Annual Report 2023

Contents

Key figures

Net income before tax
NOK 650 MILLION

Return on equity
10.4%

12-month lending growth
1.7%

12-month deposit growth
-1.8%

Total assets
NOK 36.9 BILLION

Solvency ratio
18.2%
Common Equity Tier 1 capital ratio

Green asset ratio (GAR)
3.2%

Gender distribution among the Management Group and Board of Directors % (women/men)
58/42

The Transparency Act
62
Supplier due diligence processes completed

The Bank's Board of Directors

Bjørn Krane
CHAIR
Board member since 2020.

Rolf Eigil Bygdnes
DEPUTY CHAIR
Board member since 2020.

Siw Moxness
BOARD MEMBER
Board member since 2019.

Marianne Terese Steinmo
BOARD MEMBER
Member of the Board since 2016 and deputy member 2015-2016.

Audhild Bang Rande
REGULARLY ATTENDING DEPUTY MEMBER
Regularly attending deputy member since 2023.

Ann-Helen Baadstrand
BOARD MEMBER
Board member since 2022.

Solrun Johansen
BOARD MEMBER - EMPLOYEE REPRESENTATIVE
Board member since 2022.

Kenneth Normann
BOARD MEMBER - EMPLOYEE REPRESENTATIVE
Board member since 2022.

The Bank's Management Group

Hanne Nordgaard
CHIEF EXECUTIVE OFFICER
Appointed in 2017.

Anne Ekroll
CHIEF FINANCE OFFICER
Appointed in 1994.

Bjørn Tore Brønlund
CORPORATE MARKET DIRECTOR
Appointed in 1993.

Dag-Hugo Heimstad
RETAIL MARKET DIRECTOR
Appointed in 2006.

Øyvind Karlsen
BUSINESS DEVELOPMENT DIRECTOR
Appointed in 2013.

Cecilie Johnsen
RISK MANAGEMENT DIRECTOR
Employed from 2023.

Remarks from the CEO

2023 was another unusual year. In Norway, the year was characterised by high inflation, frequent interest rate hikes and lower financial growth expectations, for both companies and individuals. While the economic challenges in Norway throughout 2023 were serious, 2023 will still be remembered for the humanitarian crises facing the global community. The wars in Ukraine and the Gaza Strip have made a strong impression, as has the perspective of how important an open and democratic society is, and, not least, how much maintaining one can cost.

The Bank made an important strategic choice in 2020 and became part of the SpareBank 1 Alliance. The aim was to ensure that the Bank will remain just as independent in the future. The decision to join the Alliance stemmed from changes in the banking industry's framework conditions. The regulatory requirements imposed on banking operations in Europe and Norway are being tightened as regards both solvency and sustainability. Digitalisation and automation of banking services are necessitating major investments in IT infrastructure. Competition for customers is intensifying, and local banks must deliver customer experiences and conditions which are at least on a par with both national and international competitors. The responsibilities of banks to prevent money laundering and terrorist financing, mitigate climate-related risk and promote sustainable growth in the economy are becoming increasingly important issues. Size matters when it comes to competitiveness in the banking industry, and a close and binding partnership between a number of banks will offer customers a better solution. Sustainability is an area within which we as a local bank have taken great strides forward this year, both on our own behalf and on behalf of businesses in Helgeland, and in order to help achieve the EU's sustainability objectives. This work will be stepped up over the coming years.

The Bank's vision remains unchanged, SpareBank 1 Helgeland shall be a driving force for growth in Helgeland. As the local bank for the whole of Helgeland, the Bank is interested in the driving forces behind growth, where cooperation is absolutely vital. We believe in cooperation between people, between businesses, between the urban centres of Helgeland, between rural and urban areas, and between municipalities and businesses. It is through cooperation that we can find good solutions. Thus, an important measure in the Helgeland Pledge is precisely to create meeting places in order to bring about future new commercial development and offshoots.

Access to labour is one of the most important factors for successfully establishing companies and the development we want to see in Helgeland. There is a shortage of labour in both the private and public sectors across Helgeland, and we are now even more dependent than ever before on recruiting new people to Helgeland. We need people who want to move to Helgeland and settle here with their family. The inward migration of people will be decisive in determining whether Helgeland can be successful going forward.

SpareBank 1 Helgeland returns a great deal of value back to the local community through dividends on our community-owned capital and dividends for our local equity certificate holders. Dividends on the community-owned capital in the form of donations to sustainable and good causes in sport, culture, knowledge and societal development. This benefits all 18 municipalities and provides a driver for growth in volunteerism, well-being and quality of life in Helgeland. Well-being and quality of life will not necessarily lead to more people moving to Helgeland, but they will undoubtedly result in more people choosing to stay. That said, we are consciously working to strengthen input factors which will also help to raise the profile of Helgeland outside the region's borders, and we will continue to do so. A more detailed description of the Bank's donations and sponsorship activities is available as part of the Bank's sustainability report.

Growth is generated when the business sector dares to take risks, invest and innovate. This requires secure and stable framework conditions, in addition to access to customers and markets to sell what is produced, access to sufficient labour with the right skills and access to sustainable solutions and capital. Despite delays to and postponements of billions in investment in the region, the Bank still believes that these investments are coming and that they will result in positive developments in the region. The establishment of new companies triggers optimism and, historically, we know that activity breeds activity and that this will benefit the whole of Helgeland over time.

Like capital, labour and competence are important for generating growth. Access to capital going forward will depend on the inherent climate footprint and sustainability risk of the company and the investment. The EU's sustainable finance taxonomy has been incorporated into Norwegian law and will help steer capital towards sustainable industries and purposes.

Local savings banks fulfil a very special role as regards capital for local business sectors. Local savings bank lives off, and alongside, local business communities. While international and national banks often retreat to their head offices in difficult times, local banks have nowhere else to be other than in their community. Local banks know their customers, trust their customers and are keen to stick with their customers through both the good and the challenging times. We live close to the business community and make an effective contribution by making good judgements. This is because we have many employees with a high level of expertise in the business sector and because we give business leaders the feedback they need in order to run their businesses.

Helgeland has a well-diversified business sector, with a good balance between a vibrant and export-oriented private sector and a stabilising public sector. Salmon farming and our industrial companies are the driving forces in Helgeland, creating substantial ripple effects throughout the rest of the business sector. When forward-looking investments are made in new businesses, the entire local community's faith in the future will benefit greatly.

As regards confidence in the future and faith in our own finances, 2023 was nevertheless a year where most indicators pointed downwards. High inflation, combined with rising electricity prices, interest rates and food prices, has reduced people's financial room for manoeuvre, and many people are also concerned about 2024. It appears that the measures implemented to curb inflation have had an effect and that peak interest rates have now been reached. It remains to be seen how both the national and the international cooling down will affect Helgeland in relation to the planned investment projects. What we do know is that Helgeland is and will remain a manufacturing, aquaculture and energy region Helgeland wants to be a green belt in Norway.

We are excited about the future and about what 2024 will bring.

Hanne Nordgaard

Hanne Nordgaard
CEO

The retail market

SpareBank 1 Helgeland is the local bank for people from Helgeland, wherever they live in the country. Over 60% of Helgelanders consider SpareBank 1 Helgeland their main bank, and the bond between the Bank and its customers is very strong.

Competition in the banking market was once again strong during 2023. Competition from national and international banks that have entered into agreements with various Norwegian trade unions and interest organisations concerning favourable interest rates for mortgage financing has increased markedly. The same applies to competition relating to payments with Google Pay and Apple Pay's payment solutions. The need to equip the Bank so as to make it competitive with these players was one of the reasons why the Bank joined the SpareBank 1 Alliance. Google Pay was launched in the Bank's systems in February 2023, and Apple Pay is still on the way.

In 2023, SpareBank 1 Helgeland saw growth of -0.3% in the retail lending market. This is somewhat lower than the market growth across Helgeland. The ambition going forward is to generate profitable growth in line with the market.

In 2023, there was less activity in the housing market in both Mo i Rana and Mosjøen. It is taking longer to sell homes and prices have calmed down compared with 2022. The price per square metre has fallen by -3% for flats, while detached houses saw a decline of 5%. The price level is well below cities such as Bodø, Trondheim and Oslo.

Deposit growth in the retail market during 2023 amounted to 5.1%. Despite these expensive times and relatively low interest rates on bank savings throughout 2023, this is the form of savings that is closest to the heart of Helgelanders in troubling economic times.

The Bank has been very successful in selling non-life and personal insurance for Fremtind Forsikring, and the Bank is also taking an increasing share of the market for car and boat financing through secured loans in partnership with SpareBank 1 Finans Nord-Norge.
Use of the Bank's digital customer interfaces continues to rise. In 2023, the Bank further developed its platform for digital and personal communication based on data analysis. Mobile banking has now become our most used customer channel, and our digital assistant "Robbie" helps customers by giving fast answers to a wide range of questions without the customer having to wait in a telephone queue. Customer survey after customer survey has indicated that mobile banking and technical solutions are very popular among SpareBank 1 Alliance customers.

Face-to-face meetings between the Bank and the customer are just as important today as they ever were, but the digital assistants and self-service solutions complement each other to provide a high-quality and integrated customer experience. As regards simple improvements and investments, our customers expect appropriate and fast action, often without the assistance of an advisor. However, when a customer is making a major investment or investing in something for the first time, the personal touch and expertise that an advisor can bring is our most valuable contribution with respect to the customer. Face-to-face meetings are also very important when our customers find themselves in difficult situations and where financial advice and guidance are crucial. It is also vital that we provide excellent customer service. As more and more people seek more and better digital services, we will also look after those who are perhaps not as enthusiastic about the trend towards digital solutions. As a result, we have a customer service operation that takes good care of customers who want help and assistance 24/7. SpareBank 1 Helgeland, the Alliance and the rest of the banking industry are working to avoid digital exclusion and comply with the industry standard that ensures the digital inclusion of analogue users.

Fraud is another area that is growing. Fraud can affect us all, and we must raise awareness of all the traces that we leave behind that could be misused. In this regard, the banks have an important social role to play together with the authorities in informing customers and the population at large, and avoiding losses for both the customer and the Bank. With the introduction of a new Financial Contracts Act, the Bank's liability for fraud and abuse has increased further. Unless the customer has been grossly negligent or failed to notify the Bank as soon as possible, the Bank is now fully liable by law.

Corporate market and business sector in Helgeland

More and more Helgeland companies are using the SpareBank 1 Alliance's product solutions. Throughout 2023, a steadily rising number of companies in Helgeland signed an agreement on the use of the Bank's securities fund and pension products such that this year we were also among the best banks in the Alliance in the area of pensions. More companies are also using the Bank's insurance products from Fremtind AS, and the Bank is also delivering good results for the Alliance in this area.

Helgeland saw moderate growth and development in 2023. After strong growth in 2021 and into 2022, the end of 2022 and the full year 2023 were marked by a slowing down in the willingness to invest. We saw signs of this slowdown in investment activity early on, both in our contact with customers and in the Bank's economic survey. Several of the new industrial establishments that are expected to take place in Helgeland have been delayed for various reasons. The largest of them, Freyr, which is awaiting clarification on the political framework conditions for battery production has been put on hold.

The debate around resource rent tax for the aquaculture industry, and the fact that much of 2023 was spent clarifying the level of this, meant that little of the announced investment in the aquaculture industry was implemented in 2023. The predictability of political framework conditions is of great importance for the business sector when it comes to investing in and developing companies.

In addition, these expensive times and increased interest rates have significantly contributed to the slowdown of investment in the region. However, where we still managed to achieve growth in the corporate market in 2023, this was due to connections outside of the region.

In 2023, the corporate market saw weak local lending growth but, on the other hand, greater growth in deposits due to companies holding off in relation to new investments. Therefore, companies in Helgeland built up capital over the course of 2023 and are well equipped for the coming years. For much of the year, the Bank had a larger proportion of deposits than loans in the corporate market.

INDUSTRY, BUILDING AND CONSTRUCTION

Ongoing projects in industry, as well as building and construction, seem to be on hold for 2024.

Several major projects in the public and private sectors were completed during 2023. Meanwhile, a number of local businesses have become well established in markets outside Helgeland. This is particularly true for companies in the service industry, with large projects outside the region.

Many projects are being planned and some that are in a start-up phase may have positive effects during 2024. There is, therefore, reason to believe that in the second half of the year, when interest rates may be slightly lower, we may see a greater willingness to invest and higher lending growth.

The real estate industry has experienced liquidity challenges with the higher interest rates, although it has also seen a stable rental market in which rental levels were adjusted on an ongoing basis. Therefore, the Bank saw few applications for interest-only periods towards the end of 2023. In the project market for new homes, most of these had been completed at the beginning of 2023, and the Bank had less exposure to real estate projects at the end of the year.

It is positive that an increasing number of companies in the sector are in the process of implementing major efficiency measures and adaptations for the green transition and more sustainable production. The collaboration with the region's companies in this area is good, both individually and in the various cluster networks that have been established.

SERVICES, WHOLESALE AND RETAIL TRADE, TOURISMAND TRANSPORT

Higher interest rates are a challenge for local services and the wholesale and retail trade. Weaker results were expected in 2023 and, like the rest of the country, we experienced a slightly higher bankruptcy rate in these sectors throughout 2023. The service industry in Helgeland is diverse and an important factor input for a broad range of services provided to both existing and newly established industrial companies and businesses.

The hospitality industry in Helgeland has continued to grow, helped by a weak Norwegian kroner exchange rate. We are seeing good interest in investing in the tourism industry in the region; the acquisition of Fru Haugans Hotell in Mosjøen and the establishment of hotels in Træna are examples of this. Both investments were made from outside the region, and we are seeing the same interest in relation to Mo i Rana with the construction of a large new airport that is well underway. This will also provide good opportunities for growth in several sectors when it is finished.

AQUACULTURE AND AGRICULTURE

The aquaculture and agricultural industry is the region's fourth largest sector, and the value of seafood exports set new records in 2023 as well.

The introduction of resource rent tax resulted in many investments being put on hold, although several major investments were initiated towards the end of 2023 and several relevant projects scheduled for start-up in 2024. These are expected to have some local ripple effects in 2024.

For the agricultural sector, these expensive times have posed increased challenges for the industry. Particularly since the effect of a good agricultural settlement will take time before it results in payouts for farmers. In 2023, we worked specifically on the green transition for agriculture, and as one of the first banks in Norway, we have created a green agricultural credit for the agricultural companies that have adopted the agricultural climate calculator.

In 2024, the Bank will actively work on the green transition for the rest of the business sector, and we are experiencing a high level of interest and a clear desire in the business sector to adapt to the green transition. The Bank is therefore also a participant and contributor to "Om Nord", an initiative among 12 chambers of commerce in Northern Norway together with SpareBank 1 Helgeland and SpareBank 1 Nord-Norge.

PUBLIC SECTOR

The public sector in Helgeland constitutes a stable factor for the business sector both in terms of the purchase of services and benefits, and it has also been a good contributor to recruitment in Helgeland as it provides good opportunities for partner recruitment in conjunction with hiring in the business sector. The introduction of resource rent tax resulted in many investments being put on hold, although several major investments were initiated towards the end of 2023 and several relevant projects scheduled for start-up in 2024. These are expected to have some local ripple effects in 2024.

Financial performance 2023

The high inflation seen in 2022 also left its mark on the economy in 2023. Central banks in all central economies used interest rate hikes as weapons to bring down the high inflation rates. During the second half of the year, more signs were seen that the contractive monetary policy was producing the desired effects with less pressure in the economy and indications of less tight labour markets. Much suggests that inflationary pressures have been reduced and that peak interest rates in this cycle were reached towards the end of the year.

THE GLOBAL ECONOMY

Industrialised countries experienced substantial post-pandemic growth with high levels of activity helping to drive inflation back up in 2022 and at the start of 2023. This high inflation led central banks to initiate a longer period of contractive monetary policy with repeated interest rate hikes designed to curb inflation. Central banks continued their fight against inflation in 2023 and this has resulted in us seeing the highest policy rates we have seen since before the 2008 financial crisis. Throughout the year, growth became more moderate while we saw lower energy prices, with both helping to reduce inflationary pressures. However, on the other hand, the demand for labour was high, leading to low unemployment and high wage growth in many countries, which supported household income. This contributed to high inflation throughout much of the year, although in the last half of the year there were clear indications in the markets that inflation is on the way down and under control. This can be most clearly seen in underlying inflation, i.e. consumer prices excluding energy and food, which have begun to decline in the last 6 months

Inflation proved to be more resistant to interest rate hikes than many had envisioned, and central banks had to balance tackling inflation against the fear of steering economies straight into a recession throughout 2023. Although it is true that some economies may have been in recession, there is much to suggest that inflation was brought under control towards the end of last year while, at least for now, avoiding a global recession. The prevailing view among market participants now is that peak interest rates were reached in the last quarter of 2023 and that we will see central banks gradually lowering policy rates in the coming year.

THE NORWEGIAN ECONOMY

Over the past 3-4 years, the Norwegian economy has experienced several shocks. Both the pandemic and war resulted in substantial hits on international activity, as well as significant price and interest rate rises. Despite these challenges, the economy has demonstrated impressive resilience.

Over the past year, activity levels in the mainland economy largely remained stable. However, if weather dependent sectors such as agriculture and power generation are excluded, there was a marginal decline in activity of 0.1%. Throughout the year, we saw rising import prices as a result of higher inflation among our trading partners, as well as a long-term weakening of the Norwegian kroner exchange rate. A weaker Norwegian kroner also means that Norwegian goods and services become relatively cheaper for foreign buyers, which helps stimulate demand for Norwegian exports. This also contributed to strong inflation here at home and, as a result, the central bank had to raise the policy rate from 2.75% at the beginning of the year to 4.50% by the end of the year. Throughout the year, Norges Bank justified its interest rate hikes based on the rate of inflation being clearly above target and economic activity having been high and unemployment having remained low. Towards the end of the year, Norges Bank highlighted that inflation had slowed and that growth in the economy was weak. Furthermore, it pointed out that its monetary policy is having a contracting effect, which is leading to a cooling down of the economy. At the same time, business costs have increased significantly in recent years. The sustained high wage growth and weakening of the Norwegian kroner exchange rate last year are likely to curb the slowdown in inflation. The Governor of Norges Bank pointed out that it will likely be necessary to maintain high interest rates for some time to come. It was further indicated that when inflation begins to slow and economic conditions dictate it, it can start reducing interest rates again.

Norwegian households experienced significant nominal wage growth in 2023. However, as a result of strong inflation both here at home and at our trading partners, a weak Norwegian kroner and higher interest costs, most households experienced lower purchasing power throughout the year. There was a marked decrease in the savings rate in 2023, and there are several indications that many Norwegian households have partly maintained their consumption with the aid of their savings and partly through increased consumer debt. A lot of evidence suggests that 2023 ended with a negative development in real wages.

The housing market in 2023 showed clear signs of cooling down. The higher policy rate is resulting in higher mortgage rates, which reduces purchasing power by making it more expensive to finance housing. This results in households generally wanting to take up smaller loans and save more. Household credit growth decreased over the year, which contributed to reduced demand for homes and thus house prices. This is negatively impacting the profitability of new construction and is resulting in a reduction in the start-up of new housing projects and investments in housing.

Homes are taking longer to sell. The increase in the number of unsold homes is reflected by the fact that it is taking longer to sell a home. A year ago, the average selling time for a home was 36 days, measured as a sliding average over 12 months, while by the end of the year this had increased to about 50 days.

In 2023, activity levels in the mainland economy remained largely stable, with a small drop of 0.1% in GDP in the third quarter, excluding agriculture and electricity generation. Major investments in petroleum and higher demand for ships stimulated the shipyard industry. Export companies benefited from a weaker exchange rate and high export prices. Service industries saw weak growth of 0.1% in the third quarter. Public administration also contributed to GDP growth, while building and construction had the opposite effect.

DEVELOPMENTS IN HELGELAND

Both households and businesses in Helgeland were characterised by the same factors that we saw nationally and internationally; high inflation, rising interest rates, low unemployment and high general levels of activity at the beginning of the year. Throughout the year, activity levels were somewhat dampened and although the labour market saw continued low unemployment rates, there are signs of significantly lower activity in building and construction. Meanwhile, while unemployment has risen somewhat in the last 6 months, it remains low and below the average for the country as a whole. The reduction in activity levels is probably related to the higher interest rates and a clear slowdown in the housing market, as in the rest of the country. The demand for both new and used homes was substantially lower in Helgeland as well. Both the speed of sales and average price levels dropped in 2023.

Export-oriented businesses in the region benefited from a weak Norwegian kroner exchange rate throughout much of the year, while the marked strengthening we saw towards the end of the year will likely affect exports negatively in the future. On the other hand, it seems that the uncertainty previously resulting from resource rent tax in the aquaculture industry has been clarified, and the industry's investment appetite appears to have returned over the course of the year.

Sustainability report for SpareBank 1 Helgeland

Contents

Introduction to sustainability

SpareBank 1 Helgeland made major progress in becoming an even greater driving force for sustainable growth and cooperation in Helgeland in 2023. We have now completed the first year of the strategy period and our first full year with a dedicated sustainability resource. The work on ESG has therefore been significantly reinforced and both the quality and progress of the work have increased.

The Bank has now updated its double materiality analysis to comply with the requirements of the CSRD. The material topics adopted by the Management Group and the Board of the Bank are:

- Financed emissions
- ESG training and education
- Contributions to clubs, associations and partners, with the inclusion requirements set by the Bank.

Common to the material topics is the fact that the Bank wants to work closely with our customers and local communities and help bring about a greener and more inclusive world. We can only do this if it is possible to make climate-friendly and inclusive choices based on a solid knowledge base. This is something to which this local bank wants to contribute.

Hanne Nordgaard

Hanne Nordgaard
CEO

Impact, Risk, Opportunity (IRO) is a concept used in many areas, including sustainability reporting and risk management.

Impact: It refers to the significant impacts (positive and/or adverse) that an organisation or activity can have on its environment, society, or the economy.

Risk: Risk refers to uncertainties that can have an adverse effect, leading to loss, damage or claims. Risks can have significant implications for an organisation's opportunities and threats, making them critical factors in taking decisions and setting strategies.

Opportunity: Opportunities are uncertainties that can have a positive effect, leading to benefits or rewards. An opportunity can be seen as another form of risk: a risk with adverse impacts is a threat, while a risk with positive impacts is an opportunity.

So when referring to IRO or IROs, this is what we mean.

FRAMEWORKS FOR THE ANNUAL REPORT

There are no differences between the companies included in the consolidated financial statements in the financial annual report and those in the sustainability report. The consolidation policies are set out in Note 1. Accounting policies. This report covers both the upstream and the downstream supply chains and activities, although it is not exhaustive in all areas. The time horizons for goals and measures in material topics differ. The goals associated with financed greenhouse gas emissions are generally long-term. The goals and measures related to training and education are medium-term and short-term. Finally, the goals and measures linked to contributions to clubs, associations and partners are short-term and medium-term. Occasionally, short-term goals will be important for work and topics with a long-term time horizon. For example, in 2024, both an ESG competence plan and a transition plan will be prepared in order to operationalise the Group's climate goals. [1]

1 Short term = current reporting year
Medium-term = 1-5 years
Long-term = more than 5 years

Uncertainty and changes from the 2022 report

Some uncertainty is associated with the estimates in some parts of this report. This is particularly true in the carbon accounting report where there is a lot of leeway in some areas when it comes to choosing the factors used in the calculation of certain types of emissions. Since last year's report, Finance Norway has published guidelines for calculating financed emissions.2 This is based on the GHG protocol and PCAF's factors for calculating emissions. The Bank has followed this guide for the first time. In addition, errors were identified in the calculation of emissions last year and these have been corrected in this report.

After a year's experience of the Transparency Act, the report will be somewhat more comprehensive. This is publicly available on the Bank's website. Finally, it is worth mentioning that this is the first report in which the Bank has started working on closing gaps in relation to the CSRD, which we will report in line with in the years to come.

FUTURE REGULATIONS

Norway and the world are facing considerable restructuring in order to achieve the climate targets for 2050. Climate change represents both a social challenge and a threat to financial stability, and the financial industry has been assigned an important role in the transition to a low-carbon economy. SpareBank 1 Helgeland has taken note of this responsibility and established a goal of achieving net zero emissions from its own operations, loans and investments by 2050, and halving emissions by 2030.

These ambitions are also in line with the main objectives of the European Commission's action plan, which includes shifting capital over to more sustainable investments in order to generate sustainable and inclusive growth. Regulations that have already entered into force in Norway will be closely monitored in the future, and the Bank constantly strives to implement ESG requirements in policy documents and systems.

The reporting requirements in the CSRD, SFDR and EU taxonomy are extensive and demanding, although the Bank will report in line with these regulations when they become applicable to us. We are voluntarily reporting in line with the EU taxonomy for the first time in this report. As part of preparing the Bank for the comprehensive sustainability reporting requirements that will be implemented with the Corporate Sustainability Reporting Directive (CSRD), the Bank has initiated a project that involves gradually closing gaps in relation to the CSRD so that we can meet the requirements in the years to come. At the same time, we are also reporting in line with the internationally recognised sustainability reporting framework, the Global Reporting Initiative (GRI).

SpareBank 1 Helgeland is systematically working to respond to the requirements the Bank will meet. Second line assessments show that the compliance risk associated with current and future sustainability requirements changed from high to medium in 2023. As a result of a comprehensive and complex regulatory framework, the second line will therefore continue to prioritise this area.

2 https://www.finansnorge.no/siteassets/dokumenter/maler-og-veiledere/veileder-for-beregning-av-finansierte-klimagassutslipp.pdf

Governance structure for sustainability

MANAGEMENT GROUP AND GOVERNANCE BODIES

SUPERVISORY BOARD *25 members: 9 women - 16 men*
BOARD OF DIRECTORS *8 members: 4 women - 4 men*
THE BANK'S MANAGEMENT GROUP *6 members: 3 women - 3 men*
MIDDLE MANAGERS WITH PERSONNEL RESPONSIBILITIES AT THE BANK *21 members: 7 women - 14 men*

GOVERNANCE STRUCTURE

- **The Supervisory Board** is SpareBank 1 Helgeland's highest governance body. The Supervisory Board's duties include monitoring the management of the savings bank and ensuring that the purpose of the savings bank is promoted in accordance with the legislation, articles of association and Supervisory Board's decisions. It approves the annual financial statements, including allocation of the year's profit or coverage of deficits. It receives information about the operations of the savings bank and can require further information about operations to the extent it finds necessary. The Supervisory Board may conduct investigations by itself or via committees.

  It makes decisions about the remuneration of the savings bank's elected representatives and auditor and chooses the chair and deputy chair of the Supervisory Board. It also selects the members and deputies of the Board of Directors who are not elected by, and from among, the employees in their own elections. Furthermore, it elects the chair and deputy chair of the Board of Directors. The Supervisory Board elects the chair and members, along with personal deputies, of a nomination committee tasked with preparing elections. Finally, it establishes instructions for the Nomination Committee to ensure that the requirements imposed are appropriately met.

  It chooses the auditor or audit firm, deals with other matters that pursuant to the law or articles of association must be dealt with by the Supervisory Board, and makes decisions about, or authorises, raising foreign capital that will count towards the savings bank's primary capital. The raising of other foreign capital is a matter for the Board of Directors.

  The Supervisory Board consists of 25 members, of which nine women and 16 are men, with different backgrounds and competences. Nine of the members are selected by, and from among, the customers of the Bank. Ten of the members are selected by, and from among, equity certificate owners. Six of the members are selected by, and from among, employees. All of them are independent of the Bank's Management Group. A comprehensive description of the Supervisory Board's duties and members can be found on the Bank's website.

- **The Board of Directors** has overall management responsibility for the Bank, including the Bank's work relating to sustainability and corporate social responsibility. The Board's combined competence must be assessed on an ongoing basis, ref. the policy for suitability assessments of board members, where expertise in sustainability forms part of the assessment. Like the employees of the Bank, the Board of Directors will also take specially tailored courses and training related to sustainability and the material topics, and it has decided that in 2024 a competence plan is required by, and will be prepared for, the organisation in this area.

  The Board is responsible for all commitments adopted in the sustainability strategy, as well as the various guidelines linked to corporate social responsibility and sustainability, privacy, anti-money laundering, corporate governance, information management, code of conduct and HR strategy.

Female proportion: The Supervisory Board 36%, Board of Directors 50%, Management Group 50% and middle management with personnel responsibilities at the Bank 33%.

The CEO is responsible for supervising this, while day-to-day monitoring and follow-up is delegated to middle managers or discipline managers. A more detailed description of the Board's areas of responsibility, election, members and independence is provided under corporate governance.

The Board has eight members, of whom five are women and three are men. All board members are non-executive directors. There are two employee-elected board members.

The organisation of the Bank's sustainability work is shared between a sustainability coordinator, the various business areas' responsibilities and the Management Group. The six-member Management Group consists of three women and three men. On a day-to-day basis, the sustainability coordinator manages the work, and resources are allocated to ESG work in the Bank as required. The Finance Department contributes a resource on a permanent basis. Other departments contribute, to varying degrees, to different parts of the work on sustainability. The specialist manager reports to the Management Group, which in turn reports to the Board. The specialist manager reports to the Management Group on a quarterly basis, or more often if necessary, on progress and goal attainment.

In 2024, more systematic reporting of measures, goals, goal attainment and KPIs will be worked on as these develop throughout the year. The Board of Directors has overall responsibility for the Bank's work in the area. IRO assessments are conducted and reported on via annual reviews of the sustainability strategy and annual reviews of the materiality analysis.[3] The Bank has no specific sustainability or climate-related incentives in its remuneration arrangements.

- **The Bank's remuneration policy:** SpareBank 1 Helgeland has drawn up a standard for the setting and revision of remuneration for senior executives in accordance with the Financial Institutions Act, the Public Limited Liability Companies Act and the Capital Requirements Regulation (Article 450), along with associated relevant regulations and guidelines.

  The Bank has a fundamental policy which states that there should be the greatest possible equality for all the Bank's employees as regards most types of remuneration. At the same time, the Bank is aware that salaries and remuneration for senior executives must also be competitive, make the Bank attractive as an employer and stimulate increased value creation for the Bank. According to the Bank's policy, it is a fundamental principle that an individual's remuneration must primarily consist of a fixed salary. This is adjusted once a year unless any changes in position, responsibilities or duties necessitate changes over and above fixed salary adjustments.

  The Bank does not have any variable pay or bonus schemes which are directly linked to the Bank's results. The Bank has an equity-oriented incentive scheme for permanent staff, which is the same for all the Bank's permanent employees and includes discounted employee share issues and equity certificates as gifts.

  In addition to fixed salaries, some benefits in kind are provided that cover all permanent employees. These are benefits in kind such as favourable loan schemes and personnel insurance.

  A moredetailed description of the Bank's remuneration policy is available in the *standard for the remuneration of senior executives* and the *remuneration report* published on the Bank's website.[4]

THE MATERIAL TOPICS ADDRESSED BY THE BOARD AND MANAGEMENT GROUP DURING THE REPORTING YEAR WERE:

1. Financed emissions – reduction of greenhouse gases
2. ESG training and education
3. Contributions to clubs, associations and partners – stipulating requirements for inclusion in events.
4. Responsible advice and operations. This is no longer a material topic for sustainability following the revision of the materiality analysis.
5. Climate-related risk was a material topic in the previous strategy, but has now been incorporated into financed emissions.

GOVERNING DOCUMENTS FOR SUSTAINABILITY

Our work relating to sustainability is rooted in our strategic platform for 2023-2025.

Our governing documents for sustainability were first adopted at the end of 2022 and are revised annually. These cover employees in the Group and at business partners and suppliers. We expect our suppliers and business associates to have guidelines in place and to set similar requirements for their own suppliers.

The most important document is the sustainability strategy, which was adopted for 2 years in 2022 and

3 Information provided to, and sustainability matters dealt with by institution's management, Management Group, and supervisory bodies; and information about critical concerns, see the chapter entitled "Corporate governance".
4 https://www.sparebank1.no/nb/helgeland/om-oss/investor/finansiell-info/rapporter.html

revised towards the end of 2023. It is based on a double materiality analysis and aims to identify and manage impacts, risks and opportunities within the area of sustainability. The strategy, policy for corporate social responsibility and sustainability, code of conduct and remuneration schemes are available on the Bank's website. All guidelines have been adopted by the Board of Directors and apply to the entire organisation and all operations, and are available to the public.

The Bank's work relating to corporate social responsibility and sustainability is broad and affects all areas of the Bank's operations. The approach to the topic and the scope of the work processes will vary between the business areas and different operations. Corporate social responsibility and sustainability therefore have a natural place in many company-specific policy documents, and the Bank continually strives to ensure that these documents are kept up-to-date.

COLLABORATIONS AND INITIATIVES

SpareBank 1 Helgeland wants to be an active driving force behind the development of a sustainable society and is a member of numerous partnerships which contribute to this in various ways. The most important collaborations we are involved in are as follows:

- Eco-Lighthouse
- Finance Norway
- SpareBank 1 Alliance

The work relating to sustainability and corporate social responsibility is rooted in the UN Principles for Sustainable Banking and the UN Sustainable Development Goals, both of which are based on the precautionary principle.

Strategy and direction

It is crucial for SpareBank 1 Helgeland to have a clear strategic direction and management process for its sustainability work for a number of reasons. First and foremost, a clear strategic direction allows the Bank to focus resources efficiently and deliberately on the Bank's material topics. By identifying and prioritising the material topics, the Bank can optimise the use of its, what are after all, finite resources and ensure that its efforts have the greatest possible impact. This is especially important given that sustainability is increasingly, and rightfully so, an integral part of operations, where customers, investors and society expect the Group to operate responsibly. At least as important is maintaining financial strength and profitability in a changing society.

THE BANK'S VISION AND AMBITIONS FOR SUSTAINABILITY

The Bank wants to help build Helgeland into a region that strives to achieve new goals, while of course we acknowledge its heritage and all the good things on which we are building. Only in this way can we be the obvious first choice for our customers in Helgeland.

The combination of a locally managed bank that is close to and understands the people, business and communities gives us a unique opportunity to be a good ally for our customers in the green transition and all the restructuring that this transition entails. The Bank believes that cooperation yields the best results. Therefore, the ambition for our sustainability work is that we contribute ourselves and help both our customers and society as a whole to get through the transition with their value creation intact, a sound economy and security for the future. New laws and regulations, changing customer behaviour and clear expectations in the market mean that the work on sustainability must be developed further and integrated with the Bank's other business areas.

The Bank is in contact with the majority of Helgelanders, all of our sectors and all of our large and small cities and more rural districts. The profit generated by the Bank and distributed via the Bank's and the foundation's donation and sponsorship activities helps to make Helgeland a more attractive place to live and work. We are committed to managing that privilege responsibly and contributing to sustainable volunteering, where the inclusion of all, especially children and young people, is a central theme.

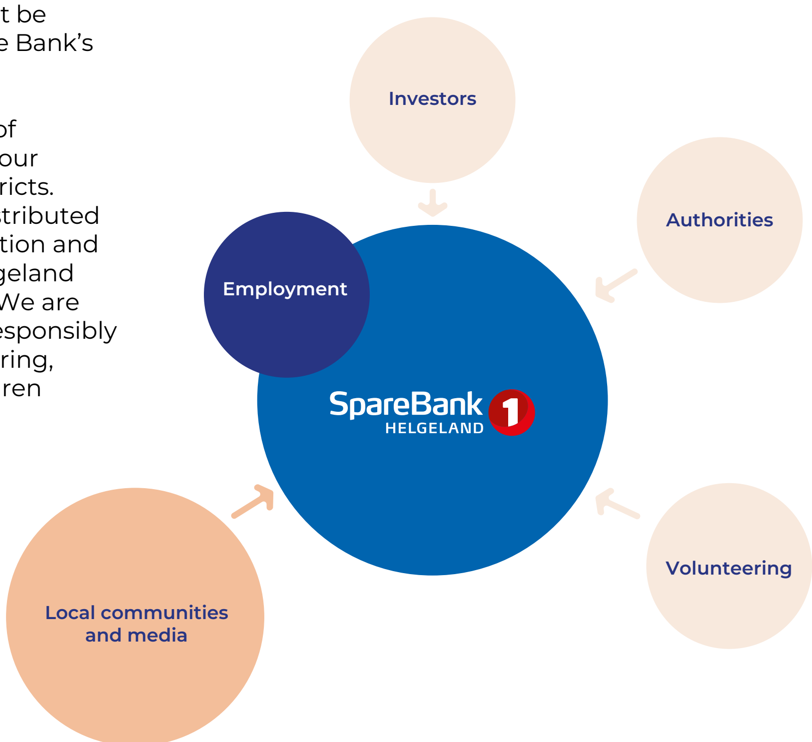
THE BANK'S GOALS

The Board of SpareBank 1 Helgeland revised the sustainability strategy in December 2023. This was triggered by the requirement for a double materiality analysis contained in the CSRD, which the new analysis satisfies. Some adjustments were therefore made to the goals. Meanwhile, we are able to report on the goals for 2022 despite using the structure contained in the CSRD and the new material topics that have been adopted.

In the IRO assessment phase, the following topics were assessed differently based on stakeholder input: Financed emissions scored higher as a risk due to a stronger investor perspective, while financing projects that could violate the rights of indigenous people was adjusted downwards following a discussion in the Management Group. This was done because it is essentially the job of the planning authorities to resolve any land-use conflicts that arise.

THE BANK'S MAIN STAKEHOLDERS

Good stakeholder engagement is crucial for maintaining SpareBank 1 Helgeland's competitiveness. Establishing an open and constructive dialogue with customers, employees, investors and local communities enables the Bank to adapt to changed needs and expectations. This close communication provides valuable insights into local economic conditions and customer needs, which are essential in the financial sector. Listening to stakeholders' perspectives and feedback enables SpareBank 1 Helgeland to effectively adapt strategies and services, which helps to build and maintain trust. This engagement also lays the groundwork for sustainable business conduct, strengthens reputation and ensures the Bank's relevance in an ever-changing market.



Sustainability-related stakeholder engagement is a continuous process. It is a topic in meetings with customers, local communities and employees throughout the year. At a time of economic transition, it is important for the Bank to ensure that it has a good dialogue with key stakeholders. The key stakeholders are the Bank's employees, customers and civil society across the region. The work on a new materiality analysis was the area about which we talked to our stakeholders the most, although there was other engagement besides this. The main areas this covered are summarised in the table below:

Local communities and media	SpareBank 1 Helgeland contributes to events and business conferences in all of the cities in which we have branches. This facilities regular contact and engagement. Sustainability is always on the agenda at the Bank's own “Driving force conference”.
Investors	The quarterly presentations and annual report, which are approved by the Board, contain sustainability information and represent an important part of the ESG information aimed at current and potential owners.
Authorities	The Financial Supervisory Authority of Norway publishes its expectations regarding the area of sustainability at irregular intervals. The same is true for the European Banking Authority (EBA).
Volunteering	Sustainability work forms a key part of collaborations with SpareBank 1 Helgeland, and our contribution is to keep the cost of participating in children's and grassroots activities so low that all children and young people are able to participate. Focus areas are also followed up as a topic at the annual sponsor seminar held for all the Bank's partners. Prior to paying out support for operations, partners are required to submit a digital report on their completed activities.
Customers	Corporate customers with commitments in excess of NOK 5 million have an annual ESG conversation with their advisor and this is documented in the Alliance's ESG module. Some 219 interviews were conducted in 2023.
Employment	Employees are involved, informed and given the opportunity to have their say through the ordinary participation processes at the Bank, For further information, see the chapter entitled “Participation”.

Materiality analysis

In 2022, SpareBank 1 Helgeland conducted the Bank's first materiality analysis with the aim of identifying material topics within sustainability for the Bank. The entire Bank was involved in the process. It was updated in 2023 in order to comply with the double materiality analysis requirement in the EU's Corporate Sustainability Reporting Directive (CSRD). The Bank's key personnel, stakeholders and written statements from the Financial Supervisory Authority and the EBA were the main sources for the work, in addition to the requirements of ESRS 1 and 2.

Double materiality is a key principle. This term is about identifying sustainability topics that are material in terms of the impact that the institution's own operations can have on stakeholders and society at large, as well as sustainability topics that are financially material based on whether these are financial risks or opportunities and could therefore impact the institution's value, profitability and reputation. This constitutes IRO.

STAKEHOLDER ENGAGEMENT AND EXPERTS

Stakeholder engagement was conducted in autumn 2022 in connection with work on the sustainability strategy. There was substantial stakeholder engagement in 2023 as well in connection with updating the materiality analysis in line with the CSRD.

Employees: The Bank shall become more sustainable itself and help to enable customers to make good and long-term choices. A good dialogue with the Bank's employees, who are in contact with our customers every day, is crucial if SpareBank 1 Helgeland is to succeed in its work and have a knowledge base on which both strategic choices and measures can be based. The competence employees possess, including the training they have received and will receive, is also a material topic.

In the work on updating the materiality analysis, many employees provided input on the Bank's value chain, potential and actual impacts, risks and opportunities, and their assessments of these. The entire Management Group, seven middle managers and three people in other positions contributed to the work. All of the Bank's activities in its value chain were represented by those who provided input. Finally, there were several points of contact with the Management Group during the work and when models, threshold values and material topics were being determined prior to submission to the Board.

Customers: Three customer interviews were conducted in 2022 as part of the work on the sustainability strategy, . As part of updating the materiality analysis and revising the sustainability strategy, we wanted to expand this knowledge base and therefore interviewed one of the chambers of commerce in Helgeland. We also held meetings with various companies and chambers of commerce in the region throughout the year in order to discuss various collaborations within the area of sustainability. Corporate customers with commitments in excess of NOK 5 million are subject to an annual ESG risk scoring process, which is based on a conversation between the company and an advisor at the Bank.

Owners: The owners are of course an important stakeholder, and in the final phase of the work on the new materiality analysis we therefore met with the CEO of Sparebankstiftelsen Helgeland, the Bank's largest owner, to get its perspectives on the work that had been done.

Sports and volunteering: The Bank is a significant contributor to sports teams, cultural life, clubs and associations. This is also one of our material topics. Therefore, we also interviewed a representative of a board of one of the local sports teams.

SpareBank 1 Helgeland also has a presence in many arenas where we meet our customers and where sustainability is part of the agenda. Representatives of the Bank regularly participate in events organised by business associations and other initiatives, and the Bank believes it is important to have an opportunity to pursue a dialogue with customers, including outside customer meetings. In the 2022/2023 school year, the Bank's young people's economist visited around 4,400 students across Helgeland.

Experts: Better regulation is the reason given for many of the changes introduced in the financial industry, including in the area of ESG. A review of the ESG-related statements and expectations of the EBA and the Financial Supervisory Authority has therefore been conducted to ensure compliance and to keep track of what the authorities expect in the future.

In the IRO scoring phase, some of the feedback from stakeholders influenced the scoring:

- Financed emissions (financial risk) scored higher due to a stronger investor perspective.
- Financing projects that could violate the rights of indigenous people was adjusted downwards following a discussion in the Management Group. This was done because it is essentially the job of the planning authorities to resolve any land-use conflicts that arise.
- All of the stakeholders we spoke to in 2023 were asked if any IROs were missing. It was suggested that we strengthen competence in order to have a positive impact. None of the stakeholders had other IROs they wanted considered.

IDENTIFICATION OF ACTUAL AND POTENTIAL IMPACTS, RISKS ANDOPPORTUNITIES

ESG risk, like other risk categories, is a high priority at the Bank. ESG risk materialises through traditional categories of financial risk (credit risk, market risk, operational risk, reputational risk and liquidity and funding risk). The SpareBank 1 Alliance has delivered a test version for ESG stress testing. This is still under development. Making the data sources and ESG stress tests available ensure that they will be taken account of in the further work on quantification and developing the reporting on ESG risk in the ICAAP as of 31.12.23, and eventually also in IFRS 9 in 2024.

The methodology used to identify actual and potential opportunities is based on thoroughly mapping the Bank's value chain and activities. We have identified key activities, locations in the value chain (upstream, downstream, across and own activities), key sub-activities, key players, key resources and contributions to the Bank's income. This was done in collaboration with employees in each individual field and at the Management Group level. Next, impacts, risks and opportunities (IROs) were identified. This was done based on mapping the Bank's value chain and activities.

Together with employees in the relevant fields of expertise at the Bank, IROs were identified and then assessed. Scoring models like the sort described below were used for this work.

- Impact scoring models assess the size or scale of an impact. Similarly, models are also used to assess scope and what (if possible) would produce an adverse impact. Together, this results in an impact. Comparing the impact with the probability of it happening provides a basis for scoring the impact.
- As far as risk and opportunity are concerned, the scores are a function of financial impact and probability.
- Threshold values have been adopted by the Management Group and are used to ensure that the Bank concentrates on material IROs. These contain quantitative values. The values can be adjusted or qualitatively assessed if this can be documented and justified.

ASSUMPTIONS IN THE PROCESS

Some assumptions were made after the IROs were identified, assessed and scored. A brief overview of these is provided in the table below:

Topic	Assumption	Where in the process
Contributions to violations of decent working conditions and fundamental human rights (Transparency Act)	We have assumed that customers are not covered by the terms “business partners” or “suppliers” as defined in the Transparency Act. This affects scope and assessment.	Assessment and scoring of impact.
Violations of personal data provisions	Various scenarios have been created covering breaches of the rights of data subjects. What achieved the highest IRO score was used for scoring.	Assessment and scoring of IRO.
Origin of the funds raised as foreign capital.	Not possible to measure whether the foreign capital stems from activities with an adverse (or positive) impact on people or the environment.	Assessment of impact.

In order to conduct a thorough materiality analysis, it was essential to engage the Bank's main stakeholders, which include the regulatory authorities, owners, customers and the Bank's employees. The interests and needs of the various groups were evaluated in order to form an overall picture of stakeholders' perceptions and opinions of the Bank. This will help the Bank arrive at good and important priorities. The stakeholders we engaged with in 2023 were all asked whether any IROs were missing, and the only adjustment suggested was reinforcing competence as a positive impact. There were no other IROs the stakeholders wanted considered. The stakeholders' input was documented in writing and presented to the Management Group prior to changes being made. A summary was presented to the Board of Directors.

DETERMINATION OF MATERIAL TOPICS

The updated analysis is based on multiple sources: a competitor analysis (2022), a regulatory review (2022/2023), three customer interviews (CM) (2022), an interview with a chamber of commerce (2023), largest owner (2023), a representative for sports in Helgeland (2023) and a review of relevant statements from the EBA and the Financial Supervisory Authority (2023). The work that was carried out provided guidelines for the annual revision of the Bank's sustainability goals and sustainability strategy.

The topics identified and adopted as material by the Management Group and the Board of Directors are, therefore:

- Financed emissions (ESRS E1)
- ESG training and education (ESRS S1)
- Contributions to clubs, associations and partners – stipulating requirements for inclusion in events. (ESRS S3)

The sections in this report present information on the Bank's handling of these topics. In addition to this information, the Bank also presents other information relating to sustainability in order to provide a comprehensive picture of the work of the Bank regarding sustainability.

Material topic: Financed emissions

The business community in Helgeland is in an early phase of the green transition, and many companies across the region are contributing by producing goods that are in demand, with a steadily falling carbon footprint, and at the same time developing technologies that will help to reduce global emissions. At the same time, we can see that our customers are committed to making profitable and sustainable choices. The whole world is Helgeland's market and, like the rest of the global community, our region is also set to move towards a zero-emission society.

WHY IS THIS A MATERIAL TOPIC?

In SpareBank 1 Helgeland's carbon accounting report, it is clear that 99.9% of the Bank's emissions are related to financed emissions in the loan portfolio. This represents both a great opportunity to drive sustainable growth and also a responsibility to ensure that the region emerges on the other side of the green transition with jobs for everyone and its value creation intact.

Given that our stakeholders are generally interested in the climate, expectations relating to the Financial Supervisory Authority and future regulations, and the transition heralded by the Climate Act and the Paris Agreement, it is impossible to imagine that financed emissions would not be a material topic. The Management Group also recommended, and the Board adopted, financed emissions as a material topic both when the strategy was adopted in 2022 and when it was revised in 2023.

GREENHOUSE GAS EMISSIONS

The goals of the Bank, halving emissions in the loan portfolio by 2030 and achieving net zero emissions by 2050, are in line with the Paris Agreement and the Climate Act. This will require a major restructuring of the entire economy and will affect both our retail and corporate customers, as well as the Bank itself. The demands and expectations of the financial sector's supervisory authorities are accelerating. Climate-related risk is expected to be incorporated into banks' frameworks for provisions. We are reporting in line with the taxonomy, article 8, for the first time, and the Financial Supervisory Authority's expectations concerning target design and transparency in reporting are largely consistent with the requirements of the CSRD, which the Bank will report in line with in a few years.
The Bank has worked hard to improve the quality of its carbon accounting report such that it provides a better basis for the transition plan that will be prepared in the first half of 2024.

CLIMATE-RELATED RISK

Increased frequency of flooding, landslides and extreme weather will present a physical climate-related risk for the Bank and our customers in the years to come. In addition, stricter regulatory requirements, as well as technological and market changes, entail a risk that assets financed by the Bank will fall in value. Climate-related risk is, essentially, credit risk. Therefore, access to sufficient and satisfactory data is crucial for the Bank such that climate-related risks can be quantified and measured. A good understanding, and experience, of managing this type of risk will also better equip the Bank to advise customers on how to reduce and manage their own climate-related risks.

In 2022, the Bank began work to map physical climate-related risks both in the market area and in the portfolio. The Bank conducted a comprehensive assessment of how climate-related risk impacts, and is managed by, the Bank in line with the TCFD framework, which is the recommended framework for reporting climate-related risk. The results of this assessment are published on the Bank's website. [5]

The following climate-related risks were identified in the TCFD report. The greatest focus was on areas and sectors where the Bank has the greatest exposure:

See the table on the next page

5 https://www.sparebank1.no/content/dam/SB1/bank/helgeland/vedlegg/forende-dokumenter/sbh-TCFD-rapport-2023.pdf

Risk to	What does the risk consist of?	
Real estate and commercial property	Floods, avalanches, rockslides, landslides, quick clay slides, sea level rises, weather events that destroy critical infrastructure	Physical climate-related risk
Agriculture	Volatile weather/extreme weather events, droughts/water shortages	Physical climate-related risk
Aquaculture	Higher sea temperatures, algae blooms, higher incidence of louse	Physical climate-related risk
Transport	Extreme weather events resulting in delayed deliveries/destroyed loads	Physical climate-related risk
Real Estate	Future national and European regulations, attractiveness in the rental market, reduced value of the Bank's collateral objects, potential market failures, higher insurance costs/difficulties in getting objects insured, quality of portfolio, impacts on ratings.	Transition risk
Fisheries/ocean industries	Reputational risk related to fish health/louse/escapes, market changes in other countries resulting from a desire to attract this type of industry, e.g. in relation to land-based fish farming, temperature changes with consequent changes in stocks.	Transition risk
Agriculture	Reputational risk	Transition risk
Transport/building and construction	Risks related to low willingness to change	Transition risk

MATERIALITY ANALYSIS

In the work on the updated materiality analysis, it became clear that the Bank has a major impact through the activities it finances. [6]

RELEVANT GOVERNING DOCUMENTS

Sustainability and climate are a common theme in many governing documents. This is due to the Bank's strategic platform, which also includes strategic initiatives in these areas. It is particularly worth mentioning the integration of sustainability, which includes the climate, in the Bank's lending practices, work on emissions from its own operations and training of employees.

The Bank's sustainability strategy and corporate social responsibility and sustainability policy were revised in 2023 and are available on SpareBank 1 Helgeland's website. They have a strong climate focus, and the goals of halving emissions from our operations and investments by 2030 and achieving net zero emissions by 2050 are based on them. The goals for energy efficiency in the loan portfolio are also rooted in them, as are the goals associated with increased sales of green loan products for improving the energy efficiency of homes. This is both a downstream activity and is also found in our activities in the value chain. We finance a substantial amount of customer emissions, although our own emissions are also involved. The most important stakeholders are therefore customers and the authorities, whose regulations heavily impact both customers and the Bank. The stakeholder engagement with customers and chambers of commerce in relation to selecting

6 For further information, see "Materiality analysis"

material topics was substantial (see the chapters entitled "Materiality analysis" and "Stakeholder engagement and experts").

The Bank has presented its carbon accounting report in line with the GHG protocol, PCAF and the guidelines for calculating financed emissions published by Finance Norway. These provide the basis for understanding them. A number of other governing documents also reflect in various ways the different departments' responsibility for operationalising climate targets set by the Bank. Examples of these include the RM strategy, CM strategy, risk and capital strategy and finance policy. Limiting emissions is also reflected in governing documents for employees and operations, in the code of conduct and in the company agreement between the Finance Sector Union of Norway and SpareBank 1 Helgeland.

At the moment, the governing documents contain little mention of climate adaptations. This is a topic that will be particularly relevant for the Bank to work on in the years to come. Access to ESG data will eventually improve. This will allow physical climate-related risk to be quantified and stress testing and scenario analyses to be conducted as a basis for assessing climate adaptations.

MEASURES

A number of measures were implemented in 2023, and several of them will be continued for several years. Work on a comprehensive action plan will commence in 2024.

GREEN MORTGAGES

A number of measures were implemented in the past year. Perhaps the most important measure was launching green mortgages in the retail market. If the home has an energy rating of A or B, the customer will benefit from an extra good mortgage rate. This is a new product that was launched at the start of the reporting year and has thus only been on the market for a year. At the end of 2023, the Bank's exposure to green mortgages amounted to NOK 186 million and was mainly in our market area. The annual loss of income for the Bank on these mortgages is NOK 1.1 million.

SpareBank 1 Helgeland wants green mortgages to have real impact. An energy certificate is therefore required in order to be granted a green mortgage. The Bank's portfolio of green products will be developed over time, and the Bank has a clear goal of Helgelanders' local bank offering them competitive products that provide good incentives to improve their energy efficiency.

In 2024, the Bank will prepare a transition plan for cutting emissions in operations and the loan portfolio. Green products will contribute to greater energy efficiency and lower emissions. At the same time, we need to ensure that the products are reserved for genuinely sustainable activities. The goals were, therefore, adjusted in the revision of the sustainability strategy. The first version of the strategy included a fixed target for the proportion of loans that should be green. This has now been replaced with a goal of increasing mortgages for homes that align with the taxonomy. Therefore, it will be necessary to review the product framework again, along with the green bond framework.

ENVIRONMENTAL LOANS – GREEN LOANS FOR ENERGY MEASURES

It is not only the newest, best insulated and most expensive homes that can contribute to the energy efficiency of the housing stock. Upgrading existing and older homes can absolutely contribute to this. SpareBank 1 Helgeland has therefore also launched environmental loans – green loans for energy measures. The Bank provides green loans for energy measures that document the improvement in energy rating. Here too, the Bank will spend the next year harmonising its own criteria with the taxonomy.

GREEN BUSINESS LOANS

The Bank wants to help put the business community in Helgeland in the best possible position to emerge from the other side of the green transition with its value creation intact and having ensured that there are still good, secure and attractive jobs for young people wondering where to spend their future. One of the ways of helping companies make climate-friendly choices is green business loans, which by the end of the reporting year were collectively valued at NOK 172 million. Of this, NOK 148 million was lending to the subsidiary Bankbygg Mo AS and related to the refurbishment of the Bank's head office in Mo i Rana. This was therefore eliminated in the consolidation process.

Green business loans that include a 0.3% interest rate discount are offered to companies that implement environmentally-friendly measures. The criteria for qualifying include projects that reduce or avoid greenhouse gas emissions, reduce energy demand or electrical power output, increase renewable energy production, or have a positive impact on the environment. Furthermore, the criteria include measures for pollution control and prevention, the environmentally sustainable use of natural resources in agriculture and forestry and implementing equipment with a better environmental impact than the industry standard.

To apply for a green business loan, companies must integrate the project into their overarching sustainability strategy and make strategic decisions that reduce climate-related risk and impacts on nature, climate and the environment. The applications must include detailed information about the project, how it satisfies the criteria, and a calculation of the estimated impact compared with existing options. The loans cover direct investment project-related costs but not a party's own internal hours or operating and maintenance costs.

Once a project has been completed, the company must report the final impacts within 6 months, which includes documenting project costs.

The Bank also wants the option of publishing information about projects, including project descriptions, lending volumes and estimated and achieved impacts at an overarching level.

GREEN OPERATING CREDITS FOR AGRICULTURE

SpareBank 1 Helgeland is committed to sustainable agriculture operations in Helgeland by setting an ambitious goal for cutting CO2 emissions by around 166,000 tonnes by 2030. As the premier agricultural bank in Helgeland, we launched green operating credits for agriculture in autumn 2023. This is an innovative initiative that rewards farmers with lower interest rates for contributing to the collective climate effort. Our approach is heavily focused on providing practical support to farmers through tools such as the climate calculator. This calculator enables farmers to develop climate plans through cooperation with authorised advisors from the Norwegian Agricultural Advisory Service and TINE SA, Norway's largest producer, distributor and exporter of dairy products.

MORE SUSTAINABLE OPERATIONS

The Bank has recently started working on changes to the guidelines for business travel and how quickly mobile phones and devices can be replaced in order to reduce our own adverse impact. The updated guidelines for business travel highlight the need to reduce environmental impacts by promoting the use of climate-friendly transport options and reducing unnecessary travel via online meetings. This is rooted in the local company agreement. Even though the reduction in emissions from travel was modest from 2022-2023, the groundwork for further reductions has been laid. This is also shown in the Bank’s budget for 2024 where the travel budget has been cut by 27%.

REFURBISHMENT OF BANKBYGG MO – SMØRØYET

SpareBank 1 Helgeland welcomed customers back to its newly renovated premises in Mo i Rana in April. Refurbishment of the building is almost complete, and we look forward to documenting a substantial increase in energy efficiency. The construction process has been carried out with 7 the goal of certifying the building as BREAM In-Use. Certification will take place after completion.

Goals

Goal:

1. Greenhouse gas emissions from SpareBank 1 Helgeland's loan portfolio will be halved by 2030.
2. SpareBank 1 Helgeland's loan portfolio will be climate-neutral by 2050.
3. SpareBank 1 Helgeland shall help customers to make climate-friendly choices.
4. SpareBank 1 Helgeland maintains an overview of the climate-related risk in our market area and portfolio.
5. SpareBank 1 Helgeland includes climate-related risk as an integral part of our risk assessment processes.
6. SpareBank 1 Helgeland shall reduce greenhouse gas emissions from its own operations by 50% by 2030 and achieve net zero emissions by 2050.

Target:

- SpareBank 1 Helgeland must present carbon accounting for scopes 1-3 in line with the GHG Protocol.
- In the first half of 2024, SpareBank 1 Helgeland will prepare a transition plan detailing how the Bank will cut emissions in its own operations and its loan portfolio in order to achieve its strategic goals.
- **Retail market:** The following goals apply to green mortgages:
  - 100% of mortgages for new build homes.
  - The proportion of loans for refurbishments that ensure homes are aligned with the taxonomy will increase every year.
  - The proportion of mortgages for homes that are aligned with the taxonomy will increase every year.
- **Corporate market:** Lend at least NOK 200 million to projects that qualify for green loans every year.
- Reduce the proportion of properties in which the Bank has collateral without a registered energy rating by 5% every year.

SpareBank 1 Helgeland's goals are in line with the ambitions of the Paris Agreement. While we are currently working based on general goals, in 2024 we will dedicate substantial resources to developing a comprehensive transition plan. This plan will not only further specify our climate targets, it will also provide quantified indicators for measuring progress and success.

Our carbon accounting, which includes scopes 1, 2 and 3, where the scope 3 emissions are greatest in category 15, Investments, shows that it will continue to be important to focus on product levels that are directly linked to sales targets.

This strategic approach allows us to influence customer behaviour and help customers make sustainable choices based on our financial products and services. The transition plan will establish clear and measurable targets for SpareBank 1 Helgeland's entire value chain, including activities upstream, downstream and our own products. By integrating sustainability into all business processes, we are trying to systematically identify and reduce climate impacts. The carbon accounting report will provide an important foundation of knowledge on which to develop a good transition plan.

Carbon accounting

SpareBank 1 Helgeland's carbon accounting report is based on the international standard "A Corporate Accounting and Reporting Standard" developed by the Greenhouse Gas Protocol Initiative (GHG Protocol). Furthermore, the Bank's carbon accounting report is based on the PCAF standards and Finance Norway's guidelines for calculating financed emissions. In addition to CO_2, the following greenhouse gases are also reported on are CH_4, N20, SF_6, HFCs, PFCs and NFS. These are converted into tonnes of carbon dioxide equivalents (tCO_2e). The Bank does not trade in regulated carbon credits/climate quotas.

CONTROL APPROACH

SpareBank 1 Helgeland has chosen "operational control" as its control approach for its carbon accounting report. This means that the company reports on emissions based on its own activities and the equipment over which it has control. SpareBank 1 Helgeland is a relatively small group, and this provides the best overview and control with respect to ensuring completeness and accuracy.

BASE YEAR AND RESTATEMENT

SpareBank 1 Helgeland has chosen the 2022 financial year as the base year for the entire carbon accounting report. This was the first year we were able to collect more complete data and the first year in which all relevant scope 3 categories are included. It was also the first year of normal operations after joining the SpareBank 1 Alliance and acquiring SpareBank 1 Nord-Norge's business in Helgeland, and it will provide a good basis for comparisons with future years. SpareBank 1 Helgeland wants to take an active approach to its carbon accounting and is always working to become a better resource-saving and environmentally-efficient organisation by setting requirements for its own organisation, suppliers and partners. In autumn 2023, SpareBank 1 Helgeland therefore engaged PwC to conduct a pre-audit of its carbon accounting report to ensure its accuracy and completeness.

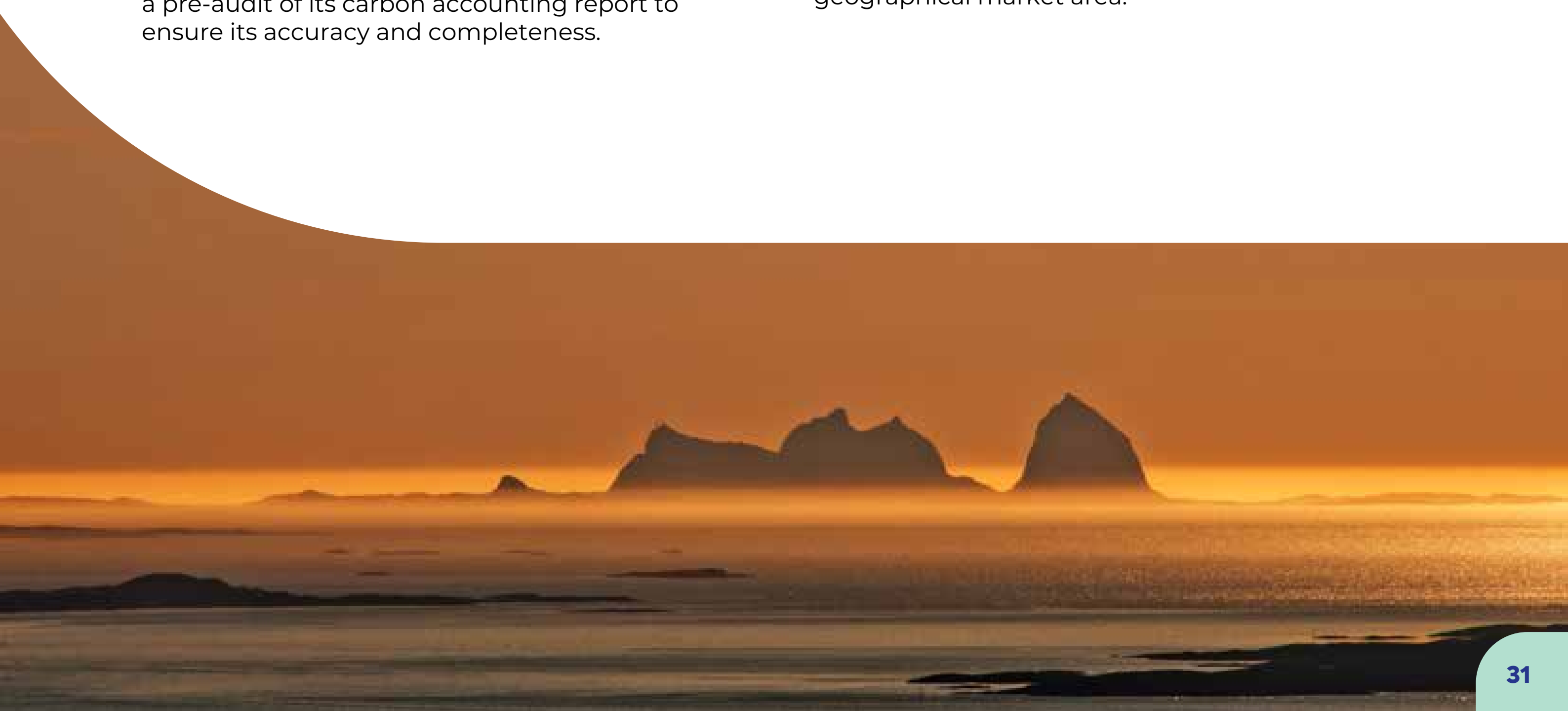
In connection with this, the 2022 financial year has been restated because material deficiencies were found in the carbon accounting presented in the annual report for 2022.

The Bank's base year restatement policy is in line with the GHG Protocol and identifies three scenarios that trigger restatement:

1. Structural changes. These could be, for example, the acquisition, merger or sale of material assets.
2. Changes in calculation methods or improvements in the accuracy of emission factors or activity data. These could be, for example, access to more accurate data that significantly improves data quality and that can be restated retrospectively. This will only be relevant if it results in a better understanding of emissions and the potential for cutting them.
3. Occurrence of gross errors. Here, the Bank sets a limit at 5% as a significance threshold. This is also a common practice among many companies.

LOCATION-BASED VERSUS MARKET-BASED METHOD

The Bank chooses to use a location-based method over a market-based approach for goals and strategic planning in light of the carbon accounting report. The most important factor here is that, compared with others, the uniform electricity mix in the NO4 region, which entails a high degree of consistency in the energy sources used. Limited imports/exports of electricity generated using fossil sources and a high proportion of renewables in the region ensures that the strategies are aligned with the specific environmental conditions in the Bank's geographical market area.



METHOD FOR CALCULATING SCOPES 1, 2, AND 3 EMISSIONS.

Category	Method	Weaknesses in the method	There are plans to move up in the data quality hierarchy
Scope 1			
Emissions from fuel, petrol	Primary data on fuel consumption, fuel type and km travelled in the organisation has been collected. The emission factor for fuel was taken from Finance Norway's guidelines for calculating financed emissions, page 38.	The method does not take into account vehicle-specific parameters such as engine size and model year. Nor does the method take into account the addition of biofuels to Norwegian petrol and diesel	At this time, there are no plans to improve the data quality in this category.
Emissions from fuel, diesel	Primary data on fuel consumption, fuel type and km travelled in the organisation has been collected. The emission factor for fuel was taken from Finance Norway's guidelines for calculating financed emissions, page 38.	The method does not take into account vehicle-specific parameters such as engine size and model year. Nor does the method take into account the addition of biofuels to Norwegian petrol and diesel	At this time, there are no plans to improve the data quality in this category.
Scope 2 (location-based method)			
Location-based emissions electricity, Norwegian mix	Data on energy consumption (power and electricity) is collected and represents precise primary data. The emission factors used are the Norwegian mix issued by the Norwegian Water Resources and Energy Directorate (NVE).	The method does not take into account regional differences in emission factors. The NO4 electricity mix includes less imports of electricity generated using fossil sources. This is poorly reflected when national mix figures are used.	This results in the highest possible data quality, without auditing.
Scope 2 (market-based method)			
Location-based emissions electricity, European market	Data on energy consumption (power and electricity) is collected and represents precise primary data. The emission factors used are the Norwegian mix issued by the NVE.	The method does not take into account regional differences in emission factors. The NO4 electricity mix includes less imports of electricity generated using fossil sources. This is poorly reflected when national mix figures are used.	This results in the highest possible data quality, without auditing.

Category	Method	Weaknesses in the method	There are plans to move up in the data quality hierarchy
Scope 3			
Category 1: Purchased goods and services	Spend-based method. The cost (NOK millions) is multiplied by the emission factor for the type of goods/service. The emission factors were taken from the Norwegian Agency for Public and Financial Management (DFØ) (emissions for state procurements)	The method will not capture any transition to more or less environmentally-friendly suppliers and does not take account of price increases.	The Bank will consider acquiring systems that can provide more fine-meshed information about individual purchases in order to move from secondary to primary data.
Category 2: Capital goods	Spend-based method. The cost (NOK millions) is multiplied by the emission factor for the type of goods/service. The emission factors were taken from DFØ (emissions for state procurements)	The method will not capture any transition to more or less environmentally-friendly suppliers and does not take account of price increases.	The Bank will consider acquiring systems that can provide more fine-meshed information about individual purchases in order to move from secondary to primary data.
Category 3: Fuel and energy-related activities*	*	*	*
Category 4: Upstream transport and distribution	Spend-based method. The cost (NOK millions) is multiplied by the emission factor for the type of goods/service. The emission factors were taken from DFØ (emissions for state procurements)	The method will not capture any transition to more or less environmentally-friendly suppliers and does not take account of price increases.	The Bank will consider acquiring systems that can provide more fine-meshed information about individual purchases in order to move from secondary to primary data.
Category 5: Waste generated in operations	Calculations based on average data. Figures for the following departments/branches were obtained from: Retura SHMIL (the divisions in Brønnøysund and Sandnessjøen), Retura HAF (the division in Mo) and Østbø (the divisions in Mo and Mosjøen). tCO2e figures are calculated using the amount of waste in kg multiplied by the specific emission factor per kg for the type of waste. The Bank is Eco-Lighthouse certified and sourced emission factors from them.	This method will not capture a supplier's transition to more or less environmentally-friendly technology.	Not possible to improve data quality at this time.
Category 6: Business travel	Air: Number of flights multiplied by the relevant emission factor for air travel. The emission factor was sourced from the Eco-Lighthouse. Rail: Number of train journeys multiplied by the relevant emission factor for average train journeys. The emission factor was sourced from the Eco-Lighthouse. Mileage allowance: The organisation collects primary data (number of km driven). This is multiplied by an emission factor from Finance Norway's guidelines for calculating financed emissions, page 38.	There is no data on the type of fuel related to the mileage allowance for the whole of 2022 and the first 10 months of 2023. For the last two months of 2023, there is data on the proportion of electric vehicles and this has been used proportionally as estimates for the rest of the year. The factors for air and rail do not take account of business-specific technological changes, and there is a lack of fuel-specific data related to "mileage allowance"	Changes were made to the system in order to obtain fuel-specific information from registered mileage allowance. Data quality will be improved from 2024 onwards. Furthermore, consideration should be given to taking into account the type of aircraft and the number of km flown to obtain more exact figures.

Categories 1, 2 and 4: "Method": https://dfo.no/nokkeltall-og-statistikk/innkjop-i-offentlig-sektor/utslippsfaktorer-statlige-innkjop

Continued on the next page.

Category	Method	Weaknesses in the method	There are plans to move up in the data quality hierarchy
Category 7: Employee commuting	As of 31.12.23, data was collected from employees where they reported how they commute, the type of fuel, the number of km commuted and the estimated number of days in the year they commuted to work. The emission factor is from the Handbook Emission Factors for Road Transport (HBEFA), www.hbefa.net, and takes into account the addition of biofuels to Norwegian petrol and diesel.	The method does not take into account vehicle-specific parameters such as engine size and model year.	In 2024, employees will be able to register the vehicle's engine size and model if they know this about the vehicle being used.
Category 8: Upstream leased assets*	*	*	*
Category 9: Downstream transport and distribution*	*	*	*
Category 10: Processing of sold products*	*	*	*
Category 11: Use of sold products*	*	*	*
Category 12: End-of-life treatment of sold products*	*	*	*
Category 13: Downstream leased assets*	*	*	*
Category 14: Franchises*	*	*	*
Category 15: Investments (emissions in the loan portfolio)	Spend-based method. tCO2e is calculated based on the method described in the guidelines from Finance Norway ("Guidelines for calculating financed emissions") for the CM and RM portfolios. The focus is primarily on loans for homes and businesses. For **CM**, separate emission factors must be calculated based on PCAF, while for **RM the** following method is used: The emission factors are solely based on NVE factors for electricity. SQL code was written to calculate the number of tCO2e for the last business day in 2022 and 2023. Relevant types of homes and properties were selected (based on whether we had the loan proportion and estimated value of the property available). An energy consumption estimate was calculated for each row of the data obtained. This was based on the type of home, floor space, construction year, energy rating or combinations of these. All of these estimates were based on national averages taken from relevant sources such as ENOVA and Statistics Norway. Eiendomsverdi had already made calculations for some of the homes and these were used for the estimates. Finally, the estimated energy consumption was multiplied by an emission factor (based on whether the location-based or market-based method was assessed) and this produced the final result.	**Corporate market:** The emission factors are based on estimates for the type of industry and do not capture actual emissions per company. **Retail Market** The same is true for the mortgage portfolio, although it should be noted here that many properties lack an energy rating, which means that national averages had to be used. In many cases, this is inadequate and increases the uncertainty associated with the calculations.	**Corporate market:** Corporate customers' carbon accounting data must be collected, first in relation to activity level (data quality 3) and then direct emissions figures (data quality 1 and 2). **Retail market:** Because different homes consume different quantities of electricity based on floor area, type of residence and energy efficiency, direct figures must be obtained from customers (data quality 1 and 2). For the remaining cases, relevant information should be obtained that allows the Bank to estimate the energy rating of a property (data quality 3).

SPAREBANK 1 HELGELAND CONDUCTED A SCREENING PROCESS BASED ON THE 15 CATEGORIES IN SCOPE 3. THESE CATEGORIES ARE NOT REPORTED ON BASED ON MATERIALITY:

- ***Category 3** – *Fuel and energy-related activities:*
  Emissionsrelated to energy production were added to the categories in scope 1 based on the Eco-Lighthouse's method of adding about 20% to the categories in scope 1 and about 10% to the categories in scope 2. The Bank therefore does not report on this under scope 3. This is not where we will focus resources with the aim of improving data quality and accuracy given that the emissions are negligible in the bigger picture.
- ***Category 8** – *Upstream leased assets:*
  The Bankleases relatively few premises and little equipment, and the associated emissions are negligible in the bigger picture.
- ***Category 9** - *Downstream transport and distribution:*
  The Bankdoes not produce physical goods so the category is not relevant.
- ***Category 10** – *Processing of sold products:*
  The Bankdoes not produce physical goods so the category is not relevant.
- ***Category 11** – *Use of sold products:*
  The Bankdoes not produce physical goods so the category is not relevant.
- ***Category 12** – *End-of-life treatment of sold products:*
  The Bankdoes not produce physical goods so the category is not relevant.
- ***Category 13** – *Downstream leased assets:*
  The Bankleases out relatively few premises and little equipment, and the associated emissions are negligible in the bigger picture.
- ***Category 14** – *Franchises:*
  The Bank has no franchises. Therefore, the category is not relevant.

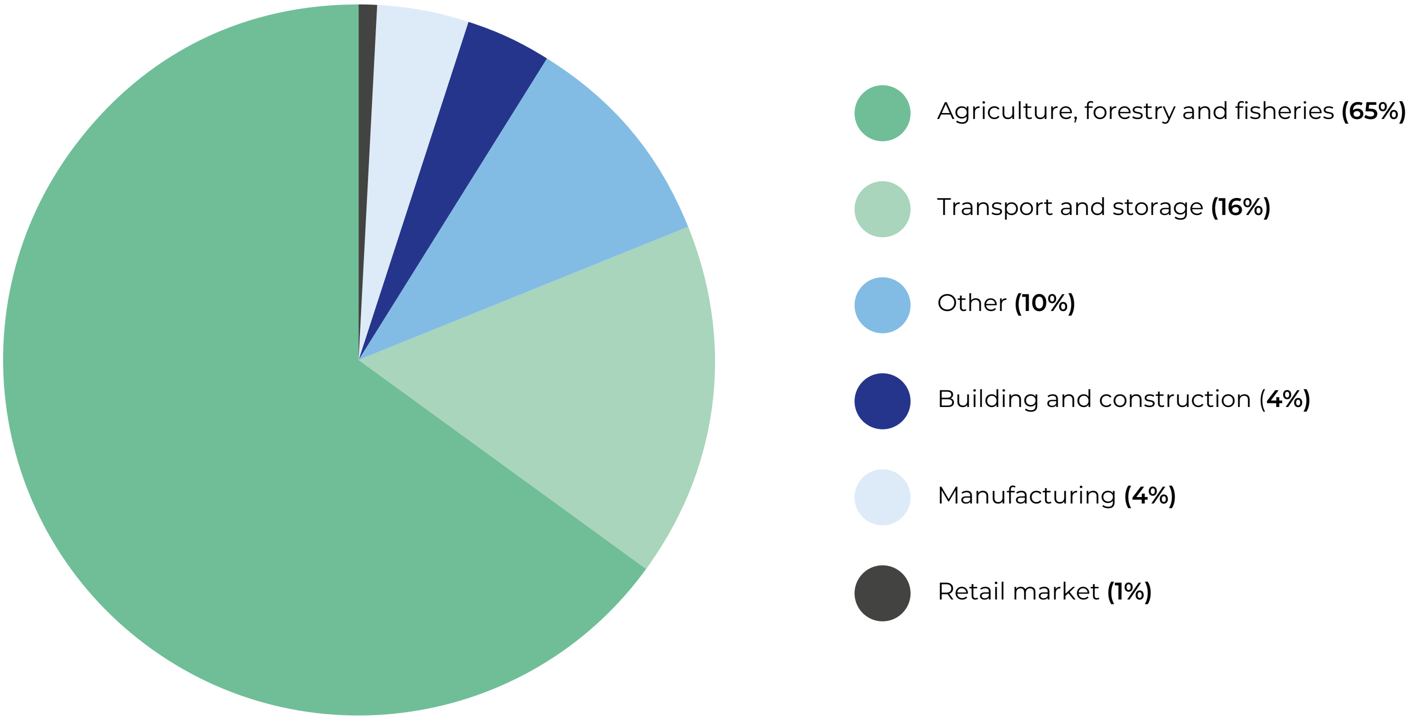
GREENHOUSE GAS EMISSIONS SPAREBANK 1 HELGELAND

	Tonnes CO2e			Intensity (tCO2e per NOK million in turnover)			Weighted data quality	Weighted data quality
Category	2022	2023	Change in %	2022	2023	Change in %	**2022**	**2023**
Scope 1								
Emissions from fuel, petrol	1,414	1,632	15.4%	1.0	0.7	-22.6%	2	2
Emissions from fuel, diesel	8,287	8,815	6.4%	5.7	4.0	-28.7%	2	2
Total scope 1 emissions	**9,701**	**10.447**	**7.7%**	**6.6**	**4.8**	**-27.8%**	**2**	**2**
Scope 2 (location-based method)								
Location-based emissions electricity, Norwegian mix	25	27	8.6%	0.0	0.0	-27.2%	2	2
Total scope 2 emissions, location-based method	**25**	**27**	**8.6%**	**0.0**	**0.0**	**-27.2%**	**2**	**2**
Scope 2 (market-based method)								
Location-based emissions electricity, European market	659	716	8.6%	0.5	0.3	-27.2%	2	2
Guarantees of origin for electricity	-	-	0.0%	-	-	0.0%		
Total scope 2 emissions, market-based method	**659**	**716**	**8.6%**	**0.5**	**0.3**	**-27.2%**	**2**	**2**
Scope 3								
Category 1: Purchased goods and services	536	532	-0.7%	0.4	0.2	-33.4%	5	5
Category 2: Capital goods	508	265	-48.0%	0.3	0.1	-65.1%	5	5
Category 4, purchased transport and distribution services	22	25	14.6%	0.0	0.0	-23.1%	5	5
Category 5: Waste generated in operations	7	7	2.4%	0.0	0.0	-31.3%	3	3
Category 6: Business travel	106	76	-28.6%	0.1	0.0	-52.1%	3	3
Category 7: Employee commuting	1,464	1,549	5.8%	1.0	0.7	-29.0%	5	2
Category 15: Investments (emissions in the loan portfolio)	16,461,329	16,807,147	2.1%	11,275.7	7,720.3	-31.5%	4.0	3.7
Total scope 3 emissions	**16,463,971**	**16,809,600**	**2.1%**	**11,277.5**	**7,721.5**	**-31.5%**	**4.0**	**3.7**
Total scopes 1, 2 (location-based) and 3 emissions	**16,473,697**	**16,820,073**	**2.1%**	**11,284.1**	**7,726.3**	**-31.5%**	**4.0**	**3.7**
Total scopes 1, 2 (market-based) and 3 emissions	**16,474,331**	**16,820,762**	**2.1%**	**11,284.6**	**7,726.6**	**-31.5%**	**4.0**	**3.7**

EMISSIONS BY SECTOR AND INDUSTRY IN THE LOAN PORTFOLIO (CATEGORY 15)

Emissions by sector and industry, category 15	2022	2023	Change %	2022	2023	Change %
	Gross lending (NOK millions)			tCO2e		
Other services	611	475	-22.4.%	40,022	30,051	-24.9%
Mining and extraction	24	40	70.0%	21,408	27,752	29.6%
Building and construction	510	858	68.2%	509,923	671,612	31.7%
Electricity, gas, steam and hot water supply	241	236	-1.9%	243,905	220,183	-9.7%
Professional scientific and technical services	287	376	31.3%	355,768	286,779	-19.4%
Financing and insurance business	275	989	259.5%	15,391	16,544	7.5%
Business services	681	47	-93.1%	557,174	32,652	-94.1%
Health and care services	84	97	15.4%	31,866	35,918	12.7%
Manufacturing	454	438	-3.5%	666,493	655,596	-1.6%
Information and communication	8	8	11.2%	3,136	3,864	23.2%
Agriculture, forestry and fisheries	2,207	2,145	-2.8%	10,637,861	10,858,732	2.1%
Cultural activities, entertainment and leisure activities	138	136	-1.8%	98,821	97,687	-1.1%
Paid work in private households	0	14	N/A	-	4,790	N/A
Public administration	0	3	N/A	1	1,599	N/A
Sale and management of real property	3,449	3,592	4.1%	335,826	376,425	12.1%
Accommodation and services	185	267	44.1%	73,383	228,749	211.7%
Transportation and storage	445	588	32.2%	2,339,888	2,784,899	19.0%
Water supply, wastewater and rubbish collection activities	3	15	404.8%	880	1,987	125.8%
Wholesale and retail trade, repair of motor vehicles	260	266	2.2%	381,113	344,717	-9.5%
Total corporate (incl. SpareBank 1 Boligkreditt)	**9,863**	**10,591**	**7.4%**	**16,312,859**	**16,680,536**	**2.3%**
Retail market (incl. SpareBank 1 Boligkreditt)	**27,484**	**27,391**	**-0.3%**	**148,470**	**126,611**	**-14.7%**
Total	**37,347**	**37,982**	**1.7%**	**16,461,329**	**16,807,147**	**2.1%**

EMISSIONS (TCO2E) BY SECTOR AND INDUSTRY



INTENSITY:
The Bankreports intensity based on income in its carbon accounting. Income includes interest income of NOK 1,996 million (NOK 1,274 million) (Note 5), commission income of NOK 171 million (NOK 179 million) (Note 6) and other operating income of NOK 9 million (NOK 7 million) (Note 9). The Bank saw a 31.5% decrease in intensity. This was solely due to increased interest income following the rises in interest rates over the course of 2023.

CHANGE IN EMISSIONS FROM BASE YEAR
Scope 1 emissions increased by 7.7% compared with 2022. This was due to our own vehicles consuming more petrol and diesel in 2023.

Scope 2 emissions include energy consumption calculated using both location-based and market-based methods. Emissions in this category have increased by 8.6%. This was due to ongoing refurbishment work on the head office throughout 2023.

Scope 3 emissions include indirect emissions from goods and services other than energy. Emissions from purchased goods and services, capital goods, upstream transport and distribution, waste generated in operations, business travel, employee commuting and investments are reported for the Group.

Category 1: Purchased goods and services.
There was a slight decrease of 0.7% in the purchased goods and services category. Given that we use a pure spend-based method, this means that costs from purchased goods and services decreased by 0.7% 2023.

Category 2: Capital goods.
In 2021, the Bank started to refurbish its head office in Mo i Rana. The refurbishment was scheduled to take 2 years, and in 2023 the employees were once again able to gather under a single roof after being based at temporary locations during the refurbishment period. The head office is owned by the Bank's subsidiary Bankbygg Mo AS. In practice, the refurbishment accounts for almost all emissions in this category in both 2022 and 2023. In 2022 and 2023, NOK 97 million and NOK 45 million, respectively, were activated in relation to this refurbishment, and it accounted for 95% of emissions in 2022 and 85% of emissions in 2023. If you disregard the refurbishment, there was a 63% increase in 2023 in the emissions in this category. The increase was due to head office furniture and furnishings after the refurbishment. A significant drop in emissions is expected in this category in 2024 and subsequent years.

Category 4: Upstream transport and distribution.
The category includes postage and the purchase of other transport services. The category increased by 14.6%. This was due to higher costs in this category.

Category 5: Waste generated in operations.
The category increased by 2.4% due to a small increase in total waste in terms of kg.

Category 6: Business travel.
Fewer flights resulted in a 28.6% reduction in emissions in this category in 2023.

Category 7: Employee commuting.
This category saw a 5.8% increase in 2023. This was due to the Bank having more employees in 2023 than in 2022. This category was mapped at the end of 2023. The emissions for 2022 were calculated proportionately based on the number of employees as of 31.12.22 compared with the number as of 31.12.23.

Category 15: Investments.
The Bank saw higher lending growth than emissions growth in the corporate market loan portfolio. Exposure to the corporate market increased by 7.4% while emissions only increased by 2.3%. The sector with the largest emissions in this portfolio was agriculture, forestry and fisheries. The increase in emissions here was 2.1% despite a decrease in exposure. In the Bank's second largest emissions category, transport and storage, a single major corporate customer accounted for 95% of emissions in 2022 and 75% in 2023.

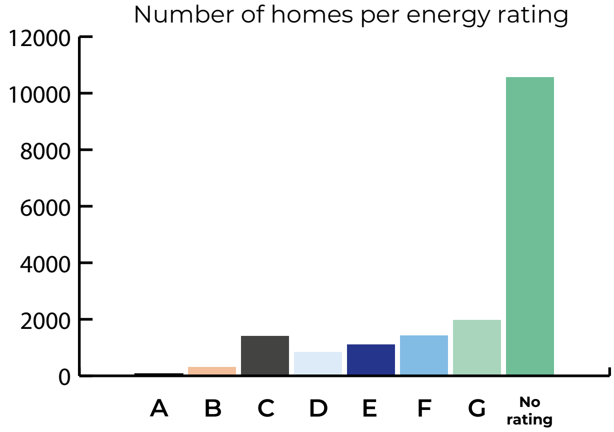
Retail market saw negative growth of 0.3%, while emissions decreased by 14.7%. This was due to an improvement in data quality and more homes being assigned energy ratings, as well as more positive migration between energy ratings.

In total, lending grew by 1.7% in scope 3, while emissions were 2.3% higher. This was due to an increase in the proportion of corporate market engagement in 2023.

DATA QUALITY

SpareBank 1 Helgeland reports on data quality in line with this model from the guidelines issued by Finance Norway:

From 2022 to 2023, overall data quality improved from 4 to 3.7 for all of the categories in scopes 1, 2 and 3 in the carbon accounting report. The two categories in which data quality improved were category 7, employee commuting, and category 15, investments. In category 7, data quality improved from 5 to 2, while in category 15 it improved from 4 to 3.7. The improvement in category 15 was solely due to access to more energy rating data in the retail market portfolio. From 2022 to 2023, the proportion of homes without an energy rating decreased from 62% to 60%.



The carbon accounting report shows that the Bank has a long way to go to achieve its targets of a 50% cut in emissions by 2030 and a 100% cut in emissions by 2030. A lot of work remains to be done before more precise targets can be set, with the Paris Agreement's outer limit and the Bank's own goals as the basis. The goal for 2024 is to produce a transition plan. This will provide an opportunity to intensify the work on turning intentions into actions and allow us to assume the position of being a responsible bank, including in the area of sustainability. This will improve competitiveness and enable the Bank to remain a relevant local bank for years to come.

Data quality	Calculation method	Alternative	Variable
1	Emissions reported by the company	1a	Verified reported emissions
		1b	Reported, unverified emissions
2	Calculated physical activity-based emissions	2a	Calculated emissions based on energy consumption and associated emission factors
3		2b	Calculated emissions based on production data and associated emission factors
4	Calculated economic activity-based emissions	3a	Calculated emissions based on company revenue and sector-specific emission factors per revenue
5		3b	Calculated emissions based on company on-balance sheet values and sector-specific emission factors per unit of value

***Table 2** – Generic data quality hierarchy*

Taxonomy

The EU taxonomy is the cornerstone of the EU's climate policy via the Green Deal. The Disclosure Regulation and the EU Taxonomy Regulation entered into force on 01.01.23 and set requirements for what can be considered sustainable investments and economic activities. The companies with a duty to report under the taxonomy in Norway for 2023 are the companies subject to the Non-Financial Reporting Directive (NFRD). These are companies of "public interest" (including banks) that meet the following criteria:

- More than 500 employees
- Total balance sheet of more than EUR 20 million
- Turnover of more than EUR 40 million

SpareBank 1 Helgeland does not meet the criteria for 500 employees. Therefore, it does not have a duty to report until the 2024 financial year but has chosen to do so on a voluntary basis this year, with some simplifications:

Annex V Section 1.1.1 of the Disclosure Delegated Act stipulates that banks must apply the consolidation principles in the Capital Requirements Regulation (CRR) when calculating KPIs for reporting under article 8 of the taxonomy. However, in the first year, we are reporting on a voluntary basis in line with the same principles for consolidation between companies as those applied in the annual financial statements, as well as including the loan portfolio transferred to SpareBank 1 Boligkreditt. This mainly consists of mortgages for retail customers and amounted to NOK 8.6 billion. Consolidated subsidiaries include all companies over which the Bank, whether directly or through other subsidiaries, has control (i.e. the authority to manage a company's financial and operational principles with the intention of achieving benefits from the company's activities).

THE TAXONOMY IN BRIEF

The EU taxonomy is a classification system that defines which economic activities are sustainable in light of the EU's stipulated environmental objectives. The intention is to increase transparency in the market and help move capital in a more sustainable direction, and represents an important step towards the goal of carbon neutrality by 2050.

REPORTING REQUIREMENTS

For 2023, both the proportion of the financial actor's activities that are covered by the taxonomy (taxonomy-eligible) and the proportion of the financial actor's activities in line with the taxonomy (taxonomy-aligned) are reported. In the financial industry, taxonomy-related information is expected to be presented as a green asset ratio (GAR). The implementation of the taxonomy follows a step-by-step process with six environmental objectives, where the first two objectives are linked to climate change. In June 2023, the EU taxonomy was expanded with additional economic activities for all six environmental objectives.

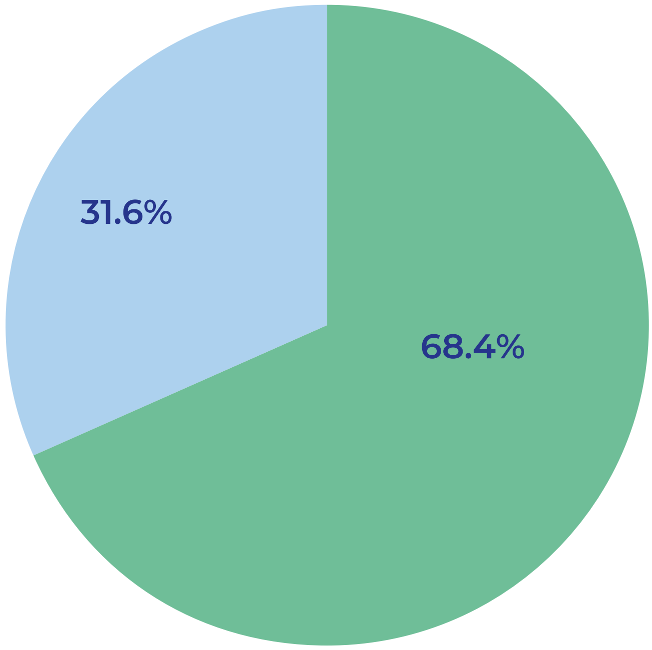
PROPORTION OF PORTFOLIO THAT IS TAXONOMY-ELIGIBLE AND TAXONOMY-ALIGNED

As of 31.12.23, NOK 29,935 million or 68.4% of the Group's total assets, including loans transferred to SpareBank 1 Boligkreditt, are exposed to taxonomy-eligible economic activities. Of this, NOK 1,413 million, or 3.2% of total assets, is included in the green asset ratio (GAR) and is aligned with, and can be classified as sustainable in relation to, the taxonomy. Of the new mortgages granted in 2023 totalling NOK 1,570 million, NOK 87 million or 5.6% were taxonomy-aligned. As none of our corporate customers have to report in line with the taxonomy yet, the exposure consists of exposure to households with mortgages, as well as covered bonds in the liquidity portfolio.

Assets	Proportion of total assets %	Exposure in NOK millions	GAR: Taxonomy-aligned %	GAR: Taxonomy-aligned NOK millions
Assets included in both the GAR's numerator and the denominator:	**68.4%**	**29,935**	**3.2%**	**1,417**
Exposure to debtors subject to the NFRD and economic activity also taxonomy-eligible (incl. covered bonds):	5.8%	2,544	0.0%	-
Exposure to debtors subject to the NFRD but economic activity not taxonomy-eligible:	0.0%	-	0.0%	-
Exposure to households with mortgages, home refurbishment loans and car loans:	62.6%	27,391	3.2%	1,417
Assets only included in the GAR's denominator:	**31.6%**	**13,829**		
Exposure to institutions not subject to the NFRD:	24%	10,591		
Derivatives	0%	64		
Short-term loans and deposits from financial institutions:	2%	842		
Cash and cash equivalent assets:	0%	83		
Other assets (goodwill, etc.):	5%	2,249		
Assets not included in calculation of the GAR:		**1,655**		
Exposure to states, supranational entities and other government-guaranteed counterparties:	4%	1,655		
Deposits in central banks:	0%	-		
Trading portfolio:	0%	-		

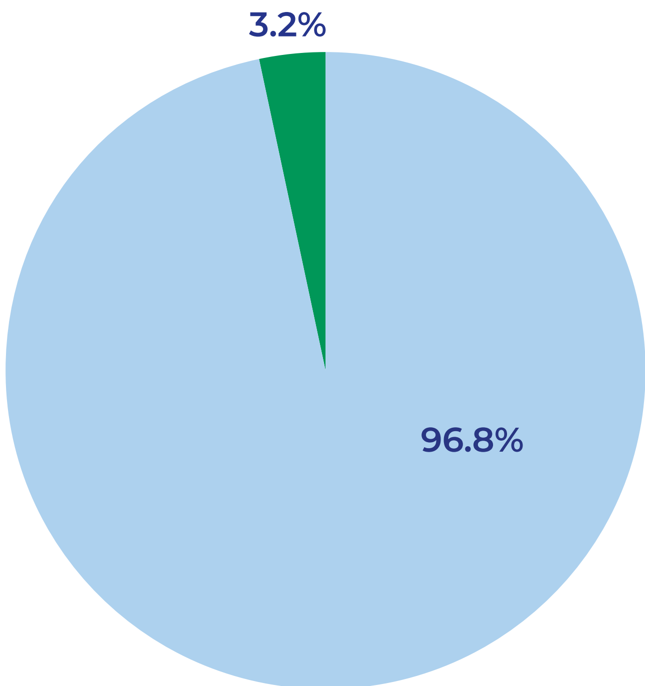
ASSESSMENT OF TAXONOMY-ELIGIBLE AND TAXONOMY-ALIGNED ASSETS:

- Exposure to financial activity not subject to the NFRD (non-taxonomy-eligible):
- Exposure to taxonomy-eligible financial activities:



ASSESSMENT OF TAXONOMY-ALIGNED ASSETS:

- GAR: Exposure to taxonomy-aligned economic activities:
- Exposure to financial activities that are not taxonomy-aligned



METHOD FOR CALCULATING WHAT IS ALIGNED WITH THE TAXONOMY

The taxonomy distinguishes between houses built before 2021 and from 2021 and onwards.

FOR HOMES BUILT BEFORE 2021

For homes built before 2021 to be taxonomy-aligned they must have an energy rating of A or be in the top 15% in Norway. The Norwegian Water Resources and Energy Directorate (NVE) has mapped emissions from buildings in Norway and in a letter to the ministry described the 15% threshold. This has been passed on to the banks by Finance Norway. In its survey, the NVE concluded that flats with a kWh per gross floor area of less than 120 and houses/holiday homes with a residences with kWh per gross floor area of less than 150 are in the top 15%.

Eiendomsverdi AS is a company owned by DNB, Nordea, SpareBank 1 and Eika Boligkreditt and provides a real-time picture of real estate values for the banks for all of the properties in which the banks have collateral. The banks received extended reporting from Eiendomsverdi AS from the fourth quarter of 2023. This includes the buildings' kWh per gross floor area. This information allows banks to calculate how much of a portfolio is taxonomy-aligned.

Buildings exposed to significant physical climate-related risk in the dataset from Eiendomsverdi AS are excluded and are not taxonomy-aligned based on the "do no significant harm" requirement for alignment. Significant physical climate-related risk includes floods, various types of landslides, avalanches, storm surges and rising sea levels.

FOR HOMES BUILT IN 2021 AND LATER

For homes built in 2021 and later, the home must be a nearly zero energy building (NZEB-10%). SpareBank 1 Helgeland has used Multiconsult's methodology described in their "Impact Assessment Report" for SpareBank 1 SR-Bank's green bond programme. There is a methodical difference between NZEB and the energy rating scheme. NZEB only covers the heating of a building, while the energy rating scheme includes technical equipment. Defined fixed components represent the electricity consumed by technical equipment. Homes, flats/blocks of flats have a fixed component of 28.9 kWh per gross floor area.

Because we have received kWh per gross floor area figures from Eiendomsverdi AS, we can compare the NZEB-10% and energy rating figures and determine whether each individual house/flat is aligned with the taxonomy or not. *See the example in the table below:*

	Gross floor area	Energy rating	Energy rating's kWh per gross floor area	NZEB	NZEB -10%	NZEB-10% + fixed component	OK according to NZEB-10%?
House A	100	A	95	92.0	82.8	111.7	YES
House B	100	B	108	92.0	82.8	111.7	YES
House C	150	A	106	86.7	78.0	106.9	YES
House D	200	B	108	84.0	75.6	104.5	NO
Flat A	50	A	88	67.0	60.3	89.2	YES
Flat B	50	A	95	67.0	60.3	89.2	NO
Flat C	100	A	90	67.0	60.3	89.2	NO
Flat D	150	A	88	67.0	60.3	89.2	YES

COVERED BONDS IN THE LIQUIDITY PORTFOLIO

In order for covered bonds to be taxonomy-aligned, we must be able to document that they are via taxonomy reporting from the individual covered bond issuers, and we do not have that yet. This means that at the moment we are unable to report the alignment for 2023. SpareBank 1 Helgeland is one of the region's large knowledge-intensive workplaces. With a total of 166 permanent employees (164.5 FTEs), spread across four branches, the Bank interacts with hundreds of customers every day. Irrespective of whether that interaction is face-to-face, over the phone or online, the goal is to provide value for our customers because, as a locally owned and locally managed bank, we understand and are close to the everyday lives of our customers. Being the local bank is our biggest competitive advantage. To maintain this, we are entirely dependent on all our employees having the right skills. This topic, essentially, covers the Bank's permanent employees, which in 2023 accounted for 98.1% of the FTEs. The rest were temporary employees. The Bank has no employees on zero-hour contracts.

Material topic: Training and education

WHY IS THIS A MATERIAL TOPIC?

The sustainability strategy includes ambitious goals for the work on financed emissions and contributions to clubs, associations and partners. If the Bank is to achieve these targets, employee ownership and competence will be by far the most important factors for success. Without the right skills, it will not be possible to provide customers with good advice. Customers, suppliers and authorities are continually stipulating new requirements and expectations, and SpareBank 1 Helgeland's most important investment in the years to come will be in the competence of its employees. The materiality analysis clearly showed that inadequate ESG capacity and competence poses a financial risk to the Bank. While no sanctions have been imposed for violations of the Transparency Act, everything suggests that failing to comply with it and the extent of future regulations could be costly in terms of both fines and loss of reputation. It is worth noting that several stakeholders point to the Bank's expertise as a positive impact that the Bank can have in relation to customers and the business sector. This helped to ensure that it became a material topic. For more information, see the chapter entitled "Materiality analysis".

RELEVANT GOVERNING DOCUMENTS

Example policy	Contents
Corporate social responsibility and sustainability policy	The Bank is committed to promoting fundamental human rights and decent working conditions in its operations and in its value chain. This includes respect for international law and the ILO Core Conventions, as well as conducting due diligence in line with OECD guidelines (for more information on this, please see the statement on due diligence on sbh.no). Included in the understanding of international law are the obvious prohibitions of human trafficking, child labour and forced labour.
HR policy	Operationalisation of measures within the organisational and HR part of the Bank's strategic platform, sustainability strategy, compliance with the code of conduct and management of operational risk. The policy has been adopted by the Board of Directors.
Company agreement and organisation	The corporate agreement applies to all employees, both those organised in trade unions and those who are not organised. 90% of the Bank's employees are organised in the Finance Sector Union of Norway. The corporate agreement and the collective wage agreement, as well as the provisions of the Working Environment Act, regulate: • Working hours, including remuneration. • Salaries and pay adjustments. • Competence • Work-life balance – life-phase policy.
HSE plan	The Working Environment Committee adopts a plan for health, safety and environment (HSE) work at the Bank. This is made available and known to the Bank's employees, who can influence it via their representatives. The Bank's loss and incident register records and follows up events.
Plan for equality at work	The plan has three priority areas, each with described goals and measures: 1. A diverse and inclusive working environment – we are striving to create a diverse and inclusive working environment that will prevent exclusion, bullying and sexual harassment 2. Equal pay – we are working for equal pay in comparable positions, regardless of gender 3. Recruitment – we are working for and facilitating diversity and equality in recruitment and planned career paths In all areas, the Bank has drawn up measures and associated specific objectives. The plan has been approved by the Management Group and all employees were involved via a survey when it was being drawn up.
Code of conduct	The Bank's code of conduct is a governing document on a par with the Bank's strategy, and it applies to employees, elected representatives, customers and suppliers. Trust is created in the interactions with customers, suppliers and partners. Employees must conduct themselves in accordance with applicable laws, regulations, industry standards, internal policies and the norms that apply in society. The code of conduct is a cornerstone of our business operations and strategic goals. The code of conduct is evaluated and approved every year by the Bank's Board of Directors, the last time in October 2023. It is available on the Bank's website. The most important stakeholders thus all have access to the code of conduct, and employees participate in its revision via their elected representatives.

PARTICIPATION

Like other banks in Norway, SpareBank 1 Helgeland has structures and agreements that provide a good basis for participation. The local company agreement and the collective wage agreement concluded between the Confederation of Norwegian Enterprise (NHO) and the Finance Sector Union of Norway ensure that employee representatives are involved in and have influence in areas that are important to employees.

Participation takes place via various channels. Collective wage agreements require forums for participation. In the Bank, these are organised as follows:

- The Group Committee – meets four times a year. All elected representatives, including the chief employee representative, and parts of the Management Group, including the CEO, participate in the committee. The collective wage agreement describes the matters handled by the committee. Meeting minutes are available to employees.
- The Appointments Committee – meets when the Bank hires new employees. The chief employee representative, the managers involved in conducting interviews and other processes, the head of HR and the CEO participate in the committee. The Appointments Committee hires employees and managers at middle management level and sets their salaries. Everyone on the committee has the right to speak, although the CEO makes the final decision if the committee cannot agree on a recommendation.
- The Working Environment Committee – meets four times a year. Elected representatives, the Management Group and others participate in the committee.
- Employees maintain a direct, ongoing dialogue with the Group via the Winningtemp system. Employees can express their thoughts and feelings about their working environment, well-being and commitment every second week. This provides managers and employees with continuous insights into the state of the working environment, facilitating conversations and direct contact.
- In employee performance and development reviews, all employees have an opportunity to address issues about which they are concerned.
- The Board of Directors includes employee representatives who meet the rest of the Group's management in board meetings. Six representatives on the Supervisory Board are also elected by, and from among, the employees.

HSE WORK

The Working Environment Act stipulates requirements for participation at work that apply to the employee's working environment. This is addressed in a number of ways. The Bank has agreements with an approved occupational health service.

- The Working Environment Committee meets four times a year. Representatives of the safety service, elected representatives, the Management Group and the occupational health service participate in the committee. The meetings have a fixed agenda and meeting minutes are available to employees.
- The HSE plan consists of goals and measures for the Bank's overall HSE work. It is approved by the Working Environment Committee and is a fixed item on the agenda. Measures are considered at each meeting. The HSE plan is valid for a year at a time and is available to all employees.
- The employees' working environment, well-being and commitment is surveyed every second week via the Winningtemp system. This provides managers and employees with a running commentary on the state of the working environment.

WHISTLEBLOWING

Employees of SpareBank 1 Helgeland must be able to report wrongdoing safely. There are procedures in place for internal whistleblowing, and whistleblowing reports must be treated with respect and taken seriously. The whistleblower must be protected from any possible retaliation in response to a report. The Bank relies on a good whistleblowing culture to know if we are fulfilling our obligations. Employees must speak up when incidents occur that are not in line with our policies. The Bank's Ethics Committee is responsible for evaluating and updating the code of conduct. The committee must ensure training is given and provide input on internal processes in this area. This is adopted in the Bank's code of conduct, which is also a "level 1 document" together with "strategies". The code of conduct is revised every year, approved by the CEO and adopted by the Board of Directors.

SpareBank 1 Helgeland has a procedure that describes the purpose of whistleblowing, defines potential unacceptable situations and responsibilities, and explains the whistleblowing procedure. The procedure is adopted by the CEO, was last updated in 2023 and is available to employees. The purpose of the whistleblowing procedure is to facilitate safe and proper reporting. There were no reports outside of Winningtemp in 2023.

The Bank has signed an agreement on an external whistleblowing channel in 2024.

SpareBank 1 Helgeland wants to ensure it has a corporate culture in which there is freedom of expression. A good climate for freedom of expression is important for the working environment, well-being of individuals and in ensuring that the business is run in the best possible way. It is important that illegal and unacceptable situations and other nonconformances are identified and followed up as early as possible. SpareBank 1 Helgeland focuses on ensuring that employees feel confident that addressing unacceptable conditions is a natural part of an individual's responsibilities in the workplace and where such situations are resolved at the lowest possible level.

REPORTING VIA WINNINGTEMP

Together with the other banks in the SpareBank 1 Alliance, SpareBank 1 Helgeland uses the Winningtemp system to measure employee satisfaction via nine different discipline categories. It is an anonymous system. Every 2 weeks, employees receive six questions from the various categories to which they respond. In the case of questions that deal with perceived bullying and harassment, employees can report anonymously in the system via a chat solution.

The report is then passed to the immediate line manager and/or HR. It can be handled anonymously in the system, or the employee can choose to waive their anonymity and it will then be handled openly. Reports were received via this system in 2023. These have been dealt with, both anonymously and openly at the employee's request.

- Two reports of discrimination and harassment – both are now closed.
- Two reports of discrimination and bullying – both are now closed.

MEASURES

Employees are the Bank's most important resource, and we continuously invest in them to ensure that they have good skills, a high level of well-being and feel a great sense of ownership with respect to their workplace and duties. Measures are implemented in our operations and have a year-long time horizon. This is linked to the goal that all employees must have the skills necessary to address sustainability in their work. We spent NOK 1 million on this in the reporting year.

SKILLS OF THE FUTURE

A lot of work was done on the material topic of ESG training and education in 2023. The Bank bought a programme of courses specifically tailored for the Bank from SpareBank 1 Sørøst-Norge. The sustainability coordinator and the launch coordinator were responsible for implementing a training package with online and on-site training content tailored to the duties of the various departments and employees. The courses were selected in collaboration with the sustainability coordinator. The courses held in 2023 were:

- Retail market: Real Estate
- Corporate market: Commercial property, support schemes, electrification, carbon accounting.
- Economics and finance
- Market, customer travel and communication
- Corporate staff and the Management Group

The courses improved basic ESG knowledge in the organisation. However, it is crucial that further work is done to improve this knowledge and to add experience when working with ESG and customers. Given the Bank's goals for growth, and in order to help customers make sustainable choices, it is vital to have the right expertise in the right place to deliver on this. A somewhat longer-term skills plan will be drawn up for the organisation in 2024 by the management, elected representatives and employees. This is a natural consequence of the Bank switching from a period with a project and an all-out effort to making this an integral element of operations.

HR will, together with the Bank's management and discipline managers, ensure the skills of the Bank's employees are developed in a forward-leaning and targeted manner. Every year there are employees who take study programmes at university colleges and university, as well as professional courses. In 2023, the Bank spent nearly NOK 1 million on improving skills. Resources will be allocated in terms of people and funding in 2024 as well, although to make the work systematic and an ordinary part of operations, a skills plan needs to be drawn up.

Due diligence was also conducted for our own operations. This shows what the risk is of having adverse impacts on our own workforce, and these are referred to in the due diligence report on the Bank's website.

Goals

Goal:

1. All employees and elected representatives at SpareBank 1 Helgeland must be able to address sustainability in their work. They must face changes in regulations and the market secure in the knowledge that they have received and will continue to receive ongoing training.

Target:

- Develop a skills plan for employees and elected representatives for 2024.

The Bank's employees

SpareBank 1 Helgeland's employees are spread across the Bank's four branches: Brønnøysund, Sandnessjøen, Mosjøen and Mo i Rana (head office). We are organised as one region and one entity, with a single organisation number. The divisions are organised across the branches and it would therefore not be relevant to divide up information by branch.

At the year-end 2023/2024, the Bank had the following employee distribution, specified in terms of numbers, full-time equivalents (FTEs) and gender.

PERMANENT EMPLOYEES

2023				
Gender	Persons	FTEs	Full-time	Part-time
Women	99	97.5	96	3
Men	67	67.0	67	0
Total	**166**	**164.5**	**163**	**3**

TEMPORARY STAFF

2023					
Gender	Persons	FTEs	Full-time	Part-time	Hourly basis
Women	13	1.5	1	1	11
Men	9	1.7	1	1	7
Total	**22**	**3.2**	**2**	**2**	**18**

TOTAL NUMBER OF EMPLOYEES

2023					
Gender	Persons	FTEs	Full-time	Part-time	Hourly basis
Women	112	99.0	97	4	11
Men	76	68.7	68	1	7
Total	**188**	**167.7**	**165**	**5**	**18**

PART-TIME EMPLOYEES

We have three permanent employees (women) who work part-time. Everyone who works part-time does so voluntarily.

The Bank had 21 temporary holiday staff in 2023. These are students who are currently studying for a bachelor's or master's degree. Several of the temporary summer staff also work for the Bank during the Easter and Christmas holidays. Having students as temporary summer staff leads to opportunities for permanent employment at a later date.

The Bank contracted four former employees (retirees) to carry out work in connection with two projects. The Bank did not hire any labour from staffing agencies during 2023.

RECRUITMENT

The Bank recruited new employees to all of the Bank's offices throughout 2023. Vacant positions were advertised both internally and externally. In total, 25 people were recruited, of which 12 were women and 13 were men. At the head office in Mo i Rana, a new financial crime unit has been recruited. This expertise was recruited from outside the Group.

The Bank hired 11 people in 2023, of these six were women and five were men. Five of those who left did so of their own accord, while the others retired on a contractual pension (AFP) or a disability pension. One person left due to a business transfer where the canteen employee in Mo was taken over by an external canteen operator. Total employee turnover calculated in relation to all employees was 6% in 2023. 10% is often deemed normal or acceptable employee turnover.

TRAINING AND EDUCATION IN 2023

- **Advisors in the retail market** must complete the highest number of mandatory courses and authorisations in order to perform their role independently. Each new retail market advisor spent an average of 73 hours on training during 2023. Once retail market advisors have become authorised, they must maintain their authorisations, which entails mandatory updates. Each retail market advisor spent an average of just over 43 hours on updating in 2023.
- **Together with other managers** and key personnel, the Management Group undergoes updates in a range of disciplines. In 2023, each member of the Management Group spent an average of more than 12 hours on mandatory refreshers.
- **Board:** All new board members must undergo mandatory board courses. In 2023, each member of the Board of Directors spent an average of almost three hours on mandatory updating.
- **The Bank's employees** spend a lot of time on training throughout the year, both through the "Utsikt" programme, and through internally organised training, training concerning the Alliance and training with other external suppliers, such as Spama, Regnskap Norge, DNR Kompetanse, Finance Norway, Visma, the Norwegian Bar Association, BI Norwegian Business School and university colleges/ universities. For completion percentages, see the section entitled "Courses" below.

Much of the Bank's training takes place via e-learning, online meetings, webinars and other social media sharing forums.

COURSES AND PROGRAMMES IN 2023

The Bank has its own specialist resource which, among other things, acts as editor of the Utsikt training platform, and is responsible for coordinating training and authorisations. In 2023, 14 of the Bank's employees (eight women and six men) took a course on "Digital transformation and sustainability in the financial industry" at NTNU. On average, participants from the Bank scored a B in their exam.

The Bank is affiliated to the finance industry's authorisation scheme (FinAut), and the authorisations that the various advisors within the retail and corporate markets must hold have now been decided. This overview is available on the Bank's intranet.

In addition, 75 of the Bank's advisors/employees in customer-facing positions are approved as "information providers" in accordance with the authorities' requirements.

Authorisations	Number authorised/ on hold/undergoing authorisation
Non-life insurance RM	81
Non-life insurance NL	4
Personal insurance RM	75
Personal insurance NL	7
Savings and investment	34
Credit	61

Course	Completion rate
New employee programme	100%
Anti-money laundering, anti-corruption and GDPR. Various courses are assigned to employees in relation to department and function (10 courses).	Principal course: 99% Refresher course 96%
Nanolearning on IT Security (7 courses)	87%
BankID	Employees with the role of "RA Officer": 100% Employees exempt from requirements: 85%
New Insurance Contracts Act	100%
Ethics	100%
Good practice	100%

Material topic: Contributions to clubs, associations and partners

The Bank's strategic goals include corporate social responsibility with a focus on sustainable growth, skills and collaboration in Helgeland. The Helgeland Pledge is part of our business strategy and involves the targeted use of the Bank's donation and sponsorship funds. Our focus areas are sports, culture, skills, social development and sustainability.

WHY IS THIS A MATERIAL TOPIC?

The Bank has given more than NOK 250 million in donations to public health initiatives in the region since 2007. This helps to increase volunteering, well-being and the attractiveness of the region as a place to live. The Bank is also a substantial provider of sponsorships and the largest private contributor to clubs and associations in Helgeland. The Bank is a driving force behind growth, cooperation and skills in Helgeland. Norwegian savings banks have been doing this for more than a hundred years and their social engagement is probably the sustainability topic with which the savings banks are most associated.

The stakeholders, both employees and representatives of the voluntary sector, point to the Bank's social engagement as important, motivating and expected. In the stakeholder engagement, we saw mutual agreement that this was significant for the Bank, because here we have the potential to have a positive impact in local communities by setting requirements for the funds that are distributed. The catchment area is Helgeland, which is the same as our market area. The activities discussed in the document are downstream activities related to communications with customers and local communities, as well as the vision, goals and award policies/criteria for donations and contributions from the Bank back to local communities in Helgeland. Sámi interests are not adversely impacted as a result of donations to clubs and associations, and they are themselves possible recipients of donations.

The importance of savings banks for local communities in Norway is well documented, and many associations, large and small, have been supported by a local savings bank in Helgeland. The donation and sponsorship activities have been an element of the Bank's corporate social responsibility for many years. Naturally, this is a material topic in the Bank's sustainability strategy. For more information, see the chapter entitled "Materiality analysis".

RELEVANT GOVERNING DOCUMENTS

Relevant governing documents include the "Policy for market communications and society" adopted by the Board of Directors. This policy again governs the document "The vision of SpareBank 1 Helgeland's Gift Foundation" adopted by the board of the Gift Foundation.

The vision document describes the award criteria and award procedures that apply:

- The purpose must be public and socially beneficial.
- Recipients can be individual projects, people, institutions, non-profit enterprises, foundations or their equivalents.
- It is the benefits the measure provides and the local communities' acceptance that should provide the basis for awards. However, account must be taken of the fact that over time the geographical distribution of donations must be reasonable in relation to the Bank's customer base and the number of inhabitants.
- The target group is initiatives/projects that have a lasting effect and significant potential to strengthen/develop a cause, area, activity or process.
- Measures with a high shared voluntary effort factor/equity contribution are a priority.
- Sustainability: In its award policy, the Gift Foundation has to take into account the UN Sustainable Development Goals, the Bank's sustainability strategy and the Bank's social strategy.

CRITERIA

The Gift Foundation has clear award criteria where donations must not be mixed with banking activities and the support must not provide personal or competitive advantages. The Gift Foundation does not provide support for day-to-day operations, normally does not support public sector initiatives and has a restrictive practice in relation to pilot projects. Donations are time-limited to 2 years, must contribute to local development in Helgeland and prioritise the environment in which children and young people grow up, and be value-adding activities.

In our efforts to strengthen the focus on sustainability, we have wanted to intensify both the focus and the demands placed on our partners. There is a focus on the following Sustainable Development Goals: good health and well-being; industry, innovation and infrastructure; sustainable cities and communities; responsible consumption and production; and partnerships for the goals.

The Board of Directors has decided that applications that contribute significantly to at least one of the EU taxonomy's six defined environmental objectives will be viewed positively. The environmental objectives are:

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

On the other hand, donations will not be forthcoming if the activity causes substantial harm to any of these environmental objectives or excludes individuals or groups.

MEASURES

A number of measures were implemented over the course of the reporting year. The formative conditions of children and young people have a high priority in the Bank's allocation of funding. We know that the years of childhood and youth have a great significance on people's ability to cope later in life, and in Helgeland there are many voluntary clubs and organisations that do an amazing amount of work for children and young people. This is something we value highly and we want to be an active contributor and motivator for this through our donation policy.

Industry, knowledge, research and education
The future will require new knowledge and innovation, and, through its gift policy, SpareBank 1 Helgeland is contributing to projects involving university colleges, universities, local knowledge parks and business associations aimed at promoting local expertise and competitiveness. Almost 20% of the Bank's total donations have gone to business, knowledge, research and innovation initiatives since its donation activities began in 2007.

The young people's economist
The aim is to offer courses such as "Economics and career choices" to all year 9 pupils and "Boss of your own life" to all high school students in Helgeland. With a full-time young people's economist, we have almost achieved this goal

The young people's economist is also used in other training measures such as innovation camps, holiday home courses and financial training for speakers of a foreign languages. These measures are important with respect to equipping young people with the skills they will need in the future.

Funds were also allocated to job and education fairs in 2023 that give young people an opportunity to explore different career paths. The Scientist Factory's Summer School also received support. This promotes an interest in science and technology among young people. All in all, we are constantly working to strengthen and expand our offerings to young people in Helgeland.

The Driving Force (Drivkraft) Prize
The Driving Force Prize was awarded at this year's Driving Force Conference in Mosjøen. It was won by the Church City Mission in Mo i Rana and Mosjøen. The winner receives NOK 100,000, which must be forwarded to one or more socially beneficial purposes, as well as a work of art for the winner.

Goals

The sustainability strategy includes a number of initiatives for 2024 and beyond. Contributions to clubs, associations and partners/requirement for inclusion in events (in this context an event means any organised activity that occurs one or more times).

1. SpareBank 1 Helgeland must ensure sustainability is on the agenda in its sponsorship seminars.
2. SpareBank 1 Helgeland will develop procedures and guidelines for monitoring partners' expectations in relation to sustainability and inclusion with the aim of achieving "as many as possible for as long as possible" and preventing exclusion and dropping out, especially in relation to sports.
3. Purchases of promotional articles must be assessed on the basis of sustainability, and they must be quality articles with a long shelf life. The consumption of promotional articles must be halved based on the purchasing figures for 2021.

The Bank's donations in 2023

In 2023, sports and cultural life normalised after the years of pandemic. Many measures, projects and events were carried out, and the activity in Helgeland was good. The Bank's Gift Foundation and Gift Fund contributed donations to cultural life throughout Helgeland, including music festivals, Pride celebrations, concerts, conferences, sports events and theatre productions. The Gift Foundation and Gift Fund donated more than NOK 7.5 million to sports teams and culture in Helgeland. The focus was on children and young people, and the support contributed to the growth and sustainability of local communities. Major donations included support for the Roots Festival, the Verket Music Festival and a student recruitment project. In addition, substantial support was provided to sports clubs in Helgeland for development, initiatives and cups and competitions. This helped to promote sports, physical activity and outdoor activities in Helgeland.

Values stated in NOK thousands	Gift Fund	Gift Foundation	Total
Total donations 2023:	**12,183**	**20,154**	**32,337**
Number of applications	**348**	**118**	**466**
Of which for:			
Sports	10,497	6,765	**17,262**
Culture	983	6,675	**7,657**
Knowledge	289	2,900	**3,189**
Society	340	2,589	**2,929**
Other	75	200	**275**
Business		200	**200**
Climate and environment		825	**825**
Regionally distributed:			
Northern Helgeland	4,490	9,075	**13,565**
Central Helgeland	3,790	2,875	**6,665**
HALD	1,963	1,900	**3,863**
Southern Helgeland	1,730	2,400	**4,130**
Helgeland as a whole	210	3,904	**4,114**

About the report

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GRI INDEX

GRI Content Index	
Statement of use	SpareBank 1 Helgeland has reported in line with the GRI Standards for the period 01.01.2023-31.12-2023
GRI 1 Used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	N/A

General disclosures

GRI disclosures	Description	Reporting 2022	Exclusions
GRI 2: General disclosures			
2-1	Organisational details: Name of the business, ownership and legal form, head office and countries in which the business operates.	Details of SpareBank 1 Helgeland are presented in the Board of Directors' Report and the appendix to the annual report entitled "About SpareBank 1 Helgeland".	
2-2	Entities included in the organisation's sustainability reporting	There are no differences between the companies included in the consolidated financial statements in the financial annual report and those in the sustainability report. The consolidation policies are set out in Note 1. Accounting policies.	
2-3	Reporting period, frequency and contact point	See the chapter entitled "About the report". Date of publication of this report: 20.03.24	
2-4	Restatements of information	See the chapter entitled "Uncertainty and changes from the 2022 report".	
2-5	External assurance	The report has been approved by the Board of Directors but has not been verified by a third party. This will be assessed on an ongoing basis as the implementation of the CSRD approaches.	
2-6	Activities, value chain and other business relationships	Details of SpareBank 1 Helgeland are presented in the Board of Directors' Report. The Bank is a customer-oriented organisation with a focus on the retail market, corporate market and capital market as business areas. A more detailed description is provided in the chapter entitled "Corporate governance". Information about the Bank's value chain can be found in the chapter entitled "Human rights and sustainable purchasing"	
2-7	Employment	See the chapter entitled "The Bank's employees" Figures for employees at the Bank's four branches (Mo i Rana, Mosjøen, Sandnessjøen and Brønnøysund) are presented at an aggregated level. This also applies to other indicators relating to the employees. There were no major variations in the number of employees during the reporting period.	

GRI disclosures	Description	Reporting 2022	Exclusions
2-8	Workers who are not employees	See the chapter entitled “The Bank’s employees” The Bank did not use a staffing agency in 2023.	
2-9	Governance structure and composition	See the chapter in the annual report entitled “Corporate governance” and the chapter “Governance structure for sustainability” in the sustainability report.	
2-10	Nomination and selection of the highest governance body	See the chapter entitled “Corporate governance”.	
2-11	Chair of the highest governance body	See the chapter entitled “Corporate governance”.	
2-12	Role of the highest governance body in overseeing the management of impacts	See the chapter in the annual report entitled “Corporate governance” and the chapter “Governance structure for sustainability” in the sustainability report.	
2-13	Delegation of responsibility for managing impacts	See the chapter entitled “Governance structure for sustainability” in the sustainability report.	
2-14	Role of the highest governance body in sustainability reporting	See the chapter entitled “Governance structure for sustainability” in the sustainability report.	
2-15	Conflicts of interest	See the chapter entitled “Corporate governance”. The Bank has a specific policy for managing conflicts of interest.	
2-16	Communication of critical concerns	See the chapter entitled “Whistleblowing”	
2-17	Collective knowledge of the highest governance body	See the chapter entitled “Governance structure for sustainability” in the sustainability report.	
2-18	Evaluation of the performance of the highest governance body	See the chapter entitled “Corporate governance”.	
2-19	Remuneration policies	A description of SpareBank 1 Helgeland’s remuneration schemes has been published in the sustainability library on the Bank's website.	
2-20	Process to determine remuneration	A description of the process regarding the determination of remuneration at SpareBank 1 Helgeland has been published in the sustainability library on the Bank's website.	
2-21	Annual total compensation ratio	See chapter 4 of the Remuneration report. The compensation ratio is based on average employee salary, not median salary.	

GRI disclosures	Description	Reporting 2023	Exclusions
2-22	Statement on sustainable development strategy	See the chapter entitled “Governance structure for sustainability” in the sustainability report.	
2-23	Policy commitments	See the chapters entitled “Governance structure for sustainability”, “Human rights and sustainable purchasing” and “Governing documents for sustainability”.	
2-24	Embedding policy commitments	See the chapter entitled “Governance structure for sustainability” in the sustainability report.	
2-25	Processes to remediate negative impacts	See the chapter entitled “Whistleblowing” and “Human rights and sustainable purchasing”	
2-26	Mechanisms for seeking advice and raising concerns	See the chapter entitled “Whistleblowing” and “Human rights and sustainable purchasing”	
2-27	Compliance with laws and regulations	See the chapter entitled “Corporate governance”.	
2-28	Membership associations	See the chapter entitled “Collaborations and initiatives”	
2-29	Approach to stakeholder engagement	See the chapters entitled “The Bank’s main stakeholders” and “Stakeholder engagement and experts”	
2-30	Collective bargaining agreements	The corporate agreement applies to all employees, both those organised in trade unions and those who are not organised. 90% of the Bank’s employees are organised in the Finance Sector Union of Norway.	
SPECIFIC INFORMATION			
GRI 3: Material topics			
3-1	Process to determine material topics	See the chapter entitled “Materiality analysis”	
3-2	List of material topics	1. Financed emissions 2. Training and education 3. Contributions to clubs, associations and partners. Re changes: see the chapter entitled “Governance structure for sustainability” in the sustainability report.	
3-3	Management of material topics	See the chapters entitled “Material topic: Financed emissions”, “Material topic: Training and education” and “Material topic: Contributions to clubs, associations and partners”	

GRI disclosures	Description	Reporting 2023	Exclusions

Economic performance

NOK millions	2022	2023
Value generated	**955**	**1,164**
Net interest and credit commission income	783	985
Net commission income	171	164
Net income from financial assets and liabilities	1	15
Value distributed	**852**	**1,059**
Personnel costs	172	186
Other operating expenses	209	228
Losses on loans	11	100
Tax	118	160
Dividends, equity certificate holders	277	291
Dividends, social capital	52	73
Interest hybrid capital	13	21
Values withheld	**103**	**105**

GRI disclosures	Description	Reporting 2023	Exclusions
201-1	Direct economic value generated and distributed	See table above	
201-2	Financial implications and other risks and opportunities due to climate change	See the chapter entitled “Material topic: Financed emissions”	

Financial crime and anti-corruption

GRI disclosures	Description	Reporting 2023	Exclusions
205-2	Communication and training about anti-corruption policies and procedures	See the chapters entitled “Anti-corruption and anti-money laundering” and “Material topic: Training and education”	
205-3	Confirmed incidents of corruption and actions taken	See the chapters entitled “Anti-corruption and anti-money laundering” and “Material topic: Training and education”	

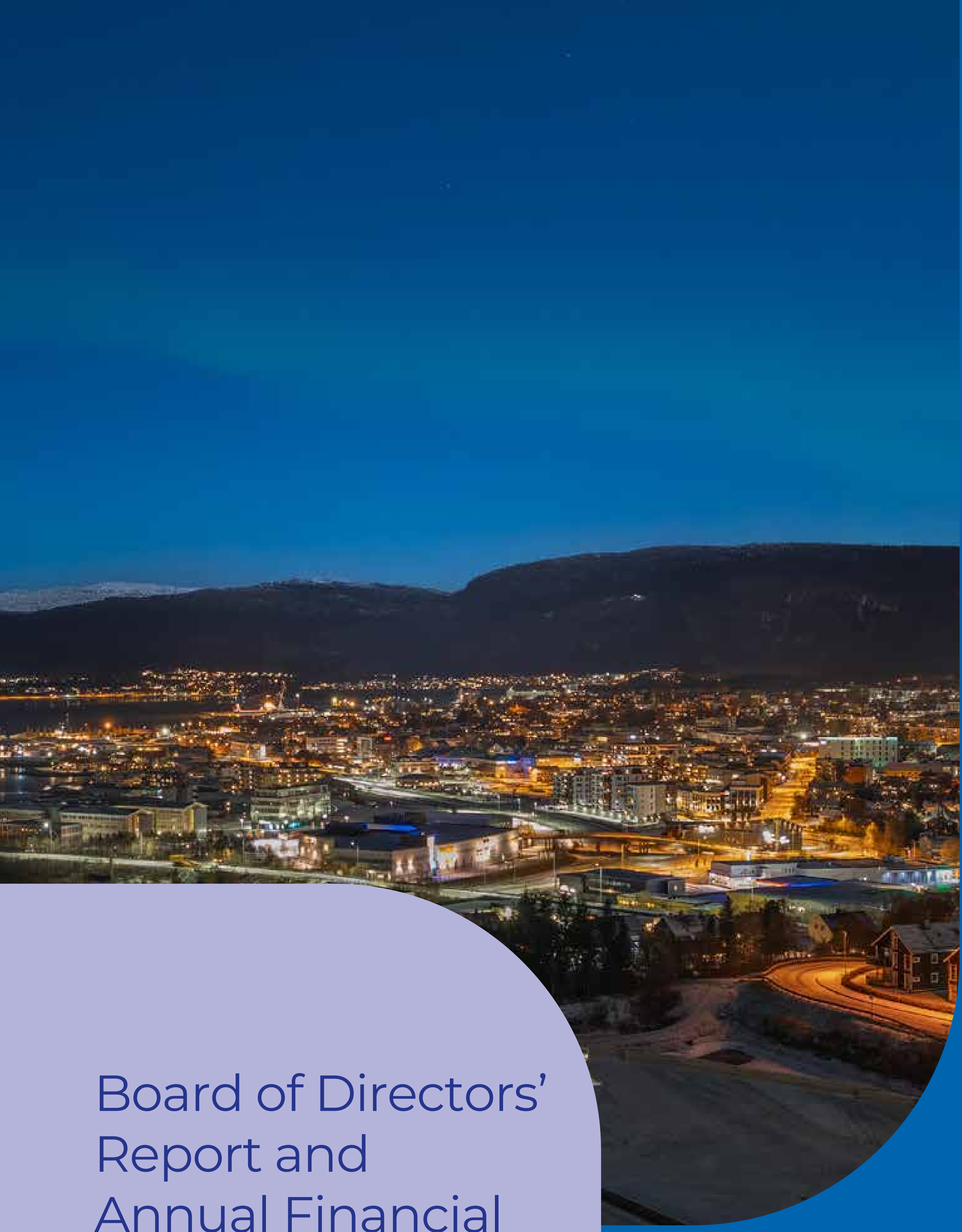
Environment

Emissions

GRI disclosures	Description	Reporting 2023	Exclusions
305-1	Direct (Scope 1) GHG emissions	See the chapter entitled “Carbon accounting report”	
305-2	Energy indirect (Scope 2) GHG emissions	See the chapter entitled “Carbon accounting report”	
305-3	Other indirect (Scope 3) GHG emissions	See the chapter entitled “Carbon accounting report”	
305-4	GHG emissions intensity	See the chapter entitled “Carbon accounting report”	

GRI disclosures	Description	Reporting 2023	Exclusions
Environmental compliance			
307-1	Non-compliance with environmental laws and regulations	No non-compliance was recorded in 2023.	
Society			
Employment			
401-1	New employee hires and employee turnover	See the chapter entitled “Recruitment”	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	The corporate agreement and the collective wage agreement apply to all employees. Also see the chapter entitled “Governance structure for sustainability”	
401-3	Parental leave	The Bank has some employees who took parental leave in 2023. Men took an average of 15 weeks, while women took an average of 23 weeks.	
Occupational health and safety			
403-8	Workers covered by an occupational health and safety management system	See the chapter entitled “HSE work”.	
Training and education			
404-1	Average hours of training per year per employee	See the chapter entitled “Material topic: Training and education”	
404-2	Programmes for upgrading employee skills and transition assistance programmes	See the chapter entitled “Material topic: Training and education”	
404-3	Percentage of employees receiving regular performance and career development reviews	See the chapter entitled “Material topic: Training and education”	
Diversity and equal opportunity			
405-1	Diversity of governance bodies and employees	See the chapter entitled “Governance structure for sustainability”	
405-2	Ratio of basic salary and remuneration of women to men	See the chapter entitled “Governance structure for sustainability” Under average wages, we find all wage changes in the employee base, local and central supplements, wage drift through the year, employees who leave and new employees who start with higher pay, employees who transfer to other positions and retain their salary, etc. Compensation for the transition from a defined benefit pension scheme to a defined contribution scheme is not included in the salary basis.	

GRI disclosures	Description	Reporting 2023	Exclusions
Non-discrimination			
406-1	Incidents of discrimination and corrective actions taken	No cases of discrimination were recorded in 2023.	
Freedom of association and collective bargaining			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	None in 2023. See the chapter entitled "Human rights and sustainable purchasing"	
Rights of indigenous peoples			
411-1	Incidents of violations of the rights of indigenous peoples	No cases in 2023. See the chapter entitled "Human rights and sustainable purchasing"	
Supplier social assessment			
414-1	New suppliers that were screened using social criteria	See the chapter entitled "Human rights and sustainable purchasing". Some 62 suppliers were assessed in the work on compliance with the Transparency Act. Certain suppliers were excluded because their deliveries were too small, because SpareBank 1 Helgeland cannot reasonably expect to be able to exert any influence, or because the supplier relationship has been terminated or is covered through agreements in the SpareBank 1 Alliance.	
414-2	Negative social impacts in the supply chain and actions taken.	In 2023, a total of 62 suppliers were assessed. None of the suppliers that were assessed were identified as being associated with significant actual or potential negative social impacts.	
Privacy			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	There were no reported privacy or security breaches which resulted in fines or sanctions being imposed on the Group in 2023. SpareBank 1 Helgeland reported a breach of personal data security in 2023 to the Norwegian Data Protection Authority, and SpareBank 1 Utvikling reported six breaches to the Data Protection Authority on behalf of the Alliance banks in 2023. SpareBank 1 Utvikling reported four breaches of the ICT Regulations on behalf of the Alliance banks to the Financial Supervisory Authority of Norway in 2023.	
Compliance with social/economic requirements			
419-1	Non-compliance with laws and regulations in the social and economic area	No cases in 2023.	
Valuable contributions to clubs and associations			
	SpareBank 1 Helgeland KPI	See the chapter entitled "Material topic: Contributions to clubs, associations and partners.	



Board of Directors' Report and Annual Financial Statements 2023

Board of Directors' Report 2023
Introductory remarks 2023

SpareBank 1 Helgeland is an independent savings bank with a clear objective of being the leading bank and a driving force for growth in Helgeland. SpareBank 1 Helgeland is the only bank with its head office in the region. The Bank's strong market position, combined with professional expertise, competitive prices and strong solvency, means that the Bank is well-equipped to face the competition going forward. The Bank has branches in the four cities of Helgeland.

KEY FIGURES

- A year characterised by high net interest income and increased losses on lending.
- Net income before tax amounted to NOK 650 million, compared with NOK 563 million in 2022.
- Net interest income of NOK 985 million, representing an improvement of NOK 202 million over the previous year
- Return on equity after tax (adjusted for hybrid capital) of 10.4% (10.0%)
- Common Equity Tier 1 capital ratio of 18.2% (19.0%) and leverage ratio of 9.1% (9.2%)
- The Board proposes to the Supervisory Board to distribute a dividend for 2023 of NOK 10.80 per equity certificate
-

ABOUT SPAREBANK 1 HELGELAND

HISTORY
On 01.04.05, the current SpareBank 1 Helgeland was formed through a merger between Sparebanken Rana and Helgeland Sparebank.

Helgeland Boligkreditt AS was founded in November 2008 as a wholly owned subsidiary of the Bank. The institution was licensed as a financial enterprise in February 2009 and was established to act as the Bank's company for the issuing of covered bonds.

On 26.10.10, the Bank's Supervisory Board decided to convert some of the Bank's primary capital into equity share capital by issuing equity certificates. The new equity certificates were issued free of charge to Sparebankstiftelsen Helgeland, which was established concurrently with the conversion. The Bank issued equity certificates amounting to a total of almost NOK 605 million, which was transferred to the foundation.

In March 2021, SpareBank 1 Helgeland joined the SpareBank 1 Alliance. Much of SpareBank 1 Nord-Norge's business in Helgeland was also transferred to the Bank in connection with this.

VISION, MISSION AND STRATEGY
The Group's vision is to be a driving force for growth in Helgeland. The mission is to be a profitable and leading local bank which builds

the future of Helgeland. SpareBank 1 Helgeland shall offer financial products and services to private customers, small and medium enterprises, municipal authorities and institutions linked to Helgeland. The Group has a strategic goal of maintaining its strong market position and being an active support player in the development of the region. The lending activities are concentrated in Helgeland. The Group strives to be an attractive, positive and nurturing employer and endeavours to establish an equal gender balance as regards representation on controlling bodies and management.

SpareBank 1 Helgeland's aim is to provide its shareholders with a strong and stable long-term return in the form of dividends and increases in value. The two owner groups are to be treated equally. At least half of the profit must generally be distributed in the form of dividends and gifts.

The Group has a long-term profitability target of a return on equity at least on a par with comparable banks, currently 11% after tax. The target for the cost/income ratio is a maximum of 40%, for the deposit-to-loan ratio it is at least 60% including transferred loans to the mortgage credit institution, and for the retail market share it is at least 60% including transferred loans to mortgage credit institutions.

The target figures for Common Equity Tier 1 and Tier 2 capital ratio are 1.3 percentage points above the relevant regulatory requirements. These requirements are currently 16.5%, and 21.0%, respectively.

THE GROUP'S SPHERE OF OPERATIONS

Helgeland Sparebank's operations primarily comprise traditional banking and financial services in the Helgeland region, along with the sale of savings products, investment and insurance products, leasing and mortgages.

The Group mainly serves the retail market, business, trade and industry, groups/associations and the public sector in Helgeland.

The Group also carries on property letting through its subsidiaries and has strategic holdings in associated companies and product companies.

SUBSIDIARIES

HELGELAND BOLIGKREDITT AS

The institution is licensed as a mortgage credit institution with a permit to issue covered bonds. Its main purpose is to secure the Group stable and long-term financing on competitive terms. The Bank owns all of the shares in the mortgage credit institution. The CEO is hired from the Bank on a 25% full-time equivalent basis. Transferredloans to Helgeland Boligkreditt will be reduced as the borrowing in the mortgage credit institution matures. This is a consequence of the transition to the SpareBank 1 Alliance, and funding via SpareBank 1 Boligkreditt. The mortgage credit institution is to continue operating with total assets of around NOK 3.5 billion.

AS SPAREBANKBYGG

The business consists of owning and leasing out premises in Storgt. 75 in Brønnøysund, where the Bank is the largest tenant. The company is based in Brønnøy Municipality. The Bank owns all of the shares in the mortgage credit institution. The company has no employees.

SPAREBANK 1 HELGELANDS EIENDOMSSELSKAP AS

The company carries on the letting of property and is based in Mosjøen, where the Bank is the largest lessee. The Bank owns all of the shares in the mortgage credit institution. The company has no employees.

BANKBYGG MO AS

The business consists of owning and managing the letting of commercial premises at Jernbanegata 15 in Mo i Rana. The Bank is the largest tenant in the building and owns 99.8% of the shares in the company. The company has no employees.

STORGT. 73 AS

The company is a property company in Brønnøysund. The Bank owns all of the shares in the mortgage credit institution. The company has no employees.

PRODUCT AND ALLIANCE COMPANIES

The SpareBank 1 Alliance is Norway's second largest financial grouping, and comprises 12 independent banks that are all fully fledged providers of financial products and services to individuals, businesses and organisations.

The SpareBank 1 Alliance is designed to ensure the individual bank's independence, regional anchoring, profitability and financial strength by sharing development costs, achieving economies of scale and building up vital expertise. The SpareBank 1 Alliance currently has around 8,900 employees in total, with around 1,850 employees linked to SpareBank 1 Gruppen AS and SpareBank 1 Utvikling DA and subsidiaries.

SPAREBANK 1 GRUPPEN AS

The Bank has an indirect stake in a number of alliance companies through its 3.4% holding in Samarbeidende Sparebanker AS. This corresponds to an indirect stake of 0.65% in Fremtind Forsikring AS.

SPAREBANK 1 BETALING

SpareBank 1 Helgeland has a 2.86% stake in the company and aims to further develop Vipps together with the company's other owners.

SPAREBANK 1 FINANS NORD-NORGE AS

SpareBank 1 Finans Nord-Norge AS is a Norwegian financial institution. The company offers leasing and secured loans, with Northern Norway as the primary market area. The Bank has a 15% stake in the institution.

SPAREBANK 1 BOLIGKREDITT AS

SpareBank 1 Boligkreditt AS was created by the banks in the SpareBank 1 Alliance in order to take advantage of the market for covered bonds. SpareBank 1 Boligkreditt has IRBA approval. Ownership in SpareBank 1 Boligkreditt AS is based on a dynamic model, where the size of the stake varies with the transferred size of the portfolio, sold by the individual bank. At the end of 2023, SpareBank 1 Helgeland has a stake of 3.09%, and a volume of NOK 8,559 million in transferred loans.

EIENDOMSMEGLER 1 NORD-NORGE AS

EiendomsMegler 1 Nord-Norge AS is a Norwegian estate agent. The Bank had a 15% stake in the company. EiendomsMegler 1 Nord-Norge AS is a member of a nationwide alliance with other real estate companies owned by the SpareBank 1 banks. The company is the market leader in Northern Norway, and has retained its position in a growing overall market in most of the cities in the north.

REGNSKAPSHUSET SPAREBANK 1 NORD-NORGE

SpareBank 1 Regnskapshuset Nord-Norge AS is a Norwegian accountancy firm. The company is a leading provider of a complete range of accountancy and advisory services for businesses, clubs and associations in Northern Norway. The Bank has a 15% stake in the institution. Regnskapshuset completed a number of acquisitions in 2023, including Adwice AS and Flex AS.

SPAREBANK 1 KREDITT ASA

SpareBank 1 Kreditt AS is a Norwegian credit institution. The company offers products such as credit cards, consumer loans and the refinancing of consumer debt. The Bank had a 3.49% stake in the company at the end of 2023. Ownership in SpareBank 1 Kreditt ASA is based on a dynamic model, where ownership varies with the individual bank's share of business volume in the company.

MARKET

The Bank has its main market in the 18 Helgeland municipalities bounded by Saltfjellet in the north and Trøndelag in the south. The largest towns/urban areas in the market are Mo i Rana, Brønnøysund and Sandnessjøen. The population of these municipalities accounts for approximately 60% of the entire population of Helgeland, which is approximately 78,000 inhabitants. The main competitor in Helgeland is DNB Bank ASA. SpareBank 1 Helgeland enjoys a strong and leading market position in the retail market The competition is significant across the entire market area.

SpareBank 1 Helgeland offers advice and financial solutions to its customers through competent advisors. The Bank has an extensive distribution network across Helgeland, as well as modern solutions for serving customers via digital channels.

SpareBank 1 Helgeland also has a strong market position with regard to small and medium enterprises, with an estimated market share of around 60% in Helgeland. In the agricultural segment, the Bank is market leader, with a market share of around 80%.

The Bank's industry portfolio mainly consists of small and medium enterprises across a variety of industries. The Bank's advisors possess expertise in many industries and offer professional advice to the business sector. The Bank's market area is Helgeland. In exceptional cases are good corporate customers are followed out of the region.

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY

In 2023, a number of major measures were implemented in order to promote the work relating to sustainability and social responsibility within the enterprise.

The Bank has started to close the gaps between sustainability reporting in line with the GRI prepared in 2022, and in relation to the CSRD to which we will become subject in the years to come. In 2023, the Bank therefore updated its double materiality analysis to ensure it is in line with the requirements in the CSRD, which will provide guidelines for the Bank's work on sustainability and ESG going forward. The Bank's sustainability strategy was updated in connection with this in December 2023.

In the SpareBank 1 Alliance, work has started on establishing data hubs that will make relevant ESG data available. A test version for ESG stress testing was delivered in 2023 and this will be improved. Making the data sources and ESG stress tests available ensure that they will be taken account of in the further work on quantification and developing the reporting on ESG risk in the ICAAP and on IFRS9 loss provisions.

An account of the work relating to corporate social responsibility and sustainability can be found in a separate chapter in the annual report. This includes information on how the Bank works with regard to the environment, social conditions, working environment, equality and non-discrimination.

HUMAN RIGHTS ANDSUSTAINABLE PURCHASING

SpareBank 1 Helgeland is committed to respecting and protecting fundamental human rights and decent working conditions. The Bank actively opposes violations of human rights, labour rights and international law, both in its own operations and at suppliers and business partners.

To prevent such situations, the Bank regularly maps its actual and potential adverse impacts on human rights and decent working conditions in operations, purchasing and investments.

The Bank conducts annual, or as required, risk-based due diligence to reduce the risk of adverse impacts. The results of this due diligence, as well as implemented and planned measures, are reported every year in accordance with the OECD Guidelines for Multinational Enterprises. The due diligence report is available on the Bank's website.

ANTI-CORRUPTION AND ANTI-MONEY LAUNDERING

SpareBank 1 Helgeland works systematically to identify and combat financial crime, including money laundering, terrorist financing and fraud. The Bank also has appropriate procedures in place to reduce the risk of financial crime and detect and follow up indications thereof. Authorities, customers and competitors must have confidence in the Bank's professionalism and integrity.

In 2023, the Bank implemented measures to ensure compliance with applicable instructions, procedures and routines, including the allocation of more resources and the addition of expertise to ensure the enforcement of regulatory and internal requirements. Suspicious transactions are dealt with and reported to the National Authority for Investigation and Prosecution of Economic and Environmental Crime in Norway (Økokrim) if certain criteria are met.

In 2023, employees, RM and CM advisors, the Board of Directors and the Management Group completed an anti-money laundering course.

Courses have also been arranged on issues such as corruption for Bank's employees. The Bank was not involved in any incidents linked to corruption during 2023.

In 2023, a total of 12,562 cases were followed up by the Bank's anti-money laundering department, with 119 cases being referred to the National Authority for Investigation and Prosecution of Economic and Environmental Crime in Norway (Økokrim) for further follow-up.

PRIVACY AND DATA SECURITY

There were no reported privacy or security breaches which resulted in fines or sanctions being imposed on the Group in 2023. SpareBank 1 Helgeland reported a breach of personal data security in 2023 to the Norwegian Data Protection Authority, and SpareBank 1 Utvikling reported six breaches to the Data Protection Authority on behalf of the Alliance banks in 2023. SpareBank 1 Utvikling reported four breaches of the ICT Regulations on behalf of the Alliance banks to the Financial Supervisory Authority of Norway in 2023.

SOCIAL ENGAGEMENT

As a local savings bank, we distribute a significant proportion of our profits to socially beneficial causes. For 2023, the Board proposes to transfer NOK 73 million to the Gift Foundation and Gift Fund, for the benefit of young and old alike across Helgeland. In addition, the Sparebankstiftelsen Helgeland foundation is contributing gift awards. The foundation's capital is provided by the Bank.

The Bank's vision is to be a driving force for growth in Helgeland, and this is an expression of the Bank's values and actions that are rooted in our corporate responsibilities. As a social actor, the Bank aims to be a driving force and a partner in the local community of which it is a part within cultural, sports, talent, education, research and economic development.

The Bank derives its motivation from customers and business partners through a close dialogue, learning and follow-up. The Bank provides financial support to hundreds of activities every year either through direct donations from the Gift Foundation or indirectly via SpareBankstiftelsen Helgeland. Children and adolescents are society's most important future resources, and there is therefore a strong focus on everything that creates a meaningful and content-rich community for children and adolescents. SpareBank 1 Helgeland believes that the private, public and voluntary sectors in Helgeland are all key partners in the efforts being made to make Helgeland a vibrant and thriving society.

Sport and outdoor recreation are part of Helgeland's cultural heritage, and a rich cultural life is a vital factor in the attractiveness of the region. Good sports and cultural facilities attract new people, which Helgeland needs in order to meet the recruitment challenges that the region faces. The formative conditions of children and young people are thus afforded a high priority in the Bank's allocation of funding.

The future will require new knowledge and innovation. Through its gift policy, SpareBank 1 Helgeland is contributing to projects involving university colleges, universities, local knowledge parks and business associations aimed at promoting local expertise and competitiveness.

CORPORATE GOVERNANCE

SpareBank 1 Helgeland's principles and policy for corporate governance are intended to ensure that the Bank operates in accordance with applicable laws and regulations, as well as recognised practices and standards. Good corporate governance within SpareBank 1 Helgeland encompasses the values, goals and general principles by which the Bank is governed and controlled. This is in order to ensure good cooperation between the Bank's various stakeholders, such as equity certificate holders, creditors, customers, employees, Management Group, governance bodies and society at large. Corporate governance should ensure prudent asset management and give greater assurance that communicated goals and strategies are being implemented and achieved. The Group's risk strategy and the overall management of operational risk are set out in governing documents, which are reviewed annually by the Board. These governing documents form an important part of the Group's internal framework for good governance and control, and provide guidelines and frameworks for the Group's overarching approach to its risk profile and risk management.

The Board considers that the Bank's corporate governance is satisfactory and in accordance with Norwegian recommendations. A more comprehensive account of corporate governance can be found in a separate chapter of the annual report.

ANNUAL FINANCIAL STATEMENTS 2023

ACCOUNTING POLICIES

SpareBank 1 Helgeland prepares the consolidated and parent bank financial statements in accordance with IFRS® Accounting Standards as approved by the EU (IFRS). The Group's accounts are a consolidation of the parent bank and the subsidiaries. A more detailed description of the accounting policies can be found in the notes to the annual report.

The annual accounts are presented in accordance with the going concern principle. The Group is not involved in any legal disputes that are considered to be of any significance as regards the Group's solvency or profitability. The Board is not aware of any circumstances after the year-end which could have a significant impact on the annual accounts. The figures stated in this report are generally consolidated figures, unless stated otherwise.

KEY FIGURES 2023 (NOK MILLIONS)	31.12.23	31.12.22	CHANGE
Net interest income	985	783	202
Operating costs	414	381	33
Net income from financial investments	15	1	14
Losses on loans	100	11	89
Return on equity % excl. hybrid capital	10.4%	9.9%	0.5%
Earnings per equity certificate	13.9	12.8	1.0
Total Common Equity Tier 1 capital ratio %	18.2%	19.0%	-0.6%
Loan losses % of gross lending, incl. transferred loans	0.27%	0.03%	0.24%
Development in gross lending, incl. mortgages	1.7%	0.9%	0.8%
Development in customer deposits	-1.8%	6.7%	-8.5%

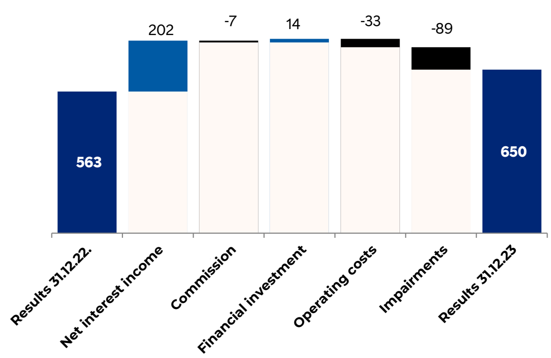
KEY FIGURES 2023

The Group recorded a net income before tax of NOK 650 million (NOK 563 million). A net profit of NOK 490 million (NOK 445 million) produces a return on equity after tax adjusted for hybrid capital of 10.4% (10.0%). Earnings per equity certificate amount to NOK 13.90 (NOK 12.80).

A dividend ratio of 75% (75%) of the dividend basis is proposed, giving a cash dividend of NOK 10.80 (NOK 10.30) per equity certificate. This corresponds to a dividend payout ratio of 77% of the Group's profit after tax.

- The year was characterised by high net interest income and increased losses on lending.
- Net income before tax of NOK 650 million (NOK 563 million)
- Net interest income of NOK 985 million (NOK 783 million)
- Net income from financial assets and liabilities NOK 15 million (NOK 1 million).
- Net commission income and other operating income amounted to NOK 164 million (NOK 171 million).
- Impairments of loans totalling NOK 100 million (NOK 11 million), or 0.27% (0.03%) of gross lending incl. transferred loans.
- Costs as a percentage of income 36.0% (39.9%)
- Return on equity after tax, excluding hybrid capital, of 10.4% (10.0%).
- Lending growth of 1.7% in the last 12 months.

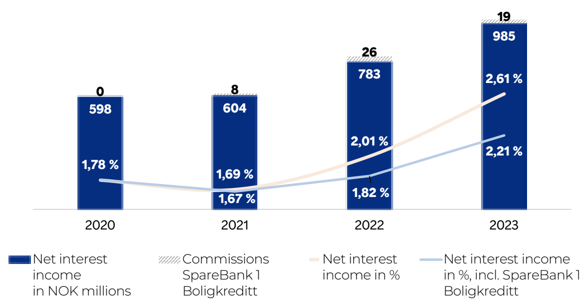
Change in profit before tax (NOK millions)



NET INTEREST INCOME

For 2023, net interest and credit commission income amounted to NOK 985 million (NOK 783 million), an increase of NOK 202 million over

Net interest income (NOK millions) and as % of total assets



the previous year. The increase for the year was attributable to the general increase in interest rates over the course of 2023, as well as the Bank slightly strengthening its interest margin during the year. As a percentage of average total assets, this amounts to 2.61% (2.01%). Including commission income for loans transferred to mortgage credit institutions, net interest income amounts to NOK 1,004 million (NOK 809 million) as of 31.12.23. This corresponds to net interest income expressed as a percentage of total assets, including transferred loans, of 2.21% (1.82%).

NET COMMISSION INCOME

In 2023, net commission income and other operating income amounted to NOK 164 million (NOK 171 million) or 0.43% (0.44%) of average total assets. Of this amount, commission income from SpareBank 1 Boligkreditt amounts to NOK 19 million (NOK 26 million). The level of commissions remained stable throughout 2023. The reduction in commissions compared with 2022 was mainly due to the payout of bonus commissions on non-life insurance in 2023. Broad sales with a focus on insurance, leasing and refinancing will remain priority areas for the Bank.

NET INCOME FROM FINANCIAL INVESTMENTS

Financial assets and liabilities amounted to NOK 15 million (NOK 1 million) in 2023, an increase of NOK 14 million compared with 2022.

The results for financial instruments in 2023 were affected by the turbulence resulting from the wars in Ukraine and the Middle East.

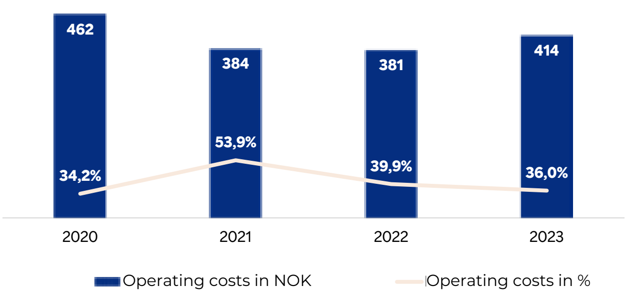
For 2023, the securities portfolio saw a rise in value of NOK 8 million, while the value of fixed-rate lending increased by NOK 5 million. Interest derivatives not included in hedge accounting saw a decrease in value of NOK 19 million. Dividends on shares, change in value and shares of earnings from jointly controlled enterprises made a positive contribution of NOK 22 million in 2023.

In the Parent bank, dividends from Helgeland Boligkreditt are recognised in the amount of NOK 56 million during the first quarter of 2023.

OPERATING COSTS

Total operating expenses for 2023 amounted to NOK 414 million (NOK 381 million). As a percentage of average total assets, costs amounted to 1.09% (0.98%), while costs relative to income amounted to 36.0% (39.9%).

Operating costs (NOK millions) and as % of income



The higher operating costs were largely due to price increases, but were also due to more employees and use of consultants within sustainability and internal auditing in 2023. Excluding income from financial investments, the key ratio becomes 36.0% (39.9%). The Bank's target cost level is 40% of total revenue.

The Bank's absence due to illness rate was lower than in 2022 at 4.3% (4.7%).

BOOKED IMPAIRMENTSON COMMITMENTS

For the year, losses on loans and guarantees are recognised in the amount of NOK 100 million (NOK 11 million). As a percentage of gross lensing, including transferred loans, this amounts to 0.27% (0.03%).

After a year of low losses in 2022, some individual incidents in 2023 resulted in significant losses. The high interest rates and high level of costs are starting to be felt, especially by vulnerable businesses in the corporate market. The Bank has seen an increase in bankruptcies among smaller companies and companies within building and construction and property development, which also affected the result in 2023.

BALANCE TRENDS

Total assets amount to NOK 36.8 billion. During the past 12 months, total assets have decreased by NOK -1,765 million (NOK -809 million), or -4.6% (-2.1%). The reduction in total assets is primarily due to the substantial transfer of loans to SpareBank 1 Boligkreditt.

CASH FLOW

The cash flow statement shows how SpareBank 1 Helgeland has received and utilised liquid assets. The statement was prepared on the basis of gross cash flow from operational, investment and financing activities. Liquidity holdings decreased by NOK -589 million since the start of the year.

LENDING

At the year-end 2023, gross lending including transferred loans to mortgage credit institutions amounted to NOK 37,982 million. Of the Group's gross lending, 82.8% (84.1%) was loaned to customers in Helgeland.

Of total loans, NOK 27,391 million or 72.1% (73.6)% of loans were issued to retail customers. Of this, NOK 8,369 million was transferred to SpareBank 1 Boligkreditt. Total loans to the retail market decreased by NOK -93 million (NOK 202 million), or -0.3% (0.8%), over the past 12 months. At the end of the year, lending for commercial commitments amounted to NOK 10,591 million (NOK 9,863 million). Of this amount, NOK 190 million was transferred to SpareBank 1 Boligkreditt. In the corporate market, deposits grew in the past 12 months by NOK 728 million (NOK 120 million), or 7.4% (1.2%).

DEPOSITS FROM CUSTOMERS

By the end of the year, customer deposits amounted to NOK 24,683 million. In the past 12 months, deposits decreased by NOK -446 million (NOK 1,577 million), or -1.8% (6.7%). In the fourth quarter, deposits decreased by NOK -363 million compared with NOK -281 million in the third quarter of 2023. The Group has a high deposit-to-loan ratio, with 91.9% (90.6%) consisting of deposits from customers in Helgeland. Of the total deposits of NOK 24,683 million, NOK 15,237 million, or NOK 61.7% (57.7%) were from retail customers. The 12-month growth in the retail market was NOK 745 million (NOK 305 million), or NOK 5.1% (2.1%). In the corporate market, deposits fell during the past 12 months by NOK -1,191 million (NOK 1,272 million), or -11.2% (13.6%).

The deposit-to-loan ratio as a percentage of gross lending including transferred loans was 64.9% (67.3%) as of 31.12.23.

FINANCING

Deposits from customers represent an important source of financing. The Group is also financed via the Norwegian monetary and securities market. At the end of the quarter, total capital market financing amounted to NOK 6,451 million (NOK 7,929 million), and has a satisfactory distribution as regards maturity and borrowing sources. At the end of the quarter, the proportion of borrowing with a duration of more than 1 year was 78.1% (78.1%). As of 31.12.23, the duration of the borrowing portfolio was 2.37 years (2.28 years).

The Bank continually facilitates the transfer of approved mortgages to the mortgage credit institutions. At the end of the quarter, the Bank has transferred NOK 8,559 million to SpareBank 1 Boligkreditt, and NOK 4,426 million to the wholly owned subsidiary Helgeland Boligkreditt. Collectively, this amounts to NOK 12,985 million, representing an increase of NOK 1,452 million compared with the corresponding period last year. Loans transferred to Helgeland Boligkreditt are recognised in the Bank's consolidated financial statements, while transferred loans to SpareBank 1 Boligkreditt are not consolidated.

The internal maximum limit set for the transfer of loans to mortgage companies is currently 35% of gross lending and 50% of gross lending in the retail market. As of 31.12.23, the transfer ratios were 34.2% (31.9%) and 47.4% (43.6%), respectively. Transferred loans to Helgeland Boligkreditt will be reduced as the borrowing in the institution matures. This is a consequence of the transition to the SpareBank 1 Alliance, and funding via SpareBank 1 Boligkreditt. The plan is to continue operating Helgeland Boligkreditt with total assets of around NOK 3.3 billion.

RATING

SpareBank 1 Helgeland is rated by Moody's as A3 with a "positive outlook". Bonds issued by Helgeland Boligkreditt AS are rated by Moody's as Aaa. Moodys has awarded the Bank an ESG rating of CIS-2 (neutral to low), which corresponds to the ESG risk not affecting Moody's assessment of the Bank in a positive or negative direction.

EQUITY CERTIFICATES - HELG

As of the end of the quarter, there were 2,824 equity certificate holders. The 20 largest owners are listed with 80.3% of the equity share capital. Of this, Sparebankstiftelsen Helgeland owns 28.11% and SpareBank 1 Nord-Norge 19.99%. A total of 27,000,130 equity certificates have been issued.

As of 31.12.23, the Bank owned 30,787 treasury equity certificates.

At the end of the quarter, the Bank's equity certificates were trading at NOK 130. This represents an increase of NOK 10, or 8.0%, from 31.12.22. The change is largely consistent with the development of the OSEEX (equity certificate index).

DIVIDEND POLICY

SpareBank 1 Helgeland's goal is to manage the Group's resources in a way that gives the equity owners a satisfactory combined yield in the form of dividends and added value.

The surplus will be divided equally between equity share capital and primary capital in accordance with their share of the Bank's equity. The Group aims to distribute 50% or more of the equity capital share of the surplus in the form of dividends, and to correspondingly distribute the same share of the primary capital share as dividends in the form of gifts to charitable causes. The remainder of the profit will be transferred to the equalisation fund and primary capital.

The Group's capital adequacy and the opportunities for future profitable growth will be afforded emphasis when the dividend level is determined.

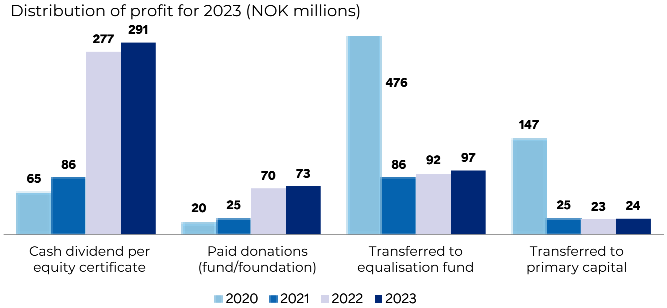
PROFIT ALLOCATION

The Parent bank's net profit amounted to NOK 500 million. Adjusted for the change in the fund for unrealised gains and interest on subordinated bonds, the dividend basis amounted to NOK 485 million.

In determining this year's dividend, the Bank's capital situation, including future capital requirements for growth and potential purchases of shares in Samarbeidende SpareBanker AS have been taken into account. Given the above assessments, the Board is recommending a dividend ratio of 75% of the dividend basis. This will entail the following distribution of the profit for 2023.

- NOK 291 million as a cash dividend, corresponding to NOK 10.80 per equity certificate
- NOK 73 million for good causes
- NOK 97 million to the equalisation fund corresponding to NOK 3.60 per equity certificate
- NOK 24 million to the primary capital fund

Distribution of profit for 2023 (NOK millions)



As a percentage of the Group's net income for 2023, adjusted for interest on subordinated bonds, the dividend corresponds to a dividend payout ratio of 77%.

Dividends are paid to the equity certificate holders who are registered as owners as of 20.03.24. The Bank's equity certificates will be listed ex-dividend on 21.03.24.

RISK AND CAPITAL MANAGEMENT

Risk and capital management supports the Group's strategy and ambitions, and is intended to ensure that the Group's financial and operational objectives lie within the enterprise's risk tolerance. Nevertheless, unforeseen losses can occur which require the Group to have sufficient equity. As a part of the risk management process, the requirement for supplementary capital for the various risk areas is evaluated. These assessments are underpinned by computational models. This is summarised in the Group's internal process for assessing capital requirements (ICAAP).

Risk categories and definitions:

Credit risk: Credit risk is defined as the risk of losses as a result of customers or counterparties being unable or unwilling to fulfil their obligations and climate-related risk.

Liquidity risk: The risk of the Group being unable to meet its obligations at maturity.

Market risk: The risk of losses due to changes in market prices linked to activities and positions in securities (interest and shares) and currency.

Operational risk: The risk of losses due to failures in internal routines, systems and processes, insufficient competency, damage to assets, suspension of operations, system failure, cyber risk and internal or external fraud.

Compliance risk: Risk of not complying with regulatory requirements and internal procedures/guidelines

Anti-money laundering risk: Risk of not complying with anti-money laundering and anti-terrorist financing laws and regulations, or not complying with internal regulations with the intention of fulfilling the requirements of the law.

Risk management is pivotal to the day-to-day operation and the ongoing work of the Board. Risk is primarily managed through risk and capital strategy, the corporate governance policy, the risk management policy and internal control, the operational risk policy, periodic assessment and reporting of operational risk, periodic measurement and reporting of established management goals in all business areas, guidelines, frameworks, authorities, reporting requirements and competency requirements. The Board determines the Group's credit strategy, which covers credit risk, and the Group's finance strategy, which covers liquidity risk and market risk. The Bank has a Credit Committee and Finance Committee for the management and follow-up of risk in line with guidelines and authorities issued by the Board.

The Group's risk management unit comprises eight FTEs. The Risk Management Director reports directly to the CEO, and is responsible for monitoring and coordinating overarching risk management within the Bank. The Risk Management Director also reports directly to the Board.

With effect from 2022, the Group's internal audit operation has been outsourced to an external audit and consultancy firm. The internal audit unit reports to the Board of Directors. The internal auditor is responsible for, for example, evaluating whether adequate routines are in place in key areas within the Group in order to reduce risk. The Board annually approves the internal auditor's instructions and schedule of work.

CREDIT RISK

Credit risk is one of the Group's main operational risks.

Credit risk is managed via the risk and capital strategy, credit policy, credit standard and granting rules. In November 2023, the credit policy, credit standard and granting rules were evaluated and revised, with adjustments effective from 01.01.24. In particular, credit risk and assessments have been adapted to take account of procedures and documentation prepared by the SpareBank 1 Alliance. In 2023, SpareBank 1 Helgeland adopted SpareBank 1's ESG module for mapping the ESG risk of individual corporate customers. The work on identifying and mapping ESG risks at our customers is a continuous job.

The Group's policy for the area of credit is derived from the overall risk and capital strategy and contains standards and management frameworks for risk profiles and risk concentrations. The management framework covers the allocation of lending between the retail and corporate markets, size of commitment and number thereof, exposure within sectors (concentration risk) and geographical limitations. This framework is monitored and reported quarterly to the Board of Directors, supplemented by annual portfolio reviews for the corporate market.

Developments in credit risk are monitored through regular analyses of the trend in defaults in specific sectors, geographical areas, borrowers' ability to service interest and instalments, and an assessment of the collateral that underlies the credit commitments. Through internal controls, more actions are also being implemented to monitor and follow-up borrowers.

The total capital requirement for credit risk is stated in the Group's ICAAP. The level of tolerance for credit risk is defined for selected sectors and areas. A management level for the corporate market portfolio has been established and is followed and reported periodically. Stress tests are used to assess the loss potential in the credit portfolio as a result of a large fall in property prices.

The risk in the retail market portfolio has been low over time. Demand for homes declined in 2023 and house prices dropped as a result of higher inflation and thus higher mortgage interest rates. The number of new builds was significantly lower for the same reasons. The whole of Helgeland generally experienced a hesitant housing market.

The risk in the corporate market portfolio is moderate, and the level of defaulted and doubtful commitments are considered to be moderate. Gross lending to the corporate market increased in 2023 by NOK 728 million, or 6.1%. The Group has a small portfolio of guaranteed foreign currency loans. As of 31.12.23, the equivalent value was NOK 23 million. The portfolio is divided into a small number of customers who have pledged collateral in the form of property and/or deposits.

In 2023, the Group continued its annual validation of the model for calculating Group write-downs based on score models similar to those used by the SpareBank 1 Alliance. The model is based on the probability of default and loss level assuming that a commitment is defaulted upon.

In 2023, booked impairments on loans amounted to NOK 100 million, compared with NOK 11 million in 2022. The impairments are considered high and amounted to 0.27% (0.03%) of gross lending, including transferred loans.
Total net defaulted (more than 90 days past due) and doubtful commitments amounted to NOK 390 million, equivalent to 1.3% (0.8%) of gross lending. Commitments are monitored on an ongoing basis with a view to identifying possible doubtful commitments through specific watch lists. Compliance with the framework and procedures in individual cases is ensured through the Credit Committee, key controls performed by managers, and the delegation of tasks between advisors and credit support. For the corporate market, management and monitoring are ensured through the ongoing assessment of customer relationships, ability to pay, and collateral assessments. This is done through both monthly and quarterly reviews. For monitoring and development in the retail market portfolio, quarterly analyses are carried out concerning the quality of new approved loans, along with six-monthly analyses of the overall portfolio. There is a strong focus on this area and regular reviews are carried out of the quality of the work relating to credit. This includes an understanding of good monitoring and the control of customer portfolios.

The loan portfolio, broken down according to low, medium and high risk, is reported on the basis of the score models. Risk migration is reported quarterly as part of the overall reporting of risk to the Board.

LIQUIDITY RISK

The Group shall at all times have sufficient liquidity to meet its liabilities when they fall due, and have a liquidity strategy that helps to secure access to sufficient long-term financing. The Group shall use the usual sources of borrowing in the market to optimise a diversified borrowing structure. The Board has adopted a liquidity management policy that sets out the purpose, management goals and risk appetite for managing liquidity risk. The primary purpose of the policy is to ensure that the Group has appropriate liquidity management in place. The liquidity policy is reviewed by the Board every year.

The Bank's liquidity reserve mainly consists of interest-bearing securities issued by solid issuers. The Bank satisfies the liquidity coverage ratio/net stable funding ratio (LCR/NSFR) in accordance with the applicable regulatory requirements by a good margin. Monitoring and measuring of the liquidity situation is based on various stress test scenarios which take into account both market-specific and bank-specific events. The Group had an LCR of 159% (158%) at the year-end. NSFR ended the year at 136% (144%).

Collateral in the Bank's assets (bonds) has been pledged for borrowing in Norges Bank totalling NOK 574 million (NOK 624 million), which was unutilised in its entirety at the year-end.

Liquidity risk is reduced by spreading borrowing over various markets, lenders, instruments and maturities. Management of the Group's liquidity risk is based on the targets for long-term funding ratio, deposit-to-loan ratio and liquidity buffer capital, in addition to regulatory requirements regarding LCR and NSFR. The Board has also stipulated that long-term borrowing must amount to at least 70% of total borrowing. The proportion of long-term funding remained well within the framework throughout 2023.

The Group has liquidity reserves in the form of cash, deposits in Norges Bank and other banks, interest-bearing securities, and well as unused drawing rights. Minimum requirements for liquidity reserves are stipulated in the Bank's liquidity policy. The Group's total liquidity reserves (cash, bank deposits and interest-bearing securities) amounted to NOK 7.0 billion (NOK 7.2 billion), or 19.1% (18.7%) of the Group's total assets. The total duration of the fixed income portfolio is 1.74 years (1.69 years).

The deposit-to-loan ratio is an important parameter in the monitoring of liquidity risk. The deposit-to-loan ratio is the proportion of lending to customers which is covered by deposits from customers. The Board has set a target number for the deposit-to-loan ratio of 60% including transferred loans to mortgage credit institutions. This target was met throughout 2023, and at the end of the year it was 64.9%.

MARKET RISK

The Group's overall market risk primarily consists of share, interest, currency, property, credit spread and owner risk.

The Board has adopted a finance policy for market risk that sets out the framework and overarching goals for the Group's market risk tolerance, as well as a specific framework for interest rate, credit spread and share price risk. The policy is revised every year. The Group has no active trading portfolios within interest, shares or foreign exchange.

The Group's liquidity reserves primarily consist of interest-bearing securities that qualify under the LCR regulations. The securities mainly consist of liquid 0/10/20% - weighted securities. The securities are primarily based on a FRN (Floating Rate Note) structure and are therefore associated with low interest rate risk.

Credit duration on the entire portfolio must be within 2.0 years. An authority framework ensures good diversification and limits any counterparty risk. The Group's lending to customers and deposits from customers are primarily based on floating interest rates, as is the Bank's liquidity portfolio. The borrowing portfolio consists of FRN-based loans, and loans at fixed interest rates. The interest rate risk on fixed interest loans is limited through the use of interest swap agreements.

The Group assumes credit spread risk, primarily through the management of interest-bearing assets in the liquidity portfolio. The portfolio mainly consists of assets issued by Norwegian banks, mortgage credit institutions, municipalities, governments and non-financial institutions. The credit spread risk lies within the Board's agreed limits.

The overarching interest rate risk is maintained within the target range by an overall management of balance sheet items and the use of interest rate swaps. Interest rate risk is at a low level.

The Group has a relatively conservative policy for investments in interest-bearing securities, where the main objective is to secure an adequate liquidity buffer. There are specific requirements regarding issuers' ratings. There is also a maximum limit on duration for the interest-bearing securities portfolio, and this must be diversified between different sectors and types of issuer.

At the year-end, the Group's shareholdings are mainly strategically motivated through investments in subsidiaries, associated companies and product companies. The market risk linked to such equity investments is considered to be moderate. The Group has no active property management or exposure in property, other than properties which are linked to the business and any repossessed properties for disposal.

CURRENCY RISK

SpareBank 1 Helgeland is not a foreign exchange bank, and the Group has no active foreign exchange portfolios other than its euro stock in ATMs and guaranteed foreign currency loans The Group's foreign exchange risk is insignificant.

OPERATIONAL RISK

Good internal controls and quality assurance are essential for the satisfactory management of operational risk. The governing documents and control systems have been built up to safeguard efficient operation, risk control, prudence, accurate financial and non-financial information, compliance with laws and guidelines.

Risk evaluations are conducted at all levels. Risk evaluations are documented and give an overview of processes and key controls in the operational functions. A focus on the systems and processes in the operational functions contributes to a constant focus on quality and efficiency, as well as target-oriented operation within the Group.

Operational risk is measured through the evaluation of operational events assigned to defined loss event categories for random events, and in connection with summarised non-conformities identified through routine checks. Operational risk is quantified by calculating the capital requirement for operational risk. This is summarised in a requirement to hold sufficient capital as collateral for future expected losses to which the Group could be exposed as a result of operational risk.

Assessed on the basis of the organisation's competency, organisation and delegation of responsibilities, and the Group's earnings and solvency, the Board considers the overall risk exposure to be appropriate.

ESG RISK

ESG risk is the risk of loss arising from actual or potential impacts from ESG factors that impact the Group's core business. This could be through either counterparties or investments. ESG risk materialises through traditional categories of financial risk (credit risk, market risk, operational risk, reputational risk and liquidity and funding risk).

The Group's ESG work is based on the sustainability strategy and the corporate social responsibility and sustainability policy adopted by the Board of Directors. ESG risk has also been integrated into other governing documents, methods and standards divided into the risk categories mentioned. The materiality analysis was conducted to identify areas where SpareBank 1 Helgeland's contributions can have the greatest impact based on an assessment of both the risk and opportunities related to the impact.

The work on the sustainability strategy is well embedded among employees, the Management Group and the Board of Directors. The Group wants to be a clear driving force behind sustainable growth, skills and collaboration in Helgeland.
The employees' skills and sense of ownership are clearly the most important success factors if the Group is to achieve its goals. Therefore, in 2023 the Group boosted skills through relevant courses for employees and elected representatives. In the SpareBank 1 Alliance, work has started on establishing data hubs that will make relevant ESG data available, and a test version for ESG stress testing was provided in 2023 that is undergoing further development. Making the data sources

and ESG stress tests available ensure that they will be taken account of in the further work on quantification and developing the reporting on ESG risk in the ICAAP and on IFRS9 loss provisions.

MONEY LAUNDERING TERRORISTFINANCING RISK

The Group systematically works to identify and combat financial crime. The work is rooted in the risk and capital strategy, sustainability strategy, operational risk policy, corporate social responsibility and sustainability policy and the anti-money laundering and terrorist financing policy. The Group has completed a major project involving the updating and establishment of procedures designed to reduce the risk of financial crime. In 2023, the Group implemented measures designed to ensure compliance with applicable instructions and procedures, including through the increased use of resources and education measures.

COMPLIANCE

The Board of Directors attaches decisive importance to ensuring that operations are aligned with applicable laws and regulations, and that internal rules and guidelines are followed. Particular attention is paid to stricter regulatory requirements.

SOLVENCY RATIO

Following proportionate consolidation, at the end of 2023, net subordinated capital amounted to NOK 4,888 million, of which subordinated bonds amounted to NOK 398 million and subordinated loans NOK 350 million.

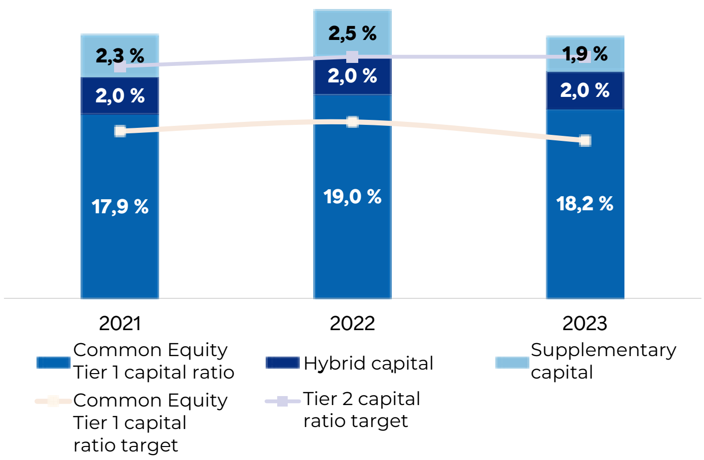
As of 31.12.23, the Group had a Common Equity Tier 1 capital ratio of 18.2% (19.0%). The Tier 1 capital ratio amounted to 22.1% (23.5%) Net income at the year-end is included in Common Equity Tier 1 capital, less the proposed dividend classified as equity.

The statutory minimum requirement for Common Equity Tier 1 capital ratio is 14.0%. The Group has a Pillar 2 supplement of 2.2%. The Group's requirement regarding Common Equity Tier 1 capital, including the Pillar 2 supplement, thus amounts to 15.2% (14.2%).

The target figures for the Common Equity Tier 1 capital ratio and total capital adequacy are 1.3 percentage points above the regulatory requirements, which currently amount to 16.5% and 21.0%, respectively. The Bank's capital adequacy ratio is above the target. Surplus capital is used for future growth, or alternatively distributed to the owners through higher dividends and increased donations. Potential purchases of shares in Samarbeidende SpareBanker AS have been taken into account when assessing the current capital level. SpareBank 1 Helgeland uses the standard method in its capital adequacy calculations.

At the year-end, the Group's leverage ratio, following proportionate consolidation, amounted to 9.2% (9.2%). The minimum requirement for non-systemically important banks is 5%.

Change in capital adequacy in %



SUBSIDIARIES

Helgeland Boligkreditt AS (100%)

Net income after tax amounted to NOK 22.2 million (NOK 28.3 million) for 2023, while equity as of 31.12.23 amounted to NOK 567 million (NOK 577 million).

ASSparebankbygg (100%)

In 2023, net income after tax was NOK 0.5 million (NOK 0.4 million), while equity at the year-end was NOK 1.7 million (NOK 1.2 million).

Helgeland Sparebanks EiendomsselskapAS (100%)

In 2023, net income after tax was NOK 1.4 million (NOK 1.1 million), while equity at the year-end was NOK 10.8 million (NOK 9.4 million).

Bankbygg Mo AS (99.8%)

In 2023, net profit was NOK -5.8 million (NOK -10.0 million), while equity at the year-end was NOK 79.6 million (NOK 36.3 million).

Storgt. 73 AS (100%)

In 2023, net income after tax was NOK 1.1 million (NOK 0.3 million), while equity amounted to NOK 5.9 million (NOK 4.8 million).

INSURANCE

Insurance has been taken out for the board members and the CEO to cover any potential liability to the institution and third parties. The insurance covers capital losses due to claims made during the insurance period as a result of an alleged act or omission that results in liability.

THE GROUP'S REMUNERATION POLICY

All remuneration agreements in SpareBank 1 Helgeland are drawn up in line with the Financial Services Act and the Securities Trading Act and associated regulations concerning the remuneration schemes of financial institutions, asset management firms and securities funds.

The standards for SpareBank 1 Helgeland's remuneration scheme were last updated and approved by the Board in December 2023.

Remuneration reports and the standard for determining and adjusting the remuneration of executive personnel are published as separate documents on the Bank's website.

EVENTS AFTER THE BALANCE SHEET DATE

No events of importance to the financial statements have occurred since the balance sheet date.

OUTLOOK

December 2023 probably marked the point of peak interest rates, although how long interest rates will remain high is still uncertain. A macro picture with war in Europe and the Middle East, relatively high inflation and low unemployment suggests that interest rates will remain high for large parts of 2024 as well. The development of interest rates over the past 2 years has made the finances of most of the Bank's retail and corporate customers tighter, and, for a number of customers, the development in interest rates combined with high inflation is very challenging.

However, Helgeland is still a very ambitious region, and the Bank believes that what is happening here will further confirm that Helgeland is a forward-thinking industrial and aquaculture region, tourist destination, and, not least, a key contributor to the green transition. The establishment of green industries such as hydrogen and ammonia production is expected to have a positive impact on industrial growth in the region.

Helgeland expects significantly higher levels of activity in the coming years, especially in the corporate market. Major infrastructure and industrial projects such as the airport, deepwater pier, hydrogen production, hospital and housing and road development will entail investments up to NOK 20 billion in Helgeland. Nevertheless, the macroeconomic picture is creating some uncertainty in relation to both the magnitude and timing of some of the investments. The Bank is well positioned to be an important contributor to the local businesses who are expected to be impacted by this development. This impact is expected to come in the form of direct contributions into projects or from taking advantage of the positive ripple effects the investments produce. In the retail market, the Board expects sluggish market growth in the near future. The Group's growth ambitions indicate growth in lending at least on a par with the market in Helgeland. The Board will keep prioritising profitable growth. In the longer term, high levels of activity are expected in the region, which gives grounds for optimism relating to long-term growth in the retail market as well.

After a year of low losses in 2022, some individual incidents in 2023 resulted in increased losses. The high interest rates and high level of costs are starting to be felt, especially by vulnerable businesses in the corporate market. The Bank has seen an increase in bankruptcies among smaller companies and companies within building and construction and property development, which also affected the result in 2023. In the opinion of the Bank, there are no indications of a significant deterioration in the credit quality of the loan portfolio. Turbulent markets, high interest rates and high inflation are resulting in greater uncertainty with regard to future losses. However, the Bank stands by its long-term expectation of losses of around 0.18% of gross lending.

The Group has a profitability target of a return on equity on a par with comparable banks, currently 11% after tax. A weak fourth quarter meant that the target was not achieved in 2023 but the target is expected to be achieved in 2024.

As regards the loan and deposit portfolio, including loans transferred to mortgage credit institutions, it is estimated that the interest rate rises in the fourth quarter will result in a strengthening of net interest income. This despite the fact that increased financing costs and price adjustments reduced the effect of the net interest income.

The level of commission income is stable. Established pricing measures and a proactive sales organisation give reason to expect that the level of commission from the mortgage credit institution in 2023 will stabilise at just over 0.30% of total assets. The operating costs for basic operations are expected to remain relatively stable, although they will continue to be affected by high inflation and higher depreciation related to the refurbishment of the Bank's head office. However, the cost/income ratio is expected to be well within the Bank's target figure: costs in relation to income of less than 40%.

Helgeland's optimism and potential are great and give the Board of Directors great faith in the future. SpareBank 1 Helgeland wants to be a key contributor to growth in the region.

Board of Directors for SpareBank 1 Helgeland

Mo i Rana, 27.02. 24

Bjørn Krane
Chair

Rolf Eigil Bygdnes
Deputy Chair

Marianne Terese Steinmo
Board member

Siw Moxness
Board member

Audhild Bang Rande
Regularly attending deputy

Ann-Helen Baadstrand
Board member

Kenneth Normann
Employee-elected board member

Solrun Johansen
Employee-elected board member

Hanne Nordgaard
Chief Executive Officer

Documents are approved electronically

Corporate governance

The Group's risk and capital strategy is intended to ensure that the Group's corporate governance is in line with generally recognised interpretations and standards, as well as applicable laws and regulations. The strategy sets out the values, objectives and overarching principles that the Group is governed and controlled by in order to safeguard the interests of owners, depositors and other groups within the Group.

Governing documents for SpareBank 1 Helgeland's various business areas set out management objectives and frameworks in concrete terms. This includes, inter alia, the Bank's corporate social responsibility, articles of association, code of conduct, strategy document, policy documents, budgets, authorisations and frameworks, descriptions of procedures, insider rules and trading on own account. The operational risk policy, risk management and internal control policy and standards for systems and processes highlight the assessment and internal control related to risk in the Group. SpareBank 1 Helgeland's roots are deeply anchored in Helgeland soil, and the Bank takes a keen interest in what is happening in the region. The Bank therefore has a vision of being a driving force for growth in Helgeland.

Because SpareBank 1 Helgeland is a solid and robust local bank with a strong market position, the Bank can contribute to the development of the local community. The legislator has given saving banks the opportunity to give a proportion of their profits back to the local community in the form of gifts and donations to non-profit causes. Saving banks can pay out dividends to the local community from the share of earnings from the component of equity that is owned by the customers and the community. Residential settlement and growth are prerequisites for the Banking sector. Without thriving and attractive local communities, it would be difficult to recruit labour in both the private and public sectors, which we need to do in order to promote local development. We therefore have a common destiny – the Bank and the people of Helgeland. SpareBank 1 Helgeland's Gift Fund forms part of the Bank's contribution to development, optimism and growth in both rural areas and towns alike in Helgeland.

In addition to the strategic and financial objectives, SpareBank 1 Helgeland has chosen to take its environmental responsibility seriously, and has therefore adopted its own environmental strategy. The governing documents are based, inter alia, on the Norwegian Code of Practice for Corporate Governance and the Committee of European Banking Supervisors' principles for overarching governance and control. SpareBank 1 Helgeland's ambition is to follow the aforementioned recommendations insofar as they are applicable. In line with the Norwegian Code of Practice for Corporate Governance, there follows an account of the Bank's compliance with the points in the recommendation.

OPERATIONS

SpareBank 1 Helgeland is a financial group consisting of the Parent bank and a number of subsidiaries. References to the Bank and/or SpareBank 1 Helgeland concern the SpareBank 1 Helgeland Group.

In accordance with SpareBank 1 Helgeland's articles of association, the object of the business is to promote savings by accepting deposits from an undefined group of depositors, provide investment services and other financial services, and securely manage the funds for which it is responsible in accordance with applicable legislation concerning savings banks at all times. The Bank can carry out all transactions and provide all services that are customary or natural for savings banks to perform in accordance with the relevant licences and applicable legislation.

The report from the Board contains a description of the Group's objectives and strategies. SpareBank 1 Helgeland has a three-year strategic period, with annual reviews. The Board and management evaluate the strategic basis at least annually. The Group's plans are adjusted and adapted on an ongoing basis. The Group's strategic platform is summarised under the following key points: vision, business idea, core values, strategic and financial objectives and code of conduct.

SpareBank 1 Helgeland is a customer-oriented organisation with a focus on the retail market, corporate market and capital market as business areas. This is supplemented by supporting areas and staff functions. The Group's organisational structure is dynamic and is at all times assessed on the basis of current needs and framework conditions.

COMPANY CAPITAL AND DIVIDEND

The Bank's equity is composed of equity certificate capital, share premium reserve, primary capital, fund for unrealised gains, gift fund, equalisation fund, subordinated bonds and other equity.

The Group's objective for Common Equity Tier 1 capital ratio is a minimum of 16.5% and a Tier 2 capital ratio of over 21.0%.

THE BANK'S DIVIDEND POLICY

SpareBank 1 Helgeland's goal is to manage the Group's resources in a way that gives the equity owners a satisfactory combined yield in the form of dividends and added value.

The surplus will be divided equally between equity share capital and primary capital in accordance with their share of the Bank's equity. The goal for annual dividends is to ensure that half or more of the profits is distributed in the form of dividends and gifts to charitable purposes. It is also a goal that the two owner groups be treated equally. The remainder of the profit will be transferred to the equalisation fund and primary capital.

The Group's capital adequacy and the opportunities for future profitable growth will be afforded emphasis when the dividend level is determined.

EQUAL TREATMENT OF EQUITY CERTIFICATE HOLDERS

Holders of equity certificates shall have predictable conditions with regard to equal treatment, return and management influence.

The listing of the equity certificates ensures that the Bank accepts and follows the market conditions that apply at all times in the equity market and to equity certificates.

FREE NEGOTIABILITY

The articles of association do not contain any limitations on the transferability of equity certificates.

The Sparebankstiftelsen Helgeland foundation owns equity certificates in SpareBank 1 Helgeland. According to the articles of association, the foundation cannot own less than 25% of the equity certificates in SpareBank 1 Helgeland.

Beyond this, the only limitation is the statutory requirement which currently stipulates that the acquisition of equity (10% or more) requires the consent of the Financial Supervisory Authority of Norway.

SUPERVISORY BOARD

The Bank's supreme body is the Supervisory Board and is composed of the holders of equity certificates, customers and employees. The Supervisory Board is responsible for ensuring that the Bank acts in accordance with its purpose and in compliance with law and the articles of association. The Supervisory Board elects the Bank's Board of Directors.

The Supervisory Board has 25 members and 25 deputy members. Decisions are made by simple majority. However, decisions regarding amendments to the articles of association require a two thirds majority of those present, and at least 50% of the Supervisory Board's members must vote for the proposal. Elections take place in accordance with applicable savings bank legislation and the provisions of the Financial Institutions Act. Notices of meetings and minutes of meetings of the Supervisory Board are sent to Oslo Stock Exchange.

Elections to the Supervisory Board take place through election meetings and on election day(s). All elections must be held by the end of April, and before the statutory general meeting of the Supervisory Board. Invitations to equity certificate holder elections are sent to all equity certificate holders fourteen days before the election, which is conducted electronically. Information on the election is also provided on the Bank's website and via Oslo Stock Exchange.

The election of depositors is announced through electronic notices on screens on the Bank's premises and on the Bank's website two weeks prior to the election. The election itself is conducted electronically.

NOMINATION COMMITTEE

The Bank's Nomination Committee prepares:

- elections that are held by the Supervisory Board
- elections of holders of equity certificates to the Supervisory Board
- elections of depositors to the Supervisory Board

The Supervisory Board's Nomination Committee also proposes fee scales. The Bank's website contains information on the members of the Nomination Committee.

COMPOSITION OF THE BOARD AND INDEPENDENCE

SpareBank 1 Helgeland's Nomination Committee proposes candidates for the Board in line with the applicable provisions in law and the articles of association. No member of the Board or representative of the management may be a member of the Nomination Committee. The Chair and Vice Chair of the Board are elected by the Supervisory Committee. The Board consists of between six and nine members and up to four deputy members. The Board currently consists of eight permanent members. Four of the permanent members are currently women. Important criteria regarding the Board's members and composition are qualifications, capacity, independence and gender balance. The majority of the Board's members must be independent of the Bank's management and key business contacts. The Board undertakes an annual review of its members' independence and the Board's collective competence. Everyone who is elected as a member must satisfy the requirements regarding suitability that follow from applicable legislation.

THE WORK OF THE BOARD

The Board holds meetings once a month on average and performs its work in accordance with a plan which is drawn up for the year. In addition to the elected members, the Bank's CEO and board coordinator attend at Board meetings. The Board has overall responsibility for the management of SpareBank 1 Helgeland and for supervising the day-to-day management and activities of the Bank.

The Board's responsibility for administration includes responsibility for organising the Bank in a proper manner, for establishing plans and budgets for the Bank, for keeping
itself informed about the Bank's financial position and for ensuring that the Bank's activities, asset management and accounts are subject to satisfactory controls. The annual strategy process with roll-out of the strategy plan is a priority. Overall goals and strategies are established, and action plans and budgets are then prepared on the basis of these. The CEO prepares matters which are to be considered by the Board in co-operation with the chair of the Board. A total 17 board meetings were held at the Bank in 2023. Development of the Bank's strategy, structural changes, risk and capital management, along with profitability, have been among the Board's main focus areas. The Board has prepared an annual plan for its work. Emphasis is placed on ensuring that the Board's members possess sufficient knowledge and expertise. A self-evaluation has been conducted covering working forms, expertise, priorities and collaboration between the Board and the management.

As part of the Board's work, it has set up an Audit Committee, a Risk Committee and a Remuneration Committee. These committees are inter alia intended to ensure that SpareBank 1 Helgeland has an independent and effective internal and external audit, and that accounting and risk reporting are in line with rules and regulations, and help to promote and incentivise good corporate governance with regard to the enterprise's risks, counteract high risk taking and help to prevent conflicts of interest.

The members of the Risk Committee are Bjorn Andreas Krane (chair), Rolf Eigil Bygdnes and Siw Moxness. The Risk Committee held nine meetings during 2023.

The members of the Remuneration Committee are Bjorn Andreas Krane (Chair), Marianne Steinmo and Kenneth Normann (Employee representative). The Remuneration Committee held three meetings during 2023.

The members of the Audit Committee are Siw Moxness (Chair), Bjorn Andreas Krane and Rolf Eigil Bygdnes. 12 meetings were held in 2023.

RISK MANAGEMENT AND INTERNAL CONTROL

Good risk and capital management is key to SpareBank 1 Helgeland's long-term value creation.

The Bank must identify – analyse – act – and live with an acceptable level of risk within the Bank's most important commercial risk areas. SpareBank 1 Helgeland aims to ensure that the Bank's risk profile is moderate.

Risk management is linked to the key areas:

- Credit
- Market
- Liquidity
- Operational risks, including HSE, IT, communication, market, compliance
- ESG risk and anti-money laundering (AML) and terrorist financing.

The choice of risk assessment method must take into account the Bank's complexity and scope in the various business areas. The Board of SpareBank 1 Helgeland requires the Bank to be well-capitalised. Capital assessments (ICAAP) and quantifications are undertaken once a year. The Bank's risk and capital strategy shall be based on actual risk in the activity, supplemented by the effects of different stress scenarios.

Responsibility for implementing the Bank's risk and capital management and controls is split between the Board, the management and the operational units. The Board is responsible for ensuring that the Bank has sufficient capital based on the desired level of risk and the Bank's operations. The CEO is responsible for overarching risk management at the Bank, including the development of good models and a framework for management and control. The Corporate Market Director chairs the Bank's Credit Committee, which ensures that the approval of credit matters remains within the powers granted by the Board. The CEO is a permanent member of the Credit Committee. The Chief Financial Officer chairs the Bank's Finance Committee, which discusses borrowing and other relevant topics within the powers granted by the Board.

The Bank's management includes the position of Risk Management Director. The Risk Management Director reports to the CEO. In certain defined cases, the Risk Management Director reports directly to the Board.

The Risk Management Department performs functions such as anti-money laundering and anti-terrorist financing, governance, control and reporting. Evaluation of capital requirements linked to risk in the Bank's various business areas represents an integral part of the Board's strategic work and assessment of risk areas (the ICAAP process).

All managers at SpareBank 1 Helgeland are responsible for managing risk and ensuring that appropriate internal controls are in place within their own discipline and/or area of responsibility, in line with the Bank's risk framework. SpareBank 1 Helgeland has adopted a risk and capital strategy, corporate governance policy and operational risk policy. These govern the Group's objectives, organisation and performance of internal control work. Also included in this is a requirement for reporting the status of the Bank's risk picture, the quality of internal controls both generally and within the compliance areas of anti-money laundering and terrorist financing, and GDPR in particular. In addition, recorded incidents and the follow-up of risk-mitigation measures are reported.

The Bank has outsourced the internal audit function to an audit and consultancy firm which, on behalf of the Board, assesses and confirms that satisfactory procedures have been established for monitoring and reducing risk. The internal auditor's controls are based on an annual audit plan that is approved by the Board of Directors. The Bank's code of conduct impose a duty on employees to report any breaches of internal guidelines, laws and regulations and the procedures for such reporting.

REMUNERATION OF THE BOARD

The Supervisory Board sets the fee scale for the Bank.

The remuneration paid to the Board reflects the Board's responsibilities, competence, time spent and complexity. The remuneration paid to each board member is set out in the remuneration report, which is published on the Bank's website.

REMUNERATION OF SENIOR EXECUTIVES

The Board sets the remuneration to the CEO and the principles for remuneration to senior executives. As of 31.12.23, the Bank has no option or bonus agreements. The CEO has contractually agreed severance pay. The institution’s remuneration report provides an overview of salaries and benefits to senior executives. The Bank has established standards for ensuring compliance with regulations concerning the remuneration schemes of financial institutions, investment firms and management companies for securities funds. Reference is also made to the Bank’s website, on which both standards and remuneration reports are published.

INFORMATION and COMMUNICATION

SpareBank 1 Helgeland is listed on Oslo Stock Exchange and reports dates for important events such as election meetings, meetings of the Supervisory Board, and the publication of financial information in the form of interim reports and annual reports and accounts.

Information to the market is communicated through open investor presentations in the first, third and fourth quarterly accounting reports, as well as stock exchange notices and press releases. The same information is published on the Bank's website.

TAKEOVER

The Act relating to Financial Activity imposes limits on the proportion of equity certificates that can be held by a single owner. Issues concerning mergers are decided by the Supervisory Boards of the savings banks concerned.

AUDITOR

The Supervisory Board has elected PricewaterhouseCoopers as external auditor and approves the auditor's fees.

INCOME STATEMENT

PARENT BANK		INCOME STATEMENT	GROUP	
2022	2023	(amounts in NOK millions)	2023	2022
972	1,553	Interest income, effective interest rate method	1,735	1,121
153	258	Other interest income	262	153
368	832	Interest expenses	993	476
14	17	Guarantee fund fee	19	15
743	**962**	**Net interest and credit commission income (Note 5)**	**985**	**783**
179	171	Commission income and income from banking services (Note 6)	171	179
15	16	Commission expenses and costs attributable to banking services (Note 7)	16	15
13	11	Other operating income (Note 9)	9	7
177	**167**	**Net commission income and other operating income (Note 4)**	**164**	**171**
91	57	Dividends	28	35
5	-1	Net income from joint arrangements	-1	5
-40	-15	Net income from financial instruments	-12	-39
57	**41**	**Net income from financial instruments (Note 8)**	**15**	**1**
171	185	Personnel costs (Notes 10-14)	186	172
202	230	Other operating expenses (Notes 10-14)	228	209
373	**415**	**Total operating expenses before losses on loans, guarantees, etc.**	**414**	**381**
604	**755**	**Net income before loss**	**750**	**574**
12	101	Losses on loans, guarantees, etc. (Note 16)	100	11
592	**654**	**Net income before tax**	**650**	**563**
112	154	Tax (Note 17)	160	118
480	**500**	**Net income for the financial year**	**490**	**445**
13	21	Hybrid capital owners' share of net income for the period	21	13
373	383	Equity certificate holders' share of net income for the period	374	345
94	96	Primary capital's share of net income for the period	94	87
0	0	Non-controlling owner interests' share of net income for the period	0	0
480	**500**	**Net income for the financial year**	**490**	**445**
13.8	14.2	Earnings per equity certificate in NOK (Note 18)	13.9	12.8
13.8	14.2	Diluted earnings per equity certificate in NOK (Note 18)	13.9	12.8
		Total comprehensive income		
480	**500**	**Profit for the year after tax**	**490**	**445**
		Items not to be reclassified via the income statement:		
5	-1	Recognised estimate variances, pensions	-1	5
		Items not to be subsequently reversed via the income statement:		
0	0	Net change in fair value	0	0
1	0	Tax on comprehensive income	0	1
4	-1	Net other comprehensive income items	-1	3
484	**499**	**Total comprehensive income for the period**	**489**	**448**

BALANCE SHEET

PARENT BANK		BALANCE SHEET	GROUP	
31.12.22	**31.12.23**	**(amounts in NOK millions)**	**31.12.23**	**31.12.22**
		ASSETS		
71	83	Cash and receivables from central banks (Notes 19,22,27,33)	83	71
2,158	1,865	Loans to and receivables from credit institutions (Notes 20,22)	842	1,442
25,809	24,954	Loans to and receivables from customers (Notes 2.1,4, 21,22)	29,203	30,832
31	64	Financial derivatives (Notes 22,23)	64	31
5,586	5,866	Certificates, bonds and shares (Notes 2.2,22,24,25)	6,113	5,735
145	142	Investments in jointly controlled companies (Note 27)	142	146
591	648	Investments in subsidiaries (Notes 26,28)	0	0
94	83	Intangible assets (Note 31)	83	94
36	39	Tangible fixed assets (Note 30)	250	209
80	135	Other assets (Note 32)	80	66
34,601	**33,879**	**Total assets**	**36,860**	**38,625**
		LIABILITIES AND EQUITY		
308	316	Liabilities to credit institutions with agreed maturity (Notes 2.2,22,34)	320	313
25,534	25,156	Deposits from customers (Notes 2.2,4,22,35)	24,683	25,129
3,117	2,661	Liabilities established through the issuing of securities (Notes 2.2,22,23,36)	6,099	7,476
29	33	Financial derivatives (Notes 22 and 23)	81	58
264	331	Other liabilities (Notes 12,37)	274	260
453	352	Subordinated loan capital (Note 39)	352	453
29,705	**28,850**	**Total liabilities**	**31,809**	**33,689**
		Equity		
268	266	Equity share capital (Note 41)	266	268
1,505	1,505	Share premium reserve	1,505	1,505
1,535	1,626	Equalisation fund	1,626	1,535
3,308	**3,397**	**Total equity share capital**	**3,397**	**3,308**
802	824	Primary capital	824	802
84	101	Gift Fund and Gift Foundation	101	84
886	**925**	**Total primary capital**	**925**	**886**
27	18	Fund for unrealised gains	18	27
398	398	Subordinated bonds	398	398
277	291	Other equity (Note 40)	313	316
4,896	**5,029**	**Total equity excluding minority interest**	**5,051**	**4,933**
		Non-controlling interests	0	3
4,896	5,029	Total equity	5,051	4,936
34,601	**33,879**	**Total liabilities and equity**	**36,860**	**38,625**
		Contingent liabilities off balance sheet (Note 42)		

Board of Directors for SpareBank 1 Helgeland

Mo i Rana, 27.02. 24

Bjørn Krane
Chair

Rolf Eigil Bygdnes
Deputy Chair

Marianne Terese Steinmo
Board member

Siw Moxness
Board member

Audhild Bang Rande
Regularly attending deputy

Ann-Helen Baadstrand
Board member

Kenneth Normann
Employee-elected board member

Solrun Johansen
Employee-elected board member

Hanne Nordgaard
Chief Executive Officer

Documents are approved electronically

GROUP

31.12.23

	Equity certificate capital	Share premium reserve	Own equity certificates	Bonds	Fund for unreal. gains	Primary capital	Gift Fund	Gift Fund Foundation	Equalisation fund	Other equity	Non-cont. interests	Total
Equity as of 01.01.23	270	1,505	-2	398	27	802	32	52	1,535	316	3	4,936
Profit for the year				21	-7	24	4	69	97	281	0	490
Other comprehensive income						0			-1			-1
Total comprehensive income for the year	0	0	0	21	-7	24	4	69	96	281	0	489
Interest paid, subordinated bonds				-21								-21
Gifts distributed							-5					-5
Other changes			-2		-2	-1			-5	-6	-3	-19
Transactions with owners												
Dividends/interest paid								-52		-277		-329
Equity as of 31.12.23	270	1,505	-4	398	18	824	31	70	1,626	313	0	5,051
Paid-up/retained earnings			1,771							3,281		5,051

The fund for unrealised gains includes unrealised added value shares amounting to NOK 16 million.

GROUP

31.12.22

	Equity certificate capital	Share premium reserve	Own equity certificates	Bonds	Fund for unreal. gains	Primary capital	Gift Fund	Gift Fund Foundation	Equalisation fund	Other equity	Non-cont. interests	Total
Equity as of 01.01.22	270	1,505	0	398	23	777	30	21	1,438	161	3	4,626
Profit for the year				12	5	23	17	52	94	242	0	445
Other comprehensive income						1			2			3
Total comprehensive income for the year	0	0	0	12	5	24	17	52	96	242	0	448
Interest paid, subordinated bonds				-12								-12
Gifts distributed							-15					-15
Other changes			-2		-2	1				-1		-4
Transactions with owners												
Dividends/interest paid								-21		-86		-108
Equity as of 31.12.22	270	1,505	-2	398	27	802	32	52	1,535	316	3	4,936
Paid-up/retained earnings			1,772							3,165		4,936

The fund for unrealised gains includes unrealised added value shares amounting to NOK 25 million.

PARENT BANK

31.12.23

	Equity certif-icate capital	Share pre-mium reserve	Own equity certifi-cates	Bonds	Fund for unreal. gains	Primary capital	Gift Fund	Gift Fund Foun-dation	Equal-isation fund	Other equity	Total
Equity as of 01.01.23	270	1,505	-2	398	27	802	32	52	1,535	277	4,896
Profit				21	-7	24	4	69	97	291	500
Other comprehensive income for the year						0			-1		-1
Total comprehensive income	0	0	0	21	-7	24	4	69	96	291	498
Interest paid, subordi-nated bonds				-21							-21
Gifts distributed							-5				-5
Other changes			-2		-2	-1			-5		-10
Transactions with owners											
Dividends/interest paid								-52		-277	-329
Equity as of 31.12.23	270	1,505	-4	398	18	824	31	70	1,626	291	5,029
Paid-up/retained earnings				1,771						3,258	5,029

The fund for unrealised gains includes unrealised added value shares amounting to NOK 16 million.

PARENT BANK

31.12.22

	Equity certif-icate capital	Share pre-mium reserve	Own equity certifi-cates	Bonds	Fund for unreal. gains	Primary capital	Gift Fund	Gift Fund Foun-dation	Equal-isation fund	Other equity	Total
Equity as of 01.01.22	270	1,505	0	398	23	778	30	21	1,439	86	4,550
Profit				12	5	23	17	52	94	277	480
Other comprehensive income for the year						1			2		3
Total comprehensive income	0	0	0	12	5	24	17	52	96	277	483
Interest paid, subordi-nated bonds			-2		-1						-3
Issue											
Gifts distributed								-21		-86	-108
Transactions with owners											
Dividends/interest paid								-8		-65	-74
Equity as of 31.12.22	270	1,505	-2	398	27	802	32	52	1,535	277	4,896
Paid-up/retained earnings				1,774						3.122	4,896

The fund for unrealised gains includes unrealised added value shares amounting to NOK 25 million.

CASH FLOW

PARENT BANK			GROUP	
31.12.22	31.12.23	(amounts in NOK million)	31.12.23	31.12.22
-596	777	Loans to customers	1,552	1.362
972	1,507	Interest payments on loans to customers	1,738	1,153
1,390	-378	Deposits from customers	-446	1,577
-259	-671	Interest payments on deposits from customers	-664	-257
-2,097	-1,407	Purchase of certificates and bonds	-1,707	-2,347
2,438	1,297	Sale of certificates and bonds	1,497	2,638
115	228	Interest payments on certificates and bonds	232	115
165	157	Commission payment	157	165
-326	-360	Payments to operations	-383	-344
-33	-126	Tax paid	-134	-49
-92	12	Other accruals	26	-72
1,677	**1,036**	**A Net change in liquidity from operating activities**	**1,868**	**3,940**
-6	-17	Investments in tangible fixed assets	-64	-99
0	0	Proceeds from sale of tangible fixed assets	0	0
-115	-242	Long-term investments in shares	-242	-115
1	0	Proceeds from sale of long-term investments in shares	0	1
91	74	Dividends from long-term investments in shares	46	36
-29	**-185**	**B Net change in liquidity, investment**	**-260**	**-177**
930	1,237	Take-up of liabilities established through the issuing of securities	3,127	1,831
-2,048	-1.837	Repayment - issued securities	-4,635	-4,632
-102	-149	Interest payments on liabilities established through the issuing of securities	-320	-229
6	8	Receivables and liabilities to credit institutions	8	10
-7	-14	Interest on receivables and liabilities to credit institutions	-14	-7
-17	-23	Interest payments on subordinated loans	-23	-17
-16	-20	Lease liabilities	-5	-11
-16	-5	Donations from the Gift Fund	-5	-16
-108	-329	Dividends to shareholders	-329	-108
-1,378	**-1,132**	**C Net change in liquidity, financing**	**-2,196**	**-3,179**
270	**-281**	**A+B+C Net change in liquidity during period**	**-588**	**584**
1,959	2,229	Liquidity holding at start of period	1,513	929
2,229	1,947	Liquidity holding at end of period	925	1,513
		Liquidity holdings specified		
71	83	Cash and receivables, central banks	83	71
2,158	1,865	Receivables from credit institutions without notice period	842	1,442
2,229	**1,948**	**Liquidity holding**	**925**	**1,513**

Content Notes

Annual accounts - Notes

NOTE 1. ACCOUNTING POLICIES

GROUP AND PARENT BANK

GENERAL

THE PARENT BANK

SpareBank 1 Helgeland aims to be a profitable and leading bank in the Helgeland region. The objective of the Bank is to sell all types of financial products and services, including insurance and pension products to retail customers, small and medium enterprises, municipal authorities and institutions in Helgeland.

The Bank's registered office is situated at Jernbanegata 15, 8622 Mo i Rana. The Bank's head office is situated in Mo i Rana. The Bank also has three branches located across Helgeland: Mosjøen, Brønnøysund and Sandnessjøen. On 10.02.23, the Supervisory Board decided to change the Bank's name from Helgeland Sparebank to SpareBank 1 Helgeland. SpareBank 1 Helgeland's equity certificates are listed on Oslo Stock Exchange.

BASIS FOR PREPARATIONOF THE ACCOUNTS

SpareBank 1 Helgeland prepares its consolidated and company financial statements in line with the international financial reporting standards (IFRS), which are the prevailing standards in Norway. This also includes interpretations from the IFRS interpretations committee (IFRIC). The consolidated and company financial statements are reported based on the historical cost principle, with the following exceptions:

- Financial derivatives, which are recognised at fair value via the income statement.
- Certificates, bonds and shares, which are recognised at fair value, with changes in value via the income statement
- Lending rate, which is recognised at fair value, with changes in value via the income statement.
- Fixed-rate debt securities, which is defined as a hedged item in value hedging.
- Lending held in order to receive cash flows and sales recognised at fair value via comprehensive income

For financial assets and liabilities, amortised cost is used, with the exception of financial instruments which are recognised at fair value. Amortised cost is the amount at which the instrument was valued upon initial recognition (cost price) less interest and instalments paid on the principal, plus accumulated effective interest and minus all net write-downs. Fair value is the price that would have been received when selling the asset, or paid in order to transfer the commitment between independent market operators at the time of recognition.

Financial instruments that are hedged items in a value hedge are capitalised at amortised cost with an adjustment for changes in the fair value of the hedged risk. This will often be approximately the same as fair value.

The preparation of the financial statements in line with IFRS requires the use of estimates. The use of international standards also requires that the management to exercise judgement. Areas where the assumptions and estimations are significant are described in Note 1.1. The Bank's Board approved the consolidated financial statements on 27.02.24. The notes form an integral part of the financial statements.

SUBSIDIARIES

Subsidiaries include all companies over which the Bank, whether directly or through other subsidiaries, has control (i.e. the authority to manage a company's financial and operational principles with the intention of achieving benefits from the company's activities). Subsidiaries are consolidated from the date on which when the Bank acquires control, and eliminated from the date on which the Bank no longer has control. Subsidiaries are recognised at acquisition cost in the company's financial statements. Write-downs are performed when the carrying amount exceeds the value of the ownership share.

JOINT ARRANGEMENTS

IFRS 11 regulates joint arrangements. A joint arrangement has the following characteristics:

a. the parties are bound by a contractual arrangement, and

b. the contractual arrangement gives two or more of those parties joint control of the arrangement.

Joint control is a contractually agreed sharing of control over an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

An institution that is party to a joint arrangement must assess whether the contractual agreement jointly gives all parties, or a group of the parties, control of the joint arrangement All parties, or a group of the parties, jointly control the joint arrangement when they are required to act together in order to manage activities that significantly impact the return from the arrangement, i.e. the relevant operations.

After concluding that all the parties, or a group of the parties, control the arrangement collectively, an entity shall assess whether it has joint control of the arrangement. Joint control exists only when decisions about the relevant activities require the unanimous consent of the parties that collectively control the arrangement.

In a joint arrangement, no individual party controls the arrangement unilaterally. A party with joint control over a joint arrangement may prevent any of the other parties or a group of parties from controlling the arrangement.

A joint arrangement exists in cases where two or more parties have joint control over the arrangement. As a general rule, the parties must be bound by a contractual agreement that affords two or more of these parties control over the joint arrangement. In the case of joint ventures, the contract may be supplemented or replaced by the institution's/entity's articles of association, etc. as a basis for two or more parties having control. Parties with joint control of the arrangement must be able to prevent any other party or groups of parties from controlling the arrangement.

As the above shows, it is sufficient for the the parties that have a contractual agreement concerning joint control to have such control over the relevant operations. Consequently, the other owners will not be able to prevent decisions agreed between the parties in joint control. Financial statements are prepared for joint arrangement in accordance with the equity method.

As of 31.12.23, the following companies are defined as joint arrangements and have been consolidated in accordance with the equity method:

Samarbeidende SpareBanker AS (3.4%)
Samarbeidende SpareBanker DA (3.2%)
SpareBank 1 SamSpar AS (3.2%)

SEGMENT REPORTING

The Group's operations comprise only one strategic business area, which is organised and managed collectively. The Group carries on traditional banking operations involving the intermediary sale of savings, investment and insurance products. The Bank's operations are divided into the following segments: Retail Market (RM) and Corporate Market (CM). Income and expenses not directly allocated to these segments are presented as unallocated. The geographical segment is the Helgeland region, with only a small share outside of Helgeland.

LENDING

Loans are recognised in the balance sheet either as loans to or receivables from credit institutions or customers. Interest income on loans recognised at amortised cost and at fair value via other comprehensive income is recognised in the income statement under interest income according to the effective interest method, while interest income from fixed-rate loans recognised at fair value via the income statement is recognised under other interest income. Changes in value due to impairment are recognised in the income statement under losses on loans, guarantees, etc. Changes in the value of fixed-rate loans, which are recognised at fair value, are recognised in the income statement under net profit/loss from financial instruments, with the exception of mortgages in the Parent bank, which are recognised via other comprehensive income.

CERTIFICATES AND BONDS

This balance sheet item includes the Group's certificates and bonds. All changes in value and realised gains/losses are recognised under net income from financial instruments. Interest income from certificates and bonds is recognised under other interest income.

FINANCIAL DERIVATIVES (ASSETS AND LIABILITIES)

This balance sheet item includes financial derivatives. Changes in value linked to derivatives are recognised via the income statement under net income from financial instruments.

LIABILITIES ESTABLISHED THROUGH THE ISSUING OF SECURITIES

The balance sheet item includes debt established through the issuing of securities. Effective interest is recognised in the income statement under interest expenses and other similar expenses.

Fixed-rate debt securities are subject to fair value hedging. Changes in value are recognised under net profit or loss on financial instruments. In the event of early repayment or buy-back of issued bonds, any gain/loss is recognised under net income from financial instruments.

SUBORDINATED LOAN CAPITAL

The balance sheet item includes issued subordinate loans. Interest is recognised in the income statement under interest expenses and similar costs.

SUBORDINATED BONDS

The balance sheet item includes subordinated bonds. Subordinated bonds are perpetual and the Bank has a unilateral right not to pay interest to investors, subject to certain conditions. Subordinated bonds do not meet the definition of financial liability in accordance with IAS 32 and are classified as equity. Interest is not presented as an interest expense in the income statement, but as a reduction in other equity. Tax on interest in subordinated bonds are recognised via the income statement.

CHANGES IN ACCOUNTING POLICIESAND INFORMATION

The accounting policies that are applied are in all material respects consistent with the policies applied during the previous financial period.

No changes in standards or interpretations occurred during 2023 that resulted in any material changes to the Bank's accounting policies.
Of the new standards and regulations that entered into effect in 2023, IFRS 17 Insurance Contracts represent the most important changes for the Bank. IFRS 17 Insurance Contracts has no direct impact on the Bank, but it will impact SpareBank 1 Gruppen, in which the Bank has a stake of 0.65%.

There are no new standards or interpretations which have not yet entered into force which are expected to have a material impact on the Bank's financial statements.

FINANCIAL INSTRUMENTS

Financial instruments are recognised in accordance with÷ IFRS 9. The measurement categories for financial instruments in IFRS 9 consist of changes in value via the income statement, fair value with changes in value via other comprehensive income profit (OCI) and amortised cost. Recognition of financial assets is determined upon initial recognition of the asset. The business model for holding the financial instruments will be decisive for determining the category.

Financial instruments held to receive contractual cash flows are in principle recognised at amortised cost.

Financial assets held to receive contractual cash flows and for resale are in principle recognised at fair value, with changes in value via other comprehensive income (OCI).

Instruments with cash flows that are not only payments of interest and principal, or where the purpose of owning the instrument is not to receive contractual cash flows, are recognised at fair value, with changes in value via the income statement. Derivatives used in connection with hedge accounting are recognised according to the principles for hedge accounting. Note 2.1.1 shows lending and impairments in accordance with IFRS 9.

RECOGNITION AND DERECOGNITION

Financial assets and liabilities are capitalised when the Bank becomes a party to the instrument's contractual provisions. Financial assets are derecognised when the contractual right to the cash flows from the financial asset expire, or the Bank transfers the financial asset in such a way that the risk and profit potential of the financial asset is largely transferred. Financial liabilities are derecognised when they are fulfilled, cancelled or expire.

FINANCIAL INSTRUMENTS AT AMORTISED COST

Debt instruments that have cash flows that only represent the payment of interest and instalments, and where the purpose is only to hold the instrument in order to receive contractual cash flow, are recognised at amortised cost. Within the Group, all loans and loans with floating interest rates are classified at amortised cost. The Parent bank's financial statements include an exception related to lending to personal customers with collateral in housing. This arises as a result of the fact that many of the loans will subsequently be sold to the Bank's wholly owned mortgage credit institution and will therefore be recognised as held for the collection of contractual cash flows and sale in accordance with IFRS 9. Financial instruments at amortised cost primarily comprise the following:

Assets and liabilities:

- Loans at floating interest rates
- Liabilities to credit institutions and deposits from customers
- Debt securities at floating interest rates
- Subordinate debt at floating interest rates

LOANS TO CUSTOMERS

Loans to and receivables from customers are initially recognised at fair value with the addition of direct transaction costs. During periods after initial recognition, loans at amortised cost are valued according to the effective interest method. Loans are written down in accordance with IFRS 9.

Impairments are calculated as the difference between the carrying amount and the present value of future cash flows, calculated over the expected life of the loan. For the present value calculation, the most recently determined effective interest rate on the loan or loans to be written down is used.

POTENTIAL EXPOSURE

Unutilised drawing rights and approved, non-discounted loans are off-balance sheet items which are presented in notes. Revenue is recognised under commission income and income from banking services. Off-balance sheet items included in the calculation of expected losses and the loss provisions are presented in the balance sheet under "Other liabilities".

IMPAIRMENTS ON LOANS

The rules in IFRS 9 regarding impairment of financial assets apply to commitments recognised at amortised cost (commitments with floating interest rates are defined under this category) and to commitments recognised at fair value, with changes in value via other comprehensive income (mortgage loans at floating interest rates in the Parent bank). The standard also entails requirements regarding loss provisions on new commitments, in that an impairment must be performed for expected credit losses as a result of expected default in the next twelve months. Expected losses for all customers are calculated at account level. The calculation includes loans, guarantees, unused credit and loan commitments.

For loans where the credit risk has increased substantially following initial recognition, impairments must be performed for the expected credit loss over the maturity of the loans. The Bank has developed a model in collaboration with a number of other banks. The model contains macro-scenarios in accordance with IFRS 9 (three scenarios). The model is described in more detail in Note 2.1.1.

Expected losses are calculated for all accounts. All account commitments are placed in one of the three "stages" in the loss model, based on their change in risk since approval (change in credit risk). See the explanations below for a description of the individual "stages". All commitments that do not already have objective evidence of loss at the time of recognition are placed in stage 1; and subsequently moved to stage 2 in cases where there has been a significant increase in credit risk; or stage 3 in cases where there is objective evidence of loss.

Stage 1: 12-month expected credit loss.
This includes most cases of financial assets that are covered by the general loss model. Financial instruments that have a similar probability of default (or better) over the remaining term as upon initial recognition are covered by this stage. The estimated expected loss which is recognised in the financial statements corresponds to the expected loss from default in the next 12 months.

Stage 2: Expected loss over lifetime.
Financial assets that have seen a significant increase in the probability of default (PD) since initial recognition are placed in stage 2. Whether or not a commitment is significantly worsened is determined by comparing the probability of default (PD) at the time of approval with the PD at the time of calculation.

The assessment of significant deterioration is based on both the relative increase in PD and the absolute change. The level has been set so that both the relative change is significant and the level itself is not immaterial compared to what is considered to be low risk. In addition, it is assumed that substantial absolute changes will be considered to be a significant deterioration under any circumstances. A commitment is deemed to be significantly worse if, at the time of calculation, it has a PD higher than 0.60% and there is an increase in PD of 150% or more.

In addition, the following events are also considered to constitute a significant increase in credit risk:

- Commitments where there is a 30-day cover or arrears.
- Customers with active forbearance or customers in probationary period

The Bank has internal procedures for marking and identifying customers who have been granted payment deferment. A customer who has been granted payment relief covered by the Financial Supervisory Authority of Norway's reporting guidelines will be marked for a period of at least two years.

Stage 3: Expected loss over lifetime.
Stage 3 of the loss model contains assets where there is a significant increase in credit risk and objective evidence of loss at the time of reporting. The expected credit loss for assets in stage 3 is calculated over the remaining term of the asset. Interest income is calculated on the net book value of the asset. Stage 3 includes both defaulted loans and credits, as well as commitments where there is other objective evidence for loss.

The same model is used for the Group, Parent bank and wholly owned mortgage credit institution, but with different date definition as regards initial recognition. For the Group and the Parent bank, the account's date of approval must be used, while for the mortgage credit institution, the score as of the transfer date is used.

OBJECTIVE EVIDENCE OF LOSS

Based on current internal guidelines, commitments are continually monitored with a view to identifying potentially doubtful commitments. Objective evidence of loss is default in accordance with the definition below, as well as loans and other commitments which are not in default, but where the customer's financial situation renders it probable that the Group will incur a loss.

In addition to defaulted commitments, the Bank has stated that objective evidence of loss exists in a commitment where bankruptcy proceedings have been opened, confirmed losses have been incurred on the commitment, an individually assessed provision has been made, or where there are other individual assessments which indicate that there is objective evidence of loss. In the case of individually assessed impairments, model impairments are overridden for the commitment concerned. Objective evidence of loss is considered at customer level.

DEFAULTS

The total commitment from a customer is considered to be in default when overdue instalments or interest are not paid within 90 days after the due date, and during this period, the defaulted amount continuously exceeded NOK 1,000 in the case of the retail market or NOK 2,000 in the case of the corporate market, as well as a relative maximum amount of 1% of the total commitment.

Amended payment terms resulting from payment difficulties are flagged as being in default if the amendment results in a change in the value of cash flow in excess of 1%. Several amendments to payment terms linked to payment difficulties within a period of one year result in the customer being treated as being in default. Customers for which there are individual impairments are treated as being in default in accordance with the new definition. The portfolio is also reviewed quarterly to identify customers for individual marking with "unlikeliness to pay." See also the section on objective evidence for losses.

NON-RECOVERABLE LOSSES

When it is highly probable that losses are final, the losses are classified as non-recoverable. As a result, the asset and associated loss provisions are derived from the balance sheet. Non-recoverable losses covered by previous loss provisions are recognised against loss provisions. Non-recoverable losses not covered by previous loss provisions and over- or under-cover in relation to previous loss provisions are recognised in the income statement.

RECOVERY

Stage 1 is regarded as the standard stage. Any account commitment which at the time of calculation does not meet the criteria for stages 2 or 3, as described above, will be placed in stage 1.

MODIFICATION

When the contractual cash flows from a financial asset are renegotiated or otherwise changed, and the renegotiation or change does not result in the derecognition of the financial asset, the gross carrying amount for the financial asset is recalculated and a gain or loss is recognised in the income statement. The gross carrying amount for the financial asset is recalculated as the present value of the renegotiated or amended contractual cash flows, discounted by the original effective interest rate on the financial asset. Any accrued costs or fees are taken into account in the calculation.

LIABILITIES TO CREDIT INSTITUTIONS AND DEPOSITS FROM CUSTOMERS

Liabilities to credit institutions and deposits from customers are recognised at amortised cost. Upon initial recognition, liabilities are recognised at fair value plus direct transaction costs. Upon subsequent recognition, the liabilities will then be recognised at amortised cost using the effective interest method.

DEBT SECURITIES WITH FLOATING INTEREST RATES

Upon initial recognition, liabilities are recognised at fair value plus direct transaction costs. Upon subsequent recognition, the liabilities will then be recognised at amortised cost using the effective interest method.

Financial instruments at fair value throughprofit or loss

- Assets and liabilities:
- Fixed-rate loans
- Derivatives without hedging
- Certificates, bonds (interest-bearing securities) and shares

FIXED-RATE LOANS

Fixed-rate loans are recognised at fair value (FVO). The Bank uses interest rate derivatives to financially hedge the interest rate exposure in these loans. The use of the fair value option (FVO) significantly reduces the profit volatility that would normally occur, using different estimation methods for lending and derivatives. The fair value is estimated by discounting the future cash flows (interests and instalments) from the loans with yield requirements derived from the yield curve on the balance sheet date. The credit spread on lending is estimated as an overall evaluation based on observed changes in the market.

CERTIFICATES, BONDS AND SHARES

Certificates, bonds and shares are classified at fair value. The fair value of listed investments is based on the current price as of the balance sheet date. For shares that are not listed on the stock exchange and where there is no active marked, known trading values or the last issue price are used as a basis. Securities without sale are valued on the basis of available accounting information or similar.

HEDGING OF FINANCIAL INSTRUMENTS

Assets and liabilities:

- Debt securities with fixed interest rates
- Hedging derivatives

The Bank and the Group use hedge accounting for debt securities at fixed interest rates. The hedge covers the interest rate risk in the bonds. Changes in value are recognised under net gains/ losses on financial instruments. In the event of early repayment or repurchase of issued bonds, any gain/loss is recognised under net gains/losses on financial instruments. The Bank's policy is to hedge all exposure against debt securities with a fixed interest rate. The Group only has fair value hedging on debt securities in Norwegian kroner with fixed interest rates. The hedging instruments secure the total amount and have a maturity, volume and fixed interest rate corresponding to the individual fixed rate loan. The floating rate in the hedging instrument is agreed at the 3-month NIBOR.

IFRS 9 simplifies the requirements for hedge accounting by linking hedge effectiveness more closely to risk management, and thus provides greater opportunity for qualitative assessment. In order to use hedging accounting in accordance with IFRS 9, there must be a financial relationship between the hedging instrument and the secured element. In addition, the effect of credit risk must not dominate value changes in the hedging relationship. In accordance with the requirements of IFRS 9, a prospective (future-oriented) effectiveness test is sufficient. Effectiveness tests are carried out in accordance with the requirements of IFRS 9. The ineffectiveness of the hedge, defined as the difference between the value adjustment of hedging instruments and the value adjustment of the hedged risk, is recognised in the income statement as it arises. The fair value of the derivatives used in hedging relationships is shown in Note 22.2.

FINANCIAL ASSETS AT FAIR VALUE VIA OTHER COMPREHENSIVE INCOME (OCI)

Assets:

- Mortgages at floating interest rates

In accordance with IFRS 9, the loans must be classified at fair value via other comprehensive income (held to receive contractual cash flows and resale). The Bank only sells a proportion of the loans that qualify for transfer to the mortgage companies. Lending that is included in the business model which qualifies for sale is therefore held in order to receive contractual cash flows and for sale. Accordingly, the Bank therefore classifies all mortgages at fair value via other income and costs.

INTEREST INCOME AND INTEREST EXPENSES

Interest income is recognised as income using the effective interest method. This entails the ongoing recognition of nominal interest rates, with the addition of amortisation of establishment fees minus direct establishment costs. Income recognition of interest using the effective interest method is used for both balance sheet items recognised at amortised cost and balance sheet items recognised at fair value via the income statement. Interest income for financial assets in stages 1 and 2 is calculated using the effective interest rate method on the financial asset's gross value, while interest income for financial assets in stage 3 is calculated based on the net value of the financial asset.

COMMISSION INCOME AND COSTS

Commission income and costs are recognised in the income statement as a service is provided and the Bank becomes entitled to payment in accordance with IFRS 15. Included in this are fees from payment mediation and insurance sales.

INTANGIBLE ASSETS

Intangible assets essentially consist of goodwill and customer relations associated with the acquisition of SpareBank 1 Nord-Norge's business in Helgeland. Goodwill and other intangible assets are recognised when the balance sheet requirements are met. Goodwill is not depreciated, but is subject to an annual impairment test in accordance with IAS 36, with the aim of identifying any fall in value. Impairment of goodwill is recognised via the income statement, and is not reversed.

Customer relations and other intangible assets with an identifiable lifetime are depreciated over the life of the asset. Depreciation commences at the time the asset becomes available for use

FIXED ASSETS

Tangible fixed assets and property are valued at historic cost and written off over the expected economic life of the asset. It is a requirement that the various elements with different lifetimes are separated out and written off separately. Ordinary depreciation is based on cost price and distributed

linearly over the economic life of the fixed assets:

- Buildings and other real property 30 – 40 years
- Machinery, equipment, fixtures and vehicles 3 – 10 years

The depreciation period and method are evaluated annually to ensure that the period and method used is in line with the financial realities of the asset. The same applies to the salvage value.

LEASES

The Group as lessee:
The Group's leases are recognised in accordance with the rules of IFRS 16. The principles for IFRS 16 stipulate the recognition, measurement, presentation and disclosure of leases, and require the lessee to account for all leases in a simple balance sheet model. The Group recognises the usufruct asset and associated liability at fair value at the time of recognition. The asset is depreciated over the leasing period, while the liability is recognised at amortised cost.

The Group uses the following practical exemptions for leases:

exemption for short-term leases (defined as twelve months or less) exemption for low-value assets (less than USD 5,000) As regards the leases that fall under these exemptions, the Group recognises rental payments under "Other operating expenses" in the income statement as they arise.

THE GROUP AS LESSOR:

The Group presents assets that are leased as fixed assets in the balance sheet. Rental income is recognised in the income statement over the leasing period. The introduction of IFRS 16 has no effect on the Group as a lessor.

TAXES

Deferred tax and deferred tax asset are capitalised in accordance with IAS 12 Income tax. The tax cost in the income statement includes both the period's payable tax and change in deferred tax. Deferred tax/deferred tax asset is estimated as being 25% of the net temporary differences that exist between accounting and tax values at the end of the financial year. Tax-increasing and tax-reducing temporary differences that reverse or could reverse in the same period are offset and recognised net.

Deferred tax assets are capitalised based on expectations regarding taxable income through earnings in subsequent years. Payable tax in the balance sheet comprise the payable tax for the period linked to the profit for the year, tax on wealth and payable tax linked to group contributions received. Wealth tax is treated as an operating cost.

EQUITY CERTIFICATE CAPITAL

Equity consists of equity share capital, primary capital, fund for unrealised gains, other equity (Group) and hybrid capital.
The equity share capital consists of capital related to equity certificates, own equity certificates, share premium reserve and equalisation fund. Primary capital includes paid and accrued primary capital, the Gift Fund and the compensation fund.

In the Parent bank, the fund for unrealised gains consists of gains on changes in the value of financial instruments where the principle for valuation in accordance to IFRS deviates from the principle according to Norwegian Good Accounting Practice (Norsk God Regnskapsskikk). Other equity (Group) consists of accrued equity in subsidiaries and associated companies following group establishment and the effect of equity eliminations in the consolidated financial statements. Subordinated bonds that do not satisfy the definition of financial obligation in accordance with IAS 32 are recognised under equity. Accrued interest on subordinated bonds is allocated to subordinated bond capital.

In connection with the issuing of new equity certificates or the acquisition of other enterprises, the additional costs directly attributable to the new equity certificates or acquisition are treated as a reduction in paid-up capital. Profit for the year is allocated to the owners of equity certificates and the primary fund in accordance with the dividend policy.

Dividends from equity certificates and distributions to the Gift Foundation are classified as equity until the dividend has been determined by the Bank's Supervisory Board. Transfers to the Bank's Gift Fund are classified as equity until the gift allocation is completed. When the dividend has been approved by the Supervisory Board, it is eliminated from equity and classified as a current liability until the payment date. When the Bank or other companies in the Group purchase equity certificates issued by the Bank, the combined purchase consideration is eliminated from the total equity certificate capital.

CASH FLOWS

The cash flow statement (IAS 7) shows payments and payouts of cash and cash equivalents throughout the year. Cash and cash equivalents are defined as cash and receivables from central banks. The Group uses the direct method.

Cash and cash equivalents consist of cash, bank deposits, other short-term, readily negotiable investments with an original term not exceeding three months.

COMPARABILITY

Comparative figures are adjusted where it is deemed necessary to ensure comparability with the presentation for the present year.

EVENTS AFTER THE BALANCE SHEET DATE

Events after the reporting date are reported in accordance with IAS 10. The information covers events which are not recognised in the consolidated financial statements, but which are of significance to the evaluation of the business. The financial statements are submitted under the assumption of a going concern. In the opinion of the Board, this assumption was met at the time the financial statements were approved for submission. The Board's recommendation regarding a dividend is presented in the annual report.

NOTE 1.1 ACCOUNTING ESTIMATES AND DISCRETIONARY ASSESSMENTS

PARENT BANK AND GROUP

The Group prepares estimates and assumptions which have an impact on reported balance sheet figures for the next financial year. Estimates and assessments are constantly subject to evaluation and are based on historical experience and other factors, including expectations in relation to future events which are deemed to be reasonable.

IMPAIRMENTS ON LOANS

Assessments of write-downs are partly based on judgement. Loan portfolios/guarantee liabilities are continuously monitored with regard to the need for impairment/provisions. Impairment/provisions are implemented in accordance with IFRS 9. See the accounting policies and Note 2.1.1.

NOTE 2. FINANCIAL RISK MANAGEMENT

GROUP AND PARENT BANK

RISK AND CAPITAL MANAGEMENT

Risk and capital management supports the Group's strategic development and ambitions, and helps to ensure attainment of the Group's financial and operational objectives. Nevertheless, unforeseen losses can occur which require the Group to have sufficient equity. As a part of the risk management process, the requirement for supplementary capital for the various risk areas is evaluated. These assessments are underpinned by computational models. This is summarised in the Bank's Internal Capital Adequacy Assessment Process (ICAAP).

Risk categories and definitions:

- **Credit risk:** The risk of losses as a result of customers or counterparties being unable to fulfil their obligations.
- **Liquidity risk:** The risk of the Group being unable to meet its obligations at maturity.
- **Market risk:** The risk of losses due to changes in market prices linked to activities and positions in securities (interest and shares) and currency.
- **Operating risk:** the risk of direct or indirect losses due to failures in internal routines, systems and processes, insufficient competency, damage to assets, suspension of operations, system failure, and internal or external fraud.
  - **Compliance risk:** Risk of not complying with regulatory requirements and internal procedures/guidelines
  - **Anti-money laundering risk:** Risk of not complying with anti-money laundering and terrorist financing laws and regulations, and not complying with internal regulations with the intention of fulfilling the requirements of the law.
  - **ICT risk:** Risk of our ICT solutions not working as intended, being misused or data being compromised or going astray.
  - **ESG risk:** Risk of loss arising from actual or potential impacts from ESG factors that impact the Bank's core business.
- Risk management is pivotal to the day-to-day operation and the ongoing work of the Board. Risk is primarily managed through the risk and capital strategy, overarching standards, policies, periodic measurement and reporting of established management goals in all business areas, frameworks, procedures, authorities, reporting requirements and competency requirements.

CORPORATE GOVERNANCE

SpareBank 1 Helgeland's principles and policy for corporate governance are intended to ensure that the Bank operates in line with generally accepted and recognised practices and standards, as well as laws and regulations. Good corporate governance within SpareBank 1 Helgeland encompasses the values, goals and general principles by which the Bank is governed and controlled. This is in order to ensure good cooperation between the Bank's various stakeholders, such as equity certificate holders, creditors, customers, employees, governing bodies, management and society at large.

Corporate governance should ensure prudent asset management and give greater assurance that communicated goals and strategies are being implemented and achieved. The Group's principles and frameworks for internal control and risk management are enshrined in the governing documents, which are reviewed annually by the Board. The governing documents set out the Group's internal framework for good governance and control, and the policy provides guidance regarding the Group's overarching approach to risk management.

The Board of SpareBank 1 Helgeland strives to comply with the principles laid down in the Norwegian Code of Practice for Corporate Governance, as well as relevant principles for the area from the EBA.

SpareBank 1 Helgeland has compared its own policy to the Norwegian Code of Practice for Corporate Governance and the aforementioned principles from the EBA. The Board considers that the Bank's corporate governance is satisfactory and in accordance with Norwegian recommendations. A comprehensive account of corporate governance can be found in a separate chapter of the annual report.

NOTE 2.1 CREDIT RISK

GROUP AND PARENT BANK

Credit risk constitutes the risk of customers or counterparties being unable to fulfil their obligations with respect to the Group. The credit risk, and exposure to this, is managed by the risk and capital strategy, credit policy, credit standards credit routines and granting rules. Credit policy, credit standard, credit routines and granting rules were adopted in November 2023, and applied from 01.01.24.

The Group's policy for the area of credit is derived from the overarching risk and capital strategy and contains standards and management frameworks for risk profiles and risk concentrations at a portfolio level and industry level. There are set limits for allocation of lending between the retail and corporate markets, size of commitment and number thereof, exposure within sectors (concentration risk) and geographical limitations. The risk management framework is monitored and reported quarterly to the Board, supplemented by annual portfolio reviews.

Developments in credit risk are monitored through regular analyses of the trend in defaults in specific sectors, geographical areas, borrowers' and potential borrowers' ability to service interest and instalments, and an assessment of the collateral that underlies the credit commitments. For the ongoing monitoring of risk, a set of actions and action plans for the follow-up of borrowers has been defined, along with reports which are submitted periodically to the Board.

The total capital requirement for credit risk is stated in the Group's ICAAP. The level of tolerance for credit risk is defined for selected sectors and areas. A management level for the corporate market portfolio has been established and is followed and reported periodically. Stress tests are used to assess the loss potential in the credit portfolio as a result of a large fall in property prices.

The risk in the retail market portfolio has been low over time. Demand for homes declined in 2023 and house prices dropped as a result of higher inflation and thus higher mortgage interest rates.

Based on the loss rules in IFRS 9 and internal guidelines, commitments are monitored continuously with a view to identification and modelling.

There is a strong focus on this area and regular reviews are carried out of good credit practices and the quality of the work relating to credit. This includes an understanding of good monitoring and the control of customer portfolios. Compliance through individual cases is ensured through the Credit Committee, the managers' key controls, and the delegation of tasks between advisors and custodians.

For the corporate market, management and monitoring are ensured through the ongoing assessment of customer relationships, ability to pay, and collateral assessments. This takes place through both monthly and quarterly reviews. For monitoring and development in the retail market portfolio, quarterly analyses are carried out concerning the quality of approved loans, along with six-monthly analyses of the overall portfolio.

The risk-distributed loan portfolio, broken down according to low (risk class A-D), medium (risk classes E-G) and high risk (risk classes H-K), is reported based on the score models. Risk migration is reported quarterly as part of the overall reporting of risk to the Board.

Close monitoring of key corporate customers and monitoring of the probability of default in the portfolio and for specific defined sectors have been continued as priority focus areas. At the end of 2023, the Bank had one (one) commitment which totalled more than 10% of the Bank's subordinated capital.

NOTE 2.1.1 LOANS AND LOSS PROVISIONS

WRITE-DOWNS FOR LOSSES ON LOANS AND OFF BALANCE SHEET ITEMS IN ACCORDANCE WITH IFRS 9

See the description in Note 1 - Accounting policies.

ASSUMPTIONS USED IN THE CALCULATION MODEL

Periodically expected losses are calculated as the product of probability of default (PD), exposure at default (EAD) and loss given default (LGD), and must be unbiased. As a result of the transition to the SpareBank 1 Alliance, the Bank switched to a common IFRS 9 model during 2022.

PD

The PD model provides an indication of the probably at customer level, one year ahead. The PD model gives the probability that the customer will default on all their commitments. The customer's PD can therefore be used at account level. The PD model has been in use since 2002, and has been continually revised and validated.

No models have been developed to calculate lifetime PD. Models are therefore used which calculate the probability of default in the next 12 months (12-month PD). The probability of default is calculated on the basis of historical data series for key financial figures, as well as non-financial criteria such as behaviour and age. Nine risk classes (A – I) are used to group customers according to probability of default. In addition, two risk classes (J and K) are used for customers with non-performing and/or written-down commitments.

LOSS GIVEN DEFAULT

The loss given default (LGD) model is a function of the relationship between the commitment and the underlying collateral, the probability of recovery and the costs associated with realisation. The collateral coverage is determined at customer level based on realisation values for the assets. Collateral coverage is limited upwards to the usable collateral, including downward adjustment of collateral coverage based on the quality of the collateral. See Note 21 for a more detailed description of collateral. Seven classes (1-7) are used to classify collateral in per cent.

EXPOSURE AT DEFAULT

Exposure at default (EAD) gives an indication of the expected exposure at the time of default. EAD is a function of the expected balance, grant and a conversion factor. This means that EAD will always be somewhere between the balance and the amounted granted.

SCENARIOS

The model uses three different scenarios, which impact on the projected LGD, PD and PP. These scenarios were developed based on historical data, future prospects and key macro variables.

SCENARIO DESCRIPTIONS

The scenarios were determined based on an overall assessment of a number of macro-variables and other factors, including unemployment, price falls and interest rate levels. There are effects at overall level for PD and collateral values which form the basis for possible adjustments to scenarios. In 2023, a macro model was adopted, which, based on Norges Bank's Monetary Policy Report and Statistics Norway, forecasts PD based on expected unemployment and interest rates in each scenario.

THREE SCENARIOS HAVE BEEN DEFINED:

Scenario 1 – Normal economy: A macroeconomic scenario that represents expected future economic growth over the next five years. Realistic scenario is a scenario comparable to the 'Base case' ICAAP scenario. This scenario represents stable and moderate global and national economic growth. This scenario is weighted by 80%.

Scenario 2 – Recession: Economic outlook is worse than scenario 1
(given that the country is not actually experiencing or facing an ongoing severe recession). In this case, a recession comparable with that used in ICAAP is assumed.

PD and LGD are significantly higher than in scenario 1, corresponding to the levels seen at the time of the previous financial crisis, adjusted for changes in portfolio quality. This scenario is weighted by 10%.

Scenario 3 - Economic boom: Is a macroeconomic scenario that represents a better scenario than scenario 1. With significant economic growth, very low unemployment and low interest rates. This scenario is weighted by 10%.

Scenario	variable	0	1	2	3	4	5	Comments
1	Unemployment	2.3	2.7	3.0	3.0	3.0	2.8	Unemployment measured by Statistics Norway's labour force survey. Norges Bank's Monetary Policy Report 4/23
1	Interest rate	4.8	4.8	4.3	3.6	3.5	3.5	Money market interest rate, measured as average for four quarters. Norges Bank PPR 4/23
2	Unemployment	3.2	7.1	8.6	8.7	8.0	5.5	Unemployment measured by Statistics Norway's labour force survey. Financial outlook June 2023
2	Interest rate	4.8	6.1	5.4	4.4	4.0	3.5	Money market interest rate. Financial outlook June 2023. Lending rate - 2 pp
3	Unemployment	1.6	2.3	2.3	2.3	2.5	2.8	
3	Interest rate	4.8	2.5	2.5	2.5	3.0	3.5	

SENSITIVITY ASSESSMENTS FOR KEY ASSUMPTIONS

The model is most sensitive to the parameters LGD and PD. These have a sensitivity of up to 70% when they are altered for both the retail market and the corporate market. Accordingly, a 10% change in LGD/PD would result in a change in loss provisions of up to 7.3 and 5.9%, respectively. A high sensitivity indicates that the outcome of the model is particularly affected by changes in these parameters. Parameters with high sensitivity are therefore closely monitored with regard to model input and validation.

ESTIMATE UNCERTAINTY

There is underlying estimate uncertainty linked to a number of the parameters used in the model. This is mainly linked to underlying collateral values, parameters in LGD and PD. There are no indications of significant errors or deficiencies in the model at the end of 2023, but there is considerable uncertainty relating to the estimates of the loss provisions, particularly linked to possible future developments in the macro picture.

variable	Scenario	+10% PD	+10% LGD
ECL	1	5.8%	6.7%
ECL	2	6.4%	9.0%
ECL	3	3.8%	4.0%
ECL	**Combi**	**5.9%**	**7.3%**

PARENT BANK				GROUP		
31.12.23						**31.12.23**
Provision for losses on loans (exc. individual write-down)	Base Case	Effect of Scenario	Effect of macro-scenarios on estimated loss	Provision for losses on loans (exc. individual write-down)	Base Case	Effect of Scenario
95	73	22	Loss provisions under IFRS 9	96	73	23

PARENT BANK				GROUP		
31.12.22						**31.12.22**
Provision for losses on loans (excl. individual write-down)	Base Case	Effect of Scenario	Effect of macro-scenarios on estimated loss	Provision for losses on loans (excl. individual write-down)	Base Case	Effect of Scenario
94	66	28	Loss provisions under IFRS 9	96	67	29

GROSS LENDING

				GROUP
	STAGE 1	STAGE 2	STAGE 3	31.12.23
Gross lending (excluding fixed interest rate)	With expected loss over 12 months	Expected loss over the lifetime of the instrument	Expected loss over the lifetime of the instrument	Total
Gross lending (excl. fixed rate loans) as of 01.01.23	**25,888**	**3,470**	**320**	**29,678**
Provision for loss transferred to Stage 1	705	-705	-1	0
Provision for loss transferred to Stage 2	-1,225	1,250	-25	0
Provision for loss transferred to Stage 3	-158	-49	207	0
New issued or purchased financial assets	4,008	145	6	4,159
Increase in deductions on existing loans	5,653	292	140	6,085
Reduction in deductions on existing loans	-5,975	-572	-68	-6,615
Excluded financial assets	-3,663	-1,110	-39	-4,813
Change due to established impairments *(non-reversible losses)*	-1	-17	-17	-35
Gross lending (excl. fixed rate loans) as of 31.12.23	**25,233**	**2,704**	**523**	**28,459**
Gross lending (excl. fixed rate loans) as of 31.12.23 RM	17,004	981	113	18,098
Gross lending (excl. fixed rate loans) as of 31.12.23 CM	8,229	1,723	409	10,362
Unused credit and financial guarantees	2,878	154	15	3,047

Fixed rate lending, which is recognised at fair value, with changes in value via the income statement, is not included.

				GROUP
	STAGE 1	STAGE 2	STAGE 3	31.12.22
Gross lending (excluding fixed interest rate)	With expected loss over 12 months	Expected loss over the lifetime of the instrument	Expected loss over the lifetime of the instrument	Total
Gross lending (excl. fixed rate loans) as of 01.01.22	**24,664**	**5,697**	**395**	**30,756**
Provision for loss transferred to Stage 1	2,241	-2,224	-17	0
Provision for loss transferred to Stage 2	-1,220	1,244	-24	0
Provision for loss transferred to Stage 3	-56	-46	101	0
New issued or purchased financial assets	3,907	229	2	4,139
Increase in deductions on existing loans	5,395	373	79	5,847
Reduction in deductions on existing loans	-4,295	-1,030	-72	-5,397
Excluded financial assets	-4,749	-763	-67	-5,578
Change due to established impairments *(non-reversible losses)*	0	-10	-79	-89
Gross lending (excl. fixed rate loans) as of 31.12.22	**25,888**	**3,471**	**320**	**29,678**
Gross lending (excl. fixed rate loans) as of 31.12.22 RM	18,309	1,695	66	20,070
Gross lending (excl. fixed rate loans) as of 31.12.22 CM	7,578	1,777	253	9,608
Unused credit and financial guarantees	2,409	174	16	2,600

Fixed rate lending, which is recognised at fair value, with changes in value via the income statement, is not included.

	STAGE 1	STAGE 2	STAGE 3	PARENT BANK 31.12.23
Gross lending (excluding fixed interest rate)	With expected loss over 12 months	Expected loss over the lifetime of the instrument	Expected loss over the lifetime of the instrument	Total
Gross lending (excl. fixed rate loans) as of 01.01.23	**21,641**	**2,693**	**320**	**24,654**
Provision for loss transferred to Stage 1	642	-641	-1	0
Provision for loss transferred to Stage 2	-1,165	1,189	-24	0
Provision for loss transferred to Stage 3	-158	-49	207	0
New issued or purchased financial assets	3,443	133	6	3,581
Increase in deductions on existing loans	5,401	283	140	5,824
Reduction in deductions on existing loans	-5,593	-553	-68	-6,214
Excluded financial assets	-3,075	-488	-39	-3,602
Change due to established impairments *(non-reversible losses)*	-1	-17	-17	-35
Gross lending (excl. fixed rate loans) as of 31.12.23	**21,135**	**2,551**	**523**	**24,209**
Gross lending (excl. fixed rate loans) as of 31.12.23 RM	12,853	838	113	13,804
Gross lending (excl. fixed rate loans) as of 31.12.23 CM	8,282	1,713	410	10,405
Unused credit and financial guarantees	2,502	154	15	2,671

Fixed rate lending, which is recognised at fair value, with changes in value via the income statement, is not included.

	STAGE 1	STAGE 2	STAGE 3	PARENT BANK 31.12.22
Gross lending (excluding fixed interest rate)	With expected loss over 12 months	Expected loss over the lifetime of the instrument	Expected loss over the lifetime of the instrument	Total
Gross lending (excl. fixed rate loans) as of 01.01.22	**18,675**	**4,680**	**429**	**23,784**
Provision for loss transferred to Stage 1	2,020	-2,004	-17	0
Provision for loss transferred to Stage 2	-1,066	1,090	-24	0
Provision for loss transferred to Stage 3	-55	-46	101	0
New issued or purchased financial assets	3,574	226	2	3,802
Increase in deductions on existing loans	5,118	368	79	5,565
Reduction in deductions on existing loans	-3,646	-1,013	-72	-4,730
Excluded financial assets	-2,979	-599	-66	-3,644
Change due to established impairments *(non-reversible losses)*	0	-10	-112	-122
Gross lending (excl. fixed rate loans) as of 31.12.21	**21,641**	**2,693**	**320**	**24,655**
Gross lending (excl. fixed rate loans) as of 31.12.22 RM	13,993	944	67	15,004
Gross lending (excl. fixed rate loans) as of 31.12.22 CM	7,649	1,749	252	9,650
Unused credit and financial guarantees	2,048	174	16	2,238

Fixed rate lending, which is recognised at fair value, with changes in value via the income statement, is not included.

LOSS PROVISIONS

	STAGE 1	STAGE 2	STAGE 3	GROUP 31.12.23
Loss provisions for gross lending and off-balance sheet items	With expected loss over 12 months	Expected loss over the lifetime of the instrument	Expected loss over the lifetime of the instrument	Total
Loss provisions per 01.01.23	**19**	**51**	**73**	**143**
Provision for loss transferred to Stage 1	9	-9	0	0
Provision for loss transferred to Stage 2	-3	7	-4	0
Provision for loss transferred to Stage 3	-1	-1	2	0
New issued or purchased financial assets	7	5	0	12
Increase in deductions on existing loans	13	33	81	127
Reduction in deductions on existing loans	-12	-15	-7	-35
Excluded financial assets	2	-15	-6	-19
Change due to established impairments *(non-reversible losses)*	0	0	-7	-8
Loss provisions per 31.12.23	**33**	**55**	**133**	**220**
Loss provisions per 31.12.23 RM	3	7	14	24
Loss provisions per 31.12.23 CM	30	49	119	198
Loss provisions for unused credit and financial guarantees	2	3	1	7

	STAGE 1	STAGE 2	STAGE 3	GROUP 31.12.22
Loss provisions for gross lending and off-balance sheet items	With expected loss over 12 months	Expected loss over the lifetime of the instrument	Expected loss over the lifetime of the instrument	Total
Loss provisions per 01.01.22	**15**	**64**	**163**	**242**
Provision for loss transferred to Stage 1	20	-19	-1	0
Provision for loss transferred to Stage 2	-1	2	-1	0
Provision for loss transferred to Stage 3	-1	-1	2	0
New issued or purchased financial assets	4	4	1	9
Increase in deductions on existing loans	7	30	27	64
Reduction in deductions on existing loans	-22	-19	-41	-83
Excluded financial assets	-1	-9	-17	-27
Change due to established impairments *(non-recoverable losses)*	0	-1	-61	-62
Loss provisions per 31.12.22	**19**	**51**	**73**	**143**
Gross lending (excl. fixed rate loans) as of 31.12.22 RM	5	8	10	23
Gross lending (excl. fixed rate loans) as of 31.12.22 CM	14	42	63	120
Loss provisions, unused credit and financial guarantees	2	3	3	8

PARENT BANK

Loss provisions for gross lending and off-balance sheet items	**STAGE 1** Expected credit loss over 12 months	**STAGE 2** Expected loss over the lifetime of the instrument	**STAGE 3** Expected loss over the lifetime of the instrument	**31.12.23** Total
Loss provisions per 01.01.23	**18**	**50**	**73**	**141**
Provision for loss transferred to Stage 1	9	-9	0	0
Provision for loss transferred to Stage 2	-3	7	-4	0
Provision for loss transferred to Stage 3	-1	-1	2	0
New issued or purchased financial assets	7	4	0	11
Increase in deductions on existing loans	13	34	81	128
Reduction in deductions on existing loans	-11	-15	-7	-33
Excluded financial assets	2	-15	-6	-19
Change due to established impairments *(non-reversible losses)*	0	0	-7	-8
Loss provisions per 31.12.23	**33**	**55**	**133**	**220**
Loss provisions per 31.12.23 RM	1	7	14	22
Loss provisions per 31.12.23 CM	32	48	119	199
Loss provisions, unused credit and financial guarantees	3	1		7

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PARENT BANK

Loss provisions for gross lending and off-balance sheet items	**STAGE 1** Expected credit loss over 12 months	**STAGE 2** Expected loss over the lifetime of the instrument	**STAGE 3** Expected loss over the lifetime of the instrument	**31.12.22** Total
Loss provisions per 01.01.22	**15**	**62**	**173**	**250**
Provision for loss transferred to Stage 1	19	-19	-1	0
Provision for loss transferred to Stage 2	-1	2	-1	0
Provision for loss transferred to Stage 3	-1	-1	2	0
New issued or purchased financial assets	4	4	1	9
Increase in deductions on existing loans	6	29	27	63
Reduction in deductions on existing loans	-23	-18	-41	-82
Excluded financial assets	-1	-8	-17	-26
Change due to established impairments *(non-recoverable losses)*	0	-1	-71	-72
Loss provisions per 31.12.22	**18**	**50**	**73**	**141**
Gross lending (excl. fixed rate loans) as of 31.12.22 RM	5	8	9	22
Gross lending (excl. fixed rate loans) as of 31.12.22 CM	13	42	64	119
Loss provisions, unused credit and financial guarantees	2	4	2	8

LOANS TO CUSTOMERS BROKEN DOWN BY INTERNAL RATING

PARENT BANK 31.12.23 Stage 1	Stage 2	Stage 3	Total	Lending broken down by risk class and stage	GROUP 31.12.23 Stage 1	Stage 2	Stage 3	Total
14,619	381		14,999	Very low risk	18,420	405		18,824
2,893	138		3,031	Low risk	3,068	150		3,218
3,062	1,287		4,349	Medium risk	3,175	1,354		4,529
291	291	6	588	High risk	297	329	6	632
227	497	2	726	Very high risk	230	509	2	741
		515	515	Defaulted and impaired			515	515
21,091	**2,593**	**523**	**24,208**	**Gross lending (excluding fixed interest lending)**	**25,189**	**2,746**	**523**	**28,459**

The risk groups are based on the Bank's PD model. Risk classes J and K constitute a commitment where there is objective evidence of loss, and comprises commitments in stage 3.

Low risk = risk classes A - D

Medium risk = risk classes E - G

High risk = risk classes H - K

PARENT BANK 31.12.22 Stage 1	Stage 2	Stage 3	Total	Lending broken down by risk class and stage	GROUP 31.12.22 Stage 1	Stage 2	Stage 3	Total
11,443	94		11,537	Very low risk	15,212	121		15,333
5,778	283		6,060	Low risk	6,153	306		6,458
3,832	1,599	3	5,433	Medium risk	3,929	1,654	3	5,585
357	398		754	High risk	357	1,045		1,401
233	320	22	575	Very high risk	239	346	22	607
		295	295	Defaulted and impaired			295	295
21,641	**2,693**	**320**	**24,654**	**Gross lending (excluding fixed interest lending)**	**25,888**	**3,471**	**320**	**29,679**

NOTE 2.1.2 CENTRAL BANKS AND CREDIT INSTITUTIONS

For the balance sheet items ‘Receivables from central banks’ and ‘Loans to and receivables from credit institutions’, the Bank has applied the exception for low credit risk. The Bank’s ‘Cash and receivables from central banks’ is exclusively linked to Norges Bank. Norges Bank is rated Aaa by Moody’s and AAA/A-1 + from S&P and thus meets the standard presumption concerning low credit risk. The Bank’s ‘Loans to and receivables from credit institutions’ is exclusively linked to banks with a credit rating which meet the standard’s presumption concerning low credit risk. The Bank has concluded that this, combined with LGD and low exposure, leads to insignificant loss provisions. Consequently, the Bank has not made any loss provisions linked to this balance sheet item.

PARENT BANK 31.12.22	31.12.23		GROUP 31.12.23	31.12.22
1,662	1,655	External rating S&P. AA-/A-1+	632	947
258	64	External rating S&P. A+/A-1+	64	258
231	136	External rating S&P. A/A-1	136	231
6	10	Unrated	10	6
2,158	1,865	Total	842	1,442

CERTIFICATES AND BONDS: CLASSIFICATION OF ISSUERS BY SECTOR

PARENT BANK			GROUP	
31.12.22	31.12.23		31.12.23	31.12.22
850	685	State	831	1,000
1,822	1,766	Municipality	1,766	1,822
2,135	2,454	Credit institutions	2,555	2,135
34	51	Bank	51	34
33	46	Other	46	32
4,874	**5,002**	**Total**	**5,249**	**5,023**

CERTIFICATES AND BONDS: CLASSIFICATION OF ISSUERS BY RATING

PARENT BANK			GROUP	
31.12.22	31.12.23		31.12.23	31.12.22
3,446	3,642	AAA	3,889	3,596
1,383	1,299	AA-/AA/AA+	1,299	1,382
15	25	A+/A	25	15
26	32	BBB-/BBB/BBB+	32	26
4	4	BB-/BB/BB+	4	4
4,874	**5,002**	**Total**	**5,249**	**5,023**

NOTE 2.1.3 DEFAULTED AND DOUBTFUL COMMITMENTS

PARENT BANK			GROUP	
31.12.22	31.12.23		31.12.23	31.12.22
130	256	Defaulted commitments more than 90 days past due	256	130
190	267	Other doubtful commitments not in default	267	190
-73	-133	Impairments, stage 3	-133	-73
247	390	Total net defaulted and doubtful commitments	390	247

Other doubtful are loans and guarantees that are not in default. Commitments where payment relief has been registered are not recognised under other doubtful commitments, unless they are considered to be doubtful. Doubtful loans and guarantees are defined under alternative performance measures (APMs).

At the year-end, the Bank had non-recoverable losses of NOK 63 million (NOK 160 million) where the claim is still valid against the debtor. Non-recoverable losses for monitoring primarily concern customers in the retail market where the Bank has identified a loss, even though the loan has not been surrendered/deleted. The amount has not been recognised in the balance sheet and is not expected to be redeemed.

NOTE 2.2 LIQUIDITY RISK

GROUP AND PARENT BANK

The Board has established a liquidity management strategy, which specifies the purpose, management objectives and risk tolerance for liquidity risk management. The main objective of this strategy is to ensure that the Group has adequate liquidity management which helps to ensure that the Group is able to meet its payment obligations.

The liquidity strategy is reviewed annually by the Board. Particular emphasis has been placed on liquidity risk and new regulatory requirements for liquidity management within banks, which are gradually being implemented in the liquidity management process.

Liquidity risk is reduced by spreading borrowing over various markets, lenders, instruments and maturities.

In the management of the Group's liquidity risk, target requirements are used for liquidity indicator1, long-term funding ratio, deposit-to-loan ratio and requirements concerning liquidity buffer capital (LCR).

The Board has also stipulated that the proportion of long-term borrowing as a percentage of total borrowing must amount to at least 70%. As of 31.12.23, the proportion of long-term funding was 78.1% (78.1%), which is well above the target requirement.

To limit the Group's liquidity risk, the Bank has liquidity reserves in the form of cash, deposits in Norges Bank and other banks, liquid equity instruments, investments in money market funds, interest-bearing securities and unused drawing rights. Minimum requirements for liquidity buffer levels are stipulated in the Bank's liquidity strategy.

In recent years, the Group has gradually increased both the quality and level of its liquidity buffers. The Group's combined liquidity buffer capital is considered to be satisfactory.
The majority of the Group's liquidity reserves in the form of interest-bearing securities are invested in covered bonds and treasury and municipal bonds. The total duration of the fixed income portfolio is 1.74 years (1.69 years). The Group's total liquidity reserves (cash, bank deposits and interest-bearing securities) amounted to NOK 7.0 billion (NOK 7.2 billion), or 19.0% (18.7%) of the Group's total assets.

The deposit-to-loan ratio is a key parameter for the monitoring of liquidity risk, i.e. the proportion of gross lending to customers that is covered through deposits from customers. The Board has stipulated a minimum requirement of 60% for the deposit-to-loan ratio and this requirement was met throughout 2023.

Transfers to mortgage credit institutions represent an important source of funding, and provision of mortgages approved for transfer to mortgage credit institutions is afforded a high level of attention. At the end of 2023, the Group's covered bonds amounted to NOK 13.0 billion (NOK 11.5 billion).

SpareBank 1 Helgeland is rated by Moody's. The Bank's rating is A3 with a stable outlook. Bonds issued by Helgeland Boligkreditt AS are rated at Aaa by Moody's.

NOTE 2.2.1 LIQUIDITY RISK, REMAINING MATURITY

GROUP

31.12.23

	From 0-3 months	From 3-12 mths.	From 1 year to 5 years	Over 5 years	Total incl. interest
Liabilities to credit institutions	0	331	0	0	331
Deposits from customers and liabilities	24,967	443			25,410
Loans established through the issuing of securities	234	911	4,861	538	6,544
Subordinated loans/bonds	0	0	0	1,014	1,014
Financial derivatives, gross settlement (outflows)[1]	23	61	247	12	343
Total outgoing payments	**25,224**	**1,746**	**5,108**	**1,564**	**33,642**
Loans to and receivables from credit institutions	856				856
Loans to and receivables from customers	3,646	280	1,687	32,530	38,143
Certificates and bonds	325	1,113	3,608	180	5,226
Total incoming payments	4,827	1,393	5,295	32,710	44,225
1) Financial derivatives, gross settlement (inflows)	1	47	156	7	211

Loan awards as of 31.12 were insignificant relative to the loan portfolio and have therefore not been incorporated.

GROUP

31.12.22

	From 0-3 months	From 3-12 mths.	From 1 year to 5 years	Over 5 years	Total incl. interest
Liabilities to credit institutions	0	0	324	0	324
Deposits from customers and liabilities	25,170	215	0	0	25,385
Loans established through the issuing of securities	253	1,541	5,775	323	7,892
Subordinated loans/bonds	0	0	0	1,069	1,069
Financial derivatives, gross settlement (outflows)[1]	18	54	116	23	211
Total outgoing payments	**25,441**	**1,810**	**6,215**	**1,415**	**34,881**
Loans to and receivables from credit institutions	1,454	0	0	0	1,454
Loans to and receivables from customers	3,605	265	1,492	32,358	37,720
Certificates and bonds	195	701	4,072	35	5,003
Total incoming payments	5,254	966	5,564	32,393	44,177
1) Financial derivatives, gross settlement (inflows)	13	27	67	13	120

Loan awards as of 31.12 were insignificant relative to the loan portfolio and have therefore not been incorporated.

PARENT BANK

31.12.23	From 0-3 months	From 3-12 mths.	From 1 year to 5 years	Over 5 years	Total incl. interest
Liabilities to credit institutions	0	331	0	0	331
Deposits from customers and liabilities	25,381	443	0	0	25,824
Loans established through the issuing of securities	130	0	2,816	0	2,946
Subordinated loan	0	0	0	1,014	1,014
Financial derivatives, gross settlement (outflows)[1]	16	41	167	0	224
Total outgoing payments	**25,527**	**815**	**2,983**	**1,014**	**30,339**
Loans to and receivables from credit institutions	1,879	0	0	0	1,879
Loans to and receivables from customers	2,994	261	1,574	27,741	32,570
Certificates and bonds	275	1,006	3,508	180	4,969
Total incoming payments	**5,148**	**1,267**	**5,082**	**27,921**	**39,418**
1) Financial derivatives, gross settlement (inflows)	1	35	123	0	159

PARENT BANK

31.12.22	From 0-3 months	From 3-12 mths.	From 1 year to 5 years	Over 5 years	Total incl. interest
Liabilities to credit institutions	0	0	324	0	324
Deposits from customers and liabilities	25,578	215	0	0	25,793
Loans established through the issuing of securities	131	504	2,666	0	3,301
Subordinated loan	0	0	0	1,069	1,069
Financial derivatives, gross settlement (outflows)[1]	15	45	69	0	129
Total outgoing payments	**25,724**	**764**	**3,059**	**1,069**	**30,616**
Loans to and receivables from credit institutions	2,170				2,170
Loans to and receivables from customers	3,011	261	1,369	26,921	31,562
Certificates and bonds	95	651	4,072	35	4,853
Total incoming payments	**5,276**	**912**	**5,441**	**26,956**	**38,585**
1) Financial derivatives, gross settlement (inflows)	13	20	41	0	74

UNUSED DRAWING FACILITIES

PARENT BANK			GROUP	
31.12.22	**31.12.23**		**31.12.23**	**31.12.22**
		Assets:		
2,508	2,372	Unused drawing rights, customers	2,748	2,878
270	299	Guarantees	299	270
784	477	Unused drawing rights, Helgeland Boligkreditt AS		
3,562	**3,148**	**Total unused drawing**	**3,047**	**3,148**
		Liabilities:		
300	900	Short-term drawing facility, 1 year	900	300
300	**900**	**Total liabilities**	**900**	**300**
53	66	Surplus liquidity in Norges Bank	66	53
353	**966**	**Total liabilities, including surplus liquidity**	**966**	**353**

Guarantee liabilities are presented in Note 40.

Matches and mismatches between maturity and interest rate on assets and liabilities are very important for risk management. It is unusual for banks to have a perfect match, because business transactions are often uncertain and cover many different types. An unmatched position could potentially generate a profit, but may also increase the risk of loss. The maturity of assets and liabilities, and the ability to replace them at an acceptable cost, is an important factor in determining the Group's liquidity and its exposure to interest rate changes.

The liquidity required in order to meet claims for settlement linked to guarantees and letters of credit is considerably less than the liability itself because the Group generally does not expect third parties to withdraw liquidity under the guarantee. The total outstanding contractual commitments to increase credits do not necessarily represent future claims for liquid assets, became many of these commitments will lapse or expire without being funded.

NOTE 2.3 MARKET RISK

GROUP AND PARENT BANK

The Board has adopted a market risk strategy that sets out limits and overall targets for the Group's market risk tolerance, as well as limits regarding interest rate, credit spread and share price risk. This strategy is reviewed annually. The Group has no active trading portfolios.

INTEREST RATE RISK

Interest rate risk is steered towards the desired level through interest binding on interest-bearing securities and borrowing, and through the use of interest rate swap agreements (interest rate swaps) in order to reduce interest rate risk linked to fixed interest rate exposures.

The Board has established a framework for the Group's overall interest rate risk, which is considered to be low.

The Bank has a relatively conservative strategy as regards investments in interest-bearing securities, with the primary aim of securing satisfactory liquidity reserves for the Bank.

SHARE RISK

The Bank's shareholdings are mainly strategically motivated through investments in subsidiaries, associated companies and product companies.

The market risk linked to these share investments is considered to be moderate.

Sensitivity analysis for market risk
Interest-bearing securities - credit spread risk is the risk linked to the securities in the interest rate portfolio, the portfolio's duration and the issuers' creditworthiness. The Group's credit spread risk is calculated as the credit risk at the time of spreading with 100 basis points.

Shares – limits have been established for the Group's collective share risk calculated based on exposure, risk spreading and market liquidity. Risk exposure calculations are based on a general fall in the share value of 30%. In addition, there is mark-up for risk spreading and market liquidity.

The Bank expresses the market risk as risk-adjusted capital. Calculated market risk lies within fixed limits, and an overall framework for market risk is included as a capital requirement in the Group's ICAAP.

The overarching interest rate risk is maintained at the desired level by an overall evaluation of balance sheet items and the use of interest rate swaps.

The Board of Directors has established a framework of NOK 30 million for total interest rate risk. At the year-end, a change in interest rate 2 percentage points would result in a decrease in earnings of +/- NOK 0.4 million. Exposure was within the framework throughout 2023.

CREDIT SPREAD RISK

The Bank assumes credit spread risk, primarily through the management of interest-bearing assets in the Bank's liquidity portfolio. The portfolio mainly consists of assets issued by Norwegian banks, mortgage credit institutions, municipalities, governments and non-financial institutions.
The credit spread risk lies within the Board's agreed limits.

CURRENCY RISK

The Group only has minor financial positions and cash flows in foreign currencies in the balance sheet. These items are not considered to be significant. SpareBank 1 Helgeland is not a foreign exchange bank. Foreign currency loans are managed by an external foreign exchange bank. SpareBank 1 Helgeland has provided the necessary guarantees in favour of the foreign exchange bank.

The table in Note 2.3.1 summarises the Group's foreign exchange risk through guarantee liabilities relating to foreign currency loans managed by the foreign exchange bank concerned as of 31.12.23.

NOTE 2.3.1 GUARANTEE LIABILITIES FOR FOREIGN CURRENCY LOANS

PARENT BANK			GROUP	
31.12.23				31.12.23
Loan amount in currency	Guarantee liabilities in NOK		Loan amount in currency	Guarantee liabilities in NOK
0.2	2	Swiss franc	0.2	2
19	1	Japanese yen	19	1
20	20	Swedish krona	20	20
	23	**Total guarantee liabilities in foreign exchange loans**		**23**

The Bank has a small portfolio of guaranteed foreign exchange loans; the equivalent value of which amounted to NOK 24 million as of 31.12.22. The portfolio is distributed over a range of customers where there is collateral in property and/or deposits. The credit risk in this portfolio is considered to be low.

PARENT BANK			GROUP	
31.12.22				31.12.22
Loan amount in currency	Guarantee liabilities in NOK		Loan amount in currency	Guarantee liabilities in NOK
0.2	2	Swiss franc	0.2	2
19	2	Japanese yen	19	2
20	20	Swedish krona	20	20
	24	**Total guarantee liabilities in foreign exchange loans**		**24**

NOTE 2.3.2 INTEREST RATE RISK, REMAINING TIME TO INTEREST RATE ADJUSTMENT

GROUP

31.12.23

	Up to 1 month	From 1-3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	Without interest rate change	Total
Assets							
Cash and receivables, central banks	83	0	0	0	0	0	83
Loans to and receivables on credit, without agreed maturity	842	0	0	0	0	0	842
Net loans to and receivables from customers	0	28,231	0	964	0	0	29,195
Bonds and certificates	1,341	3,709	199	0	0	0	5,249
Other assets, not interest-bearing (inc. swaps)	0	0	0	0	0	1,491	1,491
Total assets	**2,266**	**31,940**	**199**	**964**	**0**	**1,491**	**36,860**
Liabilities and equity							
Liabilities to credit institutions without agreed maturity	20	0	0	0	0	0	20
Liabilities to credit institutions with agreed maturity	0	300	0	0	0	0	300
Deposits from customers and liabilities without agreed maturity	0	22,502	0	0	0	0	22,502
Deposits from customers and liabilities with agreed maturity	0	823	1,358	0	0	0	2,181
Loans established through the issuing of securities	630	4,382	1,439	0	0	0	6,451
Other liabilities, not interest-bearing (inc. swaps)	0	0	0	0	0	355	355
Total liabilities	**650**	**28,007**	**2,797**	**0**	**0**	**355**	**31,809**
Net interest sensitivity gap	1,616	3,933	-2,598	964	0	1,136	5,051

CASH FLOW AND FAIR VALUE OF INTEREST RATE RISK

Cash flow interest rate risk is defined as the risk of future cash flows linked to individual financial asset and liabilities items fluctuating due to changes in market interest rates. The fair value of the interest rate risk is defined as the risk of the value of a financial asset or liabilities item fluctuating due to changes in market interest rates. In the case of both cash flow and the fair value of the interest rate risk, Bank is exposed to the effects of fluctuations in market interest rate levels. Unexpected changes in market interest rates can trigger increases in interest margins, but they can also be reduced or result in losses.

GROUP

31.12.22

	Up to 1 month	From 1-3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	Without interest rate change	Total
Assets							
Cash and receivables, central banks	71	0	0	0	0	0	71
Loans to and receivables on credit, without agreed maturity	1,442	0	0	0	0	0	1,442
Net loans to and receivables from customers	0	29,535	0	1,297	0	0	30,832
Bonds and certificates	983	3,739	301	0	0	0	5,023
Other assets, not interest-bearing (inc. swaps)	0	0	0	0	0	1,256	1,256
Total assets	**2,496**	**33,274**	**301**	**1,297**	**0**	**1,256**	**38,625**
Liabilities and equity							
Liabilities to credit institutions with agreed maturity	13	0	0	0	0	0	13
Deposits from customers and liabilities without agreed maturity	0	300	0	0	0	0	300
Deposits from customers and liabilities with agreed maturity	0	23,446	0	0	0	0	23,446
Loans established through the issuing of securities	0	878	804	0	0	0	1,682
Other liabilities, not interest-bearing (inc. swaps)	924	5,749	1,254	0	0	0	7,927
Total liabilities	0	0	0	0	0	321	321
Net interest sensitivity gap	**937**	**30,373**	**2,058**	**0**	**0**	**321**	**33,689**
	1,559	2,901	-1,757	1,297	0	935	4,936

PARENT BANK

31.12.23

	Up to 1 month	1 - 3 months	3 months to 1 year	1 - 5 years	Over 5 years	Without interest rate change	Total
Assets							
Cash and receivables, central banks	83	0	0	0	0	0	83
Loans to and receivables on credit, without agreed maturity	1,865	0	0	0	0	0	1,865
Net loans to and receivables from customers	0	23,990	0	964	0	0	24,954
Bonds and certificates	1,341	3,560	101	0	0	0	5,002
Other assets, not interest-bearing (inc. swaps)	0	0	0	0	0	1,975	1,975
Total assets	**3,289**	**27,550**	**101**	**964**	**0**	**1,975**	**33,879**
Liabilities and equity							
Liabilities to credit institutions without agreed maturity	16	0	0	0	0	0	16
Liabilities to credit institutions with agreed maturity	0	300	0	0	0	0	300
Deposits from customers and liabilities without agreed maturity	0	823	1,358	0	0	0	2,181
Deposits from customers and liabilities with agreed maturity	0	22,976	0	0	0	0	22,976
Loans established through the issuing of securities	130	1,897	986	0	0	0	3,013
Other liabilities, not interest-bearing (inc. swaps)	0	0	0	0	0	364	364
Total liabilities	**146**	**25,996**	**2,344**	**0**	**0**	**364**	**28,850**
Net interest sensitivity gap	3,143	1,554	-2,243	964	0	1,611	5,029

PARENT BANK

31.12.22

	Up to 1 month	From 1-3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	Without interest rate change	Total
Assets							
Cash and receivables, central banks	71	0	0	0	0	0	71
Loans to and receivables on credit, without agreed maturity	2,158	0	0	0	0	0	2,158
Net loans to and receivables from customers	0	24,512	0	1,297	0	0	25,809
Bonds and certificates	983	3,606	301	0	0	0	4,890
Other assets, not interest-bearing (inc. swaps)	0	0	0	0	0	1,673	1,673
Total assets	**3,212**	**28,118**	**301**	**1,297**	**0**	**1,673**	**34,601**
Liabilities and equity							
Liabilities to credit institutions without agreed maturity	8		0	0	0	0	8
Liabilities to credit institutions with agreed maturity	0	300	0	0	0	0	300
Deposits from customers and liabilities without agreed maturity	0	23,852	0	0	0	0	23,852
Deposits from customers and liabilities with agreed maturity	0	878	804	0	0	0	1,682
Loans established through the issuing of securities	924	1,692	954	0	0	0	3,570
Other liabilities, not interest-bearing (inc. swaps)	0	0	0	0	0	293	293
Total liabilities	**932**	**26,722**	**1,758**	**0**	**0**	**293**	**29,705**
Net interest sensitivity gap	2,280	1,396	-1,457	1,297	0	1,381	4,896

NOTE 3. SENSITIVITY ANALYSIS FOR CHANGES IN MARKET PRICES

GROUP

31.12.23

	Effect on profit	Effect on equity
Interest +/- 2% points	-0.4	0.00%
Total	-0.4	0.00%

The Group’s total interest rate risk consists of all investments in interest-bearing financial instruments and interest rate risk linked to the Bank’s portfolio. Exposure of the Group’s interest rate risk as of 31.12.22 was NOK -0.4 million (NOK 5.4 million). The target requirement is for the Group’s overall interest rate risk concerning interest-bearing instruments to not exceed NOK 30 million. Limit for interest rate risk: interest rate exposure (parallel shift in the interest rate curve of 2%). The effect on equity and profit is after tax.

GROUP

31.12.22

	Effect on profit	Effect on equity
Interest +/- 2% points	-0.4	0.00%
Total	-0.4	0.00%

NOTE 4. SEGMENT INFORMATION

PARENT BANK / GROUP

31.12.23

Parent Bank RM	Parent Bank CM	Parent Bank Unallocated	Parent Bank Total		Group RM	Group CM	Group Unallocated	Group Total
426	381	155	962	Net interest income	484	383	117	984
21	14	120	155	Net commission income	21	14	121	156
0	0	53	53	Total other income and net income from financial investments	0	0	24	24
188	85	142	415	Operating costs	188	85	141	414
3	98	0	101	Losses on loans	2	98	0	100
256	**212**	**186**	**654**	**Net income before tax**	**315**	**214**	**121**	**650**
14,662	10,511	0	25,173	Loans to customers	19,022	10,401	0	29,423
-21	-198	0	-219	Impairments	-22	-198	0	-220
0	0	8,925	8,925	Other assets	0	0	7,657	7,657
14,641	10,313	8,925	33,879	Total assets per segment	19,000	10,203	7,657	36,860
15,237	9,919	0	25,156	Deposits from and liabilities to customers	15,237	9,446	0	24,683
0	7	0	7	Impairments	0	7	0	7
0	0	8,716	8,716	Other liabilities and equity	0	0	12,170	12,170
15,237	**9,926**	**8,716**	**33,879**	**Total liabilities and equity per segment**	**15,237**	**9,453**	**12,170**	**36,860**

PARENT BANK / GROUP

31.12.22

Parent Bank RM	Parent Bank CM	Parent Bank Unallocated	Parent Bank Total		Group RM	Group CM	Group Unallocated	Group Total
324	339	80	743	Net interest income	394	341	48	783
19	13	133	165	Net commission income	19	13	133	165
0	0	69	69	Total other income and net income from financial investments	0	0	7	7
98	55	220	373	Operating costs	101	55	225	381
1	11	0	12	Losses on loans	1	11	0	11
244	**286**	**62**	**592**	**Net income before tax**	**311**	**289**	**-37**	**563**
16,250	9,701	0	25,951	Loans to customers	21,316	9,659	0	30,975
-21	-120	0	-141	Impairments	-22	-120	0	-142
0	0	8,791	8,791	Other assets	0	0	7,791	7,791
16,229	9,581	8,791	34,601	Total assets per segment	21,294	9,539	7,791	38,625
14,492	11,042	0	25,534	Deposits from and liabilities to customers	14,495	10,637	0	25,132
0	8	0	8	Impairments	0	8	0	8
0	0	9,059	9,059	Other liabilities and equity	0	0	13,484	13,484
14,492	**11,050**	**9,059**	**34,601**	**Total liabilities and equity per segment**	**14,495**	**10,645**	**13,484**	**38,625**

The Group has defined its geographical area as a single segment - Helgeland. The Group's exposure to credit risk is mainly concentrated on this area. Helgeland is the home region of the Parent bank, which is also the Group's operating company. The Group has also divided the banking operations into two segments: the retail market and the corporate market. Income and expenses not directly allocated to these segments are presented as unallocated.

NOTE 5. NET INTEREST AND CREDIT COMMISSION INCOME

PARENT BANK 2022	PARENT BANK 2023		GROUP 2023	GROUP 2022
		Interest from financial instruments at amortised cost		
38	76	Interest on receivables from credit institutions	40	12
508	796	Interest on loans to customers	803	522
546	**872**	**Total interest from financial instruments at amortised cost**	**843**	**534**
		Interest from financial instruments at fair value via the income statement		
38	30	Interest on loans to customers (fixed-rate loans)	30	38
115	228	Interest on certificates and bonds	232	115
153	**258**	**Total interest from financial instruments recognised at fair value via the income statement**	**262**	**153**
		Interest from financial instruments recognised at fair value via other comprehensive income		
426	681	Interest on loans to customers (loans that can be transferred to the mortgage credit institution)	891	587
426	**681**	**Total interest from financial instruments at fair value via other comprehensive income**	**891**	**587**
1,125	**1,811**	**Total interest income and other similar income**	**1,997**	**1,274**
		Interest expenses:		
259	658	Deposits from customers at amortised cost	658	258
0	13	Deposits from customers at fair value	13	0
7	14	Interest on deposits and loans from credit institutions	14	7
61	122	Debt securities at amortised cost	266	163
41	25	Debt securities at fair value	42	48
368	**832**	**Total interest expenses**	**993**	**476**
14	17	Deposit guarantee/emergency fund	19	15

NOTE 5.1 INTEREST ON CERTAIN BALANCE SHEET ITEMS (AVERAGE INTEREST RATE IN %)

PARENT BANK 31.12.22	PARENT BANK 31.12.23	Average interest rate	GROUP 31.12.23	GROUP 31.12.22
		Assets		
2.1%	4.2%	Loans to and receivables from credit institutions	3.6%	1.3%
3.8%	5.9%	Loans to customers	5.8%	3.6%
2.2%	4.4%	Certificates and bonds	4.2%	2.1%
		Liabilities		
2.5%	4.6%	Liabilities to credit institutions	4.6%	2.5%
1.0%	2.6%	Deposits from customers	2.6%	1.1%
2.3%	4.5%	Debt securities	4.5%	2.2%

NOTE 5.2 AVERAGE VOLUME OF CERTAIN BALANCE SHEET ITEMS

PARENT BANK			GROUP	
31.12.22	31.12.23	Average volume	31.12.23	31.12.22
		Assets		
1,796	1,819	Loans to and receivables from credit institutions	1,112	916
25,696	25,453	Loans to customers	29,949	31,755
5,305	5,239	Certificates and bonds	5,455	5,406
		Liabilities		
305	309	Liabilities to credit institutions	309	305
24,774	25,519	Deposits from customers	25,132	24,263
3,801	2,720	Debt securities	6,507	9,008

NOTE 6 COMMISSION INCOME AND INCOME FROM BANKING SERVICES

PARENT BANK			GROUP	
2022	2023		2023	2022
5	6	Guarantee provisions *	6	5
26	19	Commission linked to lending transferred to credit institutions	19	26
95	96	Fee income, payment mediation	96	95
53	50	Fee income insurance (non-life, life, savings and pension)	50	53
179	**171**	**Total commission income and income from banking services**	**171**	**179**

*) Guarantee commission made available to customers upon completion of construction contracts.

NOTE 7 COMMISSION EXPENSES AND COSTS ATTRIBUTABLE TO BANKING SERVICES

PARENT BANK			GROUP	
2022	2023		2023	2022
15	16	Payment mediation services	16	15
15	**16**	**Total commission costs and costs attributable to banking services**	**16**	**15**
164	**155**	**Net commission income**	**155**	**164**

NOTE 8. NET INCOME FROM FINANCIAL ASSETS AND LIABILITIES

PARENT BANK			GROUP	
2022	2023		2023	2022
-8	7	Unrealised fall in value of interest-bearing securities	7	-8
-21	-3	Realised gain/loss on interest-bearing securities	1	-21
4	-6	Net gain/loss on shares	-6	4
91	57	Share dividends	28	35
5	-1	Share of earnings from joint controlled enterprises	-1	5
-37	5	Unrealised change in value, fixed interest loans at fair value	5	-37
32	-17	Unrealised change in value of deposits and derivatives	-19	32
56	**42**	**Total net income from financial instruments**	**15**	**1**

NOTE 9. OTHER OPERATING INCOME

PARENT BANK 2022	PARENT BANK 2023		GROUP 2023	GROUP 2022
0	0	Operating income, real property	9	7
13	11	Operating income (including management fees, mortgage credit institution)	0	0
0	0	Gains on sale of real property and movables	0	0
13	**11**	**Total other operating income**	**9**	**7**

NOTE 10. OPERATING COSTS

PARENT BANK 2022	PARENT BANK 2023		GROUP 2023	GROUP 2022
171	185	Salaries and National Insurance costs (Note 11)	186	172
82	84	IT costs	84	82
18	19	Marketing	19	18
24	25	Depreciation	33	29
16	20	Impairments	2	8
5	5	Operating expenses, real property	5	5
47	64	Purchased services	64	47
10	13	Other operating expenses (Note 14)	20	20
373	**415**	**Total ordinary operating costs**	**414**	**381**

NOTE 11. SALARIES AND NATIONAL INSURANCE COSTS

PARENT BANK 2022	PARENT BANK 2023		GROUP 2023	GROUP 2022
122	131	Salaries and fees	132	123
28	31	Employer's National Insurance contributions	31	28
15	16	Pension costs, defined benefit plans (Note 12)	16	15
6	7	Other personnel costs	7	6
171	**185**	**Total salaries and National Insurance costs**	**186**	**172**
156	165	Number of employees, FTEs as of 31.12.	165	156
161	161	Average number of employees, FTEs	161	161

NOTE 12. PENSION COSTS AND PENSION LIABILITIES

SpareBank 1 Helgeland is required to have an occupational pension scheme and the Bank fulfils the applicable requirements set out in the relevant legislation. None of the subsidiaries have pension schemes or employees. The pension schemes include:

DEFINED BENEFIT SCHEME INVESTED IN A LIFE INSURANCE COMPANY

All of the Bank’s employees (who according to pension legislation could be transferred from defined benefit pension plan) were transferred to a defined contribution pension with effect from 01.03.16. Those who remain in the defined benefit plan are members who, under the current rules cannot be transferred.

The scheme covers 0 (0) employees, as well as 13 (13) people who are receiving an ongoing pension from the scheme. The pension scheme entitles employees to future pension disbursements of 66% of their salary upon retirement, subject to a maximum of 12 National Insurance basic amounts (G).

DEFINED CONTRIBUTION SCHEME

With effect from 01.03.16, all employees (who could be transferred) were transferred to a defined contribution scheme. Contributions to the scheme amount to 7% for salaries between 0-7.1G and 25.1% for salaries between 7.1G and 12G. The pension scheme also includes a disability pension.

The defined contribution scheme now includes 171 (171) active and 10 (10) disabled persons.

CONTRACTUAL PENSION

The Bank and the finance industry in general have entered into an agreement concerning a contractual pension (AFP). (No one who is still a member of the old scheme has been capitalised.

SENIOR EXECUTIVE SCHEME

See the remuneration report on the Company's website.

NOTE 12.1 LIABILITIES AND EXPENSES CONCERNING PENSION SCHEMES

PARENT BANK			GROUP	
31.12.23			31.12.23	
Expense	Liability		Liability	Expense
0	17	Defined benefit scheme	17	0
14	0	Defined contribution scheme	0	14
2	0	Contractual pension (AFP)	0	2
16	**17**	**Total liabilities and expenses concerning pension schemes**	**17**	**16**

PARENT BANK			GROUP	
31.12.22			31.12.22	
Expense	Liability		Liability	Expense
0	17	Defined benefit scheme	17	0
13	0	Defined contribution scheme	0	13
2	0	Contractual pension (AFP)	0	2
15	**17**	**Total liabilities and expenses concerning pension schemes**	**17**	**15**

NOTE 12.2 RISKS ASSOCIATED WITH CHANGES IN ECONOMIC ASSUMPTIONS

The company is exposed to the following risks through the defined benefit pension schemes:

INVESTMENT VOLATILITY

Pension obligations are calculated using a discount interest rate determined on the basis of bond interest rates. If investment of the pension schemes' assets produces a lower return than the bond rate, a deficit is created.

CHANGE IN THE BOND INTEREST RATE

A reduction in bond interest rates will increase the obligations in the pension schemes. This will be partly offset by an increase in the return on bond investments.

LIFE EXPECTANCY

The payment liability applies for the remaining life of the scheme's members. An increase in life expectancy will lead to an increase in the liability relating to the scheme. This is particularly important in the case of the Norwegian scheme, where inflation adjustments result in greater sensitivity to changes in life expectancy.

NOTE 12.3 ECONOMIC ASSUMPTIONS

PARENT BANK			GROUP	
2022	2023	Assumptions	2023	2022
3.20%	3.70%	Discount interest rate	3.70%	3.20%
3.20%	3.70%	Return on pension funds	3,70 %	3.20%
3.75%	3.75%	Long-term pay growth	3.75%	3.75%
3.50%	3.50%	Adjustment of ongoing pensions	3.50%	3.50%
3.50%	3.50%	Adjustment of the National Insurance basic amount	3.50%	3.50%
19.10%	3.50%	Employer's National Insurance contributions (inc. tax) - rate	19.10%	19.10%
0.00%	0.00%	Employees wishing to utilise contractual pension (AFP)	0.00%	0.00%
0.00%	0.00%	Annual percentage retirement for working	0.00%	0.00%
63	64	Average age	64	63

Economic assumptions used for calculating pension costs and liabilities for defined benefit scheme

In accordance with IAS 19, the discount interest rate for pension obligations will be set to the interest rate on corporate bonds with high creditworthiness, or to the government bond interest rate if there is no deep market for corporate bonds with high creditworthiness. The Norwegian market for covered bonds is considered to be such that it can be used as a basis in the calculation of the discount interest rate.

NOTE 12.4 PENSION OBLIGATION, DEFINED BENEFIT SCHEME

PARENT BANK 31.12 2019	31.12 2020	31.12 2021	31.12 2022	31.12 2023		GROUP 31.12 2023	31.12 2022	31.12 2021	31.12 2020	31.12 2019
					Change in pension obligation:					
30	31	31	31	27	Obligation at start of year	27	31	31	31	30
0	0	0	0	0	Service cost	0	0	0	0	0
1	1	0	0	1	Interest expense on pension liabilities	1	0	0	1	1
0	0	0	0	0	New agreements, contractual pension (AFP)	0	0	0	0	0
1	1	1	-3	0	Actuarial losses/gains	0	-3	1	1	1
-1	-1	-1	-1	-1	Pension disbursements	-1	-1	-1	-1	-1
31	**31**	**31**	**27**	**26**	**Defined benefit obligation at end of year**	**26**	**27**	**31**	**31**	**31**
					Change in plan assets:					
11	11	11	11	11	Plan assets at start of year	11	11	11	11	11
0	0	0	0	0	Return on pension funds	0	0	0	0	0
-1	0	0	1	0	Actuarial losses/gains	0	1	0	0	-1
0	0	0	0	0	Administration expenses	0	0	0	0	0
0	0	0	0	0	Contributions	0	0	0	0	0
0	0	0	0	0	Pension disbursements	0	0	0	0	0
11	**11**	**11**	**12**	**11**	**Plan assets at end of year**	**11**	**12**	**11**	**11**	**11**
					Reconciliation - capitalised pension obligation					
31	**31**	**31**	**27**	**26**	**Obligation at end of period**	**26**	**27**	**31**	**31**	**31**
11	**11**	**11**	**12**	**11**	**Plan assets at end of year**	**11**	**12**	**11**	**11**	**11**
-21	**-20**	**-20**	**-15**	**-15**	**Net pension obligation**	**-15**	**-15**	**-20**	**-20**	**-21**
-3	-4	-3	-2	-2	Employer's contributions on net pension obligation	-2	-2	-4	-4	-3
-24	**-24**	**-23**	**-17**	**-17**	**Net pension obligation, including employer's contributions**	**-17**	**-17**	**-23**	**-24**	**-24**
0	0	0	0	0	Unrecognised effect of estimate variances	0	0	0	0	0
0	0	0	0	0	Estimate variances, employer's contributions	0	0	0	0	0
-24	**-24**	**-23**	**-17**	**-17**	**Balance sheet liabilities (incl. AGA)**	**-17**	**-17**	**-23**	**-24**	**-24**

NOTE 12.5 ESTIMATE VARIANCES, DEFINED BENEFIT SCHEME

PARENT BANK 2022	2023		GROUP 2023	2022
3	-1	+ Actuarial loss/(gain) on defined benefit obligation from economic assumptions	-1	3
3	-1	- Estimate variances incorporated into OCI	-1	3
0	**0**	**Estimate variance at end of year**	**0**	**0**

NOTE 13. NET PENSION EXPENSE, DEFINED BENEFIT SCHEME, DEFINED CONTRIBUTION SCHEME AND CONTRACTUAL PENSION (AFP)

PARENT BANK			GROUP	
2022	2023		2023	2022
15	16	Pension accrual	16	15
3	3	+ Employer's contributions	3	3
18	**19**	**Net pension expense**	**19**	**18**

NOTE 14. OTHER OPERATING EXPENSES

PARENT BANK			GROUP	
2022	2023	Specification of other operating costs	2023	2022
2	3	Value transportation	3	2
3	3	Travel expenses	3	3
2	2	Fees, external auditor (Note 15)	3	3
3	1	Other operating expenses	8	13
10	**13**	**Total operating expenses**	**20**	**20**

NOTE 15. AUDIT FEES AND COSTS FOR ASSISTANCE FROM EXTERNAL AUDITOR

PARENT BANK			GROUP	
2022	2023	Audit expenses	2023	2022
1.3	1.2	Statutory audit	1.4	1.6
0.9	1.0	Other services, attestation and assistance project	1.1	0.9
2.2	**2.2**	**Total audit**	**2.5**	**2.5**

PricewaterhouseCoopers AS is the Group's appointed auditor.

NOTE 16. IMPAIRMENTS ON COMMITMENTS

PARENT BANK			GROUP	
2022	2023	Impairments	2023	2022
5	15	Change in impairments in stage 1 during the period	14	5
-9	4	Change in impairments in stage 2 during the period	4	-9
6	59	Change in impairments in stage 3 during the period	58	6
14	26	Non-recoverable losses during the period	27	14
-5	-3	Recoveries from non-recoverable losses during previous periods	-3	-5
12	**101**	**Recognised impairments on commitments**	**100**	**11**

NOTE 17. TAX COST

PARENT BANK			GROUP	
2022	**2023**	**Tax for the year**	**2023**	**2022**
121	149	Tax payable	155	127
0	6	Over-/under-allocated in previous years	6	0
0	0	Excess/shortfall in change in deferred tax from previous years	0	0
-9	-1	Change in deferred tax (Note 29)	-1	-9
112	**155**	**Tax cost for the year**	**160**	**118**
		Specification of accounting result before tax and taxable income for the year		
483	654	Accounting net income before tax	650	448
-68	-54	Permanent differences	-54	-44
0	0	Use of previous losses carried forward	0	0
-23	-3	Change in temporary differences (Note 29)	24	-23
392	**597**	**Taxable income**	**620**	**381**
		Reconciliation tax		
483	654	Accounting net income before tax	650	448
121	164	Tax calculated using the enterprise's weighted average tax rate	163	112
		Tax effect of:		
-9	-14	Tax-free income	-9	6
0	6	Changes from previous year	6	0
0	0	Non-deductible expenses	0	0
112	**155**	**Tax cost in the income statement**	**160**	**118**

NOTE 17.1 LEASES

PARENT BANK 31.12.22	31.12.23		GROUP 31.12.23	31.12.22
		Usufruct		
32	33	Carrying amount as of 01.01	11	18
0	58	Additions	0	0
0	0	-Disposals	0	0
14	1	Other changes	1	1
46	92	Carrying amount at end of period	12	19
13	16	Depreciation during the period	3	8
33	**76**	**Carrying amount, usufruct at end of period**	**9**	**11**
48	49	Liability as of 01.01	26	33
0	58	New agreements during the period	0	0
-16	-20	Rent payments during the period - instalments	-5	-11
3	4	Interest	1	2
14	1	Other changes	1	1
49	**92**	**Total lease obligations at end of period**	**23**	**26**
		Income statement		
13	16	Depreciation	3	8
3	4	Interest	1	2
16	**20**	**Total**	**4**	**10**

Usufruct and liability are capitalised under: 1) Other assets, 2) Other liabilities

IFRS 16 presupposes that there is no longer a distinction between operational and financial leasing, because both types of agreement transfer the right of use to a specific asset from the lessor to the lessee for a specific period. For lessors, the regulations of IAS 17 are largely continued. The standard became effective from 01.01.19. The standard has the effect that leases (mainly branch premises) are included in the balance sheet. The effects on the Group's profits for 2023 amount to an accounting depreciation of NOK 3 million and interest costs of NOK 1 million. The liability has also been reduced by NOK 3 million.

NOTE 17.2 MATURITY STRUCTURE OF LEASES, IFRS 16

PARENT BANK 2022	2023	Maturity structure	GROUP 2023	2022
11	24	Up to 1 year	5	5
11	24	1-2 years	4	5
11	24	2-3 years	5	5
10	16	3-4 years	2	4
3	6	4-5 years	2	3
2	2	More than 5 years	1	3
48	**96**	Total maturity structure	**19**	**26**

NOTE 18. EARNINGS PER EQUITY CERTIFICATE AND OWNERSHIP RATIO

PARENT BANK			GROUP	
2022	2023	Earnings per equity certificate	2023	2022
480	500	Profit from ordinary operations after tax	490	445
-13	-21	Interest, subordinated bonds	-21	-13
467	479	Profit (exc. interest on subordinated bonds)	469	432
79.9%	79.9%	Equity certificate holders' share as of 01.01	79.9%	79.9%
373	382	Equity certificate holders' share of earnings in NOK million	374	356
13.8	**14.2**	**Earnings per equity certificate, in NOK**	**13.9**	**12.8**
13.8	**14.2**	**Diluted earnings per equity certificate, in NOK**	**13.9**	**12.8**

Dividend basis	2023	2022
Net profit	500	480
Change in fund for valuation differences	7	-5
Interest hybrid capital	21	-13
Dividend basis	**485**	**462**

Calculation of equity certificate ratio (parent bank)	2023	2022
Equity share capital	266	268
Equalisation fund	1,530	1,535
Share premium reserve	1,505	1,505
Fund for unrealised gains	20	22
Other equity	381	0
Total equity certificate holders' capital	**3,702**	**3,329**
Primary capital	800	801
Gift Fund	28	33
Fund for unrealised gains	5	5
Other equity	96	0
Total primary capital	**929**	**839**
Provision for Gift Foundation	0	52
Provision for dividends	0	277
Equity excluding hybrid capital	**4,631**	**4,498**
Equity certificate ratio	79.9%	79.9%
Time-weighted equity certificate ratio available	**79.9%**	**79.9%**

NOTE 19. CASH AND RECEIVABLES, CENTRAL BANKS

PARENT BANK			GROUP	
31.12.23	31.12.23		31.12.23	31.12.22
18	17	Cash reserve	17	18
53	66	Deposits at Norges Bank	66	53
71	**83**	**Total cash and receivables in central banks**	**83**	**71**

See Note 2.1.2

NOTE 20. LOANS TO AND RECEIVABLES FROM CREDIT INSTITUTIONS

PARENT BANK			GROUP	
31.12.22	31.12.23		31.12.23	31.12.22
1,442	842	Loans to and receivables in credit institutions*	842	1,442
716	1,023	Credit, Helgeland Boligkreditt AS**	0	0
2,158	**1,865**	**Total loans to and receivables in credit institutions**	**842**	**1,442**

*) Loans to and receivables in credit institutions are entirely subject to floating rates of interest. See also Note 2.1.2

**) Helgeland Boligkreditt AS is a wholly owned subsidiary of SpareBank 1 Helgeland

NOTE 21. LOANS TO AND RECEIVABLES FROM CUSTOMERS

PARENT BANK			GROUP	
31.12.22	31.12.23	**Loans by receivable type, nominal principal**	31.12.23	31.12.22
542	561	Overdraft and working capital facilities	561	542
1,858	1,758	Flexible loans	2,373	2,427
433	425	Building loans	425	433
7,842	8,617	Instalment loans	8,248	7,449
1,297	963	Fixed-interest loans to and receivables from customers	963	1,297
13,917	12,737	Mortgages at fair value	16,730	18,755
25,889	25,061	Loans to customers	29,300	30,903
-65	-87	Stages 1 and 2 (collective impairments)	-88	-65
-76	-132	Stage 3 (collective and individual impairments)	-132	-76
25,748	24,842	Loans to customers after impairments	29,080	30,762
61	112	Accrued interest and amortisation	123	70
25,809	**24,954**	**Net loans to and receivables from customers**	**29,203**	**30,832**

INFORMATION ON COLLATERAL

The Bank uses collateral to reduce risk depending on the market and the type of transaction concerned. Collateral can, for example, take the form of physical security or collateral, guarantees, deposits or set-off agreements. Physical collateral will normally be secured and can consist of housing, buildings or inventories. The valuation of collateral is based on the going concern assumption. Account is taken of factors that could affect the value of the collateral, impairments or easements. Hedged items in the private market mainly consist of property. The Bank uses fixed reduction rates ranging from 20 to 50% based on the types of collateral. A statement is presented below of collateral coverage distributed broken down according to loans within the Retail Market and Corporate Market, including accrued interest. Collateral coverage as a percentage indicates the adjusted collateral value expressed as a percentage of lending.

PARENT BANK				GROUP		
31.12.23				31.12.23		
CM	RM	Total loans	Collateral coverage in percent	Total loans	CM	RM
736	130	866	Under 40%	867	736	131
1,160	237	1,397	40% - 60%	1,408	1,160	248
1,272	659	1,931	60% - 80%	1,950	1,272	678
2,039	4,223	6,262	80% - 100%	6,540	2,101	4,440
2,340	5,269	7,609	100% - 120%	9,106	2,358	6,748
2,924	4,072	6,996	Over – 120%	9,659	2,749	6,680
10,471	14,590	25,061	Total loans	29,300	10,376	18,925

PARENT BANK				GROUP		
31.12.22				31.12.22		
CM	RM	Total loans	Collateral coverage in percent	Total loans	CM	RM
807	1,202	2,009	Under 40%	2,394	812	1,582
531	287	818	40% - 60%	837	535	302
1,625	584	2,209	60% - 80%	2,249	1,626	623
2,265	3,279	5,544	80% - 100%	5,678	2,266	3,412
2,306	5,843	8,149	100% - 120%	9,634	2,328	7,306
2,058	5,102	7,160	Over – 120%	10,111	2,121	7,990
9,592	16,297	25,889	Total loans	30,903	9,688	21,215

NOTE 21.1 GEOGRAPHICAL DISTRIBUTION OF GROSS LENDING

PARENT BANK			GROUP	
31.12.23	% share		31.12.23	% share
21,018	83.5%	Helgeland	24,370	82.8%
4,106	16.3%	Rest of Norway	4,991	17.0%
49	0.2%	International	62	0.2%
25,173	**100%**	**Total gross lending**	**29,423**	**100%**

Geographical distribution of gross lending

PARENT BANK			GROUP	
31.12.22	% share		31.12.22	% share
22,250	85.7%	Helgeland	26,051	84.1%
3,626	14.0%	Rest of Norway	4,831	15.6%
75	0.3%	International	85	0.3%
25,951	**100%**	**Total gross lending**	**30,975**	**100%**

NOTE 21.2 DISTRIBUTION OF LOANS BETWEEN THE RETAIL MARKET AND CORPORATE MARKET

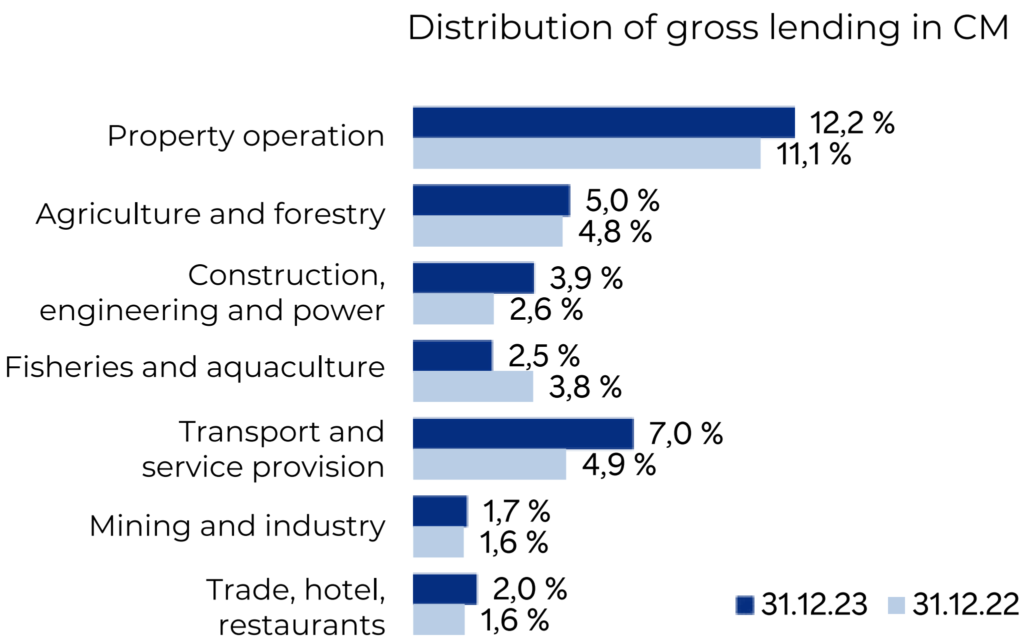
PARENT BANK 31.12.23			GROUP 31.12.23	
Retail market	Corporate market		Retail market	Corporate market
11	550	Overdraft and working capital facilities	11	565
1,717	41	Flexible loans	2,317	41
93	331	Building loans	93	331
12,841	9,589	Repayment loans and flexible loans	16,601	9,464
14,662	**10,511**	**Gross lending to customers**	**19,022**	**10,401**

PARENT BANK 31.12.22			GROUP 31.12.22	
Retail market	Corporate market		Retail market	Corporate market
11	531	Overdraft and working capital facilities	11	541
1,808	50	Flexible loans	2,367	50
114	319	Building loans	114	319
14,317	8,800	Repayment loans and flexible loans	18,824	8,749
16,250	**9,700**	**Gross lending to customers**	**21,316**	**9,659**

NOTE 21.3 LOANS, GUARANTEES AND LOSSES BY INDUSTRY

The level of losses in the retail banking market remains low and at a level corresponding to the average for the sector. Procedures for debt recovery and follow-up are effective. Based on empirical data, sector-related figures and local market conditions, the Bank has forecast an expected loss in the retail market portfolio of 0.07 - 0.1%.

There is a strong focus on the quality of the work relating to credit and on improving understanding good governance and control in this work. To manage and monitor risks in the corporate market portfolio, ongoing assessments are carried out concerning customer relationships, solvency, collateral in connection with borrowing and trends in defaults, along with reviews by the Bank's credit committee. To monitor risk development in the retail market portfolio, quarterly analyses are carried out of the quality of credit of new loans and the overall portfolio. The close monitoring of key corporate market customers, monitoring of developments in quality and risk in the portfolio have remained priority focus areas for the Bank. Impairments on loans were booked in 2023 in the amount of NOK 100 million, or 0.27% of gross lending including transferred loans. Normalised lending losses are expected going forward. Based on historical evidence, a thorough knowledge of the Group's commitment and local market conditions, credit losses expected over a five-year period are forecast to amount to 0.15-0.20% of gross lending within the corporate loan portfolio. When pricing commitments, a strong emphasis is placed on the ability of customers to service their debt. There will therefore normally be a correlation between the risk classification and the pricing of loans.



GROSS LENDING AS OF 31.12.23

Of the gross lending of NOK 29.4 billion (NOK 31.0 billion, NOK 10.4 billion (NOK 9.7 billion) comprises lending to corporate customers. The above graph shows these loans by industry. NOK 19.0 billion (NOK 21.3 billion) is lending to retail customers, mainly involving well-collateralised mortgages. NOK 1.5 billion (NOK 1.5 billion) is lending to agricultural customers (traditionally a low-risk segment). Of gross lending, 82.8% (84.1%) was loaned to customers in Helgeland. Of gross lending, 34.0% was transferred to SpareBank 1 Boligkreditt and Helgeland Boligkreditt AS. See Note 21.5

NOTE 21.4 COMMITMENTS AND LOSS PROVISIONS BY INDUSTRY

GROUP

31.12.23							
Lending at amortised cost and fair value							
	Gross lending		**Loss provisions**			**Net lending**	
	Amortised cost	Fair value (FVOCI)	Stage 1	Stage 2	Stage 3	Fair value via the income statement	Total
Municipalities and municipal enterprises	3	0	0	0	0	0	3
Insurance and finance	272	0	0	-1	0	0	272
Agriculture and forestry	1,467	0	0	-2	-24	8	1,448
Fisheries and aquaculture	745	0	-1	-3	-2	0	738
Mining and industry	509	0	-1	0	-27	0	480
Construction, engineering and power	1,131	0	-4	-1	-5	4	1,126
Trade, hotel, restaurants	597	0	-2	-3	-2	0	590
Transport and services	2,067	0	-1	-17	-5	6	2,049
Property operation	3,574	0	-20	-21	-53	18	3,497
Corporate market	10,365	0	-31	-48	-119	36	10,203
Retail market	1,122	16,971	-2	-7	-14	929	18,998
Total	**11,487**	**16,971**	**-33**	**-55**	**-133**	**964**	**29,202**
Expected losses, unused credit and guarantees, RM			0	0	0		
Expected losses, unused credit and guarantees, CM			-2	-3	-1		

Off balance sheet items, see note 2.1.1

GROUP

31.12.22

Lending at amortised cost and fair value

	Gross lending		Loss provisions			Net lending	
	Amortised cost	Fair value (FVOCI)	Stage 1	Stage 2	Stage 3	Fair value via the income statement	Total
Municipalities and municipal enterprises	0	0	0	0	0	0	0
Insurance and finance	210	0	0	0	0	0	209
Agriculture and forestry	1,471	0	0	-3	-16	11	1,463
Fisheries and aquaculture	1,189	0	-2	-3	0	0	1,183
Mining and industry	501	0	-1	-1	-2	1	498
Construction, engineering and power	794	0	-1	-4	-6	5	788
Trade, hotel, restaurants	508	0	-1	-2	-1	4	508
Transport and services	1,511	0	-4	-3	-6	7	1,505
Property operation	3,425	0	-7	-23	-33	24	3,387
Corporate market	9,608	0	-15	-39	-64	51	9,541
Retail market	1,315	18,755	-3	-9	-10	1,245	21,294
Total	**10,923**	**18,755**	**-18**	**-48**	**-74**	**1,297**	**30,835**
Expected losses, unused credit and guarantees, RM			0	0	0		
Expected losses, unused credit and guarantees, CM			-2	-6	-2		

Off balance sheet items, see note 2.1.1

PARENT BANK

31.12.23

Lending at amortised cost and fair value (via other comprehensive income) FVOCI

	Gross lending		Loss provisions			Net lending	
	Amortised cost	Fair value (FVOCI)	Stage 1	Stage 2	Stage 3	Fair value via the income statement	Total
Municipalities and municipal enterprises	3	0	0	0	0	0	3
Insurance and finance	272	0	0	-1	0	0	272
Agriculture and forestry	1,453	0	0	-2	-24	8	1,434
Fisheries and aquaculture	742	0	-1	-3	-2	0	735
Mining and industry	508	0	-1	0	-27	0	479
Construction, engineering and power	1,126	0	-4	-1	-5	4	1,120
Trade, hotel, restaurants	596	0	-2	-3	-2	0	589
Transport and services	2,038	0	-1	-17	-5	6	2,020
Property operation	3,738	0	-22	-21	-53	18	3,660
Corporate market	10,476	0	-33	-48	-119	36	10,312
Retail market	969	12,764	1	-7	-14	929	14,639
Total	**11,445**	**12,764**	**33**	**-55**	**-133**	**964**	**24,952**
Expected losses, unused credit and guarantees, RM			0	0	0		
Expected losses, unused credit and guarantees, CM			-2	-3	-1		

Off balance sheet items, see note 2.1.1

PARENT BANK

31.12.22

Lending at amortised cost and fair value (via other comprehensive income) FVOCI	**Gross lending**		**Loss provisions**			**Net lending**	
	Amortised cost	Fair value (FVOCI)	Stage 1	Stage 2	Stage 3	Fair value via the income statement	Total
Municipalities and municipal enterprises	0	0	0	0	0	0	0
Insurance and finance	210	0	0	0	0	0	210
Agriculture and forestry	1,451	0	0	-3	-16	11	1,442
Fisheries and aquaculture	1,182	0	-2	-3	0	0	1,177
Mining and industry	500	0	-1	-1	-2	1	496
Construction, engineering and power	780	0	-1	-4	-6	5	775
Trade, hotel, restaurants	504	0	-1	-2	-1	4	505
Transport and services	1.469	0	-4	-3	-5	7	1,464
Property operation	3,553	0	-7	-24	-33	24	3,514
Corporate market	9,650	0	-15	-40	-63	51	9,583
Retail market	1,087	13,917	-2	-8	-10	1,245	16,229
Total	**10,737**	**13,917**	**-18**	**-48**	**-73**	**1,297**	**25,812**
Expected losses, unused credit and guarantees, RM			0	0	0		
Expected losses, unused credit and guarantees, CM			-2	-6	-2		

Off balance sheet items, see note 2.1.1

NOTE 21.5 TRANSFERRED MORTGAGES TO CREDIT INSTITUTIONS

The Bank transfers mortgages to Helgeland Boligkreditt AS (100%) and SpareBank 1 Boligkreditt (3.09%). Loans in the wholly owned mortgage credit institution are recognised in their entirety in the Group. In total, NOK 12,985 million in loans secured in residential property had been transferred by the end of 2023, of which NOK 4,426 million is recognised in the consolidated balance sheet.

Loans which are transferred are fully secured mortgages within the mortgage value of 75%. The loans that are sold are derecognised from the Parent Bank's balance sheet and transferred to a mortgage credit company. Some 34.0% (31.9%) of gross lending or 47.4% (43.6%) of loans for retail customers have been transferred to a mortgage credit company.

PARENT BANK 31.12.23			**GROUP 31.12.23**	
Book value	**Fair value**		**Book value**	**Fair value**
1,732	1,732	Flexible loans	1,117	1,117
11,253	11,253	Instalment loans	7,442	7,442
12,985	**12,985**	**Total transferred mortgages to credit institutions**	**8,559**	**8,559**

PARENT BANK			GROUP	
31.12.22			31.12.22	
Book value	Fair value		Book value	Fair value
1,366	1,366	Flexible loans	797	797
10,167	10,167	Instalment loans	5,575	5,575
11,533	**11,533**	**Total transferred mortgages to credit institutions**	**6,372**	**6,372**

NOTE 21.6 REMAINING TERM TO MATURITY, HELGELAND BOLIGKREDITT AS

GROUP

31.12.23

	0 - 3 months	3 months to 1 year	1 - 5 years	Over 5 years	Total
Liabilities to credit institutions	0	0	1,023	0	1,023
Borrowings through the issuing of securities	104	911	2,107	539	3,661
Financial derivatives, gross settlement (outflows)1	7	20	79	20	126
Total outgoing payments	**111**	**931**	**3,209**	**559**	**4,810**
Loans to and receivables from credit institutions	0	408	0	0	408
Loans to and receivables from customers	652	20	113	4,789	5,574
Certificates and bonds	50	107	100	0	257
Total incoming payments	**702**	**535**	**213**	**4,789**	**6,239**
1) Financial derivatives, gross settlement (inflows)	0	11	33	11	55

31.12.22

	0 - 3 months	3 months to 1 year	1 - 5 years	Over 5 years	Total
Liabilities to credit institutions	0	0	716	0	716
Borrowings through the issuing of securities	122	990	3,110	323	4,545
Financial derivatives, gross settlement (outflows)	3	9	47	23	82
Total outgoing payments	**125**	**999**	**3,873**	**346**	**5,343**
Loans to and receivables from credit institutions	0	381	0	0	381
Loans to and receivables from customers	594	4	123	5,436	6,157
Certificates and bonds	99	49			148
Total incoming payments	**693**	**434**	**123**	**5,436**	**6,686**
Financial derivatives, gross settlement (inflows)	0	7	27	7	40

NOTE 22. FINANCIAL INSTRUMENTS

NOTE 22.1 FINANCIAL INSTRUMENTS BY CATEGORY

GROUP

31.12.23

	Amortised cost	Loans at fair value through OCI	Assets valued at fair value via the income statement	Derivatives used for hedging	Total
Cash and receivables, central banks	83	0	0	0	83
Loans to and receivables from credit institutions	842	0	0	0	842
Loans to and receivables from customers	11,509	16,730	964	0	29,203
Certificates, bonds and shares	0	0	6,113	0	6,113
Financial derivatives	0	0	0	64	64
Total assets	**12,434**	**16,730**	**7,077**	**64**	**36,305**

	Other financial liabilities at amortised cost	Liabilities at fair value via the income statement	Derivatives used for hedging	Total
Liabilities to credit institutions with agreed maturity	320	0	0	320
Deposits from and liabilities to customers	24,683	0	0	24,683
Liabilities established through the issuing of securities	4,497	0	0	4,497
Liabilities established through the issuing of securities, hedging	1,602	0	0	1,602
Subordinated loan capital	352	0	0	352
Financial derivatives	0	81	0	81
Total liabilities	**31,454**	**81**	**0**	**31,535**

GROUP

31.12.22

	Amortised cost	Loans at fair value through OCI	Assets valued at fair value via the income statement	Derivatives used for hedging	Total
Cash and receivables, central banks	71	0	0	0	71
Loans to and receivables from credit institutions	1,442	0	0	0	1,442
Loans to and receivables from customers	10,780	18,755	1,297	0	30,832
Certificates, bonds and shares	0	0	5,735	0	5,735
Financial derivatives	0	0	0	31	31
Total assets	**12,293**	**18,755**	**7,032**	**31**	**38,111**

	Other financial liabilities at amortised cost	Liabilities at fair value via the income statement	Derivatives used for hedging	Total
Liabilities to credit institutions with agreed maturity	313	0	0	313
Deposits from and liabilities to customers	25,129	0	0	25,129
Liabilities established through the issuing of securities	5,742	0	0	5,742
Liabilities established through the issuing of securities, hedging	1,734	0	0	1,734
Subordinated loan capital	453	0	0	453
Financial derivatives	0	58	0	58
Total liabilities	**33,371**	**58**	**0**	**33,429**

PARENT BANK

31.12.23

	Amortised cost	Loans at fair value through OCI	Assets valued at fair value via the income statement	Derivatives used for hedging	Total
Cash and receivables, central banks	83	0	0	0	83
Loans to and receivables from credit institutions	1,865	0	0	0	1,865
Loans to and receivables from customers	11,253	12,737	964	0	24,954
Certificates, bonds and shares	0	0	0	5,866	5,866
Financial derivatives	0	0	0	64	64
Total assets	**13,201**	**12,737**	**964**	**5,930**	**32,832**

	Other financial liabilities at amortised cost	Liabilities at fair value via the income statement	Derivatives used for hedging	Total
Liabilities to credit institutions with agreed maturity	316	0	0	316
Deposits from and liabilities to customers	25,156	0	0	25,156
Liabilities established through the issuing of securities	1,517	0	0	1,517
Liabilities established through the issuing of securities, hedging	1,144	0	0	1,144
Subordinated loan capital	352	0	0	352
Financial derivatives	0	33	0	33
Total liabilities	**28,485**	**33**	**0**	**28,518**

Changes in the fair value of loans classified as FVOCI which are recognised via OCI are insignificant (less than NOK 1 million).

PARENT BANK

31.12.22

	Amortised cost	Loans at fair value through OCI	Assets valued at fair value via the income statement	Derivatives used for hedging	Total
Cash and receivables, central banks	71	0	0	0	71
Loans to and receivables from credit institutions	2,158	0	0	0	2,158
Loans to and receivables from customers	10,595	13,917	1,297	0	25,809
Certificates, bonds and shares	0	0	0	5,587	5,587
Financial derivatives	0	0	0	31	31
Total assets	**12,824**	**13,917**	**1,297**	**5,618**	**33,656**

	Other financial liabilities at amortised cost	Liabilities at fair value via the income statement	Derivatives used for hedging	Total
Liabilities to credit institutions with agreed maturity	308	0	0	308
Deposits from and liabilities to customers	25,534	0	0	25,534
Liabilities established through the issuing of securities	1,655	0	0	1,655
Liabilities established through the issuing of securities, hedging	1,462	0	0	1,462
Subordinated loan capital	453	0	0	453
Financial derivatives	0	29	0	29
Total liabilities	**29,410**	**29**	**0**	**29,441**

NOTE 22.2 DEBT SECURITIES, VALUE HEDGING

Fixed-rate debt securities are normally secured by value hedging. When a hedge is established, the Bank documents the relationship between the hedging instruments and the hedged items. The Group also documents its assessment of whether the derivatives being used are sufficiently effective in counteracting changes in fair value linked to the hedged items. Such assessments are documented both upon establishment of the hedge and on an ongoing basis during the hedging period. The Bank hedges interest rate risk at individual level. Risks relating to changes in credit spread are not hedged. Changes in value linked to changes in the NIBOR rate are recognised and the book value of the hedged fixed-rate loans is adjusted on an ongoing basis. The book value of debt securities with a fixed interest rate, including accrued interest, amounts to NOK 1,169 million (NOK 1,756 million). The net recognised gain linked to the hedging instruments and hedged items linked to the hedged risk amounted to NOK -1 million in 2023 and NOK -2 million in 2022. See also Note 36.1

GROUP

Ineffective hedging via the income statement	31.12.23	31.12.22
Effectiveness linked to hedged items	70	79
Effectiveness linked to the hedging instrument	-69	-81
Net ineffectiveness via the income statement	**-1**	**-2**

PARENT BANK				GROUP		
31.12.23				31.12.23		
Contract	Fair value		At fair value via the income statement	Con-tract	Fair value	
sum	Assets	Liabilities		Total	Assets	Liabilities
1,500	64	0	Interest rate swaps – fixed interest rate borrowing hedging	2,000	64	0
1,500	**64**	**0**	**Total financial derivatives, hedging**	**2,000**	**64**	

31.12.22				31.12.22		
Contract	Fair value		At fair value via the income statement	Con-tract	Fair value	
sum	Assets	Liabilities		Total	Assets	Liabilities
1,500	31	0	Interest rate swaps – fixed interest rate borrowing hedging	1,800	31	0
1,500	**31**	**0**	**Total financial derivatives, hedging**	**1,800**	**31**	**0**

GROUP

Ref.	Hedged item	Contract sum	Settlement date	Interest rate	Accounting line	Currency
1	Fixed rate, borrowing	500	24	2.50	Liabilities established through the issuing of securities	NOK
2	Fixed rate, borrowing	500	2026	1.88	Liabilities established through the issuing of securities	NOK
3	Fixed rate, borrowing	500	2028	5.20	Liabilities established through the issuing of securities	NOK
4	Fixed rate, borrowing	500	2029	2.22	Liabilities established through the issuing of securities	NOK

Ref.	Hedging instrument	Contract sum	Settlement date	Interest rate	Accounting line	Currency
1	Interest rate swap, fixed	500	24	2.50	Financial derivatives	NOK
1	Interest rate swap, variable	-500	24	5.51	Financial derivatives	NOK
2	Interest rate swap, fixed	500	2025	1.88	Financial derivatives	NOK
2	Interest rate swap, variable	-500	2025	5.25	Financial derivatives	NOK
3	Interest rate swap, fixed	500	2028	5.20	Financial derivatives	NOK
3	Interest rate swap, variable	-500	2028	5.71	Financial derivatives	NOK
4	Interest rate swap, fixed	500	2029	2.22	Financial derivatives	NOK
4	Interest rate swap, variable	-500	2029	5.32	Financial derivatives	NOK

Reference 4 concerns debt established through the issuing of securities in the subsidiary Helgeland Boligkreditt.

No instalments are paid on the hedging instruments or assets. These fall due in full as of the settlement date.

NOTE 22.3 ASSESSMENT OF FAIR VALUE OF FINANCIAL INSTRUMENTS BY LEVEL

The table shows financial instruments at fair value according to the valuation method (IFRS13). The changes require the presentation of fair value measurements per level, with the following subdivisions into levels. The various levels are defined as follows:

- Level 1 - Listed price in an active market for an identical asset or liability
- Level 2 – Valuation based on observable factors, either directly (price) or indirectly (derived from prices), other than the listed price ((used in level 1) for the asset or liability
- Level 3 - Valuation based on factors not obtained from observable markets (non-observable assumptions)

The fair value of financial instruments that are traded on an active market is based on the market price at the end of the reporting period. A market is considered to be active if the markets rates are readily and regularly available from a stock exchange, trader, broker, business group, pricing service or regulatory authority, and the prices represent actual and regularly occurring arm's length market transactions. The market price used for financial assets is the current bid price, while for financial liabilities the current offer price is used. These instruments are included in level 1. The fair value of financial instruments that are not traded on an active market is determined by using valuation methods. These valuation methods maximise the use of observable data where such data is available, and are based as little as possible on the Group's own estimates. If all the significant data required to determine the fair value of an instrument comprise observable data, the instrument are included in level 2.

Unlisted shares and fixed-rate loans are classified under level 3. In the case of the valuation of shares where there is no active market, known sales values are based on the latest issue price. For securities without sales, the value is determined on the basis of available accounting information or similar. Fixed-rate lending is recognised at fair value (see also the description of valuation in Note 1).

Interest rate derivatives that are not part of the hedge accounting amount to NOK 1,504 million as of 31.12.23, and NOK 1,599million as of 31.12.22. Net interest rate risk in the event of a parallel change in interest rate of 1 percentage point for fixed-rate lending amounts to NOK -17 million (NOK -23 million) as of 31.12.23, while interest rate derivatives amount to NOK 25 million (NOK 64 million) as of 31.12.23.

No transfers took place between levels 1 and 2 during 2023.

Assets and liabilities at fair value

PARENT BANK						GROUP
	31.12.23					31.12.23
Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
			Assets			
			Financial assets at fair value via the income statement			
0	0	964	Loans to and receivables from customers at fair value	0	0	964
0	5,002	872	Certificates, bonds and shares at fair value	0	5,249	864
			Financial assets at fair value via other comprehensive income			
0	0	12,764	Mortgages	0	0	16,971
0	64	0	Financial derivatives, hedging	0	64	0
0	**5,066**	**14,592**	**Total assets**	**0**	**5,313**	**18,799**
			Liabilities			
			Financial liabilities at fair value via the income statement			
0	33	0	Financial derivatives	0	81	0
0	**33**	**0**	**Total liabilities**	**0**	**81**	**0**

Shares	Lending	Total	Change in the instruments classified under level 3	Shares	Lending	Total
712	15,214	15,926	Balance brought forward	712	20,052	20,764
0	-2,829	-2,829	Instalments and loans redeemed	0	-3,489	-3,489
157	1,208	1,365	New loans	157	1,308	1,465
-5	135	130	Change in value	-5	64	59
864	13,728	14,592	Financial instruments valued according to level 3	864	17,934	18,799

Assets and liabilities at fair value

PARENT BANK				GROUP		
	31.12.22					31.12.22
Level 1	**Level 2**	**Level 3**		**Level 1**	**Level 2**	**Level 3**
			Assets			
			Financial assets at fair value via the income statement			
0	0	1,297	Loans to and receivables from customers at fair value	0	0	1,297
0	4,874	712	Certificates, bonds and shares at fair value	0	5,023	712
			Financial assets at fair value via other comprehensive income			
0	0	13,917	Mortgages	0	0	18,755
0	31	0	Financial derivatives, hedging	0	31	0
0	**4,905**	**15,926**	**Total assets**	**0**	**5,054**	**20,764**
			Liabilities			
			Financial liabilities at fair value via the income statement			
0	29	0	Financial derivatives	0	58	0
0	**29**	**0**	**Total liabilities**	**0**	**58**	**0**

Shares	Lending	Total	Change in the instruments classified under level 3	Shares	Lending	Total
595	15,923	16,518	Balance brought forward	595	22,961	23,556
-1	-1,252	-1,253	Instalments and loans redeemed	-1	-3,079	-3,080
114	501	615	New loans	114	133	247
4	42	46	Change in value	4	37	41
712	15,214	15,926	Financial instruments valued according to level 3	712	20,052	20,764

NOTE 22.4 FAIR VALUE OF FINANCIAL INSTRUMENTS

PARENT BANK								GROUP
31.12.22		31.12.23			31.12.23		31.12.22	
Fair value	Balance sheet value	Fair value	Balance sheet value	Fair value of financial instruments	Fair value	Balance sheet value	Fair value	Balance sheet value
				Assets				
71	71	83	83	Cash and receivables, central banks	83	83	71	71
2,158	2,158	1,865	1,865	Loans to and receivables from credit institutions	842	842	1,442	1,442
15,214	15,214	13,728	13,728	Loans to customers at fair value [3]	17,935	17,925	20,052	20,052
10,595	10,595	11,226	11,226	Loans to customers at amortised cost [1]	11,268	11,279	10,780	10,780
31	31	64	64	Financial derivatives	64	64	31	31
5,587	5,587	5,866	5,866	Certificates, bonds and shares	6,113	6,113	5,735	5,735
33,656	33,656	32,832	32,832	Total	36,305	36,306	38,111	38,111
				Liabilities				
308	308	316	316	Liabilities to credit institutions at amortised cost	320	320	313	313
214	214	430	430	Deposits from and liabilities to customers at fair value	430	430	214	214
25,320	25,320	24,723	24,726	Deposits from and liabilities to customers at amortised cost	25,253	24,253	24,915	24,915
1,462	1,462	1,144	1,144	Debt securities, hedging [2]	1,602	1,602	1,734	1,762
1,613	1,655	1,498	1,517	Covered bonds, amortised cost (FRN) [2]	4,497	4,486	5,742	5,742
453	453	336	336	Subordinated loan	352	352	453	453
29	29	31	31	Financial derivatives	81	81	58	58
29,399	29,441	28,478	28,500	Total	32,535	31,524	33,429	33,457

1) The carrying amount for loans to customers at amortised cost approximates to fair value.
2) The fair value of debt securities and subordinated loans is calculated from a theoretical market value based on interest rate and spread curves.
3) Lending at fair value via the income statement and lending at fair value via other comprehensive income (OCI).

NOTE 23. FINANCIAL DERIVATIVES

GENERAL DESCRIPTION - CURRENCY AND INTEREST RATE AGREEMENTS

Interest rate swaps: agreement to swap interest rate conditions for an agreed amount over an agreed period. Interest swap agreements and currency swap agreements: agreements to swap currency and interest rate conditions over a pre-agreed period for an agreed amount. SpareBank 1 Helgeland enters into hedging transactions with reputable Norwegian and foreign banks in order to reduce the Bank's own risk. Derivative transactions are linked to ordinary banking operations and are executed to reduce the risk associated with the Group's debt securities in the financial markets and to mitigate risk relating to customer-focussed activity. Only debt securities linked to the Group's fixed-rate borrowing are defined as '"fair value hedging". The Group does not use cash flow hedging. The Board of Directors has established limits for maximum risk on the Group's interest rate positions. Procedures have been established to ensure that the adopted framework is followed.

The agreements entered into by the Bank are interest rate-related financial derivatives. These are interest rate swaps linked to fixed-rate debt securities and fixed-rate lending. The reason for using interest rate swap agreements is that a positive or negative change in the value of the underlying item will largely be offset by an opposing change in the value of the interest rate swap. The amounts are inclusive of accrued interest.

Financial derivatives

PARENT BANK				GROUP		
31.12.23						**31.12.23**
	Fair value		**At fair value via the income statement**		**Fair value**	
Contract sum	**assets**	**liabilities**		**Contract sum**	**assets**	**liabilities**
1,504	0	33	Interest rate swaps – fixed interest rate loans	1,504	0	81
30	0	0	Interest rate swaps, interest-bearing securities	30	0	0
1,534	**0**	**33**	**Total financial derivatives at fair value via the income statement**	**1,534**	**0**	**81**
1,500	64	0	Interest rate swaps – fixed-rate debt securities hedging	2,000	64	0
1,500	**64**	**0**	**Total financial derivatives, hedging**	**2,000**	**64**	**0**

Financial derivatives

PARENT BANK				GROUP		
31.12.22						**31.12.22**
	Fair value		**At fair value via the income statement**		**Fair value**	
Contract value	**assets**	**liabilities**		**Contract value**	**assets**	**liabilities**
1,599	0	29	Interest rate swaps – fixed interest rate loans	1,599	0	58
30	0	0	Interest rate swaps, interest-bearing securities	30	0	0
1,629	**0**	**29**	**Total financial derivatives at fair value via the income statement**	**1,629**	**0**	**58**
1,500	31	0	Interest rate swaps – fixed-rate debt securities hedging	1,800	31	0
1,500	**31**	**0**	**Total financial derivatives, hedging**	**1,800**	**31**	**0**

NOTE 23.1 NET PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES

Instruments of relevance to the management of interest rate risk will primarily be interest rate swaps (interest rate swap agreements). Transactions involving derivatives can be carried out with different counterparties. In order to differentiate the counterparty structure, selected major banks/brokerage houses which account for the majority of the turnover in interest-related products in the market are used. The Bank has the opportunity to offset balances. Amounts are not offset in the balance sheet because the transactions are not usually settled on a net basis.

					GROUP
					31.12.23
	Gross financial assets	**Financial assets recognised net**	**Net financial assets in the balance sheet**	**Financial instruments**	**Net present**
Derivatives as assets	64	0	64	-64	0
Derivatives as liabilities	81	0	81	-64	17

GROUP

31.12.22

	Gross financial assets	Financial assets recognised net	Net financial assets in the balance sheet	Financial instruments	Net present
Derivatives as assets	31	0	31	-31	0
Derivatives as liabilities	58	0	58	-31	27

NOTE 24. CERTIFICATES, BONDS AND SHARES

PARENT BANK			GROUP	
31.12.22	31.12.23		31.12.23	31.12.22
4,853	4,970	Certificates and bonds	5,217	5,002
21	32	Accrued interest on securities	32	21
712	864	Shares, unit trust certificates and equity certificates	864	712
5,587	5,866	Total certificates, bonds 1-2)	6,113	5,735

1) The figures represent the maximum credit exposure.
2) The Group's policy of prudence in the securities market will be continued, and changes in the value of financial investments are expected to reflect this. The fixed income portfolio amounts to 14.6% (14.4%) of bank assets.

NOTE 24.1 CERTIFICATES AND BONDS

The Bank's portfolio of certificates and bonds is valued at fair value. All changes in value are recognised via the income statement.

Insofar as there is an active market for the securities concerned, observable market prices are used to determine fair value.

PARENT BANK 31.12.23			GROUP 31.12.23	
Nominal value	Fair value		Nominal value	Fair value
1,373	1,379	Bonds issued by the public sector	1,373	1,379
50	49	Certificates	200	195
3,511	3,697	Other bearer bonds	3,621	3,808
	32	Accrued interest on securities		32
4,934	5,157	Total certificates and bonds	5,194	5,414

PARENT BANK			GROUP	
31.12.22			31.12.22	
Nominal value	Fair value		Nominal value	Fair value
1,419	1,420	Bonds issued by the public sector	1,419	1,420
100	98	Certificates	250	246
3,305	3,335	Other bearer bonds	3,305	3,335
0	21	Accrued interest on securities	0	21
4,824	4,874	Total certificates and bonds	4,974	5,022

SpareBank 1 Helgeland had no bonds issued by Helgeland Boligkreditt AS at the end of the year or at the same time last year. It is used as collateral for concluded swap agreements with Norges Bank.

The Bank has adopted a cautious strategy with regard to securities, with specified parameters including minimum requirements regarding ratings for both Norwegian and foreign securities. The framework and authorisations are revised annually and are approved by the Bank's Board. The Group's portfolio of certificates and bonds is classified as current assets in their entirety. The purpose of the certificate and bond portfolio is to ensure that the Group has liquidity reserves at its disposal. The Bank's liquidity holdings are not deemed to constitute a trading portfolio.

NOTE 25. SHARES, UNIT TRUST CERTIFICATES AND EQUITY CERTIFICATES AT FAIR VALUE

PARENT BANK AND GROUP

	31.12.23		31.12.22	
	Acquisition cost	Book value	Acquisition cost	Book value
Total shares, unit trust certificates and equity certificates	847	864	687	712

Unrealised changes in value in the portfolio are recognised via the income statement under net income from financial instruments.

Company	Org. no.	Company's share capital	Number of shares	Cost price	Ownership fraction and voting capital	Carrying amount
SpareBank 1 Boligkreditt AS	988.738.387	7,797	2,408,406	363	3.09%	361
SpareBank 1 Finans Nord-Norge AS	930.060.237	1,101	33,030	271	15.00%	272
SpareBank 1 Betaling AS	916.116.749	29	886,964	50	2.84%	57
SpareBank 1 Regnskapshuset NN AS	851.987.142	10	225	51	15.00%	51
EiendomsMegler 1 Nord-Norge AS	931.262.041	21	3,150	24	15.00%	26
SpareBank 1 Kreditt AS	975.966.453	508	177,186	66	3.49%	66
Total Other				22		31
Total Shares				**847**		**864**

NOTE 25.1 ADDITIONS/DISPOSALS OF SHARES, UNIT TRUST CERTIFICATES AND EQUITY CERTIFICATES

PARENT BANK AND GROUP

	31.12.23	31.12.22
Portfolio as of 01.01	712	595
Additions	158	114
Disposals	0	1
Adjustment to fair value	-6	4
Portfolio as of 31.12	**864**	**712**

NOTE 26. INVESTMENTS IN SUBSIDIARIES

PARENT BANK

	Share capital	Number of shares	Equity stake	Registered office	Book value 31.12.23	Book value 31.12.22
Bankbygg Mo AS	0.1	198,962	99.8%	Mo i Rana	97	48
Helgeland Boligkreditt AS	540	540	100%	Mo i Rana	540	540
AS Sparebankbygg	0.1	100	100%	Sandnessjøen	1	1
Helgland Spb.eiend.selskap AS	0.1	100	100%	Mosjøen	0.4	0.4
Storgata 73 AS	0.1	140	100%	Brønnøysund	9	1
Total capitalised value					**648**	**591**

NOTE 26.1 SPECIFICATION OF YEAR'S CHANGES IN SUBSIDIARIES

PARENT BANK

	31.12.23	31.12.22
Carrying amount as of 01.01	591	590
Additions/disposals	58	0
Write-downs	0	0
Carrying amount as of 31.12	**648**	**591**

NOTE 26.2 SHARES IN SUBSIDIARIES

PARENT BANK

31.12.23

	Equity stake	Current assets	Fixed assets	Current liabilities	Non-current liabilities	Equity	Book value
Bankbygg Mo AS	99.8%	51	180	4	148	80	97
Helgeland Boligkreditt AS	100%	5,085	0	1,022	3,493	570	540
AS Sparebankbygg	100%	6	12	0	16	2	1
Helgland Spb.eiend. selskap AS	100%	2	19	1	9	11	0.4
Storgata 73 AS	100%	3	8	0	4	6	9

	Equity stake	Income	Costs	Profit
Bankbygg Mo AS	99.8%	13	18	-6
Helgeland Boligkreditt AS	100%	244	223	22
AS Sparebankbygg	100%	3	3	0
Helgland Spb.eiend.selskap AS	100%	5	4	1
Storgata 73 AS	100%	3	3	1

PARENT BANK

							31.12.22
	Equity stake	Current assets	Fixed assets	Current liabilities	Non-current liabilities	Equity	Book value
Bankbygg Mo AS	99.8%	6	140	9	100	36	48
Helgeland Boligkreditt AS	100%	5,661	0	1,077	4,584	577	540
AS Sparebankbygg	100%	7	11	0	16	1	1
Helgland Spb.eiend. selskap AS	100%	6	20	1	15	9	0.4
Storgata 73 AS	56%	2	9	1	5	5	1

	Equity stake	Income	Costs	Profit
Bankbygg Mo AS	99.8%	0	10	-10
Helgeland Boligkreditt AS	100%	183	154	29
AS Sparebankbygg	100%	3	2	0
Helgland Spb.eiend.selskap AS	100%	5	3	1
Storgata 73 AS	56%	2	2	0

NOTE 27. ASSOCIATES AND JOINT ARRANGEMENTS

Samarbeidende SpareBanker AS, SpareBank 1 SamSpar AS and Samarbeidene SpareBanker Utvikling DA

SpareBank 1 Helgeland's stake in SamSpar is strategic in nature. The investment is part of SpareBank 1 Helgeland's entry into the SpareBank 1 Alliance. At the year-end, SpareBank 1 Helgeland held stakes of 3.4% in Samarbeidene SpareBanker AS, 3.2% in SpareBank 1 Samspar AS and 3.2% in Samarbeidende SpareBanker Utvikling DA.

The enterprises are defined as jointly controlled enterprises, and are thus recognised at cost price, with subsequent valuations in accordance with the equity method. Forecasts are used where no final accounting figures are available.

PARENT BANK AND GROUP

					31.12.23	31.12.22
Balance 100% stake	**Share capital**	**Cost price**	**Number of shares**	**Equity stake, %**	**Book value**	**Book value**
Samarbeidende Sparebanker AS	373	163	31,181	3.4%	134	137
SpareBank 1 SamSpar AS	16	6	28,787	3.2%	6	6
Samarbeidende Sparebanker utvikling DA	-	1	-	3.2%	1	1
Total investment in associates and jointly controlled enterprises					**142**	**145**

PARENT BANK AND GROUP

Balance 100% stake		Assets	Liabilities	Income	Costs	Profit
						31.12.23
Samarbeidende Sparebanker AS		1,781	0	-23	6	-29
SpareBank 1 SamSpar AS		82	54	129	127	2
Samarbeidende Sparebanker utvikling DA		150	1	349	343	6
Total		**2,013**	**55**	**455**	**476**	**-21**
Samarbeidende Sparebanker AS	3.4%	60	0	-1	0	-1
SpareBank 1 SamSpar AS	3.2%	3	2	4	4	0
Samarbeidende Sparebanker utvikling DA	3.2%	5	0	11	11	0
Total		**67**	**2**	**14**	**15**	**-1**

PARENT BANK AND GROUP

Balance 100% stake		Assets	Liabilities	Income	Costs	Profit
						31.12.22
Samarbeidende Sparebanker AS		2,297	0	178	1	177
SpareBank 1 SamSpar AS		102	75	46	47	-1
Samarbeidende Sparebanker utvikling DA		143	0	310	308	0
Total		**2,542**	**75**	**534**	**356**	**176**
Samarbeidende Sparebanker AS	3.0%	69	0	5	0	5
SpareBank 1 SamSpar AS	3.0%	3	2	1	1	0
Samarbeidende Sparebanker utvikling DA	3.0%	4	0	9	9	0
Total		**76**	**2**	**16**	**11**	**5**

NOTE 27.1 SPECIFICATION OF CHANGES IN ASSOCIATES AND JOINT ARRANGEMENTS

PARENT BANK AND GROUP

Change in carrying amount, associates and jointly controlled enterprises	31.12.23	31.12.22
Carrying amount as of 01.01	145	144
Additions	20	6
Disposals	0	0
Change in equity	-6	-6
Share of earnings	-1	5
Other changes	0	0
Dividends	-17	-4
Carrying amount as of 31.12	**142**	**145**

NOTE 27.2 STRATEGIC INVESTMENTS, NOT TREATED AS ASSOCIATES

The Bank has strategic investments in SpareBank 1 Betaling (2.8%), the leasing company SpareBank 1 Finans Nord-Norge (15%), EiendomsMegler 1 Nord-Norge (15%), SpareBank 1 Regnskapshuset Nord-Norge (15%), SpareBank 1 Boligkreditt (3.09%) and SpareBank 1 Kreditt AS (3.48%). These companies have not been consolidated in the Bank's financial statements or treated as an associate, and are recognised at cost with subsequent valuation at fair value. In addition, the Group has an indirect stake in SpareBank 1 Gruppen of 0.65% through its holding in Samarbeidene SpareBanker AS.

NOTE 28. RELATED PARTIES

SpareBank 1 Helgeland defines its subsidiaries and associated companies as related parties. Transactions between the Parent bank, Group companies and associated companies are executed in accordance with ordinary commercial terms and principles. The information is disclosed in accordance with IAS 24 for "Disclosure of related parties". Loans to elected representatives and employees are described in Note 28.2. For a more detailed description of remunerations, etc., see the remuneration report, which is published on the Company's website.

NOTE 28.1 INTRA-GROUP ELIMINATIONS/TRANSACTIONS

	GROUP AND PARENT BANK	
	31.12.23	**31.12.22**
Income statement		
Interest from interest and credit commission income from subsidiaries	49	33
Dividends received/group contributions	29	56
Interest on subsidiaries' deposits	9	2
Rent expenses	18	8
Management fees	6	7
Balance sheet		
Loans to subsidiaries	1,200	852
Covered bonds	0	0
Deposits from subsidiaries	469	401
Receivables concerning dividends	22	29

HELGELAND BOLIGKREDITT AS (STAKE 100%)

Transferred loans as of 31.12.23 amounted to a total of NOK 4,427 million (NOK 5,161 million). Covered bonds in the mortgage credit institution amounted to NOK 3,438 million (NOK 4,359 million), of which NOK 0 million (NOK 0 million) have been acquired by SpareBank 1 Helgeland. Of the credit line of NOK 1.5 billion, NOK 1,022 million had been used as of 31.12.23. The company also has an overdraft facility of NOK 1,500 million (with a maturity of more than one year) granted by SpareBank 1 Helgeland. The overdraft facility is intended to cover payment obligations in the collateral base over a rolling 12-month period, and is completely unused. The agreements have been established according to the arm's length principle. The effects of the facilities are eliminated in the consolidated accounts.

The effects of the facilities are eliminated in the consolidated accounts. SpareBank 1 Helgeland received dividends of NOK 28.6 million in 2023.

BANKBYGG MO AS (STAKE 99.8%)

Bankbygg Mo AS, the Bank moved back into the premises in spring 2023.

NOTE 28.2 LOANS TO ELECTED REPRESENTATIVES AND EMPLOYEES

PARENT BANK			GROUP	
31.12.22	31.12.23	(amounts in NOK million)	31.12.23	31.12.22
338	292	Employment	414	385
26	28	Board of Directors	39	40
35	40	Supervisory Board	82	46
399	**360**	**Total loans to elected representatives and employees**	**535**	**471**

The interest rate applied to loans to employees was lower than the rate applicable to customers for 2023. This loan benefit amounts to NOK 6.0 million (NOK 3.8 million) calculated on the basis of the maximum loan amount.

NOTE 29. DEFERRED TAX ASSET

PARENT BANK			GROUP	
31.12.22	31.12.23	Temporary differences:	31.12.23	31.12.22
		Positive temporary differences		
3	7	Other temporary differences	7	3
3	**7**	**Total positive temporary differences**	**7**	**3**
1	2	Deferred tax	2	1
		Negative temporary differences		
41	41	Change in value, interest-bearing securities	41	41
0	0	Fixed assets	16	19
17	17	Pension liabilities	17	17
21	28	Other differences	28	18
79	**86**	**Total negative temporary differences**	**102**	**95**
0	0	Loss carried forward	21	10
79	**86**	**Total negative temporary differences**	**123**	**105**
20	22	Deferred tax asset	31	26
19	20	Net deferred tax asset	29	26

Dividends from the Parent bank to equity certificate holders have no influence on the Group's payable tax or deferred tax.

Deferred tax/tax asset is calculated on the basis of the temporary differences which exist at the end of the financial year between accounting and fiscal values using the debt method. Deferred tax is shown in the accounts on a net basis when the Group has a legal right to offset deferred tax asset against deferred tax in the balance sheet.

NOTE 30. FIXED ASSETS

PARENT BANK | **GROUP**

31.12.23

Total	Machinery, equipment, fixtures and vehicles	Buildings and other real property		Buildings and other real property	Machinery, equipment, fixtures and vehicles	Total
282	220	63	Acquisition cost as of 01.01	326	225	551
17	14	3	Additions	51	14	65
0	0	0	Disposals	0	0	0
299	**234**	**66**	**Acquisition cost as of 31.12**	**377**	**239**	**616**
246	193	54	Accumulated depreciation and write-downs as of 01.01	136	205	341
15	15	0	Depreciation for the year	9	15	24
	0	0	Disposals, accumulated depreciation and write-downs			
261	**207**	**54**	**Accumulated depreciation and write-downs as of 31.12**	**145**	**220**	**365**
39	**27**	**12**	**Book value as of 31.12**	**232**	**19**	**250**
			Percentage rates for ordinary depreciation			
			Useful life *			

*) The useful life of each fixed asset is assumed.

PARENT BANK | **GROUP**

31.12.22

Total	Machinery, equipment, fixtures and vehicles	Buildings and other real property		Buildings and other real property	Machinery, equipment, fixtures and vehicles	Total
277	216	61	Acquisition cost as of 01.01	272	220	492
6	4	2	Additions	99	5	104
0	0	0	Disposals	45	0	45
283	**220**	**63**	**Acquisition cost as of 31.12**	**326**	**225**	**551**
232	178	53	Accumulated depreciation and write-downs as of 01.01	149	191	339
15	14	0	Depreciation for the year	11	14	26
0	0	0	Disposals, accumulated depreciation and write-downs	24	0	24
246	**193**	**54**	**Accumulated depreciation and write-downs as of 31.12**	**136**	**205**	**341**
37	**27**	**9**	**Book value as of 31.12**	**190**	**20**	**209**
	10-33%	3-4%	Percentage rates for ordinary depreciation	3-4%	10-33%	
	3-10 years	30 years	Useful life*	30 years	3-10 years	

*) The useful life of each fixed asset is assumed.

NOTE 31. INTANGIBLE ASSETS

PARENT BANK 31.12.23 Total	Intangible assets	Goodwill		Goodwill	Intangible assets	GROUP 31.12.23 Total
108	62	46	Acquisition cost as of 01.01	46	62	108
			Additions	0	0	0
			Disposals	0	0	
108	**62**	**46**	**Acquisition cost as of 31.12**	**46**	**62**	**108**
14	12	2	Accumulated depreciation and write-downs as of 01.01	2	12	14
10	10	0	Depreciation for the year	0	10	10
			Disposals, accumulated depreciation and write-downs			
24	**23**	**2**	**Accumulated depreciation and write-downs as of 31.12**	**2**	**23**	**25**
83	**39**	**44**	**Book value as of 31.12**	**44**	**39**	**83**

Intangible assets and goodwill largely relate to the transfer of business in 2021. Intangible assets are depreciated over a period of 5-7 years. Goodwill is evaluated annually and written down if the relevant conditions are met.

PARENT BANK 31.12.22 Total	Intangible assets	Goodwill		Goodwill	Intangible assets	GROUP 31.12.22 Total
108	62	46	Acquisition cost as of 01.01	46	62	108
0	0	0	Additions	0	0	0
0	0	0	Disposals	0	0	0
108	**62**	**46**	**Acquisition cost as of 31.12**	**46**	**62**	**108**
2	2	2	Accumulated depreciation and write-downs as of 01.01	2	2	4
10	10	0	Depreciation for the year	0	10	10
0	0	0	Disposals, accumulated depreciation and write-downs	0	0	0
14	**12**	**2**	**Accumulated depreciation and write-downs as of 31.12**	**2**	**12**	**14**
94	**50**	**44**	**Book value as of 31.12**	**44**	**50**	**94**

NOTE 32. OTHER ASSETS

PARENT BANK			GROUP	
31.12.22	31.12.23	(amounts in NOK million)	31.12.23	31.12.22
1	3	Sundry suspense accounts	3	1
33	76	Receivables from property/Usufruct leases	9	11
26	35	Prepaid costs	36	26
19	20	Deferred tax asset	29	26
1	1	Repossessed property	1	1
80	**135**	**Total other assets**	**81**	**65**

NOTE 33. FOREIGN CURRENCY

GROUP AND PARENT BANK

The Group has no significant holdings of foreign currency available via ATMs. The Group has no transactions in foreign currency of any significance, but has pledged guarantees for foreign currency loans managed by the currency bank on behalf of SpareBank 1 Helgeland. See Note 2.3.1 Foreign exchange risk.

NOTE 34. LIABILITIES TO CREDIT INSTITUTIONS

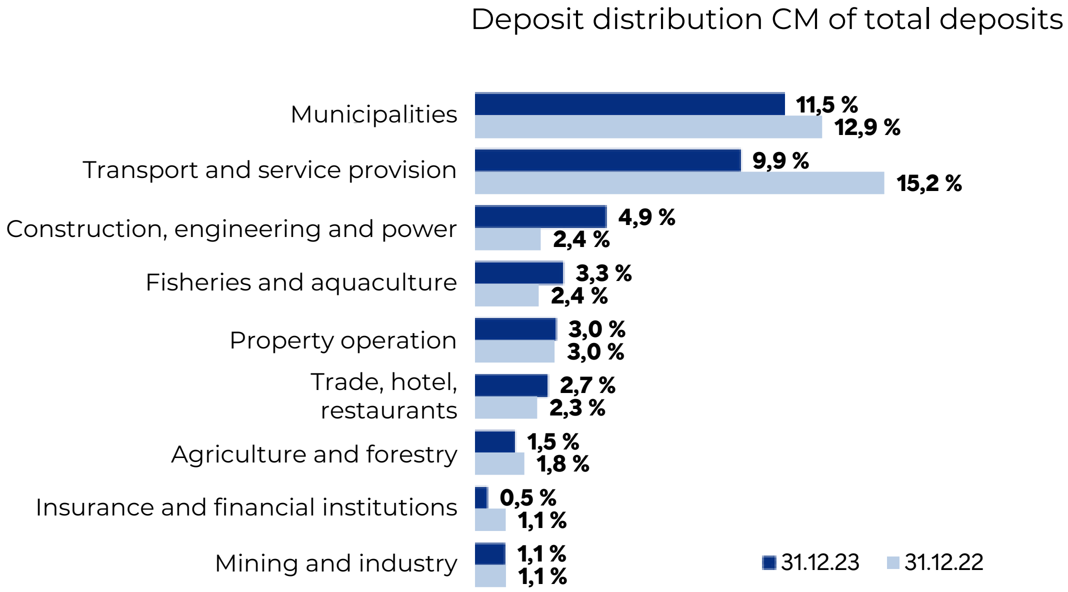
PARENT BANK			GROUP	
31.12.22	31.12.23	(amounts in NOK million)	31.12.23	31.12.22
8	16	Liabilities to credit institutions without agreed maturity	20	13
300	300	Other long-term loans	300	300
308	**316**	**Total liabilities to credit institutions**	**320**	**313**

NOTE 35. DEPOSITS FROM CUSTOMERS

NOTE 35.1 DEPOSITS FROM CUSTOMERS BY SECTOR/INDUSTRY

PARENT BANK					GROUP			
%	31.12.22	%	31.12.23	Deposits by sector/industry	31.12.23	%	31.12.22	%
2.6%	667	2.1%	520	Insurance and finance	112	0.5%	286	1.1%
12.7%	3,245	11.3%	2,835	Municipalities and municipal enterprises	2,835	11.5%	3,245	12.9%
1.8%	460	1.5%	367	Agriculture and forestry	367	1.5%	460	1.8%
2.3%	595	3.2%	809	Fisheries and aquaculture	809	3.3%	595	2.4%
1.1%	288	1.1%	276	Mining and industry	276	1.1%	288	1.1%
2.4%	614	4.8%	1,203	Construction, engineering and power	1,203	4.9%	614	2.4%
2.3%	580	2.7%	667	Trade, hotel, restaurants	667	2.7%	580	2.3%
15.0%	3,826	9.7%	2,435	Transport and services	2,435	9.9%	3,826	15.2%
3.0%	767	3.2%	807	Property operation	742	3.0%	743	3.0%
43.2%	11,042	39.4%	9,919	Business	9,446	38.3%	10,637	42.3%
56.8%	14,492	60.6%	15,237	Retail market	15,237	61.7%	14,492	57.7%
100.0%	**25,534**	**100.0%**	**25,156**	**Total**	**24,683**	**100.0%**	**25,129**	**100.0%**

The Act relating to security arrangements for banks and public administration, etc. by financial institutions requires all savings banks to be a member of the Norwegian Banks' Guarantee Fund. The fund is obliged to cover losses suffered by a depositor on deposits in a member institution of up to NOK 2 million of the collective deposit.



DEPOSITS FROM CUSTOMERS AS OF 31.12.23 (GROUP)

Deposits from customers amounted to NOK 24.7 billion (NOK 25.1 billion), of which NOK 9.4 billion (NOK 10.6 billion) has been loaned to corporate customers. The graph above shows the sector distribution, with growth in the transport and service sectors. The share of retail market deposits amounts to 61.7% (57.7%). Of the deposits, 91.9% (90.6%) consist of deposits from customers in Helgeland.

NOTE 35.2 GEOGRAPHICAL DISTRIBUTION OF DEPOSITS FROM CUSTOMERS

PARENT BANK			GROUP	
31.12.23	**% share**		**31.12.23**	**% share**
23,153	92.0%	Helgeland	22,680	91.9%
1,788	7.1%	Rest of Norway	1,788	7.2%
215	0.9%	International	215	0.9%
25,156	**100.0%**	**Total**	**24,683**	**100.0%**

PARENT BANK			GROUP	
31.12.22	**% share**		**31.12.22**	**% share**
23,027	90.2%	Helgeland	22,776	90.6%
2,295	9.0%	Rest of Norway	2,157	8.6%
212	0.8%	International	196	0.8%
25,534	**100.0%**	**Total**	**25,129**	**100.0%**

NOTE 35.3 DEPOSITS FROM CUSTOMERS, DIFFERENT FORMS OF DEPOSIT

PARENT BANK			GROUP	
31.12.22	31.12.23		31.12.23	31.12.22
11,155	11,165	Ordinary conditions without notice of termination or agreed maturity	11,100	11,130
12,697	11,810	Special conditions for customer deposits without agreed maturities	11,402	12,317
1,468	1,751	Special conditions for customer deposits with agreed maturity	1,751	1,468
214	430	Liquid deposits from customers with agreed maturity	430	214
25,534	**25,156**	**Total deposits from and liabilities to customers**	**24,683**	**25,129**

NOTE 36. LIABILITIES ESTABLISHED THROUGH THE ISSUING OF SECURITIES

PARENT BANK			GROUP	
31.12.22	31.12.23		31.12.23	31.12.22
3,117	2,661	Bond loans	6,109	7,521
0	0	Own bonds	-10	-45
3,117	**2,661**	**Total liabilities established through the issuing of securities**	**6,099**	**7,476**

All debt securities are in NOK.

NOTE 36.1 SPECIFICATION OF BOND LOANS

GROUP

31.12.23

	Maturity	Debt securities	Own portfolio	Net nominal
Bond loans, fixed-rate	24	130	0	130
Bond loans, FRN	24	979	10	969
Bond loans, FRN	2025	2,000	0	2,000
Bond loans, FRN	2026	500	0	500
Bond loans, fixed-rate	2026	500	0	500
Bond loans, FRN	2027	500	0	500
Bond loans, fixed-rate	2028	500	0	500
Bond loans, FRN	2028	500	0	500
Bond loans, fixed-rate	2029	500	0	500
Total bond loans		**6,109**	**10**	**6,099**

				GROUP
				31.12.22
	Maturity	**Debt securities**	**Own portfolio**	**Net nominal**
Bond loans, fixed-rate	2023	500	0	500
Bond loans, FRN	2023	1,253	45	1,208
Bond loans, fixed-rate	24	500	0	500
Bond loans, FRN	24	1,500	0	1,500
Bond loans, FRN	2025	2,000	0	2,000
Bond loans, FRN	2026	500	0	500
Bond loans, fixed-rate	2026	500	0	500
Bond loans, FRN	2027	500	0	500
Bond loans, fixed-rate	2029	300	0	300
Total bond loans		**7,553**	**45**	**7,508**

FINANCING

Liquidity risk is reduced by spreading securities debt across different markets, funding sources, instruments and maturities. The Group's share of long-term funding as of 31.12.23 was 78.1% (78.1%).

Covered bonds are included in the Group’s debt securities in the amount of NOK 3.4 billion (NOK 4.3 billion). The loan-to-value ratio of the collateral base is 50% (54%). Deposits are an important source of funding and the Group has a good deposit-to-loan ratio.

SPECIFICATION OF BOND LOANS

				PARENT BANK
				31.12.23
	Maturity	**Debt securities**	**Own portfolio**	**Net nominal**
Bond loans, fixed-rate	24	130	0	130
Bond loans, FRN	2025	500	0	500
Bond loans, FRN	2026	500	0	500
Bond loans, fixed-rate	2026	500	0	500
Bond loans, FRN	2027	500	0	500
Bond loans, fixed-rate	2028	500	0	500
Total bond loans		**2,630**	**0**	**2,630**

				PARENT BANK
				31.12.22
	Maturity	Debt securities	Own portfolio	Net nominal
Bond loans, fixed-rate	2023	500	0	500
Bond loans, FRN	2023	131	0	131
Bond loans, fixed-rate	24	500	0	500
Bond loans, FRN	2025	500	0	500
Bond loans, FRN	2026	500	0	500
Bond loans, fixed-rate	2026	500	0	500
Bond loans from	2027	500	0	500
Total bond loans		**3,131**	**0**	**3,131**

PARENT BANK				GROUP
31.12.22	31.12.23		31.12.23	31.12.22
3,132	2,630	Bond loans	6,099	7,507
-38	14	Value adjustment	-30	-62
23	17	Accrued interest	30	31
3,117	**2,661**	**Total debt securities**	**6,099**	**7,476**

					GROUP
Change in total debt securities	**31.12.22**	**Issued**	**Matured/ redeemed**	**Other changes**	**31.12.23**
Bond loans, nominal value	7,507	2,714	-4,122	0	6,099
Value adjustment	-62			32	-30
Accrued interest	31			-1	30
Total	**7,476**			**31**	**6,099**

					GROUP
Change in total debt securities	**31.12.21**	**Issued**	**Matured/ redeemed**	**Other changes**	**31.12.22**
Bond loans, nominal value	10,229	1,831	-4,632	79	7,507
Value adjustment	14			-76	-62
Accrued interest	28			3	31
Total	**10,271**	**1,831**		**6**	**7,476**

GROUP

Change in debt securities, amortised cost	31.12.22	Issued	Matured/ redeemed	Other changes	31.12.23
Bonds, amortised cost, nominal value	5,729	1,691	-2,929	-9	4,483
Accrued interest	12			4	16
Total	**5,741**			**-5**	**4,499**

Change in debt securities at amortised cost	31.12.21	Issued	Matured/ redeemed	Other changes	31.12.22
Bonds, amortised cost, nominal value	7,945	1,521	-3,822	85	5,729
Accrued interest	10			2	12
Total	**7,955**	**1,521**	**-3,822**	**87**	**5,741**

GROUP

Change in debt securities hedging	31.12.22	Issued	Matured/ redeemed	Other changes	31.12.23
Bond loans, hedging nominal value	1,777	1,023	-1,193	9	1,616
Value adjustment	-62			32	-30
Accrued interest	19			-5	14
Total	**1,734**			**36**	**1,600**

GROUP/PARENT BANK

Change in debt securities hedging	31.12.21	Issued	Matured/ redeemed	Other changes	31.12.22
Bond loans, hedging nominal value	2,284	310	-810	-7	1,777
Value adjustment	14			-76	-62
Accrued interest	18			1	19
Total	**2,316**	**310**	**-810**	**-82**	**1,734**

PARENT BANK

Change in debt securities, amortised	31.12.22	Issued	Matured/ redeemed	Other changes	31.12.23
Bonds, amortised cost, nominal value	1,650		-131	-8	1,511
Accrued interest	5			1	6
Total	**1,655**				**1,517**

PARENT BANK

Change in debt securities, amortised	31.12.21	Issued	Matured/ redeemed	Other changes	31.12.22
Bonds, amortised cost, nominal value	2,268	620	-1,238	0	1,650
Accrued interest	3			2	5
Total	**2,271**	**620**	**-1,238**	**2**	**1,655**

PARENT BANK

Change in debt securities hedging	31.12.22	Issued	Matured/ redeemed	Other changes	31.12.23
Bond loan hedging	1,481	823	-1,193	9	1,120
Value adjustments	-37			51	13
Accrued interest	18			-7	11
Total	**1,462**			**53**	**1,144**

PARENT BANK

Change in debt securities hedging	31.12.21	Issued	Matured/ redeemed	Other changes	31.12.22
Bond loan hedging	1,981	310	-810	0	1,481
Value adjustments	16			-53	-37
Accrued interest	20			-2	18
Total	**2,017**	**310**	**-810**	**-55**	**1,462**

PARENT BANK

Change in subordinate loans	31.12.22	Issued	Matured/ redeemed	Other changes	31.12.23
Bonds, amortised cost, nominal value	451	413	-513	-1	350
Value adjustment	-1				-1
Accrued interest	3				3
Total	**453**	**413**	**-513**	**-1**	**352**

NOTE 37. OTHER LIABILITIES

PARENT BANK			GROUP	
31.12.22	31.12.23		31.12.23	31.12.22
34	35	Other current liabilities	35	34
118	147	Tax payable	148	118
152	**182**	**Total other liabilities**	**183**	**152**
24	22	Accrued holiday pay and employer's National Insurance contributions	22	24
49	92	Lease liabilities	31	46
13	11	Other accrued costs	11	13
87	**125**	**Total accrued costs and prepaid income**	**64**	**83**
17	17	Net pension liabilities (Note 12)	17	17
8	7	Provision for loss on unused credit, granted not discounted loans and guarantees	7	8
25	**24**	**Total accrued liabilities**	**24**	**25**
264	**331**	**Total other liabilities**	**271**	**260**

NOTE 38. UNUSED DRAWING FACILITIES

	GROUP AND PARENT BANK	
	31.12.23	**31.12.22**
Short-term drawing facility, 1 year	900	300
Total unused drawing rights facilities	**900**	**300**

The Group's total liquidity reserves are deemed to be satisfactory.

	GROUP AND PARENT BANK	
In addition, the Group has:	**31.12.23**	**31.12.22**
Surplus liquidity at Norges Bank as of 31.12	66	53

Bonds at floating interest rates; interest rates are fixed in advance for three months at a time. The Bank's bonds are repaid at maturity; the loans may be repaid earlier if the agreements concerned permit and the Bank so wishes. The Group did not default on borrowed funds during the financial year. This applies to the principal, payment of interest and/or redemption amounts.

PLEDGED ASSETS
An overview of the Group's pledged assets is presented in Note 43.

BINDING AGREEMENTS TO ACQUIRE REAL PROPERTY, PLANT AND EQUIPMENT.
The Group has not entered into any significant binding agreements to acquire property, plant or equipment.

ONGOING LEGAL DISPUTES
The Group is not involved in any legal disputes that are considered to be of any significance as regards the Group's solvency or profitability.

NOTE 39. SUBORDINATED LOAN CAPITAL AND SUBORDINATED BONDS

						PARENT BANK AND GROUP	
Instrument	**Year of establishment**	**Nominal value**	**Interest rate**	**Redemption right**	**Maturity**	**31.12.23**	**31.12.22**
Subordinated loan	2023	NOK 200 million	3-month NIBOR +195 bp	Call 11.04.23	16.08.33	200	0
Subordinated loan	2023	NOK 150 million	3-month NIBOR +245 bp	Call 16.02.34	16.02.34	150	0
Subordinated loan	2018	NOK 300 million	3-month NIBOR +140 bp	Call 11.04.23	11.04.2028	0	300
Subordinated loan	2018	NOK 150 million	3-month NIBOR +152 bp	Call 06.09.23	06.09.2028	0	150
Subordinated bonds	2021	NOK 300 million	3-month NIBOR +250 bp	Call 14.09.31	01.12.2099	300	300
Subordinated bonds	2021	NOK 100 million	3-month NIBOR +260 bp	Call 14.09.31	01.12.2099	100	100
						750	850

NOTE 40. CAPITAL ADEQUACY

PARENT BANK			GROUP	
31.12.22	31.12.23		31.12.23	31.12.22
4,896	**5,029**	**Total carrying amount, equity**	**5,051**	**4,932**
-398	-398	Other approved Tier 1 capital (subordinated bonds)	-398	-398
-56	-56	Deduction, investment in SpareBank 1 Betaling	-56	-56
0	0	Deduction, other holdings in financial institutions	0	0
-9	-8	Deduction, responsible valuation	-9	-10
0	0	Deduction, share of earnings not included in Common Equity Tier 1	0	0
-87	-76	Deduction, intangible assets	-76	-87
-329	-357	Deduction, allocated dividends classified as equity	-357	-329
0	-4	Second deduction	-4	0
		Effect of proportionate consolidation of Common Equity Tier 1	-126	-100
4,016	**4,129**	**Total Common Equity Tier 1 capital**	**4,024**	**3,951**
0	0	Deduction, holdings in financial institutions	0	0
398	398	Other approved Tier 1 capital (subordinated bonds)	398	398
		Effect of proportionate consolidation of Tier 1 capital	45	40
4,415	**4,528**	**Total Tier 1 capital**	**4,468**	**4,389**
451	350	Subordinated loan capital	350	451
0	0	Deduction, holdings in financial institutions	0	0
		Effect of proportionate consolidation of Tier 2 capital	70	58
451	**350**	**Total supplementary capital**	**420**	**509**
4,866	**4,877**	**Total net subordinated capital**	**4,888**	**4,900**
18,055	18,699	Risk-weighted balance	22,090	20,809
22.24%	22.08%	Common Equity Tier 1 ratio in %	18.22%	18.99%
24.45%	24.21%	Tier 1 capital ratio in %	20.23%	21.09%
26.95%	26.08%	Tier 2 capital ratio as a %	22.13%	23.54%
12.00%	14.00%	Minimum requirement concerning Common Equity Tier 1 capital incl. buffer requirement and Pillar II supplement as a %	15.24%	14.20%
13.50%	15.50%	Minimum requirement concerning Tier 1 capital ratio incl. buffer requirement and Pillar II supplement as a %	17.15%	15.70%
15.50%	17.50%	Minimum requirement incl. buffer requirement and Pillar II supplement as a %	19.70%	17.70%
2,799	3,272	Minimum requirement concerning subordinated capital incl. buffer requirement and Pillar II supplement	4,352	3,683
2,066	1,605	Available subordinated capital in accordance with buffer requirements and Pillar II supplement	536	1,215

With effect from 31.12.23, the statutory minimum requirement for the Common Equity Tier 1 ratio is 14.0%. The Bank has a Pillar 2 supplement of 2.2%. The target figures for the Common Equity Tier 1 capital ratio and total capital adequacy are 1.3 percentage points above the regulatory requirements, which currently amount to 16.5% and 21.0%, respectively. The Group's risk weighted assets amounted to NOK 48,575 million, which represented a leverage ratio of 9.1% at the end of the year.

SpareBank 1 Helgeland uses the standard method for calculating credit risk and the basic method for calculating operational risk. As of 31.12.23, SpareBank 1 Boligkreditt, SpareBank 1 Kreditt and SpareBank 1 Finans Nord-Norge are included in the proportionate consolidation.

PARENT BANK			GROUP	
31.12.22	31.12.23	Calculation basis	31.12.23	31.12.22
5	5	States and central banks	5	5
230	184	Local and regional authorities	184	230
568	507	Institutions	245	341
1,308	1,823	Enterprises	1,825	1,310
2,524	2,442	Mass market commitments	2,524	2,608
9,106	8,719	Commitments secured through real property	10,113	10,793
276	417	Commitments overdue	417	277
665	606	Covered bonds	272	222
197	177	High-risk commitment	177	197
0	0	Units in securities funds	0	0
1,526	1,768	Equity positions	1,120	936
121	196	Other commitments	399	314
16,528	**16,843**	**Calculation basis, credit risk**	**17,280**	**17,233**
1,521	1,829	Calculation basis, operational risk	1,841	1,539
7	28	CVA supplement	41	8
0	0	Other deductions from/additions to the calculation basis	0	0
18,055	**18,699**	**Risk-weighted balance**	**19,162**	**18,781**
		Proportional share, calculation basis, collaborating groups	3,629	2,579
		Deduction, internal elimination, collaborating groups	-701	-551
		Risk-weighted balance after proportionate consolidation	**22,090**	**20,809**

NOTE 41. EQUITY CERTIFICATES

NOTE 41.1 DISTRIBUTION OF EQUITY CERTIFICATES

				PARENT BANK
				31.12.23
	Equity certificate holders		Equity certificates	
Breakdown by number of equity certificates	Quantity	Share %	Quantity	Share %
1 – 1,000	2,003	70.9%	611,333	2.3%
1,001 – 10,000	706	25.0%	2,078,154	7.7%
10,001 – 50,000	83	2.9%	1,597,618	5.9%
50,001 – 100,000	11	0.4%	767,075	2.8%
> 100,001	22	0.8%	21,945.950	81.3%
Total	**2,825**	**100.0%**	**27,000,130**	**100.0%**

PARENT BANK

31.12.22

	Equity certificate holders		Equity certificates	
Breakdown by number of equity certificates	**Quantity**	**Share %**	**Quantity**	**Share %**
1 – 1,000	1,912	70.7%	579,588	2.1%
1,001 – 10,000	671	24.8%	1,982,376	7.3%
10,001 – 50,000	87	3.2%	1,677,161	6.2%
50,001 – 100,000	12	0.4%	847,107	3.1%
100,001 – 500,000	22	0.8%	21,913,898	81.2%
Total	**2,704**	**100.0%**	**27,000,130**	**100.0%**

TRADING IN HELGELAND SPAREBANK'S EQUITY CERTIFICATES
The price as of 31.12.23 was NOK 130 (NOK 120) per equity certificate.

Sparebankstiftelsen Helgeland is the largest owner, with 28.1% of the equity certificates in HELG.

MARKET-MAKING AGREEMENT
SpareBank 1 Helgeland has entered into a market-making agreement relating to trading in the Bank's equity certificates. The purpose of this agreement is to secure liquidity and even out supply and demand, and to contribute to the marketing of the equity certificates. The agreement also means that, wherever possible, the difference between buying and selling prices will be kept to a maximum of four percentage points, rounded up or down to the nearest amount. The difference may nevertheless be kept smaller if the market interest should warrant it. The pricing should at all times reflect the market's assessment of the Bank's equity certificate.

RETURNS AND DIVIDEND POLICY
It is a priory area to practise sound management of our equity, inter alia, by practising an ownership policy which helps to create better liquidity in the equity certificates. The Bank wishes to maintain an open dialogue with equity certificate holders and other market operators. It is the Bank’s belief that providing accurate and relevant information at the right time creates confidence and predictability and contributes to the correct pricing of SpareBank 1 Helgeland’s equity certificate. In any event that involves an obligation on the Bank’s part to provide information, a report will be sent to Oslo Stock Exchange and then posted on the Bank’s website. The Bank has been listed on the stock exchange since 2000 and has complied with the requirements for reporting and information that the stock exchange requires of listed companies. The Bank’s ticker is HELG. The Board has recommended a dividend ratio of 75% (75%). Time-weighted ownership ratio of 79.9% as of 31.12.23 and 79.9% as of 31.12.22.

NOTE 41.2 EQUITY CERTIFICATE CAPITAL

According to the Bank’s dividend policy, half or more of the equity capital’s share of the profit may be paid out as dividends, and half or more of the primary capital’s share of the profit may be paid out in the form of gifts or transferred to one or more foundations. The remainder of the profit will be transferred to the equalisation fund and primary capital. The Bank has a strategy of having a long-term and predictable dividend policy.

Equity certificate capital amounts to NOK 266 million (NOK 268 million) and is divided between approximately 2,825 owners.

NOTE 41.3 THE 20 LARGEST OWNERS

PARENT BANK

As of 31.12.23	Quantity	% share		Quantity	% share
Sparebankstiftelsen Helgeland	7,588,922	28.11%	VPF Nordea Avkastning	298,061	1.1%
SpareBank 1 Nord-Norge	5,397,325	20.0%	Bergen kommunale pensjonskasse	277,749	1.0%
Pareto Invest AS	2,139,108	7.9%	Catilina Invest AS	252,646	0.9%
VPF Eika egenkapital	1,317,521	4.5%	U.S Bank National Association	215,146	0.9%
Verdipapirfondet Nordea Norge Verd	1,006,616	3.7%	Lamoholmen invest AS	211,850	0.8%
Spesialfondet Borea Utbytte	561,035	2.2%	Skandinaviska Enskilda Banken AB	188,552	0.7%
J.P. Morgan Bank Luxembourg S.A.	529,959	1.8%	Nima Invest AS	171,614	0.6%
Helgeland Kraft AS	390,925	1.4%	VPF Nordea Norge Plus	156,689	0.6%
MP Pensjon PK	388,399	1.4%	VPF Nordea Kapital	139,174	0.6%
Kommunal Landspensjonskasse	356,528	1.3%	Vigner Olaisen AS	122,631	0.5%
Total 10 largest owners	**19,676,338**	**72.4%**	**Total 20 largest owners**	**21,710,450**	**80.3%**

The Bank has issued a total of 27,000,130 equity certificates at a nominal value of NOK 10.

PARENT BANK

As of 31.12.22	Quantity	% share		Quantity	% share
Sparebankstiftelsen Helgeland	7,588,922	28.11%	VPF Nordea Avkastning	299,368	1.1%
SpareBank 1 Nord-Norge	5,397,325	20.0%	U.S Bank National Association	278,242	1.0%
Pareto Invest AS	2,139,108	7.9%	Catilina Invest AS	252,646	0.9%
VPF Eika egenkapital	1,213,404	4.5%	Bergen kommunale pensjonskasse	248,235	0.9%
Verdipapirfondet Nordea Norge Verd	1,006,616	3.7%	Lamoholmen invest AS	211,850	0.8%
Spesialfondet Borea Utbytte	588,232	2.2%	Fredly Arne Helge	188,552	0.7%
J.P. Morgan Bank Luxembourg S.A.	494,959	1.8%	VPF Nordea Kapital	175,166	0.6%
Helgeland Kraft AS	390,925	1.4%	Nima Invest AS	162,097	0.6%
MP Pensjon PK	388,399	1.4%	VPF Nordea Norge Plus	157,650	0.6%
Kommunal Landspensjonskasse	349,071	1.3%	Vigner Olaisen AS	147,631	0.5%
Total 10 largest owners	**19,556,961**	**72.4%**	**Total 20 largest owners**	**21,678,398**	**80.3%**

The Bank has issued a total of 27,000,130 equity certificates at a nominal value of NOK 10.

NOTE 41.4 DIVIDENDS

PARENT BANK

Basis for calculating dividends	31.12.23	31.12.22
Equity in the balance sheet (not reworked)	5,029	4,897
Subordinated bonds	-398	-398
Provisions for dividends and donations classified as equity	-360	-329
Total adjusted equity	**4,270**	**4,168**
Equity certificate capital	270	270
Share premium reserve	1,505	1,505
Share of fund for valuation differences	14	22
Equalisation fund	1,626	1,535
Total	**3,411**	**3,331**
Equity certificate percentage as of 01.01	79.9%	79.9%
Weighted average	79.9%	79.9%
Equity certificate percentage as of 31.12	79.9%	79.9%
Calculation of dividend:		
The Parent bank's profit for the year	500	480
Interest on subordinated bonds	-21	-13
Transferred to reserve for unrealised gains	7	-5
Dividend basis	**485**	**462**
Dividend in NOK million	291	277
Equalisation fund, NOK	97	92
Earnings per equity certificate in NOK Parent Bank (Group)	14.2 (13.9)	13.8 (12.8)
Of which cash dividends in NOK	10.8	10.3
*Of which to equalisation fund in NOK	3.6	3.6

NOTE 41.5 KEY FIGURES, EQUITY CERTIFICATES

PARENT BANK			GROUP	
31.12.22	31.12.23		31.12.23	31.12.22
120	130	Stock exchange price	130	120
8.7	9.2	P/E (stock exchange price as of 31.12 divided by profit per equity certificate)	9.3	9.4
0.9	1.0	P/B (stock exchange price as of 31.12 divided by book value of equity per equity certificate)	0.9	0.9
79.9	79.9	Equity certificate ratio as of 31.12	79.9	79.9
134	137	Equity per equity certificate, in NOK	138	135
13.8	14.2	Earnings per equity certificate, in NOK	13.9	12.8

NOTE 42. GUARANTEE LIABILITIES BY GUARANTEE TYPE

PARENT BANK			GROUP	
31.12.22	**31.12.23**		**31.12.23**	**31.12.22**
98	120	Payment guarantees	120	98
121	125	Contract guarantees	125	121
20	22	Loan guarantees	22	20
31	32	Other guarantee liabilities	32	31
270	**299**	**Total guarantee liabilities ***	**299**	**270**

*) Adjustment to fair value is not included in the balance sheet, as the change in value is insignificant.

The amounts of NOK 15.0 million (2022) and NOK 18.0 million (2021) were deposited in the deposit guarantee fund and the crisis fund.

NOTE 43. PLEDGED ASSETS

PARENT BANK			GROUP	
31.12.22	**31.12.23**		**31.12.23**	**31.12.22**
		Bonds pledged as collateral security for		
624	574	D-loan with Norges Bank	574	624
624	**574**	**Total assets pledged as collateral**	**574**	**624**

NOTE 44. EVENTS AFTER THE BALANCE SHEET DATE

GROUP AND PARENT BANK

There have been no significant events since the balance sheet date which have affect the accounts. It is proposed to distribute a cash dividend of NOK 291 million (NOK 277 million) of the profit for the year to equity certificate holders in SpareBank 1 Helgeland. Furthermore, it is proposed to transfer NOK 101 million (NOK 84 million) to the Gift Fund/Gift Foundation. The proposal had not been adopted as of the balance sheet date (31.12) and the items are therefore not recognised as debt, but are included in equity.

NOTE 45. BALANCE SHEET DIVIDED INTO CURRENT AND NON-CURRENT ITEMS

PARENT BANK			GROUP	
31.12.22	31.12.23		31.12.23	31.12.22
		Assets		
71	83	Cash and receivables, central banks	83	71
2,158	1,865	Loans to and receivables from credit institutions	842	1,442
3,118	3,050	Loans to and receivables from customers	3,684	3,692
746	1,281	Certificates, bonds and shares	1,431	896
80	135	Other assets	80	65
6,173	**6,414**	**Total current assets**	**6,120**	**6,166**
22,691	21,904	Loans to and receivables from customers	25,519	27,140
31	64	Financial derivatives	64	31
4,840	4,585	Certificates, bonds and shares	4,682	4,840
145	142	Investments in associated companies	142	145
591	648	Investments in subsidiaries	0	0
94	83	Intangible assets	83	94
36	39	Fixed assets held for sale	250	209
28,428	**27,465**	**Total non-current assets**	**30,740**	**32,458**
34,601	**33,879**	**Total assets**	**36,860**	**38,624**
		Liabilities and equity		
0	316	Liabilities to credit institutions	320	0
25,320	24,726	Deposits from and liabilities to customers	24,253	24,915
624	130	Liabilities established through the issuing of securities	1,099	1,746
264	331	Other liabilities	274	260
26,208	**25,504**	**Total current liabilities**	**25,946**	**26,921**
308	-	Liabilities to credit institutions	-	313
214	430	Fixed-rate deposits	430	214
2,946	2,883	Liabilities established through the issuing of securities	5,352	6,183
29	33	Financial derivatives	81	58
3,497	**3,346**	**Total non-current liabilities**	**5,863**	**6,768**
29,705	**28,850**	**Total liabilities**	**31,809**	**33,689**
3,212	3,397	Total equity share capital	3,397	3,212
793	925	Total primary capital	925	793
891	707	Total other equity	729	927
4,896	**5,029**	**Total equity**	**5,051**	**4,932**
	-	Non-controlling interests		3
34,601	**33,879**	**Total liabilities and equity**	**36,860**	**38,624**

NOTE 46. SPAREBANK 1 HELGELAND - STATEMENT FROM THE BOARD OF DIRECTORS AND THE CEO

We confirm that, to the best of our knowledge, the financial statements for the period 01.01.23 to 31.12.23 have been prepared in accordance with current applicable accounting standards and, in our best judgement, provide a true and fair view of the assets, liabilities, financial position and profit or loss of the entity and the Group taken as a whole.

We also confirm that, in our best judgement, the management report presents a true and fair review of the development and performance of the business and the position of the entity and the Group, together with a description of the principal risks and uncertainties facing the entity and the Group.

Board of Directors for SpareBank 1 Helgeland

Mo i Rana, 27.02. 24

Bjørn Krane
Chair

Rolf Eigil Bygdnes
Deputy Chair

Marianne Terese Steinmo
Board member

Siw Moxness
Board member

Audhild Bang Rande
Regularly attending deputy

Ann-Helen Baadstrand
Board member

Kenneth Normann
Employee-elected board member

Solrun Johansen
Employee-elected board member

Hanne Nordgaard
Chief Executive Officer

Documents are approved electronically

NOTE 47. NET INCOME AS A PERCENTAGE OF AVERAGE TOTAL ASSETS

31.12.22	31.12.23		31.12.23	31.12.22
3.28	5.29	Interest income and other similar income	5.29	3.26
1.12	2.48	Interest expenses and other similar costs	2.68	1.26
2.17	**2.81**	**Net interest and credit commission income²**	**2.61**	**2.01**
0.52	0.50	Commission income and income from banking services	0.45	0.46
0.04	0.05	Commission expenses and costs attributable to banking services	0.04	0.04
0.04	0.03	Other operating income	0.02	0.02
0.52	**0.48**	**Net commission income and other operating income**	**0.43**	**0.44**
0.27	**0.17**	**Dividends**	**0.07**	**0.09**
0.02	**0.00**	**Net result earnings from joint arrangements**	**0.00**	**0.01**
-0.12	**-0.04**	**Net income from other financial investments and liabilities**	**-0.03**	**-0.10**
0.17	**0.12**	**Net income from financial assets and liabilities**	**0.04**	**0.00**
0.50	0.54	Personnel costs	0.49	0.44
0.59	0.67	Other operating expenses	0.60	0.54
1.09	**1.21**	**Total operating expenses**	**1.10**	**0.98**
1.77	**2.20**	**Net income before loss**	**1.99**	**1.47**
0.04	0.29	Impairments on loans, guarantees, etc.	0.27	0.03
1.73	**1.91**	**Net income before tax**	**1.72**	**1.44**
0.33	0.45	Tax on ordinary result	0.42	0.30
1.40	**1.46**	**Net profit**	**1.30**	**1.14**

NOTE 48. OTHER KEY FIGURES

PARENT BANK					GROUP			
2020	**2021**	**2022**	**2023**	(figures in NOK million and %)	**2023**	**2022**	**2021**	**2020**
27,444	33,953	34,601	33,879	Total assets as of 31.12 [8]	36,860	38,624	39,433	33,207
27,444	38,534	40,973	42,438	Total assets including transferred to credit institutions	45,419	44,996	44,014	33,207
27,553	30,037	34,253	34,240	Average total assets [10]	37,719	39,027	35,740	33,693
20,514	25,452	25,951	25,173	Gross lending [4]	29,423	30,975	32,424	27,689
20,514	30,033	32,323	33,732	Gross lending including transferred to credit institutions [4]	37,981	37,347	37,005	27,689
93.1%	94.9%	98.4%	99.9%	Deposit-to-loan ratio as a percentage of gross lending [5]	83.9%	81.1%	72.6%	67.5%
56.8%	62.8%	62.6%	58.2%	Loans to retail market customers	64.7%	68.8%	70.6%	67.7%
2.0%	24.1%	2.0%	-3.0%	Growth in gross lending [6]	-5.0%	-4.5%	17.1%	0.1%
2.0%	46.4%	7.6%	4.4%	Growth in gross lending including transferred to credit institutions [6]	1.7%	0.9%	33.6%	0.1%
-1.5%	26.4%	5.8%	-1.5%	Growth in customer deposits [7]	-1.8%	6.7%	26.1%	-1.5%
20.7%	20.9%	22.2%	22.1%	Common Equity Tier 1 capital ratio [21]	18.4%	19.0%	18.0%	18.8%
22.5%	23.1%	24.5%	24.2%	Tier 1 capital ratio [21]	20.4%	21.1%	19.9%	20.5%
25.4%	25.5%	26.9%	26.1%	Capital adequacy [21]	22.3%	23.5%	22.2%	23.1%
10.4%	10.4%	11.0%	11.9%	Leverage ratio [22]	9.2%	9.2%	9.4%	10.5%
13.6%	13.6%	14.2%	14.8%	Equity ratio	13.7%	12.8%	11.7%	11.5%
9.2%	5.9%	10.9%	10.7%	Return on equity exc. hybrid capital [1]	10.4%	9.9%	5.4%	9.7%
1.2%	0.6%	1.4%	1.5%	Return on assets	1.3%	1.2%	0.5%	1.0%
86	131	120	130	Stock exchange price, NOK per equity certificate	130	120	131	86
7.7	22.4	8.7	9.2	P/E [19]	9.3	9.4	24.2	7.2
0.7	1.1	0.9	1.0	P/B [20]	0.9	0.9	1.0	0.7
76.3	79.9	79.9	79.9	Ownership ratio as of 31.12 [18]	79.9	79.9	79.9	76.3
126.0	123	134	137.0	Equity per equity certificate [17]	138.0	135	125	129
11.2	5.8	13.8	14.2	Earnings per equity certificate, in NOK [16]	13.9	12.8	5.4	12.0
11.2	5.8	13.8	14.2	Comprehensive income per equity certificate, in NOK	13.9	12.8	5.4	12.0
3.1	3.2	10.3	10.8	Cash dividend, in NOK				
22.8	3.2	3.4	3.4	Allocated to equalisation fund				
1.6	1.3	1.1	1.2	Costs as a percentage of average total assets	1.1	1.0	1.1	1.4
51.4	54.4	38.2	36.8	Costs as a percentage of income [3]	36.0	39.9	53.9	51.2
143	165	156	165	Number of FTEs	165	156	165	143
				As percentage of gross loans:				
1.6	0.6	0.5	1.0	Net default and doubtful commitments [13, 14, 15]	0.9	0.4	0.5	1.2
1.5	1.0	0.6	0.5	Total impairments	0.5	0.5	0.7	1.1
0.3	0.2	0.1	0.4	Losses on commitments	0.3	0	0.2	0.2

NOTE 49. CALCULATIONS

PARENT BANK					GROUP			
2020	**2021**	**2022**	**2023**	(figures in NOK million and %)	**2023**	**2022**	**2021**	**2020**
				Operating costs, adjusted for non-recurring effects				
436	385	373	415	Operating costs	414	381	384	462
-146	-53	0	0	Non-recurring effects	0	0	-53	-146
290	**332**	**381**	**415**	**Operating costs, adjusted for non-recurring effects**	**414**	**381**	**331**	**316**
1.05%	1.11%	1.09%	1.21%	Operating costs as an average total assets adjusted for non-recurring effects, excl. financial income	1.10%	0.98%	0.93%	0.94%
34.2%	46.9%	38.2%	36.8%	Operating costs as a percentage of income, adjusted for non-recurring effects, excl. financial income	36.0%	39.9%	46.5%	35.0%
319	216	480	500	Net profit	490	445	205	340
-12	-12	-12	-21	Interest paid, subordinated bonds	-21	-12	-12	-12
307	204	468	479	Profit inc. interest, subordinated bonds	469	432	193	328
146	53	0	0	Non-recurring effects	0	0	53	146
453	257	468	479	Income inc. interest, subordinated bonds and non-recurring effects	469	432	246	474
3,749	4,017	4,683	4,886	Average equity	4,906	4,725	4,099	3,822
-299	-325	-398	-398	Average subordinated bonds classed as equity	-398	-398	-325	-299
3,450	3,692	4,272	4,488	Average equity exc. subordinated bonds classified as equity	4,508	4,327	3,774	3,523
8.5%	6.4%	10.3%	9.8%	Return on equity	9.6%	9.4%	6.0%	8.9%
12.1%	6.9%	10.9%	10.7%	Return on equity, adjusted for non-recurring effects and subordinated bonds	10.4%	10.0%	6.5%	13.5%
319	216	480	500	Net profit	490	445	205	340
27,553	30,037	34,253	34,240	Average total assets	37,719	39,034	35,740	33,693
1.2%	0.7%	1.4%	1.5%	Return on assets	1.3%	1.1%	0.6%	1.0%
1.6%	0.9%	1.4%	1.4%	Return on assets, adjusted for subordinated bonds and non-recurring effects	1.2%	1.1%	0.7%	1.4%
3,603	4,290	4,415	4,528	Tier 1 capital	4,468	4,390	4,400	3,688
34,702	41,081	40,192	38,207	Unweighted calculation basis	48,575	47,711	46,623	34,189
10.4%	10.4%	11.0%	11.9%	Leverage ratio	9.2%	9.2%	9.4%	10.5%

ALTERNATIVE PERFORMANCE MEASURES (APMS)

In both the Board's report and accounting presentations, SpareBank 1 Helgeland uses alternative performance measures (APMs) for the purpose of giving a true and fair view of the Bank's financial development and position to ensure that information is accurate. Key figures that are regulated in IFRS or other legislation are not defined as APMs. The same applies to non-financial information. APMs that are presented as part of the accounting part of the reports are essentially exempt from the APM guidelines, but are included in the overview below insofar as they are not defined in the financial statements. The reason for presenting adjusted results is to bring out the underlying operation in a better way and is not intended to replace ordinary reporting.

DEFINITIONS OF KEY FIGURES:

1.) **Return on equity,** Reason for use: This key figure indicates the return on the Group's equity. The key figure reflects the Group's ability to convert the capital into profitable operations. Definition: Return on equity (comprehensive income after tax) is calculated by dividing the profit/loss for the period for the financial year by the average equity for the past year. In the case of information on return on equity for more than one period, the profit for the period is annualised.

2.) **Net interest income.** Reason for use: Net interest income is a commonly used key figure within the banking/finance sector and reflects the Bank's net interest income as a percentage of average total assets.Definition: Net interest income is the difference between gross interest income and interest expenses – net interest income in the summary of financial results. Net interest income is annualised in the interim reports.

3.) **cost/income ratio:** Reason for use: The cost/income ratio is a commonly used key figure in the banking/finance sector. The key figure reflects how effectively the Bank/Group is operating. Definition: The cost/income ratio reflects the ability of the Bank/Group to convert its operating costs into income generation. The cost/income ratio is calculated by dividing total operating costs by total income.

4.) **Gross lending, Group (including transfers to mortgage credit institutions):** Reason for use: the Bank wholly owns Helgeland Boligkreditt and the key figure reflects the Bank's total lending volume. Definition: Lending volume including amount transferred from the mortgage credit institution.

5.) **Deposit-to-loan ratio.** Reason for use: Deposit-to-loan ratio is a commonly used key figure in the banking/finance sector. The key figure indicates the proportion of the Bank's lending activities that are financed by deposits from customers. Definition: The deposit-to-loan ratio reflects the Bank's ability to finance lending to customers through deposits from customers. The deposit-to-loan ratio is calculated by dividing total deposits from customers by gross lending, excluding transfers to the Parent bank's credit institution but including transfers to the Group's credit institution.

6.) **Loan growth in the last 12 months (incl. transfers to mortgage credit institutions):** Reason for use: Lending growth over the last 12 months is a normal key figure in banking/finance. The key figure reflects the activity and growth of the Bank's lending activities. The Group includes transfers from the mortgage credit institution, growth in the parent bank excl. volume of the mortgage credit institution.Definition: Lending growth is calculated from the corresponding period last year to this year. The Group includes the volume of the mortgage credit institution, while the parent bank is excl. volume of the mortgage credit institution.

7.) **Deposit growth, last 12 months.** Reason for use: Growth in deposits over the last 12 months is a commonly used key figure in the banking/finance sector. The key figure reflects the activity and growth of the Bank's deposit operations. Definition: Deposit growth over the last 12 months reflects the growth in deposits on the balance sheet from the corresponding period last year to the current year.

8.) **Total assets.** Reason for use: The key figure reflects the Bank's total assets. Definition: Total assets on the balance sheet.

9.) **Growth in total assets, last 12 months.** Reason for use: The key figure reflects the growth in the Bank's total assets, including transfers to the Group's credit institutions and excluding volumes transferred to the Parent Bank's credit institutions. Definition: Growth in assets on the balance sheet are calculated from the corresponding period last year to the present year.

10.) **Average total assets.** Reason for use: Several key figures are calculated using average total assets. Definition: Weighted average of total assets throughout the year.

11.) **Equity excluding hybrid capital.** Reason for use: This key figure reflects a portion of the Bank's capital which belongs to the owners, excluding hybrid capital (subordinated bonds). Definition: The difference between the Bank's equity (retained earnings and paid-in equity) and the Bank's hybrid capital (subordinated bonds).

12.) **Loss ratio, loans.** Reason for use: This key figure reflects a loss recognised as a function of gross lending as of the balance sheet date. Definition: Loss provisions for loans and guarantees for the period divided by gross lending as a percentage. In the case of information concerning the loss ratio concerning loans for periods of less than a full financial year, the loss expense recognised in the income statement is annualised.

13.) **Defaulted commitments.** Reason for use: This key figure indicates how many defaulted commitments more than 90 days past due the Bank has at any given time.

14.) **Doubtful commitments.** Reason for use: This key figure indicates how many doubtful commitments not in default the Bank has at any given time.

15.) **Net defaulted and doubtful commitments as a percentage of gross lending.** Reason for use: This key figure indicates the Bank's net defaulted and doubtful commitments amount expressed as a proportion of gross lending. Definition: Net defaulted and doubtful commitments are gross non-performing and doubtful commitments, less impairments on these loans, divided by gross lending.

16.) **Earnings per equity certificate.** Reason for use: This key figure provides information on earnings per equity certificate. Definition: The equity certificate holders' share of earnings is calculated as the net income before other income statement items relative to the average number of equity certificates during the period.

17.) **Book equity per equity certificate.** Reason for use: This key figure provides information on the value of the book equity per equity certificate. Definition: Equity certificate holders' share of equity divided by the number of equity certificates.

18.) **Equity certificate ratio. Reason for use: Basis for calculating dividends.** Definition: Equity certificate holders' share of equity, e.g. subordinated bonds

19.) **P/E.** Reason for use: This key figure provides information on earnings per equity certificate. Definition: Share price at end of period divided by profit (annualised) per equity certificate.

20.) **P/B.** Reason for use: The key figure provides information on price per equity certificate. Definition: Share price at end of period divided by book equity per equity certificate.

21.) **Capital adequacy**. Reason for use: Statutory requirement regarding capital adequacy. Includes cooperating group. Definition: Subordinated capital divided by weighted balance and off balance sheet items.

22.) **Leverage ratio.**Reason for use: Commonly used key figure in the banking/finance sector. Gives a more comparable figure for capital, regardless of the method used to calculate capital adequacy. Definition: Tier 1 capital divided by capitalised items and non-capitalised items calculated without risk weighting.

23.) **Operating costs, adjusted for non-recurring effects.** Reason for use: Provides information on operating expenses less costs which are not linked to normal operations and are essentially related to non-recurring events. Definition: Operating expenses minus non-recurring effects.

Elected representatives and key personnel

THE SUPERVISORY BOARD'SMEMBERS:

Chair: Hjorthen, Per Gunnar
Deputy chair: Nicolaisen, Kristine Alstad

DEPOSITOR-ELECTED::

Juvik, Kjell Idar
Stanghelle, Helge
Solhaug, Sten Oddvar
Bjørkmo, Eirik
Breirem, Reidun
Jakobsen, Tone Helen
Ditlefsen, Roger
Skjæran, Hans Petter
Risøy, Torill Beate

ELECTED BY EQUITY CERTIFICATE HOLDERS:

Forbergskog, Brynjar
Sørensen, Lilliann
Krokstrand, Bjørn
Strøm, Inger Lise
Jakobsen, Anne Påsche
Lunde, Lars Martin
Skår, Åsmund
Andreassen, Arnt Åge

ELECTED BY EMPLOYEES:

Knutli, Nils
Eliassen, Einar
Kristensen, Karianne
Johansen, Steinar
Lisø, Sten Ove
Einvik, Bertil

BOARD MEMBERS:

Chair: Bjørn Andreas Krane
Deputy chair: Bygdnes, Rolf Eigil

OTHER BOARD MEMBERS:

Audhild Bang Rande
Moxness, Siw
Steinmo, Marianne Terese
Baadstrand, Ann-Helen
Normann, Kenneth
Johansen, Solrun

MAIN ADMINISTRATION AND KEY PEOPLE:

Nordgaard, Hanne CEO
Ekroll, Anne, CFO
Heimstad, Dag Hugo Gangmark, Retail Market Director
Brønlund, Bjørn-Tore, Corporate Market Director
Karlsen, Øyvind, Business Management Director
Cecilie Johnsen, Risk Management Director

About SpareBank 1 Helgeland

HEAD OFFICE

Postal address: Postboks 68, 8601 Mo i Rana
Visiting address: Jernbanegata 15, 8622 Mo i Rana
Telephone: +47 75 11 90 00
Internet: www.sbh.no
Organisation number: 937904029

BOARD OF DIRECTORS OF SPAREBANK 1 HELGELAND

Bjørn Krane, Chair
Rolf Eigil Bygdnes, Vice Chair
Marianne Terese Steinmo
Audhild Bang Rande
Siw Moxness
Kenneth Normann
Solrun Johansen
Ann-Helen Baadstrand

MANAGEMENT

Hanne Nordgaard, Chief Executive Officer

INVESTOR RELATIONS

Anne Ekroll, Chief Finance Officer, Mob. 913 36 452

OTHER SOURCES OF INFORMATION

Annual reports
SpareBank 1 Helgeland's annual report is available at **www.sbh.no**

QUARTERLY PUBLICATIONS

Quarterly reports and presentations are available at **www.sbh.no**

Til forstanderskapet i SpareBank 1 Helgeland

Uavhengig revisors beretning

Uttalelse om årsregnskapet

Konklusjon

Vi har revidert årsregnskapet for SpareBank 1 Helgeland, som består av:

- selskapsregnskapet, som består av balanse per 31. desember 2023, resultatregnskap, endring i egenkapital og kontantstrøm for regnskapsåret avsluttet per denne datoen og noter til årsregnskapet, herunder vesentlige opplysninger om regnskapsprinsipper, og
- konsernregnskapet, som består av balanse per 31. desember 2023, resultatregnskap, endring i egenkapital og kontantstrøm for regnskapsåret avsluttet per denne datoen og noter til årsregnskapet, herunder vesentlige opplysninger om regnskapsprinsipper.

Etter vår mening

- oppfyller årsregnskapet gjeldende lovkrav,
- gir selskapsregnskapet et rettvisende bilde av selskapets finansielle stilling per 31. desember 2023 og av dets resultater og kontantstrømmer for regnskapsåret avsluttet per denne datoen i samsvar med IFRS Accounting Standards som godkjent av EU, og
- gir konsernregnskapet et rettvisende bilde av konsernets finansielle stilling per 31. desember 2023 og av dets resultater og kontantstrømmer for regnskapsåret avsluttet per denne datoen i samsvar med IFRS Accounting Standards som godkjent av EU.

Vår konklusjon er konsistent med vår tilleggsrapport til revisjonsutvalget.

Grunnlag for konklusjonen

Vi har gjennomført revisjonen i samsvar med International Standards on Auditing (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet nedenfor under *Revisors oppgaver og plikter ved revisjonen av årsregnskapet*. Vi er uavhengige av selskapet og konsernet i samsvar med kravene i relevante lover og forskrifter i Norge og International Code of Ethics for Professional Accountants (inkludert internasjonale uavhengighetsstandarder) utstedt av International Ethics Standards Board for Accountants (IESBA-reglene), og vi har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Innhentet revisjonsbevis er etter vår vurdering tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Vi er ikke kjent med at vi har levert tjenester som er i strid med forbudet i revisjonsforordningen (EU) No 537/2014 artikkel 5 nr. 1.

Vi har vært revisor for SpareBank 1 Helgeland sammenhengende i 20 år fra valget på forstanderskapets møtet den 21. juli 2004 for regnskapsåret 2004.

Sentrale forhold ved revisjonen

Sentrale forhold ved revisjonen er de forhold vi mener var av størst betydning ved revisjonen av årsregnskapet for 2023. Disse forholdene ble håndtert ved revisjonens utførelse og da vi dannet oss vår mening om årsregnskapet som helhet, og vi konkluderer ikke særskilt på disse forholdene.

Verdien av utlån til kunder har samme karakteristika og risikoer i år som i fjor, og har følgelig vært et viktig fokusområde i vår revisjon også i 2023.

PricewaterhouseCoopers AS, Midtre gate 4, Postboks 1233, NO-8602 MO I RANA
T: 02316, org. no.: 987 009 713 MVA, www.pwc.no
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

Sentrale forhold ved revisjonen	Hvordan vi i vår revisjon håndterte sentrale forhold ved revisjonen
Verdien av utlån til kunder	
Utlån utgjør en betydelig andel av verdien av eiendelene i balansen. Vurdering av nedskrivninger er basert på et modellbasert rammeverk med elementer som krever at ledelsen bruker skjønn. Rammeverket er komplekst og omfatter store mengder data og skjønnsmessige parametere. Vi fokuserte på verdsettelsen av utlån til kunder fordi at ledelsens bruk av skjønn i forbindelse med nedskrivningsvurderinger kan ha en vesentlig virkning både på balanseført verdi av utlån og på resultatet i perioden. I tillegg er det en iboende risiko for feil på grunn av kompleksiteten og mengden data som benyttes i modellen. I henhold til IFRS 9 skal nedskrivningene på utlån bygge på mer fremoverskuende vurderinger, slik at nedskrivninger reflekterer forventede tap. Bruk av modeller for å beregne forventet kredittap omfatter bruk av skjønn. Vi har særlig fokusert på: • klassifisering av porteføljene etter risiko og type segment, • identifisering av lån hvor det har vært en vesentlig økning i kredittrisiko, • hvordan lånene blir kategorisert i ulike trinn, • ulike parametere som tapsgrad, nedbetalingsfaktorer og scenarioer. Bankens utlån er i hovedsak til personkunder og SMB segmentet, og modellene som er utviklet skal estimere tapsavsetninger til hver av disse segmentene. I tillegg foretas individuelle avsetninger for utlån hvor det foreligger objektive indikasjoner på verdifall. Disse vurderingene krever også at ledelsen bruker skjønn. Note 2.1, 16, 21.3 og 21.4 til regnskapet er relevante for beskrivelsen av tapsmodellen og for hvordan tapsavsetninger estimeres etter IFRS 9.	Ved vår revisjon av forventede tapsavsetninger vurderte og testet vi utformingen og effektiviteten av kontroller for kvalitetssikring av anvendte forutsetninger og beregningsmetoder. Videre testet vi detaljer både i avsetningene beregnet ved bruk av modellen, og i avsetningene som er beregnet individuelt. Vi opparbeidet oss en detaljert forståelse av prosessen og testet relevante kontroller rettet mot å sikre: • kalkulasjoner og metode som ble benyttet, • om modellen som ble benyttet, var i henhold til rammeverket og om modellen virket som den skulle, • påliteligheten og nøyaktigheten av data som blir benyttet i modellen. Vår testing av kontrollene ga ingen indikasjoner på vesentlige feil i modellen eller avvik fra IFRS 9. Vårt arbeid omfattet tester rettet mot selskapets finansielle rapporteringssystemer relevant for finansiell rapportering. Selskapet benytter eksterne serviceleverandører for å drifte enkelte sentrale kjerne IT-systemer. Revisor hos de relevante service-organisasjonene er benyttet til å evaluere design og effektivitet av- og teste etablerte kontroller som skal sikre integriteten av IT-systemene som er relevante for finansiell rapportering. Revisor har i den forbindelse avgitt rapporter som blant annet omfattet testing av om sentrale beregninger foretatt av kjernesystemene ble utført i tråd med forventningene, herunder rente- beregninger og amortiseringer. Testingen omfattet dessuten integriteten av data, endringer av og tilgang til systemene. For å kunne legge informasjonen i revisors rapporter til grunn for våre vurderinger, forsikret vi oss om revisorens kompetanse og objektivitet. I tillegg gjennomgikk vi tilsendte rapporter og vurderte mulige avvik og tiltak. Vi testet også selv tilgangskontroller til IT-systemer og arbeidsdeling der det var nødvendig av hensyn til våre egne konkrete revisjonshandlinger. Våre vurderinger og tester underbygget at vi kunne legge til grunn at dataene som ble håndtert i- og beregningene som ble foretatt av selskapets

eksterne kjernesystem var pålitelige. Dette var et nødvendig grunnlag for vår revisjon.

Virkningen av usikkerheten i markedet, herunder påvirkningen på modellavsetninger, ble diskutert med ledelsen. Diskusjonene omfattet eventuelle virkninger av krigen i Ukraina og hvordan ledelsen håndterer klimarisiko i utlånsporteføljen. For utlån hvor det forelå objektive indikasjoner på verdifall og hvor nedskrivningsbeløpet var individuelt beregnet testet vi et utvalg. Realisasjonsverdien blir beregnet ved bruk av eksterne takster eller interne vurderinger. For å ta stilling til realisasjonsverdien, gjennomgikk vi takstene og vurderte relevansen og rimeligheten av viktige forutsetninger benyttet i takstene og metoden benyttet i beregningen. For vurderinger som var gjort internt uten at det ble benyttet takster, intervjuet vi kredittmedarbeidere og ledelsen og utfordret relevansen og rimeligheten av viktige forutsetninger og metoden som var benyttet i beregningen av nedskrivningsbeløpet. Videre testet vi om utlån med individuelle tapsavsetninger var riktig klassifisert i modellen og vurderte rimeligheten av de totale tapsavsetningene. Avvik som ble funnet i vår testing var uten vesentlig betydning.
Vi leste notene og fant at informasjonen knyttet til tapsmodell, ulike parametere og skjønnsmessige vurderinger var tilstrekkelige og dekkende.

Øvrig informasjon

Styret og daglig leder (ledelsen) er ansvarlige for informasjonen i årsberetningen og annen øvrig informasjon som er publisert sammen med årsregnskapet. Øvrig informasjon omfatter informasjon i årsrapporten bortsett fra årsregnskapet og den tilhørende revisjonsberetningen. Vår konklusjon om årsregnskapet ovenfor dekker verken informasjonen i årsberetningen eller annen øvrig informasjon.

I forbindelse med revisjonen av årsregnskapet er det vår oppgave å lese årsberetningen og annen øvrig informasjon. Formålet er å vurdere hvorvidt det foreligger vesentlig inkonsistens mellom årsberetningen, annen øvrig informasjon og årsregnskapet og den kunnskap vi har opparbeidet oss under revisjonen av årsregnskapet, eller hvorvidt informasjon i årsberetningen og annen øvrig informasjon ellers fremstår som vesentlig feil. Vi har plikt til å rapportere dersom årsberetningen eller annen øvrig informasjon fremstår som vesentlig feil. Vi har ingenting å rapportere i så henseende.

Basert på kunnskapen vi har opparbeidet oss i revisjonen, mener vi at årsberetningen

- er konsistent med årsregnskapet og
- inneholder de opplysninger som skal gis i henhold til gjeldende lovkrav.

Vår uttalelse om årsberetningen gjelder tilsvarende for redegjørelser om foretaksstyring og samfunnsansvar.

Ledelsens ansvar for årsregnskapet

Ledelsen er ansvarlig for å utarbeide årsregnskapet og for at det gir et rettvisende bilde i samsvar med IFRS Accounting Standards som godkjent av EU. Ledelsen er også ansvarlig for slik intern kontroll som den finner nødvendig for å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil.

Ved utarbeidelsen av årsregnskapet er ledelsen ansvarlig for å ta standpunkt til selskapets og konsernets evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet med mindre ledelsen enten har til hensikt å avvikle konsernet eller å legge ned virksomheten, eller ikke har noe realistisk alternativ til dette.

Revisors oppgaver og plikter ved revisjonen av årsregnskapet

Vårt mål er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med ISA-ene, alltid vil avdekke vesentlig feilinformasjon. Feilinformasjon kan oppstå som følge av misligheter eller utilsiktede feil. Feilinformasjon er å anse som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke de økonomiske beslutningene som brukerne foretar på grunnlag av årsregnskapet.

Som del av en revisjon i samsvar med ISA-ene, utøver vi profesjonelt skjønn og utviser profesjonell skepsis gjennom hele revisjonen. I tillegg:

- identifiserer og vurderer vi risikoen for vesentlig feilinformasjon i regnskapet, enten det skyldes misligheter eller utilsiktede feil. Vi utformer og gjennomfører revisjonshandlinger for å håndtere slike risikoer, og innhenter revisjonsbevis som er tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon. Risikoen for at vesentlig feilinformasjon som følge av misligheter ikke blir avdekket, er høyere enn for feilinformasjon som skyldes utilsiktede feil, siden misligheter kan innebære samarbeid, forfalskning, bevisste utelatelser, uriktige fremstillinger eller overstyring av internkontroll.

- opparbeider vi oss en forståelse av intern kontroll som er relevant for revisjonen, for å utforme revisjonshandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskapets og konsernets interne kontroll.

- evaluerer vi om de anvendte regnskapsprinsippene er hensiktsmessige og om regnskapsestimatene og tilhørende noteopplysninger utarbeidet av ledelsen er rimelige.

- konkluderer vi på om ledelsens bruk av fortsatt drift-forutsetningen er hensiktsmessig, og, basert på innhentede revisjonsbevis, hvorvidt det foreligger vesentlig usikkerhet knyttet til hendelser eller forhold som kan skape tvil av betydning om selskapets og konsernets evne til fortsatt drift. Dersom vi konkluderer med at det eksisterer vesentlig usikkerhet, kreves det at vi i revisjonsberetningen henleder oppmerksomheten på tilleggsopplysningene i årsregnskapet, eller, dersom slike tilleggsopplysninger ikke er tilstrekkelige, at vi modifiserer vår konklusjon. Våre konklusjoner er basert på revisjonsbevis innhentet frem til datoen for revisjonsberetningen. Etterfølgende hendelser eller forhold kan imidlertid medføre at selskapet og konsernet ikke kan fortsette driften.

- evaluerer vi den samlede presentasjonen, strukturen og innholdet i årsregnskapet, inkludert tilleggsopplysningene, og hvorvidt årsregnskapet gir uttrykk for de underliggende transaksjonene og hendelsene på en måte som gir et rettvisende bilde.

- innhenter vi tilstrekkelig og hensiktsmessig revisjonsbevis vedrørende den finansielle informasjonen til enhetene eller forretningsområdene i konsernet for å kunne gi uttrykk for en mening om konsernregnskapet. Vi er ansvarlige for å lede, følge opp og gjennomføre konsernrevisjonen. Vi har eneansvar for vår konklusjon om konsernregnskapet.

Vi kommuniserer med styret blant annet om det planlagte innholdet i og tidspunkt for revisjonsarbeidet og eventuelle vesentlige funn i revisjonen, herunder vesentlige svakheter i intern kontroll som vi avdekker gjennom revisjonen.

Vi avgir en uttalelse til revisjonsutvalget om at vi har etterlevd relevante etiske krav til uavhengighet, og kommuniserer med dem alle relasjoner og andre forhold som med rimelighet kan tenkes å kunne påvirke vår uavhengighet, og, der det er relevant, om iverksatte tiltak for å eliminere trusler eller iverksatte forholdsregler.

Av de forholdene vi har kommunisert med styret, tar vi standpunkt til hvilke som var av størst betydning for revisjonen av årsregnskapet for den aktuelle perioden, og som derfor er sentrale forhold ved revisjonen. Vi beskriver disse forholdene i revisjonsberetningen med mindre lov eller forskrift hindrer offentliggjøring av forholdet, eller dersom vi, i ekstremt sjeldne tilfeller, beslutter at forholdet ikke skal omtales i revisjonsberetningen siden de negative konsekvensene ved å gjøre dette med rimelighet må forventes å oppveie allmennhetens interesse av at forholdet blir omtalt.

Uttalelse om andre lovmessige krav

Uttalelse om etterlevelse av krav om felles elektronisk rapporteringsformat (ESEF)

Konklusjon
Som en del av revisjonen av årsregnskapet for SpareBank 1 Helgeland har vi utført et attestasjonsoppdrag for å oppnå betryggende sikkerhet for at årsregnskapet som inngår i årsrapporten med filnavn SpareBank1Helgeland-2023-12-31-no.zip i det alt vesentlige er utarbeidet i overensstemmelse med kravene i delegert kommisjonsforordning (EU) 2019/815 om et felles elektronisk rapporteringsformat (ESEF-regelverket) etter forskrift gitt med hjemmel i verdipapirhandelloven § 5-5, som inneholder krav til utarbeidelse av årsrapporten i XHTML-format og iXBRL-markering av konsernregnskapet.

Etter vår mening er årsregnskapet som inngår i årsrapporten i det alt vesentlige utarbeidet i overensstemmelse med kravene i ESEF-regelverket.

Ledelsens ansvar
Ledelsen er ansvarlig for å utarbeide årsrapporten i overensstemmelse med ESEF-regelverket. Ansvaret omfatter en hensiktsmessig prosess, og slik intern kontroll ledelsen finner nødvendig.

Revisors oppgaver og plikter
For beskrivelse av revisors oppgaver og plikter ved attestasjonen av ESEF-rapporteringen, vises det til: https://revisorforeningen.no/revisjonsberetninger

Mo i Rana, 27. februar 2024
PricewaterhouseCoopers AS

Silja Eriksen
Statsautorisert revisor
(elektronisk signert)

SpareBank 1 Helgeland | Jernbanegata 15
Mo i Rana | 75 11 90 00 | **www.sbh.no**