



**SpareBank**  
NORD-NORGE



# Quarterly report

Financial statement Q1 2022

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## Group financial highlights and key figures

(Amounts in NOK million and in % of average assets)	31.03.22	%	31.03.21	%	31.12.21	%
Net interest income	541	1,80 %	473	1,60 %	2 014	1,67 %
Net fee- and other operating income	311	1,04 %	350	1,19 %	1 499	1,25 %
Net income from financial investments	76	0,25 %	109	0,37 %	794	0,66 %
<b>Total income</b>	<b>928</b>	<b>3,09 %</b>	<b>932</b>	<b>3,16 %</b>	<b>4 307</b>	<b>3,58 %</b>
<b>Total costs</b>	<b>396</b>	<b>1,32 %</b>	<b>388</b>	<b>1,31 %</b>	<b>1 748</b>	<b>1,45 %</b>
<b>Result before losses</b>	<b>532</b>	<b>1,77 %</b>	<b>544</b>	<b>1,84 %</b>	<b>2 559</b>	<b>2,13 %</b>
Losses	- 32	-0,11 %	- 53	-0,18 %	- 235	-0,20 %
<b>Result before tax</b>	<b>564</b>	<b>1,88 %</b>	<b>597</b>	<b>2,02 %</b>	<b>2 794</b>	<b>2,32 %</b>
Tax	110	0,37 %	124	0,42 %	499	0,41 %
<b>Result after tax</b>	<b>454</b>	<b>1,49 %</b>	<b>473</b>	<b>1,59 %</b>	<b>2 295</b>	<b>1,90 %</b>
Interest hybrid capital	10		7		29	
<b>Result after tax ex. interest hybrid capital</b>	<b>444</b>		<b>466</b>		<b>2 266</b>	

### Profitability

Return on equity capital	1	11,6 %	13,0 %	15,1 %
Interest margin	2	1,80 %	1,60 %	1,67 %
Cost/income	3	42,7 %	41,6 %	40,6 %

### Balance sheet figures and liquidity

Total assets		120 773	118 785	119 180
Average assets	4	119 977	118 042	120 264
Gross loans	5	93 323	92 859	92 717
Gross loans incl. commition loans	5	128 063	129 794	127 105
Deposits	6	79 679	76 261	77 241
Liquidity Coverage Ratio (LCR)		135	138	142

### Solidity

Common Equity Tier 1 Capital Ratio		18,8 %	17,3 %	18,7 %
Tier 1 Capital Ratio		20,4 %	18,7 %	20,0 %
Total Capital Ratio		21,9 %	20,6 %	21,6 %
Common Equity Tier 1 Capital		13 464	12 206	13 097
Tier 1 Capital		14 618	13 178	14 001
Own Funds		15 725	14 508	15 109
Total risk exposure amount		71 703	70 359	70 059
Leverage Ratio		8,5 %	7,7 %	8,3 %

### NONG Key figures

NONG Quoted/market price (NOK)		107,00	81,60	112,60
Number of EC issued (mill)		100,40	100,40	100,40
Equity capital per EC (NOK)		68,52	66,74	73,30
Result per EC (NOK)		2,02	2,14	10,41
P/E (Price/Earnings per EC) NOK		13,26	9,54	10,82
P/B (Price/Book Value per EC) NOK		1,56	1,22	1,54

### Branches and full-time employees

Branches		15	19	15
Manyears		831	877	831

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

# Quarterly Report for SNN – 1Q22

## Results and key figures

NOK mill	1Q22	1Q21	Change
Result	<b>454</b>	473	- 19
Return on equity	<b>11,6 %</b>	13,0 %	-1,4 %
Cost share	<b>42,7 %</b>	41,6 %	1,0 %
Pure tier 1 capital adequacy	<b>18,8 %</b>	17,3 %	1,4 %
Growth loans retail market	<b>3,1 %</b>	1,3 %	1,8 %
Growth loans corporate market	<b>1,2 %</b>	11,3 %	-10,1 %
Growth loans total	<b>2,5 %</b>	4,3 %	-1,8 %
Growth deposits retail market	<b>7,5 %</b>	7,1 %	0,4 %
Growth deposits corporate market	<b>18,9 %</b>	22,3 %	-3,4 %
Growth deposits total	<b>12,8 %</b>	14,0 %	-1,2 %
Result ownership interests	<b>11</b>	71	-60
Resultat financial assets	<b>65</b>	38	27
Loan losses	<b>- 32</b>	- 53	21
Result per EC	<b>2,02</b>	2,14	-0,12

### Important events in the quarter

1Q22 was a quarter of contrasts. While extremely strict pandemic measures were in place at the start of the year, by the middle of February they had been discontinued and by the end of March the pandemic was largely over in Norway. Like the rest of the world, SpareBank 1 Nord-Norge had expected a sharp economic upturn after 2 years of a state of emergency. This is basically what was happening, and then out of nowhere a terrible war started that has affected us, not just emotionally, but also economically with sharply rising inflation and the potential negative effects of strict sanctions and other consequences of the conflict.

The financial services industry noticed the impact immediately, with increased credit spreads and thus rising funding costs and uncertainty in the financial markets. This has in turn affected the return on securities and profit contributions from associated companies in the SpareBank 1-alliansen. On top of this, winter 2022 was marked by high energy prices and rising commodity prices, which are being exacerbated by the ongoing war.

These geopolitical events are having little direct impact on SpareBank 1 Nord-Norge, although to the extent that they impact the nation and the region, which we must expect if the war drags on, then they will in the long term impact the Bank.

Meanwhile, underlying banking operations with cost control, increased net interest income and continued low losses were good in 1Q22. Low underlying losses were attributable to the Group's systematic work on reducing risk in the loan portfolio in recent years, and the close monitoring of the loan portfolio during the Covid-19 pandemic. Furthermore, the Group's

loan portfolio is characterised by mortgage loans and industries on which the pandemic and war have a limited impact.

The Bank assisted customers with liquidity and financing in 2020 and 2021 in order to get them through a difficult period. It is clear that many of the companies that were experiencing challenges last year are now in a much better situation. Tourism and transport have faced the greatest challenges, although we are seeing marked improvements here. Seafood has fared well during the entire pandemic and prices are still high and the prospects good. If the war drags on and the uncertainty surrounding deliveries and commodity and energy prices lasts, this could increase the uncertainty surrounding building and construction, and also impact price growth in the housing market. We will, therefore, be paying extra attention to these sectors and monitoring them closely.

SpareBank 1 Nord-Norge has a solid customer portfolio, a strong market position, competitive terms and conditions, and has implemented the necessary cost measures in recent years. We are therefore well positioned to remain a solid bank for Northern Norway in 2022 as well.

### Macroeconomic trends

#### **Global economy — spectre of inflation threatens**

The war in Ukraine is causing devastation, enormous human suffering and a new shock to the supply side of the global economy. It is happening after every country has had to deal with the biggest pandemic in modern times, a pandemic that is still impacting the economy. For example, through China closing cities down again due to infections and thereby paralysing exports of various products.

The combination of war and pandemic has resulted in drastic rises in commodity and energy prices, which is directly leading to higher inflation. This is happening at a time when inflation was already high and rising in many economies and will present central banks with major challenges this year.

The major central banks expect policy rates to rise sharply and the first have already introduced rate hikes. While the Fed and the Fed Chair Powell have long considered inflation to be temporary in nature and transient, they have changed their perception and realised that they need to take greater steps.

#### **Norwegian economy – positive development continues**

Unemployment has remained low in Northern Norway and at the end of the quarter it was 1.6 per cent, compared with the national average of 2.0 per cent. This trend has lasted for some time and unemployment in Northern Norway has not exceeded the national average since 2014.

As in the rest of the world, the pandemic hit the Norwegian and northern Norwegian economies. Its impact on the different sectors has varied. Two of the sectors that have been hit hardest are tourism and transport. However, tourists, both domestic and international, started to return in 2021. Air passenger, restaurant guest and accommodation statistics show that this positive trend continued into 1Q22. The number of air passengers in the

region increased by 99 per cent in the first 2 months of the year compared with the same period last year.

Interest rates in Norway follow international developments and the 3-month NIBOR that was 0.95 per cent at the start of the year rose to 1.32 per cent during the quarter. Long-term interest rates followed the same trend and 10-year swap rates have risen to 2.7 per cent to from 1.9 per cent at the end of 2021.

Commodity prices rose sharply at the start of the year, and this is particularly impacting the Norwegian economy through price rises for oil and seafood. Fisheries and aquaculture are particularly important for the region and the value of exports in the first few months of the year is up 38 per cent compared with the same period last year. One important contributor in this context is the salmon price, which rose to more than NOK 70 per kg in January and remained high the entire quarter.

Hydrogen production is a sector that has received a lot of attention in recently. Kunnskapsbanken (The Knowledge Bank), kbnn.no, recently carried out an analysis that shows that no fewer than 18 out of the 50 hydrogen projects in Norway are planned for Northern Norway. These are spread across the region from Mosjøen in the south to Hammerfest in the north. These projects will not just result in major investment, they will also contribute a significant number of jobs and have ripple effects if they are realised. In the two concrete cases highlighted in the analysis, it is estimated that 75 new jobs will be created at Barents Bue in Hammerfest and up to 500 new jobs at the fuel cell production factory in Narvik being planned by TECO 2030.

### Sustainability

Sustainability is one of the guiding principles in the Group's 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.

SpareBank 1 Nord-Norge's green framework is based on key sectors for 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 adjust to the green shift. SpareBank 1-alliansen also has a green framework that links our green assets (green product framework) to green funding.

#### SpareBank 1 Nord-Norge's "green" portfolio:

NOK mill	31.03.22	31.12.21
Green housing	6 793	6 438
Green commercial buildings	1 419	1 071
Renewable energy	1 324	1 300
Clean transport	321	300
Sustainable management of living natural resources and land use	3 654	3 707
<b>Total</b>	<b>13 511</b>	<b>12 816</b>

SpareBank 1 Nord-Norge is a signatory 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. Please also see the section on sustainability on the Bank's website.

### Financial performance

NOK mill	1.KV.22	1.KV.21	Change
Total income	<b>928</b>	932	- 4
Total costs	<b>396</b>	388	8
Losses	<b>-32</b>	- 53	21
Tax	<b>110</b>	124	-14
Profit after tax	<b>454</b>	473	-19

At the end of 1Q22, the income statement showed a profit after tax of MNOK 454 (MNOK 473). This represents a return on equity capital of 11.6 per cent (13.0 per cent). The main reasons for the decrease compared with last year were the poorer results in associated alliance companies, lower commission income from SpareBank 1 Boligkreditt and a high equity ratio. 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 raised its policy rate from 0.50 per cent to 0.75 per cent on 25.03.22.

SpareBank 1 Nord-Norge has followed the development of the policy rate and announced rises of up to 0.25 percentage points in deposit and lending rates from 28.03.22 for new loans and from 06.05.22 for the existing loan portfolio and some deposit products.

Net interest income was MNOK 68 higher in 1Q22 than in 1Q21. Although funding costs have risen steadily in the past two quarters, the Group has managed to keep the net interest margin at the same level, mainly due to the improved deposit margin.

Net interest income represented 1.80 per cent (1.60 per cent) of average total assets.

Income from the loan portfolio transferred to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt totalled MNOK 72 in 1Q22 (MNOK 99) and is booked as commission income. Rising funding costs are affecting commission income and are the main reason behind the reduction in this income.

### Net fee, commission and other operating income

Net fee, commission and other operating income was MNOK 39 lower in 1Q22 than in 1Q21. As mentioned above, increased funding costs are affecting commission income from SpareBank 1 Boligkreditt, which was MNOK 26 lower in 1Q22 than in 1Q21.

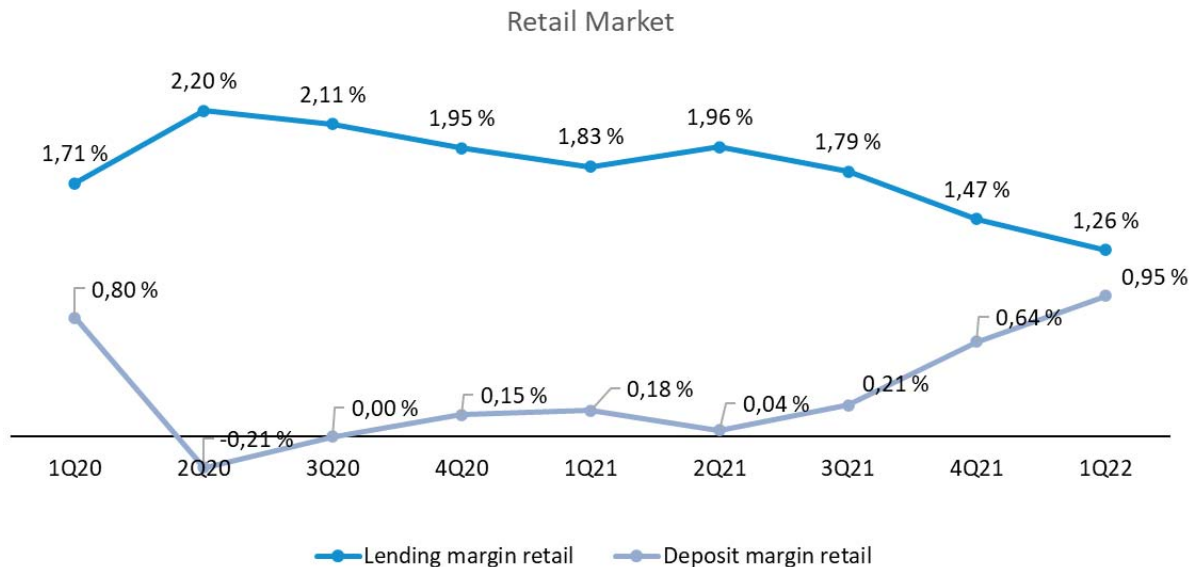
See Note 7 in the quarterly report for a more detailed specification of net fee, commission and other operating income.

## Developments in market divisions

### Retail market

Net interest income amounted to MNOK 240 in 1Q22, compared with MNOK 200 in 1Q21. Net fee, commission and other operating income was MNOK 168, compared with MNOK 185 in the corresponding quarter last year. The reduction in net commission income was mainly due to reduced commission income from SpareBank 1 Boligkreditt, which in turn was due to more expensive funding since the NIBOR rate has risen faster than the policy rate.

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



The lending margin in the retail market decreased by a further 0.21 percentage points during 1Q22 because of the rising NIBOR. The competition within prices for well-collateralised mortgage loans remains significant, which has made it difficult to maintain the lending margin over time.

Adjustments to customer lending rates were announced towards the end of the quarter.

In recent years, 1Q has proved to be a challenging quarter when it comes to realising significant growth in retail market lending. Lending growth in 1Q22 in isolation was 0.8 per cent. On an annualised basis, this represents annual growth of 3.1 per cent compared with 1.3 per cent last year. Actual growth in the past 12 months was -3.8 per cent (2.7 per cent), although this was affected by the loan portfolio sold to SpareBank 1 Helgeland in autumn 2021. Adjusted for the sale of the portfolio in Helgeland, the underlying 12-month growth in the retail market was 6.8 per cent. The total gross lending volume as at 31.03.22 was MNOK 45,700 (MNOK 43,304).

The increase in the NIBOR rate during 2021 and 1Q22, has had a positive effect on the deposit margin. The deposit margin is now almost back to the same level it was at prior to the Covid-19 pandemic in 2020 and we expect a continued positive trend in 2022, depending to some extent on the development of the NIBOR rate.

Growth in deposits in the retail market in 1Q22 was 7.5 per cent on an annualised basis compared with 7.1 per cent in 1Q21. Actual deposit growth in the retail market in the past 12 months was 1.4 per cent (9.0 per cent). Adjusted for the sale of the portfolio in Helgeland, the underlying 12-month growth in deposits in the retail market was 8.6 per cent.

Total operating costs in the division amounted to MNOK 173 in 1Q22 (MNOK 182). The development in costs is commented on in more detail in the section on operating costs.

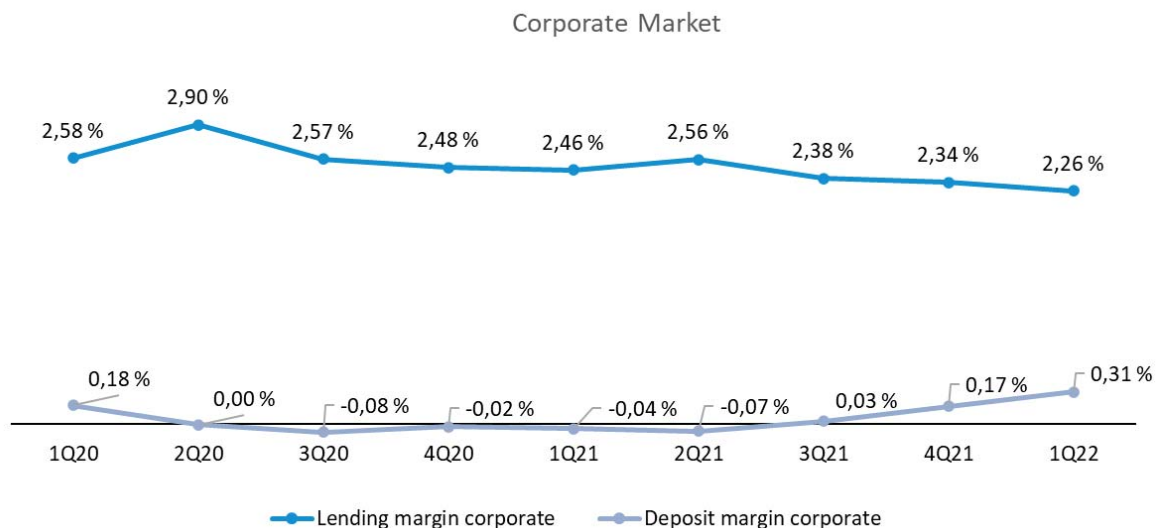
At the end of 1Q22, 209 FTEs worked in the retail market division in the Parent Bank, 36 fewer than the 245 FTEs at the end of 1Q21.

Recognised losses in the retail market in 1Q22 amounted to MNOK -1 compared with MNOK 4 in 1Q21.

### Corporate market

Net interest income amounted to MNOK 227 in 1Q22 compared with MNOK 185 in 1Q21. Net fee, commission and other operating income was MNOK 34, MNOK 4 higher than in 1Q21.

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



The lending margin in the corporate market measured against the average 3-month NIBOR has fallen by 0.08 percentage points in 1Q22 (0.02 percentage points). The margin in the corporate market was to a large extent directly linked to the development of the NIBOR rate as 76 per cent of the loan portfolio is linked to the NIBOR rate.

Lending growth was 0.3 per cent in 1Q22, which represents annualised growth of 1.2 per cent compared with 11.3 per cent last year. Actual growth in the past 12 months was 3.7 per cent (9.5 per cent), although this was affected by the customer portfolio sold to SpareBank 1 Helgeland in 4Q21. Adjusted for the sale of the portfolio in Helgeland, the underlying 12-month lending growth in the corporate market was 7.1 per cent. The total gross lending volume at the end of 1Q22 was MNOK 35,183 (MNOK 32,041).

The deposit margin in the corporate market measured against the 3-month NIBOR was 0.31 percentage points in 1Q22, compared with -0.04 percentage points (negative) in 1Q21. The reason why the margin has not improved as much as it has for the retail market is that 60 per cent of the deposits are linked to the NIBOR rate.

The annualised growth in corporate deposits was 18.9 per cent in 1Q22 (22.3 per cent). Actual growth in the past 12 months was 6.7 per cent, inclusive of the public sector market (5.2 per cent). Adjusted for the sale of the customer portfolio to SpareBank 1 Helgeland in 4Q21, the underlying 12-month growth in corporate market deposits was 10.0 per cent.

Total operating costs in the division in 1Q22 amounted to MNOK 97, the same as in 1Q21.

At the end of 1Q22, the Parent Bank had 91 FTEs in the corporate market division, six fewer than the 97 FTEs at the end of 1Q21.

Recognised losses in the corporate market in 1Q22 amounted to MNOK -31 (receipts) compared with MNOK 17 in 1Q21, which was primarily due to the reversal of ECL loss provisions made in previous periods due to the improved risk in the portfolio.

#### Financial Investments – income and events in the accounting period

An overview of the quarter's total income from financial investments can be found in Note 8 of the quarterly report. Additionally, the results from subsidiaries, associated companies and joint ventures are specified in Note 14.

#### ***Associated companies and joint ventures***

Profit contributions from associated companies and joint ventures totalled MNOK 11 in 1Q22 compared with MNOK 71 in 1Q21. The main associated companies are commented on below.

#### **SpareBank 1 Gruppen**

Profit in 1Q22 was MNOK 413 weaker than in 1Q21. The weaker profit was due to a weak equities market and the negative change in value of the fixed-income portfolio in the insurance companies. The claims ratio also increased significantly in the non-life company Fremtind due to natural damage in the winter and a major fire in Drammen. This had a significant negative impact on the profit.

#### **SpareBank 1 Boligkreditt**

The results for 1Q22 were affected by higher interest rates/funding costs, as well as disquiet in the securities market. As a non-profit company, this resulted in a small surplus in 1Q22 and result that was MNOK 39 weaker than for the same period last year.

#### **SpareBank 1 Mobilitet**

The company owns 47.16 per cent of Fleks AS and includes the profit contribution from this company in line with the equity method. The deficit in Fleks AS also mostly accounts for the deficit in SpareBank 1 Mobilitet in 1Q22.

#### **SpareBank 1 Forvaltning**

The group was established in 2021, and consists of the companies SpareBank 1 VPS, Odin Forvaltning, SpareBank 1 Kapitalforvaltning and SR-Forvaltning. The total result in 1Q22 was

on a par with the same period last year. Odin in particular contributed a significant share of the group's result.

### **SpareBank 1 Betaling**

The company is an owner of Vipps AS and includes the result from this company in line with the equity method. The deficit in SpareBank 1 Betaling in 1Q22 was mainly due to the deficit in Vipps AS, which was about MNOK 20 larger than the deficit in the corresponding period in 2021.

### **Subsidiaries**

The combined profit of the Group's subsidiaries amounted to MNOK 55 in 1Q22, which has been fully consolidated into the Group's financial statements, compared with MNOK 62 in 1Q21.

The decrease was mainly due to the MNOK 9 decrease in EiendomsMegler 1's profit, which was due to sales of significantly fewer units so far this year than in the same period last year. This was partly due to the backlog within appraisals in 1Q because of new legal requirements for reporting the conditions of homes for sale.

### **The Group's equities portfolio**

As at 31.03.22, the Group's equity portfolio amounted to MNOK 1,625 compared with MNOK 1,519 at the same point last year. The acquisition of a 20 per cent stake in SpareBank 1 Helgeland in autumn 2021 contributed to this increase. Overall, the value of the equity portfolio increased by MNOK 95 in 1Q22 (MNOK 10). Most of this came from increases in the value of the stakes in SpareBank 1 Markets, up by MNOK 64, SpareBank 1 Helgeland, up by MNOK 11, and BN Bank ASA, up by MNOK 14, as well as the MNOK 6 increase in SpareBank 1 Nord-Norge Portfolio's equity portfolio.

Dividends amounting to MNOK 11 were also received from the rest of the equity portfolio in 1Q21 (MNOK 14).

### **Certificates, bonds, currency and derivatives**

As at 31.03.22, the Group's holdings of certificates and bonds amounted to MNOK 19,687, compared with MNOK 19,150 at the same time last year.

The total net change in value for 1Q22 in this bond portfolio amounted to a net unrealised loss of MNOK -33 (MNOK 19), consisting of a MNOK -30 negative change in value for the portfolio (spread widening) and a MNOK -3 negative effect for coupon rates.

In addition, the period saw a MNOK 6 positive change in the value of foreign exchange items (MNOK -8)

A summary of the Group's derivatives as at 31.03.22 can be seen in Note 18 in the quarterly report.

### **Operating costs**

The Group's long-term target is a cost/income ratio of 40 per cent or lower, and this applies for 2022 as well. Despite a tight labour market, solid growth and a need to invest in ICT, we

expect flat costs growth in 2022 due to the continued positive effects of the profitability project.

The Group's operating costs for 1Q22 amounted to MNOK 396, MNOK 8 higher than in 1Q21 (MNOK 388). The Parent Bank's costs in 1Q22 were on a par with the corresponding period last year.

The increase in costs in the Group was mainly due to IT and administration costs, while personnel costs decreased by MNOK 9.

The Group had 831 FTEs at the end of 1Q22 compared with 877 in 1Q21.

The costs are specified by main category compared with previous periods in Note 9 in the quarterly accounts.

#### Losses and non-performing loans

The Group's net losses on loans in 1Q22 amounted to income of MNOK -32 (MNOK -53), with MNOK -1 from the retail market (MNOK 4) and MNOK -61 from the corporate market (MNOK -57). The income recognition was due to the reversal of previous loss provisions because of the positive development of risk in the loan portfolio, mainly due to the considerably lower risk associated with the Covid-19 pandemic.

As at 31.03.22, total loss provisions on loans came to MNOK 652, which was MNOK 40 lower than at the end of the previous quarter. Loss provisions for loans amounted to 0.72 per cent of the Group's total gross lending, and 0.51 per cent of gross lending to customers inclusive of intermediary loans. The corresponding ratios as at 31.12.21 were 0.75 per cent and 0.64 per cent.

As at 31.03.22, the Group's total loss provisions for loans and guarantees classified as Stage 1 and Stage 2 amounted to MNOK 465, MNOK 27 lower than at the end of the previous quarter (MNOK 585).

As at 31.03.22, the loss provisions for loans and guarantees classified as Stage 3 amounted to MNOK 186. This equates to a loss provision ratio of 34 per cent of non-performing and doubtful commitments, compared with 37 per cent at the end of the last quarter. The provisions in 1Q21 were MNOK 14 lower than in the last quarter. The change was in the Parent Bank.

Please refer to Note 2 and Note 13 in the quarterly report, which describe the Group's assessments concerning factors affecting loss provisions in 1Q22. Please also see Note 13 of the annual report for 2021.

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

### Lending

At the end of 1Q22, loans totalling BNOK 35.4 (BNOK 38) had been transferred to SpareBank 1 Boligkreditt and BNOK 0.3 (BNOK 0.4) had been transferred to SpareBank 1 Næringskreditt. These intermediary loans do not appear as lending on the Bank's balance sheet. Nevertheless, the comments on the growth in lending also cover intermediary loans.

Competition remains strong, especially in the mortgage loan market, although the Group is competitive and is taking market shares. For 2022 as a whole, lending growth of 4-6 per cent is expected in the retail market and lending growth of 6-9 per cent is expected in the corporate market. The target figures for growth exclude the sale of the customer portfolio to SpareBank 1 Helgeland in 4Q21. Meanwhile, the uncertainty surrounding lending growth has increased as a consequence of the war in Ukraine, with associated uncertainty in relation to commodity prices and deliveries, as well as higher inflation expectations.

The retail market accounted for 70 per cent of total lending as at 1Q22 (69 per cent).

The Group's lending is specified in Note 12 in the quarterly report.

### 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 1Q22, the deposit coverage rate (excluding intermediary loans) was 87 per cent compared with 84 per cent in 1Q21. 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. The liquidity coverage ratio (LCR) as at 1Q22 was 135 per cent (138 per cent). The net stable funding ratio (NSFR) as at 1Q22 was 117 per cent (119 per cent).

Please refer also to Note 17 on liquidity risk in the quarterly report.

SNN Rating	31.03.22	Moody's
Senior preferred rating		Aa3
Senior non-preferred rating		A2

## Financial strength and capital adequacy

SpareBank 1 Nord-Norge is subject to the regulatory capital requirements set out in CRR/CRD IV.

The most important developments in the area in 1Q22 can be summarised as follows:

- In March, Norges Bank decided that the countercyclical buffer would rise by 50 basis points to 2.5 per cent with effect from 31.03.23.
- In March, the Ministry of Finance announced that the 'Banking Package' (CRR2/CRD5/BRRD2) would come into force on 01.06.22. This entails, among other

things, an expanded SME discount and a new method for calculating counterparty risk.

For a more detailed description of the area, please see the Group's annual report.

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

	31.03.22	31.12.21	Change
Common Equity Tier 1 Capital Ratio	<b>18,8 %</b>	18,7 %	0,1 %
Tier 1 Capital Ratio	<b>20,4 %</b>	20,0 %	0,4 %
Capital Adequacy Ratio	<b>21,9 %</b>	21,6 %	0,4 %
Leverage Ratio	<b>8,5 %</b>	8,3 %	0,2 %

The Group's Common Equity Tier 1 capital (incl. a 50 per cent share of the profit) has increased by MNOK 367, or 3 per cent since the previous quarter. This is mainly due to the profit from 1Q22.

The total calculation basis RWA increased by MNOK 1,644 in 1Q22. This mainly consists of increases in the basis for credit risk of MNOK 1,515, for market risk of MNOK 25 and for operational risk of MNOK 7, as well as an increased CVA supplement of MNOK 96.

The capital adequacy calculation is shown in Note 5 of the quarterly report.

### Concluding remarks and outlook

Growth in the northern Norwegian economy has been good and, on average, better than the average for the rest of country for more than 10 years. The northern Norwegian economy has also proved robust over the course of the pandemic. Commodity prices remain high due to the ongoing war. In purely economic terms, this is beneficial for Northern Norway.

Exchange rates are an important factor for important sections of the export-oriented northern Norwegian economy, and if the Norwegian kroner significantly strengthens due to high oil prices, then this is, seen in isolation, negative for the region. However, so far, the NOK exchange rate has not followed the price of oil and, while the war and great uncertainty continue, there will not necessarily be as strong a correlation between the price of oil and the exchange rate as we have seen historically.

The greatest uncertainty in the short and medium term relates to the start-up of new housing and construction projects. Because of the big rise in prices and greater uncertainty with respect to deliveries of raw materials, the Group is seeing several projects, both private and public, being put on ice. In isolation, this may contribute to a reduction in the supply of new homes, which in turn, everything else being equal, could drive house prices further up, while less activity in building and construction combined with higher interest rates could have a contractive effect on the economy.

However, there was little sign of this in 1Q and the pace at the start of 2Q was therefore good. For the Bank in isolation, rate hikes are good for earnings since they give us the chance to recoup the deposit margin we lost in 2020.

SpareBank 1 Nord-Norge is, therefore, well-positioned and will, by focusing more on customers, strengthen our market position and grow further in 2022.

The Group's future prospects are considered good.

Tromsø, 05.05.22

**The Board of SpareBank 1 Nord-Norge**

## Statement of financial performance

Parent Bank			Group		
(Amounts in NOK million)					
1Q21	1Q22		Note	1Q22	1Q21
548	<b>668</b>	Interest income	6	<b>739</b>	616
144	<b>201</b>	Interest costs	6	<b>198</b>	143
<b>404</b>	<b>467</b>	Net interest income		<b>541</b>	<b>473</b>
242	<b>216</b>	Fee- and commission income	7	<b>261</b>	299
16	<b>12</b>	Fee- and commission costs	7	<b>17</b>	21
11	<b>3</b>	Other operating income	7	<b>67</b>	72
<b>237</b>	<b>207</b>	Net fee- and other operating income		<b>311</b>	<b>350</b>
14	<b>1</b>	Dividend	8	<b>1</b>	14
234	<b>298</b>	Income from investments	8	<b>11</b>	71
24	<b>58</b>	Net gain from investments in securities	8	<b>64</b>	24
<b>272</b>	<b>357</b>	Net income from financial investments		<b>76</b>	<b>109</b>
<b>913</b>	<b>1 031</b>	Total income		<b>928</b>	<b>932</b>
144	<b>134</b>	Personnel costs	9	<b>207</b>	216
91	<b>108</b>	Administration costs	9	<b>120</b>	103
21	<b>17</b>	Ordinary depreciation	9,10	<b>24</b>	29
23	<b>21</b>	Other operating costs	9	<b>45</b>	40
<b>279</b>	<b>280</b>	Total costs		<b>396</b>	<b>388</b>
<b>634</b>	<b>751</b>	Result before losses		<b>532</b>	<b>544</b>
- 43	- <b>32</b>	Losses	11	- <b>32</b>	- 53
<b>677</b>	<b>783</b>	Result before tax		<b>564</b>	<b>597</b>
105	<b>98</b>	Tax		<b>110</b>	124
<b>572</b>	<b>685</b>	Result after tax		<b>454</b>	<b>473</b>
		<b>Attributable to:</b>			
		Controlling interests		<b>447</b>	470
		Non-controlling interests		<b>7</b>	3
		<b>Result per Equity Certificate</b>			
2,61	<b>3,13</b>	Result per Equity Certificate, adjusted for interests hybrid capital		<b>2,02</b>	2,14

## Other comprehensive income

Parent Bank			Group		
(Amounts in NOK million)					
1Q21	1Q22		1Q22	1Q21	
572	<b>685</b>	Result after tax		<b>454</b>	473
		<i>Items that will not be reclassified to profit/loss</i>			
0	<b>0</b>	Share of other comprehensive income from investment in associated companies		<b>1</b>	0
0	<b>0</b>	Actuarial gains (losses) on benefit-based pension schemes		<b>0</b>	0
0	<b>0</b>	Tax		<b>0</b>	0
<b>0</b>	<b>0</b>	Total		<b>1</b>	<b>0</b>
		<i>Items that will be reclassified to profit/loss</i>			
- 15	<b>0</b>	Net change in fair market value of financial assets available for sale		<b>0</b>	- 15
0	<b>0</b>	Share of other comprehensive income from investment in associated companies		<b>58</b>	- 22
0	<b>0</b>	Tax		<b>0</b>	0
-15	<b>0</b>	Total		<b>58</b>	-37
<b>557</b>	<b>685</b>	Total comprehensive income for the period		<b>513</b>	<b>436</b>
2,54	<b>3,13</b>	Total result per Equity Certificate, adjusted for interests hybrid capital		<b>2,32</b>	1,98

## Statement of financial position

Parent Bank		Group		
(Amounts in NOK million)				
31.12.21	31.03.22	Notes	31.03.22	31.12.21
<b>Assets</b>				
399	<b>685</b>		<b>685</b>	399
89 049	<b>89 438</b>		<b>91 171</b>	90 708
1 504	<b>1 604</b>		<b>1 625</b>	1 519
19 150	<b>19 687</b>		<b>19 687</b>	19 150
1 089	<b>1 247</b>		<b>1 247</b>	1 089
4 720	<b>4 716</b>		<b>4 900</b>	4 837
460	<b>463</b>		<b>860</b>	859
306	<b>599</b>		<b>598</b>	619
<b>116 677</b>	<b>118 439</b>		<b>120 773</b>	<b>119 180</b>
<b>Liabilities</b>				
77 331	<b>79 768</b>		<b>79 679</b>	77 241
17 527	<b>15 426</b>		<b>15 426</b>	17 527
602	<b>1 044</b>		<b>1 044</b>	602
1 916	<b>3 541</b>		<b>4 244</b>	2 597
4 560	<b>4 522</b>		<b>4 522</b>	4 560
<b>101 936</b>	<b>104 301</b>		<b>104 915</b>	<b>102 527</b>
<b>Equity</b>				
2 650	<b>2 650</b>		<b>2 650</b>	2 650
780	<b>1 019</b>		<b>1 019</b>	780
3 824	<b>3 433</b>		<b>4 156</b>	4 619
7 487	<b>7 036</b>		<b>7 872</b>	8 407
			<b>161</b>	197
<b>14 741</b>	<b>14 138</b>		<b>15 858</b>	<b>16 653</b>
<b>116 677</b>	<b>118 439</b>		<b>120 773</b>	<b>119 180</b>

## Changes in equity

(Amounts in NOK million)	EC capital and Premium Fund	Dividend Equalisation Fund	Saving Bank's primary capital	Hybrid capital	Total controlling interests	Non- controlling interests	Total equity
<b>Group</b>							
Equity at 01.01.21	2 650	3 955	7 637	780	15 022		15 022
<b>Total comprehensive income for the period</b>							
Period result		1 058	1 225		2 283	12	2 295
<i>Other comprehensive income:</i>							
Share of other comprehensive income from investment in associated companies		10	12		22		22
Net change in fair market value of financial assets available for sale		- 7	- 8		- 15		- 15
Actuarial gains (losses) on benefit-based pension schemes		- 47	- 54		- 101		- 101
Tax on other comprehensive income		12	14		26		26
<b>Total other comprehensive income</b>		<b>- 32</b>	<b>- 36</b>		<b>- 68</b>		<b>- 68</b>
<b>Total comprehensive income for the period</b>		<b>1 027</b>	<b>1 188</b>		<b>2 215</b>	<b>12</b>	<b>2 227</b>
<b>Transactions with owners</b>							
Changes in controlling interests		47	55		102	185	287
Dividend paid		- 392			- 392		- 392
Other transactions		- 4	- 5		- 9		- 9
Interests hybrid capital - this year		- 13	- 16		- 29		- 29
Approved society dividend			- 453		- 453		- 453
<b>Total transactions with owners</b>		<b>- 362</b>	<b>- 419</b>		<b>- 781</b>	<b>185</b>	<b>- 596</b>
<b>Equity at 31.12.21</b>	<b>2 650</b>	<b>4 619</b>	<b>8 407</b>	<b>780</b>	<b>16 456</b>	<b>197</b>	<b>16 653</b>
Equity at 01.01.22	2 650	4 619	8 407	780	16 456	197	16 653
<b>Total comprehensive income for the period</b>							
Period result		207	240		447	7	454
<i>Other comprehensive income:</i>							
Share of other comprehensive income from investment in associated companies		27	32		59		59
Net change in fair market value of financial assets available for sale							
Actuarial gains (losses) on benefit-based pension schemes							
Tax on other comprehensive income							
<b>Total other comprehensive income</b>		<b>27</b>	<b>32</b>		<b>59</b>		<b>59</b>
<b>Total comprehensive income for the period</b>		<b>235</b>	<b>271</b>		<b>506</b>	<b>7</b>	<b>513</b>
<b>Transactions with owners</b>							
Changes in controlling interests		5	8		13	- 13	
New hybrid capital				239	239		239
Dividend paid		- 703			- 703	- 30	- 733
Other transactions		4	5		9		9
Interests hybrid capital - this year		- 5	- 5		- 10		- 10
Approved society dividend			- 813		- 813		- 813
<b>Total transactions with owners</b>		<b>- 698</b>	<b>- 806</b>	<b>239</b>	<b>- 1 265</b>	<b>- 43</b>	<b>- 1 308</b>
<b>Equity at 31.03.22</b>	<b>2 650</b>	<b>4 156</b>	<b>7 872</b>	<b>1 019</b>	<b>15 697</b>	<b>161</b>	<b>15 858</b>

## Cash Flow Statement

Parent Bank			Group	
(Amounts in NOK million)				
31.12.21	31.03.22		31.03.22	31.12.21
2 593	783	Profit before tax	564	2 794
78	17	+ Ordinary depreciation	24	104
4	0	+ Write-downs, gains/losses fixed assets	0	4
- 70	- 32	+ Losses on loans and guarantees	- 32	- 235
395	98	- Tax/Result non-current assets held for sale	110	499
<b>2 210</b>	<b>670</b>	<b>Provided from the year's operations</b>	<b>446</b>	<b>2 168</b>
- 570	2 076	Change in sundry liabilities: + increase/ - decrease	2 113	- 454
933	- 451	Change in various claims: - increase/ + decrease	- 137	904
- 710	- 357	Change in gross lending to and claims on customers: - increase/ + decrease	- 431	- 725
-1 870	- 637	Change in short term-securities: - increase/ + decrease	- 643	-1 876
2 988	2 437	Change in deposits from and debt owed to customers: + increase/ - decrease	2 438	2 991
<b>2 981</b>	<b>3 738</b>	<b>A. Net liquidity change from operations</b>	<b>3 786</b>	<b>3 008</b>
-29	-18	- Investment in fixed assets	- 25	- 49
57	0	+ Sale of fixed assets	0	57
-274	0	Payments to group companies and associated companies	0	- 274
508	4	Payment from/Change in values of group companies and associated companies	- 4	409
<b>262</b>	<b>- 14</b>	<b>B. Liquidity change from investments</b>	<b>- 29</b>	<b>143</b>
- 29	- 10	Interest to hybrid capital owners	- 10	- 29
- 49	- 12	Payments to leases	- 15	- 53
- 845	-1 516	- Dividend paid on EC/approved distributions	-1 546	- 845
-4 791	-2 101	Decrease in borrowings through the issuance of securities	-2 101	-4 820
0	0	Increase in borrowings through the issuance of securities	0	0
- 501	- 44	Decrease in subordinated loan capital	- 44	- 501
3 011	6	Increase in subordinated loan capital	6	3 011
		Payment from non-controlling interests	0	125
	239	Payment from hybrid capital	239	
<b>-3 204</b>	<b>-3 438</b>	<b>C. Liquidity change from financing</b>	<b>-3 471</b>	<b>-3 112</b>
39	286	A + B + C. Total change in liquidity	286	39
360	399	+ Liquid funds at the start of the period	399	360
<b>399</b>	<b>685</b>	<b>= Liquid funds at the end of the period</b>	<b>685</b>	<b>399</b>

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

Reconciliation of movements of liabilities to cash flows arising from financing activities	Senior non-		
	Debt securities	Subordina- ted dept	prefered dept
<b>Balance 01.01.22</b>	<b>17 527</b>	<b>3 509</b>	<b>1 051</b>
Changes from financing cash flows:			
Proceeds from issue			
Redeemed	- 326		
Due excl. Redeemed	-1 204		
<b>Total changes from financing cash flows</b>	<b>-1 530</b>		
The effect of changes in foreign exchange rates	- 193	- 44	
Changes in fair value	- 347		
Changes in accrued interest	- 31	5	1
<b>Balance 31.03.22</b>	<b>15 426</b>	<b>3 470</b>	<b>1 052</b>

## Result from the Group's quarterly accounts

(Amounts in NOK million)	1Q22	4Q21	3Q21	2Q21	1Q21	4Q20	3Q20	2Q20	1Q20
Interest income	739	682	621	623	616	631	636	738	922
Interest costs	198	148	116	121	143	133	133	223	370
<b>Net interest income</b>	<b>541</b>	<b>534</b>	<b>505</b>	<b>502</b>	<b>473</b>	<b>498</b>	<b>503</b>	<b>515</b>	<b>552</b>
Fee- and commission income	261	301	335	332	299	323	333	250	255
Fee- and commission costs	17	30	21	24	21	29	14	17	22
Other operating income	67	148	52	56	72	54	56	50	60
<b>Net fee- and other operating income</b>	<b>311</b>	<b>419</b>	<b>366</b>	<b>364</b>	<b>350</b>	<b>348</b>	<b>375</b>	<b>283</b>	<b>293</b>
Dividend	1	1	1	20	14	29	2	12	1
Income from investments	11	189	118	154	71	85	125	148	196
Net gain from investments in securities	64	155	21	26	24	-2	65	103	-71
<b>Net income from financial investments</b>	<b>76</b>	<b>345</b>	<b>140</b>	<b>200</b>	<b>109</b>	<b>112</b>	<b>192</b>	<b>263</b>	<b>126</b>
<b>Total income</b>	<b>928</b>	<b>1 298</b>	<b>1 011</b>	<b>1 066</b>	<b>932</b>	<b>958</b>	<b>1 070</b>	<b>1 061</b>	<b>971</b>
Personnel costs	207	293	217	210	216	228	217	209	215
Administration costs	120	150	109	110	103	111	119	110	121
Ordinary depreciation	24	24	24	27	29	27	27	27	28
Other operating costs	45	105	45	46	40	66	35	46	40
<b>Total costs</b>	<b>396</b>	<b>572</b>	<b>395</b>	<b>393</b>	<b>388</b>	<b>432</b>	<b>398</b>	<b>392</b>	<b>404</b>
<b>Result before losses</b>	<b>532</b>	<b>726</b>	<b>616</b>	<b>673</b>	<b>544</b>	<b>526</b>	<b>672</b>	<b>669</b>	<b>567</b>
Losses	-32	-112	-47	-23	-53	73	58	82	119
<b>Result before tax</b>	<b>564</b>	<b>838</b>	<b>663</b>	<b>696</b>	<b>597</b>	<b>453</b>	<b>614</b>	<b>587</b>	<b>448</b>
Tax	110	123	131	121	124	79	117	100	64
<b>Result after tax</b>	<b>454</b>	<b>715</b>	<b>532</b>	<b>575</b>	<b>473</b>	<b>374</b>	<b>497</b>	<b>487</b>	<b>384</b>
Interest hybrid capital	10	8	7	7	7	7	7	9	10
<b>Result after tax ex. interest hybrid capital</b>	<b>444</b>	<b>707</b>	<b>525</b>	<b>568</b>	<b>466</b>	<b>367</b>	<b>490</b>	<b>478</b>	<b>374</b>
<b>Profitability</b>									
Return on equity capital	11,6 %	18,0 %	13,7 %	15,4 %	13,0 %	10,4 %	14,4 %	14,5 %	11,4 %
Interest margin	1,80 %	1,77 %	1,64 %	1,62 %	1,60 %	1,77 %	1,79 %	1,84 %	1,92 %
Cost/income	42,7 %	44,1 %	39,1 %	36,9 %	41,6 %	45,1 %	37,2 %	36,9 %	41,6 %
<b>Balance sheet figures</b>									
Loans and advances excl. commission loans	91 783	91 351	94 355	91 556	90 511	90 603	88 874	86 745	86 745
-of which loans and advances to financial institutions	1 539	1 365	1 661	1 299	1 534	1 393	1 686	1 384	1 384
-of which loans and advances to customers	90 244	89 986	92 694	90 257	88 977	89 210	87 188	85 361	85 361
Total lending incl. intermediary loans	126 523	125 739	131 001	128 493	127 122	126 522	124 498	122 764	122 764
Growth in loans and advances to cust. incl. commission loans past 12 months	-1,5 %	-1,1 %	5,0 %	5,2 %	4,7 %	4,4 %	5,5 %	5,9 %	6,4 %
Deposits	79.679	77 241	79 247	81 371	76 261	74 430	72 942	73 944	71 623
-of which deposits from financial institutions	1.095	1 092	1 024	499	551	1 272	1 255	863	1 014
- of which deposits from customers	78 584	76 149	78 223	80 872	75 710	73 158	71 687	73 081	70 609
Growth in deposits from customers past 12 months	3,8 %	4,1 %	9,1 %	10,7 %	7,2 %	7,5 %	9,8 %	7,9 %	10,0 %
Deposits as a percentage of gross lending	87,1 %	84,6 %	82,7 %	87,2 %	83,9 %	82,2 %	80,4 %	83,8 %	82,7 %
Deposits as a percentage of gross lending including commission loans	62,1 %	60,6 %	58,9 %	61,7 %	58,9 %	57,5 %	56,7 %	58,7 %	57,5 %
Average assets	119 977	120 264	120 535	120 019	118 042	116 810	116 688	115 910	114 704
Total assets	120 773	119 180	122 080	123 975	118 785	117 298	119 021	118 322	117 884
<b>Losses on loans and commitments in default</b>									
Losses on loans to customers as a percentage of total lending incl. intermediary loans	-0,02 %	-0,18 %	-0,09 %	-0,06 %	-0,04 %	0,26 %	0,20 %	0,16 %	0,10 %
Net comm. in default and at risk of loss as a per. of total lending incl. intermediary loans	0,34 %	0,27 %	0,17 %	0,25 %	0,23 %	0,16 %	0,23 %	0,22 %	0,22 %
<b>Solidity</b>									
Common Equity Tier 1 Capital	13 464	13 097	13 048	12 877	12 206	12 019	11 905	11 788	11 575
Tier 1 Capital	14 618	14 001	14 020	13 849	13 178	12 991	12 881	12 812	12 599
Own Funds	15 725	15 109	15 229	15 145	14 508	14 366	14 213	14 105	13 833
Risk exposure amount	71 703	70 059	70 240	71 528	70 359	68 588	69 233	69 699	69 214
Common Equity Tier 1 Capital Ratio	18,8 %	18,7 %	18,6 %	18,0 %	17,3 %	17,5 %	17,2 %	16,9 %	16,7 %
Tier 1 Capital Ratio	20,4 %	20,0 %	20,0 %	19,4 %	18,7 %	18,9 %	18,6 %	18,4 %	18,2 %
Total Capital Ratio	21,9 %	21,6 %	21,7 %	21,2 %	20,6 %	20,9 %	20,5 %	20,2 %	20,0 %

1) The profit after tax in relation to average equity, calculated as a quarterly average of equity at 1 January and end quarterly equity. The Bank's hybrid tier 1 capital issued are classified as equity in the financial statements. However, when calculating the return on equity, hybrid tier 1 capital is treated as a liability and the associated interest costs are adjusted for in the result.

2) Total costs as a percentage of total net income

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

4) Deposits from customers as a percentage of gross lending

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

## Note 1 – Accounting policies

The Group's financial statements for 2022 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 2021.

There are no standards or interpretations that have not entered into force in 2022 that are expected to have a significant impact on the Group's accounts.

## Note 2 - Important accounting estimates and discretionary judgements

When preparing the consolidated financial statements, the management makes estimates, discretionary assessments and assumptions that affect the application of the accounting policies. This will therefore affect the recognized amounts for assets, liabilities, income and costs. In last year's annual accounts note 3, a fuller explanation of significant estimates and assessment items are reported.

SpareBank 1 Nord-Norge uses a model for calculating expected credit losses based on IFRS 9. The result of the calculation appears in note 13 of the quarterly accounts. 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.

SC1 «Base case» represent the most probable outcome

SC2 "downside case" represents outcomes that are somewhat more negative than SC1, respectively

SC3 «best case» represents outcomes that are somewhat more positive than SC1, respectively

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

Based on assessments made by the group regarding national and local macro development, the group decides the level of PD and LGD factors based on a scale from 1-12 based on what is expected in the next 12 months and the next 5 years, within each scenario. Level 1 is "boom", level 5 "normal economy", level 9 "recession" and level 12 is "banking crisis". Level on a scale may differ between PM and BM, if it is considered probable that one segment is more / less exposed than the other.

For further descriptions, see note 13 to the annual accounts.

### Highlights

- The scenario weighting is used to express the uncertainty in the base case (SC1).
- The same weighting of BM and PM is used in the model, and deviating expectations are controlled through PD and LGD paths.
- Great uncertainty - less emphasis on SC1
- Small uncertainty - greater emphasis on SC1

As of 31.12.21, the weighting between SC1, SC2, and SC 3 was respectively: 75/10/15, and levels in the three different scenarios were set at SC1 level 7, SC2 level 9 and SC3 level 4.

As of 31.03.22, the weighting has been adjusted to: 60/30/10, and the levels are set to SC1 level 6, SC2 level 9 and SC3 level 3. This is based on the fact that uncertainty about the effects of the covid-19 pandemic is virtually gone, but replaced by high uncertainty about the macro-effects of the ongoing war in Europe.

Weighting	Perceived uncertainty to SC 1								
	Small			Medium			Large		
SC1	80-90%			60-80%			50-60%		
	Positive	Neutral	Negative	Positive	Neutral	Negative	Positive	Neutral	Negative
SC2	0-5%	5-10%	5-20%	0-10%	10-20%	20-40%	5-15%	20-25%	25-45%
SC3	5-20%	5-10%	0-5%	20-40%	10-20%	0-10%	25-45%	20-25%	5-15%

Industries and development of individual customers are also closely followed up through so-called watchlists at the customer engagement level, as well as marking of customers with pre-payment (payment relief).

All commitments with assessed high risk are on the watchlist.

In 2021, all significant tourism-related commitments were put on the watchlist and manually moved from step 1 to step 2. As of 31.03.22, these commitments have been removed from the watchlist.

### Sensitivity analysis

Below follows a sensitivity analysis for the Parent Bank, based on figures as at 31.03.22. By changing PD, LGD and scenario weights in isolation, the following change is seen in expected credit loss:

Segment	10% increase PD-factor	10% increase LGD-factor	20% increase PD-factor*)	Weighting of scenarios**)		
				SC1=100% SC2=0% SC3=0%	SC1=0% SC2=100% SC3=0%	SC1=0% SC2=0% SC3=100%
Retail market	5,4 %	6,2 %	23,0 %	-16,8 %	44,2 %	-31,8 %
Corporate market	6,5 %	7,1 %	16,0 %	-14,4 %	38,2 %	-28,0 %
Total	6,4 %	7,0 %	16,9 %	-14,7 %	39,0 %	-28,5 %

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

\*\*\*) Effect of going from the current weighting of 75%, 10% and 15% for scenario 1, 2 and 3.

## Notes 3 – Changes to group structure

There has been no significant changes to the Group's structure in 1Q 2022.

## Note 4 - Business Areas

The table shows SpareBank 1 Nord-Norge's segment's pursuant to IFRS 8. For more information see note 4 in annual report 2021.

### Group 31.03.22

(Amounts in NOK million)

	Retail market	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	240	227	3	0	2	72	0	- 3	541
Net fee- and other operating income	168	34	5	65	46	2	0	- 9	311
Net income from financial investments	0	1	3	0	0	0	0	72	76
Total costs	173	97	10	51	47	25	0	- 8	396
Result before losses	235	165	1	14	0	49	0	68	532
Losses	0	- 31	0	0	0	- 1	0	0	- 32
Result before tax	235	196	1	14	0	50	0	68	564
Total lending	45 700	35 183	0	0	0	8 074	0	2 826	91 783
Loss provision	- 71	- 453	0	0	0	- 89	0	1	- 612
Other assets	92	7 098	751	261	104	75	0	21 220	29 601
Total assets per business area	45 721	41 829	751	261	104	8 060	0	24 047	120 773
Deposits from customers	42 598	35 468	0	0	0	0	0	518	78 584
Other liabilities and equity capital	3 123	6 361	751	261	104	8 060	0	23 529	42 189
Total equity and liabilities per business area	45 721	41 829	751	261	104	8 060	0	24 047	120 773

During 2021, SpareBank 1 Nord-Norge has sold its portfolio of local banks in Helgeland to SpareBank 1 Helgeland. Following the sale, SpareBank 1 Nord-Norge will own 19.99% of SpareBank 1 Helgeland. This stake will be incorporated into the consolidated financial statement.

### Group 31.03.21

(Amounts in NOK million)

	Retail market	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	200	185	3	0	2	72	26	- 15	473
Net fee- and other operating income	185	30	6	65	46	2	20	- 4	350
Net income from financial investments	0	4	7	0	0	0	0	98	109
Total costs	182	97	12	51	47	25	7	- 33	388
Result before losses	203	123	4	14	0	49	39	112	544
Losses	17	- 46	0	0	0	- 1	- 13	- 10	- 53
Result before tax	186	169	4	14	0	50	52	122	597
Total lending	43 304	32 041	0	0	0	8 074	6 404	1 735	91 558
Loss provision	- 89	- 497	0	0	0	89	- 20	- 180	- 697
Other assets	104	6 167	754	261	104	75	12	20 447	27 924
Total assets per business area	43 319	37 711	754	261	104	8 239	6 395	22 002	118 785
Deposits from customers	41 375	30 001	0	0	0	0	3 788	547	75 710
Other liabilities and equity capital	1 945	7 710	754	261	104	8 239	2 608	21 455	43 075
Total equity and liabilities per business area	43 319	37 711	754	261	104	8 239	6 395	22 002	118 785

## Note 5 - Capital Adequacy

SpareBank 1 Nord-Norge is subject to the regulatory capital requirements set out in CRR/CRD IV.

The most important developments in the area in 1Q can be summarised as follows:

- In March 2022, Norges Bank decided that the countercyclical buffer would rise by 50 basis points to 2.5 per cent with effect from 31.03.22.
- In March, the Ministry of Finance announced that the 'Banking Package' (CRR2/CRD5/BRRD2) would come into force on 01.06.22. This entails, among other things, an expanded SME discount and a new method for calculating counterparty risk.

For a more detailed description of the area, please see the Group's annual report.

Parent Bank		Group	
(Amounts in NOK million)			
31.12.21	31.03.22	31.03.22	31.12.21
<b>Equity</b>			
2 650	<b>2 650</b>	<b>2 650</b>	2 650
780	<b>1 019</b>	<b>1 019</b>	780
3 824	<b>3 433</b>	<b>4 156</b>	4 619
7 487	<b>7 036</b>	<b>7 872</b>	8 407
0	<b>0</b>	<b>161</b>	197
<b>14 741</b>	<b>14 138</b>	<b>15 858</b>	<b>16 653</b>
<b>Tier 1 Capital</b>			
- 780	<b>-1 019</b>	<b>-1 019</b>	- 780
-1 516	<b>0</b>	<b>0</b>	-1 516
0	<b>- 343</b>	<b>- 224</b>	0
0	<b>0</b>	<b>- 42</b>	- 62
0	<b>0</b>	<b>- 136</b>	- 138
- 33	<b>- 33</b>	<b>- 42</b>	- 69
- 26	<b>0</b>	<b>0</b>	- 34
0	<b>0</b>	<b>- 790</b>	- 812
- 171	<b>- 171</b>	<b>- 141</b>	- 145
<b>12 214</b>	<b>12 573</b>	<b>13 464</b>	<b>13 097</b>
<b>Additional Tier 1 Capital</b>			
780	<b>1 019</b>	<b>1 202</b>	952
- 48	<b>- 47</b>	<b>- 47</b>	- 48
<b>12 946</b>	<b>13 545</b>	<b>14 618</b>	<b>14 001</b>
<b>Tier 2 Capital</b>			
1 050	<b>1 050</b>	<b>1 327</b>	1 317
56	<b>39</b>	<b>3</b>	18
- 227	<b>- 224</b>	<b>- 223</b>	- 227
<b>13 825</b>	<b>14 410</b>	<b>15 725</b>	<b>15 109</b>

Parent Bank		Group		
(Amounts in NOK million)				
31.12.21	31.03.22	(Amounts in NOK million)	31.03.22	31.12.21
<b>Risk exposure amount</b>				
4 561	<b>4.917</b>	Corporates - SME	<b>4 940</b>	4 583
14 441	<b>14 304</b>	Corporates - Specialised Lending	<b>15 074</b>	15 138
553	<b>527</b>	Corporates - Other	<b>589</b>	601
12 434	<b>12 555</b>	Retail - Secured by real estate	<b>19 373</b>	19 181
690	<b>722</b>	Retail - Other	<b>745</b>	709
8 288	<b>8 501</b>	Equity IRB	<b>0</b>	0
<b>40 967</b>	<b>41 526</b>	<b>Credit risk IRB</b>	<b>40 721</b>	<b>40 212</b>
0	<b>0</b>	Central governments or central banks	<b>3</b>	3
486	<b>515</b>	Regional governments or local authorities	<b>593</b>	626
1	<b>0</b>	Public sector entities	<b>2</b>	2
2 087	<b>2.176</b>	Institutions	<b>1 179</b>	1 241
2 378	<b>2.736</b>	Corporates	<b>5 849</b>	5 358
191	<b>183</b>	Retail	<b>4 518</b>	4 354
307	<b>357</b>	Secured by mortgages on immovable property	<b>644</b>	661
3	<b>4</b>	Exposures in default	<b>231</b>	195
1 169	<b>1.101</b>	Covered bonds	<b>1 477</b>	1 362
3 613	<b>3.613</b>	Equity	<b>6 501</b>	6 217
929	<b>1.078</b>	Other items	<b>1 655</b>	1 627
<b>11 163</b>	<b>11 764</b>	<b>Credit risk standardised approach</b>	<b>22 653</b>	<b>21 646</b>
<b>52 130</b>	<b>53 289</b>	<b>Total credit risk</b>	<b>63 374</b>	<b>61 858</b>
33	<b>58</b>	Debt risk	<b>58</b>	33
6 051	<b>6.051</b>	Operational risk	<b>7 246</b>	7 239
371	<b>701</b>	Credit Value Adjustment	<b>1 026</b>	929
<b>58 585</b>	<b>60 100</b>	<b>Total risk exposure amount</b>	<b>71 703</b>	<b>70 059</b>
<b>Capital Adequacy Ratios</b>				
20,8 %	<b>20,9 %</b>	Common Equity Tier 1 Capital Ratio	<b>18,8 %</b>	18,7 %
22,1 %	<b>22,5 %</b>	Tier 1 Capital Ratio	<b>20,4 %</b>	20,0 %
23,6 %	<b>24,0 %</b>	Total Capital Ratio	<b>21,9 %</b>	21,6 %
10,7 %	<b>11,1 %</b>	Leverage Ratio	<b>8,5 %</b>	8,3 %

## Note 6 - Net interest income

Parent Bank			Group	
<i>(Amount in NOK million)</i>				
1Q21	1Q22		1Q22	1Q21
		<b>Interest income</b>		
13	27	Interest income from loans to other credit institutions (amortized cost)	3	1
431	512	Interest income from loans to customers (amortized cost)	607	512
71	67	Interest income from loans to customers (fair value profit and loss)	68	71
0	0	Interest income from loans to customers (fair value other comprehensive income)	0	0
33	62	Interest income from certificates and bonds (fair value profit and loss)	61	32
548	668	<b>Total interest income</b>	<b>739</b>	<b>616</b>
		<b>Interest cost</b>		
11	18	Interest cost on debt to other credit institutions (amortized cost)	17	11
67	99	Interest cost on debt to customers (amortized cost)	97	66
49	65	Interest cost on the issued securities (amortized cost)	65	49
5	5	Interest cost on subordinated capital and debt (amortized cost)	5	5
132	187	<b>Total interest cost</b>	<b>184</b>	<b>131</b>
12	14	Guarantee fund fee	14	12
404	467	<b>Net interest income</b>	<b>541</b>	<b>473</b>
1,39 %	1,59 %	Interest margin in relation to average total assets	1,80 %	1,60 %

## Note 7 - Net fee-, commission- and other operating income

Parent bank			Group	
<i>(Amounts in mill NOK)</i>				
1Q21	1Q22		1Q22	1Q21
99	<b>73</b>	Provision commission loans	<b>73</b>	99
61	<b>55</b>	Payment facilities	<b>55</b>	61
49	<b>49</b>	Sales provision insurance products	<b>49</b>	49
7	<b>6</b>	Guarantee commissions	<b>6</b>	7
		Real estate broking	<b>22</b>	40
14	<b>12</b>	Portfolio commissions	<b>12</b>	14
7	<b>17</b>	Credit commision	<b>17</b>	7
5	<b>4</b>	Other commisions	<b>27</b>	22
<b>242</b>	<b>216</b>	<b>Total commission income</b>	<b>261</b>	<b>299</b>
16	<b>12</b>	Commission costs	<b>17</b>	21
<b>226</b>	<b>204</b>	<b>Net fee- and commission income</b>	<b>244</b>	<b>278</b>
		Accounting services	<b>66</b>	64
11	<b>3</b>	Other operating income	<b>1</b>	8
<b>237</b>	<b>207</b>	<b>Net fee- and other operating income</b>	<b>311</b>	<b>350</b>
37 %	<b>31 %</b>	Percent of net core earnings	<b>37 %</b>	43 %

## Note 8 - Net income from financial investments

Parent bank			Group	
<i>(Amounts in mill NOK)</i>				
1Q21	1Q22		1Q22	1Q21
		<b>Valued at fair value through profit and loss</b>		
		<b>Income from equity capital instruments</b>		
14	1	Dividend from shares	1	14
234	295	Dividend from group companies, associated companies and joint ventures		
		Share result from associated companies and joint ventures	10	71
10	89	Gains/losses from shares	95	10
	3	Gains/losses from group companies, associated companies and joint ventures	1	
		<b>Income from certificates and bonds</b>		
19	- 33	Gains/losses from certificates and bonds	- 33	19
		<b>Income from financial derivatives</b>		
- 8	6	Gains/losses from currencies and hedge derivatives	6	- 8
3	- 4	Gains/losses from fixed rate loans to customers	- 4	3
<b>272</b>	<b>357</b>	<b>Net income from fair value financial investments</b>	<b>76</b>	<b>109</b>
		<b>Valued at amortized cost</b>		
		<b>Income from certificates and bonds</b>		
0	0	Gains/losses from certificates and bonds	0	0
<b>0</b>	<b>0</b>	<b>Net income from financial investments valued at amortized cost</b>	<b>0</b>	<b>0</b>
0	0	Total income fra currency trasing	0	0
<b>272</b>	<b>357</b>	<b>Total net income from financial investments</b>	<b>76</b>	<b>109</b>

## Note 9 - Expenses

Parent			Group	
<i>(Amounts in mill NOK)</i>				
1Q21	1Q22		1Q22	1Q21
107	98	Personel expenses	160	171
8	10	Pension costs	15	10
29	26	Social costs	32	35
144	134	<b>Total personnel costs</b>	<b>207</b>	<b>216</b>
66	77	IT expenses	84	71
25	31	Other administrative expenses	36	32
21	17	Ordinary depreciation	24	29
5	4	Operating costs properties	5	5
18	17	Other operating expenses	40	35
279	280	<b>Total costs</b>	<b>396</b>	<b>388</b>

## Note 10 - 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.

Parent bank			Group	
(Amounts in NOK million)				
31.12.21	31.03.22		31.03.22	31.12.21
		<b>Right to use asset</b>		
388	<b>336</b>	Carrying amount 01.01.	<b>387</b>	435
21	<b>0</b>	Additions	<b>0</b>	26
-42	<b>0</b>	-Derecognition	<b>0</b>	-42
5	<b>16</b>	Other changes	<b>17</b>	6
<b>372</b>	<b>352</b>	<b>Carrying amount at the end of the period</b>	<b>404</b>	<b>426</b>
36	<b>9</b>	Depreciation in the period	<b>9</b>	39
<b>336</b>	<b>344</b>	<b>Carrying amount of right to use asset at the end of the period</b>	<b>394</b>	<b>387</b>
		<b>Lease liability</b>		
393	<b>343</b>	Carrying amount 01.01.	<b>397</b>	443
21	<b>0</b>	Additions	<b>0</b>	26
-41	<b>-10</b>	Lease payments in the period	<b>-11</b>	-44
8	<b>2</b>	Interest	<b>2</b>	9
-38	<b>16</b>	Other changes	<b>17</b>	-37
<b>343</b>	<b>352</b>	<b>Lease liability at the end of the period</b>	<b>405</b>	<b>397</b>
		<b>Profit and loss</b>		
36	<b>9</b>	Depreciation	<b>9</b>	39
8	<b>2</b>	Interest	<b>2</b>	9
<b>44</b>	<b>10</b>	<b>Total lease expense</b>	<b>12</b>	<b>48</b>
		<b>Undiscounted lease liabilities and maturity of cash outflows</b>		
39	<b>38</b>	Less than 1 year (this year)	<b>43</b>	43
33	<b>33</b>	1-2 years	<b>40</b>	41
32	<b>32</b>	2-3 years	<b>37</b>	38
30	<b>30</b>	3-4 years	<b>35</b>	35
30	<b>30</b>	4-5 years	<b>35</b>	35
180	<b>172</b>	More than 5 years	<b>262</b>	269
<b>344</b>	<b>335</b>	<b>Total</b>	<b>453</b>	<b>462</b>

## Note 11 - Losses

### Parent Bank

(Amounts in NOK million)

### Group

1Q21	1Q22		1Q22	1Q21
		<b>Losses incorporated in the accounts</b>		
- 47	- 36	Period's change in lending provisions	- 39	- 58
6	6	Period's confirmed losses	10	8
- 2	- 2	Recoveries, previously confirmed losses	- 3	- 3
- 43	- 32	<b>Total losses</b>	- 32	- 53
		<b>Losses broken down by sector and industry</b>		
- 61	- 25	Real estate	- 24	- 61
0	3	Financial and insurance activities	3	0
- 3	- 6	Fishing and aquaculture	- 7	- 3
2	5	Manufacturing	3	1
0	- 2	Agriculture and forestry	- 2	- 1
1	- 2	Power and water supply and construction	0	1
3	0	Service industries	0	2
6	- 5	Transportation	- 4	4
2	1	Commodity trade, hotel and restaurant industry	0	0
- 50	- 31	Total corporate market	- 31	- 57
7	- 1	Total retail market	- 1	4
- 43	- 32	<b>Total losses</b>	- 32	- 53

## Note 12 - Loans

### Loans at fair value - Loans to customers for sale to mortgage 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.

### Loans at fair value - 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 to the margin requirement have been made as at 31.03.22. 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 31.03.22 would impact the result by approximately MNOK -13,8 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 13.

Parent Bank (Amounts in NOK million)			Group	
31.12.21	31.03.22	Loans broken down by method of measurement	31.03.22	31.12.21
		<b>Loans at fair value through profit and loss</b>		
5 629	<b>5 399</b>	Loans to customers at fixed interest rates	<b>5 412</b>	5 642
5 664	<b>4 917</b>	Mortgages to customers for sale, housing credit company	<b>4 917</b>	5 664
<b>11 293</b>	<b>10 316</b>	<b>Total loans at fair value through profit and loss</b>	<b>10 329</b>	<b>11 306</b>
		<b>Loans at amortised cost</b>		
78 306	<b>79 645</b>	Other loans	<b>81 454</b>	80 045
<b>78 306</b>	<b>79 645</b>	<b>Total loans at amortised cost</b>	<b>81 454</b>	<b>80 045</b>
<b>89 599</b>	<b>89 962</b>	<b>Total gross loans</b>	<b>91 783</b>	<b>91 351</b>
		<b>Commission loans</b>		
35 439	<b>35 965</b>	Loans transferred to SpareBank 1 Boligkreditt	<b>35 965</b>	35 439
314	<b>314</b>	Loans transferred to SpareBank 1 Næringskreditt	<b>314</b>	314
<b>35 753</b>	<b>36 279</b>	<b>Total intermediary loans</b>	<b>36 279</b>	<b>35 753</b>
<b>125 352</b>	<b>126 240</b>	<b>Total gross loans included intermediary loans</b>	<b>128 063</b>	<b>127 105</b>
		<b>Provision for credit losses - reduction in assets</b>		
- 156	<b>- 167</b>	Provision for credit losses - stage 1	<b>- 196</b>	- 184
- 234	<b>- 210</b>	Provision for credit losses - stage 2	<b>- 239</b>	- 269
- 159	<b>- 146</b>	Provision for credit losses - stage 3	<b>- 177</b>	- 190
<b>89 050</b>	<b>89 438</b>	<b>Net loans</b>	<b>91 171</b>	<b>90 708</b>

**Parent Bank**
**31.03.22**

(Amounts in NOK million)

Loans broken down by sector/industry	Total		Lending provision			Net loans
	commitments to amortised cost	Lending at fair value	Stage 1	Stage 2	Stage 3	
Real estate	14 776	38	- 78	- 133	- 72	14 531
Financial and insurance activities	10 433	0	- 12	- 1	- 6	10 414
Fishing and aquaculture	7 653	23	- 24	- 4	- 2	7 646
Manufacturing	1 313	15	- 3	- 9	- 26	1 291
Agriculture and forestry	902	35	- 1	- 1	0	935
Power and water supply and construction	2 861	28	- 7	- 7	- 2	2 872
Government	92	0	0	0	0	92
Service industries	1 846	86	- 7	- 7	- 9	1 907
Transportation	2 167	37	- 10	- 10	- 3	2 181
Commodity trade, hotel and restaurant industry	1 617	23	- 6	- 14	- 3	1 617
Corporate market	43 659	286	- 148	- 187	- 124	43 486
Retail market	35 987	10 030	- 19	- 23	- 22	45 952
Loans and advances to customers	79 645	10 316	- 167	- 210	- 146	89 438

Financial commitments broken down by sector/industry	Financial commitments to amortised cost	Lending provision classified as debt			Sum
		Stage 1	Stage 2	Stage 3	
Real estate	1 133	- 13	- 4	- 4	- 21
Financial and insurance activities	168	- 1	0	0	- 1
Fishing and aquaculture	836	- 1	0	0	- 1
Manufacturing	568	- 1	- 1	- 1	- 3
Agriculture and forestry	121	0	0	0	0
Power and water supply and construction	537	- 1	- 2	0	- 4
Government	377	0	0	0	0
Service industries	651	- 1	0	0	- 2
Transportation	544	- 1	0	0	- 1
Commodity trade, hotel and restaurant industry	493	- 1	- 1	- 4	- 6
Corporate market	5 428	- 20	- 9	- 10	- 39
Retail market	1 599	0	0	0	0
Loans and advances to customers	7 028	- 21	- 9	- 10	- 39

**Group**  
**31.03.22**

(Amounts in NOK million)

Loans broken down by sector/industry	Total		Lending provision			Net loans
	commitments to amortised cost	Lending at fair value	Stage 1	Stage 2	Stage 3	
Real estate	14 871	38	- 78	- 133	- 74	14 624
Financial and insurance activities	4 197	0	- 11	- 1	- 6	4 178
Fishing and aquaculture	8 444	23	- 31	- 6	- 2	8 427
Manufacturing	1 842	15	- 6	- 13	- 28	1 810
Agriculture and forestry	1 034	35	- 1	- 2	- 1	1 065
Power and water supply and construction	3 728	28	- 9	- 11	- 7	3 729
Government	101	0	0	0	0	101
Service industries	2 576	86	- 12	- 9	- 11	2 630
Transportation	3 011	50	- 14	- 17	- 7	3 023
Commodity trade, hotel and restaurant industry	2 069	23	- 9	- 18	- 5	2 061
Corporate market	41 872	299	- 173	- 211	- 141	41 647
Retail market	39 583	10 030	- 23	- 28	- 36	49 525
Loans and advances to customers	81 454	10 329	- 196	- 239	- 177	91 171

Financial commitments broken down by sector/industry	Financial commitments to amortised cost	Lending provision classified as debt			Sum
		Stage 1	Stage 2	Stage 3	
Real estate	1 088	- 13	- 4	- 4	- 21
Financial and insurance activities	131	- 1	0	0	- 1
Fishing and aquaculture	930	- 1	0	0	- 1
Manufacturing	575	- 1	- 1	- 1	- 3
Agriculture and forestry	121	0	0	0	0
Power and water supply and construction	597	- 1	- 2	0	- 4
Government	377	0	0	0	0
Service industries	865	- 1	0	0	- 2
Transportation	659	- 1	0	0	- 1
Commodity trade, hotel and restaurant industry	695	- 1	- 1	- 4	- 6
Corporate market	6 039	- 20	- 9	- 10	- 39
Retail market	1 599	0	0	0	0
Loans and advances to customers	7 638	- 21	- 9	- 10	- 39

### Parent Bank

(Amounts in NOK million)

Total loan commitments broken down by stage of the credit risk assessment	Stage 1	Stage 2	Stage 3	Sum
Total loan commitments to amortised cost 01.01.22	76 675	7 904	496	85 075
Changes in the period due to loans migrated between the stages				
to (-from) stage 1	2 079	-2 069	- 9	0
to (-from) stage 2	-1 151	1 160	- 9	0
to (-from) stage 3	- 3	- 41	44	0
Net increase/(decrease) balance existing loans	- 3	- 41	44	-1 752
Originated or purchased during the period	- 3	- 41	44	10 147
Loans that have been derecognised	- 3	- 41	44	-6 797
<b>Total loan commitments to amortised cost</b>	<b>80 631</b>	<b>5 573</b>	<b>469</b>	<b>86 673</b>
Loans at fair value through profit and loss				10 316
<b>Total loan commitments as at 31.03.22</b>	<b>80 631</b>	<b>5 573</b>	<b>469</b>	<b>96 989</b>
Off-balance sheet	-6 569	- 432	- 27	-7 028
<b>Gross loans</b>	<b>74 062</b>	<b>5 141</b>	<b>442</b>	<b>89 961</b>
Provision for credit losses - reduction in assets	- 167	- 210	- 146	- 523
<b>Net loans</b>	<b>73 895</b>	<b>4 931</b>	<b>297</b>	<b>89 438</b>

### Group

(Amounts in NOK million)

Total loan commitments broken down by stage of the credit risk assessment	Stage 1	Stage 2	Stage 3	Sum
Total loan commitments to amortised cost 01.01.22	78 639	8 201	549	87 389
Changes in the period due to loans migrated between the stages				
to (-from) stage 1	2 219	-2 207	- 12	0
to (-from) stage 2	-1 296	1 307	- 12	0
to (-from) stage 3	- 9	- 81	90	0
Net increase/(decrease) balance existing loans	-2 465	445	8	-2 012
Originated or purchased during the period	10 783	183	4	10 970
Loans that have been derecognised	-5 795	-1 451	- 8	-7 254
<b>Total loan commitments to amortised cost</b>	<b>82 077</b>	<b>6 397</b>	<b>619</b>	<b>89 093</b>
Loans at fair value through profit and loss				10 329
<b>Total loan commitments as at 31.03.22</b>	<b>82 077</b>	<b>6 397</b>	<b>619</b>	<b>99 422</b>
Off-balance sheet	-7 139	- 472	- 27	-7 638
<b>Gross loans</b>	<b>74 937</b>	<b>5 925</b>	<b>593</b>	<b>91 783</b>
Provision for credit losses - reduction in assets	- 196	- 239	- 177	- 612
<b>Net loans</b>	<b>74 742</b>	<b>5 686</b>	<b>416</b>	<b>91 171</b>

## Note 13 - Loss provisions

Parent bank				Group				
(Amounts in NOK million)								
Stage 1	Stage 2	Stage 3	Total	Changes in lending loss provisions	Total	Stage 3	Stage 2	Stage 1
-170	-259	-169	-598	<b>Loss provisions at 01.01.22</b>	<b>-692</b>	-200	-294	-198
			-549	Of which presented as a reduction of the assets	<b>-643</b>			
			-49	Of which presented as other debt	<b>-49</b>			
				Changes in the period due to loans migrating between stages:				
-47	45	3	0	to (-from) stage 1	0	3	51	-53
2	-5	3	0	to (-from) stage 2	0	3	-6	3
0	2	-2	0	to (-from) stage 3	0	-4	4	0
33	-12	-38	-17	Net increase/decrease existing loans	<b>-12</b>	-37	-14	39
-20	-3	0	-23	New issued or purchased loan	<b>-27</b>	0	-4	-23
14	12	48	74	Loans that have been derecognised	<b>77</b>	49	13	15
<b>-188</b>	<b>-220</b>	<b>-155</b>	<b>-563</b>	<b>Total loss provisions at 31.03.22</b>	<b>-652</b>	<b>-186</b>	<b>-248</b>	<b>-217</b>
				<b>Loss provisions allocated to markets</b>				
-19	-23	-22	-64	Retail market	<b>-87</b>	-36	-28	-23
-169	-197	-133	-499	Corporate market	<b>-565</b>	-150	-220	-194
<b>-188</b>	<b>-220</b>	<b>-155</b>	<b>-563</b>	<b>Total loss provisions at 31.03.22</b>	<b>-652</b>	<b>-186</b>	<b>-248</b>	<b>-217</b>
			-523	Of which presented as a reduction of the assets	<b>-612</b>			
			-40	Of which presented as other debt	<b>-40</b>			

### 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 the 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.

## Note 14 - Subsidiaries, associated companies and joint ventures

### Result from subsidiaries fully consolidated into the group financial statements

(Amount in NOK mill.)

Company	Share	Result after tax	
		1Q22	1Q21
SpareBank 1 Nord-Norge Portefølje AS	100 %	6	0
Fredrik Langes Gate 20 AS	100 %	0	0
SpareBank 1 Finans Nord-Norge AS	85 %	38	41
SpareBank 1 Regnskapshuset Nord-Norge AS	85 %	11	13
EiendomsMegler 1 Nord-Norge AS	85 %	0	9
<b>Total</b>		<b>55</b>	<b>62</b>

### Result from associated companies and joint ventures consolidated into the group financial statements according to the equity method

(Amount in NOK mill.)

Company	Share	Result after tax		Value balance sheet at	
		1Q22	1Q21	31.03.22	31.12.21
SpareBank 1 Mobilitet Holding AS	30,66 %	- 5	0	77	82
SpareBank 1 Gruppen AS	19,50 %	13	67	2 230	2 218
SpareBank 1 Kreditt AS	19,22 %	3	0	207	199
SpareBank 1 Boligkreditt AS	15,92 %	- 4	3	1 878	1 828
SpareBank 1 Næringskreditt AS	3,09 %	0	1	60	63
SpareBank 1 Utvikling DA	18,00 %	0	0	134	134
SpareBank 1 Bank og Regnskap AS	25,00 %	1	0	42	42
SpareBank 1 Forvaltning AS	13,73 %	7	0	108	105
SpareBank 1 Gjeldsinformasjon AS	14,53 %	0	0	1	1
SpareBank 1 Kundepleie AS	26,67 %	1	0	23	22
SpareBank 1 Betaling AS	18,57 %	- 5	- 1	140	145
<b>Total</b>		<b>11</b>	<b>71</b>	<b>4 900</b>	<b>4 837</b>

## Note 15 - Other assets

(Amounts in NOK million)

Parent bank			Group	
31.12.21	31.03.22		31.03.22	31.12.21
0	0	Reposessed assets	0	0
3	6	Accrued income	49	79
0	0	Goodwill and other intangible assets	115	116
79	0	Overfunding of pension liabilities	0	88
86	495	Prepayments	243	114
138	98	Other assets 1)	191	222
<b>306</b>	<b>599</b>	<b>Total other assets</b>	<b>598</b>	<b>619</b>

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

## Note 16 - Financial instruments at fair value

Financial instruments at fair value are classified at different levels. See note 26 i annual report 2021.

### Group

(Amounts in NOK million)

	Level 1	Level 2	Level 3	Total
<b>Assets at 31.03.22</b>				
Shares	856	78	692	1 625
Bonds	14 046	5 641		19 687
Financial derivatives		1 247		1 247
Loans to customers with fixed rate			5 413	5 413
Loans to customers for sale			4 917	4 917
<b>Total assets</b>	<b>14 902</b>	<b>6 965</b>	<b>11 022</b>	<b>32 889</b>
<b>Liabilities at 31.03.22</b>				
Financial derivatives		1 044		1 044
<b>Total liabilities</b>		<b>1 044</b>		<b>1 044</b>
<i>Assets at 31.03.21</i>				
Shares	843	68	607	1 519
Bonds	14 084	5 066		19 150
Financial derivatives		1 089		1 089
Loans to customers with fixed rate			5 642	5 642
Loans to customers for sale			5 664	5 664
<b>Total assets</b>	<b>14 927</b>	<b>6 223</b>	<b>11 913</b>	<b>33 064</b>
<i>Liabilities at 31.03.21</i>				
Financial derivatives		602		602
<b>Total liabilities</b>		<b>602</b>		<b>602</b>

### Changes in instruments at fair value, level 3:

	Financial assets		
	Shares	Loans to customers with fixed rate	Loans to customers for sale
<i>(Amounts in NOK million)</i>			
Carrying amount at 31.03.21	607	5 642	5 664
Net gains on financial instruments	85	- 62	
Additions/acquisitions		657	2 027
Sales			-1 825
Matured		- 825	- 948
<b>Carrying amount at 31.03.22</b>	<b>692</b>	<b>5 413</b>	<b>4 917</b>

## Note 17- 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 2.83 years as of 31.03.22.  
The short-term liquidity risk measure, liquidity coverage ratio (LCR), was 135 % as of the end of the quarter.

## Note 18 - Financial derivatives

### Parent Bank and Group

(Amounts in NOK million)

#### Fair value hedging transactions

	31.03.22	31.12.21
Net loss charged to the statement of comprehensive income in respect of hedging instruments in connection with actual value hedging	178	- 127
Total gain from hedging objects relating to the hedged risk	- 183	120
<b>Total fair value hedging transactions</b>	<b>- 4</b>	<b>- 6</b>

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

	31.03.22			31.12.21		
	Contract	Fair value		Contract	Fair value	
		Assets	Liabilities		Assets	Liabilities
<b>Foreign currency instruments</b>						
Foreign exchange financial derivatives (forwards)	2 550	25	64	2 090	14	22
Currency swaps	13 078	199	272	12 985	151	70
Currency options						
<b>Total non-standardised contracts</b>	<b>15 628</b>	<b>224</b>	<b>336</b>	<b>15 076</b>	<b>165</b>	<b>92</b>
Standardised foreign currency contracts (futures)						
<b>Total foreign currency instruments</b>	<b>15 628</b>	<b>224</b>	<b>336</b>	<b>15 076</b>	<b>165</b>	<b>92</b>
<b>Interest rate instruments</b>						
Interest rate swaps (including cross currency)	34 005	915	467	36 530	686	445
Short,-term interest rate swaps (FRA)						
Other interest rate contracts	227	66	65	244	27	25
<b>Total non-standardised contracts</b>	<b>34 232</b>	<b>981</b>	<b>533</b>	<b>36 774</b>	<b>713</b>	<b>470</b>
Standardised interest rate contracts (futures)						
<b>Total interest rate instruments</b>	<b>34 232</b>	<b>981</b>	<b>533</b>	<b>36 774</b>	<b>713</b>	<b>470</b>
<b>Hedging of funding loans</b>						
<b>Foreign currency instruments</b>						
Foreign exchange financial derivatives (forwards)						
Currency swaps						
<b>Total, non-standardised contracts</b>						
Standardised foreign currency contracts (futures)						
<b>Total foreign currency instruments</b>						
<b>Interest rate instruments</b>						
Interest rate swaps (including cross currency)	13 094	41	176	14 496	212	41
Short-term interest rate swaps (FRA)						
Other interest rate contracts						
<b>Total, non-standardised contracts</b>	<b>13 094</b>	<b>41</b>	<b>176</b>	<b>14 496</b>	<b>212</b>	<b>41</b>
Standardised interest rate contracts (futures)						
<b>Total interest rate instruments</b>	<b>13 094</b>	<b>41</b>	<b>176</b>	<b>14 496</b>	<b>212</b>	<b>41</b>
Total interest rate instruments	47 326	1 023	708	51 270	924	511
Total foreign currency instruments	15 628	224	336	15 076	165	92
<b>Total</b>	<b>62 954</b>	<b>1 247</b>	<b>1 044</b>	<b>66 346</b>	<b>1 089</b>	<b>602</b>

## Note 19 - Deposits

(Amounts in NOK million)

Parent Bank			Group	
31.12.21	31.03.22		31.03.22	31.12.21
<b>Deposits from credit institutions</b>				
544	428	Deposits without agreed maturity	428	514
579	669	Deposits with agreed maturity	667	578
<b>1 123</b>	<b>1 097</b>	<b>Total deposits from credit institutions</b>	<b>1 095</b>	<b>1 092</b>
<b>Deposits from customers</b>				
70 750	73 526	Deposits without agreed maturity	73 439	70 691
5 458	5 145	Deposits with agreed maturity	5 145	5 458
<b>76 208</b>	<b>78 671</b>	<b>Total deposits from customers</b>	<b>78 584</b>	<b>76 149</b>
<b>77 331</b>	<b>79 768</b>	<b>Total deposits</b>	<b>79 679</b>	<b>77 241</b>
<b>Deposits from customers broken down by sector and industry</b>				
3 852	<b>3 642</b>	Real estate	<b>3 643</b>	3 852
2 654	<b>2 482</b>	Financial and insurance activities	<b>2 482</b>	2 654
2 675	<b>3 397</b>	Fishing and aquaculture	<b>3 397</b>	2 675
1 565	<b>1 334</b>	Manufacturing	<b>1 334</b>	1 565
532	<b>644</b>	Agriculture and forestry	<b>644</b>	532
2 493	<b>2 420</b>	Power and water supply and construction	<b>2 420</b>	2 493
7 988	<b>8 571</b>	Service industries	<b>8 483</b>	7 929
2 108	<b>2 133</b>	Transportation	<b>2 133</b>	2 108
2 973	<b>3 500</b>	Commodity trade, hotel and restaurant industry	<b>3 500</b>	2 973
26 840	<b>28 123</b>	Public market	<b>28 036</b>	26 781
8 486	<b>8 898</b>	Government market	<b>8 898</b>	8 486
40 882	<b>41 650</b>	Retail market	<b>41 650</b>	40 882
<b>76 208</b>	<b>78 671</b>	<b>Deposits from customers</b>	<b>78 584</b>	<b>76 149</b>

## Note 20 - Securities issued

### Parent Bank and Group

(Amounts in NOK million)

	Statement of financial position 31.12.21	Issued	Matured or redeemed	Exchange rate movements	Fair value changes	Accrued interest	Statement of financial position 31.03.22
Senior bonds	17 527		-1 530	- 191	- 347	- 31	15 426
<b>Senior bonds</b>	<b>17.527</b>		<b>-1 530</b>	<b>- 191</b>	<b>- 347</b>	<b>- 31</b>	<b>15.426</b>

## Note 21 - Subordinated debt and loan capital

### Parent Bank and Group

(Amounts i NOK million)

Changes in subordinated loan capital and other senior non-preferred	Statement of	Issued	Matured or redeemed	Exchange rate movements	Fair value changes	Accrued interest	Statement of
	financial position 31.12.21						financial position 31.03.22
Subordinated loan capital	1 051					1	1 052
Senior non-preferred	3 510			- 41		2	3 470
<b>Subordinated loan capital and other senior non-preferred</b>	<b>4 561</b>	<b>0</b>		<b>- 41</b>		<b>3</b>	<b>4.522</b>

## Note 22 - Other liabilities

(Amounts in NOK million)

Parent bank			Group	
31.12.21	31.03.22		31.03.22	31.12.21
1 700	<b>3 370</b>	Other liabilities	<b>3 609</b>	1 883
158	<b>123</b>	Costs incurred	<b>482</b>	538
9	<b>9</b>	Deferred tax liabilities	<b>114</b>	127
49	<b>39</b>	Off balance loss provision	<b>39</b>	49
<b>1 907</b>	<b>3 532</b>	<b>Total other liabilities</b>	<b>4 130</b>	<b>2 470</b>
		Specification of other liabilities:		
343	<b>352</b>	Lease liabilities	<b>405</b>	397
735	<b>807</b>	Accrued tax	<b>868</b>	827
22	<b>14</b>	Tax deductions	<b>23</b>	38
82	<b>237</b>	Creditors	<b>288</b>	97
350	<b>1 119</b>	Agreed payments from Donations Fund	<b>1 119</b>	350
0	<b>703</b>	Early retirement pension contract	<b>703</b>	0
168	<b>138</b>	Miscellaneous liabilities	<b>203</b>	174
<b>1 700</b>	<b>3 370</b>	<b>Other liabilities</b>	<b>3 609</b>	<b>1 883</b>

## Note 23 - Equity

Total EC Capital 1.807.164.288 NOK, distributed on 100.398.016 EC's, each denomination NOK 18.

Parent bank			Group	
<i>(Amounts in NOK million)</i>				
31.12.21	31.03.22		31.03.22	31.12.21
1 807	1 807	EC capital	1 807	1 807
843	843	Premium Fund	843	843
3 142	3 128	Dividend Equalisation Fund	3 128	3 142
703		Set aside EC dividend, not decided		703
- 22	- 13	EC owner's share of other equity	892	865
	318	EC owner's share of period result	210	
<b>6 473</b>	<b>6 083</b>	<b>EC owner's share of equity</b>	<b>6 880</b>	<b>7 360</b>
46,36 %	46,36 %	EC owner's percentage of equity	46,36 %	46,36 %
6 699	6 683	Saving Bank's primary capital	6 683	6 699
813		Set aside society dividend, not decided		813
- 24	- 14	Society's share of other equity	1 032	1 001
	367	Society's share of period result	244	
<b>7 488</b>	<b>7 036</b>	<b>Society's share of equity</b>	<b>7 959</b>	<b>8 513</b>
53,64 %	53,64 %	Society's percentage of equity	53,64 %	53,64 %
780	1 019	Tier 1 capital	1 019	780
<b>14 741</b>	<b>14 138</b>	<b>Total equity</b>	<b>15 858</b>	<b>16 653</b>

### Perpetual hybrid Tier 1

Three hybrid Tier 1 capital instruments issued by the Bank are not covered by the IFRS regulations' definition of debt and are therefore classified as equity. Based on this, accrued interest on the hybrid tier 1 capital has not been recognised as a cost in the income statement but has been charged directly against equity.

When calculating key figures for equity and the equity certificates, accrued interest on hybrid tier 1 capital is thus deducted from the accounting result. At the same time, hybrid tier 1 capital is deducted from the equity on the balance sheet. This ensures that the keyfigures relevant to the Bank's owners are calculated on the basis of the result and the equity that actually belong to the owners.

The contract terms and conditions for hybrid Tier 1 instruments mean that they are included in the Bank's Tier 1 capital for capital adequacy purposes, see note 5.

### Parent bank and group

<i>(Amounts in NOK million)</i>	31.03.22	31.12.21
<i>Perpetual hybrid Tier 1 capital</i>		
2099 3m NIBOR + 3,30 %	239	350
2099 3m NIBOR + 3,15 %	180	180
2099 3m NIBOR + 3,30 %	250	250
2099 3m NIBOR + 2,60 %	350	
<b>Total perpetual hybrid Tier 1</b>	<b>1 019</b>	<b>780</b>
Average interest perpetual hybrid Tier 1	3,70 %	3,73 %

## Equity Certificates (ECs)

The 20 largest EC holders at

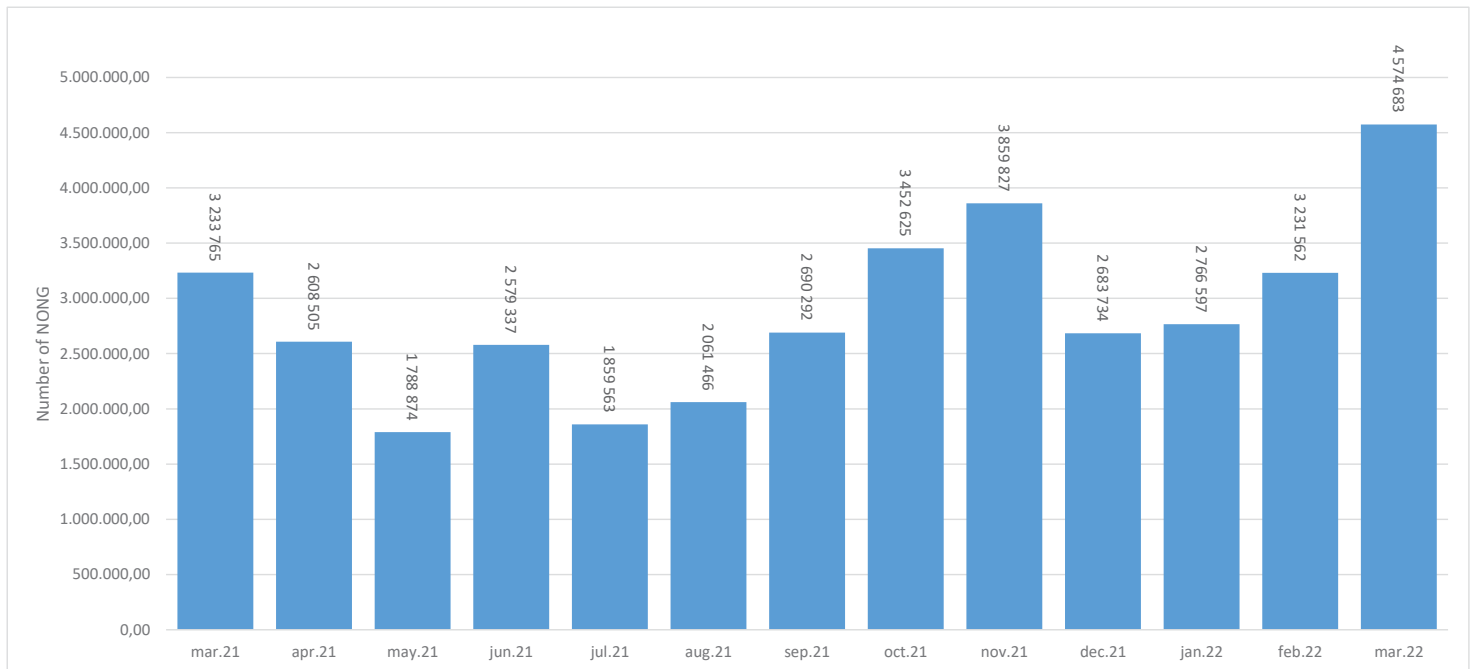
31.03.22

EC Holders	Number of Ecs	Share of EC Capital
PARETO INVEST AS	3.883.932	3,87%
VPF EIKA EGENKAPITALBEVIS	3.479.420	3,47%
PARETO AKSJE NORGE VERDIPAPIRFOND	2.961.669	2,95%
GEVERAN TRADING CO LTD	2.790.356	2,78%
MP PENSJON PK	2.374.322	2,36%
The Bank of New York Mellon SA/NV	2.210.087	2,20%
Brown Brothers Harriman & Co.	1.985.338	1,98%
The Northern Trust Comp, London Br	1.953.480	1,95%
FORSVARETS PERSONELLSERVICE	1.752.630	1,75%
State Street Bank and Trust Comp	1.588.689	1,58%
SPESIALFONDET BOREA UTBYTTE	1.565.611	1,56%
SPAREBANKSTIFTELSEN SPAREBANK 1 NO	1.411.606	1,41%
Landkreditt Utbytte	1.300.000	1,29%
J.P. Morgan SE	1.292.352	1,29%
KOMMUNAL LANDSPENSJONSKASSE GJENSI	1.121.577	1,12%
The Bank of New York Mellon SA/NV	975.000	0,97%
Euroclear Bank S.A./N.V.	877.074	0,87%
J.P. Morgan SE	842.648	0,84%
State Street Bank and Trust Comp	809.263	0,81%
Brown Brothers Harriman & Co.	735.389	0,73%
<b>Total</b>	<b>35.910.443</b>	<b>35,77%</b>

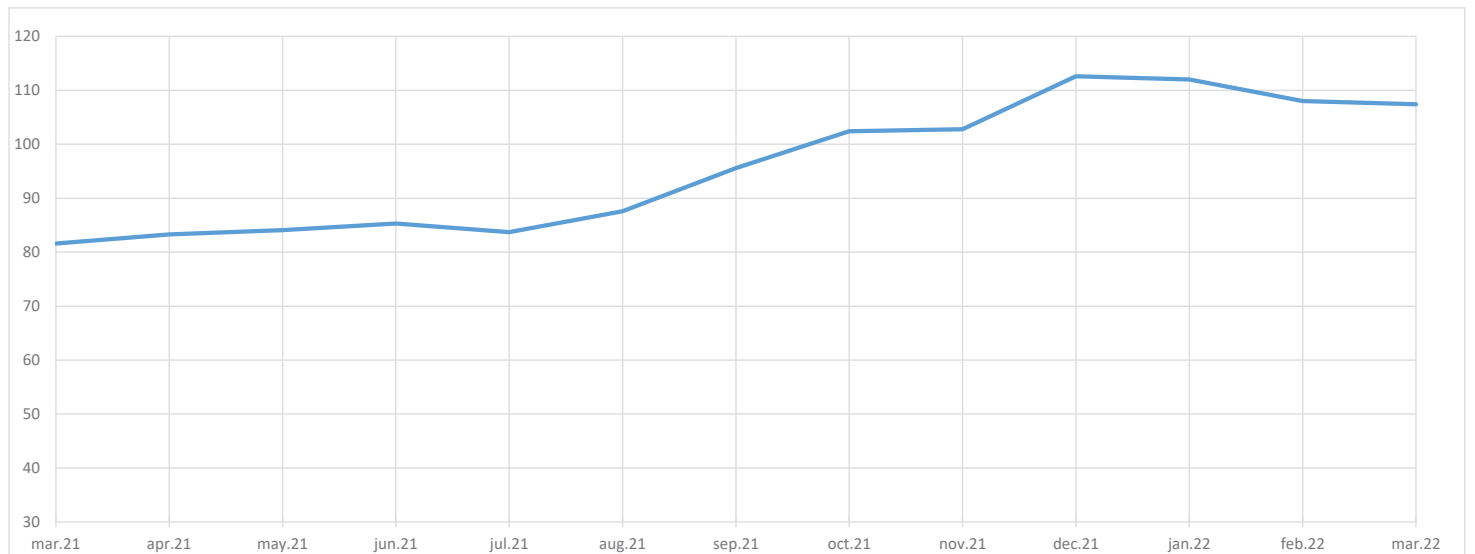
### Dividend policy

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 24 - Events occurring after the end of the quarter

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