

Quarterly Report



Financial statement Q3 2020

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SpareBank 
NORD-NORGE

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Group financial highlights and key figures

(Amounts in NOK million and in % of average assets)

	30.09.20	%	30.09.19	%	31.12.19	%
From the profit and loss account						
Net interest income	1 570	1,79 %	1 519	1,87 %	2 097	1,92 %
Net fee- and other operating income	951	1,09 %	838	1,03 %	1 116	1,02 %
Net income from financial investments	581	0,66 %	927	1,14 %	911	0,84 %
Total income	3 102	3,54 %	3 284	4,04 %	4 124	3,78 %
Total costs	1 194	1,36 %	1 138	1,40 %	1 640	1,50 %
Result before losses	1 908	2,18 %	2 146	2,64 %	2 484	2,28 %
Losses	259	0,30 %	13	0,02 %	11	0,01 %
Result before tax	1 649	1,88 %	2 133	2,62 %	2 473	2,27 %
Tax	281	0,32 %	318	0,39 %	409	0,38 %
Defecit non-current assets held for sale	0	0,00 %	2	0,00 %	2	0,00 %
Result after tax	1 368	1,56 %	1 813	2,23 %	2 062	1,89 %
Interest hybrid capital	19		21		28	
Result after tax ex. interest hybrid capital	1 349		1 792		2 034	

Profitability						
Return on equity capital	1	13,4 %	18,9 %		15,9 %	
Interest margin	2	1,79 %	1,87 %		1,92 %	
Cost/income	3	38,5 %	34,7 %		39,8 %	

Balance sheet figures and liquidity						
Total assets		119 021	109 380		111 524	
Average assets	4	116 688	108 356		108 989	
Liquidity Coverage Ratio (LCR)		152	144		156	

Solidity						
Common Tier I Capital ratio		17,2 %	15,5 %		17,2 %	
Tier I Capital ratio		18,6 %	16,9 %		18,8 %	
Total regulatory Capital ratio		20,5 %	18,6 %		20,6 %	
Common Tier I Capital		11 905	11 215		11 472	
Tier I capital		12 881	12 229		12 496	
Total eligible capital		14 213	13 470		13 726	
Adjusted risk-weighted assets base		69 233	72 492		66 609	
Leverage Ratio		7,5 %	7,7 %		7,7 %	

Branches and full-time employees						
Branches		36	38		38	
Manyears		909	895		904	

- 1 The profit after tax in relation to average equity, calculated as a quarterly average of equity and at 01.01.
The Bank's hybrid 1 capital issued are classified as equity in the financial statements. However, when calculating the return on equity, hybrid tier 1 capital are deducted from equity, and result after tax are adjusted for interests on hybrid tier 1 capital.
- 2 Net total interests as a percentage of average total assets
- 3 Total costs as a percentage of total net income
- 4 Average assets are calculated as average assets each quarter and at 01.01.

Key figures ECC

	3Q20	2019	2018	2017	2016	2015	2014	2013	2012	2011
1) NONG Quoted/market price (NOK)	64,20	78,50	62,80	62,25	52,25	36,70	39,90	35,50	24,70	28,90
2) Number of Equity Certificates (EC) issued (mill)	100,40	100,40	100,40	100,40	100,40	100,40	100,40	100,40	74,40	74,00
3) Quoted/market price EC issued (NOK mill)	6.446	7.881	6.305	6.250	5.246	3.685	4.006	3.564	1.837	2.139
4) Quoted/market price total equity (mill)	13.903	17.000	13.600	13.481	11.315	7.948	8.464	7.530	4.418	5.083
5) Allocated dividend per EC (NOK)	-	4,00	4,00	4,00	3,45	2,00	1,90	1,10	1,02	1,25
Paid-out dividend per EC (NOK)	-	4,00	4,00	3,45	2,00	1,90	1,10	1,02	1,25	1,81
6) Dividend yield	-	7,0 %	6,4 %	6,4 %	6,6 %	5,4 %	4,8 %	3,1 %	4,1 %	4,3 %
7) Total yearly return	-	31,4 %	7,3 %	25,7 %	47,8 %	-3,3 %	15,5 %	47,9 %	-10,2 %	-18,7 %
Total equity capital Parent bank (NOK mill)	13.295	13.065	11.312	10.617	9.336	8.198	7.735	7.200	5.589	5.264
Total equity capital Group (NOK mill)	14.664	14.172	13.058	12.299	11.011	9.961	9.343	8.502	6.832	6.408
8) Equity capital per EC Group (NOK)	64,11	61,84	56,70	54,34	50,84	46,00	44,05	40,08	38,19	36,43
9) Result per EC Group, adjusted for interest hybrid capital (NOK)	6,23	9,39	7,03	6,60	5,54	5,10	4,64	4,14	4,01	2,72
10) Totalresult per EC Group, adjusted for interests hybrid capital (NOK)	6,28	9,26	6,80	6,95	5,79	4,11	5,17	4,13	3,36	2,75
11) P/E (Price/Earnings per EC Group) (NOK)	10,31	8,36	8,94	9,43	9,03	8,93	7,72	8,59	7,34	10,51
12) P/B (Price/Book Value per EC Group) (NOK)	1,00	1,27	1,11	1,15	1,03	0,80	0,91	0,89	0,65	0,79
13) Pay-out ratio Group	-	58,6 %	56,9 %	60,5 %	59,6 %	48,7 %	36,8 %	26,6 %	11,8 %	19,7 %
EC ratio overall as at 31.12.	46,36 %	46,36 %	46,36 %	46,36 %	46,36 %	46,36 %	47,33 %	47,33 %	41,59 %	42,07 %
EC ratio overall as at 01.01. used for allocaton of result	46,36 %	46,36 %	46,36 %	46,36 %	46,36 %	47,33 %	47,33 %	42,91 %	42,07 %	38,74 %

- 1) Quoted/market price adjusted for equity issues, fund issues, dividend issues and splits
- 2) Number of certificates issued
- 3) Market price * number of ECs
- 4) Market price * number of ECs/EC ratio overall
- 5) Allocated dividend
- 6) Allocated dividend/Market price EC as at 31.12
- 7) (Market price EC 31.12 - market price EC 31.12 previous year + paid dividend)/Market price EC 31.12
- 8) Equity excl. hybrid capital Group*EC ratio overall/Number of EC
- 9) Result after tax Consern*EC ratio overall/Number of EC
- 10) Total result after tax Consern*EC ratio overall/Number of EC
- 11) Market price/Result per EC Group adjusted for interests hybrid capital
- 12) Market price/Book value per EC Group
- 13) Dividend per EC/Result per EC Group

Quarterly Report for SNN – 3Q 2020

(Figures in brackets are for the same period/date in 2019, unless otherwise specified).

Highlights

NOK mill	3Q20	2Q20	Change	30.09.20	30.09.19	Change
Operating costs	398	392	6	1.194	1.138	56
Profit after tax	497	487	10	1.368	1.813	-445
Return on equity *)	14,5 %	14,6 %	-0,1 %	13,4 %	18,9 %	-5,5 %
Earnings per equity certificate	2,28	2,22	0,06	6,23	8,27	-2,05
Common tier 1 capital ratio**)	17,2 %	16,9 %	0,3 %	17,2 %	15,5 %	1,7 %
Loan losses	58	82	-24	259	13	246
Lending growth***)	6,5 %	5,7 %	0,9 %	5,5 %	5,5 %	0,0 %
Growth in deposits***)	-7,6 %	14,0 %	-21,6 %	9,9 %	6,2 %	3,7 %

*) The Bank's hybrid tier 1 securities issued are classified as equity in the financial statements.

However, when calculating the return on equity, hybrid tier 1 securities NOK 780 million are deducted from equity, and profit before tax are adjusted for NOK 19 million interests on hybrid tier 1 securities at 3q 20.

***) Calculated common tier 1 capital ratio including profit, excl. dividend.

***) Annualized

Macroeconomic trends

Global

The highly restrictive measures designed to limit the outbreak of Covid-19 have had a major impact on global growth so far in 2020. The consequences for the real economy experienced by our trading partners have been huge with rapidly rising unemployment, falling investment and weaker capacity utilisation. Preliminary estimates for 2Q-growth in the USA indicate a double-digit percentage fall, in other words the weakest quarterly growth that has been seen in modern times. Our trading partners in the eurozone have not fared much better. The International Monetary Fund (IMF) has revised down its growth forecasts several times so far this year and in its latest report it predicts global GDP growth of -4.9 per cent for 2020. It will get worse in industrialised countries before growth is expected to improve again in 2021. However, there is a considerable amount of uncertainty surrounding the estimates.

In order to mitigate the consequences of the coronavirus outbreak for the real economy, governments around the world have implemented very expansive monetary and fiscal policies. Many of the world's central banks have cut policy rates while introducing powerful monetary policy measures that have provided an abundant supply of capital and good liquidity in the markets. In spite of these very expansive monetary policies, interest and inflation rates are expected to remain at a very low level for a long time to come. National debt levels in both Europe and the USA have risen from already high levels. The debt has risen in order to finance various packages of measures that are intended to ensure liquidity for both households and those sectors of business that have experienced a dramatic drop in their earnings base. The long-term economic consequences of the coronavirus outbreak remain very uncertain and will depend on the duration of the global downturn. After a broad reopening in most Western countries last summer, with increased economic activity, we are now witnessing a second wave of the coronavirus

in Europe, along with new and, to some extent, stringent measures that will have negative economic consequences. Covid-19 therefore represents a major uncertainty factor for global economic development going forward. However, key economic figures from China, which is the furthest along in the 'virus cycle', as well as positive indications that a vaccine is on the way, provide grounds for some optimism.

The Norwegian economy

The Norwegian government introduced a series of measures to limit the spread of infection in 1Q, including a partial lockdown of society. This had a major impact on both the real economy and overall value creation in the Norwegian economy in 1H. At its highest, unemployment was above 10 per cent, primarily driven by furloughs. However, unemployment has fallen in the past couple of months in line with the gradual reopening of society and thus the economy, and at the time of writing is at 5.2 per cent (figures from the Norwegian Labour and Welfare Administration (NAV)). Unemployment is expected to continue falling slowly in the months to come before it stabilises at a somewhat higher level than it was prior to the coronavirus outbreak.

Total value creation in Mainland Norway also dropped sharply in March and April (by a total of around 8 per cent according to the national accounts). Nor are we, as a small, open economy, safe from weaker growth internationally. The needles are now pointing cautiously upwards, although the monthly figures for May were somewhat disappointing in relation to expectations. At the time of writing, Statistics Norway is predicting annual growth of -4 per cent in 2020, although these estimates are also uncertain. Growth was expected to be lower in 2020 than in previous years, even before the coronavirus outbreak, particularly due to lower investment levels by the petroleum industry. While oil prices have fluctuated to some degree, they generally fell throughout 1H, first and foremost due to weaker demand but also due to overproduction and a price war. This increased pressure on profitability and the willingness to invest on the Norwegian Continental Shelf.

In line with falling oil prices and greater uncertainty, the Norwegian kroner has generally weakened so far this year. This is positive for exporters, but results in some imported price inflation. Core inflation amounted to around 3.5 per cent in the previous survey, which is higher than Norges Bank's inflation target of 2 per cent. In a normal economic situation, overly high inflation would be grounds for hiking interest rates but this year has been anything other than normal so far. Norges Bank has cut its policy rate to zero and is indicating that it will remain at this rate right up until 4Q 2022 (according to the latest monetary policy report). Meanwhile, we know from experience that forecasts change quickly in line with economic developments. Notwithstanding this, low money market rates are expected for a good while going forward.

Low interest rates appear to have provided good support for the Norwegian housing market. Activity, measured as the number of homes sold, is around 14 per cent higher than at the same time in 2019. The development of prices in the past few months broke records. According to figures from Real Estate Norway, at the end of September, house prices were 5.8 per cent higher than twelve months ago. Norwegian retail sales have been a positive surprise in 2020, contrary to expectations given the high unemployment. Both price growth in the housing market and strong retail sales may indicate that many Norwegian households have not experienced a significant reduction in income in recent times and/or that they are optimistic about the future.

The northern Norwegian economy

Northern Norway has enjoyed higher growth than the rest of the country in the last few years. Much of this has been due to high levels of activity in export-oriented industries, which weigh heavily in the economy of Northern Norway. High levels of activity in export industries, as well as a large public sector, low oil exports and little Covid-19 locally, have helped to ensure that so far the northern Norwegian economy has been less affected than is the case in the rest of the country. For example, unemployment has generally been lower in the north during the entire pandemic. At the moment of writing, figures from NAV show that unemployment is lowest in Nordland (3.7 per cent), although unemployment in Troms and Finnmark (4.5 per cent) is also lower than the national average (5.2 per cent). However, there is still some concern about demographic developments in the region. Business leaders are increasingly reporting challenges in recruiting the right expertise, at the same time as population

numbers are dropping in large parts of the region. A lack of qualified labour thus poses a challenge for Northern Norway.

Another key challenge Northern Norway faces is in relation to the climate and sustainability. Climate change is particularly visible in the northern regions, and the Intergovernmental Panel on Climate Change's report on oceans and polar regions states that the world's oceans are absorbing the majority of the excess energy caused by global warming. This may have an impact on marine ecosystems and consequently the fisheries and aquaculture industry. Meanwhile, climate change may also provide opportunities in the north. For example, Russia carried out the earliest LNG shipment to China via the northern coastal route earlier this spring. Greater utilisation of Arctic trade routes may have positive ripple effects in the form of direct trade gains.

The fisheries and aquaculture industry is an important sector for Northern Norway. A significant proportion of Norwegian seafood exports originate from the region and the weak Norwegian kroner exchange rate has helped to sustain profitability so far this year, both in this and other export industries. In spite of less demand from the restaurant and hotel industry in Europe, the overall demand for Norwegian salmon and white fish has been very good. The value of seafood exports from the north fell by 1 per cent meaning it was at around the same level as in 2019, a record year.

The tourism industry has seen strong growth and become more professional in recent years. The strict restrictions introduced in 1Q resulted in a dramatic downturn among both winter and summer tourism operators, as well as very challenging times for many hotel and accommodation owners. Figures from the Business Barometer for Northern Norway (KBNN.no) indicate a significant fall in the number of tourists (both airline and cruise ship passengers) as well as a dramatic reduction in the utilisation of hotel and other accommodation capacity. However, we saw that many Norwegians chose to spend their summer holidays in Northern Norway, with Nordland in particular seeing good visitor numbers.

House prices in Northern Norway have risen by 5.7 per cent in the past twelve months (at the end of 3Q). This is just below the national average and growth in the largest cities has been strong. Both Tromsø and Bodø are seeing higher prices than the national average; Tromsø can point to price growth of 6.0 per cent. Prices in Bodø (including Fauske) have risen by 7.0 per cent in the past year. Price growth in Northern Norway (5.7 per cent), as in the rest of the country (5.8 per cent), may be an indication that, so far, Covid-19 has not been a significant factor for households when they are considering buying a new home. Most northern Norwegian households generally have healthy finances and their debt burden is on average lower than in the rest of the country.

In spite of challenging macroeconomic conditions so far in 2020, both nationally and internationally, there are signs that Northern Norway has fared well in 1H. The hardest hit industries (tourism, transport and the wholesale and retail trade) together represent a smaller proportion of the economy in Northern Norway than in the rest of Norway. We have a large public sector, as well as a number of commodity based industries, which have largely kept activity levels up. As mentioned, the weak Norwegian kroner has also sustained export earnings. Overall, this provides grounds for optimism, although international uncertainty is high, which could impact the northern Norwegian economy negatively.

One of SpareBank 1 Nord-Norge's most important roles is to ensure that good projects receive funding. The Group wants to use its expertise and capacity to help ensure that the region can implement measures and investments that improve value creation. We have felt this corporate social responsibility extra heavily during this pandemic and it is therefore pleasing to be able to report continued good growth in lending in the region, especially to business.

Covid-19 and SpareBank 1 Nord-Norge

A low infection level in summer 2020 contributed to surprisingly good activity in parts of the tourism industry, with Nordland in particular having a good summer season. Rising infection pressure, poor activity in the course and conference market and no foreign tourists because the whole of Europe is now subject to a requirement to quarantine means the outlook for autumn and winter 2021 is poor. The direct impact of the pandemic on other industries in Northern Norway has been limited so far, although there is greater uncertainty than normal. High

infection pressure abroad, especially in important markets for Norwegian seafood, is resulting in increased uncertainty in the seafood sector. There is now hope of a vaccine at the beginning of 2021, but if this is unsuccessful and the pandemic becomes prolonged and has a heavy impact on the real economy, this could have negative effects for many industries. Initially, this would likely manifest itself in the form of higher losses, but could over time impact both growth and earnings as a whole.

The underlying level of losses in the portfolio remains low and is expected to remain low in the immediate future, although the risk of future losses is higher than before the pandemic broke out. In line with the IFRS 9 rules, the Bank has chosen a conservative approach and had recognised MNOK 259 as losses as at 30.09.20. The majority of this (MNOK 230) has been included in the ECL calculation in line with IFRS 9, as a direct consequence of the Covid-19 outbreak. This has been done in the form of downwardly revised macro scenarios and increased provisions due to expected negative migration in the portfolio. Of the total increase in loss provisions in 3Q of MNOK 58, MNOK 10 was for individual losses, while MNOK 20 was due to portfolio growth, portfolio migration, forbearance marking and changes to model parameters. A MNOK 28 post model adjustment (PMA) was also made for estimated, not observed migration from Stage 1 to Stage 2.

Further details are provided in Note 7 and Note 8. The extent to which these will materialise as individual losses during 2020 and 2021 will depend on the future course of the pandemic.

During the quarter, the Bank assisted our customers with liquidity and financing in order to get them through a difficult period. We can see that many of the companies that experienced a difficult March/April are now in a much better situation and we are experiencing unexpectedly good growth in both the retail and corporate markets. In our assessment of the situation, the greatest risk is associated with tourism and transport, and we are therefore devoting extra attention to these industries.

The risk of further negative coronavirus effects is high. If we see a new wave of infections and/or a vaccine or effective treatments are not developed within a reasonable period of time, it could have a negative effect on the economy, the region and the Bank. In such circumstances, one must expect an increase in defaults and losses. However, the Bank is extremely sound and has a considerable buffer for losses. The business risk in the Group is considered low and in line with the Group's risk strategy. The outbreak of the Covid-19 pandemic has increased the risk, but the expectation is that this will be for a limited period of time.

There is nothing so far to suggest that the pandemic will call for additional capital injections to safeguard the Group's holdings, or have a significant long-term effect on the Bank's financial strength, but this could change if the crisis becomes protracted or if it should significantly worsen.

Please also see Note 2 on important accounting estimates and discretionary judgements in the quarterly report, which provides more detailed information about the assessment conducted of the situation and loss provisions made so far in 2020.

Sustainability

As one of the world's most northerly financial groups, SpareBank 1 Nord-Norge is obliged to take into account those conditions that have an impact on the Arctic. This means that sustainability is a key part of SpareBank 1 Nord-Norge's business.

Sustainability is one of the guiding principles in our new business strategy, and the risks posed by climate change are incorporated into the Group's risk strategy and require quarterly reporting to the Board of Directors. In September 2020, SpareBank 1 Nord-Norge launched a new green framework for Northern Norway. This framework is based on key sectors in the region and for SpareBank 1 Nord-Norge, and draws and connection between our lending to potential green funding in the capital market. This framework will govern the Group's work in relation to climate risks and help us adapt to new regulatory requirements, while also helping Northern Norwegian industry to adjust in the green shift. SpareBank 1 Nord-Norge has signed up to the UNEP Principles for Responsible Banking and the UN Global Compact, and publishes an annual report in relation to its sustainability work based on the GRI standard.

Financial performance

NOK mill	3Q20	2Q20	Change	30.09.20	30.09.19	Change
Total income	1.070	1.061	9	3.102	3.284	-182
Total costs	398	392	6	1.194	1.138	56
Losses	58	82	-24	259	13	246
Tax	117	100	17	281	318	-37
Defecit non-current assets held for sale	-	-		-	2	-2
Profit after tax	497	487	10	1.368	1.813	-445

At the end of 3Q 2020, the income statement showed a profit after tax of MNOK 1,368 (MNOK 1,813). This represents a return on equity capital of 13.4 per cent (18.9 per cent). The Group's profitability target is a return on equity that is among the best for comparable financial groups, which at the end of 3Q 2020 was assessed to be 12 per cent or higher.

The results include a gain of MNOK 340 (MNOK 460) from part 2 of the insurance merger between SpareBank 1 Forsikring AS and DNB Forsikring AS. This is described in more detail in the 'Financial investments' section below. As at 3Q 2020, the return on equity capital exclusive of this gain was 10.0 per cent (14.1 per cent).

Net interest income

Net interest income at the end of 3Q 2020 amounted to MNOK 1,570 (MNOK 1,519).

Net interest income represented 1.79 per cent (1.87 per cent) of average total assets.

Income from the loan portfolio transferred to SpareBank 1 Boligkreditt (SB1BK) and SpareBank 1 Næringskreditt (SB1NK) totalled MNOK 112 for 3Q 2020 (MNOK 69), and was booked as commission income.

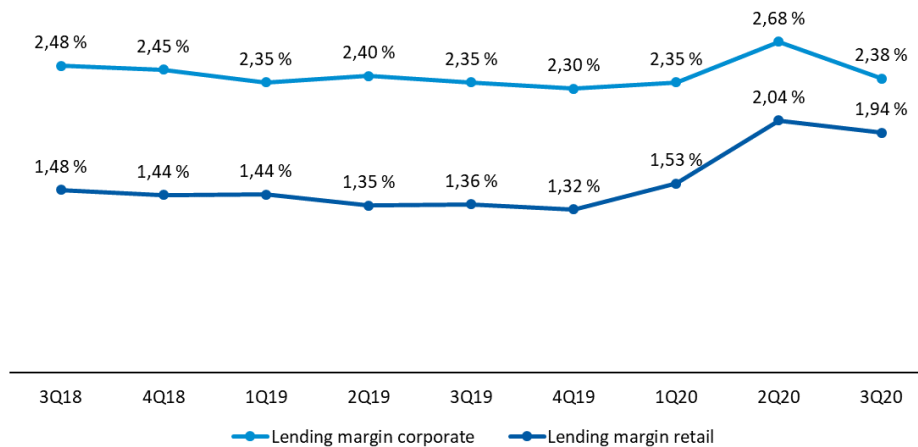
Compared with 2Q 2020, the changes in net interest income, including commission income from the transferred loan portfolio, but excluding fees for the deposit guarantee fund and emergency initiatives fund, were as follows in 3Q 2020:

Net interest income incl. comission transferred loans	Chance last quarter NOK mill
Effect of days	5
Margin effects	49
Effect volume	5
Other effects	-11
Total effects	48

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

Norges Bank reduced its policy rate by 0.50 percentage points on 13.03.20, 0.75 percentage points on 20.03.20, and a further 0.25 percentage points to zero from 07.05.20, a total of 1.50 percentage points in 1H 2020. No changes to the policy rate have been made since then. The Bank reduced its mortgage and deposit rates by up to 0.85 percentage points from 03.04.20 and a further 0.40 percentage points from 25.05.20, a total of 1.25 percentage points so far this year.

Development of lending margin versus three-month NIBOR



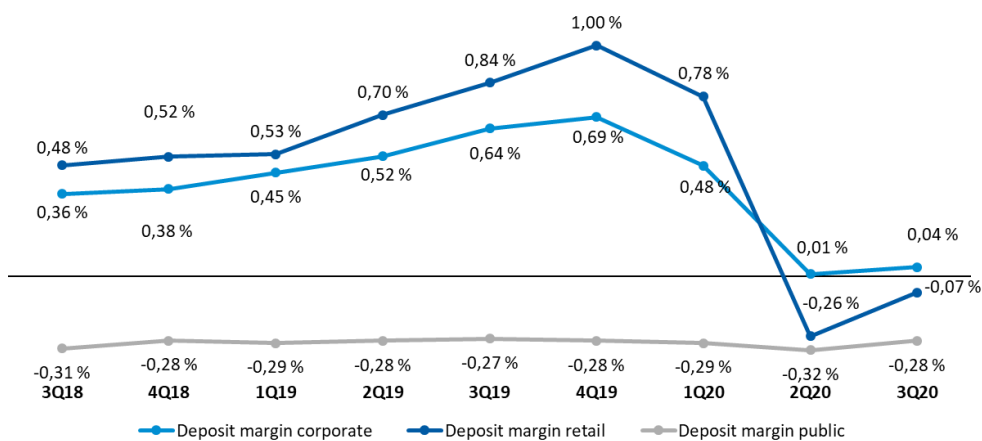
The ongoing pandemic is presenting economic challenges for both private individuals and companies in Northern Norway. The authorities cut interest rates in order to reduce the economic burden on businesses and households. The fact that the margin has fallen more in the corporate market (CM) than in the retail market (RM) is due to the fact that a large proportion of the loans in the CM are directly linked to NIBOR interest rate developments. The Bank has managed to maintain a slightly higher margin in the RM, but the competition within prices for well-collateralised mortgage loans is significant, which is making it difficult to maintain the lending margin over time.

SpareBank 1 Nord-Norge also provides government guaranteed liquidity loans to small and medium-sized northern Norwegian business customers that have been directly impacted by Covid-19.

The future uncertainty in relation to higher unemployment, the development of the northern Norwegian economy, and the Bank’s borrowing costs in the capital market mean that the Bank will monitor developments closely going forward.

Development of deposit margin versus three-month NIBOR

As the figure below illustrates, the deposit margin fell significantly throughout the quarter.



The drop in the deposit margin was primarily due to the drop in the NIBOR rate, which at the end of June was lower than the average customer deposit rate in the retail market. This improved somewhat during 3Q but the low policy rate will also present challenges for the deposit margin going forward.

Net fee, commission and other operating income

Net fee, commission and other operating income was MNOK 92 higher in 3Q 2020 than in the previous quarter. Of this, MNOK 59 was due to lower commissions from mortgage loans sold to SpareBank 1 Boligkreditt. Income from real estate brokerage, money transfer services and increase increased somewhat in the last quarter.

Also see Note 13 in the quarterly report for a more detailed specification of net fee, commission and other operating income.

Financial Investments – income and events in the accounting period

Share results NOK mill	Sharehold	3Q20	2Q20	Change	30.09.20	30.09.19	Change
SpareBank 1 Gruppen	19,50 %	114	107	7	447	724	-277
SpareBank 1 Boligkreditt	18,65 %	10	37	-27	19	22	-3
SpareBank 1 Næringskreditt	8,60 %	1	2	-1	4	5	-1
SpareBank 1 Kreditt	17,08 %	0	1	-1	2	12	-10
SpareBank 1 Betaling	18,57 %	-1	0	-1	-3	7	-10
BN Bank	9,99 %					28	-28
Other companies	20,00 %	1	1	0	0	2	-2
Sale of Group company		0	0	0	0	37	-37
Total income associated companies		125	148	-23	469	837	-368
Share dividend		2	12	-10	15	11	4
Net change value of equities		25	18	7	45	52	-7
Net change value of bonds, currency and derivatives		40	93	-53	46	21	25
Net change value loans at fair value, included hedging		0	-8	8	6	6	0
Net income from financial investments		192	263	-71	581	927	-346

SpareBank 1 Gruppen's booked profit after tax at the end of 3Q 2020 totalled MNOK 549 (MNOK 1,354) for the controlling interest's share¹.

Personal risk products from SpareBank 1 Forsikring AS and DNB Livsforsikring AS, as well as the employer-funded personal risk cover from SpareBank 1 Forsikring AS, were transferred to Fremtind Livsforsikring AS on 01.01.20. The merger of the personal risk products on 01.01.20 resulted in increased equity for SpareBank 1 Gruppen at a group level. The controlling interest's (the SpareBank 1 banks and the Norwegian Confederation of Trade Unions (LO)) share of this increase was approximately BNOK 1.7. SpareBank 1 Nord-Norge's share of this increase (19.5 per cent) amounted to around MNOK 340, which was recognised through profit or loss in 1Q 2020 (MNOK 460).

SpareBank 1 Nord-Norge's total income as at 30.09.20 from SpareBank 1 Gruppen thus amounted to MNOK 447, which consisted of the result contribution of MNOK -107 plus the addition of the above-mentioned MNOK 340 gain from the merger (MNOK 724).

The profit contribution 'Other' consists of the profit contributions from the companies SpareBank 1 Utvikling DA, SMB Lab AS and Betr AS.

¹ SpareBank 1 Gruppen (Group) consisting of parent company SpareBank 1 Gruppen AS and some wholly owned subsidiary, as well as Fremtind Forsikring AS as owner of 65 % and LOfavør AS as owner of 51 %.

The Group's equities portfolio

As at 30.09.20, the Group's equities portfolio amounted to MNOK 767 (MNOK 799). The portfolio saw a positive change in value of MNOK 25 in the last quarter. The change in value was mainly due to an increase in the value of the Bank's shares in Visa and BN Bank.

Certificates, bonds, currency and derivatives

As at 30.09.20, the Group's holdings of certificates and bonds amounted to MNOK 18,441, compared with MNOK 14,936 at the same time last year. The increase primarily consists of surplus liquidity invested in liquid instruments with low duration and high credit worthiness.

Total net changes in value for 3Q 2020 in this bond portfolio represent an unrealised gain of MNOK 40 (MNOK 21), which was largely attributable to reduced credit premiums (spread contraction), as well as movements in the currency and money markets in the period up to 30.09.20.

A summary of the Group's derivatives as at 30.09.20 is provided in Note 10 in the quarterly report. Movements in the currency and money markets as at 31.03.20 had a heavy negative impact on the fair value of these securities. This improved somewhat in 2Q and 3Q 2020.

Subsidiaries

At the end of 3Q 2020, the Group's subsidiaries had a combined profit before tax of MNOK 171 (MNOK 161), which has been fully consolidated in the consolidated financial statements. The largest subsidiaries, which operate within the Group's core business, show the following profits before tax compared with the same period in 2019:

NOK mill	30.09.20	30.09.19	Change
SpareBank 1 Finans Nord-Norge AS	104	115	- 11
SpareBank 1 Regnskapshuset Nord-Norge AS	31	30	1
EiendomsMegler 1 Nord-Norge AS	34	16	18
Other subsidiaries	2	0	2
Total	171	161	11

The individual subsidiaries' results are presented in Note 16 in the quarterly report.

Operating costs

The Group's costs were MNOK 56 (5 per cent) higher at the end of 3Q 2020 than at the same time in 2019. Of this increase, MNOK 32 is attributable to the Parent Bank and MNOK 24 to the Group's subsidiaries. The Group's costs for 3Q seen in isolation increased by MNOK 6 overall compared with 2Q 2020: costs fell by MNOK 6 in the Parent Bank and rose by MNOK 12 in subsidiaries. The increase was largely due to increased activity in real estate brokerage.

As a consequence of the Group's profitability project, which was approved in December 2019, a series of cost cutting decisions were made and some of the measures have been implemented in 2020. The coronavirus situation has presented some difficulties in relation to implementation, but the aim of implementing the measures in 2020 and 2021 stands. It is anticipated that the overall impact of the profitability drive (income and costs) will be MNOK 200 as at the end of 2021. As a consequence of the cost-cutting measures, the profitability project has set a maximum target for cost growth of 2 per cent in 2020 and 0 per cent in 2021.

The Group's long-term target is a cost/income ratio of 40 per cent or lower.

As at 30.09.20, this ratio was 38.5 per cent (34.7 per cent) for the Group and 35.7 per cent (23.6 per cent) for the Parent Bank. Adjusted for the aforementioned gain from the Fremtind merger that was recognised as income, the cost/income ratio was 43.2 per cent (40.3 per cent) for the Group. The cost/income ratio for basic operations in the Group (excluding income from financial investments) was 0.9 per cent lower at the end of 3Q than for the same period last year.

The Group had 909 FTEs as at 30.09.20 (895). Compared with 30.06.20, there are six FTEs fewer overall; eleven fewer in the Parent Bank and five more in subsidiaries, due to the acquisition of an accounting firm. The Parent Bank had 577 FTEs as at 30.09.20 (584).

These costs are specified by main category compared with previous periods in Note 14 in the quarterly accounts.

Losses and non-performing loans

The Group's net losses on loans and guarantees to customers at the end of 3Q 2020 amounted to MNOK 259 (MNOK 13): MNOK 13 (MNOK 10) from the retail market and MNOK 246 (MNOK 3) from the corporate market.

As at 30.09.20, total loss provisions on loans and guarantees came to MNOK 768 (MNOK 531). As at 30.09.20, loss provisions for loans amounted to 0.86 per cent (0.56 per cent) of the Group's total gross lending to customers, and 0.61 per cent (0.44 per cent) of gross lending to customers including intermediary loans.

As at 30.09.20, the Group's total loss provisions for loans and guarantees classified as Stage 3 pursuant to IFRS 9 amounted to MNOK 169 (MNOK 162). This equates to a loss provision ratio of 37 per cent (32 per cent) of total commitments in Stage 3. The provisions were MNOK 3 higher than as at 30.06.20. As at 30.09.20, loss provisions for loans and guarantees classified as Stage 1 and Stage 2 pursuant to IFRS 9 amounted to MNOK 599 (MNOK 369), an increase of MNOK 50 compared with the end of the previous quarter. Around MNOK 30 of the increase came from the manual transfer of all tourism commitments larger than MNOK 10 from Stage 1 to Stage 2 in the ECL calculation to take account of the expected negative migration in the portfolio due to Covid-19.

Please also refer especially to Note 2 of the quarterly report, which describes the Group's assessments concerning factors affecting loss provisions as at 30.09.20. Please also see Note 7 and Note 8 of the quarterly report. Note 7 provides an overview of total loss provisions pursuant to IFRS 9 as at 30.09.20, including off-balance sheet items.

In the opinion of the Board of Directors, the quality of the Group's loan portfolio was good as at 30.09.20. Good work has been done in relation to non-performing and impaired commitments, and given the situation that has arisen in the market due to the coronavirus pandemic, there will be an intense focus on this work going forward.

Balance sheet performance

NOK mill	30.09.20	30.09.19	Change	30.06.20	Change
Retail lending	88.413	85.592	3,3 %	87.417	1,1 %
Corporate lending	38.109	34.369	10,9 %	37.082	2,8 %
Total lending customers incl. intermediary loans	126.522	119.961	5,5 %	124.498	1,6 %
Total lending customers excl. intermediary loans	89.210	85.237	4,7 %	87.188	2,3 %
Deposits retail	40.163	36.348	10,5 %	41.069	-2,2 %
Deposits corporate ¹⁾	31.524	28.909	9,0 %	32.012	-1,5 %
Total deposits	71.687	65.257	9,9 %	73.081	-1,9 %
Deposits as % of lending excl. intermediary loans	80,4 %	76,6 %	3,8 %	83,8 %	-3,5 %
Total assets	119.021	109.380	8,8 %	118.322	0,6 %

¹⁾ Incl. government market

Loans

As at 30.06.20, loans totalling BNOK 37 (BNOK 34) had been transferred to SpareBank 1 Boligkreditt, and BNOK 0.4 (BNOK 0.4) to SpareBank 1 Næringskreditt. These loans do not appear as lending on the Bank's balance sheet. However, comments that deal with the growth in lending also include these intermediary loans.

In 3Q 2020, the Group saw lending growth (not annualised) in the retail market of 1.1 per cent, and 2.8 per cent in the corporate market. Due to the coronavirus situation, there is unusually high uncertainty surrounding future developments. If the second wave of the coronavirus we now see developing in Europe and internationally does

not have a negative impact on the Northern Norwegian economy, we expect continued lending growth for the rest of the year, albeit somewhat weaker than we have seen in the past few years.

The Bank has implemented emergency measures in connection with the coronavirus situation in the form of granting customers interest-only instalment holidays and facilitating government guaranteed liquidity loans. At the end of September 2020, MNOK 310 had been paid out in such loans to around 140 customers.

Competition is strong, especially in the mortgage loans market, but the Group is competitive and is taking market shares. Underlying market growth was (independent of Covid-19) generally expected to be slightly down in 2020 after the interest rate rises in autumn 2019. Given the coronavirus situation, it is difficult to assess future developments with certainty, but we anticipate lending growth of 2-5 per cent in the RM and 5-8 per cent in the CM for 2020 as a whole. The range of potential outcomes has grown and growth is lower than we assumed before the coronavirus outbreak. We must stress that this may change before the end of the year depending on the future development of the pandemic.

The retail market accounted for 70 per cent of total loans as at 30.09.20 (71 per cent).

An overview of the Group's lending is provided in Note 6 in the quarterly report.

In the case of new loans, particular importance is attached to the customer's ability to service and repay their outstanding loans, and a satisfactory level of collateral and other security to ensure that credit risk is kept at an acceptable level.

Liquidity

Customer deposits are the Group's most important source of funding and Note 19 in the quarterly report provides an overview of the Bank's deposits. As at 30.09.20, the deposit coverage rate (excluding intermediary loans) was 80 per cent (77 per cent). The Bank's remaining funding, apart from equity and subordinated capital and deposits from customers, is mainly long-term funding from the capital markets. The Bank's access to liquidity and the key figures for liquidity are satisfactory. The Bank's strategic aim is to maintain the overall liquidity risk at a low level. As at 30.09.20, the calculated liquidity coverage ratio (LCR) was 152 per cent (144 per cent). Please refer also to Note 12 on liquidity risk in the quarterly report.

SNN Rating 30.09.20	Moody's	Fitch
Senior preferred rating	Aa3	A+
Senior non-preferred rating	A3	A

Financial strength and capital adequacy

CRR/CRD IV (Basel III) was fully implemented in Norway from 31.12.19, which included elimination of the 'Basel I floor' and implementation of the 'SME discount'² etc.

In December 2019, the Ministry of Finance published changes to bank capital requirements from the end of 2020. Among other things, this includes an increase in the systemic risk buffer from 3 per cent to 4.5 per cent, as well as a floor for IRB risk weighting for residential mortgage lending and commercial mortgages of 20 per cent and 35 per cent, respectively.

As a result of Covid-19, the countercyclical capital buffer was reduced from 2.5 per cent to 1 per cent in 1Q 2020. In September 2020, the Ministry of Finance, on the advice of Norges Bank, decided to maintain the countercyclical capital buffer of 1 per cent. Norges Bank does not expect to advise increasing the buffer requirement again until 1Q 2021 at the earliest, and in these circumstances the increased buffer requirement would normally not have to be implemented until 1Q 2022.

The Covid-19 pandemic has resulted in an extraordinary work situation and challenges for both financial institutions and the Financial Supervisory Authority of Norway, including with respect to the implementation of the Supervisory Review and Evaluation Process (SREP) and Pillar 2. On 15.06.20, the Financial Supervisory

² Lower capital requirements for lending to small and medium-sized enterprises that meet a set of given criteria.

Authority of Norway announced it would not be making any new Pillar 2 decisions in 2H 2020. The Group's Pillar 2 requirement of 1.5 per cent therefore still applies. At the end of 3Q 2020, the regulatory minimum requirement for the Common Equity Tier 1 capital ratio was 12.5 per cent. The regulatory minimum requirement will increase to 14.0 per cent from 31.12.20, as a consequence of increase of systemic risk buffer.

	Q320	Q120	Q419
Minimum requirements CET1	4,5 %	4,5 %	4,5 %
Systemic risk buffer	3,0 %	3,0 %	3,0 %
Counter cyclical buffer	1,0 %	1,0 %	2,5 %
Capital conservation buffer	2,5 %	2,5 %	2,5 %
Lower limit Pillar 2	1,5 %	1,5 %	1,5 %
Total regulatory minimum requirements	12,5 %	12,5 %	14,0 %
Internal capital buffer target	1,0 %	1,0 %	1,0 %
SNN internal capital target	13,5 %	13,5 %	15,0 %

SpareBank 1 Nord-Norge aims to maintain incontestable financial strength and satisfy the regulatory minimum requirements for capital adequacy at all times. The Group has a target Common Equity Tier 1 capital ratio of 1.0 percentage point above the regulatory minimum requirement, which results in a target Common Equity Tier 1 capital ratio of at least 13.5 per cent as at 30.09.20.

	30.09.2020	30.09.2019	Change	30.06.2020	Change
Common tier 1 capital	17,2 %	15,5 %	1,7 %	16,9 %	0,3 %
Tier 1 capital	18,6 %	16,9 %	1,7 %	18,4 %	0,2 %
Capital adequacy ratio	20,5 %	18,6 %	1,9 %	20,2 %	0,3 %
Leverage ratio	7,5 %	7,7 %	-0,3 %	7,4 %	0,0 %

The Group uses proportional consolidation for its capital adequacy reporting for the stakes in SpareBank 1 Boligkreditt AS, SpareBank 1 Næringskreditt AS, SpareBank 1 Kreditt AS (formerly SpareBank 1 Kredittkort AS) and BN Bank AS.

The Group's Common Equity Tier 1 capital (incl. 50 per cent of the profit) has increased by MNOK 117, or 1.0 percentage points since the previous quarter. This is mainly due to the improved profit, but lower as a consequence of increased deductions from ownership in other financial institutions. The total calculation basis fell by approximately BNOK 465 in 3Q 2020, primarily as a result of lower holdings of certificates and bonds.

The Bank's equity certificates

NOK mill	30.09.2020	30.09.2019	Change	30.06.2020	Change
Equity certificate capital	1.807	1.807	0	1.807	0
ECC Ownership fraction	46,36 %	46,36 %	0	46,36 %	0 %
Number of holders	10.086	8.836	1250	10.024	62
Proportion of northern Norwegian holders	20 %	19 %	1 %	20 %	0 %
Proportion of foreign holders	49 %	35 %	13 %	48 %	0 %
Market price NOK	64,20	67,90	-3,70	62,30	1,90
Market value	13.903	14.705	-801	13.492	411
Earnings per equity certificate	6,23	8,27	-2,05	3,95	2,28
Price/Earnings	10,3	8,2	2,1	15,8	-5,5
Price/Book value	1,0	1,1	-0,1	1,0	0,0

A summary of the Bank's 20 largest equity certificate holders is provided in Note 21 in the quarterly report.

Concluding remarks and outlook

In recent years, Northern Norway has enjoyed a better macroeconomic situation than the rest of Norway. Nevertheless, we started 2020 expecting slightly poorer macroeconomic conditions in relation to the strong growth we have seen in the past few years. Since the pandemic hit in the middle of March, the northern Norwegian economy appears to have been less affected by the situation than the rest of the country. Unemployment in Northern Norway has been lower than the average for Norway throughout the year. Excluding tourism and transport, which represent a relatively smaller part of the northern Norwegian economy than the Norwegian national economy, the northern Norwegian economy has suffered little direct impact from the pandemic. The public sector in Northern Norway is relatively larger than in the rest of the country and oil-related activities account for a small proportion of the northern Norwegian economy. The development of oil prices thus has little direct effect on the northern Norwegian economy, but will of course have an indirect impact via a weaker Norwegian economy. The level of economic uncertainty has increased because of Covid-19 and it is difficult to forecast how long and deep the economic downturn due to Covid-19 will be.

The weak Norwegian kroner exchange rate and the fact that strong industries such as fisheries and aquaculture appear to have been less negatively impacted than other industries are positive factors for Northern Norway. So far, the weaker exchange rate has helped to mitigate the real effects of lower seafood prices in the global market, although the uncertainty that exists in important markets for the fisheries and aquaculture industry has increased. In spite of the demanding times, we can see some bright spots, including within tourism, and a number of sectors such as parts of the retail trade are doing well, house prices and sales have remained good and the underlying situation in the northern Norwegian economy is still good. However, the risk of a negative development is high and the general economic outlook for 2020 is poorer. Although expectations for 2021 are better, further losses must be expected if the crisis becomes protracted and/or worsens. Nevertheless, the Board is of the opinion that, compared with other banks, SpareBank 1 Nord-Norge is financially strong and will come through this crisis in good shape.

The Group's market and financial positions are good. It is very solid and did extremely well in 2019. A solid 2Q and 3Q, reorganisation and ongoing implementation of profitability measures, including significantly reduced distribution costs, further reinforce this. There has been some negative reaction to the branch closures, but no more than one might expect. The fact that almost 95 per cent of the northern Norwegian population can reach their nearest branch of the Bank within one hour's travelling time indicates that we still have very good coverage and, given the revamped services at our remaining branches, we are well placed to strengthen SpareBank 1 Nord-Norge's position in the region.

In the coming period there will be a significant focus on consolidation, protecting assets and following up customers in difficult situations. At the same time, the new structure will enable us to focus on customers more, and streamlining and digitalisation will reduce costs and increase efficiency.

All things considered, the Group's future prospects are believed to be good.

Tromsø, 23.10.20

The Board of SpareBank 1 Nord-Norge

Statement of income

Parent Bank					Group						
(Amounts in NOK million)						Note	30.09.20	30.09.19	3Q20	3Q19	31.12.19
31.12.19	3Q19	3Q20	30.09.19	30.09.20							
3 045	788	561	2 196	2 082	Interest income		2 296	2 395	636	856	3 320
1 232	318	134	883	730	Interest costs		726	876	133	316	1 223
1 813	470	427	1 313	1 352	Net interest income		1 570	1 519	503	540	2 097
856	228	266	638	670	Fee- and commission income	13	838	771	333	280	1 035
92	26	14	68	44	Fee- and commission costs	13	53	80	14	30	107
11	6	1	16	5	Other operating income	13	166	147	56	40	188
775	208	253	586	631	Net fee- and other operating income		951	838	375	290	1 116
12	2	2	11	15	Dividend		15	11	2	2	12
1 289	1	1	1 289	355	Income from investments		469	837	125	44	815
382	23	65	377	97	Net gain from investments in securities		97	79	65	24	84
1 683	26	68	1 677	467	Net income from financial investments		581	927	192	70	911
4 271	704	748	3 576	2 450	Total income		3 102	3 284	1 070	900	4 124
580	148	142	423	439	Personnel costs	14	641	609	217	212	834
458	97	93	288	298	Administration costs	14	350	334	119	112	524
92	23	24	69	72	Ordinary depreciation	14	82	88	27	30	120
101	18	23	63	66	Other operating costs	14	121	107	35	33	162
1 231	286	282	843	875	Total costs		1 194	1 138	398	387	1 640
3 040	418	466	2 733	1 575	Result before losses		1 908	2 146	672	513	2 484
-2	10	47	-1	222	Losses	8	259	13	58	15	11
3 042	408	419	2 734	1 353	Result before tax		1 649	2 133	614	498	2 473
355	97	98	278	237	Tax		281	318	117	109	409
0	0	0	0	0	Defecit non-current assets held for sale		0	2	0	0	2
2 687	311	321	2 456	1 116	Result after tax		1 368	1 813	497	389	2 062
12,28	1,40	1,46	11,24	5,07	Result per Equity Certificate		6,23	8,27	2,28	1,76	9,39
					Result per Equity Certificate, adjusted for interests hybrid capital						

Other comprehensive income

Parent Bank					Group						
(Amounts in NOK million)						30.09.20	30.09.19	3Q20	3Q19	31.12.19	
31.12.19	3Q19	3Q20	30.09.19	30.09.20							
2.687	311	321	2.456	1.116	Result after tax		1.368	1.813	497	389	2.062
					<i>Items that will not be reclassified to profit/loss</i>						
0	0	0	0	0	Net change in fair market value of investment in joint ventures		11	-8	14	-4	13
-53	0	0	0	0	Actuarial gains (losses) on benefit-based pension schemes		0	0	0	0	-50
13	0	0	0	0	Tax		0	0	0	0	12
-40	0	0	0	0	Total		11	-8	14	-4	-25
					<i>Items that will be reclassified to profit/loss</i>						
0	0	0	0	0	Net change in fair market value of financial assets available for sale		0	0	0	0	0
0	0	0	0	0	Net change in fair market value of investment in joint ventures		1	-3	-21	0	-3
0	0	0	0	0	Tax		0	0	0	0	0
0	0	0	0	0	Total		1	-3	-21	0	-3
2.647	311	321	2.456	1.116	Total comprehensive income for the period		1.380	1.802	490	385	2.034
12,09	1,40	1,46	11,24	5,07	Total result per Equity Certificate, adjusted for interests hybrid capital		6,28	8,22	2,24	1,74	9,26

Statement of financial position

Parent Bank
Group

(Amounts in NOK million)

31.12.19	30.09.19	30.09.20		Notes	30.09.20	30.09.19	31.12.19
Assets							
1 471	456	522	Cash and balances with central banks		522	456	1 471
84 712	84 292	88 503	Net loans	2,6,7,15	89 911	85 899	86 289
781	786	758	Shares	15	767	799	791
15 837	14 936	18 441	Certificates and bonds	15	18 441	14 936	15 837
1 110	1 383	2 669	Financial derivatives	10,15	2 669	1 383	1 110
1 403	1 403	1 413	Investments in Group Companies	16			
3 373	3 266	3 607	Investments in associated companies and joint ventures		4 762	4 175	4 257
473	518	575	Property, plant and equipment	23	985	996	1 016
			Non current assets held for sale		0	22	22
			Deduction for intangible assets		112	105	105
636	609	665	Other assets	17	852	609	626
109 796	107 649	117 153	Total assets		119 021	109 380	111 524
Liabilities							
564	482	1 256	Deposits from credit institutions		1 255	481	563
68 074	65 301	71 737	Deposits from customers	19	71 687	65 257	68 030
24 786	25 161	25 943	Debt securities in issue	20	25 943	25 161	24 786
763	744	1 752	Financial derivatives	10,15	1 752	744	763
1 430	1 857	2 056	Other liabilities	7,18,23	2 509	2 446	2 000
64	173	64	Deferred tax liabilities		161	267	160
1 050	1 050	1 050	Subordinated loan capital	20	1 050	1 050	1 050
96 731	94 768	103 858	Total liabilities		104 357	95 406	97 352
Equity							
1 807	1 807	1 807	Equity Certificate capital	21	1 807	1 807	1 807
843	843	843	Equity Certificate premium reserve		843	843	843
780	780	780	Hybrid capital		780	780	780
3 035	1 789	2 620	Dividend Equalisation Fund		2 620	1 789	3 035
5 990	5 014	5 975	The Savings Bank's Fund		5 975	5 014	5 990
585	120	120	Donations		120	120	585
42	42	42	Fair value reserve		42	42	42
- 17	30	- 8	Other equity capital		1 109	1 766	1 090
	2 456	1 116	Result after tax		1 368	1 813	
13 065	12 881	13 295	Total equity		14 664	13 974	14 172
109 796	107 649	117 153	Total liabilities and equity		119 021	109 380	111 524

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 equity
			Hybrid capital	Equalisation Fund						
Equity at 01.01.19	1 807	843	780	2 200	5 024	585	42	1 777		13 058
Total comprehensive income for the period										
Period result				1 246	976	465			- 625	2 062
<i>Other comprehensive income:</i>										
Net change in fair market value of investment in joint ventures								10		10
Net change in fair market value of financial assets available for sale										
Actuarial gains (losses) on benefit-based pension schemes									- 50	- 50
Tax on other comprehensive income									12	12
Total other comprehensive income									- 28	- 28
Total comprehensive income for the period				1 246	976	465			- 653	2 034
Transactions with owners										
Set aside for dividend payments				- 402						- 402
Reversal of dividend payments				402						402
Dividend paid				- 402						- 402
Other transactions				- 9	- 10				- 34	- 53
Changes in minority interests										
Payments from Donations Fund						- 465				- 465
Total transactions with owners				- 411	- 10	- 465			- 34	- 920
Equity at 31.12.19	1 807	843	780	3 035	5 990	585	42	1 090		14 172
Equity at 01.01.20	1 807	843	780	3 035	5 990	585	42	1 090		14 172
Total comprehensive income for the period										
Period result									1 368	1 368
<i>Other comprehensive income:</i>										
Net change in fair market value of investment in joint ventures								12		12
Net change in fair market value of financial assets available for sale										
Actuarial gains (losses) on benefit-based pension schemes										
Tax on other comprehensive income									12	12
Total other comprehensive income									12	12
Total comprehensive income for the period									1 368	1 380
Transactions with owners										
Dividend paid				- 402						- 402
Other transactions				- 13	- 15			6		- 22
Payments from Donations Fund						- 465				- 465
Total transactions with owners				- 415	- 15	- 465		6		- 889
Equity at 30.09.20	1 807	843	780	2 620	5 975	120	42	1 108	1 368	14 663

ECC ratio overall

Parent Bank (Amounts in NOK million)	adjusted for IFRS 9 effects							
	31.12.19	31.12.18	01.01.18	31.12.17	31.12.16	31.12.15	31.12.14	
Equity Certificate capital	1 807	1 807	1 807	1 807	1 807	1 807	1 807	
Equity Certificate premium reserve	843	843	843	843	843	843	843	
Dividend Equalisation Fund	2 483	1 798	1 567	1 579	1 310	960	815	
Set aside dividend	552	402	402	402	347	201	191	
Share Fund Fair Value Options and other equity	11	39	46	46	22	69	6	
A. Equity attributable to Equity Certificate holders of the Bank	5 696	4 889	4 665	4 677	4 329	3 880	3 662	
The Savings Bank's Fund	5 816	5 024	4 757	4 770	4 460	4 055	3 730	
Allocated dividends to ownerless capital	639	465	465	465	400	60	212	
Donations	120	120	120	120	120	120	120	
Share Fund Fair Value Options and other equity	14	34	55	55	29	83	12	
B. Total ownerless capital	6 589	5 643	5 397	5 410	5 009	4 318	4 074	
Equity Certificate Ratio overall (A/(A+B))	46,36 %	46,36 %	46,36 %	46,36 %	46,36 %	47,33 %	47,33 %	
Hybrid capital	780	780	530	530				
Total equity	13 065	11 312	10 592	10 617	9 338	8 198	7 736	

Cash Flow Statement

Parent Bank			Group	
31.12.19	30.09.20	Amounts in NOK million	30.09.20	31.12.19
3 042	1 353	Profit before tax	1 649	2 473
92	72	+ Ordinary depreciation	82	120
0	0	+ Write-downs, gains/losses fixed assets	0	0
- 2	222	+ Losses on loans and guarantees	259	11
355	237	- Tax/Result non-current assetes held for sale	281	409
867	867	- Dividend paid on Ecs/distributions	867	867
1 910	543	Provided from the year's operations	842	1 328
128	1 596	Change in sundry liabilities: + increase/ - decrease	1 479	249
335	-1 588	Change in various claims: - increase/ + decrease	-1 770	472
-4 325	-4 013	Change in gross lending to and claims on customers: - increase/ + decrease	-3 881	-4 666
-3 718	-2 581	Change in short term-securities: - increase/ + decrease	-2 580	-3 716
4 069	3 663	Change in deposits from and debt owed to customers: + increase/ - decrease	3 657	4 045
376	692	Change in debt owed to credit institutions: + increase/ - decrease	692	376
-1 225	-1 688	A. Net liquidity change from operations	-1 561	-1 912
-349	- 174	- Investment in fixed assets	- 51	-637
0	0	+ Sale of fixed assets	0	0
- 561	-244	Payments from long term-securities	- 504	- 551
319	0	Change in holdings of long-term securities: - increase/ + decrease	10	1 284
- 591	- 418	B. Liquidity change from investments	- 545	96
-1 422	-3 165	Decrease in borrowings through the issuance of securities	-3 165	-1 422
1 073	4 322	Increase in borrowings through the issuance of securities	4 322	1 073
- 350	0	Decrease in PCC/subordinated loan capital	0	- 350
200	0	Increase in PCC/subordinated loan capital	0	200
- 499	1 157	C. Liquidity change from financing	1 157	- 499
-2 315	- 949	A + B + C. Total change in liquidity	- 949	-2 315
3 786	1 471	+ Liquid funds at the start of the period	1 471	3 786
1 471	522	= Liquid funds at the end of the period	522	1 471

Liquid funds are defined as cash-in-hand and claims on central banks.

Reconciliation of movements of liabilities to cash flows arising from financing activities

Amounts in NOK million	Sub-ordinated	
	Debt securities	liabilities
Balance at 01.01.20	24 786	1 050
Changes from financing cash flows:		
Proceeds from issue	4 322	
Redeemed	-1 511	
Due excl. redeemed	-1 622	
Total changes from financing cash flows	1 189	0
The effect of changes in foreign exchange rates	131	
Changes in fair value	- 131	
Changes in accrued interest	- 32	
Balance at 30.09.20	25 943	1 050

Result from the Group's quarterly accounts

(Amounts in NOK million)	30.09.20	30.09.19	Change	3Q20	2Q20	1Q20	4Q19	3Q19	2Q19	1Q19	4Q18	3Q18	
Interest income	2 296	2 395	-99	636	738	922	925	856	797	742	749	707	
Interest costs	726	876	-150	133	223	370	347	316	291	269	253	223	
Net interest income	1 570	1 519	51	503	515	552	578	540	506	473	496	484	
Fee- and commission income	838	771	67	333	250	255	264	280	260	231	257	247	
Fee- and commission costs	53	80	-27	14	17	22	27	30	24	26	26	27	
Other operating income	166	147	19	56	50	60	41	40	56	51	47	34	
Net fee- and other operating income	951	838	113	375	283	293	278	290	292	256	278	254	
Dividend	15	11	4	2	12	1	1	2	8	1	1	2	
Income from investments	469	837	-368	125	148	196	-22	44	249	544	112	99	
Net gain from investments in securities	97	79	18	65	103	-71	5	24	11	44	-33	20	
Net income from financial investments	581	927	-346	192	263	126	-16	70	268	589	80	121	
Total income	3 102	3 284	-182	1 070	1 061	971	840	900	1 066	1 318	854	859	
Personnel costs	641	609	32	217	209	215	225	212	204	193	200	185	
Administration costs	350	334	16	119	110	121	190	112	116	106	106	118	
Ordinary depreciation	82	88	-6	27	27	28	32	30	29	29	15	14	
Other operating costs	121	107	14	35	46	40	55	33	40	34	66	56	
Total costs	1 194	1 138	56	398	392	404	502	387	389	362	387	373	
Result before losses	1 908	2 146	-238	672	669	567	338	513	677	956	467	486	
Losses	259	13	246	58	82	119	-2	15	15	-17	-6	-8	
Net gain from sale of financial fixed assets	0	0	0	0	0	0	0	0	0	0	0	0	
Result before tax	1 649	2 133	-484	614	587	448	340	498	662	973	473	494	
Tax	281	318	-37	117	100	64	91	109	105	104	102	92	
Deficit non-current assets held for sale	0	2	-2	0	0	0	0	0	2	0	0	4	
Result after tax	1 368	1 813	-445	497	487	384	249	389	555	869	371	398	
Interest hybrid capital	19	21	-2	4	7	8	7	8	6	7	7	5	
Result after tax ex. interest hybrid capital	1 349	1 792	-443	493	480	376	242	381	549	862	364	393	
Profitability													
Return on equity capital	1	13,4%	18,9%	-5,5%	14,5%	14,6%	11,4%	7,3%	11,7%	17,5%	28,1%	12,0%	13,3%
Interest margin		1,79%	1,87%	-0,08%	1,70%	1,74%	1,92%	2,13%	1,96%	1,86%	1,77%	1,89%	1,87%
Cost/income	2	38,5%	34,7%	3,8%	37,2%	36,9%	41,6%	59,8%	43,0%	36,5%	27,5%	45,3%	43,4%
Balance sheet figures													
Loans and advances excl. commission loans	90 603	86 395	4 208	90 603	88 874	86 745	86 771	86 395	85 240	82 899	82 145	83 103	
-of which loans and advances to financial institutions	1 393	1 158	235	1 393	1 686	1 384	1 079	1 158	1 885	1 366	1 282	1 114	
-of which loans and advances to customers	89 210	85 237	3 973	89 210	87 188	85 361	85 692	85 237	83 355	81 533	80 863	81 989	
Total lending incl. intermediary loans	126 522	119 961	6 561	126 522	124 498	122 764	121 733	119 961	117 579	115 379	114 117	113 739	
Growth in loans and advances to cust. incl. commission loans past 12 months	5,5%	5,5%	0,0%	5,5%	5,9%	6,4%	6,7%	5,5%	6,0%	7,6%	8,2%	11,7%	
Deposits from customers	71 687	65 257	6 430	71 687	73 081	70 609	68 030	65 257	67 726	64 183	63 985	61 474	
Growth in deposits from customers past 12 months	9,9%	6,2%	3,7%	9,9%	7,9%	10,0%	6,3%	6,2%	6,2%	8,7%	10,6%	7,5%	
Deposits as a percentage of gross lending	4	80,4%	76,6%	3,8%	80,4%	83,8%	82,7%	79,4%	76,6%	81,3%	78,7%	79,1%	
Deposits as a percentage of gross lending including commission loans	5	56,7%	54,4%	2,3%	56,7%	58,7%	57,5%	55,9%	54,4%	57,6%	55,6%	56,1%	
Average assets	3	116 688	108 356	8 332	116 688	115 910	114 704	108 989	108 356	108 014	106 731	101 855	
Total assets	119 021	109 380	9 641	119 021	118 322	117 884	111 524	109 380	110 580	107 306	106 156	103 672	
Losses on loans and commitments in default													
Losses on loans to customers as a percentage of total lending incl. intermediary loans	0,20%	0,01%	0,19%	0,20%	0,16%	0,10%	0,01%	0,01%	0,00%	-0,01%	0,02%	0,02%	
Net comm. in default and at risk of loss as a per. of total lending incl. intermediary loans	0,23%	0,29%	-0,05%	0,23%	0,22%	0,22%	0,16%	0,29%	0,26%	0,22%	0,23%	0,27%	
Solidity													
Common Tier I Capital ratio	17,2%	15,5%	1,7%	17,2%	16,9%	16,7%	17,2%	15,5%	15,3%	14,6%	14,5%	14,7%	
Tier I Capital ratio	18,6%	16,9%	1,7%	18,6%	18,4%	18,2%	18,8%	16,9%	16,7%	16,1%	16,0%	16,2%	
Total regulatory Capital ratio	20,5%	18,6%	1,9%	20,5%	20,2%	20,0%	20,6%	18,6%	18,4%	18,1%	18,1%	18,4%	
Common Tier I Capital	11 905	11 215	691	11 905	11 788	11 575	11 472	11 215	11 052	10 655	10 334	10 686	
Tier I capital	12 881	12 229	653	12 881	12 812	12 599	12 496	12 229	12 072	11 716	11 396	11 615	
Total eligible capital	14 213	13 470	744	14 213	14 105	13 833	13 726	13 470	13 316	13 191	12 904	13 158	
Adjusted risk-weighted assets base	69 233	72 492	-3 259	69 233	69 699	69 214	66 609	72 492	72 402	72 768	71 167	71 566	

1) The profit after tax in relation to average equity, calculated as a quarterly average of equity at 1 January and end quarterly equity. The Bank's hybrid tier 1 capital issued are classified as equity in the financial statements.

However, when calculating the return on equity, hybrid tier 1 capital is treated as a liability and the associated interest costs are adjusted for in the result.

2) Total costs as a percentage of total net income

3) Average assets are calculated as average assets each quarter and at 01.01. and 31.12.

4) Deposits from customers as a percentage of gross lending

5) Deposits from customers in percentage of total lending incl. intermediary loans

Note 1 – Accounting policies

The Group's financial statements for 2020 have been prepared in accordance with International Financial Reporting Standards (IFRS) approved by the EU, including IAS 34 – Interim Financial Reporting. The quarterly accounts do not include all information required in full annual accounts, and should be read in conjunction with the annual accounts for 2019.

There are no standards or interpretations that have not entered into force that are expected to have a significant impact on the Group's accounts.

The financial statements have not been audited.

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 in last year's annual financial statements provides a fuller explanation of the items subject to important estimates and judgements.

As also stated in Note 7, SpareBank 1 Nord-Norge uses a model for calculating expected credit losses based on IFRS 9. Expected credit loss is calculated on a monthly basis based on an objective and probability-weighted analysis of alternative outcomes, where account is also taken of the time value of the expected cash flows. The analysis is based on relevant information available at the time of reporting and builds on macroeconomic scenarios in order to take account of non-linear aspects of expected loss. The different scenarios are used to adjust relevant parameters for calculating expected loss and a probability-weighted average of expected credit loss according to the respective scenarios is recognised as a loss. Individual assessments of commitments subject to these are based on expected future cash flows. In the calculations as at 31.12.19, no factors related to the outbreak of the coronavirus pandemic in 2020 had been taken into account.

Assumptions:

The Bank uses weighted scenarios to calculate expected credit loss.

The various macroeconomic scenarios for the base case scenario (current macroeconomic situation), stress case scenario (significant economic downturn) and strong economic expansion scenario are reviewed on an ongoing basis and a committee assesses factors such as global and national PMI, projected path of interest rates, national and regional unemployment, capacity utilisation and national and local developments in property prices.

The scenarios are run over a period of 5 years, where during the period one returns to the starting point in year five.

As at 31.12.19, the Bank considered the macroeconomic outlook to be good, although there was some uncertainty about the current interest rate peak, flattening growth in Northern Norway, and a stabilised housing market. The committee considered the situation to be a cyclical peak since there were several indications of flattening. Given this, the base case scenario was given the greatest weight (81 per cent), the stress scenario the second greatest (19 per cent), and the strong economic expansion scenario the least (0 per cent).

As at 31.03.20, based on the uncertainty associated with the coronavirus situation, higher unemployment (furloughs), and low oil prices, adjustments were made to the weighting between the two scenarios for the base case and stress case, where the weighting of the base case was significantly reduced (70 per cent) with a corresponding increase in the stress scenario (30 per cent). The committee monitored these developments very closely in 2Q and 3Q and decided not to make any further adjustments to the macro scenarios' weightings as at 30.09.20.

The Bank uses different factors for PD and LGD to estimate developments in the portfolio within the different scenarios. SpareBank 1 Nord-Norge has its own models that score customers based on probability of default. Both within the retail market and the corporate market, PD and LGD are adjusted in line with how the different scenarios are expected to affect these factors. In the stress case scenario, the factors increase significantly, while in the strong economic expansion scenario they are moderately reduced.

In-depth analyses of these have been conducted for the entire loan portfolio as at 31.03.20, 30.06.20 and 30.09.20 in relation to the assumptions used at the start of the year. Particular attention has been paid to some exposed industries in our market area (including tourism, transport, fisheries and real estate). However, the analyses have not found that changes have to be made to PD and LGD factors in the ECL model as at 30.09.20.

Industries and the development of individual customers will also be monitored closely through so-called watchlists at a customer commitment level, as well as by flagging customers with forbearance (payment relief).

As at 30.06.20, all tourism-related commitments of more than MNOK 10 were placed on watchlists and manually transferred from Stage 1 to Stage 2. This amounted to MNOK 53 in increased loss provisions.

In 3Q, all tourism-related commitments of less than MNOK 10 were placed on watchlists and manually transferred from Stage 1 to Stage 2.

As at 30.09.20, SpareBank 1 Nord-Norge has granted general interest-only instalment holidays for loans of up to six months both to retail customers and customers in the corporate market that have been affected by the coronavirus situation. Many of the interest-only instalment holidays were granted in March and April and such holidays are currently not automatically considered forbearance in the ECL calculation, given that there are no other factors that indicate that the credit risk has significantly increased (SICR). Customers that require interest-only instalment holidays of longer than six months undergo special assessment and if the result is that payment problems may be expected, these are regarded as exposures with payment relief, with the appropriate transfer from Stage 1 to

Stage 2. There was a moderate increase in the proportion of customers afforded payment relief in 3Q.

On 31.03.20, the Parent Bank carried out a MNOK 50 post model adjustment (PMA). This provision had increased to MNOK 78 as at 30.09.20 due to changes to the model parameters and changes to previously manually flagged commitments on a watchlist.

At the end of September 2020, the Bank has paid out about MNOK 310 in government guaranteed liquidity loans to its customers. These were also included in the ECL assessment at the end of 3Q 2020.

Percentage of provisions in the various stages:

Parent bank	31.12.2019	31.03.2020	30.06.2020	30.09.2020
Stage 1	44 %	54 %	46 %	53 %
Stage 2	29 %	24 %	33 %	28 %
Stage 3	27 %	22 %	21 %	19 %
Total	100 %	100 %	100 %	100 %

Group	31.12.2019	31.03.2020	30.06.2020	30.09.2020
Stage 1	42 %	50 %	44 %	48 %
Stage 2	29 %	25 %	33 %	30 %
Stage 3	29 %	25 %	23 %	22 %
Total	100 %	100 %	100 %	100 %

Changes to the different factors PD, LGD and the weighting of the macroeconomic scenarios affect the outcomes for expected loss.

A sensitivity analysis for the Parent Bank is provided below, based on figures as at 01.01.20, and shows how much expected credit loss increases as a result of percentage changes to the factors:

Factor	PD factor	LGD factor	Macroecon. stress
	+10%	+10%	+10%
RM	4.6%	8.6%	3.0%
CM	6.3%	6.6%	3.1%
TOTAL	5.9%	7.1%	3.1%

A stress case scenario weighting of 100 per cent will increase expected credit loss by 118.7 per cent for retail customers, 122.8 per cent for corporate customers, and 121.9 per cent in total.

In the event of a negative migration of 10 per cent of the loan portfolio from Stage 1 to Stage 2, the Group's expected credit loss will increase by a total of 38.6 per cent.

The losses in the above stress tests will still be at a manageable level.

Notes 3 – Changes to group structure

There were no changes to the Group's structure in 3Q 2020.

Note 4 - Business Areas

Pursuant to IFRS 8, SpareBank 1 Nord-Norge has the following operating segments: retail market, corporate market, leasing and Markets.

The segments correspond with the executive management team's internal reporting structure. In SpareBank 1 Nord-Norge, the executive management team is responsible for evaluating and following up the segments' results and is defined as the chief operating decision maker in the sense used in IFRS 8.

The recognition and measurement principles in the Bank's segment reporting are based on accounting policies that comply with IFRS, as set out in the consolidated financial statements. Any transactions between the segments are carried out at arm's length.

The item "unallocated" contains activities that cannot be allocated to the segments. The Bank operates in a limited geographic area and reporting geographical information provides little additional information. Nonetheless, important assets classes (loans) are distributed geographically in a separate note 8 in Annual report.

Group	30.09.20									
	(Amounts in NOK million)									
	Retail banking	SMB banking	Corporate banking	Markets	SpareBank 1 Regnskaps-huset Nord-Norge	Eiendoms-Megler 1 Nord-Norge	SpareBank 1 Finans Nord-Norge	Unspecified/ Eliminations	Total	
Net interest income	700	380	169	5	0	1	217	97	1 570	
Net fee- and other operating income	545	70	16	9	165	176	5	- 35	951	
Net income from financial investments	5	11	19	53	0	0	0	493	581	
Total costs	709	104	14	33	134	142	81	- 23	1 194	
Result before losses	541	358	190	35	31	34	141	578	1 908	
Losses	7	54	85	0	0	0	37	76	259	
Result before tax	534	304	105	35	31	34	104	502	1 649	
Total lending	42 634	16 689	13 299	0	0	0	7 034	10 948	90 604	
Loss provision	- 72	- 209	- 164	0	0	0	- 115	- 132	- 692	
Other assets	0	3 089	0	0	249	117	87	25 567	29 109	
Total assets per business area	42 562	19 568	13 135	0	249	117	7 006	36 384	119 021	
Deposits from customers	40 364	19 568	5 022	0	0	0	0	6 733	71 687	
Other liabilities and equity capital	2 198	0	8 113	0	249	117	7 006	29 651	47 334	
Total equity and liabilities per business area	42 562	19 568	13 135	0	249	117	7 006	36 384	119 021	
	30.09.19									
Net interest income	713	339	162	7	- 1	0	208	90	1 519	
Net fee- and other operating income	512	61	13	13	146	154	5	- 66	838	
Net income from financial investments	4	2	3	24	0	0	0	895	927	
Total costs	727	95	16	26	116	138	82	- 62	1 138	
Result before losses	502	307	162	17	30	16	131	981	2 146	
Losses	3	23	- 24	0	0	0	17	- 5	13	
Result before tax	499	284	186	17	30	16	115	986	2 133	
Total lending	42 233	14 735	11 727	0	0	0	6 613	11 088	86 395	
Loss provision	- 68	- 210	- 119	0	0	0	- 88	- 11	- 496	
Other assets	0	5 603	0	0	189	112	57	17 520	23 481	
Total assets per business area	42 165	20 128	11 608	0	189	112	6 582	28 596	109 380	
Deposits from customers	36 866	20 128	2 639	0	0	0	0	5 624	65 257	
Other liabilities and equity capital	5 299	0	8 969	0	189	112	6 582	22 972	44 123	
Total equity and liabilities per business area	42 165	20 128	11 608	0	189	112	6 582	28 596	109 380	

Note 5 - Capital Adequacy

Capital adequacy is calculated and reported in accordance with the EU's capital requirements regulations for banks and investment firms (CRD IV/CRR).

In January 2007, SpareBank 1 Nord-Norge was authorised to use IRB models to calculate capital requirements for credit risk. In February 2015, the Bank was also authorised to use the advanced IRB method for the corporate portfolio. The use of IRB places great demands on the Bank's organisation, competence, risk models and risk management systems.

Regulatory capital requirements

At the end of 30.09.20, the regulatory minimum requirement for the core Tier 1 capital ratio was 12.5 per cent. This included the minimum requirement of 4.5 per cent, the total buffer requirement of 6.5 per cent, and the Pillar 2 requirement of 1.5 per cent.

Capital target

SpareBank 1 Nord-Norge aims to maintain incontestable financial strength and satisfy the regulatory minimum requirements for capital adequacy at all times. The Group has a target core Tier 1 capital ratio of 1.0 percentage point above the regulatory minimum requirement, which results in a target core Tier 1 capital ratio of at least 13.5 per cent.

Treatment of associated companies and joint ventures

The Group uses proportional consolidation for its capital adequacy reporting for the stakes in SpareBank 1 Boligkreditt, SpareBank 1 Næringskreditt, SpareBank 1 Kreditt and BN Bank. The stake in SpareBank 1 Betaling was deducted in its entirety from the core Tier 1 capital. This accounting treatment is in line with the Ministry of Finance's decision (June 2018). The book value of the stake in SpareBank 1 Gruppen is deducted from core Tier 1 capital pursuant to the applicable capital adequacy regulations.

Changes to the capital adequacy regulations

The EU capital adequacy regulations came into force in the EEA Agreement on 31 December 2019. From this point onwards, CRR/CRD IV were fully implemented in Norway. This involved, among other things, the disappearance of the "Basel I floor" and the implementation of the "SME discount". The former results in more risk-sensitive capital requirements. The latter entails lower capital requirements for loans to small and medium-sized enterprises.

As a consequence of the full implementation of CRR/CRD IV from 31 December 2019, the Ministry of Finance published changes to the banks' capital requirements in December 2019. The changes can be summarised as follows (not exhaustive):

- System risk buffer increases from 3 per cent to 4.5 per cent. For SpareBank 1 Nord-Norge, and other AIRB banks, the increase will apply from 31 December 2020. For other banks, the increase will apply from 31 December 2022.
- Risk weighting floor (20 per cent) for loans with collateral in residential property. The change will apply from 31 December 2020.
- Risk weighting floor (35 per cent) for loans with collateral in commercial property. The change will apply from 31 December 2020.

In December 2018, the Ministry of Finance decided that the countercyclical buffer requirement would increase from 2 per cent to 2.5 per cent with effect from 31 December 2019. On 12.03.20, the Financial Supervisory Authority of Norway advised the Ministry of Finance to keep the countercyclical capital buffer unchanged for 1Q 2020. However, the Ministry of Finance decided instead to follow the advice of Norges Bank and lower the countercyclical buffer requirement for banks to 1.0 per cent. Norges Bank does not expect to advise increasing the buffer requirement again until 1Q 2021 at the earliest, and in these circumstances the increased buffer requirement would normally not have to be implemented until 1Q 2022.

Parent Bank			Group		
(Amounts in NOK million)					
31.12.19	30.09.19	30.09.20	30.09.20	30.09.19	31.12.19
1 807	1 807	1 807 Equity certificates	1 807	1 807	1 807
843	843	843 Premium reserve	843	843	843
3 035	1 789	2 620 Equalisation reserve	2 620	1 789	3 035
5 990	5 014	5 975 Savings bank's reserve	5 975	5 014	5 990
585	120	120 Endowment fund	120	120	585
42	42	42 Deduction Fund for unrealised gains available for sale	42	42	42
- 17	30	- 8 Other equity	1 109	1 766	1 090
780	780	780 Hybrid capital	780	780	780
13 065	12 881	13 295 Total equity	14 664	13 974	14 172
0	- 1 228	- 558 Period result	- 685	- 907	0
- 780	- 780	- 780 Hybrid capital	- 780	- 780	- 780
Additional Tier 1 Capital (AT 1 Capital)					
- 866	0	0 Deduction for allocated dividends	0	0	- 866
0	0	0 Adjusted Tier 1 Capital from consolidated financial institutions	- 43	- 67	- 38
0	0	0 Deduction for intangible assets	- 132	- 110	- 134
- 29	- 28	- 33 Adjustments to CET 1 due to prudential filters	- 25	- 34	- 32
- 122	- 144	- 122 Deduction defined benefit pension fund assets gross amounts	- 134	- 154	- 134
- 109	- 62	0 IRB shortfall of credit risk adjustments to expected losses	0	- 99	- 128
0	0	0 CET1 instruments of financial sector entities where the institution has significant investment	- 817	- 460	- 443
- 156	- 156	- 157 CET1 instruments of financial sector entities where the institution does not have significant investment	- 143	- 149	- 145
11 003	10 483	11 645 Common equity Tier 1 Capital (CET 1 Capital)	11 905	11 215	11 472
780	780	780 Hybrid Tier 1 capital bonds	976	1 014	1 024
11 783	11 263	12 425 Additional Tier 1 Capital (AT 1 Capital)	12 881	12 229	12 496
Tier 2 Capital (T2 Capital)					
1 050	1 050	1 050 Nonperpetual subordinated capital	1 366	1 377	1 366
0	0	129 Expected losses on IRB, net of writedowns	100	0	0
- 136	- 136	- 135 Deduction for subordinated capital in other financial institutions with a significant investment	- 134	- 136	- 136
914	914	1 044 Tier 2 Capital (T2 Capital)	1 332	1 241	1 230
12 697	12 177	13 469 Total eligible capital	14 213	13 470	13 726
Minimum requirements subordinated capital, Basel I I					
1 050	1 037	1 141 Specialised lending exposure	1 194	1 087	1 104
59	61	55 Other corporations exposure	58	64	62
410	416	442 SME exposure	455	428	423
1 205	1 177	1 153 Property retail mortgage exposure	1 637	1 621	1 681
66	66	64 Other retail exposure	67	68	68
506	478	520 Equity investments	0	0	0
3 296	3 235	3 374 Total credit risk	3 411	3 268	3 338
803	752	896 Credit risk standardised approach	1 492	1 365	1 392
6	8	8 Debt risk	8	7	6
8	8	0 Equity risk	0	8	8
429	397	429 Operational risk	504	462	504
14	19	22 Credit Value Adjustment	123	91	81
0	0	0 Transitional arrangements	0	597	0
4 556	4 418	4 729 Minimum requirements subordinated capital	5 539	5 799	5 329
56 949	55 226	59 111 RWA (Risk weighted assets)	69 233	72 492	66 609
Total regulatory Capital					
22,3 %	22,0 %	22,8 % Total regulatory Capital	20,5 %	18,6 %	20,6 %
20,7 %	20,4 %	21,0 % Tier 1 Capital	18,6 %	16,9 %	18,8 %
1,6 %	1,7 %	1,8 % Tier 2 Capital	1,9 %	1,7 %	1,8 %
19,3 %	19,0 %	19,7 % Common Tier I Capital	17,2 %	15,5 %	17,2 %
10,4 %	10,1 %	10,4 % Leverage Ratio	7,5 %	7,7 %	7,7 %

Note 6 Loans

Loans at fair value

Mortgages to customers for sale, housing credit company

Mortgages to be sold to mortgage credit companies over the next 12 months are valued at the agreed value at which these loans are to be assigned.

Fixed-rate loans

Actual value is determined by the loans' actual cash flows discounted by a discounting factor based on the swap rate, with the addition of a margin requirement. The margin requirement includes credit markup, administrative markup, anticipated loss, and a liquidity premium. The bank considers on a continual basis changes in observable market rates that can affect the value of these loans. There is also a continuous assessment of possible differences between discount rates and observable market rates for similar loans. The Bank makes appropriate adjustments to the discount rate, if this difference becomes significant. No adjustments have been made to the discount rate as at 30.09.20. Value changes on loans are included in full in the result of the line - net value changes on financial assets. The sensitivity to discounting as at 30.09.20 would impact the result by approximately MNOK -19 per +10 basis points of change in the discount rate.

Loans at amortised cost

For all loans at amortised cost there has been calculated expected losses and provisions according to IFRS 9. Please also see note 7.

Parent Bank			Group			
(Amounts in NOK million)						
31.12.19	30.09.19	30.09.20	Loans broken down by method of measurement	30.09.20	30.09.19	31.12.19
Loans at fair value through profit and loss						
8 570	8 180	7 837	Loans to customers at fixed interest rates	7 851	8 202	8 591
4 137	4 695	3 556	Mortgages to customers for sale, housing credit company	3 556	4 695	4 137
12 707	12 875	11 393	Total loans at fair value through profit and loss	11 407	12 897	12 728
Loans at amortised cost						
72 403	71 865	77 688	Other loans	79 196	73 498	74 043
72 403	71 865	77 688	Total loans at amortised cost	79 196	73 498	74 043
85 110	84 740	89 081	Total gross loans	90 604	86 395	86 771
Commission loans						
35 625	34 306	36 900	Loans transferred to SpareBank1 Boligkreditt	36 900	34 306	35 625
417	418	412	Loans transferred to SpareBank1 Næringskreditt	412	418	416
36 042	34 724	37 312	Total intermediary loans	37 312	34 724	36 041
121 152	119 464	126 393	Total gross loans included intermediary loans	127 916	121 119	122 812
Provision for credit losses - reduction in assets						
- 166	- 150	- 287	Provision for credit losses - stage 1	- 316	- 174	- 189
- 116	- 135	- 162	Provision for credit losses - stage 2	- 207	- 162	- 142
- 116	- 163	- 129	Provision for credit losses - stage 3	- 169	- 160	- 151
84 712	84 292	88 503	Net loans	89 911	85 899	86 289

Loans broken down by sector/industry

Total commitment is defined as the sum of net lending, guarantee exposure, unused credit and accrued interest. Expected losses are calculated in Stages 1, 2 and 3 only for financial assets at amortised cost. The Bank has both gross lending and financial liabilities measured at amortised cost, where expected losses are calculated according to IFRS 9.

In order to calculate the expected credit losses according to IFRS 9, the loans must first be categorized into one of three stages:

1. Not significantly higher credit risk than on granting.
2. Substantial increase in credit risk since granting, but no objective proof of losses.
3. Substantial increase in credit risk since granting, and objective proof of losses.

Parent Bank 30.09.20

(Amounts in NOK million)

Loans broken down by sector/industry	Total commitments to amortised cost	Ledning provision Stage 1	Lending provision Stage 2	Lending provision Stage 3	Lending at fair value	Net loans
Real estate	14.109	-181	-55	-34	42	13.881
Financial and insurance activities	8.883	-18	-2	0	0	8.863
Fishing and aquaculture	6.736	-23	-11	-1	30	6.731
Manufacturing	1.596	-8	-25	-29	13	1.547
Agriculture and forestry	1.186	-1	-2	-12	38	1.209
Power and water supply and construction	2.010	-7	-4	-10	28	2.017
Government	166	0	0	0	0	166
Service industries	1.611	-7	-7	-6	63	1.654
Transportation	2.374	-5	-13	-4	39	2.391
Commodity trade, hotel and restaurant industry	1.762	-9	-14	-10	21	1.750
Corporate market	40.432	-261	-132	-106	275	40.208
Retail market	37.256	-26	-30	-23	11.118	48.295
Loans and advances to customers	77.688	-287	-162	-129	11.393	88.503

Financial commitments broken down by sector/industry	Financial commitments to amortised cost	Ledning provision classified as debt Stage 1	Lending provision classified as debt Stage 2	Lending provision classified as debt Stage 3	Total lending provision classified as debt
Real estate	1.678	-37	-5	0	-42
Financial and insurance activities	300	-2	0	0	-2
Fishing and aquaculture	1.242	-9	0	0	-9
Manufacturing	728	-2	-5	0	-7
Agriculture and forestry	94	0	0	0	0
Power and water supply and construction	778	-2	-4	0	-6
Government	305	0	0	0	0
Service industries	613	-1	-3	0	-4
Transportation	752	-1	-1	0	-2
Commodity trade, hotel and restaurant industry	549	-2	-2	0	-4
Corporate market	7.039	-56	-20	0	-76
Retail market	1.706	0	0	0	0
Loans and advances to customers	8.745	-56	-20	0	-76

Group 30.09.20

(Amounts in NOK million)

Loans broken down by sector/industry	Total commitments to amortised cost	Ledning provision Stage 1	Lending provision Stage 2	Lending provision Stage 3	Lending at fair value	Net loans
Real estate	14.193	-182	-56	-34	42	13.963
Financial and insurance activities	3.348	-18	-2	0	0	3.328
Fishing and aquaculture	7.314	-28	-14	-1	30	7.301
Manufacturing	1.997	-11	-31	-30	13	1.938
Agriculture and forestry	1.312	-2	-4	-13	38	1.331
Power and water supply and construction	2.878	-10	-11	-15	28	2.871
Government	184	0	0	0	0	184
Service industries	2.105	-9	-9	-11	63	2.139
Transportation	3.253	-9	-22	-5	54	3.271
Commodity trade, hotel and restaurant industry	2.219	-15	-17	-13	21	2.195
Corporate market	38.801	-284	-166	-122	290	38.518
Retail market	40.395	-32	-41	-47	11.118	51.393
Loans and advances to customers	79.196	-316	-207	-169	11.408	89.911

Financial commitments broken down by sector/industry	Financial commitments to amortised cost	Ledning provision classified as debt Stage 1	Lending provision classified as debt Stage 2	Lending provision classified as debt Stage 3	Total lending provision classified as debt
Real estate	1.639	-37	-5	0	-42
Financial and insurance activities	100	-2	0	0	-2
Fishing and aquaculture	1.306	-9	0	0	-9
Manufacturing	833	-2	-5	0	-7
Agriculture and forestry	97	0	0	0	0
Power and water supply and construction	826	-2	-4	0	-6
Government	305	0	0	0	0
Service industries	733	-1	-3	0	-4
Transportation	894	-1	-1	0	-2
Commodity trade, hotel and restaurant industry	780	-2	-2	0	-4
Corporate market	7.514	-56	-20	0	-76
Retail market	1.748	0	0	0	0
Loans and advances to customers	9.262	-56	-20	0	-76

Loans broken down by sector/industry

Parent Bank 31.12.19

(Amounts in NOK million)

Loans broken down by sector/industry	Total commitments to amortised cost	Ledning provision Stage 1	Lending provision Stage 2	Lending provision Stage 3	Lending at fair value	Net loans
Real estate	13.189	-83	-35	-21	97	13.148
Financial and insurance activities	8.014	-13	-1	0	2	8.002
Fishing and aquaculture	4.921	-16	-4	0	73	4.973
Manufacturing	1.737	-8	-18	-33	11	1.689
Agriculture and forestry	1.255	-1	-2	-14	0	1.238
Power and water supply and construction	2.292	-7	-7	-11	47	2.314
Government	264	0	0	0	0	264
Service industries	1.455	-4	-7	-5	86	1.526
Transportation	2.311	-6	-7	-2	24	2.320
Commodity trade, hotel and restaurant industry	1.598	-10	-6	-6	17	1.593
Corporate market	37.038	-147	-87	-92	355	37.067
Retail market	35.365	-19	-29	-24	12.352	47.645
Loans and advances to customers	72.403	-166	-116	-116	12.707	84.712

Financial commitments broken down by sector/industry	Financial commitments to amortised cost	Ledning provision classified as debt Stage 1	Lending provision classified as debt Stage 2	Lending provision classified as debt Stage 3	Total lending provision classified as debt
Real estate	1.041	-17	0	0	-17
Financial and insurance activities	491	-2	0	0	-2
Fishing and aquaculture	565	-1	0	0	-1
Manufacturing	593	-2	-1	0	-3
Agriculture and forestry	99	0	0	0	0
Power and water supply and construction	625	-2	-6	0	-7
Government	252	0	0	0	0
Service industries	615	-2	-1	0	-3
Transportation	701	0	-1	0	-1
Commodity trade, hotel and restaurant industry	467	-2	-1	0	-3
Corporate market	5.449	-26	-10	0	-37
Retail market	1.946	0	0	-1	-1
Loans and advances to customers	7.395	-27	-10	-1	-38

Group 31.12.19

(Amounts in NOK million)

Loans broken down by sector/industry	Total commitments to amortised cost	Ledning provision Stage 1	Lending provision Stage 2	Lending provision Stage 3	Lending at fair value	Net loans
Real estate	13.238	-84	-36	-20	97	13.195
Financial and insurance activities	3.104	-13	-1	0	2	3.092
Fishing and aquaculture	5.456	-20	-5	0	73	5.503
Manufacturing	2.027	-10	-21	-33	11	1.974
Agriculture and forestry	1.400	-2	-2	-15	0	1.381
Power and water supply and construction	3.017	-7	-11	-19	47	3.027
Government	281	0	0	0	0	281
Service industries	1.985	-8	-8	-6	107	2.070
Transportation	3.264	-7	-10	-5	24	3.266
Commodity trade, hotel and restaurant industry	1.959	-13	-7	-6	17	1.950
Corporate market	35.733	-164	-102	-105	376	35.738
Retail market	38.310	-25	-40	-46	12352	50.551
Loans and advances to customers	74.043	-189	-142	-151	12728	86.289

Financial commitments broken down by sector/industry	Financial commitments to amortised cost	Ledning provision classified as debt Stage 1	Lending provision classified as debt Stage 2	Lending provision classified as debt Stage 3	Total lending provision classified as debt
Real estate	1.035	-17	0	0	-17
Financial and insurance activities	195	-2	0	0	-2
Fishing and aquaculture	571	-1	0	0	-1
Manufacturing	691	-2	-1	0	-3
Agriculture and forestry	101	0	0	0	0
Power and water supply and construction	640	-2	-6	0	-7
Government	252	0	0	0	0
Service industries	623	-2	-1	0	-3
Transportation	728	0	-1	0	-1
Commodity trade, hotel and restaurant industry	560	-2	-1	0	-3
Corporate market	5.396	-26	-10	0	-37
Retail market	1.958	0	0	-1	-1
Loans and advances to customers	7.354	-27	-10	-1	-38

In order to calculate the expected credit losses according to IFRS 9, the loans must first be categorized into one of three stages

1. Not significantly higher credit risk than on granting.
2. Substantial increase in credit risk since granting, but no objective proof of losses.
3. Substantial increase in credit risk since granting, and objective proof of losses.

Total loan commitments broken down by stage of the credit risk assessment at 30.09.20

Parent Bank				Group				
(Amounts in NOK million)								
Stage 1	Stage 2	Stage 3	Total	Total	Stage 3	Stage 2	Stage 1	
74 827	4 628	343	79 798	Total loan commitments to amortised cost 01.01.20	81 397	352	5 527	75 518
				Changes in the period due to loans migrated between the stages:				
1020	-1 013	-7	0	to (-from) stage 1	0	-9	-1 232	1 241
-3 105	3 117	-12	0	to (-from) stage 2	0	-25	3 662	-3 637
-53	-71	124	0	to (-from) stage 3	0	173	-104	-69
-4 478	-395	-12	-4 885	Net increase/(decrease) balance existing loans	-5 652	-22	-532	-5 098
28 668	1 055	29	29 752	Originated or purchased during the period	31 833	69	1 303	30 461
-17 977	-147	-108	-18 232	Loans that have been derecognised	-19 120	-70	-497	-18 553
78 902	7 174	357	86 433	Total loan commitments to amortised cost	88 458	468	8 127	79 863
				Loans at fair value through profit and loss	11 407	-37	-33	0
78 902	7 174	357	97 826	Total loan commitments as at 30.09.20	99 865	468	8 127	79 863
-7 297	-1 432	-16	-8 745	Off-balance sheet	-9 262	-16	-1 417	-7 829
71 605	5 742	341	89 081	Gross loans	90 603	452	6 710	72 034
-287	-162	-129	-578	Provision for credit losses - reduction in assets	-692	-169	-207	-316
71 318	5 580	212	88 503	Net loans	89 911	283	6 503	71 718

Explanation of the table:

- * The conditions for migrating between the stages and a specification of IFRS 9 are set out in note 7. Customers who experience significant changes in credit risk will migrate between the stages.
- * Net new measurement of losses: Account numbers of customers who are in the same category closing balance and opening balance and who experience an increase in ECL
- * Net new measurement of losses: Account numbers of customers who are in the same category closing balance and opening balance and who experience a decrease in ECL.
- * Newly issued or purchased financial assets: Account numbers of customers that are only found in the closing balance in the ECL model.
- * Financial assets that have been derecognised: Account numbers of customers that are only found in the opening balance in the ECL model

Total loan commitments broken down by stage of the credit risk assessment at 31.12.19

Parent Bank				Group				
Stage 1	Stage 2	Stage 3	Total	Total	Stage 3	Stage 2	Stage 1	
72 095	5 191	383	77 669	Total loan commitments to amortised cost 01.01.19	78 852	432	5 759	72 661
				Changes in the period due to loans migrated between the stages:				
1 832	-1 811	-21	0	to (-from) stage 1	0	-21	-1 878	1 899
-2 307	2 319	-12	0	to (-from) stage 2	0	-15	2 472	-2 457
-49	-59	108	0	to (-from) stage 3	0	131	-71	-59
-7 432	-289	6	-7 715	Net increase/(decrease) balance existing loans	-8 064	-49	-321	-7 694
34 503	792	59	35 354	Originated or purchased during the period	39 800	82	1 439	38 279
-23 815	-1 515	-180	-25 510	Loans that have been derecognised	-29 191	-207	-1 873	-27 111
74 827	4 628	343	79 798	Total loan commitments to amortised cost	81 397	352	5 527	75 518
				Loans at fair value through profit and loss	12 707			12 728
74 827	4 628	343	92 505	Total loan commitments as at 31.12.19	94 125	352	5 527	75 518
-6 540	-528	-19	-7 395	Off-balance sheet	-7 354	-12	-528	-6 506
68 287	4 100	324	85 110	Gross loans	86 771	340	4 999	69 012
-166	-116	-116	-398	Provision for credit losses - reduction in assets	-482	-151	-142	-189
68 121	3 984	208	84 712	Net loans	86 289	189	4 857	68 823

Note 7 - Loss provision

The general rule of IFRS 9 is that the loss provision should be calculated as expected credit losses (ECL) over the next 12 months, or as expected credit losses over the entire lifetime of the asset. In order to calculate the expected credit losses according to this, the asset must first be categorized into one of three stages:

1. Not significantly higher credit risk than on granting.
2. Substantial increase in credit risk since granting, but no objective proof of losses.
3. Substantial increase in credit risk since granting, and objective proof of losses.

In stage 1, provision for losses is the expected loss for the next 12 months.

In stages 2 and 3, provisions for losses are expected loss over the asset's lifetime.

SpareBank 1 Nord-Norge uses a loss model developed in collaboration with the other banks in SpareBank 1-alliansen to calculate expected credit loss (ECL). The loss model is based on the Bank's credit models (IRB), including estimates for PD, LGD and EAD. The model uses PD and other objective events to group the assets into the different bands, while LGD is used to calculate expected loss. Unlike how the credit models are used for capital adequacy purposes, the model for loss provisions is a "point-in-time" model and unbiased at a point in time.

Loss provisions consist of:

Stage 1: This is the default for all financial assets covered by the loss model. All assets whose credit risk has not increased significantly since initial recognition will be allocated a loss provision equal to 12 months' expected loss. This band contains all financial assets that have not been moved to stage 2 or stage 3.

Stage 2: This band contains all financial assets whose credit risk has increased significantly since initial recognition, but where there is no objective indication of default or loss. The expected loss here is calculated over the lifetime of the loan. The Group defines a significant increase in credit risk as the commitment's calculated probability of default (PD) having increased. Both absolute and relative changes in PD are used as criteria to move a commitment to stage 2. The most important factor for a significant change in credit risk is a quantitative change in PD on the balance sheet date compared with PD upon initial recognition. The threshold for a significant change in PD has been set at 150 per cent. The PD must also be higher than 0.60 per cent. Commitments where payments are more than 30 days late will always be moved to stage 2. A qualitative assessment is also made of whether the asset has experienced a significant change in credit risk if it is placed under special monitoring or more lenient payment terms are granted.

Stage 3: This stage contains all financial assets whose credit risk has increased significantly since being granted, but where there is objective evidence of default on the balance sheet date. The expected loss over the loan's term is calculated. This stage includes financial assets that were defined as in default and commitments with write-downs for impaired value pursuant to the previous rules (IAS 39).

An asset is moved from stage 2 to stage 1 when:

- The customer's risk has improved meaning that the increase in credit risk since granting is no longer significant.
- The customer is removed from "special monitoring".
- The commitment is restructured with terms and conditions that take account of the factors that caused the customer to be placed under "special monitoring".

An asset is moved from stage 3 to stage 2 when:

- There is no longer objective evidence of default or loss, but the increase in credit risk since granting remains significant.

An asset is moved from band 3 to band 1 when:

- There is no longer objective evidence of default or loss and the increase in credit risk since granting is no longer significant.

Changes in lending loss provisions

(Amounts in NOK million)

Parent Bank			Loans at amortised cost		Group			
Stage 1	Stage 2	Stage 3	Total	Changes in lending loss provisions	Total	Stage 3	Stage 2	Stage 1
-193	-126	-117	-436	Loss provisions at 01.01.20	-520	-152	-152	-216
			-398	Of which presented as a reduction of the assets	-482			
			-38	Of which presented as other debt	-38			
				Changes in the period due to loans migrated between the stages:				
-23	22	1	0	to (-from) stage 1	0	1	27	-28
19	-20	1	0	to (-from) stage 2	0	4	-27	23
0	3	-3	0	to (-from) stage 3	0	-4	4	0
-83	-67	-18	-168	Net increase/decrease existing loans	-186	-27	-79	-80
-104	-22	-4	-130	New issued or purchased loan	-153	-4	-35	-114
41	28	11	80	Loans that have been derecognised	91	13	35	43
-343	-182	-129	-654	Total loss provisions at 30.09.20	-768	-169	-227	-372
				Loss provisions allocated to markets				
-26	-30	-23	-79	Retail market	-120	-47	-41	-32
-317	-152	-106	-575	Corporate market	-648	-122	-186	-340
-343	-182	-129	-654	Total loss provisions at 30.09.20	-768	-169	-227	-372
			-578	Of which presented as a reduction of the assets	-692			
			-76	Of which presented as other debt	-76			

Explanation of the table:

- * The changes during the period as a result of migration: transfer between the stages due to a significant change in credit risk.
- * Net increase/decrease in balance: Changes in the expected credit loss, changes in model assumptions, effects of repayments, ascertainment and other changes that affect the balance.
- * Newly issued or purchased financial assets: Account numbers of customers that are only found in the closing balance in the ECL model.
- * Financial assets that have been derecognised: Account numbers of customers that are only found in the opening balance in the ECL model.
- * Provisions for losses also include expected losses on assets not posted to the balance sheet, including guarantees and untapped credit limits, but not loan commitments.

Parent Bank				Loans at amortised cost				Group			
(Amounts in NOK million)											
Stage 1	Stage 2	Stage 3	Total	Changes in lending loss provisions				Total	Stage 3	Stage 2	Stage 1
-188	-149	-168	-505	Loss provisions at 01.01.19				-546	-166	-172	-208
			-470	Of which presented as a reduction of the assets				-511			
			-35	Of which presented as other debt				-35			
Changes in the period due to loans migrated between the stages:											
-57	56	1	0	to (-from) stage 1				0	1	57	-58
11	-14	3	0	to (-from) stage 2				0	3	-15	12
0	1	-1	0	to (-from) stage 3				0	-2	2	0
83	-40	31	74	Net increase/decrease existing loans				36	-1	-43	80
-92	-12	-3	-107	New issued or purchased loan				-144	-23	-29	-92
50	32	20	102	Loans that have been derecognised				134	36	48	50
-193	-126	-117	-436	Total loss provisions at 31.12.19				-520	-152	-152	-216
Loss provisions allocated to markets											
-20	-26	-27	-73	Retail market				-112	-48	-39	-25
-173	-100	-90	-363	Corporate market				-408	-104	-113	-191
-193	-126	-117	-436	Total loss provisions at 31.12.19				-520	-152	-152	-216
			-398	Of which presented as a reduction of the assets				-482			
			-38	Of which presented as other debt				-38			

Note 8 - Losses

Losses incorporated in the accounts

Parent Bank

(Amounts in NOK million)

31.12.19	30.09.19	30.09.20		30.09.20	30.09.19	31.12.19
- 64	- 19	219	Period's change in lending provisions	249	- 10	- 59
71	24	11	Period's confirmed losses	18	35	85
- 9	- 6	- 8	Recoveries, previously confirmed losses	- 8	- 12	- 15
- 2	- 1	222	Total losses on loans	259	13	11

Group

Losses broken down by sector and industry

Parent Bank

(Amounts in NOK million)

31.12.19	30.09.19	30.09.20		30.09.20	30.09.19	31.12.19
12	17	160	Real estate	160	15	10
- 25	- 24	5	Financial and insurance activities	5	- 24	- 25
1	3	25	Fishing and aquaculture	27	5	5
5	4	15	Manufacturing	19	4	5
- 3	- 4	- 1	Agriculture and forestry	0	- 5	- 3
- 2	- 1	- 5	Power and water supply and construction	- 3	- 2	- 3
6	0	- 2	Service industries	2	2	4
- 3	- 2	8	Transportation	14	5	2
0	1	14	Commodity trade, hotel and restaurant industry	22	3	2
- 9	- 6	219	Total corporate market	246	3	- 3
7	5	3	Total retail market	13	10	14
- 2	- 1	222	Total losses on loans	259	13	11

Group

Note 9 - SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt

SpareBank 1 Nord-Norge has agreements concerning the legal sale of loans with very good collateral and property mortgages to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS. According to the administration contracts concluded with these two alliance companies, the Bank administers the loans and remains responsible for customer contact. The Bank receives remuneration in the form of commissions for the duties that arise from administering the loans. The Bank has assessed the accounting implications and concluded that the material risk and benefits of ownership associated with the sold loans has been transferred. This entails full derecognition. The remuneration received for the loans that have been transferred to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS matches the book value and is assessed to match the loans fair value at the time of transfer.

SpareBank 1 Nord-Norge has, together with the other owners of SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS, signed an agreement on the establishment of liquidity facilities for these companies. This entails an obligation on the part of the banks to buy bonds, limited to the combined value of the amount due in 12 months in these companies. In principle, each owner is liable for its share of the need or alternatively twice the primary responsibility under the same agreement. The bonds can be deposited in Norges Bank and thus result in no material increase in risk for the Bank.

As of 30.09.20 the obligation on a consolidated level amounts to NOK 26 million for SpareBank 1 Boligkreditt and NOK 2 million for SpareBank 1 Næringskreditt.

For more information about the accounting treatment of the agreements see note 2 and note 13 in the annual financial statements.

Note 10 - 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 activity in the financial markets, and in order to cover and reduce risk relating to customer-related activities. Only hedges associated with the bank's funding activities are defined as fair value hedging pursuant to IFRS 9. Other hedging is defined as ordinary hedge accounting. The Bank does not utilise cash flow hedging.

Fair value hedging transactions	30.09.20	30.09.19	31.12.19
Net loss charged to the statement of comprehensive income in respect of hedging instruments in connection with actual value hedging	- 507	- 246	- 308
Total gain from hedging objects relating to the hedged risk	506	237	286
Total fair value hedging transactions	- 1	- 9	- 22

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

	30.09.20			30.09.19			31.12.19		
	Contract	Fair value		Contract	Fair value		Contract	Fair value	
		Assets	Liabilities		Assets	Liabilities		Assets	Liabilities
Foreign currency instruments									
Foreign exchange financial derivatives (forwards)	1 764	49	- 32	1 324	12	21	1 911	16	16
Currency swaps	22 050	609	- 274	21 953	330	129	21 840	308	294
Currency options									
Total non-standardised contracts	23 813	658	- 306	23 277	342	150	23 751	324	310
Standardised foreign currency contracts (futures)									
Total foreign currency instruments	23 813	658	- 306	23 277	342	150	23 751	324	310
Interest rate instruments									
Interest rate swaps (including cross currency)	37 766	1 405	- 1 335	28 364	738	479	29 869	612	348
Short-term interest rate swaps (FRA)									
Other interest rate contracts	560	92	- 86	375	20	48	375	17	42
Total non-standardised contracts	38 326	1 497	- 1 421	28 739	758	527	30 244	629	390
Standardised interest rate contracts (futures)									
Total interest rate instruments	38 326	1 497	- 1 421	28 739	758	527	30 244	629	390
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)	16 103	514	- 25	18 641	284	67	18 729	158	63
Short-term interest rate swaps (FRA)									
Other interest rate contracts									
Total, non-standardised contracts	16 103	514	- 25	18 641	284	67	18 729	158	63
Standardised interest rate contracts (futures)									
Total interest rate instruments	16 103	514	- 25	18 641	284	67	18 729	158	63
Total interest rate instruments	54 429	2 011	- 1 446	47 380	1 042	594	48 973	787	453
Total foreign currency instruments	23 813	658	- 306	23 277	342	150	23 751	324	310
Total	78 243	2 669	- 1 752	70 657	1 383	744	72 724	1 110	763

Note 11 - 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 30.09.20 the net figures were:

Category/counterpart	Gross amount	Offset amount	Net amount	Net amount to be posted at bankruptcy or default	Net credit exposure
(Amounts in NOK million)	A	B	C=A-B	D	E=C-D
Financial derivatives - assets	21.494	20.795	699	0	699
Financial derivatives - liabilities	32.955	32.361	594	0	594

Note 12 - 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, except in the case of raising external financing, through the Bank's liquidity reserve/buffer, including sale of mortgage loans to SpareBank 1 Boligkreditt.

The Bank proactively manages the Group's liquidity risk on a daily basis. SpareBank 1 Nord-Norge must also comply with the regulatory minimum requirements for prudent liquidity management at all times.

The average remaining term to maturity for the Bank's debt securities in issue was 3,1 years as of 30.09.20.

The short-term liquidity risk measurement, liquidity coverage ratio (LCR), was 152 % as of the end of the quarter.

Note 13 - Net fee-, commission- and other operating income

Parent bank					Group					
(Amounts in mill NOK)										
31.12.19	3Q19	3Q20	30.09.19	30.09.20		30.09.20	30.09.19	3Q20	3Q19	31.12.19
264	67	112	192	233	Provision commission loans	233	192	113	67	264
312	89	74	236	215	Payment facilities	215	236	74	89	312
166	42	47	124	134	Insurance products	134	124	47	42	166
27	7	9	20	24	Guarantee commissions	24	20	9	7	27
					Real estate broking	119	109	49	29	141
36	11	14	27	37	Portfolio commissions	37	27	14	11	36
14	4	4	11	10	Credit commision	10	11	4	4	14
37	8	6	28	17	Other commisions	66	52	23	31	75
856	228	266	638	670	Total commission income	838	771	333	280	1 035
92	26	14	68	44	Commission costs	53	80	14	30	107
764	202	252	570	626	Net fee- and commission income	785	691	319	250	928
					Accounting services	165	146	55	38	187
11	6	1	16	5	Other operating income	1	1	1	2	1
775	208	253	586	631	Net fee- and other operating income	951	838	375	290	1 116
30 %	31 %	37 %	31 %	32 %	Percent of net core earnings	38 %	36 %	43 %	35 %	35 %

Note 14 Expenses

Parent Bank

(Amounts in NOK million)

Group

31.12.19	3Q19	3Q20	30.09.19	30.09.20		30.09.20	30.09.19	3Q20	3Q19	31.12.2019
436	112	107	317	328	Personel expenses	507	481	173	171	661
33	9	12	25	33	Pension costs 1)	42	36	13	11	46
111	27	23	81	78	Social costs	92	92	31	30	127
580	148	142	423	439	Total personnel costs	641	609	217	212	834
235	61	66	175	203	IT expenses	219	181	70	56	257
223	36	27	113	95	Administrative expenses	131	153	49	56	267
92	23	24	69	72	Ordinary depreciation	82	88	27	30	120
26	5	6	20	19	Operating costs properties	20	21	8	6	28
75	13	17	43	47	Other operating expenses	101	86	27	27	134
1 231	286	282	843	875	Total costs	1 194	1 138	398	387	1 640

1) Costs related to the defined benefit pension scheme amounted to approximately MNOK 1.4 in 3Q 2020. IAS 19 pension calculations are adjusted according to actuarial calculations as at 30.09.20.

Note 15 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 valued using directly or indirectly observable prices, published by reputable third-party vendors such as Refinitiv and Bloomberg. Instruments categorized in level 2 are not exchange-traded, and traded in illiquid markets only

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

(Amounts in NOK million)

	Level 1	Level 2	Level 3	Total
Assets at 30.09.20				
Shares	157	43	567	767
Bonds	13 068	5 373		18 441
Financial derivatives		2 669		2 669
Loans to customers with fixed rate			7 851	7 851
Loans to customers for sale			3 556	3 556
Total assets	13 224	8 086	11 973	33 283

Liabilities at 30.09.20

Financial derivatives		1 752		1 752
Total liabilities		1 752		1 752

Assets at 30.09.19

Shares	175	84	540	799
Bonds	11 026	3 910		14 936
Financial derivatives		1 383		1 383
Loans to customers with fixed rate			8 202	8 202
Loans to customers for sale			4 695	4 695
Total assets	11 201	5 377	13 437	30 015

Liabilities at 30.09.19

Financial derivatives		744		744
Total liabilities		744		744

Changes in instruments at fair value, level 3:

(Amounts in NOK million)	Financial assets		
	Shares	Loans to customers with fixed rate	Loans to customers for sale
Carrying amount at 30.09.19	540	8 202	4 695
Net gains on financial instruments	31	248	
Additions/acquisitions		1 772	2 132
Sales	- 4		-2 494
Matured		-2 371	- 778
Carrying amount at 30.09.20	567	7 851	3 556

Note 16 - Subsidiaries

(Amounts in NOK thousand)

	Share of Eq. %	Profit from ordinary operations before tax			Equity		
		30.09.20	30.09.19	31.12.19	30.09.20	30.09.19	31.12.19
SpareBank 1 Finans Nord-Norge AS	100	103 963	114 804	165 934	1 053 628	1 066 576	1 102 546
SpareBank 1 Nord-Norge Portefølje AS	100	- 596	- 468	146	10 650	12 456	10 829
EiendomsMegler 1 Nord-Norge AS	100	34 178	15 954	16 595	59 606	45 009	49 002
SpareBank 1 Regnskapshuset Nord-Norge AS	100	31 061	29 937	21 944	114 180	86 421	80 188
Fredrik Langesg 20 AS	100	2 621	- 290	- 756	347 283	346 841	346 549
Total		171 227	159 937	203 863	1 585 347	1 557 303	1 589 114

Note 17 - Other assets

(Amounts in NOK million)

Parent bank				Group		
31.12.19	30.09.19	30.09.20		30.09.20	30.09.19	31.12.19
6	6	6	Reposessed assets	6	6	6
0	6	0	Accrued income	52	64	50
199	224	196	Overfunding of pension liabilities	210	238	215
225	267	79	Prepayments	100	115	72
206	106	384	Other assets 1)	484	186	283
636	609	665	Total other assets	852	609	626

1) Of which 75 NOK million is capital contribution to the SpareBank 1 Nord-Norge Pension Fund

Note 18 - Other liabilities

(Amounts in NOK million)

Parent bank				Group		
31.12.19	30.09.19	30.09.20		30.09.20	30.09.19	30.09.20
1 194	1 447	1 828	Other liabilities	1 963	1 695	1 425
198	374	153	Costs incurred	484	678	498
38	36	75	Provisioning against incurred liabilities and costs 1)	62	73	77
1 430	1 857	2 056	Total other liabilities	2 509	2 446	2 000
38	35	76	1) Of which off balance loss provision	76	35	38
			Specification of other liabilities:			
266	312	414	Lease liabilities IFRS 16 2)	444	443	422
455	343	372	Accrued tax	400	420	467
21	13	14	Tax deductions	23	20	33
147	61	59	Creditors	73	73	164
252	339	380	Agreed payments from Donations Fund	380	339	252
36	35	37	Pension liabilities (IAS 19)	37	36	34
17	344	552	Miscellaneous liabilities	606	364	53
1 194	1 447	1 828	Sum other liabilities	1 963	1 695	1 425

2) See note 23 regarding IFRS 16

Note 19 - Deposits broken down by sector and industry

(Amounts in NOK million)

Parent Bank			Group			
31.12.19	30.09.19	30.09.20		30.09.20	30.09.19	31.12.19
3 867	3 369	3 946	Real estate	3 946	3 369	3 867
1 729	1 540	2 311	Financial and insurance activities	2 311	1 540	1 729
2 020	1 793	3 068	Fishing and aquaculture	3 068	1 793	2 020
1 293	1 031	1 021	Manufacturing	1 021	1 031	1 293
505	532	524	Agriculture and forestry	524	532	505
2 610	2 478	2 454	Power and water supply and construction	2 454	2 478	2 610
6 135	5 579	6 874	Service industries	6 824	5 535	6 091
1 968	1 894	2 010	Transportation	2 010	1 894	1 968
2 041	2 125	2 824	Commodity trade, hotel and restaurant industry	2 824	2 125	2 041
22 168	20 341	25 032	Public market	24 982	20 297	22 124
36 489	36 348	40 163	Total retail market	40 163	36 348	36 489
9 417	8 612	6 542	Total government	6 542	8 612	9 417
68 074	65 301	71 737	Total deposits	71 687	65 257	68 030

Note 20 - Securities issued and subordinated loan capital

Parent Bank and Group

(Amounts in NOK million)

Securities issued

	30.09.19	31.12.19	30.09.20
Certificates and other short-term borrowings			
Bond debt	25 161	24 786	25 943
Total debt securities in issue	25 161	24 786	25 943

	Statement of financial position 31.12.19	Issued 30.09.20	Matured/ redeemed 30.09.20	Exchange rate movements 30.09.20	Other adjustments 30.09.20	Statement of financial position 30.09.20
Changes in securities issued						
Certificates and other short-term borrowings						
Bond debt	24 786	4 323	-3 133	131	- 163	25 943
Total debt securities issued	24 786	4 323	-3 133	131	- 163	25 943

	30.09.19	31.12.19	30.09.20
Subordinated loan capital	1 050	1 050	1 050
Total subordinated loan capital	1 050	1 050	1 050

	Statement of financial position 31.12.19	Issued 30.09.20	Matured/ redeemed 30.09.20	Exchange rate movements 30.09.20	Other adjustments 30.09.20	Statement of financial position 30.09.20
Changes in subordinated loan capital						
Subordinated loan capital with definite maturities	1 050					1 050
Total subordinated loan capital	1 050					1 050

	30.09.19	31.12.19	30.09.20
Total Tier 1 instruments	780	780	780

Hybrid Tier 1 instruments

SpareBank 1 Nord-Norge has three outstanding perpetual hybrid tier 1 capital loans for NOK 350 million and NOK 180 million, and NOK 250 million respectively.

One loan issued on 4 April 2017 for NOK 350 million is subject to interest of 3-month NIBOR + 330 bp. The second loan issued on 10 October 2017 for NOK 180 million is subject to interest of 3-month NIBOR + 315 bp. The third loan issued on 29 August 2018 for NOK 250 million is subject to interest of 3-month NIBOR + 330 bp. All loans are classified as equity and presented on the line tier 1 capital instruments under equity.

This means that the interest is not presented on the line for interest costs but is recognised directly against equity. The contract terms for both hybrid tier 1 capital loans mean that the loans are included in the Bank's tier 1 capital for capital adequacy purposes.

Note 21 - Equity Certificates (ECs)

The 20 largest EC holders at

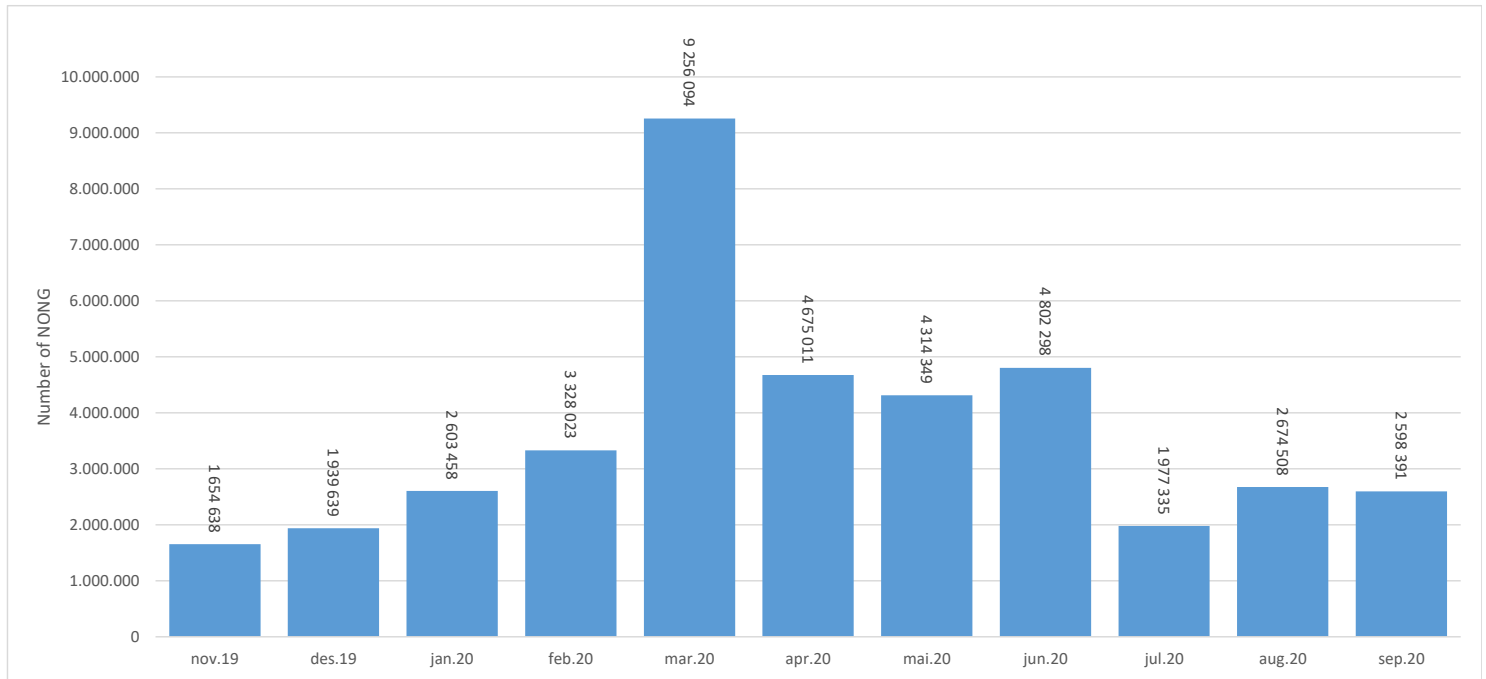
30.09.20

EC Holders	Number of ECs	Share of EC Capital
PARETO AKSJE NORGE VERDIPAPIRFOND	3.389.231	3,38%
PARETO INVEST AS	3.145.133	3,13%
State Street Bank and Trust Comp	2.878.282	2,87%
The Northern Trust Comp, London Br	2.863.162	2,85%
GEVERAN TRADING CO LTD	2.790.356	2,78%
VPF EIKA EGENKAPITALBEVIS	2.507.958	2,50%
MP PENSJON PK	2.444.322	2,43%
Brown Brothers Harriman & Co.	2.196.486	2,19%
METEVA AS	1.614.670	1,61%
FORSVARETS PERSONELLSERVICE	1.602.630	1,60%
Morgan Stanley & Co. Int. Plc.	1.502.076	1,50%
SPAREBANKSTIFTELSEN SPAREBANK 1 NO	1.411.606	1,41%
Landkreditt Utbytte	1.325.000	1,32%
State Street Bank and Trust Comp	1.016.019	1,01%
Euroclear Bank S.A./N.V.	996.822	0,99%
VERDIPAPIRFONDET EIKA SPAR	866.452	0,86%
J.P. Morgan Bank Luxembourg S.A.	831.519	0,83%
ARCTIC FUNDS PLC	790.249	0,79%
CLEARSTREAM BANKING S.A.	782.178	0,78%
Brown Brothers Harriman & Co.	735.389	0,73%
Total	35.689.540	35,55%

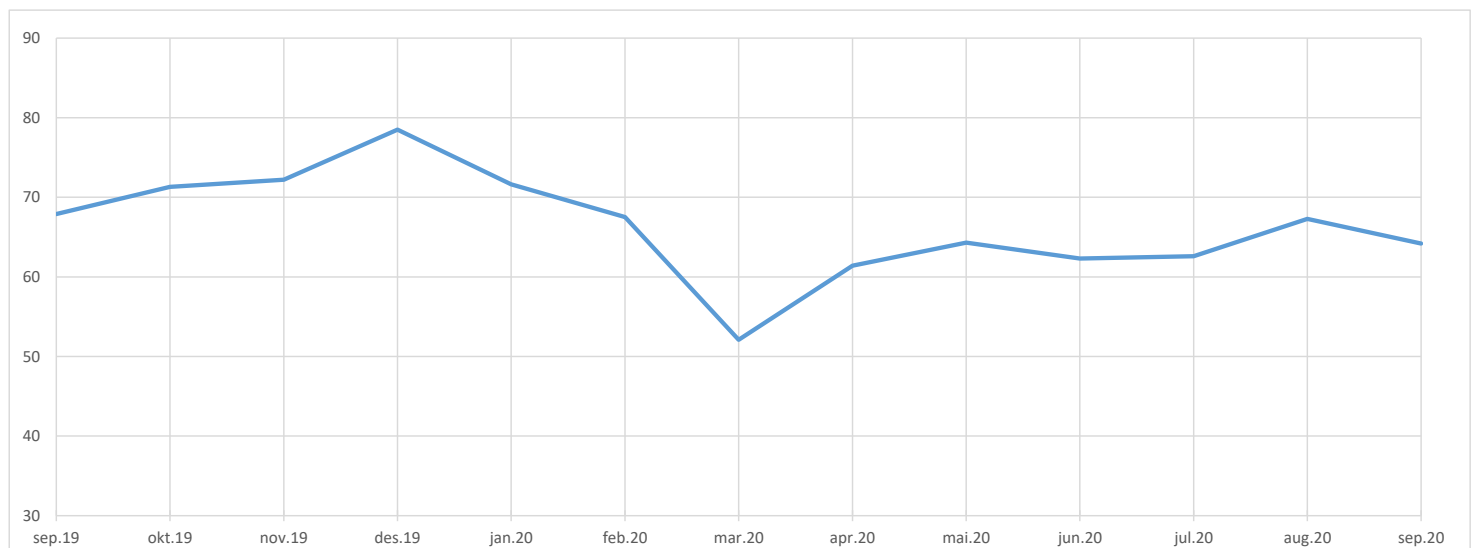
Dividend policy

The Bank's dividend policy states that the Bank aims to provide a competitive direct return for the Bank's owners. The target dividend rate is at minimum 50%. The future distribution rate will also take into account the group's capital coverage and future growth.

Trading statistics



Price trend NONG



Note 22 - Events occurring after the end of the quarter

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

Note 23 - Leases

The table shows the effect from IFRS 16 on the balance and the income statement.

(Amounts in NOK million)

Parent bank				Group		
31.12.19	30.09.19	30.09.20		30.09.20	30.09.19	31.12.19
			Right to use asset			
341	341	264	Booked value 1 January	417	482	482
0	0	164	Additions	56	0	0
0	0	0	-Derecognition	0	0	0
-34	0	6	Other changes	0	0	-5
307	341	434	Booked value at the end of the period	473	482	477
43	31	23	Depreciation in the period	36	43	60
264	310	411	Net book value right to use asset at the end of the period	437	439	417
			Lease liability			
341	341	266	Booked value 1 January	422	482	482
0	0	163	Additions	54	0	0
-45	-34	-25	Lease payments in the period	-40	-47	-63
7	5	4	Interest	7	8	10
-37	0	6	Other changes	1	0	-7
266	312	414	Lease liability at the end of the period	444	443	422
			Profit and loss			
43	31	23	Depreciation	36	43	60
7	5	4	Interest	7	8	10
49	36	27	Total lease expense	43	51	70
			Effect of IFRS 16			
45	34	25	Reduced operating expenses under IAS 17	40	47	63
49	36	27	Increase lease expense under IFRS 16	43	51	70
-4	-2	-2	Changes in profit before tax in the period	-3	-4	-7

Alternative performance measures

SpareBank 1 Nord-Norge's alternative performance measures (APMs), provide relevant additional information to what is otherwise shown in the quarterly financial statements. These key figures are not defined through IFRS and cannot be directly compared with equivalent figures for other companies unless the same definition is used.

The alternative performance measures are not meant to replace any measurements/key figures under IFRS. The performance targets provide additional insight into the Group's operations and represent important targets in management's control of the Group's various business areas. Non-financial data or key figures governed by IFRS or other regulations, e.g. CRR/CRD, are not defined as APMs. The APMs are presented on a separate page in the quarterly accounts, and show comparable figures for the corresponding period last year.

Profitability	Definition	Relevance
Return on equity	Profit in relation to average equity. Calculated per the end of each quarter, along with opening and closing balances for the year. The return on equity for the period is reported on an annualised basis.	Return on equity is the Group's strategic target for profitability. The return on equity is a measure of profitability on the Group's performance factors.
Cost/income ratio	Total costs in relation to total income.	The cost/income ratio is a measure of the profitability of the Group's ongoing operations.
Interest margin	Net interest income in relation to average total assets. Average total assets are calculated as at the end of each quarter, along with opening and closing balances.	The interest margin shows the trend in the ratio between the sale price of products and lending costs from period to period. The interest margin measures the profitability of the Group's loan products.

Deposits

Deposit-to-loan ratio	Total deposits are divided by total lending excluding intermediary loans.	The ratio shows the proportion of the Group's total lending financed through customer deposits, and the need for financing from external lenders.
Deposit-to-loan ratio incl. intermediary loans	Total deposits are divided by total lending including intermediary loans.	The ratio shows how much of the Group's total lending including intermediary loans has been funded through customers' deposits.
Growth in deposits	Deposit growth is measured quarterly as the percentage change in the Bank's deposits in the last 12 months.	Measures both customer growth and changes in the financing situation.

Lending

Growth in lending (%)	Growth in lending excl. intermediary loans is measured quarterly as the percentage change in the Bank's customer loans in the last 12 months.	Shows the growth in the Bank's core area, customer lending. The calculation does not include liquidity portfolio/loans to credit institutions.
Growth in lending, incl. intermediary loans (%).	Growth in lending incl. intermediary loans is measured quarterly as the percentage change in the Bank's customer loans in the last 12 months.	Shows the growth in the Bank's core area, including intermediary loans.
Proportion of loans deducted	Measured as the percentage of loans deducted in relation to gross lending.	A not insignificant part of the bank's lending is transferred to SpareBank1 Boligkreditt or SpareBank1 Næringskreditt as intermediary loans and deducted from the balance. This key figure shows the percentage of loans in this category.
Proportion of loans deducted, retail market	Measured as the percentage of loans deducted in relation to gross lending to the retail market.	Deducted portion of the retail market. The bulk of deducted loans are in the retail market segment.

Losses and non-performing loans

Loan losses (%)	Total posted losses year to date in relation to total lending volume incl. intermediary loans.	Measures the relative importance of losses set against the rest of the portfolio of loans. Relevant for estimating future expected losses and the Group's credit risk.
Commitments in default (%)	Percentage of overdue commitments (over 90 days) in relation to total lending volume incl. intermediary loans.	Measures the relative importance of non-performing loans set against the rest of the portfolio of loans. Relevant for estimating future expected defaults and the Group's credit risk.
Doubtful commitments (%)	Percentage of impaired commitments in relation to total lending volume incl. intermediary loans	Measures the relative importance of non-performing loans set against the rest of the portfolio of loans. Relevant for estimating future expected defaults and the Group's credit risk.
Net defaulted and doubtful commitments (%)	Defaulted and doubtful commitments are adjusted for individual loss write-downs and expressed as a proportion of gross lending incl. intermediary loans.	Defaulted and doubtful commitments are netted off against loss provisions in Stage 3.
Loss provision ratio	Ratio between total loss provisions and non-performing and impaired commitments.	Shows the percentage of losses and non-performing loans that have been raised in Stage 3 of loss provisions.

APM (Alternative Performance Measures) Group

(Amounts in NOK million)	30.09.20	30.09.19	31.12.19
Profit for the period	1 368	1 813	2 062
Deduct interest hybrid tier 1 capital	19	21	28
Profit for the period incl. interest hybrid tier 1 capital	1 349	1 792	2 034
Total Equity	14 664	13 974	14 172
Deducting hybrid Tier 1 capital	780	780	780
Equity excl. hybrid Tier 1 capital	13 884	13 194	13 392
Equity excl. hybrid tier 1 capital 01.01.	13 392	12 278	12 278
Equity excl. hybrid tier 1 capital 31.03.	12 949	12 266	12 266
Equity excl. hybrid tier 1 capital 30.06.	13 401	12 820	12 820
Equity excl. hybrid tier 1 capital 30.09.	13 884	13 194	13 194
Equity excl. hybrid tier 1 capital 31.12.			13 392
Average equity excl. hybrid tier 1 capital	13 397	12 640	12 790
Profit for the period, annualised incl. interest hybrid tier 1 capital	1 799	2 389	2 034
Average equity excl. hybrid tier 1 capital	13 397	12 640	12 790
Return on Equity	13,4 %	18,9 %	15,9 %
Total operating expenses	1 194	1 138	1 640
Total income	3 102	3 284	4 124
Cost-income ratio	38,5 %	34,7 %	39,8 %
Net interest income	1 570	1 519	2 097
Average total assets	116 688	108 356	108 989
Interest margin	1,79 %	1,87 %	1,92 %
Deposits from customers	71 687	65 257	68 030
Total lending incl. intermediary loans at the end of period	126 522	119 961	121 733
Deposits as a percentage of total lending incl. intermediary loans	56,7 %	54,4 %	55,9 %
Deposits from customers	71 687	65 257	68 030
Gross loans to customers	89 210	85 237	85 692
Deposits as a percentage of gross lending	80,4 %	76,6 %	79,4 %

APM (Alternative Performance Measures) Group (cont.)	30.09.20	30.09.19	31.12.19
Total lending incl. intermediary loans at the end of period	126 522	119 961	121 733
Total lending incl. intermediary loans at the end of same period last year	119 961	113 739	114 117
Lending growth last 12 months incl. intermediary loans	6 561	6 222	7 616
Lending growth last 12 months incl. intermediary loans	5,5 %	5,5 %	6,7 %
Total lending at the end of period	89 210	85 237	85 692
Total lending at the end of same period last year	85 237	81 989	80 863
Lending growth last 12 months	3 973	3 248	4 829
Lending growth last 12 months	4,7 %	4,0 %	6,0 %
Total intermediary loans at the end of the period	37 312	34 724	36 041
Total lending incl. intermediary loans at the end of period	126 522	119 961	121 733
Share of intermediary loans	29,5 %	28,9 %	29,6 %
Intermediary loans SpareBank 1 Boligkreditt	36 900	34 306	35 625
Total retail lending end of period	88 413	85 592	86 287
Share of intermediary loans of total retail lending	41,7 %	40,1 %	41,3 %
Intermediary loans SpareBank 1 Næringskreditt	412	418	416
Total corporate lending end of period	39 503	35 527	36 525
Share of intermediary loans of total corporate lending	1,0 %	1,2 %	1,1 %
Deposits from customers end of period	71 687	65 257	68 030
Deposits from customers end of same period last year	65 257	61 474	63 985
Growth in deposits from customers past 12 months	6 430	3 783	4 045
Growth in deposits from customers past 12 months	9,9 %	6,2 %	6,3 %
Losses on loans and guarantees	259	13	11
Losses on loans and guarantees, annualised	345	17	11
Total lending incl. intermediary loans at the end of period	127 916	121 119	122 812
Losses on loans to customers as a percentage of total lending incl. intermediary loans	0,27 %	0,01 %	0,01 %
Gross loans in stage 3	468	508	352
Loss provisions stage 3	- 169	- 162	- 152
Net commitments in default	299	346	200
Total lending incl. intermediary loans at the end of period	127 916	121 119	122 812
Net comm. in default and at risk of loss as a per. of total lending incl. intermediary loans	0,2 %	0,3 %	0,2 %
Non-performing commitments	468	508	352
Loss provisions stage 3	- 169	- 162	- 152
Loan loss provision ratio	36,1 %	31,9 %	43,2 %