

# Annual Report 2023



# Vision and values

Our purpose is to provide power to growth and development. For 185 years, we have been aiming towards this goal. Together with our customers, we contribute to creating sustainable, attractive and vibrant local communities and cities throughout southern Norway.

We are constantly developing, and expanding the area we call our region and our market area, which now moves from the scenic and enterprising Western Norway, via Southern Norway and Lindesnes lighthouse, and all the way to Oslo and Vigelandsparken in the east.

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 *Responsibility and Respect, Engaged and Powerful*, defines the attitude we should have in our organization. The values are also a support towards difficult decisions and adhered to in everyday work.

Through the pictures in this annual report, you will meet a number of advisers in SpareBank 1 SR-Bank. In many ways, they are the group's external face, in the sense that they are the ones who meet the customers and are part of small and large local communities in the region. The advisers at SpareBank 1 SR-Bank are skilled and committed ambassadors for the vision, purpose and values that underlie our business. This is the foundation for everything we do.

Mirela Árnes, personal finances advisor in Sandnes



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# SpareBank 1 SR-Bank's 2023

## Q1



SpareBank 1 SR-Bank **goes all in in Arendal** and opens a new branch in the southern city.



**ForretningsPartner** shares premises with the bank in several branches in Southern Norway.



Farmers in Rogaland get biochar from SpareBank 1 SR-Bank. The bank **invests in carbon storage** in order to achieve its sustainability goals for 2022.

## Q2



SpareBank 1 SR-Bank **signs up to FUTURE-PROOF**. This commits us to bringing up and discussing challenges related to human rights in global value chains.

In May, we **mark the fifth anniversary of the establishment in Oslo and Viken**.

The group is committed to this market area and is enjoying strong growth here.



In April, all employees of the group are invited to **our sustainability festival**, a platform for sharing and generating commitment to sustainable actions both at work and at home.



We switch to Iver, a **common CRM solution for the entire SpareBank 1 Alliance**.

The goal is to achieve a simpler and better working day for employees, and the best experiences for customers.





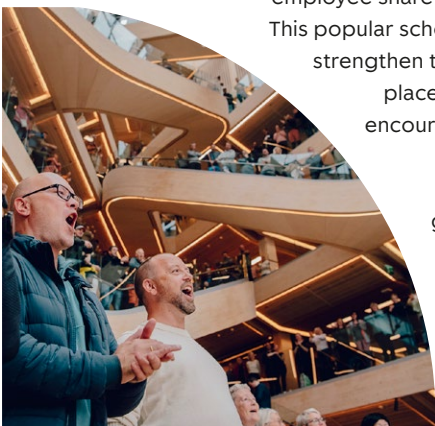
SpareBank 1 SR-Bank swims against the current. **We open an untraditional satellite branch** in a co-working space in Knarvik in Nordhordland.

Our own podcast, **“Sparepodden”, sees the light of day.** It combines the relevant and topical with slightly heavier subject matter for those who want to learn more.



**SR-Bank Markets merges with SpareBank 1 Markets.** The group thereby strengthens its focus on capital markets.

**77 percent of the group’s employees sign up for** the employee share programme. This popular scheme helps to strengthen ties with their place of work and encourage a mutual interest in producing good results.



## Q3



In August, we become the first bank to launch our own **SR-GPT, a safe and closed version of ChatGPT** that can be used by employees of the bank.



## Q4

The boards of SpareBank 1 SR-Bank and SpareBank 1 Sørøst-Norge **announce plans to merge and establish SpareBank 1 Sør-Norge.** What will be by far the country’s largest savings bank will have its head office in Stavanger, and help to ensure there are a large number of attractive jobs throughout Southern Norway.

SpareBank 1 SR-Bank signs a **cooperation agreement with the Danish bank Sydbank** to provide our corporate customers with access to Danish and German banking services.



## Highlights

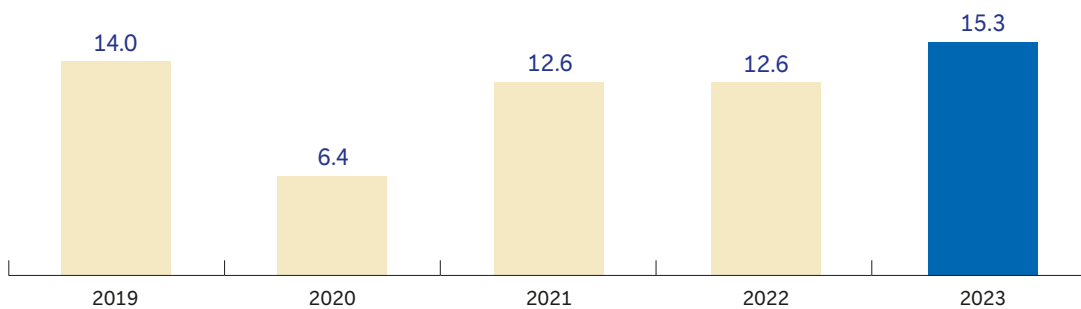
(Figures in NOK millions)	2023	2022
Net interest income	6,136	4,516
Net commissions and other operating income	1,939	1,770
Net income from financial investments	669	756
Total operating expenses	3,299	2,825
<b>Operating profit before impairment losses</b>	<b>5,445</b>	<b>4,216</b>
Impairment losses	-232	5
<b>Pre-tax profit</b>	<b>5,677</b>	<b>4,211</b>

## Key figures

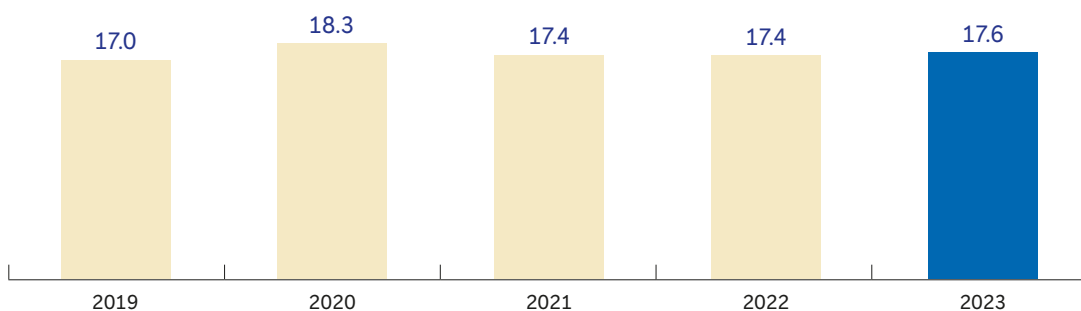
<b>Profitability</b>		
Return on equity %	15.3	12.6
Cost/income ratio	37.7	40.1
Average interest margin %	1.7	1.4
<b>Balance sheet figures</b>		
Gross loans to customers	272,001	252,957
Deposits from customers	149,076	148,100
Deposit growth	0.7 %	7.6 %
Total assets 31.12.	362,186	345,730
<b>Financial strength</b>		
Common Equity Tier 1 capital ratio %	17.6	17.4
Tier 1 capital ratio %	19.7	18.8
Capital ratio %	21.6	20.3
Leverage ratio %	7.2	6.9
Tier 1 capital	28,864	25,193
<b>Liquidity</b>		
Liquidity coverage ratio (LCR)	176 %	176 %
Deposit to loan ratio	54.8 %	58.5 %
<b>Branches and staffing</b>		
No. of FTEs, incl. temps	1,686	1,582
No. of branches	36	35
<b>SpareBank 1 SR-Bank share</b>		
Market price at year end	128.90	120.70
Earnings per share	16.27	12.88
Dividend per share	7.50	7.00
Effective yield on share %	12.6	-4.9

Please also refer to the complete overview of key figures and definitions on page 172.

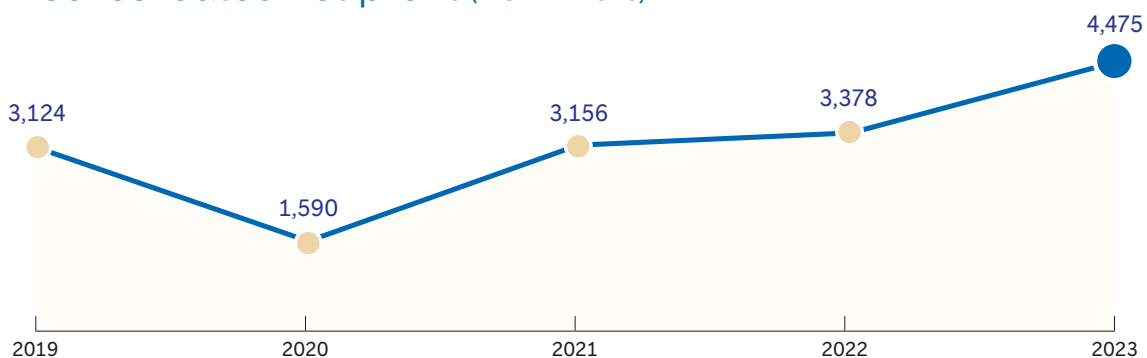
### Return on equity (%)



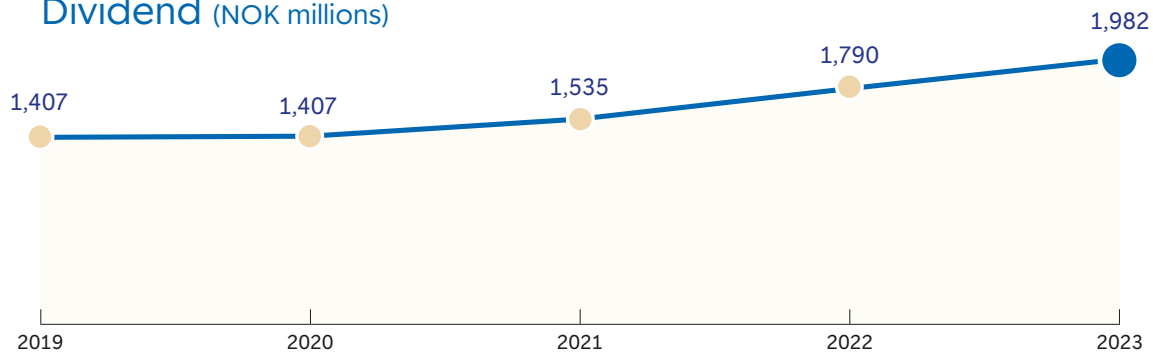
### Common Equity Tier 1 capital ratio (%)



### Consolidated net profit (NOK millions)



### Dividend (NOK millions)



# Banking history in a year of international unrest and inflation

In the year just finished, we both wrote banking history and managed our business very well. SpareBank 1 SR-Bank is a financially strong and profitable financial services group with a wide range of income sources, strong distribution and efficient operations. I am proud that we are capturing market shares and enjoyed a good year in all business areas.

First the history part. In October, we announced plans for what will be the largest merger in the Norwegian banking sector in 25 years. We are planning to merge with SpareBank 1 Sørøst-Norge to become SpareBank 1 Sør-Norge. The name suits the growth ambitions of both groups well, and it is a fitting name for what will be Norway's largest savings bank. With a head office outside the capital, I would like to add.

This is truly a milestone for the bank, which will celebrate its 185th anniversary in 2024, and will take us a very long step forward. The merger will make great demands on us, but it will also provide fantastic opportunities. The new group will make local jobs safe, and it will also have national weight with many attractive jobs spread across 65 branches in Southern Norway. Customers will gain an even broader offering, access to strong specialist environments and an even more powerful challenger to the very largest banks.

SpareBank 1-alliance has been strengthened. In the early autumn, we announced that Eika Kredittdbank and SpareBank 1 Kredittd would jointly form Sparebanken Kredittd, which aims to be a leading national credit card company. In December, Fremtind Forsikring and Eika Forsikring announced plans to merge. In the same month, we strengthened our focus on capital markets by merging SR-Bank Markets and SpareBank 1 Markets. The transaction signposts our clear ambitions concerning growth in this area.

These changes will provide a better and broader offering for the bank's customers and increased opportunities for the group's employees.

## **Savings bank values**

As far back as our roots go, when Egersund Sparebank was established in 1839, the savings bank tradition has been strong in what is now SpareBank 1 SR-Bank. To us this means

that a local savings bank is a relationship bank that stands with its customers in their everyday lives. The bank is an ally with respect to development in the local communities and municipalities in which we have a presence.

The value of the community capital and community dividends are important in this context.

In the group, the community capital and the local community's share of the value created are managed by professional foundations. The two owner foundations, Sparebankstiftelsen SR-Bank and SpareBank 1-stiftinga Kvinnherad, own a total of 32.24 percent of SpareBank 1 SR-Bank.

Therefore, around one third of the group's earnings become community dividends, via the two owner foundations, which go to good causes that benefit society. I am proud that the good results we have delivered in 2023 will contribute to sustainable, attractive and viable local communities.

We share these savings bank values with our merger partner SpareBank 1 Sørøst-Norge. Stable, local ownership in the new group will be ensured by seven savings bank foundations owning a total of 44 percent of the shares in the merged bank.

## **Preparing ourselves for the future**

2023 was a year marked by international unrest and high inflation, which resulted in more challenging macro-economic conditions. We saw a total of six policy rate hikes. Rising interest rates and price increases adversely impacted the finances of people and businesses. At the same time, SpareBank 1 SR-Bank delivered better results and a good return on equity throughout the year.





I am very conscious of the fact that many of our customers are now facing a challenging situation and have done so for a while. We observed this in 2023 through increasing customer demand for advice and solutions from the bank. In a demanding period for our customers, our advisers in the retail division have done an important job helping and reassuring them.

Banks reflect the economy in which they operate, albeit with some delay. When an economy is emerging from difficult times, banks will probably have to deal with the impact of those times for a while longer. We geared up for that in 2023. Profits made in good times make it possible to stand strong and help people and businesses when they need it, and to fulfil our role of being a stable and predictable supporter in more challenging times as well.

#### **Sustainability**

The transition to lower greenhouse gas emissions and a more sustainable society will not just happen by itself. It requires decisions to be made that pull in the same direction that society should be moving in – namely towards zero emissions and the far more efficient use of resources. The transition is necessary, and banks have an important role to play here. Throughout the year, we took a systematic approach to how we can achieve our ambition of being the customer's ally in the green transition. We also worked on internal expertise and building a corporate culture, including via our own sustainability festival.

At the very end of the year, we adopted our first transition plan, which is an important element of our efforts to achieve our long-term goal of reaching net zero emissions from our financing and investment activities in 2050. The plan also prepares us for the increased reporting requirements that will come into full force in the coming years.

#### **More than a bank**

Our head office is in Stavanger and will remain there after the merger, although important group functions will also be led and run from Sandefjord. Almost half of our total lending volume is now to customers outside Rogaland, and this will increase further as a result of the merger.

The breadth of the group and the customer offering is also demonstrated by the fact that more than 600 capable employees work in our subsidiaries. In total, just over a third of our total workforce of around 1,700 work in the subsidiaries. EiendomsMegler 1 SR-Eiendom and SpareBank 1 SR-Bank ForretningsPartner both enjoy market-leading positions in our market areas. The merger will strengthen our subsidiaries through an even better range of services to customers.

I would like to thank all employees of the group for their efforts in 2023. I am proud that we delivered high-quality banking during a turbulent period. In 2023, we produced good financial results both for the group and for our customers, and we laid the first cornerstone of what will become Norway's most powerful savings bank in addition to actions that will further strengthen the SpareBank 1-alliance.

We now have to bring the values, expertise and drive that provided the basis for those results in 2023 with us into the new group. Norway's largest savings bank will also be a forward-looking relationship bank and a natural local partner for people and businesses throughout Southern Norway!

Benedicte Schillbred Fasmer  
CEO

# SpareBank 1 SR-Bank

## The group, strategy and objectives

SpareBank 1 SR-Bank ASA aims to become a significantly larger player 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. In December 2023, the bank's annual general meeting approved a plan to merge with SpareBank 1 Sørøst-Norge. The banks have agreed to merge and thereby create better conditions for impact and growth. The merged bank will be called SpareBank 1 Sør-Norge and be Norway's largest savings bank, with a broad distribution network stretching from Bergen to Oslo.

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. This local anchoring will be further strengthened by the planned merger as seven foundations will now own a total of 44 percent of the bank after the merger.

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. The combined bank will also enjoy strong positions in Telemark, Vestfold and Buskerud.

### 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 390,000 private individuals as customers and NOK 165 billion in loans. The number of customers for whom we are their main bank increased by 13,000 in 2023. In addition, a total of 6,300 homes were sold by EiendomsMegler 1 SR-Eiendom AS in 2023.

SpareBank 1 SR-Bank combines in-person and online advice through 35 branches, a customer service centre with good availability and services, and leading digital solutions. Customer demand for advice is increasing, and 10,000 more advice meetings were held in 2023 than in the year before.



The needs of retail customers are met through a wide range of financial products and services. The main products are loans, deposits, cards and daily banking services. Besides the bank's own deposit and card products, SpareBank 1 Kreditt AS provides credit cards and other unsecured credit. SpareBank 1 SR-Bank is the largest shareholder in SpareBank 1 Forvaltning AS, which is the bank's provider of savings products. It is the parent company of Odin Forvaltning AS.

Fremtind Forsikring AS is a provider of insurance and members of the Norwegian Confederation of Trade Unions (LO) an important common target group. In 2023, agreement was reached to merge Eika's credit card business with SpareBank 1 Kreditt. Eika Forsikring AS also merged with Fremtind Forsikring AS.

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

**SME & Agriculture** is a focus area for the group with a total customer base of 35,000 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 100 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.

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 700 new jobs since its inception in 2015.

**Large Corporates** consists of about 4,000 customers in 400 customer clusters and groups. Large Corporates' customers are spread out across Southern Norway, where the division has a presence in four geographical regions: Vestland, Rogaland, Agder and Oslo. The latter marked its fifth anniversary in 2023. Large Corporates has specialist environments for industries such as energy and maritime, construction and real estate, seafood, manufacturing, technology and the public sector.

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. This partnership continued in 2023 with strengthened cross-border customer offerings, the acquisition of some major customers and a continued focus on sustainability. In 2023, the bank also entered into a partnership with Sydbank with the aim of strengthening cooperation across Norway, Denmark and Germany.

Following approval from Finanstilsynet (the Financial Supervisory Authority of Norway), the agreement to consolidate capital market services into SpareBank 1 Markets AS was completed in December 2023. This will create a powerful national player, characterised by strong national and regional expert environments.

#### **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 01.01.2012. 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.

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 2023, geopolitical unrest, high inflation and higher interest rates will generate significantly greater 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 turbulent macroeconomic situation is expected to result in somewhat lower market growth 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 relationships 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.

#### 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.

Training in sustainability and digital collaboration are priority areas for training the group's employees, as are updates on anti-money laundering and privacy. Customers should experience high quality standards and services across the group due to the further standardisation of customer work.

Lene Skjæveland, personal finances advisor in Sandnes



### 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 sustainability targets that cover contributions to cutting emissions and restructuring in the business sector. 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 A in the 2023 survey as well. 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.

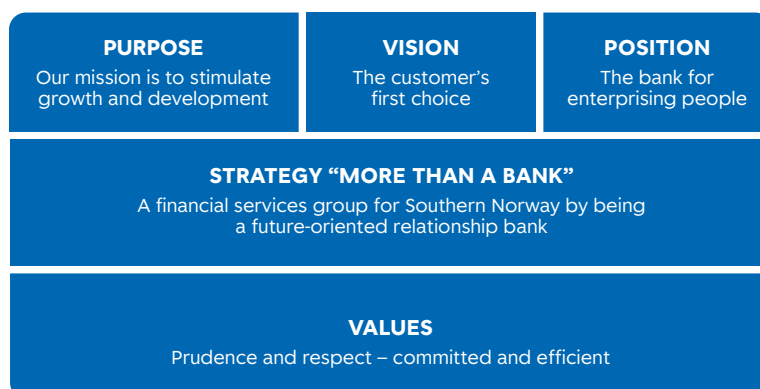
SpareBank 1 SR-Bank's creates value by assuming recognised and acceptable risk. The group therefore invests substantial resources in improving risk management systems, processes and skills in line with leading international practices.

### 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

<b>EiendomsMegler 1 SR-Eiendom AS</b> Sales of homes and commercial properties 197	<b>SR-Boligkreditt AS</b> Mortgage credit company - issuer of covered bonds (home mortgages) 1	<b>FinStart Nordic AS</b> Investment portfolio FinTech 1	<b>SpareBank 1 SR-Bank Forretnings-Partner AS</b> Accounting and advice 410
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👤 = no. of FTEs

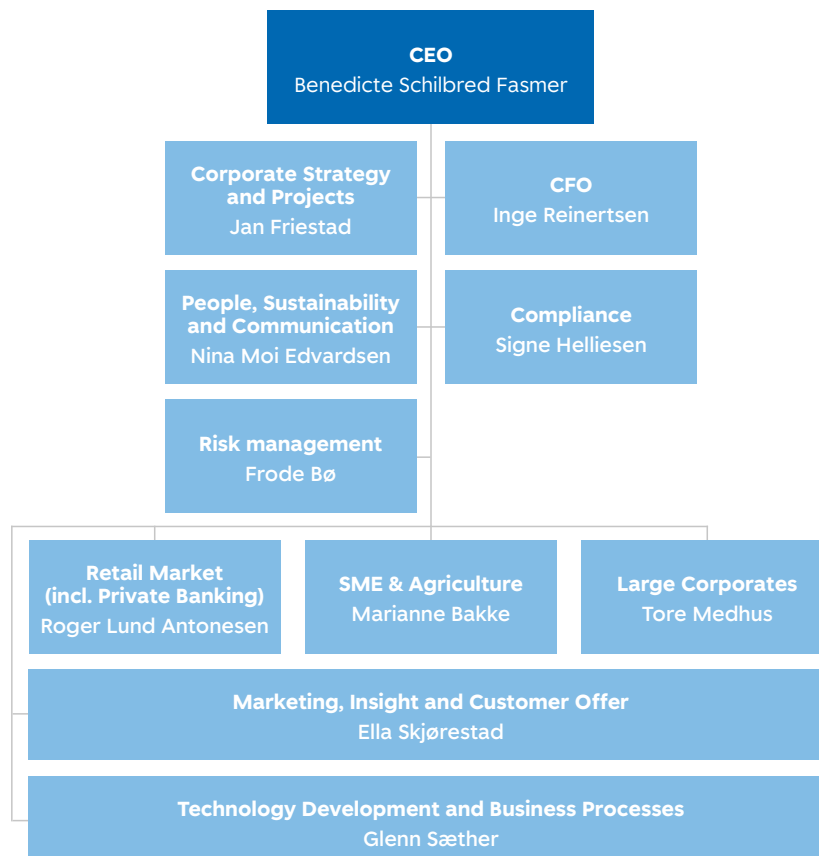
## Part-owned companies

<b>BN Bank ASA</b> Commercial bank with offices in Oslo and Trondheim 35.0%	<b>SpareBank 1 Gruppen AS</b> Holding company for the products companies in the SpareBank 1 Alliance 19.5%	<b>SpareBank 1 Kreditt AS</b> Credit card company, based in Trondheim 16.7%	<b>SpareBank 1 SR-Forvaltning AS</b> Fund management and portfolio management 35.9%	<b>SpareBank 1 Betaling AS*</b> The company behind the mobile payment solution 19.1%
<b>SpareBank 1 Gjeldsinformasjon AS</b> Retrieves debt information directly from financial institutions 18.3%	<b>SpareBank 1 Bank og Regnskap AS</b> Accounting application and bank in a single smart package 25.0%	<b>SpareBank 1 Markets AS</b> Capital market services 33.0%	<b>Folkeinvest AS**</b> Company which facilitates for investment in startups and growth companies 36.9%	

\* Owns 23,9% of Vipps AS.

\*\* Shares in Folkeinvest were acquired 31.12.2023.

## 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.

SpareBank 1 SR-Bank strives to be an attractive place to work that attracts and retains talented people, and constantly tries to ensure professional development, well-being and engagement in the organisation. A corporate culture marked by trust, cooperation and sharing competence facilitates performance and ownership of results, which is crucial for creating added value for customers directly and for owners indirectly. Ever more digitalisation and constant changes in customer behaviour 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 staff, the group executive management team is developing



**1,711**

Total number of permanent employees

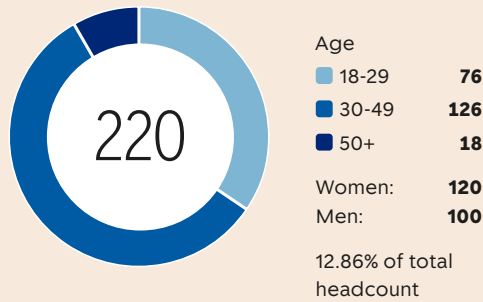


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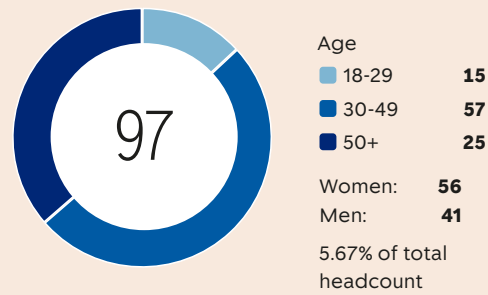
Average age of permanent employees



## Number of new hires



## Number of people leaving



the organisation and operations to match current and future customer behaviour. Sustainability has been integrated into the group's strategy and is worked on continuously. This applies to both customer activities, including advice and new product solutions, and internal work on diversity, inclusion and equality. All of the group's employees took part in sustainability-related training throughout 2023.

### Employer branding and recruitment

SpareBank 1 SR-Bank wants to be one of Norway's most attractive employers and focuses on attracting, developing and retaining the right competence for the future.

At year end 2023, the group had 1,654 FTEs, of which 1,711 were permanent employees.

In 2023, we hired a total of 220 new people. Employee turnover was low in 2023 at 6% compared with 7% in 2022. This can also be seen from the tables. 97 employees left in 2023

There is strong competition for strategically important skills in the labour market. It is important that SpareBank 1 SR-Bank stands out as an attractive place to work and that the group can attract capable candidates. The group gave weight to implementing measures and strategies that attract and recruit the right expertise, which resulted in advertised positions being filled by highly qualified and motivated employees.

SpareBank 1 SR-Bank wants to offer job training to people seeking relevant work experience, language training or similar. Four people took part in such job training in the group in 2023.

To ensure continuity and cover for absences due to parental leave, long-term sick leave and holidays, the group hires temporary employees (temps) from temping agencies. Temps are also used during periods with particularly heavy workloads. A special agreement has been entered into with the Finance Sector Union of Norway regarding the use of such temps that is in line with new regulations for contracted

staff. The proportion of temps has remained relatively stable over time. The group closely monitors the scope of temps used on a monthly basis.

SpareBank 1 SR-Bank also hires consultants for project management, development projects and other situations where the group has a temporary need for specific specialist expertise.

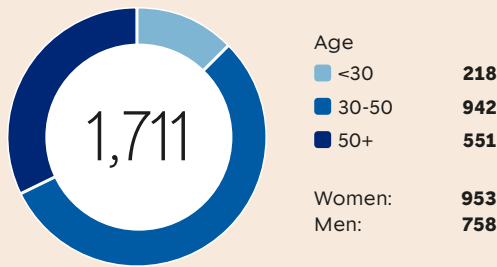
Being an attractive employer is one of the focus areas in the group's HR strategy, and thorough preparatory work was done in 2023 to establish an employer branding strategy for the period up to 2025. The focus in 2023 was on building an internal corporate culture and identity. "Young in SR", a network for employees younger than 38, is one example of this and helps to build an attractive internal corporate culture and place of work for our youngest employees.

The group is working to put in place employee propositions and an action plan designed to further develop its employer brand internally and externally over the next 2 years. At the same time, the group has identified students, economists and ICT specialists as the target groups that would be focused on in external marketing. The group will also continue to work on building a corporate culture internally and implementing measures that support our employee propositions.

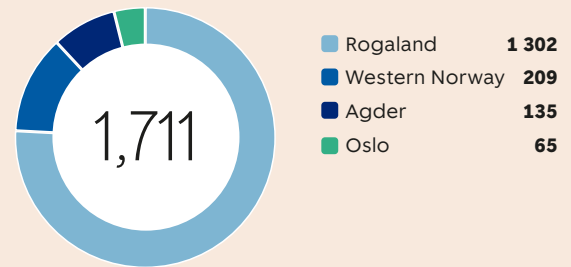
SpareBank 1 SR-Bank has a strategic collaboration with Trainee Sørvest, which is a partnership between the University of Stavanger and Stavanger Chamber of Commerce. The group also recently entered into a partnership with Trainee Vest in Bergen in order to attract young talents and further strengthen our brand in line with our employer branding strategy.

SpareBank 1 SR-Bank wants to be one of Norway's most attractive employers. We saw an increase in the number of applicants compared with 2022. SpareBank 1 Gruppen were ranked fourth by working economists in a survey conducted by Universum.

## Total workforce



## Employees by region



## Change and skills

SpareBank 1 SR-Bank has a number of strategic focus areas that have been identified in order to meet future competence needs, and one of the most important areas was expertise in sustainability in 2023. The group is steadily maturing in this area, and in 2023 everyone underwent training on our sustainability strategy and gained insights into how sustainability is being approached in all parts of the group. Training was also provided to help understand what becoming ISO certified in environmental management (ISO 14001:2015) means for the bank.

This year, like last year, SpareBank 1 SR-Bank organised its own sustainability festival, which ran over a week in April, with lectures and discussions that helped to further enhance expertise in sustainability. In autumn 2023, the group enhanced its competence in the social aspects of sustainability and provided training in human rights, diversity and inclusion. Managers have also been given an introduction to diversity management. The group's corporate advisers received training in green frameworks and ESG, while the advisers in the retail market underwent training on how our advice can contribute to a more equal personal finances for our customers.

Technology, data and digital competence were also important in 2023. The group provided basic training on what data is, organised several courses on data analysis and conducted training in connection with the introduction of a new CRM system. In connection with SpareBank 1 SR-Bank's establishment of its own generative AI, SR-GPT, training programmes have been developed in order to encourage more people to use this tool to streamline their working day.

In order to provide managers with training in change management, the group held several management meetings and courses in which change management was the main focus. SpareBank 1 SR-Bank is committed to developing future candidates for management positions within both personnel management and specialist management and held management candidate courses in spring and autumn.

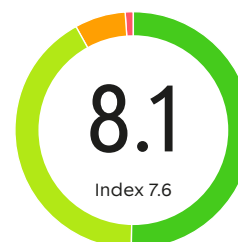
Managers and employees agree on goals and activities

that will develop the skills of the individual employee in performance and development reviews. A large proportion of such development takes place through practical experience in their job, in combination with feedback. More than 60 employees also applied for, and was granted individual courses and continuing education in 2023.

## Working environment

It is fair to say that 2023 was a normal year after several years of pandemic restrictions. All the indications are that SpareBank 1 SR-Bank has a good and stable working environment. This is demonstrated by, for example, good scores in the categories job satisfaction, team spirit and participation in employee surveys, as well as low sick leave rates and few whistleblowing cases. The group has established procedures that allow employees to apply to work from home on up to 2 days per week, and working from home arrangements are in use, although the vast majority of employees choose to spend most of their working hours at their place of work.

SpareBank 1 SR-Bank started using a new tool for organisational surveys at the end of 2022. Using this tool, frequent short surveys are sent out asking employees how they are doing at work. The questions vary within topics such as work situation, stress, leadership, autonomy and commitment. Compared with other companies that use the same tool, the employees of SpareBank 1 SR-Bank score well. As of 31.12.2023, the score was 8.1 on a scale from 0 to 10.



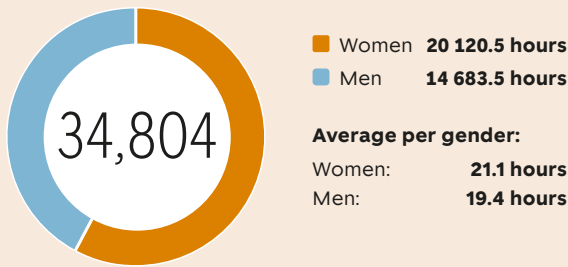
## Main index for measuring commitment, working environment and satisfaction

Index 7.6 is a comparison against other companies using Winningtemp.

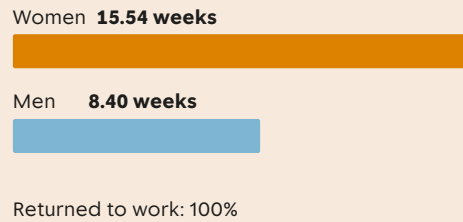
## HSE

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 the safety service, and the Security, Facility Management and

## Total hours of training and education



## Average number of weeks of parental leave



People and Organisation departments. SpareBank 1 SR-Bank was environmentally certified in accordance with the ISO 14001 standard in 2023, which for employees has meant, for example, new procedures for waste management.

A continuous effort is made to keep sick leave as low as possible. The average healthy rate in 2023 was 95.8% compared with 96.4% in 2022. 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 2023 was 64.3, which is an increase from 2022.

### Diversity, inclusion and belonging

SpareBank 1 SR-Bank wants to be an inclusive place to work where all employees feel safe and a sense of belonging. The diversity of the group, and that it attracts, is important because it reflects our customers and helps ensure long-term value creation. Diversity means the inclusion or involvement of a range of differences. Such differences include diversity within and between people such as gender, age, functional level, ethnicity, life stance, cultural background, class, gender identity and sexual orientation. They also include education, experience, qualifications, interests and family situation.

SpareBank 1 SR-Bank believes that good diversity leadership will contribute to increased innovation, competitiveness and well-being. Therefore, in 2023, the group established a Diversity, Inclusion and Belonging (DIB) committee. This interdisciplinary DIB committee is composed of members from various parts of the group and will be widely involved in the group through resource groups, workshops and projects. The committee's purpose is to ensure that SpareBank 1 SR-Bank is an inclusive place of work in which all employees feel safe and a sense of belonging. The DIB committee will also help to increase the company's maturity within gender equality and diversity via systematic work on diversity and equality at all levels.

### Risk of discrimination and barriers to equality

In 2023 the group has conducted a preliminary mapping of the risk of discrimination and barriers to equality. This includes various areas such as gender, pregnancy, caregiving tasks, ethnicity, religion, disability, sexual orientation, and gender identity. The findings suggest that much is in place and the probability of discrimination and barriers to equality occurring are small. However, the mapping has been done at a high-level overview. This will be expanded and processed in the coming year to ensure that work is carried out in line with the four steps of the Activity and Reporting Duty for employers.

### Measures

SpareBank 1 SR-Bank has implemented a number of measures designed to promote equality and reduce the risk of discrimination. For example, the measures include questions about diversity in needs analysis and the goal of a 50/50 gender balance in recommendations during recruitment processes. Promotion and development opportunities are supported by a target of an approximately 40/60 gender balance in management development programmes, as well as diversity being represented in succession plans and annual performance and development reviews for employees on leave. 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 analyses to analyse the status of equal pay. This year's analysis shows there are still differences between the median pay of men and women, although these are trending downwards. 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 5 months up an extra step on the pay scale when they return to work.

Other measures include a pregnancy policy, late career guidance for older employees, corporate sports teams, a programme for young people, "Young in SR", Norwegian language courses for new employees with minority backgrounds, opportunities to combine work and family life through flexible working hours and working from home, as well as

## Board of Directors

Women 4  
Men 4



## Group executive management team

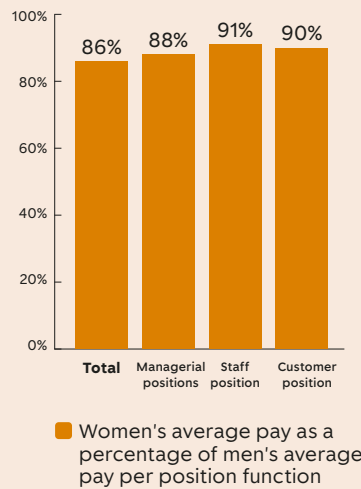
Women 5  
Men 6



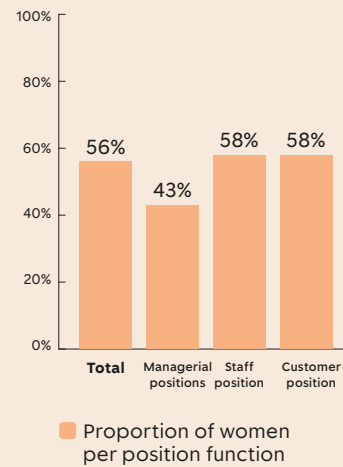
## Gender balance at management level

Management level	Women	Men
Management level 1	1	0
Management level 2	4	6
Management level 3	25	46
Management level 4	44	74

## Equal pay



## Gender balance



work on identifying and implementing measures for other relevant areas.

### Impact of measures

SpareBank 1 SR-Bank has already achieved some positive results and impacts through its work on the activity and reporting duty. The group has started work on building up the competence of all employees in relation to unconscious associations, a conceptual framework for diversity, and insights into how diversity can contribute to profitability. Managers have received training in diversity management, and work has started on establishing an annual schedule of celebrations related to gender equality and diversity. In 2023, the group marked International Women's Day with customer events, participated in the Pride parade in Stavanger and turned the spotlight on mental health by marking World Mental Health Day. This annual schedule will be expanded further in 2024. SpareBank 1 SR-Bank has also set specific targets for gender balance at management level and in highly specialised positions and is a member of the Women in Finance Charter, which is designed to increase the proportion of women in leading positions in the financial services industry. The group has achieved the goal of a gender balance in the group's management (levels 1 and 2), but not at levels 3 and 4, which means that the group will continue to systematically equalise imbalances. Nevertheless, the gender balance at management level varies between the various divisions, which is why the group has chosen to take a result-oriented approach in relation to some divisions with a weak gender balance. SpareBank 1 SR-Bank is seeing the results of the work in the area of equality and diversity, although it 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. The group has defined measures designed to develop a pool of talent in order to attract candidates from both genders going forward so that over time equality between the genders is achieved. The group will continue to work on identifying and implementing measures in other relevant areas such as the working environment to ensure an inclusive and diverse working environment for all employees. The group also has a stated goal of contributing to our customers achieving more equal personal finances through our advice, products and services.

### 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.

 Figures for 2023 have been certified by an external auditor with a moderate level of certainty

	Group 2022	Group 2023
<b>Equality and diversity</b>		
Total workforce	1655	1,711
No. of FTEs	1,582	1,654
Number of women	914	953
Number of men	741	758
Proportion of women	55%	56%
Proportion of men	45%	44%
Number in Rogaland region	1,312	1,302
Number in Vestland region	155	209
Number in Agder region	128	135
Number in Oslo region	60	65
Employees under 30	14%	13%
Employees 30-50	54%	55%
Employees over 50	32%	32%
Number in customer facing position	640	975
Number in management position	213	280
Number in staff/support position	386	456
Proportion of women in customer facing positions <sup>1)</sup>	-	58%
Percentage of women in executive positions <sup>1)</sup>	-	43%
Proportion of women in staff/support positions <sup>1)</sup>	-	58%
Temporary employees, women <sup>1)</sup>	-	9
Temporary employees, men <sup>1)</sup>	-	14
Women employed part-time <sup>2)</sup>	119	115
Men employed part-time <sup>2)</sup>	33	39
Part-time employees region Rogaland <sup>1) 2)</sup>	-	97
Part-time employees Region Vestland <sup>1) 2)</sup>	-	35
Part-time employees region Agder <sup>1) 2)</sup>	-	20
Part-time employees region Oslo <sup>1) 2)</sup>	-	2
<b>Proportion of women by position level<sup>6)</sup></b>		
Management level 1	100%	100%
Management level 2	36%	42%
Management level 3	34%	35%
Management level 4	32%	37%
<b>Age distribution managers</b>		
Managers under 30	2%	1%
Managers 30-50	66%	66%
Managers over 50	33%	33%
<b>Age distribution board members</b>		
Percentage of women on the board of directors	50%	50%
Percentage of men on the board of directors	50%	50%
Board members under 30	0%	0%
Board members 30-50	25%	25%
Board members over 50	75%	75%
<b>Average Salary</b>		
Women	671,707	727,141
Men	800,207	844,435
Women's pay as a percentage of men's pay <sup>1)</sup>	-	86.1%
<b>Women's wages relative to men by position level<sup>6)</sup></b>		
Management level 1		
Management level 2	69%	75%
Management level 3	79%	83%
Management level 4	99%	99%

	Group 2022	Group 2023
<b>Women's wages relative to men by position function <sup>1)</sup></b>		
Customer facing position	-	90%
Management position	-	88%
Staff/Support position	-	91%
<b>Annual total remuneration ratio <sup>1)</sup></b>		
Highest pay/average pay ratio	-	17%
Annual increase in percentage for highest pay vs. median pay	-	87%
<b>Parental leave, number of people entitled to take parental leave <sup>3)</sup></b>		
Women	914	953
Men	741	758
<b>Parental leave taken, number of people <sup>5)</sup></b>		
Women	67	71
Men	52	43
<b>Parental leave taken, average number of weeks <sup>5)</sup></b>		
Women	17.6	19.06
Men	11.4	13
<b>Parental leave taken, number of employees who returned to their job after their leave <sup>5)</sup></b>		
Women	50	32
Men	34	23
<b>Parental leave taken, proportion of employees still in their job 12 months after their leave (2022) <sup>1) 3)</sup></b>		
Women	-	28
Men	-	22
<b>Parental leave taken, proportion of employees still in their job 12 months after their leave (2022) <sup>3)</sup></b>		
Women	93%	97%
Men	90%	92%
<b>Sick leave <sup>3)</sup></b>		
Total	3.6%	4.2%
Women	5.3%	6.1%
Men	1.8%	2.2%
<b>Work absence due to child illness (day's work) <sup>5)</sup></b>		
Women	895.4	1,682.5
Men	368.3	648.5
<b>Turnover and recruitment</b>		
	Group 2022	Group 2023
<b>Turnover</b>		
Number who left	121	97
Number who left, women	64	56
Number who left, men	57	41
Total turnover	7%	6%
Turnover, women	7%	6%
Turnover, men	8%	6%
Number who left, under 30	21	15
Number who left, 30-50	67	57
Number who left, over 50	33	25
Turnover, under 30	9%	9%
Turnover, 30-50	8%	6%
Turnover, over 50	6%	5%

	Group 2022	Group 2023
<b>Turnover and recruitment</b>		
Number in Rogaland region	87	67
Number in Vestland region	14	15
Number in Agder region	7	12
Number in Oslo region	13	3
<b>Recruitment <sup>4)</sup></b>		
Number recruited, total	208	220
Number recruited, women	99	120
Number recruited, men	109	100
Proportion recruited, women	48%	55%
Proportion recruited, men	52%	45%
Number recruited, under 30	73	76
Number recruited, 30-50	116	126
Number recruited, over 50	17	18
Proportion recruited, under 30	35%	35%
Proportion recruited, 30-50	56%	57%
Proportion recruited, over 50	8%	8%
Number in Rogaland region	150	154
Number in Vestland region	21	44
Number in Agder region	16	9
Number in Oslo region	21	13
<b>Training and education</b>		
Number of average hours, total <sup>6)</sup>	18.0	20.4
Number of average hours, women <sup>6)</sup>	20.2	21.1
Number of average hours, men <sup>6)</sup>	15.2	19.4
Number of average hours, customer facing positions <sup>1) 3)</sup>	-	17.3
Number of average hours, management positions <sup>1) 3)</sup>	-	10.8
Average number of staff positions <sup>1) 3)</sup>	-	8.2
<b>Agency temps <sup>6)</sup></b>		
Total number of agency temps	104	45
Number of women	51	22
Number of men	53	23
<b>Consultants <sup>6)</sup></b>		
Number of consultants	195	90

1) Not reported in 2022

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

3) SpareBank 1 SR-Bank ForretningsPartner and Finstart Nordic are not included in the figures

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

5) Sparebank 1 SR-Bank ForretningsPartner is not included in the figures

6) Finstart Nordic is not included in the figures

The figures are as at 31.12.2023 and are in headcounts.

# Business areas

## Retail Market

SpareBank 1 SR-Bank is the leader in the retail market in Southern and Western Norway. SpareBank 1 SR-Bank has more than 390,000 retail customers aged 13 or older and a market share in Southern Norway of more than 5%.

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 4,000 corporate customers organised into four regional business units, as well as specialist units within energy and maritime, seafood, construction and real estate, leasing and the public sector.

### SME & Agriculture

SMEs are served by SME & Agriculture, which has just over 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. The transaction was completed with accounting effect on 01.12.2023. SpareBank 1 SR-Bank ASA increased its stake in SpareBank 1 Markets AS from 5.6% to 33.3%.

## 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 since its start-up its turnover has grown to more than NOK 450 million. 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 01.07.2019. 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. The company's main product is arranging secured loans for property projects. In June, SpareBank 1 SR-Bank ASA entered into an agreement with Folkeinvest AS to provide an even better offering for companies and investors in the crowdfunding market in relation to loan and equity funding. The agreement involved the establishment of a jointly owned group with Folkeinvest AS as the parent company and Monio and Caplist AS as subsidiaries. The agreement was concluded on 31.12.2023 and SpareBank 1 SR-Bank ASA's stake in Folkeinvest AS is 36.9%.

## **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%)
- Kredinor (50%)

### **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% stake in SpareBank 1 Banksamarbeidet at year end 2023. The companies in SpareBank 1 Gruppen AS and SpareBank 1 Utvikling DA together constitute what is called the Alliance.

SpareBank 1 SR-Bank also has significant stakes and influence in the following companies:

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

# The SR-Bank share



## Facts about our share

SpareBank 1 SR-Bank ASA converted from an equity certificate bank to a limited liability savings bank on 01.01.2012. (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 6,606,697,175 divided into 264,267,887 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% 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 31.12.2023, the foundation owned 78.7 million shares, equivalent to 29.8% of shares issued.

Market value:

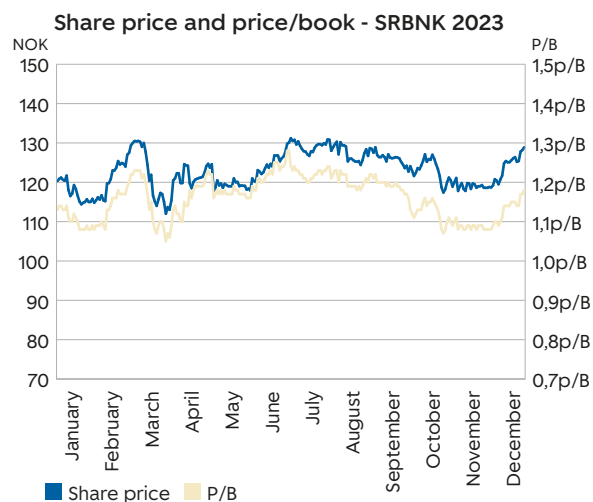
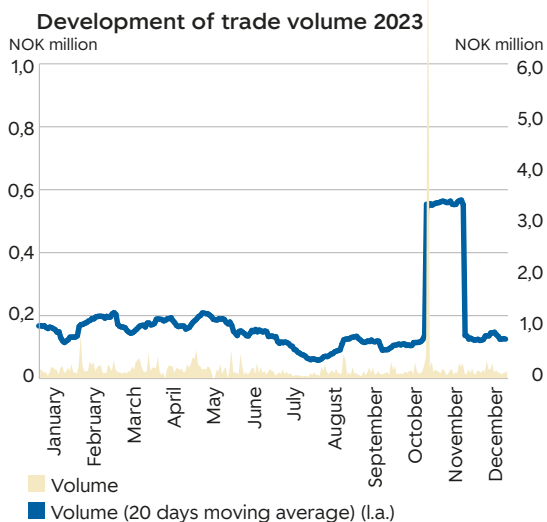
**NOK 34.1 billion**

Largest owner:

**Sparebankstiftelsen SR-Bank**

Dividend 2023:

**NOK 7.50 per share**



## 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. 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. Based on the authorities' Common Equity Tier 1 capital ratio requirements and expectations concerning capital requirement margins, the group's Common Equity Tier 1 capital ratio target is at least 16.39% as at 31.12.2023.

The board is proposing a dividend of NOK 7.50 per share for 2023.

This corresponds to a payout rate of around 46.1% 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 2023, 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](http://www.sr-bank.no/ir).

## Information addresses

SpareBank 1 SR-Bank publishes information for the market online at: [www.sr-bank.no](http://www.sr-bank.no).

Other links to financial information:

[www.euronext.com/nb/markets/oslo](http://www.euronext.com/nb/markets/oslo) (Oslo Børs).

### Financial calendar for 2024

General meeting:	18.04.2024
First quarter:	25.04.2024
Second quarter:	08.08.2024
Third quarter:	31.10.2024

## 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.

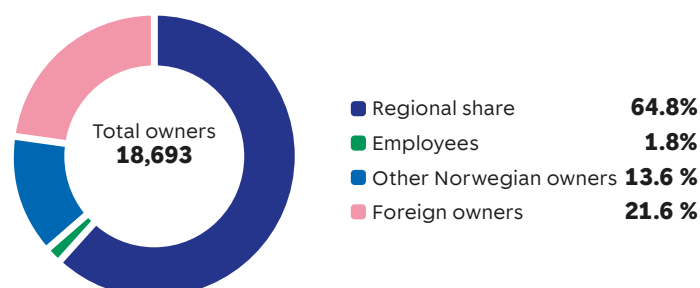
The price of the SRBNK share rose from NOK 120.70 in 2022 to NOK 128.9 in 2023. This resulted in an effective return of 12.6%, inclusive of dividends. The Oslo Børs's main index rose by 9.9% in the corresponding period (not corrected for dividends).

There were 18,693 shareholders at year end 2023 (17,821). The proportion owned by foreign companies and individuals was 21.6% (22.8%), while 64.8% (63.7%) were resident in Rogaland, Agder, Vestland, Oslo and Viken. The 20 largest shareholders owned a combined total of 57.9% of the shares (57.0%). The bank holds 46,244 treasury shares, while group employees owned 1.8%.

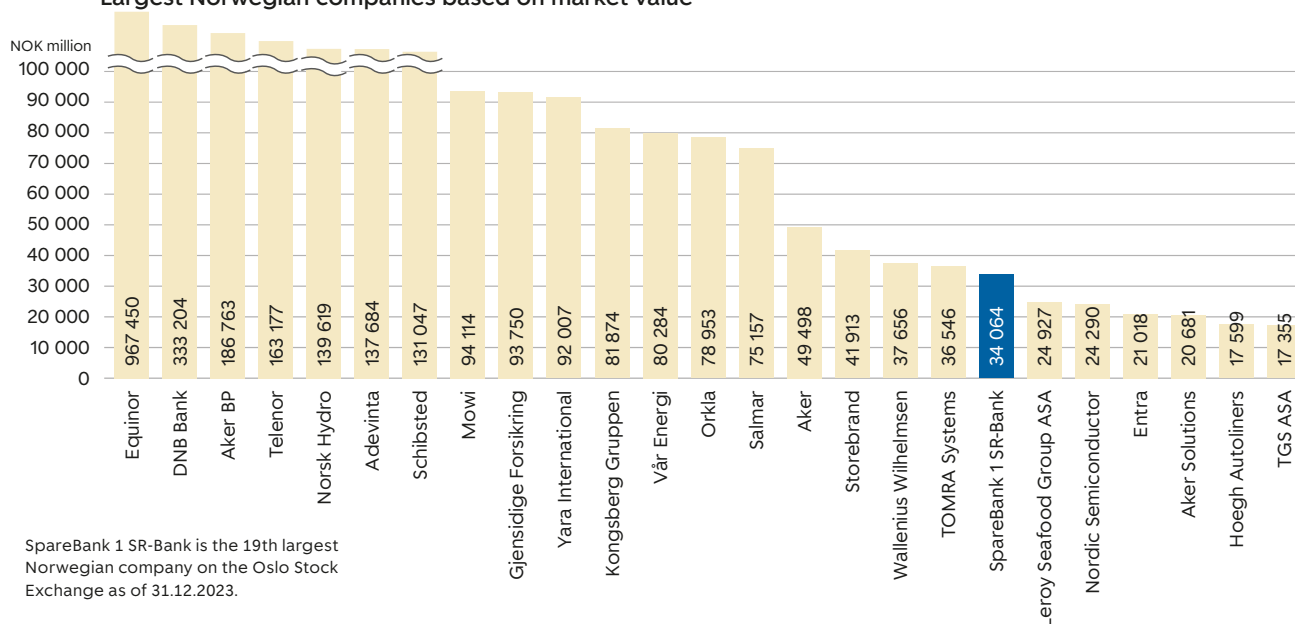
## Credit rating

SpareBank 1 SR-Bank ASA is rated Aa3 (stable) for its long-term rating and has a P-1 short-term rating from Moody's Investor Services.

20 largest owners as at 31.12.2023		No. of shares (thousands)	Stake %
1	Sparebankstiftelsen SR-Bank	78,677	29.8%
2	National Insurance Scheme Fund	18,502	7.0%
3	SpareBank 1-stiftinga Kvinnherad	6,527	2.5%
4	State Street Bank and Trust Co, USA	5,416	2.0%
5	Brown Brothers Harriman & Co, USA	4,590	1.7%
6	Pareto Aksje Norge	3,946	1.5%
7	JPMorgan Chase Bank NA, U.S.A.	3,899	1.5%
8	Swedbank AB	3,399	1.3%
9	Verdipapirfondet Alfred Berg Gambak	3,302	1.2%
10	Odin Norge	3,299	1.2%
11	Danske Invest Norske Instit. II	2,838	1.1%
12	J.P.Morgan SE, Luxembourg	2,643	1.0%
13	Pareto Invest Norway AS	2,358	0.9%
14	State Street Bank and Trust Co, USA	2,309	0.9%
15	AS Clipper	2,234	0.8%
16	Westco AS	1,957	0.7%
17	KLP AksjeNorge Index	1,912	0.7%
18	Vpf Nordea Norge Verdi	1,883	0.7%
19	BNP Paribas, Luxembourg	1,653	0.6%
20	J.P.Morgan SE, Luxembourg	1,549	0.6%
<b>Total 20 largest</b>		<b>152,891</b>	<b>57.9%</b>



Largest Norwegian companies based on market value



<b>Key figures</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Market price 31.12., NOK	128.9	120.7	133.2	91.00	100.00
Dividend per share, NOK <sup>5) 6)</sup>	7.00	7.00	6.00	3.10	5.50
Direct return <sup>1)</sup>	5.43%	5.8%	4.5%	3.4%	5.5%
Effective return <sup>2)</sup>	12.60%	-4.9%	55.80%	-9.0%	17.2%
Book equity per share, NOK <sup>3)</sup>	115.07	106.32	99.05	95.97	89.90
Earnings per share, NOK	16.27	12.88	12.08	5.87	12.06
Payout ratio, net <sup>4)</sup>	43.00%	57.93%	49.67%	52.81%	45.61%
Number of shares issued 31.12	264,267,887	255,751,082	255,751,082	255,751,082	255,751,082
Treasury shares 31.12.	46,244	30,387	41,517	23,112	91,311
Number of outstanding shares 31.12	264,221,643	255,721,863	255,709,565	255,727,970	255,659,771

<sup>1)</sup> Dividend as a percentage of market price at year end.

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

<sup>3)</sup> Equity divided by number of shares issued.

<sup>4)</sup> Dividend as a percentage of the shareholders' proportion of the consolidated profit after tax

Mads Sørensen, customer advisor in Sandnes



# Sustainability

## A sustainable business model

Sustainability is an integral component of our corporate strategy and one of our five strategic priority areas. Sustainability is routinely incorporated into our core operations. As a savings bank with long traditions, it is already well embedded in the business model, although a new era and major global challenges mean that this work must be constantly enhanced. The group wants to be the customer's ally in the sustainable transition. In order to achieve this, the work on sustainability must be deeply embedded in both central functions and business divisions.

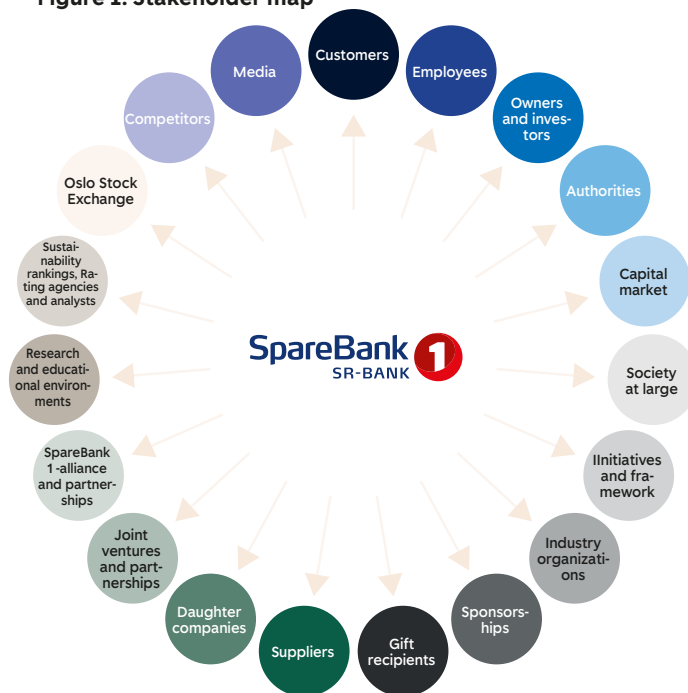
A good governance structure and clearly allocated roles and responsibilities are required to deliver on the group's goals. An overview of this governance structure was established in 2023. The board bears general responsibility for the work and has delegated this responsibility via the CEO to the EVP People, Sustainability and Communication. The central sustainability department reports to EVP People, Sustainability and Communication. The department works with the group's business divisions, subsidiaries and key functions. Risk Management is responsible for the ESG risk management framework and reporting. A broadly composed strategic resources group has also been established in which representatives appointed by the executive group management team must ensure embedding, coordination and efficient information flow.

## The group's stakeholders and material topics

There are a number of global initiatives that encourage the banking and finance sector to play its part and contribute to transition (see the table on page 32). In 2019, SpareBank 1 SR-Bank signed up to the UN Principles for Responsible Banking, which serve as the global standard for what it means to be a responsible bank. The group bases its work on the standard and reports the group's progress to the UN every year.

SpareBank 1 SR-Bank has mapped its risk and opportunities in relation to environmental, social and governance (ESG) in order to ensure that its sustainability work matches its stakeholders' (figure 1) expectations. At the same time, this work helps to reinforce ongoing stakeholder engagement. A materiality analysis is produced with the aid of 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

Figure 1: Stakeholder map



Banking (UN PRB) are also included in the materiality analysis. The impact analysis was updated in 2023 and shows what areas the group should prioritise and where through its activities the group has adverse and positive impacts.

The results of the materiality analysis provide SpareBank 1 SR-Bank with valuable insights and an opportunity to prioritise, adjust and hone its ongoing work on sustainability. The six material topics provide the basis for reporting on sustainability (figure on page 31) in line with the Global Reporting Initiative (GRI). The GRI index and selected key figures marked with the symbol (legg inn blad) have been certified by the external auditor, with a moderate degree of certainty. The group also uses the TCFD and TNDF frameworks when preparing reports on the areas of climate-related risk and nature-related risk.

In 2023, the group started work on a double materiality analysis in line with the requirements of the Corporate Sustainability Reporting Directive (CSRD). The work will be completed in 2024.

### Key documents

- [Sustainability in SR-Bank \(external document\)](#)
- [PRB reporting](#)

## Climate transition plans for net-zero greenhouse gas emissions in 2050

See pages 36-37

### Greener portfolio – Retail Market

See page 40

### Greener portfolio – Corporate Market

See page 38

### Economic equality in the retail market

See page 41

## SpareBank 1 SR-Bank's six material topics

The goals apply for 2023.

### Subordinated loans

**Goal:** Financing and facilitation of NOK 50 billion in sustainable activities by the end of 2040

See page 38

### Supply chain follow-up

**Goal:** Protect human rights by contributing to supply chain transparency

See page 50

### Ethics and anti-corruption

**Goal:** High ethical standards, transparency and good corporate governance

See pages 52-53

### Privacy and information security

**Goal:** Implement employee awareness raising initiatives in the group

See page 54

### Combating financial crime

**Goal:** Combat financial crime

See page 52

### Equality and diversity

**Goal:** We will strengthen financial gender equality through our advisory products and services

See pages 19-20

















## Objectives of the general strategy for 2022-2025

By 2025, ESG must be deeply embedded throughout the group, which means that we will incorporate ESG risks and opportunities in all of our activities and seize the opportunities that arise as new regulations are introduced. We will have achieved our sustainability goals and have committed the entire organisation to them.

## Overarching ambition for 2050

We take responsibility to be a part of the solution and a proactive ally to our clients in the transition to a more sustainable society.

## The group's memberships, initiatives and frameworks

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 Principles for Responsible Banking (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-related 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, and the group is actively working on gender balance and inclusion. Read more on page 20 in the chapter on employees.</p>
 <p>Grønnvaskingsplakaten</p>	<p>SpareBank 1 SR-Bank has signed "Grønnvaskingsplakaten". The initiative provides guidance for businesses large and small that want to avoid greenwashing in marketing and make a positive contribution to speeding up the green transition.</p>
 <p>FUTURE-PROOF</p>	<p>SpareBank 1 SR-Bank signed the FUTURE-PROOF decree in April 2023. FUTURE-PROOF is a collaborative platform designed to promote responsible business conduct and help companies fulfil their human rights responsibilities, both internally and throughout their supply chains.</p>
 <p>Green Building Alliance</p>	<p>SpareBank 1 SR-Bank became a member of the Norwegian Green Building Alliance in autumn 2023. The Green Building Alliance is a member organisation for buildings and property and aims to raise the environmental standards of Norwegian buildings.</p>



## Regulatory compliance

The regulatory landscape for sustainability is changing rapidly, with new requirements for reporting, due diligence and risk management related to environmental, social and governance (ESG) conditions. Thanks to the European Green Deal strategy and the Sustainable Finance Action Plan, the EU is the main driving force behind a number of new regulations with which the group and corporate customers must comply in addition to the domestic requirements for Norwegian businesses.

For the first time in 2023, SpareBank 1 SR-Bank reported on its due diligence in line with the Act relating to Enterprises Transparency and Work on Fundamental Human Rights and Decent Working Conditions (Transparency Act), which was introduced in 2022. The Sustainable Finance Act entered into force in 2023. This enacts the EU Taxonomy Regulation and the Sustainable Finance Disclosure Regulation (SFDR). Supplementary rules to the Securities Trading Regulations also entered into force that included new requirements concerning accommodating customers' sustainability preferences in investment advice. Comprehensive new reporting requirements are also on their way. The Corporate Sustainability Reporting Directive (CSRD) entered into force in the EU on 01.01.2024. The CSRD was followed up with the European Sustainability Reporting Standards (ESRS), which was adopted by the European Parliament in July 2023. SpareBank 1 SR-Bank will report in line with the CSRD and ESRS for the financial year 2024 in 2025.



Mari Lier Flomark,  
personal finances advisor in Vika in Oslo

### CSRD

The CSRD and ESRS represent a landmark for the area of sustainability. The CSRD and ESRS introduce a common European standard designed to help financial institutions, investors and society as a whole gain access to better and more comparable data on how companies impact and are impacted by environmental and social conditions. The EU's overarching aims are to help ensure that better reporting functions as a driver behind the sustainable transition to a zero emission society and to put an end to greenwashing. The EU's ambition in relation to this is to ensure that sustainability reporting is equated with financial reporting. Requirements are also being introduced for the certification of sustainability information, which must be integrated into the consolidated annual report.

In 2023, SpareBank 1 SR-Bank started preparing to report in line with the CSRD and ESRS. The reporting will be based on a "double materiality analysis" that takes into account:

- how the company's activities impact the outside world ("impact materiality"), i.e. climate, environment, people and economy, as well as the

impact caused by others in the value chain who are associated with the products and services offered by the company in the market (both via the supply chain and on the customer side); and

- how climate change, environmental and social conditions impact the company financially in terms of risks and opportunities for the company ("financial materiality").

Therefore, the double materiality analysis process based on ESRS requirements commenced in 2023. The analysis is based on previous materiality analyses, sustainability surveys and assessments, and reporting, as well as the collection and assessment of new data and stakeholder involvement. The group also conducted an analysis in order to assess the "maturity" of strategies, frameworks, management systems, training plans and the organisation of the reporting process measured against the new standard set by the CSRD and ESRS. In 2024, a full gap analysis will also be conducted against ESRS requirements to assess status and the need for further data capture.

## Transparency Act

SpareBank 1 SR-Bank is subject to the Transparency Act, which requires enterprises to:

- carry out due diligence in relation to the risk of adverse impacts on fundamental human rights and decent working conditions in their enterprise and supply chain or linked to other goods or services delivered by business partners;
- publish an account of their due diligence and make it easily accessible on their website, as well as update the account in the event of significant changes to the risk picture; and
- respond to any written enquiries from any person requesting information about the risk of breaches of human rights and decent working conditions in the enterprise and its supply chain and about its risk management.

SpareBank 1 SR-Bank's account of its work in relation to the Transparency Act, which supplements the annual report, is published on our website. A contact form for submitting requests for information is accessible on the website.

The key point of the Transparency Act is the requirement for continuous due diligence in order to prevent and manage actual and potential adverse impacts on fundamental human rights and decent working conditions in our organisation and supply chain. SpareBank 1 SR-Bank's approach is based on international standards such as the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct. These expect due diligence for the full value chain, that is due diligence not just for the supply chain but also for the "downstream" value chain.

In a turbulent world where the landscape for the "S" in ESG is complex, due diligence based on a value chain perspective is an important tool, both for understanding the links to risk factors and for responsible business conduct. Our first due diligence report (the report for 2022) took an overarching perspective. It described in detail the group's commitment to respecting, and promoting respect for, human rights, our due diligence systems and the main areas where there is a risk of us having adverse impacts on people in our organisation or through our business partners. The spotlight was on our efforts to promote respect for human rights and decent working conditions in the group's roles as: employer, business lender, provider of financial services in the retail market, distributor of fund products and purchaser of goods and services (sustainable purchasing). The report for 2023 provides an updated description of the group's work on due diligence in 2023.

## CS3D

The EU's Corporate Sustainability Due Diligence Directive (CS3D) will be finalised in 2024. This will introduce due diligence requirements for impacts on human rights, the climate and the environment. It will also require major European companies to have climate transition plans. At this time, it is unclear when CS3D will be introduced in Norway. The due diligence requirements will be based on

the same standards as the Transparency Act, the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises, and there will be considerable overlap. However, the Transparency Act will need to be amended to ensure it is consistent with CS3D when it is introduced.

The group is closely monitoring developments and systematically working to ensure compliance with the regulations related to sustainability.

## Securities Trading Act, Securities Funds Act and Alternative Investment Fund Act

On 01.01.2023, supplementary rules for the Securities Trading Regulations entered into force 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. Compliance with these new requirements is being ensured in the ongoing work on a new savings advice tool. Pending its launch, a temporary procedure for mapping customers' sustainability preferences when they receive investment advice has been introduced. A sustainability portfolio is recommended based on the mapped risk profile and sustainability preferences. Monthly quality checks are carried out in the front line and regular checks on the compliance with new requirements for suitability assessments when providing investment advice are carried out in the 2nd line.

## Sustainable Finance Act

The Sustainable Finance Act entered into force on 01.01.2023. The Act implements the EU Taxonomy Regulation and the Sustainable Finance Disclosure Regulation. 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. 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.

Financial institutions must include their loans to corporate customers required to report in line with the EU Taxonomy, so-called NFRD companies, and build on their Taxonomy reports. The group had no such customers as at the end of 2023. The rules specifying who is required to report in line with the EU Taxonomy will change from 2024. The group is expecting a larger number of customers to be included from that moment on and who will therefore have to be included in the group's Taxonomy report. From 2025 onwards, there will be a requirement to collect extensive data from these customers.

The group's Green Asset Ratio, i.e. lending/assets that help achieve the climate and environmental goals ("aligned" activities), consists of eligible mortgages and accounts for 3.9% of the portfolio. Details are provided in the detailed Taxonomy reporting.

The group's Sustainable Finance Framework is based on the Taxonomy's environmental objectives and criteria. SpareBank 1 SR-Bank considers the Taxonomy its most important guide for this framework, and going forward the group will monitor the development of the Taxonomy closely in order to continue adapting to the framework.

The Sustainable Finance Disclosure Regulation (SFDR) was enacted into Norwegian law via the Sustainable Finance Act, which entered into force on 01.01.2023. 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.

### Pillar 3 ESG

In 2023, the Financial Supervisory Authority of Norway stipulated amendments to the CRR/CRD IV regulations that specify disclosure requirements for ESG risks and set out supplementary rules for financial collateral and market risk. SpareBank 1 SR-Bank is one of the Norwegian institutions subject to the regulations.

Under the regulations, SpareBank 1 SR-Bank must disclose its Green Asset Ratio (GAR) for loans to counterparties subject to the Non-Financial Reporting Directive (NFRD). For counterparties not covered by NFRD, a new banking book taxonomy alignment ratio (BTAR) will be introduced for the 2024 reporting year.

In the case of transition risk, disclosure requirements apply to exposures in sectors that make a significant contribution to climate change, broken down by fossil fuels and other carbon-related factors, and exposures that align with the Taxonomy Regulation. SpareBank 1 SR-Bank must report greenhouse gas emissions at borrowers and the distance to a scenario that complies with the Paris Agreement. There are also disclosure requirements related to energy efficiency in the property portfolios.

For physical risk, SpareBank 1 SR-Bank must disclose lending to sectors and geographical areas exposed to climate-related risk.

SpareBank 1 SR-Bank must also disclose measures designed to mitigate the risk associated with climate change, including exposures aligned with the Taxonomy (GAR and BTAR) and other risk mitigation measures.

The quantitative disclosure requirements are limited to climate-related risk. SpareBank 1 SR-Bank must also disclose the management and control processes (qualitative information requirements) for all ESG risks.

In 2023, SpareBank 1 SR-Bank led a project in the SpareBank 1-alliance tasked with mapping data needs and capture linked to ESG risks. This was designed to ensure good data quality and compliance with the disclosure requirements.

Markus Eik, personal finances advisor in Randaberg



## Transition plans

SpareBank 1 SR-Bank's ambition is to be the customer's ally in the sustainability transition, and at the same time its goal is to achieve net zero emissions from our loan portfolio by 2050. In order to understand how we will achieve this goal and whether we are on schedule, we need a transition plan. Today, no one knows the answer to the question of how one becomes a zero emission society, which means that there is no established path to follow. The transition plan says something about direction, based on current knowledge. This path will require constant updating and be changed as our knowledge increases, data access improves or society's level of ambition evolves. The development on the regulatory side is clear, with goals being set and reporting on transition plans being required from larger companies. Having a good, credible transition plan will help protect our stakeholders in that the institution will have a business model that will stand the test of time.

The transition plan primarily concerns the decarbonisation of the bank's loan portfolio. If we want to limit climate change, we need to reduce emissions as quickly as possible and restructure society. By the end of 2050, emissions must be reduced by 90-95% compared with 1990 levels. This means that more industries need to get down to zero or must ensure a net sequestration of atmospheric CO<sub>2</sub> since it is impossible to reduce some emissions by that much. The transition that society and our customers will have to undergo over the next few decades will certainly be demanding, although it will also offer a number of opportunities.

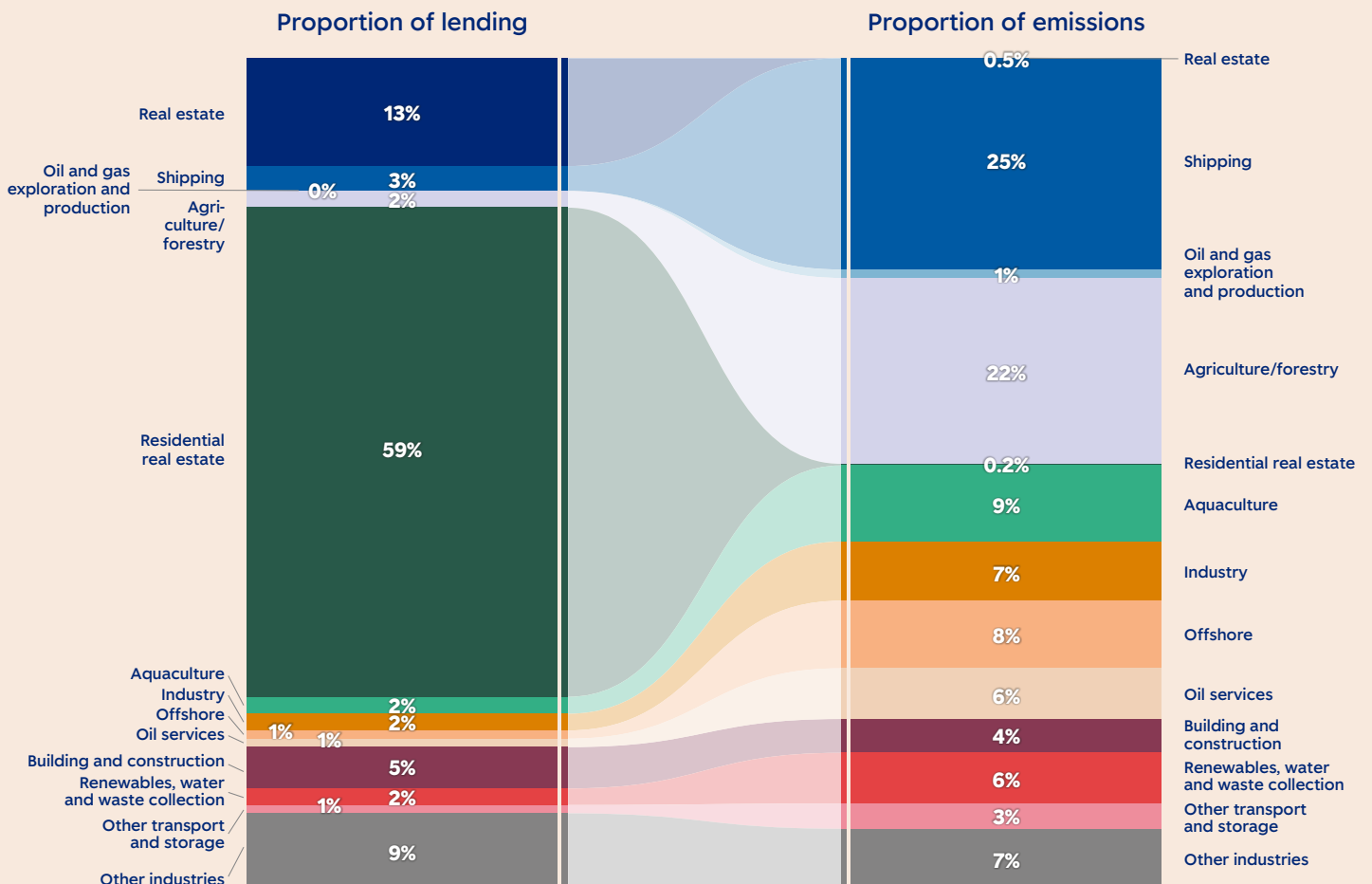
**The transition plan that has been prepared is the first version, and we have started with the most material industries:**

- Commercial property
- Shipping
- Oil and gas
- Agriculture
- Residential real estate (from Q2 2024)

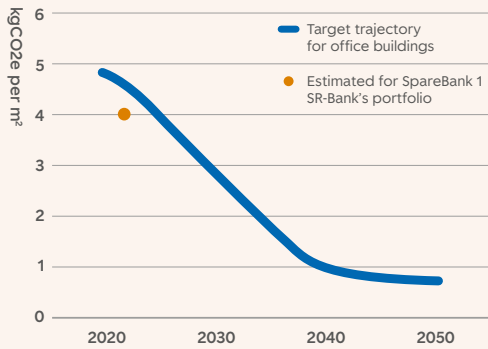
These are the most material industries since they account for the majority of greenhouse gas emissions from our loan portfolio and proportion of lending. They are also the ones where we currently have the greatest opportunity to have an impact. However, we do not intend to stop there and will continue to develop and expand to include an ever-larger proportion of the loan portfolio. The target trajectories were chosen because they are the best available at this time that are in line with the Paris Agreement. There are several ways a zero emission society can be achieved, and we do not know which one it will be, plus these could change in the years to come. The main thing is the course it puts us, and not least our customers, on.

As a bank, we cannot implement this transition alone and we will be dependent on a number of external factors, whether that be technological developments, policies, regulations or market changes.

We want to help customers transition by providing good advice and offering financing.

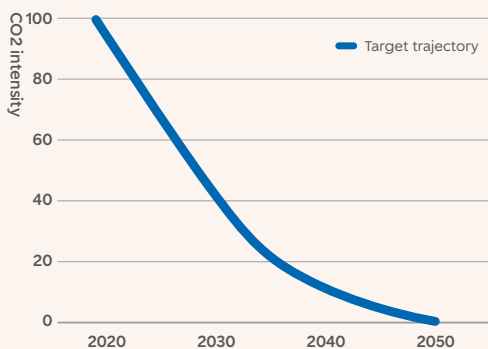


### Commercial property



Commercial property accounts for about 13% of the total loan portfolio and is thereby the largest industry with respect to our lending in the corporate market. Emissions related to energy consumption (Scope 2) account for only 0.5% of emissions in the portfolio. While Norway's buildings largely consume renewable energy and therefore generate relatively low emissions, it is important, from a climate perspective, to reduce such consumption in order to free up energy for the decarbonisation of other sectors. Building energy consumption is thus very important for the transition. The target trajectory is stated in kgCO<sub>2</sub>e per m<sup>2</sup> and is based on the Carbon Risk Real Estate Monitor (CRREM), an EU funded project that has set target trajectories for different categories of building in each country. The figure on the left shows the target trajectory for office buildings as an example, where emissions per m<sup>2</sup> must be reduced by 44% from the 2020 level by 2030. This will be done by consuming less energy and decarbonising the power system.

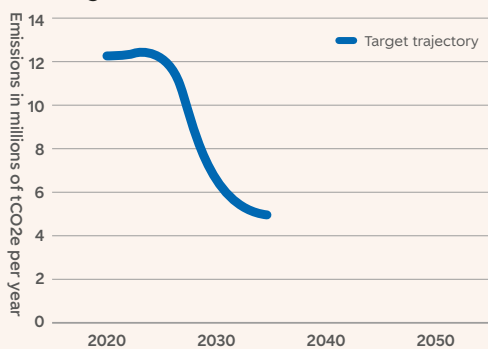
### Shipping



Shipping accounts for about 80% of the transport used in global trade and is the most efficient transport method for greater distances. For SpareBank 1 SR-Bank, shipping includes ferries and offshore vessels and accounts for about 2.5% of lending while also accounting for nearly 25% of total emissions in the portfolio. It is an efficient means of transporting goods over great distances, but it is an emission-intensive industry that needs to transition to meet the global emissions targets.

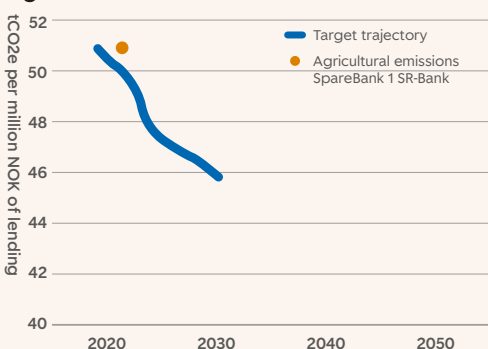
The shipping target trajectory is based on the Poseidon Principles, which SpareBank 1 SR-Bank signed in 2020 and has reported in line with since 2021. The Poseidon Principles is a global collaboration between banks designed to measure and disclose emissions from financed shipping portfolios. Fuel consumption and distance sailed are reported annually for each vessel. These are used to calculate the vessels' CO<sub>2</sub> emissions per tonne of cargo transported per nautical mile.

### Oil and gas



The oil and the gas industry is important in the global energy system in that it accounts for around 50% of the world's energy consumption. Oil and gas combustion is one of the largest drivers of CO<sub>2</sub> emissions to the atmosphere and the resulting global warming. Although the highest emissions come from combustion, production and extraction on the Norwegian continental shelf also generate significant emissions. The target trajectory is based on the goals of Offshore Norway and the Norwegian government for the shelf, with a reduction of 50% by 2030 and a further 90-95% by 2050, again with 2005 as the benchmark, targets we also support.

### Agriculture



Agriculture is greenhouse gas intensive and is one of the industries with the highest emissions in Norway at 7.2 million tCO<sub>2</sub>e. The industry has signed a climate agreement with the government on reducing greenhouse gas emissions. It has committed to cutting agriculture's combined greenhouse gas emissions by 5 million tCO<sub>2</sub>e in 2021-2030. This entails an 11.5% reduction between 2020 and 2030. For SpareBank 1 SR-Bank, loans to agricultural customers only account for around 2.5% of total lending but more than 22% of total emissions in the portfolio.

## Responsible banking

As a major Norwegian financial services institution, the group has a responsibility to ensure that the capital the group manages and lends 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.

### Governing documents:

- [Standard for Sustainability in the Distribution and Recommendation of Securities Funds](#)
- [Standard for sustainability in the corporate market](#)
- [Standard for sustainability: agriculture and nature](#)
- [Framework for sustainable financing](#)

## Subordinated loans

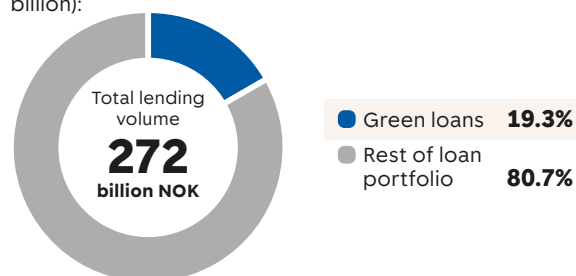
Lending is SpareBank 1 SR-Bank's core business, and therefore responsible lending and investments constitute a very important part of the group's sustainability work. The group's overarching ambition is to be the customer's ally in the sustainability transition, and we are working on our approach, assessments, 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 the group does and the financing choices the group makes. One of the main goals in the group's sustainability and climate strategy is to finance and facilitate NOK 50 billion in sustainable activities by the end of 2030.

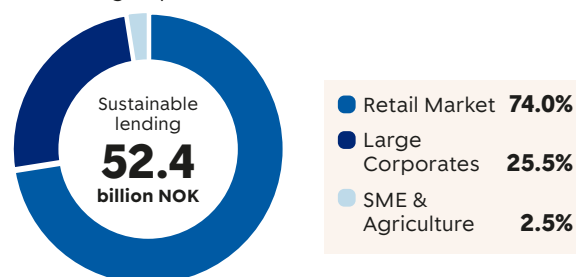
In 2023, a lot of work was done on continuing the work started the year before on rigging operations and the portfolio towards achieving this goal. There is, for example, a framework for sustainable activities that specifies which activities qualify as green or sustainable financing. Corporate Market 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 2023, the divisions also adopted KPIs that are based on the volume of sustainable financing. These will be included in the scorecards for 2024.

## Lending volume (Figure 3)

As of 31.12.2023, sustainable loans accounted for 19.3% (NOK 52.4 billion) of the total lending volume (NOK 272 billion):



Proportion of sustainable loans based on customer groups:



The figures have been certified by an external auditor, with a moderate degree of certainty.

## Greener portfolio – 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 2023, a total of NOK 27.3 billion in green financing had been granted. Of this NOK 3.5 billion was syndicated, which means that parts of the loan were made in conjunction with other banks. Of this, loans amounting to NOK 1.2 billion had been classified in the portfolio as sustainability-related. These are loans where the customer, together with the bank, has set ambitious sustainability goals that affect the loan's terms and conditions.

In 2023, green loans and sustainability-related loans accounted for NOK 13.6 billion, or 12.7%, of the corporate market loan portfolio.

### Sustainable shipping

SpareBank 1 SR-Bank reported in line with the Poseidon Principles for the third time in autumn 2023. 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 2023, the target trajectory was updated in line with net zero emissions from the global shipping industry by 2050. In 2023, SpareBank 1 SR-Bank's portfolio climate alignment score was 8.1% based on the minimum on the revised trajectory. This means that the carbon intensity of ships financed by the group is slightly more than 8% higher than the target decarbonisation trajectory. However, according to the original target, the carbon intensity is 4.8% below the target 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

At the end of 2022, as part of a SpareBank 1 Alliance collaboration, a comprehensive framework for ESG assessing and scoring loan customers was developed and implemented. The framework is used in connection with granting credit and renewing corporate customers with consolidated exposure in excess of NOK 10 million, reduced from NOK 50 million, which was the limit in previous frameworks. The new ESG model represents a big step forward compared with the previous model and now covers the majority of loans. 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.



Maria Knudsen, personal finances advisor in Kristiansand

The ESG scoring is based on questions covering the sub-topics of physical climate-related (E), transition risk (E), social conditions (S) and ownership and corporate governance (G), and provides a score per sub-topic plus 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 business divisions perform control functions in relation to policy compliance in individual cases.

### Sustainability advice

In 2023, more companies found that they had to prove that they have prepared transition plans and have adapted to new sustainability-related requirements. Adapting to the new requirements and expectations of regulatory authorities, customers and suppliers has resulted in an increase in demand for specialist expertise within the area of sustainability. As a result of the shift in focus towards sustainability as a natural part of a company's business model, the area in which SpareBank 1 SR-Bank ForretningsPartner provides advice is experiencing a higher volume of assignments. In 2023, the sustainability advice team, which consists of six advisers, assisted both medium-sized and major listed companies in several sectors. The services provided covered the full spectrum of ESG with advice on analytics, strategy, implementation and reporting.

## Sustainability in the retail market

SpareBank 1 SR-Bank wants to be a proactive ally of a more sustainable society. Retail Market is an important contributor to achieving this.

SpareBank 1 SR-Bank combines in-person and online advice for customers by being strongly represented with branches throughout our market area, a customer service centre with good availability and leading digital solutions. Retail Market wants its advice to help customers adopt products and services that lead to sustainable development in the form of equal personal finances and climate-friendly choices.

Retail Market is the largest business area and, given its contact with customers, the group has the potential to have a major positive impact on customers' climate and environmental sustainability, as well as on their social sustainability.

All advisers in the retail market hold at least one or more authorisations or certifications. Advisers have to take an annual refresher course to maintain their authorisations/certifications. This includes sustainability within non-life insurance and personal insurance.

### Greener portfolio

Retail Market offers a number of products and services that help customers make climate-friendly choices. In addition, we constantly work to improve our customer offering (advice, products and services) designed to help our customers make climate and environmentally-friendly choices.

Within the area of finance, Retail Market offers the following products:

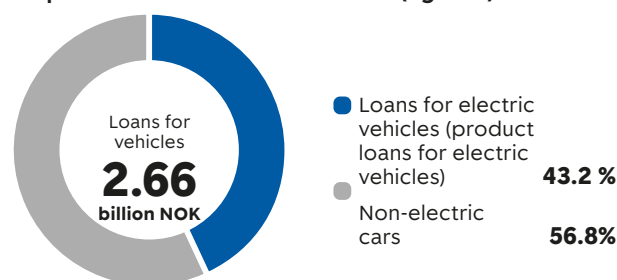
- Green mortgages are a product for customers with energy-efficient homes with an energy rating of A or B.
- Electric vehicle loans are financing for zero emission transport vehicles

Green mortgages and electric vehicle loans are consistent with the Sustainable Financing Framework. The framework defines what activities are considered sustainable and which of these in Retail Market can be included in the group's goal of financing and facilitating NOK 50 billion in sustainable activities by 2030.

At the end of 2023, Retail Market had granted NOK 2.5 billion in green financing. This was in the product categories of green mortgages and electric vehicle loans that count towards the group's goal of financing and facilitating NOK 50 billion in sustainable investments by 2030.

Green mortgages account for 0.85% of the total lending in the product category, and loans for electric vehicles account for 43.2% of the product category.

### Proportion of financed vehicle loans (figure 5).



The figures have been certified by an external auditor, with a moderate degree of certainty.

Knowing what proportion of property and vehicle loans can be classified as green is relevant for Retail Market. This insight helps to provide a basis for assessing initiatives aimed at our customers. At the end of 2023, mortgages classified as green and loans for electric vehicles amounted to NOK 38.7 billion (figure 3)

Retail Market launched the Eco-loan product in 2022. This is designed to help customers make climate-friendly choices by taking steps to make their home more energy efficient. In 2023, the focus on Eco-loans was reinforced, and cooperation agreements were entered into with suppliers to make it easier for customers to find and acquire relevant energy efficiency measures. Most of the loans have gone to finance solar panels.

The group wants to be the customer's ally in the sustainability transition. Good quality data is important in order to monitor whether our advice, products and services designed to assist our customers in this transition are working. The largest loans in Retail Market are linked to housing, and the data point that tells you something about the energy status of a home is its energy rating. One major challenge in Norway is that the proportion of homes with an Enova registered energy rating is too small. This is also a challenge for SpareBank 1 SR-Bank. That is why the website was updated in 2023 to raise customers' awareness of energy ratings, what they say about a home and how to register their home's energy rating.



Conserving and maintaining resources already in use is a good way for our customers to reduce their greenhouse gas emissions. The “Maintenance Calendar” service provides customers with step-by-step guides and an overview of what they need to do with regard to indoor and outdoor home maintenance. This helps to extend the useful life of materials used in the home, prevents deterioration and ensures the customer’s assets are protected.

## Financial equality

For Retail Market, contributing to social sustainability is an important contribution to achieving a more sustainable society. We want the advice, products and services offered to our customers to, for example, contribute to financial equality, financial inclusion and less economic exclusion.

### Financial equality measures

One of SpareBank 1 SR-Bank’s sustainability goals is to improve financial equality through advice. In 2023, we strived to include both parties in advice meetings when a couple took out a loan together. The intention is to ensure that both parties have the same information and understanding when it comes to financial decisions.

Retail customers are offered, for example, digital cohabitant contracts and lasting powers of attorney via a collaboration with Justify. The digital services help support SpareBank 1 SR-Bank’s sustainability goals. Cohabitant contracts are an important service that protects both parties’ financial interests and helps support the sustainability goal of financial equality.

#### Useful and practical customer services:

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

The “Friend Loan” concept was launched in autumn 2023. This concept provides single people, both young and otherwise, with a safe solution for getting onto the property ladder by enabling them to buy a home with friends. The “Friend Loan” concept consists of financing and a digital co-ownership contract and is offered via a collaboration with Justify.

The financial inclusion industry standard was adopted by Finance Norway in 2022. SpareBank 1 SR-Bank continued to work on meeting the standard in 2023 and doing our bit for social responsibility. A specific process was created to enable people to become customers without BankID in order to help prevent digital exclusion. Our branches have also introduced drop-in for our non-digital customers.

SpareBank 1 SR-Bank has introduced a package designed to help people setting up their first home get onto the property ladder that includes good terms and advice. SpareBank 1 SR-Bank also uses its flexibility quota to help customers setting up their first home get on the property ladder.

The group’s advice helps customers who are experiencing financial difficulties. The number of advice meetings in the bank increased by 10,000 (a 35% increase) compared with 2023.

In collaboration with Young Entrepreneurship Rogaland, advisers from SpareBank 1 SR-Bank visited high schools throughout Rogaland and taught around 4,300 pupils about personal finances via the “Financial Patrol” concept. This initiative is designed to improve pupils’ understanding of personal finances and ensure that they are better equipped to make good financial decisions.

## Green borrowing

On the funding side of things, SpareBank 1 SR-Bank operates its own programme for green bonds, which was revised in 2023. 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. 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 two new green bonds totalling EUR 1.5 million in the euro market in 2023.

## Responsible investments in SpareBank 1 SR-Bank

In addition to the loan portfolio, the group has some financial and strategic investments on the balance sheet. These include the strategic ownership of jointly owned companies in the SpareBank 1 Alliance and start-up investments via the subsidiary FinStart Nordic, as well as investments in the liquidity portfolio. Even though the investment mandates differ, the group must always remain conscious of its role as an owner and focus on transparency and a good governance structure. The group also tries to incorporate our ambitions and sustainability goals into our investments. Active ownership is exercised in those contexts where it is possible, which are primarily in strategic investments where we have a board position and are closely involved.

## Climate-related risk (TCFD)

SpareBank 1 SR-Bank reports climate-related risk in line with the recommendations issued by 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-related risks and opportunities through its lending, investments and insurance, and directly through its own operations. The group's loan portfolio undergoes annual stress tests and financial projections. 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 board of directors and group executive management team

The board bears overall responsibility for the group's operations and for monitoring climate-related 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-related risk has been explicitly discussed by the board on many occasions: in the board's annual consideration of climate-related 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 for 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 delegated overall responsibility for climate-related risk to the risk department, where climate-related risk is treated on a par with other types of financial risk and is regularly reported to the group executive management team. In 2023, the strategic sustainability resource group discussed sustainability and climate-related risks and opportunities, as well as ensured compliance in its management and prioritisation across the group.

Expertise in understanding climate-related risks and opportunities is important if climate-related 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-related risk and they have also taken internal e-learning course on sustainability leadership, which included climate-related risk.

## Strategy

SpareBank 1 SR-Bank has identified 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-related 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 for 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-related 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-related risk or transition risk.

In the fourth quarter of 2023, SpareBank 1 SR-Bank established climate-related transition plans for agriculture, oil and gas, commercial property and shipping. These cover 18-20% of the group's overall lending and 45-50 percent of the greenhouse gas emissions. When, as planned, the group establishes a mortgage transition plan in 2024, the plans will in total cover 75-80 percent of lending and 45-50 percent of the emissions. The commercial property transition plan follows the Carbon Risk Real Estate Monitor (CREEM) target trajectory. The transition plans for the other industries largely follow the industries' own climate plans. The group's primary means of achieving the objectives is to work actively with its customers to achieve the planned cuts for their industries.

Expertise in how climate change and climate policy might impact various sectors over time is required to ensure that the climate-related 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-related risk is an important element of this.

### Risk management

Climate-related risk is an integral part of the group's risk management processes and SpareBank 1 SR-Bank identifies

and assesses climate-related risks and opportunities that can affect customers, business areas and operations at various levels.

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

- Using a 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.
- Using the sustainable finance framework to identify opportunities within sustainable financing
- Monitoring the pace of restructuring in industries exposed to climate-related risk and adapting the risk management accordingly.

The purpose of the ESG scoring model is, in addition to improving the quality of sustainability assessments, to enable the SpareBank 1-alliance bank's 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 in the SpareBank 1-alliance.

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-related risk through the various industries the group finances. The group uses qualitative assessments of industry-related climate-related risk to identify potential climate-related risk in the loan portfolio. In connection with the development of the 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 showed that 38 percent of the bank's corporate portfolio was considered to be in industries with overall low climate-related risk. Moderate climate-related 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-related risk at an industry level, scenario analyses and reporting on the loan portfolio's greenhouse gas emissions.

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 for the entire offshore drilling portfolio (included in Offshore in the table below), for substantial parts of the rest of the offshore portfolio and also for 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 and better methods.

In 2022, the group introduced a new methodology for analysing emissions from the agricultural industry. This is based on agriculture-related greenhouse gas emissions from Norwegian agriculture divided by area, livestock and food production (Platon Report). This methodology for agriculture is included in Finance Norway's "Guide to calculating financed greenhouse gas emissions". This guide is in turn based on PCAF methodology and also comes with some specific recommendations for Norwegian industries.

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. This method results in a data quality rating of 3 for agriculture/forestry, compared with a score of 5 for the method that uses PCAF factors.

The methodology for Real Estate (corporate customers) has been improved since the reporting for 2022 in that the source data now includes energy ratings. The methodology is now based on estimated electricity consumption per property, using energy ratings, where available, as well as building type and floorspace. The majority of properties still

lack an energy rating and consequently the quality of the data is low. The figures for 2022 have not been recalculated for Real Estate due to a lack of historical data.

The methodology for Residential Real Estate has also been improved in that it now mainly uses estimated energy consumption and greenhouse gas emissions from Eiendomsverdi. For homes that lack such an estimate, PCAF factors are used in the same way as for Real Estate. The figures for 2022 have not been recalculated for Residential Real Estate due to a lack of historical data.

Two factors mean that the 2022 figures in the table below differ from the figures in the 2022 annual report. The first is that PCAF made significant changes to its emissions factors in 2023. Since the vast majority of corporate customers are assigned greenhouse gas emissions using PCAF factors, this change is significant.

The group has made some adjustments to the methodology from last year's sustainability report for the Oil and Gas, Exploration and Production and Oil Services sectors. The source data for these industries contains some known weaknesses and the new industry code-based emission factors result in extreme values. PCAF therefore recommends

replacing these with the emission factors for one level higher up in the industry code hierarchy. Specifically, industry grouping B (Mining and Extraction) should be used, of which oils and gas activities are a subgroup. These factors are significantly lower than the PCAF factors used in the group's 2022 sustainability report, but still higher than what large Norwegian oil and gas companies actually report in their sustainability reports.

In terms of carbon intensity (tCO<sub>2</sub>e thousands per million NOK of lending), the table below shows that the Oil and Gas, Exploration and Production, Offshore and Oil Services industries are not the highest. This illustrates that although these are emissions-intensive industries, they are not the most intensive measured in terms of the size of these companies' balance sheets.

PCAF's methodology dictates that Scope 3 emissions must be reported for specific industries. Therefore, the group is including these for the first time for 2023, plus comparable figures for 2022. The table below thus includes estimated Scope 3 carbon intensity for both years. The group considers Scope 3 estimates to be significantly more uncertain than Scopes 1 and 2, and consequently these are expected to change significantly in the coming years.

Branch	2022 Scopes 1 and 2					2022 Scope 3	2023 Scopes 1 and 2					2023 Scope 3
	Lending in NOK millions	Estimated emissions via corporate portfolio (tCO <sub>2</sub> e thousands)	Percentage proportions of emissions	Weighted avg. data quality, Scopes 1 and 2	Estimated carbon intensity (tCO <sub>2</sub> e per million NOK of lending)	Estimated carbon intensity (tCO <sub>2</sub> e per million NOK of lending)	Lending in NOK millions	Estimated emissions, via corporate portfolio (tCO <sub>2</sub> e thousands)	Percentage proportions of emissions	Weighted avg. data quality, Scopes 1 and 2	Estimated carbon intensity (tCO <sub>2</sub> e per million NOK of lending)	Estimated carbon intensity (tCO <sub>2</sub> e per million NOK of lending)
Aquaculture	3,641	91	7.6%	4.1	25.0	15.4	4,924	121	9.3%	4.1	24.7	15.2
Industry	3,901	91	7.6%	3.7	23.5	78.1	3,989	98	7.5%	3.6	24.6	69.7
Agriculture/forestry	5,578	272	22.7%	3.0	48.8		6,370	296	22.7%	3.0	46.4	
Financing and insurance activities	4,832	2	0.1%	4.3	0.3		7,376	2	0.2%	4.3	0.3	
Business services	5,068	18	1.5%	4.4	3.5		5,162	14	1.1%	4.2	2.8	
Other service activities	10,178	68	5.7%	4.1	6.7		8,008	40	3.0%	4.3	4.9	
Wholesale and retail trade, hotels and restaurants	3,272	37	3.1%	4.2	11.4		3,642	40	3.1%	4.2	10.9	
Oil and gas exploration and production	324	11	0.9%	4.5	33.2	19.1%	699	9	0.7%	3.4	13.2	77.0
Offshore	3,584	71	5.9%	3.0	19.7	21.4	3,706	107	8.2%	2.7	28.8	20.3
Oil services	2,286	30	2.5%	3.3	13.0	8.6	2,992	75	5.7%	3.6	25.1	19.0
Building and construction	11,876	43	3.5%	4.2	3.6	21.9	12,270	54	4.1%	4.3	4.4	24.7
Renewables, water and waste collection	2,810	30	2.5%	3.8	10.7		5,094	77	5.9%	4.0	15.2	
Real estate	29,927	10	0.8%	4.1	0.3	0.7	35,036	7	0.5%	4.3	0.2	0.6
Shipping	6,436	341	28.4%	1.5	52.9	34.7	6,802	328	25.1%	1.4	48.2	30.5
Other transport and storage	3,697	85	7.1%	3.5	23.0	45.0	2,591	37	2.8%	4.1	14.2	24.1
<b>Total corporate market</b>	<b>97,410</b>	<b>1,199</b>	<b>100.0%</b>	<b>3.8</b>	<b>12.3</b>		<b>108,662</b>	<b>1,304</b>	<b>100.0%</b>	<b>3.9</b>	<b>12.0</b>	
Residential							155,770	22		3.1	0.1	

The two largest sources of emissions are shipping, which accounts for 25% of the total emissions from the portfolio, and agriculture (farming/forestry) which accounts for 23%. 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.

The increase in total greenhouse gas emissions from the corporate market was mainly due to the growth in lending. Emission intensity, tCO<sub>2</sub>e per million in lending, dropped from 12.3 in 2022 to 12.0 in 2023.

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. Poseidon reporting from the fourth quarter of 2023, which covers the full year 2022, shows that emissions from the group's portfolio were 8.1% higher than the target. Nevertheless, this is among the best results for Poseidon banks. The reason the group has gone from exceeding the Poseidon target to being below target for 2023 is that Poseidon's objectives have been significantly tightened. The target is now net zero emissions by the end of 2050.

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 tCO<sub>2</sub>e in the period 2021-2030. This entails emissions in 2030 being 18% 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. In 2023, competence-enhancing measures were implemented within the corporate market

and agriculture. In 2024, there will also be 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 10 million would be assessed in line with the new ESG model. This model includes detailed questions specific to agriculture and provides good insights and knowledge about customers so that the bank's ESG risk can be managed better.

One specific recommendation in Finance Norway's guide is to include additional reporting on greenhouse gas emissions from residential and commercial real estate, using both the location-based and market-based electricity mix.

- Location-based, often referred to as the physical electricity mix, greenhouse gas emissions are linked to the electricity actually consumed in Norway and are stated in gCO<sub>2</sub>e per kWh. Since almost all of the electricity consumed in Norway comes from renewable sources, emissions in the location-based electricity mix are low, currently 19 gCO<sub>2</sub>e per kWh (source: "Hvor kommer strømmen fra?", NVE).
- The market-based electricity mix takes into account guarantees of origin. Since these guarantees from Norwegian hydropower are primarily sold abroad, Norwegian consumption is left with electricity without guarantees of origin, in practice North European high-emission electricity. The current emissions related to the market-based electricity mix are 502 gCO<sub>2</sub>e per kWh (source: "Varedeklarasjon for strømleverandører", NVE).

In reporting the group's total greenhouse gas emissions from the loan portfolio, emissions from the location-based electricity mix are used.

2023		Location-based Scopes 1 and 2		Market-based Scope 1 and 2	
Location-based versus market-based electricity mix	Lending in NOK millions	Estimated emissions (tCO <sub>2</sub> e thousands)	Carbon intensity (tCO <sub>2</sub> e per million NOK of lending)	Estimated emissions (tCO <sub>2</sub> e thousands)	Carbon intensity (tCO <sub>2</sub> e per million NOK of lending)
Real estate (corporate market)	35,036	7	0.2	298	8.5
Residential	155,770	11	0.1	527	3.4

## Energy ratings for residential and commercial real estate

One key sustainability parameter for residential and commercial real estate financing is the distribution of the portfolio by energy ratings.

For residential real estate, the table below shows both official energy ratings and Eiendomsverdi's estimated energy ratings. The latter can be regarded as good indicators of the homes' energy efficiency, but do not have the formal status of official energy ratings.

Residential	Official energy rating	Estimated energy rating	Total
Energy rating A	1%	0%	1%
Energy rating B	6%	12%	18%
Energy rating C	7%	4%	11%
Energy rating D	8%	10%	18%
Energy rating E	8%	9%	17%
Energy rating F	8%	4%	13%
Energy rating G	11%	5%	16%
No energy rating	51%	6%	6%
<b>Total</b>	<b>100%</b>	<b>51%</b>	<b>100%</b>

Commercial property	Official energy rating
Energy rating A	3%
Energy rating B	11%
Energy rating C	9%
Energy rating D	12%
Energy rating E	3%
Energy rating F	2%
Energy rating G	1%
No energy rating	59%
<b>Total</b>	<b>100%</b>

Some 49% of the group's loans secured by residential real estate are thus covered by an official energy rating. The remaining 51% is made up of 45% that are covered by estimated energy ratings and just 6% that have neither an official nor an estimated energy rating.

The proportion of Norwegian homes and commercial buildings with a registered energy rating is too low, especially when it comes to commercial buildings. Like many Norwegian banks, the group has tightened the requirements for registered energy ratings in connection with financing commercial real estate, and the proportion is thus expected to increase significantly within a few years. The following table provides an overview of energy ratings for commercial real estate loans with collateral.

## Physical climate-related risk

SpareBank 1 SR-Bank has analysed the physical climate-related 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: 2050 scenario, 20-year storm surge
- Flood: climate-adapted scenario, 200-year flood
- Quick clay slide: now scenario, moderate probability
- Rockslide: now scenario, danger zone 100-year slides and danger zone unstable
- Snow: now scenario, inspected special caution zone

This means that some less serious risk scenarios are excluded, where the special caution zone for flooding is the most important. The impact points and methodology for linking loans to identified properties have changed since 2022 and the figures are thus not comparable with last year's. It has not been possible to recalculate the figures for 2022 due to a lack of data.

The table shows that 4% of real estate loans are exposed to physical climate-related risk. Rising sea levels/storm surge flooding is the risk category with the greatest impact with 2.9% of lending for loans.

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. The analysed real estate includes both real estate owned by real estate companies, and that can thus be linked to the Real Estate sector in the financed greenhouse gas emissions table, and real estate owned by other businesses.

NOK millions	Retail customers	Corporate customers	Total loans	Proportions
Not exposed to risk	162,385	36,659	199,044	96.0%
Exposed to risk				
Sea level, storm surge	4,299	1,725	6,024	2.9%
Flooding	849	504	1 354	0.7%
Quick clay slide	240	283	522	0.3%
Avalanche and rockslide	763	232	995	0.5%
<b>Total exposed to risk</b>	<b>5,856</b>	<b>2 409</b>	<b>8,265</b>	<b>4.0%</b>
<b>Total lending for property</b>	<b>168,242</b>	<b>39,068</b>	<b>207,309</b>	<b>100.0%</b>

## Nature as a stakeholder

In a world increasingly impacted by human activity, the role nature plays in the economy is becoming ever more apparent. Nature is about to undergo a transition from being a passive, free backdrop for our activities to a situation where nature-related capital is essential for many of our activities and thus our ability to create value. Therefore, we need to work on maintaining growth and development without compromising planetary boundaries. At SpareBank 1 SR-Bank, we recognise that nature is a key stakeholder, and our ambition is to increase the systematic work we do to take account of it in our decisions – where this is material.

## Nature-related risk

Nature-related risk is an important aspect of this consideration. Nature-related risk is the risk of strategic and financial consequences emerging as a result of a loss of nature, or upon transition to a society where the planetary boundaries set new limits for the economy and associated business activities. There is physical nature-related risk (e.g. increased frequency and intensity of extreme weather events that threaten property and infrastructure), transition risk (e.g. new nature-related legislation and regulations or customer demand) and liability risk (contributions to loss of nature that provide grounds for litigation or claims for damages). Nature-related risk can impact everything from our physical infrastructure to our customers' financial stability, and it is therefore crucial that we understand and manage it effectively.

### Governance

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The organisational structure for the work on nature-related risk in SpareBank 1 SR-Bank is similar to that for ESG and climate-related risk (see TCFD on page 42). The board reviews the group's risk strategies and ICAAP process, of which nature-related risk is an integral part, every year. It also takes decisions on credit cases where ESG and nature are integral parts of the credit processes. The quarterly risk reports for the group executive management team and the board include integrated information on the status and development of risks and opportunities related to nature.

### Strategy

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The group's "Sustainability and Climate Strategy" and associated guidelines provide guidance on nature and climate for the entire group's operations, including subsidiaries. The "Sustainability Policy", which is an important governing document for the group, stipulates clear guidelines/requirements. "SpareBank 1 SR-Bank must not contribute to serious environmental harm, such as irreversible damage to vulnerable areas, ecosystems or groups of people. As a bank, the group also has a responsibility to ensure that our activities do not contribute to the degradation of nature. For us in SpareBank 1 SR-Bank, at this time this mainly relates to our loans for both commercial real estate and retail customers who develop and build properties and homes. This is linked to nature-related risk both because building can take place on pristine natural areas, which degrades biodiversity and habitats, and because such processes require virgin raw materials and resources.

Furthermore, work is being done on nature-related issues related to the group's suppliers and business partners in various processes, such as the work on the Transparency Act and on the environmental management system ISO 14001.

Understanding nature-related risk is an important element of competence building in the group. In 2023, a number of employees participated in the "Nature Accelerator" training programme under the auspices of Deloitte and Skift. Among other things, the programme emphasised materiality analyses, reporting and preparing measures. Thanks to the group's membership of Skift, a business-driven climate initiative, employees participated in various forums and initiatives. The group also maintains a continuous dialogue with the SpareBank 1 Alliance.

In 2023, the group developed a nature-related risk training course that will become mandatory for all employees at the start of 2024. This course will include incoming cases, such as holiday cottage developments.

### Risk management

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SpareBank 1 SR-Bank maps nature-related risk in the portfolio. The group maps new exposures in excess of NOK 10 million or renewals of exposures, which are conducted via an ESG mapping tool. Here, several aspects related to new customers' sustainability have to be examined by a financial adviser. One of these aspects is related to nature-related risk, where the customer's industry affiliation also determines the questions asked. For example, agricultural enterprises will be asked different questions to other industries. This tool is constantly being developed and advisers receive continuous follow-up in its use and the assessment process.

The group will continue working on the measures proposed by Finance Norway in 2024. The group will continue to look at further competence building and cross-departmental cooperation and have a greater focus on training and circular economy. The latter, in addition to preventing developments on pristine areas of nature, will be the most effective measures to which we contribute. In circular economy business models, the need for natural resources and virgin raw materials will decrease, thus helping to lower both the carbon footprint and the resource needs of our customers. This will in turn reduce all forms of nature-related risk, which is positive for both the bank and society at large.

### Goal

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No methods or measures were established in relation to the nature of the lending activities. This is an area that the group will prioritise in its continued nature-related work. The group's exposure to climate-related risk and physical climate-related risk is discussed on pages 42-46. Nature-related risks and opportunities are followed up internally through the work on the Transparency Act and the environmental management system ISO 14001. The group also calculates its greenhouse gas emissions in line with the GHG Protocol.

## Operationalisation of sustainability 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.

### Environmental responsibility in own operations

SpareBank 1 SR-Bank's energy and climate report is based on the "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 CO<sub>2</sub> are CH<sub>4</sub>, N<sub>2</sub>O, SF<sub>6</sub>, HFCs, PFCs and NF<sub>3</sub>, all of which have been converted to tonnes of carbon dioxide equivalents (tCO<sub>2</sub>e).

The climate report to the right shows tCO<sub>2</sub>e that are direct, and parts of indirect emissions related to the group. The climate report covers greenhouse gas emissions from consumption related to, for example, travel, waste management and energy use. Additionally, all other emissions linked to the purchase of services and goods are calculated using factors based on accounting data. Based on the climate report, the group has identified the sources that impact the external environment and has implemented specific measures to minimise these.



In 2023, a working group completed an extensive process to certify SpareBank 1 SR-Bank in accordance with the environmental management system ISO 14001. The group was certified by an accredited third party, DNV. The working group will continue its work on operationalisation in 2024.

The climate report for 2022 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 reports for 2022 and 2023 include 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. Another major reason for the increase in emissions, both in 2022 and particularly in 2023, was the increase in travel activities following the easing of travel restrictions imposed during the pandemic, as stated in the emissions report under category 6, air travel.

In 2023, SpareBank 1 SR-Bank made the following changes that reflect the environmental responsibilities in its own operations:

- The group was certified in accordance with the ISO 14001 standard
- An energy monitoring system and monthly follow-up of all branch locations were established
- The consumption of single-use plastic was reduced by focusing on reusable items

- The concept manual designed to increase the focus on sustainability in branch renovation and establishment was revised.

A focus on sustainability in requests for tenders, where suppliers must describe how their work on sustainability could make a positive contribution in relation to specific requests. Sustainability is also used as an award criterion in the selection of suppliers.

### Changes in emissions

Scope 1 emissions increased by 33% due to the greater use of non-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 remained virtually unchanged from 2022 to 2023. However, the emission intensity of the physical electricity mix increased significantly from 11 g per kWh to 19 g per kWh due to higher imports of electricity with a higher carbon footprint.

Market-based emissions that take account of the European energy system have increased from 405 g per kWh to 502 g per kWh, largely as a result of more coal-fired electricity generation on the continent.

Scope 3 emissions include indirect emissions from goods and services other than energy. The group reports emissions from waste in Finansparken and business flights. In addition to this come the calculated emissions from the loan portfolio (PCAF). Emissions from waste have increased compared with 2022 as a result of increased activity in Finansparken and the fact that the emissions associated with several of the fractions have increased. Emissions from business travel have increased from 548 tCO<sub>2</sub>e to 781 tCO<sub>2</sub>e, inclusive of subsidiaries, as a result of increased travel activity. Emissions from the loan portfolio have not significantly changed from previous years.


The group's corporate sustainability and climate strategy aims to make the group climate neutral. This includes Scope 1 and Scope 2 emissions. As part of reducing Scope 2 emissions, guarantees of origin were purchased for renewables for most of the electricity SpareBank 1 SR-Bank and subsidiaries consumed.

The group continuously works to reduce its own Scope 1, 2 and 3 greenhouse gas emissions. For 2023, emissions in Scope 1 were compensated for by 30 tonnes of biochar, which will be stored in agricultural soil at our customers. Location-based emissions in Scope 2 were compensated for by the planting of forest equivalent to 130 tCO<sub>2</sub>e. For flights and waste in Scope 3, the group chose to pay for the perpetual protection of forests that sequester around 800 tCO<sub>2</sub>e while contributing to biodiversity.



## Annual greenhouse gas emissions (tCO<sub>2</sub>e)

Category	Notes	2021	2022	2023	% change
<b>Greenhouse gas emissions</b>					
<b>Total Scope 1 emissions</b>		<b>23</b>	<b>21</b>	<b>28</b>	<b>33.4%</b>
Fuel emissions, petrol	1.1	11	10	18	72.8%
Fuel emissions, diesel	1.1	12	11	10	-4.5%
<b>Total Scope 2 (location-based) emissions</b>		<b>37</b>	<b>69</b>	<b>129</b>	<b>85.6%</b>
Location-based emissions electricity, Norwegian mix	2.1	37	69	129	85.6%
<b>Total Scope 2 (market-based) emissions</b>		<b>1,882</b>	<b>822</b>	<b>1,299</b>	<b>58.0%</b>
Market-based emissions electricity (European market)	2.2	1,882	2,783	3,406	22.4%
Guarantee of origin for electricity	2.3	0.0	-1,961	-2,107	
<b>Total Scope 3 emissions</b>		<b>1,336,057</b>	<b>1,199,552</b>	<b>1,320,495</b>	<b>8.8%</b>
Category 1 Purchase of goods and services	3.1			15,686	n/a
Category 4 Transportation and distribution				8	n/a
Category 5 Waste	3.2	4	11	20	90.7%
Category 6 Flights	3.3	54	542	781	44.1%
Category 15 Investment and loan portfolio	3.4	1,336,000	1,199,000	1,304,000	8.8%
Total Scope 1, Scope 2 (location-based) and Scope 3 emissions		1,336,183	1,199,621	1,320,623	10.0%
Total Scope 1, Scope 2 (market-based) and Scope 3 emissions		1,338,027	1,200,372	1,321,793	10.1%
<b>Carbon credits and climate compensation</b>					
Verified carbon credits biochar. Scope 1			50	30	N/A
Verified carbon credits tree planting. Scope 2			500	130	N/A
Protection of forest storing tCO <sub>2</sub>				800	N/A

 The climate report for 2023 has been certified 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 3.139 kgCO<sub>2</sub>e and 3.340 kgCO<sub>2</sub>e, respectively, this includes indirect emissions related to fuel.
- S2.1. Location-based emissions have changed the Norwegian mix without taking account of imports/exports for the physical electricity mix emissions figures as calculated by NVE for the year before. All emissions figures were calculated on this basis. For 2022, which is used for the calculations for 2023 due to a lack of figures for the year at this time, it was 19 gCO<sub>2</sub>e per kWh, up from 11 gCO<sub>2</sub>e per kWh the year before. Energy consumption in the group was similar in 2023 to the year before, although due to an increase in emissions intensity emissions increased significantly.
- S2.2. Market-based emissions are higher as a result of intensity rising from 405 gCO<sub>2</sub>e per kWh in 2022 to 502 gCO<sub>2</sub>e per kWh to 2023.
- S2.3 A renewable energy guarantee of origin for 4.1 million kWh of a total consumption of 6.8 million kWh was purchased for our own buildings. This reduces Scope 2 market-based emissions by 2,107 tCO<sub>2</sub>e.
- S3.1. This category includes indirect emissions from all types of purchases

- of goods and services, as well as travel and waste management, which are listed in the climate report as separate categories. Emissions from this category are calculated using accounting data for different categories, e.g. IT costs or building maintenance, that assume average emissions from suppliers within the relevant categories. This is a new category introduced in 2023. Going forward work will be done to obtain actual figures for a steadily larger proportion of this category in order to improve quality.
- S3.2. Waste only applies to Finanssparken, which partly houses SpareBank 1 SR-bank, EiendomsMegler 1 SR- Eiendom and SpareBank 1 SR-Bank ForretningsPartner.
- S3.3. Business travel includes business flights only.
- 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.

## Sustainable purchasing

### Governing documents

- [Purchasing Policy](#)
- [Standard for Sustainability in Purchasing](#)
- [Standard for Human Rights and Due Diligence](#)

### The group's approach to sustainable purchasing

Striving to ensure the most sustainable purchasing possible is one of the cornerstones of a responsible and sustainable business. Therefore, SpareBank 1 SR-Bank has committed itself to actively avoiding adverse impacts on the environment, social conditions and economy via group purchases. All of the group's suppliers must demonstrate that they comply with international objectives and standards for the climate, environment, human rights, decent working conditions, anti-corruption and ethical business conduct.

From a practical perspective, a large proportion of our purchases are organised via the SpareBank 1 Alliance by the jointly-owned company SpareBank 1 Utvikling. Around 90% of SpareBank 1 SR-Bank's purchases are handled by the Alliance Purchasing Department in SpareBank 1 Utvikling. This involves around 250 suppliers, while the actual number of purchasing agreements is far higher, since a number of agreements are often concluded with individual suppliers for different goods and services. SpareBank 1 Utvikling's agreements with suppliers consist partly of the company's own agreements and Alliance agreements that the bank and other companies in the SpareBank 1 Alliance use. The Alliance Purchasing Department enters into supplier agreements on behalf of the Alliance and follows up sustainability risks related to these.

SpareBank 1 Utvikling stipulates clear expectations for its suppliers and business partners concerning taking a conscious approach to sustainability risk in their own business and supply chain, and working actively to respect the climate, environment, human rights, labour rights and anti-corruption work. In these agreements, suppliers are required to have their own obligations in these areas that must be translated into action. Furthermore, there are requirements concerning compliance with the Transparency Act, producing climate reports and plans for transitioning to net zero emissions.

Other supplier agreements are handled directly by the purchasing department at SpareBank 1 SR-Bank and the management teams of subsidiaries. SpareBank 1 SR-Bank has its own agreements with around 210 suppliers, and its wholly owned subsidiaries SpareBank 1 SR-Bank ForretningsPartner and EiendomsMegler 1 SR-Eiendom have around 85 and 175, respectively. The procedure is the same as the one for joint purchases: Suppliers are assessed in relation to exposure to, and management of, actual and potential impacts on the climate, the environment, people and the economy. All agreements with suppliers include requirements to comply with international goals and standards in these areas.

Breaches of the guidelines may entail a breach of contract. If actual breaches or serious risk are suspected, a dialogue is conducted with the supplier to investigate and follow up the assessment. If suppliers do not remedy identified breaches, or have committed serious breaches of international standards, their contract will be terminated. This applies to both joint agreements and SpareBank 1 SR-Bank's own agreements.

### Sustainability risk related to our purchases:

#### The main actual and potential impacts on the climate, the environment, people and the economy

The work on mapping and monitoring sustainability risk in the SpareBank 1 Alliance's joint purchasing was systematised in 2019. Based on risk-based assessments, there has been a focus on three categories of purchases where the risk of environmental and human impacts is particularly prominent: administrative purchases, IT-related purchases and the largest suppliers. The main risk areas have been identified for each of the purchasing categories (see table below).

There has also been a focus on due diligence for the supply chain for promotional articles, an area that can generally have an elevated risk with respect to safeguarding basic labour rights in producer countries, which are largely in Asia. The SpareBank 1 Alliance stipulates requirements concerning sustainable promotional articles in joint agreements, and the main supplier takes a systematic approach to traceability and due diligence.

The sustainability risks are generally low for our own local purchases handled by SpareBank 1 SR-Bank and subsidiaries. In recent years, we have particularly focused on industries where employees of suppliers and subcontractors are typically exposed to a higher risk of breaches of labour standards, such as cleaning and canteen services, and suppliers of physical goods such as furniture, IT and AV equipment.

#### Due diligence integrated into the work on sustainable purchasing

Due diligence is an absolutely key tool in the efforts to ensure purchases are sustainable. It is used to identify and address potential and actual breaches of standards for international human rights and decent working conditions – including a decent living wage – throughout the supply chain. Requirements to respect international standards for human rights and labour rights are included in the guidelines with which all our suppliers must comply. Suppliers must also document that they conduct their own due diligence and stipulate similar requirements for their suppliers (subcontractors).

Due diligence is conducted for joint purchases in the SpareBank 1 Alliance by the Alliance Purchasing Department. This includes monitoring suppliers with an elevated risk of having adverse impacts on human rights and decent working conditions. The due diligence for SpareBank 1 SR-Bank's own purchases is handled directly by the purchasing department, while the subsidiaries conduct due diligence for their purchases in line with common guidelines and standards for the group.

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

The due diligence in both SpareBank 1 Utvikling and SpareBank 1 SR-Bank is based on the standards for due diligence stipulated in the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. 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 having adverse impacts on people.

The due diligence for our purchases and the results are described in the group's report every year. The report for 2023 has been published here.

**Also read:**

- [SpareBank 1 SR-Bank's due diligence report for 2023](#)
- [SpareBank 1 SR-Bank's due diligence report for 2022](#)

Both the Alliance Purchasing Department and SpareBank 1 SR-Bank and its subsidiaries had discussions with suppliers based on the risk assessments. The involved employees of suppliers and subcontractors were not directly consulted.

**SpareBank 1 SR-Bank's report for 2023 includes descriptions of:**

- The Alliance Purchasing Department's follow-up of priority suppliers based on their risk assessment, including the discussions with suppliers of IT equipment about findings at Chinese subcontractors related to indications of modern slavery and what remedial measures were implemented.
- SpareBank 1 SR-Bank ForretningsPartner's follow-up of an invoicing service provider, where tasks linked to document registration on an accounting platform were carried out by a subcontractor in a high-risk country in Asia. No actual breaches of human rights were identified, although

the agreement was terminated due to inadequate documentation from the supplier regarding appropriate due diligence.

- The SpareBank 1 SR-Bank Group's risk mapping of our own supplier agreements and follow-up of selected supplier categories.

**Other sustainable purchasing work in 2023**

Besides the main focus on due diligence, the work on sustainable purchasing in 2023 included:

- The Alliance Purchasing Department's efforts to increase awareness, competence and compliance with sustainability in purchasing in cooperation with the sustainability and purchasing environments of the SpareBank 1 banks and product companies. Practical guides were prepared on sustainable purchasing and due diligence to facilitate the work of purchasing managers. The goal is to ensure that sustainability assessments are conducted as early as possible in purchasing processes.
- Revising the Alliance Purchasing Department's standard sustainability contract annex for new agreements with updated requirements for compliance with the Transparency Act and expectations concerning climate reports and plans for transitioning to net zero emissions in the company.
- Strengthening the purchasing processes in EiendomsMegler 1 SR-Eiendom and SpareBank 1 SR-Bank ForretningsPartner through incorporation of the group's common procedures for sustainable purchasing, which include due diligence on human rights and decent working conditions.

One of SpareBank 1 SR-Bank ForretningsPartner's supplier agreements was terminated in 2023 due to insufficient due diligence at the supplier (described in the previous section). No contracts handled by the Alliance Purchasing Department were terminated due to sustainability issues.

## 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 2024, 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.

## 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.

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 2023 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 established an Ethical Working Committee: an advisory body that can be used in cases where ethical dilemmas are raised that do not have clear answers and helps to highlight ethical challenges for the group. The committee is meant to be an advisory working group that can be convened at short notice and assist the organisation if necessary. It aims to reinforce the work on ethics, anti-corruption and compliance within the group and consists of representatives from several business areas. Meetings are held at least quarterly, and otherwise as required.


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. The group uses a 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. Associated management tools have been established to follow up on the results of these organisational surveys. Five whistleblowing cases were processed in 2023. All cases are handled in line with the bank's whistleblowing procedures.

Theme	Number	Stake
Permanent employees who have completed anti-money laundering training **	1,178	80%
Board members of SpareBank 1 SR-Bank who have received training in anti-money laundering	26	100% *

The figures have been certified by an external auditor, with a moderate degree of certainty. 

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	68	42	946	102	1,550 *	170	100% ****
Permanent employees who completed anti-corruption training	19	1	256	30	306	148	26.9% ****
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	83%

 The figures have been certified by an external auditor, with a moderate degree of certainty.

\* The figure shows the total for the entire group, including SpareBank 1 SR-Bank ForretningsPartner and EiendomsMegler 1 SR-Eiendom.

\*\* 1,045 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 2023 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.

\*\*\* All permanent employees, other than those on long-term sick leave, those who are on leave or the equivalent in SpareBank 1 SR-Bank, EiendomsMegler 1 SR-Eiendom and SpareBank 1 SR-Bank ForretningsPartner have signed the code of conduct

\*\*\*\* All managers and corporate advisers undergo enhanced anti-corruption training. 306 courses were completed in 2020-2024. Percentages show the proportion of all employees. 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 statement \(PDF\)](#)
- [Privacy Policy \(English\) \(PDF\)](#)
- [Information on Customer Rights](#)

SpareBank 1 SR-Bank's privacy and information security strategy is to ensure the confidentiality, integrity and availability of personal data processed in the group in line with the privacy regulations (which consist of the Personal Data Act and the General Data Protection Regulation (GDPR)). The privacy regulations give our customers a number of rights. Information on how these rights can be exercised and how personal data is processed in the group is provided in an easily accessible way via the privacy statement on SpareBank 1 SR-Bank's website.

SpareBank 1 SR-Bank has formalised and incorporated descriptions of roles and responsibilities for privacy and information security. A quality management system has been established with governing documents, as well as risk management processes for continuously identifying and following up risk. These processes are designed to ensure that internal and external 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. The work includes established contingency plans, regularly conducting emergency response exercises, crisis teams tasked with efficiently managing major incidents and on-call arrangements. A dedicated incident response team has been established that monitors and follows up security incidents, as well as discrepancies relating to the use of IT systems around the clock.

To prevent adverse incidents (nonconformance), a number

of technical measures have been implemented in addition to employees receiving regular training on privacy and information security. The measures are tangible, concrete and designed to prevent both human and technical errors. However, should nonconformances occur, they are recorded, followed up and reported on in a specific incident database. In the event of a breach of personal data security that may result in a risk to privacy, the group's data protection department will ensure that the nonconformance is reported to the Norwegian Data Protection Authority within the 72-hour deadline and ensure that those concerned are informed in line with the privacy regulations. The incident database helps the group learn from adverse incidents and thus prevent recurrences.

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

In 2023, the group reported seven nonconformances to the Norwegian Data Protection Authority, six of which concerned the parent company and one that concerned and was reported by SpareBank 1 SR-Bank ForretningsPartner. One of the parent company's nonconformances was reported by the bank itself, while five were reported by SpareBank 1 Utvikling, which is the group's largest data processor. 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 robust and effective, and that adequate measures were implemented to correct errors and prevent future non-conformance.

Type of adverse incident	Number
Operational interruptions and system errors	6 (inclusive of the nonconformance at SpareBank 1 SR-Bank ForretningsPartner)
Errors and mistakes	1

# 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 Finans Norge. Deputy chair of the boards of SpareBank 1 Gruppen AS and SpareBank 1 Utvikling DA.

**Number of shares\*:** 17,474



**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 BN Bank ASA, Odin Forvaltning AS and SR-Boligkreditt AS. Deputy chair of the board of SpareBank 1 Markets AS. Board member of 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\*:** 101,114



**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\*:** 3,065



**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 SpareBank 1 SR-Bank ForretningsPartner AS, Fremtind Service AS, Finstart Nordic AS and Stiftelsen Grunderacademy. Deputy board member of SpareBank 1 Mobilitet Holding AS.

**Number of shares\*:** 12,686

\* Number of shares in SpareBank 1 SR-Bank as at 31.12.2023. 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\*:** 18,800



### 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 and SpareBank 1 Spleis AS.

**Number of shares\*:** 12,069



### Signe Helliesen

EXECUTIVE VICE  
PRESIDENT COMPLIANCE

Helliesen (1976) assumed her position as Executive Vice President Compliance in 2019. Helliesen holds first department in Law. She 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 also has experience from consulting in 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.

**Number of shares\*:** 1,649



### 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 and Nordic Edge AS.

**Number of shares\*:** 34,810

\* Number of shares in SpareBank 1 SR-Bank as at 31.12.2023. 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 LOFavør AS, BankID BankAxept AS, BN Bank ASA, SpareBank 1 SR-Bank ForretningsPartner AS, SpareBank 1 Betaling AS and Vipps Holding AS.

**Number of shares\*:** 54,824



### 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 board of SpareBank 1 Factoring AS. Board member of SpareBank 1 Markets AS.

**Number of shares\*:** 64,000



### 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 I AS and SpareBank 1 Mobilitet Holding AS.

**Number of shares\*:** 4,205

\* Number of shares in SpareBank 1 SR-Bank as at 31.12.2023. 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 Elopak ASA, Mestergruppen AS and Norsk Hydro ASA.

**No. of board meetings in 2023:**

20 of 20

**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 2023:**

20 of 20

**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. 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 Ocean Farming AS, Mariculture AS and Arctic Offshore Farming AS, 100% owned subsidiaries of SalMar Aker Ocean AS.

**No. of board meetings in 2023:**

19 of 20

**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 Gassco AS. Board member of Nammo AS.

**No. of board meetings in 2023:**

19 of 20

**Number of shares\*:** 10,000

\* Number of shares in SpareBank 1 SR-Bank as at 31.12.2023. 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 2023:**  
20 of 20

**Number of shares\*:**  
78,678,829



### Camilla A.C. Teffers

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

Camilla A.C. Teffers (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. Teffers 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 inFuture AS, Entra ASA and Dyreparken Utvikling AS.

**No. of board meetings in 2023:**  
18 of 20

**Number of shares\*:** 0



### Kristian Kristensen

**EMPLOYEE-ELECTED BOARD MEMBER**

Kristian Kristensen (1982) works as a sustainability manager. 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.

**No. of board meetings in 2023:**  
20 of 20

**Number of shares\*:** 4,578



### Sally Lund-Andersen

**EMPLOYEE-ELECTED BOARD MEMBER AND MEMBER OF THE REMUNERATION 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:** Deputy member to permanent observer on behalf of the owner banks' employees, of the board of SpareBank 1 Utvikling DA.

**No. of board meetings in 2023:**  
20 of 20

**Number of shares\*:** 4,053

\* Number of shares in SpareBank 1 SR-Bank as at 31.12.2023. 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.

## Point 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.

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



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

### **Ethics guidelines**

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.

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:

<sup>1</sup> [www.sparebank1.no/nb/sr-bank/om-oss/investor/virksomhetsstyring/eierstyring-selskapsledelse.html](http://www.sparebank1.no/nb/sr-bank/om-oss/investor/virksomhetsstyring/eierstyring-selskapsledelse.html)

<sup>2</sup> [www.sparebank1.no/nb/sr-bank/om-oss/baerekraft/etiske-retningslinjer.html](http://www.sparebank1.no/nb/sr-bank/om-oss/baerekraft/etiske-retningslinjer.html)

<sup>3</sup> [www.sparebank1.no/nb/sr-bank/om-oss/baerekraft/baerekraftsmal.html](http://www.sparebank1.no/nb/sr-bank/om-oss/baerekraft/baerekraftsmal.html)

- 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.

## Point 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<sup>4</sup>. 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 be an integral part of everything the institution 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.
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

<sup>4</sup> [www.sparebank1.no/nb/sr-bank/om-oss/investor/virksomhetsstyring/eierstyring-selskapsledelse.html](http://www.sparebank1.no/nb/sr-bank/om-oss/investor/virksomhetsstyring/eierstyring-selskapsledelse.html)

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 19 of the annual report.

### Point 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<sup>5</sup>.

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 13.04.2023, the general meeting authorised the board to acquire and register liens on the bank's own shares for up to 10% 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 13.04.2023, 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.

Senior non-preferred liabilities:

NOK 8,000,000,000 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 13.04.2023 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.

The power to conduct such an issue was exercised in October 2023 in the form of a targeted share issue intended to meet increased regulatory requirements and to enable the current dividend policy and planned lending growth to continue in 2024.

*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.

### Point 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. Any buyback of shares must be carried out in the market at market prices. As at 31.12.2023, SpareBank 1 SR-Bank owned 46,244 treasury shares, which represent 0.02% of outstanding shares.

#### Largest shareholder

Sparebankstiftelsen SR-Bank is SpareBank 1 SR-Bank's largest shareholder with a stake of 29.8%. The foundation was established on 01.01.2012 when SpareBank 1 SR-Bank was converted into a public limited company. Pursuant to

<sup>5</sup> [www.sparebank1.no/nb/sr-bank/om-oss/investor/finansiell-info/rapporter.html](http://www.sparebank1.no/nb/sr-bank/om-oss/investor/finansiell-info/rapporter.html)

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% of the outstanding shares in SpareBank 1 SR-Bank.

## Point 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.

## Point 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<sup>6</sup>. 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<sup>6</sup>.

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.

## Point 7 Nomination committee

The nomination committee comprises up to five members that are elected by the general meeting for a period of 1 year, 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 five meetings in 2023. Specific instructions have been prepared for the nomination

<sup>6</sup> [www.sparebank1.no/nb/sr-bank/om-oss/investor/virksomhetsstyring/generalforsamling.html](http://www.sparebank1.no/nb/sr-bank/om-oss/investor/virksomhetsstyring/generalforsamling.html)



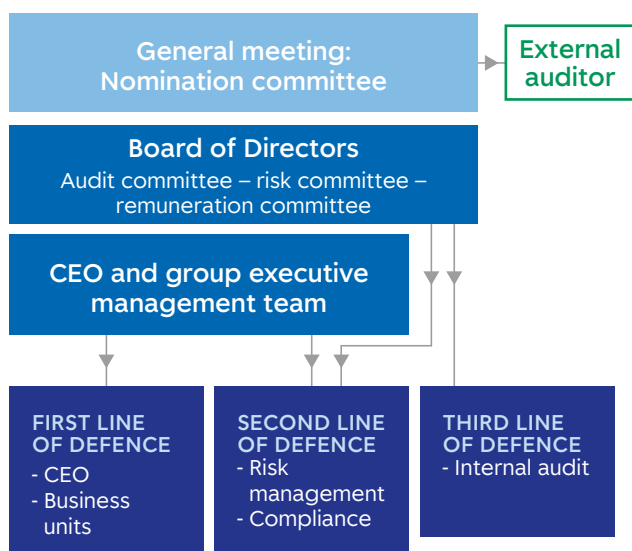
committee<sup>7</sup> and approved by the general meeting.

## Point 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 31.12.2023, the board had eight members. The board's shareholder-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 2023 are described in the presentation of the board in a separate chapter of the annual report and on [www.sr-bank.no](http://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 31.12.2023 is provided in the annual report.

### Governing bodies in SpareBank 1 SR-Bank



## Point 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<sup>8</sup>. 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 20 board meetings were held in 2023, 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 a survey of board members. The survey's contents are revised annually. The board evaluation report is reviewed by the board, chair of the board and 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

<sup>7</sup> [www.sparebank1.no/nb/sr-bank/om-oss/investor/virksomhetsstyring/valgkomiteen.html](http://www.sparebank1.no/nb/sr-bank/om-oss/investor/virksomhetsstyring/valgkomiteen.html)

<sup>8</sup> [www.sparebank1.no/nb/sr-bank/om-oss/investor/virksomhetsstyring/styret.html](http://www.sparebank1.no/nb/sr-bank/om-oss/investor/virksomhetsstyring/styret.html)

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 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 2023.

#### **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 2023.

#### **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 2023.

#### **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 five meetings in 2023.

The committees' mandates are available on SpareBank 1 SR-Bank's website <sup>9</sup>.

#### *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.

## **Point 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 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

The framework is described in more detail in note 6 to the annual financial statements, as well as in SpareBank 1 SR-Bank's Pilar 3 document, which is available on [www.sr-bank.no](http://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<sup>10</sup>) and the COSO<sup>11</sup> 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 2023 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

<sup>9</sup> [www.sparebank1.no/nb/sr-bank/om-oss/investor/virksomhetsstyring/styret.html](http://www.sparebank1.no/nb/sr-bank/om-oss/investor/virksomhetsstyring/styret.html)

<sup>10</sup> EBA/GL/2021/05

<sup>11</sup> The Committee of Sponsoring Organisations of the Treadway Commission (COSO)

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.

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.

### **Point 11 Remuneration of the board of directors**

The remuneration of the board's members and sub-committees 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](http://www.sr-bank.no).

### **Point 12 Salary and other remuneration for executive personnel**

SpareBank 1 SR-Bank has a single remuneration scheme 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 guidelines<sup>12</sup> 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<sup>13</sup>.

### **Point 13 Information and communications**

SpareBank 1 SR-Bank's website has a dedicated investor<sup>13</sup> 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<sup>14</sup>.

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<sup>15</sup>.

<sup>12</sup> [www.sparebank1.no/nb/sr-bank/om-oss/investor/virksomhetsstyring/Godtgoerelser.html](http://www.sparebank1.no/nb/sr-bank/om-oss/investor/virksomhetsstyring/Godtgoerelser.html)

<sup>13</sup> [www.sparebank1.no/nb/sr-bank/om-oss/investor.html](http://www.sparebank1.no/nb/sr-bank/om-oss/investor.html)

<sup>14</sup> [www.sparebank1.no/nb/sr-bank/om-oss/investor/finanskalender.html](http://www.sparebank1.no/nb/sr-bank/om-oss/investor/finanskalender.html)

<sup>15</sup> [www.sparebank1.no/nb/sr-bank/om-oss/presse.html](http://www.sparebank1.no/nb/sr-bank/om-oss/presse.html)

## Point 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 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% 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% 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.

## 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 3-3(b) 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](http://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.



Kay Scott Ross Edwards,  
personal finances advisor  
in Vika in Oslo

## Governing bodies in SpareBank 1 SR-Bank

	Shares as at 31.12.2023 <sup>1)</sup>	Shares as at 31.12.2022 <sup>1)</sup>		Shares as at 31.12.2023 <sup>1)</sup>	Shares as at 31.12.2022 <sup>1)</sup>
<b>Board of Directors</b>			<b>Group executive management team</b>		
<i>Members</i>					
Dag Mejdell, Oslo (chair)	43,000	43,000	Benedicte Schilbred Fasmer, CEO	17,474	13,731
Kate Henriksen, Bergen	1,500	1,500	Inge Reinertsen, CFO	101,114	95,543
Trine Sæther Romuld, Hafrsfjord	0	0	Jan Friestad, Executive Vice President Corporate Strategy and Projects	54,824	52,608
* Kjetil Skjæveland, Stavanger <sup>2)</sup>	78,678,829	74,978,829	Tore Medhus, Executive Vice President Large Corporates	64,000	61,545
Jan Skogseth, Sandnes	10,000	10,000	Glenn Sæther, Executive Vice President Technology Development and Business Processes	34,810	32,785
Camilla A.C. Tepfers, Oslo	0	0	Ella Skjørestad, Executive Vice President Marketing, Insight and Customer Offer	12,686	10,893
Sally Lund-Andersen, Haugesund (employee representative) <sup>2)</sup>	4,053	3,760	Nina Moi Edvardsen, Executive Vice President People, Sustainability and Communication	12,069	10,318
Kristian Kristensen, Randaberg (employee representative) <sup>2)</sup>	4,578	4,285	Frode Bø, Executive Vice President Risk Management	18,800	18,507
<b>Board's Risk Committee</b>			Signe Helliesen, Executive Vice President Compliance		
Kate Henriksen, Stavanger (chair)	1,500	1,500	Marianne Bakke, Executive Vice President SMB & Agriculture	4,205	2,437
Jan Skogseth, Sandnes	10,000	10,000	Roger Lund Antonesen, Executive Vice President Retail Market	3,065	455
Dag Mejdell, Oslo	43,000	43,000	<b>External auditor</b>		
* Kjetil Skjæveland, Stavanger <sup>2)</sup>	78,678,829	74,978,829	PricewaterhouseCoopers (PwC)	0	0
<b>Board's audit committee</b>			<b>Internal auditor</b>		
Trine Sæther Romuld, Hafrsfjord (chair)	0	0	Ernst & Young (EY)	0	0
Kate Henriksen, Stavanger	1,500	1,500			
Camilla A.C. Tepfers	0	0			
<b>Board's remuneration committee</b>					
Dag Mejdell, Oslo (chair)	43,000	43,000			
Trine Sæther Romuld, Hafrsfjord	0	0			
Sally Lund-Andersen <sup>2)</sup>	4,053	3,760			
<b>Nomination committee</b>					
Per Trygve Sekse, Sandnes (chair)	1,625	1,625			
** Kirsti Tønnessen, Stavanger	1,432,970	1,432,970			
Gunn-Jane Håland, Stavanger	1,096	1,096			
*** Tore Heggheim, Hafrsfjord (represents Sparebankstiftelsen SR-Bank which owns 78,676,815 shares)	78,676,815	74,976,815			
****Kjetil Houg, Oslo	18,626,647	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.

\* General manager of Sparebankstiftelsen SR-Bank which owns 78,676,815 shares

\*\* General manager of Westco AS which owns 1,432,970 shares

\*\*\* Chair of the board of Sparebankstiftelsen SR-Bank, which owns 78,676,815 shares.

\*\*\*\* CEO of the Norwegian National Insurance Fund which owns 18,626,647 shares.

# Board of Directors' Report

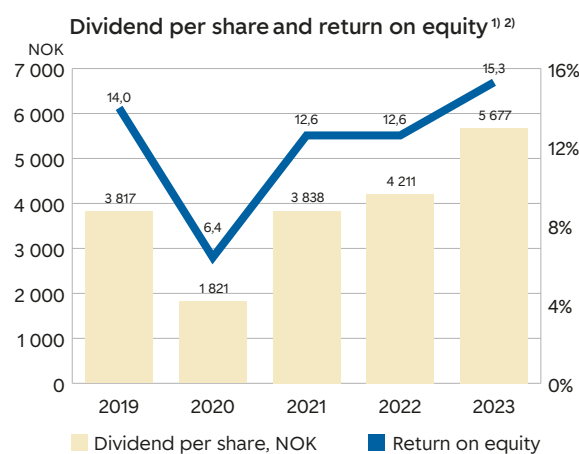
SpareBank 1 SR-Bank ASA achieved a consolidated profit before tax of NOK 5,677 million in 2023. The net profit for the year was NOK 4,475 million, an increase of NOK 1,097 million compared with 2022. The board of directors is very satisfied with the results for 2023.

Stronger underlying operations, income recognition of losses and one-off effects contributed to the improvement in performance. As at 31.12.2023, the group's return on equity after tax was 15.3%. Excluding the NOK 421 million gain from the sale of SR-Markets and write-down in Kreditor AS in SpareBank 1 Gruppen AS amounting to NOK -150 million, the return on equity was 14.4%.

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 has focused on the geographical diversification of the loan portfolio and has seen strong growth in all market areas in recent years.

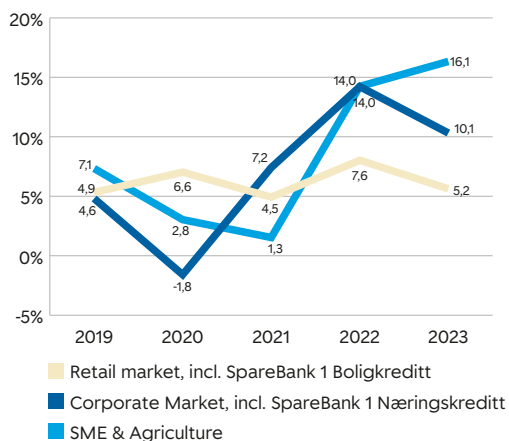
SpareBank 1 SR-Bank wants to be a bank for Southern Norway and took major steps towards realising that ambition over the course of 2023. In October, the boards of SpareBank 1 SR-Bank ASA and SpareBank 1 Sørøst-Norge AS approved a plan to merge and establish SpareBank 1 Sør-Norge ASA. It will be Norway's largest savings bank, with greater lifting capacity for people and businesses throughout the region. The merger will result in greater competitiveness and an increased presence and make us even more attractive for customers, employees and owners. SpareBank 1 Sør-Norge will be a savings bank and financial group able to increase the total credit available to Norwegian business, with greater expertise and networks for local companies and jobs. Assuming that the authorities grant the necessary approvals, the merger will be completed on 01.10.2024.

The sale of SR-Markets to SpareBank 1 Markets was also an important element of the focus on Southern Norway. The transaction was completed in the fourth quarter and helps strengthen the capital market. For customers, a combined SpareBank 1 Markets gives them the opportunity to benefit from close follow-up and advice from one of the country's leading capital market environments. A larger professional environment also provides more opportunities for employees.

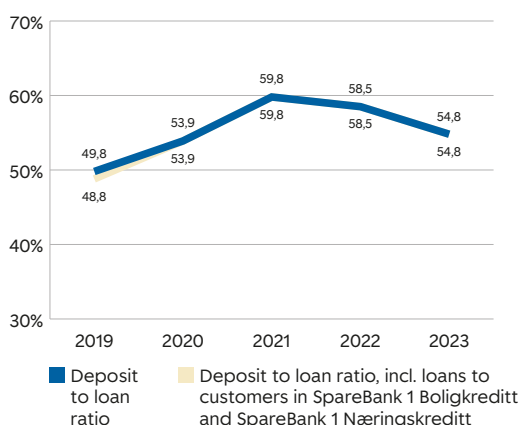


Lending to customers increased by 7.5% in 2023 and deposits from customers increased by 0.7% in 2023. The deposit-to-loan ratio, measured as deposits as a percentage of total loans, was 54.8% at year end 2023, compared with 58.5% in 2022.

### Gross loans, % growth

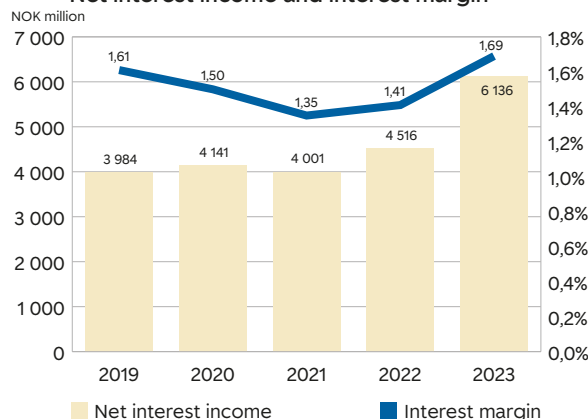


### Deposit to loan ratio



Net interest income totalled NOK 6,136 million in 2023, compared with NOK 4,516 million in 2022. Net interest income as a percentage of average total assets increased from 1.41% in 2022 to 1.69% in 2023. The higher net interest income was mainly due to growth, stronger margins and a higher return on equity.

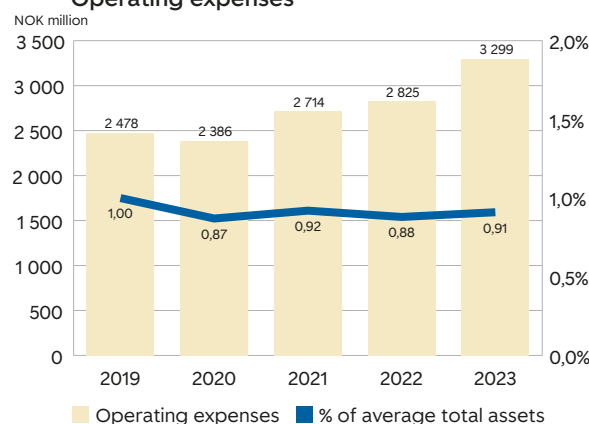
### Net interest income and interest margin



Net commissions and other operating income totalled NOK 1,939 million in 2023, an increase of NOK 169 million compared with 2022. The net return on financial investments amounted to NOK 669 million in 2023, compared with NOK 756 million in 2022. The decrease in the return on financial investments was mainly due to the negative result from SpareBank 1 Gruppen, negative changes in the value of shares and equity certificates and basis swaps. The decrease was mainly counteracted by the gain from the sale of SR-Markets to SpareBank 1 Markets AS.

The group's operating costs amounted to NOK 3,299 million for 2023, compared with NOK 2,825 million for 2022, an increase of NOK 474 million. Of the total increase, NOK 154 million was related to the following special items: increased provisions for variable remuneration in the parent bank, write-down of the value of land in the subsidiary Rygir Tomteutvikling AS, payouts related to complaints in Monio AS, merger costs and GründerAcademy. Corrected for special items, costs grew by 11.3%. 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 37.7% in 2023, compared with 40.1% in 2022.

### Operating expenses



Impairment provisions on loans and financial liabilities amounting to NOK 232 million had been recognised as income as at 31.12.2023, compared with cost recognition of NOK 5 million the year before. Individual losses of NOK 331 million were recognised as income, while NOK 99 million in IFRS impairment provisions was recognised as costs.

The allocation of the year's profit is based on the parent bank's distributable profit of NOK 5,317 million for 2023. The board proposes that NOK 1,982 million be paid out as dividends, corresponding to NOK 7.50 per share, while NOK 3,335 million be allocated to other equity and enhancing the group's financial strength.

## 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:

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

SpareBank 1 SR-Bank ASA's head office is in Stavanger, and it has 36 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 2023. 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 and Viken. 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 2023.

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, Agder and Oslo and Viken. 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 2,051 million in 2023, up from NOK 1,778 million in 2022.

Net interest income increased by NOK 305 million, mainly as a result of increased deposit margins and portfolio growth. Other operating income increased by NOK 39 million compared with the same period last year.

Total operating costs amounted to NOK 718 million in 2023, compared with NOK 645 million in 2022. The increase was mainly due to general wage growth and price inflation, as well as increased investments in new market areas.

The volume of lending in Retail Market was NOK 159.4 billion in 2023, up from NOK 151.7 billion in 2022. Retail Market is experiencing good demand for loans, and lending has grown by 5.1% in the past 12 months (NOK 7.8 billion). Of the divisions total lending, NOK 38.8 billion (24%) is classified as green. The deposit volume was NOK 70.2 billion in 2023, up from NOK 66.6 billion in 2022, corresponding to 12-month growth of 5.4% (NOK 3.6 billion).

The quality of the retail market portfolio is considered to be very good with a low risk of losses and low defaults. The proportion of loan exposure within 85% of the loan to value ratio was 93.6% at year end 2023. The model-calculated IRB risk weights for residential mortgages were 19.6%.

### SME & Agriculture

SME & Agriculture posted a contribution before impairment provisions of NOK 990 million in 2023, up from NOK 671 million in 2022. The higher profit contribution was primarily due to increased interest income driven by volume growth and better deposit margins.

Total operating costs amounted to NOK 140 million, compared with NOK 116 million in 2022. The increase was mainly due to general wage growth and price inflation, as well as increased investments in new market areas. The increase in impairment provisions on loans and financial liabilities was due to increased IFRS impairment provisions.



The lending volume in the division amounted to NOK 21.6 billion at the end of 2023, compared with NOK 20.2 billion in 2022. SME & Agriculture is experiencing high demand for loans and credit, and lending growth over the past 12 months was 15.4%. Of the divisions total lending, NOK 1.31 billion (6%) is classified as green. The deposit volume was NOK 21.9 billion in 2023, up from NOK 20.2 billion in 2022, corresponding to 12-month growth of 8.2%.

The quality of the SME & Agriculture portfolio is considered good, with a moderate risk of losses and low defaults. The proportion of exposures with a probability of default of less than 2.5% through a full loss cycle was 83.2% of the portfolio at the end of 2023.

## Large Corporates

Large Corporates' contribution before impairment provisions increased to NOK 2,489 million in 2023, up from NOK 1,840 million in 2022. The higher contribution was mainly driven by higher interest income as a result of lending growth and increases in customer fees in 2023. In addition, just under NOK 300 million in write-downs on loans and financial liabilities was recognised in income in 2023.

The lending volume in the division amounted to NOK 86.0 billion at the end 2023, which represents strong growth compared with NOK 78.1 billion in 2022. There was solid lending growth in all market areas. Of the division's total lending volume, NOK 12.3 billion (14%) was classified as green. The deposit volume amounted to NOK 51.3 billion at the end of 2023, a reduction from NOK 58.1 billion at the end of 2022. The lower deposit volume was due to a decrease in the public sector.

The quality in Large Corporates is also considered good. The proportion of exposures with a probability of default of less than 2.5% through a full loss cycle was 86.6% of the portfolio at the end of 2023. The property sector portfolio represents the group's largest concentration in a single sector and accounted for 14.0% of total loan exposure. A large portion of this portfolio consists of financing commercial properties for leasing.

## Capital Market

Up to 20.11.2023, securities activities were organised under the SR-Bank Markets brand and included customer and own account trading in fixed income instruments, foreign exchange and Corporate Finance services. In June 2022, SpareBank 1 SR-Bank ASA entered an agreement to sell SR-Bank Markets to SpareBank 1 Markets AS and at the same time increase its stake in Sparebank 1 Markets AS to 33.3%. The transaction was carried out in order to strengthen its focus on capital markets. It had accounting effect from 01.12.2023.

SR-Bank Markets's operating profit amounted to NOK 148 million, NOK 244 million less than in 2022. The reduction was mainly due to changes in the internal allocation of foreign exchange and interest income.

## 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 401 million for 2023, an increase from NOK 395 million in 2022, and a profit before tax of NOK 5.2 million for 2023, down from NOK 18.8 million for 2022. The reduction in profit was mainly attributable to higher expenses.

In 2023, 6,265 properties were sold with a total value of around NOK 22.5 billion.

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%.

Since the start of the year, prices have grown by 5.3% in the company's main area of Nord-Jæren, with Kristiansand at 5.4% and Bergen at 0.7%. The national growth in prices was 0.5% in 2023. Overall, the national figures show a higher number of unsold homes, while in the company's areas the number of unsold homes remains historically low. It is clear that a strong business sector and low unemployment are dampening the effects of the interest rate hikes by Norges Bank.

### SpareBank 1 SR-Bank ForretningsPartner AS

SpareBank 1 SR-Bank ForretningsPartner AS posted a turnover of NOK 463.8 million for 2023, up from NOK 410.7 million for 2022. The profit before tax was NOK 28.1 million for 2023, up from NOK 17.0 million for 2022. The improvement in performance was primarily due to the integration work in 2022 that adversely affected the invoicing rate.

SpareBank 1 SR-Bank ForretningsPartner AS enjoys a solid market position in accounting services, with offices in Rogaland, Vestland, Agder, and Oslo.

### SR-Boligkreditt AS

The company posted a profit before tax of NOK 177.3 million for 2023, compared with NOK 900.1 million for 2022. The decrease in profit was mainly due to a negative market value adjustment of basis swaps. Market value adjustment of basis swaps amounted to NOK -396.7 million as at 31.12.2023, compared with NOK 367.1 million as at 31.12.2022.

Net interest income increased by NOK 10.9 million from 31.12.2022 to NOK 651.8 million as at 31.12.2023 as a result of higher 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 2023, the company had issued covered bonds with a nominal value of NOK 80.5 billion and bought loans worth NOK 100.2 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.

As at 31.12.2023, the company posted a result before tax of NOK -51.9 million, compared with NOK 51.6 million for 2022. The value of the portfolio of oil industry related investments decreased by NOK -64.9 million, compared with NOK 40.8 million for 2022, while dividends of NOK 35 million were received related to the same portfolio. The value of investments in financial technology as at 31.12.2023 decreased by NOK -14.2 million, compared with NOK 6.7 million for 2022.

#### **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.

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. The company's main product is arranging secured loans for property projects. In June, SpareBank 1 SR-Bank ASA entered into an agreement with Folkeinvest AS to establish a jointly owned group with Folkeinvest AS as the parent company and Monio AS and Caplist AS as subsidiaries. The agreement was concluded on 31.12.2023 and SpareBank 1 SR-Bank ASA's stake in Folkeinvest AS is 36.9%.

Monio AS posted a result before tax of NOK -49.0 million as at 31.12.2023, a decrease from NOK -15.6 million for 2022. The negative result was largely due to the payment

of settlements in complaint cases amounting to NOK 29.3 million in the second quarter 2023.

## **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% of the shares in SpareBank 1 Forsikring AS, SpareBank 1 Factoring AS, and SpareBank 1 Spleis AS. SpareBank 1 Gruppen AS also owns 65% of the shares in Fremtind Forsikring AS, 50% of the shares in Kredinor AS, and 49% of the shares in LO Favør AS. SpareBank 1 SR-Bank ASA owned a 19.5% stake in SpareBank 1 Gruppen AS at the end of 2023.

SpareBank 1 Gruppen AS implemented IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments as of 01.01.2023.

SpareBank 1 Gruppen AS posted a profit after tax of NOK 247 million as at 31.12.2023, a decrease from NOK 1,196 million for 2022, of which NOK -173 million (NOK 895 million for 2022) represented the majority interests' share.

The negative result from Sparebank 1 Gruppen AS was mainly due to the fact that shares in Kredinor was written down by NOK 769 million. The insurance companies achieved good financial results with high returns on shares and interest yield in the last quarter. Fremtind's insurance profit decreased compared with 2022 due to natural events and an increase in loss ratios.

Return on equity after tax was 1.9% in 2023.

#### **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% stake in SpareBank 1 Utvikling DA at year end 2023.

#### **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 01.05.2021. 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% at year end 2023.

SpareBank 1 Forvaltning AS posted a profit before tax of NOK 168 million for 2023.

#### **BN Bank ASA**

BN Bank ASA is a nationwide bank with its head office in Trondheim. The bank is owned by the banks in the SpareBank 1 Alliance. SpareBank 1 SR-Bank ASA's stake was 35.0% at year end 2023.

BN Bank ASA posted a profit before tax of NOK 764 million for 2023, up from NOK 595 million for 2022. The improved result was mainly due to an increase in net interest income of NOK 233 million due to the increase in volumes for loans and deposits and improved deposit margins. A reduction in the lending margin had a negative impact on the result.

#### **SpareBank 1 Markets AS**

SpareBank 1 Markets is a leading Norwegian investment firm offering services within equity and credit analysis and trading in equities and bonds, as well as services within corporate finance, including raising capital in the equity and debt market, mergers and acquisitions, restructuring and advice. The investment firm is owned by banks in the SpareBank 1 Alliance. In December 2023, SpareBank 1 SR-Bank ASA and SpareBank 1 Nord-Norge AS increased their stakes in SpareBank 1 Markets AS. SR-Bank Markets' business was transferred to SpareBank 1 Markets AS. SpareBank 1 SR-Bank ASA's stake following the transaction is 33.3%.

As at 31.10.2023, SpareBank 1 Markets AS posted a profit after tax of NOK 154.0 million.

#### **SpareBank 1 Kreditt AS**

SpareBank 1 Kreditt AS is owned by the SpareBank 1 banks. SpareBank 1 SR-Bank ASA owns a stake of 16.7%. The company provides credit card solutions for the SpareBank 1 banks and posted a loss before tax of NOK -69.0 million for 2023, down from NOK 47.6 million for 2022. The reduction in profit was due to higher losses compared with the

same period last year, while increased income was offset by increased costs. The company's total portfolio at the end of 2023 was NOK 9.1 billion (NOK 7.3 billion). 12-month lending growth was around 24%, mainly due to the company becoming a credit card supplier for Coop Mastercard from February 2023.

#### **SpareBank 1 Betaling AS**

The SpareBank 1 banks jointly own SpareBank 1 Betaling AS. SpareBank 1 SR-Bank ASA's stake is 19.1%. SpareBank 1 Betaling AS owns a 23.9% stake in Vipps AS.

SpareBank 1 Betaling AS posted a result after tax of NOK -174.1 million for 2023, compared with a profit of NOK 65.0 million for 2022. The negative result in 2023 was due to the share of the operating loss in Vipps AS, while the positive profit contribution in 2022 was due to Danske Bank AS's acquisition of shares in Vipps AS.

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

#### **Events after the balance sheet date**

No material events have been registered after 31.12.2023 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. The proportion of exposures with a probability of default of less than 2.5% through a full loss cycle was 98.3%. 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 good, with a moderate risk of losses. The proportion of exposures with a probability of default of less than 2.5% through a full loss cycle was 83.2% of the portfolio at the end of 2023.

The quality of the Large Corporates portfolio is considered good with a moderate risk of losses. The proportion of exposures with a probability of default of less than 2.5% through a full loss cycle was 86.6% of the portfolio at the end of 2023. 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

The market risk 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, including bonds in the liquidity portfolio and shares and equity certificates. At the end of 2023, investments in bonds amounted to NOK 57.7 billion and investments in shares and equity certificates NOK 680 million. The group also has some exposure to activities that support ordinary borrowing and lending activities, including interest rate and basis point spread risk.

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. 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. Falls in value linked to equity exposure are calculated based on the group's proprietary VaR model.

The group's market risk exposure is deemed moderate.

### Liquidity risk

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 2023 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 59.2 billion at year end 2023 and would cover normal operations for 33 months in the event of closed markets. NOK 22.3 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 43.2 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 net stable funding ratio was 131% at the end of 2023.

### Operational risk

Operational risk management is important for protecting the group's assets, including assets the group manages

on behalf of other stakeholders. This applies to both tangible and intangible assets that could be impacted by operational risk. This includes financial assets, reputation, information, people, relationships, integrity, nature and the environment, delivery capacity and physical assets.

SpareBank 1 SR-Bank's vision is to ensure that the group is only exposed to known, understood and accepted operational risks in line with the group's interests and objectives. The board approves the risk appetite for operational risk every year and sets limits for the permitted exposure. The framework for 2022 was continued in 2023, and has also been continued for 2024, despite a steadily more concerning threat picture, particularly with respect to cyber risk. This is possible because the group uses a systematic process to identify and quantify potential operational risks, and continuously assesses and implements the required risk mitigation measures.

To avoid exposure to unwanted risk, the group has established a multidisciplinary process that ensures that the right people at the right decision-making level are involved when material changes are made to processes, operations, products and systems. More than 100 changes were assessed via this process in 2023.

When adverse incidents occur, they are registered and systematically analysed to avoid repetitions and learn lessons. There were no individual incidents in 2023 involving severe or critical consequences for either the group's assets or assets managed on behalf of others.

## 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 measures database.

There were no material breaches of external or internal rules in 2023 that resulted in official sanctions, fines or financial loss.

The group's code of conduct clarifies the principles with which 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 ensuring good internal control.

## Ownership risk

Owner 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%)
- SpareBank 1 Utvikling AS (18.0%)
- 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%)
- SpareBank 1 Markets (33.3%)
- Folkeinvest AS (36.9%)

## Corporate social responsibility and sustainability

The savings bank tradition and model are strong in SpareBank 1 SR-Bank. The model responds to the needs of local communities for capital and an ally in relation to development and growth. As a forward-thinking relationship bank, the bank is committed to helping create attractive, viable and sustainable local communities in the region.

In SpareBank 1 SR-Bank, community capital, the local communities' share of the value created in the group, is managed

by the Sparebankstiftelsen SR-Bank and SpareBank 1-stiftinga Kvinnherad foundations. The two owner foundations own a total of 32.24% of the group and manage dividends from SpareBank 1 SR-Bank. The model ensures that approximately one in every three Norwegian kroner earned by the group becomes a community dividend that is managed for the benefit of the community. In 2023, the two foundations donated gifts totalling NOK 194 million to local communities across Southern Norway. One of the recipients of these funds from SpareBankstiftelsen SR-Bank was the GründerAcademy foundation, which aims to stimulate entrepreneurship. Since its inception in 2015, the foundation has trained nearly 600 entrepreneurs in companies, with a good mix between technology, social entrepreneurship and sustainability. The 2023 grant recipients received NOK 650,000 divided between nine entrepreneurial awards.

Together with Sparebankstiftelsen SR-Bank, the group also helps talented young people develop through the foundation G9alt Talentutvikling. In 2023, the foundation awarded 21 grants totalling NOK 1 million. The foundation encourages young people in Rogaland, Vestland and Agder to develop their talents and interests, which helps ensure the region has a supply of talent, creativity, inventiveness and expertise in all areas of society and business.

SpareBank 1 SR-Bank's employees also directly contributed to developing good local communities in the region in numerous ways in 2023. In October, for example, employees acted as tellers for the TV Action telethon in aid of Save the Children's work. In December, employees voted to donate the year's Christmas gift from employees of SpareBank 1 SR-Bank to Matsentralen Norge.

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 and climate strategy is an integral part of the overarching corporate strategy.

SpareBank 1 SR-Bank 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 2023, the bank had financed just under NOK 30 billion in sustainable activities. In 2023, as part of this work, a climate transition plan was developed for the main industries we finance.

Also in 2023, the group arranged its second sustainability festival; a week looking at sustainability topics that cover everything from the financial service industry's role in the transition to renewables, food production, the circular

economy, ethics and AI generated services. Improving competence in sustainability is a continuous project that in 2023 resulted in several e-learning modules, as well as customised courses for selected areas of the bank based on defined needs.

In 2023, SpareBank 1 SR-Bank published its first report in line with the Transparency Act. The Transparency Act has been published on the bank's website: [www.sr-bank.no](http://www.sr-bank.no).

## Climate and impact on the external environment

The group uses a negligible quantity of factor inputs or production methods that directly pollute the external environment. In 2023, an environmental survey was conducted as part of certifying the group's environmental management system in line with the ISO14001 standard. The group also produces an annual climate report that identifies and quantifies emissions and enables the implementation of targeted measures. The climate report is prepared in line with the international Greenhouse Gas Protocol (GHG Protocol). Supplementary information to the climate report can be found in the sustainability report.

Any significant adverse impact that the group might have on the climate and nature will be indirect, i.e. through customers, suppliers and partners. The group's sustainability policy sets out the group's principles and guidelines concerning the group's sustainability expectations and requirements, including with respect to customers. The sustainability policy and other relevant governing documents are published on the group's website.

The group also provides comprehensive and integrated analyses on climate-related risk, both at customer and portfolio levels. More information about this, as well as the group's reporting in line with the recommendations of the Task-force on Climate-related Financial Disclosures (TCFD) can be found in the sustainability report.

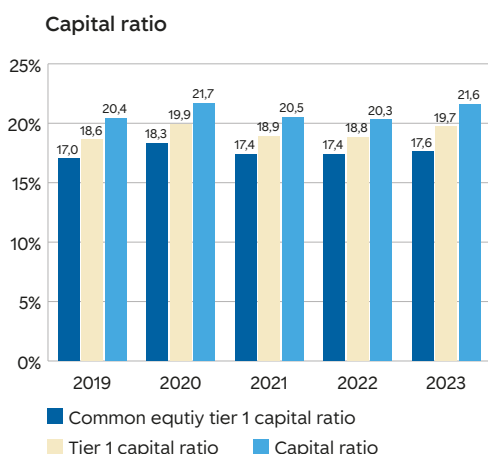
## Capital management

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.

Based on the authorities' Common Equity Tier 1 capital ratio requirements and expectations concerning capital requirement margins, the group's Common Equity Tier 1 capital ratio target was at least 16.39% as at 31.12.2023. The requirement for the capital ratio was 20.81%. The Common Equity Tier 1 capital ratio was 17.61%, while the capital adequacy ratio was 21.58% at the end of 2023.



## 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 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 gender balance and diversity represented in succession plans (for management positions)
- Near 50/50 gender balance for internal management candidates, leadership development and talent programmes and mentor programmes
- Near 50/50 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 gender balance at all management levels. As far as equal pay is concerned, some imbalances persist, and a targeted approach is being taken to equalise these. This includes focusing on equal pay in connection with local pay settlements, using gender equality pots and working on analyses and benchmarks.

SpareBank 1 SR-Bank wants to be an inclusive place to work where all employees feel safe and a sense of belonging. The diversity of the group, and that it attracts, is important because it reflects our customers and helps ensure long-term value creation. Diversity means the inclusion or involvement of a range of differences. Such differences include diversity within and between people such as gender, age, functional level, ethnicity, life stance, cultural background, class, gender identity and sexual orientation. They also include education, experience, qualifications, interests and family situation. We have good insights into some of the parameters, like gender and age, and are implementing a number of improvement measures. Further methods are being considered in order to obtain insights into whether the various diverse groupings experience inclusion and a sense of belonging. These insights will provide a basis for initiating measures where needed. The diversity, inclusion and belonging standard is available at [www.sr-bank.no](http://www.sr-bank.no).

Sick leave\* was 4.2 percent in 2023 compared to 3.6 percent in 2022. The increase in sick leave is partially because we are coming from very low levels of sick leave following the pandemic. The development in the group mirrors the society at large. The sick leave is still at a relatively low level, but we monitor the development and continue to work with preventive measures, amongst others through our IA (inclusive working life) committee.

\* SpareBank 1 SR-Bank ForretningsPartner and FinStart Nordic are not included in the figures.

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 128.90 at year end 2023. This resulted in an effective return of 12.6% since the end of 2022. The Oslo Børs's main index rose by 9.9% in the corresponding period (not corrected for dividends).

There were 18,693 shareholders at year end 2023 (17,821). The proportion owned by foreign companies and individuals was 21.6%, while 64.8% were resident in Rogaland, Agder, Vestland and Oslo and Viken. The 20 largest shareholders owned a total of 57.9% of the shares. The bank holds 46,244 treasury shares, while group employees owned 1.8%.

## 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 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.

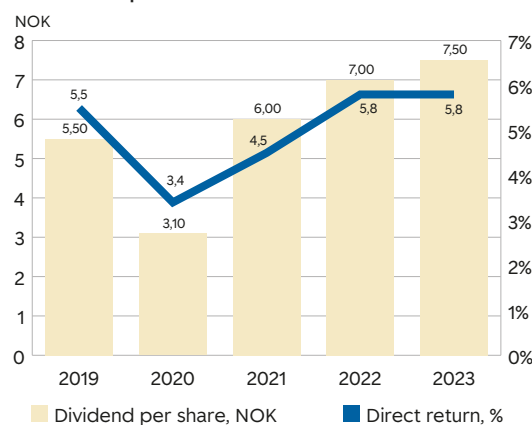
The dividend paid is based on the parent bank's distributable profit, which was NOK 5,317 million for 2023. In line with the dividend policy, various factors are taken into consideration when proposing dividends, with particular weight being attached to capital requirements and the Tier 1 capital ratio. The board is proposing a dividend of NOK 7.50 per share for 2023, which corresponds to 49.2% of the consolidated profit per share, excluding gains from the sale of SR-Markets and the write-down of shares in Kreditor AS in SpareBank 1 Gruppen. The uncorrected dividend ratio is 46.1%.

The board proposes the following allocations for the 2023 financial year:

	NOK millions
Parent company net profit for the year	5,317
Distributable	5,317
Dividend (NOK 7.50 per share)	1,982
<b>Retained earnings</b>	<b>3,335</b>

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



## Outlook

Norges Bank raised its policy rate from 4.25% to 4.50% in December 2023 and indicated that the policy rate would remain at this level for some time to come.



The companies in the SR Business Barometer for Southern Norway are making preparations for a more demanding situation in 2024. The companies report that profitability is under pressure, investment levels are low and order reserves are dropping. On the positive side, the companies have had time to adapt, and the vast majority have fared well so far. The Business Barometer also shows that there are large differences between industries and regions. The energy sector expects solid profitability and big opportunities in the coming year.

House prices fell further in December and the figure for the annual growth in house prices was a modest 0.5%. Stavanger and Kristiansand saw the strongest growth in house prices in 2023 with increases of 5.4% and 5.3%, respectively. Real Estate Norway expects house price growth of 4% in 2024 in Norway.

The group is a bank for the whole of Southern Norway, in which the Oslo region is a particular focus area. In May, the bank marked the fifth anniversary of its establishment in Oslo and Viken. Having a presence in this market is important with respect to geographical diversification and creating a greater basis for growth and increased earnings.

At the beginning of 2023, the board approved 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, cost efficiency and a diversified portfolio. The group's cost/income ratio target is less than 40%.

Based on the authorities' Common Equity Tier 1 capital ratio requirements and expectations concerning capital requirement margins, the group's Common Equity Tier 1 capital ratio target is at least 16.39% as at 31.12.2023.

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 is to distribute 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.

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 2023 and assure them that it will make every effort to ensure that this teamwork continues.

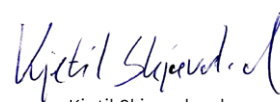
Stavanger 7 March 2023



Dag Mejdell  
Chair of the board



Kate Henriksen



Kjetil Skjæveland



Trine Sæther Romuld



Jan Skogseth



Camilla AC Tefers



Sally Lund-Andersen  
Employee representative



Kristian Kristensen  
Employee representative



Benedicte Schilbred Fasmer  
Chief Executive Officer



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## INCOME STATEMENT

Parent bank		(Figures in NOK millions)	Note	Group	
2022	2023			2023	2022
6,051	11,764	Interest income effective interest method	18	15,964	8,459
912	2,534	Other interest income	18	2,551	940
3,111	8,819	Interest expense	18	12,378	4,883
3,853	5,480	<b>Net interest income</b>		<b>6,136</b>	4,516
1,132	1,305	Commission income	19	2,040	1,836
87	111	Commission expense	19	111	87
24	16	Other operating income	19	9	21
1,070	1,210	<b>Net commissions and other operating income</b>		<b>1,939</b>	1,770
53	31	Dividends		66	70
1,055	1,475	Income from ownership interests	38	288	453
-40	497	Net gain/loss from financial investments	20	315	233
1,069	2,003	<b>Net income from financial investments</b>		<b>669</b>	756
5,991	8,692	<b>Total net income</b>		<b>8,745</b>	7,042
1,234	1,471	Salaries and other personell expense	21	2,053	1,788
692	851	Other operating expense	22	1,081	865
137	130	Depreciation and impairment of fixed and intangible assets	29,30,31	166	173
2,064	2,453	<b>Total operating expense</b>		<b>3,299</b>	2,825
3,927	6,239	<b>Pre-tax operating profit before impairment</b>		<b>5,445</b>	4,216
4	-235	Impairment losses on loans and other financial liabilities	10	-232	5
3,923	6,475	<b>Pre-tax operating profit</b>		<b>5,677</b>	4,211
670	1,158	Tax expense	24	1,202	834
3,253	5,317	<b>Profit for the year</b>		<b>4,475</b>	3,378
3,168	5,142	Portion attributable to shareholders		4,300	3,293
85	175	Portion attributable to hybrid capital owners		175	85
3,253	5,317	<b>Profit for the year</b>		<b>4,475</b>	3,378
<b>Comprehensive Income Statement</b>					
1	6	Actuarial gains and losses		4	3
-	-1	Tax effect of actuarial gains and losses		-1	-1
1	4	<b>Items that will not be reclassified to the income statement</b>		<b>3</b>	2
1	-3	Change in ECL 12 months		-	-
		Change in value, basis swap	27	-113	120
		Tax effect of change in value, basis swaps	27	28	-30
		Share of other comprehensive income in associated companies and joint ventures		6	10
1	-3	<b>Items that may subsequently be reclassified to the income statement</b>		<b>-78</b>	100
2	2	<b>Other comprehensive income for the year</b>		<b>-76</b>	102
3,255	5,319	<b>Total comprehensive income</b>		<b>4,400</b>	3,480
1.21	1.86	Profit after tax as percentage of average total assets		1.24	0.98
<b>Earnings per share</b>					
12.39	19.46	Earnings per share <sup>1)</sup>	21,40	16.27	12.88
12.39	19.46	Diluted earnings per share <sup>2)</sup>	21,40	16.27	12.88

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

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

## BALANCE SHEET

Parent bank		(Figures in NOK millions)	Note	Group	
2022	2023			2023	2022
<b>Assets</b>					
76	88	Cash and receivables from the central bank	36	88	76
25,760	20,044	Loans to and receivables from credit institutions	7	5,536	11,939
146,988	170,704	Loans to customers	8,11,13	270,757	251,272
54,882	56,065	Certificates and bonds	13,26	57,681	53,989
28,131	23,210	Financial derivatives	27	16,179	18,612
496	381	Shares, ownership stakes and other securities	28	680	848
2,593	3,895	Investments in ownership interests	38	6,000	5,041
7,547	7,354	Investments in group companies	38	-	-
70	70	Intangible assets	29	368	454
1,102	2,538	Deferred tax asset	24	2,612	1,075
273	301	Fixed assets	30	948	923
857	900	Right-of-use assets	31	366	314
767	553	Other assets	32	971	1,186
<b>269,542</b>	<b>286,102</b>	<b>Total assets</b>		<b>362,186</b>	<b>345,730</b>
<b>Liabilities</b>					
9,585	3,560	Debt to credit institutions	7	3,188	3,428
148,442	149,309	Deposits from customers	33	149,076	148,100
51,364	55,146	Securities issued	34	138,353	135,353
20,224	22,475	Financial derivatives	27	13,697	15,771
1,206	2,557	Taxes payable	24	2,706	1,345
903	956	Lease liabilities	31	390	336
245	253	Pension commitments	23	261	251
138	128	Impairment provisions on financial liabilities	10	129	138
584	739	Other liabilities	35	1,024	858
9,301	17,017	Senior non-preferred debt	34	17,017	9,301
2,161	2,784	Subordinated loan capital	37	2,784	2,161
<b>244,152</b>	<b>254,925</b>	<b>Total liabilities</b>		<b>328,626</b>	<b>317,042</b>
<b>Equity</b>					
6,394	6,607	Share capital	40	6,607	6,394
1,587	2,354	Share premium reserve		2,354	1,587
1,790	1,982	Allocated dividend		1,982	1,790
1,700	3,155	Hybrid capital	40	3,155	1,700
13,919	17,078	Other equity		19,462	17,217
<b>25,390</b>	<b>31,176</b>	<b>Total equity</b>		<b>33,561</b>	<b>28,687</b>
<b>269,542</b>	<b>286,102</b>	<b>Total liabilities and equity</b>		<b>362,186</b>	<b>345,730</b>

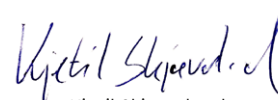
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Sally Lund-Andersen  
Employee representative



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	Value of basis swap defined as hedging instrument	Other equity	Total equity
Equity 31.12.2021	6,394	1,587	1,850		14,072	23,902
Net profit for the year			85		3,168	3,253
Actuarial gains/losses after tax on pension schemes					1	1
Change in ECL <sup>1)</sup> 12 months					1	1
Total comprehensive income			85		3,170	3,255
Hybrid capital			-150			-150
Interest hybrid capital			-85			-85
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		15,709	25,390
Net profit for the year			175		5,142	5,317
Actuarial gains/losses after tax on pension schemes					4	4
Change in ECL <sup>1)</sup> 12 months					-3	-3
Total comprehensive income			175		5,143	5,319
Hybrid capital			1,455			1,455
Interest hybrid capital			-175			-175
Dividends in 2022, finally determined in 2023					-1,790	-1,790
Share issue	213	768				981
Trade in treasury shares					-2	-2
Transactions with shareholders	213	768			-1,793	-812
<b>Equity 31.12.2023</b>	<b>6,607</b>	<b>2,354</b>	<b>3,155</b>		<b>19,060</b>	<b>31,176</b>
<b>Group</b>						
Equity 31.12.2021	6,394	1,587	1,850	-25	17,373	27,179
Effect of implementation IFRS 17 in SpareBank 1 Gruppen					-234	-234
Equity 1.1.2022	6,394	1,587	1,850	-25	17,139	26,945
Net profit for the year			85		3,293	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			85	90	3,305	3,480
Hybrid capital			-150			-150
Interest hybrid capital			-85			-85
Transactions against equity in subsidiaries and associated companies					30	30
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	65	18,941	28,687
Net profit for the year			175		4,300	4,475
Actuarial gains/losses after tax on pension schemes					3	3
Basis swap spread after tax				-85		-85
Share of other comprehensive income from associated companies					6	6
Total comprehensive income			175	-85	4,309	4,400
Hybrid capital			1,455			1,455
Interest hybrid capital			-175			-175
Transactions against equity in subsidiaries and associated companies					5	5
Dividends in 2022, finally determined in 2023					-1,790	-1,790
Share issue	213	768				981
Trade in treasury shares					-2	-2
Transactions with shareholders	213	768			-1,792	-812
<b>Equity 31.12.2023</b>	<b>6,607</b>	<b>2,354</b>	<b>3,155</b>	<b>-19</b>	<b>21,464</b>	<b>33,561</b>

<sup>1)</sup> ECL - expected credit loss

## STATEMENT OF CASH FLOW

(Figures in NOK millions)

### Accounting policies

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.

Parent bank				Group	
2022	2023		Note	2023	2022
-7,690	-23,276	Change in loans to customers	8	-19,045	-22,658
5,783	10,470	Interest receipts from loans to customers		15,104	8,404
10,399	867	Change in deposits from customers	33	977	10,436
-2,021	-4,526	Interest payments on deposits from customers		-4,512	-2,010
-15,952	-340	Change in receivables and deposits with credit institutions	7	6,126	-15,429
239	1,087	Interest on receivables and debt to credit institutions		669	226
-561	-1,183	Change in certificates and bonds	26	-3,691	2,277
825	2,529	Interest receipts from certificates and bonds		2,559	866
1,070	1,221	Commission receipts		1,937	1,770
86	6,666	Capital gains from sale of financial instruments		6,892	70
-1,849	-2,136	Payments to operations		-3,187	-2,654
-	-1,206	Taxes paid	24	-1,355	-235
2,717	6,109	Other net payments		6,188	3,285
<b>-6,954</b>	<b>-3,717</b>	<b>A Net cash flow relating to operations</b>		<b>8,663</b>	<b>-15,653</b>
-79	-96	Aquisition of fixed assets	30	-124	-97
15	-	Receipts from sale of fixed assets	30	-	15
-235	-1,323	Long-term investments in shares		-439	-252
15	233	Receipts from sales of long-term investments in shares		253	31
1,108	1,506	Dividends from long-term investments in shares		660	402
<b>824</b>	<b>320</b>	<b>B Net cash flow relating to investments</b>		<b>349</b>	<b>100</b>
19,195	17,846	Increase in securities issued and senior non-preferred debt	34	17,846	42,894
-9,511	-10,805	Repayment – securities issued and senior non-preferred debt	34	-19,632	-22,017
-778	-3,774	Interest payments on securities issued and senior non-preferred debt		-7,381	-2,586
-	1,500	Borrowing and sale of own subordinated loans	37	1,500	-
-	-925	Repayments - subordinated loans	37	-925	-
-64	-161	Interest payments on subordinated loans		-161	-64
-	2,150	Increase in hybrid capital issued	40	2,150	-
-150	-695	Repayment - hybrid capital issued		-695	-150
-92	-175	Interest payments on debt established by issuing hybrid capital		-175	-92
-77	-83	Lease payments	31	-66	-58
-	981	Private placement		981	-
-1,535	-1,790	Dividend to shareholders		-1,790	-1,535
<b>6,989</b>	<b>4,068</b>	<b>C Net cash flow relating to funding activities</b>		<b>-8,349</b>	<b>16,392</b>
<b>858</b>	<b>671</b>	<b>A+B+C Net cash flow during the period</b>		<b>663</b>	<b>839</b>
542	1,400	Cash and cash equivalents 1.1.		1,419	580
<b>1,400</b>	<b>2,071</b>	<b>Cash and cash equivalents 31.12.</b>		<b>2,082</b>	<b>1,419</b>
<b>Specification of cash and cash equivalents</b>					
76	88	Cash and receivables from the central bank		88	76
1,324	1,983	Receivables from credit institutions at call		1,995	1,343
<b>1,400</b>	<b>2,071</b>	<b>Cash and cash equivalents 31.12.</b>		<b>2,082</b>	<b>1,419</b>

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.

<b>Subsidiaries - Ownership 100 %</b>
SR-Boligkreditt AS
EiendomsMegler 1 SR-Eiendom AS
FinStart Nordic with subsidiaries and associated companies
SpareBank 1 SR-Bank ForretningsPartner AS with subsidiaries
Finansparken Bjergsted AS
Rygir Industrier AS with subsidiaries (acquired assets)

<b>Investments in associated companies</b>	<b>Ownership interest in % 31.12</b>
BN Bank AS	35.02
SpareBank 1 Kreditt AS	16.68
SpareBank 1 Betaling AS	19.10
SpareBank 1 Bank og Regnskap AS	25.00
SpareBank 1 Gjeldsinformasjon AS	18.26
SpareBank 1 Forvaltning AS	35.85
SpareBank 1 Markets AS	33.34
Folkeinvest AS	36.87

<b>Investments in joint ventures</b>	<b>Ownership interest in % 31.12</b>
SpareBank 1 Gruppen AS	19.50
SpareBank 1 Utvikling AS	18.00

<b>Distribution of stakes in companies where the management structure is regulated by an agreement between the owners (stakes in %)</b>	<b>SpareBank 1 Gruppen AS</b>	<b>BN Bank ASA</b>
SpareBank 1 SR-Bank	19.50	35.00
SpareBank 1 SMN	19.50	35.00
SpareBank 1 Nord-Norge	19.50	10.00
Samarbeidende Sparebanker	19.50	
SpareBank 1 Østlandet	12.50	10.00
SpareBank 1 Sørøst-Norge		7.50
SpareBank 1 Østfold Akershus		2.50
LO	9.60	

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 36 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 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 7.3.2024. 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 IFRS® Accounting Standards as adopted by the EU.

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.

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 31.12.2023.

### GENERAL ACCOUNTING POLICIES

#### 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.

#### 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.

### CHANGES IN ACCOUNTING POLICIES

New and revised standards that were applied in 2023: Amendments to IAS 1 Presentation of Financial Statement and a new IFRS 17 Insurance Contracts replacing IFRS 4 Insurance Contracts have been adopted since 1 January 2023. There are no other new standards, amendments to the standards or interpretations that materially affect the accounts of the group or the parent company adopted.

#### IAS 1 Requirement to disclose material information regarding accounting policies

The amendment amended IAS 1 to replace the requirement for entities to disclose their significant accounting policies with the requirement to disclose their material accounting policy information. Effective as of 1 Januar 2023.

#### IFRS 17 Insurance contracts

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

The objective of the new standars is to eliminate differing

practices in the accounting of insurance contracts. The main elements of the new model is as follows:

- 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.

The effect on equity as per 1.1.2022 for the Group following the implementation of IFRS 17 / IFRS 9 by SpareBank 1 Gruppen was NOK 234 million in reduced equity. Profit after tax for 2022 from SpareBank 1 Gruppen was reduced with NOK 32 million after the implementation effect was taken into account, resulting in a total effect on equity of NOK 202 million as per 1.1.2023. Group income statement 2022 and key figures has not been altered.

#### IFRS 17 Effect 2022: 01.01.22 - 31.12.22

Group equity 31.12.2021	27,179
Implementation of IFRS 17/IFRS 9	-234
Effect on profit after tax 2022 from the implementation of IFRS 17/IFRS 9	32
IFRS 17/IFRS 9 implementation effect on equity	-202
Other changes in equity 2022	1,710
Group equity 1.1.2023	28,687
Group profit after tax before implementation	3,378
Effect of implementation IFRS17/IFRS9	32
Adjusted Group profit after tax 2022	3,410

#### New standards and interpretations that have not been adopted yet

There are a number of new standards, changes to the standards and interpretations that are mandatory for future annual accounts. There are no standards or interpretations that have not been adopted yet, that are expected to have any material effects on the group's statements.

## NOTE 3 CRITICAL ESTIMATES AND JUDGEMENTS CONCERNING USE OF THE ACCOUNTING POLICIES

The preparation of financial information entails the executive management using estimates, judgements and assumptions that affect the effect of the application of the accounting policies and thus the amounts recognised for assets, liabilities, income, and costs. Estimates and judgements are continuously evaluated, and are made based on previous experiences as well as expectations regarding future events deemed probable on the balance sheet time.

### Impairments on loans

The group conducts 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 more than 90 days past due; larger exposures in default are evaluated on a quarterly basis.

The group's risk classification systems are described under financial risk management in the annual report.

The group carries out an impairment if there is objective evidence that can be identified for an individual exposure, and the objective evidence entails a reduction in future cash flows for servicing the exposure. 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. Account is taken of subsequent changes in interest rates for loan agreements with variable rates if these changes 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 (underabsorption) 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 or not 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.

Climate related issues are given increased attention in the credit assessments, and the related risks are first and foremost uncovered through the utilisation of an ESG-module in the credit related work. A need for specific, climate related impairment provisions has so far not been deemed necessary. The scoring from the ESG-module is included in the stress test-model that is utilised as part of ICAAP and other stress testing. Further development and clarifications regarding how expectations of climate related credit losses are to be included in the impairment provisions/IFRS 9-model are still needed. Also refer to note 6.

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 the aforementioned working group. As at 31.12.2023, the base case scenario had a 80% weighting, the adverse scenario had 15% weighting and the stress scenarios had a weighting of 5%. The weighting is the same for all portfolios and reflects the uncertainty associated with economic developments 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 70% and the adverse scenario and stress scenario were both increased to 15%. Such a change in the scenario weighting would, all else equal, increase the group's expected impairment losses for commitments without individual impairment by NOK 123 million.

## Sensitivity Calculations

(NOK millions)

Weights used as at 31.12.2023	Base scenario	Adverse scenario	Stress scenario	Corporate market	SME and agriculture	Retail market	SR-Bolig-kreditt	Not distributed	Total Group	Change in applied scenario
ECL in Base scenario				487	197	51	30	1	766	
ECL in Adverse scenario				596	236	83	64	1	980	
ECL in Stress scenario				1,245	474	152	128	2	2,001	
ECL with applied scenario weighting (current, used from fourth quarter of 2023)	80.0 %	15.0 %	5.0 %	541	217	61	40	1	860	
Alternative scenario weighting I (used second and third quarter of 2023 )	80.0 %	12.5 %	7.5 %	557	223	62	42	1	885	25
Alternative scenario weighting II	80.0 %	10.0 %	10.0 %	573	229	64	44	1	911	51
Alternative scenario weighting III	75.0 %	15.0 %	10.0 %	579	231	66	45	1	922	62
Alternative scenario weighting IV	75.0 %	10.0 %	15.0 %	612	243	69	48	1	973	113
Alternative scenario weighting V	70.0 %	15.0 %	15.0 %	616	245	71	50	1	983	123

### Weights used as at 31.12.2022

ECL in upside scenario				176	76	34	14		287	
ECL in base scenario				219	90	37	14		360	
ECL in downside scenario				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 %	485	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 %	847	285	99	65		1 296	536
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	-181
Alternative scenario weighting III (illustration, not used before)	25.0 %	50.0 %	25.0 %	601	208	75	46		930	170
Alternative scenario weighting IV (illustration, not used before)	33.3 %	33.3 %	33.3 %	725	248	88	57		1 118	358

Closely monitoring customers and prevention work are important measures actively employed by the group to maintain its good risk profile in the group's loan portfolio.

## Fair value of financial derivatives and other financial instruments

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.

## IT-infrastructure

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.

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

## NOTE 4 SEGMENT REPORTING

### Accounting policies

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 decisionmaking authority. The figures in the segment reporting are based on internal reporting for the group executive management team.

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)

2023	Retail Market	Corporate Market	SME & Agriculture	Other activities	Eliminations	Group
<b>Income statement</b>						
Net interest income <sup>1)</sup>	2,097	2,246	956	853	-15	6,136
Net commission and other income	652	395	140	822	-70	1,939
Net income on investment securities	19	66	34	550	-	669
<b>Total net income</b>	<b>2,768</b>	<b>2,707</b>	<b>1,130</b>	<b>2,225</b>	<b>-85</b>	<b>8,745</b>
Total operating expenses	718	219	140	2,309	-85	3,299
Operating profit before losses	2,051	2,489	990	-83	-	5,445
Impairment losses on loans and other financial liabilities	4	-299	63	-	-	-232
<b>Pre-tax profit</b>	<b>2,046</b>	<b>2,788</b>	<b>927</b>	<b>-83</b>	<b>-</b>	<b>5,677</b>
<b>Balance sheet items (MNOK)</b>						
Loans to customers	159,440	86,048	21,626	5,048	-160	272,001
Impairment provisions on loans	-135	-874	-236	-	-	-1,244
Deposits from customers	70,184	51,322	21,885	5,918	-232	149,076
2022						
Net interest income <sup>1)</sup>	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
<b>Total net income</b>	<b>2,423</b>	<b>2,022</b>	<b>786</b>	<b>1,897</b>	<b>-87</b>	<b>7,042</b>
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
<b>Pre-tax profit</b>	<b>1,782</b>	<b>1,890</b>	<b>611</b>	<b>-72</b>	<b>-</b>	<b>4,211</b>
<b>Balance sheet items (MNOK)</b>						
Gross loans to customers	151,678	78,098	18,739	4,660	-218	252,957
Impairment provisions on loans	-153	-1,320	-212	-	-	-1,685
Deposits from customers	66,562	58,061	20,232	3,587	-342	148,100

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.

Geographic distribution	Rogaland		Agder		Vestland		Oslo/Viken		SR-Bank Group	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Net interest income	4,699	3,351	354	309	670	559	414	297	6,136	4,516
Net commissions and other operating income	1,351	1,225	200	193	300	285	87	67	1,939	1,770
Net income from financial investments	688	687	13	4	14	10	-45	55	669	756
Operating expenses	2,806	2,297	189	178	250	246	54	105	3,299	2,825
<b>Operating profit before impairment losses</b>	<b>3,931</b>	<b>2,967</b>	<b>377</b>	<b>327</b>	<b>735</b>	<b>608</b>	<b>402</b>	<b>314</b>	<b>5,445</b>	<b>4,216</b>
Impairment losses on loans and other financial liabilities	-249	-10	2	6	13	8	2	1	-232	5
<b>Pre-tax profit</b>	<b>4,180</b>	<b>2,976</b>	<b>376</b>	<b>321</b>	<b>722</b>	<b>600</b>	<b>399</b>	<b>314</b>	<b>5,677</b>	<b>4,211</b>
<b>Balance sheet items (MNOK)</b>										
Gross loans to customers	179,587	171,812	25,555	22,779	42,061	38,349	24,798	20,018	272,001	252,957
Impairment provisions on loans	-1,196	-1,633	-29	-30	-17	-21	-3	-	-1,244	-1,685
Deposits from customers <sup>3)</sup>	124,520	124,581	8,233	7,894	11,734	12,540	4,589	3,085	149,076	148,100

3) The distribution for 2022 is changed following improved data

## NOTE 5 CAPITAL ADEQUACY

(Figures in NOK millions)

Capital adequacy is calculated and reported in accordance with the EU capital requirements for banks and investment firms (CRR/CRD). 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 buffer, Pillar 2 premium and capital requirement margin, was 16.39 percent at 31.12.2023. The requirement consists of a 4.50 percent minimum requirement plus a capital conservation buffer of 2.50 percent, a systemic risk buffer of 4.46 percent, a countercyclical buffer of 2.50 percent, and a capital requirement margin of 2.50 percent. In addition, the Financial Supervisory Authority of Norway has set an individual Pillar 2 requirement of 1.60 percent, of which 0.90 percent must be covered by common equity Tier 1 capital. The bank has also received a temporary Pillar 2 surcharge of 0.50 percent, of which 0.28 percent must be covered by Common equity Tier 1 capital until the model change has been processed by the Norwegian Financial Supervisory Authority.

Risk weights for residential mortgages are subject to a regulatory floor of 20 percent. As of 31.12.2023, an adjustment has been

made at group level to reach a 20 percent average risk weight. The floor is presented under Other risk exposures.

Norwegian engagements must have a systemic risk buffer of 4.50 percent. For engagements in other countries, the relevant country's rate must be used. As of 31.12.2023, the real rate for the parent bank and group is 4.46 percent.

The countercyclical buffer is 2.50 percent for Norwegian engagements. For other countries, the relevant country's rate shall be used, if they have not set a rate, then the Norwegian rate shall be used, unless the Ministry of Finance determines a different rate. As of 31.12.2023, the parent bank is above and the group level below the exemption limit. The real rate for the parent bank is 2.49 percent and for the group 2.50 percent.

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, SpareBank 1 Kreditt and SpareBank 1 Markets. A proportionate consolidation is carried out for the group's capital ratio.

Parent bank			Group		
2022	2023		2023	2022	
6,394	6,607	Share capital	6,607	6,394	
1,587	2,354	Premium reserve	2,354	1,587	
1,790	1,982	Allocated to dividend	1,982	1,790	
1,700	3,155	Hybrid capital	3,155	1,700	
13,919	17,078	Other equity	19,462	17,418	
25,390	<b>31,176</b>	<b>Total equity</b>	<b>33,561</b>	28,889	
		<b>Deductions</b>			
-70	-70	Deferred taxes, goodwill and other intangible assets <sup>1)</sup>	-1,382	-704	
-1,790	-1,982	Allocated dividend	-1,982	-1,790	
-612	-764	IRB shortfall of credit risk adjustments to expected losses	-929	-733	
	-4	Insufficient coverage for non-performing exposures	-4	-	
-1,700	-3,155	Hybrid capital that cannot be included in CET 1 capital	-3,155	-1,700	
-	-	CET 1 capital in significant investments in financial institutions	-	-235	
-237	-277	CET 1 capital in not essential investments in financial institutions	-243	-241	
-64	-72	Value adjustment due to requirements concerning proper valuation	-89	-80	
20,916	<b>24,852</b>	<b>Common equity Tier 1 capital</b>	<b>25,777</b>	23,405	
1,700	3,155	Hybrid capital	3,290	1,836	
	-155	Hybrid capital that cannot be included in Tier 1 capital	-155		
-48	-48	Deduction for essential investments in financial institutions	-48	-48	
22,568	<b>27,804</b>	<b>Tier 1 capital</b>	<b>28,864</b>	25,193	
		<b>Tier 2 capital</b>			
2,097	2,672	Term subordinated loan capital	2,916	2,272	
-188	-193	Deduction for essential investments in financial institutions	-193	-188	
1,909	<b>2,479</b>	<b>Tier 2 capital</b>	<b>2,724</b>	2,084	
24,477	<b>30,283</b>	<b>Own funds</b>	<b>31,587</b>	27,277	

Parent bank			Group	
2022	2023		2023	2022
<b>Credit risk</b>				
16,351	17,677	Corporates - SME	17,684	16,359
22,825	21,331	Corporates - Specialised Lending	24,867	25,379
10,745	11,635	Corporates - Other	11,953	11,011
965	1,123	Retail - Secured by real estate SME	1,584	1,408
10,320	14,392	Retail - Secured by real estate non-SME	37,019	32,983
140		Retail - Other SME	161	140
1,803	1,551	Retail - Other non-SME	1,609	1,872
12,314	13,868	Equity positions	-	-
<b>75,462</b>	<b>81,577</b>	<b>Total credit risk, IRB approach</b>	<b>94,878</b>	<b>89,153</b>
26	21	Central governments or central banks	29	26
67	82	Regional governments or local authorities, Public sector entities	288	222
7,101	4,716	Institutions	1,967	1,818
10,201	11,266	Corporates	11,906	10,553
3,595	3,498	Retail	4,630	4,472
		Secured by mortgages on immovable property	652	555
1	1	Exposures in default	49	35
-	-	Items associated with particular high risk	469	545
2,220	2,557	Covered bonds	2,775	1,997
-	-	Collective investments undertakings (CIU)	2	16
6,000	6,000	Equity positions	5,476	6,289
4,266	8,331	Other assets <sup>1)</sup>	9,090	4,930
<b>33,476</b>	<b>36,474</b>	<b>Total credit risk, standardised approach</b>	<b>37,332</b>	<b>31,457</b>
		Debt risk	6	
		Equity risk	69	
		Foreign Exchange risk	18	
286	576	Credit value adjustment risk (CVA)	753	416
7,377	8,903	Operational risk	13,243	11,121
292	-	Other risk exposures <sup>2)</sup>	74	2,177
<b>116,893</b>	<b>127,529</b>	<b>Total risk exposure amount</b>	<b>146,371</b>	<b>134,324</b>
5,260	5,739	Minimum requirement Common Equity Tier 1 capital 4.5%	6,587	6,045
<b>Buffer requirement</b>				
2,922	3,188	Capital conservation buffer 2.5%	3,659	3,358
5,237	5,688	Systemic risk buffer 4.5%	6,528	6,014
2,335	3,175	Countercyclical buffer 2.5%	3,659	2,686
10,494	12,052	Total buffer requirement to Common Equity Tier 1 capital ratio	13,847	12,058
5,161	<b>7,062</b>	<b>Available Common Equity Tier 1 capital ratio after buffer requirement</b>	<b>5,344</b>	5,302
17.89 %	19.49 %	Common Equity Tier 1 capital ratio (Regulatory requirement group 16.39%)	17.61 %	17.42 %
19.31 %	21.80 %	Tier 1 capital ratio (Regulatory requirement group 18.29%)	19.72 %	18.76 %
20.94 %	23.75 %	Capital ratio (Regulatory requirement group 20.81%)	21.58 %	20.31 %
8.24 %	9.46 %	Leverage ratio (Regulatory requirement group 3%)	7.19 %	6.85 %

<sup>1)</sup> Common equity Tier 1 capital is affected by deductions linked to deferred tax assets (DTA). In addition, the total risk exposure amount under the item other assets is affected. DTA arise due to temporary differences between accounting and tax results. These differences will even out over time, but can significantly impact taxes payable and DTA recognised in the the balance sheet in certain periods, and thereby negatively affect the capital adequacy.

<sup>2)</sup> 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 19.96 %, while in the banking group (SR Bank and SR Boligkreditt) it would have been 19.57% as at 31 December 2023.

## 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 risk** is 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, including bonds in the liquidity portfolio as well as shares and other equity instruments. In addition, the group is exposed to some market risk through 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. SpareBank 1 SR-Bank are not to take currency risk through its normal banking and financing operations. Therefore, currency exposure must be uncovered.

Simultaneously, the Group has delegated a currency risk limit to SpareBank 1 Markets. The risk which can be taken is regulated by nominal limits for maximal aggregated currency position and maximal position in one single currency. SpareBank 1 Markets is responsible for all profit and loss occurring from the use of the currency risk limits.

**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. The group's risk exposure to this type of risk is regulated by limits for maximum investments.

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. The Group has developed a new framework and model for assessment of sustainability risk (ESG-scoring), together with other banks in the SpareBank 1-Alliance 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 framework includes evaluation criteria related to a broad number of specific industries as well as inherent risk per industry.

The ESG scores are based on assessment criteria 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. The assessment criteria for transition risk includes both climate- and environment, which includes nature risk and circular economy. 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.

The experience with the framework is good, and it gives a good ranking of the customers. The goal of the scoring is to assess the customers sustainability risk, as well as helping the customer advisors in the dialogue regarding sustainability with the customers. The Group's overall 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.

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 (16.7%), SpareBank 1 Betaling AS (19.1%), SpareBank 1 Bank og Regnskap AS (25.0%), SpareBank 1 Gjeldsinformasjon AS (18.3%), SpareBank 1 Markets AS (33.3%), and Folkeinvest AS (36.9%).

**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	
2022	2023		2023	2022
		<b>Loans to and receivables from credit institutions</b>		
1,324	1,983	Receivables at call	1,995	1,343
13,846	14,520	At call	-	6
10,589	3,541	With agreed maturities or notice	3,541	10,590
25,760	<b>20,044</b>	<b>Total</b>	<b>5,536</b>	11,939
24,435	18,061	NOK	3,553	10,615
1,324	1,983	Currency	1,983	1,324
25,760	<b>20,044</b>	<b>Total</b>	<b>5,536</b>	11,939
		<b>Debt to credit institutions</b>		
6,364	1,035	At call	663	207
3,221	2,525	With agreed maturities or notice	2,525	3,221
9,585	<b>3,560</b>	<b>Total</b>	<b>3,188</b>	3,428
9,445	3,540	NOK	3,169	3,288
140	19	Currency	19	140
9,585	<b>3,560</b>	<b>Total</b>	<b>3,188</b>	3,428
		<b>Received securities that can be sold or mortgaged</b>		
		<b>Resale agreements</b>		
9,284	2,023	Certificates and bonds	2,023	9,284
9,284	<b>2,023</b>	<b>Total received securities</b>	<b>2,023</b>	9,284
-	-	<b>Of which received securities that are sold or mortgaged</b>	-	-
-	-	<b>Certificates and bonds</b>	-	-

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)

### Accounting Policies

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.

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.

Parent bank			Group	
2022	2023		2023	2022
99,136	109,884	Loans at amortised cost	264,236	245,096
41,627	54,250	Loans at fair value through OCI		
7,861	7,765	Loans at fair value through profit or loss	7,765	7,861
<b>148,624</b>	<b>171,900</b>	<b>Gross loans</b>	<b>272,001</b>	<b>252,957</b>
-1,648	-1,204	- Impairment provisions	-1,244	-1,685
12	8	- Home mortgages at fair value through OCI		
<b>146,988</b>	<b>170,704</b>	<b>Net loans</b>	<b>270,757</b>	<b>251,272</b>
		<b>Gross loans distributed by market</b>		
52,346	64,773	Retail Market	164,642	156,483
77,880	86,129	Corporate Market	85,977	77,666
18,330	21,242	SME & Agriculture	21,627	18,740
722	884	Public sector	884	722
-654	-1,129	Net corporate accounts currency <sup>1)</sup>	-1,129	-654
<b>148,624</b>	<b>171,900</b>	<b>Gross loans</b>	<b>272,001</b>	<b>252,957</b>
3,057	<b>3,301</b>	<b>Loans to employees</b>	<b>4,536</b>	4,147
2,061	2,090	Of which loans in SR Boligkreditt	2,883	2,777
		The terms are one percentage point lower than the standardised rate set by the Ministry of Finance.		
		<b>Loans sold to mortgage companies</b>		
104,398	100,045	Loans sold to SR-Boligkreditt	-	-
61	60	Received commissions from SR-Boligkreditt	-	-

Parent bank			Group	
2022	2023	Total exposure by probability of default (PD) <sup>1) 2) 3)</sup>	2023	2022
84,124	101,413	0.00 - 0.50%	195,305	179,876
78,695	85,020	0.50 - 2.50%	99,084	93,328
13,335	12,203	2.50 - 5.00%	12,877	14,109
4,815	8,111	5.00 - 99.9%	8,785	5,502
4,172	3,291	Exposures in default	3,357	4,234
<b>185,140</b>	<b>210,038</b>	<b>Total exposure</b>	<b>319,407</b>	297,049
-19,119	-20,356	Remaining credit lines for customers	-29,590	-26,659
-17,397	-17,782	Guarantees	-17,816	-17,433
<b>148,624</b>	<b>171,900</b>	<b>Gross loans</b>	<b>272,001</b>	252,957
<b>Gross loans by probability of default (PD)<sup>1) 2) 3)</sup></b>				
70,749	84,640	0.00 - 0.50%	169,450	159,153
60,648	68,632	0.50 - 2.50%	82,545	75,107
9,881	9,484	2.50 - 5.00%	10,138	10,623
4,251	6,704	5.00 - 99.9%	7,367	4,929
3,094	2,440	Exposures in default	2,500	3,146
<b>148,624</b>	<b>171,900</b>	<b>Total</b>	<b>272,001</b>	252,957
<b>Expected annual average net impairment provisions by probability of default PD<sup>2) 3) 4)</sup></b>				
16	18	0.00 - 0.50%	21	19
150	146	0.50 - 2.50%	148	152
84	78	2.50 - 5.00%	79	85
91	155	5.00 - 99.9%	156	92
45	175	Exposures in default	175	45
<b>385</b>	<b>572</b>	<b>Total</b>	<b>579</b>	392
<b>Gross loans to customers by industry segment<sup>8)</sup></b>				
3,641	4,924	Aquaculture	4,924	3,641
3,901	3,989	Industry	3,989	3,901
5,578	6,370	Agriculture/forestry	6,370	5,578
4,832	7,376	Financial and insurance services	7,376	4,832
5,068	5,162	Administrative and support services	5,162	5,068
10,395	8,168	Other service industry	8,008	10,178
3,272	3,642	Wholesale and retail trade, hotels and restaurants	3,642	3,272
3,909	4,405	Offshore, oil and gas E&P	4,405	3,909
2,286	2,992	Oilservices	2,992	2,286
11,876	12,270	Building and construction	12,270	11,876
2,810	5,094	Renewable energy, water, and waste collection	5,094	2,810
29,927	35,036	Commercial real estate	35,036	29,927
10,133	9,394	Shipping and other transport	9,394	10,133
<b>97,628</b>	<b>108,821</b>	<b>Total corporate market</b>	<b>108,662</b>	97,410
50,995	63,078	Retail market	163,340	155,547
<b>148,624</b>	<b>171,900</b>	<b>Gross loans</b>	<b>272,001</b>	252,957
<b>Financial liabilities<sup>9)</sup></b>				
17,397	17,782	Guarantees customers	17,816	17,433
19,119	20,356	Unutilised credit lines for customers	29,590	26,659
13,441	9,979	Loan offers	9,979	13,441
<b>49,957</b>	<b>48,116</b>	<b>Gross financial liabilities</b>	<b>57,384</b>	57,532
<b>Other pledged guarantees and liabilities</b>				
6,022	5,335	Unutilised credit lines for credit institutions	-	-
589	515	Guarantees others	515	589
-	82	Letters of credit	82	-
<b>6,611</b>	<b>5,932</b>	<b>Total other pledged guarantees and liabilities</b>	<b>597</b>	589

Parent bank			Group	
2022	2023	Expected annual average impairment provisions by sector and industry <sup>2) 3) 8)</sup>	2023	2022
14	21	Aquaculture	21	14
29	26	Industry	26	29
3	3	Agriculture/forestry	4	3
24	40	Financial and insurance services	40	24
23	24	Administrative and support services	24	23
61	38	Other service industry	38	61
25	34	Wholesale and retail trade, hotels and restaurants	34	25
35	147	Offshore, oil and gas E&P	147	35
9	23	Oilservices	23	9
60	87	Building and construction	87	60
3	7	Renewable energy, water, and waste collection	7	3
70	97	Commercial real estate	97	70
17	12	Shipping and other transport	12	17
374	<b>558</b>	<b>Total corporate market</b>	<b>559</b>	374
11	<b>14</b>	<b>Retail market</b>	<b>21</b>	18
385	<b>572</b>	<b>Total</b>	<b>579</b>	392
<b>Gross loans by geographic area</b>				
69,987	77,628	Rogaland	142,463	138,937
25,562	28,478	Vestland	43,593	41,468
13,318	16,575	Agder	26,768	23,941
30,035	35,151	Oslo/Viken	43,795	37,567
3,677	4,342	International	4,565	3,909
6,045	9,726	Other	10,817	7,135
148,624	<b>171,900</b>	<b>Total</b>	<b>272,001</b>	252,957
<b>Loans to and receivables from customers related to financial leases<sup>7)</sup></b>				
<b>Gross investments related to financial leases</b>				
2,463	3,013	Up to 1 year	3,013	2,463
5,963	7,478	Between 1 to 5 years	7,478	5,963
663	751	Later than 5 years	751	663
9,089	<b>11,243</b>	<b>Total</b>	<b>11,243</b>	9,089
<b>Net investments related to financial leases</b>				
2,100	2,469	Up to 1 year	2,469	2,100
5,439	6,651	Between 1 to 5 years	6,651	5,439
635	708	Later than 5 years	708	635
8,173	<b>9,828</b>	<b>Total</b>	<b>9,828</b>	8,173

**Gross loans to customers by industry, with incremental impairment provisions and net loans**

Parent bank						
2023	Gross loans at amortised cost	Stage 1	Stage 2	Stage 3	Loans at fair value	Net loans
Aquaculture	4,908	-13	-16	-	16	4,895
Industry	3,936	-9	-10	-115	53	3,855
Agriculture/forestry	4,056	-1	-4	-2	2,314	6,363
Financial and insurance services	7,374	-19	-48	-67	2	7,242
Administrative and support services	5,106	-25	-13	-38	56	5,086
Other service industry	7,671	-31	-57	-86	496	7,994
Wholesale and retail trade, hotels and restaurants	3,489	-7	-15	-26	153	3,595
Offshore, oil and gas E&P	4,405	-3	-15	-19	-	4,368
Oilservices	2,992	-8	-24	-56	-	2,904
Building and construction	12,099	-24	-33	-82	171	12,131
Renewable energy, water, and waste collection	5,085	-9	-3	-	9	5,082
Commercial real estate	34,890	-57	-106	-41	146	34,832
Shipping and other transport	9,305	-9	-21	-	89	9,363
<b>Total corporate market</b>	<b>105,316</b>	<b>-216</b>	<b>-365</b>	<b>-531</b>	<b>3,505</b>	<b>107,710</b>
<b>Retail market</b>	<b>4,568</b>	<b>-9</b>	<b>-31</b>	<b>-52</b>	<b>58,510</b>	<b>62,986</b>
Adjustment for fair value through OCI					8	8
<b>Total</b>	<b>109,884</b>	<b>-225</b>	<b>-396</b>	<b>-584</b>	<b>62,024</b>	<b>170,704</b>

2022<sup>8)</sup>

Aquaculture	3,613	-9	-10	-	28	3,622
Industry	3,875	-12	-13	-106	26	3,770
Agriculture/forestry	3,434	-2	-7	-	2,144	5,569
Financial and insurance services	4,828	-21	-10	-7	4	4,794
Administrative and support services	5,026	-19	-20	-4	42	5,025
Other service industry	10,010	-61	-32	-18	385	10,285
Wholesale and retail trade, hotels and restaurants	3,150	-14	-13	-14	122	3,232
Offshore, oil and gas E&P	3,909	-2	-20	-800	-	3,087
Oilservices	2,286	-2	-	-1	-	2,284
Building and construction	11,726	-48	-36	-22	149	11,769
Renewable energy, water, and waste collection	2,801	-3	-1	-	9	2,805
Commercial real estate	29,790	-53	-83	-38	137	29,753
Shipping and other transport	10,043	-19	-12	-1	90	10,101
<b>Total corporate market</b>	<b>94,492</b>	<b>-266</b>	<b>-257</b>	<b>-1,010</b>	<b>3,136</b>	<b>96,096</b>
<b>Retail market</b>	<b>4,644</b>	<b>-13</b>	<b>-35</b>	<b>-68</b>	<b>46,352</b>	<b>50,880</b>
Adjustment for fair value through OCI					12	12
<b>Total</b>	<b>99,136</b>	<b>-278</b>	<b>-292</b>	<b>-1,078</b>	<b>49,500</b>	<b>146,988</b>



**Gross loans to customers by industry, with incremental impairment provisions and net loans**

Group	Gross loans at amortised cost	Stage 1	Stage 2	Stage 3	Loans at fair value	Net loans
<b>2023</b>						
Aquaculture	4,924	-13	-16	-	-	4,895
Industry	3,988	-9	-10	-115	1	3,854
Agriculture/forestry	5,676	-1	-4	-2	694	6,363
Financial and insurance services	7,376	-19	-48	-67	-	7,242
Administrative and support services	5,155	-25	-13	-38	7	5,086
Other service industry	7,947	-31	-57	-86	61	7,834
Wholesale and retail trade, hotels and restaurants	3,612	-7	-15	-26	30	3,595
Offshore, oil and gas E&P	4,405	-3	-15	-19	-	4,368
Oilservices	2,992	-8	-24	-56	-	2,904
Building and construction	12,249	-24	-33	-82	21	12,131
Renewable energy, water, and waste collection	5,089	-9	-3	-	5	5,082
Commercial real estate	34,951	-57	-106	-41	85	34,832
Shipping and other transport	9,386	-9	-22	-	8	9,363
<b>Total corporate market</b>	<b>107,750</b>	<b>-216</b>	<b>-366</b>	<b>-531</b>	<b>912</b>	<b>107,548</b>
<b>Retail market</b>	<b>156,486</b>	<b>-17</b>	<b>-60</b>	<b>-53</b>	<b>6,854</b>	<b>163,209</b>
<b>Total</b>	<b>264,236</b>	<b>-234</b>	<b>-426</b>	<b>-585</b>	<b>7,765</b>	<b>270,757</b>

2022<sup>8)</sup>

Aquaculture	3,638	-9	-10	-	3	3,622
Industry	3,900	-12	-13	-106	1	3,770
Agriculture/forestry	4,709	-2	-7	-	869	5,569
Financial and insurance services	4,832	-21	-10	-7	-	4,794
Administrative and support services	5,064	-19	-20	-4	4	5,025
Other service industry	10,124	-61	-32	-18	54	10,067
Wholesale and retail trade, hotels and restaurants	3,247	-14	-13	-14	24	3,232
Offshore, oil and gas E&P	3,909	-2	-20	-800	-	3,087
Oilservices	2,286	-2	-	-1	-	2,284
Building and construction	11,859	-48	-36	-22	17	11,769
Renewable energy, water, and waste collection	2,804	-3	-1	-	6	2,805
Commercial real estate	29,825	-53	-83	-38	102	29,753
Shipping and other transport	10,125	-19	-12	-1	8	10,101
<b>Total corporate market</b>	<b>96,322</b>	<b>-266</b>	<b>-258</b>	<b>-1,010</b>	<b>1,088</b>	<b>95,876</b>
<b>Retail market</b>	<b>148,774</b>	<b>-22</b>	<b>-60</b>	<b>-69</b>	<b>6,773</b>	<b>155,396</b>
<b>Total</b>	<b>245,096</b>	<b>-288</b>	<b>-318</b>	<b>-1,079</b>	<b>7,861</b>	<b>251,272</b>

**Gross loans by risk class**

Parent bank	2023				2022			
	Stage 1	Stage 2	Stage 3	Gross loans	Stage 1	Stage 2	Stage 3	Gross loans
A - C	80,149	1,750	6	81,905	67,968	489	-	68,457
D - F	62,122	8,258	252	70,632	56,625	5,070	17	61,712
G - I	9,771	7,290	852	17,913	9,818	5,531	342	15,691
J - K	77	-	1,373	1,450	30	-	2,734	2,764
<b>Total</b>	<b>152,119</b>	<b>17,298</b>	<b>2,483</b>	<b>171,900</b>	<b>134,441</b>	<b>11,090</b>	<b>3,093</b>	<b>148,624</b>
<b>Group</b>								
A - C	162,694	3,899	6	166,599	155,434	1,309	-	156,743
D - F	73,797	10,692	252	84,741	69,651	6,682	21	76,354
G - I	9,961	8,344	853	19,158	10,043	6,686	342	17,071
J - K	92	-	1,411	1,503	40	-	2,749	2,789
<b>Total</b>	<b>246,544</b>	<b>22,935</b>	<b>2,522</b>	<b>272,001</b>	<b>235,168</b>	<b>14,677</b>	<b>3,112</b>	<b>252,957</b>

**Gross loans and financial liabilities, incremental distribution**

Parent bank	2023				2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Gross loans Corporate Market</b>								
Balance 1.1	68,347	6,878	2,722	77,947	60,751	5,523	2,457	68,731
Transferred to (from) Stage 1	-4,877	4,798	79	-	-3,808	3,781	27	-
Transferred to (from) Stage 2	869	-870	-	-	1,949	-1,954	5	-
Transferred to (from) Stage 3	35	269	-304	-	3	2	-5	-
Net increase/(decrease) balance existing loans	2,638	674	115	3,426	362	507	-49	820
New issued or purchased financial assets	33,054	1,185	840	35,078	24,976	1,720	967	27,663
Derecognised financial assets	-26,335	-2,931	-1,300	-30,567	-15,886	-2,701	-680	-19,267
<b>Balance 31.12</b>	<b>73,731</b>	<b>10,003</b>	<b>2,151</b>	<b>85,885</b>	<b>68,347</b>	<b>6,878</b>	<b>2,722</b>	<b>77,947</b>
<b>Gross loans SME &amp; Agriculture</b>								
Balance 1.1	16,163	2,006	161	18,330	13,991	1,704	145	15,840
Transferred to (from) Stage 1	-1,735	1,719	16	-	-1,200	1,181	19	-
Transferred to (from) Stage 2	425	-438	13	-	620	-634	14	-
Transferred to (from) Stage 3	-	8	-8	-	1	-	-1	-
Net increase/(decrease) balance existing loans	424	60	20	505	363	139	17	519
New issued or purchased financial assets	6,911	480	12	7,403	5,876	309	14	6,199
Derecognised financial assets	-4,357	-536	-102	-4,996	-3,488	-693	-47	-4,228
<b>Balance 31.12</b>	<b>17,831</b>	<b>3,299</b>	<b>112</b>	<b>21,242</b>	<b>16,163</b>	<b>2,006</b>	<b>161</b>	<b>18,330</b>
<b>Gross loans – retail market</b>								
Balance 1.1	49,931	2,205	210	52,346	54,069	2,025	269	56,363
Transferred to (from) Stage 1	-1,871	1,859	12	-	-994	961	34	-
Transferred to (from) Stage 2	443	-476	33	-	343	-356	13	-
Transferred to (from) Stage 3	3	13	-17	-	11	14	-25	-
Net increase/(decrease) balance existing loans	2,753	42	27	2,822	6,164	143	36	6,343
New issued or purchased financial assets	33,310	1,251	30	34,590	24,774	601	32	25,407
Derecognised financial assets	-24,011	-899	-75	-24,986	-34,436	-1,183	-149	-35,768
<b>Balance 31.12</b>	<b>60,558</b>	<b>3,996</b>	<b>220</b>	<b>64,773</b>	<b>49,931</b>	<b>2,205</b>	<b>210</b>	<b>52,346</b>
<b>Gross loans – total</b>								
Balance 1.1	134,441	11,090	3,093	148,624	128,811	9,252	2,871	140,934
Transferred to (from) Stage 1	-8,483	8,376	107	-	-6,002	5,923	80	-
Transferred to (from) Stage 2	1,737	-1,783	46	-	2,912	-2,944	32	-
Transferred to (from) Stage 3	38	291	-329	-	15	16	-31	-
Net increase/(decrease) balance existing loans	5,815	776	161	6,753	6,889	790	4	7,683
New issued or purchased financial assets	73,274	2,916	882	77,072	55,626	2,630	1,013	59,269
Derecognised financial assets	-54,704	-4,367	-1,477	-60,548	-53,810	-4,577	-876	-59,263
<b>Balance 31.12</b>	<b>152,119</b>	<b>17,298</b>	<b>2,483</b>	<b>171,900</b>	<b>134,441</b>	<b>11,090</b>	<b>3,093</b>	<b>148,624</b>
Of which loans at fair value through profit or loss	7,765			7,765	7,861			7,861
<b>Gross financial liabilities<sup>5) 6)</sup></b>								
Balance 1.1	46,358	2,515	1,084	49,957	39,667	1,668	1,198	42,533
Net increase/(decrease) in period	-1,859	317	-299	-1,841	6,690	847	-113	7,424
<b>Balance 31.12</b>	<b>44,499</b>	<b>2,832</b>	<b>785</b>	<b>48,116</b>	<b>46,357</b>	<b>2,515</b>	<b>1,085</b>	<b>49,957</b>

Group	2023				2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Gross loans Corporate Market</b>								
Balance 1.1	68,130	6,882	2,722	77,734	60,461	5,523	2,457	68,441
Transferred to (from) Stage 1	-4,877	4,798	79	-	-3,808	3,781	27	-
Transferred to (from) Stage 2	869	-870	-	-	1,949	-1,954	5	-
Transferred to (from) Stage 3	35	269	-304	-	3	2	-5	-
Net increase/(decrease) balance existing loans	2,643	674	115	3,431	362	507	-49	820
New issued or purchased financial assets	33,061	1,185	840	35,085	24,982	1,720	967	27,669
Derecognised financial assets	-26,283	-2,935	-1,300	-30,519	-15,819	-2,697	-680	-19,196
<b>Balance 31.12</b>	<b>73,578</b>	<b>10,003</b>	<b>2,151</b>	<b>85,732</b>	<b>68,130</b>	<b>6,882</b>	<b>2,722</b>	<b>77,734</b>
<b>Gross loans SME &amp; Agriculture</b>								
Balance 1.1	16,541	2,038	161	18,740	14,334	1,721	145	16,200
Transferred to (from) Stage 1	-1,743	1,724	19	-	-1,215	1,197	18	-
Transferred to (from) Stage 2	433	-446	13	-	621	-635	14	-
Transferred to (from) Stage 3	-	8	-8	-	1	-	-1	-
Net increase/(decrease) balance existing loans	443	62	20	525	374	142	17	533
New issued or purchased financial assets	7,007	488	12	7,507	6,008	314	15	6,337
Derecognised financial assets	-4,492	-551	-102	-5,145	-3,582	-701	-47	-4,330
<b>Balance 31.12</b>	<b>18,189</b>	<b>3,323</b>	<b>115</b>	<b>21,627</b>	<b>16,541</b>	<b>2,038</b>	<b>161</b>	<b>18,740</b>
<b>Gross loans – retail market</b>								
Balance 1.1	150,497	5,757	229	156,483	140,546	4,815	297	145,658
Transferred to (from) Stage 1	-5,149	5,134	15	-	-2,451	2,413	38	-
Transferred to (from) Stage 2	1,389	-1,445	56	-	1,118	-1,130	12	-
Transferred to (from) Stage 3	7	17	-24	-	16	22	-38	-
Net increase/(decrease) balance existing loans	6,365	102	27	6,494	8,824	202	38	9,064
New issued or purchased financial assets	58,778	2,301	32	61,112	64,345	1,602	38	65,985
Derecognised financial assets	-57,109	-2,256	-81	-59,446	-61,901	-2,167	-156	-64,224
<b>Balance 31.12</b>	<b>154,778</b>	<b>9,609</b>	<b>255</b>	<b>164,642</b>	<b>150,497</b>	<b>5,757</b>	<b>229</b>	<b>156,483</b>
<b>Gross loans – total</b>								
Balance 1.1	235,168	14,677	3,112	252,957	215,341	12,059	2,899	230,299
Transferred to (from) Stage 1	-11,769	11,655	114	-	-7,474	7,391	83	-
Transferred to (from) Stage 2	2,691	-2,760	70	-	3,688	-3,719	31	-
Transferred to (from) Stage 3	43	294	-336	-	20	24	-44	-
Net increase/(decrease) balance existing loans	9,450	838	161	10,450	9,560	851	6	10,417
New issued or purchased financial assets	98,847	3,974	884	103,704	95,335	3,636	1,020	99,991
Derecognised financial assets	-87,884	-5,742	-1,483	-95,109	-81,302	-5,565	-883	-87,750
<b>Balance 31.12</b>	<b>246,544</b>	<b>22,935</b>	<b>2,522</b>	<b>272,001</b>	<b>235,168</b>	<b>14,677</b>	<b>3,112</b>	<b>252,957</b>
<b>Gross financial liabilities<sup>5) 6)</sup></b>								
Balance 1.1	53,672	2,775	1,086	57,532	46,954	1,904	1,200	50,058
Net increase/(decrease) in period	-429	579	-297	-148	6,718	871	-114	7,474
<b>Balance 31.12</b>	<b>53,242</b>	<b>3,353</b>	<b>789</b>	<b>57,384</b>	<b>53,672</b>	<b>2,775</b>	<b>1,086</b>	<b>57,532</b>

#### Forbearance on gross loans and financial liabilities, incremental distribution

<b>Forbearance per stage</b>								
Loans	-	4,042	1,378	5,420	-	3,166	2,826	5,992
Financial liabilities	-	55	685	740	-	561	842	1,402
<b>Balance 31.12</b>	<b>-</b>	<b>4,097</b>	<b>2,063</b>	<b>6,160</b>	<b>-</b>	<b>3,726</b>	<b>3,668</b>	<b>7,394</b>

<sup>1)</sup> Loans to customers with a positive balance on corporate accounts

<sup>2)</sup> PD = probability of default

<sup>3)</sup> 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.

<sup>4)</sup> In the event of an impairment, all the loan capital is moved to the default class irrespective of earlier classification.

<sup>5)</sup> Financial liabilities not on the balance sheet that are the basis for impairment provisions. See also note 10

<sup>6)</sup> Other financial liabilities include guarantees, unutilised credit lines and loan offers.

<sup>7)</sup> Included in loans to customers

<sup>8)</sup> Updated classification of certain industries in 4th quarter 2023 effects historical figures.

## NOTE 9 LOANS SOLD TO SR-BOLIGKREDITT

### Accounting policies

The bank has concluded an agreement concerning the sale of loans with low loan-to-value and collateral in real estate to SR-Boligkreditt 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

## NOTE 10 IMPAIRMENT PROVISIONS ON LOANS AND FINANCIAL LIABILITIES

(Figures in NOK millions)

### Accounting Policies

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.

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.

**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.

### 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.

Parent bank	1.1.2023	Change in impairment provisions on loans	Change in impairment provisions on financial liabilities	Total 31.12.2023
<b>Impairment provisions on loans and financial liabilities</b>				
Impairment provisions after amortised cost – Corporate Market	1,430	-446	-17	967
Impairment provisions after amortised cost – SME & Agriculture	235	24	2	262
Impairment provisions after amortised cost – Retail Market	63	-14	5	54
Home mortgages at fair value through OCI	57	-8	-	50
<b>Total impairment provisions on loans and financial liabilities</b>	<b>1,786</b>	<b>-444</b>	<b>-9</b>	<b>1,333</b>
<b>Presented as:</b>				
Impairment provisions on loans	1,648	-444	-	1,204
Impairment provisions on financial liabilities	138	-	-9	128
<b>Total impairment provisions on loans and financial liabilities</b>	<b>1,786</b>	<b>-444</b>	<b>-9</b>	<b>1,333</b>

Impairment provisions on loans and financial liabilities	1.1.2022			Total 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
<b>Total impairment provisions on loans and financial liabilities</b>	<b>1,838</b>	<b>-37</b>	<b>-15</b>	<b>1,786</b>
<b>Presented as:</b>				
Impairment provisions on loans	1,685	-37	-	1,648
Impairment provisions on financial liabilities	153	-	-15	138
<b>Total impairment provisions on loans and financial liabilities</b>	<b>1,838</b>	<b>-37</b>	<b>-15</b>	<b>1,786</b>

Impairment provisions on loans, Corporate Market	2023				2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance 1.1.	210	178	931	1,320	134	205	1,023	1,362
Changes 1.1. - 31.12.								
Transferred to (from) Stage 1	-19	19	-	-	-13	13	-	-
Transferred to (from) Stage 2	30	-31	1	-	52	-52	-	-
Transferred to (from) Stage 3	2	8	-9	-	3	-	-3	-
Net new measurement of impairment provisions	-67	87	-511	-491	-35	38	-91	-89
New issued or purchased loans	76	52	62	189	107	55	10	171
Loans that have been derecognised	-75	-69	-1	-145	-37	-80	-7	-124
<b>Balance 31.12</b>	<b>158</b>	<b>243</b>	<b>473</b>	<b>874</b>	<b>210</b>	<b>178</b>	<b>931</b>	<b>1,320</b>
Impairment provisions on loans, SME & Agriculture								
Balance 1.1.	54	75	82	211	39	80	73	192
Changes 1.1. - 31.12.								
Transferred to (from) Stage 1	-6	6	-	-	-3	3	-	-
Transferred to (from) Stage 2	12	-12	1	-	24	-25	1	-
Transferred to (from) Stage 3	-	4	-4	-	-	-	-1	-
Net new measurement of impairment provisions	-9	49	-13	27	-21	25	20	24
New issued or purchased loans	20	14	-	34	23	11	1	35
Loans that have been derecognised	-13	-16	-8	-37	-9	-18	-13	-40
<b>Balance 31.12</b>	<b>58</b>	<b>120</b>	<b>58</b>	<b>235</b>	<b>54</b>	<b>75</b>	<b>82</b>	<b>211</b>

Impairment provisions on loans – retail market	2023				2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance 1.1.	14	38	64	116	12	41	79	131
Changes 1.1. - 31.12.								
Transferred to (from) Stage 1	-1	1	-	-	-1	1	-	-
Transferred to (from) Stage 2	9	-11	2	-	8	-9	-	-
Transferred to (from) Stage 3	-	2	-2	-	1	2	-3	-
Net new measurement of impairment provisions	-13	5	-7	-15	-10	11	-8	-6
New issued or purchased loans	6	10	1	17	8	9	3	20
Loans that have been derecognised	-5	-12	-6	-23	-4	-16	-7	-28
<b>Balance 31.12</b>	<b>9</b>	<b>33</b>	<b>53</b>	<b>95</b>	<b>14</b>	<b>38</b>	<b>64</b>	<b>117</b>
<b>Impairment provisions on loans – total</b>								
Balance 1.1.	278	291	1,078	1,647	185	325	1,175	1,685
Changes 1.1. - 31.12.								
Transferred to (from) Stage 1	-26	25	-	-	-17	17	1	-
Transferred to (from) Stage 2	51	-55	4	-	84	-86	2	-
Transferred to (from) Stage 3	2	14	-16	-	4	2	-6	-
Net new measurement of impairment provisions	-89	141	-530	-478	-65	74	-79	-71
New issued or purchased loans	101	76	62	240	138	74	14	226
Loans that have been derecognised	-93	-97	-15	-205	-51	-114	-27	-192
<b>Balance 31.12</b>	<b>225</b>	<b>396</b>	<b>584</b>	<b>1,204</b>	<b>278</b>	<b>291</b>	<b>1,078</b>	<b>1,648</b>
<b>Impairment provisions on financial liabilities</b>								
Balance 1.1.	46	59	34	138	32	45	76	153
Changes 1.1. - 31.12.								
Transferred to (from) Stage 1	-3	3	-	-	-4	4	-	-
Transferred to (from) Stage 2	16	-18	2	-	15	-15	-	-
Transferred to (from) Stage 3	-	1	-1	-	-	-	-	-
Net new measurement of impairment provisions	-29	9	-11	-31	-8	16	-43	-34
New issued or purchased loans	25	10	23	57	23	15	1	39
Loans that have been derecognised	-13	-20	-3	-36	-13	-6	-1	-19
<b>Balance 31.12</b>	<b>42</b>	<b>44</b>	<b>43</b>	<b>128</b>	<b>46</b>	<b>59</b>	<b>34</b>	<b>138</b>
Of which impairment provisions in Corporate Market	26	29	38	93	34	46	30	110
Of which impairment provisions in SME & Agriculture	7	15	5	26	9	11	4	24
Of which impairment provisions in Retail Market	9	-	-	9	2	2	-	4

Group	1.1.2023	Endring nedskrivning på utlån	Endring nedskrivning på finansielle forpliktelses	Total 31.12.2023
<b>Impairment provisions on loans and financial liabilities</b>	<b>1,823</b>	<b>-441</b>	<b>-9</b>	<b>1,373</b>
Impairment provisions after amortised cost – Corporate Market	1,430	-446	-17	967
Impairment provisions after amortised cost – SME & Agriculture	236	24	2	262
Impairment provisions after amortised cost – Retail Market	158	-19	5	145
<b>Total impairment provisions on loans and financial liabilities</b>	<b>1,823</b>	<b>-441</b>	<b>-9</b>	<b>1,373</b>
<b>Presented as:</b>				
Impairment provisions on loans	1,685	-441	-	1,244
Impairment provisions on financial liabilities	138	-	-9	129
<b>Total impairment provisions on loans and financial liabilities</b>	<b>1,823</b>	<b>-441</b>	<b>-9</b>	<b>1,373</b>
<b>Impairment provisions on loans and financial liabilities</b>	<b>1.1.2022</b>			<b>Total 31.12.2022</b>
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
<b>Total impairment provisions on loans and financial liabilities</b>	<b>1,874</b>	<b>-36</b>	<b>-15</b>	<b>1,823</b>
<b>Presented as:</b>				
Impairment provisions on loans	1,721	-36	-	1,685
Impairment provisions on financial liabilities	153	-	-15	138
<b>Total impairment provisions on loans and financial liabilities</b>	<b>1,874</b>	<b>-36</b>	<b>-15</b>	<b>1,823</b>

(Note 10 cont.)

Impairment provisions on loans, Corporate Market	2023				2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance 1.1.	210	179	931	1,320	134	205	1,023	1,362
Changes 1.1. - 31.12.								
Transferred to (from) Stage 1	-19	19	-	-	-13	13	-	-
Transferred to (from) Stage 2	30	-31	1	-	52	-52	-	-
Transferred to (from) Stage 3	2	8	-9	-	3	-	-3	-
Net new measurement of impairment provisions	-67	87	-511	-491	-35	38	-91	-89
New issued or purchased loans	76	52	62	189	107	55	10	171
Loans that have been derecognised	-75	-69	-1	-145	-37	-80	-7	-124
<b>Balance 31.12</b>	<b>158</b>	<b>243</b>	<b>473</b>	<b>874</b>	<b>210</b>	<b>178</b>	<b>931</b>	<b>1,320</b>
<b>Impairment provisions on loans, SME &amp; Agriculture</b>								
Balance 1.1.	54	75	73	202	39	80	73	192
Changes 1.1. - 31.12.								
Transferred to (from) Stage 1	-6	6	-	-	-3	3	-	-
Transferred to (from) Stage 2	12	-13	1	-	24	-25	1	-
Transferred to (from) Stage 3	-	4	-4	-	-	-	-1	-
Net new measurement of impairment provisions	-9	49	-4	36	-21	24	20	23
New issued or purchased loans	20	14	-	34	23	11	1	35
Loans that have been derecognised	-13	-16	-8	-37	-9	-19	-13	-40
<b>Balance 31.12</b>	<b>58</b>	<b>120</b>	<b>58</b>	<b>236</b>	<b>54</b>	<b>75</b>	<b>82</b>	<b>211</b>
<b>Impairment provisions on loans – retail market</b>								
Balance 1.1.	23	64	65	153	19	67	80	166
Changes 1.1. - 31.12.								
Transferred to (from) Stage 1	-1	1	-	-	-1	1	-	-
Transferred to (from) Stage 2	15	-18	3	-	15	-16	-	-
Transferred to (from) Stage 3	-	2	-2	-	1	2	-3	-
Net new measurement of impairment provisions	-20	18	-7	-9	-17	17	-7	-7
New issued or purchased loans	9	17	1	27	13	18	3	34
Loans that have been derecognised	-8	-21	-6	-35	-7	-25	-8	-40
<b>Balance 31.12</b>	<b>18</b>	<b>63</b>	<b>54</b>	<b>135</b>	<b>23</b>	<b>64</b>	<b>65</b>	<b>153</b>
<b>Impairment provisions on loans – total</b>								
Balance 1.1.	288	318	1,070	1,676	193	352	1,176	1,721
Changes 1.1. - 31.12.								
Transferred to (from) Stage 1	-26	26	-	-	-17	17	1	-
Transferred to (from) Stage 2	57	-62	5	-	91	-93	2	-
Transferred to (from) Stage 3	2	14	-16	-	4	3	-7	-
Net new measurement of impairment provisions	-96	153	-521	-464	-73	79	-79	-73
New issued or purchased loans	104	83	62	250	143	83	14	240
Loans that have been derecognised	-96	-106	-16	-218	-53	-123	-28	-204
<b>Balance 31.12</b>	<b>234</b>	<b>426</b>	<b>585</b>	<b>1,244</b>	<b>288</b>	<b>318</b>	<b>1,079</b>	<b>1,685</b>
<b>Impairment provisions on financial liabilities</b>								
Balance 1.1.	46	59	34	138	32	45	76	153
Changes 1.1. - 31.12.								
Transferred to (from) Stage 1	-3	3	-	-	-4	4	-	-
Transferred to (from) Stage 2	17	-18	2	-	15	-15	-	-
Transferred to (from) Stage 3	-	1	-1	-	-	-	-	-
Net new measurement of impairment provisions	-29	9	-11	-31	-8	16	-43	-34
New issued or purchased loans	25	10	23	57	23	15	1	39
Loans that have been derecognised	-13	-20	-3	-36	-13	-6	-1	-19
<b>Balance 31.12</b>	<b>42</b>	<b>44</b>	<b>43</b>	<b>129</b>	<b>46</b>	<b>59</b>	<b>34</b>	<b>138</b>
Of which impairment provisions in Corporate Market	26	29	38	93	34	46	30	110
Of which impairment provisions in SME & Agriculture	7	15	5	26	9	11	4	24
Of which impairment provisions in Retail Market	10	-	-	10	2	2	-	4

**Impairments on loans and financial commitments recognised in the income statement**

Parent bank			Group	
01.01.22 - 31.12.22	01.01.23 - 31.12.23		01.01.23 - 31.12.23	01.01.22 - 31.12.22
-37	-444	Change in impairments on loans	-441	-36
-15	-9	Change in impairments on financial commitments	-9	-15
83	370	Actual loan losses on commitments	370	83
2	6	Change in accrued interest	6	2
-	-1	Change in assets taken over for the period	-1	-
-29	-157	Recoveries on commitments previously written-off	-157	-29
4	<b>-235</b>	<b>Total net impairments on loans and financial commitments</b>	<b>-232</b>	5

**NOTE 11 CREDIT RISK EXPOSURE FOR EACH INTERNAL RISK CLASS**

(Figures in NOK millions)

Probability of default (PD) <sup>1)</sup>	Average unsecured exposure <sup>3)</sup>	Total exposures	Average unsecured exposure	Total exposures
	2023		2022	
<b>Parent bank</b>				
0.00 - 0.50%	19.4 %	101,413	21.4 %	84,124
0.50 - 2.50%	22.1 %	85,020	23.9 %	78,695
2.50 - 5.00%	30.2 %	12,203	29.2 %	13,335
5.00 - 99.9%	31.5 %	8,111	33.5 %	4,815
Non-performing and impaired	33.7 %	3,291	45.6 %	4,172
<b>Total<sup>2)</sup></b>		<b>210,038</b>		185,140
<b>Group</b>				
0.00 - 0.50%	13.2 %	195,305	13.7 %	179,876
0.50 - 2.50%	20.6 %	99,084	22.1 %	93,328
2.50 - 5.00%	29.2 %	12,877	28.2 %	14,109
5.00 - 99.9%	29.9 %	8,785	30.5 %	5,502
Non-performing and impaired	33.1 %	3,357	45.2 %	4,234
<b>Total<sup>2)</sup></b>		<b>319,407</b>		297,049

<sup>1)</sup> PD = probability of default. 12 months PIT (Point In Time)<sup>2)</sup> Gross loans, guarantees to customers and unutilised credits.<sup>3)</sup> 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	
2022	2023		2023	2022
		<b>Assets</b>		
3	-	Receivables from the central bank	-	3
25,760	20,044	Loans to and receivables from credit institutions	5,536	11,939
146,988	170,704	Loans to and receivables from customers	270,757	251,272
54,882	56,065	Certificates and bonds	57,681	53,989
28,131	23,210	Derivatives	16,179	18,612
255,763	270,022	<b>Total credit risk exposure balance sheet items</b>	<b>350,153</b>	335,815
		<b>Financial guarantees and loan exposures</b>		
17,397	17,782	Guarantees customers	17,816	17,433
589	515	Guarantees others	515	589
6,022	5,335	Unutilised credit lines for financial institutions	-	-
19,119	20,356	Unutilised credit lines for customers	29,590	26,659
13,441	9,979	Loan offers	9,979	13,441
56,568	53,967	<b>Total financial guarantees and loan exposures</b>	<b>57,900</b>	58,121
312,331	323,989	<b>Total credit risk exposure</b>	<b>408,052</b>	393,937

Credit risk exposure related to financial assets by geographic area

Parent bank			Group	
2022	2023		2023	2022
		<b>Banking operations</b>		
113,101	119,047	Rogaland	172,345	170,262
17,692	21,112	Agder	32,308	29,279
33,771	36,338	Vestland	52,669	50,506
41,310	44,821	Oslo/Viken	52,857	47,281
15,502	9,534	International	7,488	15,386
7,942	13,863	Other	16,526	8,621
229,318	244,714	<b>Total banking operations</b>	<b>334,192</b>	321,335
		<b>Certificates and bonds</b>		
18,759	19,931	Norway	20,178	16,912
31,553	29,846	Europe/Asia/Africa	31,215	32,508
4,570	6,288	North America/Oceania	6,288	4,570
54,882	56,065	<b>Total certifikates and bonds</b>	<b>57,681</b>	53,989
28,131	23,210	<b>Derivatives</b>	<b>16,179</b>	18,612
312,331	323,989	<b>Total by geographic area</b>	<b>408,052</b>	393,937

## 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

2023	0.00 - 0.50%	0.50 - 2.50%	2.50 - 5.00%	5.00 - 99.99%	Exposures in default	Impairment provisions	Sum
<b>Net loans</b>							
Loans to and receivables from credit institutions	20,044						20,044
Loans to and receivables from customers							
- Retail market	46,762	16,045	773	939	255	-95	64,679
- Corporate Market	28,019	44,810	6,938	3,942	2,176	-874	85,011
- SME & Agriculture	8,072	9,359	1,907	1,754	150	-235	21,007
<b>Total net loans</b>	<b>102,897</b>	<b>70,214</b>	<b>9,618</b>	<b>6,635</b>	<b>2,581</b>	<b>-1,204</b>	<b>190,741</b>
<b>Financial investments</b>							
Norwegian government bonds	2,528	-	-	-	-	-	2,528
Listed certificates and bonds	53,313	224	-	-	-	-	53,537
<b>Total financial investments</b>	<b>55,841</b>	<b>224</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>56,065</b>
<b>Total loan-related assets</b>	<b>158,738</b>	<b>70,438</b>	<b>9,618</b>	<b>6,635</b>	<b>2,581</b>	<b>-1,204</b>	<b>246,806</b>
<b>2022</b>							
<b>Net loans</b>							
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
<b>Total net loans</b>	<b>94,945</b>	<b>61,886</b>	<b>10,126</b>	<b>4,172</b>	<b>3,255</b>	<b>-1,636</b>	<b>172,748</b>
<b>Financial investments</b>							
Norwegian government bonds	2,247	-	-	-	-	-	2,247
Listed certificates and bonds	52,581	14	-	41	-	-	52,635
<b>Total financial investments</b>	<b>54,828</b>	<b>14</b>	<b>-</b>	<b>41</b>	<b>-</b>	<b>-</b>	<b>54,882</b>
<b>Total loan-related assets</b>	<b>149,773</b>	<b>61,900</b>	<b>10,126</b>	<b>4,213</b>	<b>3,255</b>	<b>-1,636</b>	<b>227,630</b>

## Group

2023	0.00 - 0.50%	0.50 - 2.50%	2.50 - 5.00%	5.00 - 99.99%	Exposures in default	Impairment provisions	Sum
<b>Net loans</b>							
Loans to and receivables from credit institutions	5 536						5 536
Loans to and receivables from customers							
- Retail market	131 451	29 876	1 411	1 596	308	-135	164 507
- Corporate Market	27 969	44 730	6 926	3 935	2 172	-874	84 858
- SME & Agriculture	8 372	9 424	1 918	1 760	154	-235	21 393
<b>Total net loans</b>	<b>173 328</b>	<b>84 030</b>	<b>10 255</b>	<b>7 291</b>	<b>2 634</b>	<b>-1 244</b>	<b>276 294</b>
<b>Financial investments</b>							
Norwegian government bonds	2 528					-	2 528
Listed certificates and bonds	54 913	224	-	-	-	-	55 137
Unlisted certificates and bonds	-	-	-	16	-	-	16
<b>Total financial investments</b>	<b>57 441</b>	<b>224</b>	<b>-</b>	<b>16</b>	<b>-</b>	<b>-</b>	<b>57 681</b>
<b>Total loan-related assets</b>	<b>230 768</b>	<b>84 254</b>	<b>10 255</b>	<b>7 307</b>	<b>2 634</b>	<b>-1 244</b>	<b>333 974</b>

2022

<b>Net loans</b>							
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
<b>Total net loans</b>	<b>169 573</b>	<b>76 311</b>	<b>10 860</b>	<b>4 848</b>	<b>3 304</b>	<b>-1 685</b>	<b>263 211</b>
<b>Financial investments</b>							
Norwegian government bonds	2 247	-	-	-	-	-	2 247
Listed certificates and bonds	51 675	14	-	41	-	-	51 730
Unlisted certificates and bonds	-	-	-	13	-	-	13
<b>Total financial investments</b>	<b>53 922</b>	<b>14</b>	<b>-</b>	<b>54</b>	<b>-</b>	<b>-</b>	<b>53 990</b>
<b>Total loan-related assets</b>	<b>223 495</b>	<b>76 325</b>	<b>10 860</b>	<b>4 902</b>	<b>3 304</b>	<b>-1 685</b>	<b>317 201</b>

**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 2 percentage point at the end of the last 2 years before tax if all financial instruments are measured at fair value.

Parent bank			Group	
2022	2023		2023	2022
-164	-163	Certificates and bonds	-171	-173
-17	-	Fixed-rate loans to customers	-	-17
-125	-192	Other loans and deposits	-350	-294
238	337	Securities issued	561	489
-13	-9	Other	-9	-13
-81	-28	<b>Total interest rate risk</b>	<b>31</b>	<b>-8</b>
<b>Categories of maturity</b>				
-100	-56	0-3 months	3	-27
7	8	3 - 6 months	8	7
4	7	6 - 9 months	7	4
6	8	9 - 12 months	8	6
-2	-	12-18 months	-	-2
-1	3	18-24 months	3	-1
8	2	2-10 years	2	8
-3	-	10+ years	-	-3
-81	-28	<b>Total interest rate risk</b>	<b>31</b>	<b>-8</b>
<b>Currency</b>				
-144	-82	NOK	-23	-71
77	76	EUR	76	77
-7	-14	USD	-14	-7
-2	-2	CHF	-2	-2
-5	-5	Other	-5	-5
-81	-28	<b>Total interest rate risk</b>	<b>31</b>	<b>-8</b>

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 the maximum potential loss given a positive parallel shift on the yield curve by 2 percentage points. The total limit for the Group is NOK 200 million, with different sub-limits for different maturity bands. Interest rate risk is quantified and continuously monitored. For lending and deposits with floating interest rate an expected fixed rate period dependent on a interest rate shock-scenario is applied.

The table shows the result of a positive parallel shift in the yield curve of 2 percentage points in the Group's currencies.

Simultaneously, the Group has delegated an interest rate risk limit to SpareBank 1 Markets. The limit define quantitative targets for the maximum potential loss given a positive parallel shift on the yield curve by 2 percentage points, and are set to NOK 70 million with different sub-limits for different maturity bands. SpareBank 1 Markets are responsible for all profit or loss occurring from use of the delegated interest rate risk limit, and the exposure from this is hence not included in the interest rate risk table for 2023.

## 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	
2022	2023		2023	2022
		<b>Currency</b>		
3	-	EUR	-	3
-1	-	USD	-	-1
1	-	CHF	-	1
-	-	GBP	-	-
-	-	SEK	-	-
-1	-	DKK	-	-1
3	-	Other	-	3
5	-	<b>Total</b>	-	5
0,2	0,0	Effect on result of 3% change before tax	0,0	0,2

Currency risk is the risk of loss due to changes in the currency rates. The Group is not exposed to currency risk through its ordinary bank and financing activities. All currency exposure is uncovered.

Simultaneously, the Group has delegated a currency risk limit to SpareBank 1 Markets. The risk which can be taken is regulated by nominal limits for maximal aggregated currency position and maximal position in one single currency. Over-night currency risk for spot trade cannot exceed NOK 100 million net for one single currency and NOK 225 million aggregated. SpareBank 1 Markets is responsible for all profit and loss occurring from the use of the currency risk limit, and the exposure is hence not included in the currency rate table for 2023.

## NOTE 16 LIQUIDITY RISK

(Figures in NOK millions)

The table shows cash flows including contractual interest maturity up until the first call date.

### Parent bank <sup>1)</sup>

2023	At call	Less than 3 months	3 - 12 months	1 - 5 years	More than 5 years	Total
Debt to credit institutions	1,037	2,523	-	-	-	3,560
Deposits from customers	149,309	-	-	-	-	149,309
Securities issued	-	12,234	5,205	40,885	1,761	60,085
Lease liability	-	23	68	336	529	956
Senior non-preferred debt	-	27	502	18,949	287	19,765
Subordinated loan capital	-	32	130	497	2,866	3,525
<b>Total liabilities</b>	<b>150,346</b>	<b>14,840</b>	<b>5,904</b>	<b>60,667</b>	<b>5,443</b>	<b>237,200</b>
Derivatives						
Contractual cash flows out		-53,320	-24,323	-107,344	-42,044	-227,032
Contractual cash flows in		51,620	22,739	100,992	37,487	212,839
2022						
Debt to credit institutions	6,380	3,205	-	-	-	9,585
Deposits from customers	148,442	-	-	-	-	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
<b>Total liabilities</b>	<b>154,822</b>	<b>4,054</b>	<b>10,322</b>	<b>48,395</b>	<b>10,421</b>	<b>228,013</b>
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

### Group <sup>1)</sup>

2023	At call	Less than 3 months	3 - 12 months	1 - 5 years	More than 5 years	Total
Debt to credit institutions	665	2,523	-	-	-	3,188
Deposits from customers	149,076	-	-	-	-	149,076
Securities issued	-	12,573	11,594	94,868	35,189	154,224
Lease liability	-	17	49	203	121	390
Senior non-preferred debt	-	27	502	18,949	287	19,765
Subordinated loan capital	-	32	130	497	2,866	3,525
<b>Total liabilities</b>	<b>149,742</b>	<b>15,172</b>	<b>12,275</b>	<b>114,516</b>	<b>38,463</b>	<b>330,169</b>
Derivatives						
Contractual cash flows out		-52,532	-16,372	-58,425	-10,205	-137,534
Contractual cash flows in		50,768	15,541	55,410	8,896	130,616
2022						
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
<b>Total liabilities</b>	<b>148,322</b>	<b>10,333</b>	<b>13,668</b>	<b>89,345</b>	<b>57,603</b>	<b>319,271</b>
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

<sup>1)</sup> 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

2023	At call <sup>1)</sup>	Less than 3 months	3 - 12 months	1 - 5 years	More than 5 years	Total
<b>Assets</b>						
Cash and receivables from the central bank	88	-	-	-	-	88
Loans to and receivables from credit institutions	16,543	1,983	-	1,518	-	20,044
Gross loans to customers	18,007	2,255	8,334	68,677	74,627	171,900
- Impairment provisions	-1,204	-	-	-	-	-1,204
- Home mortgages at fair value through OCI	8	-	-	-	-	8
<b>Loans to customers</b>	<b>16,811</b>	<b>2,255</b>	<b>8,334</b>	<b>68,677</b>	<b>74,627</b>	<b>170,704</b>
Certificates and bonds	-	3,122	6,476	41,898	4,569	56,065
Financial derivatives	13,173	182	530	4,186	5,140	23,210
Shares, ownership stakes and other securities	381	-	-	-	-	381
Investments in ownership interests	3,895	-	-	-	-	3,895
Investments in group companies	7,354	-	-	-	-	7,354
Intangible assets	70	-	-	-	-	70
Deferred tax asset	2,538	-	-	-	-	2,538
Fixed assets	301	-	-	-	-	301
Lease rights	900	-	-	-	-	900
Other assets	553	-	-	-	-	553
<b>Total assets</b>	<b>62,607</b>	<b>7,543</b>	<b>15,339</b>	<b>116,278</b>	<b>84,335</b>	<b>286,102</b>
<b>Liabilities</b>						
Debt to credit institutions	1,037	2,523	-	-	-	3,560
Deposits from customers	149,309	-	-	-	-	149,309
Securities issued	-	11,552	2,391	36,153	5,050	55,146
Financial derivatives	645	1,544	1,588	10,212	8,486	22,475
Payable tax	2,557	-	-	-	-	2,557
Liability related to lease rights	-	23	68	336	529	956
Pension liabilities	253	-	-	-	-	253
Impairment provisions on financial liabilities	128	-	-	-	-	128
Other liabilities	739	-	-	-	-	739
Senior non-preferred debt	-	-	-	16,732	286	17,017
Subordinated loan capital	-	-	-	-	2,784	2,784
<b>Total liabilities</b>	<b>154,668</b>	<b>15,642</b>	<b>4,047</b>	<b>63,434</b>	<b>17,135</b>	<b>254,925</b>

**Group**

<b>2023</b>	<b>At call <sup>1)</sup></b>	<b>Less than 3 months</b>	<b>3 - 12 months</b>	<b>1 - 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
<b>Assets</b>						
Cash and receivables from the central bank	88	-	-	-	-	88
Loans to and receivables from credit institutions	2,035	1,983	-	1,518	-	5,536
Gross loans to customers	41,450	2,257	8,351	68,903	151,040	272,001
- Impairment provisions	-1,244	-	-	-	-	-1,244
- Home mortgages at fair value through OCI						-
<b>Loans to customers</b>	<b>40,206</b>	<b>2,257</b>	<b>8,351</b>	<b>68,903</b>	<b>151,040</b>	<b>270,757</b>
Certificates and bonds	-	3,122	7,280	42,710	4,569	57,681
Financial derivatives	13,173	182	345	1,511	969	16,179
Shares, ownership stakes and other securities	680	-	-	-	-	680
Investments in ownership interests	6,000	-	-	-	-	6,000
Investments in group companies		-	-	-	-	-
Intangible assets	368	-	-	-	-	368
Deferred tax asset	2,612	-	-	-	-	2,612
Fixed assets	948	-	-	-	-	948
Lease rights	366	-	-	-	-	366
Other assets	971	-	-	-	-	971
<b>Total assets</b>	<b>67,448</b>	<b>7,545</b>	<b>15,975</b>	<b>114,641</b>	<b>156,578</b>	<b>362,187</b>
<b>Liabilities</b>						
Debt to credit institutions	665	2,523				3,188
Deposits from customers	149,076					149,076
Securities issued	-	11,552	7,892	85,318	33,590	138,353
Financial derivatives	645	1,544	605	5,883	5,020	13,697
Payable tax	2,706	-	-	-	-	2,706
Liability related to lease rights	-	17	49	203	121	390
Pension liabilities	261	-	-	-	-	261
Impairment provisions on financial liabilities	129	-	-	-	-	129
Other liabilities	1,024	-	-	-	-	1,024
Senior non-preferred debt	-	-	-	16,732	286	17,017
Subordinated loan capital	-	-	-	-	2,784	2,784
<b>Total liabilities</b>	<b>154,506</b>	<b>15,636</b>	<b>8,547</b>	<b>108,136</b>	<b>41,800</b>	<b>328,626</b>

<sup>1)</sup> 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)

### Accounting policies

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 calculation thus includes fees, transaction costs, premiums, and discounts.

Interest income on mortgages on residential properties that qualifies for sale to mortgage credit institutions is measured at fair value through OCI in the parent bank and at amortised cost in the group's consolidated statement.

	2023				2022			
	Other interest income	Interest income effective interest method		Total	Other interest income	Interest income effective interest method		Total
	Measured at fair value	Measured at fair value through OCI	Measured at amortised cost		Measured at fair value	Measured at fair value through OCI	Measured at amortised cost	
<b>Parent bank</b>								
<b>Interest income</b>								
Interest on receivables from credit institutions			1,299	1,299			356	356
Interest on lending to customers	403	2,501	7,473	10,377	227	1,187	4,252	5,666
Interest on certificates and bonds	2,132		398	2,529	686		139	825
Interest on written down loans			93	93	-		117	117
<b>Total interest income</b>	<b>2,534</b>	<b>2,501</b>	<b>9,263</b>	<b>14,299</b>	<b>913</b>	<b>1,187</b>	<b>4,864</b>	<b>6,964</b>
<b>Interest costs</b>								
Interest on debt to credit institutions			213	213	-		117	117
Interest on deposits from customers			4,526	4,526	-		2,021	2,021
Interest on securities issued	1,698		2,075	3,774	-72		850	778
Interest on subordinated loan capital	6		155	161	2		61	63
Fee to the Norwegian Banks Guarantee Fund			115	115	-		103	103
Interest on lease rights			31	31	-		29	29
<b>Total interest costs</b>	<b>1,704</b>	<b>-</b>	<b>7,115</b>	<b>8,819</b>	<b>-70</b>	<b>-</b>	<b>3,181</b>	<b>3,111</b>
<b>Net interest income</b>	<b>830</b>	<b>2,501</b>	<b>2,148</b>	<b>5,480</b>	<b>983</b>	<b>1,187</b>	<b>1,683</b>	<b>3,853</b>
<b>Group</b>								
<b>Interest income</b>								
Interest on receivables from credit institutions			851	851			129	129
Interest on lending to customers	403		14,609	15,012	227		8,061	8,288
Interest on certificates and bonds	2,148		411	2,559	713		152	865
Interest on written down loans			93	93	-		117	117
<b>Total interest income</b>	<b>2,551</b>		<b>15,964</b>	<b>18,515</b>	<b>940</b>		<b>8,459</b>	<b>9,399</b>
<b>Interest costs</b>								
Interest on debt to credit institutions	-		182	182	-		97	97
Interest on deposits from customers	-		4,512	4,512	-		2,010	2,010
Interest on securities issued	4,212		3,168	7,381	1,001		1,585	2,586
Interest on subordinated loan capital	6		155	161	2		62	64
Fee to the Norwegian Banks Guarantee Fund			131	131	-		117	117
Interest on lease rights			11	11	-		9	9
<b>Total interest costs</b>	<b>4,218</b>		<b>8,160</b>	<b>12,378</b>	<b>1,003</b>		<b>3,880</b>	<b>4,883</b>
<b>Net interest income</b>	<b>-1,668</b>		<b>7,804</b>	<b>6,136</b>	<b>-63</b>		<b>4,579</b>	<b>4,516</b>

## NOTE 19 NET COMMISSIONS AND OTHER OPERATING INCOME

(Figures in NOK millions)

### Accounting policies

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.

Parent bank			Group	
2022	2023		2023	2022
121	116	Guarantee commissions	116	121
123	147	Saving and investments	147	123
61	60	Commissions from mortgage credit institutions	-	-
401	446	Money-transfer services	444	399
271	261	Insurance services	261	271
-	-	Fee accounting	404	369
154	275	Other commissions	277	170
		Property sales	392	383
1,132	1,305	<b>Total commission income</b>	<b>2,040</b>	1,836
75	86	Money-transfer services	86	75
12	25	Other commission expenses	25	12
87	111	<b>Total commission expenses</b>	<b>111</b>	87
16	15	Operating income from investment properties	8	12
8	-	Other operating income	-	8
24	16	<b>Total other operating income</b>	<b>9</b>	21
1,070	1,210	<b>Net commissions and other operating income</b>	<b>1,939</b>	1,770

## NOTE 20 NET INCOME/LOSSES FROM FINANCIAL INSTRUMENTS

(Figures in NOK millions)

Parent bank			Group	
2022	2023		2023	2022
88	166	Net gain/loss on equity instruments <sup>1)</sup>	276	156
-867	256	Net gain/loss on bonds and certificates	248	-875
705	-379	Net derivatives; bonds and certificates	-379	705
3	-1	Net counterparty risk, including CVA	-1	3
7	5	Net derivatives; fixed-rate	5	7
-24	27	Net derivatives; debt	26	-58
-159	183	Net derivatives; basis swap spread	-101	88
206	241	Net gain currency	241	206
-40	497	<b>Net income/loss from financial instruments</b>	<b>315</b>	233

1) 2023 includes gains in both the parent bank and the group of NOK 370 million from the sale of business to SpareBank 1 Markets. There is also a loss NOK 66 million in the parent bank and a gain of NOK 26 million in the group from the sale of Monio. 2022 includes gains from the sale of Bjergsted Terrasse of NOK 81 million in the parent bank and NOK 106 million in the group.

## NOTE 21 PERSONNEL COSTS

(Figures in NOK millions)

Parent bank			Group	
2022	2023		2023	2022
897	1,058	Salaries	1,533	1,359
94	133	Pension expenses (disclosure 23 )	159	116
169	203	Social expenses	266	225
74	78	Other personnel expenses	94	88
1,234	1,471	<b>Total personnel expenses</b>	<b>2,053</b>	<b>1,788</b>
1,026	1,100	Average no. of employees	1,711	1,634
987	1,094	No. of FTEs as at 31.12.	1,654	1,543
1,050	1,103	No. of employees as at 31.12.	1,711	1,664

### Remuneration to group executive management team

(Figures in NOK thousands)

Parent bank		
2022	2023	
35,296	42,650	Salaries
5,248	5,591	Pension expenses (disclosure 23 )
4,411	5,204	Social expenses
		Other personnel expenses
44,955	53,445	<b>Total personnel expenses</b>

### Number of shares owned by the executive management team <sup>1)</sup>

		2023	2022
Chief Executive Officer	Benedicte Schilbred Fasmer	17,474	13,731
Chief Financial Officer	Inge Reinertsen	101,114	95,543
Executive Vice President Corporate Market	Tore Medhus	64,000	61,545
Executive Vice President SME & Agriculture	Marianne Bakke	4,205	2,437
Executive Vice President Retail Market	Roger Lund Antonesen	3,065	455
Executive Vice President Corporate Strategy and Projects	Jan Friestad	54,824	52,608
Executive Vice President Technology Development and Business Processes	Glenn Sæther	34,810	32,785
Executive Vice President Risk Management	Frode Bø	18,800	18,507
Executive Vice President Marketing, Insight and Customer Offer	Ella Skjørestad	12,686	10,893
Executive Vice President Compliance	Signe Helliesen	1,649	1,356
Executive Vice President HR, Communications and Sustainability	Nina Moi Edvardsen	12,069	10,318
Director Capital Market	Tor Egil Aanestad (til 17.12.2023)		65,822

1) Number of shares the person owns in SpareBank 1 SR-Bank as at 31 December. The figures also include shares belonging to immediate family members and known companies in which the person has a controlling influence, ref. section 1-2 of the Limited Liability Companies Act.

### Number of shares owned by the Board <sup>1)</sup>

		2023	2022
Chair of the board, chair of the remuneration committee and member of the risk committee	Dag Mejdell	43,000	43,000
Board member, chair of the risk committee and member of the audit committee	Kate Henriksen	1,500	1,500
Board member and member of the risk committee	Jan Skogseth	10,000	10,000
Board member, chair of the audit committee and member of the remuneration committee	Trine Sæther Romuld	-	-
Board member and member of the risk committee	Kjetil Skjæveland <sup>2)</sup>	78,678,829	74,978,829
Board member and member of the audit committee	Camila AC Tepfers	-	-
Employee-elected board member and member of the remuneration committee	Sally Lund-Andersen	4,053	3,760
Employee-elected board member	Kristian Kristensen	4,578	4,285

1) Number of shares the person owns in SpareBank 1 SR-Bank as at 31 December. The figures also include shares belonging to immediate family members and known companies in which the person has a controlling influence, ref. section 1-2 of the Limited Liability Companies Act. In addition to this, the shares of the institution the individual representative was elected on behalf of are included.

2) Kjetil Skjæveland is the general manager of Sparebankstiftelsen SR-Bank. Number of own shares is 2 014 and number of shares owned by Sparebankstiftelsen SR-Bank is 78 676 815.

For more information on remuneration to group executive management team and the Board see the Executive remuneration report 2023.

## NOTE 22 OTHER OPERATING EXPENSES

(Figures in NOK millions)

Parent bank			Group	
2022	2023		2023	2022
364	425	IT expenses	456	395
71	74	Marketing expenses	86	87
72	102	Administrative expenses	127	101
39	40	Operating expenses real estate	46	54
96	142	External fees	137	80
50	67	Other operating expenses	228	148
692	<b>851</b>	<b>Total other operating expenses</b>	<b>1,081</b>	865

Fees for external auditor - specification of audit fees

(Figures in NOK thousands)

3,053	3,344	Statutory audit	6,012	5,503
36	703	Tax advice <sup>1)</sup>	826	65
478	544	Other certification services	576	518
2,327	2,187	Other non-auditing services <sup>1)</sup>	2,686	2,732
5,894	<b>6,777</b>	<b>Total</b>	<b>10,101</b>	8,818
36	616	1) Fees to Advokatfirmaet PricewaterhouseCoopers included in tax advice and other non-auditing services	616	55
		All figures are inclusive of VAT		
0.85	0.85	Operating expenses as percentage of average total assets	0.91	0.88

## NOTE 23 PENSIONS

As of 31 December 2023, the SpareBank 1 SR-Bank group has a defined contribution pension and a closed benefit based pension for its employees. 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. Employees who were in the defined benefit scheme were issued a paid-up policy for their earned rights in the defined benefit scheme. 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.

The company's and group's pension schemes comply with the requirements of the Mandatory Occupational Pension Act.

### Defined closed benefit scheme

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.

The pension liabilities are calculated annually by an independent actuary using a straight line accrual method. The present value of the defined benefits are determined by discounting estimated future payments by a discount rate based on the interest rate for a bond issued by the company with a high credit rating (corporate bond or covered bond) in the same currency and with a maturity that is almost the same as the maturity of the related pension liabilities. Use of the corporate bond rate as the basis for the discount rate requires the existence of corporate bonds with long maturities and high quality in the same currency, as well as a deep market for such bonds. Market players have asserted that the covered bond market is sufficiently deep and that pricing in the market is reliable. Analyses conducted by an actuary, Lumera AS, and the bank's own analyses, which take into account interest rate swap agreements, support the assertion that a deep and liquid market exists for corporate bonds with a high credit rating, concentrated on covered bonds. The Norwegian covered bond market has become better developed

after the financial crisis and has a high credit rating. The bank and the group have therefore chosen the covered bond rate as their discount rate for calculating pension liabilities.

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 2023.

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 113 million to cover future pension liabilities for the service pension scheme. The calculated pension liability is NOK 135 million (including Employer's National Insurance contributions). The difference between the pension capital and the related pension liability of NOK 22 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	
2022	2023		2023	2022
		<b>Net pension liabilities on the balance sheet</b>		
-114	-24	Present value pension liabilities	-17	-108
96	113	Contribution-based service pension for salary above 12 G	113	96
-18	<b>89</b>	<b>Total</b>	<b>96</b>	<b>-12</b>
223	124	Upper limit for recognition of the asset <sup>1)</sup>	122	223
40	40	Employer's NI contributions	43	40
245	253	<b>Net pension liabilities on the balance sheet 31.12</b>	261	251
		<b>Pension expenses for the period</b>		
-130	1	Accrued defined benefit-based pensions	1	-120
113	7	Contribution-based service pension for salary above 12 G	7	113
111	125	Contribution based pension costs and joint AFP scheme	151	123
94	133	<b>Pension expenses in the period recognised through profit and loss</b>	159	116

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	
2022	2023		2023	2022
3,923	6,475	Pre-tax operating profit	5,677	4,211
-1,247	-1,874	Permanent differences <sup>1)</sup>	-1,049	-743
-123	-50	Group contribution	-	-
2,270	5,673	Change in temporary differences	6,190	1,909
1	6	- of which recorded directly against equity	6	1
4,824	<b>10,230</b>	<b>Taxable income for the year</b>	<b>10,824</b>	5,378
1,206	2,557	Of which taxes payable	2,706	1,345
31	13	Tax effect of group contribution	-	-
-568	-1,418	Change in deferred tax	-1,510	-512
-	6	Taxes payable on hybrid capital recorded against equity	6	-
1	-	Excess/insufficient tax provisions previous year	-	1
670	<b>1,158</b>	<b>Total tax expense</b>	<b>1,202</b>	834
		<b>Reconciliation of tax expense against nominal tax rate</b>		
981	1,619	Tax on pre-tax profit	1,419	1,053
-312	-467	Tax on permanent differences <sup>1)</sup>	-262	-185
-	-	Change in deferred tax from previous years	39	-36
-	6	Taxes payable recorded directly against equity	6	1
1	-	Excess/insufficient tax allocation in previous years	-	1
670	<b>1,158</b>	<b>Calculated tax expense</b>	<b>1,202</b>	834
		<b>Deferred tax asset</b>		
-66	-66	- deferred tax asset that reverses in more than 12 months	-65	-36
-1,251	-2,734	- deferred tax asset that reverses within 12 months	-2,804	-1,291
-1,317	<b>-2,800</b>	<b>Total deferred tax asset</b>	<b>-2,869</b>	-1,327
		<b>Deferred tax</b>		
185	249	- deferred tax that reverses in more than 12 months	255	213
31	13	- deferred tax that reverses within 12 months	2	39
216	<b>262</b>	<b>Total deferred tax</b>	<b>257</b>	252
-1,102	<b>-2,538</b>	<b>Net deferred tax/deferred tax asset</b>	<b>-2,612</b>	-1,075
		<b>Change in deferred tax</b>		
-537	-1,436	Year's change in deferred tax on the balance sheet	-1,537	-477
-	-	Change in deferred tax through acquisition and sales	28	-36
-31	19	Change in deferred tax for group contributions on the balance sheet	-	-
-	-1	- of which change not recognised through profit or loss	-1	1
-568	<b>-1,418</b>	<b>- of which change recognised through profit or loss</b>	<b>-1,510</b>	-512
		<b>Specification of temporary differences</b>		
15	-3	Gains and loss account	-3	62
-5,005	-10,936	Differences related to financial items	-11,202	-4,852
-	-	Loans	-6	-4
-245	-253	Pension liabilities	-260	-250
35	44	Accounting provisions	8	17
689	954	Leasing operating equipment	953	688
-19	-8	Fixed assets	65	57
123	50	Group contribution paid	-	-
-	-	Tax loss carried forward <sup>2)</sup>	-4	-18
-4,407	<b>-10,152</b>	<b>Total temporary differences</b>	<b>-10,449</b>	-4,300
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).

## NOTE 25 CLASSIFICATION OF FINANCIAL INSTRUMENTS

(Figures in NOK millions)

### Accounting Policies

Shares, ownership stakes, bonds, and financial derivatives are recognised at fair value over profit and loss

Financial derivatives are presented as an asset when the fair value is positive and as debt when negative

### Hedge accounting

SpareBank 1 SR-Bank carries out hedge accounting in accordance with the criteria for hedging assets.

Parent bank	2023				2022			
	Recognised at fair value	Financial derivatives as hedging instruments	Financial assets and liabilities measured at amortised cost	Total	Recognised at fair value	Financial derivatives as hedging instruments	Financial assets and liabilities measured at amortised cost	Total
<b>Assets</b>								
Cash and receivables from the central bank			88	88			76	76
Loans to and receivables from credit institutions			20,044	20,044			25,760	25,760
Loans to customers	62,015		108,688	170,704	49,488		97,500	146,988
Certificates and bonds	47,418		8,646	56,065	45,783		9,099	54,882
Financial derivatives	16,200	7,010		23,210	18,570	9,562		28,131
Shares, ownership stakes and other securities	381			381	496			496
<b>Total assets</b>	<b>126,014</b>	<b>7,010</b>	<b>137,466</b>	<b>270,491</b>	<b>114,337</b>	<b>9,562</b>	<b>132,434</b>	<b>256,333</b>
<b>Liabilities</b>								
Debt to credit institutions			3,560	3,560			9,585	9,585
Deposits from customers			149,309	149,309			148,442	148,442
Securities issued <sup>1)</sup>			55,146	55,146			51,364	51,364
Financial derivatives	14,272	8,203		22,475	8,302	11,922		20,224
Senior non-preferred debt <sup>1)</sup>			17,017	17,017			9,301	9,301
Subordinated loan capital <sup>1)</sup>			2,784	2,784			2,161	2,161
<b>Total liabilities</b>	<b>14,272</b>	<b>8,203</b>	<b>227,816</b>	<b>250,291</b>	<b>8,302</b>	<b>11,922</b>	<b>220,853</b>	<b>241,076</b>

**Information about fair value**

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).

	2023			2022			Total	Total
	Valuation according to prices in an active market	Valuation according to observable market data	Valuation according to factors other than observable market data	Valuation according to prices in an active market	Valuation according to observable market data	Valuation according to factors other than observable market data		
<b>Parent bank</b>								
<b>Assets</b>								
Loans to customers			62,015			49,488	62,015	49,488
Certificates and bonds	26,704	20,715		26,384	19,399		47,418	45,783
Financial derivatives		23,210			28,131		23,210	28,131
Shares, ownership stakes and other securities	319	13	49	348	80	69	381	496
<b>Liabilities</b>								
Financial derivatives		22,475			20,224		22,475	20,224

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**

	2023		2022	
	Loans to customers	Shares, ownership stakes and other securities	Loans to customers	Shares, ownership stakes and other securities
<b>Parent bank</b>				
Balance 1.1.	49,488	69	54,061	87
Additions/disposals	12,457	2	-4,290	4
Transferred from or to measurement according to prices in an active market or observable market data				
Change in value <sup>2)</sup>	71	-22	-283	-22
<b>Balance 31.12.</b>	<b>62,015</b>	<b>49</b>	<b>49,488</b>	<b>69</b>
Nominal value/cost price	62,276	38	49,819	36
Fair value adjustment	-261	11	-331	32
<b>Balance 31.12.</b>	<b>62,015</b>	<b>49</b>	<b>49,488</b>	<b>69</b>



Group	2023				2022			
	Recognised at fair value	Financial derivatives as hedging instruments	Financial assets and liabilities measured at amortised cost	Total	Recognised at fair value	Financial derivatives as hedging instruments	Financial assets and liabilities measured at amortised cost	Total
<b>Assets</b>								
Cash and receivables from the central bank			88	88			76	76
Loans to and receivables from credit institutions			5,536	5,536			11,939	11,939
Loans to customers	7,765		262,992	270,757	7,861		243,411	251,272
Certificates and bonds	48,724		8,956	57,681	44,416		9,573	53,989
Financial derivatives	3,006	13,173		16,179	4,244	14,368		18,612
Shares, ownership stakes and other securities	680			680	848			848
<b>Total assets</b>	<b>60,177</b>	<b>13,173</b>	<b>277,571</b>	<b>350,921</b>	<b>57,369</b>	<b>14,368</b>	<b>264,999</b>	<b>336,736</b>
<b>Liabilities</b>								
Debt to credit institutions			3,188	324,115			3,428	3,428
Deposits from customers			149,076	149,076			148,100	148,100
Securities issued <sup>1)</sup>			138,353	138,353			135,353	135,353
Financial derivatives	13,052	645		13,697	13,242	2,529		15,771
Senior non-preferred debt <sup>1)</sup>			17,017	17,017			9,301	9,301
Subordinated loan capital <sup>1)</sup>			2,784	2,784			2,161	2,161
<b>Total liabilities</b>	<b>13,052</b>	<b>645</b>	<b>310,418</b>	<b>324,115</b>	<b>13,242</b>	<b>2,529</b>	<b>298,343</b>	<b>314,114</b>

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

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).

Group	2023				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	Valuation according to prices in an active market	Valuation according to observable market data	Valuation according to factors other than observable market data	Total
<b>Assets</b>								
Loans to customers			7,765	7,765			7,861	7,861
Certificates and bonds	27,959	20,765		48,724	24,524	19,893		44,417
Financial derivatives		16,179		16,179		18,612		18,612
Shares, ownership stakes and other securities	319	13	349	680	348	80	420	848
<b>Liabilities</b>								
Financial derivatives		13,697		13,697		15,771		15,771

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**

Group	2023		2022	
	Loans to customers	Shares, ownership stakes and other securities	Loans to customers	Shares, ownership stakes and other securities
Balance 1.1.	7,861	420	8,450	394
Additions	1,347	36	1,612	20
Disposals	-1,513	-29	-1,918	-16
Transferred from or to measurement according to prices in an active market or observable market data				
Change in value <sup>2)</sup>	70	-78	-283	22
<b>Balance 31.12.</b>	<b>7,765</b>	<b>349</b>	<b>7,861</b>	<b>420</b>
Nominal value/cost price	8,026	336	8,192	328
Fair value adjustment	-261	13	-331	92
<b>Balance 31.12.</b>	<b>7,765</b>	<b>349</b>	<b>7,861</b>	<b>420</b>

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 their sensitivity analyses indicate an increase in the discount rate of 10 basis points would have a negative effect on the result amounting to NOK 44 million.

Parent bank	Carrying amount	Fair value	Carrying amount	Fair value
Fair value of financial instruments at amortised cost	2023	2023	2022	2022
<b>Assets</b>				
Cash and receivables from the central bank	88	88	76	76
Loans to and receivables from credit institutions	20,044	20,044	25,760	25,760
Loans to customers <sup>1)</sup>	108,688	108,688	97,500	97,500
Certificates and bonds <sup>3)</sup>	8,646	8,651	9,099	9,070
<b>Total assets at amortised cost</b>	<b>137,466</b>	<b>137,471</b>	<b>132,434</b>	<b>132,405</b>
<b>Liabilities</b>				
Debt to credit institutions	3,560	3,560	9,585	9,585
Deposits from customers <sup>1)</sup>	149,309	149,309	148,442	148,442
Securities issued <sup>3)</sup>	55,146	55,251	51,364	51,473
Senior non-preferred debt	17,017	17,118	9,301	9,274
Subordinated loan capital <sup>3)</sup>	2,784	2,959	2,161	2,239
<b>Total liabilities at amortised cost</b>	<b>227,816</b>	<b>228,197</b>	<b>220,853</b>	<b>221,013</b>

Group	Carrying amount	Fair value	Carrying amount	Fair value
Fair value of financial instruments at amortised cost	2023	2023	2022	2022
<b>Assets</b>				
Cash and receivables from the central bank	88	88	76	76
Loans to and receivables from credit institutions	5,536	5,536	11,939	11,939
Loans to customers <sup>1)</sup>	262,992	262,992	243,411	243,411
Certificates and bonds <sup>3)</sup>	8,956	8,932	9,573	9,542
<b>Total assets at amortised cost</b>	<b>277,571</b>	<b>277,547</b>	<b>264,999</b>	<b>264,968</b>
<b>Liabilities</b>				
Debt to credit institutions	3,188	3,188	3,428	3,428
Deposits from customers <sup>1)</sup>	149,076	149,076	148,100	148,100
Securities issued <sup>3)</sup>	138,353	137,661	135,353	135,181
Senior non-preferred debt	17,017	17,118	9,301	9,274
Subordinated loan capital <sup>3)</sup>	2,784	2,959	2,161	2,239
<b>Total liabilities at amortised cost</b>	<b>310,418</b>	<b>310,003</b>	<b>298,342</b>	<b>298,222</b>

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		Certificates and bonds	Group	
2022	2023		2023	2022
45,783	47,418	Certificates and bonds at fair value	48,724	44,416
9,099	8,646	Certificates and bonds at amortised cost	8,956	9,573
54,882	56,065	<b>Total certificates and bonds</b>	<b>57,681</b>	53,989
		<b>Government</b>		
4,278	2,700	Nominal value	2,700	4,278
4,104	2,528	Book value	2,528	4,104
		<b>Other public issuers</b>		
3,073	3,573	Nominal value	3,943	3,343
3,118	3,610	Book value	3,984	3,392
		<b>Covered bonds</b>		
22,229	25,396	Nominal value	24,662	19,196
22,198	25,555	Book value	24,817	18,843
		<b>Other financial enterprises</b> including multilateral development banks		
25,268	24,073	Nominal value	26,023	27,431
25,189	24,149	Book value	26,128	27,376
		<b>Non-financial enterprises</b>		
285	227	Nominal value	227	285
274	224	Book value	224	274
55,132	55,968	<b>Total certificates and bonds at nominal value</b>	<b>57,554</b>	54,532
54,882	56,065	<b>Total certificates and bonds</b>	<b>57,681</b>	53,989

## NOTE 27 FINANSIELLE DERIVATER

### Accounting Policies

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.

### 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 31.12.2023, the net fair value of the hedging instruments was NOK -8,019 million (NOK -184 million in assets and NOK 8,203 million in liabilities). The corresponding figures for 2022 were NOK -11,916 million (NOK -14 million in assets and NOK 11,902 million in liabilities). There was no ineffective result for hedging instruments in 2023.

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 338.2 billion and security of NOK 13,173 million and NOK 645 million has been pledged and received as at 31.12.2023. The group has no financial instruments that are booked net.

(Figures in NOK millions)

Group	2023			2022		
	Contract amount	Fair value		Contract amount	Fair value	
Assets		Liabilities	Assets		Liabilities	
<b>At fair value through profit or loss</b>						
<b>Currency instruments</b>						
Currency futures (forwards)	4,069	75	100	5,329	121	150
Currency swaps	41,170	190	1,440	39,194	572	78
Currency swaps (basis swap)	64,094	403	1,637	28,398	818	137
Currency swaps (basis swap hedging)	22,747	164	622	29,311	536	25
Currency options	-	-	-	952	-	-
<b>Total currency instruments</b>	<b>132,080</b>	<b>832</b>	<b>3,798</b>	<b>103,184</b>	<b>2,047</b>	<b>390</b>
<b>Interest rate instruments</b>						
Interest rate swaps	69,876	1,913	974	71,543	2,184	924
Other interest rate contracts	6,827	77	77	2,021	27	27
<b>Total interest rate instruments</b>	<b>76,703</b>	<b>1,989</b>	<b>1,051</b>	<b>73,564</b>	<b>2,211</b>	<b>950</b>
<b>Interest rate instruments, hedging</b>						
Interest rate swaps	153,389	184	8,203	127,769	-14	11,902
<b>Total interest rate instruments, hedging</b>	<b>153,389</b>	<b>184</b>	<b>8,203</b>	<b>127,769</b>	<b>-14</b>	<b>11,902</b>
<b>Collateral</b>						
Collateral		13,173	645		14,368	2,529
<b>Total collateral</b>		<b>13,173</b>	<b>645</b>		<b>14,368</b>	<b>2,529</b>
Total currency instruments	132,080	832	3,798	103,184	2,047	390
Total interest rate instruments	230,091	2,174	9,254	201,334	2,197	12,852
Total collateral		13,173	645		14,368	2,529
<b>Total currency and interest rate instruments</b>	<b>362,171</b>	<b>16,179</b>	<b>13,697</b>	<b>304,517</b>	<b>18,612</b>	<b>15,771</b>
<b>Counterparty risk:</b>						
Netting agreements		2,275			2,352	
Taking into account collateral		13,817			16,896	
<b>Total exposure to financial derivatives</b>		<b>86</b>			<b>-636</b>	

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	2023		2022	
	Contract amount	Weighted maturity	Contract amount	Weighted maturity
Interest rate instruments				
CIBOR DKK (3 mnd)	1,054	7.5	-	-
CIBOR DKK (6 months)	1,056	2.4	848	2.9
EURIBOR EUR (3 months)	134,476	3.8	194,435	4.6
EURIBOR EUR (6 months)	416	5.1	389	6.1
LIBOR USD (3 months)	1,178	1.3	3,962	1.9
NIBOR NOK (1 month)	29	3.1	38	4.1
NIBOR NOK (3 months)	76,089	4.1	79,143	4.5
NIBOR NOK (6 months)	740	1.7	940	2.2
STIBOR SEK (3-month)	303	2.8	256	2.1
<b>Total interest rate instruments</b>	<b>215,341</b>		<b>280,010</b>	

Currency instruments	2023		2022	
	Contract amount	Weighted maturity	Contract amount	Weighted maturity
EURIBOR EUR (3 months)	3,274	0.1		
EURIBOR EUR (3-month) to LIBOR USD (3-month)	11,124	1.5	13,565	2.0
EURIBOR EUR (3-month) to NIBOR NOK (3-month)	49,090	3.1	110,164	4.8
EURIBOR EUR (3-month) to STIBOR SEK (3-month)	-		4,200	1.3
EURIBOR EUR (3months) to SOFR USD	3,068	0.5	-	
LIBOR USD (3-month) to NIBOR NOK (3-month)	111	2.3	153	3.3
LIBOR USD (6 months) to FIXED NOK	10,128	2.3		
STIBOR SEK (3-month) to NIBOR NOK (3-month)	10,047	2.3	1,256	1.4
<b>Total currency instruments</b>	<b>86,841</b>		<b>129,338</b>	
<b>Total exposure to financial derivatives</b>	<b>302,182</b>		<b>409,347</b>	
<b>Assets</b>				
<b>Certificates and bonds</b>				
LIBOR USD (3 months)	-		13	2.0
NIBOR NOK (3 months)	33,096	2.8	24,815	3.1
<b>Total exposure certificates and bonds</b>	<b>33,096</b>		<b>24,827</b>	
<b>Liabilities</b>				
<b>Securities issued</b>				
EURIBOR EUR (3-month)	3,713	0.6	3,049	1.3
EURIBOR EUR (6-month)	563	7.0	526	8.0
LIBOR USD (6-month)	-	0.1	1,390	0.8
NIBOR NOK (3-month)	25,050	9.5	13,975	12.3
STIBOR SEK (3-month)	254	1.7	661	0.8
<b>Total exposure securities issued</b>	<b>29,580</b>		<b>19,601</b>	

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.

Fair value interest rate risk 2023	Carrying amount	Accumulated fair value adjustment of the hedged item	Value changes used for calculating hedge ineffectiveness			
			Less than 3 months	3 - 12 months	1 - 5 years	More than 5 years
<b>Hedging instrument</b>						
Interest rate swaps	-8,087					-4,431
<b>Hedged item</b>						
Debt securities issued	132,429	8,017				4,453
<b>Hedged item</b>						
Debt securities issued	9,322	6,664	38,635	85,825		140,446
<b>Fair value interest rate risk 2022</b>						
<b>Hedging instrument</b>						
Interest rate swaps	-11,916					11,708
<b>Hedged item</b>						
Debt securities issued	115,474	12,165				-11,715
<b>Hedged item</b>						
Debt securities issued	6,833	3,939	61,322	55,545		127,639

## NOTE 28 SHARES, OWNERSHIP STAKES AND OTHER SECURITIES

(Figures in NOK millions)

### Accounting Policies

Shares, ownership stakes and other securities are classified as fair value through profit or loss.

Parent bank			Group	
2022	2023		2023	2022
		At fair value through profit or loss		
327	319	- Listed	319	327
21	-	- Hybrid capital	-	21
149	62	- Unlisted	362	500
496	<b>381</b>	<b>Total shares, ownership stakes and other securities</b>	<b>680</b>	848

### Investments in shares, ownership stakes and other securities

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
<b>At fair value through profit or loss</b>					
Sandnes Sparebank	230,149	15.1 %	3,485,009	149,477	318,530
Other listed companies				20	20
<b>Listed companies</b>				<b>149,497</b>	<b>318,550</b>
VN Norge AS					45,073
Other unlisted companies				51,478	17,143
<b>Total unlisted companies</b>				<b>51,478</b>	<b>62,216</b>
<b>Total at fair value through profit or loss shares, ownership stakes and other securities</b>				<b>200,974</b>	<b>380,766</b>
<b>Group</b>					
<b>At fair value through profit or loss</b>					
<b>Listed companies, parent bank</b>				149,497	318,550
<b>Total unlisted companies, parent bank</b>				<b>51,478</b>	<b>62,216</b>
HitecVision Asset Solutions, L.P.		1.2 %		24,702	18,338
HitecVision Private Equity IV LP		2.0 %		19,438	8,002
SR PE-Feeder III KS		40.5 %		12,348	43,298
SR PE-Feeder IV AS		25.2 %		12,159	21,100
Optimarin AS		14.8 %		23,588	28,346
Boost AI AS		6.3 %		68,865	68,865
Justify AS		24.2 %		16,587	18,378
Lucidtech AS		23.6 %		13,619	19,308
Aritma AS		16.2 %		15,000	15,000
Other unlisted companies in subsidiaries				90,754	58,896
<b>Total unlisted in subsidiaries</b>				<b>297,059</b>	299,531
<b>Total unlisted in group</b>				<b>348,536</b>	361,747
<b>Total at fair value through profit or loss shares, ownership stakes and other securities</b>				<b>498,033</b>	680,297

## NOTE 29 INTANGIBLE ASSETS

(Figures in NOK millions)

Parent bank			Group			
Goodwill	Total	2023	Total	Goodwill	Customer contracts	Research and development
70	70	Acquisition cost 1.1.2023	485	423	47	15
	-	Additions	3	-	1	2
	-	Disposals	89	78	-	11
70	70	Acquisition cost 31.12.2023	399	345	48	6
	-	Accumulated depreciation and impairment 1.1.2023	31	-	23	8
	-	Year's disposals	5	-	-	5
	-	Year's depreciation and impairment provisions	5	-	5	-
-	-	Accumulated depreciation and impairment 31.12.2023	31	-	28	3
70	70	<b>Intangible assets 31.12.2023</b>	<b>368</b>	345	20	3
		<b>Distribution of intangible assets</b>				
	-	SpareBank 1 SR-Bank ForretningsPartner AS – acquisition of accounting firm	295	275	20	
	-	Activated R&D costs in subsidiaries	3			3
70	70	SpareBank 1 SR-Bank AS – Monio	70	70		
70	70	<b>Intangible assets 31.12.2023</b>	<b>368</b>	345	20	3
		<b>2022</b>				
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
		<b>Distribution of intangible assets</b>				
		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 31.12.2022	454	423	24	7

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)

### Accounting Policies

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.

Parent bank		2023		Group		
Buildings and real estate	Machinery, fixtures, and vehicles	Total		Total	Machinery, fixtures, and vehicles	Buildings and real estate <sup>1)</sup>
142	621	763	Acquisition cost 1.1.2023	1,521	760	761
8	88	96	Additions	126	118	8
		-	Disposals	-		
150	709	859	Acquisition cost 31.12.2023	1,647	878	769
46	444	490	Accumulated depreciation and impairment 1.1.2023	598	550	48
2	66	68	Year's depreciation	101	74	27
			Year's impairment provisions	-		
			Year's disposals	-		
48	510	558	Accumulated depreciation and impairment 31.12.2023	699	624	75
<b>102</b>	<b>199</b>	<b>301</b>	<b>Fixed assets 31.12.2023</b>	<b>948</b>	<b>254</b>	<b>694</b>
<b>273</b>			<b>Fair value<sup>1)</sup></b>			<b>943</b>
2022						
141	601	742	Acquisition cost 1.1.2022	1,611	723	888
1	78	79	Additions	104	97	7
		-	Adjustment of cost price	2	2	-
-	58	58	Disposals <sup>2)</sup>	196	62	134
142	621	763	Acquisition cost 31.12.2022	1,521	760	761
43	416	459	Accumulated depreciation and impairment 1.1.2022	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 <sup>2)</sup>	149	55	94
46	444	490	Accumulated depreciation and impairment 31.12.2022	598	550	48
96	177	273	Fixed assets 31.12.2022	923	210	713
271			Fair value <sup>1) 3)</sup>			862

1) Fair values of buildings and real estate 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

3) Finansparken Bjergsted is included at its construction cost at fair value

### 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 607 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)

### Accounting Policies

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. Sparebank 1 SR-Bank has elected not to recognise short-term leases (12 months or less), nor leases for which the underlying asset is of low value. On contract inception it is also assessed whether parts of the contract relate to non-lease components.

### Measurement and recognition

At the commencement date, the lease liability is measured as the present value of the agreed lease payments. The right-of-use asset is measured at cost.

In subsequent measurements, the lease liability is measured at amortised cost using the effective interest method. The right-of-use asset is measured using a cost model.

The group uses implicit interest rate calculations for leased vehicles. For all other leases it uses the incremental borrowing rate.

The group's leases mainly consist of leases for buildings with different terms and option structures.

The short-term or low value agreements not included in the IFRS 16 calculation amounted to NOK 0.5 million in annual rent in 2023 (NOK 0.5 million in 2022).

Parent bank			Group	
2022	2023		2023	2022
<b>Balance sheet</b>				
857	900	Right-of-use assets	366	314
903	956	Lease liabilities	390	336
<b>Income statement</b>				
55	62	Depreciation of right-of-use assets	58	49
-	-	Impairment of right-of-use assets	-	-
29	31	Interest on lease liabilities	11	9
84	93	<b>Total costs pursuant to IFRS 16</b>	<b>69</b>	<b>58</b>
<b>Right-of-use assets</b>				
881	857	Right-of-use assets 1.1.	314	334
38	125	Additions in the period	144	38
7	20	Disposals in the period	34	10
55	62	Depreciation	58	49
-	-	Impairment provisions	-	-
857	900	<b>Right-of-use assets at the end of the period</b>	<b>366</b>	<b>314</b>
<b>Lease liabilities</b>				
920	903	Lease liabilities 1.1.	336	359
38	125	Additions in the period	142	37
7	20	Disposals in the period	34	10
77	83	Instalments in the period	66	58
29	31	Interest	11	9
903	956	<b>Lease liabilities at the end of the period</b>	<b>390</b>	<b>336</b>

## NOTE 32 OTHER ASSETS

(Figures in NOK millions)

Parent bank			Group	
2022	2023		2023	2022
4	4	Income earned but not received	9	11
18	15	Prepaid costs	33	31
96	113	Investment fund in Storebrand Asset Management AS <sup>1)</sup>	113	96
200	200	Paid in capital SR-Bank Pension Fund	200	200
319	-	Unsettled trades	-	319
130	220	Other assets	616	530
767	553	<b>Total other assets</b>	<b>971</b>	<b>1,186</b>

1) Related to contribution-based service pension for salary above 12 G. Ref note 23.

## NOTE 33 DEPOSITS FROM CUSTOMERS

(Figures in NOK millions)

### Accounting Policies

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.

Parent bank			Group	
2022	2023		2023	2022
125,679	116,018	Deposits from and liabilities to customers, at call	115,806	125,358
22,763	33,290	Deposits from and liabilities to customers with agreed maturity	33,270	22,741
148,442	149,309	<b>Total deposits from customer</b>	<b>149,076</b>	<b>148,100</b>
		<b>Deposits by sector and industry<sup>1)</sup></b>		
617	628	Aquaculture	628	617
1,622	1,472	Industry	1,472	1,622
1,595	1,701	Agriculture/forestry	1,701	1,595
5,092	4,926	Financial and insurance services	4,693	4,749
3,027	2,782	Administrative and support services	2,782	3,027
42,534	35,096	Other service industry	35,096	42,534
3,409	3,736	Wholesale and retail trade, hotels and restaurants	3,736	3,409
5,543	8,531	Offshore, oil and gas E&P	8,531	5,543
808	2,700	Oilservices	2,700	808
3,895	5,773	Building and construction	5,773	3,895
7,443	5,263	Renewable energy, water, and waste collection	5,263	7,443
7,249	6,988	Commercial real estate	6,988	7,249
4,018	4,916	Shipping and other transport	4,916	4,018
86,852	84,511	<b>Total corporate market</b>	<b>84,278</b>	<b>86,509</b>
61,590	64,798	<b>Retail market</b>	<b>64,798</b>	<b>61,590</b>
148,442	149,309	<b>Total deposits by sector and industry</b>	<b>149,076</b>	<b>148,100</b>
		<b>Deposits by geographic area</b>		
89,546	94,928	Rogaland	94,696	89,204
12,837	12,894	Agder	12,894	12,837
19,358	18,147	Vestland	18,147	19,358
16,860	17,040	Oslo/Viken	17,040	16,860
7,499	3,522	International	3,522	7,499
2,342	2,777	Other	2,777	2,342
148,442	149,309	<b>Total deposits by geographic area</b>	<b>149,076</b>	<b>148,100</b>

1) Updated classification of certain industries in 4th quarter 2023 effects historical figures.

## NOTE 34 SECURITIES ISSUED AND SENIOR NON-PREFERRED DEBT

(Figures in NOK millions)

### Securities issued

Parent bank				Group		
NOK	Currency	Total		Total	Currency	NOK
-	-	-	Other long-term borrowing	-	-	-
14,047	41,099	55,146	Bonds and certificates <sup>1)</sup>	55,146	41,099	14,047
		-	Covered bonds <sup>1)</sup>	83,207	68,728	14,478
<b>14,047</b>	<b>41,099</b>	<b>55,146</b>	<b>Total securities issued</b>	<b>138,353</b>	<b>109,827</b>	<b>28,525</b>

### Maturity date of securities issued

NOK	Valuta	Sum		Sum	Valuta	NOK
1,637	12,310	13,947	2024	19,450	17,806	1,645
4,728	6,469	11,197	2025	25,895	15,123	10,773
3,154	5,554	8,708	2026	13,940	10,786	3,154
2,002	11,734	13,736	2027	26,960	19,685	7,275
2,526	-	2,526	2028	18,536	16,011	2,526
-	-	-	2029	8,043	8,043	-
-	208	208	2030	5,049	5,049	-
-	4,824	4,824	2031 and maturity after	20,480	17,313	3,167
<b>14,047</b>	<b>41,099</b>	<b>55,146</b>	<b>Total securities issued</b>	<b>138,353</b>	<b>109,814</b>	<b>28,539</b>

1) Own certificates and bonds have been deducted.

### Senior non-preferred debt

NOK	Valuta	Sum		Sum	Valuta	NOK
5,288	11,729	17,017	Senior non-preferred bonds	17,017	11,729	5,288
<b>5,288</b>	<b>11,729</b>	<b>17,017</b>	<b>Total senior non-preferred debt</b>	<b>17,017</b>	<b>11,729</b>	<b>5,288</b>

### Forfallstidspunkt på etterstilt gjeld

NOK	Valuta	Sum	Forfall	Sum	Valuta	NOK
-	282	282	2026	282	282	-
705	5,231	5,935	2027	5,935	5,231	705
4,583	5,931	10,515	2028	10,515	5,931	4,583
-	286	286	2029 and maturity after	286	286	-
<b>5,288</b>	<b>11,729</b>	<b>17,017</b>	<b>Total senior non-preferred bonds</b>	<b>17,017</b>	<b>11,729</b>	<b>5,288</b>

### Group

	Balance sheet 31.12.2023	Issued 2023	Matured/ redeemed 2023	Exchange rate and other changes 2021	Balance sheet 31.12.2022
<b>Change in securities issued</b>					
Other long-term borrowing, nominal value	-	-	-1,574	184	1,390
Bonds and certificates, nominal value	55,584	10,927	-9,231	2,612	51,277
Covered bonds, nominal value	88,603	-	-8,827	4,810	92,619
Value adjustments and accrued interest	-5,835	-	-	4,097	-9,931
<b>Total securities issued</b>	<b>138,353</b>	10,927	-19,632	11,703	135,353

### Change in debt raised by issuing senior non-preferred debt

	Balance sheet 31.12.2023	Issued 2023	Matured/ redeemed 2023	Exchange rate and other changes 2021	Balance sheet 31.12.2022
Senior non-preferred bonds, nominal value	17,212	6,919	-	333	9,960
Value adjustments and accrued interest	-194	-	-	464	-658
<b>Total securities issued</b>	<b>17,017</b>	6,919	-	797	9,301

## NOTE 35 OTHER DEBT AND OTHER LIABILITIES

(Figures in NOK millions)

Parent bank			Group	
2022	2023	Other liabilities	2023	2022
53	60	Accounts payable	93	92
44	51	Tax deducted	71	63
2	78	Unsettled trades	78	2
231	192	Other liabilities	210	249
98	108	Accrued holiday pay	157	148
156	250	Other accrued costs	415	305
584	<b>739</b>	<b>Total other liabilities</b>	<b>1,024</b>	858
<b>Security pledged</b>				
28,751	21,780	Securities prepared for pledges of security in Norges Bank	21,780	28,751
1,497	2,703	Security pledged year end	2,703	1,497

### 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. The group has made 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	
2022	2023		2023	2022
44	51	Tax deducted	71	63
44	<b>51</b>	<b>Total restricted funds</b>	<b>71</b>	63

## NOTE 37 SUBORDINATED LOAN CAPITAL

(Figures in NOK millions)

Parent bank				Group					
2022	2023	Principal	Terms	Maturity	First due date	2023	2022		
<b>Non-perpetual</b>									
705	705	700	NOK 3-month NIBOR + 1.45% p.a.	2029	2024	705	705		
630		625	NOK 3-month NIBOR + 1.52% p.a.	2028	2023		630		
300		300	NOK 3-month NIBOR + 1.45% p.a.	2028	2023		300		
	304	300	4,94 % til 15.08.29, following 3 month NIBOR + 1,93 % p.a	2034	2029	304			
	504	500	NOK 3-month NIBOR + 1.93% p.a.	2033	2028	504			
	706	700	NOK 3-month NIBOR + 1.93% p.a.	2034	2029	706			
526	564	50	EUR 6 month Euribor + 1.725% p.a.	2030	.	564	526		
2,161	<b>2,784</b>		<b>Total non-perpetual</b>			<b>2,784</b>	2,161		
2,161	<b>2,784</b>		<b>Total subordinated loan capital</b>			<b>2,784</b>	2,161		

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 2,784 million in subordinated loan capital, NOK 2,672 million counts as term subordinated loan capital. Capitalised costs associated with borrowing are reflected in the calculation of amortised cost.

Group	Balance 31.12.2023	Issued/ sale own 2023	Matured/ redeemed 2023	Exchange rate and other changes 2023	Balance 31.12.2022
<b>Change in subordinated loans<sup>1)</sup></b>					
Dated subordinated loan capital, nominal value	2,763	1,500	-925	37	2,151
Value adjustments and interest	21			11	10
<b>Total subordinated loan capital</b>	<b>2,784</b>	<b>1,500</b>	<b>-925</b>	<b>48</b>	<b>2,161</b>

<sup>1)</sup> This note is identical for the parent bank.

## NOTE 38 INVESTMENTS IN OWNERSHIP INTERESTS

### Accounting Policies

#### 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.

#### 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.

#### 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.

#### Joint arrangements

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

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.

### Subsidiaries, associated companies and joint ventures

Company	Acquisition date	Registered head office	Ownership in % <sup>1)</sup>
<b>Investments in subsidiaries</b>			
<b>Shares held by the parent bank</b>			
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
Monio <sup>2)</sup>	2019	Oslo	
<b>Shares owned by subsidiaries</b>			
Jærmegleren	2007	Stavanger	100.00
Rygir Tomteutvikling	2013	Stavanger	100.00
Rygir Shipping <sup>6)</sup>	2017	Stavanger	
Aberdeen Offshore II <sup>6)</sup>	2021	Oslo	
Tveit Regnskap	2021	Vindafjord	100.00
Meierigaarden B1	2023	Stavanger	100.00
<b>Investments in associated companies</b>			
BN Bank <sup>3)</sup>	2008	Trondheim	35.02
SpareBank 1 Kreditt	2012	Trondheim	16.68
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	35.85
SpareBank 1 Markets	2023	Oslo	33.34
Folkeinvest <sup>5)</sup>	2023	Trondheim	36.87
<b>Investments in associated companies in the FinStart Nordic Group</b>			
Beaufort Solutions	2019	Oslo	46.89
<b>Investments in joint ventures</b>			
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)

2023	The company's share capital	Owner-ship interest in %	No. of equities	Nominal value	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	111,793,066	105,654,061	184,280	6,994	138,283	6,000,150
<b>Total investments in credit institutions</b>				<b>6,000,000</b>	<b>111,793,066</b>	<b>105,654,061</b>	<b>184,280</b>	<b>6,994</b>	<b>138,283</b>	<b>6,000,150</b>
EiendomsMegler 1 SR-Eiendom	1,500	100,00	150	1,500	170,216	99,500	404,801	399,561	3,921	97,205
FinStart Nordic Group	75,000	100,00	7,500	75,000	496,519	374	-48,553	3,313	-39,387	353,975
SpareBank 1 SR-Bank ForretningsPartner	3,300	100,00	33,000	3,300	649,882	236,730	423,514	395,413	21,909	320,125
Rygir Industrier Group	14,400	100,00	90,000	14,400	124,790	4,342	2,634	38,095	-25,647	126,310
Finansparken Bjergsted	76,000	100,00	8,000	76,000	592,507	166,335	24,739	26,398	-1,294	456,416
Monio <sup>2)</sup>	45,056						5,075	53,666	-40,837	
<b>Total other investments</b>				<b>170,200</b>	<b>2,033,915</b>	<b>507,281</b>	<b>812,210</b>	<b>916,445</b>	<b>-81,335</b>	<b>1,354,031</b>
<b>Total investments in subsidiaries parent bank</b>				<b>6,170,200</b>	<b>113,826,981</b>	<b>106,161,342</b>	<b>996,490</b>	<b>923,439</b>	<b>56,948</b>	<b>7,354,181</b>
<b>2022</b>										
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
<b>Total investments in credit institutions</b>				<b>6,000,000</b>	<b>117,586,291</b>	<b>110,880,569</b>	<b>904,857</b>	<b>4,744</b>	<b>702,063</b>	<b>6,000,150</b>
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 <sup>4)</sup>	5,000	-					3,691	16,356	-9,878	-
Monio	45,056	100,00	4,505,646,926	45,056	85,409	11,185	12,901	28,533	-11,724	202,070
<b>Total other investments</b>				<b>215,256</b>	<b>2,308,591</b>	<b>563,604</b>	<b>902,147</b>	<b>832,040</b>	<b>74,256</b>	<b>1,546,900</b>
<b>Total investments in subsidiaries parent bank</b>				<b>6,215,256</b>	<b>119,894,883</b>	<b>111,444,174</b>	<b>1,807,004</b>	<b>836,785</b>	<b>776,319</b>	<b>7,547,050</b>

1) Voting rights and ownership share are equal in all companies

2) Sold to Folkeinvest 31.12.2023

3) Guarantee on behalf of BN Bank to SpareBank 1 Næringskreditt

4) The company was sold 31.12.2023

5) Shares in Folkeinvest was acquired 31.12.2023 after the sale of Monio to Folkeinvest

6) The company was liquidated in 2023

**Investments in associated companies and joint ventures**

(Figures in NOK millions)

Parent bank			Group	
2022	2023		2023	2022 <sup>1)</sup>
2,363	2,593	Carrying amount 1.1.	5,242	4,894
225	1,301	Additions/disposals	1,290	242
5	-	Recognised value adjustment	-	-5
-	-	Equity changes	-191	-194
-	-	Share of profit/loss	288	453
-	-	Dividend paid	-629	-349
2,593	3,895	<b>Carrying amount 31.12.</b>	<b>6,000</b>	5,041
-	-	Share of profit from SpareBank 1 Gruppen <sup>1)</sup>	-41	175
-	-	Share of profit from SpareBank 1 Forvaltning	61	63
-	-	Share of profit from BN Bank	257	203
-	-	Share of profit from SpareBank 1 Utvikling	6	3
-	-	Share of profit from SpareBank 1 Kreditt	-12	7
-	-	Share of profit from SpareBank 1 Bank og Regnskap	1	1
-	-	Share of profit from SpareBank 1 Betaling	-33	11
-	-	Share of profit from SpareBank 1 Markets	51	-
-	-	Share of profit from the FinStart Nordic Group	-8	-11
-	-	Share of profit from Rygir Group	5	-
137	505	Dividend from SpareBank 1 Gruppen	-	-
142	54	Dividend from SpareBank1 Forvaltning	-	-
70	70	Dividend from BN Bank	-	-
349	629	<b>Total income</b>	<b>288</b>	453

1) The change in equity in SpareBank 1 Gruppen is reworked following the implementation of IFRS 17 / IFRS 9. Refer to note 2.

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 31.12.2023 include goodwill amounting to NOK 390 million (2022: NOK 116 million).

**The group's ownership interests in associated companies and joint ventures**

(Figures in NOK millions)

2023		Assets	Liabilities	Income	Costs	Profit or loss	Carrying amount 31.12.	Stake in %	Number of shares
SpareBank 1 Gruppen	Oslo	25,762	23,363	3,441	3,400	-41	1,759	19.50	381,498
SpareBank 1 Utvikling	Oslo	214	66	353	347	6	148	18.00	-
BN Bank	Trondheim	16,796	14,685	472	110	257	2,041	35.02	4,943,072
SpareBank 1 Kreditt	Trondheim	1,626	1,318	82	59	-12	307	16.68	847,906
SpareBank 1 Betaling	Oslo	240	-	33	-	-33	240	19.10	5,965,090
SpareBank 1 Bank og Regnskap	Trondheim	44	-	2	-	1	44	25.00	5,000
SpareBank 1 Gjeldsinformasjon	Oslo	2	-	-	-	-	1	18.26	85,543,049
SpareBank 1 Forvaltning	Oslo	616	204	317	235	61	461	35.85	1,320,804
SpareBank 1 Markets	Oslo	980	374	284	225	51	776	33.34	1,787,761
Folkeinvest <sup>1)</sup>	Trondheim	40	4	-	-	-	137	36.87	890,618
Other investments						-3	85		
<b>Total</b>		<b>46,319</b>	<b>40,014</b>	<b>4,984</b>	<b>4,377</b>	<b>288</b>	<b>6,000</b>		
2022									
SpareBank 1 Gruppen <sup>2)</sup>	Oslo	23,672	20,785	3,767	3,477	175	2,071	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	-	13	-	11	239	19.10	5,253,770
SpareBank 1 Bank og Regnskap	Trondheim	42	-	1	-	1	42	25.00	5,000
SpareBank 1 Gjeldsinformasjon	Oslo	1	-	-	-	-	1	18.26	85,543,049
SpareBank 1 Forvaltning	Oslo	545	249	274	193	63	346	35.80	1,320,327
Other investments						-10	99		
<b>Total</b>		<b>41,717</b>	<b>35,940</b>	<b>4,892</b>	<b>4,202</b>	<b>453</b>	<b>5,041</b>		

1) Shares in Folkeinvest was acquired 31.12.2023.

2) Book value of SpareBank 1 Gruppen has been reworked following the implementation of IFRS 17 / IFRS 9. Refer to note 2..

## 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.

2023	Loans 31.12.	Deposits 31.12.	Receiv- ables	Lia- bilities	Interest income	Interest costs	Comm- issions	Other operating income	Oper- ating costs
EiendomsMegler 1	-	41	-	-	10	4	-	10	10
FinStart Nordic	-	84	-	-	-	3	-	-	-
SpareBank 1 SR-Bank ForretningsPartner	-	56	-	-	13	3	-	7	17
SR-Boligkreditt <sup>1)</sup>	14,520	372	7,785	8,778	522	35	60	1	-
Rygir Industrier konsern	-	28	-	-	2	-	-	-	-
Finansparken Bjergsted	160	24	-	-	11	2	-	1	45
Monio	-	-	-	-	-	2	-	1	-
<b>Total subsidiaries</b>	<b>14,679</b>	<b>604</b>	<b>7,785</b>	<b>8,778</b>	<b>558</b>	<b>49</b>	<b>60</b>	<b>21</b>	<b>72</b>

1) Transferred loans, sold NOK 20,000 million and bought NOK 100 million. .

2022

EiendomsMegler 1	-	47	-	-	8	4	-	9	13
FinStart Nordic	-	73	-	-	-	1	-	-	-
SpareBank 1 SR-Bank ForretningsPartner	-	64	-	-	9	1	-	13	23
SR-Boligkreditt <sup>1)</sup>	13,840	6,157	12,886	4,453	240	27	61	1	-
Rygir Industrier konsern	-	19	-	-	1	-	-	-	-
Finansparken Bjergsted	216	61	612	642	7	1	-	1	45
Bjergsted Terrasse	-	-	-	-	1	-	-	-	2
Monio	-	78	-	-	-	2	-	2	-
<b>Total subsidiaries</b>	<b>14,056</b>	<b>6,499</b>	<b>13,498</b>	<b>5,094</b>	<b>266</b>	<b>37</b>	<b>61</b>	<b>26</b>	<b>83</b>

1) Transferred loans, sold NOK 44,000 million and bought NOK 200 million. .

### Associated companies and joint ventures

2023	Loans 31.12.	Deposits 31.12.	Receiv- ables	Lia- bilities	Interest income	Interest costs	Comm- issions	Other ope- rating income	Oper- ating costs
SpareBank 1 Gruppen	980	-	241	-	44	-	294	-	10
SpareBank 1 Utvikling	-	-	-	-	-	-	-	-	383
SpareBank 1 Kreditt	1,210	-	-	-	64	-	42	-	-
SpareBank 1 Forvaltning	-	-	-	-	-	-	112	-	-
SpareBank 1 Markets	-	-	-	12	-	-	-12	-	-
Folkeinvest	-	30	-	-	-	-	-	-	-
<b>Total associated companies and joint ventures</b>	<b>2,190</b>	<b>30</b>	<b>241</b>	<b>12</b>	<b>108</b>	<b>-</b>	<b>436</b>	<b>-</b>	<b>393</b>

2022

SpareBank 1 Gruppen	660	-	236	-	31	-	358	-	9
SpareBank 1 Utvikling	-	-	-	-	-	-	-	-	297
SpareBank 1 Kreditt	1,000	-	-	-	27	-	45	-	-
SpareBank 1 Forvaltning	-	-	-	-	-	-	134	-	-
<b>Total associated companies and joint ventures</b>	<b>1,660</b>	<b>-</b>	<b>236</b>	<b>-</b>	<b>58</b>	<b>-</b>	<b>536</b>	<b>-</b>	<b>306</b>

### Transactions with close associates of the group executive management team and the board

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 6,606,724,225 divided into 264,268,969 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
2023	Private placement	212.9	6,606.7	264,268,969

Besides the share capital, the equity consists of the share premium reserve, hybrid capital and other equity.

Trading in own shares in 2023 (Figures in NOK thousands)		No. of equities	Nominal value
Holding as at 31.12.2021		29,219	730
Traded in 2023		17,025	426
Holding as at 31.12.2023		46,244	1,156

**20 largest shareholders as at 31.12.2023**

<b>Shareholder</b>	<b>Number of shares</b>	<b>% ratio</b>
Sparebankstiftelsen SR-Bank	78,676,815	29.8%
National Insurance Scheme Fund	18,501,741	7.0%
SpareBank 1-stiftinga Kvinnherad	6,526,583	2.5%
State Street Bank and Trust Co, U.S.A.	5,416,295	2.0%
Brown Brothers Harriman & Co, U.S.A.	4,590,485	1.7%
Pareto Aksje Norge	3,946,295	1.5%
JPMorgan Chase Bank NA, U.S.A.	3,899,308	1.5%
Swedbank AB	3,398,708	1.3%
Verdipapirfondet Alfred Berg Gambak	3,302,027	1.2%
Odin Norge	3,299,112	1.2%
Danske Invest Norske Instit. II	2,837,553	1.1%
J.P.Morgan SE, Luxembourg	2,642,829	1.0%
Pareto Invest Norge AS	2,357,830	0.9%
State Street Bank and Trust Co, U.S.A.	2,308,698	0.9%
AS Clipper	2,233,800	0.8%
Westco AS	1,956,687	0.7%
KLP AksjeNorge Indeks	1,911,673	0.7%
Vpf Nordea Norge Verdi	1,882,964	0.7%
BNP Paribas, Luxembourg	1,653,339	0.6%
J.P.Morgan SE, Luxembourg	1,548,678	0.6%
<b>Total 20 largest</b>	<b>152,891,420</b>	<b>57.9%</b>
<b>Other shareholders</b>	<b>111,377,549</b>	<b>42.1%</b>
<b>Shares issued</b>	<b>264,268,969</b>	<b>100.0 %</b>

The total number of shareholders as at 31.12.2023 was 18 693. This is 872 more than at year end 2022. The proportion of shares held by shareholders residing in Rogaland, Agder, Vestland, Oslo and Viken was 64.8%, and the proportion held by foreign shareholders was 21.6%. 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 31.12.2022**

<b>Shareholder</b>	<b>Number of shares</b>	<b>% ratio</b>
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%
<b>Total 20 largest</b>	<b>145,872,767</b>	<b>57.0%</b>
<b>Other shareholders</b>	<b>109,878,315</b>	<b>43.0%</b>
<b>Shares issued</b>	<b>255,751,082</b>	<b>100.0 %</b>

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.

**Accounting policies**

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.

**Hybrid capital**

(Figures in NOK millions)

Group <sup>1)</sup>	Principal	Terms	Maturity	First maturity date	2023	2022
Hybrid capital	400 NOK	3-month NIBOR + 3.50%	No due date	2023		400
Hybrid capital	450 NOK	3-month NIBOR + 3.50%	No due date	2024	155	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
Hybrid capital	400 NOK	3 month NIBOR + 3,25 %	No due date	2028	400	
Hybrid capital	500 NOK	3 mnd Nibor + 4,00 %	No due date	2028	500	
Hybrid capital	200 NOK	7,79 % til 21.12.28, following 3 month NIBOR + 4,00 %	No due date	2028	200	
Hybrid capital	300 NOK	3 month NIBOR + 3,40 %	No due date	2029	300	
Hybrid capital	250 NOK	7,50 % til 07.06.29, following 3 month NIBOR + 3,40 %	No due date	2029	250	
Hybrid capital	500 NOK	3 month NIBOR+ 3,20%	No due date	2028	500	
<b>Total hybrid capital</b>					<b>3 155</b>	<b>1 700</b>

Change of hybrid capital	Balance sheet 31.12.2023	Issued 2023	Matured/ redeemed 2023	Exchange rate and other changes 2023	Balance sheet
Total hybrid capital	3,155	2,150	-695	-	1,700

1) This note is identical for the parent bank.

**NOTE 41 EVENTS AFTER THE BALANCE SHEET DATE****Accounting policies**

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.

Utbytte bokføres som egenkapital i perioden fram til det er vedtatt av generalforsamlingen.

No material events have been registered after 31.12.2023 that affect the annual financial statements as prepared.

The proposed dividend is NOK 7.50 per share and will total NOK 1 982 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 2023, the income statement, statement of changes in equity and statement of cash flow for the year then ended, and notes to the financial statements, including material accounting policy information, 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 2023, the income statement, statement of changes in equity and statement of cash flow for the year then ended, and notes to the financial statements, including material accounting policy information.

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 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting 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 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting 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 22 years from the time of election in 2002.

#### 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.

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Key Audit Matters	How our audit addressed the Key Audit Matter
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**The value of loans to customers**

Loans to customers represent a considerable part of total assets. The assessment of loan loss provisions is a model-based framework which includes assessments with elements of management judgment. The framework, is complex, includes considerable volumes of data and judgmental parameters.

We focused on this area due to the significance of the impairment considerations for the value of loans, and the fact that the use of judgement has a potential to affect the profit for the period. Furthermore, there is an inherent risk of errors because of the complexity and quantity of data involved in the modelling.

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 loans with a significant increase in credit risk;
- The categorization of loans into stages; and
- The parameters such as the probability of default, loss given default and loss scenarios.

In the case of loans where there is objective evidence of impairment, an individual allowance for credit loss is recognized. The assessments require management to use judgement.

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.

Throughout 2023, we held meetings with the Credit & Legal department in the bank to review impairment assessments and risk-exposed loans to customers. We have also reviewed changes in processes and controls related to loans to customers. As part of our audit, we assessed and tested the design and effectiveness of controls relating to the impairment of loan to customers.

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.

We obtained a detailed understanding of the process and tested relevant controls directed at ensuring:

- That the applied model is designed according to the framework, and working as planned; and
- The reliability and accuracy of the data used in the model.

The impact of the macroeconomic uncertainty, including the impact on loan loss provisions, was discussed with management and assessed. We also challenged management on whether climate-related risk affects the valuation of the bank's lending.

Our controls testing gave no indication of material misstatements in the model, or non-compliance with IFRS 9.

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.

The financial statement shows that defaulted loans are at a lower level compared to last year. We challenged the bank's assessments of whether there is objective evidence of impairment where this has not yet been written off. We discussed loans to customers that had been assessed by the bank and checked a selection of loans to customers selected based on factors such as industry, size and risk. For loans where objective evidence of losses had been identified, we challenged the bank and reviewed the relevance and reasonableness of key assumptions



and the method used in calculating the realizable value. We compared the assumptions with external documentation where this was available. Our review showed 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. The auditor at the relevant service organization are used to evaluate the design and efficiency of the established control systems, and tests the controls designed to ensure the integrity of the IT systems that are relevant to financial reporting. The testing included the integrity of data, changes of and access to the systems. To assess whether we could rely on the work performed by other auditors, we satisfied ourselves regarding the auditors' competence and objectivity and examined the reports received and assessed potential weaknesses and remediation initiatives. Our assessments showed that we could rely on the data handled and calculations performed within the IT systems that are relevant to financial reporting.

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.

#### Accounting for 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 also has 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 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 assessed and tested the bank's controls over the origination 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 foreign 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 foreign 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 appears 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 IFRS Accounting 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, actions taken to eliminate threats or safeguards applied.

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-2023-12-31-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, 7 March 2024

**PricewaterhouseCoopers AS**

Gunnar Slettebø

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 31.12.2023 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 7 March 2023



Dag Mejdell  
Chair of the board



Kate Henriksen



Kjetil Skjæveland



Trine Sæther Romuld



Jan Skogseth



Camilla AC Tøpfers



Sally Lund-Andersen  
Employee representative



Kristian Kristensen  
Employee representative



Benedicte Schilbred Fasmer  
Chief Executive Officer





To the Board of SpareBank 1 SR-Bank ASA

## Independent statement regarding SpareBank 1 SR-Bank ASA's sustainability reporting

We have undertaken a limited assurance engagement in respect of SpareBank 1 SR-Bank ASA's (SpareBank 1 SR-Bank) GRI index for 2023 and measurement and reporting of selected key performance indicators for sustainability for the period 1 January 2023 - 31 December 2023 (the Subject Matter).

- The GRI index is an overview of which sustainability topics SpareBank 1 SR-Bank considers material to its business, together with a reference to where material sustainability information is reported. SpareBank 1 SR-Bank's GRI index is available and included in SpareBank 1 SR-Bank's Integrated annual report for the period ending 31 December 2023. We have examined whether SpareBank 1 SR-Bank has developed a GRI index and whether mandatory disclosures are presented according to the Standards published by the Global Reporting Initiative ([www.globalreporting.org/standards](http://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 2023, 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 "Ø" (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). We have examined the basis for the KPIs and examined whether the KPIs are developed, measured and reported in accordance with the Criteria.

### Management's Responsibility

Management is responsible for the preparation of the Subject Matter information in accordance with the applicable Criteria as described above. The responsibility includes designing, implementing and maintaining an internal control that ensures the development and reporting of the Subject Matter information.

### Our Independence and Quality Management

We have complied with the independence and other ethical requirements as required by 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), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our firm applies ISQM 1 - Quality management for firms that perform audits or reviews of financial statements, or other assurance or related services engagements and maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Auditor's Responsibilities

Our responsibility is to express a conclusion on the Subject Matter information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 revised – «Assurance Engagements other than Audits or Reviews of Historical Financial Information», issued by the International Auditing and Assurance Standards Board. That standard

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requires that we plan and perform this engagement to obtain limited assurance about whether the Subject Matter information is free from material misstatement.

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 Subject Matter information, assessing the risks of material misstatement of the Subject Matter information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Subject Matter information. 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 judgement and, among others, included an assessment of whether the Criteria used are appropriate, as well as an assessment of the overall presentation of the Subject Matter information. Our procedures, based on assessment of the risk of error, also included meetings with representatives from SpareBank 1 SR-Bank who are responsible for the preparation of the Subject Matter information; review of internal control and routines for reporting the Subject Matter information; obtaining and reviewing relevant information that supports the preparation of the Subject Matter information; assessment of completeness of the GRI index and controlling calculation of KPIs.

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 Subject Matter Information 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 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, 7 March 2024  
**PricewaterhouseCoopers AS**

Per Arvid Gimre  
*State Authorised 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 01.01.2023-31.12.2023. 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 2023	Omissions
<b>The organization and its reporting practices</b>				
2-1	Organizational details	PRB 1.1	SpareBank 1 SR-Bank ASA, Head office: Christen Tranesgate 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 21.03.2024. Contact: Guro Elgheim Sivertsen (Director Sustainability) barekraft@sr-bank.no	
2-4	Restatement of information		The emissions data for previous years in the carbon footprint calculation has been based on emission figures provided by suppliers of climate calculation programs. For 2023, this has been changed to physical- and market-based data provided by NVE for the previous year, as this is also used as the basis for calculating emissions in the loan portfolio. Emission figures for physical- and market-based electricity consumption have been recalculated using the same method for 2022 and 2021, resulting in comparable figures.	
2-5	External assurance		Certified with moderate assurance from PwC Norge Annual report, chapter "Corporate Governance", section 9 and 15.	
<b>Activities and workers</b>				
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"	

GRI-indicator	Description	Principles for Responsible Banking (PRB) and the UN Global Compact (GC)	SpareBank 1 SR-Bank's reporting for 2023	Omissions
<b>Governance</b>				
2-9	Governance structure and composition	PRB 5.1	Annual report, chapter "Corporate Governance", 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 "Corporate Governance", 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 "Corporate Governance", section 9. "the work of the board of directors" and the document "PRB Report, principle 5"	
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  The compliance department record conflicts of interest continuously. The number is reported internally as of the current date and is not reported externally.	
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 2023.	
2-17	Collective knowledge of the highest governance body	PRB 5.1	Annual report, chapter "Corporate Governance", 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.	

GRI-indicator	Description	Principles for Responsible Banking (PRB) and the UN Global Compact (GC)	SpareBank 1 SR-Bank's reporting for 2023	Omissions
2-18	Evaluation of the performance of the highest governance body		Annual report, chapter "Corporate Governance", 9. "the work of the board of directors"	
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 2023 and Executive Remuneration Policy	
2-20	Process to determine remuniation	PRB 5.2	Executive Remuniation report 2023 Executive Remuneration Policy	
2-21	Annual total compensation ratio		Annual report, chapter "Employees"	
<b>Strategy, policies and practices</b>				
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"	
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 due dilligence and human right  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"  Policy commitments are communicated to employees annually through a number of training programmes.  The Group's Policy for governing documents describes the operationalization and deployment of the policy's content. Furthermore, there is a section on the intranet that details the management and control within the group. This documentation thus addresses how the policy is applied to business partners and how training is conducted.	



GRI-indicator	Description	Principles for Responsible Banking (PRB) and the UN Global Compact (GC)	SpareBank 1 SR-Bank's reporting for 2023	Omissions
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"	
			In 2023, the Group has developed a process for conducting a dual materiality analysis. This will be published in the 2024 annual report. The ongoing work on dual materiality will enable us to better monitor our efforts to reduce our negative impact.	
2-26	Mechanisms for seeking advice and raising concerns		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"	
			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.	
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"	
<b>Stakeholder engagement</b>				
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	53% of employees are covered by collective bargaining agreements.	
<b>GRI 3</b>				
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"	

GRI-indicator	Description	Principles for Responsible Banking (PRB) and the UN Global Compact (GC)	SpareBank 1 SR-Bank's reporting for 2023	Omissions
<b>Financial reporting</b>				
3-3	Management of material topics	PRB 5.1	Annual report, chapter "Annual financial statement", note 2. "accounting policies"	
<b>Economic performance</b>				
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 "Transition plans", "Climate-related risk (TCFD)" and "Nature as a stakeholder"	Information incomplete. We are working to get this in place for 2024 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.	
<b>Ethics and anti-corruption</b>				
3-3	Management of material topics	GC 10	Annual report, chapter "Sustainability", section, "Corporate governance and compliance " ethics and anti-corruption" and chapter "Annual Financial Statement "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		Since there have been no corruption-related incidents, no employees have been punished for this, no supplier contracts have been terminated due to corruption, and there have been no legal cases related to corruption involving the company's employees.	
<b>Emissions and compliance with environmental regulations</b>				
3-3	Management of material topics	PRB 5.1	Annual report, chapter "Sustainability", section "Operationalisation of sustainability in own operations"	

GRI-indicator	Description	Principles for Responsible Banking (PRB) and the UN Global Compact (GC)	SpareBank 1 SR-Bank's reporting for 2023	Omissions
<b>Emissions</b>				
305-1	Direct GHG emissions (Scope 1)	GC 7,8 and 9	Annual report, chapter "Sustainability", section "Operationalisation of sustainability in own operations".	
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 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): 3.139 kgCO2/unit and Diesel (litres): 3.340 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 ozone-depleting substances (ODS)		Not material	
306-7	Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions		Not material	
<b>Follow-up of suppliers</b>				
3-3	Management of material topics		Annual report, chapter "Sustainability", section "Sustainable purchasing"	
<b>Supplier environmental assessment</b>				
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	SpareBank 1 SR-Bank's Human Right due diligence statement	

GRI-indicator	Description	Principles for Responsible Banking (PRB) and the UN Global Compact (GC)	SpareBank 1 SR-Bank's reporting for 2023	Omissions
<b>Supplier social assessment</b>				
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		
<b>Employees</b>				
3-3	Management of material topics		Annual report, chapter "Employees"	
<b>Employment</b>				
401-1	New employee hires and employee turnover	GC 1 og 6	Annual report, chapter "Employees", section, "Employer Branding and Recruitment"	
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 Remuniation"	
401-3	Parental leave	GC 1 og 6	Annual report, chapter "Employees", section, "Diversity, Inclusion and Belonging"	
<b>Training and education</b>				
404-1	Average hours of training per year per employee		We have standardized routines for transition assistance.	
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 "	
<b>Diversity and equality</b>				
405-1	Diversity of governance bodies and employees	GC 6	Annual report, chapter "Employees"	
405-2	Ratio of basic salary and remuniation of women and men	GC 6	Annual report, chapter "Employees"	

GRI-indicator	Description	Principles for Responsible Banking (PRB) and the UN Global Compact (GC)	SpareBank 1 SR-Bank's reporting for 2023	Omissions
<b>Privacy and information security</b>				
3-3	Management of material topics			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	GC 2	Annual report, chapter "Sustainability", section "Corporate governance and compliance: privacy and information security"	
<b>SpareBank 1 SR-Bank continues to report on selected indicators RG &amp; FSSS</b>				
<b>Responsible credit</b>				
3-3	Management of material topics		Annual report, chapter "Sustainability", section "responsible finance"  Policy documents available on website	
<b>Responsible credit</b>				
FS1	Policies with specific environment and social components applied to business lines	GC 7	Annual report, chapter "Sustainability", section "responsible banking" and chapter "annual financial statement", section "note 6. financial risk management"	e. Information incomplete. We are working to get this in place for 2024 report.
FS2	Procedures for assessing and screening environmental and social risks in business lines		Annual report, chapter "Sustainability", section "responsible banking"	e. Information incomplete. We are working to get this in place for 2024 report.  f. Information incomplete. We are working to get this in place for 2024 report.
FS 8	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 banking"  SpareBank 1 SR-Bank' green products can be viewed on website	

# The taxonomy

## 0. Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation

		Total environmentally sustainable assets (million NOK)	KPI****	KPI*****	% coverage (over total assets)***	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
<b>Green asset ratio (GAR) stock</b>		14 249	3,9 %	3,9 %	96,4 %	40,7 %	3,6 %

		Total environmentally sustainable activities (million NOK)	KPI	KPI	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
<b>KPIs</b>	<b>GAR (flow)</b>	2 609	10,2 %	10,2 %	6,8 %	NA	NA
	Trading book*						
	Financial guarantees						
	Assets under management						
	Fees and commissions income**						

## 1. Assets for the calculation of GAR

Million NOK	Total [gross] carrying amount	Climate Change Mitigation (CCM)			Climate Change Adaptation (CCA)		Water and marine resources		
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)		Of which towards taxonomy relevant sectors (Taxonomy-eligible)		
		Of which environmentally sustainable (Taxonomy-aligned)			Of which environmentally sustainable (Taxonomy-aligned)		Of which environmentally sustainable (Taxonomy-aligned)		
		Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	
<b>GAR - Covered assets in both numerator and denominator</b>									
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	210 859	176 753	14 249	14 249	-	-		
2	Financial undertakings	31 590							
3	Credit institutions	30 473							
4	Loans and advances	3 783							
5	Debt securities, including UoP	26 065							
6	Equity instruments	626							
7	Other financial corporations	1 117							
8	of which investment firms								
9	Loans and advances								
10	Debt securities, including UoP								
11	Equity instruments								
12	of which management companies								
13	Loans and advances								
14	Debt securities, including UoP								
15	Equity instruments								
16	of which insurance undertakings								
17	Loans and advances								
18	Debt securities, including UoP								
19	Equity instruments								
20	<b>Non-financial undertakings</b>								
21	Loans and advances								
22	Debt securities, including UoP								
23	Equity instruments								
24	<b>Households</b>	179 269	176 753	14 249	14 249				
25	of which loans collateralised by residential immovable property	174 090	174 090	14 249	14 249				
26	of which building renovation loans								
27	of which motor vehicle loans	2 663	2 663						
28	<b>Local governments financing</b>								
29	Housing financing								
30	Other local government financing								
31	<b>Collateral obtained by taking possession: residential and commercial immovable properties</b>								
32	<b>Assets excluded from the numerator for GAR calculation (covered in the denominator)</b>	153 944							
33	<b>Financial and Non-financial undertakings</b>								
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	105 375							
35	Loans and advances	104 659							
36	of which loans collateralised by commercial immovable property	56 624							
37	of which building renovation loans								
38	Debt securities	16							
39	Equity instruments	700							
40	Non-EU country counterparties not subject to NFRD disclosure obligations	1 237							
41	Loans and advances	1 237							
42	Debt securities								
43	Equity instruments								
44	Derivatives	16 236							
45	On demand interbank loans	2 230							
46	Cash and cash-related assets	87							
47	Other categories of assets (e.g. Goodwill, commodities etc.)	28 779							
48	<b>Total GAR assets</b>	364 804	176 753	14 249	14 249				
49	<b>Assets not covered for GAR calculation</b>	13 758							
50	Central governments and Supranational issuers	13 547							
51	Central banks exposure	210							
52	Trading book								
53	<b>Total assets</b>	378 561							
<b>Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations</b>									
54	Financial guarantees								
55	Assets under management								
56	Of which debt securities								
57	Of which equity instruments								

2023																		
Water resources (WTR)		Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
Of which towards taxonomy relevant sectors (Taxonomy-eligible)		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which environmental sustainable (Taxonomy-aligned)				
Environmentally sustainable (Taxonomy-aligned)		Of which environmental sustainable (Taxonomy-aligned)				Of which environmental sustainable (Taxonomy-aligned)				Of which environmental sustainable (Taxonomy-aligned)				Of which environmental sustainable (Taxonomy-aligned)				
Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which transitional	Of which enabling	
														176 753	14 249	14 249	-	-
														176 753	14 249	14 249	-	-
														174 090	14 249	14 249	-	-
														2 663	-	-	-	-

## 2. GAR sector information

Breakdown by sector - NACE 4 digits level (code and label)	a	b	c	d	e	f	g	h	i	j	k	l	m
	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Water and marine resources (WTR)				
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial (Subject to NFRD)
	[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount
Mn NOK	Of which environmentally sustainable (CCM)	Mn NOK	Of which environmentally sustainable (CCM)	Mn NOK	Of which environmentally sustainable (CCA)	Mn NOK	Of which environmentally sustainable (CCA)	Mn NOK	Of which environmentally sustainable (WTR)	Mn NOK	Of which environmentally sustainable (WTR)	Mn NOK	
1													
2													
3													
4													
...													

\*As SpareBank 1 SR-Bank ASA do not have any eligible or aligned exposures towards corporate customers, form 2 of the EU taxonomy, "GAR - Sector information" is empty.

## 3. GAR KPI stock

	%	(compared to total covered assets in the denominator)	a	b	c	d	e	f	g	h	i	j	k	l	m
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)			Water and marine resources (WTR)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
			Of which Use of Proceeds	Of which transitional	Of which enabling		Of which Use of Proceeds	Of which enabling		Of which Use of Proceeds	Of which enabling		Of which Use of Proceeds	Of which enabling	
<b>GAR - Covered assets in both numerator and denominator</b>															
1		Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	48,5 %	3,9 %	3,9 %	0,0 %	0,0 %								
2		<b>Financial undertakings</b>	<b>0,0 %</b>	<b>0,0 %</b>	<b>0,0 %</b>	<b>0,0 %</b>	<b>0,0 %</b>								
3		Credit institutions	0,0 %	0,0 %	0,0 %	0,0 %	0,0 %								
4		Loans and advances	0,0 %	0,0 %	0,0 %	0,0 %	0,0 %								
5		Debt securities, including UoP	0,0 %	0,0 %	0,0 %	0,0 %	0,0 %								
6		Equity instruments	0,0 %	0,0 %	0,0 %	0,0 %	0,0 %								
7		Other financial corporations	0,0 %	0,0 %	0,0 %	0,0 %	0,0 %								
8		of which investment firms													
9		Loans and advances													
10		Debt securities, including UoP													
11		Equity instruments													
12		of which management companies													
13		Loans and advances													
14		Debt securities, including UoP													
15		Equity instruments													
16		of which insurance undertakings													
17		Loans and advances													
18		Debt securities, including UoP													
19		Equity instruments													
20		<b>Non-financial undertakings</b>													
21		Loans and advances													
22		Debt securities, including UoP													
23		Equity instruments													
24		<b>Households</b>	<b>48,5 %</b>	<b>3,9 %</b>	<b>3,9 %</b>	<b>0,0 %</b>	<b>0,0 %</b>								
25		of which loans collateralised by residential immovable property	47,7 %	3,9 %	3,9 %	0,0 %	0,0 %								
26		of which building renovation loans													
27		of which motor vehicle loans	0,7 %	0,0 %	0,0 %	0,0 %	0,0 %								
28		<b>Local governments financing</b>													
29		Housing financing													
30		Other local government financing													
31		<b>Collateral obtained by taking possession: residential and commercial immovable properties</b>													
32		<b>Total GAR assets</b>	<b>48,5 %</b>	<b>3,9 %</b>	<b>3,9 %</b>	<b>0,0 %</b>	<b>0,0 %</b>								





## 4. GAR KPI flow

### 4. GAR KPI flow

		a	b	c	d	e	f	g	h	i	j	k
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)			Water and marine resources		
% (compared to flow of total eligible assets)		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)		
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
		Of which Use of Proceeds		Of which transitional	Of which enabling		Of which Use of Proceeds		Of which enabling	Of which Use of Proceeds		Of which enabling
<b>GAR - Covered assets in both numerator and denominator</b>												
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation											
2	<b>Financial undertakings</b>											
3	Credit institutions											
4	Loans and advances											
5	Debt securities, including UoP											
6	Equity instruments											
7	Other financial corporations											
8	of which investment firms											
9	Loans and advances											
10	Debt securities, including UoP											
11	Equity instruments											
12	of which management companies											
13	Loans and advances											
14	Debt securities, including UoP											
15	Equity instruments											
16	of which insurance undertakings											
17	Loans and advances											
18	Debt securities, including UoP											
19	Equity instruments											
20	<b>Non-financial undertakings</b>											
21	Loans and advances											
22	Debt securities, including UoP											
23	Equity instruments											
24	<b>Households</b>	100,0 %	10,2 %	10,2 %	0,0 %	0,0 %						
25	of which loans collateralised by residential immovable property	95,6 %	10,6 %	10,6 %	0,0 %	0,0 %						
26	of which building renovation loans											
27	of which motor vehicle loans	4,4 %	0,0 %									
28	<b>Local governments financing</b>											
29	Housing financing											
30	Other local government financing											
31	<b>Collateral obtained by taking possession: residential and commercial immovable properties</b>											
32	<b>Total GAR assets</b>	100,0 %	10,2 %	10,2 %	0,0 %	0,0 %						



## Key figures last 5 years

(Figures in NOK millions)

<b>SpareBank 1 SR-Bank Group</b>	2022	2021	2020	2019
<b>Summary of results</b>				
Net interest income	4,516	4,001	4,142	3,987
Net commissions and other operating income	1,770	1,717	1,396	1,416
Net income from financial investments	756	1,026	699	1,127
<b>Total net income</b>	<b>7,042</b>	<b>6,744</b>	<b>6,237</b>	<b>6,530</b>
Total operating expense	2,825	2,714	2,386	2,478
<b>Operating profit before impairment losses</b>	<b>4,216</b>	<b>4,030</b>	<b>3,851</b>	<b>4,052</b>
Impairment losses	5	192	2,030	235
<b>Pre-tax profit</b>	<b>4,211</b>	<b>3,838</b>	<b>1,821</b>	<b>3,817</b>
Tax expense	834	682	231	693
<b>Net profit for the year</b>	<b>3,378</b>	<b>3,156</b>	<b>1,590</b>	<b>3,124</b>
<b>Balance sheet figures</b>				
Lending to retail market <sup>1)</sup>	153,198	143,307	137,074	128,635
Lending to Corporate Market <sup>2)</sup>	81,020	70,807	82,525	83,061
Lending to SME & Agriculture	18,739	16,185		
Retail market deposits	61,627	57,862	53,399	48,375
Corporate Market deposits <sup>2)</sup>	66,241	63,762	64,771	54,731
SME & Agriculture deposits	20,232	16,040		
Lending growth retail market in %	6,9	4,5	10,2	9,2
Lending growth Corporate Market in % <sup>2)</sup>	14,4	5,4	-0,6	5,5
Lending growth SME & Agriculture in %	15,8			
Percentage growth in retail market deposits	6,5	8,4	10,4	6,0
Percentage growth in Corporate Market deposits <sup>2) 3)</sup>	3,9	23,2	18,3	2,9
Percentage growth in SME & Agriculture deposits	26,1			
Total assets	345,730	304,402	287,049	255,895
Average total assets	321,176	295,753	275,235	247,923
<b>Impairment provisions on loans and loans in Stage 3</b>				
Impairment provisions as a % of gross loans <sup>4)</sup>	0.00	0.09	0.94	0.11
Loans and financial liabilities in Stage 3 as a % of gross loans <sup>4)</sup>	1.35	1.46	1.90	1.30
<b>Equity</b>				
Share capital	6,394	6,394	6,394	6,394
Share premium reserve	1,587	1,587	1,587	1,587
Other equity	19,006	17,348	16,562	15,003
Hybrid capital	1,700	1,850	1,850	1,850
<b>Total equity</b>	<b>28,687</b>	<b>27,179</b>	<b>26,393</b>	<b>24,834</b>
<b>Profitability, financial strength and staffing</b>				
Return on equity %	12.60	12.6	6.4	14.0
Cost / income ratio	40.10	40.2	38.3	37.9
Cost / income ratio Banking Group <sup>5)</sup>	37.60	40.3		
Operating costs as a % of average total assets	0.88	0.92	0.87	1.00
Average interest margin	1.41	1.35	1.50	1.61
Common Equity Tier 1 capital ratio	17.42	17.39	18.29	16.96
Tier 1 capital ratio	18.76	18.88	19.90	18.58
Capital ratio	20.31	20.48	21.72	20.42
No. of FTEs	1,543	1,505	1,283	1,260

1) Lending to retail market includes loans sold to SB1 Boligkreditt for 2019

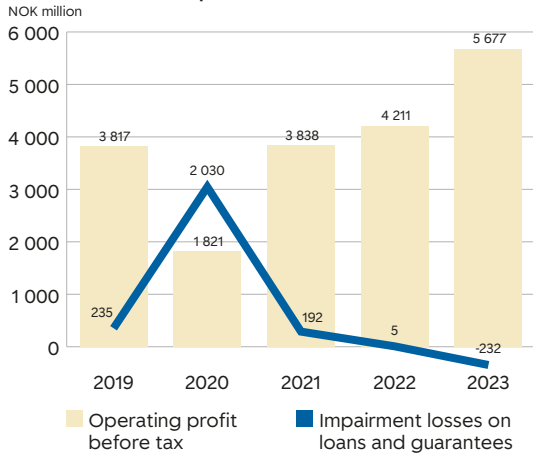
2) The corporate market portfolio was divided into Corporate Market and SME & Agriculture from 2021. For prior years, the entire corporate market portfolio is included in Corporate Market

3) From 2019 includes deposits corporate market net consolidated accounts currency. The historical figures have been correspondingly restated.

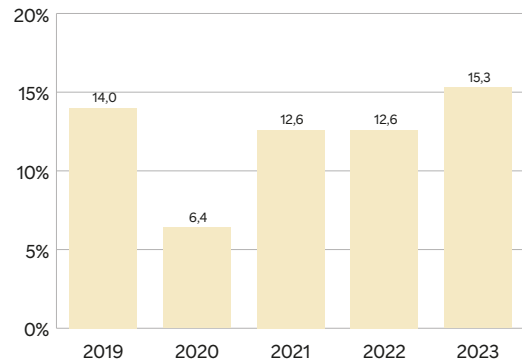
4) Historical figures from before 2021 includes SB1 Bolig- and Næringskreditt

5) Cost / income ratio Banking Group includes parent bank and SR-Boligkreditt adjusted for income from financial investments

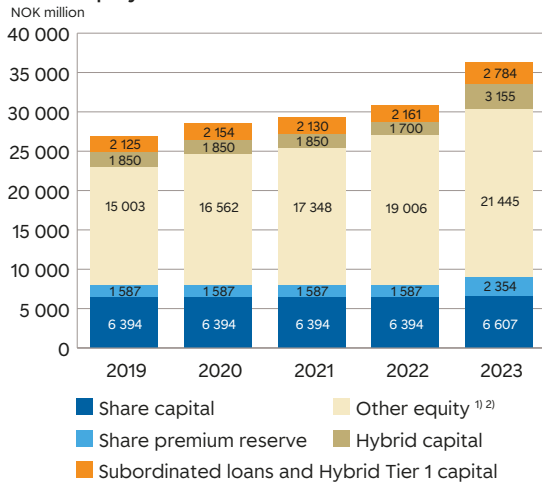
### Profit and impairment losses



### Return on equity

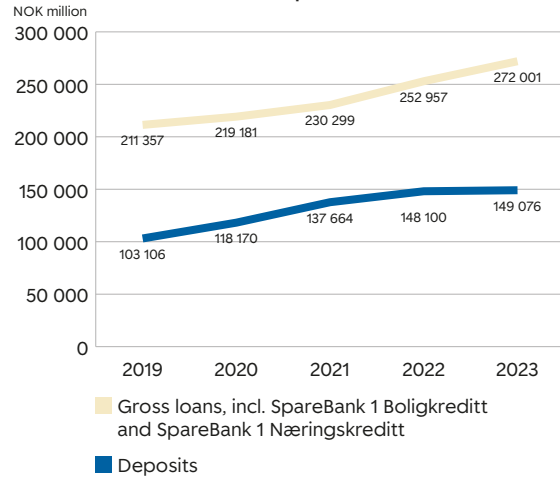


### Equity and subordinated loans

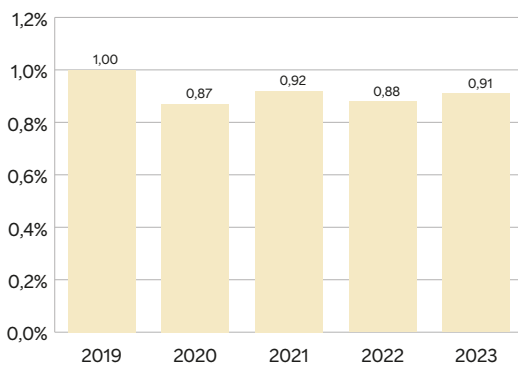


1) 2022 has been adjusted due to the change in principle following the implementation of IFRS 17/IFRS 9 (see note 2).  
2) Including the value of the hedged basis swap -19 million NOK.

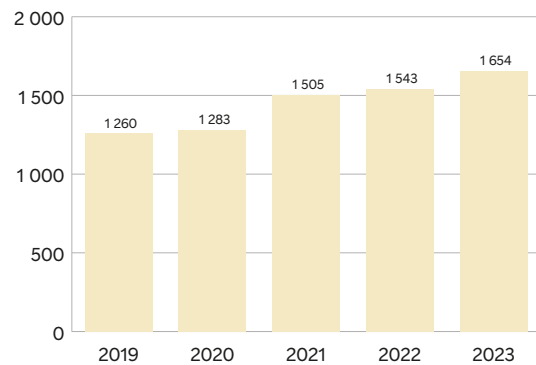
### Gross loans and deposits



### Operating expenses as % of average total assets



### FTEs, Group





# Our aim is to stimulate growth and development

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