



SpareBank
NORD-NORGE



Quarterly report

Financial statement Q3 2022

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Group financial highlights and key figures

(Amounts in NOK million and in % of average assets)	30.09.22	%	30.09.21	%	31.12.21	%
Net interest income	1 789	1,95 %	1 480	1,64 %	2 014	1,67 %
Net fee- and other operating income	939	1,02 %	1 080	1,19 %	1 499	1,25 %
Net income from financial investments	16	0,02 %	449	0,50 %	794	0,66 %
Total income	2 744	2,99 %	3 009	3,33 %	4 307	3,58 %
Total costs	1 180	1,29 %	1 176	1,30 %	1 748	1,45 %
Result before losses	1 564	1,70 %	1 833	2,03 %	2 559	2,13 %
Losses	41	0,04 %	- 123	-0,14 %	- 235	-0,20 %
Result before tax	1 523	1,66 %	1 956	2,16 %	2 794	2,32 %
Tax	335	0,37 %	376	0,42 %	499	0,41 %
Result after tax	1 188	1,27 %	1 580	1,74 %	2 295	1,90 %
Interest hybrid capital	27		21		29	
Result after tax ex. interest hybrid capital	1 161		1 559		2 266	
Profitability						
Return on equity capital	1	10,2 %	14,0 %		15,1 %	
Interest margin	2	1,95 %	1,64 %		1,67 %	
Cost/income	3	43,0 %	39,1 %		40,6 %	
Balance sheet figures and liquidity						
Total assets		123 676	122 080		119 180	
Average assets	4	122 342	120 535		120 264	
Gross loans	5	95 265	95 715		91 352	
Gross loans incl. commition loans	5	133 077	134 004		127 105	
Deposits	6	81 765	79 247		77 241	
Liquidity Coverage Ratio (LCR)		133	141		142	
Solidity						
Common Equity Tier 1 Capital Ratio		18,8 %	18,6 %		18,7 %	
Tier 1 Capital Ratio		20,1 %	20,0 %		20,0 %	
Total Capital Ratio		21,8 %	21,7 %		21,6 %	
Common Equity Tier 1 Capital		13 182	13 048		13 097	
Tier 1 Capital		14 098	14 020		14 001	
Own Funds		15 270	15 229		15 109	
Total risk exposure amount		70 036	70 240		70 059	
Leverage Ratio		8,0 %	7,8 %		8,3 %	
NONG Key figures						
NONG Quoted/market price (NOK)		81,60	95,60		112,60	
Number of EC issued (mill)		100,40	100,40		100,40	
Equity capital per EC (NOK)		69,01	71,95		73,30	
Result per EC (NOK)		5,25	7,16		10,41	
P/E (Price/Earnings per EC) NOK		11,65	10,01		10,82	
P/B (Price/Book Value per EC) NOK		1,18	1,33		1,54	
Branches and full-time employees						
Branches		15	19		15	
Manyears		849	874		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 – 3Q22

Results and key figures

NOK mill	3Q22	3Q21	Change	30.09.22	30.09.21	Change
Result after tax	389	532	- 143	1 188	1 580	- 392
Result per EC	1,73	2,42	-0,69	5,25	7,16	-1,91
Return on equity	10,1 %	13,7 %	-3,6 %	10,2 %	14,0 %	-3,8 %
Cost/income	39,9 %	39,1 %	0,8 %	43,0 %	39,1 %	3,9 %
Common Equity Tier 1 Capital Ratio	18,8 %	18,6 %	0,2 %	18,8 %	18,6 %	0,2 %
Growth loans retail market	6,5 %	7,0 %	-0,5 %	-4,6 %	4,9 %	-9,5 %
Growth loans corporate market	12,2 %	2,4 %	9,9 %	6,4 %	5,1 %	1,2 %
Growth loans total	8,3 %	5,6 %	2,7 %	-1,3 %	5,0 %	-6,3 %
Growth deposits retail market	-11,3 %	-6,3 %	-5,0 %	-0,5 %	6,8 %	-7,4 %
Growth deposits corporate market	-21,7 %	-21,1 %	-0,6 %	6,0 %	12,1 %	-6,0 %
Growth deposits total	-16,2 %	-13,1 %	-3,1 %	2,4 %	9,1 %	-6,7 %
Result from ownership interests	28	118	- 90	57	343	- 286
Result from financial assets	- 22	22	- 44	- 41	106	- 147
Losses	56	- 47	103	41	- 123	164

Important events in the quarter

SpareBank 1 Nord-Norge has delivered yet another quarter of good underlying banking operations. However, like the previous quarter, the 3Q figures were impacted by negative external macroeconomic factors. This was largely driven by the aftereffects of the pandemic and the war in Ukraine. Persistent and high inflation in large parts of the world have led to the world's central banks taking very strong measures with higher interest rates, falling stock markets and general turbulence in the financial markets. This affected returns on securities and profit contributions from associated companies in the SpareBank 1-alliansen.

3Q saw higher net interest income, good cost managing and continued low underlying losses. Nevertheless, losses rose by MNOK 39 compared with the previous quarter and this was mainly attributable to higher ECL provisions resulting from a weaker macroeconomic outlook going forward. So far, the Bank's loan portfolio is showing few signs of weakness. This is explained by the continued good macroeconomic situation in Northern Norway, the Group's systematic work on reducing risk in the loan portfolio in the past few years, as well as the close monitoring of the loan portfolio throughout the Covid-19 pandemic. Furthermore, the Group's loan portfolio is characterised by mortgage lending and industries on which the pandemic and war have had a limited impact. Combined with slightly increased model-based losses (ECL), the 3Q figures were primarily pulled down by weaker figures from associated companies and unrealised losses on securities due to financial turbulence.

Lending growth was good in 3Q, in both Corporate Market and Retail Market. Despite the fact that Retail Market's figures were marginally weaker than last year, the overall lending growth was 2.7 per cent better than the same quarter last year.

Corporate Market's figures were characterised by the fact that major industries in Northern Norway have delivered good figures over time and demonstrated a high willingness to invest. Low energy prices and a favourable exchange rate for export-related industries have also contributed positively. However, the natural resources rent tax proposed by the government came as a surprise to the aquaculture industry and willingness to invest is expected to decrease in this industry going forward. This is unlikely to have much effect in 2023 but could impact growth in 2024 and beyond. The other major uncertainty factors are inflation, interest rate developments and the effects of the war in Ukraine. Continued sharp rises in interest rates are expected to reduce willingness to invest and the growth prospects for 2024, although the growth target for this year stands. However, financial uncertainty has increased, and we are attentive towards this. Therefore, the emphasis is on closely monitoring our customers, especially in Corporate Market but also exposed customers in Retail Market.

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. Therefore, we are well positioned to be a good bank for Northern Norway now and in the future.

Macroeconomic trends

Global economy – central banks are fighting a fierce battle against inflation

Inflation has proved both higher and more persistent than initially assumed, and central banks have had to raise policy rates sharply recently in order to fight back. The rise in living costs and mortgage rates is depressing private consumption, and enterprises are now also feeling the pressure of costs. The future will show how hard the economies of various countries slow down because of this and how many countries end up in a recession.

Policy rates are expected to continue to rise among our main trading partners. Both the FED and ECB are expected to hike current rates further.

Historically, purchasing manager indices (PMI) have proved an accurate and leading indicator of an economy's GDP performance. In August and September, it dropped below 50 for the first time since we were hit by the pandemic, which indicates a weakening in global GDP. A reduction in orders and growing inventories indicate that PMI may continue to fall in the coming months.

In Europe, the energy situation has increasingly taken centre stage and Norway has become the most important supplier of gas to the continent. Throughout the summer, there were concerns about whether various countries would be able to fill their gas storage facilities. Fortunately, it now appears that most countries will start the winter with full stockpiles. Assuming that the winter is not too cold, estimates show that Europe will make it through the winter but that the problem has not been resolved in the long term.

Norwegian economy – Norges Bank is responding aggressively to inflation

Inflation has also taken hold in Norway and Norges Bank has responded to this challenge by aggressively hiking interest rates. During 3Q, the central bank raised its

policy rate by no less than 1 percentage point, from 1.25 per cent at the start of the quarter to 2.25 per cent at the end. These rises mean that the policy rate has been raised by no less than 1.75 per cent in the year to date, and the market is pricing in further rises in the coming periods. This has had a significant effect on short interest rates and the 3-month NIBOR rose from 1.68 per cent to 2.96 per cent in 3Q.

The uncertain situation in the markets is extending to consumers, including in Norway. Surveys by Finance Norway and Kantar show that households are less optimistic about their own finances with record low levels now being registered. The same analysis shows that major investments are also falling and are now at levels not seen since the financial crisis. The findings of the analysis were also confirmed; in September house prices fell by 2.2 per cent in Norway. The reasons for this are complex, with an increase on the supply side (units for sale), greater uncertainty and higher rates for borrowers. Nonetheless, house prices were still up 6.7 per cent during the first nine months of the year.

Northern Norwegian economy

The period following Russia's invasion of Ukraine has revealed Europe's dependency on imported energy.

Northern Norway has long had an energy surplus that provides enterprises in the region with a competitive advantage and ensures cheap electricity for households. Up to 20 TWh of energy is generated in a normal year while the region consumes just 12 TWh. Therefore, the region has a surplus of 8 TWh that can be exported. Given current limitations due to transmission cables, it is primarily Central Norway and Sweden that can import this surplus.

This competitive edge with low energy prices has become very visible in the past year, not least because of the increased electricity costs experienced by companies located south of Trøndelag. This has resulted in a number of start-ups within energy intensive industries being planned in the region.

Sustainability

Sustainability is one of the guiding principles in the Group's business strategy. Risks posed by climate change are incorporated into the Group's risk strategy, and are quarterly reported to the Board.

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. In addition SpareBank 1-alliansen has a green framework that links our green assets (green product framework) to green funding. The table shows the proportion of financing that is categorised as green; this has increased by around BNOK 5 since the start of the year.

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

NOK mill	30.09.22	31.12.21
Green housing	8 187	6 438
Green commercial buildings	4 532	1 071
Renewable energy	1 324	1 300
Clean transport	490	300
Sustainable management of living natural resources and land use	3 661	3 707
Total	18 194	12 816

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	3.KV.22	3.KV.21	Change	30.09.22	30.09.21	Change
Total income	972	1 011	- 39	2 744	3 009	- 265
Total costs	388	395	-7	1 180	1 176	4
Losses	56	- 47	103	41	- 123	164
Tax	139	131	8	335	376	- 41
Profit after tax	389	532	-143	1 188	1 580	-392

The income statement shows a profit after tax of MNOK 389 for 3Q22 in isolation (MNOK 532). The year-to-date profit totalled MNOK 1,188 (MNOK 1,580). This corresponds to an annualised return on equity of 10.1 per cent (13.7 per cent) for the quarter in isolation and 10.2 per cent (14.0 per cent) for the year to date.

The decrease in profit compared with last year was mainly due to weaker results in associated alliance companies, lower commission income from SpareBank 1 Boligkreditt, unrealised losses on securities due to the financial turmoil and a very 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

As mentioned above, Norges Bank raised its policy rate by 0.25 per cent to 1.75 per cent on 18.08.22 and by 0.50 per cent to 2.25 per cent on 23.09.22.

SpareBank 1 Nord-Norge followed the development of the policy rate and raised deposit and lending rates by up to 0.50 percentage points from 23.08.22 and a further 0.50 percentage points from 27.09.22. Norges Bank is expected to raise its policy rate further at its interest rate meeting on 03.11.22.

Net interest income for 3Q22 in isolation was MNOK 149 higher than in 3Q21, and MNOK 60 higher than in 2Q22. Net interest income is MNOK 309 higher for the year to date than for the corresponding period last year.

Although funding costs have risen steadily in recent quarters, the Group has managed to keep the net interest margin at the same level, mainly due to the improved deposit margin.

As at 30.09.22, net interest income represented 1.95 per cent of average total assets (1.64 per cent).

Income from the loan portfolio transferred to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt totalled MNOK 185 at the end of 3Q22 (MNOK 303) and is booked as commission income. This income amounted to MNOK 49 for 3Q22 in isolation, compared with MNOK 112 in 3Q21, and MNOK 64 in 2Q22. Funding costs in the mortgage credit institutions are rising because the NIBOR rate has increased faster than it has been possible to increase customer rates, which in turn reduces net interest income and commission income from SpareBank 1 Boligkreditt.

Net fee, commission and other operating income

Net fee, commission and other operating income was MNOK 141 lower in 3Q22 than in 3Q21. As mentioned above, increased funding costs are affecting commission income from SpareBank 1 Boligkreditt, which was MNOK 127 lower in 3Q22 than for the same period last year.

Net fee, commission and other operating income for 3Q22 in isolation was MNOK 4 higher than for 2Q22, largely due to increased commission income from the mortgage credit company in the past quarter.

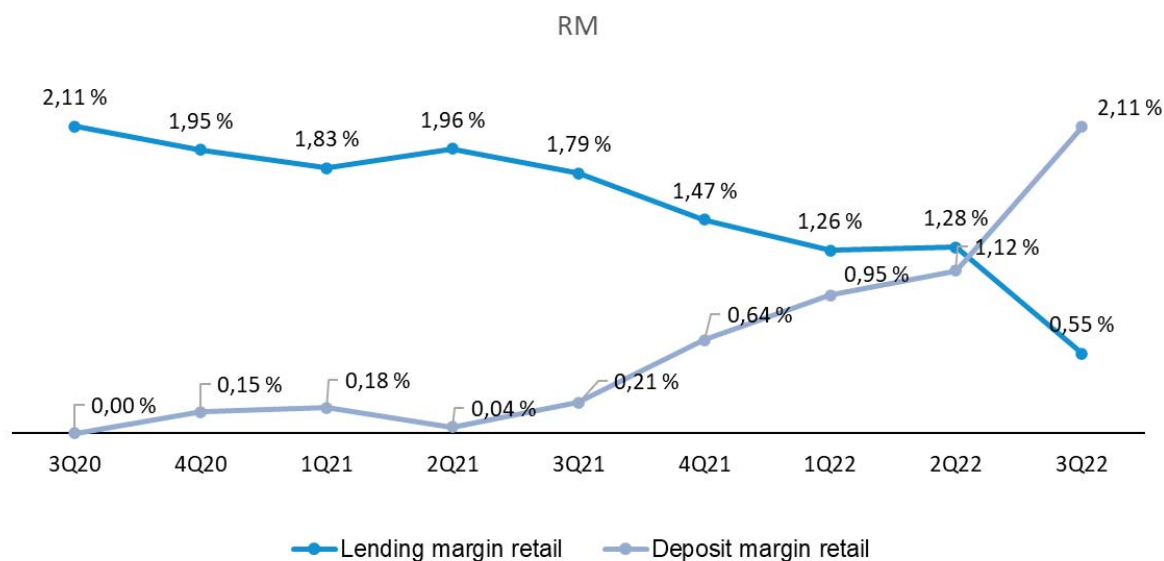
See Note 7 in the quarterly report for a more detailed specification of net fee, commission and other operating income.

Developments in market divisions

Retail Market

Net interest income amounted to MNOK 317 for 3Q22 in isolation, compared with MNOK 206 in 3Q21, and MNOK 274 in 2Q22. Net fee, commission and other operating income for the quarter amounted to MNOK 177, compared with MNOK 208 for the corresponding quarter last year and MNOK 174 in 2Q22. Higher commission income from SpareBank 1 Boligkreditt in the past quarter.

Margin development in Retail Market versus average 3-month NIBOR:



Retail Market's lending margin fell by -0.57 percentage points in 3Q22 (-0.17 percentage points) due to the increase in funding costs exceeding the increase in customer interest rates. The competition within prices for well-collateralised mortgage loans remains significant, which has made it difficult to maintain the lending margin over time.

On 23.08.22, SpareBank 1 Nord-Norge announced further adjustments to customer interest rates for loans and deposits.

Lending growth for 3Q22 in isolation was 1.6 per cent. On an annualised basis, this represents annual growth of 6.5 per cent compared with 7.0 per cent last year. Actual growth in the past 12 months was -4.6 per cent (4.9 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 Retail Market was 4.8 per cent. The total gross lending volume as at 30.09.22 was MNOK 46,807 (MNOK 45,888).

A higher NIBOR rate during 2022 has had a positive effect on the deposit margin, and we expect a continued positive trend in 2022, depending to some extent on the development of the NIBOR rate.

Growth in deposits in Retail Market in 3Q22 was -11.3 per cent on an annualised basis compared with -6.3 per cent in 3Q21. Actual deposit growth in Retail Market in the past 12 months was -0.5 per cent (6.8 per cent). Adjusted for the sale of the portfolio in Helgeland, the underlying 12-month growth in deposits in Retail Market was 6.6 per cent.

Total operating costs in the division amounted to MNOK 176 in 3Q22 (MNOK 184) and MNOK 169 in 2Q22. The year-to-date costs totalled MNOK 518 (MNOK 553). The development in costs is commented on in more detail in the section on operating costs.

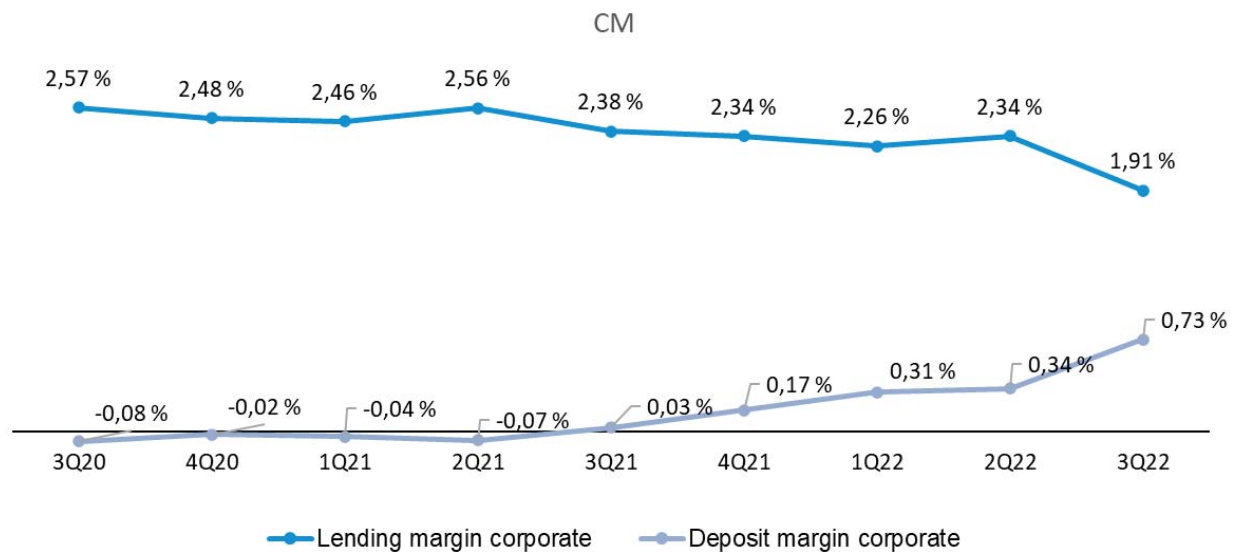
At the end of 3Q22, 212 FTEs worked in Retail Market in the Parent Bank, 35 fewer than the 247 FTEs at the end of 3Q21.

Booked losses in Retail Market amounted to MNOK 4 for 3Q22, compared with MNOK -8 in 3Q21, and net MNOK -2 in 2Q22.

Corporate Market

Net interest income amounted to MNOK 249 for 3Q22 (MNOK 204), compared with MNOK 244 in 2Q22. Net fee, commission and other operating income was MNOK 41 (MNOK 35), compared with MNOK 40 in 2Q22.

Margin development in Corporate Market versus average 3-month NIBOR:



The lending margin in Corporate Market measured against the average 3-month NIBOR fell by 0.43 percentage points in 3Q22 (-0.18 percentage points). The margin in Corporate Market was to a large extent directly linked to the development of the NIBOR rate as 81 per cent of the loan portfolio is linked to the NIBOR rate.

Lending growth was 3.1 per cent in 3Q22, which represents annualised growth of 12.2 per cent compared with 2.4 per cent last year. Actual growth in the past 12 months was 6.4 per cent (5.1 per cent), although this was affected by the loan portfolio sold to SpareBank 1 Helgeland in 4Q21. Adjusted for the sale of the portfolio in Helgeland, the underlying 12-month growth in Corporate Market was 7.4 per cent.

The total gross lending volume at the end of 3Q22 was MNOK 36,768 (MNOK 33,793).

The deposit margin in Corporate Market measured against the 3-month in 3Q22, NIBOR increased by 0.39 percentage points, compared with +0.1 percentage points in 3Q21. The reason why the margin has not improved as much as it has for Retail Market is that 64 per cent of the deposits are linked to the NIBOR rate.

The annualised growth in deposits for Corporate Market was -21.7 per cent in 3Q22 (-21.1 per cent). Actual growth in the past 12 months was 6.0 per cent, inclusive of the public sector market (12.1 per cent). Adjusted for the sale of the customer

portfolio to SpareBank 1 Helgeland in 4Q21, the underlying 12-month growth in deposits for Corporate Market was 6.9 per cent.

Total operating costs in the division amounted to MNOK 95 for 3Q22 in isolation, compared with MNOK 93 in 3Q21 and MNOK 91 in 2Q22. The year-to-date costs totalled MNOK 283 (MNOK 188).

At the end of 3Q22, the Parent Bank had 88 FTEs in Corporate Market, six fewer than the 94 FTEs at the end of 3Q21.

Booked losses in Corporate Market amounted to MNOK 49 for 2Q22 (cost), compared with MNOK -31 in 3Q21 (receipts) and MNOK 17 in 2Q22. The higher costs were due to higher loss provisions for ECL due to a poorer economic outlook with a higher risk of an economic downturn.

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 28 in 3Q22 (MNOK 108) compared with MNOK 17 in 2Q22. The main associated companies are commented on below.

SpareBank 1 Gruppen

The result for 3Q22 in isolation of MNOK 207 was MNOK 64 better than for 2Q22, but the result for the year to date of MNOK 444 was MNOK 1,726 weaker than for the same period last year. The reduction in profit was due to negative developments in the securities market with weak development in the equities market and a weaker interest yield due to increased credit spreads.

The insurance result was also affected by a higher claims ratio for travel and car insurance in the year to date due to the greater mobility in society this year compared with last year.

SpareBank 1 Boligkreditt

The results for 3Q22 were affected by higher interest rates/funding costs, as well as disquiet in the securities market. As a non-profit enterprise, this resulted in a surplus of MNOK 69 in 3Q22 and a result for the year to date of MNOK 37, which is MNOK 69 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 3Q22. The result for the year to date was a deficit of MNOK 54, of which MNOK -11 was from 3Q22.

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. Total

profit as at 3Q22 was MNOK 128 (MNOK 160), of which MNOK 33 was from 3Q22. The company Odin 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 MNOK 43 deficit in SpareBank 1 Betaling in 3Q22 was mainly due to the deficit in Vipps AS and was MNOK 15 higher than in the same period in 2021.

Subsidiaries

The combined profit after tax of the Group's subsidiaries was MNOK 43 for 3Q22 in isolation, compared with MNOK 59 for the previous quarter, which has been fully consolidated into the Group's financial statements, and compared with MNOK 46 in 3Q21.

The reduction in the past quarter was due to weaker results in:

- EiendomsMegler 1 Nord Norge: MNOK -6
 Compared to the previous quarter, total operating income was MNOK 4. This was due to lower activity and fewer units being sold in the period. At the same time, operating costs increased by MNOK 2, mainly due to lower costs in 2Q22 due to paid out deferred holiday pay.
- SpareBank 1 Regnskapshuset Nord-Norge: MNOK -6
 The company's peak season is the first half of the year, which means that operating income was MNOK 13 lower than in the previous quarter. At the same time, total operating costs were MNOK 7 lower.
- SpareBank 1 Finans Nord-Norge: MNOK -4
 The poorer result was entirely due to higher loss provisions for ECL in 3Q22.

Also see the specification in Note 14.

The Group's equities portfolio

As at 30.09.22, the Group's equity portfolio amounted to MNOK 1,537 compared with MNOK 823 at the same point last year, and MNOK 1,519 at 31.12.21. Among other things, the acquisition of a 20 per cent stake in SpareBank 1 Helgeland in 4Q21 contributed to this increase. The Parent Bank's equities portfolio saw a negative change in value in 3Q22 amounting to MNOK -8 (MNOK 16), which was mainly due to a fall in the value of shares held in SpareBank 1 Helgeland by MNOK -22, while the value of shares held in BN Bank ASA rose by MNOK 16. The equities portfolio in SpareBank 1 Nord-Norge Portefølje also fell in value by MNOK -3 in the last quarter.

SpareBank 1 Nord-Norge is strengthening its investment in the capital market and will increase its stake in SpareBank 1 Markets from 12.2 per cent to 18.1 per cent from 2023. The investment is intended to ensure customers have access to a strong capital market environment with regional and national roots.

Certificates, bonds, currency and derivatives

As at 30.09.22, the Group's holdings of certificates and bonds amounted to MNOK 18,285, compared with MNOK 17,480 at the same time last year, and MNOK 19,150 at 31.12.21.

The total net change in value in the bond portfolio in 3Q22 represents a net unrealised loss of MNOK -34 (MNOK -3), compared with MNOK -67 in 2Q22. Of the change in value, MNOK -16 was due to the negative change in value of the portfolio (widening spread), and MNOK -13 was due to the negative effect on coupon rates.

In addition, the period saw a MNOK 21 positive change in the value of associated derivatives (MNOK 6)

A summary of the Group's derivatives as at 30.09.22 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 3Q22 in isolation were MNOK 388 (MNOK 395), which is MNOK 8 lower than in 2Q22. The Parent Bank's costs were MNOK 6 lower in 3Q22 than in the corresponding quarter last year and MNOK 8 lower than in the previous quarter.

As at 30.09.22, the Group's operating costs were MNOK 1,180 (MNOK 1,176).

The Group had 849 FTEs at the end of 3Q22, 25 FTEs fewer than the 874 in 3Q21.

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 for 3Q22 in isolation amounted to MNOK 56 (MNOK -47), compared with MNOK 17 in 2Q22. As at 30.09.22, net losses amounted to MNOK 41 (MNOK -123), with MNOK 1 from Retail Market (MNOK -19) and MNOK 39 from Corporate Market (MNOK -104). The recognition as costs was due to higher loss provisions for ECL due to a poorer economic outlook with a higher risk of an economic downturn.

As at 30.09.22, total loss provisions on loans came to MNOK 716 (MNOK 665), which was MNOK 47 lower than at the end of the previous quarter, MNOK 669. Loss provisions for loans amounted to 0.77 per cent of the Group's total gross lending, and 0.53 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 30.09.22, the Group's total loss provisions for loans and guarantees classified as Stage 1 and Stage 2 amounted to MNOK 532 (MNOK 505), MNOK 59 higher than at the end of the previous quarter when it was MNOK 473.

As at 30.09.22, loss provisions for loans and guarantees classified as Stage 3 amounted to MNOK 183 (MNOK 160) compared with MNOK 196 as at 2Q22. This equates to a loss provision ratio of 30 per cent of non-performing and doubtful commitments, the same as at the end of the last quarter. The provisions in 3Q22 were MNOK 13 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 3Q22. 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 3Q22, loans totalling BNOK 38 (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 Retail Market and lending growth of 6-9 per cent is expected in 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 and rising interest rates.

Retail Market accounted for 64 per cent of total lending as at 3Q22 (70 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 3Q22, the deposit coverage rate (excluding intermediary loans) was 86 per cent compared with 83 per cent in 3Q21. 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 objective is to keep overall liquidity risk at a low level. The liquidity coverage ratio (LCR) as at 3Q22 was 133 per cent (141 per cent). The net stable funding ratio (NSFR) as at 3Q22 was 117 per cent (116 per cent).

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

SNN Rating	30.09.22	Moody's
Senior preferred rating		Aa3
Senior non-perferred 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 3Q22 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 September, Norges Bank decided to uphold this requirement.

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, SpareBank 1 Næringskreditt, SpareBank 1 Kreditt, and BN Bank.

	30.09.22	31.12.21	Change	30.09.21	Change
Common Equity Tier 1 Capital Ratio	18,8 %	18,8 %	0,0 %	18,6 %	0,2 %
Tier 1 Capital Ratio	20,1 %	20,4 %	-0,3 %	20,0 %	0,2 %
Capital Adequacy Ratio	21,8 %	21,9 %	-0,1 %	21,7 %	0,1 %
Leverage Ratio	8,0 %	8,5 %	-0,5 %	7,8 %	0,2 %

The Group's Common Equity Tier 1 capital (incl. 50 per cent share of the profit) has been reduced by MNOK 571, or 4 per cent from the previous quarter. The change is mainly due to the MNOK 736 additional dividend paid for 2021, as well as taking into account the result in 3Q22.

The total risk exposure amount (RWA) has decreased by MNOK 1.046 in 3Q22. This is mainly due to reduced exposure in the Group's securities portfolios.

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

Additional dividend

On 05.09.22, the Supervisory Board of SpareBank 1 Nord-Norge approved an additional dividend for the financial year 2021 of NOK 3.40 per equity certificate. Of the total dividends amounting to MNOK 736, MNOK 395 were set aside for community dividends while MNOK 341 was paid out to equity certificate holders on 20.09.22.

Concluding remarks and outlook

Growth in the northern Norwegian economy has been better than the average for the rest of country for almost 15 years. Unemployment remains at a record low and important industries in the region are doing well, also driven by high commodity prices, which in turn are partly due to the ongoing war in Ukraine. The region has also seen, and is likely to continue to see, low energy prices.

The exchange rate is an important factor for an export-oriented northern Norwegian economy, and the current weak Norwegian krone is, in isolation, beneficial for the northern Norwegian economy.

The biggest long-term uncertainty factors are what effect the continued sharp rises in interest rates will have and, not least, how high interest rates will rise and how long they will remain there before inflation starts to fall. High interest rates are negative for many industries and will initially be felt through reduced new housing starts and new construction projects. We expect property prices to fall, and the long-term effects of natural resources rent taxation and a sharp increase in wealth tax for aquaculture compared with last year to have a negative impact on the northern Norwegian economy. High prices for both salmon and whitefish will pull in the opposite direction, as will low energy prices. Previously, a large public sector has proved beneficial for the region during economic downturns. Large parts of the increase in defence spending are also expected to take place in the region. What the overall effect of this will be is unknown but there is no reason to expect Northern Norway to do worse than the rest of the country; on the contrary the result may be that we will again do better than the average for the rest of the country.

SpareBank 1 Nord-Norge is well positioned, financially very strong and liquid with a good customer portfolio and a strong market position in a region with good conditions for continued favourable economic development. An increased focus on customers and in-depth knowledge of the people and businesses in our region will enable us to maintain our strong market position both in 2022 and the future.

The Group's future prospects are considered good.

Tromsø, 26.10.22

The Board of SpareBank 1 Nord-Norge

Statement of Financial Performance

Parent Bank				Group					
(Amounts in NOK million)					Note	30.09.22	30.09.21	3Q22	3Q21
3Q21	3Q22	30.09.21	30.09.22						
551	907	1 651	2 324	Interest income	6	2 543	1 860	981	621
119	329	384	758	Interest costs	6	754	380	327	116
432	578	1 267	1 566	Net interest income		1 789	1 480	654	505
273	222	776	649	Fee- and commission income	7	822	966	281	335
17	13	50	39	Fee- and commission costs	7	58	66	20	21
5	1	18	4	Other operating income	7	175	180	51	52
261	210	744	614	Net fee- and other operating income		939	1 080	312	366
1	2	35	68	Dividend	8	68	35	2	1
20	1	656	453	Income from investments	8	57	343	28	118
20	- 22	70	- 111	Net gain from investments in securities	8	- 109	71	- 24	21
41	- 19	761	410	Net income from financial investments		16	449	6	140
734	769	2 772	2 590	Total income		2 744	3 009	972	1 011
144	136	430	406	Personnel costs	9	623	643	213	217
95	99	283	314	Administration costs	9	333	322	100	109
19	18	61	52	Ordinary depreciation	9,10	69	80	22	24
23	22	68	66	Other operating costs	9	155	131	53	45
281	275	842	838	Total costs		1 180	1 176	388	395
453	494	1 930	1 752	Result before losses		1 564	1 833	584	616
- 48	52	- 111	37	Losses	11	41	- 123	56	- 47
501	442	2 041	1 715	Result before tax		1 523	1 956	528	663
116	124	322	289	Tax		335	376	139	131
385	318	1 719	1 426	Result after tax		1 188	1 580	389	532
				Attributable to:					
				Controlling interests		1 165	1 572	383	531
				Non-controlling interests		23	8	6	1
				Result per Equity Certificate					
1,75	1,44	7,84	6,49	Result per Equity Certificate, adjusted for interests hybrid capital		5,25	7,16	1,73	2,42

Other comprehensive income

Parent Bank				Group					
(Amounts in NOK million)						30.09.22	30.09.21	3Q22	3Q21
3Q21	3Q22	30.09.21	30.09.22						
385	318	1 719	1 426	Result after tax		1 188	1 580	389	532
				<i>Items that will not be reclassified to profit/loss</i>					
0	0	0	0	Share of other comprehensive income from investment in associated companies		7	2	0	0
0	0	30	0	Actuarial gains (losses) on benefit-based pension schemes		0	30	0	0
0	0	-8	0	Tax		0	-8	0	0
0	0	22	0	Total		7	24	0	0
				<i>Items that will be reclassified to profit/loss</i>					
0	0	-15	0	Net change in fair market value of financial assets available for sale		0	-15	0	0
0	0	0	0	Share of other comprehensive income from investment in associated companies		179	-12	107	21
0	0	0	0	Tax		0	0	0	0
0	0	-15	0	Total		179	-27	107	21
385	318	1 726	1 426	Total comprehensive income for the period		1 374	1 577	496	553
1,75	1,44	7,87	6,49	Total result per Equity Certificate, adjusted for interests hybrid capital		6,22	7,19	2,25	2,52

Statement of Financial Position

Parent Bank		Group		
(Amounts in NOK million)				
31.12.21	30.09.22	Notes	30.09.22	31.12.21
Assets				
399	120		120	399
89 049	93 069	12,13	94 624	90 708
1 504	1 521		1 537	1 519
19 150	18 285		18 285	19 150
1 089	1 913	18	1 913	1 089
4 720	4 829	14	5 033	4 837
460	438		829	859
306	1 026	15	1 335	619
116 677	121 201		123 676	119 180
Liabilities				
77 331	81 841	19	81 765	77 241
17 527	14 785	20	14 785	17 527
602	1 537	18	1 537	602
1 916	3 408	22	4 121	2 597
4 560	5 743	21	5 743	4 560
101 936	107 314		107 951	102 527
Equity				
2 650	2 650	23	2 650	2 650
780	780	23	780	780
3 824	3 428	23	4 192	4 619
7 487	7 029	23	7 913	8 407
		23	190	197
14 741	13 887		15 725	16 653
116 677	121 201		123 676	119 180

Statement of 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
Group							
Equity at 01.01.21	2 650	3 955	7 637	780	15 022		15 022
Total comprehensive income for the period							
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
Total other comprehensive income		- 32	- 36		- 68		- 68
Total comprehensive income for the period		1 027	1 188		2 215	12	2 227
Transactions with owners							
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
Total transactions with owners		- 362	- 419		- 781	185	- 596
Equity at 31.12.21	2 650	4 619	8 407	780	16 456	197	16 653
Equity at 01.01.22	2 650	4 619	8 407	780	16 456	197	16 653
Total comprehensive income for the period							
Period result		540	625		1 165	23	1 188
<i>Other comprehensive income:</i>							
Share of other comprehensive income from investment in associated companies		86	100		186		186
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							
Total other comprehensive income		86	100		186		186
Total comprehensive income for the period		626	725		1 351	23	1 374
Transactions with owners							
Changes in controlling interests							
New hybrid capital							
Dividend paid		-1 044			-1 044	- 30	-1 074
Other transactions		3	4		7		7
Interests hybrid capital - this year		- 13	- 14		- 27		- 27
Approved society dividend			-1 208		-1 208		-1 208
Total transactions with owners		-1 054	-1 218		-2 272	- 30	-2 302
Equity at 30.09.22	2 650	4 192	7 913	780	15 535	190	15 725

Statement of Cash Flows

Parent Bank			Group	
(Amounts in NOK million)				
31.12.21	30.09.22		30.09.22	31.12.21
2 593	1 715	Profit before tax	1 523	2 794
78	52	+ Ordinary depreciation	69	104
4	0	+ Write-downs, gains/losses fixed assets	0	4
- 70	37	+ Losses on loans and guarantees	41	- 235
395	289	- Tax/Result non-current assets held for sale	335	499
2 210	1 515	Provided from the year's operations	1 298	2 168
- 570	2 461	Change in sundry liabilities: + increase/ - decrease	2 509	- 454
933	-1 544	Change in various claims: - increase/ + decrease	-1 540	904
- 710	-4 057	Change in gross lending to and claims on customers: - increase/ + decrease	-3 957	- 725
-1 870	848	Change in short term-securities: - increase/ + decrease	847	-1 876
2 988	4 510	Change in deposits from and debt owed to customers: + increase/ - decrease	4 524	2 991
2 981	3 733	A. Net liquidity change from operations	3 681	3 008
-29	-30	- Investment in fixed assets	- 39	- 49
57	0	+ Sale of fixed assets	0	57
-274	0	Payments to group companies and associated companies	0	- 274
508	-109	Payment from/Change in values of group companies and associated companies	- 10	409
262	- 139	B. Liquidity change from investments	- 49	143
- 29	- 27	Interest to hybrid capital owners	- 27	- 29
- 49	- 35	Payments to leases	- 43	- 53
- 845	-2 252	- Dividend paid on EC/approved distributions	-2 282	- 845
-4 791	-4 764	Decrease in borrowings through the issuance of securities	-4 764	-4 820
0	2 022	Increase in borrowings through the issuance of securities	2 022	0
- 501	- 109	Decrease in subordinated loan capital	- 109	- 501
3 011	1 292	Increase in subordinated loan capital	1 292	3 011
		Payment from non-controlling interests	0	125
-3 204	-3 873	C. Liquidity change from financing	-3 911	-3 112
39	- 279	A + B + C. Total change in liquidity	- 279	39
360	399	+ Liquid funds at the start of the period	399	360
399	120	= Liquid funds at the end of the period	120	399

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	Subordinated dept	preferred dept
Balance 01.01.22	17 527	3 509	1 051
Changes from financing cash flows:			
Proceeds from issue	1 565	1 000	
Redeemed	- 180		
Due excl. Redeemed	-3 976		
Total changes from financing cash flows	-2 591	1 000	
The effect of changes in foreign exchange rates	456	283	
Changes in fair value	- 609	- 109	
Changes in accrued interest	2	8	1
Balance 30.09.22	14 785	4 691	1 052

Result from the Group's quarterly accounts

(Amounts in NOK million)

	3Q22	2Q22	1Q22	4Q21	3Q21	2Q21	1Q21	4Q20	3Q20	
Interest income	981	823	739	682	621	623	616	631	636	
Interest costs	327	229	198	148	116	121	143	133	133	
Net interest income	654	594	541	534	505	502	473	498	503	
Fee- and commission income	281	280	261	301	335	332	299	323	333	
Fee- and commission costs	20	21	17	30	21	24	21	29	14	
Other operating income	51	57	67	148	52	56	72	54	56	
Net fee- and other operating income	312	316	311	419	366	364	350	348	375	
Dividend	2	65	1	1	1	20	14	29	2	
Income from investments	28	18	11	189	118	154	71	85	125	
Net gain from investments in securities	- 24	- 149	64	155	21	26	24	- 2	65	
Net income from financial investments	6	- 66	76	345	140	200	109	112	192	
Total income	972	844	928	1 298	1 011	1 066	932	958	1 070	
Personnel costs	213	203	207	293	217	210	216	228	217	
Administration costs	100	113	120	150	109	110	103	111	119	
Ordinary depreciation	22	23	24	24	24	27	29	27	27	
Other operating costs	53	57	45	105	45	46	40	66	35	
Total costs	388	396	396	572	395	393	388	432	398	
Result before losses	584	448	532	726	616	673	544	526	672	
Losses	56	17	- 32	- 112	- 47	- 23	- 53	73	58	
Result before tax	528	431	564	838	663	696	597	453	614	
Tax	139	86	110	123	131	121	124	79	117	
Result after tax	389	345	454	715	532	575	473	374	497	
Interest hybrid capital	9	8	10	8	7	7	7	7	7	
Result after tax ex. interest hybrid capital	380	337	444	707	525	568	466	367	490	
Profitability										
Return on equity capital	1	10,1 %	9,0 %	11,6 %	18,0 %	13,7 %	15,4 %	13,0 %	10,4 %	14,4 %
Interest margin		1,95 %	1,86 %	1,80 %	1,77 %	1,64 %	1,65 %	1,60 %	1,77 %	1,79 %
Cost/income	2	39,9 %	46,9 %	42,7 %	44,1 %	39,1 %	36,9 %	41,6 %	45,1 %	37,2 %
Balance sheet figures										
Loans and advances excl. commission loans		95 265	93 609	91 351	95 713	94 355	91 556	90 511	90 603	90 603
-of which loans and advances to financial institutions		1 944	1 447	1 365	1 172	1 661	1 299	1 534	1 393	1 393
-of which loans and advances to customers		93 321	92 162	89 986	94 541	92 694	90 257	88 977	89 210	89 210
Total lending incl. intermediary loans		131 134	128 463	125 739	132 831	131 001	128 493	127 122	126 522	126 522
Growth in loans and advances to cust. incl. commission loans past 12 months	3	-1,3 %	-1,9 %	-1,5 %	-1,1 %	5,0 %	5,2 %	4,7 %	4,4 %	5,5 %
Deposits		81.765	84 813	79 679	77 241	79 247	81 371	76 261	74 430	72 942
-of which deposits from financial institutions		1.646	1 308	1 095	1 092	1 024	499	551	1 272	1 255
- of which deposits from customers		80 119	83 505	78 584	76 149	78 223	80 872	75 710	73 158	71 687
Growth in deposits from customers past 12 months	3	2,4 %	3,3 %	3,8 %	4,1 %	9,1 %	10,7 %	7,2 %	7,5 %	9,8 %
Deposits as a percentage of gross lending	4	85,9 %	90,6 %	87,1 %	84,6 %	82,7 %	87,2 %	83,9 %	82,2 %	80,4 %
Deposits as a percentage of gross lending including commission loans	5	61,1 %	65,0 %	62,1 %	60,6 %	58,9 %	61,7 %	58,9 %	57,5 %	56,7 %
Average assets	6	122 342	121 897	119 977	120 264	120 535	120 019	118 042	116 810	116 688
Total assets		123 676	125 737	120 773	119 180	122 080	123 975	118 785	117 298	119 021
Losses on loans and commitments in default										
Losses on loans to customers as a percentage of total lending incl. intermediary loans		0,03 %	-0,01 %	-0,02 %	-0,18 %	-0,09 %	-0,06 %	-0,04 %	0,26 %	0,20 %
Net comm. in default and at risk of loss as a per. of total lending incl. intermediary loans		0,35 %	0,35 %	0,34 %	0,27 %	0,17 %	0,25 %	0,23 %	0,16 %	0,23 %
Solidity										
Common Equity Tier 1 Capital		13 182	13 753	13 464	13 097	13 048	12 877	12 206	12 019	11 905
Tier 1 Capital		14 098	14 669	14 618	14 001	14 020	13 849	13 178	12 991	12 881
Own Funds		15 270	15 790	15 725	15 109	15 229	15 145	14 508	14 366	14 213
Risk exposure amount		70 036	71 082	71 703	70 059	70 240	71 528	70 359	68 588	69 233
Common Equity Tier 1 Capital Ratio		18,8 %	19,3 %	18,8 %	18,7 %	18,6 %	18,0 %	17,3 %	17,5 %	17,2 %
Tier 1 Capital Ratio		20,1 %	20,6 %	20,4 %	20,0 %	20,0 %	19,4 %	18,7 %	18,9 %	18,6 %
Total Capital Ratio		21,8 %	22,2 %	21,9 %	21,6 %	21,7 %	21,2 %	20,6 %	20,9 %	20,5 %

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) The calculation of growth includes sale of loan and deposit portfolio to Sparebank 1 Helgeland in 4Q21

4) Deposits from customers as a percentage of gross lending

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

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

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.

As of 30.06.22, the weighting is retained at 60/30/10. The levels also remain unchanged. Ongoing war in Europe, high inflation and increased interest rates still lead to a situation characterized by great uncertainty.

As of 30.09.22, the weighting has been adjusted to: 50/40/10 as a result of the assessment of macroeconomic effects indicating an increased probability of a “down-side” scenario. No changes to PD and LGD levels.

Weighting	Perceived uncertainty to SC 1								
	Small 80-90%			Medium 60-80%			Large 50-60%		
SC1	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 30.09.22. 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	5,0 %	5,7 %	18,0 %	-18,9 %	31,5 %	-31,3 %
Corporate market	7,0 %	7,6 %	18,3 %	-19,5 %	32,8 %	-33,6 %
Total	6,8 %	7,4 %	18,3 %	-19,5 %	32,6 %	-33,3 %

*) 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 50%, 40% and 10% for scenario 1, 2 and 3.

Notes 3 – Changes to group structure

There has been no significant changes to the Group's structure in 3Q 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 **30.09.22**

(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	831	720	8	0	1	220	0	9	1 789
Net fee- and other operating income	519	115	19	170	188	- 11	0	- 62	939
Net income from financial investments	0	6	15	0	0	0	0	- 6	16
Total costs	518	283	31	140	170	48	0	- 11	1 180
Result before losses	832	557	12	30	19	161	0	- 47	1 564
Losses	2	35	0	0	0	4	0	0	41
Result before tax	831	522	12	30	19	157	0	- 46	1 523
Total lending	46 807	36 768	0	0	0	8 564	0	3 126	95 265
Loss provision	- 75	- 472	0	0	0	- 93	0	- 1	- 641
Other assets	85	8 027	1 016	241	116	76	0	19 493	29 053
Total assets per business area	46 817	44 323	1 016	241	116	8 547	0	22 617	123 677
Deposits from customers	43 615	35 957	0	0	0	0	0	547	80 119
Other liabilities and equity capital	3 202	8 366	1 016	241	116	8 547	0	22 070	43 557
Total equity and liabilities per business area	46 817	44 323	1 016	241	116	8 547	0	22 617	123 676

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 **30.09.21**

(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	608	590	9	0	2	211	78	- 18	1 480
Net fee- and other operating income	579	102	30	165	191	9	63	- 59	1 080
Net income from financial investments	0	9	17	0	0	0	0	423	449
Total costs	553	288	35	132	156	77	20	- 85	1 176
Result before losses	634	413	20	34	36	144	122	431	1 833
Losses	- 5	- 79	0	0	0	- 12	- 25	- 2	- 123
Result before tax	640	492	20	34	36	156	147	433	1 956
Total lending	45 888	33 793	0	0	0	7 660	5 689	2 685	95 715
Loss provision	- 67	- 447	0	0	0	- 85	- 11	0	- 610
Other assets	103	6 762	580	247	144	97	8	19 034	26 975
Total assets per business area	45 924	40 107	580	247	144	7 672	5 686	21 719	122 080
Deposits from customers	40 634	33 581	0	0	0	0	3 171	837	78 223
Other liabilities and equity capital	5 290	6 527	580	247	144	7 672	2 515	20 882	43 857
Total equity and liabilities per business area	45 924	40 107	580	247	144	7 672	5 686	21 719	122 080

Note 5 - Capital Adequacy

Parent Bank		Group	
<i>(Amounts in NOK million)</i>			
31.12.21	30.09.22	30.09.22	31.12.21
Equity			
2 650	2 650	2 650	2 650
780	780	780	780
3 824	3 428	4 192	4 619
7 487	7 029	7 913	8 407
0	0	190	197
14 741	13 887	15 725	16 653
Tier 1 Capital			
- 780	- 780	- 780	- 780
-1 516	0	0	-1 516
0	- 713	- 594	0
0	0	- 53	- 62
0	0	- 134	- 138
- 33	- 35	- 47	- 69
- 26	0	0	- 34
0	0	- 722	- 812
- 171	- 247	- 213	- 145
12 214	12 112	13 182	13 097
Additional Tier 1 Capital			
780	780	962	952
- 48	- 46	- 46	- 48
12 946	12 846	14 098	14 001
Tier 2 Capital			
1 050	1 050	1 327	1 317
56	108	60	18
- 227	- 215	- 215	- 227
13 825	13 788	15 270	15 109

Parent Bank
(Amounts in NOK million)
Group

31.12.21	30.09.22		30.09.22	31.12.21
		Risk exposure amount		
4 561	4 564	Corporates - SME	4 574	4 583
14 441	14 278	Corporates - Specialised Lending	14 947	15 138
553	584	Corporates - Other	653	601
12 434	11 401	Retail - Secured by real estate	19 354	19 181
690	756	Retail - Other	780	709
8 288	8 248	Equity IRB	0	0
40 967	39 832	Credit risk IRB	40 309	40 212
0	0	Central governments or central banks	2	3
486	485	Regional governments or local authorities	534	626
1	0	Public sector entities	3	2
2 087	2 069	Institutions	998	1 241
2 378	2 746	Corporates	5 525	5 358
191	201	Retail	4 928	4 354
307	392	Secured by mortgages on immovable property	649	661
3	5	Exposures in default	198	195
1 169	1 015	Covered bonds	1 391	1 362
3 613	3 651	Equity	6 167	6 217
929	910	Other items	1 652	1 627
11 163	11 474	Credit risk standardised approach	22 046	21 646
52 130	51 306	Total credit risk	62 355	61 858
33	0	Debt risk	0	33
6 051	5 819	Operational risk	6 985	7 239
371	136	Credit Value Adjustment	695	929
58 585	57 261	Total risk exposure amount	70 036	70 059
		Capital Adequacy Ratios		
20,8 %	21,2 %	Common Equity Tier 1 Capital Ratio	18,8 %	18,7 %
22,1 %	22,4 %	Tier 1 Capital Ratio	20,1 %	20,0 %
23,6 %	24,1 %	Total Capital Ratio	21,8 %	21,6 %
10,7 %	10,4 %	Leverage Ratio	8,0 %	8,3 %

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

Parent bank					Group			
<i>(Amounts in mill NOK)</i>								
3Q21	3Q22	30.09.21	30.09.22		30.09.22	30.09.21	3Q22	3Q21
112	49	314	185	Provision commission loans	185	314	49	112
62	71	176	183	Payment facilities	183	176	71	62
50	51	150	149	Sales provision insurance products	149	150	51	50
9	10	24	24	Guarantee commissions	24	23	10	8
				Real estate broking	85	101	29	32
18	20	49	44	Portfolio commissions	44	49	20	18
17	18	41	52	Credit commision	52	41	18	17
5	3	22	12	Other commisions	100	112	33	36
273	222	776	649	Total commission income	822	966	281	335
17	13	50	39	Commission costs	58	66	20	21
256	209	726	610	Net fee- and commission income	764	900	261	314
				Accounting services	170	165	47	47
5	1	18	4	Other operating income	5	15	4	5
261	210	744	614	Net fee- and other operating income	939	1 080	312	366
38 %	27 %	37 %	28 %	Percent of net core earnings	34 %	42 %	32 %	42 %

Note 8 - Net income from financial investments

Parent bank				Group			
<i>(Amounts in mill NOK)</i>							
3Q21	3Q22	30.09.21	30.09.22	30.09.22	30.09.21	3Q22	3Q21
Valued at fair value through profit and loss							
Income from equity capital instruments							
1	2	35	68	68	35	2	1
20	1	656	453				
Dividend from shares							
Dividend from group companies, associated companies and joint ventures							
16	- 8	58	- 11	57	343	28	118
Share result from associated companies and joint ventures							
Gains/losses from shares				- 9	60	- 10	18
Gains/losses from group companies, associated companies and joint ventures							
Income from certificates and bonds							
- 3	- 34	8	- 134	- 134	8	- 34	- 3
Gains/losses from certificates and bonds							
Income from financial derivatives							
6	20	0	45	45	0	20	6
1	0	4	- 11	- 11	3	0	0
Gains/losses from currencies and hedge derivatives							
Gains/losses from fixed rate loans to customers							
41	- 19	761	410	16	449	6	140
Net income from fair value financial investments							
Valued at amortized cost							
Income from certificates and bonds							
Gains/losses from certificates and bonds							
0	0	0	0	0	0	0	0
Net income from financial investments valued at amortized cost							
Total income fra currency trasing							
41	- 19	761	410	16	449	6	140
Total net income from financial investments							

Note 9 - Expenses

Parent				Group				
<i>(Amounts in mill NOK)</i>								
3Q21	3Q22	30.09.21	30.09.22	30.09.22	30.09.21	3Q22	3Q21	
109	101	321	298	Personel expenses	482	506	165	171
11	10	29	30	Pension costs	41	39	11	16
24	25	80	78	Social costs	100	98	37	30
144	136	430	406	Total personnel costs	623	643	213	217
67	61	201	204	IT expenses	217	218	63	73
28	38	82	110	Other administrative expenses	116	104	37	36
19	18	61	52	Ordinary depreciation	69	80	22	24
6	5	16	13	Operating costs properties	14	16	5	5
17	17	52	53	Other operating expenses	141	115	48	40
281	275	842	838	Total costs	1 180	1 176	388	395

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	
<i>(Amounts in NOK million)</i>			
31.12.21	30.09.22	30.09.22	31.12.21
<i>Right to use asset</i>			
388	336		
		387	435
21	4	4	26
-42	-3	-3	-42
5	18	20	6
372	354	408	426
36	26	28	39
336	328	379	387
<i>Lease liability</i>			
393	343		
		397	443
21	4	4	26
-41	-30	-33	-44
8	5	6	9
-38	14	17	-37
343	337	391	397
<i>Profit and loss</i>			
36	26		
		28	39
8	5	6	9
44	31	35	48
<i>Undiscounted lease liabilities and maturity of cash outflows</i>			
39	35		
		43	43
33	33	40	41
32	31	38	38
30	31	37	35
30	31	36	35
180	159	247	269
344	319	439	462

Note 11 - Losses

Parent Bank				Group				
(Amounts in NOK million)								
3Q21	3Q22	30.09.21	30.09.22		30.09.22	30.09.21	3Q22	3Q21
				Losses incorporated in the accounts				
- 1	- 18	- 7	22	Period's change in individual lending provisions	24	- 11	- 16	- 5
- 68	59	- 132	3	Period's change in group lending provisions	1	- 147	62	- 68
22	12	33	19	Period's confirmed losses	25	42	13	27
- 1	- 2	- 5	- 7	Recoveries, previously confirmed losses	- 9	- 7	- 3	- 1
- 48	52	- 111	37	Total losses	41	- 123	56	- 47
				Losses broken down by sector and industry				
- 20	1	- 75	- 8	Real estate	- 8	- 76	0	- 20
- 6	21	- 7	28	Financial and insurance activities	28	- 7	21	- 6
- 5	13	- 15	12	Fishing and aquaculture	10	- 13	12	- 3
- 14	- 1	- 11	3	Manufacturing	5	- 14	1	- 16
- 2	1	- 2	- 1	Agriculture and forestry	- 2	- 3	0	- 3
6	5	3	3	Power and water supply and construction	5	- 3	7	3
- 2	5	2	9	Service industries	11	4	7	1
8	1	20	- 9	Transportation	- 12	18	- 2	9
- 2	2	- 9	0	Commodity trade, hotel and restaurant industry	1	- 11	4	- 1
- 37	49	- 94	37	Total corporate market	39	- 104	50	- 36
- 11	3	- 17	0	Total retail market	1	- 19	5	- 11
- 48	52	- 111	37	Total losses	41	- 123	56	- 47

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 30.09.22. 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 30.09.22 would impact the result by approximately MNOK -13 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			Group	
(Amounts in NOK million)				
31.12.21	30.09.22		30.09.22	31.12.21
		Loans and advances to credit institutions at amortised cost		
484	612	Loans and advances without agreed maturity or notice of withdrawal	612	484
7 007	8 238	Loans and advances with agreed maturity or notice of withdrawal	1 332	881
7 491	8 850	Loans and advances to credit institutions	1 944	1 365
		Loans to customers at amortised cost		
70 815	72 722	Loans at amortised cost	81 265	78 680
70 815	72 722	Loans to customers at amortised cost	81 265	78 680
		Loans to customers at fair value through profit and loss		
5 629	5 101	Loans to customers at fixed interest rates	5 114	5 642
5 664	6 942	Mortgages to customers for sale, housing credit company	6 942	5 664
11 293	12 044	Loans at fair value through profit and loss	12 056	11 306
82 108	84 766	Total gross loans to customers	93 321	89 986
89 598	93 617	Total gross loans	95 265	91 351
		Commission loans		
35 439	37 531	Loans transferred to SpareBank 1 Boligkreditt	37 531	35 439
314	281	Loans transferred to SpareBank 1 Næringskreditt	281	314
35 753	37 813	Total intermediary loans	37 813	35 753
125 352	131 429	Total gross loans included intermediary loans	133 077	127 105
		Provision for credit losses - reduction in assets		
- 156	- 183	Provision for credit losses - stage 1	- 210	- 184
- 234	- 219	Provision for credit losses - stage 2	- 254	- 269
- 159	- 146	Provision for credit losses - stage 3	- 177	- 190
89 049	93 069	Net loans excluded intermediary loans	94 624	90 708

Parent Bank 30.09.22

(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	15 600	43	- 85	- 113	- 60	15 386
Financial and insurance activities	11 305	0	- 18	- 20	- 6	11 261
Fishing and aquaculture	7 970	24	- 31	- 14	- 3	7 945
Manufacturing	1 301	15	- 3	- 7	- 26	1 280
Agriculture and forestry	965	33	- 1	- 2	- 1	995
Power and water supply and construction	3 079	34	- 8	- 9	- 3	3 093
Government	189	0	0	0	0	189
Service industries	1 910	84	- 7	- 12	- 7	1 967
Transportation	2 205	43	- 4	- 8	- 7	2 229
Commodity trade, hotel and restaurant industry	1 692	21	- 7	- 11	- 6	1 689
Corporate market	46 217	296	- 164	- 196	- 119	46 034
Retail market	35 355	11 748	- 19	- 23	- 27	47 035
Total loans	81 573	12 044	- 183	- 219	- 146	93 069

Financial commitments broken down by sector/industry	Financial commitments to amortised cost	Lending provision classified as debt			Total
		Stage 1	Stage 2	Stage 3	
Real estate	1 148	- 15	- 37	- 4	- 56
Financial and insurance activities	141	- 1	0	0	- 1
Fishing and aquaculture	849	- 1	0	0	- 1
Manufacturing	398	- 1	- 2	0	- 2
Agriculture and forestry	102	0	0	0	0
Power and water supply and construction	802	- 2	- 2	0	- 4
Government	392	0	0	0	0
Service industries	995	- 3	0	0	- 4
Transportation	507	0	- 1	0	- 2
Commodity trade, hotel and restaurant industry	516	- 1	- 1	- 2	- 5
Corporate market	5 850	- 24	- 43	- 7	- 74
Retail market	1 570	0	0	0	0
Total loans	7 420	- 24	- 44	- 7	- 75

Group 30.09.22

(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	15 744	43	- 85	- 114	- 62	15 527
Financial and insurance activities	4 308	0	- 18	- 20	- 6	4 264
Fishing and aquaculture	8 827	24	- 37	- 16	- 4	8 794
Manufacturing	1 834	15	- 5	- 15	- 29	1 800
Agriculture and forestry	1 102	33	- 1	- 2	- 1	1 130
Power and water supply and construction	4 001	34	- 11	- 15	- 6	4 004
Government	202	0	0	0	0	202
Service industries	2 763	84	- 12	- 16	- 10	2 809
Transportation	3 010	55	- 6	- 13	- 11	3 035
Commodity trade, hotel and restaurant industry	2 186	21	- 11	- 16	- 8	2 173
Corporate market	43 977	308	- 186	- 226	- 136	43 737
Retail market	39 232	11 748	- 24	- 27	- 41	50 888
Total loans	83 208	12 056	- 210	- 254	- 177	94 624

Financial commitments broken down by sector/industry	Financial commitments to amortised cost	Lending provision classified as debt			
		Stage 1	Stage 2	Stage 3	Total
Real estate	1 090	- 15	- 37	- 4	- 56
Financial and insurance activities	122	- 1	0	0	- 1
Fishing and aquaculture	922	- 1	0	0	- 1
Manufacturing	445	- 1	- 2	0	- 2
Agriculture and forestry	102	0	0	0	0
Power and water supply and construction	860	- 2	- 2	0	- 4
Government	392	0	0	0	0
Service industries	1 130	- 3	0	0	- 4
Transportation	590	0	- 1	0	- 2
Commodity trade, hotel and restaurant industry	715	- 1	- 1	- 2	- 5
Corporate market	6 369	- 24	- 43	- 7	- 74
Retail market	1 570	0	0	0	0
Total loans	7 940	- 24	- 44	- 7	- 75

Parent Bank 30.09.22

(Amounts in NOK million)

Total loan commitments broken down by stage of the credit risk assessment	Stage 1	Stage 2	Stage 3	Total
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	3 035	-3 015	- 20	0
to (-from) stage 2	-2 517	2 542	- 25	0
to (-from) stage 3	- 30	- 97	127	0
Net increase/(decrease) balance existing loans	-4 067	106	- 3	-3 964
Originated or purchased during the period	27 872	854	33	28 759
Loans that have been derecognised	-18 414	-2 364	-99	-20 877
Total loan commitments to amortised cost	82 555	5 930	509	88 994
Loans at fair value through profit and loss				12 044
Total loan commitments as at 30.09.22	82 555	5 930	509	101 037
Off-balance sheet	-6 327	-1 061	- 32	-7 420
Gross loans	76 228	4 869	477	93 617
Provision for credit losses - reduction in assets	- 183	- 219	- 146	- 547
Net loans	76 045	4 650	331	93 069

Group 30.09.22

(Amounts in NOK million)

Total loan commitments broken down by stage of the credit risk assessment	Stage 1	Stage 2	Stage 3	Total
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	3 327	-3 298	- 28	0
to (-from) stage 2	-2 899	2 944	- 45	0
to (-from) stage 3	- 54	- 145	199	0
Net increase/(decrease) balance existing loans	-4 682	61	- 33	-4 653
Originated or purchased during the period	30 174	1 046	41	31 261
Loans that have been derecognised	-21 112	-1 699	- 38	-22 849
Total loan commitments to amortised cost	83 392	7 111	645	91 148
Loans at fair value through profit and loss				12 056
Total loan commitments as at 30.09.22	83 392	7 111	645	103 204
Off-balance sheet	-6 764	-1 141	- 34	-7 940
Gross loans	76 628	5 970	611	95 265
Provision for credit losses - reduction in assets	- 210	- 254	- 177	- 641
Net loans	76 418	5 716	434	94 624

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	Loss provisions at 01.01.22	-692	-200	-294	-198
			-549	Of which presented as a reduction of the assets	-643			
			-49	Of which presented as other debt	-49			
				Changes in the period due to loans migrating between stages:				
-88	85	3	0	to (-from) stage 1	0	3	95	-98
8	-12	4	0	to (-from) stage 2	0	5	-15	10
0	5	-5	0	to (-from) stage 3	0	-7	6	0
70	-77	-26	-33	Net increase/decrease existing loans	-27	-26	-85	84
-76	-43	-5	-124	New issued or purchased loan	-137	-5	-48	-84
49	41	43	133	Loans that have been derecognised	140	45	44	51
-207	-262	-153	-622	Total loss provisions at 30.09.22	-716	-184	-297	-235
				Loss provisions allocated to markets				
-19	-23	-27	-69	Retail market	-93	-41	-28	-24
-188	-239	-126	-553	Corporate market	-624	-143	-269	-211
-207	-262	-153	-622	Total loss provisions at 30.09.22	-716	-184	-297	-235
			-547	Of which presented as a reduction of the assets	-641			
			-75	Of which presented as other debt	-75			

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 at		Result after tax	
		30.09.22	30.09.21	3Q22	3Q21
SpareBank 1 Nord-Norge Portefølje AS	100 %	0	0	- 3	0
Fredrik Langes Gate 20 AS	100 %	2	1	1	0
SpareBank 1 Finans Nord-Norge AS	85 %	118	116	38	36
SpareBank 1 Regnskapshuset Nord-Norge AS	85 %	23	26	3	6
EiendomsMegler 1 Nord-Norge AS	85 %	15	28	4	4
Total		158	171	43	46

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 at		Result after tax		Booked value at	
		30.09.22	30.09.21	3Q22	3Q21	30.09.22	31.12.21
SpareBank 1 Mobilitet Holding AS	30,66 %	- 16	- 2	- 3	- 2	65	82
SpareBank 1 Gruppen AS	19,50 %	46	298	17	83	2 133	2 218
SpareBank 1 Kreditt AS	19,22 %	9	11	3	10	254	199
SpareBank 1 Boligkreditt AS	15,92 %	2	15	8	9	1 989	1 828
SpareBank 1 Næringskreditt AS	3,09 %	0	2	0	0	60	63
SpareBank 1 Utvikling DA	18,00 %	0	0	0	0	134	134
SpareBank 1 Bank og Regnskap AS	25,00 %	1	0	0	0	43	42
SpareBank 1 Forvaltning AS	13,27 %	21	25	6	19	118	105
SpareBank 1 Gjeldsinformasjon AS	14,44 %	0	0	0	0	1	1
SpareBank 1 Kundepleie AS	26,67 %	2	0	0	0	24	22
SpareBank 1 Betaling AS	17,94 %	- 8	- 5	- 3	0	212	145
Total		57	343	28	118	5 033	4 837

Note 15 - Other assets

Parent bank			Group	
<i>(Amounts in NOK million)</i>				
31.12.21	30.09.22		30.09.22	31.12.21
0	0	Reposessed assets	0	0
3	11	Accrued income	11	79
0	0	Goodwill and other intangible assets	115	116
79	0	Overfunding of pension liabilities	0	88
86	748	Prepayments	820	114
138	267	Other assets 1)	389	222
306	1 026	Total other assets	1 335	619

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
Assets at 30.09.22				
Shares	765	93	680	1 537
Bonds	12 916	5 369		18 285
Financial derivatives		1 913		1 913
Loans to customers with fixed rate			5 114	5 114
Loans to customers for sale			6 942	6 942
Total assets	13 681	7 375	12 736	33 791

Liabilities at 30.09.22

Financial derivatives		1 537		1 537
Total liabilities		1 537		1 537

Assets at 31.12.21

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
Total assets	14 927	6 223	11 913	33 064

Liabilities at 31.12.21

Financial derivatives		602		602
Total liabilities		602		602

Changes in instruments at fair value, level 3:

	Financial assets		
	Shares	Loans to customers with fixed rate	Loans to customers for sale
(Amounts in NOK million)			
Carrying amount at 31.12.21	607	5 642	5 664
Net gains on financial instruments	73	- 219	
Additions/acquisitions		562	3 280
Sales			- 836
Matured		- 871	-1 166
Carrying amount at 30.09.22	680	5 114	6 942

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 3.4 years as of 30.09.22.

The short-term liquidity risk measure, liquidity coverage ratio (LCR), was 133 % (141 %) as of the end of the quarter. NSFR (Net Stable Funding Ratio) at 30.09.22 was 117 % (116 %).

Note 18 - Financial derivatives

Parent Bank and Group

(Amounts in NOK million)

Fair value hedging transactions	30.09.22	31.12.21
Net loss charged to the statement of comprehensive income in respect of hedging instruments in connection with actual value hedging	160	- 127
Total gain from hedging objects relating to the hedged risk	- 153	120
Total fair value hedging transactions	7	- 6

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

(Amounts in NOK million)

Fair value through statement of comprehensive income	30.09.22			31.12.21		
	Contract	Fair value		Contract	Fair value	
Foreign currency instruments	Contract	Assets	Liabilites	Contract	Assets	Liabilites
Foreign exchange financial derivatives (forwards)	1 589	32	59	2 090	14	22
Currency swaps	14 487	440	209	12 985	151	70
Total non-standardised contracts	16 076	471	268	15 076	165	92
Standardised foreign currency contracts (futures)						
Total foreign currency instruments	16 076	471	268	15 076	165	92
Interest rate instruments						
Interest rate swaps (including cross currency)	33 639	1 323	607	36 530	686	445
Other interest rate contracts	260	71	70	244	27	25
Total non-standardised contracts	33 899	1 394	676	36 774	713	470
Standardised interest rate contracts (futures)						
Total interest rate instruments	33 899	1 394	676	36 774	713	470

Hedging of funding loans

Interest rate instruments	Contract	Assets	Liabilites	Contract	Assets	Liabilites
Interest rate swaps (including cross currency)	12 518	48	585	14 496	212	41
Total, non-standardised contracts	12 518	48	585	14 496	212	41
Standardised interest rate contracts (futures)						
Total interest rate instruments	12 518	48	585	14 496	212	41
Total interest rate instruments	46 417	1 442	1 261	51 270	924	511
Total foreign currency instruments	16 076	471	268	15 076	165	92
Total	62 493	1 913	1 537	66 346	1 089	602

Note 19 - Deposits

Parent Bank			Group	
<i>(Amounts in NOK million)</i>				
31.12.21	30.09.22		30.09.22	31.12.21
		Deposits from credit institutions		
544	474	Deposits without agreed maturity	474	514
579	1 173	Deposits with agreed maturity	1 172	578
1 123	1 647	Total deposits from credit institutions	1 646	1 092
		Deposits from customers		
70 750	74 885	Deposits without agreed maturity	74 817	70 691
5 458	5 309	Deposits with agreed maturity	5 302	5 458
76 208	80 194	Total deposits from customers	80 119	76 149
77 331	81 841	Total deposits	81 765	77 241
		Deposits from customers broken down by sector and industry		
3 852	4 050	Real estate	4 050	3 852
2 654	2 718	Financial and insurance activities	2 718	2 654
2 675	3 845	Fishing and aquaculture	3 845	2 675
1 565	1 455	Manufacturing	1 455	1 565
532	545	Agriculture and forestry	545	532
2 493	2 507	Power and water supply and construction	2 507	2 493
7 988	8 952	Service industries	8 877	7 929
2 108	2 290	Transportation	2 290	2 108
2 973	3 260	Commodity trade, hotel and restaurant industry	3 260	2 973
26 840	29 622	Public market	29 547	26 781
8 486	7 907	Government market	7 907	8 486
40 882	42 665	Retail market	42 665	40 882
76 208	80 194	Deposits from customers	80 119	76 149

Note 20 - Securities issued

Parent Bank and Group

(Amounts in NOK million)

Changes in securities issued	Booked value		Matured or redeemed	Exchange rate movements	Fair value changes	Accrued interest	Booked value
	31.12.21	Issued					30.09.22
Certificates and other short-term loans:							
Senior bonds	17 527	1 565	-4 156	456	- 609	2	14 785
Senior bonds	17 527	1 565	-4 156	456	- 609	2	14 785

Note 21 - Subordinated debt and loan capital

Parent Bank and Group

(Amounts in NOK million)

Changes in subordinated loan capital and subordinated bond debt	Booked value 31.12.21	Issued	Matured or redeemed	Exchange rate movements	Fair value changes	Accrued interest	Booked value 30.09.22
Subordinated loan capital	1 051					1	1 053
Senior non-preferred	3 510	1 000		282	- 109	8	4 690
Subordinated loan capital and other senior non-preferred	4 561	1 000		282	- 109	9	5 743

Note 22 - Other liabilities

Parent bank			Group	
<i>(Amounts in NOK million)</i>				
31.12.21	30.09.22		30.09.22	31.12.21
1 700	3 219	Other liabilities	3 450	1 883
158	105	Costs incurred	487	538
9	9	Deferred tax liabilities	109	127
49	75	Off balance loss provision	75	49
1 916	3 408	Total other liabilities	4 121	2 597
Specification of other liabilities				
343	337	Lease liabilities	397	443
735	292	Accrued tax	338	827
22	14	Tax deductions	22	38
82	1 408	Creditors	1 476	97
350	1 038	Agreed payments from Donations Fund	1 038	350
168	130	Miscellaneous liabilities	179	128
1 700	3 219	Other liabilities	3 450	1 883

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	30.09.22		30.09.22	31.12.21
1 807	1 807	EC capital	1 807	1 807
843	843	Premium Fund	843	843
3 142	2 787	Dividend Equalisation Fund	2 787	3 142
703		Set aside EC dividend, not decided		703
- 22	- 20	EC owner's share of other equity	942	865
	661	EC owner's share of period result	551	
6 473	6 078	EC owner's share of equity	6 930	7 360
46,36 %	46,36 %	EC owner's percentage of equity	46,36 %	46,36 %
6 699	6 288	Saving Bank's primary capital	6 288	6 699
813		Set aside society dividend, not decided		813
- 24	- 24	Society's share of other equity	1 090	1 001
	765	Society's share of period result	637	
7 488	7 029	Society's share of equity	8 015	8 513
53,64 %	53,64 %	Society's percentage of equity	53,64 %	53,64 %
780	780	Hybrid Capital	780	780
14 741	13 887	Total equity	15 725	16 653

Hybrid Capital

Three hybrid 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 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 capital is thus deducted from the accounting result. At the same time, hybrid 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 instruments mean that they are included in the Bank's Tier 1 capital for capital adequacy purposes, see note 5.

Parent bank and group

(Amounts in NOK million)

	30.09.22	31.12.21
Hybrid Capital		
2099 3m NIBOR + 3,30 %		350
2099 3m NIBOR + 3,15 %	180	180
2099 3m NIBOR + 3,30 %	250	250
2099 3m NIBOR + 2,60 %	350	
Total hybrid capital	780	780
Average interest hybrid capital	4,35 %	3,73 %

Equity Certificates (ECs)

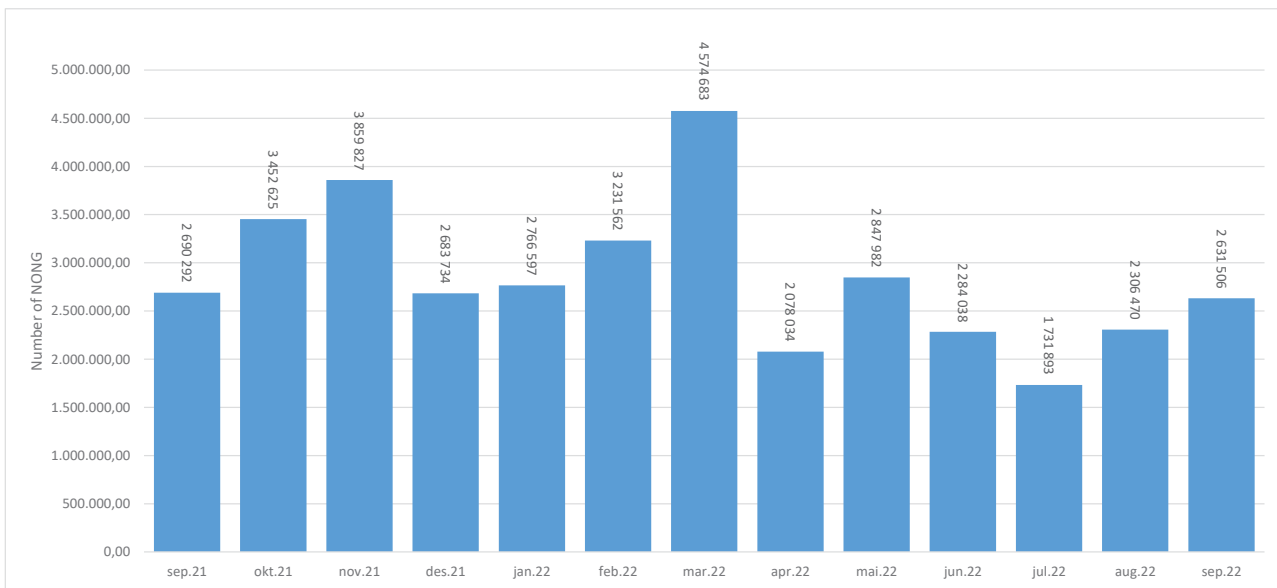
The 20 largest EC holders at 30.09.22

EC Holders	Number of Ecs	Share of EC Capital
PARETO INVEST NORGE AS	4.067.477	4,05%
VPF EIKA EGENKAPITALBEVIS	3.527.492	3,51%
PARETO AKSJE NORGE VERDIPAPIRFOND	3.252.656	3,24%
GEVERAN TRADING CO LTD	2.944.856	2,93%
MP PENSJON PK	2.424.322	2,41%
The Northern Trust Comp, London Br	2.189.878	2,18%
KOMMUNAL LANDSPENSJONSKASSE GJENSI	2.002.064	1,99%
Brown Brothers Harriman & Co.	1.974.106	1,97%
SPESIALFONDET BOREA UTBYTTE	1.859.215	1,85%
FORSVARETS PERSONELLSERVICE	1.752.630	1,75%
State Street Bank and Trust Comp	1.440.597	1,43%
SPAREBANKSTIFTELSEN SPAREBANK 1 NO	1.411.606	1,41%
Landkreditt Utbytte	1.250.000	1,25%
J.P. Morgan SE	1.039.180	1,04%
Euroclear Bank S.A./N.V.	955.333	0,95%
J.P. Morgan SE	864.207	0,86%
The Bank of New York Mellon SA/NV	845.879	0,84%
State Street Bank and Trust Comp	780.787	0,78%
Brown Brothers Harriman & Co.	735.389	0,73%
The Bank of New York Mellon SA/NV	666.760	0,66%
Total	35.984.434	35,84%

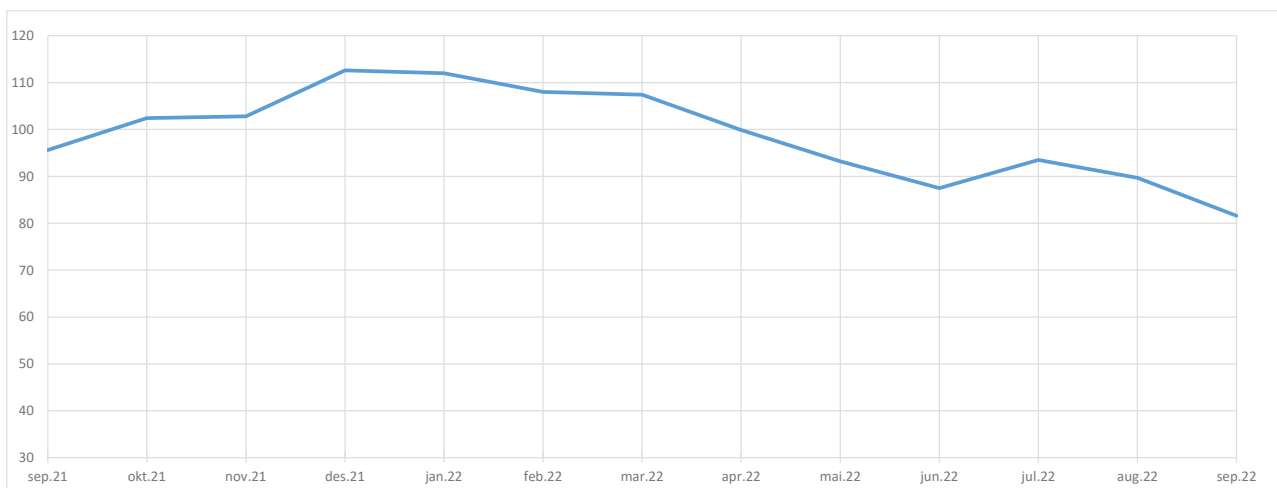
Dividend policy

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.