SpareBank 1 NORD-NORGE

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Quarterly report

Financial statement Q2 2023

www.snn.no

Index

Group financial highlights and key figures

(Amounts in NOK million and in % of average assets)		**30.06.23**	**%**	30.06.22	%	31.12.22	%
Net interest income	7	**1 675**	**2,65 %**	1 135	1,86 %	2 556	2,09 %
Net fee- and other operating income		**647**	**1,02 %**	627	1,03 %	1 234	1,01 %
Net income from financial investments		**143**	**0,23 %**	10	0,02 %	274	0,22 %
Total income	7	**2 465**	**3,90 %**	1 772	2,91 %	4 064	3,32 %
Total costs	7	**851**	**1,35 %**	792	1,30 %	1 637	1,34 %
Result before losses		1 614	2,56 %	980	1,61 %	2 427	1,98 %
Losses	7	**- 27**	**-0,04 %**	- 15	-0,02 %	63	0,05 %
Result before tax		1 641	2,60 %	995	1,63 %	2 364	1,93 %
Tax		**361**	**0,57 %**	196	0,32 %	513	0,42 %
Result after tax	7	1 280	2,00 %	799	1,28 %	1 851	1,49 %
Interest hybrid capital	7	**24**		18		37	
Result after tax ex. interest hybrid capital	7	1 256		781		1 814	
Profitability							
Return on equity capital	1, 7	**16,9 %**		10,2 %		11,9 %	
Interest margin	2, 7	**2,65 %**		1,86 %		2,09 %	
Cost/income	3, 7	**34,5 %**		44,7 %		40,3 %	
Balance sheet figures and liquidity		30.06.23		30.06.22		31.12.22	
Total assets		**129 838**		125 737		122 521	
Average assets	4, 7	**126 302**		121 897		122 377	
Gross loans	5, 7	**101 556**		93 609		95 301	
Gross loans incl. commition loans	5, 7	**141 904**		129 910		135 031	
Deposits	6, 7	**85 952**		84 813		80 669	
Liquidity Coverage Ratio (LCR)		**149**		151		146	
Solidity							
Common Equity Tier 1 Capital Ratio		**17,5 %**		19,3 %		17,3 %	
Tier 1 Capital Ratio		**18,7 %**		20,6 %		18,3 %	
Total Capital Ratio		**20,4 %**		22,2 %		19,9 %	
Common Equity Tier 1 Capital		**13.187**		13 753		12 351	
Tier 1 Capital		**14.135**		14 669		13 082	
Own Funds		**15.366**		15 790		14 230	
Total risk exposure amount		**75.407**		71 082		71 399	
Leverage Ratio incl. result		**7,6 %**		8,1 %		7,4 %	
NONG Key figures							
NONG Quoted/market price (NOK)		**97,10**		87,50		96,00	
Number of EC issued (mill)		**100,40**		100,40		100,40	
Equity capital per EC (NOK)		**67,24**		69,38		70,62	
Result per EC (NOK)		**5,62**		3,45		8,13	
P/E (Price/Earnings per EC) NOK		**8,65**		12,68		11,81	
P/B (Price/Book Value per EC) NOK		**1,44**		1,26		1,36	
Branches and full-time employees							
Branches		**15**		15		15	
Manyears		**889**		840		852	

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.

Quarterly Report for SNN – 2Q23

Results and key figures

NOK mill	**2Q23**	2Q22	Change	**30.06.23**	30.06.22	Change
Result after tax	**559**	345	214	**1 280**	799	481
Result per EC	**2,41**	1,46	0,95	**5,62**	3,45	2,17
Return on equity	**15,1 %**	9,0 %	6,1 %	**16,9 %**	10,2 %	6,7 %
Cost/income	**35,9 %**	46,9 %	-11,0 %	**34,5 %**	44,7 %	-10,2 %
Common Equity Tier 1 Capital Ratio	**17,5 %**	19,3 %	-1,9 %	**17,5 %**	19,3 %	-1,9 %
Growth loans retail market	**4,9 %**	7,1 %	-2,3 %	**4,5 %**	-4,5 %	8,9 %
Growth loans corporate market	**19,1 %**	4,0 %	15,1 %	**14,4 %**	3,8 %	10,6 %
Growth loans total	**9,6 %**	6,1 %	3,5 %	**7,7 %**	-1,9 %	9,6 %
Growth deposits retail market	**22,8 %**	21,6 %	1,1 %	**2,8 %**	0,7 %	2,1 %
Growth deposits corporate market	**7,7 %**	28,9 %	-21,2 %	**0,3 %**	6,2 %	-6,0 %
Growth deposits total	**15,6 %**	25,0 %	-9,5 %	**1,6 %**	3,3 %	-1,7 %
Result from ownership interests	**3**	18	- 15	**41**	29	12
Result from financial assets	**2**	- 84	86	**102**	- 19	121
Losses	**30**	17	13	**- 27**	- 15	- 12

Important events in the quarter

SpareBank 1 Nord-Norge (SNN) has again delivered a strong quarter with very good underlying banking operations. This is well illustrated by an annualised return on equity for the quarter in isolation of 15.1 per cent and a cost/income ratio of 35.9 per cent. Despite weaker macroeconomic developments, SpareBank 1 Nord-Norge delivered solid overall lending growth in the quarter totalling 9.6 per cent, with Corporate Market seeing 19.1 per cent growth and Retail Market 4.9 per cent growth (including loans transferred to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt). The Bank is satisfied that, despite a demanding global macroeconomic situation with rising interest rates and persistently high inflation, solid growth is being achieved, particularly in the corporate market. This can to some extent be attributed to the macroeconomic situation in Northern Norway being somewhat better than the average for the rest of the country. The Bank has also seen growth in industries that have not been as adversely impacted by the war in Ukraine and high energy and commodity prices.

Underlying losses remain very low. So far, the Bank's loan portfolio has not been affected by an increasingly uncertain macroeconomic situation. It is clear that some industries are experiencing a more challenging situation, although so far this has not impacted the Bank's figures in the form of increased losses and non-performance. This could also be due to the Group having systematically worked to reduce the 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 well exposed in industries that are not adversely affected by the current macroeconomic situation.

Corporate Market's figures testify to the fact that major industries in Northern Norway have delivered good results over time and demonstrated a high willingness to invest. Low energy prices and a favourable exchange rate for export-related industries also made a positive contribution.

The market expects interest rates to peak during the course of 2023. Financial uncertainty has, however, increased. SpareBank 1 Nord-Norge is conscious of this and, therefore, is focused on closely monitoring our customers, in Corporate Market in particular, but also exposed customers in Retail Market.

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

Global economy – good economic growth and falling inflation

There was considerable volatility in the global financial markets at the beginning of the year and several smaller US banks failed. This turbulence also spread to Europe and Credit Suisse was taken over by UBS. However, the large movements in the markets calmed down during 2Q23.

Globally, economic activity has held up surprisingly well given the sharply rising interest rates and high inflation. Figures from the G7 countries (France, Japan, Germany, the UK, the US, Italy and Canada) show there was a 0.3 per cent increase in economic activity in 1Q23. The main contribution to growth came from households, which still have some savings and pent-up demand after the pandemic. Unemployment is low, which is providing workers with regular income and continued faith in the future.

The fight against inflation is not over, although the trend is positive in many economies. The contribution from falling energy prices is particularly important. In 2022, energy prices rose sharply, pushing up inflation significantly. Most central banks will probably continue to raise their policy rates for a period, although it appears that a peak in interest rates is approaching. The US Federal Reserve chose not to make any changes to its policy rate at its June meeting but raised its policy rate by 0.25 per cent at its July meeting. The hope is that the US economy will calmly cool down. This will allow the avoidance of a sharp slowdown in the economy, which could potentially lead to higher unemployment and the associated ripple effects.

Norwegian economy – Norges Bank continues to hike interest rates while the Norwegian krone depreciates

Norges Bank is continuing its fight against inflation and raised interest rates by a total of 0.75 per cent during the quarter. Where the central bank previously envisioned a peak rate of around 4.0 per cent, it has now raised this to 4.25 per cent. However, the fixed income market believes that the policy rate needs to be raised further, pricing in a peak of 4.37 per cent at the time of writing (another two or three hikes from current

levels). During the first six months of the year, the focus on the Norwegian krone has increased, and the question is: how weak can the krone get?
Norges Bank assesses the krone against a basket of currencies from Norway's largest trading partners. The difference between the central bank's forecasts and actual developments has gradually grown very wide. In isolation, a weak Norwegian krone indicates a higher interest rate path from the central bank. While it is true that the krone has recently appreciated, from a historical perspective it is still weak.

The growth in prices in the housing market has calmed down and the number of homes for sale is rising in many cities. The time it takes for homes to sell has also increased in recent months. Not surprisingly, higher interest rates seem to be causing households to postpone or cancel investments. This may be due in large part to the fact that the rise in interest rates has been unusually rapid and the expected interest rate peak has been pushed steadily higher. This leads to increased uncertainty for households.

Unemployment remains low but is edging upwards. This is also confirmed by the business sector, where companies report a somewhat better supply of qualified labour. In recent years, more companies have reported challenges with recruitment, the consequences of which has been a reduction in activity or companies having to turn down new work.

Northern Norwegian economy – the northern Norwegian business sector is concerned about developments in the coming year.

The 'Expectation Barometer for Northern Norway' for spring 2023 was presented in Bodø in May. Despite high activity, a favourable exchange rate and many visitors to the region, local companies are becoming more pessimistic. In the last few years, most economies have been marked by the pandemic, war, inflation, an increased focus on climate-related risk and repeated interest rate hikes. The survey shows that northern Norwegian businesses and industries are steeling themselves for a downturn in the coming year.

The 'Expectation Barometer for Northern Norway' asks about companies' profitability and willingness to invest and their views on the labour market, climate-related risk and the EU Taxonomy. The report is designed to provide a broad picture of the status of northern Norwegian business and industry. The report's main findings were:

- Expectations for the next 12 months are somewhat more pessimistic than before. Uncertainty surrounding cost and interest rate developments, energy prices and inflation has impacted short-term confidence in the future in the business sector. The proportion expecting a downturn is greater than the proportion expecting growth.

- Low expectations are reflected in less willingness to invest in 2023. This is not a dramatic development, although the proportion willing to increase investment has fallen systematically over the past three years.

- Northern Norway lacks labour – more than 60 per cent still think it is difficult to recruit people with the right skills. All types of industries are facing similar challenges.

- Macroeconomic factors such as inflation and higher interest rates are what businesses fear will have the most adverse impact on their business in the next 12 months. Uncertainty about what will happen with wealth tax and the introduction of resources rent tax are also providing some grounds for some concern.

The full report can be read on kbnn.no.

Sustainability

Sustainability is one of the guiding principles of the Group's business strategy. The Group's risk strategy includes climate risk with quarterly reporting to the Board. The Group wants to be a driving force behind a green future in the north, and it has set itself a target of net zero emissions in its loan portfolio by 2040.

SpareBank 1 Nord-Norge's green framework is based on key sectors for 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 as at 2Q23 was BNOK 15.9. The Group constantly strives to improve the quality of its ESG data, which is why the green portfolio has decreased lightly compared with previous years.

The table below shows the share of financing categorised as green:

NOK mill	**30.06.23**	30.06.22
Grønne boliger	**6 786**	8 187
Grønne næringsbygg	**3 188**	4 532
Fornybar energi	**1 325**	1 324
Ren transport	**936**	490
Bærekraftig forvaltning av levende natursessurser og arealbruk	**3 654**	3 661
Totalt	**15 889**	18 194

SpareBank 1 Nord-Norge is a signatory to the UNEP FI (United Nations Environment Programme Financial Initiative) Principles for Responsible Banking and the UN Global Compact and publishes an annual report in relation to its sustainability work based on the GRI standard. See also the specific sections on sustainability on the

Bank's website and in the Annual Report 2022. In 2022, SpareBank 1 Nord-Norge voluntarily reported Taxonomy-related information for the first time.

Financial performance

NOK mill	2Q23	2Q22	Change	30.06.23	30.06.22	Change
Total income	**1 198**	844	354	**2 465**	1 772	693
Total costs	**430**	396	-115	**851**	792	59
Losses	**30**	17	134	**- 27**	- 15	- 12
Tax	**179**	86	55	**361**	196	165
Profit after tax	**559**	345	280	**1 280**	799	481

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 2Q23 in isolation shows a profit after tax of MNOK 559 (MNOK 345). As at 2Q23, profit amounted to MNOK 1 280 (MNOK 799), which results in an annualised return on equity of 16.9 per cent (10.2 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 three rate hikes so far in 2023.

Net interest income

Norges Bank raised its policy rate again on 22.06.23 by 0.50 percentage points to 3.75 per cent.

SpareBank 1 Nord-Norge has followed the development of the policy rate during 1H23 and raised deposit and lending rates by up to 0.25 percentage points from 28.03.23, by up to 0.25 percentage points from 09.05.23, and by a further up to 0.50 percentage points from 04.07.23.

Net interest income for 2Q23 in isolation was MNOK 855 (MNOK 594), MNOK 261 higher than in 2Q22 and MNOK 35 higher than in 1Q23.

As at 2Q23, net interest income was MNOK 1 675 (MNOK 1 135).

As at 30.06.23, net interest income represented 2.65 per cent of average total assets (1.86 per cent).

Income from the loan portfolio transferred to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt totalled MNOK 86 as at 2Q23 (MNOK 136) and was booked as commission income. This income amounted to MNOK 41 for 2Q23 in isolation (MNOK 63).

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 2Q23 was MNOK 338 (MNOK 316). As at 2Q23, net fee, commission and other operating income totalled MNOK 647 (MNOK 627).

As mentioned above, increased funding costs are affecting commission income from SpareBank 1 Boligkreditt, which was MNOK 22 lower than for the same period last year and MNOK 4 lower than for 1Q23.

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

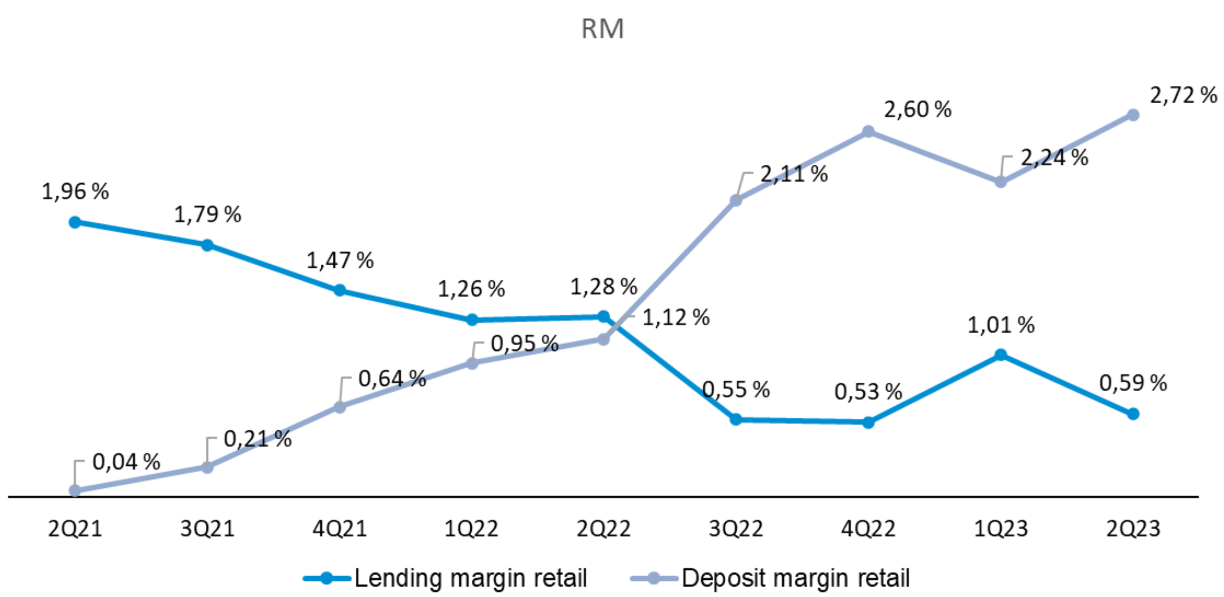
Developments in market divisions

Retail Market

Net interest income amounted to MNOK 401 for 2Q23 in isolation (MNOK 274), compared with MNOK 373 in 1Q23. Net interest income as at 2Q23 was MNOK 774 (MNOK 514).

Net fee, commission and other operating income for the quarter was MNOK 152 (MNOK 174), compared with MNOK 160 in 1Q23. Commission income from SpareBank 1 Boligkreditt in the last quarter amounted to MNOK 41, MNOK 22 lower than in 2Q22 (MNOK 63). As at 2Q23, net fee, commission and other operating income amounted to MNOK 312 (MNOK 342).

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



Retail Market's lending margin fell by 0.42 percentage points in (+0.02 percentage points) due to the increase in product interest rates exceeding the increase in average funding costs.

The price competition for well-collateralised mortgage loans remains significant, which is making it difficult to maintain the lending margin over time.

Retail Market saw lending growth for 2Q23 in isolation of 1.2 per cent, and annualised this represents annual growth of 4.9 per cent (7.1 per cent). Actual growth in the past 12 months was 4.5 per cent (5.2 per cent). The total gross lending volume as at 30.06.23 was MNOK 46 712 (MNOK 47 052).

The average NIBOR rate increased in 2Q23, and this had a positive effect on the deposit margin, and despite increased product interest rates on deposit products, the margin increased by 0.48 percentage points (+0.16 percentage points). We do not expect margin growth to be as strong throughout the year, although this will depend on NIBOR rate developments and the competitive situation for deposits.

Deposits in Retail Market grew by 5.7 per cent in the last quarter. On an annualised basis, this represents annual growth of 22.8 per cent (21.6 per cent). Actual deposit growth in Retail Market in the past 12 months was 2.8 per cent (8.1 per cent).

Total operating costs in the division amounted to MNOK 158 for 2Q23 (MNOK 169), compared with MNOK 151 in 1Q23. Total operating costs as at 2Q23 were MNOK 309 (MNOK 342). The development in costs is commented on in more detail in the section on operating costs.

At the end of 2Q23, 212 FTEs worked in Retail Market in the Parent Bank, one fewer than as at 2Q22 (213 FTEs).

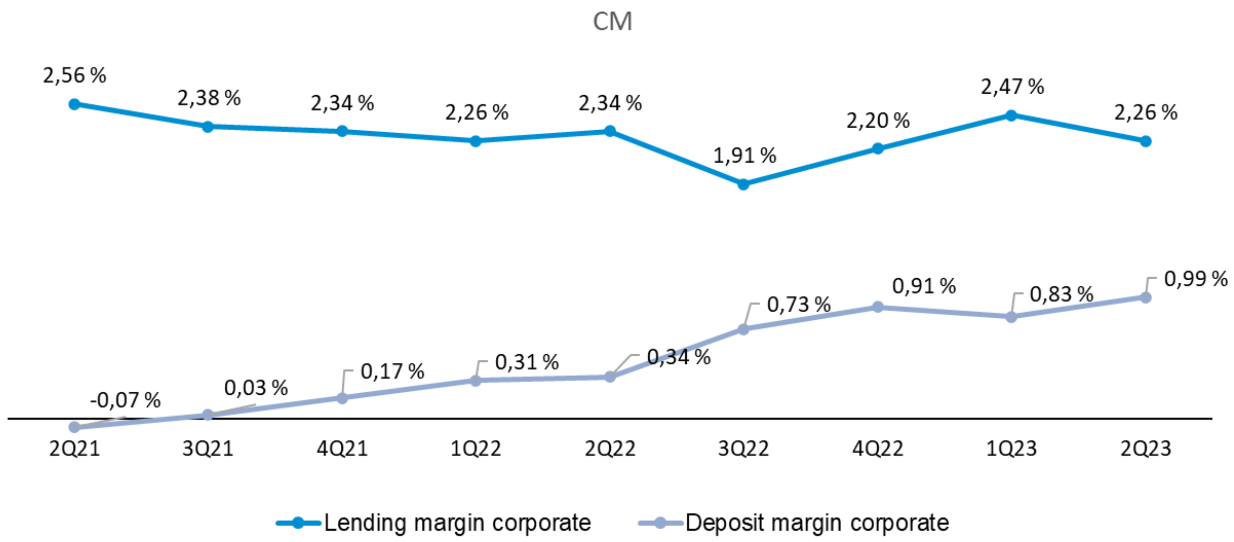
Booked losses in Retail Market amounted to MNOK -11 for 2Q23 (MNOK -2), compared with MNOK 3 1Q23. Recognised losses in Retail Market as at 2Q23 amounted to MNOK -8 compared with MNOK -2 as at 2Q22.

Corporate Market

Net interest income amounted to MNOK 325 for 2Q23 in isolation (MNOK 244), compared with MNOK 305 in 1Q23. Net interest income as at 2Q23 was MNOK 630 (MNOK 471).

Net fee, commission and other operating income for the quarter was MNOK 40 (MNOK 40), compared with MNOK 41 in 1Q23. As at 2Q23, net fee, commission and other operating income amounted to MNOK 81 (MNOK 74).

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



The lending margin in Corporate Market measured against the average 3-month NIBOR fell by 0.21 percentage points in 2Q23 (0.08 percentage points. The margin in Corporate Market was to a large extent directly linked to the development of the NIBOR rate as 77 per cent (76 per cent) of the loan portfolio is linked to the NIBOR rate.

Lending grew by 4.8 per cent in Corporate Market in 2Q23 in isolation (1.0 per cent), which when annualised represents growth of 19.1 per cent (4.0 per cent). Actual growth in the past 12 months was 14.4 per cent (6.6 per cent). It is pleasing that our greater focus on Corporate Market is producing effects with balanced growth both geographically and from a sector perspective, with a preponderance of ocean industries. Nonetheless, Corporate Market's expected annual growth rate is still 4-7 per cent for 2023.

The total gross lending volume as at 2Q23 was MNOK 49 467 (MNOK 35 611).

The deposit margin in Corporate Market measured against the 3-month NIBOR increased by 0.16 percentage points in the quarter (+0.03 percentage points). The reason why the margin has not increased as much as it has for Retail Market is that 66 per cent (70 per cent) of the deposits are linked to the NIBOR rate.

Growth in deposits in Corporate Market in 2Q23 in isolation amounted to 1.9 per cent (7.2 per cent). Annualised, this represents 7.7 per cent (28.9 per cent). Actual growth in the past 12 months was 0.3 per cent, inclusive of the public sector market (8.4 per cent).

Total operating costs in Corporate Market amounted to MNOK 97 in 2Q23 (MNOK 91), compared with MNOK 93 in 1Q23. Total operating costs as at 2Q23 amounted to MNOK 190 (MNOK 188).

As at 2Q23, 96 FTEs worked in Corporate Market in the Parent Bank, eight more than as at 2Q22 (88 FTES).

Booked losses in Corporate Market amounted to MNOK 46 for 2Q23 (MNOK 17), compared with MNOK -63 (income) in 1Q23. Booked losses in Corporate Market as at 2Q23 amounted to MNOK -17 compared with MNOK -14 as at 2Q22.

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 3 in 2Q23 in isolation (MNOK 18) compared with MNOK 55 in 1Q23.
Profit contributions amounted to MNOK 41 as at 2Q23 (MNOK 29).

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 2Q23 in isolation was MNOK -21 and this was MNOK 163 weaker than in 2Q22 (MNOK 142) and compared with MNOK 176 in 1Q23. The weaker result was due to negative developments in the value of interest-bearing securities, as well as negative developments in the value of investment properties resulting from the continued rise in interest rates in 2023.

In addition to the above, Fremtind's insurance result was also affected by a major natural disaster claim in 2Q23, as well as higher claims rates for travel and car insurance in the year to date due to more travel in society this year compared with last year.

If the result in 2Q22 had been set up in accordance with the new IFRS regulations, the profit would have been MNOK 177, MNOK 35 better than reported in 2Q22. SpareBank 1 Nord-Norge's share would have amounted to MNOK 19.

As at 2Q23, the profit for SpareBank 1 Gruppen was MNOK 250, compared with MNOK 466 in the restated profit (IFRS 17) as at 2Q22. (MNOK 237 reported as at 2Q22 in accordance with the previous regulations).

SpareBank 1 Nord-Norge’s share of the result for 2Q23 in isolation amounted to MNOK -5 (MNOK 16).

As at 2Q23, SpareBank 1 Nord-Norge's share of the profit was MNOK 22 (MNOK 29).

SpareBank 1 Boligkreditt
The results for 2Q23 in isolation were affected by higher interest rates/funding costs. The company is a non-profit enterprise. It generated a surplus in 2Q23 of MNOK 109, which is MNOK 117 better than the result for the same period last year (deficit of MNOK 8). As at 2Q23, the company posted a surplus of MNOK 270 (deficit of MNOK 21).

SpareBank 1 Nord-Norge’s share of the surplus in 2Q23 amounted to MNOK 15 (MNOK -3).

SpareBank 1 Nord-Norge’s share of the surplus as at 2Q23 amounted to MNOK 38 (MNOK -6).

SpareBank 1 Mobilitet
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 loss in Fleks AS, which was due to a strong expansion of the vehicle fleet, largely also accounts for the deficit in SpareBank 1 Mobility in 2Q23 of MNOK 22 (loss of MNOK 16). As at 2Q23, the loss was MNOK 44 (loss of MNOK 43).

SpareBank 1 Nord-Norge’s share of the loss in 2Q23 amounted to MNOK 7 (loss of MNOK 8).

SpareBank 1 Nord-Norge’s share of the deficit as at 2Q23 was MNOK 13 (deficit MNOK 13).

SpareBank 1 Forvaltning
The group consists of the companies SpareBank 1 Forvaltning and ODIN. Total profit as at 2Q23 was MNOK 39 (MNOK 55). Odin Forvaltning contributed most of the Group’s result. As at 2Q23, the company’s profit was MNOK 78 (MNOK 94).

SpareBank 1 Nord-Norge’s share of the profit in 2Q23 amounted to MNOK 5 (MNOK 8).

SpareBank 1 Nord-Norge’s share of the profit as at 2Q23 amounted to MNOK 10 (MNOK 13).

SpareBank 1 Betaling
The company is an owner of Vipps AS and includes the result from this company in line with the equity method. The result in SpareBank 1 Betaling for 2Q23 was a loss of MNOK 53 (loss of MNOK 1), which was affected by the operating loss in Vipps AS of MNOK 52 (loss of MNOK 1).

As at 2Q23, the company posted a profit of MNOK 92 (loss of MNOK 26).

SpareBank 1 Nord-Norge's share of the result in 2Q23 amounted to MNOK -10 (MNOK 0).

SpareBank 1 Nord-Norge's share of the result as at 2Q23 amounted to MNOK -17 (MNOK -5).

Subsidiaries
The Group's subsidiaries are fully consolidated into the Group's accounts and have delivered a total profit after tax of MNOK 81 for 2Q23 in isolation (MNOK 59).

- EiendomsMegler 1 Nord-Norge:
  Profit after tax of MNOK 11 for 2Q23 in isolation. The corresponding figure for 2Q22 was MNOK 10. 21 more units were sold in the quarter and operating income increased by 4 per cent compared with the corresponding quarter last year. As at 2Q23, 176 more units had been sold than at the same time last year. Costs in the quarter increased by MNOK 1 (2 per cent) compared with 2Q22. There were 10 more FTEs as at 30.06.23 compared with the same period in 2022.
  As at 2Q23, the profit after tax was MNOK 10 (MNOK 10).

- SpareBank 1 Regnskapshuset Nord-Norge:
  Profit after tax of MNOK 8 for 2Q23 in isolation. Compared with 2Q22, the profit was MNOK 1 less (MNOK 9).
  SNN Regnskapshuset's peak season is the first half of the year, and it saw 10 per cent growth in income from ordinary accounting and payroll assignments compared with the corresponding period last year. At the same time, total operating costs in the quarter increased by 15 per cent compared with last year. This was largely due to the comprehensive implementation of a new IT system.

  In May 2023, the company acquired the accounting company Adwice AS in Vesterålen and Lofoten. As at 2Q23, there were 17 more FTEs than as at 2Q22.

  As at 2Q23, the profit after tax was MNOK 18 (MNOK 20). In addition, the profit after tax in Adwice as at 2Q23 was MNOK 5.

- SpareBank 1 Finans Nord-Norge:
  Profit after tax of MNOK 57 for 2Q23 in isolation, compared with MNOK 42 for 2Q22.
  The company's income increased by 20 per cent in the quarter compared with last year. The cost level in the quarter was at the same level as last year, the company has one more FTE, while the net loss for the quarter was MNOK 5 lower than in the corresponding quarter last year.

  As at 2Q23, profit after tax was MNOK 103 (MNOK 80).

Also see the specification in Note 14.

The Group's equities portfolio
As at 30.06.23, the Group's equities portfolio amounted to MNOK 1 461, compared with MNOK 1 522 as at 30.06.22 and MNOK 1 528 as at 31.12.22.

The Parent Bank's equities portfolio saw a negative change in value in 2Q23 in isolation amounting to MNOK 19 (MNOK -94), which was mainly due to falls in the shares held in SpareBank 1 Helgeland by MNOK 11, in SpareBank 1 Markets by MNOK 11 and in BN Bank ASA by MNOK 2, while the value of shares in VN Norge AS (Visa) increased by MNOK 3 and other shares increased by MNOK 2. The equities portfolio in SpareBank 1 Nord-Norge Portefølje fell in value by MNOK 1 in 2Q23.

As at 2Q23, the net change in value of the equity portfolio was an unrealised gain of MNOK 55 (MNOK 1). As at 2Q23, an additional MNOK 96 had been received in share dividends (MNOK 66).

SpareBank 1 Nord-Norge is strengthening its investment in the capital market and will increase its stake in SpareBank 1 Markets from 12.2 per cent to 18.1 per cent from 2023. The transaction is expected to be approved and completed during the 3Q23, and the initiative will ensure customers have access to a strong capital market environment with regional and national anchoring.

Certificates, bonds, currency and derivatives
As at 30.06.23, the Group's holdings of certificates and bonds amounted to MNOK 18 477, compared with MNOK 22 537 as at 30.06.22 and MNOK 18 073 as at 31.12.22.

The total net change in value in the bond portfolio in 2Q23 represents a net unrealised loss of MNOK 11 (MNOK -66), compared with a loss of MNOK 29 in 1Q23. Of the change in value, MNOK 5 was due to the negative change in value of the portfolio (widening spread), and MNOK 6 was due to the negative effect on coupon rates, MNOK 1 to the negative effect of inefficient hedging and MNOK 1 was due to a realised gain. In addition, the period saw a MNOK 1 negative change in the value of associated foreign exchange items (MNOK 19)

The Group also saw a negative change in the value of its fixed-rate loan portfolio of MNOK -6 in 2Q23 (MNOK -7).

As at 2Q23, total net changes in the value of the bond portfolio, currency and fixed-rate loans amounted to MNOK -40 (MNOK -86).

A summary of the Group's derivatives as at 30.06.23 can be seen in Note 15 in the quarterly report.

Operating costs
The Group's operating costs for 2Q23 in isolation were MNOK 430 (MNOK 396), which is MNOK 9 higher than in 1Q23 (MNOK 421). The increase in costs was primarily due to increased investments in the subsidiaries. The Parent Bank's operating costs in the quarter amounted to MNOK 284 (MNOK 283), while operating costs in the subsidiaries amounted to MNOK 146 (MNOK 113).

As at 2Q23, the Group's operating costs amounted to MNOK 851, MNOK 59 higher than at the end of 2Q22 (MNOK 792). The Parent Bank's operating costs as at 2Q23 amounted to MNOK 568, MNOK 5 higher than at the end of 2Q22 (MNOK 563), while operating costs in subsidiaries have increased by MNOK 54 compared with last year (MNOK 229).

Due to a tight labour market, inflation, growth and a need to invest in ICT, we expect 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 in 2023 as well.

The Group had 889 FTEs as at 2Q23, 49 FTEs more than the 840 as at 2Q22, and 14 more than as at 1Q23. Compared with last year, there are 22 more FTEs in the Parent Bank and 28 FTEs more in the subsidiaries, of which 17 FTEs are in SNN Regnskapshuset and 10 are in EiendomsMegler 1.

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 2Q23 in isolation amounted to MNOK 30 (MNOK 17): MNOK -20 (MNOK -2) from the retail market and MNOK 50 (MNOK 20) from the corporate market. Net income/loss in 2Q23 consisted of MNOK 7 in reduced individual loss provisions and MNOK 37 in increased ECL provisions.

As at 2Q23, the Group’s net losses amounted to MNOK -27 (MNOK -15): MNOK -18 from the retail market (MNOK -3) and MNOK -10 from the corporate market (MNOK -11). Net income/loss as at 2Q23 consisted of MNOK 3 in increased individual loss provisions and MNOK 30 in reversed ECL provisions.

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 30.06.23, total loss provisions on loans came to MNOK 707 (MNOK 669), which was MNOK 29 higher than at the end of the preceding quarter (MNOK 678). Loan loss provisions amount to 0.64 per cent of the Group's total gross lending (0.65 per cent), and 0.46 per cent of gross lending to customers including loans transferred to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt (0.47 per cent). The corresponding ratios as at 31.03.23 were 0.64 per cent and 0.45 per cent.

As at 30.06.23, the Group’s total loss provisions for loans and guarantees classified as Stage 1 and Stage 2 amounted to MNOK 509 (MNOK 473), MNOK 32 higher than at the end of the preceding quarter (MNOK 477).

As at 30.06.23, loss provisions for loans and guarantees classified as Stage 3 amounted to MNOK 199 (MNOK 196) compared with MNOK 201 as at 31.03.23. This equates to a loss provision ratio of 29 per cent (30 per cent) of non-performing and doubtful commitments, compared with 29 per cent at the end of the preceding quarter. The provisions in 2Q23 were MNOK 2 lower than in the last quarter, of which MNOK 2 had to do with SNN Finans.

Please refer to notes 2, 8 and 11 in the quarterly report, which describe the Group's assessments concerning factors affecting loss provisions in 2Q23, 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 performance

Lending

At the end of 2Q23, loans totalling BNOK 40 (BNOK 36) 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 2023 as a whole, lending growth of 2-5 per cent is expected in Retail Market and lending growth of 4-7 per cent is expected in Corporate Market. However, the uncertainty surrounding lending growth has increased, and we expect somewhat lower growth in 2H23 than we have 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 2Q23 was 1.2 per cent in Retail Market and 4.8 per cent in Corporate Market. This represents annualised growth of 4.9% in Retail Market and 19.1 per cent in Corporate Market. Actual growth over the past 12 months was 4.5 per cent in Retail Market (5.2 per cent) and 14.4 per cent in Corporate Market (6.6 per cent).

Retail Market accounted for 66 per cent of total lending as at 2Q23 (68 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-to-loan ratio as at 2Q23 was 87 per cent, compared with 91 per cent as at 2Q22. 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 2Q23 was 149 per cent (151 per cent). The net stable funding ratio (NSFR) as at 2Q23 was 118 per cent (122 per cent).

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

SNN Rating	30.06.23	Moody's
Senior preferred rating		Aa3
Senior non-perferred rating		A3

Financial strength and capital adequacy

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

The mains changes in the area in 1H23 can be summarised as follows:

- The countercyclical capital buffer increased by 50 basis points to 2.5 per cent, effective from 31.03.23.

For a more detailed description of the area, please see the Group's annual report. The Group uses proportional consolidation for its capital adequacy reporting on the stakes in SpareBank 1 Boligkreditt, SpareBank 1 Næringskreditt, SpareBank 1 Kreditt, and BN Bank**.**

The Group's quarterly financial statements have been audited, and 50 per cent of the profit so far this year has thus been included in the calculation of capital adequacy, and in comparisons with previous periods.

	30.06.23	30.06.22	Change	**31.12.22**	Change
Common Equity Tier 1 Capital Ratio	**17,5 %**	19,3 %	-1,9 %	**17,3 %**	0,2 %
Tier 1 Capital Ratio	**18,7 %**	20,6 %	-1,9 %	**18,3 %**	0,4 %
Capital Adequacy Ratio	**20,4 %**	22,2 %	-1,8 %	**19,9 %**	0,4 %
Leverage Ratio	**7,6 %**	8,1 %	-0,5 %	**7,4 %**	0,2 %

The Group's Common Equity Tier 1 capital as at 2Q23 was MNOK 13 187 (MNOK 13 753) and was MNOK 532 higher than as at 1Q23 (MNOK 12 655) and MNOK 836 higher than as at 4Q22 (MNOK 12 351). The change in the last quarter was mainly due to the effect on profits, as well as reduced deductions for ownership interests in associated companies and joint ventures.

The Common Equity Tier 1 capital ratio of 17.5 per cent is 1 percentage point above the Group's capital target (16.5 per cent), and 2 percentage points above the regulatory minimum level (15.5 per cent).

The risk exposure amount (RWA) as at 2Q23 was MNOK 75 407 (MNOK 71 082) and has increased by MNOK 2 337 compared with 1Q23 (MNOK 73 071) and MNOK 4 009 compared with 4Q22 (MNOK 71 399). 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.

Concluding remarks and outlook

The northern Norwegian economy has developed better than the national average ever since the financial crisis Unemployment remains very low 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 is likely to continue to see in the next few years, low energy prices. In the long term, however, there will be a need to develop more energy generation in the region to avoid ending up in the same situation as the rest of the country.

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. If the krone continues to depreciate, this may result in higher interest rates from Norges Bank, which will not benefit the economy.

In the same way, persistently high inflation will push up interest rates. 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 noted in the wholesale and retail trade, particularly in the car sector and in relation to capital goods and sports equipment. Commercial property will also be adversely affected. Even though we have seen moderate effects in our region so far, we expect property prices to fall somewhat.

The long-term effect of the resources rent tax and a sharp tightening of the wealth tax in recent years are generating negative signals for the northern Norwegian economy. High prices for both salmon and whitefish will pull in the opposite direction, as will low energy prices. 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, 2023 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, 10.08.23

The Board of SpareBank 1 Nord-Norge

Statement of Financial Performance

Parent Bank						Group		Group	
(Amounts in NOK million)									
2Q22	**2Q23**	30.06.22	**30.06.23**		Note	**30.06.23**	30.06.22	**2Q23**	2Q22
749	**1 438**	1 417	**2 744**	Interest income	3	**2 916**	1 562	**1 525**	823
228	**675**	429	**1 248**	Interest costs	3	**1 241**	427	**670**	229
521	**763**	988	**1 496**	Net interest income		**1 675**	1 135	**855**	594
0	**0**								
211	**204**	427	**407**	Fee- and commission income	4	**543**	541	**284**	280
14	**18**	26	**34**	Fee- and commission costs	4	**47**	38	**24**	21
0	**0**	3	**0**	Other operating income	4	**151**	124	**78**	57
197	**186**	404	**373**	Net fee- and other operating income		**647**	627	**338**	316
0	**0**								
65	**40**	66	**96**	Dividend	5	**96**	66	**40**	65
154	**514**	452	**685**	Income from investments	5,13	**41**	29	**3**	18
- 147	**- 37**	- 89	**9**	Net gain from investments in securities	5	**6**	- 85	**- 38**	- 149
72	**517**	429	**790**	Net income from financial investments		**143**	10	**5**	-66
0	**0**								
790	**1 466**	1 821	**2 659**	Total income		**2 465**	1 772	**1 198**	844
0	**0**								
136	**139**	270	**278**	Personnel costs	6	**442**	410	**220**	203
107	**103**	215	**207**	Administration costs	6	**243**	233	**121**	113
17	**15**	34	**30**	Ordinary depreciation	6,7	**44**	47	**22**	23
23	**27**	44	**53**	Other operating costs	6	**122**	102	**67**	57
283	**284**	563	**568**	Total costs		**851**	792	**430**	396
0	**0**								
507	**1 182**	1 258	**2 091**	Result before losses		**1 614**	980	**768**	448
0	**0**								
17	**35**	- 15	**- 25**	Losses	8	**- 27**	- 15	**30**	17
490	**1 147**	1 273	**2 116**	Result before tax		**1 641**	995	**738**	431
0	**0**								
67	**153**	165	**319**	Tax		**361**	196	**179**	86
423	**994**	1 108	**1 797**	Result after tax		**1 280**	799	**559**	345
				Attributable to:					
				Controlling interests		**1 260**	782	**547**	335
				Non-controlling interests		**20**	17	**12**	10
				Result per Equity Certificate					
1,92	**4,59**	5,05	**8,30**	Result per Equity Certificate, adjusted for interests hybrid capital		**5,62**	3,45	**2,41**	1,46

Other comprehensive income

Parent Bank					Group			
(Amounts in NOK million)								
2Q22	**2Q23**	30.06.22	**30.06.23**		**30.06.23**	30.06.22	**2Q23**	2Q22
423	**994**	1 108	**1 797**	Result after tax	**1 280**	799	**559**	345
				Items that will not be reclassified to profit/loss				
0	**0**	0	**0**	Share of other comprehensive income from investment in assosiated companies	**1**	7	**0**	6
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	**1**	7	**0**	6
				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 comprehensive income from investment in assosiated companies	**-2**	72	**9**	14
0	**0**	0	**0**	Tax	**0**	0	**0**	0
0	**0**	0	**0**	Total	**- 2**	72	**9**	14
423	**994**	1 108	**1 797**	Total comprehensive income for the period	**1 279**	878	**568**	365
1,92	**4,59**	5,05	**8,30**	Total result per Equity Certificate, adjusted for interests hybrid capital	**5,70**	3,89	**2,51**	1,60

Statement of Financial Position

Parent Bank (Amounts in NOK million) 31.12.22	30.06.23		Notes	Group 30.06.23	31.12.22
		Assets			
145	**634**	Cash and balances with central banks		**634**	145
92 859	**99 180**	Loans to customers	10,11,12	**100 903**	94 637
1 513	**1 451**	Shares	12	**1 461**	1 528
18 069	**18 473**	Certificates and bonds	12	**18 477**	18 073
1 458	**1 986**	Financial derivatives	12,15	**1 986**	1 458
5 089	**5 391**	Investment in Group Companies, assosiated companies and joint ventures	13	**4 635**	4 861
406	**415**	Fixed assets	7	**818**	829
583	**598**	Other assets	14	**924**	788
120 122	**128 128**	**Total assets**		**129 838**	122 319
		Liabilities			
80 752	**86 032**	Deposits	16	**85 952**	80 669
15 336	**14 645**	Debt securities in issue	17	**14 645**	15 336
1 259	**1 646**	Financial derivatives	12,15	**1 646**	1 259
2 814	**3 777**	Other liabilities	18	**4 412**	3 414
5 718	**7 584**	Senior non-preferred and subordinated debt	19	**7 584**	5 718
105 879	**113 684**	**Total liabilities**		**114 239**	106 396
		Equity			
2 650	**2 650**	Equity Certificate capital and premium reserve	20	**2 650**	2 650
600	**804**	Hybrid capital	20	**804**	600
3 676	**3 675**	Dividend Equalisation Fund	20	**4 102**	4 347
7 317	**7 315**	Saving Bank's primary capital	20	**7 809**	8 095
		Non-controlling interests	20	**234**	231
14 243	**14 444**	**Total equity**		**15 599**	15 923
120 122	**128 128**	**Total liabilities and equity**		**129 838**	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		363	419		782	17	799
Other comprehensive income:							
Share of other comprehensive income from investment in assosiated companies		53	61		114		114
Tax on other comprehensive income							
Total other comprehensive income		53	61		114		114
Total comprehensive income for the period		416	480		896	17	913
Transactions with owners							
Changes in controlling interests		6	8		14	- 14	
Hybrid capital							
Dividend paid		- 703			- 703	- 30	- 733
Other transactions		- 2			7		7
Interests hybrid capital - this year		- 8	- 10		- 18		- 18
Approved society dividend			- 813		- 813		- 813
Total transactions with owners		- 707	- 815		-1 513	- 44	-1 557
Equity at 30.06.22	**2 650**	**4 220**	**7 946**	**780**	**15 605**	**170**	**15 775**
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		585	675		1 260	20	1 280
Other comprehensive income:							
Share of other comprehensive income from investment in assosiated companies		-	- 1		- 1		- 1
Tax on other comprehensive income							
Total other comprehensive income		-	- 1		- 1		- 1
Total comprehensive income for the period		584	675		1 259	20	1 279
Transactions with owners							
Changes in controlling interests						11	11
Hybrid capital				204	204		204
Dividend paid		- 824			- 824	- 27	- 851
Other transactions		6	4		10	- 1	9
Interests hybrid capital - this year		- 11	- 13		- 24		- 24
Approved society dividend			- 952		- 952		- 952
Total transactions with owners		- 829	- 961	204	-1 586	- 17	-1 603
Equity at 30.06.23	**2 650**	**4 102**	**7 809**	**804**	**15 365**	**234**	**15 599**

Change of principle is described in note 1

Statement of Cash Flows

Parent Bank *(Amounts in NOK million)* 31.12.22	30.06.23		Notes	Group 30.06.23	31.12.22
2 432	**2 116**	Profit before tax		**1 642**	2 364
68	**30**	+ Ordinary depreciation	7	**44**	92
0	**0**	+ Write-downs, gains/losses fixed assets		**0**	0
54	**- 25**	+ Losses on loans and guarantees	8	**- 27**	63
459	**319**	- Tax/Result non-current assetes held for sale		**361**	513
2 095	**1 802**	**Provided from the year's operations**		**1 298**	2 006
1 600	**1 365**	Change in sundry liabilities: + increase/ - decrease	18	**1 412**	1 525
- 646	**- 543**	Change in various claims: - increase/ + decrease	14	**- 664**	- 538
-3 864	**-6 296**	Change in gross lending to and claims on customers: - increase/ + decrease	10,11,12	**-6 239**	-3 992
1 072	**- 342**	Change in short term-securities: - increase/ + decrease	12	**- 337**	1 068
3 421	**5 280**	Change in deposits from and debt owed to customers: + increase/ - decrease	16	**5 283**	3 428
3 678	**1 266**	**A. Net liquidity change from operations**		**753**	3 497
-14	**-34**	- Investment in fixed assets	7	**- 33**	- 62
0	**0**	+ Sale of fixed assets		**0**	0
-425	**-33**	Payments to group companies and assosiated companies	13	**- 33**	- 425
56	**-269**	Payment from/Change in values of group companies and assosiated companies	13	**269**	286
- 383	**- 336**	**B. Liquidity change from investments**		**203**	- 201
- 37	**- 24**	Interest to hybrid capital owners		**- 24**	- 37
- 47	**- 20**	Payments to leases	7	**- 27**	- 51
-2 252	**-1 776**	- Dividend paid on EC/approved distributions		**-1 806**	-2 282
-6 241	**-2 396**	Decrease in borrowings through the issuance of securities	17	**-2 396**	-6 241
4 050	**1 704**	Increase in borrowings through the issuance of securities	17	**1 704**	4 050
- 287	**- 277**	Decrease in subordinated loan capital/hybrid capital	19	**- 277**	- 287
1 265	**2 348**	Increase in subordinated loan capital/hybrid capital	19	**2 359**	1 265
		Payment from non-controlling interests			33
-3 549	**- 441**	**C. Liquidity change from financing**		**- 467**	-3 550
- 254	**489**	A + B + C. Total change in liquidity		**489**	- 254
399	**145**	+ Liquid funds at the start of the period		**145**	399
145	**634**	**= Liquid funds at the end of the period**		**634**	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)		2Q23	1Q23	4Q22	3Q22	2Q22	1Q22	4Q21	3Q21	2Q21
Interest income		**1 525**	1 391	1 281	981	823	739	682	621	623
Interest costs		**670**	571	514	327	229	198	148	116	121
Net interest income		**855**	820	767	654	594	541	534	505	502
Fee- and commission income		**284**	259	266	281	280	261	301	335	332
Fee- and commission costs		**24**	23	21	20	21	17	30	21	24
Other operating income		**78**	73	50	51	57	67	148	52	56
Net fee- and other operating income		**338**	309	295	312	316	311	419	366	364
Dividend		**40**	56	22	2	65	1	1	1	20
Income from investments		**3**	38	147	28	18	11	189	118	154
Net gain from investments in securities		**- 38**	44	89	- 24	- 149	64	155	21	26
Net income from financial investments		**5**	138	258	6	- 66	76	345	140	200
Total income		**1 198**	1 267	1 320	972	844	928	1 298	1 011	1 066
Personnel costs		**220**	222	221	213	203	207	293	217	210
Administration costs		**121**	122	152	100	113	120	150	109	110
Ordinary depreciation		**22**	22	23	22	23	24	24	24	27
Other operating costs		**67**	55	61	53	57	45	105	45	46
Total costs		**430**	421	457	388	396	396	572	395	393
Result before losses		**768**	846	863	584	448	532	726	616	673
Losses		**30**	- 57	22	56	17	- 32	- 112	- 47	- 23
Result before tax		**738**	903	841	528	431	564	838	663	696
Tax		**179**	182	178	139	86	110	123	131	121
Result after tax		**559**	721	663	389	345	454	715	532	575
Interest hybrid capital		**13**	11	10	9	8	10	8	7	7
Result after tax ex. interest hybrid capital		**546**	710	653	380	337	444	707	525	568
Profitability										
Return on equity capital	1	**15,1 %**	19,1 %	17,2 %	10,1 %	9,0 %	11,6 %	18,0 %	13,7 %	15,4 %
Interest margin		**2,65 %**	2,63 %	2,09 %	1,95 %	1,86 %	1,80 %	1,77 %	1,64 %	1,65 %
Cost/income	2	**35,9 %**	33,2 %	34,6 %	39,9 %	46,9 %	42,7 %	44,1 %	39,1 %	36,9 %
Balance sheet figures										
Loans and advances excl. commision loans		**101 557**	98 199	95 265	93 609	91 783	91 351	95 713	94 355	94 355
-of which loans and advances to financial institutitons		**3 563**	3 689	1 944	1 447	1 539	1 365	1 172	1 661	1 661
-of which loans and and advances to customers		**97 994**	94 510	93 321	92 162	90 244	89 986	94 541	92 694	92 694
Loans incl. loans to SB1 BK and SB1 NK		**138 342**	135 091	131 134	128 463	126 523	125 739	132 831	131 001	131 001
Growth in loans and advances to cust. incl. loans in SB1 BK & NK past 12 months	3	**7,7 %**	6,8 %	6,0 %	-1,3 %	-1,9 %	-1,5 %	-1,1 %	5,0 %	5,2 %
Deposits		**85.952**	82 526	80 669	81 765	84 813	79 679	77 241	79 247	81 371
-of which deposits from financial institutions		**1.107**	861	1 185	1 646	1 308	1 095	1 092	1 024	499
- of which deposits from customers		**84 845**	81 665	79 484	80 119	83 505	78 584	76 149	78 223	80 872
Growth in deposits from customers past 12 months	3	**1,6 %**	3,9 %	4,4 %	2,4 %	3,3 %	3,8 %	4,1 %	9,1 %	10,7 %
Deposits as a percentage of gross lending	4	**86,6 %**	86,4 %	85,0 %	85,9 %	90,6 %	87,1 %	84,6 %	82,7 %	87,2 %
Deposits as a percentage of gross lending including loans in SB1 BK & NK	5	**61,3 %**	60,5 %	59,7 %	61,1 %	65,0 %	62,1 %	60,6 %	58,9 %	61,7 %
Average assets	6	**126 302**	124 535	122 377	122 342	121 897	119 977	120 264	120 535	120 019
Total assets		**129 838**	126 548	122 521	123 676	125 737	120 773	119 180	122 080	123 975
Losses on loans and commitments in default										
Losses on loans to customers as a percentage of total lending incl. loans in SB1 BK & NK		**-0,02 %**	-0,04 %	0,05 %	0,03 %	-0,01 %	-0,02 %	-0,18 %	-0,09 %	-0,06 %
Net comm. in default and at risk of loss as a per. of total lending incl. loans in SB1 BK & NK		**0,35 %**	0,36 %	0,35 %	0,35 %	0,35 %	0,34 %	0,27 %	0,17 %	0,25 %
Solidity										
Common Equity Tier 1 Capital		**13 187**	12 656	12 351	13 182	13 753	13 464	13 097	13 048	12 877
Tier 1 Capital		**14 135**	13 603	13 082	14 098	14 669	14 618	14 001	14 020	13 849
Own Funds		**15 366**	14 834	14 230	15 270	15 790	15 725	15 109	15 229	15 145
Risk exposure amount		**75 407**	73 071	71 399	70 036	71 082	71 703	70 059	62 201	63 490
Common Equity Tier 1 Capital Ratio		**17,5 %**	17,3 %	17,3 %	18,8 %	19,3 %	18,8 %	18,7 %	18,6 %	18,0 %
Tier 1 Capital Ratio		**18,7 %**	18,6 %	18,3 %	20,1 %	20,6 %	20,4 %	20,0 %	20,0 %	19,4 %
Total Capital Ratio		**20,4 %**	20,3 %	19,9 %	21,8 %	22,2 %	21,9 %	21,6 %	21,7 %	21,2 %

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.

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.

IFRS 17 Insurance Contracts
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.

IFRS 17 effects for SNN

MNOK	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

MNOK	2Q22
Group result after tax 2Q22 before implementation	799
Of which SNN's share of Sp 1 Gruppen's result 2Q22	29
Effect of implementation IFRS 17/IFRS 9	35
Adjusted SNN share of Sp 1 Gruppen's result for 2Q22	64
Group result after tax 2Q22 after implementation	834

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 13 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 31.03.23, the weights for SC1, SC2 and SC3 were 55, 35 and 10 per cent, respectively. The macro situation at the end of 2Q23 was not considered to have changed significantly compared with 1Q23.
However, due to the greater difference in outcomes between the scenarios in the upgraded loss model, the weight of the most predictive scenario (SC1) was increased, while the weights of SC2 and SC3 were decreased from 1Q23. As of 30.06.23, the weights of the respective scenarios were 70, 25 and 5 per cent.

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 30.06.23, some commitments in the *construction industry* have been placed on a watchlist.

The implementation of the upgraded loss model has not had a significant effect on the total loss provisions for the Group as at 30.06.23. The relative effect is smaller in the corporate market segment than it is in the retail market segment.

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.

30.06.23

TNOK	RM	CM	Parent bank
SC1 ECL in Base cenario	40.160	277.738	317.898
SC2 ECL in Downturn scenario	111.423	889.035	1.000.458
SC3 ECL in Upturn scenario	22.691	104.073	126.764
ECL with used scenarioweightning 75/15/10%	57.117	421.881	1.445.120
Sensitivity:			
ECL with alternative scenario weightning 80/10/10%	66.918	504.890	571.808
ECL with alternative scenario weightning 70/20/10%	63.355	474.354	537.710
ECL with alternative scenario weightning 65/25/10%	56.229	413.195	460.424
ECL with alternativw scenario weightning 60/30/10%	59.792	443.760	503.552

Note 3 - Net interest income

Parent Bank			Group	
(Amount in NOK million)				
2Q22	**2Q23**		**2Q23**	2Q22
		Interest income		
34	**84**	Interest income from loans to other credit institutions (amortized cost)	**11**	2
563	**1 098**	Interest income from loans to customers (amortized cost)	**1 244**	670
67	**63**	Interest income from loans to customers (fair value profit and loss)	**77**	67
0	**0**	Interest income from loans to customers (fair value other comprehensive income)	**0**	0
85	**193**	Interest income from certificates and bonds (fair value profit and loss)	**193**	84
749	**1 438**	Total interest income	**1 525**	824
		Interest cost		
17	**23**	Interest cost on debt to other credit institutions (amortized cost)	**20**	19
115	**418**	Interest cost on debt to customers (amortized cost)	**417**	114
75	**137**	Interest cost on the issued securities (amortizes cost)	**136**	75
10	**84**	Interest cost on subordinated capital and debt (amortized cost)	**84**	10
217	**662**	Total interest cost	**657**	243
11	**13**	Guarantee fund fee	**13**	11
521	**763**	Net interest income	**855**	521
1,72 %	**2,42 %**	Interest margin in relation to average total assets	**2,65 %**	1,86 %

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

Parent bank					Group		Group	
(Amounts in mill NOK)								
2Q22	**2Q23**	30.06.22	**30.06.23**		**30.06.23**	30.06.22	**2Q23**	2Q22
63	**41**	136	**87**	Provision from SB1 BK & NK	**87**	136	**41**	63
57	**68**	112	**128**	Payment facilities	**128**	112	**68**	57
49	**52**	98	**104**	Sales provision insurance products	**104**	98	**52**	49
8	**10**	14	**20**	Guarantee commissions	**20**	14	**10**	8
0	**0**			Real estate broking	**59**	56	**33**	34
12	**13**	24	**26**	Portfolio commissions	**26**	24	**13**	12
17	**16**	34	**34**	Credit commision	**34**	34	**17**	17
5	**4**	9	**8**	Other commisions	**85**	67	**50**	40
211	**204**	427	**407**	Total commission income	**543**	541	**284**	280
14	**18**	26	**34**	Commission costs	**47**	38	**24**	21
197	**186**	401	**373**	Net fee- and commission income	**496**	503	**260**	259
0	**0**			Accounting services	**150**	123	**78**	57
0	**0**	3	**0**	Other operating income	**1**	1	**0**	0
197	**186**	401	**373**	Net fee- and other operating income	**647**	627	**338**	316
27 %	**20 %**	29 %	**20 %**	Percent of net core earnings	**28 %**	36 %	**28 %**	35 %

Note 5 - Net income from financial investments

Parent bank					Group			
(Amounts in mill NOK)								
2Q22	**2Q23**	30.06.22	**30.06.23**		**30.06.23**	30.06.22	**2Q23**	2Q22
				Valued at fair value through profit and loss				
				Income from equity capital instruments				
65	**40**	66	**96**	Dividend from shares	**96**	66	**40**	65
154	**514**	452	**685**	Dividend from group companies, assosiated companies and joint ventures				
		0		Share result from assosiated companies and joint ventures	**41**	29	**3**	18
- 92	**- 19**	- 3	**58**	Gains/losses from shares	**55**	1	**- 20**	- 94
				Gains/losses from group companies, assosiated companies and joint ventures	**0**	0	**0**	0
				Income from certificates and bonds				
- 67	**- 11**	- 100	**- 40**	Gains/losses from certificates and bonds	**- 40**	- 100	**- 11**	- 67
				Income from financial derivatives				
19	**- 1**	25	**6**	Gains/losses from currencies and hedge derivatives	**6**	25	**- 1**	19
- 7	**- 6**	- 11	**- 15**	Gains/losses from fixed rate loans to customers	**- 15**	- 11	**- 6**	- 7
72	**517**	429	**790**	Net income from fair value financial investments	**143**	10	**5**	- 66
				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				
72	**517**	429	**790**	**Total net income from financial investments**	**143**	10	**5**	- 66

Note 6 - Expenses

(Amounts in mill NOK)

Parent 2Q22	2Q23	30.06.22	30.06.23		Group 30.06.23	30.06.22	2Q23	2Q22
99	**100**	197	**201**	Personel expenses	**341**	317	**170**	157
10	**11**	20	**21**	Pension costs	**28**	30	**14**	15
27	**28**	53	**56**	Social costs	**73**	63	**36**	31
136	**139**	270	**278**	**Total personnel costs**	**442**	410	**220**	203
66	**63**	143	**140**	IT expenses	**151**	154	**68**	70
41	**40**	72	**67**	Other administrative expenses	**92**	79	**53**	43
17	**15**	34	**30**	Ordinary depreciation	**44**	47	**22**	23
4	**4**	8	**9**	Operating costs properties	**10**	9	**5**	4
19	**23**	36	**44**	Other operating expenses	**112**	93	**62**	53
283	**284**	563	**568**	**Total costs**	**851**	792	**430**	396

Note 7 - Leases

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

Interest costs on the lease liability are recognised as costs on an ongoing basis and the right-of-use asset is depreciated on a straight-line basis over the term of the lease.

The Group's leased assets mainly include branches and naturally associated premises. Many of the contracts include the right to an extension that can be exercised during the term of the contract. The Group assesses, upon entering into a contract and thereafter continually, whether the right to the extension will, with reasonable certainty, be exercised.

The terms of leases vary from 2 to 14 years.

Parent bank			**Group**	
(Amounts in NOK million)				
31.12.22	**30.06.23**		**30.06.23**	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	**32**	Other changes	**21**	37
338	**335**	**Carrying amountat the end of the period**	**412**	424
34	**15**	Depreciation in the period	**20**	38
303	**321**	**Carrying amount of right to use asset at the end of the period**	**392**	386
		Lease liability		
343	**312**	Carrying amount 01.01.	**399**	397
4	**0**	Additions	**6**	4
-40	**-17**	Lease payments in the period	**-23**	-43
7	**3**	Interest	**4**	8
-3	**32**	Other changes	**21**	33
312	**330**	**Lease liability at the end of the period**	**406**	399
		Profit and loss		
34	**15**	Depreciation	**20**	38
7	**3**	Interest	**4**	8
41	**18**	**Total lease expence**	**24**	47
		Undiscounted lease liabilities and maturity of cash outflows		
33	**38**	Less than 1 year (this year)	**45**	45
32	**37**	1-2 years	**42**	41
31	**33**	2-3 years	**40**	40
31	**31**	3-4 years	**40**	39
31	**30**	4-5 years	**39**	38
219	**204**	More than 5 years	**259**	277
377	**373**	**Total**	**465**	481

Note 8 - Losses

Parent Bank					Group			
(Amounts in NOK million)								
2Q22	**2Q23**	30.06.22	**30.06.23**		**30.06.23**	30.06.22	**2Q23**	2Q22
				Losses incorporated in the accounts				
3	**3**	39	**10**	Period's change in individual lending provisions	**2**	40	**- 8**	4
15	**31**	- 56	**- 34**	Period's change in modelbased lending provisions	**- 30**	- 61	**37**	14
1	**1**	7	**2**	Period's confirmed losses	**6**	12	**4**	2
- 3	**- 1**	- 5	**- 4**	Recoveries, previously confirmed losses	**- 5**	- 6	**- 3**	- 3
17	**35**	- 15	**- 25**	**Total losses**	**- 27**	- 15	**30**	17
				Losses broken down by sector and industry				
16	**1**	- 9	**- 46**	Real estate	**- 47**	- 9	**0**	15
4	**47**	7	**38**	Finanicial and insurance activities	**38**	7	**47**	4
5	**1**	- 1	**2**	Fishing and aquaculture	**0**	- 2	**- 1**	5
- 1	**- 10**	4	**- 20**	Manufacturing	**- 18**	4	**- 8**	1
0	**- 1**	- 2	**- 1**	Agriculture and forestry	**- 1**	- 1	**- 1**	1
0	**13**	- 2	**18**	Power and water supply and construction	**24**	- 2	**13**	- 2
4	**1**	4	**- 7**	Service industries	**- 7**	4	**- 5**	4
- 5	**- 7**	- 10	**4**	Transportation	**5**	- 9	**8**	- 5
- 3	**6**	- 2	**- 3**	Commodity trade, hotel and restaurant industry	**- 4**	- 3	**- 3**	- 3
19	**46**	- 12	**- 15**	Total corporate market	**- 10**	- 12	**50**	20
- 2	**- 12**	- 3	**- 10**	Total retail market	**- 18**	- 3	**- 20**	- 2
17	**35**	- 15	**- 25**	**Total losses**	**- 27**	- 15	**30**	17

Isolatet loss effects compared to last quarter

2Q23

Parent Bank				**Group**		
PM	**BM**	**Sum**		**Sum**	**PM**	**BM**
- 6	85	**79**	Change ECL due to period growth and migration	**87**	3	84
1	10	**11**	Change ECL due to adjusted key assumptions	**2**	1	1
- 6	- 53	**- 60**	Change ECL due to changed scenario weighting	**- 52**	- 4	- 48
- 11	41	**31**	**Change in model-based loss provisions (stage 1 and 2)**	**37**	0	37
0	3	**3**	Change individual loss provisions (stage 3)	**- 8**	- 15	7
0	1	**1**	Change write-offs	**2**	- 5	7
- 12	46	**35**	**Total loss effects**	**30**	- 20	50

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 **30.06.23**

(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	774	630	0	- 1	179	94	1 675
Net fee- and other operating income	312	81	136	138	- 14	- 7	647
Net income from financial investments	1	0	0	0	0	142	143
Total costs	309	190	112	123	31	85	851
Result before losses	778	521	23	13	135	144	1 614
Losses	- 8	- 17	0	0	0	- 1	- 27
Result before tax	786	538	23	13	135	145	1 641
Total lending	46 712	49 467	0	0	9 045	-3 668	101 556
Loss provision	- 73	- 488	0	0	- 92	- 1	- 653
Other assets	0	0	348	140	0	28 447	28 935
Total assets per business area	46 639	48 979	348	140	8 953	24 778	129 838
Deposits	46 335	37 981	0	43	0	1 593	85 952
Other liabilities and equity capital	304	10 998	348	97	8 953	23 186	43 886
Total equity and liabilities per business area	46 639	48 979	348	140	8 953	24 779	129 838

During 2021, SpareBank 1 Nord-Norge has sold its portfolio of local banks in Helgeland to SpareBank 1 Helgeland. Following the sale, SpareBank 1 Nord-Norge will own 19.99% of SpareBank 1 Helgeland. This stake will be incororated into the consolidated financial statement.

Group **30.06.22**

(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	514	471	3	0	1	146	0	1 135
Net fee- and other operating income	342	74	11	124	119	8	- 50	627
Net income from financial investments	0	4	8	0	0	0	- 2	10
Total costs	342	188	21	98	107	48	- 11	792
Result before losses	514	361	1	26	13	106	- 41	980
Losses	- 2	- 14	0	0	0	0	1	- 15
Result before tax	516	375	1	26	13	106	- 41	995
Total lending	47 052	35 611	0	0	0	8 321	2 625	93 609
Loss provision	- 70	- 447	0	0	0	- 89	- 1	- 607
Other assets	79	7 544	911	245	130	113	23 712	32 734
Total assets per business area	47 061	42 708	911	245	130	8 345	26 336	125 737
Deposits	44 883	38 075	0	0	0	0	547	83 505
Other liabilities and equity capital	2 179	4 633	911	245	130	8 345	25 789	42 232
Total equity and liabilities per business area	47 062	42 708	911	245	130	8 345	26 336	125 737

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 30.06.23. 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 30.06.23 would impact the result by approximately MNOK -11,1 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**

(Amounts in NOK million)

31.12.22	**30.06.23**		**30.06.23**	31.12.22
		Loans and advances to credit institutions at amortised cost		
487	**678**	Loans and advances without agreed maturity or notice of withdrawal	**700**	487
8 167	**10 058**	Loans and advances with agreed maturity or notice of withdrawal	**2 863**	1 300
8 654	**10 736**	**Loans and advances to credit institutions**	**3 563**	1 787
		Loans to customers at amortised cost		
75 689	**80 324**	Loans at amortised cost	**89 313**	84 430
75 689	**80 324**	**Loans to customers at amortised cost**	**89 313**	84 430
		Loans to customers at fair value through profit and loss		
4 850	**4 664**	Loans to customers at fixed interest rates	**4 664**	4 850
4 233	**4 018**	Mortgages to customers for sale, housing credit company	**4 018**	4 233
9 083	**8 681**	**Loans at fair value through profit and loss**	**8 681**	9 083
84 772	**89 005**	**Total gross loans to customers**	**97 994**	93 513
93 426	**99 741**	**Total gross loans**	**101 557**	95 301
		Loans transfered to SpareBank 1 Boligkreditt/Næringskreditt		
39 449	**40 176**	Loans transrered to SpareBank 1 Boligkreditt	**40 176**	39 449
281	**172**	Loans transfered to SpareBank 1 Næringskreditt	**172**	281
39 730	**40 348**	**Total loans transfered to SB1 BK and SB1 NK**	**40 348**	39 730
133 156	**140 089**	**Total gross loans included loans transfered to SB1 BK and SB1 NK**	**141 904**	135 031
		Provision for credit losses - reduction in assets		
- 176	**- 164**	Provision for credit losses - stage 1	**- 193**	- 205
- 238	**- 239**	Provision for credit losses - stage 2	**- 272**	- 275
- 153	**- 159**	Provision for credit losses - stage 3	**- 189**	- 184
92 859	**99 180**	**Net loans excluded loans transfered to Sb1 SB1 BK and SB1 NK**	**100 903**	94 637

Parent Bank **30.06.23**

(Amounts 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	16 731	42	- 66	- 83	- 83	16 541
Finanicial and insurance activities	14 227	0	- 13	- 70	- 6	14 137
Fishing and aquaculture	8 558	38	- 37	- 12	- 1	8 546
Manufacturing	1 469	16	- 5	- 5	- 11	1 465
Agriculture and forestry	1 015	47	- 1	- 1	0	1 060
Power and water supply and construction	3 223	31	- 12	- 20	- 6	3 216
Government	142	0	0	0	0	142
Service industries	2 673	58	- 7	- 7	- 4	2 713
Transportation	2 452	45	- 5	- 7	- 9	2 478
Commodity trade, hotel and restaurant industry	2 049	30	- 4	- 13	- 8	2 054
Corporate market	52 539	308	- 150	- 217	- 128	52 352
Retail market	38 521	8 373	- 14	- 21	- 31	46 828
Total loans	91 060	8 681	- 164	- 239	- 159	99 180

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	1 549	- 12	- 17	- 5	- 34
Finanicial and insurance activities	126	0	0	- 5	- 5
Fishing and aquaculture	1 290	- 2	0	0	- 2
Manufacturing	413	- 1	0	0	- 1
Agriculture and forestry	137	0	0	0	0
Power and water supply and construction	590	- 1	- 4	0	- 5
Government	480	0	0	0	0
Service industries	1 284	- 2	- 1	0	- 3
Transportation	514	0	- 1	0	- 1
Commodity trade, hotel and restaurant industry	558	- 1	- 1	0	- 1
Corporate market	6 940	- 20	- 24	- 10	- 53
Retail market	1 525	0	0	0	- 1
Total loans	8 465	- 20	- 24	- 10	- 54

Group **30.06.23**

(Amounts 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	16 821	42	- 67	- 83	- 84	16 629
Finanicial and insurance activities	6 980	0	- 13	- 70	- 6	6 891
Fishing and aquaculture	9 414	38	- 43	- 13	- 2	9 394
Manufacturing	2 033	16	- 8	- 14	- 14	2 013
Agriculture and forestry	1 142	47	- 1	- 2	- 1	1 187
Power and water supply and construction	4 221	31	- 14	- 27	- 16	4 195
Government	162	0	0	0	0	162
Service industries	3 616	58	- 13	- 8	- 6	3 646
Transportation	3 388	45	- 7	- 11	- 15	3 400
Commodity trade, hotel and restaurant industry	2 632	30	- 8	- 17	- 9	2 628
Corporate market	50 408	308	- 174	- 245	- 153	50 144
Retail market	42 466	8 373	- 19	- 27	- 36	50 758
Total loans	92 874	8 681	- 193	- 272	- 189	100 903

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	1 523	- 12	- 17	- 5	- 34
Finanicial and insurance activities	93	0	0	- 5	- 5
Fishing and aquaculture	1 298	- 2	0	0	- 2
Manufacturing	402	- 1	0	0	- 1
Agriculture and forestry	137	0	0	0	0
Power and water supply and construction	650	- 1	- 4	0	- 5
Government	480	0	0	0	0
Service industries	1 365	- 2	- 1	0	- 3
Transportation	597	0	- 1	0	- 1
Commodity trade, hotel and restaurant industry	721	- 1	- 1	0	- 1
Corporate market	7 265	- 20	- 24	- 10	- 53
Retail market	1 525	0	0	0	- 1
Total loans	8 790	- 20	- 24	- 10	- 54

Parent Bank **30.06.23**
(Amounts 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	1 354	-1 342	- 12	**0**
to (-from) stage 2	-2 781	2 796	- 15	**0**
to (-from) stage 3	- 19	- 136	155	**0**
Net increase/(decrease) balance existing loans	-4 549	- 199	- 7	**-4 754**
Originated or purchased during the period	17 589	1 740	86	**19 414**
Loans that have been derecognised	-7 411	-1 722	- 160	**-9 293**
Changes caused by modifications which hasn't resultet in a deduction	1 848	135	5	**1 988**
Total loan commitments to amortised cost	**91 200**	**7 756**	**569**	**99 525**
Loans at fair value through profit and loss				**8 681**
Total loan commitments as at 30.06.23	**91 200**	**7 756**	**569**	**108 206**
Off-balance sheet	-7 403	-1 041	- 21	**-8 465**
Gross loans	**83 796**	**6 716**	**548**	**99 741**
Provision for credit losses - reduction in assets	- 164	- 239	- 159	**- 561**
Net loans	**83 632**	**6 477**	**389**	**99 180**

Group **30.06.23**
(Amounts 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	86 046	7 692	657	**94 396**
Changes in the period due to loans migrated between the stages				
to (-from) stage 1	1 535	-1 518	- 18	**0**
to (-from) stage 2	-3 213	3 252	- 39	**0**
to (-from) stage 3	- 37	- 184	221	**0**
Net increase/(decrease) balance existing loans	-5 099	- 322	- 26	**-5 447**
Originated or purchased during the period	18 991	1 863	105	**20 959**
Loans that have been derecognised	-8 221	-1 823	- 207	**-10 251**
Changes caused by modifications which hasn't resultet in a deduction	1 935	67	5	**2 007**
Total loan commitments to amortised cost	**91 939**	**9 027**	**698**	**101 664**
Loans at fair value through profit and loss				**8 681**
Total loan commitments as at 30.06.23	**91 939**	**9 027**	**698**	**110 345**
Off-balance sheet	-7 630	-1 139	- 21	**-8 790**
Gross loans	**84 310**	**7 888**	**676**	**101 556**
Provision for credit losses - reduction in assets	- 193	- 272	- 189	**- 653**
Net loans	**84 117**	**7 616**	**488**	**100 903**

Note 11 - Loss provisions

Parent bank					Group			
(Amounts in NOK million)								
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
			-567	Of which presented as a reduction of the assets	**-663**			
			-72	Of which presented as other debt	**-72**			
				Changes in the period due to loans migrating between stages:				
-41	37	4	**0**	to (-from) stage 1	**0**	4	41	-45
17	-19	2	**0**	to (-from) stage 2	**0**	5	-24	19
0	2	-2	**0**	to (-from) stage 3	**0**	-4	4	0
-1	-63	-21	**-85**	Net increase/decrease excisting loans	**-90**	-20	-69	-2
-56	-80	-2	**-138**	New issued or purchased loan	**-148**	-4	-83	-61
39	67	6	**112**	Loans that have been derecognised	**117**	7	70	40
56	75	3	**134**	Changes caused by modifications which hasn't resultet in deduction	**149**	3	83	62
-184	-263	-168	**-615**	**Total loss provisions as at 30.06.23**	**-707**	-199	-296	-213
				Loss provisions allocated to markets				
-15	-22	-31	**-67**	Retail market	**-83**	-36	-27	-20
-170	-241	-137	**-548**	Corporate market	**-624**	-163	-268	-193
-184	-263	-168	**-615**	**Total loss provisions as at 30.06.23**	**-707**	-199	-296	-213
			-561	Of which presented as a reduction of the assets	**-653**			
			-54	Of which presented as other debt	**-54**			

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)

	Level 1	Level 2	Level 3	Total
Assets at 30.06.23				
Shares	685	84	693	**1 461**
Bonds		18 477		**18 477**
Financial derivatives		1 986		**1 986**
Loans to customers with fixed rate			4 664	**4 664**
Loans to customers for sale			4 018	**4 018**
Total assets	685	20 547	9 374	**30 605**
Liabilities at 30.06.23				
Financial derivatives		1 646		**1 646**
Total liabilities		1 646		**1 646**
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	14	- 476	
Additions/acquisitions		438	1 193
Sales			-4 406
Matured		- 148	2 997
Carrying amount at 30.06.23	693	4 664	4 018

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	**30.06.23**	30.06.22	**2Q23**	**2Q22**
SpareBank 1 Nord-Norge Portefølje AS	100 %	**0**	3	**0**	- 3
Fredrik Langes Gate 20 AS	100 %	**1**	1	**0**	0
SpareBank 1 Finans Nord-Norge AS	85 %	**103**	80	**57**	42
SpareBank 1 Regnskapshuset Nord-Norge AS (inkl r	85 %	**18**	20	**8**	9
EiendomsMegler 1 Nord-Norge AS	85 %	**10**	10	**11**	10
Adwice AS (Sub subsidiary from 01.05.23)	100 %	**5**	0	**5**	0
Total		**137**	115	**81**	59

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	**30.06.23**	30.06.22	**2Q23**	2Q22	**30.06.23**	31.12.22
SpareBank 1 Mobilitet Holding AS	30,66 %	**- 13**	- 13	**- 7**	- 8	**60**	74
SpareBank 1 Gruppen AS	19,50 %	**22**	29	**- 5**	16	**1 797**	2 047
SpareBank 1 Kreditt AS	16,73 %	**- 1**	6	**2**	3	**292**	300
SpareBank 1 Boligkreditt AS	15,58 %	**38**	- 6	**15**	- 3	**1 886**	1 852
SpareBank 1 Næringskreditt AS	2,71 %	**1**	0	**0**	0	**53**	53
SpareBank 1 Utvikling DA	18,00 %	**0**	0	**0**	0	**136**	136
SpareBank 1 Bank og Regnskap AS	25,00 %	**1**	1	**1**	1	**44**	43
SpareBank 1 Forvaltning AS	13,27 %	**10**	14	**5**	8	**159**	109
SpareBank 1 Gjeldsinformasjon AS	14,44 %	**0**	0	**0**	0	**1**	1
SpareBank 1 Kundepleie AS	0,00 %	**0**	1	**0**	0	**0**	23
SpareBank 1 Betaling AS	17,94 %	**- 17**	- 5	**- 10**	0	**207**	223
Total		**41**	29	**3**	17	**4 635**	4 861

Note 14 - Other assets

Parent bank			Group	
(Amounts in NOK million)				
31.12.22	**30.06.23**		**30.06.23**	31.12.22
11	**13**	Accrued income	**51**	44
0	**0**	Goodwill and other intangible assets	**191**	118
88	**88**	Deferred tax	**0**	0
244	**241**	Prepayments	**292**	286
240	**256**	Other assets 1)	**390**	340
583	**598**	**Total other assets**	**924**	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	**30.06.23**	31.12.22
Net loss charged to the statement of comprehensive income in respect of hedging instruments in connection with actual value hedging	**581**	565
Total gain from hedging objects relating to the hedged risk	**- 581**	- 570
Total fair value hedging transactions	**-**	**- 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	**30.06.23**			31.12.22		
		Fair value			Fair value	
Foreign currency instruments	**Contract**	**Assets**	**Liabilites**	Contract	Assets	Liabilites
Foreign exchange financial derivatives (forwards)	**2 645**	**40**	**42**	1 732	12	25
Currency swaps	**24 804**	**285**	**161**	17 481	176	70
Total non-standardised contracts	**27 449**	**324**	**203**	19 213	189	95
Standardised foreign currency contracts (futures)						
Total foreign currency instruments	**27 449**	**324**	**203**	19 213	189	95
Interest rate instruments						
Interest rate swaps (including cross currency)	**32 846**	**1 599**	**777**	33 692	1 158	532
Other interest rate contracts	**731**	**44**	**41**	593	55	54
Total non-standardised contracts	**33 877**	**1 643**	**819**	34 285	1 213	585
Standardised interest rate contracts (futures)						
Total interest rate instruments	**33 877**	**1 643**	**819**	34 285	1 213	585

Hedging of funding loans

Interest rate instruments	**Contract**	**Assets**	**Liabilites**	Contract	Assets	Liabilites
Interest rate swaps (including cross currency)	**12 820**		**625**	12 249	56	570
Total, non-standardised contracts	**12 820**		**625**	12 249	56	570
Standardised interest rate contracts (futures)						
Total interest rate instruments	**12 820**		**625**	12 249	56	570
Total interest rate instruments	**46 698**	**1 643**	**1 444**	46 535	1 270	1 155
Total foreign currency instruments	**27 449**	**324**	**203**	19 213	189	95
Total	**74 147**	**1 986**	**1 646**	65 748	1 458	1 259

Note 16 - Deposits

Parent Bank			Group	
(Amounts in NOK million)				
31.12.22	**30.06.23**		**30.06.23**	31.12.22
		Deposits from credit institutions		
280	335	Deposits without agreed maturity	**335**	280
906	773	Deposits with agreed maturity	**772**	905
1 186	**1 108**	**Total deposits from credit institutions**	**1 107**	1 185
		Deposits from customers		
73 122	77 939	Deposits without agreed maturity	**77 869**	73 052
6 444	6 985	Deposits with agreed maturity	**6 976**	6 432
79 566	**84 924**	**Total deposits from customers**	**84 845**	79 484
80 752	**86 032**	**Total deposits**	**85 952**	80 669
		Deposits from customers broken down by sector and industry		
3 725	**3 765**	Real estate	**3 765**	3 725
2 863	**2 764**	Finanicial and insurance activities	**2 764**	2 863
3 356	**4 808**	Fishing and aquaculture	**4 808**	3 356
1 469	**968**	Manufacturing	**968**	1 469
564	**643**	Agriculture and forestry	**643**	564
2 908	**2 701**	Power and water supply and construction	**2 701**	2 908
8 581	**9 545**	Service industries	**9 466**	8 499
2 325	**2 504**	Transportation	**2 504**	2 325
2 803	**3 024**	Commodity trade, hotel and restaurant industry	**3 024**	2 803
28 594	**30 722**	Public market	**30 643**	28 512
8 546	**9 058**	Government market	**9 058**	8 546
42 426	**45 144**	Retail market	**45 144**	42 426
79 566	**84 924**	**Deposits from customers**	**84 845**	79 484

Note 17 - Securities issued

Parent Bank and Group

(Amounts in NOK million)

Changes in securities issued	Booked value 31.12.22	Issued	Matured or redeemed	Exchange rate movements	Fair value changes	Accrued interest	**Booked value 30.06.23**
Certificates and other short-term loans:							
Senior bonds	15 337	1 098	-2 353	606	- 12	- 31	14 645
Senior bonds	15 337	1 098	-2 353	606	- 12	- 31	**14 645**

Note 18 - Other liabilities

Parent bank			Group	
(Amounts in NOK million)				
31.12.22	**30.06.23**		**30.06.23**	31.12.22
2 612	**2 990**	Other liabilities	**3 209**	2 814
129	**734**	Costs incurred	**1 126**	503
0	**0**	Deferred tax liabilities	**24**	25
73	**53**	Off balance loss provision	**53**	72
2 814	**3 777**	**Total other liabilities**	**4 412**	3 414
		Specification of other liabilities		
312	**330**	Lease liabilites	**406**	399
577	**336**	Accrued tax	**381**	42
19	**15**	Tax deductions	**24**	13
734	**944**	Creditors	**964**	25
849	**1 194**	Agreed payments from Donations Fund	**1 194**	889
121	**171**	Miscellaneous liabilities	**240**	1 446
2 612	**2 990**	Other liabilites	**3 209**	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 30.06.23**
Subordinated loan capital	1 053	400	- 274			1	**1 180**
Senior non-preferred	4 665	1 479		247	- 3	16	**6 402**
Subordinated loan capital and other senior non-preferred	5 718	1 879	- 274	247	- 3	17	7 584

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	30.06.23		30.06.23	31.12.22
1 807	**1 807**	EC capital	**1 807**	1 807
843	**843**	Premium Fund	**843**	843
2 870	**2 853**	Dividend Equalisation Fund	**2 853**	2 870
823	**0**	Set aside EC dividend, not decided	**0**	823
- 17	**- 11**	EC owner's share of other equity	**764**	762
	833	EC owner's share of period result	**594**	
6 326	**6 325**	**EC owner's share of equity**	**6 860**	7 105
46,37 %	**46,36 %**	EC owner's percentage of equity	**46,36 %**	46,36 %
6 384	**6 364**	Saving Bank's primary capital	**6 364**	6 384
953	**0**	Set aside society dividend, not decided	**0**	953
- 20	**- 13**	Society's share of other equity	**883**	881
	964	Society's share of period result	**687**	
7 317	**7 315**	**Society's share of equity**	**7 935**	8 218
53,63 %	**53,64 %**	Society's percentage of equity	**53,64 %**	53,64 %
600	**804**	Hybrid Capital	**804**	600
14 243	**14 444**	**Total equity**	**15 599**	15 923

Hybrid Capital

Three 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	**30.06.23**	31.12.22
2099 3m NIBOR + 3,10 %	**204**	
2099 3m NIBOR + 3,30 %	**250**	**250**
2099 3m NIBOR + 2,60 %	**350**	**350**
Total hybrid capital	804	600
Average interest hybrid capital	**6,31 %**	4,36 %

Equity Certificates (ECs)

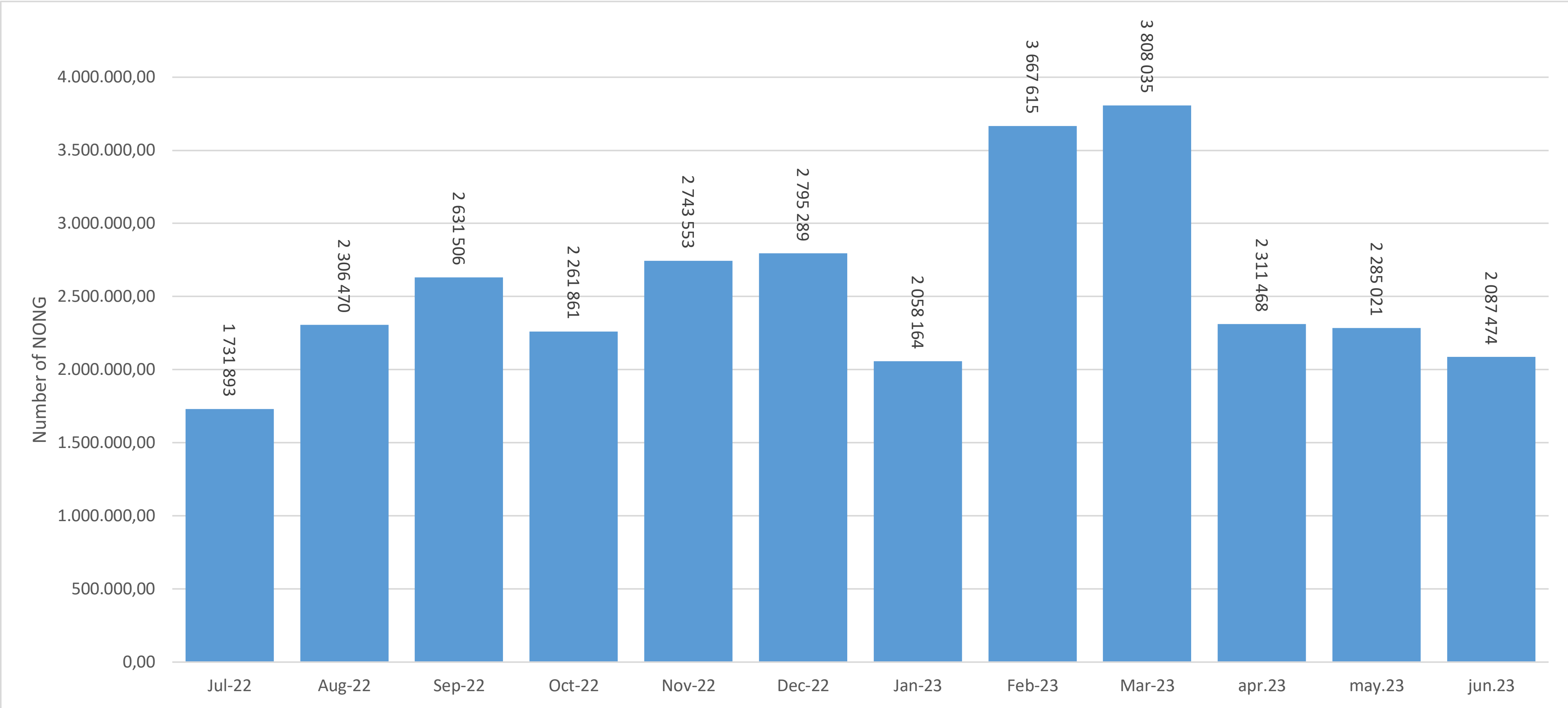
The 20 largest EC holders at 30.06.23

EC Holders	Number of Ecs	Share of EC Capital
PARETO INVEST NORGE AS	4.605.677	4,59%
PARETO AKSJE NORGE VERDIPAPIRFOND	4.511.731	4,49%
VPF EIKA EGENKAPITALBEVIS	3.568.490	3,55%
GEVERAN TRADING CO LTD	3.505.028	3,49%
KOMMUNAL LANDSPENSJONSKASSE GJENSI	2.737.719	2,73%
MP PENSJON PK	2.484.322	2,47%
The Northern Trust Comp, London Br	2.313.717	2,30%
Brown Brothers Harriman & Co.	1.956.073	1,95%
FORSVARETS PERSONELLSERVICE	1.752.630	1,75%
Morgan Stanley & Co. International	1.658.000	1,65%
State Street Bank and Trust Comp	1.596.369	1,59%
SPAREBANKSTIFTELSEN SPAREBANK 1 NO	1.411.606	1,41%
SPESIALFONDET BOREA UTBYTTE	1.308.517	1,30%
Landkreditt Utbytte	949.507	0,95%
State Street Bank and Trust Comp	933.394	0,93%
State Street Bank and Trust Comp	889.251	0,89%
VPF SPAREBANK 1 UTBYTTE	810.750	0,81%
Brown Brothers Harriman & Co.	735.389	0,73%
Euroclear Bank S.A./N.V.	722.758	0,72%
State Street Bank and Trust Comp	710.087	0,71%
Total	**39.161.015**	**39,01%**

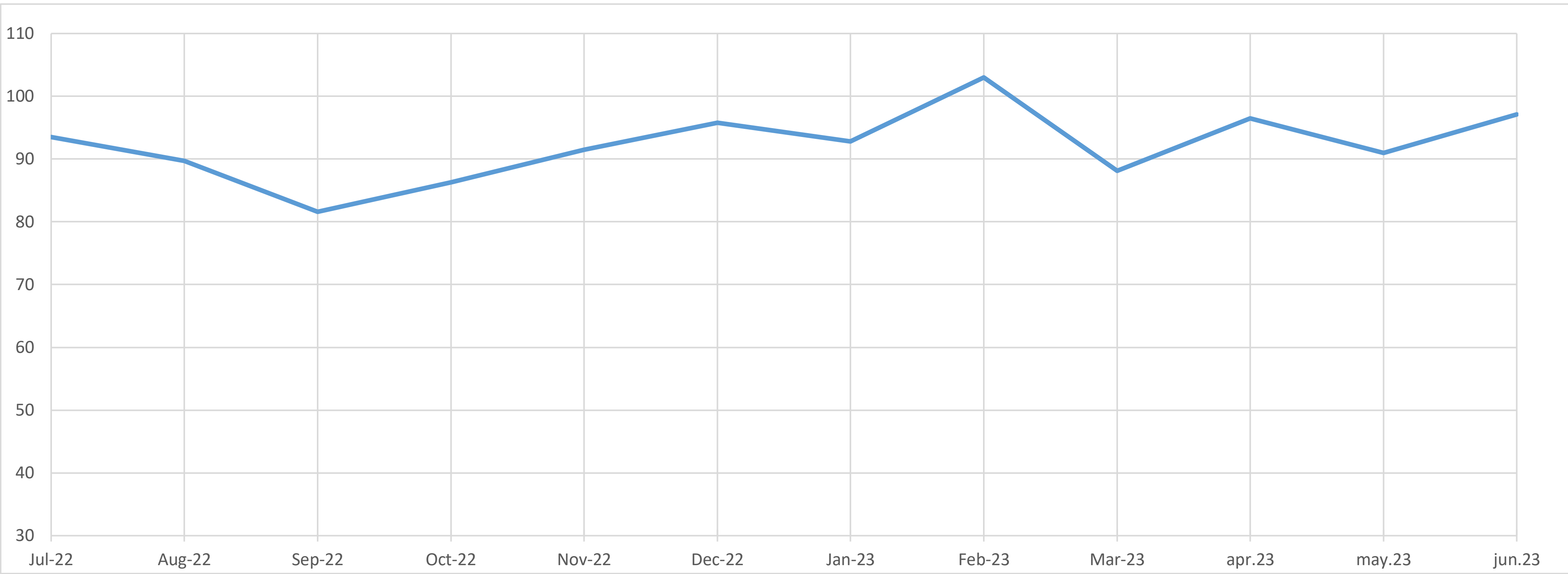
Dividend policy

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	**30.06.23**		**30.06.23**	31.12.22
		Equity		
2 650	**2 650**	Equity Certificate capital and premium reserve	**2 650**	2 650
600	**804**	Hybrid capital	**804**	600
3 676	**3 675**	Dividend Equalisation Fund	**4 102**	4 441
7 317	**7 315**	Saving Bank's primary capital	**7 809**	8 203
0	**0**	Non-controlling interests	**234**	231
14 243	**14 444**	**Total equity**	**15 599**	16 125
		Tier 1 Capital		
- 600	**- 804**	Hybrid capital	**- 804**	- 600
-1 776	**0**	Deduction for allocated dividends	**0**	-1 776
0	**- 899**	Period result not eligible as CET1 capital	**- 630**	0
0	**0**	Minority interests not eligible as CET1 capital	**- 91**	- 98
0	**0**	Goodwill and other intangible assets	**- 204**	- 132
- 31	**- 32**	Adjustments to CET1 due to prudential filters	**- 43**	- 42
0	**0**	IRB shortfall of credit risk adjustments to expected losses	**- 16**	0
0	**0**	Deduction for significant investments in financial sector entities	**- 416**	- 902
- 239	**- 239**	Deduction for non-significant investments in financial sector entities	**- 208**	- 224
11 597	**12 471**	**Common Equity Tier 1 Capital**	**13 187**	12 351
		Additional Tier 1 Capital		
600	**804**	Hybrid capital	**995**	778
- 47	**- 47**	Deduction for Tier 1 capital in other financial sector entities with a significant investment	**- 47**	- 47
12 150	**13 228**	**Total Tier 1 Capital**	**14 135**	13 082
		Tier 2 Capital		
1 050	**1 176**	Non-perpetual subordinated capital	**1 448**	1 321
94	**41**	Expected losses on IRB, net of writedowns	**0**	45
- 218	**- 217**	Deduction for subordinated capital in other financial institutions with a significant investment	**- 217**	- 218
926	**1 000**	**Tier 2 Capital**	**1 231**	1 148
13 076	**14 228**	**Own Funds**	**15 366**	14 230

Parent Bank (Amounts in NOK million) 31.12.22	30.06.23		Group 30.06.23	31.12.22
		Risk exposure amount		
4 888	**5.786**	Corporates - SME	**5 788**	4 896
14 103	**15 224**	Corporates - Specialised Lending	**16 082**	14 812
689	**1.033**	Corporates - Other	**1 120**	765
11 712	**11 908**	Retail - Secured by real estate	**20 210**	19 921
846	**874**	Retail - Other	**896**	865
8 353	**7 975**	Equity IRB	**0**	0
40 591	**42 801**	**Credit risk IRB**	**44 096**	41 258
0	**0**	Central governments or central banks	**17**	0
405	**333**	Regional governments or local authorities	**417**	501
0	**0**	Public sector entities	**3**	3
2 004	**2 426**	Institutions	**1 529**	863
3 274	**3 262**	Corporates	**6 238**	6 110
183	**229**	Retail	**5 047**	4 961
401	**508**	Secured by mortgages on immovable property	**770**	637
4	**9**	Exposures in default	**217**	209
961	**1 118**	Covered bonds	**1 360**	1 359
0	**0**	Collective investments undertakings (CIU)	**0**	1
3 917	**4 526**	Equity	**6 141**	6 050
905	**986**	Other items	**1 543**	1 662
12 054	**13 398**	**Credit risk standardised approach**	**23 281**	22 354
52 645	**56 199**	**Total credit risk**	**67 376**	63 612
0	**0**	Debt risk	**0**	0
5 908	**5 908**	Operational risk	**7 115**	7 134
112	**100**	Credit Value Adjustment	**916**	654
58 664	**62 206**	**Total risk exposure amount**	**75 407**	71 399
		Capital Adequacy Ratios		
19,8 %	**20,0 %**	Common Equity Tier 1 Capital Ratio	**17,5 %**	17,3 %
20,7 %	**21,3 %**	Tier 1 Capital Ratio	**18,7 %**	18,3 %
22,3 %	**22,9 %**	Total Capital Ratio	**20,4 %**	19,9 %
9,8 %	**10,0 %**	Leverage Ratio excl. result	**7,6 %**	7,4 %

Own funds and eligible liabilities

In connection with The Financial Supervisory Authority of Norway's work with crisis plans for Norwegian banks, SNN SpareBank 1 Nord-Norge received in December 2022 decision 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 is written down and/or converted to equity by internal recapitalization (bail-in), so that the enterprises have sufficient responsible capital and convertible debt in order to be able to manage the crisis without the use of public funds.

The bank's MREL requirement (Effective MREL percentage) was then set at 34.84% and is the sum of the MREL percentage of 25.92% and a combined buffer requirement (CBR) of 8.92% of the currently applicable adjusted risk-weighted calculation basis (TREA). The difference between the effective MREL requirement and the company's subordinated instruments can be met until 31.12.23 with unsecured senior debt with a remaining term of at least 12 months issued by the bank to external investors.

From 01.01.23, the company must also fulfill a minimum requirement for total subrogation of

24.71% of the adjusted calculation basis. Subrogation means that parts of the claim must be met with responsible capital or debt instruments with priority such as meets the requirements of Finansforetaksloven §20-32(1) no. 4. The minimum requirement can only be met with responsible capital and subordinated debt.

In the table below as of 31.03.23, the current decision requirement has been adjusted for an increase in the countercyclical capital buffer of 0.5 percentage points in 1Q23. In addition, the company-specific system risk buffer at the time of reporting is included in the calculation of the requirements.
The requirements as of 31.12.22 have also been adjusted for changes from the capital requirements that were used as a basis at the time of decision (November 2021) to actual capital requirements as of 31.12.22.

Group

(Amounts in NOK million)	**31.03.22**	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)	**12 653**	12 033
Senior non-preferred (SNP)	**6 403**	4 665
Senior preferred (SP) - over 12 mths	**10 085**	10 971
Total risk exposure amount (TREA) of the resolution group	**64 685**	61 528
Own funds and eligible liabilities as percentage of the total risk exposure amount		
Own funds and eligible liabilities	**45,86 %**	44,97 %
Own funds and SNP	**30,27 %**	27,14 %
MREL requirement expressed as nominal amount		
Total MREL requirement	**35,36 %**	44,97 %
Total subrogation (linear phasing-in requirement)	**24,97 %**	27,14 %
Surplus (+) / deficit (-) of MREL capital	**10,50 %**	10,07 %
Surplus (+) / deficit (-) of subrogation	**5,30 %**	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. SpareBank 1 Nord-Norge prepares an annual liquidity strategy that encompasses, for example, the bank's liquidity risk.

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

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

The average remaining term to maturity for the Bank's debt securities in issue was 3.4 years as of 30.06.23.
The short-term liquidity risk measure, liquidity coverage ratio (LCR), was 149 % (151 %) as of the end of the quarter.
NSFR (Net Stable Funding Ratio) at 30.06.23 was 118 % (122 %).

Notes 23 – Changes to group structure

SpareBank 1 Regnskapshuset Nord-Norge AS has in the second quarter bought 100% of the shares in the company Advice AS. The company deals with accounting and accounting-related services.

Adwice AS owns 6 subsidiaries (100%): Adwice Vest-Lofoten AS, Adwice Vesterålen AS, Adwice Svolvær AS, Adwice Sandvika AS, Adwice Corporate AS and Adwice Tech AS.

The accounts of Advice AS, with subsidiaries, are fully incorporated into the group's quarterly accounts. Profit items have been incorporated from and including 01.05.23.

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 and 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 April to 30 June 2023, and preliminary annual accounts for the period from 1 January to 31 June 2023.

We confirm to the best of our knowledge that the financial statements for the period from 1 January to 30 June 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, 10.08.23

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

KPMG

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To the Board of SpareBank 1 Nord-Norge

Report on Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed consolidated balance sheet of SpareBank 1 Nord-Norge as at 30 June 2023, and the related condensed consolidated income statement, the statement of changes in equity and the cash flow statement for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation of this interim financial information in accordance with IAS 34 Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISAs), and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting.

Tromsø, 10 August 2023
KPMG AS

Stig-Tore Richardsen
State Authorised Public Accountant

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