SpareBank 1 NORD-NORGE

Annual Report 2023

Cover photo: Elisabeth Kristensen (15) became both a world champion and the winner of Finnmarksløpet Junior in 2023. The Finnmarksløpet event gathers 150 dog mushers and 1 300 dogs each year, along with approximately 700 support staff and volunteers. SpareBank 1 Nord-Norge serves as the general partner for Finnmarksløpet, a collaboration that spans over more than a decade.

PHOTO: HILDE BYE

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About SpareBank 1 Nord-N

Norge

From the CEO

The year 2023 was marked by crises. The world struggles to maintain balance, and this also affects our region.

The ongoing war in Ukraine continues to impact the entire Western world. Simultaneously, we still feel the consequences of the imbalances caused by rescue packages during and after the pandemic. On top of it all, the war between Hamas and Israel has resulted in tens of thousands of civilian deaths. In an economic context, this cumulative effect translates to persistent high inflation. Achieving balance becomes a challenging art.

The primary tool to combat inflation is higher interest rates. However, this also leads to reduced purchasing power, posing a real threat to businesses. For Norges Bank, it's a delicate balancing act: setting rates too low will not effectively address inflation, while setting them too high could result in bankruptcies and unemployment.

For SpareBank 1 Nord-Norge, achieving a good balance is always our goal. Our business depends on taking risks, and risk management involves mastering the art of balance. In 2023, this has been more challenging than in a typical year. Our customers, both in the retail market and the corporate market, feel the impact of inflation and rising interest rates. As advisors, our role is crucial. We have seen increased demand for deferral of payments, refinancing, extending loan terms, and general financial guidance. Our ambition is to be a helpful guide while maintaining focus on our own business. It's a delicate balance, and we are approaching a point where our tools are nearly exhausted. The new year will quickly reveal whether maintaining this equilibrium is still possible.

Green transition and sustainability

In the first quarter of 2023, it was decided to allocate NOK 200 million from Samfunnsløftet to assist small and large businesses in Northern Norway with the green shift. Surveys show that the business sector in the north is slightly behind its competitors in the south when it comes to getting started with the transition. In the campaign called *Nå grønner vi på (Let's Go Green)* ble det definert fire satsinger; our initiatives were defined; Green events, green collaboration, green mapping, and support for solar panel installations. Parallel to this, money was allocated to a project called *Om:nord (About:North)*. This is handled by business associations across the region, and the project is about supporting businesses to establish climate accounts and develop materiality assessments.

In a period where the news are characterized by war and inflation, we see that the focus on sustainability is declining. However, the need for transition is even more important than before, and a central task for us as a financial institution is to ensure that all our customers are aware of this, and act accordingly. A business sector that does not succeed with the transition will lose competitiveness. This will in turn affect Northern Norway and SpareBank 1 Nord Norge in a negative sense..

Changes in the Group

Early in the second quarter, Liv B. Ulriksen announced that she was going to step aside as CEO, and the process of finding her successor started. In this quarter, the news also came that SpareBank 1 Regnskapshuset Nord-Norge had acquired the companies Adwice AS and Flex AS.

Former CEO, Liv B. Ulriksen, on stage during Agenda Nord-Norge in Bodø in November.

PHOTO: HÅKON STEINMO

With this, the company cemented its number 1 position in the region. The acquisition also signalled the start of new focus areas for Regnskapshuset. Adwice, for example, is ahead of the curve regarding cloud-based solutions, artificial intelligence, and data-driven development. These areas, along with sustainability as a service, are areas we believe can be payable services.

Legislative changes

The third quarter was initiated by the new financial agreement law coming into force. The law brought with it several large and small changes that required internal restructuring. Among other things, the notice period for interest rate changes was increased from 6 to 8 weeks, and we received a number of new requirements for both the information, explanation, and guidance duties we have towards our customers. In addition, the change came that stipulates that if a customer has been subjected to digital fraud, the bank is obliged to refund the loss the customer has had, within 24 hours. These are changes that challenge us, but our organization is flexible, and the changes were implemented in the operation in a quick and seamless manner..

Merger and new hires

Late in the quarter, it was decided that Lab Nord-Norge AS, one of our non-profit companies, would merge with Rødbanken Holding AS. This was part of a plan where our non-profit companies would be consolidated and transferred to a new and public-benefit foundation. The move was made to avoid double costs and to clarify that there is a distinction between the commercial part and the non-profit part of the group. In connection with this, it was decided that 40 million kroner of Lab Nord-Norge's original grant would be given as a gift to UiT The Arctic University of Norway. The money was earmarked for business-oriented research on sustainable seas, and the university matched the same amount earmarked for the purpose. The maritime industries are and will remain the most important for our region, but they must be managed sustainably. Therefore, it is important to facilitate that central research and education environments are as far ahead as possible when it comes to research in this particular area.

In the last quarter of the year, the news came that I would become the new CEO of the group. I then came from the position as director of Regnskapshuset, and have previously been director of SNN Finance, and held a number of leadership positions in the parent bank. I have been working at SpareBank 1 Nord-Norge since 1995, and have a big heart for the bank and for the mission! The appointment led to internal reorganization. Johan-Thomas Hegdahl, who until then had been director of Adwice, was chosen as my successor as director of Regnskapshuset after a thorough process.

Net Zero

In December, the group's net zero plan was adopted. This plan outlines how the group will move from a lending portfolio with relatively large emissions of greenhouse gases, so-called financed emissions, to a portfolio where emissions are reduced by 95 percent by 2040. Sky-high ambitions, but at the same time in line with both the Paris Agreement and society's expectations.

Results

In a year characterized by rising interest rates and high inflation, it is in the housing market that we have seen the biggest changes. Very few dare to buy a new home before they have sold the one they have. At the same time, it is no longer so easy to get large enough loans, since the housing loan regulations set clear boundaries for where the limit goes. This has led to fewer housing assignments for EiendomsMegler 1. Nevertheless, they have managed to defend their position, with market shares of almost 40 percent. But it is 40 percent of a smaller volume.

Despite fewer house sales, the retail market in SpareBank 1 Nord-Norge has grown by over 4 percent. This tells me that we are competitive. This is underscored by the fact that the corporate market also has grown during the year, by more than 12 percent. SpareBank 1 Nord-Norge is thus moving the RM–CM fraction, and is now a bank with 65 percent of the lending in the retail market and 35 percent in the corporate market. On the corporate side, the growth particularly comes from the maritime industries, completely in line with our ambitions.

The year has also brought volume growth for SNN Finans. It is obvious that lower purchasing power has reduced consumers' appetite for expensive capital goods such as new cars and leisure objects like boats and motorhomes. The growth has primarily come within the corporate market, where the investment pace picked up during the year, especially within the aquaculture industry.

Population development and tipping point

The demographic development in Northern Norway has been challenging over time with fewer young people, influenced by low birth rates and more emigration than immigration. This trend has turned during 2023, and we experience population growth. However, this growth is primarily driven by the influx of refugees from Ukraine. On the positive side, these are people who have quickly found work, thus stemming the great need for labor we have in the north. On the other hand, many Ukrainians wish to return to their homeland when conditions allow. If you remove the Ukrainians from the statistics, there is still a downward trend in population numbers. This is an issue we must try to solve going forward, and that SpareBank 1 Nord-Norge have decided to contribute to solving. Over the years, we have conducted surveys on why the young see their future elsewhere than in the north. The next step is to do something about it. Therefore, it is very motivating to see that *1000jobs*, the campaign we have run together with LO and NHO since 2022, now seems to have led to more young people saying that there are good career opportunities in the region. The number of those who believe they will still live here in the future has increased from 66 to 72 percent in just one year.

In November, we organized the annual Agenda Nord-Norge conference. This time in Bodø, with the theme *Tipping Point*. We focused on the tipping points facing Northern Norway in the near future; security and geopolitics, power shortage, challenges in the health-care system, demography, and climate change. The conference was a success, with a full house and positive feedback.

Hanne Karoline Kræmer
CEO

Heading into 2024, we plan to build on everything we have done so well over the years. At the same time, we will devote effort to the practical use of artificial intelligence, we will explore new and value-adding ecosystems, and we will work more with customer focus. At the same time, we will strive to become an even more attractive workplace. This is especially important when we are to attract new competence. SpareBank 1 Nord-Norge is and remains a financial group with its headquarters in the north, where decisions are made in the north – for the north. In a Norway that is characterized by consolidations in the banking market, our autonomy is as important as it has always been – For Northern Norway.

Strategic compass

We shall, better than anyone, understand and achieve what is important for people and businesses in Northern Norway.

Central to the overall management of SpareBank 1 Nord-Norge is the Group's strategic compass. This enables us to make good decisions even though market conditions and customer expectations are continuously changing. SpareBank 1 Nord-Norge's strategic compass is geared to the Group's business strategy. The compass ensures direction, it ensures focus and it keeps internal and external parameters in balance throughout. By basing our management on the strategic compass we create value for our customers, equity certificate holders, employees and for Northern Norway.

At the centre of the compass is the Group's vision: **For Northern Norway**. It indicates both what we are and for whom we exist.

The innermost circle shows the Group's financial objectives; **profitability**, **efficiency**, **financial strength** and **dividends**. The table below shows the levels delivered in recent years.

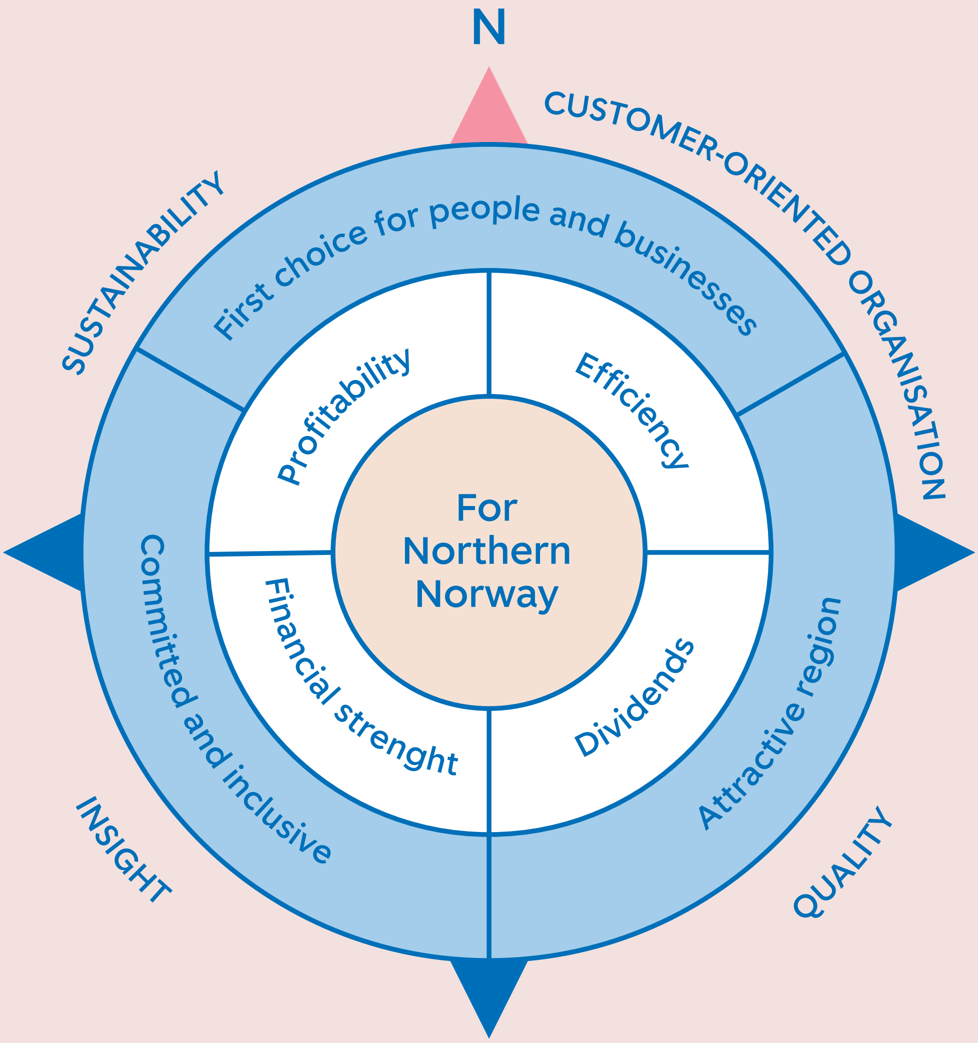
	2019	2020	2021	2022	**2023**
Profitability (ROE)	15.9%	12.6%	15.10%	11.9%	**16.4%**
Effeciency (cost/income)	39.8%	40.0%	40.6%	40.3%	**36.0%**
Solidity (Tier 1 capital)	17.2%	17.5%	18.7%	17.3%	**17.1%**
Dividend per equity certificate	4.0 NOK	3.9 NOK	10.4 NOK	8.2 NOK	**7.0 NOK**

The compass's next level shows our three strategic objectives. The business strategy is based on the principle of shared value creation. It entails that we are not exclusively preoccupied with creating value for ourselves and our shareholders. We are also preoccupied with creating value for our customer, and for the region of which we are a part. We accordingly have three strategic objectives of equal standing.

- **To create value for customers: We aspire to be the first choice of people and businesses.** This entails being the preferred partner for financial services, for retail customers and corporate customers alike.
- **To create value for SpareBank 1 Nord-Norge: We shall have committed employees in an inclusive organisation.** This entails that we as employees are committed to our work and our tasks, because it gives a sense of mastery and energy. We feel included, that we are seen, recognised – and that our efforts are important. We also set the stage for good conditions for our diversity to flourish, and we thrive with our diverseness.
- **To create value for Northern Norway: We shall contribute to making Northern Norway an attractive region.** This means playing our part, across the business, in making Northern Norway an even better place for people and businesses. It is by helping to create value for Northern Norway that we enable the enormous value-creating potential in the North to be turned to account. And it is by helping to create value for North Norway that we secure the basis for our existence in the long term.

The compass rests on four strategic foundations which together embody our strategic principles: customer orientation, sustainability, insight and quality. These are selected terms that permeate our approach to fulfilling our vision:

- **Customer orientation:** Our first principle is that we are customer oriented. This means putting the customer first, that we understand the customer's challenges and needs at all times, and actively develop and prioritise solutions that meet the customer's expectations. Because it is through delivering what the customer expects, at all times, that we create value for the Group, for our employees and for our equity certificate holders.
- **Quality:** Our second principle is that quality shall permeate our every move. We do the right things



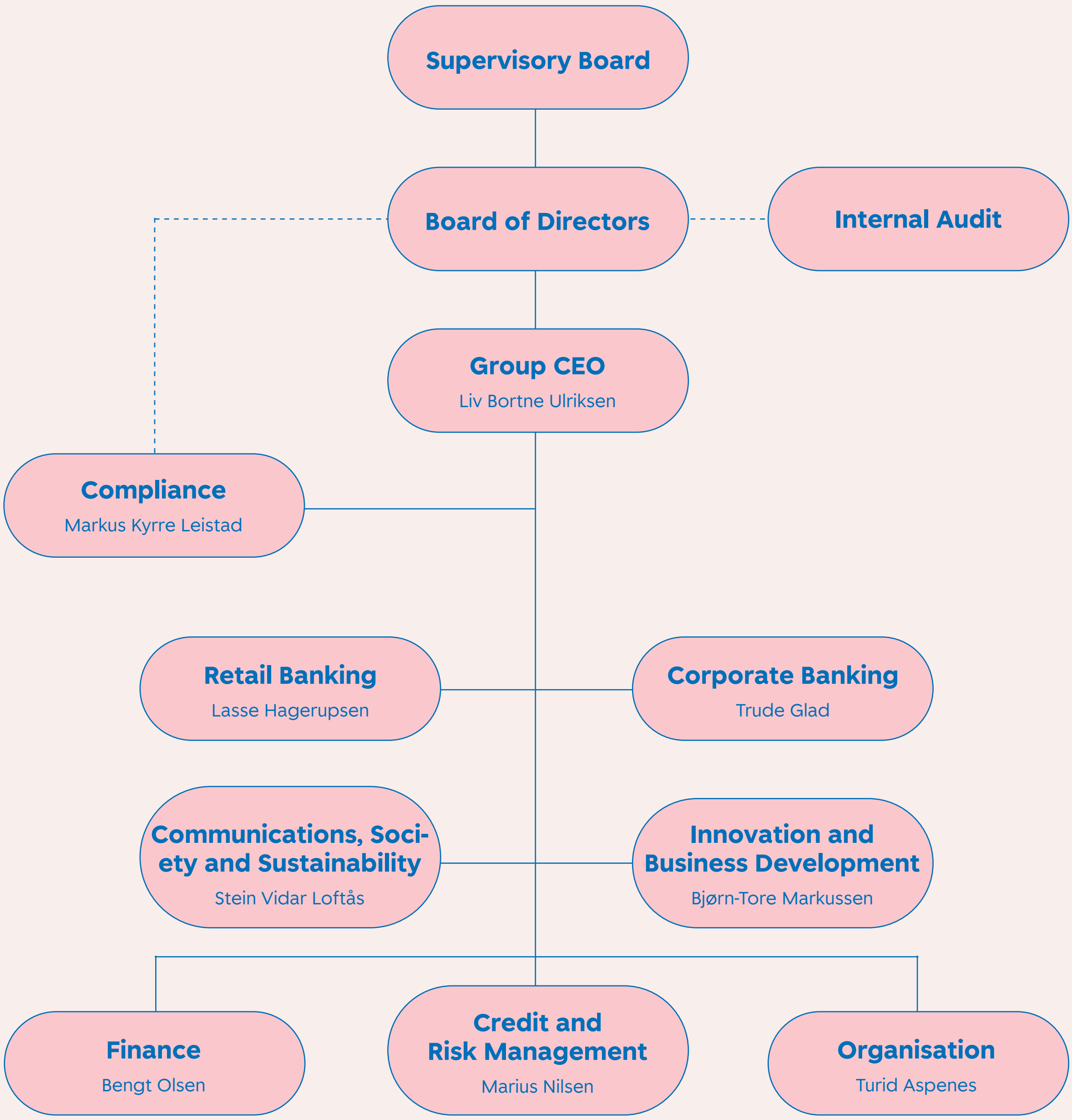
right, and take pride in being a financial group that is to be trusted. We have established good guiding documents which everyone in the Group abides by.

- **Insight:** Our third principle is to be insight-driven at all times. This entails basing our decisions on insight and knowledge throughout. We do not surmise or conjecture, we do not make decisions exclusively based on a gut feeling. We know our customers, suppliers, our own employees and other stakeholders – and, not least, our region. We will apply this principle in the right manner, at all times.
- **Sustainability:** Our fourth principle is that our advice and our choices shall be sustainable. As the largest financial actor in the region, we intend to be a driver of sustainable development in the North. Sustainability will therefore pervade our entire operations. This applies both to the way the business is run and to the requirements we impose on customers, suppliers, our own employees and other stakeholders. As the world's northernmost financial group we shall give particular consideration to matters bearing on Arctic areas.

The compass points north, where you find the Group's mission, often referred to as our "North Star". This lends substance to our vision, and reads: **We shall, better than anyone, understand and achieve what is important for people and businesses in Northern Norway.**

Organisation

Organisational chart (bank) as of Dec. 2023



Organisational changes in 2023

BANKING OPERATIONS

- The transfer of business of SNN Kapitalmarked to SpareBank Markets AS was carried out in December 2023.
- Ny organisation in Private Banking with the following units;
  - Relationship and advice
  - Service and customer relations
  - Investment councelling
  - Quality and operational support
- Recruitment of new CEO (Hanne Karoline Kræmer), starting 01.01.2024.

SPAREBANK 1 REGNSKAPSHUSET NORD-NORGE

- Acquisition and process for implementing the merger of the companies Adwice AS and Flex AS.
- New organisations of the company effective from 01.01.2024 with the following units;
  - Business support
  - Consulting
  - Accounting and payroll
  - Technology and innovation
- Recruitment of new CEO (Johan-Thomas Hegdahl), starting 01.12.2023.

SPAREBANK 1 FINANS NORD-NORGE

No major organisational changes during the year.

EIENDOMSMEGLER 1 NORD-NORGE

No major organisational changes during the year.

Board of Directors

The Board of Directors of SpareBank 1 Nord-Norge is The Group's supreme governing body and ensures the proper organisation of the business via the CEO. The Board of Directors has three permanent subcommittees: the risk committee, the audit committee and the remuneration committee. In 2023, The Board appointed a committee tasked with recruiting a new CEO. This process was headed by the Board chair.

BOARD CHAIR

EIRIK FRANTZEN

Education
Master of Science

Experience

Frantzen is CEO of Nordkraft AS, and also holds over a decade of experience from Bravida. His extensive background includes serving on various boards, and was previously board chair at Sparebanken Narvik. Since 2022, Frantzen has been chairman of the board, and chair of the remuneration committee.

Number of equity certificates: 0

DEPUTY CHAIR

KJERSTI TERESE STORMO

Education
Master's degree in economics and business administration.

Experience
Stormo is director of Bodø Havn KF, and previously held the position of director at BE Kraftsalg AS and served as the chief financial officer at Bodø Energi. With extensive experience in various boards, Stormo has been a board member since 2016 and vice-chair since 2021, og chair of the audit committee. Member of the risk committee.

Number of equity certificates: 2 942

BOARD MEMBER

SIV SANDVIK

Education
Cand. Jur. degree

Experience

Sandvik is partner at Advokatfirmaet Schjødt AS, has served on the board of Hurtigruten ASA and held leadership roles within the control groups of various companies in the Eika Group. Sandvik is a member of the board since 2022, and is member of the remuneration committee

Number of equity certificates: 0

BOARD MEMBER

SIGURD CARLSEN

Education
Business economist degree, Master of International Management

Experience
Carlsen has extensive experience from Nordea and Christiania Bank, and is former chairman of Eksportfinans ASA. Carlsen has been a member of the board since 2022, og chairs the risk committee. Member of the audit committee.

Number of equity certificates: 3 000

BOARD MEMBER

SEMMING SEMMINGSEN

Education
University college candidate, business and administration

Experience
Semmingsen is CEO of Troms Kraft AS. Semmingsen has extensive experience from the seafood industry, and broad board experience. Semmingsen has been a member of the board since 2022, and is member of the remuneration committee

Number of equity certificates: 261

BOARD MEMBER

KATHRINE TVEITERÅS

Education
Master's degree in marine management, doctoral degree in organisation and management.

Experience
Tveiterås is Prorector for Education at UiT The Arctic University of Norway. Her board experience includes roles at Troms Kraft and SINTEF. Tveiterås has been a member of the board since 2020, and is member of the risk committee.

Number of equity certificates: 0

BOARD MEMBER

TRUDE SLETTLI

Education
Business economist degree

Experience
Slettli has experience as the CEO of Betr AS and the Director of Development at Mack Ølbryggeri AS. She possesses broad board experience, having been involved with organizations such as Helse Nord IKT, Mack, and Nergård AS, and has been a member of the board since 2021. Member of the audit committee.

Number of equity certificates: 2 720

EMPLOYEE REPRESENTATIVE

KJETIL BERNTSEN

Education
Cand. Mag. degree

Experience
Berntsen the chief union representative for Finansforbundet in SpareBank 1 Nord-Norge. He has served as a financial advisor at both SpareBank 1 SR-Bank and SpareBank 1 Nord-Norge. Berntsen has been a member of the board since 2017, and is member of the remuneration committee.

Number of equity certificates: 1 849

EMPLOYEE REPRESENTATIVE

MAY-BRITT NILSEN

Education
High School, economics and accounting

Experience
Nilsen is the deputy chief union representative for Finansforbundet in SpareBank 1 Nord-Norge. She previously served on the board from 2015 to 2016, and was senior safety representative at SpareBank 1 Nord-Norge between 2003 and 2014. Nilsen has been a member of the board since 2023.

Number of equity certificates: 22 392

Key Figures

From income statement

AMOUNTS IN NOK MILLION.	NOTE	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Net interest income	19	**3 627**	2 556	2 014	2 068	2 097	1 896	1 770	1 644	1 512	1 426
Commission income and other income	20	**1 487**	1 234	1 499	1 299	1 116	1 057	992	924	933	966
Net return on financial investments	21	**183**	274	794	693	911	463	552	509	249	602
Total income		**5 297**	4 064	4 307	4 060	4 124	3 416	3 314	3 077	2 694	2 994
Personnel costs	22	**1 000**	844	936	869	834	748	708	689	850	704
Other operating expenses	23	**908**	793	812	757	806	726	658	631	611	624
Total operating expenses		**1 908**	1 637	1 748	1 626	1 640	1 474	1 366	1 320	1 461	1 328
Result before losses		**3 389**	2 427	2 559	2 434	2 484	1 942	1 948	1 757	1 233	1 666
Loss on loans, guarantees etc.	13	**116**	63	–235	332	11	22	184	213	200	321
Result before tax		**3 273**	2 364	2 794	2 102	2 473	1 920	1 764	1 544	1 033	1 345
Tax charge	25	**725**	513	499	360	409	374	324	291	163	223
Result non-current assets held for sale						–2	–4			–5	–27
Minority interests		**27**	27	12						–7	–1
Net profit majority interests		**2 521**	1 824	2 283	1 742	2 062	1 542	1 440	1 253	872	1 096

From balance sheet

AMOUNTS IN NOK MILLION	NOTE	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Cash and loans to and claims on credit institutions	10	**2 706**	1 932	1 764	1 894	1 471	3 786	3 431	2 721	2 398	4 405
CDs, bonds and other interest-bearing securities	28,29	**20 975**	21 059	21 758	20 570	17 738	14 565	11 811	10 470	11 747	10 193
Loans and advances to customers	11	**98 789**	93 514	90 035	89 038	86 771	82 145	75 003	70 763	64 053	61 249
Individual write-downs for impaired value	13							–216	–154	–169	–171
Collective write-downs for impaired value	13							–300	–373	–247	–236
Provision for credit losses – stage 1	13	**–152**	–205	–198	–354	–189	–192				
Provision for credit losses – stage 2	13	**–343**	–275	–294	–302	–142	–157				
Provision for credit losses – stage 3	13	**–261**	–184	–200	–167	–151	–162				
Other assets	34	**6 425**	6 478	6 315	6 619	6 026	6 171	7 457	7 074	7 621	7 748
Total assets		**128 138**	122 319	119 180	117 298	111 524	106 156	97 186	90 501	85 403	83 188
Deposits from credit institutions	10	**1 164**	1 185	1 092	1 272	563	187	434	818	1 816	2 758
Deposits from customers	35	**82 495**	79 484	76 149	73 158	68 030	63 985	57 849	53 870	48 087	45 761
Debt securities in issue	36	**13 970**	15 336	17 527	23 167	24 786	25 135	23 552	21 165	21 470	21 116
Other liabilities	37	**4 952**	4 673	3 199	3 629	2 923	2 591	2 202	2 287	2 719	2 861
Subordinated loan capital	38	**8 367**	5 718	4 560	1 050	1 050	1 200	850	1 350	1 350	1 350
Hybrid capital	42	**1 250**	600	780	780	780	780	530			
Total equity	41	**15 940**	15 323	15 873	14 242	13 392	12 278	11 769	11 011	9 961	9 342
Total liabilities and equity		**128 138**	122 319	119 180	117 298	111 524	106 156	97 186	90 501	85 403	83 188

Key Figures

AMOUNTS IN NOK MILLION	NOTE	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Return on equity (1)	41	**16.4%**	11.9%	15.1%	12.6%	15.9%	12.9%	12.9%	12.0%	9.1%	12.2%
Cost/income group (2)	23	**36.0%**	40.3%	40.6%	40.0%	39.8%	43.1%	41.2%	42.9%	54.2%	44.4%
Cost/income parent bank (2)	23	**25.2%**	31.6%	33.7%	37.7%	28.8%	38.8%	36.9%	35.4%	52.4%	46.4%
Gross loans to customers incl. comis-sion loans (3)	11	**143 438**	133 243	125 739	127 122	121 734	114 117	105 485	96 287	88 403	84 980
Growth in loans incl. comission loans last 12 months (3)	11	**7.9%**	6.2%	−1.1%	4.4%	6.7%	8.2%	9.6%	8.9%	4.0%	5.5%
Growth in loans last 12 months	11	**5.6%**	3.9%	1.1%	3.8%	6.0%	7.8%	6.0%	10.5%	4.6%	6.9%
Deposits from customers	35	**82 495**	79 484	76 149	73 158	68 030	63 985	57 849	53 870	48 087	45 761
Growth in deposits last 12 months	35	**3.8%**	4.4%	4.1%	7.5%	6.3%	10.6%	7.4%	12.0%	5.1%	1.8%
Share of loans transferred to Spare-Bank 1 Boligkreditt of total loans to retail customers	12	**48.0%**	44.1%	41.7%	42.5%	41.3%	39.8%	40.0%	36.7%	38.2%	39.7%
Share of loans transferred to Spare-Bank 1 Boligkreditt of total loans to customers	12	**31.1%**	29.8%	28.2%	29.3%	29.6%	29.1%	28.9%	26.5%	27.5%	27.9%
Deposits as a percentage of gross lending incl comission loans (4)	35	**57.5%**	59.7%	60.6%	57.6%	55.9%	56.1%	54.8%	55.9%	54.4%	53.8%
Deposits as a percentage of gross lending (5)	35	**83.5%**	85.0%	84.6%	82.2%	79.4%	79.1%	77.1%	76.1%	75.1%	74.7%
Total assets		**128 138**	122 319	119 180	117 298	111 524	106 156	97 186	90 501	85 403	83 188
Average assets (6)		**127 155**	122 377	120 264	115 736	108 989	101 855	93 905	89 168	84 039	80 191
Branches		**15**	15	15	36	38	38	38	38	62	74
Number of man-years (Group)	22	**956**	852	853	897	904	841	784	774	830	927
Number of man-years (parent bank)	22	**521**	508	515	565	584	559	538	510	618	639
Number of man-years (subsidiares)	22	**435**	344	338	332	320	282	246	264	212	288
Net other operating income of total income	21	**28.1%**	30.4%	34.8%	32.0%	27.1%	30.9%	29.9%	30.0%	34.6%	32.3%
Common Equity Tier 1 Capital	5	**13 466**	12 351	13 097	12 019	11 472	10 334	9 992	9 155	8 367	7 752
Common Equity Tier 1 Capital Ratio	5	**17.1%**	17.3%	18.7%	17.5%	17.2%	14.5%	14.9%	15.0%	13.9%	12.5%
Tier 1 Capital	5	**14 847**	13 082	14 001	12 991	12 496	11 396	10 857	9 951	9 110	8 439
Tier 1 Capital Ratio	5	**18.9%**	18.3%	20.0%	18.9%	18.8%	16.0%	16.2%	16.3%	15.1%	13.6%
Own funds	5	**16 824**	14 230	15 109	14 366	13 726	12 904	12 141	11 229	10 358	9 680
Total Capital Ratio	5	**21.4%**	19.9%	21.6%	20.9%	20.6%	18.1%	18.1%	18.4%	17.2%	15.6%
Total risk exposure amount	5	**78 527**	71 399	70 059	68 588	66 609	71 167	67 223	61 120	60 328	61 925
Leverage Ratio	5	**7.9%**	7.4%	8.3%	7.6%	7.7%	7.2%	7.2%	7.0%	6.1%	5.9%
Losses on loans to customers as a percentage of gross loans incl comission loans (3)	13	**0.08%**	0.05%	−0.18%	0.26%	0.01%	0.02%	0.17%	0.22%	0.22%	0.19%
Non-perf. commitm. as % of gross loans incl. commission loans (3)	13	**0.59%**	0.49%	0.43%	0.29%	0.29%	0.37%	0.84%	0.31%	0.30%	0.33%
Other doubtfull commitm. as % of gross loans incl. commission loans	13	**0.40%**	0.35%	0.27%	0.16%	0.16%	0.23%	0.65%	0.37%	0.39%	0.41%
Net commitments in default and at risk of loss as a percentage of gross loans incl. commission loans (7)	13	**31.60%**	28.90%	36.70%	44.80%	43.20%	38.40%	23.76%	30.08%	32.82%	32.82%

1) The profit after tax in relation to average equity, calculated as a quarterly average of equity and as of 1 January and 31 December. The Bank's hybrid capital instruments are classified as equity in the financial statements. However, when calculating the return on equity, the hybrid capital is not included and the associated interest costs are adjusted for in the result.

2) Total costs in relation to total net income.

3) Intermediary loans include loans transferred to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS, which have been derecognised from the balance sheet.

4) Customer deposits as a percentage of gross lending, inclusive of intermediary loans.

5) Customer deposits as a percentage of gross lending.

6) Average total assets is calculated as an average of the opening balance on 1 January, quarterly total assets, and the closing balance on 31 December.

7) Stage 3 loss provisions in relation to total non-performing and impaired commitments.

Key figures EC NONG

Hybrid capital issued in SpareBank 1 Nord-Norge amounting to NOK 600 million is not covered by the definition of debt in the IFRS regulations and is therefore classified as equity. Based on this, NOK 60 million in accrued interest on the hybrid capital has not been recognised as a cost in the income statement but has been charged directly against equity. When calculating key figures for equity and the equity certificates, accrued interest on hybrid capital is thus deducted from the accounting result. At the same time, hybrid capital is deducted from the equity in the balance sheet. This ensures that the key figures relevant to the Bank's owners are calculated on the basis of the result and the equity that actually belong to the owners. Also see note 41.

	NOTE	**2023**	2022	2021	2020	2019	2018	2017	2016	2015	2014
NONG Quoted/market price 1)		**103.20**	96.00	112.60	74.60	78.50	62.80	62.25	52.25	36.70	39.90
Number of Equity Certificates (EC) issued 2)	41	**100 398**	100 398	100 398	100 398	100 398	100 398	100 398	100 398	100 398	100 398
Allocated dividend per EC 3)	42	**7.00**	8.20	10.40	3.90	4.00	4.00	4.00	3.45	2.00	1.90
Equity capital per EC Group 4)		**73.66**	71.69	73.30	65.76	61.84	56.70	54.34	50.84	46.00	44.05
Result per EC Group, adjusted for interest hybrid capital 5)	42	**11.52**	8.13	10.41	7.89	9.39	7.03	6.61	5.54	5.10	4.64
P/E (Price/Earnings per EC Group) 6)		**9.0**	11.8	10.8	9.5	8.4	8.9	9.4	9.0	8.9	7.7
P/B (Price/Book Value per EC Group) 7)		**1.4**	1.4	1.5	1.1	1.3	1.1	1.1	1.0	0.8	0.9
Pay-out ratio Group 8)	42	**61.60%**	99.35%	99.94%	49.40%	42.60%	56.90%	60.50%	59.63%	48.65%	36.77%
EC ratio overall as of 01.01. used for allocaton of result	41	**46.36%**	46.36.%	46.36%	46.36%	46.36%	46.36%	46.36%	46.36%	46.36%	47.33%

1) Quoted/market price ajusted for equity issues, fund issues, dividend issues and splits. All key figures are adjusted with the same factor as the quoted/market price.

2) Number of certificates issued

3) Allocated dividend

4) Equity excl. hybrid capital Group*EC ratio overall/Number of EC

5) Anualised result after tax Consern*EC ratio overall/Number of EC

6) Market price/Result per EC Group adjusted for interests hybrid capital

7) Market price/Book value per EC Group

8) Dividend per EC/Result per EC Group

Group Profit Analysis

From income statement

AMOUNTS IN NOK MILLION	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Interest income	**6 561**	3 824	2 542	2 927	3 320	2 795	2 611	2 548	2 702	2 998
Interest costs	**2 934**	1 268	528	859	1 223	899	841	904	1 190	1 572
Net interest income	**3 627**	2 556	2 014	2 068	2 097	1 896	1 770	1 644	1 512	1 426
Dividend and other income from investments	**45**	294	568	598	827	380	438	440	407	469
Fees and commissions receivable	**1 045**	1 088	1 267	1 161	1 035	978	931	871	908	940
Fees and commissions payable	**90**	79	96	82	107	95	85	85	75	74
Net gain/loss on securities and foreign exchange	**138**	–20	226	95	84	83	114	69	–158	133
Other operating income	**532**	225	328	220	188	174	146	138	100	100
Net overall contribution	**5 297**	4 064	4 307	4 060	4 124	3 416	3 314	3 077	2 694	2 994
Wages, salaries an general administration costs	**1 530**	1 329	1 408	1 330	1 358	1 202	1 101	1 066	1 218	1 053
Depreciation etc. on fixed- and intangible assets	**88**	92	104	109	120	61	65	60	56	97
Other operating costs	**290**	216	236	187	162	211	200	194	187	178
Result before losses	**3 389**	2 427	2 559	2 434	2 484	1 942	1 948	1 757	1 233	1 666
Losses on loans and guarantees	**116**	63	–235	332	11	22	184	213	200	321
Profit before tax	**3 273**	2 364	2 794	2 102	2 473	1 920	1 764	1 544	1 033	1 345
Tax	**725**	513	499	360	409	374	324	291	163	223
Result non-current assets held for sale					–2	–4			–5	–27
Profit for the year	**2 548**	1 851	2 295	1 742	2 062	1 542	1 440	1 253	865	1 095
Minority interests	**27**	27	12						–7	–1
Majority interests	**2 521**	1 824	2 283	1 742	2 062	1 542	1 440	1 253	872	1 096

From income statement

IN % OF AVERAGE TOTAL ASSETS	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Interest income	**5.16%**	3.12%	2.11%	2.53%	3.05%	2.74%	2.78%	2.86%	3.22%	3.74%
Interest costs	**2.31%**	1.04%	0.44%	0.74%	1.12%	0.88%	0.90%	1.01%	1.42%	1.96%
Net interest income	**2.85%**	2.09%	1.67%	1.79%	1.92%	1.86%	1.88%	1.84%	1.80%	1.78%
Dividend and other income from investments	**0.04%**	0.24%	0.47%	0.52%	0.76%	0.37%	0.47%	0.49%	0.48%	0.58%
Fees and commissions receivable	**0.82%**	0.89%	1.05%	1.00%	0.95%	0.96%	0.99%	0.98%	1.08%	1.17%
Fees and commissions payable	**0.07%**	0.06%	0.08%	0.07%	0.10%	0.09%	0.09%	0.10%	0.09%	0.09%
Net gain/loss on securities and foreign exchange	**0.11%**	–0.02%	0.19%	0.08%	0.08%	0.08%	0.12%	0.08%	–0.19%	0.17%
Other operating income	**0.42%**	0.18%	0.27%	0.19%	0.17%	0.17%	0.16%	0.15%	0.12%	0.12%
Net overall contribution	**4.17%**	3.32%	3.58%	3.51%	3.78%	3.35%	3.53%	3.45%	3.21%	3.73%
Wages, salaries an general administration costs	**1.20%**	1.09%	1.17%	1.15%	1.25%	1.18%	1.17%	1.20%	1.45%	1.31%
Depreciation etc. on fixed- and intangible assets	**0.07%**	0.08%	0.09%	0.09%	0.11%	0.06%	0.07%	0.07%	0.07%	0.12%
Other operating costs	**0.23%**	0.18%	0.20%	0.16%	0.15%	0.21%	0.21%	0.22%	0.22%	0.22%
Result before losses	**2.67%**	1.98%	2.13%	2.10%	2.28%	1.91%	2.07%	1.97%	1.47%	2.08%
Losses on loans and guarantees	**0.09%**	0.05%	–0.20%	0.29%	0.01%	0.02%	0.20%	0.24%	0.24%	0.40%
Profit before tax	**2.57%**	1.93%	2.32%	1.82%	2.27%	1.89%	1.88%	1.73%	1.23%	1.68%
Tax	**0.57%**	0.42%	0.41%	0.31%	0.38%	0.37%	0.35%	0.33%	0.19%	0.28%
Result non-current assets held for sale									–0.01%	–0.03%
Profit for the year	**2.00%**	1.51%	1.91%	1.51%	1.89%	1.51%	1.53%	1.41%	1.03%	1.37%
Minority interests	**0.02%**	0.02%	0.01%						–0.01%	0.00%
Majority interests	**1.98%**	1.49%	1.90%	1.51%	1.89%	1.51%	1.53%	1.41%	1.04%	1.37%

Average total assets is calculated as the average of quarterly total assets as of 1 January and 31 December.
Calculated average total assets for 2023 was NOK 127 155 million.
Total assets correspond to the total of capitalised assets for the Group.

Sustainability and Society

1. Driving force behind a sustainable future in Northern Norway

As a financial services group, SpareBank 1 Nord-Norge has wide-ranging impacts on the environment and society. The Group has both direct and indirect impacts on stakeholders, the climate, nature, communities, people and human rights. This brings with it a responsibility to protect and reinforce the positive, and minimise the adverse, impacts.

Main priorities for the year just ended:

- Ne zero plan with emission trajectories based on the methodology of the Science-Based Target Initiative (SBTi)
- Increased focus on ESG data and technology
- MNOK 200 for the green transition via “Samfunnsløftet”
- Green competences plan for all employees
- Facilitating reporting in line with CSRD
- Due diligence and reporting on compliance with the Transparency Act
- One diversity forum established

200

MNOK

For the green transition via “Samfunnsløftet”

17.5

BNOK

qualified as green portfolio

18.6

BNOK

scored using the Group’s ESG module

516

service providers

Screened in line with the Transparency Act

The world is facing major climate-related changes and greater pressure on natural resources. This not only harms nature and society, it also impacts on global financial stability. This, in combination with climate policy in both Norway and the EU, increased reporting requirements for businesses and society's general movement towards low emissions, will affect SpareBank 1 Nord-Norge's ability to operate profitably in the future. Sustainability and ESG[1] risk are therefore part and parcel of both the Group's business strategy and risk strategy.

In 2023, SpareBank 1 Nord-Norge had two focus areas in relation to sustainability. One involved specifying new ambitions as regards sustainability, and the other involved understanding and facilitating new reporting requirements imposed by the Corporate Sustainability Reporting Directive (CSRD). This report has been written and certified in line with the Global Reporting Initiative. At the same time, the reporting has been adapted to the CSRD based on the European Sustainability Reporting Standards (ESRS). For SpareBank 1 Nord-Norge, these new reporting standards will determine how we work on and report sustainability information in the future. Therefore, necessary adjustments have been made in 2023 in relation to the Group's double materiality analysis, and more adjustments will be made in 2024 in order to be ready for reporting for the 2024 financial year.

Governing documents	Disclosures
• Business strategy • Risk strategy • Sustainability policy • The path to net zero 2040 (the Group's transition plan)	GRI 2-2, 2-3, 2-6, 2-12, 2-13, 2-17, 2-23, 2-24, 2-25, 2-28, 2-29, 3-1, 3-2 SNN 1 ESRS 2 BP-1, SBM-2, SBM-3, IRO-1 **Link to the UN's Sustainable Development Goals:** 5, 8, 13, 14, 17

1.1 Strategy

Sustainability is one of the four guiding principles in SpareBank 1 Nord-Norge's business strategy, and the risk strategy also contains its own ESG risk-related targets. Both strategies will steer the Group's work, and both are revised by the Board and Group Management annually.

SpareBank 1 Nord-Norge's materiality assessment indicates that the largest impact the Group has is associated with its lending activities. This is based on the Group's core business being lending to people and businesses in the market area of Northern Norway. Here, the impact on climate and social conditions can be positive in the form of stricter requirements being stipulated for customers in relation to important ESG conditions and this in turn having an impact on the risk profile and pricing. The impact can also be adverse in the form of the Group funding high-emission activities or activities that result in other harm to the environment, climate or society. The risks associated with this are described later in a specific chapter on climate-related risk (TCFD). As a significant buyer of goods and services, the Group also has both positive and adverse impacts on human rights and labour rights through the choices it makes and the requirements its stipulates.

The opportunities associated with the Group's impact on ESG are expressed through SpareBank 1 Nord-Norge's ambition for sustainability:

As the largest[2] financial player in Northern Norway, SpareBank 1 Nord-Norge aims to be a driving force behind a sustainable future in the north.

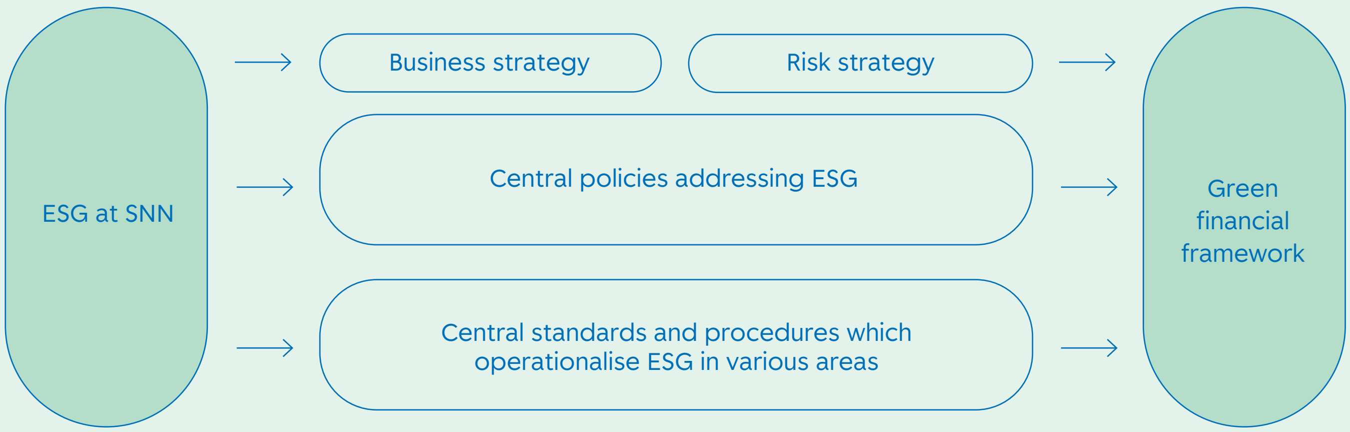
[1] *Environment, social and governance (ESG)*

[2] *The Group is the largest financial services group registered in Northern Norway, measured in terms of its number of employees (973) and number of local branches (15)*

1.2 Management of ESG work

The Chief Communications Officer has overall responsibility for this area. At the same time, all chief officers and EVPs have a responsibility to integrate sustainability into their professional units. This is stipulated in the Group's corporate governance system, governing documents and core processes. ESG goal attainment is reported to Group Management every quarter, and ESG risk is reported to the Board with the same frequency.

The sustainability policy defines the overarching principles for the Group's work in this area. The policy is operationalised through a number of governing documents in key areas and revised annually by the Board. The sustainability policy applies to the SpareBank 1 Nord-Norge Group, i.e. the Board, Group Management, all employees, consultants, partners, agents and others on contracts who are involved in the Group's operations. The policy applies to all parts of the business, which also includes activities and areas that have been outsourced. Training in applying the policy is included in the Group's competences plan for sustainability, employee policies via the SNN Code of Conduct, and the work on internal safety rounds.



ESG-team: The Group has established an interdisciplinary team led by the head of Treasury. The team meets once a quarter, and its main task is to qualify green assets in line with the green product and financing framework. It also updates and develops the relevant frameworks.

Structure and reporting: This sustainability report is based on the principles in the Global Reporting Initiative (GRI) standard. The report has been developed in line with the GRI 2021 standard. Climate-related risk is reported on in line with the reporting framework developed by the Task Force on Climate-Related Financial Disclosures (TCFD). The Group also reports annually to the Eco-Lighthouse, Climate Partner, Women in Finance and the UN Global Compact. From the 2024 financial year onwards, the Group will report in line with the CSRD via the ESRS.

The sustainability report mainly covers just SpareBank 1 Nord-Norge, not subsidiaries or other companies. The exception is chapter 4. Own workforce where the reporting covers SpareBank 1 Nord-Norge and its subsidiaries SpareBank 1 Finans Nord-Norge AS, EiendomsMegler 1 Nord-Norge AS and SpareBank 1 Regnskapshuset Nord-Norge AS. In addition, chapter 3.4 EU taxonomy has been reported in line with Regulation (EU) No 575/2013 (2), chapter 2, and the green portfolio discussed in chapter 3.3 includes both SpareBank 1 Nord-Norge and SpareBank 1 Finans Nord-Norge AS. The report had been assured by KPMG with a moderate degree of assurance. In such a level of assurance, the auditor's conclusion is given in negative form by stating that no matters have been identified that give reason to believe that the information about the matter is not in accordance with the specified criteria.

Contact details: For questions concerning the sustainability report, please contact Ragnhild Dalheim Eriksen rde@snn.no or call 02244 (only in Norway).

1.3 Sustainability goals for 2024

SpareBank 1 Nord-Norge's sustainability ambitions are defined in the sustainability policy. It has three overarching ambitions that the Group is working towards:

An attractive and inclusive region

Aiming to contribute to positive migration to the region by 2030

Green transition of Northern Norway

Aiming for net zero in the loan portfolio by 2040

The ocean in Arctic regions

with the aim that 70 per cent of the maritime industry portfolio will qualify for green financing by 2030[1]

The Group has set itself the following tactical goals for 2024:

- We will recruit and retain active customers
- We will strengthen our position in ocean industries
- We will achieve net zero by 2040 1:16
- We will improve the employee experience

The goals are operationalised through the Group's corporate governance system and goal attainment is reported every quarter to the Group CEO. A more detailed account of KPIs and sustainability goal attainment in 2023 is provided in the other chapters of this annual report.

SpareBank 1 Nord-Norge's work on sustainability is based on a number of initiatives and principles for responsible business that enable the Group to comply with regulatory guidelines in this area and conduct its activities in line with recognised principles, such as the precautionary principle. The sustainability initiatives SpareBank 1 Nord-Norge is a signatory to and reports in line with are shown below:

Global Compact:

SpareBank 1 Nord-Norge has signed up to the UN Global Compact initiative, the world's largest initiative for corporate social responsibility in business.

Women in Finance Charter:

SpareBank 1 Nord-Norge has signed up to the initiative as a *funding partner.*

PCAF:

Member of the Partnership for Carbon Accounting Financials (PCAF) since 2023. Used to calculate emissions in the loan portfolio.

Eco-lighthouse::

SpareBank 1 Nord-Norge's head office is Eco-Lighthouse certified in line with the head office model and all of its financial centres are Eco-Lighthouse certified.

Klimapartner:

SpareBank 1 Nord-Norge is a member of Klimapartner Nordland, Troms og Finnmark.

Other collaborative sustainability initiatives:

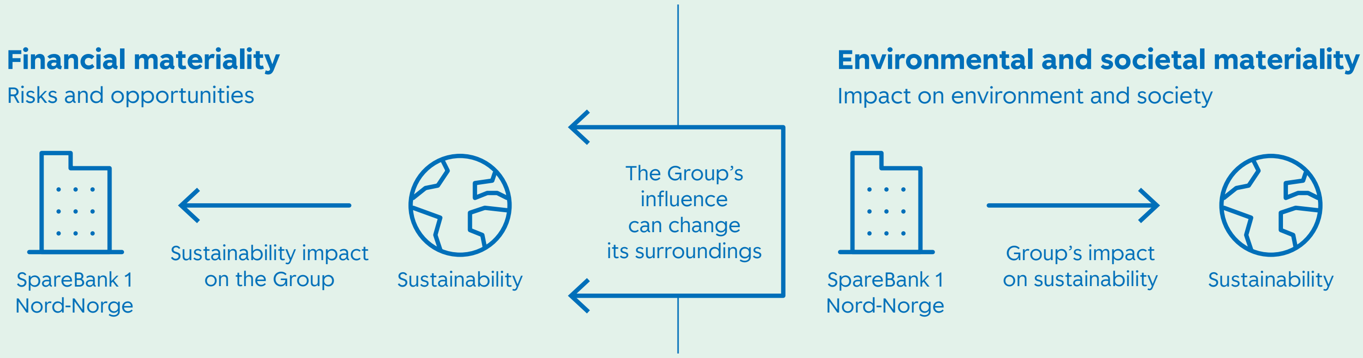
- Member of Skift – business climate leaders
- Partnership with the Zero environmental foundation
- Finance Norway

[1] *IN line with to the Group's green framework*

1.4 Materiality assessment – revised in 2023

SpareBank 1 Nord-Norge can have a significant impact on people and business thanks to both its size and the social role played by savings banks in local communities. Therefore, numerous topics will be material for the Group, both from a financial perspective and from an environmental and social perspective. The Group uses a double materiality assessment to determine which material topics to prioritise.

Double materiality assessments are designed to indicate which areas related to the climate, nature and society the Group impacts and how the climate, nature and society impacts the Group from a financial perspective. The principle of materiality is key here. It means that some sustainability topics are deemed to have a greater priority than others. The analysis enables the Group to better concentrate its efforts on areas where it has the greatest impact, and to better assess the financial consequences this may have for the Group.



The figure illustrates the principle of "double materiality" as described in the CSRD. The Group's first materiality analysis was presented in 2018. The analysis has been revised three times since then.

The materiality assessment has been developed based on a stakeholder analysis that included extensive interviews and data collection from customers, employees and managers in the Group. It has been supplemented with other analyses such as impact analyses, competitor analyses, expectations barometers and megatrends in the financial services industry. The final material topics were determined based on an internal assessment in a workshop involving 19 specialists. The material topics were input into an assessment matrix based on a scale of 1-3, where business impact and business value were rated as low (1), moderate (2) or high (3). The results in 2022 were a materiality assessment that contained 15 material topics.

1.4.1 MATERIAL TOPICS 2023

In 2023, SpareBank 1 Nord-Norge revised the materiality assessment from 2022. This was primarily done because the previous version produced too many material topics, which made measuring and following up the results difficult. Another important reason for revising it was to adapt the Group's sustainability work to new reporting requirements for the area pursuant to the CSRD from 2024 onwards. See below for a description of how the materiality assessment was revised such that it resulted in five material topics in 2023 rather than 15. This revision does not mean that the previous topics are no longer important; they will continue to form part of the Group's work on sustainability and be priorities in this area. The materiality analysis was revised based on data collection from responsible professional environments, as well as discussions in internal reporting working groups consisting of key professional environments for ESG. Four of the five material topics are linked to the new reporting standards in ESRS. The fifth material topic, "green transition", was chosen based on the insights work in the materiality analysis in 2022, which indicated a need for faster transition in Northern Norway.

The final materiality assessment was approved by the Group CEO and Group Management in November 2023. The new material topics and their correlation with the previous materiality analysis are shown in the table below:

	Material topics 2022	Revised material topics 2023
E	Climate-related and nature-related risk Carbon footprint in operations and financing	Climate change
E	Green transition skills Understanding of climate change in the Arctic ESG technology Collaborations and networks	Green transition
S	Working environment	Own workforce
S	Local value creation Social products and services Demographic risk	Affected Communities
G	Anti-money laundering Data security and privacy Ethical banking Risk management Accountability and transparency in the supply chain	Business conduct

Topics eliminated from revised materiality analysis in 2023:
Risk management[1]

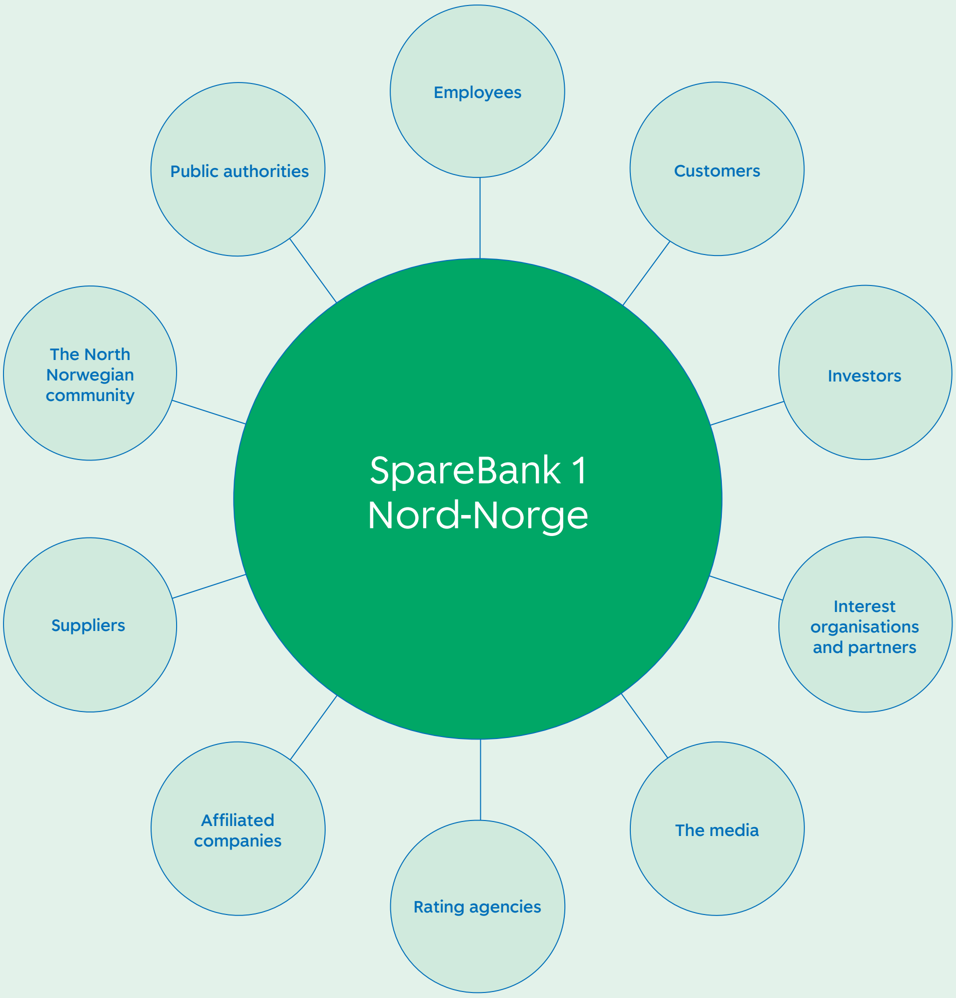
A summary of the past year's work on the topics is provided in the respective chapters later on in this annual report. A more detailed description of how the materiality analysis was conducted can be found in the sustainability library at snn.no.

In 2024, SpareBank 1 Nord-Norge will review the materiality analysis again in relation to the requirements of the CSRD/ESRS.

[1] *As a topic, risk management is an integral component of every area of operations and is performed based on the Group's risk strategy. It is reported on extensively elsewhere in this annual report and is regarded as being covered by the Group to the extent that it is not necessary to include it as a separate material topic in the work on sustainability*

1.4.2 THE GROUP'S KEY STAKEHOLDERS

Stakeholder engagement and mapping are important elements of what materiality assessments are based on. Society is also a key stakeholder for a savings bank, and the Group has extensive contact with various social actors throughout the year. The stakeholder analysis can be read in full in the appendices to the annual report. SpareBank 1 Nord-Norge's key stakeholders in its sustainability work are shown in the figure below:



1.4.3 IMPACT ANALYSIS

An impact analysis has been developed as part of the work on the materiality analyses. It was based on the Principles for Responsible Banking (PRB) tool, Portfolio Analysis Tool for Banks. This indicates where the Group has its greatest impact based on its financing activities in both the retail and the corporate markets. The impact analysis pointed to the following areas in which the Group has particularly positive and adverse impacts:

Areas with particularly *adverse* impacts:

1. Climate
2. Resource efficiency
3. Inclusive and sustainable economy

Areas with particularly *positive* impacts:

1. Employees
2. Inclusive and sustainable economy
3. Climate

This analysis supports the Group's prioritised material topics in the new materiality analysis for 2023 and helped to provide a basis for the Group's ambitions in the area of sustainability. The impact analysis was conducted in 2022.

Material topics for SpareBank 1 Nord-Norge

E ENVIRONMENT	**ENVIRONMENTAL AND CLIMATE CONDITIONS** Climate change Green transition
S SOCIAL	**SOCIETY AND SOCIAL CONDITIONS** Own workforce Affected communities
G GOVERNANCE	**CORPORATE GOVERNANCE AND BUSINESS** Business conduct

MATERIAL TOPIC

2. Climate change

GOALS: NET ZERO EMISSIONS IN THE LOAN PORTFOLIO BY 2040

Why is this material for SpareBank 1 Nord-Norge?

The world is facing major climate-related changes. In addition to harming nature and ecosystems, these will also impact financial stability. The financial services industry is, therefore, increasingly focusing on climate change. Since 1979, global warming has increased 3.8 times faster in Arctic regions than in the rest of the world. This impacts the world in a number of ways, and it also impacts the market area in which SpareBank 1 Nord-Norge operates.

SpareBank 1 Nord-Norge, like other businesses, has a responsibility to act to slow down climate change by reducing the climate-related risk exposure of its operations and those of the Group's customers. The Group has its biggest impact on the climate through its financing process, where analyses of customers' climate-related risk exposure are central. These result in the Group having a significant impact on the climate and environment in Northern Norway. The impact stems from what objects and activities are financed, and the Group's own operations. The impact can be adverse, for example if the Group were to finance high-emission activities or activities that harm nature and biodiversity. By charging different prices, the Group could contribute to wider social disparities if low-income groups fail to get sufficient access to climate incentives. The impact can also be positive, for example if measures are implemented that cut CO_2 emissions and improve energy efficiency in the Group's operations and those of its customers.

Risks and opportunities

Norges Bank points out in its report that climate change impacts financial stability. SpareBank 1 Nord-Norge is both directly and indirectly, through its customers, exposed to both physical and transition risk that, if not managed properly, will pose a financial risk to the Group, for example when financing assets that fall in value or end up being "stranded". This can in turn impact the Group's access to funding in the capital markets, and the Group's ability to comply with legal requirements and other expectations in the market.

For a financial services group, this risk also presents opportunities to help customers transition through products and advice. This is one of the reasons why SpareBank 1 Nord-Norge has made green transition its own material topic in the Group's materiality analysis.

Actions

The Group has implemented a number of measures designed to manage both positive and adverse impacts stemming from climate change. The most important measures are described later in this chapter. The Group's sustainability ambitions are operationalised through concrete measures that have an impact on the Group's financial planning, prioritisation of strategic and tactical goals, portfolios of products and services, employees, requirements for suppliers and what it expects of them, operational activities, etc. Furthermore, the regulatory framework conditions are expected to change at pace going forward, which will increase the insights and data within climate-related and nature-related risk in the future.

The concrete measures the Group takes to manage climate-related risk are described in a specific chapter on climate-related risk in line with the reporting standard issued by the Task Force on Climate-Related Financial Disclosures (TCFD).

Stakeholder management:

Climate change is a topic in all matters pertaining to credit in excess of MNOK 5 in the corporate market and forms part of the dialogue advisers have with customers. This was a key topic in the Group's work on the double materiality analysis in 2022, and in its revision in 2023. Climate change is also a key topic when working with banks in the SpareBank 1 Alliance, as well as in the contact with the authorities and other social stakeholders. Examples of these include Finance Norway's specialist committee for sustainability in which the Group has a representative.

Evaluation

The Group's strategy for managing climate-related risk will be adapted to the changes that stem from new requirements, expectations and insights related to climate change in the years to come. The most important evaluation tool is linked to the ESG module. The analysis of financed emissions and the Group's net zero plan and associated reporting will also be key evaluation tools for the topic going forward.

Every professional group will be responsible for this material topic in the Group. Progress is reported to the Board of Directors via quarterly risk reports.

How the material topic is managed

Policies and guidelines	Disclosures
• Risk strategy (goals that address ESG) and the Business strategy (overarching level of ambition for ESG) • Policy for credit granting (CM and RM) (what we finance and what ESG risks we need to be careful about) • Standard for granting credit (RM) • Standard for the Innovation Portfolio Board • Policy for portfolio management in the credit area • Policy for liquidity risk • Policy for market risk • Sustainability policy • ICAAP • SNN Code of Conduct • Green Product Framework and Green Financing Framework • Guidelines for sustainable financing • Guidelines on sustainable liquidity management and corporate governance • Framework for risk assessment of new products and processes (NPAP) • The Group's transition plan • Guidelines for sustainable financing	GRI 2-4, 2-12, 2-13, 2-14, 2-17, 2-18, 2-24, 3-3, 305-1, 305-2, 305-3, 305-4 ESRS 2 BP-2, GOV-1, GOV-2, GOV-5, SBM-1, SBM-3, IRO-1 ESRS E1-2, E1-3, E1-4, E1-6 **2.2 Carbon emissions in own operations and financing** ESRS E1-3 35 ESRS E1-6 44, 49 **Disclosures in the Group's transition plan** ESRS E1-1 16 a-b ESRS E1-4 34 a-d **Responsible area in the Group:** Communication, society and sustainability Credit and risk management Finance and administration **Link to SDGs:** 8, 13, 14

2.1 Climate-related risk and nature-related risk (TCFD)

SpareBank 1 Nord-Norge is exposed to climate-related risks and opportunities through its activities. Climate-related risk and nature-related risk are integral elements of the Group's risk and capital management.

SpareBank 1 Nord-Norge reports on climate-related risk using the template issued by the Task Force on Climate-Related Financial Disclosures (TCFD). Other areas of ESG risk, including corporate social responsibility risk and governance risk, are included as part of the ESG risk reporting in the annual report, related notes and the Pillar 3 report.

2.1.1 MANAGEMENT

2.1.1.1 The Board's understanding of climate-related risks and opportunities

The Board of Directors is well acquainted with climate-related risks and opportunities through its ongoing activities, including strategic discussions, updating and approving governing documents, and reviewing various reports from Group Management. The most important overarching governing documents approved by the Board of Directors in which climate-related risk is explicitly assessed include the business strategy, risk strategy and sustainability policy. Furthermore, the Board approves policies in a number of risk areas that also include recommendations and requirements for ESG risk. This is particularly true of the policy on granting credit, policy for portfolio management in the area of credit and liquidity risk policy, which set explicit targets and requirements for climate-related risk.

The Board of Directors receives regular and ad hoc reports that include assessments of the Group's climate-related risk exposure. Such reports keep the Board informed on climate-related matters. The reports are also important tools in the Board of Directors' monitoring and follow-up of the area. The most important reports include:

- **Risk report (quarterly):** The Group's ESG risk exposure is reported as a specific topic in the risk report. ESG reporting includes regulatory changes, the status of internal work and external collaboration, along with the status of risk exposure versus approved risk appetite, including climate-related targets.
- **Compliance report (quarterly):** The compliance risk associated with ESG risk is reported as a specific topic in the risk report.
- **Internal audit report (tertiary):** The internal audit function's report to the Board of Directors includes findings and recommendations from completed internal audit projects. An internal audit of the management and control of ESG risk was considered by the Board of Directors in 1Q23.
- **ICAAP (annual):** The annual assessment of the Group's overall capital requirement and risk exposure includes ESG risk. The Group's climate-related risk exposure is assessed based on climate scenarios for various industries and geographical areas, as well as the climate-related risk in significant industries in the loan portfolio and in the Group's collateral portfolio. Assessments of the Group's exposure to physical risk, nature-related risk´ and insurance risk here also conducted. In the ICAAP assessment for 2024, the climate scenarios will be stress tested in order to assess how the Group's financial position could be impacted by climate change.
- **The sustainability policy** and associated ambitions in the area were approved by the Board in April 2023 and January 2024.
- **Changes to reporting requirements:** In 4Q23, the audit committee was briefed on the Corporate Sustainability Reporting Directive (CSRD) and the Group's handling of the new reporting requirements that will apply via the Accounting Act from the 2024 accounting year.

The Board of Directors considers climate-related issues when approving larger credit commitments for corporate customers. It is an explicit requirement that the ESG risk related to the commitment and the customer must be assessed in all credit cases. This includes assessing climate-related risk. Furthermore, the Board assesses climate-related issues in connection with significant decisions on outsourcing, investment, acquisitions, disinvestment, etc. by risk assessing the decision concerned in accordance with the Group's risk assessment framework. (NPAP).

ESG is not part of the set of criteria for evaluation by the Board of Directors. It will be introduced in 2024 as part of the adaptations for CSRD and ESRS.

2.1.1.2 Group Management's role in assessing and managing climate-related risks and opportunities

At SpareBank 1 Nord-Norge management and control of all risks, including climate-related risk, is organised in accordance with the three-line model with three lines of defence (3LOD).

First line of defence: The business areas constitute the first line of defence. Managers in the first line of defence are responsible for identifying, managing and reporting on climate-related risk in their business area. Overarching responsibility for ESG as a whole rests with the Chief Communications Officer.

Second line of defence: Risk Management and Compliance constitute the second line of defence. The Chief Risk Officer (CRO) and the head of Compliance are responsible for the work on climate-related risk in the second line of defence. This entails responsibility for:

- Ensuring the Board of Directors establish the risk appetite for this area.
- Ensuring that the management and control of climate-related risk is established in line with the risk appetite.
- Ensuring that compliance with internal guidelines and external requirements, and with expectations related to climate-related risk, are in keeping with the risk appetite adopted by the Board of Directors.

- Periodical reporting to Group Management and the Board of Directors on the Group's exposure to climate-related risk.

Third line of defence: The Group's internal audit function constitutes the third line of defence and reports directly to the Board of Directors, which establishes annual audit plans. The internal audit function conducts annual reviews of various areas related to climate-related risk. In 2023, this included ICAAP, the management and control of ESG risk, and granting credit in the corporate market.

For a more detailed description of the three-line model and the Group's operationalisation of this, please see the Group's Pillar 3 report.

Furthermore, the Group has established an ESG team, a management forum for risk and capital management and an innovation portfolio board in which climate-related risk issues are considered:

- **ESG team:** The ESG team is responsible for approving any objects/commitments that can be qualified in line with the Green Finance Framework (GFF). The team consists of representatives from key disciplines and in 2023 worked on revising the criteria for a new financial framework.
- **Management Forum for Risk and Capital Management (MFRCM):** Addresses the overarching follow-up of the Group's balance sheet management, risk profile, financing, liquidity, financial strength and the Group's compliance with relevant regulatory requirements. The MFRCM deals with, among other things, the ICAAP, risk strategy and risk reporting where climate-related risk is explicitly assessed. The MFRCM comprises the Chief Risk Officer (CRO), Chief Financial Officer (CFO), Executive Vice President Personal Banking, Executive Vice President Corporate Banking and managers from relevant specialist areas.
- **Innovation Portfolio Board:** The Group has established a framework for managing new ideas, both minor initiatives and major innovative business ideas. Initiatives are assessed in relation to climate-related risk where relevant. In 2023, climate-related risks and opportunities were particularly addressed via the following initiatives:
  - Personal follow-up of all existing mortgage customers with homes with an energy rating of A or B. The activity was designed to raise customers awareness of the benefits of owning an energy efficient home, as well as converting existing mortgages into a "green" mortgage (more beneficial loan terms for customers).
  - Preparation of a new customer journey for existing mortgage customers who own potential A or B rated homes, but who have not completed an energy rating process. The goal is to get the owners to complete an energy rating process and thus be able to qualify for green mortgages.
  - Own highlighting of A and B rated homes in real estate prospectuses at EiendomsMegler 1 Nord-Norge, including advantages potential buyers can access by choosing an energy efficient home.
  - Revision of environmental loans, such that upgrades of the energy efficiency of homes can be financed through specific environmental loans with more favourable terms than traditional mortgages.
  - Activities designed to increase the ESG competence of advisers and corporate customers, and the requirements set for different industries.
  - Launch activities for green corporate loans for commercial real estate, including meetings with relevant customers.
  - Started work on ESG classifying corporate customers.
  - The Executive Vice President Innovation and Business Development, Chief Risk Officer (CRO), Chief Financial Officer (CFO), Executive Vice President Personal Banking, Executive Vice President Corporate Banking are permanent representatives on the Innovation Portfolio Board. Other executive directors participate in relevant matters.

Group Management as a whole is familiar with climate-related risks and opportunities through Group Management's work, including strategic discussions, approving goals and ambitions, preparing governing documents, reviewing various reports, etc. In 2023, this applied in particular to:

- **Sustainable business:** In 2022, Group Management launched the strategic initiative "Sustainable Business" with the goal of developing a sustainable business model that simultaneously looks at the business potential sustainability facilitates. The final report was submitted to Group Management in 1Q23.
- **Corporate Sustainability Reporting Directive (CSRD):** In 3Q23, Group Management established a project that is looking at the new ESG reporting requirements proposed for the Accounting Act from the 2024 accounting year onwards. The project conducted a GAP analysis of the reporting requirements versus current reporting in the area.
- **ESG competence:** An ESG competence plan for groupwide ESG training was presented to Group Management in 3Q23 and approved.

- **Tactical goals 2023:** In 2023, the Group's climate goals were operationalised through the "Green transition in practice" tactical goal. The climate goals were further operationalised in each executive director's area of responsibility through concrete interim goals, the status of goal attainment and ongoing reporting to Group Management in the Group's governance system. See the section 2.1.4 Metrics and Targets for further details.
- **Transition Plan** – net zero 2040: In 4Q23, Group Management was presented with, and approved the "2023 transition plan towards net zero". This included an analysis of financed emissions and goals for emission trajectories and the periods up to 2030 and 2040.

2.1.2 STRATEGY

2.1.2.1 Climate-related risks and opportunities identified by the Group in the short, medium and long term

ESG risk is an extensive risk area, and it is assessed both as a specific type of risk and as an underlying risk driver for other types of risk. Both risks and opportunities are also assessed qualitatively and quantitatively in the short term (next 12 months), medium term (up to 5 years ahead) and long term (more than 5 years ahead). Key risks and opportunities in the Group are identified by assessing, for example:

- Which industries the Group should or should not finance?
- Which objects the Group should or should not finance?
- Which products the Group should or should not offer?
- Which industries are struggling with the transition in Northern Norway
- Which markets and types of securities the Group should or should not be exposed to?
- Real estate portfolio exposure to physical risk
- ESG score for the Group's corporate portfolio during 2023

Climate-related risks and opportunities in material areas for the Group's business conduct are presented in the following.

Scoring ESG risk upon granting credit in the corporate portfolio

The requirements and expectations of regulatory authorities and other stakeholders in relation to the quantification of ESG risk increased in 2023. The Group has a number of important incentives for credit rating corporate customers based on non-financial information as well:

- Stricter requirements concerning precision and level of detail in regulatory reporting.
- Achieving a more precise risk picture of customers.
- Pointing out opportunities and threats in the business strategy based on the current portfolio.
- Accessing green funding.
- Contributing to the green transition in the region.

ESG module

What did the ESG module identify in 2023?

In 2023, the Bank adopted the new ESG module for granting credit in the corporate market. The module's structure and architecture can be briefly summarised as follows:

- Specific physical, transition, corporate social responsibility and governance risk scores for customers
- Inherent industry risk to reflect the fact that industries have different starting points.
- Questions that can contribute to good ranking have a greater weighting in the ESG score, while other questions have a lower weighting.
- 12 different industry-specific modules ensure that the customer's score is based on the relevant industry's specific challenges and opportunities.

The customer's ESG risk should always be assessed when granting credit. This requirement is set out in the Group's policy for credit granting. Risk classification must also be carried out using the ESG module for all corporate customers with exposures in excess of MNOK 5. In 2023, a separate KPI was established to increase the focus on integrating the model into the organisation. In 2023, the module was used to score 375 customers with a total volume of BNOK 18.6. This represents 34 per cent of the total corporate portfolio with loan exposure in excess of MNOK 5. A summary of the results is presented in the table below. This shows that 25 per cent of customers were scored as low risk, 58 per cent as moderate risk and 17 per cent as high risk.

The fisheries and commercial buildings sectors have significant volumes that have been scored using the model and stand out negatively in relation to transition risk. A number of fisheries customers get low scores on questions related to the share of turnover that is Marine Stewardship Council (MSC) certified and on investments in new vessel technology. As far as commercial buildings were concerned, scores were mainly pulled down by a lack of energy ratings and a lack of environmental certifications.

RESULTS FROM ESG SCORING 2023

SECTOR	NO. OF CUSTOMERS SCORED	VOLUME (MNOK)	AVERAGE SCORE (0-10)
Housing co-operatives	13	197	5.1
Real estate project	33	1 897	5.5
Fisheries	32	2 771	3.6
Aquaculture (marine)	10	2 099	7.3
Land-based farming	1	204	6.4
Industry and others	84	3 214	6.1
Electricity generation (renewables)	4	577	7.1
Agriculture	16	IA	5.6
Machines and construction contractors	21	581	4.7
Commercial real estate	149	4 810	4.5
Shipping	9	1 458	6.5
Transport	3	797	5.5
Total	**375**	**18 605**	**5.1**

OVERALL QUANTIFICATION OF SCORES

RISK LEVEL	NUMBER OF CORPORATE CUSTOMERS	VOLUME (BNOK)	AVERAGE SCORE (0-10)
Low	94	8 124	7.2
Moderate	219	9 302	4.9
High	62	1 179	2.8
Total	**375**	**18 605**	**5.1**

Thanks to the ESG module, the Group is now in the process of achieving a representative sample of customers within some industries. This can in turn be used in the future work on mapping opportunities and threats in the respective sectors. The customers' ESG module scores will also be incorporated into the ESG risk stress testing framework in the upcoming ICAAP process. This could help the Group in its work on, for example:

- Identifying significant concentrations of credit exposure to carbon-related assets.
- Identifying any geographic concentrations of physical risk.
- Identifying which industries the Group needs to intensify its work in relation to in order to contribute to the transition.
- Downgrade any financial security assets with specific ESG risk.
- Identifying the Group's resilience in different ESG scenarios.
- Implementing measures in governing documents in order to manage and transition customers with a particularly high ESG risk.

Further enhancement of the ESG module in 2023

Over the course of the year, the Competence Centre for Credit Models (CCCM) and the SpareBank 1 Alliance made necessary adjustments to the ESG module based on feedback from corporate market advisers and validation of the model. The main changes made in 2023 were as follows:

- Updated all the questions in the module related to social conditions in order to improve its user friendliness in relation to the smallest customers.
- Created Land-based farming and Oil services as separate sector modules.
- Implemented benchmarking functionality internally and across the banks.
- The front-page of the model now has its own interactive dashboard that helps advisers maintain control of their portfolio and validity logic in cases.

Focus on further work in 2024

In 2024, CCCM and the alliance banks will continue to develop new sector modules, as well as adapt and change questions so that the ESG module always has relevant questions and good ranking ability. Furthermore, both internal supporting documents and training programmes for the module will be developed further in the coming year. This should ensure both increased competence in the use of the module and make answering questions in the module as objective as possible.

Loan portfolio

General information

The Group's core business is lending to retail and corporate customers, secured with collateral. The policy for credit granting approved by the Board of Directors states that the Group should not finance businesses or purposes that have a high risk of causing serious environmental harm. This applies to both the retail and corporate markets. The Group's assets can be exposed to loss of value as a result of ESG risk inflicting financial and non-financial loss. This is true of, for example, physical risk due to climate change in the region, as well as transition risk resulting from the transition to a zero emission society through the revised building directive.

Emission-intensive industries

The Group reports financed emissions using PCAF's methodology, as well as Finance Norway's guide for calculating financed emissions (also see the chapter in the annual report on financed emissions). The highest emissions in the portfolio are from the following industries: Agriculture and forestry, Transport and Fisheries and aquaculture. The sectors with the highest carbon intensity are: Agriculture and forestry and Transport. The Group does not provide financing for fossil energy production and therefore has no exposure to that industry. The analysis of financed emissions provides a basis for the Group's preparation of a transition plan towards net zero in 2040. The Group also has relatively low exposure to emission-intensive sectors such as Shipping and Agriculture. This mitigates the risk of direct exposure to emission-intensive sectors.

Residential and commercial real estate

Mortgages and loans to the segment Sale and operation of real estate sector account for the largest proportion of the Group's loan portfolio. As far as climate-related risk assessments are concerned, loans secured by real estate are of particular relevance for the Group. The key climate-risk drivers in relation to real estate in a short, medium and long-term time horizon are considered to be:

- A building's standard, including age, technical standard, energy rating, heating efficiency and environmental certification.
- Geographical location, including in areas particularly vulnerable to rising sea levels, floods and avalanches/slides of some kind.
- Changing preferences among buyers and tenants.

The EU's revised Energy Performance of Buildings Directive (EPBD) was adopted in March 2023 with the aim of improving the energy efficiency of the building stock in the EU. There is considerable uncertainty regarding incorporation of the new building directive into Norwegian law. The Group's risk assessments indicate that overall ESG risk in the residential mortgage portfolio is Low for all ESG risk parameters in the short term, although it increases to Low to moderate in a medium and long-term time perspective. This is due to expectations of increasing extreme weather events, as well as higher transition risk resulting from the building directive affecting house prices.

In the commercial real estate portfolio, the overall ESG risk is assessed as Low to moderate in the short term, although it increases to Moderate in a medium and long-term perspective. This is due to expectations of increasing extreme weather events and that companies will have to take additional measures to adapt to new demands, new technology or preference changes.

Real estate portfolio's exposure to physical risk

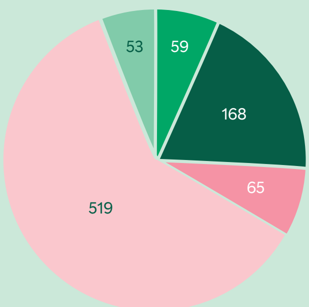
However, good assessments of the Group's risk exposure from a long-term perspective face challenges in relation to data access and data quality, and uncertainty as regards predicting outcomes in the longer term. Northern Norway is characterised by hilly terrain and coastal communities and is therefore particularly exposed to rising sea levels and storm surges. In 2023, the Group gained access to map data from the Norwegian Water Resources and Energy Directorate (NVE) and Norkart, which Eiendomsverdi has linked to residential and commercial real estate at an object level.

In connection with the risk mapping, the Group has created data points for all mortgage objects with collateral, including real estate transferred to SpareBank 1 Boligkreditt or SpareBank 1 Næringskreditt, with the assigned loan balance and hits at different risk levels and physical risk scenarios. The map layers identify the risk of storm surges, sea level rise, floods, rockslides/mountain slides, as well as quick clay slides. Map data has also been extracted with a link to the Bank's real estate portfolio that identifies areas of special caution for land flooding and avalanches. The main risk types are further categorised into acute risk and chronic risk. The various map layers and scenarios are explained and described on NVE's website ("Om kart og kartlegging av naturfare - NVE"). Objects may have hits on multiple layers of maps, and some objects may, therefore, be exposed to multiple types of risk.

The analyses show that the Group has low exposure within acute climate-related risk, low to moderate exposure within chronic climate-related risk and moderate exposure within areas of special caution. The objects whose market value could fall as a result of chronic and acute risks will need to be assessed in the future work on climate-related risk. The use of map data in credit granting processes will become a key element of customer advice in order to reduce the risk of stranded assets in the future.

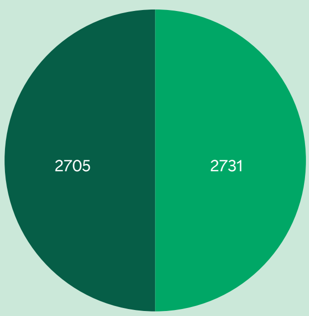
Damage from natural disasters is initially covered by insurance, although in some cases it may be reduced. Buildings that are identified as having higher nature-related risk may also see a large fall in market value. The Group is indirectly exposed to damage from natural disasters through its ownership of SpareBank 1-Gruppen, and directly exposed through falls in market values. The insurance portfolios in Fremtind, which are 65 per cent owned by SpareBank 1-Gruppen, are considered relatively well diversified thanks to a large number of customers and insurance policies being taken out in different geographical areas and in several different products. However, natural disasters are a type of concentration risk in relation to non-life insurance to which Fremtind is exposed. In Norway, this exposure is limited through participation in the Norwegian Natural Perils Pool. The Group has identified balance sheet exposure in the real estate portfolio related to acute climate-related risk, chronic climate-related risk and areas of special caution. The balance sheet exposure for each type of underlying risk is shown in the figure below.

ACUTE CLIMATE-RELATED RISK (MNOK)



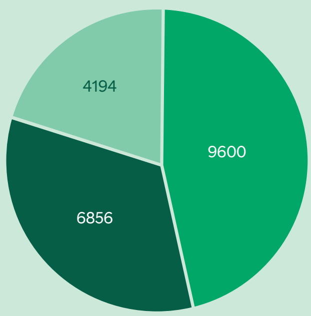
- Flood zone 200-year interval climate-adjusted
- Mountain danger zone unstable
- Mountain danger zone 100-year interval
- Quick clay hazard level medium
- Quick clay hazard level high

CHRONIC CLIAMTE-RELATED RISK (MNOK)



- Mean high water springs 2050
- Storm surges 2050 20-year interval

CAUTION AREAS (MNOK)



- Flood caution area
- Soil flood caution area
- Avalanche caution area surveyed

Acute climate-related risk
Acute climate-related risk is the risk of damage or loss as a result of extreme weather events such as storms, floods, landslides and droughts. Such events could be intensified by climate change and have adverse impacts on nature, society and the economy. In order to mitigate acute climate-related risk, it is important to map the vulnerability of different sectors, regions and businesses, and take measures that increase resilience and preparedness. Acute climate-related risk comprises many different types of risk, which have different probabilities of occurring and differing severities of consequences if events do occur.

Analyses of the key map layers within acute physical risk show that the Group's mortgage objects have a combined exposure of MNOK 863 in 2023. This represents just 0.8 per cent of the loan balance sheet for all collateral objects to which the Group has exposure. Geographic exposure to flood zones and quick clay is concentrated on Tromsø and Alta. Danger zones for mountains are located in exposed parts of Nord-Troms.

Chronic climate-related risk
Chronic climate-related risk is the risk of damage or loss resulting from long-term changes in climate, which could impact nature, society and the economy. Higher sea temperatures and melting glaciers increase the risk of rising sea levels along the Norwegian coast, which in turn can threaten coastal areas, islands, cities and infrastructure with flooding, erosion and saltwater penetration.

Analyses of the key map layers within chronic physical risk show that the Group's collateral objects have a combined lending exposure of BNOK 5.4 at the end of 2023. This accounts for 4.7 per cent of the total loan balance sheet for the collateral objects to which the Group has exposure. Geographic exposure is concentrated on Tromsø, Sortland, Alta and several coastal municipalities and islands in Nordland.

Due diligence
Analyses of map layers that have undergone due diligence show that the Group's collateral objects had a combined exposure of BNOK 20.7 in 2023. This accounts for 18 per cent of the loan balance sheet for all collateral objects to which the group has exposure. Map layers that have undergone due diligence indicate that the areas may be exposed to different types of risk, although which level of risk has not been defined. Maps that undergo due diligence are suitable for rough drafts for assessing land-use planning and risk analyses but not for detailed development or flood protection according to NVE.

Ocean industries

Ocean industries constitute the second largest group of industries in the Group's corporate market portfolio. Ocean industries are crucial for the region with respect to employment, value creation and exports. The Group has identified a number of physical risks with a variety of impacts on the various parts of the value chain. Changed weather conditions and ecosystems, changes in fish health due to higher sea temperatures and potential reductions in areas for wild-caught due to new industries such as offshore wind and ocean aquaculture are considered material risks. Furthermore, potential has been identified within the circular economy, particularly in relation to mitigating nature-related risk in the production of fish feed. Ocean industries will have major investment needs in the future, and the Group has identified opportunities for providing financing and expertise as important tools in contributing to the transition to more climate-friendly operation. It is very positive for both investment and industry earnings that coastal fishing for cod and haddock were MSC certified again at the end of 2023. The Marine Stewardship Council (MSC) mark is an ecolabel for fish and seafood products. The mark guarantees that the product comes from sustainable fishing and could result in increased market value for fisheries.

Electric cars
Norway's goal is, as set out in the National Transport Plan (NTP), for all new cars to be zero emission vehicles from 2025. The Group has identified an opportunity to promote this development through financing cars, and its goal is for the proportion of financed electric cars to at least match the Norwegian authorities' planned development in this area. An additional benefit is expected to be a lower risk of stranded assets due to the reduction in the proportion of fossil fuel cars.

Securities funds

The SpareBank 1 Alliance offers securities funds to customers that are managed by Odin Forvaltning AS. Odin Forvaltning AS is a subsidiary of SpareBank 1 Forvaltning, which is owned by the SpareBank 1 Alliance and the Norwegian Confederation of Trade Unions (LO). The framework for Odin's funds for sustainable investments consists of three parts:

- **Integration:** This means that sustainability is a natural element of analyses, discussions and decisions related to investment choices and fund management.
- **Active ownership:** Odin, through dialogue and using its voting rights at general meetings, encourages companies to improve in the area of sustainability.
- **Exclusion and observation:** Odin opts out of certain companies due to their actions and/or the products and services they offer.

Odin strives to comply with the expectations and requirements set by the various SpareBank 1 banks in terms of corporate social responsibility and sustainability.

Other funds offered on SpareBank 1 Nord-Norge's platform are labelled based on ESG screening performed by a neutral third party (Position Green). For a more detailed description, see 3.5 Sustainable savings products.

Liquidity portfolio

The Group's liquidity management and corporate governance comply with the Group's guidelines on sustainable liquidity management and corporate governance, which state the following goals:

- Integrate ESG risk into investment mandates and liquidity strategy
- Contribute to a greener securities market.
- Integrate climate-related risk into internal stress tests and financial forecasts.

The Group has set targets for the minimum share of capital that should be invested in securities/companies that actively address ESG, including: green bonds, sustainability bonds, blue bonds, social bonds, etc. Qualifying securities must comply with the guidelines published by the International Capital Market Association (ICMA) in the «Green Bond Principles», «Social Bond Principles» and «Sustainability Bond Guidelines» or be marked as EU Green Bond Standard.

Through the Green Finance Framework (GFF), the Group is actively working on qualifying and financing of the Group's documented green balance sheet. The Group also stipulates ESG requirements for companies it invests in, and non-compliance with such requirements results in negative exclusion.

The climate-related risk associated with the Group's financial assets is considered low since they are mainly invested in bonds from Norwegian mortgage credit institutions, as well as the Norwegian state and municipalities. No significant changes in the medium to long term are anticipated in the climate-related risk exposure of the Bank's financial assets.

Own operations

SpareBank 1 Nord-Norge is environmentally certified. This applies to the head office in Tromsø and all the other financial centres in Northern Norway. Furthermore, the Group has set itself an emissions target of cutting its own greenhouse gas emissions by 5 per cent per year from the benchmark year 2016 to 2026. At the end of 2023, the Group's greenhouse gas emissions had increased by 14 per cent since 2022. The increase was due to more travel activity in 2023. Meanwhile, the overall reduction in own emissions is 55 per cent since measurements started in 2016.

2.1.2.2 Description of the impact of climate-related risks and opportunities on business operations, strategy and financial planning

The Group's strategy, financial planning and operations are impacted by both external and internal factors. Climate-related risk is a key external factor that is taken into account in the preparation of the business strategy, risk strategy, other governing documents and operational activities.

The Group's impact on its surroundings, and the surroundings' impact on the Group, have steered the Group's materiality analysis and strategic sustainability ambitions for the coming years. The Group's sustainability ambitions are operationalised through concrete measures that in turn have an impact on the Group's financial planning, prioritisation of strategic and tactical goals, portfolios of products and services, employees, requirements for suppliers and what it expects of them, operational activities, etc. Furthermore, the regulatory framework conditions are expected to change at pace going forward, which is expected to increase the insights and data within climate-related and nature-related risks in the future. The Group's strategies, and via these the Group's operations, will be adapted to new requirements, expectations and insights.

Loan portfolio

Residential and commercial real estate

The Group has identified challenges related to a low proportion of energy ratings for residential and commercial real estate and poor compliance with energy certification requirements among developers. The lack of energy ratings impacts the Group's ability to provide green financing, classify loans for residential and commercial real estate in line with the Green Financing Framework (GFF), classify homes that are green pursuant to article 8 of the Taxonomy Regulation, estimate the correct risk in the collateral portfolio and incentivise borrowers and property owners to choose green solutions. The Group therefore established a goal of increasing the proportion of energy rated residential and commercial real estate in 2023 and the following year. These goals were operationalised by the Group through amended guidelines and requirements in the governing documents for granting credit. The Bank also took an active approach to the industry, including developers, appraisers and others, given that the lack of energy ratings cannot be solved without their help.

The Group has identified opportunities to contribute to the green transition, and at the same time reduce the climate-related risk in its mortgage portfolio, by offering «green products» to retail customers. The products «green mortgages» (for homes with an energy rating of A or B) and «environmental loans» are important tools for reducing climate-related risk in the mortgage portfolio and incentivising customers to choose environmentally friendly solutions through better pricing. Furthermore, as a general rule, the Group does not finance residential properties that lack an energy certificate, and the Group is cautious about financing residential properties with a poor energy rating. The Bank is cautious about financing homes that is exposed to physical climate-related risk and must refrain from financing objects exposed to high climate-related risk where insurance coverage is not possible.

Within the area of commercial real estate, the Group has established «green business loans» which offer better prices for financing commercial real estate that meets specific criteria for energy ratings, environmental certification and construction year. The «building renovation» corporate loan was introduced as a new green product in 2023 and has been adapted to the requirements of the EU Taxonomy. To qualify, a building must migrate upwards by at least two energy ratings following the renovation work or be able to point to a 30 per cent improvement in energy efficiency. The Group is also cautious when it comes to financing commercial property where an energy rating is either lacking or poor.

Ocean industries

Ocean industries are very important for Northern Norway and thus also for SpareBank 1 Nord-Norge. The industries face both transition risk and physical risk, and as the region's financial services group our product and service portfolio must fit and meet the needs of these industries. This also means that we need to increase advisers' expertise on risks and opportunities in ocean industries. Increasing competence in this area is included, as previously mentioned, as a concrete initiative from the Portfolio Board for Innovation in 2023.

Securities funds

The increasing awareness of both governments and customers is resulting in a clear move towards products that are less of a threat to the environment and society. MiFID II requirements were updated, and the Norwegian Sustainable Finance Act entered into force in 2023. Measures have been taken to meet these requirements and inform customers about sustainability risk considerations before they make investment choices.

Liquidity portfolio

Green frameworks are regularly updated in line with changes in market standards, the Taxonomy and best practice. Substantial changes are expected in the medium term to the Taxonomy requirements and reporting of the Bank's green balance sheet.

2.1.2.3 Potential impact of different scenarios on business operations, strategy and financial planning, including a 2°C scenario

The Internal Capital Adequacy Assessment Process (ICAAP) assesses the Group's overall risk exposure and capital requirements, including climate-related risk. In 2023, overarching assessments were made of climate-related risk in the Group's loan portfolio for individual sectors, collateral objects and in relation to various scenario projections of sea level rise, storm surges and landslides/avalanches. As previously mentioned, the analyses indicate that the risk is relatively low in the short and medium term but rises somewhat in a long-term perspective.

Stress testing of ESG risk

The SpareBank 1 Alliance, together with CCCM, worked on implementing ESG risk-related stress testing in the existing framework for the IFRS9 model for loan losses. ESG stress testing is designed to identify customers and industries that could, in various ESG scenarios, see an increase in expected loan losses, and thus the customers and industries that the Bank should focus more on in relation to ESG in the future. This will help strengthen the Bank's objective assessments of the impact of climate-related risk on loss provisions in the IFRS 9 model. The methodological approaches and applied scenarios are still in a testing phase and will be refined over the next few years. The model will be used in the preparations for the upcoming ICAAP in 2024.

The model is based on the Network of Central Banks and Supervisors for Greening the Financial System (NGFS), climate research and scenarios. NGFS is a network of central banks and regulatory authorities that are working for a greener financial system. The scenarios developed by NGFS are designed to provide a common starting point for calculating climate-related risk in the financial system. The national level NGFS scenarios selected were as follows:

Base case: The «current policies» scenario assumes that current policies are stuck with, leading to high physical risk because no more ambitious measures are introduced. It entails only current political measures being implemented and can result in challenges related to climate change and subsequent impacts on the environment and society. The scenario also assumes property prices will fall. In this scenario, it is important to assess the long-term consequences and take appropriate action to mitigate the risk. This scenario assumes a temperature rise of 2.9°C.

Best case: The «best outcome» scenario is similar to the base case, ref. above, but includes no fall in house prices or other collateral assets. In this scenario, a temperature rise of 2.9°C is expected, in line with the base case.

Fragmented world: This scenario assumes that climate policies will diverge and be delayed. Countries with net zero goals will only partially achieve them (80 per cent of the goal), while the other countries will follow current policies. In this scenario, a temperature rise of 2.3°C is expected.

Further adjustments are expected to be made in 2024 to calibrate the NGFS scenarios to the Norwegian macro, as well as a result of any guidance from Finanstilsynet (the Financial Supervisory Authority of Norway) and the European Banking Authority (EBA). The ESG risk stress testing model will also be enhanced with inherent sector risk and customer scores from the ESG model. Customer scores will impact risk parameters at the customer and portfolio level. The Group may use the stress testing results to manage and control ESG risk, ref. the discussion concerning the ESG module above.

2.1.3 RISK MANAGEMENT

2.1.3.1 The institution's processes for identifying, assessing and managing climate-related risks and the integration of these processes into its overall risk management

Climate-related risk must, like other risks to which the Group is exposed, be covered as an integral part of the Group's overall risk management and internal control processes. This means that climate-related risk must be covered as an integral part of all elements of the Group's operations, including key governing documents, processes and systems. Climate-related risk is identified, assessed, managed, monitored and reported in accordance with the Group's internal risk management and internal control policies.

The business strategy and risk strategy constitute the overarching governing documents that determine direction in the Group's governance toolbox. The Group's business strategy sets out the Group's strategic business goals, and the Group's risk strategy sets out the risk the Group is willing to accept («risk appetite») to achieve the strategic business goals. The Group has set the following goals and risk appetite in relation to climate-related risk:

Business strategy:

- Sustainability is one of the four guiding principles for the Group's business strategy.
- «Sustainable business» was one of the three strategic initiatives for 2022-2023.
- «We will implement the green transition in practice» and «We will strengthen our position in ocean industries» were two of the four tactical goals for 2023.

New **tactical goals** for 2024 are described in 1.3 Sustainability goals for 2024.

Risk strategy: The Board of Directors has decided that the Group's risk appetite within ESG is low to moderate. The risk appetite is further operationalised through multiple quantitative measures for climate-related risk, corporate governance risk and corporate social responsibility risk. In the risk strategy for 2024, the area of ESG has been developed further with a particularly increased focus on, and level of ambition for, the real estate, aquaculture and fisheries portfolios. The defined risk appetite in relation to concentration risk within these individual industries is affected by the requirements for ESG scoring, etc. See 2.1.4 Metrics and targets for a more detailed description.

The strategic business goals and risk appetite in the area of climate-related risk are operationalised by the following governing documents:

- **Sustainability ambitions:** See the descriptions in 1.1 Strategy and 1.3 Sustainability goals for 2024.
- **Sustainability policy:** See the descriptions in 1.2 Management of ESG work and 1.3 Sustainability goals for 2024.
- **Code of conduct:** See the SNN Code of Conduct
- **Granting credit and portfolio management:** The Group's core business is lending, and the policies for granting credit and portfolio management are set out in the governing documents for the retail market and for the corporate market. The Group does not finance purposes or projects that represent a high risk of environmental harm, including fossil fuel based energy generation and must be cautious with respect to financing homes that lack or have a poor energy rating (for further details see above). Furthermore, there are industry-related requirements for climate-related risk assessments.
- **Liquidity management:** ESG considerations in relation to financing are set out in the liquidity risk policy. The goal is to increase the proportion of green financing. Furthermore, additional targets and requirements for the area have been operationalised through [guidelines for corporate social responsibility and sustainability in liquidity management].

Climate-related risk is identified and assessed at different levels, and as part of various risk management and internal control processes:

- **Double materiality assessment:** See the description of the materiality analysis in 1.4 Materiality analysis – revised in 2023.
- **EU Taxonomy:** See 3.4 EU Taxonomy.
- **Green Product Framework (GPF):** The Green Product Framework allows the Group to identify the green commitments that are already on the Group's balance sheet and also highlights new commitments that could meet the requirements. Standardised products have been established that meet the framework's requirements for loans.
- **Green Financing Framework (GFF):** The Green Financing Framework enables the Group to utilise green assets.
- **ICAAP:** The Internal Capital Adequacy Assessment Process (ICAAP) assesses the Group's overall risk exposure and capital requirements. This includes future capital requirements for climate-related risk. The Group's climate-related risk exposure is assessed based on climate scenarios for various industries and locations, as well as the climate-related risk in significant industries in the loan portfolio and in the Group's collateral portfolio.
- **Risk strategy:** As part of determining the Group's risk appetite, analyses and assessments are conducted of all material risks, including climate-related risk. The analyses are generally conducted based on short, medium and long time horizons.
- **Risk assessments:** In line with the Group's risk assessment framework, all material decisions, including strategic decisions, investment decisions, product development, etc., must be risk assessed such that all relevant risks are identified, assessed and managed. The risk areas that must be assessed include both initiative-independent and dependent areas. ESG risk, including an explicit assessment of climate-related risk, is included in the mandatory initiative-independent assessment.
- **Continuous monitoring and reporting:** Reports are regularly submitted to the Board of Directors and Group Management that explicitly assess the Group's exposure to, and management of, climate-related risk. See 2.1.1 Management above for a more detailed description of what the various reports focus on.

2.1.4 METRICS AND TARGETS

2.1.4.1 Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

Climate-related threats and opportunities are assessed at different levels and through different processes across the Group, see 2.1.3 Risk management.

2.1.4.2 Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

In its climate report, the Group reports on Scope 1, Scope 2 and Scope 3 greenhouse gas emissions from our operations. The Group reports on emissions in line with the GHG Protocol. See 2.2 Carbon emissions in own operations and financing.

2.1.4.3 Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

As mentioned above, the Group has identified a number of climate-related risks and opportunities, and has adapted its business strategy, risk strategy and other relevant governing documents to address these factors. Furthermore, this has been operationalised through the sustainability ambitions and specific targets related to the most material areas.

The risk strategy and liquidity risk policy for 2023 established the following climate-related risk measures:

- Proportion of energy rated residential real estate
- Proportion of energy rated commercial real estate
- Proportion of eligible loans under the Green Financing Framework (GFF)
- Proportion of financed first-time registered electric cars
- Proportion of the corporate portfolio scored in the ESG module
- Proportion of the liquidity portfolio allocated to securities that actively address ESG

The risk strategy for 2024 expands on this with further climate-related risk targets concerning:

- Proportion of positive migration within the best energy ratings
- ESG requirements for parts of concentration risk limits for individual industries

2.2 Carbon emissions in own operations and financing

SpareBank 1 Nord-Norge's ambitions in the area of sustainability require the Group to have a good overview of the emissions it is responsible for in its own operations and through financing. High emissions are associated with adverse impacts on the climate and also result in higher transition risk for both the Bank and customers in the green transition. This year, the Group is reporting in line with the GHG Protocol on Scope 1, Scope 2 and Scope 3 emissions, including financed emissions in the loan portfolio.

What was achieved in 2023?

SpareBank 1 Nord-Norge reported estimated emissions in the loan portfolio for the first time in 2021. In the past year, the Group has focused on improving the quality of this reporting and covering a larger proportion of the loan portfolio. Financed emissions account for more than 99 per cent of the Group's total emissions and are therefore an essential factor for the Group's ambition concerning net zero in 2040. The Group has also approved its first transition plan for net zero with milestones in the periods up to 2030 and 2040. The plan is based on the methods of the Science Based Targets Initiative (SBTi). This is to ensure the transition plan is in line with the ambitions of the Paris Agreement. The transition plan has not been evaluated by SBTi. Consideration will be given to doing this in 2024.

2.2.1 FINANCED EMISSIONS

The analysis of financed emissions for 2023 includes emission calculations for retail market housing. There has also been a focus on improving the quality of reporting on financed emissions within commercial real estate, agriculture and aquaculture. The analysis is based on the methodology of the Partnership for Carbon Accounting Financials (PCAF) as well as Finance Norway's guide to calculating financed emissions. The new guide from Finance Norway provides supplementary methods to the PCAF standard that are more specifically targeted at Norwegian actors.

2.2.1.1 Method for calculating emissions

Emissions are calculated based on available data and corresponding methods in the PCAF standard for calculating financed emissions. The analysis uses emissions data combined with loan balances, public accounting figures and EVIC[1] to estimate the financed CO2 emissions per industry. Where self-reported emissions from customers are available, these are also included in the analysis.

PCAF's methodology is based on the quality of the data available. Data quality is scored from 1 to 5, where a score of 1 is for the highest quality data and 5 is for the lowest. A data quality score of 1 corresponds to an institution's actual, certified climate report. A non-certified climate report corresponds to a data quality score of 2. A data quality score of 3 is for calculations based on activity factors, such as the number of animals on a farm. A data quality score of 4 or 5 is used for data based on industry average emissions, i.e. a template approach. The table below shows the data quality used as a basis for calculations for the various industries.

PCAF's method is based on a company being financed by either equity or foreign capital. The degree of emissions accruing to each individual actor is its proportion of the company's total financing. The PCAF standard specifies a number of data sources and methods for calculating financed emissions. Reinforcing the analysis with better data and methods is key to understanding the impacts and risks associated with the Group's lending activities. A robust emission analysis is an important tool for reporting, calculating risk, correct pricing and management aimed at achieving the Group's ambition of net zero in the loan portfolio by 2040. A more detailed description of the method for calculating financed emissions can be found in the Group's plan for net zero by 2040.

[1] *EVIC: company value including cash*

ESTIMATED CARBON EMISSIONS FROM THE CORPORATE PORTFOLIO							
INDUSTRY	DATA QUALITY	LENDING	SCOPE 1	SCOPE 2	SCOPE 3	TOTAL	INTENSITY (SCOPE 1 +2)
Real estate	4.22	16.784.304.321	3.364	3.845	24.106	31.315	0.43
Financial institutions, insurance and investment firms	4.08	10.419.661.022	866	514	4.546	5.926	0.13
Fisheries and aquaculture	4.14	9.901.514.567	221.678	47.134	172.476	441.289	27.15
Manufacturing	4.03	1.649.515.236	33.772	8.734	67.359	109.866	25.77
Agriculture and forestry	4.88	105.512.160	21.527	938	5.443	27.908	212.91
Agriculture	3.00	1.258.830.057	-	-	-	64.949	51.59
Power and water supply, building and construction	4.07	3.074.591.870	14.210	1.427	44.962	60.599	5.09
Public administration	5.00	379.554.709	230	71	1.735	2.036	0.79
Service providers	4.53	3.029.029.153	5.696	2.453	29.604	37.752	2.69
Transport	4.23	2.415.531.608	58.343	1.246	75.173	134.762	24.67
VWholesale and retail trade, hotels and restaurants	4.29	1.998.285.932	10.895	5.185	45.313	61.393	8.05
Residential (RM)	3.10	45.007.055.317	-	7.258	-	7.258	0.16
Total	**3.66**	**96.023.385.953**	**370.580**	**78.804**	**470.719**	**985.053**	**4.68**

Provisos for this analysis:

- The quality of financed emissions calculations varies greatly based on the methods and available data.
- A company's assigned industry code may not always describe the actual activities of the company.
- Adequate public accounting figures are not available for all companies/industries.
- This analysis cannot be compared with previous analyses of financed emissions as the methods have changed.
- The accounting data used is for company accounts from the Brønnøysund Register Centre.
- Where it has been possible to distinguish between a market-based and a location-based electricity mix, we have used a location-based factor for CO2e per kWh.

SpareBank 1 Nord-Norge's net zero plan has been based on the Science Based Targets Initiative's methods and recommendations on setting emission reduction pathways towards zero emissions. This was done to ensure that the net zero reduction targets are in line with the Paris Agreement. The methodology is based on how emissions cuts must be made already in the period up to 2030. A more detailed description of the Group's transition plan is available in SpareBank 1 Nord-Norge's net zero emissions plan 2040 in the sustainability library at snn.no.

2.2.1.2 Industry emissions

Retail market portfolio – residential

2023 is the first year for which the Group has calculated emissions for the residential portfolio. This resulted in a major improvement in calculated financed emissions since large parts of SpareBank 1 Nord-Norge's portfolio consist of retail market mortgages, and these constitute the largest class of assets in the portfolio. The emissions are estimated at 7 258 tCO2e with an intensity of 3.77 kgCO2e per m2. The Group will strive to ensure that emissions develop in line with the zero emission plan.

Financed emissions, market-based [tCO2e]	191 774
Financed emissions, location-based [tCO2e]	7 258
Carbon intensity [tCO2e/MNOK]	0.16
Carbon intensity [kgCO2e/M2]	3.77

The table shows financed emissions based on both a market-based and a location-based electricity mix. Reporting using the location-based mix is standard. This is also used as the basis for emission intensities.

Corporate market

The PCAF database was updated with new emissions factors in 2023. This resulted in significant changes in the Group's financed emissions. It is important to note that this difference in emissions was driven by changes in the database and not by the portfolio's composition.

Agriculture and forestry, including the column for agriculture, are among the most carbon-intensive industries in the portfolio with total emissions in Scope 1 and Scope 2 of 87 413 tCO2e. The table distinguishes between "Agriculture" and "Agriculture and forestry". The "Agriculture" column shows financed emissions from active agricultural customers, calculated using input factors that score PCAF data quality 3. Customers in the "Agriculture and forestry" category are those calculated using data with a data quality score of 4 or 5. This is described in detail in the net zero emissions plan.

"Fisheries and aquaculture" is the category with the highest emissions in this year's analysis, with emissions of 268 812 tCO2e in Scope 1 and Scope 2. This is a marked increase compared with 52 139 tCO2e in 2022. While the Group has increased its lending volume to "Fisheries and aquaculture", the change in emissions was driven by the updating of PCAF's database of emission factors in 2023.

2.2.2 EMISSIONS FROM OWN OPERATIONS

SpareBank 1 Nord-Norge has reported emissions from its own operations since 2016. Reporting is based on emissions distributed by three scopes:

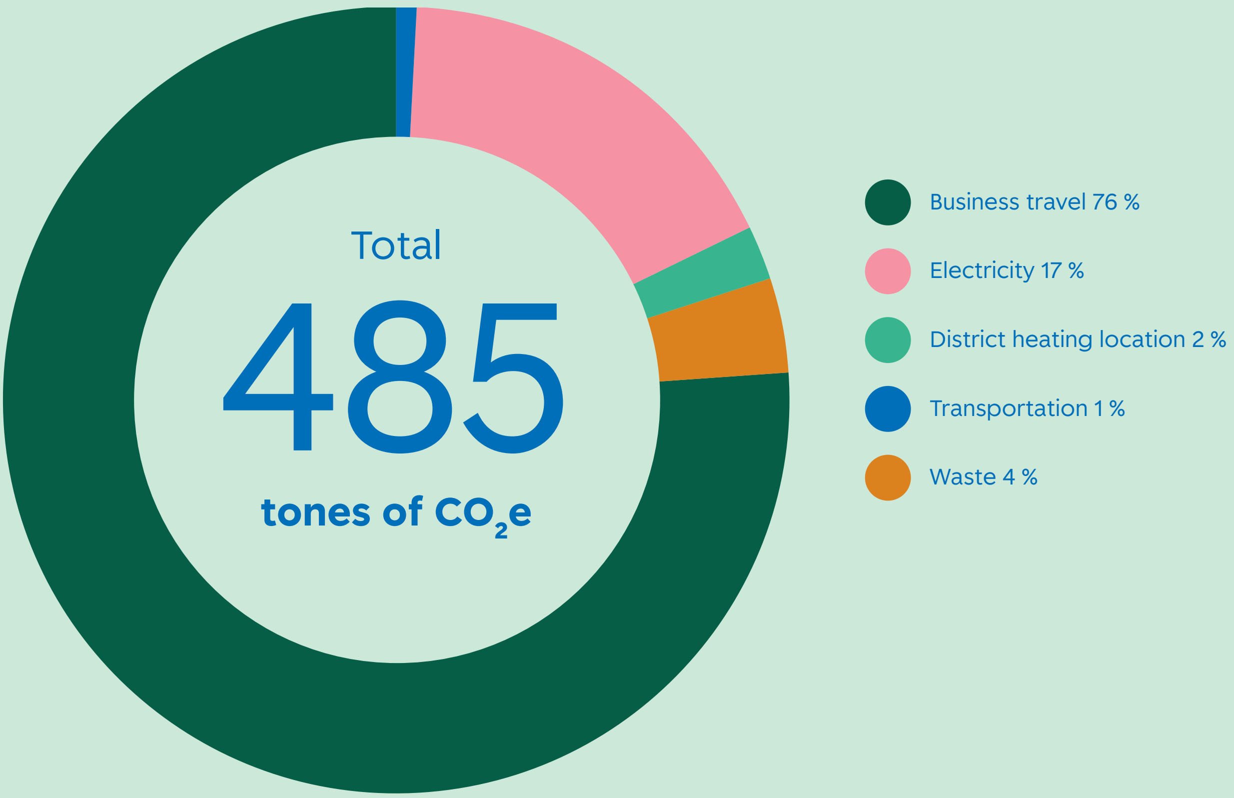
- Scope 1: Transport in the form of three company cars shared between Bodø and Tromsø
- Scope 2: Electricity and district heating consumed in buildings we own and lease
- Scope 3: Flights, mileage allowances and waste

In 2023, SpareBank 1 Nord-Norge generated total greenhouse gas emissions of 484.8 tCO2e. This is an increase of 59.4 tCO2e, equivalent to 14 per cent, compared with 2022. One important reason for the increase in emissions was an increase in the business travel category, which has risen by 15.2 per cent since the year before.

For further information, see the table below and the full climate report in Appendix 3. In the work on the transition plan for net zero, a new target for cuts in emissions has been set in line with science based targets. The reporting and follow-up of cuts in emissions in our own operations will be developed further in 2024.

CATEGORY	UNIT	2023
Scope 1 total	tCO2e	4.6
Scope 2 total with location-based electricity calculations	tCO2e	92.8
Scope 2 total with market-based electricity calculations	tCO2e	11.4
Scopes 1+2+3 total with location-based electricity calculations	tCO2e	484.8
Scopes 1+2+3 total with market-based electricity calculations	tCO2e	403.3

An incorrect total was reported for Scope 3 emissions in the climate report for 2022. The reported figure was: 289 700. The error was due to a manual typo. The correct consumption was 2 979 693. This has been corrected in the new climate report published in the sustainability library at snn.no.



Total
485
tones of CO_2e
Business travel 76 %
Electricity 17 %
District heating location 2 %
Transportation 1 %
Waste 4 %

MATERIAL TOPIC
3. Green transition

GOAL: NET ZERO BY 2040 IN THE LOAN PORTFOLIO

Why is this material for SpareBank 1 Nord-Norge?

SpareBank 1 Nord-Norge has a significant role to play in the green transition. The financial services industry has been called a critical success factor for the EU's policy of becoming a climate neutral continent by 2050. A series of measures have thus been adopted to steer the financial services market and capital in a greener direction, while contributing to a fair transition. These particularly include the EU Taxonomy and the new Corporate Sustainability Reporting Directive (CSRD). SpareBank 1 Nord-Norge is a savings bank that has existed in the region for 187 years, and thus also has a considerable responsibility to help the region understand the changes that are coming and to transition its activities in time. The aim is both to slow down the climate change the world is facing and contribute to the region's continued competitiveness. The Group has significant impacts, and requirements stipulated in connection with lending may contribute to a faster green transition. At the same time, requirements that are too hard to meet could result in some parts of the region being unable to keep up with the transition. In 2022, the Knowledge Bank highlighted this through its article: ("The green transition, only for the rich?"). Setting transition demands that are too hard may be challenging for customers with older housing stock in the district and challenge both personal and corporate finances in what are expensive times for many.

Risks and opportunities

The surveys conducted, including through SpareBank 1 Nord-Norge's Expectations Barometer, suggest that the business sector in Northern Norway urgently needs to speed up its transition. The business sector has not taken sufficient account of how climate-related risk will impact it, and this poses a risk to both the business sector and SpareBank 1 Nord-Norge. Ultimately, it could result in the Group ending up with assets in its portfolio that cannot be traded in the future, or that lose value due to, for example, changing market preferences and new climate regulations that bring with them new investment needs. In the long term, if measures are not implemented, this may weaken economic growth in the region and thus also the Group's operations. New requirements related to reporting and the EU Taxonomy are also a risk for the SpareBank 1 Nord-Norge Group since the requirements are comprehensive and demanding for a bank to implement. Proper reporting on the Taxonomy and credible transition plans is important if the Group is to continue to attract competitive capital.

This risk also presents opportunities for the Group through contributing to the green transition stipulating requirements for customers, offering competitive capital and using the Group's social role to have positive impacts. This is the background for the Group's ambitions in this area.

Actions

The Group has implemented a number of measures designed to manage both positive and adverse impacts stemming from the green transition. See also 2.1 Climate-related risk and nature-related risk (TCFD), which describes actions and goal attainment in more detail.

Stakeholder management:

In the financing process, all customers wanting loans in excess of MNOK 5 will need to provide detailed information about their own transition plans. This will also be a topic in the dialogue with investors and the capital markets. Furthermore, the green transition will be an extensive topic in the social dialogue SpareBank 1 Nord-Norge has via, among others, the Knowledge Bank, Agenda Nord-Norge and other conferences in which SpareBank 1 Nord-Norge is involved. It is also an important internal topic for the Group's employees, Board of Directors and Supervisory Board.

Evaluation

The Group's strategy will be adapted to the changes due to new requirements, expectations and insights related to the green transition in the years to come. The most important evaluation tool is a component of the ESG module in which corporate customers are screened in relation to transition plans. Policy documents in the area are revised annually and new ESG requirements are incorporated. Furthermore, the analysis of financed emissions and the Group's net zero plan are key tools for evaluating its own impact on the material topics: Green transition and Climate change. Several specialist units in the Group are responsible for the material topic "Green transition". Reporting to Group Management takes place via several different processes from, among others, Corporate Banking, Retail Banking, Treasury, Samfunnsløftet and Credit and Risk Management.

How the material topic is managed

Policies and guidelines:	Disclosures:
• The risk strategy (ESG targets) and business strategy (overarching ESG ambition level) • Policy for market risk • Policy for liquidity risk • Policy for ownership risk • Capital policy • Credit policy • Standard for sustainable finance • Sustainability policy	GRI 2-12, 2-14, 3-3, 404-2 SNN 2, SNN 3, SNN 4 ESRS 2 SBM-3 ESRS E1-2, E1-3, E1-4 **Link to SDGs:** 13, 14

3.1 Green transition – corporate market

Responsible financing and ESG assessments in the financing process are the most important tools the Group has for incentivising the corporate market with respect to the green transition. This includes areas where the Group is exposed to climate-related risk as well as other ESG risks, such as breaches of labour and human rights and compliance with the Transparency Act, as well as financial crime and poor corporate governance. The questions asked in ESG assessments affect the customer's risk profile and are an integral part of the customer dialogue and financing process.

What was achieved in 2023?

SpareBank 1 Nord-Norge saw solid growth in the corporate market in 2023 with lending growth of 15.5 per cent. The Group has particularly focused on strengthening its position in ocean industries. In the corporate market, ocean industries now account for 35.3 per cent compared with 32.9 per cent in 2022. 42 per cent of newly established limited companies (AS) in the region in 2023 chose SpareBank 1 Nord-Norge as their bank.

One important priority in 2023 was to refine the ESG module and the procedure for its use in the customer dialogue with the corporate market. This is designed to support advisers in their dialogue with the customer and gather the data needed for assessing risk and reporting on the area. In 2023, 375 customers with a total volume of BNOK 18.6 were screened in the ESG module. This represents 34 per cent of the relevant corporate market portfolio with loan exposure in excess of MNOK 5.

3.2 Green transition – retail market

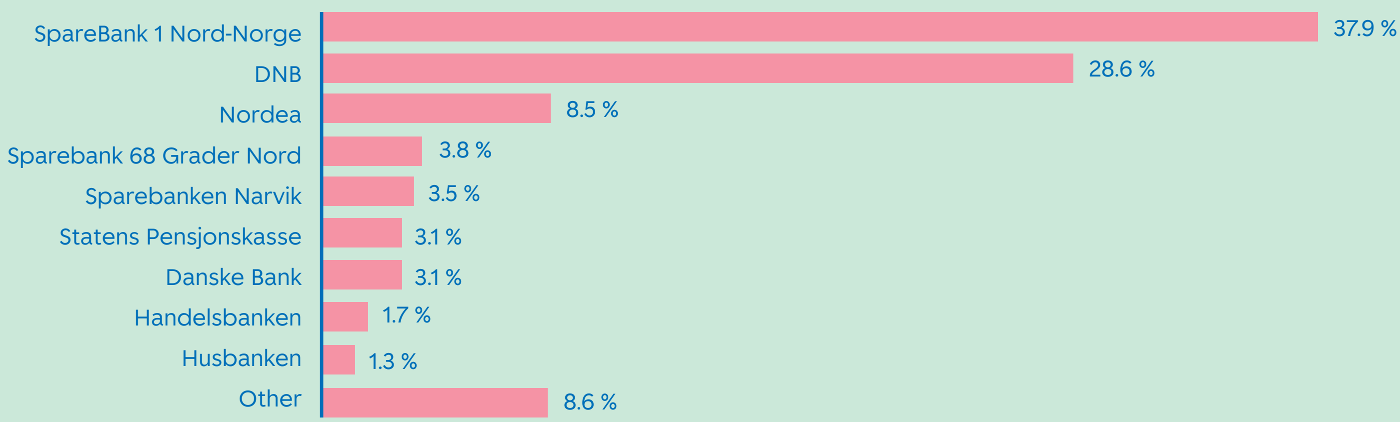
One important priority in 2023 was the work on improving data quality in ESG in terms of the housing and real estate stock. In its 2022 financial stability report, Norges Bank points out that only 22 per cent of Norwegian commercial properties have registered energy certificates. Analyses SpareBank 1 Nord-Norge has conducted of its own portfolio show that the energy rating of private homes is equally poor. This is despite the fact that the Energy Rating Regulation from 2010 stipulate requirements for an energy certificate both when new homes are completed and when homes are sold.

The lack of energy ratings for Norwegian buildings is a challenge that is slowing down the green transition of the building stock because it must be possible to document energy improvements in buildings properly. It also poses a direct risk for customers who have an incorrect energy rating or lack of information about their property, which in turn may have an impact on leasing and sale. For the Group, there is also the risk that its overview of the energy ratings in its portfolios is incorrect. Documented energy certificates are also required for banks' facilitation of green products and for reporting on the EU Taxonomy. In 2023, SpareBank 1 Nord-Norge prioritised highlighting this in its dialogue with customers and other stakeholders such as Finance Norway, Husbanken, NVE, ENOVA, Huseierne, NEAK and Norsk Takst. The aim was to comply with the Energy Rating Regulation throughout the industry. SpareBank 1 Nord-Norge's risk strategy includes targets that are designed to increase the number of buildings with an approved energy certificate in SpareBank 1 Nord-Norge's portfolios.

What was achieved in 2023?

In 2023, Retail Banking saw lending growth of 3.8 per cent. Its market share of mortgaged homes in its primary market area was 31.1 per cent at the end of December.

Market shares on mortgage loans in Northern Norway excluding Helgeland at the end of 2023



One of the means in the green transition is green loans. These are loans that are linked to an energy rating and loans for environmentally-friendly and energy-saving measures in new and old homes, holiday homes, cottages and commercial properties. The loans provide customers with a favourable interest rate, whether they are building a new home, renovating a home or simply switching to energy sources that have less environmental impact. Green loans have been developed based on the Group's Green Financing Framework, which has been verified by a third party.

- Green corporate loans: 56 granted
- Green mortgages: 1136 granted
- Green first home mortgages: 299 granted
- Green flexi loans: 151 granted

SpareBank 1 Nord-Norge also offers its own loan products with a social profile in both the corporate and retail markets. These are products that facilitate equal opportunities at different economic levels and represent part of the positive impact that the Group can have in the retail market. Some of the social products have been developed in collaboration with LOfavør.

Social products

Products that help young borrowers get on the property ladder:

- Mortgages for young borrowers: 2 188 granted
- First home mortgages: 1 986 granted
- LOfavør mortgages for young borrowers: 3 293 granted
- LOfavør first home loans: 1 968 granted
- Green first home mortgages: 299 granted

Growth loans and growth credits are aimed at innovative or rapidly growing businesses that are creditworthy but lack collateral:

- Growth loans: 6 granted
- Growth credit: 6 granted

State-guaranteed liquidity loans for Covid-19 were launched as a result of the pandemic, The aim was to strengthen the access of small and medium-sized enterprises to liquidity by the state offering risk mitigation for financial institutions via a temporary guarantee scheme.

- Liquidity loans: 84 granted

SpareBank 1 Nord-Norge also offers the loan product LOfavør Forskudd Lønnsgaranti, which can be granted at mortgage rates to customers awaiting payments from the wage guarantee scheme if the company they work for has declared bankruptcy. LOfavør konfliktlån are also offered and can be granted at mortgage rates to customers who end up in long-term employment disputes in connection with trade union wage negotiations.

3.3 Green borrowing and lending

One of SpareBank 1 Nord-Norge's goals for many years has been to contribute to a greener securities market, both nationally and internationally. The Group believes that green financial instruments are an effective means of channelling investment into projects that have demonstrably positive climate impacts and thus help to achieve the SDGs. The Group has been building up a green portfolio based on green frameworks since 2020 and is actively working on qualifying and financing the Bank's documented green balance sheet. In 2023, the Group worked on a new framework that will be launched in 1Q24. The framework's criteria will to the extent possible match the «Green Bond Principles», «Green Loan Principles», «Guidance on Bonds to Finance the Sustainable Blue Economy» and the EU Taxonomy Delegated Acts (as at June 2023).

Status of green borrowing and lending 2023

GREEN LOANS IN LINE WITH THE GREEN FRAMEWORKS (MNOK)	31.12.2023	31.12.2022
Green homes	7 789	6 786
Green commercial buildings	1 408	3 188
Renewables	1 610	1 325
Clean transport	1 090	936
Sustainable management of natural resources and land use	5 639	3 654
Green homes in SpareBank 1 Boligkreditt	7 773	6 302
GREEN LOANS IN LINE WITH THE GREEN FRAMEWORKS (MNOK)		
Own debt issued, e.g. subordinated loans and hybrid Tier 1 instruments	20.514	20.411
Own green borrowing issued	5.395	3.644
Share of covered bond funding in SpareBank 1 Boligkreditt	44.521	39.449
Share of green covered bond funding in SpareBank 1 Boligkreditt	6.357	4.719

Covered bonds = covered bonds with preferential rights

3.4 EU Taxonomy

The EU Taxonomy is a classification system for defining which economic activities are sustainable based on the EU's six environmental objectives. It represents the very foundation of EU climate policy via the Green Deal. The Disclosure Regulation and Taxonomy Regulation entered into force on 01.01.2023.

SpareBank 1 Nord-Norge is for 2023 reporting in line with the EU Taxonomy for the first time because of how large a proportion of the portfolio is covered by the Taxonomy's criteria.

The reporting has been developed based on the reporting template in Annex VI – Taxonomy Form.

The Taxonomy in brief

The EU Taxonomy is a framework for defining which economic activities are sustainable based on the EU's six environmental objectives. It is designed to increase transparency in the market and help move capital in a more sustainable direction. Nine sectors are currently covered by the Taxonomy. This reporting requirement has been introduced step-by-step in the EU, where initially one reported on how much of the financial operator's activities were covered by the Taxonomy (Taxonomy-eligible). From 2023, financial institutions must report on how much of their business is compliant with the Taxonomy (Taxonomy-aligned).

The financial services industry is expected to present Taxonomy-related information as a green asset ratio (GAR). The reporting obligation under the Taxonomy Regulation applies in the first instance to all banks and insurance companies, as well as listed companies with more than 500 employees and that are considered large enterprises under the EU Accounting Directive. For the 2023 accounting year, the criteria for defining an enterprise as large is that the enterprise has a total balance sheet of more than MNOK 157.12 (MEUR 20) or the enterprise has sales income or more than MNOK 324.24 (MEUR 40). The threshold values are calculated based on the consolidated enterprises' balance sheet and sales income. Amendments to the Accounting Directive have been adopted in the EU with the result that the reporting obligation under the Taxonomy Regulation has been extended to apply to more enterprises. These changes will take effect from the 2024 accounting year when NFRD is replaced by the CSRD.

Covered by the Taxonomy

SpareBank 1 Nord-Norge must disclose what is covered by the Taxonomy on the basis of regulatory consolidation in accordance with Regulation (EU) No 575/2013 (2), chapter 2. As at 31.12.23, the Group has BNOK 91.2 (72.7 per cent) in exposure to economic activities covered by the Taxonomy. The exposure consists of exposure to households with mortgages and electric vehicles. Electric vehicles comply with the requirement for a «substantial contribution» but do not comply with the «do no significant harm» (DNSH) requirement because of pollution from car tyres.

Taxonomy-aligned portfolio 2023

From the reporting year 2023 onwards, the Group must also disclose its GAR. This is designed to disclose the proportion of the Group's assets that meet the Taxonomy's criteria for environmentally sustainable activities (Taxonomy-aligned). The criteria for being Taxonomy-aligned are as follows:

- The customer's economic activity makes a substantial contribution to at least one of the Taxonomy's six environmental objectives.
- The customer's economic activity does no significant harm (DNSH) to any of the other environmental objectives.
- The customer's financial activities meet the minimum social and governance (minimum safeguards) requirements.

The need for detailed customer data makes reporting complex, and the Group must strive to collect even more detailed information about our customers in the coming reporting year. In 2023, we worked on collecting information about energy ratings, emissions and physical risk in the property portfolio. In 2024, this data capture will continue so we can report in line with the stricter reporting requirements of the Taxonomy Regulation, which will increase until 2026, given the current for implementation schedule.

As at 31.12.23, the reporting date, the Group had identified MNOK 5.56 that Taxonomy-aligned with the environmental objective «climate change mitigation». The Taxonomy-aligned volume accounts for 6.1 per cent of Taxonomy-eligible sectors, and 3.1 per cent of the total GAR. In 2023, the Group is only reporting on Taxonomy-aligned activities related to the mortgage portfolio. The Group has identified three customers covered by the reporting obligation in the Non-Financial Reporting Directive, although none of these customers have industry codes in Taxonomy-eligible sectors.

As far as the mortgage portfolio is concerned, the Taxonomy distinguishes between homes built before 2021 and homes built from 2021 onwards. The following calculation methods were used:

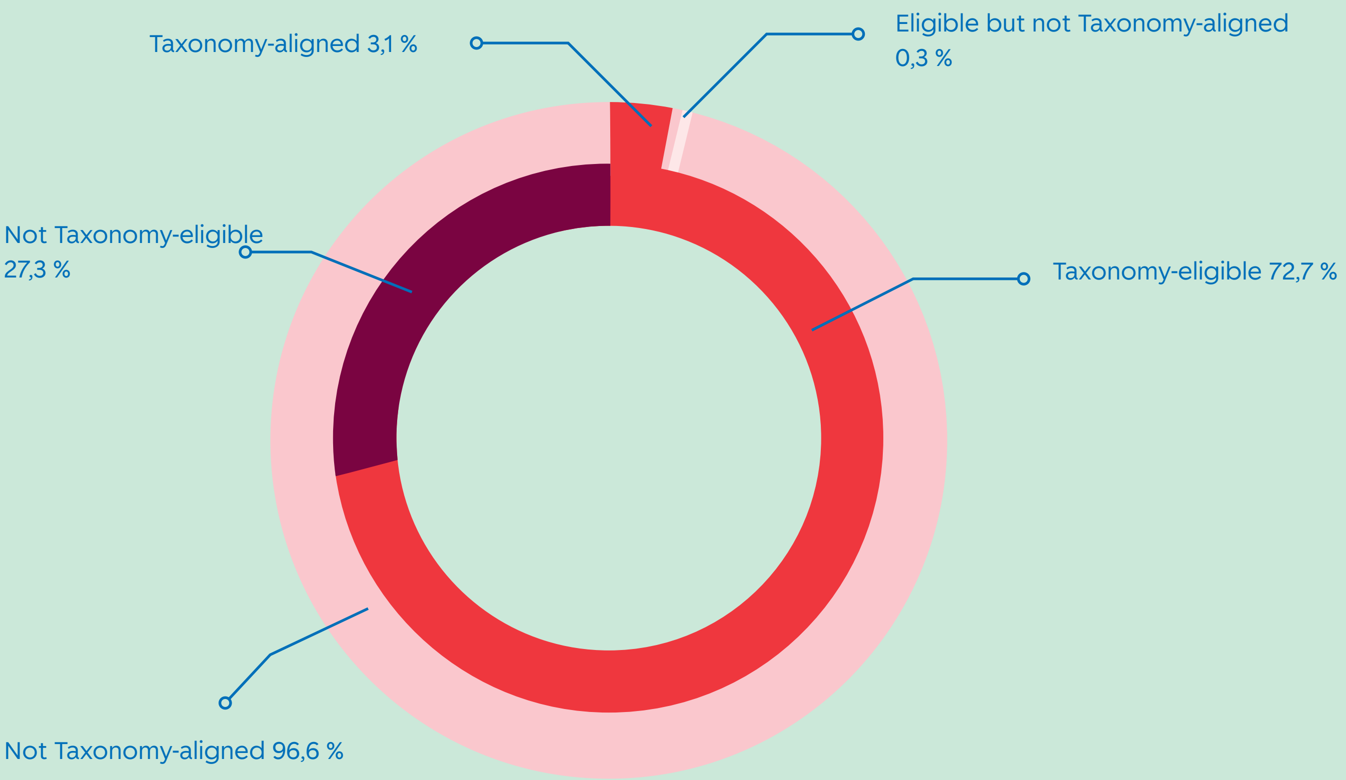
- For homes from 2021 onwards, the home must be a nearly zero-emission building (NZEB) – 10 per cent. NZEBs are identified using the methodology developed by Multiconsult, where the energy rating scheme includes technical equipment in the calculation of kWh per m2. Only homes with official energy ratings were included in the calculation.
- For homes built in 2020 or earlier, the home must have an energy rating of A or be among the top 15 per cent most energy efficient homes in Norway. The Group has used NVE's proposed threshold values in its identification of the top 15 per cent most energy efficient buildings in Norway.

In addition to one for the environmental objective «climate change adaptation», households must also conduct an assessment in relation to DNSH. The Group has identified the physical climate-related risks relevant to the activity using map data from NVE and Norkart, which has been further linked to the mortgage portfolio at an object level. The Group has used a conservative assessment in which all collateral objects that face one of the following physical risks will be excluded from the reporting of Taxonomy-aligned:

- Sea level rise
- Storm surge
- Flood zone
- Avalanche/landslide
- Mountain/rockslide
- Quick clay

Based on the physical risk results, the Group has excluded MNOK 386 from the reporting on Taxonomy-aligned homes as at 31.12.23. Detailed information about the Bank's reporting in line with the Taxonomy Regulation Annex VI – KPI can be found in Appendix 4.

GAR (Green assets ratio)



3.5 Sustainable savings products

SpareBank 1 Nord-Norge wants to make life easier for customers and give them savings products with the profile they want in terms of both returns and other important factors that are important for customers and society, like ESG. The guidelines for the responsible distribution of securities funds define what is encouraged, expected and required from the managers of securities funds distributed by SpareBank 1. If a manager breaches the requirements and does not change their practices after a dialogue with SpareBank 1, distribution of the securities fund in question will be stopped.

In addition to this, a separate labelling scheme has been developed that will make it easy for customers to orient themselves in relation to a securities fund's ESG profile using the letter codes A-F. To achieve a good ESG score, the funds in question are expected to be active owners and exclude companies and sectors in order to ensure more sustainable development for the company in isolation, but also for society and the environment.

What was achieved in 2023?

As a result of a major ongoing revision process for the labelling scheme in the second half of 2023, the process of obtaining new ESG information from managers for 2023 was postponed. In the future, SpareBank 1 will rely on reporting in line with the Sustainable Finance Disclosure Regulation (SFDR) to a greater extent when making adjustments to the labelling scheme. The new labelling scheme is expected to be phased in during the first half of 2024.

The table below shows the distribution of the grades for 2023 in the labelling scheme. Only one change in grade was made for the funds distributed in 2022. During the year, 10 new funds were included for distribution: four of which scored a grade A and six a grade B. Fund scoring updated annually* The table below shows the distribution of grades.

ESC SCORE	2023	NEW FUNDS 2023
A	12	4
B	178	6
C	17	0
D	4	0
E	0	0
F	1	0
Total	**212**	
Better score	0	
Worse score	1	
Same score	201	

The vast majority of the securities funds score a grade B. These are securities funds that take an approach to environmental and social conditions that aligns with SpareBank 1's expectations for good ESG funds.

To score a grade A, in addition to meeting all expectations, the fund must be classified as an article 9 fund under the SFDR. These are funds that specifically state that their purpose is sustainability. There has been criticism that too many securities funds have classified themselves too highly under the SFDR, and several securities funds previously classified as article 9 funds have downgraded themselves to article 8 funds. In the revision of the labelling scheme, it is expected that the concentration of B scoring mutual securities will be lower.

In 2023, the proportion of securities funds that state sustainability as their purpose has been expanded (table above). This is partly due to greater customer demand for sustainable funds.

All of the managers of securities distributed by SpareBank 1 state that they have signed the UN Principles for Responsible Investment (PRI) and report on their compliance.

3.6 ESG data and technology

Improved data quality and ESG data availability are a key tool both for the Group's sustainability ambitions and for good risk management and control. New requirements are being stipulated for more accurate reporting on sustainable results, both for the financial services industry and for its customers. The lack of good quality ESG data across the market is currently a challenge that makes measurement, follow-up and reporting difficult. Changes to the Accounting Act from 2024 onwards will also impose significantly stricter requirements for the quality of the data disclosed.

What was achieved in 2023?

SpareBank 1 Nord-Norge and the SpareBank 1 Alliance increased their focus on ESG data in 2023. A special project has assessed the needs and established a vision for ESG data in the alliance. In the Group's local data warehouse, work started on improving data quality and the availability of ESG data. The priority areas have been portfolio emissions and reporting to authorities. This work is still in an early phase, both in SpareBank 1 Nord-Norge and in the market and will therefore require an increased focus in the years to come.

MATERIAL TOPIC
4. Own workforce

GOAL: SPAREBANK 1 NORD-NORGE AIMS TO HAVE ENGAGED EMPLOYEES IN AN INCLUSIVE ORGANISATION

Why is this material for SpareBank 1 Nord-Norge?
SpareBank 1 Nord-Norge recognizes its employees as one of the organisation's most critical contributing factors. Consequently, employees are integrated into one of the three core business strategic goals for the group. To achieve these strategic objectives, a positive work environment and health, safety, and environment (HMS) play crucial roles. A healthy work environment is central to fostering a sustainable organization.

Risks and opportunities
The impact on our workforce is primarily related to our own operations. Negative effects can include stress, high workloads, exclusion, and discrimination. These factors may lead to increased sick leave, high turnover, and challenges in recruiting and attracting new talent. Ultimately, negative impacts on our workforce can influence the overall results of the group. However, SpareBank 1 Nord-Norge is positioned to be an attractive workplace with high engagement, a sense of belonging, and security.

Actions
The Group's HR department carries out several initiatives for its worksforce. Some examples are listed below. Thework will be described in more detail in the rest of this section.

Specific actions:

- Dynamic work environment survey throughout the year (Winningtemp) and annual safety inspection
- Course and competence measures
- Tripartite cooperation with employee representatives and safety representatives
- Employee conditions and benefits
- Activity programme (SPOR)

Stakeholder management
The HR department maintains an extensive dialogue with various stakeholders, including employees, managers, employee representatives, safety representatives, board members, corporate leadership, and regulatory authorities such as NAV, Arbeidstilsynet, and Finanstilsynet.

Evaluation
The primary evaluation of the workforce occurs through the dynamic work environment survey (Winningtemp), along with managers' follow-up on Winningtemp results and development discussions. Additionally, an annual safety inspection is conducted to assess and implement measures related to the physical work environment. Furthermore, tripartite cooperation, joint committees, employee representatives, and safety services play a central role in the evaluation within this domain.

The responsible party for the significant theme "Own workforce" is the HR department. Reporting to the board and corporate management occurs throughout the year, including in connection with the business strategic goal in this area.

How the material topic is managed

Governing documents:	Indicators:
• Risk strategy (metrics addressing ESG) and business strategy (overall ESG ambition level) • Nonconformance and notification policy • Remuneration policy • Recruitment policy • The SNN code of ethics • Policy for safety and preparedness • Policy for handling conflicts of interest • Other standards for the HR area • Sustainability policy	GRI 2-7, 2-8, 2-14, 2-23, 2-25, 2-26, 3-3, 205-2, 404-3, 405-1, 416-2 ESRS 2 SBM-3 ESRS S1-1, S1-2, S1-3, S1-4, S1-6, S1-8, S1-9, S1-11, S1-13 **Link to the UN's Sustainable Development Goals:** 3, 5 **Goals:** • Tactical goal: Reduce staffing vulnerability (turnover between 5 and 12) • Ambassadorship • Work engagement and inclusion • Sickness absence: Following industry level

4.1 Full-time equivalents (FTEs)

In 2023, there was an increase of 104 (FTEs) for the Group compared to 2022, following the merger of Adwice AS and Flex AS. All employees are based in Northern Norway.

For the Bank, there was an increase of 13 FTEs, EM 1 with 12 FTEs, Regnskapshuset with 8 FTEs (excl. employees from Adwice AS and Flex AS) ans SNN Finans 1.8 FTEs.

GROUP (AS AT DECEMBER)	2022	2023
Bank	508	521
EiendomsMegler 1 Nord-Norge	97	109
SpareBank 1 Finans Nord-Norge	38	40
SpareBank 1 Regnskapshuset Nord-Norge	209	217
Adwice AS	–	59
Flex AS	–	10
Group	**852**	**956**

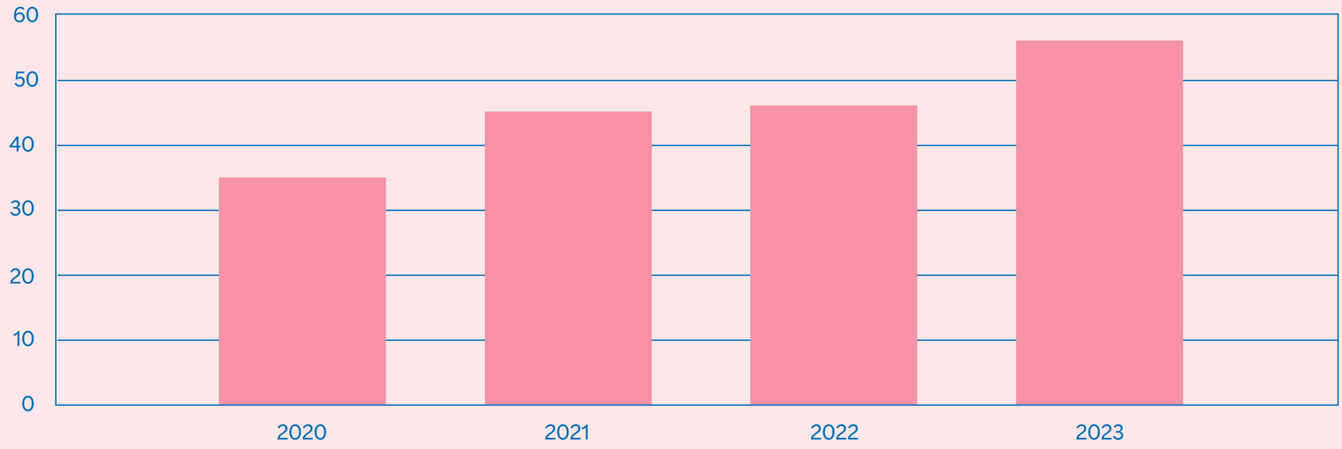
Further chapters in Section 4, “Own Workforce,” present statistics excluding employees from Adwice AS and Flex AS, as the business transfer for these was completed on January 1, 2024.

4.2 Temporary employees

The group has 56 temporary employees as of December 2023. While the goal is to minimize the proportion of employees on temporary contracts, it is sometimes necessary due to absences and, in certain cases, for major project implementations.

The proportion of temporary employees has varied in recent years, with the extent and employment percentage ranging from 10 per cent to 100 per cent positions. The total share of temporary employees in 2023 was 5.7% of the workforce, compared to 4.9% in 2022, 4.8% in 2021, 3.7% in 2020, and 6.6% in 2019. This increase is attributed to heightened project activity and the introduction of new internship or trainee programs. Additionally, there is a trend where male employees on parental leave are increasingly replaced by temporary positions more frequently than in the past.

Number of temporary employees Group as of December



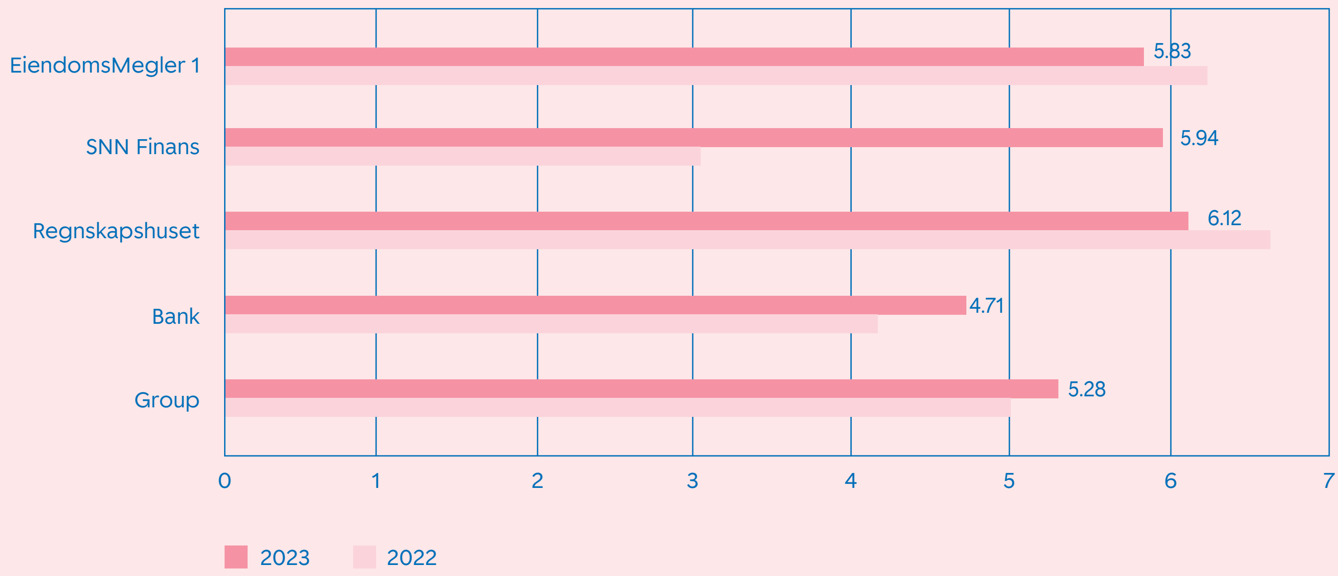
Work is not carried out at SpareBank 1 Nord-Norge by workers who are not employed. Work performed by external actors is formalized in service agreements.

4.3 Sickness absence

The total sickness absence in the group reached 5.28% in 2023. This is slightly higher than the 4.99% recorded in 2022. The sickness absence distribution is as follows: 1.08% is due to self-reported absence, while 4.20% is due to doctor-certified absence.

The company-specific distribution of absence shows that the bank (+0.57) and SNN Finans (+2.91) have increased their sickness absence from 2022 to 2023. On the other hand, Regnskapshuset (–0.50) and Eiendoms-Megler 1 (–0.40) have reduced their sickness absence during the same period.

Sickness absence per company 2022–2023



In a gender perspective, sickness absence follows national and historical trends, where women at the group level have a higher sickness absence rate (7.61%) compared to men (2.73%). Factors such as illness related to pregnancy contribute to this difference in sickness absence for women.

In an age perspective, sickness absence reveals that the age groups 30–39 (6.81%) and those over 59 (5.77%) have the highest sickness absence rates within the group. The lowest sickness absence is observed in the 40–49 age group (4.41%).

4.4 Turnover

SpareBank 1 Nord-Norge uses two categories to employees who leave their positions: *Turnover (voluntary resignation)* and *Turnover (total)*. *Turnover (voluntary resignation)* pertains to those who have left the group due to their own resignation, while *Turnover (total)* encompasses all employees, regardless of the reason for termination.

106 employees in the group left their positions in 2023, resulting in a total turnover of 11.4%. This figure includes those who retired or left due to other reasons, such as death. 92 employees resigned voluntarily, contributing to a turnover rate of 9.9% within the group.

Termination of employment in 2023 was due to regular resignations, retirement, termination agreements, business transfers, or death.

Below is a breakdown of reasons for terminations in 2023:

CAUSE	BANK	SNN FINANS	EM1	RH
Voluntary resignation	44	3	11	34
Retirement	2			
Agreements				1
Business transfers	10			
Death			1	
Total	**56**	**3**	**12**	**35**

4.5 Gender distribution

At the end of 2023, the group's employees consist of more women (53 per cent) than men (47 per cent). Through the group's recruitment policy, SpareBank 1 Nord-Norge is committed to actively, purposefully, and systematically working to promote equality, diversity, and prevent discrimination.

From the UN's Sustainable Development Goals, SpareBank 1 Nord-Norge has committed to the following regarding gender equality:

- SpareBank 1 Nord-Norge aims at at least 40 per cent women in management positions.
- SpareBank 1 Nord-Norge shall increase female representation in key functions and senior roles.
- Unjustified pay differences between genders shall not occur.
- SpareBank 1 Nord-Norge shall actively foster diversity within the workplace.

SpareBank 1 Nord-Norge has an ambition of achieving a minimum 40 percent female representation in leadership. This goal has been realized both in the board and in the subsidiary boards. Regarding the gender balance among leaders with personnel responsibilities, there are still more men in leadership positions. However, over the past three years, the group has successfully increased the proportion of women to over 40 percent. Increasing female representation among leaders has been a long-standing priority for the organization, and it is gratifying that the group has met this objective.

	2022		2023	
MANAGEMENT IN SPAREBANK 1 NORD-NORGE	NUMBER	W – M*	NUMBER	W – M*
Group management	8	3 – 5	8	3 – 5
Other management (bank)	60	21 – 39	64	22 – 42
EiendomsMegler 1 Nord-Norge	20	6 – 14	25	8 – 17
SpareBank 1 Finans Nord-Norge	6	4 – 2	6	4 – 2
SpareBank 1 Regnskapshuset Nord-Norge	26	16 – 10	35	22 – 13
Total	120	50 – 70	138	59 – 79
Percentage distribution	**100**	**42% – 58%**	**100**	**43% – 57%**

**Distribution women and men*

4.6 Age distribution

The average age in the group at the end of 2023 is 42.9 years, and the curve has experienced a slight decline since 2019. The age range spans from 20 to 74 years.

AVERAGE AGE	2019	2020	2021	2022	**2023**
Bank	44.2	43.6	42.6	42.6	**42.9**
EiendomsMegler 1 Nord-Norge	38.7	39.7	39.8	40.4	**39.9**
SpareBank 1 Finans Nord-Norge	40.2	41.3	40.7	40.8	**38.8**
SpareBank 1 Regnskapshuset Nord-Norge	45.1	45.5	45.7	45.2	**45.4**
Group	43.7	43.5	43	42.9	**42.9**

4.7 Salary and remuneration

The company conducts an annual salary adjustment process for fixed salaries. In 2023, the process was postponed to the fall due to disruptions in central negotiations. The salary adjustment consists of a centrally negotiated addition and a local addition allocated by the company. A separate assessment round was conducted, taking into account key competencies or individual employees/demographic groups who were underpaid.

The group only provides variable compensation for a limited number of positions within the organisation. Here are examples on variable compensations:

- Individual bonus schemes for investment advisors
- Commission-based salary EM 1
- One-time compensation
- Emergency preparedness allowance
- Function-specific supplement

Employees in the company are covered by SpareBank 1 Nord-Norge's pension scheme. All employees in the organization have disability pensions in case of permanent illness, as well as insurance coverage for accidents and death.

Employee loans are one of the most attractive employee benefits offered by the company, and over 1,400 employees and retirees have home loans with the bank. Additionally, the company provides a voluntary savings program for purchasing equity certificates for all permanent employees.

In 2022, the board decided to introduce a profit-sharing scheme for all permanent employees upon achieving the company's predetermined targets. However, no profit-sharing was paid out in 2023.

The organizational membership rate within the company was 58 per cent as of December 2023, which is slightly higher than in December 2022. A high organizational membership rate ensures efficient and effective processes within the organization.

4.8 Party cooperation

The company's primary collaboration forum between employers, employee representatives, and safety services is the Joint Committee. The Joint Committee serves as both a work environment committee and a cooperation committee, handling matters at the corporate level in accordance with the Main Agreement, Central Agreement, Company Agreement, Working Environment Act, the bank's guidelines, and other provisions. The Joint Committee adheres to a fixed meeting structure, convening nine meetings per year. Additionally, employee representatives and safety delegates are involved in processes related to significant reorganizations and changes, following the standard for restructuring.

The Appointments Committee at SpareBank 1 Nord-Norge is responsible for filling vacant positions and determining salaries, typically within the salary scale. It also serves as an advisory body for position categorization. The committee comprises representatives from both management and employees.

Regarding the banking and financial operations within the group, they are associated with central industry and trade union agreements through the Main Agreement and the Central Agreement with Finance Norway. Other subsidiaries have their own collective agreements with the Finance Sector Union.

4.9 Health, safety and environment (HSE)

An active and engaging work environment contributes to increased well-being and motivation among employees.

From the UN's Sustainable Development Goals, SpareBank 1 Nord-Norge has committed to the following regarding good health:

- SpareBank 1 Nord-Norge aims to promote an active lifestyle for its employees
- SpareBank 1 Nord-Norge aims to facilitate a healthy and varied diet at the workplace.
- SpareBank 1 Nord-Norge has zero tolerance for the use of alcohol during work hours.

According to the Working Environment Act, employers are required to systematically assess and develop the work environment within the company. In 2023, the company implemented pulse surveys for continuous assessment and intervention regarding the psychosocial work environment. Additionally, the company conducted annual digital/physical safety rounds to assess and address the physical work environment. Both the chief safety representative and local safety representatives at each location actively contribute to the group's HSE efforts.

According to the Working Environment Act, employers are required to assess measures to inspire physical activity in the workforce, as has been done in the group the last 10 years through the concept SNN Spor. The financial industry largely has a sedentary workday, and SNN Spor thus also contributes to a health-sustainable everyday life. Over 80 per cent of the group's employees participated in SNN Spor in 2023!

3 GOOD HEALTH AND WELL-BEING

4.10 Notifications and unwanted incidents

The group has established standards for reporting critical matters and unwanted incidents. Additionally, a separate procedure has been established for handling employer notifications, aiming to create process predictability for all involved parties.

In a healthy work environment, there should be a low threshold for reporting critical matters. The group has a clear expectation that its culture should be characterized by openness and ample space for expression. To facilitate this, the group has established both internal and external channels for reporting, along with monitoring activities and data analysis. As a general rule, employees should report internally to their immediate supervisor, but they can also use external channels or notify public authorities. In some cases, reports may also be made to the media or the general public. For notifications related to money laundering or other financial crimes, the designated recipient is the anti-money laundering officer.

No notifications were received through the external reporting channel in 2023.

A total of 18 incidents were reported in the BETR deviation system for the HR area in 2023. Below is an overview of the themes for the incidents reported in 2023.

- Data quality and data management
- Errors and mistakes
- HSE
- Policy or guidelines violations

4.11 Employee development

4.11.1 GENERAL COMPETENCE MEASURES

In 2023, SpareBank 1 Nord-Norge digitized the development dialogue for the entire group and also implemented quarterly follow-up conversations. 81.19 per cent of all employees in the group completed development discussions with their managers in 2023.

In 2023, the group adopted the competence plan for sustainability, and competence development related to various sustainability topics has been carried out and planned for all target groups within the group for 2023 and 2024. Additionally, an internal course on the SNN code, the group's ethical framework, was produced. All employees underwent training in five ethics cases as part of a nano-learning course.

In 2023, all employees in the group completed the Data Basics course at SpareBank 1. Additionally, all employees were offered the opportunity to take a course to use Bing Chat (Microsoft Copilot). By the end of the year, 30 percent of the employees had already incorporated AI technology into their daily work routines.

15 employees received scholarships for postgraduate and further education through the company's scholarship program.

The bank's financial advisors participated in the Advisory Value Sales development program during the first half of the year. The program focused on understanding customer needs and provided training on various customer cases. Additionally, many financial advisors completed courses in crisis management and challenging customer behavior as part of their HSE training.

Project Managers in Innovation and Business Development underwent a course in project management, which combined classroom learning with online e-learning components.

Additionally, introduction days for new employees were conducted in March and September, and the SNN Leadership Day for new leaders took place in February. All new leaders participate in the development program called «New as a Leader».

COURSE	NUMBER*	COMPLETION RATE
Anti-money laundering for advisors and managers without direct customer contact	133	84.7%
Privacy in SpareBank 1	125	79.6%
Sustainable finance	138	79.3%
Anti-money laundering case 1 Conflicts of interest	761	87.7%
Anti-money laundering case 2 Sanctions	543	88.5%
Anti-money laundering case 3 Owners and ownership structures	108	95.6%
Anti-money laundering case 4 Sustainability	122	97.6%
Anti-money laundering case 5 Why is this important?	769	81.5%
Anti-money laundering case 6 International transactions	73	70.2%
Anti-money laundering case 7 Trends	19	95%

* The reason for varying completion rates for the courses is that they target different employee groups.

4.11.2 AUTHORISATIONS

The financial industry has established authorisation programs for advisors in both the retail market and the corporate market. These programs aim to ensure essential knowledge, skills, and attitudes among advisors. The authorisations are largely based on regulatory requirements, providing us with confidence that customer advisors possess the necessary and up-to-date expertise. Authorisation is a prerequisite for providing advice to clients. In the retail market, annual authorisations and approvals are conducted and maintained across various subject areas.

At the end of 2023, the number of approved employees within each scheme in the retail market is distributed as follows:

AUTHORISATION	NUMBER OF EMPLOYEES
Credit	122
Property insurance	120
Personal insurance	121
Savings and investment	18
Information providers within savings and investment	97

At the end of 2023, the number of approved employees within each scheme in the corporate market is distributed as follows:

AUTHORISATION	NUMBER OF EMPLOYEES
Property insurance	6
Personal insurance	8

Several employees are currently in progress to become fully authorized in one or more of the schemes, so the number is expected to increase next year.

MATERIAL TOPIC
5. Affected communities

GOAL: CONTRIBUTE TO POSITIVE MIGRATION FLOW BY 2030

Why is this material for SpareBank 1 Nord-Norge?

Northern Norway is the company's market area, and its development is closely intertwined with the overall development of the corporation. Additionally, the ownership model of SpareBank 1 Nord-Norge ensures that a significant portion of the social dividend is directed toward community development in the northern region. The funds reinvested in the local communities have a substantial impact, making local communities essential for SpareBank 1 Nord-Norge. In 2022, the total social dividend amounted to MNOK 959, with MNOK 459 allocated to various areas under the Samfunnsløftet initiative in 2023. With such substantial resources available for distribution, the corporation significantly influences the local communities in Northern Norway. This impact extends across several sectors, with the four most prominent being culture, sports, environment/sustainability, and business development. However, some applications may also have negative implications, necessitating responsible management. An example of this could be applications for projects that have a significant adverse impact on nature and climate.

Risks and opportunities

The savings bank model and the Samfunnsløftet strategy fundamentally represent an opportunity for the corporation and the northern region. Through available capital and the application-based programs, the corporation contributes annually to the realization of several hundred projects. SpareBank 1 Nord-Norge believes that this model strengthens the northern region, and when things go well for the region, it also benefits the corporation. However, there is a risk that the corporation's allocations may have unintended adverse effects.

Actions

In recent years, Samfunnsløftet has established a robust organizational structure and effective management of its resources. They have implemented several measures to enhance positive impact and mitigate any potential negative effects. Here are some specific initiatives, with further details available in the dedicated section on Samfunnsløftet:

- *Nå grønner vi på (Let's Go Green)*: This program includes various application-based schemes aimed at energy efficiency, transition, and reduction in greenhouse gas emissions for the northern region.
- *1000jobs:* Designed to encourage more businesses to offer summer jobs, providing young individuals with opportunities to explore careers in the north.
- *The Whale* received MNOK 50 to establish the spectacular attraction on Andøya.
- MNOK 50 allocated to various projects associated with Bodø2024, the year when Bodø will be the European Capital of Culture.
- Rigorous processing procedures are in place to minimize the risk of negative impact on society, climate, and the environment. Specialized expertise is sought when necessary.

Stakeholder management

Samfunnsløftet engages in extensive dialogue with the community through case processing, events, and other interactions. Additionally, the Knowledge Bank for Northern Norway serves as a central source of information about the region. An essential priority is maintaining a robust stakeholder dialogue with key actors across various sectors. These include sports associations, Talent Norway, Zero, and business associations.

Evaluation

After each application round, an evaluation is conducted. Additionally, the Knowledge Bank for Northern Norway carries out annual surveys, such as the National Sustainability Survey and Barometer X. In 2024, the entire Samfunnsløftet initiative will be evaluated by an external actor, based on its inception in 2018 up to 2024. This evaluation will serve as the basis for any potential revision of the strategy.

The responsibility for the significance of "Affected communities" applies to various parts of the corporation. In this initial year, the responsibility lies with the unit for communication, community, and sustainability. Annual reporting is submitted to the board in connection with the allocation of community funds for Samfunnsløftet. In 2024, the corporation will continue to refine the distribution of responsibilities across multiple functional units concerning this material topic.

How the material topic is managed

Governing documents:	Indicators:
• Risk Strategy (ESG metrics) and Business Strategy (overall ESG ambitions) • Samfunnsløftet Strategy • Procedure for Samfunnsløftet Case Processing • Sustainability Policy	GRI 3-3 SNN 1 ESRS 2 SBM-3 ESRS S3-1, S3-2, S3-3, S3-4, S3-5 **Goals:** Green Transition: A growing number of companies consider sustainability work to be strategically important to a high or very high degree (baseline 2023: 54 percent). **Link to the UN's Sustainable Development Goals:** 1-17

MATERIAL TOPIC
6. Business conduct

GOAL: SPAREBANK 1 NORD-NORGE IS COMMITTED TO ACTIVELY COMBAT ALL FORMS OF ECONOMIC CRIME, INCLUDING MONEY LAUNDERING AND FINANCING OF TERRORISM

Why is this material for SpareBank 1 Nord-Norge?

Economic crime, including money laundering, undermines the integrity of the economic system in any society. The financial industry plays a crucial role because its central infrastructure can be exploited for criminal purposes. SpareBank 1 Nord-Norge actively works to prevent, uncover, and report transactions related to money laundering or terrorist activities. Money laundering conceals the origin of proceeds from criminal acts by integrating them into the legitimate economy, making them appear legitimate. These proceeds can stem from activities such as human trafficking, arms smuggling, or digital fraud. As a result of its efforts, the corporation can prevent economic crime, enhance local value creation, and contribute to the observance of workers' and human rights.

SpareBank 1 Nord-Norge wields significant influence through its business management plans and procedures. Non-compliance with regulatory requirements and ethical standards would lead to increased costs and missed business opportunities. The corporation also aims for customers and the community to perceive SpareBank 1 Nord-Norge as a credible and secure financial institution.

Risks and opportunities

Non-compliance with regulatory requirements and ethical standards can result in losses, sanctions, reputational risks, and, in extreme cases, may impact the corporation's financial services license. Consequently, the corporation has stringent procedures and systems across all business operations to manage these risks. However, it remains true that the corporation's customers are annually exposed to digital fraud and attempted scams. The corporation aims to be a secure and trustworthy financial institution for individuals and businesses in the region, with a high priority on customer protection.

Actions

SpareBank 1 Nord-Norge actively follows up on combating money laundering and preventing economic crime in all business relationships. Efforts are made to prevent, detect, and report transactions related to criminal activities. Within SpareBank 1 Nord-Norge, services or advice will not be provided to customers with the intention of tax evasion, money laundering, terrorist financing, or any other form of economic crime. Both the provider and recipient of such services can be subject to penalties. The corporation has its own system in place to identify and report incidents.

Specific actions:

- Quarterly reporting to the Board
- Customer relationship control (KYC – Know Your Customer)
- Screening of business relationships for CM Customers > 5 MNOK through ESG Module
- Training: Provide anti-money laundering training for employees and line management without direct customer contact
- Work closely with relevant authorities to uncover and combat economic crime
- Due diligence assessments and reporting on compliance with transparency regulations

Stakeholder management

Business conduct is a topic in all credit cases and is part of the dialogue with all customers. The corporation also collaborates with the broader financial industry and authorities to prevent economic crime. This includes both uncovering economic crime or violations of laws and regulations that our business partners are subject to, as well as developing expertise and experience in new fraud methods. Knowledge sharing with authorities is a significant part of the corporation's goal to combat economic crime.

Evaluation

Minimum annual updates of inherent risk, associated risk-reducing measures, and residual risk with any additional actions. The Group's business management work is reported to the board quarterly.

The responsibility for the materiality 'Business Conduct' belongs to several business units. The board is responsible for deciding the Group's policy on anti-money laundering and counter-terrorism financing, according to the Anti-Money Laundering Act § 8 (4), and approves the Group's risk analysis for anti-money laundering and counter-terrorism financing.

The topic is reported quarterly to the board in connection with risk reporting, compliance reporting, and through first-line reporting from the Innovation and Business Development unit. The statement on due diligence assessments in accordance with the Transparency Act is adopted by the board annually.

All employees at SpareBank 1 Nord-Norge are responsible for ensuring that daily operations are conducted in accordance with applicable laws and regulations. This means that employees are responsible for adhering to laws and regulations, including procedures and guidelines mentioned in the table below.

How the material topic is managed

Governing documents: • Risk Strategy (ESG metrics) and Business Strategy (overall ESG ambitions) • Policy for Anti-Money Laundering and Terror Financing • Sustainability Policy • Procurement Standard • Guidelines for Sustainability in Procurement **Responsible area within the Group:** Finance Innovation and Business Development Procurement group in SpareBank 1 Utvikling	**Indicators:** GRI 2-14, 2-16, 2-23, 2-25, 3-3, 205-2, 205-3, 418-1 ESRS 2 SBM-3 ESRS G1-1, G1-3, G1-4 **Link to the UN's Sustainable Development Goals:** 13.3, 16.4

6.1 Combating financial crime

In addition to its efforts to prevent financial crime and anti-money laundering, the ethical and responsible conduct of the Group's operations is a top priority for SpareBank 1 Nord-Norge. Ethical banking and anti-corruption are included in the training of all employees and are described in more detail in the Group's own ethics manual, the "SNN Code of Conduct". All employees have received training in the Group's procedures through introductory courses for new employees and mandatory e-learning. This also applies to the members of the Board of Directors. The Group has its own whistleblowing channels, both internal and external, that can be used to report nonconformance or unacceptable conditions. The external whistleblowing channel is administered by an independent third party who advises the Group on handling them and ensuring anonymity for whistleblowers.

The focus on data security and privacy is key in all operations and is worked closely on with both subsidiaries and the SpareBank 1 Alliance to ensure the greatest possible security. The overall objective of security work in SpareBank 1 Nord-Norge AS is through a systematic and risk-based approach to:

- Protect the health and lives of employees, customers and visitors.
- Secure SpareBank 1 Nord-Norge's assets and reputation, as well as the information that is processed.
- Ensure that authorities, customers, employees and partners have confidence that information is properly processed.
- Ensure that the security work supports the at any given time applicable business and risk strategy.
- Ensure secure and stable operations.
- Ensure that the Group complies at all times with the requirements for security work of the applicable laws and regulations, including to protect the privacy of our customers and employees.

What was achieved in 2023?

In 2023, the Group implemented a number of measures to ensure that employees understand and have expertise in data security and privacy. For further information on competence, see the chapter on the Group's own workforce. The status of the Group's compliance with the regulations, including any non-conformities, is reported to the Board of Directors and Group Management every quarter. The Group also takes a proactive approach to fraud prevention and organised several events in autumn 2023 to teach people in the region how to avoid being scammed.

Other statuses in 2023

- Total external complaints considered by the Norwegian Data Protection Authority: 0
- Number of internally registered breaches of personal data security: 69, of which seven were reported to the Data Protection Authority. All breaches were handled in accordance with the procedure for personal data breaches.
- 1 149 cases related to digital fraud in 2023 compared with 768 in 2022.
- Nine anti-fraud events were organised in 2023 and were open to anyone who wanted to learn more about this topic.
- No internally registered corruption-related cases in 2023.
- No critical incidents were reported to the Board of Directors in 2023.

6.2 Supply chain follow-up

SpareBank 1 Nord-Norge makes a substantial volume of purchases, both regionally and nationally. Sustainable purchasing is about, among other things, the suppliers' awareness of their supply chain and the work they do to reduce adverse impacts on the environment, social conditions and ethical business conduct.

By, for example, requiring suppliers and business associates to have sustainability guidelines and to convert these into action, SpareBank 1 Nord-Norge is using its purchasing power to encourage suppliers to work more sustainably. In the past year, the Group particularly focused on risk assessments related to human and labour rights violations in line with the Transparency Act.

The Group generally makes purposes in two ways. Either through direct purchases by SpareBank 1 Nord-Norge, or on behalf of the SpareBank 1 Alliance through the jointly owned SpareBank 1 Utvikling. In both cases, a common purchasing policy must be complied with that describes requirements for suppliers and business associates in relation to the environment, social conditions such as human and labour rights, and ethical business conduct.

6.2.1 PURCHASES MADE VIA THE ALLIANCE

SpareBank 1 banks operate the alliance in which SpareBank 1 Utvikling is central to their work on sustainable purchasing on behalf of the alliance. The majority of significant purchases for SpareBank 1 Nord-Norge are thus made via SpareBank 1 Utvikling (Alliance Purchasing Department). SpareBank 1 Nord-Norge and the other SpareBank 1 banks oversee the work done by the Alliance Purchasing Department, both in the form of input on its strategy but also in the form of direct supplier follow-up.

The Alliance Purchasing Department has systematically worked on supplier follow-up in relation to sustainability since 2019, when it started conducting risk-based surveys of its then 249 existing suppliers. Since 2019, the Alliance Purchasing Department's supplier follow-up in relation to sustainability has been based on the OECD's due diligence guidelines. The OECD's guidelines provide the foundation for the Transparency Act and the duty to report on due diligence.

Based on the risk-based mapping of 249 existing suppliers, 12 suppliers were prioritised in 2022 and followed up in more detail in relation to compliance with the Transparency Act. In 2023, two of the suppliers mentioned above were subject to further follow up, including a larger IT hardware provider and a larger IT service provider.

6.2.2 LOCAL PURCHASES IN SPAREBANK 1 NORD-NORGE

At the same time as most significant purchases are made via the alliance, SpareBank 1 Nord-Norge also has a large supplier base not covered by the Alliance Purchasing Department. Therefore, "local" suppliers and business associates are also mapped in order to assess their sustainability risk. SpareBank 1 Nord-Norge has been working systematically on the Transparency Act since 2021.

Although the Transparency Act entered into force in 2022, we are conscious of the fact that this is still an area under development. This particularly applies to the methodological approach for risk assessments, as well as the follow-up of suppliers and business associates. As a large institution, with a large supplier base, mapping all connections can also be challenging. It is a goal in itself that sustainability assessments should be conducted as early as possible in the purchasing process. The Group has therefore given weight to, among other things, ensuring that standard terms are used in all of the agreements concluded. In order to become a supplier or business associate of SpareBank 1 Nord-Norge, a company must take a conscious approach to sustainability risk and business conduct in its own operations and supply chain. Accordingly, when concluding a contract, SpareBank 1's requirements for suppliers regarding sustainability and business conduct must be included. This is defined in more detail in a standard appendix.

The appendix ensures that SpareBank 1 Nord-Norge can require suppliers and business associates to document how sustainability risks are identified and managed in their own operations and supply chain, which includes due diligence. This is an important part of ensuring that suppliers and business associates take a conscious approach to sustainability risk and that they operate in accordance with applicable laws and regulations, and do not violate human or labour rights in their deliveries to the Group. The Group believes that this is an important contribution to ensuring there is a focus on the area and reinforcing positive impacts in the value chain by identifying potential violations of labour and human rights, or other harm to the environment and climate.

What was achieved in 2023?

Pursuant to the Transparency Act, enterprises must conduct risk-based due diligence in line with the OECD Guidelines for Multinational Enterprises. Steps have also been taken to make the risk assessment process more structured. Because the Group has a large supplier base and the law emphasises a risk-based approach, the Group has chosen to look at companies with deliveries equal to or above TNOK 100. If a supplier or business associate has made deliveries for more than or equal to TNOK 100 (from 2021 to 2023) it is included in a further risk assessment. In these circumstances, the following criteria are then assessed in more detail:

- Category
- Country
- Previously identified risk

The list of regions with a high risk of violations of fundamental human rights issued by the Norwegian Agency for Public and Financial Management (DFØ), the «High Risk List», is used to identify and assess risk based on category. If a supplier or business associate is in one of these categories, a further individual assessment is made.

After an overarching risk assessment has been conducted, relevant suppliers and business associates are followed up via a further individual assessment. In this individual assessment, the environment and ethical business conduct are included in addition to social conditions. Based on the information obtained, the suppliers and business associates are assessed using a risk matrix that places them in a risk class (1-3), where:

- Class 1 indicates a low risk: No immediate follow-up required
- Class 2 indicates a moderate risk: Further assessment required
- Class 3 indicates a high risk: Further assessment required

Findings in 2023

Of the total 516 suppliers and business associates mapped for the Parent Bank, around 235 indicate a higher risk class based on the above risk assessment process.

The Group acknowledges that conducting an in-depth analysis of all of these companies is demanding. Nevertheless, it turns out that many of the companies that appear to have an elevated risk based on, for example, categorisation, often appear less risky upon closer examination. For example, these could be companies that are categorised within the ICT area. Upon closer examination of the company, it is often a matter of a system purchase from a company located in Norway with few employees and subcontractors. Therefore, the Group will also develop this process going forward in order to ensure even better precision in areas that should be followed up more closely.

SpareBank 1 Nord-Norge has maintained an ongoing dialogue with some companies whose industry is considered particularly vulnerable. The dialogue has generally been satisfactory, while at the same time it is a challenge that the follow-up has basically consisted of self-reporting from the supplier. The Group will focus more on other stakeholder groups in the future. In addition, the risk assessment will be reviewed regularly, and further follow-up will be performed based on this. At the same time, the Group will continue to focus on stipulating expectations in relation to accountability and due diligence in all agreements. SpareBank 1 Nord-Norge wants to be a driving force for sustainable transition on the supplier side as well. A full report on the Group's work on the Transparency Act can be found in the sustainability library at sustainability library. A new report will be published by 30.06.24.

Appendices

GRI INDEX

STAKEHOLDER ANALYSIS 2023

CARBON ACCOUNTING FOR OWN OPERATIONS

ANNEX VI TAXONOMY REPORTING

The appendices can be found at the very end of the annual report

***Trainees in Northern Norway:** For the first time, all trainee programs in Northern Norway were consolidated in 2023. In collaboration with Trainee Salten and other trainee programs, SpareBank 1 Nord-Norge organized a dedicated day prior to the conference Agenda Nord-Norge in Bodø.*

PHOTO: HÅKON STEINMO

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To the Board of Directors of SpareBank1 Nord-Norge

Independent Limited Assurance Report on the Sustainability Report for 2023

Conclusion

We have performed a limited assurance engagement on whether Sparebank1 Nord-Norge`s ("The entity") Sustainability Reporting included in The Annual Report under Attachment 1 Global Reporting Index (GRI) for the year ended 31. December 2023 has been prepared in in all material respect in accordance with the Sustainability Reporting Guidelines (G4) of the Global Reporting Initiative (GRI).

Based on the procedures performed and the evidence obtained nothing has come to our attention that causes us to believe that the Report is not prepared, in all material respects, in accordance with the criteria of GRI.

Basis for conclusion

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board (IAASB). Our responsibilities under this standard are further described in the "Our responsibilities" section of our report.

We are independent of the Company as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm applies International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, issued by the IAASB. This standard requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's responsibility

The Board of Directors and the Managing Director ("management") are responsible for the preparation of the Report, and the information and assertions contained within it, in accordance with the criteria of GRI.

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Management is also responsible for such internal control as management determines is necessary to enable the preparation of a Report that are free from material misstatement, whether due to fraud or error, and for preventing and detecting fraud and for identifying and ensuring that the entity complies with laws and regulations applicable to its activities.

Inherent limitations

Due to the inherent limitations of any internal control, it is possible that errors or misstatements in the information presented in the Report may occur and not be detected. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation of the Report, as the engagement has not been performed continuously throughout the period and the procedures performed were undertaken on a test basis.

Our Responsibility

Our responsibility is to perform a limited assurance engagement and to express a conclusion based on the work performed.

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Report is free from material misstatement, whether due to fraud or error.
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the Board of Directors of Sparebank 1 Nord-Norge

The scope of our limited assurance engagement excludes future events or the achievability of the objectives, targets, and expectations of the entity. The scope also excludes information contained in webpages referred to in the Report unless specified in this limited assurance report.

Procedures performed

We exercised professional judgment and maintained professional skepticism throughout the engagement. We designed and performed our procedures to obtain evidence about the The Sustainability Reporting included in The Annual Report that is sufficient and appropriate to provide a basis for our conclusion.

A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other evidence gathering procedures, as appropriate. Our procedures selected depend on our understanding of the Report and other engagement circumstances, and our considerations of areas where material misstatements are likely to arise. We performed the following procedures:

- Comparing the information presented in the report to the Global Reporting Initiative (GRI).
- A risk analysis, including a media search, to identify relevant sustainability issues for the entity in the reporting period.
- Inquiries of management to gain an understanding of the entity's processes for determining the material issues for the entity's key stakeholder groups.
- Interviews with senior management and relevant staff at group level and selected business unit

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level concerning sustainability strategy and policies for material issues, and the implementation of these across the business.

- Interviews with relevant staff at the corporate and business unit level responsible for providing the information in the Report.
- Reviewing relevant internal and external documentation, on a limited test basis, in order to determine the reliability of the Report.
- Comparing the information presented in the Report to corresponding information in the relevant underlying sources to determine whether all the relevant information contained in such underlying sources has been included in the Report.
- Reading the information presented in the Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of the entity.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Oslo, 29.02.2024
KPMG AS

Stig-Tore Richardsen
State Authorized Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.

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Stig Tore Richardsen
Partner
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Samfunnsløftet in 2023

The regional community owns 53.6 per cent of SpareBank 1 Nord-Norge, and the dividends from this ownership are managed via Samfunnsløftet, the Bank's community dividend fund. Samfunnsløftet is the Group's strategy for how community dividends can help lift Northern Norway, and was conceived based on, among other things, feedback from around 10 000 people in the region in 2018.

Key figures, Samfunnsløftet in 2023

Figures for 2022 and change from the preceding year in brackets..

1 408
projects received support
(1 466 / –4%)

428,3
Million NOK in grants
(NOK 295,1 million / +45%)

2 283
applications were received
(2 769 / –1%)

1 029
Million NOK was applied for in total
(957 mill. kr. / +8%)

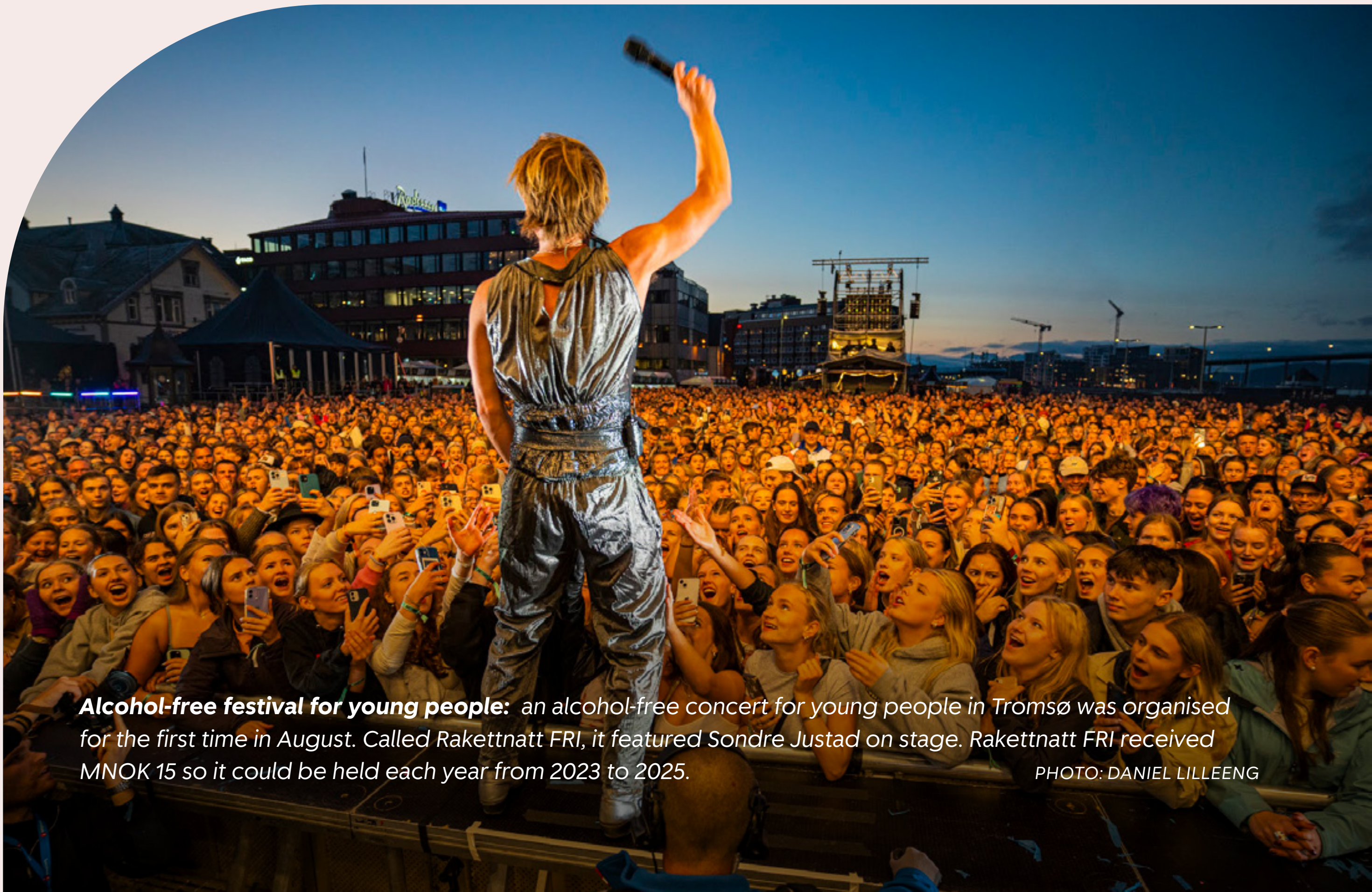
The community dividends from 2022 totalled MNOK 959, where MNOK 459 was allocated to the various areas in Samfunnsløftet in 2023.

The foundation Sparebankstiftelsen SpareBank 1 Nord-Norge received the remaining MNOK 500. The foundation's mission is to take the savings bank tradition forward. Long-term saving in the foundation is intended to ensure that the regional community can retain its ownership position should the Bank require more funds from its owners at some point. Without this, the regional community's ownership could be diluted. The foundation is also the Bank's largest northern Norwegian owner, and its surplus also goes to good causes in the north. For further information about the foundation, visit snnstiftelsen.no.

Larger grants

Given the increase in dividends, total grants rose from MNOK 295.5 in 2022 to MNOK 428.3 in 2023. The largest grant for a single project ever was made when The Whale received MNOK 50 to build its spectacular attraction on Andøya. Several major grants were also made to projects linked to Bodø2024, when Bodø will be a European Capital of Culture.

Over the course of the year, 15 grants of around MNOK 10 were made. These included MNOK 15 for Parkenfestival Bodø for Hjertebank 2024–2026, MNOK 10.5 for Troms Chamber of Commerce for its 3-year transition project "Om:Nord" for northern Norwegian SMEs, MNOK 9.9 for the International Sámi Film Institute for a 3-year Sámi film uplift and MNOK 9.9 for FK Bodø/Glimt's women's football project for 2024–2026. All grants are published on the website samfunnsløftet.snn.no.



Alcohol-free festival for young people: *an alcohol-free concert for young people in Tromsø was organised for the first time in August. Called Rakettnatt FRI, it featured Sondre Justad on stage. Rakettnatt FRI received MNOK 15 so it could be held each year from 2023 to 2025.* PHOTO: DANIEL LILLEENG

Grants by strategy area

Samfunnsløftet's strategy is divided into four areas for which grants can be applied:

Arena

Arena accepts applications for facilities for sports, the arts and culture, larger festivals and urban spaces.

387 applications received totalling MNOK 420.2 in 2023

Grants totalling **MNOK 178.5** awarded to 137 projects

Most major applications are received by «Arenaløftet». Besides the major applications mentioned above, some of the larger grants in 2023 are listed below:

- MNOK 4 for Nordreisa Sports Club for a new overpressure hall
- MNOK 4 for Vestlofoten Multipurpose Hall
- MNOK 3.6 for a 3-year hockey project at Narvik Ice Hockey Club
- MNOK 3.6 for children's music festivals in Northern Norway for 3 years
- MNOK 3 for Innstranda Sports Club's biathlon arena
- MNOK 3 for the Prosperastiftelsen foundation to establish a northern Norwegian regional office for 3 years
- MNOK 3 for a new ski lift and snow groomer machine for Sortland Alpine Club
- MNOK 3 for a new stand with changing rooms for Melbo Sports Club
- MNOK 2.5 for Filmfond Nord for scripts, project development and production grants
- MNOK 2.4 for Haikjeften and Haitanna for 2023-25
- MNOK 2.1 for a new children's slope in Skarmoen Alpine Park for Bodø Alpine Club
- MNOK 2.1 in production grants for Nordnorsk Filmsenter
- MNOK 2 for the work on bringing the Alpine World Ski Championships to Narvik in 2029
- MNOK 2 for Vesterålen Bike Park at Stokmarknes Sports Club

Innovation

Innovation contributes to projects that facilitate other people's innovation.

153 applications received totalling **MNOK 87.8** in 2023

Grants totalling **MNOK 37.4** awarded to 70 projects

Samfunnsløftet contributes to a number of early phase and growth phase programmes for entrepreneurs. KUPA's Arctic Accelerator programme is designed to give the year's 10 most promising startups a boost. These are presented every year in June. In 2023, NORCE also received MNOK 6 for the EU project designed to accelerate digital transformation in companies in the north. Earth Observation in Tromsø received a grant of MNOK 6 to establish the Arctic Phi Lab, which will contribute to the development of more companies in the space industry, and Arena Nord Utvikling received a grant of MNOK 3 for defence industrial development.

Samfunnsløftet's artist scholarships were awarded for the first time in 2023. 30 artists from Kirkenes to Sandnessjøen received scholarships worth TNOK 150 each. The scheme has been developed after 2 years of home-based artist-in-residence scholarships, which were launched during the pandemic, and is intended to help boost the arts in the region.

Young People

Young People supports projects that strengthen young people's faith in the future, pride and ties in the region.

Local applications are accepted by Local Communities, while those that target a wider geographical area are accepted by Young People.

512 applications received totalling **MNOK 110.2** in 2023

Grants totalling **MNOK 51.3** awarded to 440 projects

In collaboration with Talent Norway, Samfunnsløftet supports a number of talent programmes in the cultural sector. Various sports also have talent development projects. In 2023, the Northern Norwegian Art Museum received MNOK 3 for a 3-year project. The Art Alliance aims to develop more young, northern Norwegian curators. First Scandinavia received MNOK 2.2 for the European final of the First Lego League, and Olympiatoppen Nord received MNOK 1.8 for a 3-year project designed to develop more top athletes in the north. The focus on gender equality has strengthened over the years, particularly with respect to boosting both the status and finances of women's football.

We proactively try to contribute to inclusion promoting projects in order to boost the faith of various groups in their future. Examples of this include the TNOK 700 grant for «Here I am» for a 3-year project that will create a weekly meeting place for young people from all over the world and the grant for Nordland sports district for its «Sports for All» project.

In 2023, «1000jobber» was carried out for the second time in collaboration with the Confederation of Norwegian Enterprise (NHO) and the Norwegian Confederation of Trade Unions (LO), where the goal is to encourage employers to advertise summer jobs and get more young people to see the career opportunities available in the north. Employers received TNOK 7 per summer job they advertised (maximum support for three summer jobs), and over 1 400 summer jobs were listed on the website 1000jobber.no. A national campaign led traffic to the advertised vacancies. The proportion of young people under 34 who believe working in Northern Norway provides good career opportunities increased from 48 per cent in 2019 to 56 per cent in 2023.

Local Communities

Local Communities wants to contribute to projects large and small that stem from local involvement and are based on a willingness to contribute to local communities through voluntary efforts.

1 112 applications received totalling **MNOK 125.4** in 2023

Grants totalling **MNOK 58.2** awarded to 692 projects

The support here was for local clubs and associations and a wide range of local projects. Samfunnsløftet supports everything from activities for children and young people to local events, strengthening emergency response organisations and organising conferences.

Green transition

As stated in the strategy for Samfunnsløftet, the Board picks an annual theme that is important for the region. In 2023, the Board set aside MNOK 200 of the community dividends for the green transition. During the year, four different support schemes were launched for climate initiatives, with the aim of accelerating the green transition at companies, clubs and associations in the region. These were mapping grants for mapping how businesses and organisations can cut emissions; solar panel grants; green cooperation for climate-friendly collaborative projects; and green events for cutting the emissions of northern Norwegian event organisers.

108 applications received totalling **MNOK 110.2** in 2023

Grants totalling **MNOK 46.6** awarded to 60 projects

The project «Om:Nord» received a grant of MNOK 10.5 for a 3-year project, in which around 7 000 northern Norwegian companies will be helped with their transition work under the auspices of the Troms Chamber of Commerce. In 2023, all northern Norwegian companies also gained access to free courses on sustainability through a series of courses from Digital Norway. As part of the development of this work, SpareBank 1 Nord-Norge has a strategic collaboration with the Zero environmental foundation. A number of different players have also contributed input and expertise relating to the green transition.

UN Sustainable Development Goals

Everyone who applies for support must state to which of the UN SDGs their project primarily contributes. In previous years, applicants have been able to choose multiple goals but in 2023 they could only choose one. Funds were allocated to projects within all the SDGs, with the eight goals below topping the table:

MNOK 138.3
(32% of total grants)

MNOK 80.9
(19%)

MNOK 52.8
(12%)

MNOK 43.8
(10%)

MNOK 29.6
(7%)

MNOK 21
(5%)

MNOK 15.4
(4%)

MNOK 14
(3%)

A complete list of the amounts distributed per SDG can be found in graph 4.

Knowledge of the region

Knowledge about and for Northern Norway is important with respect to making good decisions for the future today and is a cornerstone of the Samfunnsløftet strategy. The Knowledge Bank cooperates with a number of different knowledge providers, and a total of MNOK 15.7 was used for this in 2023. All reports are published on kbnn.no.

Throughout the year, a number of different themes were highlighted, including the business sector's infrastructure needs; the power situation in Northern Norway; the energy ratings and energy efficiency of buildings in the public and private sectors; and the willingness to invest in the region. In addition, house-building was also highlighted through an ongoing series of reports. The Expectation Barometer for Northern Norway, Barometer X and the Business Barometer for Northern Norway are published regularly.

During the year, employees of SpareBank 1 Nord-Norge met 3 269 pupils in lower and upper secondary schools and provided lessons in personal finances in collaboration with Young Entrepreneurship. The report «Young People on Finances and Careers» was launched in 2023 on kbnn.no, where young people themselves relate what they know about the topic.

In 2023, kbnn.no had 45 118 unique users (+10 per cent) and 93 241 page views (-3 per cent). The podcast «Northern Norway in the World» published 36 new episodes during the year, attracting an average of 4 700 listeners. The podcast had a total of 47 guests, of which 45 per cent were women.

Agenda Nord-Norge is carried out in collaboration with NHO and LO. The theme in 2023 was tipping points. Land conflicts, the climate crisis, energy deficits and a warned of health crisis are just some of the factors that affect Northern Norway, Norway as a whole and the world. Challenges can be viewed as an opportunity to rethink. How can leaders facilitate the required innovation, efficiency and action? The aim was to communicate the challenges and opportunities in the region that will be important for development in the future. In 2024, the conference will be held for the 10th time.

The proportion of young people who believe working in Northern Norway provides good career opportunities increased from 48 per cent in 2019 to **56 per cent** in 2023.

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30 grants of **TNOK 150** for northern Norwegian artists

MNOK 133.5 was donated to 390 different cultural projects

MNOK 109.1 was donated to 338 sports projects

MNOK 79 will have an impact on the environment and sustainability in the north through 43 different projects

---

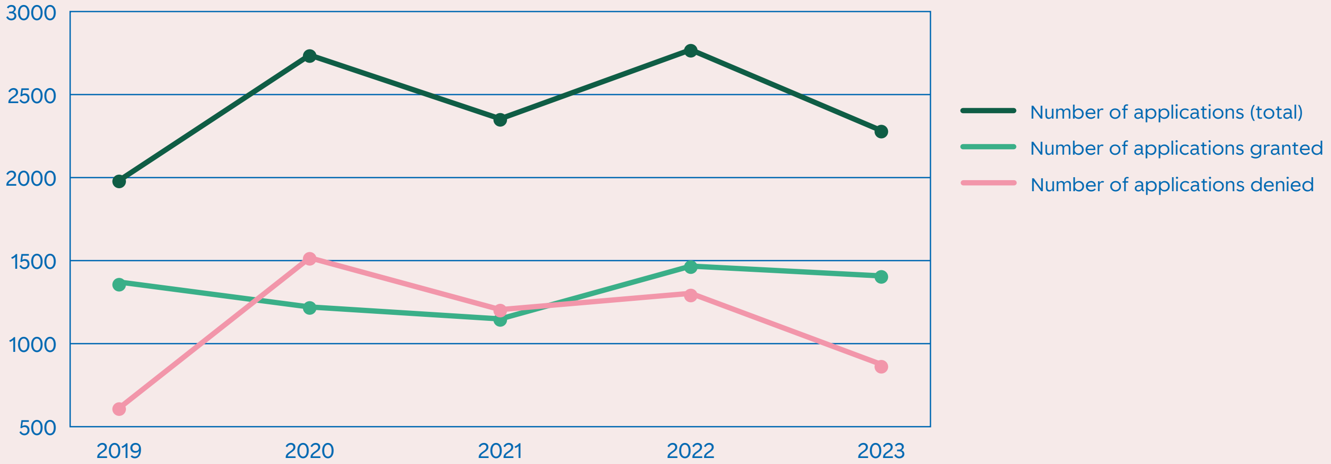
MNOK 8.4 went to 88 outdoor recreation projects

MNOK 6 was donated to 39 humanitarian initiatives

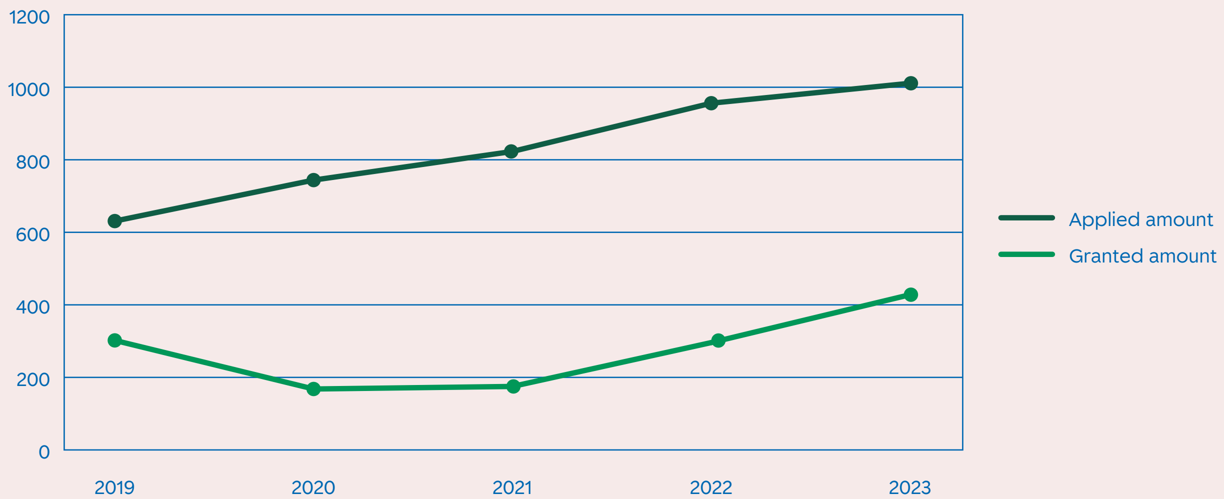
MNOK 11.4 was awarded to 40 different conferences

MNOK 2.7 went to 22 new urban spaces

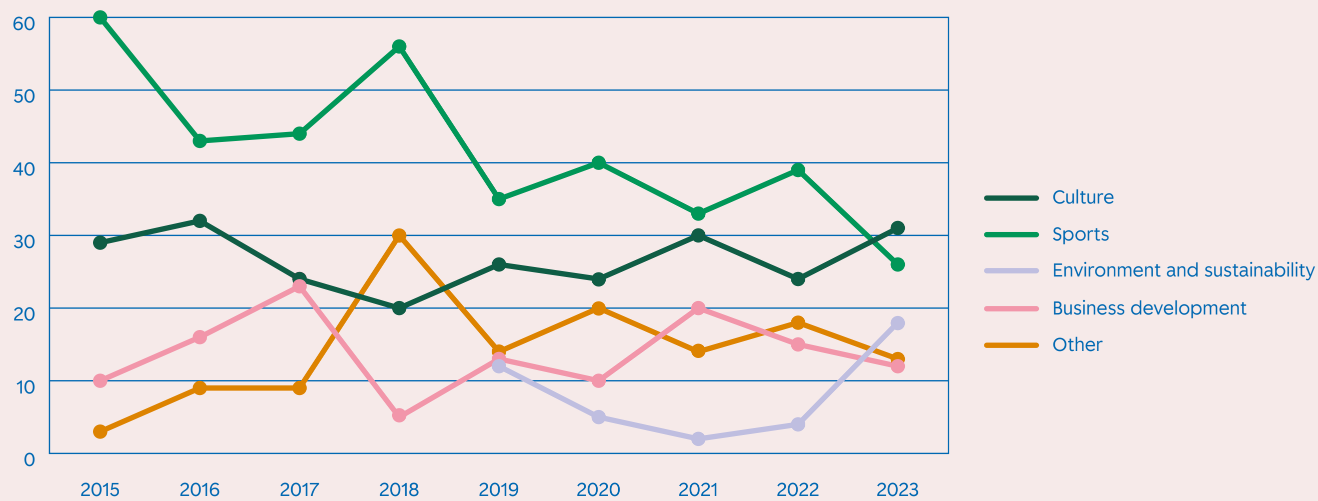
Graph 1:
Number of applications in past 5 years



Graph 2:
Amounts applied for and approved in past 5 years



Graph 3:
Distribution per category since 2015



Graph 4:

Percentage distribution by amount for UN Sustainable Development Goals

1. Utrydde fattigdom	0 %
2. Utrydde sult	0 %
3. God helse og livskvalitet	19 %
4. God utdanning	2 %
5. Likestilling mellom kjønnene	5 %
6. Rent vann og gode sanitærforhold	0 %
7. Ren energi til alle	1 %
8. Anstendig arbeid og økonomisk vekst	1 %
9. Industri, innovasjon og infrastruktur	7 %
10. Mindre ulikhet	10 %
11. Bærekraftige byer og lokalsamfunn	32 %
12. Ansvarlig forbruk og produksjon	3 %
13. Stoppe klimaendringene	4 %
14. Livet i havet	1 %
15. Livet på land	0 %
16. Fred, rettferdighet og velfungerende institusjoner	0 %
17. Samarbeid for å nå målene	12 %

Talent grants: *12 top talents and 18 developing talents received Samfunnsløftet talent grants in 2023. All of the recipients excel in their field and help to develop and inspire others in the north. An overview of all the recipients is available at snn.no/talent.*

FOTO: HÅKON STEINMO

The Board of Directors' Annu

al Report

Key figures Group 2023

(SAME PERIOD 2022)

Result for the year: MNOK 2 548 (MNOK 1 851)

Return on equity: 16.4% (11.9%)

Cost-income ratio 36.0% (40.3%)

Earnings per equity certificate: NOK 11.36 (NOK 8.25)

Net income from financial assets: MNOK 183 (MNOK 274)

Growth in lending (RM and CM) past 12 months: 7.7% (6.0%) incl. intermediary loans

Growth in deposits (RM and CM) past 12 months: 3.8% (4.4%)

Deposit-to-loan ratio: 84% (85 %)

Common Equity Tier 1 (CET1) capital ratio: 17.1% (17.3%)

Provision for dividends: NOK 7.00 (NOK 8.20)

From a global perspective, 2023 was another difficult year. The war in Ukraine continued unabated, and another grisly war started in the Middle East, with the resulting global unrest and uncertainty.

The world's central banks raised policy rates sharply in 2023 to levels not seen for nearly 15 years in order to bring down inflation. Norges Bank did the same and in December raised its policy rate to 4.50 per cent. On the positive side, the rise in interest rates has so far not caused an economic meltdown in any OECD countries, long-term interest rates have fallen, and stock markets saw positive growth in 2023. The Norwegian economy remains strong, with low unemployment despite a high policy rate and challenging times for several industries.

Northern Norway has also been affected by inflation and the subsequent rise in interest rates. The market for new homes has stagnated and the Norwegian krone has strengthened slightly. Seen in isolation, this is negative for the region, but unemployment is at a record low, defaults remain low and important industries in the region are still doing very well. Northern Norway also has a diverse business sector, where the level of public sector activity is proportionately higher than in the rest of the country. At the same time, the region produces goods in demand around the world, especially seafood. Although the Norwegian krone strengthened slightly towards the end of the year, from a historical perspective its value is low, and it fell to record lows during the year. The low value of the Norwegian krone is primarily a negative sign, although it does provide advantages for exporters. And Northern Norway exports a lot.

Despite the rise in interest rates and high inflation, the northern Norwegian business sector fared well throughout 2023. The tourism industry is back in full after the pandemic, and the market value of seafood exports is higher than ever. The building and construction industry has also fared well, even though activity levels decreased throughout the year. This industry is not expecting any major challenges until later in 2024. Fish and seafood had a good year in 2023, and its prospects going forward also look good, even though the quotas will be somewhat lower.

SpareBank 1 Nord-Norge's financial performance in 2023 was heavily affected by the sharp and rapid rise in interest rates. A steep rising interest rate curve such as the one we saw throughout 2023 contributes to good profitability from deposits, while weakening the lending margin. SpareBank 1 Nord-Norge has a high deposit-to-loan ratio, and in a year of high money market rates such as 2023 this is financially advantageous. At the same time, the SpareBank 1 Alliance delivered weaker figures than normal in 2023 due to major flood damage in summer 2023. The losses were somewhat higher than in 2022, although a significant proportion of the increase was due to higher ECL provisions. Underlying losses remain low. Overall, the bank has delivered a very good result, and good cost control and a better financial line than in 2022 made positive contributions. Underlying banking operations are very good, and the group saw positive growth throughout 2023.

The good result allows the bank to pay a good dividend, as well as community dividends, which contribute to the further development of the region.

2024 is likely to be a much more challenging year for our customers and for the bank than 2023. Although we have hopefully seen the interest rate peak, the effects of high interest rates will persist throughout 2024, even if interest rates should start to fall towards the end of the year. In practice, SpareBank 1 Nord-Norge's vision – For Northern Norway – means that as a bank we, more than anyone else, should understand, and do, what is important for people and businesses in Northern Norway. In the current economic situation, this will be more important than ever. SpareBank 1 Nord-Norge has a solid foundation of capital, expertise and dynamism. This provides a good starting point for continuing to create value for our equity certificate holders (EC holders), and for fulfilling our vision.

Financial goals and their attainment

In 2023, the Group met all of our financial targets, including our overall profitability goal, which is to have banking operations that are among the best of comparable financial services groups. When assessing the specific current target for return on equity capital, we make comparisons with other banks' profitability targets and actual profitability. The capital markets' expectations regarding profitability are also assessed based on bank analysts' forecasts. The above indicate that the return target for 2023 was 13 per cent. With an actual return on equity capital for 2023 of 16.4 per cent, the target was achieved by a good margin. The conditions for 2024 will be somewhat more challenging due to somewhat greater economic uncertainty, although the goal of a return on equity capital in line with the best of comparable financial services groups stands.

The goal of a maximum long-term cost/income ratio of 40 per cent is secondary to the Group's strategic profitability goal. In the opinion of the Board of Directors, developments in the financial services sector suggest that the Group should focus on strict cost control and improving efficiency through digitalising and simplifying processes. The cost target is considered ambitious but achievable. The cost/income ratio for 2023 was 36 per cent and within the target of 40 per cent. If the core banking business is viewed in isolation, we are well within the target. The reason for maintaining a long-term cost/income ratio of 40 per cent is a desire to have an efficiency target that compares well with other players. A relative target also takes account of the income side, which is particularly important at a time when operations are undergoing significant restructuring.

The Group's overarching financial objective is to be indisputably strong and to have a CET1 capital ratio that is 1 percentage point above the regulatory minimum requirement. As at 31.12.23, this entailed a target for the CET1 capital ratio of 15.8 per cent, 1 percentage point above the regulatory minimum, which is currently 14.8 per cent, while the current calculated CET1 capital ratio is 17.1 per cent. The result for 2023 can be described as strong and the Group's financial strength is also very good.

STRATEGIC OBJECTIVES	TARGETS	**2023**	2022	2021	2020	2019	2018
Profitability							
Return on equity	Bank operations at the top among comparable financial groups, currently at 13% or higher.	**16.4%**	11.9%	15.1% 14.1%[3]	12.6% 10.1%[1]	15.9% 12.3%[1] 12.8%[2]	12.9%
Efficiency							
Costs	Cost/income ratio 40% or lower	**36%**	40.3%	40.6% 38.3%[3]	40% 43.7%[1]	39.8% 44.8%[1] 42.9%[2]	43.1%
Solvency							
Common Equity Tier 1 (CET1) capital ratio	Unquestionably solid. CET1 capital ratio one percentage point above the regulatory minimum requirement. Currently at 15.80% or higher.	**17.15%**	17.30%	18.70%	17.50%	17.22%	14.50%
Dividends							
Payout ratio Group	50% or higher.	**61.6%**	99.3%	99.4%	49.4%	42.6%	56.9%

[1] Exclusive profit merger
[2] Exclusive profit merger and restructuring costs
[3] Exclusive gain sale Helgeland portfolio, compensation loss, termination of benefit-based service pension

Parent company

SpareBank 1 Nord-Norge is the Group's parent company, and its head office is the Rødbanken building in Tromsø. 56.3 per cent of the Bank is owned by the northern Norwegian community and 46.4 per cent by private investors, of whom 18 per cent are northern Norwegian EC holders. The Bank's core business is to provide finance for northern Norwegian businesses and households. SpareBank 1 Nord-Norge thus sets the stage for value creation and growth in the region in keeping with our vision: For Northern Norway.

Subsidiaries

SpareBank 1 Nord-Norge's customers are offered a complete portfolio from the parent bank and the other companies that make up the Group.

The main subsidiaries are briefly described below:

NOK MILLION
SpareBank 1 Finans Nord-Norge AS
SpareBank 1 Regnskapshuset Nord-Norge AS
Adwice AS
Flex AS
EiendomsMegler 1 Nord-Norge AS
SpareBank 1 Nord-Norge Portefølje AS
Finansmodell 1 AS
Fredrik Langesg 20 AS
Rødbanken Holding AS (not consolidated)
Total

SpareBank 1 Finans Nord-Norge AS

The company is 85 per cent owned by SpareBank 1 Nord-Norge and 15 per cent owned by SpareBank 1 Helgeland. The company has commercial responsibility for the leasing and secured loan financing product areas, with Northern Norway as its primary market area. The Parent Bank, SpareBank 1 Helgeland and external agents are important distribution channels for the company.

At the end of the year, the company had a good earnings base and managed leasing and seller financing agreements totalling MNOK 8 799 (MNOK 8 487). As at 31.12.23, the company's book equity was MNOK 1 466 (MNOK 1 366).

The return on equity capital for 2023 was 12.7 per cent (15.2 per cent).

The prospects for greater future activity and satisfactory returns in the company are good.

The company is co-located with the Bank in Bodø and Tromsø, and had 40 FTEs as at 31.12.23, one fewer than as at 31.12.22.

EiendomsMegler 1 Nord-Norge AS

EiendomsMegler 1 Nord-Norge AS is a member of a nationwide alliance with other real estate companies owned by SpareBank 1 banks. The company is 85 per cent owned by SpareBank 1 Nord-Norge and 15 per cent owned by SpareBank 1 Helgeland. The company provides real estate agency services in 16 different locations in Northern Norway. Most of the branches are co-located with the Bank.

As at 31.12.23, EiendomsMegler 1 Nord-Norge had 109 FTEs, 12 more than as at 31.12.22.

The company is a market leader in Northern Norway and has maintained its position in most of the cities and towns in the north in a growing total market. EiendomsMegler 1 Nord-Norge sold 3 274 properties in 2023, compared with 3 194 in 2022.

The company recorded a turnover of MNOK 181 (MNOK 167), when income and traceable expenses are combined, which corresponds to an increase of 9.2 per cent compared with 2022.

The company's profit for 2023 was MNOK 9.1 (MNOK 12.5).

The return on equity capital for 2023 was 24 per cent (29 per cent).

OWNERSHIP	EQUITY	**RESULT 2023**	RESULT 2022	**DIVIDEND 2023**	DIVIDEND 2022
85 %	1 466	**165**	157	**133**	253
85 %	169	**9**	14	**12**	17
100 %	20	**1**			
100 %	1	**0**			
85 %	38	**4**	12	**10**	25
100 %	17	**1**	-		
75 %	3	**1**			
100 %	344	**3**	3	**12**	
100 %					
	2 058	**181**	186	**167**	295

SpareBank 1 Regnskapshuset Nord-Norge AS

SpareBank 1 Regnskapshuset was established in 2012. The company is 85 per cent owned by SpareBank 1 Nord-Norge and 15 per cent owned by SpareBank 1 Helgeland. Regnskapshuset has completed a number of acquisitions and mergers since its establishment in 2012.

As at 31.12.23, the company had 217 FTEs (209 FTEs) and 15 branches in the region.

The focus on this sector is part of a collaboration with a number of the alliance banks with similar activities. The collaboration covers areas such as branded goods, IT, expertise, work processes and quality.

The SpareBank 1 Regnskapshuset Nord-Norge AS venture is motivated by a desire to exploit synergy effects with the Group's other activities. This includes increased sales across the Group, increased customer satisfaction and more efficient payment services. Examples include increased automation and integration of customers' billing systems, payment solutions and accounting.

The company recorded a total turnover of MNOK 241 in 2023, compared with MNOK 218 in 2022.

The company's profit for 2023 was MNOK 4.1 (MNOK 13.7).

The return on equity capital for 2023 was 3 per cent (13 per cent).

The company continues to change and develop, and rapid digitalisation will require further measures and present new opportunities in the future. This includes the Bank+Accounting venture under the auspices of the SpareBank 1 Alliance.

In May 2023, the company acquired the accounting company Adwice AS with 59 employees in Vesterålen and Lofoten. In September 2023, it acquired Flex AS. Flex AS is the largest accounting firm in Indre Salten with 10 employees The merger date was set for 01.01.24.

The result after tax included in the consolidated accounts for 2023 from Adwice AS was MNOK 0.6 and from Flex MNOK –0.1.

Fredrik Langes gate 20 AS

The company leases out real estate (bank building) in Tromsø and recorded a profit for 2023 of MNOK 4 compared with MNOK 3.4 in 2022.

The value of its assets as at 31.12.23 was recorded as MNOK 347 (MNOK 355), and its equity amounted to MNOK 345 (MNOK 340).

The company is 100 per cent owned by the Bank, is administered by the Bank and has no employees.

SpareBank 1 Nord-Norge Portefølje

As part of the Group's greater focus on its core activities, this company's former business is being restructured/wound up. SpareBank 1 Nord-Norge Portefølje has nevertheless been retained as a legal entity for legal and practical reasons. The object of the company is to "manage stakes owned by the SpareBank 1 Nord-Norge Group and business naturally associated with this". Parts of the business include managing ownership stakes that date from previous customer commitments in the Bank.

The market value of SpareBank 1 Nord-Norge Portefølje's investments was MNOK 16 as at 31.12.23 (MNOK 18), divided between MNOK 15 in equity investments and MNOK 4 in subordinated loans. The company's equity amounted to MNOK 16.7.

The company recorded a result for 2023 of MNOK –0.9 (MNOK –0.5).

SpareBank 1 Nord-Norge Portefølje AS is administered by the Bank and has no employees.

The company Finansmodell 1 AS was established in July 2023 as a subsidiary of SpareBank 1 Nord-Norge Portefølje with a 75 per cent stake. The company manages and develops a financial forecasting tool and recorded a profit after tax for 2023 of MNOK 0.6, and its equity as at 31.12.23 amounted to MNOK 2.7.

SpareBank 1 alliance

NOK MILLION	OWNERSHIP
SpareBank 1 Gruppen AS	19.50%
SpareBank 1 Boligkreditt AS	15.70%
SpareBank 1 Næringskreditt AS	1,.5%
SpareBank 1 Kreditt AS	16.73%
SpareBank 1 Betaling AS	17.94%
SpareBank 1 Utvikling DA	18.00%
SpareBank1 Forvaltning AS	12.18%
SpareBank 1 Bank og Regnskap AS	25.00%
SpareBank 1 Mobilitet Holding AS	30.66%
SpareBank 1 Gjeldsinformasjon AS	14.44%
SpareBank 1 Markets AS	18.06%
SpareBank1 Kundepleie AS	
Total	

The Bank's participation in the SpareBank 1 Alliance and its stakes in SpareBank 1 Gruppen AS and SpareBank 1 Utvikling DA constitute an important element of the Group's strategy. This participation has been important for SpareBank 1 Nord-Norge's positive development and has greatly contributed to the fact that the Bank has become a financially sound, strong bank – For Northern Norway.

The SpareBank 1 banks run the alliance and develop the product companies through the jointly-owned SpareBank 1 Utvikling DA and SpareBank 1 Gruppen AS,

SHARE OF EQUITY	SHARE OF RESULT 2023	SHARE OF RESULT 2022	SHARE OF RESULT 2021	DIVIDEND 2023	DIVIDEND 2022	DIVIDEND 2021
1 736	**–41**	175	471	**505**	137	366
1843	**65**	1	12		12	17
20	**1**	–	1	**–**	–	5
318	**–8**	9	13			13
224	**–31**	12	–13			
143	**6**	3	1			
139	**23**	23	23	**20**	52	
44	**1**	1	–			
–	**–82**	–22	3			
1	**0**	–	–			
390	**8**					
	0	1	1			
4 858	**–56**	203	512	**525**	201	401

the holding company. The purpose of the SpareBank 1 Alliance is to procure and provide competitive financial products and services, and to achieve economies of scale in the form of lower costs and/or higher quality. This allows the alliance to offer retail and corporate customers specialist expertise, local roots and simpler day-to-day banking. The alliance should also help to ensure the creation of value by the banks for the benefit of their region and the banks' owners.

The alliance banks have opted to pool their ownership of the Norwegian financial services industry's infrastructure in SpareBank 1 Gruppen AS and SpareBank 1 Utvikling DA. This collective ownership allows the alliance banks to act as a major player both in the market within Norwegian banking partnerships and with respect to foreign market players.

SpareBank 1 Nord-Norge owns 19.5 per cent of SpareBank 1 Gruppen AS and 18 per cent of SpareBank 1 Utvikling DA. The Bank owns a proportionately larger stake than the other owner banks because of its size. This makes the SpareBank 1 Alliance particularly important for the SpareBank 1 Nord-Norge Group, not least because the underlying values in the alliance companies are judged to be significant.

Review of the annual accounts

SpareBank 1 Nord-Norge's consolidated accounts are prepared in accordance with the International Financial Reporting Standards (IFRS), as approved by the EU, and Section 3-9 of the Norwegian Accounting Act. In compliance with requirements in Norwegian accounting legislation, Section 4-5 of the Accounting Act, the annual financial statements for 2023 have been prepared under the assumption of continued operations.

Profit development

NOK MILL	**GROUP 2023**	GROUP 2022	**PARENT BANK 2023**	PARENT BANK 2022
Net interest income	**3 627**	2 556	**3 260**	2 260
Net commissions and other operating income	**1 487**	1 234	**951**	798
Net income from financial investments	**183**	274	**858**	575
Operating costs	**1 908**	1 637	**1 278**	1 147
Losses	**116**	63	**71**	54
Result before tax	**3 273**	2 364	**3 720**	2 432
Tax	**725**	513	**671**	459
Net result	**2 548**	1 851	**3 049**	1 973

The group and the parent bank have good earnings and solidity, as well as a satisfactory liquidity position and deposit-to-loan ratio.

Net interest income

2023 was another highly competitive year for loan customers, with the resulting pressure on interest rate terms. Net interest income was affected by the Bank's borrowing costs (funding costs in the money markets), as well as the growth in lending and deposit volumes.

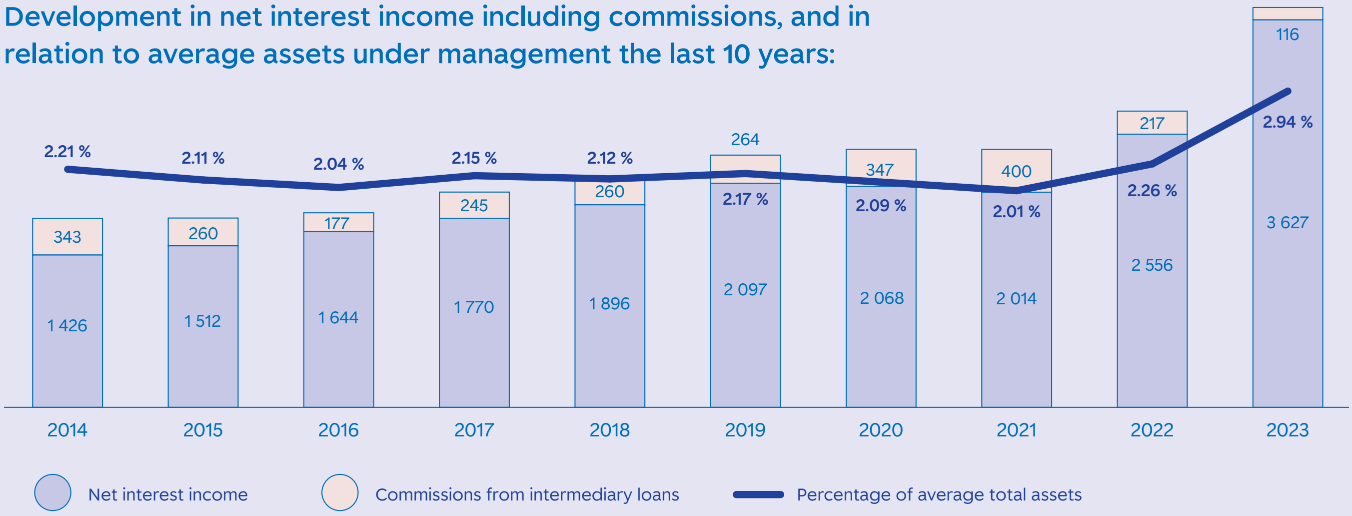
The Bank's borrowing costs rose throughout the year due to higher money market rates. The average cost of borrowing at the beginning of 2023 was 3.88 per cent, while by the end of the year it was 5.46 per cent. Norges Bank raised its policy rate six times during the year – from 2.75 per cent as at 01.01.23 to 4.50 per cent as at 31.12.23. The Bank followed suit with six interest rate changes during the year, up to 1.75 percentage points on loan products.

As a result of higher money market rates, the Parent Bank's lending margin measured against the money market rate (NIBOR) decreased throughout the year until the final quarter, when it increased somewhat. The deposit margin experienced the opposite and rose throughout the year, although it fell back in the final quarter. The Group's total net interest income thus increased by MNOK 1 071 from 2022 to 2023.

Lending grew by 3.8 per cent in the retail market in 2023 and by no less than 15.5 per cent in the corporate market. In calculations of growth, new loans provided by the Bank and that are subsequently sold to the alliance's mortgage credit institutions are also included. The growth in the corporate market was due in part to the strategic prioritisation of this segment and to taking market share, good market opportunities and positive economic development in the region. The growth in lending in 2023 is considered good.

Net interest income was also affected by loans transferred to the alliance's mortgage credit institutions SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS. The income of MNOK 116 from the transferred portfolio has been recognised under commission income. The corresponding figure for 2022 was MNOK 217.

Development in net interest income including commissions, and in relation to average assets under management the last 10 years:



Net commission and other income

SpareBank 1 Nord-Norge's objective is to increase income by offering a broad range of products, including in areas with no credit risk such as savings, investments and insurance. The subsidiaries also contribute to increased income within asset financing, real estate brokerage and accounting services.

In 2023, net commission and other income accounted for 28% of total income from the Group's core business. The corresponding figure for 2022 was 30%.

Commission income from SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt fell by MNOK 102 in 2023 due to increased funding costs in these companies as well.

Other commission and other operating income in 2023 was as follows:

NOK MILIONL	**2023**	2022	ENDRING
Provision commission loans	**115**	217	102
Sales provision insurance products	**203**	201	2
Payment facilities	**282**	257	25
Real estate broking	**110**	107	3
Accounting services	**292**	218	74
Other operating income	**485**	234	251
Total	**1 487**	1 234	253

The Group has over time worked actively on a variety of measures aimed at improving earnings in this area.

Net income from financial investments

NOK MILLION	2023	2022	ENDRING
Total income associated companies	**–56**	204	260
Share dividend	**101**	90	11
Net change value of equities	**105**	21	84
Net change value of bonds, currency and derivatives	**39**	–38	77
Net change value loans at fair value	**–6**	–3	3
Net income from financial investments	**183**	274	91

INCOME FROM OWNERSHIP INTERESTS

Result contributions from associated companies and joint ventures are recognised in the consolidated accounts using the equity method. The Group's share of the respective companies' results is shown on the line "Income from ownership interests" in the income statement, which is included in "Net income from financial investments".

The most important ownership interests are commented on below.

- The Group's result for 2023 was influenced by the profit contribution from SpareBank 1 Gruppen. The result for 2023 was heavily influenced by a volatile securities market, as well as an increase in claims ratios as a result of storms and more travel activity. In addition, a significant write-down of the ownership interest was carried out for one of the subsidiaries. The profit contribution for 2023 amounted to MNOK –41 (MNOK 175).
- SpareBank 1 Forvaltning AS manages and develops the alliance's savings products and its already strong concepts and brands, such as ODIN. The profit contribution for 2023 amounted to MNOK 22 (MNOK 23).
- The result in SpareBank 1 Betaling was strongly influenced by the ownership interest the company has in Vipps AS. Operating deficits from Vipps are consolidated into the accounts of SpareBank 1 Betaling. SpareBank 1 Nord-Norge's share of the result for 2023 was a deficit of MNOK 31 (surplus of MNOK 12).
- SpareBank 1 Kreditt, which is the product company for credit cards and consumer loans in the alliance, delivered a profit contribution for 2023 of MNOK –12 (MNOK 9).
- The result in SpareBank 1 Boligkreditt was influenced by the year's rise in interest rates. The profit contribution for SpareBank 1 Nord-Norge was MNOK 65 (MNOK 1).

The jointly-owned companies in the SpareBank 1 Alliance saw weaker earnings for the year than previously. In the opinion of the Board, the underlying assets in these companies are also substantial. The completed mergers highlight to some extent these underlying assets.

SHARES

As at 31.12.23, the Group's share portfolio amounted to MNOK 1 364 (MNOK 1 528).

During the year, the portfolio mainly consisted of shareholdings in Visa, BN Bank, SpareBank 1 Markets, and SpareBank 1 Helgeland. In addition, a portfolio of hybrid Tier 1 instruments are classified as shares for accounting purposes.

The share portfolio made a net positive profit contribution of MNOK 105 for the year.

The total value of the shares in Visa as at 31.12.23 was MNOK 37 (MNOK 166). The shares in BN Bank were worth MNOK 561 as at 31.12.23 (MNOK 512) and the equity certificates in SpareBank 1 Helgeland were worth MNOK 712 (MNOK 648).

Prior to December 2023, the shares in SpareBank 1 Markets were treated as shares at fair value. After the Bank's capital market activities were transferred to SpareBank 1 Markets in December, the ownership interest in the company increased from 12.2 per cent to 18.1 per cent, and it is now treated as an associated company in the accounts.

CERTIFICATES, BONDS, DERIVATIVES AND CURRENCY

As at 31.12.23, the Group's holdings of certificates and bonds amounted to MNOK 18 189 (MNOK 18 067). Following an increase in credit premiums in the first half of the year, which resulted in a negative change in the value of the portfolio, credit premiums edged downwards again in the last half of the year, with a positive effect on the result. As at 31.12.23, the net negative change in value was MNOK 10 for the year. The portfolio's associated derivatives and currency effects saw a positive increase in value over the course of the year amounting to MNOK 49, which represents a net gain for 2023 of MNOK 39.

The Group's long-term cost target is a cost/income ratio of 40 per cent or less. As at 31.12.23, the Group's cost/income ratio was 36.0 per cent (40.3 per cent).

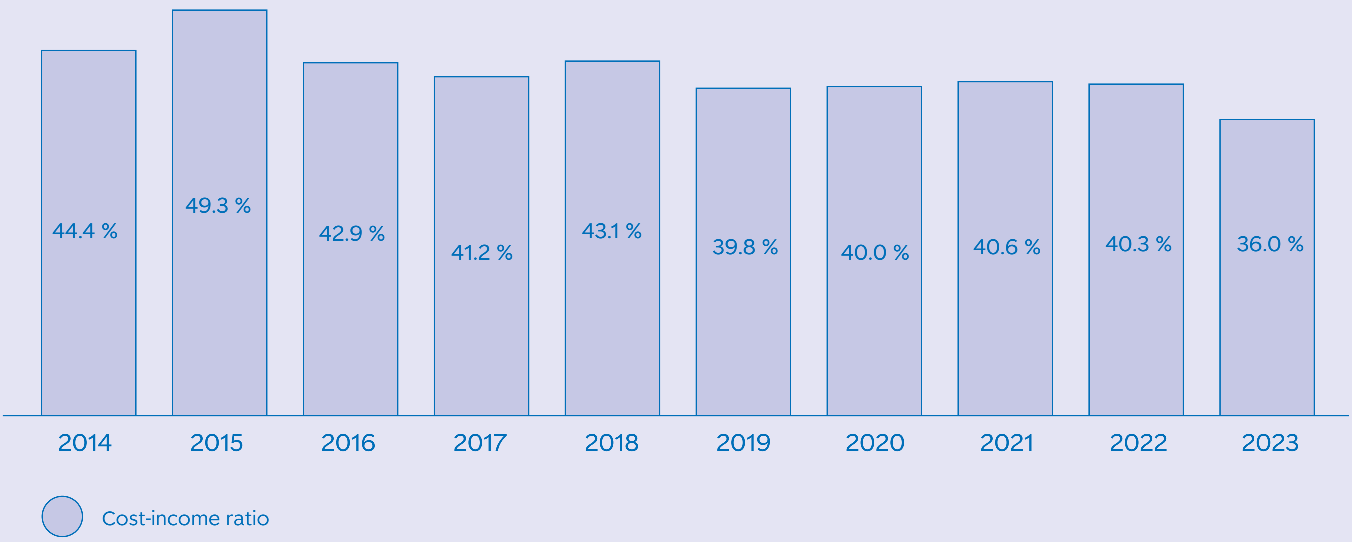
At the end of 2023, the Group had 956 FTEs (including employees paid by the hour), 104 more than in 2022. Of these 13 are employed by the Parent Bank and 91 by the subsidiaries.

OPERATING COSTS

NOK MILLION	2023	2022	CHANGE
Wage costs	**786**	649	137
Pension costs	**61**	56	5
Social costs	**153**	139	14
Administrative costs	**530**	485	45
Depreciation of fixed assets	**88**	92	4
Operating costs properties	**21**	20	1
Other operating costs	**269**	196	73
Total costs	**1 908**	1 637	271

The Group's costs in 2023 are 17% higher than in 2022.

CHANGE IN COST-INCOME RATIO OVER THE LAST 10 YEARS



The Group's long-term goal for the cost-income ratio (C/I) is 40% or lower. As at.12.23, this ratio was 36.0% (40.6%) for the Group.

The Group's FTEs (incl. hourly emplyees) totalled 956 at the end of 2023. This is 104 more than in 2022 (13 more in the parent bank and 91 more in the subsidiaries).

Losses and defaults on loans

The Group's net losses for 2023 amounted to MNOK 116 (MNOK 63): MNOK –11 (MNOK 7) from the retail market and MNOK 127 (MNOK 56) from the corporate market.

As at 31.12.23, total loss provisions on loans and guarantees came to MNOK 813, which is MNOK 78 higher than at the end of the year before (MNOK 735). Loss provisions amounted to 0.80% (0.77%) of the Group's total gross lending, and 0.56% (0.54%) of gross lending to customers, including loans transferred to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt..

As at 31.12.23, the Group's total loss provisions for loans and guarantees classified as Stage 3 amounted to MNOK 271 (MNOK 190). This equates to a loss provision ratio of 32% (33%) of non-performing and doubtful commitments.

As at 31.12.23, loss provisions for loans and guarantees classified as Stages 1 and 2 amounted to MNOK 542 (MNOK 546).

Underlying losses remain low. The Bank's lending portfolio has so far not been particularly affected by the uncertain macroeconomic situation, although some negative migration is being observed for some customers, and some industries face greater challenges than others. Meanwhile, the negative migration in the portfolio remains limited and there has been no significant increase in losses and defaults. This could be due to the Group having systematically focused on reducing risk in its loan portfolio in recent years. Furthermore, the Group's loan portfolio is characterised by residential mortgages and as mentioned above, the Bank is exposed in industries that are not adversely affected by the current macroeconomic situation.

Tax

The Group's tax charge for 2023 is estimated at MNOK 725 (MNOK 513). The tax base was reduced by permanent differences between the accounting and tax treatment of certain balance sheet items, as well as the effects of the exemption method.

Distribution of profit

The proposed distribution of profit for 2023 is based on the Group's profit after tax, adjusted for accrued interest on issued hybrid Tier 1 instruments. The net profit is thereafter distributed between EC holders and the Bank's community owned capital in proportion to the relative distribution of total equity between these owner groupings in The Parent Bank as at 01.01.23, 46.36% and 53.64%, respectively.

Based on this, the Board recommends the following distribution of the profit to the Bank's Supervisory Board for 2023:

Distribution of the profit

NOK MILLION	31.12.23	31.12.22	CHANGE
Group profit after tax	**2 520**	1 824	696
Interests hybrid capital	**60**	37	23
Profit to allocate	**2 460**	1 787	573
Cash dividend per EC (NOK)	**7.00**	8.20	–1.20
Allocated to cash dividend	**703**	823	–120
Allocated to dividend equalisation fund	**438**	5	433
Total to the equity certificate holders	**1 141**	828	313
Share of profit	**46.36%**	46.36%	0.00%
Allocated to donations	**813**	953	–140
Allocated to the Savings Bank Fund	**506**	6	500
Total to the Bank's community-owned capital	**1 319**	959	360
Share of profit	**53.64%**	53.64%	0.00%
Total allocated	**2 460**	1 787	673
Withheld share of Group result	**38.4%**	0.7%	37.7%
Withheld share of Parent Bank result	**49.3%**	8.2%	41.1%
Payout ratio Group	**61.6%**	99.3%	–377%
Payout ratio Parent Bank	**50.7%**	91.8%	–41.1%

The distribution of the profit entails an equal payout ratio for the Bank's EC holders and community owned capital. The payout ratio totals 50.7% (91.8%) of the Parent Bank's profit for the year and 61.6% (99.3%) of the Group's profit for the year.

In determining the recommended dividend, thorough assessments of the Group's financial strength, liquidity and financial performance were carried out, including stress tests showing the consequences of negative scenarios. These assessments indicate that the recommended dividend is prudent. As at 31.12.23, the capital adequacy ratio, after the recommended dividend, is significantly higher than both the regulatory requirement and the internal target. This means that our loss-absorbing capacity is high. Nevertheless, please note that the Financial Supervisory Authority of Norway (Finanstilsynet) can, when considerations regarding the financial institution's financial strength indicate it is appropriate, instruct the Bank not to distribute a dividend or to distribute less than what has been proposed by the Board of Directors or approved by the Supervisory Board.

The Bank will continue to emphasise providing a competitive direct return for the Bank's owners. Nonetheless, the future payout rate will have to take into account the Group's capital adequacy and opportunities for future profitable growth.

The Board of Directors recommend a dividend of MNOK 1 516, corresponding to 61.6% of the Group's net profit, and NOK 7.00 per equity certificate. Dividends will be paid to those EC holders registered as at 14.03.24. The Bank's equity certificate will be quoted ex-dividend on 15.03.24. The EC holders' proportion of the equity (ownership fraction) has not changed and was calculated as 46.36% as at 01.01.24.

Cash flow analysis

The total cash flow from the Group's operations amounted MNOK 2 752 (MNOK 2 006). The net change in liquidity from operations amounted to MNOK 1 720 (MNOK 3 004), while the Group's profit after tax amounted to MNOK 2 548 (MNOK 1 851). The difference was mainly due to lending growth, as well as increased holdings of certificates and bonds. Total investments in the Group amounted to MNOK –136 in 2023 (MNOK –201). The year's investments were directed at jointly controlled activities in the alliance.

The Group's liquidity holdings as at 31.12.23 amounted to MNOK 1 251 (MNOK 631). The Group's ability to self-finance investments is good.

See also the cash flow statement included as part of the annual accounts.

Balance sheet performance

As at 31.12.23, loans totalling BNOK 45 (BNOK 39) had been sold to SpareBank 1 Boligkreditt, and BNOK 0.1 (BNOK 0.3) had been sold to SpareBank 1 Næringskreditt. These loans, termed intermediary loans, do not appear as lending on the Bank's balance sheet.

NOK MILLION	31.12.23	31.12.22	CHANGE
Retail lending	**92 823**	89 406	5.3%
Corporate lending	**50 615**	43 837	7.4%
Total lending customers incl. intermediary loans	**143 438**	133 243	6.0%
Total lending customers excl. intermediary loans	**98 789**	93 513	3.9%
Deposits retail	**43 818**	42 426	3.8%
Deposits corporate[1]	**38 677**	37 058	5.1%
Total deposits	**82 495**	79 484	4.4%
Deposits as % of lending excl. intermediary loans	**83.5%**	85.0%	0.4%
Total assets	**128 138**	122 521	2.8%

1 *Incl. public market*

In the case of new loans, particular importance is attached to customers' debt-servicing ability and a satisfactory level of collateral to ensure that credit risk is kept to an acceptable level.

There is strong competition, especially in the mortgage market, but the Group is competitive and is taking market shares.

The personal market accounted for 67% of overall lending as at 31.12.23 (67%).

Liquidity

The Bank's most important source of funding is customer deposits. At the end of 2023, the deposit-to-loan ratio (excluding intermediary loans) was satisfactory at 84% (85%). The Bank's remaining funding, apart from equity and subordinated capital and deposits from customers, is mainly from long-term funding from the capital markets. The Bank's access to liquidity and the key figures for liquidity are satisfactory.

The Bank's aims is to keep overall liquidity risk at a low level. According to the LCR Regulation, institutions are required, at all times, to maintain a liquidity coverage ratio (LCR) of at least 100 per cent for all currencies combined. This entails institutions' holdings of liquid assets having to at least match their net liquidity outflow for at least 30 days ahead in a stress situation in the money and capital markets. LCR as at 31.12.23 was 150% (146%).

In addition, institutions are subject to a general requirement as regards stable, long-term funding, the net stable funding ratio (NSFR). The Group's NSFR was 117% as at 31.12.23 (120%).

Financial strength and capital adequacy

SpareBank 1 Nord-Norge aims to maintain an indisputably solid financial position at all times and comply with the regulatory minimum capital adequacy requirements at all times. The Group's target for its CET1 capital ratio is 1 percentage point above the regulatory minimum requirement, which resulted in a target for the CET1 capital ratio of 15.8% at the end of 2022.

SpareBank 1 Nord-Norge uses IRB models to calculate capital requirements for credit risk. The use of IRB imposes wide-ranging requirements on the Bank's organisation, competence, risk models and risk management systems.

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

Capital ratio	**GROUP 31.12.23**	GROUP 31.12.22	CHANGE	**PARENT BANK 31.12.23**	PARENT BANK 31.12.22	CHANGE
Common Equity Tier 1 Capital Ratio	**17.1%**	17.3%	-0.1%	**20.0%**	21.7%	–1.7%
Tier 1 Capital Ratio	**18.9%**	18.3%	0.6%	**21.8%**	23.0%	–1.2%
Capital Adequacy Ratio	**21.4%**	19.9%	1.5%	**24.4%**	24.5%	–0.1%
Leverage Ratio	**7.9%**	7.4%	0.5%	**11.0%**	10.5%	0.5%

The Group's CET1 capital was MNOK 1 116 higher as at 31.12.23 than as at 31.12.22. This is mainly due to withheld profit based on the recommended dividend payout of 62% of the Group's net profit.

Total risk weighted assets (RWA) rose by around BNOK 7.1 over the year, mainly due to increased lending exposure.

The Bank's financial strength is considered good in relation to the current and upcoming regulatory requirements and risk exposure.

Events after the balance sheet date

No events have occurred after the balance sheet date that are considered to have a material bearing on the Group's profit and/or financial position.

The payout of a cash dividend of MNOK 703 from the profit for the year to the EC holders of SpareBank 1 Nord-Norge and MNOK 813 as community dividends for the community owned capital has been proposed. This proposal has not been adopted as at the balance sheet date, and it has therefore not been recognised as a liability on the balance sheet but is still included in equity pending a final decision by the Supervisory Board in March 2024.

Risk management and internal control

Risk and capital management at SpareBank 1 Nord-Norge aims to support the Group's strategic development and goal attainment, and at the same time ensure financial stability and prudent asset management.

In 2023, the continuation of geopolitical and macroeconomic uncertainties stemming from Russia's invasion of Ukraine in 2022 left its mark. Additionally, the conflict in Gaza added further uncertainty during 2023. However, experiences from previous crises, along with the company's own analyses and stress tests, demonstrate that the financial position of the group remains robust. Over time, the group has maintained a low to moderate risk appetite, supported by effective structures for risk management and control. With solid financial strength, liquidity, and a risk profile, the group is well-positioned to achieve its strategic business goals even in challenging macroeconomic situations.

Read more about risk management and internal control in SpareBank 1 Nord-Norge in the Statement on corporate governance, Note 6 on financial risk management and the Group's Pillar 3 report.

Regulatory framework

General

Regulatory requirements are changing apace, and this is expected to continue ahead. The Group identifies, assesses and adapts to regulatory changes on an ongoing basis.

This is done to ensure:

- Compliance with regulatory requirements.
- Handling of business-related implications.

System for follow-up internally

The Group has established a system for close follow-up of regulatory changes through, inter alia:

- Compliance committee.
- Joint cooperation in this area across the entities in SpareBank 1-alliansen ('Regulatory radar').
- Quarterly reporting to the Board of Directors by both the first and second line of defence with regard to regulatory changes, including their content, timeline for implementation and implications, along with compliance.
- Annual reporting to the Board of Directors (ICAAP) with regard to regulatory changes, including their content, timeline for implementation and implications, along with compliance.

Key regulatory changes in 2023 and ahead

Key changes in 2022 and regulatory changes announced for the coming years can be briefly summarised as follows:

Capital/financial strength

Countercyclical capital buffer: As a result of the Covid-19 pandemic the countercyclical capital buffer requirement was in March 2020 lowered from 2.5% to 1%. Through 2021 and 2022 the countercyclical capital buffer was raised on three occasions by a total of 1.5 percentage points. The last change was set inn effect 31 March 2023, and the countercyclical capital buffer is again at the maximum level of 2.5%.

Systemic risk buffer: The Ministry of Finance decided in December 2022 to keep the systemic risk buffer requirement unchanged at the maximum level of 4.5%. This has been maintained throughout 2023. The transitional arrangement for the implementation of increased system risk buffer requirements (from 3% to 4.5%) for enterprises using the standard method, including SpareBank 1 Finans Nord-Norge, expired at the end of 2023. Further, Sweden and Denmark have recognised this Norwegian systemic risk buffer requirement. Finland has partially recognised the Norwegian requirement. The decision applies to the institutions' exposures in Norway.

Risk weight floor: The Ministry of Finance resolved in December 2022 to keep the previously established risk weight floor unchanged at 20% for residential mortgages and 35% for commercial property loans. This has been maintained throughout 2023.

Pillar 2 decision (SREP): In December 2023, Finanstilsynet issued a new Pillar 2 decision (SREP) for SpareBank 1 Nord-Norge. As of 31.12.23, the Pillar 2 requirement stands at 1.4%, which is a reduction of 0.1 percentage point from the previous requirement (1.5%). Furthermore, the minimum requirement must be met with a minimum of 56.25% common equity tier 1 capital and at least 75% total capital, in accordance with CRR2. This also represents a relief compared to earlier standards. The group's Pillar 2 requirement remains the lowest among comparable financial groups. Additionally, Finanstilsynet expects a capital requirement margin (P2G) of one percentage point, which remains unchanged from previous expectations

MREL: IN 2023, Finanstilsynet updated and established the minimum requirement for the sum of own funds and eligible debt (MREL) for SpareBank 1 Nord-Norge. As of 31.12.23, the binding requirement for the bank is set at 35.20% of the currently applicable adjusted risk-weighted calculation base. As of 31.12.22, the binding MREL requirement amounted to MNOK 31 654.

CRR3/CRD6: The introduction of new standard methods and IRB parameter floors has been postponed several times in recent years. In 2023, there were several clarifications in this area, both regarding technical alignment and timeline. The expected implementation date is January 1, 2025, with transitional rules in place until 2030.

Capital structure in the savings bank sector: EThe European Banking Authority (EBA) has evaluated Norwegian capital instruments over time. In light of feedback from EBA, the Norwegian government established a committee in August 2023 to assess the capital structure of Norwegian savings banks. One of the goals of the investigation is to ensure that Norwegian savings banks continue to have equity instruments of sufficient quality to cover potential losses that may arise in the future, and that align with the European capital requirements framework. The committee is expected to deliver its report by September 27, 2024.

Credit

Lending regulations: In December 2022, the Ministry of Finance approved certain amendments to the lending regulations. The changes came into effect on 31.01.23, and include, among other things, relaxation of the requirements related to interest rate stress tests. Furthermore, from 01.07.23, the regulation was extended to also cover loans to consumers secured by collateral other than residential property, such as car and boat loans.

IRB area: New EBA guidelines in the IRB area applied as from the start of 2022. Against this background Finanstilsynet published in June 2021 a circular on IRB models. Finance Norway provided two rounds of comments on Finanstilsynet's draft IRB circular. On both occasions the industry, with a basis in the above-mentioned EBA guidelines and applicable EEA rules, made thoroughgoing objections to the circular. Against this background, the Ministry of Finance sent a letter to Finanstilsynet in January 2022 in which the Ministry clarifies the interpretation of Finanstilsynet's circular. The clarification is central to assessing the circular's status. There have been no further clarifications in this area in 2023 or so far in 2024.

Debt Information Regulations: Currently only unsecured debt is included in the debt register. In 2022, the Ministry of Children and Families circulated for comment a proposal for amendments to the Debt Information Regulations. The proposal is to incorporate secured debt in the debt information arrangement (the "debt register"). The consultation deadline expired on 14.10.22, but the case still has the status "*Under processing*".

Market risk

Interest rate risk: In October 2022, EBA published updated guidelines on interest rate and credit spread risks in the banking book. The guidelines related to interest rate risk came into effect on 30.06.23 in the EU. The changes related to spread risk are applicable in the EU from 31.12.23. Finanstilsynet has confirmed to the EBA that the changes will be implemented in Norway, but not until the consultation document '*Proposal for amendments to laws and regulations in the financial market area*' has come into effect. The consultation deadline expired on 01.06.23, but the case still has the status "*Under processing*".

Liquidity and funding

Liquidity risk module: Finanstilsynet has published an update to its *Liquidity Risk Module*. The module largely maintains the structure and content of previous versions. However, it includes certain extensions related to aspects such as OMF diversification and "cliff risk" in relation to LCR (Liquidity Coverage Ratio).

Green bonds: The Ministry of Finance has put forward Finanstilsynet's proposal for new rules regarding green bonds for public consultation. The proposal entails the implementation of anticipated EEA rules. The consultation deadline expired 10.01.24, but the case still has the status "*Under processing*".

ESG

Act on Sustainable Finance: The Act on Sustainable Finance, which implements the Taxonomy Regulation and the Sustainable Finance Disclosure Regulation, entered into force on 01.01.23.

Other areas

New Financial Contracts Act: A new Financial Contracts Act entered into force on 01.01.23, with certain transitional provisions applying up to mid-2023. The law aims to enhance consumer protection and implements several new EU regulations.

New Financial Supervisory Act: In March 2023, the Ministry of Finance sent the new financial supervisory act out for consultation. Many provisions will be retained in practice as they are today, but some major fundamental changes are proposed. The consultation deadline expired 02.06.23, but the case still has the status "*Under processing*".

In brief

All in all, the changes made in the regulatory area are considered extensive, but manageable. Changes in the regulatory framework are not expected to require the Group to make significant changes to its business model or strategy in the short or medium term.

Organisation and HR

In a turbulent world marked by crises and unforeseen events, it is crucial to continuously develop an organisation's ability to handle uncertainty and change. Predicting what will impact society and the market going forward is challenging. In 2023, the organisation has developed a framework to better understand and respond to global and local shifts across different time horizons. Viability in the future calls for actions taken today.

SpareBank 1 Nord-Norge has in 2023 worked purposefully to both retain our employees and attract new, competent workforce. A new strategic framework was also established for working with the organization and employees, through the creation of a methodology for employee experiences. This work is intended to be a central part of the strategic HR management within the group.

SpareBank 1 Nord-Norge started the search for a new CEO in spring 2023. The recruitment process resulted in the appointment of Hanne Karoline Kræmer as the new CEO, effective from 01.01.24.

In retail banking, financial centres were consolidated into one department, and savings were established as a separate department under the division's group director. Additionally, reorganisation and business aquisitions were carried out in the subsidiary SpareBank 1 Regnskapshuset Nord-Norge, which also welcomed a new CEO, Johan-Thomas Hegdahl. Towards the end of the year, a planned business transfer for parts of SNN Kapitalmarked to SpareBank 1 Markets AS was approved and executed.

Organisation and HR are discussed in greater detail in the sustainability section of this annual report under the sub-chapter *Own workforce*.

Sustainability and social responsibility

As a financial services group, SpareBank 1 Nord-Norge has a wide-ranging impact on the environment and society. It is both a responsibility and an ambition to strengthen the positive impact and minimize the negative.

The world faces major climate-related changes. In addition to the harm done to nature and society, there are possible repercussions for financial stability. The changes, along with associated national and international climate policies, will therefore impact the company's ability to operate profitably in the future.

On the reporting side, new and stricter requirements are imposed on us, our customers, and our partners regarding sustainability. SpareBank 1 Nord-Norge became obligated to report in accordance with the Transparency Act from the accounting year 2022, and from 2024, we will be subject to several new reporting requirements as a consequence of changes in the Accounting Act.

Sustainability and ESG risk are therefore an integral part of both the company's business strategy and risk strategy. In 2023, SpareBank 1 Nord-Norge has particularly focused on two areas: one has been to establish an emissions ambition for the company's financed emissions, and the other has been to interpret and understand new reporting requirements.

The group has an established goal of achieving net zero emissions by 2040. The plan for how to achieve this was adopted in December 2023. The sustainability reporting for the accounting year 2023 will represent a transition from the previously used standard, GRI (Global Reporting Initiative), to what will become the new standard starting from the accounting year 2024, CSRD (Corporate Sustainability Reporting Directive).

The group has initiated work on a double materiality assessment adapted to CSRD and the associated reporting standards ESRS (European Sustainability Reporting Standards). During 2024, several adjustments will be made to ensure compliance with the new standards.

Sustainability will be included in several chapters of this annual report, in addition to a separate chapter that addresses sustainability across the company's significant topics from the materiality assessment.

The statement regarding the group's work with the Transparency Act can be found in the sustainability library on snn.no.

Summary and future prospects

Financial objectives and ambitions remain unchanged in 2024, and are as follows:

- To deliver a return on equity on a par with the best of comparable financial groups
- A cost ratio below 40%
- A CET1 ratio 1 percentage point above the regulatory minimum
- A dividend payout ratio above 50%
-

The group's market position and financial position are strong. Over the years, the group has improved its banking operations and delivers results as one of the top banks in the Nordic region. The high interest rates and economic outlook make the prospects for 2024 more challenging than they were in 2023. Despite a more challenging macroeconomic situation, the group has a solid starting point. We may capitalize on the foundation that has been laid by continuing a strong customer and cost focus for the benefit of customers, employees, owners, and society. We aspire to enhance customer satisfaction, increase efficiency and gain new market shares. To that end, the group's locally based approach to its customers and market areas will be highlighted.

The annual accounts for 2023 have been prepared under the assumption of continued operation. The group's long-term strategic plan and result forecasts for the coming years form the basis for this.

SpareBank 1 Nord-Norge's results for 2023 are described as good, and the group is in a healthy and strong financial position. The economic uncertainty has increased somewhat, but there is reason for cautious optimism given that the interest rate peak is presumably reached.

The underlying strength of the economy in Northern Norway remains robust, and the bank sees good opportunities for continued growth and positive development for us and the region. As the region's most important and largest financial institution, we will play our part – for Northern Norway.

The Board of Directors would like to thank the group's entire staff for their efforts and commitment in 2023. This is an important contribution to the development of SpareBank 1 Nord-Norge. The Board would also like to thank the group's customers and business connections for their contributions in 2023. And finally, the Board would like to thank former CEO Liv B. Ulriksen for valuable contributions over several years.

Statement on corporate governance

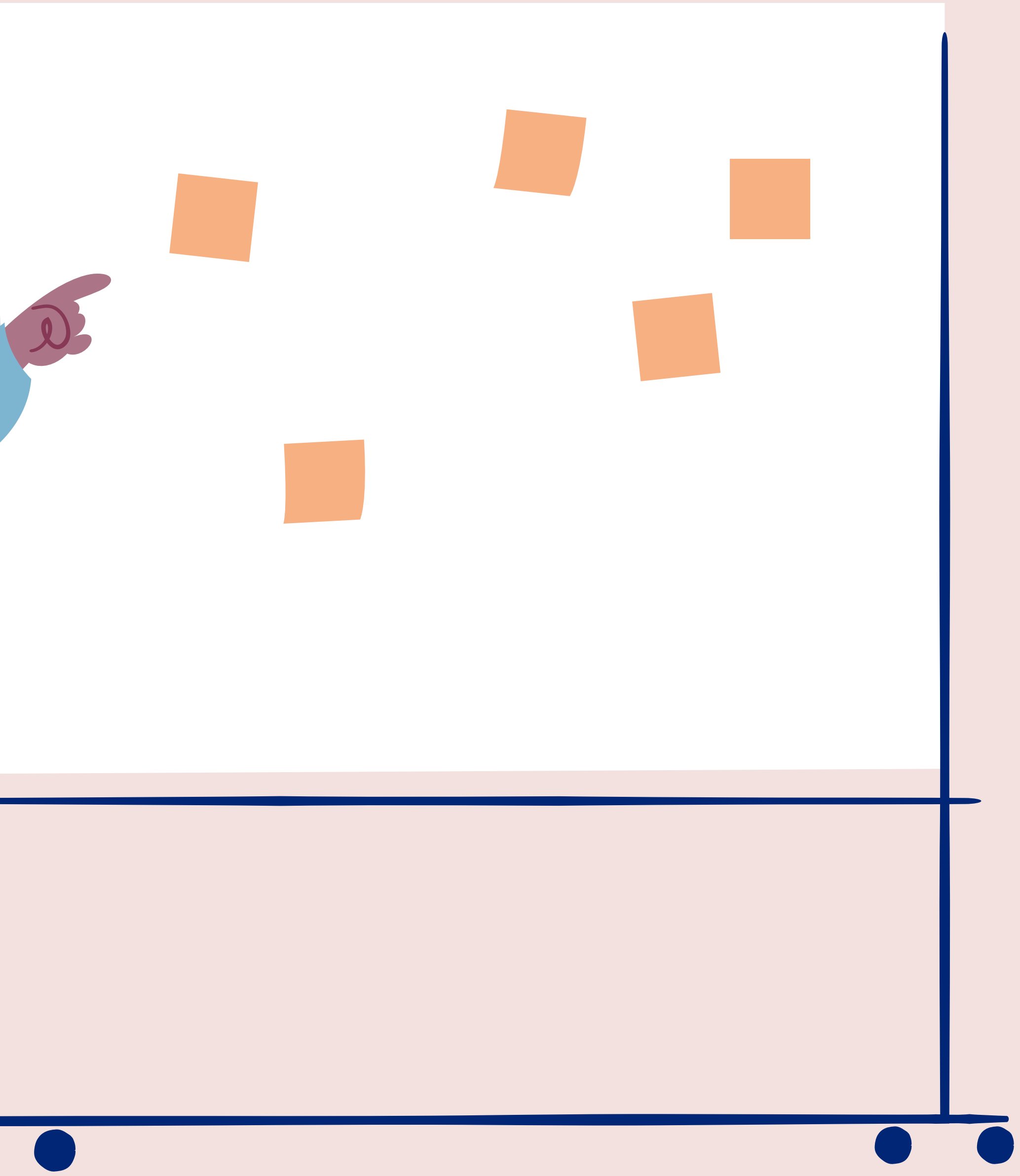
SpareBank 1 Nord-Norge complies with the Norwegian Code of Practice for Corporate Governance, issued by the Norwegian Corporate Governance Board (NUES).

The code of practice contains the following points:

1. Statement on corporate governance
2. Business
3. Equity and dividends
4. Equal treatment of shareholders
5. Shares and negotiability
6. General assembly
7. Nomination committee
8. Board of Directors, composition and independence
9. The work of the Board of Directors
10. Risk management and internal control
11. Remuneration of the Board of Directors
12. Remuneration of executive personnel
13. Information and communication
14. Takeovers
15. Auditor

A review of the points and an explanation of any deviations from the recommendations can be found on our website, under Reports and presentations.

Annual Accounts 2023



ANNUAL REPORT – INCOME STATEMENT

PARENT BANK				GROUP	
2022	**2023**	AMOUNTS IN NOK MILLION	NOTES	**2023**	2022
3 540	**6 214**	Interest income	19	**6 561**	3 824
1 280	**2 954**	Interest costs	19	**2 934**	1 268
2 260	**3 260**	**Net interest income**		**3 627**	2 556
849	**784**	Fee- and commission income	20	**1 045**	1 088
56	**67**	Fee- and commission costs	20	**90**	79
5	**234**	Other operating income	20	**532**	225
798	**951**	**Net fee- commission and other operating income**		**1 487**	1 234
90	**101**	Dividend	21	**101**	90
506	**610**	Income from investments	21	**-56**	204
–21	**147**	Gain/losses and net value changes from investments in securities	21	**138**	–20
575	**858**	**Net income from investments**		**183**	274
3 633	**5 069**	**Total income**		**5 297**	4 064
541	**619**	Personnel costs	22, 23, 24	**1 000**	844
606	**659**	Other operating costs	23, 31, 32	**908**	793
1 147	**1 278**	**Total costs**		**1 908**	1 637
2 486	**3 791**	**Result before losses**		**3 389**	2 427
54	**71**	Losses	13	**116**	63
2 432	**3 720**	**Result before tax**		**3 273**	2 364
459	**671**	Tax	25	**725**	513
1 973	**3 049**	**Result for the year**		**2 548**	**1 851**
		Result for the year allocated:			
		Controlling owner's share		**2 521**	1 824
		Non-controlling owner's share		**27**	27
		Result per Equity Certificates			
8,98	**14,08**	**Result per EC, adjusted for interests hybrid capital 1)**	41	**11,52**	8,25

Other comprehensive income

1 973	**3 049**	**Result for the period**		**2 548**	1 851
		Items that will not be reclassified to profit/loss			
		Share of other comprehensive income from investment in joint-ventures	30	**6**	4
		Total		**6**	4
		Items that will be reclassified to profit/loss			
		Share of other comprehensive income from investment in joint-ventures	30	**–92**	81
		Total		**–92**	81
1 973	**3 049**	**Total other comprehensive income for the period**		**2 462**	1 936

1) *Result, adjusted for interests hybrid capital, multiplied by ECs' share of result, divided by number of ECs.*

ANNUAL REPORT – BALANCE SHEET

PARENT BANK				GROUP	
31.12.22	31.12.23	AMOUNTS IN NOK MILLION	NOTES	31.12.23	31.12.22
		Assets			
145	**402**	Cash and balances with Central Banks		**402**	145
8 654	**9 300**	Loans and advances to credit institutions	10	**2 304**	1 787
84 205	**89 086**	Net loans and advances to customers	11, 13, 14	**98 032**	92 850
1 513	**1 359**	Shares	21, 29	**1 364**	1 528
18 069	**18 187**	Bonds and certificates	21, 28	**18 189**	18 073
1 458	**1 422**	Financial derivatives	16, 21	**1 422**	1 458
1 492	**1 594**	Investment in Group companies	30		
3 597	**4 164**	Investment in associated companies and joint ventures	30	**4 858**	4 861
406	**402**	Property, plant and equipment	31	**811**	829
		Intangible assets	33	**193**	118
583	**504**	Other assets	34	**563**	670
120 122	**126 420**	**Total assets**		**128 138**	122 319
		Liabilities			
1 186	**1 165**	Liabilities to credit institutions	10	**1 164**	1 185
79 566	**82 560**	Deposits from customers	35	**82 495**	79 484
15 336	**13 970**	Debt securities in issue	36	**13 970**	15 336
1 259	**1 198**	Financial derivatives	16	**1 198**	1 259
2 814	**3 055**	Other liabilities	24, 25, 37	**3 703**	3 389
		Deferred tax liabilities	25	**51**	25
5 718	**8 367**	Subordinated loan capital and senior non-prefered debt	38	**8 367**	5 718
105 879	**110 315**	**Total liabilities**		**110 948**	106 396
		Equity			
2 650	**2 650**	Equity Certificate capital and premium reserve	41	**2 650**	2 650
600	**1 250**	Hybrid capital	42	**1 250**	600
3 676	**4 238**	Dividend Equalisation Fund	41	**4 628**	4 347
7 317	**7 967**	Saving Bank's Fund	41	**8 417**	8 095
		Non-controlling interests	41	**245**	231
14 243	**16 105**	**Total equity**		**17 190**	15 923
120 122	**126 420**	**Total liabilities and equity**		**128 138**	122 319

Tromsø, 20.02.24

The Board of Directors of SpareBank 1 Nord-Norge

This document is electronically signed, see confirmation after the auditor's report.

ANNUAL REPORT – CHANGES IN EQUITY

Parent Bank						
AMOUNTS IN NOK MILLION	EC CAPITAL	PREMIUM FUND	HYBRID CAPITAL	DIVIDEND EQUALISATION FUND	SAVING BANK'S FUND	TOTAL EQUITY
Equity at 01.01.22	**1 807**	**843**	**780**	**3 824**	**7 487**	**14 741**
Total comprehensive i ncome for the period						
Period result				915	1 058	**1 973**
Other comprehensive income:						
Total comprehensive income for the period				915	1 058	**1 973**
Transactions with owners						
Dividend paid 2021/other distribution				-1 044	-1 208	**-2 252**
Interest hybrid capital				- 17	- 20	**- 37**
Changes in hybrid capital, other equity transactions			- 180	- 2		**- 182**
Total transactions with owners			- 180	-1 063	-1 228	**-2 471**
Equity at 31.12.22	**1 807**	**843**	**600**	**3 676**	**7 317**	**14 243**
Total comprehensive income for the period						
Period result				1 414	1 635	**3 049**
Other comprehensive income:						
Total comprehensive income for the period				1 414	1 635	**3 049**
Transactions with owners						
Dividend paid 2021/other distribution				- 824	- 952	**-1 776**
Interest hybrid capital				- 28	- 32	**- 60**
Changes in hybrid capital, other equity transactions			650	1	- 2	**649**
Total transactions with owners			650	- 851	- 986	**-1 187**
Equity at 31.12.23	**1 807**	**843**	**1 250**	**4 238**	**7 967**	**16 105**

Group

AMOUNTS IN NOK MILLION	EC CAPITAL	PREMIUM FUND	HYBRID CAPITAL	DIVIDEND EQUALISATION FUND	SAVING BANK'S FUND	TOTAL CON-TROLLING INTERESTS	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Equity at 31.12.21	1 807	843	780	4 619	8 407	16 456	197	**16 653**
Effects due to implemetation of IFRS 17/IFRS 9 in Sp 1 Gruppen *				–108	–126	–234		**–234**
Equity at 01.01.22	**1 807**	**843**	**780**	**4 511**	**8 281**	**16 222**	**197**	**16 419**
Total comprehensive income for the period								
Period result				846	978	1 824	27	**1 851**
Other comprehensive income:								
Share of other comprehensive income from invest-ment in assosiated companies				54	63	117		**117**
Total comprehensive income for the period				900	1 041	1 941	27	**1 968**
Transactions with owners								
Changes in controlling interests						0	33	**33**
Dividend paid 2021/other distribution				–1 044	–1 208	–2 252	–30	**–2 282**
Interest hybrid capital				–17	–20	–37		**–37**
Changes in hybrid capital, other equity transactions			–180	–3	1	–182	4	**–178**
Total transactions with owners			–180	–1 064	–1 227	–2 471	7	**–2 464**
Equity at 31.12.22	**1 807**	**843**	**600**	**4 347**	**8 095**	**15 692**	**231**	**15 923**
Total comprehensive income for the period								
Period result				1 170	1 351	2 521	27	**2 548**
Other comprehensive income:								
Share of other comprehensive income from invest-ment in assosiated companies				–40	–46	–86		**–86**
Total comprehensive income for the period				1 130	1 305	2 435	27	**2 462**
Transactions with owners								
Changes in controlling interests						0	15	**15**
Dividend paid 2022/other distribution				–824	–952	–1 776	–27	**–1 803**
Interest hybrid capital				–28	–32	–60		**–60**
Changes in hybrid capital, other equity transactions			650	3	1	654	–1	**653**
Total transactions with owners			650	–849	–983	–1 182	–13	**–1 195**
Equity at 31.12.23	**1 807**	**843**	**1 250**	**4 628**	**8 417**	**16 945**	**245**	**17 190**

* The change in principle is described in note 2.

ANNUAL REPORT – STATEMENT OF CASH FLOWS

PARENT BANK				PARENT BANK	
31.12.22	**31.12.23**	AMOUNTS IN NOK MILLION	NOTER	**31.12.23**	31.12.22
2 432	**3 720**	Profit before tax		**3 273**	2 364
68	**60**	+ Ordinary depreciation	31	**88**	92
0	**0**	+ Write-downs, gains/losses fixed assets		**0**	0
54	**71**	+ Losses on loans and guarantees	13	**116**	63
459	**671**	- Tax/Result non-current assetes held for sale	25	**725**	513
2 095	**3 180**	**Provided from the year's operations**		**2 752**	2 006
1 105	**1 213**	Change in sundry liabilities: + increase/ - decrease	16, 24, 25, 37	**1 314**	1 030
–646	**115**	Change in various claims: - increase/ + decrease	16, 21, 34	**68**	–538
–3 862	**–5 257**	Change in gross lending to and claims on customers: - increase/ + decrease	11, 13, 14	**–5 452**	–3 990
1 072	**36**	Change in short term-securities: - increase/ + decrease	21, 28, 29	**48**	1 068
3 358	**2 994**	Change in deposits from and debt owed to customers: + increase/ - decrease	35	**3 011**	3 335
63	**–21**	Change in liabilities to credit institusions: + increase/ - decrease	10	**–21**	93
3 185	**2 260**	**A. Net liquidity change from operations**		**1 720**	3 004
–14	**–56**	- Investment in fixed assets	31	**–70**	–62
0	**0**	+ Sale of fixed assets		**0**	0
–425	**–767**	Payments to group companies and assosiated companies	30	**–767**	–425
56	**98**	Payments from/Change in values of group companies and assosiated companies	30	**701**	286
–383	**–725**	**B. Liquidity change from investments**		**–136**	–201
–37	**–60**	Interest to hybrid capital owners	42	**–60**	–37
–47	**–43**	Payments to leases	32	**–55**	–51
–1 754	**–1 558**	- Dividend paid on EC/approved distributions	42	**–1 588**	–1 784
–5 656	**–4 667**	Payments to borrowings through the issuance of securities	36	**–4 667**	–5 656
3 620	**2 448**	Payments from borrowings through the issuance of securities	36	**2 448**	3 620
0	**–350**	Payments to subordinated loan capital	38	**–350**	0
1 000	**2 643**	Payments from subordinated loan capital	38	**2 643**	1 000
–180	**650**	Payments to/payments from hybrid capital	42	**650**	–180
		Payment from non-controlling interests		**15**	33
–3 054	**–937**	**C. Liquidity change from financing**		**–964**	–3 055
–252	**598**	A + B + C. Total change in liquidity		**620**	–252
883	**631**	**+ Liquid funds at the start of the period**		**631**	883
631	**1 229**	**= Liquid funds at the end of the period**		**1 251**	631

Liquid funds are defined as cash and balances with Central Banks, and loans and advances to credit institutions without an agreed term or notice period.

145	**402**	Cash and balances with Central Banks	Balanse	**402**	145
487	**827**	Loans and advances to credit institutions without an agreed term or notice period	Note 10	**849**	487
631	**1 229**	**Liquid funds at the end of the period**		**1 251**	631

Notes

Annual report – Notes

Note 1 General information

Description of the business

SpareBank 1 Nord-Norge is an independent Norwegian financial services group within the SpareBank 1-alliance with Equity Certificates registered on Oslo Stock Exchange.

We know Northern Norway and are a leading provider of comprehensive, modern financial solutions to customers with a basis in the Northern Norway market.

At the end of the year, the Group had 15 financial centres in Northern Norway.

Business address

The SpareBank 1 Nord-Norge Group's head office is located in Tromsø, and its business address is Storgata 65, 9008 Tromsø.

Date of adoption of the Group accounts

The 2023 final annual accounts were adopted by the Board of Directors on 20.02.24.

The 2023 final annual accounts were adopted by the Supervisory Board on 14.03.24.

Dividends will be paid out 04.04.24.

See note 43 for more information.

Auditor

The Group's auditor is state authorized public accountant Stig-Tore Richardsen at KPMG.

Note 2 Material accounting policies

1. Basis for preparation of the annual accounts
2. Changes in accounting principles
3. Presentation currency
4. Consolidation
5. Classification and valuation of financial assets and liabilities
6. Recognition, derecognition and measurement of financial assets and liabilities
7. Defaulted and doubtful commitments
8. Hybrid capital
9. Interest income and expenses
10. Commission income and expenses
11. Foreign currency transactions and holdings

Accounting policies related to loans and guarantees, as well as losses on loans and guarantees are discussed in Notes 10, 11, 12 and 13.

1. BASIS FOR PREPARATION OF THE ANNUAL ACCOUNTS

The 2023 group and parent bank accounts for SpareBank 1 Nord-Norge have been prepared in accordance with the IFRS® Accounting Standards as approved by the EU for those who must present annual accounts that close on 31.12.23.

Unless otherwise is expressly stated, the accounting policies are the same for the Parent Bank and the Group. The financial statements are based on the historic cost principle, with the exception of financial assets available for sale and financial assets and liabilities (including derivatives) measured at fair value through profit and loss.

The accounting policies that are applied are consistent with the policies applied in the previous accounting period, with the exception of amendments to the IFRS Accounting Standard that have been implemented by the Group in the current accounting period. Below is a list of the relevant amendments to the IFRS Accounting Standards that came into effect for the Group for the 2023 accounting year.

The proposed annual financial statements were adopted by the Board of Directors and the Bank's Group CEO at the time indicated by the dated and signed balance sheet. The annual accounts shall be discussed by the Bank's Supervisory Board on 14.03.24 and considered for final approval.

2. CHANGES IN ACCOUNTING POLICIES AND CLASSIFICATION

IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts entered into force on 01.01.23 with a requirement that comparable figures be stated. IFRS 17 replaces IFRS 4 Insurance Contracts and specifies policies for the recognition, measurement, presentation and disclosure of insurance contracts.

The new standard aims to eliminate different practices in recognising insurance contracts, and the main features of the new model are as follows:

An estimate of the present value of future cash flows for a group of insurance contracts. Future cash flows include future premium receipts and payments of insurance settlements, damages and other payments to policyholders. The estimate must take into account an explicit adjustment for risk and the estimates must be based on the circumstances on the balance sheet date.

A contractual service margin that is equal to the day-one gain in the estimate of the present value of future cash flows from a group of insurance contracts. This is equal to the profit element in the insurance contracts that must be recognised over the period the service is provided. That is, during the insurance coverage period.

Certain changes in the estimate of the present value of future cash flows are adjusted against the contractual service margin and thereby recognised through profit or loss over the remaining period covered by the relevant contracts.

The effect of a change in the discount rate must, as a choice of accounting policy, be presented either through ordinary profit or loss or in other comprehensive income (OCI). The Bank has chosen presentation through ordinary profit or loss.

IFRS 17 should generally be applied retrospectively, although modified retrospective application or application based on fair value at the time of transition is permitted if retrospective application is impractical. SpareBank 1 Nord-Norge has chosen a modified retrospective application, as described below.

IFRS 9 Financial Instruments

The standard entered into force on 01.01.18. Companies that mainly run insurance business were given temporary access to postpone implementation of IFRS 9 until the new standard for insurance contracts came into force on 01.01.23.

The effect on equity in SpareBank 1 Nord-Norge due to the implementation of IFRS 17/IFRS 9 by the associated company SpareBank 1 Gruppen on 01.01.23 was a MNOK 234 reduction in equity as at 01.01.22. The profit for 2022 from SpareBank 1 Gruppen restated in line with the aforementioned IFRS rules has been adjusted by MNOK 32 such that the effect on equity as at 31.12.22 was MNOK 202.

The implementation effects for SpareBank 1 Nord-Norge are shown below. The income statement for 2022 has not been restated, although the effects are shown on the changed balance sheet as at 31.12.22, in an overview of changes in equity and in Note 30.

No key figures for 2022 have been restated.

Note 2 Material accounting policies

Effects SNN IFRS 17	
AMOUNTS IN NOK MILLION	01.01.2023
Group equity at 31.12.22 before implementation	**16 125**
Implementation IFRS 17/IFRS 9 at 01.01.22	**-234**
Impl. effects for 2022, not incorporated i SNN`s financial statements	**32**
Effects implementation at 01.01.23	**-202**
Group equity at 01.01.23	**15 923**

Had SpareBank 1 Nord-Norge chosen to change the consolidated income statement for 2022, the profit after tax would have risen from MNOK 1 851 to MNOK 1 883.

Amendments to IAS 1 on accounting policy information

The amendment means that the description of accounting policies has been reduced to include only material accounting policy information. Where other information is included, it is emphasised that it must not obscure material accounting policy information.

Change in classification in the cash flow statement

Certain reclassifications have been implemented in the 2023 cash flow statement, with changes in comparable figures. The most important change was that lending to and receivables from credit institutions without an agreed term to maturity or notice period are now included as part of liquidity holdings. This amounted to MNOK 487 as at 31.12.22 and MNOK 484 as at 01.01.22.

Amendments with effect for the accounting year from 01.01.24

The changes to IFRS Accounting Standards and interpretation statements that have been approved for 2024 are assumed, based on the assessments made so far, not to have a material effect on the Bank and Group's 2024 financial statements.

3. PRESENTATION CURRENCY

The presentation currency is Norwegian kroner (NOK), which is also the Bank's functional currency. All amounts are presented in NOK millions (MNOK) unless otherwise stated.

4. CONSOLIDATION

The consolidated accounts comprise the Bank and all its subsidiaries. Subsidiaries are defined as companies in which the Bank has a controlling interest. Subsidiaries are consolidated from the date the Bank gains a controlling interest, and they will be eliminated from the consolidation on the date when such control is relinquished.

The subsidiaries' income statement and balance sheet are fully consolidated into respective lines in the Parent Bank's income statement and balance sheet. Intra-Group transactions, open accounts and unrealised profit between the Group's companies have been eliminated. The non-controlling ownership interests' share of the Group's profit is presented in a separate line under the profit after tax in the income statement. In equity, the non-controlling ownership interests' share is shown as a separate item.

On the balance sheet of the Parent Bank, ownership interests in subsidiaries, associated companies and joint ventures are recorded at cost. Only the annual dividends received from subsidiaries and the effect on the result of any write-down in the value of the shares are stated in the Parent Bank's income statement (cost method).

5. CLASSIFICATION AND VALUATION OF BALANCE SHEET ITEMS

The Group's balance sheet items are classified based on whether they are financial assets and liabilities or other items.

Financial assets

Pursuant to IFRS 9, financial assets must be classified into one of three measurement categories:

- Fair value with changes through profit or loss
- Fair value with changes through other comprehensive income (OCI)
- Amortised cost

Note 2 Material accounting policies

For financial assets, there is a distinction between debt instruments, derivatives and equity instruments, where debt instruments are all financial assets that are not derivatives or equity instruments.

Financial assets that are debt instruments

Debt instruments with contractual cash flows that are only payments of interest and principal on given dates and that are held in a business model for the purpose of receiving contractual cash flows and sales must be measured at amortised cost. Most of the Group's lending is classified in this category.

Instruments with contractual cash flows that are only payments of interest and principal on given dates and that are held in a business model for the purpose of receiving contractual cash flows and sales must be measured at fair value with changes through profit or loss. The Group's mortgages that will be sold to SpareBank 1 Boligkreditt are included in this category.

Instruments that generally must be measured at amortised cost or at fair value with changes through OCI can be designated to be measured at fair with changes through profit or loss if this eliminates or significantly reduces an "accounting mismatch". The Group's fixed-rate loans are included in this category because interest rate derivative contracts have been entered into that hedge fluctuations in the value of the fixed-rate loans related to changes in market interest rates.

Instruments with contractual cash flows that are only payments of interest and principal on given dates and that are held in a business model for the purpose of receiving contractual cash flows and sales, shall be measured at fair value with changes through OCI, with interest income, currency translation effects, and any impairments presented in the ordinary income statement. Changes recognised through OCI must be reclassified to profit or loss when the assets are sold or otherwise disposed of.

The Group had no such items as at 31.12.23.

Other debt instruments must be measured at fair value with changes through profit or loss. This applies to instruments with cash flows that are not only payments of normal interest and principal, and instruments that are held in a business model in which the main purpose is not the receipt of contractual cash flows. The Group's portfolio of certificates and bonds are included in this category.

Derivatives and investments in equity instruments

All derivatives in the Group must be measured at fair value with changes through profit or loss, however derivatives that are designated hedge instruments must be recognised in line with hedge accounting policies.

Investments in equity instruments must be recognised on the balance sheet at fair value. As a general rule, value changes must be recognised through ordinary profit or loss.

Financial liabilities

Under IFRS 9 no. 4.2, financial liabilities are classified at amortised cost.

The Group's debt and customer deposits are classified at amortised cost.

Hedging

The Group utilises derivatives for operational hedging purposes in order to minimise interest risk from fixed-rate instruments. The Bank assesses and documents the effectiveness of hedging, both at the time of initial classification and on an ongoing basis. In the event of a fair value hedge, the change in value of the hedged risk is recognised and changes from the opening balance are recognised in the income statement. The Bank does not utilise cash flow hedging.

The Group uses fair value hedging as a hedge accounting policy for deposits with fixed interest rates and fixed-rate securities debt. Hedge accounting calculates the offsetting effects on the result associated with changes in the fair value of the hedging instrument and hedge object.

Other balance sheet asset and liability items

Investments in joint ventures and associated companies are booked using the equity method in the consolidated financial statements. All other asset and liability items on the balance sheet that are not financial are measured at cost.

Note 2 Material accounting policies

Classification of balance sheet items - As at Desember 2023

	CLASS	CURRENT IFRS/IAS	FINANCIAL ASSETS OR LIABILITIES	CLASSIFICATION 2023	BALANCE PARENT BANK 31.12.23	BALANCE GROUP 31.12.23
	Financial assets					
B	Cash	IFRS 9	Ja	AC	58	58
B	Deposits with central banks	IFRS 9	Ja	AC	344	344
A	Lending to financial institutions	IFRS 9	Ja	AC	9.300	2.304
A	Write-downs lending to financial institutions	IFRS 9	Ja	AC	-	-
A	Property mortgages for retail customers	IFRS 9	Ja	AC	35.385	35.384
B	Property mortgages for retail customers prepared for sale to SpareBank 1 Boligkreditt (webclient)	IFRS 9	Ja	FVPL	3.045	3.045
C	Fixed rate loans	IFRS 9, IFRS 13	Ja	FVO	4.268	4.268
A	Other loans for retail customers	IFRS 9	Ja	AC	2.000	5.863
A	Corporate market loans	IFRS 9	Yes	AC	45 014	50 228
A	Loan loss provisions	IFRS 9		AC	-625	-756
B	Shares, trading	IFRS 9, IFRS 13	Yes	FVPL	723	723
B	Shares, non trading	IFRS 9, IFRS 13	Yes	FVPL	588	593
B	Shares, non trading Hybrid Tier 1 Capital	IFRS 9, IFRS 13		FVPL	48	48
B	Liquidity portfolios	IFRS 9, IFRS 13	Yes	FVPL	18 187	18 189
B	Derivatives - interest rate-/currency hedging, bonds	IAS 39	Yes	FVPL	265	265
B	Derivatives - interest rate-/currency hedging, fixed rate loans	IAS 39	Yes	FVPL	144	144
B	Derivatives - interest rate-/currency hedging, customers	IAS 39	Yes	FVPL	653	653
B	Derivatives - interest rate-/currency hedging, funding	IAS 39	Yes	FVPL	337	337
B	Derivatives - commodity hedging	IAS 39	Yes	FVPL	23	23
	Total financial assets				**119 756**	**121 713**
	Financial liabilities					
A	Liabilities to financial institutions	IFRS 9	Yes	AC	1 165	1 164
A	Deposits from customers, variable rate	IFRS 9	Yes	AC	79 333	79 268
D	Deposits from customers, fixed rate	IFRS 9	Yes	FVH	3 227	3 227
A	Debt securities in issue, variable rate	IFRS 9	Yes	AC	7 773	7 773
D	Debt securities in issue, fixed rate	IFRS 9	Yes	FVH	6 197	6 197
A	Loss provisions, guarantees, credit limits, committed loans	IFRS 9	Yes	AC	61	61
B	Derivatives - interest rate-/currency hedging, bonds	IAS 39	Yes	FVPL	115	115
B	Derivatives - interest rate-/currency hedging, fixed rate loans	IAS 39	Yes	FVPL	11	11
B	Derivatives - interest rate-/currency hedging, customers	IAS 39	Yes	FVPL	542	542
B	Derivatives - interest rate-/currency hedging, funding	IAS 39	Yes	FVPL	509	509
B	Derivatives - commodity hedging	IAS 39	Yes	FVPL	21	21
A	Subordinated loan capital	IFRS 9	Yes	AC	8 367	8 367
	Total financial liabilities				**107 321**	**107 255**
A	AC - Amortized Cost	Held for receiving contractual cash flows.				
B	FVPL - Fair Value Profit and Loss	Held for sale.				
C	FVO - Fair Value Option	Held for sale.				
D	FVH - Fair value hedging	Held for receiving contractual cash flows and sales.				

Note 2 Material accounting policies

6. RECOGNITION, DERECOGNITION AND MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the price that would have been obtained upon the sale of an asset, or paid for the transfer of a liability, in a well-ordered transaction between market players at the time of measurement.

A financial asset's or a financial liability's amortised cost is the amount that the financial asset or the financial liability is measured at upon initial recognition, minus repayments of the principal, plus or minus cumulative amortisation using an effective interest rate method of any difference between the initial amount and the amount due, and minus any reduction (direct or through the use of an appropriation account) for falls in value or exposure to loss.

An effective interest rate method is used to calculate amortised cost for a financial asset or a financial liability (or a group of financial assets or financial liabilities) and for allocating interest income or interest costs over a relevant period. The "effective interest rate" is the interest rate that exactly discounts estimated future cash receipts or payments over the financial instrument's expected lifetime, or over a shorter period if this is appropriate, to the net capitalised value of the financial assets or the financial liability. When calculating the effective interest rate, an institution must estimate cash flows and take into account all of the contractual terms and conditions associated with the financial instrument (e.g. early repayment, purchase options and similar options), but should not take account of future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other additional payments or discounts. It is assumed that the cash flows and expected lifetime of a group of similar financial instruments can be estimated reliably. However, in those rare cases where it is not possible to estimate the cash flows or expected life of a financial instrument (or a group of financial instruments) reliably, the institution must use the contractual cash flows throughout the period of maturity agreed for the financial instrument (or the group of financial instruments).

Derecognition is the elimination of a previously recognised financial asset or financial liability from an institution's balance sheet. Financial assets are derecognised upon expiration of the contractual rights to the cash flows from the financial asset or when the rights to the cash flows from the asset have been transferred in such a manner that the risk and return associated with ownership has to all intents and purposes been transferred.

Financial liabilities are derecognised when the contractual conditions have been met, been cancelled or expired.

The Bank has agreements concerning the sale of loans with very good collateral and property mortgages to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS. According to the administration contracts concluded with these two alliance companies, the Bank administers the loans and remains responsible for customer contact. In addition to the sales sum, the Bank receives remuneration in the form of ongoing commissions for the loans. There is some residual involvement associated with sold loans with the possible, limited settlement of losses against commissions. The mortgage credit companies can sell on loans, but the Bank's right to administer the customers and receive commissions continues. If the Bank is unable to service customers, the right to service them and receive commissions may lapse. The Bank also has the option to buy back loans, subject to certain conditions. The Bank has assessed the accounting implications and concluded that the material risk and benefits of ownership of the sold loans has been transferred. This entails derecognition. Reference is made otherwise to Note 12.

When it repurchases its own bonds, the repurchased bonds are derecognised and the difference between the payment for and book value of the repurchased bond is recognised.

7. CONTINGENT LIABILITIES

The Group issues financial guarantees as part of its ordinary business. Latent liabilities are specified in Note 37. Loans are assessed for impairment as part of assessing loan losses and on the same basis, ref. Note 11. Provisions are made for other contingent liabilities if it is more probable than not that the liability will materialise and the financial consequences can be reliably calculated.

Note 2 Material accounting policies

8. HYBRID TIER 1 INSTRUMENTS

Hybrid tier 1 capital is a bond with a specified interest rate, but the issuer is under no obligation to pay interest for a period in which no dividend is paid, and an investor has no subsequent claim to the unpaid interest. The issuer is also not entitled to a refund of the principal. Hybrid Tier 1 instruments issued by the Bank are classified as equity on the balance sheet.

9. INTEREST INCOME AND EXPENSES

Interest income and expenses related to assets and liabilities which are valued at amortised cost are recognised in the income statement in accordance with the effective interest rate method. All fees related to interest-bearing loans and borrowings are included in the calculation of an effective interest rate and are amortised over the expected life of the financial instrument. For interest-bearing instruments carried at fair value, the contractual interest rate will be classified as interest income or interest expenses, whereas the effect of interest rate fluctuations is classified as income from other financial investments.

10. COMMISSION INCOME AND EXPENSES

Commission income and expenses are generally accrued in accordance with the delivery of a service. Fees related to interest-bearing instruments are not recognised as commissions; they are included in the calculation of the effective interest rate and recognised accordingly. Advisory fees are accrued in accordance with the concluded advice agreement, typically at the time the service is delivered. The same applies to day-to-day administrative services. Fees and charges related to the sale or brokerage of financial instruments, property or other investment objects that do not generate balance sheet items in the Bank's accounts, are recognised in the profit and loss account when the transaction is finalised.

11. FOREIGN CURRENCY TRANSACTIONS AND HOLDINGS

Transactions in foreign currencies are converted into Norwegian kroner using exchange rates prevailing at the time of the transaction. Gains and losses related to completed transactions or to the conversion of holdings of cash or cash equivalents at the balance sheet date are included in the profit and loss account, unless they are adjusted directly against equity in accordance with the principles of hedging.

Note 3 Critical estimates and assessments regarding the use of accounting principles

In preparing the consolidated financial statements the management makes estimates, discretionary judgements and assumptions that influence the application of the accounting policies. These could thus affect the stated amounts for assets, liabilities, income and costs.

Losses on loans and guarantees

SpareBank 1 Nord-Norge uses a model for calculating expected credit losses based on IFRS 9. Expected credit loss is calculated on a monthly basis based on an objective and probability-weighted analysis of alternative outcomes, where account is also taken of the time value of the expected cash flows. The analysis is based on relevant information available at the time of reporting and builds on three macroeconomic scenarios in order to take account of non-linear aspects of expected loss. The different scenarios are used to adjust relevant parameters for calculating expected loss and a probability-weighted average of expected credit loss according to the respective scenarios is recognised as a loss. Individual assessments of commitments subject to these are based on expected future cash flows.

For details, see note 13 – Losses.

Fair value of equity capital instruments

Financial assets assessed at fair value through the profit and loss account will normally be traded in active markets and the fair value can thus be determined with reasonable certainty.

For financial assets classified as available for sale this is not necessarily the case. Correspondingly, the market values for assets and liabilities that are carried at amortised and appear in notes may be estimates based on discounted future cash flows, multiplier analysis or other calculation methods. Such methods could be subject to significant uncertainty. With the exception of a few shares, the Norwegian stock market is considered to have poor liquidity. Share prices will in most circumstances be the last known transaction price. In some cases where the liquidity is poor and there is a great deal of unexplained fluctuations in the share price, the share price might be determined based on the weighted average over a specified time period, usually December.

In cases where there are no representative transactions, other valuation methods have been used in accordance with the valuation hierarchy in IFRS 9.

For details, see note 26 – Financial instruments at fair value.

Fair value of financial derivatives

The fair value of financial derivatives is usually determined by using valuation methods where the price of the underlying object, for example interest or foreign exchange rates, is obtained from the market. In the case of share options, volatility will either be observable implicit volatility or calculated volatility based on historical share price movements for the underlying object. If the bank's risk position is approximately neutral, middle rates will be used. A neutral risk position means for example that the interest rate risk within a repricing interval is approximately zero. In the opposite case, relevant purchase and sale prices will be used to assess the net position.

In the case of a counterparty whose credit rating is weaker than that of the Bank, the price will reflect an underlying credit risk. To the extent that market prices are obtained from transactions with a lower credit risk, this will be taken into account by amortising the original price difference measured against such transactions with a lower credit risk over the maturity period.

For details, see note 26 – Financial instruments at fair value.

Note 4 Business areas

Pursuant to IFRS 8, SpareBank 1 Nord-Norge has the following operating segments: retail market and corporate market. In addition, the subsidiary companies' activities, such as accounting services, real estate brokerage, and leasing/sale-leaseback financing are considered. The segments correspond with the executive management team's internal reporting structure. In SpareBank 1 Nord-Norge, the executive management team is responsible for evaluating and following up the segments' results and is defined as the chief operating decision maker in the sense used in IFRS 8.

The recognition and measurement principles in the Bank's segment reporting are based on accounting policies that comply with IFRS, as set out in the consolidated financial statements. Any transactions between the segments are carried out at arm's length.

The item «unallocated» contains activities that cannot be allocated to the segments. The Bank operates in a limited geographic area and reporting geographical information provides little additional information. Nonetheless, important assets classes (loans) are distributed geographically in a separate note 8 in the annual report.

Group 31.12.23

AMOUNTS IN NOK MILLION	RETAIL MARKET	CORPORATE MARKET	SPARBANK 1 REGNSKAPSHUSET NORD-NORGE	EIENDOMS-MEGLER 1 NORD-NORGE	SPAREBANK 1 FINANS NORD-NORGE	UNSPECIFIED / ELIMINA-TIONS	**TOTAL**
Net interest income	1 710	1 372	0	–1	365	181	**3 627**
Net fee- and other operation income	575	169	241	266	–27	263	**1 487**
Net income from financial investments	2	–3	0	0	1	183	**183**
Total costs	671	389	236	254	74	284	**1 908**
Result before losses	1 616	1 149	5	11	265	343	**3 389**
Losses	–11	81	0	0	46	0	**116**
Result before tax	1 627	1 068	5	11	219	343	**3 273**
Total lending	44 311	52 278	0	0	9 104	–4 600	**101 093**
Loss provision	–75	–550	0	0	–131	0	**–756**
Other assets	0	0	335	108	0	27 359	**27 802**
Total assets per business area	44 236	51 728	335	108	8 973	22 758	**128 138**
Deposits from customers	44 989	36 978	0	31	0	497	**82 495**
Other liabilities and equity capital	–753	14 750	335	77	8 973	22 261	**45 643**
Total equity and liabilities per business area	44 236	51 728	335	108	8 973	22 758	**128 138**

Note 4 Business areas

Group 31.12.22								
AMOUNTS IN NOK MILLION	RETAIL MARKET	CORPO-RATE MARKET	MARKETS	SPARBANK 1 REGNSKAPSHUSET NORD-NORGE	EIENDOMS-MEGLER 1 NORD-NORGE	SPAREBANK 1 FINANS NORD-NORGE	UNSPECIFIED / ELIMINA-TIONS	**TOTAL**
Net interest income	1 213	1 018	10	0	1	294	20	**2 556**
Net fee- and other operation income	669	154	24	218	240	- 22	- 49	**1 234**
Net income from f inancial investments	1	9	27	0	1	0	236	**274**
Total costs	697	403	42	200	226	57	11	**1 637**
Result before losses	1 186	778	19	18	16	215	196	**2 427**
Losses	7	49	0	0	0	9	- 2	**63**
Result before tax	1 179	729	19	18	16	206	198	**2 364**
Total lending	45 795	45 666	0	35	- 18	8 778	-4 955	**95 301**
Loss provision	- 79	- 487	0	0	0	- 96	- 1	**- 663**
Other assets	116	22	718	217	99	78	26 633	**27 883**
Total assets per business area	45 832	45 201	718	252	81	8 760	21 677	**122 521**
Deposits from customers	43 406	35 554	0	0	0	0	524	**79 484**
Other liabilities and equity capital	2 426	9 647	718	252	81	8 760	21 153	**43 037**
Total equity and liabilities per business area	45 832	45 201	718	252	81	8 760	21 677	**122 521**

Note 5 Capital adequacy

Capital adequacy is calculated and reported in accordance with the EU's capital requirements regulations for banks and investment firms (CRR/CRD).

In January 2007, SpareBank 1 Nord-Norge was authorised to use IRB models to calculate capital requirements for credit risk. In February 2015, the Bank was also authorised to use the advanced IRB method for the corporate portfolio. The use of IRB places great demands on the Bank's organisation, competence, risk models and risk management systems.

Regulatory capital requirements

As at 31.12.23, the regulatory minimum requirement for the Group's core Tier 1 capital ratio is 14.79 per cent. This includes the minimum requirement of 4.5 per cent, the total buffer requirement of 9.5 per cent, and 56.25 per cent the Pillar 2 requirement of 1.4 per cent, equal to 0.79 per cent. The actual buffer requirement is slightly lower than 9.5 per cent since the systemic risk buffer and countercyclical capital buffer are calculated using differentiated rates.

Capital target

SpareBank 1 Nord-Norge's goal is to maintain indisputable financial strength and satisfy the regulatory minimum requirements for capital adequacy at all times. The Group has a target for its core Tier 1 capital ratio of 1.0 percentage point above the regulatory minimum requirement, which currently results in a target core Tier 1 capital ratio of 15.79 per cent.

Treatment of associated companies and joint ventures

The Group uses proportional consolidation for its capital adequacy reporting for the stakes in SpareBank 1 Boligkreditt, SpareBank 1 Næringskreditt, SpareBank 1 Kreditt, BN Bank and SpareBank 1 Markets AS. In accordance with the decision of the Ministry of Finance, the stake in SpareBank 1 Betaling is deducted in its entirety from CET1 capital. The stake in SpareBank 1 Gruppen is treated as a significant investment in a financial sector entity, where the amount greater than 10 per cent of CET1 capital is deducted from the CET1 capital, pursuant to the applicable capital adequacy regulations.

Note 5 Capital adequacy

PARENT BANK			GROUP	
31.12.22	**31.12.23**	AMOUNTS IN NOK MILLION	**31.12.23**	31.12.22
1 807	**1 807**	Equity Certificate capital	**1 807**	1 807
843	**843**	Equity Certificate premium reserve	**843**	843
600	**1 250**	Hybrid capital	**1 250**	600
3 693	**4 266**	Dividend Equalisation Fund	**4 266**	3 693
7 217	**7 999**	The Savings Bank's Fund	**7 999**	7 217
120		Donations		120
–37	**–60**	Other equtiy capital	**780**	1 614
		Minority interests	**245**	231
14 243	**16 105**	**Total book equity**	**17 190**	16 125[1]
–600	**–1 250**	Hybrid capital	**–1 250**	–600
–1 776	**–1 516**	Allocated dividends	**–1 516**	–1 776
		Minority interests not eligible as CET1 capital	**–83**	–98
	–6	Deduction for acquisition of own Equity Certificates	**–6**	
		Goodwill and other intangible assets	**–213**	–132
–31	**–29**	Adjustments to CET 1 due to prudential filters	**–40**	–42
		Deduction for expected losses IRB beyond accounting provisions	**–58**	
		Deduction for significant investments in financial sector entities	**–333**	–902
–239	**–276**	Deduction for non-significant investments in financial sector entities	**–225**	–224
11 597	**13 028**	**Common Equity Tier 1 Capital**	**13 466**	12 351
600	**1 250**	Hybrid Tier 1 bonds	**1 429**	778
–47	**–48**	Deduction for subordinated capital in other financial institutions with a significant investment	**–48**	–47
12 150	**14 230**	**Tier 1 Capital**	**14 847**	13 082
1 050	**1 900**	Subordinated loans eligible as T2 Capital	**2 200**	1 321
94	**9**	Expected losses on IRB, net of writedowns		45
–218	**–223**	Deduction for subordinated capital in other financial institutions with a significant investment	**–223**	–218
926	**1 686**	**Tier 2 Capital**	**1 977**	1 148
13 076	**15 916**	**Own Funds**	**16 824**	14 230
		Risk exposure amount		
4 888	**6 250**	Corporates – SME	**6 258**	4 896
14 103	**16 052**	Corporates – Specialised Lending	**17 042**	14 812
689	**1 127**	Corporates – Other	**1 218**	765
11 712	**12 474**	Retail – Secured by real estate	**21 059**	19 921
846	**981**	Retail – Other	**1 001**	865
8 353	**8 229**	Equity IRB		
40 591	**45 113**	**Credit risk IRB**	**46 578**	41 258

[1] *Refers to note 2 IFRS Financial instruments for additional information on equity*

Note 5 Capital adequacy

PARENT BANK			GROUP	
31.12.22	31.12.23	AMOUNT IN NOK MILLION	31.12.23	31.12.22
		Central governments or central banks	**15**	
405	**222**	Regional governments or local authorities	**436**	501
		Public sector entities	**2**	3
2 004	**2 126**	Institutions	**1 247**	863
3 274	**3 270**	Corporates	**6 200**	6 110
183	**227**	Retail	**5 109**	4 961
401	**402**	Secured by mortgages on immovable property	**621**	637
4	**3**	Exposures in default	**364**	209
961	**1 077**	Covered bonds	**1 500**	1 359
		Shares in securities funds	**1**	1
3 917	**4 663**	Equity	**5 879**	6 050
905	**1 043**	Other items	**1 627**	1 662
12 054	**13 033**	**Credit risk standardised approach**	**23 001**	22 354
52 645	**58 146**	**Total credit risk**	**69 579**	63 612
		Other risk weighted exposure amount	**50**	
5 908	**7 054**	Operational risk	**7 965**	7 134
112	**65**	Credit Value Adjustment (CVA)	**933**	654
58 664	**65 265**	**Total risk exposure amount**	**78 527**	71 399
		Capital Requirements		
2 640	**2 937**	Minimum requirement Common Equity Tier 1 Capital (4.5%)	**3 534**	3 213
3 520	**3 916**	Minimum requirement Tier 1 Capital (6.0%)	**4 712**	4 284
4 693	**5 221**	Minimum requirement Own Funds (8.0%)	**6 282**	5 712
		Buffer Requirements		
2 640	**2 937**	Company specific system risk buffer (4.5%)	**3 534**	3 213
1 173	**1 632**	Countercyclical capital buffer (2.5%)	**1 963**	1 428
1 467	**1 632**	Conservation buffer (2.5%)	**1 963**	1 785
5 280	**6 200**	**Total buffer requirement (9.5%)**	**7 460**	6 426
880	**516**	Pilar II requirement (56.25% of requirement of 1.4%)	**620**	1 071
8 800	**9 653**	**Total regulatory requirement for Common Equity Tier 1 Capital (14.79%)**	**11 614**	10 710
2 797	**3 375**	**Available Common Equity Tier 1 Capital**	**1 852**	1 641
		Capital Adequacy Ratios		
19.8%	**20.0%**	Common Equity Tier 1 Capital Ratio	**17.1%**	17.3%
22.3%	**24.4%**	Total Capital Ratio	**21.4%**	19.9%
20.7%	**21.8%**	Tier 1 Capital	**18.9%**	18.3%
1.6%	**2.6%**	Tier 2 Capital	**2.5%**	1.6%
9.8%	**11.0%**	Leverage Ratio	**7.9%**	7.4%

Note 6 Financial risk management

1 RISK AND CAPITAL MANAGEMENT AT SPAREBANK 1 NORD-NORGE

SpareBank 1 Nord-Norge is exposed to various types of risk through its activities. Establishing good management and control of these risks is, therefore, essential.

For a more detailed description of the Group's risk management and internal control framework, please see the report *Statement on Corporate Governance* on our web site and the Group's Pillar 3 report.

2 MANAGEMENT AND CONTROL OF RISK AREAS

The following provides a more detailed description of the management and monitoring within the various areas of risk that have the largest effect on the accounts as of 31.12.23.

2.1 Credit risk

Definition

Credit risk is the risk of losses due to customers or counterparties being unable or unwilling to meet their financial obligations in accordance with an agreement.

Credit risk arises due to financing/lending in the retail and corporate markets. The Group is also exposed to credit risk from investments in interest-bearing securities. This is described in more detail under "Market risk" below.

Management and control of credit risk

Credit risk is managed via the Group's frameworks for granting credit and portfolio management. These include risk limits, targets, industry-specific policy requirements, authority structures, credit models, continuous measurement, monitoring and reporting. The Group particularly focuses on concentration risk and the quality of the loan portfolio, which includes monitoring this both when credit is granted and during ongoing portfolio management. The established management and monitoring must support the Group's risk appetite in the area (moderate).

SpareBank 1 Nord-Norge has, in partnership with the SpareBank 1 alliance, developed its own credit models that are used for:

- Calculating capital requirements for credit risk (A-IRB)
- Granting credit
- Portfolio management
- Calculating expected credit loss (ECL)

The models are based on three main components:

1. **Probability of default (PD):** A risk parameter that indicates the likelihood of a customer defaulting on its financial obligations during a 12-month period. The probability of default is calculated based on historical data series for key financial and non-financial variables. In order to classify customers according to the probability of default, nine risk classes (A–I) are used. In addition, two risk classes (J and K) are used for customers with commitments in default and/or commitments that have been written down.

2. **Expected exposure at default (EAD):** Risk parameter that indicates the expected exposure to the customer in the event of any default.

3. **Loss given default (LGD):** Risk parameter that indicates the potential loss ratio if the customers defaults on its obligations. The assessment takes into consideration the realisation value of the mortgaged objects, and the costs incurred by the Group in connection with recovering commitments in default.

The credit models are verified (validated) and continuously being improved. Quantitative and qualitative validation processes are conducted every year. The quantitative validation process assesses the models' estimates and the extent to which the model assumptions are functioning as intended. The qualitative validation process assesses whether the IRB system is well-integrated throughout the organisation and whether it constitutes an important component of the Group's risk management and decision-making processes.

The credit risk in the Group is considered moderate, and in line with the Group's risk appetite. For further information, please see the related notes and the Group's Pillar 3 report.

Note 6 Financial risk management

2.2 Liquidity risk

Definition

Liquidity risk is the risk of the Group being unable to fulfil its obligations when they fall due, as well as the risk of the Group being unable to meet its liquidity obligations without the cost of this increasing significantly.

Liquidity risk arises as a result of and is primarily related to:

- Different periods of maturity and due dates for assets and liabilities
- Dependence on the capital market
- Regulatory requirements, as well as changes to these

Management and control of liquidity risk

Liquidity risk is managed using the Group's framework for this area. This includes risk limits, targets, continuous measurement, monitoring and reporting. The Group particularly focuses on predictability and stability in relation to liquidity and financing. The Group's liquidity risk policy takes account of various considerations, including trade-offs between both risk and business. The established management and monitoring must support the Group's risk appetite in the area (low).

Requirements for prudent liquidity management are regulated by, for example, regulatory and internal minimum requirements for the liquidity coverage ratio (LCR) and net stable funding ratio (NSFR). SpareBank 1 Nord-Norge's liquidity and funding have been adapted to satisfy these requirements.

The liquidity coverage ratio (LCR) is one of the liquidity area's most important management parameters. The regulatory minimum requirement for total LCR is 100 per cent. This means that the Group must at all times have a holding of liquid assets must be at least equal to the net liquidity outflow in a given stress period of 30 calendar days. As at 31.12.23, the Group's total LCR was 150 per cent.

The net stable funding ratio (NSFR) key figure is used to assess the extent to which the Group has adequate long-term funding. NSFR is defined as available stable funding relative to required stable funding. The regulatory minimum requirement for total NSFR is 100 per cent. As at 31.12.23, the Group's total NSFR was 117 per cent.

Customer deposits represent the most important source of funding for the Group. The Group's deposit coverage ratio (excluding intermediary loans) was 83.5 per cent as at 31.12.23, compared with 85 per cent in 2022. Good deposit coverage and stable customer deposits are important for the Bank's liquidity management.

Other funding consists of borrowing in the form of covered bonds through SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt, senior bonds (SP and SNP), subordinated loans and hybrid Tier 1 instruments. SpareBank 1 Nord-Norge has a conscious and active relationship with Norwegian and foreign actors in the capital markets (investor relations), including owners, potential investors, analysts and others with an interest in the Group. SpareBank 1 Nord-Norge strives to achieve a well-diversified funding structure within given limits with respect to the market, product and due dates.

The proportion of foreign currency funding increased in 2023. This was due to higher funding requirements as a result of, among other things, lending growth. The Group has good capacity for funding in Norwegian kroner, but periodically reduced liquidity in the Norwegian market means that the Group finds being active in other markets for issuing securities reduces risk. The Bank has ratings from Moody's in order to secure good access to these capital markets. The Bank's long-term rating from Moody's is Aa3. The Bank also has a joint EMTN loan programme with SpareBank 1 Østlandet and SpareBank 1 SMN for borrowing in foreign currency.

In recent years, the Group has received annual MREL decisions from the Financial Supervisory Authority of Norway (Finanstilsynet) that determine the Bank's overall MREL needs as well as requirements for subordination. The Bank has therefore continuously adapted the funding to meet the regulatory MREL requirements. Up to 31.12.23, the Bank adapted to the final subordination requirement on a linear basis. From 01.01.24 onwards, the subordination requirement must be met in full. During 2023, the Bank had, and will also have as at 01.01.24, sufficient buffers for the regulatory MREL requirements.

The liquidity risk in the Group is considered low, and in line with the Group's risk appetite. Please also see the more detailed description of liquidity risk in the notes to the annual accounts. For further information, please see the related notes and the Group's Pillar 3 report.

2.3 Market risk

Definition

Market risk is the risk of changes in the value of assets/ financial positions due to changes in market value. Typical factors affecting market risk are interest rates, exchange rates, share prices, risk premiums, etc.

Market risks arise as a result of and are primarily related to:

- The management (including also holdings) of liquidity reserves.
- Changes in interest rates that affect both assets and liabilities.
- Changes in exchange rates that affect both assets and liabilities.
- Changes in shares prices that affect assets.
- Customer business within interest rate and currency trading.

Market risk consists of interest rate risk, credit spread risk, currency risk, equity risk, commodity risk and property risk.

Interest rate risk is the risk of changes in the value of positions in interest-bearing financial instruments (economic value of equity (EVE)) and changes in net interest income (NII) as a result of changes in interest rates.

The credit spread risk is defined as the risk of loss due to an expansion of credit spreads for interest-bearing securities in which the Group has invested. The Group is primarily exposed to credit spread risk through the administration of the liquidity portfolio, which consists of low-risk bonds and certificates. The potential loss associated with credit spread risk is calculated using methodology described in Finanstilsynet's circular 3/2022.

Currency risk is the risk of loss due to changes in exchange rates. The framework for exchange rate risk is expressed by limits for the total net currency position and maximum positions in individual currencies. The potential loss associated with currency risk is calculated using methodology described in Finanstilsynet's circular 3/2022.

Equity risk is the risk of loss due to changes in the value of equity positions in which the Group has invested. The potential loss associated with equity risk is calculated using methodology described in Finanstilsynet's circular 3/2022.

Property risk is the risk of loss due to falls in property prices for properties the Group has invested in (mainly related to banking operations). The potential loss associated with property risk is calculated using methodology described in Finanstilsynet's circular 3/2022.

Commodity risk is the risk of loss due to fluctuations in commodity prices. The potential loss associated with commodity risk is calculated as the open position in commodity derivatives. The exposure is not part of the Bank's core business, although it is offered as a product to customers who want such exposure, or the option of hedging.

Management and control of market risk

Market risks are managed using the Group's framework for this area. This includes risk limits, continuous measurement, monitoring and reporting. The established management and monitoring must support the Group's risk appetite in the area (low to moderate).

The Group takes a conservative approach to risk exposure in this area. This means the Group seldom takes positions in securities and financial instruments with a view to resale or benefiting from price or interest rate variations in the short term. The Group's general rule is that it should limit market risk through the active use of hedging instruments. Uncovered risks should only occur within specially allotted limits.

Stress tests for market risk show that the Bank and the Group have the capacity to keep the level of risk exposure within the adopted risk limits.

The market risk in the Group is considered low to moderate, and in line with the Group's risk appetite. For further information, please see the related notes and the Group's Pillar 3 report.

2.4 Ownership risk

Definition

Ownership risk is the risk of the Group suffering a loss from ownership interests in strategically owned companies, or the Group having to supply new capital to strategically owned companies. Ownership risks arise as a result of, and are related to, the Group's ownership of strategically important companies, for example SpareBank 1 Gruppen.

Management and control of ownership risk

Ownership risk is managed using the Group's framework for this area. This includes risk limits, targets, continuous measurement, monitoring and reporting. Ownership risk is also managed through active board participation in a number of part-owned companies. The established management and monitoring must support the Group's risk appetite in the area (low to moderate).

The stakes in wholly and partly owned companies are significant and important for the Group's overall profitability. On the other hand, these stakes can both lead to greater volatility in the results and affect capital adequacy. The stake in SpareBank 1 Gruppen represents the largest risk driver in this area.

SpareBank 1 Nord-Norge is primarily exposed to ownership risk through stakes in:

- SpareBank 1 Gruppen (19.5%)
- SpareBank 1 Kreditt (16.73%)
- Sparebank 1 Utvikling (18%)
- SpareBank 1 Betaling (17.94%)
- SpareBank 1 Boligkreditt (15.70%)
- SpareBank 1 Forvaltning (12.18%)
- SpareBank 1 Markets (18.06%)
- SpareBank 1 Næringskreditt (1.05%)

The potential loss associated with ownership risk is calculated using various approaches, some of which are based on methodology for ownership risk and equity risk described in Finanstilsynet's circular 3/2022.

The ownership risk is considered low to moderate, and in line with the Group's risk appetite. For further information, please see the related notes and the Group's Pillar 3 report.

Note 7 Credit risk exposure for each internal risk rating

SpareBank 1 Nord-Norge use the company's own risk classification system for monitoring credit risk in the portfolio. The risk classification is based on probability of default for each individual commitment. In addition, the estimated value of collateralised assets pledged as security is used when placing customers into different groups according to risk. The allocation is done by connecting the collateral assets to the individual loans in question. Each customer is then divided into risk groups according to probability of default and security class, as shown below.

The table below presents average unsecured exposure in percentage of total commitments. Total commitments consist of gross loans, guarantees, unutilised credit and accrued interest.

Parent bank	AVERAGE UNSECURED EXPOSURE (%)		TOTAL AMOUNT	
AMOUNTS IN NOK MILLION	**2023**	2022	**2023**	2022
Very low risk	**0,00 %**	0,20 %	**38 330**	44 218
Low risk	**0,94 %**	1,11 %	**33 106**	31 790
Medium risk	**1,07 %**	1,01 %	**24 517**	20 455
High risk	**0,00 %**	0,03 %	**3 316**	2 611
Very high risk	**0,03 %**	0,02 %	**1 951**	1 631
In default and written down	**0,02 %**	0,01 %	**6 344**	549
Total	**2,07 %**	2,38 %	**107 565**	101 253

Group	AVERAGE UNSECURED EXPOSURE (%)		TOTAL AMOUNT	
AMOUNTS IN NOK MILLION	**2023**	2022	**2023**	2022
Very low risk	**0,00 %**	0,20 %	**39 752**	39 901
Low risk	**0,92 %**	1,09 %	**34 861**	33 469
Medium risk	**1,06 %**	0,99 %	**26 651**	22 759
High risk	**0,02 %**	0,03 %	**4 475**	3 563
Very high risk	**0,06 %**	0,02 %	**3 541**	3 097
In default and written down	**0,02 %**	0,01 %	**968**	689
Total	**2,07 %**	2,33 %	**110 247**	103 478

Note 8 Maximum credit risk exposure

The following table includes balance sheet items and items outside the balance sheet with credit risk, and the assessed value of the associated collateral. Where market values are available, these are used. Within real estate, models estimate the value of collateral based on market parameters for similar properties.

Parent bank 31.12.23

AMOUNTS IN NOK MILLION	TOTAL	COLLATERAL IN REAL ESTATE *)	OTHER COLLATERAL **)
Maximum on balance credit exposure			
Cash and balances with central banks	402		
Loans and advances to credit institutions	9 300		
Loans and advances to customers	89 712	66 242	13 088
Certificates and bonds	18 187		10 826
Financial derivatives	1 422		811
Maximum on balance credit exposure	**119 024**	**66 242**	**24 725**
Maximum off balance credit exposure			
Contingent liabilities	1 801	13	
Unutilised credits	6 751	1 594	
Loan approvals	5 036	872	
Maximum off balance credit exposure	**13 588**	**2 479**	
Maximum credit exposure	**132 612**	**68 721**	**24 725**

*) The collateral pledged for real estate commitments is assessed at market value, limited to the size of the commitment for the individual counterparty. This is done to express the effective value of the available collateral.

**) Other collateral includes, among other things, cash, movable property, ships, and received guarantees. For covered bonds, the cover pool consists of loans to customers of the company that issued the bond.

Group 31.12.23

AMOUNTS IN NOK MILLION	TOTAL	COLLATERAL IN REAL ESTATE *)	OTHER COLLATERAL **)
Maximum on balance credit exposure			
Cash and balances with central banks	402		
Loans and advances to credit institutions	2 304		
Loans and advances to customers	98 789	66 242	18 161
Certificates and bonds	18 187		10 826
Financial derivatives	1 422		811
Maximum on balance credit exposure	**121 104**	**66 242**	**29 798**
Maximum off balance credit exposure			
Contingent liabilities	1 801	13	
Unutilised credits	6 992	1 594	
Loan approvals	5 036	872	
Maximum off balance credit exposure	**13 830**	**2 479**	
Maximum credit exposure	**134 934**	**68 721**	**29 798**

*) The collateral pledged for real estate commitments is assessed at market value, limited to the size of the commitment for the individual counterparty. This is done to express the effective value of the available collateral

**) Other collateral includes, among other things, cash, movable property, ships, and received guarantees. For covered bonds, the cover pool consists of loans to customers of the company that issued the bond. In the Group, the adjusted realisation value of the lease objects is included in the subsidiary SpareBank 1 Finans Nord-Norge.

Note 8 Maxiumum credit risk exposure

Banking activities by geography 31.12.23 (balance)		
AMOUNTS IN NOK MILLION	PARENT BANK	GROUP
Troms and Finnmark, including Svalbard	54 515	52 071
Nordland	30 672	34 003
Other regions in Norway	12 902	14 095
International	1 326	1 327
Total	**99 415**	**101 495**

Capital market activity by geography 31.12.23 (balance)		
AMOUNTS IN NOK MILLION	PARENET BANK	GROUP
Norway	11 352	11 352
Europe	6 684	6 684
USA	1 114	1 114
Others	459	459
Total	**19 609**	**19 609**
Total credit exposure by geography	**119 024**	**121 104**

The following table stratifies credit exposures from mortgage loans and advances to retail customers by ranges of loan-to-value (LTV) ratio. LTV is calculated as the ratio of the gross amount of the loan - or the amount committed for loan commitments - to the value of the collateral. The valuation of the collateral excludes any adjustments for selling the collateral. The value of the collateral for residential mortgage loans is based on the collateral value at origination updated by change in housing price indicators. LTV on mortgage loans only applies to the parent bank.

LTV ratio (NOK million)		
LTV INTERVALS	**2023**	2022
< 50 %	**8 775**	9 030
50–70 %	**14 029**	16 219
70–90 %	**18 782**	18 320
90–100 %	**1 281**	1 123
> 100 %	**1 573**	1 336
Total gross lending (retail market)	**44 439**	46 028

Note 8 Maxiumum credit risk exposure

Parent bank 31.12.22			
AMOUNTS IN NOK MILLION	TOTAL	COLLATERAL IN REAL ESTATE *)	OTHER COLLATERAL **)
Maximum on balance credit exposure			
Cash and balances with central banks	145		
Loans and advances to credit institutions	8 654		
Loans and advances to customers	84 772	65 980	11 448
Certificates and bonds	18 069		9 609
Financial derivatives	1 458		1 222
Maximum on balance credit exposure	**113 098**	**65 980**	**22 279**
Maximum off balance credit exposure			
Contingent liabilities	1 663	13	
Unutilised credits	6 164	1 634	
Loan approvals	7 089	1 130	
Maximum off balance credit exposure	**14 916**	**2 777**	
Maximum credit exposure	**128 014**	**68 757**	**22 279**

*) The collateral pledged for real estate commitments is assessed at market value, limited to the size of the commitment for the individual counterparty. This is done to express the effective value of the available collateral.

**) Other collateral includes, among other things, cash, movable property, ships, and received guarantees. For covered bonds, the cover pool consists of loans to customers of the company that issued the bond.

Group 31.12.22			
AMOUNTS IN NOK MILLION	TOTAL	COLLATERAL IN REAL ESTATE *)	OTHER COLLATERAL **)
Maximum on balance credit exposure			
Cash and balances with central banks	145		
Loans and advances to credit institutions	1 787		
Loans and advances to customers	93 513	65 980	16 573
Certificates and bonds	18 073		9 609
Financial derivatives	1 458		1 222
Maximum on balance credit exposure	**114 976**	**65 980**	**27 404**
Maximum off balance credit exposure			
Contingent liabilities	1 648	13	
Unutilised credits	6 530	1 634	
Loan approvals	6 701	1 130	
Maximum off balance credit exposure	**14 879**	**2 777**	
Maximum credit exposure	**129 855**	**68 757**	**27 404**

*) The collateral pledged for real estate commitments is assessed at market value, limited to the size of the commitment for the individual counterparty. This is done to express the effective value of the available collateral

**) Other collateral includes, among other things, cash, movable property, ships, and received guarantees. For covered bonds, the cover pool consists of loans to customers of the company that issued the bond. In the Group, the adjusted realisation value of the lease objects is included in the subsidiary SpareBank 1 Finans Nord-Norge.

Note 8 Maxiumum credit risk exposure

Banking activities by geography 31.12.22 (balance)		
AMOUNTS IN NOK MILLION	PARENT BANK	GROUP
Troms and Finnmark, including Svalbard	51 895	49 378
Nordland	30 455	33 869
Other regions in Norway	10 570	11 548
International	507	507
Total	**93 426**	**95 301**

Capital market activity by geography 31.12.23 (balance)		
AMOUNTS IN NOK MILLION	PARENET BANK	GROUP
Norway	11 782	11 786
Europe	6 580	6 580
USA	813	813
Others	352	352
Total	**19 527**	**19 531**
Total credit exposure by geography	**112 953**	**114 832**

Note 9 Credit quality by class of financial assets

SpareBank 1 Nord-Norge uses its own classification system for monitoring credit risk in the portfolio. The tables below show total gross lending and financial investments grouped by business area and risk category. Further information regarding risk management is found in note 6.

Parent bank 2023

AMOUNTS IN NOK MILLION	VERY LOW RISK	LOW RISK	MEDIUM RISK	HIGH RISK	VERY HIGH RISK	IN DEFAULT OR INDIVIDUALLY WRITTEN DOWN	TOTAL
Loans and advances to financial institutions	2 304	6 996					**9 300**
Loans and advances to customers							
Retail market	24.029	14.772	4.861	282	279	215	**44 439**
Corporate market	10.725	9.609	19.269	3.018	1.655	619	**44 895**
Public sector		380					**380**
Total gross loans	37 049	31 765	24 130	3 300	1 934	835	**99 013**
Financial investments							
Listed government bonds	6.653						**6 653**
Listed other bonds	11.311						**11 311**
Unlisted other bonds			223				**223**
Total financial investments	17 964		223				**18 187**
Total	55 013	31 765	24 353	3 300	1 934	835	**117 200**
Share	47 %	27 %	21 %	3 %	2 %	1 %	**100 %**

Parent bank 2022

AMOUNTS IN NOK MILLION	VERY LOW RISK	LOW RISK	MEDIUM RISK	HIGH RISK	VERY HIGH RISK	IN DEFAULT OR INDIVIDUALLY WRITTEN DOWN	TOTAL
Loans and advances to financial institutions	1 808	6 846					**8 654**
Loans and advances to customers							
Retail market	26 691	13 755	4 819	269	324	170	**46 028**
Corporate market	10 916	8 773	14 932	2 300	1 275	371	**38 568**
Public sector		176					**176**
Total gross loans	39 415	29 549	19 751	2 569	1 600	541	**93 426**
Financial investments							
Listed government bonds	5 162						**5 162**
Listed other bonds	11 870		8				**11 878**
Unlisted other bonds	804		218	7			**1 029**
Total financial investments	17 836		226	7			**18 069**
Total	57 251	29 549	19 977	2 576	1 600	541	**111 495**
Share	51 %	27 %	18 %	2 %	1 %	0 %	**100 %**

Note 9 Credit quality by class of financial assets

Group 2023

AMOUNTS IN NOK MILLION	VERY LOW RISK	LOW RISK	MEDIUM RISK	HIGH RISK	VERY HIGH RISK	IN DEFAULT OR INDIVIDUALLY WRITTEN DOWN	TOTAL
Loans and advances to financial institutions	2 304						**2 304**
Loans and advances to customers							
Retail market	24 031	14 773	4 862	282	279	215	**44 442**
Corporate market	19 619	9 825	19 236	3 019	1 657	620	**53 976**
Public sector		380					**380**
Total gross loans	45 945	24 978	24 098	3 301	1 936	835	**101 093**
Financial investments							
Listed government bonds	6.653						**6 653**
Listed other bonds	11.311						**11 311**
Unlisted other bonds			223				**223**
Total financial investments	17 964		223				**18 187**
Total	63 909	24 978	24 321	3 301	1 936	835	**119 280**
Share	54 %	21 %	20 %	3 %	2 %	1 %	**100 %**

Group 2022

AMOUNTS IN NOK MILLION	VERY LOW RISK	LOW RISK	MEDIUM RISK	HIGH RISK	VERY HIGH RISK	IN DEFAULT OR INDIVIDUALLY WRITTEN DOWN	TOTAL
Loans and advances to financial institutions	1 787						**1 787**
Loans and advances to customers							
Retail market	28 296	14 982	5 672	384	397	230	**49 961**
Corporate market	11 325	9 433	16 360	3 125	2 669	445	**43 356**
Public sector		176					**176**
Total gross loans	41 429	24 590	22 032	3 509	3 066	675	**95 301**
Financial investments							
Listed government bonds	5 162						**5 162**
Listed other bonds	11 874		8				**11 882**
Unlisted other bonds	804		218	7			**1 029**
Total financial investments	17 840		226	7			**18 073**
Total	59 269	24 590	22 258	3 516	3 066	675	**113 374**
Share	52 %	22 %	20 %	3 %	3 %	1 %	**100 %**

Note 10 Financial institutions - Loans and advances

Loans to financial institutions are measured at amortised cost. Amortised cost involves valuation based on the originally agreed cash flows, adjusted for expected loss.

PARENT BANK					GROUP			
31.12.22	AVERAGE INTEREST RATE % *	**31.12.23**	**AVERAGE INTEREST RATE % ***	AMOUNTS IN NOK MILLION	**31.12.23**	**AVERAGE INTEREST RATE % ***	31.12.22	AVERAGE INTEREST RATE % *
				Loans and advances to financial institutions				
487	1,36 %	**827**	**2,90 %**	Loans and advances without agreed maturity or notice of withdrawal	**849**	**2,90 %**	487	1,36 %
8 167	2,49 %	**8 473**	**4,87 %**	Loans and advances with agreed maturity or notice of withdrawal	**1 455**	**4,87 %**	1 300	2,49 %
8 654	2,61 %	**9 300**	**4,70 %**	**Total**	**2 304**	**4,70 %**	1 787	2,61 %
				Broken down by the most important foreign currencies				
8 547		**8 748**		NOK	**1 752**		1 680	
3		**6**		GBP	**6**		3	
25		**142**		EUR	**142**		25	
70		**105**		USD	**105**		70	
5		**7**		SEK	**7**		5	
4		**292**		Other foreign currencies	**292**		4	
8 654		**9 300**		**Total**	**2 304**		1 787	
				Deposits from credit institutions				
280	0,57 %	**175**	**2,10 %**	Loans and deposits from financial institutions without agreed maturity or notice of withdrawal	**175**	**2,10 %**	280	0,57 %
906	0,05 %	**990**	**1,08 %**	Loans and deposits from credit institutions with agreed maturity or notice of withdrawal	**989**	**1,08 %**	905	0,05 %
1 186	0,27 %	**1 165**	**1,40 %**	**Total**	**1 164**	**1,40 %**	1 185	0,27 %
				Broken down by the most important foreign currencies				
1 013		**1 073**		NOK	**1 072**		1 012	
0		**0**		USD	**0**		0	
171		**91**		EUR	**91**		171	
2		**1**		Other foreign currencies	**1**		2	
1 186		**1 165**		**Total**	**1 164**		1 185	

* Average interest rate/(yield) is calculated as the sum of interest expense divided by average volume

				Collateral				
437		473		The balance sheet value of loans and advances to financial institutions pledged as collateral for derivatives trading	473		437	
254		669		The balance sheet value of loans and advances to financial institutions received as collateral for derivatives trading	669		254	

Note 11 Loans

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are recognised at fair value, plus direct marginal transaction costs, upon initial recognition, and at amortised cost using the effective interest rate method in subsequent periods. When calculating the effective interest, the cash flows are estimated and all the contractual terms relating to the financial instrument are taken into account.

In the periods after the initial measurement, the loan is assessed at amortised cost using the effective interest rate method. Upon initial recognition, fixed rate loans are designated as being measured at fair value with value changes through profit and loss. Fair value is determined by actual cash flows from customers being discounted in accordance with the Group's own set required rate of return in relation to the actual term to maturity of the loan. Credit risk is also taken into account in the required rate of return.

Gains and losses that are attributable to changes in fair value are recognised as changes in value in the income statement. Earned interest and any premium/discount is recognised as interest. The interest rate risk in fixed rate loans is managed via interest rate swaps, which are booked at fair value.

SpareBank 1 Nord-Norge divides its loans into two separate classes for accounting purposes; Loans at amortized cost and loans at fair value. Loans to customers and credit institutions are classified at amortized cost, however, with the following exceptions:

Mortgages for sale to housing credit companies

Mortgages to be sold to mortgage credit companies over the next 12 months are valued at the agreed value at which these loans are to be assigned.

Fixed-rate loans

Fair value is determined by the loans' actual cash flow discounted by a discounting factor based on the swap rate, with the addition of a margin requirement. The margin requirement includes a credit markup, an administrative markup, anticipated loss, and a liquidity premium. The bank considers on a continual basis changes in observable market rates that can affect the value of these loans. There is also a continuous assessment of possible differences between discount rates and observable market rates for similar loans. The bank makes appropriate adjustments to the discount rate, if this difference becomes significant. No adjustments have been made to the discount rates as of 31.12.23. The sensitivity against discounting as of 31.12.23 would cause an effect to the result of approx. -10 NOK million per basis point increase in the discount rate.

Loans at amortised cost

For all loans at amortised cost, expected losses are calculated according to IFRS 9. For further information, see note 13.

Note 11 Loans

Loans broken down by method of measurement				
PARENT BANK			GROUP	
31.12.22	**31.12.23**	AMOUNTS IN NOK MILLION	**31.12.23**	31.12.22
		Loans to credit institutions at amortised cost		
487	**827**	Loans without agreed maturity or notice of withdrawal	**849**	487
8 167	**8 473**	Loans with agreed maturity or notice of withdrawal	**1 455**	1 300
8 654	**9 300**	**Loans to credit institutions**	**2 304**	1 787
		Loans to customers at amortised cost		
75 689	**82 399**	Loans at amortised cost	**91 476**	84 430
75 689	**82 399**	**Loans to customers at amortised cost**	**91 476**	84 430
		Loans to customers at fair value through profit and loss		
4 850	**4 268**	Loans to customers at fixed interest rates	**4 268**	4 850
4 233	**3 045**	Mortgages to customers for sale, housing credit company	**3 045**	4 233
9 083	**7 313**	**Loans at fair value through profit and loss**	**7 313**	9 083
84 772	**89 712**	**Total gross loans to customers**	**98 789**	93 513
93 426	**99 013**	**Total gross loans**	**101 093**	95 301
		Provision for credit losses - reduction in assets		
–176	**–134**	Provision for credit losses - stage 1	**–152**	–205
–238	**–302**	Provision for credit losses - stage 2	**–343**	–275
–153	**–190**	Provision for credit losses - stage 3	**–261**	–184
84 205	**89 086**	**Net loans to customers ex. loans transfered to SB1 BK and SB1 NK**	**98 032**	92 850

Note 11 Loans

Additional information

PARENT BANK			GROUP	
31.12.22	31.12.23	AMOUNTS IN NOK MILLION	31.12.23	31.12.22
		Financial leasing 1)	**4 042**	3 929
4 723	**5 393**	Overdraft- and working capital facilities	**5 830**	5 055
2 371	**2 402**	Building loans	**2 402**	2 371
77 678	**81 918**	Repayment loans	**86 515**	82 159
8 654	**9 300**	Loans to credit institutions	**2 304**	1 787
93 426	**99 013**	**Total gross loans**	**101 093**	95 301
		Of which, subordinated loan capital accounted for:		
383	**1 533**	Subordinated loan capital in financial institutions	**1 367**	232
		Loans to employees		
1 267	**1 351**	**Loans to employees**	**1 351**	1 267

1) Loans and advances to customers relating to financial leasing	31.12.23	31.12.22
Maturities of less than 1 year	**130**	131
Maturities of more than 1 year but not more than 5 years	**1 876**	1 886
Maturities of more than 5 years	**2 340**	2 203
Total	**4 346**	4 220
Income received, not yet earned, relating to financial leasing	**–304**	–291
Net investments relating to financial leasing	**4 042**	3 929
Net investments in financial leasing may be analysed in the following way:		
Maturities of less than 1 year	**122**	122
Maturities of more than 1 year but not more than 5 years	**1 756**	1 756
Maturities of more than 5 years	**2 051**	2 051
Total	**3 929**	3 929

Loans broken down by sector/industry

Total commitment is defined as the sum of net lending, guarantee exposure, unused credit and accrued interest. Expected losses are calculated in stages 1, 2 and 3 only for financial assets at amortised cost. The bank has both gross lending and financial liabilities measured at amortised cost, where expected losses are calculated according to IFRS 9. See note 13 for further details.

Note 11 Loans

Parent bank 31.12.23

Loans broken down by sector/ industry AMOUNTS IN NOK MILLION	TOTAL COMMIT-MENTS TO AMORTISED COST	LENDING PROVISIONS STAGE 1	LENDING PROVISIONS STAGE 2	LENDING PROVISIONS STAGE 3	LENDING AT FAIR VALUE	NET LOANS
Real estate	17 986	–47	–131	–85	35	17 758
Financial and insurance activities	12 127	–20	–5	–6	0	12 096
Fishing and aquaculture	10 027	–16	–83	–7	28	9 949
Manufacturing	1 611	–3	–10	–16	11	1 593
Agriculture and forestry	1 122	–1	–1	–4	36	1 152
Power and water supply and construction	3 281	–11	–17	–18	32	3 268
Government	380	0	0	0	0	379
Service industries	3 068	–14	–13	–6	46	3 082
Transportation	2 611	–6	–9	–7	46	2 634
Commodity trade, hotel and restaurant industry	2 101	–5	–10	–6	26	2 107
Corporate market	**54 314**	**–123**	**–279**	**–155**	**260**	**54 017**
Retail market	**37 385**	**–10**	**–23**	**–35**	**7 053**	**44 370**
Total loans	**91 699**	**–134**	**–302**	**–190**	**7 313**	**98 387**

Financial commitments broken down by sector/industry AMOUNTS IN NOK MILLION	FINANCIAL COMMITMENTS TO AMORTISED COST	LENDING PROVISION CLASSIFIED AS DEBT STAGE 1	LENDING PROVISION CLASSIFIED AS DEBT STAGE 2	LENDING PROVISION CLASSIFIED AS DEBT STAGE 3	TOTAL LENDING PROVISION CLASSIFIED AS DEBT
Real estate	1 146	–5	–26	0	–31
Financial and insurance activities	464	–1	–3	–5	–9
Fishing and aquaculture	1 429	–1	–1	0	–2
Manufacturing	266	0	–1	–3	–4
Agriculture and forestry	115	0	0	0	0
Power and water supply and construction	746	–1	–2	–2	–5
Government	611	0	0	0	0
Service industries	574	–2	–1	0	–3
Transportation	1 068	–3	0	0	–4
Commodity trade, hotel and restaurant industry	500	–1	–1	0	–2
Corporate market	**6 919**	**–14**	**–36**	**–10**	**–60**
Retail market	**1 633**	**0**	**0**	**0**	**0**
Total loans	**8 552**	**–14**	**–36**	**–10**	**–61**

Note 11 Loans

Group 31.12.23						
Loans broken down by sector/ industry AMOUNTS IN NOK MILLION	TOTAL COMMIT-MENTS TO AMORTISED COST	LENDING PROVISIONS STAGE 1	LENDING PROVISIONS STAGE 2	LENDING PROVISIONS STAGE 3	LENDING AT FAIR VALUE	NET LOANS
Real estate	18 066	–48	–132	–85	35	17 837
Financial and insurance activities	5 089	–20	–5	–6	0	5 058
Fishing and aquaculture	10 931	–19	–90	–7	28	10 842
Manufacturing	2 141	–4	–24	–17	11	2 107
Agriculture and forestry	1 255	–1	–2	–5	36	1 284
Power and water supply and construction	4 296	–12	–22	–24	32	4 270
Government	398	0	0	0	0	398
Service industries	4 005	–16	–17	–54	46	3 965
Transportation	3 643	–10	–9	–10	46	3 660
Commodity trade, hotel and restaurant industry	2 707	–8	–13	–6	26	2 705
Corporate market	52 532	–138	–314	–213	260	52 127
Retail market	41 248	–15	–29	–47	7 053	48 211
Total loans	93 781	–152	–343	–261	7 313	100 337

Financial commitments broken down by sector/industry AMOUNTS IN NOK MILLION	FINANCIAL COMMITMENTS TO AMORTISED COST	LENDING PROVISION CLASSIFIED AS DEBT STAGE 1	LENDING PROVISION CLASSIFIED AS DEBT STAGE 2	LENDING PROVISION CLASSIFIED AS DEBT STAGE 3	TOTAL LENDING PROVISION CLASSIFIED AS DEBT
Real estate	1 146	–5	–26	0	–31
Financial and insurance activities	464	–1	–3	–5	–9
Fishing and aquaculture	1 462	–1	–1	0	–2
Manufacturing	282	0	–1	–3	–4
Agriculture and forestry	115	0	0	0	0
Power and water supply and construction	807	–1	–2	–2	–5
Government	611	0	0	0	0
Service industries	707	–2	–1	0	–3
Transportation	1 264	–3	0	0	–4
Commodity trade, hotel and restaurant industry	662	–1	–1	0	–2
Corporate market	7 521	–14	–36	–10	–60
Retail market	1 633	0	0	0	0
Total loans	9 153	–14	–36	–10	–61

Note 11 Loans

Parent Bank 31.12.22						
Loans broken down by sector/ industry AMOUNTS IN NOK MILLION	TOTAL COMMIT-MENTS TO AMORTISED COST	LENDING PROVISIONS STAGE 1	LENDING PROVISIONS STAGE 2	LENDING PROVISIONS STAGE 3	LENDING AT FAIR VALUE	NET LOANS
Real estate	15 666	–68	–128	–62	43	15 451
Financial and insurance activities	11 131	–24	–25	–6	0	11 076
Fishing and aquaculture	8 276	–33	–13	–3	30	8 256
Manufacturing	1 307	–3	–5	–30	10	1 279
Agriculture and forestry	1 010	–1	–1	–1	36	1 044
Power and water supply and construction	3 167	–9	–10	–3	32	3 177
Government	176	0	0	0	0	176
Service industries	2 311	–7	–13	–4	59	2 346
Transportation	2 300	–4	–5	–8	38	2 321
Commodity trade, hotel and restaurant industry	1 782	–8	–11	–7	24	1 780
Corporate market	47 126	–157	–212	–125	272	46 905
Retail market	37 218	–20	–27	–28	8 810	45 954
Total Loans	84 344	–176	–238	–153	9 083	92 859

Financial commitments broken down by sector/industry AMOUNTS IN NOK MILLION	FINANCIAL COMMITMENTS TO AMORTISED COST	LENDING PROVISION CLASSIFIED AS DEBT STAGE 1	LENDING PROVISION CLASSIFIED AS DEBT STAGE 2	LENDING PROVISION CLASSIFIED AS DEBT STAGE 3	TOTAL LENDING PROVISION CLASSIFIED AS DEBT
Real estate	1 324	–14	–36	–5	–54
Financial and insurance activities	308	–1	–1	0	–2
Fishing and aquaculture	861	–1	0	0	–1
Manufacturing	368	–1	–1	0	–2
Agriculture and forestry	94	0	0	0	0
Power and water supply and construction	640	–2	–2	0	–4
Government	407	0	0	0	0
Service industries	1 160	–4	0	0	–4
Transportation	493	0	–2	0	–2
Commodity trade, hotel and restaurant industry	511	–1	–1	–1	–3
Corporate market	6 165	–23	–43	–6	–72
Retail market	1 662	0	0	0	0
Total loans	7 827	–23	–43	–6	–72

Note 11 LOANS

GROUP 31.12.22						
Loans broken down by sector/ industry AMOUNTS IN NOK MILLION	TOTAL COMMIT-MENTS TO AMORTISED COST	LENDING PROVISIONS STAGE 1	LENDING PROVISIONS STAGE 2	LENDING PROVISIONS STAGE 3	LENDING AT FAIR VALUE	NET LOANS
Financial and insurance activities	15 760	–69	–129	–63	43	15 542
Fishing and aquaculture	4 205	–24	–25	–6	0	4 150
Manufacturing	9 193	–41	–15	–3	30	9 164
Agriculture and forestry	1 847	–5	–14	–33	10	1 806
Power and water supply and construction	1 144	–1	–3	–1	36	1 176
Government	4 092	–11	–16	–8	32	4 089
Service industries	190	0	0	0	0	190
Transportation	3 203	–12	–15	–6	59	3 229
Commodity trade, hotel and restaurant industry	3 098	–7	–10	–12	38	3 108
Corporate market	45 072	–180	–243	–141	272	44 780
Retail market	41 147	–24	–32	–43	8 810	49 858
Total loans	86 219	–204	–275	–184	9 083	94 637

Financial commitments broken down by sector/industry AMOUNTS IN NOK MILLION	FINANCIAL COMMITMENTS TO AMORTISED COST	LENDING PROVISION CLASSIFIED AS DEBT STAGE 1	LENDING PROVISION CLASSIFIED AS DEBT STAGE 2	LENDING PROVISION CLASSIFIED AS DEBT STAGE 3	TOTAL LENDING PROVISION CLASSIFIED AS DEBT
Real estate	1 282	–14	–36	–5	–54
Financial and insurance activities	118	–1	–1	0	–2
Fishing and aquaculture	925	–1	0	0	–1
Manufacturing	418	–1	–1	0	–2
Agriculture and forestry	94	0	0	0	0
Power and water supply and construction	697	–2	–2	0	–4
Government	407	0	0	0	0
Service industries	1 324	–4	0	0	–4
Transportation	581	0	–2	0	–2
Commodity trade, hotel and restaurant industry	671	–1	–1	–1	–3
Corporate market	6 516	–23	–43	–6	–72
Retail market	1 662	0	0	0	0
Total loans	8 177	–23	–43	–6	–72

Note 11 LOANS

Total loan commitments broken down by stage of the credit risk assessment 31.12.23								
PARENT BANK					GROUP			
STAGE 1	STAGE 2	STAGE 3	TOTAL	AMOUNTS IN NOK MILLION	TOTAL	STAGE 3	STAGE 2	STAGE 1
85 168	6 485	517	**92 170**	Total loan commitments to amortised cost 01.01.23	**94 396**	657	7 692	86 046
				Changes in the period due to loans migrated between the stages				
1 966	–1 955	–11	**0**	to (-from) stage 1	**0**	–22	–2 178	2 200
–6 245	6 268	–23	**0**	to (-from) stage 2	**0**	–54	7 165	–7 111
–154	–198	352	**0**	to (-from) stage 3	**0**	455	–272	–183
-2 800	- 599	- 54	**-3 453**	Net increase/-decrease balance existing loans	**-4 477**	-97	-833	-3 548
27 330	4 170	163	**31 663**	Originated or purchased during the period	**34 600**	192	4 576	29 832
–17 707	–2 216	–205	**–20 129**	Loans that have been derecognised	**–21 585**	–274	–2 196	–19 116
87 557	11 954	740	**100 251**	**Total loan commitments to amortised cost**	**102 933**	858	13 955	88 120
			7 313	Loans at fair value through profit and loss	7 313			
87 557	11 954	740	**107 565**	Total loan commitments as at 31.12.23	**110 247**	858	13 955	88 120
–7 293	–1 228	–31	**–8 552**	Off-balance sheet 1)	**–9 153**	–31	–1 410	–7 712
80 264	10 726	709	**99 013**	**Gross loans**	**101 093**	827	12 545	80 408
–134	–302	–190	**–626**	Provision for credit losses - reduction in assets	**–756**	–261	–343	–152
80 131	10 424	519	**98 387**	**Net loans 2)**	**100 338**	566	12 202	80 256

1) Off balance consists of unused limits of loans and credits, and entered into guarantee agreements. Commited loans are not included.

2) Net loans as assets on the Balance sheet.

Explanation of the table:

- The conditions for migration between ECL Stages (1-3) are set out in Note 13.
- «Net increase/decrease in balance»: Net increase/decrease balance of assets found in both the opening and closing balance.
- «Newly issued or purchased financial assets»: Assets found only in the closing balance in the ECL model.
- «Financial assets that have been derecognised»: Assets found only in the opening balance in the ECL model.

Note 11 Loans

Total loan commitments broken down by stage of the credit risk assessment 31.12.22

PARENT BANK					GROUP			
STAGE 1	STAGE 2	STAGE 3	TOTAL	AMOUNTS IN NOK MILLION	TOTAL	STAGE 3	STAGE 2	STAGE 1
76 675	7 904	496	**85 075**	Total loan commitments to amortised cost 01.01.22	**87 389**	549	8 201	78 639
				Changes in the period due to loans migrated between the stages				
2 865	–2 845	–20	**0**	to (-from) stage 1	**0**	–28	–3 128	3 157
–2 950	2 986	–37	**0**	to (-from) stage 2	**0**	–56	3 389	–3 332
–28	–115	143	**0**	to (-from) stage 3	**0**	214	–162	–52
–5 538	–7	3	**–5 542**	Net increase/-decrease balance existing loans	**–6 231**	–27	–52	–6 153
33 920	1 241	38	**35 199**	Originated or purchased during the period	**37 700**	46	1 433	36 221
–19 776	–2 679	–106	**–22 561**	Loans that have been derecognised	**–24 463**	–41	–1 988	–22 433
85 168	6 485	517	**92 170**	**Total loan commitments to amortised cost**	**94 396**	657	7 692	86 046
			9 083	**Loans at fair value through profit and loss**	**9 083**			
85 168	6 485	517	**101 253**	**Total loan commitments as at 31.12.22**	**103 478**	657	7 692	86 046
–6 798	–1 005	–24	**–7 827**	Off-balance sheet 1)	**–8 177**	–24	–1 097	–7 057
78 370	5 480	493	**93 426**	**Gross loans**	**95 301**	633	6 595	78 990
–176	–238	–153	**–567**	Provision for credit losses - reduction in assets	**–663**	–184	–275	–204
78 194	5 242	340	**92 859**	**Net loans 2)**	**94 637**	449	6 321	78 785

SpareBank 1 Nord-Norge has its own models that score customers based on PD. The sum of risk class (PD) and security class (security coverage) defines which risk category the commitments are placed in. For detailed information on the components of the internal models, see Note 6.

The credit model is based on three key main components:

1. Probability of default (PD): Customers are classified in risk classes according to the likelihood of the customers defaulting on their commitments.
2. Expected exposure at default (EAD): A calculated magnitude that indicates the expected exposure to the customer in the event of default.
3. Loss given default (LGD): A calculated magnitude that indicates how much the Group could potentially lose if the customer defaults on their commitments.

The tables below present total commitments by risk categories and Stages in the ECL assessment.

Note 11 Loans

Parent Bank

RISK GROUP 31.12.23 AMOUNTS IN NOK MILLION	STAGE 1	STAGE 2	STAGE 3	LOANS AT FAIR VALUE	TOTAL
Very low risk	37 907	381	0	5 510	**43 797**
Low risk	30 866	899	0	1 341	**33 106**
Medium risk	16 891	7 239	0	387	**24 517**
High risk	1 354	1 946	0	42	**3 342**
Very high risk	446	1 489	0	17	**1 951**
Commitments in default	95	0	740	16	**851**
Total commitments	87 558	11 954	740	7 313	**107 564**
Share commitments	81 %	11 %	1 %	7 %	**100 %**

Group

RISK GROUP 31.12.23 AMOUNTS IN NOK MILLION	STAGE 1	STAGE 2	STAGE 3	LOANS AT FAIR VALUE	TOTAL
Very low risk	33 608	635	0	5 510	**39 752**
Low risk	32 525	995	0	1 341	**34 860**
Medium risk	18 623	7 641	0	387	**26 651**
High risk	2 113	2 319	0	42	**4 474**
Very high risk	1 159	2 366	0	17	**3 541**
Commitments in default	95	0	857	16	**968**
Total commitments	88 122	13 955	857	7 313	**110 247**
Share commitments	80 %	13 %	1 %	7 %	**100 %**

Parent Bank

RISK GROUP 31.12.22 AMOUNTS IN NOK MILLION	STAGE 1	STAGE 2	STAGE 3	LOANS AT FAIR VALUE	TOTAL
Very low risk	37 910	250	0	6 058	**44 218**
Low risk	29 198	351	0	2 240	**31 790**
Medium risk	16 142	3 610	0	703	**20 455**
High risk	1 455	1 115	0	42	**2 611**
Very high risk	440	1 159	0	31	**1 631**
Commitments in default	24	0	517	8	**549**
Total commitments	85 169	6 485	517	9 083	**101 253**
Share commitments	84 %	6 %	1 %	9 %	**100 %**

Group

RISK GROUP 31.12.22 AMOUNTS IN NOK MILLION	STAGE 1	STAGE 2	STAGE 3	LOANS AT FAIR VALUE	TOTAL
Very low risk	33 522	321	0	6 058	**39 901**
Low risk	30 829	399	0	2 240	**33 469**
Medium risk	18 157	3 899	0	703	**22 759**
High risk	2 179	1 342	0	42	**3 563**
Very high risk	1 335	1 731	0	31	**3 097**
Commitments in default	24	0	657	8	**689**
Total commitments	86 046	7 692	657	9 083	**103 478**
Share commitments	83 %	7 %	1 %	9 %	**100 %**

Note 12 Transfers of financial assets

SpareBank 1 Nord-Norge has agreements concerning the legal sale of loans with very good collateral and property mortgages to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS. According to the administration contracts concluded with these two alliance companies, the Bank administers the loans and remains responsible for customer contact. The Bank receives remuneration in the form of commissions for the duties that arise from administering the loans. The Bank has assessed the accounting implications and concluded that the material risk and benefits of ownership associated with the sold loans has been transferred. This entails full derecognition. The remuneration received for the loans that have been transferred to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS matches the book value and is assessed to match the loans fair value at the time of transfer.

In 2018, the Bank has changed how it recognises the parts of the loan portfolio that are eligible for sale to the mortgage companies. Based on the Group's funding plan for the next 12 months, the loans that are expected to be sold to the mortgage companies are flagged. These loans are recognised at fair value through profit or loss. The Bank recognises all of the rights and obligations generated or retained upon transfer separately, as assets or liabilities.

If the mortgage companies experience a loss on transferred loans, they have some entitlement to offset these against commissions from all banks that have transferred loans.
A residual involvement associated with the sold loans therefore exists with a possible limited settlement of losses against commissions. However, the nature of this right to offset is not regarded as meaning that it changes the conclusion that the majority of the risk and benefits associated with ownership have been transferred. The Bank's maximum exposure to losses is represented by the highest amount that could be claimed covered under the agreements.

The mortgage companies can resell the loans bought from the Bank, while the Bank's right to manage customers and receive commissions remains attached. Should the Bank be unable to serve customers, the right to serve and commissions may lapse. Furthermore, the Bank has an option to buy back loans under certain conditions.

SpareBank 1 Boligkreditt AS

SpareBank 1 Boligkreditt AS is owned by the savings banks that make up the SpareBank 1 Alliance, and is collocated with SpareBank 1 Næringskreditt in Stavanger. The Bank owned a 15.70% stake as at 31 December 2023 (15,58 % as at 31 December 2022).
The purpose of the mortgage company is to ensure alliance banks have access to stable and long-term financing for mortgage loans at competitive prices. SpareBank 1 Boligkreditt's bonds are rated Aaa by Moody's. SpareBank 1 Boligkreditt AS acquires loans with collateral in housing and issues covered bonds in accordance with the regulations established for this.

Home mortgages worth a net NOK 5 billion were sold to SpareBank 1 Boligkreditt in 2023. A total of NOK 44,5 billion had been derecognized in home mortgages sold to SpareBank 1 Boligkreditt AS at the end of the financial year.

SpareBank 1 Næringskreditt AS

SpareBank 1 Næringskreditt was established in 2009 and has a licence from the Financial Supervisory Authority of Norway to operate as a mortgage company. The Bank owned an 1,05 % stake as at 31 December 2023 (2,71 % as at 31 December 2022). The loans transferred to SpareBank 1 Næringskreditt AS are very well secured and have a very small probability of default.

The bonds issued by SpareBank 1 Næringskreditt has an Aaa rating from Moody's. The company is owned by the savings banks that make up the SpareBank 1-alliansen and shares premises with SpareBank 1 Boligkreditt in Stavanger. The purpose of the mortgage company is to ensure alliance banks have access to stable and long-term financing for commercial property at competitive prices. SpareBank 1 Næringskreditt acquires loans backed by commercial property and issues covered bonds in line with the regulations for this. Loans have been transferred to the company as part of the Bank's funding strategy. Loans transferred to SpareBank 1 Næringskreditt are backed by collateral in commercial property within 60 per cent of its valuation.

Loans worth a net NOK 0.128 billion NOK had been derecognized to SpareBank 1 Næringskreditt AS at the end of the financial year.

Note 12 Transfers of financial assets

Liquidity facility

SpareBank 1 Nord-Norge has, together with the other owners of SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt AS, concluded agreements that establish liquidity facilities for these two companies. This means that the banks have committed to purchase covered bonds in the event that the companies are unable to refinance its activities in the market. Bond purchases are contingent on the company's cover pool not having stopped payments such that it is actually in a position to issue such bonds. Therefore, there is no credit guarantee that can be invoked if the company or its cover pool become insolvent.

Purchases are limited to the total value of the amount due in the company for the next 12 months at any given time. Previous purchases under this agreement are deducted from future purchase obligations. In principle, each owner is liable for its share of the need, or alternatively twice their primary liability under the same agreement. The bonds can be deposited in Norges Bank and thus result in no material increase in risk for the Bank. In line with their internal policies, the companies retain liquidity for the amount due in the next 6 months. This is deducted when valuing the banks' liabilities. Therefore, it would only be after the companies no longer had adequate funding to cover the amount due in the next 12 months that the Bank would report any commitment here in relation to the capital adequacy ratio or major commitments.

Overall, this liability, as at 31.12.23, amounted to NOK 0 million for SpareBank 1 Boligkreditt AS and 3,2 NOK million for SpareBank 1 Næringskreditt AS.

Note 13 Losses

The Bank conducts an annual review of the key elements of its portfolio of corporate customers. Large and particularly risky commitments are reviewed on a quarterly basis. Loans to retail customers are reviewed when they are in default for more than 55 days, if they have a particularly poor payment history or if there is considered to be an elevated credit risk based on other known information. Probability of default is calculated for each corporate customer based on their historical financial data and observations. The same is done for retail customers, although this is based on their tax returns and historical observations.

Commitments where payments are more than 30 days past due will always be moved to Stage 2. A qualitative assessment is also made of whether the commitment has experienced a significant change in credit risk if it is placed under special monitoring or more lenient payment terms are granted. See the Group's Pillar 3 report for further information.

A mass market commitment is considered in default and marked for default if a claim is more than 90 days past due and the amount exceeds TNOK 1 and overdrafts account for more than 1 per cent of the exposure on the account. For companies, claims must be more than 90 days past due, the amount in excess of TNOK 2 and overdrafts account for more than 1 per cent of the exposure on the balance sheet. A commitment is also considered in default if events occur that result in UTP (unlikeliness to pay), such as bankruptcy, significant relief as a result of financial problems or the sale of a commitment at a discount.
In addition, a commitment is deemed to be doubtful when there is documentable information that one or more loss events have occurred and that these have an impact on the expected future cash flows which can be estimated in a reliable manner.

If the contractual cash flows from a commitment have been renegotiated or amended, the Group assesses whether there has been a significant increase in credit risk by comparing:

a. the risk of default at the time of reporting (based on the amended contractual terms) and
b. the risk of default on initial recognition (based on the original, unchanged contractual terms).

The Bank has nine risk classes for healthy commitments (A–H) and two classes for commitments in default (J–K), based on the probability of default for each customer. These 11 classes are aggregated into low, moderate, high and defaults and losses in relation to PD. The entire portfolio is scored on a monthly basis using automatic data capture based on objective data.

Note 13 Losses

A commitment is moved from Stage 2 to Stage 1 when:
- The customer's risk has improved, meaning that the increase in credit risk since granting is no longer significant.
- The customer is removed from 'special monitoring'.
- The commitment is restructured with terms and conditions that take into account the factors that caused the customer to be placed under 'special monitoring'.

A commitment is moved from Stage 3 to Stage 2 when:
- There is no longer a default, but the increase in credit risk since granting remains significant. New rules for defining, calculating and reporting default were introduced on 01.01.21. These include a waiting period before previously defaulted commitments can be returned to non-defaulted status, as well as criteria that must be considered when determining whether a commitment can be defined as having indications of unlikeliness to pay. The waiting period varies between different cases but can be up to 24 months.

A commitment is moved from Stage 3 to Stage 1 when:
- There is no longer a risk of default or loss and the increase in credit risk since granting is no longer significant. The new definition of default must also be taken into account here.

The Group has made provisions for expected credit loss (ECL) on all financial assets (loan commitments) that are not classified at fair value through profit or loss.

The measurement of the provisions for expected credit loss depends on whether the credit risk has increased significantly since initial recognition on the balance sheet, without a requirement for objective evidence that a loss event has occurred.

On initial recognition on the balance sheet and when the credit risk has not increased significantly since initial recognition, provisions are made for the 12-month expected credit loss as a result of expected default. The 12-month expected credit loss is the loss that is expected to occur over the lifetime of the loan, but which can be linked to events occurring in the first 12months. If the credit risk has increased significantly since initial recognition, provisions are made for the expected credit loss over the entire lifetime of the loan.

The expected credit loss is calculated based on the present value of all cash flows over the remaining lifetime, i.e. the difference between the contractual cash flows and cash flows that the Group expects to receive, discounted by an effective interest rate on the instrument.

The expected cash flows include cash flows from the sale of collateral or other credit enhancements that are incorporated in the contractual terms.

Expected credit loss is calculated on a monthly basis based on an objective and probability-weighted analysis of alternative outcomes, where account is also taken of the time value of the expected cash flows. The analysis is based on relevant information available at the time of reporting and builds on macroeconomic scenarios in order to take account of non-linear aspects of expected credit loss.

In 2Q23, an upgraded loss model was used for the first time that provides suggestions concerning key assumptions using regression analysis and simulation. Future default levels (PDs) are predicted based on expected developments in money market rates and unemployment. Future loss levels (LGD) are simulated based on the value of collateral and expected price development for various collateral objects.

The Group previously set the levels of PD and LGD factors based on a scale of 1-12 based on what is expected over the next 12 months and the next 5 years within each scenario. Because future PD and LGD levels in the upgraded loss model are predicted directly via the aforementioned explanatory variables, these levels are no longer determined via this scale.

The upgraded loss model is based, like the previous model, on PD and LGD predictions in three different scenarios. Unlike the previous model, where all of the scenarios stipulated were more expectation-oriented, the differences between the respective outcomes in the upgraded loss model are greater:

SC1 «base case» represents the most likely outcome. Norges Bank's Monetary Policy Report has been chosen as the main source for the explanatory variables interest rates and unemployment and expected property price developments.

SC2 «downside case» represents an outcome that is significantly more negative than SC1. The explanatory variables interest rate and unemployment as well as expected property price developments are commensurate with a very severe downturn.

SC3 «best case» represents an outcome that is significantly more positive than SC1 and is designed to reflect the level of the explanatory variables during a strong economic expansion.

Note 13 Losses

The setting of the levels of the explanatory variables in SC1 will change in line with updated forecasts in the Monetary Policy Report, while the levels of the explanatory variables in SC2 and SC3 will remain constant to a greater extent, since they are based on historical levels from the cyclical situations described above. The most important assumptions as at 31.12.23 are shown below. The interest rate level figures in year 0 in the table below represent the money market rate measured as an average for the period 4Q22 to 3Q23.

UNEMPLOYMENT						
SCENARIO/ YEAR	0	1	2	3	4	5
SC1	3.20%	3.73%	4.14%	4.26%	4.22%	3.90%
SC2	3.20%	5.09%	6.13%	6.20%	5.70%	3.90%
SC3	3.20%	3.20%	3.20%	3.20%	3.50%	3.90%
INTEREST RATES LEVEL						
SC1	3.79%	4.78%	4.32%	3.64%	3.50%	3.50%
SC2	3.79%	6.10%	5.40%	4.40%	4%	3.50%
SC3	3.79%	2.50%	2.50%	2.50%	3%	3.50%

The different scenarios are used to adjust relevant parameters for calculating expected credit loss and a probability-weighted average of expected credit loss according to the respective scenarios is recognised as a loss. The weight of each scenario is still determined based on assessments made by the Group regarding national and local macro developments and perceived uncertainty in relation to SC1. The upgraded loss model also entails greater sensitivity to changes in scenario weights compared with the previously used model. As at 30.06.23, the weights for SC1, SC2 and SC3 were 70 per cent, 25 per cent and 5 per cent, respectively. The macro situation at the end of 4Q23 was not considered to have significantly changed, and the weights for the respective scenarios, 70 per cent, 25 per cent and 5 per cent, were kept as at 31.12.23.

Industries and the development of individual customers will also be monitored closely using a so-called watchlist at a customer commitment level, as well as by flagging customers with forbearance (payment relief).

All commitments categorised as high-risk are on the watchlist. As at 31.12.23, some commitments in the building and construction industry have been placed on a watchlist.

Underlying losses remain low. So far, the Bank's loan portfolio has not been particularly affected by an uncertain macroeconomic situation, although we are seeing some negative migration for individual customers. We can also see that some industries are facing greater challenges than others. For this reason, we have chosen to put both individual commitments and larger commitments in vulnerable industries on a watchlist. This entails higher model-based loss provisions because the commitments will be moved from Stage 1 to Stage 2 in the Group's ECL model. However, we are still seeing limited negative migration in the portfolio and there has been no significant increase in losses and defaults. In recent years, the Group has worked systematically to reduce the risk in the loan portfolio, and therefore considers the limited decrease natural. Furthermore, the Group's loan portfolio is characterised by residential mortgages, and as mentioned above, the Bank is exposed to industries that are not particularly adversely affected by the current macroeconomic situation. As far as exposure to climate-related risk is concerned, this is taken into account indirectly in the Bank's assessment of the customer's expected cash flows, as well as the value of collateral. In recent years, the Bank has made a major effort to further develop its assessments of climate-related risk. This work will continue in the coming year.

The market believes interest rates have peaked and expects rates to decrease towards the end of 2024. If inflation continues to trend downwards, this will have a further positive impact on interest rate expectations and may ease the pressure on vulnerable industries to some extent. However, financial uncertainty remains high, and the Group is focusing on closely monitoring our customers, particularly in Corporate Market but also exposed customers in Retail Market.

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

Losses incorporated in the accounts

PARENT BANK			GROUP	
31.12.22	**31.12.23**	AMOUNTS IN NOK MILLION	**31.12.23**	31.12.22
30	**28**	Period's change in individual lending provisions	**59**	31
11	**20**	Period's change in modelbased lending provisions	**24**	14
23	**30**	Period's confirmed losses	**44**	30
–10	**–8**	Recoveries, previously confirmed losses	**–10**	–12
54	**71**	**Total losses**	**116**	63

Note 13 Losses

Realised losses

When it is highly probable that losses are final, they are classified as realised losses. Realised losses that are covered by previous individual loan loss provisions are booked against provisions. Realised losses without cover by way of loan loss provisions and over or under coverage in relation to previous loan loss provisions are recognised through profit or loss.

Sensitivity analysis

The table below shows the ECL calculated for the three applied scenarios in isolation. The calculations are broken down into the main segments retail customers and corporate customers, which add up to Parent Bank. Beyond segment distributed ECL through the applied scenario weighting (70/25/5 per cent), the table shows four alternative scenario weightings, with adjustments for the probability of the expected scenario (50/40/10 per cent, 55/35/10 per cent, 65/25/10 per cent and 60/30/10 per cent). Please note that the scenario assessment is conducted based on commitments in the ECL model in Stage 1, Stage 2, as well as parts of Stage 3 (Stage 3J). The commitments in Stage 3 that are not included in this scenario assessment are those commitments included in Stage 3K . The total amount for the line ECL with used scenario weighting (70/25/5) therefore differs from the stated total ECL on the next page.

31.12.2023 AMOUNTS IN NOK MILLION	PM	BM	TOTAL
ECL in Base cenario	40 062	347 774	387 836
ECL in Downturn scenario	100 353	914 688	1 015 041
ECL in Upturn scenario	23 175	122 698	145 873
ECL with used scenarioweightning 70/25/5%	**54 288**	**478 243**	**532 531**
ECL with alternative scenario weightning 50/40/10%	62 485	552 024	614 509
ECL with alternative scenario weightning 55/35/10%	59 470	523 679	583 149
ECL with alternative scenario weightning 65/25/10%	53 441	466 990	520 431
ECL with alternativw scenario weightning 60/30/10%	56 456	495 334	551 790

Note 13 Losses

Losses broken down by sector/industry

PARENT BANK			GROUP	
31.12.22	31.12.23	AMOUNTS IN NOK MILLION	31.12.23	31.12.22
–9	**8**	Real estate	**7**	–8
40	**–16**	Financial and insurance activities	**–16**	40
13	**58**	Fishing and aquaculture	**59**	12
6	**–9**	Manufacturing	**–5**	8
–2	**4**	Agriculture and forestry	**3**	–2
5	**26**	Power and water supply and construction	**30**	9
6	**8**	Service industries	**54**	8
–10	**9**	Transportation	**3**	–12
1	**–6**	Commodity trade, hotel and restaurant industry	**–8**	2
49	**81**	Total loss corporate market	**127**	56
5	**–11**	Total loss retail market	**–11**	7
54	**71**	**Losses on loans to customers**	**116**	63

Loans to amortised cost

PARENT BANK				CHANGES IN LENDING LOSS PROVISIONS ON LOANS TO AMORTISED COST	GROUP			
STAGE 1	STAGE 2	STAGE 3	TOTAL	AMOUNTS IN NOK MILLION	TOTAL	STAGE 3	STAGE 2	STAGE 1
–199	–281	–159	**–639**	**Loss provisions as at 01.01.23**	**–735**	–190	–318	–228
–176	–238	–153	**–567**	Of which presented as a reduction of the assets	**–663**	–184	–275	–204
–23	–43	–6	**–72**	Of which presented as other debt	**–72**	–6	–43	–23
				Changes in the period due to loans migrated between the stages:				
–96	94	2	**0**	to (-from) stage 1	**0**	2	98	–101
38	–43	5	**0**	to (-from) stage 2	**0**	8	–48	40
1	3	–4	**0**	to (-from) stage 3	**0**	–5	5	1
54	–110	–47	**–103**	Net increase/-decrease excisting loans	**-118**	-86	-94	63
–65	–153	–13	**–231**	New issued or purchased loan	**-272**	-16	-186	-70
67	84	14	**164**	Loans that have been derecognised	**169**	14	87	68
54	68	2	**123**	Changes caused by modifications which hasn't resultet in deduction	**138**	2	76	60
–148	–338	–200	**–686**	**Total loss provisions as at 31.12.23**	**-816**	-271	-380	-166
				Loss provisions allocated to markets				
–10	–23	–35	**–69**	Retail market	**–91**	–47	–29	–15
–137	–315	–165	**–617**	Corporate market	**–725**	–224	–350	–151
–148	–338	–200	**–686**	**Total loss provisions as at 31.12.23**	**–816**	–271	–380	–166
–134	–302	–190	**–625**	Of which presented as a reduction of the assets	**–756**	–261	–343	–152
–14	–36	–10	**–61**	Of which presented as other debt	**–61**	–10	–36	–14

Note 13 Losses

Loans to amortised cost								
PARENT BANK				CHANGES IN LENDING LOSS PROVISIONS ON LOANS TO AMORTISED COST	GROUP			
STAGE 1	STAGE 2	STAGE 3	**TOTAL**	AMOUNTS IN NOK MILLION	**TOTAL**	STAGE 3	STAGE 2	STAGE 1
–170	–259	–169	–598	**Loss provisions at 01.01.22**	–692	–200	–294	–198
			–549	Of which presented as a reduction of the assets	–643			
			–49	Of which presented as other debt	–49			
				Changes in the period due to loans migrated between the stages:				
–84	81	3	0	to (-from) stage 1	0	3	91	–94
8	–15	7	0	to (-from) stage 2	0	8	–18	10
0	4	–4	0	to (-from) stage 3	0	–6	6	0
100	–90	–38	–27	Net increase/-decrease excisting loans	–23	–38	–98	113
–107	–56	–3	–166	New issued or purchased loan	–180	–3	–61	–115
55	53	45	152	Changes caused by modifications which hasn't resultet in deduction	159	46	56	57
–199	–281	–159	–639	**Total loss provisions as at 31.12.22**	–735	–190	–318	–228
			–567	Of which presented as a reduction of the assets	–663			
			–72	Of which presented as other debt	–72			
				Loss provisions allocated to markets				
–20	–27	–28	–75	Retail market	–99	–43	–32	–24
–179	–254	–131	–565	Corporate market	–636	–147	–286	–203
–199	–281	–159	–639	**Total loss provisions as at 31.12.22**	–735	–190	–318	–228

Explanation of the table:

- The conditions for migration between ECL Stages (1-3) are set out in Note 13.
- “Net increase/-decrease in balance”: Changes in the expected credit loss, changes in model assumptions, effects of repayments, ascertainment of losses and other changes that affect the balance.
- “Newly issued or purchased financial assets”: Assets found only in the closing balance in the ECL model.
- “Financial assets that have been derecognised”: Assets found only in the opening balance in the ECL model.
- Provisions for losses also include expected losses on assets not posted to the balance sheet, including guarantees and untapped credit limits, but not loan commitments.

Note 13 Losses

SpareBank 1 Nord-Norge has its own models that score customers based on PD. The sum of risk class (PD) and security class (security coverage) defines which risk category the commitments are placed in. The table below provides information about which risk category loss provisions are scored in. More information about the model and the internal models see Note 6.

Parent Bank 31.12.23

CREDIT RISK - LOSS PROVISIONS BROKEN DOWN BY RISK CATEGORY	12 MONTH ECL	ECL LIFETIME - NO OBJECTIV PROOF OF LOSSES	ECL LIFETIME - OBJECTIV PROOF OF LOSSES	PROVISION FOR CREDIT LOSSES 31.12.2023
	STAGE 1	STAGE 2	STAGE 3	TOTAL
Very low risk	15	3		18
Low risk	19	6		25
Medium risk	77	128		206
High risk	17	93		110
Very high risk	19	108		127
Commitments in default			200	200
Total	**148**	**338**	**200**	**686**
Share	22 %	49 %	29 %	100 %

Group 31.12.23

CREDIT RISK - LOSS PROVISIONS BROKEN DOWN BY RISK CATEGORY	12 MONTH ECL	ECL LIFETIME - NO OBJECTIV PROOF OF LOSSES	ECL LIFETIME - OBJECTIV PROOF OF LOSSES	PROVISION FOR CREDIT LOSSES 31.12.2023
	STAGE 1	STAGE 2	STAGE 3	TOTAL
Very low risk	16	3		19
Low risk	22	6		28
Medium risk	81	132		214
High risk	20	99		119
Very high risk	26	139		165
Commitments in default			271	271
Total	**166**	**380**	**271**	**816**
Share	20 %	47 %	33 %	100 %

Parent Bank 31.12.22

CREDIT RISK - LOSS PROVISIONS BROKEN DOWN BY RISK CATEGORY	12 MONTH ECL	ECL LIFETIME - NO OBJECTIV PROOF OF LOSSES	ECL LIFETIME - OBJECTIV PROOF OF LOSSES	PROVISION FOR CREDIT LOSSES 31.12.2022
	STAGE 1	STAGE 2	STAGE 3	TOTAL
Very low risk	15	1		**15**
Low risk	22	1		**23**
Medium risk	94	71		**164**
High risk	32	89		**121**
Very high risk	37	119		**156**
Commitments in default			159	**159**
Total	199	281	159	**639**
Share	31 %	44 %	25 %	**100 %**

Note 13 Losses

Group 31.12.22				
CREDIT RISK - LOSS PROVISIONS BROKEN DOWN BY RISK CATEGORY	12 MONTH ECL	ECL LIFETIME - NO OBJECTIV PROOF OF LOSSES	ECL LIFETIME - OBJECTIV PROOF OF LOSSES	PROVISION FOR CREDIT LOSSES 31.12.2022
	STAGE 1	STAGE 2	STAGE 3	TOTAL
Very low risk	15	1		**16**
Low risk	24	1		**25**
Medium risk	99	73		**172**
High risk	37	93		**130**
Very high risk	52	150		**202**
Commitments in default			190	**190**
Total	228	318	190	**735**
Share	31 %	43 %	26 %	**100 %**

Note 14 Marked risk related to interest rate risk

The value of the Group's interest-bearing financial instruments is affected by changes in market interest rates. The calculations set out in the table below assume that all market interest rates in all currencies within the respective maturity intervals have changed by 2 percentage points in the disfavour of the Group's positions. The calculations are thus an estimate of the Group's maximum financial loss due to changes in market interest rates.

The calculations are based on the Group's positions and market interest rates as at 31.12.23, and all interest rate sensitive financial instruments have been included in the calculations. For more detailed information about group's controll of interest rate risk, see Pilar-3 report.

The parent company and the group numbers are equal.

Group 31.12.23						
AMOUNTS IN NOK MILLION	UP TO 1 MONTH	FROM 1 MONTH TO 3 MONTHS	FROM 3 MONTHS TO 1 YEAR	FROM 1 YEAR TO 5 YEARS	OVER 5 YEARS	**TOTAL**
NOK	12	15	-35	-6	1	**-13**
EUR	-1	-2	0	0	0	**-3**
USD	0	0	0	0	0	**0**
CHF	4	4	0	0	0	**8**
Other currencies	0	0	0	0	0	**0**
Total	15	17	-35	-6	1	**-8**

Group 31.12.22						
AMOUNTS IN NOK MILLION	UP TO 1 MONTH	FROM 1 MONTH TO 3 MONTHS	FROM 3 MONTHS TO 1 YEAR	FROM 1 YEAR TO 5 YEARS	OVER 5 YEARS	**TOTAL**
NOK	1	-24	0	1	-3	**-25**
EUR	1	0	0	0	-1	**0**
USD	0	0	0	0	0	**0**
CHF	-2	-1	0	0	0	**-3**
Other currencies	0	0	0	0	0	**0**
Total	0	-25	0	1	-4	**-28**

Note 15 Market risk relating to foreign exchange risk

Currency risk is the risk of the Group incurring losses due to changes in exchange rates. The risk arises from the Group having differences between assets and liabilities in the individual currency. The Board has decided that the Group's total net currency position, measured pursuant to the CRR/CRD IV regulations, must amount to less than 2 % of the Group's primary capital. For detailed information about the Group's management and control of currency risk, see the Pillar 3 report.

The table states the Group's net currency exposure as at 31.12.23. The parent bank and group numbers are equal.

Group		
AMOUNTS IN NOK MILLION	**2023**	2022
USD	**12**	147
EUR	**7**	–5
CHF	**–1**	–2
SEK	**0**	0
OTHER	**1**	1
Total	**19**	141

- Positive numbers means that there are net assets in a currency, and it will have a positive effect if NOK weakens.
- Negative numbers means that we have net debt in a currency, and it will have a negative effect if NOK weakens.

Note 16 Financial derivatives

SpareBank 1 Nord-Norge concludes hedging transactions with recognised Norwegian and foreign banks to reduce its risk. Derivative transactions are linked to ordinary banking operations and are carried out to reduce the risk associated with the bank's borrowing (funding) in the financial markets, and to reveal and reduce risk related to customer-oriented activities. Only hedges associated with the bank's funding activities are defined as fair value hedging pursuant to IAS 39. Other hedging is defined as ordinary hedge accounting. The Bank does not utilise cash low hedging.

The bank's Board has set limits for the maximum risk for the bank's interest rate positions. Routines have been established that ensure the stipulated limits are adhered to.

Currency- and interest rate contracts consist of:

Interest rate swaps: Commitments to exchange one set of cash flow for another over an agreed period.

Foreign exchange derivatives: Agreements to buy or sell a fixed amount of currency at an agreed future date and at an agreed rate.

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

Parent bank and group		
AMOUNTS IN NOK MILLION	**31.12.23**	31.12.22
Net losses recognised related to hedging instruments for fair value hedging	**289**	565
Total gains on hedged items related to the hedged risk	**–292**	–570
Total, fair value hedges	**–4**	–5

Note 16 Financial derivatives

Foreign currency- and interest rate instruments by fair value through profit and loss account

AMOUNTS IN NOK MILLION	2023			2022		
	CONTRACT/ NOTIONAL AMOUNT	FAIR VALUE		CONTRACT/ NOTIONAL AMOUNT	FAIR VALUE	
		ASSETS	LIABILITES		ASSETS	LIABILITES
Foreign currency instruments						
Foreign exchange financial derivatives (forwards)	**3 147**	**40**	**37**	1 732	12	25
Currency swaps	**9 707**	**96**	**177**	17 481	176	70
Total foreign currency instruments	**12 854**	**136**	**214**	19 213	189	95
Interest rate instruments						I
Interest rate swaps (including cross currency)	**46 686**	**1 195**	**615**	33 692	1 158	532
Other interest rate contracts	**618**	**23**	**21**	593	55	54
Total non-standardized contracts	**47 303**	**1 218**	**636**	34 285	1 213	585
Standardised interest rate contracts (futures						
Total interest rate instruments	**47 303**	**1 218**	**636**	34 285	1 213	585
Securing of funding						
Interest rate instruments						
Interest rate swaps (including cross currency	**11 366**	**68**	**348**	12 249	56	570
Total interest rate instruments	**11 366**	**68**	**348**	12 249	56	570
Total foreign currencyand interest rate instruments						
Total, interest rate instruments	**58 669**	**1 286**	**984**	46 534	1 269	1 164
Total currency swaps and forwards	**12 854**	**136**	**214**	19 213	189	95
Total	**71 523**	**1 422**	**1 198**	65 747	1 458	1 250

Note 17 Remaining contract-related periods for liabilities

Liquidity risk

Liquidity risk is the risk that the Bank will be unable to meet its payment obligations, and/or the risk of not being able to fund a desired growth in assets. SpareBank 1 Nord-Norge prepares an annual liquidity strategy that, for example, sets limits and targets for the Bank's liquidity risk. The Group's liquidity risk is identified when raising external capital, as well as through the Bank's liquidity reserve/buffer, including the sale of mortgages to SpareBank 1 Boligkreditt AS. See Note 12 for more information. The Bank proactively manages the Group's liquidity risk on a daily basis. SpareBank 1 Nord-Norge must comply with the regulatory minimum requirements for prudent liquidity management at all times. The average remaining term to maturity for the Bank's debt securities issued was 2.7 years as at 31.12.23. The short-term liquidity risk measurement, the liquidity coverage ratio (LCR), was 150 per cent (146 per cent) as at the end of the year.

The table below shows receipts and payments, including future interest payments, at various points in time.

Parent Bank 31.12.23

AMOUNTS IN NOK MILLION	ON REQUEST	UNDER 3 MONTHS	3-12 MONTHS	1 - 5 YEAR	OVER 5 YEARS	TOTAL	BOOKED VALUE
Liabilities to credit institutions	175	990				**1 165**	**1 165**
Debt securities in issue	74 566		7 994			**82 560**	**82 560**
Liabilities relating to deferred tax		1 245	3 262	8 941	3 965	**17 413**	**13 970**
Derivatives	1 198					**1 198**	**1 198**
Contract-related outgoing cash flows		–531	–275	–8 029	–1 487	**–10 322**	
Contract-related incoming cash flows		541	365	8 409	1 561	**10 876**	
Other liabilities	3 055					**3 055**	**3 055**
Subordinated loan capital and senior non-preferred		134	219	5 804	4 004	**10 162**	**8 367**
Total liabilities	78 994	2 379	11 565	15 126	8 044	**116 107**	**110 315**

Parent Bank 31.12.22

AMOUNTS IN NOK MILLION	ON REQUEST	UNDER 3 MONTHS	3-12 MONTHS	1 - 5 YEAR	OVER 5 YEARS	TOTAL	BOOKED VALUE
Liabilities to credit institutions	280	906				**1 187**	**1 187**
Debt securities in issue	73 122		6 444			**79 566**	**79 566**
Liabilities relating to deferred tax		971	3 873	10 241	1 946	**17 032**	**15 336**
Derivatives	1 259					**1 259**	**1 259**
Contract-related outgoing cash flows		569	1 406	5 829	1 496	**9 300**	
Contract-related incoming cash flows		–526	–1 394	–5 569	–1 424	**–8 913**	
Other liabilities	2 814					**2 814**	**2 814**
Subordinated loan capital and senior non-preferred		46	143	3 329	3 071	**6 589**	**5 718**
Total liabilities	77 475	1 967	10 472	13 830	5 089	**108 833**	**105 879**

Note 17 Gjenværende kontraktsmessig løpetid på forpliktelser

Group 31.12.23

AMOUNTS IN NOK MILLION	ON REQUEST	UNDER 3 MONTHS	3-12 MONTHS	1 - 5 YEAR	OVER 5 YEARS	TOTAL	BOOKED VALUE
Liabilities to credit institutions	175	989				**1 164**	**1 164**
Debt securities in issue	74 514		7 981			**82 495**	**82 495**
Liabilities relating to deferred tax		1 245	3 262	8 941	3 965	**17 413**	**13 970**
Derivatives	1 198					**1 198**	**1 198**
Contract-related outgoing cash flows		- 531	- 275	- 8 029	- 1 487	**- 10 322**	
Contract-related incoming cash flows		541	365	8 409	1 561	**10 876**	
Other liabilities	3 754					**3 754**	**3 754**
Subordinated loan capital and senior non-preferred		134	219	5 804	4 004	**10 162**	**8 367**
Total liabilities	79 641	2 378	11 552	15 126	8 044	**116 740**	**110 948**

Group 31.12.22

AMOUNTS IN NOK MILLION	ON REQUEST	UNDER 3 MONTHS	3-12 MONTHS	1 - 5 YEAR	OVER 5 YEARS	TOTAL	BOOKED VALUE
Liabilities to credit institutions	280	905				**1 185**	**1 185**
Debt securities in issue	73 052		6 432			**79 484**	**79 484**
Liabilities relating to deferred tax		971	3 873	10 241	1 946	**17 032**	**15 336**
Derivatives	1 259					**1 259**	**1 259**
Contract-related outgoing cash flows		569	1 406	5 829	1 496	**9 300**	
Contract-related incoming cash flows		–526	–1 394	–5 569	–1 424	**–8 913**	
Other liabilities	3 389					**3 389**	**3 389**
Subordinated loan capital and senior non-preferred		46	143	3 329	3 071	**6 589**	**5 718**
Total liabilities	77 980	1 965	10 460	13 830	5 089	**109 325**	**106 370**

Note 18 Maturity analysis of assets and liabilities

The table shows whether assets and liabililties have maturity dates within one year after the balance sheet date.

Parent Bank 31.12.23						
AMOUNTS IN NOK MILLION	ON DEMAND	UNDER 3 MONTHS	3–12 MONTHS	1–5 YEARS	OVER 5 YEARS	**TOTAL**
Assets						
Cash and balances with central banks	402					**402**
Loans and advances to credit institutions	827	8 307		166		**9 300**
Loans and advances to customers	7 674	404	2 187	16 838	62 609	**89 712**
Provision for credit losses – stage 3					–190	**–190**
Provision for credit losses – stage 2					–302	**–302**
Provision for credit losses – stage 1					–134	**–134**
Shares	1 311				48	**1 359**
Bonds and certificates - fair value		154	690	13 656	3 686	**18 187**
Financial derivatives	1 422					**1 422**
Investments in Group companies						**1 594**
Investment in associated companies and joint ventures						**4 164**
Property, plant and equipment					402	**402**
Intangible assets	72					**72**
Other assets	5		98		329	**432**
Total assets	11 714	8 865	2 975	30 660	72 207	**126 420**
Liabilites						
Liabilities to credit institutions	175	989				**1 164**
Deposits from customers	74 566		7 994			**82 560**
Debt securities in issue		1 395	2 931	7 840	1 804	**13 970**
Financial derivatives	1 198					**1 198**
Other liabilities	3 057					**3 057**
Deferred tax					0	**0**
Subordinated loan capital		60	271	7 635	400	**8 366**
Total liabilities	78 996	2 444	11 198	15 475	2 204	**110 315**

Note 18 Maturity analysis of assets and liabilites

Parent Bank 31.12.22						
AMOUNTS IN NOK MILLION	ON DEMAND	UNDER 3 MONTHS	3–12 MONTHS	1–5 YEARS	OVER 5 YEARS	TOTAL
Assets						
Cash and balances with central banks	145					**145**
Loans and advances to credit institutions	486	8 016		151		**8 653**
Loans and advances to customers	5 468	318	1 290	15 555	62 141	**84 772**
Provision for credit losses – stage 3					–153	**–153**
Provision for credit losses – stage 2					–238	**–238**
Provision for credit losses – stage 1					–176	**–176**
Shares	1 458				55	**1 513**
Bonds and certificates – fair value		866	1 176	14 866	1 161	**18 069**
Financial derivatives	1 458					**1 458**
Investments in Group companies					1 492	**1 492**
Investment in associated companies and joint ventures					3 597	**3 597**
Property, plant and equipment					406	**406**
Intangible assets	88					**88**
Other assets	5		244		246	**495**
Total assets	9 107	9 200	2 710	30 572	68 532	**120 122**
Liabilities						
Liabilities to credit institutions	280	907				**1 187**
Deposits from customers	73 122		6 444			**79 566**
Debt securities in issue		851	2 602	9 564	2 319	**15 336**
Financial derivatives	1 259					**1 259**
Other liabilities	2 814					**2 814**
Deferred tax					0	**0**
Subordinated loan capital				1 050	4 668	**5 718**
Total liabilites	77 475	1 758	9 046	10 614	6 987	**105 880**

Note 18 Maturity analysis of assets and liabilites

Group 31.12.23

AMOUNTS IN NOK MILLION	ON DEMAND	UNDER 3 MONTHS	3–12 MONTHS	1–5 YEARS	OVER 5 YEARS	TOTAL
Assets						
Cash and balances with central banks	402					**402**
Loans and advances to credit institutions	849	1 455				**2 304**
Loans and advances to customers	8 342	442	2 430	20 516	67 095	**98 789**
Provision for credit losses – stage 3					–261	**–261**
Provision for credit losses – stage 2					–343	**–343**
Provision for credit losses – stage 1					–152	**–152**
Shares	1 316				48	**1 364**
Bonds and certificates – fair value		154	692	13 656	3 686	**18 189**
Financial derivatives	1 422					**1 422**
Investments in Group companies						
Investment in associated companies and joint ventures					4 858	**4 858**
Property, plant and equipment					811	**811**
Non-current assets held for sale						
Intangible assets	193					**193**
Other assets			354		208	**563**
Total assets	12 524	2 051	3 475	34 172	75 915	**128 138**
Liabilities						
Liabilities to credit institutions	175	988				**1 163**
Deposits from customers	74 513		7 981			**82 494**
Debt securities in issue		1 395	2 931	7 840	1 804	**13 970**
Financial derivatives	1 198					**1 198**
Other liabilities	3 705					**3 705**
Deferred tax					51	**51**
Subordinated loan capital		60	272	7 635	400	**8 367**
Total liabilities	79 591	2 443	11 185	15 475	2 255	**110 948**

Note 18 Maturity analysis of assets and liabilites

Group 31.12.22						
AMOUNTS IN NOK MILLIONS	ON DEMAND	UNDER 3 MONTHS	3–12 MONTHS	1–5 YEARS	OVER 5 YEARS	**TOTAL**
Assets						
Cash and balances with central banks	145					**145**
Loans and advances to credit institutions	486	1 150		151		**1 787**
Loans and advances to customers	6 136	356	1 533	19 233	66 437	**93 513**
Provision for credit losses – stage 3					–184	**–184**
Provision for credit losses – stage 2					–275	**–275**
Provision for credit losses – stage 1					–204	**–204**
Shares	1 473				55	**1 528**
Bonds and certificates – fair value		866	1 176	14 866	1 165	**18 073**
Financial derivatives	1 458					**1 458**
Investments in Group companies						
Investment in associated companies and joint ventures					5 063	**5 063**
Property, plant and equipment					829	**829**
Non-current assets held for sale						**0**
Intangible assets	118					**118**
Other assets	5		330		335	**670**
Total assets	9 820	2 372	3 039	34 250	73 222	**122 521**
Liabilities						
Liabilities to credit institutions	280	905				**1 185**
Deposits from customers	73 040		6 444			**79 484**
Debt securities in issue		851	2 602	9 564	2 319	**15 366**
Financial derivatives	1 259					**1 259**
Other liabilities	3 389					**3 389**
Deferred tax						**0**
Subordinated loan capital				1 050	4 668	**5 718**
Total liabilities	77 968	1 756	9 046	10 614	6 987	**106 396**

Note 19 Net interest income

PARENT BANK			GROUP	
2022	**2023**	AMOUNTS IN NOK MILLION	**2023**	2022
		Interest income on financial assets at fair value		
314	**284**	Interest and similar income from loans to and claims on customers	**284**	314
405	**844**	Interest and similar income from certificates, bonds and other interest-bearing securities	**844**	405
719	**1 128**	**Total interest income at fair value**	**1 128**	719
		Interest income on financial assets at amortized cost		
174	**364**	Interest and similar income from loans to and claims on credit institutions	**41**	16
2 647	**4 722**	Interest and similar income from loans to and claims on customers	**5 392**	3 089
		Other interest and similar income		
2 821	**5 086**	**Total interest income at amortized cost**	**5 433**	3 105
3 540	**6 214**	**Total interest income**	**6 561**	3 824
		Interest expenses on financial liabilities at amortized cost		
92	**113**	Interest and similar costs on liabilities to credit institutions	**95**	80
705	**1 845**	Interest and similar costs relating to deposits from and liabilities to customers	**1 843**	704
407	**809**	Interest and similar costs related to the issuance of securities	**846**	408
30	**138**	Interest and similar costs on subordinated loan capital	**101**	30
46	**49**	Guarantee fund levy	**49**	46
		Other interest and similar costs		
1 280	**2 954**	**Total interest costs at amortized cost**	**2 934**	1 268
1 280	**2 954**	**Total interest expenses**	**2 934**	1 268
2 260	**3 260**	**Net interest income**	**3 627**	2 556

Note 20 Net fee-, commission- and other operating income

PARENT BANK			GROUP	
2022	**2023**	AMOUNTS IN NOK MILLION	**2023**	2022
		Fees and commissions receivable		
256	**282**	Payment facilities	**282**	257
201	**203**	Insurance products	**203**	201
32	**43**	Guarantee commissions	**43**	32
		Real estate broking	**110**	107
56	**54**	Portefolio commissions	**54**	56
69	**67**	Credit commissions	**67**	69
18	**20**	Other commissions	**171**	149
632	**669**	**Commissions ex. comission loans**	**930**	871
217	**115**	Comission from SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt	**115**	217
849	**784**	**Total commision loans income**	**1 045**	1 088
56	**67**	**Commission costs**	**90**	79
		Accounting services	**292**	218
5	**234**	Other income 1)	**240**	7
5	**234**	**Total other income**	**532**	225
798	**951**	**Total commission- and other income**	**1 487**	1 234

1) In the fourth quarter of 2023, the entire profit from the sale of SB1 Markets has been recognized. The profit amounted to 229 million. SNN has at the same time increased its ownership in SB1 Markets from 12.2% to 18.1%, and the shareholding has been reclassified from shares to fair value to shares in an associated company.

Note 21 Gains from other financial investments

Financial instruments in the table below are recognised at fair value with changes in fair value through profit-and-loss, in accordance with IFRS 9.

PARENT BANK			GROUP	
2022	**2023**	AMOUNTS IN NOK MILLION	**2023**	2022
		Income from equity capital instruments		
90	**101**	Dividend from shares	**101**	90
		Dividend from Hybrid capital		
506	**610**	Dividend from group companies, assosiated companies and joint ventures		
		Share result from assosiated companies and joint ventures	**–56**	204
20	**114**	Gains/losses from shares	**105**	21
		Gains/losses from group companies, assosiated companies and joint ventures		
		Income from certificates and bonds		
–87	**–10**	Gains/losses from certificates and bonds	**–10**	–87
		Income from financial derivatives		
48	**49**	Gains/losses from currencies and hedge derivatives	**49**	49
–2	**–6**	Gains/losses from fixed rate loans to customers	**–6**	–3
575	**858**	**Total net income from financial investments**	**183**	274

Note 22 Personnel costs, benefits, loans and equity certificates – executive personnel and board members

Information on benefits for the executive personnel and board members for 2023 is in accordance with The Norwegian Accounting Standards, paragraph §7-26, §7-31 b and §7-32. In addition to compensation and pensions, this note gives an overview of loans to executive personnel and board members (incl. their close relatives) as of 31.12.23, and the number of equity certificates owned by executive personnel and board members (incl. their close relatives) as of 31.12.23.

Personnel cost, number of employees and man-years

PARENT BANK			GROUP	
2022	**2023**	AMOUNTS IN NOK MILLION	**2023**	2022
393	**458**	Wages and salaries	**786**	649
41	**45**	Pension cost	**61**	56
107	**116**	Social cost	**153**	139
541	**619**	**Total Personnel cost**	**1 000**	844
508	**521**	Number of man-years as of 31.12	**956**	852
533	**545**	Number of employees as of 31.12	**997**	891
530	**539**	Average number of employees	**944**	881

The Group does not have share value based compensation.

Total remuneration of the executive personnel and board members is as follows

AMOUNTS IN NOK THOUSAND	**2023**	2022
Short-term benefits:		
Wages and salaries	**29 279**	28 563
Yearly bonus	**253**	721
Employee benefits	**703**	667
Board fees in the Group and Alliance companies	**2 212**	1 339
Board fees in SpareBank 1 Nord-Norge	**3 293**	2 461
Other benefits to board members	**12**	430
Long-term benefits:		
Pension	**3 642**	3 450
Other benefits		
Loan to the executive personnel incl. close relatives. Executive personnel have employee terms on their loans	**60 839**	42 538
Loan to the board members, incl. close relatives. Terms and conditions, collateral and other security are the same as for ordinary customers, with the exeption of employees' elected representatives for whom terms and conditions are the same as for other employees.	**13 517**	7 854
Other:		
Number of Equity certificates owned by the executive personnel incl. close relatives	**313 453**	301 307
Number of Equity certificates owned by the board members incl. close relatives	**33 164**	10 385

Benefits to employees

AMOUNTS IN NOK MILLION	**2023**	2022
Total loans to employees (incl. executive personnel)	**1 351**	1267
The aggregate value of interest rate subsidies relating to loans to employees	**20**	19

REPORT ON REMUNERATION TO LEADING PERSONS 2023

Report on salary and other remuneration to leading persons in listed companies follows from the Public Limited Companies Act § 6-16 b and is further described in the regulation on guidelines and report on remuneration for leading persons after § 6.

Leading Persons	Fixed compensation		Variable compensation		Pension cost							
Amounts in NOK thousand	Salary	Fringe benefits	One year	Multi-year	Pension expense below 12 G	Over 12 G	Total compensation in SNN	Percentages of salary and other compensation		Enterprise in the same corporate group	No. of equity capital certificates	Loan
Liv B. Ulriksen *CEO*	4 374	92			183	402	5 051	87 %	13 %	1235	86 882	7 035
Trude Glad *Executive vice president Corporate Banking*	2 898	39			189	197	3 323	87 %	13 %	0	81 154	1 158
Lasse Hagerupsen *Executive vice president Personal Banking*	2 398	44			188	123	2 753	87 %	13 %	284	80 772	810
Bengt Olsen *Chief Financial Officer*	2 983	48			185	208	3 424	87 %	13 %	492	51 994	3 500
Turid Aspenes *Chief of staff*	2 271	69			202	90	2 632	86 %	14 %	0	3 415	4 490
Stein Vidar Loftås *Chief Communications Officer*	2 015	60			189	73	2 337	86 %	14 %	0	7 048	3 259
Marius Nilsen *Chief Risk Officer*	2 283	65			178	106	2 632	87 %	13 %	0	0	9 947
Bjørn-Tore Markussen *Chief Innovation Officer*	2 640	58			187	205	3 090	85 %	15 %	144	0	9 370
Niclas Aafos *Director of SNN Finans*	1 565	80			155	24	1 824	86 %	14 %	0	2 374	4 673
Hanne Karoline Kræmer *Director Regnskapshuset*	1 747	63			152	56	2 018	87 %	13 %	0	27 818	9 124
Kristin Amundsen *Director Eiendomsmegler 1*	2 074	13	253		170		2 510	83 %	17 %	57	1 268	0
Jon Henrik Christoffers-en *Director SNN Kapitalmarked*	2 031	72			180		2 283	89 %	11 %	0	6 633	7 473
	29 279	**703**	**253**		**2 158**	**1 484**	**33 877**			**2212**	**313 453**	**60 839**

EXECUTIVE PERSONNEL AND BOARD MEMBERS

Fixed salary includes agreed salary and other fixed remunerations such as broadband subsidy and fixed car allowance

Employee benefits include discounted insurance schemes, favorable loans and deposit interest, equity certificate savings program, and employee insurances.

Variable remuneration includes any variable appreciations. There are also any bonus schemes, which are currently only linked to the Director of EM1. This applies to bonus payment for 2022. In 2023, there are no bonus schemes for executive personell and board members.

Pension cost is divided into two columns, where the first column refers to pension savings under 12 G, in the form of our contribution pension scheme (same for everyone), and the second column is for savings over 12 G which is agreed for the group management, and directors in SNN Finans and Regnskapshuset. Savings over 12 G are for 2023 at 15%.

The proportion of fixed and variable remuneration is the proportion the fixed and variable remuneration constitutes of total remuneration.

Companies in the same group or corporate group contain fees that the individual has received for roles or duties in SpareBank 1 Alliance, but not wholly-owned subsidiaries. For wholly-owned subsidiaries, the group management receives no fees.
Alle tall er avrundet til nærmeste tusen.

Loans and Equity Certificates show the sum incl. close associates.

Board members AMOUNTS IN NOK THOUSAND	FIXED REMURATION			VARIABLE REMURATION		TOTAL	NUMBER OF EQUITY CERTIFI-CATES	LOANS
	BOARD FEES	FEES	EMPLOYEE BENEFITS	OTHER BENEFITS	VARIABLE OVER SERVERAL YEARS			
Eirik Frantzen, Board chair	638					638	0	3532
Kjersti Terese Stormo, Deputy chair	435			12		447	2 942	0
Siv Sandvik, Board member	302					302	0	0
Trude Slettli, Board member	326					326	2 720	2 222
Kathrine Tveiterås, Board member	326					326	0	0
Sigurd Carlsen, Board member	395					395	3 000	0
Semming Semmingsen, Board member	302					302	261	0
Cecilie B. Wirkola, Employee representative	62					62	0	0
May-Britt Nilsen, Employee representative	206					206	22 392	4 357
Kjetil Berntsen, Employee representative	301					301	1 849	3 406
Total for the Board of Directors	**3293**			**12**		**3305**	**33 164**	**13 517**

Board remuneration refers to the board remuneration and remuneration for board committees.
Variable remuneration applies to the equity certificate savings program for Kjersti Terese Stormo for 2021 savings.
Total remuneration is the sum of all remunerations.
Loans and Equity Certificates show the sum including close associates.

Note 23 Operating costs

PARENT BANK			GROUP	
2022	**2023**	AMOUNTS IN NOK MILLION	**2023**	2022
541	**619**	Personnel expenses	**1 000**	844
266	**299**	IT expenses	**323**	287
161	**157**	Administrative expenses	**207**	198
68	**60**	Ordinary depreciation	**88**	92
18	**18**	Operating costs properties	**21**	20
93	**125**	Other operating expenses	**269**	196
1 147	**1 278**	**Total operating costs**	**1 908**	1 637

External auditor`s fees

PARENT BANK			GROUP	
2022	**2023**	AMOUNTS IN NOK MILLION	**2023**	2022
2 990	**2 548**	Statutory auditing	**3 659**	4 068
205	**892**	Other certification services	**915**	267
0	**0**	Tax advisory services	**0**	0
272	**210**	Other non-audit services[1]	**210**	272
3 467	**3 651**	**Total auditor`s fee**	**4 784**	4 607

[1] *In 2022, the license cost for reporting tools used in CRD IV reporting was included here.*

Note 24 Pensions

In 2023, SpareBank 1 Nord-Norge had the following pension schemes for its employees.

A defined contribution pension scheme for retirement and disability pensions taken out with SpareBank 1 Forsikring AS.

The 2023 saving rates for defined contribution pensions are:

- Salary equivalent to 0 to 7.1 G: 7%
- Salary equivalent to 7.1 to 12 G: 20%

Other pension schemes

The Group has agreements on early retirement and supplementary pensions for its executive employees. At the end of 2023, only one active employee will be included in the early retirement scheme. Early retirement is financed through operations.

Most of the companies in the Group are members of the private sector tariff-based pension scheme, AFP. The private AFP scheme provides a lifelong supplement to the ordinary pension. The private AFP scheme will be funded through an annual premium that is set as a percentage of salary between 1G and 7.1G. The premium for 2023 was set at 2.6 per cent (2.6 per cent in 2022). Annual premium for 2024 is set as 2.7 per cent.

Note 25 Tax

Taxes recognised in the profit and loss account comprise tax payable for the period and deferred taxes. Tax payable for the period is calculated tax on the current year's taxable profit. Deferred taxes are accounted for by means of the liability method in accordance with IAS 12. Deferred tax liabilities or assets are recognised in respect of all temporary differences, which arise as a difference between the carrying amount and taxable value of assets and liabilities at the balance sheet date.

However, no liabilities or assets are calculated for deferred taxes on goodwill that do not give a tax deduction or items that are recognised for the first time and do not affect the financial or taxable profit. Deferred tax assets are calculated with respect to accumulated tax losses carried forward at the balance sheet date. Deferred tax assets are recognised only to the extent that it is probable that the taxable profit will be available and unused tax losses can be utilised. Wealth tax is calculated and recognised as other operating expenses in the profit and loss account.

Note 25 Tax

PARENT BANK			GROUP	
2022	2023	AMOUNTS IN NOK MILLION	2023	2022
		Major components of income tax		
554	**655**	Current tax costs	**699**	615
–95	**16**	Change in deferred tax	**26**	–102
459	**671**	**Income tax for the period**	**725**	513
		Change in net deferred tax		
–95	**16**	Change in deferred tax recognised in the income statement	**26**	–102
–95	**16**	**Total change in net deferred tax/-asset**	**26**	–102
		Temporary differences and deferred tax		
–83	**–73**	Tangible fixed assets	**456**	431
79	**79**	Pension liabilities/-fond	**88**	88
–346	**–294**	Other temporary differences	**–310**	–388
		Loss carried forward	**–32**	–33
–350	**–288**	**Total temporary differences**	**202**	98
88	**72**	**Deferred tax/-asset in balance sheet**	**-51**	–25
		Change in temporary differences		
13	**10**	Tangible fixed assets	**25**	62
		Pension liabilities		–4
–397	**52**	Other temporary differences	**78**	–468
		Correction from previous year	**1**	
		Loss carried forward	**1**	
–384	**62**	**Total changes in temporary differences**	**105**	–410
		Reconciliation of tax charge for the period recognised against profit and loss to profit before tax		
608	**930**	25% of profit before tax	**818**	591
–145	**–197**	Non-taxable profit and loss items – dividends etc/result from associated companies and joint ventures	**–32**	–74
0	**–57**	Non-taxable profit and loss items – non taxable sale of business	**–57**	0
–9	**–15**	Tax effect from interests in hybrid capital presented as equity	**–15**	–9
6	**7**	Non-taxable profit and loss items – wealth tax	**7**	6
–1	**3**	Non-taxable profit and loss items – others	**4**	–1
459	**671**	**Taxation charge for the period**	**725**	513
18.9%	**18.0%**	**Effective tax rate (income tax for the period expressed as a percentage of profit before tax)**	**22.2%**	21.7%

Note 26 Financial instruments at fair value

The table below contains financial assets and liabilities that are classified as held for sale or which it has been decided to measure at fair value through profit and loss upon initial recognition.

Fair value is the amount an asset can be sold for, or a liability can be settled for, in a transaction between two independent parties.

The value is set using different methods within three levels:

Level 1: Financial instruments that are valued using listed prices in active markets for identical assets or liabilities. The category includes listed shares or fund units, government bonds and certificates traded in active markets. The price used is the price on the balance sheet date. The market is deemed active if it is possible to obtain external, observable prices, exchange rates, or interest rates, and these prices are actual and frequent market transactions.

Level 2: Financial instruments that are valued using information that is not listed prices, but where prices are directly or indirectly observable for assets and liabilities, including listed prices in inactive markets for identical assets and liabilities. The category includes bonds and interbank derivatives such as interest rate swaps, currency swaps and forward contracts listed on Reuters or Bloomberg, basis swaps between the currencies NOK, EUR, USD and GBP, and interest rate and currency derivatives with customers with insignificant credit spreads.

The value is based on recently observable market data in the form of a transaction in the instrument between informed, willing and independent parties. Alternatively, that the instrument was traded in an active market that is substantially like the relevant instrument.

Level 3: Financial instruments that are valued in manner other than on the basis of observable market data and in which credit margins constitute a material part of the basis for adjusting market value. Instruments in this category are valued using methods that are based on estimated cash flows, assessments of assets and liabilities in companies, models in which material parameters are not based on observable market data, or any industry standards.

When valuation techniques are used, the value is adjusted for credit and liquidity risk. The price of the risk for equivalent instruments is used as the basis for making the assessment.

The Bank uses a model that conforms to IFRS 13 concerning the measurement of fair value, where an 'exit price' assessment is used. The valuation model takes account of credit premiums and changes in credit risk.

Instruments at the different levels

Loans to customers at fixed interest rates (level 3)

The loans consist of fixed-rate loans in NOK. The loans are measured based on discounted cash flows, where the discount rate is calculated by a margin in excess of the interest rate curve. The margin is based on observable market prices

Loans to customer for sale (Level 3)

The category includes loans that will be transferred to SpareBank 1 Boligkreditt and these are measured at the agreed amount that is transferred to SpareBank 1 Boligkreditt

Equities incl. equity instruments (Level 2)

Level 2 equities include hybrid Tier 1 instruments that are held for sale to customers. Hybrid Tier 1 instruments are measured based on observable interest rate curves and credit margins, as well as indicative prices in the market.

Equities (Level 3)

Equities in level 3 includes stake in companies where the bank owns a minor stake and does have observable market data. Fair value in level 3 is therefore determined from observable market data and estimated cash flows.

Bonds (Level 2)

The category mainly includes bonds in the Bank's liquidity portfolio that are considered less liquid (level 2 assets in calculations of the liquidity coverage ratio (LCR)). The bonds are measured based on observable interest rate curves and credit margins, as well as indicative prices in the market.

Financial derivatives (level 2)

The category includes interest rate derivatives, currency swaps, currency futures and commodity derivatives. Interest rate derivatives are measured based on relevant interest rate curves. Currency derivatives are measured based on the last available exchange rates. Commodity derivatives are measured based on observable market prices for underlying commodities.

Note 26 Financial instruments at fair value

Parent bank				
	VALUATION BASED ON LISTED PRICES IN AN ACTIVE MARKET	VALUATION BASED ON OBSERVABLE MARKET DATA	VALUATION BASED ON FACTORS OTHER THAN OBSERVABLE MARKET DATA	
AMOUNTS IN NOK MILLION	LEVEL 1	LEVEL 2	LEVEL 3	**TOTAL**
Assets 31.12.23				
Shares	712	49	598	**1 359**
Bonds		18 189		**18 189**
Financial derivatives		1 422		**1 422**
Loans to customers with fixed rate			4 268	**4 268**
Loans to customers for sale			3 045	**3 045**
Total assets	712	19 660	7 911	**28 283**
Liabilities 31.12.23				
Derivatives at fair value		1 198		**1 198**
Total liabilities		1 198		**1 198**
Assets 31.12.22				
Shares	794	55	665	**1 513**
Bonds	13 956	4 113		**18 069**
Financial derivatives		1 458		**1 458**
Loans to customers with fixed rate			4 850	**4 850**
Loans to customers for sale			4 233	**4 233**
Total assets	14 752	5 628	9 748	**30 127**
Liabilites 31.12.22				
Derivatives at fair value		1 259		**1 259**
Total liabilities		1 259		**1 259**
Changes in value for financial instruments in level 3 parentbank:				
ASSETS	FIXED-RATE LOANS	SHARES	MORTGAGES TO CUSTOMERS FOR SALE	BONDS
Booked value as at 01.01.	4 850	665	4 233	
Net gains	–150	-67		
Acquisitions			323	
Disposals			–1 748	
Overdue loans	–432		237	
Booked value as at 31.12.	4 268	598	3 045	

Group				
AMOUNTS IN NOK MILLION	VALUATION BASED ON LISTED PRICES IN AN ACTIVE MARKET LEVEL 1	VALUATION BASED ON OBSERVABLE MARKET DATA LEVEL 2	VALUATION BASED ON FACTORS OTHER THAN OBSERVABLE MARKET DATA LEVEL 3	**TOTAL**
Assets 31.12.23				
Shares	712	54	598	**1 364**
Bonds		18 189		**18 189**
Financial derivatives		1 422		**1 422**
Loans to customers with fixed rate			4 268	**4 268**
Loans to customers for sale			3 045	**3 045**
Total assets	712	19 665	7 911	**28 288**
Liabilities 31.12.23				
Derivatives at fair value		1 198		**1 198**
Total liabilities		1 198		**1 198**
Assets 31.12.22				
Shares	794	55	679	**1 528**
Bonds	13 956	4 113	4	**18 073**
Financial derivatives		1 458		**1 458**
Loans to customers with fixed rate			4 850	**4 850**
Loans to customers for sale			4 233	**4 233**
Total assets	14 752	5 628	9 762	**30 142**
Liabilites 31.12.22				
Derivatives at fair value		1 259		**1 259**
Total liabilities		1 259		**1 259**
Changes in value for financial instruments in level 3 parent bank:				
ASSETS	FIXED-RATE LOANS	SHARES	MORTGAGES TO CUSTOMERS FOR SALE	BONDS
Booked value as at 01.01.	4 850	679	4 233	
Net gains	–150			
Acquisitions	403		323	
Disposals		-81	–1 748	
Overdue loans	–834		237	
Booked value as at 31.12.	4 269	598	3 045	

SENSITIVITY ANALYSIS, LEVEL 3		
GROUP	BOOKED VALUE AT 31.12.23	EFFECT OF ALTERNATIVE ASSUMPTIONS
Fixed-rate loans at fair value	4 268	–10,0
Loans held for sale to mortgage company	3 045	
Shares at fair value	598	

The sensitivity analysis above is based on an alternative assumption where the discount rate increases by 10 basis points for fixed-rate loans to customers. Equities at level 3 are represented by BN Bank with 561 NOK million and 37 NOK million of other equity investments and unlisted equities. Valuations for BN Bank are determined from observable market data and estimated cash flows.

Note 27 Fair value financial instruments at amortised cost

Financial instruments at amortised cost

As stated in note 2, the default classification for financial assets and liabilities in the Bank and the Group is “at amortised cost”. The Group seeks to minimise income statement volatility by applying the same measurement policy to both assets and liabilities. Amortised cost entails measurement based on the originally agreed cash flows, adjusted for any loss in value. The calculations are made on the basis of the individual instrument’s characteristics and values on the balance sheet date. Amortised cost will not always result in values that are consistent with the market’s assessments of the same financial instruments. This may be due to actors such as differing perceptions of market conditions, risk factors and required rates of return. The table below provides an overview of estimated fair values for items that are stated in the financial statements at amortised cost. As stated in note 26, fair value is determined according to various methods within three levels.

Parent bank 31.12.23

AMOUNTS IN NOK MILLION	LEVEL 1	LEVEL 2	LEVEL 3	FAIR VALUE	BOOK VALUE
Assets					
Total loans and advances to credit institutions			9 300	9 300	9 300
Net loans and advances to customers			81 738	81 738	81 773
Shares					
Total financial assets			91 038	91 038	91 073
Liabilities					
Liabilities to credit institutions			1 164	1 164	1 164
Deposits from customers			82 560	82 560	82 560
Debt securities in issue		13 822		13 822	13 970
Subordinated loan capital		8 224		8 224	8 367
Total financial liabilities		22 046	83 724	105 770	106 061

Group 31.12.23

AMOUNTS IN NOK MILLION	LEVEL 1	LEVEL 2	LEVEL 3	FAIR VALUE	BOOK VALUE
Assets					
Total loans and advances to credit institutions			2 304	2 304	2 304
Net loans and advances to customers			90 685	90 685	90 720
Shares					
Total financial assets			92 989	92 989	93 024
Liabilities					
Liabilities to credit institutions			1 163	1 163	1 163
Deposits from customers			82 494	82 494	82 494
Debt securities in issue		13 822		13 822	13 970
Subordinated loan capital		8 224		8 224	8 367
Total financial liabilities		22 046	83 657	105 703	105 994

Note 27 Fair value financial instruments at amortised cost

Parent bank 31.12.22					
AMOUNTS IN NOK MILLION	LEVEL 1	LEVEL 2	LEVEL 3	FAIR VALUE	BOOK VALUE
Assets					
Total loans and advances to credit institutions			8 654	8 654	8 654
Net loans and advances to customers			75 080	75 080	75 122
Shares					
Total financial assets			83 734	83 734	83 776
Liabilities					
Liabilities to credit institutions			1 186	1 186	1 186
Deposits from customers			79 566	79 566	79 566
Debt securities in issue		15 413		15 413	15 336
Subordinated loan capital		5 460		5 460	5 718
Total financial liabilities		20 873	80 752	101 625	101 806

Group 31.12.22					
AMOUNTS IN NOK MILLION	LEVEL 1	LEVEL 2	LEVEL 3	FAIR VALUE	BOOK VALUE
Assets					
Total loans and advances to credit institutions			1 787	1 787	1 787
Net loans and advances to customers			83 724	83 724	83 766
Shares					
Total financial assets			85 511	85 511	85 553
Liabilities					
Liabilities to credit institutions			1 185	1 185	1 185
Deposits from customers			79 484	79 484	79 484
Debt securities in issue		15 413		15 413	15 336
Subordinated loan capital		5 460		5 460	5 718
Total financial liabilities		20 873	80 669	101 542	101 723

Note 28 Certificates and bonds

Bonds and certificates are measured at fair value with changes through profit-and-loss in accordance with IFRS 9

CERTIFICATES, BONDS AND OTHER INTEREST-BEARING SECURITIES BROKEN DOWN BY ISSUER SECTOR				
PARENT BANK			GROUP	
31.12.22	**31.12.23**	AMOUNTS IN NOK MILLION	**31.12.23**	31.12.22
		Governments		
5 303	**6 696**	– nominal value	**6 696**	5 303
5 162	**6 653**	– fair value/booked value	**6 653**	5 162
		Other public issuer		
3 035	**497**	– nominal value	**497**	3 035
3 064	**485**	– fair value/booked value	**485**	3 064
		Financial institutions		
9 757	**10 922**	– nominal value	**10 922**	9 757
9 806	**11 018**	– fair value/booked value	**11 020**	9 806
		Non-financial institutions		
39	**32**	– nominal value	**32**	39
37	**31**	– fair value/book value	**31**	37
18 069	**18 189**	**Total certificates and bonds held for trading**	**18 189**	18 069

Note 29 Shares

SpareBank 1 Nord-Norge has only share portfolios measured at fair value. Trading portfolios are measured at exchange rates on the balance sheet date. The remaining shares are measured based on observable market data and estimated cash flows. All portfolios are measured at fair value with changes in value through profit or loss.

PARENT BANK			GROUP	
31.12.22	31.12.23	AMOUNTS IN NOK MILLION	31.12.23	31.12.22
		Fair value through profit and loss (FVPL):		
793	**712**	Trading assets	**723**	793
664	**598**	Shares designated as fair value	**593**	679
55	**48**	Hybrid Tier 1 Capital classified as equity positions	**48**	55
1 513	**1 359**	**Total shares and equities**	**1 364**	1 528

BREAKDOWN OF SHARES AS AT 31.12.23

SHARES HELD FOR TRADING

AMOUNTS IN NOK THOUSANDS	NUMBER OF SHARES/UNITS	OUR EQUITY STAKE %	COST	MARKET VALUE	BOOKED VALUE
Shares at fair value					
SpareBank 1 Helgeland	5 397 325	19,99 %	528 398	712 447	**712 447**
Visa Pref Stock C (forv Visa Norge Holding1 AS)	1 175	<0,05 %	17 000	10 656	**10 656**
Total listed shares			545 398	723 103	**723 103**
Total shares held for trading			545 389	723 103	**723 103**

AMOUNTS IN NOK THOUSANDS	NUMBER OF SHARES/UNITS	OUR EQUITY STAKE %	COST	MARKET VALUE	BOOKED VALUE
Shares at fair value (FVPL)					
Sparebankmateriell AS	2 312	7.3%	225	3 327	**3 327**
S.W.I.F.T	14		79	1 226	**1 226**
BN Bank	1 410 221	9.9%	88 801	561 001	**561 001**
VN Norge AS	28 778 208		40 000	21 831	**21 811**
Various smaller shares			0	23	**23**
Total shares at fair value (FVPL)			129 105	587 407	**587 407**

Note 29 Shares

HYBRID CAPITAL CLASSIFIED TO FAIR VALUE					
AMOUNTS IN NOK THOUSANDS	NUMBER OF SHARES/UNITS	OUR EQUITY STAKE %	COST	MARKET VALUE	**BOOKED VALUE**
Hybrid capital SNN Markets					
Hybrid capital SNN Treasury			48 750	47 921	**47 921**
Sum hybrid capital			48 750	47 921	**47 921**
Parent bank's total shares and equity investments			723 253	1 358 431	**1 358 431**

SHARES OWNED BY SPAREBANK 1 NORD-NORGE PORTEFØLJE AS AT 31.12.23					
AMOUNTS IN NOK THOUSANDS	NUMBER OF SHARES/UNITS	OUR EQUITY STAKE %	COST	MARKET VALUE	**BOOKED VALUE**
Shares valued at fair value					
Lytix Biopharma	151 820		5 914	738	**738**
NorInnova Technology Transfer AS	613	3.7%	2 900	2 756	**2 756**
Viking Venture III LP	37 025	0.9%	1 822	15 792	**1 822**
Total shares owned by SNN Portefølje AS			10 636	19 285	**5 316**

The company also owns more shares which has been written down to NOK 0,-. Se the companys own annual report for further information.

Shares owned by Eiendomsmegler 1 Nord-Norge AS and SNN Regnskapshuset			54	54	**54**
Total shares and equity investments			733 943	1 377 770	**1 363 801**

Note 30 Investments in Group companies, associated companies and joint ventures

IFRS 11 regulates joint arrangements and classifies theminto two types – joint operations and joint ventures. SpareBank 1 Nord-Norge has made an assesment of its joint arrangements and classified them as joint ventures..

Associated companies are included in the consolidated financial statements in line with the equity method of accounting. The investment is initially recognised at acquisition cost in the balance sheet and subsequently adjusted for changes in the Bank's share of the net assets of the associated company. The Bank's share of n the consolidated financial statements, whereas the equity stake is recognised according to the cost method in the parent bank's financial statements, in the same manner as for subsidiaries.

Investments in Group companies Parent bank:

AMOUNTS IN NOK MILLION	31.12.23	31.12.22
Equity stakes in financial institutions	**1 101**	1 017
Equity stakes in other Group companies	**493**	475
Total investments in Group companies	**1 594**	1 492
Of which hybrid capital in financial institutions	**115**	84

Shares and equity stakes included in the Group accounts and shown in the Parent Bank's accounts according to the cost method of accounting

AMOUNTS IN NOK THOUSAND	ORG. NUMBER	SHARE CAPITAL	NUMBER OF SHARES	COST	SHARE OF EQUITY AND VOTING CAP-ITAL	BOOKED VALUE
Company Name						
SpareBank 1 Finans Nord-Norge AS, Tromsø	930 050 237	1 101 000	187 170	986 000	85%	**986 000**
SpareBank 1 Nord-Norge Portefølje AS, Tromsø	935 491 533	1 100	1 000	43 000	100%	**43 000**
EiendomsMegler 1 Nord-Norge AS, Tromsø	931 262 041	21 100	17 935	23 800	85%	**25 212**
Fredrik Langes gate 20 AS, Tromsø	962 315 666	920	242	370 392	100%	**370 392**
SpareBank 1 Regnskapshuset Nord-Norge AS, Tromsø	851 987 142	10 200	1 275	54 068	85%	**54 068**
Investment (shares) shown in the Parent Bank`s accounts						**1 478 672**
Hybrid capital SpareBank 1 Finans Nord-Norge AS				115 000		**115 000**
Total investment shown in the Parent Bank`s accounts						**1 593 672**

Note 30 Investments in Group companies, associated companies and joint ventures

Shares and equity stakes included in th Group accounts and owned by subsidiaries

AMOUNTS IN NOK THOUSAND	ORG. NUMBER	SHARE CAPITAL	NUMBER OF SHARES	COST	SHARE OF EQUITY AND VOTING CAPITAL	BOOKED VALUE
Finansmodell AS, Tromsø. owned by SNN Portefølje AS	831 705 612	200	200 000	1 443	75%	**1 443**
Adwice AS, Svolvær. owned by SNN Regskapshuset AS	914 948 142	1 783	1 783	75 000	100%	**75 000**
Flex AS, Fauske. owned by SNN Regnskapshuset AS	940 788 137	250	50	9 510	100%	**9 510**
Total investment in Group companies shown in the subsidiaries accounts						**85 953**

Shares in subsidiaries are not quoted on the stock exchange.

Investments in joint ventures and associated companies

AMOUNTS IN NOK MILLION	31.12.23	31.12.22
Equity stakes in financial institutions	**1 858**	1 878
Equity stakes in other joint ventures	**2 306**	1 719
Total investments in joint ventures	**4 164**	3 597

Shares and equity stakes in joint ventures and assosiated companies, included in the Parent Bank's accounts according to the cost method of accounting

COMPANY NAMES	ORGANIZATION NUMBER	CLASSIFICATION	SHARE OF EQUITY AND VOTING CAPITAL	REGISTERED OFFICE
SpareBank 1 Gruppen AS	975 966 372	Joint venture	19.50%	Oslo
SpareBank 1 Utvikling DA	986 401 598	Joint venture	18.00%	Oslo
SpareBank 1 Betaling AS	919 116 749	Associated company	17.94%	Oslo
SpareBank 1 Boligkreditt AS	988 738 387	Associated company	15.70%	Stavanger
SpareBank 1 Næringskreditt AS	894 111 232	Associated company	1.05%	Stavanger
SpareBank 1 Kreditt AS	975 966 453	Associated company	16.73%	Trondheim
SpareBank 1 Bank og Regnskap AS	917 143 501	Associated company	25.00%	Trondheim
SpareBank 1 Mobilitet Holding AS	927 249 960	Associated company	30.66%	Hamar
SpareBank 1 Gjeldsinformasjon AS	924 911 719	Associated company	14.44%	Oslo
SpareBank 1 Forvaltning AS	925 239 690	Associated company	12.18%	Oslo
SpareBank 1 Markets AS	992 999 101	Associated company	18.06%	Trondheim

Intra-group balances relating to the Bank and the abovementioned companies: Reference is made to note 40.

Note 30 Investments in Group companies, associated companies and joint ventures

Group 2023 – Investments in associated companies and joint ventures

AMOUNTS IN NOK MILLION	**TOTAL**	SPAREBANK 1 GRUPPEN AS 19.5%	SPAREBANK 1 UTVIKLING DA 18.00%	SPAREBANK 1 KREDITT AS 16.73%	SPAREBANK 1 BOLIGKREDITT AS 15.70%	SPAREBANK 1 NÆRING-SKREDITT AS 1.05%	SPAREBANK 1 BETALING 17.94%	OTHER
As at 1 January	**4 861**	2 047	137	301	1 852	52	224	248
Acquisition/sale	**658**	218		33	13	–33	36	391
Share of profit – IFRS	**44**	–41	106	–12	65	2	–31	–45
Share of result booked as administrative costs	**–100**		–100					
Share of OCI	**–86**	6		0	–87		-5	
Items incorporated directly in equity capital	**7**	11		–4				
Paid-out dividend	**–526**	–505				–1		–20
As at 31 December	**4 858**	1 736	143	318	1 843	20	224	574

Included in «other»: SpareBank 1 Bank og Regnskap AS, SpareBank 1 Gjeldsinformasjon AS, SpareBank 1 Mobilitet Holding AS, SpareBank 1 Forvaltning AS and SpareBank 1 Markets AS.

Group 2022

AMOUNTS IN NOK MILLION	TOTAL	SPAREBANK 1 GRUPPEN AS 19.5%	SPAREBANK 1 UTVIKLING DA 18.00%	SPAREBANK 1 KREDITT AS 19.22%	SPAREBANK 1 BOLIGKREDITT AS 15.58%	SPAREBANK 1 NÆRING-SKREDITT AS 2.71%	SPAREBANK 1 BETALING 17.94%	OTHER
As at 1 January	4 633	2 013	134	199	1 828	62	145	252
Acquisition/sale	146	0	0	86	–40	–10	68	42
Share of profit – IFRS	292	173	93	9	1	0	12	4
Share of result booked as administrative costs	- 90		–90					
Share of OCI	85	3		7	75			
Items incorporated directly in equity capital	–5	–5					–1	1
Paid-out dividend	–200	–137		0	–12	0		–51
As at 31 December	4 861	2 047	137	301	1 852	52	224	248

Included in «other»: SpareBank 1 Bank og Regnskap AS, SpareBank 1 Gjeldsinformasjon AS, SpareBank 1 Mobilitet Holding AS, SpareBank 1 Forvaltning AS og SpareBank 1 Kundepleie AS.

For SB1 Gruppen, please refer to Note 2, Chapter 2, regarding the IFRS 17 effects on 2022 figures.

Note 30 Investments in Group companies, associated companies and joint ventures

The Group's equity stakes in associated companies and joint ventures					
The tables below contain company or group accounting figures one hundred percent share					
NAME	ASSETS	LIABILITIES	INCOME	COSTS	PROFIT/ LOSS
2023					
SpareBank 1 Gruppen AS (group)	132 113	119 812	2 310	2 064	246
SpareBank 1 Betaling AS	1 256	0	0	174	–174
SpareBank 1 Utvikling DA	1 188	365	1 953	1 919	34
SpareBank 1 Boligkreditt AS	320 465	307 788	680	201	479
SpareBank 1 Næringskreditt AS	10 634	8 547	111	54	57
SpareBank 1 Kreditt AS	9 746	7 903	493	562	–69
SpareBank 1 Bank og Regnskap AS	176	0	6	0	6
SpareBank 1 Mobilitet Holding AS	4	0	0	266	–266
SpareBank 1 Gjeldsinformasjon AS	9	1	0	2 039	–2 039
SpareBank 1 Forvaltning AS	1 718	570	849	681	168
SpareBank 1 Markets AS	2 097	1 206	853	698	155
2022					
SpareBank 1 Gruppen AS (group)	116 739	102 984	3 333	1 905	1 428
SpareBank 1 Betaling AS	1 251	0	0	69	–69
SpareBank 1 Utvikling DA	1 072	282	1 683	1 668	15
SpareBank 1 Boligkreditt AS	287 957	275 138	107	103	4
SpareBank 1 Næringskreditt AS	11 615	9 565	47	26	21
SpareBank 1 Kreditt AS	7 836	6 326	865	819	46
SpareBank 1 Bank og Regnskap AS	170	0	0	–2	2
SpareBank 1 Mobilitet Holding AS	244	0	0	73	–73
SpareBank 1 Gjeldsinformasjon AS	6	0	0	0	0
SpareBank 1 Forvaltning AS	1 523	696	764	593	171
SpareBank 1 Kundepleie AS	90	2	31	25	6

Note 31 Property, plant, and equipment

Property, plant, and equipment are initially recognized at acquisition cost and subsequently depreciated linearly over their expected useful life. When determining the depreciation schedule, individual assets are split into components with varying lifespans, taking estimated residual value into account. Items of PPE that are individually insignificant, such as PCs and other office equipment, are assessed collectively for residual values, useful life, and impairment, rather than individually. Under IFRS 16, properties are considered to have an estimated acquisition cost equivalent to the revalued amount at the time of revaluation. PPE subject to depreciation undergo impairment testing in accordance with IAS 36 when circumstances indicate the need for it.

PARENT BANK				GROUP		
BUILDINGS AND OTHER PROPERTY	MACHINERY, FIXTURES, FITTINGS, AND VEHICLES	TOTAL	AMOUNTS IN NOK MILLION	TOTAL	BUILDINGS AND OTHER PROPERTY	MACHINERY, FIXTURES, FITTINGS, AND VEHICLES
29	528	**557**	Cost of acquisition or adjusted value as of 01.01.23 1)	**1013**	344	669
0	26	**26**	Additions	**45**	1	44
–2	-231	**–233**	Disposals	**–233**	–2	–231
27	323	**350**	**Cost of acquisition or adjusted value as of 31.12.23**	**825**	342	483
–13	–442	**–454**	Accumulated depreciation and write-downs as of 01.01.23	**–570**	–36	–534
–2	–27	**–29**	Current period's depreciation	**–50**	–9	–41
0	0	**0**	Current period's impairment	**0**	0	0
2	231	**233**	Reversed accumulated depreciation related to disposals	**233**	2	231
–12	–238	**–250**	**Accumulated depreciation and impairment in value as of 31.12.23**	**–387**	–42	–346
		303	**Right to use asset 2)**	**374**		
14	85	**402**	**Book value as of 31.12.23**	**811**	300	137
34	510	**545**	Cost of acquisition or adjusted value as of 01.01.22 1)	**990**	349	640
0	18	**18**	Additions	**31**	2	29
–5	–1	**–6**	Disposals	**–8**	–7	–1
29	528	**557**	**Cost of acquisition or adjusted value as of 31.12.22**	**1 013**	344	669
–11	–410	**–420**	Accumulated depreciation and write-downs as of 01.01.22	**–520**	–27	–494
–2	–32	**–34**	Current period's depreciation	**–50**	–9	–41
0	0	**0**	Current period's impairment	**0**	0	0
0	0	**0**	Reversed accumulated depreciation related to disposals	**0**	0	0
–13	–442	**–454**	Accumulated depreciation and impairment in value as of 31.12.22	**–570**	–36	–534
		303	Right to use asset 2)	**386**		
16	86	**406**	**Book value as of 31.12.22**	**829**	308	135
1–5%	10–33%		Depreciation rates		1–5%	10–33%
0%			Dwelling units, building plots and sites, works of art		0%	

1) Due to a system correction, the opening balance have been adjusted on Group level.

2) Further information regarding leases is found in note 32.

Provision of collateralised assets as security

The Bank has not provided collateral security or accepted any rights of use limitations regarding fixed tangible assets.

The gross value of fully depreciated assets still in use

The gross value of fixed tangible assets which are fully depreciated and still in use was 125 NOK million as of 31.12.23 (315 NOK million as of 31.12.22).

Liabilities related to property, plant and equipment

The Group has no liabilities in regards to acquiring fixed assets as of 31.12.23.
See note 37 concerning other liabilities for further information.

Investment property group

The Bank has no assets defined as investment properties as of 31.12.23.

Note 32 Leases

The group processes lease agreements in accordance with IFRS 16. On the lease commencement date, the group recognizes an obligation to pay rent and an asset representing the right to use the underlying asset during the lease term (the right of use). The group determines the lease obligations and rights at the present value of the remaining lease payments, discounted using the group's marginal borrowing rate. The discount rate used for determination as of 31.12.23 is 2.09%.

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

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

The terms of leases vary from 2 to 14 years.

PARENT BANK			GROUP	
31.12.22	**31.12.23**	AMOUNTS IN NOK MILLION	**31.12.23**	31.12.22
		Right to use asset		
336	**303**	Carrying amount 01.01.	**386**	387
4	**0**	Additions	**6**	4
–3	**0**	–Derecognition	**0**	–3
1	**31**	Other changes	**21**	37
338	**334**	**Carrying amount at the end of the period**	**413**	424
34	**31**	Depreciation in the period	**39**	38
303	**303**	**Carrying amount of right to use asset at the end of the period**	**374**	386
		Lease liability		
343	**312**	Carrying amount 01.01.	**399**	397
4	**0**	Additions in the period	**6**	4
–40	**–36**	Lease payments in the period – installments	**-46**	-43
7	**7**	Interest	**9**	8
–3	**30**	Other changes	**21**	33
312	**313**	**Lease liability at the end of the period**	**388**	399
		Profit and loss		
34	**31**	Depreciation	**39**	38
7	**7**	Interest	**9**	8
41	**38**	**Total lease expense**	**48**	47
		Undiscounted lease liabilities and maturity of cash outflows		
33	**38**	Less than 1 year	**44**	45
32	**36**	1–2 years	**41**	41
31	**31**	2–3 years	**40**	40
31	**31**	3–4 years	**39**	39
31	**30**	4–5 years	**38**	38
219	**189**	More than 5 years	**242**	277
377	**354**	**Total**	**444**	481

Note 33 Intangible assets

Intangible assets primarily consist of goodwill. Intangible assets are recognized when the criteria for recognition are met. Goodwill arises as the difference between the fair value of consideration paid for acquiring a business and the fair value of identifiable assets and liabilities. Goodwill is not amortized, but it undergoes an annual impairment test to assess any potential decline in value, in accordance with IAS 36. Impairments occur when the carrying amount of goodwill exceeds its recoverable amount. Impairments are recognized in the income statement and are not reversed.

	GROUP	
AMOUNTS IN NOK MILLION	**31.12.23**	31.12.22
Goodwill	**185**	117
Other intangible assets	**8**	1
Total intangible assets	**193**	118

Goodwill primarily applies to the acquisition or merger of accounting firms within SpareBank 1 Regnskapshuset Nord-Norge AS.

Note 34 Other assets

PARENT BANK			GROUP	
31.12.22	**31.12.23**	AMOUNTS IN NOK MILLION	**31.12.23**	31.12.22
75	**75**	Capital contribution to the SpareBank 1 Nord-Norge Pension Fund	**75**	75
0	**0**	Pension assets	**0**	0
171	**36**	Other debtors	**183**	270
245	**315**	Prepaid expenses	**294**	286
5	**6**	Internal accounts	**6**	5
		Client account – property brokerage	**5**	1
0	**0**	Overtaken assets for sale	**0**	0
88	**72**	Other assets	**0**	33
584	**504**	**Total other assets**	**563**	670

Note 35 Deposits from customers

SpareBank 1 Nord-Norge classifies deposits from customers to amortised cost.
For more information, please see note 19 regarding interest cost for deposits.

PARENT BANK					GROUP			
31.12.22		31.12.23			31.12.23		31.12.22	
PRO-POR-TION	DEPOSITS	**PRO-POR-TION**	**DEPOSITS**	AMOUNTS IN NOK MILLION	**PRO-POR-TION**	**DEPOSITS**	PRO-POR-TION	DEPOSITS
92%	73 122	**90%**	**74 566**	Deposits from and liabilities to customers, without agreed maturity	**90%**	**74 514**	92%	73 052
8%	6 444	**10%**	**7 994**	Deposits from and liabilities to customers, with agreed maturity	**10%**	**7 981**	8%	6 432
100%	79 566	**100%**	**82 560**	**Total deposits**	**100%**	**82 495**	100%	79 484
	0,67%		**1,88%**	Average interest rate 1)		**1,88%**		0,67%
				Deposits broken down by sector and industry				
5%	3 725	**4%**	**3 586**	Real estate	**4%**	**3 586**	5%	3 725
4%	2 863	**4%**	**3 013**	Financial and insurance activities	**4%**	**3 013**	4%	2 863
4%	3 356	**6%**	**4 781**	Fishing and aquaculture	**6%**	**4 781**	4%	3 356
2%	1 469	**1%**	**1 076**	Manufacturing	**1%**	**1 076**	2%	1 469
1%	564	**1%**	**583**	Agriculture and forestry	**1%**	**583**	1%	564
4%	2 908	**4%**	**2 894**	Power and water supply and construction	**4%**	**2 894**	4%	2 908
11%	8 581	**12%**	**9 763**	Service industries	**12%**	**9 698**	11%	8 499
3%	2 325	**3%**	**2 476**	Transportation	**3%**	**2 476**	3%	2 325
4%	2 803	**3%**	**2 550**	Commodity trade, hotel and restaurant industry	**3%**	**2 550**	4%	2 803
36%	28 594	**37%**	**30 722**	**Total deposits corporate market**	**37%**	**30 657**	36%	28 512
53%	42 426	**53%**	**43 818**	Total retail market	**53%**	**43 818**	53%	42 426
11%	8 546	**10%**	**8 020**	Total government	**10%**	**8 020**	11%	8 546
100%	79 566	**100%**	**82 560**	**Total customer deposits distributed by sector and industry**	**100%**	**82 495**	100%	79 484
				Deposits broken down by geographical area				
60%	48 020	**59%**	**48 912**	Troms and Finnmark, incl. Svalbard	**59%**	**48 847**	60%	47 938
33%	26 119	**34%**	**27 829**	Nordland	**34%**	**27 829**	33%	26 119
6%	4 501	**6%**	**4 760**	Other regions	**6%**	**4 760**	6%	4 501
1%	925	**1%**	**1 059**	International	**1%**	**1 059**	1%	925
100 %	79 566	**100 %**	**82 560**	**Sum innskudd fordelt på geografiske områder**	**100 %**	**82 495**	100 %	79 484

1) Average interest rate is calculated as annual total interest / average volume.

Note 36 Debt securities in issue

SpareBank 1 Nord-Norge's debt is established through securities with both floating and fixed interest rates. For floating-rate borrowings, the valuation is based on amortized cost. However, for fixed-rate borrowings, the valuation also considers fair value hedging. Fixed-rate borrowings are secured using interest rate swap agreements to mitigate market and interest rate risks.

The loan's valuation is adjusted in accordance with the fair value of the interest rate hedge. However, the fair value of the interest rate hedge does not take credit risk into account. The group utilizes the IAS 39 framework for assessing interest rate hedges.

PARENT BANK			GROUP	
31.12.22	31.12.23	AMOUNTS IN NOK MILLION	31.12.23	31.12.22
9 456	**6 197**	Fixed-rate bonds	**6 197**	9 456
5 880	**7 773**	Floating-rate bonds	**7 773**	5 880
15 336	**13 970**	**Total debt securities in issue**	**13 970**	15 336
2.14%	**3.22%**	Average interest rate for bond debt 1)	**3.22%**	2.14%
		Bond debt broken down by maturities		
4 408		2023		4 408
4 294	**4 189**	2024	**4 189**	4 294
3 789	**4 286**	2025	**4 286**	3 789
	2 448	2026	**2 448**	
2 710	**1 436**	2027	**1 436**	2 710
	1 353	2028 or later	**1 353**	
135	**258**	Market value change of fixed-rate bonds	**258**	135
		Own bonds		
15 336	**13 970**	**Bond debt and other long-term borrowings**	**13 970**	15 336
		Debt broken down by the most important foreign currencies		
10 455	**8 768**	NOK	**8 768**	10 455
1 212	**1 638**	CHF	**1 638**	1 212
		USD		
3 669	**3 564**	EUR	**3 564**	3 669
15 336	**13 970**	**Total debt broken down by major currencies**	**13 970**	15 336

1) Average interest is calculated on the basis of actual interest cost for the year, including any interest rate- and currency swaps, as a percentage of the average securities portfolio.

Changes in securities issued

PARENT BANK AND GROUP	BALANCE	ISSUED	MATURED/ REDEEMED	EXCHANGERATE MOVEMENTS	OTHER ADJUSTMENTS 2)	BALANCE
AMOUNTS IN NOK MILLION	31.12.22	2023	2023	2023	2023	31.12.23
Certificates and other short-term borrowings						
Senior bonds	15 336	2 448	-4 667	677	177	13 970
Total	**15 336**	**2 448**	**-4 667**	**677**	**177**	**13 970**

2) Other changes consist of accrued interest adjustments and fair value hedge accounting.

Note 37 Other liabilities

PARENT BANK			GROUP	
31.12.22	31.12.23	AMOUNTS IN NOK MILLION	31.12.23	31.12.22
2 612	**2 837**	Other liabilities	**3 078**	2 814
129	**157**	Accrued costs	**232**	181
		Accrued unearned income	**332**	322
73	**61**	Provision for incurred costs / obligations 1)	**61**	72
2 814	**3 055**	**Total other liabilities**	**3 703**	3 389
		Other liabilities:		
312	**313**	Lease liability under IFRS 16 (see note 32)	**399**	399
577	**682**	Accrued tax last year	**736**	619
19	**21**	Tax deductions	**35**	32
734	**636**	Creditors	**666**	759
849	**1 067**	Agreed payments from Donations Fund	**1 067**	849
121	**118**	Miscellaneous liabilities	**175**	156
2 612	**2 837**	**Total other liabilities**	**3 078**	2 814
		Incurred costs / prepaid income:		
57	**83**	Incurred costs 1)	**106**	67
73	**74**	Incurred personnel costs	**126**	114
		Unearned income related to leasing agreements 2)	**332**	322
129	**157**	**Total incurred costs / prepaid income**	**564**	503
		Provision of accrued expenses / obligations:		
73	**61**	Off balance sheet loss provisions under IFRS 9 3)	**61**	72
73	**61**	**Total provision of accrued expenses / obligations**	**61**	72

1) Including provision for restructuring costs.
2) Prepaid lease payments on leasing contracts are recorded on the liability side of the balance sheet and recognized as income over the contract's duration in line with depreciation.
3) Impairment of unused framework loans and guarantees is classified as debt according to IFRS 9. Also see note 13.

Ongoing lawsuits
As of 31.12.23, the Bank is not involved in legal disputes that entail a litigation risk of significance to the Bank's operations.

Note 38 Subordinated loan capital and debt

Subordinated loan capital

The maturity and interest rates for subordinated loan capital are shown in the table below. All of the amounts are measured at amortised cost.

Maturity structure

PARENT BANK			GROUP	
31.12.22	**31.12.23**	AMOUNTS IN NOK MILLION	**31.12.23**	31.12.22
		Subordinated capital with definite maturity		
350		2028 3m NIBOR + 1.40% (Call opsjon 2023)		350
200	**200**	2029 3m NIBOR + 1.40% (Call opsjon 2024)	**200**	200
500	**500**	2032 3m NIBOR + 0.90% (Call opsjon 2027)	**500**	500
	400	2033 3m NIBOR + 1.80% (Call opsjon 2028)	**400**	
	400	2033 3m NIBOR + 2.20% (Call opsjon 2028)	**400**	
	400	2034 3m NIBOR + 2.10% (Call opsjon 2029)	**400**	
3	**12**	Accrued interest	**12**	3
1 053	**1 912**	**Total subordinated capital with definite maturity**	**1 912**	1 053
2.90%	**5.51%**	Average interest subordinated capital	**5.51%**	2.90%

Non-preferred debt

Senior non-preferred debt is a new debt class, issued to fulfill MREL requirements (Minimum Required Eligible Liabilities).

The Norwegian FCA, Finanstilsynet, assesses individual institutions in connection with annual work on crisis management plans for banks.

The crisis management plan specifies the crisis measures that can be implemented when the conditions for crisis management are met.

A central element of the new crisis management regulations is that capital instruments and debt can be written down and/or converted into equity (bail-in).

The Financial Institutions Act requires that banks always meet the MREL, ensuring that institutions have sufficient eligible capital and convertible debt to be crisis-managed without the use of public funds.

PARENT BANK			GROUP	
31.12.22	**31.12.23**	AMOUNTS IN NOK MILLION	**31.12.23**	31.12.22
4 645	**6 394**	Senior non-preferred debt	**6 394**	4 645
20	**61**	Accrued interest	**61**	20
1.90%	**3.41%**	Average interest non-preferred debt	**3.41%**	1.90%
5 718	**8 367**	**Total subordinated capital and non-preferred debt**	**8 367**	5 718

Changes in subordinated capital and senior non-preferred debt

PARENT BANK AND GROUP	BALANCE	ISSUED	MATURED/ REDEEMED	EXCHANGE-RATE MOVEMENTS	OTHER ADJUSTMENTS 1)	BALANCE
AMOUNTS IN NOK MILLION	31.12.22	2023	2023	2023	2023	31.12.23
Subordinated loan capital	1 053	1 200	- 350		9	1 912
Senior non-preferred debt	4 665	1 443		218	129	6 455
Total	**5 718**	**2 643**	**- 350**	**218**	**138**	**8 367**

1) Other changes consist of accrued interest related to subordinated debt and accrued interest and fair value adjustments (hedge accounting) related to senior non-preferred debt.

Note 39 Business acquisitions/mergers

During 2023, SpareBank 1 Regnskapshuset Nord-Norge AS acquired 100 % of the shares in Adwice AS (Svolvær) and Flex (Fauske). The companies provides accounting services. Adwice AS owns 6 subsidiaries which provides accounting services.

During 2024, the companies will be merged into SpareBank 1 Regnskapshuset Nord-Norge AS. The merger will take place with accounting an tax continuity and accounting and tax effect from 01.01.24

Acquisition analysis have been prepared in line with IFRS 3, where indentifiable assets and liabilities are stated at fair value at the time of acquisition. The difference between the Group`s acquisition cost and the book value of the net assets is allocated a goodwill.

Fair value recognized at acquisition

AMOUNTS IN NOK MILLION	
Total assets	51
Total liabilities	30
Net identifiable assets and liabilities	**21**
Goodwill at acquisition	64
Acquisition cost	**85**

During 2023, SpareBank 1 Portefølje AS established a subsidiary, Finansmodell AS, with a share of equity of 75 %.

Note 40 Related parties

PARENT BANK	SUBSIDIARIES	JOINT VENTURES/ASSOCIATED COMPANIES
SpareBank 1 Nord-Norge	SpareBank 1 Finans Nord-Norge AS	SpareBank 1 Gruppen AS
	EiendomsMegler 1 Nord-Norge AS	SpareBank 1 Boligkreditt AS
	SpareBank 1 Nord-Norge Portefølje AS	SpareBank 1 Utvikling DA
	SpareBank 1 Regnskapshuset Nord-Norge AS	SpareBank 1 Næringskreditt AS
	Fredrik Langes Gate 20 AS	SpareBank 1 Betaling AS
	Rødbanken Holding AS 1)	SpareBank 1 Kreditt AS
	Adwice AS	SpareBank 1 Bank og Regnskap AS
	Flex AS	SpareBank 1 Gjeldsinformasjon AS
	Finansmodell AS	SpareBank 1 Mobilitet Holding AS
		SpareBank 1 Forvaltning AS
		SpareBank 1 Markets AS

Share of equity is specified in note 30.
1) Ideal organisations are not consolidated in the group accounts.

Note 40 Related parties

Transactions with subsidiaries		
AMOUNTS IN NOK MILLION	2023	2022
Income items - Parent Bank:		
Interest and similar income from loans and claims from subsidiaries	355	142
Deposit interest income from subsidiaries	23	15
Share dividend	167	294
Accrued commissions from lien loans	10	10
Other fees and commisions	0	1
Refunded operating costs (adm services, IT etc)	7	14
Refunded rental cost (posted in the balance sheet, under IFRS 16)	16	14
Balance sheet items - Parent Bank:		
Loans	6 879	6 826
Subordinated loan capital	166	151
Hybrid Tier 1 Capital bonds	115	115
Deposits	66	686
Other receivables	0	0

As at 31.12.23, lien-based loans and leasing arranged for SpareBank 1 Finans Nord-Norge AS totalled NOK 5 675 million.

Transactions with joint ventures/associated companies		
AMOUNTS IN NOK MILLION	2023	2022
Income items - Parent Bank:		
Interest and similar income recieved from loans and claims from joint ventures	155	87
Deposit interest income from joint ventures	10	5
Share dividends	434	207
Balance sheet items - Parent Bank:		
Loans and advances to joint ventures	191	1 202
Deposits from and liabilities to joint ventures	329	146
Bonds	122	122
Guarantees	4	4

Being a participant in the SpareBank 1-alliance, several transactions between the Parent Bank and joint ventures are carried out. All transactions entered into are completed on commercial terms as a part of ordinary business and at market prices.

The most important transactions are as follows:		
AMOUNTS IN NOK MILLION	2023	2022
a) Purchase of management- and information technology, and development services from SpareBank 1 Utvikling DA	156	135
b) Commisions from sale of insurance- and savings products with an insurance element for SpareBank 1 Gruppen AS	238	201
c) Loans sold to SpareBank 1 Boligkreditt AS (as at 31.12)	44 521	39 449
Accrued commission from SpareBank 1 Boligkreditt AS	114	214
Receivables SpareBank 1 Boligkreditt AS (as at 31.12)	0	0
d) Loans sold to SpareBank 1 Næringskreditt AS (as at 31.12)	128	281
Accrued commision from SpareBank 1 Næringskreditt AS	2	3

Note 41 Equity Certificates (EC) and ownership

According to the statutes §2-2 the Bank's EC-capital amounts to NOK 1,807 164,288 made up of 100,398 016 certificates, each of a nominal value of NOK 18. The voting rights associated with an equity certificate are held by the person who is registered as owner in the Norwegian Central Securities Depository (VPS).

The Supervisory Board can decide to issued equity certificates that are negotiable and entitle the holder to dividend under the Act of 10.06.88 No. 40 relating to financial services and financial institutions (Financial Institutions Act).
Equity certificate holders must be registered with the Norwegian Central Securities Depository (VPS).

As of 31.12.23, the Bank had 11 452 EC holders (11 655 as of 31.12.22).

Change in the Bank's EC capital and total certificates

YEAR	CHANGE	CHANGE IN EC CAPITAL	TOTAL EC CAPITAL	TOTAL NUMBER OF CERTIFICATES
2000	Issue earmarked for staff	10 453 101	659 701 800	6 597 018
2001			659 701 800	6 597 018
2002			659 701 800	6 597 018
2003			659 701 800	6 597 018
2004			659 701 800	6 597 018
2005	Bonds issue	131 940 500	791 642 200	7 916 422
2005	EC splut		791 642 200	15 832 844
2006			791 642 200	15 832 844
2007	Dividend issue	49 055 400	840 697 600	16 813 952
2008	Dividend issue	54 906 050	895 603 650	17 912 073
2009			895 603 650	17 912 073
2010			895 603 650	17 912 073
2011	EC split and issues	759 621 025	1 655 224 675	66 208 987
2012			1 655 224 675	66 208 987
2013	Rights issue and private placement for employees	750 029 552	1 807 164 288	100 398 016
2014			1 807 164 288	100 398 016
2015			1 807 164 288	100 398 016
2016			1 807 164 288	100 398 016
2017			1 807 164 288	100 398 016
2018			1 807 164 288	100 398 016
2019			1 807 164 288	100 398 016
2020			1 807 164 288	100 398 016
2021			1 807 164 288	100 398 016
2022			1 807 164 288	100 398 016
2023			1 807 164 288	100 398 016

Note 41 Equity Certificates (EC) and ownership structure

The 20 largest EC holders

EQUITY CERTIFICTE HOLDERS	NUMBER OF ECS 31.12.23	SHARE 31.12.23	CHANGE IN NUMBER OF ECS 2023
PARETO AKSJE NORGE VERDIPAPIRFOND	4 970 689	4.95%	1 246 428
PARETO INVEST NORGE AS	4 605 677	4.59%	
VPF EIKA EGENKAPITALBEVIS	3 669 193	3.65%	386 701
Geveran Trading Company LTd	3 525 028	3.51%	426 000
KOMMUNAL LANDSPENSJONSKASSE GJENSIDIGE	2 772 422	2.76%	471 736
Brown Brothers Harriman & Co.	2 427 956	2.42%	457 629
MP PENSJON PK	2 409 322	2.40%	2 167 000
FORSVARETS PERSONELLSERVICE	1 752 630	1.75%	
The Northern Trust Comp, London Br	1 620 164	1.61%	–792 071
State Street Bank and Trust Company	1 568 944	1.56%	–59 528
SPAREBANKSTIFTELSEN SPAREBANK 1 NO	1 411 606	1.41%	
State Street Bank and Trust Company	1 331 209	1.33%	628 968
Brown Brothers Harriman & Co.	1 140 900	1.14%	405 511
State Street Bank and Trust Company	923 221	0.92%	
State Street Bank and Trust Company	865 761	0.86%	
VPF SPAREBANK 1 UTBYTTE	835 000	0.83%	
J.P. Morgan SE	825 637	0.82%	
SPESIALFONDET BOREA UTBYTTE	825 459	0.82%	–934 336
Landkreditt Utbytte	821 274	0.82%	–273 726
Brown Brothers Harriman & Co.	735 389	0.73%	
20 largest EC holders	**39 037 481**	**38.88%**	**4 130 312**
Other EC holders	**61 360 535**	**61.12%**	
ECs issued	**100 398 016**	**100.00%**	

Equity and EC ratio

The result for the accounting year is divided between the EC-holders and the Bank according to the EC-ratio fixed as of 01.01, adjusted for any issues during the accounting year. Excluding set aside for dividends payment and donations as of 31.12.

PARENT BANK			GROUP	
31.12.22	**31.12.23**		**31.12.23**	31.12.22
1 807	**1 807**	EC capital	**1 807**	1 807
843	**843**	Premium Fund	**843**	843
2 870	**3 563**	Dividend Equalisation Fund	**3 563**	2 870
823	**703**	Set aside EC dividend, not decided	**703**	823
–17	**–28**	EC owner's share of other equity	**362**	654
6 326	**6 888**	**EC owner's share of equity**	**7 278**	**6 997**
46.36%	**46.36%**	EC owner's percentage of equity	**46.36%**	46.36%
6 384	**7 186**	Saving Bank's primary capital	**7 186**	6 384
953	**813**	Set aside society dividend, not decided	**813**	953
–20	**–32**	Society's share of other equity	**418**	758
7 317	**7 967**	**Society's share of equity**	**8 417**	**8 095**
53.64%	**53.64%**	Society's percentage of equity	**53.64%**	53.65%
		Non-controlling interests	**245**	231
600	**1 250**	Hybrid Capital	**1 250**	600
14 243	**16 105**	**Total equity**	**17 190**	**15 923**

Reconciliation Balance Sheet		
Total equity, excluding hybrid capital	**13 339**	11 867
Hybrid capital	**1 250**	600
Set aside for dividens payment	**703**	823
Set aside for donations	**813**	953
Total equity, Parent Bank	**16 105**	14 243

Result per EC

Parent Bank			Group	
2022	**2023**		**2023**	2022
1 973	**3 049**	Result for the year	**2 548**	1 851
–37		Non-controlling interests` share	**–27**	–37
	–60	*Net interests hybrid capital	**–60**	–27
1 936	**2 989**	**Adjusted resultat for the year**	**2 461**	1 787
898	**1 386**	EC-holders share of result for the year (46.36%)	**1 141**	828
8.98	**13.80**	**Result per EC**	**11.36**	8.25
1 973	**3 049**	Total comprehensive income	**2 462**	1 936
		Non-controlling interests` share	**–27**	–27
–37	**–60**	*Net interests hybrid capital	**–60**	–37
1 936	**2 989**	**Adjusted total comprehensive income**	**2 375**	1 872
898	**1 386**	EC-holders' share of result for the year (46.36%)	**1 101**	868
8.98	**13.80**	**Total comprehensive income per EC**	**10.97**	8.64

*Interest on tier 1 capital instruments that are classified as equity was recognised directly against equity in the amount of NOK 60 (37) million.

Note 42 Profit distribution

AMOUNTS IN NOK MILLION	2023	2022
Result for the year (group)	**2 548**	1 851
Non-controlling interests` share	**27**	27
Result from subsidiaries	**–165**	–179
Dividends from subsidiaries	**176**	299
Result from associated companies/joint ventures	**56**	–204
Dividends/gains from associated companies/joint ventures	**434**	206
Result for the year (parent bank)	**3 049**	1 973
Interest hybrid capital	**–60**	–37
Result for the year distributable (parent bank)	**2 989**	1 936
Distribution		
Cash dividend to EC holders	**703**	823
Dividend Equalization Fund	**682**	74
Donations	**813**	953
Saving Bank`s Fund	**790**	86
Result for the year distributed	**2 989**	1 936
To EC holders (amount)	**1 413**	897
To EC holders (per cent)	**46.36%**	46.36%
To community owned capital (amount)	**1 635**	1 039
To community owned capital (per cent)	**53.64%**	53.64%
Payout rate for the distributable result for the Parent Bank	**50.7%**	91.8%
Payout rate for the distributable result for the Group	**61.6%**	99.3%
Proposed dividend per equity certificate	**7.00**	8.20
Paid out dividend per equity certificate	**8.20**	10.40

Dividends will be distributed to registered equity certificate holders as of 14 March 2024.
The Bank`s equity certificates will be traded ex dividend as of 15 March 2024.
Dividends will be paid out on 4 April 2024.
(EC = Equity Certificates)

Perpetual hybrid Tier 1

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

When calculating key figures for equity and the equity certificates, accrued interest on hybrid tier 1 capital is thus deducted from the accounting result.

At the same time, hybrid tier 1 capital is deducted from the equity on the balance sheet. This ensures that the key figures relevant to the Bank's owners are calculated on the basis of the result and the equity that actually belong to the owners.
The contract terms and conditions for hybrid Tier 1 instruments mean that they are included in the Bank's Tier 1 capital for capital adequacy purposes, see note 5.

Parent bank and Group		
AMMOUNT IN NOK MILLION	**31.12.23**	31.12.22
Perpetual hybrid Tier 1		
2099 3 m NIBOR + 3.35%	**200**	
2099 3 m NIBOR + 3.10%	**300**	
2099 3 m NIBOR + 3.30%		250
2099 3 m NIBOR + 2.60%	**350**	350
2099 3 m NIBOR + 3.40%	**200**	
Fixed interest rate 7.53 %	**200**	
Total perpetual hybrid Tier 1	**1 250**	600
Average interest perpetual hybrid Tier 1	6.98%	4.36%

Note 43 Events occurring after the end of the year

The annual accounts are deemed to be approved for publication when the Board has approved the accounts. The Supervisory Board and regulatory authorities may refuse to approve the published annual accounts after this, but they cannot change the accounts. Events occurring up to the time when the financial statements are approved for publication involving issues that were already known on the date of the balance sheet will form part of the information basis for determining estimates and will thereby be fully reflected in the annual accounts. Events that were not known on the balance sheet date will be reported if they are significant. The annual accounts have been prepared on the basis that the group will continue as a going concern. This assumption was valid in accordance with the Boards opinion at the time the financial statements were approved for publication.

The proposed distribution of a cash dividend from the profit of the year is 703 NOK million to the equity capital certificate holders in SpareBank 1 Nord-Norge and 813 NOK million as donations to community-owned capital. This proposal has not been declared as at the date of the balance sheet, and has therefore not been recognised as a liability on the balance sheet. It is still included in the equity.

Statement from the Board of Directors and Chief Executive Officer

Today the Board of Directors and the Chief Executive Officer have considered and adopted the financial report and the consolidated financial statements of SpareBank 1 Nord-Norge for the period from 1 January to 31 December 2023.
We confirm to the best of our knowledge that the financial statements for the period from 1 January to 31 December 2023 have been prepared in accordance with current applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the group takes as a whole. We also confirm the annual financial report gives a true and fair view of important events during the accounting period and their influence on the financial statements, the most important elements of risk and uncertainty that the group faces in the next accounting period, and a description of related parties' material transactions.

Tromsø, 20.02.24

The Board of Directors and Chief Ececutive Officer in SpareBank 1 Nord-Norge

This document is electronically signed, see confirmation after the auditor's report.

Alternative performance measures

SpareBank 1 Nord-Norge's alternative performance measures (APMs), provide relevant additional information to what is otherwise shown in the financial statements. These key figures are not defined through IFRS and cannot be directly compared with equivalent figures for other companies unless the same definition is used.

The alternative performance measures are not meant to replace any measurements/key figures under IFRS. The performance targets provide additional insight into the Group's operations and represent important targets in management's control of the Group's various business areas. Non-financial data or key figures governed by IFRS or other regulations, e.g. CRR/CRD, are not defined as APMs. The APMs are presented with comparable figures for the corresponding period last year.

	DEFINITION	RELEVANCE
Profitability		
Return on equity	Profit in relation to average equity. Calculated per the end of each quarter, along with opening and closing balances for the year. The return on equity for the period is reported on an annualised basis.	Return on equity is the Group's strategic target for profitability. The return on equity is a measure of profitability of the Group's performance factors.
Cost/income ratio	Total costs in relation to total income.	The cost/income ratio is a measure of the profitability and efficiency of the Group's ongoing operations.
Interest margin	Net interest income in relation to average total assets. Average total assets are calculated as at the end of each quarter, along with opening and closing balances.	The interest margin shows the trend in the ratio between the sale price of products and lending costs from period to period. The interest margin measures the profitability of the Group's loan- and deposits products.
Deposits		
Deposit-to-loan ratio	Total deposits are divided by total lending excluding intermediary loans.	The ratio shows the proportion of the Group's total lending financed through customer deposits, and the need for financing from external lenders.
Deposit-to-loan ratio incl. intermediary loans	Total deposits are divided by total lending including intermediary loans.	The ratio shows how much of the Group's total lending including intermediary loans has been funded through customers' deposits.
Growth in deposits	Deposit growth is measured quarterly as the percentage change in the Bank's deposits in the last 12 months.	Measures both customer growth and changes in the financing situation.
Lending		
Growth in lending (%)	Growth in lending excl. intermediary loans is measured quarterly as the percentage change in the Bank's customer loans in the last 12 months.	Shows the growth in the Bank's core area, customer lending. The calculation does not include liquidity portfolio/loans to credit institutions.
Growth in lending, incl. intermediary loans (%).	Growth in lending incl. intermediary loans is measured quarterly as the percentage change in the Bank's customer loans in the last 12 months.	Shows the growth in the Bank's core area, including intermediary loans.
Proportion of loans deducted	Measured as the percentage of loans deducted in relation to gross lending.	A not insignificant part of the bank's lending is transferred to SpareBank1 Boligkreditt or SpareBank1 Næringskreditt as intermediary loans and deducted from the balance. This key figure shows the percentage of loans in this category.
Proportion of loans deducted, retail market	Measured as the percentage of loans deducted in relation to gross lending to the retail market.	Deducted portion of the retail market. The bulk of deducted loans are in the retail market segment.
Losses and non-performing loans		
Loan losses (%)	Total posted losses year to date in relation to total lending volume incl. intermediary loans.	Measures the relative importance of losses set against the rest of the portfolio of loans. Relevant for estimating future expected losses and the Group's credit risk.
Commitments in default (%)	Percentage of overdue commitments (over 90 days) in relation to total lending volume incl. intermediary loans.	Measures the relative importance of non-performing loans set against the rest of the portfolio of loans. Relevant for estimating future expected defaults and the Group's credit risk.
Doubtful commitments (%)	Percentage of impaired commitments in relation to total lending volume incl. intermediary loans	Measures the relative importance of non-performing loans set against the rest of the portfolio of loans. Relevant for estimating future expected defaults and the Group's credit risk.
Net defaulted and doubtful commitments (%)	Defaulted and doubtful commitments are adjusted for individual loss write-downs and expressed as a proportion of gross lending incl. intermediary loans.	Defaulted and doubtful commitments are netted off against loss provisions in Stage 3.
Loss provision ratio	Ratio between total loss provisions and non-performing and impaired commitments.	Shows the percentage of losses and non-performing loans that have been raised in Stage 3 of loss provisions.

APM (Alternative Performance Measures) Group

AMOUNTS IN NOK MILLION	31.12.23	31.12.22
Profit for the period	**2 548**	1 851
Deduct interest hybrid tier 1 capital	**60**	37
Profit for the period incl. interest hybrid tier 1 capital	**2 488**	1 814
Total Equity	**17 190**	16 125
Deducting hybrid Tier 1 capital	**1 250**	600
Equity excl. hybrid Tier 1 capital	**15 940**	15 525
Equity excl. hybrid tier 1 capital 01.01.	**15 525**	15 873
Equity excl. hybrid tier 1 capital 31.03.	**14 225**	14 839
Equity excl. hybrid tier 1 capital 30.06.	**14 795**	15 194
Equity excl. hybrid tier 1 capital 30.09.	**15 262**	14 945
Equity excl. hybrid tier 1 capital 31.12.	**15 940**	15 525
Average equity excl. hybrid tier 1 capital	**15 149**	15 275
Profit for the period, annualised incl. interest hybrid tier 1 capital	**2 488**	1 814
Average equity excl. hybrid tier 1 capital	**15 149**	15 275
Return on Equity	**16,4 %**	11,9 %
Total operating expenses	**1 908**	1 637
Total income	**5 297**	4 064
Cost-income ratio	**36,0 %**	40,3 %
Net interest income	**3 627**	2 556
Average total assets	**127 155**	122 377
Interest margin	**2,85 %**	2,09 %
Deposits from customers	**82 495**	79 484
Total lending incl. intermediary loans at the end of period	**143 438**	133 243
Deposits as a percentage of total lending incl. intermediary loans	**57,5 %**	59,7 %
Deposits from customers	**82 495**	79 484
Gross loans to customers	**98 789**	93 513
Deposits as a percentage of gross lending	**83,5 %**	85,0 %

AMOUNTS IN NOK MILLION	31.12.23	31.12.22
Total lending incl. intermediary loans at the end of period	**143 438**	133 243
Total lending incl. intermediary loans at the end of same period last year	**133 243**	125 739
Lending growth last 12 months incl. intermediary loans	**10 195**	7 504
Lending growth last 12 months incl. intermediary loans	**7,7 %**	6,0 %
Total lending at the end of period	**98 789**	93 513
Total lending at the end of same period last year	**93 513**	89 986
Lending growth last 12 months	**5 276**	3 527
Lending growth last 12 months	**5,6 %**	3,9 %
Total intermediary loans at the end of the period	**44 649**	39 730
Total lending incl. intermediary loans at the end of period	**143 438**	133 243
Share of intermediatry loans	**31,1 %**	29,8 %
Intermediary loans SpareBank 1 Boligkreditt	**44 521**	39 449
Total retail lending end of period	**92 823**	89 406
Share of intermediary loans of total retail lending	**48,0 %**	44,1 %
Intermediary loans SpareBank 1 Næringskreditt	**128**	281
Total corporate lending end of period	**52 920**	45 625
Share of intermediary loans of total corporate lending	**0,2 %**	0,6 %
Deposits from customers end of period	**82 495**	79 484
Deposits from customers end of same period last year	**79 484**	76 149
Growth in deposits from customers past 12 months	**3 011**	3 335
Growth in deposits from customers past 12 months	**3,8 %**	4,4 %
Losses on loans and guarantees	**116**	63
Gross loans in stage 3	**858**	657
Loss provisions stage 3	**–271**	–190
Net commitments in default	**587**	467
Total lending incl. intermediary loans at the end of period	**145 742**	135 031
Net comm. in default and at risk of loss as a per. of total lending incl. intermediary loans	**0,4 %**	0,3 %
Non-performing commitments	**858**	657
Loss provisions stage 3	**- 271**	–190
Loan loss provision ratio	**31,6 %**	28,9 %

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To the Supervisory Board of SpareBank 1 Nord-Norge

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SpareBank 1 Nord-Norge, which comprise:

- the financial statements of the parent company SpareBank 1 Nord-Norge (the Company), which comprise the balance sheet as at 31 December 2023, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, and

- the consolidated financial statements of SpareBank 1 Nord-Norge and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2023, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable statutory requirements,

- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU, and

- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical

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responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 28 years from the election by the Supervisory Board from the accounting year of 1996, with a renewed election by the Supervisory Board in 2008.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Expected credit loss allowance on loans and advances in the corporate market

Reference is made to Note 3 Critical estimates and assessments regarding the use of accounting principles, Note 7 Credit risk exposure for each internal risk rating, Note 8 Maximum credit exposure, Note 9 Credit quality by class of financial assets, Note 11 Loans, Note 13 Losses and to the section losses and defaults on loans in the Board's annual report.

The key audit matter	*How the matter was addressed in our audit*
Expected credit loss allowance on loans and advances that are not impaired amounts to MNOK 546 for the Group, of which MNOK 501 relates to expected credit losses in the corporate market. Expected credit loss allowance on credit impaired loans and advances amounts to MNOK 271 for the Group, of which MNOK 224 relates to expected credit losses in the corporate market. IFRS 9 requires the Group to calculate expected credit loss (ECL) over the next 12 months for loans and advances that have no significant increase in credit risk (stage 1), and lifetime ECL for loans and advances that have significant increase in credit risk (stage 2). The Group uses models for calculating ECL in stage 1 and 2. The model-based calculations are complex and process a high volume of data. Further, there are management judgement involved with determination of estimate parameters, including: • definition of significant increase in credit risk (SICR), • probability of default (PD), • loss given default (LGD), • exposure at default (EAD), • determination and weighting of the different expected future macroeconomic scenarios	We have formed an understanding of the Group’s definitions, methods and internal control for recognition and measurement of expected credit loss allowance for the corporate market. We involved our specialist to assess the Group’s methods and policies for internal validation of the IRB-models, as well as to evaluate the internal validation’s results to assess possible deviations and consequences for our audit. We have obtained assurance reports with reasonable assurance (ISAE 3000) from an independent auditor who has considered: • whether PD, LGD and EAD included in the model are correctly calculated, • whether the data used in the calculations is correct, and • whether the model calculates ECL in accordance with the requirements of IFRS 9. We have evaluated the independent auditor's competence and objectivity, as well as evaluated the reports to assess possible deviations and consequences for our audit.

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SpareBank 1 Nord-Norge has developed internal rating based models (IRB) for calculation of PD, LGD and EAD. Further, the Group has developed their own model for calculation of expected credit losses based on these IRB-models. Impaired loans and advances, where credit risk has increased significantly and where there is objective evidence of default, are subject to individual assessments to estimate lifetime ECL (stage 3). To calculate the ECL, management is required to make estimates and assumptions, including: • timely identification of impaired loans and advances, • the expected future cash flows including the value of underlying collateral. Based on the size of gross lending, inherent credit risk, the complexity of the models' calculations and the degree of management judgement when preparing the estimates, we consider the expected credit loss allowance in the corporate market to be a key audit matter.	We have performed additional procedures over the data used in the ECL model. We have assessed the Group's definition of SICR by comparison against information available for similar banks. For other relevant assumptions made by management, we have performed sensitivity tests and evaluated the Group's future economic scenarios against historical loss levels and external macro-economic reports. For a selection of loans and advances in stage 3, we have reperformed the calculation of expected credit loss, and assessed the projected cash flows against historical financial results, budgets and external valuations of collaterals where applicable. In order to challenge management whether there should have been other loans and advances under individual loss assessment, we have, based on various criteria, tested a selection of high-risk loans and advances. We have assessed whether the disclosures related to IFRS 9 and ECL are sufficient and in accordance with IFRS 7.

2. IT systems and application controls

The key audit matter	*How the matter was addressed in our audit*
SpareBank 1 Nord-Norge is dependent on the IT infrastructure in the Group is functioning as intended. The Group uses a standard core system delivered and operated by an external service provider. Sound governance and control over the IT systems is critical to ensure accurate, complete and reliable financial reporting. Furthermore, the IT systems support regulatory compliance for financial reporting to authorities,	In connection with our audit of the Group's IT-system, we have gained an understanding of the control environment and tested that selected general IT controls are functioning as intended and support important application controls. In our control testing, we have focused on access management controls. The independent auditor of the external service provider has assessed and tested the effectiveness of internal controls related to the IT systems outsourced to external service provider. We have obtained the attestation report (ISAE 3402) from the independent auditor to evaluate

which is central to licensed businesses. The system calculates interest on borrowing and lending and the Group's internal control systems are based on system-generated reports. Due to the importance of the IT systems for the Group's operations, the IT environment supporting the financial reporting process is considered a key audit matter.	whether the external service provider has satisfactory internal control in areas of significant importance to SpareBank 1 Nord-Norge. We have assured ourselves of the independent auditor's competence and objectivity, as well as evaluated the report in order to assess possible deviations and consequences for our audit. We have requested the independent auditor at the service provider to test a selection of standard reports and key functionalities in the core-system (ISAE 3000) to assess whether: • selected standard system reports contain all relevant data and are reliable, • the key functionalities, including controls related to interest rate-, annuity- and fee calculations, work as intended. We have inquired management for their evaluation and follow-up of the independent auditor's report for the external service provider to ensure that any findings are appropriately followed up. We have used our IT audit specialist in the work to understand the control environment, test controls and examine the reports.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s and the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of SpareBank 1 Nord-Norge, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name 549300SXM92LQ05OJQ76-2023-12-31-en, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in compliance with ESEF. We conduct our work in compliance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in compliance with the ESEF Regulation.

As part of our work, we have performed procedures to obtain an understanding of the Company's processes for preparing the financial statements in compliance with the ESEF Regulation. We examine whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Tromsø, 29 February 2024

KPMG AS

Stig-Tore Richardsen
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.

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Stig Tore Richardsen
Statsautorisert revisor
På vegne av: KPMG AS
Serienummer: UN:NO-9578-5999-4-1349114
IP: 193.90.xxx.xxx
2024-02-29 18:42:12 UTC

bankID

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List of Signatures

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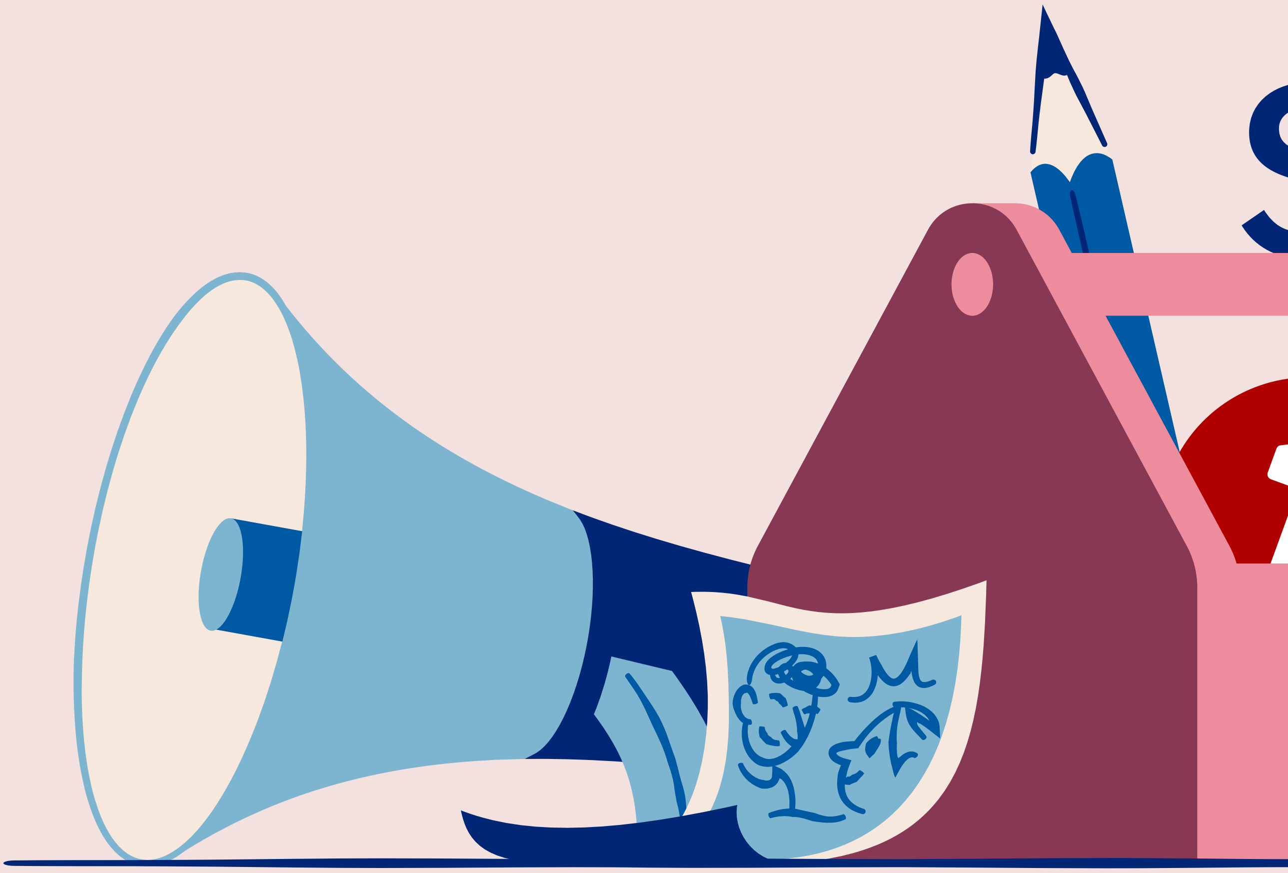
Årsberetning, balanse og erklæring fra styret og konsernsje...

Name	Method	Signed at
Berntsen, Kjetil	BANKID	2024-02-28 11:58 GMT+01
Tveiterås, Kathrine	BANKID	2024-02-28 18:52 GMT+01
Stormo, Kjersti Terese	BANKID	2024-02-28 11:46 GMT+01
Sandvik, Siv	BANKID	2024-02-28 11:36 GMT+01
Carlsen, Sigurd	BANKID	2024-02-28 11:34 GMT+01
Slettli, Trude	BANKID	2024-02-28 11:33 GMT+01
Frantzen, Eirik	BANKID	2024-02-28 16:09 GMT+01
Kræmer, Hanne Karoline	BANKID	2024-02-28 13:43 GMT+01
Nilsen, May Britt	BANKID	2024-02-28 13:30 GMT+01
Semmingsen, Semming	BANKID	2024-02-28 12:14 GMT+01



Appendices

APPENDIX 1
GLOBAL REPORTING INDEKS (GRI) FOR SPAREBANK 1 NORD-NORGE 2023

<table>
<tr><th>INDICATOR</th><th>DESCRIPTION</th><th>LOCATION IN THE REPORT</th><th>REPORTING DIRECTLY IN THE INDEX</th></tr>
<tr><td>3</td><td>Reporting level</td><td></td><td>Sparebank 1 Nord-Norge has reported in accordance with the GRI Standards for the period 01.01.2023–31.12.2023</td></tr>
<tr><td>2-1 a</td><td>Name of the business</td><td></td><td>SpareBank 1 Nord-Norge</td></tr>
<tr><td>2-1 b</td><td>Nature of ownership and legal form</td><td></td><td>SpareBank 1 Nord-Norge is a savings bank which is 53.6% owned by the North Norwegian community and 46% owned by holders of equity certificates quoted on Oslo Stock Exchange.</td></tr>
<tr><td>2-1 c</td><td>Location of headquarters</td><td></td><td>SpareBank 1 Nord-Norge has its head office in Tromsø.</td></tr>
<tr><td>2-1 d</td><td>Countries of operation</td><td></td><td>The Group's market area comprises people and businesses in Troms, Finnmark and Nordland</td></tr>
<tr><td>2-6 a</td><td>The organisation's size and scope</td><td>Annual report 2023 – Annual accounts note 11, Note 20 and 35</td><td>64.190 Banking services, accounting services, estate agency services and object financing</td></tr>
<tr><td>2-6 b</td><td>Description of the organisation's supply chain and other business relationships</td><td>Note 6 Financial risk management
Note 10 Financial institutions - Loans and advances
Note 11 Loans</td><td>The majority of the group's purchases consist of ICT services. Other significant purchase categories relate to rent, operation of locations, and administrative costs.</td></tr>
<tr><td>2-6 c</td><td>Relevant business partners</td><td>1.3 Sustainability goals for 2024</td><td></td></tr>
<tr><td>2-6 d</td><td>Significant changes in the reporting period in terms of size, structure or ownership</td><td></td><td>No significant changes in 2023</td></tr>
<tr><td>2-7</td><td>Total number of employees by type of appointment, employment contract and region, and a breakdown by gender</td><td>- Organisation: Organizational changes in 2023
- 4.1 Man-years
- 4.5 Gender distribution</td><td>
<table>
<tr><th></th><th>WOMEN</th><th>MEN</th></tr>
<tr><td>Permanent employees (group)</td><td>489</td><td>439</td></tr>
<tr><td>Temporary employees</td><td>32</td><td>24</td></tr>
</table>
Number of employees: 928 (984 incl. temporary)
<table>
<tr><th></th><th>WOMEN</th><th>MEN</th></tr>
<tr><td>Full time</td><td>441</td><td>415</td></tr>
<tr><td>Part time</td><td>80</td><td>48</td></tr>
</table>
</td></tr>
<tr><td>2-8</td><td>Workers who are not employees</td><td>4.2 Temporary employees</td><td></td></tr>
<tr><td>2-22</td><td>Statement from the management</td><td>The Board of Directors' Annual Report: Sustaiability and Society</td><td></td></tr>
<tr><td>2-28</td><td>Membership of industry associations or other membership associations, and national or international advocacy organisations</td><td>Just before 1.4 Materiality assessment</td><td></td></tr>
</table>

INDICATOR	DESCRIPTION	LOCATION IN THE REPORT	REPORTING DIRECTLY IN THE INDEX
2-28	Membership of industry associations or other membership associations, and national or international advocacy organisations	1.3 Sustainability goals for 2024	
Governance			
2-9 a	The organisation's governance structure, including committees	Statement on Corporate governance: - Point 6 of the code of practice - Point 7 of the code of practice - Point 8 of the code of practice	
2-9 b	List the highest authority committees responsible for decisions on economic, environmental and social issues	Statement on Corporate governance: - Point 9 of the code of practice	The board takes into account economic, social and environmental conditions (ESG). Remuneration committee, audit committee, risk committee
2-9 c	Composition of the highest governance bodyand its committees	Statement on Corporate governance: - Point 8 of the code of practice	iv. Section 9-2 of the Financial Undertakings Act Regulations limits the number of board positions board members can hold. vi. Underrepresented social groups are not part of the set of criteria for board composition given in the Nomination Committee's instructions (point 8) and Policy for diversity on the board of SpareBank 1 Nord-Norge. The representative board consists of equity certificate holders, customers, employees and the county council.
2-10	Nomination and selection of the highest governance body	Statement on Corporate governance: - Point 7 of the code of practice - Point 8 of the code of practice	
2-11	Chair of the highest governance body	Statement on Corporate governance: - Point 7 of the code of practice - Point 8 of the code of practice	The chair of the Board of Directors is independent. The Group CEO is not a member of the Board of Directors. The head of the board of representatives is elected by an independent selection committee.
2-13	Responsibility for the group's ESG impact	- 1.4.3 Impact analysis - 2.1.1 Management	

INDICATOR	DESCRIPTION	LOCATION IN THE REPORT	REPORTING DIRECTLY IN THE INDEX
2-16a	Communication of critical concerns		At SNN the following roles are entitled to report directly to the Board of Directors (in addition to the Group CEO): • **CRO (Chief Risk Officer)** Reports quarterly to the board and has the right to report directly to the board in cases where the board does not receive the necessary information about significant risks via the general reporting, ref. CRR/CRD IV regulation § 38. • **Head of compliance** Reports quarterly to the board and has direct reporting access and duty to report to the chairman of the board if conditions are discovered that may be in conflict with the group's compliance policy. Furthermore, the Head of Compliance has the right and duty to attend meetings of the board and group management when necessary. In the event of a conflicting opinion relating to compliance-related matters, the Head of Compliance may demand that objections be recorded in the board's minutes. • **Anti-money laundering officer** Reports quarterly to the board and has direct reporting access and obligation to report to the chairman of the board if conditions are uncovered that may be in conflict with the group's policy for anti-money laundering and terrorist financing.
2-16b	Board of directors' involvement in critical concerns	6.1 Combating financial crime	
2-17	Highest governance body's knowledge about ESG-related matters	- 1. Driving force behind a sustainable future in Northern Norway - 2.1.1.1 The Board's understanding of climate-related risks and opportunities	
2-18	Evaluering av styret	2.1.1.1 SThe Board's understanding of climate-related risks and opportunities	
2-19	Policy for godtgjørelse	Statement on Corporate governance: - Point 9 of the code of practice - Point 12 of the code of practice	The company's guidelines on remuneration to senior executives are described in a public document on the company's website.

INDICATOR	DESCRIPTION	LOCATION IN THE REPORT	REPORTING DIRECTLY IN THE INDEX
2-20	Processes to determine remuneration	Statement on Corporate governance: - Point 9 of the code of practice - Point 12 of the code of practice	2-20 a. The remuneration committee, with representatives from the board, oversees, processes and proposes changes to the company's remuneration work. Annually, the company's practice of remuneration, adjustments to guidelines for remuneration and evaluation of the committee's work are dealt with. Annual reports on remuneration for managers are also circulated for consideration by the supervisory board, which are publicly available on the company's website. The committee also directly supervises other management in the area of risk and compliance. Remuneration practices are assessed annually by an external partner to ensure compliance. 2-20 b. The board of representatives voted unanimously for guidelines and a report on remuneration for senior executives.
2-21	Annual total compensation ratio		2-21 a. The ratio of total compensation for the highest paid employees to the median for other employees is 7.03 2.21 b. The ratio of the percentage increase in annual total compensation for the highest paid employees to the median percentage increase for other employees is 1.21 2.21 c. The ratios are based on personnel reports from January 2022 and 2023. Total compensation is defined as direct compensation which includes contractual annual salary + car allowance. Definition of other employees: all employees on fixed contractual salary.
2-23 a	Policy commitments on responsible business conduct	- Policy for sustainability - 1.1 Strategy - 1.3 Sustainability goals for 2024	Policy for sustainability is built on, among other things, the UN Global Compact's 10 principles. The group's value base and expectations for behavior are described in the SNN code. These management documents apply to all the group's employees, including the board and employees in subsidiaries.
2-23 b	Sustainability policy: Human rights	- 1.1 Strategy - 6. Business conduct - 6.2 Supply chain follow-up - 6.2.2 Local purchases in Sparebank 1 Nord-Norge	The policy on sustainability and corporate social responsibility is available at snn.no with appurtenant guidelines.
2-23 c	Publication of policy	1.2 Management of ESG work	Policy for sustainability can be found on snn.no with accompanying guidelines for sustainability in liquidity management, financing. HR, securities funds, supply chain follow-up.
2-23 d	Approval of policy	1.2 Management of ESG work	The policy is adopted annually by the board

INDICATOR	DESCRIPTION	LOCATION IN THE REPORT	REPORTING DIRECTLY IN THE INDEX
2-23 e	Scope of policy commitments	1.2 Management of ESG work	
2-23 f	Description of how the policy is communicated to employees	- 1.2 Management of ESG work - 4.11.1 General competence measurs	Instruction in the policy is included in the Group's training programme
2-24	Implementation of sustainability policy	- 1.2 Management of ESG work - 2.1.1.1 The Board's understanding of climate-related risks and opportunities	
2-25 a	Processes to remediate negative impacts	- 1.1 Strategy - 1.4.3 Impact analysis - 6.2 Supply chain follow-up	Handling of negative impacts is described in the chapters on essentials (2. Climate change, 3. Green transition, 4. Own workforce, 5. Affected communities and 6. Business conduct)
2-25 b	Identification and processing of complaints		Through the group's process for customer complaints, the following have been registered in 2023: 67 customer complaints that have been processed in accordance with routine.
2-25 c	Other processes to remedy negative impacts		Omission in 2023
2-25 d, e	Stakeholder analysis in the development of notification mechanisms	- 4.10 Notifications and unwanted incidents Statement on Corporate governance: - Point 2 of the code of practice	The notification routines have been changed in accordance with CSRD's requirements for reporting on notification mechanisms, applicable in the policy for Anticorruption of December 2023
2-26	Mechanisms for ethical conduct and whistleblowing	4.10 Notifications and unwanted incidents	This is described in the SNN Code (ethical guidelines). See also reporting on GRI 416-2
2-27	Compliance with laws and regulations		No offenses have been registered in 2023 as defined in disclosure 2-27
Stakeholder dialogue			
2-12	The highest governance body's oversight of and involvement in work on sustainability.	- 1.1 Strategy - 2.1.1.1 The Board's understanding of climate-related risks and opportunities - 2.1.1.2 Group Management's role in assessing and managing climate-related risks and opportunities - Under «Evaluation» in the chapters about material topics	The board of representatives is informed about the group's work with sustainability through the annual board of representatives meeting. The board is briefed on the group's work with implementation of the Transparency Act and the annual report in this area.

INDICATOR	DESCRIPTION	LOCATION IN THE REPORT	REPORTING DIRECTLY IN THE INDEX
2-29 a i	Stakeholder groups with which the organisation is in dialogue with, and how they are identified	- 1.4.2 The group's key stakeholders - Appendix 2: Stakeholder analysis 2023	
2-29 a ii.	The purpose of stakeholder dialogue	Appendix 2: Stakeholder analysis 2023	
2-29 a iii.	Ensuring meaningful stakeholder dialogue	Appendix 2: Stakeholder analysis 2023	
2-30	Percentage of employees covered by collective agreements		100% in parent bank, 100% in group.
Reporting practice			
2.2	Entities included in the organisation's sustainability reporting in the annual report	1.2 Management of ESG work	
2-3 a	Reporting period		01.01.2023-31.12.2023 The sustainability report is published annually as part of the annual report
2-3 d	Contact point for queries regarding the report or its content	1.2 Management of ESG work	
2-5	External assurance		The report has been verified for the first time externally by KPMG. The independent attestation statement is included in this report. KPMG has performed its attestation of Sparebank1 Nord-Norge's sustainability report with moderate certainty. The attestation was carried out in accordance with ISAE 3000.
2-4	Restatements of historical data from previous reports	2.2.2 Emissions from own operations	
3-1	Process for determining the Group's most material topics	- 1.4 Materiality assessment – revised in 2023 - Appendix 2: Stakeholder analysis 2023	
3-2	Liste over alle temaer som er identifisert som vesentlige	1.4.1 Material topics 2023	
3-3	Management of material topics	Described in the chapters on essentials (2. Climate change, 3. Green transition, 4. Own workforce, 5. Affected communities and 6. Business conduct)	

INDICATOR	DESCRIPTION	LOCATION IN THE REPORT	REPORTING DIRECTLY IN THE INDEX
Climate change			
305-1, 305-2, 305-3	Carbon footprint in operations scope 1, 2 and 3	Kap 2.2 Carbon emissions in own operations and financing	
305-4	Emissions intensity in the loan portfolio (financed emissions scope 3)		
3-3 a	Impact on the environment, people and the economy	2. Climate change	
3-3 b	Involvement in negative influence	2. Climate change	
3-3 c	Policies	2. Climate change	
3-3 d	Measures	2. Climate change	
3-3 e	Evaluation	2. Climate change	
3-3 f	Stakeholder management	2. Climate change	
Contribute to the green transition			
SNN 1	Use of community funds and investments in solutions that have a positive impact on the climate	- 1. Driving force behind a sustainable future in Northern Norway - 5. Affected communities	Report about samfunnsløftet (this is not part of The Board of Directors' Annual Report)
SNN 2	Number of green borrowing and lending	3.3 Green borrowing and lending	
SNN 3	Proportion and number of companies in the portfolio with which the business has interacted on environmental or social matters.	3.1 Green transition – corporate market	
SNN 4	Proportion of assets subject to positive and negative environmental or social screening	3.5 Sustainable savings products	All funds on our savings platform have undergone ESG screening
404-2 a	Number of employees who have completed ESG training		ESG course: Number of employees who have completed it Energy certificate for private homes: 142 Circular economy: 262 Anti-money laundering - AML update 2023: Case 4. Endurance: 122 Sustainability (basic course for new employees): 154 Sustainable finance (basic course for new employees): 138 Sustainability - new competence requirements (deadline 15.01.24): 353 Sustainability preferences in investment advice: 36 Sustainability in personal insurance: 130 Sustainability in non-life insurance: 139 Sustainability by damage prevention measures and claims settlement: 8 Diversity and inclusion: 42 Sustainability course through Digital Norway: 74

INDICATOR	DESCRIPTION	LOCATION IN THE REPORT	REPORTING DIRECTLY IN THE INDEX
3-3 a	Impact on the environment, people and the economy	- 3. Green transition - 3.1 Green transition – corporate market - 3.2 Green transition – retail market (What was achieved in 2023?)	
3-3 b	Involvement in negative impact	3. Green transition	
3-3 c	Policies	3. Green transition	
3-3 d	Measures	3. Green transition	
3-3 e	Evaluation	3. Green transition	
3-3 f	Stakeholder management	3. Green transition	
Own workforce			
404-3	Share of employees that regularly undergo appraisal and development interviews	4.11.1 General competence measures	
405-1	Diversity in governing bodies and in different employee categories	4.5 Gender distribution	The management of SpareBank 1 Nord-Norge (women-men). The bank's board 9 (5-4).
416-2	Violation of guidelines	4.10 Notifications and unwanted incidents	
3-3 a	Impact on the environment, people and the economy	4. Own workforce	
3-3 b	Involvement in negative impact	4. Own workforce	
3-3 c	Policies	4. Own workforce	
3-3 d	Measures	4. Own workforce	
3-3 e	Evaluation	4. Own workforce	
3-3 f	Stakeholder management	4. Own workforce	
Berørte lokalsamfunn			
3-3 a	Impact on the environment, people and the economy	5. Affected communities	
3-3 b	Involvement in negative impact	5. Affected communities	
3-3 c	Policies	5. Affected communities	
3-3 d	Measures	5. Affected communities	
3-3 e	Evaluation	5. Affected communities	
3-3 f	Stakeholder management	5. Affected communities	

INDICATOR	DESCRIPTION	LOCATION IN THE REPORT	REPORTING DIRECTLY IN THE INDEX
Business conduct			
205-2	Documented training in ethical banking operations and work on anti-money laundering	4.11.1 General competence measures	
205-3 a	Identified corruption events	6.1 Combating financial crime	
205-3 b	Number of incidents where employees were dismissed for corruption		None
205-3 c	Number of incidents where contracts were terminated due to corruption		None
205-3 d	Public court cases concerning corruption		None
418-1	Number of documented complaints relating to breaches of privacy or loss of customer data	6.1 Combating financial crime	
3-3 a	Impact on the environment, people and the economy	6. Business conduct	
3-3 b	Involvement in negative impact	6. Business conduct	
3-3 c	Policies	6. Business conduct	
3-3 d	Measures	6. Business conduct	
3-3 e	Evaluation	6. Business conduct	
3-3 f	Stakeholder management	6. Business conduct	

APPENDIX 2
STAKEHOLDER ANALYSIS 2023

The engagement SpareBank 1 Nord-Norge has with relevant stakeholders over the course of a year is extensive. Stakeholders are defined as follows: There are two main groups of stakeholders:

(a) impacted stakeholders: individuals or groups whose interests are impacted or could potentially be impacted – positively or adversely – by the activities of the institution, its direct and indirect business associates and its value chain; and

(b) users of ESG information: primary users of general financial reporting (existing and potential investors, lenders and other creditors, including asset managers, credit institutions, insurance firms), and other users of ESG information, including corporate business partners, trade unions and labour market actors, civil society and non-governmental organisations, governments, analysts and academics.

The stakeholders were identified as part of the Group's work on its materiality analysis in 2022 and the revision of this in 2023. Stakeholder engagement comprises a combination of specific points of contact, analyses, events and reports that in total provide SpareBank 1 Nord-Norge with an overall picture of what is important for the main stakeholders and how this should permeate the Group's priorities in its sustainability work going forward. The purpose of stakeholder engagement is to identify material topics that stakeholders are focused on in relation to SpareBank 1 Nord-Norge.

Below is an overview of the main stakeholders and how they influence the material topics.

STAKEHOLDER	POINT OF CONTACT/ DATA COLLECTION	MATERIAL TOPICS	ESG MEASURES
Customers	Meetings with customers Customer events Position measurement Market research	Financing of green transition Local value creation Climate risk Cooperation and networks Fraud/anti-corruption Savings	Material topics chosen: Green transition Development of green products Tactical goal: green transition in practice Talk by Linda Tofteng Eliasen: "Spar mæ" ("Save me") 25 events in 2023
Staff	Winningtemp: Dynamic organisational survey run throughout the year Mapping employee ESG competence Working environment committees in all group companies. Monthly meetings between elected representatives and the Group's HR department.	Competence raising Financing of green transition Local value creation Data security and privacy Working environment, gender equality, involvement in processes	Material topics chosen: Own workforce Corporate Strategic Goals for 2024 Establishment of the diversity forum

STAKEHOLDER	POINT OF CONTACT/ DATA COLLECTION	MATERIAL TOPICS	ESG MEASURES
Northern Norwegian society	Samfunnsløftet maintains an extensive dialogue with society through considering applications, events and other points of contact. Knowledge Bank kbnn.no Events and forums Media	Local value creation Demographic risk Climate change Cooperation and networks Society's need for funds for development.	Material topics chosen Affected communities, green transition and climate change Goal of contributing positively to migration flow by 2030 Focus on attractive communities
Authorities	Various forums and contact with authorities Reporting	Ethical banking and risk management Climate risk Demographic risk Financing of green transition New reporting requirements and directives	Material topics chosen: Business conduct and climate change Greater focus on financial industry reporting requirements
Investors and rating agencies	Investor presentations and meetings Ratings Dialogue with investors and others	Climate risk Financing of green transition Ethical banking and risk management Climate neutrality Taxonomy Climate impact and reporting	Material topics chosen Business conduct, green transition and climate change
Suppliers and partners	Purchasing process Collaborations Events and forums	Local value creation Demographic risk Climate change Cooperation and networks Climate risk Gender equality and diversity Financing of green transition Transparency Act and due diligence Climate action	Material topics chosen: green transition and climate change Increased reporting on ESG Development of support schemes for Samfunnsløftet

APPENDIX 3
CARBON ACCOUNTING FOR OWN OPERATIONS

SPAREBANK 1 NORD-NORGE

Carbon Accounting Report 2023

This report provides an overview of the Group's greenhouse gas (GHG) emissions as an integral component of the Group's climate strategy. Carbon accounting is an important tool for identifying tangible measures for cutting energy consumption and the associated GHG emissions. This annual carbon accounting report enables the Group to benchmark its key performance indicators and evaluate its progress over time.
This report covers all registered emissions from SpareBank 1 Nord-Norge.

The input data for carbon accounting comes from both internal and external sources and is converted into tonnes of CO2 equivalents (tCO2e). The analysis is based on the international standard «A Corporate Accounting and Reporting Standard» developed by the Greenhouse Gas Protocol Initiative (GHG Protocol). This is the most widely used method worldwide for measuring GHG emissions. The ISO standard 14064-I is based on it.

Reporting year energy and GHG Emissions

EMISSION SOURCE	CONSUMPTION	UNIT	ENERGY (MWh)	EMISSION tCO_2e	EMISSION FACTOR
Transportation totalt			**19.3**	4.6	**1.0%**
Petrol (ES)	1,109.2	liters	10.0	2.5	0.5%
Diesel (NO)	947.2	liters	9.3	2.2	0.4%
Scope 1 total			**19.3**	**4.6**	**1.0%**
Electricity total			2,908,7	81.4	16.8%
Electricity Nordic mix	2,908,736.0	kWh	2,908,7	81.4	16.8%
District heating location total			1,011.1	11.4	2.3%
District heating NO/Tromsø	730,513.0	kWh	730.5	5.4	1.1%
District heating NO/Harstad	280,554.0	kWh	280.6	6.0	1.2%
Scope 2 total			**3.919.8**	**92.8**	**19.1%**
Waste total				18.7	3.9%
Paper waste, recycled	2,141.0	kg			
Industrial waste, incinerated	2,100.0	kg		1.2	0.2%
Organic sludge, recycled	11,880.0	kg		0.3	0.1%
Organic waste, composting	10,340.0	kg		0.1	
Glass waste, recycled	5,480.0	kg		0.1	
Residual waste, incinerated	30,860.0	kg		17.0	3.5%
Total business travel				368.7	76.0%
Flights	356,044.0	$kgCO_2e$		356.0	73.4%
Car allowance (NO)	186,174.5	km		12.7	2.6%
Scope 3 total				**387.4**	**79.9%**
Total			3,939.1	474.8	
Kj			14,180,845,752.0		

Market-based emissions in the reporting year		
CATEGORY	UNIT	2023
Electricity Total (Scope 2) with market-based calculations	tCO2e	
Scope 2 Total with market-based electricity calculations	tCO2e	11.4
Scopes 1+2+3 Total with market-based electricity calculations	tCO2e	403.4

The above is a comprehensive summary of GHG emissions from SpareBank 1 Nord-Norge for the reporting year 2023. It shows the extent and Scope 3 categories included, along with the respective emission sources. The table shows consumption data and the associated reporting unit (e.g. kg, litres, kgCO2e , km), the consumption data converted into energy (MWh) and tCO2e, and the percentage each emission source represents in the overall carbon accounting. Values below 0.1 are replaced with a line (-) since they are considered too small to be of significance.

Sparebank 1 Nord-Norge's total GHG emissions were 484.8 tCO2e in 2023. This represents an increase of 59.4 tCO2e, or 14.0 per cent, compared with 2022. One important reason for the increase in emissions was an increase in the business travel category, which has risen by 15.2 per cent since the year before.

The distribution of GHG emissions in 2023 was as follows:

Scope 1: 1.0% (4.6 tCO2e)
Scope 2: 19.2% (92.8 tCO2e)
Scope 3: 79.9% (387.4 tCO2e)

There were increases in Scope 1, Scope 2 and Scope 3 emissions from 2022 to 2023.

Scope 1

Transport: A total of three company cars are reported for, shared between Bodø and Tromsø, where 947.2 litres of diesel were reported for 2023, which amounts to 2.2 tCO2e, and 1 109.2 litres of petrol, which amounts to 2.5 tCO2e. In total, this represents a 2.2 per cent increase in Scope 1 emissions compared with the year before, which corresponds to a 3.5 per cent increase in fuel consumption. It was not possible to obtain petrol consumption data for Bodø, so an assumption was made that the consumption in 2023 was similar to that in 2022.

Scope 2

Electricity: in the main table on the previous page, GHG emissions from electricity are calculated using the location-based emissions factor Nordic Mix. Emissions from electricity account for 81.4 tCO2e and increased by 5.0 per cent compared with 2022, although electricity consumption fell from 2 979 693 kWh in 2022 to 2 908 736 kWh in 2023. This increase in emissions despite lower consumption was due to a 7.7 per cent increase in the Nordic Mix emissions factor from 2022 to 2023. This in turn was due to the energy mix changing from year to year based on, for example, changes in weather and the environment, which affect availability and price.

Electricity based on a market-based factor is presented ion top of this page. The practice of presenting emissions from electricity consumption using two different emissions factors is explained in «Methodology and sources» below Scope 2. SpareBank 1 Nord-Norge purchased guarantees of origin (OG/REC) for all of its electricity consumption in 2023, and thus has no emissions from electricity using the market-based method.

District heating: GHG emissions from district heating are reported for Tromsø and Harstad and in 2023 they amounted to 11.4 tCO2e, which is an increase of 29.0 per cent from 2022 to 2023. This was due in part to district heating consumption increasing by an average of 9.6 per cent for the two locations, although a significant increase in the emissions factor for district heating in Harstad was also a significant driver behind the increase. The main reason for the increased emissions factor was changes in the methodology for calculating emissions from district heating from 2022 to 2023. Overall, Scope 2 emissions increased by 7.6 per cent compared with 2022.

Scope 3

Flights: Flights generated GHG emissions of 356 tCO_2e and accounted for 73.4 per cent of SpareBank 1 Nord-Norge's total emissions in 2023. This was an increase of 18.3 per cent in km flown compared with 2022, where the round-trip distance travelled between Oslo and Tromsø accounted for 43.4 per cent of total emissions from flights.

Mileage allowance: This activity was included in SpareBank 1 Nord-Norge's carbon accounting report for the first time in 2022, and the total GHG emissions from mileage allowance were 12.7 tCO_2e in 2023. This is an increase in emissions of 13.4 per cent compared with the year before, as well as an increase of 37,065 km in reported km.

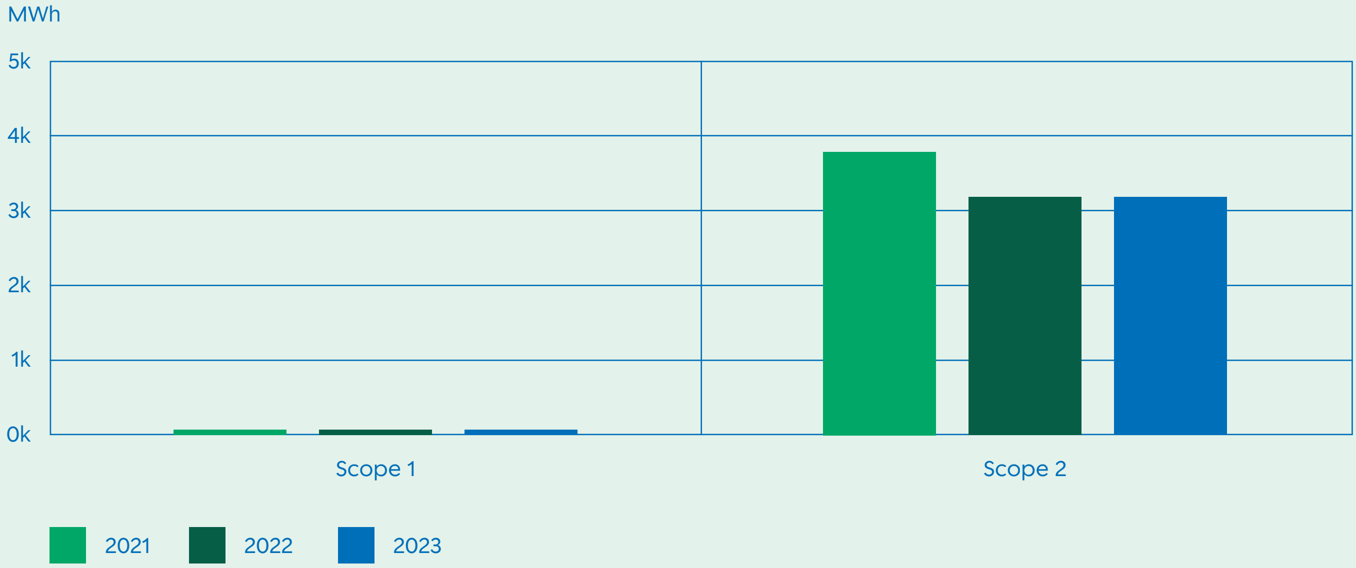
Waste: Total waste emissions amounted to 18.7 tCO_2e in 2023 and increased by 29.1 per cent compared with 2022. This was due to a new waste fraction being reported in 2023 that has not been included before, as well as an increase in the residual waste emissions factor of 9.8 per cent.

In total, Scope 3 emissions increased by 15.8 per cent compared with 2022.

Annual greenhouse gas emissions

EMISSION SOURCE	EXPLANATION	2021	2022	2023	% CHANGE FROM PREVIOUS YEAR
Transport totalt		**3.3**	**4.5**	4.6	**3.5 %**
Petrol		2.8	2.6	-	-100.0 %
Diesel (NO)		0.6	1.8	2.2	17.5 %
Petrol (ES)		-	-	2.5	100.0 %
Scope 1 total		**3.3**	**4.5**	**4.6**	**3.5 %**
Electricity location-based total		**112.3**	**77.5**	**81.4**	**5.1%**
Electricity Nordic mix		112.3	77.5	81.4	5.1 %
District heating site total		15.6	8.8	11.4	28.9 %
District heating Nordic mix		15.6	-	-	-
District heating NO/Tromsø		-	6.5	5.4	-17.0 %
District heating NO/Harstad		-	2.3	6.0	158.1 %
Scope 2 total		**127.9**	**86.3**	**92.8**	**7.6 %**
Waste total		5.3	14.5	18.7	29.1%
Residual waste, incinerated		5.1	14.0	17.0	21.8 %
Paper waste for recycling		0.1	0.1	-	-22.1 %
Organic waste, treated		0.1	0.2	-	-100.0 %
Glass waste for recycling		-	0.1	0.1	39.4 %
Electronic waste for recycling		-	-	-	-
Wood waster for recycling		-	-	-	-
Industrial waste for incineration		-	-	1.2	100.0 %
Organic sludge, anaerob digestion		-	0.2	-	-100.0 %
Organic sludge, recycled		-	-	0.3	100.0 %
Food waste for composting		-	-	0.1	100.0 %
Total business travel		133.3	320.1	368.7	15.2 %
Flights, continental	Europa	2.7			
Flights, continental	Nordic countries	0.4			
Flights, domestic		130.2			
Car allowance (NO)			11.2	12.7	13.2%
Flights			308.9	356.0	15.3%
Scope 3 total		**138.6**	**334.5**	**387.4**	**15.8 %**
Total		269.8	425.3	484.8	14.0 %
Percentage change		-	57.6 %	14.0 %	

Annual energy consumption (MWh) Scope 1 & 2



Market-based emissions in the reporting year				
CATEGORY	UNIT	2021	2022	2023
Electricity Total (Scope 2) with market-based calculations	tCO2e	-	-	-
Scope 2 Total with market-based electricity calculations	tCO2e	15.6	8.8	11.4
Scopes 1+2+3 Total with market-based electricity calculations	tCO2e	157.5	347.8	403.4
Percentage change		**-**	**120.8%**	**16.0%**

Methodology and sources

The GHG Protocol was developed by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). The analysis in this report was conducted in line with «A Corporate Accounting and Reporting Standard Revised edition», one of four accounting standards under the GHG Protocol. The standard includes the following GHGs, which are converted into CO_2e: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF_6), and nitrogen trifluoride (NF_3).

This analysis is based on the operational control aspect, which thus defines which of an organisation's business assets will be included in the carbon accounting, as well as the distribution between the different Scopes. This method distinguishes between operational control and financial control. If the operational control method is used, sources of emissions that the organisation physically controls but does not necessarily own are included. This means that one does not report on sources of emissions that one owns but have no control over (e.g. tenants report their Scope 2 electricity consumption not the landlord).

Carbon accounting is divided into three levels (Scopes) consisting of both direct and indirect sources of emissions.

Scope 1 mandatory reporting includes all emission sources related to business assets where the organisation has operational control. This includes any use of fossil fuels for stationary use or transport needs (owned, rented or leased vehicles, oil boilers, etc.). Furthermore, any direct process emissions (of the six GHGs) are included.

Scope 2 mandatory reporting includes indirect emissions related to purchased energy: electricity or district heating/cooling. This applies, for example, to buildings that you lease and do not necessarily own. The emissions factors used in the CEMAsys for electricity are based on national gross production mixes from the International Energy Agency's statistics (IEA Stat). As far as emissions factors for district heating are concerned, either the actual production mix is used based on the information obtained from the individual manufacturer or the average mix is used based on IEA statistics (see source reference).

The new GHG Protocol (2015) guidelines for calculating emissions from electricity consumption were published in January 2015. These allow two-part reporting of electricity consumption.

In practice, this means that businesses reporting their GHG emissions must illustrate both real GHG emissions derived from the production of electricity and the market-based emissions related to the purchase of guarantees of origin. The change was made in order to, on the one hand, show the effect of energy efficiency and savings measures (physical) and, on the other, show the effect of entering into renewable electricity purchases through a guarantee of origin (market). Thus, the effect of all the measures that a business can implement is illustrated in relation to the consumption of electricity.

Physical perspective (location-based method): This emissions factor is based on actual emissions related to electricity production within a specific area. Within this area, various energy producers use a mix of energy carriers, where the fossil fuel carriers (coal, gas and oil) cause direct GHG emissions. These GHGs are reflected through the emissions factor and thus distributed to each individual consumer.

Market-based perspective: The calculation of the emissions factor is based on whether the company chooses to buy guarantees of origin or not. With the purchase of guarantees of origin, the supplier documents that purchased electricity comes from only renewable sources, which results in an emissions factor of 0 gCO_2e per kWh.

Electricity that is not related to guarantees of origin is assigned an emissions factor based on the production remaining after the renewables share of the guarantees of origin have been sold. This is called the residual mix and is normally significantly higher than the location-based factor.

Scope 3 voluntary reporting covers indirect emissions related to purchased goods or services. These are emissions that can be indirectly linked to the organisation's activities but that take place outside their control (hence indirectly). Typical Scope 3 reporting will include air travel, logistics/transport of goods, waste, consumption of various raw materials, etc.

In general, carbon accounting reports should include enough relevant information for them to be used as a decision support tool for business management. To achieve this, it is important to include those elements that have

In general, a climate statement should include enough relevant information so that it can be used as a decision support tool for the company's management. In order to achieve this, it is important to include the elements that have economic relevance and weight, and with which it is possible to do something.

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The reference list above is not complete, but contains the most important references used in CEMAsys.
In addition, there will be a number of local/national sources that may be relevant, depending on which emission factors are used.

APPENDIX 4
ANNEX VI TAXONOMY REPORTING

Taxonomy Regulation Annex VI – KPIs for credit institutions
SpareBank 1 Nord-Norge must publish what is included in the taxonomy based on supervisory consolidation in accordance with regulation (EU) no. 575/2013 (2), chapter 2.

0. Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation

KPI (NOK MILL)		TOTAL ENVIRONMENTALLY SUSTAINABLE ASSETS (MILL. NOK)	% COVERAGE (OVER TOTAL ASSETS)
Main KPI	Green asset ratio (GAR) stock	5 556	3.13 %
Additional KPIs	Amount Taxonomy-eligible in respect of covered assets	91 203	72.7 %
Additional KPIs	Amount Taxonomy-aligned activity of eligible sectors	5 556	6.1 %

1. Assets for the calculation of GAR (Green assets ratio)

Million EUR		Total gross carrying amount	Climate Change Mitigation (CCM)			
			Of which towards taxonomy relevant sectors (Taxo			
				Of which environmentally sustainable (Taxonomy-aligned)		
					Of which specialised lending	Of which transition
1	**GAR - Covered assets in both numerator and denominator**					
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	125 429	91 203	5 556		
3	**Financial corporations**	**25 555**				
4	Credit institutions	**21 908**				
5	Loans and advances	891				
6	Debt securities, including UoP	19 837				
7	Equity instruments	1 180				
8	Other financial corporations	**3 647**				
9	of which investment firms					
10	Loans and advances	1 549				
11	Debt securities, including UoP	223				
12	Equity instruments	1 875				
13	of which management companies	139				
14	Loans and advances					
15	Debt securities, including UoP					
16	Equity instruments	139				
17	of which insurance undertakings	3 285				
18	Loans and advances	1 549				
19	Debt securities, including UoP					
20	Equity instruments	1 736				
21	**Non-financial corporations**	**854**				
22	NFCs subject to NFRD disclosure obligations	854				
23	Loans and advances	854				
24	Debt securities, including UoP					
25	Equity instruments					
26	**Households**	99 021	91 203	5 556	0	
27	of which loans collateralised by residential immovable property	90 758	90 758	5 556	0	
28	of which building renovation loans					
29	of which motor vehicle loans	444	444			
30	**Local governments financing**	0				
31	Collateral obtained by taking possession: residential and commercial immovable properties	0				
32	Other local government financing	0				

		Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
onomy-eligible)		Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
e			Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)			
n nal	Of which enabling			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which transitional	Of which enabling
5 556							91 203	5 556		5 556	
5 556							91 203	5 556		5 556	
5 556							90 758	5 556		5 556	
							444				

Million EUR		Total gross carrying amount	Climate Change Mitigation (CCM)			
			Of which towards taxonomy relevant sectors (Ta			
				Of which environmentally sustainal (Taxonomy-aligned)		
					Of which specialised lending	Of whi transit
33	**Other assets excluded from the numerator for GAR calculation (covered in the denominator)**	52 142				
34	**Non-financial corporations**	46 084				
35	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	46 084				
36	Loans and advances	45 594				
37	of which loans collateralised by commercial immovable property					
38	of which building renovation loans					
39	Debt securities	2				
40	Equity instruments	488				
41	Non-EU country counterparties not subject to NFRD disclosure obligations					
42	Loans and advances					
43	Debt securities					
44	Equity instruments					
45	**Derivatives**	2 866				
46	**On demand interbank loans**					
47	**Cash and cash-related assets**	1 527				
48	**Other assets (e.g. Goodwill, commodities etc.)**	1 665				
49	**Total GAR assets**	**177 571**	**91 203**	**5 556**		
50	Other assets not covered for GAR calculation					
51	Sovereigns	3 925				
52	Central banks exposure	420				
53	Trading book					
54	**Total assets**	**181 917**	**91 203**	**5 556**		

		Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
axonomy-eligible)		Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
ble			Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)			
ich ional	Of which enabling			Of which spe-cialised lending	Of which transi-tional	Of which enabling			Of which spe-cialised lending	Of which transi-tional	Of which enabling
5 556								**5 556**		**5 556**	
5 556								**5 556**		**5 556**	

3. GAR KPI stock 31.12.23

% (compared to total covered assets in the denominator)		Climate Change Mitigation (CCM)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relev sectors (Taxonomy-aligned)			
				Of which specialised lending	Of which transitional	Of which enab
1	GAR - Covered assets in both numerator and denominator					
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	72,7 %	4,4 %		4,4 %	
3	Financial corporations					
4	Credit institutions					
5	Loans and advances					
6	Debt securities, including UoP					
7	Equity instruments					
8	Other financial corporations					
9	of which investment firms					
10	Loans and advances					
11	Debt securities, including UoP					
12	Equity instruments					
13	of which management companies					
14	Loans and advances					
15	Debt securities, including UoP					
16	Equity instruments					
17	of which insurance undertakings					
18	Loans and advances					
19	Debt securities, including UoP					
20	Equity instruments					
21	Non-financial corporations					
22	NFCs subject to NFRD disclosure obligations					
23	Loans and advances					
24	Debt securities, including UoP					
25	Equity instruments					
26	Households	92,1 %	5,6 %		5,6 %	
27	of which loans collateralised by residential immovable property	100 %	6,1 %		6,1 %	
28	of which building renovation loans					
29	of which motor vehicle loans	100 %	0,0 %		0,0 %	
30	Local governments financing					
31	Collateral obtained by taking possession: residential and com-mercial immovable properties					
32	Other local government financing					

	Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					Proportion of total assets covered
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
vant		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
bling			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which transitional	Of which enabling	
						72,7 %	4,4 %				68,9 %
											14,0 %
											12,0 %
											0,5 %
											10,9 %
											0,6 %
											2,0 %
											0,0 %
											0,9 %
											0,1 %
											1,0 %
											0,1 %
											0,0 %
											0,0 %
											0,1 %
											1,8 %
											0,9 %
											0,0 %
											1,0 %
											0,5 %
											0,5 %
											0,5 %
											0,0 %
											0,0 %
						92,1 %	5,6 %				54,4 %
						100 %	6,1 %				49,9 %
											0,0 %
						100 %	0,0 %				0,2 %
											0,0 %
											0,0 %
											0,0 %

Template 1: Nuclear and fossil gas related activities

ROW	NUCLEAR ENERGY RELATED ACTIVITIES	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	FOSSIL GAS RELATED ACTIVITIES	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Team gathering: *In September, the entire Regnskapshuset met for a gathering and team building in beautiful autumn weather in Bodø.* PHOTO: HÅKON STEINMO

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