



Annual Report 2022

Vision and values

The vision, purpose and values of SpareBank 1 SR-Bank are decisive for the direction in which the group, employees and culture are to develop. This is the foundation for everything we do, both in everyday life and in the long term perspective.

SpareBank 1 SR-Bank's purpose is to provide power to growth and development. For over 180 years, we have been aiming towards this goal. We contribute to developing local communities and cities in our market areas, by raising and forward capital.

We are constantly developing, and expanding the area we call our region and our market area.

Our entire organization, no matter where you meet us, should prioritize the customer. It is crucial in achieving our vision of being the customer's first choice. It's a position we have to work for every single day.

SpareBank 1 SR-Bank should be a bank with high ethical standard. Our values defines the attitude we should have in our organisation. It will be used towards difficult decisions and adhered to in everyday work.

**Birte Wereide –
workplace at Finansparken
in Stavanger. Birte organizes
professional og social events
for customers.**



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SpareBank 1 SR-Bank's 2022

Q1



SpareBank 1 SR-Bank opens a **new office in Askøy**, outside Bergen, and now has five branches in total in Vestland county.

Together we help Ukraine 🇺🇦💚

The outbreak of war in Ukraine shakes Europe. The group has good control over its own risk and the new sanctions linked to the war. The group donates a total of NOK 1 million to humanitarian relief organisations in Ukraine.

SR-Forvaltning buys into SpareBank 1 Forvaltning

to strengthen the SpareBank 1 alliance's competitiveness. The ambition is to become the customers' preferred partner for savings and investments, and help create value for customers, owners and society.



Q2



In May, we arrange the **first Sustainability Festival in the group**. The goal during the week is to inspire employees and boost their skills.

SR-Bank strengthens its focus on the capital market and **increases its stake in SpareBank 1 Markets by selling SR-Markets**.

This will ensure customers have access to a strong capital markets environment, with regional and national anchoring.



SR-Bank **enters into a strategic partnership with Swedbank** that will generate more growth and strengthen the business offering, and also takes over NOK 5.6 billion in the corporate portfolio.

The children's bank, "Barnas Bank", opens in June.

"Our newest branch" is also an attraction in Kongeparken. Together with the children's bank manager, Herman, we enable kids to feel a sense of mastering and that it pays to do a good job.





The SR-Festival is arranged

in September. More than 1,100 employees gather to develop the corporate culture and unity.

High inflation and rising interest rates are making the financial situations of many people more challenging. Our corporate and retail customers are well-prepared and cope well throughout the autumn.



EiendomsMegler 1 SR-Eiendom opens a branch in Oslo

on 3.10.2022. This strengthens the group's offering in the capital and is a natural next step for a financial services group for Southern Norway.

New focus on SpareBank 1 funds

through SpareBank 1 Forvaltning. SR-fondene changes name to SpareBank 1-fondene and will be distributed across the country by the banks in the SpareBank 1-alliance.

SR-Bank contributes as a counting bank, door-to-door collector and donor to the TV fundraiser, which this time is for Doctors Without Borders and DNDi's work on lifesaving medical help and medicines. Our own SR fundraising campaign generates a lot of commitment and generosity among employees of the bank.



Q3



SpareBank 1 SR-Bank scores **a grade A in Position Green's ESG100 ranking**, which ranks the ESG reporting of the 100 largest companies on Oslo Børs.

FinStart Nordic invests in the sustainability company Celsia, which hopes to accelerate the green transition by making sustainability scoring simple.

Q4



The share programme for staff is extended. 72.4 percent of employees sign up for the programme. Employees who are also owners generate a common interest in producing good results and holds tighter bonds to the group.

An ESG model for assessing sustainability risk is introduced in the corporate market.

The model is a tool that enables us to be a better ally for the customer in the transition to a more sustainable society.

Highlights

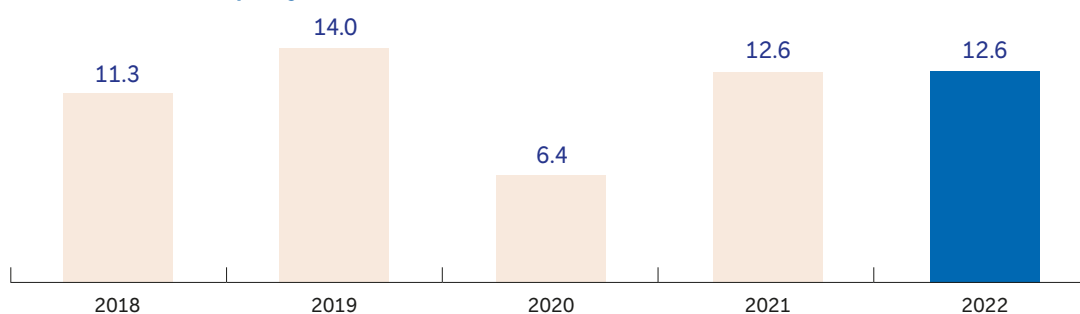
(Figures in NOK millions)	2022	2021
Net interest income	4 516	4 001
Net commissions and other operating income	1 770	1 717
Net income from financial investments	756	1 026
Total operating expenses	2 825	2 714
Operating profit before impairment losses	4 216	4 030
Impairment losses	5	192
Pre-tax profit	4 211	3 838

Key figures

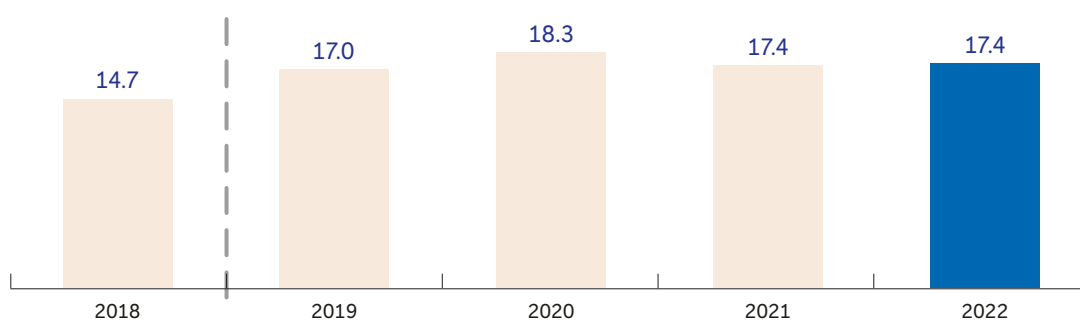
Profitability		
Return on equity %	12,6	12,6
Cost/income ratio	40,1	40,2
Average interest margin %	1,4	1,4
Balance sheet figures		
Gross loans to customers	252 957	230 299
Deposits from customers	148 100	137 664
Deposit growth	7,6 %	16,5 %
Total assets 31.12.	345 931	304 402
Financial strength		
Common Equity Tier 1 capital ratio %	17,4	17,4
Tier 1 capital ratio %	18,8	18,9
Capital ratio %	20,3	20,5
Leverage ratio %	6,9	7,1
Tier 1 capital	25 193	24 164
Liquidity		
Liquidity coverage ratio (LCR)	176 %	168 %
Deposit to loan ratio	58,5 %	59,8 %
Branches and staffing		
No. of FTEs, incl. temps	1 582	1 556
No. of branches	35	34
SpareBank 1 SR-Bank share		
Market price at year end	120,70	133,20
Earnings per share	12,88	12,08
Dividend per share	7,00	6,00
Effective yield on share %	-4,9	55,8

Please also refer to the complete overview of key figures and definitions on page 168.

Return on equity (%)

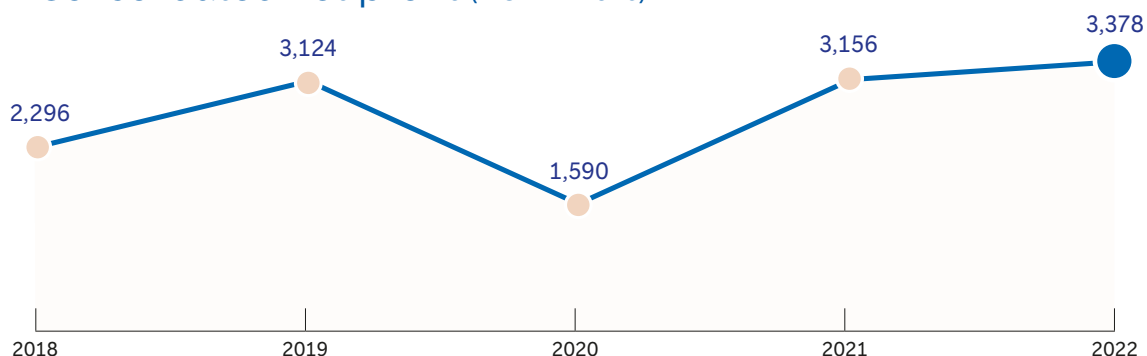


Common Equity Tier 1 capital ratio (%)

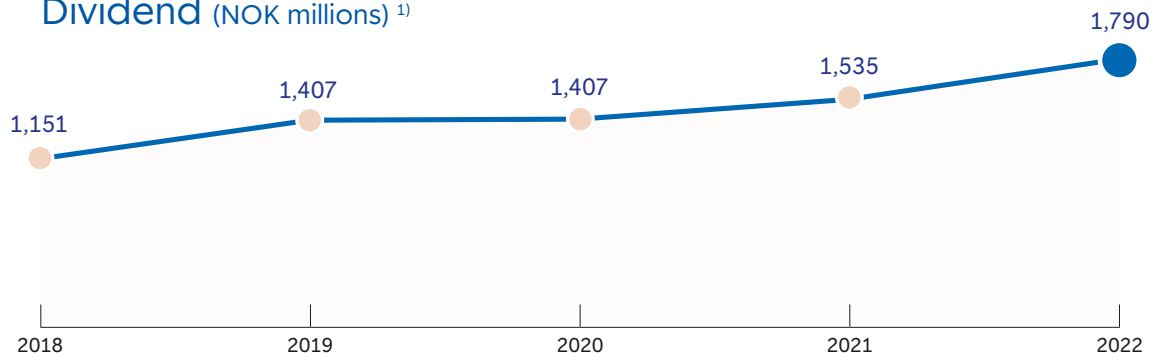


Historical capital ratio figures are based on the capital adequacy rules and regulations up to and including 2018, when the so-called Basel I floor applied.

Consolidated net profit (NOK millions)



Dividend (NOK millions) ¹⁾



1) The board exercised its special authorisation from April 2020 and at the board meeting on 10.2.2021 approved a dividend of NOK 5.50 per share for the 2019 financial year, which was paid out on 19.3.2021. The board exercised its special authorisation from April 2021 and at the board meeting on 30.9.2021 approved a dividend of NOK 3.10 per share for the 2020 financial year, which was paid out on 13.10.2021.

2022: A year of major fluctuations

The ripple effects of reopening after the pandemic resulted in high levels of activity, joy and record low employment. For us, it was good to be able to help our customers succeed over the past year.

Because that is what we have done. Even in a year of high peaks and deep troughs, our corporate and retail customers proved yet again that they are able to adapt to major sudden changes.

We are a relationship bank that wants to meet people and companies where they are. For SpareBank 1 SR-Bank's part, it has been good to finally get back into our offices and start using Finansparken properly. As a financial services group we have to be both competitive and create good relationships with customers. Customer surveys show that we have the best digital solutions in the country, and it was pleasing to see that customers were even more satisfied with us in 2022.

This is a boost we are happy with, although we have still not achieved our goal. We will continue to work hard to be 'more than a bank' for our customers!

SpareBank 1 SR-Bank is a forward-leaning, financially strong and profitable financial services group with a wide range of income sources, strong distribution and efficient operations. Our ambition is to become a bank for the whole of Southern Norway, and around 40 percent of our business now takes place outside Rogaland. This development has been important for both growth and diversification in the group. Around one third of our 1,600 employees currently work outside what I would call the traditional banking part of the group. Some 350 of them work closely with companies every single day in SpareBank 1 SR-Bank ForretningsPartner, while almost 200 professional colleagues help customers fulfil their dreams of a new home in EiendomsMegler 1 SR-Eiendom. Both of these subsidiaries are market leaders in their respective areas in Southwestern Norway.

The group maintained a high level of activity and stable operations throughout 2022, albeit with large fluctuations. We delivered improved results and a good return on equity despite a weak financial return and poorer results in the SpareBank 1 alliance. This was achieved through solid growth and low losses and with high levels of activity in all business areas.

In December, we achieved a five percent market share of the national retail market for the first time. We are one of the banks in the country that is capturing market shares in both the retail and corporate markets.

Unfortunately, the optimism evident as we emerged from the pandemic after the reopening was quickly replaced by concerns about Russia's tragic invasion of Ukraine in February. The war, first and foremost, has human consequences, although it is also having major geopolitical and economic ripple effects for the rest of the world. 2022 was a year marked by sharp inflation and, as a consequence, we saw a series of interest rate hikes, both in Norway and internationally. At the same time, the conflict has made Norway's role as a stable and reliable supplier of raw materials to Europe more important than ever.

In 2022, the economic downturn hit both households and business in earnest. At the end of the year, both we and businesses expect higher prices and interest rates, as well as higher taxes, to have a negative impact on companies' results and investments. Disposable household income will also fall.

At the same time, the majority of companies are well prepared for what is happening. In our experience, households are also largely coping with rising rates and



higher expenses and have built up buffer savings during the pandemic. We experienced a high level of demand for residential mortgages throughout the year with a record number of loan applications in the autumn.

Sustainability is a key part of our agenda. We have contributed to sustainable business and good local communities for 184 years. Every third kroner the group earns goes to the Sparebankstiftelsen SR-Bank and SpareBank 1-stiftinga Kvinnherad. These two foundations contribute to value creation, good lives and attractive local communities through their community dividends.

In 2022, we started a group-wide project to boost the sustainability skills of employees, which includes our own sustainability festival. We introduced a new ESG scoring model for corporate customers, as well as new loans with extra favourable terms for energy-saving housing measures for retail customers. SpareBank 1 SR-Bank ForretningsPartner established its own advisory team to help customers with their sustainability work. And we ensured our own house was in order, both with the aid of the ongoing work on environmental certification pursuant

to the ISO14001 standard and through a compensation solution for own emissions that enables us to call ourselves a climate-neutral group.

SpareBank 1 SR-Bank is a proactive ally for everyone who wants to help accelerate the green transition. The green transition must be financed, and we will do our bit to ensure our customers take the transition seriously and equip themselves for the future.

I would like to thank our staff for the work they have done to produce these good results for the group and our customers in 2022.

We know that people and businesses are good at adapting and I am looking forward to us continuing to grow and develop together!

Benedicte Schilbred Fasmer
CEO

SpareBank 1 SR-Bank

The group, strategy and objectives

SpareBank 1 SR-Bank ASA aims to become a significantly larger actor in Southern Norway by being a future-oriented relationship bank. Customers should perceive our offering as constituting more than a bank.

With our roots in 40 local savings banks, SpareBank 1 SR-Bank's goal is to generate power for growth and development. Customers, whether they be people, companies or organisations, will receive help when making important decisions and investments. Banking services and advice are complemented by services provided by strong subsidiaries, the SpareBank 1 alliance and other partners.

Power for growth and development is also about being an ally for customers in the transition to a more sustainable society and stimulating the establishment and development of companies with potential for growth. This power can be increased by being profitable and attractive for investors. The foundations that own almost one third of the bank donate to good causes. These community dividends contribute to well-being, growth and innovation in a virtuous circle involving the customer, the bank and local communities.

SpareBank 1 SR-Bank's head office is in Stavanger, and it is the second largest Norwegian owned bank. More than half of our business is in Rogaland, although the group also has a significant customer base and strong branches in Vestland, Agder and Oslo. Other market areas are primarily served via digital services and the telephone.

Business areas

SpareBank 1 SR-Bank is more than just a bank. The group offers retail and corporate customers a varied range of services with account and payment services, loans, insurance, savings products, securities trading, accounting services and estate agency services.

The group is organised around three customer segments:

- Retail customers
- SME & Agriculture
- Large Corporates

Retail customers are the largest business area with more than 370 000 private individuals as customers and NOK 151,7 billion in loans. In addition, a total of 6 233 homes were sold by EiendomsMegler 1 SR-Eiendom AS in 2022.

Day-to-day banking services and customer deposits lie at the heart of any customer relationship. Besides the bank's own deposit and card products, SpareBank 1 Kreditt AS provides credit cards and other unsecured credit. Vipps, BankID and BankAxept are key partners within day-to-day banking, both for retail and corporate customers. Fremtind Forsikring AS is a provider of insurance, with members of the Norwegian Confederation of Trade Unions (LO) an important common target group.

Sales and home financing are the largest activities measured in terms of income and the influx of new customers. 98 percent of loans to retail customers are secured by residential mortgages, while the remainder are mainly secured car loans. NOK 101 billion of the residential mortgage portfolio is financed in SR-Boligkreditt AS.

EiendomsMegler 1 SR-Eiendom AS enjoys a strong position in Rogaland and has ambitions to grow in all of the counties in Southern and Western Norway. In 2022, the company also



Employees in SpareBank 1 SR-Bank in one of the social areas at Finansparken in Stavanger.

started up in a modest way in the Oslo area. The company provides services for both retail and corporate customers.

In 2021, the SpareBank 1 alliance gathered together forces in the savings area into SpareBank 1 Forvaltning AS, which owns ODIN Forvaltning AS. SpareBank 1 SR-Bank is the largest distributor and owner in the savings group with a stake of 35,8 percent. The bank's former subsidiary, SR Forvaltning AS, was merged with ODIN Forvaltning AS and SpareBank 1 Forvaltning AS in 2022. At the same time, a new series of funds was established under the SpareBank 1 brand, with the management performed in Stavanger.

SME & Agriculture is a focus area for the group with a total customer base of 30 000 customers in the bank and SpareBank 1 SR-Bank ForretningsPartner. We define SME customers in the bank as companies and enterprises with a need for credit of up to NOK 50 million. This customer group includes everything from entrepreneurs and start-ups to well-established companies in Southern Norway.

We offer a wide range of services for SME and agricultural customers, and in recent years the services have been expanded to include accounting and advisory services.

In 2015, SpareBank 1 SR-Bank started investing in accounting services via SR-Regnskapshuset AS. The company has since switched its name to SpareBank 1 SR-Bank ForretningsPartner AS and taken a solid market position in Rogaland, Vestland and Agder through organic and structural growth. In the last few years, it has expanded

its range of services to include consulting services for companies within HR, payroll, general business advice and sustainability. The group's focus on accounting services was further reinforced in 2021 through the acquisition of Tveit Regnskap AS. The integration between Tveit Regnskap and SpareBank 1 SR-Bank ForretningsPartner was a main focus area in 2022.

Crowdfunding is provided via Monio AS, where the focus so far has been on smaller real estate projects. Commercial property rental and sales are delivered via EiendomsMegler 1 SR-Eiendom to corporate customers of all sizes.

SpareBank 1 SR-Bank helps start-up companies through GründerAcademy. GründerAcademy also includes a mentoring scheme in which experienced business managers and specialists are introduced to entrepreneurs. GründerAcademy runs accelerator programmes in close cooperation with facilitators in Kristiansand, Stavanger, Bergen and Oslo. The GründerAcademy has helped create 600 new jobs since its inception in 2015.

Large Corporates consists of about 3,500 customers in 500 customer clusters and groups. In this area, special expert hubs have been established for the public sector and industries such as energy and maritime, aquaculture, construction and real estate, manufacturing and technology. These expert hubs are divided into five geographic regions.

With its strong position in the energy capital of Norway,

Stavanger, it is especially important for the group to be an ally for customers in the sustainability transition. In practice, this means investing in new and sustainable industries, often based on companies and expertise in the oil and gas industry.

In summer 2022, SpareBank 1 SR-Bank established a strategic partnership with Swedbank. The collaboration involves taking over a group of major customers from Swedbank, syndicating financing and delivering day-to-day banking services to Swedish customers in Norway and vice versa. A focus on sustainability is also central to the agreement with Swedbank.

In 2022, an agreement was entered into to consolidate capital markets services in SpareBank 1 Markets AS. At the same time, the bank is increasing its stake in the company to 33.34 percent. It has been agreed that parts of the settlement will take place by transferring the bank's business in this area to SpareBank 1 Markets. The company will become a powerful national player, characterised by strong national and regional expert environments. Implementation is subject to approval from the Financial Supervisory Authority of Norway, which is expected to be given in early 2023.

Sparebankstiftelsen SR-Bank

The foundation is SpareBank 1 SR-Bank's largest owner. The group was converted from an equity certificate bank to a public limited company ("limited liability savings bank") with effect from 1.1.2012. The Sparebankstiftelsen SR-Bank foundation was established at the same time.

Its purpose is to manage the shares received upon its formation and to exercise and maintain a substantial, long-term and stable ownership interest in SpareBank 1 SR-Bank. The foundation can distribute the surplus just as savings banks have traditionally done and donates to non-profit projects in the group's market area. Since it was established 11 years ago, the foundation has given gifts to clubs, associations and good causes totalling more than NOK 700 million.

SpareBank 1 SR-Bank's goal is to produce financial results that provide a good, stable return on equity and a competitive return in the form of dividends and a higher SRBNK share price for owners.

Macro trends

At the end of 2022, geopolitical turmoil, an energy crisis and other macro factors are resulting in substantially more uncertainty than normal. SpareBank 1 SR-Bank is monitoring developments closely in order to adapt operations and manage the risk. Developing our customer offering and identifying opportunities for growth and changes in the market at an early stage require the active use of data.

Technology and offers from new actors are still causing customer behaviour to change, at the same time as it is apparent that a need for personal advice remains. Norwegian banks are facing changed general conditions and regulations from both the Norwegian authorities and the EU.

A volatile macro picture is expected to impact growth opportunities going forward. This is also true for the transition in the Norwegian business sector to a future of lower greenhouse gas emissions in line with national objectives. The group has noted that many customers are putting in place new transition strategies and making changes to their operations for the purpose of sustainability.

The strategy – a future-oriented relationship bank

Being a future-oriented relationship bank means putting customers first and delivering services tailored to the customer's situation and needs. Customers should feel that they are receiving good advice, follow-up and a wide range of useful services. This will require continuous improvement and renewal in line with the market.

The group produces services through its companies where this can be done competitively, while other products and services are procured via the SpareBank 1 alliance and other partners. Profitability will be generated by investing in long-term customer relationships in which customers buy a wide range of services.

Partnering with other actors to develop the best services and products will only become more important in the years ahead. The group collaborates with other independent Norwegian banks on the development of IT solutions and digital services, marketing and purchasing through the SpareBank 1 alliance.

Profitable customer growth

Customer relationships are established and developed, both digitally and through in-person meetings between advisers and customers. Regardless of how the contact takes place, customers must feel seen and heard by the staff they meet. SpareBank 1 SR-Bank focuses on modern digital services, at the same time as advisers are supported with good customer data and modern advisory tools.

New customer relationships are usually established through personal sales and advice. Therefore, physical offices remain an important component of the group's growth strategy. In the last few years, these efforts have been developed further both by establishing new branches in Oslo and by co-locating branches in the group. Acquisitions via ForretningsPartner have resulted in a number of new physical meeting places, especially for SME & Agriculture customers.

Building and developing strong customer relationships requires capable employees that are able to collaborate with customers and across business units. The ability to rapidly and efficiently adopt new solutions and processes are important for success. Therefore, the group focuses on enhancing employees' skills so they can continue to deliver in a more data-driven world.

Strategic focus areas

Increased common growth and stronger customer relationships are key goals for the group. Strong customer relations are a prerequisite for long-term customer

relationships and growth. Increased common growth is about the group succeeding together in the market, with growth across the group's total range of services.

Given the goal of achieving stronger customer-orientation throughout the organisation, operations must be more clearly centred around customer needs. The organisation linked to the customer segment must contribute to this. At the same time, further segmentation into different customer groups is required to meet the different customer groups' needs and expectations. The concept for the entrepreneur segment in Retail Market and, in particular, advisers for agricultural customers are examples of this.

Interaction on customers across the group

Interaction between the various parts of the group is a driver for creating good customer experiences. The organisation's personnel and digital services must work together to provide a good customer offering. The bank and various product companies must function as a whole.

Employees must be aware of the value of working together. Systems, products and services need to work well together so that we can make the most of the group's potential.

Customers' perceptions of SpareBank 1 SR-Bank are formed in every interaction and meeting with the group, and the sum of these help build the SpareBank 1 SR-Bank brand.

Simpler solutions for customers and employees

New statutory requirements and guidelines make the group's operations more complicated. The requirements must continuously be balanced against the customers' need for simple and accessible services.

The group's specialist environments are striving to make processes smarter and more customer-oriented. Renewal and improvements require data, insights and innovation in a good interaction between people and technology. Making life simpler for customers and employees, using technology and data as a means of doing this, will receive a lot of attention in the coming period.

In recent years, the number of credit cases per FTE has clearly risen in the bank, both in the retail market and in the corporate market. This confirms the continual improvement in efficiency with respect to loans. This trend is expected to continue thanks to new measures.

Employees with skills for the future

The group will continue to focus on employees' professional development in order to strengthen the customer offering and remain an attractive place to work. Employees must develop their skills in step with the constant market changes to, and renewal of, the business model. Rapid implementation capacity and greater standardisation are required to benefit from new solutions, systems and processes.

Tonje Nøstvold Lunde -
with workplace at Finansparken in
Stavanger. Tonje controls signed
loan documents, and makes sure
that the loans are paid on due date.



The organisation will use even more digital tools and become even more data-driven in the years ahead. Customers should experience high quality standards and services across the group due to the further standardisation of customer work.

The customer's ally in the sustainability transition

A bank's potential to contribute to the green shift is equal to the sum of its customers' activities.

SpareBank 1 SR-Bank wants to be an active contributor to the sustainability transition and a driving force behind restructuring. It will do this by providing advice and raising the awareness of, and setting requirements, for its customers. Therefore, skills are being boosted to ensure that employees have a sound understanding of what sustainability is and how it affects the group and the individual's working day.

SpareBank 1 SR-Bank has set new sustainability goals for itself. The goals cover its contributions to cutting emissions and restructuring in business. The group will also combat financial crime, work for equal pay between the genders and safeguard human rights through transparency in its supply chains.

Work on combating economic crime involves ensuring adequate identification and knowledge of the individual customers and their activities, monitoring activities and statutory reporting to the authorities. In recent years, systems development and building up capacity and skills have required significant resources.

The Governance Group's analysis of the 100 largest companies listed on the Oslo Børs shows that the group has built up a good foundation for its sustainability work. The group achieved a grade of A in the 2022 survey. The Governance Group is an independent analysis and advisory firm with first-rate expertise within risk identification, management, follow-up and reporting on sustainability and ESG conditions.

The targets being aimed for are:

- Net zero emissions in our financing and investment activities by the end of 2050
- A climate neutral group by the end of 2022
- Financing and facilitating NOK 50 billion in sustainable activities by the end of 2030
- Financing NOK 15 billion in green real estate by 2025
- Facilitating new jobs through entrepreneurship and innovation

Profitability

Our goal is to achieve a return on equity and a cost/income ratio that are among the top third in rankings of comparable financial groups. This will be achieved by increasing income from profitable lending growth, growth in other income, active cost control and increasing the value of ownership interests.

The companies that receive financing must have a long-term perspective and the group must know the owners and management of the company well.

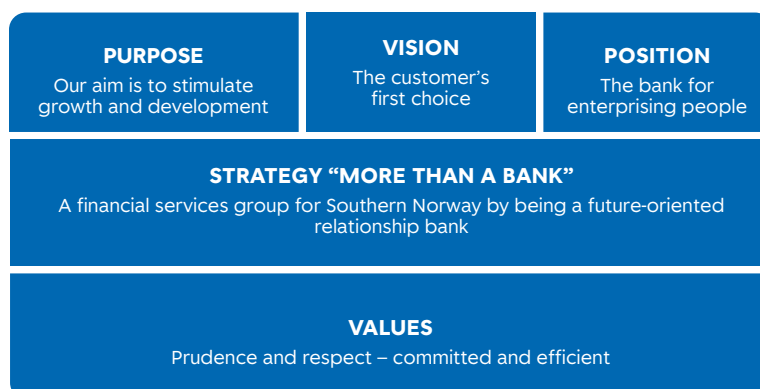
SpareBank 1 SR-Bank's creates value by assuming recognised and acceptable risk. The group therefore invests substantial resources in improving risk management systems, processes and skills in line with leading international practices.

Innovation and development

Innovation should generate greater competitiveness, higher income and a more efficient, scalable business model. The work on innovation must be based on three pillars: strategic need, challenges and operational improvements, as well as identifying opportunities and growth initiatives based on market and technological trends.

SpareBank 1 SR-Bank participates in a number of networks and collaborations in which new services and customer offers are tested and developed. In this context, the SpareBank 1 alliance is the most important. It continuously develops technology and digital solutions for the benefit of customers and the online and mobile banks.

Foundation and strategy










Wholly owned subsidiaries

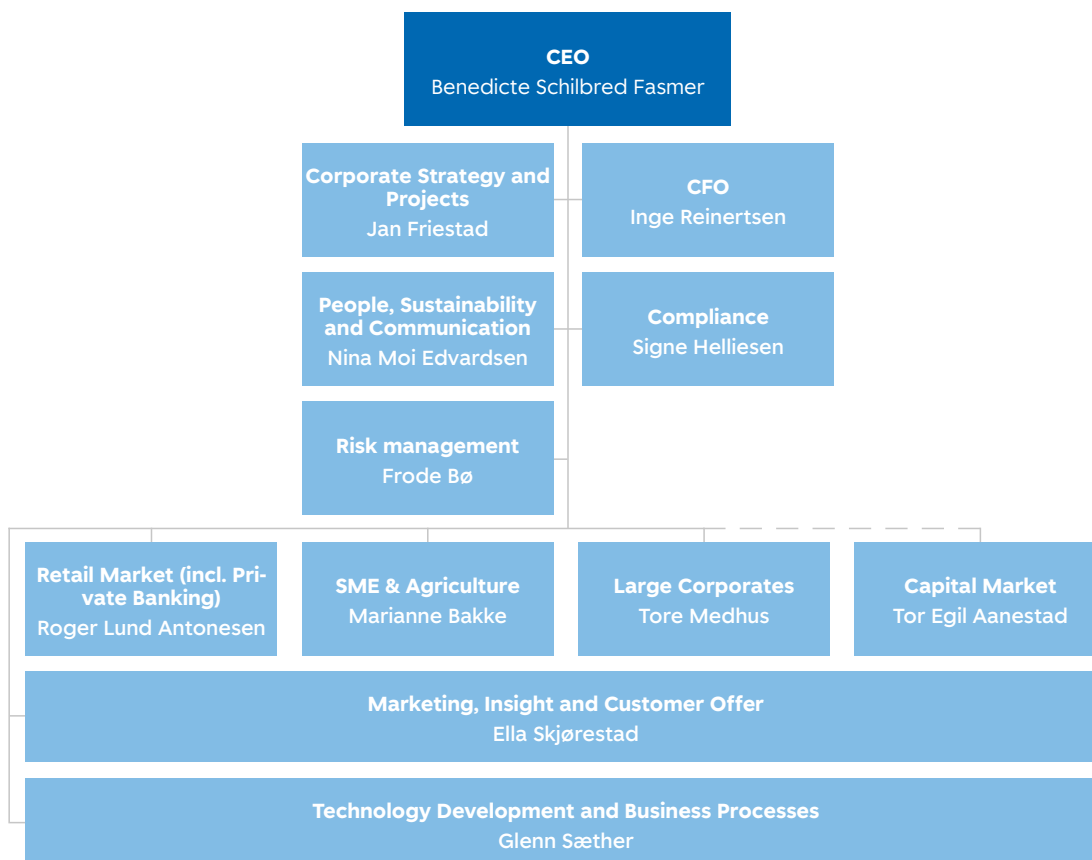
EiendomsMegler 1 SR-Eiendom AS Sales of homes and commercial properties  192	SR-Boligkreditt AS Mortgage credit company - issuer of covered bonds (home mortgages)  1	FinStart Nordic AS Investment portfolio FinTech  1	SpareBank 1 SR-Bank Forretnings-Partner AS Accounting and advice  351	Monio AS Digital loan platform for small businesses  13
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 = no. of FTEs

Part-owned companies

BN Bank ASA Commercial bank offices in Oslo and Trondheim  35.0%	SpareBank 1 Gruppen AS Holding company for the products companies in the SpareBank 1 Alliance  19.5%	SpareBank 1 Kreditt AS Credit card company, based in Trondheim  16.1%	SpareBank 1 SR-Forvaltning AS Fund management and portfolio management  35.8%	SpareBank 1 Betaling AS* The company behind the mobile payment solution  19.2%
SpareBank 1 Gjelds-informasjon AS Retrieves debt information directly from financial institutions  18.3%	SpareBank 1 Bank og Regnskap AS Accounting application and bank in a single smart package  25.0%	* Owns 22% of Vipps AS.		

Organisation



Employees

SpareBank 1 SR-Bank's strategy involves being a forward-looking relationship bank, and more than a bank. This requires everyone in the group to see things from the customer's perspective and deliver good solutions that benefit the customer.

Employees are the group's most important resource, and it is constantly working on facilitating professional development, well-being and engagement in the organisation. SpareBank 1 SR-Bank strives to be an attractive workplace that appeals to and retains talented people. Employees and managers have to be performing at their best in line with the group's strategy in order to create added value for customers, directly, and owners, indirectly. Constant changes in customer behaviour and ever more digitalisation mean that employees need to systematically update their knowledge and skills in order to achieve the group's goals.

We have managers and staff who are genuinely interested in the customer, the market, the industries our customers operate in, and which consumer trends are influencing the customer's relationship with the group. In collaboration with the employees, the group executive management team is adapting the organisation and operations to current and future customer behaviour.

Skills recruitment

SpareBank 1 SR-Bank strives to be an attractive employer in order to attract and maintain the right expertise for the future.

At year end 2022, the group had 1.655 full-time equivalents (FTEs), of whom 1,543 were permanent employees.

In 2022, 128 external and 79 internal candidates were recruited in the parent bank.

Employee turnover in the institution was 7.4 percent (121 employees) in 2022, compared with 6 percent (71 employees) in 2021.

In 2022, we agreed with Trainee SørVest, a collaboration between the University of Stavanger and the Stavanger Chamber of Commerce, to accept four trainees from autumn 2022 for a period of 1 year. We also expanded the number of internships for bachelor students arranged via BI. This proved to be both useful for the candidates and a valuable contribution to the working environment. This is a good opportunity to attract new and important knowledge, as well as an important contribution to our corporate social responsibility of providing students and others who need it with useful work experience.

We also want to have an ongoing scheme that offers work training to people from outside the group who need to acquire relevant work experience, language training or similar. We had three work experience trainees in 2022.

In a labour market where the competition for strategically important skills is fierce, it is clear that SpareBank 1 SR-Bank is an attractive place to work and that our vacancies are filled.

As one of several measures designed to retain young employees, we established 'UNG i SR' in 2022, a resource group that will contribute to professional and social arenas for young people in SR-Bank.

Temporary employees (temps) are hired from staffing agencies to cover for some absences due to parental leave and long-term sick leave. Some temps eventually become permanent employees of the group, although the proportion of temps is fairly stable over time. Temp use is monitored on a monthly basis.

Consultants are hired in for project management, development projects or other things where the bank has a temporary need for specific specialist expertise.



Siva Waraan - bank manager at SpareBank 1 SR-Bank's office at Ensjø in Oslo. Here in discussion with Edis Sabaredzovic, senior authorized financial advisor at the office in Nydalen.

Change and skills

Ensuring the professional development of our staff, managers and talented resources is a prerequisite for commitment and performance. The group endeavours to develop and strengthen the knowledge and skills of managers and employees in a planned manner such that everyone can deliver on the strategy set out for the next period at all times. We are determined to ensure that every individual employee can improve their everyday practices, acquire new skills and learn from colleagues. We have focused on strategically important disciplines such as leadership, sustainability, data-driven insights and digital interaction, and have provided in-person and digital courses and seminars to increase skills in these areas. In May, we organised a week-long sustainability festival where all of the group's employees were invited to a series of events designed to increase their knowledge about sustainability and trigger an interest in learning more. We also tailor our training programmes within strategically important fields in-house in cooperation with other educational institutions. Examples of this in 2022 include various programmes of courses within analytical skills. Additionally, where units need specific new skills, some employees are given the opportunity to develop these through formal further and continued education programmes.

Individual result targets and development goals are set in the annual goals and performance reviews for employees. In 2022, 1,156 employees were offered employee performance reviews in the tool we use. Our managers play an active role in this work and are good at systematic follow-up and support throughout the year. The group provides good internal career development opportunities. We put together an internal pool of good candidates for vacant positions. Managers play an important role in the professional

development of employees who can take on new, internal positions.

Working environment

After a prolonged period of working from home and Covid-19 restrictions, 2022 was more of a normal year as far as the working environment was concerned, where employees returned to the office. The vast majority have looked forward to spending more time at the office, at the same time as expectations concerning greater flexibility and opportunities to work from home on occasion have increased. We have established procedures that enable employees to apply to work from home for up to two days per week. These involve the employer and employee entering into a written agreement.

In the autumn, SpareBank 1 SR-Bank started using a new tool for organisational surveys. Using this tool, frequent short surveys are sent out asking employees how they are doing at work and the results are available to both managers and employees in real time. As at 31.12.2022, the score was 8.1 on a scale from 0 to 10. The organisational survey tool will be introduced in other subsidiaries in early 2023.

HSE

The group takes a systematic approach to health, safety and the environment, primarily via the HSE forum, an interdisciplinary team that deals with issues such as reported adverse incidents. The HSE forum includes representatives from Security, the safety service, Facility Management and People and Organisation. In 2022, the HSE forum underwent safety and security training that included training on handling challenging customer behaviour in bank branches.

The group's sick leave rate was at a normal level in 2022.

A continuous effort is made to keep sick leave as low as possible. The average healthy rate in 2022 was 96.4 percent, compared with 96.2 percent in 2021.

The group's life phase policy enables employees to remain in work their entire professional life and ensures that their conditions are adjusted during their various life phases. This applies, for example, to employees with small children and ensuring that employees are looked after if they experience a life crisis. It also encourages the group's seniors to stay in work longer. The average retirement age in 2022 was 63.8, which is one year younger than in 2021.

Equality and diversity

In SpareBank 1 SR-Bank, our goal is to make sure that we are an attractive place to work by having a diverse and inclusive working environment with equal opportunities for all employees. In the group, diversity is about creating an inclusive working environment. We do this through building a culture in which a sense of belonging and the experience of it contributes to a feeling of being valued. We practise openness to, and respect for, different cultures, religions/ life stances, ages, functional abilities, ethnicity, gender and sexual orientation. Investing in equality and diversity improves our profitability, job satisfaction and working environment, and also increases innovation.

Diversity is also important because it reflects our customers and helps ensure long-term value creation.

Equality is a key area of our sustainability work and one where we have set ourselves clear goals of achieving a better balance in our own house and of helping our customers achieve financial equality.

The group is a signatory to the Women in Finance Charter. The charter is owned by some professional organisations and its purpose is to help increase the proportion of women in leading positions in the financial services industry in Norway. Our membership commits us to setting internal goals for gender balance at a management level, having a person at management level with dedicated responsibility for following up the work, publishing the status and development publicly underway, and last but not least, linking managers' remuneration to achievement of the goals.

We have had an equality and diversity committee for many years. This is an advisory body tasked with proposing measures to achieve our equality and diversity goals. The committee meets every quarter, and it consists of employee representatives and representatives of the management and People and Organisation. The committee reports to the group's works council made up of representatives from the executive group management team, safety service, employee representatives and People and Organisation, as well as to our group employment committee, which deals with matters related to equal pay.

In 2022, we introduced a new organisational survey that asks questions about harassment, discrimination and bullying. We also plan to introduce questions concerning equality in 2023.

Our goal is a 40/60 percent gender balance at all management levels, regardless of gender and in more specialist positions. We have achieved our gender balance goals for the group executive management team (levels 1 and 2) and management level 4, while we are not quite there yet for management level 3. Nevertheless, the gender balance at management level varies between all of the divisions and so we are focusing directly on some divisions with a weak gender balance. In particular, Capital Market and Technology Development and Business Processes are two divisions that are male-dominated and where women's pay as a percentage of men's pay is poorest.

To support the objective of a better gender balance, a 40/60 percent gender balance and represented diversity goals have been included in management level succession plans. We have also set a goal of an almost 50/50 percent gender balance for in-house management candidates, management development and talent programmes and mentor programmes.

Thorough consideration must be given to equality, diversity and the equal pay situation in the relevant department in all recruitment, and the relevant candidates' potential impact on these must be discussed. Lists of final candidates for advertised positions are also required to have a 50/50 percent gender balance. Our job adverts include the following diversity statement: Diversity is a strength in the workplace. That is why we are curious and want to talk to people with a variety of skills, life experiences and perspectives who can help to make the bank the best version of itself.

The group also aims to ensure equal pay for equal work and equal performance, irrespective of gender. The equal pay perspective must be included in all forms of pay determination such as pay settlements, recruitment, etc.

The group conducts annual pay surveys to analyse the status of equal pay. We can see large differences between the average pay of men and women. This suggests there may be some risk of discrimination in our pay policy. However, we have determined that these pay differences are largely due to the fact that men continue to hold a majority of the group's senior positions. We have, therefore, introduced goals aimed at improving gender balance in order to correct this imbalance.

All employees who go on parental leave are entitled to salary evaluation in advance of, or during, leave. We also move employees who have been on parental leave for longer than five months up an extra step on the pay scale when they return to work.

We are seeing the results of the work in the area of equality and diversity, although we must continue to work on management and culture related to diversity in the group. Skills enhancing activities within inclusion and diversity will be key going forward. We have defined measures designed to develop a pool of talent in order to attract candidates from both genders going forward so that over time we can achieve gender equality. We will also strengthen the work of ensuring an inclusive working environment in which one feels a sense of belonging.

Cooperation with employee organisations and the safety service

The group cooperates constructively with both employee organisations and the safety service. They both provide appropriate help based on their missions in order to ensure that the group can achieve its goals.

Employee remuneration

The group's strategy is to practise a competitive remuneration model that allows the group to attract the skills of the future and retain capable employees. The group's remuneration model consists of three elements: fixed salary, variable pay and other employee benefits. The variable remuneration system is intended to encourage extraordinary performance and results and has been designed in line with the group's strategies, business goals and values. To ensure the equal treatment of employees, variable remuneration can also be earned while on statutory leave and during sick leave.

Temporary and part-time employees can use the same employee benefits as permanent employees.



Malin Berge -
authorized financial
advisor in Bergen.
Malin is an advisor
for customers in
the Private Banking
segment.

	2021		2022	
	Parent bank ¹⁾	Group ^{1, 2)}	Parent bank	Group
Equality and diversity				
Total number of FTEs			1,025	1,582
Numer of employees	981	1,181	1,040	1,655
Number of women			529	914
Number of men			511	741
Percentage of women	53%	53%	51%	55%
Percentage of men	47%	47%	49%	45%
Employees under 30	10%	11%	11%	14%
Employees 30-50	54%	55%	55%	54%
Employees over 50	35%	34%	34%	32%
Number in Rogaland region			864	1,312
Number in Agder region			61	128
Number in Vestland region			78	155
Number in Oslo region			37	60
Number in customer facing position			551	640
Number in management position			170	213
Number in staff/support position			319	386
Women employed part-time ³⁾	9.1%	10.1%	8.5%	13.0%
Men employed part-time ³⁾	1.9%	1.6%	2.5%	4.5%
Proportion of women by position level				
Management level 1	100%	100%	100%	100%
Management level 2	36%	38%	36%	36%
Management level 3	35%	34%	36%	34%
Management level 4	41%	37%	35%	32%
Age distribution managers				
Managers under 30	2%	2%	1%	2%
Managers 30-50	55%	58%	59%	66%
Managers over 50	43%	40%	41%	33%
Age distribution board members				
Board members under 30		0%		0%
Board members 30-50		14%		25%
Board members over 50		86%		75%
Percentage of women on the board of directors		43%		50%
Average Salary				
Women	700,215	668,164	734,261	671,707
Men	845,795	794,945	872,752	800,207
Women's wages relative to men by position level				
Management level 1				
Management level 2	74%	79%	69%	69%
Management level 3	79%	80%	75%	79%
Management level 4	94%	100%	95%	99%
Parental leave taken, average number of weeks				
Women	19.2	19.4	18.9	17.6
Men	11.0	10.8	12.8	11.4
Parental leave taken, number of people ⁴⁾				
Women			45	67
Men			27	52
Parental leave taken, number of employees who returned to their job after their leave ⁴⁾				
Women			44	50
Men			26	34

	2021		2022	
	Parent bank ¹⁾	Group ^{1, 2)}	Parent bank	Group
Parental leave taken, proportion of employees still in their job 12 months after their leave (2021) ⁴⁾				
Women			92%	93%
Men			90%	90%
Parental leave taken, number of people entitled to take parental leave ⁴⁾				
Women			529	914
Men			511	741
Sick leave ⁴⁾				
Total	3.3%	3.1%	3.8%	3.6%
Women	4.7 %	4.6%	5.6%	5.3%
Men	1.9%	1.6%	1.8%	1.8%
Work absence due to child illness (day's work)				
Women	422	443	386.4	895.4
Men	200.7	208.3	186.3	368.3

	2021		2022	
	Parent bank	Group	Parent bank	Group
Turnover and recruitment				
Turnover, number of employees				
Number who left	60	71	66	121
Number who left, women	30	35	38	64
Number who left, men	30	36	28	57
Total turnover	6.3%	6.0%	6.4%	7.4%
Turnover, women	5.8%	5.6%	7.1%	7.3%
Turnover, men	6.5%	6.4%	5.7%	7.6%
Number who left, under 30 year	7	12	10	21
Number who left, 30-50 year	34	40	36	67
Number who left, over 50 year	19	19	20	33
Turnover, under 30 year	7.8%	10.2%	8.8%	9.0%
Turnover, 30-50 year	6.6%	6.3%	6.3%	7.5%
Turnover, over 50 year	5.1%	4.3%	5.7%	6.2%
Number in Rogaland region			53	87
Number in Agder region			3	7
Number in Vestland region			3	14
Number in Oslo region			7	13
Recruitment ⁵⁾				
Number recruited, total	93	102	128	208
Number recruited, women	42	45	53	99
Number recruited, men	51	57	75	109
Proportion recruited, women	45.2%	44.1%	41.4%	47.6%
Proportion recruited, men	54.8%	55.9%	58.6%	52.4%
Number recruited, under 30	46	49	46	73
Number recruited, 30-50	45	51	72	116
Number recruited, over 50	2	2	10	17
Proportion recruited, under 30	49.5%	48.0%	35.9%	35.1%
Proportion recruited, 30-50	48.4%	50.0%	56.3%	55.8%
Proportion recruited, over 50	2.2%	2.0%	7.8%	8.2%
Number in Rogaland region			95	150
Number in Agder region			11	16
Number in Vestland region			9	21
Number in Oslo region			13	21

	2022	
	Parent bank	Group
Training and education		
Total hours	16,489	29,701
Total hours, women	8,803	18,417
Total hours, men	7,687	11,284
Proportion of hours, women	53%	62%
Proportion of hours, men	47%	38%
Total hours, under 30 years	2,956	5,039
Total hours, 30-50 years	8,812	15,474
Total hours, over 50 years	4,722	9,147
Proportion of hours, under 30 years	18%	17%
Proportion of hours, 30-50 years	53%	52%
Proportion of hours, over 50 years	29%	31%

	2022	
	Parent bank	Group
Agency temps and consultants		
Agency temps⁴⁾		
Number of agency temps	92	104
Number of women	44	51
Number of men	48	53
Number in Retail Market	58	58
Number in EiendomsMegler 1		12
Number in Technology Development and Business Processes	15	15
Number in other areas	19	19
Proportion in Retail Market	63%	56%
Proportion in EiendomsMegler 1		12%
Proportion in Technology Development and Business Processes	16%	14%
Proportion in other areas	21%	18%
Consultants⁴⁾		
Number of consultants	186	195
Number in Technology Development and Business Processes	135	135
Number in finance, economics and group services	18	18
Number in Retail Market	9	9
Number in other areas	24	33
Proportion in Technology Development and Business Processes	73%	69%
Proportion in finance, economics and group services	10%	9%
Proportion in Retail Market	5%	5%
Proportion in other areas	13%	17%

1) Regional figures were not included in the figures for 2021

2) ForretningsPartner AS, Monio AS and FinStart AS were not included in the group figures for 2021

3) Includes permanent employees on temporarily reduced hours. The group has no involuntary part-time employees

4) ForretningsPartner AS, Monio AS and FinStart AS are not included in the figures

5) External recruitment only, i.e. internal mobility is not included

Business areas

Retail Market

SpareBank 1 SR-Bank is the leader in the retail market in Southern and Western Norway with 370 000 retail customers older than 13.

The market share in Southern and Western Norway was around 20 percent at the end of 2022.

A complete range of good digital services, a modern customer service centre, and a well-developed network of branches provide our customers with fast, easy access to financial services and expertise via all channels.

The corporate market segment

The group's corporate market customer services are organised into Large Corporates and SME & Agriculture. Customers are served by dedicated advisers with good local knowledge who can advise companies in connection with establishment, operations and growth. SpareBank 1 SR-Bank is a total provider of financial products and services for corporate customers, which includes having specialist units for international cash management (ICM), insurance, pensions, accounting services and other areas. Over time, good digital solutions have been established for corporate customers, and we are constantly striving to improve and put in place further digital sales and self-service solutions for customers in the corporate market.

Large Corporates

The group's largest corporate customers are served by Large Corporates, which has more than 3,000 corporate customers organised into five regional business units, as well as three specialist units within energy and maritime, leasing and the public sector.

SME & Agriculture

SMEs are served by SME & Agriculture, which has almost 30,000 corporate customers spread out across the group's entire market area. Agricultural customers are served by a dedicated department with a high degree of expertise.

Capital market

SpareBank 1 SR-Bank Markets is the region's leading investment firm.

Its activities include own account and customer trading in interest rate instruments and foreign exchange, providing advice and facilitating debt and equity funding, as well as administrative securities services. Its primary mission is to serve customers in collaboration with the group's other business areas and help combine special expertise with knowledge and an understanding of the local region.

In June 2022, SpareBank 1 SR-Bank ASA announced a greater focus on capital markets through the acquisition of shares in SpareBank 1 Markets AS. SpareBank 1 SR-Bank ASA is increasing its stake in SpareBank 1 Markets AS by spinning off SR-Bank Markets and transferring this business to SpareBank 1 Markets AS. Assuming the necessary approvals are forthcoming, the transaction will be completed in the first quarter of 2023.

Subsidiaries

EiendomsMegler 1 SR-Eiendom AS

EiendomsMegler 1 SR-Eiendom AS is the leading real estate agent in the group's market area and the largest company in the nationwide EiendomsMegler 1 chain. Its business operations consist of brokering commercial property and selling holiday homes, new builds and used homes.

SpareBank 1 SR-Bank ForretningsPartner AS

The company was established in the first quarter of 2015 and has since its start-up grown from NOK 0 to almost NOK 327 million in 2021. With the acquisition of Fast Solutions AS in September 2020 and Tveit Regnskap AS in April 2021, SpareBank 1 SR-Bank ForretningsPartner AS has established a solid market position in accounting services, with offices in Rogaland, Vestland, Oslo and Agder. It is now one of the country's largest actors within accounting and consulting services.

SR-Boligkreditt AS

SR-Boligkreditt AS is a wholly owned subsidiary and was established in the second quarter of 2015. The purpose of the company is to purchase home mortgages from SpareBank 1 SR-Bank and to fund this by issuing covered bonds. SR-Boligkreditt AS enables SpareBank 1 SR-Bank to diversify and optimise its funding. Moody's has given the company its best rating, Aaa.

FinStart Nordic AS

FinStart Nordic AS invests in, and contributes to the development and growth of, innovative financial technology companies. The aim is to strengthen and expand the group's existing value chains, digitalisation and streamlining of the core business, and financial return on the company portfolio. The company also manages an existing portfolio from the former SR-Investering AS, which is primarily invested in the oil industry.

Monio AS

Monio AS is a payment company and a registered loan arranger that was acquired by SpareBank 1 SR-Bank on 1.7.2019. In December 2020, Monio AS's licence was expanded to cover payment initiation service provider (PISP) services and account information service provider (AISP) services under the PSD2 regulations. The company arranges direct loans from private investors (people and limited liability companies) to small and medium-sized Norwegian companies via its proprietary digital platform. At year end 2022, the company had arranged loans totalling NOK 969 million (NOK 646 million) for Norwegian enterprises. The company's main product is arranging secured loans for property projects.

Part-owned companies

SpareBank 1 Gruppen AS

SpareBank 1 Gruppen AS is owned by:

- SpareBank 1 SR-Bank ASA (19.5%)
- SpareBank 1 Nord-Norge (19.5%)
- SpareBank 1 SMN (19.5%)
- SpareBank 1 Østlandet (12.4%)
- Samarbeidende Sparebanker (19.5%)
- Norwegian Confederation of Trade Unions (LO) and affiliated trade unions (9.6%).

SpareBank 1 Gruppen AS owns 100% of the shares in:

- SpareBank 1 Forsikring AS
- SpareBank 1 Factoring AS
- SpareBank 1 Spleis AS
- Fremtind Forsikring AS (65%)
- LO Favør AS (49%)

SpareBank 1 Utvikling DA

SpareBank 1 Utvikling DA is responsible for alliance processes and the delivery of services to the SpareBank

1 alliance. It also develops and delivers things such as common IT/mobile phone solutions, branding and marketing concepts, business concepts, products and services, expertise, analyses, processes, best practice solutions and purchasing. SpareBank 1 SR-Bank owned a 18.0 percent stake in SpareBank 1 Banksamarbeidet at year end 2022. The companies in SpareBank 1 Gruppen AS and SpareBank 1 Utvikling DA together constitute what is called the alliance.

The SpareBank 1 alliance's banks and LO also own direct stakes in the following companies:

- BN Bank ASA
- SpareBank 1 Forvaltning AS
- SpareBank 1 Boligkreditt AS
- SpareBank 1 Kreditt AS
- SpareBank 1 Næringskreditt AS
- SpareBank 1 Markets AS
- SpareBank 1 Betaling AS
- SpareBank 1 Bank og Regnskap AS
- SpareBank 1 Gjeldsinformasjon AS

SpareBank 1 Forvaltning AS

The SpareBank 1 Forvaltning Group was established on 1.5.2021. At the same time, ODIN Forvaltning AS was demerged from SpareBank 1 Gruppen AS and merged with SpareBank 1 Forvaltning AS based on continuity. At the time of the transfer, SpareBank 1 Forvaltning AS had the same owners and ownership interests as SpareBank 1 Gruppen AS. On 1.7.2021, SpareBank 1 Forvaltning AS acquired SpareBank 1 Kapitalforvaltning AS and SpareBank 1 Verdipapirservice AS. On 29.12.2021, SR-Forvaltning AS was sold to SpareBank 1 Forvaltning AS. A rebalancing of the stakes in SpareBank 1 Forvaltning AS was carried out in connection with the transaction and SpareBank 1 SR-Bank's stake in SpareBank 1 Forvaltning AS increased to 36.3 percent at the end of 2021. LO owns an unchanging stake in SpareBank 1 Forvaltning, while other owners' stakes are dynamic and based on internal income. SpareBank 1 SR-Bank's stake was 35.8 percent at year end 2022.

BN Bank ASA

SpareBank 1 SR-Bank and the other savings banks in the SpareBank 1 alliance acquired Glitnir Bank ASA in the fourth quarter of 2008. It has since been renamed BN Bank ASA. SpareBank 1 SR-Bank owns a 35.0 percent stake.

SpareBank 1 Kreditt AS

SpareBank 1 Kreditt AS is owned by the SpareBank 1 banks. SpareBank 1 SR-Bank owns a stake of 17.1 percent. The company is the supplier of credit card solutions to SpareBank 1 banks.

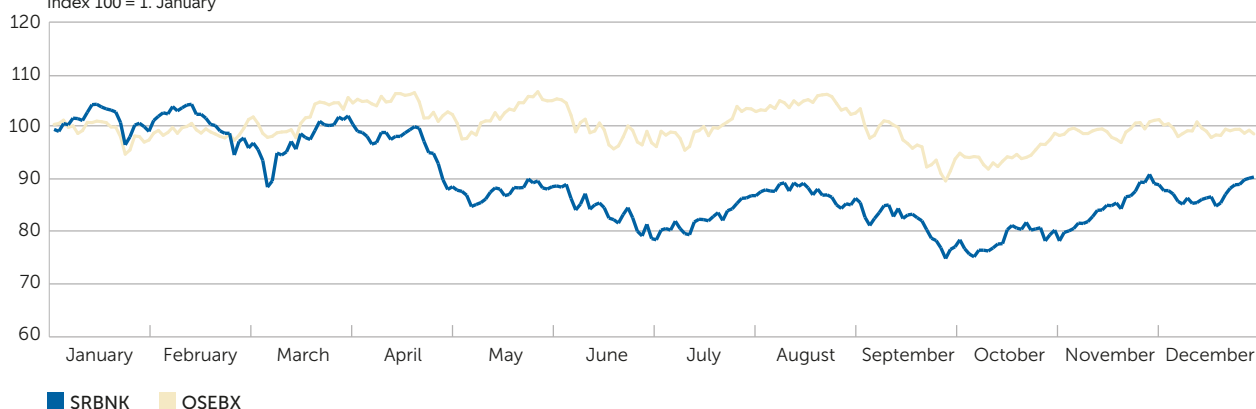
SpareBank 1 Betaling AS

The SpareBank 1 banks jointly own SpareBank 1 Betaling AS. SpareBank 1 SR-Bank's stake is 19.2 percent. SpareBank 1

The SR-Bank share

Relative share price trend 2022

Index 100 = 1. January



Facts about our share

SpareBank 1 SR-Bank ASA converted from an equity certificate bank to a limited liability savings bank on 1.1.2012. (Former equity certificate holders received one share for each equity certificate they held at the time of the conversion.)

The share capital amounts to NOK 6,393,777,050 divided into 255,751,082 shares, each with a nominal value of NOK 25.

The ticker code on the Oslo Børs is "SRBNK". "SRBNK" is included in the Oslo Børs's main index OSEBX, OSEAX All-share index and OSE40 Financials/OSE4010 Banks sector index. The liquidity segment is Match. SRBNK is also included in the "MSCI Global Small Cap index".

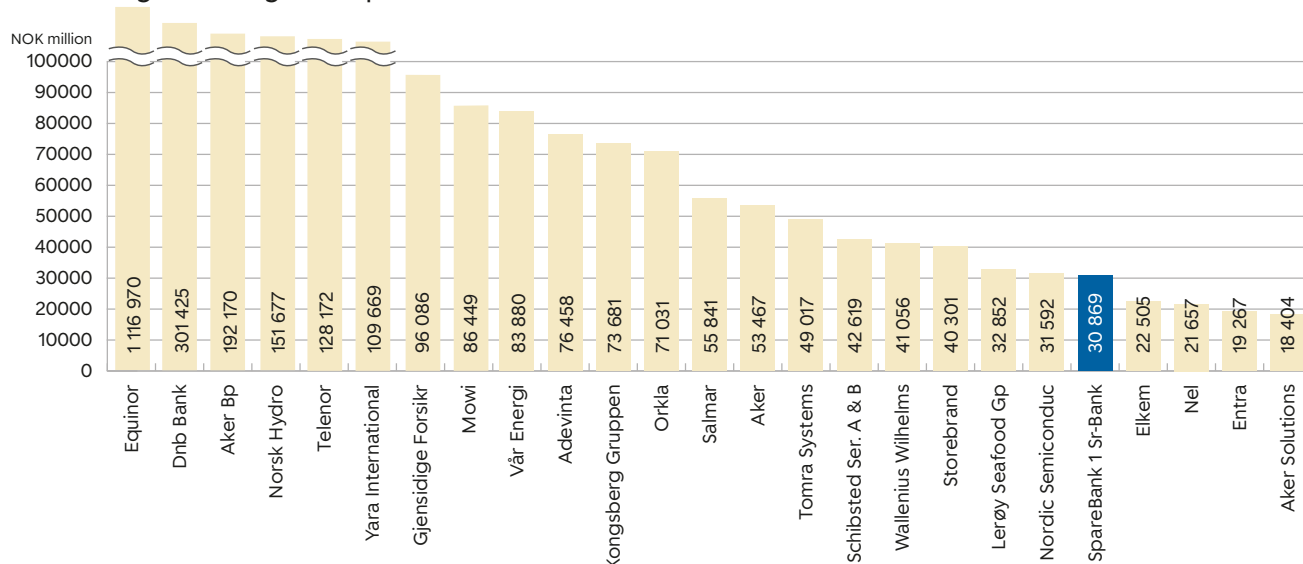
Facts about Sparebankstiftelsen SR-Bank

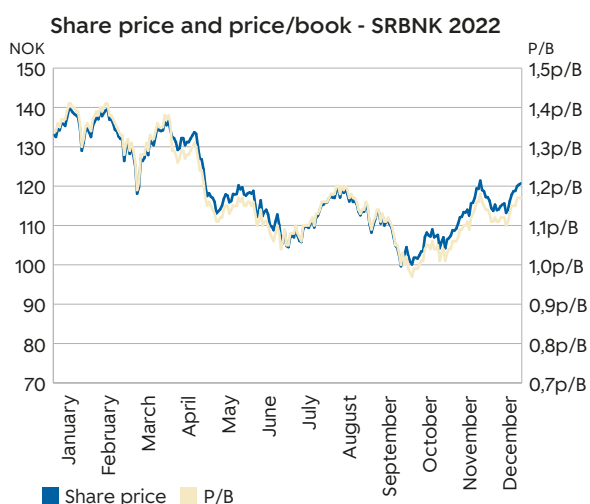
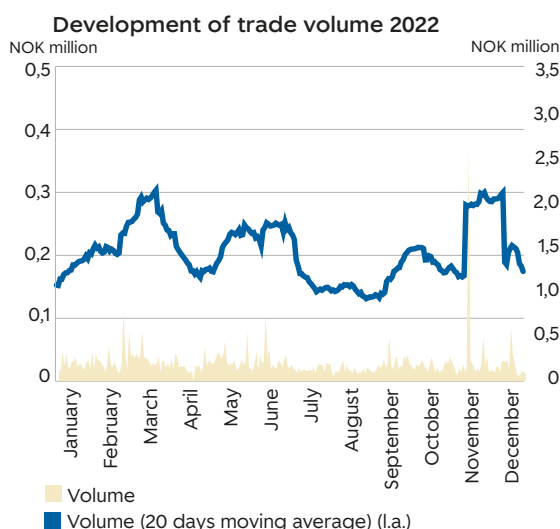
The Sparebankstiftelsen SR-Bank foundation was established as part of the conversion. The purpose of the foundation is to manage the shares received upon its formation and to exercise and maintain a substantial, long-term and stable ownership interest in SpareBank 1 SR-Bank. Ownership should be exercised in accordance with the generally accepted principles of corporate governance and within the limits and guidelines adopted by the general meeting. The ownership interest must represent at least 25 percent of shares issued.

The foundation can distribute its surplus and, in line with savings bank traditions, donates to publicly beneficial projects in Rogaland, Agder, and Vestland.

As at 31.12.2022, the foundation owned 72.9 million shares, equivalent to 29.3 percent of shares issued.

Largest Norwegian companies based on market value





Dividend policy

SpareBank 1 SR-Bank's financial goal for its activities is to achieve results that provide a good, stable return on the bank's equity, thus creating value for the owners in the form of competitive dividends and a higher share price.

Consideration must be given to financial needs, including capital adequacy requirements and the group's targets and strategic plans, when determining the annual dividend. Unless capital requirements dictate otherwise, the goal of the board is to distribute approximately half of the net

profit for the year as dividends. The parent company's profit after tax was NOK 3,253 million, equivalent to NOK 12.39 per share. Consolidated earnings per share was NOK 12.88. In line with SpareBank 1 SR-Bank's dividend policy, various factors have been taken into consideration in determining the dividend, including, in particular, financial strength and the Tier 1 capital ratio. The group's target is a Common Equity Tier 1 capital ratio of minimum 16.85 percent, including a 1.25 percentage point management buffer.

The board is proposing a dividend of NOK 7.00 per share for 2022.

This corresponds to a payout rate of 54,4 percent of consolidated earnings per share.

Investor policy

It is crucial for SpareBank 1 SR-Bank to maintain the confidence of the investor market by disclosing accurate, relevant and timely information about the group's performance and results. Market information is generally provided via quarterly investor presentations (physical and digital presentations), websites, press releases and financial statements. Regular presentations are also made to international partners, rating agencies, lenders and investors.

It is in SpareBank 1 SR-Bank ASA's own interests to publish current financial analyses of the highest possible quality. All analysts are treated equally at all times regardless of their recommendations and views on the bank's share. At the end of 2022, 12 brokerage houses officially covered the SRBNK shares. Updated contact information for the brokerage houses is available at all times on: www.sr-bank.no/ir.

Information addresses

SpareBank 1 SR-Bank publishes information for the market online at: www.sr-bank.no.

Other links to financial information:

www.euronext.com/nb/markets/oslo (Oslo Børs)

Financial calendar for 2023

General meeting:	13.4.2023
First quarter:	04.5.2023
Second quarter:	10.8.2023
Third quarter:	26.10.2023

Market value:

NOK 30.9 billion

Largest owner:

Sparebankstiftelsen SR-Bank

Dividend 2022:

NOK 7.00 per share

Ownership

SpareBank 1 SR-Bank ASA aims to ensure the good liquidity of its share and that it has a good range of owners who represent customers, regional investors and Norwegian and international investors.

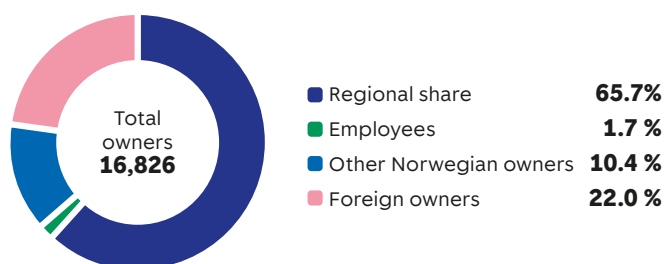
The price of the SRBNK share fell from NOK 133.20 in 2021 to NOK 120.70 in 2022. This resulted in an effective return of -4.9 percent, inclusive of dividends paid out in 2022. The Oslo Børs Benchmark Index decreased by 1.0 percent in the same period.

There were 17,821 (16,826) owners of SRBNK at year end 2022. The percentage owned by companies and individuals based abroad was 22.8 percent, and the percentage owned by companies and individuals resident in Rogaland, Agder, Vestland, Oslo and Viken was 63.7 percent. The 20 largest shareholders owned a total of 57.0 percent of the shares. The bank owned 29,219 treasury shares. Group employees owned a total of 1.8 percent of the shares at year end.

Credit rating

SpareBank 1 SR-Bank ASA has an A1 (positive) long-term rating and a P-1 short-term rating from Moody's Investor Services.

20 largest owners as at 31.12.2021		Number of shares	Stake %
1	Sparebankstiftelsen SR-Bank	72,419,305	28.30%
2	National Insurance Scheme Fund	19,495,629	7.60%
3	SpareBank 1-stiftinga Kvinnherad	6,226,583	2.40%
4	Brown Brothers Harriman & Co, USA	6,205,787	2.40%
5	State Street Bank and Trust Co, USA	4,888,496	1.90%
6	Verdipapirfondet Alfred Berg Gambak	3,511,467	1.40%
7	Odin Norge	3,423,133	1.30%
8	JPMorgan Chase Bank NA, U.S.A.	3,251,464	1.30%
9	Pareto Aksje Norge	2,738,521	1.10%
10	Danske Invest Norske Instit. II	2,619,067	1.00%
11	Vpf Nordea Norge Verdi	2,431,211	1.00%
12	State Street Bank and Trust Co, USA	2,415,400	0.90%
13	State Street Bank and Trust Co, USA	2,389,983	0.90%
14	Verdipapirfondet Alfred Berg Norge	2,003,621	0.80%
15	Clipper AS	1,945,800	0.80%
16	Pareto Invest AS	1,841,509	0.70%
17	KLP Aksjenorge Index	1,811,268	0.70%
18	Westco AS	1,796,737	0.70%
19	Verdipapirfondet DNB Norge	1,773,845	0.70%
20	The Bank of New York Mellon SA, Ireland	1,725,603	0.70%
Total 20 largest		144,914,429	56.70%



Key figures	2022	2021	2020	2019	2018
Market price 31.12., NOK	120.7	133.2	91.00	100.00	89.20
Dividend per share, NOK	7.00	6.00	3.10	5.50	4.50
Direct return ¹⁾	5.8%	4.5%	3.4%	5.5%	5.0%
Effective return ²⁾	-4.9%	55.80%	-9.0%	17.2%	7.4%
Book equity per share, NOK ³⁾	106.32	99.05	95.97	89.90	82.27
Earnings per share, NOK	12.88	12.08	5.87	12.06	8.96
Payout ratio, net ⁴⁾	57.93%	49.67%	52.81%	45.61%	50.22%
Number of shares issued 31.12	255,751,082	255,751,082	255,751,082	255,751,082	255,751,082
Treasury shares 31.12.	30,387	41,517	23,112	91,311	85,206
Number of outstanding shares 31.12	255,721,863	255,709,565	255,727,970	255,659,771	255,665,876

¹⁾ Dividend as a percentage of market price at year end.

²⁾ Appreciation during the year plus dividend paid as a percentage of market price at the beginning of the year.


³⁾ Equity divided by number of shares issued.

⁴⁾ Dividend as a percentage of the shareholders' proportion of the consolidated profit after tax

Sustainability

About the sustainability report

The sustainability report is an integral part of SpareBank 1 SR-Bank's annual report. The report satisfies the requirements of the Global Reporting Initiative (GRI) 2021, and the goal of our sustainability reporting is to show all of our stakeholders how SpareBank 1 SR-Bank contributes to social value creation through its activities. SpareBank 1 SR-Bank has signed up to, and complies with, the UN Principles for Responsible Banking (UN PRB) and the group also uses the framework prepared by the Task Force on Climate-Related Financial Disclosures (TCFD) when reporting on climate risk.

SpareBank 1 SR-Bank's GRI index and selected key figures with  have been certified by external auditor with limited assurance.

More information about the group's sustainability work can be found on the group's website and especially in the document ["Sustainability in SpareBank 1 SR-Bank"](#).

A proactive ally for customers in the green transition

It is true that the green transition is not moving fast enough. The pace of transition is insufficient to achieve the climate goals and UN Sustainable Development Goals, either in Norway or in the rest of the world. Nevertheless, a lot of positive things are happening, and it appears that they may be happening at an accelerating rate. Wherever we turn, we see stakeholders improving their work on sustainability, ESG and the green transition. Companies and financial institutions, as well as those who set our framework conditions – politicians, financial supervisory authorities and central banks. All of them are equipping themselves with rules, initiatives, new governance structures, sustainability managers and systems for measurement and reporting.

The sustainability work in SpareBank 1 SR-Bank reflects what is going on around us. We have set up a new and larger sustainability department. We are working on skills, communication and reporting, internal control, roles, definitions and, not least, our customer offering. Our goal is to be the customer's ally in the sustainability transition, and we will use our influence to contribute to it.

In 2022, we put in place a plan for boosting the

sustainability skills of the entire group and kick-started it all with a special sustainability festival. In May, we adopted our sustainable financing framework, while in December we rolled out an updated and improved version of the ESG risk model for the corporate market. SpareBank 1 SR-Bank Forretnings-Partner has developed its services within sustainability advice further and now offers a broad range of advice solutions in the area of sustainability. These are just a few examples of what has been done in 2022, which we will build on further in 2023.

It is important to celebrate victories and applaud the good things that have been achieved. However, at the same time, we need to recognise that we have no time to lose. We will use the good developments as a platform we can build on to achieve our goals and contribute to a greener and more sustainable society.



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FINANCE

The group bases its work on sustainability on the UN Sustainable Development Goals and these have been integrated into its strategy. The group has identified four Sustainable Development Goals where the group has the greatest potential to have a positive impact through its core activities:



Read more about the group's work on the goals in 2022 in the document ["Sustainability in SpareBank 1 SR-Bank"](#) ([Read the PDF here](#)).

SpareBank 1 SR-Bank's sustainability and climate strategy

The sustainability and climate strategy is anchored in SpareBank 1 SR-Bank's corporate strategy and tailored to suit the objectives of the Paris Agreement. ESG will be deeply integrated into all of the business areas by the end of 2025. This will incorporate ESG risks and opportunities into all activities, thus giving the group the ability to exploit the opportunities that will arise in line with the coming regulations. These could be experienced in everything the SpareBank 1 SR-Bank does, for example in how the group creates valuable customer experiences, delivers results, operates, as well as how the group collaborates internally and externally, and, not least, in how the group contributes to sustainable social development. All employees must take a proactive, responsible approach to sustainability.

Sustainability festival

The group's first sustainability festival was held on 9-13.5.2022. In line with the bank's strategy, the goal of the festival was to make employees of SpareBank 1 SR-Bank readier, more likely and more inspired to be the customer's ally in the sustainability transition, as well as to increase expertise within specific areas of sustainability. The festival was arranged by the People, Communications and Sustainability division, and was solidly anchored in the group executive management team. Each of the 5 days

was dedicated to a separate theme, which included: sustainability in general, energy, mobility, diversity and inclusion, as well as human rights and inequality. Morning broadcasts were streamed via internal TV to the whole group, including input and participation from the other regional offices. An internal climate competition was arranged. The aim was to compete on achieving as large CO2 savings as possible through various registered activities. During the week, there was a focus on reusing and recycling electrical equipment.

General objectives, goals and targets

SpareBank 1 SR-Bank has achieved good scores over the years, from both leading sustainability indices and rating agencies, for the group's commitment to promoting sustainability in the financial services sector and for continuously improving its sustainability work. This shows that the group has focused on relevant topics in its sustainability work and that its systematic work has produced results. SpareBank 1 SR-Bank will measure its general progress in the 2022-2025 strategy period based on four selected external assessment sources. For more information, [read more here](#).

The following four objectives have been defined with specific goals and targets:

Emission reduction

- **Climate neutral** in own operations by the end of 2022
- **Net zero emissions** in our financing and investment activities by 2050

Transition

- Financing and facilitation of **NOK 50 billion in sustainable activities** by the end of 2030
- Financing of **NOK 15 billion in green properties** by the end of 2025
- Facilitating **new jobs** through entrepreneurship and innovation

Equality and diversity

- **Gender balance** (40/60) on all management levels and material positions in the group by 2025
- **Equal pay** for genders – equal pay for equal work
- Through our advisory, products and services we will **strengthen economic equality**

Combat financial crime

- Have **zero tolerance** for all forms of financial crime
- **Safeguard human rights** by contributing to transparency in supply chains
- Be known for a **high ethical standards**

The group's stakeholders and material topics

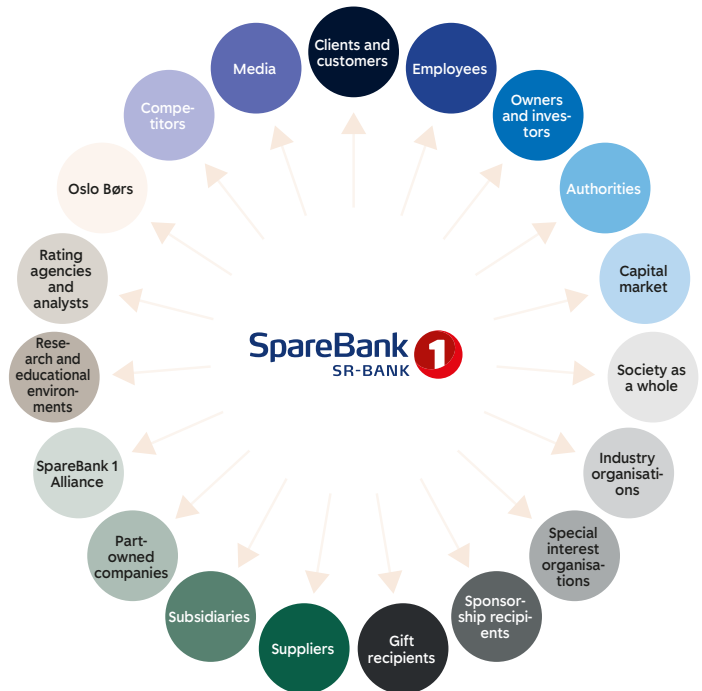
SpareBank 1 SR-Bank has surveyed the risks and opportunities related to ESG (environment, social conditions and governance) to ensure that the sustainability work matches stakeholders' expectations (Figure 1). At the same time, this work helps to reinforce ongoing stakeholder engagement. A materiality analysis is produced based on interviews, questionnaires and working meetings with both internal and external stakeholders. The results from the impact analysis carried out in line with the UN Principles for Responsible Banking (UN PRB) are also included in the materiality analysis. The impact analysis shows which areas the group should prioritise in its sustainability work. [Read more about the impact analysis here.](#)

The materiality matrix was updated at the turn of the year 2021/2022 and provides the group with a structured overview of the stakeholders' perspectives on various topics, ranked by importance ([read more here](#)).

Figure 2 shows the material topics that internal and external stakeholders rank the highest. The main ones are responsible lending, ethics and anti-corruption, privacy and information security, financial crime and anti-money laundering, managing climate risk and responsible lending.

The results of the materiality analysis provide SpareBank 1 SR-Bank with valuable insights and an opportunity to prioritise, adjust and sharpen its ongoing work on sustainability. The matrix also provides a basis for sustainability reporting in line with the Global Reporting Initiative (GRI). Read more about the results of the materiality analysis and engagement with society on topics within sustainability on page X of the document "[Sustainability in SpareBank 1 SR-Bank](#)".

Figure 1: Stakeholder map
















When assessing materiality, it is important to take account of both how sustainability affects the group and how the group impacts various sustainability factors. This approach is called double materiality and is a central part of the development within sustainability reporting. For example, the new directive on sustainability reporting in the EU, the Corporate Sustainability Reporting Directive (CSRD), will be based on double materiality.

The direction of the group's sustainability work is set on the basis of a good dialogue with internal and external stakeholders. The material topics are as follows:

Figure 2: Material topics



Table 1: Initiatives and frameworks with which SpareBank 1 SR-Bank is affiliated.

Initiative/framework	Description
 <p>UN Sustainable Development Goals (UN SDGs)</p>	<p>SpareBank 1 SR-Bank has identified four UN Sustainable Development Goals where the group has the greatest potential to have a positive impact through its core activities:</p> <p>Goal 5 Gender equality Goal 8 Decent work and economic growth Goal 13 Climate action Goal 16 Peace, justice and strong institutions</p>
 <p>UN Global Compact</p>	<p>SpareBank 1 SR-Bank has been a signatory to the UN Global Compact, the world's largest initiative for corporate social responsibility, since 2015. The group recognises and supports the UN Global Compact's 10 principles of sustainability.</p>
 <p>UNEP Finance Initiative (PRB)</p>	<p>SpareBank 1 SR-Bank has been a signatory to the UNEP FI Principles for Responsible Banking since 2019. Through the PRB, the group has committed itself to continuously improving its work on being a responsible bank.</p>
 <p>Global Reporting Initiative (GRI)</p>	<p>SpareBank 1 SR-Bank reports in line with the leading international standard, GRI 2021.</p>
 <p>Carbon Disclosure Project (CDP)</p>	<p>SpareBank 1 SR-Bank reports in line with the CDP, which is a global system for measuring, reporting and sharing climate and environmental information. In 2022, the group achieved a grade B, which means that the group manages environmental and climate impacts well.</p>
 <p>Partnership for Carbon Accounting Financials (PCAF)</p>	<p>SpareBank 1 SR-Bank became a member of PCAF in autumn 2021. This is a global partnership of financial institutions that collaborates on methods for reporting greenhouse gas emissions in banking and investment portfolios.</p>
 <p>Task Force on Climate-Related Financial Disclosures (TCFD)</p>	<p>SpareBank 1 SR-Bank has reported on climate risk in line with the recommendations issued by the TCFD since 2018.</p>
 <p>Responsible Ship Recycling Standards (RSRS)</p>	<p>SpareBank 1 SR-Bank supports the RSRS initiative and integrates the principles for the responsible breaking up and recycling of ships into its loan terms and conditions and other terms.</p>
 <p>Poseidon Principles</p>	<p>SpareBank 1 SR-Bank signed up to the Poseidon Principles in 2020. This is a global framework in which banks have joined forces to encourage their shipping customers to abide by responsible environmental standards and help cut emissions.</p>
 <p>EU classification system (Taxonomy) for sustainable activities</p>	<p>SpareBank 1 SR-Bank is working on classifying its portfolio in line with the Taxonomy and the Norwegian Act on sustainability-related disclosures.</p>
 <p>The Norwegian State Pension Fund Global and the UN Principles for Responsible Investment (UN PRI)</p>	<p>SpareBank 1 SR-Bank expects managers of funds distributed via the group's platform to comply with the Norwegian State Pension Fund Global's ethical exclusion list and to have signed up to the UN Principles for Responsible Investment (UN PRI).</p>
 <p>Skift – Business Climate Leaders</p>	<p>SpareBank 1 SR-Bank became a member of Skift, a network for business climate leaders, in autumn 2021.</p>
 <p>Women in Finance Charter</p>	<p>SpareBank 1 SR-Bank became a signatory to the Women in Finance Charter in autumn 2021. The group is actively working on gender balance and inclusion. Read more on page 18 in the chapter on employees.</p>

Corporate responsibility

It is important for SpareBank1 SR-Bank that it is able to give back to local communities by directly supporting activities and initiatives. The bank's goal is to help create flourishing communities and good living conditions, increase cooperation between people and businesses, and ensure enterprising people get a higher return on their commitment.

SpareBank 1 SR-Bank's goal is to ensure that around 50 percent of the group's profit is distributed as dividends and with Sparebankstiftelsen SR-Bank (29.3 percent) and SpareBank1-stiftinga Kvinnherad (2.4 percent) as two of the largest owners, this results in the return of value created through donations to good causes. This is to be done in line with the foundation's vision of "Creating Values Together" as well as the foundation's values of "Together we are to create, enrich and develop healthy communities". This reinforces the bank's local presence and local engagement. In 2022, the two foundations donated NOK 179 million in donations to local communities across Southwestern Norway.

Community engagement in the form of sponsorships and donations

In 2022, the group contributed NOK 14 million in the form of sponsorship agreements to various organisations, clubs and associations. SpareBank 1 SR-Bank's activities within community engagement and sponsorship are an extension of the group's day-to-day work. The aim is to start initiatives that can make a positive difference in the group's local areas, achieve a clearer position in the market with the group's sponsorship strategy, and to link sponsorships closely to the group's sustainability goals, which are a selection of the UN SDGs.

The group's employees donated the 2022 Christmas gift of NOK 250,000 to mental health and NOK 250,000 was donated to the year's annual telethon (Doctors Without Borders). Employees also raised NOK 71,376 via Spleis. Additionally, this year it was particularly important for the bank to show solidarity with the victims of the war in Ukraine. Therefore, NOK 1 million was shared equally between the following aid organisations: the Red Cross, the Norwegian Refugee Council, UNICEF and Save the Children.

Support for young talents

Together with Sparebankstiftelsen SR-Bank, the group helps talented young people develop through the foundation

G9alt Talentutvikling. The maximum annual amount of NOK 800,000 was distributed in 2022. The grants are distributed in line with the foundation's statutes, which specify that Stiftelsen G9alt Talentutvikling shall by distributing grants encourage young people in Rogaland, Vestland and Agder to develop their talents and interests that help ensure the region has a supply of talent, creativity, inventiveness and expertise in all areas of society and business. In 2022, the foundation chose to focus extra on talented people who, in addition to having talent of their own, also help motivate and inspire others. A total of 24 grants were awarded.

Support for growth and scaling up

GründerAcademy

SpareBank 1 SR-Bank is interested in innovation and assisting entrepreneurs in growth phases. The GründerAcademy foundation is one of the group's initiatives for creating the jobs of the future. The foundation is supported by SpareBank 1 SR-Bank and Sparebankstiftelsen SR-Bank. GründerAcademy is an accelerator programme that is arranged twice a year as a digital programme with in-person meeting points. Participants are offered lectures, 1:1 follow-up, mentor and access to a large network. This is designed to better equip the entrepreneurs for the journey on which they are embarking.

A large number of applications have been received since its inception. Since it started in 2015, almost 500 entrepreneurs have undergone training through the GründerAcademy programme and its predecessor Gründerhub. The participants are companies with a good mix between technology, social entrepreneurship and sustainability. This has created 600 new jobs through around 400 companies. In 2022, NOK 650,000 was awarded via nine entrepreneurial awards. The awards are designed to stimulate entrepreneurship.

Innoasis

Innoasis is a newly renovated building managed by the Nordic Edge business cluster, one of SpareBank 1 SR-Bank's partners. Innoasis is a rebuild project of the former Norwegian Petroleum Directorate and NAV building and was finished in spring 2022. The building is intended to be a new arena for innovation, partnership and green transition. SpareBank 1 SR-Bank helped in the establishment phase as a partner, with both financial support and expertise. The group will also provide assistance through access to advisory support for growth companies and has further collaboration plans for the years to come.

EiendomsMegler 1's goal is to promote good, sustainable living environments, and it therefore chose to distribute a NOK 50,000 donation between three different clubs/associations that the public thinks contribute to well-being in the local community. They did this instead of spending the money on marketing.

The lucky winners were:

- Friheim Velforening
- Svarttjønnheia Velforening
- Egersund Musikkorps

Regulatory compliance

There have been major changes to the regulatory landscape for sustainability and responsible business in the last few years. The Transparency Act was introduced in 2022, while the Sustainable Finance Act, new rules on fund managers' management of sustainability risk, and new rules for investment firms entered into force in January 2023. The group monitors developments closely, including with respect to common European standards for sustainability reporting, and systematically works to stay ahead of the curve and ensure compliance with the regulatory requirements.

Transparency Act

SpareBank 1 SR-Bank is subject to the Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions. The Act imposes three main duties:

- a requirement to conduct due diligence related to the risk of negative consequences for fundamental human rights and decent working conditions in the enterprise's own activities and supply chain or linked to other goods or services delivered by business partners;
- a requirement to publish an account of due diligence and make the account easily accessible on the enterprise website (annually and for the first time by 30.6.2023); and
- a requirement to respond to any written enquiries from any person requesting information about the risk relating to human rights and decent working

conditions in the enterprise's own activities and the supply chain and how these risks are managed.

The group's account will be published on our website.

A contact form for submitting requests for information has also been set up on the website.

The requirement of continuous due diligence to prevent and address actual and possible negative consequences for fundamental human rights and decent working conditions in own activities and supply chain. The group's approach goes beyond the statutory requirement and it takes as its starting point the international standards on which the Transparency Act is based (see the section on due diligence).

The Securities Trading Act, the Securities Funds Act and the Alternative Investment Fund Act

In January 2023, supplementary rules for the Securities Regulation were enacted in Norwegian law. The amendments were based on common European regulations and, among other things, stipulate further requirements for investment firms' organisation and implementation of sustainability elements in the investment firm's product management processes. The Regulation also stipulates further requirements for suitability assessments for investment advice, as well as Sparebank 1 SR-Bank's offering of financial products that accommodate the customer's sustainability preferences. The ongoing work on a new advisory tool for savings is laying the groundwork for the accommodation of these new requirements.

Due diligence: fundamental human rights and decent working conditions

Respect for fundamental human rights and decent working conditions throughout the value chain is a cornerstone of the SDGs and the 'S' in ESG. The risk picture in this area is complex and many Norwegian companies are increasingly exposed to this kind of risk. Modern slavery in global value chains, war, democracy under pressure, discrimination, the inherent risks of new digital technologies, and working conditions in mineral mining or the production of components for green technology are some of the trends that are increasing the risk of companies being linked to serious breaches of international standards.

Conducting due diligence in accordance with the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct is the key means for enterprises to avoid becoming involved in human rights abuses, in their own operations and through business relationships across the value chain.

It is precisely the UN and OECD guidelines, together with the UN's human rights standards and the ILO's core conventions, that provide the basis for the group's work in this area. SpareBank 1 SR-Bank's commitments are anchored in its general sustainability strategy and specific policies for human rights and labour rights and are also integrated into a number of other governance tools.

The UN and OECD standards prescribe due diligence for the entire value chain, while the Transparency Act limits the scope to one's own operations and supply chain.

For a financial services group, where a large proportion of its core activities are linked to the downstream value chain, the framework set by the Transparency Act is, therefore, too narrow. The group's due diligence assesses the risks related to international human rights and labour standards in the contexts of our roles as corporate lender, service provider for both the retail and corporate markets, and intermediary of fund products. Naturally, due diligence has also been integrated into the work of safeguarding our employees and promoting sustainability in our purchases (see section on sustainable purchasing). An internal group standard based on the OECD's due diligence guidance has been developed and is being implemented throughout the group.

The vast majority of our financing and other core activities are associated with a low risk of becoming involved with adverse impacts on fundamental human rights. In 2022, no direct links to actual negative impacts related to activities, products or services via business relationships were identified. The public due diligence account further addresses due diligence in relation to the group's various roles and functions, identified risk areas, due diligence system and plans for future work (for more information see our website).

Sustainable Finance Act

The Sustainable Finance Act came into effect on 1.1.2023. The Act implements the EU Taxonomy Regulation and the Sustainable Finance Disclosure Regulation. The Ministry of Finance has encouraged Norwegian institutions subject to the Act to also report on their implementation in 2022 as well. The institutions covered by the Taxonomy Regulation are primarily subject to a reporting obligation that in the case of financial institutions is referred to as the Green Asset Ratio (GAR). The purpose of the GAR is to illustrate how large proportion of the bank's portfolio complies with the Taxonomy's criteria.

The Taxonomy will be a useful tool for banks when it comes to strengthening their efforts to integrate sustainability into their financing processes. In order for the group to be able to report its loan and investment portfolios in line with the Taxonomy, an extensive process will be required to collect data from relevant customers. The group's Sustainable Finance Framework, which was approved and introduced in spring 2022, has been harmonised with the Taxonomy's environmental goals and criteria. SpareBank 1 SR-Bank considers the Taxonomy its most important guide for this framework, and going forward we will monitor the development of the Taxonomy closely in order to continue adapting to the framework.

From and including the annual financial statements for 2023, the group will report its GAR in line with the implementation of the Taxonomy in Norway. The table below is based on

recommendations from Finance Norway and takes as its starting point the proportion of the bank's exposures and portfolio covered by the Taxonomy (referred to in the Taxonomy as 'eligibility'). The table specifies the exposures/assets regarded as eligible for inclusion in both the GAR numerator and denominator, the assets that can only be included in the GAR numerator and the assets that cannot be included in GAR calculation.

As at 31.12.2022, the proportion of assets that could potentially be eligible as green pursuant to the Taxonomy Regulation was around 51%. Since none of our corporate customers have as yet reported under the Taxonomy, this proportion exclusively represents covered bonds in the liquidity portfolio, loans to households secured against real estate and car loans.

The Sustainable Finance Disclosure Regulation (SFDR) was enacted into Norwegian law via the Sustainable Finance Act, which came into effect on 1.1.2023. This Act is primarily aimed at producers of financial products within the area of saving and investing. SpareBank 1 SR-Bank does not perform portfolio management as part of its activities since this is now done by SpareBank 1 Forvaltning, which is jointly owned by the SpareBank 1 banks. Nevertheless, SpareBank 1 SR-Bank does have some obligations under the SFDR due to its role as an investment adviser. The group's responsibility to take account of and include sustainability risks and factors is described on the group's website under SFDR information here.

Table 2 shows the proportion of the group's exposures covered by the Taxonomy. The overview has been set up in line with the template prepared by Finance Norway.

Assets	Proportion of total assets/assets %	Exposure in NOK billions
Assets included in both GAR numerator and denominator:	51%	185.0
Exposures to debtor covered by the Non-Financial Reporting Directive (NFRD) and economic activity also subject to the Taxonomy (incl. covered bonds)	5.9%	21.1
Exposures to debtor covered by the Non-Financial Reporting Directive (NFRD), but not economic activity subject to the Taxonomy	0.2%	0.6
Exposure to households with security in real estate, renovation loans for homes and car loans	45.2%	163.2
Assets only included in GAR numerator:	39.1%	141.1
Exposures to enterprises not covered by the NFRD	27.9%	100.7
Derivatives	5.2%	18.6
Short-term loans and deposits from financial institutions	3.4%	12.2
Cash and cash equivalent assets	0.0%	0.1
Other assets (goodwill, etc.)	2.6%	9.5
Assets not included in GAR calculation:	9.6%	34.8
Exposures to states, supranational entities and other state-guaranteed counterparties	9.6%	34.8
Deposits in central banks	0.0%	0.0
Trading portfolio	0.0%	0.0

Responsible finance

As a major Norwegian financial services institution, we have a responsibility to ensure that the capital we manage and lend out is not used in ways that harm people or nature. This is not new, but what is perhaps new is that the industry is beginning to look beyond its responsibility simply not to cause harm to setting requirements for how capital can make a positive contribution. Stipulating sustainability related conditions is hard, and it is definitely not something that either SpareBank 1 SR-Bank or the industry in general is fully adept at, although a process is underway.

Principles for Responsible Banking

There are a number of global initiatives that encourage the banking and finance sector to play its part and contribute to transition. The group signed up to the UN Principles for Responsible Banking in 2019. The six principles define the global standard for what being a responsible bank means. The group bases its work on the principles and reports every year. You can read the report for 2022 [here](#).

In the same way as the business sector must undergo a demanding transition process, so too must the financial services industry, and it is important to acknowledge that it will not be easy. The industry cannot simply be guided by customers and regulatory authorities. The individual market participants must take a point of view and choose their priorities. SpareBank 1 SR-Bank's priorities in this context are clearly set out in its sustainability strategy and the goals linked to its lending activities.

Key guidelines, responsible finance:

- [Standard for sustainability: distribution and recommendations regarding securities funds](#)
- [Standard for sustainability in corporate market](#)
- [Standard for sustainability: agriculture and nature](#)
- [Sustainable finance framework](#)

Responsible lending

Lending is SpareBank 1 SR-Bank's core business and therefore responsible lending and investments constitute a very important part of the group's sustainability work. The group's overarching ambition is to be the customer's ally in the sustainability transition, and we are working on our approach, assessments, requirements and conditions. This is also an area in which framework conditions and market conditions are undergoing rapid development and constant changes are taking place.

The materiality analysis shows that responsible lending practices are one of its main material topics within sustainability. As far as sustainability and impact are concerned, there is no doubt that the group's potential for making a difference lies first and foremost in what we do and the financing choices we make. One of the main goals in our sustainability and climate strategy is to finance and facilitate NOK 50 billion in sustainable activities by the end of 2030.

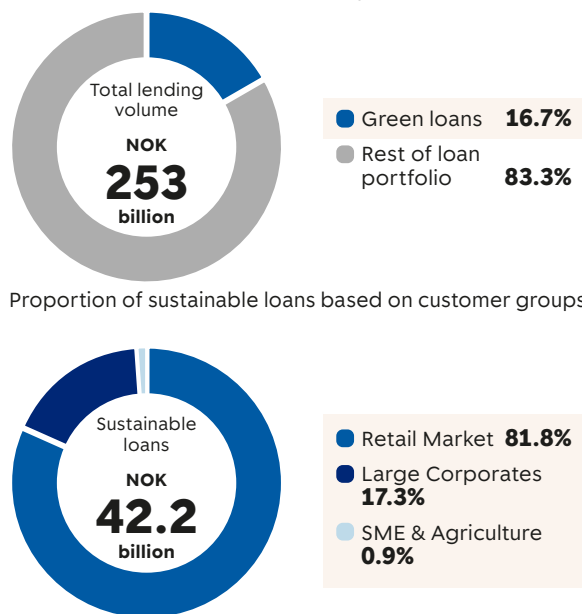
A lot of work was done in 2022 on rigging the business and the portfolio to achieve this goal. For example, a framework for sustainable activities was established that specifies which activities qualify as green or sustainable financing. Corporate Market also established a sustainability committee that reviews and approves its exposures as sustainable based on applications from customer account managers. This provided a much needed boost that enables the division to work effectively and purposefully towards its sustainable financing goals. At the end of 2022, the divisions also adopted KPIs that are based on the volume of sustainable financing. These will be included in the scorecards for 2023.



The sustainable finance framework is SpareBank 1 SR-Bank's proprietary framework that defines which investments can be classified as green loans. It addresses different sectors through specific minimum requirements that must be met and is harmonized with the criteria in the Taxonomy, with a focus on climate change mitigation. [Read more here.](#)

Lending volume (Figure 3)

As at 31.12.2022, sustainable loans accounted for 16.7% (NOK 42.2 billion) of the total lending volume (NOK 253 billion):



Numbers certified by external auditor with limited assurance.

Lending to the corporate market

The group has a lot of influence thanks to its lending activities, with corporate customers accounting for around 40% of its total lending. The group's corporate loan portfolio is well diversified. The group finances Norwegian SMEs, with an emphasis on commercial property.

SpareBank 1 SR-Bank requires its corporate customers to operate in compliance with applicable laws and regulations, which include climate and environmental considerations and taking a conscious approach to human rights. SpareBank 1 SR-Bank's "Standard for sustainability in the corporate market" provides direction on the type of customers the group hopes to attract and what is expected of customers.

SpareBank 1 SR-Bank has also set a target of funding NOK 50 billion in sustainable activities by the end of 2030. At the end of 2022, a total of NOK 13.8 billion in green financing had been granted. Of this NOK 1.4 billion was syndicated, which means that parts of the loan were made in conjunction with other banks. The gross financing of sustainable activities pursuant to the framework amounted to NOK 12.4 billion at the end of 2022. The target is NOK 50 billion by the end of 2030.

In 2022, green loans and sustainability-linked loans amounted to NOK 7.7 billion, which corresponds to 8% of the corporate market loan portfolio.

Sustainable shipping

SpareBank 1 SR-Bank reported in line with the Poseidon Principles for the second time in autumn 2022. The Poseidon Principles are a global framework for financial institutions that finance shipping and are designed to promote efforts to cut greenhouse gas emissions from the

sector. 30 banks are now members, and the reported data covers just over 65% of the global shipping loan portfolio. In 2022, SpareBank 1 SR-Bank's portfolio climate alignment score was -10.7%. This means that the carbon intensity of ships financed by the group is slightly more than 10% lower than the target decarbonisation trajectory.

All new credit exposures within shipping include a clause concerning "Responsible Ship Recycling Standards (RSRS)", which are about the responsible disposal of vessels and mobile offshore units. The initiative addresses both the environmental and the social aspects of sustainability, with a focus on pollution and acceptable working conditions.

ESG framework for corporate loans

In 2022, as part of a SpareBank 1 Alliance collaboration, the group developed and implemented a comprehensive framework for ESG assessing and scoring loan customers. The framework is used in connection with granting credit and renewals for corporate customers whose consolidated exposure exceeds NOK 10 million. The new ESG model represents a big step forward compared with the previous model. It contains questions covering several specific sectors, includes inherent risk per sector and ranks customers better. The group expects customer account managers to spend more time on ESG analyses with the new model and for the questions to form a framework for a dialogue with customers about these topics. The scoring is an attempt to assess the customer's sustainability risk and help customer advisers in their dialogue about sustainability with the customer. The group's overarching ambition when it comes to sustainability is to be the customer's ally in the transition. Appropriately including sustainability in the dialogue with customers is, therefore, an important success criterion.

The ESG scores are based on questions within the four sub-topics of physical climate risk (E), transition risk (E), social conditions (S) and governance (G) and produces a sub-score per sub-topic as well as a total score. If a customer is given a particularly low ESG score, their customer adviser is required to draw up an action plan for improvement together with the customer. Risk Management has been responsible for implementing the ESG model, in collaboration with the SpareBank 1's competence centre for credit models (KFK). Risk Management performs control functions at the portfolio level, while the internal auditor performs control functions in relation to policy compliance in individual cases.

Sustainability advice in the corporate market

2022 saw the formal start-up of SpareBank 1 SR-Bank ForretningsPartner's focus on sustainability advice with the establishment of the consultancy department with special expertise within sustainability/ESG, which employs five FTEs. The department has developed services covering the entire ESG spectrum, with advice on analysis, strategy, implementation and reporting aimed at the corporate market. ForretningsPartner assisted companies in many different industries in 2022, and segments both inside and outside Norway. You can read more about the services offered [here](#).

Retail Market 2022

SpareBank 1 SR-Bank wants to be a proactive ally in the transition to a more sustainable society and Retail Market is an important contributor with respect to achieving this.

Strong representation in branches throughout the group's market areas means that SpareBank 1 SR-Bank can combine in-person and digital advice for customers. SpareBank 1 SR-Bank wants its advice to help customers adopt products and services that contribute to sustainable development in the form of financial economic and climate-friendly choices.

A major training programme for advisers in Retail Market was conducted in 2022, where 84% of all advisers have now completed the e-learning course "Green solutions for the Retail Market customer". The training covers the different sustainable products and services offered by SpareBank 1 SR-Bank and their properties. This initiative will be followed up in 2023 when the advisers will receive training designed to enable them to explain and advise on sustainable personal finances within the key topics of equality, sustainability and the climate.

Lending to the retail market

SpareBank 1 SR-Bank's retail market portfolio accounts for around 60% of total lending and mainly consists of residential mortgages for retail customers. The framework for sustainable activities defines which loans can be considered sustainable and this definition corresponds with the group's requirements in its green bond programme. For the retail market, these include loans for zero emission vehicles, energy efficient homes and renovation.

At the end of 2022, green residential mortgages, in line with the requirements of the framework and the group's green bond programme, amounted to NOK 34.5 billion. See Figure 3 on page 36 for more information.

SpareBank 1 SR-Bank's financing in the retail market portfolio has the potential to have a positive impact with respect to the social aspect of sustainability. Among other things, SpareBank 1 SR-Bank uses its flexibility quota on customers in the process of establishing themselves and buying their first home, which ensures that young customers have an opportunity to get onto the property ladder. Our advice for existing mortgage customers experiencing a difficult financial situation helps to find solutions.

As far as sustainability risk in the retail market portfolio is concerned, the relevant risk is primarily the climate risk resulting from loans for homes, and in particular the physical climate risk, which addresses the risk associated with greater climate change. In 2023, the group will continue working on analysing sustainability risk in the retail market portfolio as well.

Sustainable products, services and innovation

Offering products and services that promote sustainable behaviour by customers is an important contribution to the green transition and sustainable development. The ambition is to offer a green or sustainable alternative in each product category and to offer more and better services that help customers make sustainable choices.

SpareBank 1 SR-Bank's sustainable finance framework is designed to define exactly which activities are considered sustainable and which can be included as contributions to the goal of financing and facilitating at least NOK 50 billion in sustainable activities by the end of 2030. The framework is based on guidelines issued by the Loan Market Association (LMA): the Green Loan Principles and the Sustainability Linked Loan Principles. Most of the framework's criteria were derived from the technical screening criteria in the EU Taxonomy. There are also criteria for sectors not covered by the EU Taxonomy.

SpareBank 1 SR-Bank continuously strives to assess and develop products and services that will help our customers make more sustainable choices regarding their personal finances. A new product, Eco-loans, was launched in 2022. This is designed to enable retail customers to obtain favourably priced financing for the purchase and installation of energy efficiency measures for the home.

SpareBank 1 SR-Bank offers green car loans to retail customers, designed for electric car owners. The non-life insurance company Fremtind also offers insurance designed for electric cars.


Retail Market saw very good growth in lending volumes for its products green mortgages and loans for electric cars. At the end of 2022, the volume of green mortgages was NOK 570 million compared with NOK 58 million at the end of 2021, and the volume for loans for electric cars was NOK 492 million at the end of 2022, compared with NOK 118 million at the end of 2021.

Contributions to achieving the group's target of NOK 50 billion in sustainable activities by 2030:

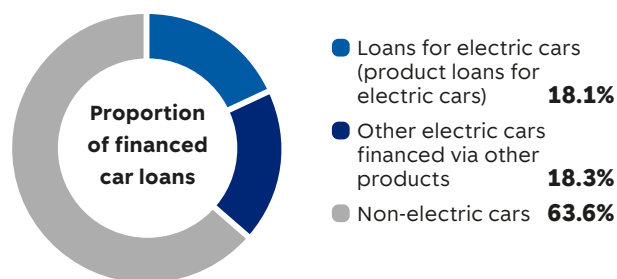
Product	Number	Loans paid out	Green products as a proportion of total lending in the product category *
Green mortgages	165	540,862,797	0.35%
Eco-loans	66	13,812,272	100%
Loans for electric cars	1,756	492,402,146	18.1%
Total:		1.076.796.758	

• Green car loans: Total car loan portfolio, loan volume

* Otherwise, NOK 34.5 billion in loans qualify as green loans according to the group's sustainable finance framework.

 Numbers certified by external auditor with limited assurance.

Proportion of financed car loans



Numbers certified by external auditor with limited assurance.

The group wants to help make customers more aware of sustainability and to help customers make more sustainable choices. “My carbon footprint” is a digital service that shows the customer their climate footprint based on their transaction history. The service is currently available as a beta version and customers can use the service in both the online bank and the mobile bank. In 2022, potential was identified for improving the solution, for example by connecting together more data sources to improve the accuracy of the calculations. Work will be done on improving “My carbon footprint” further under the SpareBank 1 Alliance umbrella in 2023.

SpareBank SR-Bank has entered into a cooperation with Justify. The cooperation allows customers of SpareBank 1 SR-Bank to access legal services digitally. The service helps to promote financial equality, where in particular the cohabitation contract service is an important means of protecting both parties financially. The service helps to support the goal of contributing to the financial equality of our customers through advice, products and services.

Service	Total number of users
Justify	7,617

SpareBank 1 SR-Bank offers the Maintenance Calendar service, a service for homeowners that provides advice and tips on maintaining their home. Maintenance is damage prevention in practice. It helps ensure that resources already in use are used well and helps reduce waste. The service is offered as an open solution on the website.

In 2022, Finance Norway adopted the “Industry standard for financial inclusion” ([read more here](#)). SpareBank 1 SR-Bank always strives to ensure that every customer feels that they are being treated in line with the requirements of the

industry standard. This should particularly be the case in the group’s 35 branches and the direct bank, which aim through their advice and customer service to ensure that all customers feel financially included.

Useful and practical customer services:

- [Maintenance calendar](#)
- [Justify](#)

Green borrowing

On the funding side of things, SpareBank 1 SR-Bank operates its own programme for green bonds. The programme is a framework for which loans qualify as green and can thus provide a basis for issuing green bonds in the international capital markets. The programme was established in 2019 and is reviewed annually. SpareBank 1 SR-Bank can issue green bonds based on a portfolio of loans within sustainable residential and commercial properties, renewable energy and green transport. The framework is based on the guidelines in the ICMA Green Bond Principles. Green bonds provide the group with access to asset managers and investors who want to invest with a focus on sustainability, and they thus help expand the capital base to which the group has access.

The group issued a new green bond for EUR 500 million in the euro market in 2022. For more information about green bonds, [read here](#).

Responsible investments in SpareBank 1 SR-Bank

Although lending is SpareBank 1 SR-Bank’s core business, the group also has some financial and strategic investments and placements on its balance sheet. These include investments in the liquidity portfolio, the strategic ownership of jointly owned companies in the SpareBank 1 Alliance and start-up investments via FinStart Nordic. Although the investment mandates in the various contexts are very different, the “Standard for responsible investments in SpareBank 1 SR-Bank” applies at a general level for the group. The group must be conscious of its role as an owner in every context and focus on transparency and a good governance structure. Active ownership must be practised where appropriate.

Asset management

In 2022, the former wholly owned subsidiary SR-Forvaltning's business was transferred to SpareBank 1 Forvaltning, which is jointly owned by the SpareBank 1 banks. This means that fund management no longer forms part of the group's directly owned activities. However, as an owner with a 36% stake in SpareBank 1 Forvaltning, we set requirements for how the company handles sustainability and ESG. SpareBank 1 Forvaltning's asset management includes products under both the ODIN and SpareBank 1 brands. The two brands have common guidelines for managing ESG and actively work on ESG integration, active ownership and exclusions.

Focus on sustainability in fund management

In addition to offering funds from the ODIN and SpareBank 1 funds, SpareBank 1 SR-Bank offers a wide selection of securities funds from external managers. The group complies with the SpareBank 1 Alliance's guidelines for the responsible distribution of securities funds. In the guidelines, the banks have jointly defined their recommendations, expectations and requirements for the managers of the securities funds distributed via the SpareBank 1 Alliance. If a manager breaches the requirements and chooses not to change their practices after talking to us, distribution of the securities fund in question will cease. The funds have also been labelled based on the SpareBank 1 Alliance's

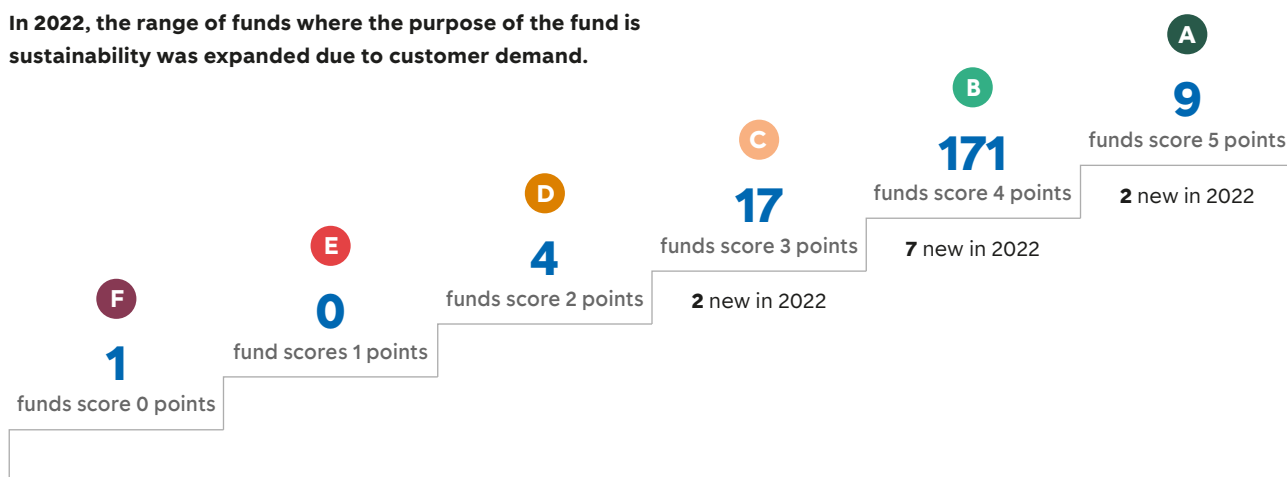
expectations. The managers of the respective funds are expected to be active owners and exclude companies and sectors in order to ensure more sustainable development for the individual company, and also for society as a whole and the environment. We also believe these are important factors for companies' value creation for their owners, who are in turn our customers.

In 2022, most of the funds scored a grade B. We believe these funds have a good approach to environmental and social issues, and that the portfolio managers are also active owners.

One of the funds scored a grade F in the reviews in 2022 and 2021. This fund cannot be purchased in any of the SpareBank 1 Alliance banks. The fund remains in the review in order to see if it has improved.

To a score a grade A, a fund must meet all of the expectations and also have an Article 9 classification under the SFDR. These are funds where the purpose of the fund is sustainability. There has been a lot of criticism that too many have given themselves too high a classification under the SFDR. Some actors have therefore taken action. From among the funds distributed by the SpareBank 1 Alliance, only the DNB Grønt Norden fund has reduced its SFDR classification from Article 9 to Article 8.

In 2022, the range of funds where the purpose of the fund is sustainability was expanded due to customer demand.



↑ **5** funds have improved their score
 ↓ **4** funds have poorer scores
 → **182** funds saw no change
 11 funds have not answered, these are the new funds.

- Just as many funds improved their grade from C to B, as those who saw their grade go the other way.
- Only one of the fund managers did not state that they do not vote in general meetings.
- All of the managers state that they have signed up to the UN Principles for Responsible Investment (UN PRI) and report on their compliance.

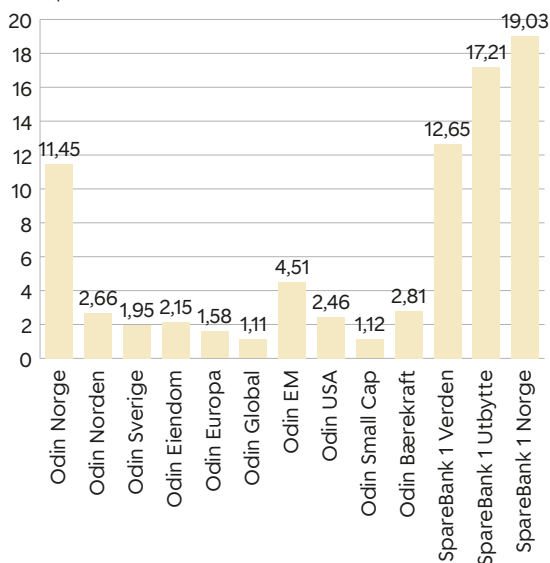
Asset management

Active ownership, voting and CO2 emissions from funds

The funds managed by ODIN Forvaltning report on both the overall carbon intensity of their products and their voting and investor engagement in order to be transparent about the sustainability risk and active ownership in the portfolios.

CO2 emissions from funds

NOK, pr 31-12-2022



(Data: CO2 emissions from funds - ODIN funds and Sparebank 1 funds)

Carbon footprint measured via carbon intensity. This is a means of measuring a fund's exposure to emission-intensive companies. The carbon footprint shows the portfolio companies' emissions (CO2e over 1 year) in relation to their turnover, adjusted for portfolio weighting. The calculations are not exhaustive because they do not include all indirect emissions. For example, a company's emissions linked to purchased electricity (which are indirect Scope 2 emissions) are included, while emissions linked to a subcontractor's purchased electricity are not included (Scope 3). Nonetheless, the intensity figure provides a reasonably good indication of whether the fund is invested in carbon-intensive industries and companies. Carbon intensity is calculated using the following formula:

$$\sum_n^i \left(\frac{\text{Value of position}}{\text{Total value of the portfolio}} \right) * \frac{\text{The portfolio company's CO2e emissions (Scope 1 and Scope 2)}}{\text{Portfolio companies' income (in the fund's currency)}}$$

Active ownership and voting

Active ownership through dialogue and voting are important tools in getting companies to operate more responsibly and sustainably. The ODIN funds aim to vote in all general meetings and, as a general rule, vote for proposals that promote more transparency and reporting on climate and social issues in companies.

The table here shows how large a proportion of the proposals at the portfolio companies' general meetings the manager voted on.

Fund	Proportion voted
ODIN Eiendom	96%
ODIN Europa	100%
ODIN Global	100%
ODIN Norden	100%
ODIN Norge	93%
ODIN Small Cap	100%
ODIN Sverige	100%
ODIN Emerging Markets	97%
ODIN Bærekraft	73%
ODIN USA	100%
Sparebank 1 Norge Verdi	97%
Sparebank 1 Utbytte	97%
Sparebank1 Verden Verdi	92%

The managers in ODIN Forvaltning also maintain a direct dialogue with portfolio companies throughout the year and try to raise ESG-related topics in these meetings. There were 292 such dialogues in 2022 across topics within E, S and G. The numbers below do not add up to 292 because multiple topics are often discussed in the same meeting.

E	S	G
175	195	228

Nature as a stakeholder

Three of the greatest challenges of our time are the climate crisis, the degradation of nature and declining biodiversity. Every enterprise needs to consider its impacts in these areas as part of its sustainability work. For a financial institution, climate and natural risk is primarily about what one finances and having to assess what is in one's loan and investment portfolios. This can be a demanding exercise since there is a major lack of relevant data and industry standards for analysis and reporting methodology are not fully developed.

Natural risk

Nature is our land areas, freshwater, the oceans and the atmosphere. These are under great pressure and a transition is required to safeguard their qualities and limit climate change. Nature provides us with ecosystem services, which is a collective term for a number of goods. These can be services on which life depends, such as pollination, water purification and oxygen production, as well as recreational experiences in nature.

The group wants to help safeguard nature in a sustainable way by supporting what came out of the UN Conference on Biological Diversity (COP15). COP15 was held in December 2022 in Montreal, Canada. At the conference, rich countries committed to providing less-rich countries that are particularly struggling to maintain biodiversity with support of at least NOK 20 billion per year by the end of 2025, and NOK 30 billion per year by the end of 2030 via a new biodiversity fund. The goals adopted here were to protect 30 percent of land areas and 30 percent of ocean and water areas by the end of 2030, and to restore 30 percent of all nature that has partially been destroyed by the end of 2030.

Natural risk is not only about the impact the bank's lending activities and investments have on nature, but also about how nature impacts the activities of the bank. A changing climate can pose major risks for customers and the bank. In autumn 2022, Finance Norway, the World Wildlife Fund (WWF) and Deloitte invited key stakeholders from the financial services industry to participate in a natural risk project with a focus on the financial services industry. SpareBank 1 SR-Bank took part in a workshop together with most of the leading financial institutions in Norway where the challenges facing the financial services industry were discussed, especially the lack of data and poor data quality for assessing natural risk. We also do not know enough and lack the resources to see difficult connections. The TNFD framework is being developed and the group will start preparing to report in line with this framework.

The Taskforce on Nature-related Financial Disclosures (TNFD) was launched in 2022 and is a framework that financial institutions and enterprises will eventually report in line with and act on the basis of. TNFD is based on the four pillars of the TCFD framework. The purpose of the TNFD is to close financial investors' knowledge gap with respect to impacts on nature and thereby help steer capital away from activities that are harmful to nature.

Climate risk (TCFD)

SpareBank 1 SR-Bank reports climate risk in line with the recommendations issued by the TCFD. Climate change and climate adaptation both represent risks and opportunities that could impact SpareBank 1 SR-Bank's activities. SpareBank 1 SR-Bank is indirectly exposed to climate risks and opportunities through its lending, investments and insurance, and directly through its own operations. The group conducts annual stress tests and financial simulations on its loan portfolio. The results show that the group is well-equipped to deal with the financial consequences of major downturns, including any transition risk related to less activity in the business sector. The stress tests also correspond well with the Financial Supervisory Authority of Norway's analysis in which the Norwegian financial services industry is considered well equipped to handle potential losses in the transition to a low emission society. SpareBank 1 SR-Bank reports in line with the CDP's climate module every year and the report is publicly available on the CDP's website.

The Task Force for Climate-related Financial Disclosures (TCFD) was established in 2015 at the request of the finance ministers and heads of the central banks of the G20 countries. In 2016, the working group published its recommendations on how financial institutions should report on climate risk. The recommendation consists of four categories:

- Governance
- Strategy
- Risk management
- Metrics and targets

The board of directors and group executive management team

The board bears overall responsibility for the group's operations and for monitoring climate risks and opportunities. This responsibility includes monitoring, supervising, approving and following up the work on sustainability, including reporting and strategy work. The sustainability and climate strategy has been integrated into the corporate strategy, and the status of the sustainability strategy is followed up on a quarterly basis (or more frequently) by the board throughout the year. Climate risk

has been explicitly discussed by the board on many occasions: in the board's annual consideration of climate risk in board meetings, in the revision of guidelines, in the ICAAP, and when introducing and presenting sustainability reports and annual reports.

The CEO bears overall strategic responsibility for sustainability, including within climate-related topics in SpareBank 1 SR-Bank. The Executive Vice President People, Communications and Sustainability bears strategic responsibility, together with the CEO, and operational responsibility for sustainability in the group.

The group executive management team has so far operated with different interdisciplinary forums that discuss risks and opportunities related to sustainability and climate, including climate risk. From 2023 onwards, these topics will also be discussed in a newly established strategic resource group for sustainability. Each business and staff area is represented in the group and its mandate is both to discuss risks and opportunities related to sustainability and climate and to ensure consistency in the management and prioritisation of this throughout the group. The group executive management team has delegated operational responsibility for climate risk to the group's risk department, where climate risk is treated on a par with other types of financial risk and is regularly reported to the group executive management team.

Expertise in understanding climate risks and opportunities is important if climate risk is to be appropriately included in corporate governance. Relevant expert resources have given talks to the group executive management team and the board of directors in order to improve their expertise in climate risk and they have also taken internal e-learning course on sustainability leadership, which included climate risk.

The Carbon Disclosure Project (CDP) is an initiative that focuses on making environmental and climate-related information from companies, cities and regions available to investors and other stakeholders. Almost 20,000 companies around the world reported environmental data via the CDP in 2022. The initiative is based on the notion that raising companies' awareness of their own climate/environmental impact will lead to them making more sustainable choices and thereby capitalising on the transition to a low emission society. SpareBank 1 SR-Bank has reported in line with the CDP's climate standard since 2019 and scored a grade B in 2022.

Strategy

SpareBank 1 SR-Bank used a scenario analysis involving four scenarios to identify the current and potential consequences of climate threats and opportunities related to the group's business, strategy and financial planning. The group has also identified climate-related threats and opportunities in the short, medium and long term. Examples of identified

opportunities for diversifying business activities in relation to green real estate include access to new markets and greater access to capital through a green bond framework. Examples of identified potential risks include credit risk and reputational and market risk due to changes to the regulation and taxation of carbon emissions.

Both climate risks and opportunities have been incorporated into the group's sustainability and climate strategy. The strategy represents a higher level of ambition, partly due to the fact that, going forward, it ensures that sustainability will be integrated throughout the group. The measures linked to the strategy deal with financing, capital allocation and expertise. A target has also been set of net zero greenhouse gas emissions from the group's financing and investment activities by the end of 2050.

The strategy is designed to ensure that the group contributes to the transition society is undergoing and emerges from it stronger. Financial planning will be affected by the goal of providing NOK 50 billion for financing and facilitating sustainable activities. At the same time, the group will improve its credit models so that it can finance the transition better. SpareBank 1 SR-Bank is mainly exposed to climate risk through its customer financing, especially through the greenhouse gas emissions financed via the loan portfolio. Risk has also been identified in relation to potential exposure to stranded assets due to either physical climate risk or transition risk.

Expertise in how climate change and climate policy might impact various sectors over time is required to ensure that the climate risk to which the group's loan portfolio is exposed is acceptable. The group wants to enhance its expertise in sustainability in the strategy period 2022-2025 and understanding climate risk is an important element of this.

Risk management

Climate risk is an integral part of the group's risk management processes and SpareBank 1 SR-Bank identifies and assesses climate risks and opportunities that can affect customers, business areas and operations at various levels.

SpareBank 1 SR-Bank's greatest exposure to climate risk is in the corporate market portfolio, which is why managing the climate risk in this area has been made a priority. Going forward, work on the corporate market's climate risk will focus on the following areas:

- Using a new model for ESG risk assessments for corporate market customers in connection with all credit cases with a total exposure of more than NOK 10 million, see description above (in the section ESG scoring of corporate loans under responsible lending).
- Using the sustainable product framework to identify opportunities within sustainable financing
- Monitoring the pace of restructuring in industries exposed to climate risk and adapting the risk management accordingly.

The purpose of the new ESG scoring model is, in addition to improving the quality of sustainability assessments, to enable the SpareBank 1 banks to include sustainability and climate factors in their credit models at some point in the future. This requires common data capture from a common ESG model.

The group also monitors the development of regulations related to ESG in order to keep an eye on any possible operational risk related to upcoming regulations. It is important to understand how different industries might be affected by changes to regulations, technology and market dynamics so that the transition risk in the group's loan portfolio can be assessed.

Metrics and targets

SpareBank 1 SR-Bank is exposed to climate risk through the various industries the group finances. The group uses qualitative assessments of industry-related climate risk to identify potential climate risk in the loan portfolio. In connection with the development of the new ESG scoring model, the model's sectors were classified with a general assessment of physical risk and transition risk at an industry level.

The analysis shows that 38 percent of the bank's corporate portfolio is considered to be in industries with overall low climate risk. Moderate climate risk accounted for 56 percent and high risk 5 percent.

Further analysing the loan portfolio will be important going forward. The group uses various analyses to form a comprehensive picture: ESG scoring inclusive of assessments of climate risk at an industry level, scenario analyses and greenhouse gas analyses.

The group reports its own greenhouse gas emissions in line with the GHG Protocol.

Analysis of emissions from corporate loans

In autumn 2021, SpareBank 1 SR-Bank started analysing emissions levels from corporate loans based on the methodology of the Partnership for Carbon Accounting Financials (PCAF). The analysis is based on calculated income or balance sheet-based emission factors per industry code, or per quantity unit (for example, tonnes produced or property area). These are used to calculate greenhouse gas emissions per company before the financial institution's share is then calculated based on the current loan to value (LTV) ratio. The norm in the PCAF methodology is to use the LTV ratio from when the loan originated, although due to a lack of access to data a decision has been made to use the current LTV ratio instead.

The long-term goal is to replace estimated emissions with actual reported emissions. Ideally, in the long term, a third party should verify the emissions of as many enterprises and industries as possible in order to improve the quality of the analysis. This analysis reports emissions obtained for the shipping portfolio linked to the Poseidon Principles reporting (the entire offshore drilling portfolio, substantial parts of the offshore portfolio and also some individual customers).

In the table below, the column "weighted average data quality" describes how accurate the PCAF methodology regards the source data to be. The scale runs from 1 to 5, where 1 is the best. A score of 1 shows the source data is based on figures that have been reported by customers and verified by a third party. Scores of 4 and 5 means the source data is based on the use of emission factors as described above.

Given the analysis methodology and the use of estimates, the results presented are uncertain and must be regarded as a starting point. Therefore, some significant variation must be expected in measurements of emissions going forward as the group gains greater access to actual emissions data.

In 2022, the group introduced a new methodology for analysing emissions from the agricultural industry. New methodology. This is based on the agriculture-related greenhouse gas emissions reported each year by the Norwegian Environment Agency, Statistics Norway (SSB) and the Norwegian Institute of Bioeconomy Research (NIBIO) in a so-called National Inventory Report (NIR). Greenhouse gas emissions are broken down as emission factors per animal for each species of animal and per acre of cultivated land for each type of crop. Data per farmer about the number of animals and area of cultivated land are obtained from publicly available sources and multiplied by the emission factors and LTV ratio. The calculated emissions from agriculture are substantially lower using this methodology than when PCAF factors are used, which suggests that the quality of the PCAF emission factors were not well adapted to Norway. Due to some weaknesses in the internal source data, Sparebank 1 SR-Bank has included a certain buffer in the calculation. The new methodology scores a data quality rating of 3 for agriculture/forestry, compared with a score of 5 for methodology using PCAF factors. The new methodology for agriculture is considered a significant improvement and increases the probability of accuracy at a portfolio level. In the opinion of the group, agriculture's emission intensity would have been the same for 2021 using the new methodology and it has therefore restated this industry's 2021 emissions.

The greenhouse gases reported on in addition to CO₂ are CH₄, N₂O, SF₆, HFCs, PFCs and NF₃, all of which have been converted to tonnes of carbon dioxide equivalents (tCO₂e).

Partnership for Carbon Accounting Financials (PCAF)

The PCAF is a global partnership consisting of financial institutions that are working together to develop a harmonised approach and methodology for assessing and reporting carbon emissions for loan and investment portfolios. The background for the initiative is an understanding of the important contribution the financial services industry could potentially make to achieving the goals of the Paris Agreement.

Industry	Lending as at Q4 NOK millions					Carbon intensity (tCO ₂ e per NOK million of lending)				
	2021 based on PCAF method					2022 based on PCAF method				
Aquaculture, fisheries	3,454	31	2.3%	4.2	8.9	3,413	24	1.6%	4.1	7.0
Industry	3,669	33	2.5%	4.0	9.0	3,996	80	5.5%	3.9	20.1
Agriculture/forestry	5,305	270	20.2%	5.0	50.9	5,339	272	18.6%	3.0	50.9
Service sector	16,360	106	7.9%	4.3	6.4	21,173	135	9.2%	4.3	6.4
Wholesale and retail trade, hotels and restaurants	3,053	20	1.5%	4.2	6.6	3,488	22	1.5%	4.2	6.3
Energy, oil and gas; E&P	431	73	5.5%	4.4	169.0	326	41	2.8%	4.6	127.1
Energy, oil and gas; offshore drilling	757	13	1.0%	2.0	17.2	757	15	1.1%	2.0	20.5
Energy, oil and gas; oil services	473	66	4.9%	4.0	139.4	687	54	3.7%	4.0	78.5
Building and construction	3,428	11	0.8%	4.1	3.3	4,193	12	0.9%	4.1	3.0
Power and water supply	1,412	6	0.5%	4.1	4.5	1,708	7	0.5%	4.1	4.0
Real estate	33,599	13	1.0%	4.1	0.4	37,469	16	1.1%	4.1	0.4
Shipping, transport: other transport and storage	2,099	19	1.4%	4.1	8.9	2,000	17	1.1%	4.2	8.3
Shipping, transport: offshore	2,717	103	7.7%	3.8	37.7	2,818	110	7.5%	3.5	39.0
Shipping, transport: shipping	7,106	569	42.6 %	2.2	80.1	8,524	654	44.7%	2.5	76.7
Public sector and financial services	2,451	4	0.3%	4.2	1.5	2,151	3	0.2%	4.2	1.3
Total industry	86,313	1,336	100.0%	4.0	19.9	98,041	1,463	100.0%	4.0	13.6

The group has also calculated emissions from its NOK 154 billion residential mortgage portfolio to be around 26,000 tCO₂e. The analysis is based on PCAF factors per house, inclusive of energy class where available. The residential mortgage portfolio has low greenhouse gas emissions because low greenhouse gas emissions from Norwegian electricity consumption are implicitly included in the PCAF factors.

The two largest sources of emissions are shipping, which accounts for 44.7 percent of the total emissions from the portfolio, and agriculture (farming/forestry) which accounts for 18.6 percent. The decrease in total greenhouse gas emissions from the industry portfolio from 2021 to 2022 was mainly due to the new methodology for agriculture. Consequently, it is these two industries that are the main drivers behind the group's greenhouse gas emissions and that, therefore, will be most exposed to transition risk.

A significant proportion of the shipping portfolio is covered by the ambitions for reductions in emissions set out in the Poseidon Principles. The Poseidon Principles provide the basis for the group's improvement work within shipping. The Poseidon reporting from the fourth quarter of 2022, which covers the full year 2021, shows that the group's portfolio is the second best of all of the Poseidon banks, and is about 10.7 percent below the norm.

The agriculture industry and the government have signed a

letter of intent concerning agriculture cutting greenhouse gas emissions and increasing carbon sequestration by 5 million tCO₂e in the period 2021-2030. This entails emissions in 2030 being 18 percent lower than the level they were at in 2020. Understanding the group's agriculture loan portfolio and how it will be impacted by future regulations is important both if we want to help customers in the transition and with respect to achieving the goals in the group's sustainability and climate strategy. Training measures were implemented in the corporate market and agriculture in 2022. In 2023, this will be followed up by a focus on preparing measures in line with the group's sustainability and climate strategy. ESG assessments of major agriculture customers were conducted from the middle of 2022. The threshold was that all exposures of more than NOK 5 million would be assessed in line with the new ESG model. A new and more comprehensive ESG model was introduced in the fourth quarter, which included specific, detailed questions about agriculture that will provide better insights and knowledge that can then be used to better manage the bank's ESG risk.

The sustainability and climate strategy sets a specific goal for the group of achieving net zero emissions from financing and investment activities by the end of 2050. In 2023, the group will set targets in connection with achieving the net goal by the end of 2050. These are measures that will both contribute to securing progress towards reducing the group's climate risk and contribute to exploiting the business opportunities inherent in the green transition.

Physical climate risk

SpareBank 1 SR-Bank has analysed the physical climate risk associated with lending secured by property. Data from Eiendomsverdi was used as the starting point. This identifies properties where the group is the mortgagee and with the following selected points of impact for the various physical risk categories:

- Sea level: 20-year storm surge, now scenario
- Flooding: 20-year flood, now scenario
- Quick clay slide: moderate probability, now scenario
- Major rockslide: danger zone, now scenario
- Snow and stone avalanches, inspected special caution zone, now scenario

This means that some less serious risk scenarios are excluded, where the special caution zone for flooding is the most important.

NOK millions	Retail customers	Corporate customers	Total lending	Proportions
Not exposed to risk	134,637	34,329	168,966	98.6%
Exposed to risk				
Rising sea levels	760	952	1,712	1.0%
Flooding	70	62	132	0.1%
Quick clay slide	45	55	100	0.1%
Avalanche	393	107	500	0.3%
Landslide	-	-	-	0.0%
Rockslide	29	3	32	0.0%
Total exposed to risk	1,229	1,141	2,370	1.4%
Total lending for property	135,866	35,470	171,336	100%

The table shows that 98.6 percent of properties secured by property are not exposed to risk, meaning therefore that 1.4 percent is exposed to risk. 'Rising sea levels' is the risk category that has the greatest impact with 72 percent of loans exposed to risk.

Please note that the figures in the table, based on the mortgaged properties, show the size of loans associated with these. Normally, properties are secured with other security in addition to the property mortgage. Furthermore, in the corporate market there is often a many-to-many ratio between loans, mortgaged properties and other security. This means that the calculation behind the total loans related to each individual property exposed to risk is comprehensive.

Sustainability integrated into all of the group's activities

Corporate governance and compliance: Combating money laundering and terrorist financing

Key guidelines:

- [Corporate anti-money laundering and sanctions policy](#)
- [Wolfsberg](#)

Ensuring that the industry is not exploited for financial crime through the misuse of the services and products being offered is part of the financial services industry's social mission. SpareBank 1 SR-Bank prepares an annual assessment of the risk of money laundering and terrorist financing linked to its operations, along with the associated risk mitigation measures. Operations-oriented risk assessments also include analysing corruption and sanctions risks.

A wide range of key people in the group are involved in producing the risk assessment before it is considered by the board. A "Corporate anti-money laundering and sanctions policy" has been drawn up and are available to all employees. They are available to external parties on the group's website. All managers have to confirm on an annual basis that they take a conscious approach towards the risk associated with money laundering and terrorist financing, and that they are familiar with the guidelines and policy that is anchored in the corporate anti-money laundering and sanctions policy.

SpareBank 1 SR-Bank also has an extensive framework of guidelines intended to prevent the group being used for money laundering, tax evasion, corruption or terrorist financing. The framework is there to ensure that the group complies with the statutory requirements in various processes through established routines, customer measures, electronic monitoring, sanctions regulations, and procedures for internal control. The group has committed to complying with the framework and guidelines in the Wolfsberg principles for combatting financial crime. The Wolfsberg principles establish requirements for, for example, transparency in customer transactions and how information is monitored and managed in line with the authorities' requirements.

The board, managers and staff undergo annual training activities to ensure that they have the expertise they need to manage the risk the group faces in the areas of money laundering, tax evasion, corruption and terrorist financing.

In 2023, the group will continue to prioritise compliance with the Money Laundering Act. When the authorities decide to start interpreting regulations more strictly, this is published on an ongoing basis in various supervisory reports from the Financial Supervisory Authority of Norway and the European Banking Authority (EBA). This requires the group to continuously adapt to current regulations and supervisory practices.

At the beginning of 2022, the Financial Supervisory Authority of Norway conducted a thematic inspection of the bank's screening against sanctions lists. The inspection resulted in improvements to the quality of the sanctions screening system. The measure was completed in 2022.

Corporate governance and compliance: Ethics and anti-corruption

SpareBank 1 SR-Bank's code of conduct and anti-corruption policy are intended to contribute to, among other things, fighting corruption, extortion, bribery, money laundering, fraud, terrorist financing, and the financing of other criminal activities. The code of conduct is intended to make people aware of the potential dilemmas and ensure that all of our employees maintain high ethical standards.

SpareBank 1 SR-Bank focuses on the board, management and employees receiving good training in the group's ethical framework and has established an anti-corruption e-learning course that has been run for many years. It is vital that the board and management, as well as advisers, have a good understanding of our ethical framework. The framework is included as part of the continuous work on both ensuring the cultivation of an ethical culture and how the group does business. SpareBank 1 SR-Bank's code of conduct can be read [here](#).

A specific anti-corruption policy has been produced and risk analyses are conducted based on working meetings with purchasing, accounting and employees in both the retail and corporate markets. The risk assessment from 2022 shows that SpareBank 1 SR-Bank's anti-corruption work is regarded as satisfactory and that measures have been established to systematically follow-up control activities in the area of anti-corruption. Governing documents are published, accessible and regularly revised in the group's quality system, which ensures information about the topic is available across the group. The quality of the in-house anti-corruption training is considered good and employee surveys demonstrate a high degree of awareness.

The guidelines for anti-corruption and impartiality have been incorporated into the purchasing and credit policy, and partners and suppliers are sent a sustainability appendix which includes the anti-corruption guidelines.

The group has had its own ethics committee, which assesses whether the code of conduct satisfies the expectations and requirements of customers, suppliers and society as a whole. The ethics committee has


representatives from several business areas and two meetings were held during 2022. The Ethics Committee in its current form will be closed down, although a new model is being developed to strengthen the work on ethics, anti-corruption and compliance in the group.

All employees must sign the code of conduct every year. Annual refreshers on ethics are also provided via the authorisation scheme for financial advisers. The anti-corruption work includes ensuring new employees read and sign the code of conduct.

The group has zero tolerance of corruption and compliance assessments are conducted in relation to compliance with the anti-corruption policy. The group review specific transactions and activities, planned and existing business connections, and various categories and groups of employees. The assessments take a risk-based approach, and the inspections include financial and non-financial control actions. Reporting lines have been established and any measures are followed up in line with existing routines.

The group has whistleblowing routines for anonymous, written and verbal reports. SpareBank 1 SR-Bank has established an external notification agreement with the law firm EY in which the information will be treated confidentially by dedicated case managers in EY. In 2022, the group introduced a new solution for regular organisational surveys in order to measure commitment and aspects of the working environment. Employees can also use these to report bullying or discrimination, openly or anonymously. No whistleblowing cases were processed in 2022. These were processed in line with the bank's whistleblowing procedures. All cases have been closed.

Theme	Number	Stake
Permanent employees who have completed anti-money laundering training**	1,045	80%
Corruption related incidents***	0	Not relevant

Numbers certified by external auditor with limited assurance. 

Board members have completed a separate anti-corruption training programme and are directly involved in the work on formulating and quality assuring the group's code of conduct each year. Besides the board, managers and some key personnel take a special training course in anti-corruption.

	Agder	Oslo	Roga- land	Vest- land	Total	Of which managers	Stake
Permanent employees who have signed the code of conduct	85	43	1,031	115	1,274	197	100% ****
Permanent employees who completed anti-corruption training	16	1	238	28	283	147	27.6% *****
Board members of SpareBank 1 SR-Bank ASA that have been aware of the code of conduct, including anti-corruption	0	2	5	1	8	n/a	100%
Board members of SpareBank 1 SR-Bank ASA that have received training in anti-corruption	0	1	4	1	6	n/a	80%*

 Numbers certified by external auditor with n limited assurance.

* In 2022, two new board members joined the board who have not completed the training. These will complete the training in 2023.

** 1045 employees in SpareBank 1 SR-Bank have completed at least one e-learning anti-money laundering module. EiendomsMegler 1 SR-Eiendom's implemented its own anti-money laundering training programme in 2022 and is not included in this line. ForretningsPartner is included in permanent employees, except for the employees in the acquired companies, Tveit Regnskap and Vangdal.

*** Since there were no corruption related incidents, no employees were punished, no supplier agreements were terminated due to corruption, and there were no court cases related to corruption in which the company or an employee was involved.

**** All permanent employees, except those on long-term sick leave, other leave or similar, in SpareBank 1 SR-Bank and EiendomsMegler 1 SR-Eiendom have signed the code of conduct. SpareBank 1 SR-Bank ForretningsPartner did not sign the code of conduct in 2022.

***** All managers and business advisers undergo extended anti-corruption training. 283 completed courses in 2020-2022. Percentage of employees in target group who have completed a course. Board members have completed a separate anti-corruption training programme and are directly involved in the work on formulating and quality assuring the group's code of conduct each year. Besides the board, managers and some key personnel take a special training course in anti-corruption.

Corporate governance and compliance: Privacy and information security

Key guidelines:

- [Privacy policy \(PDF\)](#)
- [Privacy statement \(PDF\)](#)
- [Customers' rights](#)

SpareBank 1 SR-Bank's privacy and information security strategy is to ensure the confidentiality, integrity and availability of customer data (personal data). The group has a large customer base and therefore processes customer information and personal data on a large scale. The personal data rules, which consist of the Norwegian Personal Data Act and the EU's General Data Protection Regulation (GDPR) provide strong protections for privacy. The regulations give customers a number of rights, and routines and procedures in the quality management systems have been drawn up to safeguard these rights. Furthermore, SpareBank 1 SR-Bank's privacy statement ensures individuals have a right to information about how the group processes personal information in an easily accessible manner.

SpareBank 1 SR-Bank has formalised and incorporated definitions of roles and responsibilities for privacy and information security. A quality management system has been established with the group's governing documents for privacy and information security, as well as risk management processes for continuously identifying and following up risk. The processes are designed to ensure that external and internal privacy and information security related requirements are complied with and that risks are mapped and

managed. Risk mitigation measures are registered, followed up, and reported in a dedicated measures database. Both proactive and reactive measures are taken to prevent, detect, investigate and manage security incidents. These include established contingency plans, regularly conducting emergency response exercises, on-call arrangements and crisis teams tasked with efficiently managing major incidents. The group has a dedicated incident response team that monitors and follows up security incidents and discrepancies relating to the use of IT systems in the group around the clock.

The group implemented a number of technical safety barriers and puts employees through regular information security and privacy training in order to avoid unwanted incidents. These are tangible, concrete measures that are designed to prevent human and technical errors. Should unwanted incidents and discrepancies related to information security and privacy nevertheless occur, these are registered, followed up and reported via a dedicated incident database. In the event of breaches of personal data security (non-conformance) that must be reported to the Norwegian Data Protection Authority, the group's data protection unit will ensure that incidents are reported within the deadline of 72 hours and also that the affected customers are notified in accordance with the GDPR. The incident database helps to make sure that the group learns from discrepancies and can thus avoid repeating similar ones.

Regular audits of both our organisation and external suppliers are conducted to ensure that the group's information security and privacy requirements are being properly addressed throughout the value chain.

SpareBank 1 SR-Bank reported 10 instances of non-conformance to the Norwegian Data Protection Authority

in 2022, all of which concerned the parent company. Seven of the instances of non-conformance were reported by the bank itself, while three were reported by data processors on behalf of the bank. The authority did not issue instructions or impose fines on SpareBank 1 SR-Bank for any of these instances of non-conformance. This could be due to the fact that they were not considered serious, that the incident management was effective and robust, and that adequate measures were implemented to correct errors and prevent future non-conformance.

Corporate governance and compliance: Responsible information, communication and marketing

Key guidelines:

- [Product and service management policy](#)

SpareBank 1 SR-Bank offers products and services that have a major impact on companies' and individuals' finances, including loan and credit agreements, savings, pensions and insurance products. This comes with a serious responsibility to help customers make informed choices when entering into agreements with the group. In line with the group's product management policy, customer segments should only be offered appropriate products and the products must be marketed in line with the requirements for good marketing practices. When determining how good marketing practices should be understood in each instance, the group refers to the specific requirements for honesty and good business practices that apply to financial institutions, as well as any special disclosure obligations that apply, for example to the marketing of credit agreements. Among other things, a product's characteristics and terms and conditions must be stated clearly and be understandable to the customer group targeted by the marketing. Furthermore, products and services must only be distributed by employees with a sufficient understanding of the product's/service's function, characteristics and risks.

There is an increasing focus on, and awareness of, the topic of greenwashing in connection with marketing sustainable products. Greenwashing involves misleading marketing in which a company or product is presented as being more sustainable than it actually is. SpareBank 1 SR-Bank is conscious of its practices in relation to marketing sustainable products and bases them on the Norwegian Consumer Authority's guide to making sustainability-related claims in marketing. ([Read more here](#)) There are guidelines that ensure customers' interests and investor protection are safeguarded when they are being sold products and services. Credit policy guidelines, routines, and guidelines for the investment firm's activities, product and distribution

strategy for financial instruments have been established, and routines, processes and work descriptions have been operationalised. Training is also provided via the authorisation scheme for financial advisers (AFR), training programmes via VPFF and VPF, and internal specialist days and training modules from SPAMA.

The group's product and service management policy requires adequate quality assurance and risk assessments to be conducted in the event of changes to products and services, with the involvement of relevant disciplines and anchoring of decisions at a sufficiently high level in the organisation. A standardised product, process and system scoring (PoPs) process has been established to meet the requirement, with weekly formalised case management meetings in which all relevant technical groups in the group participate. The process is intended to ensure that customer interests are adequately safeguarded in all new and changed products and services. The same risk assessment and decision-making process applies in the case of significant changes to customer-related processes, including communication and marketing. More than 100 change cases were formally processed in the group's PoPs process in 2022.

Three adverse events related to a failure to comply with the regulations or internal guidelines for product and service information, labelling and marketing were recorded in 2022. Relevant measures are implemented after each incident to prevent reoccurrence.

Description	Number
Number of incidents involving breaches of product and service information regulations	1
– Number of incidents involving breaches of regulations that resulted in fines or sanctions	0
Number of incidents involving breaches of internal guidelines linked to product and service information	0
Number of incidents involving breaches of regulations linked to marketing and market communications	0
– Number of incidents involving breaches of regulations that resulted in fines or sanctions	0
Number of incidents involving breaches of internal guidelines linked to marketing and market communications	2

 Numbers certified by external auditor with limited assurance.

Environmental responsibility in own operations

As a responsible financial services group, SpareBank 1 SR-Bank takes a proactive approach to environmental and climate challenges. The group are constantly striving to be a resource-saving and environmentally efficient organisation by setting requirements for our own organisation, suppliers, and partners.

SpareBank 1 SR-Bank's registered energy and climate report based on the international "A Corporate Accounting and Reporting Standard". This standard was developed by the "Greenhouse Gas Protocol Initiative" – the GHG Protocol. The greenhouse gases reported on in addition to CO₂ are CH₄, N₂O, SF₆, HFCs, PFCs and NF₃, all of which have been converted to tonnes of carbon dioxide equivalents (tCO₂e).

The climate report on page 50 shows tCO₂e that are direct, and parts of indirect emissions related to the group. The climate report covers greenhouse gas emissions that come from consumption due to, for example, travel, waste management, and energy use. Based on the climate report, the group identified which sources impact the external environment and implemented concrete measures to minimise them. SpareBank 1 SR-Bank reported in line with the CDP's climate standard in 2022 and scored a grade B.

In 2022, a working group conducted an extensive process to certify SpareBank 1 SR-Bank in accordance with ISO 14001. This work will continue unabated in 2023 with a goal of being certified by the end of 2023.

From 2022, the climate report includes the subsidiaries EiendomsMegler 1 SR-Eiendom and SpareBank 1 SR-Bank ForretningsPartner. Previous years' climate reports have not been restated due to a lack of figures for these two enterprises. This means that the climate report for 2022 includes more activity than in previous years. This explains a large part of the increase in reported greenhouse gas emissions in 2022 when compared with previous years. Increased travel following the lifting of pandemic travel restrictions is also a major reason for the increase in emissions.

In 2022, SpareBank 1 SR-Bank made the following changes that reflect the environmental responsibilities in its own operations:

- Development and launch of dashboard solution for the energy consumption of all buildings per m². This is an important tool for the continued work on reducing energy consumption.
- Implemented a number of energy-saving measures at different locations and optimised building management.
- Signed an agreement concerning guarantees of origin from electricity suppliers for SpareBank 1 SR-Bank's own, and most leased, premises that guarantees that the same amount of hydropower will be produced as the electricity we consume.
- Conducted the sustainability festival with a focus on multiple topics within sustainability, including sustainable food.
- Swan eco-labelled cleaning of at least 80 percent.
- Focused on sustainability in requests for tenders where suppliers must describe how their sustainability work could make a positive contribution to specific requests. Sustainability is also used as an award criterion in the selection of suppliers.

Changes in emissions

Scope 1 emissions decreased by 8.2 percent from 2021 to 2022 due to less petrol and diesel consumption by our vehicles as a result of ongoing replacement with electric vehicles.

Scope 2 emissions include energy consumption, which must be reported as both location-based and market-based. A location-based approach means the average emissions for energy consumed in Norway, while a market-based approach assumes average emissions for energy produced throughout the market area. The latter includes the European power system and permits the inclusion of any guarantees of origin. The group's total energy consumption increased from around 4.7 million kWh in 2021 to around 6.9 million kWh due to the inclusion of more subsidiaries and general growth. The relatively small change in emissions was due to lower emissions per kWh in Norway for 2022 than in 2021.

On the other hand, market-based emissions saw a marginal increase in emission intensity per kWh, which means the increased consumption results in a significant increase in emissions. In 2022, as in previous years, guarantees of origin were purchased for energy consumed in Sparebank 1 SR-Bank's own locations. This does not include some leased buildings and premises of subsidiaries, which is the reason for the difference between the guarantees of origin and consumption for 2022.

Scope 3 emissions include indirect emissions from goods and services other than energy. The group reports emissions for waste in Finansparken and business flights. In addition to this come the calculated emissions from the loan portfolio (PCAF). Emissions from waste increased from 2021 due to more activity in Finansparken. However, emissions from waste in 2022 are still below the base year 2019. Emissions from business travel increased by 314.2 tCO₂e from 2021 to 2022, of which 69.2 tCO₂e was from subsidiaries that were included in 2022. Emissions from the loan portfolio decreased due to changes in calculation methods.

The group's corporate sustainability and climate strategy aims to make the group climate neutral from and including 2022. This concerns Scope 1 and Scope 2 emissions. As part of reducing Scope 2 emissions, renewables guarantees of origin were purchased for most of the electricity SpareBank 1 SR-Bank consumed. No guarantees of origin were bought for subsidiaries' energy consumption and individual locations.

The group continuously works to reduce its own emissions, both Scope 1 and Scope 2, as well as Scope 3 emissions. CO₂ emissions were compensated for in 2022 by buying biochar. Biochar is a product that binds and stores 50 tCO₂e, so-called bio carbon capture and storage. Climate forest that sequesters CO₂ amounting to 500 tCO₂e has also been purchased.

Annual greenhouse gas emissions (tCO₂e)

Category	Notes	2019	2020	2021	2022	% change
Greenhouse gas emissions						
Total Scope 1 emissions		69.1	35.2	23.1	21.2	-8.23%
Fuel emissions, petrol	1.1	23.0	13.8	10.8	10.4	-3.70%
Fuel emissions, diesel	1.1	46.1	21.4	12.3	10.8	-12.20%
Total Scope 2 (location-based) emissions		37.7	42.6	46.8	48.1	2.86%
Location-based emissions electricity, Norwegian mix	2.1	37.7	42.6	46.8	48.1	2.86%
Total Scope 2 (market-based) emissions		1,319.9	1,871.8	1,881.6	1,165.8	
Market-based emissions electricity (European market)	2.2	1,319.9	1,872.8	1,881.6	2,783.1	47.91%
Guarantee of origin for electricity	2.3	0.0	0.0	0.0	-1,617.3	
Total Scope 3 emissions		475.3	128.1	1336079.7	1463398.3	9.53%
Category 3 Fuel	3.1	27.4	18.4	22.4	19.7	-12.05%
Category 5 Waste	3.2	15.1	5.5	3.5	10.6	202.86%
Category 6 Flights	3.3	432.8	104.2	53.8	368.0	584.01%
Category 15 Investment and loan portfolio	3.4	0.0	0.0	1336000.0	1463000.0	9.51%
Total Scope 1, Scope 2 (location-based) and Scope 3 emissions (excl. category ¹⁵)		582.1	205.9	1336149.6	1463467.6	9.53%
Total Scope 1, Scope 2 (market-based) and Scope 3 emissions (excl. category ¹⁵)		1864.3	2036.1	1337984.4	1464585.3	9.46%
Climate neutrality						
Purchased biochar (bio carbon capture and storage)	4.1				-50.0	n/a
Purchased tree planting of climate forest (bio sequestration of CO ₂)	4.2				-500.0	n/a
Emission intensity (market-based)						
Per FTE	5.1			948.9	925.6	-2.46%
By turnover (per NOK million)	5.2			198.1	207.9	4.95%

 The climate report for 2022 has been limited assured by PwC.

Footnotes:

- S1.1 Emissions from fuel combustion are based on number of litres of petrol and diesel, the emissions factors per litre are 2.086 kgCO₂e and 2.699 kgCO₂e, respectively. The decrease is largely attributable to a reduction in the number of vehicles with a fossil drive line in favour of electric vehicles.
- S2.1. Location-based emissions have been changed from a Nordic to a Norwegian mix and all emission figures have been calculated based on this. The location-based emission intensity for a Norwegian energy mix was 0.007 kgCO₂e per kWh in 2022. The number of kWh increased compared with previous years due to organic growth and the inclusion of subsidiaries. Guarantees of origin were purchased for 4.7 million kWh out of 6.9 million kWh, although according to the standard this can only be deducted from market-based emissions.
- S2.2. Market-based emissions have been changed from a Nordic to a Norwegian mix and all emission figures have been calculated based on this. The market-based emission intensity for a Norwegian energy mix was 0.405 kgCO₂e per kWh in 2022.
- S2.3 Guarantees of origin were purchased for 4.7 million kWh out of 6.9 million kWh. This is equivalent to a 1,961.1 tCO₂e reduction in market-based emissions linked to energy. This is deducted from original emissions.
- S3.1. This category covers emissions from the production and transport of fossil fuels and comes in addition to their actual combustion, which is reported in Scope 1. There are also indirect emissions (transport, repairs, etc.) linked to the production of electricity, as well as emissions from actual

energy production that are reported in Scope 2. Previous years' figures have been restated based on a Norwegian energy mix.

- S3.2. Waste only applies to Finansparken, which partly houses SpareBank 1 SR-Bank, EiendomsMegler 1 SR-Eiendom and SpareBank 1 SR-Bank ForretningsPartner.
- S3.3. Business travel only includes business flights, calculated on the basis of emissions specified by travel agencies and available emission data.
- S3.4 Emissions from the loan portfolio are calculated based on national factors and available data. Factors are developed and improved year on year, which means that they are not necessarily comparable over multiple years. 2022 has been set as the base year because of the new methodology and lack of historic data.
- 4.1. Biochar equivalent to 50 tCO₂e has been purchased and stored in agricultural soil. This removes CO₂ from the carbon cycle and contributes to a net reduction of CO₂ in the atmosphere.
- 4.2. Tree planting has been purchased in Norway. While growing, these trees will bind the equivalent of 500 tCO₂e. This sequesters CO₂ and helps reduce CO₂ concentrations in the atmosphere by 500 tCO₂e
- 5.1: Market-based emissions per FTE, increase in number of employees from 2021 to 2022 due to growth and acquisitions.
- 5.2: Market-based emissions per NOK million traded, increase from 2021 to 2022 due to lending growth.

Sustainable purchasing: the group's approach

Key guidelines:

- [Purchasing policy](#)
- [Standard for sustainability in purchasing](#)
- [Standard for sustainability in labour and human rights](#)

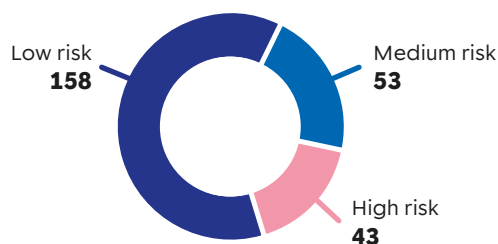
Promoting sustainable purchasing is an important element of responsible and sustainable business. SpareBank 1 SR-Bank is, therefore, actively working to avoid negative impacts on the environment, people and economy due to our purchases.

Sustainability is a key requirement for suppliers and in their follow-up. By setting clear requirements and through dialogue, we are helping to raise awareness of sustainability and responsible business conduct among our suppliers and business partners. Our purchases are subject to a thorough ESG (environment, social and governance) assessment, which includes criteria covering the climate, environment, social conditions and business conduct, based on relevant laws, regulations and international standards.

All new suppliers are assessed with respect to the risk of negative impacts on the environment, people (including fundamental human rights and decent working conditions) and ethical business conduct. All suppliers must accept an appendix on sustainable purchasing when agreements are signed.

Criteria for social conditions include fundamental human rights and standards for decent working conditions. The job of mapping and following up actual or potential negative impacts in these parts of the supply chain is a key element of the due diligence carried out in accordance with the Transparency Act. For more information see page 33.

254 suppliers by risk



* 158 suppliers were assessed as having a low risk and were not followed up

* 53 suppliers were assessed as having a moderate risk and were not followed up further

* 43 suppliers were assessed as having an increased risk and will be followed up further

Practical organisation

The SpareBank 1 Alliance banks cooperate on purchasing. 90% of SpareBank 1 SR-Bank's purchases are made via SpareBank 1 Utvikling. SpareBank 1 Utvikling's agreements with suppliers of goods and services consist partly of the company's own agreements and Alliance agreements used by the Alliance banks/companies. The Alliance Purchasing Department enters into supplier agreements on behalf of the Alliance and follows up sustainability risks related to these.

SpareBank 1 SR-Bank's agreements with local suppliers are subject to the same guidelines and procedures.

Main risk areas

SpareBank 1 Utvikling and the banks in the SpareBank 1 Alliance systematically collaborate on following up suppliers. In line with international standards and best practice, a risk-based approach is taken where the priority is to identify and follow up those areas with the greatest risk of negative impacts on the environment, people and ethical business conduct.

The Alliance has systematically worked on sustainable purchasing, especially since 2019. In 2021, the Alliance Purchasing Department adopted an action plan for sustainable purchasing for the period 2021-2022 where the focus was on three main categories: administrative purchases, IT-related purchases and the largest suppliers. The main risk areas with respect to the environment, social conditions and ethical business conduct were identified for each of the purchasing categories (see table below).

Prioritised main category	Identified risk areas for these categories that are followed up in the purchasing process
Furniture and fixtures (prioritised category within administrative purchases)	<ul style="list-style-type: none"> • Environmentally harmful materials and chemicals • Climate footprint • Waste management • Circular economy • Risk of breaching human rights and labour rights in supply chains • Compliance with the Transparency Act and due diligence
IT hardware (priority category in IT-related procurement)	<ul style="list-style-type: none"> • Links to conflict minerals at the raw material level • Environmentally harmful materials and chemicals • Waste management • Circular economy • Risk of breaching human rights and labour rights in supply chains • Compliance with the Transparency Act and due diligence
Largest suppliers (volume) to core business: IT systems and consultants	<ul style="list-style-type: none"> • Climate footprint, particularly in relation to: <ul style="list-style-type: none"> – Energy consumption linked to cloud services/servers – Travel activities • Circular economy • Social conditions and ethical business conduct in supply chains, including the risk of breaching human rights and labour rights • Compliance with the Transparency Act and due diligence

Our policy

SpareBank 1 SR-Bank's standard for sustainable purchasing clearly stipulates that suppliers and partners are expected to respect basic requirements regarding the environment, social conditions and conduct.

Since sustainability challenges can occur throughout the supply chain, promoting responsibility and sustainability cannot be limited to the first tier. SpareBank 1 SR-Bank expects suppliers to communicate our guidelines to their own suppliers and subcontractors and contribute to their adherence, in addition to working to meet the requirements themselves. Due diligence in line with the OECD Due Diligence Guidance for Responsible Business Conduct is essential. As a purchaser, SpareBank 1 conducts due diligence through its processes in order to prevent and address actual and potential negative impacts on the environment, people and the economy. Similarly, suppliers must be able to document their own due diligence and demand the same from their suppliers.

Breaches of national and international standards for sustainability and responsible business conduct may constitute a breach of contract. In case of information about actual or suspected breach or serious risk thereof, dialogue with the supplier is carried out to examine and follow up on the received information. If suppliers do not remedy identified breaches, or have committed serious breaches of international standards, their contract will be terminated.

Supplier follow-up

The Alliance Purchasing Department's work on supplier engagement relating to sustainability began in 2019 with the risk-based mapping of 249 existing suppliers (100 %). This review found that 91 suppliers represented some or an increased risk of negative impact on the environment, people or governance aspects. In 2020, 91 suppliers were followed up more closely and 43 were identified as relevant for further follow-up.

Taking as our starting point the action plan for sustainable purchasing from 2021 and the identified risk areas (table above), it was deemed appropriate to take an in-depth look at the individual supply chains rather than address the breadth of the portfolio. This meant that 12 individual suppliers within the following purchasing areas were selected and prioritised for follow-up in 2021-2022:

- Office furniture
- IT systems
- IT hardware
- Consultancy and staffing agencies

This amounted to 100% of the total number of suppliers.

The introduction of the Transparency Act in 2022 further reinforced the engagement's focus on suppliers' work relating to fundamental human rights and decent working conditions in their own supply chains. The follow-up was carried out as a combination of written in-depth surveys and one-to-one meetings with suppliers. In order to form an overall picture of the same aspects among other suppliers deemed to be in the high risk category, a broader survey of additional 36 suppliers was also initiated."

The review revealed no specific cases of negative impact on the environment, people and the economy involving our suppliers, and no contracts with suppliers were terminated or suspended due to ESG-related issues.

The evaluation of suppliers' sustainability-related risk exposure and risk management focused on:

- Goals and strategies for the sustainability work
- Processes for supplier follow-up
- Practical follow-up of own suppliers, including any findings of actual risk
- Work with the Transparency Act

Findings from first contact:

- All of the suppliers had goals and strategies in place.
- Most had processes for supplier follow-up
- Fewer presented action plans/findings of actual risk in a readily accessible manner
- Most of them were working on the Transparency Act, while some had little or no familiarity with the Act

Result after follow-up:

- Several suppliers' work on the Transparency Act had significantly improved
- Several had strengthened their practical supplier follow-up
- Several suppliers reported that the follow-up gave them the knowledge and motivation to work on sustainability

The results from the in-depth surveys are presented in the table below.

Measurement parameter for 12 suppliers	Goal: everyone responds satisfactorily	Survey results	Results after agreed improvement
Sustainability goals and strategies	12	11	12
Process for supplier follow-up	12	10	12
Practical supplier follow-up	12	8	12
Started work on the Transparency Act	12	6	12

The table below shows the results of the in-breadth survey.

No.	Question	Yes	No	Partly
1	Do you have a strategy and goals for the company's sustainability work?	17	1	NA
2	Have you established a process for following up the company's subcontractors in relation to sustainability, including a procedure for managing non-conformance?	13	5	NA
3	Are your activities subject to the Transparency Act?	17	1	NA
4	Have you conducted due diligence in line with the Transparency Act?	3	7	8

Supplier follow-up 2019-2022 summarised

Measurement parameter 249 existing suppliers	Goal	Profit or loss			
		2019	2020	2021	2022
Supplier risk assessments	249	249			
Follow-up of suppliers with an increased risk	91	16	91		
Suppliers requiring further follow-up	43 (48)				
In-depth surveys, number of suppliers	12			6	12
Suppliers with agreed improvements	N/A				6
Suppliers with terminated agreement	0				0
In-breadth survey, suppliers who responded	36				18

In parallel with the risk assessments under the auspices of SpareBank 1 Utvikling, SpareBank 1 SR-Bank conducted its own risk assessments and follow-up of our local suppliers of cleaning and canteen service in 2019. These did not identify any negative impacts or risk of breaches of standards for the environment, social conditions (including working environment, equality and labour rights) and ethical business conduct.

No new suppliers were assessed in relation to sustainability criteria in 2022.

Future plans

Supplier assessment and follow-up with respect to sustainability will have to be improved in order to be better suited for use in evaluating sustainable purchasing criteria and measuring the effectiveness of measures, with the goal of helping to reduce the footprint and risk for the environment, people and the economy in purchases.

Conducting due diligence in relation to human rights and decent working conditions risks in the supply chain is a priority areas for the coming period. This includes both our own due diligence in purchasing contexts and a stronger expectation that suppliers and business partners should be able to document their due diligence for their supply chain for goods and services purchased by SpareBank 1 SR-Bank. Another key priority is to help reduce greenhouse gas emissions in the supply chain.

These focus areas will also apply in SpareBank 1 SR-Bank's work with its local suppliers in 2023. A full review of our suppliers will be carried out in 2023. Where a risk assessment identifies a higher risk of having a negative impact on the climate, environment, social standards and ethical business conduct, further follow-up will be carried out. Further details of this work will be included in SpareBank 1 SR-Bank's due diligence report, which is required by the Transparency Act and will be published on the group's website at the latest 30 June 2023.

Activity plan for sustainability in purchasing 2022-2025

Year	Goal	Profit or loss
2022	<ul style="list-style-type: none"> • Meet the requirements of the Transparency Act • Follow-up of suppliers with an increased risk • Strengthen follow-up of new suppliers • Update and improve governing documents 	<ul style="list-style-type: none"> • Established a project to comply with the Transparency Act in the area of purchasing *) • Conducted in-depth surveys with follow-up • Initiated in-breadth survey • Implemented measures for purchasing processes prior to signing agreements, including the introduction of qualification requirements, contract requirements and sustainability evaluation criteria. • Improvement work related to governing documents
2023	<ul style="list-style-type: none"> • Meet the requirements of the Transparency Act • Complete in-breadth survey • Conduct more in-depth surveys with other high risk suppliers • Strengthen follow-up of new suppliers • Support and advise product owners and contract managers in both purchasing processes and supplier follow-up 	Will be reported in the annual report for 2023.
2023-2025	<ul style="list-style-type: none"> • Meet the requirements of the Transparency Act and other future regulations • Continue work on supplier follow-up within sustainability • Improve procedures and processes for sustainable purchasing • Collaborate with other internal expert environments and the banks to achieve comprehensive risk-based supplier follow-up where sustainability is equated with other risk areas such as privacy and IT security. 	• N/A

* The due diligence report will look at this more closely

Group executive management team



Benedicte Schilbred Fasmer

CEO

Fasmer (1965) took up her post as CEO in January 2021. Fasmer has an MBA from the Norwegian School of Economics (NHH). She has experience from various management positions in Fremtind Forsikring, DNB, Sparebanken Vest, Rieber & Søn and Citibank, as well as 20 years' board experience from a variety of enterprises and organisations.

Board appointments: Chair of the board of Fremtind Forsikring AS and Finance Norway. Independent board member and chair of the risk committee in Vocalink Limited, UK. Deputy chair of the boards of SpareBank 1 Gruppen AS and SpareBank 1 Banksamarbeidet DA.

Number of shares*: 13,731



Inge Reinertsen

CFO

Reinertsen (1971) became the CFO in 2010. Reinertsen has an MBA from the Norwegian School of Economics (NHH). He has experience from various management positions in the SpareBank 1 SR-Bank Group and has worked for the group since 2001.

Board appointments: Chair of the boards of SR-Boligkreditt AS. Board member of SpareBank 1 Markets AS, BN Bank ASA, SpareBank 1 SR-Bank Pensjonskasse and FinStart Nordic AS. Deputy board member of SpareBank 1 Gruppen AS and SpareBank 1 Utvikling DA.

Number of shares*: 95,543



Roger Lund Antonesen

EXECUTIVE VICE
PRESIDENT, RETAIL
MARKET

Antonesen (1975) became the Executive Vice President Retail Market in December 2021. Antonesen holds an Executive Master's in Strategic Management from the Norwegian School of Economics (NHH) and an Executive Master's in Technology Management from the Norwegian Institute of Technology (NTNU)/MIT. He has more than 20 years of management experience and 15 years of experience from the financial services industry, and came from the position of DNB's Executive Vice President SME Corporate Banking.

Board appointments: Chair of the board of EiendomsMegler 1 SR-Eiendom AS. Deputy chair of the board of SpareBank 1 Kreditt AS. Board member of FinStart Nordic AS.

Number of shares*: 455



Ella Skjørestad

EXECUTIVE VICE
PRESIDENT MARKETING,
INSIGHT AND CUSTOMER
OFFER

Skjørestad (1980) took up her post as Executive Vice President Marketing, Insight and Customer Offer in 2018. Skjørestad holds a master's degree in Comparative Politics from the University of Bergen. She has previous experience from Storebrand and Storebrand Direct. She joined SpareBank 1 SR-Bank in June 2010 as head of marketing in the retail banking market and since then has held positions such as marketing director and director of customer services retail market.

Board appointments: Board member of Fremtind Service AS, EiendomsMegler 1 SR-Eiendom AS, FinStart Nordic AS, SpareBank 1 SR-Bank ForretningsPartner AS and Stiftelsen Grunderacademy. Deputy member in SpareBank 1 Mobilitet Holding AS.

Number of shares*: 10,893

* Number of shares in SpareBank 1 SR-Bank as at 31.12.2022. The figures also include shares belonging to immediate family members and companies in which the person has a determining influence.



Frode Bø

EXECUTIVE VICE
PRESIDENT RISK
MANAGEMENT

Bø (1968) became Executive Vice President Risk Management in 2006. He holds a Bachelor of Management and has also completed a master's degree programme in operational auditing and risk management at BI Norwegian Business School. Bø's previous experience includes working at Kværner and Mobil Exploration Norway. He has worked for SpareBank 1 SR-Bank since 2001. Up to 2016, he was also a lecturer in the Department of Industrial Economics, Risk Management and Planning at the University of Stavanger.

Number of shares*: 18,507



Nina Moi Edvardsen

EXECUTIVE VICE
PRESIDENT PEOPLE,
SUSTAINABILITY AND
COMMUNICATION

Edvardsen (1972) became the Executive Vice President People, Sustainability and Communication in November 2021. Edvardsen graduated in international marketing from BI Norwegian Business School. She has long and broad management experience within marketing and organisational development from the media industry, energy and mobility. Edvardsen came from her position as Executive Vice President HR in Møller Mobility Group.

Board appointments:

Board member of EiendomsMegler 1 SR-Eiendom AS, SpareBank 1 Spleis AS and RøhneSelmer AS.

Number of shares*: 10,318



Signe Helliesen

EXECUTIVE VICE
PRESIDENT COMPLIANCE

Helliesen (1976) assumed her position as Executive Vice President Compliance in 2019. Helliesen graduated in business economics from the Norwegian School of Economics (NHH) and holds an Executive MBA in Technology and Innovation of Finance, FinTech, also from NHH. Helliesen has experience from EY. She has worked for SpareBank 1 SR-Bank since 2008.

Board appointments:

Chair of the board of Stiftelsen G9alt Talentutvikling. Board member of FinStart Nordic AS. Deputy board member of the Norwegian Securities Dealers Association.

Number of shares*: 1,356



Glenn Sæther

EXECUTIVE VICE PRE-
SIDENT TECHNOLOGY
DEVELOPMENT AND
BUSINESS PROCESSES

Sæther (1966) became Executive Vice President Technology Development and Business Processes in 2009. Sæther graduated in Economics and Business Administration from BI Norwegian Business School and has previous experience from Sandnes Municipality, Webcenter Unique ASA, and Helse Vest RHF. He has worked for SpareBank 1 SR-Bank since 2005.

Board appointments:

Chair of the boards of FinStart Nordic AS, Nordic Edge AS and Monio AS. Board member of SpareBank 1 SR-Bank ForretningsPartner AS.

Number of shares*: 32,785

* Number of shares in SpareBank 1 SR-Bank as at 31.12.2022. The figures also include shares belonging to immediate family members and companies in which the person has a determining influence.



Jan Friestad

EXECUTIVE VICE
PRESIDENT CORPORATE
STRATEGY AND PROJECTS

Friestad (1966) has worked for SpareBank 1 SR-Bank since 1988 and as a member of the group executive management team since August 2011. After having been responsible for the retail market up to autumn 2021, he took up his position as Executive Vice President Corporate Strategy and Projects in October 2021. He holds a degree in economics and business administration from the University of Stavanger and has also taken several Master of Management courses at BI Norwegian Business School.

Board appointments:

Chair of the board of SpareBank 1 Forvaltning AS. Board member of SpareBank 1 Betaling AS, LOFavør AS and SpareBank 1 SR-Bank ForretningsPartner AS. Deputy board member of Vipps AS and BankID BankAxept AS.

Number of shares*: 52,608



Tore Medhus

EXECUTIVE VICE
PRESIDENT LARGE
CORPORATES

Medhus (1965) became Executive Vice President Large Corporates in 2000. He holds a Master of Business and Marketing from Oslo Business School/BI. He has previous experience from Elcon Finans, Forende Credit Finans and Telenor. Medhus has worked for SpareBank 1 SR-Bank since 1994.

Board appointments:

Chair of the board of SpareBank 1 SR-Bank ForretningsPartner AS. Deputy chair of the boards of BN Bank ASA and SpareBank 1 Factoring AS. Board member of Monio AS.

Number of shares*: 61,545



Marianne Bakke

EXECUTIVE VICE
PRESIDENT SME AND
AGRICULTURE

Bakke (1976) became the Executive Vice President SME & Agriculture in September 2021. She was educated at the University of Stavanger/University of the West of Scotland: Business and Economics/ MSc International Marketing (1995-2000). Bakke has previous experience from a private equity company, HitecVision. She joined SpareBank 1 SR-Bank in 2005 as an adviser for corporate customers. Since then she has held managerial posts in leasing and SME.

Board appointments:

Board member of Tveit Regnskap AS, Sparebank 1 Bank og Regnskap AS, SpareBank 1 SR-Bank ForretningsPartner AS, Validé Invest AS and SpareBank 1 Mobilitet Holding AS.

Number of shares*: 2,437

* Number of shares in SpareBank 1 SR-Bank as at 31.12.2022. The figures also include shares belonging to immediate family members and companies in which the person has a determining influence.

Board of directors



Dag Mejdell

CHAIR OF THE BOARD, CHAIR OF THE REMUNERATION COMMITTEE AND MEMBER OF THE RISK COMMITTEE

Dag Mejdell (1957) has extensive experience from various management positions in business, most recently as the CEO of Posten Norge AS from 2006 to 2016. From 2000 to 2005 he was the CEO of Dyno Nobel ASA and before that he worked for Dyno ASA for 19 years, the last three of which were as the CEO. Mejdell has an MBA from the Norwegian School of Economics (NHH). Chair of the board of SpareBank 1 SR-Bank ASA since June 2016.

Other positions: Chair of the boards of Norsk Hydro ASA, Mestergruppen AS and Torghatten AS.

No. of board meetings in 2022:

22 of 22

Number of shares*: 43,000



Kate Henriksen

BOARD MEMBER, CHAIR OF THE RISK COMMITTEE AND MEMBER OF THE AUDIT COMMITTEE

Kate Henriksen (1960) is the CEO of Miles Bergen AS. She was formerly the divisional director, retail market, at Sparebanken Vest. Henriksen studied Business Administration at the Norwegian School of Economics (NHH). She has also studied information technology and automation at Bergen College of Engineering. Board member of SpareBank 1 SR-Bank ASA since June 2015.

No. of board meetings in 2022:

22 of 22

Number of shares*: 1,500



Trine Sæther Romuld

BOARD MEMBER, CHAIR OF THE AUDIT COMMITTEE AND MEMBER OF THE REMUNERATION COMMITTEE

Trine Sæther Romuld (1968) is the CFO of SalMar Aker Ocean AS. Romuld has extensive experience from a range of leadership roles in seafood, oil services, consultancy and the audit industry with both Norwegian and international firms. Additionally, Romuld has significant experience as a board member and chair of audit committees for listed companies. Romuld qualified as a state authorised public accountant from the Norwegian School of Economics (NHH). Board member of SpareBank 1 SR-Bank ASA since April 2020.

Other positions: Board member of Vikenco AS, Ocean Farming AS, Mariculture AS and Icelandic Salmon AS.

No. of board meetings in 2022:

21 of 22

Number of shares*: 0



Jan Skogseth

BOARD MEMBER AND MEMBER OF THE RISK COMMITTEE

Jan Skogseth (1955) was the CEO of Aibel AS from 2008 until 2017. He has 35 years of experience from the oil, gas and renewables industries, from oil companies and from oil industry supplies, nationally and internationally. He graduated from South Dakota School of Mines & Technology with an MSc in Mechanical Engineering. Board member of SpareBank 1 SR-Bank ASA since April 2017.

Other positions: Chair of the board of directors of Gassco AS. Board member of Scatec ASA and Nammo AS.

No. of board meetings in 2022:

20 of 22

Number of shares*: 10,000

* Number of shares in SpareBank 1 SR-Bank as at 31.12.2022. The figures also include shares belonging to immediate family members and companies in which the person has a determining influence.



Kjetil Skjæveland

**BOARD MEMBER AND
MEMBER OF THE RISK
COMMITTEE**

Kjetil Skjæveland (1979) is the general manager of Sparebankstiftelsen SR-Bank. He has 20 years of experience from various roles in SpareBank 1 SR-Bank, most recently as Finance Director. He has experience from both internal and external board positions from his time in SpareBank 1 SR-Bank. Skjæveland holds a Master's in Economics and Administration and is an authorised financial analyst (AFA programme) from the Norwegian School of Economics (NHH). Board member of SpareBank 1 SR-Bank ASA since April 2022.

No. of board

meetings in 2022:

16 of 16 (joined board in April 2022)

Number of shares*:

74,978,829



Camilla A.C. Tepfers

**BOARD MEMBER AND
MEMBER OF THE AUDIT
COMMITTEE**

Camilla A.C. Tepfers (1969) is an entrepreneur and partner in the consulting company inFuture. She has 25 years of experience as an adviser, innovation director, textbook author and speaker, and also has extensive experience from future studies and strategy and innovation projects. She built up and headed the innovation initiative in DNB. Tepfers is a graduate engineer (computer technology and information science) from the Norwegian University of Science and Technology (NTNU). Board member of SpareBank 1 SR-Bank ASA since April 2022.

Other positions:

Board member of Entra ASA, Dyreparken Utvikling AS, inFuture AS and Polaris Media ASA.

No. of board

meetings in 2022:

12 of 16 (joined board in April 2022)

Number of shares*:

0



Kristian Kristensen

**EMPLOYEE-ELECTED
BOARD MEMBER**

Kristian Kristensen (1982) works as a sustainability manager and was until 30.10.2022 deputy head of the Finance Sector Union of Norway in SpareBank 1 SR-Bank. He holds a bachelor's degree in marketing communication from BI Norwegian Business School and has taken courses in technological change and social development at NTNU, digital business understanding, sustainability as a competitive advantage and sustainable marketing at BI Norwegian Business School. Board member of SpareBank 1 SR-Bank ASA since June 2016.

Other positions:

Board member of the Finance Sector Union of Norway, Rogaland division.

No. of board

meetings in 2022:

22 of 22

Number of shares*:

4,285



Sally Lund-Andersen

**EMPLOYEE-ELECTED
BOARD MEMBER AND
MEMBER OF THE REMUNE-
RATION COMMITTEE**

Sally Lund-Andersen (1961) is the head group employee representative at SpareBank 1 SR-Bank ASA. Board member of SpareBank 1 SR-Bank ASA since January 2012.

Other positions:

Chair of the Finance Sector Union of Norway, Rogaland division and permanent observer on the board of SpareBank 1 Utvikling DA.

No. of board

meetings in 2022:

22 of 22

Number of shares*:

3,760

* Number of shares in SpareBank 1 SR-Bank as at 31.12.2022. The figures also include shares belonging to immediate family members and companies in which the person has a determining influence.

Corporate governance

The board of directors and group executive management team of SpareBank 1 SR-Bank annually review the corporate governance principles and how they are functioning in the group. The formal requirements for this report follow from section 3-3b of the Accounting Act and the Oslo Børs's requirements concerning complying with, or explaining deviations from, the Norwegian Code of Practice for Corporate Governance.

1. Implementation and reporting on corporate governance

SpareBank 1 SR-Bank's objectives are to stimulate growth and development. It is the very foundation of the institution's business model. SpareBank 1 SR-Bank will help to create profitability and value for its owners, customers and communities. SpareBank 1 SR-Bank's vision is: "The customer's first choice". The values that will support our vision are: "Prudence and respect. Committed and efficient." SpareBank 1 SR-Bank shall be characterised by high ethical standards and good corporate governance.

SpareBank 1 SR-Bank's corporate governance must ensure proper management of its activities and provide increased assurance that stated goals and strategies will be realised. Good corporate governance in SpareBank 1 SR-Bank includes the values, objectives and overarching principles according to which the institution is governed and controlled in order to protect the interests of its various stakeholders. The governance structure is a prerequisite for creating long-term value for owners, customers and employees. It must also ensure that SpareBank 1 SR-Bank is sustainable over time.

As part of the management structure, SpareBank 1 SR-Bank has a hierarchy of governing documentation with four levels. The institution's government documents are available to all employees. The governing documents define the frameworks and principles that are implemented and addressed by the operational processes:

Level 1: Corporate governance principles

Level 2: Policies

Level 3: Standards and business requirements

Level 4: Routines, processes and work descriptions

Level 1: Corporate governance principles

Governance principles and strategies constitute the highest level of governance in the group and provide guidelines for all operational management. Individual subsidiaries have their own governance principles and strategies where required (separate articles of association, corporate strategies, etc.). The principles, agreed by the board, set out the overarching framework for the management of all operations.



Tonje Nøstvold Lunde - with workplace at Finansparken in Stavanger. Here in a creative meeting in Finansparken with her colleagues Mikias Amare Mebratu and Arne Kjørstad.

SpareBank 1 SR-Bank's corporate governance principles include:

- Regulations guidance through laws, regulatory, guidelines, etc.
- The institution's articles of association ¹
- The management model, see page 65 of the annual report
- Strategic and financial goals, objectives and values, see page 10 of the annual report for more details
- Instructions for the Board of Directors and CEO ¹
- Code of conduct ²
- Sustainability and climate strategy ³
- Frameworks and authorities

Code of conduct

SpareBank 1 SR-Bank must have high ethical standards. The group's code of conduct describes what is expected of anyone who represents SpareBank 1 SR-Bank. The code of conduct regulates how all of SpareBank 1 SR-Bank's

employees and contracted personnel are expected to conduct themselves in relation to customers, suppliers, competitors, and everyone else. The code of conduct states that employees of the group shall act with respect and consideration. Communication shall be open, honest and clear and in accordance with the norms, statutes and rules that apply in society when employees are identified as representing the organisation.

SpareBank 1 SR-Bank's code of conduct deals with, among other things, impartiality and relationships with customers, suppliers and competitors, as well as relevant personal financial issues. No form of discrimination or harassment is accepted. SpareBank 1 SR Bank's customer service must be known for its high level of integrity, availability and transparency, and must comply with good business practices. SpareBank 1 SR-Bank wants to be a responsible company that treats all suppliers and competitors with respect and competes fairly and in accordance with the competition regulations.

¹ www.sparebank1.no/nb/sr-bank/om-oss/investor/virksomhetsstyring/eierstyring-selskapsledelse.html

² www.sparebank1.no/nb/sr-bank/om-oss/baerekraft/etiske-retningslinjer.html

³ www.sparebank1.no/nb/sr-bank/om-oss/baerekraft/baerekraftsmal.html

SpareBank 1 SR-Bank will seek to avoid conflicts of interest. All employees must be bear in mind that conflicts of interest can arise in connection with their work for the group and actively seek to identify potential conflicts of interest. The group's policy for conflicts of interest provides guidelines for how activities should be organised to ensure that there is little risk of:

- conflicts of interest between the group and its customers
- conflicts of interest between the group's customers
- customer service that breaches the requirements for good business conduct

All suspected misconduct in the workplace must be reported in line with SpareBank 1 SR-Bank's rules and procedures for whistleblowing. All reports must be treated with respect and be taken seriously, and reprisals due to reports will not be accepted. In addition to the routines for internal whistleblowing, a channel has been set up for the submission of anonymous electronic reports via an external party.

Sustainability

SpareBank 1 SR-Bank takes a proactive approach to sustainability and responsibility for the environmental challenges society faces. The group will not, directly or indirectly, participate in violations of human and labour rights, corruption, serious environmental harm or other actions that could be considered unethical. Our responsibilities encompass products and services, consultancy and sales, investment and credit decisions, marketing, procurement, and corporate governance. SpareBank 1 SR-Bank has established standards and guidelines for safeguarding these responsibilities. Our internal work on HSE, ethics and environmental efficiency are also encompassed by our definition of sustainability.

Level 2: Policies

Policies and overarching guidelines are drawn up to address and ensure compliance with statutory requirements and to support the group's corporate governance within key areas such as risk management, product and service management, anti-money laundering, privacy, outsourcing and information security, etc.

All governing documents at this level must be approved by the board. The documents specify key overarching principles for a business area or specialist area and are formulated with a scope and format that are designed for a broad group of recipients in the group. Policies are expanded on and described in detail in standards and business requirements.

Level 3: Standards and business requirements

Standards and business requirements contain requirements and guidance for specific business or subject areas. Standards and business requirements clarify the group's overarching principles in more detailed requirements that make operationalisation possible in routines, processes and work descriptions. Documents at this level are approved by executive vice presidents for their respective responsibilities.

Level 4: Routines, processes and work descriptions

Detailed routines, processes and work descriptions are prepared for specific business or subject areas. These are intended to ensure that requirements and principles in other governing documents are operationalised in the line and are, therefore, presented in a written, readily accessible format. The documents describe how, when and by whom specific actions must be performed.

2. Business

SpareBank 1 SR-Bank's wants to be a forward leaning relationship bank for the whole of Southern Norway.

The institution's articles of association state that:

"The object of the institution is to operate as a bank, including promoting savings by accepting deposits from an unrestricted group of depositors; providing services to the public, business community and public sector; and managing the funds it controls in a prudent manner in accordance with the statutory rules that apply to the institution's operations. Furthermore, the institution may provide investment services within the terms of licences granted at any time. The institution may, within the framework of applicable law, execute the business and render the services that are naturally associated with operating banking and investment services."

SpareBank 1 SR-Bank's business is explained in the institution's articles of association.⁴ The institution's goals and main strategies are described on page 10 of the annual report.

The board of SpareBank 1 SR-Bank heads the company's strategic planning and draws up clear goals, strategies and risk profiles for the bank's activities. Information about this is provided in the board of directors' report. Goals, strategies and risk profiles are evaluated at least once a year, including as part of the work on the business plan and ICAAP.

SpareBank 1 SR-Bank must be operated in a manner that inspires confidence. Our values provide the basis for the group's strategic ambitions. The group's activities require a high level of confidence on the part of customers, employees, owners and society. This entails, for example, a goal of being the customer's ally in the sustainability transition, as well as a proactive ally for people and businesses in restructuring. Given this, sustainability must form an integral part of everything the company does. All employees must take a proactive, responsible approach to sustainability.

SpareBank 1 SR-Bank takes the following approach sustainability and corporate social responsibility:

1. SpareBank 1 SR-Bank wants to be an active contributor to the low emission society by strengthening the capacity of the group and its customers to adapt to and mitigate the consequences of climate change.
2. SpareBank 1 SR-Bank wants to help with the transition to a more sustainable society by assisting customers with restructuring and financing sustainable activities and projects.

4 www.sparebank1.no/nb/sr-bank/om-oss/investor/virksomhetsstyring/eierstyring-selskapsledelse.html

3. SpareBank 1 SR-Bank wants to create equal opportunities for all by promoting diversity, inclusion and equality.
4. SpareBank 1 SR-Bank will combat financial crime and ensure security and transparency throughout our operations. Our advice and solutions must be characterised by the fact that we run our business in an open and transparent manner, with conduct that is honest and trustworthy.

SpareBank 1 SR-Bank has produced its own equality and diversity policy. Gender equality is one of the group's priority Sustainable Development Goals, and a dedicated equality and diversity committee has been appointed to propose measures aimed at achieving the group's objectives for equality and diversity. For further information on the group's objectives in relation to equality and diversity, how they have been implemented and their impact, see page 18 of the annual report.

3. Equity and dividends

The board of directors assesses the capital situation on an ongoing basis in light of the company's objectives, strategies and approved risk profile. Please see the group's risk and capital management report (Pillar 3) for more information about the capital adequacy regulations, the principles SpareBank 1 SR-Bank applies as a basis for assessing its capital requirements, and more details about the elements that make up the group's capital ratio.⁵

In the opinion of the board, the bank has a good capital ratio in relation to the applicable regulatory requirements.

Dividends

Consideration must be given to financial needs, including capital adequacy requirements and the group's targets and strategic plans, when determining the annual dividend. Unless capital requirements dictate otherwise, the goal of the board is to distribute approximately half of the net profit for the year as dividends.

Share buyback

At its meeting on 28.4.2022, the general meeting authorised the board to acquire and register liens on the bank's own shares for up to 10 percent of the bank's share capital. The shares must be acquired in the securities market via the Oslo Børs. Each share can be purchased at a price of between NOK 25 and NOK 250. The authorisation is valid for 12 months from the date it is adopted by the general meeting.

Issuance of hybrid Tier 1 securities and subordinated loans

At its meeting on 28.4.2022, the general meeting authorised the board to issue hybrid Tier 1 securities and raise subordinated loans, together or individually, distributed as follows:

Hybrid Tier 1 securities:

NOK 3,000,000,000 or the equivalent amount in a foreign currency.

Perpetual subordinated loans:

NOK 3,000,000,000 or the equivalent amount in a foreign currency.

Dated subordinated loans:

NOK 3,000,000,000 or the equivalent amount in a foreign currency.

The authority applies for 18 months from its approval by the general meeting.

Capital increases

The general meeting on 28.4.2022 authorised the board to increase the company's share capital by up to NOK 639,377,700 if necessary, to ensure an optimal capital structure by issuing a maximum of 25,575,108 shares, each with a nominal value of NOK 25, ref. section 10-14 of the Public Limited Liability Companies Act. The authorisation is valid for 12 months from the date it is adopted by the general meeting.

Deviations from the Code of Practice:

It follows from the Code of Practice that authorisations to increase capital should be justified and limited to defined purposes. The board fundamentally agrees with this but believes there is a need for a certain degree of flexibility. As long as the authorisations are clearly limited in terms of time and scope, and in reality only adjust and streamline the capital structure of the bank, it should be up to the board to make such decisions rather than having to hold an extraordinary general meeting.

4. Equal treatment of shareholders and transactions with close associates

SpareBank 1 SR-Bank has one class of share. All shares have equal voting rights. In the event of an increase in share capital, existing shareholders have pre-emptive rights, unless special circumstances dictate that these rights can be waived. Such waiver must, should one be applicable, be in the common interests of the company and its shareholders. This would ensure full transparency with respect to this, and the shareholders would receive the same information about it at the same time via a stock exchange announcement and on SpareBank 1 SR-Bank's website.⁶ Any buyback of shares must be carried out in the market at market prices. As at 31.12.2022, SpareBank 1 SR-Bank owned 29,219 treasury shares, which represent 0.01 percent of outstanding shares.

Largest shareholder

Sparebankstiftelsen SR-Bank is SpareBank 1 SR-Bank's largest shareholder with a stake of 29.3 percent. The foundation was established on 1.1.2012 when SpareBank 1 SR-Bank was converted into a public limited company. Pursuant to the foundation's articles of association, its purpose is to manage the shares that were transferred to the foundation upon its establishment and to exercise and maintain a significant long-term and stable stake in SpareBank 1 SR-Bank. The terms of the conversion specify that its stake must represent at least 25 percent of the outstanding shares in SpareBank 1 SR-Bank.

⁵ www.sparebank1.no/nb/sr-bank/om-oss/investor/finansiell-info/rapporter.html

⁶ www.sparebank1.no/nb/sr-bank/om-oss/investor/borsmeldinger.html

5. Shares and negotiability

The bank's shares are listed on the Oslo Børs with the ticker SRBNK and are freely negotiable. The articles of association contain no restrictions on the negotiability of shares.

6. General meetings

General meeting:

The general meeting is SpareBank 1 SR-Bank's supreme body and the meeting is open and accessible for all shareholders. The general meeting approves the institution's articles of association and constitutes the main forum for shareholders, elected representatives and management. The board must ensure that meetings of the general meeting are properly arranged. Pursuant to the articles of association, the annual general meeting must be held before the end of April each year. The general meeting is conducted electronically and shareholders can ask questions and vote directly on each matter via telephone, tablet or PC. The notice and registration form for general meetings must be sent to shareholders and published on SpareBank 1 SR-Bank's website by no later than 21 days before the date the general meeting will be held. The general meeting is chaired by the chair of the board, unless the general meeting decides otherwise. Procedures for voting and submitting proposals must be specified in the notice. In accordance with the company's articles of association, documents that will be considered by the general meeting must be made available on SpareBank 1 SR-Bank's website.⁷ The same applies to documents that must by law be included or attached to notices of a general meeting. If the documents are made available in this way, the legal requirement to send them out to shareholders does not apply. A shareholder may nevertheless request documents be sent regarding general meeting agenda items. Case documents must be adequate enough to enable shareholders to take a position on the matters being considered. The chair of the board, CEO and CFO, plus at least one representative of the nomination committee, and the auditor take part in the general meeting. Other board members are free to attend. The minutes of general meetings are available on SpareBank 1 SR-Bank's website.⁷

In general, resolutions require a simple majority. Decisions about disposals of shares, mergers, demergers, sales of a substantial part of SpareBank 1 SR-Bank's operations or issuing shares in the company require the approval of at least two thirds of the votes and share capital represented at the general meeting.

Shareholders have the right to submit proposals and cast their vote directly or by proxy, including a proxy appointed by SpareBank 1 SR-Bank. The proxy form also allows shareholders to appoint proxies per matter. It is not possible to vote for individual candidates when electing the board and nomination committee since the objective of achieving the desired and statutory overall composition of expertise will be afforded the greatest weight.

Deviations from the Code of Practice:

It is not possible to vote for individual candidates since the objective of achieving the overall composition of expertise will be afforded the greatest weight. All board members may take part in the general meeting but only the chair of the board's participation is mandatory.

7. Nomination committee

The nomination committee comprises up to five members that are elected by the general meeting for a period of 2 years, and no board members or representatives of the executive management group are members of the nomination committee. All members of the nomination committee are considered independent of the executive management group. However, the institution's articles of association stipulate that Sparebankstiftelsen SR-Bank must also be represented on the nomination committee. The nomination committee provides detailed recommendations to the general meeting concerning the election of the chair and members of the board and the chair and members of the nomination committee. The recommendation should provide pertinent information about the candidates' background and independence. The nomination committee's recommendations are published together with the other case documents for the general meeting no later than 21 days before the general meeting. The nomination committee also proposes the remuneration for members of the board and nomination committee. The general meeting determines the nomination committees' remuneration. An overview of the nomination committee's members and how to submit contributions to the nomination committee can be found on SpareBank 1 SR-Bank's website.

The nomination committee must take account of relevant statutory requirements and good governance principles as part of its job of making recommendations on the composition of SpareBank 1 SR-Bank's governing bodies. The recommendations concerning members of the board and nomination committee must take into account considerations concerning the community of shareholders' interests, well as the requirements for expertise, capacity and diversity. The nomination committee evaluates the board's overall expertise based on established competence requirements. The nomination committee's instructions state that in its work on the composition of the board and the nomination committee the committee must seek to address equality and diversity with respect to, for example, age, gender and educational and professional background. To ensure it has the best possible basis for its evaluation, the nomination committee conducts individual interviews with board members and the CEO.

The nomination committee held seven meetings in 2022.

Specific instructions have been prepared for the nomination committee⁸ and approved by the general meeting.

⁷ www.sparebank1.no/nb/sr-bank/om-oss/investor/virksomhetsstyring/generalforsamling.html

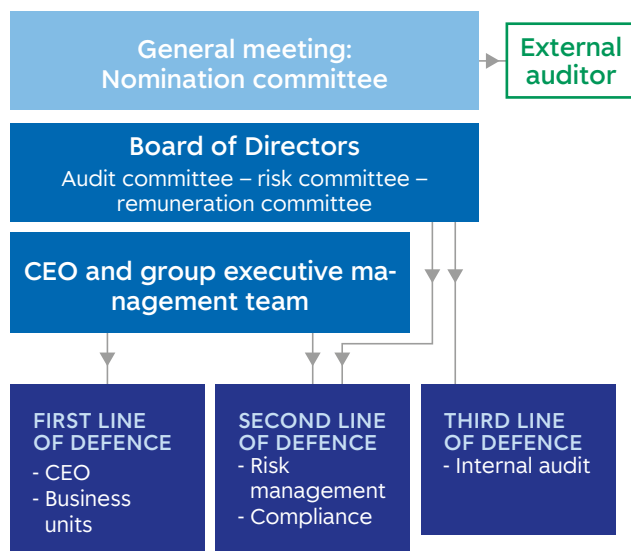
⁸ www.sparebank1.no/nb/sr-bank/om-oss/investor/virksomhetsstyring/valgkomiteen.html

8. Board of directors: composition and independence

The board is elected by the general meeting for up to 2 years at a time. The board consists of up to eight members, including two employee representatives. No executive personnel are members of the board. The composition of the board should be such that it can protect the interests of the shareholder community. A suitability assessment is made when board members are being elected that takes into account the need for continuity and independence. Ensuring the board has a balanced composition that also takes diversity requirements into account is also important. The combined expertise of the elected board members must satisfy all the requirements concerning qualifications, including any statutory ones, and they must have the capacity to perform their board duties.

As at 31.12.2022, the board had eight members. The board's employee-elected members consisted of three women and three men. One board member is not regarded as independent, since the person concerned was employed by the institution until 31.12.2021. Other board members are independent of the bank's group executive management team and important business connections. The individual board members' backgrounds and participation in board meetings in 2022 are described in the presentation of the board in a separate chapter of the annual report and on www.sr-bank.no. Board members are encouraged to own shares in the institution. An overview of the shares in the institution owned by board members and their close associates as at 31.12.2022 is provided in the annual report.

Governing bodies in SpareBank 1 SR-Bank



9. The work of the board of directors

The board bears overall responsibility for the management of SpareBank 1 SR-Bank and must, via the CEO, ensure that the business is properly organised and managed. The work of the board follows a set annual plan that covers its statutory and regulatory duties, as well as its duties pursuant

to decisions by authorities, the articles of association, decisions by the general meeting and the board's instructions. The Instructions for the Board of Directors lay down rules for the board's work and procedures, including what matters must be considered by the board, as well as rules for convening and conducting board meetings. The board has issued instructions to the CEO.⁹ The CEO performs the day-to-day management of the institution, together with the executive group management team, and ensures that the board's decisions are implemented. Strategies, budgets and guidelines for the activities are prepared by the CEO and executive group management team and are then further considered and approved by the board as an independent body.

Some 22 board meetings were held in 2022, of which 11 were full-day meetings.

The board annually conducts an evaluation of its working method and competence and discusses improvements to the organisation and execution of the board's work. The evaluation is based on an anonymous survey of board members. The survey's contents are revised annually. The board evaluation report is reviewed by the nomination committee, which decides whether changes need to be made. If the evaluation identifies deficiencies, the necessary training plans or other measures are implemented.

The board's instructions stipulate that a board member cannot take part in consideration of an item or a decision on an issue where the person concerned or their close associates must be regarded as having a direct or indirect personal or financial interest in the matter. Each board member must undertake to ensure that they are not legally incompetent for any given item to be considered by the board.

The board has established three permanent board committees, which consist of members of the institution's board and are described in more detail below. The board is collectively responsible for the decisions it takes. For this reason, the committees make no decisions but supervise, on behalf of the board, the group executive management team's work and prepare matters for the board's consideration within their areas of responsibility. All the information learned by the board committees must be communicated to the other board members as well. The committees are free to draw on resources in the group and on resources, advice and recommendations from sources outside the group.

Transactions with close associates

The board's instructions describe in detail how agreements with close associates should be handled. The board shall approve agreements between the institution and shareholders, board members or members of the group executive management team, or any close associates of these, and obtain the opinion of an independent third party. However, this does not apply to agreements entered into as part of SpareBank 1 SR-Bank's normal activities and that are based on ordinary commercial terms and principles, or agreements with wholly owned subsidiaries. Agreements between close associates and enterprises in the group will be concluded

⁹ www.sparebank1.no/nb/sr-bank/om-oss/investor/virksomhetsstyring/styret.html

on commercial terms and conditions. Board members must notify the board if they have a substantial, direct interest in an agreement entered into by the institution or another company in the SpareBank 1 SR-Bank Group.

SpareBank 1 SR-Bank's code of conduct and insider rules set requirements for employee conduct, which include guidelines concerning own interests, as well as own account trading by employees and board members and trading in securities issued by the company.

Transactions with close associates are discussed in note 39 to the consolidated financial statements for 2022.

Audit committee

The audit committee consists of three members. The composition of the committee satisfies the independence and competence requirements. The audit committee must ensure that the group has an independent and effective external auditor and satisfactory financial reporting in accordance with the law and regulations. The audit committee held six meetings in 2022.

Risk committee

The risk committee consists of four members. The committee is tasked with ensuring that the group's risk and capital management underpins the group's strategic development and goal attainment, and that this ensures financial stability and prudent asset management. The risk committee held six meetings in 2022.

Remuneration committee

The remuneration committee consists of three members. At least one of the members must be an employee-elected board member. The committee is tasked with doing the preparatory work for the annual review of the group's remuneration system and the CEO's contract and terms by the whole board. The remuneration committee held six meetings in 2022.

The committees' mandates are available on SpareBank 1 SR-Bank's website ¹⁰.

Deviations from the Code of Practice:

All agreements between the company and close associates must be approved by the board, which must also obtain the opinion of an independent third party. However, this does not apply to agreements entered into as part of SpareBank 1 SR-Bank's normal activities and that are based on ordinary commercial terms and principles, or agreements with wholly owned subsidiaries.

10. Risk management and internal control

SpareBank 1 SR-Bank's core activity is to create value by taking conscious and acceptable risks. The group therefore invests significant resources in improving risk management systems and processes in line with leading international practice.

Risk and capital management in SpareBank 1 SR-Bank should create financial and strategic added value through:

- A good risk culture
- A clear management and control structure that promotes independence
- A good understanding and management of the risks that drive earnings and losses
- Preventing single events damaging the group's financial position
- Pricing products and services based on underlying risk
- Effective raising and use of capital that reflects the chosen risk profile

The framework is described in more detail in note 6 to the annual financial statements, as well as in SpareBank 1 SR-Bank's Pillar 3 document, which is available on www.sr-bank.no.

The annual manager's verification process is carried out as part of risk management and internal control in SpareBank 1 SR-Bank, in accordance with the CRR/CRD IV regulations. The purpose of the manager's verification process is to assess whether risk management and internal control are being satisfactorily carried out in SpareBank 1 SR-Bank. The internal control is based on the EBA Guidelines on Internal Governance (GL05 ¹¹) and the COSO¹² framework – a recognised and widely used framework for designing, implementing and evaluating good risk management and internal control.

The board sets the group's risk profile, the overall limits, authorities and guidelines for risk management, and ensures that the group has a satisfactory capital base based on the risk borne by the group and regulatory requirements. The institution's overall risk exposure and risk trends are monitored via periodic risk reports for the institution's group executive management team and board. General risk monitoring and reporting is performed by Risk Management, which is independent of the business units.

The parent bank's financial statements and the consolidated financial statements for 2022 for SpareBank 1 SR-Bank ('the group') have been prepared in accordance with International Finance Reporting Standards (IFRS) as adopted by the EU. This includes interpretations from the IFRS Interpretations Committee (IFRIC) and its predecessor, the Standing Interpretations Committee (SIC).

Preparing financial statements in accordance with IFRS requires the use of estimates. Furthermore, applying international reporting standards requires management to use its judgement. Areas that involve a great deal of discretionary estimates, a high degree of complexity, or areas where assumptions and estimates are significant for the parent bank's and the consolidated financial statements are described in note 3.

¹⁰ www.sparebank1.no/nb/sr-bank/om-oss/investor/virksomhetsstyring/styret.html

¹¹ EBA/GL/2021/05

¹² The Committee of Sponsoring Organisations of the Treadway Commission (COSO)

To ensure the independence of the management and control in SpareBank 1 SR-Bank, these responsibilities have been split between different roles in the organisation.

First line of defence

The CEO bears overall responsibility for ensuring that the group's risk management complies with frameworks adopted by the board. Business units are responsible for overall risk management within their business area.

Second line of defence (general risk reporting and follow-up)

As departments, Risk Management and Compliance are independent of the business units and report directly to the CEO. Risk Management bears overall responsibility for the ongoing development of the risk management framework, including risk models and risk management systems. The department is also responsible for independently monitoring and reporting risk exposure. Compliance bears overall responsibility for the framework, monitoring and reporting on regulatory compliance.

Third line of defence (independent confirmation)

The internal audit function ensures that the risk management process is result-oriented, effective and functioning as intended. The group's internal audit function has been outsourced, and this ensures that the function has the required independence, competence and capacity. The internal audit function's reports and recommendations on improvements are followed up systematically in line with the internal guidelines for following up internal audit reports. The internal audit function prepares periodic status reports for the group executive management team, the risk committee and the board that provide a summary of completed audit projects and activities in the period just ended. Furthermore, the internal audit function must present an annual report to the risk committee and the board that covers significant risk exposures and topics related to governance, risk management and internal control, and other matters about which the board needs to know or has asked.

11. Remuneration of the board of directors

The remuneration of the board's members and subcommittees is fixed by the general meeting based on the recommendations of the nomination committee. Board members' remuneration is not linked to financial performance or similar factors. None of the board members, other than the employee representatives, have responsibilities for the institution beyond their board duties. Information about the full amount of remuneration paid to individual board members is presented in the executive remuneration report on www.sr-bank.no.

12. Remuneration of executive persons

SpareBank 1 SR-Bank has established a remuneration system that applies to all employees.

The group's remuneration scheme must be consistent with the group's overall objectives, risk tolerance and long-term interests. The remuneration scheme must help to promote and provide incentives for good management and control of the group's risk, discourage excessive or unwanted risk taking, help to avoid conflicts of interest and comply with the applicable regulations. The total remuneration must be competitive, but the group shall not be a wage leader. It must ensure that the group attracts, develops and retains competent employees over time. The scheme must ensure a reward model that is perceived to be fair and predictable, and that is future-oriented and motivating. Fixed salaries shall make up the main element of the total remuneration, which shall also consist of variable pay, pensions and benefits in kind.

The guidelines¹³ for executive remuneration are established by the general meeting. Information about the full amount of remuneration paid to the executive management team is presented in the executive remuneration report published on SpareBank 1 SR-Bank's website.¹³

13. Information and communications

SpareBank 1 SR-Bank's website¹⁴ has a dedicated investor information section, which is available in both Norwegian and English. The group makes every effort to ensure that correct, relevant and timely information about the group's performance and results inspires investor market confidence. Stock exchange notices, annual and interim reports, presentation materials and webcasts are also available. The bank's investor information section includes functionality that allows shareholders to communicate with the bank at any time.

Information for the market is distributed via quarterly investor presentations. Regular presentations are made to international partners, lenders and investors. All reporting is based on transparency and the equal treatment of market players in the securities market. The group's financial calendar is published on the company's website.¹⁵

The Director of Communications is the point of contact for the media and is responsible for dealing with enquiries concerning cases of special or media interest. The institution is always prepared to handle media enquiries and contact information is available on SpareBank 1 SR-Bank's website.¹⁶

14. Take-overs

The board of SpareBank 1 SR-Bank ASA will deal with any takeover bid in accordance with the principle of the equal treatment of shareholders. At the same time, the board will ensure that shareholders receive the most comprehensive

¹³ www.sparebank1.no/nb/sr-bank/om-oss/investor/virksomhetsstyring/Godtgjoerelser.html

¹⁴ www.sparebank1.no/nb/sr-bank/om-oss/investor.html

¹⁵ www.sparebank1.no/nb/sr-bank/om-oss/investor/finanskalender.html

¹⁶ www.sparebank1.no/nb/sr-bank/om-oss/presse

information possible in all situations that affect the interests of shareholders. When acquiring shares in a financial institution involving any stake of more than 10 percent of the share capital, consent must be applied for from the Financial Supervisory Authority of Norway. In connection with SpareBank 1 SR-Bank receiving permission to convert to a public limited company, a condition was set that Sparebankstiftelsen SR-Bank would maintain an ownership stake that would amount to at least 25 percent of the shares issued in SpareBank 1 SR-Bank.

Deviations from the Code of Practice:

The board has not established explicit general principles for handling take-over bids. The reason for this is the Financial Institutions Act's restrictions on ownership of financial institutions and the licensing conditions in connection with the conversion to ASA. The board endorses the Code of Practice's wording on this point.

15. Auditor

The external auditor presents an annual audit plan to the audit committee and board.

The audit committee recommends the election of an auditor to the board. The board holds at least one annual meeting with the auditor without the group executive management team being present. The audit committee makes recommendations to the board concerning approval of the external auditor's fees. The board then presents the proposals concerning fees to the general meeting for approval.

The external auditor shall provide the audit committee with a report on the main elements of the audit of the previous financial year, including, in particular, any material

weaknesses identified with respect to internal control relating to the financial reporting process.

Report on corporate governance pursuant to section 3-3b of the Accounting Act.

The report complies with the requirements of the act.

1. SpareBank 1 SR-Bank ASA complies with the Norwegian Code of Practice for Corporate Governance issued by the Norwegian Corporate Governance Board (NCGB).
2. The Code of Practice is available on www.nues.no
3. Any deviations from the Code of Practice are commented on in the board's report on corporate governance.
4. Point 10 of the report provides a description of the main elements of the internal control and risk management systems associated with financial reporting processes.
5. SpareBank 1 SR-Bank has no articles of association that deviate from chapter 5 of the Public Limited Liability Companies Act that deals with general meetings.
6. An account is provided of the composition of the board and its working committees, and a description is provided of the main elements of the guidelines and mandates for these bodies in points 8 and 9 of the report.
7. An account of the provisions of the articles of association that regulate the appointment and replacement of board members is provided in point 8 of the report.
8. An account of the provisions of the articles of association and authorities that empower the board to decide that the enterprise will buy back or issue its own shares is provided in point 3 of the report.
9. Points 2, 7 and 8 of the report provide an account of SpareBank 1 SR-Bank's equality and diversity policy.



Margit Varhaug – credit analyst with workplace in Oslo. Margit supports the business advisors, and assesses companies' loan applications. The picture was taken in the office at Skøyen in Oslo.

Governing bodies in SpareBank 1 SR-Bank

	Shares as at 31.12.2022 ¹⁾	Shares as at 31.12.2021 ¹⁾		Shares as at 31.12.2022 ¹⁾	Shares as at 31.12.2021 ¹⁾
Board of Directors			Group executive management team		
<i>Members</i>					
Dag Mejdell, Oslo (chair)	43,000	37,000	Benedicte Schilbred Fasmer, CEO	13,731	7,793
Kate Henriksen, Bergen	1,500	1,500	Inge Reinertsen, CFO	95,543	93,813
Trine Sæther Romuld, Hafrsfjord	0	0	Jan Friestad, Executive Vice President Corporate Strategy and Projects	52,608	50,968
*Kjetil Skjæveland, Stavanger ²⁾	74,978,829		Tore Medhus, Executive Vice President Corporate Market	61,545	59,793
Jan Skogseth, Sandnes	10,000	10,000	Glenn Sæther, Executive Vice President Technology Development and Business Processes	32,785	31,222
**Camilla A.C. Tepfers, Oslo	0		Ella Skjørestad, Executive Vice President Marketing, Insight and Customer Offer	10,893	9,475
Sally Lund-Andersen, Haugesund (employee representative) ²⁾	3,760	3,349	Nina Moi Edvardsen, Executive Vice President HR, Communications and Sustainability	10,318	10,000
Kristian Kristensen, Randaberg (employee representative) ²⁾	4,285	3,967	Frode Bø, Executive Vice President Risk Management	18,507	18,189
Board's Risk Committee			Signe Helliesen, Executive Vice President Compliance	1,356	1,038
Kate Henriksen, Stavanger (chair)	1,500	1,500	Marianne Bakke, Executive Vice President SMB & Agriculture	2,437	1,337
Jan Skogseth, Sandnes	10,000	10,000	Roger Lund Antonesen, Executive Vice President Retail Market	455	0
Dag Mejdell, Oslo	43,000	37,000	External auditor		
*Kjetil Skjæveland, Stavanger ²⁾	74,978,829	0	PricewaterhouseCoopers (PwC)		0
Board's audit committee			Internal auditor		
Trine Sæther Romuld, Hafrsfjord (chair)	0	0	Ernst & Young (EY)		0
Kate Henriksen, Stavanger	1,500	1,500			
**Camilla A.C. Tepfers	0				
Board's remuneration committee					
Dag Mejdell, Oslo (chair)	43,000	37,000			
Trine Sæther Romuld, Hafrsfjord	0	0			
Sally Lund-Andersen ²⁾	3,760	3,349			
Nomination committee					
Per Trygve Sekse, Sandnes (chair)	1,625	1,625			
Kirsti Tønnessen, Stavanger	0	0			
Gunn-Jane Håland, Stavanger	1,096	1,096			
***Tore Heggheim, Hafrsfjord (represents Sparebankstiftelsen SR-Bank which owns 74,976,815 shares)	74,976,815	72,419,305			
****Kjetil Houg, Oslo	17,616,079				

1) Number of shares owned in SpareBank 1 SR-Bank ASA, including shares belonging to immediate family members and companies in which the person has a determining influence.

2) Not independent. A board member, besides employee representatives, is not regarded as independent, since the person concerned was employed by the institution until 31.12.2021.

* New to the board from April 2022 and general manager of Sparebankstiftelsen SR-Bank which owns 74,976,815 shares

** New to the board from April 2022

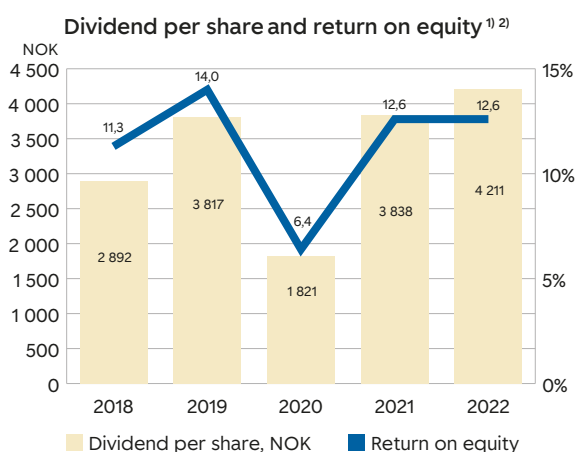
*** Chair of the board of Sparebankstiftelsen SR-Bank, which owns 74,976,815 shares.

**** New member of the nomination committee in 2022 and CEO of Folketrygdfondet, which owns 17,616,079 shares

Board of Directors' Report

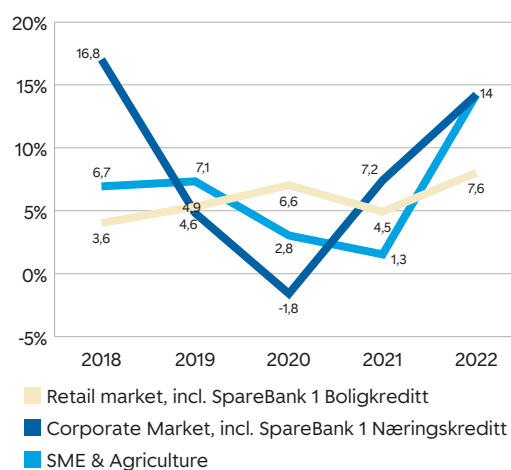
SpareBank 1 SR-Bank ASA achieved a consolidated pre-tax profit of NOK 4,211 million in 2022. The net profit for the year was NOK 3,378 million, an increase of NOK 373 million compared with 2021. The return on equity after tax was 12.6%. The board of directors is very satisfied with the results for 2022.

The group has strengthened its underlying operations in a year of turbulent markets and geopolitical uncertainty. Our market position as one of Southern Norway's leading financial services groups and the country's second largest Norwegian-owned bank was further strengthened by strong growth in all business areas: Retail Market, SME & Agriculture and Large Corporates. SpareBank 1 SR-Bank grew its market share for branches outside Rogaland in 2022. Our employees are the group's most important resource and their efforts, good credit practices and good customer relations were important drivers behind a good result.

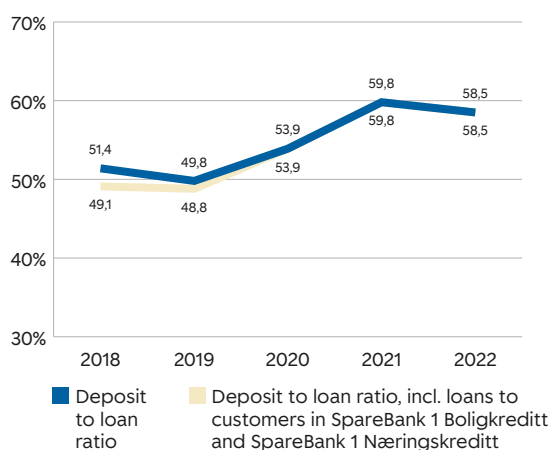


Lending to customers increased by 9.8 percent in 2022 and deposits from customers increased by 7.6 percent in 2022. The deposit-to-loan ratio, measured as deposits as a percentage of total loans, was 58.5 percent at year end 2022, compared with 59.8 percent in 2021.

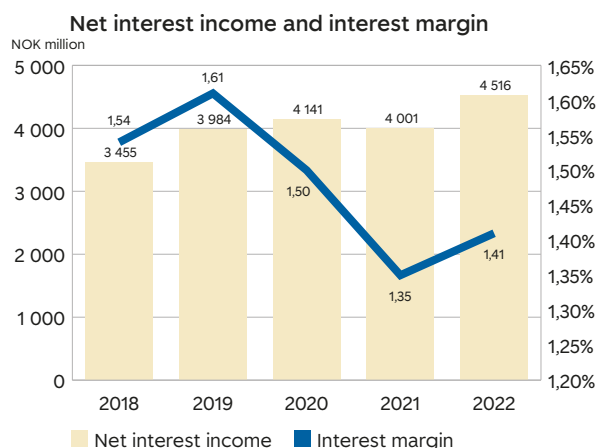
Gross loans, % growth



Deposit to loan ratio

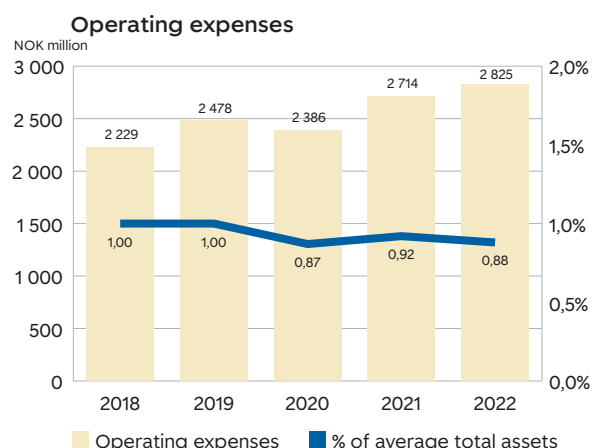


Net interest income totalled NOK 4,516 million in 2022, compared with NOK 4,001 million in 2021. Net interest income as a percentage of average total assets increased from 1.35 percent in 2021 to 1.41 percent in 2022. The higher net interest income was mainly due to increased lending volumes, improved interest margins and a higher return on equity due to higher interest rates.



Net commissions and other operating income totalled NOK 1,770 million in 2022, an increase of NOK 53 million compared with 2021. The net return on financial investments amounted to NOK 756 million in 2022, compared with NOK 1,026 million in 2021. The decrease in the return on financial investments was primarily attributable to a lower contribution from SpareBank 1 Gruppen.

The group's operating costs amounted to NOK 2,825 million for 2022, compared with NOK 2,714 million for 2021, an increase of NOK 111 million. NOK 84 million of the increase in costs was due to higher costs in SpareBank 1 SR-Bank ForretningsPartner AS, mainly due to the acquisition of Tveit Regnskap AS in 2021. Less activity in the property market reduced costs by NOK 10 million in EiendomsMegler 1 SR-Eiendom AS. In addition, there was a NOK 43 million reduction in costs due to SR-Forvaltning AS no longer being consolidated into the accounts after its sale to SpareBank 1 Forvaltning AS. Adjusted for these items, the growth in costs was NOK 80 million. The growth was due to an increase in FTEs, ordinary wages growth and an increase in other operating costs. The group's cost/income ratio was 40.1 percent in 2022, compared with 40.2 percent in 2021.



The group's net impairment provisions on loans and financial liabilities amounted to NOK 5 million compared with NOK 192 million in 2021. Impairment provisions in 2022 were at a low level and consist of NOK 87 million in reversed individual losses and cost recognition of NOK 92 million in IFRS impairment provisions. The IFRS impairment provisions include a NOK 200 million uncertainty premium for the corporate market portfolio due to the general uncertainty about macroeconomic developments.

The allocation of the year's profit is based on the parent bank's distributable profit of NOK 3,253 million for 2022. The board proposes that NOK 1,790 million be paid out as dividends, corresponding to NOK 7.00 per share, while NOK 1,463 million be allocated to other equity and enhancing the group's financial strength.

The Common Equity Tier 1 capital ratio was unchanged from 2021 and was 17.4 percent at the end of 2022. The Tier 1 capital ratio (including hybrid Tier 1 securities) decreased in the same period from 18.9 percent to 18.8 percent. At year end 2022, SpareBank 1 SR-Bank ASA is in a sound financial position and the group has a good starting point for improving its good position in Southern Norway. The board of directors has set a target for Common Equity Tier 1 capital ratio of 16.85 percent, which includes a 1.25 percentage point management buffer.

Nature of the business

The SpareBank 1 SR-Bank Group consists of the parent bank, SpareBank 1 SR-Bank ASA, and subsidiaries.

The most important subsidiaries are:

EiendomsMegler 1 SR-Eiendom AS, SR-Boligkreditt AS, SpareBank 1 SR-Bank ForretningsPartner AS, FinStart Nordic AS and Monio AS.

SpareBank 1 SR-Bank ASA's head office is in Stavanger, and it has 35 branches in the counties of Rogaland, Vestland, Agder and Oslo. The group's primary activities are selling and procuring a wide range of financial products and services, investments services, leasing, estate agency and accounting services.

SpareBank 1 SR-Bank ASA recorded good progress in all of the group's business areas in 2022. The bank maintained its position as the market leader in Rogaland in both the retail market and the corporate market, and at the same time the group strengthened its positions in Vestland, Agder and Oslo. EiendomsMegler 1 is the largest chain of estate agents in Norway. EiendomsMegler 1 SR-Eiendom AS is the market leader in Rogaland and Agder, and it strengthened its position in Vestland in 2022. SpareBank 1 SR-Bank

ForretningsPartner AS has through a number of acquisitions established a solid market position in accounting services, with offices in Rogaland, Vestland, Oslo and Agder. SpareBank 1 SR-Bank ForretningsPartner AS is one of the country's largest actors within accounting and advisory services.

The group's subsidiaries and its strategic stakes in the SpareBank 1 Alliance's product companies make a significant contribution to SpareBank 1 SR-Bank ASA's earnings.

Business areas

SpareBank 1 SR-Bank ASA is split into different business areas, which are defined on the basis of their form of distribution, products, and customers. The reporting format is based on the risk and return profile of the assets and is split into Retail Market, SME & Agriculture, Large Corporates, Capital Market and significant subsidiaries. Retail Market's result and balance sheet items include the figures from SR-Boligkreditt AS.

Retail market

Retail Market posted a contribution before impairment provisions of NOK 1,778 million in 2022, up from NOK 1,713 million in 2021.

Net interest income increased by NOK 19 million, while net commissions increased by NOK 86 million compared with the same period last year. The NOK 56 million increase in income from payment services was good, and income from insurance also increased, by NOK 37 million. Disquiet in the market is affecting activities in the area of savings.

Total operating costs amounted to NOK 645 million in 2022, compared with NOK 605 million in 2021. The increase was largely due to general wage and price inflation.

The volume of lending in Retail Market was NOK 151.7 billion in 2022, up from NOK 141.6 billion in 2021. Retail Market is experiencing a high demand for loans, and the 12-month lending growth was 7.1 percent at the end of 2022 (NOK 10 billion). The deposit volume was NOK 66.6 billion in 2022, up from NOK 63.3 billion in 2021, corresponding to 12-month growth of 5.1 percent (NOK 3.2 billion). In December 2022, NOK 1.5 billion linked to customers in associations and clubs was moved internally from Retail Market to SME & Agriculture. The growth in deposits in the past 12 months inclusive of this move was 7.4 percent.

SME & Agriculture

SME & Agriculture posted a contribution before impairment provisions of NOK 671 million in 2022, up from NOK 471 million in 2021. The higher profit before impairment provisions was primarily due to increased interest income driven by growth and stronger margins.

The lending volume in the division amounted to NOK 18.7 billion at the end of 2022, compared with NOK 16.2 billion in 2021. The deposit volume was NOK 20.2 billion in 2022, up from NOK 16.0 billion in 2021, corresponding to 12-month growth of 26.1 percent. In December 2022,

NOK 1.5 billion linked to customers in associations and clubs was moved internally from Retail Market to SME & Agriculture. The growth in deposits in the past 12 months exclusive of this move was 16.8 percent.

Large Corporates

Large Corporates' contribution before impairment provisions increased to NOK 1,840 million in 2022, up from NOK 1,700 million in 2021. Interest income amounted to NOK 1,705 million in 2022, up from NOK 1,536 million in 2021. The increase was primarily due to high lending growth. Previous impairment provisions were reversed in 2022, and the division's pre-tax profit improved by NOK 418 million to NOK 1,890 million.

The lending volume in the division amounted to NOK 78.1 billion at the end 2022, which represents strong growth compared with NOK 68.3 billion in 2021. Exchange rate effects accounted for NOK 0.9 billion of the total growth of NOK 9.8 billion. There was solid lending growth in all market areas. The deposit volume amounted to NOK 58.1 billion at the end of 2022, a reduction from NOK 59.1 billion at the end of 2021. Of the reduced deposit volume, NOK 2.7 billion was due to fewer customers in the public sector.

There have been major movements in the interest rate and currency markets during 2022. The bank conducts ongoing risk assessments of how the effects of this, combined with the effects of the war in Ukraine, including the development of commodity and energy prices, are affecting customers. A comprehensive analysis has been conducted in which the corporate portfolio was reviewed. The analysis shows that most customers are well positioned and are taking the steps necessary to manage increased costs and uncertainty in the market. To ensure good management and control in the coming period, the bank will ensure close customer follow-up, at the same time as work will be done on over-arching portfolio analyses per region and industry.

Capital Market

Securities activities are organised under the SR-Bank Markets brand and include customer and own account trading in fixed income instruments, foreign exchange and Corporate Finance services. In June 2022, SpareBank 1 SR-Bank ASA announced a greater focus on capital markets through the acquisition of shares in SpareBank 1 Markets AS. SpareBank 1 SR-Bank ASA is increasing its stake in SpareBank 1 Markets AS from 5.6 percent to 33.3 percent by spinning off SR-Bank Markets and transferring this business to SpareBank 1 Markets AS. Assuming the necessary approvals are forthcoming, the transaction will be completed in the first quarter of 2023.

SR-Bank Markets' operating income amounted to NOK 244 million in 2022, a slight increase from NOK 238 million in 2021. The income generated is recognised as income in the business areas to which the customers are assigned, primarily Large Corporates. In 2022, income of NOK 72 million was recognised in the business areas, compared with NOK 104 million in 2021. Pre-tax profit amounted to NOK 102 million in 2022, up from NOK 60 million in 2021.

Subsidiaries

The subsidiaries' products and services enable the group to offer a broader range to customers and enhance the bank's earnings basis. Good teamwork and joint marketing make the group a one-stop provider of financial products and services.

EiendomsMegler 1 SR-Eiendom AS

The company posted a turnover of NOK 395 million for 2022, a decrease from NOK 449 million in 2021, and a pre-tax profit of NOK 18.8 million for 2022, down from NOK 60.0 million for 2021. The reduction was due to a lower sales volume than in the record-breaking year of 2021, when the level of activity was unusually high.

In 2022, 6,233 properties were sold with a total value of around NOK 21.7 billion. The supply of new assignments was weaker than in the corresponding period last year with a 3.6 percent reduction compared with a national reduction of 1.8 percent.

Overall, the company is the largest actor in real estate brokerage in the counties of Rogaland, Vestland and Agder, with a stable market share of just under 20 percent. A branch was opened in Oslo in 2022 with the primary aim of contributing to increased growth for the group.

Price growth in 2022 in our main area of Nord-Jæren was 3.7 percent, with Kristiansand at 5.0 percent and Bergen at 0.5 percent. The national growth in prices was 1.5 percent in 2022. A decline in the housing market is expected in 2023, albeit with large regional differences.

SpareBank 1 SR-Bank ForretningsPartner AS

SpareBank 1 SR-Bank ForretningsPartner AS posted a turnover of NOK 410.7 million in 2022, up from NOK 336.3 million in 2021. Pre-tax profit was NOK 17.0 million for 2022, down from NOK 34.3 million for 2021. The increase in turnover was primarily due to the full effect of Tveit Regnskap AS (acquisition with effect from 15.4.2021). The result for 2022 was weaker than for the same period last year and this is primarily due to extraordinary income last year related to mergers and acquisitions, as well as increased costs related to integration work in 2022. The result includes depreciation of intangible assets of NOK 6.4 million.

SpareBank 1 SR-Bank ForretningsPartner AS has through a number of acquisitions established a solid market position in accounting services, with offices in Rogaland, Vestland, Oslo and Agder. SpareBank 1 SR-Bank ForretningsPartner AS is one of the country's largest actors within accounting and advisory services.

SR-Boligkreditt AS

The company achieved a pre-tax profit of NOK 900.1 million in 2022, compared with NOK 838.7 million in 2021. The improved profit was mainly due to a positive market value adjustment of basis swaps. Market value adjustment of basis swaps amounted to NOK 367.1 million in 2022, compared with NOK -70.1 million in 2021. Net interest income decreased by NOK 330.6 million from 2021 to NOK 640.9 million in 2022 due to weaker lending margins.

The company's purpose is to purchase residential mortgages from SpareBank 1 SR-Bank ASA, and it funds this by issuing covered bonds. SR-Boligkreditt AS enables the parent company to diversify and optimise its external funding. Moody's has given SR-Boligkreditt AS its best rating, Aaa. At year end 2022, the company had issued covered bonds with a nominal value of NOK 87.4 billion and bought loans worth NOK 104.5 billion from SpareBank 1 SR-Bank.

FinStart Nordic AS

FinStart Nordic AS invests in, and contributes to the development and growth of, innovative financial technology companies. The aim is to strengthen and expand the group's value chains and help streamline the group by supplying innovative products and services. At the same time, FinStart Nordic AS is looking to achieve a financial return on the company portfolio. The company also manages the portfolio of a former subsidiary that primarily had investments linked to the oil industry.

The company posted a pre-tax profit of NOK 51.6 million in 2022, down from NOK 85.0 million in 2021. In 2022, the value of the financial technology (fintech) portfolio increased by a total of NOK 6.7 million, compared with NOK 60.4 million in 2021, and the value of investments in the oil industry increased by NOK 40.8 million, compared with NOK 32.0 million in 2021. In 2021, a sell-down in Boost.ai AS significantly contributed to the positive change in value in the fintech portfolio.

New fintech, tech or impact/ESG investments are assessed on an ongoing basis with the purpose of strengthening the group's capacity for streamlining, business development and innovation.

Monio AS

Monio AS (formerly Monner AS) is a payment company and a registered loan arranger. Monio AS is a licensed payment initiation service provider (PISP) and account information service provider (AISP) under the PSD2 Regulation.

In 2022, Monio AS posted a deficit of NOK 15.6 million compared with a profit of NOK 49.7 million in 2021. The negative result was in line with expectations and due to the company being in a development phase, which means that costs from products and market development will be higher than earnings. In 2021, NOK 70.3 million of the profit was related to the gain from the sale of Monner Gründer's business to SpareBank 1 SR-Bank ASA. The gain was eliminated in the consolidated accounts.

Monio AS arranges direct loans from private investors (people and limited liability companies) to small and medium-sized Norwegian companies via its proprietary digital platform. At year end 2022, the company had arranged loans totalling NOK 969 million for Norwegian enterprises. The company's main product is arranging secured loans for property projects. The market for crowd funded corporate loans has grown, although it appears that the growth has levelled off.

Associated companies and joint ventures

SpareBank 1 Alliance

The SpareBank 1 Alliance is Norway's second largest financial group and is a banking and product partnership in which the SpareBank 1 banks in Norway cooperate in order to keep them strong and independent. The purpose of the Alliance is to procure and provide competitive financial services and products, and to exploit economies of scale in the form of lower costs and/or higher quality. The Alliance is run through its ownership and participation in SpareBank 1 Utvikling DA, while the development and operation of product companies is organised through the banks' ownership of the holding company SpareBank 1 Gruppen AS.

SpareBank 1 Gruppen AS

SpareBank 1 Gruppen AS owns 100 percent of the shares in SpareBank 1 Forsikring AS, SpareBank 1 Factoring AS, and SpareBank 1 Spleis AS. SpareBank 1 Gruppen AS also owns 65 percent of the shares in Fremtind Forsikring AS, 50 percent of the shares in Kreditor AS, and 49 percent of the shares in LO Favør AS. SpareBank 1 SR-Bank ASA owned a 19.5 percent stake in SpareBank 1 Gruppen AS at the end of 2022.

SpareBank 1 Gruppen AS posted a significantly weaker result for 2022 than for the year before. Pre-tax profit was NOK 1,458 million in 2022, compared with NOK 4,105 million in 2021. Profit after tax was NOK 1,196 million for 2022, down from NOK 3,250 million for 2021. The controlling interest's share of the net profit amounted to NOK 895 million, down from NOK 2,415 million in 2021. The decrease in profit was due to financial income in the insurance companies being significantly lower this year due to weak equity markets, higher interest rates and write-downs of investment properties. In connection with the merger of Modhi Finance and Kreditor, a group gain of NOK 382 million was recognised as income in 2022. In the fourth quarter, SpareBank 1 Gruppen AS became the owner of 50 percent of the Kreditor Group. Return on equity after tax was 8.0 percent, down from 21.9 percent in 2021.

SpareBank 1 Utvikling DA

SpareBank 1 Utvikling DA delivers business platforms and common management and development services to the Alliance banks. The company contributes to joint activities that provide the banks with benefits in the form of economies of scale and expertise. The company also owns and manages the Alliance's intellectual property rights under a common brand name, SpareBank 1. SpareBank 1 SR-Bank ASA owned a 18.0 percent stake in SpareBank 1 Utvikling DA at year end 2022.

SpareBank 1 Forvaltning AS

SpareBank 1 Forvaltning AS delivers products and services designed to streamline and simplify savings for its customers. The SpareBank 1 Forvaltning group was established on 1.5.2021. The company consists of the subsidiaries ODIN, SpareBank 1 Kapitalforvaltning AS, and SpareBank 1 Verdipapirservice AS. SpareBank 1 Forvaltning AS is owned by the SpareBank 1 banks and the Norwegian Confederation of Trade Unions (LO). SpareBank 1 SR-Bank ASA's stake was 35.8 percent at year end 2022.

SpareBank 1 Forvaltning AS posted a pre-tax profit of NOK 232 million for 2022.

BN Bank ASA

BN Bank ASA is a nationwide bank with its head office in Trondheim. BN Bank ASA achieved a pre-tax profit of NOK 780 million in 2022, up from NOK 632 million in 2021. The improvement in profit was mainly due to an increase in net interest income of NOK 222 million.

The bank is owned by the banks in the SpareBank 1 Alliance. SpareBank 1 SR-Bank ASA's stake was 35.0 percent at year end 2022.

SpareBank 1 Kreditt AS

SpareBank 1 Kreditt AS is owned by the SpareBank 1 banks. SpareBank 1 SR-Bank ASA owns a stake of 16.2 percent. The company provides credit card solutions for the SpareBank 1 banks and posted a pre-tax profit of NOK 61 million in 2022, down from NOK 89 million in 2021. The company saw good growth in 2022 but profit dropped as a result of increased impairment provisions of NOK 36 million in 2022, up from NOK 3 million in 2021.

SpareBank 1 Betaling AS

The SpareBank 1 banks jointly own SpareBank 1 Betaling AS. SpareBank 1 SR-Bank ASA's stake is 19.1 percent. SpareBank 1 Betaling AS owns a 23.7 percent stake in Vipps AS.

SpareBank 1 Betaling AS posted a pre-tax profit of NOK 65.0 million for 2022, compared with a loss of NOK -69.0 million in 2021. The positive profit contribution in 2022 was mainly due to Danske Bank AS's acquisition of shares in Vipps AS in the fourth quarter.

For more information about the accounts of the various companies, please refer to their quarterly reports, which are available on the websites of the various companies.

Events after the balance sheet date

No material events have been registered after 31.12.2022 that affect the annual financial statements as prepared.

Accounting policies

Please refer to note 2 for a description of the accounting policies applied in the parent company's and consolidated financial statements. The same accounting policies are applied in interim and annual financial statements.

Corporate governance

Corporate governance in SpareBank 1 SR-Bank ASA is based on, among other things, the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance. This comprises the objectives and overriding principles according to which the group is governed and controlled, to secure the interests of shareholders, customers and other stakeholders. Governance of the group's activities shall ensure prudent asset management and greater assurance that publicly declared goals and strategies are reached and realised. You can read more about corporate governance on page 60 in the chapter "Corporate governance".

Risk management

SpareBank 1 SR-Bank ASA's core activity is to create value by taking conscious and acceptable risks. The group therefore invests significant resources in improving risk management systems and processes in line with leading international practice.

Risk and capital management in SpareBank 1 SR-Bank ASA should ensure financial resilience and create financial and strategic added value through:

- A good risk culture
- A clear management and control structure that promotes independence
- A good understanding and management of the risks that drive earnings and losses
- Preventing single events damaging the group's financial position
- Pricing products and services based on underlying risk
- Effective raising and use of capital that reflects the chosen risk profile

The group's risk is quantified, inter alia, by computing expected losses and risk-adjusted capital so it can cover any unexpected losses. Expected losses describe the amount the group statistically expects to lose during a 12-month period, while risk-adjusted capital describes how much capital the group believes it needs to cover the actual risk to which the group is exposed.

Credit risk

Credit risk is managed via the framework procedures for granting credit, monitoring exposures and portfolio management. The general credit strategy stipulates that the group shall have a moderate risk profile.

The quality of the retail market portfolio is considered to be very good with a low risk of losses. Most of the portfolio is secured by mortgages on real estate, and the LTV is, for the most part, moderate. This implies that potential losses are limited as long as the values are not significantly impaired.

The quality of the SME & Agriculture portfolio is considered very good, with a low risk of losses and low defaults. The proportion of exposures with a probability of default of less than 2.5 percent through a full loss cycle was 86.0 percent of the portfolio at the end of 2022.

The quality of the Large Corporates portfolio is considered good. The proportion of exposures with a probability of default of less than 2.5 percent through a full loss cycle is rising and now amounts to 86.0 percent of the portfolio. The portfolio in the property sector represents the group's greatest concentration in a single sector. A large portion of this portfolio consists of financing commercial properties for leasing. The portfolio is characterised by long-term leases and financially solid tenants.

Market risk

Market risk is managed on the basis of conservative limits for positions in interest instruments and currencies, as well as investments in shares and bonds. The board reviews and approves the limits at least once a year.

Part of the group's market risk is linked to investments in bonds and certificates. At the end of 2022, the group's holdings of liquid assets in the form of bonds and certificates totalled NOK 54.0 billion. Quantification of the risk associated with falls in value in the liquidity portfolio measured at fair value is calculated based on the Financial Supervisory Authority of Norway's model for risk-based supervision of market risk.

Risk activities relating to trading in foreign exchange, interest rate instruments and securities arise within the limits, authorities and credit lines for counterparties that are adopted at any time. SpareBank 1 SR-Bank ASA assumes, to a limited extent, the interest rate and foreign exchange risk in connection with trading activities for own account. As far as possible, income from operations is generated in the form of customer margins in order to ensure earnings are as stable and reliable as possible.

The group's market risk exposure is deemed moderate.

Liquidity risk

The bank's framework for managing liquidity risk shall reflect the bank's conservative risk profile. Liquidity risk shall be low. The group's lending is financed primarily by customer deposits and long-term securities issued, including the sale of home mortgage portfolios to the wholly owned company SR-Boligkreditt AS. The liquidity risk is restricted by diversifying securities issued in terms of markets, funding sources, instruments and maturity periods.

SpareBank 1 SR-Bank ASA had very good liquidity at year end 2022 and believes it will continue to have good access to long-term funding at competitive prices. The group strives to achieve an even maturity structure for funding and believes it is important to have good relations with Norwegian and international investors and banks. The liquidity buffer was NOK 61.2 billion at year end 2022 and would cover normal operations for 33 months in the event of closed markets. NOK 19.7 billion of the bank's external funding will come due in the next 12 months. In addition to the liquidity buffer, the bank has NOK 22.1 billion in residential mortgages ready for covered bond funding.

The group's liquidity situation is very good, and the group has continued to enjoy a high proportion of long-term funding in the last 12 months. The group's net stable funding ratio (NSFR) at year end 2022 was 130 percent.

Operational risk

The group uses a systematic process to identify and quantify operational risks that the group is exposed to at any time. The analysed risk exposure in 2022 remained within the board's adopted limits for maximum allowable exposure at all times.

Adverse events are registered and systematically analysed to avoid repetitions and learn lessons. No single events occurred in 2022 that had significant financial consequences.

Compliance

SpareBank 1 SR-Bank ASA's goal is to have good processes to ensure compliance with legislation and regulations. The board adopts the group's compliance policy that describes the main principles for responsibility and organisation.

Compliance risk is the risk of the group incurring public sanctions/penalties or financial loss as a result of a failure to comply with legislation and regulations. The compliance function is tasked with identifying and preventing risks related to compliance with external and internal regulations. At least once a year, Compliance conducts risk assessments that provide a basis for control plans and recommending measures. Observations from control activities are regularly reported to the board and group executive management team. Compliance is involved in the efforts to ensure responsible product and service management through participation in the group's approval process for new products, systems and services. Compliance also conducts training activities and advises the organisation on regulations.

Compliance carries out 2nd line checks using a risk-based approach that is part of the ongoing internal control process. Any compliance breaches are registered in the group's incident database. Improvement measures are allocated to the responsible people in the front line and followed up by the 2nd line via the group's incident database.

There were no material breaches of external or internal rules in 2022 that resulted in official sanctions, fines or financial loss.

The group's code of conduct clarifies the principles with which the bank and employees must comply. Among other things, they emphasise the group's work on sustainability and zero tolerance for corruption. The group has established the "Guiden" quality system, which operationalises the statutory requirements, policies and guidance from the board and group executive management team that shall apply in the group. The Guide contributes to good management and control, including by highlighting the governance structure, managing the group's governing documentation and operationalising the work on internal control.

Ownership risk

Ownership risk is the risk that SpareBank 1 SR-Bank ASA bears if it suffers negative results from stakes in strategically owned companies and/or the need to inject fresh capital into these companies. Owned companies are defined as companies where SpareBank 1 SR-Bank ASA has a significant stake and influence. SpareBank 1 SR-Bank is mainly exposed to owner risk through its stakes in:

- SpareBank 1 Gruppen AS (19.5%)
- BN Bank ASA (35.0%)
- SpareBank 1 Forvaltning AS (35.8%)
- SpareBank 1 Kreditt AS (16.2%)
- SpareBank 1 Bank og Regnskap AS (25.0%)
- SpareBank 1 Betaling AS (19.1%)
- SpareBank 1 Gjeldsinformasjon AS (18.3%)

Corporate social responsibility and sustainability

The savings bank model originates from local needs for capital for growth, development and to create better local communities. SpareBank 1 SR-Bank has for generations given back to society and contributed to community dividends in the regions of which we are a part. Our goal is to ensure that around 50 percent of the group's profit is distributed as dividends and with Sparebankstiftelsen SR-Bank and SpareBank 1-stiftinga Kvinnherad as two of our largest owners, this results in the return of the value created through donations to good causes. In 2022, the two foundations donated NOK 179 million in donations to local communities across Southwestern Norway.

The Stiftelsen G9alt Talentutvikling foundation distributed 24 grants to talented young people in the same area last year. The grants are intended to help these young talents develop and continue their work in the years to come.

SpareBank 1 SR-Bank donated to four aid organisations in Ukraine in 2022 due to the war that is ravaging the country. Employees also volunteered as counters for the telethon in October in which the public and the group gave their support to Doctors Without Borders. In December, our employees decided to donate this year's Christmas gift from SpareBank 1 SR-Bank to Mental Helse's mental health work.

Sustainability and the green transition are receiving ever more attention, both in business and in society in general. The group's ambition is to be the customer's ally in the sustainability transition and ensure sustainability is integrated throughout our activities. The group's sustainability strategy represents an integral part of the overarching corporate strategy.

SpareBank 1 SR-Bank ASA wants to help ensure achievement of the Paris Agreement's goal of limiting global warming to 1.5°C by the end of 2050 and has set a goal of achieving net zero emissions from lending and investing activities by the end of 2050. The group also aims to finance and facilitate at least NOK 50 billion in sustainable financing by the end of 2030. At the end of 2022, the bank had financed around NOK 15 billion in sustainable activities. Increasing attention is also being paid to climate-related factors in the credit ratings that are carried out. The bank has recently implemented an ESG risk module that will be used in its ongoing credit work to uncover this risk.

In 2022, the group arranged its first sustainability festival for all employees, improved employee skills within sustainability and expanded the sustainability department from two to five employees. SpareBank 1 SR-Bank ForretningsPartner AS established its own advisory team for sustainability work in 2021. Advice services were improved in 2022, and the company now offers a wide range of advice solutions in the area of sustainability.

The group will comply with the provisions of the Transparency Act. The SpareBank 1 SR-Bank Group's due

diligence report will be available on the group's website as required by the applicable regulations. The group also supports the UN Sustainable Development Goals and has selected four goals that it will particularly focus on: Goal 5 Gender equality, Goal 8 Decent work and economic growth, Goal 13 Climate action, and Goal 16 Peace, justice and strong institutions. The group has developed specific targets for these.

Capital management

Capital management shall ensure that SpareBank 1 SR-Bank ASA balances the relationship between:

- Effective funding and capital allocation in relation to the group's strategic objectives and adopted business strategy
- Competitive returns on equity
- Satisfactory capital ratio on the basis of the adopted risk profile and the regulations issued by the authorities, as well as the demands of market players at any time
- Competitive terms and ample access to long-term funding from the capital markets
- Exploitation of growth opportunities in the group's defined market area.

A capital plan is drawn up every year to ensure long-term, effective capital management. These projections take into account both expected developments in the coming years and a situation involving a serious economic recession over several years. Various stress tests are carried out of both individual factors and scenario analyses where the group is exposed to a range of negative macroeconomic events over several years. In addition, SpareBank 1 SR-Bank has prepared contingency plans for dealing with such crises as effectively as possible should they nevertheless arise. SpareBank 1 SR-Bank ASA is in a solid financial position.

At year end 2022, the Common Equity Tier 1 capital ratio was 17.4 percent, unchanged from 31.12.2021. The 'banking package' (CRR II/CRD IV) came into force in the second quarter of 2022 and reduced the risk-weighted balance sheet by NOK 3.4 billion, equivalent to approximately 47 basis points.

The total requirement for SpareBank 1 SR-Bank ASA's Common Equity Tier 1 capital ratio was 16.85 percent at the end of 2022. The requirement includes a systemic risk buffer, countercyclical buffer, Pillar 2 premium and capital adequacy margin.

The Tier 1 capital ratio was 18.8 percent, while the total capital ratio was 20.3 percent at the end of 2022. This is well above the capital adequacy requirement of 19.35 percent, including the capital requirement margin of 1.25 percent.

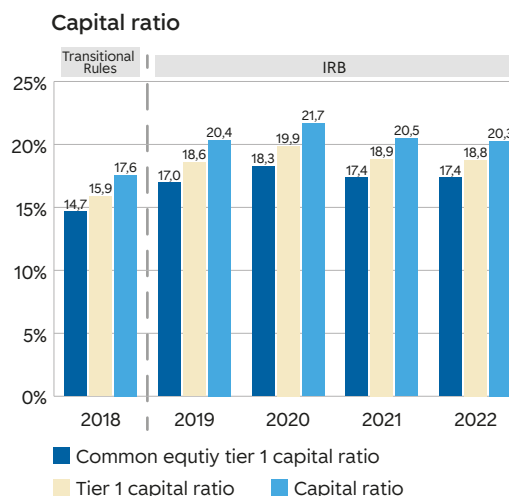
A countercyclical buffer requirement applies in Norway in the range of 0-2.5 percentage points in the form of Common Equity Tier 1 capital. The purpose of the countercyclical buffer is to make the banks more solid and robust in relation to lending losses. The capital buffer requirement amounted to 2.5 percentage points at the end of 2019. As a result of the Covid-19 situation, the countercyclical buffer

requirement was reduced by 1.5 percentage points to 1.0 percent with effect from March 2020. In June 2021, the Ministry of Finance decided to increase the capital requirement for the countercyclical buffer by 0.5 percentage points to 1.5 percent with effect from 30.6.2022. In December 2021, a decision was made to increase the countercyclical buffer requirement by a further 0.5 percentage points to 2.0 percent with effect from 31.12.2022. In March 2022, a decision was made to introduce a full countercyclical buffer of 2.5 percent with effect from 31.3.2023.

The Pillar 2 premium is an institution-specific premium intended to ensure that Norwegian banks have adequate capital to cover the risk associated with operations, including risks not covered by the regulatory minimum requirement.

In April 2022, the Financial Supervisory Authority of Norway set an individual Pillar 2 premium for the group of 1.6 percentage points, down from the 1.7 percentage points set in 2018. In addition, it added as temporary Pillar 2 premium of 0.5 percent until applications for model changes have been processed. The authority also expects the group to have a capital adequacy margin of 1.25 percent, up from 1.0 percent. The authority's decision became effective on 30.4.2022.

In March, the board adopted a new target for the Common Equity Tier 1 capital ratio of at least 16.85 percent. This includes a full countercyclical buffer of 2.5 percent.



External audit

The group's external auditor is PricewaterhouseCoopers AS (PwC).

Internal audit

Internal audits are carried out by EY. Internal audits report directly to the board.

Insurance

Insurance has been taken out for the members of the board of directors and the CEO to cover their potential liability to the company and third parties. This insurance covers the liability of the indemnified for economic loss resulting from claims arising from alleged liable actions or omissions.

Employees and working environment

The group's overarching goals for equality and diversity are:

- 40/60 percent gender balance at all management levels (2, 3 and 4)
- Equal pay between the genders – equal pay for equal work

To support these goals, we will have:

- Near 40/60 percent gender balance and diversity represented in succession plans (for management positions)
- Near 50/50 percent gender balance for internal management candidates, leadership development and talent programmes and mentor programmes
- Near 50/50 percent gender balance for lists of final candidates for advertised positions

We have achieved our gender balance goals for succession plans, internal management programmes and final candidate lists for advertised positions.

We are on track to achieve the goal of a 40/60 percent gender balance at all management levels. As far as equal pay is concerned, there is little imbalance at the employee level, although there remains some at the senior management levels.

Part of the explanation for the gender differences at senior management levels is that men hold the weightiest management roles, and this reflects the pay differences.

In SpareBank 1 SR-Bank, diversity is about inclusion and the practice we have in management and together of really releasing the potential of every individual employee. All employees must have equal opportunities with respect to pay and career development, irrespective of age, ethnicity, national origin, heritage, skin colour, language, religion, sexual orientation, life stance or disability. The group wants to actively encourage equal career opportunities for both

genders within leading and heavily specialised positions and is working towards gender balance in the senior management. Targets have been set for this work. The executive management team updates the board every year on the status of the goals within the area of equality and diversity. The equality and diversity policy is available from www.sr-bank.no. In line with its instructions, the nomination committee must ensure that the composition of the board is such that it can safeguard the interests of the shareholder community, well as meet the requirements for expertise, capacity and diversity. This includes ensuring that, together, board members meet the necessary and statutory competence requirements, and addressing equality and diversity with regard to age, gender and educational and professional background.

The bank's share

The price of the bank's share (SRBNK) was NOK 120.70 at year end 2022. This resulted in an effective negative return of 4.9 percent from the end of 2022. The Oslo Børs's main index fell by 1.0 percent in the corresponding period (not corrected for dividends). Some 5.5 percent of outstanding SRBNK shares were traded in the fourth quarter of 2022 (5.0 percent).

There were 17,821 shareholders at year end 2022 (16,826). The proportion owned by foreign companies and individuals was 22.8 percent, while 63.7 percent were resident in Rogaland, Agder, Vestland, Oslo and Viken. The 20 largest shareholders owned a total of 57.0 percent of the shares. The bank holds 29,219 treasury shares, while group employees owned 1.8 percent.

Going concern

The bank has good financial strength, and the market outlook looks good. Together with implemented and planned measures, this contributes to a good prospect of further progress for the group in 2023. The annual financial statements have been prepared based on the assumption that the group is a going concern.

Allocation of profit for the year/dividend

SpareBank 1 SR-Bank ASA's financial goal for its activities is to achieve results that provide a good, stable return on the bank's equity, thus creating value for the owners in the form of competitive dividends and a higher share price. Consideration is given to financial needs, including capital adequacy requirements and the group's targets and strategic plans, when determining the annual dividend. Unless capital requirements dictate otherwise, the goal of the board is to distribute approximately half of the net profit for the year as dividends.

The dividend paid is based on the parent bank's distributable profit, which was NOK 3,253 million in 2022, equivalent to NOK 12.39 per share. In line with the dividend policy, various factors are taken into consideration when proposing dividends, with particular weight being attached to capital requirements and the Tier 1 capital ratio. The board is, therefore, proposing a dividend of NOK 7.00 per share for 2022, which corresponds to around 54.5 percent of the consolidated earnings per share.



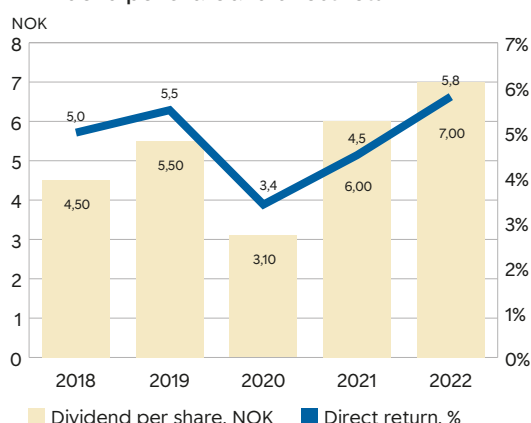
Arne Kjærstad -
with workplace at
Finansparken in
Stavanger. Arne is the
system owner for the
payment solutions in
corporate customers'
online banking.

The board proposes the following allocations for the 2022 financial year:

	NOK millions
Parent company net profit for the year	3,253
Distributable	3,253
Dividend (NOK 7.00 per share)	1,790
Retained earnings	1,463
Total	1,463

In the opinion of the board, following the proposed allocations and other completed and planned actions, SpareBank 1 SR-Bank ASA's financial strength will be good, and it will have sufficient flexibility to support the group's planned activities for the future.

Dividend per share and direct return ^{1) 2)}



¹⁾ The board exercised its special authorisation from April 2020 and at the board meeting on 10.2.2021 approved a dividend of NOK 5.50 per share for the 2019 financial year, which was paid out on 19.3.2021. The board exercised its special authorisation from April 2021 and at the board meeting on 30.9.2021 approved a dividend of NOK 3.10 per share for the 2020 financial year, which was paid out on 13.10.2021.

²⁾ Dividend per share as a percentage of share price as at the end of the year.

Outlook

The macroeconomic picture is characterised by, among other things, the war in Europe and there is considerable uncertainty surrounding future economic developments. At the same time, the activity in the Norwegian economy has been good in 2022 with high employment and very low unemployment. The extraordinary savings that built up during the pandemic have strongly contributed to higher demand and consumer growth during the year. Inflation

has risen in 2022 and Norges Bank increased its policy rate sharply. Because of the higher interest rates, high electricity prices, lower real wages growth and great uncertainty in the world, lower consumption growth is expected going forward. SpareBank 1 SR-Bank's Business Barometer, which was launched in January 2023, shows that business expects a change from growth to downturn. High inflation and interest rates will curb profitability and investments, although there are major differences between industries.

The board has adopted a new, long-term target for return on equity of at least 13%. This target will be achieved through customer growth in Southern Norway, growth in other income, greater cost efficiency and a diversified portfolio. The group's cost/income ratio target is less than 40%.

The group has a Common Equity Tier 1 capital ratio target of a minimum of 16.85%. SpareBank 1 SR-Bank ASA is a solid, profitable group and has in recent years increased its financial strength in line with the authorities' requirements. This was achieved through earnings via a business model involving good breadth in earnings and efficient operations. SpareBank 1 SR-Bank ASA's dividend policy remains unchanged, with an expected dividend of around 50% of the profit for the year. Consideration must be given to financial needs, including capital adequacy requirements and the group's targets and strategic plans, when determining the annual dividend.

SpareBank 1 SR-Bank ASA is a proactive financial services group with strong distribution. As Norway's second largest privately owned bank, the group provides financial muscle for growth, value creation, and profitability for customers, society, and our owners. The group is a bank for the whole of Southern Norway, in which the Oslo region is a particular focus area. Having a presence in this market is important with respect to geographical diversification and creating a greater basis for growth, and thus earnings.

A good mutual relationship between the region's inhabitants, the business sector and the bank are important for growth in the group's market area. The board would like to thank the group's customers, owners, employees and other partners for their loyal support of SpareBank 1 SR-Bank ASA in 2022 and assure them that it will make every effort to ensure that this teamwork continues.

Stavanger 8 March 2023

Dag Mejdell

Dag Mejdell
Chair of the board

Kate Henriksen

Kate Henriksen

Kjetil Skjæveland

Kjetil Skjæveland

Trine Sæther Romuld

Trine Sæther Romuld

Jan Skogseth

Jan Skogseth

Camilla AC Tøpfer

Camilla AC Tøpfer

Sally Lund-Andersen


Sally Lund-Andersen
Employee representative

Kristian Kristensen

Kristian Kristensen
Employee representative

Benedicte Schilbred Fasmer

Benedicte Schilbred Fasmer
Chief Executive Officer



Maren Øydna – authorized financial advisor in Mandal. Maren advice customers in the personal market who wants to speak about for example loans, insurances or savings. The picture was taken at the office in Farsund.

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INCOME STATEMENT

Parent bank		(Figures in NOK millions)	Note	Group	
2021	2022			2022	2021
3,880	6,051	Interest income effective interest method	18	8,459	5,474
335	913	Other interest income	18	940	344
1,198	3,111	Interest expense	18	4,883	1,817
3,017	3,853	Net interest income		4,516	4,001
1,019	1,132	Commission income	19	1,836	1,801
91	87	Commission expense	19	87	90
12	24	Other operating income	19	21	6
940	1,070	Net commissions and other operating income		1,770	1,717
30	53	Dividends		70	30
1,106	1,055	Income from ownership interests	38	453	676
292	-40	Net gain/loss from financial investments	20	233	320
1,428	1,069	Net income from financial investments		756	1,026
5,385	5,991	Total net income		7,042	6,744
1,182	1,234	Salaries and other personell expense	21	1,788	1,722
635	692	Other operating expense	22	865	817
142	137	Depreciation and impairment of fixed and intangible assets	29,30,31	173	175
1,960	2,064	Total operating expense		2,825	2,714
3,425	3,927	Pre-tax operating profit before impairment		4,216	4,030
193	4	Impairment losses on loans and other financial liabilities	10	5	192
3,232	3,923	Pre-tax operating profit		4,211	3,838
468	670	Tax expense	24	834	682
2,764	3,253	Profit for the year		3,378	3,156
2,698	3,168	Portion attributable to shareholders		3,293	3,089
67	85	Portion attributable to hybrid capital owners		85	67
2,764	3,253	Profit for the year		3,378	3,156
Comprehensive Income Statement					
-72	1	Actuarial gains and losses		3	-72
18	-0	Tax effect of actuarial gains and losses		-1	18
-54	1	Items that will not be reclassified to the income statement		2	-54
-2	1	Change in ECL 12 months		0	-
		Change in value, basis swap	27	120	-58
		Tax effect of change in value, basis swaps	27	-30	15
		Share of other comprehensive income in associated companies and joint ventures		10	10
-2	1	Items that may subsequently be reclassified to the income statement		100	-33
-56	2	Other comprehensive income for the year		102	-87
2,709	3,255	Total comprehensive income		3,480	3,069
Earnings per share					
10.55	12.39	Earnings per share ¹⁾	21,40	12.88	12.08
10.55	12.39	Diluted earnings per share ²⁾	21,40	12.88	12.08

¹⁾ The shareholders' share of the profit/average no. of outstanding shares

²⁾ The shareholders' share of the profit/average no. of outstanding shares + bonus shares

BALANCE SHEET

Parent bank				Group	
2021	2022	(Figures in NOK millions)	Note	2022	2021
		Assets			
78	76	Cash and receivables from the central bank	36	76	78
13,214	25,760	Loans to and receivables from credit institutions	7	11,939	5,366
139,260	146,988	Loans to customers	8,11,13	251,272	228,578
54,321	54,882	Certificates and bonds	13,26	53,989	56,266
6,713	28,131	Financial derivatives	27	18,612	5,053
694	496	Shares, ownership stakes and other securities	28	848	1,001
2,363	2,593	Investments in ownership interests	38	5,242	4,894
7,569	7,547	Investments in group companies	38	-	-
70	70	Intangible assets	29	454	458
565	1,102	Deferred tax asset	24	1,075	598
283	273	Fixed assets	30	923	979
881	857	Right-of-use assets	31	314	334
361	767	Other assets	32	1,186	797
226,373	269,542	Total assets		345,931	304,403
		Liabilities			
3,361	9,585	Debt to credit institutions	7	3,428	2,634
138,043	148,442	Deposits from customers	33	148,100	137,664
44,116	51,364	Securities issued	34	135,353	122,276
5,495	20,224	Financial derivatives	27	15,771	3,203
-0	1,206	Payable taxes	24	1,345	232
920	903	Lease liabilities	31	336	359
270	245	Pension commitments	23	251	277
152	138	Impairment provisions on financial liabilities	10	138	153
518	584	Other liabilities	35	858	830
7,465	9,301	Senior non-preferred debt	34	9,301	7,465
2,130	2,161	Subordinated loan capital	37	2,161	2,130
202,471	244,152	Total liabilities		317,042	277,224
		Equity			
6,394	6,394	Share capital	40	6,394	6,394
1,587	1,587	Share premium reserve		1,587	1,587
1,535	1,790	Allocated dividend		1,790	1,535
1,850	1,700	Hybrid capital	40	1,700	1,850
12,537	13,919	Other equity		17,418	15,814
23,902	25,390	Total equity		28,889	27,179
226,373	269,542	Total liabilities and equity		345,931	304,403

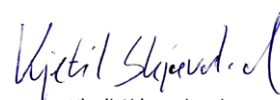
Stavanger 8 March 2023



Dag Mejdell
Chair of the board



Kate Henriksen



Kjetil Skjæveland



Trine Sæther Romuld



Jan Skogseth



Camilla AC Tepfers



Sally Lund-Andersen
Employee representative



Kristian Kristensen
Employee representative



Benedicte Schilbred Fasmer
Chief Executive Officer

STATEMENT OF CHANGES IN EQUITY

(Figures in NOK millions)

Parent bank	Share capital	Share premium reserve	Hybrid capital	Non-controlling interests	Other equity	Total equity
Equity 31.12.2020	6,394	1,587	1,850		13,631	23,462
Net profit for the year					2,764	2,764
Actuarial gains/losses after tax on pension schemes					-54	-54
Change in ECL ¹⁾ 12 months					-2	-2
Total comprehensive income					2,708	2,708
Hybrid capital						-
Interest hybrid capital					-67	-67
Dividends in 2019, finally determined in 2021					-1,407	-1,407
Dividends in 2020, finally determined in 2021					-793	-793
Trade in treasury shares					-1	-1
Transactions with shareholders					-2,201	-2,201
Equity 31.12.2021	6,394	1,587	1,850		14,072	23,902
Net profit for the year					3,253	3,253
Actuarial gains/losses after tax on pension schemes					1	1
Change in ECL ¹⁾ 12 months					1	1
Total comprehensive income					3,255	3,255
Hybrid capital			-150			-150
Interest hybrid capital					-85	-85
Dividends in 2020, finally determined in 2021					-1,535	-1,535
Trade in treasury shares					2	2
Transactions with shareholders					-1,533	-1,533
Equity 31.12.2022	6,394	1,587	1,700		15,709	25,390
Group						
Equity 31.12.2020	6,394	1,587	1,850	5	16,557	26,393
Net profit for the year					3,156	3,156
Actuarial gains/losses after tax on pension schemes					-54	-54
Basis swap spread after tax					-43	-43
Share of other comprehensive income from associated companies					10	10
Total comprehensive income					3,069	3,069
Hybrid capital						-
Interest hybrid capital					-67	-67
Non-controlling interest				-5	5	-
Transactions against equity in subsidiaries and associated companies					-16	-16
Dividends in 2019, finally determined in 2020					-1,407	-1,407
Dividends in 2020, finally determined in 2021					-793	-793
Trade in treasury shares					-	-
Transactions with shareholders					-2,200	-2,200
Equity 31.12.2021	6,394	1,587	1,850	-	17,348	27,179
Net profit for the year					3,378	3,378
Actuarial gains/losses after tax on pension schemes					2	2
Basis swap spread after tax					90	90
Share of other comprehensive income from associated companies					10	10
Total comprehensive income				-	3,480	3,480
Hybrid capital			-150			-150
Interest hybrid capital					-85	-85
Non-controlling interest					-2	-2
Transactions against equity in subsidiaries and associated companies						-
Dividends in 2021, finally determined in 2022					-1,535	-1,535
Trade in treasury shares					2	2
Transactions with shareholders					-1,533	-1,533
Equity 31.12.2022	6,394	1,587	1,700	-	19,208	28,889

¹⁾ ECL - expected credit loss

²⁾ Basis swap spread after tax recognised through OCI amounts to NOK 65 million of other equity for the group as of 31 December 2022

STATEMENT OF CASH FLOW

(Figures in NOK millions)

Parent bank		Note	Group	
2021	2022		2022	2021
-6,977	-7,690	8	-22,658	-7,136
4,017	5,783		8,404	5,652
19,649	10,399	33	10,436	14,113
-737	-2,021		-2,010	-733
8,365	-15,952	7	-15,429	3,115
-209	239		226	-438
-17,343	-561	26	2,277	-12,982
485	825		866	500
922	1,070		1,770	1,709
82	86		70	120
-1,624	-1,849		-2,654	-2,238
-669	-	24	-235	-834
-7,110	2,717		3,285	-8,283
-1,149	-6,954		-15,653	-7,435
-139	-79	30	-97	-177
3	15	30	15	3
-676	-235		-252	-929
395	15		31	492
1,115	1,108		402	406
698	824		100	-205
15,746	19,195	34	42,894	31,105
-14,133	-9,511	34	-22,017	-21,838
-379	-778		-2,586	-835
-	-	37	-	-
-	-	37	-	-
-40	-64		-64	-40
-	-150	40	-150	-
-67	-92		-92	-67
-72	-77	31	-58	-57
-2,200	-1,535		-1,535	-2,200
-1,145	6,989		16,392	6,068
-1,596	858		839	-1,572
2,138	542		580	2,152
542	1,400		1,419	580
Specification of cash and cash equivalents				
78	76		76	78
464	1,324		1,343	502
542	1,400		1,419	580

Cash and cash equivalents include cash and deposits in the central bank, and that part of total loans to and deposits in credit institutions that relate to pure placements in credit institutions. The statement of cash flow shows how the parent bank and group generated liquid assets and how these were applied.

NOTE 1 GENERAL INFORMATION

The SpareBank 1 SR-Bank Group consists of the parent bank, SpareBank 1 SR-Bank ASA ("the bank") and its subsidiaries.

Subsidiaries - Ownership 100 %

SR-Boligkreditt AS
EiendomsMegler 1 SR-Eiendom AS
FinStart Nordic AS with subsidiaries and associated companies
SpareBank 1 SR-Bank ForretningsPartner AS and subsidiaries
Finansparken Bjergsted AS
Monio AS
Rygir Industrier AS with subsidiaries (acquired assets)

Investments in associated companies	Ownership interest in % 31.12.
BN Bank ASA	35.0
SpareBank 1 Kreditt AS	16.2
SpareBank 1 Bank og Regnskap AS	25.0
SpareBank 1 Betaling AS	19.1
SpareBank 1 Gjeldsinformasjon AS	18.3
SpareBank 1 Forvaltning AS	35.8

Investments in joint ventures	Ownership interest in % 31.12.
SpareBank 1 Gruppen AS	19.5
SpareBank 1 Utvikling DA	18.0

Distribution of stakes in companies where the management structure is regulated by an agreement between the owners (stakes in %)	SpareBank 1 Gruppen AS	BN Bank ASA
SpareBank 1 SR-Bank	19.5	35.0
SpareBank 1 SMN	19.5	35.0
SpareBank 1 Nord-Norge	19.5	10.0
Samarbeidende Sparebanker	19.5	
SpareBank 1 Østlandet	12.4	10.0
SpareBank 1 Sørøst-Norge		7.5
SpareBank 1 Østfold Akershus		2.5
Norwegian Confederation of Trade Unions (LO)	9.6	

Some Alliance companies are classified as associated companies despite the stake being smaller than 20%. This is because the ownership structure and strategic cooperation between the owner banks in SpareBank 1 Gruppen AS give SpareBank 1 SR-Bank significant influence over these companies.

The bank's head office is in Stavanger and it has 35 branches in Rogaland, Agder, Vestland and Oslo. Some of the branches share premises with EiendomsMegler 1 SR-Eiendom AS. All subsidiaries have head offices in Stavanger, except for FinStart Nordic AS and Monio AS which have head offices in Oslo.

The group's primary activities are selling and mediating a wide range of financial products and services, investments services, consulting services, accounting services and leasing and estate agency.

The consolidated financial statements were approved by the board on 8.3.2023. The general meeting is the bank's supreme authority.

NOTE 2 ACCOUNTING POLICIES BASIS FOR PREPARATION OF THE ANNUAL FINANCIAL STATEMENTS

The parent bank's financial statements and the consolidated financial statements for 2022 for SpareBank 1 SR-Bank ('the group') have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. This includes interpretations from the IFRS Interpretations Committee (IFRIC) and its predecessor, the Standing Interpretations Committee (SIC).

SpareBank 1 SR-Bank is a public limited company registered in Norway with its headquarters in Stavanger. SpareBank 1 SR-Bank is listed on Oslo Børs.

The basis for measurement used in both the parent bank's and the consolidated financial statements is acquisition cost, with the following modifications: financial derivatives, parts of financial assets and parts of financial liabilities, are recognised at fair value with value changes through profit or loss.

Preparing financial statements in accordance with IFRS requires the use of estimates. Furthermore, applying international reporting standards requires management to use its judgement. Areas that involve a great deal of discretionary estimates, a high degree of complexity, or areas where assumptions and estimates are significant for the parent bank's and the consolidated financial statements are described in note 3.

The annual financial statements are presented in accordance with IFRS and interpretations that are obligatory for annual financial statements presented as at 31.12.2022. The annual financial statements have been prepared on the assumption that the group is a going concern.

New and revised standards that were applied in 2022:

There are no new standards, amendments to the standards or interpretations that materially affect the accounts of the group or the parent company adopted since 1.1.2022.

New standards and interpretations that have not been adopted yet:

IFRS 17 Insurance Contracts

IFRS 17 replaces IFRS 4 and sets out principles for the recognition, measurement, presentation, and disclosure of insurance contracts.

The purpose of IFRS 17 is to eliminate inconsistency in accounting practises of insurance contracts between companies. The main elements of the new standard are:

- An estimate of the present value of future cash flows of a group of insurance contracts. Future cash flows include future insurance premiums and settlement payments, claims and other payments to policyholder. The estimate shall take into

account an explicit risk adjustment, and the estimates shall reflect conditions existing at the balance sheet date.

- A contractual service margin equal to the day-one profit in the estimate of the present value of future cash flows from a group of insurance contracts. This profit element shall be recognised in the income statement over the coverage period.
- Certain amendments to the estimate for the present value of the future cashflows are adjusted against the contractual service margin and recognised in the result over the remaining coverage period for the insurance contracts.
- The effect of changes in the discount rate should, as a choice of accounting principle, be presented either in profit or loss or in other comprehensive income.

IFRS 17 should, as a starting point, be used retrospectively, but companies may use a modified retrospective approach or a fair value approach at the time of transition if retrospective use is impracticable. The standard is effective for reporting periods beginning on or after 1 January 2023, with a requirement for comparable figures. Early implementation is permitted.

The group expect an effect on equity when the joint venture SpareBank 1 Gruppen implements the standard. Based on calculations performed in Fremtind and in SpareBank 1 Forsikring an estimated implementation effect between negative NOK 1.2 billion and NOK 0 is expected by SpareBank 1 Gruppen per 1 January 2023. SpareBank 1 SR-Bank owns 19.5 percent of SpareBank 1 Gruppen, and the group expect a reduction of equity between NOK 0 and NOK 230 million as per 1 January 2023 as a result

In addition to IFRS 17 there are a number of new standards, amendments to standards and interpretations which will be compulsory in future annual financial statements. There are no standards or interpretations that have not entered into force which are expected to have a material impact on the group's financial statements.

Presentation currency

The presentation currency is the Norwegian krone (NOK), which is also the group's presentation currency. The functional currency of parent company and all major subsidiaries is the Norwegian crown (NOK). All figures are in NOK millions unless otherwise stated.

Subsidiaries

Subsidiaries' assets are measured using the cost method of accounting in the bank's financial statements. Investments are measured at the acquisition cost of the shares assuming that no write-downs have been necessary.

Dividends, group contributions and other distributions are recognised as income in the year that they are approved by the general meeting. If the dividend or group contribution exceeds the share of the retained profit after the acquisition, the amount in excess represents a repayment on invested capital, but is, pursuant to IAS 27, recognised as income in the year that it is paid.

Consolidation

The consolidated financial statements include all subsidiaries. Subsidiaries are all entities (including structured entities) controlled by the group. Control over a unit occurs when the group is exposed to variability in the return from the unit and has the

ability to influence this return through its power over the unit. Subsidiaries are consolidated from the day control arises and deconsolidated when control ceases.

The acquisition method is used for acquisitions of business. The remuneration paid is measured at the fair value of the assets transferred, liabilities assumed, and equity instruments issued. The fair value of all assets or liabilities according to the agreement on conditional consideration are also included in the remuneration. Identifiable assets, liabilities and contingent liabilities are recognised at their fair value on the acquisition date. Minority interests in the acquired business are measured from time to time at either fair value or their share of the net assets of the acquired business.

Acquisition costs are recognised as expenses in the income statement or activated as they are incurred.

When an acquisition occurs in multiple steps, the assets from previous acquisitions must be remeasured at fair value on the date the check is made and the change in value recognised.

Contingent consideration is measured at fair value on the acquisition date. The treatment of subsequent changes in the fair value of contingent consideration depends on whether the contingent consideration is classified as an asset, liability or equity. Assets and liabilities that are not financial assets or liabilities (i.e. outside the scope of IFRS 9) are measured at fair value with changes through profit or loss. Financial assets or liabilities are measured at fair value and changes must, in accordance with IFRS 9, be recognised or presented in other comprehensive income (OCI). No new measurement is made of contingent consideration that is classified as equity and subsequent settlements are recognised against equity.

Intra-group transactions, intra-company balances and unrealised profit between group companies are eliminated. Unrealised losses are also eliminated. Reported figures from subsidiaries are, if necessary, restated so they correspond with the group's accounting policies.

The minority interest's (non-controlling owner's) share of the group's profit is presented on a separate line under net profit for the period in the income statement. Their share of the minority's equity is shown as a separate item.

IFRS 9 Finansielle instrumenter

Financial assets

According to IFRS 9, financial assets must be classified into three measurement categories: fair value with changes through profit or loss, fair value with changes through OCI and amortised cost. The measurement category must be determined upon initial recognition of the asset. Financial assets are classified on the basis of the contractual terms and conditions for the financial assets and business model used to manage the portfolio, or groups of portfolios, of which the assets are a part.

Financial assets with contractual cash flows that are only payments of interest and the principal on given dates and that are held in a business model with the purpose of receiving contractual cash flows should initially be measured at amortised cost. Instruments with contractual cash flows that are only payments

of interest and the principal on given dates and that are held in a business model for the purpose of receiving contractual cash flows and sales, should initially be measured at fair value with changes through OCI, with interest income, currency translation effects, and any impairment provisions presented in the ordinary income statement. Changes recognised through OCI must be reclassified to the income statement upon the sale or other disposal of the assets.

Instruments that are initially measured at amortised cost or at fair value with changes through OCI can be designated at fair value through profit or loss if this eliminates or substantially reduces an accounting mismatch.

Other financial assets must be measured at fair value with changes through profit or loss. This includes derivatives, equity instruments and other cash flow instruments that are not only payments of normal interest (time value of money, credit spread and other normal margins linked to loans and receivables) and the principal, and instruments that are held in a business model in which the main purpose is not the reception of contractual cash flows. SpareBank 1 SR-Bank has chosen to measure investments in shares that are not held for trading purposes at fair value through profit or loss.

Financial liabilities

As a general rule, financial liabilities should be measured at amortised cost with the exception of financial derivatives measured at fair value, financial instruments included in a trading portfolio, and financial liabilities it has been decided to recognise at fair value with changes through profit or loss.

A financial asset and a financial liability can be offset, and the net amount presented on the balance sheet if there is a right to offset the recognised amounts and the intent is to settle them on a net basis or to realise the asset and settle the liability at the same time.

Hedge accounting

SpareBank 1 SR-Bank carries out hedge accounting in accordance with the criteria for hedging assets. Hedge accounting is carried out when this is in line with the bank's risk management strategy. Hedge accounting requires documentation that the hedging is in line with the bank's risk management, that there is a financial relationship between the hedged item and the hedging instrument, and that credit risk cannot be the dominant element in this context. Please refer to note 27.

Recognition and derecognition of financial assets and liabilities

Financial assets and liabilities are recognised on the trading day, that is, when the bank becomes a party to the instruments' contractual terms.

Financial assets are derecognised when the contractual rights to cash flows from the financial asset have expired or when the rights to the cash flows from the asset have been transferred in such a way that the risk and return related to ownership have substantially been transferred.

Financial liabilities are derecognised when the contractual terms have been settled, cancelled or expired.

Modified assets and liabilities

If modifications or changes to the terms of an existing financial asset or liability are made, the instrument is treated as a new financial asset if the renegotiated terms differ materially from the old terms. If the terms differ significantly, the old financial asset or liability is derecognised and a new financial asset or liability is recognised. In general, a loan is considered to be a new financial asset if new loan documentation is issued, while a new credit process is being issued with new loan terms.

If the modified instrument is not considered to be significantly different from the existing instrument, the instrument is considered to be a continuation of the existing instrument. In the case of a modification recognised as a continuation of existing instruments, the new cash flows are discounted using the instrument's original effective interest rate and any difference between the existing book value is recognised in profit and loss.

Change in ownership interests in subsidiaries without loss of control

Transactions with minority interests (non-controlling owners) in subsidiaries that do not result in loss of control are treated as equity transactions. In the event of further acquisitions, the difference between the remuneration and the shares' proportional share of the carrying amount for net assets in the subsidiary is recognised against the equity of the parent company's owners. Gains or losses from sales to minority interests are similarly recognised against equity.

Disposal of subsidiaries

In the event of a loss of control, any remaining ownership interest is measured at fair value with changes recognised through profit or loss. Fair value will thereafter constitute the acquisition cost for further accounting, as an investment in an associated company, joint venture or financial asset. Amounts that were previously recognised in other comprehensive income relating to this company are treated as if the group had disposed of underlying assets and liabilities. This could entail amounts that have previously been recognised in other comprehensive income being reclassified to the income statement.

Associated companies

Associated companies are entities in which the group has a significant influence but not control. Normally, significant influence arises when the group has a stake of between 20% and 50% of the voting capital. Investments in associated companies are recognised in accordance with the cost method of accounting in the bank's financial statements and the equity method in the consolidated financial statements.

New investments are recognised at acquisition cost in the consolidated financial statements. Investments in associated companies include goodwill identified at the time of the acquisition, less later impairment provisions if any.

The group's share of profits or losses in associated companies are recognised and added to the book value of the investments. The group's share of the other comprehensive income in the associated company is recognised in other comprehensive income in the group and is also supplemented with the carrying amount for the investments. The group does not recognise the share of any loss if this means that the capitalised amount of the investment will be negative (including unsecured receivables

on the unit) unless the group has incurred obligations or made payments on behalf of the associated company.

Joint arrangements

Under IFRS 11, investments in joint arrangements must be classified as either a joint operation or a joint venture, depending on the contractual rights and obligations of each investor. SpareBank 1 SR-Bank has assessed its joint arrangements and determined that they are joint ventures. Joint ventures are recognised using the equity method in the group and the cost method in the financial statements.

When the equity method is used joint ventures are recognised at their original acquisition cost. The carrying amount is thereafter adjusted to recognise the share of the results after the acquisition and the share of other comprehensive income. When the group's share of a loss in a joint venture exceeds the capitalised amount (including other long-term investments that are in reality part of the group's net investment in the venture), no further loss is recognised unless liabilities have been assumed or payments have been made on behalf of the joint venture.

Unrealised gains from transactions between the group and its joint ventures are eliminated in relation to the ownership interest in the venture. Unrealised losses are also eliminated unless the transaction gives evidence of a fall in value on the transferred asset. Amounts reported from joint ventures are, if necessary, restated to ensure they correspond with the accounting policies of the group.

Loans

Loans are classified based on two business models. Loans with contractual cash flows that are only payments of interest and the principal on given dates and that are held in a business model for the purpose of receiving contractual cash flows should initially be measured at amortised cost. Loans with contractual cash flows that are only payments of interest and the principal on given dates and that are held in a business model for the purpose of receiving contractual cash flows and sales, should initially be measured at fair value with changes through OCI, with interest income, currency translation effects, and any impairment provisions presented in the ordinary income statement. Changes recognised through OCI must be reclassified to the income statement upon the sale or other disposal of the assets.

Loans with variable rates are measured at amortised cost in accordance with IFRS 9. The amortised cost is the acquisition cost minus repayments on the principal, taking into account transaction costs, plus or minus cumulative amortisation using the effective interest method, and less any amount for impairment in value or exposure to loss. The effective interest rate is the interest that exactly discounts estimated future cash receipts and payments over the expected life of the financial instrument up to the loan's gross recognised amount.

Home mortgages that qualify for sale to mortgage credit institutions are held both to receive contractual cash flows and for sale in the parent bank. These are therefore measured at fair value over the OCI, with interest income and any impairment provisions presented in the ordinary result. The business model at the consolidated level involves such home mortgages being held to receive cash flows and thus measurement at amortised cost.

Fixed-rate loans to customers are earmarked upon initial recognition as measured at fair value with changes in value through profit or loss, in accordance with IFRS 9. Gains and losses resulting from changes in fair value are recognised through profit or loss as a change in value. Accrued interest and premiums/discounts are recognised as interest. The bank uses the fair value option for measuring fixed-rate lending, as this largely eliminates inconsistencies in measuring other comparable instruments in the balance sheet.

Impairment provisions on loans

According to IFRS 9, impairment provisions must be recognised based on expected credit losses (ECL). The general model for impairment provisions on financial assets in IFRS 9 applies to financial assets measured at amortised cost or at fair value with changes through OCI, and which had no incurred losses upon initial capitalisation. In addition, there are also loan offers, financial guarantee contracts and unutilised credit lines that are not measured at fair value through profit or loss, and changes to lease agreements are also included.

The measurement of expected losses in the general model depends on whether the credit risk has increased significantly since initial recognition. Upon initial recognition and when the credit risk has not increased significantly after initial recognition, provisions must be made for 12 months' expected losses. If the credit risk has increased substantially after initial recognition, provisions must be made for expected losses over the entire lifetime. Expected credit losses are calculated based on the present value of all cash flows over the remaining lifetime, i.e., the difference between the contractual cash flows under the contract and the cash flow that the bank expects to receive, discounted at the effective interest rate on the instrument.

In the case of corporate customers, the customer's entire exposure is deemed in default if one of the customer's loan accounts is in default. For retail customers, all accounts in the same product area will be deemed in default if one of the customer's loan accounts are in default.

In addition to the general model, there are separate principles for issued, including renegotiated loans treated as new ones, and purchased loans where there is objective evidence of a loss upon initial recognition. For these, an effective interest rate shall be calculated considering the expected credit loss, and for changes in expected cash flows, the change shall be discounted using the initially fixed effective interest rate and recognised in the income statement. For these assets, there is no need to monitor whether there has been a significant increase in credit risk after initial recognition, as expected losses over the entire lifetime will nevertheless be considered.

More detailed description of the bank's impairment model

An impairment estimate is prepared each quarter based on data in the bank's data warehouse, which contains a history of account and customer data for the entire credit portfolio. The loss estimates are calculated on the basis of the 12-month and lifelong probability of default (PD), loss given default (LGD) and exposure at default (EAD). The data warehouse contains a history of observed PD and LGD. This provides the basis for producing good estimates of future values for PD and LGD. In line with IFRS 9, the bank groups its loans into three stages.

Stage 1:

This is the starting point for all financial assets covered by the general loss model. All assets that do not have a significantly higher credit risk, defined as lifetime probability of default, than they did upon initial recognition will have a loss provision equal to 12 months expected losses. This category will contain all assets that have not be transferred to stages 2 or 3.

Stage 2:

Stage 2 of the loss model applies to assets that have seen a significant rise in credit risk since initial recognition, but that do not have objective evidence of a loss event. For these assets, the loss provision must cover expected losses over the entire lifetime. As far as the demarcation with stage 1 is concerned, the bank bases its definition of a significant degree of credit deterioration on the extent to which the exposure's calculated probability of default (PD) has increased significantly. An increase in PD of more than 150% cent and which results in a PD higher than 0.6% is considered a significant change in credit risk. In addition, overdrafts or arrears of at least 30 days will always be considered a significant increase in credit risk. Exposures subject to repayment relief may, based on an individual assessment, also be regarded as having experienced a significant increase in credit risk. An exposure migrates to a lower stage when the conditions for the original migration no longer exist.

Stage 3:

Stage 3 of the loss model applies to assets that have seen a significant increase in credit risk since being granted and where there has been an objective event that results in reduced future cash flow for servicing the exposure. Objective evidence may be default, bankruptcy, insolvency or other significant financial difficulties. For these assets the loss provision must cover expected losses over the lifetime.

Non-performing loans

Defaults are defined in two categories:

Failures to pay are defined as substantial overdrafts that are more than 90 days past due.

Manual default flagging is mainly based on internal credit assessments. Events that are included in this category are provisions for losses from customers, bankruptcy/debt negotiations, assessments of forbearance, periods of grace of more than 180 days or other indications that considerable doubt may exist about whether the customer will meet their obligations.

Realised losses

When it is highly probable that the losses are final, the losses are classified as realised losses. Realised losses that are covered by earlier specific loss provisions are recognised against the provisions. Realised losses without cover by way of impairment provisions on loans and over or under coverage in relation to previous impairment provisions on loans are recognised through profit or loss.

Repossessioned assets

As part of the handling of non-performing loans and guarantees, the group acquires, in some cases, assets that have been lodged as security for such exposures. At the time of takeover, the assets are measured at their assumed realisation value and the value of the loan exposure is adjusted accordingly. Repossessioned assets that are to be realised are classified as operations that will be sold and holdings or fixed assets held for sale are recognised in

accordance with the relevant IFRS standards (normally IAS 16, IAS 38, IFRS 9 or IFRS 5).

Financial leases

Financial leases are recognised on the balance sheet under the main item "Net lending to customers" and recognised in accordance with the amortised cost principle. All fixed income during the expected term of the lease is included when calculating the lease's effective interest.

Securities

Other financial assets must be measured at fair value with changes through profit or loss. This includes derivatives, equity instruments and other cash flow instruments that are not only payments of normal interest (time value of money, credit spread and other normal margins linked to loans and receivables) and the principal, and instruments that are held in a business model in which the main purpose is not the reception of contractual cash flows. SpareBank 1 SR-Bank has chosen to measure investments in shares that are not held for trading purposes at fair value through profit or loss.

Derivatives and hedging

Derivatives consist of currency and interest rate instruments. Derivatives are recognised at fair value through profit or loss. The fair value of derivatives includes the value of counterparty credit risk (CVA).

The group uses derivatives for both operational hedging and accounting hedging (funding) purposes to minimise the interest rate risk in fixed-rate instruments (fixed-rate funding and fixed-rate loans), bonds (assets and liabilities), and certificates (assets and liabilities). The effectiveness of the hedging is assessed and documented both when the initial classification is made and on an ongoing basis. When fair value hedging is used the hedging instrument is recognised at fair value, but as far as the hedged item is concerned changes in fair value linked to the hedged risk are recognised through profit and loss and against the hedged item. The bank makes use of basis swaps and interest rate and currency swaps to convert borrowing in one currency to the desired currency. When a basis swap is designated as a hedging instrument for hedging a specifically identified loan, changes in the value of the hedging instrument linked to changes in the "basis spread" are recognised through OCI. See note 27 for further information.

Goodwill

Goodwill is the positive difference between the cost of acquiring a business and the fair value of the bank's share of the net identifiable assets in the business at the time of acquisition. Goodwill on the acquisition of subsidiaries is classified as intangible assets. Goodwill on the acquisition of shares in associated companies and joint ventures is included in the investment and tested for depreciation as part of the book (carrying) value of the investment. Goodwill is not subject to amortisation but is subject to annual impairment testing with the purpose of identifying any indications that impairment may have occurred, in accordance with IAS 36. Any assessment of a fall in value is measured at the lowest level in the undertaking where goodwill is followed up for internal management purposes. Impairments of goodwill cannot be reversed. In those cases where the cost of acquiring a business is lower than the fair value of the bank's share of net identifiable assets at the time of acquisition,

so-called goodwill, the difference is immediately recognised as income and included in income from ownership interests.

Fixed assets

Fixed assets consist of buildings, plots of land and operating equipment. Buildings and operating equipment are recognised at cost less depreciation and impairments. Plots of land are recognised at cost price less impairments. Plots of land are not depreciated. The cost price includes all direct costs related to the acquisition of the asset.

Depreciation is on a straight-line basis in order to allocate the cost price, less possible residual value, over the useful life of the operating equipment.

IFRS 16 Leases

The group has entered into lease agreements for premises and fixed assets that affect the group's accounting and results in almost all leases being capitalised. The group has recognised a right-of-use asset and a financial liability for all its leases, with a few exceptions. The group has elected to apply the practical exemptions for short-term leases (12 months or less) and low value leases, meaning that these are not included in the calculation. The income statement is also affected by the total cost usually being higher in the first few years of a lease and lower in later years. Operating expenses is replaced by interest and depreciation. Cash flows from operations increase because payments for the lease liability's principal will be classified as a financing activity. That part of payments that are interest can be presented as cash flow from operations. In some cases, the group is the lessor and the accounting in relation to this does not change significantly. Information about leases is provided in note 31.

Operations/assets that will be sold

These items on the balance sheet contain the group's assets it has decided to sell. The items include assets and liabilities relating to repossessed properties and property companies that are to be syndicated and disposed of by selling parts to customers. The item is measured at the lowest value of the carrying amount and fair value less sales costs.

Funding

Funding is initially recognised at the cost at which it is raised, which is the fair value of the proceeds received after deducting transaction costs. Funding is thereafter measured at amortised cost, and any discount/premium is recognised over the term of the borrowing. Fixed-rate funding is subject to hedging, which results in measurement at fair value with discounting according to the applicable yield curve, though not including changes in own credit spreads. Deposits from customers and credit institutions are measured at amortised cost.

Pensions

SpareBank 1 SR-Bank group has two types of pension schemes: defined benefit based, and defined contribution based. The group has both covered and uncovered defined benefit pension schemes. The covered defined benefit pension scheme was, until 31.12.2015, covered by the group's pension fund. In addition to the pension liabilities covered by the pension fund, the group has uncovered pension liabilities that cannot be covered by the assets in the collective schemes. The covered defined benefit pension scheme was closed to new members from and including 1.4.2011 and to existing members from 1.1.2016.

Defined benefit scheme

A defined benefit scheme is defined as a scheme that is not a defined contribution scheme.

A defined benefit scheme will typically define an amount an employee will receive from and including the date of retirement, usually dependent of age, number of years worked and pay.

The liability that must be recognised for the defined benefit scheme is the present value of the liability on the balance sheet date, with deductions for the fair value of the pension assets. The gross liability is calculated by an independent actuary using the unit credit method during calculations. The gross liability is discounted to the present value using the interest rate on high quality corporate bonds with almost the same term to maturity as the payment horizon of the liability.

Gains and losses that occur with the recalculation of the liability due to experience gains and losses, and changes in actuarial assumptions, are recognised against equity via the comprehensive income statement in the period they arise. The effects of changes in the schemes' plans are recognised immediately.

Defined contribution scheme

In the case of defined contribution plans, the company pays a fixed contribution to an insurance company. The company has no legal or self-imposed obligation to inject further assets if there proves to be insufficient assets to pay all employees the benefits linked to their earnings in this or earlier periods. The subscriptions are recognised as a payroll expense. Any pre-paid subscription is recognised as an asset (pension asset) to the extent that the subscription can be refunded or reduces future subscription payments.

Sparebank 1 SR-Bank also have an agreement concerning additional contributions for salaries exceeding 12G. The additional contribution is placed in a securities fund, and this pension capital is owned by SpareBank 1 SR-Bank. The pension capital is recognised as an asset in the balance sheet and the related pension liability is recognised as debt. The contributions are recognised as payroll expense.

Contingent liabilities

The group issues financial liabilities such as guarantees, loan offers, and unutilised credit lines as part of its ordinary business. Gross latent liabilities are specified in note 8. Impairment provisions on guarantees, loan offers, and unutilised credit facilities are made as part of the assessment of IFRS 9 and in accordance with the same policies and are reported as liabilities on the balance sheet. Individual impairment provisions are made on financial liabilities that have had a significant increase in credit risk since the grant and where there is an objective event that results in reduced future cash flow for servicing the exposure. Objective evidence may be default, bankruptcy, insolvency or other significant financial difficulties.

Provisions are made for other uncertain liabilities if it is more probable than not that the liability will materialise, and the financial consequences can be reliably calculated. Information is disclosed about contingent liabilities that do not satisfy the criteria for balance sheet recognition if they are significant.

Provisions are made for restructuring costs when the group has

a contractual or legal obligation, payment is probable and the amount can be estimated, and the size of the obligation can be estimated with sufficient reliability.

Hybrid Tier 1 capital

Subordinated loans are classified as subordinated loan capital on the balance sheet and are measured at amortised cost such as other long-term loans. The bank uses fair value hedging for measuring fixed-rate loans.

Hybrid Tier 1 capital instruments which are perpetual, and where the group has a unilateral right not to pay interest to investors under certain conditions, do not satisfy the definition of financial liabilities under IAS 32. Such bonds are classified as equity on the balance sheet (hybrid capital) and the interest rate is presented as a reduction in other equity.

Dividends

Dividends are recognised as equity in the period prior to being approved by the general meeting.

Interest income and interest expense

Interest income and interest expense related to financial assets and financial liabilities that are measured at amortised cost, or debt instruments that are measured at fair value through OCI, are recognised continuously in the income statement in accordance with the effective interest rate method. The effective interest rate is the interest rate that results in the present value of the expected cash flow over the expected life of a financial asset or liability being equal to the book value (before provisions for losses) of the respective financial asset or liability. In calculating the effective interest rate, the cash flow effect stated in the agreement is estimated, but without considering future credit losses. The calculation thus includes fees, transaction costs, premiums, and discounts.

Interest income for assets measured at amortised costs is calculated using their gross book value unless there is objective evidence of a loss in relation to the asset.

Interest income for assets for which there is objective evidence of a loss and interest expense for financial liabilities are calculated on their net book values.

Interest income and expense related to financial instruments measured at amortised costs or fair value are classified as interest income and interest expense, respectively. A breakdown of interest income and expense measured at amortised cost and fair value is provided in note 18. Other changes in value are classified as income from financial instruments.

Commission income and commission costs

Commission income and commission costs are generally recognised in line with the delivery/receipt of a service. Fees relating to interest-bearing instruments are not recognised as commissions but are included in the calculation of the effective interest rate and recognised accordingly through profit or loss. Advisory/consultancy fees are recognised in accordance with the signed agreement, typically at the time the service is delivered.

The same applies to day-to-day management services. Fees and charges related to the sale or brokerage of financial instruments, properties or other investment objects that do not generate

balance sheet items in the consolidated financial statements, are recognised when the transaction is completed.

Transactions and balance sheet items in foreign currency

Transactions involving foreign currencies are converted into Norwegian krone using the exchange rates at the time of the transactions. Gains and losses related to executed transactions, or to the conversion of holdings of balance sheet items in currency on the balance sheet date are recognised in the income statement. Gains and losses on non-monetary items are included in the income statement in the same way as the corresponding balance sheet item.

The exchange rate on the balance sheet date is used when converting balance sheet items.

Taxes

Taxes consist of taxes payable and deferred tax. Taxes payable is the calculated tax on the year's taxable profit.

Taxes payable for the period is calculated according to the tax laws and regulations enacted or substantively enacted on the balance sheet date.

Deferred taxes are accounted for using the liability method in accordance with IAS 12. Deferred tax assets or liabilities are calculated based on all the temporary differences, which are the differences between the book values of assets and liabilities for accounting purposes and for taxation purposes. Nonetheless, no deferred tax liability or benefit is calculated on goodwill that does not provide tax-related deductions, or on initially recognised items that affect either the accounting or taxable result.

Deferred tax assets are calculated for tax loss carry forwards. Assets with deferred tax are included only to the extent that future taxable profits are expected to make it possible to exploit the related tax benefit.

Cash flow statement

The statement of cash flow shows cash flows grouped by source and application area. Cash is defined as cash, deposits in central banks, and deposits in credit institutions with no period of notice. The statement of cash flow is prepared using the direct method.

Segment reporting

A business segment is part of an entity that is engaged in providing individual products or services that are subject to risks and returns that are different from those of other business segments. A geographic market (segment) is a part of a business that supplies products and services within a limited geographic area that is subject to risks and returns that are different from other geographic markets. As regards to segment reporting, the group executive management team is the supreme decision-making authority. The figures in the segment reporting are based on internal reporting for the group executive management team.

Events after the balance sheet date

The financial statements are published after the board has approved them. The general meeting and the regulatory authorities may refuse to approve the published financial statements subsequent to this, but they cannot change them.

Events that take place before the date on which the financial statements are approved for publication, and which affect conditions that were already known on the balance sheet date, will be incorporated into the pool of information that is used when making accounting estimates and are thereby fully reflected in the financial statements. Events that were not known on the balance sheet date will be reported if they are material.

The financial statements have been prepared on a going concern basis.

The board's proposed dividend is specified in the board of directors' report and note 41. The proposed dividend is classified as equity until it has been finally approved.

NOTE 3 CRITICAL ESTIMATES AND JUDGEMENTS CONCERNING USE OF THE ACCOUNTING POLICIES

The war in Ukraine has contributed to increased uncertainty regarding the macroeconomic development throughout 2022.

Following Russia's invasion of Ukraine 24 February 2022 strict sanctions have been imposed on both Russia and Belarus, resulting in rapidly rising energy and commodity prices, as well as challenges in shipment of certain goods. SpareBank 1 SR-Bank has no significant exposure to these countries. The risks associated with the consequences of the war in Ukraine are under continuous assessment by the bank. In relation to this, a general review of the customer base was conducted, to identify those customers exposed to higher short-term risk due to the war. The analysis identified a small number of exposures in the corporate market portfolio that in the short term could be directly impacted by the war.

Additionally, there is increased macroeconomic uncertainty. Based on historical data, this uncertainty is so far not reflected in the development of the underlying portfolio. This makes it difficult to determine, with a reasonable amount of certainty, which industries and market segments that could be affected in the longer term. SpareBank 1 SR-Bank has recently prepared a liquidity risk-analysis on the corporate market portfolio to identify the most exposed industries. Following an overall assessment, in which the potential negative effects of the macroeconomic development in both short and medium term is considered, an uncertainty premium of NOK 200 million has been added to the corporate market portfolio. The potential negative effect is calculated with a general increase in the 12-month and life-long probability of default (PD) of 40% and a increase of 80% in PD towards the most exposed industries. The group decided on a similar basis to exercise its discretion and override the modelled ECL with NOK 32 million in the corporate market portfolio due to the macroeconomic uncertainties from the COVID-19 pandemic as at 31.12.2021.

Climate-related issues are given increased attention in credit assessments. Climate-related risks are primarily exposed through a recently implemented ESG-module. There is no indication of impairments due to climate-related matters. Please also refer to note 6.

Aforementioned circumstances continue to cause uncertainty in relation to critical estimates.

Furthermore, several measures have been implemented to secure the bank's IT infrastructure and to prevent potential cyber-attacks on the most critical systems and processes.

Impairment provisions on loans and financial liabilities

The group conducts an annual evaluation of its corporate market portfolio. High-risk exposures in the corporate market portfolio are evaluated on a quarterly basis. Loans to retail customers are subject to evaluation when they are in default for more than 90 days after they fall due and larger commitments in default are evaluated on a quarterly basis.

The group's risk classification systems are described under financial risk management.

The group carries out an impairment if there is objective evidence that can be identified for an individual commitment, and the objective evidence entails a reduction in future cash flows for servicing the commitment. Objective evidence may be default, bankruptcy, insolvency or other significant financial difficulties.

Individual impairment provisions are calculated as the difference between the loan's book (carrying) value and the present value of future cash flows based on the effective interest rate at the time of the calculation of the initial individual impairment. Subsequent changes in interest rates for loan agreements with variable rates are taken into account if they affect the expected cash flow. For smaller exposures, the general rule is that the difference between the actual exposure at the time of impairment and the realisation value (under absorption) of the pledged collateral is written down, and that the impairment is based on one scenario. For larger exposures, the general rule is that the difference between the actual exposure and the bank's assessment of the discounted value of the customer's future cash flow is written down, and the impairment is based on three scenarios.

According to IFRS 9, loss provisions are recognised for all exposures based on expected credit loss (ECL). The measurement of the provisions for expected losses on exposures that are not individually impaired depends on whether the credit risk has increased significantly since initial recognition. Upon initial recognition and when the credit risk has not increased significantly after initial recognition, provisions must be made for 12 months' expected losses. If the credit risk has increased substantially after initial recognition, provisions must be made for expected losses over the entire lifetime. Expected credit loss is calculated on the basis of the present value of all cash flows over the remaining expected lifetime. A probability weighted average is calculated for three different scenarios: an upside scenario, a base scenario and a downside scenario, respectively. The upside scenario is based on data from a historically representative period of strong economic

expansion and the base scenario and downside scenario are based on internally prepared prognoses and stress tests linked to the group's periodic internal capital adequacy assessment process (ICAAP) for various given scenarios. The mutual weighting of the scenarios is considered and determined by a specially established internal working group composed of people at a management level. The choice of scenarios and their weighting are regularly reviewed (at least once a year) by this working group. As at 31.12.2022, the base scenario's weight was 65%, the upside scenario's 17.5% and the downside scenario's 17.5%. The weighting is the same for all portfolios and reflects the uncertainty surrounding economic development going forward. In order to illustrate the associated weight sensitivity, a simulation of the effects of a more conservative scenario

weighting was conducted in which the weight of the base scenario was reduced to 50% and the downside scenario and upside scenario were both increased to 25%. Such a change in the scenario weights would, all else equal, increase the group's expected impairment provisions for exposures without individual impairment by NOK 170 million.

To illustrate the sensitivity associated with the uncertainty premium on the corporate market portfolio, a simulation of the effect given a 10% increase of the PD has been conducted. Such an increase would increase the group's expected impairment losses on exposures without individual impairment provisions by approximately NOK 35 million.

Sensitivity calculations (NOK millions)

Weights used as at 31.12.2022	Upside scenario	Base scenario	Downside scenario	Corporate Market	SMB & Agriculture	Retail market	SR-Bolig-kreditt	Un-distributed	Total group
ECL in upside scenario	17.5%			176	76	34	14		287
ECL in base scenario		65.0%		219	90	37	14		360
ECL in downside scenario			17.5%	1,785	578	193	142	1	2,699
ECL with applied scenario weights (current, used from the fourth quarter of 2020)	17.5%	65.0%	17.5%	486	173	64	37	1	760
Alternative scenario weighting I (used up to the third quarter of 2020, albeit with scenarios that were at the time less conservative)	0.0%	60.0%	40.0%	846	285	99	65		1,295
Alternative scenario weighting II (used up to the fourth quarter of 2019, albeit with scenarios that were at the time less conservative)	25.0%	65.0%	10.0%	365	135	52	27		579
Alternative scenario weighting III (illustration, not used before)	25.0%	50.0%	25.0%	601	208	75	46		930
Alternative scenario weighting IV (illustration, not used before)	33.3%	33.3%	33.3%	725	248	88	57		1,118

Weights used as at 31.12.2021

ECL in upside scenario	17.5%			115	60	39	13		227
ECL in base scenario		65.0%		149	73	41	14		277
ECL in downside scenario			17.5%	1,634	560	227	141		2,562
ECL with applied scenario weights (current, used from the fourth quarter of 2020)	17.5%	65.0%	17.5%	403	156	73	36		668
Alternative scenario weighting I (used up to the third quarter of 2020, albeit with scenarios that were at the time less conservative)	0.0%	60.0%	40.0%	743	268	116	65		1,192
Alternative scenario weighting II (used up to the fourth quarter of 2019, albeit with scenarios that were at the time less conservative)	25.0%	65.0%	10.0%	289	118	59	27		493
Alternative scenario weighting III (illustration, not used before)	25.0%	50.0%	25.0%	512	191	87	46		836
Alternative scenario weighting IV (illustration, not used before)	33.3%	33.3%	33.3%	633	231	103	56		1,023

Close monitoring of customers and preventive work are important measures actively utilised by the group to maintain the good risk profile in the group's loan portfolio. As a result of the low oil price and Covid-19 outbreak, this work was intensified in 2020 and has been continued following the war in Ukraine. The group's assessments of critical estimates and judgements regarding its use of accounting policies are challenging but are currently considered to be the best estimate.

Fair value of financial derivatives and other financial instruments
The fair value of derivatives is determined using valuation methods where the price of the underlying instrument, for example, interest rate or currency rate, is obtained from

the market. When measuring financial instruments for which observable market data is not available, the group makes assumptions regarding what market actors would base their valuation on for equivalent financial instruments. Valuations require extensive use of discretion, including when calculating liquidity risk, credit risk and volatility. Any change in the aforementioned factors will affect the fair value determined for the group's financial instruments. For more information see note 25 on the classification of financial instruments. In the case of options, volatility will be either observed implicit volatility or calculated volatility based on historical price movements for the underlying object.

NOTE 4 SEGMENT REPORTING

The executive management team has assessed which segments are reportable based on the form of distribution, products and customers. The primary reporting format is based on the risk and return profile of the assets, and it is divided between retail market, corporate market and SME & agriculture. Other activities covers all staff departments including treasury, subsidiaries and associated companies.

Reporting per business area:

(Figures in NOK millions)

2022	Retail	Corporate	SME &	Other		
Income statement (MNOK)	Market	Market	Agriculture	activities	Eliminations	Group
Net interest income ¹⁾	1,792	1,705	651	378	-10	4,516
Net commission and other income	631	278	130	808	-77	1,770
Net income on investment securities	-	39	5	711	-	756
Total net income	2,423	2,022	786	1,897	-87	7,042
Total operating expenses	645	182	116	1,969	-87	2,825
Operating profit before losses	1,778	1,840	671	-72	-	4,216
Impairment losses on loans and other financial liabilities	-4	-50	59	-	-	5
Pre-tax profit	1,782	1,890	611	-72	-	4,211
Balance sheet (MNOK)						
Loans to customers	151,678	78,098	18,739	4,660	-218	252,957
Impairment provisions on loans	-153	-1,320	-212	-	-	-1,685
Certificates/bonds/financial derivatives	-	-	-	89,941	-17,339	72,602
Other assets	-4,069	8,492	-183	48,136	-30,319	22,057
Total assets	147,455	85,270	18,344	142,737	-47,876	345,931
Deposits from customers	66,562	58,061	20,232	3,587	-342	148,100
Other debt and equity ¹⁾	80,893	27,209	-1,887	139,150	-47,533	197,831
Total debt and equity	147,455	85,270	18,344	142,737	-47,876	345,931

2021						
Income statement (MNOK)	Retail Market	Corporate Market	SME & Agriculture	Other activities	Eliminations	Group
Net interest income ¹⁾	1,773	1,536	473	219	-	4,001
Net commission and other income	545	255	111	868	-62	1,717
Net income on investment securities	-	66	2	958	-	1,026
Total net income	2,318	1,857	585	2,045	-63	6,744
Total operating expenses	605	157	115	1,900	-63	2,714
Operating profit before losses	1,713	1,700	471	146	-	4,030
Impairment losses on loans and other financial liabilities	-39	228	3	-	-	192
Pre-tax profit	1,752	1,473	467	146	-	3,838
Balance sheet (MNOK)						
Gross loans to customers	141,593	68,305	16,185	4,505	-290	230,299
Impairment provisions on loans	-166	-1,363	-192	-	-	-1,721
Certificates/bonds/financial derivatives	-	3	-	65,631	-4,315	61,320
Other assets	-2,494	7,748	-195	28,263	-18,816	14,505
Total assets	138,933	74,694	15,798	98,400	-23,421	304,403
Deposits from customers	63,342	59,118	16,040	-457	-379	137,664
Other debt and equity ¹⁾	75,591	15,575	-242	98,857	-23,042	166,739
Total debt and equity	138,933	74,694	15,798	98,400	-23,421	304,403

¹⁾ Net interest income and other liabilities contain allocated arrangements between the segments. The interest on intercompany receivables for the retail market division and the corporate market divisions is fixed based on expected observable market interest rates (NIBOR) plus expected additional costs for the group's long-term funding (credit premium). Differences between the group's actual funding costs and the interest applied on intercompany receivables are eliminated in the parent bank.

²⁾ Interest income in the segment is the internal charging of the funding costs.

The group primarily operates in a geographical area bounded by Oslo in the south-east and Bergen in the north-west. In addition to the segment notes, important asset classes (loans and deposits) are segmented geographically in separate notes under loans and deposits. Geographical distribution is based on the customer's branch.

	Rogaland		Agder		Vestland		Oslo/Viken		SR-Bank Group	
Geographic distribution	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Net interest income	3,351	3,028	309	300	559	480	297	193	4,516	4,001
Net commissions and other operating income	1,225	1,087	193	194	285	331	67	105	1,770	1,717
Net income from financial investments	687	923	4	3	10	4	55	96	756	1,026
Operating expenses	2,297	2,187	178	177	246	269	105	81	2,825	2,714
Operating profit before impairment losses	2,967	2,851	327	320	608	546	314	313	4,216	4,030
Impairment losses on loans and other financial liabilities	-10	201	6	-13	8	4	1	-	5	192
Pre-tax profit	2,976	2,650	321	333	600	542	314	313	4,211	3,838
Gross loans to customers	171,812	160,535	22,779	21,215	38,349	34,419	20,018	14,130	252,957	230,299
Impairment provisions on loans	-1,633	-1,666	-30	-27	-21	-28	-0	-	-1,685	-1,721
Certificates/bonds/financial derivatives	72,602	61,320	-	-	-	-	-	-	72,602	61,320
Other assets	20,559	12,221	2,375	2,657	-1,233	-787	356	414	22,057	14,505
Total assets	263,339	232,410	25,123	23,845	37,095	33,604	20,374	14,544	345,931	304,403
Deposits from customers	114,133	115,648	7,894	8,002	22,988	12,196	3,085	1,818	148,100	137,664
Other liabilities and equity	149,207	116,762	17,230	15,843	14,106	21,408	17,289	12,726	197,831	166,739
Total liabilities and equity	263,339	232,410	25,123	23,845	37,095	33,604	20,374	14,544	345,931	304,403

NOTE 5 CAPITAL ADEQUACY

(Figures in NOK millions)

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

SpareBank 1 SR-Bank has permission from the Financial Supervisory Authority of Norway to use internal measurement methods (Internal Rating Based Approach) for quantifying credit risk. The use of IRB requires the bank to comply with extensive requirements relating to organisation, expertise, risk models and risk management systems.

The total minimum Common Equity Tier 1 capital ratio requirement for SpareBank 1 SR-Bank, inclusive of the countercyclical buffer, Pillar 2 premium and capital requirement margin, as at 31. December 2022 was 16.85%. The requirement consists of a 4.5% minimum requirement plus other buffer requirements, which consist of a capital conservation buffer of

2.5%, a systemic risk buffer of 4.5%, capital requirement margin 1.25% and a countercyclical buffer of 2.0%. The countercyclical buffer will increase to 2.5% with effect from 31. March 2023. The Financial Supervisory Authority of Norway has set an individual Pillar 2 requirement of 1.6%. The bank has also received a temporary Pillar 2 surcharge of 0.5% until the model change has been processed by the Norwegian Financial Supervisory Authority.

SpareBank 1 SR-Bank's internal target for its Common Equity Tier 1 capital ratio is 16.85%.

Investments in associated companies and joint ventures are recognised in the group using the equity method and in accordance with the cost method in the parent bank. The investments are treated identically for the purposes of determining the capital ratio, except for the group's investments in BN Bank, SpareBank 1 Forvaltning and SpareBank 1 Kreditt. A proportionate consolidation is carried out for the group's capital ratio.

Parent bank			Group		
2021	2022		2022	2021	
6,394	6,394	Share capital	6,394	6,394	
1,587	1,587	Premium reserve	1,587	1,587	
1,535	1,790	Allocated to dividend	1,790	1,535	
1,850	1,700	Hybrid capital	1,700	1,850	
12,536	13,919	Other equity	17,418	15,813	
23,902	25,390	Book equity	28,889	27,179	
Tier 1 capital					
-70	-70	Deferred taxes, goodwill and other intangible assets	-704	-681	
-1,535	-1,790	Deduction for allocated dividend	-1,790	-1,535	
-206	-612	Deduction in expected losses IRB less loss provisions	-733	-305	
-1,850	-1,700	Hybrid capital that cannot be included in CET 1 capital	-1,700	-1,850	
	-	Deduction for CET 1 capital in essential investments in financial institutions	-235	-325	
-165	-237	Deduction for CET 1 capital in not essential investments in financial institutions	-241	-150	
-63	-64	Value adjustment due to requirements concerning proper valuation	-80	-71	
20,013	20,916	CET 1 capital	23,405	22,262	
1,850	1,700	Hybrid capital	1,836	1,951	
-49	-48	Deduction for essential investments in financial institutions	-48	-49	
21,814	22,568	Tier 1 capital	25,193	24,164	
Tier 2 capital					
2,097	2,097	Term subordinated loan capital	2,272	2,238	
-195	-188	Deduction for essential investments in financial institutions	-188	-195	
1,902	1,909	Tier 2 capital	2,084	2,043	
23,716	24,477	Net primary capital	27,277	26,207	

Morbank			Konsern	
2021	2022		2022	2021
		Credit risk		
18 522	16 351	SME	16 359	18 535
22 961	22 825	Specialised enterprises	25 379	25 456
6 948	10 745	Other corporations	11 011	7 116
842	965	Mass market SME	1 408	1 172
11 042	10 320	Mass market - mortgage on real estate	32 983	30 473
2 030	1 943	Other mass market	2 012	1 997
12 114	12 314	Equity positions	-	-
74 459	75 462	Total credit and counterparty risk IRB	89 153	84 749
33	26	States and central banks	26	43
44	67	Local and regional authorities, state-owned enterprises	222	277
2 736	7 101	Institutions	1 818	1 042
9 868	10 201	Enterprises	10 588	10 408
3 420	3 596	Mass market	4 472	4 147
		Mass market - mortgage on real estate	555	881
10 059	2 220	Covered bonds	1 997	2 524
6 000	6 000	Equity positions	6 834	6 494
182	-	Units in securities funds	16	196
2 972	4 266	Other assets	4 930	3 811
35 314	33 476	Total credit and counterparty risk standard method	31 457	29 823
134	286	Credit value adjustment risk (CVA)	416	259
7 258	7 377	Operational risk	11 121	10 587
410	292	Other risk exposures ¹⁾	2 177	2 563
117 575	116 893	Risk weighted balance	134 324	127 981
5 291	5 260	Minimum requirement Common Equity Tier 1 capital 4.5%	6 045	5 759
		Buffer requirement		
2 939	2 922	Capital conservation buffer 2.5%	3 358	3 200
5 291	5 237	Systemic risk buffer 4.5%	6 014	5 759
1 176	2 335	Countercyclical buffer 1.0%	2 686	1 280
9 406	10 494	Total buffer requirement to Common Equity Tier 1 capital ratio	12 058	10 238
5 316	5 161	Available Common Equity Tier 1 capital ratio after buffer requirement	5 302	6 264
17,02 %	17,89 %	Common Equity Tier 1 capital ratio	17,42 %	17,39 %
18,55 %	19,31 %	Tier 1 capital ratio	18,76 %	18,88 %
20,17 %	20,94 %	Capital ratio	20,31 %	20,48 %
6,90 %	8,24 %	Leverage ratio	6,85 %	7,14 %

¹⁾ Risk weights for residential mortgages are subject to a regulatory floor of 20%. Without this floor, the risk weight for residential mortgages in the group would have been 18.8% as at 31.12.2022.

NOTE 6 FINANCIAL RISK MANAGEMENT

Risk and capital management in SpareBank 1 SR-Bank should create financial and strategic added value based on:

- A good risk culture
- A clear management and control structure that promotes independence
- A good understanding and management of the risks that drive earnings and losses
- Preventing single events damaging the group's financial position
- Pricing products and services based on underlying risk
- Effective raising and use of capital that reflects the chosen risk profile

SpareBank 1 SR-Bank bases its risk and capital management on the following general principles:

- The group's risk and capital management framework must be documented and based on the best international practices
- The group must have a management and control structure that promotes prudent, independent management and control
- The risk and capital management shall form an integral part of the management and decision process in the group
- Risk and capital management in the group shall support the group's strategic development and achievement of objectives while ensuring financial stability and sound management of assets
- The group must have a good risk culture characterised by a high awareness of risk and capital management
- The board must approve the group's desired risk profile on at least an annual basis
- SpareBank 1 SR-Bank shall have a willingness to assume risk that provides a sufficient buffer in relation to the group's risk capability, and that no single events can seriously damage the group's financial position
- The risk identification process must be implemented regularly, look forwards, and cover all significant areas of risk
- Quantification of risk must be based on recognised methods and be sufficiently conservative to properly take account of any weaknesses in the model
- Thorough analyses must be carried out of the identified risks in order to understand the risks' effects on income, costs and losses
- Based on the risk analysis, effective management and control measures shall be established for the individual risks based on the risk analysis. Measures that reduce probability shall take precedence over measures that reduce consequences
- The group must prepare a minimum 5-year financial prognosis at least once a year, and this must as a minimum cover expected financial developments, as well as a period involving a serious financial setback. The serious financial setback must be severe, but realistic.
- Return on economic capital shall be one of the most important strategic result measurements for the internal control of SpareBank 1 SR-Bank. The limits for EAD in the bank's internal market divisions must be determined on the basis of risk-adjusted returns.
- The group must carry out comprehensive, periodic risk follow-up and reporting
- The group shall, insofar as it is possible, price activities and products in line with the underlying risk to ensure the right level of risk is assumed

- The group must draw up robust recovery plans so it can manage critical situations in the best possible way should they arise
- The group must have clear, unambiguous definitions of the various types of risk

SpareBank 1 SR-Bank is exposed to various types of risk:

Credit risk: the risk of loss resulting from the customer's inability or unwillingness to fulfil his obligations

Liquidity risk: the risk that the group is unable to refinance its debt or does not have the ability to fund increases in assets without significant additional costs

Market risk: the risk of loss due to changes in observable market variables such as interest rates, foreign exchange rates and securities markets

Operational risk: the risk of losses due to weak or inadequate internal processes or systems, human error or external incidents

Climate risk: the risk of financial losses and financial instability as a result of physical climate change and society's response to it.

Owner risk: the risk of SpareBank 1 SR-Bank suffering negative results from stakes in strategically owned companies or of the group having to inject fresh equity into these companies. Owned companies are defined as companies where SpareBank 1 SR-Bank has a significant stake and influence

Compliance risk: the risk of the group incurring public sanctions/penalties or financial loss as a result of a failure to comply with legislation and regulations

Pension risk: the risk of increases in future pension liabilities

Regulatory risk: Uncertainty about future regulations

Business risk: the risk of unexpected income and cost variations due to changes in external factors such as market conditions or government regulations

Reputational risk: the risk of a failure in earnings and access to capital because of lack of trust and reputation in the market, i.e. customers, counterparties, stock market and authorities

Strategic risk: the risk of losses resulting from the wrong strategic decisions

Concentration risk: the risk of an accumulation of exposure to an individual customer, sector or geographical area arising

Risk exposure in SpareBank 1 SR-Bank

The risk management department is independent of the business units and reports directly to the CEO. The department is responsible for the ongoing development of the risk management framework, including risk models and risk management systems. The department is also responsible for independently monitoring and reporting risk exposure.

SpareBank 1 SR-Bank is exposed to various types of risk. The general framework for managing the most important types of risk is described below:

Credit risk is managed via the framework procedures for granting credit, monitoring exposures and portfolio management. The group's credit strategy comprises overarching credit strategy limits to ensure a diversified portfolio and a satisfactory risk profile. The main focus when granting credit must be on the customer's ability to service the debt and good security cannot be allowed to compensate for a weak/inadequate ability to service the debt.

The strategic credit limits set requirements and limitations related to overall loss profile and portfolio quality, respectively. The group particularly focuses on the concentration risk associated with exposure to large individual customers and certain industries. In order to avoid undesirable concentration risk, the strategic credit limits also set restrictions in relation to exposure and risk profile at a portfolio level, and for different industries and individual customers. These restrictions are additional to the limits stipulated by the Regulation regarding Major Exposures. Minimum requirements that apply to all types of financing, except exposures granted as part of the exercise of special credit hedging authorities, has been decided. In addition to the general requirements, a set of more specific requirements and guidelines related to sectors or segments that can entail a special risk have been prepared.

There must be a particular emphasis on ensuring that the customer's activities comply with the applicable laws and regulations, and that they have a long-term perspective. The group's sustainability policy is reflected in its general credit policy guidelines, including the requirement that all financing must satisfy the group's policies relating to environmental, social and corporate governance. The group also has guidelines that support the group's anti-money laundering (AML) policy.

The board is responsible for the group's granting of loans and credits, but delegates the responsibility to the CEO, within certain limits. The CEO then delegates these within her own authority. Delegated credit authority is linked to an exposure's probability of default. The authority is personal. The credit review routines regulate in detail all factors related to the granting of credit by the group and follow-up of commitments.

The group utilises credit models for risk classification, risk pricing and portfolio management. The risk classification system is based on the following main components:

1. **Probability of default (PD):** Customers are classified into default classes based on the probability of them defaulting during a period of 12 months, based on a long-term outcome in a complete loss cycle. The probability of default is calculated on the basis of historical series of data for financial key figures related to earnings and deterioration, as well as the basis of non-financial criteria such as conduct and age. When funding commercial property for leasing, a special credit model must be used internally that calculates the probability of default based on the expected cash flow from the leasing activities combined with behavioural criteria. Nine default classes (A – I) are used to classify the customers according to the probability of default. The group has two

additional default classes (J and K) for customers with defaulted and/or written-down exposures.

2. **Exposure at default (EAD):** This is an estimate of what the group's exposure will be were a customer to default. This exposure consists of lending volume, guarantees and approved, but not drawn limits respectively. Approved, but not drawn facilities of a retail market customer has a conversion factor equal to 1. This means that the limit is assumed 100% withdrawn given default. For the corporate market, approved but not drawn facilities are multiplied by a conversion factor that varies between 60-90%, depending on the customer's probability of default. For guarantees, the conversion factor is an authority-set parameter set to 1 for loan guarantees and 0.5 for other warranties.
3. **Loss given default (LGD):** This is an estimate of how much the group can potentially lose if the customer defaults on his obligations. The assessment takes into account, among other things, the value of underlying collateral, degree of recovery on unsecured part of the commitment, degree of recovery before realisation and collection costs. The group determines the realisation value of collateral based on statistical data over time, as well as expert assessments in cases where statistical data do not provide an adequate basis. Realisation values are set so that they reflect an assumed realisation value in a recession based on a conservative assessment. Seven different classes are used (1-7) for classifying exposures in relation to loss given default.

The group continuously develops and tests the risk management system and the credit granting process to ensure that it is of high quality over time. Quantitative validation is intended to ensure that the estimates used for the probability of default, exposure at default and loss given default are always of adequately good quality. Analyses are carried out to assess the models' ability to rank the customers according to risk (discrimination ability), and the ability to determine the correct level for the risk parameters. In addition, the stability of the models' estimates and the models' cyclical sensitivity are analysed. The quantitative validation will be supplemented by more qualitative assessments in some cases. This is especially true if the amount of statistical data is limited.

In addition to the credit risk in the lending portfolio, the group has credit risk through its exposure in the liquidity reserve portfolio. This portfolio consists mainly of low risk certificates and bonds that qualify for loans from Norges Bank.

For further information please see notes 7-13.

Liquidity risks managed via the group's general liquidity strategy, which is reviewed and adopted by the board at least once a year. Liquidity management is based on conservative limits and reflects the group's moderate risk profile. The group's treasury department is responsible for liquidity management, while the risk management and compliance department monitor and report on the utilisation of limits in accordance with the liquidity strategy.

The group's lending is mainly funded by customer deposits and long-term securities debt. The liquidity risk is restricted by diversifying securities debt in terms of markets, funding sources, instruments and maturity periods.

For further information see notes 16 and 17.

Market risk is managed through the market risk strategy, which defines the group's willingness to assume risk. The strategy and the associated specification of the necessary risk ceilings, reporting procedures and authorities are reviewed and adopted by the board at least once a year.

Market risk in SpareBank 1 SR-Bank primarily relates to the group's long-term investments in securities. In addition, the group is exposed to some market risk through trading activities in interest rate and currency markets, as well as from activities that underpin ordinary funding and lending activities. The group's market risk is measured and monitored on the basis of conservative limits that are renewed and approved by the board at least once a year. The size of the limits is determined on the basis of stress tests and analyses of negative market movements. The group's exposure to market risk is moderate.

Interest rate risk is the risk of losses incurred due to changes in interest rates. The group's interest rate risk is regulated by limits for maximum value change following a parallel shift in the interest rate level together with limits for maximum unexpected loss calculated using a VAR-model. The interest rate commitments for the group's instruments are mostly short-term and the group's interest rate risk is low.

Currency risk is the risk of losses due to fluctuations in foreign exchange rates. The group measures currency risk on the basis of net positions in the different currencies in which the group has exposure. Currency risk is regulated by nominal limits for maximum aggregate currency positions and maximum positions within individual currencies. The scope of the group's trading in foreign currency is modest and the currency rate risk is considered low.

Price risk is the risk of losses that arise following changes in the value of the group's bonds, certificates, and equity instruments. The spread risk is defined as the risk of changes in the market value of bonds as a result of general changes in the credit spreads. Credit spread risk expresses the potential loss in the bond portfolios beyond the bankruptcy risk. Quantification of the risk-adjusted capital for spread risk in the bond portfolios is calculated based on the Financial Supervisory Authority of Norway's model for risk-based supervision of market risk in insurance companies. The group's risk exposure to this type of risk is regulated by limits for maximum investments in the different portfolios.

For more information see notes 14, 15 and 27.

Operational risk is managed via a risk strategy that is set annually by the board and which defines the group's willingness to assume risk. The strategy includes limits for permissible risk exposure and qualitative criteria for which events will, regardless, be deemed to be within the board's defined willingness to assume risk.

The group has a dynamic approach to operational risk management and conducts periodic analyses to detect weaknesses and new or changed risks. Adverse events that occur are registered and systematically followed up to learn lessons and avoid repetitions. Furthermore, all major change initiatives undergo a standardised risk assessment process to prevent changes introducing unwanted risks. Risk mitigation measures are assessed and implemented on an ongoing basis.

Climate risk and the climate risk assessment is an integral part of the group's risk management processes. SpareBank 1 SR-Bank identifies and assesses climate risks and opportunities that can affect customers, business areas and operations at various levels. The group conducts annual stress tests and financial simulations on its loan portfolio. SpareBank 1 SR-Bank's greatest exposure to climate risk is in the corporate market portfolio, hence managing the risk in this area has been made a priority. The group's corporate market divisions have utilised a risk assessment module for sustainability (ESG-score) as an integral part of the credit process since 2019. SpareBank 1 SR-Bank saw a need for an improvement of the model and has therefore, together with other banks in the SpareBank 1-Alliance, developed a common model for ESG-scoring during 2022. The model is utilised as a part of the credit granting process and renewal of corporate clients with a consolidated exposure exceeding NOK 10 million. The new model includes questions related to a broader number of specific industries as well as inherent risk per industry and is expected to provide a significantly improved ranking ability.

Since 2021, SpareBank 1 SR-Bank has analysed the CO₂ emissions in the loan portfolio based on the methodology of the Partnership for Carbon Accounting Financials (PCAF).

Owner risk is managed through active board participation in a number of the part-owned companies. SpareBank 1 SR-Bank is mainly exposed to owner risk in SpareBank 1 Gruppen AS (19.5%), BN Bank ASA (35.0%), SpareBank 1 Utvikling DA (18.0%), SpareBank 1 Forvaltning AS (35.8%), SpareBank 1 Kreditt AS (16.2%), SpareBank 1 Betaling AS (19.1%), SpareBank 1 Bank og Regnskap AS (25.0%) and SpareBank 1 Gjeldsinformasjon AS (18.3%).

Compliance risk is managed by implementing the framework for compliance provided by the bank's compliance policy. The framework is intended to ensure that the group does not incur public sanctions/penalties or financial loss as a result of a failure to comply with legislation and regulations. The group's compliance policy is adopted by the board and describes the main principles for responsibility and organisation in relation to complying with legal requirements and rules.

The group must have very little tolerance for compliance risk. This means that regulations must be interpreted from a conservative perspective. The group will be able to challenge but not breach established or new framework conditions, and the framework for compliance must be tailored to the scope of the group.

SpareBank 1 SR-Bank is cognisant of the need to have good processes to ensure compliance with legislation and regulations. The focus of compliance shall form an integral part of the management and decision process in the group.

SpareBank 1 SR-Bank's compliance function is organised independently of the business units. The department bears overall responsibility for the framework, monitoring and reporting within the area. The Executive Vice President Compliance reports directly to the CEO and the board. The investment firm and subsidiaries have their own compliance officers where this is required.

NOTE 7 CREDIT INSTITUTIONS - RECEIVABLES AND LIABILITIES

(Figures in NOK millions)

Parent bank			Group	
2021	2022		2022	2021
Loans to and receivables from credit institutions				
464	1,324	Receivables at call	1,343	502
7,890	13,846	At call	6	4
4,860	10,589	With agreed maturities or notice	10,590	4,860
13,214	25,760	Total	11,939	5,366
12,750	24,435	NOK	10,615	4,902
464	1,324	Currency	1,324	464
13,214	25,760	Total	11,939	5,366
Debt to credit institutions				
804	6,364	At call	207	77
2,557	3,221	With agreed maturities or notice	3,221	2,557
3,361	9,585	Total	3,428	2,634
3,353	9,445	NOK	3,288	2,626
8	140	Currency	140	8
3,361	9,585	Total	3,428	2,634
Received securities that can be sold or mortgaged				
Resale agreements				
4,039	9,284	Certificates and bonds	9,284	4,039
4,039	9,284	Total received securities	9,284	4,039
-	-	Of which received securities that are sold or mortgaged	-	-
-	-	Certificates and bonds	-	-

Securities that are bought due to a resale agreement are not recognised since the risks and rewards of ownership of the assets have not been transferred. Such transactions generally involve interest-bearing securities. Received securities, including collateral, are recognised off the balance sheet independent of whether the group is allowed to sell or mortgage the security. When received securities are sold, the group will recognise a liability on the balance sheet. The balance sheet item "Loans to and receivables from credit institutions" includes receivables.

NOTE 8 LOANS AND OTHER FINANCIAL LIABILITIES TO CUSTOMERS

(Figures in NOK millions)

Parent bank			Group	
2021	2022		2022	2021
86,873	99,136	Loans at amortised cost	245,096	221,849
45,611	41,627	Loans at fair value through OCI		
8,450	7,861	Loans at fair value through profit or loss	7,861	8,450
140,934	148,624	Gross loans	252,957	230,299
-1,685	-1,648	- Impairment provisions	-1,685	-1,721
11	12	- Home mortgages at fair value through OCI		
139,260	146,988	Net loans	251,272	228,578
		Gross loans distributed by market		
56,363	52,346	Retail Market	156,483	145,658
68,729	77,880	Corporate Market	77,666	68,439
15,840	18,330	SME & Agriculture	18,740	16,200
474	722	Public sector	722	474
-472	-654	Net corporate accounts currency ¹⁾	-654	-472
140,934	148,624	Gross loans	252,957	230,299
2,655	3,057	Loans to employees	4,147	3,505
1,535	2,061	Of which loans in SR Boligkreditt	2,777	2,049
		The terms are one percentage point lower than the standardised rate set by the Ministry of Finance.		
		Loans sold to mortgage companies		
89,574	104,398	Loans sold to SR-Boligkreditt		
56	61	Received commissions from SR-Boligkreditt		
		Total exposure by probability of default (PD) ^{1) 2) 3)}		
84,929	84,124	0.00 - 0.50%	179,876	169,170
65,879	78,695	0.50 - 2.50%	93,328	77,161
10,576	13,335	2.50 - 5.00%	14,109	11,139
5,465	4,815	5.00 - 99.9%	5,502	6,233
4,143	4,172	Exposures in default	4,234	4,179
170,992	185,140	Total exposure	297,049	267,882
-19,414	-19,119	Remaining credit lines for customers	-26,659	-26,897
-10,644	-17,397	Guarantees	-17,433	-10,686
140,934	148,624	Gross loans	252,957	230,299

Parent bank			Group	
2021	2022	Gross loans by probability of default (PD) ^{1) 2) 3)}	2022	2021
71,814	70,749	0.00 - 0.50%	159,153	148,659
53,254	60,648	0.50 - 2.50%	75,107	64,431
8,229	9,881	2.50 - 5.00%	10,623	8,779
4,740	4,251	5.00 - 99.9%	4,929	5,502
2,897	3,094	Exposures in default	3,146	2,928
140,934	148,624	Total	252,957	230,299
Expected annual average net impairment provisions by probability of default PD ^{2) 3) 4)}				
17	16	0.00 - 0.50%	19	19
123	150	0.50 - 2.50%	152	124
82	84	2.50 - 5.00%	85	82
116	91	5.00 - 99.9%	92	118
11	45	Exposures in default	45	12
349	385	Total	392	355
Gross loans to customers by industry segment				
3,586	3,706	Aquaculture	3,714	3,594
3,718	3,996	Industry	4,049	3,766
5,305	5,683	Agriculture/forestry	6,042	5,576
15,804	20,415	Service sector	21,023	16,100
3,008	3,295	Wholesale and retail trade, hotels and restaurants	3,520	3,180
1,195	1,084	Energy, oil and gas	1,087	1,195
3,951	5,003	Building and construction	5,268	4,152
1,412	1,708	Power and water supply	1,708	1,412
33,599	37,644	Real estate	37,660	33,608
11,812	13,343	Shipping and other transport	13,525	11,958
2,451	2,163	Public sector and financial services	2,163	2,451
85,841	98,041	Total corporate market	99,759	86,992
55,093	50,582	Retail market	153,198	143,307
140,934	148,624	Gross loans	252,957	230,299
Financial liabilities ⁵⁾				
10,644	17,397	Guarantees customers	17,433	10,686
19,414	19,119	Unutilised credit lines for customers	26,659	26,897
12,475	13,441	Loan offers	13,441	12,475
42,533	49,957	Gross financial liabilities	57,532	50,058
Other pledged guarantees and liabilities				
12,048	6,022	Unutilised credit lines for credit institutions	-	-
78,529	589	Guarantees others	589	589
2	-	Letters of credit	-	2
90,579	6,611	Total other pledged guarantees and liabilities	589	591

Parent bank		Expected annual average impairment provisions by sector and industry ^{2) 3)}	Group	
2021	2022		2022	2021
21	14	Aquaculture	14	20
19	29	Industry	29	19
3	3	Agriculture/forestry	3	3
93	107	Service sector	107	94
25	25	Wholesale and retail trade, hotels and restaurants	25	25
5	10	Energy, oil and gas	10	5
20	24	Building and construction	24	20
4	3	Power and water supply	3	4
117	106	Real estate	106	117
26	51	Shipping and other transport	51	26
3	1	Public sector and financial services	1	3
336	374	Total corporate market	374	336
13	12	Retail market	18	19
349	385	Total	392	355
Gross loans by geographic area				
71,175	69,987	Rogaland	138,937	132,570
24,771	25,562	Vestland	41,468	37,940
13,033	13,318	Agder	23,941	21,897
21,866	30,035	Oslo/Viken	37,567	26,824
4,505	3,677	International	3,909	4,724
5,584	6,045	Other	7,135	6,344
140,934	148,624	Total	252,957	230,299
Loans to and receivables from customers related to financial leases ⁸⁾				
Gross investments related to financial leases				
1,966	2,463	Up to 1 year	2,463	1,966
4,841	5,963	Between 1 to 5 years	5,963	4,841
571	663	Later than 5 years	663	571
7,378	9,089	Total	9,089	7,378
Net investments related to financial leases				
1,794	2,100	Up to 1 year	2,100	1,794
4,607	5,439	Between 1 to 5 years	5,439	4,607
558	635	Later than 5 years	635	558
6,959	8,173	Total	8,173	6,959

Gross loans to customers by industry, with incremental impairment provisions and net loans

Parent bank						
2022	Gross loans at amortised cost	Stage 1	Stage 2	Stage 3	Loans at fair value	Net loans
Aquaculture	3,668	-9	-10	-	39	3,687
Industry	3,938	-12	-13	-107	59	3,865
Agriculture/forestry	3,211	-2	-7	-1	2,472	5,672
Service sector	19,758	-102	-63	-133	657	20,117
Wholesale and retail trade, hotels and restaurants	3,060	-14	-13	-14	235	3,254
Energy, oil and gas	1,084	-3	-2	-57	0	1,023
Building and construction	4,721	-14	-15	-17	282	4,956
Power and water supply	1,699	-3	-1	-	9	1,703
Real estate	37,452	-87	-105	-46	192	37,407
Shipping and other transport	13,214	-20	-31	-640	129	12,653
Public sector and financial services	2,163	-	-	-	-	2,163
Total corporate market	93,968	-266	-260	-1,015	4,073	96,501
Retail market	5,168	-13	-32	-63	45,415	50,475
Adjustment for fair value through OCI					12	12
Total	99,136	-278	-292	-1,078	49,500	146,988

2021⁹⁾	Gross loans at amortised cost	Stage 1	Stage 2	Stage 3	Loans at fair value	Net loans
Aquaculture	3,551	-8	-33	-	35	3,545
Industry	3,657	-10	-8	-132	61	3,568
Agriculture/forestry	2,724	-1	-6	-2	2,581	5,296
Service sector	15,141	-43	-63	-133	663	15,565
Wholesale and retail trade, hotels and restaurants	2,757	-11	-17	-6	251	2,974
Energy, oil and gas	1,195	-2	-3	-68	-	1,122
Building and construction	3,651	-7	-18	-19	300	3,907
Power and water supply	1,408	-3	-6	-	4	1,403
Real estate	33,373	-79	-91	-53	226	33,376
Shipping and other transport	11,678	-10	-47	-691	134	11,064
Public sector and financial services	2,451	-	-	-	-	2,451
Total corporate market	81,586	-174	-292	-1,104	4,255	84,271
Retail market	5,287	-11	-34	-70	49,806	54,978
Adjustment for fair value through OCI					11	11
Total	86,873	-185	-326	-1,174	54,072	139,260

Gross loans to customers by industry, with incremental impairment provisions and net loans

Group						
2022	Gross loans at amortised cost	Stage 1	Stage 2	Stage 3	Loans at fair value	Net loans
Aquaculture	3,707	-9	-10	-	7	3,695
Industry	4,035	-12	-13	-107	14	3,917
Agriculture/forestry	5,131	-2	-7	-1	911	6,031
Service sector	20,937	-102	-63	-133	86	20,725
Wholesale and retail trade, hotels and restaurants	3,478	-14	-13	-14	41	3,478
Energy, oil and gas	1,087	-3	-2	-57	-	1,025
Building and construction	5,227	-14	-15	-18	41	5,221
Power and water supply	1,703	-3	-1	-	6	1,703
Real estate	37,542	-87	-105	-46	118	37,423
Shipping and other transport	13,497	-20	-31	-640	28	12,834
Public sector and financial services	2,163	-	-	-	-	2,163
Total corporate market	98,507	-266	-261	-1,015	1,251	98,216
Retail market	146,588	-22	-56	-63	6,610	153,056
Total	245,096	-288	-318	-1,079	7,861	251,272

2021

Aquaculture	3,586	-8	-33	-	8	3,553
Industry	3,756	-10	-8	-132	10	3,616
Agriculture/forestry	4,479	-1	-7	-2	1,097	5,566
Service sector	16,001	-43	-64	-133	99	15,860
Wholesale and retail trade, hotels and restaurants	3,146	-11	-17	-7	34	3,145
Energy, oil and gas	1,195	-2	-3	-68	-	1,122
Building and construction	4,103	-8	-18	-18	49	4,108
Power and water supply	1,412	-3	-6	-	-	1,403
Real estate	33,480	-79	-91	-53	128	33,385
Shipping and other transport	11,931	-10	-47	-691	27	11,210
Public sector and financial services	2,451	-	-	-	-	2,451
Total corporate market	85,540	-175	-294	-1,104	1,452	85,419
Retail market	136,309	-18	-59	-71	6,998	143,159
Total	221,849	-193	-353	-1,175	8,450	228,578

Gross loans by risk class

Parent bank	2022				2021			
	Stage 1	Stage 2	Stage 3	Gross loans	Stage 1	Stage 2	Stage 3	Gross loans
A - C	67,968	489	-	68,457	73,142	352	2	73,496
D - F	56,625	5,070	17	61,712	47,329	4,136	109	51,574
G - I	9,818	5,531	342	15,691	8,317	4,764	42	13,123
J - K	30	-	2,734	2,764	23	-	2,718	2,741
Total	134,441	11,090	3,093	148,624	128,811	9,252	2,871	140,934

Group								
A - C	155,434	1,309	-	156,743	151,317	933	4	152,254
D - F	69,651	6,682	21	76,354	55,523	5,317	109	60,949
G - I	10,043	6,686	342	17,071	8,473	5,809	46	14,328
J - K	40	-	2,749	2,789	28	-	2,740	2,768
Total	235,168	14,677	3,112	252,957	215,341	12,059	2,899	230,299

Gross loans and financial liabilities, incremental distribution

Parent bank								
Gross loans Corporate Market	2022				2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance 1.1	60,751	5,523	2,457	68,731	54,430	6,975	3,215	64,620
Transferred to (from) Stage 1	-3,808	3,781	27	-	-2,834	2,827	7	-
Transferred to (from) Stage 2	1,949	-1,954	5	-	1,879	-1,949	70	-
Transferred to (from) Stage 3	3	2	-5	-	-	5	-5	-
Net increase/(decrease) balance existing loans	362	507	-49	820	2,926	470	565	3,961
New issued or purchased financial assets	24,976	1,720	967	27,663	23,712	318	136	24,166
Derecognised financial assets	-15,886	-2,701	-680	-19,267	-19,362	-3,123	-1,531	-24,016
Balance 31.12	68,347	6,878	2,722	77,947	60,751	5,523	2,457	68,731
Gross loans SME & Agriculture								
Balance 1.1	13,991	1,704	145	15,840	13,502	1,760	132	15,394
Transferred to (from) Stage 1	-1,200	1,181	19	-	-867	856	11	-
Transferred to (from) Stage 2	620	-634	14	-	580	-608	28	-
Transferred to (from) Stage 3	1	-	-1	-	-	-	-	-
Net increase/(decrease) balance existing loans	363	139	17	519	666	127	23	816
New issued or purchased financial assets	5,876	309	14	6,199	4,559	331	41	4,931
Derecognised financial assets	-3,488	-693	-47	-4,228	-4,449	-762	-90	-5,301
Balance 31.12	16,163	2,006	161	18,330	13,991	1,704	145	15,840
Gross loans – retail market								
Balance 1.1	54,069	2,025	269	56,363	51,388	2,198	357	53,943
Transferred to (from) Stage 1	-994	961	34	-	-904	845	59	-
Transferred to (from) Stage 2	343	-356	13	-	582	-605	23	-
Transferred to (from) Stage 3	11	14	-25	-	6	20	-26	-
Net increase/(decrease) balance existing loans	6,164	143	36	6,343	6,208	216	49	6,473
New issued or purchased financial assets	24,774	601	32	25,407	27,432	543	29	28,004
Derecognised financial assets	-34,436	-1,183	-149	-35,768	-30,643	-1,192	-222	-32,057
Balance 31.12	49,931	2,205	210	52,346	54,069	2,025	269	56,363
Gross loans – total								
Balance 1.1	128,811	9,252	2,871	140,934	119,320	10,933	3,704	133,957
Transferred to (from) Stage 1	-6,002	5,923	80	-	-4,605	4,528	77	-
Transferred to (from) Stage 2	2,912	-2,944	32	-	3,041	-3,162	121	-
Transferred to (from) Stage 3	15	16	-31	-	6	25	-31	-
Net increase/(decrease) balance existing loans	6,889	790	4	7,683	9,800	813	637	11,250
New issued or purchased financial assets	55,626	2,630	1,013	59,269	55,703	1,192	206	57,101
Derecognised financial assets	-53,810	-4,577	-876	-59,263	-54,454	-5,077	-1,843	-61,374
Balance 31.12	134,441	11,090	3,093	148,624	128,811	9,252	2,871	140,934
Gross financial liabilities^{6) 7)}								
Balance 1.1	39,667	1,668	1,198	42,533	32,837	1,945	1,249	36,031
Net increase/(decrease) in period	6,690	847	-113	7,424	6,830	-277	-51	6,502
Balance 31.12	46,357	2,515	1,085	49,957	39,667	1,668	1,198	42,533

Group	2022				2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross loans Corporate Market								
Balance 1.1	60,461	5,523	2,457	68,441	54,086	6,975	3,215	64,276
Transferred to (from) Stage 1	-3,808	3,781	27	-	-2,835	2,828	7	-
Transferred to (from) Stage 2	1,949	-1,954	5	-	1,879	-1,949	70	-
Transferred to (from) Stage 3	3	2	-5	-	-	5	-5	-
Net increase/(decrease) balance existing loans	362	507	-49	820	2,925	470	565	3,960
New issued or purchased financial assets	24,982	1,720	967	27,669	23,713	318	136	24,167
Derecognised financial assets	-15,819	-2,697	-680	-19,196	-19,307	-3,124	-1,531	-23,962
Balance 31.12	68,130	6,882	2,722	77,734	60,461	5,523	2,457	68,441
Gross loans SME & Agriculture								
Balance 1.1	14,334	1,721	145	16,200	13,792	1,789	131	15,712
Transferred to (from) Stage 1	-1,215	1,197	18	-	-880	868	12	-
Transferred to (from) Stage 2	621	-635	14	-	595	-623	28	-
Transferred to (from) Stage 3	1	-	-1	-	-	-	-	-
Net increase/(decrease) balance existing loans	374	142	17	533	684	129	23	836
New issued or purchased financial assets	6,008	314	15	6,337	4,655	334	41	5,030
Derecognised financial assets	-3,582	-701	-47	-4,330	-4,512	-776	-90	-5,378
Balance 31.12	16,541	2,038	161	18,740	14,334	1,721	145	16,200
Gross loans – retail market								
Balance 1.1	140,546	4,815	297	145,658	133,492	5,308	392	139,192
Transferred to (from) Stage 1	-2,451	2,413	38	-	-2,187	2,122	65	-
Transferred to (from) Stage 2	1,118	-1,130	12	-	1,789	-1,821	32	-
Transferred to (from) Stage 3	16	22	-38	-	9	31	-40	-
Net increase/(decrease) balance existing loans	8,824	202	38	9,064	9,228	290	50	9,568
New issued or purchased financial assets	64,345	1,602	38	65,985	55,794	1,183	28	57,005
Derecognised financial assets	-61,901	-2,167	-156	-64,224	-57,579	-2,298	-230	-60,107
Balance 31.12	150,497	5,757	229	156,483	140,546	4,815	297	145,658
Gross loans – total								
Balance 1.1	215,341	12,059	2,899	230,299	201,370	14,072	3,738	219,180
Transferred to (from) Stage 1	-7,474	7,391	83	-	-5,902	5,818	84	-
Transferred to (from) Stage 2	3,688	-3,719	31	-	4,263	-4,393	130	-
Transferred to (from) Stage 3	20	24	-44	-	9	36	-45	-
Net increase/(decrease) balance existing loans	9,560	851	6	10,417	12,837	889	638	14,364
New issued or purchased financial assets	95,335	3,636	1,020	99,991	84,162	1,835	205	86,202
Derecognised financial assets	-81,302	-5,565	-883	-87,750	-81,398	-6,198	-1,851	-89,447
Balance 31.12	235,168	14,677	3,112	252,957	215,341	12,059	2,899	230,299
Gross financial liabilities^{6) 7)}								
Balance 1.1	46,954	1,904	1,200	50,058	39,789	2,208	1,252	43,249
Net increase/(decrease) in period	6,718	871	-114	7,474	7,165	-304	-52	6,809
Balance 31.12	53,672	2,775	1,086	57,532	46,954	1,904	1,200	50,058

Forbearance on gross loans and financial liabilities, incremental distribution

Forbearance per stage								
Loans	-	3,166	2,826	5,992	-	2,219	2,521	4,740
Financial liabilities	-	561	842	1,402	-	267	1,019	1,286
Balance 31.12	-	3,726	3,668	7,394	-	2,486	3,540	6,026

¹⁾ Loans to customers with a positive balance on corporate accounts

²⁾ PD = probability of default

³⁾ The expected average annual net impairment provision is the amount that the parent bank and the group statistically expect to lose on the lending portfolio over a 12-month period. The calculations are based on a long-term average over an economic cycle.

⁴⁾ In the event of an impairment, all the loan capital is moved to the default class irrespective of earlier classification.

⁵⁾ Financial liabilities not on the balance sheet that are the basis for impairment provisions.

⁶⁾ Other financial liabilities include guarantees, unutilised credit lines and loan offers.

⁷⁾ Financial liabilities provide the basis for impairment provisions under IFRS 9. See also note 10.

⁸⁾ Included in loans to customers

NOTE 9 LOANS SOLD TO SR-BOLIGKREDITT

The bank has concluded an agreement concerning the sale of loans with low loan-to-value and collateral in real estate to SR-Boligkredit AS. The bank administers the loans and maintains the contact with customers in accordance with the management agreement between the bank and the mortgage credit institution. The bank receives a fee in the form of commission

for the duties involved in administering the loans. The remuneration will be recognised as income as settlements are made. The sales are treated as pure sales and the loans are fully eliminated from the bank's balance sheet. Also see note 8 for loans sold to credit institutions.

NOTE 10 IMPAIRMENT PROVISIONS ON LOANS AND FINANCIAL LIABILITIES

(Figures in NOK millions)

Parent bank		Change in impairment provisions on loans	Change in impairment provisions on financial liabilities	Total
Impairment provisions on loans and financial liabilities	1.1.2022			31.12.2022
Impairment provisions after amortised cost – Corporate Market	1,495	-42	-23	1,430
Impairment provisions after amortised cost – SME & Agriculture	211	19	5	235
Impairment provisions after amortised cost – Retail Market	71	-10	3	63
Home mortgages at fair value through OCI	61	-4	-	57
Total impairment provisions on loans and financial liabilities	1,838	-37	-15	1,786
Presented as:				
Impairment provisions on loans	1,685	-37	-	1,648
Impairment provisions on financial liabilities	153	-	-15	138
Total impairment provisions on loans and financial liabilities	1,838	-37	-15	1,786
Impairment provisions on loans and financial liabilities	1.1.2021			31.12.2021
Impairment provisions after amortised cost – Corporate Market	2,035	-444	-96	1,495
Impairment provisions after amortised cost – SME & Agriculture	226	-9	-6	211
Impairment provisions after amortised cost – Retail Market	95	-23	-1	71
Home mortgages at fair value through OCI	78	-17	-	61
Total impairment provisions on loans and financial liabilities	2,434	-493	-103	1,838
Presented as:				
Impairment provisions on loans	2,178	-493	-	1,685
Impairment provisions on financial liabilities	256	-	-103	153
Total impairment provisions on loans and financial liabilities	2,434	-493	-103	1,838

	2022				2021			
Impairment provisions on loans, Corporate Market	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance 1.1.	134	205	1,023	1,362	213	205	1,388	1,806
Changes 1.1. - 31.12.								
Transferred to (from) Stage 1	-13	13	-	-	-14	14	-	-
Transferred to (from) Stage 2	52	-52	-	-	61	-62	1	-
Transferred to (from) Stage 3	3	-	-3	-	-	3	-3	-
Net new measurement of impairment provisions	-35	38	-91	-89	-119	99	-359	-379
New issued or purchased loans	107	55	10	171	63	17	9	89
Loans that have been derecognised	-37	-80	-7	-124	-70	-71	-13	-154
Balance 31.12	210	178	931	1,320	134	205	1,023	1,362
Impairment provisions on loans, SME & Agriculture								
Balance 1.1.	39	80	73	192	60	76	65	201
Changes 1.1. - 31.12.								
Transferred to (from) Stage 1	-3	3	-	-	-3	3	-	-
Transferred to (from) Stage 2	24	-25	1	-	17	-19	2	-
Transferred to (from) Stage 3	-	-	-1	-	-	-	-	-
Net new measurement of impairment provisions	-21	25	20	24	-37	24	13	-
New issued or purchased loans	23	11	1	35	16	12	3	31
Loans that have been derecognised	-9	-18	-13	-40	-14	-16	-10	-40
Balance 31.12	54	75	82	211	39	80	73	192

Impairment provisions on loans – retail market	2022				2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance 1.1.	12	41	79	131	16	49	106	171
Changes 1.1. - 31.12.								
Transferred to (from) Stage 1	-1	1	-	-	-1	1	-	-
Transferred to (from) Stage 2	8	-9	-	-	11	-12	1	-
Transferred to (from) Stage 3	1	2	-3	-	-	2	-2	-
Net new measurement of impairment provisions	-10	11	-8	-6	-16	8	-19	-27
New issued or purchased loans	8	9	3	20	7	9	2	18
Loans that have been derecognised	-4	-16	-7	-28	-5	-16	-10	-31
Balance 31.12	14	39	64	117	12	41	78	131
Impairment provisions on loans – total								
Balance 1.1.	185	325	1,175	1,685	289	330	1,559	2,178
Changes 1.1. - 31.12.								
Transferred to (from) Stage 1	-17	17	1	-	-18	18	-	-
Transferred to (from) Stage 2	84	-86	2	-	89	-93	4	-
Transferred to (from) Stage 3	4	2	-6	-	-	5	-5	-
Net new measurement of impairment provisions	-65	74	-79	-71	-172	131	-365	-406
New issued or purchased loans	138	74	14	226	86	38	14	138
Loans that have been derecognised	-51	-114	-27	-192	-89	-103	-33	-225
Balance 31.12	278	292	1,078	1,648	185	326	1,174	1,685
Impairment provisions on financial liabilities								
Balance 1.1.	32	45	76	153	43	47	166	256
Changes 1.1. - 31.12.								
Transferred to (from) Stage 1	-4	4	-	-	-2	2	-	-
Transferred to (from) Stage 2	15	-15	-	-	18	-18	-	-
Transferred to (from) Stage 3	-	-	-	-	-	-	-	-
Net new measurement of impairment provisions	-8	16	-43	-34	-37	14	-80	-103
New issued or purchased loans	23	15	1	39	18	7	1	26
Loans that have been derecognised	-13	-6	-1	-19	-8	-7	-11	-26
Balance 31.12	46	59	34	138	32	45	76	153
Of which impairment provisions in Corporate Market	34	46	30	110	25	34	74	133
Of which impairment provisions in SME & Agriculture	9	11	4	24	6	11	2	19
Of which impairment provisions in Retail Market	2	2	-	4	-	1	-	1

Group	1.1.2022	Change in impairment provisions on loans on loans	Change in impairment provisions on financial liabilities	Total 31.12.2022
Impairment provisions on loans and financial liabilities	1,874	-36	-15	1,823
Impairment provisions after amortised cost – Corporate Market	1,495	-42	-23	1,430
Impairment provisions after amortised cost – SME & Agriculture	211	19	5	236
Impairment provisions after amortised cost – Retail Market	168	-13	3	158
Total impairment provisions on loans and financial liabilities	1,874	-36	-15	1,823
Presented as:				
Impairment provisions on loans	1,721	-36	-	1,685
Impairment provisions on financial liabilities	153	-	-15	138
Total impairment provisions on loans and financial liabilities	1,874	-36	-15	1,823
Impairment provisions on loans and financial liabilities	1.1.2021			Total 31.12.2021
Impairment provisions after amortised cost – Corporate Market	2,035	-444	-96	1,495
Impairment provisions after amortised cost – SME & Agriculture	226	-9	-6	211
Impairment provisions after amortised cost – Retail Market	210	-41	-1	168
Total impairment provisions on loans and financial liabilities	2,471	-494	-103	1,874
Presented as:				
Impairment provisions on loans	2,215	-494	-	1,721
Impairment provisions on financial liabilities	256	-	-103	153
Total impairment provisions on loans and financial liabilities	2,471	-494	-103	1,874

Impairment provisions on loans, Corporate Market	2022				2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance 1.1.	134	205	1,023	1,362	213	205	1,388	1,806
Changes 1.1. - 31.12.								
Transferred to (from) Stage 1	-13	13	-	-	-14	14	-	-
Transferred to (from) Stage 2	52	-52	-	-	61	-62	1	-
Transferred to (from) Stage 3	3	-	-3	-	-	3	-3	-
Net new measurement of impairment provisions	-35	38	-91	-89	-119	99	-359	-379
New issued or purchased loans	107	55	10	171	63	17	9	89
Loans that have been derecognised	-37	-80	-7	-124	-70	-71	-13	-154
Balance 31.12	210	178	931	1,320	134	205	1,023	1,362
Impairment provisions on loans, SME & Agriculture								
Balance 1.1.	39	80	73	192	60	76	65	201
Changes 1.1. - 31.12.								
Transferred to (from) Stage 1	-3	3	-	-	-3	3	-	-
Transferred to (from) Stage 2	24	-25	1	-	17	-19	2	-
Transferred to (from) Stage 3	-	1	-1	-	-	-	-	-
Net new measurement of impairment provisions	-21	24	20	23	-37	24	13	-
New issued or purchased loans	23	11	1	35	16	12	3	31
Loans that have been derecognised	-9	-19	-13	-40	-14	-16	-10	-40
Balance 31.12	54	75	82	211	39	80	73	192
Impairment provisions on loans – retail market								
Balance 1.1.	19	67	80	166	25	75	108	208
Changes 1.1. - 31.12.								
Transferred to (from) Stage 1	-1	1	-	-	-1	1	-	-
Transferred to (from) Stage 2	16	-16	-	-	19	-20	1	-
Transferred to (from) Stage 3	1	2	-3	-	-	3	-3	-
Net new measurement of impairment provisions	-17	17	-7	-7	-26	18	-18	-26
New issued or purchased loans	13	18	3	34	10	15	3	28
Loans that have been derecognised	-7	-25	-8	-40	-7	-25	-11	-43
Balance 31.12	23	64	65	153	20	67	80	167
Impairment provisions on loans – total								
Impairment provisions on loans – total	2022				2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance 1.1.	193	352	1,176	1,721	298	356	1,561	2,215
Changes 1.1. - 31.12.								
Transferred to (from) Stage 1	-17	17	-	-	-18	18	-	-
Transferred to (from) Stage 2	91	-93	2	-	97	-101	4	-
Transferred to (from) Stage 3	4	3	-7	-	-	6	-6	-
Net new measurement of impairment provisions	-73	79	-79	-73	-182	141	-364	-405
New issued or purchased loans	143	83	14	240	89	44	15	148
Loans that have been derecognised	-53	-123	-28	-204	-91	-112	-34	-237
Balance 31.12	288	318	1,079	1,685	193	352	1,176	1,721
Impairment provisions on financial liabilities								
Balance 1.1.	32	45	76	153	43	47	166	256
Changes 1.1. - 31.12.								
Transferred to (from) Stage 1	-4	4	-	-	-2	2	-	-
Transferred to (from) Stage 2	15	-15	-	-	18	-18	-	-
Transferred to (from) Stage 3	0	0	-	-	-	-	-	-
Net new measurement of impairment provisions	-8	16	-43	-34	-37	14	-80	-103
New issued or purchased loans	23	15	1	39	18	7	1	26
Loans that have been derecognised	-13	-6	-1	-19	-8	-7	-11	-26
Balance 31.12	46	59	34	138	32	45	76	153
Of which impairment provisions in Corporate Market	34	46	30	110	25	34	74	133
Of which impairment provisions in SME & Agriculture	9	11	4	24	6	11	2	19
Of which impairment provisions in Retail Market	2	2	-	4	1	1	-	2

Impairments on loans and financial commitments recognised in the

Morbank			Group	
01.01.21 - 31.12.21	01.01.22 - 31.12.22		01.01.22 - 31.12.22	01.01.21 - 31.12.21
-493	-37	Change in impairments on loans	-36	-494
-103	-15	Change in impairments on financial commitments	-15	-103
947	83	Actual loan losses on commitments	83	947
3	2	Change in accrued interest	2	3
-1	-0	Change in assets taken over for the period	-0	-1
-160	-29	Recoveries on commitments previously written-off	-29	-160
193	4	Total net impairments on loans and financial commitments	5	192

NOTE 11 CREDIT RISK EXPOSURE FOR EACH INTERNAL RISK CLASS

(Figures in NOK millions)

Probability of default (PD)¹⁾	Average unsecured exposure³⁾	Total exposures	Average unsecured exposure	Total exposures
Parent bank	2022		2021	
0.00 - 0.50%	21.4 %	84,124	21.8 %	84,929
0.50 - 2.50%	23.9 %	78,695	25.0 %	65,879
2.50 - 5.00%	29.2 %	13,335	34.4 %	10,576
5.00 - 99.9%	33.5 %	4,815	32.6 %	5,465
Non-performing and impaired	45.6 %	4,172	46.9 %	4,143
Total²⁾		185,140		170,992
Group				
0.00 - 0.50%	13.7 %	179,876	14.3 %	169,170
0.50 - 2.50%	22.1 %	93,328	22.9 %	77,161
2.50 - 5.00%	28.2 %	14,109	32.4 %	11,139
5.00 - 99.9%	30.5 %	5,502	28.7 %	6,233
Non-performing and impaired	45.2 %	4,234	46.6 %	4,179
Total²⁾		297,049		267,882

¹⁾ PD = probability of default. 12 months PIT (Point In Time)²⁾ Gross loans, guarantees to customers and unutilised credits.³⁾ Unsecured exposures are calculated (per exposure) as the sum of the unsecured portion divided by the total exposure

NOTE 12 MAXIMUM CREDIT RISK EXPOSURE

(Figures in NOK millions)

Maximum exposure to credit risk for balance sheet components, including derivatives. Exposure is shown gross before assets pledged as security and permitted offsetting.

Parent bank			Group	
2021	2022		2022	2021
		Assets		
6	3	Receivables from the central bank	3	6
13,214	25,760	Loans to and receivables from credit institutions	11,939	5,366
139,260	146,988	Loans to and receivables from customers	251,272	228,578
54,321	54,882	Certificates and bonds	53,989	56,266
6,713	28,131	Derivatives	18,612	5,053
213,514	255,763	Total credit risk exposure balance sheet items	335,815	295,269
		Financial guarantees and loan exposures		
10,644	17,397	Guarantees customers	17,433	10,686
78,529	589	Guarantees others	589	589
12,048	6,022	Unutilised credit lines for financial institutions	0	-
19,414	19,119	Unutilised credit lines for customers	26,659	26,897
12,475	13,441	Loan offers	13,441	12,475
133,110	56,568	Total financial guarantees and loan exposures	58,121	50,647
346,624	312,331	Total credit risk exposure	393,937	345,916

Credit risk exposure related to financial assets by geographic area

Parent bank			Group	
2021	2022		2022	2021
		Banking operations		
190,226	113,101	Rogaland	170,262	161,099
16,858	17,692	Agder	29,279	26,542
31,890	33,771	Vestland	50,506	45,820
29,123	41,310	Oslo/Viken	47,281	32,488
10,352	15,502	International	15,386	10,235
7,141	7,942	Other	8,621	8,413
285,590	229,318	Total banking operations	321,335	284,597
		Certificates and bonds		
15,163	18,759	Norway	16,912	16,808
34,969	31,553	Europe/Asia/Africa	32,508	35,269
4,189	4,570	North America/Oceania	4,570	4,189
54,321	54,882	Total certificates and bonds	53,989	56,266
6,713	28,131	Derivatives	18,612	5,053
346,624	312,331	Total by geographic area	393,937	345,916

NOTE 13 CREDIT QUALITY PER CLASS OF FINANCIAL ASSET

(Figures in NOK millions)

The bank manages the credit quality of financial assets in accordance with its internal credit rating guidelines. The table shows the credit quality per class of asset for loan-related assets on the balance sheet, based on the customer's probability of default in % (PD).

Parent bank

2022	0,00 - 0,50 %	0,50 - 2,50 %	2,50 - 5,00 %	5,00 - 99,99 %	Exposures in default	Impairment provisions	Sum
Net loans							
Loans to and receivables from credit institutions	25,760						25,760
Loans to and receivables from customers							
- Retail market	39,107	11,413	732	836	259	-117	52,230
- Corporate Market	23,117	41,948	7,887	2,166	2,829	-1,320	76,627
- SME & Agriculture	6,961	8,525	1,507	1,170	167	-199	18,131
Total net loans	94,945	61,886	10,126	4,172	3,255	-1,636	172,748
Financial investments							
Norwegian government bonds	2,247	-	-	-	-	-	2,247
Listed certificates and bonds	52,581	14	-	41	-	-	52,635
Total financial investments	54,828	14	-	41	-	-	54,882
Total loan-related assets	149,773	61,900	10,126	4,213	3,255	-1,636	227,630

2021

Net loans							
Loans to and receivables from credit institutions	13,214						13,214
Loans to and receivables from customers							
- Retail market	42,681	11,873	661	840	307	-130	56,232
- Corporate Market	21,447	35,389	6,257	3,052	2,585	-1,363	67,367
- SME & Agriculture	6,505	6,890	1,428	865	153	-181	15,660
Total net loans	83,847	54,152	8,346	4,757	3,045	-1,674	152,473
Financial investments							
Norwegian government bonds	1,577	-	-	-	-	-	1,577
Listed certificates and bonds	52,599	78	17	49	1	-	52,744
Total financial investments	54,176	78	17	49	1	-	54,321
Total loan-related assets	138,023	54,230	8,363	4,806	3,046	-1,674	206,794

Group

2022	0,00 - 0,50 %	0,50 - 2,50 %	2,50 - 5,00 %	5,00 - 99,99 %	Exposures in default	Impairment provisions	Sum
Net loans							
Loans to and receivables from credit institutions	11,939						11,939
Loans to and receivables from customers							
- Retail market	127,243	25,789	1,464	1,500	308	-153	156,151
- Corporate Market	23,105	41,931	7,883	2,165	2,828	-1,320	76,592
- SME & Agriculture	7,286	8,591	1,513	1,183	168	-212	18,529
Total net loans	169,573	76,311	10,860	4,848	3,304	-1,685	263,211
Financial investments							
Norwegian government bonds	2,247	-	-	-	-	-	2,247
Listed certificates and bonds	51,675	14	-	41	-	-	51,729
Unlisted certificates and bonds	-	-	-	13	-	-	13
Total financial investments	53,922	14	-	54	-	-	53,989
Total loan-related assets	223,495	76,325	10,860	4,902	3,304	-1,685	317,200
2021							
Net loans							
Loans to and receivables from credit institutions	5,366						5,366
Loans to and receivables from customers							
- Retail market	119,329	23,146	1,231	1,606	346	-166	145,492
- Corporate Market	21,357	35,240	6,231	3,039	2,574	-1,363	67,078
- SME & Agriculture	6,782	6,953	1,436	875	154	-192	16,008
Total net loans	152,834	65,339	8,898	5,520	3,074	-1,721	233,944
Financial investments							
Norwegian government bonds	1,577	-	-	-	-	-	1,577
Listed certificates and bonds	54,527	78	17	49	1	-	54,672
Unlisted certificates and bonds	-	-	-	17	-	-	17
Total financial investments	56,104	78	17	66	1	-	56,266
Total loan-related assets	208,938	65,417	8,915	5,586	3,075	-1,721	290,210

Classification of financial investments:

Bonds are allocated to SpareBank 1 SR-Bank's estimated PD based on an external rating. If a security has an official rating, this must be applied, but if no official rating exists, an internal model is used as the basis for risk classification. The list below illustrates the relationship between SpareBank 1 SR-Bank's PD and Standard & Poor's rating matrix (Long-Term Credit Ratings).

Bank's risk classification	S&P rating
PD 0.00% - 0.50%	AAA to BBB-
PD 0.50% - 2.50%	BB+ to BB-
PD 2.50% - 5.00%	B
PD 5.00 - 99.99%	B and lower

NOTE 14 MARKET RISK RELATED TO INTEREST RATE RISK

(Figures in NOK millions)

The table specifies the effect on the result of a positive parallel shift in the yield curve of 1 percentage point at the end of the last 2 years before tax if all financial instruments are measured at fair value.

Parent bank			Group	
2021	2022		2022	2021
-74	-82	Certificates and bonds	-87	-79
-17	-9	Fixed-rate loans to customers	-9	-17
-25	-63	Other loans and deposits	-146	-117
96	119	Securities issued	244	185
-8	-6	Other	-6	-7
-28	-41	Total interest rate risk	-4	-35
Categories of maturity				
-21	-50	0-3 months	-13	-26
0	4	3 - 6 months	4	0
1	2	6 - 9 months	2	1
-3	3	9 - 12 months	3	-3
4	-1	12-18 months	-1	4
-1	-1	18-24 months	-1	-1
-9	4	2-10 years	4	-9
1	-2	10+ years	-2	-1
-28	-41	Total interest rate risk	-4	-35
Currency				
-33	-72	NOK	-35	-40
11	38	EUR	38	11
-4	-4	USD	-4	-4
-1	-1	CHF	-1	-1
-1	-2	Other	-2	-1
-28	-41	Total interest rate risk	-4	-35

Interest rate risk arises because the group's assets and liabilities may be subject to different fixed-rate periods. Interest rate instrument trading must at all times comply with the adopted limits and authorities. The group's limits define quantitative targets for maximum potential loss by a parallel shift in the yield curve of 1 percentage point.

The limit is NOK 135 million divided between NOK 100 million and NOK 35 million for Treasury and SR-Bank Markets, respectively. The interest rate risk is quantified and monitored continuously.

For floating loans and deposits, a statutory duty of disclosure is assumed when calculating exposure to interest rate risk.

The interest rate risk table shows the effect of an immediate parallel shift (increase) of 1 percentage point in the yield curve in the bank's currencies.

NOTE 15 MARKET RISK RELATED TO CURRENCY RISK

(Figures in NOK millions)

The table shows net foreign currency exposure including financial derivatives as at 31.12., calculated in accordance with the CRR/CRD IV regulations that refer to CRR article 352 (EU) no. 575/2013.

Parent bank			Group	
2021	2022		2022	2021
Currency				
30	3	EUR	3	30
35	-1	USD	-1	35
1	1	CHF	1	1
-	-	GBP	-	-
-4	-	SEK	-	-4
6	-1	DKK	-1	6
6	3	Other	3	6
74	5	Total	5	74
2,2	0,2	Effect on result of 3% change before tax	0,2	2,2

Currency risk arises when differences exist between the group's assets and liabilities in the individual currency.

Currency and currency derivative trading must at all times comply with the adopted limits and authorities. The group's limits define quantitative targets for the maximum net exposure in currency, measured in NOK. Currency risk is quantified and monitored continuously.

The group has defined limits for the net exposure in each currency, as well as limits for aggregated net currency exposure (expressed as the highest of the sum of long and short positions). The overnight price risk for spot trading in currencies must not exceed NOK 100 million per individual currency, and NOK 225 million in aggregate.

NOTE 16 LIQUIDITY RISK

(Figures in NOK millions)

The table shows cash flows including contractual interest maturity.

Parent bank ¹⁾

2022	At call	Less than 3 months	3 - 12 months	1 - 5 years	More than 5 years	Total
Debt to credit institutions		3,205	-	-	-	9,585
Deposits from customers		-	-	-	-	148,442
Securities issued		778	9,999	40,900	3,224	54,901
Lease liability		21	60	303	519	903
Senior non-preferred debt		30	199	7,075	4,458	11,762
Subordinated loan capital		20	63	118	2,220	2,420
Total liabilities		4,054	10,322	48,395	10,421	228,013
Derivatives						
Contractual cash flows out		-57,712	-20,877	-67,809	-54,559	-200,957
Contractual cash flows in		57,983	21,051	68,594	53,068	200,695
2021						
Debt to credit institutions	841	2,520	-	-	-	3,361
Deposits from customers	138,043	-	-	-	-	138,043
Securities issued	-	5,534	4,336	33,949	1,448	45,267
Lease liability	-	20	57	274	571	922
Senior non-preferred debt	-	4	64	5,965	1,924	7,957
Subordinated loan capital	-	9	34	65	2,148	2,256
Total liabilities	138,884	8,087	4,491	40,253	6,091	197,806
Derivatives						
Contractual cash flows out		-26,853	-20,881	-65,596	-37,015	-150,345
Contractual cash flows in		26,908	21,105	66,396	39,708	154,117

Group ¹⁾

2022	At call	Less than 3 months	3 - 12 months	1 - 5 years	More than 5 years	Total
Debt to credit institutions	223	3,205	-	-	-	3,428
Deposits from customers	148,100	-	-	-	-	148,100
Securities issued	-	7,062	13,359	81,952	50,852	153,225
Lease liability	-	16	46	201	74	336
Senior non-preferred debt	-	30	199	7,075	4,458	11,762
Subordinated loan capital	-	20	63	118	2,220	2,420
Total liabilities	148,322	10,333	13,668	89,345	57,603	319,271
Derivatives						
Contractual cash flows out		-51,045	-19,643	-35,440	-9,560	-115,687
Contractual cash flows in		51,630	19,204	34,835	9,118	114,787
2021						
Debt to credit institutions	114	2,520	-	-	-	2,634
Deposits from customers	137,664	-	-	-	-	137,664
Securities issued	-	5,620	14,812	69,523	35,043	124,998
Lease liability	-	15	43	176	125	359
Senior non-preferred debt	-	4	64	5,965	1,924	7,957
Subordinated loan capital	-	9	34	65	2,148	2,256
Total liabilities	137,778	8,168	14,953	75,729	39,240	275,868
Derivatives						
Contractual cash flows out		-26,837	-15,583	-41,635	-6,319	-90,374
Contractual cash flows in		26,676	15,283	40,756	6,598	89,313

¹⁾ Also see note 6 financial risk management.

NOTE 17 MATURITY ANALYSIS OF ASSETS AND DEBT/LIABILITIES

(Figures in NOK millions)

The table shows cash flows excluding contractual interest maturity.

Parent bank

2022	At call ¹⁾	Less than 3 months	3 - 12 months	1 - 5 years	More than 5 years	Total
Assets						
Cash and receivables from the central bank	76	-	-	-	-	76
Loans to and receivables from credit institutions	23,121	1,333	1,002	304	-	25,760
Gross loans to customers	18,088	1,713	7,874	59,905	61,044	148,624
- Impairment provisions	-1,648					-1,648
- Home mortgages at fair value through OCI	12					12
Loans to customers	16,452	1,713	7,874	59,905	61,044	146,988
Certificates and bonds	-	2,506	10,929	37,173	4,274	54,882
Financial derivatives	14,368	1,655	491	3,791	7,827	28,131
Shares, ownership stakes and other securities	496	-	-	-	-	496
Investments in ownership interests	2,593	-	-	-	-	2,593
Investments in group companies	7,547	-	-	-	-	7,547
Intangible assets	70	-	-	-	-	70
Deferred tax asset	1,102	-	-	-	-	1,102
Fixed assets	273	-	-	-	-	273
Lease rights	857	-	-	-	-	857
Other assets	767	-	-	-	-	767
Total assets	67,721	7,207	20,295	101,173	73,145	269,542
Liabilities						
Debt to credit institutions	6,380	3,205	-	-	-	9,585
Deposits from customers	148,442	-	-	-	-	148,442
Securities issued	-	526	8,131	35,317	7,391	51,364
Financial derivatives	2,529	3,314	1,556	4,967	7,857	20,224
Payable tax	-	-	1,206	-	-	1,206
Liability related to lease rights	-	21	60	303	519	903
Pension liabilities	245	-	-	-	-	245
Impairment provisions on financial liabilities	138	-	-	-	-	138
Other liabilities	584	-	-	-	-	584
Senior non-preferred debt	-	-	-	5,612	3,689	9,301
Subordinated loan capital	-	-	-	-	2,161	2,161
Total liabilities	158,317	7,066	10,953	46,198	21,617	244,151

Group

2022	At call ¹⁾	Less than 3 months	3 - 12 months	1 - 5 years	More than 5 years	Total
Assets						
Cash and receivables from the central bank	76	-	-	-	-	76
Loans to and receivables from credit institutions	9,300	1,333	1,002	304	-	11,939
Gross loans to customers	38,642	1,716	7,900	60,109	144,589	252,957
- Impairment provisions	-1,685	-	-	-	-	-1,685
Loans to customers	36,957	1,716	7,900	60,109	144,589	251,272
Certificates and bonds at fair value	-	2,667	11,383	35,665	4,274	53,989
Financial derivatives	14,368	1,508	491	1,286	960	18,612
Shares, ownership stakes and other securities	848	-	-	-	-	848
Investments in ownership interests	5,242	-	-	-	-	5,242
Investments in group companies	-	-	-	-	-	-
Intangible assets	454	-	-	-	-	454
Deferred tax asset	1,075	-	-	-	-	1,075
Fixed assets	923	-	-	-	-	923
Lease rights	314	-	-	-	-	314
Other assets	1,186	-	-	-	-	1,186
Total assets	70,743	7,225	20,775	97,365	149,823	345,931
Liabilities						
Debt to credit institutions	223	3,205	-	-	-	3,428
Deposits from customers	148,100	-	-	-	-	148,100
Securities issued	-	1,175	16,232	71,158	46,788	135,353
Financial derivatives	2,529	236	181	4,967	7,857	15,771
Payable tax	1,345	-	-	-	-	1,345
Liability related to lease rights	-	16	46	201	74	336
Pension liabilities	251	-	-	-	-	251
Impairment provisions on financial liabilities	138	-	-	-	-	138
Other liabilities	858	-	-	-	-	858
Senior non-preferred debt	-	-	-	5,612	3,689	9,301
Subordinated loan capital	-	-	-	-	2,161	2,161
Total liabilities	153,444	4,633	16,459	81,938	60,569	317,042

¹⁾ Overdraft facilities and operating credits (including flexible loans) are included in the “at call” interval. Non-financial assets and liabilities have for presentation purposes been added to the “at call” column. Deposits have been added to the “at call” column but there is no expectation that all deposits would have to be settled within a short space of time.

NOTE 18 NET INTEREST INCOME

(Figures in NOK millions)

Parent bank

	2022				2021			
	Measured at fair value	Measured at fair value through OCI	Measured at amortised cost	Total	Measured at fair value	Measured at fair value through OCI	Measured at amortised cost	Total
Interest income								
Interest on receivables from credit institutions			356	356	-		80	80
Interest on lending to customers	227	1,187	4,252	5,666	265	825	2,818	3,908
Interest on certificates and bonds	686		139	825	70		48	118
Interest on written down loans	-		117	117	-		109	109
Total interest income	913	1,187	4,864	6,964	335	825	3,055	4,215
Interest costs								
Interest on debt to credit institutions	-		117	117	-		40	40
Interest on deposits from customers	-		2,021	2,021	-		737	737
Interest on securities issued	-72		850	778	-389		645	256
Interest on subordinated loan capital	2		61	63	2		38	40
Fee to the Norwegian Banks Guarantee Fund	-		103	103	-		96	96
Interest on lease rights	-		29	29	-		29	29
Total interest costs	-70	-	3,181	3,111	-387	-	1,585	1,198
Net interest income	983	1,187	1,683	3,853	722	825	1,470	3,017

Group

Interest income								
Interest on receivables from credit institutions			129	129	-		34	34
Interest on lending to customers	227		8,061	8,288	265		5,278	5,543
Interest on certificates and bonds	713		152	865	79		53	132
Interest on written down loans	-		117	117	-		109	109
Total interest income	940		8,459	9,399	344		5,474	5,818
Interest costs								
Interest on debt to credit institutions	-		97	97	-		44	44
Interest on deposits from customers	-		2,010	2,010	-		733	733
Interest on securities issued	1,001		1,585	2,586	-223		1,107	884
Interest on subordinated loan capital	2		62	64	2		38	40
Fee to the Norwegian Banks Guarantee Fund	-		117	117	-		107	107
Interest on lease rights	-		9	9	-		9	9
Total interest costs	1,003		3,880	4,883	-221		2,038	1,817
Net interest income	-63		4,579	4,516	565		3,436	4,001

NOTE 19 NET COMMISSIONS AND OTHER OPERATING INCOME

(Figures in NOK millions)

Parent bank			Group	
2021	2022		2022	2021
107	121	Guarantee commissions	121	106
142	123	Saving and investments	123	217
56	61	Commissions from mortgage credit institutions	-	-
327	401	Money-transfer services	399	325
231	271	Insurance services	271	231
-	-	Fee accounting	369	315
156	154	Other commissions	170	168
		Property sales	383	439
1,019	1,132	Total commission income	1,836	1,801
80	75	Money-transfer services	75	80
11	12	Other commission expenses	12	10
91	87	Total commission expenses	87	90
12	16	Operating income from investment properties	12	6
-	8	Other operating income	8	-
12	24	Total other operating income	21	6
940	1,070	Net commissions and other operating income	1,770	1,717

NOTE 20 NET INCOME/LOSSES FROM FINANCIAL INSTRUMENTS

(Figures in NOK millions)

Parent bank			Group	
2021	2022		2022	2021
247	88	Net gain/loss on equity instruments ¹⁾	156	296
-561	-867	Net gain/loss on bonds and certificates	-875	-562
458	705	Net derivatives; bonds and certificates	705	458
4	3	Net counterparty risk, including CVA	3	4
-13	7	Net derivatives; fixed-rate	7	-13
22	-24	Net derivatives; debt	-58	18
-12	-159	Net derivatives; basis swap spread	88	-24
147	206	Net gain currency	206	142
292	-40	Net income/loss from financial instruments	233	320

¹⁾ Including gains from the sale of Bjergsted Terrasse of NOK 81 million in the parent bank and NOK 106 million in the group 2022
Including gains from the sale of SR-Forvaltning of NOK 134 million in the parent bank and NOK 92 million in the group 2021

NOTE 21 PERSONNEL COSTS

(Figures in NOK millions)

Parent bank			Group	
2021	2022		2022	2021
860	897	Salaries	1,359	1,311
111	94	Pension expenses (disclosure 23)	116	131
155	169	Social expenses	225	209
56	74	Other personnel expenses	88	71
1,182	1,234	Total personnel expenses	1,788	1,722
978	1,026	Average no. of employees	1,634	1,495
935	987	No. of FTEs as at 31.12.	1,543	1,505
998	1,050	No. of employees as at 31.12.	1,664	1,614
10,563		Outstanding no. of shares from bonus share programme		10,563
		Outstanding fund units from the bonus programme		

Remuneration to group executive management team

(Figures in NOK thousands)

Parent bank		
2021	2022	
26,362	35,296	Salaries
6,787	5,248	Pension expenses (disclosure 23)
4,229	4,411	Social expenses
		Other personnel expenses
37,378	44,955	Total personnel expenses

For more information on remuneration to group executive management team see the Executive remuneration report 2022.

NOTE 22 OTHER OPERATING EXPENSES

(Figures in NOK millions)

Parent bank			Group	
2021	2022		2022	2021
353	364	IT expenses	395	381
65	71	Marketing expenses	87	81
49	72	Administrative expenses	101	66
31	39	Operating expenses real estate	54	37
83	96	External fees	80	98
55	50	Other operating expenses	148	154
636	692	Total other operating expenses	865	817

Fees for external auditor - specification of audit fees

(Figures in NOK thousands)

2 287	3 053	Statutory audit	5 503	4 395
-	36	Tax advice ¹⁾	65	310
360	478	Other certification services	518	826
2 946	2 327	Other non-auditing services ¹⁾	2 732	3 278
5 593	5 894	Total	8 818	8 809

-	36	¹⁾ Fees to Advokatfirmaet PricewaterhouseCoopers included in tax advice and other non-auditing services	55	-
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All figures are inclusive of VAT

NOTE 23 PENSIONS

As of 31 December 2022, the SpareBank 1 SR-Bank group has a defined contribution pension and a closed benefit-based pension for its employees. The company's and group's pension schemes comply with the requirements of the Mandatory Occupational Pension Act.

Pension liabilities related to defined benefit pensions

The group previously had a funded defined benefit pension scheme covered by the group's pensions fund. This scheme was wound up in 2015 and employees who were in the defined benefit scheme were issued a paid-up policy for their earned rights in the defined benefit scheme.

Paid-up policies will be managed by the pension fund, which from 1 January 2016 became a paid-up fund. A framework agreement has been established between SpareBank 1 SR-Bank and the pension fund that covers things such as financing, capital management, etc. Because of the responsibilities SpareBank 1 SR-Bank still has, future liabilities will have to be incorporated in the financial statements. The board of the pension fund must consist of representatives of the group and pension scheme participants in accordance with the pension fund's articles of association

The AFP scheme, which applies with effect from 1 January 2011, should be regarded as a defined benefit multi-company scheme, but will be recognised as a defined contribution scheme until adequate reliable information is available to allow the bank and the group to recognise their proportional shares of the pension costs, the pension liabilities and the pension funds in the scheme. Thus, the bank's and the group's liabilities are not recognised on the balance sheet as liabilities as at 31 December 2022

Contribution-based service pension for wages above 12 G (placed in Storebrand Asset Management AS)

Parts of the executive management team, both present and previous, have been enrolled in a secured service pension for salary exceeding 12G (G = the National Insurance basic amount). These agreements were changed with effect from 1 January 2022. As a result, a one-time effect of NOK 17 million has been recorded as a reduction in pension expenses during 3rd quarter of 2022. At the same time, the remaining executive management have been granted similar arrangements. After the changes, the collective executive management team is now enrolled in a defined contribution pension scheme for salary exceeding 12G. The agreements are further described in the executive remuneration report for 2022.

Sparebank 1 SR-Bank pays a monthly supplement towards the contribution-based service pension for salary above 12G. The contribution is placed in Storebrand Asset Management AS, where the members can make individual investment choices. The members hold the investment risk. The net return on investment is added to the pension capital after deduction of management fees. The pension capital is owned by SpareBank 1 SR-Bank and is recognised in the balance sheet as assets. The related pension liability is recognised as debt. Sparebank 1 SR-Bank have invested assets equivalent of NOK 96 million to cover future pension liabilities for the service pension scheme. The calculated pension liability is NOK 114 million (including Employer's National Insurance contributions). The difference between the pension capital and the related pension liability of NOK 18 million relates to Employer's National Insurance contributions, and has been accrued for accordingly.

Total benefit-based and contribution-based pensions recognised in the balance sheet

(Figures in NOK millions)

Parent bank			Group	
2021	2022		2022	2021
Net pension liabilities on the balance sheet				
-38	-114	Present value pension liabilities	-108	-33
	96	Contribution-based service pension for salary above 12 G	96	
-38	-18	Total	-12	-33
264	223	Upper limit for recognition of the asset ¹⁾	223	266
43	40	Employer's NI contributions	40	44
269	245	Net pension liabilities on the balance sheet 31.12	251	277
Pension expenses for the period				
9	-130	Accrued defined benefit-based pensions	-120	10
	113	Contribution-based service pension for salary above 12 G	113	
102	111	Contribution based pension costs and joint AFP scheme	123	121
111	94	Pension expenses in the period recognised through profit and loss	116	131

¹⁾ The group has overcoverage (the value of the pension funds exceeds the calculated pension liabilities) related to the closed defined benefit pension scheme which has not been capitalised since the overcoverage does not entail financial benefits in the future in the form of reduced premium payments or repayments.

NOTE 24 TAX

(Figures in NOK millions)

Parent bank			Group	
2021	2022		2022	2021
3 232	3 923	Pre-tax operating profit	4 211	3 835
-1 363	-1 247	Permanent differences ¹⁾	-743	-894
-	-123	Group contribution	-	-
-3 738	2 270	Change in temporary differences	1 909	-3 779
-72	1	- of which recorded directly against equity	1	-72
-1 941	4 824	Taxable income for the year	5 378	-910
-	1 206	Of which taxes payable	1 345	232
-	31	Tax effect of group contribution	-	-
467	-568	Change in deferred tax	-512	450
1	-	Taxes payable on hybrid capital recorded against equity	-	1
-	1	Excess/insufficient tax provisions previous year	1	-1
468	670	Total tax expense	834	682
Reconciliation of tax expense against nominal tax rate				
808	981	Tax on pre-tax profit	1 053	930
-341	-312	Tax on permanent differences ¹⁾	-185	-210
-	-	Change in deferred tax from previous years	-36	-25
1	-	Taxes payable recorded directly against equity	1	-12
-	1	Excess/insufficient tax allocation in previous years	1	-1
468	670	Calculated tax expense	834	682
Deferred tax asset				
-708	-66	- deferred tax asset that reverses in more than 12 months	-36	-790
-	-1 251	- deferred tax asset that reverses within 12 months	-1 291	-
-708	-1 317	Total deferred tax asset	-1 327	-790
Deferred tax				
143	185	- deferred tax that reverses in more than 12 months	213	189
-	31	- deferred tax that reverses within 12 months	39	3
143	216	Total deferred tax	252	192
-565	-1 102	Net deferred tax/deferred tax asset	-1 075	-598
Change in deferred tax				
437	-537	Year's change in deferred tax on the balance sheet	-477	417
-	-	Change in deferred tax through acquisition and sales	-36	3
12	-31	Change in deferred tax for group contributions on the balance sheet	-	12
18	-	- of which change not recognised through profit or loss	1	18
467	-568	- of which change recognised through profit or loss	-512	450
Specification of temporary differences				
39	15	Gains and loss account	62	93
-601	-5 005	Differences related to financial items	-4 852	-751
-	-	Loans	-4	-
-269	-245	Pension liabilities	-250	-276
3	35	Accounting provisions	17	92
529	689	Leasing operating equipment	688	528
-23	-19	Fixed assets	57	29
-	123	Group contribution paid	-	-
-1 941	-	Tax loss carried forward ²⁾	-18	-2 107
-2 263	-4 407	Total temporary differences	-4 300	-2 392
25 %	25 %	Effective tax rate	22 % - 25 %	22 % - 25 %

¹⁾ Includes tax-exempted dividends, non-tax-deductible expenses, net tax-exempt gains on the realisation of equities in the European Economic Area (EEA), and tax allowances for profit attributable to associated companies (the percentage of the profit is extracted as it has already been taxed in the individual company).

²⁾ Tax loss carried forward is linked to temporary differences.

NOTE 25 CLASSIFICATION OF FINANCIAL INSTRUMENTS

(Figures in NOK millions)

Parent bank

	Recognised at fair value	Financial derivatives as hedging instruments	Financial assets and liabilities measured at amortised cost	Total
2022				
Assets				
Cash and receivables from the central bank			76	76
Loans to and receivables from credit institutions			25,760	25,760
Loans to customers	49,488		97,500	146,988
Certificates and bonds	45,783		9,099	54,882
Financial derivatives	18,570	9,562		28,131
Shares, ownership stakes and other securities	496			496
Total assets	114,337	9,562	132,434	256,333
Liabilities				
Debt to credit institutions			9,585	9,585
Deposits from customers			148,442	148,442
Securities issued ¹⁾			51,364	51,364
Financial derivatives	8,302	11,922		20,224
Senior non-preferred debt ¹⁾			9,301	9,301
Subordinated loan capital ¹⁾			2,161	2,161
Total liabilities	8,302	11,922	220,853	241,076
2021				
Assets				
Cash and receivables from the central bank			78	78
Loans to and receivables from credit institutions			13,214	13,214
Loans to customers	54,061		85,199	139,260
Certificates and bonds	46,720		7,601	54,321
Financial derivatives	4,474	2,239		6,713
Shares, ownership stakes and other securities	694			694
Total assets	105,949	2,239	106,092	214,280
Liabilities				
Debt to credit institutions			3,361	3,361
Deposits from customers			138,043	138,043
Securities issued ¹⁾			44,116	44,116
Financial derivatives	3,681	1,814		5,495
Senior non-preferred debt ¹⁾			7,465	7,465
Subordinated loan capital ¹⁾			2,130	2,130
Total liabilities	3,681	1,814	195,115	200,610

Information about fair value**Parent bank**

The table below shows financial instruments at fair value according to their valuation method. The different levels are defined as follows:

Listed price in an active market for an identical asset or liability (level 1). Valuation based on observable factors other than listed price (used in level 1) either direct (price) or indirect (deduced from prices) for the asset or liability (level 2). Valuation based on factors not obtained from observable markets (non-observable assumptions) (level 3).

2022	Valuation according to prices in an active market	Valuation according to observable market data	Valuation according to factors other than observable market data	Total
Assets				
Loans to customers			49,488	49,488
Certificates and bonds	26,384	19,399		45,783
Financial derivatives		28,131		28,131
Shares, ownership stakes and other securities	348	80	69	496
Liabilities				
Financial derivatives		20,224		20,224

No transfers between levels 1 and 2.

2021				
Assets				
Loans to customers			54,061	54,061
Certificates and bonds	27,588	19,132		46,720
Financial derivatives		6,713		6,713
Shares, ownership stakes and other securities	563	44	87	694
Liabilities				
Financial derivatives		5,495		5,495

No transfers between levels 1 and 2.

Change in holding during the financial year of assets measured on the basis of factors other than observable market data

Parent bank 2022	Loans to customers	Shares, ownership stakes and other securities
Balance 1.1.	54,061	87
Additions/disposals	-4,290	4
Transferred from or to measurement according to prices in an active market or observable market data		
Change in value ²⁾	-283	-22
Balance 31.12.	49,488	69
Nominal value/cost price	49,819	36
Fair value adjustment	-331	32
Balance 31.12.	49,488	69
Parent bank 2021		
Balance 1.1.	51,217	63
Additions/disposals	3,127	26
Transferred from or to measurement according to prices in an active market or observable market data		
Change in value ²⁾	-283	-2
Balance 31.12.	54,061	87
Nominal value/cost price	54,344	33
Fair value adjustment	-283	54
Balance 31.12.	54,061	87

Group

	Recognised at fair value	Financial derivatives as hedging instruments	Financial assets and liabilities measured at amortised cost	Total
2022				
Assets				
Cash and receivables from the central bank			76	76
Loans to and receivables from credit institutions			11,939	11,939
Loans to customers	7,861		243,411	251,272
Certificates and bonds	44,416		9,573	53,989
Financial derivatives	4,244	14,368		18,612
Shares, ownership stakes and other securities	848			848
Total assets	57,369	14,368	264,999	336,736
Liabilities				
Debt to credit institutions			3,428	3,428
Deposits from customers			148,100	148,100
Securities issued ¹⁾			135,353	135,353
Financial derivatives	13,242	2,529		15,771
Senior non-preferred debt ¹⁾			9,301	9,301
Subordinated loan capital ¹⁾			2,161	2,161
Total liabilities	13,242	2,529	298,343	314,114
2021				
Assets				
Cash and receivables from the central bank			78	78
Loans to and receivables from credit institutions			5,366	5,366
Loans to customers	8,450		220,128	228,578
Certificates and bonds	48,000		8,266	56,266
Financial derivatives	3,105	1,948		5,053
Shares, ownership stakes and other securities	1,001			1,001
Total assets	60,556	1,948	233,838	296,342
Liabilities				
Debt to credit institutions			2,634	2,634
Deposits from customers			137,664	137,664
Securities issued ¹⁾			122,276	122,276
Financial derivatives	2,602	601		3,203
Senior non-preferred debt ¹⁾			7,465	7,465
Subordinated loan capital ¹⁾			2,130	2,130
Total liabilities	2,602	601	272,169	275,372

¹⁾ Securities issued, senior non-preferred debt and subordinated loans issued contain secured debt.

²⁾ Changes are recognised in net income from financial instruments.

Information about fair value**Group**

The table below shows financial instruments at fair value according to their valuation method. The different levels are defined as follows:

Listed price in an active market for an identical asset or liability (level 1). Valuation based on observable factors other than listed price (used in level 1) either direct (price) or indirect (deduced from prices) for the asset or liability (level 2). Valuation based on factors not obtained from observable markets (non-observable assumptions) (level 3).

2022	Valuation according to prices in an active market	Valuation according to observable market data	Valuation according to factors other than observable market data	Total
Assets				
Loans to customers			7,861	7,861
Certificates and bonds	24,524	19,893		44,417
Financial derivatives		18,612		18,612
Shares, ownership stakes and other securities	348	80	420	848
Liabilities				
Financial derivatives		15,771		15,771

No transfers between levels 1 and 2.

2021

Assets				
Loans to customers			8,450	8,450
Certificates and bonds	28,347	19,653		48,000
Financial derivatives		5,053		5,053
Shares, ownership stakes and other securities	563	44	394	1,001
Liabilities				
Financial derivatives		3,203		3,203

No transfer between levels 1 and 2.

Change in holding during the financial year of assets measured on the basis of factors other than observable market data

Group 2022	Utlån til kunder	Aksjer, andeler og andre egenkapital-interesser
Balance 1.1.	8,450	394
Additions	1,612	20
Disposals	-1,918	-16
Transferred from or to measurement according to prices in an active market or observable market data	-	-
Change in value ²⁾	-283	22
Balance 31.12.	7,861	420
Nominal value/cost price	8,192	328
Fair value adjustment	-331	92
Balance 31.12.	7,861	420
Group 2021		
Balance 1.1.	9,654	375
Additions	1,653	120
Disposals	-2,574	-92
Transferred from or to measurement according to prices in an active market or observable market data	-	-
Change in value ²⁾	-283	-9
Balance 31.12.	8,450	394
Nominal value/cost price	8,499	384
Fair value adjustment	-49	10
Balance 31.12.	8,450	394

Other assets are measured using various methods such as last known transaction price, earnings per share, dividend per share, EBITDA and discounted cash flows.

Fixed-rate loans are measured on the basis of the interest rate agreed with the customer. Loans are discounted using the sensitivity analyses indicate an increase in the discount rate of 10 basis points would have a negative effect on the result amounting to NOK 24 million.

Parent bank

Fair value of financial instruments at amortised cost	Carrying amount 2022	Fair value 2022	Carrying amount 2021	Fair value 2021
Assets				
Cash and receivables from the central bank	76	76	78	78
Loans to and receivables from credit institutions	25 760	25 760	13 214	13 214
Loans to customers ¹⁾	97 500	97 500	85 199	85 199
Certificates and bonds ³⁾	9 099	9 070	7 601	7 609
Total assets at amortised cost	132 434	132 405	106 092	106 100
Liabilities				
Debt to credit institutions	9 585	9 585	3 361	3 361
Deposits from customers ¹⁾	148 442	148 442	138 043	138 043
Securities issued ³⁾	51 364	51 473	44 116	44 406
Senior non-preferred debt	9 301	9 274	7 465	7 533
Subordinated loan capital ³⁾	2 161	2 239	2 130	2 252
Total liabilities at amortised cost	220 853	221 013	195 115	195 595

Group

Fair value of financial instruments at amortised cost	Carrying amount 2022	Fair value 2022	Carrying amount 2021	Fair value 2021
Assets				
Cash and receivables from the central bank	76	76	78	78
Loans to and receivables from credit institutions	11 939	11 939	5 366	5 366
Loans to customers ¹⁾	243 411	243 411	220 128	220 128
Certificates and bonds ³⁾	9 573	9 542	8 266	8 274
Total assets at amortised cost	264 999	264 968	233 838	233 846
Liabilities				
Debt to credit institutions	3 428	3 428	2 634	2 634
Deposits from customers ¹⁾	148 100	148 100	137 664	137 664
Securities issued ³⁾	135 353	135 181	122 276	122 836
Senior non-preferred debt	9 301	9 274	7 465	7 532
Subordinated loan capital ³⁾	2 161	2 239	2 130	2 152
Total liabilities at amortised cost	298 342	298 222	272 169	272 818

¹⁾ Customer loans and deposits at amortised cost amount to book value best estimate at fair value.

²⁾ Changes are recognised in net income from financial instruments.

³⁾ Fair value is mainly determined based on observable prices in an active market.

NOTE 26 CERTIFICATES AND BONDS

(Figures in NOK millions)

Parent bank		Sertifikater og obligasjoner	Group	
2021	2022		2022	2021
46,720	45,783	Sertifikater og obligasjoner til virkelig verdi	44,416	48,000
7,601	9,099	Sertifikater og obligasjoner til amortisert kost	9,573	8,266
54,321	54,882	Sum sertifikater og obligasjoner	53,989	56,266
Stat				
1,549	4,278	Nominal value	4,278	1,549
1,577	4,104	Book value	4,104	1,577
Annen offentlig utsteder				
4,051	3,073	Nominal value	3,343	4,351
4,098	3,118	Book value	3,392	4,398
Obligasjoner med fortrinnsrett				
22,510	22,229	Nominal value	19,196	22,668
22,652	22,198	Book value	18,843	22,791
Øvrige finansielle foretak,				
including multilateral development banks				
25,321	25,268	Nominal value	27,431	26,801
25,628	25,189	Book value	27,376	27,117
Ikke-finansielle foretak				
377	285	Nominal value	285	394
366	274	Book value	274	383
53,808	55,132	Total certificates and bonds at nominal value	54,532	55,763
54,321	54,882	Total certificates and bonds	53,989	56,266

NOTE 27 FINANCIAL DERIVATIVES

General description:

The fair value of financial derivatives is determined using valuation methods where the price of the underlying object, for example interest and currency rates, are obtained from the market. If the group's risk position is relatively neutral, normal rates will be used in pricing. A neutral risk position means, for example, that the interest rate risk within a re-pricing interval is approximately zero. Otherwise, the relevant purchase or sales price is used to assess the net position. The credit valuation adjustment (CVA) for derivative transactions is assessed on the basis of the net positive market values per counterparty. The CVA risk for counterparties that regularly exchange collateral and Norwegian municipalities is considered marginal. For other counterparties, the CVA calculation is based on the probability of default compared with the remaining term to maturity of the derivative positions and loss given default.

The group hedges fixed-rate loans. Each hedge is documented with a reference to the group's risk management strategy, a clear identification of the item being hedged, the hedging instrument used, a description of the hedged risk, a description of why hedging is regarded as highly probable and a description of how and when the group shall determine the effectiveness of the hedge during the accounting period and that it is expected to be very effective during the next accounting period. The group has defined the hedged risk as value changes linked to

the NIBOR component of the hedged fixed interest rates in NOK and value changes linked to the LIBOR components of the hedged fixed interest rates in foreign currencies.

The bank makes use of basis swaps and interest rate and currency swaps to convert borrowing in one currency to the desired currency. A typical example would be the bank raising a loan in EUR that is converted to NOK via a basis swap. The value of basis swaps can change significantly from day-to-day due to changes in margins. This risk is not hedged and results in unrealised gains and losses.

As at 31.12.2022, the net fair value of the hedging instruments was NOK -11.916 million (NOK -14 million in assets and NOK 11.902 million in liabilities). The corresponding figures for 2021 were NOK 965 million (NOK 1.741 million in assets and NOK 776 million in liabilities). There was no ineffective result for hedging instruments in 2022.

Central clearing and ISDA agreements with CSA supplements regulate the counterparty risk through payments of margins in relation to exposure limits. Such agreements represent a contract sum of NOK 282.8 billion and security of NOK 14.368 million and NOK 2.529 million has been pledged and received as at 31.12.2022. The group has no financial instruments that are booked net.

Group

(Figures in NOK millions)

At fair value through profit or loss	2022			2021		
	Contract amount	Fair value Assets	Liabilities	Contract amount	Fair value Assets	Liabilities
Currency instruments						
Currency futures (forwards)	5.329	121	150	3.616	88	60
Currency swaps	39.194	572	78	20.359	222	167
Currency swaps (basis swap)	28.398	818	137	38.025	246	390
Currency swaps (basis swap hedging)	29.311	536	25	31.562	52	381
Currency options	952	0	0	-	-	-
Total currency instruments	103.184	2.047	390	93.562	608	998
Interest rate instruments						
Interest rate swaps	71.543	2.184	924	75.206	744	817
Other interest rate contracts	2.021	27	27	1.314	12	12
Total interest rate instruments	73.564	2.211	950	76.520	756	829
Interest rate instruments. hedging						
Interest rate swaps	127.769	-14	11.902	105.569	1.741	776
Total interest rate instruments. hedging	127.769	-14	11.902	105.569	1.741	776
Collateral						
Collateral		14.368	2.529		1.948	600
Total collateral		14.368	2.529		1.948	600
Total currency instruments	103.184	2.047	390	93.562	608	998
Total interest rate instruments	201.334	2.197	12.852	182.089	2.497	1.605
Total collateral		14.368	2.529		1.948	600
Total currency and interest rate instruments	304.517	18.612	15.771	275.651	5.053	3.203
Counterparty risk:						
Netting agreements		2.352			1.683	
Taking into account collateral		16.896			2.548	
Total exposure to financial derivatives		-636			822	

Counterparty risk associated with derivatives is reduced via ISDA agreements and CSA supplements. The CSA supplement regulates the counterparty risk through payments of margins in relation to exposure limits.

IBOR reform

Reforming and alternatives to IBOR rates have become a priority area for governments around the world in recent years. However, there is uncertainty surrounding which methods will be used for any changes and when they will be introduced. All of SpareBank 1 SR-Bank's interest rate derivatives use IBOR rates as a benchmark rate, and may thus be affected by changes. The most important positions are in EURIBOR and NIBOR. The bank is monitoring market developments closely and is involved in several projects to monitor the changes and facilitate any adjustments. The table below shows nominal amount and weighted average remaining maturity for derivatives in hedging relationships, assets and liabilities that may be affected by IBOR reform, categorised by the relevant IBOR rate.

Financial derivatives	2022		2021	
	Contract amount	Weighted maturity	Contract amount	Weighted maturity
Interest rate instruments				
CIBOR DKK (6 months)	848	2.9	806	3.9
EURIBOR EUR (3 months)	194,435	4.6	96,449	4.7
EURIBOR EUR (6 months)	389	6.1	120	3.3
LIBOR USD (1 month)	-		881	1.0
LIBOR USD (3 months)	3,962	1.9	14,137	1.5
LIBOR USD (6 months)	-		818	1.4
NIBOR NOK (1 month)	38	4.1	46	5.1
NIBOR NOK (3 months)	79,143	4.5	68,191	4.2
NIBOR NOK (6 months)	940	2.2	855	2.7
STIBOR SEK (3 months)	256	2.1	286	3.1
Total interest rate instruments	280,010		182,589	

	2022		2021	
	Contract amount	Weighted maturity	Contract amount	Weighted maturity
Currency instruments				
EURIBOR EUR (3-month) to LIBOR USD (3-month)	13,565	2.0	14,240	2.2
EURIBOR EUR (3-month) to NIBOR NOK (3-month)	110,164	4.8	48,843	3.4
EURIBOR EUR (3-month) to STIBOR SEK (3-month)	4,200	1.3	198	0.5
LIBOR USD (3-month) to NIBOR NOK (3-month)	153	3.3	5,440	2.1
STIBOR SEK (3-month) to NIBOR NOK (3-month)	1,256	1.4	682	1.8
LIBOR USD (6 months) to FIXED NOK	-		184	4.5
Total currency instruments	129,338		69,587	
Total exposure to financial derivatives	409,347		252,176	
Assets				
Certificates and bonds				
EURIBOR EUR (3 months)	-		479	0.4
LIBOR USD (3 months)	13	2.0	9	2.8
NIBOR NOK (3 months)	24,815	3.1	27,450	1.7
Total exposure certificates and bonds	24,827		27,938	
Liabilities				
Securities issued				
EURIBOR EUR (3-month)	3,049	1.3	1,448	3.5
EURIBOR EUR (6-month)	526	8.0	499	9.0
LIBOR USD (3-month)	-		88	0.7
LIBOR USD (6-month)	1,390	0.8	1,243	1.8
NIBOR NOK (3-month)	13,975	12.3	27,208	7.5
STIBOR SEK (3-month)	661	0.8	682	1.8
Total exposure securities issued	19,601		31,168	

The bank also has loans to customers in GBP and USD LIBOR and EURIBOR, respectively, as well as loans to and deposits from customers linked to NIBOR.

	Carrying amount	Accumulated fair value adjustment of the hedged item	Value changes used for calculating hedge ineffectiveness	
Fair value interest rate risk 2022				
Hedging instrument				
Interest rate swaps			11,708	
Hedged item				
Debt securities issued	115,474	12,165	-11,715	
Hedged item	Less than 3 months	3 - 12 months	1 - 5 years	More than 5 years
Debt securities issued	6,833	3,939	61,322	55,545
				Total
				127,639
	Carrying amount	Accumulated fair value adjustment of the hedged item	Value changes used for calculating hedge ineffectiveness	
Fair value interest rate risk 2021				
Hedging instrument				
Interest rate swaps			2,780	
Hedged item				
Debt securities issued	104,049	12,167	-2,793	
Hedged item	Under 3 måneder	3-12 måneder	1 - 5 år	over 5 år
Debt securities issued	5,348	379	50,496	35,659
				Totalt
				91,882

NOTE 28 SHARES, OWNERSHIP STAKES AND OTHER SECURITIES

(Figures in NOK millions)

Parent bank			Group	
2021	2022		2022	2021
		At fair value through profit or loss		
359	327	- Listed	327	359
181	-	- Securities funds	-	181
23	21	- Hybrid capital	21	23
131	149	- Unlisted	500	438
694	496	Total shares, ownership stakes and other securities	848	1 001

Shares, ownership stakes and other securities are classified as fair value through profit or loss.

Shares, ownership stakes and other securities are classified as fair value through profit or loss.

Parent bank (Amounts in NOK 1000)	The company's share capital	Stake in %	Number of shares/owner- ship stakes	Acquisition cost	Book value/ market value
At fair value through profit or loss					
Sandnes Sparebank	230,149	15.1 %	3,485,009	149,477	326,894
Listed companies				149,477	326,894
Hybrid capital				21,000	20,823
SpareBank 1 Markets	529,221	5.6 %	176,341	37,102	68,166
SpareBank 1 Mobilitet Holding AS	500	8.0 %	801	28,802	28,802
VN Norge AS					37,819
Other unlisted companies				19,332	13,973
Total unlisted companies				85,236	148,759
Total at fair value through profit or loss shares, ownership stakes and other securities				255,713	496,476
Group					
At fair value through profit or loss					
Listed companies, parent bank				149,477	326,894
Hybrid capital, parent bank				21,000	20,823
Total unlisted companies, parent bank				85,236	148,759
HitecVision Asset Solutions, L.P.		1.2 %		24,702	19,219
HitecVision Private Equity IV LP		2.0 %		20,745	15,388
SR PE-Feeder III KS		40.5 %		21,274	70,291
SR PE-Feeder IV AS		25.2 %		12,672	47,329
Optimarin AS		14.8 %		23,588	28,346
Boost AI AS		6.7 %		68,865	68,865
Justify AS		24.2 %		11,814	21,435
Other unlisted companies in subsidiaries				108,222	80,543
Total unlisted in subsidiaries				291,882	351,415
Total unlisted in group				377,117	500,175
Total at fair value through profit or loss shares, ownership stakes and other securities				547,594	847,891

NOTE 29 INTANGIBLE ASSETS

(Figures in NOK millions)

Parent bank			Group			
Goodwill	Total	2022	Total	Goodwill	Customer contracts	Research and development
70	70	Acquisition cost 1.1.2022	481	423	47	11
	-	Additions	4	-	-	4
	-	Disposals	-	-	-	-
70	70	Acquisition cost 31.12.2022	485	423	47	15
	-	Accumulated depreciation and impairment 1.1.2022	23	-	17	6
	-	Year's disposals	-	-	-	-
	-	Year's depreciation and impairment provisions	8	-	6	2
-	-	Accumulated depreciation and impairment 31.12.2022	31	-	23	8
70	70	Intangible assets 31.12.2022	454	423	24	7
Distribution of intangible assets						
	-	SpareBank 1 SR-Bank ForretningsPartner AS – acquisition of accounting firm	299	275	24	
	-	Activated R&D costs in subsidiaries	7			7
70	70	SpareBank 1 SR-Bank AS – Monio	148	148		
70	70	Intangible assets 31.12.2021	454	423	24	7
2021						
-	-	Acquisition cost 1.1.2021	314	264	22	28
70	70	Additions	208	179	25	4
	-	Disposals	41	20	-	21
70	70	Acquisition cost 31.12.2021	481	423	47	11
-	-	Accumulated depreciation and impairment 1.1.2021	16	-	12	4
-	-	Year's disposals	3	-	-	3
-	-	Year's depreciation and impairment provisions	10	-	5	5
-	-	Accumulated depreciation and impairment 31.12.2021	23	-	17	6
70	70	Intangible assets 31.12.2021	458	423	30	5
Distribution of intangible assets						
		SpareBank 1 SR-Bank ForretningsPartner AS – acquisition of accounting firm	305	275	30	
		Activated R&D costs in subsidiaries	5			5
70	70	SpareBank 1 SR-Bank AS – Monio	148	148		
70	70	Intangible assets 31.12.2021	458	423	30	5

The goodwill on the group's balance sheet increased in 2021 due to the acquisition of Tveit Regnskap. The total purchase price exceeds identifiable assets less debt. The total purchase price amounts to NOK 200 million and the table below shows the goodwill added in 2021. Parent bank additions are eliminated in the group.

78	Cost price	200
-	Assets and liabilities identified as :	
-	Customer contracts	25
8	Fixed assets	12
-	Trade receivables	133
-	Bank deposits	25
-	Liabilities	-154
8	Total	41
70	Goodwill added	159

Goodwill is the difference between identifiable assets inclusive of excess values and the cost price of the identifiable assets. The elements in the goodwill item relate to future earnings in the company supported by the calculations of the present value of expected future earnings, which document a future economic benefit from acquiring the company. The goodwill item's elements are measured annually and written down if there is a basis for this following a concrete assessment.

NOTE 30 FIXED ASSETS

(Figures in NOK millions)

Parent bank				Group		
Buildings and real estate	Machinery, fixtures, and vehicles	Total		Total	Machinery, fixtures, and vehicles	Buildings and real estate ¹⁾
141	601	742	Acquisition cost 1.1.2021	1,611	723	888
1	78	79	Additions	104	97	7
-	-	-	Adjustment of cost price	2	2	-
-	58	58	Disposals ²⁾	196	62	134
142	621	763	Acquisition cost 31.12.2021	1,521	760	761
43	416	459	Accumulated depreciation and impairment 1.1.2021	632	519	113
3	73	76	Year's depreciation	109	80	29
-	6	6	Year's impairment provisions	6	6	-
-	51	51	Year's disposals ²⁾	149	55	94
46	444	490	Accumulated depreciation and impairment 31.12.2021	598	550	48
96	177	273	Fixed assets 31.12.2021	923	210	713
271			Fair value ¹⁾			862
2021						
133	543	676	Acquisition cost 1.1.2020	1,527	667	860
8	61	69	Additions	102	74	28
-	-	-	Adjustment of cost price	-	-	-
-	3	3	Disposals ²⁾	18	18	-
141	601	742	Acquisition cost 31.12.2020	1,611	723	888
40	341	381	Accumulated depreciation and impairment 1.1.2020	533	450	83
3	75	78	Year's depreciation	112	82	30
-	-	-	Year's impairment provisions	-	-	-
-	-	-	Year's disposals ²⁾	13	13	-
43	416	459	Accumulated depreciation and impairment 31.12.2020	632	519	113
98	185	283	Fixed assets 31.12.2020	979	204	775
270			Fair value ¹⁾			999

¹⁾ Finanssparken Bjergsted was completed in 2019, and is included at its construction cost at fair value. Fair values of other buildings are determined by appraisal.

²⁾ Included in the year's disposals for 2022 is NOK 134 million related to the sale of Bjergsted Terrasse AS

Collateral

The group has not mortgaged/pledged or accepted any other disposal restrictions on its fixed assets.

Revaluation/ depreciation

The group does not make regular revaluations of fixed assets. In connection with the initial implementation of IFRS, buildings were measured at cost less accumulated depreciation in accordance with current Norwegian legislation. Percentage rate of depreciation is 10% to 33% for machinery, equipment and vehicles, and 2% for bank buildings, investment property and other real estate.

Buildings and real estate

Of the total book value of buildings and real estate in the group, NOK 775 million is for use in the banking business.

The fair value of buildings is determined by appraisal.

NOTE 31 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(Figures in NOK millions)

Pursuant to IFRS 16, lessees must capitalise a right-of-use asset and a lease liability for each of their leases, with a few practical exceptions.

At inception of a contract, it is assessed whether the contract contains a lease, which are identified based on the following criteria:

- identifiable asset
- right to receive all the financial benefits from the use of a specific asset during the lease period
- right to control the use of the asset

On contract inception it is also assessed whether parts of the contract relate to non-lease components.

Sparebank 1 SR-Bank has elected not to recognise short-term leases, nor leases for which the underlying asset is of low value

Measurement and recognition

The lease liability is measured as the present value of the agreed lease payments. The lease term is determined as the non-cancellable period of the lease. In addition, periods covered by an option to extend are included in the lease term if it is reasonably certain that the option will be exercised. The same applies if there is an option to shorten the lease term and it is reasonably certain that the option will be exercised.

In subsequent measurements, the lease liability is measured at amortised cost using the effective interest method. The lease liability is remeasured when there is a change in future lease payments arising from changes in an index, or if the bank changes its assessment of whether it will exercise extension or termination options. When the lease liability is remeasured in this way, a corresponding adjustment of the capitalised right-of-use asset is made, or is recognised through profit or loss if the recognised value of the right-of-use asset has been reduced to zero.

Lease payments in the measurement consist of fixed lease payments and variable leases based on interest rates or indices on the commencement date. In addition to this, costs incurred by early termination of the lease must be included in the lease payments if it is reasonably certain that early termination will take place. Likewise, the price for exercising any purchase option must be included if it is reasonably safe to assume that the option will be exercised.

The right-of-use asset is measured as the lease liability plus any paid advance lease payment, direct acquisition costs and provisions for costs upon returning the property to the landlord. Provisions for costs upon returning the property must be recognised as a separate liability on the balance sheet and not be included in the lease liability. In subsequent periods, the right-of-use asset is measured using an acquisition model.

The short-term or low value agreements not included in the IFRS 16 calculation amounted to NOK 0,5 million in annual rent in 2022 (NOK 0.5 million in 2021).

Discount rate

IFRS 16 refers to two different methods for determining the discount rate for lease payments:

- the implicit interest rate of the lease
- the lessee's incremental borrowing rate if the implicit interest rate cannot be easily determined

The group uses implicit interest rate calculations for leased vehicles. For all other leases it uses the incremental borrowing rate. The incremental borrowing rate is defined as the interest rate a lessee in a similar environment would have to pay to borrow, over a similar period and with equivalent security, an amount necessary to acquire property with a value equivalent to the right-of-use asset.

The group's leases mainly consist of leases for buildings with different terms and option structures.

Parent bank			Group	
2021	2022		2022	2021
		Balance sheet		
881	857	Right-of-use assets	314	335
920	903	Lease liabilities	336	359
		Income statement		
57	55	Depreciation of right-of-use assets	49	53
4	-	Impairment of right-of-use assets	-	-
29	29	Interest on lease liabilities	9	9
90	84	Total costs pursuant to IFRS 16	58	62
		Right-of-use assets		
915	881	Right-of-use assets 1.1.	334	346
27	38	Additions in the period	38	42
0	7	Disposals in the period	10	-
57	55	Depreciation	49	53
4	-	Impairment provisions		-
881	857	Right-of-use assets at the end of the period	314	334
		Lease liabilities		
936	920	Lease liabilities 1.1.	359	365
27	38	Additions in the period	37	42
0	7	Disposals in the period	10	-
72	77	Instalments in the period	58	57
29	29	Interest	9	9
920	903	Lease liabilities at the end of the period	336	359

NOTE 32 OTHER ASSETS

(Figures in NOK millions)

Parent bank			Group	
2021	2022		2022	2021
-	4	Income earned but not received	11	2
31	18	Prepaid costs	31	38
-	96	Investment fund in Storebrand Asset Management AS ¹⁾	96	-
200	200	Paid in capital SR-Bank Pension Fund	200	200
1	319	Unsettled trades	319	1
129	130	Other assets	530	556
361	767	Total other assets	1,186	797

¹⁾ Related to contribution-based service pension for salary above 12 G. Ref note 23.

NOTE 33 DEPOSITS FROM CUSTOMERS

(Figures in NOK millions)

Parent bank			Group	
2021	2022		2022	2021
119,450	125,679	Deposits from and liabilities to customers, at call	125,358	119,090
18,593	22,763	Deposits from and liabilities to customers with agreed maturity	22,741	18,574
138,043	148,442	Total deposits from customer	148,100	137,664
Deposits by sector and industry				
421	621	Aquaculture	621	421
1,852	1,446	Industry	1,446	1,852
1,464	1,600	Agriculture/forestry	1,600	1,464
17,450	17,292	Service sector	16,949	17,071
3,631	3,286	Wholesale and retail trade, hotels and restaurants	3,286	3,631
1,520	1,844	Energy, oil and gas	1,844	1,520
2,574	2,929	Building and construction	2,929	2,574
1,554	1,948	Power and water supply	1,948	1,554
7,195	7,735	Real estate	7,735	7,195
2,007	3,996	Shipping and other transport	3,996	2,007
37,742	41,282	Public and municipal administration	41,282	37,742
2,771	2,835	Financial services	2,835	2,771
80,181	86,815	Total corporate market	86,472	79,802
57,862	61,627	Retail market	61,627	57,862
138,043	148,442	Total deposits by sector and industry	148,100	137,664
Deposits by geographic area				
80,340	89,546	Rogaland	89,204	79,961
12,623	12,837	Agder	12,837	12,623
20,050	19,358	Vestland	19,358	20,050
14,938	16,860	Oslo/Viken	16,860	14,938
8,071	7,499	International	7,499	8,071
2,021	2,342	Other	2,342	2,021
138,043	148,442	Total deposits by geographic area	148,100	137,664

NOTE 34 SECURITIES ISSUED AND SENIOR NON-PREFERRED DEBT

(Figures in NOK millions)

Securities issued

Parent bank				Group		
NOK	Currency	Total		Total	Currency	NOK
-	1,404	1,404	Other long-term borrowing	1,404	1,404	-
21,194	28,765	49,960	Bonds and certificates ¹⁾	49,960	28,765	21,194
		-	Covered bonds ¹⁾	83,989	63,774	20,215
21,194	30,169	51,364	Total securities issued	135,353	93,943	41,410

Maturity date of securities issued

NOK	Currency	Total	Forfall	Total	Currency	NOK
5,584	3,073	8,656	2023	17,407	6,803	10,604
2,998	11,261	14,259	2024	19,262	16,264	2,998
4,807	5,711	10,518	2025	24,398	13,560	10,838
3,259	4,942	8,201	2026	12,854	9,595	3,259
2,014	325	2,339	2027	14,644	6,609	8,034
2,533	-	2,533	2028	16,688	14,155	2,533
-	-	-	2029	7,102	7,102	-
	4,858	4,858	2030 and maturity after	22,998	19,855	3,143
21,194	30,169	51,364	Total securities issued	135,353	93,943	41,410

¹⁾ Egne obligasjoner og sertifikater er fratrullet

Etterstilt gjeld

NOK	Currency	Total		Total	Currency	NOK
4,392	4,909	9,301	Senior non-preferred bonds	9,301	4,909	4,392
4,392	4,909	9,301	Total senior non-preferred debt	9,301	4,909	4,392

Forfallstidspunkt på etterstilt gjeld

NOK	Currency	Total	Forfall	Total	Currency	NOK
-	257	257	2026	257	257	-
703	4,652	5,355	2027	5,355	4,652	703
3,689	-	3,689	2028 and maturity after	3,689	-	3,689
4,392	4,909	9,301	Total senior non-preferred bonds	9,301	4,909	4,392

Group

Change in securities issued	Balance sheet 31.12.2022	Issued 2022	Matured/ redeemed 2022	Exchange rate and other changes 2021	Balance sheet 31.12.2021
Other long-term borrowing, nominal value	1,390	-	-	147	1,243
Bonds and certificates, nominal value	51,277	17,021	-9,511	1,502	42,265
Covered bonds, nominal value	92,603	23,699	-12,506	3,755	77,655
Value adjustments and accrued interest	-9,917	-	-	-11,031	1,114
Total securities issued	135,353	40,720	-22,017	-5,626	122,276

Change in debt raised by issuing senior non-preferred debt	Balance sheet 31.12.2022	Issued 2022	Matured/ redeemed 2022	Exchange rate and other changes 2022	Balance sheet 31.12.2021
Senior non-preferred bonds, nominal value	9,960	2,174	-	267	7,519
Value adjustments and accrued interest	-658	-	-	-604	-54
Total securities issued	9,301	2,174	-	-338	7,465

NOTE 35 OTHER DEBT AND OTHER LIABILITIES

(Figures in NOK millions)

Parent bank			Group	
2021	2022	Other liabilities	2022	2021
35	53	Accounts payable	92	66
41	44	Tax deducted	63	57
-	2	Unsettled trades	2	-
159	231	Other liabilities	249	194
84	98	Accrued holiday pay	148	135
199	156	Other accrued costs	305	379
518	584	Total other liabilities	858	831
Security pledged				
18,998	28,751	Securities prepared for pledges of security in Norges Bank	28,751	18,998
2,707	1,497	Security pledged year end	1,497	2,707

Ongoing legal disputes

The group is a party in a number of court cases with a total financial scope that is not considered to be significant, inasmuch as the group has made loss provisions in those cases where it is assumed more likely than not that the group will incur a loss as a result of the cases.

NOTE 36 RESTRICTED FUNDS

(Figures in NOK millions)

Parent bank			Group	
2021	2022		2022	2021
41	44	Tax deducted	63	57
41	44	Total restricted funds	63	57

NOTE 37 SUBORDINATED LOAN CAPITAL

(Figures in NOK millions)

Parent bank						Group	
2021	2022	Principal	Terms	Maturity	First due date	2022	2021
Non-perpetual							
703	705	700	NOK 3-month NIBOR + 1.45% p.a.	2029	2024	705	703
628	630	625	NOK 3-month NIBOR + 1.52% p.a.	2028	2023	630	628
300	300	300	NOK 3-month NIBOR + 1.45% p.a.	2028	2023	300	300
499	526	50	EUR 6 month Euribor + 1.725% p.a.	2030	.	526	499
2,130	2,161		Total non-perpetual			2,161	2,130
2,130	2,161		Total subordinated loan capital			2,161	2,130

Subordinated loan capital in foreign currencies are included in the group's total currency position so that there is no currency risk associated with the loans. Of a total of NOK 2,161 million in subordinated loan capital, NOK 2,097 million counts as term subordinated loan capital. Capitalised costs associated with borrowing are reflected in the calculation of amortised cost.

Group	Balance 31.12.2022	Issued/sale own 2022	Matured/ redeemed 2022	Exchange rate and other changes 2021	Balance 31.12.2021
Change in subordinated loans ¹⁾					
Dated subordinated loan capital, nominal value	2,152	-	-	27	2,125
Value adjustments and interest	9			4	5
Total subordinated loan capital	2,161	-	-	31	2,130

¹⁾ This note is identical for the parent bank.

NOTE 38 INVESTMENTS IN OWNERSHIP INTERESTS

Subsidiaries, associated companies and joint ventures

Firma	Acquisition date	Registered head office	Ownership in % ¹⁾
Investments in subsidiaries			
Shares held by the parent bank			
EiendomsMegler 1 SR-Eiendom	1990	Stavanger	100.00
FinStart Nordic konsern	2005	Oslo	100.00
SpareBank 1 SR-Bank ForretningsPartner	2015	Stavanger	100.00
Finansparken Bjergsted	2014	Stavanger	100.00
Rygir Industrier konsern	2012	Stavanger	100.00
SR-Boligkreditt	2015	Stavanger	100.00
Bjergsted Terrasse ²⁾	2019	Stavanger	0.00
Monio	2019	Oslo	100.00
Shares owned by subsidiaries			
Jærmegleren	2007	Stavanger	100.00
Kapp Securities	2018	Oslo	100.00
Finstart Nordic SPV	2021	Oslo	100.00
Rygir Tomteutvikling	2013	Stavanger	100.00
Rygir Shipping	2017	Stavanger	100.00
Aberdeen Offshore II	2021	Oslo	97.00
Aberdeen Offshore	2017	Stavanger	100.00
Tveit Regnskap	2021	Vindafjord	100.00
Investments in associated companies			
BN Bank ³⁾	2008	Trondheim	35.02
SpareBank 1 Kreditt	2012	Trondheim	16.15
SpareBank 1 Betaling	2015	Oslo	19.10
SpareBank 1 Bank og Regnskap	2018	Trondheim	25.00
SpareBank 1 Gjeldsinformasjon	2020	Oslo	18.26
SpareBank 1 Forvaltning	2021	Oslo	35.80
Investments in associated companies in the FinStart Nordic Group			
Beaufort Solutions	2019	Oslo	46.89
MyRent	2020	Oslo	49.55
Investments in joint ventures			
SpareBank 1 Gruppen	1996	Oslo	19.50
SpareBank 1 Utvikling	2004	Oslo	18.00

Subsidiaries

Shares in subsidiaries parent bank

Investments are recognised at the parent bank's acquisition cost. These items are fully consolidated in the consolidated financial statements.

(Figures in NOK thousands)

2022	The company's share capital	Ownership interest in %	No. of equities	Nominal	Assets	Liabilities	Total income	Total costs	The company's result for the year	Book value
SR-Boligkreditt	6,000,000	100,00	6,000,000	6,000,000	117,586,291	110,880,569	904,857	4,744	702,063	6,000,150
Total investments in credit institutions				6,000,000	117,586,291	110,880,569	904,857	4,744	702,063	6,000,150
EiendomsMegler 1 SR-Eiendom	1,500	100,00	150	1,500	183,872	101,557	400,190	381,386	14,540	97,205
FinStart Nordic Group	75,000	100,00	7,500	75,000	502,462	4,431	54,871	3,271	49,933	353,975
SpareBank 1 SR-Bank ForretningsPartner	3,300	100,00	33,000	3,300	613,106	221,863	393,207	376,258	13,199	320,125
Rygir Industrier Group	14,400	100,00	90,000	14,400	272,051	346	11,457	1,592	17,262	117,110
Finansparken Bjergsted	76,000	100,00	8,000	76,000	651,690	224,224	25,829	24,643	925	456,416
Bjergsted Terrasse	5,000	-	-	-	-	-	3,691	16,356	-9,878	0
Monio	45,056	100,00	4,505,646,926	45,056	85,409	11,185	12,901	28,533	-11,724	202,070
Total other investments				211,256	2,308,591	563,604	902,147	832,040	74,256	1,546,900
Total investments in subsidiaries parent bank				6,211,256	119,894,883	111,444,174	1,807,004	836,785	776,319	7,547,050

2021										
SR-Boligkreditt	6,000,000	100,00	6,000,000	6,000,000	94,961,535	88,297,875	840,566	3,275	654,220	6,000,150
Total investments in credit institutions				6,000,000	94,961,535	88,297,875	840,566	3,275	654,220	6,000,150
EiendomsMegler 1 SR-Eiendom	1,500	100,00	150	1,500	237,718	124,988	451,144	391,099	46,665	97,205
FinStart Nordic Group	75,000	100,00	7,500	75,000	447,416	657	92,331	7,368	87,918	353,975
SR-Forvaltning ⁴⁾	6,000	-	-	-	-	-	77,139	43,001	25,588	-
SpareBank 1 SR-Bank ForretningsPartner	3,300	100,00	33,000	3,300	613,877	235,832	326,761	292,249	26,860	320,125
Rygir Industrier Group	14,400	100,00	90,000	14,400	214,157	68,913	-6,286	7,213	8,501	117,109
Finansparken Bjergsted	76,000	100,00	8,000	76,000	657,960	231,418	27,261	24,830	1,896	456,416
Bjergsted Terrasse	4,000	100,00	4,000,000	4,000	65,811	60,189	-4,644	8,019	-9,877	21,630
Monio	45,056	100,00	4,505,646,926	45,056	102,982	17,099	80,218	30,549	37,242	202,070
Total other investments				211,256	2,339,921	739,096	1,043,924	804,328	224,793	1,568,530
Total investments in subsidiaries parent bank				6,211,256	97,301,456	89,036,971	1,884,490	807,603	879,013	7,568,680

- 1) Voting rights and ownership share are equal in all companies
- 2) Stake changed from 100.00% to 0% as at 30.12.2022
- 3) Guarantee on behalf of BN Bank to SpareBank 1 Næringskreditt
- 5) Stake changed from 100.00% to 0% as at 30.12.2021

Investments in associated companies and joint ventures

(Figures in NOK millions)

Parent bank			Group	
2021	2022		2022	2021
2 246	2 363	Carrying amount 1.1.	4 894	4 523
100	225	Additions/disposals	242	82
17	5	Recognised value adjustment	-5	14
-	-	Equity changes	7	-4
-	-	Share of profit/loss	453	676
-	-	Dividend paid	-349	-397
2 363	2 593	Carrying amount 31.12.	5 242	4 894
-	-	Share of profit from SpareBank 1 Gruppen ¹⁾	175	471
-	-	Share of profit from SpareBank 1 Forvaltning	63	36
-	-	Share of profit from SpareBank 1 Boligkreditt	-	2
-	-	Share of profit from SpareBank 1 Næringskreditt	-	6
-	-	Share of profit from BN Bank	203	164
-	-	Share of profit from SpareBank 1 Utvikling	3	1
-	-	Share of profit from SpareBank 1 Kreditt	7	11
-	-	Share of profit from SpareBank 1 Bank og Regnskap	1	-
-	-	Share of profit from SpareBank 1 Betaling	11	-14
-	-	Share of profit from the FinStart Nordic Group	-11	-1
366	137	Dividend from SpareBank 1 Gruppen	-	-
2	-	Dividend from SpareBank 1 Boligkreditt	-	-
17	-	Dividend from SpareBank 1 Næringskreditt	-	-
12	-	Dividend from SpareBank 1 Kreditt	-	-
-	142	Dividend from SpareBank1 Forvaltning	-	-
-	70	Dividend from BN Bank	-	-
397	349	Total income	453	676

1) Including NOK 75 million in gain from derecognition of Modhi Finance

Investments in all the companies are assessed using the cost method in the parent bank and the equity method in the group.

Investments in joint ventures and associated companies in the group as at 31.12.2022 include goodwill amounting to NOK 116 million (2021: NOK 122 million).

The group's ownership interests in associated companies and joint ventures

(Figures in NOK millions)

2022		Assets	Lia- bilities	Income	Costs	Profit or loss	Carrying amount 31.12.	Stake in %	Number of shares
SpareBank 1 Gruppen	Oslo	23,672	20,785	3,767	3,477	175	2,273	19,50	381,498
SpareBank 1 Utvikling	Oslo	193	51	303	301	3	142	18,00	-
BN Bank	Trondheim	15,758	13,832	395	107	203	1,856	35,02	4,943,072
SpareBank 1 Kreditt	Trondheim	1,265	1,021	140	124	7	244	16,15	647,789
SpareBank 1 Betaling	Oslo	239	0	13	0	11	239	19,10	5,253,770
SpareBank 1 Bank og Regnskap	Trondheim	42	0	1	0	1	42	25,00	5,000
SpareBank 1 Gjeldsinformasjon	Oslo	1	0	-	0	-	1	18,26	85,543,049
SpareBank 1 Forvaltning	Oslo	545	249	274	193	63	346	35,80	1,320,327
Andre investeringer						-10	99		
Total		41,717	35,940	4,892	4,202	453	5,242		
2021									
SpareBank 1 Gruppen	Oslo	24,222	21,270	7,494	6,686	471	2,239	19,50	381,498
SpareBank 1 Utvikling	Oslo	180	41	289	287	1	139	18,00	-
SpareBank 1 Boligkreditt ¹⁾	Stavanger	-	-	-	-	2		0,00	-
BN Bank	Trondheim	14,665	12,908	315	100	164	1,722	35,02	4,943,072
SpareBank 1 Næringskreditt ²⁾	Stavanger	-	-	10	1	6	-	0,00	-
SpareBank 1 Kreditt	Trondheim	999	823	75	57	11	176	17,06	492,772
SpareBank 1 Betaling	Oslo	150	1	-13	-	-14	149	19,21	3,954,249
SpareBank 1 Bank og Regnskap	Trondheim	42	-	-	-	-	42	25,00	5,000
SpareBank 1 Gjeldsinformasjon	Oslo	1	-	-	-	-	1	18,26	85,543,049
SpareBank 1 Forvaltning	Oslo	429	157	185	110	36	327	36,34	1,024,547
Andre investeringer						-1	99		
Total		40,687	35,199	8,355	7,242	676	4,894		

1) Percentage of ownership changed from 2,21 to 0 per 31.12.2020

2) Percentage of ownership changed from 15.63 to 0 per 30.09.2021

NOTE 39 MATERIAL TRANSACTIONS WITH CLOSE ASSOCIATES

(Figures in NOK millions)

Close associates means associated companies, joint ventures and subsidiaries and people close to executive personnel and members of the board. The bank's outstanding balances with executive personnel and board members are described in the executive remuneration report for SpareBank 1 SR-Bank.

2022	Loans 31.12.	Deposits 31.12.	Receiv- ables	Lia- bilities	Interest income	Interest costs	Comm- issions	Other operating income	Operating costs
EiendomsMegler 1	-	47	-	-	8	4	-	9	13
FinStart Nordic	-	73	-	-	-	1	-	0	-
SpareBank 1 SR-Bank ForretningsPartner	-	64	-	-	9	1	-	13	23
SR-Boligkreditt ¹⁾	13,840	6,157	12,886	4,453	240	27	61	1	-
Rygir Industrier konsern	-	19	-	-	1	0	-	-	-
Finansparken Bjergsted	216	61	612	642	7	1	-	1	45
Bjergsted Terrasse	-	-	-	-	1	0	-	-	2
Monio	-	78	-	-	0	2	0	2	-
Total subsidiaries	14,056	6,499	13,498	5,094	266	37	61	26	83

¹⁾ Transferred loans, sold NOK 44,000 million and bought NOK 200 million.

2021									
EiendomsMegler 1	-	83	1	-	3	2	-	9	9
SR-Forvaltning	-	-	-	-	-	-	34	7	-
FinStart Nordic	-	64	-	-	1	-	-	2	-
SpareBank 1 SR-Bank ForretningsPartner	-	58	-	-	4	-	-	2	9
SR-Boligkreditt ¹⁾	7,886	726	2,023	2,292	52	1	56	1	-
Rygir Industrier konsern	65	12	-	-	2	-	-	-	-
Finansparken Bjergsted	224	50	624	643	4	-	-	1	45
Bjergsted Terrasse	-	15	54	-	5	1	-	-	-
Monio	-	97	-	-	-	-	-	1	-
Total subsidiaries	8,174	1,105	2,702	2,935	70	4	90	24	63

¹⁾ Transferred loans, sold NOK 64,800 million and bought NOK 200 million.

Associated companies and joint ventures

2022	Loans 31.12.	Deposits 31.12.	Receiv- ables	Lia- bilities	Interest income	Interest costs	Comm- issions	Other operating income	Operating costs
SpareBank 1 Gruppen	660	-	236	-	31	-	358	-	9
SpareBank 1 Utvikling	-	-	-	-	-	-	-	-	297
SpareBank 1 Kreditt	1,000	-	-	-	27	-	45	-	-
SpareBank 1 Forvaltning	-	-	-	-	-	-	134	-	-
Total associated companies and joint ventures	1,660	-	236	-	58	-	536	-	306

2021									
SpareBank 1 Gruppen	1,049	-	244	-	19	-	255	-	9
SpareBank 1 Utvikling	-	-	-	-	-	-	-	-	289
SpareBank 1 Kreditt	821	-	-	-	18	-	42	-	-
SpareBank 1 Forvaltning	-	-	-	-	-	-	73	-	-
Total associated companies and joint ventures	1,870	-	244	-	37	-	370	-	298

Transactions with close associates of the group executive management team and the board

A close associate of Executive Vice President Retail Market Roger Lund Antonesen is employed as Head of Economy in a company of which SpareBank1 SR-Bank is the bank. A close associates of member of the board Kjetil Skjæveland is a board member in companies of which SpareBank 1 SR-Bank is the bank. There have only been ordinary course of transactions with these companies

There were no transactions with close associates of the group executive management team or for the board.

NOTE 40 SHARE CAPITAL AND OWNERSHIP STRUCTURE

Share capital

SpareBank 1 SR-Bank's share capital amounts to NOK 6,393,777,050 divided into 255,751,082 shares, each with a nominal value of NOK 25. The share capital (formerly equity share capital) was raised in the following manner and on the following dates:

Year		Change in share capital	Total share capital	No. of equities
1994	Public issue	744.0	744,0	7,440,000
2000	Private placement with employees	5.0	749,0	7,489,686
2001	Private placement with employees	4.8	753,8	7,538,194
2004	Bonus issue	150.8	904,6	9,045,834
2005	Bonus issue/split	226.1	1,130,7	22,614,585
2007	Private placement	200.0	1,330,7	26,613,716
2007	Bonus issue/split	443.5	1,774,2	70,969,909
2008	Dividend issue	91.7	1,866,0	74,638,507
2008	Private placement with employees	6.6	1,872,6	74,903,345
2009	Bonus issue/split	374.5	2,247,1	89,884,014
2009	Private placement	776.2	3,023,3	120,933,730
2010	Private placement with employees	7.8	3,031,1	121,243,427
2010	Private placement with Kvinnherad	151.7	3,182,8	127,313,361
2012	Conversion limited savings bank	1,804.4	4,987,2	199,489,669
2012	Private placement	1,406.5	6,393,8	255,751,082

Besides the share capital, the equity consists of the share premium reserve, hybrid capital and other equity.

Dividend policy

SpareBank 1 SR-Bank's financial goal for its activities is to achieve results that provide a good, stable return on the bank's equity, thus creating value for the owners in the form of competitive dividends and a higher share price. Consideration must be given to financial needs, including capital adequacy requirements and the group's targets and strategic plans, when determining the annual dividend. Unless capital requirements dictate otherwise, the goal of the board is to distribute approximately half of the net profit for the year as dividends.

Trading in own shares in 2022 (Figures in NOK thousands)	No. of equities	Nominal value
Holding as at 31.12.2021	41 517	1 038
Traded in 2022	-12 298	-307
Holding as at 31.12.2022	29 219	731

De 20 største aksjeeierne pr 31.12.2022

Shareholder	of shares	% ratio
Sparebankstiftelsen SR-Bank	74,976,815	29.3%
National Insurance Scheme Fund	17,532,719	6.9%
SpareBank 1-stiftinga Kvinnherad	6,226,583	2.4%
Brown Brothers Harriman & Co, USA	6,205,787	2.4%
State Street Bank and Trust Co, USA	5,035,546	2.0%
Verdipapirfondet Alfred Berg Gambak	3,602,756	1.4%
Odin Norge	3,019,485	1.2%
JPMorgan Chase Bank NA, U.S.A.	2,939,145	1.1%
Pareto Aksje Norge	2,922,027	1.1%
Danske Invest Norske Instit. II	2,546,920	1.0%
Vpf Nordea Norge Verdi	2,522,867	1.0%
State Street Bank and Trust Co, USA	2,508,028	1.0%
State Street Bank and Trust Co, USA	2,382,723	0.9%
Verdipapirfondet Alfred Berg Norge	2,297,830	0.9%
Clipper AS	2,233,800	0.9%
Pareto Invest AS	1,869,846	0.7%
KLP Aksjenorge Index	1,846,687	0.7%
Westco AS	1,826,700	0.7%
Verdipapirfondet DNB Norge	1,789,573	0.7%
The Bank of New York Mellon SA, Ireland	1,586,930	0.6%
Total 20 largest	145,872,767	57.0%
Other shareholders	109,878,315	43.0%
Shares issued	255,751,082	100.0 %

The total number of shareholders as at 31.12.2022 was 17 821. This is 995 more than at year end 2021. The proportion of shares held by shareholders residing in Rogaland, Agder, Vestland, Oslo and Viken was 63.7%, and the proportion held by foreign shareholders was 22.8%. Please also see the overview of shareholders on the board in note 21. For more information about SpareBank 1 SR Bank's share please refer to the special section in the annual report.

20 largest shareholders as at 31.12.2021

Shareholder	of shares	% ratio
Sparebankstiftelsen SR-Bank	72,419,305	28.3%
National Insurance Scheme Fund	19,495,629	7.6%
Brown Brothers Harriman & Co, USA	6,226,583	2.4%
SpareBank 1-stiftinga Kvinnherad	6,205,787	2.4%
State Street Bank and Trust Co, USA	4,888,496	1.9%
Vpf Nordea Norge Verdi	3,511,467	1.4%
Danske Invest Norske Instit. II	3,423,133	1.3%
Odin Norge	3,251,464	1.3%
Verdipapirfondet Alfred Berg Gambak	2,738,521	1.1%
Pareto Aksje Norge	2,619,067	1.0%
J.P. Morgan Chase Bank N.A., USA	2,431,211	1.0%
Clipper AS	2,415,400	0.9%
Verdipapirfondet Alfred Berg Norge	2,389,983	0.9%
KLP Aksjenorge Index	2,003,621	0.8%
State Street Bank and Trust Co, USA	1,945,800	0.8%
JPMorgan Bank Luxembourg	1,841,509	0.7%
Westco AS	1,811,268	0.7%
Pareto Invest AS	1,796,737	0.7%
The Bank of New York Mellon, Ireland	1,773,845	0.7%
Norwegian Armed Forces' Personnel Service	1,725,603	0.7%
Total 20 largest	144,914,429	56.7%
Other shareholders	110,836,653	43.3%
Shares issued	255,751,082	100.0 %

The total number of shareholders as at 31.12.2021 was 16,826. This is 3,713 more than at year end 2020. The proportion of shares held by shareholders residing in Rogaland, Agder, Vestland, Oslo and Viken was 65.7%, and the proportion held by foreign shareholders was 22.2%. Please also see the overview of shareholders on the board and supervisory board. For more information about SpareBank 1 SR Bank's share please refer to the special section in the annual report.

Hybrid capital

(Figures in NOK millions)

Group ¹⁾

	Hovedstol		Betingelser	Forfall	Første forfalls tidspunkt	2022	2021
Hybrid capital	150	NOK	3-month NIBOR + 3.20%	No due date	2022		150
Hybrid capital	400	NOK	3-month NIBOR + 3.50%	No due date	2023	400	400
Hybrid capital	450	NOK	3-month NIBOR + 3.50%	No due date	2024	450	450
Hybrid capital	250	NOK	3-month NIBOR + 3.35%	No due date	2024	250	250
Hybrid capital	600	NOK	3-month NIBOR + 3.25%	No due date	2025	600	600
Total hybrid capital						1,700	1,850

	Balance sheet 31.12.2022	Issued 2022	Matured/ redeemed 2022	Exchange rate and other changes 2022	Balance sheet 31.12.2021
Change of hybrid capital					
Total hybrid capital	1,700	-	-150	-	1,850

¹⁾ This note is identical for the parent bank.**NOTE 41 EVENTS AFTER THE BALANCE SHEET DATE**

No material events have otherwise been registered after 31.12.2022 that affect the annual financial statements as prepared.

The proposed dividend is NOK 7.00 per share and will total NOK 1,790 million.



To the General Meeting of Sparebank 1 SR-Bank ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sparebank 1 SR-Bank ASA, which comprise:

- the financial statements of the parent company Sparebank 1 SR-Bank ASA (the Company), which comprise the balance sheet as at 31 December 2022, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of Sparebank 1 SR-Bank ASA and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2022, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 21 years from time of election in 2002.

PricewaterhouseCoopers AS, Kanalsletta 8, Postboks 8017, NO-4068 Stavanger

T: 02316, org. no.: 987 009 713 MVA, www.pwc.no

Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The bank's operations have largely remained unchanged compared to last year. There have been no regulatory changes, transactions or events of significant importance that have led to new focus areas. Our focus areas have therefore been the same this year as last year.

Key Audit Matters	How our audit addressed the Key Audit Matter
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Valuation of loans to customers

Loans to customers represents a considerable part of the Group's total assets. The bank's procedures and control systems related to credit rating and their monitoring process are central to the valuation of loans. The framework is complex and includes a considerable volume of data and judgemental parameters.

We focused on the value of loans to customers as impairment assessments are largely subject to management's discretion. Furthermore, the management's assessment of any need for impairments could affect the result for the period. Management's discretion may also affect the compliance with the Capital Requirements Regulation due to the risk classification of loans.

Assessment of write down is based on a model-based framework including elements that require management to use their best estimate. The framework is complex and includes significant amount of data and judgemental parameters.

The use of models to determine expected credit losses entails judgement, specifically with respect to:

- classification of the various credit portfolios by risk and asset type,
- identification of impaired loans or loans presenting a significant increase in credit risk,
- how the loans are categorized in stages,

We addressed and tested controls related to valuation of loans to customers. The objective of these controls is to identify whether loans have objective evidence of impairment, and how the impairment losses should be calculated when objective evidence exists. We concluded that we could rely on these controls in our audit.

Throughout 2022, we held meetings with the credit and legal department in the bank. The financial statement show that total non-performing and impaired loans are at a low level compared to last year. In these meetings, we challenged the bank's assessments, including possible impairment indicators on loans where there is not yet objective evidence that impairment exists. This included loans that were assessed by the bank and loans selected based on industry, size, risk and haphazardly. For loans where objective evidence exists, we challenged the bank and examined the relevance and the reasonableness of the assumptions, and the method used in the calculation of realizable value. Our procedures indicate that the bank's assumptions and methods were reasonable.

Our audit also includes tests aimed towards the company's financial reporting systems which are relevant to the financial reporting. The company utilizes external service providers to operate some of its central core IT systems. We have utilized auditor of the external service organizations to assess and evaluate the design and effectiveness of such controls, and to test established controls to ensure the integrity of the IT systems relevant for financial reporting. In this regard, the above-mentioned auditor has submitted an ISAE3402 type 2 report. The auditor's testing included, among other things, the assessment of whether key calculation made by the core systems were in line with expectations, including the evaluation of interest rate calculations and amortization. The tests also included



- the use of parameters such as the probability of default and loss given default and scenarios,
- management overlay due to macroeconomic uncertainty.

According to accounting standards, the bank shall assess, at the end of each reporting period, whether there is objective evidence that impairment exists for the loans. If there are, the losses should be calculated as the residual of the book value less the present value of future cash flows. Both assessments involve significant judgements.

In our audit, we gave special attention to:

- Managements' process to identify loans with objective evidence that impairment exists.
- Managements' process to monitor exposed engagements with objective impairment indicators.
- Management's assumptions used in calculating the impairment amount for loans where impairment exists.

Refer to note 6, 8, 10, 11, 12, 13 and 14 in the annual report for a description of the group's credit risk and managements process related to impairment of loans to customers and assumptions for valuation.

data integrity, as was modifications and changes in access and restricted access to the systems. To determine whether we could use the information received by the other auditors as a basis for our assessments, we assured the auditor's competence and objectivity and reviewed the reports sent and considered possible nonconformities and measures. We also carried out tests ourselves towards access controls to IT systems and segregation of duties where necessary for the sake of our own specific audit procedures. Our assessments and tests support our assumption that data handled, and calculations made by the company's external core system were reliable. This was a necessary basis for our audit.

The impact of the ongoing war in Ukraine and the general macroeconomic uncertainty, including the impact on model provisions, was discussed with management. Furthermore, we have assessed the method used for calculating the management overlay and considered the relevance and the reasonableness of important assumptions used in the calculation, including a sensitivity assessment of the data used in the calculation.

We performed credit assessments for a sample of loans, where we evaluated whether objective evidence for impairment losses exist. We also assessed the realizable value the bank had calculated. These values are calculated by using internal and external appraisals. The financial statement show that the loan loss provision ratios is somewhat increased this year. The loan-loss provision ratio is defined as individual write-downs in percent of non-performing and impaired loans. The results of our testing of individual impairment losses show that management had used reasonable assumptions in the calculation of the impairment amounts.

For loans considered on a collective basis the calculation is based on a framework model. We tested the model and considered the relevance and the reasonableness of important assumptions used in the calculation.

As for the internal control environment, we obtained a detailed understanding of the processes and tested the controls associated with:

- the calculation and methodologies used,
- whether the Management-approved internal models worked as intended,



- the reliability of the sources of the data used for calculation purposes.

Our testing of the internal controls did not give any indication of material misstatements in the model or non-compliance with IFRS. The financial statement shows that the loan-loss provision ratio, measured as collective impairment losses in percent of gross loans, is stable compared to last year. The level of collective losses was among other things compared to other comparable banks and analyzed towards the bank's other loan portfolio. We concluded that the assumptions used in the calculation of the impairment amounts were reasonable.

We satisfied ourselves that disclosures regarding valuation of loans and guarantees, appropriately describes risks in the portfolio, and that the disclosures are in accordance with the requirements.

Completeness and valuation of derivatives

Derivatives consist mainly of interest- and currency instruments. The bank uses derivatives to reduce interest and exchange risk related to fixed-rate funding and loans to customers, bonds (assets and liabilities) and certificates (assets and liabilities). The bank has also a significant trade of derivatives on behalf of customers. There is a risk of errors in the financial statements if derivatives are not accurately registered in the banks systems.

Derivatives are measured at fair value, and the valuation techniques depends partly on management judgement as described in note 27. The use of assumptions (interest rates and credit spread) can therefore potentially affect the income statement.

Refer to notes 2, 3, 6, 14, 15, 16, 25, 26 and 27 for a more complete description of the Groups risk governance and use of derivatives.

The bank has established processes and controls to ensure accurate registration and measurement of derivative contracts.

We tested the bank's control over the entering into and closing of derivative contracts, including the registration in the banks systems. Our audit also includes tests to ensure that the bank reconciles transactions with counterparties on a daily basis. Furthermore, we have tested the banks methodology and controls regarding pricing models. We concluded that we could rely on these controls in our audit.

Interest and exchange curves were on a daily basis fed into the bank's portfolio system as basis for pricing of derivatives. We tested the pricing by recalculating the pricing of different derivatives by using the same interest and exchange curves as the bank. We compared these prices to external sources. The result of our testing show that management used reasonable assumptions when calculating the fair value of the derivatives.

We satisfied ourselves that disclosures regarding derivatives were appropriate.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The



other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The



risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Sparebank 1 SR-Bank ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name sparebank1srbankasa-2022-12-31-nb, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities

For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: <https://revisorforeningen.no/revisjonsberetninger>

Stavanger, 8 March 2023

PricewaterhouseCoopers AS

Torbjørn Larsen
State Authorised Public Accountant

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

Statement by the Board of Directors and CEO

We hereby confirm that the financial statements for the period 1.1.to 31.12.2022 have, to the best of our knowledge, been prepared pursuant to applicable accounting standards, and that the information provided presents a true and fair picture of the company's and the group's assets, liabilities, financial positions and profit as a whole.

We also confirm that the board of directors' report provides a true and fair presentation of the performance, result and position of the company and group, together with a description of the most important risk and uncertainty factors that the company and the group face.

Stavanger 8 March 2023



Dag Mejdell
Chair of the board



Kate Henriksen



Kjetil Skjæveland



Trine Sæther Romuld



Jan Skogseth



Camilla AC Tepfers



Sally Lund-Andersen
Employee representative



Kristian Kristensen
Employee representative



Benedicte Schilbred Fasmer
Chief Executive Officer



To the Board of Directors of SpareBank 1 SR-Bank ASA

Independent statement regarding SpareBank 1 SR-Bank ASA's sustainability reporting

We have examined whether SpareBank 1 SR-Bank ASA's (SpareBank 1 SR-Bank) has prepared a GRI Index for 2022 and measurement and reporting of selected key performance indicators for sustainability (sustainability reporting) for the period 1 January to 31 December 2022. Our assurance engagement was conducted to obtain limited assurance.

SpareBank 1 SR-Bank's GRI index for 2022 is an overview of which sustainability topics SpareBank 1 SR-Bank considers material to its business and which key performance indicators SpareBank 1 SR-Bank uses to measure and report its sustainability performance, together with a reference to where material sustainability information is reported. SpareBank 1 SR-Bank's GRI Index for 2022 is available and included in SpareBank 1 SR-Bank's Annual report for 2022. We have examined whether SpareBank 1 SR-Bank has developed a GRI Index for 2022 and whether mandatory disclosures are presented according to the Standards published by the Global Reporting Initiative (www.globalreporting.org/standards) (Criteria).

Key performance indicators for sustainability are indicators of sustainability that SpareBank 1 SR-Bank measures and controls. The indicators are available and included in SpareBank 1 SR-Bank's Annual report for 2022, in the chapters "Sustainability", "Employees" and in the "GRI Index". Indicators that have been subject to our procedures are included in text and tables and are marked with a separate symbol "K" (KPIs). SpareBank 1 SR-Bank has defined KPIs and explained how they are measured in the chapters "Sustainability", "Employees" and in the "GRI Index" (Criteria).

Management's responsibility

Management is responsible for SpareBank 1 SR-Bank's sustainability reporting and for ensuring that it is prepared in accordance with Criteria as described above. The responsibility includes designing, implementing and maintaining an internal control that ensures the development and reporting of the GRI Index and KPIs.

Our independence and quality control

We are independent of the company in accordance with the law and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our ethical obligations in accordance with these requirements. We use ISQM 1 - Quality management for audit firms that perform audits and simplified audit of accounts as well as other certification assignments and related services and maintain a comprehensive system of quality control including documented guidelines and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory claim.

Auditor's responsibilities

Our task is to express a limited assurance conclusion on SpareBank 1 SR-Bank's sustainability reporting based on the procedures we have performed and the evidence we have obtained. We

(1)



conducted our work in accordance with the Standard on Assurance Engagements ISAE 3000: "Assurance engagements other than audits or review of historical financial information". A limited assurance engagement in accordance with ISAE 3000 involves assessing the suitability in the circumstances of management's use of the Criteria as the basis for the preparation of the sustainability reporting, assessing the risks of material misstatement of the sustainability reporting whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the sustainability reporting. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgment and, among others, included an assessment of whether the Criteria used are appropriate, as well as an assessment of the overall presentation of the sustainability reporting. Our procedures also include meetings with representatives from SpareBank 1 SR-Bank who are responsible for the material sustainability topics covered by the sustainability reporting; review of internal control and routines for reporting KPIs; obtaining and reviewing relevant information that supports the preparation of KPIs; assessment of completeness and accuracy of KPIs and controlling the calculation of KPIs based on an assessment of the risk of error.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the sustainability reporting has been prepared, in all material respects, in accordance with the Criteria.

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

Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that

- SpareBank 1 SR-Bank's GRI Index for 2022 is not, in all material respects, developed and presented in accordance with the requirements of the Standards published by The Global Reporting Initiative; and
- SpareBank 1 SR-Bank's KPIs are not, in all material aspects, developed, measured and reported in accordance with the definitions and explanations provided in the chapters "Sustainability", "Employees" and in the "GRI Index".

Stavanger, 8 March 2023
PricewaterhouseCoopers AS

Per Arvid Gimre
State Authorized Public Accountant

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

GRI index

SpareBank 1 SR-Bank has reported the information cited in the GRI index for the period 01.01.2022-21.12.2022. The group follow the six principles of the Principles for Responsible Banking (PRB) and the ten principles of the UN Global Compact (GC) these are linked in the GRI index.

GRI-indicator	Description	Principles for Responsible Banking (PRB) and the UN Global Compact (GC)	SpareBank 1 SR-Bank's reporting for 2022	Omissions
The organization and its reporting practices				
2-1	Organizational details	PRB 1.1	SpareBank 1 SR-Bank ASA, Head office: Christen Tranegate 35, 4007 Stavanger Norway. The group only operates in Norway. Annual report, chapter "SpareBank 1 SR-Bank" and chapter "Annual financial statement", note 40 "Share capital and ownership structure"	
2-2	Entities included in the organization's sustainability reporting		The sustainability report includes the same companies as the financial reporting. Exeptions are clearly communicated.	
2-3	Reporting period, frequency and contact point		Annually, published 23.03.2023. Contact: Guro Elgheim Sivertsen (Director Sustainability) barekraft@sr-bank.no	
2-4	Restatement of information		In the climate statement for 2021, emissions associated with energy consumption were calculated based on the Nordic mix. From 2022, the Norwegian mix has been used this because all locations for the group are located in Norway. The group also reports on indirect emissions from the energy production itself, which forms the basis of Norwegian power production. In 2022, the emission intensity for the Norwegian mix compared to the Nordic mix was lower in terms of location-based and higher in the case of a market-based approach.	
2-5	External assurance		Certified with moderate assurance from PwC Norge Annual report, chapter "Board of Directors report", section 9 and 15.	
Activities and workers				
2-6	Activities, value chain and other business relationships	PRB 1.1	Annual report, chapter "Business areas" and chapter "Sustainability", section "Sustainable purchasing"	
2-7	Employees	PRB 1.1	Annual report, chapter "Employees"	
2-8	Workers who are not employees		Annual report, chapter "Employees"	
			Consultants are hired to add expertise that the banks employeeed do not posess or to contribute with advice on projects. They are hired through various agencies. Data for agency workers and consultants is taken from our data system. Agency temps are mesured in the FTE while consultants are measured by number of workers.	

GRI-indicator	Description	Principles for Responsible Banking (PRB) and the UN Global Compact (GC)	SpareBank 1 SR-Bank's reporting for 2022	Omissions
Governance				
2-9	Governance structure and composition	PRB 5.1	Annual report, chapter "Board of Directors report", section 8. "Board of directors: composition and independence" and "the work of the board of directors" and 10. "risk management and internal control"	
2-10	Nomination and selection of the highest governance body		Annual report, chapter "Board of Directors report", section 7. "Nomination committee"	
2-11	Chair of the highest governance body		Annual report, chapter "Board of Directors report", section 8. "Board of directors: composition and independence"	
2-12	Role of the highest governance body in overseeing the management of impacts	PRB 5.2	Annual report, chapter "corporate governance", 1. "implementation and reporting on corporate governance" and the document "PRB Report" 2-12a The sustainability strategy is part of the group strategy and approved by the board 2-12c Revised annually as part of the sustainability report	
2-13	Delegation of responsibility for managing impacts	PRB 5.1 and 5.2	Annual report, chapter "Board of Directors report", section 9. "the work of the board of directors" and the document "PRB Report"	
2-14	Role of the highest governance body in sustainability reporting		The materiality analysis is prepared by the administration and is included in the sustainability report which is approved by the board. The board approved the sustainability report before publication and challenges the content and process around the report.	
2-15	Conflict of interest		Annual report, chapter "corporate governance", 1. "implementation and reporting on corporate governance" and 12 "remuniation of the board of directors" Policy for Conflict of interest in SpareBank 1 SR-Bank	
2-16	Communication of critical concerns		Compliance reports every quarter to the board. The CEO report critical concerns to the board when incidents occur. No incidents were reported in 2022.	
2-17	Collective knowledge of the highest governance body	PRB 5.1	Annual report, chapter "Board of Directors report", section 9. "the work of the board of directors". The nomination committee makes an assessment of the board's overall competence, based on established requirements.	
2-18	Evaluation of the performance of the highest governance body		Annual report, chapter "corporate governance", 9. "the work of the board of directors"	

GRI-indicator	Description	Principles for Responsible Banking (PRB) and the UN Global Compact (GC)	SpareBank 1 SR-Bank's reporting for 2022	Omissions
2-19	Remuniation policies	PRB 5.2	Annual report, chapter "corporate governance", 11 "Remuniation of the board of directors" and 12. "Remuniation of executive persons" Executive Remuniation report 2022 og Executive Remuneration Policy	
2-20	Process to determine remuniation	PRB 5.2	Executive Remuniation report 2022 Executive Remuneration Policy	
2-21	Annual total compensation ratio			Information incomplete. We are working to get this in place for 2023 report.
Strategy, policies and practices				
2-22	Statement on sustainable development strategy	PRB 1.2	Annual report, chapter "Board of Directors report", section "corporate social responsibility and sustainability" and chapter "Sustainability", section "proactive ally for customers in the sustainability transition"	
2-23	Policy commitments	GC 7, 10 and PRB 5.2	Annual report, chapter "Sustainability" and chapter, "corporate governance", section 1	
			Code of Conduct	
			Standard for sustainability; workers and- human right	
2-24	Embedding policy commitments		Document "Sustainability in SR-Bank"	
			Policy commitments are communicated to employees annually through a number of training programmes. Policy and standards can be read on our website. Information about approval level and area covered by the policy can be found on front page of policy/standard.	
2-24	Embedding policy commitments		Annual report, chapter "Sustainability" and chapter "corporate governance, section 1"	Information incomplete. We are working to get this in place for 2023 report.
2-25	Process to remediate negative impacts		Annual report, chapter "Sustainability", section corporate governance and compliance: ethics and anti-corruption" and chapter "the board of directors report", section "Compliance" and chapter "corporate governance ", 11. credit risk exposure for each internal risk class"	Information incomplete. We are working to get this in place for 2023 report.

GRI-indicator	Description	Principles for Responsible Banking (PRB) and the UN Global Compact (GC)	SpareBank 1 SR-Bank's reporting for 2022	Omissions
2-26	Mechanisms for seeking advice and raising concerns		<p>We have reporting procedures, see our code of conduct. Annual report, chapter "Sustainability", section "corporate governance and compliance: ethics and anti-corruption" and chapter "Board of Directors report", section "Compliance". The document "Sustainability in SpareBank 1 SR-Bank"</p> <p>We continuously work to build a culture of trust where employees are comfortable seeking guidance, raising concerns, reporting possible breaches of regulations and ethical guidelines. Employees can seek advice from HR, the HSE manager and compliance.</p>	
2-27	Compliance with law and regulations		Annual report, chapter "Board of Directors report", section "Compliance"	
2-28	Membership associations	GC 8	Active member of Finans Norway. Document "Sustainability in SR-Bank" section "stakeholder dialogue" and section "SpareBank 1 SR-Bank's membership in national framework and initiatives"	
Stakeholder engagement				
2-29	Approach to stakeholder engagement	PRB 4.1	Annual report, chapter "Sustainability", section "the group's stakeholders and material topics" and the document "Sustainability in SR-Bank", chapter "stakeholder dialogue"	
2-30	Collective bargaining agreements	PRB 4.1 and GC 3	61.7% of employees are members of a trade union (ForretningsPartner og Monio are not included in the figures). 100% of employees are covered by collective bargaining agreements, also employees that are not members are covered by these collective agreements.	
GRI 3				
3-1	Process to determine material topics		Annual report, chapter "Sustainability", section "the group's stakeholders and material topics" and the document "Sustainability in SR-Bank", section "the group's stakeholders and material topics"	
3-2	List of material topics		Annual report, chapter "Sustainability", section "the group's stakeholders and material topics" and the document "Sustainability in SR-Bank", section "the group's stakeholders and material topics"	
Financial reporting				
3-3	Management of material topics	PRB 5.1	Annual report, chapter "Annual financial statement", note 2. "accounting policies"	

GRI-indicator	Description	Principles for Responsible Banking (PRB) and the UN Global Compact (GC)	SpareBank 1 SR-Bank's reporting for 2022	Omissions
Economic performance				
201-1	Direct economic value generated and distributed		Annual report, chapter "Annual financial statement"	
201-2	Financial implications and other risks and opportunities due to climate change	GC 7,8 and 10	Annual report, chapter "Sustainability", delkapittel "Nature as a stakeholder"	Information incomplete. We are working to get this in place for 2023 report.
201-3	Defined benefit plan obligations and other retirement plans		Annual report, chapter "Annual financial statement", note 23 "pensions"	
201-4	Financial assistance received from government		Not material. SpareBank 1 SR-Bank have not received financial assistance from government.	
Indirect economic impacts				
3-3	Management of material topics		Annual report, chapter "Sustainability", section, delkapittel "social responsibility"	
203-1	Infrastructure investments and services supported		Annual report, chapter "Sustainability", section, delkapittel "social responsibility". Payments from SpareBank 1 SR-Bank Foundation, sponsorships and donations are reported. No investment in infrastructure.	
203-2	Significant indirect economic impacts		Not material	
Ethics and anti-corruption				
3-3	Management of material topics	GC 10	Annual report, chapter "Sustainability", section, "Corporate governance and compliance " ethics and anti-corruption" and chapter "The board of directorws report", section "note 6. financial risk management"	
205-1	Operations assessed for risks related to corruption	GC 10	Three business areas (100%) have been assessed for risks related to corruption. No corruption identified.	
205-2	Communication and training about anti-corruption policies and procedures	GC 10	Annual report, chapter "Sustainability", section, "Corporate governance and compliance " ethics and anti-corruption"	
205-3	Confirmed incidents of corruption and actions taken			
Emissions and compliance with environmental regulations				
3-3	Management of material topics	PRB 5.1	Annual report, chapter "Sustainability", section "environmental responsibility in own operations"	

GRI-indicator	Description	Principles for Responsible Banking (PRB) and the UN Global Compact (GC)	SpareBank 1 SR-Bank's reporting for 2022	Omissions
Emissions				
305-1	Direct GHG emissions (Scope 1)		Annual report, chapter "Sustainability", section "environmental responsibility in own operations" and the document "Climate accounting 2022"	
305-2	Energy indirect GHG emissions (Scope 2)		The climate gases reported in addition to CO2 is CH4, N2O, SF6, HFCs, PFCs and NF3, which are converted to CO2 equivalents (CO2e).	
305-3	Other indirect GHG emissions (Scope 3)		Biogenic CO2 equivalent emissions are converted 1:1 in the climate accounting	
305-4	GHG emission intensity		IPCC raye with a 100 year time frame is used as the basis in Cemasys when concerting GHG to CO2e.	
305-5	Reduction of GHG emissions	GC 7, 8 og 9	Included in the report, emission figures for petrol and diesel per litres. Emission factor for Petrol (NO) (litre): 2.086 kgCO2/unit and Diesel (litres): 2.6988 kgCO2/unit. Guarantees of origin are numbered in the report, beyond that there is only a textual explanation for increase and decrease. Operational control is the consolidation method used for emissions.	
306-6	Emissions of ozon-depleting substances (ODS)		Not material	
306-7	Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions		Not material	
Follow-up of suppliers				
3-3	Management of material topics		Annual report, chapter "Sustainability", section "Sustainable purchasing"	
Supplier environmental assessment				
308-1	New suppliers that were screened using environmental criterias	GC 7,8 og 9	Annual report, chapter "Sustainability", section "Sustainable purchasing"	
308-2	Negative environmental impacts in the supply chain and action taken	GC 7,8 og 9		
Supplier social assessment				
414-1	New suppliers that were screened using social criteria	GC 1,2,3,4,5 og 6	Annual report, chapter "Sustainability", section "Sustainable purchasing"	
414-2	Negative social impact in the supply chain and action taken	GC 1,2,3,4,5 og 6		

GRI-indicator	Description	Principles for Responsible Banking (PRB) and the UN Global Compact (GC)	SpareBank 1 SR-Bank's reporting for 2022	Omissions
Employees				
3-3	Management of material topics		Annual report, chapter "Employees"	
Employment				
401-1	New employee hires and employee turnover	GC 1 og 6	Annual report, chapter "Employees", section, "skills recruitment"	a.ii Employee category
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	GC 1 og 6	Annual report, chapter "Employees", section "employee remuneration"	
401-3	Parental leave	GC 1 og 6	Annual report, chapter "Employees", section, "equality and diversity"	
Training and education				
404-1	Average hours of training per year per employee		We have standardized routines for transition assistance.	a.ii Report does not include employee category (404-1)
404-2	Programs for upgrading employee skills and transition assistance		All employees attend/receive annual employee review, which are logged in our internal system. Due to technical issues we are not able to publish the number of completed career development reviews this year.	
404-3	Percentage of employee receiving regular performance and career development reviews		Annual report, chapter "Employees", section "change and skills "	
Diversity and equality				
405-1	Diversity of governance bodies and employees	GC 6	Annual report, chapter "Employees"	
405-2	Ratio of basic salary and remuneration of women and men	GC 6	Not reported. We are working on improving data.	
Responsible marketing of product and services				
3-3	Management of material topics		Annual report, chapter "Sustainability", section "Corporate governance and compliance: responsible information"	
417-1	Requirement for product and service information and labeling		Annual report, chapter "Sustainability", section "Corporate governance and compliance: responsible information"	
417-2	Incidents of non-compliance considering product and service information	GC 2	Annual report, chapter "Sustainability", section "Corporate governance and compliance: responsible information, communication and marketing" and chapter "Board of Director's report", section "Compliance"	
417-3	Incidents of non-compliance concerning marketing and communications	GC 2		

GRI-indicator	Description	Principles for Responsible Banking (PRB) and the UN Global Compact (GC)	SpareBank 1 SR-Bank's reporting for 2022	Omissions
Privacy and information security				
3-3	Management of material topics		Annual report, chapter "Sustainability", section "Corporate governance and compliance: privacy and information security"	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	GC 2		
SpareBank 1 SR-Bank continues to report on selected indicators RG & FSSS				
Responsible credit				
3-3	Management of material topics		Annual report, chapter "Sustainability", section "responsible finance" Policy documents available on website	
Responsible credit				
FS1	Policies with specific environment and social components applied to business lines	GC 7	Annual report, chapter "Sustainability", section "responsible finance" and chapter "annual financial statement", section "note 6. financial risk management"	e. Information incomplete. We are working to get this in place for 2023 report.
FS2	Procedures for assessing and screening environmental and social risks in business lines		Annual report, chapter "Sustainability", section "responsible finance"	e. Information incomplete. We are working to get this in place for 2023 report. f. Information incomplete. We are working to get this in place for 2023 report.
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	GC 8 and 9	Annual report, chapter "Sustainability", section "responsible finance" SpareBank 1 SR-Bank' green products can be views on website: - Green mortgage - Eco-loans - Loans for electric cars	

Key figures last 5 years

(Figures in NOK millions)

SpareBank 1 SR-Bank Group	2022	2021	2020	2019	2018
Summary of results					
Net interest income	4 516	4 001	4 142	3 987	3 439
Net commissions and other operating income	1 770	1 717	1 396	1 416	1 437
Net income from financial investments	756	1 026	699	1 127	569
Total net income	7 042	6 744	6 237	6 530	5 445
Total operating expense	2 825	2 714	2 386	2 478	2 229
Operating profit before impairment losses	4 216	4 030	3 851	4 052	3 216
Impairment losses	5	192	2 030	235	324
Pre-tax profit	4 211	3 838	1 821	3 817	2 892
Tax expense	834	682	231	693	596
Net profit for the year	3 378	3 156	1 590	3 124	2 296
Balance sheet figures					
Lending to retail market ¹⁾	153 198	143 307	137 074	128 635	122 756
Lending to Corporate Market ^{2) 3)}	81 020	70 807	82 525	83 061	79 142
Lending to SME & Agriculture	18 739	16 185			
Retail market deposits	61 627	57 862	53 399	48 375	45 650
Corporate Market deposits ²⁾	66 241	63 762	64 771	54 731	53 164
SME & Agriculture deposits	20 232	16 040			
Lending growth retail market in %	6,9	4,5	10,2	9,2	9,2
Lending growth Corporate Market in % ²⁾	14,4	5,4	-0,6	5,5	16,0
Lending growth SME & Agriculture in %	15,8				
Percentage growth in retail market deposits	6,5	8,4	10,4	6,0	3,1
Percentage growth in Corporate Market deposits ^{2) 4)}	3,9	23,2	18,3	2,9	4,0
Percentage growth in SME & Agriculture deposits	26,1				
Total assets	345 931	304 402	287 049	255 895	234 061
Average total assets	321 177	295 753	275 235	247 923	223 838
Impairment provisions on loans and loans in Stage 3 ²⁾					
Impairment provisions as a % of gross loans	0,00	0,09	0,94	0,11	0,17
Loans and financial liabilities in Stage 3 as a % of gross loans and financial liabilities.	1,35	1,46	1,90	1,30	1,22
Equity					
Share capital	6 394	6 394	6 394	6 394	6 394
Share premium reserve	1 587	1 587	1 587	1 587	1 587
Other equity	19 208	17 348	16 562	15 003	13 054
Hybrid capital	1 700	1 850	1 850	1 850	550
Total equity	28 889	27 179	26 393	24 834	21 585
Profitability, financial strength and staffing					
Return on equity %	12,60	12,6	6,4	14,0	11,3
Cost ratio	40,10	40,2	38,3	37,9	40,9
Cost ratio Group ⁶⁾	37,60	40,3			
Operating costs as a % of average total assets	0,88	0,92	0,87	1,00	1,00
Average interest margin	1,41	1,35	1,50	1,61	1,54
Common Equity Tier 1 capital ratio ³⁾	17,42	17,39	18,29	16,96	14,72
Tier 1 capital ratio ³⁾	18,76	18,88	19,90	18,58	15,85
Capital ratio ³⁾	20,31	20,48	21,72	20,42	17,60
No. of FTEs	1 543	1 505	1 283	1 260	1 178

1) Lending to retail market includes loans sold to SB1 Boligkreditt for 2018 and 2019

2) The corporate market portfolio was divided into Corporate Market and SME & Agriculture from 2021. For prior years, the entire corporate market portfolio is included in Corporate Market

3) Lending to Corporate Market includes loans sold to SB1 Næringskreditt in 2018

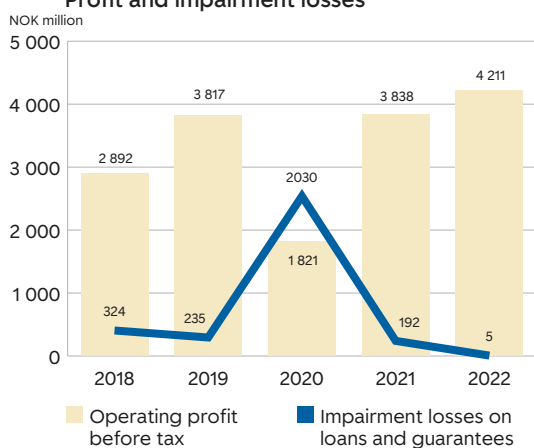
4) From 2019 includes deposits corporate market net consolidated accounts currency. The historical figures have been correspondingly restated.

5) Historical figures from before 2021 includes SB1 Bolig- and Næringskreditt

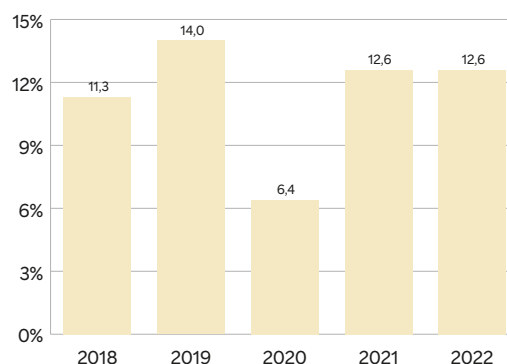
6) Cost ratio Group includes parent bank and SR-Boligkreditt adjusted for income from financial investments

7) Historical capital ratio figures in the group are based on the capital adequacy rules and regulations before 2019, when the so-called Basel I floor applied. A decision was made in April 2020 not to pay a dividend for 2019 at this time. The figures reported as at 31.12.2019 have not been restated. The board exercised its special authorisation from April 2020 and at the board meeting on 10.2.2021 approved a dividend of NOK 5.50 per share for the 2019 financial year, which was paid out on 19.3.2021. The board exercised its special authorisation from April 2021 and at the board meeting on 30.9.2021 approved a dividend of NOK 3.10 per share for the 2020 financial year, which was paid out on 13.10.2021.

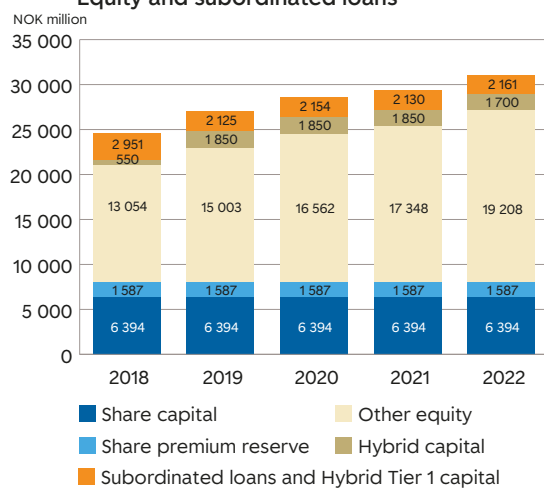
Profit and impairment losses



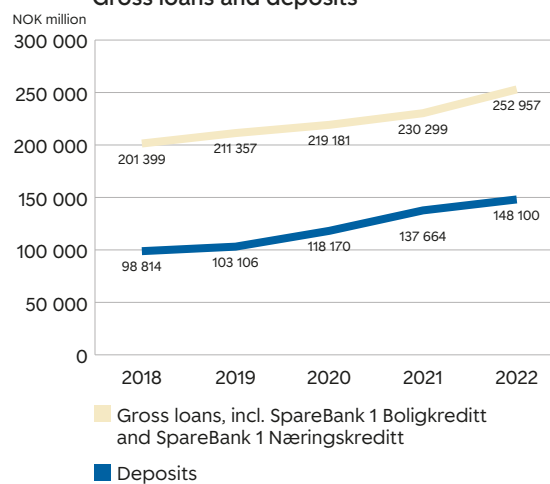
Return on equity



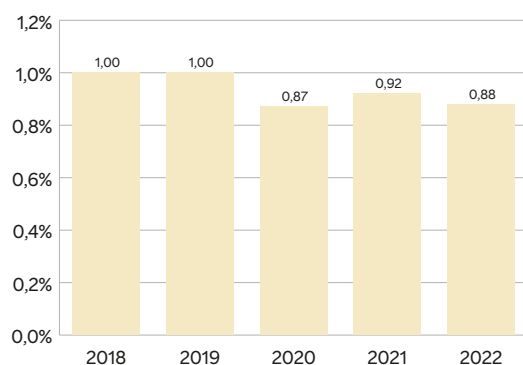
Equity and subordinated loans



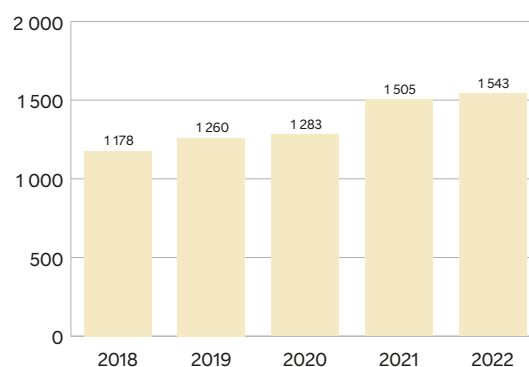
Gross loans and deposits



Operating expenses as % of average total assets



FTEs, Group





Customer advisor
Mikias Amare Mebratu
and barista Nadia in
the cafe at Finansparken
in Stavanger.

Our aim is to stimulate growth and development

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