SpareBank 1 NORD-NORGE

Annual Report 2022

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SPAREBANK 1 NORD-NORGE

ANNUAL ACCOUNTS 2022

SUSTAINABILITY AND SAMFUNNSLØFTET 2022


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From the CEO

War and inflation marked 2022, but SpareBank 1 Nord-Norge stands.

After two years of pandemic many thought that 2022 would be a normal year. Instead it was the year war returned to Europe. The consequences of the war affected us all. At the same time we felt the consequences of the massive economic stimuli that were introduced during the pandemic. The result was rising inflation and an energy crisis.

What is a normal year? I asked myself this question many times in the year behind us. When working on strategy at SpareBank 1 Nord-Norge, we often speak of "the joker". The fact is, unforeseeable situations affecting people and businesses alike are an almost routine occurrence. In the last couple of years the jokers have been monumental. A pandemic, followed by war – fortunately such jokers are rare. But if we look in the rear view mirror we find oil crises, financial crises and migration crises. We also experience wars from time to time, although they are few and far between in Europe. As a financial group we must always find our place regardless, and be capable off manoeuvring in a crisis. That places heavy demands on flexibility and adaptability. SpareBank 1 Nord-Norge is a flexible organisation. The results achieved in 2022 say so with all due clarity. This is a quality we shall continue to refine.

The first quarter of 2022 saw the start of the exit from the pandemic, also for SpareBank 1 Nord-Norge. Working from home was reduced, although it continues to be part of our operating model. The flexibility afforded by working from home is appreciated by our employees.

An area to which much attention was devoted right from the first quarter was the strategic initiative Sustainable Business. Our ambition was in due course defined to be "a driver of sustainable development". The initiative was structured as three pillars: 1) An attractive region, with the aim of reversing the migration flow from North Norway. 2) The green transition of North Norway, with the aim of helping small and large North Norwegian businesses alike to succeed in their transition journey. 3) Sustainable ocean, with the aim that 70% of our portfolio in maritime industries qualify for green capital by 2030.

Our focus on the above is continuous, and we have set a goal for SpareBank 1 Nord-Norge to achieve net zero – i.e. zero greenhouse gas emissions, either by halting all emissions or by compensating for remaining emissions by various means in our own portfolio – by 2040. This is ambitious, but we will succeed.

Late in the first quarter the Group's new Board of Directors was in place, with four new board members. Eirik Franzen was elected new chair, and was accompanied by Sigurd Carlsen, Siv Sandvik and Semming Semmingsen. Kjersti Stormo, Trude Sletti, Kathrine Tveiterås were already board members, in addition to employee representatives Kjetil Berntsen and Cecilie Wirkola. Collaboration with the board has been good and fruitful throughout 2022.

In the second quarter we became aware of a growing influx of refugees from Ukraine. Since SpareBank 1 Nord-Norge has 15 branches, customers can visit without making an appointment, and it was us that many of them opted for. This posed a challenge throughout 2022 due to the demands facing us in terms of language, and particularly so when a Bank ID is to be issued. At the same time we are concerned to pave the way for our new compatriots to find their feet in the North, also because the region needs more people.

The need for more people was also behind our launch in summer 2020 of the campaign "1,000 summer jobs", through Samfunnsløftet (SpareBank 1 Nord-Norge's community dividend fund). We did this together with the LO and the NHO, and the objective was twofold: to get more businesses to advertise job vacancies, and to draw young people to North Norway, in the hope that they would find the region so attractive that they would see their future here. The project was a success, and 1,350 positions were advertised and filled. Only the future will show whether this can help reverse the north-to-south migration flow.

Interest rates have climbed throughout 2022, as signalled by Norges Bank (the central bank). During the summer, steadily rising inflation also came into focus, both nationally and internationally. For many people this has been demanding. Higher electricity prices, as a consequence of the war in Ukraine, and a need for more renewable energy have added to the burden for the average North Norwegian. In such times providing good advice is important. This is an obligation we take with the utmost seriousness, and our advisers continuously tailor their advice to the situation at hand. Despite a high level of costs, there is little to suggest that SpareBank 1 Nord-Norge will see higher losses as a consequence of the economic changes. Our portfolio is amply diversified, and North Norway stands firm thanks to its nature-based value creation and its sought-after export products.

Over the course of 2022 we restructured our Corporate Banking Division so as to be in a position to achieve increased growth in this area. We have refined our focus on the maritime industries, on construction and on the energy sector, because we believe much future growth will arise in those sectors. At the same time we have evolved a distinct focus on the SMB market since this segment is predominant in the North.

At SpareBank 1 Regnskapshuset Nord-Norge, long-standing CEO Tom Robert Aasnes retired in 2022. He was replaced by Hanne Karoline Kræmer who thereby stepped down from her position as CEO of SpareBank 1 Finans Nord-Norge. The position she vacated was taken over by Niclas Aafos who thereby quit his position as credit manager. In-house staff circulation is both expedient and desirable, and high expectations attend these changes. The potential for growth through greater interaction and coordination across the Group is substantial, and has yet to be exploited to the full.

At EiendomsMegler 1 Nord-Norge the first half-year was marked by a shortage of valuers. This was related to increased requirements on property valuation reports due to a new Alienation Act. By the time approved property valuers were again available, uncertainty had become embedded in the market due to the interest rate hikes, and this is reflected in activity and results alike.

In September we assembled the entire Group in Tromsø. At the same time we organised a free concert, “Glød”, as we have done previously in connection with Group gatherings. We came in for some criticism in the run-up to the concert. The criticism was partly to the effect that we omitted to opt exclusively for North Norwegian performers, and partly due to ticket management issues. Although the criticism was voiced by a relatively small number of individuals, the clamour was substantial and not easy to handle. However, once the date arrived both the concert and the Group gathering were a success. 20,000 delighted concert goers experienced Karpe, Dagny and ISAK among others. We opted for an alcohol-free event with no age limit, which drew much praise. A considerable number of volunteer hours were worked, and our staff cleared barbed wire, repaired walking trails, entertained and served coffee and cakes at the nursing home – and much more. This too received duly positive comment in the local media.

In October we opened our Sami customer centre. One of the main principles underlying the UN’s sustainability goals is that no-one should be left out, and that the most vulnerable among us should have priority. Our catchment area is Sapmi (the Sami people’s historical settlement areas), which gives us a special responsibility for a Sami target group. Hence the ability to service our Sami customers in their own language is just as natural as it is important.

In late autumn we organised Agenda North Norway, for the first time since 2019. The year’s theme was “What now, North Norway?”, in a context bearing the stamp of war, climate crisis and shortage of people in the North. The conference was a success, with a full house and good feedback.

At start of 23 our mantra remains to build, stone upon stone. We believe evolution is better than revolution, and our strategy is simple and concrete. Our focus is to foster value creation through understanding and doing what is right for people and businesses in the North. We shall seek to strengthen our position as the preferred financial partner, and be on the lookout for new customers throughout - irrespectively of whether 2023 proves to be a normal year, or marked by new “jokers”.

Liv Bortne Ulriksen, CEO

Strategic compass

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

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

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

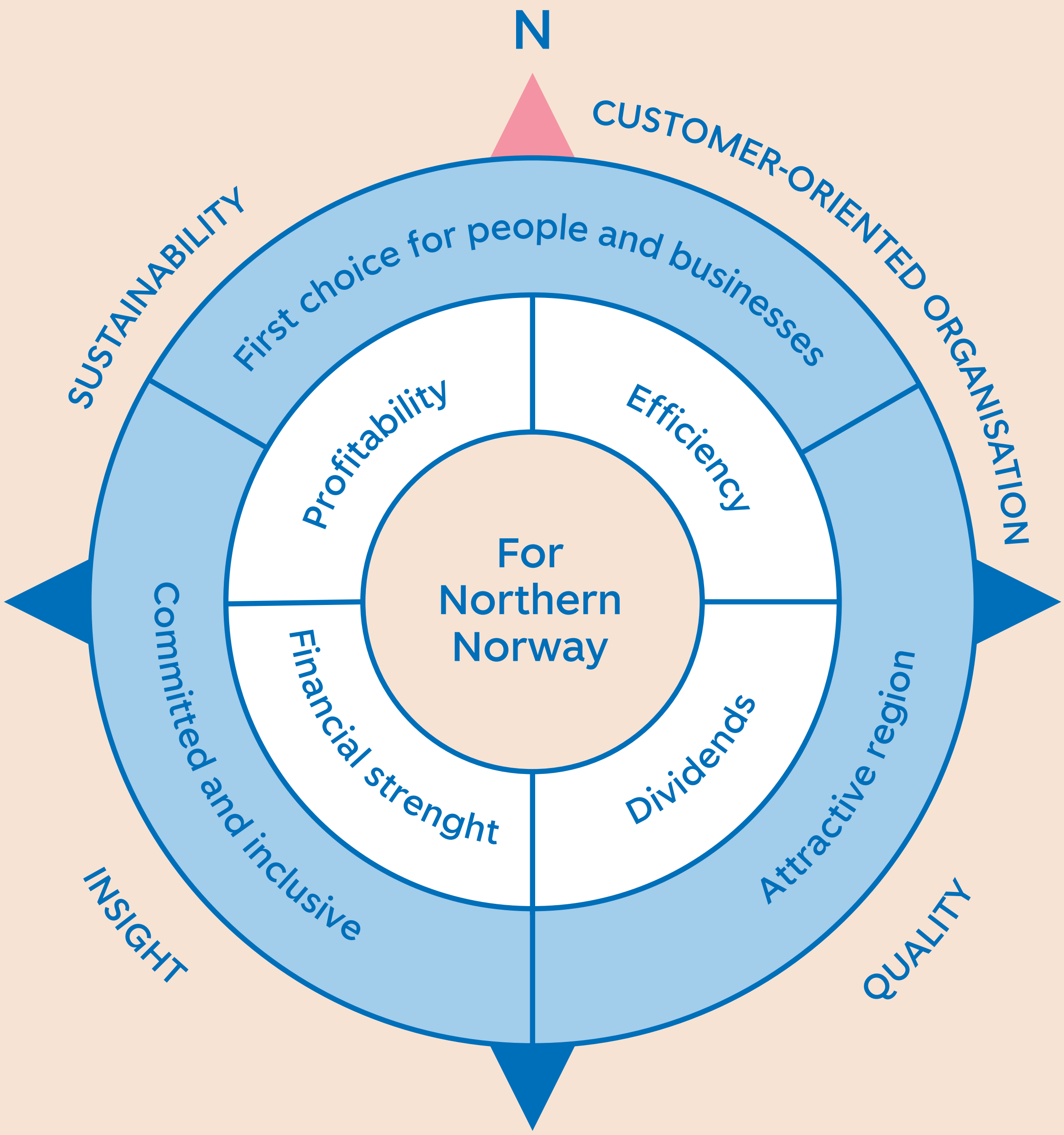
	2018	2019	2020	2021	2022
Profitability (ROE)	12,9 %	15,9 %	12,6 %	15,10 %	**11,9 %**
Effeciency (cost/income)	43,1 %	39,8 %	40 %	40,6 %	**40,3 %**
Solidity (Tier 1 capital)	14,5 %	17,2 %	17,5 %	18,70 %	**17,30 %**
Dividend per equity certificate	NOK 4	NOK 4	NOK 3,9	NOK 10,40	**NOK 8,20**

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 North Norway: **We shall contribute to making North Norway an attractive region.** This means playing our part, across the business, in making North Norway an even better place for people and businesses. It is by helping to create value for North 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 North Norway.**

Key figures

FROM INCOME STATEMENT

AMOUNTS IN NOK MILLION	NOTE	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Net interest income	19	**2 556**	2 014	2 068	2 097	1 896	1 770	1 644	1 512	1 426	1 285
Commission income and other income	20	**1 234**	1 499	1 299	1 116	1 057	992	924	933	966	931
Net return on financial investments	21	**274**	794	693	911	463	552	509	249	602	346
Total income		**4 064**	4 307	4 060	4 124	3 416	3 314	3 077	2 694	2 994	2 562
Personnel costs	22	**844**	936	869	834	748	708	689	850	704	638
Other operating expenses	23	**793**	812	757	806	726	658	631	611	624	571
Total operating expenses		**1 637**	1 748	1 626	1 640	1 474	1 366	1 320	1 461	1 328	1 209
Result before losses		**2 427**	2 559	2 434	2 484	1 942	1 948	1 757	1 233	1 666	1 353
Loss on loans, guarantees etc.	13	**63**	- 235	332	11	22	184	213	200	321	172
Result before tax		**2 364**	2 794	2 102	2 473	1 920	1 764	1 544	1 033	1 345	1 181
Tax charge	25	**513**	499	360	409	374	324	291	163	223	214
Result non-current assets held for sale					- 2	- 4			- 5	- 27	
Minority interests		**27**	12						- 7	- 1	1
Net profit majority interests		**1 824**	2 283	1 742	2 062	1 542	1 440	1 253	872	1 096	966

FROM BALANCE SHEET

AMOUNTS IN NOK MILLION	NOTE	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Cash and loans to and claims on credit institutions	10	**1 932**	1 764	360	1 471	3 786	3 431	2 721	2 398	4 405	2 047
CDs, bonds and other interest-bearing securities	28, 29	**21 059**	21 758	20 570	17 738	14 565	11 811	10 470	11 747	10 193	11 919
Loans and advances to customers	11	**93 514**	90 035	90 511	86 771	82 145	75 003	70 763	64 053	61 249	57 282
Individual write-downs for impaired value	13						- 216	- 154	- 169	- 171	- 244
Collective write-downs for impaired value	13						- 300	- 373	- 247	- 236	- 209
Provision for credit losses - stage 3	13	**- 205**	- 198	- 169	- 151	- 162					
Provision for credit losses - stage 2	13	**- 275**	- 294	- 283	- 142	- 157					
Provision for credit losses - stage 1	13	**- 184**	- 200	- 310	- 189	- 192					
Other assets	34	**6 680**	6 315	6 619	6 026	6 171	7 457	7 074	7 621	7 748	6 725
Total assets		**122 521**	119 180	117 298	111 524	106 156	97 186	90 501	85 403	83 188	77 520
Deposits from credit institutions	10	**1 185**	1 092	1 272	563	187	434	818	1 816	2 758	4 284
Deposits from customers	35	**79 484**	76 149	73 158	68 030	63 985	57 849	53 870	48 087	45 761	44 940
Debt securities in issue	36	**15 336**	17 527	23 167	24 786	25 135	23 552	21 165	21 470	21 116	16 336
Other liabilities	37	**4 673**	3 199	3 629	2 923	2 591	2 202	2 287	2 719	2 861	2 008
Subordinated loan capital	38	**5 718**	4 560	1 050	1 050	1 200	850	1 350	1 350	1 350	1 450
Hybrid capital	38	**600**	780	780	780	780	530				
Total equity	41	**15 525**	15 873	14 242	13 392	12 278	11 769	11 011	9 961	9 342	8 502
Total liabilities and equity		**122 521**	119 180	117 298	111 524	106 156	97 186	90 501	85 403	83 188	77 520

KEY FIGURES

AMOUNTS IN NOK MILLION	NOTE	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Return on equity (1)	41	**11,9 %**	15,1 %	12,6 %	15,9 %	12,9 %	12,9 %	12,0 %	9,1 %	12,2 %	13,0 %
Cost/income group (2)	23	**40,3 %**	40,6 %	40,0 %	39,8 %	43,1 %	41,2 %	42,9 %	54,2 %	44,4 %	47,2 %
Cost/income parent bank (2)	23	**31,6 %**	33,7 %	37,7 %	28,8 %	38,8 %	36,9 %	35,4 %	52,4 %	46,4 %	44,0 %
Gross loans to customers incl. comision loans (4)	11	**133 243**	125 739	127 122	121 734	114 117	105 485	96 287	88 403	84 980	80 581
Growth in loans incl. comission loans last 12 months (4)	11	**6,0 %**	-1,1 %	4,4 %	6,7 %	8,2 %	9,6 %	8,9 %	4,0 %	5,5 %	6,1 %
Growth in loans last 12 months	11	**3,9 %**	1,1 %	3,8 %	6,0 %	7,8 %	6,0 %	10,5 %	4,6 %	6,9 %	5,0 %
Deposits from customers	35	**79 484**	76 149	73 158	68 030	63 985	57 849	53 870	48 087	45 761	44 940
Growth in deposits last 12 months	35	**4,4 %**	4,1 %	7,5 %	6,3 %	10,6 %	7,4 %	12,0 %	5,1 %	1,8 %	3,1 %
Share of loans transferred to SpareBank 1 Boligkreditt of total loans to retail customers	12	**44,1 %**	41,7 %	42,5 %	41,3 %	39,8 %	40,0 %	36,7 %	38,2 %	39,7 %	40,8 %
Share of loans transferred to SpareBank 1 Boligkreditt of total loans to customers	12	**29,6 %**	28,2 %	29,3 %	29,6 %	29,1 %	28,9 %	26,5 %	27,5 %	27,9 %	28,5 %
Deposits as a percentage of gross lending incl. comission loans (6)	35	**58,9 %**	59,9 %	57,6 %	55,9 %	56,1 %	54,8 %	55,9 %	54,4 %	53,8 %	55,8 %
Deposits as a percentage of gross lending (5)	35	**85,0 %**	84,6 %	82,2 %	79,4 %	79,1 %	77,1 %	76,1 %	75,1 %	74,7 %	78,5 %
Total assets		**122 521**	119 180	117 298	111 524	106 156	97 186	90 501	85 403	83 188	77 520
Average assets (3)		**122 377**	120 264	116 810	108 989	101 855	93 905	89 168	84 039	80 191	75 952
Branches		**15**	15	36	38	38	38	38	62	74	74
Number of man-years (Group)	22	**852**	831	897	904	841	784	774	830	927	922
Number of man-years (parent bank)	22	**508**	502	565	584	559	538	510	618	639	647
Number of man-years (subsidiares)	22	**344**	329	332	320	282	246	264	212	288	275
Net other operating income of total income	21	**30,4 %**	34,8 %	32,0 %	27,1 %	30,9 %	29,9 %	30,0 %	34,6 %	32,3 %	36,3 %
Common Equity Tier 1 Capital	5	**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	**17,3 %**	18,7 %	17,5 %	17,2 %	14,5 %	14,9 %	15,0 %	13,9 %	12,5 %	
Tier 1 Capital	5	**13 082**	14 001	12 991	12 496	11 396	10 857	9 951	9 110	8 439	7 783
Tier 1 Capital Ratio	5	**18,3 %**	20,0 %	18,9 %	18,8 %	16,0 %	16,2 %	16,3 %	15,1 %	13,6 %	13,4 %
Own funds	5	**14 230**	15 109	14 366	13 726	12 904	12 141	11 229	10 358	9 680	8 069
Total Capital Ratio	5	**19,9 %**	21,6 %	20,9 %	20,6 %	18,1 %	18,1 %	18,4 %	17,2 %	15,6 %	13,9 %
Total risk exposure amount	5	**71 399**	70 059	68 588	66 609	71 167	67 223	61 120	60 328	61 925	57 989
Leverage Ratio	5	**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 (4)	13	**0,05 %**	-0,18 %	0,26 %	0,01 %	0,02 %	0,17 %	0,22 %	0,22 %	0,19 %	0,21 %
Losses on loans to customers as a percentage of gross loans incl. comission loans (4)	13	**0,05 %**	0,43 %	0,29 %	0,29 %	0,37 %	0,84 %	0,31 %	0,30 %	0,33 %	0,59 %
Other doubtfull commitm. as % of gross loans incl. commission loans (7)	13	**0,35 %**	0,27 %	0,16 %	0,16 %	0,23 %	0,65 %	0,37 %	0,39 %	0,41 %	0,75 %
Net commitments in default and at risk of loss as a percentage of gross loans incl. commission loans (7)	13	**28,90 %**	36,70 %	44,80 %	43,20 %	38,40 %	23,76 %	30,08 %	32,82 %	32,82 %	28,41 %

1) The profit after tax in relation to average equity, calculated as a quarterly average of equity and as at 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) 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.

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

5) Customer deposits as a percentage of gross lending.

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

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

KEY FIGURES ECC NONG

Hybrid capital issued in SpareBank 1 Nord-Norge amounting to 600 NOK million is not covered by the definition of debt in the IFRS regulations and is therefore classified as equity.

Based on this, 37 NOK 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	**2022**	2021	2020	2019	2018	2017	2016	2015	2014	2013
NONG Quoted/market price 1)		**96,00**	112,60	74,60	78,50	62,80	62,25	52,25	36,70	39,90	35,50
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	**8,20**	10,40	3,90	4,00	4,00	4,00	3,45	2,00	1,90	1,10
Equity capital per EC Group 4)		**71,69**	73,30	65,76	61,84	56,70	54,34	50,84	46,00	44,05	40,08
Result per EC Group, adjusted for interest hybrid capital 5)	42	**8,25**	10,41	7,89	9,39	7,03	6,61	5,54	5,10	4,64	4,14
P/E (Price/Earnings per EC Group) 6)		**11,6**	10,8	9,5	8,4	8,9	9,4	9,0	8,9	7,7	8,6
P/B (Price/Book Value per EC Group) 7)		**1,3**	1,5	1,1	1,3	1,1	1,1	1,0	0,8	0,9	0,9
Pay-out ratio Group 8)	42	**99,35 %**	99,94 %	49,40 %	42,60 %	56,90 %	60,50 %	59,63 %	48,65 %	36,77 %	26,62 %
EC ratio overall as at 01.01. used for allocaton of result	41	**46,36 %**	46,36 %	46,36 %	46,36 %	46,36 %	46,36 %	46,36 %	46,36 %	47,33 %	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 PROFIT AND LOSS ACCOUNT										
AMOUNTS IN NOK MILLION	**2022**	2021	2020	2019	2018	2017	2016	2015	2014	2013
Interest income	**3 824**	2 542	2 927	3 320	2 795	2 611	2 548	2 702	2 998	2 990
Interest costs	**1 268**	528	859	1 223	899	841	904	1 190	1 572	1 705
Net interest income	**2 556**	2 014	2 068	2 097	1 896	1 770	1 644	1 512	1 426	1 285
Dividend and other income from investments	**294**	568	598	827	380	438	440	407	469	330
Fees and commissions receivable	**1 088**	1 267	1 161	1 035	978	931	871	908	940	892
Fees and commissions payable	**79**	96	82	107	95	85	85	75	74	75
Net gain/loss on securities and foreign exchange	**- 20**	226	95	84	83	114	69	- 158	133	16
Other operating income	**225**	328	220	188	174	146	138	100	100	114
Net overall contribution	**4 064**	4 307	4 060	4 124	3 416	3 314	3 077	2 694	2 994	2 562
Wages, salaries an general administration costs	**1 329**	1 408	1 330	1 358	1 202	1 101	1 066	1 218	1 053	975
Depreciation etc. on fixed- and intangible assets	**92**	95	109	120	61	65	60	56	97	53
Other operating costs	**216**	245	187	162	211	200	194	187	178	181
Result before losses	**2 427**	2 559	2 434	2 484	1 942	1 948	1 757	1 233	1 666	1 353
Losses on loans and guarantees	**63**	- 235	332	11	22	184	213	200	321	172
Profit before tax	**2 364**	2 794	2 102	2 473	1 920	1 764	1 544	1 033	1 345	1 181
Tax	**513**	499	360	409	374	324	291	163	223	214
Result non-current assets held for sale			0	- 2	- 4			- 5	- 27	
Profit for the year	**1 851**	2 295	1 742	2 062	1 542	1 440	1 253	865	1 095	967
Minority interests	**27**	12						- 7	- 1	1
Majority interests	**1 824**	2 283	1 742	2 062	1 542	1 440	1 253	872	1 096	966

FROM PROFIT AND LOSS ACCOUNT										
IN % OF AVERAGE ASSETS	**2022**	2021	2020	2019	2018	2017	2016	2015	2014	2013
Interest income	**3,12 %**	2,11 %	2,53 %	3,05 %	2,74 %	2,78 %	2,86 %	3,22 %	3,74 %	3,94 %
Interest costs	**1,04 %**	0,44 %	0,74 %	1,12 %	0,88 %	0,90 %	1,01 %	1,42 %	1,96 %	2,24 %
Net interest income	**2,09 %**	1,67 %	1,79 %	1,92 %	1,86 %	1,88 %	1,84 %	1,80 %	1,78 %	1,69 %
Dividend and other income from investments	**0,24 %**	0,47 %	0,52 %	0,76 %	0,37 %	0,47 %	0,49 %	0,48 %	0,58 %	0,43 %
Fees and commissions receivable	**0,89 %**	1,05 %	1,00 %	0,95 %	0,96 %	0,99 %	0,98 %	1,08 %	1,17 %	1,17 %
Fees and commissions payable	**0,06 %**	0,08 %	0,07 %	0,10 %	0,09 %	0,09 %	0,10 %	0,09 %	0,09 %	0,10 %
Net gain/loss on securities and foreign exchange	**-0,02 %**	0,19 %	0,08 %	0,08 %	0,08 %	0,12 %	0,08 %	-0,19 %	0,17 %	0,02 %
Other operating income	**0,18 %**	0,27 %	0,19 %	0,17 %	0,17 %	0,16 %	0,15 %	0,12 %	0,12 %	0,15 %
Net overall contribution	**3,32 %**	3,58 %	3,51 %	3,78 %	3,35 %	3,53 %	3,45 %	3,21 %	3,73 %	3,37 %
Wages, salaries an general administration costs	**1,09 %**	1,17 %	1,15 %	1,25 %	1,18 %	1,17 %	1,20 %	1,45 %	1,31 %	1,28 %
Depreciation etc. on fixed- and intangible assets	**0,08 %**	0,08 %	0,09 %	0,11 %	0,06 %	0,07 %	0,07 %	0,07 %	0,12 %	0,07 %
Other operating costs	**0,18 %**	0,20 %	0,16 %	0,15 %	0,21 %	0,21 %	0,22 %	0,22 %	0,22 %	0,24 %
Result before losses	**1,98 %**	2,13 %	2,10 %	2,28 %	1,91 %	2,07 %	1,97 %	1,47 %	2,08 %	1,78 %
Losses on loans and guarantees	**0,05 %**	-0,20 %	0,29 %	0,01 %	0,02 %	0,20 %	0,24 %	0,24 %	0,40 %	0,23 %
Profit before tax	**1,93 %**	2,32 %	1,82 %	2,27 %	1,89 %	1,88 %	1,73 %	1,23 %	1,68 %	1,55 %
Tax	**0,42 %**	0,41 %	0,31 %	0,38 %	0,37 %	0,35 %	0,33 %	0,19 %	0,28 %	0,28 %
Result non-current assets held for sale				0,00 %	0,00 %			-0,01 %	-0,03 %	
Profit for the year	**1,51 %**	1,91 %	1,51 %	1,89 %	1,51 %	1,53 %	1,41 %	1,03 %	1,37 %	1,27 %
Minority interests	**0,02 %**	0,01 %						-0,01 %		
Majority interests	**1,49 %**	1,89 %	1,51 %	1,89 %	1,51 %	1,53 %	1,41 %	1,04 %	1,37 %	1,27 %

Average total assets is calculated as the average of quarterly total assets as per 01.01 and 31.12.
Calculated average total assets for 2022 was 122.377 NOK million.
Total assets correspond to the total of capitalised assets for the Group.

Annual Report

Key figures Group 2022 (Same period 2021)

- Result for the year: NOK 1.851 million (NOK 2.295 million)
- Return on equity: 11,9 % (15,1 %)
- Cost-income ratio: 40,3 % (40,7 %)
- Earnings per equity certificate: NOK 8,25 (NOK 10,24)
- Net income from financial assets: NOK 274 million (NOK 794 million)
- Growth in lending (RM and CM) in last 12 months: 6,0 % (-1,1 %) including intermediary lending
- Growth in deposits (RB and CB) in last 12 months: 4,4 % (4,1 %)
- Deposit-to-loan ratio: 85 % (85 %)
- Common equity Tier 1 ratio: 17,3 % (18,7 %)
- Provision for dividends: NOK 8,20 (NOK 10,40)

After two demanding years of pandemic, 2022 was to be the year everything returned to normal. The economy would pick up, we would travel and meet in peace and tolerance. This was not to be. The repercussions of the pandemic along with a war of aggression in the heart of Europe brought an energy crisis no-one had foreseen, and inflation rates not seen in the OECD area in 40-50 years.

Although we in North Norway are also affected by inflation and by the ensuing interest rate hikes designed to overcome the inflation, the region continues to do well. While energy prices have varied here as elsewhere, we have by no means experienced the same crisis as South Norway and large parts of Europe. North Norway also has a broad-based business sector and the public sector's presence is relatively larger than in the rest of the country. At the same time the region produces goods that are in demand across the world, in particular seafood. Moreover, the Norwegian currency stays low when there is crisis in the world. A low value of the krone is primarily a sign of infirmity but is at the same time an advantage for exporters. And North Norway exports a lot. Unemployment is thus virtually non-existent, and there is work available for everyone who wants it.

Despite higher interest rates and high inflation, North Norwegian business and industry have managed well through 2022. The travel and tourism industry is back in full swing after the pandemic and the market value of seafood exports is higher than ever. The construction industry has managed fairly well, although activity has slowed somewhat over the year. Retail trade has fared well in 2022. Seafood has also had a good year, whereas aquaculture applied the brakes in the final quarter due to the government's proposed introduction of resource rent tax as from 2023.

SpareBank 1 Nord-Norge's financial performance in 2022 largely reflects a dramatic year. A marked rise in interest rates and increased economic uncertainty brought a sharp fall in securities and property values through 2022. Although the bank in isolation has little direct exposure, the alliance companies, in particular Fremtind and SpareBank 1 Forsikring, have recognised substantial unrealised losses on securities and property. Despite increased economic uncertainty, losses remain low – and underlying banking operations are excellent. The Group has shown good growth and good cost control through 2022.

The Group aims for a high return on equity in the long term, measured against comparable financial groups. Return on equity for 2022 was 11.9%, which is somewhat lower than the best banks with which we compare ourselves. The main explanation is weak performances among the alliance companies. Core banking operations remain excellent, and on a par with the best. Despite the fact that our average return on equity over the past five years remains the highest among comparable banks, we are not entirely happy to lie below target in 2022. The Group nonetheless delivered a good profit performance, enabling the bank to pay a solid cash dividend – and community dividend, which contributes to the further development of the region.
We take with us into 2023 all the experience gained in recent years. The new normal is working from home, being flexible and coordinating digitally. It also embraces the ability to tackle rapid, unforeseen changes. We will likely encounter new normals in 2023 as previously. In that case it will be even more important to deliver on SpareBank 1 Nord-Norge's ambition "to understand and achieve, better than anyone, what is important for people and businesses in North Norway". SpareBank 1 Nord-Norge stands on a solid foundation of capital, expertise and vigour. This is a

Financial goals and their attainment

In 2022 the Group failed to achieve its overarching profitability objective, i.e. to maintain banking operations in the top flight among comparable financial groups. When assessing the concrete ongoing target for return on equity, a comparison is drawn with other banks' profitability targets and actual profitability. Capital market expectations as to profitability are also assessed through banking analysts' forecasts. Based on the above, the ROE target for 2022 was 12%. The Group warned as early as in the 2021 annual report that in view of the economic uncertainty as to the long-term effects of the Covid-19 pandemic, developments in energy prices, inflation, and tough price competition among the banks, achieving a return on equity of 12% for 2022 would be a tall order. For 2023 the outlook is somewhat improved, despite substantial economic uncertainty. The objective of a return on equity on a par with the best among comparable financial groups stands firm regardless.

The objective of a maximum long-term cost-income ratio of 40% is secondary to the Group's strategic profitability objective. In the Board of Directors' assessment, developments in the financial services sector suggest a need for tight cost control and a continuing quest for efficiencies through digitalisation and simplification of processes. The cost target is considered ambitious, but attainable. The cost/income ratio for 2022 was 40.3%, a little higher than the target of 40%. This is due to a weak top line from the alliance companies. Judging by the core banking operations in isolation, we are well within target. The rationale for maintaining a long-term cost-income ratio of 40% is a desire for an efficiency target that lends itself to comparison with other market actors. In addition, a relative target also takes account of the income side, which is particularly important at a time when the business is undergoing significant restructuring.

The Group's overarching financial objective is to be indisputably solid, with a common equity Tier 1 (CET1) ratio one percentage point above the regulatory minimum. As at 31 December 2022 this entails a CET1 ratio target 1% above the regulatory minimum, currently 15.5% (given a full countercyclical capital buffer), while the actual CET1 ratio is calculated at 17.3%.

The result for 2022 is characterised as good, and the Group's financial position is excellent.

STRATEGIC OBJECTIVES	TARGETS	2022	2021	2020	2019	2018
Profitability						
Return on equity	Bankdrift på topp blant sammenlignbare finanskonsern, for tiden 12 % eller høyere.	**11,9 %**	15,1 % 14,1 %[3]	12,6 % 10,1 %[1]	15,9 % 12,3 %[1] 12,8 %[2]	12,9 %
	Snitt norske banker				11,2 %	10,2 %
Financial strength						
CET1 ratio	Indisputable financial strength. Core Tier 1 capital ratio one percentage point above regulatory minimum requirement. Currently 16.0 % or higher.	**17,30 %**	18,70 %	17,50 %	17,22 %	14,50 %
Dividends						
Payout ratio group	50 % or higher.					
	Before 2017: up to 50 %	**99,3 %**	99,9 %	49,4 %	42,6 %	56,9 %

1 *Exclusive profit merger*
2 *Excluding 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 parent company of the Group and is headquartered in the Rødbanken building in Tromsø. 56.3 % of the bank is owned by the North Norwegian community and 46.4 % by private investors, of whom 18 % are North Norwegian equity certificate holders. The bank's core business is the provision of finance to North 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 North Norway.


TROMSØ
SPAREBANK
1836
1912
Sone
Gågate

Subsidiaries

SpareBank 1 Nord-Norge's customers are offered a complete portfolio of services 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
EiendomsMegler 1 Nord-Norge AS
SpareBank 1 Nord-Norge Portefølje AS
Fredrik Langes gate 20 AS
Rødbanken Holding AS (not consolidated)
Total

SPAREBANK 1 FINANS NORD-NORGE AS

This company is 85 % owned by SpareBank 1 Nord-Norge (SNN), and 15 % by SpareBank 1 Helgeland. The company has commercial responsibility for the product areas of leasing and secured loan financing, with North Norway as its primary market area. The parent company, SpareBank 1 Helgeland, and external retailers are important distribution channels for the company.

The company has a good earnings base and at year-end managed consumer loans, leasing and seller financing agreements totalling 8,778 NOK million (7,887 NOK million). The company's book equity was 1,366 NOK million (1,239 NOK million) as at 31.12.22.

Return on equity for 2022 is calculated at 14.4 % (26.9 %). Adjusted for an extraordinary compensation case, return on equity in 2021 was 14.5 %.

The prospects for increased activity in the future and for satisfactory returns for the company are good, although the macroeconomic outlook increases uncertainty.

The company is co-located with the bank in Bodø and Tromsø and employed 37.5 (37.5) FTEs as at 31.12.22. The company got a new managing director in October 2022, when Niclas Aafos took over from Hanne Karoline Kræmer.

EIENDOMSMEGLER 1 NORD-NORGE AS

EiendomsMegler 1 Nord-Norge AS is a member of a nationwide alliance with other real estate agencies owned by SpareBank 1 banks. The company is 85 % owned by SpareBank 1 Nord-Norge and 15 % by SpareBank 1 Helgeland. The company operates real estate agency services in 16 locations in North Norway.

Most branches are co-located with the bank. At the end of the year EiendomsMegler 1 Nord-Norge employed 97 (97) FTEs.

In 2022, 3,113 properties were sold through EiendomsMegler 1 Nord-Norge AS, compared with 3,882 the previous year. The company recorded a turnover of 240 NOK million, down 1.6 % from 2021. The decrease in the number of sold properties is due to a lower volume in the total market. The company retained its strong position as market leader in Northern Norway, with a market share of 36 %. The supply of new assignments in 2022 was good, and at the same level as the previous year. This is a good starting point for the coming year.

The company's annual profit in 2022 is 12.3 NOK million (29.4). Return on equity for 2022 is calculated at 42 % (54 %).

OWNERSHIP	EQUITY	**RESULT 2022**	RESULT 2021	**DIVIDEND 2022**	DIVIDEND 2021
85 %	1 366	**157**	276	**253**	133
85 %	104	**14**	19	**17**	20
85 %	42	**12**	27	**25**	29
100 %	9	**-**	4		
100 %	352	**3**	1		3
100 %					
	1 873	**186**	327	**295**	184

SPAREBANK 1 REGNSKAPSHUSET NORD-NORGE AS

SpareBank 1 Regnskapshuset was established in 2012. It is 85 % owned by SpareBank 1 Nord-Norge (SNN), and 15 % by SpareBank 1 Helgeland. Regnskapshuset has completed a number of acquisitions and mergers since its founding in 2012. In 2022, no acquisitions have been made.

As at 31.12.22, the company employed a total of 236 FTEs and operated 15 branches in the region. The company got a new managing director in October 2022, when Hanne Karoline Kræmer took over from Tom Robert Aasnes.

The background to the focus on SpareBank 1 Regnskapshuset Nord-Norge AS is a desire to exploit synergies with the Group's other activities. This will promote additional sales across the Group, increase customer satisfaction and spur more efficient payment services. Examples include increased automation and integration of customers' billing systems, payment solutions and accounting.

The focus on this sector is coordinated with a number of the alliance banks with similar activities. The collaboration covers areas such as brand, IT, expertise, work processes and quality. This includes the 'Bank+Accounts' venture under the auspices of SpareBank 1 Alliance.

The company recorded an overall turnover of 218 NOK million (NOK 212 million) in 2022. The annual profit in 2022 is 14.4 NOK million (NOK 19.6 million). Return on equity for 2022 is put at 13 % (22 %).

SpareBank 1 Regnskapshuset Nord-Norge AS is still changing and developing. In the coming years, the company will prioritize streamlining and automating systems and processes, which will provide new opportunities. The realization of the effects of this work will be carried out over several years, and cannot be expected to have full effect until 2025 at the earliest.

FREDRIK LANGES GATE 20 AS

This company is engaged in leasing of real property (bank building) in Tromsø, and posted a result for the year of 3.4 NOK million compared with 2.7 NOK million in 2021.

The value of its assets is booked at 354 NOK million (350 NOK million), and equity capital amounted to 353 NOK million as at 31.12.22 (NOK 350 million).

The company is wholly owned by the bank, is administered by the bank and has no employees.

SPAREBANK 1 NORD-NORGE PORTEFØLJE

As part of the Group's increased focus on its core activities, this company's former business is being restructured/wound up. SpareBank 1 Nord-Norge Portefølje has nonetheless been retained as a legal entity on legal and practical grounds. The company's mission is to "manage holdings owned by the SpareBank 1 Nord-Norge Group and business naturally connected thereto". Parts of the business include managing holdings that date from previous customer relationships with the bank.

SpareBank 1 Nord-Norge Portefølje's investments had a market value of 18 NOK million as at 31.12.22, breaking down to 15 NOK million in equity investments and 4 NOK million in subordinated loans, while the company's equity amounted to 9.2 NOK million (NOK 4.4 million).

The result for the year is -0.5 NOK million (NOK 4.8 million).

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

SpareBank 1 - alliance

NOK MILLION	OWNERSHIP
SpareBank 1 Gruppen AS	19,50 %
SpareBank 1 Boligkreditt AS	15,58 %
SpareBank 1 Næringskreditt AS	2,71 %
SpareBank 1 Kreditt AS	19,22 %
SpareBank 1 Betaling AS	17,94 %
SpareBank 1 Utvikling DA	18,00 %
SpareBank1 Forvaltning AS	13,27 %
SpareBank 1 Bank og Regnskap AS	25,00 %
SpareBank 1 Mobilitet Holding AS	30,66 %
SpareBank 1 Gjeldsinformasjon AS	14,44 %
SpareBank 1 Kundepleie AS	26,67 %
Total	

The bank's participation in SpareBank 1 Alliance and its stake in SpareBank 1 Gruppen AS and SpareBank 1 Utvikling DA are an important aspect of the Group's strategy. This participation has been key to SpareBank 1 Nord-Norge's positive development and has contributed greatly to the bank's position as a financially sound and strong bank – for North Norway.

The SpareBank 1 banks run the alliance and develop the product companies through the jointly-owned SpareBank 1 Utvikling DA and the holding company SpareBank 1 Gruppen. SpareBank 1 Alliance's mission is

SHARE OF EQUITY	**SHARE OF RESULT 2022**	SHARE OF RESULT 2021	SHARE OF RESULT 2020	**DIVIDEND 2022**	DIVIDEND 2021	DIVIDEND 2020
2 217	**175**	471	712	**137**	366	663
1 828	**1**	12	22	**12**	17	
63	**-**	1	7	**-**	5	9
199	**9**	13	13		13	24
145	**12**	-13	3			
134	**3**	1	2			
105	**23**	23		**52**		
42	**1**	-	4			
82	**-22**	3				
-	**-**	-				
22	**1**	1				
4 837	**203**	512	763	**201**	401	696

to procure and deliver 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 private individuals and corporate clients expertise, a local footing, and simpler everyday banking. The alliance also aims to ensure the banks' value creation for the benefit of the region and their owners and investors.

The alliance banks have opted to assemble their holdings in Norway's financial sector 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 Norwegian banking partnerships and in relation to foreign market players.

SpareBank 1 Nord-Norge owns 19.5 % of SpareBank 1 Gruppen AS and 18 % of SpareBank 1 Utvikling DA. The bank owns a proportionately larger stake than the other owner banks due to its size. This makes Spare-Bank 1 Alliance particularly important for the SpareBank 1 Nord-Norge Group, not least in light of the alliance companies' underlying assets, which are judged to be substantial.

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 accordance with the provisions of Section 4-5 of the Norwegian Accounting Act, the accounts for 2022 were prepared on the going concern assumption.

PROFIT DEVELOPMENT

NOK MILLION	**GROUP 2022**	GROUP 2021	**PARENT BANK 2022**	PARENT BANK 2021
Net interest income	**2 556**	2 014	**2 260**	1 717
Net commissions and other operating income	**1 234**	1 499	**798**	1 077
Net invome fraom financial investments	**274**	794	**575**	1 014
Operating costs	**1 637**	1 748	**1 147**	1 285
Losses	**63**	-235	**54**	-70
Result before tax	**2 364**	2 794	**2 432**	2 593
Tax	**513**	499	**459**	395
Year result	**1 851**	2 295	**1 973**	2 198

The Group and parent bank enjoy good earnings, a good financial position, along with a satisfactory liquidity position and deposit-to-loan ratio.

NET INTEREST INCOME

The year saw strong competition for borrowers, with interest terms under pressure. In addition, net interest income is affected by the bank's borrowing costs (funding costs in the money markets), and growth in lending and deposit volumes.

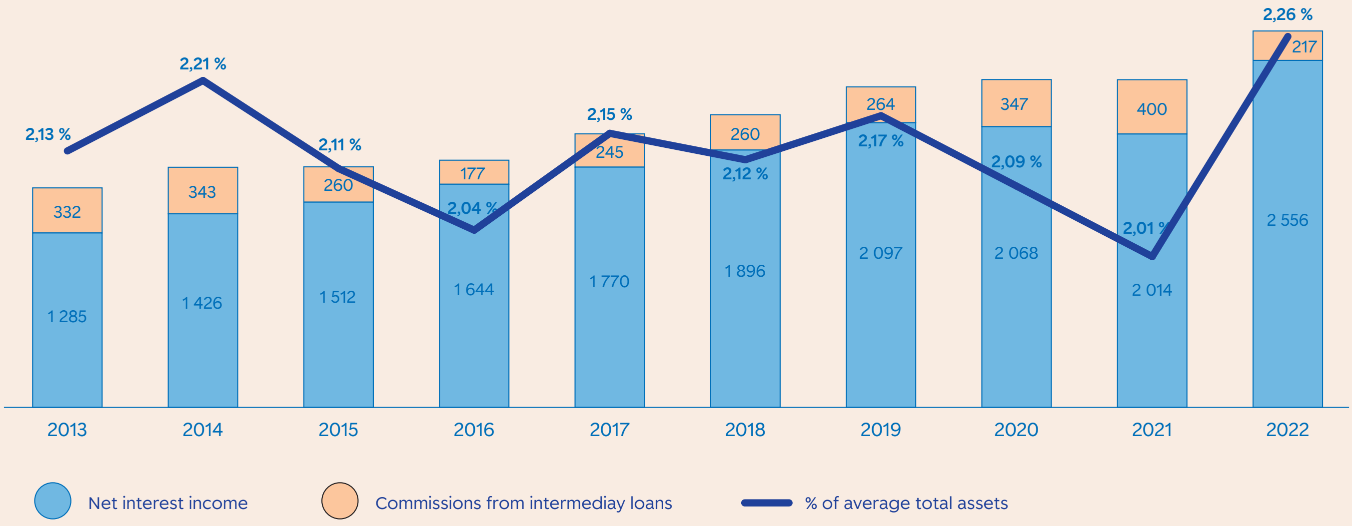
The bank's borrowing costs rose throughout the year due to higher money market rates. Borrowing costs at the start of 2022 averaged 1.41% compared with 3.88% at the end of the year. Norges Bank raised its base rate on six occasions over the course of the year – from 0.50% on 1 January 2022 to 2.75% as of 31 December 2022. The bank has carried out seven interest rate hikes over the year, up to 2.5 percentage points on loan products.

The parent bank's lending margin measured against the money market rate (NIBOR) fell throughout the year as a result of higher money market rates. The deposit margin showed the opposite movement and rose through the year. The Group's overall net interest income accordingly rose by NOK 542 million from 2021 to 2022.

Growth in lending in 2022 was 5.3% in the retail market and 7.4% in the corporate market. The growth calculation includes new loans granted by the bank and subsequently sold to the alliance's mortgage companies. The growth in the corporate market is partly grounded in a strategic prioritisation of this segment, the fact that we are winning market shares, good market opportunities and a positive trend in the region's economy. Lending growth in 2022 is considered good.

Net interest income is also affected by loans transferred to the alliance's mortgage companies, SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS. Income of NOK 217 million from the transferred portfolio is recognised under commission income. The corresponding figure for 2021 was NOK 400 million.

DEVELOPMENT IN NET INTEREST INCOME INCLUDING COMMISSIONS, AND IN RELATION TO AVERAGE ASSETS UNDER MANAGEMENT OVER THE LAST 10 YEARS:



NET COMMISSION AND OTHER INCOME

SpareBank 1 Nord-Norge aims to increase income by offering a broad range of products, also from areas with no credit risk such as saving, investment and insurance. The subsidiaries also contribute to increased income within object finance, real estate agency and accounting services.

In 2022, net commission and other incomes accounted for 33 % of total income from the Group's core activities. The corresponding figure for 2021 was 43 %.

Commission income from SpareBank 1 Boligkreditt and Næringskreditt decreased by 183 NOK million in 2022, while net interest income, including commission income from the transferred loan portfolio, increased by 359 NOK million.

OTHER COMMISSION INCOME AND OTHER OPERATING INCOME IN 2022 WAS AS FOLLOWS:

NOK MILLION	**2022**	2021	CHANGE
Provision commission loans	**217**	400	-183
Sales provision insurance products	**201**	199	2
Payment facilities	**257**	239	18
Real estate broking	**107**	130	-23
Accounting services	**218**	212	6
Other operating income	**234**	319	-85
Total	**1 234**	1 499	-265

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	2022	2021	CHANGE
Total income associated companies	**204**	532	-328
Share dividend	**90**	36	54
Net change value of equities	**21**	241	-220
Net change value of bonds, currency and derivatives	**-38**	-21	-17
Net change value loans at fair value, included hedging	**-3**	6	-9
Net income from financial investments	**274**	794	-520

Income from ownership interests

In the Group accounts, profit shares from associates and joint ventures are recognised using the equity method. The Group's shares of the respective companies' profits are recognised in "Income from ownership interests" in the income statement, which is included in "Net income from financial investments".

The most central ownership interests are commented on below.

- The Group's profit for 2022 is influenced by its share of the profit from SpareBank 1 Gruppen. SpareBank 1 Gruppen's insurance companies delivered excellent results for 2021 due to low travel activity and a low claims ratio. The profit for 2022 is heavily affected by a turbulent securities market, and increased claims ratios resulting from more normal travel activity. The profit share in 2022 is NOK 175 million (471 million).
- The SpareBank 1 Forvaltning AS Group was established in 2021. The establishment preserves and strengthens SpareBank 1-alliansen's saving and investment units. The company both retains and develops its already strong concepts and brands, such as for example ODIN. The profit share for 2022 is NOK 23 million (23 million).
- SpareBank 1 Betaling's profit is heavily affected by the company's stake in Vipps AS. In the fourth quarter of 2022 the company sold a portion of shares in Vipps at a profit. Vipps' operating deficit is incorporated in to accounts of SpareBank 1 Betaling. SpareBank 1 Nord-Norge's share of the profit for 2022 is a positive NOK 12 million (negative 13 million).
- SpareBank 1 Kreditt, which is the alliance's product company for credit cards and consumer loans, delivered a profit share in 2022 of NOK 9 million (13 million).
- SpareBank 1 Boligkreditt' profit is affected by the year's rising interest rate level and financial market turbulence. The profit share to SNN is NOK 1 million (12 million).

The jointly-owned companies in SpareBank 1-alliansen report good earnings. In the Board of Directors' assessment, the underlying assets in these companies are also substantial. The mergers carried out render such underlying assets somewhat more visible.

Shares

As at 31 December 2022, the Group's share portfolio amounted to NOK 1,528 million (1,519 million).

Over the year the portfolio has mainly comprised shareholdings in Visa, BN Bank, SpareBank 1 Markets, and SpareBank 1 Helgeland along with a portfolio of hybrid equity classified for accounting purposes as shares.

The portfolio had a net positive profit contribution of NOK 21 million in 2022.

As at 31 December 2022 the overall value of shares related to Visa was NOK 166 million (175 million). The shares of BN Bank were worth NOK 512 million (473 million) as at 31 December 2022. The shares of SpareBank 1 Markets were worth NOK 132 million at year-end (86 million), and the equity certificates of SpareBank 1 Helgeland had a value of NOK 648 million at the end of the year (702 million).

Certificates, bonds, derivatives and currency

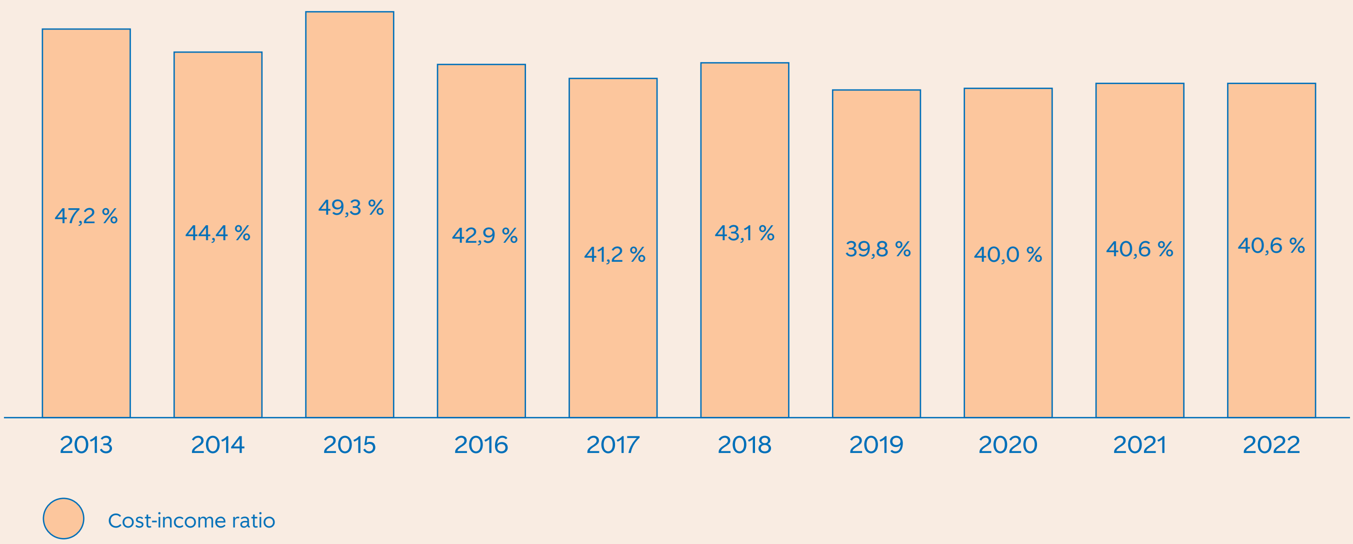
As at 31 December 2022, the Group's holdings of certificates and bonds amounted to NOK 18,069 million (NOK 19,150m). After a sharp rise in credit premiums through the year bringing a negative change in portfolio value, credit premiums subsided somewhat in the fourth quarter with a positive profit impact. The end of the year saw a net negative change of NOK 87 million for the full year. The portfolio's associated derivatives and currency effects had a positive value impact of NOK 49 million over the year, bringing a net loss of NOK 38 million in 2022.

OPERATING COSTS

NOK MILLION	2022	2021	ENDRING
Wage cost	**649**	677	-28
Pension costs	**56**	118	-62
Social costs	**139**	141	-2
Administrative costs	**485**	472	13
Depreciation og fixed assets	**92**	95	-3
Operating costs properties	**20**	22	-2
Other operating costs	**196**	223	-27
Total costs	**1 637**	1 748	-111

The group's costs in 2022 are 6.4% lower than in 2021.

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 31.12.22, this ratio was 40.3 % (40.6 %) for the Group.

The Group's FTEs (including hourly employees) totalled 852 at the end of 2022, one less than at the end of 2021.

LOSSES AND DEFAULTS ON LOANS

The Group's net losses on loans in 2022 amount to NOK 63 million (NOK -235 million) which breaks down to NOK 7 million (NOK -17 million) on the personal market and NOK 56 million (NOK -218 million) on the corporate market.

The Group's total loss provisions on loans and guarantees as at 31 December 2022 were NOK 773 million, which is NOK 41 million higher than 12 months previously, NOK 692 million. Loan loss provisions measure 0.84% (0.86%) of the Group's total outstanding loans and 0.55% (0.55%) of gross outstanding loans to customers, incl. intermediary loans.

As at 31 December 2022, total stage 3 loss provisions on loans and guarantees came to NOK 190 million (NOK 200 million). This equates to a loss provision rate of 33% (30%) of non-performing and doubtful commitments.

Loss provisions at stage 1 and 2 on loans and guarantees totalled NOK 546 million (NOK 492 million) as at 31 December 2022.

2022 was marked by the economic consequences of the Covid-19 pandemic, and the war in Ukraine. Even so, the Board of Directors considers the overall quality of the Group's loan portfolio to be good. This is explained by the Group's systematic close monitoring of the loan portfolio over the year. Moreover, the portfolio is characterised by residential mortgages and sectors little affected by the pandemic and war. In addition, the Norwegian government established comprehensive economic support arrangements. Uncertainty about economic developments ahead is lower than at the same point last year. Even so, the likely path of the economy ahead does give rise to some uncertainty, and future losses will depend on macroeconomic developments.

TAX

The Group's tax charge for 2022 is estimated at 513 NOK million (499 NOK million). 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 2022 has its basis in the Group's post-tax profit, adjusted for accrued interest on issued hybrid equity. The net profit is thereafter distributed between equity certificate (EC) holders and the bank's community-owned capital in proportion to the relative distribution of total equity between these owner groupings at the parent bank as at 01.01.22, respectively 46.36 % and 53.64 %.

On the above basis the Board of Directors recommends to the Supervisory Board the following distribution of profit for 2022:

DISTRIBUTION OF THE PROFIT FOR 2022

NOK MILLION	31.12.22	31.12.21	CHANGE
Parent Bank's profit after tax	**1 824**	2 283	-459
Interests hybrid capital	**37**	29	8
Profit to allocate	**1 787**	2 254	-467
Cash dividend per ECC (NOK)	**8,20**	10,40	-2,20
Allocated to cash dividend	**823**	1 044	-221
Allocated to dividend equalisation fund	**5**	1	4
Total to the equity certificate holders	**828**	1 045	-217
Share of profit	**46,36 %**	46,36 %	0,00 %
Allocated to donations	**953**	1 208	-255
Allocated to the Saving Banks Fund	**6**	1	5
Total to the Bank's community-owned capital	**959**	1 209	-250
Share of profit	**53,64 %**	53,64 %	0,00 %
Total allocated	**1 787**	2 254	-467
Withheld share of Group result	**0,7 %**	0,1 %	0,6 %
Withheld share of Parent Bank result	**8,2 %**	-3,9 % %	12,1 %
Payout ratio Group	**99,3 %**	99,9 %	-0,6 %
Payout ratio Parent Bank	**91,8 %**	103,9 %	-12,1 %

The distribution entails an identical payout ratio to the bank's equity certificate holders and the community-owned capital. The payout ratio constitutes in aggregate 91.8 % (103.9 %) of the parent bank's profit for the year and 99.3 % (99.9 %) of the Group's profit.

In the assessment of recommended dividend, thorough assessments have been made of the Group's capitalisation, liquidity and financial development, including stress tests showing the consequences of negative scenarios. These assessments indicate that the recommended dividend is prudent. As at 31.12.22, the capital adequacy ratio, after the recommended dividend payout, is significantly higher than regulatory requirements and internal targets alike. This implies substantial loss-absorbing capacity. However, it is pointed out that Finanstilsynet (Norway's financial supervisory authority) can, when called for in the interests of a financial institution's financial position, order that institution to refrain from distributing dividend or to distribute lower dividend than that recommended by the Board of Directors or approved by the Supervisory Board.

The bank will continue to attach importance to delivering a competitive direct return to the bank's owners. Future payout ratios must nonetheless take account of the bank's capital adequacy and the potentials for future profitable growth.

The Board of Directors recommend a dividend of 1,776 NOK million corresponding to 99.3 % of the Group's net profit, and NOK 8.20 per equity certificate. The dividend will be paid to those equity certificate holders that are registered as holders as of 30.03.23. The bank's equity certificate will be quoted ex dividend on 31.03.23. The EC holders' portion of the total equity is unchanged and is calculated at 46.36 % as at 01.01.23.

CASH FLOW ANALYSIS

The total cash flow from Group operations amounted to 2,006 NOK million (2,168 NOK million). Cash flow from the parent bank's business amounted to 3,497 NOK million (3,008 NOK million), while the Group's profit after tax amounted to NOK 1,851 million (2,295 NOK million). The difference is mainly due to lending growth, as well as increased certificate and bond holdings. Total investments in the Group in 2022 amounted to -201 NOK million in 2022 (143 NOK million). The year's investments were largely directed to jointly controlled activities in the alliance.

The Group's liquidity holdings as at 31.12.22 amounted to 145 NOK million (399 NOK million). The Group's ability to self-finance investments is good.

See also the cash flow statement included in the annual accounts.

BALANCE SHEET PERFORMANCE

As at 31.12.22, loans totalling 39 NOK billion (35 NOK billion) had been sold to SpareBank 1 Boligkreditt, and 0.3 NOK billion (0.3 NOK billion) to SpareBank 1 Næringskreditt. These loans, termed intermediary loans, do not appear as lending on the bank's balance sheet.

NOK MILLION	**31.12.22**	31.12.21	CHANGE
Retail lending	**89 406**	84 917	5,3 %
Corporate lending	**43 837**	40 822	7,4 %
Total lending customers incl. intermediary loans	**133 243**	125 739	6,0 %
Total lending customers excl. intermediary loans	**93 513**	89 986	3,9 %
Deposits retail	**42 426**	40 882	3,8 %
Deposits corporate [1]	**37 058**	35 267	5,1 %
Total deposits	**79 484**	76 149	4,4 %
Deposits as % of lending excl. intermediary loans	**85,0 %**	84,6 %	0,4 %
Total assets	**122 521**	119 180	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 share.

The personal market accounted for 67 % of overall lending as at 31.12.22 (68 %).

LIQUIDITY

The bank's most important funding source is customer deposits. At the end of 2022, the deposit-to-loan ratio (exc. intermediary loans) was satisfactory at 85 % (84 %). The bank's remaining funding, apart from own funds and customer deposits, is mainly long-term funding from the capital markets. The bank's liquidity supply, and its key figures for liquidity, are satisfactory.

The bank aims to keep liquidity risk at a low level. According to the LCR Regulation, undertakings are required at all times to maintain a liquidity coverage ratio (LCR) of at least 100 % for all currencies combined. That entails that institutions' holdings of liquid assets must at least match their net liquidity outflow in a situation of stress in money and capital markets for at least 30 days ahead. As at 31.12.22, the LCR was calculated at 146 % (142 %). In addition, institutions are subject to a general requirement as regards stable, long-term funding (Net Stable Funding Ratio – NSFR). The Group's NSFR is calculated at 120 % (118 %) as at 31.12.22.

FINANCIAL STRENGTH AND CAPITAL ADEQUACY

SpareBank 1 Nord-Norge aims to maintain an indisputably solid financial position at all times and to be compliant with the regulatory minimum capital adequacy requirements. The Group's targeted common equity Tier 1 (CET1) ratio is one percentage point above the regulatory minimum requirement, entailing a targeted CET1 ratio of 16.0% at the end of 2022.

SpareBank 1 Nord-Norge employs IRB models to compute capital requirements for credit risk. Use of IRB models imposes wide-ranging requirements on the bank's organisation, competence, risk models and risk management systems.

The Group applies proportional consolidation in its capital adequacy reporting of ownership interests in SpareBank 1 Boligkreditt, SpareBank 1 Næringskreditt, SpareBank 1 Kreditt AS, and BN Bank AS.

CAPITAL RATIO	GROUP 31.12.22	GROUP 31.12.21	CHANGE	PARENT BANK 31.12.22	PARENT BANK 31.12.21	CHANGE
Common Equity Tier 1 Capital Ratio	**17,3 %**	18,7 %	-1,4 %	**19,8 %**	20,8 %	-1,0 %
Tier 1 Capital Ratio	**18,3 %**	20,0 %	-1,7 %	**20,7 %**	22,1 %	-1,4 %
Capital Adequacy Ratio	**19,9 %**	21,6 %	-1,7 %	**22,3 %**	23,6 %	-1,3 %
Leverage Ratio	**7,4 %**	8,3 %	-0,9 %	**9,8 %**	10,7 %	-0,9 %

The Group's CET1 capital is NOK 746 million lower as at 31 December 2022 than at 31 December 2021. This is in all essentials due to proposed dividend which is close to 100% of the Group's profit for the year.

Total risk weighted assets rose about NOK 1,341 billion over the year, due essentially to increased loan exposure.

The Group's financial strength is considered good viewed in relation to current and forthcoming 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.

It is proposed to distribute a cash dividend of 833 NOK million from the profit for the year to EC holders of SpareBank 1 Nord-Norge and 964 NOK million as community dividend. This proposal had not been adopted as of the balance sheet date and the amounts mentioned are accordingly not recognised as a liability on the balance sheet but are still included in equity pending a final decision by the Supervisory Board in March 2023.

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 to ensure financial stability and prudent asset management.

The year 2022 opened in a mood of cautious optimism in terms of stabilising the economy after two years of pandemic, but the risk picture rapidly changed with Russia's invasion of Ukraine. The invasion brought macroeconomic turmoil and geopolitical tensions. Experience from crises, and the Group's own analyses and stress tests show the Group's financial position to be robust. The Group has over time had a risk appetite from low to moderate, sound governance structures and procedures for management and control of risk exposure. The Group has the financial position, liquidity and risk profile needed to attain its business strategy goals, also in challenging situations.

Read more about risk management and internal control at SpareBank 1 Nord-Norge in the statement on corporate governance, the note to the accounts 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 and proper handling of business-related implications.

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

- Establishment of a compliance committee.
- Establishment of joint cooperation in this area across the entities making up 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 2022 and ahead

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

CAPITAL/FINANCIAL STRENGTH

CRR2/CRD5/BRRD2 (the "bank package") was implemented in Norway on 1 June 2022. It entailed an extension of the "SMB discount", the opportunity to meet the Pillar 2 requirement by means of various types of capital (CET1, AT1 and T2), stricter requirements on the largest exposures, and a new method of calculating counterparty risk (SA CCR).

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. By the end of the first quarter of 2023, the countercyclical capital buffer will again be 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 4.5%. For institutions using the standard approach, however, the requirement is postponed for one year to apply as from the end of 2023. Further, Sweden's Finansinspektionen has recognised this Norwegian systemic risk buffer requirement. The decision applies to Swedish 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. Finanstilsynet had proposed a tightening in this area, but support for the proposal was not forthcoming.

SREP circular: In September 2022, Finanstilsynet published the final version of its updated SREP circular. The new circular brings changes in the methodology for calculating the Pillar 2 requirement, and changes in how the Pillar 2 requirement can be met.

Pillar 2 decision (SREP): The Group received Finanstilsynet's updated Pillar 2 decision (SREP) in 2022. The Pillar 2 requirement (P2R) of 1.5% is unchanged from previous decisions, and remains the lowest among comparable financial groups. In addition, Finanstilsynet has an expectation of a capital requirement margin (P2G) of 1 percentage point. A new Pillar 2 decision is expected in the course of 2023.

MREL: In 2022 Finanstilsynet updated and fixed the minimum requirement for the sum of own funds and eligible debt (MREL) for SpareBank 1 Nord-Norge. As from 1 January 2023 SpareBank 1 Nord-Norge shall meet a minimum requirement for issuance of senior non-preferred debt of 24.71% of adjusted risk weighted assets. The overall requirement for issuance of senior non-preferred debt is 27.92% as from 1 January 2024.

Basel III: Completion of Basel III, including implementation of new standard approaches and IRB parameter floor etc., was previously expected in 2023. The expected new implementation date is 1 January 2025, with transition rules applying up to 2030.

Equity certificates as a capital instrument: Equity certificates are currently approved as an equity capital instrument and qualify as CET1 capital for capital adequacy purposes. The EBA has assessed Norwegian capital instruments over time, and in December 2022 Finanstilsynet sent a letter to the Ministry of Finance concerning the EBA's assessments. The EBA points out that the capital structure of savings banks featuring equity certificates is complex, and that complex structures increase the risk of non-compliance with the requirements. The EBA also makes reference to the rules of CRR on loss-absorbing capacity and in this connection points to the significance of the size of the dividend equalisation fund. Finanstilsynet has communicated to the EBA how the assessments can be acted on and will shortly propose certain amendments to the Financial Institutions Act. Amendments needed to enable equity certificates' loss absorbing capacity to meet the requirements of the Capital Requirements Regulation will in Finanstilsynet's assessment require more extensive elucidation. Finanstilsynet has asked the Ministry of Finance to set in train a report on the matter early in 2023.

CREDIT

Lending regulations: The Ministry of Finance approved in December 2022 certain amendments to the lending regulations. The amendments entail an easing of the requirement of a mortgage rate stress test. The regulations will in addition also apply, as from 1 July 2023, to loans to consumers secured by means other than a dwelling, such as car or 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 in January 2022 sent a letter on the matter to Finanstilsynet in which it clears up the interpretation of Finanstilsynet's circular. The clarification is central to assessing the circular's status. No further clarifications in this area were forthcoming in 2022.

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").

MARKET RISK

Interest rate risk: The EBA has in 2022 published its final version of guidelines on interest rate and credit spread risks in the banking book, along with two final proposals for Regulatory Technical Standards (RTS) which specify technical aspects of the revised framework for interest rate risk for the banking book (IRRBB). The provisions apply mainly as from 30 June 2023, although certain parts apply as from 31 December 2023.

LIQUIDITY AND FUNDING

NSFR: A minimum requirement of 100% was implemented on 1 June 2022 as part of the implementation of CRR2/CRD5/BRRD2 (the "bank package").

Covered bonds: In June 2022 the Ministry of Finance adopted regulatory amendments concerning the implementation of EEA rules governing covered bonds. They include among other things rules on liquidity requirements, over-collateralisation, cover pool, use of derivatives, maturity extension, information obligations, the monitor's role and outsourcing. The amendments apply as from 22 June 2022.

Green bonds: In 2022 the Ministry of Finance asked Finanstilsynet to elucidate how the expected EEA rules governing European Green Bonds should be implemented in Norway. The deadline set for the report was 15 December 2022.

ESG

Act on Sustainable Finance: The Act on Sustainable Finance, which implements the Taxonomy Regulation and the Sustainable Finance Disclosure Regulation, was passed in December 2021 and enters into force on 1 January 2023.

OTHER AREAS

New Financial Contracts Act: A new Financial Contracts Act was passed in parliament in 2020. Regulations to the Act were brought to completion in autumn 2022, and the Act entered into force on 1 January 2023, with certain transitional provisions applying up to mid-2023.

Anti-Money Laundering Act (AML): Finanstilsynet published in November 2022 a new guide to the Anti-Money Laundering Act. The guide expresses Finanstilsynet's interpretation and administrative practice with regard to the anti-money laundering legislation. The new guide is in almost all respects identical to the previous guide from 2019. What, however, is underlined even more clearly in the new guide is the requirement of a connecting thread between the institution-focused risk assessment and all the operative and tactical measures undertaken. In addition, stricter requirements are imposed as regards documentation of all actions performed under the anti-money laundering legislation.

SpareBank 1 Nord-Norge has in recent years deployed substantial resources, including investments in systems support, to ensure compliance with current regulatory requirements in the anti-money laundering sphere.

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.

Organization and HR

In 2022, SpareBank 1 Nord-Norge navigated through a turbulent market, with very low unemployment, rising interest and high inflation. After two years of Covid-19 restrictions, the country reopened, only to witness a war in Europe a few weeks later. In addition to having to deal with this uncertainty, SpareBank 1 Nord-Norge has faced consequences such as increased challenges with recruitment, increased pressure on our employees from other actors and high requirements for restructuring. As a result of these challenges, the organization has worked purposefully with working methods and working environment. There has also been an increased focus on structured competence development for selected groups, for example advisers in the corporate market.

A reopened society finally provided the opportunity to gather the employees to various social and professional events. The biggest internal event of the year was the group meeting “Oppdrag Nord-Norge” in Tromsø. There, many new employees had their first meeting with the entire group, and joined the SNN patrol, where 600 employees contributed to voluntary assignments for Tromsø municipality. The feedback from our employees showed that the group meeting was unifying for the working environment, and contributed to increased pride in working in the group. SpareBank 1 Nord-Norge has prepared a separate HR report, which gives a complete picture of the work with organization and HR in the group in 2022. In the report you will also find the most important key figures within organization and HR. The HR report can be read on the group's website www.snn.no.

Sustainability and social responsibility

As a financial services group, SpareBank 1 Nord-Norge has a wide-ranging impact on the environment and society. The Group has both a direct and indirect impact on stakeholders, the climate and the natural environment. This brings with it a responsibility to preserve and strengthen the positive, and minimise the negative, impact.

The world faces major climate-related changes. In addition to the harm done to nature and society, there are possible repercussions for financial stability. This, in combination with climate policy both in Norway and the EU, and society’s general movement towards low emissions, will affect the Group’s ability to operate profitably in the future. Sustainability and ESG risk are therefore part and parcel of both the Group’s business strategy and risk strategy.

In 2022 SpareBank 1 Nord-Norge has had two focal areas as regards sustainability. One has been to integrate sustainability into established processes to an even greater degree. The other has been to explore future business potentials in this sphere. Sustainability was accordingly one of four strategic initiatives to be given priority by the Group management over the year. The upshot was the establishment of a double materiality analysis. The analysis gives an idea of how SpareBank 1 Nord-Norge on the one hand impacts the environment and the community and, on the other, of how sustainability entails risks and opportunities for the Group. The materiality analysis serves as a guide for the sustainability chapter which you will find at the back of this report. There you will get an overview of our work with both sustainability, the Transparency Act and our social responsibility.

Summary and future prospects

Financial objectives and ambitions remained unchanged in 2023, 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 % above the regulatory minimum
- A dividend payout ratio above 50 %

The Group's market position and financial position are good. The Group has done well in carrying through considerable strategic measures over the last two years. Although 2023 also looks to be a demanding year, the Group has good starting point. We can capitalise on the basis laid by taking forward a strong customer and cost focus in the best interests of our customers, employees, shareholders and investors and the regional community. 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 2022 have been prepared based on the going concern assumption. The Group's long-term strategic plan and profit forecasts for the years immediately ahead underlie this assumption. SpareBank 1 Nord-Norge's profit performance for 2022 is described as good, and the Group is in a healthy and good financial position. The international economic uncertainty remains, but there are grounds for cautious optimism given that interest rates are likely to peak in the course of 2023.

The underlying buoyancy of the North Norwegian economy is good, and the bank sees good opportunities for continued growth for us and for the region. As the region's most important and largest financial institution, we will play our part – for North Norway. The Board of Directors would like to thank the Group's entire staff for their efforts and commitment in a demanding 2022. 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 2022.

Corporate governance

The Group management team and Board of Directors conduct an annual review of the corporate governance policies and how they function in the Group. SpareBank 1 Nord-Norge issues a statement on the policies and practice of corporate governance in accordance with Section 3-3b of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance of 14.10.22.

The following explains how section 3-3b second subsection of the Norwegian Accounting Act is complied with at Sparebank 1 Nord-Norge. The numbering shows the numbering of the subsection concerned.

1. Reference to the Code of Practice followed by SpareBank 1 Nord-Norge, information about where the Code of Practice is avail able, and a justification for any deviation from the Code of Practice.

SpareBank 1 Nord-Norge's corporate governance structure is based on regulatory requirements and government expectations. SpareBank 1 Nord-Norge complies with the Norwegian Code of Practice for Corporate Governance, issued by the Norwegian Corporate Governance Board (NUES).

2. Information about where the Code of Practice and regulations mentioned in no 1 are publicly available.

The Code of Practice for Corporate Governance is available at nues.no.

3. A justification for any deviation from the Code of Practice and rules as mentioned in no 1.

Any deviations from the Code of Practice receive comment under the following statement on compliance with the Code of Practice..

4. Description of the main elements of SpareBank 1 Nord-Norge's systems for internal control and risk management associated with the financial reporting process..

See point 10 of the Norwegian Code of Practice for Corporate Governance for a description of internal control and risk management associated with the financial reporting process.

5. Provisions of articles of association which in whole or in part expand or diverge from chapter 5 of the Public Limited Liability Companies Act.

SpareBank 1 Nord-Norge abides by the Financial Institutions Act.Reference is made to point 6 of the Code of Practice for an account of SpareBank 1 Nord-Norge's compliance.

6. The composition of governing bodies and a description of the main elements of applicable instructions and guidelines for the work of these bodies and any committees

See points 6, 7, 8 and 9 of the Code of Practice.

7. Provisions of articles of association which regulate the appointment and replacement of board members.

See the report regarding point 8 of the Code of Practice.

8. Provisions of articles of association and authorisations which empower the Board of Directors to decide to repurchase or issue the bank's treasury equity certificates (ECs).

See point 3 of the Code of Practice..

9. Description of the institution's policy on equality and diversity with regard to for example age, gender and educational and occupational background for the composition of the Board of Directors, management and control bodies and their subcommittees, if any. The object of the policy, how it has been carried through and its effect in the reporting period shall be stated.

See our "Guidelines for our employees" which is publicly available in the sustainability library on our webpages. As to the Board of Directors and subcommittees, see point 8 of the Code of Practice.

The Norwegian Code of Practice for Corporate Governance

SpareBank 1 Nord-Norge complies with the Norwegian Code of Practice for Corporate Governance, issued by the Norwegian Corporate Governance Board (NUES). On the following pages you will find a statement on how the Code of Practice is complied with.

Point 1 of the Code of Practice:

Statement on Corporate Governance at SpareBank 1 Nord-Norge

There are no significant divergences between the Code of Practice and compliance with the Code of Practice at SpareBank 1 Nord-Norge.

The Code of Practice applies to the extent appropriate to savings banks with equity certificates ECs. Any deviations are explained below.

Corporate governance at SpareBank 1 Nord-Norge is defined as the goals and overarching policies by which the bank is governed and controlled for the purpose of safeguarding the interests of equity certificate (EC) holders, depositors and other stakeholder groups in the bank. The bank's corporate governance policies are accordingly designed to ensure sound asset management, and to give added assurance that its stated goals and strategies will be realised and achieved.

The bank adheres to the Norwegian Code of Practice for Corporate Governance.

Based on the three main pillars – openness, predictability and transparency – the bank has defined the following main policies:

- A structure which ensures targeted and independent management and control
- Systems ensuring monitoring and accountability
- Effective risk management
- Full disclosure and effective communication to underpin the trust between EC holders, the Board of Directors and the Group management team.
- Non-discrimination between EC holders and a balanced relationship with other stakeholder groups
- Compliance with laws, rules, and ethical standards

Deviations from point 1 of the Code of Practice: None

Point 2 of the Code of Practice: **Business**

SpareBank 1 Nord-Norge is an independent financial services group within the alliance SpareBank 1-alliansen. The bank's stated purpose is: "The object of the savings bank is to provide those services that are customary or natural for banks to perform under the legislation governing savings banks and the licences granted at any time."

The bank's corporate vision is: For North Norway. Under the heading "Strategic compass" on pages 8 and 9, there is further information about the bank's vision, business idea and strategic and financial goals. The Board of Directors adopts clear objectives, strategies and risk profile for the business. This is to ensure that the bank creates value for its EC holders and investors in a sustainable manner. The Board of Directors takes economic, social and environmental matters into account (ESG).

The bank's corporate governance rules were last approved by the Board of Directors on 08.02.23. SpareBank 1 Nord-Norge's staff must be recognized for their high ethical standards. To this end they must display a conduct that is confidence inspiring, honest and trustworthy and in compliance with the norms, rules and laws by which society is governed. The bank has therefore produced an ethics handbook entitled 'SNN Code of Conduct – Ethical Guidelines'. This addresses topics such as conflicts of interest; relationships to customers, suppliers and competitors; securities trading; insider rules and relevant financial circumstance of the individual. This body of rules applies to all employees and elected officers on governing bodies. The undertaking's code of conduct is available on the company's website.

All employees and elected officers are required by law and internal policies to regard knowledge of the Group's or a customer's circumstances to which they become privy in their work as confidential. This duty of confidentiality applies not only in respect of third parties but also towards colleagues who have no need for the information in question in their work. No staff member may, via computer systems or by any other means, actively seek information about other colleagues or customers that is not necessary for their work. SpareBank 1 Nord-Norge has its own whistleblowing procedure for employees who learn of circumstances that contravene applicable laws and regulations or of material breaches of internal rules. Employees who in accordance with internal procedures report censurable circumstances shall not be subjected to any reprisals due to their reports. It is also possible to report anonymously, and to an external whistleblowing channel.

SpareBank 1 Nord-Norge's corporate social responsibility is an integral part of the business and covers economic, social, and environmental considerations. It also covers our social mission as a savings bank with a substantial responsibility for value creation and development of the region. It does so through our services as a financial group, our distribution of the community dividend and our wider social commitment. Corporate social responsibility is also expressed in the way in which we manage the resources at our disposal and in our dialogue with employees, EC holders, customers, suppliers, local communities and other stakeholders. The company has dedicated webpages for sustainability and corporate social responsibility. See also the chapter entitled "Sustainability and Corporate social responsibility".

The Board of Directors evaluates objectives, strategies and risk profile at least once a year.

Deviations from point 2 of the Code of Practice:
None

Point 3 of the Code of Practice:
Equity and dividends

The Board of Directors continuously assesses the Group's capital level and composition in light of its objectives, strategy and desired risk profile.

As at 31.12.22 the SpareBank 1 Nord-Norge Group's common equity Tier 1 (CET1) ratio was 18.7 %. The bank and the Group are viewed as financially very sound.

The bank's financial targets, including its financial strength target, are communicated via the bank's website, in periodic presentations of its accounts and in the bank's annual report (see also the previous point). The bank also conducts periodic reviews of the bank's risk exposure and need for capital. These are summarised in a yearly report (ICAAP) which is submitted to and approved by the bank's Board of Directors. For further information on equity, see the point 10 in this statement on the Code of Practice.

Dividends

The Board of Directors has formulated a dividend policy as the basis for the distribution of dividends proposed to the Supervisory Board. The dividend policy is published on the bank's website, in periodic presentations of the accounts and in the annual report. Each year the Supervisory Board determines the share of post-tax profit to be distributed as dividends to EC holders and to the ownerless capital (grunnfondskapitalen) based on their respective shares of total equity. The share allocated to the ownerless capital is normally disbursed as community dividend. See further information in the Board of Directors' management report.

Purchase of treasury ECS

To permit flexibility when selling ECs to employees and elected officers, the Supervisory Board has previously authorised the Board of Directors to buy back or issue treasury ECs. To this end, the Board of Directors was on 24.03.22 granted authorisation by the Supervisory Board to purchase and establish a security interest in the bank's treasury ECs within the bounds set by regulatory requirements. The total volume of ECs held by bank, and/or in which it has a consensual security interest, may not exceed 5 % of the bank's EC holders' capital. The lowest price payable per EC is NOK 12.50 and the highest is NOK 100. The ECs are to be purchased on the securities market via the Oslo Stock Exchange. Disposal shall take place in the same market, or as placements with employees and elected officers in accordance with regulatory requirements. Granting of a security interest is done by agreement with the customer in conjunction with the credit process, and any realisation of the security interest shall take place on the securities market via the Oslo Stock Exchange. The authorisation is valid until 24.05.23.

Deficits

Any deficit is to be covered by proportionate transfers from the ownerless capital, including the donations fund, and EC holders' capital that exceeds the stipulated EC holders' capital, including the dividend equalisation fund. Deficits that are not so covered are to be covered by proportional transfers from the premium reserve and compensation reserve, thereafter by reduction of the stipulated EC holders' capital.

Increase of capital

Board authorisations for increases of capital are granted on the basis of concrete, defined purposes. As at 31.12.22, the Board of Directors has granted no authorisations to increase the capital of SpareBank 1 Nord-Norge. No stock issues were implemented in 2022. No subordinated loans were taken out in 2022 to increase the Group's own funds (capital adequacy).

Deviations from point 3 of the Code of Practice:
None

Point 4 of the Code of Practice:
Equal treatment of shareholders

The bank shall, through ongoing dialogue, ensure EC holders and other stakeholder groups the opportunity to express their views on the bank's strategic and business-related development. The bank shall have a profile that ensures credibility and predictability in the equity capital market.

Through the articles of association and in the work of the Board of Directors and Group management team, emphasis is given to equal treatment of all EC holders and equal opportunity for them to exercise influence. All ECs confer an equal voting right. The bank is compliant with the provisions of the Financial Institutions Act regulating holdings and voting rights insofar as these provisions apply to EC-based savings banks.

In the event of an increase of EC holders' capital, existing EC holders have pre-emptive rights, unless special circumstances call for deviation from this rule. Any such deviation will be explained.

SpareBank 1 Nord-Norge has for several years carried out sales of ECs and/or private placings with the employees involving discounts and lock-in periods. Such transactions are designed to strengthen the employees' ownership of their place of work, their interest in the bank's profitability and future, and the bank's capital instrument.

In 2022, employees were invited to purchase ECs via contracts to save NOK 500, NOK 1,000, NOK 1,500, NOK 2,000, NOK 2,500 or NOK 3,000 per month. The maximum amount per year is thus NOK 36,000, which is deducted from their pay. Each quarter, ECs are purchased for the amount saved. Every second EC purchased by the employee via the savings scheme qualifies for one further EC free of charge from SpareBank 1 Nord-Norge.

The “bonus ECs” are awarded two years after the employee initiates saving and are contingent on the employee retaining ownership of the originally saved ECs and remaining an employee of the Group.

A total of 523 employees availed themselves of the offer in 2022. The average amount saved was about NOK 2,250 per month.

Deviations from point 4 of the Code of Practice:
None

Point 5 of the Code of Practice:
Shares and negotiability

The bank's equity certificate is quoted on the Oslo Stock Exchange and is freely transferable. The articles of association contain no restrictions on transferability.

Deviations from point 5 of the Code of Practice:
None

Point 6 of the Code of Practice: General meetings

The bank is a savings bank and its management structure and the composition of its management bodies differ from those of a private limited company; see chapter 8 of the Financial Institutions Act on general meetings, governing and control bodies, etc. SpareBank 1 Nord-Norge accordingly has a general meeting ("Supervisory Board").

The bank's supreme body, the Supervisory Board, comprises EC holders, depositors, employees and representatives of the public authorities. The elected members shall collectively reflect Sparebanken's customer structure and other stakeholder groups, and its societal functions.

The Supervisory Board shall see to it that the bank operates in line with its mission and in conformity with law, its articles of association and the decisions of the Supervisory Board. The Supervisory Board has the following main tasks:

- Overseeing the board's management of the company.
- Approving the annual financial statements and management report.
- Electing members of the bank's Board of Directors and nomination committee.
- Appointing the bank's responsible auditor and fixing the auditor's remuneration.
- Distributing the amount which, according to section 10-17 of the Financial Institutions Act, may be donated to non-profit causes.
- Raising subordinated loan capital.

The bank shall ensure that all members of the Supervisory Board receive at least 21 days' notice in writing of Supervisory Board meetings and access to agenda documents, including the nomination committee's recommendation. The documents shall be available on the bank's website at least 21 days in advance of such meetings. The Supervisory Board cannot make decisions on any matters other than those stated in the notice of the meeting.

The Supervisory Board consists of 40 members and 20 substitute members with the following representation:

- EC holders: 16 members and 6 substitute members
- Depositors: 10 members and 5 substitute members
- Employees: 10 members and 5 substitute members
- Troms and Finnmark county council: 2 members and 2 substitute members
- Nordland county council: 2 members and 2 substitute members

The Supervisory Board normally meets once a year. The Supervisory Board has substitute members. EC holders can accordingly not attend by proxy.

Deviations from the point 6 of the Code of Practice:
The Supervisory Board consists of 40 members, with the EC holders accounting for 16 out of 40 votes. The reason for this deviation from the Code is that SpareBank 1 Nord-Norge abides by the provisions of the Financial Institutions Act with respect to the composition of corporate bodies of savings banks.

Point 7 of the Code of Practice: Nomination committee

NOMINATION COMMITTEE FOR THE SUPERVISORY BOARD

The nomination committee comprises five members and five substitute members, with representatives from all four groups represented on the Supervisory Board. The nomination committee is appointed by the Supervisory Board to prepare the election of members to the Supervisory Board, the Board of Directors and the nomination committee itself, excluding the employee representatives. The nomination committee is also tasked with reviewing and proposing any changes in the fee structure for the company's elected officers. Guidelines for the nomination committee are established by the bank's Supervisory Board.
The nomination committee comprises 5 members and 5 substitute members with the following composition:

- 2 members and 2 substitute members from those elected by the equity certificate holders
- 1 member and 1 substitute member from those elected by the depositors
- 1 member and 1 substitute member from those elected by the employees

- 1 member and 1 substitute member from those elected by the county councils
- When preparing the various elections, the committee attaches importance to experience, expertise, gender, industry and geography.

DEPOSITORS´ ELECTION

The Supervisory Board 's nomination committee shall prepare the depositors' election of members and substitute members to the Supervisory Board. The actual election is done electronically by the depositors.

COUNTY COUNCIL MEMBERS´ ELECTION

Representatives from the county councils are appointed by the county councils themselves.

EC HOLDERS´ ELECTION

An annual election meeting is held for the EC holders at which representatives to the Supervisory Board are elected and the company's financial situation is presented. The EC holders are summoned to the election meeting at least 14 days before the meeting is held. Notice of the meeting includes the nomination committee's recommendations for representatives to the Supervisory Board and other relevant supporting documents.

The voting rights attached to ECs are held by the person provably registered with the Norwegian central securities depository (VPS). The chair of the nomination committee, or whoever he/she authorises, presents the recommendations to the election meeting, including an account of the nomination committee's work. All those entitled to vote may submit proposals to the election meeting. Separate elections shall be held for members and substitute members. The order in which the substitute members are elected shall be determined at the election.

Votes shall be cast in writing unless all attendees at the meeting agree on a different method. The person(s) who receives the most votes shall be elected. In the case of a tied vote, lots shall be drawn.

NOMINATION COMMITTEE FOR THE EMPLOYEES´ ELECTION

Pursuant to the Financial Institutions Act, the election shall be organised by a nomination committee containing representatives appointed by the Board of Directors. The nomination committee must comprise at least 3 members and both the employees and management must be represented.

Deviations from point 7 of the Code of Practice: All members of the nomination committee for the Supervisory Board are elected from the groups represented on the Supervisory Board. This is conformant with the Financial Institutions Act's rules regulating savings banks.

Point 8 of the Code of Practice: **Board of Directors, composition and independence**

Reference is made to point 6 for information on the General Meeting/Supervisory Board.

In 2022 the Board of Directors comprised 9 regularly attending members, 7 of whom were elected by the Supervisory Board and 2 were elected by the employees. 5 of the Board of Directors' 9 members were women, 4 of whom were elected by the Supervisory Board and 1 by the employees. The 9 members are elected for a term of 2 years.

An insurance policy has been taken out for the board members and the Group CEO to cover any liability arising on their part towards the bank and third parties. The policy covers the insureds' liability for any economic loss, including personal liability for the bank's debts, that is the subject of a claim brought against the insured person in the insured period as the result of an alleged tortious act or omission.

The CEO is not a member of the Board of Directors. None of the board members elected by the Supervisory Board have any employee or contractor relationship with the Group beyond their positions as elected officers. The board members' independence has been assessed by the nomination committee and they are deemed to be independent. However, the employee-elected board members are not subject to such assessment. They are elected by and among the employees.

The chair and deputy chair are elected by the Supervisory Board at separate elections for a term of 2 years. The composition of the Board of Directors follows from the articles of association. The nomination committee shall ensure that the composition of the Board of Directors is such that the qualifications of its members fulfil the provisions of the Financial Institutions Act on suitability and also fulfil the ESMA/EBA recommendations.

The instructions for the nomination committee require the following:

- Competence – importance shall be given both to formal training and experience
- Industry – a variety of industries shall be represented
- Geography – the Bank's entire market area should be represented
- Gender – the provisions of the Public Limited Liability Companies Act concerning representation of both genders apply to the Board of Directors. For other elected officers, including within each of the various groupings in the Supervisory Board, a gender distribution that is as equal as possible should be striven for.
- Impartiality – obvious conflicts of interest should be avoided. Board members cannot hold board positions in other financial institutions; see the Financial Institutions Act Section 9-1.
- Length of service – the need for continuity must be weighed against the need for renewal and independence; see the recommendation in the Code of Practice

The Board of Directors has 12 fixed meetings per year, and the members' participation in board meetings is described in the annual report. Their holdings of ECs of SpareBank 1 Nord-Norge are disclosed in the notes to the accounts, under the presentation of the Board of Directors in the annual report and on the bank's website. Each board member's background is also described in the annual report and on the bank's website, snn.no.

Deviations from point 8 of the Code of Practice:
None

Point 9 of the Code of Practice:
The work of the Board of Directors

THE BOARD OF DIRECTORS' FUNCTION

The Board of Directors manages the bank's operations in accordance with regulatory requirements, the articles of association and other guidelines issued by the Supervisory Board. The Board of Directors is responsible for ensuring that the resources disposed over by the bank are managed in a prudent and appropriate manner. The board also has an obligation to ensure that all accounting and asset management are subject to satisfactory controls. For a more detailed description of the board's control functions, see point 10 of the Code of Practice. In addition, the board has the following main responsibilities:

- To appoint the CEO
- To establish instructions for the day-to-day management of the bank
- To determine the bank's strategy, budget and market-related and organisational goals

The Board of Directors appoints and dismisses the manager of the internal audit function.

The Board of Directors normally holds twelve meetings a year. In 2022, the board met 15 times.

SIGNIFICANT INTERESTS

The instructions to the Board of Directors provide that a board member may not participate in the consideration of or decision in matters of significance for him or her or for any related party. Board members shall disclose, unsolicited, any interest the individual senior employee or a related party may have in the decision in a matter under consideration by the Board of Directors. This applies regardless of whether it can be regarded as a vested interest that disqualifies them under the previous point.

Unless the board member him/herself opts to withdraw from the consideration of the matter, the board shall determine whether not the person concerned shall withdraw. In such an assessment, weight shall be given to any and all forms of personal, financial or other interests of the member and to the need for public trust in the Board of Directors' decisions and the bank's activities. The Board of Directors' assessment of the question of disqualification shall be recorded in the minutes.

The instructions to the Board of Directors state how the board and the Group management team shall deal with agreements with related parties and include provisions requiring an independent valuation to be obtained. No such agreements with related parties exist at present.

Board members are defined as primary insiders and must abide by the bank's rules governing acquisition of equity ECs of the bank and banks in SpareBank 1 Alliance. In the consideration of commitments involving companies in which a board member holds a position or has an interest, the member concerned shall declare himself/herself disqualified and withdraw from the meeting. Board members and senior employees shall also inform the Board of Directors if they, directly or indirectly, have a significant interest in an agreement entered into by the bank.

EVALUATION OF THE BOARD OF DIRECTORS

Each year the Board of Directors conducts a self-evaluation of its work with regard to competence, working methods, administrative procedures, meeting structure and prioritizing of tasks. The evaluation is submitted to the nomination committee as a tool in the recruitment of new board members.

REMUNERATION COMMITTEE

Members:

- Chairman of the board and 3 board members, one of whom represents the employees.
- The HR manager has the secretary function.
- The remuneration committee is identical for all companies in the Group that are covered by the Financial Institutions Regulations. In 2022 the committee consisted of 2 men and 2 women.

Mandate:

To prepare and present matters to the Board of Directors concerning the remuneration arrangements, including:

- Remuneration policy
- Report on the implementation of remuneration arrangements
- Statement on the determination of salaries and other remuneration of senior employees that is presented to the Supervisory Board
- Establishment of a variable remuneration framework
- The remuneration committee considers, and makes a recommendation on, the variable remuneration of senior personnel covered by the Financial Institutions
- Control function
- Group CEO's remuneration

AUDIT COMMITTEE

The audit committee is a preparatory and advisory working committee to the Board of Directors tasked with carrying out in-depth assessments of selected areas.

Members:

The audit committee shall comprise 3 members of the Board of Directors. They shall be independent pursuant to the definition in the Code of Practice for Corporate Governance. The audit committee may not consist of members of any other board committee, with the following exceptions/clarifications:

- The members of the audit committee may be members of the risk committee.
- The members of the audit committee may be members of the appointments committee and other ad hoc committees.
- The chair of the audit committee may not also chair the risk committee or the appointments committee.

The audit committee must at all times have the necessary competence to discharge its tasks. At least one member of the audit committee must have relevant accounting and auditing skills and experience.

The audit committee meets as often as the committee itself deems necessary, but at least four times a year. In 2022 the committee comprised 2 women and 1 man.

Mandate:

The audit committee shall oversee that the Group has an independent and effective external auditor and satisfactory financial reporting in conformity with regulatory requirements. This shall include reviewing the following areas, processes and documents (and all matters naturally pertaining thereto):

Annually:

- Annual report, including relevant attachments
- External auditor's audit plan
- External auditor's summary report following the carrying out of the statutory audit, including the audit report
- External auditor's declaration of independence
- Consider, and submit to the Board of Directors a recommendation on, the external auditor's remuneration
- Sustainability report (where the scope of the reporting is further expanded).

Quarterly

- Quarterly report, including relevant attachments (loss report etc.).

Ongoing (general)

- Review and discuss points where the auditor disagrees with the management and/or where substantial uncertainty has been drawn attention to by the auditor and/or other matters which the auditor wishes to discuss.

- Correspondence with the Financial Supervisory Authority relating to areas covered by the audit committee.
- Assess other matters as determined by the Board of Directors and/or the audit committee itself, or which the external auditor wishes to discuss, including letters to the Group management (Management Letters).

Ongoing (under the identically worded Financial Institutions Act Section 8-19 and Auditors Act Section 6-43):

- Inform the Board of Directors of the outcome of the statutory audit and explain how the audit contributed to integrity in the financial reporting, and the audit committee's role in that process.
- Prepare the Board of Directors' follow-up of the financial reporting process and offer recommendations or proposals to assure its integrity.
- Insofar as the undertaking's financial reporting is concerned, monitor the systems for internal control, risk management and the undertaking's internal audit without thereby impinging on the audit committee's independent role.
- Maintain ongoing contact with the institution's elected auditor regarding the auditing of the annual financial statements, including in particular monitoring the conduct of the audit in light of matters to which the Financial Supervisory Authority has drawn attention under Article 26(6) of the Audit Regulation; see Section 12-1 of the Auditors Act.
- Evaluate and monitor the auditor's independence under Chapter 8 of the Auditors Act and Article 6 of the Audit Regulation, in particular that non-audit services are delivered in conformity with Article 5 of the Audit Regulation; see Section 12-1 of the Auditors Act. See also separate authorization to the administration related to "purchase of non-audit services from the external auditor".
- Be responsible for preparing the institution's appointment of the auditor and make its recommendation in conformity with Article 16 of the Audit Regulation, cf. Section 12-1 of the Auditors Act.

RISK COMMITTEE

The risk committee is a preparatory and advisory working committee to the Board of Directors tasked with carrying out in-depth assessments of selected areas..

Members:

The risk committee shall comprise 3 members from the Board of Directors. They shall be independent pursuant to the definition in the Code of Practice for Corporate Governance.

The risk committee may not consist of members of any other board committee, with the following exceptions/clarifications:

- The members of the risk committee may be members of the audit committee.
- The members of the risk committee may be members of the appointments committee and other ad hoc committees.
- The chair of the risk committee may not also chair the audit committee or the appointments committee.

The risk committee must at any and all times have the competence needed to discharge the risk committee's tasks. When appointing the committee members, importance shall be attached to the members' possession, individually or collectively, of sufficient competence, experience and expertise in risk and capital management.

The risk committee meets as often as the committee itself finds necessary, but at least four times a year. In 2022 the committee consisted of 2 women and 1 man.

Mandate:

The committee shall oversee that risk and capital management in the Group supports the Group's strategic development and goal attainment and ensures financial stability and prudent asset management. This shall include addressing the following areas, processes and documents (and all matters naturally pertaining thereto):

Annual:

- Self-assessment of risk and capital needs (ICAAP)
- Validation of the IRB system
- Risk strategy
- Capital strategy
- Recovery plan
- Pillar 3 report
- Steering documents in the credit area
- Liquidity strategy
- Market risk strategy
- Other relevant steering documents in the various risk areas
- Manager verification
- Risk analysis, money laundering
- Annual report, compliance
- Annual plan for the internal audit function
- Incitements in the remuneration policy and remuneration practice (from a risk perspective).

Quarterly

- Risk report from Risk Management
- Status reports from the internal auditor

Ongoing:

- New strategic initiatives
- Correspondence with the Norwegian Financial Supervisory Authority, related to areas that the risk committee must deal with
- Changes to the IRB system (model changes etc.)

- Significant new products, processes and systems, outsourcing arrangements etc.
- Risk pricing
- Ensuring that the IRB system is well integrated into the organisation and that it satisfactorily calculates risk levels and capital needs
- Ensuring that the bank has adequate systems for internal control, risk management, compliance and the internal audit, and that they that function satisfactorily
- Assessing other matters as determined by the Board of Directors and/or the Risk Committee itself, or that the internal auditor wishes to discuss.

Periodically:

- Assessing and making recommendations to the Board of Directors concerning the election of the internal auditor.
- Instructions to the internal audit function
- Instructions to the chief risk officer (CRO)
- Instructions to the head of Compliance

REPORTING

The Board of Directors receives periodic reports on the following:

- Financial performance
- Market developments
- Management, personnel and organizational development
- Changes in the risk picture and risk exposure of the bank, including the status with respect to risk limits and targets adopted by the board, and the status with respect to recovery indicators etc.
- Compliance

In addition to the above, there are periodic presentations of the bank's scorecard containing financial, organisational, market-related and quality-related targets.

Central business lines and other related areas are reviewed at least once a year, with evaluation and determination of limits and guidelines.

INTERNAL AUDIT

The internal audit function is a tool employed by the Board of Directors and the administration to ensure that the risk management process is targeted, efficient and functions as intended. EY delivers internal audit services to the Group. The internal audit covers the Group's entire business. This also includes material activities that are outsourced, as well as subsidiaries that are subject to the regulations on risk management and internal control or that engage in activity considered to be of material significance for the Group. The internal audit's main task is to confirm that the established internal controls function as intended, and to ensure that established risk management measures are adequate in relation to the bank's risk profile.

The internal audit function reports every four months to the Board of Directors, which adopts annual plans and budgets for the internal audit. Reports and recommendations issued by the audit function concerning improvements to the bank's risk management are reviewed and implemented on a continuous basis.

An audit plan is prepared and is discussed with the Group management team, considered by the risk committee and approved by the Board of Directors. The internal audit's risk assessments determine which areas are to be reviewed.

Separate audit reports are prepared, containing results and recommended improvements. These are presented to the responsible manager and the Group management team. A summary of the reports is submitted on a four-monthly basis to the risk committee and the Board of Directors. Any consultancy work is carried out in keeping with the standards and recommendations applying to internal auditors (IIA/NIRF).

RISK MANAGEMENT FUNCTION

This function is independent of the business lines and has overarching responsibility for overall and coherent risk management and internal controls, including responsibility for the Group's risk models and the further development of effective risk management systems etc.

A job description for the head of this function (CRO) is in place. This is revised and adopted by the Board of Directors annually.

COMPLIANCE FUNCTION

The compliance function is independent of the business lines and is responsible for overseeing compliance with regulatory requirements and internal policies in the Group.

The head of the compliance function is responsible for:

- The compliance function has a risk-based approach to the control tasks, and that a compliance plan is prepared, that will form the basis for controls and the preventive work. Control actions must be documented, and events and deviations are registered.
- Check and monitor that the group always complies with the applicable external and internal regulations and ensure that measures taken to deal with non-compliance are sufficient.
- Fulfill the role of compliance officer, in accordance with Section 35 (2) of the Money Laundering Act.
- Fulfill the role of compliance officer for the investment firm.
- Facilitate effective identification of risks for non-compliance with relevant external requirements, as well as advise on risk-reducing measures.
- Keep the CEO continuously informed about the development and operation of his area of responsibility.
- Further develop the framework for managing relevant

compliance risks in the group in line with the adopted risk strategy.

- Preventive work against, and ongoing control of, money laundering and terrorist financing.
- Independent management and board reporting of the Groups compliance risk.
- Provide training, guidance, and advice.
- Monitor and follow up the effectiveness of the control measures.
- The head of Compliance must be presented with strategies and business plans and participate in the assessments if the company expands its business areas or launches new products. Before decisions regarding new or significantly changed products, services or processes are made, the head of Compliance must submit an assessment on whether compliance has been adequately ensured.
- Give the group advice and guidance on acceptable behavior and practice in relation to the interpretation of external and internal regulations.
- The compliance function in the investment firm is attended to by the Group's compliance department.

A job description exists for the head of compliance. It includes the investment firm's responsibility for compliance.

Deviations from point 9 of the Code of Practice: None.

Point 10 of the Code of Practice: **Risk management and internal control**

STRATEGIC PRINCIPLES FOR RISK AND CAPITAL MANAGEMENT

Risk and capital management at SpareBank 1 Nord-Norge is aimed at supporting the Group's strategic development and goal attainment. It shall also ensure financial stability and prudent asset management. This shall be achieved through:

Insight

- A good understanding of the Group's risk exposure
- A healthy risk culture characterised by a high awareness of risk management and internal control.

Quality

- Comprehensive risk management which ensures efficient operations and proper handling of significant risks.
- Differentiated risk management which ensures the right quality of processes and systems.

Customer oriented

- Understanding how various customer activities drive risk in the business
- Balancing the relationship between risk and business in a good manner

Sustainability

- Optimised relationship between risk and profitability that ensures long-term value creation.
- SpareBank 1 Nord-Norge shall not offer products and/or services, or carry out actions, which entail a significant risk of complicity in unethical behaviour, violation of human and worker rights, corruption or environmental destruction.

RISK WILLINGNESS

The risk strategy is the most central document of risk and capital management in the Group. The risk strategy defines the risk that the Group is willing to accept (risk willingness) in order to attain the Group's business-related goals as they are defined in the business strategy.

Risk willingness is defined both qualitatively and quantitatively, for both a normal scenario and a stress scenario. The Group's qualitative risk willingness is presented in the table below.

#	RISK AREA	RISK WILLINGNESS, NORMAL SCENARIO	RISK WILLINGNESS, STRESS SCENARIO
1	Business risk (incl. strategic risk)	Low	Low
2	Solidity	Low	Low
3	Credit risk	Moderatw	Low to moderate
4	Market risk	Low to moderate	Low to moderate
5	Liquidity and funding risk	Low	Low
6	Owner risk	Low to moderate	Low to moderate
7	Operational risk	Low	Low
8	Compliance risk	Low	Low
9	ESG risk	Low to moderate	Low til moderate
10	Systemic risk	Externally given	Externally given
	Overall risk willingness	**Low to moderate**	**Low to moderate**

The overall risk willingness is low to moderate, unchanged from the previous year. The qualitatively defined risk willingness is operationalised through quantitative risk limits and targets within each of the risk areas. The scenario by which the Group is to be managed at any time is decided by the Board of Directors. In view of the Covid-19 pandemic, the Board decided in the first half of 2020 to take a basis in risk willingness for a stress scenario. This stance was retained both in 2020 and 2021. In February 2022 the Board of Directors decided to switch to a normal scenario. In view of the challenging geopolitical and macroeconomic situation, which has escalated through 2022, the Group considers on an ongoing basis whether a need exists to return to management based on risk willingness for a stress scenario.

A leading principle is that the Group's risk exposure should at all times be within the scope of the Group's risk willingness and risk capacity. The Group's risk exposure in terms of financial risks has been in line with the risk willingness adopted by the Board throughout 2022. For further information, see the Group's annual accounts and Pillar 3 report.

FRAMEWORK FOR RISK MANAGEMENT AND INTERNAL CONTROL

COSO framework

Through its ongoing activities the Group is exposed to various types of risks which can hinder goal attainment. The Group accordingly has in place processes and systems for risk management and internal control with a view to ensuring long-term value creation through efficient operations and proper management of the risks to which the Group is exposed.

The strategic principles for risk and capital management form the basis for management and control both of individual risks and the Group's overall risk exposure.

The Group's framework for risk management and internal control is based on the COSO framework (Committee of Sponsoring Organizations of the Treadway Commission), where the following five elements are viewed as central to achieving an effective and integrated internal control system:

- **Control environment:** includes the people in the institution, their individual qualities and integrity, ethical values, attitudes and competencies, as well as how the business is organised. At SpareBank 1 Nord-Norge, risk management and internal control are organised according to the three-line model (3LOD), described below.
- **Risk assessment:** identification and assessment of internal and external factors that affect the Group's goal attainment.
- **Control activities:** policies and procedures to ensure that identified risks are reduced and managed effectively.
- **Information and communication:** processes that ensure that relevant information is identified and communicated in a timely manner.
- **Monitoring**: processes to ensure that internal control is appropriately defined and implemented, and that it is effective and adaptable.

At SpareBank 1 Nord-Norge the principles for internal control in the COSO framework are operationalised through the Group's ethical guidelines and other steering documents, including the policy for risk management and internal control.

Ethical guidelines

The Group's ethical guidelines apply to the Group and its entire workforce, and constitute a central element of the control environment by defining clear requirements as to ethical and socially responsible conduct. The Group's core values and ethical values are communicated and known throughout the organisation. Clear guidelines have been established for warning of circumstances that are in breach of regulatory requirements, and breaches of internal guidelines, or circumstances that could harm the Group's reputation. A whistleblower can report anonymously, and an external reporting channel has also been established.

Policy for risk management and internal control

A policy for risk management and internal control has been adopted by the Board of Directors, and defines:

- Principles of risk management and internal control
- Organisation and responsibility structure
- Documentation and reporting

These main elements are further described in the following.

Principles of risk management and internal control

The Group's work on risk management and internal control is performed in keeping with the following principles:

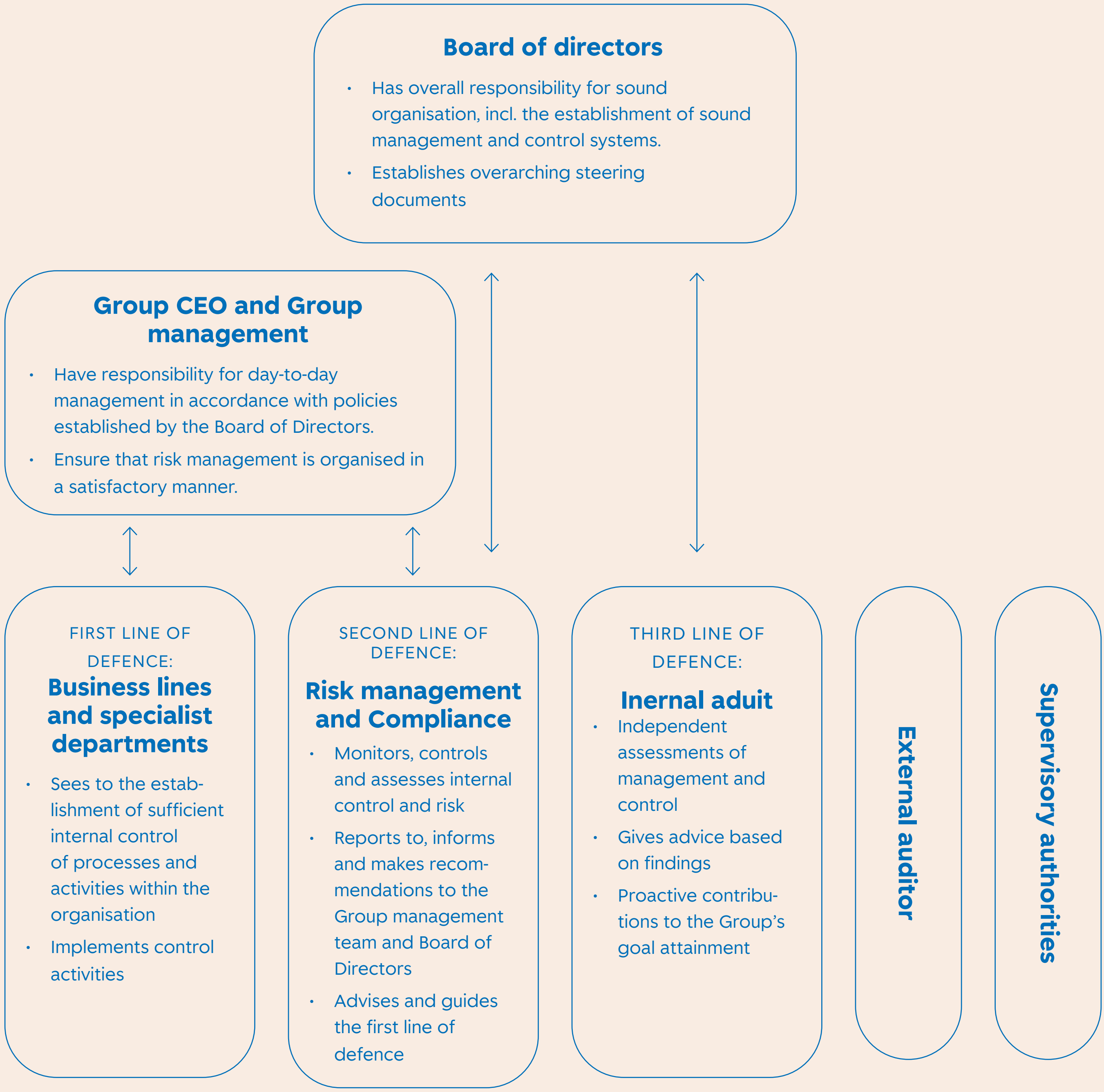
- **Organisation:** risk management and internal control shall be organised in accordance with the principle of three lines of defence.
- **Comprehensive:** Risk management and internal control shall be comprehensive, long term and balanced, and an integral part of the Group's governance.
- **Insight:** Risk management and internal control shall be tailored to the risk willingness in the area concerned.
- **Operationalisation:** Risk management and internal control shall be underpinned by steering documents and system support for measurement

and documentation ensuring processes that are comprehensive in nature and of the right quality.

- **Quality:** Risk management and internal control shall be of the right quality, and be subject to continuous improvement and development.

Organisation and responsibility structure

The Group's organisational set-up aims to underpin, and be in keeping with, regulatory requirements and internal aspirations with regard to risk management and internal control. At SpareBank 1 Nord-Norge, risk management and internal control are organised with reference to the three-line model (3LOD) as illustrated and described below.



The entire business is viewed as a part of the control environment. All parts of the business have a responsibility for the assessment of significant risks related to their own business line, for establishing control measures to mitigate risk, and for measuring, evaluating and reporting the status of risk management and internal control within their area of responsibility and in relation to their role in the three-line model.

This entails the following:

The **Board of Directors** of SpareBank 1 Nord-Norge is responsible for adopting a prudent risk profile, yield targets, overall risk and capital management frameworks, including the IRB system, and risk models in general. The Board of Directors is also responsible for adopting risk frameworks and authorisations, and for initiating, assessing and approving the internal process for assessing risk exposure and capital need (ICAAP) and appurtenant capital planning.

The Board of Directors shall ensure that the framework is adequately communicated and implemented throughout the Group. The Board of Directors shall also ensure that the framework is followed up with sufficient authority and resources. The Board of Directors' tasks are formalised in a separate annual plan which is updated each year. This ensures that the Board of Directors can devote sufficient time and focus to key tasks. For further information see point 9 of the Code of Practice.

The **Group CEO** is responsible for overall risk management. The CEO is accordingly responsible for the implementation of effective risk management systems in the Group and for the monitoring of risk exposure. The Group CEO is also responsible for delegating authorisations and reporting to the Board of Directors.

Managers of business lines and specialist departments, as well as employees, are responsible for day-to-day risk management within their areas of responsibility. The managers shall at all times ensure that risk management and risk exposure comply with the limits and governance principles that are determined by the Board of Directors or Group CEO.

Credit is the Group's central department in the credit area, responsible for the preparation and maintenance of goals, steering documents along with operational management and monitoring of the Group's credit operations and management of credit risk.

Risk Management is organised independently of the business lines and reports directly to the Group CEO. The executive director of Credit and Risk Management (CRO) can also report directly to the Board of Directors if the situation so requires. The department is responsible for further development and management of the framework for risk management, capital management and internal control, including risk models and risk management systems. The department is further responsible for the ongoing monitoring and reporting of the Group's risk exposure to the board.

Compliance is an independent function which identifies, assesses, advises on, monitors and reports on the business's compliance risk. The Group's compliance function covers all business lines, specialist departments and subsidiaries in matters of compliance with regulatory requirements and internal policies. The department is independent and collaborates with other specialists/departments where necessary. This applies particularly to risk management, the legal department and the internal audit, as well as to compliance officers at subsidiaries etc.

Internal audit oversees that the risk management process is targeted, effective and functions as intended. The internal audit function reports to the board. The internal audit's reports and recommendations for improvements shall be acted on by the organisation. The Group's internal audit function is provided by E&Y. For further information see point 9 and point 15 of the Code of Practice.

The external auditor's main task is to judge whether the Group's annual accounts are in accordance with regulatory requirements, and he/she conducts a full annual audit of the Group's annual financial statements. The external auditor also considers whether asset management is organised in a satisfactory manner and is subject to proper control.

Supervisory authorities. SpareBank 1 Nord-Norge is subject to supervision by Norwegian authorities, including the Financial Supervisory Authority (Finansilsynet) and the Data Inspectorate (Datatilsynet) etc. Finanstilsynet considers inter alia the results of the Group's internal capital adequacy assessment process (ICAAP) and internal liquidity adequacy assessment process (ILAAP), the recovery plan and the annual validation of the IRB models for credit risk.

Documentation and reporting

Systems and policies for risk management and internal control, risk assessments, results of internal controls, and evaluations of internal control processes shall be documented. Reporting related to the Group's work on risk management and internal control is done at different levels in relation to the three-line model. The most central reporting covers:

Financial reporting: The Group complies with applicable regulatory requirements and contributes to ensuring relevant, reliable, timely and identical information to the bank's EC holders and the securities market as a whole. The chief financial officer (CFO) is responsible for financial reporting.

- Investor relations: Treasury is responsible for investor relations (IR). The department has ongoing contact with investors and investor entities.
- External reporting: the Accounts Department prepares all financial reports for SpareBank 1 Nord-Norge. The department oversees that reporting is compliant with regulatory requirements and accounting standards, and the Board of Directors' guidelines. The department sets guidelines for monthly, quarterly and annual reporting from all business lines and subsidiaries based on internal

and external requirements. Control measures have been established for all financial reporting to ensure correct, valid and complete reporting. The measures include reasonableness and probability controls within the specific business lines and on a more aggregated level. In addition, processes have been established to ensure that financial reporting is quality assured on an ongoing basis by means of detailed reconciliation checks carried out on a daily and monthly basis. Any errors and defects are followed up and corrected as and when identified. The external auditor conducts a full annual audit of the Group's annual financial statements.

- Internal reporting: the Governance Department is responsible for the internal accounts and internal reporting of the status regarding the financial targets. Good measuring systems are in place for following up all business lines in the Group, where the most central target figures for each business line are followed up on an ongoing basis in the Group's governance system. The CFO continually assesses the business lines' financial results and target attainment, oversees that all units perform in line with the Group's overarching financial goals, and reports to the Group CEO.

Risk reporting: the trend in the Group's risk exposure, both in financial and non-financial risk areas, in relation to the Group's risk willingness, and relevant internal and external factors, is reported to the Board of Directors on a quarterly basis. The executive director of Credit and Risk Management (CRO) is responsible for this reporting.

Compliance report: regulatory changes and the trend in the Group's compliance risk in relation to the Group's risk willingness, the policy for compliance and the control plan for the compliance department are reported to the Board of Directors on a quarterly basis, The head of compliance is responsible for this reporting.

Internal control reporting: Internal control reporting (manager verification) is performed on an annual basis to obtain an overview of managers' assessments of the internal control within their respective areas of responsibility, including their own role in the internal control process. This aims to provide the Group CEO and the Board of Directors with a basis for checking that the internal control function is properly attended to.

ICAAP: In connection with the Group's annual internal capital adequacy assessment process (ICAAP), explicit assessments are made of the risk management and internal control process in all significant risk areas. The ICAAP is reported to the Board of Directors and Finanstilsynet.

For further information on reporting related to risk management and internal control, see the Group's Pillar 3 report.

Deviations from point 10 of the Code of Practice:
None.

Point 11 of the Code of Practice:
Remuneration of the Board of Directors

The members of the Board of Directors receive a fixed annual remuneration. Remuneration is not performance related. The board chair is remunerated separately and board members who participate in board committees receive payment accordingly. None of the board members elected by the Supervisory Board normally perform work for the bank beyond their directorships. Ad hoc committees may be established and are remunerated on a separate basis. The Supervisory Board has set an hourly rate for such work which is utilised for example in connection with the appointment of the CEO.

Some board members have enrolled in the Group's savings scheme. The scheme is identical to the 2020 version and involves agreements to save NOK 500, NOK 1,000, NOK 1,500 or NOK 2,000 per month. Every second EC purchased via the savings scheme qualifies for one further EC free of charge from SpareBank 1 Nord-Norge. The "bonus ECs" are awarded two years after the employee initiates saving and are contingent on the employee retaining ownership of the originally saved ECs. For 2023, the scheme does not cover members of the board.

Deviations from point 11 of the Code of Practice:
Equity certificate savings scheme.

Point 12 of the Code of Practice:

Remuneration of executive personnel

A policy on salary and other remuneration to senior personnel has been adopted that is clear and comprehensible and contributes to the bank's business strategy, long-term interests and economic resilience. The policy is in the public domain and can be found in the sustainability library (https://www.sparebank1.no/nb/nord-norge/om-oss/baerekraft/barekraftsbibliotek.html).

The Group has established a remuneration policy that conforms to the Group's overall goals, risk tolerance and long-term interests. It is intended to help promote, and provide incentives for, good management and control of the Group's risk, discourage excessive or undesired risk taking, avoid conflicts of interest and ensure compliance with applicable laws and regulations. The policy is approved by the Board of Directors and presented to the Supervisory Board.

The Group's remuneration policy includes special rules for senior personnel, other employees and elected officers with tasks of material significance for the Group's risk exposure. The same applies to employees and elected officers with control tasks; see requirements of the Regulations on remuneration arrangements in financial institutions, investment firms and management companies for securities funds.

The Board of Directors has established a remuneration committee as a preparatory body for matters relating to the assessment and fixing of the Group CEO's remuneration. The committee shall also make recommendations to the Board of Directors on policy for the remuneration of senior personnel (Group management team). The remuneration committee's mandate is set by the Board of Directors. The policy is submitted to the Supervisory Board. The Board of Directors' statement on managerial pay constitutes a separate case document to the Supervisory Board. Matters previously disclosed in the Board of Directors' statement on managerial pay and in the notes are now disclosed in "Report on salary and remuneration of senior personnel".

See also the account of the Board of Directors' remuneration committee under point 9.

Fixed salary shall constitute the main part of the total remuneration for employees.

The following principles are applied when determining any variable remuneration to senior personnel:

1. There should be an appropriate balance between fixed and variable remuneration. The fixed component of the employee's remuneration should be sufficiently high to allow the institution the possibility of paying no variable component at all.
2. For employees covered by the Financial Institutions Regulations, variable remuneration may not total more than 100 % of the fixed remuneration. The Supervisory Board of the bank, and the Annual General Meeting at subsidiaries, may decide that the limit can be increased to 200 % if the requirements for consideration by the company's governing bodies etc. are met.
3. Any variable remuneration shall not constitute more than 50 % of the fixed salary for the Group CEO and Group management team of the bank.
4. The basis for variable remuneration related the department's results shall be a period of at least two years. Variable remuneration may however be earned annually, based on assessments of financial and non-financial performance over at least two years.
5. The determination of variable remuneration shall be based on an assessment of the person's performance, as well as the results of the business unit and the Group as a whole. When measuring risk, all risks arising from the operations of the financial institution must be taken into account, including the cost of capital and liquidity needed by the institution.
6. At least half of the variable remuneration shall be paid in the form of ECs of SpareBank 1 Nord-Norge. The right of disposal over such ECs shall be accrued pro rata over a period of 3 years from the time the variable remuneration was determined. During this period, the ECs may not be freely disposed by the employee. The period shall take account of the institution's underlying business cycle and the risk present in the institution. Such part of the variable remuneration will be reduced if either the institution's performance or subsequent results call for this to be done.
7. Overall variable remuneration must not limit the Group's ability to strengthen its own funds.
8. Any individual, variable bonus scheme shall be reduced on a krone-to-krone basis by the amount of any profit share (Group or company bonus).
9. Variable remuneration is not paid in the form of ownership interests in associates (internal companies), or in any other way which might entail circumvention of the undertaking's remuneration policy.

10. Senior personnel may not have agreements or insurance that protect against the non-payment of performance-related remuneration.
11. Remuneration of employees with control responsibilities shall be independent of the results of the business line that they control.

The Group CEO, or whomever he designates, is responsible for submitting each year a presentation to the remuneration committee in connection with the granting of variable remuneration to senior personnel. The remuneration committee submits the matter to the Board of Directors.

Deviations from point 12 of the Code of Practice:
None

Point 13 of the Code of Practice:
Information and communication

Information and effective communication underpin the relationship of trust between EC holders, the Board of Directors and the Group management team and ensure that the bank's stakeholder groups have the opportunity at any time to assess and relate to the bank. The bank's information policy therefore attaches importance to an active dialogue with the bank's various stakeholder groups, in which the focus is on openness, predictability and access.

The bank also emphasises the importance of correct, relevant and timely information on the bank's development and performance in terms of inspiring the confidence of the investor market. Information is communicated to the market through the bank's quarterly investor presentations, website, stock exchange notices and press releases. Regular presentations are also arranged for the bank's international partners, lenders, investors and other stakeholder groups.

The open information practices conform to the non-disclosure rules in force at any and all times. SpareBank 1 Nord-Norge's financial calendar is published on the bank's website.

Deviations from point 13 of the Code of Practice:
None

Point 14 of the Code of Practice:
Takeovers

Any party intending to make an acquisition that will entail becoming the owner of a qualifying holding in a savings bank must send advance notice thereof to the Financial Supervisory Authority of Norway; see Section 6-1 of the Financial Institutions Act. The same applies to acquisitions entailing that a qualifying holding will increase to or exceed 20, 30 or 50 %, respectively, of the capital or votes of a financial institution, or that the holding will enable a determining influence in the financial institution as mentioned in Section 1-3 of the Public Limited Liability Companies Act.

An overview of the 20 largest EC holders in SpareBank 1 Nord-Norge can be found in the notes to the accounts and on the bank's website.

Deviations from point 14 of the Code of Practice:
Statutory limit on equity holdings.

Point 15 of the Code of Practice:

Auditor

The external auditor is appointed by the Supervisory Board based on the recommendation of the audit committee. The bank's auditor is identical to the auditor of all the subsidiaries. The external auditor presents an annual plan to the audit committee containing the main features of the execution of the audit engagement.

The auditor participates in board meetings at which the annual accounts are discussed and in the audit committee's meetings where the accounts are discussed. In addition, the Group's internal control function is reviewed, including identification of weaknesses and recommendations for improvements. The Board of Directors holds at least one meeting with the auditor a year without the Group CEO or others from the Group management team being present. The external auditor presents a report on these matters to the bank's Supervisory Board .

Guidelines have been established for the Group management team's right to use the auditor for non-audit services.

The Supervisory Board sets the auditor's fees.

Deviations from point 15 of the Code of Practice:
None.

Tromsø, 23.02.23

Board of Directors and CEO of SpareBank 1 Nord-Norge

Annual Accounts 2022

ANNUAL REPORT - INCOME STATEMENT

PARENT BANK				GROUP	
2021	**2022**	AMOUNTS IN NOK MILLION	NOTES	**2022**	2021
2 251	**3 540**	Interest income	19	**3 824**	2 542
534	**1 280**	Interest costs	19	**1 268**	528
1 717	**2 260**	**Net interest income**		**2 556**	2 014
1 022	**849**	Fee- and commission income	20	**1 088**	1 267
68	**56**	Fee- and commission costs	20	**79**	96
123	**5**	Other operating income	20	**225**	328
1 077	**798**	**Net fee- commission and other operating income**		**1 234**	1 499
36	**90**	Dividend	21	**90**	36
757	**506**	Income from investments	21	**204**	532
221	**-21**	Gain/losses and net value changes from investments in securities	21	**-20**	226
1 014	**575**	**Net income from investments**		**274**	794
3 808	**3 633**	**Total income**		**4 064**	4 307
632	**541**	Personnel costs	22, 23, 24	**844**	936
653	**606**	Other operating costs	23, 31, 32	**793**	812
1 285	**1 147**	**Total costs**		**1 637**	1 748
2 523	**2 486**	**Result before losses**		**2 427**	2 559
- 70	**54**	Losses	13	**63**	- 235
2 593	**2 432**	**Result before tax**		**2 364**	2 794
395	**459**	Tax	25	**513**	499
		Result non-current assets held for sale			
2 198	**1 973**	Result for the year		**1 851**	2 295
		Result for the year allocated:			
		Controlling owner's share		**1 824**	2 283
		Non-controlling owner's share		**27**	12
		Result per Equity Certificates			
10,15	**8,98**	**Result per EC, adjusted for interests hybrid capital 1)**		**8,25**	10,41
		Other comprehensive income, IAS 1			
2 198	**1 973**	**Result for the period**		**1 851**	2 295
		Items that will not be reclassified to profit/loss			
		Share of other comprehensive income from investment in joint-ventures		**4**	4
-98		Actuarial gains (losses) on benefit-based pension schemes			-101
- 25		Tax			- 26
- 73		**Total**		**4**	- 71
		Items that will be reclassified to profit/loss			
-15		Net change in fair value of financial assets available for sale			-15
		Share of other comprehensive income from investment in joint-ventures		**81**	18
		Tax			
- 15		**Total**		**81**	3
2 110	**1 973**	**Total comprehensive income for the period**		**1 936**	2 227
		Totalresult per Equity Certificate			
9,74	**8,98**	Result per EC, adjusted for interests hybrid capital 1)		**8,64**	10,15

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	
31.12.21	**31.12.22**	AMOUNTS IN NOK MILLION	NOTES	**31.12.22**	31.12.21
		Assets			
399	**145**	Cash and balances with Central Banks		**145**	399
7 491	**8 654**	Loans and advances to credit institutions	10	**1 787**	1 365
81 558	**84 205**	Net loans and advances to customers	11, 13, 14	**92 850**	89 343
1 504	**1 513**	Shares	21, 29	**1 528**	1 519
19 150	**18 069**	Bonds and certificates	21, 28	**18 073**	19 150
1 089	**1 458**	Financial derivatives	16, 21	**1 458**	1 089
1 274	**31 492**	Investment in Group companies	30		
3 446	**3 597**	Investment in associated companies and joint ventures	30	**5 063**	4 837
460	**406**	Property, plant and equipment	31	**829**	859
		Intangible assets	33	**118**	116
306	**583**	Other assets	34	**670**	503
116 677	**120 122**	**Total assets**		**122 521**	119 180
		Liabilities			
1 123	**1 186**	Liabilities to credit institutions	10	**1 185**	1 092
76 208	**79 566**	Deposits from customers	35	**79 484**	76 149
17 527	**15 336**	Debt securities in issue	36	**15 336**	17 527
602	**1 259**	Financial derivatives	16	**1 259**	602
1 907	**2 814**	Other liabilities	24, 25, 37	**3 389**	2 470
9		Deferred tax liabilities	25	**25**	127
4 560	**5 718**	Subordinated loan capital and debt	38	**5 718**	4 560
101 936	**105 879**	**Total liabilities**		**106 396**	102 527
		Equity			
1 807	**1 807**	Equity Certificates	41	**1 807**	1 807
843	**843**	Premium Fund		**843**	843
780	**600**	Hybrid capital	38	**600**	780
3 845	**3 693**	Dividend Equalisation Fund		**3 693**	3 845
7 392	**7 217**	Saving Bank's Fund		**7 217**	7 392
120	**120**	Donations		**120**	120
0		Fund for unrealised gains			0
- 46	**-37**	Other equity		**1 614**	1 669
		Non-controlling interests		**231**	197
14 741	**12 243**	**Total equity**		**16 125**	16 653
116 677	**120 122**	**Total liabilities and equity**		**122 521**	119 180

Tromsø, 23.02.23

The Board of Directors of SpareBank 1 Nord-Norge

ANNUAL REPORT - CHANGES IN EQUITY

PARENT BANK									
AMOUNTS IN NOK MILLION	EC CAPI-TAL	PREMIUM FUND	HYBRID CAPITAL	DIVIDEND EQUALI-SATION FUND	SAVING BANK'S FUND	FAIR VALUE RESERVE	DONATIONS FUND	OTHER EQUITY	**TOTAL EQUITY**
Equity at 01.01.21	**1 807**	**843**	**780**	**3 253**	**6 254**	**15**	**573**	**- 20**	**13 505**
Total comprehensive income for the period									
Period result				1 019	1 179				**2 198**
Other comprehensive income:									
Actuarial gains (losses) on benefit-based pension schemes				-20	-23			-55	**-98**
Net change in fair value of financial assets available for sale						-15			**-15**
Tax on other comprehensive income								-25	**-25**
Total other comprehensive income				**-20**	**-21**	**-15**		**-30**	**-88**
Total comprehensive income for the period				**999**	**1 156**	**- 15**		**-30**	**2 110**
Transactions with owners									
Dividend paid 2020 other distribution				- 392			- 453		**- 845**
Interest hybrid capital - last year				- 15	- 18			33	**0**
Interest hybrid capital - this year								- 29	**- 29**
Total transactions with owners				**- 407**	**- 18**		**- 453**	**4**	**- 874**
Equity at 31.12.21	**1 807**	**843**	**780**	**3 845**	**7 392**	**0**	**120**	**- 46**	**14 741**
Total period result									
Period result				915	1 058				**1 973**
Other comprehensive income:									
Net change in fair value of financial assets available for sale									
Actuarial gains (losses) on benefit-based pension schemes									
Tax on other comprehensive income									**0**
Total other comprehensive income									**0**
Total comprehensive income for the period				**915**	**1 058**	**0**	**0**	**0**	**1 973**
Transactions with owners									
Equity issue									
Dividend paid 2021/other distribution				- 1 044	- 1 208				**- 2 252**
Interest hybrid capital - last year				- 14	- 15			29	**0**
Interest hybrid capital - this year								- 37	**- 37**
Other equity transactions			- 180	-9	-10			17	**-182**
Total transactions with owners			**-180**	**- 1 067**	**- 1 233**		**0**	**9**	**-2 471**
Equity at 31.12.22	**1 807**	**843**	**600**	**3 693**	**7 217**	**0**	**120**	**- 37**	**14 243**

GROUP

AMOUNTS IN NOK MILLION	EC CAPITAL	PREMIUM FUND	HYBRID CAPITAL	DIVIDEND EQUALISATION FUND	SAVING BANK'S FUND	FAIR VALUE RESERVE	DONATIONS FUND	OTHER EQUITY	TOTAL CONTROLLING INTERESTS	NON-CONTROLLING INTERESTS	**TOTAL EQUITY**
Equity at 01.01.21	**1 807**	**843**	**780**	**3 253**	**6 254**	**15**	**573**	**1 497**	**15 022**		**15 022**
Total comprehensive income for the period											
Period result				1 019	1 0179			85	2 283	12	**2 295**
Other comprehensive income:											
Share of other comprehensive income from investment in assosiated companies								22	22		**22**
Net change in fair value of financial assets available for sale						- 15			- 15		**- 15**
Actuaroal gains (losses) on benefit-based pension schemes				-20	-23			-58	- 101		**- 101**
Tax on other comprehensive income								-26	-26		**-26**
Total other comprehensive income				**-20**	**-23**	**-15**	**0**	**-10**	**-68**		**-68**
Total comprehensive income for the period				**999**	**1 156**	**-15**	**0**	**75**	**2 215**	**12**	**2 227**
Transactions with owners											
Changes in controlling interests								102	102	185	**287**
Dividend paid 2020 other distribution				-392			- 453		- 845		**- 845**
Interest hybrid capital - last year				- 15	- 18			33	0		**0**
Interest hybrid capital - this year								- 29	- 29		**- 29**
Other equity transactions from group companies and associated companies								-9	-9		**-9**
Total transactions with owners				**- 407**	**- 15**		**- 453**	**97**	**- 781**	**185**	**- 596**
Equity at 31.12.21	**1 807**	**843**	**780**	**3 845**	**7 392**	**0**	**120**	**1 669**	**16 456**	**197**	**16 653**
Total comprehensive income for the period											
Period result				915	1 058			-149	1 824	27	**1 8951**
Other comprehensive income:											
Share of other comprehensive income from investment in assosiated companies								85	85		**85**
Net change in fair value of financial assets available for sale									0		**0**
Actuaroal gains (losses) on benefit-based pension schemes									0		**0**
Tax on other comprehensive income									0		**0**
Total other comprehensive income								**85**	**85**		**85**
Total comprehensive income for the period				**915**	**1 058**	**0**	**0**	**-64**	**1 909**	**27**	**1 936**
Transactions with owners											
Changes in controlling interests										33	**33**
Dividend paid 2021/other distribution				-1 044	-1 208				-2 252	-30	**-2 282**
Interest hybrid capital - last year				- 14	- 15			29	0		**0**
Interest hybrid capital - this year								- 37	- 37		**- 37**
Other equity transactions from group companies and associated companies			-180	-9	-10			17	- 82	4	**- 178**
Total transactions with owners			**-180**	**-1 067**	**-1 233**		**0**	**9**	**-2 471**	**7**	**-2 464**
Equity at 31.12.22	**1 807**	**843**	**600**	**3 693**	**7 217**	**0**	**120**	**1 614**	**15 894**	**231**	**16 125**

ANNUAL REPORT - CASH FLOW STATEMENT

PARENT BANK			GROUP	
31.12.21	**31.12.22**	AMOUNTS IN NOK MILLION	**31.12.22**	31.12.21
2 593	**2 432**	Profit before tax	**2 364**	2 794
78	**68**	+ Ordinary depreciation	**92**	104
4	**0**	+ Write-downs, gains/losses fixed assets	**0**	4
- 70	**54**	+ Losses on loans and guarantees	**63**	- 235
395	**459**	- Tax/Result non-current assetes held for sale	**513**	499
2 210	**2 095**	**Provided from the year's operations**	**2 006**	2 168
- 570	**1 600**	Change in sundry liabilities: + increase/ - decrease	**1 525**	- 454
933	**-646**	Change in various claims: - increase/ + decrease	**-538**	904
- 710	**-3 864**	Change in gross lending to and claims on customers: - increase/ + decrease	**-3 992**	- 725
-1 870	**1 072**	Change in short term-securities: - increase/ + decrease	**1 068**	-1 876
2 988	**3 421**	Change in deposits from and debt owed to customers: + increase/ - decrease	**3 428**	2, 991
- 151	**63**	Change in debt owed to credit institutions: + increase/ - decrease	**93**	- 180
2 830	**3 741**	**A. Net liquidity change from operations**	**3 590**	2 828
-29	**-14**	Investment in fixed assets	**-62**	- 49
57	**0**	Sale of fixed assets	**0**	57
- 274	**-425**	Payments to group companies and assosiated companies	**-425**	- 274
508	**56**	Payment from/Change in values of group companies and assosiated companies	**286**	409
262	**-383**	**B. Liquidity change from investments**	**-204**	143
- 29	**-37**	Interest to hybrid capital owners	**-37**	- 29
- 49	**-47**	Payments to leases	**-51**	- 53
- 845	**-2 252**	Dividend paid on Ecs/distributions	**-2282**	- 845
-4 640	**-6 304**	Decrease in borrowings through the issuance of securities	**-6334**	-4 640
0	**4 050**	Increase in borrowings through the issuance of securities	**4 050**	0
- 501	**-287**	Decrease in PCC/subordinated loan capital	**-287**	- 501
3 011	**1 265**	Increase in PCC/subordinated loan capital	**1 265**	3 011
		Payment from non-controlling interests	**33**	125
-3 053	**-3 612**	**C. Liquidity change from financing**	**-3 643**	-2 932
39	**-254**	A + B + C. Total change in liquidity	**-254**	39
360	**399**	**+ Liquid funds at the start of the period**	**399**	360
399	**145**	**= Liquid funds at the end of the period**	**145**	399

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

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 centers 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 2022 preliminary annual accounts were adopted by the Board of Directors on 09.02.23.
The 2022 final annual accounts were adopted by the Board of Directors on 23.02.23.
The 2022 final annual accounts were adopted by the Supervisory Board on 30.03.23.

Dividends will be paid out 17.04.23.
See also note 43 for more information.

Revisor

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

Note 2 Accounting principles

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1. BASIS FOR PREPARATION OF THE ANNUAL ACCOUNTS

The 2022 group and parent bank accounts for SpareBank 1 Nord-Norge have been prepared in accordance with EU-approved IFRS (International Financial Reporting Standards), IAS (International Accounting Standards) and the associated interpretations that can be applied as of 31.12.22. If nothing distinctly is defined precisely the same accounting principles are used in the Group and parent bank accounts. 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 the IFRS amendments that have been implemented in the Group in the current accounting period. Below is a list of the relevant IFRS amendments that came into effect for the 2022 financial statements and the effects that they have had on the Group's annual financial statements.

The proposed annual financial statements were adopted by the Main Board of Directors and the bank's CEO at the time indicated by the dated and signed balance sheet. The annual financial statements will be considered by the Supervisory Board on 30.03.23 for final approval.

2. CHANGES IN ACCOUNTING PRINCIPLES

Changes in 2022

The following amendments to IFRS/IAS were adopted and applied from 01.01.22.

- IAS 16 Property, Plant and Equipment – Proceeds before intended use
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Cost of fulfilling a contract
- IFRS 3 Reference to the conceptual framework

There were also some minor improvements to the standards IFRS 1, IFRS 9, IFRS 16 and IAS 41.

None of these had a material effect on the consolidated annual accounts for 2022.

New standards and interpretations that have not yet been adopted

IFRS 17 Insurance Contracts 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, i.e. 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 income and costs.

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.

The date of entry into force is 01.01.23 with a requirement that comparable figures be given. It came into effect on 01.01.23 with a requirement that comparable figures be stated. An effect on equity in the group is expected as a result of the affiliated company SpareBank 1 Gruppen implementing this standard. The work in SpareBank 1 Gruppen has not been completed, and implementation effects will be commented on in 1. quarter 2023.

Amendments with effect for the financial year from 01.01.23

- IFRS 4 Extension of the temporary exemption from applying IFRS 9.
- IAS 1 and IFRS Practice statement.
- IAS 8 Definition of accounting estimates.
- IAS 12 Deferred tax related to assets and liabilities arising from a single transaction.

Based on the assessments that have been made so far, changes to these IFRS and interpretation statements that apply up to the proposed annual accounts have been set, but which it was not mandatory to apply as at 31.12.22, do not have a material effect on the reported figures.

Note 2 Regnskapsprinsipper

3. PRESENTATION CURRENCY

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

4. CONSOLIDATION

The consolidated accounts comprise the bank and all its subsidiaries that are not planned to be sold in the near future, which are therefore to be classified as held for sale in accordance with IFRS 5. Subsidiaries are defined as companies in which the bank has a controlling interest, i.e. the power to govern the company's financial and operational policies for the purpose of gaining benefits from the company's activities. 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.

5. SUBSIDIARIES

As at 31.12.22 the following subsidiaries are consolidated:
SpareBank 1 Finans Nord-Norge AS (85 %)
SpareBank 1 Nord-Norge Portefølje AS (100 %)
EiendomsMegler 1 Nord-Norge AS (85 %)
SpareBank 1 Regnskapshuset Nord-Norge AS (85 %)
Fredrik Langes gate 20 AS (100 %)

On achieving a controlling interest in a company (business combinations), all identifiable assets and liabilities will be recognised at fair value in accordance with IFRS 3. Any positive differences between the cost of acquisition and fair value of identifiable assets and liabilities are recognised as goodwill, whereas any negative differences are recognised as income. The accounting of goodwill after the initial recognition is commented on under the section on intangible assets.

In the parent bank's balance sheet, equity stakes in group companies are recognised at cost price in accordance with IFRS. Only the annual dividends received and any write-down on the value of the shares are stated in the parent bank's profit and loss account. In the IFRS-based group accounts, the equity method of accounting is applied, which entails that profit/loss attributable to joint ventures and associated companies is included in the group's profit and loss account by the equity stake, and they are taken into account in the book value of the assets in the balance sheet. Profit/loss attributable to subsidiaries are consolidated into the accounts. This means that the book value of subsidiaries in the parent bank's balance sheet represents historical cost. Intra-group transactions, open accounts and unrealised profit between group companies have been eliminated.

The book values are tested for impairment.

6. ASSOCIATED COMPANIES

IAS 28 regulates the accounting treatment of investments in associated companies. The fundamental condition for the provision to apply is that the "owner company" has significant influence over the company in which it is invested in. "Significant influence" is the power to participate in establishing the principles for making financial and operational decisions in the company in which it is invested in, but not having control over these principles.

If a company directly or indirectly controls 20 % or more of the voting rights in a company in which it is invested in, it is assumed that the company has a significant influence, unless it can clearly be demonstrated that this is not the case. Conversely, if a company directly or indirectly controls less than 20 % of the voting rights in a company in which it is invested in, it is assumed that the company does not have a significant influence, unless it can clearly be demonstrated that the company has such an influence.

The extent to which significant influence exists on the part of a company can usually be demonstrated in one or more of the following ways:

- Representation on the board or equivalent governing bodies.
- Participation in processes for establishing principles including participation in decisions concerning dividends or other distributions.
- Significant transactions between the company and the company in which it is invested in.
- Mutual exchange of senior personnel; or
- Delivery of important technical information.

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 the associated company's profit/loss is incorporated in 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.

An agreement exists between the companies in SpareBank 1-alliance that regulates these matters.

As at 31.12.22 the following associated companies are applied with equity method of accounting:

SpareBank 1 Boligkreditt AS (15,58%)
SpareBank 1 Næringskreditt AS (2,71%)
SpareBank 1 Kreditt AS (19,22%)
SpareBank 1 Betaling AS (17,94%)
SpareBank 1 Bank og Regnskap AS (25%)
SpareBank 1 Gjeldsinformasjon AS (14,44%)
SpareBank 1 Mobilitet Holding AS (30,66%)
SpareBank 1 Forvaltning AS (13,27%)
SpareBank 1 Kundepleie AS (26,67%)

7. JOINT VENTURES

IFRS 11 regulates joint arrangements and classifies them into two types – joint operations and joint ventures. A joint arrangement has the following characteristics:

a. the parties are bound by a contractual arrangement; and
b. the contractual arrangement gives two or more of these parties joint control of the arrangement.

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

A company that is a party in a joint arrangement must assess whether the contractual agreement collectively gives all parties, or a group of the parties, control of the joint arrangement. All the parties, or a group of the parties, control the joint arrangement collectively when they must act together to manage the activities that, to a significant degree, affect the return from the arrangement, i.e. the "relevant activities".

After concluding that all the parties, or a group of the parties, control the joint arrangement collectively, joint control only exists when decisions about the relevant activities require the unanimous consent of the parties that collectively control the arrangement.

In a joint arrangement, no individual party has sole control of the arrangement. A party with joint control of a collectively controlled arrangement can prevent any of the other parties, or a group of the parties, controlling the arrangement.

A joint arrangement exists in cases where two or more parties have joint control over the arrangement/activities. As a general rule, the parties must be bound by a contractual agreement that gives two or more of these parties control over the collectively controlled arrangement. In the case of joint ventures, contracts can be supplemented or replaced by the company's/entity's articles of association, etc. as a basis for ensuring two or more parties have control. Parties with joint control of the activities must be able to prevent any other party or group of parties controlling the activities.

As stated above, it is sufficient that those parties that have a contractual agreement regarding joint control have joint control over the relevant activities. Accordingly, the other owners will not be able to prevent decisions agreed by the parties with joint control.

Joint operations – the participants have rights to the assets, and obligations for the liabilities, relating to the collectively controlled arrangement/activities.
Joint ventures – condition: a separate legal entity is required for a joint venture to exist.

Assessments of whether a joint operation or a joint venture exists must largely be based on a discretionary judgement. The assessment must take account of, among other things, the contractual conditions between the participants/parties. Rights to assets and liability for the activities' liabilities guide the classification, ref. above. In the case of joint operations, the parties have rights to the assets and are liable for the liabilities of the joint arrangement. In the case of joint ventures, the parties have rights to the net assets of the joint arrangement.

Joint ventures are recognised in the consolidated financial statements in line with the equity method of accounting. The cost method is used in the Parent Bank's financial statements.

An agreement exists between the companies in SpareBank 1 Alliance that regulates these matters.
As at 31.12.22 the following joint ventures are applied with equity method of accounting:

- SpareBank 1 Gruppen AS (19,5%)
- SpareBank 1 Banksamarbeidet DA (18,0%),

Note 2 Accounting principles

8. CLASSIFICATION AND VALUATION OF FINANCIAL ASSETS AND LIABILITIES

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

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.

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 31.12.22.

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 in the ordinary income statement, but an equity instrument that is not held for trading purposes and that is not a conditional consideration following a business transfer may be designated as measured at fair value with changes through OCI.

Financial liabilities

Under IFRS 9, financial liabilities, where the purpose is to collect contractual cash flows, are classified at amortised cost. The option in IAS 39 to use fair value for measuring financial liabilities has been continued in IFRS 9.
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 fixed-rate borrowing.

Fair value hedging is a hedge of the exposure to changes in the fair value of a recognised asset or liability, or a binding commitment that has not been recognised, or an identified proportion of such an asset, liability or binding commitment that is attributable to a particular risk, and that may affect the result.

Hedge accounting calculates the offsetting effects on the result associated with changes in the fair value of the hedging instrument and hedge object.

IFRS 9 simplifies the requirements for hedging accounting compared with IAS 39. The requirement for hedge effectiveness of 80-125 % has been eliminated and replaced with a more qualitative requirement, including the fact that there should be a financial connection between the hedging instrument and hedged item, and that the credit risk should not dominate the value changes of the hedging instrument. Hedging documentation is still required.

Other balance sheet asset and liability items

All other asset and liability items on the balance sheet, that are not financial, are covered by other IFRS rules, not IFRS 9, and are measured at amortised cost.

9. 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 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. There is some residual involvement associated with sold loans with the possible, limited settlement of losses against commissions. The mortgage companies can sell on loans purchased from the bank, but the bank's right to administer the customers and receive commissions continues. If the bank is unable to serve the customers, the right to serve them and receive commissions lapses. The bank also has the option to buy back loans, subject to certain conditions. The bank has, therefore, neither retained nor transferred the most material

CLASSIFICATION OF BALANCE SHEET ITEMS - AS AT DESEMBER 2022

	CLASS	CURRENT IFRS/IAS	FINANCIAL ASSETS OR LIABILITIES	CLASSIFI-CATION 2022	FAIR VALUE HIERAR-CHY	APPLIED IN THE ANNUAL REPORT NOTE	BALANCE PARENT BANK 31.12.22	BALANCE GROUP 31.12.22
	Financial assets							
B	Cash	IFRS 9	Yes	FVPL	1	Cash flow statement	81	81
B	Deposits with central banks	IFRS 9	Yes	FVPL	1	Cash flow statement	64	64
A	Lending to financial institutions	IFRS 9	Yes	AC		10	8 654	1 787
A	Write-downs lending to financial institutions	IFRS 9	Yes	AC		10,13	-	-
A	Property mortgages for retail customers	IFRS 9	Yes	AC		11,27	6 315	6 315
A	Property mortgages for retail customers available for sale for SpareBank 1 Boligkreditt (webclient)	IFRS 9	Yes	AC		11,27	28 216	28 216
B	Property mortgages for retail customers prepared for sale to SpareBank 1 Boligkreditt (webclient)	IFRS 9	Yes	FVPL	3	11,26,12	4 233	4 233
C	Fixed rate loans	IFRS 9, IFRS 13	Yes	FVO	3	11,26	4 850	4 850
A	Other loans for retail customers	IFRS 9	Yes	AC		11,27	2 662	6 615
A	Corporate market loans	IFRS 9	Yes	AC		11,27	38 496	43 285
A	Loan loss provisions	IFRS 9	Yes	AC		13	-567	-664
B	Shares, trading	IFRS 9, IFRS 13	Yes	FVPL	1	21, 29	794	794
D	Shares, available for sale with value changes through OCI	IFRS 9	Yes	FVOCI	3	21,29	-	-
B	Shares, non trading	IFRS 9, IFRS 13	Yes	FVPL	2,3	21,29	664	679
B	Shares, non trading Hybrid Tier 1 Capital	IFRS 9, IFRS 13	Yes	FVPL	2,3	21,29	55	55
B	Liquidity portfolios	IFRS 9, IFRS 13	Yes	FVPL	1,2	21,29	18 069	18 073
B	Derivatives - interest rate-/ currency hedging, bonds	IAS 39	Yes	FVPL	2	16,21,26	349	349
B	Derivatives - interest rate-/currency hedging, fixed rate loans	IAS 39	Yes	FVPL	2	16,21,26	181	181
B	Derivatives - interest rate-/currency hedging, customers	IAS 39	Yes	FVPL	3	16,21,27	627	627
B	Derivatives - interest rate-/currency hedging, funding	IAS 39	Yes	FVPL	2	16,21,26	246	246
B	Derivatives - commodity hedging	IAS 39	Yes	FVPL	2	16,21,26	55	55
	Total financial assets						**114 044**	**115 841**
	Financial liabilities							
A	Liabilities to financial institutions	IFRS 9	Yes	AC		10	1 186	1 185
A	Deposits from customers, variable rate	IFRS 9	Yes	AC		35, 19	77 828	77 746
A	Deposits from customers, fixed rate	IFRS 9	Yes	AC		35, 19	1 738	1 738
A	Debt securities in issue, variable rate	IFRS 9	Yes	AC		36, 19	5 708	5 708
A	Debt securities in issue, fixed rate	IFRS 9	Yes	AC		36, 19	9 628	9 628
A	Loss provisions, guarantees, credit limits, committed loans	IFRS 9	Yes	AC		13	72	72
B	Derivatives - interest rate-/currency hedging, bonds	IAS 39	Yes	FVPL	2	16,21,26	74	74
B	Derivatives - interest rate-/currency hedging, fixed rate loans	IAS 39	Yes	FVPL	2	16,21,26	9	9
B	Derivatives - interest rate-/currency hedging, customers	IAS 39	Yes	FVPL	2	16,21,26	542	542
B	Derivatives - interest rate-/ currency hedging, funding	IAS 39	Ja	FVPL	2	16,21,26	580	580
B	Derivatives - commodity hedging	IAS 39	Ja	FVPL	2	16,21,26	54	54
A	Subordinated loan capital	IFRS 9	Ja	AC		38,27	5 718	5 718
	Total financial liabilities						**103 137**	**103 054**

A	AC - Amortized Cos	Held for receiving contractual cash flows	Reports according to fair value but invests with an investment horizon that matches the liabilities that will fall due. Repayment of the nominal value or selling immediately prior to due date is used to settle the debt. Never sells before this.
B	FVPL - Fair Value Profit and Loss	Held for sale	Invests independent of liabilities, the main goal is to achieve the greatest possible total return in the form of a coupon and changes in value. Makes sales in the portfolio when one needs liquidity to settle liabilities.
C	FVO - Fair Value Option	Held for sale	Invests independent of liabilities, the main goal is to achieve the greatest possible total return in the form of a coupon and changes in value. Makes sales in the portfolio when one needs liquidity to settle liabilities.
D	FVOCI - Fair Value Other Comprehensive Income	Held for receiving contractual cash flows and sales.	Same as A but sells instruments when one believes others can provide a better return up to the due date. Matches average duration in the portfolio with duration of liabilities.

Note 2 Accounting principles

risks or returns associated with sold loans. The bank recognises the amount associated with the residual-involvement as an asset or liability. Reference is also made 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.

10. LOANS AND LOSSES ON 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.

11. IMPAIRMENT LOSSES ON LOANS

According to IFRS 9, provisions for losses must be recognised based on expected credit losses (ECL). The general model for impairments of financial assets in IFRS 9 applies to financial assets measured at amortised cost and that had not experienced an observable loss upon initial capitalisation. Loan pledges, financial guarantee contracts that are not measured at fair value through profit or loss, and lease agreement claims are also included.

The measurement of impairments for expected losses in the general model depends on whether or not the credit risk has increased significantly since initial capitalisation. Upon initial capitalisation and when the credit risk has not increased significantly after initial capitalisation, provisions must be made for 12 months' expected losses. 12 months' expected losses are the loss that is expected to occur over the lifetime of the instrument, but which can be linked to events that occurred in the first 12 months. If credit risk has increased substantially after initial recognition, provisions must be made for the expected loss over the entire lifetime. 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 according to the contract and the cash flow that the Bank expects to receive, discounted by an effective interest rate on the instrument.

In addition to the general model, there are separate principles for issued, including renegotiated loans that are treated as new, and purchased loans where there is an accrued credit loss upon initial capitalisation. For these, an effective interest rate will be calculated that takes into account the expected credit loss, and in the event of changes in expected cash flows the change will be discounted by the originally set effective interest rate and recognised through profit or loss. Thus, for these assets there is no need to monitor the extent to which there has been a significant increase in credit risk after initial capitalisation since the expected loss over the entire lifetime will be taken into account anyway.

12. DEFAULTED AND DOUBTFUL COMMITMENTS

A commitment is deemed to be in default if it has been due for more than 90 days and the amount is over NOK 1,000. On 1 January 2021, new rules was introduced for defaults. These include the introduction of a waiting period for commitments that have been in default and also having to assess the likelihood of a customer repaying its loan: 'unlikely to pay'. A commitment is deemed to be doubtful when objective proof exists showing that one or more loss incidents have occurred and that this is having an impact on the expected future cash flow which can be estimated in a reliable manner.

13. INTANGIBLE ASSETS

Intangible assets consist of goodwill. Intangible assets are recognised in the balance sheet when the criteria have been satisfied. Goodwill arises as a positive difference between the cost of acquisition of a company and the fair value of identifiable assets and liabilities, with reference to the section on consolidation princi-

Note 2 Accounting principles

ples. Goodwill is not amortised; it is subjected to an annual impairment test aimed at identifying possible impairments in value in accordance with IAS 36. When the carrying amount of an asset or a cash flow generating unit exceeds its recoverable amount, the asset or unit will be written down. Write-downs are recognised through profit and loss. Write-downs of goodwill cannot be reversed.

14. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, with the exception of investment property and owner-occupied property are recognised at the cost of acquisition and depreciated on a straight-line basis over their estimated useful life. When determining a plan of depreciation, the separate assets are split up into components with different useful lives to the extent that this is regarded as necessary, taking into account estimated residual value. Property, plant and equipment, which individually are regarded as insignificant, for example PCs and other office equipment, are not assessed individually for residual value, useful life or impairment, but are considered as groups. According to IAS 16, these properties are deemed to have an estimated acquisition cost that corresponds to the value-adjusted amount at the time of such value adjustment. Property, plant and equipment that are depreciated are subject to a write-down test in accordance with IAS 36 whenever indicated by the circumstances.

15. LIABILITIES

Funding is initially recorded at its original cost, which is the fair value of the proceeds received after deducting transaction costs. Variable rate loans are thereafter measured at amortised cost, and any discount/premium is accrued over the term of the loan. Fixed rate loans are included in hedge accounting and discounted according to the current interest rate curve. No fair value option is applied to the Group's liabilities.

Deposits from customers are stated at amortised cost.

16. 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, and are reported with these, 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..

17. SUBORDINATED LOANS AND HYBRID CAPITAL

Subordinated loans have priority after all other liabilities, are classified as subordinated loan capital on the balance sheet and are stated at amortised cost. Hybrid tier 1 capital is a bond with a specified interest rate, but the Group 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. Hybrid tier 1 capital is classified as subordinated equity on the balance sheet and is stated at amortised cost.

18. INTEREST INCOME AND EXPENSES

Interest income and expenses related to assets and liabilities that are valued at amortised cost are recognised in the profit and loss account 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. The market interest rate on debt instruments assessed at fair value is classified as interest income or interest expenses, whereas the effect of interest rate fluctuations is classified as income from financial investments.

19. 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 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.

20. 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 those 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.

21. 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. Gains and losses on non-monetary items are included in the income statement in the same way as the corresponding balance sheet item.

22. TAXES

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. Wealth tax is calculated and recognised as other operating expenses in the profit and loss account. 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. See note 25.

23. PENSIONS

SpareBank 1 Nord-Norge is required pursuant to the Mandatory Company Pension Act to provide an occupational pension schemes for its employees. In 2022, the Group has only a defined contribution scheme. Pensions are accounted for in accordance with international accounting standards for the calculation and accounting of pensions (IAS 19). See note 24.

24. SEGMENT REPORTING

Ordinary banking operations, involving private and business customers, represent the bank's primary reporting format, with leasing and markets as the bank's secondary reporting format. See also note 4.

25. EVENTS AFTER THE DATE OF THE BALANCE SHEET

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 Covid-19 pandemic is such an event. Such circumstances are mentioned in note 43. 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 Boards dividend proposal is stated in the annual report. Proposed dividends and distributions for charitable purposes are classified as equity until final approval has been granted.

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

Losses on loans and guarantees

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.

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.

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.

Intangible assets

Intangible assets are subject to an impairment test which is mainly based on the discounting of expected future cash flows. There will always be considerable uncertainty related to estimated cash flows, and in some cases there will also be uncertainty with regard to the methods for allocating cash flows to various assets.

Acquisitions

Acquisitions of other companies are recognised in the accounts using the acquisition method, ref. IFRS 3. In the acquisition method, an acquisition analysis is carried out with full purchase price allocation, where the purchase price is allocated to identifiable assets and liabilities in the acquired company. A positive difference between the fair value of the purchase sum paid and the fair value of the identifiable assets and liabilities is recognised as goodwill. Any badwill can, subject to certain criteria, be recognised as income in the income statement in the acquisition year. The acquisition analysis can be regarded as preliminary or final.

Acquisition analyses contain both concrete calculations and the exercising of best judgement. Estimated items are always associated with some uncertainty, but they are, to the extent possible, supported by calculations of expected cash flows, comparable transactions, etc.

Please also see notes 33 and 39.

Note 4 Business Areas

Pursuant to IFRS 8, SpareBank 1 Nord-Norge has the following operating segments: retail market, corporate market, leasing and Markets. 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.

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

GROUP 31.12.22

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

Note 4 Business areas

GROUP 31.12.21									
AMOUNTS IN NOK MILLION	RETAIL MARKET	CORPORATE MARKET	MARKETS	SPARBANK 1 REGNSKAPS-HUSET NORD-NORGE	EIENDOMS-MEGLER 1 NORD-NORGE	SPAREBANK 1 FINANS NORD-NORGE	SPARE-BANK 1 HELGELAND	UNSPECI-FIED/ ELIMINA-TIONS	TOTAL
Net interest income	842	812	12	0	2	294	86	- 33	2 014
Net fee- and other operating income	769	145	38	212	244	12	168	- 89	1 499
Net income from financial investments	0	13	27	0	0	0	0	753	794
Total costs	756	394	47	188	211	104	87	- 39	1 748
Result before losses	**855**	**576**	**31**	**24**	**35**	**202**	**167**	**670**	**2 559**
Losses	- 3	- 33	0	0	0	- 165	- 36	1	- 235
Result before tax	**858**	**608**	**31**	**24**	**35**	**366**	**203**	**669**	**2 794**
Total lending	45 719	34 996	0	0	0	7 888	27	2 722	91 352
Loss provision	- 71	- 479	0	0	0	- 93	0	0	- 643
Other assets	83	6 852	435	240	105	117	0	20 640	28 472
Total assets per business area	**45 731**	**41 368**	**435**	**240**	**105**	**7 911**	**27**	**23 362**	**119 180**
Deposits from customers	41 726	33 783	0	0	0	0	65	575	76 149
Other liabilities and equity capital	4 006	7 585	435	240	105	7 911	- 38	22 787	43 031
Total equity and liabilities per business area	**45 732**	**41 368**	**435**	**240**	**105**	**7 911**	**27**	**23 362**	**119 180**

Note 5 Capital adequacy

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

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 31.12.22, the regulatory minimum requirement for the Group's core Tier 1 capital ratio is 15.0 %. This includes the minimum requirement of 4.5 %, the total buffer requirement of 9.0 %, and the Pillar 2 requirement of 1.5 %. The actual buffer requirement is slightly lower than 9.0 % 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 16.0 %.

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 and BN Bank. 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 % of CET1 capital is deducted from the CET1 capital, pursuant to the applicable capital adequacy regulations.

Note 5 Capital adequacy

PARENT BANK			GROUP	
31.12.21	31.12.22	AMOUNTS IN NOK MILLION	31.12.22	31.12.21
1 807	1 807	Equity Certificate capital	1 087	1 807
843	843	Equity Certificate premium reserve	843	843
780	600	Hybrid capital	600	780
3 845	3 693	Dividend Equalisation Fund	3 693	3 845
7 392	7 217	The Saving Bank's Fund	7 217	7 392
120	120	Donations	120	120
- 46	-37	Other equtiy capital	1 614	1 675
		Minority interests	231	191
14 741	**14 243**	**Total book equity**	**16 125**	**16 653**
- 780	-600	Hybrid capital	-600	- 780
-1 516	-1 776	Allocated dividends	-1 776	-1 516
		Minority interests not eligible as CET1 capital	-98	- 62
		Adjusted Tier 1 capital from consolidated financial institutions		- 33
		Goodwill and other intangible assets	-132	- 138
- 33	-31	Adjustments to CET 1 due to prudential filters	-42	- 36
- 26		Defined benefit pension fund assets gross amount		- 34
		Deduction for significant investments in financial sector entities	-902	- 812
- 171	-239	Deduction for non-significant investments in financial sector entities	-224	- 145
12 214	**11 597**	**Common Equity Tier 1 Capital**	**12 351**	**13 097**
780	600	Hybrid Tier 1 bonds	778	952
- 48	-47	Deduction for subordinated capital in other financial institutions with a significant investment	-47	- 48
12 946	**12 150**	**Tier 1 Capital**	**13 082**	**14 001**
1 050	1 050	Subordinated loans eligible as T2 Capital	1 321	1 317
56	94	Expected losses on IRB, net of writedowns	45	18
- 227	-218	Deduction for subordinated capital in other financial institutions with a significant investment	-218	- 227
879	**926**	**Tier 2 Capital**	**1 148**	**1 108**
13 825	**13 076**	**Own Funds**	**14 230**	**15 109**
		Risk exposure amount		
4 561	4 888	Corporates - SME	4 896	4 583
14 441	14 103	Corporates - Specialised Lending	14 812	15 138
553	689	Corporates - Other	765	601
12 434	11 712	Retail - Secured by real estate	19 921	19 181
690	846	Retail - Other	865	709
8 288	8 353	Equity IRB		
40 967	**40 591**	**Credit risk IRB**	**41 258**	**40 212**

Note 5 Capital adequacy

PARENT BANK			GROUP	
31.12.21	31.12.22	AMOUNTS IN NOK MILLION	31.12.22	31.12.21
		Central governments or central banks		3
486	405	Regional governments or local authorities	501	626
1		Public sector entities	3	2
2 087	2 004	Institutions	863	1 241
2 378	3 274	Corporates	6 110	5 358
191	183	Retail	4 961	4 354
307	401	Secured by mortgages on immovable property	637	661
3	4	Exposures in default	209	195
1 169	961	Covered bonds	1 359	1 362
		Shares in securities funds	1	
3 613	3 917	Equity	6 050	6 217
929	905	Other items	1 662	1 627
11 163	**12 054**	**Credit risk standardised approach**	**22 354**	**21 646**
52 130	**52 645**	**Total credit risk**	**63 612**	**61 858**
33		Debt risk		33
6 051	5 908	Operational risk	7 134	7 239
371	112	Credit Valuation Adjustment (CVA)	654	929
58 585	**58 664**	**Total risk exposure amount**	**71 399**	**70 059**
		Capital Requirements		
2 636	2 640	Minimum requirement Common Equity Tier 1 Capital (4,5 %)	3 213	3 153
3 515	3 520	Minimum requirement Tier 1 Capital (6,0 %)	4 284	4 204
4 687	4 693	Minimum requirement Own Funds (8,0 %)	5 712	5 605
		Buffer Requirements		
2 636	2 640	Company specific system risk buffer (4,5 %)	3 213	3 153
586	587	Countercyclical capital buffer (2,0 %)	1 428	701
1 465	1 467	Conservatopn buffer (2,5 %)	1 785	1 751
4 687	**4 693**	**Total buffer requirement (9,0 %)**	**6 426**	**5 605**
879	880	Pilar II requirement (1,5 %)	1 071	1 051
8 202	**8 213**	**Total regulatory requirement for Common Equity Tier 1 Capital (15,0 %)**	**10 710**	**9 808**
4 012	**3 384**	**Available Common Equity Tier 1 Capital**	**1 641**	**3 289**
		Capital Adequacy Ratios		
20,8 %	**19,8 %**	Common Equity Tier 1 Capital Ratio	**17,3 %**	18,7 %
23,6 %	**22,3 %**	Total Capital Ratio	**19,9 %**	20 %
22,1 %	**20,7 %**	Tier 1 Capital	**18,3 %**	21,6 %
1,5 %	**1,6 %**	Tier 2 Capital	**1,6 %**	1,6 %
10,7 %	**9,8 %**	Leverage Ratiol	**7,4 %**	8,3 %

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, see point 10 in the report on corporate governance 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 at 31.12.22.

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 SpareBank 1-alliansen, 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.

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 changes

Note 6 Financial risk management

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 LCR requirement means that the Group must at all times have liquidity reserves of at least 100 per cent; in other words, that the holding of liquid assets must be at least equal to the net liquidity outflow in a given stress period of 30 calendar days. The regulatory minimum requirement for total LCR is 100 per cent. As at 31.12.22, the Group's total LCR was 146 per cent (142 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. In connection with the implementation of CRR2 in Norway as at 01.06.22, a minimum NSFR regulatory requirement of 100 per cent was introduced. As at 31.12.22, the Group's total NSFR was 120 per sent (118 per cent).

Customer deposits represent the most important source of funding for the Group. The Group's deposit coverage ratio (excluding intermediary loans) was 85 per cent as at 31.12.22, compared with 84 per cent in 2021. 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 or 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 funding in foreign currency has been increasing in recent years, although was reduced during 2022. This was due to lower funding needs because of the growth in deposits and foreign currency bond debt maturing. 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.

The Group has started adapting to MREL requirements adopted by the Financial Supervisory Authority of Norway. The decision on the Group's MREL requirement was effective from 01.01.23. The subordination requirement must be met by the 01.01.24.

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 the Financial Supervisory Authority of Norway'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 the Financial Supervisory Authority of Norway'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 the Financial Supervisory Authority of Norway's circular 3/2022. The Group's equity exposure has been gradually reduced in recent years due to the focus on cultivation of its core activities.

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 the Financial Supervisory Authority of Norway'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 (19,22 %)
- Sparebank 1 Utvikling (18 %)
- SpareBank 1 Betaling (17,94 %)
- SpareBank 1 Boligkreditt (15,58 %)
- SpareBank 1 Forvaltning (13,27 %)
- SpareBank 1 Markets (12,2 %)
- SpareBank 1 Næringskreditt (2,71 %)

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 the Financial Supervisory Authority of Norway's circular 3/2022.

Note 6 Financial risk management

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.

2.5 ESG risks

Definition

ESG risk is the risk that arises due to climate, social and governance issues. ESG risks are both a specific risk type and an underlying risk driver for other risk types and arise due to the Group's core activities.

Management and control of ESG risk

ESG risk is managed using the Group's framework for this area. This involves considering:

- Establishment of long-term sustainability and corporate social responsibility goals and action plan.
- The governing documents within ESG risk and within areas of risk where ESG risk is an underlying risk driver. In particular, this includes credit risk, market risk and liquidity risk.
- Enhanced method for identifying ESG risk in the loan portfolio.
- Expanded and tailored training of employees.

The established management and monitoring must support the Group's risk appetite in the area (low to moderate). For further information, please see the related notes, Annual Report and the Group's Pillar 3 report.


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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 classification into risk classes 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 linking 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 is shown in the tables below. The exposures are grouped according to total commitments. Total commitments include gross loans, guarantees, unutilised credit and accrued interest.

PARENT BANK

AMOUNTS IN NOK MILLION	AVERAGE UNSECURED EXPOSURE (%) 2022	AVERAGE UNSECURED EXPOSURE (%) 2021	TOTAL AMOUNT 2022	TOTAL AMOUNT 2021
Very low risk	0,20 %	0,24 %	44 218	41 970
Low risk	1,11 %	0,85 %	31 790	27 899
Medium risk	1,01 %	1,34 %	20 455	21 025
High risk	0,03 %	0,04 %	2 611	2 816
Very high risk	0,02 %	0,05 %	1 631	2 144
In default and written down	0,01 %	0,01 %	549	514
Total	**2,38 %**	**2,54 %**	**101 253**	**96 368**

GROUP

AMOUNTS IN NOK MILLION	AVERAGE UNSECURED EXPOSURE (%) 2022	AVERAGE UNSECURED EXPOSURE (%) 2021	TOTALT BELØP 2022	TOTALT BELØP 2021
Very low risk	0,20 %	0,24 %	39 901	42 627
Low risk	1,09 %	0,83 %	33 469	28 482
Medium risk	0,99 %	1,31 %	22 759	21 104
High risk	0,03 %	0,04 %	3 563	3 242
Very high risk	0,02 %	0,05 %	3 097	2 673
In default and written down	0,01 %	0,01 %	689	567
Total	**2,33 %**	**2,48 %**	**103 478**	**98 695**

Note 8 Maximum credit 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. Market values are used where these are available. Within real estate, models estimate the value of collateral based on market parameters for similar properties.

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 Maximum credit 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
Abroad	507	507
Total	**93 426**	**95 301**

CAPITAL MARKET ACTIVITY BY GEOGRAPHY 31.12.22 (BALANCE)		
AMOUNTS IN NOK MILLION	PARENT 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**

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 abtaining and selling the collateral. The value of the collateral for residential mortgage mortgage loans is based on the collateral value at origination updated based on the change in house price indices. This tabel is only provided at the parent bank.

LTV RATIO (NOK MILLION)		
LTV INTERVALLER	2022	2021
< 50 %	9 030	7 837
50 % - 70 %	16 219	15 682
70 % - 90 %	18 320	20 319
90 % - 100 %	1 123	876
> 100 %	1 336	1 277
Total gross lending (retail market)	**46 028**	**45 991**

PARENT BANK 31.12.21			
AMOUNTS IN NOK MILLION	TOTAL	COLLATERAL IN REAL ESTATE *)	OTHER COLLATERAL **)
Maximum on balance credit exposure			
Cash and balances with central banks	399		
Loans and advances to credit institutions	7 491		
Loans and advances to customers	82 108	65 563	10 067
Certificates and bonds	19 150		10 105
Financial derivatives	1 089		838
Maximum on balance credit exposure	**110 237**	**65 563**	**21 010**
Maximum off balance credit exposure			
Contingent liabilities	1 357	13	
Unutilised credits	5 411	1 489	
Loan approvals	4 607	839	
Maximum off balance credit exposure	**11 375**	**2 340**	
Maximum credit exposure	**121 612**	**67 903**	**21 010**

*) 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 31.12.21			
AMOUNTS IN NOK MILLION	TOTAL	COLLATERAL IN REAL ESTATE *)	OTHER COLLATERAL **)
Maximum on balance credit exposure			
Cash and balances with central banks	399		
Loans and advances to credit institutions	1 365		
Loans and advances to customers	89 986	65 563	14 844
Certificates and bonds	19 150		10 105
Financial derivatives	1 089		838
Maximum on balance credit exposure	**111 989**	**65 563**	**25 787**
Maximum off balance credit exposure			
Contingent liabilities	1 357	13	
Unutilised credits	5 895	1 489	
Loan approvals	4 697	839	
Maximum off balance credit exposure	**11 949**	**2 340**	
Maximum credit exposure	**123 938**	**67 903**	**25 787**

*) 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 Maximum credit exposure

BANKING ACTIVITIES BY GEOGRAPHY 31.12.21 (BALANCE)		
AMOUNTS IN NOK MILLION	PARENT BANK	GROUP
Troms and Finnmark including Svalbard	50 138	48 147
Nordland	28 849	31 795
Other regions in Norway	10 047	10 844
Other regions in Norway	566	566
Total	**89 599**	**91 351**

CAPITAL MARKET ACTIVITY BY GEOGRAPHY 31.12.21 (BALANCE)		
AMOUNTS IN NOK MILLION	PARENT BANK	GROUP
Norway	12 543	12 543
Europe/Asia	6 765	6 765
USA	560	560
Other	371	371
Total	**20 239**	**20 239**
Total credit exposure by geography 31.12.21 (balance)	**109 838**	**111 590**

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 exposures are grouped by risk category and business area. For further information regarding risk management see note 6.

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	**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 %

PARENT BANK 2021

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	1 365	6 127					7 491
Loans and advances to customers							
Retail market	25 492	14 719	5 102	257	275	147	45 991
Corporate market	11 032	7 902	12 938	2 285	1 496	362	36 014
Public sector		102					102
Total gross loans	**37 888**	**28 850**	**18 040**	**2 542**	**1 771**	**509**	**89 599**
Financial investments							
Listed government bonds	5 573						5 573
Listed other bonds	12 063			7			12 070
Unlisted other bonds	1 276		226	5			1 508
Total	**18 912**		**226**	**12**			**19 150**
Total	**56 800**	**28 850**	**18 266**	**2 553**	**1 771**	**509**	**108 749**
Share	52 %	27 %	17 %	2 %	2 %	0 %	100 %

Note 9 Credit quality by class of financial assets

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	1 808						1 808
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	**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 %

GROUP 2021							
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	1 365						1 365
Loans and advances to customers							
Retail market	26 868	15 834	5 897	362	356	191	49 507
Corporate market	11 157	8 604	14 436	3 206	2 532	441	40 377
Public sector		102					102
Total gross loans	**39 390**	**24 541**	**20 332**	**3 568**	**2 887**	**633**	**91 351**
Financial investments							
Listed government bonds	5 573						5 573
Listed other bonds	12 063			7			12 070
Unlisted other bonds	1 276		226	5			1 508
Total	**18 912**		**226**	**12**			**19 150**
Total	**58 303**	**24 541**	**20 559**	**3 580**	**2 887**	**633**	**110 501**
Share	53 %	22 %	19 %	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			
31.12.21	AVERAGE INTEREST RATE % *	31.12.22	AVERAGE INTEREST RATE % *	AMOUNTS IN NOK MILLION	31.12.22	AVERAGE INTEREST RATE % *	31.12.21	AVERAGE INTEREST RATE % *
				Loans and advances to financial institutions				
484	0,30 %	487	1,36 %	Loans and advances without agreed maturity or notice of withdrawal	487	1,36 %	484	0,30 %
7 007	1,03 %	8 167	2,49 %	Loans and advances with agreed maturity or notice of withdrawal	1 300	2,49 %	881	1,03 %
7 491	**1,05 %**	**8 654**	**2,61 %**	**Total**	**1 787**	**2,61 %**	**1 365**	**1,05 %**
				Broken down by the most important foreign currencies				
7 256		8 547		NOK	1 680		1 130	
2		3		GBP	3		2	
28		25		EUR	25		28	
68		70		USD	70		68	
101		5		SEK	5		0	
36		4		Other foreign currencies	4		137	
7 491		**8 654**		**Total**	**1 787**		**1 365**	
				Deposits from credit institutions				
544	0,73 %	280	0,57 %	Loans and deposits from financial institutions without agreed maturity or notice of withdrawal	280	0,57 %	514	0,73 %
579	0,05 %	906	0,05 %	Loans and deposits from credit institutions with agreed maturity or notice of withdrawal	905	0,05 %	578	0,05 %
1 123	**0,33 %**	**1 186**	**0,27 %**	**Total**	**1 185**	**0,27 %**	**1 092**	**0,33 %**
				Broken down by the most important foreign currencies				
589		1 013		NOK	1 012		558	
12		0		USD	0		12	
386		171		EUR	171		386	
136		2		Other foreign currencies	2		136	
1 123		**1 186**		**Total**	**1 185**		**1 092**	

* Average interest rate/(yield) is calculated as the sum of interest expense divided by average volume

				Collateral				
491		437		The balance sheet value of loans and advances to finacial institutions pledged as collateral for derivatives trading	437		491	
121		254		The balance sheet value of loans and advances to finacial institutions received as collateral for derivatives trading	254		121	

Note 11 Loans

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 31.12.22. The sensitivity against discounting as of 31.12.22 would cause an effect to the result of approx. -11,6 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.

LOANS BROKEN DOWN BY METHOD OF MEASUREMENT

PARENT BANK			GROUP	
31.12.21	**31.12.22**	AMOUNTS IN NOK MILLION	**31.12.22**	31.12.21
		Loans and advances to credit institutions at amortised cost		
484	**487**	Loans and advances without agreed maturity or notice of withdrawal	**487**	484
7 007	**8 167**	Loans and advances with agreed maturity	**1 300**	881
0	**0**	Individual write-downs for impaired value	**0**	0
7 491	**8 654**	**Loans and advances to credit institutions**	**1 787**	1 365
		Loans to customers at amortised cost		
70 815	**75 689**	Loans at amortised cost	**84 430**	78 680
70 815	**75 689**	**Loans to customers at amortised cost**	**84 430**	78 680
		Loans to customers at fair value through profit and loss		
5 629	**4 850**	Loans to customers at fixed interest rates	**4 850**	5 642
5 664	**4 233**	Mortgages to customers for sale, housing credit company	**4 233**	5 664
11 293	**9 083**	**Loans at fair value through profit and loss**	**9 083**	11 306
82 108	**84 772**	**Total gross loans to customers**	**93 513**	89 986
89 598	**93 426**	**Total gross loans**	**95 301**	91 351
		Commission loans		
35 439	**39 449**	Loans transrered to SpareBank 1 Boligkreditt	**39 449**	35 439
314	**281**	Loans transfered to SpareBank 1 Næringskreditt	**281**	314
35 753	**39 730**	**Total intermediary loans**	**39 730**	35 753
125 352	**133 156**	**Brutto utlån inklusiv formidlingslån**	**135 031**	127 105
		Provision for credit losses - reduction in assets		
- 156	**- 176**	Provision for credit losses - stage 1	**- 205**	- 184
- 234	**- 238**	Provision for credit losses - stage 2	**- 275**	- 269
- 159	**- 153**	Provision for credit losses - stage 3	**- 184**	- 190
89 049	**92 859**	**Net loans excluded intermediary loans**	**94 637**	90 708

ADDITIONAL INFORMATION				
PARENT BANK			GROUP	
31.12.21	31.12.22	AMOUNTS IN NOK MILLION	31.12.22	31.12.21
		Loans broken down by different types		
		Financial leasing 1)	3 929	3 699
3 317	4 723	Overdraft- and working capital facilities	5 055	3 305
3 387	2 371	Building loans	2 371	3 387
82 895	86 332	Repayment loans	83 946	80 960
89 599	**93 426**	**Total gross loans**	**95 301**	**91 351**
		Of which, subordinated loan capital accounted for:		
327	383	Subordinated loan capital in financial institutions	232	226
		Loans to employees		
1 153	**1 267**	**Loans to employees**	**1 267**	**1 153**

1) Loans and advances to customers relating to financial leasing	31.12.22	31.12.21
Maturities of less than 1 year	131	218
Maturities of more than 1 year but not more than 5 years	1 886	1 842
Maturities of more than 1 year but not more than 5 years	2 203	1 898
Total	**4 220**	**3 958**
Income received, not yet earned, relating to financial leasing	- 291	- 258
Net investments relating to financial leasing	3 929	3 699
Net investments in financial leasing may be analysed in the following way:		
Maturities of less than 1 year	122	204
Maturities of more than 1 year but not more than 5 years	1 756	1 722
Maturities of more than 5 years	2 051	1 774
Total	**3 929**	**3 699**

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.

In order to calculate the expected credit losses according to IFRS 9, the asset must first be categorized into one of three stages:

1. Not significantly higher credit risk than on granting and initial recognition on the balance sheet.
2. Significant increase in credit risk since granting, but not marked for default.
3. Significant increase in credit risk since granting, and marked for default or marked for loss.

Note 11 Loans

PARENT BANK 31.12.22						
LOANS BROKEN DOWN BY SECTOR/INDUSTRY AMOUNTS IN NOK MILLION	TOTAL COMMIT-MENTS TO AMORTISED COST	LEDNING PROVISION STAGE 1	LENDING PROVISION STAGE 2	LENDING PROVISION STAGE 3	LENDING AT FAIR VALUE	NET LOANS
Real estate	15 666	- 68	- 128	- 62	43	15 451
Finanicial 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	LEDNING PRO-VISION CLASSI-FIED AS DEBT STAGE 1	LENDING PRO-VISION CLASSI-FIED AS DEBT STAGE 2	LENDING PRO-VISION CLASSI-FIED AS DEBT STAGE 3	TOTAL LENDING PROVISION CLASSIFIED AS DEBT
Real estate	1 324	- 14	- 36	- 5	- 54
Finanicial 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**

GROUP 31.12.22

LOANS BROKEN DOWN BY SECTOR/INDUSTRY AMOUNTS IN NOK MILLION	TOTAL COMMITMENTS TO AMORTISED COST	LEDNING PROVISION STAGE 1	LENDING PROVISION STAGE 2	LENDING PROVISION STAGE 3	LENDING AT FAIR VALUE	NET LOANS
Real estate	15 760	- 69	- 129	- 63	43	15 542
Finanicial and insurance activities	4 205	- 24	- 25	- 6	0	4 150
Fishing and aquaculture	9 193	- 41	- 15	- 3	30	9 164
Manufacturing	1 847	- 5	- 14	- 33	10	1 806
Agriculture and forestry	1 144	- 1	- 3	- 1	36	1 176
Power and water supply and construction	4 092	- 11	- 16	- 8	32	4 089
Government	190	0	0	0	0	190
Service industries	3 203	- 12	- 15	- 6	59	3 229
Transportation	3 098	- 7	- 10	- 12	38	3 108
Commodity trade, hotel and restaurant industry	2 339	- 11	- 16	- 9	24	2 327
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	LEDNING 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
Finanicial 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

PARENT BANK 31.12.21						
LOANS BROKEN DOWN BY SECTOR/INDUSTRY AMOUNTS IN NOK MILLION	TOTAL COMMIT-MENTS TO AMORTISED COST	LEDNING PROVISION STAGE 1	LENDING PROVISION STAGE 2	LENDING PROVISION STAGE 3	LENDING AT FAIR VALUE	NET LOANS
Real estate	14 948	-76	-145	-80	39	14 685
Finanicial and insurance activities	9 637	-11	-3	-3	0	9 621
Fishing and aquaculture	7 983	-24	-5	-8	27	7 973
Manufacturing	1 397	-3	-8	-22	15	1 379
Agriculture and forestry	967	-1	-2	-2	36	999
Power and water supply and construction	2 814	-6	-8	-9	25	2 817
Government	102	0	0	0	0	102
Service industries	1 784	-7	-7	-8	88	1 851
Transportation	2 077	-5	-21	-2	55	2 104
Commodity trade, hotel and restaurant industry	1 614	-6	-14	-3	27	1 619
Corporate market	**43 324**	**-139**	**-211**	**-137**	**314**	**43 151**
Retail market	**34 982**	**-18**	**-23**	**-22**	**10 979**	**45 899**
Total loans	**78 306**	**-156**	**-234**	**-158**	**11 293**	**89 050**

FINANCIAL COMMITMENTS BROKEN DOWN BY SECTOR/INDUSTRY AMOUNTS IN NOK MILLION	FINANCIAL COMMITMENTS TO AMORTISED COST	LEDNING PRO-VISION CLASSI-FIED AS DEBT STAGE 1	LENDING PRO-VISION CLASSI-FIED AS DEBT STAGE 2	LENDING PRO-VISION CLASSI-FIED AS DEBT STAGE 3	TOTAL LENDING PROVISION CLASSIFIED AS DEBT
Real estate	966	-8	-17	0	-25
Finanicial and insurance activities	233	0	0	0	-1
Fishing and aquaculture	788	-1	0	0	-1
Manufacturing	597	-1	-1	-1	-3
Agriculture and forestry	85	0	0	0	0
Power and water supply and construction	634	-1	-2	0	-4
Government	327	0	0	0	0
Service industries	501	-1	-3	0	-4
Transportation	568	0	-1	0	-2
Commodity trade, hotel and restaurant industry	502	-1	-1	-4	-6
Corporate market	**5 201**	**-14**	**-25**	**-6**	**-45**
Retail market	**1 567**	**0**	**0**	**0**	**0**
Total loans	**6 768**	**-14**	**-25**	**-6**	**-45**

GROUP 31.12.21

BLOANS BROKEN DOWN BY SECTOR/INDUSTRY AMOUNTS IN NOK MILLION	TOTAL COMMIT-MENTS TO AMORTISED COST	LEDNING PROVISION STAGE 1	LENDING PROVISION STAGE 2	LENDING PROVISION STAGE 3	LENDING AT FAIR VALUE	NET LOANS
Real estate	15 025	-76	-146	-82	39	14 760
Finanicial and insurance activities	3 511	-11	-3	-3	0	3 494
Fishing and aquaculture	8 632	-30	-9	-8	27	8 612
Manufacturing	1 923	-6	-13	-27	15	1 894
Agriculture and forestry	1 092	-1	-3	-2	36	1 123
Power and water supply and construction	3 705	-9	-12	-12	25	3 698
Government	118	0	0	0	0	118
Service industries	2 455	-11	-8	-13	88	2 511
Transportation	2 967	-9	-29	-3	68	2 993
Commodity trade, hotel and restaurant industry	2 118	-8	-19	-4	27	2 114
Corporate market	**41 547**	**-162**	**-240**	**-154**	**327**	**41 318**
Retail market	**38 498**	**-22**	**-28**	**-36**	**10 979**	**49 391**
Total loans	**80 046**	**-184**	**-269**	**-190**	**11 306**	**90 708**

FINANCIAL COMMITMENTS BROKEN DOWN BY SECTOR/INDUSTRY AMOUNTS IN NOK MILLION	FINANCIAL COMMITMENTS TO AMORTISED COST	LEDNING PRO-VISION CLASSI-FIED AS DEBT STAGE 1	LENDING PRO-VISION CLASSI-FIED AS DEBT STAGE 2	LENDING PRO-VISION CLASSI-FIED AS DEBT STAGE 3	TOTAL LENDING PROVISION CLASSIFIED AS DEBT
Real estate	921	-8	-17	0	-25
Finanicial and insurance activities	86	0	0	0	-1
Fishing and aquaculture	860	-1	0	0	-1
Manufacturing	608	-1	-1	-1	-3
Agriculture and forestry	86	0	0	0	0
Power and water supply and construction	718	-1	-2	0	-4
Government	327	0	0	0	0
Service industries	752	-1	-3	0	-4
Transportation	696	0	-1	0	-2
Commodity trade, hotel and restaurant industry	701	-1	-1	-4	-6
Corporate market	**5 754**	**-14**	**-25**	**-6**	**-45**
Retail market	**1 589**	**0**	**0**	**0**	**0**
Total loans	**7 343**	**-14**	**-25**	**-6**	**-45**

Note 11 Loan

TOTAL LOAN COMMITMENTS BROKEN DOWN BY STAGE OF THE CREDIT RISK ASSESSMENT AT 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	Utlån til virkelig verdi over resultat	**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

1) Off balance consists of unused limits of loans and credits, and entered into guarantee agreements. Committed loans are not included.

2) Net loans as assets in Balance sheet

Explanation of the table:

- The conditions for migrating between the stages and a specification of IFRS 9 are set out in note 13. Customers who experience significant changes in credit risk will migrate between the stages.
- Net new measurement of losses: Account numbers of customers who are in the same category closing balance and opening balance and who experience an increase in ECL.
- Net new measurement of losses: Account numbers of customers who are in the same category closing balance and opening balance and who experience a decrease in ECL.
- Newly issued or purchased financial assets: Account numbers of customers that are only found in the closing balance in the ECL model.
- Financial assets that have been derecognised: Account numbers of customers that are only found in the opening balance in the ECL model.

TOTALT ENGASJEMENT FORDELT PÅ TRINN I KREDITTRISIKOVURDERING PER 31.12.21

PARENT BANK					GROUP			
STAGE 1	STAGE 2	STAGE 3	TOTAL	AMOUNTS IN NOK MILLION	TOTAL	STAGE 3	STAGE 2	STAGE 1
77 236	8 449	375	**86 060**	Total loan commitments to amortised cost 01.01.21	**87 927**	373	8 449	79 104
				Changes in the period due to loans migrated between the stages				
1 401	-1 397	- 4	**0**	to (-from) stage 1	**0**	-7	-1 773	1 780
-2 530	2 541	- 11	**0**	to (-from) stage 2	**0**	-19	2 907	-2 888
- 88	- 220	308	**0**	to (-from) stage 3	**0**	422	-302	-120
-4 259	- 246	- 37	**-4 542**	Net increase/(decrease) balance existing loans	**-5 414**	-75	-400	-4 939
35 664	2 169	51	**37 884**	Originated or purchased during the period	**40 791**	71	2 394	38 327
-30 745	-3 392	- 190	**-34 327**	Loans that have been derecognised	**-35 915**	-220	-3 671	-32 023
76 679	7 904	492	**85 075**	**Total loan commitments to amortised cost**	**87 389**	545	7 604	79 240
			11 293	Utlån til virkelig verdi over resultat	**11 306**			
76 679	7 904	492	**96 368**	**Total loan commitments as at 31.12.21**	**98 694**	545	7 604	79 240
-5 740	-1 000	- 28	**-6 768**	Off-balance sheet 1)	**-7 343**	-28	-1 000	-6 315
70 939	6 904	464	**89 599**	**Gross loans**	**91 349**	516	6 603	72 926
- 156	- 234	- 159	**- 549**	Provision for credit losses - reduction in assets	**-643**	-190	-269	-184
70 783	6 670	305	**89 050**	**Net loans 2)**	**90 708**	326	6 335	72 742

For footnote and remarks regarding the table, please see the 2022 table on the previous page.

Note 11 Loan

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 %

PARENT BANK					
RISK GROUP 31.12.21 AMOUNTS IN NOK MILLION	STAGE 1	STAGE 2	STAGE 3	LOANS AT FAIR VALUE	TOTAL
Very low risk	34 399	410	0	7 161	41 970
Low risk	24 135	746	0	3 018	27 899
Medium risk	15 594	4 412	0	1 019	21 025
High risk	2 052	726	0	38	2 816
Very high risk	495	1 610	0	39	2 144
Commitments in default	0	0	496	18	514
Total commitments	**76 675**	**7 904**	**496**	**11 293**	**96 368**
Share commitments	80 %	8 %	1 %	12 %	100 %

GROUP					
RISK GROUP 31.12.21 AMOUNTS IN NOK MILLION	STAGE 1	STAGE 2	STAGE 3	LOANS AT FAIR VALUE	TOTAL
Very low risk	35 054	412	0	7 161	42 627
Low risk	24 679	784	0	3 018	28 482
Medium risk	15 828	4 245	0	1 032	21 104
High risk	2 297	908	0	38	3 242
Very high risk	781	1 852	0	39	2 673
Commitments in default	0	0	549	18	567
Total commitments	**78 639**	**8 201**	**549**	**11 306**	**98 694**
Share commitments	80 %	8 %	1 %	11 %	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

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 15.58 % stake as at 31.12.22 (15.92 % as at 31.12.21).
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 4 NOK billion were sold to SpareBank 1 Boligkreditt in 2022. A total of 39.4 NOK billion had been derecognized in home mortgages sold to SpareBank 1 Boligkreditt AS at the end of the financial year.

SpareBank 1 Næringskreditt

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 2.71% stake as at 31.12.22 (3.20 % as at 31.12.21). 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 Alliance 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 % of its valuation.

Loans worth a net 0.28 NOK billion had been derecognized to SpareBank 1 Næringskreditt AS at the end of the financial year.

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

Note 12 Transfers of financial assets

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 31.12.22, amounted nothing for SpareBank 1 Boligkreditt AS and nothing for SpareBank 1 Næringskreditt AS.

Note 13 Losses

The Group has made provisions for expected credit loss (ECL) on all financial assets (loan commitments) that are not classified as 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 of a loss event.

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 12 months. 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 according to the contract and the cash flow 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.

Each month, the Group assesses the change in the risk of default during the expected lifetime of the commitment and compares the risk of default/probability of default (PD) in the commitment at the time of reporting with the PD in the commitment at the date of initial recognition. Consideration is also given to reasonable and documentable information that is available and which indicates a significant increase in the credit risk since initial recognition.

In the calculation of expected credit loss, all commitments are classified in one of three stages, as follows:

1. Not significantly higher credit risk than on granting and initial recognition on the balance sheet.
2. Significant increase in credit risk since granting, but not marked for default.
3. Significant increase in credit risk since granting, and marked for default or marked for loss.

Both absolute and relative changes in PD are used as criteria for moving a commitment into Stage 2. The most important factor for a significant change in credit risk is a quantitative change in PD on the balance sheet date compared with PD on initial recognition on the balance sheet. The threshold for a significant change in PD has been set at 150 %. PD must also be higher than 0.60 %.

The Group uses a loss model developed in collaboration with the other banks in SpareBank 1 Alliance to calculate expected credit loss (ECL).

The ECL model is based on the bank's internal credit risk rating model (IRB – Internal Ratings Based), including estimates for probability of default (PD), the size of the commitment at default (EAD – exposure at default) and the size of the loss given default (LGD).

Unlike the credit models used for capital adequacy purposes, the ECL model is a 'point-in-time' model and unbiased at a given point in time.

IFRS 9 (Chapter 5.5.17–18) requires ECL to be a probability-weighted amount that is determined by evaluating a range of possible outcomes. The ECL model of SpareBank 1 Alliance calculates the outcomes of three different scenarios and these calculations are based on

Note 13 Losses

a quarterly analysis of the macro situation of the Group and the Group's customers, based on local, national and international factors.

The scenarios are: scenario 1 (SC1) expected macro economic development (base case), scenario 2 (SC2) recession (downturn case/worst case), and scenario 3 (SC3) strong economic expansion (best case). These are weighted against each other and provide the basis for further ECL calculations.

The properties of these scenarios are as follows:

- Scenario 1: Should be our best estimate of the expected development of PD and LGD for the next 5 years.
- Scenario 2: Should reflect the PD and LGD curves if the development of the portfolio is more negative than expected in SC 1.
- Scenario 3: Should reflect the PD and LGD curves if the development of the portfolio is more positive than expected in SC 1.

The table below shows an example theoretical approach to scenario weighting.

PERCEIVED UNCERTAINTY TO SC 1									
WEIGHTING	SMALL			MEDIUM			LARGE		
SC1	80-90 %			60-80 %			50-60 %		
	Positive	Neutral	Negative	Positive	Neutral	Negative	Positive	Neutral	Negative
SC2	0-5 %	5-10 %	5-20 %	0-10 %	10-20 %	20-40 %	5-15 %	20-25 %	25-45 %
SC3	5-20 %	5-10 %	0-5 %	20-40 %	10-20 %	0-10 %	25-45 %	20-25 %	5-15 %

Briefly summarised, the table can be interpreted as follows:

- Small degree of uncertainty: SC 1 should have a high weighting
- If the Group initially believes that development is more likely to be better than worse, then SC 3 is weighted higher than SC 2 (and vice versa)
- Large degree of uncertainty: SC 1 has a lower weighting but constitutes at least 50 % of the total weighting of all scenarios (Reasoning: If the probability of SC 1 is set lower than 50 %, it cannot be said that SC 1 is unbiased)

The weighting of the macro scenarios during 2022 has been: (base case/downturn case/best case):
Q1 2022: 60/30/10
Q2 2022: 60/30/10
Q3 2022: 50/40/10
Q4 2022: 55/35/10

Based on assessments the Group makes of national and local macro development, the Group determines the level of PD and LGD factors using a scale of 1–12, based on the expectations over the next 12 months and the next 5 years in each scenario. Level 1 is 'strong economic expansion', level 5 'neutral economy', level 9 'recession' and level 12 is 'banking crisis'.
The level on the scale may differ between RM and CM if it is considered probable that one segment is more/less exposed than the other. As at 31.12.22, the levels for the three different scenarios are set at: SC1 – Level 7, SC 2 – Level 9 and SC3 – Level 6.

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 have been 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.

A mass market commitment is considered in default and marked for default if a claim is more than 90 days past due, the amount exceeds NOK 1,000 and overdrafts account for more than 1 % of the exposure on the account. For companies, claims must be more than 90 days past due, the amount in excess of NOK 2,000 and overdrafts account for more than 1 % 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

Note 13 Losses

one or more loss events have occurred and that this has an impact on the expected future cash flow 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 highest risk groups, as well as defaults and losses in relation to PD. The entire portfolio is scored on a monthly basis using automatic data capture based on objective data.

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'.

An asset 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.

An asset 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. 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'.

An asset 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.

An asset 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 her

LOSSES INCORPORATED IN THE ACCOUNTS				
PARENT BANK			GROUP	
31.12.21	**31.12.22**	AMOUNTS IN MILLION	**31.12.22**	31.12.21
-20	**30**	The period's change in individual loss provisjons	**31**	-17
-99	**11**	The period's change in individual loss provisjons	**14**	-122
55	**23**	Period's confirmed losses	**30**	66
- 6	**- 10**	Recoveries, previously confirmed losses	**- 12**	- 172
- 70	**54**	**Losses on loans to customers**	**63**	- 235

LOSSES BROKEN DOWN BY SECTOR AND INDUSTRY				
PARENT BANK			GROUP	
31.12.21	31.12.22	AMOUNTS IN NOK MILLION	31.12.22	31.12.21
- 32	**- 9**	Real estate	**- 9**	- 32
- 3	**40**	Finanicial and insurance activities	**40**	- 2
- 8	**13**	Fishing and aquaculture	**12**	- 6
- 4	**6**	Manufacturing	**8**	- 2
- 4	**- 2**	Agriculture and forestry	**- 3**	- 5
- 1	**5**	Power and water supply and construction	**9**	- 6
2	**6**	Service industries	**8**	3
8	**- 10**	Transportation	**- 13**	- 157
- 9	**1**	Commodity trade, hotel and restaurant industry	**3**	- 11
- 51	**49**	**Total loss public market**	**56**	- 218
- 19	**5**	**Total loss retail market**	**7**	- 17
- 70	**54**	**Losses on loans to customers**	**63**	- 235

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**	Loans that have been derecognised	**159**	46	56	57
- 199	- 281	-159	**- 639**	**Total loss provisions 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 segmented in markets				
- 20	- 27	- 28	**- 75**	Retail	**- 99**	- 43	- 32	- 24
- 179	- 254	- 131	**- 565**	Corporate	**- 636**	- 147	- 286	- 203
- 199	- 281	-159	**- 639**	**Total loss provisions at 31.12.22**	**- 735**	- 190	- 318	- 228

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
- 327	- 251	- 142	**- 720**	**Loss provisions at 01.01.21**	**- 823**	- 167	- 302	- 354
			- 659	Of which presented as a reduction of the assets	**- 762**			
			-61	Of which presented as other debt	**- 61**			
				Changes in the period due to loans migrated between the stages:				
- 33	33	0	**0**	to (-from) stage 1	**0**	0	43	- 43
19	-20	1	**0**	to (-from) stage 2	**0**	1	- 24	23
0	9	-9	**0**	to (-from) stage 3	**0**	- 13	13	0
173	- 40	- 25	**108**	Net increase/decrease excisting loans	**116**	- 29	- 43	188
- 62	- 60	- 4	**- 126**	New issued or purchased loan	**-144**	- 4	-65	- 75
61	69	10	**140**	Loans that have been derecognised	**159**	12	84	64
- 170	- 259	- 169	**- 598**	**Total loss provisions at 31.12.21**	**- 692**	- 200	- 294	- 198
			- 549	Of which presented as a reduction of the assets	**- 643**			
			- 49	Of which presented as other debt	**49**			
				Loss provisions segmented in markets				
- 18	- 23	- 22	**- 63**	Retail	**- 87**	- 37	- 28	- 22
- 152	- 236	- 147	**- 535**	Corporate	**- 605**	- 163	- 266	- 176

Explanation of the table:

- The changes during the period as a result of migration: transfer between the stages due to a significant change in credit risk.
- Net increase/decrease in balance: Changes in the expected credit loss, changes in model assumptions, effects of repayments, ascertainment and other changes that affect the balance.
- Newly issued or purchased financial assets: Account numbers of customers that are only found in the closing balance in the ECL model.
- Financial assets that have been derecognised: Account numbers of customers that are only found in the opening balance in the ECL model.
- Provisions for losses also include expected losses on assets not posted to the balance sheet, including guarantees and untapped credit limits, but not loan commitments.

Sensitivity analysis

Below follows a sensitivity analysis for the Parent Bank, based on figures as at 31.12.22. By changing PD, LGD and scenario weights in isolation, the following change is seen in expected credit loss:

				WEIGHTING OF SCENARIOS **)		
SEGMENT	10% INCREASE PD-FAKTOR	10% INCREASE LGD-FAKTOR	20% INCREASE PD-FAKTOR*)	SC1=100 % SC2=0 % SC3=0 %	SC1=0 % SC2=100 % SC3=0 %	SC1=0 % SC2=0 % SC3=100 %
Retail market	5,3 %	6,1 %	18,3 %	- 19,0 %	39,3 %	- 33,1 %
Corporate market	6,8 %	7,5 %	17,0 %	- 16,5 %	34,9 %	- 31,1 %
Total	**6,6 %**	**7,3 %**	**17,1 %**	**- 16,9 %**	**35,5 %**	**- 31,4 %**

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

**) Effect of going from the current weighting of 55%, 35% and 10% for scenario 1, 2 og 3.

SpareBank 1 Nord-Norge has its own models that score customers based on probability of default. The sum of risk class (PD) and security class (security coverage) defines which risk category the commitments are placed in. The following table provides information about which risk category loss provisions are scored in. For further infomation, see note 6.

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 %**

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 %**

PARENT BANK 31.12.21				
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 31.12.2021**
	STAGE 1	STAGE 2	STAGE 3	**TOTAL**
Very low risk	15	1		**16**
Low risk	20	3		**23**
Medium risk	74	72		**146**
High risk	39	29		**68**
Very high risk	22	154		**176**
Commitments in default			169	**169**
Total	**170**	**259**	**169**	**598**
Share	28 %	43 %	28 %	**100 %**

Note 13 Losses

GROUP 31.12.21				
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 31.12.2021**
	STAGE 1	STAGE 2	STAGE 3	**TOTAL**
Very low risk	17	1		18
Low risk	23	3		26
Medium risk	85	83		168
High risk	46	34		80
Very high risk	27	173		200
Commitments in default			200	200
Total	**198**	**294**	**200**	**692**
Share	29 %	42 %	29 %	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 31.12.22, and all interest rate sensitive financial instruments have been included in the calculations.

The parent company and the group numbers are equal.

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**

GROUP 31.12.21						
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	-2	-18	2	-10	-3	**-31**
EUR	0	3	0	0	-1	**2**
USD	0	0	0	0	0	**0**
CHF	1	0	0	-8	8	**1**
Other currencies	0	0	0	0	0	**0**
Total	-1	–15	2	–18	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 31.12.22. The parent bank and group numbers are equal.

GROUP		
AMOUNTS IN NOK MILLION	**2022**	2021
USD	**147**	143
EUR	**-5**	-3
CHF	**-2**	-2
SEK	**0**	0
Other	**1**	1
Total	**141**	139

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	**31.12.22**	31.12.21
Net losses recognised related to hedging instruments for fair value hedging	**565**	-127
Total gains on hedged items related to the hedged risk	**-570**	120
Total, fair value hedges	**-5**	-6

Note 16 Financial derivatives

FOREIGN CURRENCY- AND INTEREST RATE INSTRUMENTS BY FAIR VALUE THROUGH PROFIT AND LOSS ACCOUNT						
	2022			2021		
	CONTRACT/ NOTIONAL AMOUNT	FAIR VALUE		CONTRACT/ NOTIONAL AMOUNT	FAIR VALUE	
AMOUNTS IN NOK MILLION		ASSETS	LIABILITES		ASSETS	LIABILITES
Foreign currency instruments						
Foreign exchange financial derivatives (forwards)	**1 732**	**12**	**25**	2 090	14	22
Currency swaps	**17 481**	**176**	**70**	12 985	151	70
Total foreign currency instruments	**19 213**	**189**	**95**	15 075	165	92
Interest rate instruments						
Interest rate swaps (including cross currency)	**33 692**	**1 158**	**532**	36 530	686	445
Other interest rate contracts	**593**	**55**	**54**	244	27	25
Total non-standardized contracts	**34 285**	**1 213**	**585**	36 774	713	470
Standardised interest rate contracts (futures)						
Total interest rate instruments	**34 285**	**1 213**	**585**	36 774	713	470
Securing of funding						
Interest rate instruments						
Interest rate swaps (including cross currency)	**12 249**	**56**	**570**	14 496	212	40
Total interest rate instruments	**12 249**	**56**	**570**	14 496	212	40
Total foreign currency- and interest rate instruments						
Total, interest rate instruments	**46 534**	**1 269**	**1 155**	51 270	925	510
Total currency swaps and forwards	**19 213**	**189**	**95**	15 075	165	92
Total	**65 747**	**1 458**	**1 259**	66 345	1 089	602

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 encompasses, for example, the bank's liquidity risk.

The Group's liquidity risk is revealed, except in the case of raising external financing, through the Bank's liquidity reserve/buffer, including sale of mortgage loans to SpareBank 1 Boligkreditt. See note 12 for more information.

The Bank proactively manages the Group's liquidity risk on a daily basis. SpareBank 1 Nord-Norge must also comply with the regulatory minimum requirements for prudent liquidity management at all times.

The average remaining term to maturity for the Bank's debt securities in issue was 3.8 years as of 31.12.22.
The short-term liquidity risk measurement, liquidity coverage ratio (LCR), was 146 % (142 %) as of the end of the year.

The table below shows receipts and payments, including future interest payments, at various points in time.

PARENT BANK 2022

AMOUNTS IN NOK MILLION	ON DEMAND	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**

PARENT BANK 2021

AMOUNTS IN NOK MILLION	PÅ FORE-SPØRSEL	UNDER 3 MND	3-12 MND	1 - 5 ÅR	OVER 5 ÅR	TOTALT	BOKFØRT VERDI
Liabilities to credit institutions	544	579				1 123	1 123
Debt securities in issue	70 750		5 458			76 208	76 208
Liabilities relating to deferred tax		1 334	4 163	10 592	2 039	18 128	17 527
Derivatives	602					602	602
Contract-related outgoing cash flows		1 442	2 271	4 663	1 011	9 387	
Contract-related incoming cash flows		- 1 451	- 2 404	- 4 847	- 1 109	- 9 812	
Other liabilities	1 867					1 867	1 907
Subordinated loan capital and senior non-preferred		14	47	1 242	3 637	4 940	4 560
Total liabilities	73 763	1 918	9 535	11 650	5 577	102 443	101 927

Note 17 Remaining contract-related periods for liabilities

GROUP 2022							
AMOUNTS IN NOK MILLION	ON DEMAND	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**

GROUP 2021							
AMOUNTS IN NOK MILLION	ON DEMAND	UNDER 3 MONTHS	3-12 MONTHS	1 - 5 YEAR	OVER 5 YEARS	**TOTAL**	**BOOKED VALUE**
Liabilities to credit institutions	514	578				1 092	1 092
Debt securities in issue	70 691		5 458			76 149	76 149
Liabilities relating to deferred tax		1 334	4 163	10 592	2 039	18 128	17 527
Derivatives	602					602	602
Contract-related outgoing cash flows		1 442	2 271	4 663	1 011	9 387	
Contract-related incoming cash flows		- 1 451	- 2 404	- 4 847	- 1 109	- 9 812	
Other liabilities	2 548					2 548	2 470
Subordinated loan capital and senior non-preferred		14	47	1 242	3 637	4 940	4 560
Total liabilities	74 355	1 917	9 535	11 650	5 577	103 034	102 400

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 31.12.22						
AMOUNTS IN NOK MILLION	ON DEMAND	UNDER 3 MONTHS	3-12 MONTHS	1 - 5 YEAR	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 liabilities	**77 475**	**1 758**	**9 046**	**10 614**	**6 987**	**105 880**

Note 18 Maturity analysis of assets and liabilities

PARENT BANK 31.12.21						
AMOUNTS IN NOK MILLION	ON DEMAND	UNDER 3 MONTHS	3-12 MONTHS	1 - 5 YEAR	OVER 5 YEARS	TOTAL
Assets						
Cash and balances with central banks	399					**399**
Loans and advances to credit institutions	484	6 906		101		**7 491**
Loans and advances to customers	10 533	243	629	9 375	61 327	**82 107**
Provision for credit losses - stage 3					- 159	**- 159**
Provision for credit losses - stage 2					- 234	**- 234**
Provision for credit losses - stage 1					- 156	**- 156**
Shares	1 436				68	**1 504**
Bonds and certificates - fair value		1 390	1 571	12 514	3 674	**19 150**
Financial derivatives	1 089					**1 089**
Investments in Group companies					1 274	**1 274**
Investment in associated companies and joint ventures					3 446	**3 446**
Property, plant and equipment					460	**460**
Other assets	4	62	86		154	**306**
Total assets	**13 944**	**8 601**	**2 287**	**21 990**	**69 855**	**116 677**
Liabilities						
Liabilities to credit institutions	544	579				**1 123**
Deposits from customers	70 750		5 458			**76 208**
Debt securities in issue		1 288	4 044	10 297	1 898	**17 527**
Financial derivatives	602					**602**
Other liabilities	1 907					**1 907**
Deferred tax					9	**9**
Subordinated loan capital				1 000	3 560	**4 560**
Total liabilities	**73 803**	**1 867**	**9 502**	**11 297**	**5 467**	**101 936**

GROUP 31.12.22						
AMOUNTS IN NOK MILLION	ON DEMAND	UNDER 3 MONTHS	3-12 MONTHS	1 - 5 YEAR	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**
Immaterielle eiendeler	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 18 Maturity analysis of assets and liabilities

GROUP 31.12.21						
AMOUNTS IN NOK MILLION	ON DEMAND	UNDER 3 MONTHS	3-12 MONTHS	1 - 5 YEAR	OVER 5 YEARS	**TOTAL**
Assets						
Cash and balances with central banks	399					**399**
Loans and advances to credit institutions	484	881				**1 365**
Loans and advances to customers	10 533	243	629	9 375	69 206	**89 986**
Provision for credit losses - stage 3					- 190	**- 190**
Provision for credit losses - stage 2					- 269	**- 269**
Provision for credit losses - stage 1					- 184	**- 184**
Shares	1 451				68	**1 519**
Bonds and certificates - fair value		1 390	1 571	12 514	3 674	**19 150**
Financial derivatives	1 089					**1 089**
Investments in Group companies						**0**
Investment in associated companies and joint ventures					4 837	**4 837**
Property, plant and equipment					859	**859**
Non-current assets held for sale						**0**
Immaterielle eiendeler	116					**116**
Other assets	4	225	111		163	**503**
Total assets	**14 076**	**2 739**	**2 312**	**21 889**	**78 164**	**119 180**
Liabilities						
Liabilities to credit institutions	513	579				**1 092**
Deposits from customers	70 691		5 458			**76 149**
Debt securities in issue		1 288	4 044	10 297	1 898	**17 527**
Financial derivatives	602					**602**
Other liabilities	2 470					**2 470**
Deferred tax					127	**127**
Subordinated loan capital				1 000	3 560	**4 560**
Total liabilities	**74 276**	**1 867**	**9 502**	**11 297**	**5 585**	**102 527**

Note 19 Net interest income

PARENT BANK			GROUP	
2021	**2022**	AMOUNTS IN NOK MILLION	**2022**	2021
		Interest income on financial assets at fair value		
354	**314**	Interest and similar income from loans to and claims on customers	**314**	354
140	**405**	Interest and similar income from certificates, bonds and other interest-bearing securities	**405**	138
494	**719**	**Total interest income at fair value**	**719**	492
		Interest income on financial assets at amortized cost		
57	**174**	Interest and similar income from loans to and claims on credit institutions	**16**	3
1 700	**2 647**	Interest and similar income from loans to and claims on customers	**3 089**	2 047
		Other interest and similar income		
1 757	**2 821**	**Total interest income at amortized cost**	**3 105**	2 050
2 251	**3 540**	**Total interest income**	**3 824**	2 542
		Interest expenses on financial liabilities at amortized cost		
40	**92**	Interest and similar costs on liabilities to credit institutions	**80**	40
235	**705**	Interest and similar costs relating to deposits from and liabilities to customers	**704**	229
192	**407**	Interest and similar costs related to the issuance of securities	**408**	192
18	**30**	Interest and similar costs on subordinated loan capital	**30**	18
49	**46**	Guarantee fund levy	**46**	49
		Other interest and similar costs		
534	**1 280**	**Total interest costs at amortized cost**	**1 268**	528
534	**1 280**	**Sum rentekostnader**	**1 268**	528
1 717	**2 260**	**Netto renteinntekter**	**2 556**	2 014

Note 20 Net fee-, commission- and other operating income

PARENT BANK			GROUP	
2021	**2022**	AMOUNTS IN NOK MILLION	**2022**	2021
		Fees and commissions receivable		
239	**256**	Payment facilities	**257**	239
199	**201**	Insurance products	**201**	199
32	**32**	Guarantee commissions	**32**	32
		Real estate broking	**107**	130
64	**56**	Portefolio commissions	**56**	64
58	**69**	Credit commissions	**69**	58
29	**18**	Other commissions	**149**	144
621	**632**	**Commissions ex. comission loans**	**871**	866
401	**217**	Comission from SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt	**217**	401
1 022	**849**	**Total commision loans income**	**1 088**	1 267
-68	**-56**	**Commission costs**	**-79**	-96
		Accounting services	**218**	212
123	**5**	Other income 1)	**7**	116
123	**5**	**Total other income**	**225**	328
1 077	**798**	**Total net commission- and other income**	**1 234**	1 499

1) In 4. quarter 2021 there is booked as other income 100 NOK Million for sale of customer portfolio to Sparebank 1 Helgeland

Note 21 Gains from other financial invesmtents

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	
2021	**2022**	AMOUNTS IN NOK MILLION	**2022**	2021
		Valued at fair value through profit and loss		
		Income from equity capital instruments		
36	**90**	Dividend from shares	**90**	36
		Dividend from Hybrid capital		
757	**506**	Dividend from group companies, assosiated companies and joint ventures		
		Share result from assosiated companies and joint ventures	**204**	532
236	**20**	Gains/losses from shares	**21**	241
		Gains/losses from group companies, assosiated companies and joint ventures		
		Income from certificates and bonds		
-30	**-87**	Gains/losses from certificates and bonds	**-87**	-30
		Income from financial derivatives		
9	**48**	Gains/losses from currencies and hedge derivatives	**49**	9
6	**-2**	Gains/losses from fixed rate loans to customers	**-3**	6
1 014	**575**	**Net income from fair value financial investments**	**274**	794
		Valued at amortized cost		
		Inntekter fra sertifikater og obligasjoner		
		Income from certificates and bonds		
0	**0**	**Net income from financial investments valued at amortized cost**	**0**	0
		Total income fra currency trading		
1 014	**575**	**Total net income from financial investments**	**274**	794

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 2022 is in accordance with The Norwegian Accounting Standards, paragraph §7-31 b and §7-32 given in a separate report on remuration of the executives personnel. The report includes an overview of loans to the individual executive personnel and board members (including their close relatives) as of 31.12.22, as well as an overview of the number of equity certificates as of 31.12.22. The report is published on our webside www.snn.no

PERSONNEL COST, NUMBER OF EMPLOYEES AND MAN-YEARS

PARENT BANK			GROUP	
2021	**2022**	AMOUNTS IN NOK MILLION	**2022**	2021
417	**393**	Wages and salaries	**649**	677
100	**41**	Pension cost	**56**	118
115	**107**	Social cost	**139**	141
632	**541**	**Total Personnel cost**	**844**	936
502	**508**	Number of man-years as at 31.12.	**852**	831
526	**533**	Number of employees as at 31.12.	**891**	871
561	**530**	Average number of employees	**881**	906

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	**2022**	2021
Short-term benefits		
Wages and salaries	**28 563**	29 634
Yearly bonus	**721**	890
Employee benefits	**667**	1 257
Board fees in the Group and Alliance companies	**1 339**	1 025
Board fees in SpareBank 1 Nord-Norge	**2 461**	2 526
Other benefits to board members	**430**	386
Long-term benefits		
Pension	**3 450**	2 935
Other benefits		
Loan to the executive personnel incl. close relatives *Executive personnel have employee terms on their loans*	**42 538**	35 462
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.*	**7 854**	14 521
Other:		
Number of Equity certificates owned by the executive personnel incl. close relatives	**301 307**	300 572
Number of Equity certificates owned by the board members incl. close relatives	**10 385**	41 761

BENEFITS TO EMPLOYEES:

AMOUNTS IN NOK MILLION	**2022**	2021
Total loans to employees (incl. executive personnel)	**1 267**	1 153
The aggregate value of interest rate subsidies relating to loans to employee	**19**	19

Note 23 Total remuneration for external auditor

PARENT BANK			GROUP	
2021	**2022**	AMOUNTS IN NOK MILLION	**2022**	2021
632	**541**	Personnel expenses	**844**	936
271	**266**	IT-expenses	**287**	293
152	**161**	Administrative expenses	**198**	179
78	**68**	Ordinary depreciation	**92**	104
20	**18**	Operating costs properties	**20**	22
132	**93**	Other operating expenses	**196**	214
1 285	**1 147**	**Total operating costs**	**1 637**	1 748

EXTERNAL AUDITOR'S FEES INCL VAT				
PARENT BANK			GROUP	
2021	**2022**	AMOUNTS IN NOK MILLION	**2022**	2021
2 061	**2 990**	Statutory auditing	**4 068**	3 015
0	**205**	Other certification services	**267**	272
0	**0**	Tax advisory services	**0**	0
502	**272**	Other non-audit services 1)	**272**	502
2 563	**3 467**	**Total remuneration for external auditor**	**4 607**	3 789

1) Including licences for reporting tool used for CRD IV-reporting.

Note 24 Pensions

In 2022, SpareBank 1 Nord-Norge had the following pension schemes for empoyees.

A defined contribution pension scheme for retirement and disability pensisons taken out with SpareBank 1 Forsikring AS.

The 2022 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 executive employees.

At the end of 2022, only one active employee is 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 2022 was set at 2.6 per cent (2.5 per cent in 2021).

PARENT BANK			GROUP	
31.12.21	**31.12.22**	AMOUNTS IN NOK MILLION	**31.12.22**	31.12.21
		Net pension liabilities in the balance sheet		
0		Present value of future pension liabilities		0
79		Estimated value of pension resources		89
-79		**Net pension liabilities in guaranteed schemes**		-89
		Social security liabilities		
-79		**Net pension liabilities in the balance sheet**		-89
8,0 %		Deviation between anticipated and actual return on pension funds in %		8,0 %
2021	**2022**	**Pension costs for the year**	**2022**	2021
5		Pensionable amounts accrued during the year		5
11		Interest costs of pension liabilities		11
-14		Expected rate of return on assets in the scheme		-14
2		**Net pension costs relating to defined benefit plans excel social security contributions**		2
-9		Employer's social security contributions - subject to accrual accounting		-9
72		Settlement		73
65		**Net pension cost relating to defined benefit plans incl social security combinations**		66
35	**43**	Other pension costs	**65**	52
100	**43**	**Total pension costs incl social security contributions**	**65**	118
10,0 %		The actual rate of return on pension assets		10,0 %
31.12.21	**31.12.22**	**Change in net pension liabilities in the balance sheet**	**31.12.22**	31.12.21
-224		Net pension liabilities in the balance sheet as at 01.01		-240
		Recognised against equity as at 01.01.		
97		Adjusted equity balance sheet as 31.1		99
2		Net pension cost relating defined benefit plans		2
		Charged to the Profit and Loss Account		
-14		Benefits paid		-14
60		Settlement		64
-79		**Net pension liabilities in the balance sheet as at 31.12.**		-89
44	**43**	Other pension liabilities (early retirement pension contract)	**43**	44
-35	**43**	**Total pension liabilities in the balance sheet as at 31.12.**	**43**	-45
		Actuarial assumptions		
1,90 %		Discount rate		1,90 %
1,90 %		Expected rate of return on scheme's assets		1,90 %
0,50 %		Future wage- and salary developments		0,50 %
2,50 %		Adjustment of basic amount (G)		2,50 %
2,00 %		Increase in current pensions		2,00 %
90,00 %		Staff's average estimated propensity to opt for SRPS at the age of 62		90,00 %
0		Number of active members covered by the defined benefit pension scheme		0
597		Number of pensioners covered by the defined benefit scheme		707

Note 25 Tax

PARENT BANK			GROUP	
2021	2022	AMOUNTS IN NOK MILLION	2022	2021
		Major components of income tax		
565	554	Current tax costs	615	648
-194	-95	Change in deferred tax	-102	-165
25	0	Recognised directly to equity	0	18
-1		Shortfall/surplus in respect of accrual for taxation in the previous year/corrections	0	-2
395	459	**Income tax for the period**	513	499
		Change in net deferred tax		
-194	-95	Change in deferred tax recognised in the income statement	-102	-165
25	0	Recognised directly to equity	0	18
- 169	-95	**Total change in net deferred tax/-asset**	-102	-147
		Temporary differences and deferred tax		
- 96	-83	Tangible fixed assets	431	369
79	79	Pension liabilities/-fond	88	92
51	-346	Other temporary differences	-388	80
		Loss carried forward	-33	-33
34	-350	**Total temporary differences**	98	508
- 9	88	**Deferred tax/-asset in balance sheet**	-25	-127
		Change in temporary differences		
- 23	13	Tangible fixed assets	62	- 17
- 145	0	Pension liabilities	-4	- 146
-1 230	-397	Other temporary differences	-468	-1 141
722	0	Correction from previous year	0	722
		Loss carried forward	0	- 4
- 676	-384	**Total temporary differences**	-410	- 586
		Reconciliation of tax charge for the period recognised against profit and loss to profit before tax		
648	608	25 % of profit before tax	591	699
-277	-149	Non-taxable profit and loss items (permanent differences)	-78	-216
24	0	Shortfall/surplus from previous year/Recognised directly to equity	0	16
395	459	**Taxation charge for the period**	513	499
15,2 %	18,9 %	**Effective tax rate (income tax for the period expressed as a percentage of profit before tax)**	21,7 %	17,8 %

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.

From and including 2013, the Bank has used 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 customers 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 include stakes in companies where the Bank owns a minor stake, and which do not have observable market prices. In level 3, fair value is therefore determined on the basis of the book value of the equity.

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				
AMOUNTS IN NOK MILLION	VALUATION BASED ON LISTED PRICES IN AN ACTIVE MARKET	VALUATION BASED ON OBSERVABLE MARKET DATA	VALUATION BASED ON FACTORS OTHER THAN OBSERVABLE MARKET DATA	
	LEVEL 1	LEVEL 2	LEVEL 3	**TOTAL**
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**
Liabilities 31.12.22				
Derivatives at fair value		1 259		**1 259**
Total liabilities		**1 259**		**1 259**
Assets 31.12.21				
Shares	844	68	592	**1 504**
Bonds	14 084	5 066		**19 150**
Financial derivatives		1 089		**1 089**
Loans to customers with fixed rate			5 629	**5 629**
Loans to customers for sale			5 664	**5 664**
Total assets	14 928	6 223	11 885	**33 036**
Liabilites 31.12.21				
Derivatives at fair value		602		**602**
Total liabilities		602		**602**
Changes in value for financial instruments in level 3 parentbank:				
ASSETS	FIXED-RATE LOANS	SHARES	MORTGAGES TO CUSTOMERS FOR SALE	BONDS
Booked value as of 01.01.	5 629	592	5 664	
Net gains	-205	73		
Acquisitions	442		1 246	
Disposals			-3 396	
Overdue loans	-1 016		719	
Booked value as of 31.12.	**4 850**	**665**	**4 233**	

GROUP				
AMOUNTS IN NOK MILLION	VALUATION BASED ON LISTED PRICES IN AN ACTIVE MARKET	VALUATION BASED ON OBSERVABLE MARKET DATA	VALUATION BASED ON FACTORS OTHER THAN OBSERVABLE MARKET DATA	
	LEVEL 1	LEVEL 2	LEVEL 3	**TOTAL**
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**
Liabilities 31.12.22				
Derivatives at fair value		1 259		**1 259**
Total liabilities		**1 259**		**1 259**
Assets 31.12.21				
Shares	843	68	607	**1 519**
Bonds	14 084	5 066		**19 150**
Financial derivatives		1 089		**1 089**
Loans to customers with fixed rate			5 642	**5 642**
Loans to customers for sale			5 664	**5 664**
Total assets	**14 927**	**6 223**	**11 913**	**33 064**
Liabilites 31.12.21				
Derivatives at fair value		602		**602**
Total liabilities		**602**		**602**
Changes in value for financial instruments in level 3 parentbank:				
ASSETS	FIXED-RATE LOANS	SHARES	MORTGAGES TO CUSTOMERS FOR SALE	BONDS
Booked value as of 01.01.	5 642	607	5 664	
Net gains	132	72		
Acquisitions	651		1 246	
Disposals			-3 396	
Overdue loans	-1 575		719	
Booked value as of 31.12.	**4 850**	**679**	**4 233**	

SENSITIVITY ANALYSIS, LEVEL 3		
GROUP	BOOKED VALUE AT 31.12.22	EFFECT OF ALTERNATIVE ASSUMPTIONS
Fixed-rate loans at fair value	4 850	-11,6
Loans held for sale to mortgage company	4 233	
Shares at fair value	679	

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 512 NOK million and 132 NOK million of other equity investments and unlisted equities. Valuations are determined on the basis of the book value of the equity. The Group does not have complete information about all elements of the valuation and therefore has no basis for establishing alternative values for alternative assumptions.

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 factors 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 statet in note 26, fair value is determined according to varous methods within three levels.

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**

PARENT BANK 31.12.21					
AMOUNTS IN NOK MILLION	NIVÅ 1	NIVÅ 2	NIVÅ 3	TOTALT VIRKELIG	TOTALT BOKFØRT
Assets					
Total loans and advances to credit institutions			7 491	7 491	7 491
Net loans and advances to customers			70 311	70 311	70 259
Shares					
Total financial assets			**77 802**	**77 802**	**77 750**
Liabilities					
Liabilities to credit institutions			1 123	1 123	1 123
Deposits from customers			76 209	76 209	76 209
Debt securities in issue		17 578		17 578	17 527
Subordinated loan capital		4 560		4 560	4 560
Total financial liabilities		**22 138**	**77 332**	**99 470**	**99 419**

GROUP 31.12.21					
AMOUNTS IN NOK MILLION	NIVÅ 1	NIVÅ 2	NIVÅ 3	TOTALT VIRKELIG	TOTALT BOKFØRT
Assets					
Total loans and advances to credit institutions			1 365	1 365	1 365
Net loans and advances to customers			78 083	78 083	78 037
Shares					
Total financial assets			**79 448**	**79 448**	**79 402**
Liabilities					
Liabilities to credit institutions			1 092	1 092	1 092
Deposits from customers			76 149	76 149	76 149
Debt securities in issue		17 578		17 578	17 527
Subordinated loan capital		4 560		4 560	4 560
Total financial liabilities		**22 138**	**77 241**	**99 379**	**99 328**

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	
31.12.21	**31.12.22**	AMOUNTS IN NOK MILLION	**31.12.22**	31.12.21
		Governments		
5 608	**5 303**	- nominal value	**5 303**	5 608
5 679	**5 162**	- fair value/booked value	**5 162**	5 679
		Other public issuer		
3 104	**3 035**	- nominal value	**3 035**	3 104
3 127	**3 064**	- fair value/booked value	**3 064**	3 127
		Financial institutions		
10 236	**9 757**	- nominal value	**9 757**	10 236
10 332	**9 806**	- fair value/booked value	**9 806**	10 332
		Non-financial institutions		
12	**39**	- nominal value	**39**	12
12	**37**	- fair value/bookd value	**37**	12
19 150	**18 069**	**Total certificates and bonds held for trading**	**18 069**	19 150

Note 29 Shares

As is evident from note 2, SpareBank 1 Nord-Norge's trading portfolio will be stated at fair value using market prices as of the balance date. Other equities at fair value are valued using valuation methods based on observable market data and estimated cash flows. These equities are valued at fair value with changes in fair value recognized in profit and loss as they arise (FVPL), or at fair value through other comprehensive income (FVOCI).

PARENT BANK			GROUP	
31.12.21	31.12.22	AMOUNTS IN NOK MILLION	31.12.22	31.12.21
		Fair value through profit and loss (FVPL):		
844	**793**	Trading assets	**793**	844
592	**664**	Shares designated as fair value	**679**	607
68	**55**	Hybrid Tier 1 Capital classified as equity positions	**55**	68
		Fair value through other comprehensive income (FVOCI):		
		Shares designated as fair value		
1 504	**1 513**	**Total shares and equities**	**1 528**	1 519

BREAKDOWN OF SHARES AS AT 31.12.22

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	647 679	**647 679**
VISA INC. C-AKSJER	16 784	<0,05 %	7 187	137 645	**137 645**
Visa Pref Stock C (forv Visa Norge Holding1 AS)	1 175	<0,05 %	17 000	8 076	**8 076**
Total listed shares			**552 585**	**793 400**	**793 400**
Total shares held for trading			**552 585**	**793 400**	**793 400**

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	3 539	**3 539**
S.W.I.F.T	14		79	1 074	**1 074**
SpareBank 1 Markets AS	386 516	12,2 %	110 148	132 316	**132 316**
BN Bank	1 410 221	9,9 %	88 801	511 584	**511 584**
VN Norge AS	28 778 208		40 000	15 854	**15 854**
Other equity investments			0	25	**25**
Total shares at fair value (FVPL)			**239 253**	**664 392**	**664 392**

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			7 907	8 064	**8 064**
Hybrid capital SNN Treasury			48 750	47 131	**471 131**
Sum hybrid capital			**56 657**	**55 195**	**55 195**
Parent bank's total shares and equity investments			791 838	1 512 987	**1 512 987**

SHARES OWNED BY SPAREBANK 1 NORD-NORGE PORTEFØLJE AS OF 31.12.22					
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	1 178	**1 178**
NorInnova Technology Transfer AS	613	3,7 %	2 900	2 756	**2 756**
Viking Venture III LP	37 025	0,9 %	1 822	10 574	**10 574**
Total shares owned by SNN Portefølje AS			10 636	14 508	**14 508**

The company also owns more shares which has been written down to kr 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			802 528	1 527 549	**1 527 549**

Note 30 Investments in Group companies, associated companies and joint ventures

INVESTMENTS IN GROUP COMPANIES PARENT BANK:					
AMOUNTS IN NOK MILLION				**31.12.22**	31.12.21
Equity stakes in financial institutions				**1 017**	799
Equity stakes in other Group companies				**475**	475
Total investments in Group companies				**1 492**	1 274
Off which hybrid capital in financial institutions				**84**	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	SHARE CAPITAL	NUMBER OF SHARES	COST	SHARE OF EQUITY AND VOTING CAPITAL	**BOOKED VALUE**
Company Name					
SpareBank 1 Finans Nord-Norge AS, Tromsø	1 001 000	170 170	901 000	85 %	**901 484**
SpareBank 1 Nord-Norge Portefølje AS, Tromsø	1 000	1 000	25 000	100 %	**25 000**
EiendomsMegler 1 Nord-Norge AS, Tromsø	21 100	17 935	23 800	85 %	**25 212**
Fredrik Langesg 20 AS, Tromsø	920	242	370 392	100 %	**370 392**
SpareBank 1 Regnskapshuset Nord-Norge AS, Tromsø	10 200	1 275	54 069	85%	**54 068**
Investment (shares) shown in the Parent Bank`s accounts					**1 376 156**
Hybrid capital SpareBank 1 Finans Nord-Norge AS			115 000		**115 000**
Total investment shown in the Parent Bank`s accounts					**1 491 156**

Shares in subsidiaries are not quoted on the stock exchange.

INVESTMENTS IN JOINT VENTURES AND ASSOCIATED COMPANIES					
AMOUNTS IN NOK MILLION				**31.12.22**	31.12.21
Equity stakes in financial institutions				**1 878**	1 929
Equity stakes in other joint ventures				**1 719**	1 517
Total investments in joint ventures				**3 597**	3 446

Note 30 Investments in Group companies, associated companies and joint ventures

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	CLASSIFICATION	SHARE OF EQUITY AND VOTING CAPITAL	REGISTERED OFFICE
SpareBank 1 Gruppen AS	Joint venture	19,50 %	Oslo
SpareBank 1 Utvikling DA	Joint venture	18,00 %	Oslo
SpareBank 1 Betaling AS	Associated company	17,94 %	Oslo
SpareBank 1 Boligkreditt AS	Associated company	15,58 %	Stavanger
SpareBank 1 Næringskreditt AS	Associated company	2,71 %	Stavanger
SpareBank 1 Kreditt AS	Associated company	19,22 %	Trondheim
SpareBank 1 Bank og Regnskap AS	Associated company	25,00 %	Trondheim
SpareBank 1 Mobilitet Holding AS	Associated company	30,66 %	Hamar
SpareBank 1 Gjeldsinformasjon AS	Associated company	14,44 %	Oslo
SpareBank 1 Forvaltning AS	Associated company	13,27 %	Oslo
SpareBank 1 Kundepleie AS	Associated company	26,67 %	Trondheim

Intra-group balances relating to the Bank and the abovementioned companies: Reference is made to note 40.

GROUP 2022 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 19,22 %	SPAREBANK 1 BOLIGKREDITT AS 15,58 %	SPAREBANK 1 NÆRINGS-KREDITT AS 2,71 %	OTHER
As at 1 January	4 837	2 217	134	199	1 828	62	397
Acquisition/sale	153	0	0	86	-40	-10	117
Share of profit - IFRS	294	175	93	9	1	0	16
Share of result booked as administrative costs	-90		-90				
Items incorporated directly in equity capital	69	-5		6	75		-7
Paid-out dividend	-200	-137		0	-12		-51
As at 31 December	**5 063**	**2 250**	**137**	**300**	**1 852**	**52**	**472**

Included in «Other «: SpareBank 1 Bank og Regnskap AS, SpareBank 1 Betaling AS, SpareBank 1 Gjeldsinformasjon AS and Spare-Bank 1 Mobilitet AS, SpareBank 1 Forvaltning AS og SpareBank 1 Kundepleie AS.

GROUP 2021							
AMOUNTS IN NOK MILLION	TOTAL	SPAREBANK 1 GRUPPEN AS 19,5%	SPAREBANK 1 UTVIKLING DA 18,00 %	SPAREBANK 1 KREDITT AS 18,37 %	SPAREBANK 1 BOLIGKREDITT AS 15,92 %	SPAREBANK 1 NÆRINGS-KREDITT AS 3,2 %	OTHER
As at 1 January	4 810	2 207	23	179	2 074	175	152
Acquisition/sale	- 98	- 84	110	13	- 251	- 109	223
Share of profit - IFRS	592	471	81	12	12	1	15
Share of result booked as administrative costs	- 80		- 80				
Items incorporated directly in equity capital	14	- 11		8	10		7
Paid-out dividend	- 401	- 366		- 13	- 17	- 5	
As at 31 December	4 837	2 217	134	199	1 828	62	397

Included in «Other «: SpareBank 1 Bank og Regnskap AS, SpareBank 1 Betaling AS, SpareBank 1 Gjeldsinformasjon AS and SpareBank 1 Mobilitet AS.

THE GROUP'S EQUITY STAKES IN ASSOCIATED COMPANIES AND JOINT VENTURES:					
NAME	ASSETS	LIABILITIES	INCOME	PROFIT/ LOSS	OWNERSHIP SHARE
2022					
SpareBank 1 Gruppen AS (group)	23 672	20 785	3 767	175	19,50 %
SpareBank 1 Betaling AS	224	0	0	12	17,94 %
SpareBank 1 Utvikling DA	193	51	303	3	18,00 %
SpareBank 1 Boligkreditt AS	44 864	42 867	17	1	15,58 %
SpareBank 1 Næringskreditt AS	315	259	1	1	2,71 %
SpareBank 1 Kreditt AS	1 506	1 216	166	9	19,22 %
SpareBank 1 Bank og Regnskap AS	43	0	0	1	25,00 %
SpareBank 1 Mobilitet Holding AS	75	0	0	-22	30,66 %
SpareBank 1 Gjeldsinformasjon AS	1	0	0	0	14,44 %
SpareBank 1 Forvaltning AS	202	92	101	23	13,27 %
SpareBank 1 Kundepleie AS	24	1	8	2	26,67 %
Total	**71 119**	**65 271**	**4 364**	**202**	
2021					
SpareBank 1 Gruppen AS (group)	24 222	21 270	7 493	471	19,50 %
SpareBank 1 Betaling AS	144	1	0	- 13	18,57 %
SpareBank 1 Utvikling DA	180	41	289	1	18,00 %
SpareBank 1 Boligkreditt AS	41 112	39 135	25	12	15,92 %
SpareBank 1 Næringskreditt AS	367	301	2	1	3,20 %
SpareBank 1 Kreditt AS	1 076	887	80	12	18,37 %
SpareBank 1 Bank og Regnskap AS	42	0	0	0	25,00 %
SpareBank 1 Mobilitet AS	81	0	0	- 6	30,66 %
SpareBank 1 Gjeldsinformasjon AS	1	0	0	0	14,53 %
SpareBank 1 Forvaltning AS	166	59	72	23	14,14 %
SpareBank 1 Kundepleie	25	3	6	2	26,67 %
Total	67 416	61 695	7 968	502	

Note 31 Property, plant and equipment

PARENT BANK				GROUP		
BUILDINGS AND OTHER PROPERT	MACHINERY, FIXTURES, FITTINGS AND VEHICLES	**TOTAL**	AMOUNTS IN NOK MILLION	**TOTAL**	BUILDINGS AND OTHER PROPERTY	MACHINERY, FIXTURES, FITTINGS AND VEHICLES
34	510	**545**	Cost of acquisition or adjusted value as at 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 at 31.12.22	**1 013**	344	669
-11	-410	**-420**	Accumulated depreciation and write-downs as at 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 at 31.12.22	**-570**	-36	-534
		303	Right to use asset 2)	**386**		
16	86	**406**	**Book value as at 31.12.22**	**829**	308	135
49	557	**607**	Cost of acquisition or adjusted value as at 01.01.21 1)	**1 045**	362	682
0	29	**29**	Additions	**40**	2	38
15	77	**91**	Disposals	**92**	15	77
34	510	**545**	**Cost of acquisition or adjusted value as at 31.12.21**	**993**	349	643
-9	-415	**-425**	Accumulated depreciation and write-downs as at 01.01.21	**- 505**	-19	-486
-5	-38	**-43**	Current period's depreciation	**-63**	-12	-51
0	3	**3**	Current period's impairment	**3**	0	3
4	41	**45**	Reversed accumulated depreciation related to disposals	**45**	4	41
-11	-410	**-420**	Accumulated depreciation and impairment in value as at 31.12.21	**-520**	-27	-494
		336	Right to use asset 2)	**387**		
24	101	**460**	**Book value as at 31.12.21**	**859**	323	150
1-5 %	10-33 %		Depreciation rates		1-5 %	10-33 %
0 %			Dwelling units, building plots and sites, works of art		0 %	

1) Because of 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 315 NOK million as at 31.12.22 (294 NOK million as at 31.12.21).

Liabilities related to property, plant and equipment
The Group has no liabilities in regards to acquiring fixed assets as of 31.12.22.

See note 37 concerning other liabilities for further information.

Investment property group
The Bank has no assets defined as investment properties as at 31.12.22.

Note 32 Leases

On a lease's start date, the Group recognises a liability to pay rent and an asset that represents the right to use the underlying asset during the term of the lease ('right-of-use asset'). The Group sets the lease liabilities and 'right-of-use assets' at the present value of the remaining rent payments, discounted with the aid of the Group's marginal loan rate. The discount rate used upon establishment is 2.09 %.

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	
31.12.21	**31.12.22**	AMOUNTS IN NOK MILLION	**31.12.22**	31.12.21
		Right to use asset		
388	**336**	Carrying amount 1 January	**387**	435
21	**4**	Additions	**4**	26
-42	**-3**	-Derecognition	**-3**	-42
5	**1**	Other changes	**37**	6
372	**338**	**Carrying amount at the end of the period**	**424**	426
36	**34**	Depreciation in the period	**38**	39
336	**303**	**Carrying amount of right to use asset at the end of the period**	**386**	387
		Lease liability		
393	**343**	Carrying amount 1 January	**397**	443
21	**4**	Additions	**4**	26
-41	**-40**	Lease payments in the period	**-43**	-44
8	**7**	Interest	**8**	9
-38	**-3**	Other changes	**33**	-37
343	**312**	**Lease liability at the end of the period**	**399**	397
		Profit and loss		
36	**34**	Depreciation	**38**	39
8	**7**	Interest	**8**	9
44	**41**	**Total lease expence**	**47**	48
		Undiscounted lease liabilities and maturity of cash outflows		
39	**33**	Less than 1 year	**45**	43
33	**32**	1-2 years	**41**	41
32	**31**	2-3 years	**40**	38
30	**31**	3-4 years	**39**	35
30	**31**	4-5 years	**38**	35
180	**219**	More than 5 years	**277**	269
344	**377**	**Total**	**481**	462

Note 33 Intangible assets

	GROUP	
AMOUNTS IN NOK MILLION	**31.12.22**	31.12.21
Goodwill	**117**	114
Other intangible assets	**1**	2
Total intangible assets	**118**	116

Goodwill is primarily attributable to the acquisition of SpareBank 1 Regnskapshuset Nord-Norge AS and acquisition/merger with subordinate accounting firms.

Goodwill and licence items are assessed for impairment each year, and the values are written down if there is a basis for this.

Please see note 3 for a more detailed description.

Note 34 Other assets

PARENT BANK			GROUP	
31.12.21	**31.12.22**	AMOUNTS IN NOK MILLION	**31.12.22**	31.12.21
75	**75**	Capital contribution to the SpareBank 1 Nord-Norge Pension Fund	**75**	75
79	**0**	Pension assets	**0**	88
29	**171**	Other debtors	**270**	52
86	**245**	Prepaid expenses	**286**	111
4	**5**	Internal accounts	**5**	4
		Client account – property brokerage	**1**	2
0	**0**	Overtaken assets for sale	**0**	0
33	**88**	Other assets	**33**	171
306	**584**	**Total other assets**	**670**	503

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			
31.12.21		**31.12.22**		AMOUNTS IN NOK MILLION	**31.12.22**		31.12.21	
PRO-POR-TION	DEPOSITS	**PRO-POR-TION**	**DEPOSITS**		**PRO-POR-TION**	**DEPOSITS**	PRO-POR-TION	DEPOSITS
93 %	70 750	**92 %**	**73 122**	Deposits from and liabilities to customers, without agreed maturity	**92 %**	**73 052**	93 %	70 691
7 %	5 458	**8 %**	**6 444**	Deposits from and liabilities to customers, with agreed maturity	**8 %**	**6 432**	7 %	5 458
100 %	76 208	**100 %**	**79 566**	**Total deposits**	**100 %**	**79 484**	100 %	76 149
	0,34 %		**0,67 %**	Average interest rate 1)		**0,67 %**		0,34 %
				Deposits broken down by sector and industry				
5 %	3 852	**5 %**	**3 725**	Real estate	**5 %**	**3 725**	5 %	3 852
3 %	2 654	**4 %**	**2 863**	Financial and insurance activities	**4 %**	**2 863**	3 %	2 654
4 %	2 675	**4 %**	**3 356**	Fishing and aquaculture	**4 %**	**3 356**	4 %	2 675
2 %	1 565	**2 %**	**1 469**	Manufacturing	**2 %**	**1 469**	2 %	1 565
1 %	532	**1 %**	**564**	Agriculture and forestry	**1 %**	**564**	1 %	532
3 %	2 493	**4%**	**2 908**	Power and water supply and construction	**4 %**	**2 908**	3 %	2 493
10 %	7 988	**11 %**	**8 581**	Service industries	**11 %**	**8 499**	10 %	7 929
3 %	2 108	**3 %**	**2 325**	Transportation	**3 %**	**2 325**	3 %	2 108
4 %	2 973	**4 %**	**2 803**	Commodity trade, hotel and restaurant industry	**4 %**	**2 803**	4 %	2 973
35 %	26 840	**36 %**	**28 594**	**Total public market**	**36 %**	**28 512**	35 %	26 781
54 %	40 882	**53 %**	**42 426**	Total retail market	**53 %**	**42 426**	54 %	40 882
11 %	8 486	**11 %**	**8 546**	Total government	**11 %**	**8 546**	11 %	8 486
100 %	76 208	**100 %**	**79 566**	**Total gross lending to customers**	**100 %**	**79 484**	100 %	76 149
				Deposits broken down by geographical area				
59 %	44 682	**60 %**	**48 020**	Troms og Finnmark, incl. Svalbard	**60 %**	**47 938**	59 %	44 623
34 %	26 012	**33 %**	**26 119**	Nordland	**33 %**	**26 119**	34 %	26 012
6 %	4 641	**6 %**	**4 501**	Other regions	**6 %**	**4 501**	6 %	4 641
1 %	873	**1 %**	**925**	International	**1 %**	**925**	1 %	873
100 %	76 208	**100 %**	**79 566**	**Total deposits broken down by geographical areas**	**100 %**	**79 484**	100 %	76 149

1) Average interest rate is calculated as annual total interest / average volume.

Note 36 Debt securities in issue

As is evident from note 2, SpareBank 1 Nord-Norge has financial debt securities in issue with floating or fixed interest rate. Variable rate funding is recorded at amortised cost. Funding with fixed interest rate is also recorded at amortised cost, but with fair value hedging. Fixed rate funding is hedged through interest rate swaps. The recorded value is reported in accordance with the fair value of the interest rate hedge. The fair value of the interest rate hedge does not include credit risk. The group applies the rules for IAS 39 when assessing interest rate hedges.

Senior non-preferred is a new class of debt issued to be in compliance with MREL. It ranks above subordinated capital, but below existing senior debt in terms of priority.

PARENT BANK			GROUP	
31.12.21	**31.12.22**	AMOUNTS IN NOK MILLION	**31.12.22**	31.12.21
8 898	**9 456**	Fixed-rate bonds	**9 456**	8 898
8 629	**5 880**	Floating-rate bonds	**5 880**	8 629
17 527	**15 336**	**Total debt securities in issue**	**15 336**	17 527
0,97 %	**2,14 %**	Average interest rate for bond debt 1)	**2,14 %**	0,97 %
		Bond debt broken down by maturities		
5 141		2022		5 141
4 590	**4 408**	2023	**4 408**	4 590
3 246	**4 294**	2024	**4 294**	3 246
3 491	**3 789**	2025	**3 789**	3 491
932		2026		932
127	**2 710**	2027 or later	**2 710**	127
	135	Market value change of fixed-rate bonds	**135**	
		Own bonds		
17 527	**15 336**	**Bond debt and other long-term borrowings**	**15 336**	17 527
		Broken down by the most important foreign currencies		
9 398	**10 455**	NOK	**10 455**	9 398
3 777	**1 212**	CHF	**1 212**	3 777
		USD		
4 352	**3 669**	EUR	**3 669**	4 352
17 527	**15 336**	**Total liabilities broken down by major currencies**	**15 336**	17 527

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 OG GROUP	STATE-MENT OF FINANCIAL POSITION	ISSUED	MATURED/ REDEEMED	EXCHANGE-RATE MOVEMENTS	OTHER ADJUST-MENTS	STATE-MENT OF FINANCIAL POSITION
AMOUNTS IN NOK MILLION	31.12.21	2022	2022	2022	2022	31.12.22
Certificates and other short-term borrowings						
Senior bonds	17 527	3 620	-5 656	408	-563	15 336
Total	**17 527**	**3 620**	**-5 656**	**408**	**-563**	**15 336**

Note 37 Other liabilities

PARENT BANK			GROUP	
31.12.21	**31.12.22**	AMOUNTS IN NOK MILLION	**31.12.22**	31.12.21
1 700	**2 612**	Other liabilities	**2 814**	1 883
158	**129**	Incurred costs / prepaid income	**503**	538
49	**73**	Provision for incurred costs / obligations 1)	**72**	49
1 907	**2 814**	**Total other liabilities**	**3 389**	2 470
		Other liabilities:		
343	**312**	Lease liability under IFRS 16 (see note 32)	**399**	397
735	**577**	Accrued tax	**619**	827
22	**19**	Tax deductions	**32**	38
82	**734**	Creditors	**759**	97
350	**849**	Agreed payments from Donations Fund	**849**	350
44		Early retirement pension contract		44
124	**121**	Miscellaneous liabilities	**156**	130
1 700	**2 612**	**Total other liabilities**	**2 814**	1 883
		Incurred costs / prepaid income:		
80	**57**	Incurred costs / prepaid income 2)	**67**	68
		Accrued income financial leases	**322**	380
78	**73**	Incurred personnel costs	**114**	90
158	**129**	**Total incurred costs / prepaid income**	**503**	538
		Provision of accrued expenses / obligations		
49	**73**	Off balance sheet loss provisions under IFRS 9 1)	**72**	49
49	**73**	**Total provision of accrued expenses / obligations**	**72**	49

1) Impairment of unused framework loans and guarantees is classified as debt according to IFRS 9. See also note 13

Ongoing lawsuits:
As at 31.12.22, 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. Interest is recognised as interest costs.

MATURITY STRUCTURE				
PARENT BANK			GROUP	
31.12.21	**31.12.22**	AMOUNTS IN NOK MILLION	**31.12.22**	31.12.21
		Subordinated capital with definite maturity		
		2027 3m NIBOR + 1,54 % (Call option 2022)		
350	**350**	2028 3m NIBOR + 1,40 % (Call option 2023)	**350**	350
200	**200**	2029 3m NIBOR + 1,40 % (Call option 2024)	**200**	200
500	**500**	2023 3m NIBOR + 0,90 % (Call option 2027)	**500**	500
1 050	**1 050**	**Total subordinated capital with definite maturity**	**1 050**	1 050
1,66 %	**2,90 %**	Average interest subordinated capital	**2,90 %**	1,66 %

Non-preferred debt
Senior non-preferred debt is for SNNs intents and purposes a new debt class, issued to fulfill MREL requirements, (Minimum Required Eligible Liabilities).

The requirement calculation is maintained by the Norwegian FCA, Finanstilsynet.

A cornerstone of the MREL regulation is that certain debt classes can be converted to equity in a bail-in situation, to be able to better manage a potential crisis situation without the use of public funds.

In the capital structure hierarchy senior non-preferred ranks above subordinated capital but below senior bonds.

PARENT BANK			GROUP	
31.12.21	**31.12.22**	AMOUNTS IN NOK MILLION	**31.12.22**	31.12.21
3 510	**4 668**	Senior non-preferred debt	**4 668**	3 510
1,05 %	**1,90 %**	Average interest non-preferred debt	**1,90 %**	1,05 %
4 560	**5 718**	**Total subordinated capital and non-preferred debt**	**5 718**	4 560

CHANGES IN SUBORDINATED CAPITAL AND SENIOR NON-PREFERRED DEBT						
PARENT BANK AND GROUP	BALANCE	ISSUED	MATURED/ REDEEMED	EX-CHANGE-RATE MOVEMENTS	OTHER AD-JUSTMENTS	BALANCE
AMOUNTS IN NOK MILLION	31.12.21	2022	2022	2022	2022	31.12.22
Subordinated loan capital	1 050					1 050
Senior non-preferred debt	3 510	1 000		249	- 91	4 668
Total	**4 560**	**1 000**		**249**	**- 91**	**5 718**

Note 39 Business acquisitions/mergers

No significant acquisitions or merger have been made during the financial year.

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
		SpareBank 1 Bank og Regnskap AS
		SpareBank 1 Gjeldsinformasjon AS
		SpareBank 1 Mobilitet Holding AS
		SpareBank 1 Forvaltning AS
		SpareBank 1 Kundepleie AS

Share of equity is specified in note 30.
1) Ideal organisations are not consolidated in the group accounts.

TRANSACTIONS WITH SUBSIDIARIES		
AMOUNTS IN NOK MILLION	**2022**	2021
Income items - Parent Bank:		
Interest and similar income from loans and claims from subsidiaries	**142**	53
Deposit interest income from subsidiaries	**15**	5
Share dividend	**294**	333
Accrued commissions from lien loans	**10**	10
Other fees and commisions	**1**	1
Refunded operating costs (adm services, IT ect)	**14**	13
Refunded rental cost (posted in the balance sheet, under IFRS 16)	**14**	16
Balance sheet items - Parent Bank:		
Loans	**6 826**	6 038
Subordinated loan capital	**151**	101
Hybrid Tier 1 Capital bonds	**115**	84
Deposits	**686**	536
Other receivables	**0**	0

As at 31.12.22, lien-based loans and leasing arranged for SpareBank 1 Finans Nord-Norge AS totalled 5,937 NOK million.

Note 40 Related parties

TRANSACTIONS WITH JOINT VENTURES/ASSOCIATED COMPANIES		
AMOUNTS IN NOK MILLION	2022	2021
Income items - Parent Bank:		
Interest and similar income recieved from loans and claims from joint ventures	87	47
Deposit interest income from joint ventures	5	0
Share dividends	207	420
Balance sheet items - Parent Bank:		
Loans and advances to joint ventures	1 202	1 074
Deposits from and liabilities to joint ventures	146	140
Bonds	122	45
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	2022	2021
a) Purchase of management- and information technology, and development services from SpareBank 1 Utvikling DA	135	145
b) Commisions from sale of insurance- and savings products with an insurance element for SpareBank 1 Gruppen AS	201	199
c) Loans sold to SpareBank 1 Boligkreditt AS (as at 31.12)	39 449	35 439
Accrued commission from SpareBank 1 Boligkreditt AS	214	397
Receivables SpareBank 1 Boligkreditt AS (as at 31.12)	0	0
d) Loans sold to SpareBank 1 Næringskreditt AS (as at 31.12)	281	314
Accrued commission from SpareBank 1 Næringskreditt AS	3	4

Note 41 Equity Certificates (EC) and ownership structure

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 31.12.22, the Bank had 11,655 EC-holders (11,278 at 31.12.21).

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	Bonus issue	131 940 500	791 642 200	7 916 422
2005	EC split		791 642 200	15 832 844
2006			791 642 200	15 832 844
2007	Utbytteemisjon	49 055 400	840 697 600	16 813 952
2008	Utbytteemisjon	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	Rigths 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

Note 41 EQUITY CERTIFICATES (EC) AND OWNERSHIP STRUCTURE

THE 20 LARGEST EC-HOLDERS			
EQUITY CERTIFICATE HOLDERS	NUMBER OF ECS	SHARE	CHANGE IN NUMBER OF ECS
	31.12.2022	31.12.2022	2022
PARETO INVEST NORGE AS	4 605 677	4,59 %	721 745
PARETO AKSJE NORGE VERDIPAPIRFOND	3 724 261	3,71 %	754 542
VPF EIKA EGENKAPITALBEVIS	3 282 492	3,27 %	245 341
GEVERAN TRADING CO LTD	3 099 028	3,09 %	308 672
MP PENSJON PK	2 424 322	2,41 %	150 000
The Northern Trust Comp, London Br	2 412 235	2,40 %	126 390
KOMMUNAL LANDSPENSJONSKASSE GJENSI	2 300 686	2,29 %	2 300 686
Brown Brothers Harriman & Co.	1 970 327	1,96 %	- 23 268
SPESIALFONDET BOREA UTBYTTE	1 759 795	1,75 %	428 927
FORSVARETS PERSONELLSERVICE	1 752 630	1,75 %	48 900
State Street Bank and Trust Comp	1 628 472	1,62 %	- 254 511
SPAREBANKSTIFTELSEN SPAREBANK 1 NO	1 411 606	1,41 %	
Morgan Stanley & Co. Int. Plc.	1 203 713	1,20 %	450 658
Landkreditt Utbytte	1 095 000	1,09 %	- 255 000
J.P. Morgan SE	1 053 130	1,05 %	- 9 222
Euroclear Bank S.A./N.V.	874 983	0,87 %	- 10 272
J.P. Morgan SE	802 127	0,80 %	- 177 434
Brown Brothers Harriman & Co.	735 389	0,73 %	735 389
State Street Bank and Trust Comp	702 241	0,70 %	- 417 747
The Bank of New York Mellon SA/NV	683 201	0,68 %	- 619 134
20 largest EC-holders	**37 521 315**	**37,37 %**	**4 504 662**
Other EC-holders	**62 876 701**	**62,63 %**	
ECs issued	**100 398 016**	**100,00 %**	

EC ratio

The result for the accounting year is divided between the EC-holders and the Bank according to the EC-ratio fixed as at 01.01, adjusted for any issues during the accounting year. Excluding set aside for dividends payment and donations as at 31.12.

AMOUNTS IN NOK MILLION	01.01.23	01.01.22
Parent Bank		
Equity Certificates	**1 807**	1 807
Premium Fund	**843**	843
Dividend Equalisation Fund	**2 870**	3 142
Other equity	**- 17**	- 21
A. Equity attributable to EC holders of the Bank	**5 503**	5 771
Saving Bank's Fund	**6 264**	6 579
Donations	**120**	120
Other equity	**- 20**	- 25
B. Total Saving Bank`s Fund	**6 364**	6 674
Total equity, excluding hybrid capital	**11 867**	12 445
EC ratio (A/ (A+B))	**46,36 %**	46,36 %
Reconciliation Balance Sheet		
Total equity, excluding hybrid capital	**11 867**	12 445
Hybrid capital	**600**	780
Set aside for dividens payment	**823**	703
Set aside for donations	**953**	813
Total equity, Parent Bank	**14 243**	**14 741**

RESULT PER EC				
PARENT BANK			GROUP	
2021	**2022**		**2022**	2021
2 198	**1 973**	Result for the year	**1 851**	2 295
- 29	**-37**	*Net interests hybrid capital	**- 37**	- 29
		Non-controlling interests` share	**- 27**	- 12
2 169	**1 936**	Adjusted resultat for the year	**1 787**	**2 254**
1 006	**898**	EC-holders share of result for the year (46,36 %)	**828**	1 051
10,02	**8,98**	Result per EC	**8,25**	**10,41**
2 110	**1 973**	Total comprehensive income	**1 936**	2 227
		Non-controlling interests` share	**-27**	-29
- 29	**- 37**	*Net interests hybrid capital	**- 37**	- 29
2 081	**1 936**	Adjusted total comprehensive income	**1 872**	**2 198**
965	898	EC-holders share of result for the year (46,36 %)	868	1 019
9,61	**8,98**	Total comprehensive income per EC	**8,64**	**10,15**

* Interest on tier 1 capital instruments that are classified as equity was recognised directly against equity in the amount of 37 (29) NOK million.

Note 42 Profit distribution

AMOUNTS IN NOK MILLION	2022	2021
Result for the year (group)	1 851	2 295
Non-controlling interests` share	27	12
Result from subsidiaries	-179	-322
Dividends from subsidiaries	299	336
Result from associated companies/joint ventures	-204	-532
Dividends/gains from associated companies/joint ventures	206	420
Result for the year (parent bank)	1 973	2 197
Interest hybrid capital	-37	-29
Result for the year distributable (parent bank)	1 936	2 168
Distribution		
Cash dividend to EC holders	823	703
Dividend Equalization Fund	74	302
Donations	953	813
Saving Bank`s Fund	86	350
Result for the year distributed	1 936	2 168
To EC holders (amount)	897	1 005
To EC holders (%)	46,36 %	46,36 %
To community owned capital (amount)	1 039	1 163
To community owned capital (%)	53,64 %	53,64 %
Payout rate for the result for the Parent Bank ex interest hybrid capital	91,8 %	69,9 %
Payout rate for the result for the Group ex interest hybrid capital	99,3 %	66,9 %
Dividend per equity certificate	8,20	10,40

Dividends will be distibuted to registered equity certificate holders as at 30.03.23.

The Bank`s equity certificates will be traded ex dividend as of 31.03.23.

Dividends will be paid out on 17.04.23.

(EC = Equity Certificates)

Perpetual hybrid Tier 1

Two 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		
AMOUNTS IN NOK MILLION	**31.12.22**	31.12.21
Perpetual hybrid Tier 1		
2099 3m NIBOR + 3,30 %		350
2099 3m NIBOR + 3,15 %		180
2099 3m NIBOR + 3,30 %	**250**	250
2099 3m NIBOR + 2,60 %	**350**	
Total perpetual hybrid Tier 1	**600**	780
Average interest perpetual hybrid Tier 1	**4,36 %**	3,73 %

Note 43 Events occurring after the end of the year

The proposed distribution of a cash dividend from the profit of the year is 823 NOK million to the equity capital certificate holders in SpareBank 1 Nord-Norge and 953 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 01.01.22 to 31.12.22. We confirm to the best of our knowledge that the financial statements for the period from 01.01.22 to 31.12.22 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, 23.02.23

The Board of Directors of SpareBank 1 Nord-Norge

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.

PROFITABILITY	DEFINITION	RELEVANS
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.
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 SpareBank 1 Boligkreditt or SpareBank 1 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	31.12.22	31.12.21
Profit for the period	**1 851**	2 295
Deduct interest hybrid Tier 1 capital	**37**	29
Profit for the period incl. interest hybrid tier 1 capital	**1 814**	2 266
Total Equity	**16 125**	16 653
Deducting hybrid Tier 1 capital	**600**	780
Equity excl. hybrid Tier 1 capital	**15 525**	15 873
Equity excl. hybrid Tier 1 capital 01.01.	**15 873**	14 242
Equity excl. hybrid Tier 1 capital 31.03.	**14 839**	14 453
Equity excl. hybrid Tier 1 capital 30.06.	**15 194**	15 034
Equity excl. hybrid Tier 1 capital 30.09.	**14 945**	15 581
Equity excl. hybrid Tier 1 capital 31.12.	**15 525**	15 873
Average equity excl. hybrid tier 1 capital	**15 275**	15 037
Profit for the period, annualised incl. interest hybrid Tier 1 capital	**1 814**	2 266
Average equity excl. hybrid Tier 1 capital	**15 275**	15 037
Return on Equity	**11,9 %**	15,1 %
Total operating expenses	**1 637**	1 748
Total income	**4 064**	4 307
Cost-income ratio	**40,3 %**	40,6 %
Net interest income	**2 556**	2 014
Average total assets	**122 377**	120 264
Interest margin	**2,09 %**	1,67 %
Deposits from customers	**79 484**	76 149
Total lending incl. intermediary loans	**133 243**	125 739
Deposits as a percentage of total lending incl. intermediary loans	**59,7 %**	60,6 %
Deposits from customers	**79 484**	76 149
Gross loans to customers	**93 513**	89 986
Deposits as a percentage of gross lending	**85,0 %**	84,6 %

AMOUNTS IN NOK MILLION	31.12.22	31.12.21
Total lending incl. intermediary loans	**133 243**	125 739
Total lending incl. intermediary loans same period last year	**125 739**	127 122
Lending growth last 12 months incl. intermediary loans	**7 504**	-1 383
Lending growth last 12 months incl. intermediary loans	**6,0 %**	-1,1 %
Total lending	**93 513**	89 986
Total lending same period last year	**89 986**	88 977
Lending growth last 12 months	**3 527**	1 009
Lending growth last 12 months	**3,9 %**	1,1 %
Total intermediary loans	**39 730**	35 753
Total lending incl. intermediary loans	**133 243**	125 739
Share of intermediatry loans	**29,8 %**	28,4 %
Intermediary loans SpareBank 1 Boligkreditt	**39 449**	35 439
Total retail lending	**89 406**	84 917
Share of intermediary loans of total retail lending	**44,1 %**	41,7 %
Intermediary loans SpareBank 1 Næringskreditt	**281**	314
Total corporate lending	**45 625**	42 188
Share of intermediary loans of total corporate lending	**0,6 %**	0,7 %
Deposits from customers	**79 484**	76 149
Deposits from customers same period last year	**76 149**	73 158
Growth in deposits from customers past 12 months	**3 335**	2 991
Growth in deposits from customers past 12 months	**4,4 %**	4,1 %
Losses on loans and guarantees	**63**	- 235
Losses on loans and guarantees, annualised	**63**	- 235
Total lending incl. intermediary loans	**135 031**	127 105
Losses on loans to customers as a percentage of total lending incl. intermediary loans	**0,0 %**	-0,2 %
Gross loans in stage 3	**657**	545
Loss provisions stage 3	**- 190**	- 200
Net commitments in default	**467**	345
Total lending incl. intermediary loans	**135 031**	127 105
Net comm. in default and at risk of loss as a per. of total lending incl. intermediary loans	**0,3 %**	0,3 %
Non-performing commitments	**657**	545
Loss provisions stage 3	**- 190**	- 200
Loan loss provision ratio	**28,9 %**	36,7 %

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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 2022, 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 a summary of significant accounting policies, and

- the consolidated financial statements of SpareBank 1 Nord-Norge and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2022, 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 a summary of significant accounting policies.

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 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting 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 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting 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 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 27 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 545 for the Group, of which MNOK 489 relates to expected credit losses in the corporate market. Expected credit loss allowance on credit impaired loans and advances amounts to MNOK 190 for the Group, of which MNOK 147 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

KPMG

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 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 appear 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.

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 International Financial Reporting 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 SNN-2022-12-31-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, 7 March 2023
KPMG AS

Stig-Tore Richardsen
State Authorised Public Accountant

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

Sustainability and Samfunnsløftet 2022


SpareBank 1
NORD-NORGE
SNN
PATRULJEN
TEGERA
VARDEN ORL

Sustainability – both an opportunity and a risk

As a financial services group, SpareBank 1 Nord-Norge has a wide-ranging impact on the environment and society. The Group has both a direct and indirect impact on stakeholders, the climate and the natural environment. This brings with it a responsibility to preserve and strengthen the positive, and minimise the negative, impact.

The world faces major climate-related changes. In addition to the harm done to nature and society, there are possible repercussions for financial stability. This, in combination with climate policy both in Norway and the EU, and society's general movement towards low emissions, will affect the Group's ability to operate profitably in the future. Sustainability and ESG1[1] risk are therefore part and parcel of both the Group's business strategy and risk strategy.

In 2022 SpareBank 1 Nord-Norge has had two focal areas as regards sustainability. One has been to integrate sustainability into established processes to an even greater degree. The other has been to explore future business potentials in this sphere. Sustainability was accordingly one of four strategic initiatives to be given priority by the Group management over the year. The upshot was the establishment of a double materiality analysis. The analysis gives an idea of how SpareBank 1 Nord-Norge on the one hand impacts the environment and the community and, on the other, of how sustainability entails risks and opportunities for the Group. The materiality analysis serves as a guide for this report and for the Group's assignment of priorities ahead.

1 *Environment, social and governance (ESG)*

In 2022, SpareBank 1 Nord-Norge reached several milestones in its work with sustainability. Here are some of the key results:

NOK 15,9 billion

of the lending portfolio is classified as green

1 500

new summer jobs as part of the «1000 jobs» campaign

NOK 3,6 billion

in green bonds

202

suppliers risk assessed to ensure compliance with the Transparency Act

Sami

customer service established

42 %

of the group's managers are women.

SpareBank 1 Nord-Norge's approach to sustainability

Sustainability and climate risk are anchored in the Group's business strategy and risk strategy. Both are regularly reviewed by board of directors and the group management. The senior manager for this area is the Director of Communication, Society and Sustainability, but all directors are responsible for integrating sustainability into their specialist units. This is enshrined in the Group's governance system, steering documents and core processes.

HOW SUSTAINABILITY IS ENSHRINED IN THE BUSINESS STRATEGY:

- "Sustainable" is one of four strategic principles in the Group's business strategy. This reflects the Group's intention to be sustainable in terms of the advice it provides and its choices, and to give particular consideration to our vulnerable Arctic areas.
- In the business strategy the Group management defines each year strategic initiatives of particular significance for the business. For 2022 "Sustainable business" was highlighted as one of the key strategic initiatives. This initiative has run throughout 2022 and will terminate in Q1 2023.
- The Group has set the following tactical goals for 2023:
  - To implement a green transition in practice (a result of Sustainable business)
  - To strengthen our position in maritime industries
  - To reduce our staffing vulnerabilities
  - To increase the number of active customers in the age range 20-50 yrs.

How to read the report:

The Sustainability Report has been developed in accordance with the Global Reporting Initiative (GRI) standards. This means that under each chapter, you will find the indicators that correspond to the information provided. These indicators may be one of GRI's own, or they may be developed specifically by SpareBank 1 Nord-Norge. A complete overview of all the indicators can be found in the GRI Index at the end of this report.

We report climate risks in accordance with the Task-Force for Climate Related Financial Disclosures (TCFD) framework. This can be read in full from pages 182-190 of this report.

You will also come across many abbreviations in the text. Here is a brief description of what you will encounter:

ESG: Environmental, social, and governance - this is an overarching term that encompasses the considerations we make in a sustainability perspective.

UNEP FI: Taskforce on Nature-Related Financial Disclosures - this is an initiative we have signed up for in order to develop our sustainability work in line with the UN's goals.

PCAF: The Partnership for Carbon Accounting Financials - this is a method for calculating the financed emissions of our loans.

Materiality analysis: This analysis shows the most important sustainability themes for the company, both because the company can have a positive or negative impact on the environment and society, and because sustainability is an area that can have a financial impact on the company.

Net-zero: This is a goal of achieving zero emissions of greenhouse gases, either by stopping all emissions or by offsetting remaining emissions in various ways.

HOW THE SUSTAINABILITY EFFORT IS EMBODIED IN THE GROUP'S STEERING DOCUMENTS:

ESG AT SNN

Business strategy

Risk strategy

Central policies addressing ESG

- Policy on sustainability and social responsibility
- Policy on lending (corporate market and personal market)
- Policy on portfolio management in the credit area
- Policy on liquidity risk
- Policy on market risk

Central standards and procedures which operationalise ESG in various areas

- Credit area
- Liquidity management
- Our staff
- Procurements
- "Samfunnsløftet"

Green financial framework

Green product framework

Policy on sustainability and social responsibility: The Group's policy on sustainability and corporate social responsibility guides the Group's work on its own governance, responsible financing, investment and governance of co-owned entities, social responsibility, as well as reporting in this area. The policy is operationalised through a series of guidelines in key areas. An update is planned in the first half of 2023.

Ethical guidelines: The Group's ethical guidelines apply to the Group and all its employees, and defines the Group's values.

ESG team: An interdisciplinary team presided over by the head of Treasury. The team meets once each quarter, its main task being to qualify green assets in keeping with the green product and financing framework.

Structure and reporting: The sustainability effort is built up with a basis in initiatives and principles such as UNEP FI (United Nations Environment Programme Finance Initiative) and the Global Compact's ten principles for responsible business. Climate risk is reported on under the reporting framework developed by the Task Force for Climate-Related Financial Disclosures (TCFD). The present sustainability report is structured in line with the principles of the Global Reporting Initiative (GRI). The report is drawn up in accordance with the GRI 2021 standard.

UNEP FINANCE INITIATIVE | PRINCIPLES FOR RESPONSIBLE BANKING

UNEP FI:

SpareBank 1 Nord-Norge has signed the UN principles for responsible banking, UNEP FI

KVINNER I FINANS CHARTER

KVINNER I FINANS CHARTER:

SpareBank 1 Nord-Norge has signed this initiative as a funding partner

UN GLOBAL COMPACT

GLOBAL COMPACT:

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

Goal attainment in 2022

SpareBank 1 Nord-Norge's ambition is for the Group to foster target attainment on all UN sustainable development goals. This is to be achieved both through the Group's business activities, and through applications granted by 'Samfunnsløftet'. The status of goal attainment can be found in Samfunnsløftet's report.
The Group has selected three sustainability goals to which particular efforts are directed:

13 STOPPE KLIMAENDRINGENE	14 LIVET I HAVET	8 ANSTENDIG ARBEID OG ØKONOMISK VEKST
"Take urgent action to combat climate change and its impacts" TARGET 13.2	**"Conserve and sustainably use oceans and marine resources in a way that promotes sustainable development"** TARGETS 14.1 AND 14.3	**"Promote lasting, inclusive and sustainable economic growth, full employment and decent work for all"** TARGET 8.6
Some results: • NOK 12.235m of the Group's loan portfolio is classified as green (in the categories of homes, commercial property, renewable energy and transport) • The Group has reduced emissions from its own operations (scope 1) by 67 per cent since 2016	**Results:** • NOK 3.654m of the Group's lending to fishery and aquaculture is classified as green • The Group has given increased focus to maritime industries with the aim of strengthening its position in those industries • Increased in-house fishery taxonomy competency to prepare employees and customers for changes ahead.	**Results:** • Knowledge Bank (kbnn.no) is working to obtain updated insights into various conditions in North Norway. Kbnn.no can point to the following statistics: – 41,473 users – 96,518 page views – The podcast Nord-Norge i verden ('North Norway in the World') has in 2022 published 47 podcasts and had about 6,000 listeners each month • 1,500 new summer jobs were announced and filled through the campaign "1000 jobber" ('1000 jobs')

Miljøfyrtårn®

ECO-LIGHTHOUSE:

SpareBank 1 Nord-Norge is certified under the Eco-Lighthouse scheme under the head office model, including all finance centres.

KLIMAPARTNERE

CLIMATE PARTNER:

SpareBank 1 Nord-Norge is a member of Climate Partner Nordland, Troms and Finnmark.

PCAF Partnership for Carbon Accounting Financials

PCAF:

Joined PCAF – the Partnership for Carbon Accounting Financials as from 2022

In 2022 the Group set new sustainability goals and ambitions in the work done under the strategic initiative Sustainable Business. New ambition:

As the largest[1] financial actor in North Norway, SpareBank 1 Nord-Norge aspires to be a driver for a sustainable future in the North.

This includes the following ambition goals:

To be an attractive and inclusive region

Aiming to contribute to a positive migration flow by 2030

Green transition of North 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 should qualify for green financing by 2030[2]

The sustainability ambitions and the tactical goal of contributing to the green transition are operationalised through a plan of measures. All entities in the Group have set their own goals to contribute to attaining the Group's sustainability ambition. The status of goal attainment and any measures taken is reported and followed up on an ongoing basis through the Group's corporate governance tool. The Group will report on goal attainment in its annual report for 2023.

Materiality analysis – new version in 2022

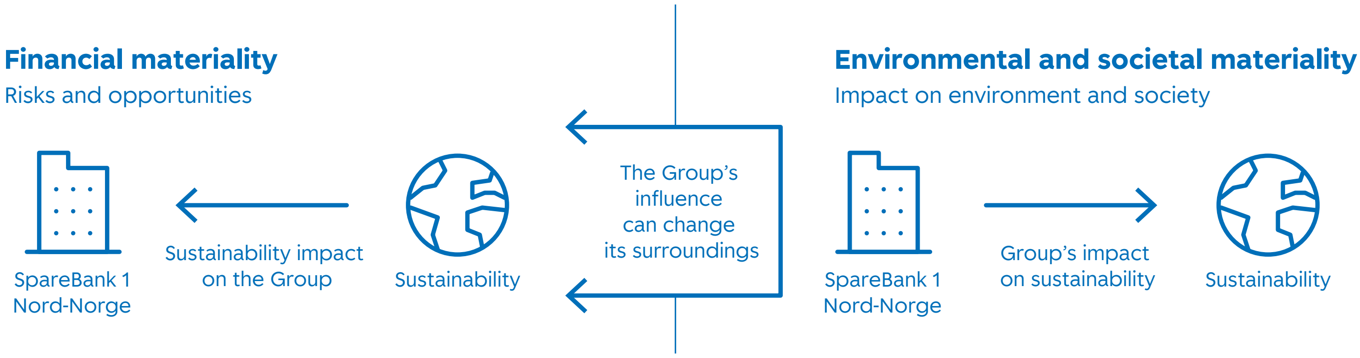
SpareBank 1 Nord-Norge's work on sustainability is based on a materiality analysis performed in 2022. Performing such an analysis has become an industry standard, and reporting based on such analysis is expected to become a statutory requirement for the largest companies. This is in line with a new EU directive on corporate sustainability reporting, CSRD, which is to be introduced in 2024[3]. The materiality analysis aims to help businesses to identify sustainability themes that are of particular interest, and makes it easier for stake-holders to compare information between companies. The principle of materiality is at centre stage here, i.e. that an element can be assigned higher priority than other elements in the work done on sustainability.

SpareBank 1 Nord-Norge established its first materiality analysis in 2019, and updated it in the course of 2022 under the double materiality concept. This was done in order to renew and deepen the existing basis on which sustainability builds, and to take account of new risks and opportunities arising both from climate change and society's increased focus on sustainability. The analysis puts the Group in a better position to concentrate its effort on areas where it has the great-est impact power, and to assess to a larger degree the financial consequences this may have for the Group, its customers and business and industry in North Norway. As the largest financial services group in the region, its power to exert infuence is also substantial. Many sustainability themes will thus be of material signif-icance for the Group from a financial as well as an environmental and societal perspective.

1 *The Group is the largest financial group registered in North Norway in terms of number of employees (973) and number of local offices (15)*

2 *in accordance with the Group's green framework*

3 *CSRD - Corporate Sustainability Reporting Directive.*

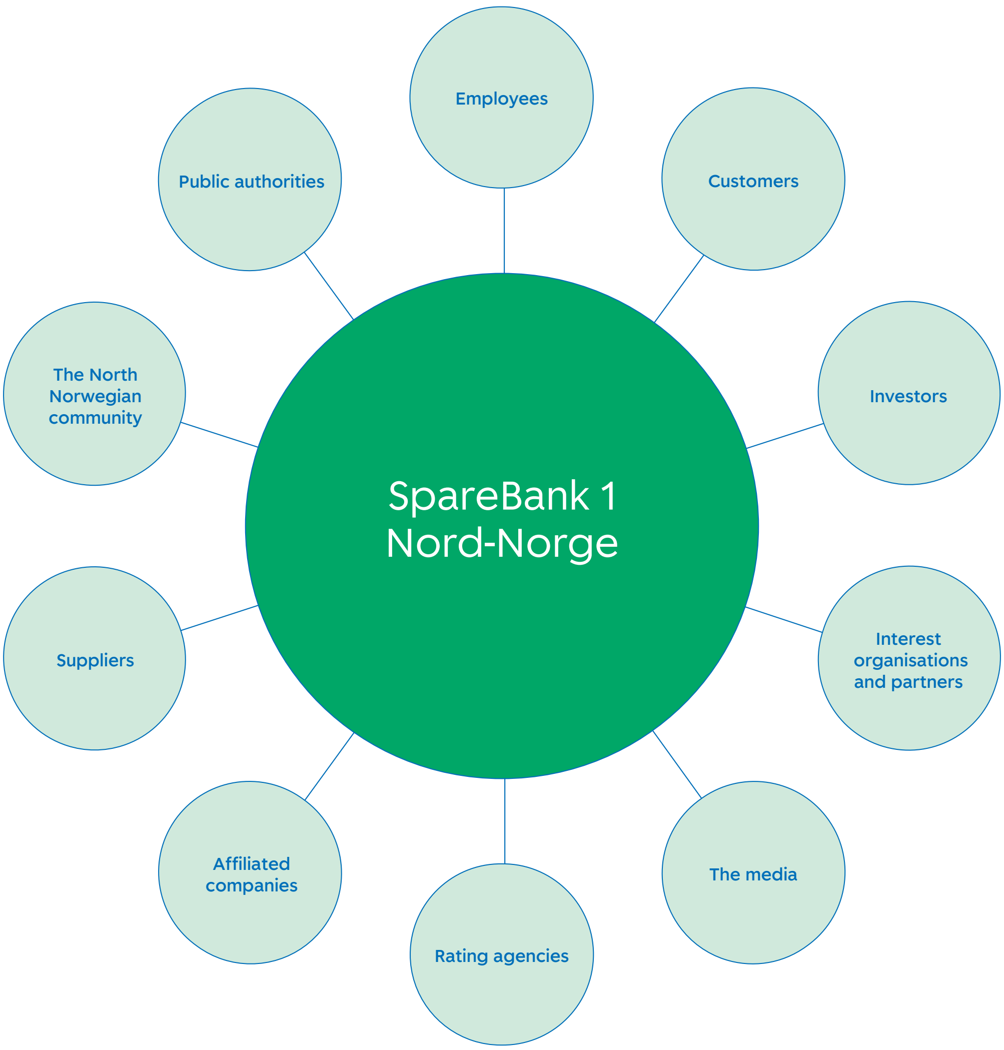


The figure illustrates the "double materiality" principle as described in the NFRD, the directive on non-financial reporting.

The materiality analysis was developed with a basis in a stakeholder analysis along with extensive interviews with customers, employees and managements. It is supplemented with other analyses such as an impact analysis, competitor analysis, expectations barometer and megatrends for the financial industry. The analyses were carried out with the help of expertise from EY Norway.

THE GROUP'S MOST IMPORTANT STAKEHOLDERS

Updating of the materiality analysis in 2022 took into account a number of analyses and insights obtained from the Group's stakeholders, along with in-depth interviews with customers, managements and staff. The community is also a key stakeholder for a savings bank, and an extensive dialogue is conducted with various stakeholders through the year. The stakeholder analysis can be read in extenso in an appendix to the annual report. The most central stakeholders with a bearing on the Group's work on sustainability are listed in the figure below.



IMPACT ANALYSIS

As a supplement to the materiality analysis, an impact analysis has been performed with a basis in the Principles for Responsible Banking tool (Portfolio Analysis Tool for Banks). This indicates where the Group could have its greatest impact on society through financing. In addition, the bank has made its own assessments based on an analysis of emissions from the loan portfolio which gives an idea of carbon exposures in segments financed by the Group. The impact analysis points to the following areas where the Group has a particularly positive or negative impact.

FACTS:

Areas with a particularly *negative* impact:

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

Areas with a particularly *positive* impact:

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

The negative impact derives from the fact that through its lending the Group finances activities which for example entail emissions and thus have a negative impact on the climate. The positive impact derives from the fact that the Group's business has an opportunity to set requirements and contribute to a positive trend for example for employees. Thus the climate area can have both a positive and negative impact. Fuller information about the analysis can be found at UNEP FI Impact Analyses.

MATERIALLY SIGNIFICANT SUSTAINABILITY THEMES

Since SpareBank 1 Nord-Norge performed its first materiality analysis in 2019, the sustainability field has developed apace. The themes featuring in this materiality analysis were prioritised with a basis in stakeholder analyses and input from the Group in the form of surveys and workshops with key personnel. While some areas retain their importance in 2022, new materially significant themes have also come to the fore.

New materialities:

- ESG technology
- Demographic risk
- Collaboration and networks
- Knowledge of climate change in Arctic regions
- Work environment
- Carbon footprint in operations and financing
- Social products and services
- Risk management

Materialities that are reformulated:

- "Personal data protection and information security" reformulated to "Cybersecurity and personal data protection"
- "Climate risk" reformulated to "Climate and natural risk"
- "Ethics and anti-corruption" reformulated to "Anti-money laundering"
- "Contributing to local communities" and "Local business development" reformulated to "Local-level value creation"
- "Green products and innovation" reformulated to "Contributing to green transition"
- "Banking" and "Responsible financing" reformulated to "Ethical banking operations"
- "Employee development" reformulated to "Competence in sustainable transition"
- "Supplier chain follow-up" reformulated to "Accountability and openness in value- and supplier chains"

Materialities that are removed:

- Negative screening and exclusion
- Requirements on financial providers
- Marketing of products and services

The Group categorises some materialities as hygiene factors, i.e. factors from which a financial Group cannot abstain. They include ethical banking operations, risk management, cybersecurity and personal data protection. These areas may entail substantial financial consequences if they are not complied with.

Some areas require further development both internally and externally, being areas in which the Group wishes to take a clearer position. Among them is the green transition of North Norway. This is a matter of factual climate changes facing the world, and of the transition risk bearing on business and industry in the shift to a low emissions society. The consequence of failing to take necessary steps and of not contributing to the region's transition could potentially hit both the Group and its customers in the future. For that reason, knowledge of climate change in the Arctic and competence in sustainable transition are included as new material themes that will receive attention in the period ahead.

Another theme to have received new focus in this materiality analysis is the demographic risk to which the Group is exposed in a region whose population is steadily diminishing and ageing. This will affect the Group in both the short and long term.

A further description of how the materiality analysis is performed can be found in the sustainability library at www.snn.no. SpareBank 1 Nord-Norge plans to update the materiality analysis every two years.

An overview of the most materially significant themes is available here:

Environment and climate conditions (E – environment)

Society and social conditions (S – Social)

Governance and business ethics (G – governance)

1 *Risk management is not mentioned in the Sustainability Report, but can be found on page 46 of the annual report.*

1. Green transition of North Norway

Through the activities of SpareBank 1 Nord-Norge, the Group has a substantial impact on the climate and environment in North Norway – both by way of the objects and activities financed, and by way of its own operations. This impact may be negative when it finances high-emission activities, or positive in the opposite case. In order to reduce the negative impact and increase the positive impact, *contributing to the green transition* is set as an important priority for the Group.

Surveys conducted, for example through SpareBank 1 Nord-Norge's Expectations Barometer[1] show that getting the transition up to speed is a matter of urgency for the business sector. Business and industry have an insufficient understanding of how climate risk will impact them, and this represents a risk both for this sector and for SpareBank 1 Nord-Norge in the period ahead. Moreover, the EU taxonomy becomes effective in Norway as from 1 January 2023 with the purpose of turning capital in a greener direction. North Norwegian industry needs to master the green transition if it is to have access to capital on competitive terms ahead. That is why the green transition has been lifted up as a key focus at SpareBank 1 Nord-Norge, and efforts in this sphere are being stepped up in 2023. SpareBank 1 Nord-Norge has a number of tools available to that end.

Requirement for sustainability in the credit process

Responsible financing along with the integration of ESG assessments throughout the financing process are the chief tool available to the Group for inducing people and businesses to embrace the green transition. This includes areas in which the Group is exposed to climate risk and other ESG risks such as breaches of worker and human rights, economic crime and weak corporate governance. Assessing ESG-related issues is accordingly an integral aspect of the customer dialogue and the financing process. A policy specifically addressing sustainable financing describes this more closely.

An important priority in 2022 was to develop a new ESG model for the corporate market to support our advisers in their dialogue with customers, and to assemble the data needed to assess risk and compile reports in this area. As from 2023 the new module replaces the previous ESG screening tool used by the Group.

A further important priority was to improve data quality in the ESG field as regards the housing and property stock. In its 2022 report on financial stability, Norges Bank (Norway's central bank) shows that only 22 per cent of Norwegian commercial properties have a registered energy certificate . Analyses conducted by SpareBank 1 Nord-Norge of its own portfolio show that the situation as regards private dwellings is no better. This is despite the fact that the Energy Labelling Regulations of 2010 require possession of an energy certificate both upon completion of new dwellings and when dwellings are sold.

The absence of energy ratings for Norwegian buildings is a challenge that slows the green transition of the property stock inasmuch as energy enhancement of buildings has to be documented correctly. Moreover, it represents a direct risk for the customer who is left with erroneous, or no, information about their property which may in turn have a bearing on letting and sale potentials, and for the bank which lacks a correct overview of energy ratings in its own portfolios. Energy certificates are also a necessity for banks' creation of green products, and for reporting on the EU taxonomy. In 2022 SpareBank 1 Nord-Norge gave this issue prominence in its dialogue with stakeholders such as Finance Norway, the State Housing Bank, the Energy Regulatory Authority (NEV), ENOVA, Huseierne, NEAK and Norsk Takst. The aim is to ensure that the Energy Labelling Regulations are complied with throughout the industry. This effort was assigned much priority in the year behind us, and prompted measures to develop energy consulting skills in the property valuation industry. The matter will be taken further in 2023. SpareBank 1 Nord-Norge's risk strategy has a KPI with the specific aim of increasing the number of buildings with an approved energy certificate in SpareBank 1 Nord-Norge's portfolios.

Status:

- *12 per cent of all corporate customers were ESG screened over the year. This figure is expected rise steeply in 2023 due to the introduction of a new ESG screening system*
- *SpareBank 1 Nord-Norge is making an active effort to expand the percentage of ESG-screened customers in its portfolio. Measurement is by means of a KPI in the risk strategy and credit policy.*

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[1] *https://www.norges-bank.no/aktuelt/nyheter-og-hendelser/Publikasjoner/Finansiell-stabilitet---rapport/2022-finansiell-stabilitet/innhold/*

STATUS FOR GREEN FUNDING AND LENDING IN 2022		
Green loans under green frameworks (NOKm)	**31.12.2022**	31.12.2021
Green dwellings	**6 786**	6 438
Green commercial buildings	**3 188**	1 071
Renewable energy	**1 325**	1 300
Clean transport	**936**	300
Sustainable natural resource management and land use	**3 654**	3 707
Total	**15 890**	
Green dwellings at SpareBank 1 Boligkreditt	**6 302**	6 211
Green funding under green frameworks (NOKm)	**31.12.2022**	PER CENT
Own issued debt, e.g. subordinated debt and hybrid capital	**20 411**	17,85 %
Own issued green funding	**3 644**	
Share of covered bond financing at SpareBank 1 Boligkreditt	**39 449**	11,96 %
Share of green covered bond financing at SpareBank 1 Boligkreditt	**4 719**	

Green funding and green lending

SpareBank 1 Nord-Norge has for several years aspired to contribute to a greener securities market both nationally and internationally. The Group believes that green financial instruments are an effective tool for channelling investments to projects that have a demonstrably positive climate impact and thereby promote the attainment of the UN sustainable development goals. In 2020 the bank established a green product framework, supplemented in 2021 with a framework for green financing. In 2022 these frameworks were employed to build a green portfolio and to expand green financing (see table below). The Group is working proactively to approve and finance the bank's documented green balance sheet. An update of the green frameworks is planned on 2023 with the aim of including taxonomy criteria for those segments where technical criteria have been developed.

Labelling of savings products

SpareBank 1 Nord-Norge wishes to make it easier for customers to opt for savings products with a profile of their own preference, both as regards return but also other factors that are relevant to society and the customer. Guidelines for responsible distribution of mutual funds define what is expected, encouraged and required of managers of mutual funds that SpareBank 1 distributes. Should a manager breach the requirements and, after dialogue, fails to amend their practice, distribution of the mutual fund concerned will be halted. The funds are sustainability labelled based on annual screening of their work with respect to the environment and society.

Description of the method

The funds are labelled from A to F with a basis in a questionnaire which fund managers are required to complete each year, and which determines the point score assigned to the particular fund. A fund can achieve a total of five points on the following three criteria: negative screening, positive screening, active ownership. The funds then receive a grade based on the number of points gained. Random checks are carried out to ensure that the labelling is correct. Funds labelled A, B or C meet SpareBank 1 Nord-Norge's minimum requirements in terms of sustainability and are among those recommended to customers.

Scoring of the funds is updated annually
The table below shows the distribution of grades.

ESG-SCORE	2021	**2022**	NEW FUNDS 2022
A	8	**9**	2
B	163	**171**	7
C	15	**17**	2
D	2	**4**	
E	2	**0**	
F	1	**1**	
Total	191	**202**	

Improved score	5
Poorer score	4
Identical score	182

The great majority of funds receive grade B. To obtain grade A, funds must meet all expectations, and be classified as Article 9 under the Sustainable Finance Disclosure Regulation (SFDR). These are funds whose purpose is sustainability.

Taxonomy-related information

The EU taxonomy is the foundation of the EU's climate policy through the Green Deal. The SFDR and the Taxonomy Regulation entered into force on 1 January 2023, and set requirements as to what can be considered sustainable investments and economic activities. The Ministry of Finance urges Norwegian enterprises that will be covered by the new reporting requirements to include taxonomy-related information in their annual reports on a voluntary basis. SpareBank 1 Nord-Norge has opted to use the reporting template developed by Finance Norway for taxonomy-related information. Reporting on the taxonomy for 2022 is voluntary.

The taxonomy in brief

The EU taxonomy is a framework for defining which activities are sustainable in terms of the EU's defined environmental objectives. The intention is to increase market transparency and help move capital in a more sustainable direction. So far nine sectors are embraced by the taxonomy, and a criterion has been developed for the first two of a total of six of the EU environmental goals: reducing and preventing greenhouse gas emissions and climate change adaptation.

The reporting obligation is to be phased in over several stages:

In the first stage, the obligation is to report the share of a financial entity's activities that falls within the scope of the taxonomy, i.e. is taxonomy eligible. In the next stage the obligation is to report the share of the financial entity's activities that are in line with the taxonomy, i.e. is taxonomy aligned.

Where the financial industry is concerned, taxonomy-related information is expected to include publication of the Green Asset Ratio.

The reporting obligation under the Taxonomy Regulation applies in the first instance to listed companies and all banks and insurance companies having more than 500 employees and considered to be large undertakings under the EU accounting directive.

The criteria for large undertakings are defined as

- companies with a balance sheet total of >NOK 420 million (EUR 40 million), or
- companies with a turnover of >NOK 210 million (EUR 20 million)

In the EU, amendments have been adopted to the Accounting Directive that will widen the scope of the reporting obligation under the Taxonomy Regulation to include additional undertakings. These amendments enter into force as from the 2024 annual report, when the NFRD is replaced by the CSRD.

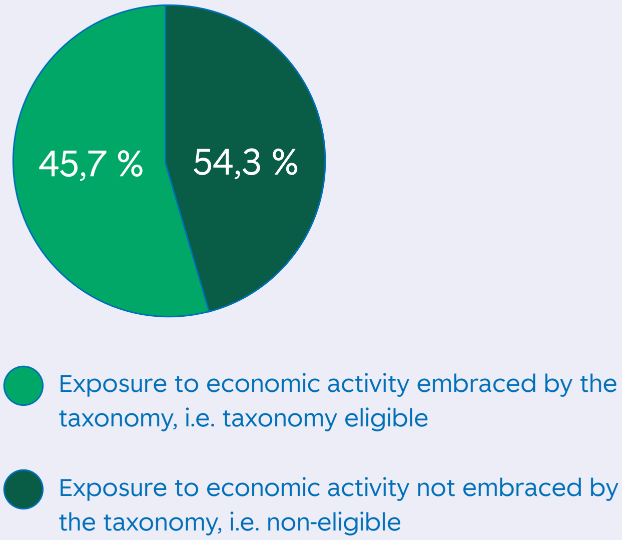
Share of the portfolio embraced by the taxonomy

SpareBank 1 Nord-Norge will publish the share of its activities that are covered by the taxonomy with a basis in prudential consolidation in accordance with Regulation (EU) No 575/2013 (2), Chapter 2. As at 31 December 2022 the Group's exposure to economic activity embraced by the taxonomy totals NOK 89.1 billion (54.3%). This exposure comprises exposure to households secured by real property, electric cars, along with covered bonds which are ESG labelled under the green product framework.

Assets	SHARE OF TOTAL ASSETS IN %	EXPOSURE IN NOK MILLION
Exposure to economic activity embraced by the taxonomy's environmental goals 1 and 2 (1)	52,1 %	89 146
Exposure to economic activity not embraced by the taxonomy (2)	6,6 %	11 309
Exposure to states, central banks, and supranational entities	2,7 %	4 676
Derivatives	1,2 %	2 094
Exposure to undertakings not embraced by NFRD (3)	37,3 %	63 740
All assets (A)	**100 %**	**170 966**
Of which, exposure to economic activity embraced by the taxonomy's environmental goals 1 and 2		
Mortgages to households (secured by real property)	53,6 %	88 051
Loans to electric cars	0,4 %	652
Covered bonds	0,3 %	443
All assets embraced by the taxonomy regulation (included in numerator) B	54,3 %	89 146
Assets excluded from the GAR scope		
	2,7 %	4 676
Exposure to states, central banks, and supranational entities	1,2 %	2 094
Derivatives	4,0 %	6 770
All assets excluded from GAR scope (C)	96,0 %	164 195
All assets forming part of the denominator (A-C)		

1) Exposure to economic activity embraced by the taxonomy (taxonomy eligible): Covers exposures to undertakings under the scope of application of the Non-Financial Reporting Directive (NFRD) which are covered by the technical criteria in environmental goal 1 and 2, along with households
2) Embraces exposures to economic activity not covered by the scope of application of the Non-Financial Reporting Directive (NFRD)
3) Embraces exposures to undertakings not covered by the scope of application of the Non-Financial Reporting Directive (NFRD).

Assets' taxonomy eligibility



2. Competence in green transition

Sustainability competencies among employees, and in the wider North Norwegian community, are a matter which the Group has the opportunity to influence in a positive direction. The wrong competency, or absence of competency, might well lead to errors in judging climate risk in investment and financing decisions and may have negative consequences. Success in achieving the Group's sustainability goals and ambitions also requires employees to possess competencies in sustainability and green transition and to make an active effort to acquire new competencies in that area. All new employees in the Group receive instruction in sustainability as part of their induction programme. Further, a digital course developed by Digital Norway was distributed to all employees in 2022. The course is specifically tailored to maritime industries, the real estate business along with a general course suitable for all sectors. Work on a competency plan in sustainability is required under HR sustainability guidelines and will be further developed in 2023.

An important source of competence in sustainability is the Knowledge Bank for North Norway (kbnn.no). In dialogue with knowledge providers from the entire country, articles and podcasts are published which support green competencies.

Status:

- *Sustainable finance – a course for all new employees in the Group. Completion rate: 83%*
- *All employees in the Group have been offered instruction in sustainability from Digital Norway*
- *In-house instruction in the criterion proposed by the EU Platform on Sustainable Finance as regards fishery taxonomy*

FACTS:

Responsible area in the Group:

Credit
Treasury
Savings And Investment
Sustainability
Economy and Finance
Risk Management
HR

Measurement parameter:

SNN 1

Which steering documents and processes address ESG risk?

- Risk Strategy
- Business Strategy
- Policy on sustainability and corporate social responsibility
- Green Frameworks (GPF and GFF)
- Credit Policy
- Guidelines on sustainability at HR

Other links

UN sustainable development goal 13:3

3. Climate risk and natural risk (TCFD)

SpareBank 1 Nord-Norge is exposed to climate-related opportunities and risks through the conduct of its business. Climate risk is a part of the Group's overall risk management and capital management regime.

SpareBank 1 Nord-Norge reports on climate risk under the framework of the Task Force on Climate-Related Financial Disclosures (TCFD). Other areas of ESG risk, including corporate social responsibility risk and governance risk, feature in ESG risk reporting in the annual report, related notes and the Pillar 3 Report.

RISK MANAGEMENT

The business's processes for identifying, assessing and handling climate-related risk, and how these processes are integrated into the business's overall risk management regime

Like other risks to which the Group is exposed, climate risk is an integral part of the Group's overall risk management and internal control processes. Climate risk is accordingly an integral aspect of all elements of the Group's business, including central steering documents, processes and systems. Climate risk is identified, assessed, handled, monitored and reported in accordance with the Group's internal guidelines on risk management and internal control.

The business strategy and risk strategy constitute the normative steering documents in the Group's management system. The Group's business strategy determines the Group's business-strategy objectives, and the Group's risk strategy determines the risk appetite that the Group is willing to accept in order to achieve the business-strategy goals. The Group has established the following goals and risk appetite in relation to climate risk:

Business strategy:

- "Sustainable" is one of the four strategic principles of the Group's business strategy.
- "Sustainable business" is one of the three strategic initiatives for 2022/2023.
- "We shall carry through the green transition in practice" and "We shall strengthen our position in maritime industries" are two of the four tactical objectives for 2023.

Risk strategy: The Board of Directors has defined the Group's risk appetite in the ESG area as low to moderate. The risk appetite is operationalised through a number of quantitative targets related to climate risk, governance risk and corporate social responsibility risk. In the 2023 risk strategy, the ESG area is further developed with a particular focus on parameters related to climate risk. See the section entitled "Targets" below for a closer description.

The business-strategy goals and risk willingness as regards climate risk are operationalised in the following steering documents:

- **Sustainability ambitions:** see the description in the introductory text to the sustainability report.
- **Policy on sustainability and corporate social responsibility:** see the description in the introductory text to the sustainability report.
- **Ethical guidelines:** see the description in the introductory text to the sustainability report.
- **Granting of credit and portfolio management:** Lending constitutes the Group's core business, and the guidelines for the credit process and portfolio management are established in the steering documents for the Personal Banking and Corporate Banking divisions. The Group does not finance purposes or projects that involve a high risk of environmental damage, including production of fossil energy, and it exercises caution when it comes to financing dwellings with a weak energy rating. Moreover, industry-related requirements apply to climate risk assessments.
- **Liquidity management:** ESG considerations in financing are established in the liquidity management policy with a view to increasing the share of green financing. Further objectives and requirements on the area are operationalised through guidelines on social responsibility and sustainable liquidity management.

Climate risk is identified and assessed on various levels, and in connection with various risk management and internal control processes:

- **Double materiality analysis:** See the description of the materiality analysis in the sustainability report
- **EU taxonomy:** See the chapter on taxonomy in the sustainability report
- **Green product framework:** The green product framework enables the identification of green exposures that are already on the Group's balance sheet, and points to new exposures that may fulfil the requirements. Standardised products have been established that meet the requirements imposed on loans by the framework.
- **Green financial framework:** The framework for green financing enables the Group to avail itself of green assets.
- **ICAAP:** The annual overall assessment of the Group's risk exposure and capital need (Internal Capital Adequacy Assessment Process, ICAAP) takes into account climate risk. The Group's climate risk exposure is assessed through climate scenarios for various industries and locations, climate risk in significant industries in the loan portfolio, and in the Group's risk portfolio.
- **Risk strategy:** When establishing the Group's risk appetite, set out in the risk strategy, analyses and assessments are made of all material risks, including climate risk. The analyses largely employ a short time horizon.
- **Risk assessments:** Under the Group's risk assessment framework, all material decisions, including strategic decisions, investment decisions, product development etc., are to be risk assessed to ensure that all relevant risks are identified , assessed and managed. Risk areas to be assessed include both initiative-independent and initiative-dependent areas. ESG risk, including explicit assessment of climate risk, are part of the mandatory initiative-independent assessment.
- **Ongoing monitoring and reporting:** Reports are made to the Board of Directors and the Management on an ongoing basis in which the Group's risk exposure and management of climate risk are explicitly assessed. See the section on "Management" below for a closer description of the content of the various reports.

MANAGEMENT

The Board of Directors' knowledge of climate-related risks and opportunities

The Board of Directors is well acquainted with climate-related risks and opportunities through its activities, including strategic discussions, review and approval of steering documents, and reviews of various reports from the Administration. The most central steering documents adopted by the Board of Directors in which climate risk is explicitly assessed include the business strategy and risk strategy along with the policy on sustainability and corporate social responsibility. Moreover, the Board adopts policies in a number of risk areas, including credit risk and market risk in which ESG risk features. This is particularly true of the policy on granting of credit and the policy on liquidity risk in which explicit targets and requirements related to climate risk are established.

The Board of Directors receives regular reports, in addition to ad hoc reports, which include assessments of the Group's climate risk exposure. Through these reports the Board is kept informed on climate-related issues. The reports are central tools in the Board of Directors' monitoring and follow-up of the area.

The most central reports include:

- **Risk report (quarterly):** The Group's risk exposure in the ESG area is reported as an area in its own right in the risk report. Regulatory changes, the status of internal work and external collaboration, along with the risk exposure position in relation to the adopted risk willingness, including climate-related targets, form part of the ESG reporting. Also included is the status of goal attainment and compliance with the Group's policy on sustainability and corporate social responsibility, including the Group's goals for the in-house climate and environment effort.
- **Compliance report (quarterly):** Compliance risk in terms of ESG risk is reported as an area in its own right in the risk report. In 2022 climate risk is not specifically assessed, but the ESG area is assessed on an overall basis. Climate risk is covered through consideration of the EU Taxonomy Regulation and the Sustainable Finance Disclosure Regulation (SFDR).
- **Internal audit report (tertiary):** The internal audit function's report to the Board of Directors includes findings and recommendations from completed internal audit projects. In the fourth quarter of 2022 an internal audit of the management and control of ESG risk was carried out. Climate risk was specifically assessed in relation to financial risk, including the credit process, liquidity and financing. The report is to be considered by the Board of Directors early in 2023.
- **ICAAP (annual):** The annual assessment of overall capital need takes account of ESG risk. The Group's risk exposure is assessed by way of climate scenarios for various industries and locations, climate risk in significant industries in the loan portfolio, and in the Group's collateral portfolio.
- **Emerging risks (ad hoc reporting):** In the second quarter of 2022 the Board of Directors received a report on the Administration's management and control of emerging risks, including ESG risk. Climate risk is included in the account of work done on steering documents and special projects.

ESG module (ad hoc reporting): In the fourth quarter of 2022 the Board of Directors received a briefing on the new ESG module for identification and assessment of ESG risk in the granting of credit to corporate customers. The module contains both general and industry-specific questions related to ESG risk, with special emphasis on climate risk and natural risk.

The Board of Directors considers climate-related issues when granting major credit exposures to corporate customers. The Board considers such issues in relation to the individual loan application since ESG risk assessments, including assessments of climate risk, are a requirement in all credit cases. Further, the Board reviews climate-related issues in connection with significant decisions on outsourcing, investment, acquisitions, disinvestment etc., through risk assessment of the decision concerned in accordance with the Group's risk assessment framework.

The management's role in the assessment and management of climate-related risk and opportunities

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

First line of defence: The business lines constitute the first line of defence. Group managers in the first line of defence are responsible for identifying, managing and reporting on climate risk related to their own business line. The overarching responsibility for the ESG area as a whole rests with the executive director of Communication, Society and Sustainability.

Second line of defence: The Risk Management Department and Compliance make up the second line of defence. The executive director of Credit and Risk Management and the head of Compliance are responsible for the work on climate risk in the second line of defence.

This entails responsibility for:

- Ensuring that the management and control of climate risk is established in conformance with the risk willingness adopted by the Board of Directors.
- Ensuring that compliance with internal guidelines and external requirements, and with expectations related to climate risk, are in keeping with the risk willingness adopted by the Board of Directors.
- Periodical reporting to the Group Management and the Board of Directors on the Group's exposure to climate risk.

Third line of defence: The Group's internal auditor constitutes the third line of defence, and reports directly to the Board of Directors. The Board of Directors establishes annual audit plans, and the ESG area was audited by the internal auditor in 2022.

For further details of the three-line model and the Group's operationalisation of the model, see the Group's Pillar 3 report.

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

- **ESG team:** Assists the Group's sustainability work, including climate risk, to ensure progress and compliance with the Group's sustainability objectives. Further, the ESG team is responsible for approving objects/exposures that are likely to qualify under the green product framework.
- **Management Forum for Risk and Capital Management (MFRCM):** Attends to overall follow-up of the Group's balance sheet management, risk profile, financing, liquidity and financial position and oversees the Group's compliance with regulatory requirements. The MFRCM deals inter alia with the ICAAP, risk strategy and risk reporting where climate risk is explicitly assessed. The MFRCM comprises the executive director of Credit and Risk Management, the executive director of Economy and Finance, the executive director of Corporate Banking, the executive director of Personal 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. Climate risk is reviewed in the case of initiatives where this is relevant. In 2022 the initiatives «Green corporate loan», «Sustainability advice», «Green financing of homes», and «Green financing for the personal market» were reviewed with a particular focus on climate-related risks and opportunities. The executive director of Innovation and Business Development, the executive director of Credit and Risk Management, along with the executive director of Economy and Finance and the executive directors of Personal Banking and Corporate Banking are regularly attending representatives on the Innovation Portfolio Board. Other directors participate in matters involving their specific areas of responsibility.

The Group Management as a whole is familiar with climate-related risks and opportunities through its strategic discussions, its approval of objectives and ambitions, preparation of steering documents, and its reviews of various reports etc.

In 2022 this applies in particular to:

- **Sustainable business:** In the first quarter of 2022 the Group Management resolved to implement the strategic initiative "Sustainable business" with the aim of developing a sustainable business model which simultaneously considers the business potential offered by the focus on sustainability. In conjunction with this initiative the Group Management received ongoing reports on progress made. The final report will be delivered after the first quarter of 2023. For a closer description, see the description in the introduction to this sustainability report.
- **Sustainability ambition:** In light of the findings and recommendations emanating from the strategic initiative «Sustainable business», the Group Management adopted in the third quarter of 2022 a new sustainability ambition with three appurtenant focal areas. For a closer description of the Group's sustainability ambition, see the introduction to this sustainability report.
- **Tactical goals 2023:** The Group implements an annual goal and planning process in order to establish tactical goals for the coming year and a plan for goal attainment. The Group Management adopted four new tactical goals for 2023. The climate goals in the Group's updated sustainability ambition are operationalised in each executive director's area of responsibility through concrete interim goals, status of goal attainment and ongoing reporting to the Group Management in the Group's governance system. Se the section «Targets» for further details.

STRATEGY

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

The Group regards ESG risk as a risk area in its own right, but recognises that various aspects of ESG, particularly climate risk and natural risk, are also risk drivers for other risk areas. Both risks and opportunities are therefore linked in the short, medium and long term to lending, funding and capital market placements etc. This has a bearing on:

- Which segments the Group is to finance or not.
- Which objects the Group is to finance or not.
- Which products the Group is to offer or not.
- Which markets and type of securities the Group is to be exposed to or not.

Climate-related risks and opportunities in materially significant areas of the Group's business are presented in the following.

LOAN PORTFOLIO

Lending to personal and corporate customers, secured by collateral, is the core business of the Group. 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 particularly true of physical risk due to climate change in the region along with transition risk resulting from the transition to a zero emissions society.

The Group does not finance businesses or purposes posing a high risk of serious environmental damage. This applies to individuals and corporates alike.

Emissions-intensive industries

This year, for the first time, the Group is reporting on financed emissions using the PCAF's methodology (see page x in the sustainability report). The largest emissions in the portfolio are from the following industries: agriculture and forestry, transport and fishery and aquaculture. Industries with the highest carbon intensity are agriculture and forestry and transport. The Group does not provide finance to fossil energy production and therefore has no exposure to that industry. The analysis will be utilised in the effort to cut financed emissions in line with the Group's sustainability ambition. The Group's overall exposure to emissions-intensive industries, which are particularly exposed to transition risk, is limited.

Residential and commercial property

Residential mortgages and loans to the segment *sale and operation of real property* account for the largest share of the Group's loan portfolio. Where climate-related risk assessments are concerned, loans secured by real property are of particular relevance for the Group. The most central climate-risk drivers related to real property on a 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 level, flooding and land subsidence.
- Changing preferences among buyers and tenants.

The Group's risk assessments indicate that overall ESG risk in the residential mortgage portfolio is low, including low physical risk and low-to-moderate transition risk, both in a short and medium-term perspective. In the commercial property portfolio, the overall ESG risk in a short and medium-term perspective is considered to be low, including low physical risk and low-to-moderate transition risk.

Good assessments of the Group's risk exposure in a long-term perspective are however challenged by data-access and data-quality issues, and by uncertainty as regards predicting outcomes in the longer term. North Norway is characterised by hilly terrain and coastal communities, and is therefore particularly exposed to rising sea levels and storm surges. Predictions of sea level rise and storm surges towards 2090, undertaken by a number of public entities, show that the likelihood of storm surges is very low in municipalities where the Group has its largest loan exposures. However, some of the areas where the Group has somewhat larger exposures are exposed to sea level rises. This may indicate that the consequences of climate change are of greater significance in a long-term perspective. The Group is working on further analyses of these matters.

The Group has identified an opportunity to contribute to the green transition, while simultaneously reducing climate risk in its own residential mortgage portfolio, by offering «green products» to personal customers. The products «Green mortgage» (homes with energy rating A or B) and «Green environmental loan» are important tools for reducing climate risk in the mortgage portfolio, which along with better pricing will incentivise customers to opt for environment-friendly solutions. The Group exercises caution when it comes to financing dwellings with a low energy rating.

In the commercial property segment the Group has established a «Green corporate loan» which entails better pricing for financing of commercial property that meets specific criteria regarding energy rating, environmental certification and construction year.

Maritime industries

The maritime industries are the second largest industry category in the Group's corporate market portfolio. The maritime industries are central to the region in terms of employment, value creation and exports. The Group has identified a number of physical risks with various consequences for the respective links in the value chain. Changing weather conditions and eco-systems, changing fish health as a result of higher sea temperatures, and potential reduction of areas for wild catch fishing due to new industries such as offshore wind and offshore aquaculture, are considered to be material risks. Further, a potential has been identified in terms of circular economy, in particular with a view to reducing natural risk in the production of fish food. The maritime industries have a substantial need for investment in the period ahead, and the Group has identified an opportunity to provide finance and competencies as important tools for contributing to the transition to more climate-friendly operations.

Electric passenger cars

Norway's goal is that all new passenger cars should be zero-emission vehicles from 2025 onwards, as enshrined in the National Transport Plan (NTP). The Group has identified an opportunity to promote this development through financing passenger cars, and its goal is that the share of financed electric cars should at minimum match Norwegian authorities' planned development in the area. An additional benefit is the expectedly reduced risk of stranded assets through reduction of the share of passenger cars running on fossil fuel.

SECURITIES FUNDS

Climate risk in customers' mutual fund portfolios is regarded as relatively low both in the short and medium term. In the longer term, climate risk is expected to diminish since the Group will increasingly recommend funds carrying low to minimal risk.

The sustainability grade on all funds offered by the Group was updated in autumn 2022. Moreover, the Group is under way on taking account of customers' sustainability preferences in customer mapping in conformity with MiFID II and the Sustainable Finance Disclosure Regulation (SFDR).

LIQUIDITY PORTFOLIO

The Group's liquidity management and governance is in conformance with the Group's guidelines on sustainable liquidity management and corporate governance which state the following objectives:

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

The Group has set targets for the minimum share of capital to be invested in securities/companies that actively address ESG, including Green Bonds, Sustainability Bonds, Blue Bonds, Social Bonds etc. Through the green product framework the Group is working actively to qualify and finance the Group's documented green balance sheet. Moreover, the Group imposes ESG requirements on companies it invests in, and non-compliance with those requirements entails negative exclusion.

The Group's financial assets are considered to pose low climate risk since they are in all essentials invested in bonds from Norwegian covered bond undertakings, along with the Norwegian government and municipalities. In the medium to long term, significant changes in the climate risk exposure of the bank's financial assets are not anticipated.

OWN OPERATIONS

The Group's ESG risk posed by its own buildings corresponds to that applying to commercial property in general. In a short- and medium-term perspective, overall ESG risk is considered to be low, including low physical risk and low-to-moderate transition risk. SpareBank 1 Nord-Norge is Eco-Lighthouse certified. This applies to Head Office and all finance centres. Further, the Group has drawn up an emission target to reduce its own greenhouse gas emissions by 5 per cent per year from the initial year 2016 to 2026. By the end of 2022 the Group's greenhouse gas emissions had risen 32 per cent from 2021. The increase is attributable to a massive drop in emissions in 2021 due to Covid-19. The overall reduction in the Group's own emissions since measurement started in 2016 is 67 per cent.

Climate risk in the Group's operational activities is a complex area, and is considered in relation to central areas, including the loan portfolio, securities funds and the liquidity portfolio (see above).

Description of the impact of climate-related risk and opportunities on the business's operations, strategy and financial planning

The Group's strategy, financial planning and operations are impacted by external and internal factors alike. Climate risk is a central external factor which is taken into account both in the preparation of strategy and in operational activities.

The Group's impact on its surroundings, and the surroundings' impact on the Group, have given direction to the preparation of the Group's strategic sustainability ambitions for the coming year. Operationalisation of the sustainability ambitions through concrete measures further impacts the Group's financial planning, its priorities as regards strategic and tactical goals and targets, its product and service portfolio, staff, requirements and expectations on suppliers, operational activities etc. Further, a high pace of change in the regulatory framework is anticipated along with increased insight into and data on climate risk and natural risk in the period ahead. The Group's strategy, and thereby the Group's operations, will adapt to the changes in requirements, expectations and insights.

LOAN PORTFOLIO

Residential and commercial property

The Group has brought to light challenges related to a lack of energy labelling of residential and commercial property, and poor compliance with requirements as to energy ratings among developers. The absence of energy labelling affects the Group's ability to provide green financing, classify loans to residential and commercial property in accordance with the Green Product Framework, estimate correct risk in the collateral portfolio, and incentivise borrowers and property owners to opt for green solutions. The Group has therefore established an objective to increase the proportion of energy-rated residential and commercial properties over the course of 2023.
In autumn 2022, EiendomsMegler 1 Nord-Norge started a pilot project with a view to increasing home buyers' and home owners' awareness of energy labelling of dwellings and measures in favour of green migration.

Maritime industries

Maritime industries are highly important for North Norway, and thus for SpareBank 1 Nord-Norge. The industry faces both transition risk and physical risk, and as the region's financial group the product and service portfolio must be adjusted to meet the needs of these industries. This entails increasing advisers' competencies on risks and opportunities in the maritime industries.

Securities funds

An ever larger focus both from public authorities and customers has prompted a clear shift towards products that pose a smaller threat to the environment. In 2023 the requirements of MiFID II and the Act on sustainability disclosures in the financial sector enter into force. Measures have been taken to meet those requirements and to inform customers about sustainability risk issues.

Liquidity portfolio

Green frameworks are updated regularly in accordance with changes in market standards, taxonomy and best practice. Substantial changes are expected in the medium term in requirements on taxonomy and reporting of the bank's green balance sheet.

Various scenarios' potential impact on the business's operations, strategy and financial planning, including a 2°C scenario

The annual overall assessment of the Group's risk exposure and capital needs (Internal Capital Adequacy Assessment Process, ICAAP) takes climate risk into account. In 2022 overarching assessments were made of climate risk in the Group's loan portfolio, both for individual segments and in relation to various scenario projections of sea level rise and storm surges. As previously mentioned, the analyses show the risk to be relatively low in the short and medium term, but of greater significance in a long-term perspective.

The Group has not performed independent analyses linked to 2°C scenarios, but has relied on conclusions from 2°C scenario analyses conducted by UNEP FI[1] in 2019. These analyses estimate value losses on commercial properties resulting from transition risk and physical risk. On that basis, calculations have been carried out of the financial costs for the bank in the event of a corresponding fall in value of the bank's commercial property portfolio. The calculations show that impacts on the Group's financial position are very limited in a 15-year perspective. It should be pointed out that much uncertainty attends these assessments, both in terms of the representativity of the assumptions underlying the scenario analyses, and the representativity of any assumptions related to the commercial property market.

1 *https://www.unepfi.org/industries/investment/changing-course-real-estate-tcfd-pilot-project-report-and-investor-guide-to-scenario-based-climate-risk-assessment-in-real-estate-portfolios*

TARGETS

Describe the methods used by the business to assess climate-related threats and opportunities in light of its strategy and processes for risk management.

Climate-related threats and opportunities are assessed on different levels, and through different processes across the Group; see the section «Risk management».

Businesses should report on Scope1, Scope 2, and if appropriate, Scope 3 - greenhouse gas emissions, and the related risk factors.

I klimaregnskapet rapporter konsernet på klimagassutslipp etter Scope 1, Scope 2 og Scope 3 for egen virksomhet. Konsernet rapporterer på utslipp etter GHG-protokollen. Se eget kapittel om utslipp i denne bærekraftsrapporten.

Describe the targets employed by the undertaking to manage climate-related threats and opportunities and results in relation to the targets.

As mentioned in above, the Group has identified a number of climate-related risks and opportunities, and adjusted its business strategy to accommodate them. This is operationalised through the sustainability ambitions and through concrete targets related to the most materially significant areas.

In the 2022 risk strategy and 2022 liquidity policy, targets are set for the following items in relation to climate risk:

- The share of climate-risk-exposed collateral in depot (stranded assets).
- The share of loans qualifying for the green product framework (GPF)
- Compliance with and goal attainment with respect to the Group's policy on sustainability and corporate social responsibility.
- The share of the LCR portfolio to be allocated to securities that actively address ESG.

In the 2023 risk strategy, further targets are added in the field of climate risk. These relate to the share of energy-labelled properties and the share of electric passenger cars, and the share of new loans granted and scored in the newly developed ESG module.

In 2022 the Group focused on climate risk, in part through the TCFD framework. Methodology and tools used to estimate natural risk will be a focal area for the Group in the future, and will require further mapping before the Group can define measures and targets in this area. This will be in focus in 2023.

FACTS:

Responsible area in the Group:

Risk Management

Measurement parameter:

GRI-12a), 2-17 and SNN 2

Which steering documents and processes address climate?

- Business strategy
- Risk strategy
- ICAAP
- Ethical guidelines
- Policy on sustainability and corporate social responsibility
- Green product framework and Green finance framework
- Credit policy at Corporate Banking and Credit policy at Personal Banking
- Guidelines on sustainable liquidity management and governance
- Framework for risk assessment of new products and processes (NPAP)

Link to UN sustainable development goals:

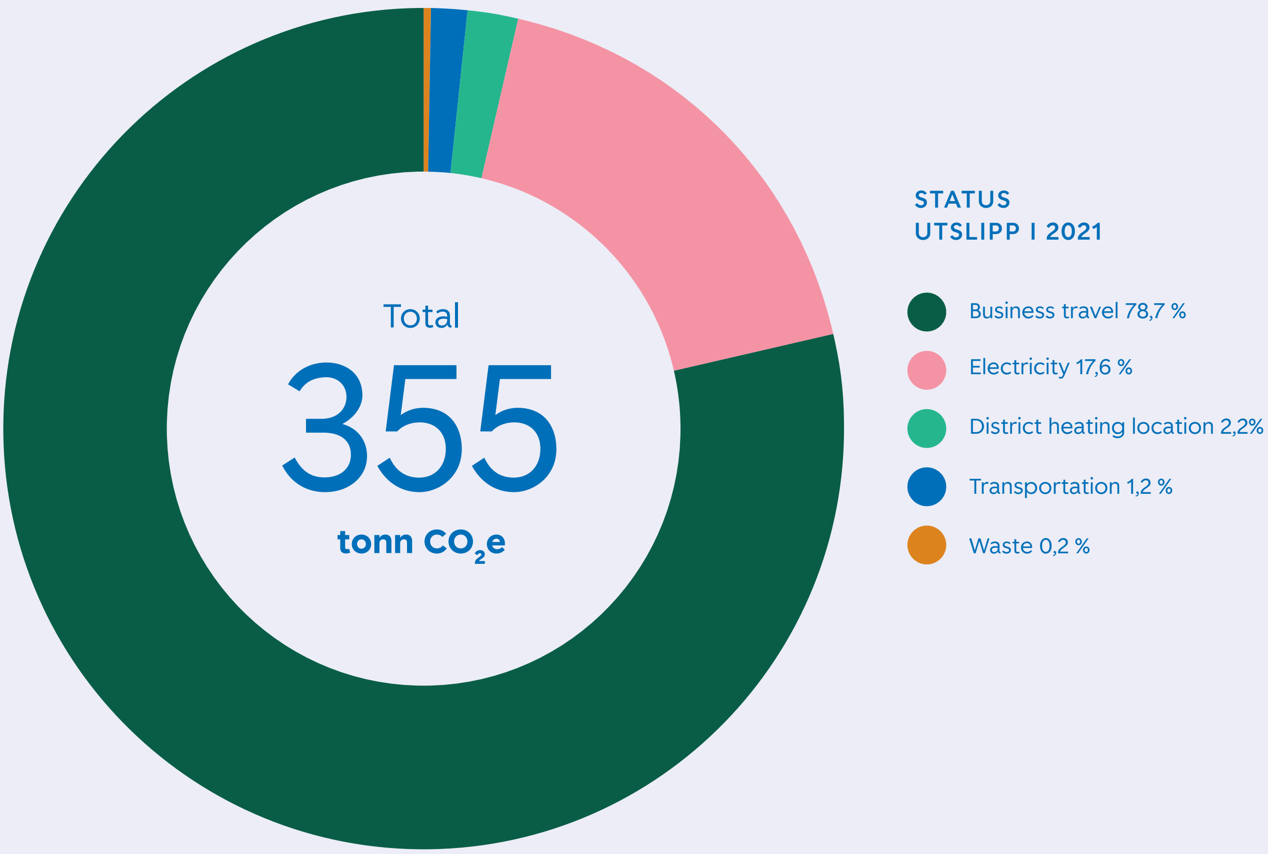
13:3

4. Carbon footprint in own operations and financing

SpareBank 1 Nord-Norges ambisjoner når det gjelder bærekraft fordrer at konsernet har god oversikt over hvilke utslipp virksomheten står for i egen drift, og indirekte gjennom finansiering. Høye utslipp er forbundet med negativ påvirkning på klimaet, og er i tillegg noe som potensielt vil føre til økt overgangsrisiko for både bank og kunde i det grønne skiftet. Det har derfor vært prioritert i 2022 å fremskaffe en oversikt over finansierte utslipp. For første gang rapporterer konsernet i år i henhold til GHG-protokollen på scope 1, scope 2 og scope 3 – inkludert finansierte utslipp for bedriftsmarkeds-porteføljen. For å kunne jobbe målrettet mot netto nullambisjonen vil konsernet i 2023 jobbe videre med å øke datakvaliteten på finansierte utslipp. Se det foregående kapittelet *Grønn omstilling av Nord-Norge*, for beskrivelse av tiltak som vil bidra til å redusere de finansierte utslippene.

EMISSIONS FROM OWN OPERATIONS

In 2016 SpareBank 1 Nord-Norge set itself the goal of reducing its own greenhouse gas emissions by 40 per cent in the period to 2026. Emissions from our own operations in 2022 totalled 355 tonnes of CO2e. This corresponds to an increase of 32 per cent compared with the previous year, and is mainly due to increased travel activity since Covid-19. For further information see the graph below and a complete climate account annexed to the annual report. Since measurements started in 2016 the Group has reduced emissions by 67 per cent. In the course of 2023 a new emissions reduction target will be set in line with the Group's net zero ambition in 2040.



FINANCED EMISSIONS

SpareBank 1 Nord-Norge reported estimated loan portfolio emissions for the first time in 2021. In the year behind us an important priority was to improve the quality of this reporting. To that end SpareBank 1 Nord-Norge has joined the Partnership for Carbon Accounting Financials (PCAF). The PCAF is an industry-led initiative designed to improve the reporting of financed emissions.

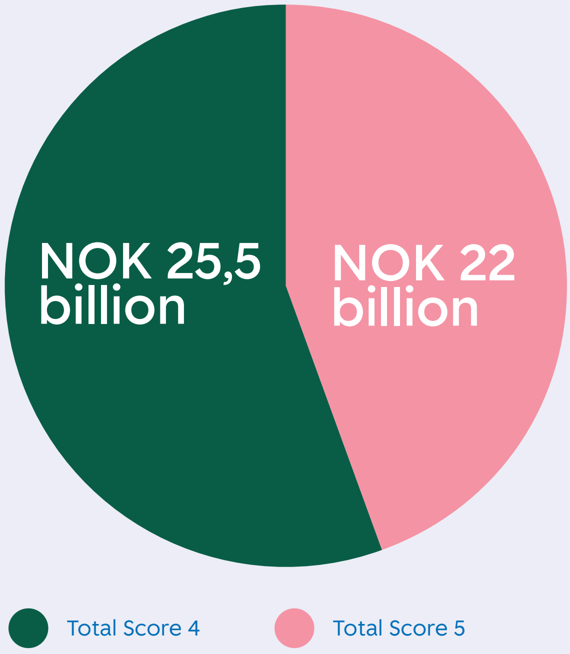
SpareBank 1 Nord-Norge has estimated its corporate portfolio emissions with a basis in the PCAF's database and methodology. Emissions are measured based on loan balances and publicly available accounting data together with industry data from the PCAF's database in order to estimate the financed carbon emission per industry. The analysis reported by SpareBank 1 Nord-Norge in 2022 does not contain emissions in the residential mortgage portfolio.

The PCAF ranks data quality from score 1 to score 5, where score 1 denotes the highest quality and score 5 the lowest. High quality data will typically be self-reported emission data at company level. Low quality data is based on factors at industry level. SpareBank 1 Nord-Norge's analysis employed data with scores of 4 and 5.

Methodology

The PCAF's methodology builds on the fact that a company can be financed using either equity or external capital. The level of emissions assigned to a party is that party's portion of the company's total financing. For example, if we finance 50% of the company, we are responsible for the same share of the company's emissions. Since we, in the Group, lack an adequate overview of our customers' emissions, industry-based emission factors are utilised. In order to establish the Group's share of an emission, we utilise publicly available accounting data, combined with lending volume. In cases where the accounting data is of insufficient quality, only lending volume is utilised. Accounting data in the PCAF's methodology is ranked as score 4 while loan-based data is ranked as score 5.

BREAKDOWN OF DATA QUALITY



Result

The table below shows financed emissions (in tonnes of CO_2 equivalents) and emission intensity (in tonnes of CO_2 equivalents per NOK million loaned) distributed on Scope 1, 2 and 3. Agriculture and forestry, transport and fishery, and aquaculture, account for the largest financed emissions in SpareBank 1 Nord-Norge's portfolio. Agriculture and forestry and transport account for a small portion of the bank's lending but produce large emissions due to those industries' carbon intensity. As one of the Group's largest industries, fishery and aquaculture will be an important focal area in terms of cutting financed emissions ahead. The portfolio has relatively low carbon intensity since the Group does not lend to carbon-intensive industries such as oil or gas. On the other hand, the Group has relatively high intensity in its lending to agriculture and forestry, transport and manufacturing. It is direct emissions (Scope 1 and Scope 2) that account for our financed emissions. Scope 3, indirect emissions, denotes a company's emissions from the value chain. Hence a company's indirect emissions will be another company's direct emissions. To avoid double counting, Scope 3 is not included. We have none the less included indirect emissions in the table in order to point up the industries' total emissions.

ESTIMATED CARBON EMISSION FROM THE CORPORATE PORTFOLIO (TCO2E)

INDUSTRY	LENDING, PARENT BANK	SCOPE 1	SCOPE 2	SCOPE 1+2	SCOPE 3	EMISSION SHARE	DATA QUALITY	SCOPE 1+2 INTENSITY
Property	15 709	14 228	2 152	16 380	102 058	4,0 %	5,0	1,0
Financial enterprises, insurance and investment firms	11 131	2 327	24	2 351	4 735	0,6 %	4,1	0,2
Fishery and agriculture	8 306	51 721	418	52 139	102 792	12,7 %	4,3	6,3
Manufacturing	1 317	23 069	179	23 248	49 996	5,7 %	4,0	17,6
Agriculture and forestry	1 046	195 851	148	195 999	32 386	47,9 %	5,0	187,4
Power and water supply, construction	3 199	7 723	258	7 981	52 046	2,0 %	4,1	2,5
Public administration	176	138	66	204	2 271	0,0 %	5,0	1,2
Services	2 370	8 212	355	8 567	29 433	2,1 %	4,3	3,6
Transport	2 338	90 597	246	90 843	55 836	22,2 %	4,1	38,9
Wholesale and retail trade, hotels and restaurants	1 806	11 174	104	11 278	15 920	2,8 %	4,1	6,2
Total	**47 398**	**405 039**	**3 949**	**408 988**	**447 473**	**100,0 %**	**4,5**	**8,6**

It will be important for the Group to strengthen the emissions analysis ahead by means of better data. A robust emissions analysis is an important tool for reporting, measuring risk, correct pricing and in business development. In 2023 the Group will focus on putting in place an analysis of the housing portfolio, improving the quality of commercial property data and gathering customers' self-reported emissions.

Disclaimers

- Since the analysis is based largely on a public database, there are several sources of error. Even so, the Group opts to report on data quality 4 and 5 with the aim of improving the quality of data in the longer term.
- A company's industry code will not always describe the company's actual business.
- Not all companies/industries have public accounting data of sufficient quality.
- The analysis at this point in time cannot be compared with previous analyses of financed emissions since the methodology has changed
- The PCAF's database was calculated in 2018 in euro and is not inflation-adjusted.
- The accounting data used is from company accounts from the Brønnøysund Register Centre.

FACTS:

Responsible area in the Group:

- Communication, society and sustainability
- Credit and risk management
- Economy and finance

Measurement parameter:

GRI 305-1, 305-2, 305-3

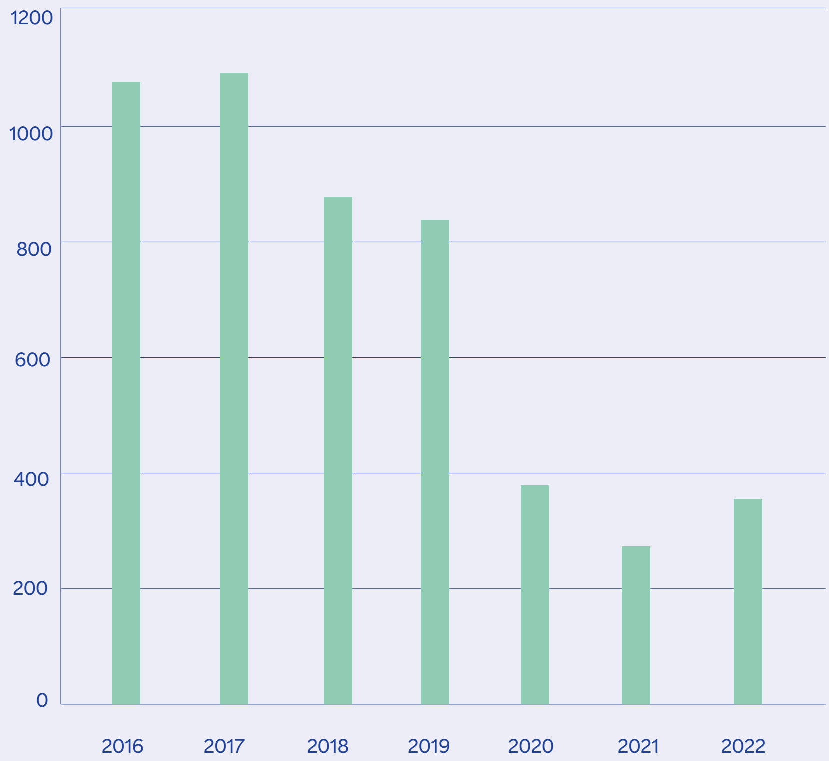
Steering documents:

- Credit policy
- Policy on sustainability and corporate social responsibility
- Guidelines on sustainable procurement

Link to UN sustainable development goal:

13,3

UTSLIPP (SCOPE 1 + 2 + 3), TONN CO_2E



5. ESG technology

One of the chief materialities in the sustainability field is ESG technology and ESG data capture. New requirements demand more precise sustainability reporting both for the financial industry and its customers. Good quality ESG data is in short supply today, impeding measurement, follow-up and reporting in this field. Moreover, the future is expected to bring far more stringent requirements as to verification of sustainability information. Building appropriate data capabilities offers both a challenge and an opportunity. In 2022 SpareBank 1 Nord-Norge carried through a project for collecting ESG data and developing new data products for the future. The work involved a number of in-house and external participants, and priority will be given to continued efforts in this field in 2023.

Status:
Completion of an ESG data project to identify flaws in key ESG data and to initiate measures for further development in this area

FACTS:

Responsible area in the Group:

Innovation and Business Development

Measurement parameter:

SNN 3

Steering documents:

- Business strategy
- Risk strategy
- Policy on sustainability and corporate social responsibility
- Innovation framework

Link to the UN sustainable development goal:

13.3, 16.4

6. Knowledge of climate change in Arctic regions

UN climate reports are crystal clear that climate change is bringing nature in the North under increased pressure. Since 1979 Arctic regions have warmed 3.8 times faster than the rest of the world . With our aspiration to be a driver for a sustainable future in the North, the Group will utilise knowledge, advice and products to help combat the climate changes we are facing. The Group can impart knowledge of climate change in the North to its employees and other stakeholders. By assembling and sharing knowledge, and providing advice based on this knowledge, the Group can exert a positive impact on the community. Work done in this sphere will be reported on in future annual reports.

The Knowledge Bank for North Norway (kbnn.no) also gathers and shares insights on sustainability that are specific to North Norway. This applies for example to knowledge of laws, rules and regulations and actual transition needs in the region.

Status:

- *24 climate-related articles published on kbnn.no*
- *21 podcast episodes of "North Norway in the world" broadcast with climate as their theme*
- *New ESG module containing industry-related questions linked to climate change and changing environment taken into use in the course of 2022*

FACTS:

Responsible area in the Group:

- Corporate Banking
- Communication, Society and Sustainability
- Innovation and Business Development

Measurement parameter:

SNN 4

Steering documents:

- Business strategy
- Risk strategy
- Policy on sustainability and corporate social responsibility

Link to UN sustainable development goals:

13.3, 14.2

7. Demographic risk

As a major employer with 15 finance centres and 900 employees across the entire region, and through its community dividend fund, SpareBank 1 Nord-Norge can influence demographic developments in North Norway.

Through Samfunnsløftet a number of awards were made and measures taken in the year behind us with a view to making North Norway a more attractive region to live. 2022 saw a particular focus on attractive places and employers (see the report on Samfunnsløftet). The Group has also defined "North Norway as an attractive and inclusive region" as one of three main pillars of the new sustainability ambition. Here the objective is to contribute to a positive migration flow by 2030.

Status:

- *In 2022, together with LO Norway and the NHO, Samfunnsløftet launched the campaign "1,000 jobs". Almost 1,500 summer jobs were announced and filled in connection with the campaign*
- *In 2022, Barometer X was carried through for the third time. This is a survey of the life choices of young North Norwegian adults aged 18–34.*
- *The survey is published at kbnn.no*

FACTS:

Responsible area in the Group:

All

Measurement parameter:

SNN 7

Steering documents:

- Business strategy
- Risk strategy
- Guidelines for Samfunnsløftet

Link to UN sustainable development goal:

8.6

8. Collaboration and networks

It is important for SpareBank 1 Nord-Norge to connect to partners to address some of the challenges facing the region as regards both demography and climate, and to contribute to further growth and development. In 2022 SpareBank 1 Nord-Norge entered a cooperation agreement with Digital Norway. The object was to strengthen skills for the green transition by way of a digital learning journey. In 2023 the course will be distributed to customers and businesses that are keen to get started with the green transition. The Group also has an agreement of several years' duration with Norges Råfisklag (Norwegian Fishermen's Sales Organisation). In 2022 this agreement was reinforced with a view to providing the fishing industry and the sales organisation's members with financial management assistance and collaboration on changes taking place in the industry.

Collaboration and networks are a new materially significant theme in the sustainability sphere, and in 2022 the mapping of appropriate partners got off to a start. This will be reported on more extensively in forthcoming reports.

Status:

- *Cooperation agreement with Digital Norway on training concerning the green transition for employees and for customers and the wider business sector.*

FACTS:

Responsible area in the Group:

Communication, Society and Sustainability
Innovation and Business Development

Steering documents:

- Policy on sustainability
- Innovation framework

Measurement parameter:

413-2

Link to UN sustainable development goals:

13 and 16.4

9. Social products and services

SpareBank 1 Nord-Norge offers loan products with a social profile to corporate and retail customers. These products promote equal opportunities for borrowers with differing financial capacities. Some of the social products have been developed in conjunction with LOfavør.

SOCIAL PRODUCTS

Products to help younger borrowers get on the property ladder:

- Boliglån Ung ("Mortgages for young borrowers»): 2,795 granted
- LOfavør Boliglån Ung: 3,391 granted
- Førstehjemslån («First-time mortgages"): 1,584 granted
- LOfavør: Førstehjemslån: 1,834 granted
- Vekstlån og vekstkreditt ("Growth loans and growth credit") cater to innovative or rapidly expanding businesses which are creditworthy but lack collateral:
  - Vekstlån: 3 granted
  - Vekstkreditt: 4 granted

Likviditetslån Krona med Statsgaranti ("Liquidity loan with government guarantee") was launched as a result of Covid-19 to strengthen SMBs' access to liquidity, where the State offered financial enterprises risk relief through a provisional guarantee arrangement.

- Liquidity loan: 183 granted

SpareBank 1 Nord-Norge also offers the loan product LOfavør Forskudd lønnsgaranti carrying a residential mortgage interest rate in the event that the business where the borrower is employed goes bankrupt, and payment from the Wage Guarantee Fund is pending. Another loan product offered is LOfavør konfliktlån carrying a residential mortgage interest rate for borrowers who find themselves in a protracted labour dispute in connection with a pay settlement.

GREEN PRODUCTS:

Grønt boliglån ("green mortgage") denotes loans to environment-friendly and energy-efficient measures for new and older dwellings, second homes and chalets. This product carries a very favourable interest rate to encourage borrowers to opt for environment-friendly solutions, whether the intention is to build a new house, refurbish or just to switch to energy sources less burdensome for the environment.

- Green mortgage: 105 granted
- Green first-time mortgage: 11 granted
- Green environment loan: 1 granted
- LOfavør green mortgage: 24 granted
- LOfavør green first-time mortgage: 7 granted

FACTS:

Responsible area in the Group:

Innovation and Business Development

Measurement parameter:

SNN 1

Steering documents:

- Standard for lending
- Policy on lending, corporate market
- Loan products, personal market
- Green financing, personal market
- LOfavør Forskudd lønnsgaranti
- LOfavør Konfliktlån
- Liquidity loan
- Growth guarantee scheme

Link to UN sustainable development goals:

9, 11, 13,3

10. Local value creation

SpareBank 1 Nord-Norge's business strategy sets a goal of the being the first choice for people and businesses in the region. A further goal is contribute to an attractive region. The Group's work on local business development is an important component of those goals.

In 2022 the Group showed 7.4 per cent lending growth in the corporate market, thereby strengthening its position as the first choice – in particular in the market for small and medium-size businesses. The corporate banking portfolio accounts for 33 per cent of the Group's total lending. 37 per cent of limited company start-ups in North Norway opted to establish a customer relationship with SpareBank 1 Nord-Norge in the year behind us. In 2022 the Group established a new department catering specifically to the SMB market.

Green innovation

The Group has established a framework for handling new ideas, both minor initiatives and larger innovative business ideas. The framework contains concrete processes for evolving an idea from its inception to finished product. A portfolio board comprising the director of Innovation and Business Development, the director of Credit and Risk Management, the director of Economy and Finance along with the directors of the Personal Banking and Corporate Banking Divisions approves the processes concerned in the innovation methodology.

In 2020 the following green initiatives were launched through the innovation framework:

- Green business loan for property purchase/ development
- Enhancing sustainability competencies in-house at SNN
- Sustainability course for businesses in North Norway[1]
- Green financing
- Green financing, personal market[2]

Sami areas

SpareBank 1 Nord-Norge's catchment area forms part of Sapmi (the Sami people's historical settlement areas). The Group is concerned to be present for the Sami local communities. In 2022 the Group established a Sami-speaking customer service centre. This was designed to make a better service offering available to Sami customers and at the same time to play a part in strengthening the position of the Sami language.

Status:

- *7.4% growth in lending in the corporate market*
- *Establishment of a Sami-speaking customer service centre*

FACTS:

Responsible area in the Group:

Corporate Banking
Innovation and Business Development

Steering documents:

- Lending policy, Corporate Banking
- Innovation framework

Measurement parameter:

SNN 7

Link to UN sustainable development goals:

13 and 16.4

1 Bærekraft for bedrifter | Kurs innen bærekraft | SpareBank 1 Nord-Norge
2 Grønne lån | SpareBank 1 Nord-Norge

11. Work environment

In the process of updating the materiality analysis the work environment was added as a new materiality in the Group's sustainability effort. A good work environment is a key factor in driving a sustainable organisation forward. This is addressed in employee appraisal and development interviews held with all employees in each year's first quarter. In 2023 a new digital process for appraisal and development interviews is to be introduced. The system will make it possible to report completion rates for such interviews.

Gender equality and diversity are an important theme for the Group's focus on the work environment. The Group aims for a women's share of management positions of at least 40 per cent. The SNN Code denotes the Group's ethical guidelines and reflects the core values each employee is required to embrace.

See the HR Report for further information on the Group's approach to the work environment.

Status:

- *42 per cent of managers in the Group are women*
- *All employees are expected to have undergone an employee appraisal and development interview in the course of 2022. A new system for registering such interviews is under development*
- *No disclosures from the external whistleblowing channel registered*
- *8 internal disclosures were registered by the Group's internal monitoring system*

The following themes entailed labour law responses and follow-up in 2022:

- *Accessing customer data without permission*
- *Breach of the provisions of the Working Environment Act*
- *Work environment*
- *Undesirable customer behaviour towards employees*
- *Occupational accidents*

FACTS:

Responsible area in the Group:

Organisation

Measurement parameter:

404-3, 405-1, 416-2

Steering documents:

- Business strategy
- Guidelines on sustainability at HR

Link to UN sustainable development goals:

12. Anti-money laundering

Economic crime, including money laundering, undermines the integrity of the economic system in any society. The financial industry plays a particular role in society since key infrastructure can be exploited as a tool for criminal acts. SpareBank 1 Nord-Norge works proactively to prevent, expose and report transactions associated with the proceeds of criminal acts or connected to terrorist acts. Services shall not be provided, or advice given, to customers whose purpose is tax evasion, money laundering, terrorist financing or other economic crime. Both the provider and the recipient of such benefits may be held criminally liable. The Group has a system dedicated to capturing and reporting events. The status of this work is reported quarterly to the Board of Directors, or directly to the Board Chair where circumstances are brought to light that may conflict with the Group's policy on anti-money laundering and terrorist financing. The Group also collaborates with the wider financial industry to prevent economic crime.

Even so, each year a number of the Group's customers are exposed to attempted fraud. Combating money laundering and preventing economic crime is accordingly a key concern in all business connections, and active endeavours are made to guard against, expose and report transactions associated with criminal acts. The Group's work in this context is described in the SNN Code, the policy on anti-money laundering and terrorist financing and the policy on whistleblowing and exceptions handling.

Status:

- *768 cases of fraud were uncovered in 2022, compared with 338 in 2021. Fraud cases are handled in accordance with standard procedure.*
- *No external cases related to corruption were recorded in 2022.*
- *No in-house cases related to corruption were recorded in 2022 (no breaches of the SNN Code).*

13. Cybersecurity and data privacy

Cybersecurity is a major concern for a financial group that handles large amounts of sensitive information. The overarching objective for security efforts at SpareBank 1 Nord-Norge is, through a systematic and risk-based approach, to:

- Protect the life and health of employees, customers and visitors.
- Secure SpareBank 1 Nord-Norge AS's assets and reputation, and the information that is processed.
- Ensure that public authorities, customers, employees and partners are confident and certain that information is processed correctly.
- Ensure that the security regime underpins the business and risk strategy in place at any and all times.
- Ensure secure and stable operations.
- Ensure that we are at all times compliant with the requirements on security services set out in applicable laws and regulations, including the requirement to protect customers' and employees' data privacy.

SpareBank 1 Nord-Norge processes various personal data that should not go astray or be misused. Customers' confidence and trust are important for the Group, and all applicable requirements and legislation are to be complied with. The principles and processes underlying the Group's cybersecurity are described in the Security Policy at SpareBank 1 Nord-Norge and the Data Protection Policy. The Group has in place a number of measures to ensure that employees have a knowledge of and competency in personal data protection. The status of compliance with rules and regulations, including any anomalies or exceptions, is reported quarterly to the Board of Directors and the Group Management.

Status:

- *No. of external grievances considered by the Data Inspectorate: 0*
- *No. of internally recorded breaches of personal data security: 65, of which 11 were referred to the Data Inspectorate. All breaches were handled in accordance with standard procedure for personal data breaches*

FACTS:

Responsible area in the Group:

Data protection officer
Innovation and Business Development

Measurement parameter:

GRI 418-1a

Steering documents:

- Data protection policy
- Data protection policy for employees

Kobling mot FNs bærekraftsmål:

9, 11, 13,3

14. Ethical banking

SpareBank 1 Nord-Norge manages substantial assets and has a major impact on the region through the investment of those assets. The Group is dependent on the trust it enjoys among all parties it has dealings with, and is concerned to operate in an ethically responsible manner across the entire value chain in order to minimise the negative impact and maximise the positive impact of its operations. SpareBank 1 Nord-Norge collaborates closely both with subsidiaries and SpareBank 1-alliansen to that end.

Ethical banking operations and anti-corruption are also part of the training provided to all employees, and are described more fully in the Group's ethics manual, the "SNN Code". All employees have received instruction in the Group's procedures through an introductory course for new employees and a mandatory e-training programme. The Board of Directors has also undergone such training. The Group has dedicated whistleblowing channels in place both in-house and externally which can be used to report anomalous or censurable circumstances. The external whistleblowing channel is managed by an independent party who advises the Group in the ensuing process, and guarantees the whistleblower's anonymity. The process is described in the Policy on whistleblowing and exceptions handling, and the Group has an in-house procedure specifically addressing exceptions handling and whistleblowing.

Status:

- *No breaches of the SNN Code were recorded in 2022*
- *No instances of whistleblowing through the external channel were recorded in 2022*

Status of training carried out in 2022:

- *Anti-money laundering for advisers and managers without direct customer contact. Completion rate 89 per cent*
- *Course in data protection at SpareBank 1. Completion rate: 86 per cent*
- *All Group employees are offered training in sustainability through Digital Norway*
- *Anti-money laundering, cases: Completion rate: 82 per cent*
- *Data protection for managers: Completion rate: 99 per cent*

FACTS:

Responsible area in the Group:

Innovation and Business Development Organisation

Measurement parameter:

GRI 205-2, 205-3

Steering documents:

- Policy on anti-money laundering and terrorist financing
- Policy on whistleblowing and exceptions handling
- Guidelines on sustainability among our staff
- SNN Code

Link to UN sustainable development goals:

16,4

15. Accountability and transparency in the value chain

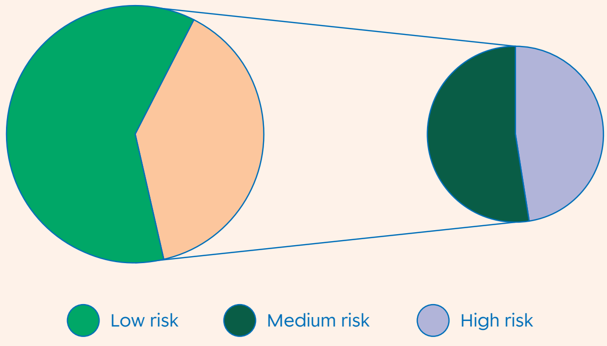
SpareBank 1 Nord-Norge' procurements comprise a substantial volume both regionally and nationally. Sustainable procurement refers to suppliers' awareness of their supply chain and to the effort they make to reduce negative impacts on the environment, social conditions and ethical business activity throughout their supply chain. By requiring suppliers to have in place sustainability guidelines, and to translate those guidelines into action, SpareBank 1 Nord-Norge uses its purchasing power to induce suppliers to operate in a more sustainable manner. This focus was further strengthened by the entry into force of the Transparency Act in 2022.

Group purchases are made in either of two ways – via SpareBank 1 Nord-Norge's own purchasing department, or on behalf of the Alliance via Spare-Bank 1 Utvikling. In both cases *joint guidelines for procurements* are followed which describe require-ments on suppliers as regards the environment, employee and human rights, and ethical business operations. The largest share of purchases are via SpareBank 1 Utvikling. Agreements with suppliers consist partly of procurement agreements from which the savings banks in the Alliance make call-off orders, and agreements where SpareBank 1 Utvikling receives deliveries which it passes on the banks/companies.

Follow-up of suppliers that pose an increased risk of negative impacts

The Alliance's oversight of suppliers' attention to sustainability started in 2019 with a risk-based survey of 259 existing suppliers. This survey showed that 91 suppliers posed some, or an increased, risk of negative impact on environmental, social and business-ethical conditions. In 2020, 91 suppliers were subject to follow-up, and 43 were identified for scrutiny. In 2022 12 of the latter were subject to extended scrutiny. See the diagram in the next column.

249 SUPPLIERS DIVIDED BY RISK



- 158 suppliers assessed as low risk – no follow-up
- 43 suppliers assessed as medium risk – no follow-up
- 36 suppliers assessed as increased risk – subject to scrutiny
- 12 suppliers subject to extended scrutiny in 2022

The action plan for follow-up addresses three procurement categories that particularly singled themselves out:

- Administrative procurements
- IT-related procurements
- Purchase volume (the largest suppliers)

In the subsequent follow-up process it was consid-ered appropriate to take an in-depth look at the individual supplier chains rather than address the breadth of the portfolio. This entailed selecting 12 individual suppliers in the following purchasing areas for prioritised follow-up in 2021-2022:

- Office furniture
- IT systems
- IT hardware
- Consultancy firms and staffing agencies

With a basis in the above segments, in-depth inves-tigations were performed of suppliers in, among others, the IT hardware, IT systems and office furniture areas, in addition to scrutiny of consultancy firms and staffing agencies. An in-breadth survey was also carried out using the CEMAsys ESG Survey module in which 36 suppliers were required to state whether they had in place a strategy and objectives for the company's sustainability work, guidelines for their suppliers, and how they approached the Transparency Act. Replies were received from 18 suppliers; the remainder will be followed up in 2023.

An overview of follow-ups is provided by the table below:

MEASUREMENT PARAMETER 249 EXISTING SUPPLIERS	TARGET	RESULT			
		2019	2020	2021	**2022**
Risk assessment of suppliers	249	249			
Follow-up of suppliers posing increased risk	91	16	91		
Suppliers for further scrutiny	43 (48)				
In-depth surveys, no. of suppliers	12			6	**12**
Suppliers with a follow-up plan	N/A				**6**
Suppliers with terminated agreement	0				**0**
In-breadth survey, suppliers who responded	36				**18**

Work continues on systems improvement and supplier follow-up both in the Alliance and in the procurement unit of SpareBank 1 SNN.

Transparency Act

The Transparency Act entered into force on 1 July 2022. At SpareBank 1 SNN a project group comprising persons from relevant departments has worked on implementing the Act. This helped to strengthen internal guidelines on sustainable purchases. Further, the following mandate has been laid down: *«the purchasing unit shall comply with the Transparency Act's criteria on procurements and on the entire value chain from planning to implementation and follow-up.»*

SpareBank 1 SNN's purchases in 2022 came to NOK 474 million distributed on more than 1,353 different suppliers. Among the largest categories of purchases are joint procurements of systems in the Alliance, and new technology. About 70 per cent of the suppliers are located in North Norway. In 2022 the Group developed a method for due diligence assessments of the supplier chain with a basis in the OECD due diligence guidance for responsible business conduct. This is employed to conduct due diligence assessments of 202 of SpareBank 1 Nord-Norge's suppliers. A plan for supplier follow-up in accordance with the Transparency Act will be implemented in 2023.

Status:

- *A SpareBank 1 Nord-Norge project group has implemented the Transparency Act in internal purchasing procedures. An entirely new procurement standard has been established in the Group.*
- *12 large suppliers in the supplier chain have been followed up in accordance with the action plan for risk assessments from the Alliance.*
- *202 of SpareBank 1 Nord-Norge's suppliers have been risk assessed with a basis in the due diligence assessment method to ensure compliance with the Transparency Act.*

FACTS:

Responsible area in the Group:

Economy and Finance
Procurement unit at SpareBank 1 Utvikling

Measurement parameter:

412-2

Steering documents:

- Guidelines on sustainable procurement
- New procurement standard in 2022

Link to UN sustainable development goals:

13.3, 16,4

Samfunnsløftet in 2022

The regional community owns 53.6 per cent of SpareBank 1 Nord-Norge, and it is the dividends earned that are managed through Samfunnsløftet, the bank's community dividend fund. Sammfunnsløftet is SpareBank 1 Nord-Norge's strategy for how the community dividend can lift North Norway, and was conceived with a basis in about 10,000 inputs received from people in the region in 2018.

The community dividend from 2021 totalled NOK 1.2 billion, of which NOK 698 million was apportioned to Sammfunnsløftet in 2022. NOK 295 million of this sum comprised an extraordinary allocation in October, and over the course of the year NOK 298 million was accordingly granted to 1,567 different projects.

The foundation Sparebankstiftelsen SpareBank 1 Nord-Norge received the remaining NOK 500 million. The foundation's mission is to take the savings bank tradition forward, and ensure that the North Norwegian community can remain a major stakeholder in the Group. Long-term saving in the foundation will ensure that the community can retain its ownership position should the bank at some point be in need of more funds from its owners. Without this, the community's ownership may suffer dilution. The foundation is the bank's largest North Norwegian owner, and its net profit also goes to projects of public utility in the North. Read more about the foundation at snnstiftelsen.no.

Key figures, Sammfunnsløftet in 2022

Figures for 2021 and change from the preceding year in parenthesis

In 2022

1 467

projects received support

(1 149 / + 28 %)

NOK

295,5

million was awarded

(NOK 175 million / + 70 %)

2 770

applications were submitted

(2 354 / + 18 %)

NOK

956

million was the total applied for

(NOK 839 million / + 14 %)

Marked increase in applications

Sammfunnsløftet received 2,770 applications during the year, an increase of 1,800 over the past five years (see Graph 1). The amount applied for has also increased. In 2022 applications totalled NOK 956 million. Over the last five years the distribution across the categories of sports, culture and business development has evened out somewhat (see Graph 3).

The strategy is divided into four main areas. A clear majority of applications referred to local communities, with overall support of NOK 52 million going to 690 projects small and large emanating from local commitment and built on collective effort. Arena receives larger applications for development of urban spaces, sports facilities, culture and art along with larger festivals. In 2022 NOK 141 million went to 248 such projects. NOK 43 million went to 120 projects under 'ungdomsløftet', which oversaw the distribution of 31 talent awards.

'Innovasjonsløftet' comprised NOK 34 million going to 394 projects, including Arctic Accelerator for the region's ten best early stage businesses. In addition, employees from SpareBank 1 Nord-Norge provide tuition at lower- and upper-secondary schools in collaboration with 'Young Entrepreneurship'. In 2022, staff members met 4,774 pupils, and spoke about personal finances and career choice, in line with the curriculum.

All applications for support are reviewed for conformance with the Samfunnsløftet strategy. Moreover, an assessment is made of the quality of the application, its public utility, whether it promotes a community's attractiveness as a place to live and life quality, whether the project triggers other funding/new initiatives and involves collective/volunteer efforts.

Over the course of the year Samfunnsløftet made 46 awards of more than NOK 1 million, an increase both in number (+31) and in per cent (+2 percentage points).

In terms of size the awards from Sammfunnsløftet break down as follows:

Up to NOK 10 000:	NOK 10 001-50 000:	NOK 50 001-250 000:	NOK 250 001 to NOK 1 million:	Over NOK 1 million:
11 %	52 %	26 %	8 %	3 %
(160 applications)	(761 applications)	(380 applications)	(119 applications)	(47 applications)

Alle tildelinger gjennom året publiseres på samfunnsløftet.snn.no, men blant prosjektene er:

- 'TIL 2020' – a three-year boost for women's football in the North (NOK 9.9 million)
- 'Horisontii Sauna' – a shared sauna for the populace of Vadsø
- 'Ettertanken på Røst' – converting a condemned water tank into a self-service lookout tower and a memorial to Per Fugelli (NOK 1 million)
- 'Storhall' (large sports hall) in Mosjøen for 19 different sports teams
- Cross-country ski events: Reistadløpet (NOK 1.5 million) and Summit 2 Senja (NOK 300,000)
- 'Hjemmeresidens' – an award to 35 North Norwegian artists (NOK 2.1 million)
- 'Barents Spektakel' in Kirkenes – a contemporary arts festival (NOK 100,000)
- 'Fremstr' – a trainee programme for Tromsø, Karlsøy and Balsfjord (NOK 2.9 million)
- 'Kraft' – a national centre for sustainable community development in Bodø (NOK 1 million)
- Business incubator in Lofoten and Vesterålen (NOK 300,000)
- 'Árran 360' – the world's largest lavvo (Sami tent) featuring 360-degree films (NOK 1.5 million)
- 'Headspace Tromsø' – a project for better mental health for young people (NOK 3 million)
- 'Unreal Academy' – a project to develop the gaming industry in the North, at Andøya (NOK 2 million)

CYCLING:

Harstad sykkelpark ('bike park') opened in 2022. The bike park is a unique arena internationally. It features both organised and non-organised activities. It is also a good example of ground-breaking collaboration between the bike club, the municipality, business and private actors. The project received NOK 9 million from Samfunnsløftet.

POLAR NIGHT:

A number of localities in the North have received support to brighten up their polar night, among them Tromsø town centre which is working for a more vibrant town centre both for the local populace and for visitors. Together with Visit Tromsø and the area's business association, they wish to establish North Norway's largest town as a Christmas town that will attract more visitors.

EMERGENCY PREPAREDNESS:

Norwegian rescue dogs in Finnmark received support for SatNavs, head-lamps and multi-purpose poncho tarps for their handlers. Turning out for rescue operations year-round is demanding in terms of first aid and hypothermia, in addition to the skills needed to conduct searches with dogs.

NEW ARENA: *The swimming hall in Bodø switched from being filled with water to being filled with culture in step with society's emergence from the pandemic. The support of NOK 1 million from Samfunnsløftet was used to purchase sound, light and stage.*

SNOW: *Norway's easternmost alpine ski centre is kept up by Sandnes idrettslag (sports club), which received support to improve its snowmaking capacity. Sandnes Alpine Ski Centre draws visitors from the entire East Finnmark, and previously also from neighbouring towns in Russia.*

ICE COLD:
During the Borealis Winter Festival, Samfunnsløftet played its part in transforming the town centre park in Alta into an ice park with 300 ice sculptures. The project Iskalde gleder ('ice cold pleasures') gives young people experience of shaping ice and professional ice artists an arena for their artistry.

TALENTS:
Samfunnsløftet's talent award was handed out for the fourth time in 2022. 31 North Norwegian talents in the fields of sports, culture and an open class were award recipients, and were invited to a workshop in collaboration with Olympiatoppen Nord.

ARTISTS*: Gunnbjørg Gunnarsdottir is one of 35 North Norwegian artists who received an artist-in-residence award of NOK 60,000 during the pandemic. From her caravan in Lofoten she worked on the manuscript for the feature film "Stemoren".*

NEW FESTIVAL:
Vardhågen Live received support to put an entirely new festival through its paces at Løvund. Over the course of two days, eight different concerts were staged on the island, and family events were also held.

VOLUNTEER EFFORT*: Stafett for livet draws attention to the cancer cause. It has been arranged in Harstad several times, and in 2022 it also came to Tromsø with 1,495 participants walking for the cancer cause over a period of 24 hours.*

Attractive employers?

In line with the Sammfunnsløftet strategy, the Board of Directors establishes each year a theme which is important for the region. In 2022 the theme was attractive places and employers. Together with LO Norway, the NHO (Norway's largest employers organisation) and Regnskapshuset SpareBank 1 Nord-Norge, Sammfunnsløftet developed the concept "1,000 jobs".

The concept addressed following issue:
- Only 48 per cent of young people saw career opportunities in the North (Barometer X)
- Only 59 per cent of positions in the private sector are advertised (NAV's business perceptions survey).

The work was divided into three phases:
1. Assembling employers in the North: About 1,500 summer jobs in the region were assembled on the webpage 1000jobber.no.
2. Reaching out to employees across the nation: The campaign engaged 2.3 million users via Tik Tok, Snapchat, Facebook, YouTube and Finn.no. Unique visitors to the webpage 1000jobber.no totalled 141,943, and job vacancies there received 23,000 clicks.
3. Establishing networks: There were 31 different events in local networks (Tromsø2037, LINK Vesterålen, LINK Harstad, LINK Narvik, Bodø2040, Sør-Varanger UNG). Two of the networks were established in 2022.

Webinars in conjunction with the NHO, LO and NAV enabled knowledge about diversity and employees' rights, and how best to receive new employees, to be shared with employers. Some employers report that by participating they learned more about the NAV and the opportunities available to promote diversity and integration.

Figures from the NAV show a very large increase in summer job announcements in 2022, and North Norway appears to show a larger increase than the rest of the country. A number of employers stated that joint promotion was important, that they felt "noticed" and a sense of shared interests, that they announced more summer jobs than they would otherwise have done and that they had gained an increased understanding of how summer jobs can be part of a long-range recruitment effort.

In their evaluation the NHO, LO, Regnskapshuset and SpareBank 1 Nord-Norge have all voiced a desire to rerun the concept in 2023 and 2024. In 2022 a ceiling of NOK 10 million was earmarked for the concept, and the outcome shows that NOK 9,947,988 was spent on its implementation.

Knowledge-based development

Knowledge is an important focus for Sammfunnsløftet, and NOK 10 million was devoted to that end in 2022.

The Knowledge Bank collaborates with a series of knowledge providers on procuring new and updated insight into and knowledge of a variety of matters in North Norway. Over the year added focus has been given to sustainability by profiling the circular potentials in various industries, to the status of green commercial buildings in the region and to the green transition. Ownership, the capital gap and investments in the region was also highlighted through a series of four articles. In addition, Boligrapporten ('Housing Report'), Forventningsbarometeret ('business perceptions barometer), Barometer X and Konjunkturbarometeret ('economic barometer') for North Norway, have been published at kbnn.no. In 2022 the website had 41,473 users (+0.3 per cent) and 96,518 page views (+10 per cent).

The podcast 'North Norway in the world' aired 47 episodes. A total of 79 guests took part, of whom 42 per cent were women. The number of listeners has shown a positive trend since 2019, and the podcast has drawn an average of more than 6,000 listeners per month.

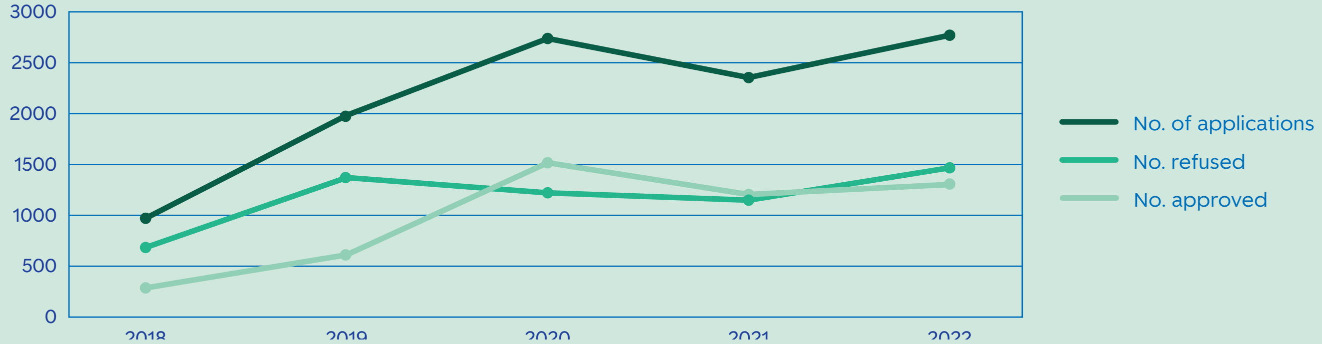
UN sustainable development goals

Through the year Sammfunnsløftet has contributed to projects within all the UN sustainable development goals. All applicants must select which sustainability goal(s) their project contributes to, and up to September they were able to opt for more than one goal. Good health and well-being is the goal selected by most applicants (22 per cent), followed by sustainable cities and communities (18 per cent), partnerships for the goals (15 per cent) and decent work and economic growth (10 per cent). The last-mentioned goal showed the largest increase, due to the "1000 jobs" concept.

A complete distribution of amounts in terms of the UN sustainable development goals can be found in Graph 4.

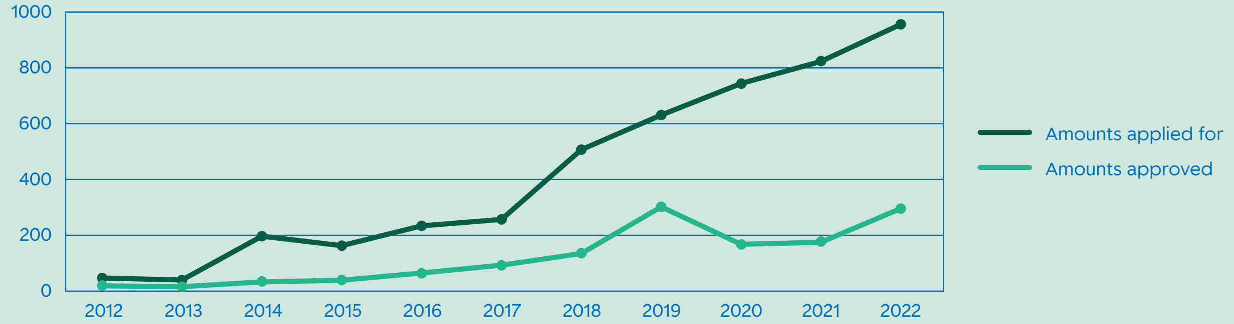
Graph 1:

NO. OF APPLICATIONS OVER THE LAST FIVE YEARS



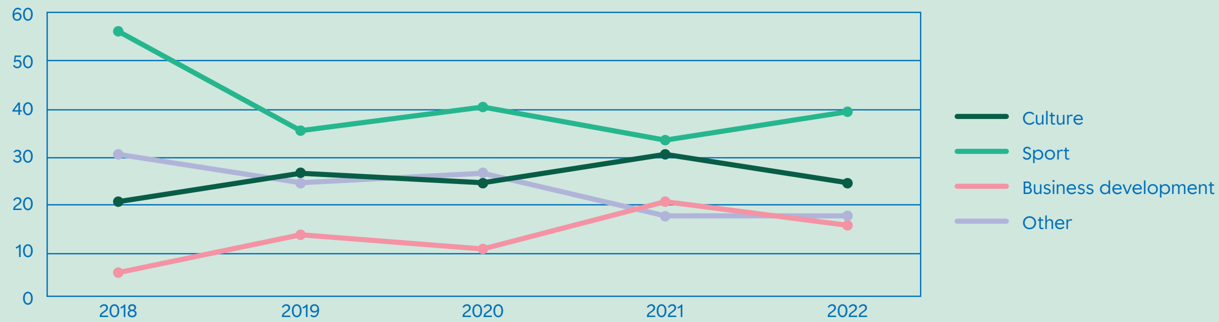
Graph 2:

AMOUNTS APPLIED FOR AND APPROVED OVER THE LAST TEN YEARS



Graph 3:

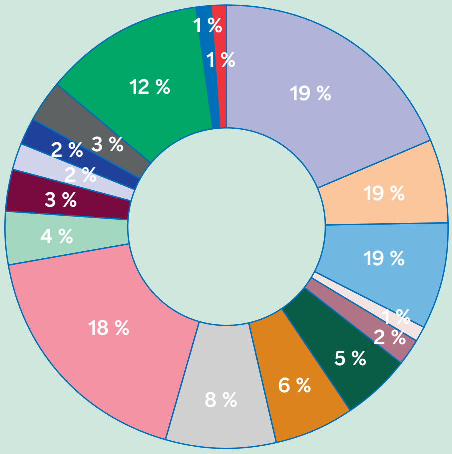
ALLOCATED AMOUNT BY CATEGORY OVER THE LAST FIVE YEARS



Graph 4:

PERCENTAGE DISTRIBUTION ON UN SUSTAINABLE DEVELOPMENT GOALS IN 2022

1. No poverty **1 %**
2. Zero hunger **1 %**
3. Good health and well-being **19 %**
4. Quality education **6 %**
5. Gender equality **8 %**
6. Clean water and sanitation **1 %**
7. Affordable and clean energy **2 %**
8. Decent work and economic growth **5 %**
9. Industry, innovation and infrastructure **6 %**
10. Reduced inequalities **8 %**
11. Sustainable cities and communities **18 %**
12. Responsible consumption and production **4 %**
13. Climate action **3 %**
14. Life below water **2 %**
15. Life on land **2 %**
16. Peace, justice and strong institutions **3 %**
17. Partnerships for the goals **12 %**



Appendix

APPENDIX 1
GLOBAL REPORTING INDEX (GRI) FOR SPAREBANK 1 NORD-NORGE 2022

INDICATORS DEVELOPED BY SPAREBANK 1 NORD-NORGE

SNN 1 – No. of green and social products sold
SNN 2 – KPIs for management of ESG risk
SNN 3 – No. of green innovations to be explored through the Group's Innovation Framework
SNN 4 – No. of cases case at kbnn.no related to climate change in Arctic regions
SNN 5 – No. of formal collaborations on sustainability
SNN 6 – Completion rate for training in sustainability
SNN 7 – No. of measures to achieve a positive migration flow

Statement of use	SpareBank 1 Nord-Norge has reported in accordance with the GRI Standards for the period January 1st 2022 to December 31st 2022.
GRI 1 used	GRI 1: Foundation 2021

INDICATOR	DESCRIPTION	LOCATION IN THE REPORT	REPORTING DIRECTLY IN THE INDEX	OMISSION	REASON FOR OMISSION
2-1	Name of organisation		SpareBank 1 Nord-Norge AS		
2-1	Location of headquarters		SpareBank 1 Nord-Norge has its head office in Tromsø.		
2-1	Countries of operation	Annual report - Note 8 (p. 83)	The Group's market area comprises people and businesses in Troms, Finn-mark and Nordland		
2-1	Nature of ownership and legal form		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.		
2-6a	The organisation's size and scope	Annual report – Annual accounts note 11 (p. 90), 20 (p. 116) and 35 (p. 137)	64.190 Banking services, accounting services, estate agency services and object financing		
2-6b	Description of the organisation's supply chain and other busi-ness relationships	Sustainability report (p. 194)			
2-6 c	Relevant business partners	Sustainability report (p. 162)			
2-6d	Significant changes in the reporting period in terms of size, structure or ownership		No significant changes in 2022.		

<table>
<tr><th>INDICATOR</th><th>DESCRIPTION</th><th>LOCATION IN THE REPORT</th><th>REPORTING DIRECTLY IN THE INDEX</th><th>OMISSION</th><th>REASON FOR OMISSION</th></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>Sustainability report (p. 190,) HR report</td><td>
<table>
<tr><th></th><th>women</th><th>men</th></tr>
<tr><td>Permanent employees (group)</td><td>468</td><td>423</td></tr>
<tr><td>Temporary employees</td><td>24</td><td>22</td></tr>
</table>
Number of employees:
891 (937 incl. temporary)
<table>
<tr><th></th><th>women</th><th>men</th></tr>
<tr><td>Full time</td><td>421</td><td>403</td></tr>
<tr><td>Part time</td><td>71</td><td>42</td></tr>
</table>
Gender breakdown of employees paid by the hour:
<table>
<tr><td>K</td><td>29</td></tr>
<tr><td>M</td><td>32</td></tr>
<tr><td>Total</td><td>61</td></tr>
</table>
The figures are taken from the Group's personnel lists as at December 2022 and are based on the number of employees per category. No major changes are reported for 2022.

By region is meant North Norway. All employees of the Group are located in the region.</td><td></td><td></td></tr>
<tr><td>2-8</td><td>Workers who are not employees</td><td>HR Report</td><td>No work is done at SpareBank 1 Nord-Norge by workers who are not employees. Work performed by external parties is formalised on a contract-to-hire basis or by consultancy/service agreements.</td><td></td><td></td></tr>
<tr><td>2-22</td><td>Statement from the management</td><td>Annual report page (p. 6)</td><td></td><td></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>Sustainability report (p. 162)</td><td></td><td></td><td></td></tr>
</table>

INDICATOR	DESCRIPTION	LOCATION IN THE REPORT	REPORTING DIRECTLY IN THE INDEX	OMISSION	REASON FOR OMISSION
Governance					
2-9	The organisation's governance structure, including committees of the highest governance body and committees that are responsible for decisions on economic, environmental and societal topics	Annual report (p. 40) The work of the Board of Directors (p. 42) Sustainability report (p. 162)			
2-9a	Highest governance body and its composition	Annual report – The work of the Board of Directors (p. 41, 42)	The Supervisory Board comprises equity certificate holders, customers, employees and representatives from our largest owner – the North Norwegian community. The Board of Directors consists of 9 representatives of whom 2 are employee representatives. 4 of the members are men and 5 are women.		
2-9b	List of committees	Annual report (p. 43)	Remuneration committee, audit committee, risk committee.		
2-9c	Composition of the highest governance body	Annual report – The work of the Board of Directors (39, 40)	Criteria for board composition are: competence, industry, gender, impartiality and length of service Under-represented social groups are not among the set of criteria for board composition.	C vi.	Information N/A
2-10 a,b	Nomination and selection of the highest governance body	Annual report (p. 40. 41 and 42)	Information on the election committee is available at snn.no		
2-11	Chair of the highest governance body	Annual report (p. 40. 41 and 42)	The chair of the Board of Directors is independent. The Group CEO is not a member of the Board of Directors.		
2-13	Delegation of responsibility for managing impacts	Sustainability report (p. 166 and 172)			
2-14a,b	Role of the highest governance body in sustainability reporting	Report of the Board of Directors (p. 14)	The sustainability report is integrated into the annual report and is reviewed and approved by the Board of Directors. The materiality analysis is reviewed and approved by the Group CEO.		
2-15 a,b	Conflicts of interest	Annual report (p. 42)			
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) • Head of compliance • Anti-money laundering officer Reporting is done quarterly to the Board of Directors. This is in addition to the right and obligation to report to the Board chair if circumstances are brought to light that may conflict with the Group's policies		
2-16b	Board of directors' involvement in critical concerns		No critical concerns were reported to the Board of Directors in 2022		

INDICATOR	DESCRIPTION	LOCATION IN THE REPORT	REPORTING DIRECTLY IN THE INDEX	OMISSION	REASON FOR OMISSION
2.17	Highest governance body's knowledge, skills and experience of sustainable devel-opment	Sustainability report (p. 173)	ESG-related matters considered by the Board of Directors in 2022: Busi-ness strategy, Risk strategy, Policy on lending, Policy on liquidity management, briefing on the ESG module and on the Transparency Act		
2-18	Evaluation of the performance of the highest governance body		ESG is not among the set of criteria for evaluating the performance of the Board of Directors. Consideration will be given to introducing this a criterion in 2023	A,b,c	Informa-tion N/A
2-19a-c	Remuneration policy	Annual report (p. 50 and 51) and HR report			
2-20 a-c	Processes to deter-mine remuneration	Annual report on the remuneration committee (p. 43)	Information on processes to determine remuneration appears in the Remunera-tion policy which is open at snn.no		
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.		
2-23a, d	Sustainability policy		The policy on sustainability and corpo-rate social responsibility builds inter alia on the UN Global Compact's 10 princi-ples of respect for human and worker rights, the environment and prevention of economic crime. The policy is adopt-ed by the Board of Directors.		
2-23b	Sustainability policy: human rights	Sustainability report (p. 194)	This is covered inter alia in the chapter on green transition and accountability and transparency in the supplier chain. A guideline specifically on human and worker rights can be found at snn.no		
2-23c, d	Publication of policy		The policy on sustainability and corpo-rate social responsibility is available at snn.no with appurtenant guidelines.		
2-23f	Description of how the policy is communicated to employees		Instruction in the policy is included in the Group's training programme		
2-24a-e	Implementation of sustainability policy	Sustainability report (p. 162)	See also reporting on 2-23 a, c, d and f		

INDICATOR	DESCRIPTION	LOCATION IN THE REPORT	REPORTING DIRECTLY IN THE INDEX	OMISSION	REASON FOR OMISSION
2-25	Processes to remediate negative impacts	Sustainability report (p. 166 and 172)	SNN uses stakeholder dialogue, impact analysis and a whistleblowing mechanism to bring to light negative impacts. The Group has both an internal and external whistleblowing channel. The policy on exceptions handling and whistleblowing describes the procedure. The Group will work to improve procedures and stakeholder involvement in order to reduce negative impacts in 2023.	a, c, d, e	Information N/A
2-26	Mechanisms for ethical conduct and whistleblowing	Sustainability report (p. 193)	This is described in the SNN Code (ethical guidelines). See also reporting on GRI 416-2		
2-27	Compliance with laws and regulations		No law violations were registered in 2022		
Stakeholder dialogue					
2-12	The highest governance body's oversight of and involvement in work on sustainability.	Annual report (p. 40, 41 and 42). Sustainability report (p. 173)	The Board of Directors is well acquainted with climate-related risks and opportunities through its strategic discussions, its review and approval of steering documents, and its reviews of various reports from the administration. In 2022 the Transparency Act and ESG module were also considered by the Board of Directors	b and c	Information N/A
2-29	Stakeholder groups with which the organisation is in dialogue	Sustainability report (p. 165) + Annex 1			
2-30	Percentage of staff that are covered by collective bargaining agreements		100% at the Parent Bank, 100% across the Group		
Reporting practice					
2-2	Entities included in the organisation's sustainability reporting in the annual report	Sustainability report (p. 162)	The sustainability report applies exclusively to SpareBank 1 Nord-Norge, not to subsidiaries or other companies.		
2-3	Reporting period		01.02.2022 - 31.12.2022. The sustainability report is published annually as part of the annual report		
2-3	Contact point for queries regarding the report or its content		Ragnhild Dalheim Eriksen		
2-4	Restatements of historical data from previous reports		None		
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.		

Reporting on material topics according to the GRI index and our own indicators

INDICATOR	DESCRIPTION	LOCATION IN THE REPORT	REPORTING DIRECTLY IN THE INDEX	OMISSION	REASON FOR OMISSION
3-1 a-f	Process for determining the Group's most material topics	Sustainability report (p. 164-167)	A description of how the Group has identified positive and negative impacts on ESG, including impacts on human rights in the Group's business connections, is provided in a note on the materiality analysis at snn.no. Stakeholder involvement in the process is also described here		
3-2 a-b	List of all topics identified as material	Sustainability report (p. 166 and 167)	The materiality analysis and changes of topics are described in the sustainability report. A more detailed description is to be found in a note on the materiality analysis at snn.no		
3-3	Management of material topics	Sustainability report (p. 168-195)	The Group's sustainability ambition is set with a view to reducing negative and increasing positive impacts A new sustainability policy is to be established in 2023 with a basis in the most central materialities More extensive reporting of goal attainment will be provided in 2023.		
Green transition of North Norway					
3-3 a-f	Management of material topics	Sustainability report (p. 168)			
SNN 1	Green and social products	Sustainability report (p. 168 and 188)	SNN has developed its own indicator to report on green (and social) products		
Climate and natural risk					
3-3 a-f	Management of material topics	Sustainability report (p. 172)	This is a new materiality for SNN, and work will be done to concretise it in 2023.		
SNN 2	KPIs for ESG risk	Sustainability report (p. 172)			
Carbon footprint in operations and financing					
3-3 a,b,c	Management of material topics	Sustainability report (p. 181)	Materiality will be further developed in the course of 2023	d, e,f	Information N/A
305-1, 305-2, 305-3	Carbon footprint in operations scope 1, 2 and 3	Sustainability report (p. 181)	See also the climate account for 2022 as an annex to the annual report		
305-4	Emissions intensity in the loan portfolio (financed emissions scope 3)	Sustainability report (p. 182)	Reported with the aid of PCAF's methodology and emissions data		
ESG technology					
3-3	Management of material topics	Sustainability report (p. 184)	KPIs for ESG technology and development of data products have not been set. Materiality will be further developed in the course of 2023	a, b, c, d, e f	Information N/A
SNN 3	Number of green innovations	Sustainability report (p. 189)	In 2023 a target will be set for the number of green products and innovations to be explored through the Group's innovation framework		

INDICATOR	DESCRIPTION	LOCATION IN THE REPORT	REPORTING DIRECTLY IN THE INDEX	OMISSION	REASON FOR OMISSION
Knowledge of climate change in Arctic regions					
3-3	Management of material topics	Sustainability report (p. 185)	Materiality will be further developed in the course of 2023	a,b,c,d,e,f	Informa-tion N/A
SNN 4	Number of items on climate change at kbnn.no	Sustainability report (p. 185)	24 articles and 21 podcast episodes related to climate are published at kbnn.no		
Demographic developments					
3-3	Management of material topics	Sustainability report (p. 186)	Definitions and objectives in this area have not been set and can therefore not be reported on. Materiality will be further developed in the course of 2023	a,b,c,d,e	Informa-tion N/A
SNN 7	Number of measures with a positive impact on migration flows	Sustainability report (p. 186)	The campaign entitled ‘1000 jobs’		
Collaboration and networks					
3-3 a	Management of material topics	Sustainability report (p. 187)		b,c,d,e, f	
SNN 5	Number of formal collaborations on sustainability	Sustainability report (p. 187)	2 collaborations in 2022: Digital Norway and Råfisklaget		
Competency in sustainable transition					
3-3	Management of material topics	Sustainability report (p. 171)	Definitions and objectives in this area have not been set and can therefore not be reported on. Materiality will be further developed in the course of 2023	a, b, c, d, e, f	Informa-tion N/A
SNN 6	Completion rate for training in sustainability	Sustainability report (p. 171)			
Social products					
3-3	Management of mate-rial topics	Sustainability report (p. 188)	Materiality will be further developed in the course of 2023	a,b,c,d,e, f	Informa-tion N/A
SNN1	Green and social products	Sustainability report (p. 188)	SNN has developed its own indicator to report on green and social products.		
Local-level value creation					
3-3 c, d	Management of mate-rial topics	Sustainability report (p. 189)	Materiality will be further developed in the course of 2023	a,b,d,e,f	Informa-tion N/A
SNN 7	Community involve-ment	Sustainability report (p. 189)			
Work environment					
3-3 a, b, c	Management of mate-rial topics	Sustainability report (p. 190) and HR report	Materiality will be further developed in the course of 2023	d,e	Informa-tion N/A
404-3	Share of employees that regularly undergo appraisal and develop-ment interviews	Sustainability report (p. 190) and HR report	SNN has established a practice requir-ing all employees in the organisation to attend an appraisal and development interview in Q1 with their immediate superior. In 2023 a digital solution will be developed for follow-up and enu-meration of appraisal and development interviews		

<table>
<tr><th>INDICATOR</th><th>DESCRIPTION</th><th>LOCATION IN THE REPORT</th><th>REPORTING DIRECTLY IN THE INDEX</th><th>OMISSION</th><th>REASON FOR OMISSION</th></tr>
<tr><td colspan="6">Work environment</td></tr>
<tr><td>405-1</td><td>Diversity in governing bodies and in various employee categories</td><td>Sustainability report (p. 190) and HR report</td><td>
<table>
<tr><th></th><th>WOMEN</th><th>MEN</th></tr>
<tr><td>Management team</td><td>3</td><td>5</td></tr>
<tr><td>Other managers</td><td>21 (26)</td><td>39 (26)</td></tr>
<tr><td>Ordinary employees</td><td>218 (200)</td><td>247 (106)</td></tr>
</table>
Management team:
Group management team.
Other managers:
Managers in the bank. Managers in the subsidiaries stated in parenthesis.
Ordinary employees:
Employees in the banking segment with a non-managerial role. Ordinary employees with a non-managerial role in subsidiaries stated in parenthesis.
<table>
<tr><th></th><th>30 AND UNDER</th><th>31 - 50</th><th>51 +</th></tr>
<tr><td>Management team</td><td></td><td>1</td><td>7</td></tr>
<tr><td>Other managers</td><td>4</td><td>70</td><td>38</td></tr>
<tr><td>Ordinary employees</td><td>189</td><td>339</td><td>243</td></tr>
</table>
Personal Banking, Corporate Banking, SNN Capital Market and the Treasury Department are defined as core/line functions.

Compliance, Credit and Risk Management, Finance, Organisation, Communication, Society & Sustainability and Innovation and Business Development are defined as staff/support functions.
<table>
<tr><th></th><th>WOMEN</th><th>MEN</th><th></th></tr>
<tr><td>Staff/ support</td><td>72</td><td>113</td><td>185</td></tr>
<tr><td>Core (funding, lending, treasury)</td><td>168</td><td>178</td><td>346</td></tr>
<tr><td>Total</td><td></td><td></td><td>531</td></tr>
</table>
<table>
<tr><th></th><th>30 AND UNDER</th><th>31 - 50</th><th>51 +</th><th></th></tr>
<tr><td>Staff/ support</td><td>24</td><td>103</td><td>58</td><td>185</td></tr>
<tr><td>Core (funding, lending, treasury)</td><td>98</td><td>140</td><td>108</td><td>346</td></tr>
<tr><td>Total</td><td></td><td></td><td></td><td>531</td></tr>
</table>
</td><td>e, f</td><td>Information N/A</td></tr>
</table>

INDICATOR	DESCRIPTION	LOCATION IN THE REPORT	REPORTING DIRECTLY IN THE INDEX	OMISSION	REASON FOR OMISSION
Work environment					

	WOMEN	MEN
Group management	3	5
Other management	21	39
EM1	6	14
SNN Finans	4	2
Regnskapshuset	16	10
Total	**50**	**70**
Per cent	42	58
The bank's Board of Directors	5	4

416-2	Breach of guidelines	Sustainability report (p. 193)	No registered breaches of the SNN Code (ethical guidelines) in 2022	e, f	Information N/A
Anti-money laundering					
3-3 a,b,c,d,	Management of material topics	Sustainability report (p. 191)	Materiality will be further developed in the course of 2023	e, f	Information N/A
205-2	Documented training in ethical banking operations and work on anti-money laundering	Sustainability report (p. 191)			
205-3	Identified corruption events internally and externally	Sustainability report (p. 191)	No documented cases of corruption in 2022		
Cybersecurity and personal data protection					
3-3 a,b,c,d	Management of material topics	Sustainability report (p. 192)	Materiality will be further developed in the course of 2023	e,f	Information N/A
418-1	Number of documented complaints related to breaches of data privacy or loss of customer data	Sustainability report (p. 192)			
Ethical banking operations					
3-3 a,b,c,	Management of material topics	Sustainability report (p. 193)	Materiality will be further developed in the course of 2023	d,e,f	Information N/A
205-2	Documented training in ethical banking operations and work on anti-money laundering	Sustainability report (p. 193)			

INDICATOR	DESCRIPTION	LOCATION IN THE REPORT	REPORTING DIRECTLY IN THE INDEX	OMISSION	REASON FOR OMISSION
Risk management					
3-3 f	Management of material topics	Annual report (p. 46) and Sustainability report – TCFD (p. 172)	Risk management is covered in two locations in the annual report: in the chapter on risk management and internal control, and in the sustainability report concerning reporting on climate risk. Materiality will be merged with climate and natural risk in the course of 2023	a, b, c, d, e, f	Information N/A
SNN 2	KPIs for ESG risk	Sustainability report TCFD (p. 172)			
Accountability and transparency in the supplier chain					
3-3 a-f	Management of material topics	Sustainability report (p. 194)			
412-2 a-d	Risk screening of suppliers	Sustainability report (p. 194)	The result of due diligence assessments is clear from the text. No suppliers were found to have a particularly negative impact.	e, f	Not relevant

APPENDIX 2
STAKEHOLDER ANALYSIS 2022

STAKEHOLDERS	MEETING POINT FOR DIALOGUE	KEY THEMES	MEASURES RELATED TO THEMES
Customers	Customer and market surveys in the personal and corporate markets. Position survey Other points of contact • Meetings with corporate customers • In-depth interviews with corporate customers and public sector stakeholders • Advice on green products, retail market • Expectations barometer • Various webinars / seminars	Attitudes to sustainability teams Growing need for industry knowledge North Norway lagging behind in the green transition	New materiality analysis and new sustainability ambition Publishing of knowledge about climate change in Arctic regions Further development of social products and services Further development of ESG Increasing focus on sustainability-related themes in dealings with customers Development of new green products
	The Expectations Barometer (kbnn.no) which each year measures business and public sector perceptions of developments in North Norway	Expectations, developments 41% of North Norwegian businesses say that climate risk has no strategic significance	Development of content on kbnn.no Content for lectures on green transition Customer dialogue on climate risk Risk reporting
Staff	Annual organisational survey Work environment committees in all Group companies Monthly meetings between employee representatives and the Group's HR department Sustainability survey, internal Unit meetings related to sustainability	Work environment, competence raising, gender equality, involvement in processes and projects.	Involving employees in the development of the Group Recruitment policy focusing on diversity and gender equality New digital e-learning course in sustainability Collaboration with trade unions Broad involvement in work on new sustainability ambition Manager workshop with a focus on sustainability
Owners	Supervisory Board meetings and elections for equity certificate holders	Annual accounts and application of net profit, in the event other corporate actions. Election of members to the Board of Directors.	
	Stock exchange notices and quarterly reports	Accounting profit and goal attainment, return, briefings on trends in North Norway's economy and financial markets	
	Investor presentations	Profit trend and sustainability/ESG	Increased reporting on sustainability

STAKEHOLDERS	MEETING POINT FOR DIALOGUE	KEY THEMES	MEASURES RELATED TO THEMES
Public authorities	Contact with control and supervisory authorities (the Financial Supervisory Authority of Norway and others) throughout the year Participation in the Government's Expert Committee for Climate-Friendly Investments Participation in the Government's Legislative Committee on Securities Compliance with laws, rules and regulations	Management and control, operations and security Increased focus on sustainability reporting	Increased focus on compliance with laws, rules and regulations Strengthened focus on and target for reduction of carbon footprint in operations and financing Extensive contact with supervisory authorities, Finanstilsynet and others.
The North Norwegian community	Barometer X	Job opportunities in the North Young people's everyday life in North Norway and their perceptions of challenges and opportunities ahead	Establishment of competence-raising programme «young voices». The programme is a direct response to inputs received, and is one of several means by which SNN will involve and engage young voices Over 1000 new summer jobs in 2022
	Knowledge Bank kbnn.no partners extensively with knowledge providers in North Norway Media	Sharing knowledge about the international macroeconomic environment, the Norwegian economy and North Norwegian conditions Climate risk, natural risk Transparency, local presence	Development of kbnn.no • 24 reports, memos and articles • 47 podcasts «North Norway in the World» • over 41,473 unique users News items and articles
	Various projects have applied for and received support from 'Samfunnsløftet.' Dialogue and meetings with further stakeholders Data contributed to Master's theses focusing on sustainability challenges / opportunities	Insights into the activities of clubs, associations and other stakeholders in the region Sustainability reporting, strategy	Development of green focus from Samfunnsløftet «temaløftet 2023»
	Innovation Norway	Measures for businesses in North Norway	Growth-guarantee loans

STAKEHOLDERS	MEETING POINT FOR DIALOGUE	KEY THEMES	MEASURES RELATED TO THEMES
Stakeholder organisations	Ethical Bank Guide UNEP FI Finance Sector Union of Norway LO Finance Global Compact Norge Skift Norway (climate network) LO Norway and NHO (Norway's main worker and employer organisations)	Exploiting SpareBank 1 Nord-Norge's position and ownership power to make the investment market more sustainable Responsible investments, credit activities, transparency, trust and local presence	Broader communication of the Bank's own work on sustainability New sustainability ambition Agenda Nord-Norge 1,000 jobs
	Participation in Finance Norway's working group on natural risk	Mapping natural risk, and preparation of guide on natural risk management	Increased attention to, and insight into, ESG
Suppliers and collaboration	Collaboration with LO Norway through LO favør and various projects in the region over the year	Special focus on the Transparency Act	Risk-based implementation of due diligence assessments
Affiliated enterprises	Competence raising, knowledge sharing Collaboration with Alliansen	Climate risk, natural risk, Act on sustainable finance Preparation of new ESG module for the corporate market Various working groups across companies	Digital meetings Physical meeting places Shared standards and understanding
Rating agencies	Meetings with rating agencies	The group's work on ESG	More extensive ESG reporting

APPENDIX 3
CARBON ACCOUNTING FOR OWN OPERATION

Carbon Accounting Report 2022

SPAREBANK 1 NORD-NORGE

This report provides an overview of the organisation's greenhouse gas (GHG) emissions, which is an integrated part of the organisation's climate strategy. Carbon accounting is a fundamental tool in identifying tangible measures to reduce GHG emissions. The annual carbon accounting report enables the organisation to benchmark performance indicators and evaluate progress over time.

This report comprises all registered emissions from SpareBank 1 Nord-Norge.

The input data is based on consumption data from internal and external sources, which are converted into tonnes CO2-equivalents (tCO2e). The carbon footprint analysis is based on the international standard; A Corporate Accounting and Reporting Standard, developed by the Greenhouse Gas Protocol Initiative (GHG Protocol). The GHG Protocol is the most widely used and recognised international standard for measuring greenhouse gas emissions and is the basis for the ISO standard 14064-I.

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REPORTING YEAR ENERGY AND GHG EMISSIONS

EMISSION SOURCE	DESCRIPTION	CON-SUMP-TION	UNIT	ENERGY (MWH)	EMISS-IONS TCO2E	% SHARE
Transportation total				**20,1**	**4,5**	**1,3 %**
Petrol		1 126,5	liters	10,9	2,6	0,7 %
DIESEL (NO)		880, 2	liters	9,1	1,8	0,5 %
Scope 1 total				**20,1**	**4,5**	**1,3 %**
Electricity total				**289,7**	**7,5**	**2,1 %**
Electricity Nordic mix		289 679,6	kWh	289,7	7,5	2,1 %
District heating location total				**934,6**	**8,8**	**2,5 %**
District heating NO/Tromso		685 711,0	kWh	685,7	6,5	1,8 %
District heating NO/Harstad		248 938,0	kWh	248,9	2,3	0,7 %
Scope 2 total				**1 224,3**	**16,4**	**4,6 %**
Waste total					**14,5**	**4,1 %**
Residual waste, incinerated	Brennbart restavfall	27 810,0	kg		14,0	3,9 %
Organic waste, treated	Våtorganisk avfall	8 270,0	kg		0,2	
Organic waste, treated	Frityrolje	400,0	kg			
Glass waste, recycled		3 930,0	kg		0,1	
Paper waste, recycled	Papir til sikkerhets-makulering	2 378,0	kg		0,1	
Paper waste, recycled	Bølgepapp	370,0	kg			
Organic sludge, incinerated	Fett fra fettavskiller rent	8 210,0	kg		0,2	
Business travel total					**320,1**	**90,1 %**
Mileage all. car (NO)		149 110,0	km		11,2	3,1 %
Flights		308 889,0	kgCO2e		308,9	86,9 %
Scope 3 total					**334,5**	**94., %**
Total				**1 244,4**	**355,4**	**100,0 %**
KJ				**4 479 802 786,8**		

REPORTING YEAR MARKET-BASED GHG EMISSIONS

CATEGORY	UNIT	2022
Electricity Total (Scope 2) with Market-based calculations	tCO2e	
Scope 2 Total with Market-based electricity calculations	tCO2e	8,8
Scope 1+2+3 Total with Market-based electricity calculations	tCO2e	347,8

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CARBON ACCOUNTING 2022

In 2022, SpareBank 1 Nord-Norge had a total greenhouse gas emission of 355.4 tonnes of CO2 equivalents (tCO2e). This was an increase of 85.6 tCO2e, corresponding to 31.7%, compared to 2021. An important reason for the increase in emissions was an increase in air travel. This can be connected to a higher need for transport and business trips in 2022 compared to 2021, as 2021 was to a greater extent characterized by travel restrictions during Covid-19.

The greenhouse gas emissions in 2022 had the following distribution:

- Scope 1: 1.3% (4.5 tCO2e)
- Scope 2: 4.6% (16.4 tCO2e)
- Scope 3: 94.1% (334.5 tCO2e)

There was a reduction in emissions in Scope 2 and Scope 3, while an increase in emissions in Scope 1 from 2021 to 2022.

Scope 1
Actual consumption of fossil fuels in the company's vehicles. Total emissions from company owned cars were 4.5 tCO2e. The consumption of 880.2 liters of diesel accounted for 1.8 tCO2e in 2022, while 1 126.5 liters of petrol accounted for 2.6 tCO2e. This is an increase of 33.7% in Scope 1 emissions compared to 2021. The increase in emissions can be attributed to an increase in the consumption of diesel. There was a decrease in the consumption of petrol.

Scope 2
Electricity: Emissions from electricity consumption in company-owned or leased locations. The table shows greenhouse gas emissions from electricity calculated with the location-based emission factor Electricity Nordic mix. Emissions from electricity consumption have been reduced by 93.3% compared to 2021. This is because electricity consumption has gone from 3 622 638.1 kWh in 2021 to 289 679.6 kWh in 2022. In addition, the emission factor for Electricity Nordic mix has been reduced by 16.1% from 2021 to 2022.

Electricity with a marked-based emission factor is presented in a separate table in this report. The total emissions from electricity calculated with the marked-based emission factor was 0 tCO2e. This is because SpareBank 1 Nord-Norge purchased Guarantees of Origins (OG/REC) for all their electricity consumption in 2022. The purpose of presenting the emissions from electricity consumption with two different emissions factors is further explained under Scope 2 in method.

District heating: Use of district heating in company-owned or leased locations. Total emissions from district heating were 8.8 tCO2e in 2022, which is a decrease of 43.3% compared to 2021. This is both due to the consumption of district heating being reduced by 131 495 kWh from 2021 to 2022, but also due to a change in the emission factor. In previous years, an emission factor for district heating was used based on the Norwegian production mix, while in 2022 location-specific emission factors have been used which are more accurate. In 2022, emission factors for district heating in Tromsø and Harstad have been used, both of which are lower than the emission factor for the Norwegian district heating mix.

In total, Scope 2 emissions have been reduced by 87.2% compared to 2021.

Scope 3
Waste: Emissions from third-party disposal and treatment of waste generated in the reporting company's owned or controlled operations. The total emissions from waste were 14.5 tCO2e in 2022, which is an increase of 172.1% compared to 2021. This is mainly due to an increase in the amount of waste reported in 2022.

Business travel: Emissions from the transportation of employees for business related activities in vehicles owned or operated by third parties. Total emissions from air travel were 308.9 tCO2e in 2022. This represents 86.9% of total greenhouse gas emissions for SpareBank 1 Nord-Norge. This is an increase of 146.31% compared to 2021. The increase in air travel can be related to the fact that 2021 was to a greater extent characterized by Covid-19 and travel restrictions.

Mileage allowance: Emissions from traveling with employees' own vehicles from mileage allowance. From 2022, this is a new activity that has not previously been included in the carbon accounting. The total emissions from mileage allowance were 11.2 tCO2e in 2022.

In total, Scope 3 has had an increase of 141.3% compared to 2021.

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ANNUAL GHG EMISSIONS

CATEGORY	DESCRIPTION	2020	2021	2022	% CHANGE FROM PREVIOUS YEAR
Transport total		**5,1**	**3,3**	**4,5**	**33,7 %**
Petrol		2,7	2,8	2,6	-5,6 %
DIESEL (NO)		2,3	0,6	1,8	231,7 %
Scope 1 total		**5,1**	**3,3**	**4,5**	**33,7 %**
Electricity total		**211,4**	**112,3**	**7,5**	**-93,3 %**
Electricity Nordic mix		211,4	112,3	7,5	-93,3 %
District heating location total		**8,3**	**15,6**	**8,8**	**-43,3 %**
District heating Norway mix		8,3	15,6		-100,0 %
District heating NO/Tromso				6,5	100,0 %
District heating NO/Harstad				2,3	100,0 %
Scope 2 total		**219,7**	**127,9**	**16,4**	**-87,2 %**
Business travel total		**144,2**	**133,3**	**320,1**	**140,1 %**
Air travel, continental	Europa	12,5	2,7		-100,0 %
Air travel, continental	Norden		0,4		-100,0 %
Air travel, domestic		131,7	130,2		-100,0 %
Mileage all. car (NO)				11,2	100,0 %
Flights				308,9	100,0 %
Waste total		**6,5**	**5,3**	**14,5**	**172,1 %**
Residual waste, incinerated		6,3	5,1		-100,0 %
Residual waste, incinerated	Brennbart restavfall			14,0	100,0 %
Paper waste, recycled		0,1	0,1		-100,0 %
Paper waste, recycled	Papir til sikkerhetsmakulering			0,1	100,0 %
Paper waste, recycled	Bølgepapp				100,0 %
Organic waste, treated			0,1		-100,0 %
Organic waste, treated	Våtorganisk avfall			0,2	100.,0 %
Organic waste, treated	Frityrolje				100,0 %
Glass waste, recycled				0,1	246,0 %
EE waste, recycled					-100,0 %
Wood waste, recycled					-100,0 %
Organic sludge, anaerobic digestion	Fett fra fettavskiller rent			0,2	100,0 %
Scope 3 total		**150,6**	**138,6**	**334,5**	**141,3 %**
Total		**375,4**	**269,8**	**355,4**	**31,7 %**
Percentage change		**100,0 %**	**-28,1 %**	**31,7 %**	

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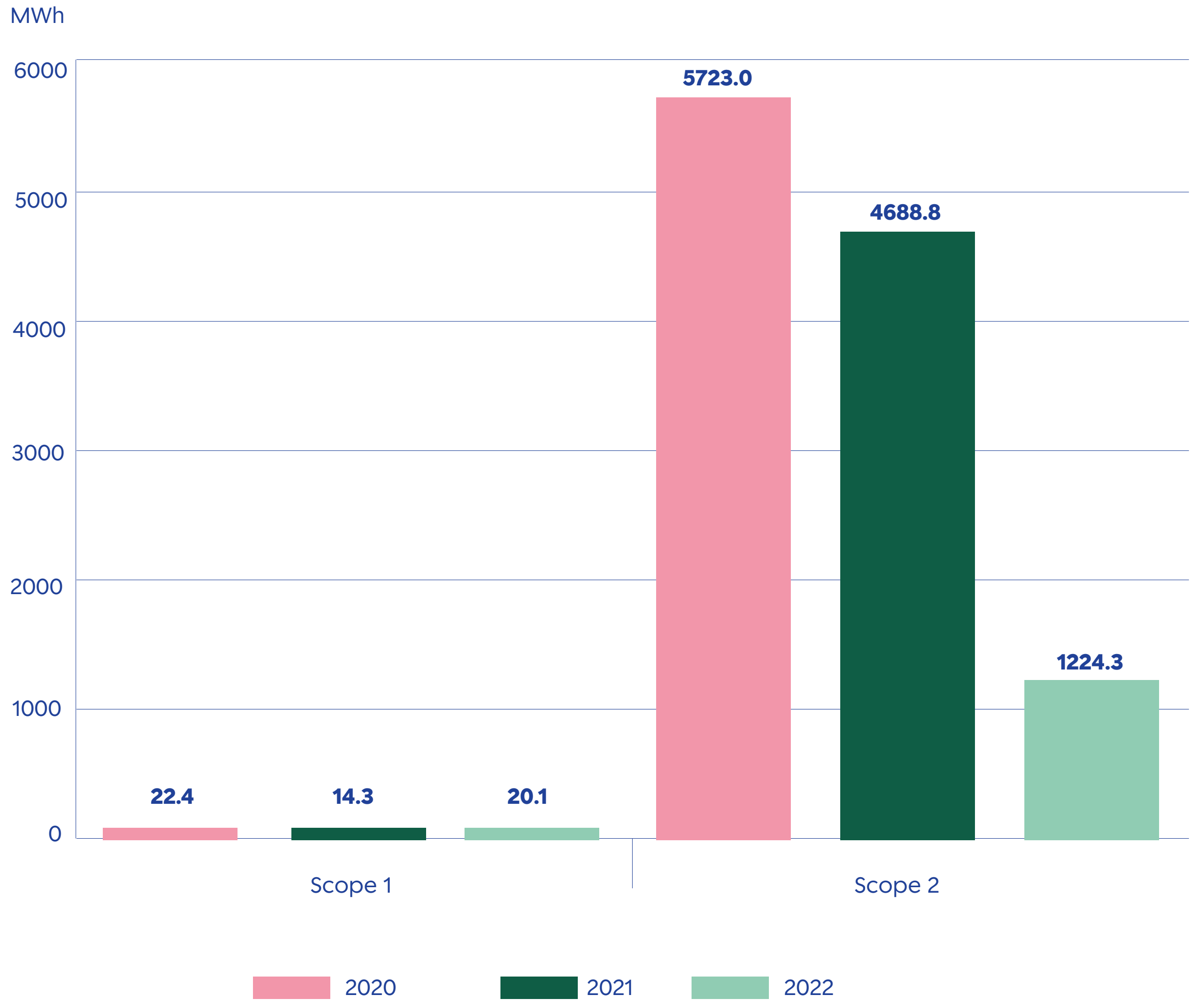
ANNUAL ENERGY CONSUMPTION (MWH) SCOPE 1 & 2



ANNUAL MARKET-BASED GHG EMISSIONS

CATEGORY	UNIT	2020	2021	2022
Electricity Total (Scope 2) with Market- based calculations	tCO2e			
Scope 2 Total with Market-based electricity calculations	tCO2e	8,3	15,6	8,8
Scope 1+2+3 Total with Market-based electricity calculations	tCO2e	164,0	157,5	347,8
Percentage change		**100,0 %**	**-3,9 %**	**120,8 %**

METHODOLOGY AND SOURCES

The Greenhouse Gas Protocol initiative (GHG Protocol) was developed by the World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD). This analysis is done according to A Corporate Accounting and Reporting Standard Revised edition, currently one of four GHG Protocol accounting standards on calculating and reporting GHG emissions. The reporting considers the following greenhouse gases, all converted into CO2-equivalents: CO2, CH4 (methane), N2O (laughing gas), SF6, HFCs, PFCs and NF3.

For corporate reporting, two distinct approaches can be used to consolidate GHG emissions: the equity share approach and the control approach. The most common consolidation approach is the control approach, which can be defined in either financial or operational terms.

The carbon inventory is divided into three main scopes of direct and indirect emissions.

Scope 1 includes all direct emission sources. This includes all use of fossil fuels for stationary combustion or transportation, in owned and, depending on the consolidation approach selected, leased, or rented assets. It also includes any process emissions, from e.g. chemical processes, industrial gases, direct methane emissions etc.

Scope 2 includes indirect emissions related to purchased energy; electricity and heating/cooling where the organisation has operational control. The electricity emission factors used in Cemasys are based on national gross electricity production mixes from the International Energy Agency's statistics (IEA Stat). Emission factors per fuel type are based on assumptions in the IEA methodological framework. Factors for district heating/cooling are either based on actual (local) production mixes, or average IEA statistics.

In January 2015, the GHG Protocol published new guidelines for calculating emissions from electricity consumption. Primarily two methods are used to "allocate" the GHG emissions created by electricity generation to the end consumers of a given grid. These are the location-based and the market-based methods. The location-based method reflects the average emission intensity of the grids on which energy consumption occurs, while the market-based method reflects emissions from electricity that companies have purposefully chosen (or not chosen).

Organisations who report on their GHG emissions will now have to disclose both the location-based emissions from the production of electricity, and the marked-based emissions related to the potential purchase of Guarantees of Origin (GoOs) and Renewable Energy Certificates (RECs).

The purpose of this amendment in the reporting methodology is on the one hand to show the impact of energy efficiency measures, and on the other hand to display how the acquisition of GoOs or RECs affect the GHG emissions. Using both methods in the emission reporting highlights the effect of all measures regarding electricity consumption.

The location-based method: The location-based method is based on statistical emissions information and electricity output aggregated and averaged within a defined geographic boundary and during a defined time period. Within this boundary, the different energy producers utilize a mix of energy resources, where the use of fossil fuels (coal, oil, and gas) result in direct GHG-emissions. These emissions are reflected in the location-based emission factor.

The market-based method: The choice of emission factors when using this method is determined by whether the business acquires GoOs/RECs or not. When selling GoOs or RECs, the supplier certifies that the electricity is produced exclusively by renewable sources, which has an emission factor of 0 grams CO2e per kWh. However, for electricity without the GoO or REC, the emission factor is based on the remaining electricity production after all GoOs and RECs for renewable energy are sold. This is called a residual mix, which is normally substantially higher than the location-based factor. As an example, the market-based Norwegian residual mix factor is approximately 7 times higher than the location-based Nordic mix factor. The reason for this high factor is due to Norway's large export of GoOs/RECs to foreign consumers. In a market perspective, this implies that Norwegian hydropower is largely substituted with an electricity mix including fossil fuels.

Scope 3 includes indirect emissions resulting from value chain activities. The scope 3 emissions are a result of the company's upstream and downstream activities, which are not controlled by the company, i.e. they are indirect. Examples are business travel, goods transportation, waste handling, consumption of products etc.

In general, the carbon accounting should include information that users, both internal and external to the company, need for their decision making. An important aspect of relevance is the selection of an appropriate inventory boundary which reflects the substance and economic reality of the company's business relationships.

SOURCES:

Department for Business, Energy & Industrial Strategy (2020). Government emission conversion factors for greenhouse gas company reporting (DEFRA)

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IMO (2020). Reduction of GHG emissions from ships - Third IMO GHG Study 2014 (Final report). International Maritime Organisation, http://www.iadc.org/wp-content/uploads/2014/02/MEPC-67-6-INF3-2014-Final- Report-complete.pdf

IPCC (2014). IPCC fifth assessment report: Climate change 2013 (AR5 updated version November 2014). http://www.ipcc.ch/report/ar5/

AIB, RE-DISS (2020). Reliable disclosure systems for Europe – Phase 2: European residual mixes.

WBCSD/WRI (2004). The greenhouse gas protocol. A corporate accounting and reporting standard (revised edition). World Business Council on Sustainable Development (WBCSD), Geneva, Switzerland /World Resource Institute (WRI), Washington DC, USA, 116 pp.

WBCSD/WRI (2011). Corporate value chain (Scope 3) accounting and reporting standard: Supplement to the GHG Protocol corporate accounting and reporting standard. World Business Council on Sustainable Development (WBCSD), Geneva, Switzerland /World Resource Institute (WRI), Washington DC, USA, 149 pp.

WBCSD/WRI (2015). GHG protocol Scope 2 guidance: An amendment to the GHG protocol corpportate standard. World Business Council on Sustainable Development (WBCSD), Geneva, Switzerland /World Resource Institute (WRI), Washington DC, USA, 117 pp.

The reference list above is incomplete but contains the essential references used in CEMAsys. In addition, several local/national sources may be relevant, depending on which emission factors are used.

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To the Board of Directors of Sparebank 1 Nord-Norge

Independent Limited Assurance Report on the Sustainability Report

Scope of the engagement

We have been engaged by the Board of Directors of Sparebank1 Nord-Norge (“the Company) to issue an assurance report on the Sustainability Report included in the Company’s annual report for the year ended 31 December 2022 ("the Report").

We have performed the assurance engagement to obtain limited assurance that the Report is prepared, in all material respects, in accordance with Global Reporting Initiative (GRI) as stated on page 161 in the Report.

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

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this limited assurance report.

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

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 GRI standards as described on page 161 of the Report.

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 GRI Standards as described on page 161 of the Report.

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 Company complies with laws and regulations applicable to its activities.

Our independence and quality control

We are independent of the Company as required by laws and regulations and the International Ethics Standards Board for Accountants’ Code of International Ethics for Professional Accountants (including

International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We apply International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibility

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

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. That Standard requires that we plan and perform the engagement to obtain limited assurance about whether the Report is free from material misstatement.

Procedures performed

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. The 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. Our procedures included:

- Comparing the information presented in the report to the GRI Standards
- A risk analysis, including a media search, to identify relevant sustainability issues for the Company in the reporting period.
- Interviews with senior management and relevant staff at group level and selected business unit 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 Company.
- Assessed the information in the GRI index as presented in the Report as appendix 1.

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, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained has a reasonable assurance engagement been performed.

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.

Tromsø, 7. March 2023
KPMG AS

Design: **Riktig Spor** Kd112

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