



## Quarterly report

Financial statement Q1 2023

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# Quarterly Report for SNN – 1Q23

## Results and key figures

NOK mill	1Q23	1Q22	Change
Result after tax	<b>721</b>	454	267
Result per EC	<b>3,24</b>	2,02	1,22
Return on equity	<b>19,1 %</b>	11,6 %	7,5 %
Cost/income	<b>33,2 %</b>	42,7 %	-9,4 %
Common Equity Tier 1 Capital Ratio	<b>17,3 %</b>	18,8 %	-1,5 %
Growth loans retail market	<b>2,3 %</b>	3,1 %	-0,8 %
Growth loans corporate market	<b>12,1 %</b>	1,2 %	10,9 %
Growth loans total	<b>5,5 %</b>	2,5 %	3,1 %
Growth deposits retail market	<b>2,7 %</b>	7,5 %	-4,8 %
Growth deposits corporate market	<b>20,4 %</b>	18,9 %	1,5 %
Growth deposits total	<b>11,0 %</b>	12,8 %	-1,8 %
Result from ownership interests	<b>38</b>	11	27
Result from financial assets	<b>100</b>	65	35
Losses	<b>- 57</b>	- 32	- 25

## Important events in the quarter

SpareBank 1 Nord-Norge has delivered yet another quarter of very good underlying banking operations. This is well illustrated by a return on equity for the quarter in isolation of 19.1 per cent and a cost/income ratio of 33.2 per cent. Despite an expected economic slowdown and 1Q traditionally seeing lower growth than other quarters, we have delivered good lending growth of 5.5 per cent. Nevertheless, the macroeconomic situation remains characterised by uncertainty with high inflation and continued interest rate rises during the course of the quarter. Underlying losses remain very low and, combined with the positive migration in the portfolio, this resulted in a net reversal of losses in 1Q23.

Lending growth (inclusive of intermediary loans) was good in 1Q23 with 12.1 per cent growth in Corporate Market and 2.3 per cent in Retail Market. The Bank's lending portfolio has so far not been impacted by the turbulent global macroeconomic situation, which is down to the continued good macroeconomic situation in Northern Norway and the Group's systematic work on reducing the risk in the lending portfolio in recent years. Furthermore, the Group's loan portfolio is characterised by mortgage lending and industries on which the high energy and commodity prices and war have had a limited negative impact.

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 contributions. The government's proposed natural resources rent for aquaculture surprised the industry, both due to its mechanism and due to its level, and beyond in 2023 we see consequences of this in the form of less willingness to invest in the sector. If the tax is implemented as proposed, it will have an adverse impact on growth and local value creation in rural areas in 2024 and beyond. Our lending growth will also be impacted. The other uncertainty factors are the development of inflation, interest rate developments and the effects of the war in Ukraine. Interest rates are expected to peak during the course of 2023. Financial uncertainty has, however, increased. We in SpareBank 1 Nord-Norge are conscious of this and, therefore, the emphasis is on closely monitoring our customers, especially in Corporate Market 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 – both inflation and growth provided upside surprises at the start of the year**

The year started with major volatility in the fixed income markets. High and rising global inflation resulted in the central banks following up their previously communicated indications by continuing to hike policy rates. Inflation edged downwards during the quarter but is far above target.

All eyes were on the US Federal Reserve (the Fed) in 1Q23. For the first few months of the year, everyone was focused on inflation, which quickly changed when the problems with Silicon Valley Bank, Signature Bank and Credit Suisse came to light. Prior to this, the market was pricing in three or four interest rate hikes from the Fed before the end of 2023. The resulting uncertainty when the banks had to be helped was huge, and at the end of the quarter the market is expecting two or three rate cuts from the world's main central banks. The uncertainty also impacted long-term interest rates, and 10-year US swap rates fell somewhat during the quarter.

Global equities markets ended the quarter in positive territory. In the US, the S&P500 was up 7.8 per cent, while similarly here in Europe the FTSE 100 was up 1.0 per cent.

After a long period of low growth in China, the figures released in the last few months suggest that activity is picking up. February saw the release of figures that showed the labour market was getting tighter and that the trend in orders in industry was positive. This was confirmed in March by the good figures for private consumption and the housing market.

#### **Norwegian economy – marginal increase in unemployment and continued hikes from Norges Bank**

Like our trading partners' central banks, Norges Bank has continued to hike interest rates. Last year, the policy rate was raised from 0.50 per cent to 2.75 per cent. The

governor of the central bank was clear that more hikes were on the way, and at the March meeting it was raised to 3.0 per cent, and further to 3.25 per cent in May. The forecasts of the central bank include two to more hikes this year, and the weak krone exchange rate is highlighted together with an expansive wage settlement as challenging in relation to bringing inflation down quickly.

While house prices have edged carefully upwards since the start of the year, new home sales have fallen to very low levels. This is dragging down new construction, which in turn is a drag on product consumption.

The labour market is still tight. The unemployment rate has remained virtually unchanged since summer 2022, although some industries are noticing an increase, especially in building and construction. Given Norges Bank's forecasts, unemployment is expected to rise slightly in the months to come.

### **Northern Norwegian economy – young people more optimistic about their personal finances**

Seafood exports continue to set new records. The records are due to two reasons: demand remained strong in the first quarter of the year and the exchange rates for the Norwegian krone are very weak. If we look at the volume exported, it was lower than last year.

The tight labour market in the region persisted at the start of the year. Overall unemployment in Norway at the end of 1Q23 was 1.8 per cent, while in Northern Norway it was 1.4 per cent.

The Business Barometer for Northern Norway has recently carried out a survey of how the people in the region expect the development in the private economy, house prices and attitudes to selling their home. The survey shows that young people are the most optimistic about the development of their personal finances in the next 12 months, that more than 70 per cent expect house prices to be the same or higher, while the proportion who want to sell their current home before they buy a new one has increased. The main findings were:

1. In Northern Norway, people expect minor changes to their personal finances in the next 12 months: Half expect their personal finances not to change, a quarter expect to be worse off and 17 per cent expect to be better off.
2. Young adults are more optimistic when it comes to their personal finances and how house prices will develop. Some 40 per cent of the 18-23 age group expect their personal finances to improve.
3. 40 per cent expect house prices to be the same in 12 months, 13 per cent expect them to be lower and 31 per cent expect higher house prices.
4. The expected growth in house prices in Northern Norway is 1.3 per cent in the coming 12 months.
5. More than 35 000 households are planning to move in 2023 or 2024.
6. Half of these households want to sell their current home before buying a new one. This may indicate uncertainty in the housing market.

7. The differences between age groups are considerable when it comes to who buys used and new homes, with the proportion of those buying new homes increasing with increasing age.

The full report can be read on [kbnn.no](https://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's ambition is to be a driving force behind a green future in the north, and it is aiming for net zero emissions in its loan portfolio in 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 will govern the Group's work in relation to climate risks and help us meet new regulatory requirements, while also helping northern Norwegian industry adjust to the green shift. SpareBank 1-alliansen also has a green framework that links our green assets (green product framework) to green funding. Assets are classified by the Group's ESG team. The status of the green portfolio in 1Q23 was BNOK 15.9. This represents an increase of about BNOK 5 in the past year, although a decrease from 4Q22 due to higher quality data than in previous data retrievals. The Group is constantly working to improve ESG data quality.

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

NOK mill	31.03.23	31.03.22
Green housing	6 786	6 793
Green commercial buildings	3 188	1 419
Renewable energy	1 325	1 324
Clean transport	936	321
Sustainable management of living natural resources and land use	3 654	3 654
<b>Total</b>	<b>15 889</b>	<b>13 511</b>

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. Please also see the section on sustainability on the Bank's website and as part of the Annual Report 2022. In 2022, SpareBank 1 Nord-Norge voluntarily reported EU Taxonomy-related information for the first time (eligibility).

## Financial performance

NOK mill	1Q23	1Q22	Change
Total income	<b>1 267</b>	928	339
Total costs	<b>421</b>	396	-115
Losses	<b>-57</b>	- 32	134
Tax	<b>182</b>	110	55
Profit after tax	<b>721</b>	454	265

The Group's profitability target is a return on equity that is among the best for comparable financial services groups. The Board assessed this as meaning a return on equity of 13 per cent or more in 2023.

At the end of 1Q23, the income statement showed a profit after tax of MNOK 721 (MNOK 454). This results in a return on equity of 19.1 per cent (11.6 per cent).

The improvement in profit compared with the same period last year was largely due to increased net interest income because of seven rate hikes in 2022.

### Net interest income

Norges Bank raised its policy rate by 0.25 percentage points from 24.03.23 to 3 per cent.

SpareBank 1 Nord-Norge followed the development of the policy rate and raised deposit and lending rates by up to 0.25 percentage points from 28.03.23.

The net interest income of MNOK 820 for 1Q23 was MNOK 279 higher than in 1Q22, and MNOK 53 higher than in 4Q22.

Interest costs rose steadily in 2H22 but stabilised somewhat in 1Q23. Through 7 interest rate increases in the last 12 months, the group has increased net interest income, which is mainly due to an improved margin on deposits.

As at 31.03.23, net interest income represented 2.63 per cent of average total assets (1.80 per cent).

Income from the loan portfolio transferred to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt totalled MNOK 46 at the end of 1Q23 (MNOK 73) and is booked as commission income. This income amounted to MNOK 32 for 4Q22 in isolation. 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 amounted to MNOK 309 in 1Q23 (MNOK 311).

As mentioned above, increased funding costs are affecting commission income from SpareBank 1 Boligkreditt, which was MNOK 27 lower than in the corresponding period last year, but MNOK 14 higher than in 4Q22 in isolation.

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

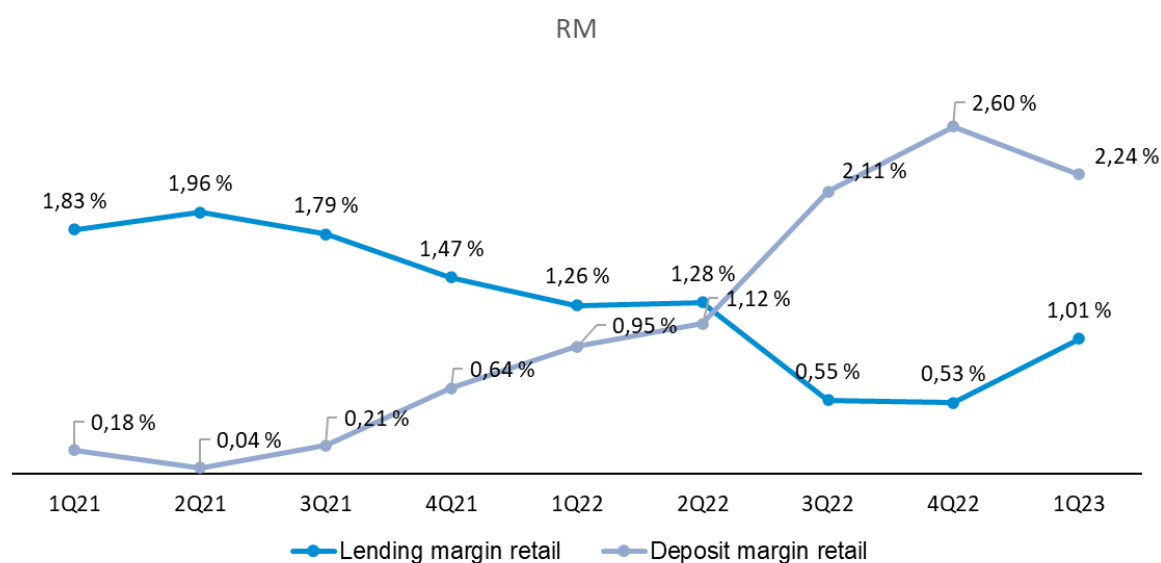
## Developments in market divisions

### Retail Market

Net interest income amounted to MNOK 373 in 1Q23 in isolation, compared with MNOK 240 in 1Q22.

Net fee, commission and other operating income in the quarter was MNOK 160, compared with MNOK 168 for 1Q22. Commission income from SpareBank 1 Boligkreditt was MNOK 27 lower in the last quarter than in 1Q22.

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



Retail Market's lending margin increased by 0.48 percentage points over the quarter (-0.21 percentage points) due to a fall in funding costs over the same period.

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

Retail Market's lending growth for 1Q23 in isolation was 0.6 per cent, which represents growth of 2.3 per cent on an annualised basis. Actual growth in the past 12 months was 5.1 per cent (6.8 per cent). The total gross lending volume as at 31.03.23 was MNOK 45 466 (MNOK 45 700).

A lower NIBOR rate in 1Q23 had a negative effect on the deposit margin, which fell by 0.36 percentage points. We expect a continued negative trend this year, depending on the development of the NIBOR rate and competitive situation for deposits.

Deposits in Retail Market grew by 0.7 per cent in the last quarter. On an annualised basis, this represents annual growth of 2.7 per cent. The actual 12-month deposit growth in Retail Market was 2.7 per cent (7.5 per cent).



Total operating costs in the division amounted to MNOK 151 in 1Q23, compared with MNOK 173 in 1Q22. The development in costs is commented on in more detail in the section on operating costs.

At the end of 1Q23, 212 FTEs worked in Retail Market in the Parent Bank, four more than at the end of 1Q22.

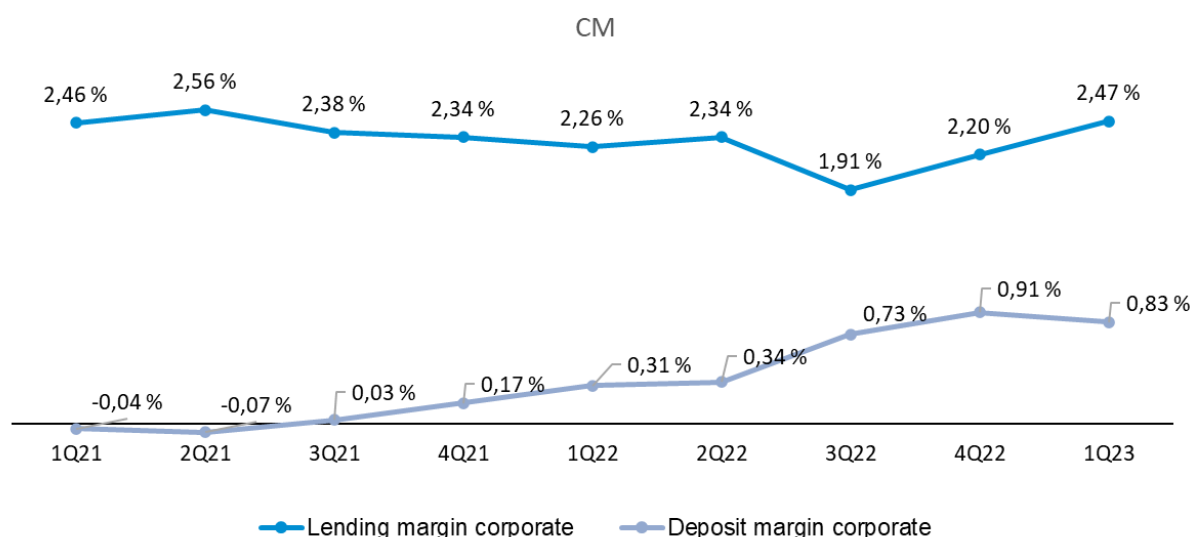
Recognised losses in Retail Market in 1Q23 amounted to MNOK 3 compared with MNOK 0 in 1Q22.

### Corporate Market

Net interest income amounted to MNOK 305 in 1Q23 compared with MNOK 227 in 1Q22.

Net fee, commission and other operating income in the quarter was MNOK 41, compared with MNOK 34 for 1Q22.

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



The lending margin in Corporate Market measured against the average 3-month NIBOR increased by 0.27 percentage points in 1Q23 (-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 of the loan portfolio is linked to the NIBOR rate.

Corporate Market's lending growth for 1Q23 in isolation was 3.0 per cent, which represents growth of 12.1 per cent on an annualised basis. Actual growth in the past 12 months was 10.3 per cent (7.1 per cent).

The total gross lending volume at the end of 1Q23 was MNOK 37 304 (MNOK 35 468).

The deposit margin in Corporate Market measured against the 3-month NIBOR fell by -0.08 percentage points in the quarter (+0.14 percentage points). The reason why the margin has not decreased as much as it has for Retail Market is that 65 per cent of the deposits are linked to the NIBOR rate.

Growth in deposits in Corporate Market in 1Q23 in isolation amounted to 5.1 per cent. On an annualised basis this corresponds to 20.4 per cent (18.9 per cent). Actual growth in the past 12 months was 12 per cent, inclusive of the public sector market (10.0 per cent).

Total operating costs in Corporate Market amounted to MNOK 93 in 1Q23, compared with MNOK 97 in 1Q22.

At the end of 1Q23, 94 FTEs worked in Corporate Market in the Parent Bank, three more than at the end of 1Q22.

Recognised losses in Corporate Market for 1Q23 amounted to MNOK -63 (receipts) compared with MNOK -31 (receipts) in 1Q22.

### 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 38 in 1Q23 compared with MNOK 17 in 1Q22. The main associated companies are commented on below.

#### **SpareBank 1 Gruppen**

As at 01.01.23, a negative implementation effect of MNOK 1 045 was recognised against the equity in SpareBank 1 Gruppen upon transition to IFRS 17 and IFRS 9. Our share of this was MNOK 202, which has been recognised directly against capital, ref. Note 1. This will be compensated for over time when the income is recognised in line with the reduction in the insurance liability. This is primarily an accrual effect. This means that upon implementing IFRS 17, SpareBank 1 Gruppen must 'wait' to take the income until it delivers the service, for example by paying out pension liabilities.

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

The profit for 1Q23 totalled MNOK 272, MNOK 177 better than for 1Q22 (MNOK 95). The improvement in the profit was due to a positive development in the securities market with a positive development in the equities market and better interest yields due to higher current interest yields after a sharp rise in interest rates in 2022.

In addition to the above, the provisional insurance result was also negatively affected by a higher claims ratio for travel and car insurance in the year to date due to the greater mobility in society compared with last year.

If the profit for 1Q22 was restated in line with the new IFRS regulations, the profit would be MNOK 17 better than in 1Q23.

SpareBank 1 Nord-Norge's share of the profit for 1Q23 amounted to MNOK 27 (MNOK 13).

### **SpareBank 1 Boligkreditt**

The results for 1Q23 were affected by higher interest rates/funding costs, as well as continued turbulence in the securities market. The company is a non-profit enterprise. It generated a surplus of MNOK 162 in 1Q23, which is MNOK 182 better than for the same period last year (MNOK -13).

SpareBank 1 Nord-Norge's share of the profit for 1Q23 amounted to MNOK 23 (MNOK -3).

### **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 deficit in Fleks AS, which is due to a major expansion of the vehicle fleet, also largely accounts for the MNOK 21 deficit in SpareBank 1 Mobilitet in 1Q23 (MNOK -16).

SpareBank 1 Nord-Norge's share of the deficit in 1Q23 amounted to MNOK 7 (MNOK -8).

### **SpareBank 1 Forvaltning**

The group consists of the companies SpareBank 1 VPS, Odin Forvaltning, SpareBank 1 Kapitalforvaltning and SR-Forvaltning. Its total profit at the end of 1Q23 amounted to MNOK 39 (MNOK 40). Odin Forvaltning contributed most of the Group's result.

SpareBank 1 Nord-Norge's share of the profit for 1Q23 amounted to MNOK 5 (MNOK 8).

### **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 1Q23 was a deficit of MNOK 39 and was affected by the operating loss in Vipps AS (MNOK -25).

SpareBank 1 Nord-Norge's share of the profit for 1Q23 amounted to MNOK 7 (MNOK 0).

### **Subsidiaries**

The Group's subsidiaries are fully consolidated into the Group's financial statements and delivered a combined profit of MNOK 55 in 1Q23 (MNOK 55).

- **EiendomsMegler 1 Nord-Norge:**  
The result after tax was NOK -930 000 for 1Q23. The corresponding result in 1Q22 was NOK -136 000. Some 117 more units were sold in the period compared with last year, and operating income increased by 23 per cent. Meanwhile, costs increased by MNOK 6 in 1Q23 compared with 1Q22. There were eight more FTEs as at 31.03.23 than at the same point in 2022.
- **SpareBank 1 Regnskapshuset Nord-Norge:**  
Profit after tax of MNOK 10 for 1Q23. The profit was MNOK 1 lower than in 1Q22. The company's peak season is 1Q and 1H, and it saw income from ordinary accounting and payroll assignments grow by 10 per cent compared with the same period last year. At the same time, total operating costs increased by 15 per cent

in the quarter compared with last year, largely due to 17 more FTEs and the implementation of a new IT system.

- SpareBank 1 Finans Nord-Norge:  
Profit for the year after tax of MNOK 46 in 1Q23, compared with MNOK 38 in 1Q22.  
The company's income increased by 19 per cent compared with last year. The level of costs was on a par with last year, the number of FTEs is the same, while net losses were MNOK 4 higher.

Also see the specification in Note 14.

### ***The Group's equities portfolio***

As at 31.03.23, the Group's equities portfolio amounted to MNOK 1 486, compared with MNOK 1 528 as at 31.03.22.

The Parent Bank's equities portfolio saw a positive change in value in 1Q23 amounting to MNOK 77 (MNOK 95), which was mainly due to increases in the shares held in SpareBank 1 Helgeland by MNOK 38, SpareBank 1 Markets by MNOK 10, and BN Bank ASA by MNOK 15, while the value of shares in VN Norge AS Visa) increased by MNOK 3. The value of the equities portfolio in SpareBank 1 Nord-Norge Portefølje fell by MNOK 2 in 1Q23. In addition to this, a MNOK 11 gain was realised in the quarter through the sale of the entire holding of 'C' shares in Visa.

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 investment is intended to ensure customers have access to a strong capital market environment with regional and national roots.

### ***Certificates, bonds, currency and derivatives***

As at 31.03.23, the Group's holdings of certificates and bonds amounted to MNOK 18 989, compared with MNOK 19 687 as at 31.03.22.

The total net change in value in the bond portfolio in 1Q23 represents a net unrealised loss of MNOK 29, compared with a loss of MNOK 27 in 1Q22. Of the change in value, there was a positive MNOK 6 change in value of the portfolio (widening spread), a negative MNOK 15 effect from coupon rates, a negative MNOK 16 effect from ineffective hedging, and a positive MNOK 7 change in value in associated currency items.

The Group also saw a negative MNOK 9 change in value on the portfolio of fixed-rate loans in 1Q23 (MNOK -4).

A summary of the Group's derivatives as at 31.03.23 can be seen in Note 15 in the quarterly report.

### ***Operating costs***

The Group's operating costs for 1Q23 amounted to MNOK 421, which is MNOK 25 higher than in 1Q22. The Parent Bank's costs were MNOK 4 higher in 1Q23 than in 1Q22, while costs in subsidiaries increased by MNOK 21 compared with last year.

Due to a tight labour market, inflation, growth and the need to invest in ICT, we expect some cost growth in 2023, although the Group's long-term target of a cost/income ratio of 40 per cent or lower also remains firm in 2023.

The Group had 875 FTEs at the end of 1Q23, 44 FTE more than the 831 at the end of 1Q22. 18 more FTEs in the Parent Bank and 26 more FTEs in the subsidiaries, of which 17 in SNN Regnskapshuset.

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 on loans in 1Q23 amounted to MNOK -57 (MNOK -32), with MNOK 2 from the retail market (MNOK -1) and MNOK -60 from the corporate market (MNOK -31). The income recognition of MNOK -57 in 1Q23 consists of MNOK 10 in individual loss provisions and MNOK -67 in reversals of previous ECL provisions. The Group still has a little negative risk migration and bankruptcies in the loan portfolio due to the macro situation.

As at 31.03.23, total loss provisions on loans came to MNOK 678 (MNOK 652), which was MNOK 57 lower than at the end of the previous quarter. Loss provisions for loans amounted to 0.64 per cent of the Group's total gross lending, and 0.45 per cent of gross lending to customers inclusive of intermediary loans. The corresponding ratios as at 31.03.22 were 0.67 per cent and 0.48 per cent.

As at 31.03.23, the Group's total loss provisions for loans and guarantees classified as Stage 1 and Stage 2 amounted to MNOK 477 (MNOK 465), MNOK 69 lower than at the end of the preceding quarter when it was MNOK 546.

As at 31.03.23, loss provisions for loans and guarantees classified as Stage 3 amounted to MNOK 201 (MNOK 186) compared with MNOK 190 as at 31.12.22. This equates to a loss provision ratio of 27 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 1Q23 were MNOK 11 higher than at the end of the previous quarter, MNOK 9 of which related to the Parent Bank and MNOK 2 to 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 1Q23. 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**

As at 1Q23, loans totalling BNOK 40 (BNOK 36) had been transferred to SpareBank 1 Boligkreditt, and BNOK 0.3 (BNOK 0.3) to SpareBank 1 Næringskreditt. These loans do not appear as lending on the Bank's balance sheet. Nevertheless,

Comments on lending growth also include 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. The uncertainty surrounding lending growth has, however, increased due to the war in Ukraine and the macroeconomic situation, with high energy prices, inflation and rising interest rates.

Competition remains strong, especially in the mortgage loan market, although the Group is competitive and is taking market shares. The total growth in lending to customers in 1Q23 in isolation was 0.6 per cent in Retail Market and 3.0 per cent in Corporate Market. Annualised growth would thus be 2.3 per cent for Retail Market and 12.1 per cent for Corporate Market.

Actual growth over the past 12 months was 5.1 per cent in Retail Market and 10.3 per cent in Corporate Market.

Retail Market accounted for 67 per cent of total lending as at 1Q23 (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 coverage rate at the end of 1Q23 was 86 per cent, compared with 87 per cent in 1Q22. 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. The liquidity coverage ratio (LCR) as at 1Q23 was 141 per cent (135 per cent). The net stable funding ratio (NSFR) as at 1Q23 was 120 per cent (117 per cent).

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

SNN Rating	31.03.23	Moody's
Senior preferred rating		Aa3
Senior non-preferred rating		A3

### Financial strength and capital adequacy

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

The most important developments in the area in 1Q23 can be summarised as follows:

- The countercyclical buffer increased by 50 basis points to 2.5 per cent with effect 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.

	31.03.23	31.03.22	Change	31.12.22	Change
Common Equity Tier 1 Capital Ratio	<b>17,3 %</b>	18,8 %	-1,5 %	<b>18,8 %</b>	-1,5 %
Tier 1 Capital Ratio	<b>18,6 %</b>	20,1 %	-1,5 %	<b>20,4 %</b>	-1,8 %
Capital Adequacy Ratio	<b>20,3 %</b>	21,8 %	-1,5 %	<b>21,9 %</b>	-1,6 %
Leverage Ratio	<b>7,5 %</b>	8,0 %	-0,5 %	<b>8,5 %</b>	-1,0 %

The Group's Common Equity Tier 1 capital at the end of 1Q23 of MNOK 12 655 was MNOK 809 lower than at the end of 1Q22, but MNOK 305 higher than at the end of 4Q22. The change in the last quarter was primarily due to the effect of profit.

A Common Equity Tier 1 capital ratio of 17.3 per cent is 0.8 percentage points above the Group's set minimum level and 1.8 percentage points above the regulatory minimum level.

The total risk exposure amount (RWA) at the end of 1Q23 was MNOK 73 071 and had risen by MNOK 1 368 compared with 1Q22, and MNOK 1 672 compared with the previous quarter. This was mainly due to greater exposure in the IRB portfolio.

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

### Concluding remarks and outlook

Growth in the northern Norwegian economy has been better than the average for the rest of country since the financial crisis. Unemployment remains at a record low and important industries in the region are doing well, also driven by high commodity prices and weak exchange rates for the Norwegian krone . The region has also seen, and is likely to continue to see, 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 a weak krone that we have now is, all else being equal, favorable for the northern Norwegian economy, but if the krone continues to weaken, this could lead to a higher interest rate from Norges Bank, which will not be beneficial to the economy.

The greatest long-term uncertainty surrounds what the effects of the lasting, sharp rises in interest rates will be. There are strong indications that inflation has now peaked and that an end to rate hikes will soon be seen. High interest rates are negative for many industries and will initially be felt through reduced new housing starts and new construction projects. We still expect property prices to fall, and the long-term effects of natural resources rent taxation and a sharp increase in wealth tax for aquaculture compared with last year to have a negative impact on 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. Large parts of the

increase in defence spending are also expected to take place in the region. The overall effect of this is not a given, although we still expect Northern Norway to do better than the rest of the country, including in the coming years. Nevertheless, 2023 will be a more demanding year for our customers than the previous few years have been. This requires extra vigilance and a bank that takes a proactive approach to its customers, which we 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 major 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, 10.05.23

**The Board of SpareBank 1 Nord-Norge**



## Group financial highlights and key figures

(Amounts in NOK million and in % of average assets)	31.03.23	%	31.03.22	%	31.12.22	%
Net interest income	820	2,63 %	541	1,80 %	2 556	2,09 %
Net fee- and other operating income	309	0,99 %	311	1,04 %	1 234	1,01 %
Net income from financial investments	138	0,44 %	76	0,25 %	274	0,22 %
<b>Total income</b>	<b>1 267</b>	<b>4,07 %</b>	<b>928</b>	<b>3,09 %</b>	<b>4 064</b>	<b>3,32 %</b>
<b>Total costs</b>	<b>421</b>	<b>1,35 %</b>	<b>396</b>	<b>1,32 %</b>	<b>1 637</b>	<b>1,34 %</b>
<b>Result before losses</b>	<b>846</b>	<b>2,72 %</b>	<b>532</b>	<b>1,77 %</b>	<b>2 427</b>	<b>1,98 %</b>
Losses	- 57	-0,18 %	- 32	-0,11 %	63	0,05 %
<b>Result before tax</b>	<b>903</b>	<b>2,90 %</b>	<b>564</b>	<b>1,88 %</b>	<b>2 364</b>	<b>1,93 %</b>
Tax	182	0,58 %	110	0,37 %	513	0,42 %
<b>Result after tax</b>	<b>721</b>	<b>2,29 %</b>	<b>454</b>	<b>1,49 %</b>	<b>1 851</b>	<b>1,49 %</b>
Interest hybrid capital	11		10		37	
<b>Result after tax ex. interest hybrid capital</b>	<b>710</b>		<b>444</b>		<b>1 814</b>	
<b>Profitability</b>						
Return on equity capital	1	19,1 %	11,6 %		11,9 %	
Interest margin	2	2,63 %	1,80 %		2,09 %	
Cost/income	3	33,2 %	42,7 %		40,3 %	
<b>Balance sheet figures and liquidity</b>						
Total assets	126 548		120 773		122 521	
Average assets	4	124 535	119 977		122 377	
Gross loans	5	98 199	91 784		95 301	
Gross loans incl. commition loans	5	138 780	128 063		135 031	
Deposits	6	82 526	79 679		80 669	
Liquidity Coverage Ratio (LCR)		141	135		146	
<b>Solidity</b>						
Common Equity Tier 1 Capital Ratio		17,3 %	18,8 %		17,3 %	
Tier 1 Capital Ratio		18,6 %	20,4 %		18,3 %	
Total Capital Ratio		20,3 %	21,9 %		19,9 %	
Common Equity Tier 1 Capital		12 655	13 464		12 351	
Tier 1 Capital		13 603	14 618		13 082	
Own Funds		14 834	15 725		14 230	
Total risk exposure amount		73 071	71 703		71 399	
Leverage Ratio		7,5 %	8,5 %		7,4 %	
<b>NONG Key figures</b>						
NONG Quoted/market price (NOK)		88,20	107,40		96,00	
Number of EC issued (mill)		100,40	100,40		100,40	
Equity capital per EC (NOK)		65,69	68,52		71,69	
Result per EC (NOK)		3,24	2,02		8,25	
P/E (Price/Earnings per EC) NOK		6,80	13,31		11,63	
P/B (Price/Book Value per EC) NOK		1,34	1,57		1,34	
<b>Branches and full-time employees</b>						
Branches		15	15		15	
Manyears		875	831		852	

- 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 deducted from equity, and result after tax are adjusted for interests on hybrid tier 1 capital.
- Net total interests as a percentage of average total assets.
- Total costs as a percentage of total net income.
- Average assets are calculated as average assets each quarter and at 01.01.
- Gross loans customers and gross loans financial institutions.
- Deposits customers and deposits financial institutions.

## Statement of Financial Performance

Parent Bank			Group		
(Amounts in NOK million)					
1Q22	1Q23		Note	1Q23	1Q22
668	1 306	Interest income	3	1 391	739
201	573	Interest costs	3	571	198
467	733	Net interest income		820	541
216	203	Fee- and commission income	4	259	261
12	16	Fee- and commission costs	4	23	17
3	0	Other operating income	4	73	67
207	187	Net fee- and other operating income		309	311
1	56	Dividend	5	56	1
298	171	Income from investments	5,13	38	11
58	46	Net gain from investments in securities	5	44	64
357	273	Net income from financial investments		138	76
1 031	1 193	Total income		1 267	928
134	139	Personnel costs	6	222	207
108	104	Administration costs	6	122	120
17	15	Ordinary depreciation	6,7	22	24
21	26	Other operating costs	6	55	45
280	284	Total costs		421	396
751	909	Result before losses		846	532
- 32	- 60	Losses	8	- 57	- 32
783	969	Result before tax		903	564
98	166	Tax		182	110
685	803	Result after tax		721	454
		<b>Attributable to:</b>			
		Controlling interests		713	447
		Non-controlling interests		8	7
		<b>Result per Equity Certificate</b>			
3,13	3,71	Result per Equity Certificate, adjusted for interests hybrid capital		3,24	2,02

## Other comprehensive income

Parent Bank			Group		
(Amounts in NOK million)					
1Q22	1Q23			1Q23	1Q22
685	803	Result after tax		721	454
		<i>Items that will not be reclassified to profit/loss</i>			
		Share of other comprehensive income from investment in			
0	0	associated companies		1	1
0	0	Actuarial gains (losses) on benefit-based pension schemes		0	0
0	0	Tax		0	0
0	0	Total		1	1
		<i>Items that will be reclassified to profit/loss</i>			
0	0	Net change in fair market value of financial assets available for sale		0	0
		Share of other comprehensive income from investment in			
0	0	associated companies		- 11	58
0	0	Tax		0	0
0	0	Total		- 11	58
685	803	Total comprehensive income for the period		711	513
3,13	3,71	Total result per Equity Certificate, adjusted for interests hybrid capital		3,23	2,32

## Statement of Financial Position

Parent Bank		Group		
(Amounts in NOK million)		Notes	31.03.23	31.12.22
31.12.22	31.03.23			
<b>Assets</b>				
145	174		174	145
92 859	95 789	10,11,12	97 572	94 637
1 513	1 474	12	1 486	1 528
18 069	18 985	12	18 989	18 073
1 458	1 735	12,15	1 735	1 458
5 089	5 087	13	4 891	4 861
406	412	7	838	829
583	806	14	863	788
120 122	124 462		126 548	122 319
<b>Liabilities</b>				
80 752	82 610	16	82 526	80 669
15 336	14 843	17	14 843	15 336
1 259	1 499	12,15	1 499	1 259
2 814	4 636	18	5 240	3 414
5 718	7 411	19	7 411	5 718
105 879	110 999		111 519	106 396
<b>Equity</b>				
2 650	2 650	20	2 650	2 650
600	804	20	804	600
3 676	3 220	20	3 848	4 347
7 317	6 789	20	7 516	8 095
		20	211	231
14 243	13 463		15 029	15 923
120 122	124 462		126 548	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
<b>Group</b>							
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
<b>Equity at 01.01.22</b>	<b>2 650</b>	<b>4 511</b>	<b>8 281</b>	<b>780</b>	<b>16 222</b>	<b>197</b>	<b>16 419</b>
<b>Total comprehensive income for the period</b>							
Period result		846	978		1 824	27	1 851
<i>Other comprehensive income:</i>							
Share of other comprehensive income from investment in associated companies		54	63		117		117
Tax on other comprehensive income							
<b>Total other comprehensive income</b>		<b>54</b>	<b>63</b>		<b>117</b>		<b>117</b>
<b>Total comprehensive income for the period</b>		<b>900</b>	<b>1 041</b>		<b>1 941</b>	<b>27</b>	<b>1 968</b>
<b>Transactions with owners</b>							
Changes in controlling interests						33	33
Hybrid capital				- 180	- 180		- 180
Dividend paid		- 1 044			- 1 044	- 30	- 1 074
Other transactions		- 2			- 2	4	2
Interests hybrid capital - this year		- 17	- 20		- 37		- 37
Approved society dividend			- 1 208		- 1 208		- 1 208
<b>Total transactions with owners</b>		<b>- 1 063</b>	<b>- 1 228</b>	<b>- 180</b>	<b>- 2 471</b>	<b>7</b>	<b>- 2 464</b>
<b>Equity at 31.12.22</b>	<b>2 650</b>	<b>4 347</b>	<b>8 095</b>	<b>600</b>	<b>15 692</b>	<b>231</b>	<b>15 923</b>
Equity at 01.01.23	2 650	4 347	8 095	600	15 692	231	15 923
<b>Total comprehensive income for the period</b>							
Period result		331	382		713	8	721
<i>Other comprehensive income:</i>							
Share of other comprehensive income from investment in associated companies		- 5	- 5		- 10		- 10
Tax on other comprehensive income							
<b>Total other comprehensive income</b>		<b>- 5</b>	<b>- 5</b>		<b>- 10</b>		<b>- 10</b>
<b>Total comprehensive income for the period</b>		<b>326</b>	<b>377</b>		<b>703</b>	<b>8</b>	<b>711</b>
<b>Transactions with owners</b>							
Hybrid capital				204	204		204
Dividend paid		- 824			- 824	- 27	- 851
Other transactions		4	3		7	- 1	6
Interests hybrid capital - this year		- 5	- 6		- 11		- 11
Approved society dividend			- 953		- 953		- 953
<b>Total transactions with owners</b>		<b>- 825</b>	<b>- 956</b>	<b>204</b>	<b>- 1 577</b>	<b>- 28</b>	<b>- 1 605</b>
<b>Equity at 31.03.23</b>	<b>2 650</b>	<b>3 848</b>	<b>7 516</b>	<b>804</b>	<b>14 818</b>	<b>211</b>	<b>15 029</b>

Change of principle is described in note 1

## Statement of Cash Flows

Parent Bank		Group			
(Amounts in NOK million)					
31.12.22	31.03.23		Notes	31.03.23	31.12.22
2 432	969	Profit before tax		903	2 364
68	15	+ Ordinary depreciation	7	22	92
0	0	+ Write-downs, gains/losses fixed assets		0	0
54	- 60	+ Losses on loans and guarantees	8	- 57	63
459	166	- Tax/Result non-current assets held for sale		182	513
2 095	758	<b>Provided from the year's operations</b>		686	2 006
1 600	2 069	Change in sundry liabilities: + increase/ - decrease	18	2 082	1 525
- 646	- 500	Change in various claims: - increase/ + decrease	14	- 352	- 538
-3 864	-2 870	Change in gross lending to and claims on customers: - increase/ + decrease	10,11,12	-2 878	-3 992
1 072	- 877	Change in short term-securities: - increase/ + decrease	12	- 874	1 068
3 421	1 858	Change in deposits from and debt owed to customers: + increase/ - decrease	16	1 857	3 428
3 678	438	<b>A. Net liquidity change from operations</b>		521	3 497
-14	-21	- Investment in fixed assets	7	- 31	- 62
0	0	+ Sale of fixed assets		0	0
-425	-33	Payments to group companies and associated companies	13	- 33	- 425
56	38	Payment from/Change in values of group companies and associated companies	13	- 1	286
- 383	- 16	<b>B. Liquidity change from investments</b>		- 65	- 201
- 37	- 11	Interest to hybrid capital owners		- 11	- 37
- 47	- 10	Payments to leases	7	- 14	- 51
-2 252	-1 776	- Dividend paid on EC/approved distributions		-1 806	-2 282
-6 241	- 888	Decrease in borrowings through the issuance of securities	17	- 888	-6 241
4 050	395	Increase in borrowings through the issuance of securities	17	395	4 050
- 287	- 292	Decrease in subordinated loan capital/hybrid capital	19	- 292	- 287
1 265	2 189	Increase in subordinated loan capital/hybrid capital	19	2 189	1 265
		Payment from non-controlling interests			33
-3 549	- 393	<b>C. Liquidity change from financing</b>		- 427	-3 550
- 254	29	A + B + C. Total change in liquidity		29	- 254
399	145	+ Liquid funds at the start of the period		145	399
145	174	<b>= Liquid funds at the end of the period</b>		174	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)

	1Q23	4Q22	3Q22	2Q22	1Q22	4Q21	3Q21	2Q21	1Q21	
Interest income	1 391	1 281	981	823	739	682	621	623	616	
Interest costs	571	514	327	229	198	148	116	121	143	
<b>Net interest income</b>	<b>820</b>	<b>767</b>	<b>654</b>	<b>594</b>	<b>541</b>	<b>534</b>	<b>505</b>	<b>502</b>	<b>473</b>	
Fee- and commission income	259	266	281	280	261	301	335	332	299	
Fee- and commission costs	23	21	20	21	17	30	21	24	21	
Other operating income	73	50	51	57	67	148	52	56	72	
<b>Net fee- and other operating income</b>	<b>309</b>	<b>295</b>	<b>312</b>	<b>316</b>	<b>311</b>	<b>419</b>	<b>366</b>	<b>364</b>	<b>350</b>	
Dividend	56	22	2	65	1	1	1	20	14	
Income from investments	38	147	28	18	11	189	118	154	71	
Net gain from investments in securities	44	89	- 24	- 149	64	155	21	26	24	
<b>Net income from financial investments</b>	<b>138</b>	<b>258</b>	<b>6</b>	<b>- 66</b>	<b>76</b>	<b>345</b>	<b>140</b>	<b>200</b>	<b>109</b>	
<b>Total income</b>	<b>1 267</b>	<b>1 320</b>	<b>972</b>	<b>844</b>	<b>928</b>	<b>1 298</b>	<b>1 011</b>	<b>1 066</b>	<b>932</b>	
Personnel costs	222	221	213	203	207	293	217	210	216	
Administration costs	122	152	100	113	120	150	109	110	103	
Ordinary depreciation	22	23	22	23	24	24	24	27	29	
Other operating costs	55	61	53	57	45	105	45	46	40	
<b>Total costs</b>	<b>421</b>	<b>457</b>	<b>388</b>	<b>396</b>	<b>396</b>	<b>572</b>	<b>395</b>	<b>393</b>	<b>388</b>	
<b>Result before losses</b>	<b>846</b>	<b>863</b>	<b>584</b>	<b>448</b>	<b>532</b>	<b>726</b>	<b>616</b>	<b>673</b>	<b>544</b>	
Losses	- 57	22	56	17	- 32	- 112	- 47	- 23	- 53	
<b>Result before tax</b>	<b>903</b>	<b>841</b>	<b>528</b>	<b>431</b>	<b>564</b>	<b>838</b>	<b>663</b>	<b>696</b>	<b>597</b>	
Tax	182	178	139	86	110	123	131	121	124	
<b>Result after tax</b>	<b>721</b>	<b>663</b>	<b>389</b>	<b>345</b>	<b>454</b>	<b>715</b>	<b>532</b>	<b>575</b>	<b>473</b>	
Interest hybrid capital	11	10	9	8	10	8	7	7	7	
<b>Result after tax ex. interest hybrid capital</b>	<b>710</b>	<b>653</b>	<b>380</b>	<b>337</b>	<b>444</b>	<b>707</b>	<b>525</b>	<b>568</b>	<b>466</b>	
<b>Profitability</b>										
Return on equity capital	1	19,1 %	17,2 %	10,1 %	9,0 %	11,6 %	18,0 %	13,7 %	15,4 %	13,0 %
Interest margin		2,63 %	2,09 %	1,95 %	1,86 %	1,80 %	1,77 %	1,64 %	1,65 %	1,60 %
Cost/income	2	33,2 %	34,6 %	39,9 %	46,9 %	42,7 %	44,1 %	39,1 %	36,9 %	41,6 %
<b>Balance sheet figures</b>										
Loans and advances excl. commission loans		98 199	95 301	93 609	91 783	91 351	95 713	94 355	91 556	91 556
-of which loans and advances to financial institutions		3 689	1 787	1 447	1 539	1 365	1 172	1 661	1 299	1 299
-of which loans and advances to customers		94 510	93 513	92 162	90 244	89 986	94 541	92 694	90 257	90 257
Total lending incl. loans to SB1 BK and SB1 NK		135 091	133 243	128 463	126 523	125 739	132 831	131 001	128 493	128 493
Growth in loans and advances to cust. incl. loans in SB1 BK & NK past 12 months	3	6,8 %	6,0 %	-1,3 %	-1,9 %	-1,5 %	-1,1 %	5,0 %	5,2 %	4,7 %
Deposits		82 526	80 669	81 765	84 813	79 679	77 241	79 247	81 371	76 261
-of which deposits from financial institutions		861	1 185	1 646	1 308	1 095	1 092	1 024	499	551
- of which deposits from customers		81 665	79 484	80 119	83 505	78 584	76 149	78 223	80 872	75 710
Growth in deposits from customers past 12 months	3	3,9 %	4,4 %	2,4 %	3,3 %	3,8 %	4,1 %	9,1 %	10,7 %	7,2 %
Deposits as a percentage of gross lending	4	86,4 %	85,0 %	85,9 %	90,6 %	87,1 %	84,6 %	82,7 %	87,2 %	83,9 %
Deposits as a percentage of gross lending including loans in SB1 BK & NK	5	60,5 %	59,7 %	61,1 %	65,0 %	62,1 %	60,6 %	58,9 %	61,7 %	58,9 %
Average assets	6	124 535	122 377	122 342	121 897	119 977	120 264	120 535	120 019	118 042
Total assets		126 548	122 521	123 676	125 737	120 773	119 180	122 080	123 975	118 785
<b>Losses on loans and commitments in default</b>										
Losses on loans to customers as a percentage of total lending incl. loans in SB1 BK & NK		-0,04 %	0,05 %	0,03 %	-0,01 %	-0,02 %	-0,18 %	-0,09 %	-0,06 %	-0,04 %
Net comm. in default and at risk of loss as a per. of total lending incl. loans in SB1 BK & NK		0,36 %	0,35 %	0,35 %	0,35 %	0,34 %	0,27 %	0,17 %	0,25 %	0,23 %
<b>Solidity</b>										
Common Equity Tier 1 Capital		12 656	12 351	13 182	13 753	13 464	13 097	13 048	12 877	12 206
Tier 1 Capital		13 603	13 082	14 098	14 669	14 618	14 001	14 020	13 849	13 178
Own Funds		14 834	14 230	15 270	15 790	15 725	15 109	15 229	15 145	14 508
Risk exposure amount		73 071	71 399	70 036	71 082	71 703	70 059	70 240	63 490	70 358 957
Common Equity Tier 1 Capital Ratio		17,3 %	17,3 %	18,8 %	19,3 %	18,8 %	18,7 %	18,6 %	18,0 %	17,3 %
Tier 1 Capital Ratio		18,6 %	18,3 %	20,1 %	20,6 %	20,4 %	20,0 %	20,0 %	19,4 %	18,7 %
Total Capital Ratio		20,3 %	19,9 %	21,8 %	22,2 %	21,9 %	21,6 %	21,7 %	21,2 %	20,6 %

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

2) Total costs as a percentage of total net income

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

4) Deposits from customers as a percentage of gross lending

5) Deposits from customers in percentage of total lending 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

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.

It came into effect on 01.01.23 with a requirement that comparable figures be stated.

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	01.01.23
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	1Q22
Group result after tax 1Q22 before implementation	454
Of which SNN's share of Sp 1 Gruppen's result 1Q22	13
Effect of implementation IFRS 17/IFRS 9	23
Adjusted SNN share of Sp 1 Gruppen's result for 1Q22	36
Group result after tax 1Q22 after implementation	477

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

When preparing the consolidated financial statements, the management makes estimates, discretionary assessments and assumptions that affect the application of the accounting policies. This will therefore affect the recognized amounts for assets, liabilities, income and costs. In last year's annual accounts note 3, a fuller explanation of significant estimates and assessment items are reported.

SpareBank 1 Nord-Norge uses a model for calculating expected credit losses based on IFRS 9. The result of the calculation appears in note 13 of the quarterly accounts. 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 loss.

SC1 «Base case» represent the most probable outcome.

SC2 "downside case" represents outcomes that are somewhat more negative than SC1, respectively.

SC3 «best case» represents outcomes that are somewhat more positive than SC1, respectively.

The different scenarios are used to adjust relevant parameters for calculating expected loss and a probability-weighted average of expected credit loss according to the respective scenarios is recognised as a loss.

Based on assessments made by the group regarding national and local macro development, the group decides the level of PD and LGD factors based on a scale from 1-12 based on what is expected in the next 12 months and the next 5 years, within each scenario. Level 1 is "boom", level 5 "normal economy", level 9 "recession" and level 12 is "banking crisis". Level on a scale may differ between PM and BM, if it is considered probable that one segment is more / less exposed than the other.

For further descriptions, see note 13 to the annual accounts.

### Highlights

- The scenario weighting is used to express the uncertainty in the base case (SC1).
- The same weighting of BM and PM is used in the model, and deviating expectations are controlled through PD and LGD paths.
- Great uncertainty - less emphasis on SC1
- Small uncertainty - greater emphasis on SC1

As of 31.12.22, the weighting has been changed to: 55/35/10 after a new assessment and where it has been concluded that there is less uncertainty related to the "down-side" scenario.

As at 31.03.23, the weighting was unchanged at 55/35/10 following a new assessment in which it was concluded that the macro situation at the end of 1Q23 had not significantly changed compared with the start of the year.

Weighting	Perceived uncertainty to SC 1								
	Small			Medium			Large		
SC1	80-90%			60-80%			50-60%		
	Positive	Neutral	Negative	Positive	Neutral	Negative	Positive	Neutral	Negative
SC2	0-5%	5-10%	5-20%	0-10%	10-20%	20-40%	5-15%	20-25%	25-45%
SC3	5-20%	5-10%	0-5%	20-40%	10-20%	0-10%	25-45%	20-25%	5-15%

Industries and the development of individual customers will also be monitored closely using a so-called watchlist at a customer commitment level, as well as by flagging customers with forbearance (payment relief).

All commitments categorised as high-risk are on the watchlist.

As at 31.03.23, some commitments in the building and construction sector have been placed on a watchlist.

### Sensitivity analysis

Below follows a sensitivity analysis for the Parent Bank, based on figures as at 31.03.23.

By changing PD, LGD and scenario weights in isolation, the following change is seen in expected credit loss:

Segment	10% increase PD-factor	10% increase LGD-factor all years	20% increase PD-factor*)	Weighting of scenarios**)		
				SC1=100%	SC2=0%	SC3=0%
Retail market	4,7 %	5,4 %	18,2 %	-19,1 %	38,5 %	-32,1 %
Corporate market	6,7 %	7,2 %	18,7 %	-16,1 %	34,0 %	-29,5 %
Total	6,4 %	6,9 %	18,6 %	-16,6 %	34,7 %	-29,9 %

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

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

## Note 3 - Net interest income

### Parent Bank

(Amount in NOK million)

Parent Bank		Group	
1Q22	1Q23	1Q23	1Q22
<b>Interest income</b>			
27	<b>73</b>	<b>6</b>	3
512	<b>994</b>	<b>1 135</b>	607
67	<b>67</b>	<b>78</b>	68
0	<b>0</b>	<b>0</b>	0
62	<b>172</b>	<b>172</b>	61
<b>668</b>	<b>1 306</b>	<b>1 391</b>	<b>739</b>
<b>Interest cost</b>			
18	<b>21</b>	<b>19</b>	17
99	<b>347</b>	<b>347</b>	97
55	<b>144</b>	<b>144</b>	55
15	<b>49</b>	<b>49</b>	15
<b>187</b>	<b>561</b>	<b>559</b>	<b>184</b>
14	<b>12</b>	<b>12</b>	14
<b>467</b>	<b>733</b>	<b>820</b>	<b>541</b>
1,59 %	<b>2,40 %</b>	<b>2,63 %</b>	1,80 %

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

Parent bank			Group	
<i>(Amounts in mill NOK)</i>				
1Q22	1Q23		1Q23	1Q22
73	46	Provision from SB1 BK & NK	46	73
55	60	Payment facilities	60	55
49	52	Sales provision insurance products	52	49
6	10	Guarantee commissions	10	6
		Real estate broking	26	22
12	13	Portfolio commissions	13	12
17	18	Credit commision	17	17
4	4	Other commisions	35	27
216	203	<b>Total commission income</b>	<b>259</b>	<b>261</b>
12	16	Commission costs	23	17
204	187	<b>Net fee- and commission income</b>	<b>236</b>	<b>244</b>
		Accounting services	72	66
3	0	Other operating income	1	1
207	187	<b>Net fee- and other operating income</b>	<b>309</b>	<b>311</b>
31 %	20 %	Percent of net core earnings	27 %	37 %

## Note 5 - Net income from financial investments

Parent bank			Group	
<i>(Amounts in mill NOK)</i>				
1Q22	1Q23		1Q23	1Q22
		<b>Valued at fair value through profit and loss</b>		
		<b>Income from equity capital instruments</b>		
1	56	Dividend from shares	56	1
298	171	Dividend from group companies, associated companies and joint ventures		
		Share result from associated companies and joint ventures	38	11
89	77	Gains/losses from shares	75	95
		Gains/losses from group companies, associated companies and joint ventures	0	0
		<b>Income from certificates and bonds</b>		
- 33	- 29	Gains/losses from certificates and bonds	- 29	- 33
		<b>Income from financial derivatives</b>		
6	7	Gains/losses from currencies and hedge derivatives	7	6
- 4	- 9	Gains/losses from fixed rate loans to customers	- 9	- 4
357	273	<b>Net income from fair value financial investments</b>	<b>138</b>	<b>76</b>
		<b>Valued at amortized cost</b>		
		<b>Income from certificates and bonds</b>		
		Gains/losses from certificates and bonds		
0	0	<b>Net income from financial investments valued at amortized cost</b>	<b>0</b>	<b>0</b>
		Total income fra currency trading		
357	273	<b>Total net income from financial investments</b>	<b>138</b>	<b>76</b>

## Note 6 - Expenses

Parent			Group	
<i>(Amounts in mill NOK)</i>				
1Q22	1Q23		1Q23	1Q22
98	101	Personel expenses	171	160
10	10	Pension costs	14	15
26	28	Social costs	37	32
134	139	<b>Total personnel costs</b>	<b>222</b>	<b>207</b>
77	77	IT expenses	83	84
31	27	Other administrative expenses	39	36
17	15	Ordinary depreciation	22	24
4	5	Operating costs properties	5	5
17	21	Other operating expenses	50	40
280	284	<b>Total costs</b>	<b>421</b>	<b>396</b>

## 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.

<b>Parent bank</b>			<b>Group</b>	
<i>(Amounts in NOK million)</i>				
31.12.22	31.03.23		31.03.23	31.12.22
<b>Right to use asset</b>				
336	303	Carrying amount 01.01.	386	387
4	0	Additions	6	4
-3	0	-Derecognition	0	-3
1	19	Other changes	21	37
338	322	<b>Carrying amount at the end of the period</b>	<b>412</b>	<b>424</b>
34	7	Depreciation in the period	10	38
303	315	<b>Carrying amount of right to use asset at the end of the period</b>	<b>402</b>	<b>386</b>
<b>Lease liability</b>				
343	312	Carrying amount 01.01.	399	397
4	0	Additions	6	4
-40	-8	Lease payments in the period	-12	-43
7	2	Interest	2	8
-3	19	Other changes	21	33
312	324	<b>Lease liability at the end of the period</b>	<b>416</b>	<b>399</b>
<b>Profit and loss</b>				
34	7	Depreciation	10	38
7	2	Interest	2	8
41	9	<b>Total lease expense</b>	<b>12</b>	<b>47</b>
<b>Undiscounted lease liabilities and maturity of cash outflows</b>				
33	33	Less than 1 year (this year)	45	45
32	32	1-2 years	42	41
31	31	2-3 years	41	40
31	31	3-4 years	40	39
31	31	4-5 years	39	38
219	211	More than 5 years	269	277
377	368	<b>Total</b>	<b>476</b>	<b>481</b>

## Note 8 - Losses

Parent Bank			Group	
(Amounts in NOK million)				
1Q22	1Q23		1Q23	1Q22
<b>Losses incorporated in the accounts</b>				
35	7	Period's change in individual lending provisions	10	36
- 71	- 65	Period's change in group lending provisions	- 67	- 75
6	1	Period's confirmed losses	2	10
- 2	- 2	Recoveries, previously confirmed losses	- 2	- 3
- 32	- 59	<b>Total losses</b>	- 57	- 32
<b>Losses broken down by sector and industry</b>				
- 25	- 47	Real estate	- 49	- 24
3	- 9	Financial and insurance activities	- 9	3
- 6	1	Fishing and aquaculture	1	- 7
5	- 10	Manufacturing	- 10	3
- 2	0	Agriculture and forestry	- 1	- 2
- 2	5	Power and water supply and construction	11	0
0	- 1	Service industries	- 1	0
- 5	0	Transportation	- 3	- 4
1	- 2	Commodity trade, hotel and restaurant industry	- 1	0
- 31	- 62	Total corporate market	- 61	- 31
- 1	2	Total retail market	2	- 1
- 32	- 60	<b>Total losses</b>	- 57	- 32



## Note 9 - Business Areas

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

Group		31.03.23						
(Amounts in NOK million)				SpareBank 1	Eiendoms-	SpareBank 1	Unspecified/	Total
	Retail market	Corporate banking	Regnskaps- huset Nord- Norge	Megler 1 Nord-Norge	Finans Nord-Norge	Eliminations		
Net interest income	373	305	0	- 1	87	55		820
Net fee- and other operating income	160	41	72	58	- 7	- 15		309
Net income from financial investments	0	0	0	0	0	137		138
Total costs	151	93	59	58	18	42		421
<b>Result before losses</b>	<b>382</b>	<b>253</b>	<b>13</b>	<b>- 1</b>	<b>62</b>	<b>135</b>		<b>0</b>
Losses	3	- 63	0	0	3	0		- 57
<b>Result before tax</b>	<b>379</b>	<b>316</b>	<b>13</b>	<b>- 1</b>	<b>59</b>	<b>135</b>		<b>903</b>
Total lending	45 466	47 104	0	0	8 931	-3 302		98 199
Loss provision	- 83	- 444	0	0	- 98	0		- 625
Other assets	0	0	273	114	0	0		387
<b>Total assets per business area</b>	<b>45 383</b>	<b>46 660</b>	<b>273</b>	<b>114</b>	<b>8 833</b>	<b>-3 302</b>		<b>126 548</b>
Deposits from customers	43 875	37 304	0	0	0	455		81 665
Other liabilities and equity capital	1 508	9 356	273	114	8 833	24 799		44 883
<b>Total equity and liabilities per business area</b>	<b>45 383</b>	<b>46 660</b>	<b>273</b>	<b>114</b>	<b>8 833</b>	<b>25 254</b>		<b>126 548</b>

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 incorporated into the consolidated financial statement.

Group		31.03.22						
(Amounts in NOK million)				SpareBank 1	Eiendoms-	SpareBank 1	Unspecified/	Total
	Retail market	Corporate banking	Markets	Regnskaps- huset Nord- Norge	Megler 1 Nord-Norge	Finans Nord-Norge	Eliminations	
Net interest income	240	227	3	0	2	72	- 3	541
Net fee- and other operating income	168	34	5	65	46	2	- 9	311
Net income from financial investments	0	1	3	0	0	0	72	76
Total costs	173	97	10	51	47	25	- 8	396
<b>Result before losses</b>	<b>235</b>	<b>165</b>	<b>1</b>	<b>14</b>	<b>1</b>	<b>49</b>	<b>68</b>	<b>532</b>
Losses	0	- 31	0	0	0	- 1	0	- 32
<b>Result before tax</b>	<b>235</b>	<b>196</b>	<b>1</b>	<b>14</b>	<b>1</b>	<b>50</b>	<b>68</b>	<b>564</b>
Total lending	45 700	35 184	0	0	0	8 074	2 826	91 784
Loss provision	- 71	- 453	0	0	0	- 89	0	- 613
Other assets	92	7 098	751	261	104	75	21 220	29 601
<b>Total assets per business area</b>	<b>45 721</b>	<b>41 829</b>	<b>751</b>	<b>261</b>	<b>104</b>	<b>8 060</b>	<b>24 046</b>	<b>120 773</b>
Deposits from customers	42 598	35 468	0	0	0	0	518	78 584
Other liabilities and equity capital	3 123	6 361	751	261	104	8 060	23 529	42 189
<b>Total equity and liabilities per business area</b>	<b>45 721</b>	<b>41 829</b>	<b>751</b>	<b>261</b>	<b>104</b>	<b>8 060</b>	<b>24 047</b>	<b>120 773</b>

## Note 10 - Loans

### Loans at fair value - Loans to customers for sale to mortgage company

Mortgages to be sold to mortgage credit companies over the next 12 months are valued at the agreed value at which these loans are to be assigned.

### Loans at fair value - Fixed-rate loans

Actual value is determined by the loans' actual cash flows discounted by a discounting factor based on the swap rate, with the addition of a margin requirement. The margin requirement includes credit markup, administrative markup, anticipated loss, and a liquidity premium. The bank considers on a continual basis changes in observable market rates that can affect the value of these loans. There is also a continuous assessment of possible differences between discount rates and observable market rates for similar loans. The Bank makes appropriate adjustments to the discount rate, if this difference becomes significant. No adjustments to the margin requirement have been made as at 31.03.23. Value changes on loans are included in full in the result of the line - net value changes on financial assets. The sensitivity to discounting as at 31.03.23 would impact the result by approximately MNOK -11,5 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 (Amounts in NOK million)			Group	
31.12.22	31.03.23		31.03.23	31.12.22
<b>Loans and advances to credit institutions at amortised cost</b>				
487	509	Loans and advances without agreed maturity or notice of withdrawal	509	487
8 167	10 184	Loans and advances with agreed maturity or notice of withdrawal	3 180	1 300
8 654	10 693	<b>Loans and advances to credit institutions</b>	<b>3 689</b>	<b>1 787</b>
<b>Loans to customers at amortised cost</b>				
75 689	78 012	Loans at amortised cost	86 898	84 430
75 689	78 012	<b>Loans to customers at amortised cost</b>	<b>86 898</b>	<b>84 430</b>
<b>Loans to customers at fair value through profit and loss</b>				
4 850	4 771	Loans to customers at fixed interest rates	4 771	4 850
4 233	2 841	Mortgages to customers for sale, housing credit company	2 841	4 233
9 083	7 612	<b>Loans at fair value through profit and loss</b>	<b>7 612</b>	<b>9 083</b>
84 772	85 624	<b>Total gross loans to customers</b>	<b>94 510</b>	<b>93 513</b>
93 426	96 317	<b>Total gross loans</b>	<b>98 199</b>	<b>95 301</b>
<b>Loans transferred to SpareBank 1 Boligkreditt/Næringskreditt</b>				
39 449	40 302	Loans transferred to SpareBank 1 Boligkreditt	40 302	39 449
281	279	Loans transferred to SpareBank 1 Næringskreditt	279	281
39 730	40 581	<b>Total loans transferred to SB1 BK and SB1 NK</b>	<b>40 581</b>	<b>39 730</b>
133 156	136 898	<b>Total gross loans included loans transferred to SB1 BK and SB1 NK</b>	<b>138 780</b>	<b>135 031</b>
<b>Provision for credit losses - reduction in assets</b>				
- 176	- 182	Provision for credit losses - stage 1	- 210	- 205
- 238	- 183	Provision for credit losses - stage 2	- 219	- 275
- 153	- 163	Provision for credit losses - stage 3	- 197	- 184
92 859	95 789	<b>Net loans excluded loans transferred to SB1 BK and SB1 NK</b>	<b>97 572</b>	<b>94 637</b>

**Parent Bank 31.03.23**

(Amounts in NOK million)

Loans broken down by sector/industry	Total		Lending provision			Net loans
	commitments to amortised cost	Lending at fair value	Stage 1	Stage 2	Stage 3	
Real estate	16 267	42	- 82	- 88	- 60	16 080
Financial and insurance activities	13 471	0	- 13	- 14	- 20	13 424
Fishing and aquaculture	8 295	28	- 34	- 12	- 4	8 273
Manufacturing	1 354	13	- 3	- 5	- 20	1 338
Agriculture and forestry	983	37	- 1	- 1	0	1 018
Power and water supply and construction	3 223	29	- 6	- 17	- 5	3 224
Government	123	0	0	0	0	123
Service industries	2 482	51	- 9	- 11	- 3	2 511
Transportation	2 392	31	- 6	- 2	- 9	2 406
Commodity trade, hotel and restaurant industry	1 776	20	- 9	- 8	- 9	1 771
Corporate market	50 366	252	- 162	- 158	- 131	50 167
Retail market	38 340	7 359	- 20	- 25	- 33	45 622
<b>Total loans</b>	<b>88 706</b>	<b>7 611</b>	<b>- 182</b>	<b>- 183</b>	<b>- 163</b>	<b>95 789</b>

Financial commitments broken down by sector/industry	Financial commitments to amortised cost	Lending provision classified as debt			Total
		Stage 1	Stage 2	Stage 3	
Real estate	1 771	- 19	- 15	- 5	- 39
Financial and insurance activities	126	- 1	0	0	- 1
Fishing and aquaculture	1 135	- 2	0	0	- 2
Manufacturing	389	- 1	- 1	0	- 2
Agriculture and forestry	135	0	0	0	0
Power and water supply and construction	592	- 1	- 1	0	- 2
Government	470	0	0	0	0
Service industries	1 159	- 4	0	0	- 4
Transportation	573	- 1	- 1	0	- 2
Commodity trade, hotel and restaurant industry	744	- 2	- 1	0	- 3
Corporate market	7 094	- 30	- 20	- 5	- 54
Retail market	1 629	0	0	0	0
<b>Total loans</b>	<b>8 723</b>	<b>- 30</b>	<b>- 20</b>	<b>- 5</b>	<b>- 55</b>

**Group 31.03.23**

(Amounts in NOK million)

Loans broken down by sector/industry	Total		Lending provision			Net loans
	commitments to amortised cost	Lending at fair value	Stage 1	Stage 2	Stage 3	
Real estate	16 374	42	- 82	- 89	- 61	16 185
Financial and insurance activities	6 428	0	- 13	- 14	- 20	6 381
Fishing and aquaculture	9 214	28	- 41	- 14	- 5	9 183
Manufacturing	1 954	13	- 6	- 13	- 23	1 925
Agriculture and forestry	1 128	37	- 1	- 2	- 1	1 161
Power and water supply and construction	4 148	29	- 8	- 24	- 15	4 130
Government	141	0	0	0	0	141
Service industries	3 399	51	- 13	- 13	- 5	3 419
Transportation	3 175	31	- 8	- 8	- 10	3 180
Commodity trade, hotel and restaurant industry	2 366	20	- 12	- 13	- 10	2 351
Corporate market	48 326	252	- 185	- 190	- 150	48 054
Retail market	42 262	7 359	- 25	- 30	- 47	49 519
<b>Total loans</b>	<b>90 588</b>	<b>7 611</b>	<b>- 210</b>	<b>- 219</b>	<b>- 197</b>	<b>97 572</b>

Financial commitments broken down by sector/industry	Financial commitments to amortised cost	Ledning provision classified as debt			Total
		Stage 1	Stage 2	Stage 3	
Real estate	1 737	- 19	- 15	- 5	- 39
Financial and insurance activities	105	- 1	0	0	- 1
Fishing and aquaculture	1 177	- 2	0	0	- 2
Manufacturing	396	- 1	- 1	0	- 2
Agriculture and forestry	135	0	0	0	0
Power and water supply and construction	647	- 1	- 1	0	- 2
Government	470	0	0	0	0
Service industries	1 274	- 4	0	0	- 4
Transportation	672	- 1	- 1	0	- 2
Commodity trade, hotel and restaurant industry	895	- 2	- 1	0	- 3
Corporate market	7 508	- 30	- 20	- 5	- 54
Retail market	1 629	0	0	0	0
<b>Total loans</b>	<b>9 137</b>	<b>- 30</b>	<b>- 20</b>	<b>- 5</b>	<b>- 55</b>

**Parent Bank 31.03.23**

(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	<b>92 170</b>
Changes in the period due to loans migrated between the stages				
to (-from) stage 1	1 118	-1 111	- 7	<b>0</b>
to (-from) stage 2	-1 341	1 362	- 20	<b>0</b>
to (-from) stage 3	- 10	- 61	71	<b>0</b>
Net increase/(decrease) balance existing loans	-1 825	- 73	4	<b>-1 894</b>
Originated or purchased during the period	10 140	116	83	<b>10 339</b>
Loans that have been derecognised	-2 234	- 872	- 81	<b>-3 187</b>
<b>Total loan commitments to amortised cost</b>	<b>91 017</b>	<b>5 845</b>	<b>566</b>	<b>97 429</b>
Loans at fair value through profit and loss				<b>7 611</b>
<b>Total loan commitments as at 31.03.23</b>	<b>91 017</b>	<b>5 845</b>	<b>566</b>	<b>105 040</b>
Off-balance sheet	-7 999	- 709	- 15	<b>-8 723</b>
<b>Gross loans</b>	<b>83 018</b>	<b>5 136</b>	<b>552</b>	<b>96 317</b>
Provision for credit losses - reduction in assets	- 182	- 183	- 163	<b>- 528</b>
<b>Net loans</b>	<b>82 835</b>	<b>4 954</b>	<b>389</b>	<b>95 789</b>

**Group 31.03.23**

(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	<b>94 396</b>
Changes in the period due to loans migrated between the stages				
to (-from) stage 1	1 410	-1 394	- 16	<b>0</b>
to (-from) stage 2	-1 724	1 764	- 40	<b>0</b>
to (-from) stage 3	- 34	- 109	143	<b>0</b>
Net increase/(decrease) balance existing loans	-2 439	- 118	- 25	<b>-2 583</b>
Originated or purchased during the period	12 442	309	90	<b>12 841</b>
Loans that have been derecognised	-3 801	-1 013	- 115	<b>-4 928</b>
<b>Total loan commitments to amortised cost</b>	<b>91 900</b>	<b>7 130</b>	<b>695</b>	<b>99 725</b>
Loans at fair value through profit and loss				<b>7 611</b>
<b>Total loan commitments as at 31.03.23</b>	<b>91 900</b>	<b>7 130</b>	<b>695</b>	<b>107 337</b>
Off-balance sheet	-8 310	- 813	- 15	<b>-9 137</b>
<b>Gross loans</b>	<b>83 590</b>	<b>6 317</b>	<b>681</b>	<b>98 199</b>
Provision for credit losses - reduction in assets	- 210	- 219	- 197	<b>- 626</b>
<b>Net loans</b>	<b>83 381</b>	<b>6 098</b>	<b>484</b>	<b>97 572</b>

## 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	<b>Loss provisions at 01.01.23</b>	<b>-735</b>	-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:				
-25	21	3	0	to (-from) stage 1	0	3	24	-27
6	-9	3	0	to (-from) stage 2	0	6	-14	7
0	2	-2	0	to (-from) stage 3	0	-4	4	0
22	17	-16	24	Net increase/decrease existing loans	22	-20	17	25
-43	-3	-1	-47	New issued or purchased loan	-50	-1	-4	-45
27	51	4	82	Loans that have been derecognised	85	5	52	28
-212	-201	-168	-581	<b>Total loss provisions at 31.03.23</b>	<b>-678</b>	-201	-238	-239
				<b>Loss provisions allocated to markets</b>				
-21	-25	-33	-78	Retail market	-102	-47	-30	-25
-191	-177	-135	-503	Corporate market	-576	-153	-208	-214
-212	-201	-168	-581	<b>Total loss provisions at 31.03.23</b>	<b>-678</b>	-201	-238	-239
			-528	Of which presented as a reduction of the assets	-626			
			-53	Of which presented as other debt	-52			

### Explanation of the table:

- The changes during the period as a result of migration: Transfer between the stages due to a significant change in credit risk.
- Net increase/decrease in balance: Changes in the expected credit loss, changes in 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.
- Provisions for losses also include expected losses on assets not posted to the balance sheet, including guarantees and untapped credit limits, but not loan commitments.

## Note 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
<b>Assets at 31.03.23</b>				
Shares	695	87	704	1 486
Bonds		18 989		18 989
Financial derivatives		1 735		1 735
Loans to customers with fixed rate			4 771	4 771
Loans to customers for sale			2 841	2 841
<b>Total assets</b>	<b>695</b>	<b>20 811</b>	<b>8 316</b>	<b>29 822</b>

### Liabilities at 31.03.23

Financial derivatives		1 499		1 499
<b>Total liabilities</b>		<b>1 499</b>		<b>1 499</b>

### 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
<b>Total assets</b>	<b>14 751</b>	<b>5 629</b>	<b>9 762</b>	<b>30 142</b>

### Liabilities at 31.12.22

Financial derivatives		1 259		1 259
<b>Total liabilities</b>		<b>1 259</b>		<b>1 259</b>

### Changes in instruments at fair value, level 3:

(Amounts in NOK million)	Financial assets		
	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	25	- 179	
Additions/acquisitions		360	808
Sales			-2 543
Matured		- 260	343
<b>Carrying amount at 31.03.23</b>	<b>704</b>	<b>4 771</b>	<b>2 841</b>

## Note 13 - Subsidiaries, associated companies and joint ventures

### Result from subsidiaries fully consolidated into the group financial statements

(Amount in NOK mill.)

Company	Share	Result after tax	
		1Q23	1Q22
SpareBank 1 Nord-Norge Portefølje AS	100 %	0	6
Fredrik Langes Gate 20 AS	100 %	1	0
SpareBank 1 Finans Nord-Norge AS	85 %	46	38
SpareBank 1 Regnskapshuset Nord-Norge AS	85 %	10	11
EiendomsMegler 1 Nord-Norge AS	85 %	- 1	0
<b>Total</b>		<b>55</b>	<b>55</b>

### Result from associated companies and joint ventures consolidated into the group financial statements according to the equity method

(Amount in NOK mill.)

Company	Share	Result after tax		Booked value at	
		1Q23	1Q22	31.03.23	31.12.22
SpareBank 1 Mobilitet Holding AS	30,66 %	- 7	- 5	67	74
SpareBank 1 Gruppen AS	19,50 %	27	13	2 081	2 047
SpareBank 1 Kreditt AS	16,73 %	- 4	3	292	300
SpareBank 1 Boligkreditt AS	15,58 %	23	- 4	1 863	1 852
SpareBank 1 Næringskreditt AS	2,71 %	0	0	53	53
SpareBank 1 Utvikling DA	18,00 %	0	0	136	136
SpareBank 1 Bank og Regnskap AS	25,00 %	0	1	43	43
SpareBank 1 Forvaltning AS	13,27 %	5	7	115	109
SpareBank 1 Gjeldsinformasjon AS	14,44 %	0	0	1	1
SpareBank 1 Kundepleie AS	26,67 %	0	1	23	23
SpareBank 1 Betaling AS	17,94 %	- 7	- 5	216	223
<b>Total</b>		<b>38</b>	<b>11</b>	<b>4 891</b>	<b>4 861</b>



## Note 14 - Other assets

Parent bank			Group	
<i>(Amounts in NOK million)</i>				
31.12.22	31.03.23		31.03.23	31.12.22
11	11	Accrued income	41	44
0	0	Goodwill and other intangible assets	118	118
88	88	Deferred tax	0	0
0	0	Overfunding of pension liabilities	0	0
244	443	Prepayments	332	286
240	264	Other assets 1)	372	340
583	806	<b>Total other assets</b>	<b>863</b>	<b>788</b>

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

## Note 15 - Financial derivatives

### Parent Bank and Group

(Amounts in NOK million)

Fair value hedging transactions	31.03.23	31.12.22
Net loss charged to the statement of comprehensive income in respect of hedging instruments in connection with actual value hedging	- 562	565
Total gain from hedging objects relating to the hedged risk	561	- 570
<b>Total fair value hedging transactions</b>	<b>- 1</b>	<b>- 5</b>

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

(Amounts in NOK million)

Fair value through statement of comprehensive income	31.03.23			31.12.22		
	Contract	Fair value		Contract	Fair value	
Foreign currency instruments	Contract	Assets	Liabilites	Contract	Assets	Liabilites
Foreign exchange financial derivatives (forwards)	2 155	34	41	1 732	12	25
Currency swaps	22 799	534	307	17 481	176	70
<b>Total non-standardised contracts</b>	<b>24 954</b>	<b>569</b>	<b>348</b>	<b>19 213</b>	<b>189</b>	<b>95</b>
Standardised foreign currency contracts (futures)						
<b>Total foreign currency instruments</b>	<b>24 954</b>	<b>569</b>	<b>348</b>	<b>19 213</b>	<b>189</b>	<b>95</b>
<b>Interest rate instruments</b>						
Interest rate swaps (including cross currency)	35 558	1 117	536	33 692	1 158	532
Other interest rate contracts	670	42	40	593	55	54
<b>Total non-standardised contracts</b>	<b>36 228</b>	<b>1 159</b>	<b>576</b>	<b>34 285</b>	<b>1 213</b>	<b>585</b>
Standardised interest rate contracts (futures)						
<b>Total interest rate instruments</b>	<b>36 228</b>	<b>1 159</b>	<b>576</b>	<b>34 285</b>	<b>1 213</b>	<b>585</b>

### Hedging of funding loans

Interest rate instruments	Contract	Assets	Liabilites	Contract	Assets	Liabilites
Interest rate swaps (including cross currency)	12 495	7	574	12 249	56	570
<b>Total, non-standardised contracts</b>	<b>12 495</b>	<b>7</b>	<b>574</b>	<b>12 249</b>	<b>56</b>	<b>570</b>
Standardised interest rate contracts (futures)						
<b>Total interest rate instruments</b>	<b>12 495</b>	<b>7</b>	<b>574</b>	<b>12 249</b>	<b>56</b>	<b>570</b>
Total interest rate instruments	48 723	1 166	1 150	46 535	1 270	1 155
Total foreign currency instruments	24 954	569	348	19 213	189	95
<b>Total</b>	<b>73 677</b>	<b>1 735</b>	<b>1 499</b>	<b>65 748</b>	<b>1 458</b>	<b>1 259</b>

## Note 16 - Deposits

Parent Bank		Group	
<i>(Amounts in NOK million)</i>			
31.12.22	31.03.23	31.03.23	31.12.22
<b>Deposits from credit institutions</b>			
280	330	330	280
906	532	531	905
<b>1 186</b>	<b>862</b>	<b>861</b>	<b>1 185</b>
<b>Deposits from customers</b>			
73 122	75 214	75 138	73 052
6 444	6 534	6 527	6 432
<b>79 566</b>	<b>81 748</b>	<b>81 665</b>	<b>79 484</b>
<b>80 752</b>	<b>82 610</b>	<b>82 526</b>	<b>80 669</b>
<b>Deposits from customers broken down by sector and industry</b>			
3 725	3 573	3 573	3 725
2 863	2 777	2 777	2 863
3 356	4 693	4 693	3 356
1 469	1 241	1 241	1 469
564	714	714	564
2 908	2 785	2 785	2 908
8 581	9 133	9 050	8 499
2 325	2 401	2 401	2 325
2 803	2 699	2 699	2 803
28 594	30 016	29 933	28 512
8 546	9 018	9 018	8 546
42 426	42 714	42 714	42 426
<b>79 566</b>	<b>81 748</b>	<b>81 665</b>	<b>79 484</b>

## Note 17 - Securities issued

### Parent Bank and Group

(Amounts in NOK million)

Changes in securities issued	Booked value		Matured or redeemed	Exchange rate movements	Fair value changes	Accrued interest	Booked value
	31.12.22	Issued					31.03.23
Certificates and other short-term loans:							
Senior bonds	15 336		- 869	373	22	- 18	14 843
<b>Senior bonds</b>	<b>15 336</b>		<b>- 869</b>	<b>373</b>	<b>22</b>	<b>- 18</b>	<b>14 843</b>

## Note 18 - Other liabilities

Parent bank			Group	
<i>(Amounts in NOK million)</i>				
31.12.22	31.03.23		31.03.23	31.12.22
2 612	<b>4 343</b>	Other liabilities	<b>4 538</b>	2 814
129	<b>239</b>	Costs incurred	<b>624</b>	503
0	<b>0</b>	Deferred tax liabilities	<b>24</b>	25
73	<b>54</b>	Off balance loss provision	<b>54</b>	72
<b>2 814</b>	<b>4 636</b>	<b>Total other liabilities</b>	<b>5 240</b>	<b>3 414</b>
<b>Specification of other liabilities</b>				
312	<b>324</b>	Lease liabilities	<b>441</b>	399
577	<b>183</b>	Accrued tax	<b>203</b>	42
19	<b>14</b>	Tax deductions	<b>19</b>	13
734	<b>1 025</b>	Creditors	<b>621</b>	25
849	<b>1 734</b>	Agreed payments from Donations Fund	<b>1 734</b>	889
121	<b>1 063</b>	Miscellaneous liabilities	<b>1 520</b>	1 446
<b>2 612</b>	<b>4 343</b>	<b>Other liabilities</b>	<b>4 538</b>	<b>2 814</b>

## Note 19 - Subordinated debt and loan capital

### Parent Bank and Group

(Amounts in NOK million)

Changes in subordinated loan capital and subordinated bond debt	Booked value 31.12.22	Issued	Matured or redeemed	Exchange rate movements	Fair value changes	Accrued interest	Booked value 31.03.23
Subordinated loan capital	1 053	400	- 274			1	1 180
Senior non-preferred	4 665	1 480		103	- 18	2	6 231
<b>Subordinated loan capital and other senior non-preferred</b>	<b>5 718</b>	<b>1 880</b>	<b>- 274</b>	<b>103</b>	<b>- 18</b>	<b>2</b>	<b>7 411</b>

## 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	
<i>(Amounts in NOK million)</i>				
31.12.22	31.03.23		31.03.23	31.12.22
1 807	<b>1 807</b>	EC capital	<b>1 807</b>	1 807
843	<b>843</b>	Premium Fund	<b>843</b>	843
2 870	<b>2 853</b>	Dividend Equalisation Fund	<b>2 853</b>	2 870
823	<b>0</b>	Set aside EC dividend, not decided	<b>0</b>	823
- 17	<b>- 5</b>	EC owner's share of other equity	<b>759</b>	762
	<b>372</b>	EC owner's share of period result	<b>334</b>	
<b>6 326</b>	<b>5 870</b>	<b>EC owner's share of equity</b>	<b>6 596</b>	<b>7 105</b>
46,37 %	<b>46,36 %</b>	EC owner's percentage of equity	<b>46,36 %</b>	46,36 %
6 384	<b>6 364</b>	Saving Bank's primary capital	<b>6 364</b>	6 384
953	<b>0</b>	Set aside society dividend, not decided	<b>0</b>	953
- 20	<b>- 6</b>	Society's share of other equity	<b>878</b>	881
	<b>431</b>	Society's share of period result	<b>387</b>	
<b>7 317</b>	<b>6 789</b>	<b>Society's share of equity</b>	<b>7 629</b>	<b>8 218</b>
53,63 %	<b>53,64 %</b>	Society's percentage of equity	<b>53,64 %</b>	53,64 %
600	<b>804</b>	Hybrid Capital	<b>804</b>	600
<b>14 243</b>	<b>13 463</b>	<b>Total equity</b>	<b>15 029</b>	<b>15 923</b>

### 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)*

	31.03.23	31.12.22
<b>Hybrid Capital</b>		
2099 3m NIBOR + 3,10 %	<b>204</b>	
2099 3m NIBOR + 3,30 %	<b>250</b>	<b>250</b>
2099 3m NIBOR + 2,60 %	<b>350</b>	<b>350</b>
<b>Total hybrid capital</b>	<b>804</b>	<b>600</b>
Average interest hybrid capital	<b>6,08 %</b>	4,36 %

## Equity Certificates (ECs)

### The 20 largest EC holders at 31.03.23

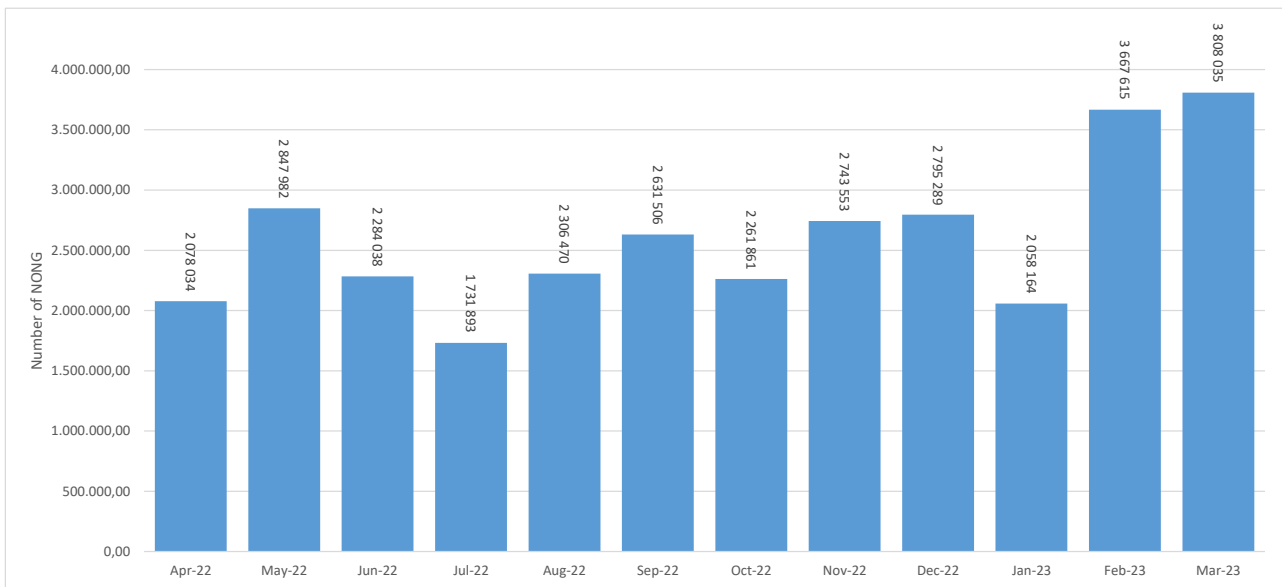
EC Holders	Number of Ecs	Share of EC Capital
PARETO INVEST NORGE AS	4.605.677	4,59%
PARETO AKSJE NORGE VERDIPAPIRFOND	3.886.381	3,87%
GEVERAN TRADING CO LTD	3.505.028	3,49%
VPF EIKA EGENKAPITALBEVIS	3.451.791	3,44%
KOMMUNAL LANDSPENSJONSKASSE GJENSI	2.647.719	2,64%
MP PENSJON PK	2.424.322	2,41%
The Northern Trust Comp, London Br	2.400.413	2,39%
Brown Brothers Harriman & Co.	1.961.252	1,95%
FORSVARETS PERSONELLSERVICE	1.752.630	1,75%
J.P. MORGAN SECURITIES PLC	1.654.247	1,65%
Euroclear Bank S.A./N.V.	1.484.390	1,48%
Morgan Stanley & Co. International	1.468.978	1,46%
SPAREBANKSTIFTELSEN SPAREBANK 1 NO	1.411.606	1,41%
SPESIALFONDET BOREA UTBYTTE	1.381.111	1,38%
Landkreditt Utbytte	1.074.507	1,07%
J.P. Morgan SE	1.055.870	1,05%
State Street Bank and Trust Comp	994.371	0,99%
State Street Bank and Trust Comp	945.025	0,94%
Brown Brothers Harriman & Co.	735.389	0,73%
State Street Bank and Trust Comp	691.576	0,69%
<b>Total</b>	<b>39.532.283</b>	<b>39,38%</b>

### Dividend policy

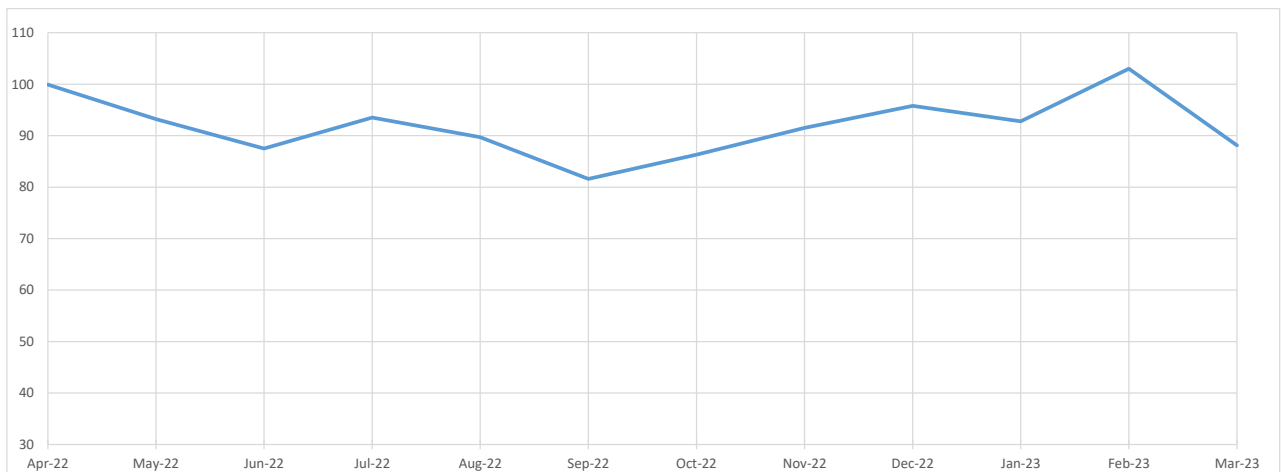
The Bank's dividend policy states that the Bank aims to provide a competitive direct return for the Bank's owners. The target dividend rate is at minimum 50%. The future distribution rate will also take into account the group's capital coverage and future growth.



## Trading statistics



## Price trend NONG



## Note 21 - Capital Adequacy and MREL

<b>Parent Bank</b>		<b>Group</b>	
<i>(Amounts in NOK million)</i>			
31.12.22	31.03.23	31.03.23	31.12.22
<b>Equity</b>			
2 650	<b>2 650</b>	<b>2 650</b>	2 650
600	<b>804</b>	<b>804</b>	600
3 676	<b>3 220</b>	<b>3 848</b>	4 441
7 317	<b>6 789</b>	<b>7 516</b>	8 203
0	<b>0</b>	<b>211</b>	231
<b>14 243</b>	<b>13 463</b>	<b>15 029</b>	<b>16 125</b>
<b>Tier 1 Capital</b>			
- 600	<b>- 804</b>	<b>- 804</b>	- 600
-1 776	<b>0</b>	<b>0</b>	-1 776
0	<b>- 402</b>	<b>- 357</b>	0
0	<b>0</b>	<b>- 71</b>	- 98
0	<b>0</b>	<b>- 132</b>	- 132
- 31	<b>- 31</b>	<b>- 41</b>	- 42
0	<b>0</b>	<b>- 31</b>	0
0	<b>0</b>	<b>- 721</b>	- 902
- 239	<b>- 239</b>	<b>- 217</b>	- 224
<b>11 597</b>	<b>11 988</b>	<b>12 655</b>	<b>12 351</b>
<b>Additional Tier 1 Capital</b>			
600	<b>804</b>	<b>994</b>	778
- 47	<b>- 47</b>	<b>- 46</b>	- 47
<b>12 150</b>	<b>12 745</b>	<b>13 603</b>	<b>13 082</b>
<b>Tier 2 Capital</b>			
1 050	<b>1 176</b>	<b>1 448</b>	1 321
94	<b>21</b>	<b>0</b>	45
- 218	<b>- 217</b>	<b>- 217</b>	- 218
<b>926</b>	<b>980</b>	<b>1 231</b>	<b>1 148</b>
<b>13 076</b>	<b>13 725</b>	<b>14 834</b>	<b>14 230</b>

Parent Bank		Group		
<i>(Amounts in NOK million)</i>				
31.12.22	31.03.23		31.03.23	31.12.22
<b>Risk exposure amount</b>				
4 888	<b>5 112</b>	Corporates - SME	<b>5 116</b>	4 896
14 103	<b>14 817</b>	Corporates - Specialised Lending	<b>15 637</b>	14 812
689	<b>722</b>	Corporates - Other	<b>815</b>	765
11 712	<b>12 394</b>	Retail - Secured by real estate	<b>20 231</b>	19 921
846	<b>886</b>	Retail - Other	<b>905</b>	865
8 353	<b>8 006</b>	Equity IRB	<b>0</b>	0
<b>40 591</b>	<b>41 938</b>	<b>Credit risk IRB</b>	<b>42 704</b>	<b>41 258</b>
0	<b>0</b>	Central governments or central banks	<b>0</b>	0
405	<b>362</b>	Regional governments or local authorities	<b>484</b>	501
0	<b>0</b>	Public sector entities	<b>3</b>	3
2 004	<b>2 367</b>	Institutions	<b>1 476</b>	863
3 274	<b>2 604</b>	Corporates	<b>5 541</b>	6 110
183	<b>223</b>	Retail	<b>4 960</b>	4 961
401	<b>443</b>	Secured by mortgages on immovable property	<b>655</b>	637
4	<b>8</b>	Exposures in default	<b>197</b>	209
961	<b>1 041</b>	Covered bonds	<b>1 389</b>	1 359
0	<b>0</b>	Collective investments undertakings (CIU)	<b>0</b>	1
3 917	<b>3 914</b>	Equity	<b>6 063</b>	6 050
905	<b>1 052</b>	Other items	<b>1 537</b>	1 662
<b>12 054</b>	<b>12 016</b>	<b>Credit risk standardised approach</b>	<b>22 305</b>	<b>22 354</b>
<b>52 645</b>	<b>53 953</b>	<b>Total credit risk</b>	<b>65 009</b>	<b>63 612</b>
0	<b>0</b>	Debt risk	<b>0</b>	0
5 908	<b>5 908</b>	Operational risk	<b>7 115</b>	7 134
112	<b>107</b>	Credit Value Adjustment	<b>947</b>	654
<b>58 664</b>	<b>59 968</b>	<b>Total risk exposure amount</b>	<b>73 071</b>	<b>71 399</b>
<b>Capital Adequacy Ratios</b>				
19,8 %	<b>20,0 %</b>	Common Equity Tier 1 Capital Ratio	<b>17,3 %</b>	17,3 %
20,7 %	<b>21,3 %</b>	Tier 1 Capital Ratio	<b>18,6 %</b>	18,3 %
22,3 %	<b>22,9 %</b>	Total Capital Ratio	<b>20,3 %</b>	19,9 %
9,8 %	<b>10,0 %</b>	Leverage Ratio	<b>7,5 %</b>	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 be 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
<b>Own funds and eligible liabilities</b>		
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)	6 231	4 665
Senior preferred (SP) - over 12 mths	9 834	10 971
<b>Total risk exposure amount (TREA) of the resolution group</b>	<b>62 401</b>	<b>61 528</b>
<b>Own funds and eligible liabilities as percentage of the total risk exposure amount</b>		
Own funds and eligible liabilities	46,02 %	44,97 %
Own funds and SNP	30,26 %	27,14 %
<b>MREL requirement expressed as nominal amount</b>		
Total MREL requirement	35,40 %	44,97 %
Total subrogation (linear phasing-in requirement)	24,98 %	27,14 %
Surplus (+) / deficit (-) of MREL capital	10,62 %	10,07 %
Surplus (+) / deficit (-) of subrogation	5,28 %	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 3.5 years as of 31.03.23.

The short-term liquidity risk measure, liquidity coverage ratio (LCR), was 141 % (146 %) as of the end of the quarter. NSFR (Net Stable Funding Ratio) at 31.03.23 was 120 % (117 %).

## Notes 23 – Changes to group structure

There has been no significant changes to the Group's structure in 1Q 2023.

## Note 24 - Events occurring 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.