

Quarterly Report



Financial statement Q3 2017

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Key figures Group

(Amounts in NOK million and in % of average assets)	30.09.17	%	30.09.16	%	31.12.16	%
From the profit and loss account						
Net interest income	1 309	1.87 %	1 210	1.82 %	1 644	1.84 %
Net fee-, commission and other operating income	727	1.04 %	690	1.04 %	924	1.04 %
Net income from financial investments	358	0.51 %	393	0.59 %	509	0.57 %
Total income	2 394	3.43 %	2 293	3.44 %	3 077	3.45 %
Total costs	993	1.42 %	945	1.42 %	1 320	1.48 %
Result before losses	1 401	2.01 %	1 348	2.02 %	1 757	1.97 %
Losses	147	0.21 %	149	0.22 %	213	0.24 %
Result before tax	1 254	1.80 %	1 199	1.80 %	1 544	1.73 %
Tax	238	0.34 %	214	0.32 %	291	0.33 %
Result non-current assets held for sale	0	0.00 %	0	0.00 %	0	0.00 %
Result after tax	1 016	1.46 %	985	1.48 %	1 253	1.41 %

Profitability						
Return on equity capital	1	12.2 %	12.8 %		12.0 %	
Interest margin	2	1.87 %	1.82 %		1.84 %	
Cost/income	3	41.5 %	41.2 %		42.9 %	

Balance sheet figures and liquidity						
Gross lending		73 902	68 905		70 763	
Gross lending and advances to customers incl. commission loans		101 844	93 423		96 287	
Growth in loans and advances to customers past 12 months		7.3 %	9.1 %		10.5 %	
Growth in loans and advances to cust. incl. commission loans past 12 months		9.0 %	6.3 %		8.9 %	
Share total lending transferred to Sp1 Boligkreditt of total retail loans		37.4 %	36.2 %		36.6 %	
Share total lending transferred to Sp1 Boligkreditt of total loans		27.4 %	26.2 %		26.5 %	
Deposits from customers		57 163	53 637		53 870	
Growth in deposits from customers past 12 months		6.6 %	11.7 %		12.0 %	
Deposits as a percentage of gross lending	4	77.3 %	77.8 %		76.1 %	
Deposits as a percentage of gross lending including commission loans		56.1 %	57.4 %		55.9 %	
Average assets	5	93 085	88 835		89 168	
Total assets		93 542	89 210		90 501	
Liquidity Coverage Ratio (LCR)		120	96		121	

Losses on loans and commitments in default						
Losses on loans to customers as a percentage of gross loans incl. commission loans		0.19 %	0.21 %		0.22 %	
Commitments in default as a percentage of gross loans incl. commission loans		0.26 %	0.44 %		0.31 %	
Commitments at risk of loss as a percentage of gross loans incl. commission loans		0.21 %	0.23 %		0.22 %	
Net comm. in default and at risk of loss as a per. of gross loans incl. commission loans		0.33 %	0.51 %		0.37 %	
Loan loss provision ratio		28.66 %	24.96 %		30.08 %	

Solidity						
Total regulatory Capital %	6	18.3 %	17.7 %		18.4 %	
Tier I Capital %	7	16.0 %	15.6 %		16.3 %	
Common Equity Tier I - incl share of period result		15.4 %	15.1 %		15.0 %	
Tier I capital		10 485	7 741		8 439	
Equity and related capital resources		11 928	10 783		11 229	
Adjusted risk-weighted assets base		65 351	60 798		61 120	
Leverage Ratio incl share of period result		7.7 %	6.6 %		7.0 %	

Branches and full-time employees						
Branches		38	42		38	
Manyears		778	752		774	

*) Agency loans includes loans transferred to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS

**) All key figures are recalculated due to new total of EC's

- Profit for the period as a percentage of average total equity, calculated as average amount of quarterly equity and per 01.01. and 31.12.
- Total interest margin as a percentage of average total assets
- Total costs as a percentage of total net income
- Deposits from customers as a percentage of gross lending
- Average assets are calculated as average assets each quarter and at 01.01. and 31.12.
- Net subordinated capital as a percentage of calculated risk-weighted balance
- Core capital as a percentage of calculated risk-weighted balance

Key figures ECC

	2009	2010	2011	2012	2013	2014	2015	2016	3Q17
1) NONG Quoted/market price	34.62	37.76	28.90	24.70	35.50	39.90	36.70	52.25	61.50
2) Number of Equity Certificates (EC) issued	56.92	56.92	74.00	74.40	100.40	100.40	100.40	100.40	100.40
3) Quoted/market price EC issued (NOK mill)	1 970	2 149	2 139	1 837	3 564	4 006	3 685	5 246	6 174
4) Quoted/market price total equity	5 704	6 223	5 083	4 418	7 530	8 464	7 948	11 315	13 319
5) Allocated dividend per EC	2.12	1.81	1.25	1.02	1.10	1.90	2.00	3.45	-
Paid-out dividend per EC	0.94	2.12	1.81	1.25	1.02	1.10	1.90	2.00	3.45
6) Dividend yield	6.1 %	4.8 %	4.3 %	4.1 %	3.1 %	4.8 %	5.4 %	6.6 %	-
7) Total yearly return	156.8 %	15.2 %	-18.7 %	-10.2 %	47.9 %	15.5 %	-3.3 %	47.8 %	-
Total equity capital Parent bank, NOK mill	4 247	4 547	5 264	5 589	7 200	7 735	8 198	9 336	10 043
Total equity capital Group, NOK mill	5 160	5 670	6 408	6 832	8 502	9 343	9 961	11 011	11 622
8) Equity capital per EC Group	31.31	34.41	36.43	38.19	40.08	44.05	46.00	50.84	53.67
9) Result per EC Group	5.21	4.95	2.75	3.36	4.13	5.16	4.11	5.83	4.69
10) Totalresult per EC Group									4.66
11) P/E (Price/Earnings per EC Group)	6.64	7.63	10.51	7.34	8.59	7.73	8.93	8.96	9.83
12) P/B (Price/Book Value per EC Group)	1.11	1.10	0.79	0.65	0.89	0.91	0.80	1.03	1.15
13) Pay-out ratio Group	39.29 %	36.69 %	54.88 %	35.14 %	26.62 %	36.81 %	48.65 %	59.18 %	
EC ratio overall as at 31.12.	34.54 %	34.54 %	42.07 %	41.59 %	47.33 %	47.33 %	46.36 %	46.36 %	46.36 %
EC ratio overall as at 01.01. used for allocaton of result	34.54 %	34.54 %	38.74 %	42.07 %	42.91 %	47.33 %	47.33 %	46.36 %	46.36 %

- 1) Quoted/market price
- 2) Number of Equity Certificates (EC) issued (NOK mill)
- 3) Quoted/market price EC issued (mill)
- 4) Quoted/market price total equity
- 5) Allocated dividend per EC
- 6) Dividend yield
- 7) Total yearly return
- 8) Equity capital per EC Group
- 9) Result per EC Group
- 10) Totalresult per EC Group
- 11) P/E (Price/Earnings per EC Group)
- 12) P/V (Price/Book Value per EC Group)
- 13) Pay-out ratio per EC Group

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(Figures in brackets are for the same period/date in 2016, unless otherwise specified.)

Highlights

- Profit before tax as at 30.09.17: NOK 1,254 million (NOK 1,199 million).
- Profit after tax: NOK 1,016 million (NOK 985 million).
- Return on equity after tax: 12.2% (12.8%).
 - Earnings per equity certificate: NOK 4.69 (NOK 4.55).
- Net income from financial assets: NOK 358 million (NOK 393 million).
- Group costs (exclusive of restructuring costs and financial activity tax) show an increase of 1.2 % compared with the relative share (3/4) of 2016 total costs. Increased costs for 3rd quarter compared with 2nd quarter is partly due to increased costs in subsidiaries, partly due to some restructuring and nonrecurring costs in the parent bank.
- Loan losses: NOK 147 million (NOK 149 million).
- Lending growth in the last 12 months: 9.0% (6.3%), inclusive of intermediary loans.
 - Retail market: 10.2% (7.7%).
 - Corporate market: 6.0% (2.8%).
- Growth in deposits in last 12 months: 6.6% (11.7%).
 - Retail market: 6.2% (6.5%).
 - Corporate market: 12.1% (6.2%).
 - Public sector: -1.3% (48.7%).
- Deposit coverage ratio: 77.3% (77.8%).
- Common equity tier 1 capital ratio, Group: 15.4% (15.1%).
- The Group's profitability target has been adjusted as follows:
 - Return on equity comparable with the best comparable banks, currently 12 %.

Macroeconomic trends

The international macro picture is improving. Countries such as the USA, China, Germany and Sweden are all experiencing a period of economic expansion in which both capacity utilisation and growth are above normal. The eurozone is showing clear signs of improvement, but is still in a catch-up phase following the financial and national debt crisis. 2016 saw global GDP growth of 3.0% and it appears that it will be slightly higher in 2017. The status for the world economy is that growth rose throughout the year and most analyst agencies have adjusted growth forecasts upwards. One exception in this positive picture is the UK where the uncertainty surrounding Brexit is highly likely to put a dampener on both investments and consumption.

The level of activity in the Norwegian economy is rising. The upturn is coming from higher growth in consumption and business investments, at the same time as the oil industry is having less of a negative impact. Most analysts expect a stronger Norwegian krone going forward.

House prices rose very quickly in 2016, especially in Oslo. There has been a recent downward correction in house prices and the annual growth figures for house prices are now 1.5% for the country as a whole and 0.9% for Oslo. The reasons for the downturn are complex. The supply of new homes has risen strongly, while labour migration has fallen. The new Mortgage Regulation, which came into effect on 1 January, has also reduced the demand for homes. One final factor is the potential for falls that has been created over many years of strong growth in house prices.

Norges Bank has kept the key rate unchanged at 0.5% since March 2016 and has repeated that a rise in interest rates is now as likely as a drop in interest rates. Nonetheless, the central bank estimates that the key rate will remain unchanged in 2017 and 2018, before rising moderately from the second half of 2019.

The northern Norwegian economy remains in good shape. Unemployment is low and stable. At the end of June, 2.0% were registered as completely without work in northern Norway, compared with 2.5% in the rest of the country. The housing market in the north has also cooled off and prices have been corrected downwards in recent months. Nevertheless, the 12-month growth figure at the end of September showed that house prices have risen slightly stronger in northern Norway than in the rest of the country. While the growth in house prices in the country as a whole was 1.5%, it was 3.1% in Nordland, 2.7% in Troms, and 6.1% in Finnmark. However, northern Norway saw weaker growth than the rest of the country in 2016 and at the beginning of 2017.

The fact that growth has remained good in the north is due to two things in particular: firstly the weak krone has helped to strengthen export industries and tourism; and secondly the region is less dependent on the oil sector. The role the seafood industry plays in the economy of northern Norway and its prosperity is becoming ever more important. Exports of fish from the region account for around 60% of its goods exports and more than 6% of all goods exports from Mainland Norway. The value of seafood exports from the region in the first 8 months of the year was 5.8% higher than for the same period in 2016.

Tourism in the region has undergone very positive development as measured by the number of days spent here by foreign visitors, and the 12-month growth figure at the end of June was 13%. The activity in the building and construction industry is still at a high level, even though the rate of growth has fallen. The rate of growth in housing starts has also fallen in the last year. The fall is primarily due to a marked downturn in housing starts in Tromsø – albeit from a record high level.

Prolonged low unemployment means that northern Norwegian households have solid finances. The annual growth figure for turnover in the wholesale and retail industry in the region was 3.9% at the end of April 2017. This growth rate was significantly higher than in the rest of the country, which was 2.4% for the same period.

The macroeconomic outlook for northern Norway thus remains good. The greatest risk is associated with the Norwegian krone exchange rate. The krone exchange rate has been relatively weak recently and most forecasters expect it to strengthen going forward. This will not be positive for northern Norwegian export industries or tourism. On the other hand, a trend of higher international growth, and especially rising growth in Europe, will have positive effects for the same industries. Increasing growth in Norway as a whole would also have positive effects for northern Norway. High house prices combined with a high rate of growth in household debt could be a risk factor for the region. The fact that these prices are currently undergoing a downwards correction is, from this perspective, therefore positive.

Overall, the Bank believes the growth outlook for the northern Norwegian economy is relatively good.

Financial performance

NOK mill	iso Q317	iso Q217	Change	at Q317	at Q316	Change
Total income	824	809	15	2.394	2.293	101
Total costs	342	325	17	993	945	48
Losses	59	44	15	147	149	-2
Tax	76	84	-8	238	214	24
Profit after tax	347	356	-9	1.016	985	31

Net interest income

Net interest income as at 30 September 2017 was NOK 1,309 million (NOK 1,210 million).

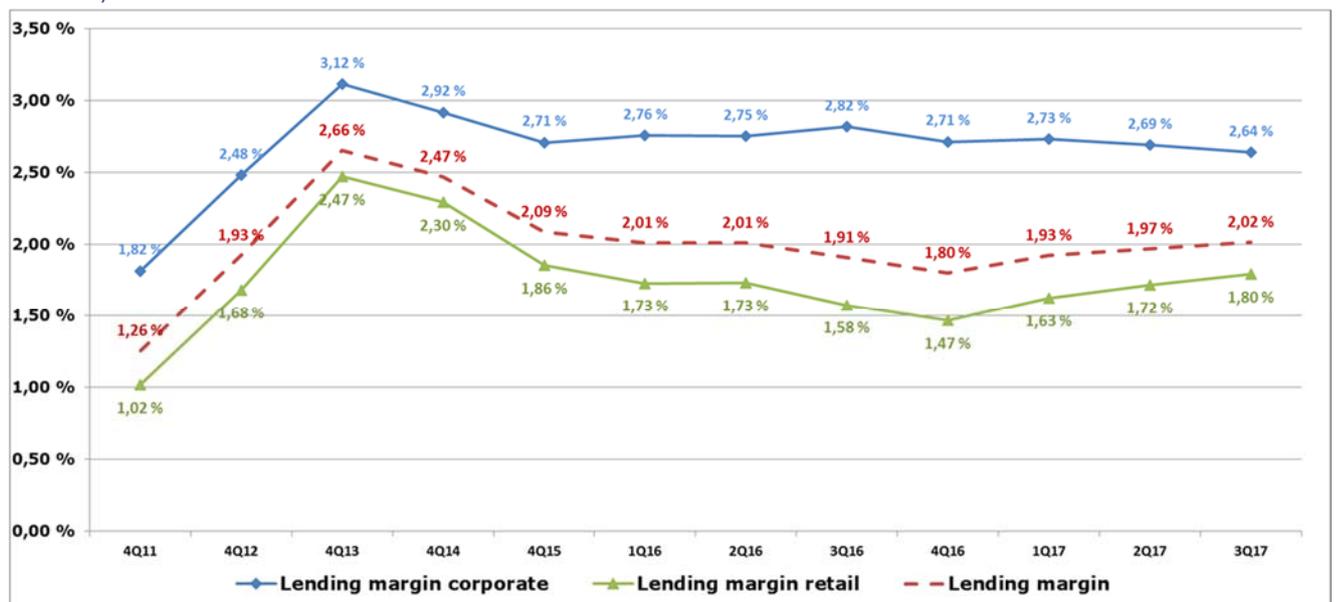
Net interest income represented 1.87% (1.82%) of average total assets.

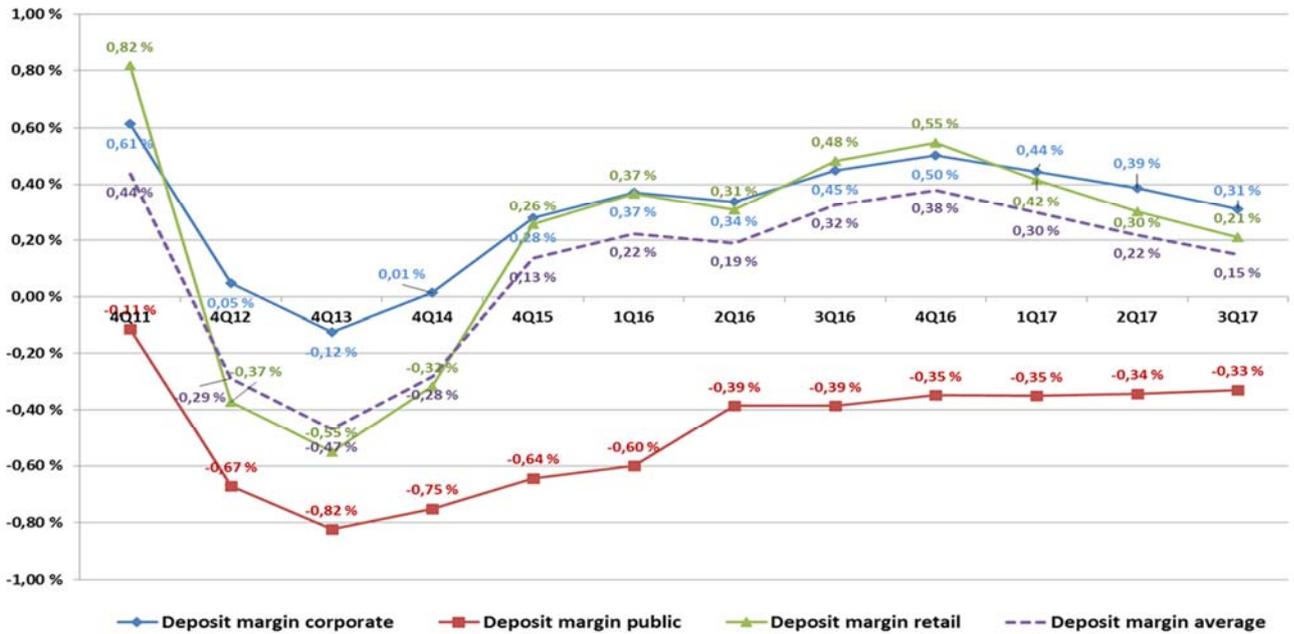
Income from the loans portfolio transferred to SpareBank 1 Boligkreditt (SB1BK) and SpareBank 1 Næringskreditt (SB1NK), as at 30 September 2017 NOK 28 billion (NOK 25 billion), is booked as commissions. As at 30 September 2017, these commissions amounted to NOK 170 million (NOK 137 million).

Compared with the second quarter of 2017, the change in net interest income, inclusive of commissions from the transferred loan portfolios but exclusive of the levy for the Guarantee Fund, was as follows in the third quarter of 2017:

NOK mill	Change last quarter
Effect of days	4
Margin effects	2
Effect volume	11
Other effects	5
Total effects	22

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





Compared with the second quarter of 2017, the Bank's average costs for borrowing in the capital markets fell by around 0.10 percentage points in the third quarter of 2017. The competition for loan customers remains strong with pressure on lending rates.

Assuming stable conditions in the capital market, the Bank's average borrowing costs are expected to decrease further during the next half-year. The development of net interest income will also depend in part on the competition situation and volume growth.

Net commissions and other operating income

NOK mill	iso			at		
	Q317	Q217	Change	Q317	Q316	Change
Net commission loans	66	58	8	171	138	33
Net commission insurance	41	42	-1	124	113	11
Net commission payment	74	64	10	201	200	1
Commission real estate	32	34	-2	92	100	-8
Fee accounting services	13	13	0	34	33	1
Other income	29	37	-8	105	106	-1
Total	255	248	7	727	690	37

Income from financial investments

Share results NOK mill	Sharehold	iso Q317	iso Q217	Change	at Q317	at Q316	Change
SpareBank 1 Gruppen	19,50 %	80	68	12	219	215	4
SpareBank 1 Boligkreditt	14,61 %	8	-10	18	-20	4	-24
SpareBank 1 Næringskreditt	16,64 %	3	3	0	8	12	-4
SpareBank 1 Kredittkort	17,29 %	3	5	-2	10	20	-10
SpareBank 1 Betaling	19,70 %	-1	-1	0	-15	-17	2
BN Bank	23,50 %	16	13	3	50	56	-6
Sale Group company		0	15	-15	15	0	15
Total income associated companies		109	93	16	267	290	-23
Share dividends		0	4	-4	4	73	-69
Net change value equities		7	23	-16	43	-35	78
Net change value of bonds, currency and derivatives		6	4	2	45	70	-25
Net change value loans at fait value included hedging		-3	0	-3	-1	-5	4
Net income from financial investments		119	124	-5	358	393	-35

An agreement has been entered into with 106 Norwegian banks concerning joint ownership of the former DNB company Vipps as the whole of Norway's mobile wallet. The SpareBank 1 Alliance will own 25% of the company. Vipps was part of the DNB Group, but from 28 September 2017 it became a free-standing company in which DNB is the largest owner with 52% of the shares. The SpareBank 1 Alliance owns 25% via a holding company, SpareBank 1 Betaling AS. This resulted in the mCash brand name being taken off the market in the third quarter of 2017.

The Group's equities portfolio

The Group's equities portfolio as at 30 September 2017 amounted to NOK 239 million (NOK 298 million). The portfolio saw a positive change in value of NOK 7 million in the last quarter. In the second quarter of 2017, NOK 21 million in profit was recognised from the sale of the shares in SpareBank 1 Østlandet and NOK 15 million in profit was recognised from the sale of the Bank's subsidiary SpareBank 1 Nord-Norge Forvaltning.

Certificates, bonds, currency and derivatives

As at 30 September 2017, the Group's holdings of certificates and bonds amounted to NOK 10,860 million, compared with NOK 10,734 million at the same time the year before.

The total net change in value of this portfolio for the third quarter of 2017 amounted to NOK 6 million.

A list of the 20 biggest owners of equity certificates as at 30 September 2017 is provided in note 12 to the interim financial statements.

Subsidiaries and second tier subsidiaries

The Group's subsidiaries had a combined profit before tax at the end of the third quarter of 2017 of NOK 83 million (NOK 63 million), which has been fully consolidated in the consolidated financial statements. The subsidiaries with operations within the Group's core activities (SB1 Finans NN leasing, the EM1 estate agency business, and SNN Regnskapshuset) showed good earnings. The results for the individual subsidiaries are shown in note 17 to the interim financial statements.

Operating costs

The Group's goal is to hold average annual cost increases to a maximum of 0%, excluding restructuring costs, financial activity tax and any business expansions.

NOK mill	iso Q317	iso Q217	Change	at Q317	at Q316	Change
Labor costs	143	126	17	403	404	-1
Pension	13	14	-1	39	29	10
Social costs	28	29	-1	83	61	22
Administration costs	97	96	1	290	277	13
Depreciation costs	15	16	-1	46	45	1
Property costs	4	6	-2	16	21	-5
Other operation costs	41	38	3	116	108	8
Total operation costs	341	325	16	993	945	48

A summary of the Group's pension liabilities and pension costs is provided in note 15 to the interim financial statements.

Group costs at the end of the third quarter were NOK 48 mill higher compared with the same period last year. Compared with the relative share (3/4) of total cost for 2016 – exclusive of restructuring costs and financial activity tax – Group costs at the end of third quarter 2017 were NOK 12 mill (1.2 %) higher. The increase is mainly due to business expansions in Group subsidiaries. For the parent bank costs – exclusive of restructuring costs and financial activity tax – at the end of third quarter NOK 5 mill higher than the relative share (3/4) of total cost for 2016.

Costs for the third quarter in isolation were NOK 17 million higher than in the second quarter of 2017. Approximately half of this increase (NOK 9 mill) was attributable to subsidiaries. These companies have lower costs in second quarter due to holiday pay and therefore low payroll costs. For the parent bank, higher costs in third quarter in isolation (NOK 8 mill) was due to some restructuring costs and nonrecurring items.

There were 778 full-time equivalents at the end of the third quarter of 2017 (752), 4 more than as at 31 December 2016: there were 8 fewer in the Parent Bank and 12 more in the subsidiaries.

The Parent Bank had 532 full-time equivalents the end of the third quarter of 2017 (538).

Net losses and non-performance – customer commitments

The Group's net losses on loans to customers at the end of the third quarter of 2017 amounted to NOK 147 million (NOK 149 million): NOK 23 million (NOK 17 million) from the retail market and NOK 124 million (NOK 132 million) from the corporate market. The level of losses is considered moderate. Otherwise, please see notes 7 and 8 to the interim financial statements.

Net non-performing and doubtful commitments as at 30 September 2017 totalled NOK 341 million (NOK 478 million), which represents 0.33% of gross lending inclusive of intermediary loans (0.51%). Please also see note 6 to the interim financial statements.

The Group's total individual loss write-downs on loans to customers as at 30 September 2017 amounted to NOK 199 million (NOK 221 million), NOK 62 million (NOK 62 million) of which involved financial institutions. The provision was reduced by a NOK 29 million in the last quarter.

Group write-downs as at 30 September 2017 amounted to NOK 453 million (NOK 324 million) and have increased by NOK 33 million compared with the previous quarter. Group write-downs totalled 0.61% of the Group's total gross lending as at 30 September 2017 (0.47%), which represents 0.44% (0.35%) of gross lending including intermediary loans. The increase in group write-downs in the third quarter was due to industrial and transport segments.

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. The general level of losses is expected to remain moderate for the immediate future.

IFRS 9 Financial instruments

IASB (International Accounting Standards Board) has decided that a new IFRS 9 *Financial Instruments* (International Financial reporting Standards) should replace the existing IAS 39 *Financial Instruments: Recognition and Measurement* (International Accounting Standards). IFRS 9 entails changes in relation to the current standard with respect to the classification and measurement of financial instruments, writing down financial assets, and hedge accounting. The standard will come into force on 1 January 2018. Please also refer to note 11 to the interim financial statements.

Balance sheet

NOK mill	30.09.2017	30.09.2016	Change	30.06.2017	Change
Loan retail	74.636	67.750	10,2 %	72.822	2,5 %
Loan corporate	27.208	25.673	6,0 %	27.114	0,3 %
Loan incl.committion	101.844	93.423	9,0 %	99.936	1,9 %
Deposits retail	32.206	30.320	6,2 %	32.952	-2,3 %
Deposits corporate	24.957	23.317	7,0 %	25.682	-2,8 %
Total deposits	57.163	53.637	6,6 %	58.634	-2,5 %
Total assets	93.542	89.210	4,9 %	95.822	-2,4 %

Loans

As at 30 September 2017, lending totalling NOK 26 billion (NOK 25 billion) had been transferred to SpareBank 1 Boligkreditt. As at the end of the year, no loans had been transferred to SpareBank 1 Næringskreditt (NOK 0 million). These loans do not appear as lending on the Bank's balance sheet. Comments that deal with the growth in lending include these intermediary loans.

The relatively strong lending growth in the corporate market in the last year, especially with respect to the SME market, was in part due to the strategic prioritisation of this segment, and in part due to positive market opportunities in connection with competitors' branch closures. The latter has also had a positive effect on lending growth in the retail market. The overall effect of the above has contributed to growth in net interest income.

The percentage of lending to the retail market constitutes 73% of the total lending as of 30 September 2017 (73%).

The Group's exposure in the oil and gas sector is low. Its total exposure as at 30 September 2017 was NOK 1,306 million, or 1.3% of gross lending (inclusive of intermediary loans). In the Board's opinion, the risk in this part of the portfolio is clear and manageable. Around 27% of the portfolio consists of commitments to supply bases with long-term contracts with solid actors. Supply shipowners with activities within platform supply vessels (PSVs) and anchor handlers (AHTSs) still face challenges. However, the Group's portfolio within this subsector has good contract coverage and cash flow. The Group's customers within this segment of the oil and gas sector have experienced reductions in turnover and profit due to a significant reduction in investments in the sector.

The Bank's portfolio of fixed-rate loans in Norwegian kroner amounted to NOK 6.8 billion (NOK 7.2 billion) as at 30 September 2017. This portfolio is measured at fair value in the financial statements. Changes in interest rates and risk premiums can result in changes in the estimated fair value.

A summary of the Group's lending can be found in note 9 to the interim financial statements.

Liquidity

Deposits from customers are the Bank's most important source of funding and note 20 to the interim financial statements provides a summary of the Group's deposits. At the end of the third quarter of 2017, the deposit coverage ratio (exclusive of intermediary loans) was 77% (78%). 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 liquidity risk at a low level. The LCR (liquidity coverage ratio) as at 30 September 2017 has been calculated as 120% (96%). Please also refer to note 14 to the interim financial statements concerning liquidity risk.

The long-term ratings at the rating agencies Moody's and Fitch are A1 and A, respectively.

Financial strength and capital adequacy

Including 50% result	30.09.2017	30.09.2016	Change	30.06.2017	Change
Common tier 1 capital	15,4 %	15,1 %	0,3 %	15,4 %	0,0 %
Tier 1 capital	16,8 %	15,6 %	1,2 %	16,2 %	0,6 %
Capital adequacy ratio	19,0 %	17,7 %	1,3 %	18,5 %	0,5 %
Leverage ratio	7,7 %	6,6 %	1,1 %	7,5 %	0,2 %

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

Common equity tier 1 capital is at the same level as at end of last quarter. There has been a clarification by the Financial Supervisory Authority of Norway related to the interpretation of the transitional rules for non-consolidated financial holdings. As a result of this, risk weighted assets (RWA) shows an increase of NOK 183 mill as at 30.09.16. The effect of this on Group common equity tier 1 level is a reduction of 0.2 percentage points. See also note 5 in the interim financial statements.

The current requirement for the countercyclical capital buffer is 1.5%. On 15 December 2016, the Ministry of Finance decided that this should be increased by 0.5 percentage points to 2.0% effective from 31 December 2017. The Group's regulatory minimum requirement for common equity tier 1 capital ratio is therefore 13.5% as at 31 December 2017.

SpareBank 1 Nord-Norge's goal is to maintain unquestionable financial strength and satisfy the statutory minimum equity requirements for capital adequacy. The Group's long-term goal for common equity tier 1 capital ratio is 14.5%, which was achieved as at 30 September 2016.

The Ministry of Finance set new requirements for the leverage ratio that were effective from 30 June 2017. The total minimum requirement for the tier 1 leverage ratio is 5%.

The Bank's equity certificate holders

NOK mill	30.09.2017	30.09.2016	Change	30.06.2017	Change
Equity certificate capital	1.807	1.807	0	1.807	0
ECC Ownership fraction	46,36 %	46,36 %	0 %	46,36 %	0 %
Number of holders	7.912	7.589	323	7.829	83
Proportion of northern Norwegian holders	19 %	19 %	0 %	19 %	0 %
Market price NOK	61,50	41,40	20,10	56,75	4,75
Market value	13.319	8.966	4.353	12.290	1.029
Earnings per equity certificate	4,69	4,55	0,14	3,09	1,60
Price/Earnings	9,8	9,1	0,7	9,2	0,6
Price/Book value	1,2	0,8	0,3	1,1	0,0

A summary of the Bank's 20 largest equity certificate holders is provided in note 22 to the interim financial statements.

Concluding remarks and future prospects

northern Norway's macroeconomic prospects are still good and somewhat better than those for the country as a whole. A trend of higher national and international growth, and especially faster growth in Europe, is considered to be positive for northern Norway as well. In the last few years, the region has seen higher economic growth than the country as a whole. With better growth prospects for Norway, it would be natural for the difference between northern Norwegian growth and the growth in the country as a whole to decrease. A stronger krone and steadily

higher house prices combined with a high rate of growth in household debt could over time remain a risk factor for the region. The recent slowdown in the growth of house prices is thus positive.

The growth prospects for the northern Norwegian economy are still regarded as relatively good.

Following the implementation of significant strategic measures in the last few years, the Group has achieved its target financial strength. The cultivation of core business has been regarded as having been completed. A substantial amount of work on improving the Group's profitability has been done. However, further restructuring measures are still required. Measures aimed at providing customers with a more comprehensive range of products and services from the Group are therefore being drawn up in order to strengthen our market position, increase the breadth of sales and streamline all of the Group's processes. In connection with this, the Group has already strengthened its focus on digital channels, introduced digital assistants (robots) and established new models for innovation. The results of this work will also be reflected in the accounts by ensuring the Group's future profitability.

The Group's future prospects are considered to be good.

Tromsø, 26 October 2017

The Board of SpareBank 1 Nord-Norge

Karl Eirik Schjøtt-Pedersen
(Chairman of the Board)

Hans-Tore Bjerkaas
(Deputy Chairman)

Ingvild Myhre

Kjersti Terese Stormo

Greger Mannsverk

Bengt Olsen

Sonja Djønne

Vivi-Ann Pedersen
(employee representative)

Kjetil Berntsen
(employee representative)

Jan-Frode Janson
(CEO)

Statement of income

Parent Bank

Group

(Amounts in NOK million)

31.12.16	3Q16	3Q17	30.09.16	30.09.17		30.09.17	30.09.16	3Q17	3Q16	31.12.16
2 359	597	599	1 758	1 788	Interest income	1 936	1 895	650	641	2 548
907	221	201	692	633	Interest costs	627	685	200	218	904
1 452	376	398	1 066	1 155	Net interest income	1 309	1 210	450	423	1 644
682	176	204	514	562	Fee- and commission income	696	658	250	228	871
78	20	19	58	57	Fee- and commission costs	64	63	23	22	85
42	3	5	29	12	Other operating income	95	95	28	22	138
646	159	190	485	517	Net fee-, commission and other operating income	727	690	255	228	924
74	0	0	73	4	Dividend	4	73	0	0	74
612	- 62	0	387	424	Income from investments	267	290	109	94	366
114	63	10	70	87	Net gain from investments in securities	87	30	10	63	69
800	1	10	530	515	Net income from financial investments	358	393	119	157	509
2 898	536	598	2 081	2 187	Total income	2 394	2 293	824	808	3 077
503	121	129	363	379	Personnel costs	525	494	184	170	689
339	76	85	243	254	Administration costs	290	277	98	86	377
50	12	13	37	38	Ordinary depreciation	46	45	15	15	60
134	31	33	91	95	Other operating costs	132	129	45	45	194
1 026	240	260	734	766	Total costs	993	945	342	316	1 320
1 872	296	338	1 347	1 421	Result before losses	1 401	1 348	482	492	1 757
158	59	31	113	92	Losses	147	149	59	61	213
1 714	237	307	1 234	1 329	Result before tax	1 254	1 199	423	431	1 544
258	64	75	188	218	Tax	238	214	76	74	291
0	0	0	0	0	Result non-current assets held for sale	0	0	0	0	0
1 456	173	232	1 046	1 111	Result after tax	1 016	985	347	357	1 253
6.72	0.80	1.07	4.83	5.13	Result per Equity Certificate	4.69	4.55	1.60	1.65	5.79
6.72	0.80	1.07	4.83	5.13	Diluted result per Equity Certificate	4.69	4.55	1.60	1.65	5.79

Other comprehensive income

Parent Bank

Group

(Amounts in NOK million)

31.12.16	3Q16	3Q17	30.09.16	30.09.17		30.09.17	30.09.16	3Q17	3Q16	31.12.16
1 456	173	232	1 046	1 111	Result after tax	1 016	985	347	357	1 253
					<i>Items that will not be reclassified to profit/loss</i>					
0	0	-3	0	-7	Interest hybrid capital	-7	0	0	0	0
0	0	0	0	0	Net change in fair market value of investment in joint ventures	-1	-28	-3	2	0
-5	0	0	0	-1	Actuarial gains (losses) on benefit-based pension schemes	-1	0	0	0	-1
-5	0	-3	0	-8	Total	-9	-28	-3	2	-1
					<i>Items that will be reclassified to profit/loss</i>					
10	2	0	6	0	Effective part of change in fair market value in cash flow hedging	0	6	0	2	10
-60	0	0	0	0	Net change in fair market value of financial assets available for sale	0	-60	0	0	-60
-1	-1	1	-2	2	Tax on other comprehensive income	2	-2	1	-1	-2
-51	1	1	4	2	Total	2	-56	1	1	-52
-56	1	-2	4	-6	Other comprehensive income for the period	-7	-84	-5	3	-53
1 400	174	230	1 050	1 105	Total comprehensive income for the period	1 009	901	342	360	1 201
6.47	0.80	1.06	4.85	5.10	Total result per Equity Certificate	4.66	4.16	1.58	1.66	5.54
6.47	0.80	1.06	4.85	5.10	Diluted total result per Equity Certificate	4.66	4.16	1.58	1.66	5.54

Statement of financial position

Parent Bank

Group

(Amounts in NOK million)

31.12.16	30.09.16	30.09.17		30.09.17	30.09.16	31.12.16
Assets						
775	520	625	Cash and balances with central banks	625	520	775
5 871	5 779	5 926	Loans and advances to credit institutions	1 603	1 878	1 946
65 670	63 737	68 196	Net loans and advances to customers	73 312	68 422	70 236
291	278	226	Shares	239	298	306
10 164	10 734	10 860	Certificates and bonds	10 860	10 734	10 164
1 390	1 544	1 254	Financial derivatives	1 254	1 544	1 390
728	705	840	Investments in Group Companies			
2 849	2 826	2 900	Investments in associated companies and joint ventures	4 352	4 469	4 370
361	360	330	Property, plant and equipment	497	488	501
			Non current assets held for sale	30	28	30
			Deduction for ntangible assets	67	56	63
425	637	471	Other assets	703	773	720
88 524	87 120	91 628	Total assets	93 542	89 210	90 501
Liabilities						
833	1 209	135	Deposits from credit institutions	133	1 198	818
53 924	53 665	57 192	Deposits from customers	57 163	53 637	53 870
21 165	19 487	20 888	Debt securities in issue	20 888	19 487	21 165
985	1 219	861	Financial derivatives	861	1 219	985
846	1 114	1 266	Other liabilities	1 527	1 373	1 128
83	146	83	Deferred tax liabilities	188	235	174
1 350	1 350	1 160	Subordinated loan capital	1 160	1 350	1 350
79 186	78 190	81 585	Total liabilities	81 920	78 499	79 490
Equity						
1 807	1 807	1 807	Equity Certificate capital	1 807	1 807	1 807
843	843	843	Equity Certificate premium reserve	843	843	843
		350	Hybrid capital	350		
1 657	984	1 310	Dividend Equalisation Fund	1 310	984	1 657
4 459	4 075	4 460	The Savings Bank's Fund	4 460	4 075	4 459
521	120	120	Donations	120	120	521
20	20	20	Fair value reserve	20	20	20
31	35	22	Other equity capital	1 696	1 877	1 704
	1 046	1 111	Result after tax	1 016	985	
9 338	8 930	10 043	Total equity	11 622	10 711	11 011
88 524	87 120	91 628	Total liabilities and equity	93 542	89 210	90 501

Changes in equity

(Amounts in NOK million)	PCC capital	Premium Fund	Hybrid capital	Dividend Equalisation Fund	Saving Bank's Fund	Donations Fund	Fair value reserve	Other equity	Period result	Minority interests	Total equity
Group											
Equity at 01.01.16	1 807	843		1 179	4 074	180	80	1 798			9 961
Total comprehensive income for the											
Period result				675	380	401		-203			1 253
<i>Other comprehensive income:</i>											
Effective part of change in fair market value in cash flow hedging				4	6						10
Net change in fair market value of financial assets available for sale							-60				-60
Tax on other comprehensive income					-1						-1
Total other comprehensive income				4	5		-60				-51
Total comprehensive income for the				679	385	401	-60	-203			1 202
Transactions with owners											
Equity issue											
Set aside for dividend payments											
Reversal of dividend payments											
Dividend paid				-201							-201
Other transactions								109			109
Payments from Donations Fund						-60					-60
Total transactions with owners				-201		-60		109			-152
Equity at 31.12.2016	1 807	843		1 657	4 459	521	20	1 704			11 011
Equity at 01.01.17	1 807	843		1 657	4 459	521	20	1 704			11 011
Total comprehensive income for the											
Period result									1 016		1 016
<i>Other comprehensive income:</i>											
Interest hybrid capital								-7			-7
Net change in fair market value of investment in joint ventures								-1			-1
Actuarial gains (losses) on benefit-based pension schemes								-1			-1
Tax on other comprehensive income								2			2
Total other comprehensive income	0	0		0	0	0	0	-7	0		-7
Total comprehensive income for the period								-7	1 016		1 009
Transactions with owners											
Dividend paid				-346							-346
Other transactions			350	-1	1						350
Payments from Donations Fund						-401		-1			-402
Total transactions with owners			350	-347	1	-401		-1			-398
Equity at 30.09.17	1 807	843	350	1 310	4 460	120	20	1 696	1 016		11 622

ECC ratio overall

Parent Bank	(01.01.12)	(01.01.13)	(adjusted)				
(Amounts in NOK million)	31.12.11	31.12.12	01.01.13	31.12.13	31.12.14	31.12.15	31.12.16
Equity Certificate capital	1 655	1 655	1 681	1 807	1 807	1 807	1 807
Equity Certificate premium reserve	245	245	344	843	843	843	843
Dividend Equalisation Fund	319	453	380	685	1 011	1 193	1 657
Set aside dividend	-93	-76	0	0	-191	-201	-346
Share Fund Fair Value Options	-14	-33	-33	0	0	38	8
A. Equity attributable to Equity Certificate holders of the Bank	2 112	2 244	2 372	3 335	3 470	3 680	3 969
The Savings Bank's Fund	2 902	3 107	3 081	3 593	3 954	4 096	4 459
Allocated dividends to ownerless capital	-107	-30	0	0	-212	-60	-401
Donations	133	120	120	119	119	180	521
Share Fund Fair Value Options	-20	-45	-45	0	0	42	12
B. Total ownerless capital	2 908	3 152	3 156	3 712	3 861	4 258	4 591

Statement of cash flows

Parent Bank			Group		
(Amounts in NOK million)					
31.12.16	30.09.16	30.09.17	30.09.17	30.09.16	31.12.16
1 714	1 234	1 329	1 254	1 199	1 544
50	37	38	46	45	60
- 20	- 18	0	0	- 18	- 20
158	113	92	147	149	213
258	188	218	238	214	291
261	261	747	747	261	261
1 383	917	494	462	900	1 245
		Provided from the year's operations			
- 563	5	287	277	129	- 374
653	287	90	153	248	440
-6 341	-4 363	-2 618	-3 223	-4 934	-6 837
1 111	554	- 631	- 629	715	1 277
5 779	5 550	3 268	3 293	5 550	5 778
- 965	- 620	- 698	- 685	- 618	- 967
1 057	2 330	192	- 352	1 990	562
		A. Net liquidity change from operations			
- 40	- 28	- 7	- 42	- 54	- 80
92	92	0	0	92	92
- 115	- 69	- 163	18	- 45	54
- 63	- 5	- 170	- 24	- 7	66
		B. Liquidity change from investments			
- 305	-1 983	- 277	- 277	-1 983	- 305
0	0	160	160	0	0
- 305	-1 983	- 117	- 117	-1 983	- 305
		C. Liquidity change from financing			
689	342	- 95	- 493	0	323
5 957	5 957	6 646	2 721	2 398	2 398
6 646	6 299	6 551	2 228	2 398	2 721
		= Liquid funds at the end of the period			

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

Result from the Group's quarterly accounts

(Amounts in NOK million)	3Q17	2Q17	1Q17	4Q16	3Q16	2Q16	1Q16	4Q15
Interest income	650	641	645	653	641	631	623	644
Interest costs	200	204	223	219	218	230	237	254
Net interest income	450	437	422	434	423	401	386	390
Fee- and commission income	250	235	211	213	228	226	204	217
Fee- and commission costs	23	20	21	22	22	22	19	19
Other operating income	28	33	34	43	22	45	28	24
Net fee-, commission and other operating income	255	248	224	234	228	249	213	222
Dividend	0	4	0	1	0	73	0	0
Income from investments	109	78	65	76	94	109	87	98
Net gain from investments in securities	10	27	50	39	63	- 26	- 7	- 52
Net income from financial investments	119	124	115	116	157	156	80	46
Total income	824	809	761	784	808	806	679	658
Personnel costs	184	169	172	195	170	161	163	289
Administration costs	98	96	96	100	86	95	95	104
Ordinary depreciation	15	16	15	15	15	16	14	14
Other operating costs	45	44	43	65	45	46	39	44
Total costs	342	325	326	375	316	318	311	451
Result before losses	482	484	435	409	492	488	368	207
Losses	59	44	44	64	61	64	24	92
Net gain from sale of financial fixed assets	0	0	0	0	0	0	0	0
Result before tax	423	440	391	345	431	424	344	115
Tax	76	84	78	77	74	71	69	- 17
Result non-current assets held for sale	0	0	0	0	0	0	0	5
Result after tax	347	356	313	268	357	353	275	133
Profitability								
Return on equity capital	12.12 %	13.03 %	11.60 %	9.87 %	13.56 %	13.82 %	10.98 %	5.16 %
Interest margin	1.90 %	1.86 %	1.85 %	1.93 %	1.87 %	1.78 %	1.77 %	1.84 %
Cost/income	41.50 %	40.17 %	42.84 %	47.83 %	39.11 %	39.45 %	45.80 %	68.54 %
Balance sheet figures								
Loans and advances to customers	73 902	73 471	71 294	70 763	68 905	67 861	65 357	64 053
Growth in loans and advances to cust. incl. commission loans past 12 months	9.0 %	9.2 %	8.4 %	8.9 %	6.3 %	5.1 %	5.0 %	4.0 %
Deposits from customers	57 163	58 634	54 261	53 870	53 637	55 666	50 523	48 087
Growth in deposits from customers past 12 months	6.6 %	5.3 %	7.4 %	12.0 %	11.7 %	10.8 %	9.3 %	5.1 %
Deposits as a percentage of gross lending	77.3 %	79.8 %	76.1 %	76.1 %	77.8 %	82.0 %	77.3 %	75.1 %
Deposits as a percentage of gross lending including commission loans	56.1 %	58.7 %	55.8 %	55.9 %	57.4 %	60.8 %	56.3 %	54.4 %
Average assets	93 085	92 933	91 489	89 168	88 835	88 710	87 046	84 039
Total assets	93 542	95 822	92 476	90 501	89 210	92 038	88 688	85 403
Losses on loans and commitments in default								
Losses on loans to customers as a percentage of gross loans incl. commission loans	0.23 %	0.18 %	0.18 %	0.27 %	0.26 %	0.28 %	0.11 %	0.42 %
Commitments in default as a percentage of gross loans incl. commission loans	0.26 %	0.31 %	0.26 %	0.31 %	0.44 %	0.54 %	0.28 %	0.30 %
Commitments at risk of loss as a percentage of gross loans incl. commission loans	0.21 %	0.22 %	0.26 %	0.22 %	0.23 %	0.10 %	0.20 %	0.27 %
Net comm. in default and at risk of loss as a per. of gross loans incl. commission loans	0.33 %	0.36 %	0.36 %	0.37 %	0.51 %	0.49 %	0.36 %	0.39 %
Solidity								
Total regulatory Capital %	18.3 %	18.5 %	18.5 %	18.4 %	17.7 %	17.1 %	16.9 %	17.2 %
Tier I Capital %	16.0 %	16.2 %	16.3 %	16.3 %	15.6 %	15.0 %	14.9 %	15.1 %
Tier I capital	10 485	10 565	10 213	10 267	10 361	9 360	9 130	9 110
Equity and related capital resources	11 928	12 039	11 610	11 229	10 783	10 674	10 411	10 358
Adjusted risk-weighted assets base	65 351	65 125	62 590	61 120	60 798	62 479	61 425	60 328

Notes

Note 1 - Accounting policies

The Group's interim financial statements in 2017 have been prepared in accordance with the International Financial Reporting Standards (IFRS) approved by EU, including IAS 34 relating to interim reporting. The Group's accounting policies and calculation methods remain essentially unchanged from the accounting year 2016.

The interim financial statements do not cover all the information required in complete financial statements and should be read in conjunction with the annual financial statements for 2016.

The interim financial statements have not been audited.

Note 2 - Important accounting estimates and discretionary judgements

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

Note 3 - Changes in group structure

In 2nd quarter 2017 SpareBank 1 Nord-Norge has sold SpareBank 1 Nord-Norge Forvaltning ASA to SpareBank 1 Markets.

On 27.02.17, SpareBank 1 Markets announced the establishment during 2017 of an asset management function as a separate business area originating in the asset management environment in Trondheim and Tromsø SpareBank 1 Markets is purchasing Allegro Kapitalforvaltning in Trondheim and SpareBank 1 Nord-Norge Forvaltning in Tromsø from SpareBank 1 SMN and SpareBank 1 Nord-Norge respectively. The two companies will be merged to spearhead SpareBank 1 Markets' venture into asset management with total assets of close to NOK 10 billion.

After the purchase, SpareBank 1 Nord-Norge, which owns 9.99 % as of 31.12.16, will hold around 13 per cent of the shares in SpareBank 1 Markets.

Note 4 - Business Areas

Financial governance in SpareBank 1 Nord-Norge is geared to the customer segments retail customers and corporate customers. The follow-up of customer relationships and profitability is important when making strategic priorities and allocating resources. Reported figures for the different segments will reflect the total sales of banking products and services to the customer segments. Subsidiaries operating outside traditional banking operations are reported as unallocated. This also includes results and changes in equity from joint ventures.

Group

(Amounts in NOK million)

						30.09.17
	Retail Banking	Corporate Banking	Leasing	Markets	Unallocated	Total
Net interest income	593	384	154	0	178	1 309
Net fee- and commission income	313	21	0	0	298	632
Other operating income	214	45	0	34	160	453
Operating costs	649	97	44	16	187	993
Result before losses	471	353	110	18	449	1 401
Losses	19	73	55	0	0	147
Result before tax	452	280	55	18	449	1 254
Loans and advances to customers	46 694	21 903	5 305	0	0	73 902
Individual write-downs for impaired value on loans and advances to customers	- 11	- 101	- 25	0	0	- 137
Collective write-downs for impaired value on loans and advances to customers	- 65	- 366	- 22	0	0	- 453
Other assets	0	3 521	0	0	16 709	20 230
Total assets per business area	46 618	24 957	5 258	0	16 709	93 542
Deposits from customers	32 206	24 957	0	0	0	57 163
Other liabilities and equity capital	14 412	0	5 258	0	16 709	36 379
Total equity and liabilities per business area	46 618	24 957	5 258	0	16 709	93 542

30.09.16

Net interest income	585	362	147	0	116	1 210
Net fee- and commission income	282	16	0	0	297	595
Other operating income	195	48	0	16	229	488
Operating costs	654	86	40	4	161	945
Result before losses	408	340	107	12	481	1 348
Losses	8	105	36	0	0	149
Result before tax	400	235	71	12	481	1 199
Loans and advances to customers	43 232	20 779	4 894	0	0	68 905
Individual write-downs for impaired value on loans and advances to customers	- 12	- 100	- 47	0	0	- 159
Collective write-downs for impaired value on loans and advances to customers	- 47	- 263	- 14	0	0	- 324
Other assets	0	2 901	45	0	17 842	20 788
Total assets per business area	43 173	23 317	4 878	0	17 842	89 210
Deposits from customers	30 320	23 317	0	0	0	53 637
Other liabilities and equity capital	12 853	0	4 878	0	17 842	35 573
Total equity and liabilities per business area	43 173	23 317	4 878	0	17 842	89 210

Note 5 - Capital Adequacy

The Group follows the EU's capital adequacy rules for banks and investment companies, CRD IV/CRR (the Capital Requirements Directive/Capital Requirements Regulation). The use of IRB (the Internal Rating Based approach) places great demands on the Bank's organisation, competence, risk models and risk management systems. Since 2015, SpareBank 1 Nord-Norge has been authorised by the Financial Supervisory Authority of Norway to use the Advanced Internal Rating Based approach, which means that the Bank can use internal models for loss levels in the corporate market portfolio to calculate the necessary requirements for tied-up capital.

The Financial Supervisory Authority of Norway has issued transitional rules for IRB banks that do not get the full effect of reduced regulatory capital requirements where the risk-weighted calculation basis under the new rules is lower than the calculation basis under the old capital calculation (Basel I). The calculation basis can then be adjusted upwards (a correction for the 'floor') to 80% of calculation basis according to Basel I.

In the calculation of capital adequacy, the same rules do not apply to consolidation of associates or joint ventures as for the accounts. The Group uses proportional consolidation for its capital adequacy reporting of the participations in SpareBank 1 Boligkreditt, SpareBank 1 Næringskreditt, SpareBank 1 Kredittkort and BN Bank.

SpareBank 1 Nord-Norge's goal is to maintain unquestionable financial strength and satisfy the official minimum requirements for capital adequacy. The Group's long-term goal for the common equity tier 1 capital ratio is 14.5%.

Parent Bank			Group			
(Amounts in NOK million)						
31.12.16	30.09.16	30.09.17		30.09.17	30.09.16	31.12.16
1 807	1 807	1 807	Equity certificates	1 807	1 807	1 807
0	0	0	- Own equity certificates	0	0	0
843	843	843	Premium reserve	843	843	843
1 657	984	1 310	Equalisation reserve	1 310	984	1 657
4 459	4 075	4 460	Savings bank's reserve	4 460	4 075	4 459
521	120	120	Endowment fund	120	120	521
20	20	20	Deduction Fund for unrealised gains available for sale	20	20	20
31	35	29	Other equity	1 696	1 877	1 704
0	1 046	1 111	Period result	1 016	985	0
9 338	8 930	10 043	Total equity	11 622	10 711	11 011
0	-1 046	-1 111	Period result	-1 016	-985	0
Additional Tier 1 Capital (AT 1 Capital)						
-750	0	0	Deduction for allocated dividends	0	0	-750
0	0	0	Adjusted Tier 1 Capital from consolidated financial institutions	-132	5	-116
0	0	0	Deduction for ntangible assets	-118	-60	-67
-21	-21	-19	Adjustments to CET 1 due to prudential filters	-24	-35	-33
-95	-82	-96	Deduction defined benefit pension fund assets gross amounts	-101	-84	-99
0	0	0	IRB shortfall of credit risk adjustments to expected losses	0	-118	-64
0	0	0	Expected losses on IRB, net of writedowns	0	0	0
0	0	0	50 % deduction for subordinated capital in other financial institutions	0	0	0
0	0	-22	CET1 instruments of financial sector entities where the institution has	-299	-731	-727
-26	-102	0	Deduction for CET 1 instruments of financial sector institutions with a significant investment over 10 % treshold limit	0	0	0
8 446	7 679	8 773	Common equity Tier 1 Capital (CET 1 Capital)	9 582	8 703	9 155
500	500	607	Hybrid Tier 1 bonds	907	803	800
0	0	0	Own Hybrid Tier 1 bonds	-4	-5	-4
8 946	8 179	9 052	Additional Tier 1 Capital (AT 1 Capital)	10 485	9 501	9 951
31.12.16	30.09.16	30.09.17	Tier 2 Capital (T2 Capital)	30.09.17	30.09.16	31.12.16
850	850	903	Nonperpetual subordinated capital	1 352	1 366	1 361
1	14	103	Expected losses on IRB, net of writedowns	136	0	0
-61	-60	-61	Deduction for subordinated capital in other financial institutions with a significant investment	-45	-84	-83
790	804	945	Tier 2 Capital (T2 Capital)	1 443	1 282	1 278
9 736	8 983	9 997	Equity and related capital resources	11 928	10 783	11 229
Minimum requirements subordinated capital, Basel I I						
778	757	809	Specialised lending exposure	899	757	878
96	100	90	Other corporations exposure	100	100	123
359	341	338	SME exposure	345	348	367
898	894	893	Property retail mortgage exposure	1 242	1 180	1 254
69	35	62	Other retail exposure	64	37	71
368	362	359	Equity investments	13	14	12
2 568	2 489	2 551	Total credit risk	2 662	2 436	2 705
621	674	546	Credit risk standardised approach	1 132	1 270	1 165
12	13	10	Debt risk	10	13	12
6	3	6	Equity risk	8	3	6
294	294	329	Operational risk	322	296	296
24	24	26	Credit Value Adjustment	69	50	47
0	0	0	Transitional arrangements	1 025	799	659
0	0	0	Deductions	0	0	0
3 525	3 497	3 469	Minimum requirements subordinated capital	5 228	4 867	4 890
44 063	43 697	43 357	RWA (Risk weighted assets)	65 351	60 798	61 120
Total regulatory Capital						
22.10 %	20.56 %	23.06 %	Total regulatory Capital	18.25 %	17.74 %	18.37 %
20.30 %	18.72 %	20.88 %	Tier 1 Capital	16.04 %	15.63 %	16.28 %
1.79 %	1.84 %	2.18 %	Tier 2 Capital	2.21 %	2.11 %	2.09 %
19.17 %	18.77 %	20.77 %	Common Equity Tier I - incl share of period result	15.44 %	15.12 %	14.98 %
9.99 %	9.12 %	10.28 %	Leverage Ratio incl share of period result	7.71 %	6.60 %	6.98 %

Note 6 - Net bad and doubtful commitments

(Amounts in NOK million)

Parent Bank				Group		
31.12.16	30.09.16	30.09.17		30.09.17	30.09.16	31.12.16
267	356	262	Non-performing commitments	263	415	301
280	291	284	+ Other doubtful commitments	215	222	211
547	647	546	+ Total commitments in default and doubtful commitments	478	637	512
78	186	76	- Individual write-downs on non performing commitments	70	84	93
61	75	67	- Other doubtful individual write-downs	67	75	61
139	261	143	+ Total individual write-downs	137	159	154
408	386	403	= Net commitments in default and doubtful commitments	341	478	358
25 %	40 %	26 %	Loan loss provision ratio	29 %	25 %	30 %

Note 7 - Losses incorporated in the accounts

(Amounts in NOK million)

Parent Bank				Group		
31.12.16	30.09.16	30.09.17		30.09.17	30.09.16	31.12.16
			+ Increase in loss provisions for commitments against which Period's change in individual write-down for impaired value	0		
			+ Loss provisions for commitments against which specific			
- 188	- 67	6	+ Period's change in individual write-down for impaired value	8	- 35	- 15
122	74	72	+ Period's change in collective write-down for impaired value	78	75	125
221	90	20	+ Period's confirmed losses against which individual write-downs were previously made	20	61	82
9	23	1	+ Period's confirmed losses against which individual write-downs were previously not made	3	55	11
9	7	7	- Recoveries in respect of previously confirmed losses	7	7	11
158	113	92	= Total losses on loans	147	149	213
			+ Other losses			
158	113	92	= Total losses	147	149	213

Note 8 - Losses broken down by sector and industry

(Amounts in NOK million)

Parent Bank				Group		
31.12.16	30.09.16	30.09.17		30.09.17	30.09.16	31.12.16
- 1	- 5	12	Real estate	12	- 5	- 1
- 7	11	2	Financial and insurance activities	2	11	- 7
27	12	- 23	Fishing and aquaculture	- 23	12	27
85	54	57	Manufacturing	57	54	85
6	0	1	Agriculture and forestry	1	0	7
- 5	- 5	4	Power and water supply and construction	5	- 5	- 5
13	13	- 3	Service industries	1	40	13
27	21	27	Transportation	27	21	60
- 1	0	1	Commodity trade, hotel and restaurant industry	1	0	- 1
144	101	78	Total public market	83	128	178
20	16	20	Total retail market	25	22	25
164	117	98	Losses on loans to customers	108	150	203
- 9	- 5	- 6	Recoveries from previously written off losses	- 6	- 7	- 11
3	3	0	Other losses	45	3	21
158	113	92	Net losses	147	146	213

Note 9 - Loans broken down by sector and industry

(Amounts in NOK million)

Parent Bank				Group		
31.12.16	30.09.16	30.09.17		30.09.17	30.09.16	31.12.16
8 075	8 037	8 909	Real estate	8 792	7 814	8 405
1 367	1 221	1 650	Financial and insurance activities	1 650	1 224	1 600
3 721	2 997	3 401	Fishing and aquaculture	3 742	3 326	4 001
1 784	1 938	1 741	Manufacturing	1 989	2 176	1 956
1 032	1 007	1 057	Agriculture and forestry	1 158	1 089	1 112
1 524	1 435	1 168	Power and water supply and construction	1 782	1 949	1 930
1 158	1 173	1 354	Service industries	1 944	1 867	1 571
3 773	3 713	3 571	Transportation	4 350	4 459	4 435
1 280	1 266	1 389	Commodity trade, hotel and restaurant industry	1 702	1 534	1 495
23 714	22 787	24 240	Total public market	27 109	25 438	26 505
42 329	41 298	44 440	Total retail market	46 694	43 232	44 123
123	223	90	Total government	99	235	135
66 166	64 308	68 770	Total gross lending to customers	73 902	68 905	70 763
- 139	- 261	- 143	Individual write-downs for impaired value	- 137	-159	-154
- 357	- 310	- 431	Collective write-downs for impaired value	- 453	-324	-373
65 670	63 737	68 196	Net loans to customers	73 312	68 422	70 236

Note 10 - SpareBank 1 Boligkreditt

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

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

Note 11 - Implementation of IFRS 9 Financial Instruments

IASB (International Accounting Standards Board) has decided that a new IFRS 9 *Financial Instruments* (International Financial reporting Standards) should replace the existing IAS 39 *Financial Instruments: Recognition and Measurement* (International Accounting Standards). IFRS 9 entails changes in relation to the current standard with respect to the classification and measurement of financial instruments, writing down financial assets, and hedge accounting. The standard will come into force on 1 January 2018.

In the current regulations with the "incurred loss model", financial assets must be written down at the time when an objective loss event has occurred. According to the new IFRS (International Financial Reporting Standards) 9, provisions for expected losses must be made based on relevant information that is available at the time of reporting, including historical, current and future information. This means that the loss will be shown in the financial statements before a loss event has occurred and that future expectations will be included in the calculations.

International surveys have been conducted of the expected effects of transitioning to the new model. These show that the expected loss provisions under IFRS 9 may be greater than the expected losses using the IRB method pursuant to the Basel rules, and the level of recognised loss provisions today. The Group has started preparing for implementation and an impact assessment of this. In 2016, work was done on models and clarifications relating to valuation, classification, etc. The work on the models and analysis of the financial consequences continues in 2017. The Group is not expecting the new standard to have significant effects on the balance sheet or equity.

Note 12 - Financial derivatives

Parent Bank and Group

(Amounts in NOK million)

Interest rate swaps:

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

Foreign exchange derivatives:

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

Currency swaps:

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

Interest rate- and currency swap agreements:

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

Options:

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

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

Fair value hedging transactions	30.09.17	30.09.16	31.12.16
Net loss charged to the statement of comprehensive income in respect of hedging instruments in connection with actual value	21	0	195
Total gain from hedging objects relating to the hedged risk	- 28	0	- 191
Total fair value hedging transactions	- 7	0	4

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

	30.09.17 Fair value			30.09.16 Fair value			31.12.16 Fair value		
	Contract	Assets	Liabilities	Contract	Assets	Liabilities	Contract	Assets	Liabilities
Foreign currency instruments									
Foreign exchange financial derivatives (forwards)	1 445	14	7	2 226	33	26	2 143	14	9
Currency swaps	14 832	175	62	13 469	221	175	13 467	193	47
Currency options									
Total non-standardised contracts	16 276	189	69	15 695	254	201	15 610	207	56
Standardised foreign currency contracts (futures)									
Total foreign currency instruments	16 276	189	69	15 695	254	201	15 610	207	56
Interest rate instruments									
Interest rate swaps (including cross currency)	24 933	612	760	27 168	715	986	26 701	685	913
Short-term interest rate swaps (FRA)									
Other interest rate contracts	366	18	23	501	27	32	480	15	16
Total non-standardised contracts	25 299	630	783	27 669	742	1 018	27 181	700	929
Standardised interest rate contracts (futures)									
Total interest rate instruments	25 299	630	783	27 669	742	1 018	27 181	700	929
Hedging of funding loans									
Foreign currency instruments									
Foreign exchange financial derivatives (forwards)									
Currency swaps									
Total, non-standardised contracts									
Standardised foreign currency contracts (futures)									
Total foreign currency instruments									
Interest rate instruments									
Interest rate swaps (including cross currency)	12 462	435	9	10 749	548		11 963	483	
Short-term interest rate swaps (FRA)									
Other interest rate contracts									
Total, non-standardised contracts	12 462	435	9	10 749	548		11 963	483	
Standardised interest rate contracts (futures)									
Total interest rate instruments	12 462	435	9	10 749	548		11 963	483	
Total interest rate instruments	37 761	1 065	792	38 418	1 290	1 018	39 144	1 183	929
Total foreign currency instruments	16 276	189	69	15 695	254	201	15 610	207	56
Total	54 037	1 254	861	54 113	1 544	1 219	54 754	1 390	985

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

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

At 30.09.17 the net figures were:

Category/counte	Gross amount	Offset amount	Net amount	Net amount to be posted at bankruptcy or default	Net credit exposure
(Amounts in NOK million)	A	B	C=A+B	D	E=C-D
Financial derivat	19 107	18 755	352	0	352
Financial derivat	17 268	16 683	585	0	585

Note 14 - Liquidity risk

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

The Group's liquidity risk is revealed, except in the case of raising external financing, through the Bank's liquidity reserve/buffer.

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 3.18 years as of 30 September 2017.

The short-term liquidity risk measurement, liquidity coverage ratio (LCR), was 119 % as of the end of the quarter.

Note 15 Pensions

The SpareBank 1 Nord-Norge Group has two types of pension agreements for its employees: defined benefit-based and defined contribution-based plans.

The plans are described in more detail in the note 25 to the annual financial statements.

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

<i>Assumptions</i>	30.09.17	30.09.16	31.12.16
Discount rate	2.60 %	2.70 %	2.60 %
Expected return on pension assets	2.60 %	2.70 %	2.60 %
Future salary growth rate	1.50 %	2.25 %	1.50 %
Adjustment of NI basic amount (G)	2.25 %	2.25 %	2.25 %
Pension adjustment	0.00 %	0.00 %	0.00 %
Employer's NI liability	14.10 %	14.10 %	14.10 %
Employer's NI cost	14.10 %	14.10 %	14.10 %
Finansskatt	5.00 %		5.00 %
Voluntary leaving over 50 years old	0.00 %	0.00 %	0.00 %
Voluntary leaving up to 50 years old	0.00 %	0.00 %	0.00 %
Expected statutory early retirement pension (AFP) acceptance from age 62	50.00 %	90.00 %	50.00 %
	K2013BE	K2013BE	K2013BE
Mortality, marriage probability, etc.	IR2003	IR2003	IR2003

Group			
Amounts in NOK million			
Net pension liabilities in the balance sheet	30.09.17	30.09.16	31.12.16
Present value of future pension liabilities	747	796	747
Estimated value of pension assets	910	935	910
Net pension liabilities in fund-based plans	-163	-139	-163
Unrecognised estimate deviations (possible actuarial gains and losses)	0	0	0
Employer's NI contributions	1	1	0
Net pension liabilities/assets in the balance sheet	- 162	- 138	- 163
Pension costs for the period			
Accrued defined benefit-based pensions	4	8	10
Interest costs on pension liabilities	6	10	21
Expected return on pension assets	-5	-10	-25
Estimate deviations recognised in the period			
Effect of changed pension plan			
Net defined benefit-based pension costs without employer's NI contributions	5	8	6
Accrued employer's NI contributions	1	1	4
Net defined benefit-based pension costs recognised through profit or loss	6	9	10
Curtailment/settlement			-1
Other pension costs	24	14	40
Total pension costs including employer's NI Insurance contribution	30	23	49
Movement in net pension liabilities from benefit-based plan recognised in balance sheet			
Net pension liabilities in the balance sheet as of 01.01	-163	-141	-141
Correction against equity OB	6		12
Correction against equity CB			-10
Net defined benefit-based pension costs recognised through profit or loss	3	9	10
Curtailment/settlement			1
Paid directly from operations	-4	-9	-5
Receipts - pension premiums defined benefit-based plans		-30	-30
Net pension liabilities/assets in the balance sheet	-158	-171	-163
Other pension liabilities (early retirement pensions)	35	43	32
Net total pension liabilities	-123	-128	-131

Note 16 Classification of financial instruments stated at fair value

Financial instruments at fair value are classified at different levels:

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

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

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

Group	Level 1	Level 2	Level 3	Total
(Amounts in NOK million)				
Assets 30.09.17				
Loans to and receivables from customers at fair value (fixed-rate loans)			7 099	7 099
Shares	112		92	204
Bonds	7 551	4 854		12 405
Financial derivatives		1 529		1 529
Total assets	7 663	6 383	7 191	21 237
Liabilities as of 30.09.17				
Financial derivatives		940		940
Total liabilities		940		940
<i>Assets 30.09.16</i>				
Loans to and receivables from customers at fair value (fixed-rate loans)			7 405	7 405
Shares	101		171	272
Bonds	6 230	6 656		12 886
Financial derivatives		1 953		1 953
Total assets	6 331	8 609	7 576	22 516
<i>Liabilities as of 30.09.16</i>				
Financial derivatives		1 364		1 364
Total liabilities	0	1 364	0	1 364

Changes in instruments at fair value, level 3:	Financial assets				Financial liabilities
	Fixed-rate loans	Shares	Bonds	Financial derivatives	Financial derivatives
(Amounts in NOK million)					
Carrying amount as of 30.09.16	7 405	171			0
Net gains on financial instruments	- 117				
Additions/acquisitions	1 546	32			
Disposals	-1 735	- 111			
Transferred from level 1 or level 2					
Carrying amount as of 30.09.17	7 099	92	0	0	0

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

Note 17 - Subsidiaries

(Amounts in NOK 1 000)

	Share of Eq.%	Profit from ordinary operations befor tax			Equity		
		30.09.17	30.09.16	31.12.16	30.09.17	30.09.16	31.12.16
SpareBank 1 Finans Nord-Norge AS	100	54 659	70 757	86 012	805 601	715 079	729 113
SpareBank 1 Nord-Norge Portefølje AS	100	- 798	-44 013	-49 629	13 557	-4 456	14 359
EiendomsMegler 1 Nord-Norge AS	100	14 757	25 301	27 260	34 853	45 375	47 769
SpareBank 1 Nord-Norge Forvaltning ASA	0	1 656	1 732	2 640	0	8 633	9 314
SpareBank 1 Regnskapshuset Nord-Norge AS	100	15 312	11 361	13 125	38 443	21 810	23 217
Nord-Norge Eiendom IV AS	100	- 766	-1 018	-1 314	3 980	-14 612	4 562
Alsgården AS	100	- 6	-1 486	-2 058	8 147	8 543	8 151
Fredrik Langesg 20 AS	100	-462	543	539	7 557	8 121	8 118
Total		84 352	63 177	76 575	912 138	788 493	844 603

Note 18 - Other assets

(Amounts in NOK million)

Parent Bank				Group		
31.12.16	30.09.16	30.09.17		30.09.17	30.09.16	31.12.16
20	20	10	Reposessed assets	99	20	153
12	8	7	Accrued income	65	52	103
260	463	348	Prepayments	345	471	267
133	146	106	Other assets	194	230	197
425	637	471	Total other assets	703	773	720

Note 19 - Other liabilities

(Amounts in NOK million)

Parent Bank				Group		
31.12.16	30.09.16	30.09.17		30.09.17	30.09.16	31.12.16
267	576	383	Costs incurred	596	769	468
0	0	3	Provisioning against incurred liabilities and	25	13	25
579	538	880	Other liabilities	906	591	635
846	1 114	1 266	Total other liabilities	1 527	1 373	1 128

Note 20 - Deposits broken down by sector and industry

(Amounts in NOK million)

Parent Bank				Group		
31.12.16	30.09.16	30.09.17		30.09.17	30.09.16	31.12.16
2 608	2 952	3 246	Real estate	3 246	2 952	2 608
699	682	1 105	Financial and insurance activities	1 105	682	699
1 228	952	1 423	Fishing and aquaculture	1 423	952	1 228
700	639	733	Manufacturing	733	639	700
440	461	490	Agriculture and forestry	490	461	440
1 636	1 612	1 482	Power and water supply and construction	1 482	1 612	1 636
3 780	3 655	4 369	Service industries	4 340	3 627	3 726
1 635	1 710	1 611	Transportation	1 611	1 710	1 635
1 870	1 810	1 774	Commodity trade, hotel and restaurant industry	1 774	1 810	1 870
14 628	14 507	16 264	Total public market	16 235	14 479	14 574
30 561	30 320	32 206	Total retail market	32 206	30 320	30 561
8 735	8 838	8 722	Total government	8 722	8 838	8 735
53 924	53 665	57 192	Total gross lending to customers	57 163	53 637	53 870

Note 21 - Securities issued and subordinated loan capital ex. accrued interests.

Parent Bank and Group

(Amounts in NOK million)

Securities issued

	31.12.16	30.09.16	30.09.17
Certificates and other short-term borrowings			
Bond debt	21 165	19 487	20 888
Total debt securities in issue	21 165	19 487	20 888

	Statement of financial position 31.12.16	Issued 30.09.17	Matured/ redeemed 30.09.17	Exchange rate movements 30.09.17	Other adjustments 30.09.17	Statement of financial position 30.09.17
Changes in securities issued						
Certificates and other short-term borrowings						
Bond debt	21 165	5 119	-5 122	- 270	- 4	20 888
Total debt securities issued	21 165	5 119	-5 122	- 270	- 4	20 888

Subordinated loan capital and hybrid Tier 1 instruments

SpareBank 1 Norge-Norge has two hybrid tier 1 instruments of respectively NOK 257 mill, repaid from NOK 500 mill, and NOK 350 mill. The first loan is issued 19.12.2012 of NOK 257 mill (NOK 500 mill) with interest rate at 3 months NIBOR + 475 bp, and classified according to IAS 32 as financial liability. The second loan is issued 04.04.2017 of NOK 350 mill with interest rate at 3 months NIBOR + 330 bp, classified as equity capital, and presented as hybrid capital in balance sheet. Consequently, interests are not presented as interest costs in statement of income, but as other comprehensive income.

The terms of agreement for both hybrid capital instruments imply that they are included in Tier I capital for capital adequacy purposes.

	31.12.16	30.09.16	30.09.17
Hybrid Tier 1 instruments			
2099 3 mnd Nibor + 4,75 (Call opsjon 19.12.2017)	500	500	257
Total hybrid Tier 1 instruments	500	500	257

Subordinated loan capital

Subordinated loan capital with definite maturities	850	850	903
Total subordinated loan capital	850	850	903

Total subordinated loan capital and hybrid Tier 1 instruments	1 350	1 350	1 160
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	Statement of financial position 31.12.16	Issued 30.09.17	Matured/ redeemed 30.09.17	Exchange rate movements 30.09.17	Other adjustments 30.09.17	Statement of financial position 30.09.17
Changes in subordinated loan capital and hybrid Tier 1 instruments						
Subordinated loan capital with definite maturities	850	500	- 447			903
Hybrid Tier 1 instruments	500		- 243			257
Total subordinated loan capital and hybrid Tier 1 instruments	1 350	500	- 690			1 160

Note 22 - Equity Certificates (ECs)

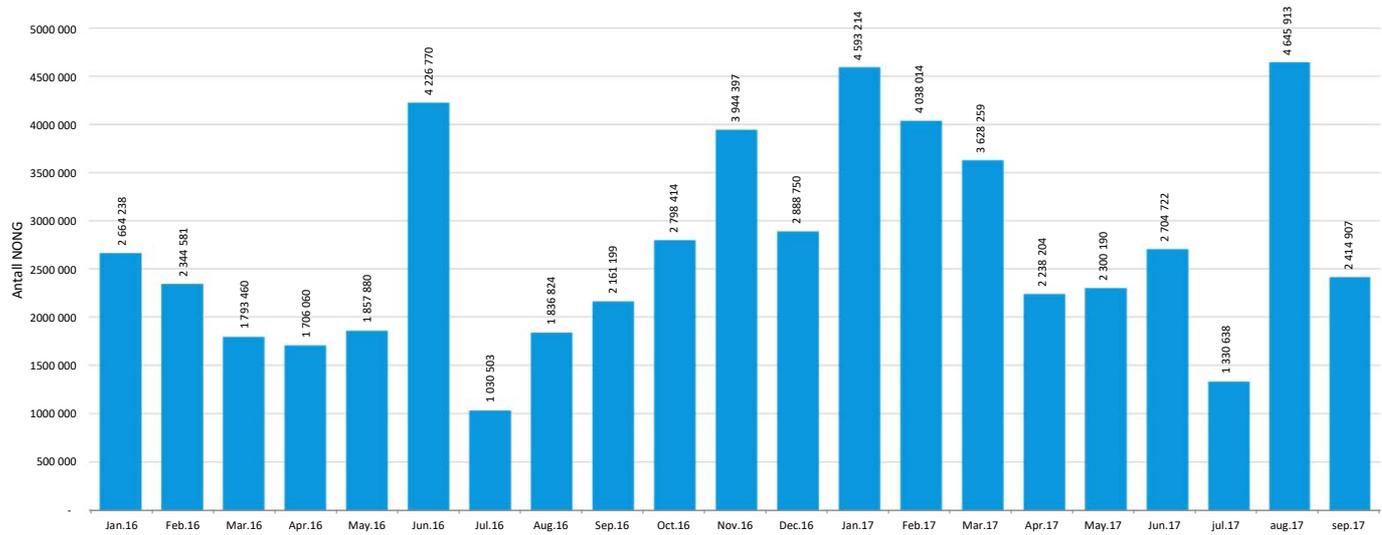
The 20 largest EC holders as at **30.09.17**

EC Holders	Number of ECs	Share of EC Capital
PARETO AKSJE NORGE	3 126 881	3.11%
MP PENSJON PK	2 697 811	2.69%
THE NORTHERN TRUST COMP, NON-TREATY ACCOUNT	2 585 681	2.58%
FLPS - PRINC ALL SEC	2 428 400	2.42%
VERDIPAPIRFONDET DNB NORGE (IV) V/DNB ASSET MANAGEMENT	2 380 839	2.37%
STATE STREET BANK AND TRUST COMP A/C CLIENT OMNIBUS F	2 327 220	2.32%
MORGAN STANLEY AND CO INTL PLC BNY MELLON SA/NV	1 921 394	1.91%
GEVERAN TRADING CO LTD	1 793 280	1.79%
METEVA AS	1 614 670	1.61%
POPE ASSET MANAGEMENT, LLC BNY MELLON SA/NV	1 428 577	1.42%
SPAREBANKSTIFTELSEN SPAREBANK 1 NORD-NORGE	1 411 606	1.41%
FORSVARETS PERSONELLSERVICE	1 391 630	1.39%
SKANDINAVISKA ENSKILDA BANKEN AB SEB AB, UCITS V	1 304 248	1.30%
VPF EIKA EGENKAPITALBEVIS C/O EIKA KAPITALFORVALTNING AS	1 114 924	1.11%
PARETO AS	970 659	0.97%
STATE STREET BANK AND TRUST COMP A/C WEST NON-TREATY ACC	896 954	0.89%
STATE STREET BANK AND TRUST COMP A/C CLIENT OMNIBUS D	846 994	0.84%
J.P. MORGAN BANK LUXEMBOURG	769 593	0.77%
STATE STREET BANK AND TRUST COMP S/A SSB CLIENT OMNI E	749 097	0.75%
STATE STREET BANK AND TRUST COMP A/C CLIENT OM80	724 646	0.72%
TOTAL	32 485 104	32.36%

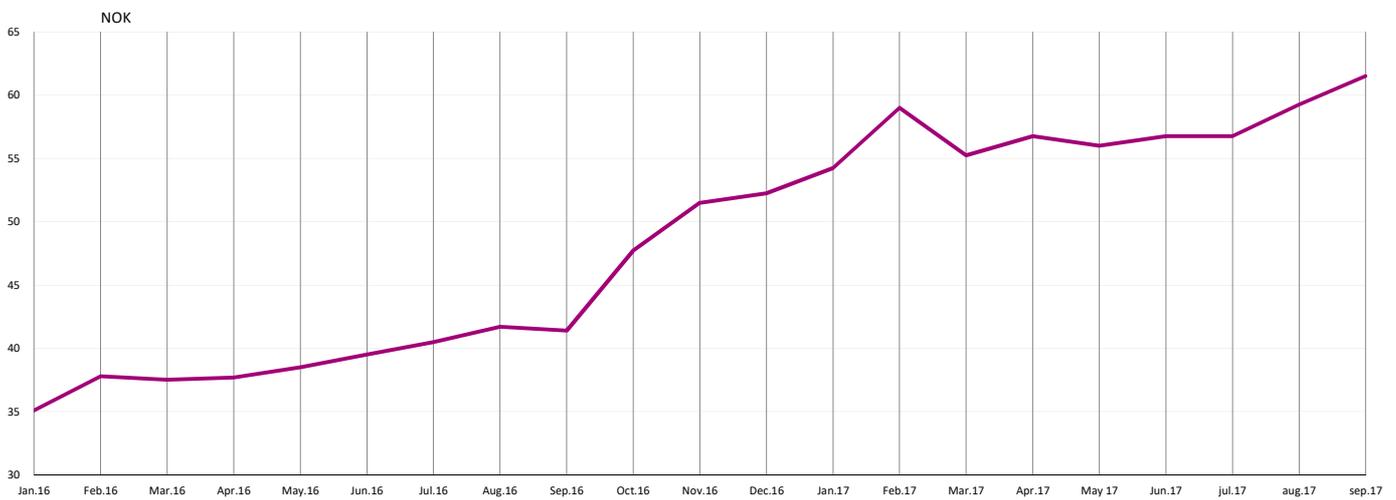
Dividend policy

The Bank's dividend policy states that the Bank aims to provide a competitive direct return for the Bank's owners (cash dividend and donations for socially beneficial purposes). The earlier limit of a payout ratio of a maximum of 50% of the Group's profit for the year has been cancelled. The future payout ratio will have to take into account the Group's capital adequacy and future growth. For 2017, the targeted payout ratio is minimum 50%.

Trading statistics



Price trend NONG



Note 23 - Hendelser etter balansedagen

No 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.