Quarterly report 2023

Q2

SpareBank 1 SR-BANK

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Key figures SpareBank 1 SR-Bank Group (MNOK)

MAIN FIGURES	01.01 - 30.06 2023	2022	Q2 2023	Q2 2022	Year 2022
Net interest income	2.826	2.115	1.424	1.101	4.516
Net commission and other income	977	896	522	466	1.770
Net income on financial investments	180	291	109	104	756
Total income	**3.983**	3.302	2.055	1.671	7.042
Total operating expenses	**1.579**	1.396	817	702	2.825
Operating profit before impairment	**2.404**	1.906	1.238	969	4.216
Impairment losses on loans and financial commitments	-63	-36	-98	-52	5
Pre-tax profit	**2.467**	1.942	1.336	1.021	4.211
Tax expense	558	394	308	225	834
Profit after tax	**1.909**	1.549	1.028	796	3.378
BALANCE SHEET					
Gross loans to customers	264.882	242.867			252.957
Deposits from customers	150.758	145.667			148.100
Total assets	361.765	318.433			345.730
Average total assets	360.986	311.591			321.177
Selected key figures (for further key figures see page 40 of the interim report) [4]					
Return on equity [1]	13,5 %	11,8 %	14,6 %	12,0 %	12,6 %
Cost to income ratio [1]	39,6 %	42,3 %	39,8 %	42,0 %	40,1 %
Cost to income ratio Banking Group [1]	34,4 %	38,8 %	34,7 %	37,9 %	37,6 %
Average net interest margin	1,58 %	1,37 %	1,56 %	1,40 %	1,41 %
Balance growth					
Growth in loans over last 12 months [1]	9,1 %	7,6 %			9,8 %
Growth in deposits over last 12 months [1]	3,5 %	6,9 %			7,6 %
Solidity					
Common equity Tier 1 capital ratio	17,8 %	17,9 %			17,4 %
Tier 1 capital ratio	19,9 %	19,3 %			18,8 %
Capital ratio	21,9 %	20,9 %			20,3 %
Tier 1 capital	27.291	24.965			25.193
Risk weighted balance	137.165	129.618			134.324
Leverage ratio	7,0 %	7,1 %			6,9 %
Liquidity					
Liquidity Coverage Ratio (LCR) [2]	215 %	151 %			176 %
Deposit to loan ratio [1]	56,9 %	60,0 %			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]	1,02 %	1,38 %			1,35 %

SpareBank 1 SR-Bank share	30.06.23	31.12.22	31.12.21	31.12.20	31.12.19
Market price	130,10	120,70	133,20	91,00	100,00
Market capitalisation (MNOK)	33.273	30.869	34.066	23.273	25.575
Book equity per share (including dividends) (group) [1]	105,73	106,32	99,05	95,97	89,90
Earnings per share, NOK	7,21	12,88	12,08	5,87	12,06
Dividends per share	-	7,00	6,00	3,10	5,50
Price / Earnings per share [1]	9,02	9,37	11,03	15,50	8,29
Price / Book equity [1]	1,23	1,14	1,34	0,95	1,11
Effective return [3]	13,6 %	-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

A good result with growth under challenging market conditions

Q2 2023

- Pre-tax profit: NOK 1,336 million (NOK 1,021 million)
- Net profit for the quarter: NOK 1,028 million (NOK 796 million)
- Return on equity after tax: 14.6% (12.0%)
- Earnings per share: NOK 3.90 (NOK 3.03)
- Net interest income: NOK 1,424 million (NOK 1,101 million)
- Net commissions and other operating income: NOK 522 million (NOK 466 million)
- Net income from financial investments: NOK 109 million (NOK 104 million)
- Operating costs: NOK 817 million (NOK 702 million)
- Impairments on loans and financial liabilities: NOK -98 million (NOK -52 million)

(Q2 2022 figures in brackets)

H1 2023

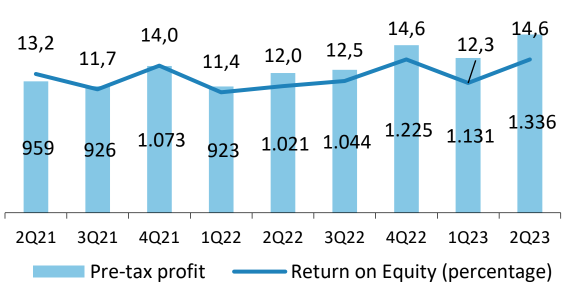
- Pre-tax profit: NOK 2,467 million (NOK 1,942 million)
- Net profit for the period: NOK 1,909 million (NOK 1,549 million)
- Return on equity after tax: 13.5% (11.8%)
- Earnings per share: NOK 7.21 (NOK 5.90)
- Net interest income: NOK 2,826 million (NOK 2,115 million)
- Net commissions and other operating income: NOK 977 million (NOK 896 million)
- Net income from financial investments: NOK 180 million (NOK 291 million)
- Operating costs: NOK 1,579 million (NOK 1,396 million)
- Impairments on loans and financial liabilities: NOK -63 million (NOK -36 million)
- Total lending growth over past 12 months: 9.1% (7.6%)
- Growth in deposits over past 12 months: 3.5% (6.9%)
- Common Equity Tier 1 capital ratio: 17.8% (17.9%)
- Capital ratio: 21.9% (20.9%)

(H1 2022 figures in brackets)

Financial performance – Q2 2023

The Group made a pre-tax profit of NOK 1,336 million in the second quarter of 2023, NOK 204 million higher than in the previous quarter. This resulted in a return on equity after tax of 14.6% for the quarter, up from 12.3% for the first quarter of 2023.

Fig. 1 Financial performance



Net interest income amounted to NOK 1,424 million in the second quarter of 2023, an increase of NOK 22 million from the previous quarter. The increase was due to high lending growth and higher deposit margins, although it was offset to some extent by lower lending margins. Lending margins are affected by a strong increase in Nibor in the quarter. The average interest margin was 1.56% in the second quarter of 2023, compared with 1.60% in the first quarter of 2023.

Net commissions and other operating income was NOK 522 million in the second quarter of 2023, NOK 68 million higher than in the previous quarter. The change was mainly due to a NOK 31 million increase in income from EiendomsMegler 1, NOK 24 million from arrangement and customer fees, NOK 13 million in savings/investments and insurance.

Net income from financial investments was NOK 109 million in the second quarter of 2023, an increase of NOK 39 million compared with the previous quarter. Price changes for certificates, bonds and associated derivatives saw a positive change of NOK 64 million, and equities and equity certificates a positive change of NOK 18 million. Income from interest rate and *currency trading amounted to NOK 76 million, up NOK 6 million from the previous quarter. Income from associated companies decreased by NOK 41 million from the previous quarter, mainly due to a lower profit contribution from SpareBank 1 Gruppen AS. The profit from Sparebank 1 Gruppen decreased for a number of reasons. It was mainly due to liquidation losses, higher claim rates, a negative adjustment of the value of fixed-income portfolios and write-downs of investment properties in the Fremtind Group.*

Operating costs amounted to NOK 817 million in the second quarter of 2023, NOK 56 million higher than in the previous quarter. The parent bank's costs were NOK 35 million higher, of which NOK 23 million was due to an increase in personnel costs resulting from larger provisions for variable remuneration, more FTEs and general wage growth. Monio AS has recognised a charge of NOK 29 million related to the payment of settlements in complaint cases, see page 10 for further information. Costs in EiendomsMegler 1 rose somewhat, mainly due to higher personnel costs and general operating costs. ForretningsPartner's costs decreased by NOK 12 million compared with the previous quarter due to lower payroll costs.

Impairments on loans and financial liabilities amounted to NOK -98 million in the second quarter of 2023, a decrease of NOK 133 million compared with the previous quarter. Individual losses of NOK 26 million were recognised, while IFRS 9 impairment provisions decreased by NOK 72 million in the quarter. In the second quarter, an updated model was adopted for calculating loss costs on exposures without individual impairment provisions. The updated model increases loss provisions by NOK 130 million and replaces the uncertainty premium that amounted to NOK 202 million in the first quarter of 2023. The difference of NOK 72 million has been recognised as income in the second quarter of 2023.

Important events in Q2

The Ministry of Finance decided in June that SpareBank 1 SR-Bank ASA should be considered a systemically important financial institution (SIFI). This will result in an additional 1% CET1 requirement with effect from 30 September 2024.

At the end of June, it was announced that Monio AS entered into agreement to merge with Folkeinvest AS in order to provide an even stronger offer to companies and investors in the crowdfunding market. The merger is subject to approval from the Financial Supervisory Authority of Norway.

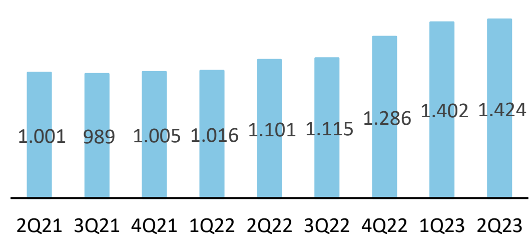
Financial performance – H1 2023

The Group made a pre-tax profit of NOK 2,467 million in the first half of 2023 (NOK 1,942 million), NOK 525 million higher than in the first half of 2022. Net interest income increased by NOK 710 million. Furthermore, the operating profit was positively impacted by an increase in net commissions and other income, while lower income from financial investments and higher costs had a negative impact on the operating profit. Impairments provisions on loans and financial liabilities amounted to NOK -63 million in the first half of 2023, an improvement of NOK 27 million from the same period last year. The Group's return on equity after tax for the first half of 2023 was 13.5% (11.8%).

Net interest income

The Group's net interest income totalled NOK 2,826 million for the first half of 2023 (NOK 2,115 million), an increase of 34%. The increase was due to high lending and deposit growth and an improvement in net interest margins.

Fig. 2 Net interest margin



The average interest margin was 1.58% in the first half of 2023 (1.37%).

Net commission and other income

Net commissions and other income totalled NOK 977 million in the first half of 2023 (NOK 896 million).

Table 1, Commission and other income

	30.06.23	30.06.22
Payment facilities	157	143
Savings/placements	77	71
Insurance products	135	131
Commission income EiendomsMegler 1	210	208
Guarantee commission	58	58
Arrangement- and customer fees	104	60
Commission income ForretningsPartner	219	206
Other	17	19
Net commission and other income	977	896

Income from money transfer services amounted to NOK 157 million in the first half of 2023 (NOK 143 million). The increase was mainly due to an increase in income from cards. Income from saving and investments amounted to NOK 77 million in the first half of 2023 (NOK 71 million). Income from arrangement services amounted to NOK 104 million in the first half of 2023 (NOK 60 million) and was due to higher income in the Corporate Market from customer fees. Income from SpareBank 1 SR-Bank ForretningsPartner AS amounted to NOK 219 million in the first half of 2023 (NOK 206 million).

Net income on financial investments

Net income from financial investments in the first half of 2023 totalled NOK 180 million (NOK 291 million).

Table 2, Income on financial investments

	30.06.23	30.06.22
Dividends	57	35
Investment income, associates	148	156
Securitites gains/losses	-171	-82
- of which in shares and certificates	-68	26
- of which in certificates and bonds incl. derivatives	-103	-108
Currency/interest gains/losses	146	182
- of which customer- and own-account trading	116	102
- of which basisswap and other IFRS-effects	30	79
Net income on financial investments	180	291

The dividends received in the first half of 2023 amounted to NOK 57 million (NOK 35 million). Dividends from Sandnes Sparebank amounted to NOK 21 million (NOK 19 million). In addition to this, in the first half of 2023, dividends from Finstart Nordic AS amounting to NOK 26 million (NOK 3 million) and from SpareBank 1 Markets amounting to NOK 9 million (NOK 12 million) were recognised as income.

Income from associated companies amounted to NOK 148 million in the first half of 2023 (NOK 156 million). In the first half of 2023, the ordinary profit contribution from SpareBank 1 Gruppen AS amounted to NOK 22 million (NOK 30 million), the profit contribution from BN Bank ASA amounted to NOK 119 million (NOK 96 million), the profit contribution from SpareBank 1 Forvaltning AS amounted to NOK 29 million (NOK 36 million), and the profit contribution from SpareBank 1 Betaling AS amounted to NOK -18 million (NOK -6 million). Income from other associated companies amounted to NOK -5 million (NOK 0 million). For more information about the underlying results in associated companies, see the section on page 9.

Price changes for securities amounted to NOK -171 million (NOK -82 million) and were due to price changes in the portfolio of certificates and bonds, which is held for liquidity purposes, totalling NOK -103 million (NOK -108 million) and price changes amounting to NOK -68 million (NOK 26 million) in the portfolio of equities and equity certificates. The equity certificates in Sandnes Sparebank had a change in value of NOK -31 million (NOK -24 million) and investments in Finstart Nordic AS decreased in value by NOK -37 million (NOK 17 million). In the first half of 2022, there was a positive change in value in SpareBank 1 Markets of NOK 35 million.

Price changes for interest rate and currency trading amounted to NOK 146 million in the first half of 2023 (NOK 182 million). Price changes from customer and own account trading amounted to NOK 116 million (NOK 102 million). The change in the value of basis swaps was NOK -24 million (NOK 79 million) and other IFRS effects amounted to NOK 55 million (NOK 0 million).

Operating expenses

The Group's operating costs amounted to NOK 1,579 million for the first half of 2023 (NOK 1,396 million). The Group's cost/income ratio was 39.6% (42.3%) in the first half of 2023 and the cost to income ratio for the banking Group[1] was 34.4% (38.8%).

Table 3, Operating expenses

	30.06.23	30.06.22
Personnel expenses	969	883
IT expenses	222	193
Marketing	42	47
Administrative expenses	64	45
Operating expenses from real estate	23	23
Other operating expenses	177	116
Depreciation and impairments	82	90
Total operating expenses	1.579	1.396

[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.

In the parent bank, costs amounted to NOK 1,157 million (NOK 1,002 million). Of the NOK 154 million increase in the parent bank, personnel costs increased by NOK 83 million. On average, there were 67 more FTEs in the first half of 2023, which entailed an increase in costs of about NOK 36 million. The increase in FTEs was due to focus on new market areas, the acquisition of FTEs in connection with the purchase of a loan portfolio from the Swedbank collaboration and the focus on sustainability. Furthermore, general wage growth entailed an increase in personnel costs of approximately NOK 22 million, a NOK 15 million increase in provisions for variable remuneration and an increase in pension costs of NOK 7 million. Other increases in the parent bank's costs were due to higher inflation and more activity and were particularly related to IT expenses, the use of consultants and more travel and meeting activity compared with the first half of 2022.

Monio AS has recognised a charge of NOK 29 million related to the payment of settlements in complaint cases. Furthermore, EiendomsMegler 1 saw a slight increase in costs, mainly due to higher payroll costs and general operating costs related to, for example, rent.

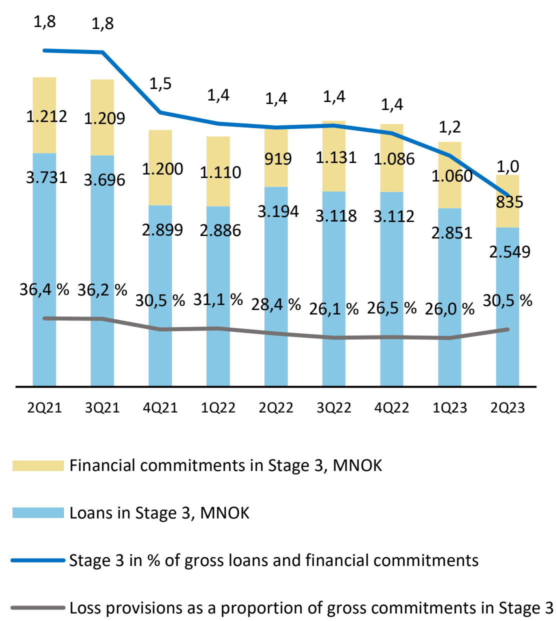
Impairments on loans and financial commitments, and loans and financial commitments in Stage 3

Impairments on loans and financial liabilities amounting to NOK 63 million were recognised in the first half of 2023 compared with the recognition of NOK 36 million in the same period last year. Individual losses of NOK 3 million were recognised, while NOK 60 million in IFRS impairment provisions was recognised. The main reason for the income recognition related to IFRS impairment provisions in the first half of 2023 is that an updated model was adopted for calculating loss costs on exposures without individual impairment provisions.

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

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 defined as Stage 3 amounted to NOK 3,384 million at the end of the first half of 2023 (NOK 4,113 million). The reduction in Stage 3 was mainly due to an exposure that is no longer subject to quarantine and the recognition of losses. Provisions as a share of the gross exposure in Stage 3 were 30.5% (28.4%). Gross loans and financial liabilities classified as Stage 3 corresponded to 1.0% (1.4%) of gross loans and financial liabilities.

Fig. 3 Gross loans and financial commitments in Stage 3

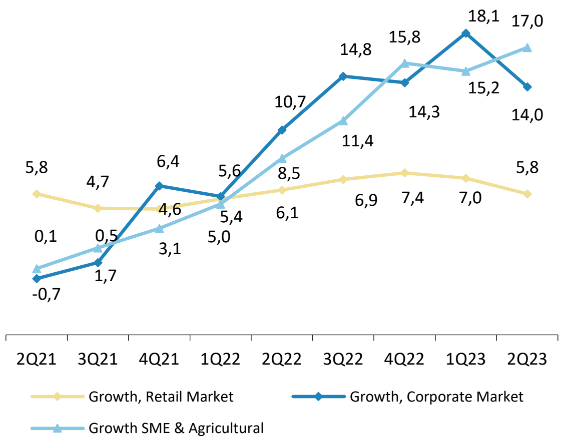


Loans to and deposits from customers

Gross loans amounted to NOK 264.9 billion at the end of the first half of 2023 (NOK 242.9 billion). Gross lending growth in the past 12 months was 9.1% (7.6%). Adjusted for exchange rate effects of NOK 1.1 billion in the past 12 months, gross lending growth was 8.6%.

In the past 12 months, retail market (incl. staff loans), SME & agriculture and corporate market have seen lending growth of 5.8%, 17.0% and 14.0% (12.8% adjusted for foreign exchange effects), respectively.

Fig. 4 12 month lending growth (percentage)



Loans to the retail market accounted for 59.1% of total loans at the end of the first half of 2023 (61.2%).

The Group's total loan exposure of NOK 264.9 billion (NOK 242.9 billion) included a majority of exposures with a probability of default of less than 0.5%. These exposures accounted for 62.7% (65.9%) of the portfolio. The overall lending portfolio largely consisted of exposures of less than NOK 10 million. These accounted for 62.5% (65.7%) of loan exposure and 97.7% (98.0%) of total customers. Of the total loan exposure, 23.0% (20.1%) was to customers with exposures in excess of NOK 100 million.

Over the past 12 months, deposits from customers have increased by 3.5% (6.9%) to NOK 150.8 billion (NOK 145.7 billion). Excluding deposits from customers in the public sector, deposits have grown by 10.6% overall in the past 12 months, with growth of 1.6% in retail market, 27.0% in SME & agriculture and 6.3% in corporate market (excluding the public sector). The growth in deposits in Retail Market and SME & Agriculture was affected by an internal transfer of exposures related 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 half of 2023, deposits from retail customers accounted for 46.6% (47.4%) of the Group's deposits. The deposit-to-loan ratio was 56.9% at the end of the first half of 2023 (60.0%).

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 1,011 million in the first half of 2023 (NOK 851 million).

Table 4, Retail Market

	30.06.23	30.06.22
Interest income	1.007	839
Commission and other income	316	300
Income on investment securities	8	0
Total income	1.331	1.140
Total operating expenses	320	289
Operating profit before impairments	1.011	851
Impairments on loans and financial commitments	5	13
Pre-tax profit	1.006	838

Net interest income increased by NOK 167 million, mainly as a result of improved deposit margins, while other income increased by NOK 24 million compared with the same period last year.

Total operating costs amounted to NOK 320 million for the first half of 2023 (NOK 289 million). The increase was mainly due to general wage growth and price inflation, as well as increased investments in new market areas.

The lending volume in the division was NOK 155.5 billion at the end of the first half of 2023 (NOK 147.1 billion). Retail market is experiencing good demand for loans, and lending has grown by 5.7% in the past 12 months (NOK, 8.4 billion). The deposit volume was NOK 70.2 billion at the end of the first half of 2023 (NOK 69.1 billion), corresponding to growth over the past 12 months of 1.6%. In December 2022, NOK 1.5 billion linked to customers in associations and clubs was moved internally from Retail Market to SME & Agriculture. The growth in deposits in the past 12-month inclusive of this transfer was 3.8%.

[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.

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 94.8% at end of the first half of 2023 (95.2%). The model-calculated IRB risk weights[3] for residential mortgages was 19.1% at the end of the quarter (18.1%).

SME & Agriculture [1]

SME & Agriculture received an operating profit before impairments of NOK 460 million in the first half of 2023 (NOK 287 million).

Table 5, SME & Agriculture

	30.06.23	30.06.22
Interest income	437	277
Commission and other income	68	63
Income on investment securities	14	2
Total income	519	343
Total operating expenses	59	55
Operating profit before impairments	460	287
Impairments on loans and financial commitments	3	-3
Pre-tax profit	458	290

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 liabilities are at a low level.

The lending volume in the division amounted to NOK 20.1 billion at the end of the first half of 2023 (NOK 17.2 billion). SME & Agriculture is experiencing high demand for loans and credit, and lending growth over the past 12 months was 17.0%. The deposit volume was NOK 21.3 billion (NOK 16.8 billion), corresponding to growth in the past 12 months of 27.0%. In December 2022, NOK 1.5 billion linked to customers in associations and clubs was moved internally from retail market to SME & Agriculture. The growth in deposits in the past 12 months exclusive of this move was 18.1%.

The quality of the SME & Agriculture portfolio is considered 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 85.1% of the portfolio at the end of the first half of 2023 (86.6%).

Corporate Market [1]

The operating profit before impairments increased by NOK 274 million to NOK 1,151 million in the first half of 2023 (NOK 877 million). Interest income rose by NOK 232 million to NOK 1,036 million (NOK 804 million) as a result of good lending growth in the past 12 months. Impairments on loans and financial commitments amounting to NOK 71 million were reversed in the first half of 2023 (NOK 46 million), and the division's pre-tax profit improved by NOK 298 million to NOK 1,221 million (NOK 923 million).

Table 6, Corporate Market

	30.06.23	30.06.22
Interest income	1.036	804
Commission and other income	183	134
Income on investment securities	32	19
Total income	1.250	956
Total operating expenses	100	80
Operating profit before impairments	1.151	877
Impairments on loans and financial commitments	-71	-46
Pre-tax profit	1.221	923

The lending volume in the division amounted to NOK 84.7 billion at the end of the first half of 2023 (NOK 74.3 billion). Exchange rate effects accounted for NOK 0.9 billion of the total growth of NOK 10.4 billion. There was solid lending growth in all market areas. Of the division's total lending volume, NOK 10 billion (12%) was classified as green or sustainability-linked loans. The deposit volume amounted to NOK 55.8 billion at the end of the quarter (NOK 60.7 billion). The lower deposit volume was primarily due to a decrease in the public sector.

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 85.3% of the portfolio at the end of the first half of 2023 (86.9%). The property sector portfolio represents the Group's largest concentration in a single sector and accounted for 13.8% (13.9%) of total loan exposure. A large portion of this portfolio consists of financing commercial properties for leasing.

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[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.

***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 from the Financial Supervisory Authority of Norway, the transaction will be completed in 2023.

SR-Bank Markets' operating income amounted to NOK 71 million in the first half of 2023 (NOK 115 million). The income generated is recognised as income in the business areas to which the customers are assigned. In the first half of 2023, NOK 20 million (NOK 42 million) was recognised as income. The main reason for the decrease in redistributed income in 2023 is due to a change in the internal allocation ofr currency and interest income. The pre-tax profit amounted to NOK 28 million in the quarter (NOK 39 million).

Table 7, Capital Market

	30.06.23	30.06.22
Interest income	-3	3
Commission and other income	24	45
Income on investment securities	50	68
Total income	71	115
- allocated to Corporate market	20	42
Total income after allocation	51	73
Total operating expenses	24	34
Pre-tax profit	28	39

Subsidiaries

EiendomsMegler 1 SR-Eiendom AS

The company posted a turnover of NOK 215.2 million for the first half of 2023 (NOK 213.4 million) and a pre-tax profit of NOK 22.6 million (NOK 30.7 million). The decrease in profit was due to increased costs related to premises and personnel compared with the first half of 2022.

In the first half of 2023, 3.440 (3,482) properties were sold with a total value of around NOK 12.3 billion (NOK 11.9 billion).

[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.

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 at the end of 2022 with the primary aim of contributing to increased growth for the Group.

Since the start of the year, prices have grown in our main area of Nord-Jæren by 10.3%, with Kristiansand at 11.0% and Bergen at 7.5%. The national average was 6.4% in the first half of 2023. The high growth in prices was due to low supply and high demand. A strong business sector and low unemployment are also dampening the effect of the interest rate hikes by Norges Bank.

SpareBank 1 SR-Bank ForretningsPartner AS

SpareBank 1 SR-Bank ForretningsPartner AS achieved a turnover of NOK 236.1 million for the first half of 2023 (NOK 215.6 million), excluding internal company income. The pre-tax profit amounted to NOK 25.6 million (NOK 14.3 million). The result in the first half of 2023 was better than that for the same period last year and was primarily due to integration work in 2022. The result includes depreciation of intangible assets amounting to NOK 2.9 million (NOK 3.2 million).

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

SR-Boligkreditt AS

The company posted a pre-tax profit of NOK 273.2 million for the first half of 2023 (NOK 663.3 million). The decrease in profit was mainly due to a negative market value adjustment of basis swaps. The market adjustment of basis swaps was NOK -56.2 million in the first half of 2023, compared with NOK 329.9 million in the first half of 2022. Net interest income decreased by NOK 21.8 million from the first half of 2022 to NOK 346.0 million for the first half 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 half of 2023, the company had issued covered bonds with a nominal value of NOK 83.2 billion (NOK

78.0 billion) and bought loans worth NOK 94.3 billion (NOK 99.8 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 -17.0 million for the first half of 2023 (NOK 12.0 million). The value of the portfolio of oil industry related investments was adjusted by NOK -37.1 million (NOK 9.9 million), while dividends of NOK 26.7 million were received related to the same portfolio. No adjustment was made for investments in financial technology in the first half of 2023 (NOK 6.7 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. At the end of June, it was announced that Monio AS entered into agreement to merge with Folkeinvest AS in order to provide an even stronger offer to companies and investors in the crowdfunding market in relation to both loan and equity funding. The transaction is subject to approval of the Financial Supervisory Authority of Norway.

Monio AS posted a pre-tax profit of NOK -37.7 million for the first half of 2023 (NOK -8.3 million). The negative result was largely due to the payment of settlements in complaint cases amounting to NOK 29.3 million in the second quarter 2023.

Regarding some of the projects on the platform, Monio was also mentioned in the media in the second quarter. A review of the company has been initiated in order to further strengthen internal control routines and risk management systems. This has led, inter alia, to the payment of the aforementioned settlements and a temporary halt in the channelling of new loans pending completion of this work.
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 half of 2023, the company had arranged loans totalling NOK 1,036 million (NOK 850 million) for Norwegian enterprises. The company's main product is arranging secured loans for property projects.

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 half of 2023.

SpareBank 1 Gruppen AS implemented IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments as of 1.1.2023.

Table 8, SpareBank 1 Gruppen AS

	Recalculated		Reported
	30.06.23	30.06.22	30.06.22
Pre-tax profit	316	614	307
Profit after tax	250	467	237
The controlling interest's share	152	282	149
Profitshare after tax Q123	30	55	30
Correction Q422	-7	0	0
Profitshare after tax SR-Bank	22	55	30

See note 1 for a more detailed description.

SpareBank 1 Gruppen AS posted a profit after tax of NOK 250 million for the first half of 2023 (NOK 467 million), of which NOK 152 million (NOK 282 million) represented the majority interests' share.

The decrease in profit from Sparebank 1 Gruppen AS was mainly due to the fact that the result in the Fremtind Group was significantly poorer than that for the same period last year, as a result of, inter alia, a higher claims rate and liquidation losses. This was partly offset by an improvement in SpareBank 1 Forsikring's profit.

The annualised return on equity after tax was 3.8% for the first half of 2023.

SpareBank 1 Utvikling DA

SpareBank 1 Utvikling DA delivers business platforms and common management and development services to the Alliance banks. The company contributes to joint activities that provide the banks with benefits in the form of economies of scale and expertise. The company also owns and manages the Alliance's intellectual property rights under a common brand name, SpareBank 1. SpareBank 1 SR-Bank ASA owned an 18.0% stake in SpareBank 1 Utvikling DA at the end of the first half 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 half of 2023.

SpareBank 1 Forvaltning AS posted a profit after tax of NOK 78.3 million for the first half of 2023 (NOK 94.4 million). The decrease in profit was mainly due to higher costs. Income was NOK 4 million higher than in the same period last year. Assets under management in funds have increased by NOK 14 billion so far this year and total NOK 108.3 billion at the end of the first half of the year (NOK 93.7 billion). So far this year, net purchases in funds have amounted to NOK 2.0 billion, compared with net redemptions of NOK 1.1 billion in the same period last year.

BN Bank ASA

BN Bank ASA is a nationwide bank with its head office in Trondheim. BN Bank ASA posted a profit after tax of NOK 354 million for the first half of 2023 (NOK 281 million). The improvement in profit was mainly due to an increase in net interest income of NOK 126 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 half 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 posted a profit after tax of NOK 30.5 million for the first half of 2023 (NOK 31.5 million). The total portfolio in the company as at 30.6.2023 was NOK 8.3 billion (NOK 6.6 billion). In the first half of the year, lending growth has increased by about 14%, mainly due to the company becoming a supplier 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.

SpareBank 1 Betaling AS posted a result after tax of NOK -92.3 million for the first half of 2023 (NOK -25.8 million). The negative profit contribution was due to its share of the operating loss in Vipps AS.

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 half 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 66.8 billion at the end of the first half of 2023 and would cover normal operations for 36 months in the event of closed markets and no net lending growth. NOK 24.2 billion of the bank's external funding will fall due in the next 12 months. In

[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.

addition to the liquidity buffer, the bank has NOK 37.6 billion in home 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 135% at the end of the first half of 2023. (126%) and this 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 the end of the first half of 2023, the Common Equity Tier 1 capital ratio increased to 17.83%, up from 17.42% in the first quarter of 2023.

Table 9, Capital adequacy

	2Q23	1Q23	4Q22	3Q22	2Q22
CET1 capital ratio	17,83	17,42	17,42	17,82	17,88
Tier 1 captial ratio	19,90	19,05	18,76	19,18	19,26
Capital ratio	21,89	21,05	20,31	20,76	20,87
Leverage ratio	6,98	6,77	6,85	6,83	7,10

The Tier 1 capital ratio was 19.90%, while the capital adequacy ratio was 21.89% at the end of the first half of 2023. This is higher than the required capital adequacy ratio of 20.85%.

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 half of 2023. The requirement includes a systemic risk buffer (4.5%), countercyclical buffer (2.5%), Pillar 2 Premium (1.6%), Pillar 2 Guidance (1.25%) and temporary Pillar 2 requirment (0.5%).

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 May, Norges Bank decided to leave the countercyclical buffer rate for banks unchanged at 2.5%.

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 stipulated a Pillar 2 Premium for the Group of 1.6%. In addition, it added as temporary Pillar 2 requirment of 0.5% until applications for model changes have been processed. The authority also expects the Group to have a Pillar 2 Guidance of 1.25%.

In June, the Ministry of Finance decided that SpareBank 1 SR-Bank ASA should be regarded as a systemically important institution. This will result in a 1.0% higher Common Equity Tier 1 capital ratio requirement with effect from 30.9.2024.
The bank will meet known future capital requirements through normal operations, profitable growth and within current dividend policy.

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 effective MREL requirement for SpareBank 1 SR-Bank ASA is 36.7% of adjusted basis for calculation as at the end of first half of 2023. In addition, own funds and senior non-preferred bonds must amount to at least 29.7%. 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. At the end of the first half of 2023, SpareBank 1 SR-Bank ASA had issued senior non-preferred debt equal to NOK 11.7 billion.

The bank's share

The price of the bank's share (SRBNK) was NOK 130.10 at the end of the first half of 2023. This resulted in an effective return of 7.8% since the end of 2022. The Oslo Børs's main index rose by 2.1% in the corresponding period (not corrected for dividends). Some 4.0% of outstanding SRBNK shares were traded in the second quarter of 2023 (5.2%).

Fig.6, Development in Price/Book

[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.

There were 18,526 shareholders of SRBNK at the end of the second quarter of 2023 (18,095). The proportion owned by foreign companies and individuals was 21.2% (22.4%), while 65.0% (65.7%) were resident in Rogaland, Agder, Vestland, Oslo and Viken. The 20 largest shareholders owned a total of 57.5% (55.9%) of the shares. The bank held 43,816 treasury shares, while employees of the Group owned 1.8% (1.7%).

The table below shows the 20 largest shareholders as at 30.6.2023:

Table 10, 20 largest shareholders	Number of shares (1,000)	%
Sparebankstiftelsen SR-Bank	74.977	29,3 %
Folketrygdfondet	18.305	7,2 %
SpareBank 1-stiftinga Kvinnherad	6.227	2,4 %
State Street Bank and Trust Co, U.S.A.	5.194	2,0 %
Brown Brothers Harriman & Co, U.S.A.	4.762	1,9 %
JPMorgan Chase Bank NA, U.S.A.	3.670	1,4 %
Pareto Aksje Norge	3.568	1,4 %
Verdipapirfondet Alfred Berg Gambak	3.302	1,3 %
Odin Norge	3.156	1,2 %
J.P.Morgan SE, Luxembourg	2.662	1,0 %
Swedbank AB	2.547	1,0 %
Danske Invest Norske Instit. II	2.456	1,0 %
State Street Bank and Trust Co, U.S.A.	2.356	0,9 %
Pareto Invest Norge AS	2.333	0,9 %
AS Clipper	2.234	0,9 %
Vpf Nordea Norge Verdi	1.943	0,8 %
Spesialfondet Borea Utbytte	1.939	0,8 %
Westco AS	1.897	0,7 %
KLP AksjeNorge Indeks	1.865	0,7 %
Verdipapirfondet DNB Norge	1.618	0,6 %
Total 20 largest	147.010	57,5 %

The Group has had a special share savings scheme for the Group's employees since 2019. 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 30.6.2023 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 an annual goal 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 half of 2023, the bank had financed around NOK 26.8 billion (NOK 7.9 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.

In order to maintain the Group's goal of being a climate-neutral Group, an environmental management system has been developed that will be fully certified according to the ISO14001 standard during the second half of 2023. Further work has also been carried out, and is ongoing, to improve the quality of the Group's climate report. In addition, the Group's Scope 1, Scope 2 and parts of the Scope 3 emissions for 2022 have been compensated for. The solution used consists of a combination of purchasing biochar and planting of climate forests. During the second half of 2023, targets for cuts in emissions from parts of the Group's operations will be drawn up as part of the work 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 Q2 2023

Countercyclical buffer unchanged

In May, Norges Bank decided to leave the countercyclical buffer rate for banks unchanged at 2.5%.

The Swedish Financial Supervisory Authority recognises the Norwegian systemic risk buffer

In June, it became known that the Swedish Financial Supervisory Authority recognises Norwegian capital requirements for foreign banks with lending in

Norway, with a new and lower threshold value. The previous limit for affected banks was NOK 32 billion. The new limit is NOK 5 billion in risk-weighted assets in the Norwegian market. The fact that foreign authorities recognise capital requirements that are unique to Norway is important for competition in the Norwegian banking market.

Outlook

Inflation increased in 2022 and has been higher than expected in 2023. High inflation, a sharp depreciation of the Norwegian krone and higher international interest rates prompted Norges Bank to raise its policy rate to 3.75% in June. Norges Bank indicated at the meeting in June, that the policy rate is expected to increase to 4.25% towards the end of the year.

Growth in the Norwegian economy has slowed and household consumption has fallen over the course of the year. Nevertheless, employment has continued to rise and the labour market remains tight.

The SR Business Survey for June reports that companies have adapted well to these challenging times, although considerable differences still exist between regions and industries.

House prices fell in June and Real Estate Norway expects the sharp rise in interest rates to have an effect on house prices going forward. Much of the strong upturn seen in the first half of the year will disappear following a correction in the second half of the year.

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

At the beginning of 2023, the Board approved a new, long-term target for return on equity of at least 13%. This target will be achieved through customer growth in Southern Norway, growth in other income, cost efficiency and a diversified portfolio. The Group's cost/income ratio target is less than 40%.

The Group has a Common Equity Tier 1 capital ratio target of a minimum of 16.85%. The Board's Common Equity Tier 1 capital ratio target does not take into account the temporary Pillar 2 premium of 0.50%.

SpareBank 1 SR-Bank ASA is a solid, profitable Group and has in recent years increased its financial strength in line with the authorities' requirements. This was achieved through earnings via a business model involving good breadth in earnings and efficient operations.

SpareBank 1 SR-Bank ASA's dividend policy is to distribute approximately 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, 9 August, 2023
The Board of Directors of SpareBank 1 SR-Bank ASA

Income statement

Parent bank						Note	Group				
2022	Q2 2022	Q2 2022	01.01.22 - 30.06.22	01.01.23 - 30.06.23	**Income statement (MNOK)**		01.01.23 - 30.06.23	01.01.22 - 30.06.22	Q2 2022	Q2 2022	2022
6.051	1.258	2.751	2.396	5.158	Interest income using effective interest method		7.087	3.345	3.720	1.767	8.459
912	176	590	315	1.129	Other interest income		1.112	327	588	184	940
3.111	516	2.083	970	3.812	Interest expense		5.374	1.556	2.884	849	4.883
3.853	919	**1.259**	1.741	**2.475**	**Net interest income**		**2.826**	2.115	**1.424**	1.101	4.516
1.132	276	331	542	620	Commission income		1.020	933	545	486	1.836
87	23	25	42	48	Commission expense		48	42	25	23	87
24	4	4	8	8	Other operating income		5	5	2	3	21
1.070	257	**311**	508	**580**	**Net commission and other income**		**977**	896	**522**	466	1.770
53	13	9	32	30	Dividends		57	35	25	16	70
1.055	913	1.421	913	1.421	Income from ownership interests		148	156	53	82	453
-40	-49	-78	-127	-79	Net gains/losses on financial instruments	11	-24	100	32	5	233
1.069	877	**1.351**	817	**1.372**	**Net income on financial investments**		**180**	291	**109**	104	756
5.991	2.053	**2.921**	3.066	**4.427**	**Total income**		**3.983**	3.302	**2.055**	1.671	7.042
1.234	303	355	603	686	Salaries and other personell expense		969	883	488	438	1.788
692	172	209	327	406	Other operating expense		528	424	289	224	865
137	33	32	73	65	Depreciation and impairment of fixed and intangible assets		82	90	41	40	173
2.064	508	**596**	1.002	**1.157**	**Total operating expense**		**1.579**	1.396	**817**	702	2.825
3.927	1.545	**2.325**	2.063	**3.271**	**Operating profit before impairment**		**2.404**	1.906	**1.238**	969	4.216
4	-61	-104	-47	-68	Impairment losses on loans and other financial liabilities	3, 4	-63	-36	-98	-52	5
3.923	1.607	**2.428**	2.111	**3.339**	**Pre-tax profit**	10	**2.467**	1.942	**1.336**	1.021	4.211
670	173	261	275	479	Tax expense		558	394	308	225	834
3.253	1.433	**2.167**	1.835	**2.860**	**Profit after tax**		**1.909**	1.549	**1.028**	796	3.378
3.168	1.412	2.137	1.795	2.794	Shareholders' share of the profit		1.844	1.508	998	775	3.293
85	21	31	41	66	Hybrid capital owners' share of the profit		66	41	31	21	85
3.253	1.433	**2.167**	1.835	**2.860**	**Profit after tax [2)]**		**1.909**	1.549	**1.028**	796	3.378
					Other comprehensive income						
1	16	0	39	-0	Unrecognised actuarial gains and losses		-0	39	0	16	3
-0	-4	0	-10	0	Deferred tax concerning changed estimates/pension plan changes		0	-10	0	-4	-1
1	12	**0**	29	**-0**	**Total items not reclassified through profit or loss**		**-0**	29	**0**	12	2
1	-1	-4	1	-3	Change in ECL[1)] 12 months		-0	0	-0	-0	0
					Basis swap spread		-27	121	7	7	120
					Deferred tax concerning basis swap spread		7	-30	-2	-2	-30
					Share of profit associated companies and joint ventures		4	11	3	7	10
1	-1	**-4**	1	**-3**	**Total items reclassified through profit or loss**		**-16**	102	**8**	12	100
2	11	**-4**	30	**-3**	**Other comprehensive income**		**-16**	131	**8**	25	102
3.255	1.444	**2.163**	1.865	**2.857**	**Total comprehensive income**		**1.893**	1.680	**1.036**	820	3.480
					Earnings per share (group)		**7,21**	5,90	**3,90**	3,03	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	**30.06.22**	**30.06.23**	**Balance sheet (MNOK)**		**30.06.23**	**30.06.22**	**2022**
76	77	93	Cash and balances with central banks		93	77	76
25.760	16.509	17.833	Balances with credit institutions		8.871	1.319	11.939
146.988	141.738	169.313	Loans to customers	4, 6	263.357	241.223	251.272
54.882	49.104	58.328	Certificates and bonds		59.957	51.684	53.989
28.131	20.034	30.007	Financial derivatives	8	19.846	14.067	18.612
496	709	478	Shares, ownership stakes and other securities	13	790	1.027	848
2.593	2.395	2.959	Investment in associates	1	4.989	4.684	5.041
7.547	7.569	7.556	Investment in subsidiaries		0	0	0
70	70	70	Intangible assets		454	455	454
1.102	556	1.132	Deferred tax assets		1.074	596	1.075
273	270	305	Fixed assets		955	971	923
857	870	900	Right-of-use assets		368	325	314
767	1.558	484	Other assets		1.009	2.007	1.186
269.542	241.457	**289.461**	**Total assets**	10	**361.765**	318.433	345.730
9.585	2.900	1.059	Balances with credit institutions		662	2.428	3.428
148.442	145.999	151.067	Deposits from customers	5	150.758	145.667	148.100
51.364	41.915	64.890	Listed debt securities	9	147.335	119.822	135.353
20.224	14.112	29.164	Financial derivatives	8	17.547	11.197	15.771
1.206	275	478	Taxes payable		552	433	1.345
903	913	952	Lease liabilities		392	349	336
245	229	243	Pension liabilities		249	236	251
138	169	138	Impairment provisions on financial commitments	4	139	169	138
584	1.558	472	Other liabilities		786	1.859	858
9.301	7.194	10.747	Senior non-preferred bonds	9	10.747	7.194	9.301
2.161	2.148	2.857	Subordinated loan capital	9	2.857	2.148	2.161
244.152	217.413	**262.068**	**Total liabilities**		**332.025**	291.502	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	0	0	Proposed dividend		0	0	1.790
1.700	1.700	2.704	Hybrid capital		2.704	1.700	1.700
13.919	14.364	16.708	Other equity		19.055	17.250	17.217
25.390	24.044	**27.393**	**Total equity**	1	**29.740**	26.930	28.687
269.542	241.457	**289.461**	**Total liabilities and equity**	10	**361.765**	318.433	345.730

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					1.909	1.909
Unrecognised actuarial gains and losses after tax					-0	-0
Basisswap spread after tax				-20		-20
Share of profit associated companies and joint ventures					4	4
Total comprehensive income				-20	1.913	1.893
Hybrid capital			1.004			1.004
Interest on hybridcapital					-66	-66
Transactions against equity in subsidiaries and associated companies					14	14
Dividend 2021, resolved in 2022					-1.790	-1.790
Trade in treasury shares					-2	-2
Transactions with shareholders					-1.792	-1.792
Equity as at 30.06.23	**6.394**	**1.587**	**2.704**	**45**	**19.009**	**29.740**

[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 - 30.06.22	01.01.23 - 30.06.23	Cash flow statement	01.01.23 - 30.06.23	01.01.22 - 30.06.22	2022
-7.690	-2.391	-22.165	Change in gross lending to customers [1]	-8.874	-12.568	-22.658
5.783	2.367	4.583	Interest receipts from lending to customers	6.694	3.381	8.404
10.399	7.957	2.625	Change in deposits from customers	2.659	8.003	10.436
-2.021	-667	-1.946	Interest payments on deposits from customers	-1.940	-664	-2.010
-15.952	-10.857	-2.180	Change in receivables and debt from credit institutions	-1.287	-3.272	-15.429
239	48	461	Interest on receivables and debt to financial institutions	483	-22	226
-561	5.217	-3.446	Change in certificates and bonds [1]	-5.968	4.582	2.277
825	264	1.125	Interest receipts from commercial paper and bonds	1.115	281	866
1.070	478	585	Commission receipts	959	863	1.770
86	8	-13	Capital gains from sale of trading	-13	-6	70
-1.849	-939	-1.050	Payments for operations	-1.483	-1.346	-2.654
0	0	-1.206	Taxes paid	-1.343	-230	-235
2.717	1.330	13.286	Other accruals [1]	12.126	1.730	3.285
-6.954	2.815	**-9.341**	**A Net change in liquidity from operations**	**3.129**	732	-15.653
-79	-32	-65	Investments in tangible fixed assets	-74	-45	-97
15	0	-0	Receipts from sale of tangible fixed assets	-0	0	15
-235	-34	-367	Change in long-term investments in equities	-376	-44	-252
15	0	0	Receipts from sales of long-term investments in equities	11	11	31
1.108	944	1.451	Dividends from long-term investments in equities	-605	238	402
824	878	**1.019**	**B Net cash flow, investments**	**-1.043**	160	100
19.195	4.101	11.656	Debt raised by issuance of securities and senior non-preferred bonds	11.656	12.518	42.894
-9.511	-6.005	-1.291	Repayments - issued securities and senior non-preferred bonds	-10.118	-11.048	-22.017
-778	-180	-1.604	Interest payments on securities issued and senior non-preferred bonds	-3.199	-774	-2.586
0	0	1.500	Additional subordinated loan capital issued	1.500	0	0
0	0	-853	Repayments - additional capital instruments	-853	0	0
-64	-25	-71	Interest payments on subordinated loans	-71	-25	-64
0	0	1.100	Issued hybrid capital	1.100	0	0
-150	-150	-96	Repayments in debt established by issuing hybrid capital	-96	-150	-150
-92	-41	-74	Interest payments on debt established by issuing hybrid capital	-74	-41	-92
-77	-39	-41	Lease payments	-35	-29	-58
-1.535	-1.535	-1.790	Dividend to share holders	-1.790	-1.535	-1.535
6.989	-3.874	**8.436**	**C Net cash flow, financing**	**-1.979**	-1.084	16.392
858	-181	**114**	**A+B+C Net cash flow during the period**	**106**	-192	839
542	542	1.400	Cash and cash equivalents as at 1 January	1.419	580	580
1.400	361	**1.514**	**Cash and cash equivalents at the end of the period**	**1.525**	388	1.419
			Cash and cash equivalents specified			
76	77	93	Cash and balances with central banks	93	78	76
1.324	284	1.421	Balances with credit institutions	1.431	310	1.343
1.400	361	**1.514**	**Cash and cash equivalents**	**1.525**	388	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 - 30 June 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 31.12.2021	27.179
Implementation of IFRS 17/IFRS 9	-234
Effect on profit after tax 2022 from the implementation of IFRS 17/IFRS 9	32
IFRS 17/IFRS 9 implementation effect on equity	-202
Other changes in equity 2022	1.710
Group equity 1.1.2023	28.687

IFRS 17 Effect 2022:	**01.01.22 - 30.06.22**	**Q2 2022**	**Q1 2022**
Group equity	27.179	27.805	27.179
Implementation of IFRS 17/IFRS 9	-234	0	-234
Effect on profit after tax from the implementation of IFRS 17/IFRS 9	23	0	23
IFRS 17/IFRS 9 implementation effect on equity	-211	0	-211
Other changes in equity	-38	-875	837
Group equity	26.930	26.930	27.805
Group profit after tax before implementation	1.549	796	753
Share of profit from SpareBank 1 Gruppen	30	17	13
Effect of implementation IFRS17/IFRS9	23	0	23
Adjusted share of profit from SpareBank1 Gruppen	53	17	36
Group profit after tax after implementation	1.572	796	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 a number of new standards, changes to the standards and interpretations that are mandatory for future annual accounts.There are no standards or interpretations that have not been adopted yet, that are expected to have any material effects on the group's statements.

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 second quarter of 2023. Please also refer to note 2 in the annual report for 2022. The calculations follow the normal procedures for source data. An upgraded model for calculating the provisions for expected losses on engagements that are not individually impaired was implemented in Q2 2023. The most important change is that the calculation of the repayment profiles are more refined. The change has limited effect on the impaiment losses. The scenarios and the mutual weighting of these has been updated. 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.

An upgraded model for calculating the provisions for expected losses on engagements that are not individually impaired was implemented in Q2 2023. In addition, the use of uncertainty premium on the PD has been replaced by updated scenarios and weighting of these. The most important change is that the calculation of the repayment profiles are more refined. The change has limited effect on the impaiment losses. The updated scenarios and the weighting of these increase the impairment provisions by NOK 130 million, replacing the uncertainty premium on PD, which was NOK 202 million at Q1 2023. The difference of NOK 72 million was recognised in the income statement in Q2 2023.

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.

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.

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.

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

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 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 a base scenario, an adverse scenario,and a stress scenario respectively. The base scenario is based on data from a normal business cycle period, while the adverse scenario is based on data from a representative industry specific period of decline. The stress scenario is linked to the group's periodic internal capital adequacy assessment process (ICAAP) for a period of severe decline. The scenarios are subject to a quarterly review by an internal working group composed of people on management level and are adjusted accordingly if there are significant changes in the macro economic picture.

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 second quarter of 2023, the base case scenario had a 80% weighting, the adverse scenario had 12.5% weighting and the stress scenarios had a weighting of 7.5%. The weighting is the same for all portfolios and reflects the uncertainty associated with economic developments going forward. In order to illustrate the associated weight sensitivity, a simulation of the effects of a more conservative scenario weighting was conducted in which the weight of the base scenario was reduced to 70% and the adverse scenario and stress scenario were both increased to 15%. Such a change in the scenario weighting would, all else equal, increase the group's expected impairment losses for commitments without individual impairment by NOK 99 million.

Sensitivity Calculations (NOK millions)	**Base scenario**	**Adverse scenario**	**Stress scenario**	**Corporate market**	**SME and agriculture**	**Retail market**	**SR-Bolig-kreditt**	**Not distributed**	**Total Group**	**Change in applied scenario**
Weighting used in Q2 2023										
ECL in Base scenario	*80,0 %*			337	140	48	29	1	555	
ECL in Adverse scenario		*12,5 %*		610	234	100	77	2	1.023	
ECL in Stress scenario			*7,5 %*	1.061	377	153	126	3	1.720	
ECL with applied scenario weighting										
	80,0 %	*12,5 %*	*7,5 %*	426	170	62	42	1	701	99
(current, used from the second quarter of 2023)										
Alternativ Base scenario	*100,0 %*	*0,0 %*	*0,0 %*	338	141	49	28		556	-145
Normal business cycle period										
Alternativ Adverse scenario	*0,0 %*	*100,0 %*	*0,0 %*	609	235	102	76	1	1.023	322
Industry specific period of decline										
Alternativ Stress scenario	*0,0 %*	*0,0 %*	*100,0 %*	1.060	379	156	125		1.720	1.019
Internal assessment (ICAAP) for period of severe decline										

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

Sensitivitetsberegninger (mill kr)	**Best Case scenario**	**Base scenario**	**Worst Case scenario**	**Corporate market**	**SME and agriculture**	**Retail market**	**SR-Bolig-kreditt**	**Not distributed**	**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 economic recession scenario			*17,5 %*	1.743	565	202	141	3	2.654
ECL with the applied scenario weighting: (current, used from the fourth quarter of 2020)	*17,5 %*	*65,0 %*	*17,5 %*	495	176	66	36	1	773
Alternativ scenario weighting I (used up to the third quarter of 2020, although with less conservative scenarios)	*0,0 %*	*60,0 %*	*40,0 %*	842	283	103	65	1	1.294
Alternativ scenario weighting II (used up to the fourth quarter of 2020, although with less conservative scenarios)	*25,0 %*	*65,0 %*	*10,0 %*	379	139	53	27	1	599
Alternativ scenario weighting III (illustration, not used before)	*25,0 %*	*50,0 %*	*25,0 %*	604	210	78	46	1	939
Alternativ scenario weighting V (illustration, not used before)	*33,3 %*	*33,3 %*	*33,3 %*	728	247	91	56	1	1.123

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 - 30.06.22**	**01.01.23 - 30.06.23**		**01.01.23 - 30.06.23**	**01.01.22 - 30.06.22**	**2022**
-37	-87	-164	Change in impairments on loans	-159	-77	-36
-15	16	1	Change in impairments on financial commitments	1	16	-15
83	45	146	Actual loan losses on commitments	146	45	83
2	2	2	Change in accrued interest	2	3	2
-0	0	-0	Change in assets taken over for the period	-0	0	-0
-29	-23	-53	Recoveries on commitments previously written-off	-53	-23	-29
4	-47	**-68**	**Total impairments on loans and financial commitments**	**-63**	-36	5

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

Parent Bank 2023 **Impairment provisions on loans and financial commitments**	**01.01.23**	**Changes in impairment provisions on loans**	**Changes in impair-ment provisions on financial commitments**	**Total 30.06.23**
Impairment provisions after amortised cost, corporate market	1.430	-151	-2	1.277
Impairment provisions after amortised cost, SME & ariculture	235	6	-5	235
Impairment provisions after amortised cost, retail market	63	-10	8	61
Mortgages at FVOCI [1)]	58	-9	0	49
Total impairment provisions on loans and financial commitments	1.786	-164	1	**1.622**
Presented as				
Impairment provisions on loans	1.648	-164	0	1.484
Impairment provisions on financial commitments	138	0	1	138
Total impairment provisions on loans and financial commitments	1.786	-164	1	**1.622**

2022 **Impairment provisions on loans and financial commitments**	**01.01.22**			**Total 30.06.22**
Impairment provisions after amortised cost, corporate market	1.495	-72	14	1.437
Impairment provisions after amortised cost, SME & ariculture	211	-14	-1	196
Impairment provisions after amortised cost, retail market	71	-10	3	64
Home mortgages at FVOCI [1)]	61	9	0	70
Total impairment provisions on loans and financial commitments	1.838	-87	16	1.767
Presented as				
Impairment provisions on loans	1.685	-87	0	1.598
Impairment provisions on financial commitments	153	0	16	169
Total impairment provisions on loans and financial commitments	1.838	-87	16	1.767

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

Group

2023 **Impairment provisions on loans and financial commitments**	**01.01.23**	**Changes in impairment provisions on loans**	**Changes in impairment provisions on financial commitments**	**Total 30.06.23**
Impairment provisions after amortised cost, corporate market	1.430	-151	-2	1.277
Impairment provisions after amortised cost, SME & ariculture	235	6	-5	236
Impairment provisions after amortised cost, retail market	158	-14	8	152
Mortgages at FVOCI [1)]	0	0	0	0
Total impairment provisions on loans and financial commitments	1.823	-159	1	**1.664**
Presented as				
Impairment provisions on loans	1.685	-159	0	1.526
Impairment provisions on financial commitments	138	0	1	139
Total impairment provisions on loans and financial commitments	1.823	-159	1	**1.664**

2022 **Impairment provisions on loans and financial commitments**	**01.01.22**			**Total 30.06.22**
Impairment provisions after amortised cost, corporate market	1.495	-72	14	1.437
Impairment provisions after amortised cost, SME & ariculture	211	-14	-1	196
Impairment provisions after amortised cost, retail market	168	9	3	180
Home mortgages at FVOCI [1)]	0	0	0	0
Total impairment provisions on loans and financial commitments	1.874	-77	16	1.813
Presented as				
Impairment provisions on loans	1.721	-77	0	1.644
Impairment provisions on financial commitments	153	0	16	169
Total impairment provisions on loans and financial commitments	1.874	-77	16	1.813

[1)] FVOCI - Fair value other comprehensive income

Parent Bank

	01.01.23 - 30.06.23				**01.01.22 - 30.06.22**			
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 - 30.06								
Transfer to (from) stage 1	-9	9	0	0	-10	10	0	0
Transfer to (from) stage 2	39	-40	1	0	62	-64	2	0
Transfer to (from) stage 3	4	11	-14	0	4	2	-6	0
Net new measurement of impairment provisions	-64	16	-113	-161	-60	75	-76	-61
New issued or purchased loan	59	21	24	105	56	24	9	89
Loans that have been derecognised	-42	-57	-9	-108	-27	-70	-18	-115
Impairment provisions on loans 30.06	265	251	968	**1.484**	210	303	1.085	1.598

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 - 30.06								
Transfer to (from) stage 1	-1	1	0	0	-3	3	0	0
Transfer to (from) stage 2	11	-11	0	-0	7	-7	0	0
Transfer to (from) stage 3	0	1	-1	0	0	0	0	0
Net new measurement of impairment provisions	-23	-11	15	-18	-9	16	6	13
New issued or purchased loan	21	2	17	40	11	4	1	16
Loans that have been derecognised	-7	-10	-3	-20	-7	-5	-1	-13
Impairment provisions on financial commitments 30.06	47	30	62	**138**	31	56	82	169

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 - 30.06.23 Stage 1	Stage 2	Stage 3	Total	01.01.22 - 30.06.22 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 - 30.06								
Transfer to (from) stage 1	-10	10	0	0	-10	10	0	0
Transfer to (from) stage 2	46	-47	1	-0	68	-70	2	0
Transfer to (from) stage 3	4	11	-15	0	3	3	-6	0
Net new measurement of impairment provisions	-71	31	-112	-152	-67	90	-76	-53
New issued or purchased loan	60	23	25	108	59	29	10	98
Loans that have been derecognised	-44	-62	-9	-115	-27	-76	-19	-122
Impairment provisions on loans 30.06	273	284	969	**1.526**	219	339	1.086	1.644

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 - 30.06								
Transfer to (from) stage 1	-1	1	0	0	-3	3	0	0
Transfer to (from) stage 2	11	-11	0	-0	7	-7	0	0
Transfer to (from) stage 3	0	1	-1	0	0	0	0	0
Net new measurement of impairment provisions	-23	-11	15	-18	-9	16	6	13
New issued or purchased loan	21	2	17	40	11	4	1	16
Loans that have been derecognised	-7	-10	-3	-20	-7	-5	-1	-13
Impairment provisions on financial commitments 30.06	47	30	62	**139**	31	56	82	169

Note 5 Deposits from customers

Parent bank				Group		
31.12.22	**30.06.22**	**30.06.23**		**30.06.23**	**30.06.22**	**31.12.22**
621	555	797	Aquaculture	797	555	621
1.446	1.348	1.262	Industry	1.262	1.348	1.446
1.600	1.628	1.873	Agriculture/forestry	1.873	1.628	1.600
17.292	16.568	18.988	Service industry	18.679	16.235	16.949
3.286	3.382	3.247	Retail trade, hotels and restaurants	3.247	3.382	3.286
1.844	1.506	1.713	Energy, oil and gas	1.713	1.506	1.844
2.929	2.372	2.814	Building and construction	2.814	2.372	2.929
1.948	1.467	2.461	Power and water supply	2.461	1.467	1.948
7.735	8.467	8.078	Real estate	8.078	8.467	7.735
3.996	1.767	3.431	Shipping and other transport	3.431	1.767	3.996
44.118	43.880	40.823	Public sector and financial services	40.823	43.880	44.118
86.815	82.940	**85.486**	**Total corporate market**	**85.177**	82.607	86.472
61.627	63.060	**65.581**	**Retail customers**	**65.581**	63.060	61.627
148.442	146.000	**151.067**	**Deposits from customers**	**150.758**	145.667	148.100

Note 6 Loans and other financial commitments to customers

Parent bank				Group		
31.12.22	**30.06.22**	**30.06.23**	**Gross loans to customers by industry**	**30.06.23**	**30.06.22**	**31.12.22**
3.706	3.402	4.343	Aquaculture	4.348	3.407	3.714
3.996	4.011	3.766	Industry	3.826	4.061	4.049
5.683	5.377	5.982	Agriculture/forestry	6.301	5.678	6.042
20.415	18.585	20.597	Service industry	21.187	18.965	21.023
3.295	3.177	3.654	Wholesale and retail trade, hotels and restaurants	3.883	3.364	3.520
1.084	1.337	1.654	Energy, oil and gas	1.656	1.339	1.087
5.003	4.448	8.673	Building and construction	8.937	4.652	5.268
1.708	1.439	3.030	Power and water supply	3.030	1.439	1.708
37.644	35.444	39.189	Real estate	39.210	35.454	37.660
13.343	12.948	13.582	Shipping and other transport	13.769	13.123	13.525
2.163	2.664	2.123	Public sector and financial services	2.123	2.664	2.163
98.041	92.832	**106.592**	**Total corporate sector**	**108.269**	94.146	99.759
50.582	50.493	**64.197**	**Retail customers**	**156.613**	148.721	153.198
148.624	143.325	**170.789**	**Gross loans**	**264.882**	242.867	252.957
-1.648	-1.598	-1.484	- Impairment provisions after amortised cost	-1.526	-1.644	-1.685
12	12	9	- Home mortgages at FVOCI [2]	0	0	0
146.988	141.739	**169.313**	**Loans to customers**	**263.357**	241.223	251.272
			Financial commitments [1]			
17.397	11.654	20.445	Guarantees customers	20.480	11.691	17.433
19.119	19.053	20.382	Unused credit lines for customers	28.725	27.424	26.659
13.441	17.003	16.317	Approved loan commitments	16.317	17.003	13.441
49.957	47.710	**57.143**	**Total financial commitments**	**65.522**	56.118	57.532
			Other guarantees issued and liabilities			
6.022	4.629	10.808	Unused credit lines for financial institutions	0	0	0
589	78.272	589	Guarantees other	589	596	589
0	7	30	Letters of credit	30	7	0
6.611	82.908	**11.427**	**Total other guarantees issued and liabilities**	**619**	603	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 **Loans to customers by industry and stages**	**Gross loans at amortised cost**	**Stage 1**	**Stage 2**	**Stage 3**	**Loans at fair value**	**Net loans 30.06.23**
Aquaculture	4.304	-11	-3	0	38	4.328
Industry	3.670	-12	-5	-113	97	3.636
Agriculture/forestry	3.433	-1	-3	-1	2.549	5.976
Service industry	19.747	-103	-66	-54	850	20.373
Wholesale and retail trade, hotels and restaurants	3.351	-9	-12	-17	303	3.615
Energy, oil and gas	1.654	-9	-19	-57	0	1.568
Building and construction	8.345	-13	-9	-28	328	8.624
Power and water supply	3.019	-6	-1	-1	11	3.022
Real estate	38.989	-72	-79	-65	200	38.973
Shipping and other transport	13.405	-18	-24	-577	177	12.962
Public sector and financial services	2.123	0	0	0	0	2.123
Total corporate market	102.039	-256	-221	-914	4.553	**105.201**
Retail customers	5.405	-9	-30	-54	58.792	**64.103**
Mortgages at FVOCI [1)]					9	9
Loans to customers	107.444	-265	-251	-968	63.353	**169.313**

2022 **Loans to customers by industry and stages**	**Gross loans at amortised cost**	**Stage 1**	**Stage 2**	**Stage 3**	**Loans at fair value**	**Net loans 30.06.22**
Aquaculture	3.366	-10	-24	0	36	3.368
Industry	3.964	-13	-20	-129	47	3.849
Agriculture/forestry	2.955	-2	-9	-1	2.422	5.365
Service industry	17.953	-57	-83	-120	632	18.325
Wholesale and retail trade, hotels and restaurants	2.940	-15	-16	-8	237	3.138
Energy, oil and gas	1.337	-3	-5	-58	0	1.271
Building and construction	4.143	-8	-13	-21	305	4.406
Power and water supply	1.429	-4	-2	0	10	1.433
Real estate	35.244	-67	-66	-52	200	35.259
Shipping and other transport	12.830	-19	-24	-633	118	12.272
Public sector and financial services	2.664	0	0	0	0	2.664
Total corporate market	88.825	-198	-262	-1.022	4.007	91.350
Retail customers	5.312	-12	-41	-63	45.181	50.377
Mortgages at FVOCI [1)]					12	12
Loans to customers	94.137	-210	-303	-1.085	49.200	141.739

[1)] FVOCI - Fair value other comprehensive income

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

Group

2023 **Loans to customers by industry and stages**	**Gross loans at amortised cost**	**Stage 1**	**Stage 2**	**Stage 3**	**Loans at fair value**	**Net loans 30.06.23**
Aquaculture	4.341	-11	-3	0	7	4.334
Industry	3.813	-12	-5	-113	13	3.695
Agriculture/forestry	5.461	-1	-4	-2	840	6.294
Service industry	21.097	-103	-66	-54	90	20.963
Wholesale and retail trade, hotels and restaurants	3.843	-9	-13	-17	40	3.844
Energy, oil and gas	1.656	-9	-19	-57	0	1.571
Building and construction	8.900	-13	-9	-28	37	8.887
Power and water supply	3.025	-6	-1	-1	5	3.022
Real estate	39.099	-72	-79	-65	111	38.994
Shipping and other transport	13.740	-18	-24	-577	29	13.149
Public sector and financial services	2.123	0	0	0	0	2.123
Total corporate market	107.097	-256	-223	-914	1.172	**106.876**
Retail customers	149.940	-17	-61	-55	6.673	**156.480**
Loans to customers	257.037	-273	-284	-969	7.846	**263.357**

2022 **Loans to customers by industry and stages**	**Gross loans at amortised cost**	**Stage 1**	**Stage 2**	**Stage 3**	**Loans at fair value**	**Net loans 30.06.22**
Aquaculture	3.400	-10	-24	0	7	3.373
Industry	4.049	-13	-20	-129	12	3.899
Agriculture/forestry	4.714	-2	-9	-1	964	5.666
Service industry	18.879	-57	-84	-120	86	18.704
Wholesale and retail trade, hotels and restaurants	3.333	-15	-16	-8	31	3.325
Energy, oil and gas	1.339	-3	-5	-58	0	1.273
Building and construction	4.608	-9	-14	-21	44	4.608
Power and water supply	1.433	-4	-2	0	6	1.433
Real estate	35.335	-67	-66	-52	119	35.269
Shipping and other transport	13.097	-19	-24	-633	26	12.447
Public sector and financial services	2.664	0	0	0	0	2.664
Total corporate market	92.851	-199	-264	-1.022	1.295	92.661
Retail customers	141.997	-20	-75	-64	6.724	148.562
Loans to customers	234.848	-219	-339	-1.086	8.019	241.223

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

Parent bank

Gross loans per stage	01.01.23 - 30.06.23 Stage 1	Stage 2	Stage 3	Total	01.01.22 - 30.06.22 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	-4.070	4.039	31	0	-2.445	2.357	88	0
Transfer to (from) stage 2	1.746	-1.767	21	0	2.227	-2.264	37	0
Transfer to (from) stage 3	25	566	-591	0	8	19	-27	0
Net increase/(decrease) balance existing loans	2.481	-68	54	2.467	4.845	503	-96	5.252
Originated or purchased during the period	47.288	1.241	508	49.037	31.139	598	380	32.117
Loans that have been derecognised	-27.522	-1.224	-592	-29.339	-31.912	-2.981	-85	-34.978
Gross loans 30.06	154.389	13.877	2.523	**170.789**	132.673	7.484	3.168	143.325

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	7.952	-515	-252	7.186	5.285	173	-281	5.177
Financial commitments 30.06	54.311	2.000	833	**57.143**	44.952	1.841	917	47.710

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	-7.215	7.173	42	-0	-3.558	3.470	88	0
Transfer to (from) stage 2	2.658	-2.679	21	0	2.911	-2.954	43	0
Transfer to (from) stage 3	26	569	-595	0	13	25	-38	0
Net increase/(decrease) balance existing loans	5.058	-10	54	5.102	7.115	562	-95	7.582
Originated or purchased during the period	50.477	1.173	506	52.156	43.357	649	371	44.377
Loans that have been derecognised	-43.031	-1.711	-590	-45.332	-36.088	-3.229	-74	-39.391
Gross loans 30.06	243.140	19.193	2.549	**264.882**	229.091	10.582	3.194	242.867

Financial commitments per stage [1) 2)]								
Financial commitments 01.01.	53.671	2.775	1.086	57.532	46.954	1.904	1.200	50.058
Net increase / (decrease) during period	8.544	-303	-251	7.990	6.143	198	-281	6.060
Financial commitments 30.06	62.215	2.472	835	**65.522**	53.097	2.102	919	56.118

[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 second quarter of 2023.

Parent bank				Group		
31.12.22	**30.06.22**	**30.06.23**		**30.06.23**	**30.06.22**	**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	0	0	Allocated to dividend	0	0	1.790
1.700	1.700	2.704	Hybrid capital	2.704	1.700	1.700
13.919	14.363	16.708	Other equity	19.055	17.460	17.418
25.390	24.044	**27.393**	**Book equity**	**29.740**	27.141	28.889
			Tier 1 capital			
-70	-70	-70	Deferred taxes, goodwill and other intangible assets	-738	-704	-704
-1.790	0	0	Deduction for allocated dividends	0	0	-1.790
-612	-324	-456	Deduction in expected losses IRB less loss provisions	-570	-413	-733
-1.700	-1.700	-2.704	Hybrid capital that cannot be included in CET 1 capital	-2.704	-1.700	-1.700
0	-918	-1.430	Profit for the period that cannot be included in total Tier 1 capital	-955	-774	0
0	0	0	Deduction for CET 1 capital in essential investments in financial institutions	0	-128	-235
-237	-181	-237	Deduction for CET 1 capital in not essential investments in financial institutions	-224	-168	-241
-64	-64	-76	Value adjustments due to the requirements for prudent valuation	-93	-80	-80
20.916	20.787	**22.419**	**CET 1 capital**	**24.456**	23.174	23.405
1.700	1.700	2.704	Hybrid capital	2.882	1.837	1.836
-48	-46	-47	Deduction for essential investments in financial institutions	-47	-46	-48
22.568	22.441	**25.076**	**Tier 1 capital**	**27.291**	24.965	25.193
			Tier 2 capital			
2.097	2.097	2.744	Term subordinated loan capital	2.919	2.273	2.272
-188	-188	-188	Deduction for essential investments in financial institutions	-188	-188	-188
1.909	1.909	**2.556**	**Tier 2 capital**	**2.731**	2.085	2.084
24.477	24.350	**27.632**	**Net primary capital**	**30.022**	27.050	27.277

Note 7 Capital adequacy (continued)

Parent bank				Group		
31.12.22	30.06.22	30.06.23	Credit risk Basel II	30.06.23	30.06.22	31.12.22
16.351	18.546	18.320	SME	18.327	18.556	16.359
22.825	21.336	20.750	Specialised enterprises	23.823	23.847	25.379
10.745	7.614	10.655	Other corporations	10.960	7.886	11.011
965	887	1.069	Mass market SME	1.487	1.233	1.408
10.320	10.099	13.864	Mass market - mortgage on real estate	34.507	30.915	32.983
1.943	1.976	1.607	Other mass market	1.685	2.065	2.012
12.314	12.195	13.203	Equity positions	0	0	0
75.462	72.653	**79.467**	**Total credit and counterparty risk IRB**	**90.789**	84.502	89.153
26	34	37	States and central banks	54	47	26
67	51	76	Local and regional authorities, state-owned enterprises	176	246	222
7.101	6.061	3.042	Institutions	1.453	1.258	1.818
10.201	10.395	11.173	Enterprises	11.658	10.839	10.588
3.596	4.012	3.986	Mass market	5.015	4.810	4.472
	0		Mass market - mortgage on real estate	638	570	555
2.220	9.603	2.459	Covered bonds	2.640	2.170	1.997
6.000	6.000	6.000	Equity positions	6.141	6.772	6.834
0	176	0	Units in securities funds	2	192	16
4.266	3.023	4.524	Other assets	5.232	3.844	4.930
33.476	39.355	**31.297**	**Total credit and counterparty risk standard method**	**33.008**	30.748	31.457
286	217	212	Credit value adjustment risk (CVA)	384	352	416
7.377	7.258	7.377	Operational risk	11.217	10.595	11.121
	416	0	Other risk exposures [1)]	1.767	3.422	2.177
116.893	119.899	**118.353**	**Risk weighted balance**	**137.165**	129.618	134.324
5.260	5.395	5.326	Minimum requirement for common equtiy Tier 1 capital ratio 4.5 %	6.172	5.833	6.045
			Buffer requirement			
2.922	2.997	2.959	Capital conservation buffer 2.5 %	3.429	3.240	3.358
5.237	5.395	5.279	Systemic risk buffer 4.5 %	6.118	5.833	6.014
2.335	1.798	2.947	Countercyclical capital buffer 1.5 %	3.429	1.944	2.686
10.494	10.191	11.184	Total buffer requirement to common equity Tier 1 capital ratio	12.976	11.018	12.058
5.161	5.200	**5.909**	**Available common equity Tier 1 capital ratio after buffer requirement**	**5.308**	6.324	5.302
17,89 %	17,34 %	**18,94 %**	**Common equity Tier 1 capital ratio**	**17,83 %**	17,88 %	17,42 %
19,31 %	18,72 %	**21,19 %**	**Tier 1 capital ratio**	**19,90 %**	19,26 %	18,76 %
20,94 %	20,31 %	**23,35 %**	**Capital ratio**	**21,89 %**	20,87 %	20,31 %
8,24 %	6,76 %	**8,77 %**	**Leverage Ratio**	**6,98 %**	7,10 %	6,85 %

[1)] Risk weights for residential mortgages are subject to a regulatory floor of 20%. Without this floor, the risk weight for residential mortgages in the group would have been 19.1 % as at 30 June 2023.

Note 8 Financial derivatives

Group

	Contract amount	Fair value at 30.06.23	
At fair value through profit and loss	**30.06.23**	**Assets**	**Liabilities**
Currency instruments			
Currency futures (forwards)	5.195	231	101
Currency swaps	53.845	498	519
Currency swaps (basis swaps)	29.583	227	199
Currency swaps (basis swaps hedging)	30.138	267	270
Total currency instruments	**118.761**	**1.223**	**1.088**
Interest rate instruments			
Interest rate swaps	73.766	3.145	1.216
Other interest rate contracts	2.019	35	35
Total interest rate instruments	**75.785**	**3.180**	**1.251**
Interest rate instruments, hedging			
Interest rate swaps	145.640	-58	13.224
Total interest rate instruments, hedging	**145.640**	**-58**	**13.224**
Security			
Security		15.501	1.984
Totalt security		**15.501**	**1.984**
Total currency and interest rate instruments			
Total currency instruments	118.761	1.223	1.088
Total interest rate instruments	75.785	3.123	14.475
Total collateral		15.501	1.984
Total financial derivatives	**194.546**	**19.846**	**17.547**
Counterparty risk:			
Netting agreements		3.477	
Considered collateral		17.485	
Total exposure to financial derivatives		**-1.116**	

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)	940	2
EURIBOR EUR (3 months)	135.684	4
EURIBOR EUR (6 months)	432	6
LIBOR USD (3 months)	2.879	2
NIBOR NOK (1 month)	33	4
NIBOR NOK (3 months)	79.402	4
NIBOR NOK (6 months)	740	2
STIBOR SEK (3 months)	257	2
Total interest rate instruments	**220.367**	
Currency instruments		
EURIBOR EUR (3 months)	1.070	0
EURIBOR EUR (3 months) to LIBOR USD (3 months)	12.661	2
EURIBOR EUR (3 months) to NIBOR NOK (3 months)	40.779	4
LIBOR USD (3 months) to NIBOR NOK (3 months)	4.379	1
LIBOR USD (6 months) to FIXED NOK	138	3
STIBOR SEK (3 months) to NIBOR NOK (3 months)	693	0
Total currency instruments	**59.721**	
Total exposure to financial derivatives	**280.088**	
Assets		
Certificates and bonds		
NIBOR NOK (3 months)	31.668	3
Total exposure certificates and bonds	**31.668**	
Liabilities		
Securities issued		
EURIBOR EUR (3 months)	4.146	1
EURIBOR EUR (6 months)	584	7
LIBOR USD (6 months)	1.518	0
NIBOR NOK (3 months)	27.450	10
STIBOR SEK (3 months)	693	0
Total exposure securities issued	**34.390**	

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 30.06.23	Issued/ sale own 2023	Past due/ redeemed 2023	FX rate- and other changes 2023	31.12.22
Other long-term borrowing	1.518	0	0	128	1.390
Bonds and certificates, nominal value	64.851	10.685	-1.291	4.180	51.276
Covered bonds, nominal value	90.719	0	-8.827	6.942	92.603
Adjustments and accrued interests	-9.752	0	0	165	-9.917
Total debt raised through securities issued	**147.335**	10.685	-10.118	11.416	135.353

Change in debt raised by issuing non-preferred senior debts	Balance as at 30.06.23	Issued/ sale own 2023	Past due/ redeemed 2023	FX rate- and other changes 2023	31.12.22
Senior non-preferred bonds	11.678	971	0	689	10.019
Adjustments and accrued interests	-932			-214	-718
Total senior non-preferred bonds	**10.747**	971	0	475	9.301

Change in debt raised through subordinated loan capital issued	Balance as at 30.06.23	Issued/ sale own 2023	Past due/ redeemed 2023	FX rate- and other changes 2023	31.12.22
Term subordinated loan capital, nominal value	2.856	1.500	-853	58	2.151
Adjustments and accrued interests	1			-9	10
Total additional Tier 1 and Tier 2 capital instruments	**2.857**	1.500	-853	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 30.6.23

Income statement (MNOK)	**Retail market**	**Corporate market**	**SME & agriculture**	**Other activities**	**Elimin-ations**	**Group**
Net interest income 1)	1.007	1.036	437	353	-7	2.826
Net commission and other income	316	183	68	445	-35	977
Net income on investment securities	8	32	14	126	0	180
Total net income	1.331	1.250	519	924	-41	3.983
Total operating expenses	320	100	59	1.142	-41	1.579
Operating profit before losses	1.011	1.151	460	-218	0	2.404
Impairment losses on loans and other financial liabilities	5	-71	3	0	0	-63
Pre-tax profit	**1.006**	**1.221**	**458**	**-218**	**0**	**2.467**
Balance sheet items (MNOK)						
Loans to customers	155.482	84.716	20.136	4.762	-214	264.882
Impairment provisions on loans	-139	-1.169	-217	0	0	-1.526
Deposits from customers	70.192	55.770	21.307	3.797	-309	150.758

SpareBank 1 SR-Bank Group 30.6.22

Income statement (MNOK)	**Retail market**	**Corporate market**	**SME & agriculture**	**Other activities**	**Elimin-ations**	**Group**
Net interest income 1)	839	804	277	197	-2	2.115
Net commission and other income	300	134	63	432	-33	896
Net income on investment securities	0	19	2	269	0	291
Total net income	1.140	956	343	899	-35	3.302
Total operating expenses	289	80	55	1.008	-35	1.396
Operating profit before losses	851	877	287	-109	0	1.906
Impairment losses on loans and other financial liabilities	13	-46	-3	-0	0	-36
Pre-tax profit	**838**	**923**	**290**	**-109**	**0**	**1.942**
Balance sheet items (MNOK)						
Loans to customers	147.116	74.291	17.215	4.529	-286	242.867
Impairment provisions on loans	-176	-1.290	-178	0	0	-1.644
Deposits from customers	69.086	60.723	16.777	-587	-333	145.667

1) Net interes income contains allocated arrangements between the segments. The interest on intercompany receivables for the retail market, corporate market and SME & agriculture 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 - 30.06.22	01.01.23 - 30.06.23		01.01.23 - 30.06.23	01.01.22 - 30.06.22	2022
88	15	-131	Net gains/losses on equity instruments 1)	-68	26	156
-867	-756	-432	Net gains/lossses for bonds and certificates	-437	-758	-875
705	651	334	Net derivatives bonds and certificates	334	651	705
3	2	-1	Net counterparty risk, inclusive of CVA	-1	2	3
7	-12	-10	Net derivatives other assets	-10	-12	7
-24	-0	40	Net derivatives liabilities	65	10	-58
-159	-129	5	Net derivatives basis swap spread	-24	79	88
206	102	116	Net gain/losses currency	116	102	206
-40	-127	**-79**	**Net income/losses from financial instruments**	**-24**	100	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 3.8 years at the end of the secend quarter of 2023. The total LCR was 215% at the end of the second quarter, and the average total LCR was 224% in the quarter. The LCR in NOK and EUR at the end of the quarter was 142% and 701%, 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 30.06.23	Level 1	Level 2	Level 3	**Total**
Assets				
Net lending to customers [1)]			7.846	**7.846**
Commercial paper and bonds	27.684	22.952		**50.635**
Financial derivatives		19.846		**19.846**
Equities, units and other equity interests	320	82	389	**790**
Liabilities				
Financial derivatives		17.547		**17.547**
No transfers between levels 1 and 2				
[1)] Net lending to customers in parent bank, level 3			63.344	

Fair value 30.06.22	Level 1	Level 2	Level 3	**Total**
Assets				
Net lending to customers [1)]			8.019	**8.019**
Commercial paper and bonds	26.657	17.921		**44.578**
Financial derivatives		14.067		**14.067**
Equities, units and other equity interests	537	80	410	**1.027**
Liabilities				
Financial derivatives		11.197		**11.197**
No transfers between levels 1 and 2				
[1)] Net lending to customers in parent bank, level 3			49.188	

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	1.044	9
Disposals	-887	-11
Transferred from or to measurement according to prices in an active market or observable market data		
Change in value [1]	-172	-29
Balance 30.06.23	**7.846**	**389**
Nominal value/cost price	8.349	326
Fair value adjustment	-503	63
Balance 30.06.23	**7.846**	**389**

[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 45 million.

Fair value of financial instruments at amortised cost

Group	Balance 30.06.23	Fair value 30.06.23
Assets		
Cash and balances with central banks	93	93
Balances with credit institutions [1]	8.871	8.871
Loans to customers [1]	255.511	255.511
Certificates and bond	9.322	9.308
Total assets at amortised cost	**273.797**	**273.783**
Liabilities		
Balances with credit institutions [1]	662	662
Deposits from customers [1]	150.758	150.758
Listed debt securities	147.335	147.164
Senior non-preferred bonds	10.747	10.681
Subordinated loan capital	2.857	3.045
Total liabilities at amortised cost	**312.360**	**312.311**

[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 30.6.2023 that affect the interim financial statements as prepared.

Statement pursuant to section 5-6 of the Securities Trading Act

Statement by the Board of Directors and Chief Executive Officer

We hereby confirm that the half-year financial statements for the period 1 January to 30 June 2023 have, to the best of our knowledge, been prepared pursuant to IAS 34 Interim Financial Reporting and that the information provided presents a true and fair picture of the company's and the Group's assets, liabilities, financial positions and profit as a whole.

We hereby also confirm that, to the best of our knowledge, the half-year financial statements provide a true and fair overview of developments, the financial performance and important events during the accounting period and their effect on the half-year financial statements, the most important risk and uncertainty factors that the Group faces in the next accounting period and material transactions with close associates.

Stavanger, 9 august 2023
The Board of Directors of SpareBank 1 SR-Bank ASA

Dag Mejdell
(Chair)

Kate Henriksen

Camilla AC Tepfers

Kjetil Skjæveland

Trine Sæther Romuld

Jan Skogseth

Sally Lund-Andersen
(Employee representative)

Kristian Kristensen
(Employee representative)

Benedicte Schilbred Fasmer
(Chief Executive Officer)

Results from the interim financial statements

SpareBank 1 SR-Bank Group, MNOK	**Q2 2023**	**Q1 2023**	**Q4 2022** [8]	**Q3 2022** [8]	**Q2 2022** [8]	**Q1 2022**	**Q4 2021**	**Q3 2021**	**Q2 2021**
Interest income	4.308	3.892	3.332	2.395	1.951	1.722	1.635	1.497	1.519
Interest expense	2.884	2.490	2.046	1.281	849	707	630	508	518
Net interest income	**1.424**	1.402	1.286	1.115	1.101	1.016	1.005	989	1.001
Commission income	545	476	463	439	486	447	475	429	471
Commission expenses	25	23	22	22	23	19	22	24	19
Other operating income	2	2	12	3	3	2	2	1	2
Net commission and other income	**522**	455	453	421	466	430	455	406	454
Dividend income	25	32	26	9	16	19	21	-	9
Income from investment in associates	53	94	211	85	82	74	223	151	193
Net gains/losses on financial instrument	32	-56	37	97	6	95	100	83	41
Net income on financial investments	**109**	71	274	191	104	187	344	234	243
Total income	**2.055**	1.927	2.013	1.726	1.671	1.633	1.804	1.629	1.698
Personnel expenses	488	482	477	429	438	444	485	432	423
Other operating expenses	289	239	234	207	224	200	228	191	212
Depreciation and impairment of fixed and intangible assets	41	41	41	41	40	50	42	43	46
Total operating expenses	**817**	761	752	677	702	694	755	666	681
Operating profit before impairment	**1.238**	1.166	1.262	1.049	969	938	1.049	963	1.017
Impairment losses on loans and financial commitments	-98	35	36	5	-52	15	-24	37	58
Pre-tax profit	**1.336**	1.131	1.225	1.044	1.021	923	1.073	926	959
Tax expense	308	250	226	215	225	168	184	193	143
Profit after tax	**1.028**	881	1.000	829	796	754	889	733	816
Profitability									
Return on equity per quarter [1]	14,6 %	12,3 %	14,6 %	12,5 %	12,0 %	11,4 %	14,0 %	11,7 %	13,2 %
Cost to income ratio [1]	39,8 %	39,5 %	37,3 %	39,2 %	42,0 %	42,6 %	41,9 %	40,9 %	40,1 %
Cost to income ratio Banking Group [1]	34,7 %	34,0 %	36,1 %	36,9 %	37,9 %	39,7 %	44,7 %	40,5 %	
Average net interest margin [1]	1,56 %	1,60 %	1,51 %	1,37 %	1,40 %	1,33 %	1,32 %	1,31 %	1,36 %
Balance sheet figures from quarterly accounts									
Gross loans to customers	264.882	258.206	252.957	248.237	242.867	233.581	230.299	226.952	225.791
Gross loans to customers including SB1 BK [2]	264.882	258.206	252.957	248.237	242.867	233.581	230.299	226.952	225.791
Growth in loans over last 12 months [1]	9,1 %	10,5 %	9,8 %	9,4 %	7,6 %	5,6 %	5,1 %	4,7 %	5,3 %
Growth in loans incl SB1 BK [1] [2]	9,1 %	10,5 %	9,8 %	9,4 %	7,6 %	5,6 %	5,1 %	3,1 %	3,3 %
Deposits from customers	150.758	152.144	148.100	143.989	145.667	141.999	137.664	132.283	136.209
Growth in deposits over last 12 months [1]	3,5 %	7,1 %	7,6 %	8,8 %	6,9 %	10,8 %	16,5 %	16,8 %	22,5 %
Total assets	361.765	364.646	345.931	334.255	318.642	318.295	304.402	296.987	299.939
Average total assets	366.957	355.931	337.947	323.816	316.347	308.512	301.021	300.562	295.347
Impairments on loans and financial commitments									
Impairment ratio, annualized [1]	-0,15 %	0,05 %	0,06 %	0,01 %	-0,09 %	0,03 %	-0,04 %	0,07 %	0,10 %

[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)

	Q2 2023	Q1 2023	Q4 2022 [8]	Q3 2022 [8]	Q2 2022 [8]	Q1 2022	Q4 2021	Q3 2021	Q2 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]	1,02 %	1,23 %	1,35 %	1,39 %	1,38 %	1,40 %	1,46 %	1,78 %	1,79 %
Loans and financial commitments in Stage 2 in % of gross loans and financial commitments [1]	6,56 %	5,57 %	5,62 %	5,11 %	4,24 %	5,02 %	4,98 %	6,27 %	6,00 %
Solidity									
Common equity Tier 1 capital ratio [4] [5]	17,8 %	17,4 %	17,4 %	17,8 %	17,9 %	17,6 %	17,4 %	17,6 %	17,9 %
Tier 1 capital ratio [4] [5]	19,9 %	19,1 %	18,8 %	19,2 %	19,3 %	19,1 %	18,9 %	19,2 %	19,5 %
Capital ratio [4] [5]	21,9 %	21,0 %	20,3 %	20,8 %	20,9 %	20,7 %	20,5 %	20,9 %	21,2 %
Tier 1 capital [4] [5]	27.291	26.042	25.193	25.237	24.965	24.685	24.163	24.252	24.805
Net primary capital	30.022	28.771	27.277	27.326	27.050	26.767	26.207	26.446	26.999
Risk weighted balance	137.165	136.685	134.324	131.601	129.618	129.234	127.981	126.616	127.398
Leverage ratio	7,0 %	6,8 %	6,8 %	6,8 %	7,1 %	7,1 %	7,1 %	7,3 %	7,5 %
Liquidity									
Liquidity Coverage Ratio (LCR) [3]	215 %	244 %	176 %	181 %	151 %	155 %	168 %	160 %	167 %
Deposit to loan ratio [1]	56,9 %	58,9 %	58,5 %	58,0 %	60,0 %	60,8 %	59,8 %	58,3 %	60,3 %
Branches and staff									
Number of branches	36	36	35	35	35	35	34	34	34
Number of man-years	1.571	1.560	1.543	1.510	1.487	1.489	1.505	1.483	1.488
Number of man-years including temps	1.636	1.612	1.582	1.554	1.543	1.530	1.556	1.533	1.555
SpareBank 1 SR-Bank share									
Market price at end of quarter	130,10	121,00	120,70	102,00	106,70	134,30	133,20	121,50	113,70
Market capitalisation	33.273	30.946	30.869	26.087	27.289	34.347	34.066	31.074	29.079
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]	105,73	108,77	106,32	102,86	99,49	102,32	99,05	95,82	96,08
Earnings per share, NOK (annualised)	3,90	3,31	3,81	3,16	3,03	2,87	3,41	2,80	3,13
Price/earnings per share [1]	8,34	9,15	7,91	8,07	8,80	11,70	9,77	10,85	9,08
Price / Book equity (group) [1]	1,23	1,11	1,14	0,99	1,07	1,31	1,34	1,27	1,18
Annualised turnover rate in quarter [6]	4,0 %	4,7 %	5,5 %	4,1 %	5,2 %	5,9 %	5,0 %	3,7 %	5,5 %
Effective return [7]	13,3 %	0,2 %	18,3 %	-4,4 %	-20,6 %	0,8 %	12,2 %	6,9 %	8,3 %

[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

Q3 2023	Thursday 26 October
Q4 2023	Thursday 8 February