Quarterly Report 4Q23

SpareBank 1 Nord-Norge

Innholdsfortegnelse

Group financial highlights and key figures

(Amounts in NOK million and in % of average assets)		31.12.23	%	31.12.22	%	31.12.21	%
Net interest income	7	3 627	2,85 %	2 556	2,09 %	2 014	1,67 %
Net fee- and other operating income		1 487	1,17 %	1 234	1,01 %	1 499	1,25 %
Net income from financial investments		183	0,14 %	274	0,22 %	794	0,66 %
Total income	7	5 297	4,17 %	4 064	3,32 %	4 307	3,58 %
Total costs	7	1 908	1,50 %	1 637	1,34 %	1 748	1,45 %
Result before losses		3 389	2,67 %	2 427	1,98 %	2 559	2,13 %
Losses	7	116	0,09 %	63	0,05 %	- 235	-0,20 %
Result before tax		3 273	2,57 %	2 364	1,93 %	2 794	2,32 %
Tax		725	0,57 %	513	0,42 %	499	0,41 %
Result after tax	7	2 548	1,98 %	1 851	1,49 %	2 295	1,90 %
Interest hybrid capital	7	60		37		29	
Result after tax ex. interest hybrid capital	7	2 488		1 814		2 266	
Profitability							
Return on equity capital	1, 7	16,4 %		11,9 %		15,1 %	
Interest margin	2, 7	2,85 %		2,09 %		1,67 %	
Cost/income	3, 7	36,0 %		40,3 %		40,6 %	
Balance sheet figures and liquidity		31.12.23		31.12.22		31.12.21	
Total assets		128 138		122 521		119 180	
Average assets	4, 7	127 155		122 377		120 264	
Gross loans	5, 7	101 093		95 301		91 352	
Gross loans incl. commition loans	5, 7	145 742		135 031		127 105	
Deposits	6, 7	83 659		80 669		77 241	
Liquidity Coverage Ratio (LCR)		150		146		142	
Solidity							
Common Equity Tier 1 Capital Ratio		17,1 %		17,3 %		18,7 %	
Tier 1 Capital Ratio		18,9 %		18,3 %		20,0 %	
Total Capital Ratio		21,4 %		19,9 %		21,6 %	
Common Equity Tier 1 Capital		13 466		12 351		13 097	
Tier 1 Capital		14 848		13 082		14 001	
Own Funds		16 824		14 230		15 109	
Total risk exposure amount		78 527		71 399		70 059	
Leverage Ratio incl. result		7,9 %		7,4 %		8,3 %	
NONG Key figures							
NONG Quoted/market price (NOK)		103,20		96,00		112,60	
Number of EC issued (mill)		100,40		100,40		100,40	
Equity capital per EC (NOK)		72,47		70,62		72,39	
Result per EC (NOK)		11,36		8,25		10,41	
P/E (Price/Earnings per EC) NOK		9,08		11,63		10,82	
P/B (Price/Book Value per EC) NOK		1,42		1,36		1,56	
Branches and full-time employees							
Branches		15		15		15	
Manyears		956		852		853	

1 The profit after tax in relation to average equity, calculated as a quarterly average of equity and at 01.01.
" The Bank's hybrid 1 capital issued are classified as equity in the financial statements. However, when calculating the return on equity, hybrid tier 1 capital are decucted from equity, and result after tax are adjusted for interests on hybrid tier 1 capital."
2 Net total interests as a percentage of average total assets.
3 Total costs as a percentage of total net income.
4 Average assets are calculated as average assets each quarter and at 01.01.
5 Gross loans customers and gross loans financial institutions.
6 Deposits customers and deposits financial institutions.
7 Defined as alternative performance measures, see attachment to the Quarterly report

Quarterly Report for SNN – 4Q23

Group financial results and key figures

(Amount in NOK million)	4Q23	4Q22	Change	31.12.23	31.12.22	Change
Result after tax	756	663	93	2 548	1 851	697
Result per EC	3,38	3,01	0,37	11,36	8,25	3,11
Return on equity	18,8 %	17,2 %	1,6 %	16,4 %	11,9 %	4,5 %
Cost/income	36,8 %	34,6 %	2,2 %	36,0 %	40,3 %	-4,3 %
Common Equity Tier 1 Capital Ratio	17,1 %	17,3 %	-0,1 %	17,1 %	17,3 %	-0,1 %
Growth loans retail market	3,0 %	4,0 %	-1,0 %	3,8 %	5,3 %	-1,5 %
Growth loans corporate market	14,5 %	11,4 %	3,1 %	15,5 %	7,4 %	8,1 %
Growth loans total	7,0 %	6,4 %	0,6 %	7,7 %	6,0 %	1,7 %
Growth deposits retail market	-0,2 %	-2,2 %	2,0 %	3,3 %	3,8 %	-0,5 %
Growth deposits corporate market	-16,2 %	-4,2 %	-11,9 %	4,4 %	5,1 %	-0,7 %
Growth deposits total	-7,9 %	-3,2 %	-4,7 %	3,8 %	4,4 %	-0,6 %
Result from ownership interests	- 28	147	- 175	- 56	204	- 260
Result from financial assets	111	111	0	239	70	169
Losses	91	22	0	116	63	0

Important events in the quarter

SpareBank 1 Nord-Norge (SNN) delivered a strong 4Q23 thanks to good underlying banking operations. An annualised return on equity for the quarter in isolation of 18.8 per cent and 16.4 per cent for 2023 as a whole is well within the Group’s targets.

A cost/income ratio for 2023 of 36 per cent shows that the Group practises good cost control and is well within the target of a maximum cost/income ratio of 40 per cent.

SpareBank 1 Nord-Norge also delivered solid overall lending growth in the quarter totalling 7.0 per cent, with Corporate Market seeing 14.5 per cent growth and Retail Market 3.0 per cent growth (including loans transferred to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt). For 2023, lending growth was 3.8 per cent for Retail Market and 15.5 per cent for Corporate Market. The Bank is very pleased that, despite a demanding global macroeconomic situation with rising interest rates and high inflation, such high growth is being achieved. The growth has occurred within the Bank’s moderate risk profile and with reasonable margins. The high growth in Corporate Market can largely be attributed to the macroeconomic situation in Northern Norway being better than the average for the country as a whole, also driven by commodity price increases and a weak exchange rate for the Norwegian krone. The Bank is also taking market shares and achieving growth in industries that have not been as adversely impacted by war and high energy and commodity prices.

Underlying losses remain low. So far, the Bank's loan portfolio has not been particularly affected by an uncertain macroeconomic situation, although we are seeing some negative migration for individual customers. We can also see that some industries are facing greater challenges than others. For this reason, we have chosen to put both individual commitments and larger commitments in vulnerable industries on a watchlist. This entails higher model-based loss provisions because the commitments will be moved from Stage 1 to Stage 2 in our ECL model. However, we are still seeing limited negative migration in the portfolio and there has been no significant increase in losses and defaults. This could be due to the Group having systematically focused on reducing risk in its loan portfolio in recent years. Furthermore, the Group's loan portfolio is characterised by residential mortgages and as mentioned above, the Bank is exposed in industries that are not adversely affected by the current macroeconomic situation.

The market believes interest rates have peaked and expects rates to decrease towards the end of 2024. If inflation continues to trend downwards, this will have a further positive impact on interest rate expectations, which may ease the pressure on vulnerable industries to some extent. However, financial uncertainty remains high, and SpareBank 1 Nord-Norge is focusing on closely monitoring our customers, particularly in Corporate Market but also exposed customers in Retail Market. As a consequence of macroeconomic conditions, we expect somewhat lower underlying lending growth in 2024, although our ambition to take market shares stands.

SpareBank 1 Nord-Norge has a solid customer portfolio, a strong market position, competitive terms and conditions and cost-effective operations. Therefore, the Bank is well positioned to be a good bank for Northern Norway now and in the future.

Macroeconomic trends

The global economy – Major turbulence and many challenges, although stock markets rose

After strong economic growth in the wake of the pandemic and into last year, the growth in activity in advanced economies has slowed following Russia's invasion of Ukraine. In G7 countries, activity increased by 0.6 per cent from the second to the third quarter of 2023. Despite a high demand for labour, lower energy prices have curbed consumer price inflation since autumn 2022. Inflation, while still high, is showing signs of slowing down. In response to geopolitical events and economic imbalances, central banks raised policy rates to levels not seen since before the financial crisis in 2008. How these measures will affect economic developments in the coming period remains to be seen. Policy rates appear to have peaked, and central banks want to see the full impact of the hikes before taking any new steps.

Developments in purchasing managers' indices indicate a slowdown in activity going forward. This is particularly evident in manufacturing, although it is also apparent in other sectors. Slowing activity and the consequent slower inflation rate will contribute to reducing the need for further tightening by the central banks.

Geopolitically, sentiment worsened in late 2023. This was due, in particular, to Israel's war in Gaza, which has resulted in renewed unrest in the Middle East. Several attacks on the merchant fleet in the

Red Sea resulted in the closure of the Suez Canal and forced a number of ships to take the long route around Africa.

Despite the geopolitical turmoil and sharp rises in interest rates, the main stock exchanges delivered strong returns in 2023. The US indices, in particular, had a good year with the S&P500 up 24 per cent and the technology index Nasdaq up 54 per cent. Here in Europe, the broad FTSE100 index ended up by 3.8 per cent.

The Norwegian economy – Norges Bank surprises everyone by doing exactly what it signalled it would do

In the wake of the pandemic, the policy rate in Norway was 0 per cent, as it was in many of our trading partners. Between autumn 2021 and the start of 2023, the policy rate was raised to 2.75 per cent. In 2023, the policy rate was raised by a further 1.75 percentage points to 4.5 per cent. Prior to the central bank's last meeting in December, there was considerable uncertainty in the market about what decision the executive board would make. At its final meeting of the year, the governor of the central bank announced that it would raise its policy rate to 4.5 per cent, in line with what it had previously signalled. Despite this, the market reacted significantly. The Norwegian krone appreciated by NOK 0.50 against the euro in the days that followed.

Norges Bank's prognoses suggest that the policy rate will remain at current levels for some time before gradually beginning to decrease in autumn 2024.

The measures introduced by the central bank appear to have tamed inflation, at least in the short term. Although the inflation rate is far above the long-term target, the trend is positive.

The consequences of higher interest rates have started to be felt in the economy. Particularly clear is the impact that they have had on housing starts, which fell significantly last year. Activity in the retail trade remains solid, although there is a clear trend where households are spending less on capital goods.

Like the international indices, the Oslo Børs ended up on the year, delivering a return of 9.9 per cent in 2023.

The northern Norwegian economy – Business Barometer for Northern Norway 2023

The Business Barometer for Northern Norway has been an important source of economic information about the region ever since 1995.

For many, 2023 was a year of tightening household budgets. Households particularly felt this thanks to the frequent interest rate hikes, although it was also felt through the rises in prices for a number of goods and services. High interest rates and the growth in costs have also cooled activity in the housing market. In anticipation of better demand, property developers are holding off on starting new projects. This will result in far fewer housing projects being realised in 2024.

The fact that households are less well-off is also being felt in other business sectors – particularly in those segments of the retail trade that sell expensive goods such as furniture and cars. At the same time, this year's Business Barometer shows that there has been a sharp fall in the number of brick-and-mortar shops over time.

Most households will be able to handle higher interest rates since banks had to take this into account when they took out their loans. Unemployment in the region will probably increase, although it has been low as a result of labour shortages. As the economy cools and if the Norwegian krone appreciates, inflation is also expected to slow down.

While households and goods manufacturers experienced a sharp rise in costs as a result of international conditions and the depreciation of the Norwegian krone, the latter had a more positive impact on export-oriented businesses in the region. The seafood, petroleum and tourism industries, in particular, experienced growing demand.

The energy surplus is expected to be absorbed within a few years, and it will take time to establish new power generation and grid capacity, whether that be onshore or offshore. Central authorities have repeatedly pointed to Northern Norway as a possible growth region for green industrial development, but this requires greater access to renewables. New industrial establishments are often planned for areas with a power surplus, which are often rural areas.

To achieve development and transition in the region, decision-makers will have to make some tough trade-offs, both to facilitate activity and settlement and to protect existing interests and achieve a green transition. Coexisting with existing industries and interests is a prerequisite for the establishment of new activities – for example offshore wind power.

The business sectors in the various regions of Northern Norway have their distinct characteristics. Many of the jobs are found where natural advantages exist or close to the locations of the resources, whether this be power generation, fisheries, aquaculture or petroleum activities. The business sector plays a role in social development through value creation, cooperation with municipalities on regional and housing development and access to expertise. Thus, the emergence of new industries, but also the restructuring and strengthening of existing industries, can make a positive contribution. Creating attractive communities is important when it comes to attracting people and labour, especially for less central municipalities.

The full report can be read on kbnn.no.

Sustainability

Sustainability and climate risks are embedded in the Group's business and risk strategy, with quarterly reporting to the Board. As the largest financial player in Northern Norway, SpareBank 1 Nord-Norge aims to be a driving force behind sustainable development.

The following goals have been set in order to fulfil this ambition:

- Green transition of Northern Norway: goal of net zero in the loan portfolio by 2040
- Attractive and inclusive region: Goal of contributing positively to migration flow by 2030
- Arctic Ocean region: goal of 70 per cent of the ocean industries portfolio qualifying for green financing by 2030

At the start of 2024, SpareBank 1 Nord-Norge has drawn up a transition plan that describes how we will achieve the net zero ambition in the loan portfolio by 2040. The plan applies for 2 years and will be revised by no later than 2026.

SpareBank 1 Nord-Norge's green framework is based on key sectors in the region and for SpareBank 1 Nord-Norge and links our lending to potential green funding in the capital market. This framework is designed to strengthen the Group's work on climate-related risk and meet new regulations and requirements, as well as to help northern Norwegian business and industry restructure in connection with the green transition. The SpareBank 1-alliansen also has a green finance framework that connects our green assets (green product framework) to green financing. The eligibility of assets is assessed by the Group's ESG team. The status of the green portfolio in 4Q23 was MNOK 15 890, unchanged from 31.12.22. The Group is constantly seeking to improve ESG data quality, and work is underway on increasing the amount of energy labelling in the portfolio.

Please also see the forthcoming Annual Report 2023, which provides supplementary information such as the Group's climate report and ESG reporting on sustainability.

Financial performance

(Amount in NOK million)	4Q23	4Q22	Change	31.12.23	31.12.22	Change
Total income	1 612	1 320	292	5 297	4 064	1 233
Total costs	593	457	136	1 908	1 637	271
Losses	91	22	69	116	63	53
Tax	172	178	-6	725	513	212
Profit after tax	756	663	93	2 548	1 851	697

The Group's profitability target is a return on equity that is among the best for comparable financial services groups. The Board currently considers this to be a return on equity of 13 per cent or more.

The income statement for 4Q23 in isolation shows a profit after tax of MNOK 756 (MNOK 663). As at 4Q23, profit amounted to MNOK 2 548 (MNOK 1 851), which results in a return on equity of 16.4 per cent (11.9 per cent).

The year-on-year improvement in profit was largely due to increased net interest income thanks to seven rate hikes in 2022 and six rate hikes in 2023.

Net interest income

Norges Bank raised its policy rate again on 14.12.23 by 0.25 percentage points to 4.50 per cent.

SpareBank 1 Nord-Norge followed the development of the policy rate during 2023 and raised deposit and lending rates for customers in the last quarter by up to 0.25 percentage points from 20.12.23.

Net interest income for 4Q23 in isolation was MNOK 997, MNOK 230 higher than in 4Q22 (MNOK 767) and MNOK 42 higher than in 3Q23 (MNOK 955).

As at 4Q23, net interest income was MNOK 3 627 (MNOK 2 556).

As at 31.12.23, net interest income represented 2.85 per cent of average total assets (2.09 per cent).

Income from the loan portfolio transferred to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt totalled MNOK 116 as at 4Q23 (MNOK 217) and was booked as commission income. This income amounted to MNOK 14 for 4Q23 in isolation (MNOK 32).

Funding costs in the mortgage credit institutions are rising because the NIBOR rate has increased faster than it has been possible to increase customer rates, which in turn reduces net interest income and commission income from SpareBank 1 Boligkreditt since it is 100 per cent market funded.

Net fee, commission and other operating income

Net fee, commission and other operating income in 4Q23 was MNOK 532 (MNOK 295). As at 4Q23, net fee, commission and other operating income totalled MNOK 1 487 (MNOK 1 234).

As mentioned above, increased funding costs are affecting commission income from SpareBank 1 Boligkreditt, which was MNOK 100 lower than for the same period last year and MNOK 18 lower than for 4Q22 in isolation.

In 4Q23, the capital markets business was transferred to SpareBank 1 Markets. In connection with this, a gain of MNOK 229 was recognised in the income statement under other operating income. Also see the section on the Group's equity portfolio below.

See Note 4 in the quarterly report for a more detailed specification of net fee, commission and other operating income.

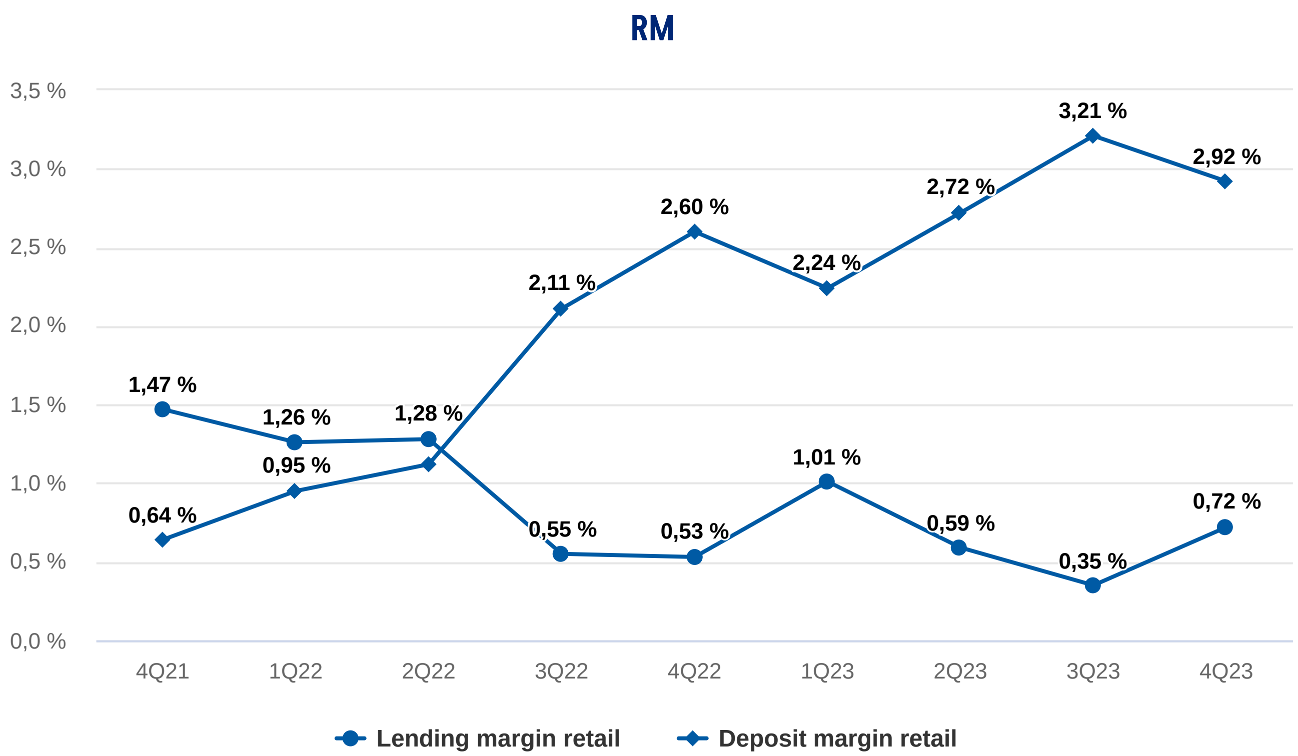
Developments in market divisions

Retail Market

Net interest income amounted to MNOK 478 for 4Q23 in isolation (MNOK 382), compared with MNOK 458 in 3Q23. Net interest income as at 4Q23 was MNOK 1 710 (MNOK 1 213).

Net fee, commission and other operating income for the quarter was MNOK 125 (MNOK 150), compared with MNOK 138 in 3Q23. Commission income from SpareBank 1 Boligkreditt in the last quarter amounted to MNOK 13, MNOK 18 lower than in 4Q22 (MNOK 31). As at 4Q23, net fee, commission and other operating income amounted to MNOK 575 (MNOK 669).

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



Retail Market's lending margin increased by 0.37 percentage points over the quarter (-0.02 percentage points) due to the larger increase in product interest rates than the increase in average funding costs.

Competition on prices for well-collateralised mortgage loans remains significant, which is making it difficult to maintain the lending margin over time.

Lending growth in Retail Market, including loans transferred to SpareBank 1 Boligkreditt, for 4Q23 in isolation was 0.8 per cent, which represents annualised growth of 3.0 per cent (4.0 per cent). Actual growth in the past 12 months was 3.8 per cent (5.3 per cent). As at 31.12.23, the Parent Bank's total gross lending in Retail Market, excluding loans transferred to SpareBank 1 Boligkreditt, was MNOK 44 311 (MNOK 45 795).

The average NIBOR rate increased in 4Q23 and should have had a positive effect on the deposit margin. However, the margin has fallen by -0.29 percentage points (+0.49 percentage points) due to higher product interest rates for deposit products. We expect deposit margins to decrease somewhat going forward, although this will depend on how the NIBOR interest rate develops and the competitive situation on deposits.

Deposits in Retail Market grew by -0.1 per cent in the last quarter. On an annualised basis, this represents annual growth of -0.2 per cent (-2.2 per cent). Actual deposit growth in Retail Market in the past 12 months was 3.3 per cent (3.8 per cent).

Total operating costs in the division amounted to MNOK 192 for 4Q23 (MNOK 179), compared with MNOK 170 in 3Q23. Total operating costs as at 4Q23 were MNOK 671 (MNOK 697). The development in costs is commented on in more detail in the section on operating costs.

At the end of 4Q23, 208 FTEs worked in Retail Market in the Parent Bank, the same as at 4Q22.

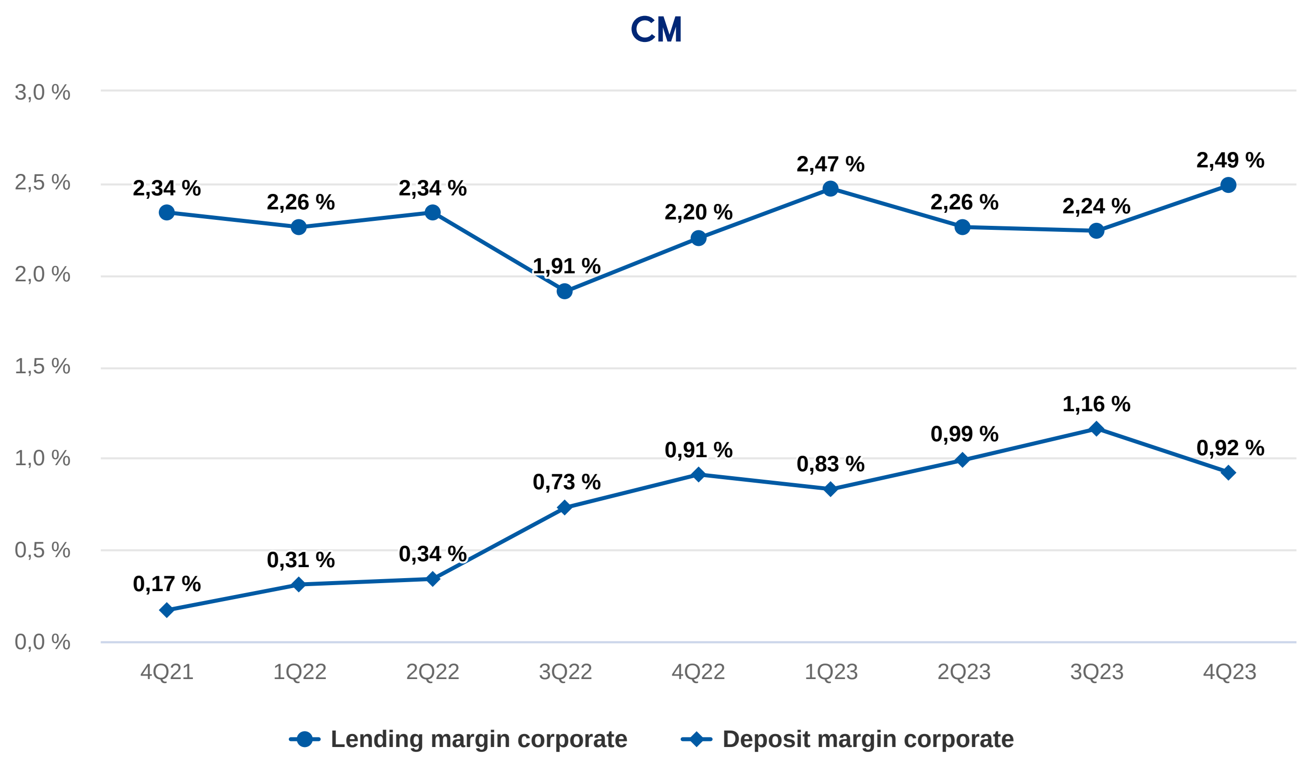
Booked losses in Retail Market amounted to MNOK 0 for 4Q23 (MNOK 0), compared with MNOK -3 (income) in 3Q23. Recognised losses in Retail Market as at 4Q23 amounted to MNOK -11 compared with MNOK 7 as at 4Q22.

Corporate Market

Net interest income amounted to MNOK 380 for 4Q23 in isolation (MNOK 298), compared with MNOK 362 in 3Q23. Net interest income as at 4Q23 was MNOK 1.372 (MNOK 1.018).

Net fee, commission and other operating income in the quarter was MNOK 40 (MNOK 39), compared with MNOK 48 in 3Q23. As at 4Q23, net fee, commission and other operating income amounted to MNOK 169 (MNOK 154).

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



The lending margin in Corporate Market measured against the average 3-month NIBOR increased by 0.25 percentage points in 4Q23 (0.29 percentage points. The margin in Corporate Market was to a large extent directly linked to the development of the NIBOR rate as 81 per cent (82 per cent) of the loan portfolio is linked to the NIBOR rate.

Lending grew by 3.6 per cent in Corporate Market in 4Q23 in isolation (2.9 per cent), which when annualised represents growth of 14.5 per cent (11.4 per cent). Actual growth in the past 12 months was 15.5 per cent (7.4 per cent). It is pleasing that the Group's greater focus on Corporate Market is now producing effects, and balanced growth both geographically and from a sector perspective, with a preponderance of ocean industries.

The total gross lending volume as at 4Q23 was MNOK 52 278 (MNOK 45 666).

The deposit margin in Corporate Market measured against the 3-month NIBOR fell by -0.24 percentage points in the quarter (+0.18 percentage points). The reason why the margin has not fallen as much as it has for Retail Market is that 65 per cent (64 per cent) of the deposits are linked to the NIBOR rate.

Growth in deposits in Corporate Market in 3Q23 in isolation amounted to 1.5 per cent (-5.4 per cent). Annualised, this represents 6.1 per cent (-21.7 per cent). Actual growth in deposits in the past 12 months was 7.6 per cent, inclusive of the public sector market (6.0 per cent).

Total operating costs in Corporate Market amounted to MNOK 192 in 4Q23 (MNOK 109), compared with MNOK 170 in 3Q23. Total operating costs as at 4Q23 amounted to MNOK 389 (MNOK 403).

As at 4Q23, 98 FTEs worked in Corporate Market in the Parent Bank, eight more than as at 4Q22.

Booked losses in Corporate Market amounted to MNOK 78 for 4Q23 (MNOK 14), compared with MNOK 20 in 3Q23. Booked losses in Corporate Market as at 4Q23 amounted to MNOK 81 compared with MNOK 49 as at 4Q22.

Financial Investments – income and events in the accounting period

An overview of the quarter's total income from financial investments can be found in Note 5 of the quarterly report. Additionally, the results from subsidiaries, associated companies and joint ventures are specified in Note 13.

Associated companies and joint ventures

Profit contributions from associated companies and joint ventures totalled MNOK -35 in 4Q23 in isolation (MNOK 147) compared with MNOK -69 (loss) in 3Q23.

Profit contributions amounted to MNOK -61 as at 4Q23 (MNOK 204).

The main associated companies are commented on below.

SpareBank 1 Gruppen
As at 01.01.23, a negative implementation effect on equity with effect from 01.01.22 amounting to MNOK 1 045 was recognised in SpareBank 1 Gruppen in connection with the transition to IFRS 17 and IFRS 9. SpareBank 1 Nord-Norge's share of this was MNOK 202, which was booked against equity on 01.01.22, ref. Note 1. This will be compensated for over time as income is recognised in the income statement in line with the reduction in the insurance liability. This is primarily an accrual effect. This means that when implementing IFRS 17, SpareBank 1 Gruppen must "wait" until it delivers the service to take the income, for example when paying out pension liabilities.

IFRS 17 is forward-looking and looks at the present value of companies' assets and liabilities at any given time, rather than the previous accounting language, where it was income and costs in the last reporting period.

The result for 4Q23 in isolation was MNOK 60 and this was MNOK 692 weaker than in 4Q22 (MNOK 752), although MNOK 124 better than in 3Q23 (MNOK -64). The result from the insurance business is good, but is negatively affected by a write-down in the value of a associated company.

If the result in 4Q22 had been set up in accordance with the new IFRS regulations, the profit would have been MNOK 518, MNOK 236 less than reported in 4Q22. SpareBank 1 Nord-Norge's share would have amounted to MNOK 91 of the majority's share of the profit.

As at 4Q23, the profit for SpareBank 1 Gruppen was MNOK 246, compared with MNOK 1 428 in the restated profit (IFRS 17) as at 4Q22. (MNOK 1 196 reported as at 4Q22 in accordance with the previous regulations).

SpareBank 1 Nord-Norge's share of the result for 4Q23 in isolation amounted to MNOK -51 (MNOK 128).

As at 4Q23, SpareBank 1 Nord-Norge's share of the profit was MNOK -41 (MNOK 175).

SpareBank 1 Boligkreditt

The results for 4Q23 in isolation were affected by higher interest rates/funding costs. The company is a non-profit enterprise. It generated a surplus in 4Q23 of MNOK 143, which is MNOK 136 better than the result for the same period last year (MNOK 7). As at 4Q23, the company posted a surplus of MNOK 479 (MNOK 45).

SpareBank 1 Nord-Norge's share of the result in 4Q23 amounts to MNOK 20 (MNOK -0.8).

As at 4Q23, SpareBank 1 Nord-Norge's share of the profit was MNOK 65 (MNOK 0.7).

SpareBank 1 Mobilitet Holding

The company owns 47.16 per cent of Fleks AS and includes the profit contribution from this company in line with the equity method. The company posted a loss of MNOK 144 for 4Q23, following further write-downs of the value of the shares in Fleks AS.

As at 4Q23, the company posted a loss of MNOK 266 (loss of MNOK 74).

SpareBank 1 Nord-Norge's share of the loss in 4Q23 amounts to MNOK 11 (loss of MNOK 6).

As at 4Q23, SpareBank 1 Nord-Norge's share of the loss was MNOK 82 (loss MNOK 22).

SpareBank 1 Forvaltning

The group consists of the companies SpareBank 1 Forvaltning and ODIN. Total profit as at 4Q23 was MNOK 59 (MNOK 30). ODIN contributed most of the Group's result. As at 4Q23, the company's profit was MNOK 168 (MNOK 173).

SpareBank 1 Nord-Norge's share of the result in 4Q23 amounts to MNOK 8 (MNOK 2).

As at 4Q23, SpareBank 1 Nord-Norge's share of the profit was MNOK 22 (MNOK 23).

SpareBank 1 Betaling

The company is an owner of Vipps Holding AS, which in turn owns MobilePay AS, and includes the result from this company in line with the equity method. The result in SpareBank 1 Betaling for 4Q23 was a loss of MNOK -35 (MNOK 108), which was affected by the operating loss in Vipps AS of MNOK -34 (MNOK 109).

As at 4Q23, the company posted a loss of MNOK -174 (loss of MNOK 65).

SpareBank 1 Nord-Norge's share of the result in 4Q23 amounts to MNOK -6 (MNOK 19).

As at 4Q23, SpareBank 1 Nord-Norge's share of the loss was MNOK -31 (loss MNOK 12).

Subsidiaries

The Group's subsidiaries are fully consolidated in the Group's accounts and have delivered a total profit after tax of MNOK 22 for 4Q23 in isolation (MNOK 28) and MNOK 183 for the full year 2023 (MNOK 186).

- EiendomsMegler 1 Nord-Norge:

Profit after tax of MNOK -2.6 (loss) for 4Q23 in isolation. The corresponding figure for 4Q22 was MNOK -2.2 (loss). 51 fewer units were sold in the quarter, while operating income increased by 5 per cent compared with the corresponding quarter last year. As at 4Q23, 80 more units have been sold, and operating income had increased by 10 per cent compared with the same point last year. Costs in the quarter increased by MNOK 3.3 (6 per cent) compared with 4Q22. As of 4Q23, costs have increased by 13 per cent compared with the previous year. There were 12 more FTEs as at the end of 2023 (109) compared with the same period in 2022 (97).

As at 4Q23, the profit after tax was MNOK 8.8 (MNOK 12.3).

- SB1 Regnskapshuset Nord-Norge:

Profit after tax of MNOK -14.7 (loss) for 4Q23 in isolation. Compared with 4Q22, the profit was MNOK 28 less (MNOK 13.7).

SNN Regnskapshuset's peak season is the first half of the year, although it saw 12 per cent growth in income from ordinary accounting and payroll assignments in 4Q23 and 10 per cent as at 4Q23 compared with the corresponding period the year before. At the same time, total operating costs in the quarter increased by 6 per cent compared with last year. As at 4Q23, the cost was 18 per cent higher than at the same point the year before. This was largely due to more FTEs and the comprehensive implementation of a new IT system.

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

As at 4Q23, there were 286 more FTEs in the three companies, 77 more than as at 4Q22, of which 59 FTEs came from Adwice and ten FTEs came from Flex.

As at 4Q23, the profit after tax was MNOK 4.1 (MNOK 13.7). In addition, the profit after tax in Adwice as at 4Q23 was MNOK 0.6 and in Flex it was MNOK -0.1.

- SB1 Finans Nord-Norge:

Profit after tax of MNOK 40.3 for 4Q23 in isolation, compared with MNOK 38.6 for 4Q22. The company's income increased by 5 per cent and 24 per cent as at 4Q23 compared with last year.

The cost level in the quarter was 19 per cent higher than in 4Q22. Costs as at 4Q23 were 30 per cent higher than last year. The company has 40 FTEs as at 4Q23, one less than at the same time last year.

The net loss in the quarter was MNOK 8.5 higher than in the corresponding quarter last year.

In the year to date, losses have been MNOK 37 higher than last year. The increase was mainly due to higher ECL provisions.

As at 4Q23, the profit after tax was MNOK 165.3 (MNOK 156.5).

Also see the specification in Note 14.

The Group’s equities portfolio

As at 31.12.23, the Group’s equities portfolio amounted to MNOK 1 364, compared with MNOK 1 459 as at 30.09.23 and MNOK 1 528 as at 31.12.22.

The Parent Bank’s equities portfolio saw a change in value in 4Q23 in isolation amounting to MNOK 52 (MNOK 31), which was mainly due to falls in the shares held in SpareBank 1 Helgeland by MNOK 48 and Visa by MNOK 2, while the value of shares in BN Bank ASA increased by MNOK 18. Interest on fund bonds classifies as shares provides MNOK 6 in income, and a loss of NOK 22 has been realized. The equities portfolio in SpareBank 1 Nord-Norge Portefølje fell in value by MNOK 2 in 4Q23.

SpareBank 1 Nord-Norge is strengthening its focus on capital markets and has transferred its own capital markets business, while increasing its ownership in SpareBank 1 Markets from 12.2 per cent to 18.1 per cent. The shareholding has been reclassified from shares at fair value to shares in associated companies. The transaction was approved by the Financial Supervisory Authority of Norway and completed in 4Q23. A realised gain of MNOK 229 was recognised upon the sale of this business.

As at 4Q23, the net change in value of the equity portfolio was an unrealised gain of MNOK 105 (MNOK 21). As at 4Q23, an additional MNOK 101 had been received in share dividends (MNOK 90).

Certificates, bonds, currency and derivatives

As at 31.12.23, the Group’s holdings of certificates and bonds amounted to MNOK 18 189, compared with MNOK 19 843 as at 30.09.23 and MNOK 18 073 as at 31.12.22.

The total net change in value in the bond portfolio in 4Q23 in isolation represents a net unrealised gain of MNOK 6 (MNOK 47), compared with MNOK 24 in 3Q23. Of the change in value, MNOK 10 was due to the positive change in value of the portfolio (spread contraction), and MNOK 6 was due to the negative effect on coupon rates and MNOK 1 was due to a realised gain. In addition, the period saw a MNOK 1 positive change in the value of associated foreign exchange items (MNOK 3) The Group's net income of MNOK 45 from its own capital market activities during the year and up to the sale of this business to SpareBank 1 Markets was recognised in 4Q23.

The Group also saw a positive change in the value of its fixed-rate loan portfolio of MNOK 6 in 4Q23 (MNOK 8).

As at 4Q23, total net changes in the value of the bond portfolio, currency and fixed-rate loans amounted to MNOK 33 (MNOK -41).

A summary of the Group's derivatives as at 31.12.23 can be seen in Note 15 in the quarterly report.

Operating costs

The Group's operating costs for 4Q23 in isolation were MNOK 593, which is MNOK 136 higher than in 4Q22 (MNOK 457) and MNOK 129 higher than the previous quarter (MNOK 464). The Parent Bank's operating costs in the quarter amounted to MNOK 409 (MNOK 309), while operating costs in the subsidiaries amounted to MNOK 184 (MNOK 148).

As at 4Q23, the Group's operating costs amounted to MNOK 1 908, MNOK 271 higher than at the end of 4Q22 (MNOK 1 637). As at 4Q23, the Parent Bank's operating costs were MNOK 1 278, MNOK 131 higher than as at 4Q22 (MNOK 1 147), an increase of 11 per cent. Operating costs in subsidiaries as at 4Q24 amounted to MNOK 630 and have increased by MNOK 140 (28 per cent) compared with last year (MNOK 490).

The increase in costs last year was primarily due to increased investments in subsidiaries, while the increase in the Parent Bank was due to a general increase in prices.

Due to a tight labour market, inflation, growth and a need to invest in ICT, the Group expects somewhat higher cost growth in 2023 than we have seen in recent years, although the Group's long-term target of a cost/income ratio of 40 per cent or less remains unchanged for 2024 as well.

The Group had 956 FTEs as at 4Q23, 104 FTEs more than the 852 as at 4Q22, and four fewer than as at 3Q23 (960). Compared with last year, there are 13 more FTEs in the Parent Bank and 91 FTEs more in the subsidiaries, of which 77 FTEs are in SNN Regnskapshuset. The increase in staffing was mainly due to acquisitions and growth ambitions, especially in Corporate Market and its subsidiaries, although staffing was also increased to deal with strict regulatory requirements and because of the need for more resources in the ICT area.

The costs are specified by main category compared with previous periods in Note 6 in the quarterly accounts.

Losses and non-performing loans

The Group's net losses in 4Q23 in isolation amounted to MNOK 91 (MNOK 22): MNOK 0 (MNOK 6) from the retail market and MNOK 90 (MNOK 16) from the corporate market. Net loss in 4Q23 consists of MNOK 74 in recognised losses/changes in individual loss provisions, MNOK 19 in increased ECL provisions, and MNOK 1 in receipts on previously impaired receivables.

As at 4Q23, the Group's net losses amounted to MNOK 116 (MNOK 63): MNOK -11 from the retail market (MNOK 7) and MNOK 127 from the corporate market (MNOK 56). Net income/loss as at 4Q23 consisted of MNOK 103 in recognised losses/changes in individual loss provisions (MNOK 44), MNOK 24 in increased ECL provisions (MNOK 30), and MNOK 10 in receipts on previously impaired receivables (MNOK 12).

The Group continues to see little negative risk migration and few bankruptcies in its loan portfolio as a result of the macro situation. In general, we have a solid and diversified customer portfolio with low to moderate risk, however we pay close attention to and closely monitor exposed industries such as commercial property, construction and the wholesale and retail trade.

As at 31.12.23, total loss provisions on loans came to MNOK 813 (MNOK 735), which was MNOK 83 higher than at the end of the preceding quarter (MNOK 730). Loan loss provisions amount to 0.80 per cent of the Group's total gross lending (0.77 per cent), and 0.56 per cent of gross lending to customers including loans transferred to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt (0.54 per cent). The corresponding ratios as at 30.09.23 were 0.74 per cent and 0.51 per cent.

As at 31.12.23, the Group's total loss provisions for loans and guarantees classified as Stage 1 and Stage 2 amounted to MNOK 546 (MNOK 546), MNOK 5 higher than at the end of the preceding quarter (MNOK 541).

As at 31.12.23, loss provisions for loans and guarantees classified as Stage 3 amounted to MNOK 271 (MNOK 190) compared with MNOK 189 as at 30.09.23. This equates to a loss provision ratio of 32 per cent (33 per cent) of non-performing and doubtful commitments, compared with 23 per cent at the end of the preceding quarter. The provisions in 4Q23 were MNOK 82 higher than in the preceding quarter.

Please refer to notes 2, 8 and 11 in the quarterly report, which describe the Group's assessments concerning factors affecting loss provisions in 4Q23, including the consequences of the changed ECL model. Please also see Note 13 of the annual report for 2022.

In the opinion of the Board, the quality of the Group's loan portfolio is good, and the Group is doing high quality work in connection with non-performing and impaired commitments. There will continue to be a strong focus on this work going forward.

Balance sheet development

Lending
At the end of 4Q23, loans totalling BNOK 45 (BNOK 39) had been transferred to SpareBank 1 Boligkreditt and BNOK 0.1 (BNOK 0.3) had been transferred to SpareBank 1 Næringskreditt. These loans do not appear as lending on the Bank's balance sheet. Nevertheless, the comments on the growth in lending also include the loans transferred to the mortgage credit institutions.

For 2024 as a whole, the Group expects lending growth of 2-5 per cent in Retail Market and lending growth of 4-7 per cent in Corporate Market. However, the uncertainty surrounding lending growth has increased, and somewhat lower growth is expected in 2H23 than the Group has achieved so far this year.

The competition remains fierce, especially in the mortgage market, but the Group is competitive and is taking market share. The overall growth in loans to customers in 4Q23 was 0.8 per cent in Retail Market and 3.6 per cent in Corporate Market. This represents annualised growth of 3.0 per cent in Retail Market and 14.5 per cent in Corporate Market. Actual growth over the past 12 months was 3.8 per cent in Retail Market (5.3 per cent) and 15.5 per cent in Corporate Market (7.4 per cent).

Retail Market accounted for 65 per cent of total lending as at 4Q23 (67 per cent).

The Group's lending is specified in Note 10 in the quarterly report.

Liquidity

Customer deposits are the Group's most important source of funding and Note 16 in the quarterly report provides an overview of the Bank's deposits.

The deposit coverage ratio as at 4Q23 was 84 per cent, compared with 85 per cent as at 4Q22. The Bank's remaining funding, apart from equity and subordinated capital and deposits from customers, is mainly long-term funding from the capital markets. The Bank's access to liquidity and the key figures for liquidity are satisfactory. The Bank's strategic objective is to keep overall liquidity risk at a low level. LCR (Liquidity Coverage Ratio) as at 4Q23 was 150 per cent (146 per cent). The net stable funding ratio (NSFR) as at 4Q23 was 117 per cent (120 per cent).

The senior preferred rating from Moody's as at 31.12.23 was Aa3, and the senior non-preferred rating A3.

Please refer also to Note 22 on liquidity risk in the quarterly report.

Financial strength and capital adequacy

SpareBank 1 Nord-Norge is subject to the regulatory capital requirements set out in CRR2/CRDV.

In December 2023, the Financial Supervisory Authority of Norway set a new Pillar 2 requirement (SREP) for SpareBank 1 Nord-Norge. As at 31.12.23, the Pillar 2 requirement is 1.4 per cent of the consolidated risk exposure amount. This is a reduction from the previous requirement of 1.5 per cent. Furthermore, the minimum requirement must be met with a minimum of 56.25 per cent Common Equity Tier 1 capital and at least 75 per cent Tier 1 capital. This, too, represents an easing compared with before.

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

In the calculation the actual share of profit for the year that has not been set aside for dividends is included.

For a more detailed description of the area, please see the Group's annual report.

	31.12.23	31.12.22	Change
Common Equity Tier 1 Capital Ratio	17,1 %	17,3 %	-0,1 %
Tier 1 Capital Ratio	18,9 %	18,3 %	0,6 %
Capital Adequacy Ratio	21,4 %	19,9 %	1,5 %
Leverage Ratio	7,9 %	7,4 %	0,5 %

The Group's Common Equity Tier 1 capital as at 4Q23 was MNOK 13 466 and was MNOK 1 116 higher than as at 4Q22 (MNOK 12 351) and MNOK 131 higher than as at 3Q23 (MNOK 13 335). The change in the last quarter was mainly due to the effect on profit.

The Common Equity Tier 1 capital ratio of 17.2 per cent is 1,4 percentage points above the Group's capital target (15.8 per cent), and 2,4 percentage points above the regulatory minimum level (14.8 per cent).

The risk exposure amount (RWA) as at 4Q23 was MNOK 78 527 and has increased by MNOK 7 127 compared with 4Q22 (MNOK 71 399) and MNOK 2 584 compared with 3Q23 (MNOK 75 942). This was mainly due to growth and thus increased exposure in the IRB portfolio.

The capital adequacy calculation is shown in Note 21 of the quarterly report.

Proposed profit allocation

The dividend calculation is based on the Group's profit after tax, adjusted for accrued interest on issued hybrid Tier 1 instruments and minority interests.

After this, the profit after tax is distributed between the ECC holders and the Bank's community-owned capital in accordance with the relative distribution of equity between the owner groups as at 01.01.23, 43.36 per cent and 53.64 per cent, respectively.

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

(Amount in NOK million)	31.12.23	31.12.22	Change
Parent Bank's profit after tax	2 520	1 824	696
Interests hybrid capital	60	37	23
Profit to allocate	2 460	1 787	673
Cash dividend per ECC (NOK)	7,00	8,20	(1,20)
Allocated to cash dividend	703	813	-110
Allocated to dividend equalisation fund	438	5	433
Total to the equity certificate holders	1 141	818	323
Share of profit	*46,36 %*	*46,36 %*	*0,00 %*
Allocated to donations	813	953	-140
Allocated to the Saving Banks Fund	506	6	500
Total to the Bank's community-owned capital	1 319	959	360
Share of profit	*53,64 %*	*53,64 %*	*0,00 %*
Total allocated	2 460	1 777	683
Withheld share of Group result	38,4 %	0,7 %	37,7 %
Withheld share of Parent Bank result	49,3 %	8,2 %	41,1 %
Payout ratio Group	61,6 %	99,3 %	-37,7 %
Payout ratio Parent Bank	50,7 %	91,8 %	-41,1 %

The allocation of the profit entails an equal payout ratio for the Bank's ECC holders and community-owned capital. The distribution ratio represents a total of 61.6 per cent (99.3 per cent) of the Group's profit and is in line with the Group's dividend policy.

In determining the proposed dividend, thorough assessments of the Group's financial strength, liquidity and financial performance were carried out, including stress tests showing the consequences of negative scenarios. These assessments indicate that the proposed dividend is prudent.

As at 31.12.23, capital adequacy, after the proposed dividend, was higher than both the regulatory requirement and the internal target. This means that our loss-absorbing capacity is high. Nevertheless, please note that the Financial Supervisory Authority of Norway can, when considerations regarding the financial institution's financial strength indicates it is appropriate, instruct a bank not to distribute a dividend or to distribute less that what has been proposed by the Board or approved by the Supervisory Board.

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

The Bank's ECC will be traded ex dividend as at 15.03.24.

The equity certificate holders' proportion of the equity (ownership fraction) has not changed and was calculated as 46.36 per cent as of 01.01.24.

Concluding remarks and outlook

The northern Norwegian economy has developed better than the national average ever since before the financial crisis Northern Norway continues to enjoy lower unemployment than the average for Norway and important industries in the region are faring well, which is also driven by high commodity prices and a weak Norwegian krone. The region has also seen, and for the next few years is likely to continue to see, low energy prices. However, in the long term, power generation in the region must be expanded in order to realise ambitious plans for the development of new green industry.

The exchange rate is an important factor for an export-oriented northern Norwegian economy, and the current weak Norwegian krone is, all else being equal, beneficial for the northern Norwegian economy. The profitability of important industries in the region suggests that an expected appreciation of the Norwegian krone will not have any major adverse consequences. The positive effect of correspondingly lower interest rates may in any case balance any negative consequences.

Compared with recent years, interest rates are high. High interest rates are negative for many industries and will initially be felt through reduced new housing starts and new construction projects. This is also being felt in the wholesale and retail trade, particularly in the car sector and in relation to capital goods. Commercial property will also be adversely affected. Although the effects seen so far have been moderate in our region, which generally sees far more moderate yields than central cities in the south, we expect property prices to fall.

The long-term effect of the resources rent tax and a sharp tightening of the wealth tax in recent years have generated negative signals for the northern Norwegian economy. Nevertheless, it is positive that the level of resources rent tax has been decided in that the industry now knows with what it has to deal. As a consequence, the level of investment in ocean industries is picking up somewhat, although this is also being driven by high seafood prices. The whitefish industry has been uncertain about the quota report. The quota report has now been launched, and given that it passes through the Norwegian Parliament, there will be no major changes. The general drop in fishing quotas for 2024 and the outlook ahead are probably more challenging for the industry than the effects of the quota report. Continued high prices and good demand for seafood are pulling in the opposite direction.

Previously, a large public sector has proved beneficial for the region during economic downturns. Most of the increase in defence spending is also expected to take place in the region. The total impact of the positive and negative effects is not a given, although there is still reason to expect Northern Norway to fare better than the rest of the country in the coming years as well. Nonetheless, 2024 will be a more demanding year for the region than previous years have been. This will require extra vigilance and a bank that takes a proactive approach to its customers, one of the things we always focus heavily on.

SpareBank 1 Nord-Norge is well positioned, financially very strong and liquid with a good customer portfolio and a strong market position in a region with good conditions for favourable economic development. A strong focus on customers and in-depth knowledge of the people and businesses in our region will enable us to strengthen our market position both in 2023 and the future.

All things considered, the Group's future prospects are believed to be good.

Tromsø, 07.02.24

The Board of SpareBank 1 Nord-Norge

Statement of Financial Performance

Parent Bank						Group			
(Amounts in NOK million)									
4Q22	4Q23	31.12.22	31.12.23		Note	31.12.23	31.12.22	4Q23	4Q22
1 216	1 802	3 540	6 214	Interest income	3	6 561	3 824	1 888	1 281
522	899	1 280	2 954	Interest costs	3	2 934	1 268	891	514
694	903	2 260	3 260	Net interest income		3 627	2 556	997	767
200	190	849	784	Fee- and commission income	4	1 045	1 088	244	266
17	20	56	67	Fee- and commission costs	4	90	79	24	21
1	234	5	234	Other operating income	4	532	225	312	50
184	404	798	951	Net fee- and other operating income		1 487	1 234	532	295
22	3	90	101	Dividend	5	101	90	3	22
53	9	506	716	Income from investments	5,13	- 56	204	- 28	147
90	87	- 21	41	Net gain from investments in securities	5	138	- 20	108	89
165	99	575	858	Net income from financial investments		183	274	83	258
0	0	0	0			0	0		
1 043	1 406	3 633	5 069	Total income		5 297	4 064	1 612	1 320
135	193	541	619	Personnel costs	6	1 000	844	317	221
113	139	427	456	Administration costs	6	530	485	157	152
16	15	68	60	Ordinary depreciation	6,7	88	92	22	23
45	62	111	143	Other operating costs	6	290	216	97	61
309	409	1 147	1 278	Total costs		1 908	1 637	593	457
734	997	2 486	3 791	Result before losses		3 389	2 427	1 019	863
17	79	54	71	Losses	8	116	63	91	22
717	918	2 432	3 720	Result before tax		3 273	2 364	928	841
170	167	459	671	Tax		725	513	172	178
547	751	1 973	3 049	Result after tax		2 548	1 851	756	663
				Attributable to:					
				Controlling interests		2 521	1 824	752	659
				Non-controlling interests		27	27	4	4
				Result per Equity Certificate					
2,49	3,37	8,98	13,80	Result per Equity Certificate, adjusted for interests hybrid capital		11, 36	8, 25	3, 38	3, 01

Other comprehensive income

4Q22	4Q23	31.12.22	31.12.23		31.12.23	31.12.22	4Q23	4Q22
547	751	1 973	3 049	Result after tax	2 548	1 851	756	663
				Items that will not be reclassified to profit/loss				
0	0	0	0	Share of other comphrehensive income from investment in assosiated companies	6	4	4	- 3
0	0	0	0	Actuarial gains (losses) on benefit-based pension schemes	0	0	0	0
0	0	0	0	Tax	0	0	0	0
0	0	0	0	Total	6	4	4	- 3
				Items that will be reclassified to profit/loss				
0	0	0	0	Net change in fair market value of financial assets available for sale	0	0	0	0
0	0	0	0	Share of other comphrehensive income from investment in assosiated companies	-92	81	- 60	- 98
0	0	0	0	Tax	0	0	0	0
0	0	0	0	Total	- 92	81	- 60	- 98
547	751	1 973	3 049	Total comprehensive income for the period	2 462	1 936	700	562
2,49	3,37	8,98	13,80	Total result per Equity Certificate, adjusted for interests hybrid capital	10,97	8,64	3,12	2,54

Balance sheet

Parent Bank				Group	
(Amounts in NOK million)					
31.12.22	31.12.23		Notes	31.12.23	31.12.22
		Assets			
145	402	Cash and balances with central banks		402	145
8 654	9 300	Loans to credit institutions	10	2 304	1 787
84 205	89 086	Loans to customers	10,11,12	98 032	92 850
1 513	1 359	Shares	12	1 364	1 528
18 069	18 187	Certificates and bonds	12	18 189	18 073
1 458	1 422	Financial derivatives	12,15	1 422	1 458
5 089	5 758	Investment in Group Companies, assosiated companies and joint ventures	13	4 858	4 861
406	402	Fixed assets	7	811	829
583	504	Other assets	14	756	788
120 122	126 420	Total assets		128 138	122 319
		Liabilities			
1 186	1 165	Depsits from credit institutions	16	1 164	1 185
79 566	82 560	Deposits from customers	16	82 495	79 484
15 336	13 970	Debt securities in issue	17	13 970	15 336
1 259	1 198	Financial derivatives	12,15	1 198	1 259
2 814	3 055	Other liabilities	18	3 754	3 414
5 718	8 367	Senior non-preferred and subordinated debt	19	8 367	5 718
105 879	110 315	Total liabilities		110 948	106 396
		Equity			
2 650	2 650	Equity Certificate capital and premium reserve	20	2 650	2 650
600	1 250	Hybrid capital	20	1 250	600
3 676	4 238	Dividend Equalisation Fund	20	4 628	4 347
7 317	7 967	Saving Bank's primary capital	20	8 417	8 095
		Non-controlling interests	20	245	231
14 243	16 105	Total equity		17 190	15 923
120 122	126 420	Total liabilities and equity		128 138	122 319

Statement of Changes in Equity

(Amounts in NOK million)	EC capital and Premium Fund	Dividend Equalisation Fund	Saving Bank's primary capital	Hybrid capital	Total controlling interests	Non-controlling interests	Total equity
Group							
Equity at 31.12.21	2 650	4 619	8 407	780	16 456	197	16 653
Effects due to implementation of IFRS 17/IFRS 9 in Sp 1 Gruppen, our share		- 108	- 126		- 234		- 234
Equity at 01.01.22	2 650	4 511	8 281	780	16 222	197	16 419
Total comprehensive income for the period							
Period result		846	978		1 824	27	1 851
Other comprehensive income:							
Share of other comprehensive income from investment in assosiated companies		54	63		117		117
Tax on other comprehensive income							
Total other comprehensive income		54	63		117		117
Total comprehensive income for the period		900	1 041		1 941	27	1 968
Transactions with owners							
Dividend paid		-1 044			-1 044	- 30	-1 074
Other transactions		- 2			- 2	4	2
Interests hybrid capital - this year		- 17	- 20		- 37		- 37
Approved society dividend			-1 208		-1 208		-1 208
Total transactions with owners		-1 063	-1 228	- 180	-2 471	7	-2 464
Equity at 31.12.22	2 650	4 347	8 095	600	15 692	231	15 923
Equity at 01.01.23	2 650	4 347	8 095	600	15 692	231	15 923
Total comprehensive income for the period							
Period result		1 170	1 351		2 521	27	2 548
Other comprehensive income:							
Share of other comprehensive income from investment in assosiated companies		- 40	- 46		- 86		- 86
Tax on other comprehensive income							
Total other comprehensive income		- 40	- 46		- 86		- 86
Total comprehensive income for the period		1 130	1 305		2 435	27	2 462
Transactions with owners							
Changes in controlling interests						15	15
Hybrid capital				650	650		650
Dividend paid		- 824			- 824	- 27	- 851
Other transactions		3	1		4	- 1	3
Interests hybrid capital - this year		- 28	- 32		- 60		- 60
Approved society dividend			- 952		- 952		- 952
Total transactions with owners		- 849	- 983	650	-1 182	- 13	-1 195
Equity at 31.12.23	2 650	4 628	8 417	1 250	16 945	245	17 190

Change of principle is described in note 1

Statement of Cash Flows

Parent Bank				Group	
(Amounts in NOK million)					
31.12.22	31.12.23		Notes	31.12.23	31.12.22
2 432	3 720	Profit before tax		3 273	2 364
68	60	+ Ordinary depreciation	7	88	92
0	0	+ Write-downs, gains/losses fixed assets		0	0
54	71	+ Losses on loans and guarantees	8	116	63
459	671	- Tax/Result non-current assetes held for sale		725	513
2 095	3 180	Provided from the year's operations		2 752	2 006
1 600	222	Change in sundry liabilities: + increase/ - decrease	18	323	1 525
- 646	115	Change in various claims: - increase/ + decrease	14	68	- 538
-3 864	-5 598	Change in gross lending to and claims on customers: - increase/ + decrease	10,11,12	-5 815	-3 992
1 072	36	Change in short term-securities: - increase/ + decrease	12	48	1 068
3 358	2 994	Change in deposits from and debt owed to customers: + increase/ - decrease	16	3 011	3 335
63	- 21	Change in deposits from and debt owed to credit institutions: + increase/ - decrease	16	- 21	93
3 678	928	A. Net liquidity change from operations		366	3 497
-14	-56	- Investment in fixed assets	7	- 70	- 62
0	0	+ Sale of fixed assets		0	0
-425	-767	Payments to group companies and assosiated companies	13	- 767	- 425
56	98	Payment from/Change in values of group companies and assosiated companies	13	701	286
- 383	- 725	B. Liquidity change from investments		- 136	- 201
- 37	- 60	Interest to hybrid capital owners		- 60	- 37
- 47	- 43	Payments to leases	7	- 55	- 51
-2 252	-1 776	- Dividend paid on EC/approved distributions		-1 806	-2 282
-6 241	-4 667	Decrease in borrowings through the issuance of securities	17	-4 667	-6 241
4 050	3 951	Increase in borrowings through the issuance of securities	17	3 951	4 050
- 287	- 350	Decrease in subordinated loan capital/hybrid capital	19	- 350	- 287
1 265	2 999	Increase in subordinated loan capital/hybrid capital	19	2 999	1 265
		Payment from non-controlling interests		15	33
-3 549	54	C. Liquidity change from financing		27	-3 550
- 254	257	A + B + C. Total change in liquidity		257	- 254
399	145	+ Liquid funds at the start of the period		145	399
145	402	= Liquid funds at the end of the period		402	145

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

Result from the Group's quarterly accounts

(Amounts in NOK million)		4Q23	3Q23	2Q23	1Q23	4Q22	3Q22	2Q22	1Q22	4Q21
Interest income		1 888	1 757	1 525	1 391	1 281	981	823	739	682
Interest costs		891	802	670	571	514	327	229	198	148
Net interest income		997	955	855	820	767	654	594	541	534
Fee- and commission income		244	258	284	259	266	281	280	261	301
Fee- and commission costs		24	19	24	23	21	20	21	17	30
Other operating income		312	69	78	73	50	51	57	67	148
Net fee- and other operating income		532	308	338	309	295	312	316	311	419
Dividend		3	2	40	56	22	2	65	1	1
Income from investments		- 28	- 69	3	38	147	28	18	11	189
Net gain from investments in securities		108	24	- 38	44	89	- 24	- 149	64	155
Net income from financial investments		83	- 43	5	138	258	6	- 66	76	345
Total income		1 612	1 220	1 198	1 267	1 320	972	844	928	1 298
Personnel costs		317	241	220	222	221	213	203	207	293
Administration costs		157	130	121	122	152	100	113	120	150
Ordinary depreciation		22	22	22	22	23	22	23	24	24
Other operating costs		97	71	67	55	61	53	57	45	105
Total costs		593	464	430	421	457	388	396	396	572
Result before losses		1 019	756	768	846	863	584	448	532	726
Losses		91	52	30	- 57	22	56	17	- 32	- 112
Result before tax		928	704	738	903	841	528	431	564	838
Tax		172	192	179	182	178	139	86	110	123
Result after tax		756	512	559	721	663	389	345	454	715
Interest hybrid capital		21	15	13	11	10	9	8	10	8
Result after tax ex. interest hybrid capital		735	497	546	710	653	380	337	444	707
Profitability										
Return on equity capital	1	18,8 %	13,2 %	15,1 %	19,1 %	17,2 %	10,1 %	9,0 %	11,6 %	18,0 %
Interest margin		2,85 %	2,76 %	2,65 %	2,63 %	2,09 %	1,95 %	1,86 %	1,80 %	1,77 %
Cost/income	2	36,8 %	38,0 %	35,9 %	33,2 %	34,6 %	39,9 %	46,9 %	42,7 %	44,1 %
Balance sheet figures										
Loans and advances excl. commision loans		101 093	99 809	98 199	95 300	95 265	93 609	91 783	91 351	91 351
-of which loans and advances to financial institutitons		2 304	2 121	3 689	1 787	1 944	1 447	1 539	1 365	1 365
-of which loans and and advances to customers		98 789	97 688	94 510	93 513	93 321	92 162	90 244	89 986	89 986
Loans incl. loans to SB1 BK and SB1 NK		143 438	140 965	135 091	133 243	131 134	128 463	126 523	125 739	125 739
Growth in loans and advances to cust. incl. loans in SB1 BK & NK past 12 months	3	7,7 %	7,5 %	7,7 %	6,8 %	6,0 %	-1,3 %	-1,9 %	-1,5 %	-1,1 %
Deposits		83 659	85 736	85 952	82 526	80 669	81 765	84 813	79 679	77 241
-of which deposits from financial institutions		1 164	1 589	1 107	861	1 185	1 646	1 308	1 095	1 092
-of which deposits from customers		82 495	84 147	84 845	81 665	79 484	80 119	83 505	78 584	76 149
Growth in deposits from customers past 12 months	3	3,8 %	5,0 %	1,6 %	3,9 %	4,4 %	2,4 %	3,3 %	3,8 %	4,1 %
Deposits as a percentage of gross lending	4	83,5 %	86,1 %	86,6 %	86,4 %	85,0 %	85,9 %	90,6 %	87,1 %	84,6 %
Deposits as a percentage of gross lending including loans in SB1 BK & NK	5	57,5 %	59,7 %	61,3 %	60,5 %	59,7 %	61,1 %	65,0 %	62,1 %	60,6 %
Average assets	6	127 155	126 909	126 302	124 535	122 377	122 342	121 897	119 977	120 264
Total assets		128 138	128 728	129 838	126 548	122 521	123 676	125 737	120 773	119 180
Losses on loans and commitments in default										
Losses on loans to customers as a percentage of total lending incl. loans in SB1 BK & NK		0,08 %	0,02 %	-0,02 %	-0,04 %	0,05 %	0,03 %	-0,01 %	-0,02 %	-0,18 %
Net comm. in default and at risk of loss as a per. of total lending incl. loans in SB1 BK & NK		0,40 %	0,44 %	0,35 %	0,36 %	0,35 %	0,35 %	0,35 %	0,34 %	0,27 %

Solidity									
Common Equity Tier 1 Capital	**13 466**	13 341	13 187	12 656	12 351	13 182	13 753	13 464	13 097
Tier 1 Capital	**14 848**	14 328	14 135	13 603	13 082	14 098	14 669	14 618	14 001
Own Funds	**16 824**	15 870	15 366	14 834	14 230	15 270	15 790	15 725	15 109
Risk exposure amount	**78 527**	75 942	75 407	73 071	71 399	70 036	71 082	71 703	61 866
Common Equity Tier 1 Capital Ratio	**17,1 %**	17,6 %	17,5 %	17,3 %	17,3 %	18,8 %	19,3 %	18,8 %	18,7 %
Tier 1 Capital Ratio	**18,9 %**	18,9 %	18,7 %	18,6 %	18,3 %	20,1 %	20,6 %	20,4 %	20,0 %
Total Capital Ratio	**21,4 %**	20,9 %	20,4 %	20,3 %	19,9 %	21,8 %	22,2 %	21,9 %	21,6 %

1) The profit after tax in relation to average equity, calculated as a quarterly average of equity at 1 January and end quarterly equity. The Bank's hybrid tier 1 capital issued are classified as equity in the financial statements. "However, when calculating the return on equity, hybrid tier 1 capital is treated as a liability and the associated interest costs are adjusted for in the result."

2) Total costs as a percentage of total net income

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

4) Deposits from customers as a percentage of gross lending

5) Deposits from customers in percentage of total lendring incl. loans in SB1 BK & NK

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

Notes

Note 1 Accounting policies

SpareBank 1 Nord-Norge prepares its quarterly accounts in accordance with the Norwegian Stock Exchange Regulations and International Financial Reporting Standards (IFRS) approved by the EU, including IAS 34 – Interim Financial Reporting.

The quarterly accounts do not include all information required in full annual accounts and should be read in conjunction with the annual accounts for 2022.

In accordance with Section 7-1a of the Accounting Act (Regnskapsloven), the order of the note information has changed from 1Q23, and now follows the arrangement plan for items in the profit and loss account and balance sheet.

In this quarterly reporting, the Group has applied the same accounting policies and calculation methods as those applied in the annual accounts, with the exception of the implementation of IFRS 17 as described below.

<u>IFRS 17 Insurance Contracts</u>
New IFRS came into effect on 01.01.23 with a requirement that comparable figures be stated. IFRS 17 Insurance Contracts replaces IFRS 4 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. In other words, 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 changes in the discount rates must, as a choice of accounting policy, be presented either through ordinary profit or loss or through other comprehensive income.

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.

IFRS 9 Financial instruments

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

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

Effects SNN IFRS 17	
(Amount in NOK million)	01.01.2023
Group equity at 31.12.22 before implementation	16 125
Implementation IFRS 17/IFRS 9 at 01.01.22	- 234
Adjusted result for 2022 as a result of implementation	32
Effects implementation at 01.01.23	- 202
Group equity at 01.01.23	15 923

Correction of comparison figures	
(Amount in NOK million)	4Q22
Group result after tax 4Q22 before implementation	663
Of which SNN's share of SB1 Gruppen's result 4Q22	128
Effect of implementation IFRS 17/IFRS 9	- 37
Adjusted SNN share of SB1 Gruppen's result for 4Q22	91
Group result after tax 4Q22 after implementation	626

The above-mentioned implementation effects appear in the quarterly accounts in changes in the balance sheet as at 31.12.22, overview of changes in equity, and in notes 13 and 20. No key figures for 2022 have been recalculated.

Note 2 Important accounting estimates and discretionary judgements

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

Losses on loans

SpareBank 1 Nord-Norge uses a model for calculating expected credit loss based on IFRS 9. The results of the calculation are shown in Note 8 and Note 11 of the quarterly report.

Expected credit loss is calculated on a monthly basis based on an objective and probability-weighted analysis of alternative outcomes, where account is also taken of the time value of the expected cash flows. The analysis is based on relevant information available at the time of reporting and builds on macroeconomic scenarios in order to take account of non-linear aspects of expected credit loss.

In 2Q23, an upgraded loss model was used for the first time that provides suggestions concerning key assumptions using regression analysis and simulation. Future default levels (PDs) are predicted based on expected developments in money market rates and unemployment. Future loss levels (LGD) are simulated based on the value of collateral and expected price development for various collateral objects.

The Group previously set the levels of PD and LGD factors based on a scale of 1-12 based on what is expected over the next 12 months and the next 5 years within each scenario. Because future PD and LGD levels in the upgraded loss model are predicted directly via the aforementioned explanatory variables, these levels are no longer determined via this scale.

In addition to the elimination of this scale, more detailed descriptions of the ECL model in notes 2, 3 and 13 to the annual accounts still apply.

The upgraded loss model is based, like the previous model, on PD and LGD predictions in three different scenarios. Unlike the previous model, where all of the scenarios stipulated were more expectation-oriented, the differences between the respective outcomes in the upgraded loss model are greater:

• SC1 "Base case" represents the most likely outcome.

Norges Bank's Monetary Policy Report has been chosen as the main source for the explanatory variables interest rates and unemployment and expected property price developments.

• SC2 “Downside case” represents an outcome that is significantly more negative than SC1. The explanatory variables interest rate and unemployment as well as expected property price developments are commensurate with a very severe downturn.

• SC3 "Best case" represents an outcome that is significantly more positive than SC1 and is designed to reflect the level of the explanatory variables during a strong economic expansion.

The setting of the levels of the explanatory variables in SC1 will change in line with updated forecasts in the Monetary Policy Report, while the levels of the explanatory variables in SC2 and SC3 will remain constant to a greater extent, since they are based on historical levels from the cyclical situations described above.

The different scenarios are used to adjust relevant parameters for calculating expected credit loss and a probability-weighted average of expected credit loss according to the respective scenarios is recognised as a loss. The weight of each scenario is still determined based on assessments made by the Group regarding national and local macro developments and perceived uncertainty in relation to SC1. The upgraded loss model also entails greater sensitivity to changes in scenario weights compared with the previously used model.

As of 30.06.23, the weights for SC1, SC2 and SC3 were 70, 25 and 5 per cent, respectively. The macro situation at the end of 4Q23 was not considered to have changed significantly, so the weights of the respective scenarios were 70, 25 and 5 per cent also at 31.12.23.

Industries and the development of individual customers will also be monitored closely using a so-called watchlist at a customer commitment level, as well as by flagging customers with forbearance (payment relief). All commitments categorised as high-risk are on the watchlist. As of 31.12.23, some commitments in the construction industry have been placed on a watchlist.

Sensitivity analysis

The table below shows the ECL calculated for the three applied scenarios in isolation. The calculations are broken down into the main segments Retail Market and Corporate Market, which add up to Parent Bank. In addition to the segmented ECL for the applied scenario weights, the table shows four alternative scenario weightings. The first two alternatives show previously applied scenario weights. The last two alternatives indicate sensitivity to an improvement in relation to the applied scenario weight with an increased weight for of the best case, while the last alternative indicates a deterioration in relation to the applied scenario weight, with a 30 per cent probability of the downside scenario and thereby an adjustment of the probability of the base scenario. The analysis is exclusive of individual loss provisions.

31.12.23			
(Amount in NOK million)	RM	CM	Parent bank
SC1 ECL in Base cenario	40 062	347 774	387 836
SC2 ECL in Downturn scenario	100 353	914 688	1 015 041
SC3 ECL in Upturn scenario	23 175	122 698	145 873
ECL with used scenarioweightning 70/25/5%	54 288	478 243	1 548 750
Sensitivity:			
ECL with alternative scenario weightning 50/40/10%	62 485	552 024	614 509
ECL with alternative scenario weightning 55/35/10%	59 470	523 679	583 149
ECL with alternative scenario weightning 65/25/10%	53 441	466 990	520 431
ECL with alternativw scenario weightning 60/30/10%	56 456	495 334	551 790

Note 3 Net interest income

Parent Bank					Group			
(Amount in NOK million)								
4Q22	4Q23	31.12.22	31.12.23		31.12.23	31.12.22	4Q23	4Q22
				Interest income				
69	99	174	364	Interest income from loans to other credit institutions (amortized cost)	41	16	3	8
908	1 360	2 647	4 722	Interest income from loans to customers (amortized cost)	5 391	3 089	1 541	1 034
88	89	314	284	Interest income from loans to customers (fair value profit and loss)	284	314	89	88
0	0	0	0	Interest income from loans to customers (fair value other comprehensive income)	0	0	0	0
151	254	405	844	Interest income from certificates and bonds (fair value profit and loss)	845	405	255	151
1 216	1 802	3 540	6 214	Total interest income	6 561	3 824	1 888	1 281
				Interest cost				
38	38	92	113	Interest cost on debt to other credit institutions (amortized cost)	95	80	31	32
302	569	705	1 845	Interest cost on debt to customers (amortized cost)	1 843	704	568	302
162	238	407	809	Interest cost on the issued securities (amortizes cost)	846	408	251	163
10	42	30	138	Interest cost on subordinated capital and debt (amortized cost)	101	30	29	7
512	887	1 234	2 905	Total interest cost	2 885	1 222	879	504
10	12	46	49	Guarantee fund fee	49	46	12	10
694	903	2 260	3 260	Net interest income	3 627	2 556	997	694
2,30 %	2,85 %	1,88 %	2,60 %	Interest margin in relation to average total assets	2,85 %	2,09 %	2,85 %	2,09 %

Note 4 Net fee-, commission- and other operating income

Parent bank					Group			
(Amounts in mill NOK)								
4Q22	4Q23	31.12.22	31.12.23		31.12.23	31.12.22	4Q23	4Q22
32	12	217	115	Provision from SB1 BK & NK	115	217	13	32
73	78	256	282	Payment facilities	282	257	78	74
52	49	201	203	Sales provision insurance products	203	201	49	52
8	10	32	43	Guarantee commissions	43	32	10	8
				Real estate broking	110	107	22	22
12	16	56	54	Portfolio commissions	54	56	16	12
17	16	69	67	Credit commision	67	69	16	17
6	9	18	20	Other commisions	171	149	40	49
200	190	849	784	Total commission income	1 045	1 088	244	266
17	20	56	67	Commission costs	90	79	24	21
183	170	793	717	Net fee- and commission income	955	1 009	220	245
				Accounting services	292	218	73	48
1	234	5	234	Other operating income	240	7	239	2
184	404	798	951	Net fee- and other operating income	1 487	1 234	532	295
21 %	31 %	26 %	23 %	Percent of net core earnings	29 %	33 %	35 %	28 %

1) Of which, 229 mill NOK pertain to the sale of business in the capital marked

Note 5 Net income from financial investments

Parent bank					Group			
(Amounts in mill NOK)								
4Q22	4Q23	31.12.22	31.12.23		31.12.23	31.12.22	4Q23	4Q22
				Valued at fair value through profit and loss				
				Income from equity capital instruments				
22	3	90	101	Dividend from shares	101	90	3	22
53	9	506	716	Dividend from group companies, assosiated companies and joint ventures				
				Share result from associated companies and joint ventures	- 56	204	- 28	147
31	28	20	8	Gains/losses from shares	105	21	50	30
				Income from certificates and bonds				
47	6	- 87	- 10	Gains/losses from certificates and bonds	- 10	- 87	6	47
				Income from financial derivatives				
3	47	48	49	Gains/losses from currencies and hedge derivatives	49	49	46	4
9	6	- 2	- 6	Gains/losses from fixed rate loans to customers	- 6	- 3	6	8
165	99	575	858	Net income from fair value financial investments	183	274	83	258
				Valued at amortized cost				
				Income from certificates and bonds				
				Gains/losses from certificates and bonds				
0	0	0	0	Net income from financial investments valued at amortized cost	0	0	0	0
				Total income fra currency trading				
165	99	575	858	Total net income from financial investments	183	274	83	258

Note 6 Expenses

Parent bank					Group			
(Amounts in mill NOK)								
4Q22	4Q23	31.12.22	31.12.23		31.12.23	31.12.22	4Q23	4Q22
95	149	393	458	Personel expenses	786	649	256	167
11	12	41	45	Pension costs	61	56	17	15
29	32	107	116	Social costs	153	139	44	39
135	193	541	619	Total personnel costs	1 000	844	317	221
62	89	266	299	IT expenses	323	287	96	70
51	50	161	157	Other administrative expenses	207	198	61	82
16	15	68	60	Ordinary depreciation	88	92	22	23
5	4	18	18	Operating costs properties	21	20	6	6
40	58	93	125	Other operating expenses	269	196	91	55
309	409	1 147	1 278	Total costs	1 908	1 637	593	457

Note 7 Leases

På startdatoen for en leieavtale innregner konsernet en forpliktelse til å betale leie og en eiendel som representerer retten til å bruke den underliggende eiendelen i leieperioden ("bruksrett"). Konsernet fastsetter verdien på leieforpliktelsene og bruksrettene til nåverdien av gjenværende leiebetalinger, diskontert ved hjelp av konsernets marginale lånerente. Benyttet diskonteringsrente ved fastsettelse pr 31.12.23 er 2,09 %.

Rentekostnader på leieforpliktelsen kostnadsføres løpende, og bruksretter avskrives lineært over leieperioden.

Konsernets leide eiendeler inkluderer i all hovedsak kontorer og naturlig tilknyttede lokaliteter. Flere av avtalene inneholder en rettighet til forlengelse som kan utøves i løpet av avtalens periode. Konsernet vurderer løpende, og ved inngåelse av en avtale, om rettigheten til forlengelse med rimelig sikkerhet vil utøves.

Leieperiode varierer fra 2 til 14 år.

Parent bank			Group	
(Amounts in NOK million)				
31.12.22	31.12.23		31.12.23	31.12.22
		Right to use asset		
336	303	Carrying amount 01.01.	386	387
4	0	Additions	6	4
-3	0	-Derecognition	0	-3
1	31	Other changes	21	37
338	334	Carrying amountat the end of the period	413	424
34	31	Depreciation in the period	39	38
303	303	Carrying amount of right to use asset at the end of the period	374	386
		Lease liability		
343	312	Carrying amount 01.01.	399	397
4	0	Additions	6	4
-40	-36	Lease payments in the period	-46	-43
7	7	Interest	9	8
-3	30	Other changes	21	33
312	313	Lease liability at the end of the period	388	399
		Profit and loss		
34	31	Depreciation	39	38
7	7	Interest	9	8
41	38	Total lease expence	48	47
		Undiscounted lease liabilities and maturity of cash outflows		
33	38	Less than 1 year (this year)	44	45
32	36	1-2 years	41	41
31	31	2-3 years	40	40
31	31	3-4 years	39	39
31	30	4-5 years	38	38
219	189	More than 5 years	242	277
377	354	Total	444	481

Note 8 Losses

Parent Bank					Group			
(Amounts in NOK million)								
4Q22	4Q23	31.12.22	31.12.23		31.12.23	31.12.22	4Q23	4Q22
				Losses incorporated in the accounts				
8	33	30	28	Period's change in individual lending provisions	59	31	73	7
8	46	11	20	Period's change in modelbased lending provisions	24	30	19	29
4	0	23	30	Period's confirmed losses	44	13	1	- 12
- 3	- 1	- 10	- 8	Recoveries, previously confirmed losses	- 10	- 12	- 2	- 3
17	79	54	71	Total losses	116	63	91	22
				Losses broken down by sector and industry				
- 1	33	- 9	8	Real estate	7	- 8	32	- 1
12	1	40	- 16	Finanicial and insurance activities	- 16	40	1	12
1	34	13	58	Fishing and aquaculture	59	12	33	2
3	10	6	- 9	Manufacturing	- 5	8	6	3
- 1	3	- 2	4	Agriculture and forestry	3	- 2	3	- 1
2	3	5	26	Power and water supply and construction	30	9	- 2	5
- 3	0	6	8	Service industries	54	8	45	- 4
- 1	- 7	- 10	9	Transportation	3	- 12	- 27	- 1
1	1	1	- 6	Commodity trade, hotel and restaurant industry	- 8	2	- 1	1
12	79	49	81	Total corporate market	127	56	91	16
5	0	5	- 11	Total retail market	- 11	7	0	6
17	79	54	71	Total losses	116	63	91	22

Isolatet loss effects compared to last quarter

4Q23						
(Amounts in NOK million)						
PM	BM	Sum		Sum	PM	BM
0	35	35	Change ECL due to period growth and migration	18	1	17
- 4	15	11	Change ECL due to adjusted key assumptions	1	- 6	7
0	0	0	Change ECL due to changed scenario weighting	0	0	0
- 4	50	46	Change in model-based loss provisions (stage 1 and 2)	19	- 4	23
5	28	33	Change individual loss provisions (stage 3)	73	4	68
- 1	0	- 1	Change write-offs	- 1	- 1	0
0	79	79	Total loss effects	91	0	91

Note 9 Business Areas

The table shows SpareBank 1 Nord-Norge's segment's pursuant to IFRS 8. For more information see note 4 in annual report 2022.
The Capital Market segment - our capital market products - will be treated by SpareBank 1 Markets in 2023.

Group 31.12.23

(Amounts in NOK million)

	Retail market	Corporate banking	SpareBank 1 Regnskaps-huset Nord-Norge	Eiendoms- Megler 1 Nord-Norge	SpareBank 1 Finans Nord-Norge	Unspecified/ Eliminations	Total
Net interest income	1 710	1 372	0	- 1	365	181	3 627
Net fee- and other operating income	575	169	241	266	- 27	263	1 487
Net income from financial investments	2	- 3	0	0	1	183	183
Total costs	671	389	236	254	74	284	1 908
Result before losses	1 616	1 149	5	11	265	343	3 389
Losses	- 11	81	0	0	46	0	116
Result before tax	1 627	1 068	5	11	219	343	3 273
Total lending	44 311	52 278	0	0	9 104	-4 600	101 093
Loss provision	- 75	- 550	0	0	- 131	- 1	- 757
Other assets	0	0	335	108	0	27 359	27 802
Total assets per business area	44 236	51 728	335	108	8 973	22 758	128 138
Deposits	44 989	36 978	0	31	0	497	82 495
Other liabilities and equity capital	- 753	14 750	335	77	8 973	22 261	45 643
Total equity and liabilities per business area	44 236	51 728	335	108	8 973	22 758	128 138

Group 31.12.22

(Amounts in NOK million)

	Retail market	Corporate banking	Markets	SpareBank 1 Regnskaps-huset Nord-Norge	Eiendoms- Megler 1 Nord-Norge	SpareBank 1 Finans Nord-Norge	Unspecified/ Eliminations	Total
Net interest income	1 213	1 018	10	0	1	294	20	2 556
Net fee- and other operating income	669	154	24	218	240	- 22	- 49	1 234
Net income from financial investments	1	9	27	0	1	0	236	274
Total costs	697	403	42	200	226	57	11	1 637
Result before losses	1 186	778	19	18	16	215	196	2 427
Losses	7	49	0	0	0	9	- 2	63
Result before tax	1 179	729	19	18	16	206	198	2 364
Total lending	45 795	45 666	0	35	- 18	8 778	-4 955	95 301
Loss provision	- 79	- 487	0	0	0	- 96	- 1	- 663
Other assets	116	22	718	217	99	78	26 633	27 883
Total assets per business area	45 832	45 201	718	252	81	8 760	21 677	122 521
Deposits	43 406	35 554	0	0	0	0	524	79 484
Other liabilities and equity capital	2 426	9 647	718	252	81	8 760	21 153	43 037
Total equity and liabilities per business area	45 832	45 201	718	252	81	8 760	21 677	122 521

Note 10 Loans

Loans at fair value - Loans to customers for sale to mortgage company
Mortgages to be sold to mortgage credit companies over the next 12 months are valued at the agreed value at which these loans are to be assigned.

Loans at fair value - Fixed-rate loans
Actual value is determined by the loans' actual cash flows discounted by a discounting factor based on the swap rate, with the addition of a margin requirement. The margin requirement includes credit markup, administrative markup, anticipated loss, and a liquidity premium. The bank considers on a continual basis changes in observable market rates that can affect the value of these loans. There is also a continuous assessment of possible differences between discount rates and observable market rates for similar loans. The Bank makes appropriate adjustments to the discount rate, if this difference becomes significant. No adjustments to the margin requirement have been made as at 31.12.23. Value changes on loans are included in full in the result of the line - net value changes on financial assets. The sensitivity to discounting as at 31.12.23 would impact the result by approximately MNOK-10 per +10 basis points of change in the discount rate.

Loans at amortised cost
For all loans at amortised cost there has been calculated expected losses and provisions according to IFRS 9. Please also see note 11.

Parent Bank			Group	
(Amount in NOK million)				
31.12.22	31.12.23		31.12.23	31.12.22
		Loans to credit institutions at amortised cost		
487	827	Loans without agreed maturity or notice of withdrawal	849	487
8 167	8 473	Loans with agreed maturity or notice of withdrawal	1 455	1 300
8 654	9 300	Loans to credit institutions	2 304	1 787
		Loans to customers at amortised cost		
75 689	82 399	Loans at amortised cost	91 476	84 430
75 689	82 399	Loans to customers at amortised cost	91 476	84 430
		Loans to customers at fair value through profit and loss		
4 850	4 268	Loans to customers at fixed interest rates	4 268	4 850
4 233	3 045	Mortgages to customers for sale, housing credit company	3 045	4 233
9 083	7 313	Loans at fair value through profit and loss	7 313	9 083
84 772	89 712	Total gross loans to customers	98 789	93 513
93 426	99 013	Total gross loans	101 093	95 301
		Loans transfered to SB1 Boligkreditt/ Næringskreditt		
39 449	44 521	Loans transrered to SB1 Boligkreditt	44 521	39 449
281	128	Loans transfered to SB1 Næringskreditt	128	281
39 730	44 649	Total loans transfered to SB1 BK and SB1 NK	44 649	39 730
133 156	143 661	Total gross loans included loans transfered to SB1 BK and SB1 NK	145 742	135 031
		Provision for credit losses - reduction in assets		
- 176	- 134	Provision for credit losses - stage 1	- 152	- 205
- 238	- 302	Provision for credit losses - stage 2	- 343	- 275
- 153	- 190	Provision for credit losses - stage 3	- 261	- 184
84 205	89 086	Net loans to customers ex. loans transfered to Sb1 SB1 BK and SB1 NK	98 032	92 850

Parent Bank 31.12.23

(Amount in NOK million)

			Lending provision			
Loans broken down by sector/industry	Total commitments to amortised cost	Lending at fair value	Stage 1	Stage 2	Stage 3	Net loans
Real estate	17 986	35	- 47	- 131	- 85	17 758
Finanicial and insurance activities	12 127	0	- 20	- 5	- 6	12 096
Fishing and aquaculture	10 027	28	- 16	- 83	- 7	9 949
Manufacturing	1 611	11	- 3	- 10	- 16	1 593
Agriculture and forestry	1 122	36	- 1	- 1	- 4	1 152
Power and water supply and construction	3 281	32	- 11	- 17	- 18	3 268
Government	380	0	0	0	0	379
Service industries	3 068	46	- 14	- 13	- 6	3 082
Transportation	2 611	46	- 6	- 9	- 7	2 634
Commodity trade, hotel and restaurant industry	2 101	26	- 5	- 10	- 6	2 107
Corporate market	54 314	260	- 123	- 279	- 155	54 017
Retail market	37 385	7 053	- 10	- 23	- 35	44 370
Total loans	91 699	7 313	- 134	- 302	- 190	98 387

Financial commitments broken down by sector/industry	Financial commitments to amortised cost	Ledning provision classified as debt Stage 1	Stage 2	Stage 3	Total
Real estate	1 146	- 5	- 26	0	- 31
Finanicial and insurance activities	464	- 1	- 3	- 5	- 9
Fishing and aquaculture	1 429	- 1	- 1	0	- 2
Manufacturing	266	0	- 1	- 3	- 4
Agriculture and forestry	115	0	0	0	0
Power and water supply and construction	746	- 1	- 2	- 2	- 5
Government	611	0	0	0	0
Service industries	574	- 2	- 1	0	- 3
Transportation	1 068	- 3	0	0	- 4
Commodity trade, hotel and restaurant industry	500	- 1	- 1	0	- 2
Corporate market	6 919	- 14	- 36	- 10	- 60
Retail market	1 633	0	0	0	0
Total loans	8 552	- 14	- 36	- 10	- 61

Group 31.12.23

(Amount in NOK million)

Loans broken down by sector/industry	Total commitments to amortised cost	Lending at fair value	Lending provision Stage 1	Stage 2	Stage 3	Net loans
Real estate	18 066	35	- 48	- 132	- 85	17 837
Finanicial and insurance activities	5 089	0	- 20	- 5	- 6	5 058
Fishing and aquaculture	10 931	28	- 19	- 90	- 7	10 842
Manufacturing	2 141	11	- 4	- 24	- 17	2 107
Agriculture and forestry	1 255	36	- 1	- 2	- 5	1 284
Power and water supply and construction	4 296	32	- 12	- 22	- 24	4 270
Government	398	0	0	0	0	398
Service industries	4 005	46	- 16	- 17	- 54	3 965
Transportation	3 643	46	- 10	- 9	- 10	3 660
Commodity trade, hotel and restaurant industry	2 707	26	- 8	- 13	- 6	2 705
Corporate market	52 532	260	- 138	- 314	- 213	52 127
Retail market	41 248	7 053	- 15	- 29	- 47	48 211
Total loans	93 780	7 313	- 152	- 343	- 261	100 337

Financial commitments broken down by sector/industry	Financial commitments to amortised cost	Ledning provision classified as debt Stage 1	Stage 2	Stage 3	Total
Real estate	1 146	- 5	- 26	0	- 31
Finanicial and insurance activities	464	- 1	- 3	- 5	- 9
Fishing and aquaculture	1 462	- 1	- 1	0	- 2
Manufacturing	282	0	- 1	- 3	- 4
Agriculture and forestry	115	0	0	0	0
Power and water supply and construction	807	- 1	- 2	- 2	- 5
Government	611	0	0	0	0
Service industries	707	- 2	- 1	0	- 3
Transportation	1 264	- 3	0	0	- 4
Commodity trade, hotel and restaurant industry	662	- 1	- 1	0	- 2
Corporate market	7 521	- 14	- 36	- 10	- 60
Retail market	1 633	0	0	0	0
Total loans	9 153	- 14	- 36	- 10	- 61

Parent Bank 31.12.23	45291			

(Amount in NOK million)

Total loan commitments broken down by stage of the credit risk assessment	Stage 1	Stage 2	Stage 3	Total
Total loan commitments to amortised cost 01.01.23	85 168	6 485	517	92 170
Changes in the period due to loans migrated between the stages				
to (-from) stage 1	1 966	-1 955	- 11	0
to (-from) stage 2	-6 245	6 268	- 23	0
to (-from) stage 3	- 154	- 198	352	0
Net increase/(decrease) balance existing loans	-5 553	- 677	- 62	-6 292
Originated or purchased during the period	27 330	4 170	163	31 663
Loans that have been derecognised	-17 707	-2 216	- 205	-20 129
Changes caused by modifications which hasn't resultet in a deduction	2 753	78	9	2 840
Total loan commitments to amortised cost	87 557	11 954	740	100 251
Loans at fair value through profit and loss				7 313
Total loan commitments as at 31.12.23	87 557	11 954	740	107 565
Off-balance sheet	-7 293	-1 228	- 31	-8 552
Gross loans	80 264	10 726	709	99 013
Provision for credit losses - reduction in assets	- 134	- 302	- 190	- 625
Net loans	80 131	10 424	519	98 387

Note 11 Loss provisions

(Amount in NOK million)

Parent bank					Group			
Stage 1	Stage 2	Stage 3	Total	Changes in lending loss provisions	Total	Stage 3	Stage 2	Stage 1
-199	-281	-159	-639	Loss provisions at 01.01.23	-735	-190	-318	-228
-176	-238	-153	-567	Of which presented as a reduction of the assets	-663	-184	-275	-204
-23	-43	-6	-72	Of which presented as other debt	-72	-6	-43	-23
				Changes in the period due to loans migrating between stages:				
-96	94	2	0	to (-from) stage 1	0	2	98	-101
38	-43	5	0	to (-from) stage 2	0	8	-48	40
1	3	-4	0	to (-from) stage 3	0	-5	5	1
54	-110	-47	-103	Net increase/decrease excisting loans	-114	-86	-91	63
-65	-153	-13	-231	New issued or purchased loan	-272	-16	-186	-70
67	84	14	164	Loans that have been derecognised	169	14	87	68
54	68	2	123	Changes caused by modifications which hasn't resultet in deduction	138	2	76	60
-148	-338	-200	-686	Total loss provisions as at 31.12.23	-813	-271	-376	-166
				Loss provisions allocated to markets				
-10	-23	-35	-69	Retail market	-91	-47	-29	-15
-137	-315	-165	-617	Corporate market	-725	-224	-350	-151
-148	-338	-200	-686	Total loss provisions as at 31.12.23	-816	-271	-380	-166
-134	-302	-190	-625	Of which presented as a reduction of the assets	-756	-261	-343	-152
-14	-36	-10	-61	Of which presented as other debt	-61	-10	-36	-14

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 expexted credit loss, changes in the model assumptions, effects of repayments, ascertainment and other changes that affect the balance.
- Newly issued or purchased financial assets: Account numbers of customers that are only found in the closing balance in the ECL model.
- Financial assets that have been derecognised: Account numbers of customers that are only found in the opening balance in the ECL model.
- Provicions for losses also include expected losses on assets not posted to the balance sheet, including guarantees and untapped credit limits, but not loan commitments.

Note 12 Financial instruments at fair value

Financial instruments at fair value are classified at different levels. See note 26 i annual report. The bank has in Q1 2023 reconsidered the fair value hierarchy. Bonds previously reported as Level 1 are now reclassified as Level 2

Group

(Amounts in NOK million)

Assets at 31.12.23	Level 1	Level 2	Level 3	Total
Shares	712	163	489	**1 364**
Bonds		18 189		**18 189**
Financial derivatives		1 422		**1 422**
Loans to customers with fixed rate			4 268	**4 268**
Loans to customers for sale			3 045	**3 045**
Total assets	712	19 774	7 802	**28 288**
Liabilities at 31.12.23				
Financial derivatives		1 198		**1 198**
Total liabilities		1 198		**1 198**
Assets at 31.12.22				
Shares	793	55	679	1 528
Bonds	13 958	4 115		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	14 751	5 629	9 762	30 142
Liabilities at 31.12.22				
Financial derivatives		1 259		1 259
Total liabilities		1 259		1 259

Changes in instruments at fair value, level 3:	Financial assets		
(Amounts in NOK million)	Shares	Loans to customers with fixed rate	Loans to customers for sale
Carrying amount at 31.12.22	679	4 850	4 233
Net gains on financial instruments	- 190	- 150	
Additions/acquisitions		403	323
Sales			-1 748
Matured		- 834	237
Carrying amount at 31.12.23	489	4 268	3 045

Note 13 Subsidiaries, associated companies and joint ventures

Result from subsidiaries fully consolidated into the group financial statements					
(Amount in NOK mill.)		Result after tax at		Result after tax	
Company	Share	31.12.23	31.12.22	4Q23	4Q22
SpareBank 1 Nord-Norge Portefølje AS	100 %	- 1	- 1	0	- 1
Fredrik Langes Gate 20 AS	100 %	4	3	2	2
SpareBank 1 Finans Nord-Norge AS	85 %	165	157	40	39
SpareBank 1 Regnskapshuset Nord-Norge AS	85 %	4	14	- 15	- 10
EiendomsMegler 1 Nord-Norge AS	85 %	9	12	- 3	- 2
Adwice AS (Sub subsidiary from 01.05.23)	100 %	1	0	- 3	0
Finansmodell AS (Sub subsidiary from 01.07.23)	75 %	1	0	0	0
Flex AS (Sub subsidiary from 30.09.23)	100 %	0	0	0	0
Total		183	186	22	28

Result from associated companies and joint ventures consolidated into the group financial statements according to the equity method							
(Amount in NOK mill.)		Result after tax at		Result after tax		Booked value at	
Company	Share	31.12.23	31.12.22	4Q23	4Q22	31.12.23	31.12.22
SpareBank 1 Mobilitet Holding AS	30,66 %	- 82	- 22	- 11	- 6	0	74
SpareBank 1 Gruppen AS	19,50 %	- 41	175	- 51	128	1 736	2 047
SpareBank 1 Kreditt AS	16,73 %	- 8	9	- 3	0	318	300
SpareBank 1 Boligkreditt AS	15,70 %	65	1	20	- 1	1 843	1 852
SpareBank 1 Næringskreditt AS	1,05 %	1	0	0	0	20	53
SpareBank 1 Utvikling DA	18,00 %	6	3	6	3	143	136
SpareBank 1 Bank og Regnskap AS	25,00 %	1	1	0	0	44	43
SpareBank 1 Forvaltning AS	12,18 %	23	25	9	4	139	109
SpareBank 1 Gjeldsinformasjon AS	14,44 %	0	0	0	0	1	1
SpareBank 1 Kundepleie AS	0,00 %	0	2	0	0	0	23
SpareBank 1 Betaling AS	17,94 %	- 31	12	- 6	19	224	223
SpareBank 1 Markets AS	18,06 %	8	0	8	0	391	0
Total		- 56	204	- 28	147	4 858	4 861

Note 14 Other assets

Parent bank			Group	
(Amounts in NOK million)				
31.12.22	31.12.23		31.12.23	31.12.22
11	13	Accrued income	61	44
0	0	Goodwill and other intangible assets	193	118
88	72	Deferred tax	0	0
244	315	Prepayments	294	286
240	104	Other assets 1)	208	340
583	504	Total other assets	756	788

1) Of which 75 NOK million is capital contribution to the SpareBank 1 Nord-Norge Pension Fund

Note 15 Financial derivatives

Parent Bank and Group

(Amounts in NOK million)

Fair value hedging transactions	31.12.23	31.12.22
Net loss charged to the statement of comprehensive income in respect of hedging instruments in connection with actual value hedging	289	565
Total gain from hedging objects relating to the hedged risk	- 293	- 570
Total fair value hedging transactions	- 4	- 5

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

(Amounts in NOK million)

Fair value through statement of comprehensive income	31.12.23			31.12.22		
		Fair value			Fair value	
Foreign currency instruments	Contract	Assets	Liabilites	Contract	Assets	Liabilites
Foreign exchange financial derivatives (forwards)	3 147	40	37	1 732	12	25
Currency swaps	9 707	96	177	17 481	176	70
Total non-standardised contracts	12 854	136	214	19 213	189	95
Standardised foreign currency contracts (futures)						
Total foreign currency instruments	12 854	136	214	19 213	189	95
Interest rate instruments						
Interest rate swaps (including cross currency)	46 686	1 195	615	33 692	1 158	532
Other interest rate contracts	618	23	21	593	55	54
Total non-standardised contracts	47 303	1 218	636	34 285	1 213	585
Standardised interest rate contracts (futures)						
Total interest rate instruments	47 303	1 218	636	34 285	1 213	585
Hedging of funding loans						
Interest rate instruments	Contract	Assets	Liabilites	Contract	Assets	Liabilites
Interest rate swaps (including cross currency)	11 366	68	348	12 249	56	570
Total, non-standardised contracts	11 366	68	348	12 249	56	570
Standardised interest rate contracts (futures)						
Total interest rate instruments	11 366	68	348	12 249	56	570
Total interest rate instruments	58 669	1 286	984	46 535	1 270	1 155
Total foreign currency instruments	12 854	136	214	19 213	189	95
Total	71 523	1 422	1 198	65 748	1 458	1 259

Note 16 Deposits

Parent Bank			Group	
(Amounts in NOK million)				
31.12.22	31.12.23		31.12.23	31.12.22
		Deposits from credit institutions		
280	175	Deposits without agreed maturity	175	280
906	990	Deposits with agreed maturity	989	905
1 186	1 165	Total deposits from credit institutions	1 164	1 185
		Deposits from customers		
73 122	74 566	Deposits without agreed maturity	74 514	73 052
6 444	7 994	Deposits with agreed maturity	7 981	6 432
79 566	82 560	Total deposits from customers	82 495	79 484
80 752	83 725	Total deposits	83 659	80 669
		Deposits from customers broken down by sector and industry		
3 725	3 586	Real estate	3 586	3 725
2 863	3 013	Finanicial and insurance activities	3 013	2 863
3 356	4 781	Fishing and aquaculture	4 781	3 356
1 469	1 076	Manufacturing	1 076	1 469
564	583	Agriculture and forestry	583	564
2 908	2 894	Power and water supply and construction	2 894	2 908
8 581	9 763	Service industries	9 698	8 499
2 325	2 476	Transportation	2 476	2 325
2 803	2 550	Commodity trade, hotel and restaurant industry	2 550	2 803
28 594	30 722	Public market	30 657	28 512
8 546	8 020	Government market	8 020	8 546
42 426	43 818	Retail market	43 818	42 426
79 566	82 560	Deposits from customers	82 495	79 484

Note 17 Securities issued

Parent Bank and Group							
(Amounts in NOK million)	Booked value						Booked value
Changes in securities issued	31.12.22	Issued	Matured or redeemed	Exchange rate movements	Fair value changes	Accrued interest	31.12.23
Certificates and other short-term loans:							
Senior bonds	15 336	2 448	-4 667	677	177	-	13 970
Senior bonds	15 336	2 448	-4 667	677	177	-	13 970

Note 18 Other liabilities

Parent bank			Group	
(Amounts in NOK million)				
31.12.22	31.12.23		31.12.23	31.12.22
2 612	2 837	Other liabilities	3 078	2 814
129	157	Costs incurred	564	503
0	0	Deferred tax liabilities	51	25
73	61	Off balance loss provision	61	72
2 814	3 055	Total other liabilities	3 754	3 414
		Specification of other liabilities		
312	313	Lease liabilites	399	399
577	682	Accrued tax	736	42
19	21	Tax deductions	35	13
734	636	Creditors	666	25
849	1 067	Agreed payments from Donations Fund	1 067	889
121	118	Miscellaneous liabilities	175	1 446
2 612	2 837	Other liabilites	3 078	2 814

Note 19 Subordinated debt and loan capital

Parent Bank and Group

(Amounts in NOK million)

Changes in subordinated loan capital and subordinated bond debt	Booked value 31.12.22	Issued	Matured or redeemed	Exchange rate movements	Fair value changes	Accrued interest	Booked value 31.12.23
Subordinated loan capital	1 053	1 200	- 350			9	1 912
Senior non-preferred	4 665	1 443		218	89	41	6 456
Subordinated loan capital and other senior non-preferred	5 718	2 643	- 350	218	89	50	8 367

Note 20 Equity

Total EC Capital 1.807.164.288 NOK, distributed on 100.398.016 EC's, each denomination NOK 18.

Parent bank			Group	
(Amounts in NOK million)				
31.12.22	31.12.23		31.12.23	31.12.22
1 807	1 807	EC capital	1 807	1 807
843	843	Premium Fund	843	843
2 870	3 563	Dividend Equalisation Fund	3 563	2 870
823	703	Set aside EC dividend, not decided	703	823
- 17	- 28	EC owner's share of other equity	362	654
	0	EC owner's share of period result	0	
6 326	6 888	EC owner's share of equity	7 278	6 997
46,36 %	46,36 %	EC owner's percentage of equity	46,36 %	46,36 %
6 384	7 186	Saving Bank's primary capital	7 186	6 384
953	813	Set aside society dividend, not decided	813	953
- 20	- 32	Society's share of other equity	418	758
	0	Society's share of period result	0	
7 317	7 967	Society's share of equity	8 417	8 095
53,64 %	53,64 %	Society's percentage of equity	53,64 %	53,64 %
		Non-controlling interests	245	231
600	1 250	Hybrid Capital	1 250	600
14 243	16 105	Total equity	17 190	15 923

Hybrid Capital

Five hybrid capital instruments issued by the Bank are not covered by the IFRS regulations' definition of debt and are therefore classified as equity. Based on this, accrued interest on the hybrid capital has not been recognised as a cost in the income statement but has been charged directly against equity.

When calculating key figures for equity and the equity certificates, accrued interest on hybrid capital is thus deducted from the accounting result. At the same time, hybrid capital is deducted from the equity on the balance sheet. This ensures that the keyfigures relevant to the Bank's owners are calculated on the basis of the result and the equity that actually belong to the owners.

The contract terms and conditions for hybrid instruments mean that they are included in the Bank's Tier 1 capital for capital adequacy purposes, see note 21.

Parent bank and group		
(Amounts in NOK million)		
Hybrid Capital	31.12.23	31.12.22
2099 3 m NIBOR + 3,35%	200	
2099 3 m NIBOR + 3,10%	300	
2099 3 m NIBOR + 3,30%		250
2099 3 m NIBOR + 2,60%	350	350
2099 3 m NIBOR + 3,40%	200	
7,53 %	200	
Total hybrid capital	1 250	600
Average interest hybrid capital	6,98 %	4,36 %

Equity Certificates (ECs)

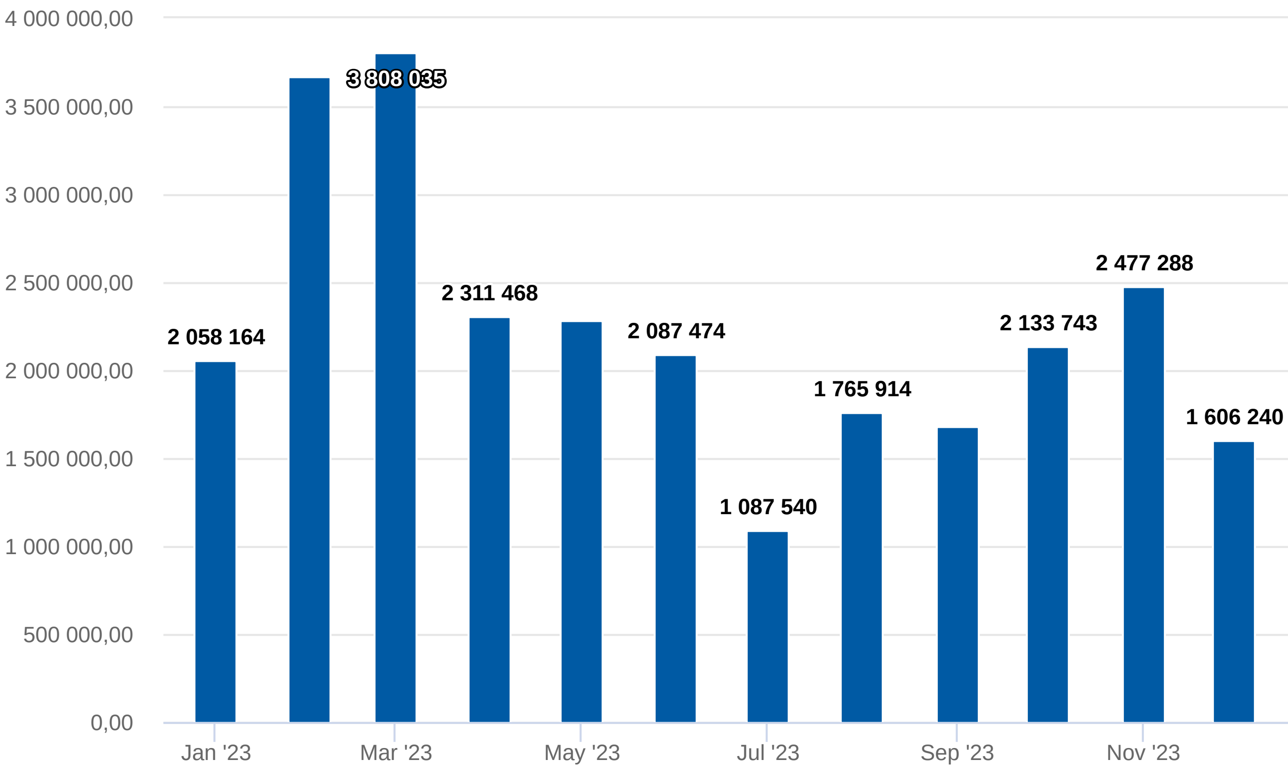
The 20 largest EC holders at 31.12.23

EC Holders	Number of Ecs	Share of EC Capital
PARETO AKSJE NORGE VERDIPAPIRFOND	4 970 689	4,95%
PARETO INVEST NORGE AS	4 605 677	4,59%
VPF EIKA EGENKAPITALBEVIS	3 669 193	3,65%
Geveran Trading Company LTd	3 525 028	3,51%
KOMMUNAL LANDSPENSJONSKASSE GJENSI	2 772 422	2,76%
Brown Brothers Harriman & Co.	2 427 956	2,42%
MP PENSJON PK	2 409 322	2,40%
FORSVARETS PERSONELLSERVICE	1 752 630	1,75%
The Northern Trust Comp, London Br	1 620 164	1,61%
State Street Bank and Trust Comp	1 568 944	1,56%
SPAREBANKSTIFTELSEN SPAREBANK 1 NO	1 411 606	1,41%
State Street Bank and Trust Comp	1 331 209	1,33%
Brown Brothers Harriman & Co.	1 140 900	1,14%
State Street Bank and Trust Comp	923 221	0,92%
State Street Bank and Trust Comp	865 761	0,86%
VPF SPAREBANK 1 UTBYTTE	835 000	0,83%
J.P. Morgan SE	825 637	0,82%
SPESIALFONDET BOREA UTBYTTE	825 459	0,82%
Landkreditt Utbytte	821 274	0,82%
Brown Brothers Harriman & Co.	735 389	0,73%
Total	39 037 481	38,88%

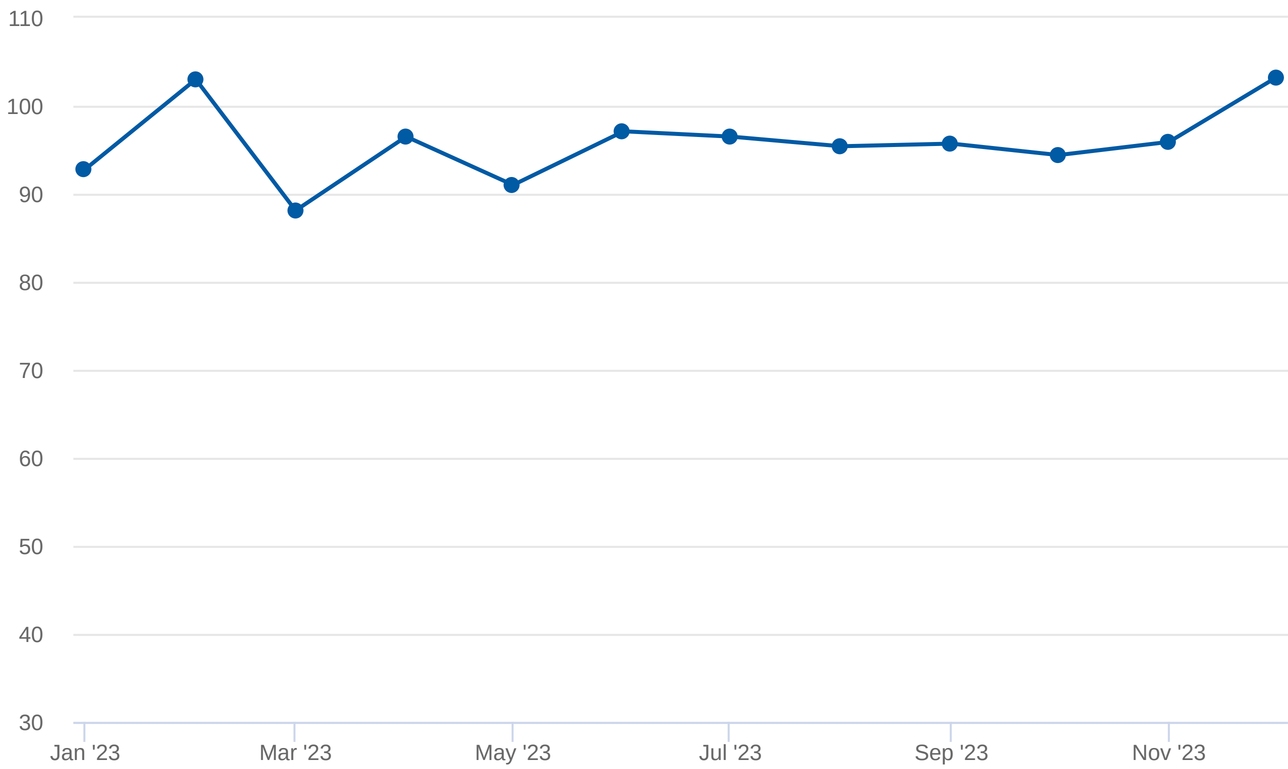
Dividend policy

The Bank's dividend policy states that the Bank aims to provide a competitive direct return for the Bank's owners. The target dividend rate is at minimum 50%. The future distribution rate will also take into account the group's capital coverage and future growth.

Trading statistics



Price trend NONG



Note 21 Capital Adequacy and MREL

Parent Bank			Group	
(Amounts in NOK million)				
31.12.22	31.12.23		31.12.23	31.12.22
		Equity		
2 650	2 650	Equity Certificate capital and premium reserve	2 650	2 650
600	1 250	Hybrid capital	1 250	600
3 676	4 238	Dividend Equalisation Fund	4 628	4 441
7 317	7 967	Saving Bank's primary capital	8 417	8 203
0	0	Non-controlling interests	245	231
14 243	16 105	Total equity	17 190	16 125
		Tier 1 Capital		
- 600	-1 250	Hybrid capital	-1 250	- 600
-1 776	-1 516	Deduction for allocated dividends	-1 516	-1 776
0	0	Period result not eligible as CET1 capital	0	0
0	0	Minority interests not eligible as CET1 capital	- 83	- 98
0	0	Goodwill and other intangible assets	- 213	- 132
- 31	- 29	Adjustments to CET1 due to prudential filters	- 40	- 42
0	0	IRB shortfall of credit risk adjustments to expected losses	- 58	0
0	0	Deduction for significant investments in financial sector entities	- 333	- 902
- 239	- 276	Deduction for non-significant investments in financial sector entities	- 225	- 224
0	- 6	Deduction for treasury shares	- 6	0
11 597	13 028	Common Equity Tier 1 Capital	13 466	12 351
		Additional Tier 1 Capital		
600	1 250	Hybrid capital	1 430	778
- 47	- 48	Deduction for Tier 1 capital in other financial sector entities with a significant investment	- 48	- 47
12 150	14 230	Total Tier 1 Capital	14 847	13 082
		Tier 2 Capital		
1 050	1 900	Non-perpetual subordinated capital	2 200	1 321
94	9	Expected losses on IRB, net of writedowns	0	45
- 218	- 223	Deduction for subordinated capital in other financial institutions with a significant investment	- 223	- 218
926	1 686	Tier 2 Capital	1 977	1 148
13 076	15 916	Own Funds	16 824	14 230

Parent Bank			Group	
(Amounts in NOK million) 31.12.22	31.12.23		31.12.23	31.12.22
		Risk exposure amount		
4 888	6 250	Corporates - SME	6 258	4 896
14 103	16 052	Corporates - Specialised Lending	17 042	14 812
689	1 127	Corporates - Other	1 218	765
11 712	12 474	Retail - Secured by real estate	21 059	19 921
846	981	Retail - Other	1 001	865
8 353	8 230	Equity IRB	0	0
40 591	45 113	Credit risk IRB	46 578	41 258
0	0	Central governments or central banks	15	0
405	222	Regional governments or local authorities	436	501
0	0	Public sector entities	2	3
2 004	2 126	Institutions	1 247	863
3 274	3 270	Corporates	6 200	6 110
183	227	Retail	5 109	4 961
401	402	Secured by mortgages on immovable property	621	637
4	3	Exposures in default	364	209
961	1 077	Covered bonds	1 500	1 359
0	0	Collective investments undertakings (CIU)	1	1
3 917	4 663	Equity	5 879	6 050
905	1 043	Other items	1 627	1 662
12 054	13 033	Credit risk standardised approach	23 001	22 354
52 645	58 146	Total credit risk	69 578	63 612
5 908	7 054	Operational risk	7 965	7 134
112	65	Credit Value Adjustment	933	654
58 664	65 265	Total risk exposure amount	78 527	71 399
		Capital Adequacy Ratios		
19,8 %	20,0 %	Common Equity Tier 1 Capital Ratio	17,1 %	17,3 %
20,7 %	21,8 %	Tier 1 Capital Ratio	18,9 %	18,3 %
22,3 %	24,4 %	Total Capital Ratio	21,4 %	19,9 %
9,8 %	11,0 %	Leverage Ratio excl. result	7,9 %	7,4 %

Own funds and eligible liabilities

In connection with The Financial Supervisory Authority of Norway's work with crisis plans for Norwegian banks, SpareBank 1 Nord-Norge received an updated requirement in December 2023 on MREL - Minimum requirement for own funds and eligible liabilities. A key element in the crisis management regulations is that capital instruments and debt can be written down and/or converted to equity by internal recapitalization (bail-in), so that the enterprises have sufficient responsible capital and convertible debt to be able to manage the crisis without the use of public funds.

SpareBank 1 Nord-Norge’s MREL-requirement is 35,18 % as at 31.12.23. The requirement consists of the MREL per centage of 25,74 % and a combined buffer requirement (CBR) of 9,44 % of the present total risk exposure amount (TREA). The difference between the effective MREL requirement and the company's subordinated instruments can until 31.12.23 be met with unsecured senior debt with a remaining term of at least 12 months issued by the bank to external investors.

The minimum requirement for total subordination as at 31.12.23 is 24,87 % of the adjusted calculation basis. From 01.01.24 SpareBank 1 Nord-Norge must meet the full minimum requirement for total subordination of 28,24 % of the adjusted calculation basis. Subordination means that parts of the claim must be met with responsible capital or debt instruments with priority such as meets the requirements of Norwegian law (Finansforetaksloven §20-32(1) no. 4). The minimum requirement can only be met with responsible capital and subordinated debt. In the table below the current requirement and the banks fulfillment is listed.

Group		
(Amounts in NOK million)	31.12.23	31.12.22
Own funds and eligible liabilities		
Own funds and eligible liabilities including eligible YTD results (excl. SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt)	14 733	12 033
Senior non-preferred (SNP)	6 456	4 665
Senior preferred (SP) - over 12 mths	9 644	10 971
Total risk exposure amount (TREA) of the resolution group	67 110	61 528
Own funds and eligible liabilities as percentage of the total risk exposure amount		
Own funds and eligible liabilities	45,94 %	44,97 %
Own funds and SNP	31,57 %	27,14 %
MREL requirement expressed as nominal amount		
Total MREL requirement	35,18 %	34,90 %
Total subrogation (linear phasing-in requirement)	24,87 %	22,45 %
Surplus (+) / deficit (-) of MREL capital	10,76 %	10,07 %
Surplus (+) / deficit (-) of subrogation	6,70 %	4,69 %

Note 22 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. SNN 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 SB1 Boligkreditt.

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

The average remaining term to maturity for the Bank's debt securities in issue was 2.7 years as of 31.12.23.
The short-term liquidity risk measure, liquidity coverage ratio (LCR), was 150 % (146 %) as of the end of the quarter.
NSFR (Net Stable Funding Ratio) at 31.12.23 was 117 % (120 %).

Note 23 Changes to group structure

There has been no significant changes to the Group`s structure in 4Q 2023.

Note 24 Events occuring after the end of the quarter

No further information has come to light about important events that have occurred between the balance sheet date, and the Board's final consideration of the financial statements.

Statement from the Board of Directors ans Chief Executive Officer

Today the Board of Directors and the Chief Executive Officer have considered and adopted the financial quarterly report and the consolidated financial statements of SpareBank 1 Nord-Norge for the period from 1 October to 31 December 2023, and preliminary annual accounts for the period from 1 January to 31 December 2023.

We confirm to the best of our knowledge that the financial statements for the period from 1 January to 31 December 2023 have been prepared in accordance with current applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the group takes as a whole. We also confirm the quarterly 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, 07.02.24

Board of Directors and Chief Executive Officer in SpareBank 1 Nord-Norge