the bank's dividend policy above a 50% dividend will depend on the future lending growth and growth in the risk-weighted balance sheet.

Trading statistics



Price trend NONG



Note 23 - Events occurring after the end of the quarter

No information has come to light about important events that have occurred between the balance sheet date, 30 sept 2015, and the Board's final consideration of the financial statements on 28 oktober 2015.