Quarterly report

Financial statement Q1 2021

www.snn.no

Index

Group financial highlights and key figures

(Amounts in NOK million and in % of average assets)		31.03.21	%	31.03.20	%	31.12.20	%
From the profit and loss account							
Net interest income		**473**	**1,60 %**	552	1,97 %	2 068	1,79 %
Net fee- and other operating income		**350**	**1,19 %**	293	1,05 %	1 299	1,12 %
Net income from financial investments		**109**	**0,37 %**	126	0,45 %	693	0,60 %
Total income		**932**	**3,16 %**	971	3,47 %	4 060	3,51 %
Total costs		**388**	**1,31 %**	404	1,44 %	1 626	1,40 %
Result before losses		**544**	**1,84 %**	567	2,02 %	2 434	2,10 %
Losses		**- 53**	**-0,18 %**	119	0,42 %	332	0,29 %
Result before tax		**597**	**2,02 %**	448	1,60 %	2 102	1,82 %
Tax		**124**	**0,42 %**	64	0,23 %	360	0,31 %
Defecit non-current assets held for sale		**0**	**0,00 %**	0	0,00 %	0	0,00 %
Result after tax		**473**	**1,60 %**	384	1,37 %	1 742	1,51 %
Interest hybrid capital		**7**		10		33	
Result after tax ex. interest hybrid capital		**466**		374		1 709	
Profitability							
Return on equity capital	1	**13,0 %**		11,4 %		12,6 %	
Interest margin	2	**1,60 %**		1,97 %		1,79 %	
Cost/income	3	**41,6 %**		41,6 %		40,0 %	
Balance sheet figures and liquidity							
Total assets		**118 785**		117 884		117 298	
Average assets	4	**118 042**		112 020		115 736	
Liquidity Coverage Ratio (LCR)		**138**		146		142	
Solidity							
Common Tier I Capital ratio		**17,4 %**		16,7 %		17,5 %	
Tier I Capital ratio		**18,7 %**		18,2 %		18,9 %	
Total regulatory Capital ratio		**20,6 %**		20,0 %		20,9 %	
Common Tier I Capital		**12 205**		11 575		12 019	
Tier I capital		**13 177**		12 599		12 991	
Total eligible capital		**14 507**		13 833		14 366	
Adjusted risk-weighted assets base		**70 359**		69 214		68 588	
Leverage Ratio		**7,7 %**		7,4 %		7,6 %	
Branches and full-time employees							
Branches		**19**		37		36	
Manyears		**877**		919		897	

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 decucted 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

	1Q21	2020	2019	2018	2017	2016	2015	2014	2013	2012
1) NONG Quoted/market price (NOK)	**81,60**	74,60	78,50	62,80	62,25	52,25	36,70	39,90	35,50	24,70
2) Number of Equity Certificates (EC) issued (mill)	**100,40**	100,40	100,40	100,40	100,40	100,40	100,40	100,40	100,40	74,40
3) Quoted/market price EC issued (NOK mill)	**8.192**	7.490	7.881	6.305	6.250	5.246	3.685	4.006	3.564	1.837
4) Quoted/market price total equity (mill)	**17.671**	16.156	17.000	13.600	13.481	11.315	7.948	8.464	7.530	4.418
5) Allocated dividend per EC (NOK)	**-**	3,90	4,00	4,00	4,00	3,45	2,00	1,90	1,10	1,02
Paid-out dividend per EC (NOK)	**-**	4,00	4,00	4,00	3,45	2,00	1,90	1,10	1,02	1,25
6) Dividend yield	**0,0 %**	5,2 %	5,1 %	6,4 %	6,4 %	6,6 %	5,4 %	4,8 %	3,1 %	4,1 %
7) Total yearly return	**0,0 %**	25,2 %	31,4 %	7,3 %	25,7 %	47,8 %	-3,3 %	15,5 %	47,9 %	-10,2 %
Total equity capital Parent bank (NOK mill)	**13.779**	13.505	13.065	11.312	10.617	9.336	8.198	7.735	7.200	5.589
Total equity capital Group (NOK mill)	**15.233**	15.022	14.172	13.058	12.299	11.011	9.961	9.343	8.502	6.832
8) Equity capital per EC Group (NOK)	**66,74**	65,76	61,84	56,70	54,34	50,84	46,00	44,05	40,08	38,19
9) Result per EC Group, adjusted for interest hybrid capital (NOK)	**2,15**	7,89	9,39	7,02	6,61	5,54	5,10	4,64	4,14	4,01
10) Totalresult per EC Group, adjusted for interests hybrid capital (NOK)	**1,98**	7,89	9,26	6,80	6,95	5,79	4,11	5,17	4,13	3,36
11) P/E (Price/Earnings per EC Group) (NOK)	**9,48**	9,45	8,36	8,94	9,43	9,03	8,93	7,72	8,59	7,34
12) P/B (Price/Book Value per EC Group) (NOK)	**1,22**	1,13	1,27	1,11	1,15	1,03	0,80	0,91	0,89	0,65
13) Pay-out ratio Group	**0,0 %**	49,4 %	42,6 %	56,9 %	60,5 %	59,6 %	48,7 %	36,8 %	26,6 %	11,8 %
EC ratio overall as at 31.12.	**46,36 %**	46,36 %	46,36 %	46,36 %	46,36 %	46,36 %	46,36 %	47,33 %	47,33 %	41,59 %
EC ratio overall as at 01.01. used for allocaton of result	**46,36 %**	46,36 %	46,36 %	46,36 %	46,36 %	46,36 %	47,33 %	47,33 %	42,91 %	42,07 %

1) Quoted/market price ajusted 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 – 1Q 2021

(Figures in brackets are for the same period/date in 2020, unless otherwise specified).

Highlights

NOK mill	1Q21	4Q20	Change	31.03.21	31.03.20	Change
Operating costs	388	432	-44	388	404	(16)
Profit after tax	473	374	99	473	384	89
Return on equity *)	13,0 %	10,4 %	2,6 %	13,0 %	11,4 %	1,6 %
Earnings per equity certificate	2,15	1,69	0,46	2,15	1,73	0,42
Common tier 1 capital ratio**)	17,4 %	17,5 %	-0,2 %	17,4 %	16,7 %	0,6 %
Loan losses	-53	73	-126	-53	119	-172
Lending growth***)	4,3 %	1,9 %	2,4 %	4,7 %	6,4 %	-1,7 %
Growth in deposits***)	14,0 %	8,2 %	5,7 %	7,2 %	10,0 %	-2,8 %

**) 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 decucted from equity, and profit after tax are adjusted for NOK 7 million interests on hybrid tier 1 securities at 1q 21.

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

****) Annualized*

Macroeconomic trends

Global development

Just over a year ago, we experienced one of the severest economic downturns in modern times. A global shutdown aimed at limiting the spread of Covid-19 resulted in a sharp, synchronised drop in economic activity. Everyone was affected, although to significantly varying degrees. The USA, which largely refrained from comprehensive national infection control measures, has together with Scandinavian and several Asian countries been impacted less than the average (GDP fall of 3-4 per cent), and delivered strong growth figures as early as 4Q 2020. Several of our key eurozone trading partners, and perhaps the UK in particular, have struggled to control the waves of infection despite strict measures. Economic growth rates also varied greatly in 1Q. However, overall the situation looks better, and the macroeconomic key figures that are now coming in mostly point in a positive direction. The global PMI figure for March indicates above-trend growth and there is a good demand on both the consumer and investment sides. Meanwhile, the pandemic continues to impact the lives of many people. The third wave of the virus, as well as new mutations and vaccine problems, is hindering the full reopening of the economy and this is putting something of a dampener on economy activity. The pandemic thus still constitutes a factor of uncertainty in the coming months.

Some of the credit for the improved growth outlook should be given to the powerful responses to the crisis by governments around the globe. Strong fiscal and monetary policy relief measures supported the economy – and contributed to the ample supply of capital and good liquidity in financial markets. Record low interest rates have had an effect and government action packages helped cover some of the losses incurred by business and secured household income. Shortages of, and strong demand of goods have led to rising inflation and inflation expectations. The market now expects higher long-term interest rates than it did prior to Covid-19 (albeit still at historically low levels). Updated growth forecasts from the International Monetary Fund (IMF) indicate global growth of 6 per cent in 2021.

The Norwegian economy

Statistics Norway reported negative annual growth for Mainland Norway of 2.8 per cent in 2020. This is less dramatic than what many of our most important trading partners experienced, although the global shutdown has nevertheless had major consequences for the Norwegian economy. The trade surplus for goods ended at its lowest in decades and unemployment remains higher than it was prior to the pandemic. As at the end of March, unemployment was 4.2 per cent (figures from NAV). The unemployment rates are highest for tourism and the hotel and restaurant industry. These industries, together with culture and other personal services professions, will probably have challenges as long as intrusive infection control measures are considered necessary. Total value creation in the Norwegian economy is currently about 1 per cent lower than it was before the outbreak of the virus (according to figures from SP1M), although due to new waves of infection and the delayed vaccine rollout, growth will probably slow in 1H.

After several years of strong investment growth, driven by investments in the petroleum industry, weaker growth was expected in the Norwegian economy both in 2020 and in 2021. The outbreak of Covid-19 amplified this with the loss of investments in real estate, petroleum and industry. It is possible that the lower oil price and a greater focus on sustainability could put further pressure on profitability and the willingness to invest on the Norwegian Continental Shelf going forward. Although investment is expected to fall in 2021, temporary tax arrangements and a somewhat higher oil price have helped to curb some of the fall, at least in the short term. Figures from Statistics Norway also indicate that general investment growth is likely to fall only marginally in 2021, thanks in part to public investment.

The Norwegian krone (NOK) has strengthened in recent months after weakening sharply in 2Q 2020. Measured using the I44 index (import weighted), NOK is now back to the levels seen before the outbreak, helped by a higher oil price and less uncertainty in financial markets. The weak NOK supported export-oriented industries but did result in some imported price inflation. Core inflation (inflation less energy prices), which is Norges Bank's preferred measure of inflation, was slightly above the target of 2.0 per cent at the end of March. As a first line of defence against bad times, the policy rate was quickly cut to a record low 0 per cent during the pandemic. The latest monetary policy report (PPR 1/21) indicates that interest rates will rise in 1H 2021. This means that Norges Bank will be leading the way in normalising global monetary policy, reflecting the central bank's view that the economic recovery has been faster than it was initially assumed it would be.

The low interest rates seem to have contributes to both increades prices and turnover in the Norwegian housing market. The activity has been high and the growth in prices the same.

According to figures from Real Estate Norway, house prices were 12.5 per cent higher at the end of March than 12 months ago. This means further pressure on households' debt burden, which has increased over a long time. The strong development in house prices, together with higt growth in the retail trade, may be an indication that many have maintained their purchasing power during the pandemic.

The northern Norwegian economy

Continued high demand for northern Norwegian raw materials, a large public sector, lower oil exposure, and the low local infection rate at times have contributed to Northern Norway, to date, being less impacted in most areas by the virus outbreak than more central regions of the country. For example, unemployment has generally been lower in the north during the entire pandemic, and this remains the case. Figures from NAV (as at March 2021) show the lowest unemployment rate in Troms and Finnmark (2.8 per cent), although unemployment in Nordland (3.0 per cent) is also lower than the national average (4.2 per cent). In a lager picture, it is unfortunate tha the population is declining in the districts, at the same time as only half of young adults believe the region provides good career opportunities. Relevant educational programmes could help to curb this migration (KBNN.NO). Paradoxically, business leaders say that recruiting the right expertise is challenging. This structural contradiction is a long-term challenge in the region. Good, relevant educational programmes and viable companies are important for improving the career opportunities of young adults in Northern Norway.

Like the rest of the country, employees in hotels and other accommodation, as well as in tourism, are well overrepresented in the unemployment statistics. The tourism industry in the north has experienced strong growth and greater professionalisation in recent years, and hotel capacities in the largest cities have occasionally been maxed out. Less travel, both privately and professionally, will continue to affect tourism operators in the region in 2021, although it is conceivable that more people will take their holidays in the north this summer.

Increased climate risk is another enduring challenge for the whole world. According to the Business Barometer for Northern Norway, there is a risk that ongoing climate change may result in more severe changes to the north's physical environment than those that will be seen further south in Norway. The ocean absorbs surplus energy from global warming. This could impact marine ecosystems and, implicitly, fisheries and the aquaculture industry, which are very important for Northern Norway. A significant proportion of Norwegian seafood exports originate from Northern Norway. Despite lower demand from the HORECA segment (hotels, restaurants and catering), the value of total exports amounted to NOK 31.9 billion in 2020, which apart from the record year of 2019 is the highest level ever. So far this year, the value of exports has fallen by around 4 per cent compared with last year.

Northern Norwegian housing prices have risen by 10.2 per cent in the past 12 months (as at the end of March). This is slightly below the national average, although growth in the largest cities (Bodø and Tromsø) has been strong. Despite the strongest housing price weight in Bodø lately, Tromsø still is the only northern Norwegian city with higher housing prices than the national average (measured in terms of price per square metre). The strong growth in prices may indicate that Covid-19 is not a significant factor for many northern Norwegian households when they are considering buying their next home. Most northern Norwegian households have generally healthy finances, with a lower debt burden than the average for Norway.

In spite of challenging macroeconomic conditions in 2020, both nationally and internationally, Northern Norway has so far fared well during the crisis. Industries that were hit hard, and are still partially lying fallow account for a smaller share of the economy in the north 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, and are keeping, activity levels up. The weak NOK has also sustained export earnings.

One of SpareBank 1 Nord-Norge's most important roles is to ensure that good projects receive funding. Our destiny is tied to that of the region and the Group wants to use its expertise and capacity to help ensure that the region can implement measures and investments that improve value creation.

Covid-19 and SpareBank 1 Nord-Norge

After a summer in 2020 with low infection rates and good activity in parts of the tourism industry in the region, the autumn and winter were difficult for many. No activity in the course and conference market and no foreign tourists have had a negative impact, and together with several bouts of restrictive measures after New Year, 1Q was also a challenging quarter for the tourism, transport, nightlife and restaurant industries. Vaccination progress is slow, but as last year, Norwegian tourists are expected to make a positive contribution to this year's summer season. The direct impact of the pandemic on other industries in Northern Norway has been limited. Although high infection pressure and shutdowns abroad have affected important markets for Norwegian seafood, the situation in this important regional industry remains good. If the positive development continues and the vaccines that are rolled out work well, there is reason to expect that Northern Norway's business sector will cope well with the pandemic. Naturally, there is still a risk that mutations or problems with the vaccine rollout could result in new challenges, and a need for further loss provisions, but in the big picture, the Bank's believes that the risk of this is low.

The underlying level of losses in the portfolio remains low. This is attributable to the Group's systematic work on reducing risk in the loan portfolio in recent years, and the established monitoring of the loan portfolio during Covid-19. Furthermore, the Group's loan portfolio is characterised by mortgage loans and industries on which Covid-19 has a limited impact. The Norwegian authorities have also established extensive financial support schemes. Nevertheless, there is some uncertainty about how the economy will develop going forward.

The Bank's loss assessments are conducted in line with the regulatory requirements of IFRS 9 (ECL). Consequently, the assessments take into account the uncertainty surrounding economic developments. The model for loss assessments has changed somewhat since the turn of the year. The weighting of the macro scenarios and PD and LGD curves have been adjusted such that previous post model adjustments (PMA) have been incorporated into the model, resulting in more expectation-oriented loss provisions. Also see Note 2 in the quarterly report for further details.

Individual losses remain at a low level and amounted to MNOK 8 for 1Q 2021. The scope of individual losses going forward will depend on the future course of the pandemic. See the section on 'Losses and non-performing loans' below, as well as Notes 7 and 8 in the quarterly report, for further details.

During 2020 and 1Q 2021, the Bank assisted customers with liquidity and financing in order to get them through a difficult period. We can see that many of the companies that experienced challenges last spring are now in a much better situation and we experienced good growth during 2020 in both the retail and corporate markets. This has continued in 1Q 2021. In our assessment of the situation, the greatest risk remains linked to tourism and transport, especially if vaccination takes a long time and we do not see something approaching normalisation from summer 2021. These are, therefore, industries to which we pay extra attention.

Please 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 in 2021.

Sustainability

As one of the world's most northerly financial groups, SpareBank 1 Nord-Norge will, to the best of its ability, contribute to sustainable development in the Arctic regon. Therefore, sustainability is a central 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 must be reported to the Board on a quarterly basis. In September 2020, SpareBank 1 Nord-Norge launched a new green framework. This framework is based on key sectors in the region and for SpareBank 1 Nord-Norge and links 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 to the green shift. SpareBank 1 Nord-Norge has signed up to the UNEP FI (United Nations Environment Programme Financial Initiative) 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	1Q21	4Q20	Change	31.03.21	31.03.20	Change
Total income	932	958	-26	932	971	-39
Total costs	388	432	-44	388	404	-16
Losses	- 53	73	-126	- 53	119	-172
Tax	124	79	45	124	64	60
Profit after tax	473	374	99	473	384	89

At the end of 1Q 2021, the income statement showed a profit after tax of MNOK 473 (MNOK 384). This represents a return on equity capital of 13.0 per cent (11.9 per cent). The Group's profitability target is a return on equity that is among the best for comparable financial services groups.

Net interest income

Norges Bank reduced its policy rate to zero on 07.05.20 and it has remained unchanged since. The Bank made no changes to mortgage loan and deposit rates in 1Q 2021.

Net interest income at the end of 1Q 2021 amounted to MNOK 473 (MNOK 552).

Net interest income represented 1.60 per cent (1.97 per cent) of average total assets.

The reduction in net interest income compared with the same time last year was largely due to reduced deposit margins due to the low policy rate.

Income from the loan portfolio transferred to SpareBank 1 Boligkreditt (SB1BK) and SpareBank 1 Næringskreditt (SB1NK) totalled MNOK 99 in 1Q 2021 (MNOK 68) and is booked as commission income. This growth has compensated somewhat for reduced net interest income.

Compared with 4Q 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 1Q 2021:

Net interest income incl. comission transferred loans	Chance last quarter NOK mill
Effect of days	-10
Margin effects	-19
Effect volume	5
Other effects	-16
Total effects	-40

Net fee, commission and other operating income

Net fee, commission and other operating income was MNOK 2 higher in 1Q 2021 than in 4Q 2020, and MNOK 57 higher than in the same period last year.

The increase was mainly due to higher commission income from the mortgage loan company, increased commission income from real estate, and gains from the sale of buildings on Svalbard.

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

Development in market divisions

In 2020, the Group changed its internal monitoring and reporting structure from divisions based on geographical region to two market divisions for the retail and corporate markets, respectively.

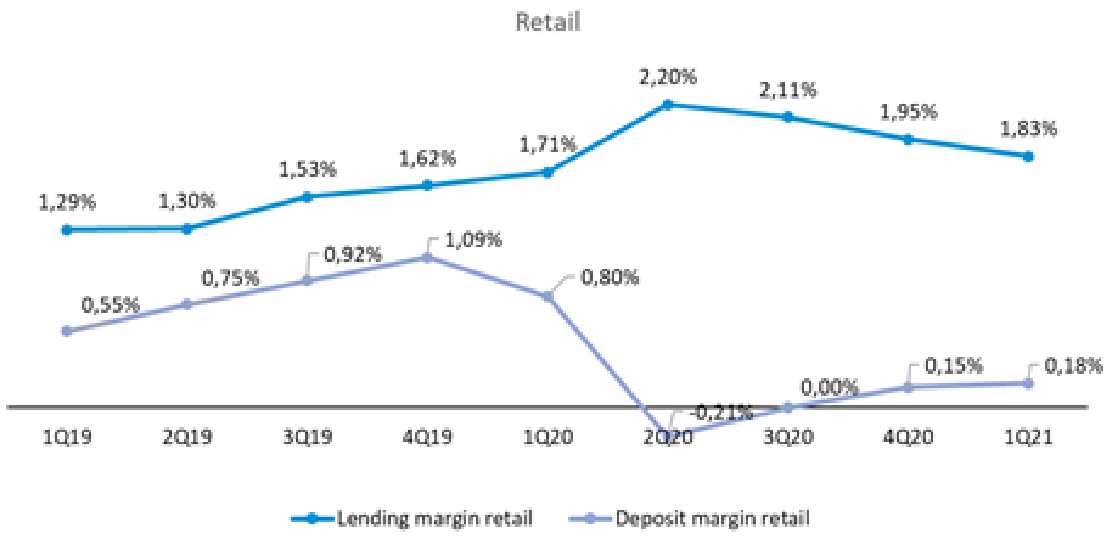
In 2021, the Group will therefore build up experience and more expertise through both analyses and operational reports within these two market divisions.

Retail market

Net interest income for 1Q 2021 amounted to MNOK 199. As mentioned above, net interest income was somewhat lower than for the same period last year. Net commission and other income was MNOK 185, and higher than in same period last year, partly as a result of increased commission income from the mortgage loan company.

The ongoing pandemic is presenting economic challenges for private individuals. The authorities cut interest rates in order to reduce the economic burden on households. The effect for banks was a sharp fall in deposit margins.

Margin development in the retail market versus average 3-month NIBOR:



Following the reorganisation into two divisions, the presentation of margin analyses has changed somewhat in relation to before.

The lending margin in the retail market has fallen and the competition within prices for well-collateralised mortgage loans is significant, which is making it difficult to maintain the lending margin over time.

The drop in the deposit margin in 1H 2020 was due to the NIBOR rate, which decreased significantly more than the average customer rate for deposits during 2020. The margin improved somewhat during the autumn of 2020 and in 1Q 2021 due to a rising NIBOR, although the low policy rate will also present challenges for the deposit margin going forward.

In the past few years, 1Q has proved to be a challenging quarter for realising lending growth in the retail market, and this was also the case this year when the lending growth, including intermediary loans, was 0.3 per cent in 1Q. Annualised, this represents annual growth of 1.3 per cent, while growth over the past 12 months has been 5.1 per cent. The total lending volume as at 31.03.21 was MNOK 43,172.
The growth in deposits in the retail market was 1.8 per cent in the last quarter. The growth in the past 12 months was 15.7 per cent.

Total operating costs in the division amounted to MNOK 180.

Following the closure of 16 branches in 2020, the Parent Bank employed 245 FTEs in the retail division as at 31.03.21.

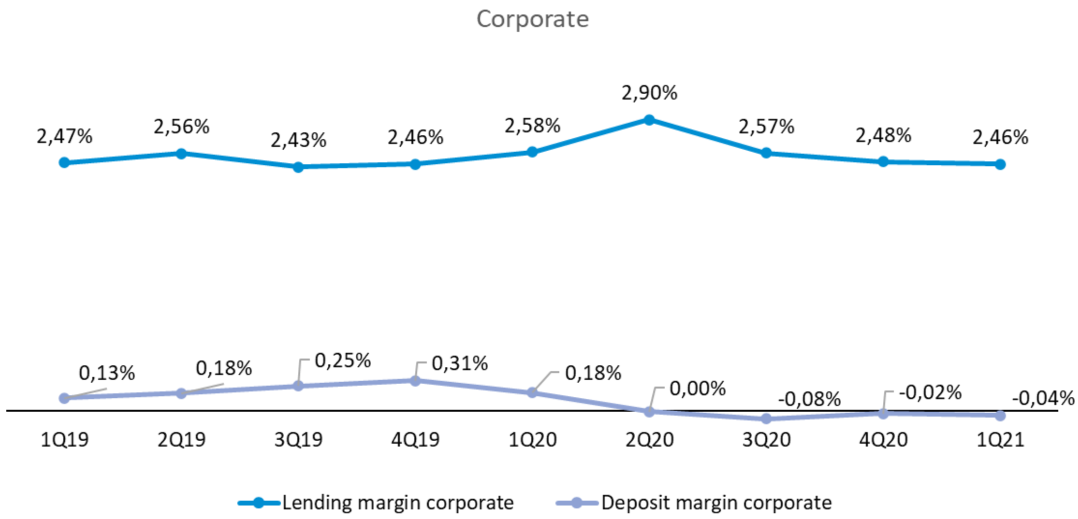
Recognised losses for 1Q 2021 amounted to MNOK 4 (MNOK 15).

Corporate market

Net interest income for 1Q 2021 was MNOK 185, which is somewhat lower than for the same period last year.

Net commission and other income was MNOK 30.

Margin development in the corporate market versus average 3-month NIBOR:



The ongoing pandemic is presenting economic challenges for many companies in Northern Norway. The fact that the margin has fallen more in the corporate market than in the retail market is due to the fact that a large proportion of the loans in the corporate market are directly linked to NIBOR interest rate developments.

Lending growth in the last quarter was 2.8 per cent, which represents annualised annual growth of 11.3 per cent. The growth in the past 12 months was 9.8 per cent. The total lending volume as at 31.03.21 was MNOK 37,711. Deposits grew by 5.6 per cent in the last quarter. The growth in the past 12 months was 18.0 per cent.

Total operating costs in the division amounted to MNOK 97. As at 31.03.21, the Parent Bank employed 97 FTEs in the corporate market division.

Recognised losses for 1Q 2021 amounted to MNOK -57 (MNOK 104). As stated in Note 2 in the quarterly report, adjustments have been made to the loss model that reduce loss provisions slightly in relation to 31.12.20. This is in line with the more positive outlook in relation to the development of the pandemic. Nonetheless, there remains uncertainty going forward in relation to higher unemployment, the development of the northern Norwegian economy, and the Bank's borrowing costs in the capital market, which means that the Bank will have to monitor developments closely going forward.

Financial Investments – income and events in the accounting period

Share results NOK mill	Sharehold	1Q21	4Q20	Change	31.03.21	31.03.20	Change
SpareBank 1 Gruppen	19,50 %	66	87	-21	66	226	-160
SpareBank 1 Boligkreditt	18,14 %	3	-3	6	3	-28	31
SpareBank 1 Næringskreditt	8,45 %	1	1	0	1	1	0
SpareBank 1 Kreditt	18,37 %	0	0	0	0	1	-1
SpareBank 1 Betaling	18,57 %	-1	1	-2	-1	-2	1
Other companies		2	-1	3	2	-2	4
Sale of Group company							
Total income associated companies		71	85	-14	71	196	-125
Share dividend		14	29	-15	14	1	13
Net change value of equities		10	5	5	10	2	8
Net change value of bonds, currency and derivatives		11	-4	15	11	-87	98
Net change value loans at fair value, included hedging		3	-3	6	3	14	-11
Net income from financial investments		109	112	-3	109	126	-17

SpareBank 1 Gruppen's booked a profit after tax for 1Q 2021 of MNOK 344 (MNOK -592) for the controlling interest's share. SpareBank 1 Nord-Norge's profit for 1Q 2020 includes a gain of MNOK 340 from the merger.

The result was mainly influenced by a good result in Fremtind Forsikring, primarily due to low claims rates for travel insurance and damage to cars this year compared with last year, and improved financial results.

The profit contribution ‘Other’ consists of the profit contributions from the companies SpareBank 1 Utvikling DA, SpareBank 1 Bank og Regnskap (formerly SMB Lab AS) and SpareBank 1 Gjeldsinformasjon AS.

The Group’s equities portfolio

As at 31.03.21, the Group’s equities portfolio amounted to MNOK 726 (MNOK 799). The portfolio has seen a positive change in value of MNOK 10 in the last quarter. Of this, MNOK 6 was due to an increase in the value of the stakes in BN Bank AS and Visa.

On 15.03.21, by agreement, SpareBank 1 Nord-Norway sold 15 per cent of its stakes in the subsidiaries SpareBank 1 Regnskapshuset and EiendomsMegler 1 Nord-Norge to SpareBank 1 Helgeland, with a total gain of MNOK 50, which appears in the Parent Bank’s results. Divestment in subsidiaries does not result in corresponding gains in the consolidated accounts, since gains are calculated in relation to the equity in the subsidiary as it was recognised in the consolidated accounts.

Certificates, bonds, currency and derivatives

As at 31.03.21, the Group’s holdings of certificates and bonds amounted to MNOK 19,042, compared with MNOK 19,090 at the same time last year.

Total net changes in value for 1Q 2021 in this bond portfolio represent a net unrealised loss of MNOK 11 (MNOK -87), consisting of a positive change in value for the portfolio reduced by credit premiums (spread contraction), as well as negative changes in value in the currency and money markets in the period.

A summary of the Group’s derivatives as at 31.03.21 is provided in Note 10 in the quarterly report.

Subsidiaries and second tier subsidiaries

At the end 1Q 2021, the Group’s subsidiaries had a combined profit before tax of MNOK 82 (MNOK 39), which has been fully consolidated in the consolidated accounts. The largest subsidiaries, which operate within the Group’s core business, show the following profits after tax compared with the same period in 2020:

NOK mill	**31.03.21**	31.03.20	Change
SpareBank 1 Finans Nord-Norge AS	**55**	22	33
SpareBank 1 Regnskapshuset Nord-Norge AS	**17**	12	4
EiendomsMegler 1 Nord-Norge AS	**11**	3	8
Other subsidiaries	**0**	2	- 2
Total	**82**	39	43

As mentioned above, SpareBank 1 Nord-Norway sold 15 per cent of its stakes in SpareBank 1 Regnskapshuset Nord-Norge and EiendomsMegler 1 Nord-Norge to SpareBank 1 Helgeland in March.

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

Operating costs

The Group's costs for 1Q 2021 amounted to MNOK 388 (MNOK 404), which is 4 per cent lower than in the same period in 2020. This was due to a MNOK 20 reduction in costs in the Parent Bank, while the Group's subsidiaries saw an increase in costs totalling MNOK 4, largely due to the acquisition in SpareBank 1 Regnskapshuset Nord-Norge of a firm in Svolvær and a high level of activity in EiendomsMegler 1 Nord-Norway. The Group's costs for 1Q seen in isolation decreased by MNOK 44 compared with 4Q 2020.

A number of cost-cutting measures were approved and implemented in 2020. The coronavirus situation caused some delays in implementation, although all of the measures have now been implemented and we expect them to have their full effect during 2021. The announced closure of 16 branches from the turn of the year is an important part of the measures and will be fully implemented in 2021. 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 set a maximum target for cost growth of 0 per cent or lower for 2021.

The Group's long-term target is a cost/income ratio of 40 per cent or lower.
As at 31.03.21, this ratio was 41.6 per cent (41.6 per cent) for the Group and 30.6 per cent (39.9 per cent) for the Parent Bank. The cost/income ratio for basic operations in the Group (excluding income from financial investments) was 0.67 per cent lower at the end of 1Q than for the same period last year.

The Group had 877 FTEs as at 31.03.21 (906). Compared with 31.12.20, this is 20 fewer FTEs (19 fewer in the Parent Bank). The Parent Bank had 546 FTEs as at 31.03.21 (580).

The 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 1Q 2021 amounted to MNOK - 53 (MNOK 119): MNOK 4 (MNOK 15) from the retail market and MNOK - 57 (MNOK 104) from the corporate market.

As at 31.03.21, total loss provisions on loans and guarantees came to MNOK 765 (MNOK 637), which is MNOK 58 lower than at the end of the previous year. Loss provisions for loans amounted to 0.84 per cent (0.73 per cent) of the Group's total gross lending, and 0.60 per cent (0.51 per cent) of gross lending to customers inclusive of intermediary loans.

As at 31.03.21, the Group's total loss provisions for loans and guarantees classified as Stage 3 amounted to MNOK 180 (MNOK 157). This equates to a loss provision ratio of 48 per cent (37 per cent) of non-performing and doubtful commitments. Overall the provisions were MNOK 111 higher than in the previous quarter: MNOK 46 higher in the Parent Bank and MNOK 65 higher in the subsidiary SNN Finans. Of the increase in total loss provisions classified as Stage 3, 70 per cent relates to a new definition of default.

As at 31.03.21, loss provisions for loans and guarantees classified as Stage 1 and Stage 2 amounted to MNOK 585 (MNOK 480), MNOK 71 lower than at the end of the previous quarter.

Please refer in particular to Note 2 in the quarterly report, which describes the Group's assessments concerning factors affecting loss provisions as at 31.03.21. Please also see Notes 7 and 8 in the quarterly report. Note 7 provides an overview of total loss provisions as at 31.03.21, including off-balance sheet items.

In the opinion of the Board, the quality of the Group's loan portfolio is good, and the Group is doing high quality work in connection with non-performing and impaired commitments. There will continue to be a strong focus on this work going forward.

Balance sheet performance

NOK mill	**31.03.21**	31.03.20	Change	31.12.20	Change
Retail lending	**88.996**	86.698	2,7 %	88.712	0,3 %
Corporate lending	**39.495**	36.066	9,5 %	38.410	2,8 %
Total lending customers incl. intermediary loans	**128.493**	122.764	4,7 %	127.122	1,1 %
Total lending customers excl. intermediary loans	**90.257**	85.360	5,7 %	88.977	1,4 %
Deposits retail	**41.084**	37.694	9,0 %	40.363	1,8 %
Deposits corporate [1)]	**34.626**	32.915	5,2 %	32.795	5,6 %
Total deposits	**75.710**	70.609	7,2 %	73.158	3,5 %
Deposits as % of lending excl. intermediary loans	**83,9 %**	82,7 %	1,2 %	82,2 %	1,7 %
Total assets	**118.785**	117.884	0,8 %	117.298	1,3 %

[1)] *Incl. government market*

Lending

As at 31.03.21, loans totalling BNOK 38 (BNOK 37) 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 1Q 2021, the Group saw lending growth (not annualised) in the retail market of 0.3 per cent, and 2.8 per cent in the corporate market. Due to the coronavirus situation, the level of uncertainty surrounding future developments is high. If the situation develops as foreseen with a normalisation of the economy during the year, we expect continued good lending growth in 2021

The Bank has implemented measures in connection with the coronavirus situation in the form of granting customers interest-only instalment holidays and offering government guaranteed liquidity loans. As at 31.03.21, MNOK 378 had been paid out in government guaranteed liquidity loans to around 190 customers.

The competition is strong, especially in the mortgage loan market, although the Group is competitive and is taking market shares. 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 4-6 per cent in the CM for the full year 2021. The growth forecasts incorporate a greater range of potential outcomes than normal because of the Covid-19 pandemic and how it may develop.

The retail market accounted for 69 per cent of total lending as at 31.03.21 (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 customers' 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 31.03.21, the deposit coverage rate (excluding intermediary loans) was 84 per cent (83 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 keep overall liquidity risk at a low level. As at 31.03.21, the liquidity coverage ratio (LCR) was 138 per cent (146 per cent). As at 31.03.21, the net stable funding ratio (NSFR) was 119 per cent compared with 118 per cent as at 31.12.20.

Please refer also to Note 12 on liquidity risk in the quarterly report.

SNN Rating 31.03.21	Moody's
Senior preferred rating	Aa3
Senior non-perferred rating	A3

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. This reduced the risk-weighted calculation basis for Norwegian IRB banks, including SpareBank 1 Nord-Norge. As a consequence of this, the Norwegian authorities worked on changes linked to other capital requirements throughout 2020. The following changes were approved in December 2020:

- The systemic risk buffer requirement increased from 3 to 4.5 per cent. The requirement applies from the end of 2020 for Norwegian AIRB banks (including SpareBank 1 Nord-Norge) and from the end of 2022 for other banks.
- Minimum requirements (floors) were introduced for average risk weights for mortgage loans and commercial property loans of 20 per cent and 35 per cent, respectively. The ratios have not been actualised for SpareBank 1 Nord-Norge at this point in time.

As a result of Covid-19, the countercyclical capital buffer requirement was reduced from 2.5 per cent to 1 per cent with effect from 13.03.20. Norges Bank is expected to advise increasing the buffer requirement in 2021. When a decision is made to increase the buffer requirement, the implementation date is normally 12 months after the decision has been made. Norges Bank envisages the buffer returning to 2.5 per cent in the long term.

The Group's Pillar 2 requirement from 2016 of 1.5 per cent still applies. The supervisory review and evaluation process (SERP) for Pillar 2 will be implemented in 2021.

According to the rules for identifying systemically important financial institutions (SIFIs), SpareBank 1 Nord-Norge is not classed as a SIFI.

CRR2/CRD5 come into force in the EU on 28.06.21. However, the regulations have not been incorporated into the EEA Agreement and, therefore, will not come into effect in Norway on the same date. In cooperation with the other EEA/EFTA states, Norway is working to ensure that such incorporation will take place as soon as possible. CRR2/CRD5 is not expected to come into effect before 3Q 2021 at the earliest. Key changes from the current regulations include a higher SME discount and a new method for calculating counterparty risk (SA CCR).

Basel IV was supposed to be implemented in the EU from 2022 onwards, with transitional rules until 2027. As a result of Covid-19, the timing has been postponed until 2023, with transitional rules until 2028. The timing of its implementation in Norway has not been clarified yet, although implementation is not expected until 2023 at the earliest.

	1Q21	Q420	Q320	Q120	Q419
Minimum requirments CET1	4,5 %	4,5 %	4,5 %	4,5 %	4,5 %
Systemic risk buffer	4,5 %	4,5 %	3,0 %	3,0 %	3,0 %
Counter cyclical buffer	1,0 %	1,0 %	1,0 %	1,0 %	2,5 %
Capital conservation buffer	2,5 %	2,5 %	2,5 %	2,5 %	2,5 %
Lower limit Pillar 2	1,5 %	1,5 %	1,5 %	1,5 %	1,5 %
Total regulatory minimum requirements	14,0 %	14,0 %	12,5 %	12,5 %	14,0 %
Internal capital buffer target	1,0 %	1,0 %	1,0 %	1,0 %	1,0 %
SNN internal capital target	15,0 %	15,0 %	13,5 %	13,5 %	15,0 %

Note that the real systemic risk buffer is somewhat lower than 4.5 per cent due to differentiated systemic risk buffer rates (different buffer rates from country to country).

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 percentage point above the regulatory minimum requirement, which results in a target Core Tier 1 capital ratio of 15.0 per cent as at 31.03.21.

	31.03.21	31.03.20	Change	31.12.20	Change
Common tier 1 capital ratio	**17,4 %**	16,7 %	0,6 %	17,5 %	-0,2 %
Tier 1 capital ratio	**18,7 %**	18,2 %	0,5 %	18,9 %	-0,2 %
Capital adequacy ratio	**20,6 %**	20,0 %	0,6 %	20,9 %	-0,3 %
Leverage ratio	**7,7 %**	7,4 %	0,3 %	7,6 %	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, and BN Bank AS.

The Group's Core Tier 1 capital (incl. share of the profit) has increased by MNOK 183, or 1.5 per cent, since the previous quarter. This was mainly due to the profit from 1Q 2021, as well as higher deductions for significant assets in other financial institutions.

The total calculation basis (risk-weighted assets (RWA)) has increased by around MNOK 1,770 in 1Q 2021, of which MNOK 1,495 occurred in the Parent Bank. This mainly consists of an increase in lending and certificates/bonds, while there is a decrease in weighted exposure in derivatives (CVA supplement).
Also see Note 5 in the quarterly report.

The Bank's equity certificate holders

NOK mill	**31.03.21**	31.03.20	Change	31.12.20	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	**10.412**	9.613	799	9.786	626
Proportion of northern Norweg	**19 %**	20 %	-1 %	19 %	0 %
Proportion of foreign holders	**33 %**	33 %	-1 %	32 %	1 %
Market price NOK	**81,60**	52,10	29,50	74,60	7,00
Market value	**17.671**	11.283	6.389	16.156	1.516
Earnings per equity certificate	**2,15**	1,73	0,42	7,89	-5,74
Price/Earnings	**9,5**	7,5	1,9	9,5	0,0
Price/Book value	**1,2**	0,9	0,3	1,1	0,1

A summary of the Bank's 20 largest equity certificate holders is provided in Note 22 in the quarterly report.

Concluding remarks and outlook

The northern Norwegian economy remains robust and ready for growth, and Northern Norway has, ever since the financial crisis, been in a better macroeconomic situation than the rest of Norway. Nonetheless, at the start of 2020, the macroeconomic factors were expected to weaken a bit in relation to the rest of the country compared with the strong growth we have seen in the last few years.

This has not occurred as since the pandemic hit Norway in 2020 we have seen that the northern Norwegian economy has been less directly affected by the situation than the rest of the country. Unemployment in Northern Norway is lower than the national average despite the fact that tourism and transport have been hit hard by the pandemic. These industries account for a relatively smaller proportion of the Northern Norwegian economy than is the case for the Norwegian national economy. The public sector in Northern Norway is larger than in the rest of the country and oil-related activities account for a very small proportion of the northern Norwegian economy. The vaccine rollout is now well underway and given that it is going according to plan there is reason to believe the region will see economic growth in 2021 and going forward.

House prices and sales have held up well and low interest rates and a weak NOK exchange rate are contributing to further favourable development in the northern Norwegian economy. Nevertheless, the risk of negative developments remains. Despite delays in the vaccine rollout, the expectations for 2021 are still better than for 2020. The Group's market and financial positions are good. The Group is financially very strong and has, thanks to cost cutting, reorganisation and significantly reduced distribution costs, achieved greater competitiveness. The low level of interest rates is a challenge in the short term, but SpareBank 1 Nord-Norge is well-positioned and will, by focusing more on customers, strengthen our market position and grow further in 2021.

The Group's future prospects are considered good.

Tromsø, 11.05.21

The Board of SpareBank 1 Nord-Norge

Statement of income

Parent Bank			(Amounts in NOK million)		Group		
31.12.20	1Q20	**1Q21**		Note	**1Q21**	1Q20	31.12.20
2 639	854	**548**	Interest income		**616**	922	2 927
864	371	**144**	Interest costs		**143**	370	859
1 775	483	**404**	**Net interest income**		**473**	552	2 068
939	212	**242**	Fee- and commission income	13	**299**	255	1 161
70	17	**16**	Fee- and commission costs	13	**21**	22	82
11	1	**11**	Other operating income	13	**72**	60	220
880	196	**237**	**Net fee- and other operating income**		**350**	293	1 299
44	1	**14**	Dividend		**14**	1	44
351	140	**234**	Income from investments		**71**	196	554
95	- 71	**24**	Net gain from investments in securities		**24**	- 71	95
490	70	**272**	**Net income from financial investments**		**109**	126	693
3 145	749	**913**	**Total income**		**932**	971	4 060
590	147	**144**	Personnel costs	14	**216**	215	869
391	105	**91**	Administration costs	14	**103**	121	461
94	25	**21**	Ordinary depreciation	14	**26**	28	109
111	22	**23**	Other operating costs	14, 23	**43**	40	187
1 186	299	**279**	**Total costs**		**388**	404	1 626
1 959	450	**634**	**Result before losses**		**544**	567	2 434
290	100	**- 43**	Losses	2,7,8	**- 53**	119	332
1 669	350	**677**	**Result before tax**		**597**	448	2 102
304	55	**105**	Tax		**124**	64	360
0	0	**0**	Defecit non-current assets held for sale		**0**	0	0
1 365	295	**572**	**Result after tax**		**473**	384	1 742
			Attributable to:				
			Controlling interests		470	384	1 742
			Non-controlling interests		3	0	0
			Result per Equity Certificate				
6,22	1,33	**2,64**	Result per Equity Certificate, adjusted for interests hybrid capital		**2,15**	1,73	7,89

Other comprehensive income

Parent Bank			(Amounts in NOK million)	Group		
31.12.20	1Q20	**1Q21**		**1Q21**	1Q20	31.12.20
1.365	295	**572**	Result after tax	**473**	384	1.742
			Items that will not be reclassified to profit/loss			
0	0	**0**	Share of other comphrehensive income from investment in assosiated companies	**0**	-6	17
2	0	**0**	Actuarial gains (losses) on benefit-based pension schemes	**0**	0	-1
0	0	**0**	Tax	**0**	0	0
2	0	**0**	**Total**	**0**	-6	16
			Items that will be reclassified to profit/loss			
-27	0	**-15**	Net change in fair market value of financial assets available for sale	**-15**	0	-27
0	0	**0**	Share of other comphrehensive income from investment in assosiated companies	**-22**	15	10
0	0	**0**	Tax	**0**	0	0
-27	0	**-15**	**Total**	**-37**	15	-17
1.340	295	**557**	**Total comprehensive income for the period**	**436**	393	1.741
6,10	1,33	**2,57**	Total result per Equity Certificate, adjusted for interests hybrid capital	**1,98**	1,77	7,89

Statement of financial position

Parent Bank					Group		
(Amounts in NOK million)							
31.12.20	31.03.20	**31.03.21**		Notes	**31.03.21**	31.03.20	31.12.20
			Assets				
360	1 422	**271**	Cash and balances with central banks		**271**	1 422	360
88 269	84 717	**89 342**	Net loans	2,6,7,15	**90 859**	86 158	89 748
705	781	**717**	Shares	15	**726**	799	714
18 079	19 090	**19 042**	Certificates and bonds	15	**19 042**	19 090	18 079
1 777	4 020	**1 294**	Financial derivatives	10,15	**1 294**	4 020	1 777
1 413	1 403	**1 399**	Investments in Group Companies	16			
3 541	3 374	**3 590**	Investments in assosiated companies and joint ventures		**4 904**	4 465	4 810
570	622	**554**	Property, plant and equipment	23	**957**	1 062	975
			Non current assets held for sale		**0**	0	0
			Deduction for entangible assets		**114**	105	113
551	761	**601**	Other assets	17	**618**	763	722
115 265	116 190	**116 810**	**Total assets**		**118 785**	117 884	117 298
			Liabilities				
1 274	1 015	**553**	Deposits from credit institutions		**551**	1 014	1 272
73 220	70 651	**75 786**	Deposits from customers	19	**75 710**	70 609	73 158
23 167	25 865	**22 620**	Debt securities in issue	20	**22 620**	25 865	23 167
1 356	2 622	**1 012**	Financial derivatives	10,15	**1 012**	2 622	1 356
1 335	2 438	**1 652**	Other liabilities	7,18,23	**2 146**	2 878	1 818
358	64	**358**	Deferred tax liabilities		**463**	155	455
1 050	1 050	**1 050**	Subordinated loan capital	20	**1 050**	1 050	1 050
101 760	103 705	**103 031**	**Total liabilities**		**103 552**	104 193	102 276
			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
3 253	2 620	**2 846**	Dividend Equalisation Fund		**2 846**	2 620	3 253
0	0	**264**	Set aside dividend		**264**	0	0
6 254	5 975	**6 236**	The Savings Bank's Fund		**6 236**	5 975	6 254
573	120	**425**	Donations		**425**	120	573
15	42	**0**	Fair value reserve		**0**	42	15
- 20	3	**6**	Other equity capital		**1 538**	1 120	1 497
	295	**572**	Result after tax		**473**	384	
			Non-controlling interests		**21**		
13 505	12 485	**13 779**	**Total equity**		**15 233**	13 691	15 022
115 265	116 190	**116 810**	**Total liabilities and equity**		**118 785**	117 884	117 298

Changes in equity

(Amounts in NOK million)	PCC capital	Premium Fund	Hybrid capital	Dividend Equalisation Fund	Saving Bank's Fund	Donations Fund	Fair value reserve	Other equity	Period result	Total controlling interests	Non-controlling interests	Total equity
Group												
Equity at 01.01.20	1 807	843	780	3 035	5 990	585	42	1 090		14 172		14 172
Total comprehensive income for the period												
Period result				633	279	453		377		1 742		1 742
Other comprehensive income:												
Share of other comprehensive income from investment in assosiated companies								27		27		27
Net change in fair market value of financial assets available for sale							- 27			- 27		- 27
Actuarial gains (losses) on benefit-based pension schemes								- 1		- 1		- 1
Tax on other comprehensive income												
Total other comprehensive income							- 27	26		- 1		- 1
Total comprehensive income for the period				633	279	453	- 27	403		1 741		1 741
Transactions with owners												
Set aside for dividend payments				- 392						- 392		- 392
Reversal of dividend payments				392						392		392
Dividend paid				- 402						- 402		- 402
Other transactions								9		9		9
Changes in minority interests												
Payments from Donations Fund						- 465				- 465		- 465
Total transactions with owners				- 415	- 15	- 465		4		- 891		- 891
Equity at 31.12.20	**1 807**	**843**	**780**	**3 253**	**6 254**	**573**	**15**	**1 497**		**15 022**		**15 022**
Equity at 01.01.21	1 807	843	780	3 253	6 254	573	15	1 497		15 022		15 022
Total comprehensive income for the period												
Period result									470	470	3	473
Other comprehensive income:												
Share of other comprehensive income from investment in assosiated companies								- 22		- 22		- 22
Net change in fair market value of financial assets available for sale							- 15			- 15		- 15
Actuarial gains (losses) on benefit-based pension schemes												
Tax on other comprehensive income												
Total other comprehensive income							- 15	- 22		- 37		- 37
Total comprehensive income for the period							- 15	- 22	470	433	3	436
Transactions with owners												
Changes in controlling interests								46		46	18	64
Dividend paid				- 128						- 128		- 128
Other transactions								- 6		- 6		- 6
Interests hybrid capital - last year				- 15	- 18			33				
Interests hybrid capital - this year								- 7		- 7		- 7
Payments from Donations Fund						- 148				- 148		- 148
Total transactions with owners				- 143	- 18	- 148		66		- 243	18	- 225
Equity at 31.03.21	**1 807**	**843**	**780**	**3 110**	**6 236**	**425**		**1 541**	**470**	**15 212**	**21**	**15 233**

ECC ratio overall

Parent Bank

(Amounts in NOK million)	31.12.20	31.12.19	adjusted for IFRS 9 effects 31.12.18	01.01.18	31.12.17	31.12.16	31.12.15
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	2 861	2 483	1 798	1 567	1 579	1 310	960
Set aside dividend	392	552	402	402	402	347	201
Share Fund Fair Value Options and other equity	- 2	11	39	46	46	22	69
A. Equity attributable to Equity Certificate holders of the Bank	5 901	5 696	4 889	4 665	4 677	4 329	3 880
The Savings Bank's Fund	6 254	5 816	5 024	4 757	4 770	4 460	4 055
Allocated dividends to ownerless capital	453	639	465	465	465	400	60
Donations	120	120	120	120	120	120	120
Share Fund Fair Value Options and other equity	- 3	14	34	55	55	29	83
B. Total ownerless capital	6 824	6 589	5 643	5 397	5 410	5 009	4 318
Equity Certificate Ratio overall (A/(A+B))	46,36 %	46,36 %	46,36 %	46,36 %	46,36 %	46,36 %	47,33 %
Hybrid capital	780	780	780	530	530		
Total equity	13 505	13 065	11 312	10 592	10 617	9 338	8 198

Cash Flow Statement

Parent Bank 31.12.20	Parent Bank 31.03.21	*Amounts in NOK million*	Group 31.03.21	Group 31.12.20
1 669	**677**	Profit before tax	**597**	2 102
94	**21**	+ Ordinary depreciation	**26**	109
0	**- 12**	+ Write-downs, gains/losses fixed assets	**- 12**	0
290	**- 43**	+ Losses on loans and guarantees	**- 53**	332
304	**105**	- Tax/Result non-current assetes held for sale	**124**	360
1 749	**538**	**Provided from the year's operations**	**434**	2 183
807	**- 30**	Change in sundry liabilities: + increase/ - decrease	**- 19**	765
- 582	**433**	Change in various claims: - increase/ + decrease	**586**	- 749
-3 847	**-1 030**	Change in gross lending to and claims on customers: - increase/ + decrease	**-1 058**	-3 791
-2 166	**- 975**	Change in short term-securities: - increase/ + decrease	**- 975**	-2 165
5 146	**2 566**	Change in deposits from and debt owed to customers: + increase/ - decrease	**2 552**	5 128
710	**- 721**	Change in debt owed to credit institutions: + increase/ - decrease	**- 721**	709
1 817	**781**	**A. Net liquidity change from operations**	**799**	2 080
-191	**-5**	- Investment in fixed assets	**- 8**	- 68
0	**12**	+ Sale of fixed assets	**12**	0
-240	**-49**	Payments to group companies and assosiated companies	**- 49**	- 240
62	**14**	Payment from/Change in values of group companies and assosiated companies	**- 45**	- 313
- 369	**- 28**	**B. Liquidity change from investments**	**- 90**	- 621
- 33	**- 7**	Interest to hybrid capital owners	**- 7**	- 33
- 40	**- 12**	Payments to leases	**- 14**	- 51
- 867	**- 276**	- Dividend paid on Ecs/distributions	**- 276**	- 867
-6 699	**-2 282**	Decrease in borrowings through the issuance of securities	**-2 282**	-6 699
5 080	**1 735**	Increase in borrowings through the issuance of securities	**1 735**	5 080
		Payment from non-controlling interests	**46**	
-2 559	**- 842**	**C. Liquidity change from financing**	**- 798**	-2 570
-1 111	**- 89**	A + B + C. Total change in liquidity	**- 89**	-1 111
1 471	**360**	+ Liquid funds at the start of the period	**360**	1 471
360	**271**	**= Liquid funds at the end of the period**	**271**	360

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

Reconcilitation of movements of liabilites to cash flows arising from financing activities

Amounts in NOK million	Debt securities	Sub-ordinated liabilites
Balance at 01.01.21	**23 167**	**1 050**
Changes from financing cash flows:		
Proceeds from issue	1 249	
Redeemed	- 986	
Due excl. redeemed	- 784	
Total changes from financing cash flows	**- 521**	**0**
The effect of changes in foreign exchange rates	- 469	
Changes in fair value	486	
Changes in accrued interest	- 43	
Balance at 31.03.21	**22 620**	**1 050**

Result from the Group's quarterly accounts

(Amounts in NOK million)		**31.03.21**	31.03.20	Change	**1Q21**	4Q20	3Q20	2Q20	1Q20	4Q19	3Q19	2Q19	1Q19
Interest income		**616**	922	- 306	**616**	631	636	738	922	925	856	797	742
Interest costs		**143**	370	- 227	**143**	133	133	223	370	347	316	291	269
Net interest income		**473**	552	- 79	**473**	498	503	515	552	578	540	506	473
Fee- and commission income		**299**	255	44	**299**	323	333	250	255	264	280	260	231
Fee- and commission costs		**21**	22	- 1	**21**	29	14	17	22	27	30	24	26
Other operating income		**72**	60	12	**72**	54	56	50	60	41	40	56	51
Net fee- and other operating income		**350**	293	57	**350**	348	375	283	293	278	290	292	256
Dividend		**14**	1	13	**14**	29	2	12	1	1	2	8	1
Income from investments		**71**	196	- 125	**71**	85	125	148	196	- 22	44	249	544
Net gain from investments in securities		**24**	- 71	95	**24**	- 2	65	103	- 71	5	24	11	44
Net income from financial investments		**109**	126	- 17	**109**	112	192	263	126	- 16	70	268	589
Total income		**932**	971	- 39	**932**	958	1 070	1 061	971	840	900	1 066	1 318
Personnel costs		**216**	215	1	**216**	228	217	209	215	225	212	204	193
Administration costs		**103**	121	- 18	**103**	111	119	110	121	190	112	116	106
Ordinary depreciation		**26**	28	- 2	**26**	27	27	27	28	32	30	29	29
Other operating costs		**43**	40	3	**43**	66	35	46	40	55	33	40	34
Total costs		**388**	404	- 16	**388**	432	398	392	404	502	387	389	362
Result before losses		**544**	567	- 23	**544**	526	672	669	567	338	513	677	956
Losses		**- 53**	119	- 172	**- 53**	73	58	82	119	- 2	15	15	- 17
Net gain from sale of financial fixed assets		**0**	0	0	**0**	0	0	0	0	0	0	0	0
Result before tax		**597**	448	149	**597**	453	614	587	448	340	498	662	973
Tax		**124**	64	60	**124**	79	117	100	64	91	109	105	104
Defecit non-current assets held for sale		**0**	0	0	**0**	0	0	0	0	0	0	2	0
Result after tax		**473**	384	89	**473**	374	497	487	384	249	389	555	869
Interest hybrid capital		**7**	10	- 3	**7**	7	7	9	10	7	9	10	8
Result after tax ex. interest hybrid capital		**466**	374	92	**466**	367	490	478	374	242	380	545	861
Profitability		0											
Return on equity capital	1	**13,0 %**	11,4 %	1,6 %	**13,0 %**	10,4 %	14,4 %	14,5 %	11,9 %	7,2 %	11,7 %	17,4 %	28,1 %
Interest margin		**1,60 %**	1,97 %	-0,37 %	**1,60 %**	1,72 %	1,70 %	1,74 %	1,97 %	2,13 %	1,96 %	1,86 %	1,77 %
Cost/income	2	**41,6 %**	41,6 %	0,0 %	**41,6 %**	45,1 %	37,2 %	36,9 %	41,6 %	59,8 %	43,0 %	36,5 %	27,5 %
Balance sheet figures		0,0 %											
Loans and advances excl. commision loans		**91 556**	86 745	4 811	**91 556**	90 511	90 603	88 874	86 745	86 771	86 395	85 240	82 899
-of which loans and advances to financial institutitons		**1 299**	1 384	- 85	**1 299**	1 534	1 393	1 686	1 384	1 079	1 158	1 885	1 366
-of which loans and and advances to customers		**90 257**	85 361	4 896	**90 257**	88 977	89 210	87 188	85 361	85 692	85 237	83 355	81 533
Total lending incl. intermediary loans		**128 493**	122 764	5 729	**128 493**	127 122	126 522	124 498	122 764	121 733	119 961	117 579	115 379
Growth in loans and advances to cust. incl. commision loans past 12 months		**4,7 %**	6,4 %	-1,7 %	**4,7 %**	4,4 %	5,5 %	5,9 %	6,4 %	6,7 %	5,5 %	6,0 %	7,6 %
Deposits from customers		**75 710**	70 609	5 101	**75 710**	73 158	71 687	73 081	70 609	68 030	65 257	67 726	64 183
Growth in deposits from customers past 12 months		**7,2 %**	10,0 %	-2,8 %	**7,2 %**	7,5 %	9,9 %	7,9 %	10,0 %	6,3 %	6,2 %	6,2 %	8,7 %
Deposits as a percentage of gross lending	4	**83,9 %**	82,7 %	1,2 %	**83,9 %**	82,2 %	80,4 %	83,8 %	82,7 %	79,4 %	76,6 %	81,3 %	78,7 %
Deposits as a percentage of gross lending including commission loans	5	**58,9 %**	57,5 %	1,4 %	**58,9 %**	57,5 %	56,7 %	58,7 %	57,5 %	55,9 %	54,4 %	57,6 %	55,6 %
Average assets	3	**118 042**	112 020	6 022	**118 042**	115 736	115 346	114 121	112 020	108 989	108 356	108 014	106 731
Total assets		**118 785**	117 884	901	**118 785**	117 298	119 021	118 322	117 884	111 524	109 380	110 580	107 306
Losses on loans and commitments in default		0											
Losses on loans to customers as a percentage of total lending incl. intermediary loans		**-0,04 %**	0,10 %	-0,14 %	**-0,04 %**	0,26 %	0,20 %	0,16 %	0,10 %	0,01 %	0,01 %	0,00 %	-0,01 %
Net comm. in default and at risk of loss as a per. of total lending incl. intermediary loans		**0,23 %**	0,22 %	0,02 %	**0,23 %**	0,16 %	0,23 %	0,22 %	0,22 %	0,16 %	0,29 %	0,26 %	0,22 %
Solidity		0											
Common Tier I Capital ratio		**17,4 %**	16,7 %	0,6 %	**17,4 %**	17,5 %	17,2 %	16,9 %	16,7 %	17,2 %	15,5 %	15,3 %	14,6 %
Tier I Capital ratio		**18,7 %**	18,2 %	0,5 %	**18,7 %**	18,9 %	18,6 %	18,4 %	18,2 %	18,8 %	16,9 %	16,7 %	16,1 %
Total regulatory Capital ratio		**20,6 %**	20,0 %	0,6 %	**20,6 %**	20,9 %	20,5 %	20,2 %	20,0 %	20,6 %	18,6 %	18,4 %	18,1 %
Common Tier I Capital		**12 205**	11 575	630	**12 205**	12 019	11 905	11 788	11 575	11 472	11 215	11 052	10 655
Tier I capital		**13 177**	12 599	578	**13 177**	12 991	12 881	12 812	12 599	12 496	12 229	12 072	11 716
Total eligible capital		**14 507**	13 833	674	**14 507**	14 366	14 213	14 105	13 833	13 726	13 470	13 316	13 191
Adjusted risk-weighted assets base		**70 359**	69 214	1 144	**70 359**	68 588	69 233	69 699	69 214	66 609	72 492	72 402	72 768

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 lendring incl. intermediary loans

Note 1 – Accounting policies

The Group's financial statements for 2021 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 2020.

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 capital adequacy rules specify criteria for identifying commitments in default.
A commitment will be deemed to be in default if the claim is more than 90 days past and the amount is substantial (payment default), or it is likely that the borrower will not meet its obligations (unlikeliness to pay).
The criteria for a default were further clarified in the EBA's Guidelines on the application of the definition of default under Article 178 of Regulation (EU) No 575/2013 (EBA/GL/2016/07). The EBA's guidelines include rules concerning quarantine periods for when commitments in default can be declared no longer in default, specify a 90-day limit, and include rules regarding the criteria that must as a minimum be assessed for defining "unlikeliness to pay". The EBA's guidelines apply from 01.01.21.
The Ministry of Finance has set limits for what must be regarded as a substantial amount in assessing payment defaults (CRR/CRD IV Regulation, section 7). The amount limits must not exceed NOK 1,000 and NOK 2,000, respectively, for mass market commitments and other commitments, while the relative limit must not exceed 1 per cent of the total capitalised commitment for all commitments. The rules concerning the limits for "substantial" apply from 31.12.20.

The Financial Supervisory Authority of Norway has issued rules via a circular concerning the "quarantine period", i.e. how long a commitment will remain in default after it is first marked as being in default.
If the payment default is remedied and it is likely that the counterparty will meet its obligations, the commitment can be regarded as no longer in default after a quarantine period of 90 days. In the event of partial debt forgiveness or changes to the loan's terms and conditions, the quarantine period will be at least 12 months.

The circular also specifies that if one of the loans to the customer is marked as being in default, all loans to the customer must be deemed to be in default (default propagation). This also applies to associated counterparties. For mass market commitments, defaults can be assessed per loan, i.e. default propagation does not automatically apply. The Bank must assess whether defaulting on a loan will affect whether or not the customer will be able to meet its obligations with respect to other loans. The Financial Supervisory Authority of Norway believes that in the case of mass market commitments, a default should propagate between commitments in the same category. The Financial Supervisory Authority of Norway provides an example in which if a customer defaults on an unsecured loan, then all unsecured loans to that customer must be marked as being in default. Furthermore, all commitments should be deemed to be in default if the loan that constitutes a substantial part of the total exposure is in default.

The Group has chosen to implement these new policies for statutory defaults as well as accounting defaults from 01.01.21, which results in an increased volume defined as in default in Stage 3, ref. Note 6.

Of the total increase in commitments in Stage 3 as at 31.03.21 compared to 31.12.20, approximately MNOK 100, 70 per cent, is related to the effects of implementing the new default definition.

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.

Assumptions:
The Bank uses weighted scenarios to calculate expected credit loss. As mentioned in the previous quarterly report, the Bank has made adjustments to the methodology for determining factors and scenario weighting.

Three different macroeconomic scenarios are still used to project expected LGD and PD curves 5 years into the future. All three scenarios have been made further expectation-oriented, with scenario 1 (SC1) representing the most likely outcome. SC2 and SC3 represent outcomes that are somewhat more negative and positive than SC1, respectively. The above adjustment to the methodology means that the sensitivity related to determining the scenario weighting will be less than with the previous methodology (ref. sensitivity analysis below).

Both the determination of LGD and PD curves and weighting of the scenarios are carried out by the Group’s ECL Committee. The committee assesses the curves and weighting based on a fixed structure based on assessments of factors such as global and national PMI, interest rates, national and regional unemployment, capacity utilisation, and developments in national and local property prices.

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) – 81/19/0).

As at 31.03.20, based on the uncertainty associated with the coronavirus situation, 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 (to 70 per cent) with a corresponding increase in the stress scenario (to 30 per cent). The committee monitored developments very closely throughout the year, and even though the macro picture improved somewhat at the turn of the year, the Covid-19 situation was still creating uncertainty. The committee thus concluded that no adjustments would be made to the macroscenario weighting as at 31.12.20 – (70/30/0).

As at 31.03.21, considerable uncertainty surrounding the impact of Covid-19 remained, even though the macro picture has improved. The committee has chosen to adjust the scenario weighting to 60/20/15, and this must be viewed from the perspective of expectation-oriented determination.

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 PD. 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-depth analyses of these are conducted every quarter for the entire loan portfolio in relation to the assumptions used at the end of the previous year. Particular attention has been paid to some exposed industries in our market area (including tourism, transport, fisheries and real estate). However, the analyses did not find that significant changes needed to be made to PD and LGD factors in the ECL model as at 31.03.21.

Industries and the development of individual customers will also be monitored closely using a so-called watchlist at a customer commitment level, as well as by flagging customers with forbearance (payment relief).
All commitments categorised as high-risk are on the watchlist.
As at 30.06.20, all tourism-related commitments of more than MNOK 10 were placed on a watchlist and manually transferred from Stage 1 to Stage 2. In 3Q and 4Q 2020, all tourism-related commitments of less than MNOK 10 were placed on a watchlist and manually transferred from Stage 1 to Stage 2. In addition, all customers granted government guaranteed liquidity loans have been transferred from Stage 1 to Stage 2. In total, these manual transfers amounted to MNOK 59 in increased loss provisions. The resale values of the security pledged for such commitments were assessed and adjusted downwards, which resulted in increased ECL provisions. As at 31.03.21, there were no changes to previous assessments.

As at 31.03.21, SpareBank 1 Nord-Norge has granted general interest-only instalment holidays for loans of up to 6 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 granted in March and April last year have expired, while some have been extended. Interest-only instalment holidays due to Covid-19 and of up to 6 months duration are 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 who require interest-only periods beyond 6 months are dealt with separately. If they are regarded as having financial problems, they are regarded as exposures with forbearance, with the corresponding migration from Stage 1 to Stage 2. The proportion of customers granted forbearance continued to fall in 1Q 2021.

According to IFRS 9, there will be an opportunity to carry out temporary adjustments, so-called 'management overlays', when it is clear that existing or expected risk factors have not been assessed in the credit risk models. Such management overlays can occur in short-term situations when there is not enough time to incorporate relevant new information into existing models or to re-segment existing groups of loans. On 31.12.20, the Parent Bank carried out a MNOK 78 post model adjustment (PMA). In the above modified methodology for determining scenario weighting, as well as the adjustments made to LGD and PD curves, previous provisions like PMA are now incorporated into ECL provision as at 31.03.21.

By the end of 1Q 2021, the Bank had paid out about MNOK 343 in government guaranteed liquidity loans to its customers. These were also included in the ECL assessment at the end of 1Q 2021.

Percentage of provisions in the various stages:

Parent bank	31.12.19	31.03.20	30.06.20	30.09.20	31.12.20	31.03.21
Step 1	44 %	54 %	46 %	53 %	45 %	54 %
Step 2	29 %	24 %	33 %	28 %	35 %	24 %
Step 3	27 %	22 %	21 %	19 %	20 %	22 %
Total	100 %	100 %	100 %	100 %	100 %	100 %

Group	31.12.19	31.03.20	30.06.20	30.09.20	31.12.20	31.03.21
Step 1	42 %	50 %	44 %	48 %	43 %	50 %
Step 2	29 %	25 %	33 %	30 %	37 %	25 %
Step 3	29 %	25 %	23 %	22 %	20 %	25 %
Total	100 %	100 %	100 %	100 %	100 %	100 %

Sensitivity analysis

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 31.03.21, and shows how much ECL increases as a result of both an increase in PD and LGD, due to percentage changes to the factors, and scenario weighting:

The sensitivity to changes in weighting is much less than in previous analyses. This is due to the fact that there is now less distance between the PD and LGD curves in the method being used.

The retail market experiences a greater relative effect of increasing to 100 per cent worst case. This is interpreted as being an effect of the fact that we have, except in year 1, used a somewhat “kinder” curve for the retail market (lower levels and earlier recovery), such that the effect is amplified if we weight SC2 100 per cent for the retail market.

The PD and LGD factors have been increased by 10 per cent, ref. previous analysis, despite the Bank having switched to level determination for the factors. This was done to provide a better basis for comparisons with previous analyses.

				Weighting of scenarios **)		
	10 % increase PD-factor	10 % increase LGD-factor	20 % increase PD-factor *)	SC 1= 100% SC 2= 0 % SC 3= 0 %	SC 1= 0 % SC 2= 100 % SC 3= 0 %	SC 1= 0 % SC 2= 0 % SC 3= 100 %
Retail market	5,4 %	5,9 %	14,2 %	-0,2 %	24,9 %	-14,5 %
Corporate market	7,3 %	7,8 %	16,3 %	1,7 %	15,1 %	-13,1 %
Total	7,0 %	7,5 %	16,0 %	1,4 %	16,7 %	-13,3 %

*) 20 % increase PD-factor on all loan engagements. Step migration as a result of increased PD, is taken into account ine the sensitivity analysis.

**) Effect of going from the current weighting of 60 %, 15 % and 25 % for scenarios 1, 2 or 3.

Notes 3 – Changes to group structure

SpareBank 1 Nord-Norway and Helgeland Sparebank (HSB) have established a strategic and forward-looking cooperation. As a part of this, HSB have purchased 15 per cent of the shares in EiendomsMegler 1 Nord-Norge AS and SpareBank 1 Regnskapshuset Nord Norge AS.

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 11 in Annual report.

Group **31.03.21**

(Amounts in NOK million)

	Retail banking	Corporate banking	Markets	SpareBank 1 Regnskaps-huset Nord-Norge	Eiendoms-Megler 1 Nord-Norge	SpareBank 1 Finans Nord-Norge	Sparebank 1 Helgeland	Unspecified/ Eliminations	**Total**
Net interest income	199	185	3	0	1	67	26	-9	473
Net fee- and other operating income	185	30	6	64	56	3	20	-14	350
Net income from financial investments	0	4	7	0	0	0	0	98	109
Total costs	180	97	12	48	46	26	7	-28	388
Result before losses	203	123	4	17	11	45	39	102	544
Losses	17	-46	0	0	0	-10	-13	-1	-53
Result before tax	187	169	4	17	11	55	52	103	597
Total lending	43.172	32.041	0	0	0	7.112	6.404	2.829	91.558
Loss provision	-87	-497	0	0	0	-93	-20	0	-697
Other assets	104	6.167	754	270	130	93	12	20.393	27.924
Total assets per business area	43.189	37.711	754	270	130	7.113	6.395	23.222	118.785
Deposits from customers	41.127	30.001	0	0	0	0	3.788	795	75.710
Other liabilities and equity capital	2.062	7.710	754	270	130	7.113	2.608	22.427	43.075
Total equity and liabilities per business area	43.189	37.711	754	270	130	7.113	6.395	23.222	118.785

During 2021, SpareBank 1 Nord-Norge will sell its portfolio of local banks in Helgeland to SpareBank 1 Helgeland. Following the sale, SpareBank 1 Nord-Norge will own 19.99 per cent of SpareBank 1 Helgeland. This stake will be incororated into the consolidated financial statement.

31.03.20	Retail banking	Corporate banking	Markets	SpareBank 1 Regnskaps-huset Nord-Norge	Eiendoms-Megler 1 Nord-Norge	SpareBank 1 Finans Nord-Norge	Sparebank 1 Helgeland	Unspecified/ Eliminations	Total
Net interest income	194	171	2	0	0	70	15	100	552
Net fee- and other operating income	158	27	4	60	45	1	15	-17	293
Net income from financial investments	3	17	12	0	0	0	0	94	126
Total costs	161	32	12	47	43	30	18	61	404
Result before losses	194	182	6	12	3	41	13	115	567
Losses	7	43	0	0	0	20	2	48	119
Result before tax	187	139	6	12	3	22	11	67	448
Total lending	40.644	29.230	0	0	0	6.783	6.812	3.276	86.745
Loss provision	-74	-314	0	0	0	102	-45	-255	-587
Other assets	163	5.859	2.066	239	108	92	12	23.187	31.726
Total assets per business area	40.733	34.776	2.066	239	108	6.978	6.779	26.207	117.884
Deposits from customers	37.998	28.317	0	0	0	0	3.520	774	70.609
Other liabilities and equity capital	2.734	6.459	2.066	239	108	6.978	3.258	25.433	47.275
Total equity and liabilities per business area	40.733	34.776	2.066	239	108	6.978	6.779	26.207	117.884

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
As at 31.03.21, the regulatory minimum requirement for the Group's core Tier 1 capital ratio was 14.0 per cent. This included the minimum requirement of 4.5 per cent, the total buffer requirement of 8.0 per cent, and the Pillar 2 requirement of 1.5 per cent. The actual buffer requirement is slightly lower than 8.0 per cent since the systemic risk buffer and countercyclical capital buffer are calculated using differentiated rates.

Capital target
SpareBank 1 Nord-Norge's goal is to maintain indisputable financial strength and satisfy the regulatory minimum requirements for capital adequacy at all times. The Group has a target for its core Tier 1 capital ratio of 1.0 percentage point above the regulatory minimum requirement, which currently results in a target core Tier 1 capital ratio of 15.0 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 AS, SpareBank 1 Næringskreditt AS, SpareBank 1 Kreditt AS and BN Bank AS. The stake in SpareBank 1 Betaling AS 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 AS is deducted from core Tier 1 capital pursuant to the applicable capital adequacy regulations.

Parent Bank | | | **Group**

(Amounts in NOK million)

31.12.20	31.03.20	**31.03.21**		**31.03.21**	31.03.20	31.12.20
1 807	1 807	**1 807**	Equity certificates	**1 807**	1 807	1 807
843	843	**843**	Premium reserve	**843**	843	843
3 253	2 620	**2 846**	Equalisation reserve	**2 846**	2 620	3 253
6 254	5 975	**6 236**	Savings bank's reserve	**6 236**	5 975	6 254
573	120	**425**	Endowment fund	**425**	120	573
15	42	**0**	Deduction Fund for urealised gains available for sale	**0**	42	15
- 20	3	**6**	Other equity	**1 538**	1 120	1 497
780	780	**780**	Hybrid capital	**780**	780	780
13 505	**12 485**	**13 779**	**Total equity**	**15 233**	**13 691**	**15 022**
0	- 148	**- 286**	Period result	**- 237**	- 192	0
- 780	- 780	**- 780**	Hybrid capital	**- 780**	- 780	- 780
			Additional Tier 1 Capital (AT 1 Capital)			
- 844	0	**- 569**	Deduction for allocated dividends	**- 569**	0	- 845
0	0	**0**	Adjusted Tier 1 Capital from consolidated financial institutions	**- 48**	- 41	- 29
0	0	**0**	Deduction for entangible assets	**- 130**	- 126	- 130
- 33	- 36	**- 33**	Adjustments to CET 1 due to prudential filters	**- 31**	- 42	- 28
- 136	- 122	**- 137**	Deduction defined benefit pension fund assets gross amounts	**- 148**	- 134	- 148
0	0	**0**	IRB shortfall of credit risk adjustments to expected losses	**0**	- 16	0
0	0	**0**	CET1 instruments of financial sector entities where the institution has significant investment	**- 942**	- 643	- 900
- 157	- 155	**- 157**	CET1 instruments of financial sector entities where the institution does not have significant	**- 144**	- 142	- 143
11 555	**11 245**	**11 817**	**Common equity Tier 1 Capital (CET 1 Capital)**	**12 205**	**11 575**	**12 019**
780	780	**780**	Hybrid Tier 1 capital bonds	**972**	1 024	972
12 335	**12 025**	**12 597**	**Additional Tier 1 Capital (AT 1 Capital)**	**13 177**	**12 599**	**12 991**
			Tier 2 Capital (T2 Capital)			
1 050	1 050	**1 050**	Nonperpetual subordinated capital	**1 356**	1 366	1 359
179	18	**138**	Expected losses on IRB, net of writedowns	**108**	0	150
- 134	- 132	**- 134**	Deduction for subordinated capital in other financial institutions with a significant investment	**- 134**	- 132	- 134
1 095	**936**	**1 054**	**Tier 2 Capital (T2 Capital)**	**1 330**	**1 234**	**1 375**
13 430	**12 961**	**13 651**	**Total eligible capital**	**14 507**	**13 833**	**14 366**
			Minimum requirements subordinated capital, Basel I I			
1 155	1 079	**1 163**	Specialised lending exposure	**1 213**	1 123	1 207
56	69	**64**	Other corporations exposure	**67**	71	59
430	404	**429**	SME exposure	**442**	417	443
1 166	1 182	**1 145**	Property retail mortage exposure	**1 635**	1 670	1 658
63	61	**61**	Other retail exposure	**62**	64	65
501	509	**508**	Equity investments	**0**	0	0
3 371	**3 304**	**3 370**	**Total credit risk**	**3 419**	**3 345**	**3 432**
841	936	**976**	Credit risk standardised approach	**1 564**	1 544	1 430
6	5	**9**	Debt risk	**9**	5	6
0	6	**0**	Equity risk	**0**	6	0
445	429	**445**	Operational risk	**533**	504	533
18	24	**18**	Credit Value Adjustment	**104**	133	86
0	0	**0**	Transitional arrangements	**0**	0	0
4 681	**4 703**	**4 817**	**Minimum requirements subordinated capital**	**5 629**	**5 537**	**5 487**
58 511	58 791	**60 207**	RWA (Risk weighted assets)	**70 359**	69 214	68 588
			Total regulatory Capital			
23,0 %	22,0 %	**22,7 %**	Total regulatory Capital	**20,6 %**	20,0 %	20,9 %
21,1 %	20,5 %	**20,9 %**	Tier 1 Capital	**18,7 %**	18,2 %	18,9 %
1,9 %	1,6 %	**1,8 %**	Tier 2 Capital	**1,9 %**	1,8 %	2,0 %
19,7 %	19,1 %	**19,6 %**	Common Tier I Capital	**17,4 %**	16,7 %	17,5 %
10,5 %	10,2 %	**10,4 %**	Leverage Ratio	**7,7 %**	7,4 %	7,6 %

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 31.03.21. 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 31.03.21 would impact the result by approximately MNOK -17,5 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)						
31.12.20	31.03.20	**31.03.21**	Loans broken down by method of measurement	**31.03.21**	31.03.20	31.12.20
			Loans at fair value through profit and loss			
7 600	8 526	**7 351**	Loans to customers at fixed interest rates	**7 365**	8 546	7 614
3 917	3 577	**3 545**	Mortgages to customers for sale, housing credit company	**3 545**	3 577	3 917
11 517	12 103	**10 896**	**Total loans at fair value through profit and loss**	**10 910**	12 123	11 531
			Loans at amortised cost			
77 411	73 099	**79 051**	Other loans	**80 646**	74 622	78 980
77 411	73 099	**79 051**	**Total loans at amortised cost**	**80 646**	74 622	78 980
88 928	85 202	**89 947**	**Total gross loans**	**91 558**	86 745	90 511
			Commission loans			
37 735	36 988	**37 827**	Loans transrered to SpareBank1 Boligkreditt	**37 827**	36 988	37 735
410	415	**409**	Loans transfered to SpareBank1 Næringskreditt	**409**	415	410
38 145	37 403	**38 236**	Total intermediary loans	**38 236**	37 403	38 145
127 073	122 605	**128 183**	**Total gross loans included intermediary loans**	**129 794**	124 149	128 656
			Provision for credit losses - reduction in assets			
- 285	- 253	**- 228**	Provision for credit losses - stage 1	**- 253**	- 283	- 310
- 232	- 114	**- 230**	Provision for credit losses - stage 2	**- 269**	- 148	- 283
- 142	- 118	**- 148**	Provision for credit losses - stage 3	**- 176**	- 156	- 169
88 269	84 717	**89 342**	**Net loans**	**90 859**	86 158	89 748

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 31.03.21

(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	14.482	-109	-116	-50	38	14.245
Finanicial and insurance activities	8.539	-17	-1	0	0	8.522
Fishing and aquaculture	6.977	-28	-11	-2	26	6.962
Manufacturing	1.575	-6	-23	-28	16	1.533
Agriculture and forestry	1.165	-2	-1	-12	41	1.190
Power and water supply and construction	2.451	-7	-5	-11	32	2.459
Government	53	0	0	0	0	53
Service industries	2.009	-9	-11	-5	75	2.060
Transportation	2.503	-8	-14	-4	48	2.525
Commodity trade, hotel and restaurant industry	1.825	-9	-19	-9	23	1.811
Corporate market	41.578	-194	-201	-121	297	41.360
Retail market	37.472	-34	-29	-27	10.598	47.981
Loans and advances to customers	79.051	-228	-230	-148	10.895	89.342

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	1.491	-32	-5	0	-37
Finanicial and insurance activities	253	-3	0	0	-3
Fishing and aquaculture	928	-3	0	0	-3
Manufacturing	587	-1	-3	0	-4
Agriculture and forestry	143	0	0	0	0
Power and water supply and construction	808	-2	-4	0	-6
Government	448	0	0	0	0
Service industries	297	-1	-2	0	-3
Transportation	899	-1	-1	0	-2
Commodity trade, hotel and restaurant industry	785	-3	-1	-3	-7
Corporate market	6.638	-46	-16	-4	-66
Retail market	1.821	-1	0	0	-1
Loans and advances to customers	8.459	-46	-16	-4	-67

Group 31.03.21

(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	14.588	-110	-116	-50	38	14.350
Finanicial and insurance activities	3.024	-17	-1	0	0	3.006
Fishing and aquaculture	7.576	-35	-14	-2	26	7.552
Manufacturing	2.055	-9	-31	-28	16	2.002
Agriculture and forestry	1.285	-2	-2	-13	41	1.309
Power and water supply and construction	3.309	-10	-11	-18	32	3.302
Government	68	0	0	0	0	68
Service industries	2.494	-10	-12	-9	75	2.537
Transportation	3.372	-10	-23	-5	62	3.395
Commodity trade, hotel and restaurant industry	2.305	-13	-24	-12	23	2.279
Corporate market	40.077	-215	-235	-138	311	39.800
Retail market	40.571	-38	-34	-39	10.598	51.058
Loans and advances to customers	80.648	-253	-269	-176	10.909	90.859

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	1.447	-32	-5	0	-37
Finanicial and insurance activities	92	-3	0	0	-3
Fishing and aquaculture	970	-3	0	0	-3
Manufacturing	638	-1	-3	0	-4
Agriculture and forestry	144	0	0	0	0
Power and water supply and construction	918	-2	-4	0	-6
Government	448	0	0	0	0
Service industries	411	-1	-2	0	-3
Transportation	1.039	-1	-1	0	-2
Commodity trade, hotel and restaurant industry	993	-3	-1	-3	-7
Corporate market	7.099	-46	-16	-4	-66
Retail market	1.858	-1	0	0	-1
Loans and advances to customers	8.958	-46	-16	-4	-67

Loans broken down by sector/industry

Parent Bank 31.12.20
(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	14.285	-183	-114	-42	41	13.987
Finanicial and insurance activities	8.551	-15	-4	0	0	8.532
Fishing and aquaculture	6.834	-24	-16	-1	25	6.818
Manufacturing	1.519	-6	-23	-28	11	1.473
Agriculture and forestry	1.223	-1	-2	-12	38	1.246
Power and water supply and construction	2.460	-7	-5	-10	32	2.470
Government	42	0	0	0	0	42
Service industries	1.710	-9	-7	-5	77	1.766
Transportation	2.200	-5	-12	-4	52	2.231
Commodity trade, hotel and restaurant industry	1.843	-9	-21	-9	21	1.825
Corporate market	40.667	-259	-203	-111	297	40.390
Retail market	36.744	-26	-29	-31	11.220	47.878
Loans and advances to customers	77.411	-285	-232	-142	11.517	88.269

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	1.573	-29	-6	0	-35
Finanicial and insurance activities	354	-1	0	0	-1
Fishing and aquaculture	1.209	-6	0	0	-6
Manufacturing	623	-1	-3	0	-4
Agriculture and forestry	99	0	0	0	0
Power and water supply and construction	834	-2	-4	0	-6
Government	419	0	0	0	0
Service industries	465	-1	-2	0	-3
Transportation	796	-1	-1	0	-2
Commodity trade, hotel and restaurant industry	535	-2	-2	0	-4
Corporate market	6.907	-43	-18	0	-61
Retail market	1.742	0	0	0	0
Loans and advances to customers	8.649	-43	-18	0	-61

Group 31.12.2020
(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	14.384	-184	-114	-42	41	14.084
Finanicial and insurance activities	3.162	-15	-4	0	0	3.143
Fishing and aquaculture	7.417	-30	-19	-1	25	7.392
Manufacturing	1.964	-9	-32	-28	11	1.906
Agriculture and forestry	1.344	-2	-3	-13	38	1.364
Power and water supply and construction	3.324	-10	-14	-15	32	3.317
Government	59	0	0	0	0	59
Service industries	2.201	-11	-9	-10	77	2.248
Transportation	3.084	-8	-24	-5	67	3.114
Commodity trade, hotel and restaurant industry	2.283	-12	-28	-12	21	2.252
Corporate market	39.222	-280	-247	-127	312	38.880
Retail market	39.758	-31	-36	-43	11.220	50.868
Loans and advances to customers	78.979	-310	-283	-169	11.531	89.748

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	1.538	-29	-6	0	-35
Finanicial and insurance activities	65	-1	0	0	-1
Fishing and aquaculture	1.261	-6	0	0	-6
Manufacturing	713	-1	-3	0	-4
Agriculture and forestry	101	0	0	0	0
Power and water supply and construction	834	-2	-4	0	-6
Government	467	0	0	0	0
Service industries	575	-1	-2	0	-3
Transportation	914	-1	-1	0	-2
Commodity trade, hotel and restaurant industry	722	-2	-2	0	-4
Corporate market	7.189	-43	-18	0	-61
Retail market	1.757	0	0	0	0
Loans and advances to customers	8.947	-43	-18	0	-61

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 31.03.21

Morbank | **Konsern**

(Beløp i mill kroner)

Stage 1	Stage 2	Stage 3	Total		Total	Stage 3	Stage 2	Stage 1
77 236	8 449	375	**86 060**	Total loan commitments to amortised cost 01.01.21	**87 927**	373	8 449	79 104
				Changes in the period due to loans migrated between the stages				
852	- 851	- 1	**0**	to (-from) stage 1	**0**	- 1	- 997	998
-1 165	1.170	- 4	**0**	to (-from) stage 2	**0**	- 5	1 262	-1 257
- 14	- 84	98	**0**	to (-from) stage 3	**0**	178	- 151	- 27
-1 805	77	- 13	**-1 741**	Net increase/(decrease) balance existing loans	**-2 067**	- 24	21	-2 064
10 533	523	11	**11 067**	Originated or purchased during the period	**11 750**	13	550	11 187
-6 875	- 956	- 45	**-7 876**	Loans that have been derecognised	**-8 003**	- 50	-1 006	-6 947
78 762	8 328	421	**87 510**	Total loan commitments to amortised cost	**89 605**	484	8 128	80 993
			10 896	Loans at fair value through profit and loss	**10 910**			
78 762	8 328	421	**98 406**	Total loan commitments as at 31.03.21	**100 514**	484	8 128	80 993
-7 043	-1 400	- 16	**-8 459**	Off-balance sheet [1)]	**-8 958**	- 16	-1 400	-7 541
71 719	6 928	405	**89 947**	Gross loans	**91 558**	468	6 728	73 452
- 228	- 230	- 148	**- 606**	Provision for credit losses - reduction in assets	**- 699**	- 176	- 269	- 253
71 491	**6 698**	**257**	**89 342**	**Net loans [2)]**	**90 859**	**292**	**6 458**	**73 199**

1) Off balance consists of unused limits of loans and credits, entered into guarantee agreements and committed loans that have not been disbursed. Committed loans are not included.

2) Net loans as assets in Balance sheet

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 or 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 31.12.20

Morbank | **Konsern**

(Beløp i mill kroner)

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				
1 019	-1 010	- 9	**0**	to (-from) stage 1	**0**	- 11	-1 225	1 236
-3 819	3.829	- 10	**0**	to (-from) stage 2	**0**	- 23	4 489	-4 465
- 60	- 93	153	**0**	to (-from) stage 3	**0**	202	- 127	- 75
6 279	- 575	- 11	**5 693**	Net increase/(decrease) balance existing loans	**4 783**	- 31	- 754	5 568
36 198	1 985	35	**38 218**	Originated or purchased during the period	**40 756**	68	2 432	38 256
-37 208	- 315	- 126	**-37 649**	Loans that have been derecognised	**-39 010**	- 183	-1 893	-36 934
77 236	8 449	375	**86 060**	Total loan commitments to amortised cost	**87 927**	373	8 449	79 104
			11 517	Loans at fair value through profit and loss	**11 531**			
77 236	8 449	375	**97 577**	Total loan commitments as at 31.12.20	**99 458**	373	8 449	79 104
-7 121	-1 519	- 9	**-8 649**	Off-balance sheet [1)]	**-8 947**	- 9	-1 504	-7 434
70 115	6 930	366	**88 928**	Gross loans	**90 511**	364	6 945	71 670
- 285	- 232	- 142	**- 659**	Provision for credit losses - reduction in assets	**- 762**	- 169	- 283	- 310
69 830	**6 698**	**224**	**88 269**	**Net loans [2)]**	**89 749**	**195**	**6 662**	**71 360**

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.

The Bank conducts an annual review of its entire portfolio of corporate customers. Large and particularly risky commitments are reviewed on a quarterly basis. Loans to retail customers are reviewed when they are more than 55 days past due or when their payment history is particularly poor. Probability of default (PD) is calculated for each corporate customer based on their historical financial data and observations. The same is done for retail customers based on their tax returns and historical observations.
The Bank currently has nine risk categories for healthy commitments and two categories for commitments in default, based on the probability of default for each customer. These 11 classes are further divided into low, moderate, high and highest risk groups, as well as defaults and losses in relation to PD. The entire portfolio is scored on a monthly basis using automatic data acquisition based on objective data.

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, (loss given default) LGD and (exposure at default) EAD. The model uses PD and other objective events to group the assets into the different stages, while LGD is used to calculated expected loss. While credit models are used for capital adequacy purposes, the model used for loss provisions is a 'point-in-time' model and unbiased at a point in time.

In Stage 1, provisions for losses are for expected credit loss in the next 12 months. In Stages 2 and 3, provisions for losses are for expected credit loss over the asset's lifetime (lifetime PD).

A commitment is deemed to be in default if a demand is more than 90 days past due and the amount is for more than NOK 1,000.
A commitment is deemed to be doubtful when objective proof exists showing that one or more loss incidents have occurred and that this is having an impact on the expected future cash flow which can be estimated in a reliable manner. A new definition of default for statutory defaults has also been implemented for accounting defaults from 01.01.21, ref. Note 1. This means that quarantine periods have been introduced for commitments in default, and that rules have been introduced regarding customers' "unlikeliness to pay" and propagation effects from subsidiaries.

The Group defines a significant increase in credit risk as the commitment's calculated PD having increased. Both absolute and relative changes in PD are used as criteria for moving a commitment into 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. PD must also be higher than 0.60 per cent.

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 stage contains all financial assets that have not been moved to Stage 2 or Stage 3.

Stage 2: This stage contains all financial assets whose credit risk has increased significantly since initial recognition, but where there is no objective indication of default or loss. Here, expected credit loss is calculated over the lifetime of the loan (lifetime PD).

Commitments where payments are more than 30 days past due 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 loss provision consists of the expected loss over the lifetime of the loan based on the increased credit risk due to non-performance.

Such loss provisions are calculated as the difference between the loan's book value and the present value of the discounted cash flow based on the effective interest rate at the time of the initial loss provision. Subsequent changes in interest rates are taken into account for loan agreements subject to a variable interest rate.

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 mongering".

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. New rules for defining, calculating and reporting default will be introduced on 1 January 2021. Among other things, a waiting period is being introduced before defaulted commitments can be returned to non-defaulted status, as are conditions that must be considered with respect to whether or not a commitment can be defined as having indications of unlikeliness to pay.

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. Here too, the above-mentioned new regulations must be taken into account in 2021.

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
-327	-251	-142	**-720**	Loss provisions at 01.01.20	**-823**	-167	-302	-354
			-659	Of which presented as a reduction of the assets	**-762**			
			-61	Of which presented as other debt	**-61**			
				Changes in the period due to loans migrated between the stages:				
-16	16	0	**0**	to (-from) stage 1	**0**	0	20	-20
6	-6	0	**0**	to (-from) stage 2	**0**	0	-7	7
0	4	-4	**0**	to (-from) stage 3	**0**	-9	9	0
80	-23	-9	**48**	Net increase/decrease excisting loans	**56**	-8	-22	86
-33	-13	-1	**-47**	New issued or purchased loan	**-49**	-1	-13	-35
16	27	4	**47**	Loans that have been derecognised	**51**	5	29	17
-274	-246	-152	**-672**	**Total loss provisions at 31.12.20**	**-765**	-180	-286	-299
				Loss provisions allocated to markets				
-35	-29	-27	**-91**	Retail market	**-111**	-38	-34	-39
-239	-217	-125	**-581**	Corporate market	**-654**	-142	-252	-260
-274	-246	-152	**-672**	**Total loss provisions at 31.12.20**	**-765**	-180	-286	-299
			-606	Of which presented as a reduction of the assets	**-699**			
			-66	Of which presented as other debt	**-66**			

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.

(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 01.01.19	**-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:				
-17	16	1	**0**	to (-from) stage 1	**0**	1	19	-20
6	-7	1	**0**	to (-from) stage 2	**0**	5	-13	8
0	2	-2	**0**	to (-from) stage 3	**0**	-4	4	0
-76	-18	-4	**-98**	Net increase/decrease excisting loans	**-115**	-11	-26	-78
-20	-1	-3	**-24**	New issued or purchased loan	**-31**	-3	-3	-25
10	8	5	**23**	Loans that have been derecognised	**29**	7	11	11
-290	-126	-119	**-535**	**Total loss provisions at 31.12.19**	**-637**	-157	-160	-320
				Loss provisions allocated to markets				
-26	-31	-23	**-80**	Retail market	**-123**	-48	-43	-32
-264	-95	-96	**-455**	Corporate market	**-514**	-109	-117	-288
-290	-126	-119	**-535**	**Total loss provisions at 31.12.19**	**-637**	-157	-160	-320
			-485	Of which presented as a reduction of the assets	**-587**			
			-50	Of which presented as other debt	**-50**			

Note 8 - Losses

Losses incorporated in the accounts

Parent Bank				Group		
(Amounts in NOK million)						
31.12.20	31.03.20	**31.03.21**		**31.03.21**	31.03.20	31.12.20
286	99	**- 47**	Period's change in lending provisions	**- 58**	117	306
14	4	**6**	Period's confirmed losses	**8**	5	37
- 10	- 3	**- 2**	Recoveries, previously confirmed losses	**- 3**	- 3	- 11
290	100	**- 43**	**Total losses**	**- 53**	119	332

Losses broken down by sector and industry

Parent Bank				Group		
(Amounts in NOK million)						
31.12.20	31.03.20	**31.03.21**		**31.03.21**	31.03.20	31.12.20
224	73	**- 61**	Real estate	**- 61**	73	224
4	2	**0**	Finanicial and insurance activities	**0**	3	4
25	8	**- 3**	Fishing and aquaculture	**- 3**	9	29
6	13	**2**	Manufacturing	**1**	13	12
- 1	- 1	**0**	Agriculture and forestry	**- 1**	- 1	0
- 4	- 5	**1**	Power and water supply and construction	**1**	- 5	- 1
- 1	- 4	**3**	Service industries	**2**	- 4	3
7	2	**6**	Transportation	**4**	8	14
20	5	**2**	Commodity trade, hotel and restaurant industry	**0**	8	31
280	93	**- 50**	Total corporate market	**- 57**	104	316
10	7	**7**	Total retail market	**4**	15	9
0	0	**0**	Other losses corporate market	**0**	0	7
290	100	**- 43**	**Total losses**	**- 53**	119	332

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 31.03.21 the obligation on a consolidated level amounts to NOK 26 million for SpareBank 1 Boligkreditt and NOK 0 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	**31.03.21**	30.03.20
Net loss charged to the statement of comprehensive income in respect of hedging instruments in connection with actual value hedging	**- 297**	- 441
Total gain from hedging objects relating to the hedged risk	**288**	410
Total fair value hedging transactions	**- 9**	**- 31**

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		**31.03.21**			30.03.20	
		Fair value			Fair value	
Foreign currency instruments	**Contract**	**Assets**	**Liabilites**	Contract	Assets	Liabilites
Foreign exchange financial derivatives (forwards)	**2 137**	**35**	**23**	**5 782**	**133**	**205**
Currency swaps	**14 776**	**262**	**259**	**27 221**	**1 846**	**1 055**
Currency options						
Total non-standardised contracts	**16 913**	**297**	**282**	**33 003**	**1 979**	**1 260**
Standardised foreign currency contracts (futures)						
Total foreign currency instruments	**16 913**	**297**	**282**	**33 003**	**1 979**	**1 260**
Interest rate instruments						
Interest rate swaps (including cross currency)	**37 213**	**686**	**689**	**36 376**	**1 468**	**1 183**
Short,-term interest rate swaps (FRA)						
Other interest rate contracts	**216**	**27**	**24**	**692**	**155**	**158**
Total non-standardised contracts	**37 429**	**713**	**713**	**37 068**	**1 623**	**1 341**
Standardised interest rate contracts (futures)						
Total interest rate instruments	**37 429**	**713**	**713**	**37 068**	**1 623**	**1 341**
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)	**13 932**	**284**	**17**	**16 835**	**418**	**21**
Short-term interest rate swaps (FRA)						
Other interest rate contracts						
Total, non-standardised contracts	**13 932**	**284**	**17**	**16 835**	**418**	**21**
Standardised interest rate contracts (futures)						
Total interest rate instruments	**13 932**	**284**	**17**	**16 835**	**418**	**21**
Total interest rate instruments	**51 361**	**997**	**730**	**53 903**	**2 041**	**1 362**
Total foreign currency instruments	**16 913**	**297**	**282**	**33 003**	**1 979**	**1 260**
Total	**68 274**	**1 294**	**1 012**	**86 906**	**4 020**	**2 622**

Note 11 - Net accounting of financial derivates 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 31.03.21 the net figures were:

Category/counterpart (Amounts in NOK million)	Gross amount	Offset amount	Net amount	Net amount to be posted at bankruptcy or default	**Net credit exposure**
	A	B	C=A-B	D	**E=C-D**
Financial derivatives - assets	28 566	28 192	374	361	**13**
Financial derivatives - liabilities	20 349	20 080	269	327	**-58**

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 3.06 years as of 31.03.21.
The short-term liquidity risk measurement, liquidity coverage ratio (LCR), was 138 % as of the end of the quarter.

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

Parent bank | **Group**

(Amounts in mill NOK)

31.12.20	1Q20	**1Q21**		**1Q21**	1Q20	31.12.20
347	68	**99**	Provision commission loans	**99**	68	347
288	73	**61**	Payment facilities	**61**	73	288
180	43	**49**	Sales provision insurance products	**49**	43	180
33	7	**7**	Guarantee commissions	**7**	7	33
			Real estate broking	**40**	30	172
54	12	**14**	Portfolio commissions	**14**	12	54
14	3	**7**	Credit commision	**7**	3	14
23	6	**5**	Other commisions	**22**	19	73
939	212	**242**	Total commission income	**299**	255	1 161
71	17	**16**	Commission costs	**21**	22	82
868	195	**226**	Net fee- and commission income	**278**	233	1 079
			Accounting services	**64**	60	207
12	1	**11**	Other operating income	**8**	0	13
880	196	**237**	Net fee- and other operating income	**350**	293	1 299
33 %	29 %	**37 %**	Percent of net core earnings	**43 %**	35 %	39 %

Note 14 Expenses

Parent Bank **Group**

(Amounts in NOK million)

31.12.20	1Q20	1Q21		1Q21	1Q20	31.12.20
443	108	**107**	Personel expenses	**171**	168	690
43	11	**8**	Pension costs 1)	**10**	15	54
104	28	**29**	Social costs	**35**	32	125
590	147	**144**	Total personnel costs	**216**	215	869
264	65	**66**	IT expenses	**69**	71	287
127	40	**25**	Administrative expenses	**34**	50	174
94	25	**21**	Ordinary depreciation	**26**	28	109
24	7	**5**	Operating costs properties	**5**	6	25
87	15	**18**	Other operating expenses	**38**	34	162
1 186	299	**279**	Total costs	**388**	404	1 626

1) Costs related to the defined benefit pension scheme as at 31.03.2021 amounted to approximately MNOK 1,6. IAS 19 pension calculations are adjusted according to actuarial calculations as at 31.03.21.

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 31.03.21				
Shares	135	30	561	**726**
Bonds	13 357	5 686		**19 042**
Financial derivatives		1 294		**1 294**
Loans to customers with fixed rate			7 365	**7 365**
Loans to customers for sale			3 545	**3 545**
Total assets	13 492	7 010	11 470	**31 972**
Liabilities at 31.03.21				
Financial derivatives		1 012		**1 012**
Total liabilities		1 012		**1 012**
Assets at 31.03.20				
Shares	177	55	567	799
Bonds	11 986	7 104		19 090
Financial derivatives		4 020		4 020
Loans to customers with fixed rate			8 546	8 546
Loans to customers for sale			3 577	3 577
Total assets	12 163	11 179	12 690	36 032
Liabilities at 31.03.20				
Financial derivatives		2 622		2 622
Total liabilities		2 622		2 622

Changes in instruments at fair value, level 3:	Financial assets		
(Amounts in NOK million)	Shares	Loans to customers with fixed rate	Loans to customers for sale
Carrying amount at 31.03.20	567	8 546	3 577
Net gains on financial instruments	- 6	297	
Additions/acquisitions		1 068	2 128
Sales			-1 972
Matured		-2 547	- 189
Carrying amount at 31.03.21	561	7 365	3 545

Note 16 - Subsidiaries

(Amounts in NOK thousand)		Profit from ordinary operations before tax			Equity		
	Share of Eq. %	**31.03.21**	31.03.20	31.12.20	**31.03.21**	31.03.20	31.12.20
SpareBank 1 Finans Nord-Norge AS	100	**54 802**	21 751	176 339	**1 007 562**	993 500	1107 763
SpareBank 1 Nord-Norge Portefølje AS	100	**- 141**	- 127	-6 740	**4 297**	11 016	5 857
EiendomsMegler 1 Nord-Norge AS	85	**11 042**	3 074	38 791	**41 405**	35 344	61 811
SpareBank 1 Regnskapshuset Nord-Norge AS	85	**16 610**	12 427	24 900	**102 909**	89 647	109 377
Fredrik Langesg 20 AS	100	**- 90**	2 199	1 921	**346 635**	347 935	346 737
Total		**82 223**	39 324	235 211	**1 502 808**	1 477 442	1 631 545

Note 17 - Other assets

(Amounts in NOK million)

Parent bank				Group		
31.12.20	31.03.20	**31.03.21**		**31.03.21**	31.03.20	31.12.20
5	6	**5**	Repossessed assets	**5**	6	5
0	3	**0**	Accrued income	**58**	65	55
224	198	**223**	Overfunding of pension liabilities	**238**	212	239
73	260	**266**	Prepayments	**110**	105	91
249	294	**107**	Other assets 1)	**207**	375	332
551	761	**601**	**Total other assets**	**618**	763	722

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		
31.12.20	31.03.20	**31.03.21**		**31.03.21**	31.03.20	31.03.21
1 109	2 210	**1 409**	Other liabilities	**1 549**	2 318	1 254
165	178	**176**	Costs incurred	**530**	472	503
61	50	**67**	Provisioning against incurred liabilities and costs 1)	**67**	88	61
1 335	2 438	**1 652**	**Total other liabilities**	**2 146**	2 878	1 818
61	50	66	1) Of which off balance loss provision	66	50	61
			Specification of other liabilities:			
393	423	389	Lease liabilites 2)	439	468	443
28	206	106	Accrued tax	122	211	56
23	28	13	Tax deductions	25	29	32
72	59	69	Creditors	98	100	86
251	451	349	Agreed payments from Donations Fund	349	451	251
42	37	43	Defined benefit pension scheme (IAS 19)	43	46	42
300	1006	440	Miscellaneous liabilities	473	1013	344
1 109	2 210	1 409	Other liabilites	1 549	2 318	1 254

2) See note 23 regarding IFRS 16

Note 19 - Deposits broken down by sector and industry

(Amounts in NOK million)

Parent Bank				Group		
31.12.20	31.03.20	**31.03.21**		**31.03.21**	31.03.20	31.12.20
3 781	3 358	**3 943**	Real estate	**3 943**	3 339	3 781
2 392	1 641	**2 387**	Finanicial and insurance activities	**2 387**	1 641	2 392
2 917	3 079	**3 383**	Fishing and aquaculture	**3 383**	3 079	2 917
1 103	985	**1 127**	Manufacturing	**1 127**	985	1 103
518	597	**652**	Agriculture and forestry	**652**	597	518
2 627	2 605	**2 457**	Power and water supply and construction	**2 457**	2 605	2 627
6 850	7 024	**7 341**	Service industries	**7 265**	7 001	6 788
2 168	1 939	**2 348**	Transportation	**2 348**	1 939	2 168
2 795	2 419	**2 603**	Commodity trade, hotel and restaurant industry	**2 603**	2 419	2 795
25 151	23 647	**26 241**	**Public market**	**26 165**	23 605	25 089
40 363	37 694	**41 084**	Total retail market	**41 084**	37 694	40 363
7 706	9 310	**8 461**	Total government	**8 461**	9 310	7 706
73 220	70 651	**75 786**	**Total deposits**	**75 710**	70 609	73 158

Note 20 - Securities issued and subordinated loan capital and hybrid Tier 1 instruments classified as equity

Parent Bank and Group

(Amounts in NOK million)

Securities issued

	31.03.20	**31.03.21**
Certificates and other short-term borrowings		
Bond debt	25 858	**22 620**
Total debt securities in issue	25 858	**22 620**

Changes in securities issued	Statement of financial position 31.12.20	Issued 31.03.21	Matured or redeemed 31.03.21	Exchange rate movements 31.03.21	changes and accrued interest 31.03.21	**Statement of financial position 31.03.21**
Certificates and other short-term borrowings						
Bond debt	23 166	1 249	-1 770	- 469	443	**22 620**
Total debt securities issued	23 166	1 249	-1 770	- 469	443	**22 620**

	31.03.20	**31.03.21**
Subordinated loan capital	1 050	1.050
Total subordinated loan capital	1 050	1.050

Changes in subordinated loan capital	Statement of financial position 31.12.20	Issued 31.03.21	Matured or redeemed 31.03.21	Exchange rate movements 31.03.21	Fair value changes and accrued interest 31.03.21	**Statement of financial position 31.03.21**
Subordinated loan capital with definite maturities	1 050	500	- 500			**1 050**
Total subordinated loan capital	1 050	500	**- 500**			**1 050**

	31.03.20	**31.03.21**
Total Tier 1 instruments	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

Note 21 - Equity Certificates (ECs)

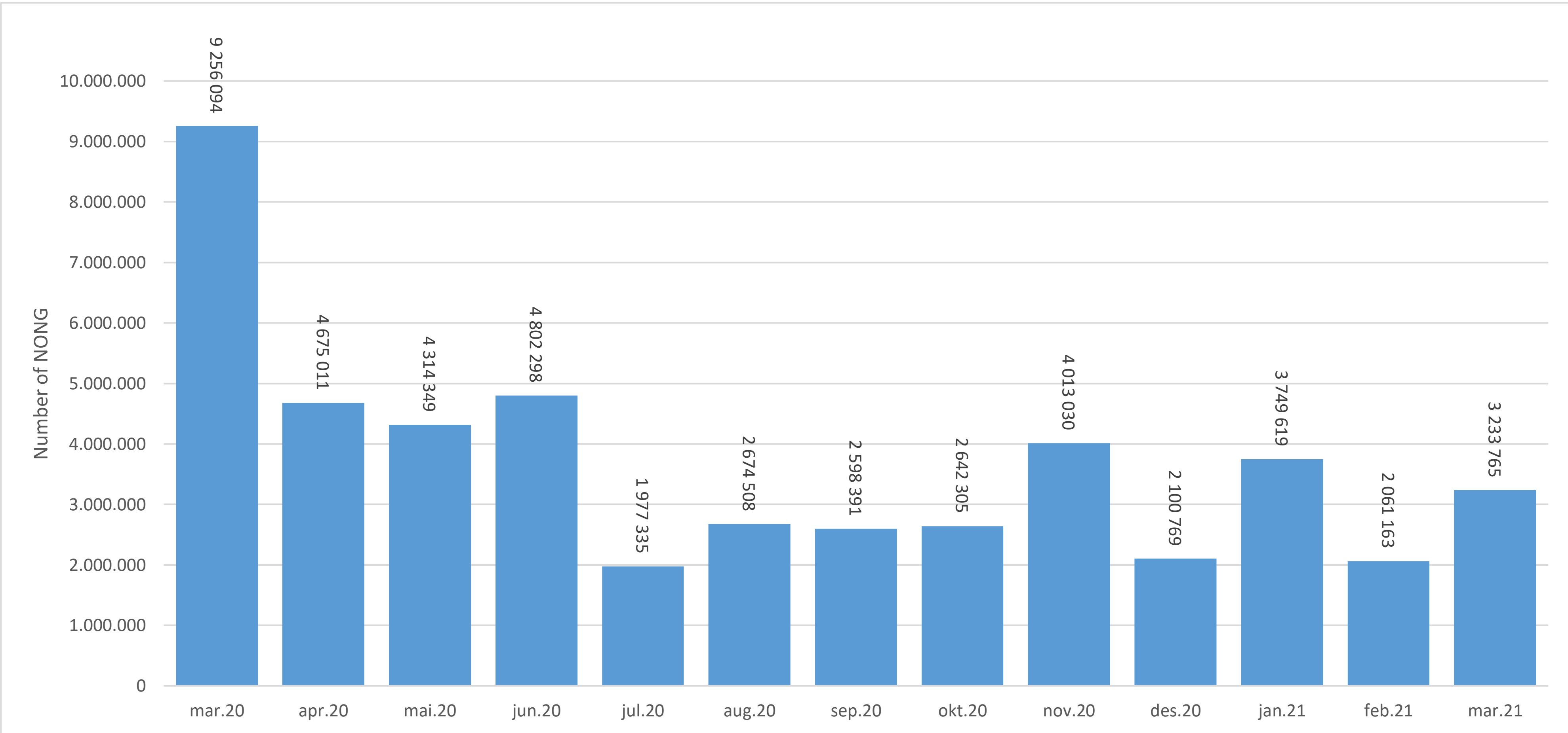
The 20 largest EC holders at **31.03.21**

EC Holders	Number of Ecs	Share of EC Capital
PARETO INVEST AS	3.458.846	3,45%
PARETO AKSJE NORGE VERDIPAPIRFOND	3.289.231	3,28%
The Northern Trust Comp, London Br	3.131.320	3,12%
State Street Bank and Trust Comp	2.822.617	2,81%
GEVERAN TRADING CO LTD	2.790.356	2,78%
VPF EIKA EGENKAPITALBEVIS	2.569.079	2,56%
MP PENSJON PK	2.444.322	2,43%
Brown Brothers Harriman & Co.	2.192.727	2,18%
FORSVARETS PERSONELLSERVICE	1.666.230	1,66%
Morgan Stanley & Co. International	1.601.498	1,60%
SPAREBANKSTIFTELSEN SPAREBANK 1 NO	1.411.606	1,41%
Landkreditt Utbytte	1.300.000	1,29%
State Street Bank and Trust Comp	1.218.210	1,21%
Euroclear Bank S.A./N.V.	918.022	0,91%
J.P. Morgan Bank Luxembourg S.A.	904.267	0,90%
CLEARSTREAM BANKING S.A.	785.203	0,78%
Brown Brothers Harriman & Co.	735.389	0,73%
The Bank of New York Mellon SA/NV	649.249	0,65%
VERDIPAPIRFONDET SR-BANK UTBYTTE	613.413	0,61%
J.P. Morgan Bank Luxembourg S.A.	578.494	0,58%
Total	**35.080.079**	**34,94%**

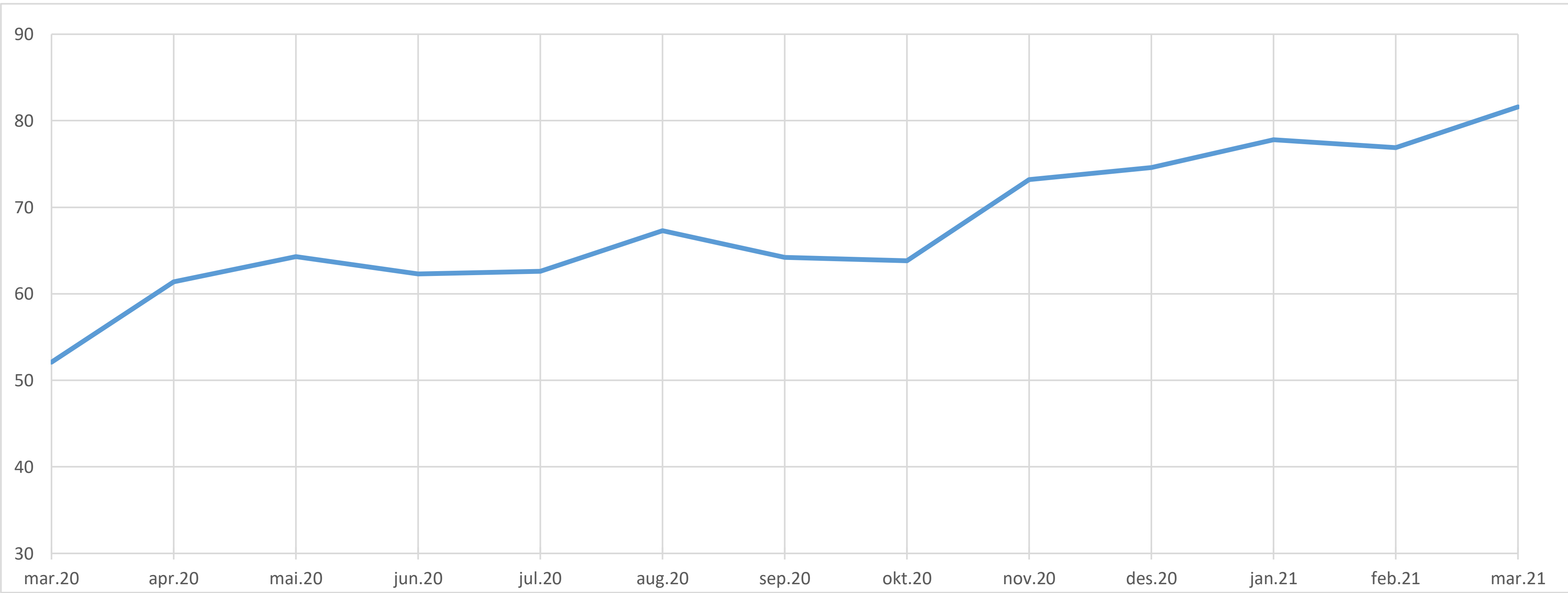
Dividend policy

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 occuring 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

On a lease's start date, the Group recognises a liability to pay rent and an asset that represents the right to use the underlying asset during the term of the lease ('right-of-use asset'). The Group sets the lease liabilities and 'right-of-use assets' at the present value of the remaining rent payments, discounted with the aid of the Group's marginal loan rate. The discount rate used upon establishment is 2.09 per cent.

Interest costs on the lease liability are recognised as costs on an ongoing basis and the right-of-use asset is depreciated on a straight-line basis over the term of the lease.

The Group's leased assets mainly include branches and naturally associated premises. Many of the contracts include the right to an extension that can be exercised during the term of the contract. The Group assesses, upon entering into a contract and thereafter continually, whether the right to the extension will, with reasonable certainty, be exercised.

The terms of leases vary from 2 to 14 years.

(Amounts in NOK million)

Parent bank				Group		
31.12.20	31.03.20	31.03.21	Right to use asset	31.03.21	31.03.20	31.12.20
264	264	**388**	Carrying amount 1 January	**435**	417	417
164	164	**0**	Additions	**0**	56	65
0	0	**0**	-Derecognition	**0**	0	0
2	6	**4**	Other changes	**5**	4	-3
430	434	**392**	Carrying amountat the end of the period	**440**	477	479
42	13	**9**	Depreciation in the period	**10**	14	44
388	421	**383**	**Carrying amount of right to use asset at the end of the period**	**430**	463	435

31.12.20	31.03.20	31.03.21	Lease liability	31.03.21	31.03.20	31.12.20
266	266	**393**	Carrying amount 1 January	**443**	422	422
163	163	**0**	Additions	**0**	54	64
-40	-13	**-10**	Lease payments in the period	**-11**	-15	-51
9	2	**2**	Interest	**3**	2	10
-5	5	**4**	Other changes	**4**	5	-2
393	423	**389**	**Lease liability at the end of the period**	**439**	468	443

31.12.19	31.03.20	31.03.21	Profit and loss	31.03.21	31.03.20	31.12.19
43	13	**9**	Depreciation	**10**	14	44
7	2	**2**	Interest	**3**	2	10
50	15	**11**	**Total lease expence**	**13**	16	54

31.12.20	31.03.20	31.03.21	Undiscounted lease liabilities and maturity of cash outflows	31.03.21	31.03.20	31.12.20
40	31	**30**	Less than 1 year (this year)	**32**	33	43
39	40	**39**	1-2 years	**42**	43	42
32	39	**32**	2-3 years	**39**	42	39
32	32	**32**	3-4 years	**36**	39	36
31	32	**31**	4-5 years	**36**	36	36
222	253	**222**	More than 5 years	**312**	350	312
396	427	**386**	**Total**	**497**	543	508

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)	**31.03.21**	31.03.20	31.12.20
Profit for the period	**473**	384	1 742
Deduct interest hybrid tier 1 capital	**7**	10	33
Profit for the period incl. interest hybrid tier 1 capital	**466**	374	1 709
Total Equity	**15 233**	13 691	15 022
Deducting hybrid Tier 1 capital	**780**	780	780
Equity excl. hybrid Tier 1 capital	**14 453**	12 911	14 242
Equity excl. hybrid tier 1 capital 01.01.	**14 242**	13 392	13 392
Equity excl. hybrid tier 1 capital 31.03.	**14 453**	12 911	12 911
Equity excl. hybrid tier 1 capital 30.06.	**0**	0	13 401
Equity excl. hybrid tier 1 capital 30.09.	**0**	0	13 884
Equity excl. hybrid tier 1 capital 31.12.	**0**	0	14 242
Average equity excl. hybrid tier 1 capital	**14 348**	13 152	13 566
Profit for the period, annualised incl. interest hybrid tier 1 capital	**1 864**	1 496	1 709
Average equity excl. hybrid tier 1 capital	**14 348**	13 152	13 566
Return on Equity	**13,0 %**	11,4 %	12,6 %
Total operating expenses	**388**	404	1 626
Total income	**932**	971	4 060
Cost-income ratio	**41,6 %**	41,6 %	40,0 %
Net interest income	**473**	552	2 068
Average total assets	**118 042**	112 020	115 736
Interest margin	**1,60 %**	1,97 %	1,79 %
Deposits from customers	**75 710**	70 609	73 158
Total lending incl. intermediary loans at the end of period	**128 493**	122 764	127 122
Deposits as a percentage of total lending incl. intermediary loans	**58,9 %**	57,5 %	57,5 %
Deposits from customers	**75 710**	70 609	73 158
Gross loans to customers	**90 257**	85 361	88 977
Deposits as a percentage of gross lending	**83,9 %**	82,7 %	82,2 %

APM (Alternative Performance Measures) Group (cont.)	**31.03.21**	31.03.20	31.12.20
Total lending incl. intermediary loans at the end of period	**128 493**	122 764	127 122
Total lending incl. intermediary loans at the end of same period last year	**122 764**	115 379	121 733
Lending growth last 12 months incl. intermediary loans	**5 729**	7 385	5 389
Lending growth last 12 months incl. intermediary loans	**4,7 %**	6,4 %	4,4 %
Total lending at the end of period	**90 257**	85 361	88 977
Total lending at the end of same period last year	**85 361**	81 533	85 692
Lending growth last 12 months	**4 896**	3 828	3 285
Lending growth last 12 months	**5,7 %**	4,7 %	3,8 %
Total intermediary loans at the end of the period	**38 236**	37 403	38 145
Total lending incl. intermediary loans at the end of period	**128 493**	122 764	127 122
Share of intermediatry loans	**29,8 %**	30,5 %	30,0 %
Intermediary loans SpareBank 1 Boligkreditt	**37 827**	36 988	37 735
Total retail lending end of period	**88 996**	86 697	88 712
Share of intermediary loans of total retail lending	**42,5 %**	42,7 %	42,5 %
Intermediary loans SpareBank 1 Næringskreditt	**409**	415	410
Total corporate lending end of period	**40 797**	37 451	39 943
Share of intermediary loans of total corporate lending	**1,0 %**	1,1 %	1,0 %
Deposits from customers end of period	**75 710**	70 609	73 158
Deposits from customers end of same period last year	**70 609**	64 183	68 030
Growth in deposits from customers past 12 months	**5 101**	6 426	5 128
Growth in deposits from customers past 12 months	**7,2 %**	10,0 %	7,5 %
Losses on loans and guarantees	**- 53**	119	332
Losses on loans and guarantees, annualised	**- 212**	476	332
Total lending incl. intermediary loans at the end of period	**129 794**	124 149	128 656
Losses on loans to customers as a percentage of total lending incl. intermediary loans	**-0,2 %**	0,4 %	0,3 %
Gross loans in stage 3	**484**	429	373
Loss provisions stage 3	**- 180**	- 157	- 167
Net commitments in default	**304**	272	206
Total lending incl. intermediary loans at the end of period	**129 794**	124 149	128 656
Net comm. in default and at risk of loss as a per. of total lending incl. intermediary loans	**0,2 %**	0,2 %	0,2 %
Non-performing commitments	**484**	429	373
Loss provisions stage 3	**- 180**	- 157	- 167
Loan loss provision ratio	**37,2 %**	36,6 %	44,8 %