# Quarterly report 2023

# Q1

SpareBank 1 SR-BANK

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# Key figures SpareBank 1 SR-Bank Group (MNOK)

| MAIN FIGURES | 01.01 - 31.03 2023 | 2022 | | | Year 2022 |
|---|---|---|---|---|---|
| Net interest income | 1.402 | 1.014 | | | 4.516 |
| Net commission and other income | 455 | 430 | | | 1.770 |
| Net income on financial investments | 71 | 187 | | | 756 |
| **Total income** | **1.927** | 1.631 | | | 7.042 |
| **Total operating expenses** | **761** | 694 | | | 2.825 |
| **Operating profit before impairment** | **1.166** | 937 | | | 4.216 |
| Impairment losses on loans and financial commitments | 35 | 15 | | | 5 |
| **Pre-tax profit** | **1.131** | 921 | | | 4.211 |
| Tax expense | 250 | 168 | | | 834 |
| **Profit after tax** | **881** | 753 | | | 3.378 |
| **BALANCE SHEET** | | | | | |
| Gross loans to customers | 258.206 | 233.581 | | | 252.957 |
| Deposits from customers | 152.144 | 141.999 | | | 148.100 |
| Total assets | 364.646 | 318.085 | | | 345.729 |
| Average total assets | 355.931 | 308.512 | | | 321.177 |
| **Selected key figures** (for further key figures see page 39 of the interim report) [4] | | | | | |
| Return on equity [1] | 12,3 % | 11,4 % | | | 12,6 % |
| Cost to income ratio [1] | 39,5 % | 42,6 % | | | 40,1 % |
| Cost to income ratio Banking Group [1] | 34,0 % | 39,7 % | | | 37,6 % |
| Average net interest margin | 1,60 % | 1,33 % | | | 1,41 % |
| **Balance growth** | | | | | |
| Growth in loans over last 12 months [1] | 10,5 % | 5,6 % | | | 9,8 % |
| Growth in deposits over last 12 months [1] | 7,1 % | 10,8 % | | | 7,6 % |
| **Solidity** | | | | | |
| Common equity Tier 1 capital ratio | 17,4 % | 17,6 % | | | 17,4 % |
| Tier 1 capital ratio | 19,1 % | 19,1 % | | | 18,8 % |
| Capital ratio | 21,0 % | 20,7 % | | | 20,3 % |
| Tier 1 capital | 26.042 | 24.685 | | | 25.193 |
| Risk weighted balance | 136.685 | 129.234 | | | 134.324 |
| Leverage ratio | 6,8 % | 7,1 % | | | 6,9 % |
| **Liquidity** | | | | | |
| Liquidity Coverage Ratio (LCR) [2] | 244 % | 155 % | | | 176 % |
| Deposit to loan ratio [1] | 58,9 % | 60,8 % | | | 58,5 % |
| **Impairments on loans and financial commitments** [1] | | | | | |
| Impairment ratio [1] | 0,05 % | 0,03 % | | | 0,00 % |
| **Loans and financial commitments in Stage 3** [1] | | | | | |
| Loans and financial commitments in Stage 3, % of gross loans and financial commitments [1] | 1,23 % | 1,40 % | | | 1,35 % |
| **SpareBank 1 SR-Bank share** | **31.03.23** | **31.12.22** | **31.12.21** | **31.12.20** | **31.12.19** |
| Market price | 121,00 | 120,70 | 133,20 | 91,00 | 100,00 |
| Market capitalisation (MNOK) | 30.946 | 30.869 | 34.066 | 23.273 | 25.575 |
| Book equity per share (including dividends) (group) [1] | 108,77 | 106,32 | 99,05 | 95,97 | 89,90 |
| Earnings per share, NOK | 3,31 | 12,88 | 12,08 | 5,87 | 12,06 |
| Dividends per share | - | 7,00 | 6,00 | 3,10 | 5,50 |
| Price / Earnings per share [1] | 9,15 | 9,37 | 11,03 | 15,50 | 8,29 |
| Price / Book equity [1] | 1,11 | 1,14 | 1,34 | 0,95 | 1,11 |
| Effective return [3] | 0,2 % | -4,9 % | 55,8 % | -9,0 % | 17,2 % |

[1] Defined as alternative performance targets (APMs), see the appendix to the interim report
[2] High quality liquid assets divided by total net cash outflows in a 30-day, serious stress scenario
[3] %- change in the market price in the last period, including paid share dividend
[4] 2022 numbers has not been altered to reflect the change in principle following the implementation of IFRS 17/IFRS 9 as described in note 1

## Strong result driven by growth, solid underlying operations and low impairment losses

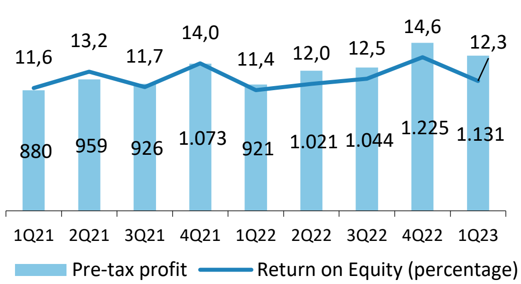
**Q1 2023**

- Pre-tax profit: NOK 1,131 million (NOK 921 million)
- Net profit: NOK 881 million (NOK 753 million)
- Return on equity after tax: 12.3% (11.4%)
- Earnings per share: NOK 3.31 (NOK 2.87)
- Net interest income: NOK 1,402 million (NOK 1,014 million)
- Net commissions and other income: NOK 455 million (NOK 430 million)
- Net income from financial investments: NOK 71 million (NOK 187 million)
- Operating expenses: NOK 761 million (NOK 694 million)
- Impairments on loans and financial liabilities: NOK 35 million (NOK 15 million)
- Lending growth over past 12 months: 10.5% (5.6%)
- Deposit growth over past 12 months: 7.1% (10.8%)
- Common Equity Tier 1 capital ratio: 17.42% (17.60%)
- Capital ratio: 21.05% (20.71%)
  *(Q1 2022 in brackets)*

**Financial performance – Q1 2023**

*The group made a pre-tax profit of NOK 1,131 million in the first quarter of 2023, NOK 94 million less than in the previous quarter. This resulted in a return on equity after tax of 12.3% for the quarter, down from 14.6% for the fourth quarter of 2022.*

Fig. 1 Financial performance




*Net interest income amounted to NOK 1,402 million in the first quarter of 2023, an increase of NOK 116 million from the previous quarter. The increase was due to a stronger interest margin and higher lending volumes. The average interest margin was 1.60% in the first quarter of 2023, compared with 1.51% in the fourth quarter of 2022.*

*Net commissions and other operating income was NOK 455 million in the first quarter of 2023, NOK 2 million higher than in the previous quarter. SpareBank 1 ForretningsPartner AS increased its income by NOK 24 million, and commissions from EiendomsMegler 1 SR-Eiendom AS increased by NOK 7 million. Money transfer services saw a reduction of NOK 18 million, NOK 10 million of which was due to extraordinary income in the fourth quarter related to Visa. Other items decreased by NOK 11 million compared with the previous quarter.*

*Net income from financial investments amounted to NOK 71 million in the first quarter of 2023, a reduction of NOK 203 million compared with the previous quarter. Capital gains related to equities and equity certificates were NOK 168 million lower than in the previous quarter. The reduction was mainly due to a one-off gain of NOK 106 million in the previous quarter from selling the subsidiary Bjergsted Terrasse AS and decreased value of equities. Income from associated companies decreased by NOK 117 million from the previous quarter, mainly due to a lower profit contribution from SpareBank 1 Gruppen AS. The certificate and bond portfolio saw a negative change in value of NOK 87 million from the previous quarter. Income from interest rate and currency trading saw a positive change in value of NOK 163 million, of which the market value of other IFRS effects and basis swaps saw a positive change in value of NOK 31 million and NOK 121 million, respectively.*

*Operating costs amounted to NOK 761 million in the first quarter of 2023, NOK 9 million higher than in the previous quarter. The parent bank's costs were stable compared with the previous quarter.*

*Impairment on loans and financial liabilities amounted to NOK 35 million in the first quarter of 2023, a decrease of NOK 1 million compared with the* *fourth quarter of 2022. Individual losses of NOK 22 million were recognised as costs and IFRS 9 impairment provisions increased by NOK 13 million in the quarter. The IFRS 9 impairments include around NOK 200 million uncertainty premium for the corporate market portfolio due to uncertainty about macroeconomic developments going forward, unchanged from the previous quarter.*

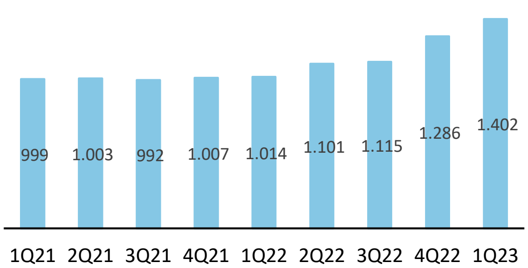
### Important events in Q1

On 12.4.2023, the Financial Supervisory Authority of Norway recommended that SpareBank 1 SR-Bank ASA should be considered a systemically important financial institution and be subject to a special buffer requirement of 1%. Decisions concerning which financial institutions should be considered systemically important financial institutions is taken by the Ministry of Finance. Such a decision normally comes into force no earlier than 12 months after the decision has been made.

### Net interest income

The group's net interest income totalled NOK 1,402 million in the first quarter of 2023 (NOK 1,014 million). The increase was mainly due to improved interest margins, increased lending volumes and a higher return on equity due to higher interest rates.

Fig. 2 Net interest margin




The average interest margin was 1.60% in the first quarter of 2023 (1.33%).

### Net commission and other income

Net commissions and other operating income in the first quarter of 2023 totalled NOK 455 million (NOK 430 million).

Table 1, Commission and other income

| | 31.03.23 | 31.03.22 |
|---|---|---|
| Payment facilities | 75 | 70 |
| Savings/placements | 28 | 31 |
| Insurance products | 71 | 63 |
| Commission income EiendomsMegler 1 | 90 | 88 |
| Guarantee commission | 29 | 32 |
| Arrangement- and customer fees | 40 | 33 |
| Commission income ForretningsPartner | 111 | 104 |
| Other | 10 | 9 |
| Net commission and other income | 455 | 430 |

Income from money transfer services amounted to NOK 75 million in the first quarter of 2023 (NOK 70 million). The increase was largely due to increased card income resulting from an increase in travel activity after Covid-19. Income from saving and investments amounted to NOK 28 million in the first quarter of 2023 (NOK 31 million). Income from insurance amounted to NOK 71 million (NOK 63 million) and both life and non-life insurance saw good growth. Income from estate agency services amounted to NOK 90 million (NOK 88 million). Income from arrangement- and customer fees amounted to NOK 40 million in the first quarter of 2023 (NOK 33 million) and was due to higher income within Corporate market from customer fees. Income from SpareBank 1 SR-Bank ForretningsPartner AS amounted to NOK 111 million in the first quarter of 2023 (NOK 104 million).

### Net income on financial investments

Net income on financial investments in the first quarter of 2023 totalled NOK 71 million (NOK 187 million).

Table 2, Income on financial investments

| | 31.03.23 | 31.03.22 |
|---|---|---|
| Dividends | 32 | 19 |
| Investment income, associates | 94 | 74 |
| Securitites gains/losses | -126 | 10 |
| - of which in shares and certificates | -43 | 47 |
| - of which in certificates and bonds incl. derivatives | -83 | -37 |
| Currency/interest gains/losses | 70 | 85 |
| - of which customer- and own-account trading | 62 | 54 |
| - of which basisswap and other IFRS-effects | 9 | 31 |
| Net income on financial investments | 71 | 187 |

The dividends received in the first quarter of 2023 amounted to NOK 32 million (NOK 19 million). Dividends from Sandnes Sparebank amounted to NOK

21 million (NOK 19 million). In addition, dividends from FinStart Nordic AS of NOK 11 million were recognised as income in the first quarter of 2023.

Income from associated companies amounted to NOK 94 million in the first quarter of 2023 (NOK 74 million). In the first quarter of 2023, the ordinary profit contribution from SpareBank 1 Gruppen AS amounted to NOK 27 million (NOK 13 million), the profit contribution from BN Bank ASA amounted to NOK 62 million (NOK 49 million), the profit contribution from SpareBank 1 Forvaltning AS amounted to NOK 15 million (NOK 16 million) and the profit contribution from SpareBank 1 Betaling AS amounted to NOK -7 million (NOK -5 million). Income from other associated companies amounted to NOK -2 million (NOK 1 million). For more information about the underlying results in associated companies, see the section on page 12.

Price changes for securities amounted to NOK -126 million (NOK 10 million) and were due to price changes in the portfolio of certificates and bonds totalling NOK -83 million (NOK -37 million) and price changes amounting to NOK -43 million (NOK 47 million) in the portfolio of equities and equity certificates. The equity certificates in Sandnes Sparebank saw a change in value of NOK -25 million (NOK 13 million), investments in FinStart Nordic AS saw a change in value of NOK -23 million (NOK 2 million), while the shares in Visa increased in value by NOK 6 million. The first quarter of 2022 saw a positive adjustment in the value of the investment in SpareBank 1 Markets amounting to NOK 35 million.

Price changes in interest and currency trading amounted to NOK 70 million in the first quarter of 2023 (NOK 85 million). Price changes for customer and own account trading amounted to NOK 62 million (NOK 54 million). The change in the value of basis swaps was NOK -29 million (NOK 63 million) and other IFRS effects amounted to NOK 37 million (NOK -32 million).

### Operating expenses

The group's operating costs amounted to NOK 761 million for the first quarter of 2023 (NOK 694 million). The group's cost to income ratio was 39.5% for the first quarter of 2023 (42.6%) and the cost to income ratio for the banking group [1] was 34.0% (39.7%).

Table 3, Operating expenses

| | 31.03.23 | 31.03.22 |
|---|---|---|
| Personnel expenses | 482 | 444 |
| IT expenses | 108 | 97 |
| Marketing | 19 | 21 |
| Administrative expenses | 32 | 18 |
| Operating expenses from real estate | 12 | 11 |
| Other operating expenses | 68 | 52 |
| Depreciation and impairments | 41 | 50 |
| Total operating expenses | 761 | 694 |

The operating costs in the parent bank amounted to NOK 562 million (NOK 495 million). NOK 31 million of the NOK 67 million increase in the parent bank was due to increased personnel costs. The increase in personnel costs was due to wages growth and more full-time equivalents (FTEs). FTEs increased for a number of reasons, including the focus on new market areas, the takeover of FTEs in connection with the partnership with Swedbank and the focus on sustainability. The rest of the increase in costs in the parent bank was due to ICT and more travel and meeting activity compared with the first quarter of 2022.

Costs in SpareBank 1 ForretningsPartner AS and EiendomsMegler 1 SR-Eiendom AS were somewhat higher than in the first quarter of 2022 due to increased activity.

### Impairments on loans and financial commitments, and loans and financial commitments in Stage 3

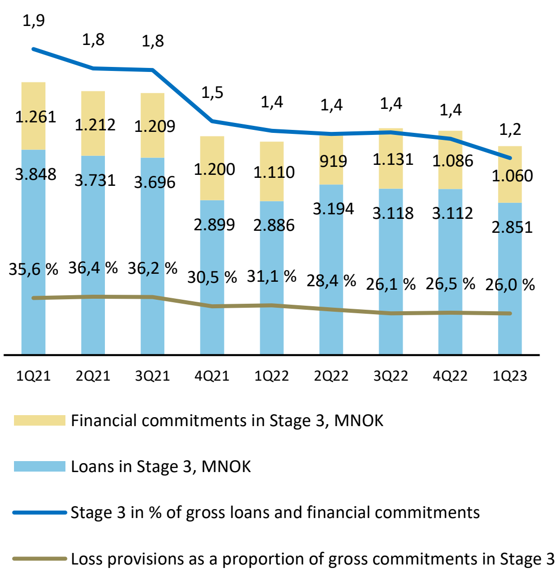
Impairments on loans and financial liabilities amounted to NOK 35 million in the first quarter of 2023 (NOK 15 million). NOK 22 million was related to individual losses and NOK 13 million to IFRS impairments. The IFRS impairments include an uncertainty premium for the corporate market portfolio of around NOK 200 million at the end of the first quarter of 2023 due to uncertainty about macroeconomic developments going forward. An uncertainty premium of NOK 60 million was included in IFRS impairments for the first quarter of 2022.

The group's impairment on loans and financial liabilities amounted to 0.05% of gross loans in the first quarter of 2023 (0.03%).

[1] The cost to income ratio for the banking group equals the banking group's total income less net income from financial investments divided by costs. The banking group includes SpareBank 1 SR-Bank (parent bank) and SR-Boligkreditt AS.

The group's loans and financial liabilities are classified into three groups: Stage 1, Stage 2 and Stage 3. Stage 3 is used for loans and financial liabilities that have seen a significant rise in credit risk since being granted and where there is objective evidence of a loss event on the balance sheet date. The loss provision must cover expected losses over their lifetime for these loans and financial liabilities. Gross loans and financial liabilities classified as Stage 3 amounted to NOK 3,911 million at the end of the first quarter of 2023 (NOK 3,996 million), of which provisions as a percentage of gross exposures in Stage 3 amounted to 26.0% (31.1%). Gross loans and financial liabilities classified as Stage 3 corresponded to 1.2% (1.4%) of gross loans and financial liabilities.

Fig. 3 Gross loans and financial commitments in Stage 3

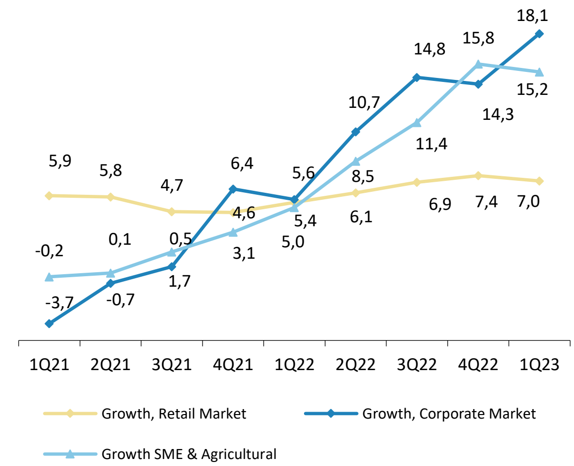



## Loans to and deposits from customers

Gross loans amounted to NOK 258.2 billion at the end of the first quarter of 2023 (NOK 233.6 billion). Gross lending growth in the past 12 months was 10.5% (5.6%). Adjusted for exchange rate effects of NOK 2.1 billion in the past 12 months, gross lending growth was 9.7%.

In the past 12 months, retail market (incl. staff loans), SME & agriculture and corporate market have seen lending growth of 7.0%, 15.2% and 18.1% (15.4% adjusted for foreign exchange effects), respectively.

Fig. 4 12 month lending growth (percentage)




Loans to the retail market accounted for 60.0% of total loans at the end of the first quarter of 2023 (63.3%).

The group's total loan exposure of NOK 258.2 billion (NOK 233.6 billion) included a majority of exposures with a probability of default of less than 0.5%. These exposures accounted for 63.1% (65.7%) of the portfolio. The overall lending portfolio largely consisted of exposures of less than NOK 10 million. These accounted for 63.6% (66.9%) of loan exposure and 97.8% (98.0%) of total customers. Of the total loan exposure, 22.5% (19.2%) was to customers with exposures in excess of NOK 100 million.

Over the past 12 months, deposits from customers have increased by 7.1% (10.8%) to NOK 152.1 billion (NOK 142.0 billion). Excluding deposits from customers in the public sector, deposits have grown by 10.9% overall in the past 12 months, with growth of 2.6% in retail market, 22.0% in SME & agriculture and 1.6% in corporate market. The growth in deposits in retail market and SME & agriculture was affected by the internal transfer of exposures linked to associations and clubs in the fourth quarter of 2022. See the section on business areas for further information. At the end of the first quarter of 2023, deposits from retail customers accounted for 44.0% (45.9%) of the group's deposits.

The deposit to loan ratio was 58.9% at the end of the first quarter of 2023 (60.8%).

## 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, corporate market, capital market and significant subsidiaries. The retail market division's result and balance sheet items include the figures from SR-Boligkreditt AS.

***Retail Market***[2]

Retail market posted an operating profit before impairments of NOK 483 million in the first quarter of 2023 (NOK 390 million).

Table 4, Retail market

| | 31.03.23 | 31.03.22 |
|---|---|---|
| Interest income | 515 | 412 |
| Commission and other income | 149 | 142 |
| Income on investment securities | 4 | 0 |
| Total income | 668 | 555 |
| Total operating expenses | 186 | 165 |
| Operating profit before impairments | 483 | 390 |
| Impairments on loans and financial commitments | 2 | 0 |
| Pre-tax profit | 480 | 390 |

Net interest income increased by NOK 103 million, while other income increased by NOK 11 million compared with the same period last year.

Total operating costs amounted to NOK 186 million for the first quarter of 2023 (NOK 165 million). The increase was largely due to general wage and price inflation, as well as the increased focus on new market areas.

The volume of lending in retail market was NOK 153.4 billion at the end of the first quarter of 2023 (NOK 143.7 billion). Retail market is experiencing a high demand for loans, and lending had grown by 6.8% in the past 12 months as at 31.3.2023 (NOK 9.7 billion). The deposit volume was NOK 66.9 billion (NOK 65.2 billion) at the end of the first quarter of 2023, corresponding to growth in the past 12 months of 2.6%. In December 2022, NOK 1.5 billion linked to customers in associations and clubs was transferred internally from retail market to SME & agriculture. The growth in deposits in the past 12 months inclusive of this transfer was 4.9%.

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 92.5% at end of the first quarter of 2023 (94.2%). The model-calculated IRB risk weights[3] for residential mortgages was 19.7% at the end of the quarter (18.7%). The increase in IRB risk weights was primarily due to the reduction in the value of collateral due to the lower property values in December, in isolation, used in the quarterly calculation. Updated property values in April indicate an increase in the value of collateral and a positive effect on risk weights for the second quarter.

***SME & Agriculture*** [1]

SME & agriculture received an operating profit before impairments of NOK 220 million in the first quarter of 2023 (NOK 129 million).

Table 5, SME & Agriculture

| | 31.03.23 | 31.03.22 |
|---|---|---|
| Interest income | 213 | 132 |
| Commission and other income | 34 | 30 |
| Income on investment securities | 7 | 1 |
| Total income | 254 | 163 |
| Total operating expenses | 34 | 34 |
| Operating profit before impairments | 220 | 129 |
| Impairments on loans and financial commitments | 18 | -11 |
| Pre-tax profit | 202 | 140 |

The higher operating profit before impairments was primarily due to increased interest income driven by volume growth and stronger margins. Impairments on loans and financial commitments are at a low level.

The lending volume in the division amounted to NOK 19.0 billion at the end of the first quarter of 2023 (NOK 16.5 billion). The deposit volume was NOK 20.7 billion (NOK 17.0 billion), corresponding to growth in the past 12 months of 22.0%. In December 2022, NOK 1.5 billion linked to customers in associations and clubs was transferred internally from retail market to SME

[2] The interest on intercompany receivables for retail market, SME & agriculture and corporate market 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 applied interest on intercompany receivables are eliminated at the group level.

[3] The IRB rules define residential mortgage loans as exposures secured by collateral in residential/real property where the collateral in the real property amounts to at least 30%. The figures include the portfolio in SR-Boligkreditt AS.

& agriculture. The growth in deposits in the past 12 months exclusive of this transfer was 12.9%.

The quality of the SME & Agriculture portfolio is considered very good, with a low risk of losses and low defaults. The proportion of exposures with a probability of default of less than 2.5% through a full loss cycle was 86.7% of the portfolio at the end of the first quarter of 2023 (87.3%).

***Corporate Market[1]***

The operating profit before impairments increased by NOK 138 million to NOK 554 million in the first quarter of 2023 (NOK 416 million). Interest income rose by NOK 132 million to NOK 512 million (NOK 380 million) due to good lending growth in the past 12 months. NOK 15 million was recognised in impairments on loands and financial commitments in the first quarter of 2023 (NOK 27 million) and the division's pre-tax profit improved by NOK 150 million to NOK 539 million (NOK 389 million).

Table 6, Corporate market

| | 31.03.23 | 31.03.22 |
|---|---|---|
| Interest income | 512 | 380 |
| Commission and other income | 82 | 72 |
| Income on investment securities | 17 | 9 |
| Total income | 610 | 461 |
| Total operating expenses | 56 | 46 |
| Operating profit before impairments | 554 | 416 |
| Impairments on loans and financial commitments | 15 | 27 |
| Pre-tax profit | 539 | 389 |

The lending volume in the division amounted to NOK 81.5 billion at the end of the first quarter of 2023 (NOK 69.0 billion). Exchange rate effects accounted for NOK 1.9 billion of the total growth of NOK 12.5 billion. There was solid lending growth in all market areas. Of the division's total lending volume, NOK 9 billion (11%) is classified as green or sustainability-related lending. The volume of deposits amounted to NOK 61.4 billion at the end of the quarter (NOK 60.4 billion).

The quality in corporate market is also considered good. The proportion of exposures with a probability of default of less than 2.5% through a full loss cycle was 84.6% of the portfolio at the end of the first quarter of 2023 (84.4%). The property sector portfolio represents the group's largest concentration in a single sector and accounted for 14.2% (14.0%) of total loan exposure. A large portion of this portfolio consists of financing commercial properties for leasing.

The turmoil in the interest and currency market has continued in 2023. The bank conducts ongoing risk assessments of how the effects of this, combined with the long-term effects of the war in Ukraine, including the development of commodity and energy prices, are affecting customers. The bank will continue to work on ensuring customers are closely followed up going forward. At the same time, overarching portfolio analyses has been carried out per region and industry to ensure good management and control.

***Capital Market [4]***

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

SR-Bank Markets' operating income amounted to NOK 58 million in the first quarter of 2023 (NOK 55 million). The income generated is recognised as income in the business areas to which the customers are assigned, primarily corporate market. NOK 29 million was recognised as income in the business areas in the first quarter of 2023 (NOK 22 million). The operating profit before tax amounted to NOK 15 million in the quarter (NOK 14 million).

[4] Capital Market serves customers throughout the group and customer income is now recognised, in its entirety, in the business area to which the customer belongs.

Table 7, Capital market

| | 31.03.23 | 31.03.22 |
|---|---|---|
| Interest income | -1 | 1 |
| Commission and other income | 29 | 24 |
| Income on investment securities | 29 | 30 |
| Total income | 58 | 55 |
| - allocated to Corporate market | 29 | 22 |
| Total income after allocation | 28 | 33 |
| Total operating expenses | 14 | 19 |
| Pre-tax profit | 15 | 14 |

## Subsidiaries

### *EiendomsMegler 1 SR-Eiendom AS*

The company posted a turnover of NOK 92.5 million in the first quarter of 2023 (NOK 90.8 million) and a pre-tax profit of NOK 0.1 million (NOK 2.9 million). Despite increased sales, the profit has decreased. This was due to increased costs related to premises and personnel compared with the first quarter of 2022.

In the first quarter of 2023, 1,507 (1,510) properties were sold at a total value of around NOK 5.3 billion (NOK 5.1 billion). The supply of new assignments was stronger than in the same period last year with an increase of 3%.

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%. A branch was opened in Oslo in 2022 with the primary aim of contributing to increased growth for the group.

Price growth in our main area of Nord-Jæren was 9.1%, with Kristiansand at 9.1% and Bergen at 6.6%. The national growth in prices was 5.8% in the first quarter of 2023. The high price growth can be explained by low supply and high demand. A strong business sector and low unemployment are also lessening the impact of interest rate hikes from Norges Bank.

### *SpareBank 1 SR-Bank ForretningsPartner AS*

SpareBank 1 SR-Bank ForretningsPartner AS achieved a turnover of NOK 124.4 million in the first quarter of 2023 (NOK 111.6 million) and a pre-tax profit of NOK 7.8 million (NOK 3.1 million). The result for the first quarter of 2023 was better than for the same period last year and this was primarily due to costs related to integration work in 2022. The result includes depreciation of intangible assets amounting to NOK 1.3 million (NOK 1.6 million).

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

### *SR-Boligkreditt AS*

The company posted a pre-tax profit of NOK 99.3 million in the first quarter of 2023 (NOK 453.3 million). The reduction in profit was mainly due to a negative market value adjustment of basis swaps. Market value adjustment of basis swaps amounted to NOK -84.9 million in the first quarter of 2023, compared with NOK 304.5 million in the first quarter of 2022. Net interest income decreased by NOK 7.3 million from the first quarter of 2022 to NOK 180.6 million in the first quarter of 2023 due to weaker lending margins.

The company's purpose is to purchase residential mortgages from SpareBank 1 SR-Bank ASA, and it funds this by issuing covered bonds. SR-Boligkreditt AS enables the parent company to diversify and optimise its funding. Moody's has given SR-Boligkreditt AS its best rating, Aaa. At the end of the first quarter of 2023, the company had issued covered bonds with a nominal value of NOK 86.6 billion (NOK 81.2 billion) and bought loans worth NOK 100.7 billion (NOK 94.4 billion) from SpareBank 1 SR-Bank ASA.

### *FinStart Nordic AS*

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

The company posted a pre-tax profit of NOK -16.0 million for the first quarter of 2023 (NOK 2.2 million). The value of the portfolio of oil industry investments was adjusted by NOK -23.5 million (NOK 11.7 million), while dividends of NOK 11.0 were received in connection with the same portfolio. The value of investments in financial technology (fintech) was not adjusted in the first quarter of 2023 (NOK -5.4 million).

***Monio AS***

Monio 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 posted a pre-tax profit of NOK -3.5 million in the first quarter of 2023 (NOK -5.4 million). The negative result was in line with expectations and due to the company being in a development phase, which means that costs from products and market development will be higher than earnings.

Monio AS arranges direct loans from private investors (people and limited liability companies) to small and medium-sized Norwegian companies via its proprietary digital platform. At the end of the first quarter of 2023, the company had arranged loans totalling NOK 1,034 million (NOK 757 million) for Norwegian enterprises. The company's main product is arranging secured loans for property projects. The market for crowd funded corporate loans has grown, although it appears that the growth has levelled off.

Monio got negative publicity in the media during the first quarter due to a few crowdfunding projects. A review of the company has been initiated to further strengthen internal control routines and systems for risk management.

## Key associated companies

***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 the first quarter of 2023.

SpareBank 1 Gruppen AS implemented IFRS 17 Insurance Contracts, which has replaced IFRS 4 Insurance Contracts, with retroactive effect to 1.1.2022.

Table 8, SpareBank 1 Gruppen AS

| | Recalculated | | Reported |
|---|---|---|---|
| | 31.03.23 | 31.03.22 | 31.03.22 |
| Pre-tax profit | 363 | 385 | 129 |
| Profit after tax | 272 | 289 | 101 |
| The controlling interest's share | 176 | 188 | 69 |
| Profitshare after tax Q123 | 34 | 37 | 13 |
| Correction Q422 | -7 | 0 | 0 |
| Profitshare after tax SR-Bank | 27 | 37 | 13 |

See note 1 for a more detailed description.

SpareBank 1 Gruppen AS posted a pre-tax profit of NOK 363 million (NOK 385 million) and a profit after tax of NOK 272 million (NOK 289 million) for the first quarter. The controlling interest's share oft the consolidated profit after tax amounted to NOK 176 million (NOK 188 million).

The costs in SpareBank 1 Gruppen AS (the parent company) were NOK 30 million (NOK 24 million) and net finance costs were NOK 55 million (NOK 21 million). The increase in finance costs is due to higher interest rates compared to last year.

SpareBank 1 Forsikring AS posted a profit after tax in the first quarter of 2023 of NOK 44 million (NOK -16 million). SpareBank 1 Forsikring AS has an increase in net investment services due to good share and interest returns so far this year, while there has been a decrease in the result from insurance services.

Fremtind Group posted a profit after tax in the first quarter of 2023 of NOK 274 million (NOK 293 million). The result from insurance services and net insurance-related finance cost is weaker than last year, while net investment income has improved.

SpareBank 1 Factoring had a profit after tax of NOK 18 million (NOK 17 million). Since the turn of the year, the assets under management have increased by NOK 95 million, corresponding to 3%, and loans by 5%, corresponding to NOK 156 million.

Annualized return on equity was 7.8% (8.3% recalculated numbers) for the first quarter.

***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 an 18.0% stake in SpareBank 1 Utvikling DA at the end of the first quarter of 2023.

***SpareBank 1 Forvaltning AS***

SpareBank 1 Forvaltning AS delivers products and services designed to streamline and simplify savings for its customers. 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 the end of the first quarter of 2023.

SpareBank 1 Forvaltning AS posted a pre-tax profit of NOK 52 million for the first quarter of 2023 (NOK 61 million). The reduction in profit was mainly due to lower operating income as a result of lower average total assets.

***BN Bank ASA***

BN Bank ASA is a nationwide bank with its head office in Trondheim. BN Bank ASA achieved a pre-tax profit of NOK 239 million in the first quarter of 2023 (NOK 183 million). The improvement in profit was mainly due to an increase in net interest income of NOK 65 million.

The bank is owned by the banks in the SpareBank 1 Alliance. SpareBank 1 SR-Bank ASA's stake was 35.0% at the end of the first quarter of 2023.

***SpareBank 1 Kreditt AS***

SpareBank 1 Kreditt AS is owned by the SpareBank 1 banks. SpareBank 1 SR-Bank ASA owns a stake of 16.2%. The company provides credit card solutions for the SpareBank 1 banks and achieved a pre-tax profit of NOK 22 million in the first quarter of 2023 (NOK 22 million). The total portfolio in the company as at 31.3.2023 was NOK 8.1 billion (NOK 6.2 billion). In the first quarter, lending growth increased by almost 12%, mainly due to the company becoming a provider of credit cards for Coop in February.

***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 23.3% stake in Vipps AS.

Vipps AS and MobilePay received approval to co-operate on cross-border mobile payments
in the fourth quarter 2022, but the merger is still pending. In parallel with the merger, BankAxept and BankID will be spun off from Vipps to become a new Norwegian-owned company which will continue to be wholly owned by the Norwegian banks.

SpareBank 1 Betaling AS posted pre-tax profit of NOK -39.0 million in the first quarter of 2023 (NOK -25,0 million).

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

**Funding and liquidity**

SpareBank 1 SR-Bank ASA had good liquidity at the end of the first quarter of 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[5] was NOK 74.1 billion at the end of the first quarter of 2023 and would cover normal operations for 42 months in the event of closed markets and without net lending growth. NOK 26.0 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 31.9 billion in residential mortgages ready for covered bond funding.

The group has continued to enjoy a high proportion of long-term funding in the past 12 months. The group's net stable funding ratio (NSFR[6]) was 134% at the end

[5] Liquidity buffer: cash, short-term investments, and drawing rights in Norges Bank (bonds, including covered bonds). Assuming deposits and lending remain unchanged and no new borrowing during the period.

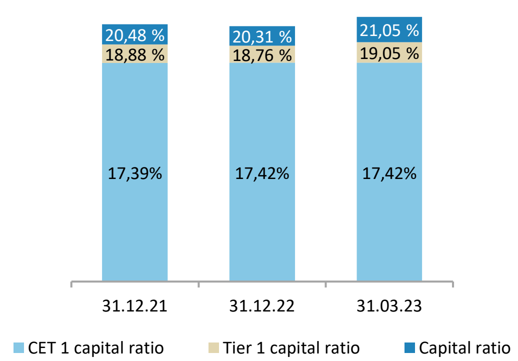
[6]NSFR is calculated in accordance with guidelines from the Financial Supervisory Authority of Norway and is calculated as available stable funding relative to necessary stable funding.

of the first quarter of 2023 (121%), which confirms the group's good funding situation. SpareBank 1 SR-Bank ASA has an A1 long-term rating and a P-1 short-term rating from Moody's.

### Capital adequacy

At year end the first quarter of 2023, the Common Equity Tier 1 capital ratio was 17.42%, unchanged from the fourth quarter of 2022.

Fig. 5 Capital adequacy




The total requirement for SpareBank 1 SR-Bank ASA's Common Equity Tier 1 capital ratio was 17.35% at the end the first quarter of 2023. The requirement includes a systemic risk buffer (4.5%), countercyclical buffer (2.5%), Pillar 2 premium (1.6%), temporary Pillar 2 premium (0.5%) and capital adequacy margin (1.25%).

The Tier 1 capital ratio was 19.05% percent, while the total capital ratio was 21.05% at the end of the first quarter of 2023. This is above the requirement for the total capital ratio at 20.85%.

A countercyclical buffer requirement applies in Norway in the range of 0-2.5 percentage points in the form of Common Equity Tier 1 capital. The purpose of the countercyclical buffer is to make the banks more solid and robust in relation to lending losses. In March 2022, a decision was made to introduce a full countercyclical buffer of 2.5% with effect from 31.3.2023.

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

In April 2022, the Financial Supervisory Authority of Norway set an individual Pillar 2 premium for the group of 1.6 percentage points. In addition, it added a temporary Pillar 2 premium of 0.5%, until applications for model changes have been processed. The authority also expects the group to have a capital adequacy margin of 1.25%.

In March 2022, the board adopted a new target for the Common Equity Tier 1 capital ratio of at least 16.85%. The board's target for the Common Equity Tier 1 capital ratio excludes the temporary Pillar 2 premium, 0.5%.

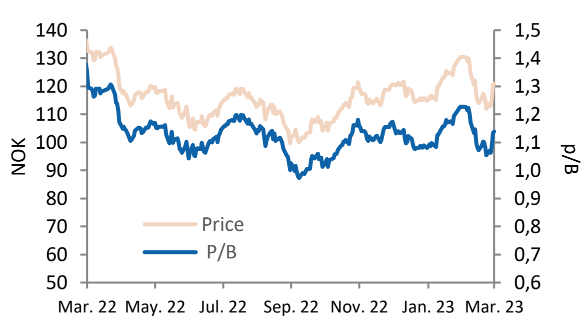
### New crisis management directive and MREL

Based on the EU Crisis Management Directive (BRRD), the group must meet a minimum requirement for own funds and eligible liabilities (MREL). The Financial Supervisory Authority of Norway has decided that SpareBank 1 SR-Bank ASA will be subject to an effective MREL requirement of 35.2% and have own funds and non-preferred senior debt amounting to at least 26.2% of the adjusted basis for calculation. The total subordination requirement must be met from 1.1.2024. and the subordination requirement must as a minimum be phased in on a linear basis. By the end of the first quarter of 2023, SpareBank 1 SR-Bank ASA had issued non-preferred senior debt equal to NOK 10.8 billion, and the requirement was met by a good margin.

### The bank's share

The price of the bank's share (SRBNK) was NOK 121.00 at the end of the first quarter of 2023. This resulted in an effective return of 0.2% from the end of 2022. The Oslo Børs's main index fell by 0.4% in the corresponding period (not corrected for dividends). 4.7% of outstanding SRBNK shares were traded in the first quarter of 2023 (5.9%).

Fig.6, Development in Price/Book




There were 18,185 shareholders of SRBNK at the end of the first quarter of 2023 (17,714). The proportion owned by foreign companies and individuals was

22.0% (22.8%), while 64.4% (65.4%) were resident in Rogaland, Agder, Vestland, Oslo and Viken. The 20 largest shareholders owned a combined total of 56.7% of the shares (55.9%). The bank held 47,435 treasury shares, while employees of the group owned 1.8% (1.7%).

The table below lists the 20 largest shareholders as at 31.3.2023:

Table 9, 20 largest shareholders

| | Number of shares (1,000) | % |
|---|---|---|
| Sparebankstiftelsen SR-Bank | 74.977 | 29,3 % |
| Folketrygdfondet | 17.646 | 6,9 % |
| SpareBank 1-stiftinga Kvinnherad | 6.227 | 2,4 % |
| State Street Bank and Trust Co, U.S.A. | 5.120 | 2,0 % |
| Brown Brothers Harriman & Co, U.S.A. | 4.762 | 1,9 % |
| JPMorgan Chase Bank NA, U.S.A. | 3.581 | 1,4 % |
| Odin Norge | 3.177 | 1,2 % |
| Pareto Aksje Norge | 3.072 | 1,2 % |
| Verdipapirfondet Alfred Berg Gambak | 3.002 | 1,2 % |
| Swedbank AB | 2.547 | 1,0 % |
| J.P.Morgan SE, Luxembourg | 2.509 | 1,0 % |
| State Street Bank and Trust Co, U.S.A. | 2.435 | 1,0 % |
| Danske Invest Norske Instit. II | 2.362 | 0,9 % |
| Pareto Invest Norge AS | 2.298 | 0,9 % |
| AS Clipper | 2.234 | 0,9 % |
| Vpf Nordea Norge Verdi | 1.943 | 0,8 % |
| Spesialfondet Borea Utbytte | 1.928 | 0,8 % |
| Westco AS | 1.897 | 0,7 % |
| KLP AksjeNorge Indeks | 1.740 | 0,7 % |
| Verdipapirfondet DNB Norge | 1.598 | 0,6 % |
| Total 20 largest | 145.056 | 56,7 % |

The group established a share savings arrangement for the group's employees in 2019, and the scheme has been continued in 2023. All permanent employees have an opportunity to purchase shares for a specified savings amount, limited to a maximum of NOK 3,000 per employee per month, at a 30% discount and with a lock-in period of 2 years. Around 1,200 of the group's almost 1,650 employees have signed a regular savings agreement for the share savings scheme in 2023.

## Accounting policies

Please refer to notes 1 and 2 for a description of the accounting policies and judgements applied in the parent company's and consolidated financial statements.
The same accounting policies are applied in interim and annual financial statements. For more information about this see notes 1 and 2.

## Events after the balance sheet date

No material events have been registered after 31 March 2023 that affect the interim financial statements as prepared.

## Sustainable development

The sustainability strategy is part of the corporate strategy. The ambition is for sustainability to form an integral part of everything the group does. SpareBank 1 SR-Bank ASA will work to help achieve the Paris Agreement's goal of limiting global warming to 1.5°C. The group has set itself the goals of becoming climate neutral from the end of 2022 and achieving net zero emissions from its lending and investment activities by 2050 to underpin this ambition. A target of funding NOK 50 billion in sustainable activities by 2030 has also been set. At the end of the first quarter of 2023, the bank had financed around NOK 17.5 billion in sustainable activities. The group supports the UN Sustainable Development Goals and has selected three goals that it is particularly focusing on: Goal 5 Gender equality, Goal 8 Decent work and economic growth, and Goal 13 Climate action.

### Key initiatives

In order to achieve our goal of being a climate neutral group from and including 2022, efforts have been made to improve the quality of the group's climate report. A plan has also been drawn up to compensate for emissions in the group's Scope 1, Scope 2 and some parts of our Scope 3 emissions, which consists of purchasing biochar and planting of climate forests. During the first half of 2023, targets for emission reductions from the group's operations will be drawn up as part of the ongoing work on environmental certification based on the ISO14001 standard.

The corporate market division has over time strengthened its integration of sustainability into its work with customers. Increasing attention is being paid to climate-related factors in the credit ratings that are carried out. The bank has recently implemented an ESG risk module that is used in its ongoing credit work to identify this risk.

## Selected changes in the regulatory framework in the Q1 2023

### Countercyclical buffer unchanged

A decision has already been made to increase the countercyclical buffer to 2.5% with effect from 31.3.2023. At its meeting in January, Norges Bank's Monetary Policy and Financial Stability Committee decided to keep this requirement unchanged.

### Consultation paper Pillar 2: evaluation and regulation

On 11.1.2023, the Ministry of Finance distributed for consultation the Financial Supervisory Authority of Norway's proposed changes to the legal framework for establishing Pillar 2 requirements and capital adequacy margins, including the implementation of the Capital Requirement Directive with the changes that follow from CRD 5. Besides the Financial Supervisory Authority of Norway's consultation paper, the Ministry of Finance specifically requested input on:

- Whether a transitional rule should be established specifying that the capital composition requirements for Pillar 2 requirements will apply from no later than 31.12.2023.
- Whether the Regulation should be amended to include further rules on the frequency with which the Financial Supervisory Authority of Norway can set capital requirements in Pillar 2, including whether institutions should be divided into groups that determine how often their Pillar 2 requirements are set.
- Whether the Financial Supervisory Authority of Norway's practices with respect to establishing Pillar 2 requirements should be more clearly anchored in law.

## Outlook

The macroeconomic picture remains characterised by Russia's invasion of Ukraine, and uncertainty exists surrounding future economic developments. At the same time, activity in the Norwegian economy was high with an increase in employment and a very low unemployment rate. Inflation rose in 2022, and Norges Bank increased its policy rate sharply. Because of the higher interest rates, higher energy prices, lower real wages growth and great uncertainty in the world, lower consumption growth is expected going forward. The companies in the regional network are reporting slightly better prospects than they were towards the end of last year and expect activity to be stable towards the summer. However, there are major differences between sectors.

House prices rose sharply in March and most of the fall in prices during autumn 2022 has now been recouped. The growth can be explained by the easing of the lending regulations and the fact that the Norwegian economy is doing better than expected.

The group is a bank for the whole of Southern Norway, in which the Oslo region is a particular focus area. Having a presence in this market is important with respect to geographical diversification and creating a greater basis for growth, and thus earnings.

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

The group has a Common Equity Tier 1 capital ratio target of a minimum of 16.85%. SpareBank 1 SR-Bank ASA is a solid, profitable group and has in recent years increased its financial strength in line with the authorities' requirements. This was achieved through earnings via a business model involving good breadth in earnings and efficient operations.

SpareBank 1 SR-Bank ASA's dividend policy remains unchanged, with an expected dividend of around 50% of the profit for the year. Consideration must be given to financial needs, including capital adequacy requirements and the group's targets and strategic plans, when determining the annual dividend.

Stavanger, 3 May, 2023
The Board of Directors of SpareBank 1 SR-Bank ASA

# Income statement

| Parent bank | | | | Note | Group | | |
|---|---|---|---|---|---|---|---|
| 2022 | 01.01.22 - 31.03.22 | 01.01.23 - 31.03.23 | Income statement (MNOK) | | 01.01.23 - 31.03.23 | 01.01.22 - 31.03.22 | 2022 |
| 6.051 | 1.137 | 2.407 | Interest income using effective interest method | | 3.367 | 1.578 | 8.459 |
| 912 | 138 | 538 | Other interest income | | 524 | 143 | 940 |
| 3.111 | 454 | 1.729 | Interest expense | | 2.490 | 707 | 4.883 |
| 3.853 | 822 | **1.216** | **Net interest income** | | **1.402** | 1.014 | 4.516 |
| 1.132 | 266 | 289 | Commission income | | 476 | 447 | 1.836 |
| 87 | 19 | 23 | Commission expense | | 23 | 19 | 87 |
| 24 | 4 | 4 | Other operating income | | 2 | 2 | 21 |
| 1.070 | 251 | **270** | **Net commission and other income** | | **455** | 430 | 1.770 |
| 53 | 19 | 21 | Dividends | | 32 | 19 | 70 |
| 1.055 | 0 | 0 | Income from ownership interests | | 94 | 74 | 453 |
| -40 | -78 | -0 | Net gains/losses on financial instruments | 11 | -56 | 95 | 233 |
| 1.069 | -60 | **21** | **Net income on financial investments** | | **71** | 187 | 756 |
| 5.991 | 1.013 | **1.507** | **Total income** | | **1.927** | 1.631 | 7.042 |
| 1.234 | 300 | 331 | Salaries and other personell expense | | 482 | 444 | 1.788 |
| 692 | 154 | 196 | Other operating expense | | 239 | 200 | 865 |
| 137 | 40 | 33 | Depreciation and impairment of fixed and intangible assets | | 41 | 50 | 173 |
| 2.064 | 495 | **561** | **Total operating expense** | | **761** | 694 | 2.825 |
| 3.927 | 518 | **946** | **Operating profit before impairment** | | **1.166** | 937 | 4.216 |
| 4 | 14 | 35 | Impairment losses on loans and other financial liabilities | 3, 4 | 35 | 15 | 5 |
| 3.923 | 504 | **911** | **Pre-tax profit** | 10 | **1.131** | 921 | 4.211 |
| 670 | 102 | 218 | Tax expense | | 250 | 168 | 834 |
| 3.253 | 402 | **692** | **Profit after tax** | | **881** | 753 | 3.378 |
| 3.168 | 383 | 657 | Shareholders' share of the profit | | 846 | 734 | 3.293 |
| 85 | 19 | 35 | Hybrid capital owners' share of the profit | | 35 | 19 | 85 |
| 3.253 | 402 | **692** | **Profit after tax** [2] | | **881** | 753 | 3.378 |
| | | | **Other comprehensive income** | | | | |
| 1 | 22 | -0 | Unrecognised actuarial gains and losses | | -0 | 22 | 3 |
| -0 | -6 | 0 | Deferred tax concerning changed estimates/pension plan changes | | 0 | -6 | -1 |
| 1 | 17 | **-0** | **Total items not reclassified through profit or loss** | | **-0** | 17 | 2 |
| 1 | 2 | 1 | Change in ECL [1] 12 months | | 0 | 0 | 0 |
| | | | Basis swap spread | | -33 | 114 | 120 |
| | | | Deferred tax concerning basis swap spread | | 8 | -29 | -30 |
| | | | Share of profit associated companies and joint ventures | | 1 | 4 | 10 |
| 1 | 2 | **1** | **Total items reclassified through profit or loss** | | **-24** | 89 | 100 |
| 2 | 19 | **1** | **Other comprehensive income** | | **-24** | 106 | 102 |
| 3.255 | 421 | **694** | **Total comprehensive income** | | **857** | 859 | 3.480 |
| | | | **Earnings per share (group)** | | **3,31** | 2,87 | 12,88 |

[1] ECL - Expected credit loss

[2] Profit after tax 2022 has not been altered to reflect the change in principle following the implementation of IFRS 17/IFRS 9 as described in note 1

## Balance sheet

| Parent bank | | | | Note | Group | | |
|---|---|---|---|---|---|---|---|
| 2022 | 31.03.22 | 31.03.23 | Balance sheet (MNOK) | | 31.03.23 | 31.03.22 | 2022 |
| 76 | 88 | 589 | Cash and balances with central banks | | 589 | 88 | 76 |
| 25.760 | 19.405 | 23.619 | Balances with credit institutions | | 13.954 | 8.510 | 11.939 |
| 146.988 | 137.786 | 156.168 | Loans to customers | 4, 6 | 256.595 | 231.861 | 251.272 |
| 54.882 | 56.094 | 63.298 | Certificates and bonds | | 62.198 | 58.770 | 53.989 |
| 28.131 | 14.285 | 30.339 | Financial derivatives | 8 | 20.748 | 9.777 | 18.612 |
| 496 | 741 | 456 | Shares, ownership stakes and other securities | 13 | 777 | 1.051 | 848 |
| 2.593 | 2.379 | 2.633 | Investment in associates | 1 | 5.177 | 4.782 | 5.040 |
| 7.547 | 7.569 | 7.547 | Investment in subsidiaries | | 0 | 0 | 0 |
| 70 | 70 | 70 | Intangible assets | | 455 | 456 | 454 |
| 1.102 | 560 | 1.102 | Deferred tax assets | | 1.075 | 599 | 1.075 |
| 273 | 274 | 288 | Fixed assets | | 937 | 973 | 923 |
| 857 | 883 | 909 | Right-of-use assets | | 371 | 329 | 314 |
| 767 | 441 | 1.296 | Other assets | | 1.771 | 890 | 1.186 |
| 269.542 | 240.576 | **288.314** | **Total assets** | 10 | **364.646** | 318.085 | 345.729 |
| 9.585 | 12.142 | 1.468 | Balances with credit institutions | | 1.100 | 6.500 | 3.428 |
| 148.442 | 142.344 | 152.492 | Deposits from customers | 5 | 152.144 | 141.999 | 148.100 |
| 51.364 | 39.424 | 64.599 | Listed debt securities | 9 | 147.819 | 120.306 | 135.353 |
| 20.224 | 8.054 | 26.433 | Financial derivatives | 8 | 16.945 | 7.114 | 15.771 |
| 1.206 | 102 | 1.425 | Taxes payable | | 1.516 | 346 | 1.345 |
| 903 | 924 | 958 | Lease liabilities | | 395 | 353 | 336 |
| 245 | 247 | 243 | Pension liabilities | | 249 | 254 | 251 |
| 138 | 162 | 125 | Impairment provisions on financial commitments | 4 | 125 | 162 | 138 |
| 584 | 3.677 | 1.075 | Other liabilities | | 1.391 | 4.052 | 858 |
| 9.301 | 7.077 | 10.097 | Senior non-preferred bonds | 9 | 10.097 | 7.077 | 9.301 |
| 2.161 | 2.117 | 2.955 | Subordinated loan capital | 9 | 2.955 | 2.117 | 2.161 |
| 244.152 | 216.270 | **261.869** | **Total liabilities** | | **334.734** | 290.280 | 317.042 |
| 6.394 | 6.394 | 6.394 | Share capital | | 6.394 | 6.394 | 6.394 |
| 1.587 | 1.587 | 1.587 | Premium reserve | | 1.587 | 1.587 | 1.587 |
| 1.790 | 1.535 | 1.790 | Proposed dividend | | 1.790 | 1.535 | 1.790 |
| 1.700 | 1.850 | 2.100 | Hybrid capital | | 2.100 | 1.850 | 1.700 |
| 13.919 | 12.940 | 14.574 | Other equity | | 18.041 | 16.440 | 17.216 |
| 25.390 | 24.305 | **26.445** | **Total equity** | 1 | **29.912** | 27.805 | 28.687 |
| 269.542 | 240.576 | **288.314** | **Total liabilities and equity** | 10 | **364.646** | 318.085 | 345.729 |

# Statement of changes in equity

| **SpareBank 1 SR-Bank Group** (MNOK) | **Share-capital** | **Premium reserve** | **Hybrid-capital** | **Value of basis swap defined as hedging instrument** | **Other equity** | **Total equity** |
|---|---|---|---|---|---|---|
| Equity as at 31.12.21 | 6.394 | 1.587 | 1.850 | -25 | 17.373 | 27.179 |
| Effect of implementation IFRS 17 in SpareBank 1 Gruppen [1] | | | | | -234 | -234 |
| Equity as at 1.1.22 | 6.394 | 1.587 | 1.850 | -25 | 17.139 | 26.945 |
| Profit after tax | | | | | 3.378 | 3.378 |
| Unrecognised actuarial gains and losses after tax | | | | | 2 | 2 |
| Basisswap spread after tax | | | | 90 | | 90 |
| Share of profit associated companies and joint ventures [1] | | | | | 42 | 42 |
| Total comprehensive income | | | | 90 | 3.422 | 3.512 |
| Hybrid capital | | | -150 | | | -150 |
| Interest on hybridcapital | | | | | -85 | -85 |
| Transactions against equity in subsidiaries and associated companies | | | | | -2 | -2 |
| Dividend 2021, resolved in 2022 | | | | | -1.535 | -1.535 |
| Trade in treasury shares | | | | | 2 | 2 |
| Transactions with shareholders | | | | | -1.533 | -1.533 |
| **Equity as at 31.12.22** | **6.394** | **1.587** | **1.700** | **65** | **18.941** | **28.687** |
| Profit after tax | | | | | 881 | 881 |
| Unrecognised actuarial gains and losses after tax | | | | | -0 | -0 |
| Basisswap spread after tax | | | | -25 | | -25 |
| Share of profit associated companies and joint ventures | | | | | 1 | 1 |
| Total comprehensive income | | | | -25 | 882 | 857 |
| Hybrid capital | | | 400 | | | 400 |
| Interest on hybridcapital | | | | | -35 | -35 |
| Transactions against equity in subsidiaries and associated companies | | | | | 7 | 7 |
| Dividend 2021, resolved in 2022 | | | | | - | - |
| Trade in treasury shares | | | | | -3 | -3 |
| Transactions with shareholders | | | | | -3 | -3 |
| **Equity as at 31.03.23** | **6.394** | **1.587** | **2.100** | **40** | **19.792** | **29.912** |

[1]The change in principle following the implementation of IFRS 17/IFRS 9 is described in note 1

# Cash flow statement

| Parent bank | | | | Group | | |
|---|---|---|---|---|---|---|
| 2022 | 01.01.22 - 31.03.22 | 01.01.23 - 31.03.23 | **Cash flow statement** | 01.01.23 - 31.03.23 | 01.01.22 - 31.03.22 | 2022 |
| -7.690 | 1.478 | -9.107 | Change in gross lending to customers [1] | -5.250 | -3.283 | -22.658 |
| 5.783 | 1.134 | 2.165 | Interest receipts from lending to customers | 3.210 | 1.609 | 8.404 |
| 10.399 | 4.301 | 4.050 | Change in deposits from customers | 4.044 | 4.335 | 10.436 |
| -2.021 | -313 | -906 | Interest payments on deposits from customers | -902 | -314 | -2.010 |
| -15.952 | 5.064 | -6.404 | Change in receivables and debt from credit institutions | -5.216 | 3.203 | -15.429 |
| 239 | 55 | 201 | Interest on receivables and debt to financial institutions | 187 | 26 | 226 |
| -561 | -1.773 | -8.416 | Change in certificates and bonds [1] | -8.209 | -2.504 | 2.277 |
| 825 | 166 | 538 | Interest receipts from commercial paper and bonds | 527 | 174 | 866 |
| 1.070 | 240 | 277 | Commission receipts | 442 | 413 | 1.770 |
| 86 | 15 | 25 | Capital gains from sale of trading | 25 | 14 | 70 |
| -1.849 | -470 | -530 | Payments for operations | -646 | -669 | -2.654 |
| 0 | 0 | 0 | Taxes paid | -72 | -84 | -235 |
| 2.717 | 591 | 7.657 | Other accruals [1] | 8.417 | 727 | 3.285 |
| -6.954 | 10.488 | **-10.449** | **A Net change in liquidity from operations** | **-3.443** | 3.647 | -15.653 |
| -79 | -17 | -32 | Investments in tangible fixed assets | -36 | -26 | -97 |
| 15 | 0 | 0 | Receipts from sale of tangible fixed assets | 0 | 0 | 15 |
| -235 | -17 | -41 | Change in long-term investments in equities | -45 | -20 | -252 |
| 15 | 0 | 0 | Receipts from sales of long-term investments in equities | 11 | 1 | 31 |
| 1.108 | 19 | 21 | Dividends from long-term investments in equities | 21 | 19 | 402 |
| 824 | -15 | **-52** | **B Net cash flow, investments** | **-49** | -26 | 100 |
| 19.195 | 2.111 | 10.997 | Debt raised by issuance of securities and senior non-preferred bonds | 10.997 | 9.214 | 42.894 |
| -9.511 | -5.384 | -566 | Repayments - issued securities and senior non-preferred bonds | -7.364 | -5.384 | -22.017 |
| -778 | -181 | -713 | Interest payments on securities issued and senior non-preferred bonds | -1.487 | -443 | -2.586 |
| 0 | 0 | 1.500 | Additional subordinated loan capital issued | 1.500 | 0 | 0 |
| 0 | 0 | -754 | Repayments - additional capital instruments | -754 | 0 | 0 |
| -64 | -11 | -33 | Interest payments on subordinated loans | -33 | -12 | -64 |
| -150 | 0 | 400 | Repayments in debt established by issuing hybrid capital | 400 | 0 | -150 |
| -92 | -19 | -36 | Interest payments on debt established by issuing hybrid capital | -36 | -19 | -92 |
| -77 | -21 | -21 | Lease payments | -15 | -13 | -58 |
| -1.535 | 0 | 0 | Dividend to share holders | 0 | 0 | -1.535 |
| 6.989 | -3.505 | **10.776** | **C Net cash flow, financing** | **3.208** | 3.343 | 16.392 |
| 858 | 6.968 | **274** | **A+B+C Net cash flow during the period** | **-283** | 6.964 | 839 |
| 542 | 542 | 1.400 | Cash and cash equivalents as at 1 January | 1.419 | 580 | 580 |
| 1.400 | 7.510 | **1.674** | **Cash and cash equivalents at the end of the period** | **1.136** | 7.544 | 1.419 |
| | | | **Cash and cash equivalents specified** | | | |
| 76 | 88 | 589 | Cash and balances with central banks | 589 | 78 | 76 |
| 1.324 | 7.422 | 1.085 | Balances with credit institutions | 547 | 7.466 | 1.343 |
| 1.400 | 7.510 | **1.674** | **Cash and cash equivalents** | **1.136** | 7.544 | 1.419 |

[1] Changes in loans to customers, as well as changes in certificates and bonds, include the increase in exchange rates. The cash and cash equivalents includes cash and claims on central banks, plus the share of the total of claims on credit institutions that pertains to placement solely in credit institutions. The cash flow statement shows cash provided and used by the parent bank and the group.

# Notes to the financial statements

## Note 1 Accouting policies

### 1.1 Basis of preparation

These interim financial statements for SpareBank 1 SR-Bank ASA cover the period 1 January - 31 March 2023. The interim financial statements were prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial statements are unaudited. These interim financial statements were prepared in accordance with the applicable IFRS standards and IFRIC interpretations.

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

### New and amended standards applied in 2023:

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

The purpose of IFRS 17 is to eliminate inconsistency in accounting practises of insurance contracts between companies. The main elements of the new standard are:
- An estimate of the present value of future cash flows of a group of insurance contracts. Future cash flows include future insurance premiums and settlement payments, claims and other payments to policyholder. The estimate shall take into account an explicit risk adjustment, and the estimates shall reflect conditions existing at the balance sheet date.
- A contractual service margin equal to the day-one profit in the estimate of the present value of future cash flows from a group of insurance contracts. This profit element shall be recognised in the income statement over the coverage period.
- Certain amendments to the estimate for the present value of the future cashflows are adjusted against the contractual service margin and recognised in the result over the remaining coverage period for the insurance contracts.
- The effect of changes in the discount rate should, as a choice of accounting principle, be presented either in profit or loss or in other comprehensive income.

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

IFRS 9 Financial instruments
The standard went into force 1 January 2018 with an exception, for undertakings whose main business area is insurance, to await implementation of IFRS 9 until the new standard for insurance contracts came into force 1 January 2023.

The effect on equity for the Group from the implementation of the IFRS 17/IFRS 9 in joint venture SpareBank 1 Gruppen as of 1.1.2022 is NOK 234 million in reduced equity. Effect on profit after tax from the implementation of IFRS 17 / IFRS 9 for 2022 from SpareBank 1 Gruppen is adjusted by NOK 32 million, 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:**

| | |
|---|---|
| Group equity 31.12.21 | 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 1.1.23 | 28.687 |

**IFRS 17 Effect Q1 2022**

| | |
|---|---|
| Group equity 31.12.21 | 27.179 |
| Implementation of IFRS 17/IFRS 9 | -234 |
| Effect profit after tax 2022 from the implementation of IFRS 17/IFRS 9 | 23 |
| IFRS 17/IFRS 9 implementation effect on equity | -211 |
| Other changes in equity Q1 2022 | 837 |
| Group equity 31.3.22 | 27.805 |

| | |
|---|---|
| Group profit after tax Q1 2022 before implementation | 753 |
| Share of profit from SpareBank 1 Gruppen Q1 2022 | 13 |
| Effect of implementation IFRS17/IFRS9 | 23 |
| Adjusted share of profit from SpareBank1 Gruppen Q1 2022 | 36 |
| Group profit after tax Q1 2022 after implementation | 776 |

*Note 1 Accounting policies (continued)*

There are no other new standards, amendments to standards or interpretations which has been implemented since 01.01.2023 with material effect on the group or parent bank's financial statements.

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

There are no standards or interpretations that have not been adopted yet, that are expected to have any material effects on the Groups financial statements.

### Impairments on loans and financial liabilities

The group has calculated loss provisions pursuant to the IFRS 9 regulations since 1.1.2018. Prior to the reporting for the fourth quarter of 2019, only minor adjustments were made in the model. Since then, the assessment of expected credit losses has taken account of the extraordinary circumstances that have arisen with respect to the Covid-19 outbreak and the war in Ukraine. The following explains the policies that have been applied and the changes that have been made in the first quarter of 2023. Please also refer to note 2 in the annual report for 2022. The calculations follow the normal procedures for source data. The scenarios on which the calculations are based were updated in the fourth quarter of 2021 and has been continued since. The scenario weights have not been changed. The group is following the same principles for migration between the stages as those that applied previously. An increase in PD of more than 150% 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. No negative migration from Stage 1 to Stage 2 has been observed as a consequence of payment postponements in healthy portfolios. Please refer to notes 2, 3, 4 and 8.

## Note 2 Critical estimates and judgements concerning use of the accounting policies

The preparation of the consolidated financial statements entails the group executive management making 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. Note 3 of the annual financial statements for 2022 explains in more detail the use of critical estimates and judgements when applying the accounting policies.

The war in Ukraine has contributed to increased uncertainty regarding the macroeconomic development.

Additionally, there is increased macroeconomic uncertainty. Based on historical data, this uncertainty is so far not reflected in the development of the underlying portfolio. This makes it difficult to determine, with a reasonable amount of certainty, which industries and market segments that could be affected in the longer term. SpareBank 1 SR-Bank prepared a liquidity risk-analysis in Q4 2022 on the corporate market portfolio to identify the most exposed industries. Following an overall assessment, in which the potential negative effects of the macroeconomic development in both short and medium term is considered, an uncertainty premium of approximately NOK 200 million (NOK 200 million 31.12.2022) has been added to the corporate market portfolio. The potential negative effect is calculated with a general increase in the 12-month and life-long probability of default (PD) of 40% and a increase of 80% in PD towards the most

Climate-related issues are given increased attention in credit assessments. Climate-related risks are primarily exposed through a recently implemented ESG-module. There is no indication of impairments due to climate-related matters.

Aforementioned circumstances continue to cause uncertainty in relation to critical estimates.

Furthermore, several measures have been implemented to secure the bank’s IT infrastructure and to prevent potential cyber-attacks on the most critical systems and processes.

*Note 2 Critical estimates and judgements concerning use of the accounting policies (continued)*

## Impairments on loans

The group's assessment of critical estimates and judgements concerning the use of the accounting policies has not changed since 31.12.2022, and the changes in the situation surrounding the war in Ukraine have been included in the assessment in the first quarter of 2023.

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 capitalisation. Upon initial capitalisation and when the credit risk has not increased significantly after initial capitalisation, provisions must be made for 12 months' expected losses. If the credit risk has increased substantially after initial recognition, provisions must be made for expected losses over the entire lifetime. Expected credit loss is calculated on the basis of the present value of all cash flows over the remaining expected lifetime.

A probability weighted average is calculated for three different scenarios called an upturn scenario, a base scenario and an adverse scenario, respectively. The upturn scenario is based on data from a historically representative period of strong economic expansion and the base scenario and adverse 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. At the end of the first quarter of 2023, the base case scenario had a 65% weighting, while the worst case and best case scenarios both had a weighting of 17.5%. 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 50% and the downside scenario and upside scenario were both increased to 25%. Such a change in the scenario weighting would, seen in isolation, increase the group's expected impairment losses for commitments without individual impairment by NOK 166 million (NOK 170 million 31.12.2022). To illustrate the sensitivity associated with the general macroeconomic uncertainty a simulation of the effect given a 10 percent increase of the life-long probability of default in the corporate market portfolio has been conducted. Such an increase would, all else equal, increase the group's expected impairment losses on exposures without individual impairment provisions in the corporate market portfolio by approximately NOK 35 million.

*Note 2 Critical estimates and judgements concerning use of the accounting policies (continued)*

| Sensitivity Calculations (NOK millions) | Best Case scenario | Base Case scenario | Worst Case scenario | Corporate market | SME & agri-culture | Retail market | SR-Bolig-kreditt | Not distri-buted | Total Group |
|---|---|---|---|---|---|---|---|---|---|
| **Weighting used in Q1 2023** | | | | | | | | | |
| ECL in a strong economic expansion scenario | *17,5 %* | | | 197 | 82 | 35 | 14 | - | 328 |
| ECL in a normal economic expansion scenario | | *65,0 %* | | 240 | 96 | 37 | 14 | | 387 |
| ECL in a recession economic expansion scenario | | | *17,5 %* | 1.743 | 565 | 202 | 141 | 3 | 2.654 |
| | | | | | | | | | |
| ECL with the applied scenario weighting: | *17,5 %* | *65,0 %* | *17,5 %* | 495 | 176 | 66 | 36 | 1 | 773 |
| (current, used from the fourth quarter of 2020) | | | | | | | | | |
| Isolated effect of changed scenario weighting - 1 | *0,0 %* | *60,0 %* | *40,0 %* | 842 | 283 | 103 | 65 | 1 | 1.294 |
| (used up to the third quarter of 2020, although with less conservative scenarios) | | | | | | | | | |
| Isolated effect of changed scenario weighting - 2 | *25,0 %* | *65,0 %* | *10,0 %* | 379 | 139 | 53 | 27 | 1 | 599 |
| (used up to the fourth quarter of 2020, although with less conservative scenarios) | | | | | | | | | |
| Isolated effect of changed scenario weighting - 3 | *25,0 %* | *50,0 %* | *25,0 %* | 604 | 210 | 78 | 46 | 1 | 939 |
| (illustration, not used before) | | | | | | | | | |
| Isolated effect of changed scenario weighting - 4 | *33,3 %* | *33,3 %* | *33,3 %* | 728 | 247 | 91 | 56 | 1 | 1.123 |
| (illustration, not used before) | | | | | | | | | |

| Sensitivity Calculations (NOK millions) | Best Case scenario | Base Case scenario | Worst Case scenario | Corporate market | SME & agri-culture | Retail market | SR-Bolig-kreditt | Not distri-buted | Total Group |
|---|---|---|---|---|---|---|---|---|---|
| **Weighting used in Q4 2022** | | | | | | | | | |
| ECL in a strong economic expansion scenario | | | | | | | | | |
| ECL in a normal economic expansion scenario | *17,5 %* | | | 176 | 76 | 34 | 14 | | 287 |
| ECL in a recession economic expansion scenario | | *65,0 %* | | 219 | 90 | 37 | 14 | | 360 |
| | | | *17,5 %* | 1.785 | 578 | 193 | 142 | 1 | 2.699 |
| ECL with the applied scenario weighting: | | | | | | | | | |
| (current, used from the fourth quarter of 2020) | *17,5 %* | *65,0 %* | *17,5 %* | 486 | 173 | 64 | 37 | 1 | 760 |
| Isolated effect of changed scenario weighting - 1 | | | | | | | | | |
| (used up to the third quarter of 2020, although with less conservative scenarios) | *0,0 %* | *60,0 %* | *40,0 %* | 846 | 285 | 99 | 65 | | 1.295 |
| Isolated effect of changed scenario weighting - 2 | | | | | | | | | |
| (used up to the fourth quarter of 2020, although with less conservative scenarios) | *25,0 %* | *65,0 %* | *10,0 %* | 365 | 135 | 52 | 27 | | 579 |
| Isolated effect of changed scenario weighting - 3 | | | | | | | | | |
| (illustration, not used before) | *25,0 %* | *50,0 %* | *25,0 %* | 601 | 208 | 75 | 46 | | 930 |
| Isolated effect of changed scenario weighting - 4 | | | | | | | | | |
| (illustration, not used before) | *33,3 %* | *33,3 %* | *33,3 %* | 725 | 248 | 88 | 57 | | 1.118 |

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. This work was intensified in 2020 and has been continued following the war in Ukraine. The group's assessments of critical estimates and judgements regarding its use of accounting policies are challenging but are currently considered to be the best estimate

# Note 3 Impairments on loans and financial commitments recognised in the income statement

| Parent bank | | | | Group | | |
|---|---|---|---|---|---|---|
| 2022 | 01.01.22 - 31.03.22 | 01.01.23 - 31.03.23 | | 01.01.23 - 31.03.23 | 01.01.22 - 31.03.22 | 2022 |
| -37 | -2 | -72 | Change in impairments on loans | -73 | -1 | -36 |
| -15 | 9 | -13 | Change in impairments on financial commitments | -13 | 9 | -15 |
| 83 | 27 | 127 | Actual loan losses on commitments | 127 | 27 | 83 |
| 2 | 1 | 0 | Change in accrued interest | 0 | 1 | 2 |
| -0 | 0 | -0 | Change in assets taken over for the period | -0 | 0 | -0 |
| -29 | -21 | -7 | Recoveries on commitments previously written-off | -7 | -21 | -29 |
| 4 | 14 | **35** | **Total impairments on loans and financial commitments** | **35** | 15 | 5 |

# Note 4 Impairments on loans and financial commitments recognised on the balance sheet

| **Parent Bank**<br>**2023**<br>**Impairment provisions on loans and financial commitments** | **01.01.23** | **Changes in impairment provisions on loans** | **Changes in impairment provisions on financial commitments** | **Total 31.03.23** |
|---|---|---|---|---|
| Impairment provisions after amortised cost, corporate market | 1.430 | -81 | -9 | 1.340 |
| Impairment provisions after amortised cost, SME & ariculture | 235 | 10 | -2 | 243 |
| Impairment provisions after amortised cost, retail market | 63 | -3 | -2 | 59 |
| Mortgages at FVOCI [1)] | 58 | 1 | 0 | 59 |
| **Total impairment provisions on loans and financial commitments** | 1.786 | -72 | -13 | **1.701** |
| **Presented as** | | | | |
| Impairment provisions on loans | 1.648 | -72 | 0 | 1.576 |
| Impairment provisions on financial commitments | 138 | 0 | -13 | 125 |
| **Total impairment provisions on loans and financial commitments** | 1.786 | -72 | -13 | **1.701** |

| **2022**<br>**Impairment provisions on loans and financial commitments** | **01.01.22** | | | **Total 31.03.22** |
|---|---|---|---|---|
| Impairment provisions after amortised cost, corporate market | 1.495 | 11 | 10 | 1.516 |
| Impairment provisions after amortised cost, SME & ariculture | 211 | -12 | -1 | 198 |
| Impairment provisions after amortised cost, retail market | 71 | -6 | 0 | 65 |
| Home mortgages at FVOCI [1)] | 61 | 5 | 0 | 66 |
| **Total impairment provisions on loans and financial commitments** | 1.838 | -2 | 9 | 1.845 |
| **Presented as** | | | | |
| Impairment provisions on loans | 1.685 | -2 | 0 | 1.683 |
| Impairment provisions on financial commitments | 153 | 0 | 9 | 162 |
| **Total impairment provisions on loans and financial commitments** | 1.838 | -2 | 9 | 1.845 |

*Note 4 Impairment provisions on loans and financial commitments recognised in the balance sheet (continued)*

**Group**

| 2023<br>Impairment provisions on loans and financial commitments | 01.01.23 | Changes in impairment provisions on loans | Changes in impairment provisions on financial commitments | Total 31.03.23 |
|---|---|---|---|---|
| Impairment provisions after amortised cost, corporate market | 1.430 | -81 | -9 | 1.340 |
| Impairment provisions after amortised cost, SME & ariculture | 235 | 10 | -2 | 243 |
| Impairment provisions after amortised cost, retail market | 158 | -2 | -2 | 154 |
| Mortgages at FVOCI [1)] | 0 | 0 | 0 | 0 |
| **Total impairment provisions on loans and financial commitments** | 1.823 | -73 | -13 | **1.737** |
| **Presented as** | | | | |
| Impairment provisions on loans | 1.685 | -73 | 0 | 1.612 |
| Impairment provisions on financial commitments | 138 | 0 | -13 | 125 |
| **Total impairment provisions on loans and financial commitments** | 1.823 | -73 | -13 | **1.737** |

| 2022<br>Impairment provisions on loans and financial commitments | 01.01.22 | | | Total 31.03.22 |
|---|---|---|---|---|
| Impairment provisions after amortised cost, corporate market | 1.495 | 11 | 10 | 1.516 |
| Impairment provisions after amortised cost, SME & ariculture | 211 | -12 | -1 | 198 |
| Impairment provisions after amortised cost, retail market | 168 | 0 | 0 | 168 |
| Home mortgages at FVOCI [1)] | 0 | 0 | 0 | 0 |
| **Total impairment provisions on loans and financial commitments** | 1.874 | -1 | 9 | 1.882 |
| **Presented as** | | | | |
| Impairment provisions on loans | 1.721 | -1 | 0 | 1.720 |
| Impairment provisions on financial commitments | 153 | 0 | 9 | 162 |
| **Total impairment provisions on loans and financial commitments** | 1.874 | -1 | 9 | 1.882 |

[1)] FVOCI - Fair value other comprehensive income

**Parent Bank**

| | 01.01.23 - 31.03.23 | | | | 01.01.22 - 31.03.22 | | | |
|---|---|---|---|---|---|---|---|---|
| **Impairment provisions on loans per stage** | **Stage 1** | **Stage 2** | **Stage 3** | **Total** | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| Impairment provisions on loans 01.01 | 278 | 292 | 1.078 | 1.648 | 185 | 326 | 1.174 | 1.685 |
| Changes 01.01 - 31.03 | | | | | | | | |
| Transfer to (from) stage 1 | -9 | 9 | 0 | -0 | -3 | 3 | 0 | 0 |
| Transfer to (from) stage 2 | 31 | -33 | 2 | 0 | 21 | -22 | 1 | 0 |
| Transfer to (from) stage 3 | 3 | 1 | -4 | 0 | 4 | 2 | -6 | 0 |
| Net new measurement of impairment provisions | -46 | 59 | -92 | -79 | -27 | 37 | 3 | 13 |
| New issued or purchased loan | 53 | 10 | 4 | 67 | 27 | 3 | 2 | 32 |
| Loans that have been derecognised | -29 | -26 | -6 | -60 | -17 | -19 | -11 | -47 |
| **Impairment provisions on loans 31.03** | 282 | 311 | 983 | **1.576** | 190 | 330 | 1.163 | 1.683 |

| **Impairment provisions on financial commitments per stage** | **Stage 1** | **Stage 2** | **Stage 3** | **Total** | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
|---|---|---|---|---|---|---|---|---|
| Impairment provisions on financial commitments 01.01. | 45 | 59 | 34 | 138 | 32 | 45 | 76 | 153 |
| Changes 01.01 - 31.03 | | | | | | | | |
| Transfer to (from) stage 1 | -1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfer to (from) stage 2 | 10 | -10 | 0 | 0 | 4 | -4 | 0 | 0 |
| Transfer to (from) stage 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net new measurement of impairment provisions | -16 | 2 | 0 | -14 | -3 | 8 | 5 | 10 |
| New issued or purchased loan | 9 | 2 | 0 | 11 | 6 | 0 | 0 | 6 |
| Loans that have been derecognised | -5 | -4 | -1 | -10 | -4 | -2 | -1 | -7 |
| **Impairment provisions on financial commitments 31.03** | 43 | 48 | 33 | **125** | 35 | 47 | 80 | 162 |

***Note 4 Impairment provisions on loans and financial commitments recognised in the balance sheet (continued)***

**Group**

| Impairment provisions on loans per stage | 01.01.23 - 31.03.23 Stage 1 | Stage 2 | Stage 3 | Total | 01.01.22 - 31.03.22 Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|---|---|---|---|
| Impairment provisions on loans 01.01 | 288 | 318 | 1.079 | 1.685 | 193 | 353 | 1.175 | 1.721 |
| Changes 01.01 - 31.03 | | | | | | | | |
| Transfer to (from) stage 1 | -9 | 9 | 0 | -0 | -3 | 3 | 0 | 0 |
| Transfer to (from) stage 2 | 36 | -39 | 2 | 0 | 26 | -27 | 1 | 0 |
| Transfer to (from) stage 3 | 3 | 1 | -4 | 0 | 4 | 2 | -6 | 0 |
| Net new measurement of impairment provisions | -51 | 66 | -92 | -77 | -31 | 44 | 3 | 16 |
| New issued or purchased loan | 53 | 11 | 4 | 68 | 27 | 5 | 2 | 34 |
| Loans that have been derecognised | -29 | -28 | -6 | -64 | -18 | -22 | -11 | -51 |
| **Impairment provisions on loans 31.03** | 291 | 337 | 984 | **1.612** | 198 | 358 | 1.164 | 1.720 |

| Impairment provisions on financial commitments per stage | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|---|---|---|---|
| Impairment provisions on financial commitments 01.01. | 46 | 59 | 34 | 138 | 32 | 45 | 76 | 153 |
| Changes 01.01 - 31.03 | | | | | | | | |
| Transfer to (from) stage 1 | -1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfer to (from) stage 2 | 10 | -10 | 0 | 0 | 4 | -4 | 0 | 0 |
| Transfer to (from) stage 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net new measurement of impairment provisions | -16 | 2 | 0 | -14 | -3 | 8 | 5 | 10 |
| New issued or purchased loan | 9 | 2 | 0 | 11 | 6 | 0 | 0 | 6 |
| Loans that have been derecognised | -5 | -4 | -1 | -10 | -4 | -2 | -1 | -7 |
| **Impairment provisions on financial commitments 31.03** | 44 | 48 | 33 | **125** | 35 | 47 | 80 | 162 |

# Note 5 Deposits from customers

| Parent bank | | | | Group | | |
|---|---|---|---|---|---|---|
| **31.12.22** | **31.03.22** | **31.03.23** | | **31.03.23** | **31.03.22** | **31.12.22** |
| 621 | 481 | 553 | Aquaculture | 553 | 481 | 621 |
| 1.446 | 1.488 | 1.406 | Industry | 1.406 | 1.488 | 1.446 |
| 1.600 | 1.697 | 1.933 | Agriculture/forestry | 1.933 | 1.697 | 1.600 |
| 17.292 | 16.490 | 18.303 | Service industry | 17.954 | 16.145 | 16.949 |
| 3.286 | 3.458 | 3.250 | Retail trade, hotels and restaurants | 3.250 | 3.458 | 3.286 |
| 1.844 | 1.758 | 2.233 | Energy, oil and gas | 2.233 | 1.758 | 1.844 |
| 2.929 | 2.404 | 2.828 | Building and construction | 2.828 | 2.404 | 2.929 |
| 1.948 | 1.631 | 2.033 | Power and water supply | 2.033 | 1.631 | 1.948 |
| 7.735 | 8.969 | 8.066 | Real estate | 8.066 | 8.969 | 7.735 |
| 3.996 | 2.074 | 3.919 | Shipping and other transport | 3.919 | 2.074 | 3.996 |
| 44.118 | 42.475 | 45.950 | Public sector and financial services | 45.950 | 42.475 | 44.118 |
| 86.815 | 82.925 | **90.474** | **Total corporate market** | **90.126** | 82.580 | 86.472 |
| 61.627 | 59.419 | **62.018** | **Retail customers** | **62.018** | 59.419 | 61.627 |
| 148.442 | 142.344 | **152.492** | **Deposits from customers** | **152.144** | 141.999 | 148.100 |

## Note 6 Loans and financial commitments to customers

| Parent bank | | | | Group | | |
|---|---|---|---|---|---|---|
| **31.12.22** | **31.03.22** | **31.03.23** | **Gross loans to customers by industry** | **31.03.23** | **31.03.22** | **31.12.22** |
| 3.706 | 3.509 | 3.919 | Aquaculture | 3.928 | 3.517 | 3.714 |
| 3.996 | 3.648 | 4.119 | Industry | 4.169 | 3.697 | 4.049 |
| 5.683 | 5.222 | 5.663 | Agriculture/forestry | 5.994 | 5.514 | 6.042 |
| 20.415 | 16.045 | 20.470 | Service industry | 21.080 | 16.380 | 21.023 |
| 3.295 | 3.177 | 3.158 | Wholesale and retail trade, hotels and restaurants | 3.389 | 3.367 | 3.520 |
| 1.084 | 1.200 | 1.131 | Energy, oil and gas | 1.133 | 1.200 | 1.087 |
| 5.003 | 4.198 | 7.453 | Building and construction | 7.717 | 4.410 | 5.268 |
| 1.708 | 1.397 | 2.088 | Power and water supply | 2.088 | 1.397 | 1.708 |
| 37.644 | 34.052 | 39.175 | Real estate | 39.196 | 34.061 | 37.660 |
| 13.343 | 12.117 | 12.543 | Shipping and other transport | 12.729 | 12.286 | 13.525 |
| 2.163 | 2.419 | 1.921 | Public sector and financial services | 1.921 | 2.419 | 2.163 |
| 98.041 | 86.984 | **101.640** | **Total corporate sector** | **103.346** | 88.248 | 99.759 |
| 50.582 | 52.472 | **56.090** | **Retail customers** | **154.860** | 145.333 | 153.198 |
| 148.624 | 139.456 | **157.730** | **Gross loans** | **258.206** | 233.581 | 252.957 |
| -1.648 | -1.683 | -1.576 | - Impairment provisions after amortised cost | -1.612 | -1.720 | -1.685 |
| 12 | 13 | 14 | - Home mortgages at FVOCI [2] | 0 | 0 | 0 |
| 146.988 | 137.786 | **156.168** | **Loans to customers** | **256.595** | 231.861 | 251.272 |
| | | | | | | |
| | | | **Financial commitments [1]** | | | |
| 17.397 | 12.031 | 16.221 | Guarantees customers | 16.253 | 12.066 | 17.433 |
| 19.119 | 18.824 | 19.427 | Unused credit lines for customers | 27.746 | 26.702 | 26.659 |
| 13.441 | 13.726 | 14.632 | Approved loan commitments | 14.632 | 13.726 | 13.441 |
| 49.957 | 44.581 | **50.280** | **Total financial commitments** | **58.631** | 52.494 | 57.532 |
| | | | | | | |
| | | | **Other guarantees issued and liabilities** | | | |
| 6.022 | 8.898 | 10.089 | Unused credit lines for financial institutions | 0 | 0 | 0 |
| 589 | 82.020 | 589 | Guarantees other | 589 | 1.398 | 589 |
| 0 | 13 | 0 | Letters of credit | 0 | 13 | 0 |
| 6.611 | 90.931 | **10.678** | **Total other guarantees issued and liabilities** | **589** | 1.411 | 589 |

[1] Financial liabilities not on the balance sheet that are the basis for impairments

[2] FVOCI - Fair value other comprehensive income

*Note 6 Loans and other financial commitments to customers (continued)*

**Parent bank**

| 2023<br>Loans to customers by industry and stages | Gross loans at amortised cost | Stage 1 | Stage 2 | Stage 3 | Loans at fair value | Net loans 31.03.23 |
|---|---|---|---|---|---|---|
| Aquaculture | 3.876 | -9 | -7 | 0 | 43 | 3.902 |
| Industry | 4.042 | -16 | -14 | -125 | 77 | 3.965 |
| Agriculture/forestry | 3.275 | -2 | -7 | -1 | 2.388 | 5.654 |
| Service industry | 19.712 | -87 | -36 | -290 | 758 | 20.057 |
| Wholesale and retail trade, hotels and restaurants | 2.905 | -15 | -15 | -13 | 253 | 3.115 |
| Energy, oil and gas | 1.131 | -5 | -30 | -62 | 0 | 1.034 |
| Building and construction | 7.155 | -18 | -24 | -14 | 298 | 7.397 |
| Power and water supply | 2.079 | -6 | -1 | -1 | 9 | 2.080 |
| Real estate | 38.981 | -92 | -114 | -70 | 194 | 38.899 |
| Shipping and other transport | 12.394 | -17 | -31 | -351 | 149 | 12.145 |
| Public sector and financial services | 1.921 | 0 | 0 | 0 | 0 | 1.921 |
| **Total corporate market** | 97.470 | -268 | -278 | -926 | 4.170 | **100.169** |
| **Retail customers** | 5.348 | -14 | -34 | -57 | 50.743 | **55.985** |
| Mortgages at FVOCI [1)] | | | | | 14 | 14 |
| **Loans to customers** | 102.818 | -282 | -311 | -983 | 54.927 | **156.168** |

| 2022<br>Loans to customers by industry and stages | Gross loans at amortised cost | Stage 1 | Stage 2 | Stage 3 | Loans at fair value | Net loans 31.03.22 |
|---|---|---|---|---|---|---|
| Aquaculture | 3.473 | -10 | -30 | 0 | 36 | 3.469 |
| Industry | 3.597 | -10 | -16 | -136 | 51 | 3.486 |
| Agriculture/forestry | 2.793 | -1 | -5 | -2 | 2.429 | 5.214 |
| Service industry | 15.451 | -52 | -57 | -120 | 594 | 15.816 |
| Wholesale and retail trade, hotels and restaurants | 2.946 | -14 | -17 | -6 | 231 | 3.140 |
| Energy, oil and gas | 1.200 | -2 | -12 | -56 | 0 | 1.130 |
| Building and construction | 3.910 | -9 | -16 | -16 | 288 | 4.157 |
| Power and water supply | 1.387 | -3 | -3 | 0 | 10 | 1.391 |
| Real estate | 33.841 | -63 | -82 | -49 | 211 | 33.858 |
| Shipping and other transport | 12.006 | -13 | -54 | -714 | 111 | 11.336 |
| Public sector and financial services | 2.419 | 0 | 0 | 0 | 0 | 2.419 |
| **Total corporate market** | 83.023 | -177 | -292 | -1.099 | 3.961 | 85.416 |
| **Retail customers** | 5.117 | -13 | -38 | -64 | 47.355 | 52.357 |
| Mortgages at FVOCI [1)] | | | | | 13 | 13 |
| **Loans to customers** | 88.140 | -190 | -330 | -1.163 | 51.329 | 137.786 |

[1)] FVOCI - Fair value other comprehensive income

***Note 6 Loans and other financial commitments to customers (continued)***

**Group**

| **2023**<br>**Loans to customers by industry and stages** | **Gross loans at amortised cost** | **Stage 1** | **Stage 2** | **Stage 3** | **Loans at fair value** | **Net loans 31.03.23** |
|---|---|---|---|---|---|---|
| Aquaculture | 3.921 | -9 | -7 | 0 | 7 | 3.912 |
| Industry | 4.155 | -16 | -14 | -125 | 14 | 4.015 |
| Agriculture/forestry | 5.097 | -2 | -7 | -1 | 897 | 5.984 |
| Service industry | 20.996 | -88 | -36 | -290 | 84 | 20.666 |
| Wholesale and retail trade, hotels and restaurants | 3.348 | -15 | -15 | -13 | 41 | 3.346 |
| Energy, oil and gas | 1.133 | -5 | -30 | -62 | 0 | 1.036 |
| Building and construction | 7.677 | -18 | -25 | -14 | 40 | 7.661 |
| Power and water supply | 2.082 | -6 | -1 | -1 | 6 | 2.080 |
| Real estate | 39.080 | -92 | -114 | -70 | 116 | 38.920 |
| Shipping and other transport | 12.702 | -17 | -31 | -351 | 27 | 12.331 |
| Public sector and financial services | 1.921 | 0 | 0 | 0 | 0 | 1.921 |
| **Total corporate market** | 102.114 | -268 | -279 | -926 | 1.232 | **101.873** |
| **Retail customers** | 148.351 | -23 | -58 | -57 | 6.510 | **154.722** |
| **Loans to customers** | 250.464 | -291 | -337 | -984 | 7.742 | **256.595** |

| **2022**<br>**Loans to customers by industry and stages** | **Gross loans at amortised cost** | **Stage 1** | **Stage 2** | **Stage 3** | **Loans at fair value** | **Net loans 31.03.22** |
|---|---|---|---|---|---|---|
| Aquaculture | 3.509 | -10 | -30 | 0 | 8 | 3.477 |
| Industry | 3.687 | -10 | -16 | -136 | 10 | 3.535 |
| Agriculture/forestry | 4.433 | -2 | -5 | -2 | 1.081 | 5.505 |
| Service industry | 16.282 | -52 | -58 | -120 | 98 | 16.150 |
| Wholesale and retail trade, hotels and restaurants | 3.333 | -14 | -18 | -6 | 34 | 3.329 |
| Energy, oil and gas | 1.200 | -2 | -12 | -56 | 0 | 1.130 |
| Building and construction | 4.362 | -9 | -16 | -16 | 48 | 4.369 |
| Power and water supply | 1.397 | -3 | -3 | 0 | 0 | 1.391 |
| Real estate | 33.934 | -63 | -82 | -49 | 127 | 33.867 |
| Shipping and other transport | 12.260 | -13 | -54 | -714 | 26 | 11.505 |
| Public sector and financial services | 2.419 | 0 | 0 | 0 | 0 | 2.419 |
| **Total corporate market** | 86.816 | -178 | -294 | -1.099 | 1.432 | 86.677 |
| **Retail customers** | 138.436 | -20 | -64 | -65 | 6.897 | 145.184 |
| **Loans to customers** | 225.252 | -198 | -358 | -1.164 | 8.329 | 231.861 |

*Note 6 Loans and other financial commitments to customers (continued)*

**Parent bank**

| | 01.01.23 - 31.03.23 | | | | 01.01.22 - 31.03.22 | | | |
|---|---|---|---|---|---|---|---|---|
| **Gross loans per stage** | **Stage 1** | **Stage 2** | **Stage 3** | **Total** | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| Gross loans 01.01. | 134.441 | 11.090 | 3.093 | 148.624 | 128.811 | 9.252 | 2.871 | 140.934 |
| Transfer to (from) stage 1 | -2.276 | 2.254 | 22 | 0 | -1.494 | 1.482 | 12 | 0 |
| Transfer to (from) stage 2 | 1.294 | -1.386 | 92 | 0 | 743 | -761 | 18 | 0 |
| Transfer to (from) stage 3 | 21 | 5 | -27 | 0 | 10 | 13 | -23 | 0 |
| Net increase/(decrease) balance existing loans | 564 | 4 | 436 | 1.005 | 6.182 | 217 | 280 | 6.679 |
| Originated or purchased during the period | 23.687 | 172 | 634 | 24.492 | 18.862 | 43 | 293 | 19.198 |
| Loans that have been derecognised | -14.448 | -517 | -1.425 | -16.390 | -25.708 | -1.059 | -588 | -27.355 |
| **Gross loans 31.03** | 143.283 | 11.622 | 2.825 | **157.730** | 127.406 | 9.187 | 2.863 | 139.456 |

| **Financial commitments per stage [1) 2)]** | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Financial commitments 01.01. | 46.358 | 2.515 | 1.084 | 49.957 | 39.667 | 1.668 | 1.198 | 42.533 |
| Net increase / (decrease) during period | 757 | -408 | -26 | 323 | 2.040 | 98 | -90 | 2.048 |
| **Financial commitments 31.03** | 47.115 | 2.107 | 1.058 | **50.280** | 41.707 | 1.766 | 1.108 | 44.581 |

**Group**

| **Gross loans per stage** | **Stage 1** | **Stage 2** | **Stage 3** | **Total** | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
|---|---|---|---|---|---|---|---|---|
| Gross loans 01.01. | 235.168 | 14.677 | 3.112 | 252.957 | 215.341 | 12.059 | 2.899 | 230.299 |
| Transfer to (from) stage 1 | -3.304 | 3.282 | 22 | 0 | -2.521 | 2.502 | 19 | 0 |
| Transfer to (from) stage 2 | 1.927 | -2.025 | 98 | 0 | 1.245 | -1.263 | 18 | 0 |
| Transfer to (from) stage 3 | 22 | 7 | -29 | 0 | 14 | 19 | -33 | 0 |
| Net increase/(decrease) balance existing loans | 2.267 | 51 | 436 | 2.754 | 7.743 | 245 | 281 | 8.269 |
| Originated or purchased during the period | 25.205 | 123 | 634 | 25.962 | 20.373 | 34 | 290 | 20.697 |
| Loans that have been derecognised | -21.170 | -874 | -1.422 | -23.466 | -23.830 | -1.266 | -588 | -25.684 |
| **Gross loans 31.03** | 240.115 | 15.241 | 2.851 | **258.206** | 218.365 | 12.330 | 2.886 | 233.581 |

| **Financial commitments per stage [1) 2)]** | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Financial commitments 01.01. | 53.672 | 2.775 | 1.086 | 57.532 | 46.954 | 1.904 | 1.200 | 50.058 |
| Net increase / (decrease) during period | 1.492 | -368 | -26 | 1.098 | 2.401 | 125 | -90 | 2.436 |
| **Financial commitments 31.03** | 55.164 | 2.407 | 1.060 | **58.631** | 49.355 | 2.029 | 1.110 | 52.494 |

[1)] Other financial liabilities include guarantees, undrawn credit and loan commitments

[2)] Financial liabilities provide the basis for impairment losses under IFRS 9

# Note 7 Capital adequacy

Capital adequacy is calculated and reported in accordance with the EU's capital requirements for banks and securities undertakings (CRD IV/CRR). SpareBank 1 SR-Bank has permission from the Financial Supervisory Authority of Norway to use internal measurement methods (Internal Rating Based Approach) for quantifying credit risk. The use of IRB requires the bank to comply with extensive requirements relating to organisation, expertise, risk models and risk management systems.

The total requirement for SpareBank 1 SR-Bank ASA's Common Equity Tier 1 capital ratio was 17.35% at the end of the first quarter of 2023.

| Parent bank | | | | Group | | |
|---|---|---|---|---|---|---|
| 31.12.22 | 31.03.22 | 31.03.23 | | 31.03.23 | 31.03.22 | 31.12.22 |
| 6.394 | 6.394 | 6.394 | Share capital | 6.394 | 6.394 | 6.394 |
| 1.587 | 1.587 | 1.587 | Premium reserve | 1.587 | 1.587 | 1.587 |
| 1.790 | 1.535 | 1.790 | Allocated to dividend | 1.790 | 1.535 | 1.790 |
| 1.700 | 1.850 | 2.100 | Hybrid capital | 2.100 | 1.850 | 1.700 |
| 13.919 | 12.940 | 14.574 | Other equity | 18.041 | 16.650 | 17.418 |
| 25.390 | 24.305 | **26.445** | **Book equity** | **29.912** | 28.016 | 28.889 |
| | | | **Tier 1 capital** | | | |
| -70 | -70 | -70 | Deferred taxes, goodwill and other intangible assets | -708 | -689 | -704 |
| -1.790 | -1.535 | -1.790 | Deduction for allocated dividends | -1.790 | -1.535 | -1.790 |
| -612 | -191 | -577 | Deduction in expected losses IRB less loss provisions | -711 | -285 | -733 |
| -1.700 | -1.850 | -2.100 | Hybrid capital that cannot be included in CET 1 capital | -2.100 | -1.850 | -1.700 |
| 0 | -201 | -346 | Profit for the period that cannot be included in total Tier 1 capital | -441 | -376 | 0 |
| 0 | 0 | 0 | Deduction for CET 1 capital in essential investments in financial institutions | -23 | -305 | -235 |
| -237 | -165 | -237 | Deduction for CET 1 capital in not essential investments in financial institutions | -234 | -146 | -241 |
| -64 | -66 | -78 | Value adjustments due to the requirements for prudent valuation | -93 | -79 | -80 |
| 20.916 | 20.227 | **21.246** | **CET 1 capital** | **23.812** | 22.751 | 23.405 |
| 1.700 | 1.850 | 2.100 | Hybrid capital | 2.277 | 1.981 | 1.836 |
| -48 | -47 | -47 | Deduction for essential investments in financial institutions | -47 | -47 | -48 |
| 22.568 | 22.030 | **23.299** | **Tier 1 capital** | **26.042** | 24.685 | 25.193 |
| | | | **Tier 2 capital** | | | |
| 2.097 | 2.097 | 2.745 | Term subordinated loan capital | 2.920 | 2.274 | 2.272 |
| -188 | -192 | -192 | Deduction for essential investments in financial institutions | -192 | -192 | -188 |
| 1.909 | 1.905 | **2.553** | **Tier 2 capital** | **2.728** | 2.082 | 2.084 |
| 24.477 | 23.935 | **25.853** | **Net primary capital** | **28.771** | 26.767 | 27.277 |

*Note 7 Capital adequacy (continued)*

| Parent bank | | | | Group | | |
|---|---|---|---|---|---|---|
| **31.12.22** | **31.03.22** | **31.03.23** | **Credit risk Basel II** | **31.03.23** | **31.03.22** | **31.12.22** |
| 16.351 | 18.110 | 17.580 | SME | 17.588 | 18.124 | 16.359 |
| 22.825 | 22.855 | 21.724 | Specialised enterprises | 24.668 | 25.608 | 25.379 |
| 10.745 | 7.276 | 9.895 | Other corporations | 10.221 | 7.492 | 11.011 |
| 965 | 789 | 1.049 | Mass market SME | 1.472 | 1.121 | 1.408 |
| 10.320 | 11.079 | 13.025 | Mass market - mortgage on real estate [1)] | 35.032 | 31.307 | 32.983 |
| 1.943 | 2.082 | 1.689 | Other mass market | 1.916 | 2.169 | 2.012 |
| 12.314 | 12.275 | 12.351 | Equity positions | 0 | 0 | 0 |
| 75.462 | 74.466 | **77.313** | **Total credit and counterparty risk IRB** | **90.896** | 85.821 | 89.153 |
| 26 | 34 | 34 | States and central banks | 34 | 43 | 26 |
| 67 | 47 | 343 | Local and regional authorities, state-owned enterprises | 554 | 230 | 222 |
| 7.101 | 4.885 | 4.821 | Institutions | 1.739 | 1.388 | 1.818 |
| 10.201 | 9.391 | 10.474 | Enterprises | 10.703 | 9.942 | 10.588 |
| 3.596 | 3.887 | 4.062 | Mass market | 5.067 | 4.682 | 4.472 |
| | 0 | | Mass market - mortgage on real estate | 481 | 679 | 555 |
| 2.220 | 10.435 | 2.660 | Covered bonds | 2.615 | 2.665 | 1.997 |
| 6.000 | 6.000 | 6.000 | Equity positions | 6.851 | 6.641 | 6.834 |
| 0 | 177 | 0 | Units in securities funds | 2 | 192 | 16 |
| 4.266 | 2.977 | 4.727 | Other assets | 5.475 | 3.832 | 4.930 |
| 33.476 | 37.834 | **33.122** | **Total credit and counterparty risk standard method** | **33.521** | 30.294 | 31.457 |
| 286 | 256 | 283 | Credit value adjustment risk (CVA) | 461 | 336 | 416 |
| 7.377 | 7.258 | 7.377 | Operational risk | 11.223 | 10.554 | 11.121 |
| | 0 | 0 | Other risk exposures [1)] | 583 | 2.229 | 2.177 |
| 116.893 | 119.814 | **118.095** | **Risk weighted balance** | **136.685** | 129.234 | 134.324 |
| 5.260 | 5.392 | 5.314 | Minimum requirement for common equtiy Tier 1 capital ratio 4.5 % | 6.151 | 5.816 | 6.045 |
| | | | **Buffer requirement** | | | |
| 2.922 | 2.995 | 2.952 | Capital conservation buffer 2.5 % | 3.417 | 3.231 | 3.358 |
| 5.237 | 5.392 | 5.279 | Systemic risk buffer 4.5 % | 6.110 | 5.816 | 6.014 |
| 2.335 | 1.198 | 2.941 | Countercyclical capital buffer 1.5 % | 3.417 | 1.292 | 2.686 |
| 10.494 | 9.585 | 11.172 | Total buffer requirement to common equity Tier 1 capital ratio | 12.944 | 10.339 | 12.058 |
| 5.161 | 5.250 | **4.760** | **Available common equity Tier 1 capital ratio after buffer requirement** | **4.717** | 6.597 | 5.302 |
| 17,89 % | 16,88 % | **17,99 %** | **Common equity Tier 1 capital ratio** | **17,42 %** | 17,60 % | 17,42 % |
| 19,31 % | 18,39 % | **19,73 %** | **Tier 1 capital ratio** | **19,05 %** | 19,10 % | 18,76 % |
| 20,94 % | 19,98 % | **21,89 %** | **Capital ratio** | **21,05 %** | 20,71 % | 20,31 % |
| 8,24 % | 6,60 % | **8,25 %** | **Leverage Ratio** | **6,77 %** | 7,05 % | 6,85 % |

[2)] 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 19.7 % as at 31 March 2023.

# Note 8 Financial derivatives

**Group**

| At fair value through profit and loss | Contract amount 31.03.23 | Fair value at 31.03.23 Assets | Liabilities |
|---|---|---|---|
| **Currency instruments** | | | |
| Currency futures (forwards) | 7.311 | 193 | 189 |
| Currency swaps | 49.264 | 1.521 | 198 |
| Currency swaps (basis swaps) | 31.471 | 1.007 | 39 |
| Currency swaps (basis swaps hedging) | 30.278 | 514 | 2 |
| Currency options | 0 | 0 | 0 |
| **Total currency instruments** | **118.324** | **3.235** | **429** |
| | | | |
| **Interest rate instruments** | | | |
| Interest rate swaps | 75.884 | 2.138 | 925 |
| Other interest rate contracts | 2.023 | 3 | 3 |
| **Total interest rate instruments** | **77.908** | **2.141** | **928** |
| | | | |
| **Interest rate instruments, hedging** | | | |
| Interest rate swaps | 141.655 | -9 | 12.235 |
| **Total interest rate instruments, hedging** | **141.655** | **-9** | **12.235** |
| | | | |
| **Security** | | | |
| Security | | 15.381 | 3.353 |
| **Totalt security** | | **15.381** | **3.353** |
| | | | |
| **Total currency and interest rate instruments** | | | |
| Total currency instruments | 118.324 | 3.235 | 429 |
| Total interest rate instruments | 219.562 | 2.132 | 13.162 |
| Total collateral | | 15.381 | 3.353 |
| **Total financial derivatives** | **337.886** | **20.748** | **16.945** |
| | | | |
| **Counterparty risk:** | | | |
| Netting agreements | | 2.364 | |
| Considered collateral | | 18.735 | |
| **Total exposure to financial derivatives** | | **-351** | |

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 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 reference, and may thus be affected by changes. The most important positions are in EURIBOR and NIBOR. The bank is monitoring developments in the market closely, and is participating in several projects to monitor the changes and facilitate any changes. The table below shows nominal amount and weighted average remaining maturity for derivatives in hedging relationships that may be affected by IBOR reform, categorised by the relevant IBOR rate.

*Note 8 Financial derivatives (continued)*

| Interest rate instruments | Contract amount | Weighted maturity |
|---|---|---|
| CIBOR DKK (6 months) | 915 | 3 |
| EURIBOR EUR (3 months) | 132.768 | 4 |
| EURIBOR EUR (6 months) | 420 | 6 |
| LIBOR USD (3 months) | 3.876 | 2 |
| NIBOR NOK (1 month) | 35 | 4 |
| NIBOR NOK (3 months) | 79.824 | 4 |
| NIBOR NOK (6 months) | 740 | 3 |
| STIBOR SEK (3 months) | 267 | 2 |
| **Total interest rate instruments** | **218.847** | |
| **Currency instruments** | | |
| EURIBOR EUR (3 months) to LIBOR USD (3 months) | 12.365 | 2 |
| EURIBOR EUR (3 months) to NIBOR NOK (3 months) | 44.179 | 4 |
| LIBOR USD (3 months) to NIBOR NOK (3 months) | 4.341 | 1 |
| LIBOR USD (6 months) to FIXED NOK | 158 | 3 |
| STIBOR SEK (3 months) to NIBOR NOK (3 months) | 706 | 1 |
| **Total currency instruments** | **61.749** | |
| **Total exposure to financial derivatives** | **280.596** | |

| | | |
|---|---|---|
| **Assets** | | |
| **Certificates and bonds** | | |
| NIBOR NOK (3 months) | 33.544 | 3 |
| **Total exposure certificates and bonds** | **33.544** | |
| **Liabilities** | | |
| **Securities issued** | | |
| EURIBOR EUR (3 months) | 4.034 | 1 |
| EURIBOR EUR (6 months) | 568 | 8 |
| LIBOR USD (6 months) | 1.471 | 1 |
| NIBOR NOK (3 months) | 32.575 | 8 |
| STIBOR SEK (3 months) | 706 | 1 |
| **Total exposure securities issued** | **39.355** | |

**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.**

# Note 9 Securities issued, non-preferred bonds and subordinated loan capital

**Group**

| Change in debt raised through securities issued | Balance as at 31.03.23 | Issued/ sale own 2023 | Past due/ redeemed 2023 | FX rate- and other changes 2023 | 31.12.22 |
|---|---|---|---|---|---|
| Other long-term borrowing | 1.471 | 0 | 0 | 81 | 1.390 |
| Bonds and certificates, nominal value | 64.421 | 10.685 | -566 | 3.025 | 51.276 |
| Covered bonds, nominal value | 91.244 | 0 | -6.486 | 5.127 | 92.603 |
| Adjustments and accrued interests | -9.318 | 0 | 0 | 599 | -9.917 |
| **Total debt raised through securities issued** | **147.819** | 10.685 | -7.052 | 8.832 | 135.353 |

| Change in debt raised by issuing non-preferred senior debts | Balance as at 31.03.23 | Issued/ sale own 2023 | Past due/ redeemed 2023 | FX rate- and other changes 2023 | 31.12.22 |
|---|---|---|---|---|---|
| Senior non-preferred bonds | 10.722 | 312 | 0 | 450 | 9.960 |
| Adjustments and accrued interests | -625 | | | 34 | -658 |
| **Total senior non-preferred bonds** | **10.097** | 312 | 0 | 484 | 9.301 |

| Change in debt raised through subordinated loan capital issued | Balance as at 31.03.23 | Issued/ sale own 2023 | Past due/ redeemed 2023 | FX rate- and other changes 2023 | 31.12.22 |
|---|---|---|---|---|---|
| Term subordinated loan capital, nominal value | 2.937 | 1.500 | -754 | 40 | 2.151 |
| Adjustments and accrued interests | 18 | | | 8 | 10 |
| **Total additional Tier 1 and Tier 2 capital instruments** | **2.955** | 1.500 | -754 | 48 | 2.161 |

# Note 10 Segment reporting

The executive management team has assessed which segments are reportable based on the form of distribution, products and customers. The primary reporting format is based on the risk and returnprofile 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.

| SpareBank 1 SR-Bank Group 31.03.23 | | | | | | |
|---|---|---|---|---|---|---|
| **Income statement (MNOK)** | **Retail market** | **Corporate market** | **SME & agriculture** | **Other activities** | **Elimin-ations** | **Group** |
| Net interest income 1) | 515 | 512 | 213 | 162 | -1 | 1.402 |
| Net commission and other income | 149 | 82 | 34 | 208 | -17 | 455 |
| Net income on investment securities | 4 | 17 | 7 | 42 | 0 | 71 |
| Total net income | 668 | 610 | 254 | 412 | -18 | 1.927 |
| Total operating expenses | 186 | 56 | 34 | 503 | -18 | 761 |
| Operating profit before losses | 483 | 554 | 220 | -91 | 0 | 1.166 |
| Impairment losses on loans and other financial liabilities | 2 | 15 | 18 | -0 | 0 | 35 |
| **Pre-tax profit** | **480** | **539** | **202** | **-91** | **0** | **1.131** |
| | | | | | | |
| **Balance sheet (MNOK)** | | | | | | |
| Loans to customers | 153.413 | 81.560 | 18.965 | 4.484 | -216 | 258.206 |
| Impairment provisions on loans | -151 | -1.240 | -222 | 0 | 0 | -1.612 |
| Certificates/bonds/financial derivatives | 0 | 0 | 0 | 105.444 | -22.498 | 82.946 |
| Other assets | -4.494 | 8.940 | -183 | 41.266 | -20.421 | 25.106 |
| **Total assets** | **148.768** | **89.260** | **18.560** | **151.194** | **-43.135** | **364.646** |
| | | | | | | |
| Deposits from customers | 66.930 | 61.418 | 20.743 | 3.400 | -348 | 152.144 |
| Other debt and equity 1) | 81.838 | 27.841 | -2.183 | 147.794 | -42.787 | 212.503 |
| **Total debt and equity** | **148.768** | **89.260** | **18.560** | **151.194** | **-43.135** | **364.646** |

| SpareBank 1 SR-Bank Group 31.03.22 | | | | | | |
|---|---|---|---|---|---|---|
| **Income statement (MNOK)** | **Retail market** | **Corporate market** | **SME & agriculture** | **Other activities** | **Elimin-ations** | **Group** |
| Net interest income 1) | 412 | 380 | 132 | 90 | -1 | 1.014 |
| Net commission and other income | 142 | 72 | 30 | 202 | -17 | 430 |
| Net income on investment securities | 0 | 9 | 1 | 177 | 0 | 187 |
| Total net income | 555 | 461 | 163 | 469 | -18 | 1.631 |
| Total operating expenses | 165 | 46 | 34 | 467 | -18 | 694 |
| Operating profit before losses | 390 | 416 | 129 | 2 | 0 | 937 |
| Impairment losses on loans and other financial liabilities | -1 | 27 | -11 | 0 | 0 | 15 |
| **Pre-tax profit** | **391** | **389** | **140** | **2** | **0** | **921** |
| | | | | | | |
| **Balance sheet (MNOK)** | | | | | | |
| Loans to customers | 143.698 | 69.037 | 16.466 | 4.668 | -288 | 233.581 |
| Impairment provisions on loans | -165 | -1.374 | -181 | 0 | 0 | -1.720 |
| Certificates/bonds/financial derivatives | 0 | 0 | 0 | 74.350 | -5.804 | 68.546 |
| Other assets | -2.815 | 8.233 | -179 | 39.198 | -26.759 | 17.678 |
| **Total assets** | **140.718** | **75.896** | **16.106** | **118.215** | **-32.850** | **318.085** |
| | | | | | | |
| Deposits from customers | 65.241 | 60.450 | 17.000 | -347 | -346 | 141.999 |
| Other debt and equity 1) | 75.476 | 15.446 | -894 | 118.562 | -32.504 | 176.087 |
| **Total debt and equity** | **140.718** | **75.896** | **16.106** | **118.215** | **-32.850** | **318.085** |

1) Other liabilities contains allocated arrangements between the segments. The interest on intercompany receivables for the retail market division and the corporate market division is determined on the basis of expected observable market interest rates (NIBOR) plus expected additional costs in connection with the group's long-term funding (credit premium). Deviations between the Group's actual funding costs and the applied interest on intercompany receivables are eliminated in the parent bank.

## Note 11 Net income/losses from financial instruments

| Parent bank | | | | Group | | |
|---|---|---|---|---|---|---|
| 2022 | 01.01.22 - 31.03.22 | 01.01.23 - 31.03.23 | | 01.01.23 - 31.03.23 | 01.01.22 - 31.03.22 | 2022 |
| 88 | 46 | -19 | Net gains/losses on equity instruments [1] | -43 | 47 | 156 |
| -867 | -413 | 9 | Net gains/lossses for bonds and certificates | 9 | -413 | -875 |
| 705 | 375 | -93 | Net derivatives bonds and certificates | -93 | 375 | 705 |
| 3 | 2 | -1 | Net counterparty risk, inclusive of CVA | -1 | 2 | 3 |
| 7 | -8 | -3 | Net derivatives other assets | -3 | -8 | 7 |
| -24 | -3 | 23 | Net derivatives liabilities | 42 | -25 | -58 |
| -159 | -127 | 22 | Net derivatives basis swap spread | -29 | 63 | 88 |
| 206 | 50 | 62 | Net gain/losses currency | 62 | 54 | 206 |
| -40 | -78 | **-0** | **Net income/losses from financial instruments** | **-56** | 95 | 233 |

[1] Including gains from the sale of Bjergsted Terrasse of NOK 81 million in the parent bank and NOK 106 million in the group 2022

## Note 12 Liquidity risk

Liquidity risk is the risk that the group is not able to refinance its debt or is not able to finance an increase in assets. The bank's framework for managing liquidity risk shall reflect the bank's conservative risk profile. The board has adopted internal limits such that the bank has as balanced a maturity structure for its borrowing as possible. Stress testing is conducted for the various terms of maturity for bank-specific crises, system crises and combinations of these. A contingency plan has also been put in place to manage liquidity crises. The average remaining term to maturity in the portfolio of senior bond funding and covered bonds was 3.9 years at the end of the first quarter of 2023. The total LCR was 244% at the end of the first quarter, and the average total LCR was 234% in the quarter. The LCR in NOK and EUR at the end of the quarter was 165% and 797%, respectively.

# Note 13 Information about fair value

**Group**

The table below shows financial instruments at fair value according to their valuation method. The different levels are defined as follows:

Level 1: Listed price in an active market for an identical asset or liability

Level 2: Valuation based on observable factors other than listed price (used in level 1) either direct (price) or indirect (deduced from prices)

Level 3: Valuation based on factors not obtained from observable markets (non-observable assumptions)

| **Fair value 31.03.23** | Level 1 | Level 2 | Level 3 | **Total** |
|---|---|---|---|---|
| **Assets** | | | | |
| Net lending to customers [1] | | | 7.742 | **7.742** |
| Commercial paper and bonds | 28.437 | 24.229 | | **52.666** |
| Financial derivatives | | 20.748 | | **20.748** |
| Equities, units and other equity interests | 302 | 80 | 396 | **777** |
| **Liabilities** | | | | |
| Financial derivatives | | 16.945 | | **16.945** |
| No transfers between levels 1 and 2 | | | | |
| [1] Net lending to customers in parent bank, level 3 | | | 54.913 | |

| **Fair value 31.03.22** | Level 1 | Level 2 | Level 3 | **Total** |
|---|---|---|---|---|
| **Assets** | | | | |
| Net lending to customers [1] | | | 8.328 | **8.328** |
| Commercial paper and bonds | 28.332 | 21.937 | | **50.269** |
| Financial derivatives | | 9.777 | | **9.777** |
| Equities, units and other equity interests | 572 | 80 | 399 | **1.051** |
| **Liabilities** | | | | |
| Financial derivatives | | 7.114 | | **7.114** |
| No transfers between levels 1 and 2 | | | | |
| [1] Net lending to customers in parent bank, level 3 | | | 51.316 | |

***Note 13 Information about fair value (continued)***

**Change in holding during the financial year of assets valued on the basis of factors other than observable market data**

| Group | Loans to customers | Shares, ownership stakes and other securities |
|---|---|---|
| Balance 01.01 | 7.861 | 420 |
| Additions | 347 | 4 |
| Disposals | -427 | -11 |
| Transferred from or to measurement according to prices in an active market or observable market data | | |
| Change in value [1] | -39 | -17 |
| **Balance 31.03.23** | **7.742** | **396** |
| Nominal value/cost price | 8.047 | 321 |
| Fair value adjustment | -305 | 75 |
| **Balance 31.03.23** | **7.742** | **396** |

[1] Value changes are recognised in net income from financial instruments

Other assets are measured using various methods such as last known transaction price, earnings per share, dividend per share, EBITDA and discounted cash flows.

Fixed-rate loans are measured on the basis of the interest rate agreed with the customer. Loans are discounted using the applicable interest curve, having taken into account a market premium, which is adjusted for the profit margin. The conducted sensitivity analyses indicate an increase in the discount rate of 10 basis points would have a negative effect on the result amounting to NOK 25 million.

**Fair value of financial instruments at amortised cost**

| Group | Balance 31.03.23 | Fair value 31.03.23 |
|---|---|---|
| **Assets** | | |
| Cash and balances with central banks | 589 | 589 |
| Balances with credit institutions [1] | 13.954 | 13.954 |
| Loans to customers [1] | 248.853 | 248.853 |
| Certificates and bond | 9.532 | 9.502 |
| **Total assets at amortised cost** | **272.928** | **272.897** |
| | | |
| **Liabilities** | | |
| Balances with credit institutions [1] | 1.100 | 1.100 |
| Deposits from customers [1] | 152.144 | 152.144 |
| Listed debt securities | 147.819 | 147.863 |
| Senior non-preferred bonds | 10.097 | 10.040 |
| Subordinated loan capital | 2.955 | 3.159 |
| **Total liabilities at amortised cost** | **314.115** | **314.306** |

[1] Loans and deposits at amortised cost, amount to book value best estimate at fair value.

# Note 14 Events after the balance sheet date

No material events have been registered after 31.3.2023 that affect the interim financial statements as prepared.

# Results from the interim financial statements

| **SpareBank 1 SR-Bank Group,** MNOK | **Q1 2023** | **Q4 2022** [8] | **Q3 2022** [8] | **Q2 2022** [8] | **Q1 2022** [8] | **Q4 2021** | **Q3 2021** | **Q2 2021** | **Q1 2021** |
|---|---|---|---|---|---|---|---|---|---|
| Interest income | 3.892 | 3.332 | 2.395 | 1.951 | 1.722 | 1.635 | 1.497 | 1.519 | 1.535 |
| Interest expense | 2.490 | 2.046 | 1.281 | 849 | 707 | 630 | 508 | 518 | 540 |
| **Net interest income** | **1.402** | **1.286** | **1.115** | 1.101 | 1.016 | 1.005 | 989 | 1.001 | 995 |
| Commission income | 476 | 463 | 439 | 486 | 447 | 475 | 429 | 471 | 426 |
| Commission expenses | 23 | 22 | 22 | 23 | 19 | 22 | 24 | 19 | 25 |
| Other operating income | 2 | 12 | 3 | 3 | 2 | 2 | 1 | 2 | 1 |
| **Net commission and other income** | **455** | **453** | **421** | 466 | 430 | 455 | 406 | 454 | 402 |
| Dividend income | 32 | 26 | 9 | 16 | 19 | 21 | - | 9 | - |
| Income from investment in associates | 94 | 211 | 85 | 82 | 74 | 223 | 151 | 193 | 109 |
| Net gains/losses on financial instrument | -56 | 37 | 97 | 6 | 95 | 100 | 83 | 41 | 107 |
| **Net income on financial investments** | **71** | **274** | **191** | 104 | 187 | 344 | 234 | 243 | 216 |
| **Total income** | **1.927** | **2.013** | **1.726** | 1.671 | 1.633 | 1.804 | 1.629 | 1.698 | 1.613 |
| Personnel expenses | 482 | 477 | 429 | 438 | 444 | 485 | 432 | 423 | 382 |
| Other operating expenses | 239 | 234 | 207 | 224 | 200 | 228 | 191 | 212 | 186 |
| Depreciation and impairment of fixed and intangible assets | 41 | 41 | 41 | 40 | 50 | 42 | 43 | 46 | 44 |
| **Total operating expenses** | **761** | **752** | **677** | 702 | 694 | 755 | 666 | 681 | 612 |
| **Operating profit before impairment** | **1.166** | **1.262** | **1.049** | 969 | 938 | 1.049 | 963 | 1.017 | 1.001 |
| Impairment losses on loans and financial commitments | 35 | 36 | 5 | -52 | 15 | -24 | 37 | 58 | 121 |
| **Pre-tax profit** | **1.131** | **1.225** | **1.044** | 1.021 | 923 | 1.073 | 926 | 959 | 880 |
| Tax expense | 250 | 226 | 215 | 225 | 168 | 184 | 193 | 143 | 162 |
| **Profit after tax** | **881** | **1.000** | **829** | 796 | 754 | 889 | 733 | 816 | 718 |
| **Profitability** | | | | | | | | | |
| Return on equity per quarter [1] | 12,3 % | 14,6 % | 12,5 % | 12,0 % | 11,4 % | 14,0 % | 11,7 % | 13,2 % | 11,6 % |
| Cost to income ratio [1] | 39,5 % | 37,3 % | 39,2 % | 42,0 % | 42,6 % | 41,9 % | 40,9 % | 40,1 % | 37,9 % |
| Cost to income ratio Banking Group [1] | 34,0 % | 36,1 % | 36,9 % | 37,9 % | 39,7 % | 44,7 % | 40,5 % | | |
| Average net interest margin [1] | 1,60 % | 1,51 % | 1,37 % | 1,40 % | 1,33 % | 1,32 % | 1,31 % | 1,36 % | 1,40 % |
| **Balance sheet figures from quarterly accounts** | | | | | | | | | |
| Gross loans to customers | 258.206 | 252.957 | 248.237 | 242.867 | 233.581 | 230.299 | 226.952 | 225.791 | 221.291 |
| Gross loans to customers including SB1 BK [2] | 258.206 | 252.957 | 248.237 | 242.867 | 233.581 | 230.299 | 226.952 | 225.791 | 221.291 |
| Growth in loans over last 12 months [1] | 10,5 % | 9,8 % | 9,4 % | 7,6 % | 5,6 % | 5,1 % | 4,7 % | 5,3 % | 4,3 % |
| Growth in loans incl SB1 BK [1][2] | 10,5 % | 9,8 % | 9,4 % | 7,6 % | 5,6 % | 5,1 % | 3,1 % | 3,3 % | 2,3 % |
| Deposits from customers | 152.144 | 148.100 | 143.989 | 145.667 | 141.999 | 137.664 | 132.283 | 136.209 | 128.108 |
| Growth in deposits over last 12 months [1] | 7,1 % | 7,6 % | 8,8 % | 6,9 % | 10,8 % | 16,5 % | 16,8 % | 22,5 % | 21,4 % |
| Total assets | 364.646 | 345.931 | 334.255 | 318.642 | 318.295 | 304.402 | 296.987 | 299.939 | 296.492 |
| Average total assets | 355.931 | 337.947 | 323.816 | 316.347 | 308.512 | 301.021 | 300.562 | 295.347 | 287.621 |
| **Impairments on loans and financial commitments** | | | | | | | | | |
| Impairment ratio, annualized [1] | 0,05 % | 0,06 % | 0,01 % | -0,09 % | 0,03 % | -0,04 % | 0,07 % | 0,10 % | 0,22 % |

[1] Defined as alternative performance targets (APMs), see the appendix to the interim report

[2] SpareBank 1 Boligkreditt are abbreviated to SB1 BK

***Results from the interim financial statements (continued)***

| | Q1 2023 | Q4 2022 | Q3 2022 | Q2 2022 | Q1 2022 | Q4 2021 | Q3 2021 | Q2 2021 | Q1 2021 |
|---|---|---|---|---|---|---|---|---|---|
| **Loans and financial commitments in Stage 2 and Stage 3 [1)]** | | | | | | | | | |
| Loans and financial commitments in Stage 3 in % of gross loans and financial commitments [1)] | 1,23 % | 1,35 % | 1,39 % | 1,38 % | 1,40 % | 1,46 % | 1,78 % | 1,79 % | 1,91 % |
| Loans and financial commitments in Stage 2 in % of gross loans and financial commitments [1)] | 5,57 % | 5,62 % | 5,11 % | 4,24 % | 5,02 % | 4,98 % | 6,27 % | 6,00 % | 5,78 % |
| **Solidity** | | | | | | | | | |
| Common equity Tier 1 capital ratio [4) 5)] | 17,4 % | 17,4 % | 17,8 % | 17,9 % | 17,6 % | 17,4 % | 17,6 % | 17,9 % | 18,1 % |
| Tier 1 capital ratio [4) 5)] | 19,1 % | 18,8 % | 19,2 % | 19,3 % | 19,1 % | 18,9 % | 19,2 % | 19,5 % | 19,7 % |
| Capital ratio [4) 5)] | 21,0 % | 20,3 % | 20,8 % | 20,9 % | 20,7 % | 20,5 % | 20,9 % | 21,2 % | 21,5 % |
| Tier 1 capital [4) 5)] | 26.042 | 25.193 | 25.237 | 24.965 | 24.685 | 24.163 | 24.252 | 24.805 | 24.408 |
| Net primary capital | 28.771 | 27.277 | 27.326 | 27.050 | 26.767 | 26.207 | 26.446 | 26.999 | 26.612 |
| Risk weighted balance | 136.685 | 134.324 | 131.601 | 129.618 | 129.234 | 127.981 | 126.616 | 127.398 | 123.860 |
| Leverage ratio | 6,8 % | 6,8 % | 6,8 % | 7,1 % | 7,1 % | 7,1 % | 7,3 % | 7,5 % | 7,6 % |
| **Liquidity** | | | | | | | | | |
| Liquidity Coverage Ratio (LCR) [3)] | 244 % | 176 % | 181 % | 151 % | 155 % | 168 % | 160 % | 167 % | 141 % |
| Deposit to loan ratio [1)] | 58,9 % | 58,5 % | 58,0 % | 60,0 % | 60,8 % | 59,8 % | 58,3 % | 60,3 % | 57,9 % |
| **Branches and staff** | | | | | | | | | |
| Number of branches | 36 | 35 | 35 | 35 | 35 | 34 | 34 | 34 | 34 |
| Number of man-years | 1.560 | 1.543 | 1.510 | 1.487 | 1.489 | 1.505 | 1.483 | 1.488 | 1.275 |
| Number of man-years including temps | 1.612 | 1.582 | 1.554 | 1.543 | 1.530 | 1.556 | 1.533 | 1.555 | 1.321 |
| **SpareBank 1 SR-Bank share** | | | | | | | | | |
| Market price at end of quarter | 121,00 | 120,70 | 102,00 | 106,70 | 134,30 | 133,20 | 121,50 | 113,70 | 105,00 |
| Market capitalisation | 30.946 | 30.869 | 26.087 | 27.289 | 34.347 | 34.066 | 31.074 | 29.079 | 26.854 |
| Number of shares issued, millions | 255,75 | 255,75 | 255,75 | 255,75 | 255,75 | 255,75 | 255,75 | 255,75 | 255,75 |
| Book equity per share(including dividends) [1)] | 108,77 | 106,32 | 102,86 | 99,49 | 102,32 | 99,05 | 95,82 | 96,08 | 93,12 |
| Earnings per share, NOK (annualised) | 3,31 | 3,81 | 3,16 | 3,03 | 2,87 | 3,41 | 2,80 | 3,13 | 2,74 |
| Price/earnings per share [1)] | 9,15 | 7,91 | 8,07 | 8,80 | 11,70 | 9,77 | 10,85 | 9,08 | 9,58 |
| Price / Book equity (group) [1)] | 1,11 | 1,14 | 0,99 | 1,07 | 1,31 | 1,34 | 1,27 | 1,18 | 1,13 |
| Annualised turnover rate in quarter [6)] | 4,7 % | 5,5 % | 4,1 % | 5,2 % | 5,9 % | 5,0 % | 3,7 % | 5,5 % | 7,2 % |
| Effective return [7)] | 0,2 % | 18,3 % | -4,4 % | -20,6 % | 0,8 % | 12,2 % | 6,9 % | 8,3 % | 21,4 % |

[1)] Defined as alternative performance targets (APMs), see the appendix to the interim report

[2)] SpareBank 1 Boligkreditt is abbreviated to SB1 BK

[3)] High quality liquid assets divided by total net cash outflows in a 30-day, serious stress scenario

[4)] A decision was made in April 2020 not to pay dividend for 2019 at this time. Historical figures per 31 December 2019 was not changed.The board have exercised the authorisation from April 2020 and on a board meeting 10th of February 2021 approved a dividend of NOK 5.50 per share for the financial year 2019. The dividend was paid as at 19th March 2021.

[4)] The board has exercised its special authorisation from April 2021 and at the board meeting on 30 September 2021 approved a dividend of NOK 3.10 per share for the financial year 2020, which was paid out on 13 October 2021. The total dividend of NOK 793 million reduced equity on 30 September 2021.

[6)] Annualized turnover of the share during the period, measured as a percentage of the number of outstanding shares

[7)] Percentage change in the market price in the last period, including paid share dividend

[8)] 2022 numbers has not been altered to reflect the change in principle following the implementation of IFRS 17/IFRS 9 as described in note 1

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**2023 Financial Calendar**

| | |
|---|---|
| Q2 2023, Half-yearly Report | Thursday 10 August |
| Q3 2023 | Thursday 26 October |